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FOREIGN DIRECT INVESTMENTS AND SUSTAINABLE DEVELOPMENT IN NAMIBIA: A COMPARATIVE EXPLORATION OF RAMATEX TEXTILES NAMIBIA AND OHORONGO CEMENT

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ABSTRACT

One of the pillars that have underpinned the government of Namibia's economic sustainable development plans rests on the importance of Foreign Direct Investment (FDI) to achieving national goals and objectives in a sustainable manner. As this case study will show, the benefits from FDI and in particular its impact on sustainable development do not accrue automatically. For example, the impact of Ramatex Textiles Namibia (RTN) in Namibia, has led to the creation of a negative perception by the general public towards FDIs. RTN had a relatively negative impact on the country's sustainable development, primarily through the pollution of underground water and violation of labour laws. In contrast, FDI by Ohorongo Cement, it will be illustrated, has had a positive impact on perceptions about its contribution to sustainable development. This positive impact was primarily realised through the Corporate Social Investment (CSI) activities the company has undertaken.

Keywords: Foreign Direct Investment, Multinational Companies, Ramatex Textiles Namibia, Ohorongo Cement, Manufacturing, National Development.

INTRODUCTION

Attracting foreign direct investments (FDI) constitutes an increasingly important component of any country's national development strategy. This component is of particular importance, given the constraints on other development resources such as official development assistance, private bank loans or potentially volatile portfolio investments. More directly, host countries have recognised that sustainable FDI offers unique advantages over traditional development mechanisms that mainly involve financial transfers. Kline (2012) states that in addition to financing, sustainable FDI can incorporate technology transfer, market access, managerial skills and other advantageous resources into a functional business package where risk is borne by the investor rather than by public sector agencies. However, just as FDI can mobilise an array of development resources, the societal impacts from FDI are similarly multidimensional involving economic, environmental, social and governance issues. The multidimensional impact of FDI on the sustainable development of Namibia is the central concern of this paper.

FDI in Namibia is deemed, among others, as a key enabler in aiding the country in attaining its national goals and objectives as outlined in the various National Development Plans (NDPs) and the mainstay of the country's economic development policies, Vision 2030. The latter document lambasts that hitherto, Namibia has not been able to make significant strides in their attainment of various economic developmental objectives. The document highlights the failure of Namibian government's efforts at employment creation as part of the overall goals and manufacturing as part of the strategic areas. One of the key goals of Vision 2030 is to reduce the unemployment rate to fewer than 5% (Republic of Namibia, 2004). While this has been the target for the country since independence, the unemployment rate has increased to date, reaching 51% under the broad definition (Namibia Statistics Agency, 2013). Needless to say, a persuasive argument can be made that in part, the failures outlined above, are due to the inability of the country to attract sustainable FDI, particularly in the manufacturing sector. Evidently, the effect on the country's sustainable development is obvious.

The manufacturing sector has been regarded as a priority sector by the Namibian government. Increased investment in that sector of the economy would, conventional wisdom suggests, reduce the unemployment rate in the country and propel incremental sustainable development. Under the just ended NDP4, 15,707 jobs were expected to be created between 2012 and 2017 from the manufacturing sector (Republic of Namibia, 2012). To facilitate the creation of these employment opportunities, the Namibian government has enacted and passed various key laws, policies and strategies that foster and support the attraction and retainment of FDIs. These are: Vision 2030 (2004), NDP5 (2017), The Namibia Investment Promotion (NIP) Act (Act No. 9 of 2016), The Industrial Policy (2013), The Export Processing Zone Act 1995 (Act No. 9 1995), as amended, Infant Industry Protection (2002) and the Growth at Home Strategy (2014). The afore-mentioned pieces of legilsations, bears testimony to the recognition by the Namibian government of the important role FDIs can play in aiding the attainment of national developmental goals and objectives, and most notably, sustainable development.

To date, Namibia has managed to attract mostly manufacturing FDIs such as Bokomo Namibia, Ramatex Textiles Namibia (RTN), Langer Heinrich Uranium and Ohorongo Cement. Two companies that are of particular interest to this paper are RTN and Ohorongo Cement. As will be illustrated elsewhere, the divergent impact of these two investments constitutes the edifice upon which this study is grounded. In an effort to dissect and understand these FDIs even further, the next section attempts to hypothetically place these two investments in a theoretical context as informed by the writings of various authors such as Tirimba and Macharia (2014), International Monetary Fund (2014), Kline (2012) and more principally, the Location Theory as advanced by Krugman (1991).

Theoretical Framework

Tirimba and Macharia (2014) have defined Multinational Companies (MNCs) as huge industrial organisations that have a wide network of branches and subsidiaries spread over a number of countries. The two main defining characteristics of MNCs are their large size and the fact that their worldwide activities are often centrally controlled by parent companies. Despite the centralised nature of these companies, their operations extend beyond their own countries, and cover not only the more developed countries, but also the Less Developed Countries (LDCs).

The role and determinants of FDI in the sustainable developmental process of an economy has been analysed to a considerable degree. To frame our discussion on FDI and its centrality to the sustainable developmental processes in Namibia, a short definition and explanation is in order, to especially provide a distinction between FDI and sustainable FDI. In our context FDI is: defined as investment that is made to acquire a lasting interest in an enterprise operating in an economy other than that of the investor, the investor's purpose being to have an effective voice in the management of the enterprise without necessarily being sustainable against host country's developmental goals (The International Monetary Fund, 2014). Additionally, FDI has also been defined as "private capital flows from a parent firm to a location outside of the parent firm's home nation. These investments consist of equity capital, intercompany debt, and reinvested earnings. An investment is considered FDI, as opposed to portfolio investment, if it is large enough to give the parent firm some amount of control over the management of the enterprise… FDI, unlike portfolio investments, has long time horizons and is generally not done for speculative purposes, but rather to serve domestic markets, exploit natural resources, or provide platforms to serve world markets through exports" (Jensen, 2003, p. 588). For this reason, both developed and developing countries have engaged in efforts to attract FDI. The challenges faced by countries, especially developing ones in Africa, rests with how to ensure the operations and activities of foreign owned companies are sustainable vis-à-vis the development agenda of respective host countries (Kline, 2012). It is against this background that concerns with sustainable FDI are to be evaluated in this paper.

In contrast, Kline (2012) defines sustainable FDI as investments that yield profits sufficient to maintain effective corporate engagement without harming vital host country interests. This is usually achieved while producing positive net benefits for the country's long-term development goals as evaluated on prioritised economic, environmental, social and governance indicators. Sustainable FDI is a relatively new term that is meaningful when juxtapose with sustainable development. Whether or not host countries benefit from FDIs, it is contingent on the type of investment. This is because investments typically generate a multitude of impacts that involve both costs and benefits for sustainable development. While most FDI project assessments focus mainly on quantifiable economic aspects, environmental, social and governance effects also merit careful evaluation. One major theoretical issue that has dominated the scholarly field of FDI for many years concerns the general lack of theory on sustainable FDI. This has created a vacuum in studies centered on sustainable FDI. In addition, many scholars such as Cyert and March (1963), Dubin (1976), Dunning and Lundan (2008) and Faeth (2009) remain at variance about general FDI theory, and this has resulted in no unified clear-cut theory on sustainable FDI. To deal with this predicament and in an effort to enlist the guidance of a specific theory, this study draws on the Location Theory as constituting the primary guidance to understanding the nature and motives of RTN and Ohorongo Cement.

The Location theory advanced by Krugman (1991), suggests that foreign-owned companies choose a location which is close to markets, raw materials or incentives to construct the investment position and enables FDI to come into existence. Once an investment location attracts more and more FDI, it becomes an agglomeration location. The concentration of production and urbanisation facilitate quick spill-overs of knowledge and the use of joint networks of suppliers and distributors. The interface between RTN's investment decision in southern Africa and the Location Theory finds expression in the pivotal role that location factor played in RTN's investment decision in Namibia. Central to this motivation, was RTN's desire to take advantage of the Africa Growth and Opportunities Act (AGOA), which offers duty and quota free access to the United States market (Shindondola, 2003). The generous package of reinforcing incentives contained in a pre-existing Export Processing Zone (EPZ) programme also played an enticing role. Furthermore, the Namibian government made greater concessions above those granted to other EPZ companies. For instance, the Namibian government allowed for 99-year tax exemption on land use, subsidised water and electricity and the provision of infrastructure for water, electricity and sewage (Jauch, 2002). Despite, these concessions, the investment for the Namibian government was neither sustainable, nor did it yield the expected positive results and impact on the country's sustainable development agenda.

On the other hand, Ohorongo Cement chose to invest in Namibia to exploit the niche market that existed in the country. This choice by the company was further simplified by the promise from the Namibian government to accord it Infant Industry Protection status, which, however, never materialised to date. The above two location specific incentives formed the basis upon which Ohorongo Cement's decision to invest in Namibia was premised. In terms of the investment decisions, the above FDIs conform to one of the precepts which underpins the Location Theory. This is that markets and incentives constitute the reasons for investment decisions made by MNCs. Recognising the location theory, it advocates for positive spill-overs that come with establishing an agglomeration location, the theory does not state how these benefits can be sustainable in the long run for both the investor and for the host country's sustainable development agenda. Nonetheless, as will be shown elsewhere, the usefulness of this theory suffices to provide the link between the motivations of FDIs and the effects it may have on a foreign company's internal and external sustainability orientation. This forms the edifice upon which the Location Theory was selected as constituting the theoretical guiding tool for investigating and lending an understanding on the investment choices of RTN and Ohorongo Cement.

An Anecdote of Two Investments: Ramatex Textiles Namibia and Ohorongo Cement Compared

Conventional economic theory suggests that the investment choices of companies are driven to a large extent by the profit-making prospects that different investment locations offer. However, MNCs base their decisions to invest in a particular country on more than just profits. Jenkins and Thomas (2002) posit that in the case of developing countries, the overriding concern for firms is with low cost locations and export orientation. The logic which underpins any government's decision to allow FDI in any particular country also varies significantly. In the case of Namibia, two factors are of particular significance: employment creation and the sustainable developmental possibilities generally. The promise to create well over 10,000 sustainable jobs and the development of a new manufacturing export base in textiles and garments, with potential knock-on effects for many other sectors through supplier linkages, labour force training and the development of transport networks, prompted the Namibian government to allow Ramatex Textiles Namibia (RTN) into the country. In addition to this, RTN invested N$ 1 billion in Namibia during 2001/02 (Flatters & Elago, 2008).

Flatters & Elago (2008) report that productivity at RTN was lower than expected and unit labour costs were higher. This is further supported by Jauch (2008) who states that labour costs at the RTN accounted for 11% of export earnings in 2004 and for about 16% in 2006. This created difficulties in meeting production deadlines and in achieving planned shipping volumes combined with other logistical problems which raised shipping costs and further reduce competitiveness. Indeed, this posed a challenge towards the sustainability of RTN in terms of its internal operations. Flatters & Elago (2008) further contend that RTN lost money every year since it opened. It scaled back production and employment in January 2005 by closing one of its three garment factories. Rhino Garments, a related company operating under separate management on an adjacent site shut down a few months later. RTN's spinning and weaving operations, which had been operating at considerably less than existing or planned capacity, were closed in August 2007. As suggested above, most of RTN's investment period in Namibia was characterised by operational unsustainability.

In contrast to this invest of RTN, Namibia was able to attract a foreign investor (Ohorongo Cement) in the cement manufacturing industry in 2007. A cement plant was constructed over the course of two years by a leading international engineering company Polysius. The total investment value was N$ 3.8 billion (Weidlich, 2010). What makes this investment remarkable is that the Namibian government did not provide any incentives to this investor. Ohorongo Cement commenced production in December 2010 and was slated to turn out more than 700,000 tons of high-quality cement annually for local consumption as well as for export purposes. Significantly, all raw materials required for the production process are sourced in Namibia and the entire value chain takes place within the country (Russel & Cohn, 2013). The spill-overs from this are multi-dimensional and have greatly impacted on advancing the sustainable development agenda of the country.

The above is further reinforced by Weidlich (2010) who asserts that Ohorongo Cement greatly aided Namibia in ending its reliance on imported cement from South Africa and also proved capable of producing in excess of 700 000 tons per annum. This allowed for export to neighbouring countries such as: the Democratic Republic of Congo, Botswana, Zambia and Southern Angola. This would evidently be beneficial to the country's balance of payments and serves as an example for other Namibian manufacturers to venture into foreign markets. Russel and Cohn (2013) also suggest that, by directly employing 332 people, the Ohorongo Cement has served as a major employer in the Otjozondjupa Region, particularly at the plant. It has, for instance, brought about a number of spin-offs, including the erection of a concrete sleeper factory in Tsumeb, only five months after operations commenced. Additionally, the companies also introduced other services, such as security and transport for employees, constructed a canteen and laundry, and have also created additional employment through outsourcing.

Furthermore, Russel and Cohn (2013) point out that, through Ohorongo Cement's operation, more than 2 100 sustainable jobs have been created (directly and indirectly) and the Namibian Gross Domestic Product (GDP) has risen by at least 1%. The cement company has also been credited with operating the most technologically advanced plant of its kind in Africa (Russel & Cohn, 2013). It was awarded several prizes including 'Best Foreign Investment' by the Namibian Government in 2011, and 'Manufacturer of the Year Award in 2013' by the Namibia Manufacturers Association. The added advantage of Ohorongo Cement is that in contrast to other African cement plants such as Rwanda Cement Factory in Rwanda and Ashaka Cement in Nigeria, it uses approximately 30% less electrical power at 18 Megawatt hour (MWh) per day for the raw mill and approximately 2.5 MWh per day for its coal mill (Russel & Cohn, 2013). The above narrative illustrates the internal and external sustainability orientation Ohorongo Cement has adopted, and has positively contributed to the sustainable development of the country.

Role of MNCs in National Development

MNCs are known to be huge industrial organisations that have a wide network of branches and subsidiaries spread over a number of countries. These organisations, according to Killen and Ghimire (2016), usually possess significant power when it comes to the impact they may have in the sustainable development of a country, especially in developing countries. Nyambura (2013) adds that, MNCs often have annual sales volumes in excess of the entire Gross National Products (GNP) of the developing countries in which they operate. MNCs can, therefore, have a great impact on the sustainable development process of the underdeveloped countries. In discussing the role of MNCs in sustainable development, various arguments from various authors that are in favor of and against the operations of MNCs have come to the fore. Tirimba & Macharia (2014) have advanced a number of arguments in favor of the positive role MNCs play. These arguments are as follows: Filling the savings gap; Filling the trade gap; Filling the revenue gap and Filling the management/technological gap.

Tirimba and Macharia (2014) add that foreign investors bring with them the most sophisticated technological knowledge about production processes while transferring modern machinery, equipment and capital to LDCs. Such transfers of knowledge, skills, and technology, according to Killen and Ghimire (2016), are assumed to be both desirable and productive for the recipient country's sustainable development, provided they have a long-lasting effect. This is true in the case of Ohorongo Cement which has been renowned for operating the most technologically sophisticated cement plant in the southern African region, while its workforce constitutes over 95% of Namibians, thus locals benefiting largely through skills transfer (Russel & Cohn, 2013).

Nyambura (2013) posits that the beneficial roles that foreign investments play in bringing several benefits to the host country are: domestic labour may benefit in the form of higher real wages; consumers benefit by way of lower prices and better-quality products; investments by MNCs will also induce more domestic investment (see also Bevan and Estrin, 2004). For example, ancillary units can be set up to 'feed' the main industries of the MNCs (such as the construction industry that relies on Ohorongo Cement for cement); MNCs expenditures on research and development (R&D), although limited is bound to benefit the host country. In the case of Namibia, a study by Marenga (2017) on wages is most revealing. He asserts that Ohorongo Cement offers competitive wages/salaries to its employees. Figure 1 below illustrates his assertion.

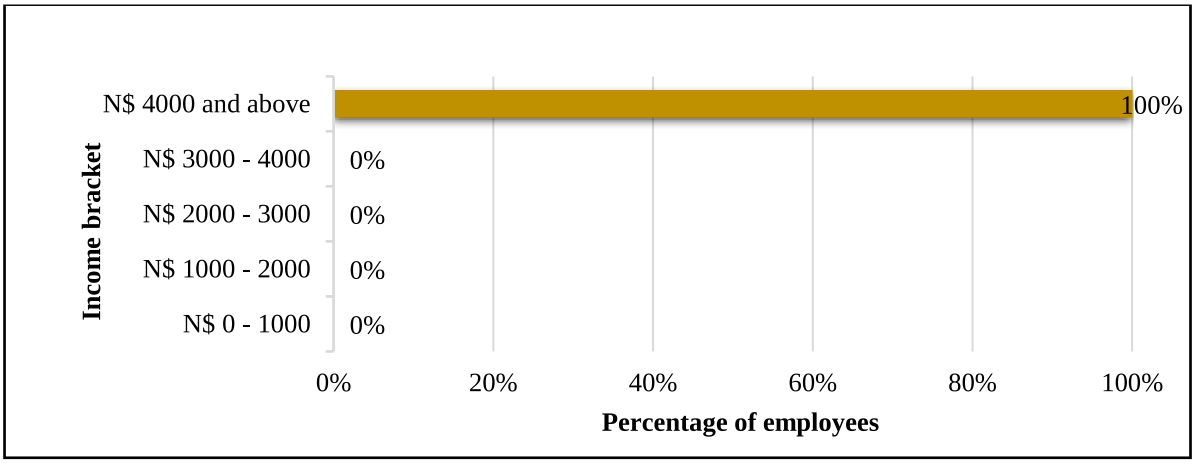

Figure 1: Income brackets of Ohorongo Cement employees
Source: Marenga (2017)

Figure 1 above depicts the income bracket of both skilled and unskilled employees at Ohorongo Cement. A 100% of the sampled employees received a monthly salary of N$ 4000 and above.

Contrastingly, arguments have been leveraged against MNCs by Pettinger (2008) and Mannucci (2016). MNCs are perceived to play a negative role in development. These arguments are summarised as follows:

1) Although MNCs provide capital, they may lower domestic savings and investment rates by stifling competition through exclusive production agreements with the host governments;
2) Though the initial impact of MNC investment is to improve the foreign exchange position of the recipient nation, its long-run impact may reduce foreign exchange earnings on both current and capital accounts;
3) While MNCs do contribute to public revenue in the form of corporate taxes, their contribution is considerably less than it should be as a result of liberal tax concessions, excessive investment allowances, subsidies and tariff protection provided by the host government;
4) The management, entrepreneurial skills, technology, and overseas contacts provided by the MNCs may have little impact on developing local skills and resources;
5) MNCs' impact on development is very uneven. In many situations, MNC activities reinforce dualistic economic structures and widens income inequalities;
6) MNCs typically produce inappropriate products and stimulate inappropriate consumption patterns through advertising and their monopolistic market power. Production is done with capital-intensive techniques which is not useful for labour surplus economies. This would aggravate the unemployment problem in the host country;
7) The behaviour pattern of MNCs reveals that they do not engage in R & D activities in underdeveloped countries;
8) MNCs often use their economic power to influence government policies in directions unfavourable to development. The host government has to provide them special economic and political concessions in the form of excessive protection, lower tax, subsidised inputs, and cheap provision of factory sites; and
9) Multinationals may damage the host countries by suppressing domestic entrepreneurship through their superior knowledge, worldwide contacts, and advertising skills.

As illustrated elsewhere, it is important that a comparison in wages is done with *figure 1* above to substantiate the arguments brought against MNCs. The phenomenon of widening income inequality was found to be the case with RTN. RTN provided low wages to its employees vis-à-vis the inflation rate and GDP per capita during its operation in Namibia (2001 – 2008).

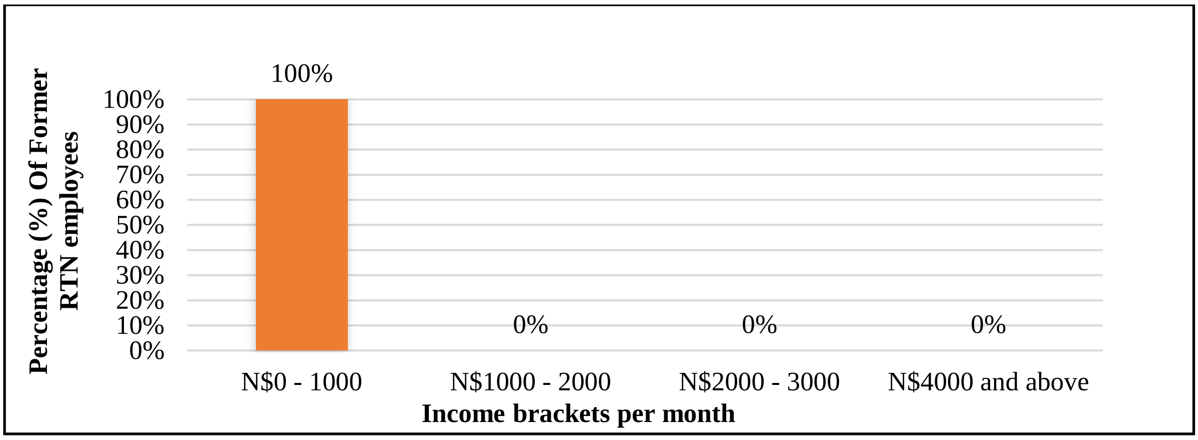

Figure 2: Income brackets of RTN employees

Source: Marenga (2017)

Figure 2 above shows the income brackets of the former RTN employees. 0% of the employees received a monthly salary in the income brackets: N$ 1000 – 2000; N$ 2000 – 3000; and N$ 4000 and above. Consequently, 100% of the sampled employees received an income of between N$ 0 – 1000. What the afore-mentioned suggests is that FDIs may increase employment opportunities, however, for FDI to be sustainable, it needs to be accompanied by sustainable salaries/wages based on the rank/level of various positions within a company, and prevailing inflation rates. Realising this will allow employees to lead a sustainable life free from extensive debt. Kurtishi-Kastrati (2013) states that the determination of income to employees by foreign investors should consider the inflation rate of the host country. Low salaries offered to local employees could perhaps be attributed to the low-cost labour incentive. RTN may have simply been exploiting this as it was one of the reasons it chose to invest in Namibia. The above provides a classical scenario of how the location theory and its stance may yield negative consequences for host countries.

From the above, the role of MNCs, and in this instance, RTN, in the developmental process of host countries has been contested. This comes as a result of the varying degrees of challenges and opportunities they bring to the state that they invest in. Not surprisingly, there is no uniform opinion about the challenges and opportunities of MNCs as disadvantages and advantages derived from their operations in a country is largely dependent on, amongst others, the governing legislature of that state. As such, legislature and other governmental policies also have a bearing on the operational activities of MNCs. Despite the role of foreign investors being contested, developing countries with the assistance of international development organisations, have started to position themselves strategically to attract and accept FDI that would be compatible with the development objectives of the host country. Despite the negative scenario pertaining to RTN, FDI can potentially play a pivotal role in the realisation of national goals and objectives, while giving similar importance to the developmental economic, environmental, social and governance aspirations of the host country. To counteract the detrimental impact of FDI, it is commendable that developing countries like Namibia, develop adequate laws and policies to both protect the country and also entice FDI from countries and companies, while similarly ensuring sustainable development for the host country.

Kline (2012) states that foreign investors usually calculate the benefits and costs of a particular foreign investment location in terms of its contribution to the corporation's global profitability and sustainability. Although types of operational benefits vary, their impact on the corporate bottom line is generally quantifiable. He further asserts that host country developmental benefits and costs at the national, regional and local levels are more diverse and most of them are often difficult to quantify and compare (Kline, 2012). The tendency is often to focus on more easily quantifiable economic factors that directly correspond to the foreign investor's project proposal. This approach can present an image of definitive certitude, even when time projections are uncertain, and often overlooks or undervalues potential project impacts on less quantifiable interests. The absence of a regulatory framework that provides the contours to safeguard sustainable FDI in Namibia suggests that RTN was capable of exploiting the legislative loopholes to its advantage. Indeed, Jauch (2008) submits that RTN showed no regard to the economic, environmental, social and governance sustainability considerations of the country. Contrastingly, Russel and Cohn (2013) state that Ohorongo Cement has had a different approach of FDI operations in the country with due diligence given to economic, environmental, social and governance sustainability considerations of the country. The withdrawal of RTN from Namibia brought into relief the issue of sustainable FDI.

In light of the above-mentioned, RTN and Ohorongo Cement have been selected for purposes of this study to illustrate and give comprehensive insight into the impact their operations have had on the developmental agenda of Namibia by addressing the following two objectives of this study: Determine whether FDIs carry the developmental interests of Namibia at their hearts; and Establish the extent to which RTN and Ohorongo Cement have contributed to the developmental objectives of the Namibian government. In attempts at trying to understand the nature of these two FDIs, and to address the objectives of this paper, the next section outlines the specific methodological approach that was used to collect, analyse and present data.

METHODOLOGY

Due to the inimitability of the topic, a qualitative research design was best suited for this study to allow for the collection of descriptive data that would allow for the comprehensive understanding of these two case study MNCs. The population comprised of key stakeholder organisations such as the Namibia Investment Centre in the Ministry of Industrialisation, Trade and SME Development, Ministry of Finance, Labour Resource and Research Institute, A Labour Researcher and Educator, and Irwin, Jacobs, Greene (IJG) Securities. The purposive/judgmental sampling technique was used to obtain sample of respondents that are knowledgeable in the subject area. Interviews were conducted with one individual each from the above-mentioned 5 stakeholder organisations, thus totaling a sample size of 5 respondents.

During the interviews, the researchers were guided by an interview schedule that contained the questions to be posed to the respondents in a predetermined sequence. These interviews were recorded on a multimedia recorder, with consent obtained from the respondent. The process of conducting interviews was characterised by the researcher asking the participants a series of structured questions of which they were required to respond to, if comfortable with the posed question.

Information obtained from the interviews was transcribed and coded in a comprehensive manner that would make participant responses appear in clear and sensible way through thematic analysis. Furthermore, the use of open-ended questions, in some cases, resulted in information given by the participant that is irrelevant to the study at hand and the researcher, therefore, had to filter such information in preparation of presenting the research findings. Using the above adopted methodology to this study as a guiding tool, the section here-below presents, analyses and discusses the results.

RESULTS

The qualitative data analysis led to the emergence of various themes from the structured interviews guided by the research objectives discussed in the introduction. This section presents the results obtained according to the themes that emerged as a result of the interviews that were conducted.

1) National Development through FDI

The above theme required respondents to provide their thoughts on whether foreign investors carried the developmental interests of Namibia at heart. It emerged that, despite foreign investors being profit driven with no obligation to contribute to the development of Namibia, some foreign owned companies in fact have contributed to the achievement of some of the developmental goals and objectives of Namibia. These views are discussed below.

Interestingly, Johannes Hatutale, an Economist from the Namibia Investment Centre (NIC) states that *"The nature of foreign owned companies is that they are profit driven by design, therefore cannot be expected to carry the developmental interests of Namibia at heart. Although some, in addition to tax contributions and employment opportunities, have gone the extra mile through corporate social responsibilities"*. The respondent provides examples and states that *"Such foreign investors include the Dundee Precious Metals which has gone the extra mile through its Tsumeb Community Trust which was established to provide funds to the community at large to address its socio-economic needs"* (Personal communication, September 12, 2016). The profit motive is evident in how MNCs select an investment location. For MNCs, low cost locations and export orientation are the tenets that allow for profit maximisation. In this case, location specific traits come into play as propagated by the Location Theory in MNCs decision to invest in a particular location. This profit orientation often becomes the primary drive behind a MNCs operations (as this is considered a route to achieving internal MNC sustainability), and may thus not consider means on how they could intentionally contribute to the developmental aspirations of the host country.

In concurring with the above, Rowland Brown, the Head of Research at IJG Securities states that *"Foreign owned companies do not have to contribute sustainably to Namibia's developmental aspirations, though there are some that contribute".* He further adds that "*There have been a few cases where foreign investors have voluntarily contributed to development such as Ohorongo Cement, Dundee Precious Metals and the Oshikoto B2Gold Mine"*. He advises that "*What the country should rather do is ensure we do not get ripped off by foreign investors by selling our resources cheap, allowing environmental degradation and allowing poor employment conditions, which if upheld, can contribute to the various government objectives as emphasised in legislation"* (Personal communication, September 12, 2016).

Emmert Kiberd, an Economist from the Ministry of Finance, supports the above two respondents' views. He states that *"It is not the primary goal of foreign owned companies to contribute to the development of the country as they are primarily profit driven. Developmental spill overs from the investment can occur, though this may not always be intentional on the part of the investor. Depending on how foreign investors are incentivised, they can also contribute to the sustainable development of the country"* (Personal communication, September 15, 2016). This was evident with RTN, which through incentives provided by the EPZ Act (Act No. 9 of 1995), has managed to contribute to the NDP 2's goal of increased employment. This was realised by the 7000 Namibians who got employment at the factory and reduced the unemployment rate. According to statistics by Index Mundi, the unemployment rate gradually reduced between the years 2001 to 2007 from 24% to 5.2 % (Index Mundi, 2015).

Another respondent, a Labour Researcher and Educator, Herbert Jauch, adds that *"Foreign owned companies do not carry the developmental interests of Namibia at heart. What happens is that some of the spillover effects of the investment coincides with government objectives. These can be employment creation, skills and technological transfers"* (Personal communication, September 5, 2016). These benefits that arise from the spillovers and match government objectives are not intentional on the part of the investor, because, as similarly indicated by previous respondents, foreign investors are, under no obligation to contribute to government developmental objectives due to their profit driven nature.

From the above responses, consensus appears to center on the fact that FDIs do not have to contribute to the sustainable developmental goals of Namibia. Justification for this was that FDIs are usually profit driven and would rarely deliberately contribute to the achievement of government goals at their own cost, e.g. building a dam for a community. The above shares sentiments with literature that states the responsibility of a company is solely to make profits, a company has no obligation to exercise social responsibilities to society and contribute to government objectives pertaining to sustainable development. To increase the margin of foreign investors contributing to the development of Namibia, the safeguarding of its interests by government is ideal in that it will ensure the country only accepts investments that aid government in its efforts towards development and industrialisation. In realising this, it remains important that government does indeed carefully select the type of FDI they allow into the country. A quality over quantity approach should be the rationale here.

The contentious views expressed by the respondents and evidence gleaned from the literature counteract the approach that emphasises that sustainable FDIs should care about their stakeholders' interests and at the same time, place more emphasis on other areas apart from solely profit making. The stance on this approach stems from the fact that nowadays stakeholders are not only concerned about profits, they are more interested in the impact their operational activities have on various economic, environmental, governance, and social factors. This can be attributed to the fact that these factors significantly affect the fate of the company in long term as well as the impact on the host country's sustainable development path. Despite the above convictions by the respondents, it was established that, in some instances, FDIs do contribute to developmental goals unintentionally. This can be through employment opportunities, contribution to the foreign currency reserves or increasing the economic growth rate.

As reflected elsewhere, the relevance of FDI in aiding the sustainable developmental process has been reflected in various pieces of developmental policies, plans, and strategies. These include, among others, Vision 2030, NDP5 (2017), Industrial Policy (2016), Harambee Prosperity Plan (HPP) (2016) and the Growth at Home Strategy (2014). The afore-mentioned policies have recognised the role that FDIs can play in achieving development and have, therefore, made provision for the involvement of foreign investors in their attainment. The entry point for ascertaining the interface between legislation and FDI in Namibia, provides the impulses of how MNCs such as RTN and Ohorongo Cement have contributed to the sustainable development of the country.

2) Contribution of RTN and Ohorongo Cement to the Sustainable Development of Namibia

In addressing the above thematic area, respondents were required to indicate whether the investments of RTN and Ohorongo Cement have contributed to the sustainable development of Namibia and how. From the responses gathered, it is evident that RTN and Ohorongo Cement have to some extent contributed to the sustainable development of Namibia, though to different extents. Emmert Kiberd from the Ministry of Finance remarks *"RTN has primarily contributed to development through the provision of employment opportunities to 7000 people"* (Personal communication, September 15, 2016). The creation of employment opportunities is anchored in national plans such as NDP5 and Vision 2030. This contribution, in terms of sustainability, would be of less value as these employees received unsustainable salaries vis-à-vis the inflation rate which varied between 10.2% and 9.1% during the period 2001 and 2008 (Index Mundi, 2016). Additionally, these employees lost their jobs in less than 8 years.

He further adds that *"RTN proved to be beneficial in skills transfer to employees. Upon the relocation of the company, these employees might have used this to get other employment in the textile industry"* (Personal communication, September 15, 2016). This suggests that the skills obtained at the factory did not serve to be beneficial to the employees in the long run as most of them were not able to obtain further employment (Marenga, 2017). This serves to be against the principles of sustainable employment practices. Johannes Hatutale from the NIC adds to the above and states, *"RTN has to a lesser extent contributed to the sustainable development of Namibia"*. He further opines that *"Upon relocation, everything literally stopped as there were no local business linkages. However, during operation, employees could earn an income they could spend in the economy and micro enterprises benefited through the selling of food stuffs to employees during their breaks"* (Personal communication, September 12, 2016). Despondently, all these benefits were temporary and minimal and as soon as the factory closed shop, all these came to a complete end and no sustainable positive after-effect was witnessed. In addition, Rowland Brown from the IJG Securities, states that *"The contribution of RTN was very minimal"*. He explains that *"The textile company was very short lived, provided temporary employment, did not create any long-term wealth, and it did not leave the country with a better textile capacity but with a damaged environment through pollution of the underground water"* (Personal communication, September 12, 2016).

Herbert Jauch, a Labour Researcher and Educator adds that *"The large consumption of water at the factory resulted in huge losses for the government in terms of the subsidised water and electricity; there were significant health problems for* *the employees who were also exposed to discriminatory practices".* He further adds that *"The unemployment rate was at a high of 51% upon the relocation of RTN in 2008. In addition, potential investors to Namibia might have been discouraged to invest due to the bad reputation RTN brought to the country, thus making it a less favourable investment destination"* (Personal communication, September 5, 2016).

The responses above show that despite RTN's investment, it has failed to make a sufficient contribution to the sustainable development of Namibia. In addition, while MNCs do contribute to public revenue in the form of corporate taxes, their contribution is considerably less than it should be as a result of liberal tax concessions, excessive investment allowances, subsidies and tariff protection provided by the host government as was the case with the RTN under the EPZ Act (Act No. 9 of 1995). MNCs' impact on development is very uneven and not always long-lasting. In many instances, MNC activities reinforce dualistic economic structures and widens income inequalities. Literature further reveals that the behavioural patterns of MNCs indicate that they do not engage in research and development activities in underdeveloped countries (Pettinger, 2008; Mannucci, 2016). Similarly, no evidence exists that RTN was engaged in research and development. This could largely be attributed to the fact, upon relocation of RTN, the textile industry in Namibia was almost nonexistent. This suggests the lack of a sustainability orientation of RTN, both internally and externally.

Contrastingly, the responses obtained on Ohorongo Cement's contribution to the sustainable development of Namibia appear to be more positive. The responses suggest that Ohorongo Cement has reasonably had more positive effects on the country at large and has contributed to the developmental objectives of government. This comes as a result of the responses presented below. Michael Akuupa, the Director of the Labour Resource and Research Institute (LaRRI) states that *"Ohorongo Cement has particularly contributed to national and local sustainable development. One such case of local sustainable development is the Ohorongo Otavi Community Trust, which assists vulnerable citizens living within the Municipal area of Otavi to become self-sufficient and educated citizens who, in turn, will be able to contribute towards the growth and development of Namibia".* He further cites efforts towards sustainable development by Ohorongo Cement and states that "Other *programmes include the Albino Corner; renovation of the Otavi Health Clinic and the donation of hospital equipment and medical attire"* (Personal communication, September 14, 2016).

These programmes and activities can surely go a long way in aiding government meet its goals. These have clearly contributed to developmental goals as prioritised by the Vision 2030. Literature has established that under Vision 2030, one of the driving forces among the complex agents of our development is health. These programmes and activities can only be considered sustainable depending on the duration of Ohorongo Cement in Namibia. Johannes Hatutale from the NIC states that *"Due to the nature of the product (cement), Ohorongo Cement is producing, they play an important role in the construction industry, which over the years has contributed significantly to development and industrialisation in particular. They have additionally established local business linkages and on the social front through the Otavi Community Trust. Contrastingly, Ohorongo Cement has demonstrated that they will be in Namibia for a long period".* He further adds that *"Ohorongo Cement has created sustainable jobs with sustainable incomes, they contribute to the wealth of the country, they contribute towards environmental efforts such as bush encroachment, clearing of bushes, with cooperative agreements with the Ministry of Health and Social Services, donation of specialised medical equipment and the installation of solar geysers at school hostels in Otavi. The skills transfer to employees and linkage to local businesses remains significant"* (Personal communication, September 12, 2016).

Emmert Kiberd from the Ministry of Finance adds to this and states that "*The operations of Ohorongo Cement have been good in the sense that imports of cement are now kept very minimal and serves to be advantageous in increasing foreign currency reserves and financing the current trade deficit".* He further adds that *"Ohorongo Cement has been very strategic in the CSR initiatives they undertake as they appear to be directly contributing to aiding government attain its developmental objectives as highlighted in various national documents. These include the donation of wheelchairs, commodity chairs, walking frames, donation of ambulance to the Otavi Town Council, painting & installing electricity at Otavi and Outjo sports facilities, donation of equipment to Etunda clinic and supporting the Shack Dwellers Federation Housing Initiative"* (Personal communication, September 15, 2016).

From the above responses, it appears Ohorongo Cement has, through its various programmes and activities, contributed to the socio-economic sustainable development of the country at large. The responses show that the company has contributed to creating jobs, providing training, transferring of knowledge and to providing finance. In doing so, the company has contributed to strengthening the Namibian economy, improving the balance of trade, and clearly supporting national development plans, strategies and policies such as the Vision 2030 (2004), NDP5 (2017), Industrial Policy (2013), Growth at Home Strategy (2014) and the HPP (2016).

Namibia as a developing country, is likely to experience problems in meeting its national goals and objectives (Lomazzi, Borisch, & Laaser, 2014). With this in mind, it may be that Ohorongo Cement has observed this as an opportunity they could take on upon investing in Namibia, especially taking into account that their corporate social responsibilities have been institutionalised and remains a primary subsidiary of its overall strategic goals. The above suggests a relationship between the need for Ohorongo Cement to execute its CSRs in an investment location that would most need it. This according to the Location theory would serve to be one of the tenets that attracts an MNC to a particular location.

Discussions/Conclusions

The study has illustrated that not all FDIs are detrimental to the Namibian government's developmental goals and objectives. While this remains, the study also demonstrated that some FDIs have proven to be unfavourable and serve to deter the attainment of national goals and objectives as expressed by the Namibian government. The section which follows below provides a discussion and tentative conclusion.

FDIs and the Developmental Interests of Namibia

Notwithstanding the fact that government has made significant strides in luring FDI into the country, it became clear that foreign investors have indeed, to a lesser extent, carried the sustainable development interests of Namibia at heart. Consensus was on the fact that FDIs do not have to contribute to the developmental objectives of the country but are sometimes forced through legislation to contribute to developmental goals. This indeed poses a challenge towards the promotion of sustainable FDI in Namibia. Contribution to the achievement of developmental goals appears to be a matter of complying with various legislation, as well as spill-overs from investments that coincide with developmental goals and aspirations of the country. Although there were few cases, such as Ohorongo Cement, that has in addition to the obligatory tax contributions, gone the extra mile through their CSI activities. Consensus on this was on the fact that FDIs are profit driven and it's not their primary goal to promote the interests of the country. This is attributed to the mixed economic system of Namibia that at times privileges private capital at the expense of the Namibian nation.

Contribution of Ramatex Textiles Namibia and Ohorongo Cement to the Developmental Objectives of the Namibian Government

RTN and Ohorongo Cement have contributed to the developmental objectives of Namibia, though to different extents. It became clear that RTN did not significantly contribute to the developmental aspirations of the country. It primarily contributed through the provision of employment opportunities (7000 at peak) to Namibians. This is anchored in national plans such as NDP2 & NDP3, Vision 2030, and the Foreign Investment Act (Act No. 24 of 1993) that was existent at the time. Exports to the US market through the AGOA were duty free and therefore did not contribute to the revenue pool of government. Upon the relocation of RTN in 2008, everything literally stopped as there were no local business linkages. The damaged environment as a result of the operations at the factory posed a health hazard to surrounding communities. The life-span of the textile company was very short. Consequently, it provided temporary employment, it did not create any long-term wealth, and it did not leave the country with a better textile capacity. The unemployment rate increased to an all-time high of 51% upon the relocation of RTN in 2008. From the above, one can conclude that RTN contributed to the achievement of government developmental goals to a very less extent. Contribution was primarily through the provision of employment to 7000 people, at peak.

Contrastingly, results indicate that Ohorongo Cement has far more contributed to the achievement of government developmental goals and aspirations through various laws and policies. These include the Industrial Policy (2013), Growth at Home Strategy (2014), Vision 2030 (2004), NDP5 (2017) and the NIP Act (Act No. 9 of 2016). One such case of local sustainable development is the Ohorongo Otavi Community Trust, which assists vulnerable citizens living within the Municipal area of Otavi to become self-sufficient and educated citizens.

Other programmes include the Albino Corner; renovation of the Otavi Health Clinic and the donation of hospital equipment and medical attire. These have, clearly contributed to developmental goals on health as prioritised by the Vision 2030. Additionally, the nature of the cement product plays an important role in the construction industry and has contributed significantly to development and industrialisation as emphasised by the Industrial Policy (2013) and the Growth at Home Strategy (2014). Ohorongo Cement has created sustainable jobs with sustainable incomes and fringe benefits. Ohorongo Cement contributes to the wealth of the country through corporate company tax, they contribute towards environmental efforts such as bush encroachment, clearing of bushes, cooperative agreements with the Ministry of Health and Social Services, donation of specialised medical equipment and the installation of solar geysers at school hostels in Otavi. The skills transfer to employees and linkage to local businesses remains extremely significant.

Imports of cement are now kept very minimal and serve to be advantageous in increasing foreign currency reserves and financing the current trade deficit. Other programmes and activities include the donation of wheelchairs, commodity chairs, walking frames, donation of ambulance to the Otavi Town Council, painting & installing electricity at Otavi and Outjo sports facilities, donation of equipment to Etunda clinic and supporting the Shack Dwellers Federation Housing Initiative. It has been calculated that through Ohorongo Cement’s operations, more than 2 100 jobs have been created and the Namibian GDP has risen by at least 1%.

From the above, one can conclude that Ohorongo Cement has through its various programmes and activities contributed to the socio-economic development of the country at large. The above shows that the company has contributed to creating jobs, providing training and transfer of knowledge, providing finance, strengthening the Namibian economy and improving the balance of trade, and clearly supporting national development plans, strategies and policies such as the Vision 2030 (2004), NDP5 (2017), Industrial Policy (2013), Growth at Home Strategy (2014) and the HPP (2016). The case of Ohorongo Cement can thus serve as a reference model for other current and future FDIs. This is likely to yield positive prospects for sustainable FDI in Namibia in the long run.

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