

TOWARDS A NORMATIVE FRAMEWORK FOR LOCAL AUTHORITIES IN FACILITATING FOREIGN DIRECT INVESTMENT

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Abstract

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Using two local authorities (LAs) (Windhoek and Walvis Bay) in Namibia, this study problematises their negative and neutral developmental experiences with facilitating foreign direct investment (FDI) as concerning (Jauch, 2020). The absence of a normative framework for LA FDI facilitation in Namibia's multi-level government (MLG) system creates a developmental quagmire for LAs. This study develops a normative framework for LA FDI facilitation to avert the negative and neutral developmental experiences of LAs with facilitating FDI. Using the qualitative method, this study interviewed 13 key respondents that were sampled through the purposive/judgemental technique. Data were interpreted and presented through thematic analysis. The key findings point to the development of a normative framework for LA FDI facilitation that ascends the need for 1) sufficient decentralised functions of FDI facilitation in an MLG system; 2) policy and legislative harmonisation to avert challenges of coordination and implementation in an MLG system; 3) institutional structures for an efficient MLG system at the LA level; and 4) broader legal and policy framework for efficient governance at the sub-national government (SNG) level in an MLG system. This study recommends the application of this normative framework in MLG systems to ascend LAs' developmental role in facilitating FDI for development.

Keywords: Normative Framework, Local Authority, Foreign Direct Investment, Facilitation, Namibia

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1. INTRODUCTION

The effectiveness of investment facilitation agencies (IFAs) continues to be a demanding issue in the field

of governance. This arises out of the need to synchronise associated investment facilitation functions with local development priorities or gaps that can benefit from foreign direct investment (FDI).

Not only is FDI important for any economy, but it also has an important role in contributing to local development, particularly in areas and sectors where hosting governments have been inept (Sauvart, 2021). It is in light of this that it becomes essential for host governments at the local level to facilitate, channel, and guide the development benefits of FDI into identified local development gaps. Mgoqi (2018) asserts that the use of FDI for development is particularly relevant for countries that emphasise the use of FDI for bottom-up development as seen in Namibia. Many developing countries in Africa have legislatively expressed commitment towards the attraction of FDIs to aid and supplement the achievement of various development goals and objectives. In Namibia, several policies such as Vision 2030, the National Development Plans (NDP), the Namibia Investment Promotion (NIP) Act 9 of 2016, the Export Processing Zones (EPZ) Act 9 of 1995, Namibia's Industrial Policy of 2013 and the Growth at Home Strategy of 2013 identify FDI as an essential instrument for the attainment of bottom-up development as encapsulated in Namibia's multi-level governance/government (MLG) system.

The implementation and facilitation of these goals and objectives through FDIs have involved local authorities (LAs) as an interface between local needs and aspirations vis-à-vis FDI facilitation. One such legislation that directly involves LAs in facilitating FDIs is the Export Processing Zone (EPZ) Act 9 of 1995 and the Local Authorities (LAs) Act 23 of 1992 as amended. The EPZ Act 9 of 1995 has been marred with controversy since its inception and it is now subject to parliamentary review and replacement with the mooted Sustainable Special Economic Zones (SSEZs). The EPZ Act 9 of 1995 has been passed by the Namibian government with the intention of attracting export-oriented manufacturing FDIs by providing a host of neo-liberal incentives and concessions. Under this Act, LAs are regarded as IFAs, particularly with reference to the provision of incentives and concessions to EPZ status FDIs, as further supported by the LAs Act 23 of 1992 as amended. The neo-liberal orientation of the EPZ Act 9 of 1995 meant that LAs were required to provide neo-liberal incentives such as reduced rates on land use, water, electricity, and waste management to EPZ status FDIs (Republic of Namibia, 1995). The EPZ Act 9 of 1995 allowed for an EPZ management company or the Offshore Development Corporation (ODC) to contract an LA to directly render services, incentives, or concessions to EPZ status companies (Republic of Namibia, 1995).

As illustrated in the present study, the Windhoek and Walvis Bay LAs did not have an EPZ management company to act as their own IFA, hence their FDI facilitative role was limited. LA roles in facilitating FDI are limited to those prescribed by the amended LAs Act 23 of 1992 on the supply of water (Section 35), electricity (Section 53), land (Section 94 (1) (aj) (i) and (iv)), and waste management services (Section 44 (1) (e) (vi) to FDIs (Republic of Namibia, 1992). The execution of LA FDI facilitation functions as prescribed by the amended LAs Act 23 of 1992 serve as incentives to FDIs under the EPZ Act 9 of 1995. As illustrated below, the legislative framework provides an ambiguous scope for LAs in facilitating FDIs in Namibia. Drawing from the case of the Windhoek

and Walvis Bay LAs' context, this study makes use of the ancillary inferences made by Jauch (2006, 2008, 2020), Flatters and Elago (2008), and Enders (2013) on the legislative dynamics that rendered these LAs limited scopes, as well as negative and neutral developmental experiences with facilitating EPZ FDIs.

For instance, the Windhoek LA was not successful in facilitating and retaining an EPZ FDI, Ramatex Textiles Namibia (RTN). RTN was an exporting Malaysian subsidiary garment manufacturing FDI company that invested in Namibia in 2001 and relocated in 2008 under controversial circumstances. RTN relocated after it was reported to have polluted the air and underground water reservoirs, illegally occupied municipal land, and was generally not cooperative with the Windhoek LA (Jauch, 2006, 2008, 2020; Flatters & Elago, 2008). RTN never made an effort to engage in corporate social responsibility (CSR) to fill existing local development gaps. Hence, the Windhoek LA had a negative developmental experience with RTN. Owing to the limited functions on FDI facilitation, the Windhoek LA had to rely on the central government through the ODC (now renamed to Namibia Industrial Development Agency (NIDA)) to provide other facilitative support and services to RTN (Labour Resource and Research Institute [LaRRI], 2000).

Notwithstanding the above, the circumstance of the Walvis Bay LA paints a subtler case with the facilitation of Namibia Press and Tools (NPT) as an FDI. NPT is a car parts manufacturer for the German market that invested in Namibia since 1996 to date (17 years more than RTN in Windhoek). The case of NPT suggests a higher sustainability index where it has been reported to have created sustainable long-term jobs in the local economy and consistent employee income tax contributions, and the Walvis Bay LA enjoys a cooperative relationship with this foreign investor (LaRRI, 2000; Enders, 2013). Similar to the case of RTN in Windhoek, the NPT has not engaged in any CSRs to fill local development gaps as encapsulated in Namibia's MLG system that encourages the use of FDI to propel bottom-up development. Hence, the Walvis Bay LA had a neutral developmental experience with NPT. As mentioned elsewhere, the crux of the current study emerges as a result of the dearth of a LA FDI facilitation framework detected in the studies by Jauch (2006), Flatters and Elago (2008), and Enders (2013), as well as the disempowering scope, the negative and neutral developmental experiences of the Windhoek and Walvis Bay LAs with FDIs. These experiences suggest the absence of a normative framework for the facilitation of FDIs by LAs for development in Namibia's MLG system.

Attributed to the findings by Jauch (2006, 2020), Flatters and Elago (2008), and Enders (2013), the case of the above-mentioned two LAs in Namibia point to the need for a coherent and holistic framework that effectively accords a legislative scope for a positive developmental experience of LAs in facilitating FDIs. The existing legislation simply does not provide adequate functions, institutional and resource structures to LAs in facilitating FDIs. Looking at the earlier mentioned LA FDI facilitation functions, the erratic and piecemeal nature of the EPZ regime and the amended

LAs Act 23 of 1992 brings into relief the need for an FDI facilitation framework for LAs that considers the need for 1) sufficient decentralised functions of FDI facilitation in an MLG system; 2) policy and legislative harmonisation to avert challenges of implementation and coordination in an MLG system; 3) LA institutional structures for an efficient MLG system; and 4) broader legal and policy framework for efficient governance at the sub-national government (SNG) level in an MLG system. The above key requirements for a sustainable MLG system have been overlooked in literature (Marks, 1993; Marks, Hooghe, & Blank, 1996; Charbit, 2011; Chrabaszcz & Zawicki, 2016; Daniell & Kay, 2017; Kuswanto, Hoen, & Holzhaecker, 2017) and in the MLG theory. For Namibia's context, the above key requirements for an efficient and effective MLG system will improve the scope and developmental experiences of LAs in facilitating FDIs.

The absence of the above considerations points to the context in which the current study is framed. This study provides a uniform framework aimed at improving the scope and developmental experiences of Namibian LAs in facilitating FDI. Furthermore, by lending understanding to the negative effects of a limited and disabling scope for LAs in facilitating FDIs, this study attempts to make a case for reform in the context of decentralised FDI facilitation. In an effort to achieve this, this study addresses the following research question: *What normative framework can be developed to improve the scope and developmental experiences of Namibian LAs in facilitating FDIs?* As illustrated in the current study, the nature of the variables of interest and qualitative data requirements to address this research question form the basis of the research methodology that guides the data collection and analysis processes of this study. Furthermore, as observed here below, the identified research question provides the context in which the core thematic areas for the foregoing literature review have emerged.

The remaining part of this study proceeds as follows. Section 2 reviews the relevant literature on the existential dynamics for consideration in terms of the scope and experiences for LAs in facilitating FDI, and reform measures for consideration. This is followed by Section 3 that describes the research methodology that has been used to conduct this empirical study on a normative framework for LAs in facilitating FDI in Namibia. Section 4 presents the findings and discussion, while Section 5 provides a conclusion to this study.

2. LITERATURE REVIEW

2.1. The scope and experiences for LAs in facilitating FDI: Existential dynamics for consideration

LAs serve as important conduits through which development benefits from FDIs can be passed on to local communities. This should especially be important for MLG systems that emphasise bottom-up development using FDI. It should be noted that the scope of responsibilities accorded to LAs generally influences their ability to navigate the needs and impacts of foreign investors. As earlier stated, for the context of Namibia, this is the setting in which LAs are subjected to negative and neutral developmental experiences with

facilitating FDIs. LA developmental experiences are further influenced by the demeanour and character of foreign investors as driven by capital internationalisation and the pursuit of profits vis-à-vis FDI CSR orientation (Marenga & Kakujaha-Matundu, 2019). This resonates with the joint stance of the neo-classical and location theories as advanced by Weintraub (1993) and Krugman (1991) which states that FDIs pursue profits in various investment locations. For Namibia, particularly under the EPZ umbrella, the process of FDI facilitation (provision of incentives and concessions under their mandate) for LAs starts from the point when foreign investors make the investment decision until they relocate or close-shop in the LA area. In light of FDI facilitation processes, one-stop shops are created for foreign investors. This was witnessed with the creation of the Walvis Bay Export Processing Zone Management Company (WBEPZMC) upon the opening of Walvis Bay as an economic zone in 1996 (LaRRI, 2000; WBEPZMC, 2016). The WBEPZMC had a broader legislative scope in facilitating FDIs, which included:

"...handling of investors' applications for EPZ status; facilitate in acquiring work permits and visas; erecting custom built factories to specific need of EPZ enterprises; leasing of serviced land to EPZ enterprises; assisting investors in the selection of site/factory facilities; serving as link between investors and the nation's power centres; and facilitate with personal recruitment" (WBEPZMC, 2016, p. 5).

"...providing a particular area with infrastructure and services required to host EPZ companies. The investors then rent or buy land and buildings from the Management Company" (LaRRI, 2000, p. 44).

"...hassle free "one-stop" services in the areas of work permits, factory shells, power and water supplies, trade queries and labour issues and accessing equity finance" (International Monetary Fund [IMF], 1997, p. 50).

The WBEPZMC was established as a private company with shareholders and lacked the direct link to the Walvis Bay LA to reflect local development priorities in its FDI facilitative role. The WBEPZMC similarly lacked the functions to foster the external sustainability of FDI. Although the promulgation of the NIDA Act 16 of 2016 repeals the establishment of the WBEPZMC in the EPZ Act 9 of 1995, this study draws inferences on the mandate of the WBEPZMC as relating to the facilitation of NPT since its inception, that is, 1996 to 2016.

The Organisation for Economic Co-operation and Development (OECD, 2017) buttresses the establishment and broader scope of IFAs such as LAs. It states that one-stop shops are instrumental for sustainably facilitating the investment of new FDIs, or the expansion of existing ones (OECD, 2017). Here, the overall focus of LAs as IFAs is usually on easing the ability of foreign investors in sustainably managing their firm. This relates to the neo-classical (Weintraub, 1993) and location (Krugman, 1991) theories, which hold that if an investment location provides adequate support (incentives, administrative support, etc.) in a stable economy, this increases their chance of being sustainable vis-à-vis the host community (Marenga &

Kakujaha-Matundu, 2019). However, as earlier highlighted, the absence of a uniform normative framework for SNG FDI facilitation subjects LAs to limited scopes, as well as negative and neutral developmental experiences with facilitating FDI. The absence of such a framework became even more illuminated in the case of the Windhoek and Walvis Bay LAs that could not engage with FDI and foster their external sustainability for a bottom-up development impact.

Despite this, both the Windhoek and Walvis Bay LAs were required to provide facilitative support to RTN and NPT respectively, hence it had to rely on the provisions of the LAs Act 23 of 1992 as amended. As mentioned elsewhere, these are as follows: supply of water to businesses (Section 35), supply of electricity to businesses (Section 53), supply of land for business purposes (Section 94 (1) (aj) (i) and (iv), and waste management services (Section 44 (1) (e) (vi) (Republic of Namibia, 1992). This limited scope saw the national government, through the ODC, directly facilitating the RTN and NPT on issues that go beyond what was accorded to LAs under the LAs Act 23 of 1992 as amended as well as the Decentralisation Enabling Act 33 of 2000. This may have subjected RTN and NPT to central government bureaucracy and frustration. The limited and disabling scope of LA FDI facilitation and their resultant developmental experiences of the Windhoek and Walvis Bay LAs with facilitating FDIs form the edifice upon which the current study makes a case for reform. Kuswanto et al. (2017) further support this by advocating for the establishment of an effective existential and normative guiding framework that propels LAs in fostering the sustainability of FDIs, increased FDI developmental knock-on effects, and FDI contribution to bottom-up development. Such a framework will ultimately see the improvement of the scope (as defined through adequate legislative support) and developmental experiences of LAs in facilitating FDIs. In developing such a normative framework, the section below discusses various reform measures for consideration with a bias towards improving the scope and developmental experience of LAs in an MLG system.

2.2. Reform measures for consideration

2.2.1. Decentralisation

The degree to which FDI facilitation functions are decentralised in an MLG system has a direct bearing on the scope and developmental experiences of LAs with FDI. It further shapes the context in which LAs are confronted with challenges and opportunities in facilitating FDI. This is particularly in light of the drive towards increasing the developmental benefits of FDIs for local host communities as advocated for by Mgoqi (2018), Sauviant (2021), and the MLG theory (Marks, 1993). The MLG theory advances the need for the inclusion of SNGs in important tasks of governance and development such as FDI facilitation through decentralisation (Marks, 1993). However, to foster the developmental impact of FDIs and avoid the negative and languid development effects of FDI as witnessed with the Windhoek and Walvis Bay LAs, adequate powers and functions need to be decentralised (Canfei, 2006;

Kuswanto et al., 2017). Canfei (2006) and Kuswanto et al. (2017) argue that the complete decentralisation of FDI facilitation functions is strongly linked with increased sustainable FDI inflow and this would accord a positive development experience for LAs. The sustainability and co-operation of FDIs appear to be prominent in countries that provide a clear framework for decentralised FDI facilitation functions to SNGs as witnessed in Vietnam and China. The current study advocates for the need for sufficient decentralised FDI facilitation functions to LAs in Namibia, as a way to increase the development benefits from FDI. In a study by Canfei (2006), it has been fittingly found that:

“A local government with more authority in economic matters and a hardening fiscal budget constraint attracts a larger FDI inflow. Statistical results also show that market decentralisation may significantly improve the investment environment and attract foreign investment, while government interference in economic activities may discourage foreign investment” (p. 48).

In understanding the above findings by Canfei (2006), there emerges a fundamental consideration on the LA institutional capacity required to carry out decentralised functions. At the centre of LA institutional capacity are the skills and experiences of human resources. In implementing LA FDI facilitation functions, the United Nations Conference on Trade and Development (UNCTAD, 2017) recommends that officials within IFAs should be adequately trained to understand and anticipate the needs of foreign investors, while simultaneously providing support. This requirement goes beyond technical skills, as people skills are also germane in shaping the relationship of an LA with a foreign investor. Resultantly, LAs need to be accorded powers associated with establishing internal IFAs and recruiting the required human resources to foster a positive FDI facilitation experience. Indeed, the institutional setup of the WBEPZMC in Walvis Bay with a dedicated skilled and experienced staff component could have been instrumental with the requisite functions to foster the internal and external sustainability of FDI for local development. As discussed elsewhere, the developmental challenges associated with the investment of RTN could be attributed to the absence of the requisite sufficient functions and institutional structures for the Windhoek LA. The ability to institutionally equip LAs with the required human resources shapes the developmental experiences of the LAs in facilitating FDIs. To deal with these human resource requirements, the UNCTAD (2007) appropriately proposes for IFAs such as LAs to implement the following measures:

“Recruitment of staff with a background in the private sector (retired or semi-retired managers who may have taken early retirement, or who only wish to work part time, have been used successfully for aftercare purposes); Enrolment of staff for investment service delivery from a generalist rather than a specialist or technical background, with experience of working with people in relationship management roles; Provision of training in account management; Outsourcing of service delivery or collaboration with organisations such as chambers of commerce and industry, which have the required

levels of private sector experience and knowledge, as well as employees with people skills.

IPAs must decide which aftercare services they are going to address and design, and deliver the appropriate products with staff recruited or specially trained for this purpose” (p. 43).

However, the ability of such employees to effectively execute FDI facilitation functions is reliant on the extent to which functions have been decentralised — an element that is absent to both Windhoek and Walvis Bay LAs. It is against this backdrop that literature (Canfei, 2006; Kuswanto et al., 2017) emphasise the need for full or complete decentralisation of FDI facilitation functions to LAs. For these purposes in MLG systems, decentralisation across various dimensions has been recommended as follows:

- *Economic decentralisation:* Economic decentralisation has been identified as a major prerequisite for successful FDI facilitation by LAs (Canfei, 2006; Li, 2013). Consequently, countries that have accorded LAs with FDI facilitation functions should similarly accord autonomy within a national economic development strategy. Resultantly, the bigger and more developed a city/town is, the more independence they get in managing their local economy (Canfei, 2006). Indeed, the above is contrary to the case of Namibia where some of the biggest LAs (e.g., Windhoek, Walvis Bay and Swakopmund) still rely on state intervention in managing their local economies. For instance, in the development of a Local Economic Strategy, as spearheaded by the central government with the recently ended National Development Plan 4, the Ministry of Urban and Rural Development (n.d.) prescribes: *“It is important to align LED strategies with national economic development priorities, as embodied in the fourth National Development Plan (NDP4), in order to receive support from the government”*.

This is the same context under which the central government has the power to declare economic zones for purposes of the EPZ Act 9 of 1995. Simply put, LA management over its jurisdictional affairs has great national government interventions in them. Autonomy in facilitating FDIs should be accorded to LAs for purposes of establishing an investor-friendly environment that encourages development-friendly FDIs. The decentralisation of economic development becomes important for the FDI facilitation role of LAs in this context. It allows for the significant reduction and simplification of the approval processes and issuing of various business certificates and status. Furthermore, Mgoqi (2018) positions LAs as an ideal interface between FDI development outputs and local needs.

- *Fiscal decentralisation:* The degree of autonomy in generating and managing financial resources by an LA is dependent on the extent of fiscal decentralisation of associated functions (Bongo, 2019). In an effort to steer away the associated challenges that limited budgets have for local development, the worldwide trend has been that LAs prioritise the attraction and facilitation of sustainable FDIs to pursue the prospective developmental benefits they come with. Complete fiscal decentralisation allowed Chinese SNGs suppleness in fiscal appropriations and to experiment with various economic development

options (Li, 2013). Fiscal decentralisation further allows LAs to prioritise fiscal incentives (such as tax exemptions) for FDIs that may yield positive knock-on effects such as domestic investment, lower prices (through healthy competition), job opportunities capital, technology, and employment for the development and growth of host communities (Kurtishi-Kastrati, 2013; Nyamache & Nyambura, 2013). However, as observed in the Namibian case, all tax laws and policies are administered and coordinated by central government institutions through the ministry of finance, more particularly the recently established Namibia Revenue Agency as sanctioned by the Namibia Revenue Agency Act 12 of 2017 (Republic of Namibia, 2017). Simply put, complete fiscal decentralisation is an important ingredient that allows LAs to determine their own expenditure priorities such as diverting funds to the provision of incentives and concessions for FDIs.

- *Market decentralisation:* This form of decentralisation emphasises the need to establish market-oriented institutions as a mechanism of attracting more FDIs. This is particularly important in mixed or market economies such as that of Namibia to create the conditions under which such institutions may operate. For instance, the establishment of IFAs within LAs is one such institution that builds investor confidence in an investment location. It needs mentioning that for purposes of pursuing profit maximisation as advanced elsewhere by the neo-classical theory (Weintraub, 1993), FDIs often prefer to operate in decentralised market/mixed economies (Canfei, 2006). In light of this, Marenga and Kakujaha-Matundu (2019) indicate that FDIs can only be sustainable in a location that renders them profitable. Evidently, the pursuit of LAs in creating a favourable investment location would create a positive experience for them in facilitating FDIs. LAs should be supported by various liberal market-oriented institutions and agencies aimed at fostering the sustainability of FDIs.

Indeed, the need for adequate legislative empowerment through decentralisation is essential for improved scope and experience of LAs in facilitating FDIs. However, one more issue that Canfei (2006) and Bongo (2019) failed to look at is the instrumentality of institutional and resource considerations for LAs in executing FDI facilitation tasks. As Sauvart (2018) explains, IFAs, such as LAs, need to be adequately positioned and capacitated to allow for a sustainable provision of supportive services to foreign investors as well incentives and concessions to render them sustainable. More on this is provided in the section that follows.

2.2.2. Institutional and resource considerations for LAs

From an MLG perspective, the suitability of LAs in facilitating FDIs has been generally agreed upon in literature (Canfei, 2006; Kuswanto et al., 2017; Mgoqi, 2018; Dziemianowicz, Łukomska, & Ambroziak, 2019). This is particularly in light of their awareness of local development needs that can be matched against developmental spill-overs of FDIs. The OECD (2017) proposes for a clear legislative framework that guides the strategic and

institutional direction of an LA in facilitating FDI. The absence of a clear framework for the facilitation of FDIs by IFAs may create a breeding ground of exploitation by foreign investors as a result of legislative ambiguities (Marenga, 2017, 2019; Marenga, Blaauw, & Nawases, 2018). Likewise, Isufaj (2014) adds that such a framework should clearly support and indicate the institutional and resource requirements for LAs in facilitating FDIs for development. This would improve their scope in terms of legislative support for resource implications, and resultantly foster a positive experience for LAs in facilitating FDIs as they are better capacitated in catering to investor needs. For purposes of institutionalising the functions of FDI facilitation, LAs should include such functions within local by-laws and regulations. As part of the scope, the institutionalisation of FDI facilitation functions within LAs would generally pave the way in which LAs can strategically benefit from FDIs vis-à-vis the local development needs and challenges, thus allowing for a positive developmental experience with facilitating FDI. Central to the success of LAs in facilitating FDI, the UNCTAD (2017) advises for the establishment of a dedicated department within LAs that is tasked with this responsibility, and duly capacitated with the requisite resources as a prelude to effective and efficient mandate fulfilment.

A dedicated department or IFA ought to create a database and information system that provides investment-related essential information to foreign investors and stakeholders alike. Such information can be hosted on the LAs website. This information should provide guidance on the administrative processes, investment opportunities, and important economic statistics (Schellnack-Kelly, 2013). As a one-stop-shop, this will make it easier for foreign investors to make their investment decisions. From the onset, such a platform should detail the key role of LAs in facilitating FDIs, and the numerous incentives or concessions available to foreign investors. It thus becomes essential that LA FDI facilitation functions are well-positioned within an LA institutional framework on investment facilitation for ease of coordination and harmonisation with other local laws and development priorities. Kuswanto et al. (2017) support this and explain that having an institutional framework that effectively guides the facilitation of FDIs allows LAs to synchronise such functions with local development goals, with clear-cut quantifiable performance and linkage indicators between FDIs and local development. This creates the ground for which FDI facilitation results in a positive developmental experience for host LAs.

The importance of an LA institutional framework for FDI facilitation is important. This emerges against the backdrop of FDI facilitation being characterised by complexities that require urbane institutional capacity and expertise among staff on issues such as, amongst others, the internationalisation of capital by FDIs (OECD, 2011, 2015). This, amongst others, shapes the institutional capacity of an LA, its ability to understand the basis for investment decisions by foreign investors, and the support they require in setting up and operating sustainably in the LA area. Undoubtedly, this allows LAs to effectively attract

and retain FDIs that operate within the spheres and sectors of their development priorities. It is for these reasons that it is important for LAs to have adequately skilled and experienced human resources responsible for facilitating FDI. Notwithstanding this, Bolatito and Ibrahim (2014) assert that the facilitation of FDI among LAs in African countries has been confronted with numerous challenges associated with a lack of adequately skilled human resources, a major requirement for decentralised policy implementation in the MLG system. Against this background, Ateng and Arunga (2017) found various reform measures essential for ensuring that adequately qualified and experienced persons are recruited into positions that deal with FDI facilitation. Literature (Bolatito & Ibrahim, 2014; Ateng & Arunga, 2017) further agrees that LAs with efficient human resource management approaches allow for the development of personnel that actively take steps to effectively create an attractive investment location for FDIs. Capacitating LA institutions should, thus, be a priority, especially for LAs, which want to reap developmental benefits (e.g., local business linkages, technology, and skills transfer) and positively experience FDIs. For this purpose, and as supported by Ateng and Arunga (2017), LA institutional policies on human resources management should consider the requisite skills associated with synchronising development goals with FDI policies. To make it even easier for LAs, priority in the attraction and facilitation of FDIs could be accorded to foreign investors who have a sustainable business orientation underpinned by the CSR in their business plan as encouraged in the OECD Guidelines for Multinational Enterprises (OECD, 2017).

While the need for an adequate human resource management plan for the facilitation of FDIs by LAs is important, Bolatito and Ibrahim (2014), and Malalgoda, Amaratunga, and Haigh (2016) stress the importance of sufficient financial resources. Considering the fact that the sustenance of FDI facilitation is often capital intensive through the provision of incentives, amongst others, adequate financial resources are central (OECD, 2011). However, this is particularly a challenge for most developing LAs in Africa where greater reliance is placed on central government subsidies/grants (United Nations Habitat, 2015). As seen in the case of the EPZ regime in Namibia, the provision of incentives associated with reduced rates on water, electricity, and waste management essentially come at a subsidised cost for LAs. Central government subventions are thus essential for LAs that fail to raise sufficient revenue to cover capital-intensive incentives and services for FDIs (Malalgoda et al., 2016).

What emerges from the above is that the facilitation of FDI by LAs requires forceful financial, political, and institutional commitment and support from the central government for LAs to have a positive developmental experience in facilitating FDI. It should be noted that while the application of the above approaches to facilitate FDI may be normative in nature, the effectiveness hereof relies heavily on the extent to which FDI facilitation functions have been decentralised to LAs. This is how the MLG theory becomes relevant in pursuing the recognition and empowerment of SNG

units in executing essential tasks such as FDI facilitation. More importantly, this study exposes the MLG policy implementation and coordination requirements. The full decentralisation of FDI facilitation functions should be pegged against an LA institutional framework. This would strategically position LAs in attracting, facilitating, and engaging with foreign investors for local sustainable development. Such a framework is particularly important to guide a dedicated department or section in facilitating FDI. This leads into the next section that attempts to specifically carve out strategies for LAs to sustainably facilitate FDIs in a way that yields a positive experience in terms of achieving local development goals.

2.2.3. FDI facilitation strategies

The need for effectively facilitating FDIs by LAs has emerged against the developmental prospects and positive knock-on effects foreign investors have for local host communities and for particularly fostering bottom-up development. It is for this reason that many developing countries have developed strategies and frameworks to foster the sustainability and CSRs of foreign investors (Godart, Görg, & Hanley, 2020). As seen in the case of the Windhoek and Walvis Bay LAs, their negative and neutral developmental experiences in facilitating RTN and NPT respectively creates a need for a broader normative framework for Namibian LAs in facilitating FDI for development. For purposes of sustainably facilitating FDI and improving the scope and experiences of LAs in this regard, the UNCTAD's Global Action Menu for Investment Facilitation recommends several options and strategies. These are consolidated as follows:

"Promote accessibility and transparency of investment policies, regulations and procedures relevant to investors; Enhance predictability and consistency in the application of investment policies; Improve the efficiency of investment administrative procedures; Build constructive stakeholder relationships in investment policy practice; Designate a lead agency, focal point or investment facilitator; Establish monitoring and review mechanisms for investment facilitation; Strengthen investment facilitation efforts in developing-country partners, through support and technical assistance; Enhance investment policy and proactive investment attraction in developing-country partners, through capacity-building" (UNCTAD, 2017, p. 14).

The proposed measures by the UNCTAD appear to be cost-efficient, thus countering the financial challenges LAs face in facilitating FDI as stressed by Berry (2009). Cleve (2008) and Nută and Nută (2012) assert that what fundamentally serves as a cost-effective way of attracting and facilitating FDI is creating an enabling policy environment, a reduction in entry barriers as well as improved administrative efficacy in facilitating FDI. Resultantly, it becomes evident that FDI facilitation and FDI promotion are intricately intertwined and mutually complementary (UNCTAD, 2017). The UNCTAD (2017) recognises that the effective facilitation of FDI by IFAs such as LAs increases the predictability, transparency, and value for investors. Unambiguous FDI information, corresponding implementation of laws and policies,

and effective administration should characterise an LA's FDI facilitation plan.

The UNCTAD (2017) and Suehrer (2019) suggest that IFAs should have a bias towards those FDIs that may contribute to the achievement of various Sustainable Development Goals (SDGs). Unfortunately, direct service provision that is within the specific scope of SDGs remains highly regulated with public corporations and agencies. Reflective of the Namibian case, a great majority of goods or services that permeate within the sphere of the SDGs is often strictly provided by the government. To counter this, UNCTAD (2017) recommends legislative provisions that allow for the establishment of public-private partnerships in the SDG sectors to create opportunities for prospective foreign investors to invest. Particularly suggested by Marenga and Kandjeo (2019) in a study on partnerships among SNGs, there is a need for a conducive environment for partnerships among key stakeholders within the private and public sectors to attract FDI and effectively facilitate FDI. This is important for promoting FDIs in the SDG sectors (UNCTAD, 2017). Obviously, the ability of LAs to foster these partnerships as part of their scope would resultantly positively shape their developmental experience with facilitating FDIs that resultantly contribute to the sustainable development of the local host area.

As mentioned elsewhere, the suitability of LAs in facilitating FDIs remains central to the successful facilitation of development-friendly FDI. Furthermore, Schellnack-Kelly (2013) supports this, as FDI promotion and facilitation often require location-specific in-depth information and data that only LAs can informatively provide. This is the context in which Mgoqi (2018) has observed the incremental decentralisation of FDI facilitation to SNGs such as LAs. Although this practice is noticeably seen in federal states, a unitary state like China (Canfei, 2006; Li, 2013) has made significant strides in this regard. Using China as an example, SNGs should be accorded autonomous powers in facilitating FDI, and not as limited powers given to subsidiaries of national agencies. Part of the FDI facilitation framework should be an aftercare programme that ensures that foreign investors are continuously taken care of and sustainably retained in an investment location (The Millennium Cities Initiative [MCI], 2009). Providing aftercare to foreign investors comprises of specific essential support initiatives that LAs accord to FDIs in their jurisdiction. The efficiency and effectiveness of this aftercare would shape the resulting relationship between an LA and a foreign investor (UNCTAD, 2007). For purposes of effective investor aftercare for FDI sustainability, the MCI (2009) identifies the associated advantages as follows:

"a) Investment retention: Solving problems investors are facing to ensure that they have successful and profitable operations is the first priority of after-care; b) Investment expansion: Most FDI is in the form of re-investment or expansions by existing investors. The knowledge that the city IFA will provide effective support in meeting any difficulties that arise can be a critical factor in winning an investment, especially in cities located in developing countries; c) Generating new leads: Developing good links with local managers has been

central to investment promotion in the most successful locations. Happy and profitable clients are good promotional tools; d) Attracting overseas suppliers: Having a good relationship with existing investors opens the possibility to work with these investors to attract overseas suppliers to locate in the city. This type of co-operation can have major economic benefits and position the city for sustained future investment and job creation; e) Building a local supply network: Likewise, a city IFA or department can work with existing investors to utilise local companies in their supply chain, to strengthen linkages and the success of indigenous businesses” (pp. 29–30).

Indeed, a robust LA FDI facilitation approach and aftercare initiatives for foreign investors would go a long way in fostering the sustainability of foreign investors and the development impact on the local host community. In an effort to maximise the developmental benefits of FDIs, the Namibian government has accorded priority to the attraction and retaining of FDIs through legislation. This has been notably seen with the promulgation of the EPZ Act 9 of 1995 that aims to maximise on the development prospects that come with export-oriented manufacturing FDIs (LaRRI, 2000). The World Bank (2016) agrees that Namibia has seen an increase in the attraction of FDIs, despite numerous policy and institutional challenges. Bikalemesa (2016) attributes the favourable investment climate in Namibia to the numerous tax incentives and concessions available to foreign investors under the EPZ Act 9 of 1995. Notwithstanding this, sustaining a robust implementation strategy of LA FDI facilitation allows for the above-highlighted benefits by the MCI (2009) to be continuous, thus creating a positive developmental experience for the host LA in facilitating FDI. The absence of an adequate guiding framework for LA FDI facilitation as problematised earlier could be attributed to the negative and neutral developmental experiences of the Windhoek and Walvis Bay LA in facilitating EPZ FDIs respectively.

As earlier inferred from Jauch (2006, 2008), Flatters and Elago (2008), and Enders (2013), the ambiguous and disabling scope, negative and neutral developmental experiences of the Walvis Bay and Windhoek LAs in facilitating FDIs points to the absence of a coherent and holistic framework that effectively guides the FDI facilitation process in Namibia. Legislation that accords LAs FDI facilitation roles are ambiguous and there is an absence of proper institutional structures and strategies for facilitating FDI for bottom-up development as advocated for in Vision 2030 and the NDPs. Comprising as part of this legislative framework is primarily the EPZ Act 9 of 1995 and the LAs Act 23 of 1992 as amended. As mentioned elsewhere, the erratic and piecemeal nature of the above legislative framework in Namibia brings into relief the need for a normative FDI facilitation framework for LAs. This framework should incorporate important factors such as the need for 1) sufficient decentralised functions of FDI facilitation in an MLG system; 2) policy and legislative harmonisation to avert challenges of implementation and coordination in an MLG system; 3) LA institutional structures for an efficient MLG system; 4) broader legal and policy

framework for efficient governance at the SNG level in an MLG system. It is critical to be reminded of the fact that the specific factors referred to above have been neglected in the literature as well as the MLG theory, particularly in explaining the policy implementation and coordination dynamics that exist in an MLG system. To fill this gap, these factors are presented in the context of LA FDI facilitation in Namibia with the intention of improving the scope and developmental experience of LAs in hosting and facilitating FDI. In an attempt to fill this normative and theoretical gap of the MLG, the section below provides the methodical approach that was used to collect and analyse data aimed at providing a framework for the improved scope and developmental experiences of LAs in facilitating FDIs.

3. RESEARCH METHODOLOGY

For purposes of developing a normative framework for improving the scope and experiences of LAs in facilitating FDI in Namibia, this study employed a qualitative research method. This is due to the variables of interest that have emanated from the research question that prompts qualitative data for analysis. More specifically, this study combines and makes use of the phenomenological and multiple case study qualitative research methods. This is because the current study uses the developmental experiences (phenomenon) of two LAs (Windhoek and Walvis Bay) (case studies) with facilitating FDI to develop a normative framework for LAs in facilitating FDI. As premised on the sustenance of this study, the variables are, dependent variable: scope and experiences of LAs in facilitating FDIs; independent variables: 1) decentralised functions of FDI facilitation in an MLG system; 2) policy and legislative harmonisation in an MLG system; 3) institutional structures for LAs in an MLG system; and 4) broader legal and policy framework for SNGs in an MLG system. As noted in the findings and discussion section below, the independent variables have been manipulated in order to have a positive effect on the scope and experiences of LAs in facilitating FDI, and similarly inform the development of a normative framework for LA FDI facilitation.

Data were collected through qualitative unstructured interviews with key respondents selected through the judgemental/purposive sampling technique. As part of the sample, key respondents were derived from the population that comprised of key stakeholder organisations. This included one key respondent from each of the following organisations: the Windhoek LA, Walvis Bay LA, WBEPZMC, NPT, Ministry of Urban and Rural Development, Namibia Investment Centre (renamed to Namibia Investment Promotion Development Board (NIPB)), and the Namibian Association of Local Authority Officials. Other key respondents included an independent researcher, decentralisation and public policy expert, a local government and sustainable development expert, a social justice activist, a community leader, and an economist. This brought the total sample size to 13 respondents, which achieved data saturation.

Data were gathered from key respondents in light of the identified variables of interest that were

principally derived from the context of the MLG system. Data obtained from the interviews were organised using ATLAS.ti and presented in themes and analysed through triangulation vis-à-vis literature to address the research question. Informed consent was obtained from the respondents, indicating their willingness to participate in this study. Respondents were kept anonymous by not linking their names to their specific responses. This was done by referring to participants as “informants” or “respondents”. Data obtained from the respondents is stored on a multimedia storage device and this will be kept in a steel-reinforced safe for no longer than two years to allow for the publication of this study, where it would subsequently be destroyed by burning it in an inferno.

4. FINDINGS AND DISCUSSION

Owing to the negative and neutral developmental experiences of the Windhoek and Walvis Bay LAs with facilitating RTN and NPT as FDIs respectively, this study identifies the need for a normative framework for LA FDI facilitation for local development. This arises in light of the absence of adequate functions, policy implementation and coordination challenges, institutional and broader legal backing that sufficiently empowers LAs in facilitating FDI for local development. In light of this, the development of this normative framework was done with reference to the research question: *What normative framework can be developed to improve the scope and developmental experiences of Namibian LAs in facilitating FDIs?* As defined in the qualitative data requirements of this study, this framework focuses on 1) decentralised functions of FDI facilitation in an MLG system; 2) policy and legislative harmonisation in an MLG system; 3) institutional structures for LAs in an MLG system; and 4) broader legal and policy framework for SNGs in an MLG system. These data requirements are similarly the independent variables of interest that influence the scope and experiences of LAs in facilitating FDI. These further serve as the building block on which the Normative Framework for LA FDI facilitation is constructed. As illustrated here below, a majority of the respondents indicated that the above factors are indeed germane for the development of a framework aimed at improving the scope and development experiences of LAs with facilitating FDI. The above independent variables have been slightly manipulated in order to have a desirable effect on the scope and experiences of LAs with facilitating FDI as a dependent variable, and particularly in light of the development of a normative framework for LA FDI facilitation. The results on these are discussed in the below sub-sections.

4.1. Sufficient decentralised FDI facilitation functions to LAs

This theme required participants to provide their views on how sufficient decentralised functions of FDI facilitation could improve the overall scope and developmental experiences of LAs with facilitating FDI. It centrally emerged that, indeed, decentralising

sufficient FDI facilitation functions is a major requisite for enabling LAs to synchronise FDI knock-on effects with local development priorities. Furthermore, it has been found that such sufficient functions would allow LAs to foster the sustainability of FDI for development, and similarly protect local communities against the negative effects of FDIs. As highlighted elsewhere, LAs in Namibia are primarily empowered by the amended LAs Act 23 of 1992 to facilitate private businesses such as FDIs on the provision of services such as the supply of water (Section 35), electricity (Section 53), land (Section 94 (1) (aj) (i) and (iv), and waste management services (Section 44 (1) (e) (vi) to FDIs (Republic of Namibia, 1992). One response that encapsulates a majority of the participants explained that “...the current functions accorded to LAs are not sufficient for effective FDI facilitation at the local level, hence the need for functions that allow LAs negotiating powers on the exchange of incentives/concessions for CSRs, power to engage FDIs directly when foreign investors break local by-laws” (personal communication, October 25, 2020). These negotiating powers would indeed allow LAs the ability to influence the internal and external sustainability of FDIs.

The need for adequate decentralised functions for IFAs such as LAs is similarly supported by a majority of the respondents who advocated for additional functions under the policy oversight of the central government. In addition to current functions prescribed by the LAs Act 23 of 1992 as amended, this study found that additional functions should include, FDI facilitation from the beginning to the end (provision of administrative support — applications for status, work permits/visas, construction of factories), assisting investors in the selection of site/factory facilities, serving as the link between investors and the nation's power centres, and facilitating with personnel recruitment and most importantly acting as an advocate for and specifically ensuring that socio-economic and environmental benefits are derived from FDI in areas where development gaps are observed. LAs should be empowered to monitor the internal and external sustainability of FDI and intervene where it is regressive. Indeed, as exemplified by the Normative Framework for LA FDI facilitation in Namibia here below, the nature of the proposed functions for decentralisation to LAs in facilitating FDI can be best achieved through devolution and deconcentration per Namibia's Decentralisation Policy of 1997. Overall, this study found that empowering LAs with the above additional functions can allow for FDI representative development to take place and effectively foster bottom-up development in this regard. Literature supports this as it allows for the ascendancy of LA developmental FDI facilitation (Canfei, 2006; Kuswanto et al., 2017).

This study found that the current limited functions of LAs in facilitating FDI are linked to the negative and neutral developmental experiences with FDI. This was observed with the case of Windhoek and Walvis Bay LAs on the facilitation of RTN and NPT respectively. Although RTN and NPT were attracted and operate(d) under Namibia's EPZ regime, the study found the need to adequately reform this regime in light of the mooted SSEZs that should see the amendment of the LAs Act 23 of 1992 to make provision for the sufficient functions

of LAs in facilitating FDI. Undoubtedly, this is possible under a more sustainable EPZ or SSEZ regime as advocated for by the United Nations Conference on Trade and Development (UNCTAD, 2015). Another respondent said that “...the absence of reforms will see LAs in Namibia constantly being side-lined in processes of FDI facilitation for development, while at the same time being subject to the negative effects of FDI as seen with the case of RTN in Windhoek” (personal communication, October 26, 2020). RTN was thus not sustainable internally and similarly for the host community through noncompliance to various local laws and policies. According to the literature, these include unsustainable practices of the RTN such as pollution and degradation, mass retrenchments, an unsafe working environment, and the illegal occupation of municipal land (LaRRI, 2000; Jauch & Shindondola, 2003; Jauch, 2006, 2008). Additionally, the current study found that the need for preserving local development priorities for bottom-up development using FDI can only be possible in light of these proposed reforms to determine if LAs are being accorded with sufficient FDI facilitation functions. As mentioned earlier in this study, the use of FDI for bottom-up development in Namibia is advocated for in development policies such as Vision 2030 and the NDPs. However, the current insufficient functions accorded to LAs on the facilitation of FDI simply do not allow for this realisation, particularly using FDI for bottom-up development. Indeed, empowering LAs with sufficient FDI facilitation functions as an independent variable can positively influence the dependent variable, that is, the scope and experiences of LAs with facilitating FDI, and similarly on the development of a Normative LA FDI Facilitation Framework. The functions referred to in this sub-section are likely to reverse the effects that come with insufficiently decentralised FDI functions in an MLG system.

4.2. Policy and legislative harmonisation as a requisite for effective policy implementation coordination in an MLG system

Owing to the policy implementation and coordination challenges LAs experienced under Namibia's EPZ regime, respondents were vocal. This is because LAs could not ensure the developmental goals of Vision 2030 and the NDPs on the use of FDI for bottom-up development. Additionally, the blatant disregard of local laws by RTN prevented the Windhoek LA from preserving their local development interests and similarly protecting its populace. One of the respondents supported this by saying that “...the case of Ramatex proved how LAs are vulnerable to the negative effects of FDI... Ramatex polluted the underground water reservoirs around the factory, which was situated next to a dam, as well as the air quality that was reduced due to the fumes that came from the operations at the factory” (personal communication, October 28, 2020). The absence of powers that allowed the Windhoek LA to directly engage with RTN provides a policy coordination challenge as LAs are empowered to protect citizens against all pollutants as provided by the National Environmental Health Policy of 2002 as well as the Public and Environmental Health Act 1 of 2015. Indeed, this is

the context in which Namibia's EPZ regime was framed. It ascended and protected foreign investors at the expense of local communities (Jauch, 2020).

In terms of development, the LAs have an innate interest to advance local development and services as per Section 30 of the LAs Act 23 of 1992, as amended. This is in an effort to foster local development that is necessary for the broader bottom-up development agenda as encapsulated in Vision 2030 and the NDPs through the use of vehicles such as FDI. However, the absence of policy harmonisation for bottom-up development through FDI facilitation at the local level creates a policy implementation and coordination quagmire in Namibia's MLG system. This is particularly under the EPZ regime that prioritised neo-liberal concessions and incentives at the peril of no FDI benefits for local development. One of the views from a respondent was that “...for Namibia's MLG system to work in terms of LA FDI facilitation, there needs to be a reform that ensures greater policy harmonisation at all levels of government. LAs need to be empowered with functions that contribute to regional and national development goals and objectives...as without this, we will continue to witness as situation in which LAs are useless in using FDI for development while national legislation advocates for bottom-up development using FDI” (personal communication, November 2, 2020). Indeed, literature agrees that harmonising legislation and policies averts the MLG coordination challenges that may ensue (Peters, 2018).

Owing to the absence of policy and legislative harmonisation described above, the present study found that the Windhoek and Walvis Bay LAs could not engage and foster the external sustainability of FDI through CSRs as seen with the mandatory CSRs legislation in India. It needs specific mentioning that all levels of government should not relent in protecting its citizen's interests against those of foreign origin. This is particularly in terms of the ill effects of FDI on local host communities and LAs. Strong policy commitment against ills such as pollution and low wages would send a strong message internationally and would thus be unattractive for fly-by-night exploitative FDIs. While this is an element that literature (Marks, 1993; Marks et al., 1996; Charbit, 2011; Chrabaszcz & Zawicki, 2016; Daniell & Kay, 2017; Kuswanto et al., 2017) has been inept at explaining, doing this has the prospect of ensuring national, regional and local policy harmonisation on the same issue, for instance, public and environmental health. The present study found that such a commitment should be demonstrated by the decentralisation of the requisite powers and functions to LAs who are closest to the communities and populace. As an independent variable, harmonising the legal and policy framework will positively impact the scope and experiences of LAs in facilitating FDI as a dependent variable.

4.3. Institutional structures and requirements for an efficient MLG system at the LA level

In advocating for the various reforms discussed in earlier sections of the present study, there emerged a central theme around the establishment of requisite institutional structures for efficient LA FDI

facilitation in Namibia's MLG system. Considering the earlier proposed additional functions for LAs in facilitating FDI, it is germane that an internal specialised department, unit, or section is established. For instance, the current economic and community development departments within Namibian LAs could house this specialised unit. For purposes of fostering sustainable FDI facilitation by LAs, one respondent agreed that *"...a specialised unit within our LAs should be mandated and tasked with the responsibility of facilitating FDI and also protecting local communities against the negative effects of FDI, and similarly foster the internal and external sustainability of FDI for local development"* (personal communication, November 5, 2020). Indeed, this is particularly important for ensuring the policy implementation harmonisation on the development effects of FDI at the local level and advancing the bottom-up development agenda in Namibia's MLG system. Another respondent fittingly explained that *"...a specialised unit can therefore work with other departments within LAs in ensuring their own development aspirations and mandates are maintained and advanced vis-à-vis FDI activity in the local area of jurisdiction"* (personal communication, October 25, 2020).

To satisfy the proposed institutional structure requirements and effectiveness, the FDI facilitation specialised unit should be capacitated with human and financial resources. On the human resource needs, one view that captured that of the majority respondents indicated that *"...it is important to ensure such units are capacitated with skilled personnel on development in general, and more specifically on investment facilitation and promotion, economics, finance, and capital internationalisation, environmental protection, social development, and justice. These skills are essential for ensuring such a LA unit advances local development through FDI and similarly protects local communities against the negative effects of FDI"* (personal communication, October 26, 2020). Interestingly, a few respondents indicated that an institution such as the WBEPZMC would be ideal within every LA institution with added functions that have a local development bias in facilitating FDI. Indeed, the present study found that the closure of the WBEPZMC was flawed and that legislative and reform measures to ensure that it is fully incorporated as a unit/department in the Walvis Bay LA with a revised mandate for FDI facilitation for local development would have been fitting. This is particularly relevant and essential for both the Windhoek and Walvis Bay LAs considering the fact that they host the highest number of FDI in the country (Smit, 2018). While LA autonomy in facilitating FDI is generally being advocated for, the oversight and policy directional trajectory are instrumental in ensuring MLG policy harmonisation. From the above, it becomes evident that having the right LA institutional structures positively impacts the scope and experiences of LAs in facilitating FDI as a dependent variable.

4.4. Broader legal and policy framework for efficient governance at the SNG level in an MLG system

This study acknowledges the hierarchical and vertical (top to bottom — central, regional and local) constitutional structures of the Namibian

government. However, it argues that LAs, which are most representatives of local communities, need to be sufficiently empowered to drive their own developmental trajectory using FDI, with a degree of autonomy. For this study, the key legislation on FDI facilitation and LAs constitutes the Namibian Constitution, the LAs Act 23 of 1995 as amended, FDI legislation such as the EPZ Act 9 of 1995 and the Namibian Investment Promotion Act 9 of 2016 and the mooted SSEZs. To achieve harmonisation, reforming these legislations should ascend the role of LAs in facilitating FDI for development by specifically according and empowering LAs with the requisite functions and institutional structures. As illustrated earlier, a majority of the respondents agreed that ascending the FDI facilitative role of LAs for local development is essential for averting the policy implementation and coordination dynamics as witnessed with the EPZ regime in Namibia. The absence of a broader policy framework that ascends the FDI facilitative role and autonomy of LAs will likely see the current policy harmonisation quagmire continuing.

As one respondent indicated, subjecting LAs as meagre subordinate organisations of the national government is regressive in MLG systems like that of Namibia which advocates for bottom-up development. For bottom-up development to occur, LAs' developmental role needs to be ascended more forcefully (Salvador & Sancho, 2021). This juxtaposes Namibia's current system that emphasises the service delivery of mandated functions to LAs that do not reflect this developmental role. On the problematic nature of the EPZ regime, one respondent stated that *"...the neo-liberal backward bending that came with the EPZ regime proved that providing a host of incentives and concessions to FDI does not automatically guarantee the internal and external sustainability of FDI as seen with both cases of RTN and NPT"* (personal communication, October 28, 2020). In light of this, the literature supports a shift towards sustainable EPZs that are founded and driven in light of the development effects of FDI for local and national development (UNCTAD, 2015). This is indeed an element that the mooted SSEZ needs to strongly bring out as it stands to extend incentives and concessions beyond the export-manufacturing sector as witnessed with the EPZ regime. Considering the broader sectoral coverage of the mooted SSEZs, the developmental prospects from such investments are expected to be higher. This is owing to the multi-sectoral approach it intends to undertake; hence, it expects to attract more investment than the EPZ regime was able to. In summary, this sub-section notes that broader national, regional and local policy and legislative framework requires harmonisation and sufficient empowerment and autonomy to LAs in facilitating FDI for development in Namibia. As an independent variable, this positively impacts the scope and experiences of LAs in facilitating FDI.

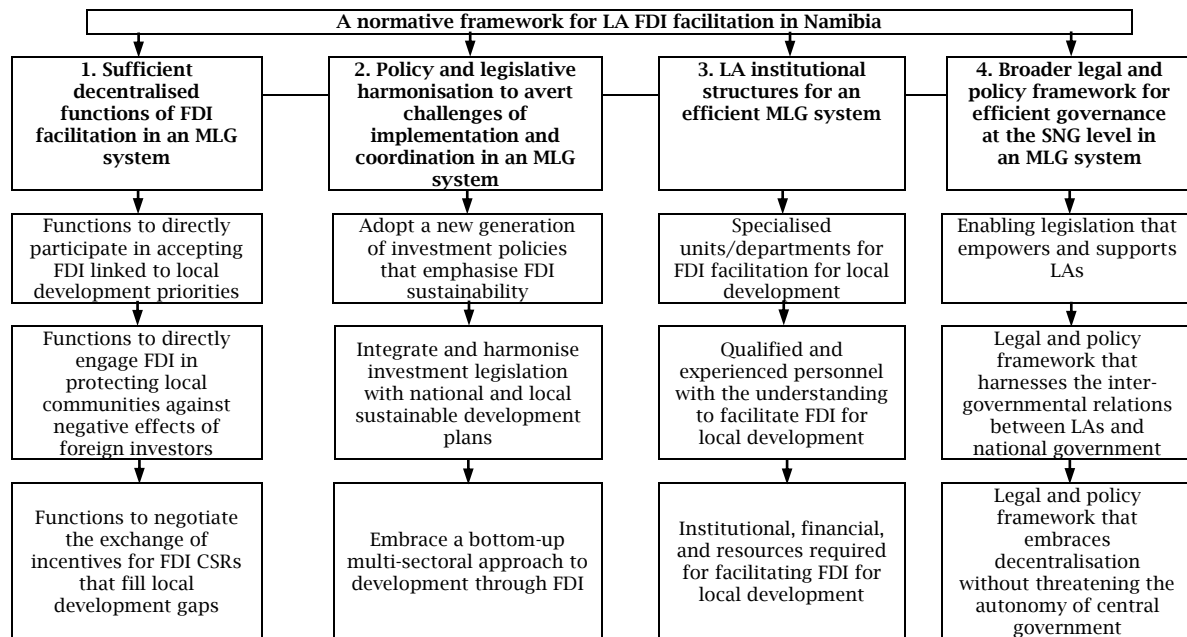
4.5. Developing a normative framework for LA FDI facilitation in Namibia

Figure 1 below illustrates the key components of the proposed Normative Framework for LA FDI facilitation. It became obvious that the independent variables of interest influence the scope and

experiences of LAs in facilitating FDI; hence, this study used these same variables to construct the normative framework for LA FDI facilitation. The use of this framework can set off LAs to improve their scope and experiences with facilitating FDI for development. It is important to mention that the above framework requires broader legislative harmonisation and support that is overarching by a “new generation of investment policies” that prioritise the attraction of sustainable FDI for sustainable development by contributing to the key sectors (socio-economic, environmental, and

governance) of the SDGs through CSRs (UNCTAD, 2015). Although this framework was developed in the context of LA FDI facilitation in an MLG system, governments need to determine the variables of interest in the specific policy context under review. While there might be a difference in MLG systems and policy contexts in this regard, there should be consistency in empowering LAs to facilitate FDI for development. Furthermore, consistency should be observed in improving the scope and developmental experiences with FDI, thus, protecting local interests and advancing their development agenda using FDI.

Figure 1. A normative framework for LA FDI facilitation in Namibia



Source: Author's own compilation based on interviews conducted and LaRRI (2000), Jauch and Shindondola (2003), Canfei (2006), Jauch (2006; 2008), Daniell and Kay (2017), and Kuswanto et al. (2017).

5. CONCLUSION

Returning to the question posed at the beginning of this study, it is now possible to state that a normative framework for LA FDI facilitation as developed in this study can be utilised in MLG systems such as those of Namibia. This framework was developed owing to the manipulated independent variables of interest that can improve the scope and experiences of LAs in facilitating FDI, thereby allowing for the development of the normative framework for LA FDI facilitation. Such a framework is important for averting the negative and neutral developmental experiences of LAs as observed for the case of the Windhoek and Walvis Bay LAs with RTN and NPT respectively, and the policy implementation and coordination challenges experienced under the EPZ regime. The relevance of a normative framework for LA FDI facilitation arises owing to the need for improving the scope and experiences of LAs in facilitating FDI for development. The relevance of a normative framework for LA FDI facilitation is clearly supported by the findings contained in this study. Taken together, the findings of this study suggest a normative framework on LA FDI facilitation. This is housed around the need for 1) sufficient decentralised functions of FDI facilitation in an MLG

system; 2) policy and legislative harmonisation to avert challenges of implementation and coordination in an MLG system; 3) LA institutional structures for an efficient MLG system; and 4) broader legal and policy framework for efficient governance at the SNG level in an MLG system. The development of this normative framework for LA FDI facilitation in this study provides a new understanding of the requirements of policy implementation and coordination in effective and efficient MLG systems, using decentralised FDI facilitation as seen in this study.

The proposed normative framework for LA FDI facilitation is pegged against the need to ensure that local development interests are preserved and similarly protected against the negative consequences of FDI at the local level. Overall, this proposed framework is underpinned by a local development bias. More significantly, the usefulness of this study is two-fold. Firstly, from an MLG policy practice perspective, it provides a new dynamic to explaining the challenges of policy implementation and coordination in MLG systems, as well as the solutions as presented in this normative framework, using LA FDI facilitation as a case study context. These are all issues that literature (Marks, 1993; Marks et al., 1996; Charbit, 2011; Chrabaszcz & Zawicki, 2016; Daniell & Kay, 2017;

Kuswanto et al., 2017) on MLG systems has been inept at explaining and providing solutions. Secondly, from an MLG theory perspective, the results in this study take a significant leap at filling the gaps and explanatory authority of the MLG theory. This is because the MLG theory is relatively new and has been inept at explaining the policy implementation and coordination challenges experienced in the MLG system, much less prescribing remedies and solutions from an MLG perspective. This study has attempted to fill the above MLG practice and theory gaps, using the case of LA FDI facilitation in Namibia with reference to the policy implementation and coordination challenges that Windhoek and Walvis Bay LAs have experienced RTN and NPT as EPZ FDIs.

A limitation that emerged in this study is that the normative framework for LAs in facilitating FDI is only applicable to states that follow an MLG system. This is particularly for unitary states in which power and functions are often incrementally decentralised from national to sub-national government entities. As a result, federal states may not fully benefit from the developed framework for LAs in facilitating FDI. This is because LAs in federal states are often autonomous and have more functions and powers in engaging with FDI and do not rely on central government intervention as seen in the case of unitary states. The current study foresees several challenges in the application of the normative framework for LAs in facilitating FDI in Namibia. For instance, the unitary nature of Namibia's governance setup implies that the national government will take its time to endorse this framework in a way that does not erode its

sovereignty. Secondly, FDI in Namibia is considered important and or strategic to be left to LAs for facilitation. Hence, the framework is explicit in making sure that its application would be done under the realm of the national government, but similarly ensuring that LAs are given sufficient powers and functions to advance their local development interests FDI, and similarly protect their communities from the negative effects of FDI.

Providing the above synchronisation may take time. Hence, future studies can look at the challenges of decentralising powers, functions, and duties to LAs in unitary states. Furthermore, the findings contained in this study could be used as a springboard and point of reference for other studies on decentralised policy implementation and coordination in MLG systems, in different policy contexts and case studies. Although the current study is based only on the context of LA FDI facilitation in Namibia, the findings suggest significant implications for expanding our understanding and sustenance of policy practice in MLG systems specifically, and more broadly, in contributing to the limited literature that enhances the MLG theory. Furthermore, considering the much-focused nature of this study, this study will foster future studies in different contexts and settings to further enhance MLG literature, practice, and theory. As Salvador and Sancho (2021) support, this study concludes by recommending the application of this normative framework for LA FDI facilitation in MLG systems to ascend LAs' developmental role in facilitating FDI and foster bottom-up sustainable development.

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