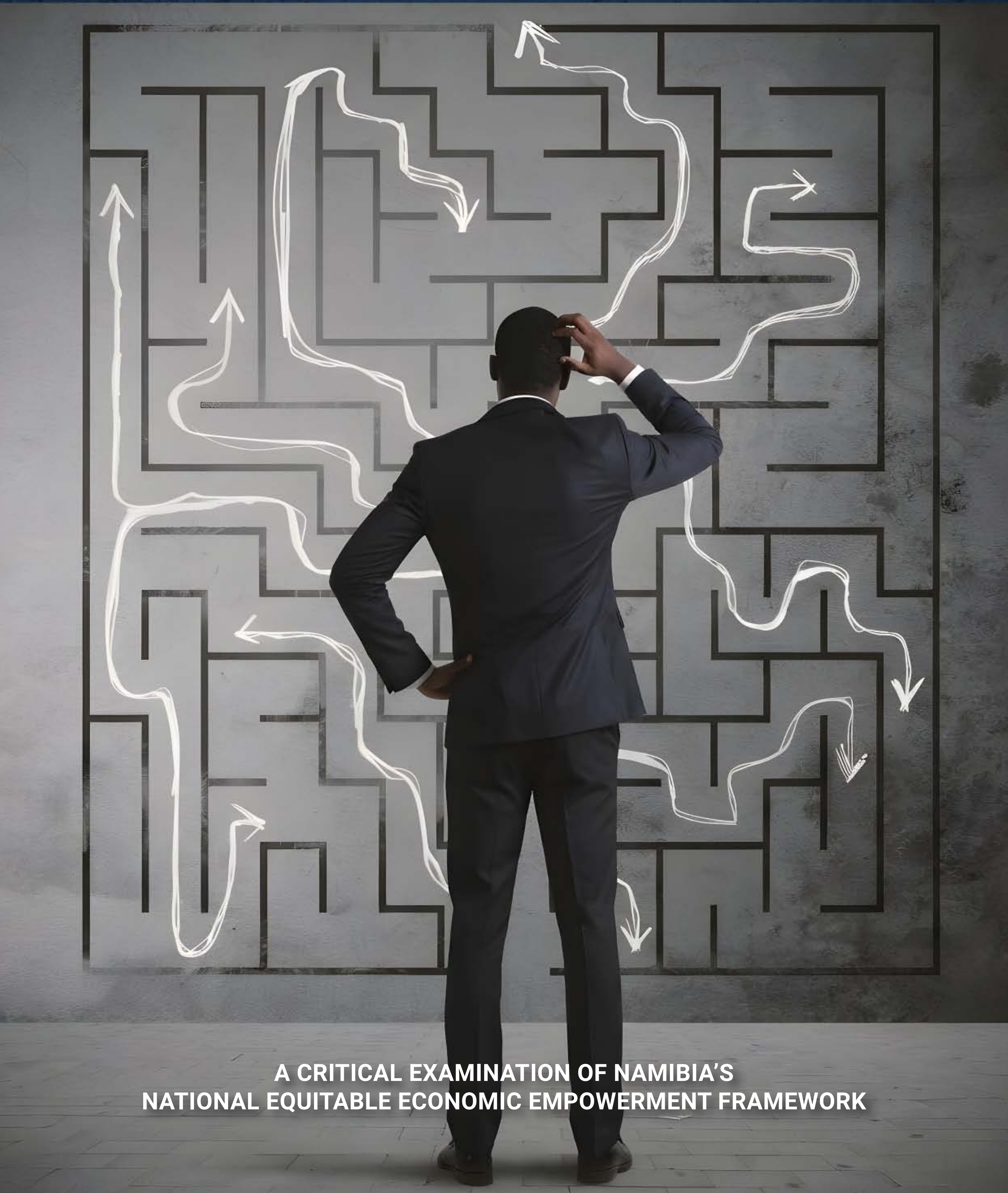
EMPOWERMENT OR OBSTACLES?



A CRITICAL EXAMINATION OF NAMIBIA'S
NATIONAL EQUITABLE ECONOMIC EMPOWERMENT FRAMEWORK

EPRA report on the latest version of the National Equitable Economic Empowerment Bill (the "2026 Bill")
22 July 2026
Author / prepared by: This report was prepared by several experts in Law, Economics, Business Management, Corporate Governance, Risk Management, Financial Management, Public Governance and Futures Studies. The report was funded by voluntary contributions from members and supporters of EPRA.

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INTRODUCTION

The National Equitable Economic Empowerment Framework / Bill ("NEEEF") is one of the longest-running economic policy initiatives in Namibia's post-independence history. It hangs over Namibia like the sword of Damocles.

First conceived more than two decades ago, the policy has undergone repeated drafting, consultation, withdrawal and revision across successive governments. It has moved from post-independence redistribution policy, to a Cabinet-adopted framework, to multiple draft Bills, to repeated consultation and withdrawal, and finally to renewed 2025/2026 attempts at finalisation.

Despite over twenty years of discussions, formal legislative development and multiple draft Bills, it has yet to be enacted into law. As the Economic Policy Research Association (**EPRA**) will explain in this report, there are good reasons to be thankful that it has not yet become law. There are even better reasons to abandon the policy altogether in favour of something that actually works for Namibia and truly empowers its citizens. It is a tragedy that NEEEF sucked oxygen out of Namibia's policy debate for more than 20 years when policymakers could, in the meantime, have implemented policies that actually grow Namibia's economy and achieve real economic empowerment, especially for those who are most vulnerable. The reality is that Namibia's wealth will not be determined by how it divides existing prosperity, but by how effectively it grows new prosperity.

> ***Namibia's wealth will not be determined by how it divides existing prosperity, but by how effectively it grows new prosperity.***

EPRA advocates for pragmatic, sustainable, pro-growth, and positive investment economic policy in Namibia

It is important to emphasise that the EPRA does not oppose the objective of economic empowerment. On the contrary, EPRA was specifically founded to support sensible policies that expand economic opportunity, reduce poverty, promote social mobility and enable all Namibians to participate meaningfully in the economy. EPRA's concern is that NEEEF is the wrong policy for the wrong problem. It cannot achieve its objectives because it offers nothing to grow the economy. It only offers more red tape that slices a small pie into even smaller pieces and makes it harder for businesses to operate. It relies on mechanisms that have repeatedly failed to deliver broad-based empowerment in other jurisdictions. Instead of leading to economic empowerment, NEEEF risks entrenching rent-seeking, increasing regulatory burdens, discouraging investment, and reducing economic growth. This is devastating for all Namibians.

In EPRA's assessment, sustainable empowerment cannot be achieved through redistributive measures that undermine the very economic activity upon which prosperity depends. A better approach is to focus on pro-growth, business-friendly policies that stimulate investment, entrepreneurship, job creation, skills development, and economic inclusion. Such an approach would generate the wealth, opportunities and upward mobility necessary to achieve genuine and lasting empowerment.

EPRA's previous report on NEEEF

On 11 March 2021, EPRA published a detailed report on the 2020 version of NEEEF (the **"2020 Bill"**). EPRA concluded that many of its provisions were unconstitutional and that its systemic flaws could not be remedied through amendment. In EPRA's view, the 2020 Bill could never achieve genuine empowerment and contained no mechanism or means test to ensure that disadvantaged or poor Namibians would benefit.

EPRA further warned that the 2020 Bill would reduce economic freedom, undermine the rule of law, weaken constitutional protections for property rights, and facilitate the coerced redistribution of wealth. These measures could fundamentally alter and potentially destroy the mixed-market economy guaranteed by Namibia's Constitution.

EPRA's 2021 report also highlighted the 2020 Bill's vulnerability to abuse. EPRA argued that it would primarily benefit an already wealthy and politically connected elite, who would qualify as "empowerment beneficiaries" irrespective of need. There was also no sunset clause limiting the duration of such benefits, which means it risks becoming a never-ending policy. Rather than promoting broad-based empowerment, it would create incentives for rent-seeking and patronage. The full EPRA report on the 2020 Bill can be downloaded at https://www.epra.cc

The years of policy uncertainty surrounding NEEEF had real-world consequences for businesses and investment in Namibia, which remains in desperate need of a long-term solution to its socio-economic problems. Despite its obvious flaws, policymakers continue to revive NEEEF in "new" (but never improved) iterations.

Guess whose back? Shady's back.

Recent reports suggest that yet another version of NEEEF is now being considered. In her budget statement for the fiscal year 2026/2027, the Minister of Finance, Hon. Ericah Shafudah MP, is quoted as saying: *"With respect to the National Equitable Economic Empowerment Framework, the Government remains steadfast in its objective of broadening meaningful participation in the economy while safeguarding economic competitiveness and investment growth."*

According to *Marketwatch Namibia*, Prime Minister Dr. Elijah Ngurare suggested (in March this year) that the government is seeking to bring the New Equitable Economic Empowerment Framework to fruition, despite a 2023 study commissioned by the World Bank concluding that there is no need for such a framework[1].

According to the minutes of a meeting held at the Office of the Prime Minister on 2 March 2025, the Prime Minister noted that "the Government remains committed to re-engaging stakeholders and reviving consultations on the National Equitable Economic Empowerment Framework (NEEEF) and its draft Bill, guided by the prevailing realities on the ground. In this regard, he emphasized that the NEEEF Bill has been under consideration for more than ten years and that it is both timely and necessary to revisit the matter through renewed dialogue." The Prime Minister should be commended for consulting on whether NEEEF is still appropriate and adequate, and for considering the broader impact of such a bill on the Namibian investment climate and the growth and sustainability of especially small and medium enterprises (**SMEs**).

EPRA obtained a copy of what appears to be the latest **NEEEF** version (dated 15 June 2024 but only made available in 2026) which forms the basis of this report. For ease of reference, this report uses the term **NEEEF** to refer collectively to the New Equitable Economic Empowerment Policy / Framework / Bill in all its iterations, unless the context indicates a specific version is being discussed. Where a distinction is material, the relevant version is identified expressly (for example, the **"2020 Bill"** or the **"2026 Bill"**).

Structure of this report

This report is divided into 9 Chapters:

Chapter 1 reminds us what good government policy looks like. The rest of the report should be read as comparing NEEEF against these basic principles, culminating in a scorecard in Chapter 9.

Chapter 2 briefly explains the purpose and 20-year timeline of NEEEF.

Chapter 3 sets out who NEEEF targets and highlights the arithmetic absurdity of the policy in the context of Namibia's demographic composition.

Chapter 4 compares the 2020 Bill with the 2026 Bill.

Chapter 5 unpacks some of the most significant risks in the 2026 Bill. It seeks to answer a simple yet important question: Will NEEEF create more opportunities for disadvantaged Namibians than it destroys?

Chapter 6 explains the potential negative impact of the 2026 Bill on businesses in Namibia (especially on SMEs).

Chapter 7 extracts valuable lessons for Namibia from similar social experiments conducted in South Africa and Malaysia.

Chapter 8 sets out a viable alternative approach to NEEEF.

Chapter 9 provides a scorecard to see how the 2026 Bill performs against good government policy and concludes the report.

1 Marketwatch Nambia - https://www.marketwatch.com.na/market-watch/pm-ngurare-targets-neeef-closure-nmh008230-3015-9225

CHAPTER 1
WHAT DOES GOOD GOVERNMENT POLICY LOOK LIKE?

It is worth reminding ourselves what good government policy actually looks like. We will then measure NEEEF against these principles at the end of this report. Any government exists to serve its people and to make their lives better. It does so mainly by implementing good policies that actually work. The principles of good government policy can broadly be defined as follows:

1. The government should solve a clearly defined problem

Every law should begin by identifying a specific problem supported by credible evidence. Governments should first establish that a genuine market failure or governance failure exists before intervening. Good policy answers three questions:

What is the problem? What evidence demonstrates the problem? Why is government intervention necessary?

Policy should never exist simply because it reflects political ideology.

2. The objective must be measurable

International best practice requires governments to define success before implementing policy. A good policy specifies (i) measurable targets; (ii) timelines; (iii) performance indicators; and (iv) regular public evaluation. Without measurable outcomes, success becomes impossible to assess and failure impossible to acknowledge.

3. The benefits must outweigh the costs

Every intervention imposes costs. These include (i) compliance costs; (ii) administrative costs; (iii) reduced investment; (iv) reduced competition; (v) legal uncertainty; and (vi) economic distortions. Good governments conduct cost-benefit analyses before introducing major legislation. The question is not whether a policy has noble intentions, but whether it produces more benefits than harm.

4. Regulation should be the minimum necessary

The best governments regulate only where regulation is genuinely required. International organisations such as the OECD and the World Bank consistently recommend that regulation should be (i) simple; (ii) proportionate; (iii) predictable; (iv) transparent; and (v) easy to comply with. Excessive regulation discourages entrepreneurship, investment and innovation.

5. Rules must be certain

Economic growth depends on certainty. Investors should know (i) what the rules are; (ii) how they will be applied; (iii) who makes decisions; and (iv) how those decisions may be challenged. Good legislation limits administrative discretion and provides clear legal standards.

6. The law should treat people equally

The rule of law requires that laws apply consistently and predictably. Good public policy focuses on objective criteria wherever possible, rather than subjective or discretionary decision-making. Governments should avoid creating uncertainty through broad ministerial powers or constantly changing requirements.

7. Government should enable rather than control

Successful economies generally rely on governments creating conditions in which businesses can invest, compete and create employment. Government's role is primarily to (i) enforce contracts; (ii) protect property rights; (iii) maintain macroeconomic stability; (iv) provide infrastructure; (v) uphold the rule of law; and (vi) ensure fair competition. Economic growth is generated primarily by private enterprise rather than by administrative direction.

8. Assistance should be targeted

Where intervention is justified, assistance should be directed towards those who genuinely need it. Well-designed programmes generally use objective indicators of disadvantage (such as income, education, geographic isolation or disability) to maximise the impact of public resources. Broad classifications that do not distinguish between levels of need risk directing benefits away from the most vulnerable.

9. Policy should encourage growth before redistribution

A growing economy creates more opportunities for everyone. Without sustained growth, there is progressively less wealth available to redistribute. Countries that have successfully reduced poverty have generally prioritised (i) investment; (ii) education; (iii) productivity; (iv) competition; (v) skills development; and (vi) employment creation. Economic expansion increases the resources available for social programmes.

10. Good policy is reviewed and, if necessary, repealed

No policy should become permanent merely because it has existed for many years.

Governments should regularly ask: Has the policy achieved its objectives? Has it produced unintended consequences? Does evidence suggest a better alternative?

Good governments change course when evidence shows a policy is not delivering its intended outcomes.

Chapter Summary

Namibia's long-term development goals, including those reflected in Vision 2030 and successive National Development Plans, depend not only on good intentions but on policies that are evidence-based, measurable, transparent and conducive to investment, entrepreneurship and broad-based economic growth. It will become evident from the rest of this report that NEEEF fails to substantially meet any of the 10 principles for good government policy outlined above.

The next chapter explains the purpose behind NEEEF and its 20-year timeline through Namibia's legislature.

CHAPTER 2
WHAT IS THE PURPOSE OF NEEEF?

The 2026 Bill attempts to solve yesterday's problem rather than Namibia's problem in 2026. It aims to achieve "equitable economic empowerment" through eight "empowerment pillars (described in more detail in Chapter 4). This would have made sense shortly after independence in 1990, but it makes no sense 36 years later.

The 2026 Bill misdiagnoses the primary challenge facing Namibia

Namibia remains a highly unequal society. Namibia's strict unemployment rate stands at 36.9%, up from 33.4% in 2018, according to the Namibia Statistics Agency. When factoring in discouraged job seekers, the broader unemployment rate rises to 54.8%. Youth unemployment is particularly critical, recorded at 44.4%. Namibia has the highest official unemployment rate in the world.

> *Government cannot distribute opportunities that it does not create or redistribute prosperity that does not exist.*

Namibia's greatest economic challenge today is not ownership; it is opportunity. The overwhelming majority of unemployed Namibians are not unemployed because they lack ownership in existing businesses. They are unemployed because there are too few jobs, economic growth is too weak, investment is insufficient, skills do not match market demand, and small business entrepreneurship remains constrained. These are fundamentally development challenges that cannot be solved by implementing a redistribution framework as envisaged by NEEEF. They can only be solved by implementing pro-business growth policies, which would be more effective in tackling Namibia's problems.

The 2026 Bill focuses heavily on "equitable economic empowerment" pillars and participation within the existing economy while paying insufficient attention to the creation of new economic opportunities. There is an obsession with ownership, management, and control targets and policing those (as yet undefined) targets. There is no doubt that the 2026 Bill will substantially increase compliance activity, but that's not the same as increasing economic growth. It is much more likely to lead to elite capture and encourage rent seeking, rather than creating true opportunities for deserving Namibians. The hard reality is that the government cannot distribute opportunities that it does not create or redistribute prosperity that simply does not exist.

What is NEEEF's timeline?

As stated in the introduction, NEEEF is probably the longest-running economic policy initiative in Namibia's post-independence history. It hangs over Namibia like the sword of Damocles. First conceived more than two decades ago, the policy has undergone repeated drafting, consultation, withdrawal and revision across successive governments. It has moved from post-independence redistribution policy, to a Cabinet-adopted framework, to multiple draft Bills, to repeated consultation and withdrawal, and finally to renewed 2025/2026 attempts at finalisation. We set out below the most significant milestones.

Chapter Summary

The obvious question is: if the NEEEF policy has required more than two decades of continuous revision, consultation, withdrawal and redesign before becoming law, does that suggest refinement, or does it suggest a fundamentally flawed concept? As will be further evidenced in this report, Namibia has spent over twenty years debating the wrong policy instrument while neglecting the policies that actually create opportunity.

1990
Independence
Article 23 of the Constitution permits laws and policies aimed at advancing previously disadvantaged persons. The later NEEEF expressly relies on this constitutional mandate.

1990s
Contextual foundation
Government policy focuses on correcting historical disparieties in ownership, skills and income. The later NEEEF preamble frames the policy as a response to these factors.

Early 2000s
Pre-NEEEF policy period
Use of earlier empowerment and preferential policy tools (e.g. TESEF-type approaches)

2004
Election manifesto commitment
SWAPO commits to broader economic participation of previously disadvantaged Namibians.

2007-2010
Policy development phase
Government work begins on a broad national empowerment framework across sectors.

2011
Cabinet adoption of NEEEF
Cabinet adopts the New Equitable Economic Empowerment Framework

2011-2036
Long implementation horizon
NEEEF designed as a 25-year transformation programme running from 2011 to 2036.

2014-2015
Framework refined and policy architecture settled
7 pillars settled: ownership, management control/ employment equity, HR & skills, enterprise development CSR, value addition, financing

2015
First formal draft Bill prepared
Draft NEEEB interoduced in the National Assembly by the Prime Minister.

Early 2016
Draft Bill and policy framework published
Office of the Prime Minister publishes draft bill and policy framework.

2016
Public consultation and strong criticism
Broad consultations; IPPR and other raise major concerns.

2016
NCCI submission
Recommends excluding ownership and management control pillars; warns of costs

Late 2016
Second draft released
After public consultations, a second draft is published later in 2016.

2016-2017
Public outcry and withdrawal / shelving
Further outcry leads to withdrawal of the Bill and promises a better version

2018
"Nearing completion" phase begins
The Bill had been "nearing completion since 2018," indicating that the measure remained alive inside government despite not being enacted.

2020
Law reform process
The Law Reform and Development Commission has an unpublished NEEEF project dated 1 August 2020, confirming continued institutional work on the framework.

Late 2020
November 2020 draft Bill
New version is prepared. EPRA desribed the Bill as a "fourth carnation" by early 2021.

March 2021
NIPDB stakeholder consultation
Civil society consultation held on 17 March 2021.

11 March 2021
EPRA report on November 2020 draft
Detailed critique arguing that the revised Bill is still far-reaching and uncertain.

2021-2022
Bill remains unenacted
The framework continues to create policy uncertainty, but no final Act is passed.

2023
World Bank-commissioned study
Study concludes no need to enact the NEEEF Bill; recommends targeted policy tools instead.

2024
Election-year policy context
Empowerment remains central to national debate on inequality, resources and jobs.

2025
New administration renews focus
NEEEF re-enters agenda with emphasis on poverty, unemployment and wealth distribution.

Oct 2025
Bill said to be near completion
Prime Minister urges Commission to expedite finalisation and implementation

Mar 2026
PM Ngurare targets closure
Prime Minister wants finality for NEEEF; links to youth funding, benefication and NDP6 tools.

2026
Investor uncertainty continues
BTI: Bill under drafting and revision for over a decade; not adopted; businesses remain concerned.

2026
Current position
NEEEF/ NEEEB remains a long-running but unenacted empowerment framework, with core architecture still intact but evolving.

The Big Picture

From post-independence redistribution policy to Cabinet-adopted framework, to multiple Bills, to repeated consultations and withdrawals, and finally to renewed 2025-2026 attempts at finalisation – yet more than a decade of formal drafting, and more than two decades of political gestation, it remains unenacted.

CHAPTER 3
WHO DOES THE 2026 BILL TARGET?

The 2026 Bill imposes a permanent compliance framework on an entire economy in order to effectively reduce the economic participation of an extraordinarily small demographic minority (white Namibian citizens).

It is designed to benefit "empowerment beneficiaries" who are broadly defined as any *"persons that belong to the indigenous groups that were racially disadvantaged, either socially, economically or educationally, by colonial and apartheid laws, policies and practices before 21 March 1990, provided that these persons qualified to be Namibian citizens as at 21 March 1990"* or their descendants by birth or descent.

The Affirmative Action (Employment) Act 29 of 1998 specifically includes all women as a designated group. The 2020 and the 2026 Bill intend to benefit indigenous groups that were previously racially disadvantaged. This appears intentional so that it excludes not only white males, but also white female Namibian citizens, from being "empowerment beneficiaries" or from benefiting under NEEEF. It is also obvious that the 2026 Bill (like its predecessor, the 2020 Bill) assumes disadvantage but doesn't measure it. It does not contain a means test and doesn't even pretend to consider current levels of wealth, status, or education to decide who is an "empowerment beneficiary" and who is not. A black billionaire is an empowerment beneficiary, a white beggar is not. It is based solely on race and ethnicity, frozen in time as it was on 21 March 1990.

Table 1: Percentage distribution of the population by top 20 ethnic groups and sex

ETHNICITY	TOTAL		MALE	FEMALE
	Number	Percent		
Aakwanyama	712 165	23.6	346 508	365 657
Aandonga	311 211	10.3	147 117	164 094
Ovaherero	178 987	5.9	87 644	91 343
Damara, NEC	170 112	5.6	82 621	87 491
Aakwambi	159 692	5.3	75 455	84 237
Vakwangali	147 631	4.9	71 479	76 152
Nama, NEC	93 904	3.1	45 261	48 643
Aambalantu	83 935	2.8	39 641	44 294
Vakavango, NEC	81 646	2.7	41 362	40 284
Aangandjera	76 847	2.5	36 638	40 209
Other African Ethnic groups	73 486	2.4	40 601	32 885
Masubia	62 590	2.1	30 597	31 993
Coloured	62 226	2.1	30 149	32 077
Aambadja	59 243	2.0	29 047	30 196
White	53 773	1.8	26 186	27 587
Hambukushu	51 422	1.7	25 234	26 188
Vagciriku	50 529	1.7	24 203	26 326
Aakwaluudhi	47 447	1.6	21 878	25 569
Baster	45 629	1.5	22 532	23 097
Mafwe	43 398	1.4	21 056	22 342

Note: NEC means not elsewhere classified (Generic ethnic).

Chapter Summary

The 2026 Bill imposes a permanent compliance framework on an entire economy in order to reduce the economic participation of an extraordinarily small demographic minority (white Namibian citizens). Ironically, even the descendants of white anti-apartheid activists who died during the liberation struggle would not be beneficiaries. Neither would black Africans (or, for that matter, any person regardless of race or ethnicity) who came to Namibia and became a citizen after 21 March 1990. For all practical purposes, they would be considered the same as "privileged" white Namibians as they are excluded from benefiting under NEEEF. If enacted, everyone in Namibia will need to comply with the cumbersome reporting and compliance requirements in the 2026 Bill.

According to Namibia's latest population and housing census, there are 53,773 white Namibians (of all ages). They make up 1.8% of Namibia's total population[2]. There are various estimates that Namibia's white population was over 100,000 at independence, which means there has been a significant decrease in this demographic cohort over the years. This should, in itself, be cause for concern but is not the subject of this report. If we assume that slightly more than half are either too young to work (aged 18 and under) or at retirement age (60 and older), then we are left with probably no more than about 25,000 people who are the negative target of NEEEF. If every single one of them vacates their employment position or business and is replaced by an "empowerment beneficiary", then it still makes no meaningful dent in Namibia's unemployment statistics. Is it sensible to create a whole policy around "targeting" such a demographically insignificant number of people? And burdening everyone else with the cost of compliance, as well as the lost opportunity costs?

This demographic mismatch illustrates the absurdity of trying to legislate and engineer social outcomes 36 years after independence, with little or no reward. EPRA is not aware of any other country in the world where race-based economic empowerment policies like NEEEF (or, for that matter, Affirmative Action policies like those imposed by the Affirmative Action (Employment) Act No. 29 of 1998[3]) are implemented to target such a small demographic minority.

If enacted, the 2026 Bill would place a permanent regulatory obligation (and extract a cost) on virtually the entire economy, only so that it can separate an overwhelming majority of "empowerment beneficiaries" (more than 99% of the population or 2.9 million people) from a very small minority of the population (less than 1% or 25,000 people) who are not considered "empowerment beneficiaries".

> ***Is race a useful proxy for advantage if 99% of Namibians qualify as empowerment beneficiaries?***

The more important policy question is: If more than 99% of the population qualifies as "empowerment beneficiaries", does race even remain a useful proxy for advantage? The demographic evidence suggests that poverty, income, education, geography, disability, or other indicators of need become a much more precise and equitable targeting mechanism than race alone.

Also, Namibia in 2026 is not Namibia in 1990. It has different challenges and different issues. Policies should evolve with the problems they seek to solve. The policy therefore appears increasingly misaligned with the demographic reality it seeks to regulate.

Namibia's challenges in 2026 are fundamentally different from those of 1990. In EPRA's view, it would be much better to abandon a race-based policy like NEEEF altogether and focus on creating pro-business policies that create jobs and encourage investment, which would provide true economic growth and social upliftment opportunities for all Namibians.

The next chapter compares the 2026 Bill with the 2020 Bill.

2 Namibia Statistics Agency, 2023 Population and Housing Census Main Report, Page 21
3 For a detailed analysis of Affirmative Action policies in Namibia see EPRA's report dated 6 May 2025 (available for download at https://www.epra.cc

CHAPTER 4
COMPARING THE 2026 BILL WITH THE 2020 BILL: WHAT CHANGED?

Introduction
Although the 2026 Bill differs in several respects from the 2020 Bill, the underlying philosophy remains unchanged. The 2026 Bill retains the central objective of restructuring ownership, management, procurement and economic participation through a comprehensive but ill-defined system of state-directed empowerment measures based on race and ethnicity. There is no needs or means test.

While the institutional framework has been refined and new draconian enforcement mechanisms introduced, the fundamental approach remains one of intrusive state intervention in private sector economic activity. The changes are therefore primarily concerned with how the NEEEF framework is implemented and enforced, rather than with any substantive reconsideration of the framework's underlying assumptions or objectives.

In essence, the message to Namibians (and foreign investors) seems to be: *"You are encouraged to participate in the Namibian economy, but only if you comply with our ownership, management, and economic sector rules based on ethnicity and race. The rules are not clearly defined. The Minister can change the rules at any time. We also have high taxes, rigid labour laws, a skills shortage, high unemployment, and other regulations that make operating a business in Namibia very difficult. Despite these obstacles, please invest in Namibia."*

We set out below the main differences between the 2020 Bill and the 2026 Bill.

PART 1: Preliminary provisions
There have been minor drafting changes to the definition of "empowerment beneficiary". The fundamental concept, however, remains unchanged. Beneficiaries continue to be defined by reference to racial disadvantage before independence and descent from such persons. Like its 2020 predecessor, the 2026 Bill does not introduce any means test, income threshold, or poverty-based qualification mechanism.

The definition of "equitable economic empowerment" remains largely unchanged. The objective continues to be the restructuring of ownership, management, procurement, skills development, and access to finance in favour of empowerment beneficiaries.

The objectives have been redrafted and shortened. The constitutional justification remains substantially unchanged, relying primarily on Articles 23(2) and 95(a). The 2026 Bill continues to frame itself as a corrective mechanism for historical disadvantage.

There has been no material change to conflict with other laws. The 2026 Bill will prevail where conflict arises with another law dealing specifically with empowerment matters.

PART 2: Establishment of the National Equitable Economic Empowerment Commission and appointment of the National Equitable Economic Empowerment Commissioner
The 2020 Bill separated policy and administration/enforcement. The 2026 Bill effectively concentrates both functions in a single commission. This is more than a cosmetic change. It is a fundamental institutional restructuring and significantly centralises authority. The commission becomes the primary institution responsible for implementation, oversight and enforcement. The commission's functions have also been expanded, and its role moves beyond policy advice and becomes more operational and regulatory. Its composition and conflict of interest requirements remain largely unchanged.

PART 3: Empowerment Fund
This is a major policy change. The 2020 Bill did not have an "Empowerment Fund". It was primarily regulatory in nature. The 2026 Bill creates a financial redistribution mechanism by establishing a permanent statutory fund that provides mechanisms for receipt of donations, contributions, and investment income to facilitate ownership transfers, empowerment transactions, and financial support for empowerment beneficiaries. The Empowerment Fund enjoys tax advantages. Also, it is not clear whether tax money can be diverted to the Empowerment Fund. Like with any large pot of money, there is a huge risk of undue influence and corruption if the fund is not managed carefully.

PART 4: Pillars of Equitable Economic Empowerment, standards of Equitable Economic Empowerment and Sector Transformation Charters
The eight-pillar model is substantially unchanged from the 2020 Bill and survives intact in the 2026 Bill.

1. **Ownership** remains a central pillar and continues to measure direct and indirect ownership by empowerment beneficiaries.
2. **Management control and employment equity** continue to measure representation at management and executive levels.
3. **Skills development** continues to focus on expenditure and participation in training and development.
4. **Entrepreneurial development** remains aimed at developing empowerment enterprises.
5. **Procurement** from empowerment beneficiaries remains a key compliance mechanism.
6. **Corporate social responsibility** expenditure remains a scorecard component.
7. **Value addition** continues to promote industrialisation and local beneficiation.
8. **Financing** for empowerment beneficiaries through loans, grants, guarantees, and incentives remains a key pillar.

Standards And Scorecards
This has been expanded significantly. The 2026 Bill provides far greater detail than the 2020 Bill concerning indicators, weighting and scorecard methodologies. This expands executive discretion because many substantive obligations will be contained in standards which will only be published when the Bill becomes an Act.

Licences, Permits And Authorisations
The 2020 Bill linked empowerment compliance to licences and permits. The 2026 Bill also does that, but appears to go further with entirely new enforcement mechanisms. It makes licences, permits, and authorisations subject to the empowerment framework and potentially affects regulated sectors such as mining, energy, fishing, telecommunications and transport. The 2026 Bill excludes licences, permits, and authorisations for professional registrations (like legal practitioners, dentists, accountants, and others. Although this is a welcome development, it still introduces the possibility of regulatory consequences for non-compliance, such as cancellations (at least for all the other sectors covered by the Bill). This is dangerous. It moves NEEEF from "a reporting and verification framework" to a framework that may directly affect a person's ability to operate a business.

Equity Equivalent Programmes
This is new. The 2020 Bill did not have an "equity equivalent programme" but it appears in the 2026 Bill. An "equity equivalent programme" allows an enterprise that

cannot practically transfer equity to contribute money or undertake approved programmes instead. This is likely aimed at multinationals, foreign investors, and sectors where ownership transfer is difficult. This appears to be borrowed directly from South Africa's B-BBEE model. In its rawest form, this is just "tax by another name" and can be substantial.

Accreditation And Verification

This has been expanded in the 2026 Bill, and verification mechanisms have become more formalised and comprehensive.

Investigations

The 2026 Bill creates a dedicated chapter with expanded investigation powers. This is a major expansion from the 2020 Bill. The powers of the Commission relating to investigations have been significantly strengthened to enforce compliance.

Fronting Practices

Anti-fronting provisions have been expanded and are more sophisticated. The definition of fronting is substantially broader and more detailed than in the 2020 Bill. The Commission receives stronger powers to attack sham transactions.

Regulations And Ministerial Powers

This has been expanded. The Minister continues to enjoy extensive authority to prescribe substantive requirements through subordinate legislation.

Table 2: Comparison table of key differences between the 2020 Bill and the 2026 Bill

TOPIC	2020 BILL	2026 BILL	WHY IT MATTERS
Overall philosophy	State-directed economic empowerment based on race and ethnicity.	Philosophy remains substantially unchanged.	The wording has changed, but the underlying model remains the same.
Institutional structure	Policy and administration largely separated.	Commission assumes broader policy, regulatory and enforcement functions.	Greater centralisation of authority and regulatory oversight.
Empowerment Fund	No Empowerment Fund	Establishes a permanent statutory Empowerment Fund.	Introduces an ongoing financial redistribution mechanism that will require oversight and accountability.
Empowerment pillars	Eight empowerment pillars	Eight pillars retained with only minor refinement.	The core compliance framework remains intact.
Standards and scorecards	Less detailed framework	Greater reliance on future standards, indicators and scorecards.	Many of the real obligations will only be determined after the Bill becomes law, increasing uncertainty.
Sector Transformation Charters	More limited	Expanded role for sector-specific transformation charters.	Different industries may face different compliance obligations over time.
Licences, permits and authorisations	Empowerment compliance may influence licences, permits and other regulatory approvals.	Empowerment compliance may influence licences, permits and other regulatory approvals.	Potentially affects a business's ability to operate in regulated industries. This is one of the Bill's most significant changes.
Equity Equivalent Programmes	Not provided for	New equity equivalent mechanism introduced.	Primarily aimed at multinational companies unable or unwilling to transfer ownership.
Verification and accreditation	Simpler verification system	More extensive accreditation and verification framework.	Increases compliance costs and administrative requirements.
Investigative powers	More limited enforcement powers	Dedicated investigations chapter with expanded powers.	Strengthens the Commission's ability to monitor and enforce compliance.
Fronting provisions	Basic anti-fronting provisions	More detailed and wider anti-fronting regime.	Greater enforcement against sham empowerment arrangements.
Ministerial powers	Extensive regulation-making powers	Ministerial discretion expanded even further.	Important obligations remain capable of being changed through regulations rather than Parliament.

Chapter Summary

Although the 2026 Bill introduces several important institutional and enforcement changes, these changes are largely directed at **how** NEEEF will be implemented rather than **whether** it should exist. The Bill retains its central philosophy of state-directed economic empowerment through ownership, management, procurement and regulatory intervention. If anything, the 2026 Bill expands the administrative machinery available to enforce that philosophy.

Viewed as a whole, the 2026 Bill establishes a comprehensive institutional framework consisting of (i) a commission; (ii) a commissioner; (iii) an empowerment fund; (iv) empowerment standards; (v) sector transformation charters; (vi) accreditation agencies; (vii) verification agencies; (viii) investigators; (ix) reporting requirements; and (x) enforcement mechanisms.

The central philosophy in the 2026 Bill remains unchanged from the 2020 Bill. Ownership, management, procurement and economic participation should be restructured according to vague (and as yet unpublished) empowerment criteria. The 2026 Bill does not replace the 2020 Bill with something fundamentally different. It largely retains the same empowerment model while giving the government more tools to enforce it.

EPRA's 2021 criticism was that the 2020 Bill is fundamentally flawed because it is race-based, lacks a means test, creates opportunities for elite capture, and grants excessive discretionary power to the Minister without actually helping the Namibian economy grow or uplifting beneficiaries. That criticism still stands and applies equally to the 2026 Bill. If anything, the 2026 Bill is worse because it is even more intrusive and front-loaded with compliance and red tape than the 2020 Bill. The Empowerment Fund, in particular, is open to abuse. One of the worst-case scenarios is tax revenue being used to purchase ownership in existing private sector businesses for the benefit of politically connected elites.

The 2026 Bill extends well beyond a simple statement of empowerment objectives. It creates a permanent administrative structure intended to influence ownership, participation, procurement, financing, skills development and other aspects of economic activity.

The next chapter unpacks some of the more significant risks in the 2026 Bill to answer a simple yet important question: Will NEEEF create more opportunities for disadvantaged Namibians than it destroys?

CHAPTER 5
WILL NEEEF CREATE MORE OPPORTUNITIES FOR DISADVANTAGED NAMIBIANS THAN IT DESTROYS?

Economic empowerment is not inherently good or bad. Its success depends on whether it expands economic opportunity, creates sustainable employment, encourages investment, improves productivity and broadens participation without undermining economic growth.

The wrong problem, the wrong solution?

The NEEEF framework is built upon the premise that Namibia remains a deeply unequal society and many citizens remain excluded from meaningful participation in the economy. EPRA does not dispute this proposition. The more difficult question is whether NEEEF correctly identifies the causes of that exclusion and whether its proposed solutions address those causes effectively. A policy may be motivated by a legitimate concern yet fail because it misdiagnoses the problem. In medicine, a doctor who incorrectly diagnoses a patient may prescribe treatment that is ineffective or even harmful. Public policy is no different.

The purpose of this chapter is therefore not to question the existence of inequality, poverty or exclusion. Instead, the purpose is to examine whether the 2026 Bill focuses on the principal drivers of those problems and whether the proposed remedies are likely to improve conditions for those who remain economically marginalised.

Poverty, inequality and unemployment are not the same problem

One of the greatest weaknesses in the whole NEEEF debate is that it treats poverty, inequality and unemployment as though they are interchangeable concepts. They are not.

Poverty concerns insufficient income or resources to meet basic needs. A person earning too little to afford adequate food, housing, healthcare or education is poor regardless of the broader distribution of wealth in society.

Inequality concerns differences in income, wealth or opportunity between individuals or groups. A country can have relatively low poverty and high inequality at the same time.

Conversely, a country can have low inequality because everyone is equally poor.

Unemployment concerns the absence of work and income-generating opportunities. For most Namibian households, employment remains the single most important determinant of long-term economic well-being.

While poverty, inequality and unemployment are related, they are not identical. More importantly, they often require different policy responses. Policies aimed at reducing inequality do not necessarily reduce poverty. Policies aimed at changing ownership structures do not necessarily create employment. Policies aimed at redistribution do not necessarily generate economic growth.

Any serious assessment of NEEEF must therefore begin by identifying which problem it is primarily trying to solve.

What is the main constraint facing disadvantaged Namibians?

The 2026 Bill is heavily focused on participation, ownership, management representation, procurement and access to existing productive assets. In other words, it wants to slice a small pie into smaller pieces. That just gives you a smaller pie, it doesn't grow the economy so that everyone can benefit. One of the biggest fallacies of NEEEF is that the economy is a zero-sum game. This is not how modern market economies function. Economic participation is not a finite resource to be divided among competing groups, such that one person's gain must necessarily come at another's expense. In a growing economy, wealth is created through entrepreneurship, innovation, investment, productivity improvements and voluntary exchange.

A successful business does not merely displace another business; it often expands markets, creates new products and services, employs more people, pays more taxes, stimulates demand for suppliers, and generates opportunities throughout the wider economy. The success of one enterprise frequently creates opportunities for many others. By contrast, policies like NEEEF that focus primarily on reallocating existing ownership rather than encouraging the creation of new wealth risk treating economic activity as a contest over a fixed pie, when the real objective should be to make the pie larger for everyone. Sustainable empowerment is therefore achieved not by redistributing economic opportunity, but by expanding it through policies that encourage investment, competition, skills development and economic growth.

For the overwhelming majority of unemployed Namibians, the most immediate challenge is not the absence of ownership in an existing enterprise. It is the absence of employment. A young person living in Katutura, Oshakati, Rundu or Keetmanshoop who cannot find work is unlikely to view equity participation in a large corporation as the primary obstacle to economic advancement. The more immediate concern is finding a job, acquiring skills, building experience and earning an income. Similarly, a small entrepreneur operating informally is more constrained by lack of finance and regulatory complexity than by the ownership structures of large corporations.

The bottom line is that Namibia's wealth is not determined by how it divides existing prosperity, but by how effectively it creates new prosperity.

The employment risk

Every empowerment policy ultimately faces a simple test: Will it create jobs? Economic empowerment without employment produces symbolic transformation while leaving underlying social problems unresolved. A person with no job derives little practical benefit from changes occurring within boardrooms or shareholder registers. Employment matters because it creates income, skills, experience, savings, social mobility, economic independence and, most importantly, dignity.

Historically, countries that have reduced poverty on a large scale have done so primarily through sustained job creation rather than through ownership redistribution. The experiences of countries such as South Korea, Singapore, Mauritius, Vietnam and Rwanda illustrate this principle.

Namibia needs policies that expand employment opportunities faster than the growth of the labour force. As employment expands, incomes increase. As incomes increase, poverty declines. As poverty declines, inequality is moderated (it can never be totally eliminated). NEEEF does none of these things. It just creates a compliance bureaucracy that discourages the investment required to create those jobs.

The difference between economic participation and economic compliance

The 2026 Bill seeks to promote economic participation by focusing on regulating existing and future economic activity. A better approach is to promote economic participation by expanding productive economic activity. This means putting in place policies that encourage the formation of new businesses, expanding existing businesses, attracting investment and growing the economy (which automatically increases employment). The 2026 Bill just encourages compliance-based participation measured through regulatory frameworks, scorecards, verification systems and compliance mechanisms.

The risk of confusing symptoms with causes

The 2026 Bill assumes that unequal economic outcomes are largely attributable to unequal participation in economic structures. There is some truth to this, but unequal outcomes also arise from a range of other factors, including poor educational outcomes, skills shortages, weak economic growth, barriers to entrepreneurship, limited access to finance, labour market mismatches and low productivity. These factors operate independently of ownership patterns.

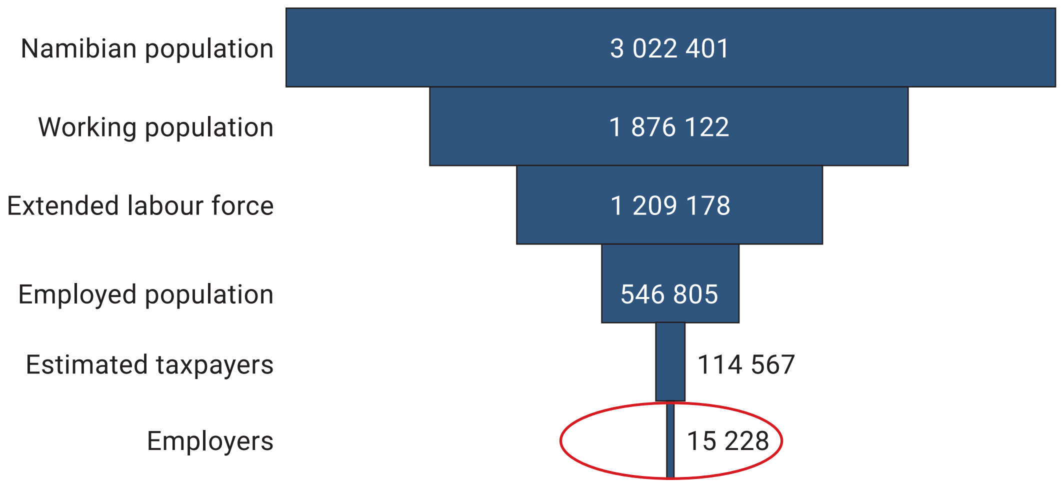
A school system that produces poor educational outcomes will continue to do so regardless of changes in ownership structures. A business environment that discourages investment will continue to discourage investment regardless of changes in management representation. An economy that fails to create jobs will continue to produce unemployment regardless of changes in procurement scoring. The 2026 Bill does not solve Namibia's structural economic challenges; it only exacerbates them.

The missing growth question

The most striking feature of the 2026 Bill is that it provides no incentive for Namibia's economic growth. Without growth, employment opportunities stagnate, government revenues decline, wages remain under pressure, and poverty becomes impossible to reduce. The 2026 Bill contains extensive provisions dealing with institutions, standards, compliance, verification and enforcement. But these measures don't increase economic activity. How Namibia can achieve economic growth is the real question policymakers should consider. Namibia already has very few employers, only 15,228 out of an extended labour force of 1,209.178[4].

This brings us to one of the most important determinants of economic opportunity in any society: investment. Without investment, there can be no sustained expansion of businesses, industries, jobs or incomes.

Fig 1: A Crisis of Employers



The investment risk

NEEEF is not an isolated policy in Namibia's overall investment framework. It should be seen in the context of other legislation (both active and proposed) that will determine Namibia's future. In January this year, EPRA published a detailed report on Namibia's proposed new Investment Bill. The report concluded, in clear and unambiguous terms, that Namibia's proposed Investment Bill does not promote investment. On the contrary, it represents a fundamental shift away from a rules-based, market-oriented economic framework toward a permission-based, command-and-control investment regime administered through extensive ministerial discretion. EPRA was concerned that, if enacted substantially in its current form, the Investment Bill would materially deter both foreign and domestic investment, suppress private-sector activity, and exacerbate Namibia's already severe unemployment, fiscal, and competitiveness challenges.

4 Source: Cirrus Capital

EPRA also argued that, at its core, the Investment Bill replaces legal certainty with political discretion. It empowers a single Minister, often with authority exceeding that of Cabinet, to decide who may invest, in which sectors, under what conditions, for how long, and whether an investment may be expanded, transferred, or sold. These decisions are not governed by objective, exhaustively defined statutory criteria, but by vague and elastic concepts such as "national interest," "public interest," "net benefit to Namibia," and a wide range of ideological policy objectives. Such an approach is fundamentally incompatible with international best practice in investment law and policy.

The proposed Investment Bill does not merely regulate foreign capital. It expressly applies to Namibian investors and existing domestic businesses, subjecting them to prior approvals, continuous monitoring, intrusive information demands, criminal sanctions, and even ministerial orders to cease operations. In effect, Namibians are rendered conditional participants in their own economy. No serious investment jurisdiction treats domestic private enterprise as a privilege granted at the discretion of the executive. This feature alone places the Investment Bill far outside the norms of market-based economic governance.

Measured against global benchmarks, including long-established World Bank Group principles on foreign direct investment (FDI), the Investment Bill fails on every critical dimension. Open admission is replaced by discretionary screening; sector access becomes a political decision rather than a legal entitlement; investment incentives are converted into negotiable privileges; dispute resolution is internalised and politicised; and protections against expropriation and capital transfer are weakened through vague exceptions and broad executive powers. Rather than reducing risk and uncertainty, the Investment Bill institutionalises them. The economic implications are severe. Namibia is a small, capital-constrained economy with shallow domestic capital markets, a narrow tax base, and one of the highest unemployment rates in the world. Sustained growth, diversification, job creation, and fiscal stability are structurally impossible without substantial, predictable private investment, particularly FDI. At a time when global FDI flows are declining and competition for capital is intensifying, Namibia cannot afford an investment regime that raises barriers, increases discretion, and signals hostility to private capital. The Investment Bill does precisely that. The Bill also creates fertile conditions for rent-seeking, corruption, and elite capture. Broad approval powers, performance agreements negotiated on a case-by-case basis, open-ended information-gathering authority, and the criminalisation of ordinary commercial conduct invite abuse of power and selective enforcement. Investors will rationally price these risks into their decisions, and many will simply choose alternative jurisdictions with clearer rules and stronger protections.

In substance, the Investment Bill amounts to centralised administrative allocation of capital: a defining characteristic of a command economy, regardless of whether formal ownership remains private. History and comparative experience demonstrate that such systems suppress investment, reduce economic dynamism, and entrench poverty rather than alleviate it.

The central conclusion of EPRA's report on the Investment Bill was that it will not attract investment, create jobs, or strengthen Namibia's economic sovereignty. It will do the opposite. Unless fundamentally reworked to restore legal certainty, sharply limit ministerial discretion, protect both foreign and domestic investors, and align with international best practice, the Investment Bill risks inflicting long-term damage on Namibia's economy and development prospects. The full report can be downloaded at https://www.epra.cc

It is self-evident that economic empowerment does not occur in a vacuum. As a small, open economy with a limited domestic market, Namibia depends heavily on both domestic and foreign investment to drive economic growth, create employment opportunities and generate tax revenue. In EPRA's opinion, NEEEF is likely to discourage investment.

Why investors care about certainty

There is a common misconception that investors are primarily motivated by tax rates. While taxation is important, it is rarely the first consideration. Investors typically evaluate three fundamental questions: (i) Can I keep my capital?; (ii) Can I earn a return?; and (iii) Can I predict the rules?

Can I keep my capital?

Investors need confidence that property rights will be respected and that investments will not be subject to arbitrary interference.

Can I earn a return?

Investors must be able to generate sufficient returns to justify the risks they assume.

Can I predict the rules?

Investors need a reasonable degree of certainty regarding the legal and regulatory framework within which they operate. This consideration is often overlooked. Investment decisions frequently involve commitments extending over many years or even decades. A mine may require billions of dollars in upfront investment before generating revenue. A manufacturing facility may require years before reaching profitability. Infrastructure projects often have investment horizons measured in decades. Such investments become significantly more difficult when the rules governing economic activity are uncertain or subject to change as they are with NEEEF.

The Relationship Between Risk and Investment

Investment is fundamentally a process of assessing risk. Every investment carries risk. Investors routinely evaluate market risk, operational risk, political risk, regulatory risk, financial risk and technological risk. Where risks are manageable and predictable, investment often proceeds. Where risks become excessive or unpredictable (like with NEEEF), investment tends to decline. Importantly, investors do not compare Namibia to an idealised alternative. They compare Namibia to other jurisdictions competing for the same capital. A mining company considering Namibia may also be considering Botswana, Zambia, Australia or Canada. An energy investor may be comparing Namibia with Angola, South Africa or Mozambique. Capital is increasingly mobile. As a result, countries compete not only on natural resources and market opportunities but also on regulatory certainty. The 2026 Bill significantly increases regulatory uncertainty.

NEEEF creates a framework rather than detailed rules

One of the most significant features of the 2026 Bill is that it contains relatively little detail regarding the substantive obligations that businesses will ultimately be required to meet. Instead, it establishes a framework through which future standards, sector transformation charters, and regulations will be developed. While this approach provides flexibility, it also creates uncertainty. A business reading the 2026 Bill today cannot determine with certainty the exact ownership requirements that may apply in future - the weightings assigned to various empowerment pillars; future compliance thresholds; sector-specific obligations; future reporting requirements; or future verification requirements are all open to change. Many of the substantive rules will only emerge after the 2026 Bill has been enacted and are subject to ministerial discretion. It is understandable from a policy perspective (because policymakers want flexibility), but it is poison from an investor's perspective (because investors demand certainty).

The standards will determine the real impact of NEEEF

The 2026 Bill repeatedly refers to standards of equitable economic empowerment that will be developed and published after enactment. The challenge is that the standards do not yet exist.

As a result, the economic impact of NEEEF cannot be fully assessed by reference to the legislation alone. Investors are therefore required to evaluate not only the 2026 Bill itself, but also the possibility of future standards that may significantly alter the operating environment. This creates regulatory uncertainty.

Flexibility for government means uncertainty for business

Supporters of NEEEF will no doubt argue that flexible standards are necessary because the government must retain the ability to adapt. There is some merit in this argument, but flexibility has costs. The more discretion the government retains to modify standards, the more uncertainty businesses face when making long-term investment decisions. This creates an inherent tension. It is possible to balance these competing objectives, but the 2026 Bill does not do so. It prioritises flexibility over certainty.

Sector transformation charters

The 2026 Bill allows for the development of sector transformation charters. This introduces yet another layer of uncertainty. Businesses may face general standards, sector-specific standards, or evolving compliance requirements. Nobody really knows. The cumulative effect is a more complex regulatory environment.

The impact on long-term projects

The effects of uncertainty created by NEEEF are particularly pronounced in sectors requiring large, long-term investments. Mining projects often require substantial upfront capital expenditure long before revenue is generated. Investors require confidence that regulatory conditions will remain reasonably predictable over the life of the project. Oil, gas and renewable energy projects involve investment horizons extending over decades. Manufacturing investments require certainty regarding future operating costs and regulatory obligations. Infrastructure projects depend heavily on predictable legal frameworks because repayment periods are often measured in decades. For these sectors, uncertainty can be as important as taxation or labour costs.

The central concern

The principal investment concern raised by the 2026 Bill is not empowerment itself. It is that almost all of the most important obligations will only be determined after it becomes law. The next chapter examines another critical feature of NEEEF: The link between empowerment standards and licences, permits, rights and authorisations. If uncertainty influences investment decisions, licensing risk may influence whether investment occurs at all.

Licences, permits and regulatory risk

Few provisions of the 2026 Bill are likely to have a greater practical impact on the economy than those linking empowerment standards to licences, permits, rights and authorisations (and the threat to cancel them if there is no compliance). Licences and permits are the gateway to economic activity. Without a licence, a mine cannot operate. Without a permit, a fishing company cannot harvest. Without regulatory approval, a bank cannot conduct banking business. Without authorisation, an energy project cannot proceed. The significance of the 2026 Bill lies not merely in its empowerment objectives but in the mechanisms through which those objectives may be implemented. Amongst those mechanisms, licensing provisions are arguably the most consequential.

What the 2026 Bill provides

Section 33 of the 2026 Bill provides that standards of equitable economic empowerment may be taken into account in relation to licences, permits, rights and authorisations issued under various laws. The section specifically identifies a number of sectors and regulatory frameworks, including mining, energy, marine resources, fisheries, forestry, roads, banking, and public procurement.

The 2026 Bill also provides certain exclusions, such as professional registrations and company registrations. The practical effect is that compliance with empowerment standards may become relevant when businesses seek to obtain, renew or retain certain rights required to conduct economic activities. The extent to which this will occur will depend on the standards and regulations developed under the 2026 Bill.

Why licensing matters

Licensing systems exist for legitimate reasons and EPRA does not argue that regulated sectors should become unregulated. The issue is not the regulation itself. The issue is whether licensing systems should also be used as instruments of empowerment policy.

This distinction matters because licences differ fundamentally from ordinary commercial transactions. A company can choose whether to enter a commercial contract. A company cannot choose whether it requires a licence. In many industries, licences are essential. The ability to conduct business depends upon them. This gives licensing authorities substantial influence over economic activity.

The difference between incentives and (coercive) conditions

There are broadly two ways to encourage transformation: (i) incentive-based systems, and (ii) conditional systems.

An incentive-based approach rewards desired behaviour. For example: tax incentives, grants, financing programmes, or procurement preferences. Participation is encouraged through positive incentives.

A conditional approach makes participation contingent upon meeting prescribed requirements, where compliance becomes a prerequisite for access.

The 2026 Bill moves beyond incentives and towards conditions in certain sectors. Where licences, permits or authorisations become linked to empowerment standards, compliance may become a practical necessity rather than a voluntary choice. This distinction is important because conditional systems generally have more negative economic consequences.

Mining

The mining industry illustrates the significance of licensing risk. Mining rights are valuable because they grant access to mineral resources. Without such rights, mining activities cannot occur. Mining projects are also unusually sensitive to regulatory risk. Investors often commit billions of dollars before generating any revenue. Exploration may take years. Development may take years. Returns may only materialise after substantial expenditure has already occurred. In such circumstances, investors seek confidence that licensing frameworks will remain stable and predictable.

If empowerment standards become an important consideration in the granting, renewal or retention of mining rights, investors will inevitably seek clarity regarding applicable standards, future amendments, compliance expectations, and enforcement mechanisms. The greater the uncertainty surrounding these issues, the greater the perceived investment risk.

Energy and its emerging opportunities

Namibia is currently experiencing unprecedented international interest in its energy sector. In particular, oil and gas discoveries have generated significant excitement. There is also interest in renewable energy projects and green hydrogen initiatives. These developments represent potential generational opportunities. Every single one of these projects will require substantial international capital commitments over long investment horizons. Investors in such projects are highly sensitive to regulatory frameworks because they must assess risk over periods measured in decades rather than years. NEEEF does nothing to alleviate these concerns.

Fisheries and natural resources

Namibia's fisheries sector demonstrates another dimension of licensing risk. Where significant economic value depends upon administrative decisions, incentives emerge for influence, favouritism and abuse. Namibians are all too familiar with the Fishrot scandal and how concentrated discretion can easily be abused.

Banking and financial services

The inclusion of banking within the scope of Section 33 is particularly noteworthy. Banking systems operate differently from most other industries. Financial institutions depend heavily upon regulatory certainty, investor confidence, international credibility, and prudent governance frameworks. Banking regulation is generally designed to protect financial stability rather than achieve broader social objectives. Introducing additional policy objectives into licensing frameworks may therefore create complex regulatory interactions.

The administrative burden on regulators

The 2026 Bill's licensing provisions also raise practical questions regarding implementation. If empowerment standards become relevant to licensing decisions, regulators may be required to assess compliance scores, verification reports, empowerment plans, and sector-specific obligations. This increases the administrative burden placed upon regulatory authorities.

Namibian regulators already face significant resource constraints and additional responsibilities may lengthen approval processes, increase compliance costs, create administrative bottlenecks, and delay investment decisions. For example, the Equity Commissioner has not published a report in more than 6 years, even though he has a legal obligation to do so annually. If Namibian regulators are not even able to keep up with relatively small sectors, imagine what will happen with NEEEF, which casts its net over pretty much the entire Namibian economy?

There is also a significant risk of inconsistent application. Where licensing decisions depend upon multiple discretionary factors, concerns may emerge regarding differing interpretations, inconsistent application, changing requirements, and unequal treatment.

> *Economic empowerment cannot succeed unless it first creates the conditions in which investment, enterprise and employment can flourish. Without those conditions, redistribution becomes a competition over an economy that is no longer growing."*

Chapter Summary

EPRA's principal concern arising from Section 33 is that licences and permits can be weaponised as a blunt instrument for the enforcement of vague and undefined empowerment criteria. Much depends on future standards. Much depends on future implementation. Much depends on how discretion is exercised. Businesses considering long-term investments cannot assess these variables today. As a result, the licensing provisions create a degree of regulatory uncertainty that extends beyond the text of the 2026 Bill itself. For big business or sectors requiring substantial capital investment, that uncertainty is a major obstacle to investment. If compliance becomes a condition for retaining those rights, the 2026 Bill becomes far more than a reporting framework. It becomes a gatekeeper to economic activity.

While large corporations may absorb additional regulatory obligations, the consequences for smaller enterprises are very different. The next chapter turns to another often-overlooked issue: The cumulative compliance burden imposed by NEEEF and its likely impact on small businesses, entrepreneurs, and start-ups.

CHAPTER 6
THE HIDDEN COST TO SMALL BUSINESSES

EPRA represents a significant number of Namibian businesses, most of which are small or medium-sized enterprises (SMEs). They are the backbone of the Namibian economy, but often overlooked because public policy tends to be evaluated through the lens of large corporations. EPRA surveys have consistently shown that these businesses are drowning in bureaucracy and red tape.

In Namibia, where unemployment remains persistently high and formal-sector job creation remains constrained, SMEs have an especially important role to play. Any legislation that affects the cost, complexity or risk of doing business should therefore be examined not only from the perspective of large corporations but also from the perspective of small businesses.

This chapter examines how the 2026 Bill may affect SMEs, entrepreneurs and start-up businesses.

The reality of small businesses in Namibia

Policy discussions like NEEEF often assume that businesses possess legal departments, compliance officers, consultants, accountants, and dedicated human resource teams. This is simply not true. A significant proportion of Namibian businesses consists of family-owned enterprises, owner-managed businesses, small service providers, contractors, traders, emerging manufacturers, and start-up ventures. In many cases, the owner performs multiple functions simultaneously. The entrepreneur is often the manager, the salesperson, the bookkeeper, the procurement officer and the human resources department. For such businesses, regulatory compliance is not simply an administrative inconvenience. It is a direct cost. Every hour spent on compliance is an hour not spent generating revenue.

Compliance is not free

One of the recurring themes throughout the 2026 Bill is the creation of systems designed to measure, verify and enforce compliance. These include empowerment standards, verification systems, accreditation frameworks, reporting obligations, and compliance assessments. Each of these mechanisms may appear reasonable in isolation. Collectively, however, they create compliance obligations that must be borne by businesses. The costs may include legal advice, consulting fees, verification fees, administrative staff time, record-keeping systems, and training requirements. Large corporations can often absorb these costs. Smaller businesses frequently cannot. The result is that compliance costs tend to fall disproportionately on those least able to bear them.

The compliance paradox

A paradox exists within many regulatory systems. The businesses most capable of complying are often the businesses that need the least assistance. The businesses most in need of support are often those least capable of navigating complex compliance systems. This creates an unintended consequence. As a result, compliance itself can become a barrier to participation.

Start-ups and first-time entrepreneurs

New businesses are uniquely vulnerable to regulatory complexity. Start-ups face multiple challenges simultaneously, like raising capital, attracting customers, managing cash flow, recruiting employees, and developing products or services. Many start-ups fail. This is not because entrepreneurs lack ambition. It is because starting a business is inherently difficult. Every additional regulatory requirement increases the burden on already fragile enterprises and the cumulative burden of NEEEF will no doubt be excessive and cause many SMEs to abandon business plans before they begin. Such outcomes would be contrary to the objectives of empowerment.

The informal economy

The 2026 Bill largely focuses on formal economic structures. Yet a significant proportion of economic activity in Namibia occurs within the informal sector. Many Namibians earn livelihoods through small-scale trading, informal services, micro-enterprises, and survivalist businesses. The challenge facing many of these individuals is not ownership transformation. It is transition into the formal economy. Successful economic development means helping these informal businesses become formal businesses. This requires reducing barriers to entry rather than increasing them. If formal-sector participation becomes more administratively complex or expensive, some entrepreneurs may remain informal for longer than they otherwise would. This outcome would undermine broader development objectives.

Procurement and market access

One of the stated objectives of the 2026 Bill is to improve participation in procurement opportunities. This objective is understandable. Access to procurement contracts can provide valuable opportunities for emerging businesses. However, procurement systems can also become highly bureaucratic. If participation requires verification certificates, compliance assessments, specialised reporting, and ongoing monitoring, then procurement opportunities may become less accessible than intended. In practice, smaller businesses may struggle to navigate such requirements. The risk is that procurement systems become dominated by those businesses best able to manage compliance rather than those businesses best able to provide goods and services.

The entrepreneurial development pillar

The 2026 Bill identifies entrepreneurial development as one of its key empowerment pillars.

However, entrepreneurial development only succeeds when entrepreneurs are able to access finance, access markets, acquire skills, and expand operations. It is unlikely that a compliance-based system like NEEEF will achieve these outcomes.

The international experience

International experience provides a consistent lesson. Countries that successfully promote entrepreneurship tend to focus on reducing barriers to business formation and growth. These countries often prioritise ease of doing business, access to finance, efficient administration, simplified regulation, property rights, and contract enforcement. They recognise that entrepreneurs thrive when the costs of entering and expanding within the formal economy are relatively low.

A different perspective on empowerment

NEEEF largely approaches empowerment from the perspective of participation within existing economic structures. An alternative perspective would focus on expanding the number of people capable of creating economic opportunities themselves. This approach would emphasise new business formation, entrepreneurship, innovation, skills acquisition, and access to capital. Rather than asking how existing economic activity can be redistributed, it asks how new economic activity can be created. The distinction is important. Long-term prosperity depends not only on participation in existing wealth but also on the creation of new wealth.

The missing SME impact assessment

One notable feature of the 2026 Bill is the absence of a detailed assessment of how the proposed framework will affect SMEs. Nobody bothered to ask what compliance will cost? Or how much time will compliance require? Or how frequently verification must occur? Or whether exemptions apply to SMEs? These questions matter because SMEs often operate with narrow margins and limited resources. A compliance burden that appears modest for a large corporation may be significant for a small enterprise.

Who creates most new jobs?

The debate ultimately returns to employment. Around the world, small and growing businesses account for a substantial share of new job creation. Large corporations remain important. However, many new employment opportunities originate within small enterprises, growing firms, and entrepreneurial ventures. If Namibia is serious about reducing unemployment, it must create an environment in which such businesses can thrive. Any policy like NEEEF that increases barriers to entrepreneurship should therefore be rejected. Even well-intentioned regulation can have unintended consequences if it discourages business formation or expansion.

A practical example of how the 2026 Bill affects a Namibian business

It might be useful to illustrate the potential impact of NEEEF by way of a hypothetical (but practical) example. The company is fictional, but the environment in which it operates is sadly not.

Desert Elephant - a cautionary tale

Desert Elephant (Pty) Ltd ("Desert Elephant") is a typical Namibian business and employer. It operates in a shrinking employer environment. The number of individuals identifying as employers fell from around 45,000 in 2018 to only 15,000 in 2023, representing the loss of approximately 30,000 businesses, most of them small and medium-sized enterprises (SMEs)[5].

Desert Elephant has good reason to be concerned. Like every other Namibian business, it operates in a challenging environment shaped by a combination of high taxation, regulatory complexity, weak domestic demand, and administrative inefficiencies. While some progress has been made, the broader business environment remains difficult for many small and medium-sized enterprises.

One of the most frequently cited concerns by Desert Elephant is the tax burden. Although the government has begun reducing the corporate income tax rate from 32% to 30%, with a proposed reduction to 28%, Namibia's corporate tax rate remains relatively high by international standards and higher than many competing investment destinations. Businesses must also contend with a 15% value-added tax (VAT), withholding taxes, social security contributions, and a range of sector-specific levies and compliance obligations. For many entrepreneurs, particularly smaller businesses, the cumulative effect is that a significant portion of profits is absorbed by taxation and regulatory compliance costs.

Regulatory requirements and bureaucracy present an additional obstacle. Namibian businesses are required to comply with numerous labour reporting, SSC, FIC, tax, licensing, local authority, BIPA, NTA, Equity Commissioner and sector-specific regulations. These include labour laws, affirmative action laws, preferential public procurement laws, vocational, educational and training levies, and many other related laws and regulations.

Smaller firms like Desert Elephant often face the same compliance obligations as much larger corporations, despite having fewer financial and administrative resources. International assessments have consistently highlighted weaknesses in areas such as taxation administration, regulatory efficiency, business registration, and property registration. The World Bank's Business Ready assessment places Namibia in the lower-performing group of countries for taxation and certain aspects of the regulatory environment[6].

If we compare Desert Elephant's operating environment to that of its regional peers (like Rwanda) or global peers (like Singapore), it is measurably more difficult on all three pillars (regulatory framework, public services and operating efficiency) to do business[7].

Table 3: Comparison between Economies

	MAX SCORE	RWANDA	SINGAPORE	NAMIBIA
Pillar 1	100	72.54	77.64	64.21
Pillar 2	100	59.81	75.27	44.57
Pillar 3	100	71.47	79.25	48.90

5 Cirrus Capital (as reported in The Brief) - https://thebrief.com.na/2025/11/namibia-loses-30-000-employers-in-five-years
6 World Bank Group - https://www.worldbank.org/en/businessready/economy/namibia
7 World Bank Group - https://www.worldbank.org/en/businessready/economy/namibia

Desert Elephant has additional challenges. The labour market is rigid, despite Namibia having one of the highest unemployment rates in the world. While a large pool of unemployed workers exists, Desert Elephant frequently reports difficulties in finding candidates with the technical, managerial, and vocational skills required by modern enterprises. This creates a paradox in which employers like Desert Elephant struggle to recruit suitably qualified staff despite widespread unemployment.

Weak consumer spending further constrains business growth. Namibia's small population of approximately three million people limits the size of the domestic market. High levels of poverty and inequality reduce purchasing power, making it difficult for businesses to achieve economies of scale. Desert Elephant therefore depends on exports or regional markets to expand beyond the relatively limited domestic customer base. The economy remains heavily dependent on a small number of sectors, particularly mining and government expenditure, leaving many businesses vulnerable to commodity cycles and fluctuations in public spending.

Infrastructure and logistical challenges also increase the cost of doing business for Desert Elephant. Although Namibia possesses some of the region's best transport infrastructure, businesses still face bottlenecks relating to border administration, customs procedures, trade facilitation, and logistics costs. Regulatory barriers in transport and trade, together with delays in the implementation of digital systems and single-window trade platforms, continue to affect competitiveness.

Finally, policy uncertainty remains a concern for investors. Proposed legislation relating to empowerment requirements, local ownership, labour regulation, and sector-specific licensing can create uncertainty regarding future operating conditions. Investors generally favour stable and predictable regulatory environments, and prolonged policy debates can delay investment decisions and reduce business confidence.

Taken together, these factors create an environment in which Namibian businesses like Desert Elephant must already devote considerable time and resources to regulatory compliance, taxation, and administrative processes, while simultaneously navigating a small domestic market, high unemployment, skills shortages, and uncertain policy conditions. If we add NEEEF on top of this, then it adds yet another layer of reporting and compliance requirements that may literally be the straw that breaks the camel's back. It is no surprise that many firms find growth in Namibia more difficult than in jurisdictions with lower taxes, lighter regulatory burdens, and larger consumer markets.

Chapter summary

The 2026 Bill does nothing to support and encourage SME development. It just latches them onto a vague and unspecified empowerment framework and hopes for the best. The cumulative effect is an increase in the cost and complexity of operating within the formal economy. A successful empowerment framework should make it easier for disadvantaged Namibians to start, grow and formalise businesses. If it makes those processes more difficult, the very people the legislation seeks to assist may be among those most adversely affected.

The next chapter extracts valuable lessons for Namibia from similar social experiments conducted in South Africa and Malaysia.

CHAPTER 7
WHAT NAMIBIA CAN LEARN FROM SOUTH AFRICA AND MALAYSIA

Kuala Lumpur, Malaysia

Both South Africa and Malaysia provide valuable lessons for Namibia on what works and what doesn't work when it comes to race-based empowerment policies. South Africa, because it is our immediate neighbour and most important trading partner, and shares historical parallels with Namibia (NEEEF is obviously inspired by South Africa's B-BBEE policies), and Malaysia, because it is now in its 50th year of attempting what is arguably the world's most detailed and extensive race-based empowerment policy.

The importance of getting empowerment right

It is hard to get empowerment right. It is easy to get it wrong. The stakes are exceptionally high. If Namibia succeeds in creating a more inclusive economy, the benefits will extend far beyond those who directly participate in empowerment initiatives. Higher levels of employment, greater entrepreneurship, increased investment and improved productivity would strengthen public finances, reduce poverty and improve social stability. Conversely, if empowerment policies discourage investment, reduce business confidence, increase compliance costs or create barriers to economic activity, the consequences may fall most heavily on those whom the policies are intended to assist.

History demonstrates that good intentions alone do not guarantee good outcomes. Around the world, governments have adopted policies intended to address inequality, poverty and exclusion. Some have succeeded. Others have produced unintended consequences that undermined the very objectives they sought to achieve. The challenge for policymakers is therefore not merely to pursue noble objectives, but to pursue them through mechanisms that actually work. Economic policy must ultimately be judged not by its intentions, but by its outcomes. Namibia does not have to look far for what not to do.

The position in South Africa

In neighbouring South Africa, a June 2025 report by the Free Market Foundation and Solidarity Research Institute, titled "The Cost of B-BBEE Compliance", conservatively estimates the overall cost of B-BBEE to the South African economy as approximately R290 billion per year – a total of R5 trillion in lost economic activity since the inception of the policy[8].

In an article entitled "When empowerment becomes elite enrichment", William Gumede (Visiting Associate Professor, School of Governance, University of the Witwatersrand) points out that, since the early 1990s, only 46 largely politically connected individuals in South Africa secured 60% of all the BEE mining benefits[9]. It is worth reproducing his article here in full:

"The reality is, the former majority ANC government's BEE strategies have largely benefited a small group of well-connected black and white individuals.

Since the early 1990s, forty-six (46) largely politically connected individuals secured 60% of all the black economic empowerment (BEE) mining, becoming billionaires or multimillionaires overnight.

This is according to a 2015 research report completed for the Chamber of Mines. The report was not publicly released but compiled as a background document for the Chamber's mining charter discussions.

Peter Major, the mining analyst said a combination of Mineral Resources Department incompetence, deteriorating state infrastructure, corruption, nationalisation threats, and mining value-destroying BEE strategies, have cost South Africa over 500 000 mining jobs. The Bureau for Economic Research, using narrow government data shows there has been a loss of over 300 000 mining jobs since the early 1990s.

BEE has taken many different forms. In the private sector, it involves transferring shares in white-owned private companies to previously disadvantaged individuals. In the public sector, national, provincial, and municipal governments, and state-owned entities compel white firms contracting with the state to have BEE shareholding. In the immediate post-1994 privatisation of state-owned companies, BEE was a key requirement for privatisation sales.

The reality is, the former majority ANC government's BEE strategies have largely benefited a small group of well-connected black and white individuals, whether ANC leaders or ANC-aligned trade union leaders or companies, trusts and entities linked to them. Intermediaries, whether the law firms transaction brokers and financiers, structuring BEE deals have also richly benefited. Some 'white' owned companies have also benefited from striking repeat BEE deals with the same politically connected black BEE partners.

Off course, there has been broad-based empowerment transactions, where ordinary employees received shares following BEE transactions. However, often, even in such transactions, particular connected leading individuals would often receive the bulk of the BEE benefits.

Even, when BEE deals are successful in transferring shares to individual previously disadvantaged communities, who are not politically connected, these are rarely financially rewarding. BEE shares are often locked for years, shareholders often do not get dividends, and when they do get BEE dividend payments, these are heavily taxed. Nevertheless, by providing the capital for shares, and not productive assets, is a loss to economy.

In 2000, public procurement rules were introduced for BEE in public procurement. South Africa now spends almost R1 trillion on public procurement annually, accounting for 12% of GDP. Significant volumes of this are BEE spent.

Testifying at the Zondo Commission, National Treasury's then acting Chief Procurement Officer Willie Mathebula said as an example, in the 2017 financial year, the national procurement bill was R800 billion. Mathebula told the Zondo Commission, more than 50% of the government's annual procurement budget was lost due to "intentional abuse of the system", which included manipulation of BEE rules for personal benefit. Off course, incompetence, mismanagement, and corruption are also responsible for the losses.

State entities, such as the Public Investment Corporation provide significant BEE funding. The PIC in its 2023-2026 corporate plan, envisaged it would allocate over 70% of its approved funds to BEE Managers. One of the PIC's funds, it's Isibaya Fund, with over R170bn, holds unlisted investments, funds BEE, such as the Daybreak Foods, in which the PIC invested at least R1.7-billion since 2015. Finance Minister Enoch Godongwana last year announced a new enquiry into allegations of misconduct into the PIC's unlisted funds.

In the 2005 privatisation of Telkom, the Elephant BEE consortium acquired an estimated R9-billion stake in Telkom. Key figures in the Elephant Consortium, led by politically connected individuals such as former Communications Department Director-General Andile Ngcaba and former head in the ANC Presidency Smuts Ngonyama, pocketed more than R3 billion from the sale of its BEE shares in Telkom and Vodacom, and another R1.4 billion in dividends.

In the public sector, state capture has often happened through BEE. Evidence presented to the Zondo evidence reported that the Gupta connected companies secured over R57bn in the state BEE deals.

State owned infrastructure entities, such as Eskom and Transnet were key sites of state capture, which happened through BEE, public procurement, and cadre deployments.

In just one transaction example, Hitachi Power Africa, of which the ANC's investment arm Chancellor House owned 25%, secured around R38bn to build boilers for Medupi and Kusile power stations. The ever-rising costs of building the two stations increased Eskom debt, from R40bn in 2007, to over R400bn in 2024. The fiscus has bailed out Eskom to close to half a trillion rand between 2008 and 2026.

The South African Reserve Bank said that Eskom's load-shedding, as a result of failures cause by the combination of patronage BEE, cadre deployment linked mismanagement and corruption, cost the South African economy R1bn a day.

The failure of South Africa's state rail and port entity, Transnet in 2023 cost the economy R353bn, the equivalent of 4.9% of GDP in 2023. Transnet's failure is estimated to the costs South Africa's economy around R1billon per day in lost economic output.

Swifambo Rail Leasing was established as a BEE company specially to serve as a local front for Spanish railway company Vossloh Espana, to secure the 2012 Prasa contract worth R3.5 billion for the supply of locomotives.

Corruption, mismanagement, and the manipulation of BEE contracts are key reasons for South Africa's water crisis. As a case in point, tenderpreneur Edwin Sodi's Blackhead Consulting, has been fingered in irregular BEE contracts amounting to more than R4 billion. It received a contract to upgrade the Rooiwal wastewater in Tshwane in 2023, but failed to do the work, which contributed to a deadly cholera outbreak in 2023 that killed 29 people.

Manipulation of BEE has also been a key reason for lack of service delivery in the health sector. At Tembisa hospital, BEE tenderpreneurs secured R4bn in contracts, corruptly, and delivering very little.

If BEE was supposedly successful, it has been success for the few, not broad-based success, as it was intended to do.

BEE that involves giving shareholding of existing companies to black political capitalists does not expand the economy but reinforce the concentration of the South African economy.

BEE political capitalists who set up companies to get a specific government tender, even if they have no experience, capacity or finances to do so, are partially responsible for endemic public service delivery failures.

BEE that has focused on giving slices of white companies to politically connected non-whites has collapsed both black and white legitimate businesses who are not politically connected – who have lost out on new or existing contracts as instant political capitalists companies take their state contracts or licences. It has stifled black entrepreneurship.

It has a created a culture of using political connectedness, rather than merit or ability to generate wealth or entrepreneurship. It has encouraged the proliferation of middle-men and women who are connectors to government and private sector deals.

It has fostered a South African societal culture where hard work, entrepreneurship are not valued, because all one need is connectedness to the ANC and leaders to secure government contracts or BEE shareholding in private companies. No society can foster economic growth, tackle poverty, and unemployment without a merit-based culture, or where hard work and entrepreneurship is valued. It has decimated the productive capacity of the South African economy. It has accelerated de-industrialisation of South Africa's economy.

8 https://freemarketfoundation.com/wp-content/uploads/2025/06/FMF-SRI-The-costs-of-B-BBEE-compliance.pdf
9 https://www.wits.ac.za/news/latest-news/opinion/2026/2026-03/when-empowerment-becomes-elite-enrichment.html

In the past there was wide inequalities between whites and non-white South Africans. Now, we also have large inequality discrepancies between rich non-whites and poor non-whites.

Effective empowerment strategies historically in successful countries have focused on supporting existing entrepreneurs, not turning politicians into entrepreneurs, creating new industries, a country did not have before, and developing manufacturing products to export to foreign markets, fostering export-led growth.

The opportunity costs, the massive development benefits lost if more broad-based alternative empower strategies, were used to the current BEE model, is simply too high, given high black unemployment, poverty, and inequalities.

The current model of BEE is a perfect example of the misallocation of capital – whether shares for ordinary black public, or for ANC connected BEE oligarchs, that could have generated bigger societal development impact, by investing it in public infrastructure, world-class education, technology, SMEs or assets, such as homes for the poor."

In 2025, the World Bank also criticised the broader framework of state intervention, restrictive regulations, localisation requirements, industrial policy distortions, barriers to competition, and state-owned enterprise dominance in South Africa[10].

There is growing recognition that South Africa's B-BBEE policies have not had the desired outcome and are a drain on its economy. Namibia would do well not to embark on the same self-destructive path as its neighbour. The answer is not to double down on failed policies. Namibia needs to be brave enough to chart its own path to prosperity, not to copy systems that don't work.

The position in Malaysia

Arguably the closest comparable example for Namibia is Malaysia's New Economic Policy (**"NEP"**), one of the longest-running affirmative action and economic empowerment programmes in the modern world. The similarities are not identical. However, the parallels are sufficiently strong to warrant careful consideration.

Malaysia introduced its NEP policy in 1971. The policy had two primary objectives: (i) reducing poverty; and (ii) restructuring the economy to increase participation by the indigenous Bumiputera population. Like Namibia's proposed empowerment framework, the NEP sought to address historical economic disparities through state intervention. It focused heavily on ownership, equity participation, enterprise development, procurement, education, and preferential economic opportunities. One of its most famous targets was achieving 30% Bumiputera ownership of corporate equity. More than fifty years later, Malaysia remains engaged in debates regarding the success and failures of the policy. For Namibia, the Malaysian experience is important because it demonstrates both the potential benefits and the potential risks of empowerment policies.

What Malaysia got right

Any honest assessment must acknowledge that Malaysia achieved some important successes. It is an open questions whether this was because of, or in spite of, NEP. But let's assume for the sake of argument that the NEP contributed to substantial reductions in poverty, increased educational attainment, greater representation of Bumiputera citizens in professional occupations, and increased participation in business and higher education. Many Bumiputera households experienced significant upward mobility and a sizeable middle class emerged. Supporters of NEEEF will likely point to these successes as evidence that intervention can produce meaningful social change. However, the Malaysian experience also illustrates a crucial point: The most successful aspects of the NEP were often linked to education, skills development and poverty reduction rather than ownership targets alone. This distinction is highly relevant for Namibia.

What Malaysia got wrong

While Malaysia achieved some progress, the NEP policy also generated persistent problems that remain the subject of debate five decades later. Three main recurring criticisms have arisen over the years:

An Obsession With Ownership Targets

Over time, the policy became increasingly associated with ownership percentages and equity targets. In a 2021 ISEAS paper, Lee Hwok Aun argued "that driving goal, in turn, biased the system toward acquisition, profiteering, and short-term gains". The focus gradually shifted from building capability and competitiveness towards measuring ownership outcomes. This emphasis generated continual disputes regarding whether targets had been achieved and how ownership should be measured[11].

Elite Capture

One of the most persistent criticisms of the NEP policy is that benefits became concentrated amongst a relatively small politically connected elite.

In a paper titled "New Economic Policy @50: Looking back and forward" Edmund Terence Gomez (Professor of Political Economy, Dean, Faculty of Economics and Administration, University of Malaya) noted that: "Between 2003 and 2020, all Malaysian prime ministers have openly or tacitly acknowledged, at one time or another during their leadership, that they are aware that preferential treatment based on ethnicity should be discarded, or at least scaled back. However, all have lacked the political will to implement radical reforms. New inequities, as well as the corresponding increase in the powerlessness felt by disaffected and marginalized groups, have resulted in increasing discontent with the political system. There thus remains a pressing need to deal with social injustices affecting all Malaysians through reforms that dispense with policies fostering patronage and identity-based politics (our emphasis)."

Rather than broad-based empowerment, critics argued that significant benefits accrued to a limited group of insiders. This phenomenon became sufficiently widespread that the creation of a "new rich" class became a recurring feature of Malaysian political discourse[12].

Dependency and Rent-Seeking

Critics further argued that certain aspects of the policy encouraged dependence upon preferential treatment rather than competitiveness. Where economic rewards depend heavily upon regulatory preferences, incentives may shift away from innovation and productivity towards securing preferential access. This is a risk facing all empowerment systems[13].

The Ownership Problem

Perhaps the most important lesson from Malaysia is that ownership targets are much easier to measure than genuine empowerment. The ultimate objective should not be ownership itself. The ultimate objective should be prosperity, opportunity, capability, and economic mobility. Malaysia's experience demonstrates that increasing ownership percentages does not necessarily resolve broader questions relating to competitiveness, productivity and wealth creation. Namibia should be careful not to confuse a measurable indicator with the underlying objective.

Why Namibia is not Malaysia

There is another important lesson. Namibia faces a significantly more challenging environment than Malaysia faced in 1971. Malaysia implemented the NEP during a period of rapid industrialisation, strong export growth, expanding manufacturing capacity, and relatively high economic growth. In effect, Malaysia was attempting redistribution while simultaneously expanding the economic pie. Namibia faces a very different reality. Economic growth has been weaker. Industrialisation remains limited. The domestic market is small. Unemployment is substantially higher. The practical implication is significant. Redistributive policies are easier to sustain when economic growth is strong. They become more difficult when this growth is weak.

The most likely scenario

If the 2026 Bill is enacted in its current form, there will certainly be increased compliance activity (reporting, verification, certification, regulatory oversight, compliance administration), but this does not mean there is sustainable economic activity. As pointed out in this report, the 2026 Bill does not contain any incentives to increase economic growth. This means lawyers, consultants, verification agencies and compliance specialists will be busy, but the connection between NEEEF and large-scale job creation is non-existent.

Another lesson from Malaysia is policy drift. Policies introduced as temporary measures often become permanent features of the political landscape. The NEP was initially intended as a time-bound programme. Yet more than fifty years later, many of its core features remain. Temporary interventions easily become permanent structures.

10 World Bank, South Africa Economic Update: South Africa Policy Package for Faster Growth and Job Creation – Priority 4: Injecting Dynamism into the Private Sector (World Bank 2025)

11 ISEAS, 2021 - https://www.iseas.edu.sg/wp-content/uploads/2021/03/ISEAS_Perspective_2021_36.pdf
12 Economic History Malaysia - https://www.ehm.my/publications/articles/new-economic-policy-50-looking-back-and-forward
13 Hwok-Aun Lee, 2023. "Malaysia's New Economic Policy and Affirmative Action: A Remedy in Need of a Rethink," Springer Books, in: Ashwini Deshpande (ed.), Handbook on Economics of Discrimination and Affirmative Action, chapter 36, pages 819-839, Springer.

One of the more controversial aspects of Malaysia's experience was the perception amongst some groups that opportunities increasingly depended upon identity rather than merit. Over time, this contributed to emigration by some highly skilled individuals and concerns regarding talent retention. It is already happening in Namibia.

The opportunity cost

Perhaps the greatest risk associated with NEEEF is not what it does. It is what it distracts attention from: Economic development ultimately depends upon creating a conducive environment where education, skills, entrepreneurship, and productivity is nurtured. This requires sustained effort over decades. There is a danger that empowerment scorecards and compliance metrics create the appearance of progress while more difficult structural problems remain unresolved. A country can become very good at measuring empowerment without becoming very good at creating prosperity.

> *A country can become very good at measuring empowerment without becoming very good at creating prosperity.*

Chapter summary

The choice facing Namibia is not between empowerment and no empowerment. That is a false choice. The real choice concerns the form empowerment should take. An alternative model would place greater emphasis on education, vocational training, apprenticeships, SME finance, entrepreneurship, investment attraction, and infrastructure development. Such an approach focuses on expanding opportunity rather than reallocating existing opportunity. It seeks to increase participation by creating new economic activity rather than primarily redistributing existing economic activity. This approach is much more sustainable.

The next chapter considers how Namibia might pursue a different path — one that focuses on broad-based prosperity, opportunity creation and economic inclusion without creating the risks identified throughout this report. Rather than asking what is wrong with the 2026 Bill, it asks a different question: What would a viable growth-oriented and broad-based empowerment strategy for Namibia look like?

CHAPTER 8
WHAT NEEEF GETS WRONG AND WHAT IS A VIABLE ALTERNATIVE?

This chapter is divided into two parts: **Part A** explains why NEEEF gets it wrong, and **Part B** sets out a viable alternative.

PART A – Why NEEEF gets it wrong

Every major economic policy should ultimately be judged by its impact on people's lives. While ownership structures, governance frameworks, empowerment standards and compliance systems may all be important, most Namibians experience the economy through a far simpler lens: Can I find work?

For the unemployed graduate, the school leaver, the informal trader, the artisan, the farm worker and the young entrepreneur, employment remains the most tangible measure of economic opportunity. It is therefore striking that while the 2026 Bill contains extensive provisions relating to ownership, management control, procurement, verification and compliance, it says relatively little about the creation of jobs. This chapter examines whether the 2026 Bill is likely to contribute to employment creation and whether its mechanisms are aligned with the realities of Namibia's labour market.

Namibia's real economic challenge

aThe central economic challenge facing Namibia is not ownership. It is unemployment. Namibia's unemployment rate remains amongst the highest in the world. Youth unemployment is particularly severe. For hundreds of thousands of Namibians, economic exclusion does not take the form of insufficient ownership in existing businesses. It takes the form of having no job at all.

Replacing a non-empowerment beneficiary shareholder with an empowerment beneficiary shareholder does not mean that more work is created. It just means the entry in the company's share register changed. A person who owns no shares but has stable employment is generally better off than a person who has theoretical access to empowerment opportunities but remains unemployed. This does not diminish the importance of ownership. It simply recognises that employment is often the first step towards economic advancement. Any empowerment policy must therefore be evaluated against its likely impact on employment.

Where do jobs come from?

The answer is deceptively simple. Jobs come from businesses. The government can and does employ many people directly. However, the overwhelming majority of sustainable employment opportunities are ultimately created by private enterprises. Businesses create jobs when they expand production, open new facilities, enter new markets, increase investment, launch new products, and grow revenues. These activities require capital. Capital is supplied through investment. If investment declines, job creation declines. If investment increases, employment opportunities tend to expand. This is why the relationship between the 2026 Bill and investment is so important. Economic indicators show the negative impact of (what were then only serious discussions around implementing NEEEF in 2015/2016) on the Namibian economy.

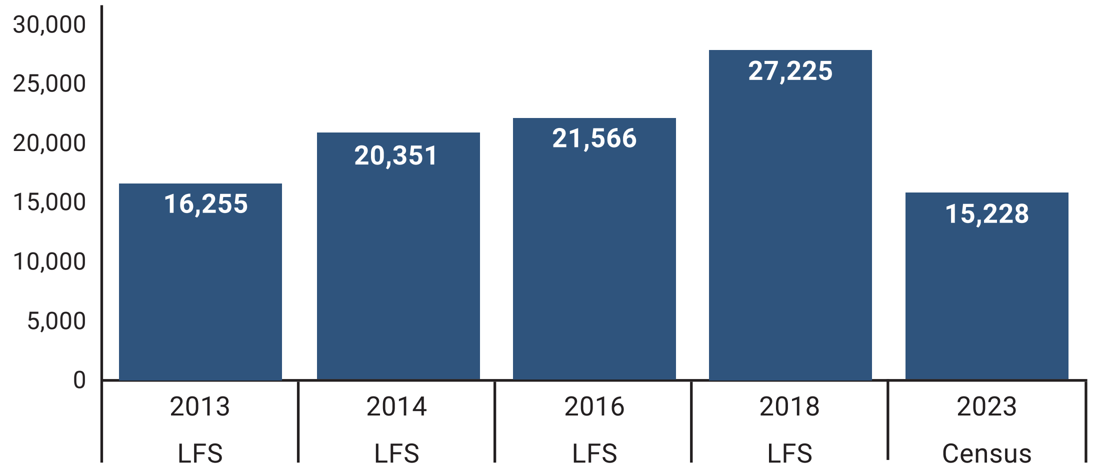
Ownership does not necessarily create employment

One of the central assumptions underlying many empowerment policies is that increased ownership participation will improve economic outcomes. There is some truth to this. However, ownership and employment are not the same thing. A transaction that changes ownership structures does not necessarily create a single additional job. A company may change its shareholding structure. A board may become more representative. A procurement score may improve. All of these changes may satisfy empowerment objectives. None necessarily increases employment.

There has been a steep 44% drop in employers in Namibia from 2018 to 2023 (excluding subsistence farming)[14]. Namibia now has fewer employers than it had in 2013. This is a worrying trend that will only accelerate under NEEEF.

Fig 2: Employers in the Labour Force

Excluding subsistence farming, Namibia lost 44% of employers from 2018 to 2023.



The difference between redistribution and growth

The 2026 Bill is primarily concerned with participation within existing economic structures. These are fundamentally distributive mechanisms. They determine how economic opportunities are allocated. Job creation, however, depends heavily on growth. Growth occurs when more goods are produced, more services are provided, productivity increases, and investment expands. That only happens when policies are designed to grow the economy. NEEEF is not such a policy.

The missing employment mechanism

If we were to ask policymakers how the 2026 Bill will create jobs, they will no doubt argue that greater participation will stimulate entrepreneurship, empowerment financing will support business development, procurement opportunities will create new enterprises, and ownership participation will generate broader economic benefits.

These are all plausible arguments. However, 2026 Bill contains no satisfactory explanation of the specific pathways through which large-scale employment growth will occur. By contrast, the mechanisms relating to compliance, verification, standards, accreditation and enforcement are described in great detail. This imbalance raises an important question. Is NEEEF primarily designed to create jobs, or primarily designed to regulate participation?

14 Source: Cirrus Capital

The risk to labour-intensive sectors

Certain sectors of the Namibian economy (such as tourism, agriculture, construction, manufacturing, retail, logistics, and services) are particularly important because of their employment potential. Many of these sectors operate with relatively thin profit margins. They are highly sensitive to economic conditions, regulatory costs, compliance burdens, and administrative delays. Where additional compliance costs are imposed (as NEEEF will inevitably do), we expect them to respond in predictable ways by delaying expansion, automating processes, postponing hiring, reducing investment, and increasing prices. The disproportionate cost will ultimately be paid by the poorest in Namibian society.

Youth unemployment

Namibia has one of the highest youth unemployment rates in the world. Young people generally do not require complex empowerment structures as their first priority. They require opportunities. Those opportunities may come through apprenticeships, internships, vocational training, entrepreneurship, and employment.

Skills and employability

The 2026 Bill recognises skills development as a pillar of empowerment. It is true that skills development has a direct relationship with employment because employers hire people because they can create value. However, skills development programmes succeed only when linked to real economic opportunities. Training people for jobs that do not exist achieves nothing. The ultimate objective should therefore be the creation of a virtuous cycle where (i) investment creates businesses, (ii) businesses create jobs, (iii) jobs create demand for skills, (iv) skills improve productivity, and (v) productivity attracts further investment. This cycle has driven economic development in successful economies around the world.

What creates jobs in practice?

Countries that have achieved substantial employment growth share certain characteristics. They tend to have strong investment levels, stable institutions, predictable regulation, relatively efficient administration, growing private sectors, and competitive business environments. Importantly, these countries differ significantly in many other respects. Some have extensive welfare systems. Others do not. Some have interventionist governments. Others are more market-oriented. But what they all have in common is an environment that encourages productive economic activity. Job creation is not achieved through compliance systems alone. It is achieved through expanding economic activity.

Part A summary

The 2026 Bill undoubtedly seeks to promote participation, broaden inclusion, and address historical disadvantage. These are legitimate objectives. The critical question, however, is whether the mechanisms chosen are capable of generating substantial employment growth. The answer is obvious: The 2026 Bill creates institutions. It creates standards. It creates compliance frameworks. But it does not create jobs, because it does not incentivize economic growth.

Part B turns to perhaps the most important question in the entire report: What is a viable alternative to NEEEF? Ultimately, legislation should be judged not by its intentions, institutions or compliance systems, but by its impact on economic growth, investment, employment and prosperity.

PART B – Why NEEEF gets it wrong

Every major economic policy should ultimately be judged Public policy should ultimately be judged by outcomes rather than intentions. NEEEF is motivated by legitimate concerns. Namibia remains one of the most unequal societies in the world. Large numbers of citizens remain excluded from meaningful economic opportunities. Historical injustices continue to shape economic realities. These challenges are real. In EPRA's view, the mechanisms contained in the 2026 Bill will not improve those outcomes for Namibia; they will only make things worse.

A better path to economic empowerment

Criticising a policy is easy. Designing a better alternative is much more difficult. For this reason, any serious critique of NEEEF must answer an obvious question: **If not this, then what?**

This report has argued that the 2026 Bill places excessive emphasis on compliance, regulation, verification and administrative control. It has further argued that the 2026 Bill will discourage investment, increase business costs, create regulatory uncertainty and generate limited employment benefits. However, rejecting one approach does not imply accepting the status quo. Namibia's economic challenges remain real. Inequality remains severe. Unemployment remains unacceptably high. Large numbers of citizens remain excluded from meaningful economic opportunities. The question is therefore not whether empowerment should occur. The question is how empowerment should occur. This chapter proposes an alternative approach. An approach that places greater emphasis on creating new opportunities than regulating existing opportunities. An approach that focuses on growth rather than redistribution. An approach that seeks to expand the economic pie rather than merely reallocate existing slices of it. Such policies will benefit everyone in Namibia, especially those who need it most.

The difference between redistribution and empowerment

A distinction must be drawn between redistribution and empowerment. Redistribution concerns how existing wealth is allocated. Empowerment concerns how new wealth is created. The two concepts are related but not identical. A society can redistribute wealth without empowering people. Likewise, a society can empower people without extensive redistribution. True empowerment occurs when individuals acquire the ability to improve their own economic circumstances. This is the foundation of sustainable economic mobility. A successful empowerment strategy should therefore focus on expanding productive capacity rather than merely reallocating existing assets.

> ***A society can redistribute wealth without empowering people.***

The central lesson from successful countries

Countries that have successfully reduced poverty and expanded economic participation generally share a common characteristic. They focused on making people economically productive. Examples include Singapore, South Korea, Mauritius, Botswana, Ireland, and Vietnam. These countries adopted different policies. Their political systems differed. Their cultures differed. Their circumstances differed. Yet a common pattern emerges. They invested heavily in education, skills development, infrastructure, investment attraction, and economic competitiveness. In other words, they focused less on compliance systems and more on economic capability. Their objective was not merely to redistribute opportunity. It was to create opportunities. This distinction is critical.

The first pillar: education

No empowerment programme can succeed if the education system fails. Education remains the single most important determinant of long-term economic mobility. Namibia is among the world's highest public spenders on education relative to the size of its economy and government budget. Yet educational outcomes remain weak relative to this level of investment, suggesting that Namibia achieves a poor return on its substantial education expenditure.

According to the African Development Bank, "Human capital development in Namibia refers to efforts aimed at improving the knowledge, skills, and health of the Namibian population, focusing on enhancing education levels, vocational training, and healthcare access to create a more productive workforce and contribute to the country's economic growth. Despite allocating over 27 percent of the national budget to education (compared to the SADC regional average of 13%), Namibia continues to struggle with high youth unemployment and a persistent skills gap. Ensuring education spending is efficiently utilized is critical, alongside aligning the labor market with a dynamic workforce. The relatively high poverty, lagging human capital, and poor access to basic services are interrelated problems. Namibia ranked 117th among 157 countries on the Human Capital Index, indicating a challenging environment when it comes to increasing the standard of living in the country. Investment in human capital development is crucial to growth and wealth accumulation."[15]

Education should be the cornerstone of Namibia's empowerment policy. A truly transformative empowerment strategy would prioritise this over NEEEF compliance certificates, because educational attainment compounds over time.

The second pillar: skills development

One of Namibia's most pressing challenges is the mismatch between available skills and labour market demand. Many employers struggle to find engineers, artisans, technicians, coders, and specialised professionals. At the same time, many young people struggle to find employment. This disconnect cannot be solved through ownership targets. It requires skills development. A growth-oriented empowerment strategy would prioritise apprenticeships, vocational colleges, industry partnerships, technical training, and workplace experience programmes. Such initiatives directly improve employability.

The third pillar: entrepreneurship

Economic empowerment is often discussed in terms of participation in existing businesses.

However, many of the world's most successful entrepreneurs began with no ownership in existing corporations. They created their own opportunities. Namibia should seek to create more entrepreneurs. This requires easier business registration, reduced administrative burdens, improved access to finance, mentorship programmes, and market access support. Every successful entrepreneur creates opportunities not only for themselves but also for employees, suppliers and customers. Entrepreneurship therefore multiplies empowerment. A regulatory framework should encourage rather than complicate entrepreneurial activity.

The fourth pillar: SME growth

Small and medium-sized enterprises are among the most effective engines of job creation. Many empowerment discussions focus on large corporations. However, sustainable employment growth often originates in growing SMEs. An SME-focused empowerment strategy would include simplified regulation, reduced compliance costs, improved financing mechanisms, faster payments by government, and procurement opportunities for emerging enterprises. The objective should be to make it easier for small businesses to grow because every growing SME represents a potential source of employment and economic mobility.

The fifth pillar: investment attraction

No empowerment strategy can succeed without investment. Investment creates businesses; factories; mines; infrastructure; and jobs. This reality is unavoidable. Countries compete aggressively for investment because investment drives economic growth. A successful empowerment strategy should therefore ask: **How do we make Namibia more attractive to investors?** The answer includes regulatory certainty; policy stability; efficient administration; strong institutions; and reliable infrastructure. These factors benefit everyone. Investment is not the enemy of empowerment. Investment is one of its prerequisites. Sadly, Namibia has adopted the wrong approach when it comes to investment[16].

The Sixth Pillar: Property Ownership

One of the most effective forms of empowerment is asset ownership. Asset ownership allows households to accumulate wealth over time. Unlike many empowerment interventions, asset ownership creates long-term economic security. Policy should therefore focus on expanding access to asset ownership for ordinary Namibians. This approach empowers people directly rather than through complex regulatory structures.

The Seventh Pillar: Infrastructure

Economic opportunities depend heavily on infrastructure. Infrastructure investment is therefore empowerment investment. A business operating in a rural community benefits more from reliable electricity than from many compliance-based interventions. Infrastructure expands opportunity. It reduces economic barriers. It increases competitiveness. These outcomes support broad-based empowerment. Namibia has done relatively well when it comes to infrastructure development but can do better.

15 African Development Bank, Country Focus Report Namibia, 2025 - https://www.afdb.org/sites/default/files/documents/publications/namibia_cfr_2025.pdf
16 For a detailed analysis on the investment bill, see EPRA's January 2026 report (available for download at https://www.epra.cc)

The Eighth Pillar: Competition

Empowerment is often discussed in terms of ownership. Competition is frequently overlooked. Yet competition is one of the most powerful tools for expanding opportunity. Competitive markets reduce barriers to entry; lower prices; increase innovation; and create opportunities for new participants. Monopolies and concentrated markets tend to favour incumbents. Competitive markets create space for newcomers. A modern empowerment strategy should therefore view competition policy as an empowerment tool. It is suboptimal that government competes in so many sectors with the private sector.

A Different Role for Government

This alternative vision does not eliminate government. It redefines government's role. Instead of acting primarily as verifier, regulator, certifier, and enforcer, government becomes a facilitator, educator, and enabler. The first model (like NEEEF) focuses on monitoring or "policing" economic activity. The second focuses on expanding economic activity.

Measuring What Matters

A growth-oriented empowerment strategy would measure different outcomes. Rather than focusing primarily on compliance scores, verification certificates, and ownership percentages, it would focus on jobs created, businesses created, incomes increased, poverty reduced, skills acquired, and investment attracted. These metrics far more meaningful than what NEEEF tries to do. The ultimate purpose of empowerment is not compliance. It is opportunity.

What Empowerment Should Mean

At its core, empowerment should mean something simple. It should mean that a young Namibian has a better chance of building a prosperous future than their parents did. Empowerment should not be reduced to scorecards. It should not be reduced to compliance systems. It should not be reduced to administrative processes.

Part B summary

Namibia unquestionably requires a strategy for economic empowerment. But NEEEF is not the correct strategy. The most effective form of empowerment is one that expands opportunity rather than "rewards" and regulates participation. A successful empowerment strategy should focus on creating an environment in which permanent sustainable jobs are created and business activity is actively encouraged. It expands education, skills, entrepreneurship and SME growth. It encourages investment and expands Namibia's economy. These are the foundations upon which prosperous societies are built. The question facing Namibia is therefore not whether empowerment should occur. The question is whether empowerment should be driven primarily through compliance and regulation or through growth and opportunity. This report submits that the latter approach offers a more promising path.

CHAPTER 9
CONCLUSION

Throughout this report, a recurring theme has emerged. The central concern is not merely that the 2026 Bill introduces excessive bureaucracy or regulatory uncertainty. The deeper concern is that NEEEF attempts to solve Namibia's economic challenges using the wrong policy model altogether.

EPRA assessment of the 2026 Bill against principles of good government policy

In Chapter 1, we set out 10 principles of what good government policy looks like. We can now compare the 2026 Bill against each principle below.

Table 4: Comparison between the 2026 Bill and other principles

PRINCIPLE OF GOOD GOVERNMENT POLICY	ASSESSMENT	REASON	CHAPTER(S)
1. Solves a clearly defined problem	Fails	The Bill misdiagnoses Namibia's primary economic challenge.	2, 5
2. Objectives are measurable	Fails	No measurable targets, timelines or success indicators are defined.	1, 5
3. Benefits outweigh costs	Not demonstrated	No convincing evidence that the benefits exceed the compliance and economic costs.	5, 6
4. Regulation is the minimum necessary	Fails	Creates extensive new institutions, reporting obligations and compliance mechanisms.	4, 6
5. Rules are clear and certain	Fails	Key obligations are deferred to future standards, regulations and ministerial discretion.	4, 5
6. Consistent with the rule of law	Significant concerns	Broad discretionary powers reduce legal certainty and predictability.	4, 5
7. Government enables rather than controls	Fails	Relies on prescriptive regulation rather than creating conditions for investment and growth.	4, 5, 6
8. Assistance is properly targeted	Fails	No means test; benefits are determined primarily by historical racial classification rather than present need.	3
9. Promotes economic growth before redistribution	Fails	Focuses on redistributing participation rather than expanding economic opportunity.	5, 7, 8
10. Subject to review and sunset provisions	Fails	No meaningful sunset clause or objective mechanism for determining when the policy has achieved its purpose.	4, 9

The 2026 Bill fails on almost every good government policy principle.

Should Namibia proceed with NEEEF at all?

Policymakers in Namibia assume that empowerment legislation is necessary and that the only question is how it should be designed. This report challenges that assumption. It argues that Namibia's economic circumstances justify a fundamentally different approach.

The wrong starting point

The 2026 Bill is built upon an implicit assumption. The assumption is that economic inequality and exclusion in Namibia are primarily the result of unequal participation in economic structures. There is some truth to this. However, acknowledging history does not automatically identify the correct policy response. The question facing Namibia today is not **Why was inequality created?** The question is: **Why does inequality persist 36 years after independence?** These are not necessarily the same question. The causes of historical inequality and the causes of contemporary inequality differ significantly. A policy like NEEEF designed to address the first question does not address the second question (which is much more important). In 2026, intergroup inequality is probably much higher than between-group inequality.

Namibia in 2026 is not Namibia in 1990

At independence, empowerment policies could plausibly be justified on the basis that large sections of the population had been systematically excluded from economic participation. Thirty-six years later, Namibia faces a different reality. The country's principal challenges are unemployment, poor educational outcomes, low economic growth, weak productivity, skills shortages, barriers to entrepreneurship, and inadequate investment. These challenges affect Namibians across all regions and communities. They are not primarily ownership problems. They are development problems. The distinction is important because different problems require different solutions.

The arithmetic problem

There is a more fundamental issue. The 2026 Bill is based on a redistribution model. Redistribution assumes that a relatively small group possesses a disproportionate share of economic resources and that transferring participation from that group to others will materially improve economic outcomes. This raises a practical question. How much economic transformation can realistically be achieved through redistribution alone? As we pointed out in chapter 3, Namibia's white population represents 1.8% of the total population. Whatever one's views regarding historical privilege, this demographic reality raises an important policy question: Can the principal economic challenges facing the remaining 98.2% of Namibians realistically be solved through a framework largely focused on participation, ownership and compliance requirements directed at a relatively small minority? This report argues that it cannot. The arithmetic simply does not support a strategy like NEEEF.

Poverty is not caused by white ownership; it is caused by weak economic growth and too few opportunities.

It is tempting for policymakers to mask their own policy failures by laying the blame for Namibia's socio-economic problems at the door of 1.8% of Namibia's population. The reality is that the overwhelming majority of unemployed young Namibians are not unemployed because of the existence of white-owned businesses. They are unemployed because there are not enough succesful businessess, too few jobs, economic growth is too weak, investment is insufficient, skills do not match labour market needs, and entrepreneurship remains constrained. These realities would continue to exist even if ownership structures in existing businessess were altered substantially. This is not an argument against inclusion. It is an argument against confusing symptoms with causes. Ownership may influence who benefits from growth. It does not necessarily determine whether growth occurs.

The Malaysia warning

Malaysia's New Economic Policy provides an important lesson. The policy was introduced more than fifty years ago with objectives remarkably similar to those now advanced under NEEEF. Malaysia discovered that ownership restructuring proved far easier than creating sustainable competitiveness. After decades of intervention, many of the underlying debates remained unresolved. The policy did not make Malaysia more productive or more competitive. Instead, it increased dependency, elite capture and economic efficiency. The lesson is that empowerment cannot substitute for economic development.

The elite capture problem

One of the most consistent criticisms of empowerment policies around the world is that benefits frequently accrue to a relatively small group of beneficiaries. This occurs because participation in ownership transactions generally requires capital, expertise, networks, and access to information. As a result, benefits often flow to individuals already positioned to take advantage of opportunities. The unemployed graduate in Katutura, or the informal trader in Oshakati, or the subsistence farmer in Kavango, or the young entrepreneur in Keetmanshoop frequently remain outside the system. The risk is therefore that NEEEF may create new beneficiaries without fundamentally altering the circumstances of the broader population.

Race is a poor proxy for need

The 2026 Bill effectively treats historical disadvantage as a proxy for present disadvantage.

This was certainly true in 1990. But is it still true in 2026? Over time, the gap between historical identity and present economic circumstances inevitably widens. As societies evolve, individual outcomes become increasingly diverse. Some people prosper. Others do not. A framework based solely on broad categories becomes progressively less accurate as a tool for identifying genuine disadvantage.

Also, the 2026 Bill seeks to address economic disadvantage, but it does not actually identify disadvantaged individuals. Instead, it identifies broad categories of beneficiaries based largely upon ancestry and historical disadvantage. The result is a system that may include many people who require no assistance while excluding others who do.

The Billionaire problem

Let's consider a simple example. Assume an individual falls within the definition of an empowerment beneficiary. Assume further that the individual is a billionaire, owns multiple businesses, possesses substantial assets, and enjoys extensive economic opportunities. Under the logic of the 2026 Bill, that individual remains an empowerment beneficiary (even though that individual needs no help obtaining ownership in a bsuiness or starting a new one). The legislation does not ask: What is your income? What are your assets? Are you economically disadvantaged? Do you require assistance?

The answer is predetermined by category membership soley based on race. At the same time, a struggling entrepreneur, unemployed graduate or low-income worker who falls outside the beneficiary definition may receive no comparable recognition. This creates an obvious question: If the objective is to assist the disadvantaged, why is disadvantage not measured? Or is there something more sinister like elite capture behind the 2026 Bill?

The compliance economy

A recurring concern throughout this report has been the emergence of what might be called a compliance economy. Under this model, economic "activity" revolves around certification, verification, reporting, compliance, and administration. It means that economic energy is diverted from productive activity towards regulatory activity. The 2026 Bill generates entire industries dedicated to compliance.

The central finding of this report

The central finding of this report is straightforward. The 2026 Bill focuses heavily on participation within the existing economy (irrespective of need) and pays no attention to the creation of new economic opportunities. A better alternative is to do away with NEEEF altogether and to focus on policies that actually grow Namibia's economy and truly empower Namibians. The true measure of empowerment is not the number of verification certificates issued, ownership transactions completed or reports submitted. The true measure of empowerment is whether ordinary Namibians improve their standard or living and build a better future for their children. They can do this if only of they are able to find meaningful employment, start succesfull businesses, acquire relevant skills and accumulate productive assets. Those outcomes should remain the ultimate test of any empowerment policy. The question facing Namibia is therefore not whether empowerment should occur. The question is whether NEEEF is the most effective policy to achieve it. This report submits that it is not. Namibia's future prosperity does not depend on how many "NEEEF compliance scorecards" it creates, but on how effectively it creates new opportunities for everyone.

Notes