



Namibia Savings & Investment Association

# Newsletter

Issue 34, December 2023

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# Editorial from the Secretariat

Written by: **Jason Hailonga**



Dear Members,

As we approach the close of another year, I find it both an honor and a responsibility to reflect on the challenges and triumphs we've experienced in the savings and investments landscape, both globally and locally. The financial industry is, undoubtedly, a dynamic and ever-evolving space, and 2023 has been no exception.

On the global front, economic dynamics have been tumultuous, with central banks worldwide responding to inflationary pressures by hiking rates throughout the first half of the year. Our neighbors in South Africa faced multiple challenges, including energy shortfalls, grey listing concerns, and geopolitical tensions. These factors triggered significant sell-offs and led to a historic depreciation of the Rand. However, against this backdrop, the Namibian market has proven its resilience. The NSX Local Index has provided an impressive 37.04% year-to-date return, showcasing the strength of our local capital markets.

Locally, the Namibian economy has exhibited robust growth, expanding by 7.2% in Q3 '23. The revision of Q2 '23 growth from 3.7% to 5.5% further underscores the positive trajectory. This growth is particularly significant for our members in the financial and insurance services sector, as we've witnessed the first positive quarter after four consecutive contractions. Both banking and insurance services contributed to this positive trend, with the insurance industry experiencing growth fueled by increased premiums written. These developments are encouraging for our members and demonstrate the vital role our industry plays in driving economic prosperity. From NaSIA's perspective, it's crucial to acknowledge the regulatory challenges we faced throughout the year. The delayed implementation of the Financial Institutions and Markets Act (FIMA) for yet another year has posed uncertainties for our industry. The potential grey listing by the Financial Action Task Force (FATF) and the short timelines granted by NAMFISA for comments on gazetted standards have added to the complexities. NaSIA recognizes the importance of addressing these challenges head-on.

We have actively engaged in cementing our relationship with NAMFISA, particularly as we navigate the uncertainties presented by FIMA. Collaborative efforts with NAMFISA, such as the typology report on third-party payments and negotiated extensions of timelines for unclaimed financial assets and recently gazetted CIS standards, showcase our commitment to protecting the interests of our members. The Technical Committees continue to play a pivotal role in addressing industry issues, and I urge all members to ensure their entities are well represented on these committees.

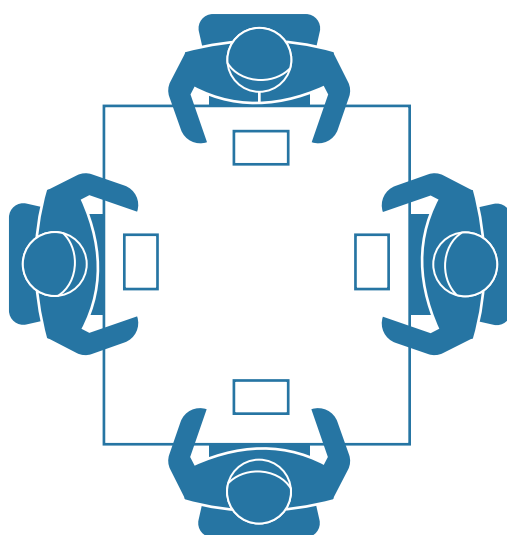
As we stand at the threshold of a new year, NaSIA remains steadfast in its commitment to

being the voice for the industry. We will continue providing platforms for members to address key concerns and strengthen relationships with key stakeholders. The year ahead may bring new challenges, but with a united front, we are well-equipped to overcome them.

In closing, I want to express my gratitude for your continued support and participation. Together, we will navigate the complexities of our industry, advocate for a favorable regulatory environment, and contribute to the sustained growth of Namibia's savings, insurance and investments industry.

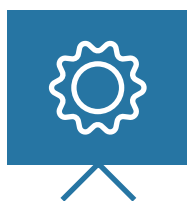
Wishing you all a joyous festive season and a prosperous New Year

# 1. Upcoming Meetings



Please take note of the following committee meeting dates ( first round):

Month	Meeting Subject
6 Feb 2024	Transformation, Skills Development and Education Committee
8 Feb 2024	Research and Economic Savings Policy Development Committee
13 Feb 2024	Market Conduct Committee
15 Feb 2024	Investments Committee
20 Feb 2024	Insurance Committee
22 Feb 2024	Legal and Technical Committee



## 2. Upcoming Courses

### > 2.1 Short Courses

No	Course Name	Date	Time & Venue	Price Inc VAT
1	UCT Collective Investment Scheme (CIS) Short Course	13-19 March 2024	08h30-16h30 (Face to Face)	R20,750 + VAT
2	UCT Investment Management Administration & Client Servicing (IMACS) Short Course	13-19 March 2024	08h30-16h30 (Face to Face)	R20,750 + VAT
3	UCT Life Insurance Claims Assessors' Short Course	14, 21, 28 February 2024 6, 13, 20, 27 March 2024 3, 10, 17, 24 April 2024	08h30-16h30 (Online)	R30,750 + VAT

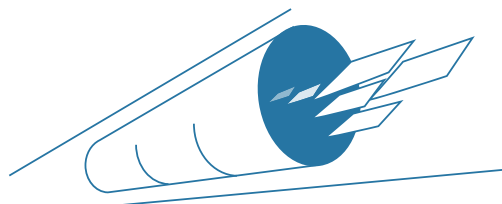
### > 2.2 Blitzcamp

No	Course Name	Date	Time & Venue	Price Inc VAT
1	Investment Management Overview Blitzcamp	21 February 2024 23 April 2024	08h30-16h30 (Face to Face: Johannesburg)	R3,200 + VAT
		28 February 2024 9 April 2024	08h30-16h30 (Face to Face: Cape Town)	R3,200 + VAT
2	Financial Services Overview Blitzcamp	20 February 2024 22 April 2024	08h30-16h30 (Face to Face: Johannesburg)	R3,200 + VAT
		27 February 2024 8 April 2024	08h30-16h30 (Face to Face: Cape Town)	R3,200 + VAT

## 3. Submissions done

No submission was made during the month November 2023.

## 4. In The Pipeline

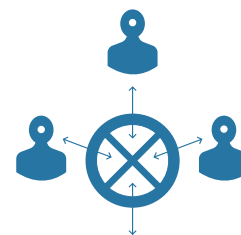


**NaSIA is currently working on research papers that seek to achieve the following objectives:**

**a) ESG and Sustainable Investment** - The topic of ESG is widely gaining momentum and different global bodies such as the European Financial Reporting Advisory Group (EFRAG), The Global Reporting Initiative (GRI), The International Sustainability Standards Board (ISSB), The United Nations Development Program, are at the forefront of developing standards and frameworks in an attempt to enable businesses and organizations report (in a transparent manner) their impact in countries and societies in which they operate. On 26 June 2023, the ISSB launched IFRS S1 and IFRS S2, all aimed at standardising and harmonising ESG reporting and disclosure across various jurisdictions. Quite frankly, most of these standards are being pushed by the “global north” onto the “global south”, and not much consideration has been given to unpack them in the context of country-specific circumstances and capital markets. As a proactive industry body, NaSIA embarked on this journey with various stakeholders (such as the NSX) with the ultimate goal of coming up with (albeit voluntary) two frameworks, (1) for companies (whether listed or not) that want to enhance their disclosure in order to attract ESG focused investors, (2) for asset owners (and indirectly asset managers) that want to incorporate ESG considerations in their investment strategy or portfolio construction. These engagements are on-going and will take time to finalize, given the ever-changing ESG landscape. This is a long-term project for the NaSIA Investment Committee and will likely be on the agenda through to 2024.

**b) Contribution of the Life Insurance and Asset Management Industry to State Revenue** – To provide NAMRA with a comprehensive picture of how the Namibian Insurance and Asset Management industries operate as well as their contribution to state revenue. The research emanated from a request by NAMRA following a courtesy visit by NaSIA held on 11 November 2022. The aim of which is to fortify and maintain a positive stakeholder relationship with the policy maker and tax authority. The research was canvassed at and given approval by the NaSIA Insurance Committee and later endorsed by the Board on November 30, 2023. A meeting was held with Oscar Capelao, the Deputy Executive Director: Economic and Tax Policy at Ministry of Finance and Public Enterprise (MFPE) (‘the Tax Policy Unit), on 07 December 2023, to discuss urgent and pressing issues facing the industry on taxation. Detailed update is under stakeholder engagements, below.

## 5. Committee Meetings (Final Round)



Committee	Date of Engagement	Gallery
Market Conduct Committee	7 Nov 2023	<p>Most active member: Ms. Almarie Bartsch</p> 
Research and Economic Savings Policy Development Committee	10 Nov 2023	<p>Most active member: Mr. Malcolm Husselmann</p>  
Legal and Technical Committee	14 Nov 2023	<p>Most Active member: Mr. Mathys Du Preez</p> 



Committee	Date of Engagement	Gallery
Insurance Committee	17 Nov 2023	<p>Most active member: Ms. Grace Mohamed</p> 
Investments Committee	22 Nov 2023	<p>Most active member: Mr. Basson Van Rooyen</p> 
Transformation, Skills Development and Education Committee	28 Nov 2023	<p>Most active member: Yamillah Katjirua</p> 

## 6. Stakeholder Engagements

Stakeholder	Date of Engagement	Key Outcomes
Bank of Namibia “BoN”- Exchange Control (“Excon”) Limits	20 Nov 2023	<ul style="list-style-type: none"> <li>NaSIA and the Bank of Namibia “BoN” held a meeting on the 20th of November 2023. This meeting was a follow-up to the initial discussion held on April 28, 2023, subsequent to NaSIA’s submission to BoN (23 January 2023) <b>RE: THE NEED TO INCREASE THE PRESCRIBED ASSET CLASS LIMITS ON FOREIGN PORTFOLIO INVESTMENTS.</b> The initial meeting agreed that some of NaSIA members may still need to submit additional information on (a) Which foreign mix an investment manager would sit on, from a risk and return perspective that is optimal, (b) The return of the offshore stock market vs South Africa (over an extended period of time), and (c) How South Africa has shifted their monthly asset allocation since the change in regulation, so as to allow the BoN to have the “full picture” when making a final decision.</li> <li>The BoN also requested the industry to justify their request for an increase in the offshore limit to 45%, considering that the industry is still below the current 35% average.</li> <li>Upon reviewing the information presented to them (by NaSIA) and considering Common Monetary Area (CMA) factors (where other CMA countries cannot be more liberal than South Africa), the BoN has decided to raise the prescribed asset class limits on foreign portfolio investments from 35% to 40%. BoN promised to issue the official circular before the end of the year.</li> <li>BoN further indicated that they will monitor the impact of this adjustment on industry portfolios going forward. Additionally, the BoN clarified that the 40% allowable limit encompasses the offshore components collectively (i.e. no separate allocation for Africa). Instead, the discretion on where to allocate the 40% is left to the Asset Manager.</li> <li>The BoN will also have regard to the forward-looking information (that they had requested industry to submit) and consider reviewing at the 40% in future, should circumstances necessitate it.</li> </ul>


Stakeholder	Date of Engagement	Key Outcomes
Bank of Namibia “BoN”- Exchange Control (“Excon”) Limits	20 Nov 2023	<ul style="list-style-type: none"> <li>The Bank of Namibia (BoN) will arrange a meeting with the Namibia Financial Institutions Supervisory Authority (NAMFISA) to apprise them of the proposed change and assess whether some changes may need to be made on the NAMFISA returns (that currently require information on the “Africa allocation”).</li> <li>NaSIA will however also engage NAMFISA, once the official circular is released.</li> </ul>
NIPDB- STED Workshop	30 Nov 2023	<p>NaSIA was invited to take part in the consultative workshop that brought together Heads of Government and ministries, government agencies, heads of private sector, civil society, education and training institutions and unions.</p> <p>STED is an approach developed by the International Labour Organization (ILO) to address the challenges of skills development and workforce capacity building in the context of economic diversification and trade. It is designed to help countries and regions develop the necessary skills and competencies among their workforce to adapt to changing economic conditions, particularly those driven by globalisation and international trade. The workshop was intended to achieve the following outcomes:</p> <ul style="list-style-type: none"> <li>Understand STED and the methodology behind it;</li> <li>Appreciate why STED is important for the country;</li> <li>Understand the roles of various stakeholders in supporting the process;</li> <li>Appreciate how STED has evolved in other countries;</li> <li>Obtain buy-in and support of the stakeholders in driving this key process</li> <li>Establish National Sector Committees and Governance Structure</li> <li>Identify National Economic Sectors and priorities</li> </ul> <p>The workshop was important in providing participants with a comprehensive understanding of the STED methodology and its significance for the country. By exploring the roles of various stakeholders and examining how STED has been implemented in other countries, participants were able to gain valuable insights and knowledge to drive this key process effectively.</p>

Stakeholder	Date of Engagement	Key Outcomes
BoN, NAMFISA, Ministry of Finance “MoF”, Ministry of Industrialisation and Trade “MIT” and relevant stakeholders- Namibia Financial Sector Strategy (NFSS)	30 Nov 2023	<ul style="list-style-type: none"> <li>The draft Namibia Financial Sector Transformation Strategy (“NFSTS”), is aimed to continue (i.e. Phase II) from where the previous Namibia Financial Sector Strategy (NFSS), which ran from 2011 to 2021, stopped.</li> <li>The NFSS was developed to address the weaknesses in the Namibian financial system. Furthermore, the NFSS aimed to create a more resilient, competitive, and dynamic financial system with best practices in order for the sector to realize its full potential in terms of contributing to economic growth and achieving socioeconomic objectives such as poverty reduction and wealth creation.</li> <li>Some of the key weaknesses from the NFSS include (amongst others); Shallow financial markets, limited competition, limited safety nets, underdeveloped capital markets, inadequate and less effective, limited access to financial services and low financial literacy.</li> <li>The previous strategy would have been achieved if the following features were observable in the financial sector in 2021: a) a deepened, an efficient and developed financial system; b) respected, world class and effective regulators; c) a stable, well-regulated, and competitive financial sector; d) significant local ownership of financial institutions; e) an inclusive financial sector; and d) financially literate and protected consumers of financial services and products.</li> <li>The draft NFSTS, on the other hand, aims to address the remaining shortcomings that emanated from the previous NFSS and also incorporates contemporary temporary domestic and global developments such as digital transformation, climate change and also green industrialisation.</li> <li>The NFSTS consist of six pillars, each having its own strategic focus areas and objectives. The six pillars are: <ol style="list-style-type: none"> <li>1. Financial Sector Development for Growth and Sustainability</li> <li>2. Financial Access, Literacy and Protection</li> <li>3. Digital Transformation and Innovation</li> <li>4. Financial Sector Localization</li> <li>5. Skills and Capacity Development and</li> <li>6. Strengthening and Modernising the Regulatory Environment.</li> </ol> </li> </ul>

Stakeholder	Date of Engagement	Key Outcomes
BoN, NAMFISA, Ministry of Finance “MoF”, Ministry of Industrialisation and Trade “MIT” and relevant stakeholders- Namibia Financial Sector Strategy (NFSS)	30 Nov 2023	<ul style="list-style-type: none"> <li>BoN acts as the current Secretariat for the NFSTS, and spearheading its implementation.</li> <li>The current deadline for input into the NFSTS is 15 January 2024.</li> </ul> <p>After all inputs have been collated, the draft NFSTS will be reviewed by the Financial Sector Advisory Body. The NFSTS will thereafter be launched after adoption by the Financial Sector Development Council comprised of amongst others: Ministry of Finance, National Planning Commission, Bank of Namibia, NAMFISA and Ministry of Industrialisation and Trade.</p>
NaSIA, NAMIFISA, Public Accountants and Auditors Board of Namibia “PAAB”, Institute of Chartered Accountants of Namibia “ICAN”, and the Society of Actuaries of Namibia “SAN”- IFRS 17		<ul style="list-style-type: none"> <li>Representatives from NaSIA, NAMIFISA, PAAB, ICAN, and SAN met on the 1st of December 2023 to discuss the implementation of IFRS 17 Insurance, and how we can work together to ease the transition for regulatory reporting in 2023.</li> <li>NAMFISA indicated that they seek to redesign the draft chart of accounts to accommodate various measurement models under IFRS 17. They will provide a list of information that they will require (from industry) for prudential supervision, which will not necessarily be aligned to IFRS 17.</li> <li>Prudential supervision will necessitate regulated entities to submit supplementary information (i.e separate assurance) not produced by IFRS 17. “Assurance”, in this case, may take the form of a normal “agreed-upon procedure” or “review” by auditors to ensure the accuracy and completeness of the GWP number and other qualitative information not disclosed under IFRS 17.</li> <li>Currently, NAMFISA requires entities to report on IFRS 4 and will communicate details of when hybrid reporting under IFRS 17 will commence, in due course.</li> <li>Regarding their official position on IFRS 17; NAMFISA plans to send out an official communication, that also sets out additional information they would require, assurance types, and timelines before the December holiday break.</li> <li>NAMFISA also aims to finalize and workshop the reporting template with the industry in due course.</li> </ul>

Stakeholder	Date of Engagement	Key Outcomes
NaSIA and Ministry of Finance and Public Enterprise- Tax Policy Unit Meeting	7 Dec 2023	<p>NaSIA (Secretariat and members) had a meeting with Oscar Capelao, the Deputy Executive Director: Economic and Tax Policy at Ministry of Finance and Public Enterprise (MFPE) (‘the Tax Policy Unit), to discuss urgent and pressing issues facing the industry on taxation. As a way of introduction, Mr Capelao has indicated that the Economic Policy department at the Ministry is responsible for mobilising domestic taxes (what can be done to increase the tax base) and ensuring that there is tax competitiveness in the country (a balancing act). The following issues were discussed during the meeting focused on the following issues:</p> <p><b>a. Internship Incentives</b>-The Ministry is in the process of introducing a tax incentive for internships of up to N\$ 50,000. Oscar Capelao have indicated that this will be a cost sharing mechanism aimed at enhancing the quality (i.e. employability) of graduates through opportunities that private sector can provide. The N\$50,000 deduction is therefore an additional incentive for employers to take on more graduates. To ensure that the provision is not abused, entities will be required to register directly with the MFPE, in order to be eligible for the deduction. Entities whose internship programs are vetted by other professional bodies (i.e. engineering council, health professions council etc.) will automatically be eligible and will not need to apply separately to MFPE. He further indicated there will be an amendment to section 17 of the Income Tax Act, 1981 (Act No. 24 of 1981) to allow for this.</p> <p><b>b. Stamp Duty Act</b> – NaSIA representatives wanted to understand what the future of Stamp Duty is in Namibia considering that only a few tax regimes in the world still have it. Moreover, NaSIA raised the many challenges faced with digitalization and electronic Stamping by insurance companies. Oscar Capelao indicated that he understands the frustrations that the industry is facing also considering the fact that the Stamp Duty Act is an old piece of legislation which has not evolved with changing times. Oscar also indicated that this issue has been raised by other industry bodies as well. However, ultimately what is more important to the tax man is that the duty (that is due) has been paid. The “form” it takes should therefore not really be an issue. Ultimately the law must allow for entities to operate digitally and seamlessly. While considerations are on the table to review and or do away with Stamp Duty, the ministry will likely keep it for property transactions. In conclusion, Oscar indicated that industry will get a chance to give its input into the “new” stamp duty act.</p>



Stakeholder	Date of Engagement	Key Outcomes
NaSIA and Ministry of Finance and Public Enterprise- Tax Policy Unit Meeting	7 Dec 2023	<p><b>c. Insurance Industry Taxation-</b> As indicated in the midterm budget review, the ministry intends on revising the tax for insurers. According to Oscar, the Income Tax for the insurance industry is archaic. The intention is not to target insurance premiums but rather “shareholder” funds. Oscar gave a scenario that if you take two investors, one in an insurance company and another one in another industry, their final tax (as shareholders) should look similar. This is unfortunately not the case, as the effective tax rate of investors/shareholders in insurance companies is much less (i.e. even lower than individuals who are on the lower end of the individual tax bracket of 18%). This is not tenable. Further, they aim to introduce simple tax calculations to simplify the process. Oscar indicated that they are also consulting the International Monetary Fund (IMF), African Union (AU), South African Revenue Service (SARS), and other international bodies to ensure that the outcome of this exercise is aligned to best practice, both within the region and beyond. The exercise is therefore supported by research.</p> <p><b>d. Reintroduction of the Industry Tax Committee-</b>The Ministry agreed on the reintroduction of the industry tax committee meeting.</p> 

Stakeholder	Date of Engagement	Key Outcomes
NIPDB Investment Policy Working Committee	7 Dec 2023	<p>This was the final committee meeting of the year. An update was given on various law which amongst others includes:</p> <ul style="list-style-type: none"> <li>• <b>The Investment Promotion and Facilitation Bill</b> - The Ministry of Industrialisation and Trade is still busy working on the policy as well as the regulations that will accompany the Bill.</li> <li>• <b>Data Protection Bill</b> - The Ministry of Information Communication Technology is in the process of mobilizing the resources to develop regulations to accompany the Bill.</li> <li>• <b>Migration Bill</b> -The second draft will be provided for industry to make input before mid- January.</li> <li>• <b>Corporate Law Reform</b> -The latest feedback received is that the bill will soon be shared with stakeholders for input.</li> </ul> 



Stakeholder	Date of Engagement	Key Outcomes
NaSIA and DBN Meeting	12 Dec 2023	<p>The Development Bank of Namibia (DBN) had a stakeholder consultation with NaSIA to discuss the implementation and alignment of their goals and objectives with their 5-year strategy. The following inquiries served as the starting point for the discussion:</p> <ul style="list-style-type: none"> <li>• How does NaSIA perceive DBN?</li> <li>• What should be the mandate of DBN?</li> <li>• What are the kinds of projects DBN should be involved in?</li> </ul> <p>NaSIA was represented by NaSIA CEO Jason Hailonga, NaSIA Senior Policy Analyst Dr. Meameno Johannes, NaSIA Investments Committee Chair Birte Schneider, and NaSIA Transformation Committee Chair Tega Shiimi ya Shiimi.</p>



**MERRY**  
*Christmas*

*May the magic of the season fill your heart with  
joy and love*

# NaSIA

Namibia Savings & Investment Association

Namibia Savings and Investment Association (“NaSIA”) is incorporated as a not-for profit company and represents the interest of its members; financial institutions such as unit trusts companies, investment managers and long-term insurers. NaSIA’s strategic purpose and mandate is to continue to strengthen relationships with key stakeholders and to remain a trusted partner to these stakeholders in the financial services industry. NaSIA has been tasked with ensuring that as a collective the industry remains relevant and sustainable.

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