



# namBiC 2011

NAMIBIAN BUSINESS AND INVESTMENT CLIMATE SURVEY

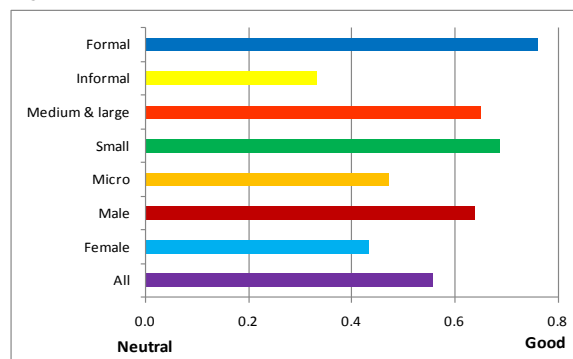
## Summary

The Namibian Business and Investment Climate Survey (namBiC) seeks to provide a reliable tool for rational decision-making for both captains of industries and policy makers. The ultimate goal of the survey is to improve Namibia’s business and investment climate and therefore contribute to economic growth, employment and income generation. For this reason, the Namibian Chamber of Commerce and Industry (NCCI) and the Namibian Manufacturers Association (NMA) have decided to initiate and conduct the namBiC Survey on an annual basis starting from 2009. This is the summary of the second namBiC that was conducted between November 2010 and January 2011. It is based on a sample of 379 companies.

### General economic conditions

- Businesses expect the general economic conditions in 2011 to be more positive than in 2010 and in 2009. The average rating for 2011 stood at 0.56 on a scale from -2 (very poor) to +2 (very good) compared with a rating of 0.3 (2010) and 0.02 in the namBiC 2009.
- The mood to invest is picking up. 31 per cent of companies invested in 2010 in the expansion of their company, but 41 per cent intend to invest in 2011. Almost the same share of companies invested in the replacement of equipment in 2010 (35 per cent) as is planned for 2011 (36 per cent). Relatively few companies show an interest for Research & Development – 11 per cent invested in 2010 and 24 per cent plan investment in 2011.
- There is good news for the labour market. 37 per cent of all businesses indicated that they increased their workforce during 2010 while only seven per cent laid off workers. Even more companies intend to increase the work force during 2011 (51 per cent) and less plan to retrench employees (two per cent)

Figure 1: General economic conditions



### Obstacles to business growth

- Access to and cost of finance remains the biggest obstacle to the majority of respondents, followed by the scarcity of skilled workers.
- Crime and theft poses a challenge for the informal sector (businesses not registered with the Ministry of Trade and Industry) and micro companies (less than five employees).
- The informal sector has to cope with low demand for their products and services, most likely due to the low competitiveness and strong competition in particular in sectors with low entry barriers and hence strong competition.

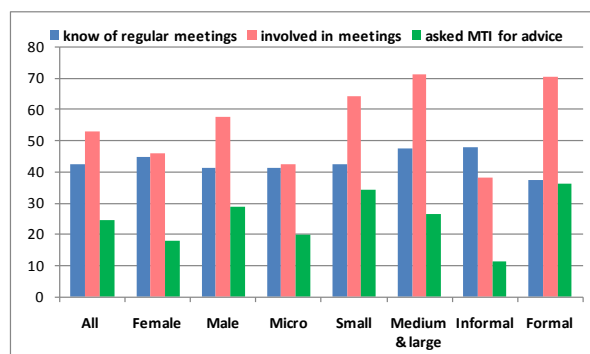
Figure 2: Obstacles to business growth (by business size, ranking)

	1	2	3
All	Access to and cost of finance	Low demand for products and services	Scarcity of skilled labour
Micro	Access to and cost of finance	Low demand for products and services	Crime and theft
Small	Scarcity of skilled labour	Access to and cost of finance	Quality of services delivery by public servants
Medium and large	Scarcity of skilled labour	Labour market regulations	Access to and cost of finance
Informal	Low demand for products and services	Access to and cost of finance	Crime and theft
Formal	Scarcity of skilled labour	Access to and cost of finance	Distance to markets

### Public-private dialogue and public services

- Less than half of all respondents are aware of regular meetings involving the private and public sectors, and a majority of those who are aware of these meetings have attended. Medium and large enterprises have shown stronger interest in the meetings than small or micro businesses.
- Respondents who attended these meetings were generally satisfied with the outcomes. While the formal sector rated its satisfaction with the meetings higher than the informal sector, it felt that the concerns raised in the meetings could have been addressed more effectively.
- Only a quarter of respondents have approached the MTI for advice. Those who ask for advice rated the advice received slightly positive. However, medium and large companies were less satisfied than smaller businesses.
- The rating of the public tender process has improved compared to the 2009, but it is still in the negative indicating that it is not easy to participate.
- Although business people indicated that they have hardly been approached to pay bribes, the rating dropped from 1.6 in 2009 to 1.0 (on a scale of -2 [many times approached for bribes] to +2 [never approached]).

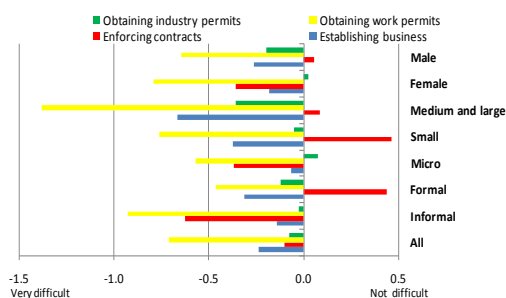
Figure 3: Public-private dialogue and public services



### Regulatory business environment

- **Obtaining industry-specific permits** is perceived as the least challenging regulatory barrier followed by **enforcing contracts**.
- **Medium and large enterprises struggle to obtain work permits** for foreign experts – compounding the scarcity of skilled labour.
- The respondent's rate **establishing a business difficult**. In particular, medium and large companies find it difficult
- One third of all companies indicated that they are in need of serviced land, while four per cent are looking for un-serviced land. However, the process of **obtaining serviced and un-serviced land** is regarded as **difficult to very difficult**.

Figure 4: Regulatory business environment



### Finance

- **Cost of credit** remains a challenge for all businesses, even medium and large enterprises, while providing collaterals is a specific challenge for the informal sector and micro enterprises.
- **Access to credit** is also a matter of size of businesses and formality. Small, medium and large enterprises do not really regard access as difficult, while micro businesses and the informal sector struggle to access finance.

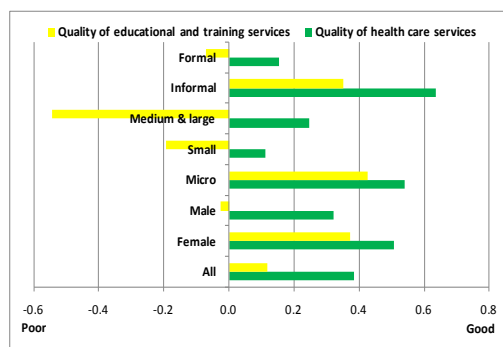
Figure 5: Finance



### Health and education

- The business community is relatively **satisfied with** the provision of **quality health services** in the area where they are located, in particular the informal sector, micro enterprises and women-run companies. Small, medium and large companies are less satisfied with the quality, but rate the quality still as positive. However, it is of concern that the average rating of all companies dropped from 0.74 in 2009 to 0.38 in 2010, which could suggest that the quality of health care provision has declined.
- The respondents are **not satisfied with** the quality of **education** provided in the country. Only the informal sector, the micro businesses and companies operated by women gave it thumbs up. The formal sector is not impressed and in particular medium and large enterprises rate the quality as poor.
- Respondents were asked whether they agree or disagree with the statement that **HIV/AIDS** has a negative impact on their business. Business people in general tend to disagree with the statement. Only respondents from medium and large enterprises agree slightly with the statement.

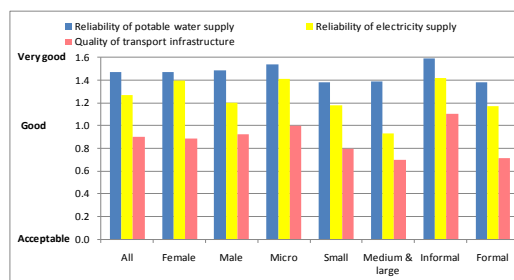
Figure 6: Health and Education



### Infrastructure

- **86 per cent and 94 per cent** of the respondents are connected to **electricity** and **potable water** respectively
- Businesses rate the **reliability** across the board between **good** and very good. Furthermore, the reliability of water supply receives better rating than electricity supply.
- Despite the overall good rating, there are **some regional disparities** that would warrant further investigation. The Kunene region lags behind all other regions in terms of infrastructure. Business people from this region are either not satisfied with the quality or are less satisfied than business people from other regions.

Figure 7: Infrastructure



### Background information and outlook

The **sample** aimed at establishing a reasonable balance of businesses of different sizes, sectors and regions as well as formal and informal businesses. NamBiC 2011 succeeded only to a certain degree owing to the **lack of data on Namibia's total business population**. This will change with namBiC 2012 when the data from the **first National Enterprise/Establishment Census** conducted by MTI will be available.

The full version of this report is available at the **NMA, NCCI and IPPR offices in Windhoek** and can be downloaded at [www.nmanamibia.com](http://www.nmanamibia.com) or [www.ncci.org.na](http://www.ncci.org.na) or [www.ippr.org.na](http://www.ippr.org.na). If you like to find your logo on this publication and become a **Gold- or Silver sponsor of namBiC 2012**, then just contact **Charity Mwiya**: [charity@ncci.com.na](mailto:charity@ncci.com.na).