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Chamber of Mines Position on Namibia's Performance in the 2023 Fraser Institute Annual Survey of Mining Companies

The 2023 Fraser Institute Survey of Mining Companies reported that Namibia's position on the overall Investment Attractiveness Index (IAI) deteriorated by 3 points from 59 in 2022 to 56 in 2023. On this index, Namibia was ranked 42 out of 86 jurisdictions surveyed, compared to 38 out of 62 jurisdictions in 2022.

In the African context, Namibia ranked 4th out of 22 African jurisdictions surveyed on overall investment attractiveness, compared to 6th out of 16 jurisdictions surveyed in 2022.

"While we can be proud that Namibia is still one of Africa's more favourable destinations, ranking 4th, it is concerning to note that our score has deteriorated by three points on the absolute score and also on our global rankings. This shows that Namibia can do better with regards to mining policy and regulatory matters," said the Chamber of Mines President, Mr. Zebra Kasete.

The IAI measures a country's overall competitiveness and combines the Policy Perception Index (PPI) and the Best Practices Mineral Potential Index. The PPI carries a weighting of 40% and the Best Practices Mineral Index carries a weighting of 60%.

The decrease in Namibia's IAI score was due to the decline on the Best Practices Mineral Index and the Policy Perception Index respectively.

The Best Practices Minerals Potential measures a country's mineral attractiveness which is rated assuming a perfect regulatory and policy environment. Namibia's score on this index fell from 54 in 2022 to 49 in 2023 (5 points). The index is based on the perceptions of respondents and the decline in Namibia's Minerals Potential Index can be attributed to competing jurisdictions being ranked more favourably.

The policy Perception Index measures a country's attractiveness of its mining policies and regulations. Namibia's performance on this index dropped from 69 in 2022 to 68 in 2023 (one point). As cited by respondents in the survey, the contributing factors to this decline were related to "*Exploration companies mandated to incorporate local ownership,*" and "*The proposed Investment Promotion Bill is heightening uncertainty and risk.*"

With regards to policy matters in 2023, slow progress was made on finalising the Draft Minerals Bill, while Government made high-level pronouncements to introduce a state owned free-carry in Namibian mining companies.

Although slow progress may have characterised some of these key policy items, Namibia was ranked as the 4th highest on PPI in Africa. This shows that Namibia remains to be perceived as a relatively stable country with an attractive policy environment compared to other African countries.

Furthermore, the deterioration in PPI comes despite the positive outcome in the reversal of the proposal to eliminate the fuel levy refund system in the Road Fund Administration Amendment Bill. The outcome was due to the persistent advocacy efforts by the Chamber, which averted a significant additional cost burden to the mining sector had the fuel levy refund system been removed.

The survey indicated that Namibia had a favourable participation rate in the survey, and responses are thus representative of the perceptions held by top tiers of management from Namibian mining and exploration companies, and respondents from other countries that are familiar with Namibia.

Mr. Veston Malango, CEO of the Chamber of Mines, emphasised that the Chamber will be engaging Government to de-risk the introduction of the proposed free-carry, and will continue to advocate for the fast-tracking and finalisation of the Minerals Bill along with other pending policy matters such as the Namibia Investment Promotion & Facilitation Bill.

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