

# Africa is a Rubik's Cube

*Namibia is Solving the Puzzle*

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**Abstract:** *Africa is a Rubik's Cube: colorful, complex and three-dimensional. The continent is a puzzle whose layers have been twisted and flipped by centuries of political, economic and social strife. This puzzle will not be solved without the coordinated action of many nations, but Namibia has taken a turn in the right direction. Namibia was one of the last countries in Africa to gain its independence. Today it is a leader on the continent due to its stable constitutional democracy, developed infrastructure and progressive economic policies. While addressing the post-colonial issues confronting all sub-Saharan nations, Namibia has set an ambitious course for developing its economy and attracting foreign investment in the future.*

## Namibia

Namibia ("nə-mib'ē-ə") is located on the west coast of Africa north of South Africa. It has a total land area of 318,000 square miles (about twice the size of California) but an estimated population of only 2,031,000 (slightly more than Houston, Texas). The capital city of Windhoek is located in the center of the country. English is the official language, which facilitates business dealings with the United States.



**Namibia**

Namibia has three distinct geographic regions: the deserts along the coast in the west, a central plateau, and expansive savannah grasslands in the north. The Kalahari and Namib deserts are among the most magnificent in the world. The latter has towering sand dunes that shine

golden in the sun, migrate with the wind and slope gracefully toward the sea. The wide open spaces and arid barren terrain of the central plateau contrast dramatically with the flowing grasslands that sweep across the landscape in the north.

Wildlife in Namibia is abundant and incredibly diverse. Etosha National Park is famous for the exotic animals which gather around its salt pans and water holes, including giraffes, elephants, lions, leopards, zebras, rhinoceroses, springboks, oryxes, impalas and many more. Namibia has the world's largest population of cheetahs, and there are tens of thousands of seals and pink flamingos along the coast.

It is blessed with stunning landscapes, peaceful people, rich cultural traditions, exotic wildlife, a balanced democratic government and an incredible wealth of natural resources. At the same time, Namibia is burdened with the legacy of a colonial history and seventy years of apartheid rule, poverty and currently with an HIV/AIDS epidemic.



**Plains Elephant in Etosha National Park**

## History

There are genetic markers in our DNA that record the history of our origins. The DNA from people around the world confirms that we all have roots reaching back to the continent of Africa. After the last Ice Age, the species *Homo sapiens* was on the verge of extinction and survived only in Africa. Then suddenly, about 50,000 years ago, it began to grow rapidly and migrated north to Europe and Asia, eventually populating the entire earth.

We discovered from rock paintings that nomadic tribes roamed the plains of Namibia over 15,000 years ago. In 1486 the Portuguese established the city now known as Luderitz. It developed into a busy seaport where whalers and commercial ships sought refuge and replenished supplies on their voyages around the horn of Africa. The Namib Desert along the coastline was an intimidating barrier that discouraged explorers from venturing inland until many centuries later.

Namibia became the German colony of "South West Africa" in 1890 pursuant to treaties entered into by

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Germany, Britain and Portugal. With the Germans came trade, missionaries and the Lutheran religion. Germany lost its control over the area when World War I began. In 1920, with the approval of the League of Nations, the government of South Africa took control and extended its "whites-only" apartheid policies over Namibia.

In 1960 the South West African Peoples Organization, also known as "SWAPO," began to urge the United Nations to revoke the mandate which granted South Africa control over the region, and by 1966 a guerilla war of independence was being waged to overthrow the apartheid regime in both Namibia and South Africa. The United Nations revoked the mandate of South Africa in 1968 at which time the name "Namibia" was adopted. It refers to the Namib Desert and is translated loosely to mean a bare place, vast arid plain or "area where there is nothing." The United Nations imposed a regional peace plan but the struggle for independence continued for another decade. Independence from South Africa was declared on March 21, 1990, and was followed by free elections for new national representatives. Namibia emerged from its colonial/apartheid history as a constitutional democracy with a free-market economy.

Namibia is not well known in the U.S., largely because for many years it was in the shadow of South Africa. During the struggle for independence the liberation army professed a Marxist ideology; it was supported by troops from Cuba and received weapons and other military support from Communist countries in Eastern Europe. The U.S. was concerned that the movement would establish a socialist government. Although that did not happen, the political and geographic distance from the U.S. also explain why many Americans knew nothing about Namibia until Angelina Jolie and Brad Pitt selected it as the place for the birth of their daughter.

## Government

One of Africa's newest democracies, Namibia is now recognized as one of its most successful democracies. The structure of the federal government is similar to that of the U.S. There are three branches: executive, legislative and judicial. There is a bicameral legislature consisting of the National Council and the National Assembly. The president is elected by popular vote for a five-year term. He appoints a prime minister and a cabinet, which may be dissolved by a "no confidence" vote of the National Assembly. The judicial



Official Coat of Arms of Namibia

branch includes a Supreme Court whose judges are appointed by the president. Roman-Dutch law is the common law in the country.

The Constitution forms the legal backbone of the nation. This unique and progressive document reflects the compassion and humanity of the Namibian people, their determination to preserve the natural beauty of their country and their commitment to protect foreign investment. It contains a variety of provisions which contribute to the long-term political and economic stability of the country, making it more

attractive to foreign investors. It recognizes many of the rights cherished by our forefathers in the U.S., including the freedom of speech and religion and the right to representation by counsel at a speedy and impartial trial. It prohibits the death penalty, establishes special rights for women and children and recognizes the family as the "natural and fundamental group unit of society." International non-alignment is mandated and a national ombudsman is authorized to independently investigate any misconduct of governmental officials or any "degradation or destruction of ecosystem and failure to protect the beauty and character of Namibia." This is the only constitution in the world that acknowledges the importance of protecting the environment.

Representatives for the government in Namibia are among a new generation of leaders in Africa who understand the importance of a stable political and economic environment and are committed to work with foreigners and actively seek private investment.

## Real Estate Investment

In the U.S., the government cannot take privately owned land except for public purposes pursuant to the eminent domain process and compensation is required for the landowner. All people in Namibia, including foreign investors, have similar protections. Article 16 of the Constitution of Namibia grants unto every person the right to acquire, own and dispose of property. The government may expropriate property only if it is in the public interest and just compensation is paid. In Namibia, unlike Zimbabwe and some other African nations, the foreign ownership of real estate is protected.

The Foreign Investment Act was adopted in 1990 and provides additional protection for foreign investors, who may engage in any business activity in which a Namibian may engage. Except for businesses relating to natural resources (i.e., uranium, diamonds and agricultural farm land), there is no requirement that the

government or any Namibian hold an interest in the business. The availability of foreign currency is assured for the repayment of foreign loans, distribution of dividends and the transfer of profits out of Namibia. The Foreign Investment Act also confirms that the constitutional protection against expropriation without just compensation benefits foreign investors, too.

Namibia is a member of other international organizations that make foreign investments more secure, such as the Multilateral Investment Guarantee Agency of the World Bank which provides protections against breaches of contract, civil disturbance and war, expropriation and the inability to convert or transfer currency.

### Business Environment

Namibia is recognized for its favorable business environment by a variety of international organizations. It is ranked fourth out of 40 sub-Saharan countries according to the Index of Economic Freedom, produced by the Heritage Foundation and *The Wall Street Journal*. They stated that "Namibia enjoys high levels of business freedom, trade freedom, labor freedom, financial freedom and monetary freedom."

The Mo Ibrahim Foundation recently announced a comprehensive ranking of sub-Saharan nations according to governance quality and assessed national progress in the areas of safety and security, rule of law, transparency and corruption, participation and human rights, sustainable economic development and human development. It ranked Namibia seventh out of 48 sub-Saharan countries.

The Resourcestocks World Risk Survey ranks countries for the mining industry based on the risk of doing business. This year it ranked Namibia as second for safety, behind only Sweden. The high ranking of Namibia reflects the low crime rate and other positive characteristics about the country which should reassure foreign investors.

The annual review of the International Monetary Fund reports that "Namibia has recorded robust growth, falling inflation, a substantial current account surplus, and low external indebtedness over the past two years."

At the request of the government in Namibia, the Foreign Investment Advisory Service, a joint entity of the International Finance Corporation and the World Bank, analyzed the investment legislation, incentives and institutions of Namibia. It issued a report on December 14, 2006 with recommendations noting that Namibia, with its political stability and developed infrastructure, has a good overall investment climate and its economy ranks favorably compared to other emerging economies in sub-Saharan Africa. The

Ministry of Trade and Investment in Namibia is reviewing these recommendations and has reaffirmed its commitment to economic growth and to taking steps to encourage more foreign investment in the future, including the lowering of corporate tax rate.

### Infrastructure

The infrastructure in Namibia is considered among the best in Africa, based on the quality of its telecommunications system, road network, railways, seaports and airports.

The east-west road system in Namibia connects the landlocked interior of the continent to the prized seaport at Walvis Bay. The north-south road system provides a transport corridor between South Africa and Angola, a demanding market for goods and services in the region, and other countries to the north.

The world-class deep seaport at Walvis Bay is located strategically on the shipping routes between the Americas and Europe. It has been designated an "export processing zone" for which investors are provided special incentives such as exemption from export taxes. Walvis Bay provides a reliable and cost-effective port for imports and exports.

Hosea Kutaka International Airport, near Windhoek, is an international gateway for Namibia. It handles over 510,000 passengers annually and offers daily connections to cities around the world. In preparation for the 2010 World Cup in South Africa, the Walvis Bay Airport is being upgraded to international standards with a longer and wider runway, state-of-the-art air-traffic-control technology and a modern lighting system. It is anticipated that this expanded airport will accommodate Boeing 747 and Airbus 380 aircraft and will be a



Resort Community of Swakopmund



**Downtown Windhoek**



**Old German Shops in Swakopmund**

refueling stopover for intercontinental flights, in addition to serving visitors from overseas.

Namibia has relied on South Africa for much of its electrical power in the past. As South Africa consumes more electricity, it has less to export. Accordingly, Namibia is planning for the future by importing electricity from other countries, expanding its own existing power-generation facilities and developing alternative energy sources that rely upon the natural resources of wind, water, coal and gas. There already is an operating wind turbine at Walvis Bay, connected to the national grid. It is also pursuing construction of a gas-to-power station that will tap the offshore reserves in the Kudu gas field, and it is moving forward toward construction of a hydroelectric power generation facility near Erupa Falls. A new 400-megawatt coal electrical power-generation facility is also planned for Walvis Bay.

Plans are being pursued to construct near Swakopmund the first large-scale desalination plant in Namibia, which will produce annually over 65 million cubic yards of potable water. Global concerns about climate changes and swelling oil prices have created a renewed interest in uranium as an alternative energy source. Water is required to extract uranium from ore, and this new facility will support the booming uranium industry in addition to providing drinking water to the population.

Other critical state-of-the-art infrastructure is being pursued, as evidenced by the extensive investment in digital communications systems and mobile phone capabilities. The key geographic location of Namibia and its investment in infrastructure will attract new businesses in the future.

## **Economy**

Colonists sought natural resources for export to Europe. Although colonial rule is gone, there is still a post-colonial economic model in Namibia characterized by little manufacturing and a heavy reliance on the extraction of natural resources for export around the world. The driving force behind the economy is the mining and processing of minerals and other natural resources.

Namibia is the fifth-largest producer of uranium and the fourth-largest exporter of nonfuel minerals in the world. It is rich with other natural resources including copper, tungsten, gold, silver, gem-quality diamonds, offshore natural gas, lead, salt and zinc. China and other countries in Asia have rapidly become more urban and industrialized, causing a surge in the global demand for natural resources. This demand has embraced Namibia and will reinforce and strengthen its economy for decades.

Agricultural exports, fish and tourism are other important components of Namibia's economy. Agricultural exports are primarily meat from cattle. Quantities of fish and other marine products are exported in both fresh and processed form. The incredible landscapes, exotic animals and rich cultural traditions of the people assure that the already robust tourism industry will continue to grow.

The infrastructure and economies of South Africa and Namibia resemble developed nations more than other sub-Saharan nations. For historical reasons, they are intertwined. The exchange rate in Namibia is anchored to the South African rand which provides stability and controls inflation. Namibia's close relationship with South Africa today makes it more appealing for foreign investment.



Namibia has recognized the importance of regional integration to development of its economy. It is an active member of regional organizations such as the Southern Africa Development Community, and has established customs and duty-free trade relationships with many of its neighbors. Most goods produced in Namibia have duty-free access to the European Union and access to the U.S. under the generalized systems of preference. A series of treaties with Angola were signed recently; and further regional integration is planned, such as the combination of the Skeleton Coast National Park in Namibia with the Iona National Park in Angola, thereby creating a single area that will promote tourism in the region. Namibia is a leader in regional integration, which builds on the varying strengths of different nations and makes all the participants stronger and more competitive in the emerging global marketplace.

The U.S. is increasing its financial aid to Namibia. According to the recent testimony given by Dennise Mathieu, Ambassador Designate to Namibia, before the U.S. Senate Committee on Foreign Relations, funding for Namibia pursuant to the President's Emergency Plan for AIDS Relief will increase to \$104 million in 2008. She also stated that the "Millennium Challenge Corporation compact agreement . . . could lead to the investment of approximately \$275 million that would positively transform the Namibian agricultural, tourism and educational sectors." New sources of foreign aid, from the U.S., Germany and other countries, are already helping Namibia to address problems which have impeded its economic development in the past.

Some international fund managers now view sub-Saharan Africa as an investment opportunity and have established funds for specific countries in the region. These funds are attractive to many investors not only because of the general economic growth in the area, but also because the markets and currencies in the region are not tied to those in the West and therefore provide greater diversification and balance to investment portfolios.

### **Economic Development**

Like all other sub-Saharan nations, Namibia is challenged by its colonial history, and by disease and poverty. Unlike many other nations, Namibia is taking decisive steps to do something about it.

The HIV/AIDS epidemic in Namibia has hit working-age adults the hardest, and the impact is exacerbated by the relatively small population of the country. Education, intervention, medical treatment and

improvement of the standard of living are essential. The health crisis is addressed openly in Namibia and programs are being pursued aggressively to treat existing AIDS patients and prevent future HIV infections.

Unemployment is a problem in Namibia as in other sub-Saharan nations. Since independence and the abolition of apartheid in 1990, it has made great strides toward development of a trained workforce. The Polytechnic of Namibia and the University of Namibia are respected institutions of higher education where more students are taking math and science courses. Technical training and the level of vocational training increase in response to industry demands. The education gap is closing and a higher-educated and trained workforce is emerging.

Namibia is committed to building on its existing strengths and diversifying its economy to include more manufacturing and retail businesses. Growth in the manufacturing sector will create jobs and stimulate businesses that support those activities, ripple through the economy and cause growth in other areas, including the retail sector. Diversification is critical to growth of the economy, and Namibia is proactive in providing financial and other incentives for the foreign investment necessary to make it happen.

Diversification and economic growth are a circular process. Jobs create personal income, better income produces greater demand for goods and services and that demand contributes to diversification which creates more jobs. Education and training of a qualified workforce support the process and foreign investment accelerates the speed at which it occurs.

Namibia has adopted "Vision 2030," which is its long-range plan for national development. The objectives listed in Vision 2030 address not only what it seeks to achieve (i.e. "transformation of Namibia into a knowledge-based, highly competitive, industrialized and eco-friendly nation") but also what it is committed to becoming (i.e. "a fair, gender responsive, caring and committed nation, in which all citizens are able to realize their full potential, in a safe and decent living environment"). This concern regarding the impact of governmental actions on people is a reoccurring theme in Namibia and is the national compass that keeps governmental programs on course.

More information pertaining to investment opportunities in Namibia may be obtained through the Ministry of Trade and Industry website ([www.mti.gov.na](http://www.mti.gov.na)).



### Solving the Puzzle

Africa is an enormous continent. Its many countries have incredibly diverse histories, political environments and economies. For those who know little about Africa, their impressions may be formed by sensational images on television of starvation, war and brutality. While those problems have existed for centuries at different times in different parts of the continent, and continue to exist today in some regions, they do not exist everywhere. Limited knowledge about Africa can lead to stereotypical attitudes that unnecessarily discourage

foreign investment in a stable and safe nation such as Namibia.

During a recent address in Namibia, South African President Thabo Mbeki said that "Africa's time has come, the 21<sup>st</sup> century becomes an African century . . . a continent free from poverty and disease and defined by peace, security, development and prosperity." For that to happen, there must be greater knowledge about nations such as Namibia and existing opportunities for foreign investment.

Africa is a Rubik's Cube, but Namibia is solving the puzzle.

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His professional memberships include the American Bar Association, the International Council of Shopping Centers and ULI – The Urban Land Institute. He serves on the Editorial Board of *Shopping Center Legal Update*, a publication of the International Council of Shopping Centers. Mr. Snively is admitted to practice before the Illinois Supreme Court (1975), the Florida Supreme Court (1980) and the Supreme Court of the United States (1980). Mr. Snively holds the highest rating assigned by Martindale-Hubbell and is listed in *Who's Who in America*, *Who's Who in American Law*, and *Who's Who in the Southeast*. After receiving his B.A. at the University of Illinois in 1971, where he was a member of Phi Beta Kappa, he earned his J.D. at the University of Illinois College of Law in 1975. He is the author of numerous articles, including "Bankruptcy Threatens Leasehold Mortgagee," appearing in *Shopping Center Legal Update*, the Legal Journal of the Shopping Center Industry, International Council of Shopping Centers (Spring 1999).

Mr. Snively serves as Honorary Consul for the Republic of Namibia in the State of Florida. On August 20, 2007, he was commissioned by Honorable Marco Hausiku, Minister of Foreign Affairs, based on the instruction of His Excellency Mr. Hifikepunye Pohamba, President of the Republic of Namibia. He is the founder of Scholarships for Namibia, Inc., a 501(c)(3) organization that provides scholarships for students who work as surveyors, land planners and land managers with the government in Namibia in furtherance of the national resettlement program. Its website is [www.scholarshipsforNamibia.org](http://www.scholarshipsforNamibia.org).