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2 BEE or Not 2 BEE? An Eclectic Review of Namibia's Black Economic Empowerment Landscape

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TABLE OF CONTENT

Abbreviations and Acronyms.....	2
BEE in Namibia	3
A Businessman’s Perspective on Black Economic Empowerment.....	7
A Labour Perspective on Black Economic Empowerment.....	9
Introduction.....	11
A Profile of Namibia’s Financial Sector	13
The Namibian Financial Services Charter: Addressing BEE in the Midst of a National Policy Vacuum.....	15
A Direct Correlation to BEE Progress in South Africa: Current Trends in Black Economic Empowerment in Namibia’s Financial Sector.....	21
SME Development.....	30
Recommendations for BEE Success in the Financial Sector.....	34
REFERENCES	38
Economic Empowerment in the Tourism Sector: Showing Signs of Being Broad Based	40
Introduction.....	40
Overview of the tourism sector in Namibia.....	41
Black Economic Empowerment in the Namibian tourism sector.....	45
The Role of Affirmative Action in enhancing empowerment	51
Selected private sector companies	52
Issues arising.....	55
Conclusion and Recommendations.....	56
Appendix 1 Conservancy profiles.....	58
Appendix 2.....	62
REFERENCES	63
Introduction.....	64
Profile of Namibia’s Agricultural Sector.....	67
More than Just a Question of Land Redistribution	69
Case Example of AgriBEE in the Namibian Context.....	72
Creating an AgriBEE Charter – Lessons from South Africa.....	76
Considerations for an Action Plan Towards Effective BEE Implementation in the Agricultural Sector.....	80
REFERENCES	82
Empowerment in the Fisheries Sector: A Question of Sustainability	83
Introduction.....	83
Fisheries policy environment setting the scene for BEE	84
Empowerment through Employment Equity	85
Empowerment through Quotas	86
Leasing of quotas – negating capacity building	88
Benefits and cost of empowerment in the fishing industry.....	88
Are the costs outweighing the benefits?.....	89
Is Namibianisation and thus BEE in the fishing sector sustainable?	89
The way forward	90
REFERENCES	96



ABBREVIATIONS AND ACRONYMS

AA	Affirmative Action
BEE	Black Economic Empowerment
BBBEE	Broad-based Black Economic Empowerment
CBNRM	Community Based Natural Resources Management
CG	Community Group
EEC	Employment Equity Commission
ESTS	Employee Share Trust Scheme
FNB	First National Bank
FSC	Financial Services Charter
GAAP	Generally Accepted Accounting Practices
GDP	Gross Domestic Product
IBF	International Business Forum
IFRS	International Financial Reporting Standards
IPBC	Indigenous Peoples Business Council
IPPR	Institute for Public Policy Research
JSE	Johannesburg Stock Exchange
LaRRI	Labour Resource and Research Institute
MET	Ministry of Environment and Tourism
NACOBTA	Namibia Association of Community Based Tourism Association
NCCI	Namibia Chamber of Commerce and Industry
NDP	National Development Plan
NES	The Namibian Economic Society
NFSC	Namibian Financial Services Charter
NPHA	Namibia Professional Hunters Association
NSX	Namibian Stock Exchange
PD	Previously Disadvantaged
PDG	Previously Disadvantaged Groups
SA	South Africa
SME	Small and Medium Enterprises
TASA	Tour and Safari Association
TESEF	Transformational Economic and Social Empowerment Framework
WTTC	World Travel and Tourism Council



BEE in Namibia

A matter of definition

The phrase “Black Economic Empowerment in Namibia” immediately presents a complex scenario – a complexity that exists not only in the sense that no formal definition subsists in the Namibian context, but more so because BEE in Namibia prevails in the absence of a national policy. Much of the dialogue surrounding Black Economic Empowerment has been framed on BEE progress in South Africa, where legislation and regulations have already been passed in the form of the BEE Act of 2004, codes of good practice, scorecards, sectoral charters, strategy documentation, a BEE Advisory Council, and so on. BEE has therefore been well defined in the South African context, and has a grounded setting within the South African economy, that has made it a well-understood term in all sectors, and an implementable piece of legislation that clearly sets the stage based on correcting historical disparities based on race, and that “promotes the achievement of the constitutional right to equality, increases broad-based and effective participation of black people in the economy and promotes a higher growth rate, increased employment and more equitable income distribution.”¹

Because no legislation or policy has been put in place with regards to BEE in Namibia, there is no clear official definition for Black Economic Empowerment in Namibia. Moreover, it is only expected that a Namibian BEE policy will be passed in early 2008, and various consultants are currently being sought and used to research the framework for such a policy. While it is worrisome that no policy has been passed, a number of individuals in both the private and public sector continue to use the term, with a loose understanding that BEE entails empowering the previously disadvantaged – a term that should transcend many levels, from ownership to education, from management to skills training, etc.

Various sources provide more detailed definitions of what BEE is, and entails:

The first draft of the Namibia Financial Services Charter describes Black Economic Empowerment as “an integrated and coherent socio-economic process that directly contributes to the economic transformation of Namibia and brings about significant increases in the numbers of black people that manage, own and control the country’s economy, as well as significant decreases in income inequalities.”²

Dr. Nickey Iyambo, former Minister of Mines and Energy, also provides a definition of BEE. Given that he was heading a ministry in a sector that has already created a charter incorporating BEE principles, it is important to note how this concept has been defined. In his address on the occasion of the corporate launch of AngloGold Ashanti Namibia and the BEE Charter on 24th November 2004, he stated that:

“Black Economic Empowerment (BEE)” refers to empowerment that seeks the equitable participation of all those Namibians who were excluded on the basis of race, ethnic origin, colour, sex, political beliefs, disability or social status from equity ownership, control, decision-making and participation in the risks and benefits that accrue from economic activities, institutions and other economic and social enterprises. For the sake of clarity “Previously disadvantaged” in this context is synonymous to BEE. The concept of Black

¹ South African BEE Act of 2004, Government Gazette, 9 January 2004. Retrieved from <http://www.dti.gov.za/bee/BEEAct-2003-2004.pdf> on 7th December 2006

² Namibian Financial Sector Charter, First Draft, November 2006



Economic Empowerment (BEE) is not discriminatory; it is a balanced approach, aiming at formulating an economic empowerment to empower all Namibians. The concept must be seen as an effort to introduce a broad-based socio economic approach aiming at redressing the inequities created by the past apartheid system.”³

In a paper titled “Two Perspectives on Black Economic Empowerment,” former Prime Minister, Theo Ben Gurirab, quotes the following description to define BEE:

“Black Economic Empowerment is generally defined as an integrated and broad-based economic process aimed at redressing the inequities created by the past discriminatory system, within the context of the country’s National Development Programme. It is aimed at redressing imbalances of the past by seeking to substantially and equitably transfer and confer the ownership, management, control and development of Namibia’s financial and economic resources to the majority of its citizens, to meaningfully reflect the demographics of Namibia. It seeks to ensure broader and meaningful participation in the economy by Previously Disadvantaged Namibians (PDNs) in order to achieve sustainable development and prosperity for all Namibians. BEE should and must be broad-based to accelerate the economic empowerment of previously disadvantaged sections of our society.”

While the above definitions convey a general understanding of what BEE entails, they bear little detail regarding the legislation upon which such a process might be set. In looking at the context in which BEE lies in Namibia, it is important to shed light on the one document that lays out the fundamental rights and liberties of the Namibian people, i.e. the Constitution of the Republic of Namibia. While BEE does not immediately equate to Affirmative Action, Article 23 of the constitution titled “Apartheid and Affirmative Action” basically encapsulates the impetus behind BEE measures, and reads as follows:

Article 23 - Apartheid and Affirmative Action

1. The practice of racial discrimination and the practice and ideology of apartheid from which the majority of the people of Namibia have suffered for so long shall be prohibited and by Act of Parliament such practices, and the propagation of such practices, may be rendered criminally punishable by the ordinary Courts by means of such punishment as Parliament deems necessary for the purposes of expressing the revulsion of the Namibian people at such practices.
2. Nothing contained in Article 10 hereof shall prevent Parliament from enacting legislation providing directly or indirectly for the advancement of persons within Namibia who have been socially, economically or educationally disadvantaged by past discriminatory laws or practices, or for the implementation of policies and programmes aimed at redressing social, economic or educational imbalances in the Namibian society arising out of past discriminatory laws or practices, or for achieving a balanced structuring of the public service, the police force, the defence force, and the prison service.
3. In the enactment of legislation and the application of any policies and practices contemplated by Sub-Article (2) hereof, it shall be permissible to have regard to the fact that women in Namibia have traditionally suffered special discrimination and that they need to be encouraged and enabled to play a full, equal and effective role in the political, social, economic and cultural life of the nation.⁴

Section 2 gives credence to the ability of Parliament to put in place any legislation that will help to empower previously disadvantaged groups. It further states that Article 10, titled Equality and Freedom From Discrimination, which states that (1) all persons shall be equal before the law, and (2) No persons may be discriminated against on the grounds of sex, race, colour, ethnic origin,

³ Keynote Address by Dr Nickey Iyambo on the occasion of the corporate launch of AngloGold Ashanti Namibia and the BEE Charter on 24th November 2004 at the Windhoek Country Club and Resort

⁴ Constitution of the Republic of Namibia, Article 23



religion, creed or social or economic status⁵, will not prevent government from creating any such legislation. In terms of BEE, this section therefore states clearly that a Black Economic Empowerment policy may be legally enacted through the powers held by Parliament. Section 3 highlights the need to include women in the implementation of any policies passed that contain affirmative action/empowerment clauses. With regards to BEE, this section therefore speaks to the need to create a ‘broad-based’ structure that is particularly inclusive of women.

Two other documents that provide important insights into the concept of BEE in Namibia are the National Development Plan 2, and the Vision 2030 document. In his foreword to NDP2, former president, Dr. Sam Nujoma, describes the Plan as “the first medium-term strategy for implementing some of the aims of Vision 2030.” The document contains a number of developmental strategies including the following points, which may also shed some light on the purpose of and needs for a BEE policy in Namibia:

- sustainable provision and strengthening of enabling environment for economic growth and development
- developing Namibia’s human resources
- promoting, expanding and strengthening participatory development and equity⁶

Each of these objectives is important when defining BEE in Namibian terms, as they provide a glimpse of what the national objectives are, and how a BEE policy/legislation might fit into achieving these goals. In order for any of the above strategies to work, the masses have to be empowered, and these masses are principally comprised of previously disadvantaged groups. Importantly, BEE is not simply about money, and empowerment should be comprised of the various facets needed to meet Namibia’s development goals (e.g. increased resource allocation to education and skills training in order to develop Namibia’s human resources.)

The preamble to the South African BEE Act of 2004 states clearly the problem areas, the national objectives, and the policies being put in place to address these concerns. This is done in a way that is unique to South Africa’s situation, and future prospects, and therefore makes the BEE Act one that utilizes the South African past experience and future objectives to bring into legislation something that works to empower the South African people in their own environment. Although Namibia’s past resembles that of South Africa to a large extent, it is important that Namibia create a definition of BEE that is unique to the Namibian experience, and that incorporates the country’s own future goals. The following discussions on the financial, tourism, agricultural and fisheries sectors of Namibia each provide important insights with regards to the understanding of and approach to BEE in the Namibian context.

The Report

This report kicks off with an opinion piece by Dr. Leake Hangala, who provides a black businessman perspective on what the role of BEE should be in Namibia, what it should encompass, and the added considerations that need to guide it to be successful. This is followed by Herbert Jauch’s counterbalancing labour perspective on the BEE process and debate. Jauch makes the point that BEE should be properly placed in the context of a broader, systematic programme of redistribution that will seek to redress inequality.

⁵ Constitution of the Republic of Namibia, Article 10

⁶ NDP2 – Volume One: Macroeconomic, Sectoral and Cross-sectoral Policies



The section on the financial sector then takes a look at the first draft of the sector's charter and provides a glimpse of progress made thus far, particularly with regards to what has been termed the 'Namibianisation' process, concluding that while the charter provides plausible considerations, the implementing phase is yet to be seen, and requires systems to evaluate such implementation. The paper argues that the challenge in this sector does not merely lie in empowering the previously disadvantaged in Namibian Society, but also in transforming Namibian participation in financial institutions based in Namibia, through a process that has come to be known as "Namibianisation." Through the analysis of current trends that exist with regards to BEE in Namibia using case studies of various financial institutions in the country, this paper provides a synopsis of transformational economics and social empowerment in Namibia, and proposes considerations that need to be made for its success in the financial sector.

The study on the tourism industry takes an in-depth look at all the players within this dynamic sector, showing that the Transformational Charter that guides BEE in this area is sound, but lacking in implementation. This paper sets out to assess the extent of transformation in the tourism sector in Namibia. It finds that while a lot has been done in empowering formerly disadvantaged Namibians in rural communities to benefit from tourism in the form of conservancies; little has been done to transform the ownership and control of mainstream tourism activities in the country. The sector remains largely a domain of formerly advantaged Namibians. The paper recommends that current isolated efforts geared towards empowering formerly disadvantaged Namibians be emulated and strengthened by the introduction of a national legislation on black economic empowerment in the tourism sector.

The agricultural section looks at headways made thus far with regards to land reform and redistribution, and proposes that in order to meet the objectives of BEE, the redistribution process should extend to capacity building and sustainable initiatives that truly empower the previously disadvantaged. Importantly, the paper argues that BEE in this sector should be viewed as more than land reform, though this is an important factor, and look at the whole value chain in this agribusiness.

And finally, the discussion on the fisheries sector poses the sustainability of empowerment question. The paper looks at the actual costs and benefits of Namibianisation (as BEE is euphemistically called) in the industry, and questions the sustainability of Namibianisation in the sector given binding biomass constraints. It considers the number of rights holders and posits that most of the beneficiaries are black Namibians but very few have become successful fishery entrepreneurs. The paper finds that the costs empowerment or Namibianisation may outweigh the benefits based on initial calculations. The paper concludes that empowerment is constrained by the availability of fish stocks and therefore raises the question of sustainability with regards to empowerment in this sector.

Overall, this report provides an examination of Black Economic Empowerment and Namibianisation in the country.



A Businessman's Perspective on Black Economic Empowerment

By

Dr Leake S. Hangala⁷

Since its formation in 1990, the commitment of the Government of the Republic of Namibia is to address certain principles: uplifting the socio economic conditions of all Namibians, democracy, justice and fairness. These principles have a particular importance for Namibia given the history, diversity, and quality of life and economic relations of the society that have been inherited. One of the glaring examples is that 5% of the population owns controls and benefits from the economic resources of the country and by extension, have earned themselves a much higher standard of living. This also defines them by the type of education, health, leisure and accommodation they enjoy. On the other hand, 95% of the population who by factors of history and nature, happen to be black, live a life that is opposite to that of their fellow compatriots.

It begs to say therefore, that no leader who has been given the privilege to lead any sector or group of people at this point in the history of our country can accept the perpetuation of such a state of affairs. Why? – Because, not only is it contrary to the principles and philosophy of economic democracy, fairness, and the creation of a cohesive and stable society, but it does not also represent the harsh reality under which the majority of people he/ she leads are living. The process of bringing and uplifting the standard of living of people is complex, broad and there is no one size fits all. Therefore, BEE is not the only means to empower previously disadvantage people. It is a variable in a complex economic equation that has for example to do with the extension of basic infrastructure such as the provision of quality education, water, electricity, basic health system to a majority of Namibians as part of other interventions in redressing inequality.

Furthermore, BEE depends on where one wants to put the emphasis. Whether, it is on the word “black”, “economic”, or “empowerment” or on all 3 words. To me each one of these words has relevance and meaning in contemporary Namibia. BEE simply means that previously disadvantaged black Namibians must be facilitated to participate in the management, planning, ownership and benefit of the Namibian economy. For it to be relevant and acceptable, BEE efforts must not de-empower white Namibians. Secondly, it must be done in a transparent and predictable manner in order to avoid *nepotism* and *cronyism* and thereby avoid that it becomes a preserve for those who are close to the centre of power and information. It is also therefore suggested that it must be done within a legislated framework to ensure that it complies with the laws of the land. Moreover, it must not be to the privilege of the few, but be broad-based. However, in forming broad-based empowerment, we must avoid arranged-marriages, entitlements, tokenism and “rent a darkie” type schemes.

In order to ensure that none of the sectors of the economy are left out, there must be sector targets developed and agreed by all stakeholders that define the quantum of ownership and timing. Through the process of BEE, we would also want to create entrepreneurs. Because

⁷ Dr Hangala is the former Managing Director of NamPower and currently a director of Cell One. However, this contribution is written in his private capacity.



entrepreneurship means trying to create wealth, making a living, improving the quality of life through hard work, careful planning, risk taking and innovation. The people to be empowered must also bring and seen to be bringing value to the enterprise. In this connection, the enterprises must be allowed to choose their would-be partners through a defined process. It is also expected that the BEE partners participate in the management and decision making of the affairs of the company. Efforts must also be made to eliminate or reduce barriers to entry such as access to capital, excessive cost of acquisition as well as, and the time period of waiting before people to be empowered realized some benefit.

I am confident that given the opportunity, there will be Namibian entrepreneurs who will distinguish themselves and rise to the occasion and when they do, Namibia will benefit because the wealth they have created will be distributed, invested and spent in Namibia. Furthermore, it is my hope that introducing a national BEE agenda will lead to the formation of a strong and broad indigenous middle-class -- a layer into our society which is an indispensable component of a modern society but whose absence in Namibia is conspicuous. However, the responsibility of developing a comprehensive national policy and legislative framework as well as ensuring its implementation lies primarily with Government. After 17 years of independence, Government's record on this matter has been, to say the least, characterized by indecisiveness and a hide and seek attitude. Like in all matters of national importance, and similarly on the issue of a national BEE policy and legislative framework, Government is expected to be clear, consistent, focused and to provide strong leadership. Although Namibians would have wanted the BEE policy framework to have been in place yesterday, better late than never!

BEE is not an end in itself or rather the only solution to all our economic and social ills. Nor does it replace the responsibility of the State to put mechanisms in place that ensure that the gap between the haves and have-nots is narrowed. These mechanisms should ensure that economic benefits and opportunities are properly distributed to all regions as well as to all sectors of society, including the youth, the aged and the disabled. The solution to the nation's economic ills requires more than just having a national agenda on BEE. The solution lies in putting up a comprehensive socio-economic national agenda which has at its core a broad and qualitative education system, an affordable and quality basic health system, the development and extension of ICT, the availability of electricity and water infrastructure to the majority of the people, and particularly to the rural community. Above all, it requires a framework of good governance, competent and visionary leadership at all levels of society that will take the nation to new heights.

Lastly, to those previously advantaged Namibians and companies that have taken a pro-active initiative by implementing BEE in our country, I salute you as you do serve as a source of inspiration and hope to all of us as we embark on the socio-economic transformation agenda.



A Labour Perspective on Black Economic Empowerment

By

Herbert Jauch⁸

The issue of Black Economic Empowerment (BEE) has featured prominently in recent years, particularly in the former settler colonies of Zimbabwe, Namibia and South Africa. Having achieved political independence, these countries were confronted with the monumental challenge of transforming a colonial economy that was controlled by a white settler minority and transnational corporations ("multinationals") based in Europe or the USA. In the absence of socialist policies of redistribution and nationalisation of productive assets, the young independent states in Southern Africa had to look at other means of ensuring a more equitable distribution of wealth and ownership over productive resources. Black Economic Empowerment programmes are among the measures taken to redress some of the apartheid legacies.

There can be no doubt about the need to transform the colonial economic structures of Southern Africa to ensure a more equitable distribution of wealth and to spread the ownership of productive resources like land, minerals, fishing resources and industries. Statistics about socio-economic indicators along racial lines reveal continued inequalities in all spheres of life. Zimbabwe, Namibia and South Africa are amongst the countries with the highest levels of inequality in the distribution of wealth and income as exemplified by their gini-coefficient of between 0.58 and 0.70. The legacies of a long history of racialised capitalism are thus clearly visible in all three countries.

Lessons from South Africa

These legacies provide the justification for remedial measures such as affirmative action and black economic empowerment (BEE). If applied while colonial socio-economic structures are largely maintained, these measures tend to benefit a rather small group – the black middle and elite. Differences between the interests of black workers and those of black businesses tend to be ignored in an attempt to achieve a "racial balance". Drawing on the South African experiences, labour researcher Ravi Naidoo pointed out that a racial definition such as Black Economic Empowerment "creates space for upward mobility of an already affluent black bourgeoisie or middle-class. A misguided definition allows capable vested interests to secure benefits for themselves, in the process sidelining those who really need empowerment". Black empowerment groups like Cyril Ramaphosa's NAIL, for example, adopted the same hierarchical pyramid structure of power (power concentrated in a small group at the top) that was used by a handful of white families to gain control over the South African economy during the apartheid era.

In 1997, a Black Management Forum conference in South Africa decided to set up a BEE Commission. This Commission investigated BEE initiatives in that country and reported that "there had been a tendency to define BEE in narrow terms and equate it with the development of a black capitalist class". The report argued for a "people-centred" strategy with a broad scope for BEE including: job creation, rural development, urban renewal, poverty alleviation, measures to empower black women, education, access to finance for black households and businesses etc. In other

⁸ Mr Jauch is a senior researcher with the Labour Resource and Research Institute (LaRRI).



words, the report proposed that BEE should be defined broadly to ensure that a large number of people benefit instead of only a small business elite.

The fundamental question

The fundamental question regarding the BEE debate is the following: who is supposed to benefit and to what extent are socio-economic structures supposed to be transformed? There is no doubt that black businesspeople and their organisations (like the NCCI and the IPBC) have a vested interest in BEE policies that target the creation and expansion of a black middle class and business elite. The former NCCI president put that bluntly when he stated in 2003 that the task was to create more black millionaires. From a labour perspective, however, the challenge is how to ensure that Black Economic Empowerment does not just benefit a new black elite or consolidate a black middle class. Instead BEE must de-racialise the economy and lead to redress and redistribution on a large scale. Similarly, women may raise the question of gender inequalities that seem to be replicated and further entrenched when BEE deals are struck.

Can BEE benefit the poor?

Designing BEE to benefit workers and the poor in general under the current conditions is a major challenge. There is no doubt that the current capitalist economic structure makes socio-economic redistribution extremely difficult. However, there are some steps that could be taken to broaden the debate on BEE to include issues beyond shareholding such as job creation, rural development, access to basic social services, empowerment of black women etc. Trade unions as working-class organisations should be at the forefront of advocating for such policies but currently don't seem to be playing that role.

Ownership of resources and productive assets is a key component of BEE but labour should advocate for a change in ownership patterns that is not limited to an exchange among business elites. This could include, for example, proposals how to achieve more collective forms of ownership such as state ownership of strategic enterprises (e.g. those that deliver essential social services), workers' co-ownership or co-operatives.

Trade unions and social movements should oppose worsening conditions of employment for workers, outsourcing and privatisation as a result of BEE. Trade unions would seriously compromise their mandate if they would accept worsening conditions for black workers to accommodate black business interests. Instead, the labour movement should broaden the BEE debate beyond the question of ownership to include issues that will directly benefit black workers, for example a living wage, access to education and training, establishment of social safety nets, proper housing and health care etc. These are issues that have a direct impact on (black) workers' quality of life.

In conclusion, I would argue that the issue of Black Economic Empowerment should be placed in the context of a broader, systematic programme of redistribution that will redress various forms of inequality in Namibia. Taking the initiative to develop such a programme would lend trade unions and social movements a lot of credibility as organisations that spearhead the struggle for socio-economic justice. BEE and affirmative action will only be able to play a transformative role if they are used as tools to achieve this objective.



Empowerment Policies in a National Policy Vacuum: The Case of Namibia's Financial Sector

By

Nangula Shejvali⁹

Although Namibia has no national policy on Black Economic Empowerment (BEE) (or Transformational Economic and Social Empowerment Framework (TESEF) as it is now being termed), a number of sectors have nonetheless been encouraged by their respective ministries to start creating their own sectoral charters. The financial sector is no exception, and it has taken on the responsibility of creating its own charter, in an industry previously dominated by white South Africans. The challenge in this sector does not merely lie in empowering the previously disadvantaged in Namibian Society, but also in transforming Namibian participation in financial institutions based in Namibia, through a process that has come to be known as "Namibianisation." Through the analysis of current trends that exist with regards to BEE in Namibia using case studies of various financial institutions in the country, this paper provides a synopsis of transformational economics and social empowerment in Namibia, and proposes considerations that need to be made for its success in the financial sector.

Introduction

Despite the fact that government and the private sector have on numerous occasions highlighted the importance and transformative power of black economic empowerment, Namibia remains without a BEE policy or legislation. The Office of the Prime Minister has been charged with overseeing the creation and implementation of a Namibian BEE policy, but to date, no official policy has been publicized, and the only change that has taken place since the new government took office, has been the change in name from "Black Economic Empowerment Policy" to "Transformational Economic and Social Empowerment Framework (TESEF)." In March 2005, the Office of the PM had 'issued a draft discussion and policy proposal on broad based Black Economic Empowerment,' but was criticized in a media briefing on the development of the TESEF for "borrowing (too) heavily from the South African experience of black economic empowerment." The briefing further stated "the document did not fully capture the reality and context of Namibia. For example, the document was silent on key contextual issues such as Namibia's economic structure; the legal framework and our historical experiences."¹⁰ "It was against this background that the Prime Minister sought a new mandate from Cabinet to amend and expand the draft discussion and policy proposal on Broad Based Black Economic Empowerment. Cabinet by Decision No. 10th/23.05.06/004 mandated that the said document should be amended and expanded."

A year later, the critics of the draft discussion and policy proposal are yet to issue a paper that takes these elements into consideration, and that provides a truly Namibian model for BEE

⁹ Nangula is a research intern at the IPPR until August 2007.

¹⁰ Media Briefing on the development of the Transformational Economic and Social Empowerment Framework, 22 June 2006, <http://www.opm.gov.na/pm/press/2006/economic.htm>.



legislation as per the elements stipulated in that media briefing. The failure of government to come up with such a policy framework several years after first engaging in the use of the concept of BEE, and months after introducing the new empowerment terminology of TESEF, has not stopped the creation of sectoral BEE strategies or policies. A number of sectors have taken up the initiative to begin creating their own BEE policies, with the mining and tourism sectors leading the ways with their own BEE charters, having already been launched and approved by their respective ministries.¹¹

In addition, as will be discussed in the following sections, several companies such as FNB Namibia Holdings, Old Mutual, and Alexander Forbes have set up BEE schemes within their respective workplace environments. Needless to say, these are all companies that are headquartered in South Africa, where the discussion, creation and implementation of BEE is already well in season. In fact, given that no national policy exists for BEE, current advancements in BEE, whatever the sector, rely heavily on what is being done in South Africa, thus defeating one of the main purposes of renaming BEE to TESEF.

Other progressions in the name of BEE have often seen the empowerment of a select few people, rather than a broad-based group, thus leaving out the majority of the currently, let alone previously, disadvantaged. In an article entitled “Namibia: Business as Usual for Post- Colonial Elite,” Henning Melber describes this trend, concluding “BEE continues to cultivate human and natural exploitation for the benefits of few at the expense of far too many. It turns decolonisation largely into a private business for self-enrichment. It’s not about redistribution of wealth nor tackling chronic poverty by means of social protection, but it’s all about self-enrichment, capitalism and class. In other words: it’s business as usual.”¹²

Melber essentially presents an important consideration in that he highlights the issue of the BEE cake being sliced and placed into the plates of a select few, as opposed to the cake getting bigger, in such a way that everyone (particularly the previously disadvantaged) gets a little more. It is made clear that in order for BEE or TESEF to succeed in redressing the gross inequalities that exist between the rich and the poor in Namibia, the creation of a single black elite is not the answer, as this gives no bearing to those who may not have the resources to be deemed suitable black partners due to their comparatively more disadvantaged background.

Moreover, the creation of this black elite does not necessarily ensure that other previously disadvantaged people will benefit from their newfound wealth. Insight Magazine writes that “many of those supporting the black capitalism model feel genuinely aggrieved that blacks should somehow be expected to act in a different more ‘socially responsible’ way than whites. Black Namibians are not and should not be expected to be any different to their white capitalist counterparts.”¹³ There are few, if any examples of newly empowered black elite reaching down to provide their fellow Blacks a helping hand in partaking of the ‘empowered’s’ pie. So the empowerment of the previously disadvantaged can not occur solely by placing a handful of Blacks in executive management, using them as business partners, or creating deals that do not filter through to the poorest of the poor. As stated in the media briefing for the development of a

¹¹ Keynote Address by Dr Nickey laymbo on the occasion of the corporate launch of AngloGold Ashanti Namibia and the BEE Charter on 24th November 2004 at the Windhoek Country Club and Resort

¹² Melber, Henning, 2006. “Namibia: Business as Usual for Post-Colonial Elite.” International News, Green Left Weekly issue #679 16 August 2006.

¹³ Insight Magazine, September 2006. BEE: Stumbling Towards Transformation



TESEF that is yet to come to fruition, the creation of a policy or legislation has to see the “development of intellectual potential and human capabilities of ALL the people.”¹⁴

In addressing developments in the financial sector with regards to BEE, the financial sector recently completed its first draft of the Namibian Financial Services Charter. The charter was voluntarily developed by the financial sector/industry, with policy guidelines provided by the Ministry of Finance¹⁵. The draft contains important details on the transformation needed within the sector, including a draft scorecard on which companies should be examined in order to measure their progress. A more thorough analysis of the BEE initiatives contained in this first draft, and in the financial sector in general is provided in the forthcoming sections of this paper.

A Profile of Namibia’s Financial Sector

Carrying out a thorough assessment of BEE in the Financial Sector requires that we are knowledgeable of the composition of this sector, with regards to the types of institutions that exist. The first draft of the Namibian Financial Sector Charter defines the financial sector as follows¹⁶:

Financial sector means the Namibian financial sector comprising financial institutions registered and authorized to conduct financial business in Namibia in terms of the Banking Institutions Act (Act No 2 of 1998 - as amended from time to time), all entities regulated by the Namibia Financial Institutions Supervisory Authority (NAMFISA) (Act No 3 of 2001 and the proposed amendment bill), all State-Owned Enterprises (SOE) specified in Schedule 1 of the SOE Act (Act No 2 of 2006) or any other financial institution created by any separate current and future enabling Namibian legislation.

According to the Namibian Financial Services Charter Committee, the Financial Sector/Industry is comprised of the following types of institutions:¹⁷

- Asset Management
- Investment Houses
- Pension Funds
- Brokerage Services
- Insurance Underwriters
- Banking

The list of signatories to the Financial Services Charter is exhaustive along these lines with the following institutions being subdivisions/institutions that make up the above profile: Commercial Banks, Long-term Insurers, Short-term Insurers, Association of Collective Investments, Association of Fund Managers, Association of Micro Lenders, Retirement Fund Institute of Namibia, Development Bank of Namibia, Nampost, GIPF (Government Institutions Pension Fund), SSC, Namibian Stock Exchange, including registered stock brokers), Medical Aid Funds, Medical Aid Administrators, NIBA, AIM, and Agribank.

According to Chapter 22, entitled “Financial Services and Institutions,” in the first volume of the NDP2 document, there were 5 banks (Standard Bank Namibia, First National Bank, Bank

¹⁴ Media Briefing on the development of the Transformational Economic and Social Empowerment Framework, 22 June 2006, <http://www.opm.gov.na/pm/press/2006/economic.htm>.

¹⁵ Namibian Financial Sector Charter

¹⁶ Namibia Financial Sector Charter, First Draft, November 2006

¹⁷ Financial Services Charter Committee, Financial Access Forum June 2006. Retrieved from: http://www.finmark.org.za/forums/Presentations/powerpointfiles/2006/Nam_FSCC.pdf on 21 November 2006.



Windhoek, Commercial Bank of Namibia, and the City Savings and Investment Bank), 4 depository corporations (Agricultural Bank of Namibia, Nampost Savings Bank, National Housing Enterprise and SWABOU Building Society), 459 pension funds, 9 short-term insurers, 8 long-term insurers, 7 unit trusts, 18 asset management companies, and 6 stockbrokers, registered with the Directorate of Financial Institutions Supervision in the Ministry of Finance in 1999.¹⁸ However, this profile of the Namibian financial sector has changed considerably, with the City Savings and Investment Bank merging with Swabou in 2001¹⁹, and Swabou in turn merging with First National Bank Limited in 2003 to create FNB Namibia Holdings Limited,²⁰ thus removing one player from the banking industry, and one from the listed depository corporations. In addition, the Commercial Bank of Namibia changed its name to Nedbank Namibia in 2004, after “Nedbank, the South African banking group, increased its stake in CBON from 47.3% to 93.26% in a deal worth N\$229 million.” Changes in the make-up of the other financial institutions are unknown.

The Namibia Financial Institutions Supervisory Authority (Namfisa), “a public body under the auspices of the Ministry of Finance” established under the NAMFISA Act No. 3 of 2001, serves as the regulatory body for non-banking financial institutions in Namibia²¹. The Provident Institutions Division of Namfisa “deals with the registration, monitoring, supervising and regulation of the following industries: Pension and Retirement Funds, Long-term Insurance, Short-term Insurance, Medical Aid Funds (Schemes) and Friendly Societies;” while the Investment Institutions Divisions “deals with registration, monitoring, supervising and regulation of the following non-banking financial institutions: Unit Trusts Management Schemes, Stock Exchanges, Investment (Asset) Managers, Participation Bonds Schemes, Public Accountants' and Auditors', Microlenders, Hire Purchase outlets and all lending/leasing transactions carried out by non-banking institutions in their course of business.”²²

While there are over 500 financial institutions in the country, the NDP2 document also makes it clear that many of the larger entities are neither owned nor controlled by Namibians. In looking towards the creation/completion of a BEE charter in the financial sector, and BEE legislation in the country, it is important that in addition to focusing on the empowerment of previously disadvantaged Namibians, the charter also address the lack of overall Namibian control. In addition, another issue presented in the NDP2 with regards to the financial sector, is that the sector is ‘heavily skewed in favour of urban areas.’²³ While the banks have been addressing this problem through increased/improved mobile banking services, in order to adequately provide for the empowerment of Namibians in rural areas, it is important that financial services, particularly development corporations enhance the provision of services to people in these areas.

The following section delves into the first draft of the Namibian Financial Sector Charter, which was distributed for initial comment in November 2006. An analysis will be made regarding the contents of the charter in the context of applying BEE to the large number of institutions that exist,

¹⁸ NDP2, Volume One: Macroeconomic, Sectoral and Cross-Sectoral Policies; Chapter 22: Financial Services and Institutions (357)

¹⁹ Namibia Economist, “Swabou and CSIB finally agree to do it: Swabou sees greater business opportunity in loss making CSIB,” 23 November 2001. Retrieved from <http://www.economist.com.na/2001/231101/story1.htm> on 20 February 2007

²⁰ First National Bank of Namibia Limited, History of First National Bank and Swabou, Retrieved from <https://www.fbnamibia.com.na/aboutus/history.html> on 20 February 2007

²¹ Namibia Financial Institutions Supervisory Authority, “Background Information,” Retrieved from <http://www.namfisa.com.na/AboutNamFisa/BackgroundInformation/tabid/262/Default.aspx> on 20 February 2007

²² *ibid.*

²³ NDP2, Volume One: Macroeconomic, Sectoral and Cross-Sectoral Policies; Chapter 22: Financial Services and Institutions (358)



how the issue of ownership and control is dealt with, and what comparisons might exist between this charter, and that of the South African Financial Services sector.

The Namibian Financial Services Charter: Addressing BEE in the Midst of a National Policy Vacuum

Discussions regarding the creation and implementation of a Namibian Financial Services Charter began in July 2005²⁴, with the objective to:

“guide the transformation and Namibianisation of the financial sector by ensuring that a Charter is developed within the context of Vision 2030 and the National Development plans as well as within an agreed timeframe. Although policy guidelines have been provided by the Minister of Finance, the Charter is to be voluntarily developed by the sector.”²⁵

The said guidelines were outlined at a meeting with a number of key players in the sector, at which Minister of Finance, Sara Kuugongelwa-Amadhila, advised that a number of issues be addressed in the charter, including “human resources development, procurement policies, access to financial services, empowerment initiative financing and the participation of empowerment groups in the ownership of financial institutions,”²⁶ as a means to increasing the participation of formerly disadvantaged groups in the management and ownership of financial institutions.²⁷

In addition to these guidelines, the NFSC also used a number of documents including the Draft Namibian Banking Charter, Vision 2030, National Development Plans, BEE policy as developed by the Office of the Prime Minister, South African Financial Services Charter, South African Codes on Broad-Based Black Economic Empowerment, Ministry of Finance Guidelines, and Industry Research, as the basis for its conceptualization. Armed with this set of base documentation, the steering committee was tasked with the responsibility of “establishing the framework and key principles of the Charter; coordinating the input from the different workstreams; providing guidance on areas of disagreement within the various workstreams; ensuring an adequate level of consultation with all stakeholders and the Industry; approving and commissioning procurement of specialized services; proposing a budget for the Financial Sector Charter as well as the Review Process for consideration and approval by all signatories.”²⁸ The first draft of the Namibian Financial Services Charter is currently being circulated.

Although based primarily on the South African Financial Services Charter²⁹, the 62-page charter stands out in its considerations for a Namibianisation policy. This concept is defined therein as “a process which increases the local decision-making capacity of Namibian institutions which includes the representation of Namibian on board, Executive Management and all decision-making entities within the institution.”³⁰

²⁴ The Namibian, “Financial Service Charter on the way,” 11 July 2005.

²⁵ Namibian Financial Sector Charter, First Draft, November 2006

²⁶ Groundwork for financial services charter completed. The Namibia Economist, 20 July 2005. Retrieved from <http://www.economist.com.na/2005/15%20July/15-07-08.htm> on 20 November 2006.

²⁷ *Expect Finance Charter Come June*. New Era, 7 April 2006. Retrieved from: http://www.nfx.nl/news/_/content/bulk/news/financial_sector/2006/04/Expect-Finance-Charter-Come-June.html on 21 November 2006.

²⁸ Namibia Financial Sector Charter, First Draft, November 2006

²⁹ Groundwork for financial services charter completed. The Namibia Economist, 20 July 2005. Retrieved from <http://www.economist.com.na/2005/15%20July/15-07-08.htm> on 20 November 2006.

³⁰ Namibia Financial Sector Charter, First Draft, November 2006 (9)



Furthermore, the Steering Committee for the development of this charter identified seven work streams (for the most part constructed from the guidelines provided by the Ministry of Finance³¹) along which the creation and implementation of the charter is to take place. A team of representatives from the various signatories to the charter, each with a delegated champion, has been set up for each of these workstreams to “manage the input and provide guidance on the drafting of the relevant section in the charter.”³² These workstreams are:

- Human Resources Development
- Procurement Policies and Practices
- Access and Affordability of Financial Products and Services
- Ownership and Control
- Empowerment Financing and Enterprise Development
- Corporate Social Investment
- Consumer Protection and Education³³

Again, the workstreams stipulated above are very much in line with those highlighted within the South African BEE Scorecard, which is divided in line with the following empowerment factors:

- Ownership
- Management Control
- Employment Equity
- Skills Development
- BEE procurement
- Enterprise Development
- Socioeconomic Development

While the Namibian scorecard is still in the process of being completed, further comparisons can be drawn with regards to the weight assigned (in percentage points) between the preliminary scorecard of the Namibian Financial Sector Charter, and the South African BEE scorecard, to the empowerment factors listed. The table below provides such a comparison.

³¹ Groundwork for financial services charter completed. The Namibia Economist, 20 July 2005. Retrieved from <http://www.economist.com.na/2005/15%20July/15-07-08.htm> on 20 November 2006.

³² Namibia Financial Sector Charter, First Draft, November 2006 (33)

³³ *ibid.*



Table 1: A comparison of weights/points as per empowerment factor/workstream in Namibia and South Africa³⁴

SOUTH AFRICA*		NAMIBIA**	
“Empowerment Factor”	Weight/Points	“Workstream”	Weight/Points
Ownership	20	Ownership and Control	20
Management Control	10		
Employment Equity	15	Access and Affordability	20
Skills Development	15	Human Resource Development	20
BEE Procurement	20	Procurement Policies and Practices	10 (aimed at enhancing BEE) 10 (aimed at enhancing black SMEs)
Enterprise Development	15		
Socioeconomic Development	5		

* The BEE scorecard data provided above is for large enterprises with a turnover above R35m/year.

** The Namibian Financial Sector Charter is still in its drafting phase, and the information provided above may therefore be incomplete, and subject to change.

The empowerment factors/workstreams listed above are more complex in actual fact, in the sense that each is subdivided into different categories of what the factor/stream entails, as well as a compliance target/measure stipulating the percentage of blacks that should be empowered within that context. For example, under the empowerment factor listed as “ownership” under the South Africa section, the subdivisions included under this heading include³⁵:

- Voting rights held by blacks – 25% + 1 vote (3 points)
- Voting rights held by black women – 10% (2 points)
- Economic interest held by blacks – 25% (4 points)
- Economic interest held by black women – 10% (2 points)
- Economic interest held by other black groups, including staff (1 point)
- Ownership fulfillment – partially paid (1 point)
- Ownership net value – fully paid (7 point)

As shown in brackets above, points are assigned to each sub-category, and these points add up to the overall factor point of 20%. The Namibian Financial Sector Charter Scorecard differs from this concept by providing measures that should be achieved within specific time frames, as opposed to assigning a point for each sub-category. Within the workstream labelled “ownership and control,” for example, targets/asures are set for achievement by 2010, and by 2016, within various sub-categories, as shown in the table below:

³⁴ Namibian Financial Sector Charter and South African Financial Services Charter

³⁵ South African Financial Services Charter



Table 2: Ownership and Control Workstream (overall weight of 20%)³⁶

Sub-category	Target 2010	Target 2016
Shareholding by blacks in financial services companies (holding/operating)	15%	25%
Exercisable voting rights by blacks	15%	25%
Economic interest to which black people are entitled	15%	25%
Members on board who are black	30%	50%
Black senior/executive representation	40%	50%

From the information provided in the above tables and analysis, it is clear that several subtle differences do exist between the South African and Namibian scorecards. However, there is no clear indication that these differences exist principally as a result of the singular experiences of each country's people and their histories. They might instead exist due to the fact that because of the absence of a Namibian BEE policy/legislation, comparisons are being drawn between a national and sectoral scorecard, as opposed to two national scorecards. In addition to this, differences also exist with regards to national goals. For example, by setting targets for 2010 and 2016, the timing for meeting the measures indicated coincides closely with the time at which the National Development Goals are set.

The South African Financial Sector Charter, which began its development in August 2002, was also included in the base documentation for the development of the Namibian Financial Sector Charter. The preamble for this document states clearly the purpose and vision of the charter, providing a historical background to the reason for BEE, describing the anticipated effect on the financial sector, and stipulating the targets and reasons for a charter in the financial sector. It is this same kind of clarity and greater detail that should appear in the completed charter of the Namibian Financial Sector, as well as in the preamble when a Namibian BEE policy is finally drawn up.

The issues underscored in the preamble of South Africa's financial sector charter provide a glimpse at some of the downfalls of the Namibia Financial Sector Charter – partially to no fault of its own. By operating in a context where there is no set national policy, while simultaneously trying not to step on the toes of those who have already made some advancement with regards to implementing BEE policies, the charter fails to effectively create a platform for how BEE should be defined within the sector. The "innovation in designing our own charter," as mentioned by Old Mutual Africa MD, Johannes !Gawaxab, can be threatened by "accommodating the BEE transaction already concluded," and it is to this effect that the steering committee places the charter in a compromising position.

Another key difference between the South African and Namibian Financial Services/Sector Charters, lies in the fact that the NFSC sets a start and end date (1 January 2008 and end of individual financial years in 2016 respectively) for the implementation of the charter, but fails to place into consideration a monitoring provision that assesses the compliance of institutions to the charter, and evaluates them past the cut-off date of 2016. Moreover, the dates set forth seem somewhat arbitrary, given that within 3 years of the start date certain stated requirements need to be met, with a provision of an extra 5 years to meet remaining requirements, with no guidelines

³⁶ Namibian Financial Sector Charter, First Draft, Scorecard



for the period in between the two dates. No rationale is provided for the stipulated dates, and moreover, no reason is provided for the decision of the eight-year period during which “it is hoped that Namibia will have become a ‘normal’ deracialised society.”³⁷

A third weakness of the charter lies in the fact that the provisions made in the charter are skewed towards the banking industry, and the bigger players in the financial sector, with little provision for or mention of smaller institutions. The charter simply creates blanket assumptions and a blanket scorecard to define sectoral targets, with little regard for how these targets might affect the growth of smaller institutions. In a critique of this aspect of the charter, Insight Magazine writes³⁸:

“The Charter is for the established elephants of the sector who will never gallop but can afford to throw a certain amount of money at issues. Since no distinction is made between the elephants and gazelles, the danger is the charter might throw up new barriers for other smaller businesses which s where future growth is likely to come from.”

As shown in the profile of the financial sector, this industry is made up of a number of players, big and small. Therefore, there lies a need for the charter to be sensitive to the varying sizes of the institutions operating in the sector, in order to ensure that BEE be carried out across the board, but in such a way that also spurs the development of the sector at each level. Positively, however, the charter has a wide range of issues on which it touches in order for true transformation to take place in the sector, as illustrated by the seven work streams mentioned above.

Finally, in addition to complying with the BEE/TESEF elements set forth in the Namibia Financial Services Charter, it is also important that players in the financial sector also pay attention to the compliance factors set forth by the Employment Equity Commission, with regards Affirmative Action and Employment Equity in the workplace. Sanlam Namibia provides the following details regarding its Employment Equity strategy³⁹:

³⁷ Insight Magazine, “Unchartered Territory,” December 2006 – January 2007 Edition

³⁸ Insight Magazine, “Unchartered Territory,” December 2006 – January 2007 Edition

³⁹ Sanlam Namibia, “Employment Equity Policy.” Retrieved from

<http://www.sanlam.com.na/eng/aboutus/sanlambusinesses/sanlamnamibia/aboutus/employmentequity/employment+equity+policy.htm> on 24 February 2007



Insert 1: Sanlam Namibia – Affirmative Action and Equal Employment Opportunities

Affirmative action and equal employment opportunities at Sanlam Namibia

Sanlam Namibia recognises the business imperatives of Employment Equity, and supports the goals and objectives thereof. Sanlam Namibia views employment equity as an integral element of its overall transformation initiative, with the Managing Director on numerous occasions stressing its business imperatives. Sanlam Namibia accepts the necessity to enact legislation for the removal of economic legacies of structural inequality, and view employment equity as an opportunity to strategically position itself to achieve certain business objectives.

The current Affirmative Action Compliance Certificate, issued by the Employment Equity Commission under the Affirmative Action (Employment) Act, 1998 was issued to Sanlam Namibia on 20 May 2003.

Furthermore, Sanlam Namibia believes that each individual has the right to dignity, respect and the realisation of their potential. It is in this context that the Sanlam Namibia Board of Directors commits itself to the successful implementation of employment equity. The goals of Sanlam Namibia's employment equity initiative are to:

- * Strategically position the company in a shifting macro environment.
- * Support the company's vision of creating a working environment that is conducive to attracting, training and retaining skilled people from all sectors of society.
- * Enshrine an organisational culture valuing diversity and respecting the inherent dignity and worth of each individual.
- * Establish a diverse workforce to best meet Sanlam Namibia's business objectives.
- * Broaden the company's skills base.
- * Give effect to the Namibian Constitution and the Affirmative Action Legislation

By embarking on employment equity, Sanlam Namibia seeks to create a truly Namibian company, free from all forms of unfair discrimination, with equal opportunities for all and where diversity is optimised to enhance productivity.

In November 2004, the Employment Equity Commission recognized thirteen companies for going out of their way not only to meet the minimum requirements of the law, but to walk that extra mile in the furtherance of the objectives of affirmative action and employment equity,” with regards to complying with the commission’s requirements, having a workforce that reflects the national demographic, applying realistic targets, availing an Affirmative Action budget, and having Namibian understudies for all non-Namibian employees, among other requirements.⁴⁰ Two of the thirteen institutions that were honoured were from the financial sector – these being Bank Windhoek and Standard Bank – with Standard Bank taking the prize for overall winner⁴¹.

The two concepts (i.e. BEE/TESEF and Affirmative Action) are not mutually exclusive, and in fact are very much interrelated. The following chapter delves into the current BEE trends that exist within Namibia’s financial sector, with case examples of transactions that have taken place, and the adjustments that have been made thus far and how this has impacted the structural set-up of business, each of which will also shed some light on the current state of employment equity and affirmative action in the respective institutions.

⁴⁰ Namibia Economist, “Rewarding Excellence in AA Implementation,” 19 November 2004. Retrieved from <http://www.economist.com.na/2004/19nov/11-19-22.htm> on 24 February 2007.

⁴¹ Ibid.



A Direct Correlation to BEE Progress in South Africa: Current Trends in Black Economic Empowerment in Namibia's Financial Sector

Because Namibia does not have its own official BEE policy/legislation, the research on this subject has made it increasingly clear that BEE implementation in the financial sector is primarily apparent in organizations with their head offices in South Africa, where great strides have been made thus far in introducing BEE strategies. In fact, the NFSC is to a large extent based on the South African financial services charter, and used the South African Codes on Broad-Based Black Economic Empowerment as one of the “base documents” in the creation of the charter. Nevertheless, various defining factors can be identified in the implementation of BEE schemes in financial institutions. Based on the annual reports/interim results of eight financial institutions in Namibia – i.e. the Namibian Stock Exchange, FNB Holdings Namibia Ltd, First Rand Group, Sanlam, Standard Bank Namibia, Old Mutual, Mutual & Federal, and Alexander Forbes (many of which have their head offices in RSA), five key trends have been identified as setting the tone for the implementation of BEE schemes within the sector. These are:

1. Share Acquisition for Redistribution into “Black Hands”
2. Management Trusts Increasing Ownership by Black Directors and Managers/Staff Trusts to Increase Ownership by Black Staff
3. The Use of Black Business Partners
4. Increased Emphasis on Small to Medium sized Enterprises
5. Social Investment

An analysis of each of these trends follows below, which looks at the annual reports of a number of financial services firms operating in Namibia, and the degree to which Black Economic Empowerment is mentioned within their respective annual reports. While the analyses of these firms only incorporates the findings within the annual reports or circulars reviewed, and does not investigate other documentation owned by such firm, the information within the table does certainly provide an idea of the visible trends in BEE in the financial sector, and the different ways in which BEE is incorporated along the six key trends identified above.

Share Acquisition

When looking at the concept of share acquisition with regards to Black Economic Empowerment, a parallel can almost be drawn with that of land distribution, whereby land is bought from farmers who were in previously advantaged positions based on the apartheid system, and is sold or redistributed to those who were previously disadvantaged, thus levelling the playing field in terms of land ownership. In a similar fashion, when looking at ownership in a company in the financial sector, BEE attempts to level the playing field by acquiring company shares from the company itself, or from other shareholders, and placing these shares into “black hands” through the sale of shares to individuals or black owned/controlled companies, the creation of trusts (e.g. management and staff trusts, educational trusts, etc). Importantly, ownership and control do not have the same meaning. As a shareholder, I may own shares, but these may not be voting shares. It is important therefore, that in acquiring shares and placing these shares in the hands of the previously disadvantaged, that it is not only ownership, but also an element of control that is sought in such transactions.

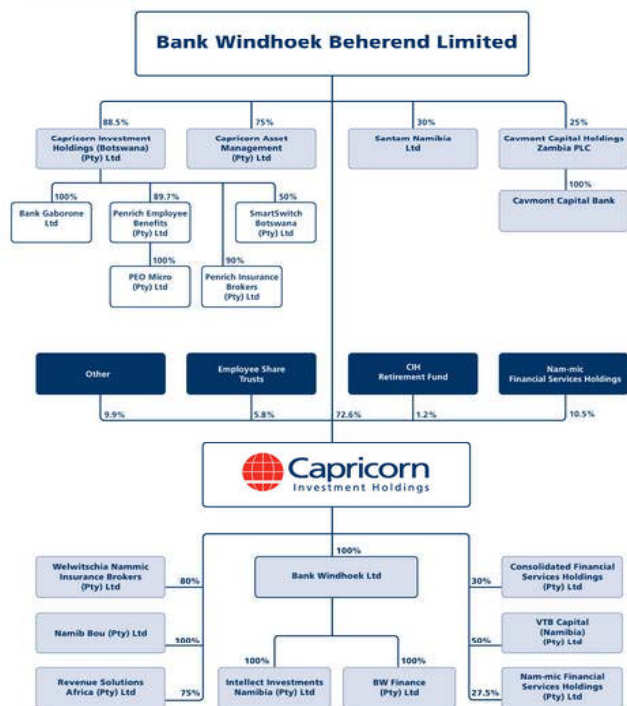
When looking at the major players in the finance sector, Bank Windhoek provides a fine example of Namibian ownership, under the holding company of Capricorn Investment Holdings, which also holds interests in other financial institutions, which feature ownership by a broad range of



stakeholders. An example of this can be seen in Capricorn's holding a 30% interest in Nam-mic Financial Services. "The remaining "70% shareholding in Nam-mic Financial Services Holdings (Pty) Ltd remains vested in the investment holding companies of the Mineworkers Union of Namibia, the Namibian National Teachers' Union, the Namibian Public Workers Union and the Namibian Food and Allied Workers' Union thereby ensuring the sustained empowerment of these unions and their members."⁴² The ownership of this institution by this group of unions provides a unique platform for Namibian ownership in the sector, as it extends to a much larger group of Namibians in the form of the country's labour force who are associated with a union. Moreover, the membership of these unions is more representative of the country's demographic as the basic workforce is represented by these unions, ensuring that not only is there Namibian ownership, but that this ownership reflects the make-up of the population.

Capricorn Investment Holdings' group structure as at 8 November 2006 is shown in the chart below⁴³, illustrating its broad range of holdings in a number of companies, which in turn have their own networks of ownership in addition to Capricorn's holding.

Figure 1: Group Structure for Capricorn Investment Holdings



Importantly, even after the highly-publicized BEE transaction, it is important to note that the majority of shares in Old Mutual Namibia still belong to South Africa. Nevertheless, the

⁴² Namibia Economist, "Mineworkers Union to Acquire Bank Windhoek Shareholding," Retrieved from <http://www.economist.com.na/2002/20dec/12-20-03.htm> on 24 February 2007

⁴³ Capricorn Investment Holdings, Group Structure as at 8 November 2006. Retrieved from <http://www.bankwindhoek.com.na/index.php?page=groupstructure> on 24 February 2007



transaction effectively increases the share holdings by Namibians to up to 13.31%, as opposed to the miniscule holdings prior to the transaction, as described in greater detail below⁴⁴:

Figure 2: Summary of the Effective Ownership in the Namibian Businesses for Old Mutual

	Old Mutual		Nedbank Group		Mutual & Federal		Total value of shareholding	
	N\$sm	%	N\$sm	%	N\$sm	%	N\$sm	€m
Employees and Management	66.96	4.01	21.40	3.47	7.58	4.25	95.94	7.10
Strategic Business Partners	33.75	2.05	20.25	3.37	6.75	3.97	60.75	4.50
Strategic Community Partners	12.50	0.76	7.50	1.24	2.50	1.46	22.50	1.67
Distributors Trust	35.00	2.12	-	-	-	-	35.00	2.59
Education Trust	40.00	2.42	10.00	1.67	-	-	50.00	3.70
Long-term Strategic Allocation	32.25	1.95	8.25	1.38	2.96	1.74	43.46	3.22
Total	220.46	13.31	67.40	11.13	19.79	11.42	307.65	22.78

Notes:

1. Percentage of the respective Namibian business value.
2. Exchange rate – ZAR1:NS1/€1:NS13.5126 (weighted average exchange rate from 25 August 2006 to 31 August 2006).

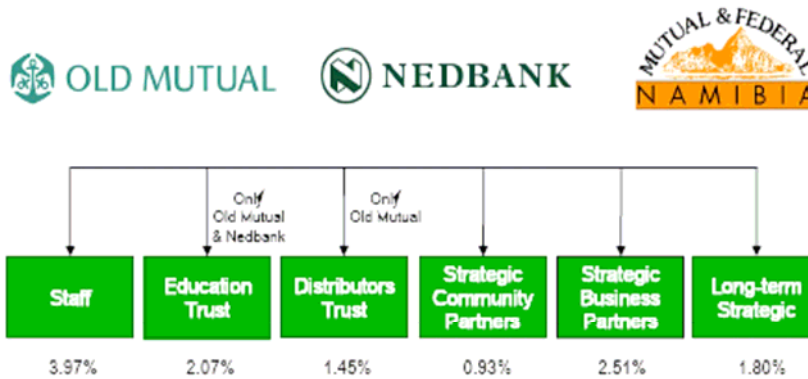
It is important to note from the above figure that although much progress was made with regards to Old Mutual’s BEE transaction, much of the company remains in South African hands, with the total Namibian business value ranging only between 11.13 and 13.91% for the three companies. Before this point, however, Namibians only held 0.70% in Nedbank, 0.35% in Old Mutual, and 0.62% in Mutual and Federal, just a fraction of the current ownership. In the context of acquiring shares, it is therefore also important that the Namibianization of the company be considered as an important aspect in the transformation of institutions in the financial sector.

With regards to creating greater Namibian ownership of Old Mutual Namibia, the integration of staff, education and distribution trusts, strategic community and business partners, and a long-term strategic allocation all feature as aspects of the transaction. The following figure illustrates the structure of BEE transactions for the Old Mutual Group, indicating the percentage of shares directed to each entity, for Old Mutual, Nedbank and Mutual & Federal.

⁴⁴ Source: Nedcor BEE Announcement Presentation, “Empowering the Old Mutual Group in Namibia: A Strong Foundation, A New Future.”



Figure 3: BEE Transaction Share Distribution, Old Mutual Group Namibia



Source: Nedcor BEE Announcement Presentation, “Empowering the Old Mutual Group in Namibia: A Strong Foundation, A New Future.”

The Namibian Financial Services Charter scorecard does not look at “Namibianisation” as a specific workstream or focus area, but it does state the following targets with regards to ownership and control:

Table 3. Ownership and Control Workstream Indicators, Namibia Financial Sector Charter Scorecard

Workstream	Action/Indicators	Measures/Targets		Weight
		2010	2016	
Ownership and Control	OC1 Shareholding by blacks in financial services companies (holding / operating)	15%	25%	
	OC2 Exercisable voting rights by blacks	15%	25%	
	OC3 Economic interest to which black people are entitled	15%	25%	
	OC4 Members on board who are black	15%	50%	
	OC5 Black Senior/executive representation	15%	50%	
				20%

Many of the companies in the table on pages 23-24 that mentioned BEE in their annual reports, circulars, or interim results, pointed to the acquisition of shares as a major element in executing a BEE policy/scheme. The following sections each touch on the various aspects that share acquisition might entail, by looking at trusts, black business partners, SME development, and social investments/community partner, and providing examples of deals that have involved each of these aspects.



Management/Staff Trusts

Insert 2: FNB Namibia BEE Profile

Black Namibian ownership

During December 2004, a BEE (Black Economic Empowerment) transaction was concluded which resulted in Namibian investors, with a broad base of beneficiaries, owning almost 45% of FNB Namibia Holdings. The BEE consortium consists of two broad based groupings, Sovereign Capital (Pty) limited and Chappa' Ai Investment 42 (Pty) Limited, as well as staff and black non-executive directors.

Effort Investment Holdings (the investment arm of the Namibian Public Workers Union) and NANTU - Likwafela Cooperative (the investment arm of the Namibian National Teachers Union) also form part of consortium.

People focus:

- Following the merger, about 290 former Swabou employees joined the rank and file of FNB Namibia Holdings, together with First National Bank's total of 1160, reflecting the rich cultural and ethnic diversity of Namibia;
- Following the directives of the Employment Equity Commission, the Group has adopted and Affirmative Action Policy to achieve equity in the workplace and to enhance business competitiveness;
- There is always an executive accelerated trainee programme and sponsored university graduate programmes, designed to address the need for gender and cultural diversity at management levels.

Commitment to developing the economy

- FNB Namibia Holdings advocates human capital development and provides bursaries to Namibians (not necessarily employed by the Group), a policy which is in line with its commitment to developing the skills of all Namibians and thus contributing to the country's general economy;
- These contributions form part of the Group's efforts to support the Government' Vision 2030 which is aimed at creating jobs, wealth and prosperity for all Namibians;
- As part of our corporate social responsibility, FNB Namibia Holdings created a Foundation, operating as a statutory trust. The FNB Foundation allows for corporate social investments and an opportunity for greater involvement and cooperation with the community within which the Group operates. It is funded by allocating 1% of post-tax profit of the Group annually.

The creation of management and staff trusts is an important element in the workstreams of ownership and control, and of human resource development. In commenting on the reserving of shares for Old Mutual staff in its recent BEE deal, "Bill Turton, managing director of Nedbank in Namibia, said "our employees are critical to our success and the shares will be used to retain and incentivise black management and staff. By reserving a significant portion of shares for the benefit



of current and future black managers and employees, the transactions will help to transform and develop a more dynamic and effective workforce.”⁴⁵ Through the set-up of these types of trusts,

not only are managers, staff and directors able to acquire shares within the business, but these trusts may also provide for the training and skill enhancement of these employees through bursary schemes, development programs, and so on.

In all three sub-sections of FNB Namibia’s BEE profile, ownership, training and development feature as prominent factors with regards to management and/or staff, as shown in the insert above. However, in order for these trusts to be truly meaningful with regards to allotting management and staff with effective ownership and control of the business, these shares should also provide voting rights to the management and staff who acquire them. Moreover, for a sustainable/long-term benefit, ownership of shares should not be attached to whether or no the staff member continues working in the business. For example, if a staff member resigns, is fired, retires, etc, the ownership of the shares, and the terms attached thereto, should not have to expire with the end of a working contract, and they should still be entitled to their share, for a sustainable empowerment of these staff. More clarity with regards to these staff trusts is being sought through the use of a survey currently being drawn up for distribution to institutions in the financial sector, as little information about this topic is revealed in BEE transactional announcements, media releases, and the BEE policies/schemes analysed thus far.

Black Business Partners

The current trend in the appointment of Black Business Partners has come under much scrutiny from the public and private sector alike. Commentators believe that only a handful of people are benefiting from such transactions, that the expertise that should be in place for such a transaction are questionable, and that these partners simply act as a façade for BEE as opposed to a truly legitimate tool for empowerment. Some of the statements that have highlighted the wariness for and cautioned against BBPs that do not reflect the ‘true meaning of BEE’ come from statements by Dr. Nickey Iyambo, as indicated below:

Dr Nickey Iyambo –

“When embarking on Black Economic Empowerment it must be real and meaningful and not just a fronting-screen. I have read of companies in South Africa that are paraded as offering a meaningful face of BEE while the old order is still the practice. If companies are not passionate about making this country work and translating that into their business, then companies are not grasping the true meaning of BEE. BEE encourages partnerships, cooperation and finding creative ways of implementation. This is an ideal opportunity for Namibian companies to lead the way in our drive towards empowerment of the previously disadvantaged people.”⁴⁶

Nevertheless, the use of Black Business Partners has become common practice in the exercise of BEE policy in the financial sector. These partners are expected to add value to the company seeking partnership, through the application of their expertise and intellectual capital, the provision of capital, and so on. Nedcor, the parent company of Old Mutual, provided a list of

⁴⁵ Old Mutual Group in N\$308 million BEE Transaction in Namibia, 5 September 2006. Retrieved from http://www.bedbankgroup.co.za/content/press/press_BEENamibia.asp on 21 November 2006

⁴⁶ Nickey Iyambo Speech Nov. 2004



criteria necessary when assessing and selecting WIPHOLD and BRIMSTONE Consortia as their South African Black Business Partners, as shown below⁴⁷:

- Empowerment credentials and broad-based criteria – an assessment of the shareholding and the ultimate beneficiaries of the Black Business Partners with the specific objective of ensuring that potential partner companies are black-owned and controlled companies, representing a broad-base of beneficiaries. Consideration was also given as to whether directors and management of the potential Black Business Partners comprised predominantly black people, as defined in the FSC.
- Leadership and values – an assessment of whether the potential Black Business Partners had strong, clear leadership and shared the Group's values. Regard was also given as to whether the leadership of the potential Black Business Partners would be able to commit sufficient time and resources to focus on business development and transformation.
- Experience – an assessment of whether the potential Black Business Partners had a demonstrable track record of transformational ability as well as financial services sector experience.
- Risk and reward philosophy – an assessment of whether the potential Black Business Partners would be able to place their own capital at risk and therefore make a capital contribution of 2.5% of the transaction value.

A further assessment of each of the potential Black Business Partners' ability to assist Old Mutual (SA), Nedcor and Mutual & Federal with each of the following objectives was undertaken:

- the retention of existing business and the attraction of additional business;
- the strategic and holistic transformation of the Group in response to a changing business environment; and
- improving the corporate profile and image of the Group in the market and helping to position the business.

To this end, Nedcor also added a set of key terms governing its agreement with the selected BBPs, as shown below:

Subject to the terms of the subscription agreements the Black Business Partners:

- Must remain black companies as defined in the FSC during the 10 year lock-in period;
- May not dispose of Old Mutual plc, Nedcor and/or Mutual & Federal shares acquired as a result of the Group Transactions during such lock-in period;
- May not enter into equity transactions or substantial relationships with any of the Old Mutual Group's competitors; and
- May not take up any directorships with any of the Old Mutual Group's competitors.

The above criteria make it clear that the selection of the black business partners was weighed against important criteria that can serve as an example for other companies in selecting suitable black business partners that truly add value to the business, and do not serve simply as a front to make the business look as though it meets BEE standards. The key terms also ensure the longevity of the transaction, demanding continued input from the BBP in the long run. However, an element that could be included to ensure that the benefits of having this BBP truly filter down

⁴⁷ Nedcor Empowerment Transaction: Black Business Partners, Retrieved from http://www.nedbankgroup.co.za/financials/2005BEE/blackbusiness_partners.asp on 15 January 2007



to the community level is the addition of social investment criteria that provide for empowerment projects for underprivileged communities.

The insert below provides a snippet of a Namibian example of a partnership with a black business, as done by Alexander Forbes in a BEE transaction with Cherish Investments.⁴⁸

⁴⁸ Namibia Economist, Alexander Forbes Namibia BEE Transaction



Insert 3: Alexander Forbes Namibia BEE Transaction

Alexander Forbes expands its BEE footprint to Namibia

International financial and risk services group Alexander Forbes announced the expansion of its black economic empowerment (BEE) footprint to Namibia through the sale of 30% of its Namibian business to a newly formed empowerment company, headed by Cherish Investments (Pty) Ltd, this week. The transaction is valued at N\$25.5 million of which N\$5 million will be settled in cash and the balance of N\$20.5 million will be vendor financed (in-house funded) by Alexander Forbes. This deal follows the successful implementation of the BEE partnership in South Africa between Alexander Forbes and a BEE consortium headed by Cyril Ramaphosa's company Millennium Consolidated Investments (MCI). Local businessman Sidney Martin and renowned athlete Frank Fredericks of Cherish Investments will head up the new empowerment company, Alexander Forbes Namibia Empowerment Holdings (Pty) Ltd.

Following the deal, Cherish Investments will own an effective 25% of Alexander Forbes Namibia. As in South Africa, there will be broad-based participation in the transaction through the Alexander Forbes Namibia Development Trust which will have an effective 5% shareholding. "Equity participation in Alexander Forbes Namibian Holdings by BEE company Cherish Investments is to accomplish empowerment in the context of competitive and innovative economic growth. This transaction is an imperative catalyst that allows the Namibian nation to become an intrinsic partner to the economy," said Martin Ingo Rix, chief executive of Alexander Forbes Namibia, said: "The launch of the new empowerment company and the incorporation of Namibian shareholders, who were previously disadvantaged, into the business is expected to foster transformation and provide a long-term sustainable platform to advance black economic empowerment and ensure continued growth of the business. We believe it will also benefit the Namibian economy at large." Sidney Martin and Frank Fredericks of Cherish Investments and Ingo Rix and Reagon Graig of Alexander Forbes Namibia will serve as Trustees of the Alexander Forbes Namibia Development Trust.

While the Namibia Financial Sector Charter touches on the aspect of procurements policies, and sets targets for financial institutions with regards to incorporating BEE into their procurement strategies, the charter makes no concrete mention of Black Business partners, and the role that they can play in transforming the sector. Moreover, no guidance is given with regards to how financial institutions should go about taking on a partner, and what the expectations are for such partnership to be legitimate. With regards to procurement, the NFSC proposes the following order for the selection of suppliers:

Key principles are to be applied when calculating BEE procurement spent. This will include each financial institution categorising its suppliers (existing and potential) into:

1. Black companies
2. Black controlled companies
3. Black women-empowered companies
4. Black empowered companies
5. Black influenced companies
6. Black designated groups
7. Non-black persons / companies

On evaluating procurement preferences, with all other things being equal, BEE status will be prioritized in the order stipulated above.

Lending guidance to the selection of a BEE partner provides another area in which the Namibia Financial Sector Charter can be improved, to ensure that Black Economic Empowerment does not solely benefit the pockets of a select few, but that in fact filters through to the wider society through imperatives set forth by the charter.

SME Development

With regards to providing room for SME development in the context of integrating the financial services sector in this development, authors Colleen Gwari and Joanna Shikongo make a number of propositions in their study, *Black Economic Empowerment Policy: A tool for Small to Medium size Enterprise (SME) Development in Namibia*. They write, "thoughts" such as reforming the financial services sector so as to incorporate SMEs on the broader lending level, deregulation allowing for new players, setting up of an SME bank need to be developed further. Through the treasury, government ought to have a separate budget for SME development."⁴⁹

Owing to the fact that several Namibian institutions continue to be owned, controlled and run by those who were in previously advantaged positions, it is clear that SME development should be placed as a high priority in meeting the nation's developmental objectives as stipulated in all the National Development Plans. With hundreds of businesses cropping up in Namibia each year, it is clear that by empowering new businesses, people at the grassroots level can be empowered to succeed in business, and in making an economic leap for themselves and their families. NDP2 is especially eloquent with regards to lifting up the previously disadvantaged in creating opportunities for an economic renaissance that places these groups at the fore in contributing to the Namibian economy.

The propositions posed by Gwari and Shikongo in setting up wider avenues for SMEs to develop by refining the way in which the financial sector provides them with opportunities for development, therefore stand as a valid, and critical step in meeting BEE objectives, both in the financial sector and nationally. While the use of BBPs can be seen as a tool to empowering SMEs, it is important that skills training and entrepreneurship development also take place, in order to provide a rich skills base for more effective partnership transactions. The BEE transaction approach used by Allan Gray provides an example of entrepreneurial development, as shown in the insert below.⁵⁰

⁴⁹ Gwari, C and Shikongo, J. *Black Economic Empowerment Policy: A tool for Small to Medium size Enterprise (SME) Development in Namibia*, 2005. Joint Consultative Council and Namibia Economic Society, 2005.

⁵⁰ The Economist, 1 April 2006. *Allan Gray brings BEE partners on board*. Retrieved from <http://www.economist.com.na/2005/1Apr/01-04-07.htm> on 15 January 2007.



Insert 4: Allan Gray Namibia BEE Transaction Highlights

Allan Gray brings BEE partners on board

Allan Gray Namibia...announced a series of transactions and initiatives that it says will result in a 25% black empowerment (BEE) shareholding in the company. Allan Gray said it had launched a focussed effort to encourage black entrepreneurship and the acceleration of the internal transformation of the company. Allan Gray, the founder of the Allan Gray Group and its global partner, Orbis Investment management, will sell 15% of Allan Gray's Namibian business to a broadly based BEE trust whose mission will be to foster job creation through the promotion of black entrepreneurship.

Allan Gray will also sell 15% of Allan Gray's businesses in South Africa, Botswana and Swaziland. "Large-scale unemployment is an overwhelming impediment to economic advancement and the achievement of a quality standard of living amongst the majority of people in Southern Africa. Economic empowerment through the promotion of black entrepreneurship is most likely to alleviate this condition, as small businesses are the primary drivers of job creation throughout the world," said Allan Gray.

The BEE trust will be a black-empowered vehicle controlled by trustees on behalf of a broadly based group of aspiring black entrepreneurs. Its most significant asset and the principle source of funding for its activities through the receipt of dividends will be its 15% interest in Allan Gray Namibia. In addition, the firm has undertaken to reserve shares for allocation to current and future Namibian staff members, to bring the effective percentage of its shares held by Namibian staff to 10% of Allan Gray Namibia. Allan Gray Namibia also announced today that the full proceeds of the sale to the entity will be donated to a public benefit organisation to be known as the Allan Gray Foundation, whose mission will be to fund the education and training of prospective entrepreneurs and thereby promote economic growth and job creation. Allan Gray is also committed to donate, on an annual basis, a minimum of 7% of its after tax profits to deserving social causes.

Bank Windhoek also has an SME program that focuses on the development of new entrants into the Namibian business market. In the 2005 *Economic Perspective* of the Namibia Economic Society, which provided an economic overview of the challenges that lay ahead for the new government, Mihe Gaomab II writes that⁵¹:

The future government must focus on small and medium enterprises (SMEs) to create jobs. The current way of stimulating, providing and promoting SMEs is far from desired. A tailor made programme for SME's business people are important so that such business people are taken through the initial stage of business plan design throughout loan granting and training interventions on utilization and realization of such loans. The programme may continue on with monitoring and evaluation of such business and periodic support and advice to get the business going. By improving access to SME financing, innovative financial products and services can be introduced to cater for such market exclusively as done in South Africa.

Bank Windhoek's program addresses a number of the concerns stated above, by advising and coaching SMEs on business plans, providing loan programs that address their short and long term needs, and developing them through their Emerging SME (ESME) branch. The programmes is carried out through a Bank Windhoek partnership with the Development Bank of Namibia, which "is investing a minimum of N\$ 30 million over a period of three years" into the program. The

⁵¹ Namibia Economic Society, *Economic Perspective: Are we on the right track?* By Mihe Gaomab II, 2005.



funds are then made available to emerging entrepreneurs seeking funding. As stated on the Bank Windhoek website:

Bank Windhoek is committed to the growth of the Namibian economy and recognises that Namibia is in need of dynamic and successful entrepreneurs who will contribute to the economic growth of our country. Bank Windhoek has been financing small and medium enterprises since 2000, but has in 2005 as part of its new approach towards Emerging SME's, introduced a restructured, dedicated SME branch to serve this high priority market segment of the Bank even better. The vision of our ESME branch is to see an increasing number of ESME's grow into sustainable businesses, creating new wealth and new opportunities for the benefit of the Namibian economy. Our strategy is therefore to provide SMEs an enabling environment through the delivery of responsive, innovative financial products and complimentary support services.

By increasing the resources available for SMEs, Bank Windhoek and other banks or financial institutions with mechanisms that focus on this type of development create a heightened platform on which SMEs can perform, affording them the opportunity to compete with larger institutions in whatever sector they operate. The development of SMEs through advising and coaching on business plans also sets a tone for new corporations/companies headed by previously disadvantaged groups (particularly with regards to access to education, business skills development, etc) to enter the market from a formal angle that allows them to gain access to other financial resources such as loans, investment, and so on.

Social Investment/Strategic Community Partners

Another trend that is important in increasing the scope of a BEE transaction that takes place, may include the involvement of community partners as a form of social investment. From Old Mutual's BEE transaction, we saw the inclusion of Women's Action for Development (WAD), as well as that of the AME, ELCRN, and ELCIN church groups. The insert below touches on how the inclusion of these groups in the BEE transaction would benefit not only these groups, but society at large.⁵² However, while these transactions do provide a considerable investment into society, the actual prospects of what this transaction will mean at the grassroots level is not explored. How much of an impact does such a transaction have on the livelihood of a common person living in the informal settlements of Babylon, Hakahana, and Okahandja Park, to name but a few? How are they empowered by such a deal, and how does this translate into making a difference in their futures? These are all questions that are yet to be fully answered when examining the true impact of BEE transactions on the previously and currently disadvantaged, given the developmental objectives set out in NDP2, Vision 2030, and such documentation.

⁵² Old Mutual Namibia, BEE Deal Media Announcement



Insert 5: Old Mutual Namibia BEE Deal Media Announcement Highlights

Section of Old Mutual BEE Deal Media Announcement

...The Group has also selected strategic community partners, notably Women's Action for Development (WAD) and a consortium of large church groups, to grow the business and to contribute to the development of communities across Namibia. These partners will receive shares worth N\$22.5 million. WAD is a non-profit organisation which represents the interests of women in Namibia and has a high profile in specific regions of the country. The organisation focuses on women's empowerment and skills development which encourage financial independence.

It is estimated that more than 90% of Namibians are Christians and three large church groupings will partner the Old Mutual Group in the transaction. These are the African Methodist Episcopal Church (AME), Evangelical Lutheran Church in the Republic of Namibia (ELCRN) and the Evangelical Lutheran Church in Namibia (ELCIN). Johannes !Gawaxab said part of the Old Mutual Group's strategy is to extend its distribution to clients from historically disadvantaged backgrounds. "In order to develop black financial advisers and brokers in underserved markets, N\$35 million worth of shares has been placed in a Distributors' Trust. This will assist brokers in overcoming the obstacles of starting their own businesses by providing access to capital. About 100 brokers are expected to benefit under this scheme," he said.

An Education Trust holding shares valued at N\$50 million has been created to provide tertiary education scholarships to trade union members – and their families – who are clients of Old Mutual and Nedbank. It is anticipated that up to 100 scholarships will be awarded over the next ten years. Ten trade unions, which represent a membership of some 600 000, will initially participate in the Education Trust....

An important component stated in the insert above, is the promotion of SMEs through the Distributor's Trust, which serves to ease the start-up process for new brokers in the market. This is an important element in the development of Namibian owned and controlled businesses, as stated in the previous section on SME development.

The Education Trust is also an important aspect of enhancing Namibia's human capital, and providing a higher quality workforce, going in line with the NDP2 goals of "developing Namibia's human resources and promoting, expanding and strengthening participatory development and equity."⁵³ It is however critical that the promotion of tertiary education be regarded as a high priority in the process of social investment within the BEE transaction framework. 100 scholarships over a period of ten years translate to an average of 10 scholarships per year. While this is admirable, when looking at an overall trade union membership of 600 000 people, not including their families, the actual effect of 10 scholarships per year needs to be thoroughly assessed, and the impact evaluated. Hence, in the creation of a national/sectoral BEE policy, it is important that the trickle-down effect is large, and that empowerment is not just theoretical, but substantial and fully practical.

⁵³ NDP2



Recommendations for BEE Success in the Financial Sector

Each of the elements seen in the above sections above provide for a change in the ownership of companies, to incorporate a greater number of Namibians, and more relevantly in this study, of previously disadvantaged Namibians. Based on the seven workstreams highlighted in the first draft of the Namibian Financial Sector Charter, the elements discussed and the trends seen in the process of BEE to date, fall principally into the workstreams of (1) Human Resource Development, (2) Ownership and Control, (3) Empowerment Financing and Enterprise Development, and (4) Corporate Social Investment. However, in order for these elements to have a real impact on the wider populace, it is critical that the companies concerned place SME development and education/training high on the list of priorities with regards to BEE. Owning a small number of shares may not immediately translate into an improved or empowered economic situation, but acquiring business as an SME, or gaining improved skills and knowledge through education and training clearly have short and long-term effects in improving the livelihoods of people.

Moreover, given the findings above, little or no evidence exists on the issues of the remaining three workstreams, namely Procurement Policies and Practices, Access and Affordability of Financial Products and Services, and Consumer Protection and Education. These three elements are extremely important in that the first could potentially boost the development of Namibian and/or black-owned/controlled SMEs, thus positively impacting the economic development of the country as set out in the objectives of NDP2; and the latter two deals with the greater Namibian population. “Namibia has one of the highest GDP per capita among the Sub-Saharan African countries, but also has one of the most unequal income distribution in the world.”⁵⁴ When attempting to narrow the gap between the rich and the poor in this skewed income distribution, it is important that BEE policies in the financial sector address these disparities by improving access to its offerings, and educating the general public about these offerings. And of course, with such disparities between the haves and have-nots, affordability is an important element to be considered if we are to ensure that ordinary citizens at the very bottom of the economic ladder are to achieve some level of empowerment or upliftment from their current state.

“Wherever there is a hungry woman there is a hungry child, not necessarily so with men. And if you include women who are more than 50% of the population, you will be able to deal with poverty.”

– Saki Macozoma, CEO, New Africa Investment Ltd.

Another important element in the creation of BEE policies in any sector is ensuring that the empowerment plan is broad-based. For example, an element that should be seriously considered is the empowerment of women as a previously disadvantaged group. As indicated in the quote above, empowering women effectively means empowering their children as well, by guaranteeing food on the table, educational resources, a safe home, and other such factors that could mean the difference between living in a secure environment or becoming a street child.

⁵⁴ SARP, 2003. Poverty, income and economic development in Namibia: proceedings of the Bank of Namibia's annual symposium, 2003. Retrieved on January 17th, 2007 from <http://www.sarpn.org.za/documents/d0000877/page1.php>.



The table below provides an example of the way in which Old Mutual has extended shares in a broad sense, by looking at employees, strategic business and community partners, education, distributors, and long-term allocations, with a focus on Namibianizing the group⁵⁵.

Figure 4. Broad Based Empowerment in the Old Mutual Group in Namibia

Broad-based empowerment				
<u>Value of shares issued (N\$m)</u>	Old Mutual Namibia	Nedbank Namibia	Mutual & Federal Namibia	Total
Participants				
Employees	66.96	21.40	7.58	95.94
Strategic Business & Community Partners	46.25	27.75	9.25	83.25
Education Trust	40.00	10.00	-	50.00
Distributors Trust	35.00	-	-	35.00
Long-term strategic allocation	32.25	8.25	2.96	43.46
Total	220.46	67.40	19.79	307.65
% of Namibian business	13.36	11.23	11.64	12.71
% held by black Namibians	13.31	11.13	11.42	12.64

The involvement of a women’s development group in the Old Mutual BEE deal sets a precedent for the involvement of women in empowerment transactions, but this is only fully plausible if women are truly experiencing these effects, and are able to improve the lives of their children (for example) given these effects. When looking at procurement policies and practices, SME development, black business partners, human resource development, and all the other workstreams or elements therein, it is therefore imperative to verify the inclusion of women, as a group that can have a wider societal impact.

In addition to women as an entity that requires empowerment in order for direct effects to be felt in society, it is important that the youth are also brought to the fore as important contributors to the economy. Given the staggering unemployment rates, which disproportionately affect youth aged 15-24 years (41%)⁵⁶, increasing numbers of youth are turning to entrepreneurial projects as a means to generating an income. However, in order to be successful in such endeavours, these youth, many of whom have not attained an education higher than Grade 10,⁵⁷ are in desperate need of resources and skills training.

In a presentation addressing “the role of Junior Achievement Namibia (JAN) in Youth Economic Empowerment,” Mihe Gaomab presents a number of proposals to ensure that youth are given a platform on which to perform in the Namibian economy, in a way that goes hand-in-hand with BEE objectives. Selections from this presentation are shown in the insert below.⁵⁸

⁵⁵ Nedcor BEE Announcement Presentation, “Empowering the Old Mutual Group in Namibia: A Strong Foundation, A New Future.”

⁵⁶ Gaomab, Mihe, 2004. The Role of Junior Achievement Namibia in Youth Economic Empowerment. Presented at the Fundraising Event of Junior Achievement Namibia (JAN)

⁵⁷ Labor Force Survey, 2004

⁵⁸ Gaomab, Mihe, 2004. The Role of Junior Achievement Namibia in Youth Economic Empowerment. Presented at the Fundraising Event of Junior Achievement Namibia (JAN)



“Historically, we all know that it is increasingly difficult for young people to find work – partly because there are not enough jobs and partly because the young do not have the skills that are in demand in the labour market. Currently, too few young people are given opportunities to improve their skills in areas that will enhance their employability.

...

Furthermore, the aspirations of the youth of Namibia cannot be separated from those of the people of Namibia as a whole. Care should be taken that the aspirations of the youth as a sub element of the broader category of the aspirations of all the people should not be neglected as it could lead to socioeconomic marginalization of the youth, Hence, such a situation of having many young people economically un-engaged and unproductive would certainly rob the country of the energy and genius of the youth, and would pose a serious social threat to the future economic prosperity of the Namibian economy.

...

I would propose JAN to spearhead drafting a youth economic empowerment policy and law in Namibia which is consistent with those of the envisaged broad-based BEE. The strategic interventions that JAN has brilliantly carried out so far does contain salient features of such a youth economic empowerment policy but it should be formulated under that heading and be consistent with the overall BEE policy objectives, in tune with a sectoral charter that promote SME development which are youth driven.”

- *Mihe Gaomab, Manager and Principal Economist, Bank of Namibia, Research Department*

By carefully considering the roles of the youth, women, and SMEs in broadening the base for Black Economic Empowerment; as well as by ensuring that the general populace, as consumers, is able to benefit from policies set forth, BEE can make a positive imprint on the economy not only in the financial industry, but also across all sectors. However, if the concept of empowerment does not embrace those at the bottom, then Black Economic Empowerment or Transformational Economic and Social Empowerment, simply becomes a white elephant.

“To achieve BEE there must be a measurable process. The BEE process should be part of a strategy which has specific objectives and goals to achieve. These include the transfer of skills at the broadest possible level as well as willingness from the part of business people for ownership to change hands. Above all, there must be a direct channel of benefit to the community. The benefits of BEE must be felt by ordinary people at the bottom; otherwise that BEE process has failed. These people should be part of the economy, must be able to work toward the contribution of the economy, able to manage the economy, and must own the economy.”⁵⁹

- *Saki Macozoma, CEO, New Africa Investment Ltd.*

While the financial sector is well on its way in the formulation process, the lack of a national policy clearly undermines efforts, in that a clear definition of BEE with regards to the Namibian experience is missing. The draft policy created in 2005 was criticized for its South African character, but in the absence of a national policy, the financial sector has had little choice but to use South African legislation as base documentation in the formulation of the Namibia Financial Sector Charter, in addition to other national developmental objectives. Moreover, an important

⁵⁹ The Economist, 27 June 2003. *Black Empowerment Guru Defines BEE*. Retrieved on 17 January 2007 from <http://www.economist.com.na/2003/27jun/06-27-07.htm>



factor requiring serious attention is the lack of Namibian control in the financial sector. The task at hand therefore becomes one of increasing Namibian ownership and control while simultaneously heightening black ownership and control, placing equal emphasis and importance on these two tasks. As shown with the Old Mutual deal, Namibians formerly owned 0.7% or less in the Nedbank, Old Mutual and Mutual & Federal companies. The BEE deal, which increased this ownership to up to 13.3%, therefore had to focus on changing this ownership by focusing not only on previously disadvantaged groups, but on all Namibians as a whole.

Needless to say, the first draft of the NFSC shows promise in its understanding of the primary elements needed in order to create a successful BEE policy, as shown by the seven workstreams of (1) Human Resource Development, (2) Ownership and Control, (3) Empowerment Financing and Enterprise Development, (4) Corporate Social Investment, (5) Procurement Policies and Practices, (6) Access and Affordability of Financial Products and Services, and (7) Consumer Protection and Education. However, in order to make each of these workstreams truly empowering as per the definition of BEE provided by Dr. Nickey Iyambo and Theo Ben Gurirab in the first section of this report, it is clear that all members of Namibian society should experience the positive effects of such policies on a broad based level.

Old Mutual, Alexander Forbes, Allan Gray, FNB, Bank Windhoek, Sanlam Namibia and other financial institutions all provide interesting case studies for the various aspects of BEE that are encompassed in share acquisition. However, it again needs to be emphasized that the primary impetus for these advancements comes from policy/legislation taking place in their headquarters in neighbouring South Africa. Namibia currently lacks this policy/legislation backing, complicating the process of ensuring that BEE in the financial sector (or any other sector for that matter), is carried out with regard to national objectives for this social transformation.

Importantly, progress on employment equity and affirmative action needs to be handled jointly with any efforts towards BEE/TESEF. The Ministry of Labour (under whom the Employment Equity Commission falls), is not included as a stakeholder or signatory of the Namibia Financial Services Charter, and the Affirmative Action Act does not feature along the list of base documentation used for the drafting of the charter. This is indeed an area into which a national policy and sectoral charters should give attention, as it allows national development goals with regards to the previously disadvantages, to be achieved in a unified and effective manner.

Finally, all policies, schemes, agreements, and legislation made in the name of BEE should seriously consider the need for a broad-based approach that includes women, youth, SMEs, community partners, and all at the grassroots level. It is only in this way that “the equitable participation of all those Namibians who were excluded on the basis of race, ethnic origin, colour, sex, political beliefs, disability or social status from equity ownership, control, decision-making and participation in the risks and benefits that accrue from economic activities, institutions and other economic and social enterprises”⁶⁰ will become a reality.

⁶⁰ Keynote Address by Dr Nickey Iyambo on the occasion of the corporate launch of AngloGold Ashanti Namibia and the BEE Charter on 24th November 2004 at the Windhoek Country Club and Resort



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Economic Empowerment in the Tourism Sector: Showing Signs of Being Broad Based

By

Cons Karamata and Colleen Gwari

This paper sets out to assess the extent of transformation in the tourism sector in Namibia. It finds that while a lot has been done in empowering formerly disadvantaged Namibians in rural communities to benefit from tourism in the form of conservancies, little has been done to transform the ownership and control of mainstream tourism activities in the country. The sector remains largely a domain of formerly advantaged Namibians. The paper recommends that current isolated efforts geared towards empowering formerly disadvantaged Namibians be emulated and strengthened by the introduction of a national legislation on black economic empowerment in the tourism sector.

Introduction

1.1 Background

Like elsewhere in the developing world, the tourism sector in Namibia is a critical industry whose contribution to the overall economic growth and livelihoods cannot be underestimated. Despite the lack of a national policy and guiding regulatory framework, the tourism sector is one of the very few sectors in Namibia that managed to put in place a comprehensive BEE guiding framework. The tourism charter of 2004 set the ball rolling by outlining the fundamental principles upon which the issues of Black Economic Empowerment (BEE) were to be based. Role players, notably Government, the private sector and community members have welcomed the initiative despite challenges on the ground calling for intervention strategies at implementation levels.

It is in this context that the IPPR sought to review progress regards the overall BEE efforts, implementation pattern and challenges within the tourism industry in Namibia. Among other key objectives the research seeks to:

- ❖ Review the policy initiative's implementation pattern
- ❖ Evaluate BEE successes and failures in the tourism sector in Namibia
- ❖ Pass on recommendations to key stakeholders

1.1.1 Research Methodology

The study comprised of desk and field research. The desk research entailed a review of the tourism charter, Government initiatives on BEE in the sector and the extent of community participation. The field research comprised of interviews with selected key players in the tourism sector for purposes of case analysis. Specific cases were selected to provide more insight and appreciation of BEE in the tourism sector in Namibia.



Notable shortcomings

A number of significant shortcomings were noted with regard to the research process. These are summed up as follows:

- ❖ Heavy reliance on secondary data sources.
- ❖ Lack of recent statistical data.
- ❖ Lukewarm response by industry participants, and
- ❖ in some cases, a total rejection and resistance of collaboration by players in the tourism industry.

Taking note of the above, the research was thus compelled to make use of limited secondary data sources, which to some extent affected the quality of the results.

Overview of the tourism sector in Namibia

Contribution to the economy

Traditionally driven by an active private sector, the Namibian tourism industry was identified in both Vision 2030 and the various National Development Plans as a priority sector by government and a key factor in 'Broad-based Black Economic Empowerment (BBBEE).

Namibia has one of the fastest growing tourism sectors in Africa. With the exception of 2004, the sector has experienced a steady, positive growth over the last five years. The Hotel and restaurant industry, a proxy for the tourism sector, was estimated by the Bank of Namibia to have grown by 4.5% in 2006. The estimated increase in 2006 was further confirmed by preliminary information of other indicators such as foreign arrivals to the country. The sector also benefited from a softer currency, which made travelling to Namibia relatively cheaper. Looking ahead, the value added for this sector is forecast to expand by 6.5% in 2007, higher than the overall GDP growth. The estimated growth in the sector is based on the economic recovery in the Euro Area, lower oil prices, and a relatively weaker Namibia Dollar (BoN, 2006). The long-term expectations for the travel and tourism GDP⁶¹ growth are positive, exceeding 7.9% by 2016 (WTTC, 2004)

Being the third largest foreign currency contributor to the economy, the broader travel and tourism industry was expected to contribute some N\$ 6.8 billion (US\$ 1.1 billion) or 16% to Namibia's GDP during 2006. In the long-term, the travel and tourism sector is estimated to increase its share to the country's GDP, reaching 22.9% by 2016 (WTTC, 2006).

Looking at employment, the travel and tourism sector was expected to account for 72 000 (direct and indirect) jobs in 2006, representing 18% of the country's total work force. Direct employment in the industry was expected to be 18 800 jobs in 2006, representing 4.7% of the total workforce (WTTC, 2004).

In empowerment terms, income generated for participating outlying communities by the Community-Based Natural Resource Management (CBNRM) programme increased from N\$11.9 million in 2003), to N\$14.5 million in 2004, and to an all time high of N\$20 million in 2005. Despite a more than 3.5 per cent annual increase in international tourist arrivals since 1998, international

⁶¹ The travel and tourism sector comprise the following sub-sectors: travel companies, government agencies and supplier companies



tourism receipts have shown marked fluctuations from one year to another. This probably reflects the strength of the domestic currency against major international currencies. It also suggests that there is a need for Namibia to develop a higher value product to increase income. Growth was however good in 2003 and 2004 although international tourism receipts declined by 13% in 2005 (WTTC, 2004).

2.2 Ownership and Control of the Namibian tourism industry

Despite efforts to transform the tourism industry, the sector largely remains dominated by previously advantaged Namibians. The ownership structure of most companies in the tourism sector shows that they are basically small-sized businesses and/or family owned close corporations (CCs). According to FENATA, about 90% of Namibia's tourism industry is cottage industry with less than 10-12 employees (FENATA, 2006).

Bigger institutional players in the industry are mainly of South African & German origin due to historical factors. Safari Hotel, Kalahari Sands Hotel and Casino, and the Country Club Hotel and Casino are some of the big corporations operating in Namibia. Also, the Protea Hotels Namibia has of late emerged as a significant player. Jointly owned by the United Africa Group (51%) & Protea Hotels South Africa (49%), Protea Hotels Namibia runs a number of hotels and lodges, viz:

- Protea Hotel Fürstenhof, Windhoek
- Protea Hotel Ondangwa, Ondangwa
- Protea Hotel Pelican Bay, Walvis Bay
- Protea Hotel Seaview Zum Sperrgebiet, Lüderitz
- Protea Hotel Walvis Bay, Walvis Bay
- Protea Hotel Zambezi River Lodge, Katima Mulilo
- Indongo Guest House, Swakopmund

Currently, there are over 2,100 tourism enterprises registered with the NTB. Of these, only 30 could be classified as owned by the previously disadvantaged Namibians (NTB 2006). This implies that only 0.1% of businesses in the tourism sector can be classified as BEE companies. Further, owing to the nature of the industry, there are very few if any of the companies listed on the local bourse (NSX), hence limiting public participation. No major public acquisitions or share swaps have thus come to public attention. However the research cannot rule out the existence of private acquisitions that are not in the public domain. The issue of registration and regulation of tourism outlets is currently in its infancy in Namibia with some entities not clearly defined as falling under the MET or not, a case in point being restaurants. The Namibian Tourism Board received a total of 1,728 applications from accommodation establishments and regulated businesses that applied for registration between September 2004 and May 2005. They consist of 912 accommodation establishments and 816 regulated businesses. Table 10 below shows the breakdown of applications received per category of regulated businesses and accommodation.

Table 1: Applications for registration (Accommodation establishments), NTB September 2004

Category	TOTAL RECEIVED	TOTAL PROCESSED
Back-packers hostels	25	18
B&B	75	47
Campsites	76	40
Camping and Caravan Parks	5	0
Guesthouses	79	60
Guest farms	159	126
Lodges	125	74
Tented lodges	10	7
Tented Camps	22	11
Hotels	38	33
Hotel pensions	43	32
Rest camps	55	29
Self-catering	200	120

Source: MET 2005

Table 2: Applications for registration (regulated businesses), NTB September 2004

Category	Total Received	Total Processed
Activity Operators	46	24
Air charter operators	14	7
Booking agents	55	48
Foreign tour operators	24	7
Tour & safari operators	191	113
Trophy hunting operators	362	212
Shuttle & Transport operators	41	22
Vehicle rental operators	43	22
Tour facilitators	40	29
Conference operators	0	0
TOTAL	816	484

Source: MET 2005



Private sector Associations

The following associations play a significant role with regards to ownership and control of the Namibian tourism industry:

The Namibia Professional Hunting Association (NPHA)

The Namibia Professional Hunting Association (NPHA) was founded in 1974 in order to promote Namibia as a hunting destination internationally and protect the right to hunt locally. Today NPHA has over 400 Hunting Professionals (Hunting Guides and Professional Hunters) as registered members. Less than 10 of the 400 could be classified as from the previously disadvantaged background, thus representing 0.02 percent. There was no reliable information (policy) obtainable regarding skills training and transfer. However the hunting organisation is member driven, thus managed and controlled by member representatives.

Tourism accommodation and hospitality industry

The sector falls under the Hospitality Association of Namibia (HAN), which was founded in 1987 with only 16 members. To-date the membership has grown to 350. HAN is the largest tourism trade association in Namibia. The members represent the broad spectrum of the hospitality industry, from luxury hotels, hotel pensions, guest farms, lodges, rest camps, to bed & breakfast, as well as restaurants, catering services and conference facilities, all committed to excellence in hospitality through cooperation. Majority hotels and lodges remain largely owned by the previously privileged who constitute an estimated 90 percent of the total ownership base.

Tour and Safari Association of Namibia (TASA)

There are 138 registered members at TASA categorised as below;

- ❖ Air charter and flights
- ❖ Guided tours and safaris
- ❖ Self-drive tours and safaris
- ❖ Accommodation
- ❖ Travel agent
- ❖ Car hire
- ❖ Fishing and boating
- ❖ Shuttle service
- ❖ Adventure and activities
- ❖ Incentives

Of the registered 138 TASA members, only five percent could be classified as previously disadvantaged.



Black Economic Empowerment in the Namibian tourism sector

3.1 The Policy Environment

3.1.1. The Tourism Charter

Initiated by the Federation of Namibia Tourism Associations (FENATA), the tourism charter was adopted on November 23 2004 (Fenata 2004). The policy document, which was code-named Transformation Charter (TC) sets the industry standard for BBEE programs in the sector. Industry players committed themselves to the use of the TC as a vehicle to implement change in the structure, constitution and practice of the tourism sector in Namibia.

The charter is centred on the following key pillars:

- Skills development
- Apprenticeship
- Internship and sponsorship
- Strategic representation and employment equity
- Ownership and joint venture partnerships
- Preferential procurement
- Enterprise development
- Social responsibility programmes.

Many in the tourism industry welcomed the tourism charter. Industry participants and key stakeholders in Government and civil society hailed the move as progressive (The Economist November 2004). Many in the tourism industry embraced the goal of widening the base of who benefits from tourism in Namibia. Broad-based Black Economic Empowerment (BBBEE) was seen as necessary to achieve growth and development for the tourism sector. The CEO of the Namibia Chamber of Commerce and Industry (NCCI), Mr Tarah Shaanika said the tourism sector was the “pioneer from whom many other sectors could learn.” “While the NCCI has started to engage industries on the subject, they took the initiative and started on their own”, said Shaanika. The chairman of the Bed and Breakfast Association of Namibia, Mr Neville Nevelling, said the Transformation Charter has been “long overdue”. However, he said, tourism was one of the expensive sectors to venture into. “There are no cheap rides, it takes time”, he said, adding that a business had to be supported for three years after which results would start kicking in.

3.1.2 Other policy instruments

While the transformational charter officially guides Broad-Based Black Economic Empowerment (BBBEE) in the tourism sector, there are a number of policy and legal instruments that aided BEE. These pertained to the introduction and further development of conservancies thus enhancing community participation and empowerment of the majority of Namibians. The major laws and policies as spearheaded by Government to aid economic empowerment in the tourism sector include:

- ❖ Ministry of Environment and Tourism (MET) Policy Document – Wildlife Management, Utilisation and Tourism in Communal Areas (June 1995);



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- ❖ MET Policy Document – Community-Based Tourism Development (June 1995);
 - ❖ Nature Conservation Amendment Act, Act No5 of 1996
 - ❖ Government Notice No. 304 of 1996 – MET Amendment of Regulations Relating to Nature Conservation
 - ❖ A draft tourism policy was being finalised and was due for adoption at the end of 2007.

The above-mentioned Acts and policies gave birth to Community Based Natural Resources Management (CBRNM) that enhanced the participation of earlier marginalised groups in the tourism industry.

The CBRNM Program

Due mainly to historical colonial patterns of the economy and in part to the lack of necessary skills and capital; blacks have been unable to make a significant entry in the tourism sector. As a way to enhance their participation in the sector, government set up the Community-Based Natural Resource Management programme. The program, which is a joint venture between Government and non-government institutions, communities, community-based organisations and development partners, aims to provide incentives to communities to manage and use wildlife and other natural resources in sustainable and productive ways. It does this by promoting three closely related approaches:

- A natural resource management and conservation programme – it promotes wise and sustainable management of natural resources, and encourages biodiversity conservation by creating the necessary conditions for sustainable use
- A rural development programme – it seeks to devolve rights and responsibilities over wildlife and tourism to rural communities, thereby creating opportunities for enterprise development and income generation
- An empowerment and capacity-building programme – it encourages and assists communities and their local institutions to develop the skills and experience to sustainably develop and pro-actively pilot their own tourism-based enterprises

The participation of communal groups has over the years brought a sense of ownership of natural resources thus further enhancing management of tourist products (MET 2001).

Background

In 1967, rights over some wildlife species were given to commercial farmers who met certain criteria. This resulted in a steady increase of game on most commercial farms, as farmers had an incentive to conserve wildlife. The same rights were not, however, extended to communal area farmers. People continued to suffer losses from problem animals. Wild animals were called 'the State's dogs' and the conflict continued. In 1990, the Namibian Government sought to rectify the inequities and inconsistencies in their approaches to commercial and communal area residents.

Drawing on some early initiatives, such as the establishment of a community game guard network in the northwest, Government worked with NGOs and traditional authorities to establish a new way of dealing with people and wildlife. A series of socio-ecological surveys were conducted in



several parts of the country. Conservationists also studied people and wildlife programmes in neighbouring countries. Namibia was looking for a model that would empower communal area residents to manage their own resources and to derive benefits from them. The policy that emerged from this process would later become known as one of the most innovative approaches to CBNRM in Africa.

The major vehicle through which rights could be delivered was legislation enacted in 1996. This allowed for the formation of communal area conservancies and paved the way for a new era of conservation and natural resource management in Namibia. The CBNRM programme sought among other things to “promote pilot activities demonstrating that sustainable managed natural resources can result in social development and economic growth, and in suitable partnership between local communities and government.”

3.2. Institutional framework

As provided for in the Tourism Charter, four key representative stakeholders, i.e. Government, the private sector, NGOs and community members, jointly carry the BEE initiative in the Namibian tourism sector.

3.2.1. The role of government

The Ministry of Tourism and Environment

Tourism within Namibia comes under the auspices of the Ministry of Environment and Tourism, which has a Directorate of Tourism responsible for the development of policy and the gathering and dissemination of tourism statistics. Government's main role is the creation of an enabling environment for responsible private sector tourism to operate throughout Namibia. “The responsibilities (of the MET) also entailed monitoring and evaluation of progress and the creation of tourism investment incentives.” MET 2001

Namibia Tourism Board

Through the NTB, Government seeks to market Namibia as a prime tourism destination as well as actively promote the participation of communal areas. The quasi government institution is also responsible for the creation of industry standards, registration & regulation of the industry. Apart from the main office in Windhoek, the NTB has offices in major capitals of Europe, from where the company promotes the country to European tourists. It is directly funded from the fiscus.

Namibia Wildlife Resorts

In line with empowerment efforts, NWR is 100% controlled by Government. As operators of tourism accommodation within Namibia's protected areas, NWR plays a key role in the development of tourism. It is recognised that the facilities were inherited from a pre-independence period and that the product & service offering needs to be adapted to fit market demand, as well as overall development objectives of the country. As a result, a major restructuring within the organisation and renovation of its parks is currently ongoing.



Air Namibia

As the national carrier responsible for the majority of air transport facilities, domestically, regionally and internationally, the airline plays a pivotal role in the supply of customers to Namibia's diverse tourism products. However over the years, the national carrier has suffered severe losses, surviving only on Government handouts.

3.2.2. The role of the private sector

In light of a policy vacuum for BEE in the tourism industry, the private sector under FENATA has taken up the initiative by coming up with the tourism charter. Moreover, with regard to community-based tourism, the private sectors have been playing an important role as partners in the establishment of joint-venture conservancies.

Despite these efforts, however, the transformation process in the sector has been extremely slow. An official at FENATA indicated that the slow pace befalling the implementation of BEE in the tourism industry in Namibia could be attributed more to the nature of the industry and the general lack of skills, than to the lack of commitment from players within the industry.

3.2.3 The role of NGOs

Non State Actors, particularly those with an environmental and community-based focus, play a vital role in the development and spread of responsible tourism practices. *In this regard the Namibian Association for Community Based Natural Resource Management Support Organisations (NACSO), a joint effort between Government and NGOs was established. One of the leading NGOs in CBT is the Namibia Community-based Tourism Association (NACOBTA).*

3.2.4. The role of communities

Rural communities are seen as private sector players in the tourism industry. However, it is recognised that their entry is of a disadvantaged position. Hence they are increasingly seen as requiring more attention with respect to capacity building, skills and technology transfer and access to capital.

The role of Conservancies

Community-based tourism in Namibia represents a form of smart partnerships, (private, public partnerships), primarily centred around the establishment of conservancies in communal areas. Conservancies offer people an opportunity to make decisions about the management of natural resources in their areas.

This enables people living on state land to establish legally gazetted conservancies, giving them some rights over resources, in particular, wildlife. However, communities are not automatically awarded the right to register as a conservancy. They must first fulfil a number of preconditions. Initially, it is important to establish whether a conservancy in a specific area will be ecologically, socially and economically viable. If it is, then communities work towards legal requirements. Communities that meet the conditions for registration receive limited rights of



ownership over certain animal species and use rights over others. Legally formed conservancies can also apply for hunting and tourism rights within the conservancy.

At the end of 2005, 44 conservancies were registered with the MET (Appendix 1). The MET said 13 new conservancies were gazetted in 2005 alone. Conservancies now cover 105 038 km² in 9 out of the 13 political regions in Namibia with over 200,000 people involved in the programme. Rural people are now actively participating in the decision-making process on wildlife management and tourism in their respective areas as approximately a quarter of Namibia's communal land is under conservancies. Over a third (35%) of all communal land in Namibia now falls under conservancies.

Tourism enterprises and other spin-off activities have created employment; while in some areas households have received direct financial benefits (NACOBTA 2005). This has enhanced levels of awareness and positive attitudes towards conservation. In many rural areas, poaching incidences have declined while wildlife numbers are rising. Through policy and legislative change, Government has provided a framework in which an integrated approach to natural resource management can be built.

Conservancies seek to increase local responsibility and ownership over wildlife. Rural residents benefit financially from wildlife and tourism through a range of activities. These include harvesting quotas agreed to by the Ministry of Environment and Tourism, trophy hunting, sale of live game, and tourism concessions. All conservancy members have equitable shares and the benefits provide incentives for people to manage the wildlife for the future.

Income generation

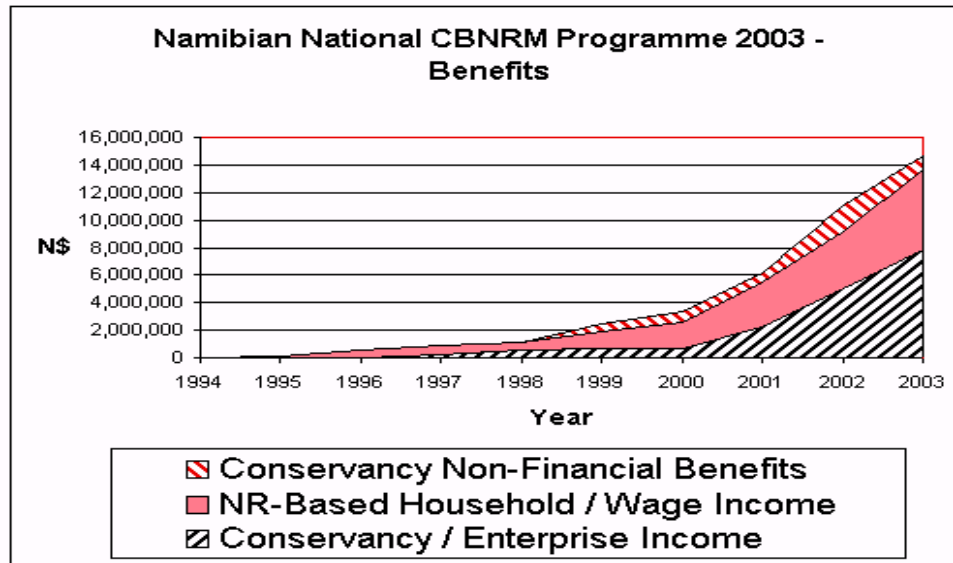
Total income from CBNRM has risen considerably in the past decade from N\$600 000 in 1998 to over N\$19.9 million in 2005. Directly and indirectly, the Namibian economy earned close to N\$140 million from CBNRM programmes in 2005 (NACSCO/MET 2006). In 2003, N\$5 million (out of total of N\$14,6m generated through CBNRM activities) was derived from Community-based tourism. This does not include an additional N\$3.9 million of revenue from joint venture lodges.

Tourism is the largest income generator for communal area conservancies. Community-based tourism products include campsites, rest camps, traditional villages, tour guide associations and craft outlets (Fenata 2004). In 2005 a total N\$11million was disbursed, the money broadly going to either the management of conservancies or as wages and benefits to member households. Of the 44 registered conservancies, 29 generated income while 15 had no income or expenditure. The money disbursed to conservancies excluded any spending by donors or other support agencies. In the same year (2005), 17 conservancies were contributing to their own operational costs.

Of the 17, 14 conservancies employ and pay 141 full time and 26 part time positions while donor support covers the salaries of another 68 full time staff. According to Table 5 below, income generated through the CBRN programme has been increasing over time. The table further shows that most of this income came from conservancies. In the year 2003, about 50% of income generated from CBNRM came from conservancies. Moreover, since 1994 the income has risen continuously, thus proving to be a reliable and sustainable source of livelihoods for rural communities in Namibia.



Figure 1: The benefits of conservancies in Namibia



Source: Ministry of MET 2004

Deriving spin-offs

Many different tourism ‘spin-off’ businesses can and have been established. People produce vegetables for lodges and rest camps, provide firewood to campers, and offer guided walks, mokoro rides and donkey-cart rides. In Kunene Region, a resident who witnessed weary tourists battling to repair tyres created a tyre repair centre and refreshment kiosk. Community-based tourism offers and promotes opportunities for rural entrepreneurship.

Joint Ventures

There are currently 22 formal joint venture agreements between conservancies and private sector partners. In 2005, joint venture agreements for tourism and wildlife utilisation were responsible for N\$11.24 million or 82% of all conservancy income. Private sector partnerships with rural communities play a critical role as the private sector brings in the much-needed capital and technical expertise.

There are various ways in which these joint ventures can be structured and provide benefits, all of which need to be carefully and clearly negotiated before joint ventures can be formally embarked upon. Some of the options include:

- Direct revenue sharing (by percentage of turnover, usually combined with a flat fee per year)
- The payment of bed night levies
- Payment for game for hunting
- Site (PTO) rental fees
- Provision of training and employment for local inhabitants

The Role of Affirmative Action in enhancing empowerment

Affirmative action in Namibia is guided by the Affirmative Action (employment) Act of 1998 whose main objective was to achieve equity and equality and to eliminate barriers at the workplace so that no person shall be denied opportunities for reasons unrelated to ability. In so doing this piece of legislation was seen as a tool further promoting BEE since it sets the stage for job appointment and promotion of the less previously disadvantaged.

While reasonable ground has been covered in relation to appointment of the previously disadvantaged (blacks) to middle and senior management positions, the Employment Equity Commission (EEC) expressed concern over the slow pace in implementing this law as enacted by Government. Key private sector players have come under criticism for a lukewarm approach. The tourism sector showed the same basic characteristics like other industries: white men dominated senior management, black and white men accounted for the most of middle management positions and the sector employed very few people with disabilities. White women were strongly represented in management positions while black women were mostly employed below the management level (EEC report 2005). This is illustrated in tables 8 & 9.

Table 3: Distribution of men and women employees in the tourism industry

<i>Industry</i>	<i>Employees</i>				
	Men	Women	Total	Men	Women
<i>Tourism and hospitality</i>	1240	933	2173	57%	43%

Source: EEC annual report 2005

The previously racially disadvantaged group enjoyed a dominant representation at the management levels in this sector as they account for 60% of all the managerial positions (but demographically this percentage is still relatively inequitable) while the previously racially advantaged account for 31% of managerial positions. The remaining 9% are non-Namibians managers. The previously racially disadvantaged improved their share of managers' positions by 10% from the 50% recorded previously to 60%. This is illustrated in the table 9 below. It thus can be inferred from the two tables (table 8 & 9) that while Affirmative Action (AA) is underpinned by a strong regulatory framework, its implementation is still lukewarm.



Table 4: Affirmative Action: Presentation by occupational level

Job category	Total no of employees	disadvantaged		Advantaged		Person with disabilities		Non Namibians		Total	
		men	women	men	women	men	women	men	women	men	women
Executive directors	14	2	1	9	0	0	0	2	0	13	1
Senior mngt	68	12	10	23	11	0	0	12	0	47	21
Middle Mgnt	158	69	44	17	19	0	0	4	5	90	68
Speacialized/ skilled Senior supervisory	154	57	72	10	12	0	0	0	0	68	86
Skilled	606	276	307	8	12	2	0	0	1	286	320
Semi skilled	491	308	176	2	1	4	0	0	0	314	177
Unskilled	657	406	244	0	0	6	1	0	0	412	245
Total permanent	2148	1130	854	69	55	12	2	19	7	1230	918
Casual /temporary and seasonal	25	9	15	1	0	0	0	0	0	10	15
Total	2173	1139	869	70	55	12	2	19	7	1240	933

Source: EEC annual report 2005

Selected private sector companies

In this section we take a look at some of the selected key players within the tourism sector and their efforts to foster BEE in Namibia.

5.1 Kalahari Sands Hotel and Casino

The Kalahari Sands Hotel and Casino is a four star hotel, located in the city centre of Namibia's capital, Windhoek. It is part of Sun Hotels International, managed from South Africa. Sun Hotels International is listed on the Johannesburg Stock Exchange (JSE). The group's policies are directed from South Africa as well, with little if any exceptions. The same pertains to BEE policies. While Kalahari Sands' parent company, Sun International is listed on the JSE, the percentage holding of Namibians could not be ascertained. However Sun International in 2005 sold a 25% stake to a South African based BEE consortium, Dinokana. In Namibia there is not any BEE acquisition known to-date in this regard. Further, Sun International was in 2006 rated third among South Africa's top 200 performing companies for its contribution to BEE.



However, in an interview a senior Kalahari Sands official said his company (as part of Sun International's group policy) had an Employee Share Trust Scheme (ESTS). Consequently every employee had shares in the company. The exact number of shares could be not obtainable. Of a total 283 employees at Kalahari Sands, 263 or 92.9% were from previously disadvantaged groups. Women comprise 35 percent of the total workforce, and blacks (the previously disadvantaged) constitute 80% of top and middle level management. This also included technical and professional staff. There are no disabled persons employed at Kalahari Sands.

With respect to training and skills transfer, the group says it is particular about imparting knowledge and empowering its employees. Hence in Namibia, a number of on-the-job training courses were instituted. These targeted various groups including middle and senior management. In the same vein, the Kalahari Sands says it assists students from the Polytechnic's Hotel School with practical training for final year students (attachment placements). Overall, some 120 courses were instituted in 2006 at Kalahari Sands.

5.2. Wilderness Safaris

Background

Wilderness Safaris Namibia is an African travel adventure company, with a South African based parent company (i.e. Wilderness Safaris Group). It runs a selection of camps, lodges, cross-country and fly-in safaris scattered around Namibia, notably at Sossusvlei, and in Damaraland, Skeleton Coast Park, Kunene and Etosha. The Namibian entity of Wilderness Safaris is a joint venture partnership between private South African and Namibian investors. The company employs a total of 550 workers. No information on turnover was made available as Wilderness Safaris insisted the company was a private concern and was not compelled by law to make public such information.

Ownership and control

Wilderness Safaris Namibia is a joint venture between South African and Namibian investors. Of late, the company has been undergoing a major restructuring exercise with material effect on shareholding and labour force. Information supplied to the researcher says about 95 percent is owned by the previously disadvantaged.

Of the 550 employed at Safari Wilderness, 80% or 440 are the Previously Disadvantaged (PD). However the percentage occupied by the PD in middle and top management positions could not be obtained owing to the restructuring exercise. The same applied to the share of women and the disabled.

Skills training and transfer

Wilderness Safaris says it has a rigorous in-house training programme targeting all members of staff. No further detail could be obtainable in relation to specifics. However the company expressed concern that Government and other players in the private sector are poaching skilled personnel, especially those from the previously disadvantaged groups, and were thus reversing the gains made. Furthermore the company urged authorities to seriously consider incentive for trainers such as tax breaks, subsidies – a scenario currently being implemented in other countries in Southern Africa, notably South Africa and Botswana.



Wilderness Safaris in relation to SMEs

Though no official policy from the company regarding SMEs was obtainable, the company drew attention to one partnership in relation to SMEs. Development of small businesses is thus regarded in this respect as a form of BEE. The Wilderness Safaris Namibia/Torra Conservancy Partnership, a joint venture initiative, (as covered in this report) is viewed as an adoption of BEE. Under this joint venture, Wilderness provided financial, technical and training support to turn the Damaraland camp into a conservancy benefiting from sustainable tourism through the engagement of the local community.

5.3 Godwana

Background

Godwana is a collection of fully commercially related companies running seven lodges on four commercial farms that are turned into nature parks. These are the Kalahari Park, the Canon Park, the Sperrgebiet Rand Park and the Namibia Park. The company started in 1996 by purchasing marginal farmland next to the Fish River Canyon National Park.

Ownership/Shareholding

Godwana's model consists of bringing in Namibian shareholders who have to put up the capital for the development of new projects. The company strives to raise 50% of the cost of each new project from shareholders contribution, with the rest being borrowed from financial institutions. In order to bring in as many Namibian shareholders as possible, the company offers small blocks of shares. To date, the company has 32 shareholders. Of these, eight are previously disadvantaged Namibians.

Business Strategy

According to the company's management, Godwana's success is based on a business strategy that seeks to get the balance right between the social, environmental and financial pillars of the business. One of the key factors in choosing a farm to establish a lodge on is the location. Such a farm must be situated on a traditional route (commonly used by tourists) with a definite attraction nearby. Godwana stocks its farms with game and make sure that they are carefully managed. Moreover, the company spends 5% of its turnover on the maintenance of the parks.

BEE efforts

Godwana is working with local people and community trusts to establish joint ventures aimed at empowering formerly disadvantaged Namibians. An example of such ventures is the Aus Information Centre, which opened in July 2006. Godwana is mentoring a formerly disadvantaged Namibian female that is managing the centre. She became a shareholder of the company set up to run the centre. A portion of the profits goes to a trust for the community in Aus. According to its management, the company's strategy is not just to get in black shareholders, but also "to get the balance right between the community, the entrepreneur and private sector". The company puts great emphasis on the personality of the entrepreneur, believing that "working one's way into the company" is the only realistic way of becoming a shareholder.



Workforce profile

In total, the company employs 227 employees, 126 of whom are females while 101 are males. Two hundred and four are formerly disadvantaged Namibians, while 18 are formerly advantaged Namibian and 5 are non-Namibians. A look at the management level shows that despite some improvements junior and middle management, top management positions are still dominated by whites. About 70% of all executive directors and senior managers are white. About 50% of all previously advantaged Namibians at the company occupy management positions while only 10.3% of all the former disadvantaged Namibians are employed at management level. The company has an Affirmative Action program in place, which contributed to the advancement of many formerly disadvantaged Namibians within the company's structures. The program is focused on training formerly disadvantaged Namibians, both locally and internationally. As part of this program, several formerly disadvantaged Namibians have received training at various hospitality training centres in Germany and Austria. In the financial year 2005/06 alone, 85 staff members received training. Of these, 53 (63%) were formerly disadvantaged males while 29 (34%) were formerly disadvantaged females. This training programme has ensured that over the years, formerly disadvantaged Namibians advance to supervisory, junior and middle management positions within the company.

Issues arising

In this section we highlight some of the issues emerging from the study. These could basically be categorised as follows:

The Tourism Industry

The first of these issues is the need to delineate the relative roles of the private local and foreign tourism partners in development decisions in the country. In particular, the decisions in the areas of investment, marketing and operation of the tourism enterprises appear to be critical to the tourism industry.

The key issue for all concerned is to recognize that the development decisions made by them do have wider economic consequences for Namibia and the continent. It is therefore imperative that investors recognize the implications of their actions in the overall interest of the long-run economic sustainability of the tourism sector.

The second major challenge is the need to develop human resources, particularly indigenous personnel, both for reasons of delivering quality services for tourists, as well as enhancing general skills of the local workforce.

Achieving these broad objectives will potentially encourage sound utilization of local suppliers and thus enhance not only their productivity but also inter-sectoral linkages. In this sense, the spin-off effects are obvious: foreign exchange will be retained locally and further income would be earned.

The Government

The traditional role of government is to formulate policy for the tourism sector. Today the focus has changed because of changing priorities occasioned by development in the international tourism scene (the emergence of consumer interests).



The challenge for national governments is to formulate tourism sector policies that best reflect the new thinking. Some important areas needing policy re-orientation or refocusing are consultation with local communities in the planning process; forging partnerships with the private sector; liberal immigration regulations to facilitate free tourist movement; tourism infrastructure development policy to facilitate tourism development not only for the benefit of tourism, but for the wider society as well. The last policy issue needs to be linked to devising viable and sensible options for financing tourism infrastructure. Other aspects of policy re-focusing include entrepreneurial development initiatives, policies to enhance tourist length of stay. Last but not least, the policy to identify ways in which the benefits from tourism activity can be spread more evenly throughout the society needs to be reinforced.

Conclusion and Recommendations

For historical reasons, the tourism industry has to date been dominated and controlled by formerly advantaged Namibians. While the Transformational Charter (TC) has set the ball rolling for BEE in the Namibian tourism sector, implementation of the same has been hazy. It can be concluded from this paper that BEE in the tourism sector in Namibia, though guided by a sound charter is lacking in implementation.

Our study shows that there have been various efforts to facilitate BEE in the tourism sector in Namibia. These efforts include the following:

- The introduction of the Tourism Charter by the private sector to guide the transformation of the sector
- The introduction of the Community-based Natural Resource Management program by government to enhance the participation of earlier marginalized Namibians in the rural areas in the tourism sector
- Isolated efforts by private sector players such as Godwana to include more black Namibians in their shareholding and to mentor and empower emerging black entrepreneurs to get established in the industry

Despite these efforts, however, the study reveals that there has not been any significant shift in terms of ownership and control of the mainstream tourism industry. About 98.6% of all private sector companies registered with the Namibia Tourism Board remain in the hands of previously advantaged (white) Namibians. Also, despite isolated efforts to train and promote black Namibians into management positions, 60% of all senior managers in the sector are whites.

The following have been identified as some of the factors hampering transformation in the sector:

- A lack of a comprehensive national policy/legislation on BEE in the tourism sector
- Mistrust among the stakeholders i.e. the private sector, black entrepreneurs and Government
- Lack of skills among black entrepreneurs
- Lack of start-up capital among black entrepreneurs

In light of the above findings we recommend the following:

- There is a need for comprehensive legislation on BEE to guide transformation in the sector
- There is a strong need to open up channels of communication and develop further links among stakeholders based on mutual trust.



-
- A comprehensive training program for emerging black entrepreneurs is needed to enhance their skills
 - Linkages between black SMEs and conservancies must be strengthened
 - Black SMEs must be organized under one umbrella body to bargain for greater share of the tourism market.
 - Black SMEs need to identify and venture into niche markets such as cultural tourism where they have a comparative advantage over more established white-owned companies
 - The private sector must strengthen their efforts to empower their black counterparts by e.g. emulating the successful BEE models such the Godwana model.

In developing tourism in Namibia and Africa at large; the following areas for policy consideration are important;

- Well conceived and well articulated but realistic tourism policy objectives;
- Local involvement and control over tourism development;
- Forging private-public sector partnerships for tourism development;
- Raising gender awareness to enhance women's participation in the tourism sector;
- Promoting regional tourism co- operation and integration; availability and allocation of appropriate resources (e.g. financial, human);
- Developing equity in tourism benefits-sharing;
- Promoting community tourism awareness campaign;
- Availability of appropriate legal framework for tourism;
- Building image of a destination through a marketing and promotional campaign;
- Expanding tourism entrepreneurial initiatives/investment opportunities
- The introduction of incentives for training such as tax breaks, subsidies etc.

Moreover, it is recommendable that emerging black SMEs, which are currently acting single-handedly, organise themselves under an umbrella, to bargain for a greater share of the tourism market. Also, they need to find niche markets were they have a comparative advantage over the established white-owned companies, such as cultural tourism.



Appendix 1 Conservancy profiles

Profile of #Khoadi //Hoas Conservancy

Name:	#Khoadi //Hoas Conservancy – meaning “elephant corner”
Nominee description:	Community-based Organization
Location:	Kamanjab District Kunene Region, Namibia
Size:	364 000 hectares
Date of Registration:	19 June, 1998
Tribal Group:	Damara>Nama with minority Herero, Ovambo and San
Registered Members:	1943 (heads of household – representing almost 10,000 people)
Number of Villages:	4 main settlements – with people widely distributed on surveyed farms in 8 “leagues”

Description:

The unique feature of this conservancy is that it has adopted an integrated approach to natural resource management, bringing together livestock, rangelands, wildlife and tourism into one management system, coordinated by a conservancy committee and supported in the field by community environmental shepherds, as opposed to community game guards. The conservancy employs seven environmental shepherds, one environmental shepherd coordinator and one information officer to monitor natural resources in their area and to serve a communications function between residents and the committee. They monitor the wildlife distribution and movement on day-to-day basis, check on waters, prevent poaching and stock theft and generally serve as the community’s eyes and ears. It is managed by a committee of six men and seven women. Traditional authority acts as advisor.

The conservancy capitalised on its valuable wildlife populations by introducing trophy hunting in 1999, when it received its first cash revenues of N\$45,000. Thereafter, returns from the trophy hunting revenues have increased on an annual basis to N\$97,000 (N\$90,000 in cash and N\$7,000 in employment) in 2000 and N\$144,504 (N\$136,504 in cash and N\$8,000 in employment) in 2001. The conservancy covers its running costs, and pays salaries, vehicle running costs, community meetings and related overheads.

Nyae Nyae Conservancy

Highlights

The Nyae Nyae Conservancy is located in the Nyae Nyae District, Otjozondjupa Region. It covers some 907,000 ha. It was registered in 1998 comprising mainly of the San people, numbering over 2 000 people and 36 villages. To-date the number of members has risen to 770. The Nyae Nyae Conservancy was the first communal area conservancy registered in Namibia. It is the home to the Ju/’hoan San people, a traditional “hunter/gatherer” society, that is also one of Namibia’s most marginalised communities.



The Nyae Nyae Conservancy differs from other communal area conservancies in that it is an umbrella organisation that also promotes and supports integrated development programmes in agriculture, water development/management, and education, as well as wildlife management and tourism. The Conservancy is founded around a land-use plan that has zoned specific conservancy areas for various land uses, including wildlife/tourism management, settlement, and multiple-use between livestock and wildlife.

A Conservancy management plan promotes specific management practices around the development of wildlife, tourism, and water resources, while at the same time, promoting improved livelihoods through the fostering of appropriate subsistence agricultural systems (i.e., livestock production and small gardens). 10 community rangers, a CBNRM field officer, a project manager, a public relations manager, four members of the water team, four junior teachers, a pre-school teacher & an education coordinator manage the conservancy. Reduction of conflict between people, livestock, and wildlife is an increasingly more important focus of the management plan.

Like other conservancies, the Nyae Nyae Conservancy faces serious threats due to its low human resource capacity and a potential invasion of the Conservancy's key wildlife areas by livestock from neighbouring tribal communities. Viable enterprises in trophy hunting and handicrafts production that have benefited large numbers of the conservancy's members were introduced. Table 6 highlights the income (cash and employment) the Nyae Nyae Conservancy has generated since 1998.

Table 5: Cash and employment income generated by the Nyae Nyae Conservancy since 1998.

YEAR	CASH INCOME	EMPLOYMENT INCOME	TOTAL ANNUAL INCOME
1998	N\$122,000	N\$105,835	N\$227,835
1999	N\$122,000	N\$ 45,587	N\$167,587
2000	N\$250,000	N\$ 51,000	N\$301,000
2001	N\$341,011	N\$150,295	N\$491,306
2002	N\$1,045,000	N\$250,000	N\$1,295,000

Source: NACSO 2004

In addition to the trophy hunting revenues, the conservancy also supports a prosperous handicrafts industry. Craft sales are currently producing a gross monthly return of almost N\$20,000 to approximately 300 craft producers, with nearly all of these revenues going to poverty-stricken women.

Partnerships

The Nyae Nyae Conservancy is supported directly by a number of key partners including the Namibian NGO, Nyae Nyae Development Foundation, the MET, and the WWF/LIFE Project.



Sustainability

In 2001, the Nyae Nyae Conservancy covered approximately 50% of its annual operating and staff costs and has since become self-financing. In 2005 the conservancy paid out N\$300 to each of its 770 members.

Torra Conservancy

The Torra Conservancy is located in central Kunene region, adjacent to the Skeleton Coast Park. It was established in 1998 covering some 352,200 ha. The main members and beneficiaries of the conservancy are Nama-Damara and Riemvasmakers, the latter having been forcibly removed from South Africa and relocated in the 1970s in terms of the then regime's apartheid policy. The conservancy has over 1,000 people under its feet.

Torra is the first communal area conservancy to wean itself off start-up donor funding, and since mid-2001 it has been able to meet all its own management costs from its income, as well as make significant profit for its members.

Torra pioneered the first joint venture between a community and private enterprise in Namibia, with its Damaraland Camp joint venture – a luxury tented lodge. In its second year of operation the joint venture was nominated as one of three top eco-tourism destinations in the world by the British guild of Travel Writers. By 2002 the lodge was fully managed and staffed by conservancy residents – a remarkable achievement for both Torra and its joint venture partners – Wilderness Safaris.

It became the first Namibian community to be granted annual game harvest quotas by government, and to enter into a trophy-hunting contract. It has also pioneered live game sales by a communal area conservancy, receiving a quota to sell 500 springbok. Torra's field officer supervises a team of six conservancy game guards, all of whom have received training in Namibia's "Event Book Monitoring System". This enables the CGGs to gather and provide the Torra's Management Committee of seven with monthly information on wildlife sightings, problem animal incidents, poaching incidents, etc. The analysis and application of this data allows the Committee to adaptively manage its wildlife and other relevant natural resources through annual adjustments of its management plan.

Poverty reduction

In early 2002, the conservancy had close to N\$1 million surplus. This income was directly earned by the conservancy, and does not include salaries of eight workers employed by the conservancy and the tourism joint venture's staff of 12. Because tourism to the area has increased, local enterprises such as a tyre repair shop and a bar/restaurant have also been developed. Table 7 below highlights some of the incomes earned by the conservancy



Table 6: Cash and employment income generated by the Torra Conservancy since 1998

YEAR	CASH INCOME	EMPLOYMENT INCOME	TOTAL INCOME
1998	N\$170,000	N\$159 949	N\$329 949
1999	N\$276,614	N\$207 335	N\$483 949
2000	N\$224,497	N\$223 000	N\$447 497
2001	N\$379,287	N\$231 504	N\$610 791
2002	N\$570,000	N\$240 000	N\$810 000

Source: NACSO 2004

Torra has developed an equitable benefit distribution policy, which was ratified by members during a survey in late 2001.

Partnerships

The establishment, development and operation of the Torra Conservancy were facilitated by the strong and interactive partnership between the conservancy members, NGOs' participation, the Legal Assistance Centre, Save the Rhino Trust, and the Ministry of Environment and Tourism.

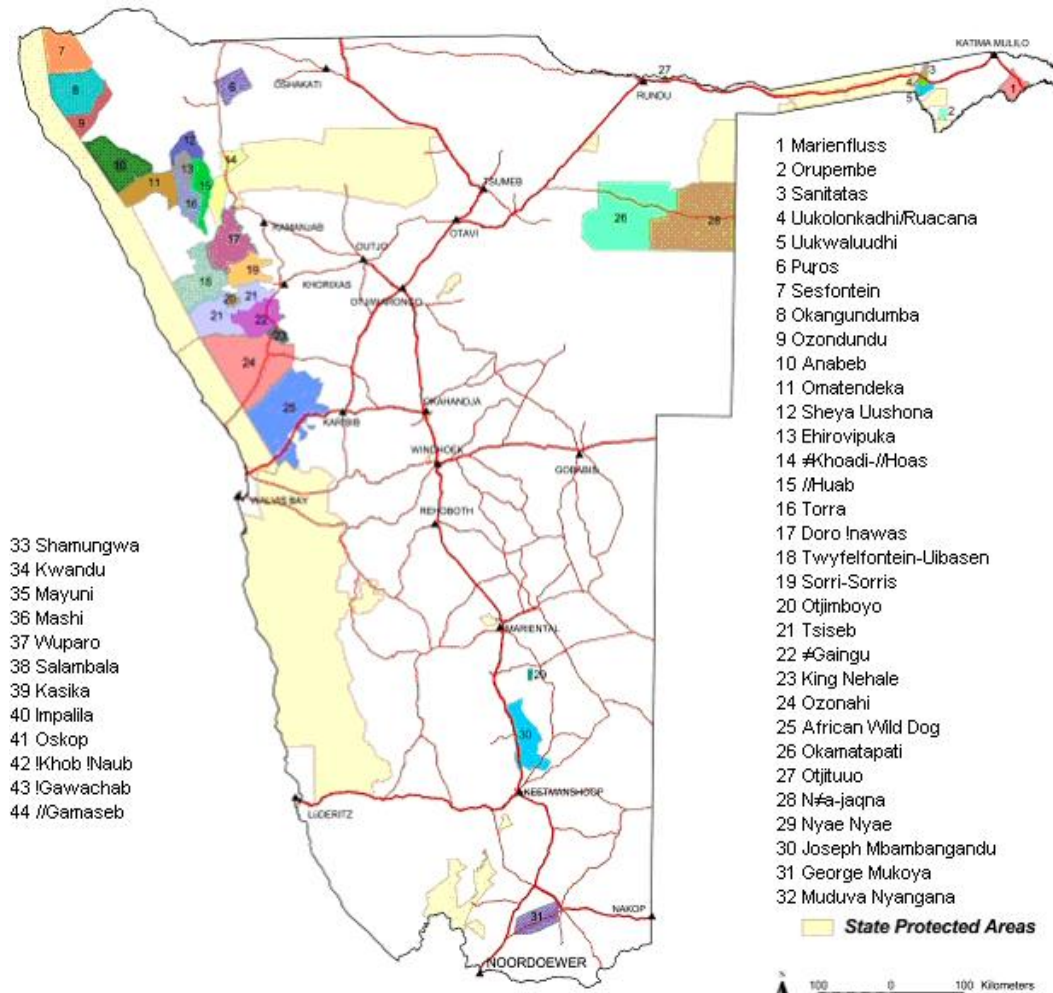
Sustainability

Torra has already reached financial sustainability, earning sufficient income to cover its management costs and make a significant profit.



Appendix 2

Registered Communal Conservancies



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BEE in Namibia's Agricultural Sector Should be more than Land Redistribution

By

Nangula Shejavali

The issue of BEE in the Agricultural Sector provides an interesting case for analysis, in that it touches not only on the issue of management, ownership and control at a senior level, but essentially deals with livelihoods, food security, and land ownership. This study focuses on the place of land redistribution in the national BEE framework, and proposes that addressing empowerment in this sector is more than an issue of simply redistributing land, with a pivotal need to ensure that skills training and knowledge generation hold high on the list of priorities, along with extending the ownership of productive commercial land and agricultural assets.

Introduction

The implementation of BEE in the Agricultural Sector differs vastly from that in the financial sector and other sectors, in the sense that land, which is directly related to any agricultural activity, is already Namibian owned, but commercial land and skills exist primarily in the hands of white Namibians. The financial and fisheries sectors present adverse scenarios whereby BEE isn't only a question of empowering the previously disadvantaged only, but rather, a question of Namibianisation (as defined in the financial sector section) as it were. It also presents a varying dimension to the implementation of BEE in other sectors, in that BEE in the agricultural sector is to a large extent, a question of land ownership, touching directly on the issue of past inequities and on the concept of being 'previously disadvantaged.'

This paper serves to provide some insights into the state of BBBEE in the agricultural sector as it currently stands, and to shed light on future prospects and challenges of implementing transformational empowerment in this sector.

Henning Melber criticizes the current status of land reform in its failure to have been carried out effectively, and to have made a significant difference in the lives of those at the grassroots level, and reiterates the concerns of Gwen Lister, editor of the Namibian newspaper, who argues that the term "'previously disadvantaged' is being misused to the advantage of those who already have more than enough. We'd do better to concentrate on efforts on the 'presently disadvantaged' because only then will we make a real difference in our very economically divided society."⁶² He goes on to challenge the concept of land reform by stating that:

A similar translation of "affirmative action" into further privileging the new elite can be witnessed within the current redistribution policy misleadingly labelled as (necessary and overdue but yet still absent) land reform (Melber 2005a). The ongoing exclusion of the impoverished and marginalised from the benefits of the country's wealth and resources, however, is not only any longer a result of the

⁶² Melber, Henning. *Breeding Fat Cats: Affirmative Action, Black Economic Empowerment, and Namibia's Post-Colonial Elite Formation*. Danish Institute for International Studies, 2006.



structural legacy left behind by Apartheid, as so conveniently claimed by the new post-colonial elites. To that extent the official position, which continues to put the blame squarely on settler colonialism alone, is misleading and shying away from the real issues at stake⁶³.

Similarly other commentators provide an acute synopsis of the challenge faced within the agricultural sector, taking into consideration the Namibia's apartheid history, and the inequalities that continue to exist until today. For example Gaomab (2005) writes that⁶⁴:

Within the agricultural sector where close to 70% of the Namibians are indirectly or indirectly dependent upon, one key strategic resource that reflects such inequality and exclusion process is the land. Adjusting for desert and arid regions, more than 80% of arable land (about 30 Million hectares) as well as 44% of total land surface remains in the hands of 4 000 white farmers. Communal land constitutes only about 41 percent of the total land surface area and supports only about close to 1 million people. These skewed distribution patterns reflects the racial inequality that stems from our historical past. Hitherto, the majority, which are the black people in Namibia, remain largely landless, and hence this makes it difficult for them to partake towards the economic transformation and developmental process of Namibia.

The above statement makes it clear that the ultimate challenge in applying BEE in this sector surpasses the basic application of redistributing shares, or realigning board structures. Land is, in essence, a tangible asset, and its ownership and arability thereof impacts directly on the livelihood of those who rely on this land.

In June 1991, a seminal Land Conference was held in Windhoek to address the issue of land, following independence⁶⁵. Given the fact that it touches on the livelihood of the common people, and deals entirely with issues of ancestral ownership and belonging, "the objective of the conference was to achieve a consensus on the major issues and to make recommendations to government on a policy of land reform and a program of action for the implementation of the necessary changes,"⁶⁶ and made the following resolutions:

- Foreigners should not be allowed to farmland
- Underutilized freehold land should be reallocated
- Land of the absentee landlords should be expropriated
- Very large farms, and/or ownership of 'several farms' should not be allowed
- That land tax be imposed on commercial farm land
- Other resolutions related to the need to improve the conditions of farm workers.

While these resolutions were carried forward in written policy, such as in article 16 of the Namibian constitution⁶⁷, which reads as shown below, the disparities in this industry remain stark, with little indication of a real paradigm shift in the sixteen years since the conference.

⁶³ Ibid.

⁶⁴ Gaomab, Mihe. The Meaningful Role of Agricultural Economists to the Future Discourse of Black Economic Empowerment in Namibia. April 2005.

⁶⁵ Sasman, Catherine, 'Namibia: Giving the Land Back to the People.' 16 May 2007. New Era Newspaper, Windhoek.

⁶⁶ Mwilima, Ntwala. Farmworkers and Land Reform in Namibia. Labour Resource and Research Institute, March 2004.

⁶⁷ Constitution of the Republic of Namibia



Article 16 – Property

1. All persons shall have the right in any part of Namibia to acquire, own and dispose of all forms of immovable and movable property individually or in association with others and to bequeath their property to their heirs or legatees: provided that Parliament may by legislation prohibit or regulate as it deems expedient the right to acquire property by persons who are not Namibian citizens.
2. The State or a competent body or organ authorised by law may expropriate property in the public interest subject to the payment of just compensation, in accordance with requirements and procedures to be determined by Act of Parliament.

The above article fundamentally touches on the first and third resolutions pointed out above from the 1991 conference, indicating the limited access to Namibian soil by foreign nationals, and allotting the ability for an authorized body to expropriate land as the government so sees fit. An additional piece of legislation that touches importantly on the land issue is the Commercial Land Reform Act 6 of 1995, which touches on this issue of land expropriation by the government, as indicated in the following synopsis by Mwilima⁶⁸:

The Agricultural (Commercial) Land Reform Act 6 of 1995 makes provision amongst other things the acquisition of agricultural land by the state for purposes of land reform and compulsory acquisition of agricultural land. The above-mentioned act entails that the owner of agricultural land makes the first offer to the government before making the offer to anybody else. In the instance that government declines to buy the land, then that is when offers can be made to any other person who is by law permitted to buy the land. When the state declines to buy the land concerned, it issues the prospective seller with a certificate of waiver in respect of the specific land on offer, and only then can a seller enter into a valid contract of sale with a third party.

In terms of presenting real figures with regards to the amount of land expropriated thus far through this legislation and the value of such, Mwilima goes on to provide the following information⁶⁹:

From 1990 to December 2003, the government, through the MLRR has acquired 121 farms with a total landmass of 791 674.00 hectares of agricultural land in the commercial areas. Out of this figure, only 22 605 hectares were donated to the government by a commercial farmer's family for it to be distributed to the landless, through the resettlement programme.

The government of Namibia has, so far, spent N\$121 280 173.72 million on land purchase for the past 13 years of independence. Since 1995, the government has made a budgetary provision of N\$20 million per annum for land purchase in commercial areas. Since 2003, the amount allocated for land purchase did increase to N\$50 million per annum.

In terms of providing real figures with regards to the number of people that are actually being impacted by the active implementation of these policies, however, Henning Melber provides the following insights:

Current statistics offered by the Ministry of Lands and Resettlement indicate that 2040 families (which translates into 12240 people, on the average of six people per family unit) have so far been resettled on commercial farmland, and 4617 families (about 27702 people on communal land).

⁶⁸ Mwilima, Ntwala. Farmworkers and Land Reform in Namibia. Labour Resource and Research Institute, March 2004.

⁶⁹ Ibid.



The Government aims at having 26727 families benefit from the land reform process, to be settled on 15300000 hectares of land by 2020. But with the sluggish acquisition of commercial farmland, this target is likely not to be reached.

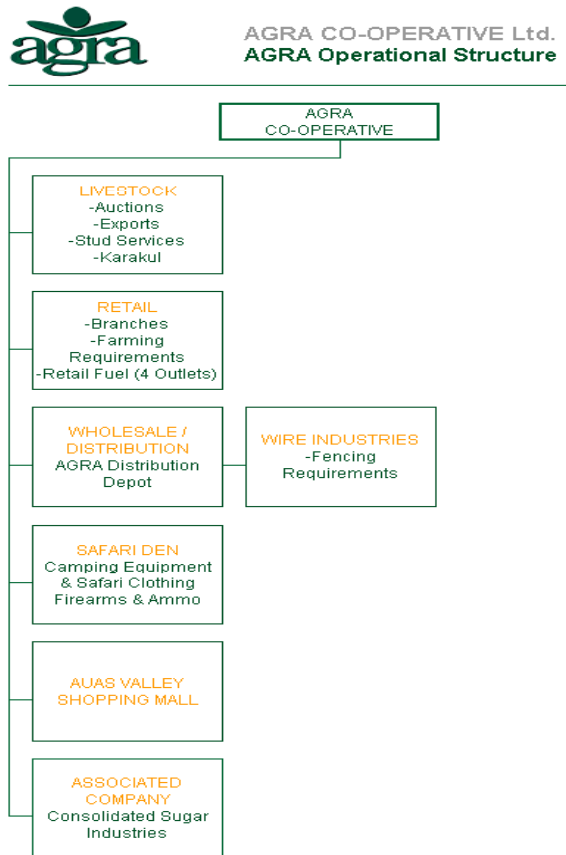
His concluding remark is cause for much concern, in that it highlights that although the legislation for the redistribution and/or expropriation of land exists, the process has indeed been slow, essentially marking slow progress in implementing any form of broad based black economic empowerment in the agricultural sector. The real benefit to the poor with regards to land redistribution therefore features as an important issue, as essentially, this redistribution is meant to impact those who are presently disadvantaged as well, and to benefit them with regards to improving food security, reducing homelessness, and increasing employment.

Profile of Namibia’s Agricultural Sector

In defining some of the different areas of agricultural activity, the Namibian Agricultural Union (NAU) lists agronomy, dairy and livestock as three of the major components of agriculture in Namibia.

However, each of these sectoral components is comprised of a variety of levels that fall into what would generally be termed as agricultural and agribusiness activities. The operational structure of AGRA, ‘an agricultural Co-operative and one of the main forces in the farming and agricultural sectors in Namibia’ provides a clear example of the different levels at which operations can be conducted in the sector, including livestock, retail, wholesale/distribution, wire industries, Safari Den, a shopping mall, and additional associated companies⁷⁰. From the input functions right through to the sale of packaged products, it is clear that the agricultural/agribusiness sector spans several levels, leaving a number of areas to be explored in the discussion of BEE in this sector.

While the sector does have many avenues that can be approached when applying BEE, it is pivotal to note that in order to fully value the person at the grassroots level, subsistence farmers should also be taken into consideration as a component relating to food security. Ensuring that subsistence farmers are furnished with the skills and know-how to make the most of whatever land they may have, directly touches on the issue of poverty. This is especially important in cases where a family may have been relocated onto expropriated



⁷⁰ AGRA



land, but lacks the necessary skill and resources to make the most of the land, and to live off the land in such a way that their new livelihood is an improvement from their previous situation.

As indicated by Gaomab in the synopsis below, the agricultural sector plays a highly important role in the national economy as 'a provider of food, employment, income and foreign exchange, despite the sluggish performance' of the sector⁷¹. Regarding the agricultural and agribusiness sectors, Gaomab writes⁷²:

These sectors are interlinked since not only are they farming activity oriented at the farm level, but includes all the forward and backward secondary and tertiary industries that provide inputs to the farmer, as well as services such as financing and training.

Allow me to mention further that these sectors are one of the most important sectors in the Namibian economy. Not only does it provide the basic products and resources to feed, clothe shelter, and service the population, it contributes also about 7% direct and 13% indirect to the Gross Domestic Product of Namibia. It also provides employment close to 40 000 people on a commercial basis and a communal livelihood for about 1.3 million people.

However, despite all the potential positive contributions that the sector can make to the economy, another study by Biwa, Gaomab, and Mushendami acknowledges the decline in the growth of the agricultural sector, and cautions that:

'the major concern for policymakers was that the contribution of the agricultural sector to GDP in Namibia (11.7 percent during the period 1990 to 1997) was lower than the average for sub-Saharan Africa, on average 30 percent during the corresponding period. More worryingly, the contribution of agriculture to GDP in Namibia in that period deteriorated from 6.9 percent in 1999 to 5.4 percent in 2003. The contribution of agriculture to employment also slipped from 49.0 percent in 1990 to 29.3 percent in 2000 and then even lower to 26.6 percent in 2004.'⁷³

The figures provided above are certainly worrying in the sense that they point to a continuing decline in the growth of the sector over the course of 14 years. Especially important is the decline in the contribution of the sector to employment, considering the 22% drop from 49% to 26.6%. Given this huge drop, one has to wonder about the consequent status of those who may have lost jobs in this sector, and whether their previous vocation as farmworkers furnished them with anything (e.g. insurance, life skills, etc) to fall back upon. While some of these support structure may be important in any work setting, it is important that they are not overlooked, as they touch directly on the issue of BEE with regards to having a holistic approach and a broad impact. As yet, little progress has been made, and it's continuation and/or sustainability is yet to be measured, as shown from an insert of a 2005 article in the Namibian newspaper⁷⁴:

The first minimum wage was agreed to in 2003 with the farmers unions (the Namibia Agricultural Union (NAU), representing commercial farmers and the Namibia National Farmers Union (NNFU), representing communal farmers). Earlier this year, the launch of a pension fund for farmworkers was announced. These are certainly steps forward but it remains to be seen how these measures are being implemented and how they will improve the lives of Namibia's farmworkers, both in

⁷¹ Ibid.

⁷² Gaomab, Mihe. *The Meaningful Role of Agricultural Economists to the Future Discourse of Black Economic Empowerment in Namibia*. April 2005.

⁷³ Ngavirue, Mbatjiua, 'Namibia: Agriculture Facing Many Constraints – Study', 18 June 2007, *New Era*

⁷⁴ Jauch, Herbert. 'No Easy Walk for Labour,' 11 February 2005. *The Namibian Newspaper*



commercial and communal areas. Progress has been extremely slow for other vulnerable workers.

Despite the bleak outline above, Biwa et al do however provide valuable recommendations for improving the contributions of the agricultural sector to Namibia's economy. In terms of returning to the issue of BEE in the agricultural sector, with the joint concentration on the land reform issue, these recommendations could directly be applied in the implementation of a BEE scorecard within this sector, that essentially focuses on financing 'previously disadvantaged' farmers/agribusiness people entering the recommended agricultural activities. They highlight the following as plausible areas in agriculture that Namibia could explore for growth in this sector⁷⁵:

These include beef, sheep, goats, poultry, mahangu, maize, sorghum, grapes, jatropha, hoodia, cactus pear, avocados, bananas, beans, beetroot, broccoli, and butternuts. Others were cabbage, carrots, chilli, cucumber, dates, lemon, lettuce, mango, naartjies, onions, oranges, pears, pineapples and potatoes. To realise this potential however, the sector required investment estimated at about N\$885.9 million.

The report also addresses some of the challenges that are faced by the sector, including: 'limited availability of marketable animals, limited markets for some products and lack of economies of scale; high input and transport costs, limited financial resources, climatic and weather conditions, competition, exchange rate volatility, unavailability of farmland, and a lack of skills and fresh produce markets.'⁷⁶ In addressing the issue of BEE in the agricultural sector, it is important that these challenges are addressed in some shape or form in a holistic manner, in order to ensure the successful operation of agricultural activity in the areas concerned by all operators in the sector. Taking these factors seriously across the board will impact on employment in the sector, the productivity of the sector, and new avenues for investment and/or business generation.

More than Just a Question of Land Redistribution

As mentioned in other sectors, Namibia remains without a national policy on Black Economic Empowerment. To date, some of the individual sectors, including the financial and mining sectors have created their own charters, with some guidance from their respective ministries; but without a national policy guiding the process and implementation of these charters, their legitimacy remains questionable.

To add to this, the agricultural sector, despite calls for a BEE charter/scorecard to be drawn up, has still not made any progress. For a sector where the ownership of commercial land and the technological skills and know-how lies starkly in the hands of the previously advantaged, the lack of any direction in approaching this issue is cause for concern.

Before looking to South Africa for direction in this matter, it would do us well to look at how the Ministry of Agriculture defines its principle objectives.

The Agricultural component of the Ministry of Agriculture, Water and Forestry identifies its mission as follows⁷⁷:

⁷⁵ Ngavirue, Mbatjiua, 'Namibia: Agriculture Facing Many Constraints – Study', 18 June 2007, New Era

⁷⁶ Ngavirue, Mbatjiua, 'Namibia: Agriculture Facing Many Constraints – Study', 18 June 2007, New Era

⁷⁷ Ministry of Agriculture, Water and Forestry



As described in the *National Agricultural Policy*, overall goal of the ministry is to increase and sustain levels of agricultural productivity, real farm incomes and national and household food security within the context of the country's fragile ecosystem. To reach this goal, however, and to ensure that the majority of Namibians enjoy improvements in their standard and quality of living, the ministry has been and will continue to work towards achieving the following strategic objectives:

1. Attain growth rates and stability in farm incomes, agricultural productivity and production levels that are above the population growth rate;
2. Ensure food security at both national and household levels, and improve nutritional status;
3. Create and sustain viable livelihood and employment opportunities in rural areas;
4. Improve the profitability of agriculture and increase investment in agriculture;
5. Contribute towards the improvement of the balance of payments;
6. Expand vertical integration and domestic value-added for agricultural products;
7. Improve the living standards of farmers and their families, as well as farm workers;
8. Promote the sustainable utilization of the nation's land and other natural resources; and
9. Contribute to balanced rural and regional development based on comparative advantage.

Moreover, the government's agricultural strategy is outlined as follows⁷⁸:

The government's agricultural strategy has developed rapidly since independence, but most particularly since the adoption of the National Agricultural Policy in 1995. Two separate changes, in particular, have taken place since the start of the plan period. Firstly, on grounds of both equity and efficiency, the provision of government services to farmers, hitherto limited to those in the private-tenure farming areas has been extended more widely to producers in communal tenure areas. Secondly, the scope, management and delivery mechanisms of public sector activities in the communal tenure areas are being reoriented from being directive and subsidized to being responsive and cost covering.

In additional literature, the ministry points to 'a reorientation in research, extension, veterinary services, training and credit service provision' as part of its methodology towards improving services for producers in the communal tenure areas. Furthermore, it states that 'improvements in technology, inputs and knowledge for the communal-tenure sub-sector will increase returns to labour and have a positive impact on both household incomes and food security for the poorest sections of rural society.' As can be seen from the outlines above, the Ministry is faced with the enormous challenge of increasing the productivity of Namibia's land, improving the livelihoods of farmers and farmworkers, servicing communal land more effectively, and ensuring food security, all the while heightening the profitability of the sector. While the areas identified for improvement in the sector are indeed plausible areas for progress, it is important that skills training and education feature prominently as a key towards sustainable productivity of the agricultural sector in the communal tenure areas, as well as for subsistence farmers in the sector.

With the redistribution of land taking place slowly, it is important that an AgriBEE charter look beyond simply redistributing land in the traditional sense of the term. Referring to the slow pace of land reform, Sherbourne (2004) notes that it will take another 40 years before black Namibians

⁷⁸ Ministry of Agriculture



own half of all commercial farmland, thus taking Namibia well beyond one generation from 1990 as well as Vision 2030.⁷⁹ With a 1% per year land redistribution rate, implementing BEE in the agricultural sector cannot merely be a question of redistributing land, although this is a critical component to ensuring that the ownership and control aspects of Black Economic Empowerment are met, and that food security places as a high priority.

In a 1994 paper that remains highly relevant today, Chris Tapscott explains how the necessary process of land redistribution faces many challenges given the Namibian landscape, the limitations of the willing buyer willing seller concept, the actual impact of resettlement, and the infrastructure required for successful farming, concluding that ‘the mere redistribution of land is not likely in itself to resolve the problem of landlessness in Namibia.’ In addition, he argues that ‘it is also certain that, for the majority of small scale farmers in the north, access to inputs (credit, extension services, markets, etc.) which could facilitate more intensive utilization of their arable land is a far more pressing issue than the need for more arable land.’⁸⁰

Given these insights, it is important to explore varying dimensions in which BEE in the agricultural sector can be applied. With regards to livestock farming, there has been better progress in ensuring the place of black farmers. The ownership demographic in dairy subsector is indeed skewed in that it is owned almost entirely by white farmers, who are already able to supply the whole of the country with the amount of dairy products needed. The barriers to entry are therefore very high for new (BEE) farmers entering this industry, as it is already saturated with suppliers, and is faced with very high production costs.

The Namibian Dairy Producers’ Association proudly states that it’s membership, over 80% (or 21 producers) of all dairy producers in the country, ‘produce enough milk to satisfy the fresh milk market in Namibia’; with these producers being ‘situated in Grootfontein, Gobabis, Mariental and Windhoek areas.’⁸¹

This subsector is however faced with multiple challenges, including the unavailability and exorbitant cost of fodder, competition with South African dairy producers, who are able to keep their production costs low and can dump excess goods on the Namibian market, and the limited protection by the government to restructure VAT proportions in favor of Namibian producers.

With regards to newcomers to the world of dairy farming, the DPA states that ‘the Dairy Producers’ Association, on an ongoing basis, is busy to determine ways and means to accommodate producers that wish to produce milk on a smaller scale. The most limiting factors are however the availability of funds to establish newcomers to the industry as well as the climatic conditions and spells of drought in our country.’⁸²

The agronomic subsector has a much more diverse membership than that of the dairy subsector, and covers a wider range of activity as well. The board of directors on the Namibia Agronomic Board (NAB), for example, is made up of representatives from dry-land grain producing areas, irrigation producers, and horticulture producers from across the country, and processors

⁷⁹ Sherbourne, Robin. Rethinking Land Reform in Namibia: Any Room for Economics? IPPR Opinion No. 13, April 2004.

⁸⁰ Tapscott, Chris. Land Reform in Namibia: Why Not? Southern Africa Report, SAR, Vol 9, No 3, January 1994, Page 12, “Namibia.”

⁸¹ Namibian Dairy Producers’ Association

⁸² Namibian Dairy Producers’ Association



representative, mahangu millers and producers, a trade representative, a marketing agent, a government representative, and a consumer representative⁸³.

No information was found regarding the demographic make-up of the agronomic subsector, but given the board membership, the varying regions represented, and the varying types of crops harvested, it can be seen that this subsector is certainly more diverse than the dairy subsector. However, despite this added diversity, the disparities between the available resources between black (or 'previously disadvantaged' people) and the previously advantaged is also unknown.

Overall, the issue of ownership, particularly of commercial farms, is a pivotal issue for address in the discussion of BEE in Namibia. The next section takes a look at what is currently being done in the agricultural sector with regards to attempting to define and meet BEE objectives.

Case Example of AgriBEE in the Namibian Context

Few examples of the application of BEE in Namibia's agricultural sector exist, despite the presence of a plethora of different institutions, organizations, unions, and so on in the industry, such as the Namibia National Farmers Union, the Namibia Agricultural Union, the Meat Board of Namibia, the Namibian Agronomic Board, the Namibian Orange River Grape Export Organisation, the Namibian Grain Processor Association, the Meat Corporation of Namibia, Namib Mills, Feedmaster, and a host of others.

Nevertheless, it is worth mentioning a couple of examples where headway has been made in redressing the inequalities of the past in the agricultural sector. Aside from the redistribution of land, the Affirmative Action Loan Scheme (AALS) introduced by Cabinet in 1992 'to enable communal farmers to acquire land in the commercial areas...and to resettle well-established and strong communal farmers in the commercial areas'⁸⁴ also provides an important area for consideration in BEE implementation in the agricultural sector. The AALS is carried out under the management of the Agricultural Bank of Namibia (AgriBank) and stipulates the following criteria in order to qualify for the scheme⁸⁵:

- The applicant must be identified as a farmer of communal land;
- The applicant must own a minimum of 150 large or 800 small stock or the equivalent thereof;
- Proof must be rendered by the traditional authority of the communal area of the numbers of the applicant's stock in the area;
- The applicant must furnish proof to the effect that he has removed his stock from the communal area. (i.e. the farmer cannot be a farmer on communal land as well as on commercial land);
- Care must be taken when recommending loans in the case of applicants of advanced age, especially when their heirs or successors are uncertain.

While the scheme shows little reflection of being broad based with regards to setting a wide spectrum for who benefits in this sector (e.g. ensuring that women are able to benefit from the scheme in a male-dominated sector), it does begin to redress the type of ownership that farmers

⁸³ Namibia Agronomic Board. Annual Report, 1 April 2005 – 31 March 2006. No. 19.

⁸⁴ Haring, S. and Odendaal, W. "One day we will all be equal..." – A Socio-Legal Perspective on the Namibian Land Reform and Resettlement Process. Legal Assistance Centre. January 2002.

⁸⁵ Ibid.



can now have, and ensures greater participation in the economic contribution of farmers who can better farm on commercial land. “According to Agribank data, the numbers of beneficiaries of the Affirmative Action Loan Scheme since its introduction in 1992 amounted to 623 farmers as of the end of 2004 when new applications were put on hold.”⁸⁶

⁸⁶ Motinga, Daniel and Vigne, Piers. Assessing Training Needs Among AALS Farmers: Cash and Skills Needed to Farm Successfully in Namibia IPPR Research Paper 7, August 2005.



Table 1: Numbers of AALS Farmers by Year Started by District

Districts	1992-1995	1996-2000	2001-2004	Total
Bethanien	3	7	7	17
Karasburg	1	1	1	3
Keetmanshoop	9	16	12	37
Luderitz	0	0	1	1
Gobabis	22	32	54	108
Groontfontein	9	45	85	139
Okahandja	3	7	13	23
Otjiwarongo	8	22	34	64
Karibib	1	1	5	7
Omaruru	3	2	6	11
Outjo	13	38	41	92
Rehoboth	0	3	6	9
Mariental	2	10	12	24
Maltahohe	4	10	9	23
Tsumeb	6	16	26	48
Windhoek	0	3	14	17
Total	84	213	326	623

Source: Agribank, 2004

The progress made thus far with regards to the efforts of the AALS can be seen in the amount of land owned by black farmers since 1992. Providing the table below, Motinga and Vigne explain that “before the introduction of the AALS, some 980,260 ha (181 farms), or three per cent of the total freehold hectarage, was already owned by black farmers (OPM, 1992). They estimated that about 15 per cent of freehold land is currently owned or occupied by black farmers.⁸⁷

⁸⁷ Ibid



Table 2: Total Freehold Farm Area and total AALS Farm Area by District

District	Total Freehold Farm Areas (ha)	AALS total size (ha)	AALS Area as Per Cent of Total Freehold Farm Area
Outjo	2,334,306	357,154	15.30
Otjiwarongo	1,894,775	302,587	15.97
Grootfontein	1,768,776	655,991	37.09
Tsumeb/Otavi	1,611,267	343,452	21.32
Windhoek	3,142,666	101,751	3.24
Gobabis	3,997,927	512,787	12.83
Okahandja	1,626,095	107,573	6.62
Omaruru/Karibib	1,946,532	119,006	6.11
Keetmanshoop	3,476,221	315,274	9.07
Mariental	3,611,631	147,713	4.09
Karasburg	3,075,658	28,273	0.92
Maltahohe	2,197,321	178,481	8.12
Bethanie/ Luderitz	2,631,840	184,190	7.00
Total	34,362,764	3,354,233	9.76

Source: OPM, 1992 and Agribank, 2004

Despite the clear progress achieved by the AALS, Motinga and Vigne (2005) also point out an important issue in ensuring that black farmers are able to successfully own and run commercial farms. In their paper assessing the training needs of AALS farmers, it was found that over 52% of the respondents desired training in the areas of “range management/bush control, feeds & licks, reproduction, animal health, poisonous plants, production record keeping, grading and pricing, budgeting & cash flow, financial record keeping, wind pumps and engines, and welding.”⁸⁸ Given this range of training needs, it is important to note that skill enhancement in the areas of farming and farm management are essential for the success of black farmer empowerment, as it is through the possession of these skills that previously disadvantaged farmers can gain the skills set to successfully farm commercially.

The base of the AALS can also be broadened in the type of ventures that are funded. Agritourism, for example, is a developing concept with immense promise that could potentially create big gains in the agribusiness subsector. Another example that illustrates progress in BEE in this sector exists in the form of a recent handover of commercial farmland. In mid-June 2007, the Olthaver and List Group of Companies donated 3200 hectares of commercial farmland to a group of about 30 farm workers who had been retrenched ‘when all farming activities on the nearby Midgard farm were halted two years ago.’⁸⁹ The handover of this land was a pivotal milestone in that it was the first time that a company had donated a whole farm, Okandjira, to former workers. Moreover, in addition to the donation of the farm, the O&L Group also donated a number of materials, including trucks, building materials, and a pledge of a brick machine.⁹⁰ The settlement for the handover was the result of much negotiation between the Namibian Farmworkers Union and O&L, with some input from the Ministry of Lands and Resettlement.

⁸⁸ Ibid.

⁸⁹ Weidlich, Brigitte. O&L Group donates farm to former workers. The Namibian Newspaper, 25 June 2007.

⁹⁰ Ndjoze, Jeremiah. Government, union applaud O&L farm handover. Informante Newspaper, 28 June 2007.



The donation of land to this group of farmworkers sets an important imprint in the aspect of Ownership and Control when referring to BEE, and touches significantly on the two workstreams of the example shown below (see the following chapter) of the South African BEE charter, i.e. High Potential and Unique Agricultural Land, and Enterprise Ownership and Equity⁹¹.

An important element in guaranteeing the success of this farm, however, is ensuring that the skills set of the workers is strong enough to sufficiently carry the farm forward in a way that maximizes the productivity of the land. While newspaper articles on the handover of the farm mention that some of the farmworkers had worked for the group for upwards of 20 years, this is not to say that they gained much experience in the managerial and administrative functions of commercial farming, and it is therefore critical that skills sets to which they may not previously have been exposed as farmworkers, be sufficiently catered for through training programs and human resource development programs, or by bringing in the necessary expertise to truly allow these people to live off the land, and to make an income and a more comfortable living from what it is able to produce. Needless to say, given their skills as farmers, it is clear that the ownership of this land at least provides the group of workers with enhanced food security and a home.

There are a few other examples of BEE in the agricultural sector, including examples such as the Namibia Grape Company, the failed Uri Ihubib abattoir, and so on; but in order to make BEE count in its entirety, a number of essential components should be met for the sustainable empowerment of its owners and those employed by such initiatives. In the next chapter, we take a look at the lessons that can be learnt from South Africa's model for BEE in the agricultural sector (or commonly known as AgriBEE), and how these might be applied in the Namibian context with a final discussion of considerations for the successful implementation of BEE in this sector.

Creating an AgriBEE Charter – Lessons from South Africa

In 2004, South Africa came up with a Black Economic Empowerment Framework focusing on the agricultural sector that thoroughly outlined the context in which BEE and BBBEE would be applied. With regards to the scope of this application, the charter reads as follows⁹²:

AgriBEE applies to the entire value chain in the South African agricultural sector (from farm field to consumer plate), including all economic activities relating to provision of agricultural inputs, services, farming, processing, distribution, logistics and allied activities that add value to agricultural products.

By pointing out the scope of the application of BEE in the agricultural sector, the charter immediately sets forth to define what the sector is comprised of, and allows those charged with monitoring and evaluating the success of the application of BEE to sufficiently understand the boundaries of the sector, and to analyze its impact on other sectors.

South Africa's charter also lays out the objectives of such in a very structured manner that clearly defines the purpose of implementing BEE in the sector. The objectives are outlined as follows⁹³:

⁹¹ Department of Agriculture, South Africa. AgriBEE: Broad-Based Black Economic Empowerment Framework for Agriculture. July 2004.

⁹² Ibid.

⁹³ Mkhize, Sipiwe F. The Basis for the New South African Agricultural Black Economic Empowerment (AgriBEE) Framework. A paper prepared for the AfriCANDO 2004 Conference organized by the Foundation for Democracy in Africa delivered on Friday, September 17, 2004



The objectives of the AgriBEE are to eliminate racial discrimination in agricultural sector through implementing initiatives that mainstream Black South Africans in all levels of agricultural activity and enterprises along the entire agricultural value chain by:

- (a) Promoting equitable access and participation of Historically Disadvantaged Individuals (HDI) in the entire agriculture value chain;
- (b) Deracialising land and enterprise ownership, control, skilled occupations and management of existing and new agricultural enterprises;
- (c) Unlocking the full entrepreneurial skills and potential in the sector of HDIs;
- (d) Facilitating structural changes in agricultural support systems and development initiatives to assist Black South Africans in owning, establishing, participating in running agricultural enterprises;
- (e) Socially uplifting and restoring dignity of Black South Africans within the sector;
- (f) Increasing the extent to which communities, workers, cooperatives and other collective enterprises own and manage existing and new agricultural enterprises, increasing their access to economic activities, infrastructure and skills training; and
- (g) Empowering rural and local communities to have access to agricultural economic activities, land, agricultural infrastructure, ownership and skills.

The South African AgriBEE framework works along six streams of operation, namely, High Potential and Unique Agricultural Land, Human Resource Development, Employment Equity, Enterprise Ownership and Equity, Procurement and Contract, and Agricultural Support Services. Each of these streams has specified objectives with percentage targets for the stipulated target areas, and states explicitly what the deadlines for meeting these targets are, how the government should play its role in achieving these targets, and how the people of South Africa can assist in achieving these goals.

The basic objective of each workstream is outlined below⁹⁴:

High Potential and Unique Agricultural Land

“High potential and unique agricultural land is a critical but limited and scarce resource in South Africa. Stakeholders shall work together to ensure that HDIs have ownership, leasehold and or use of high-potential and unique agricultural land.”

Human Resource Development

“Rapid changes in the global environment require that Stakeholders work together to ensure greater attention is given to expanding the existing human capital pool through investing in people, employment equity, skills development and institutional transformation. Commercial viability in agriculture demands sustained productivity and high levels of entrepreneurship, long term commitment, resources and skills. Agriculture in South Africa has a low absorption rate of skilled and trained labour that is inconsistent with its needs. This is evidenced by the huge proportion of agricultural graduates not being able to find employment. High levels of illiteracy in the country are also experienced within farming communities.”

⁹⁴ Department of Agriculture, South Africa. AgriBEE: Broad-Based Black Economic Empowerment Framework for Agriculture. July 2004.



Employment Equity

“In keeping with Employment Equity Act and the Skills Development Act all enterprises in the sector undertake to:

- Progressively achieve a [30%] representativity of black people at executive management of each enterprise by year 2006;
- Progressively achieve a [50%] representativity of black people at senior management of each enterprise by year 2008;
- Progressively achieve a [60%] representativity of black people at middle management of each enterprise by year 2008;
- Progressively achieve a [70%] representativity of black people at junior management of each enterprise by year 2008;
- Progressively achieve a [10%] representativity of black women at executive management of each enterprise by year 2006;
- Progressively achieve a [25%] representativity of black women at senior management of each enterprise by year 2008;
- Progressively achieve a [30%] representativity of black women at middle management of each enterprise by year 2008;
- Progressively achieve a [45%] representativity of black women at junior management of each enterprise by year 2008.

These targets are geared toward achieving a representative management outlook in all enterprises by year 2014 which in turn will reinforce and consolidate the AGRIBEE outcomes.”

Enterprise Ownership and Equity

“Key to broad based black economic empowerment in agriculture is the ownership of assets and enterprises within the sector. Historically, the interpretation of ownership in agriculture has been understood to be dependant upon ownership of land. This AGRIBEE framework makes a distinction between land and enterprise ownership. Stakeholders in the sector will work towards the development and implementation of a diversity of enterprise ownership models in support of AGRIBEE.”

Procurement and Contract

“The success of the commitments in this AGRIBEE framework is also influenced by the procurement and contractual behaviour of the retail, tourism, distribution and consumer sectors. In keeping with the spirit of this framework document all enterprises in the sector undertake to:

- Implement targeted procurement strategies and policies to realise BEE. The target will be [50%] of the total value of all procurement from BEE companies by 2010 and [70%] by 2014;
- Report annually on all BEE procurement spend;
- Progressively provide, where possible, Black South Africans and local SMEs a [50%] preferred supplier status including the supply of services and goods over a five-year period;
- Contractual agreements will be based on immediate (monthly) payments for work rendered by black companies to allow the smooth running of operations and maintenance of quality results by end of October 2005.”



Agricultural Support Services

“Support services such as access to finance, infrastructure, information and knowledge systems, are core pillars of sustainable empowerment initiatives. The Stakeholders recognize the fact that transformation challenges to overcome the history of dualism still exist in the agricultural sector.”

The existence of this charter in the South African context provides a thorough method along which the decrease in the disparities between the ‘previously advantaged’ and the ‘previously disadvantaged’ can be sought. By providing a broad range of workstreams that touch directly on the empowerment of HDIs in the agricultural sector, the charter clearly illustrates the concept of looking at AgriBEE as more than a land issue, and in fact, goes ahead to place a good deal of emphasis on the value of enterprise ownership, whereby previously disadvantaged people gain access to the ownership and control of assets across all areas of the agricultural sector. The workstream on enterprise ownership also touches on avenues of investment into black companies/initiatives, and looks at where the benefits of export market opportunities are being placed.

Importantly, the charter also looks to human resource development as an integral component to sustainable empowerment, and in the wider paper, makes recommendations of improving the literacy rate in farming communities to 75% by 2008, and to have a 100% rate by 2010. It also looks at the training of farm workers in special programs, and proposes mentorship programs accredited by Sector Education and Training Authorities. This workstream is essentially linked to the employment equity workstream, which touches on the important element of the workplace demographic in management

The workstreams on procurement and on agricultural support present a more external approach, but both beckon to the need to engage with other sectors in order to successfully implement BEE in the agricultural sector. For example, with regards to obtaining financial support and stability, the agricultural sector would have to engage with the financial sector, and the BEE framework for that sector would also have to be observed in that regard.

Given the similar experiences of apartheid between Namibia and South Africa, and the disenfranchisement of the people thereby, there is much that Namibia can look to from South Africa in drawing its own AgriBEE framework that is then tailored to the Namibian need, environment, and overall socio-economic composition. However, there are a number of considerations to be made as Sherbourne aptly suggests. He writes⁹⁵:

The starting point for an accelerated land reform programme [or BEE scheme/charter] would involve clarifying five underlying principles:

- The first is that the fundamentally commercial nature of Namibia’s commercial farmland should be maintained. More specifically, policy should aim above all to create a successful and fully commercial black farming sector rather than aim to resettle as many people as possible on commercial farmland.
- The second is that there is likely to be a limit to the amount of farmland that can be sustainably redistributed to new livestock farmers since much commercial farmland is difficult to farm profitably.
- The third is that commercial farming is a skilled occupation and Namibia’s commercial farmland is a scarce and precious resource which should be used to boost the national

⁹⁵ Sherbourne, R. Rethinking Land Reform in Namibia: Any Room for Economics? IPPR Opinion No. 13, April 2004.



economy. Realistically, this means that commercial farming is not for everyone nor is it necessarily a way out of poverty for those with nothing.

- The fourth is that clear ownership rights give settlers the best chance of creating sustainable and productive farms.
- The fifth is that redistribution has to take precedence over production, at least over the short to medium term.

In the above excerpt, Sherbourne touches primarily on the issue of commercial land, and the full fledged implementation of redistribution efforts given the need to maintain the commercial productivity of farmland. The next section takes note of the above considerations, and looks at some of the ways in which Namibia can delve into the issue of BEE in the agricultural sector in a meaningful way, in addition to the elements outlined above in the South African sector.

Considerations for an Action Plan Towards Effective BEE Implementation in the Agricultural Sector

In a 2006 interview with *Farmer's Weekly*, Truter Lutz, the man behind the successful Lutouw BEE project in South Africa that farms wine grapes on a 500ha farm, and has 23 previously disadvantaged shareholders partaking in the project, remarked that "A BEE project must make financial sense. A successful BEE business is not a charity – social benefits must flow from financial returns. The foundation must be financial, not social."⁹⁶ The preceding chapters make it clear that BEE in the agricultural sector cannot merely be a question of land redistribution. The agricultural sector consists of a large value chain with several inputs, and many potential outputs, thus creating several avenues for starting up economically lucrative initiatives along this chain, or investing in existing initiatives. It is in this sense that when we look at the issue of ownership and control, we are not simply referring to owning a piece of land, but instead, to owning a stake in enterprises in the agribusiness subsector. The large value chain allows room for entrepreneurial activity, and the financing of such activity, depending on the promise of the enterprise, presents an area for agricultural support services as a BEE mechanism.

Furthermore, regarding the ownership issue, considerations should be made with regards to equity ownership as a share of the value of the farm, as opposed to solely looking to expropriation of the land as the only method of redistributing wealth. It is critical to acknowledge that while the ownership of land does provide for a greater sense of ownership and food security, commercial farming taps more into the issue of long-term wealth creation with a significant contribution to the country's economy. The process of land redistribution therefore has to take this into account by ensuring that productive land is allocated for this purpose. But more importantly, the ownership structure of already-productive commercial land needs to be assessed and modified. For example, as opposed to expropriating land from a farmer, the government could instead buy a certain share of the equity of the farm, say 25%, and the dividends paid out on this land could then go towards funding other social initiatives such as the BIG (which is also discussed below as a credible option to implementing BEE in the sector), pension funds, educational costs, etc for the farmworkers and the nation as a whole.

Skills training and human resource development is another critical area that demands a great deal of attention not only in commercial agriculture/ agribusiness, but also in looking at communal land, in that training essentially provides farmworkers/subsistence farmers with the necessary skill to

⁹⁶ *Farmer's Weekly. Lessons in AgriBEE success. 7 April 2006 (27).*



make the best use of their land/livestock, and to manage the affairs of the farm(s) concerned. Human resources development also serves as an important factor in bringing about employment equity, in that being equipped with the necessary skills allows workers to more easily move up the hierarchical ladder. In so doing, it would serve agricultural giants well to consider employee trusts/schemes from which farmworkers could benefit through training, workshops, etc, while also providing them with a certain level of ownership of the farm/enterprise.

In addition to the above, all of which tie into the workstreams outlined in the South African AgriBEE framework, of which Namibia can make grand use when designing its own agricultural BEE framework, additional areas in which the Namibian government can look at in correcting the injustices of the previous regime, as is the purpose of BEE, are the Basic Income Grant proposed in the Kameeta Commission, and the identification of profitable areas for investment (e.g. as outlined by Biwa et al in the first chapter) and the support of blacks in succeeding in those identified areas.

With regards to the Basic Income Grant and its potential benefits, in a paper titled 'Poverty and the effects of trade liberalization on workers in Namibia. Is BIG part of the solution?,' Cons Karamata writes that:

'...economic liberalisation will lead to an overall increase in poverty and enlarge the gap between rich and poor in our country. In light of (this), we see the introduction of the BIG as a viable intervention in mitigating the current and anticipated effects of trade liberalisation on the working poor in our country. The BIG should not be seen as mere hand-outs, as some critics of the idea maintain, but as a real effort towards providing livelihoods for masses of people who are daily being driven further into poverty by national and global trends beyond their control. Moreover, the BIG will go a long way in creating a market for the emerging informal sector in Namibia. This will revive the economy in the rural areas. The revival of the rural economies will lead to a reduction in poverty and stem rural-urban migration. Policy-makers must embrace the idea of BIG as part of the solution to the development challenges facing our country. The alternative will be to face increased social instability and misery for the majority of our people.'⁹⁷

And with regards to identifying avenues for investment / entrepreneurial initiative, 'in order for emerging BEE farmers or agri-business to take effective ownership of assets in the sector, it is also essential to note the opportunities, problems and challenges that a new BEE economic agent can face in the sector.'⁹⁸ This type of education will essentially equip BEE farmers with the know-how to use his/her land and/or resources most effectively, in such a way that productive and profitable use of what is at their disposal can be made.

Essentially, if BEE is to work in the agricultural sector, it requires a multi-faceted approach that touches on all areas of the agricultural/agribusiness sector. Moreover, in addition to all the potential considerations that can be made, the lack of any national or sectoral charter leaves a huge vacuum in our midst, making the implementation phase of BEE in this and other sectors, a cumbersome task.

⁹⁷ Karamata, Cons. Poverty and the effects of trade liberalization on workers in Namibia. Is BIG part of the solution? November 2006.

⁹⁸ Gaomab, Mihe. The Meaningful Role of Agricultural Economists to the Future Discourse of Black Economic Empowerment in Namibia. April 2005.



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Empowerment in the Fisheries Sector: A Question of Sustainability

By

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Abstract

This paper deals with empowerment in the Fisheries Sector. It considers the number of rights holders. It attempts to analyse the costs and benefits of Namibianisation, which should be read as black economic empowerment as most of the beneficiaries of fishing rights and quotas are black Namibians. The paper finds that the costs empowerment or Namibianisation may outweigh the benefits from initial calculations. The paper concludes that empowerment is constrained by the availability of fish stocks and therefore raises the question of sustainability with regards to empowerment in this sector.

Introduction

Black economic empowerment in Namibia, as hinted in the other chapters is taking place in the absence of a proper empowerment strategy, as there is no national uniform policy framework in place. The only exceptions are the general employment guidelines as espoused by the Affirmative Action and Employment Equity legislation. Nevertheless, this has not prevented various line ministries and agencies¹⁰⁰ pushing for an empowerment agenda such as the fisheries ministry. The aim of this paper is to understand and perhaps unravel the empowerment process and outcomes in the fisheries sector but also importantly understand the broader economic impact of empowerment in this sector.

It should be noted that black economic empowerment in the fisheries sector is generally mandated through their Namibianisation policy framework as recently discussed by the Minister of Fisheries in an interview with a local monthly (Insight, 2007). The incumbent Minister has always maintained that Namibianisation “means greater involvement, participation and benefits for Namibians from the sector” and perhaps suggesting that empowerment in this sector is much broader than simply black economic empowerment, although this is very much implied (see for example the preface to Namibia’s Marine Resources Policy of August 2004). Thus there is a strong equity element, which by default speaks to the issue of black economic empowerment. Therefore, we shall use Namibianisation and BEE interchangeably in this paper.

Admittedly, for many years prior to independence marine resources utilization was merely of an extractive nature with very little local beneficiation and participation (Manning 2000). Significantly, the fishing industry was subjected to little monitoring or regulation and therefore over-fishing was the norm, resulting in the collapse of major commercial species like pilchard. There was a drastic decline in the total biomass of major species, namely horse mackerel, pilchard and hake (see for e.g. Lange et al 1997). This had implications for resource levels and post independent Namibia had to deal with these challenges.

⁹⁹ Mr Motinga is the Director of the IPPR. He wishes to acknowledge the research assistance provided by Mr Colleen Gwari on this study. The usual disclaimer applies.

¹⁰⁰ For example, Telecom Namibia recently introduced a BEE Procurement policy.



After independence, the government established a 200- nautical mile exclusive economic zone and instituted a quota system with built-in levies for major fish species¹⁰¹. The quota system was introduced to limit the annual catch to sustainable levels and the levies to capture the resource rent generated by the industry. There is general consensus that although the management of the fisheries has improved significantly since 1990, fish stocks have suffered due to adverse environmental conditions which have prevented a speedy recovery of the stocks.

Fisheries policy environment setting the scene for BEE¹⁰²

As discussed in Nichols (2004), Elago (2004) and Manning (2000) fisheries management is essentially guided by the 1991 White Paper on fisheries policy. The White paper was later translated into a legislative framework known as the Sea Fisheries Act of 1992. According to Manning (2000) the white paper seeks to address the “serious” depletion of major fish species and the rebuilding of the stocks; and secondly, it seek to maximize benefits for Namibians from this sector both in the harvesting and processing. The second objective as discussed by Manning (2000) and more recently by Armstrong et al (2004) forms the initial premise for the subsequent policy bias towards empowerment in the fisheries sector. The promulgation of the Sea Fisheries Act in 1992 and the Sea Fisheries Regulations of 1993 followed. Primarily, the Act of 1992 dealt with the regulation of resource exploitation as it sets a framework whereby an applicant for resource exploitation rights need first to be granted the right of exploitation for a particular species. In this regard a TAC (total allowable catch) is set for several key commercially exploitable species (see Table 1). The TAC is divided into quotas that are granted to the rights holders.

Table 1 : Main Species subject to TAC' and year of introduction

Hake	1990
Pilchard	1990
Horse mackerel	1991
Crab	1991
Rock lobster	1991
Orange roughy	1997
Monk	2001

Source: Sherbourne (2007)

In order to set into operation the new policy framework, the MFMR allowed some rights to lapse on December 1993, after which everybody could apply or re-apply for new rights of exploitation together with new entrants¹⁰³. Making provision for the advancement of previously disadvantaged Namibians within the sector, the second regulation of the Sea Fisheries Regulations of 1993 gave the following powers to the Minister in considering the allocation of rights of exploitation, amongst others, viz;

- the advancement of persons in Namibia who have been previously disadvantaged by discriminatory laws before independence

¹⁰¹ At independence, only hake and horse mackerel attracted a quota levy (MFMR, 2004) but this has changed.

¹⁰² This section relies heavily on Manning (2000), Armstrong et al (2004) and the MFMR (2004) as these are perhaps the only bodies of knowledge that situate Namibianisation in this industry within the current policy framework.

¹⁰³ According to Manning (2000) an exception was made for 9 rights holders who had been granted hake wet fish and horse-mackerel rights in May 1993.



- regional development in Namibia
- cooperation with other countries, especially in SADC

Manning (2000) reminds that the Act 29 of 1992 and the 1993 Regulations, in effect, expect the Minister to consider broad social objectives whilst leaving some discretionary powers. In 2000 the Sea Fisheries Act of 1992 was repealed through the Marine Resources Act 27 of 2000. Importantly, the Marine Resource Act of 2004 retained all the essential elements of the previous Act with the added bias towards overseeing all the marine resources and not just fisheries (MFMR, 2004). As hinted by Armstrong et al (2004) it is crucial to note that there are no economic criteria for the allocation of rights. Currently, rights are not transferable; however holders may temporarily lease rights, but doing so diminishes their chance of successful re-application (ibid. p205).

Empowerment through Employment Equity

According to the Employment Equity Commission, between 2004 and 2006 only a “modest improvement” is observed in terms of employment equity across all sectors. In the fishing sector, only 17.4% of the top management came from racially disadvantaged groups in 2004. The figure is virtually unchanged for the period ending March 2006. Thus employment transformation remains a challenge for the sector as in other sectors (see table below).

Table 2: Affirmative action representation by occupational level in the fisheries sector (2005-2006)

<i>Job category</i>	<i>RD</i>		<i>RA</i>		<i>PDA's</i>		<i>Non-Namibians</i>		<i>Total</i>
	<i>Male</i>	<i>Female</i>	<i>Male</i>	<i>Female</i>	<i>Male</i>	<i>Female</i>	<i>Male</i>	<i>Female</i>	
Executive directors	4	0	10	0	0	0	8	0	22
Senior mngt	25	4	41	10	0	0	23	2	105
Middle Mgnt	73	21	36	11	0	0	33	5	179
Speacialized/ skilled Senior supervisory	241	54	56	21	1	0	75	2	450
Skilled	287	55	12	19	1	1	25	2	402
Semi skilled	616	222	1	0	5	2	4	2	852
Unskilled	1267	565	0	0	6	0	0	0	1838
Total permanent	2513	921	156	61	13	3	168	13	3848
Casual /temporary and seasonal	756	311	1	1	2	0	112	2	1185
Total	3269	1232	157	62	15	3	280	15	5033

Notes: RA= Racially advantaged
RD= Racially disadvantaged
PDA = Person with disability

Source: Employment Equity Commission Annual Report 2005-2006, Table 8.



Empowerment through Quotas

The impetus for Namibianisation or BEE derives predominantly from the fact that around independence most of the industry was almost foreign owned and controlled with limited local participation (Nichols, 2004). As such the policy framework makes provision for empowerment and social upliftment through Namibianisation. Thus the principle beneficiaries of the use of Namibia's fisheries resources should be Namibians and by default be blacks. With the allocation of the first rights of exploitation effective from January 1994, Namibians queued and got the quota's – a real *independence dividend* accrued to those that were successful¹⁰⁴. Manning (2000) has it that there were principally two independent Namibian companies participating in the local fishery environment prior to changes in 1994. However, after 1994 the landscape has changed. According to Elago (2004) when the first call for applications was made 565 applications were submitted by 316 applicants. However, only 159 fishing rights were granted to 120 companies and individuals with most of the applicants being black Namibian citizens as new entrants. The criteria for granting rights are presented below (see Table 3).

Table 3: Terms and conditions of fishing rights

Duration	Conditions
7 year rights	<ul style="list-style-type: none"> a) Applicants with less than 50% ownership of vessels or onshore processing facilities b) Applicants with less than 51% Namibian ownership in the venture without significant onshore investments in the fishery where rights are granted.
10 year rights	<ul style="list-style-type: none"> a) applicants with at least 50% Namibian ownership of vessels or onshore processing plants in the fishery where rights are granted b) applicants with less than 51% Namibian ownership in on-shore investments in the fishery where rights are granted
15 year rights	<ul style="list-style-type: none"> a) ventures that are at least 90% Namibian owned with significant investment in vessels or on-shore processing plants (50% ownership in facilities in the fishery where the rights are granted), b) Namibian rights holders with small shares in larger ventures, c) majority foreign owned ventures with the capacity with the capacity to make major contribution to economic and overall development in Namibia (on-shore employment of 500 Namibians is seen as a major contribution), and d) smaller joint or wholly foreign-owned ventures, which can make innovative contributions to the development of the fishing industry in Namibia, such as developing new products or exports markets, and where a long-term right is necessary to secure the investment involved
20 year rights	<ul style="list-style-type: none"> a) Ventures that fulfill the 15 year terms and employ at least 5000 permanent employees in on-shore processing facilities

Source: Armstrong et al. 2004.

Rights were initially granted for a period of 4, 7 and 10 years conditional on the parameters listed in Table 3. However, the realization that fishing operators or investors needed longer term rights to justify the associated risk led to a policy change in 2000. In 2000, the duration of rights was subsequently changed to 7, 10, 15 and 20 years. To date no right holder has been allocated a 20-year term at once. Be that as it may, it is however not difficult to imagine that the Ministry may

¹⁰⁴ In 1994-1995 the MFMR allocated 25% of the TAC to newcomers (Armstrong et al 2004), perhaps BEE types, which would otherwise have gone to existing operators.



relax the requirements under the 20-year tenure in the light of the structural and environmental challenges the industry is going through at the moment. Roughly 58% of the rights were allocated for 15 years, with only 29 out of the 159 rights allocated for a term of less than 10 years.

Tables 7 to 12 in the Appendix present the companies and individuals that receive these rights¹⁰⁵.

Table 4: Number and duration of existing fishing rights as of December 2003

Fishery	Duration of rights					TOTAL
	Four years	Seven years	Ten years	Fifteen years	Twenty years	
Hake	0	10	6	22	0	38
Monk	0	2	2	5	0	9
Horse mackerel	0	0	11	1	0	12
Large pelagic	3	1	3	12	0	19
Red crab	0	1	2	0	0	3
Rock lobster	0	0	1	20	0	21
Line fish	1	1	2	8	0	12
Orange roughy	0	0	5	0	0	5
Pilchard	0	7	5	10	0	22
Mullets	0	0	0	13	0	13
Seals	0	2	1	1	0	4
Guano	0	1	0	0	0	1
TOTAL	4	25	38	92	0	159

Source: Elago (2004).

In addition to the quota allocation, Namibianisation is crucially encouraged through an extensive rebate system on quotas and levies. For example, in 2000 hake fees for vessels with access rights were as follows:

- N\$880 per metric ton for foreign freezer vessels
- N\$680 per metric ton for Namibian based freezer vessels
- N\$480 per metric ton demanded from fully Namibian owned freezer vessels, and
- A further N\$200 per metric ton rebate is given for on-shore processing

The MFMR adjusted these rights in July 2001 (see www.mfmr.gov.na/fees_levies). Hake fees for freezer vessels changed as follows:

- N\$1450 per metric ton for foreign freezer vessels
- N\$850 per metric ton for Namibian based freezer vessels
- N\$550 per metric ton demanded from fully Namibian owned freezer vessels, and
- A further N\$220 per metric ton rebate is given for on-shore processing

¹⁰⁵ The data in the tables are primarily based on Elago (2004) with few additions from Sherbourne (2007).

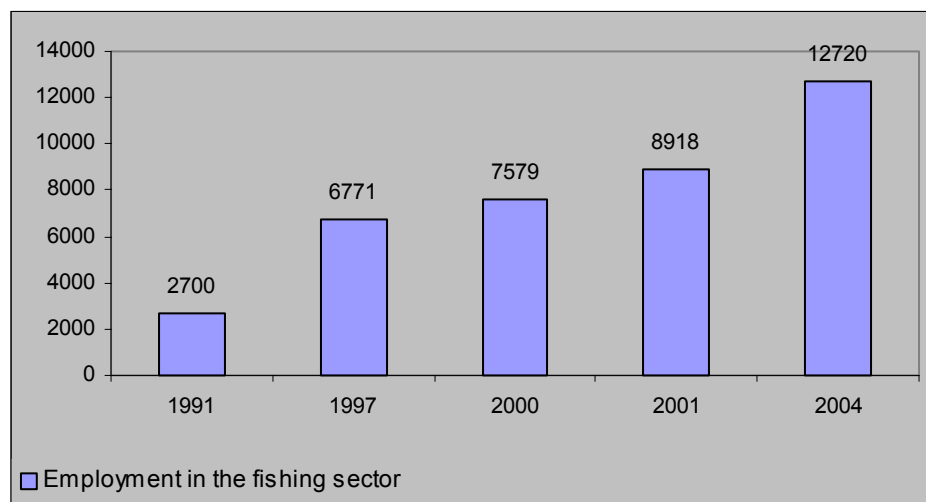


Leasing of quotas – negating capacity building

It is suggested that the newcomer-empowerment policy function in such a way that a significant proportion of newcomer quotas are leased to established entities (Armstrong et al, 2004) thereby limiting the benefits of localization of the industry. This is a serious constraint since most allocations to newcomers are made on the premise that they would strive towards local value addition.

Benefits and cost of empowerment in the fishing industry

Most commentators to the Namibianisation and BEE debate in the fishing industry suggest that the benefits of empowerment are numerous but are difficult to quantify. Equally it is difficult to quantify the full benefits of empowerment in this sector. Typically, the resolve is to look at the number of jobs created (see for e.g Sherbourne 2007 and Armstrong et al (2004). However, Armstrong et al (2004) is perhaps the only study that has attempted to explicitly quantify the cost and benefits of localisation and therefore empowerment in the fishing sector and it therefore remains an important study.



Employment in the fishing sector has risen steadily since independence according to census and labour force survey data. According to the 2004 NLFS, about 12720 people were employed in the fishing sector. Erastus (2002) showed that by 1998 nearly 75% of employees both on-shore and off-shore were Namibians.

Cost of Namibianisation and empowerment

Armstrong et al (2004) have attempted to estimate the cost of Namibianisation for the period 1993 to 1998. They simply assumed the cost of Namibianisation to be the sum of fee rebates given to Namibian rights holders. Thus they focus on the foregone tax revenue. Using this methodology we have extended their calculations to the period 1999 to 2005 to arrive at a so-called measure of the cost of Namibianisation. They calculated the total cost of foregone revenue as a result of the rebates at N\$447 million of the period 1993 to 1998 (ibid., p210). However, at best these estimates should be seen as indicative and not the actual total cost of Namibianisation as there

are other aspects that are not considered such as the unintended cost of the often-costly processing capacity that companies have to put up for the sake of local value addition with its attendant opportunity cost. Furthermore, what should be of interest is the net picture that emerges after comparing cost and benefits. What is noteworthy is that the indicative cost of empowerment has jumped significantly between 1998 and 2001 due in part to higher fees that translates into higher rebates.

Table 5: The indicative cost of localisation in the fishing industry (N\$ million)

	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Quota fees	97.8	108.46	90.5	46.5	72.2	67.7	91.1	76.1	69.9	100	74.4	84.6	81.4
Potential income	145	174	153.8	166	123	166	251.5	185.98	367.7	348.1	329.5	352.2	330.6
Foregone income	47.9	66	63	119	51	98	160.5	109.9	297.8	248.2	255.1	267.7	249.2

Source: Calculations and data for the period 1993-98 are from Table 3 in Armstrong et al (2004), Quota fees for the period 1999-05 are from Sherbourne (2007) and the rest by the Author.

Thus, if we add the total income foregone through rebates for the period 1993 to 2005, this amounts to N\$ 2.0 billion. Interestingly if we put this figure in context; the industry has approximately invested a minimum amount of roughly N\$ 2 billion over this period (Nichols, 2004; and Bopoto 2003), which nearly equals what the government had foregone through rebates. Furthermore, over the same period the industry is reported to have contributed a minimum amount of N\$ 33 million to socio-economic contributions (Nichols, 2004, p327).

Are the costs outweighing the benefits?

Roughly N\$156 million is on average foregone per year between 1993 and 2005 through extensive rebates that is geared to promote the localisation and Namibianisation of the fishing industry. Available data suggest that about 10,020 jobs were created between 1991 and 2004. This means that just over 700 jobs were created on average per year between 1991 and 2004. If we ignore the benefits that arise from greater local participation given that it is difficult to calculate, the Namibianisation policy seems to have come at a price tag of N\$ 219 thousand per job per year. Our estimate is significantly higher than the average per job cost of N\$ 74.5 thousand that was arrived at by Armstrong et al (2004) for the period 1993 to 1998. Furthermore, Armstrong et al (2004) found “that there is ... a 1 and 1.5 percentage point gain in employment and Namibian ownership, respectively, for every percentage point loss in fees collected” (ibid., p212) which suggest a low degree of responsiveness to foregone income. This is a significant finding, as the study also acknowledges that it is very difficult or rather tricky to ascribe all the benefits that have arisen in the fishing sector (more jobs plus more local participation) as solely the result of Namibianisation.

Is Namibianisation and thus BEE in the fishing sector sustainable?

This is a very crucial question as we are dealing with a natural resource based sector. Crucially, the recovery of the fish stocks from the over-fished pre-independence state has been highly variable as shown by Lange (2004). We have extracted some figures from the afore-mentioned study (see Table 6).



Table 6: Physical accounts for hake, sardines and horse mackerel in Namibia (tons)

	Opening stock (year 1990)	Closing stock (year 2000)
Hake	906,000	1,170,000
Sardine	500,000	90,000
Horse-mackerel	1,450,000	1,250,000

Source: Lange (2004), Table 2

Aside from the fact that estimating fish stocks and biomass is a challenging, difficult and perhaps an imperfect science there is no denying that some species biomass in Namibian waters has been declining drastically, specifically sardines and to a lesser extent horse-mackerel. Given this we need to ask ourselves whether Namibianisation, which seeks greater local participation and value addition, could be sustainable. This is a compelling question particularly as the policy directly encourages the creation of local capacity through an extensive and perhaps expensive rebate system. We have shown that the rebates amount to roughly N\$ 2.0 billion in foregone income.

Secondly, researchers such as Manning (2000) have argued that Namibianisation has not resulted in a sustainable participation by local and specifically previously disadvantaged Namibians. In a recent interview with a local magazine (see Insight, February 2007), Minister Iyambo is on record as agreeing that indeed only a few black controlled companies seem to have survived despite an elaborate empowerment agenda. Furthermore, it is widely recognized that joint venture agreements are crowding out Namibians' operational control or that the interest through the rights of exploitation are diluted through often-complex shareholding arrangements (Sherbourne, 2007; Manning 2002). Thus far, there has been no sustainable policy response to this dilemma.

Finally, it is not clear to what extent, Namibianisation in the fishing sector has overcome some of the general challenges ascribe to empowerment in general but black economic empowerment in particular. For example, Seekings and Natrass (2005) argue with respect to the South African experience that BEE could only make a small difference to the overall distribution of earnings and incomes "unless it increased the number of jobs" and thereby reduced overall unemployment. Thus the true test of BEE is whether it is able and willing to pull the rest of society along a sustainable growth and development trajectory. We have shown that quite a number of jobs have been created since independence but the question is at what cost. The calculations show that cost of job creation in the fishing sector occurred at a hefty price of over N\$ 200 thousand per job created. A further criticism of BEE is that it is typically seen by incumbent businesses (whether broad or narrow based) as a defending strategy and not as a growth strategy (Seekings and Natrass, 2005). Thus, tokenism takes place. It is quite possible that the often complaint about shareholding structure in joint venture entities, where blacks have limited operational insight and control, could be seen as a direct outcome of such defensive strategies by established players.

The way forward

The features discussed above seriously call into question the sustainability of Namibianisation in the fisheries sector. There is a need to reconsider the breadth and scope of current rebates. The extent of job creation for Namibians is indeed commendable but the cost at which such jobs seem to have been created needs to be considered. Is it not possible to create cheaper jobs elsewhere



in the economy, say in the tourism sector? However, what is most crucial for this sector is the availability of biomass or fish stocks in local waters. Indications are that some species have not recovered as was expected and this places a major constraint on the sustainable development of the sector, with respect to black economic empowerment in its broadest sense and local value addition.

Crucially, the available evidence seems to suggest that the empowerment or Namibianisation process has not created a critical mass of fishery based black entrepreneurs. This calls for a major rethink of quota allocations. Overall, the strategy for the fisheries policy makers should be to continually use captured resource rents to help diversify the greater Namibian economy towards more sustainable and less costly alternative sectors.



Appendix

Table 7. Namibian Fishing Right Holders: Demersal hake

Name of holder (Company)	Joint Venture Partner(s)	Date of entry	Duration of current rights	Expiring Year
Agatha Bay Fishing	-	Jan 94	15	Dec 2018
Ark Fishing	-	Jan 94	7	Dec 2010
Atab Fisheries	Tulongeni Fishing (Nam/Cuban holding) Bravo Fisheries Afromark Marine (Pty) Ltd Atlan Fishing Co.	Jan 01	15	Dec 2019
Benguela Sea Products	-	Jan 01	10	Dec 07 Extended by 3 years in 2006
Cadilu Fishing & Group	Cadilu (50%) Ombaye Fishing (Pty) Ltd (50%)	Jan 94 Jan 01	7	Dec 07 Extended by 3 years in 2006
Consortium Fisheries	-	Jan 94	15	Dec 2018
Diaz Fishing		Jan 94	10	Dec 2013
Ehanga Holdings		Jan 94	15	Dec 2018
Ekikimbo Fishing	Northern Fishing (Pty) Ltd Camill Fishing	Jan 94 Jan 01	7	Dec 07 Extended by 3 years in 2006
Empire Fishing Co.		Jan 94	15	Dec 2018
Epata/Gefi Sarh (Demersal Fishing)		Jan 01	7	Dec 07 Extended by 3 years in 2006
Erongo Seafood (Sea products)	10 year right transferred from TNP Fishing on 2 Oct 97	Jan 94	10	Dec 2013
Hatutungu Fishing Co.	Liambezi Fisheries Global Fishing Enterprises cc Blue Sea Fishing (Pty) Ltd BDO Eleven (Pty) Ltd Kaiseb Fishing Industries (Pty) Ltd Ngatukondje Pamue Fishing Co	Jan 01 (all)	15	Dec 2019
Helgoland Fishing		Jan 94	15	Dec 2018
Kuiseb Fish Products		Jan 94	15	Dec 2018
Lalandii (Pty) Ltd		Jan 94	7	Dec 07 Extended by 3 years in 2006
Marco Fishing		Jan 94	15	Dec 2018
Mbashe Fishing		Jan 01	7	Dec 07 Extended by 3 years in 2006
Morcar Fishing	Caroline Fishing Moria Fishing cc	Jan 01 Jan 01	7	Dec 07 Extended by 3 years in 2006
Nam. Fishermen Assoc		Jan 94	15	Dec 2018
Namibian Marine Res		Jan 94	7	Dec 07 Extended by 3 years in 2006
Namboty Group of Co.	Ongodivi Marine Products Yambula Namibia (Pty) Ltd Tukanda Fishing Company Bethanien Fishing Millenium Fishing Namibia Nam-sino Fisheries (Pty) Ltd	Jan 01 (all)	15	Dec 2019
Namcoast Fishing		Jan 94	15	Dec 2018
Namib/Karibib		Jan 94	15	Dec 2018
National Fishing Corp (Seaflower)		Jan 94	15	Dec 2018
Nautilus Fishing Industries		Jan 94	15	Dec 2018
Neoplan Fishing		Jan 98	10	Apr 2008 Extended by 5 years in 2006
Novanam		Jan 94	15	Dec 2018
Omarkete Investment	Maria Fishing Kunene Aquatic Enterprises Namibian Kakwaya Fishing Ent Omusati Development Trust	Jan 01 (all)	10	Dec 2014



	Tega Fishing (Pty) Ltd (Atlantic Fishing) Ekango Fishing (Pty) Ltd Ambassador Fishing (Pty) Ltd Etaka Fishing (Pty) Ltd Tweya Fishing (Pty) Ltd			
Omaruru Consortium	Aonin Fishing/Rundu Fishing Old Man Fishing Co	Jan 94 Jan 01	7	Dec 07 Extended by 3 years in 2006
Ompagona Fishing	Part of JV that forms Etale fishing	Jan 98	10	Dec 08 Extended by 5 years in 2006
Omuhaka Holdings		Jan 94	15	Dec 2018
Oryx Fisheries		Jan 94	15	Dec 2018
Overberg Fishing		Jan 94	15	Dec 2018
Ozohi Fishing	Part of JV that forms Etale fishing	Jan 98	10	Dec 08 Extended by 5 years in 2006
Southern Nam. Hake		Jan 94	15	Dec 2008
The Rainbow Fishing	Cato Fishing Co. (Pty) Ltd Old Pensioners Company	Jan 94 Jan 01	7	Dec 07 Extended by 3 years in 2006
Walvisbay Small Boat		Jan 94	15	Dec 2018

Table 8 Namibian Fishing Right Holders: Mid-water Horse Mackerel

Name of holder (Company)	Joint Venture Partner(s)	Date of entry	Duration of current rights	Expiring Year
Arechanab Fishing		Jan 94	10	Dec 2013
Atlantic Harvesters		Jan 98	10	Dec 2014
Atlantic Sea Products		Jan 98	10	Dec 2014
Ceroric (Pty) Ltd		Jan 98	10	Dec 2014
Diaz Fishing		Jan 98	10	Dec 2014
Emeritus Fishing		Jan 98	10	Dec 07 Extended by 5 years in 2006
Erongo Sea Products	See previous table	Jan 98	10	Dec 2013
Gendev of Namibia		Jan 98	10	Dec 2014
Kuiseb Fishing Enter		Jan 98	10	Dec 07 Extended by 5 years in 2006
Mediva Fisheries		Jan 98	10	Dec 07 Extended by 5 years in 2006
Namsov Fishing Ent		Jan 98	15	Dec 2018
Ongwe Fishing		Jan 98	10	Dec 07 Extended by 5 years in 2006



Table 9 Namibian Fishing Right Holders: Small Pelagic

Name of holder (Company)	Joint Venture Partner(s)	Date of entry	Duration of current rights	Expiring Year
!Oe#gab Fishing Enter.	Namsea Namfish Anibib	Jan 94 Jan 94 Jan 01	7	Dec 07 Extended by 3 years in 2006
Auob-Eigelaar JV	Auob Fisheries Eigelaars Belange	Jan 01 Jan 01	7	Dec 07 Extended by 3 years in 2006
Buccaneer Fishing		Jan 98	10	Dec 07 Extended by 3 years in 2006
Champion Ladies	Champion Fishing Ladies Fishing	Jan 01 Jan 01	7	Dec 07 Extended by 3 years in 2006
Coenrad A C van Dyk		Jan 94	15	
Consortium Fisheries (Evista)		Jan 94	10	Dec 2013
Dun-Al Fishing		Jan 94	15	Dec 2018
Etosha Fishing Co.		Jan 94	15	Dec 2018
Genmir Marine Res.	Gendev Namibia Mirabilis Marine Resources	Jan 94 Jan 01	7	Dec 07 Extended by 3 years in 2006
Henties Bay People		Jan 94	15	Dec 2018
Hesko Vissery		Jan 94	10	Dec 2013
J.M.C. Theart (Pty) Ltd		Jan 94	15	Dec 2018
Marine Dev Co		Jan 94	15	Dec 2018
Matutura Fishing Company		Jan 94	15	Dec 2018
Meyiga Fishing Industries	Namchild Edelweiss Vissery	Jan 01 Jan 01	7	Dec 07 Extended by 3 years in 2006
Mukorob Fishing		Jan 94	10	Dec 2013
Namibia Fisheries		Jan 94	10	Dec 2013
Okahulo Fisheries		Jan 94	7	Dec 2010
Oshakati Fishing Co		Jan 94	15	Dec 2018
Otjiwanda Fishing		Jan 94	7	Dec 2010
Sarusas Development		Jan 94	10	Dec 2013
Silence Holdings		Jan 94	10	Dec 2018

Table 10 Namibian Fishing Right Holders: Orange Roughy

Name of holder (Company)	Joint Venture Partner(s)	Date of entry	Duration of current rights	Expiring Year
Atlantic Sea Products		Apr 97	10	Mar 2014
Gendor Fishing		Apr 97	10	Mar 2014
Glomar Fishing		Apr 97	10	Mar 2014
Consortium Fisheries		Apr 97	10	Mar 2014
Continental Deep Sea		Apr 97	10	Mar 2014

Table 11 Namibian Fishing Right Holders: Monk

Name of holder (Company)	Joint Venture Partner(s)	Date of entry	Duration of current rights	Expiring Year
Belinda Fishing		Jan 94	15	Dec 2018
Frebeca Fishing	Freddie Fisheries Bengualla Sea Products Caroline Fishing	Jan 01 Jan 01 Jan 01	7	Dec 07 Extended by 3 years in 2006
Helgoland Fishing		Jan 94	15	Dec 2018
National Fishing Corp		Jan 94	15	Dec 2018
Nexus Fishing	Cato Fishing Masilahi Fishing Black Rock Fishing	Jan 01 Jan 01 Jan 01	7	Dec 07 Extended by 3 years in 2006
Overberg Fishing		Jan 94	15	Dec 2018
Oviwana	Ovitoto Fishing Oshiwana Fishing Atlantic Sea Products	Jan 01 Jan 01 Jan 01	10	Dec 2014
Twafika Fishing	Twafika Fishing Namsov Fishing	Jan 01 Jan 94	10	Dec 2014
Voorbok Fishing		Jan 94	15	Dec 2018



Table 12 Namibian Fishing Right Holders: Rock Lobster

Name of holder (Company)	Joint Venture Partner(s)	Date of entry	Duration of current rights	Expiring Year
A Plaatjie		Jan 94	15	Dec 2018
Aloe Fishing	Seafood distributors Kosis Fishing Sea Products Seagull Fishing	Jan 01 Jan 01 Jan 01 Jan 01	10	Dec 2014
Atushe Lobster Co	Lalandii Jeselto Bogenfels Omungua	Jan 94 Jan 01 Jan 01 Jan 01	15	Dec 2019
Blomeha Fishing		Jan 94	15	Dec 2018
D Shoombe		Jan 94	15	Dec 2018
D Victor		Jan 94	15	Dec 2018
Epoko Fishing		Jan 98	15	Jan 2017
Golden Horizons	Season Fisheries (33.3%) New Generation (33.3%) New Horizon Fishing (33.3%)	Jan 01 Jan 01 Jan 01	15	Dec 2019
H Kakoro		Jan 94	15	Dec 2018
JA Lawrence		Jan 94	15	Dec 2018
JA Schroeter		Jan 94	15	Dec 2018
Luderitz Pioeneer		Jan 98	15	Dec 2017
Martin's Den Fisheries		Jan 97	15	Dec 2017
Omulunga Fishing		Jan 94	15	Dec 2018
Prim Fishing		Jan 98	15	Dec 2019
R & F O Fishing	Rasco Fishing (50%) F.O.F (50%)	Jan 01 Jan 01	15	Dec 2019
Robert Van Ast		Jan 01	15	Dec 2018
R.P.M.G. Fishing		Jan 98	15	Dec 2017
S Andrews		Jan 94	15	Dec 2018
Seaflower Lobster		Jan 94	15	Apr 2019
Shoremillkol (Pty) Ltd	Kolmanskop (33.3%) Millenium Fishing (33.3%) Shoreline Fishing (33.3%)	Jan 01 Jan 01 Jan 01	15	Dec 2019



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