

THE EXPERIENCES OF FACILITATING FOREIGN DIRECT INVESTMENT IN A DEVELOPING COUNTRY: A COMPARATIVE ANALYSIS OF TWO LOCAL AUTHORITIES

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Abstract

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The experiences of local authorities (LAs) with facilitating foreign direct investment (FDI) in developing countries are reported in isolation. Resultantly, there is no consolidated and comparative analysis of the above. While the impact of neo-liberalism and capitalism on the experiences of investment facilitating agencies (IFAs) such as LAs is recognised in literature (Kuswanto, Hoen, & Holzhaecker, 2017; Minh, 2019), an empirical gap exists in demonstrating this impact. Using a comparative multiple case study analysis research design, this study relies on the qualitative research method to empirically compare and contrast the experiences of two Namibian LAs, Windhoek and Walvis Bay, with facilitating Ramatex Textiles Namibia (RTN) and Namibian Press and Tools (NPT) as FDIs, respectively. It similarly draws insights from the impact of neo-liberalism and capitalism on these LA experiences with FDI. Unstructured qualitative interviews were conducted with 13 purposely-selected key respondents and data were interpreted, analysed, and presented in themes. This study found that while the developmental experience of the Windhoek LA with RTN was largely negative, the Walvis Bay LAs experience with NPT was neutral. These experiences are largely linked to the neoliberalist and capitalist orientation of Namibian legislation that fails to adequately embrace sustainable FDI for local development.

Keywords: Foreign Direct Investment, Capitalism, Neo-Liberalism, Development, Local Authorities, Namibia

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1. INTRODUCTION

The experiences of local authorities (LAs) in facilitating foreign direct investment (FDI) are subject to scholarly investigation in the field of public administration. This is in light of the exploitative tendencies of FDIs that LAs experience (Jauch & Shindondola, 2003; Jauch, 2006, 2008; Flatters & Elago, 2008; Marenga, Blaauw, & Nawases, 2018). The advent of decentralisation in a multi-level governance (MLG) system has seen sub-national governments (SNGs) such as LAs take over the task of facilitating FDI from the national government. As will be demonstrated later, Namibia as a developing country has subscribed to this approach where LAs are legislatively empowered to facilitate FDI, albeit to a lesser extent. More recently, there has been a growing body of literature (Walsh, 2012; Dadush, 2013) that highlights how foreign investors impact the developmental experiences of LAs. Indeed, a positive relationship between LAs and FDI yields a positive development impact for the local populace, and vice versa. Evidence (e.g., Anh, Thai, & Thang, 2007; Faber, 2018) suggests a close and mutual relationship among several factors that influence the developmental experiences of LAs in facilitating FDI. For instance, the capitalist orientation of foreign investors and their inclination towards corporate social responsibilities (CSR), a neo-liberal investment environment, and existing legislation on CSRs are instrumental in this regard.

In the MLG theory, Marks (1993) elevates the previous subordinate position of LAs to empowered organisations that carry out tasks such as FDI facilitation. This is true in the case of Namibia. For instance, the provision of FDI incentives (supply of land, water, electricity, and waste management services) to FDI under the phasing out Export Processing Zones (EPZ) Act (Act No. 9 of 1995) situates LAs as the primary implementers. In light of the above, LAs are mandated by Sections 35, 44, 53, and 94 of the amended LAs Act (Act No. 23 of 1992) to provide incentives/services to businesses such as FDI (Republic of Namibia, 1992, 1995). Furthermore, the EPZ Act (Act No. 9 of 1995) prescribed that an EPZ management company or the Offshore Development Corporation (ODC) (now renamed Namibia Industrial Development Agency (NIDA) may contract an LA to render services to EPZ status FDIs (Republic of Namibia, 1992). In Namibia, this is the context in which LAs are exposed to foreign investors, through the provision of incentives and services as prompted by the EPZ Act (Act No. 9 of 1995) and the LAs Act (Act No. 23 of 1992) as amended.

While various LAs in Namibia are involved in facilitating and hosting FDI, the current study draws focus on two LAs and two FDIs. These are: 1) the Windhoek LA, which facilitated the investment of Ramatex Textiles Namibia (RTN), and 2) the Walvis Bay LA, which facilitated the investment of Namibia Press and Tools (NPT). Both firms were provided with EPZ status by the Namibian government. This meant receiving numerous neo-liberal incentives and concessions such as reduced rates on land use, water, electricity, and waste management, and corporate tax holidays, amongst others (Labour Resource and Research Institute [LaRRI], 2000). RTN was a textile

manufacturing FDI in Windhoek, while NPT is a car part manufacturing FDI operating in Walvis Bay. The RTN investment in Windhoek was short-lived (2001–2008), damaged the environment through underground water and air pollution, occupied and used city land illegally, housed employees on factory land against municipal bylaws, was non-cooperative with the Windhoek LA and did not engage in any CSRs (Jauch, 2006; 2008; Flatters & Elago, 2008). This suggests an overall negative developmental experience for Windhoek LA. The second case of Walvis Bay LA offers a different experience with an FDI. Enders (2013) suggests that NPT provides a neutral experience for Walvis Bay LA. NPT appears to be internally sustainable in terms of its operations with due consideration for the environmental, social, and governance agendas of the host LA.

During its tenure in the Walvis Bay LA area, NPT did not have any adverse developmental consequences for the host community and the LA as observed with RTN in Windhoek. However, there similarly appears to be no deliberate effort by NPT to positively impact the host community in terms of development through CSRs. Hitherto, NPT has operated in Walvis Bay since 1996 to date (19 years more than RTN in Windhoek). NPT has established a neutral relationship with Walvis Bay LA (Enders, 2013). Despite being internally sustainable, the case of NPT resembles that of RTN in terms of their unwillingness to positively impact the host community in terms of development and CSR, hence a neutral developmental experience for Walvis Bay LA. The case of the above two LAs suggests a divergent experience in hosting the respective FDIs. The above experiences for these LAs with FDI are particularly vexing in a country that embraces the use of FDI for bottom-up development in legislation such as Vision 2030 and the NDPs (Republic of Namibia, 2004, 2017). The factors influencing the negative and neutral developmental experiences of Windhoek and Walvis Bay LAs with facilitating and hosting FDI (RTN and NPT, respectively) are unclear, hence the current study attempts to provide clarity in that regard.

The EPZ regime aimed to attract FDI that creates or increases industrial employment, creates and expands industrial investment through foreign investment, and encourages the transfer of technology and development of management and skills in labour, amongst others, and fosters bottom-up development in general through FDIs (Republic of Namibia, 1995). Contrary to the above developmental expectations, the results appear to suggest a divergent developmental experience by the Windhoek and Walvis Bay LAs. The decision to focus on the Windhoek and Walvis Bay LAs and the respective FDIs is based on the findings by Jauch (2006, 2008), Enders (2013), Shikongo (2016), and Marenga (2017), who suggest a negative and neutral developmental impact of FDI at the local level. Furthermore, the choice of the specific FDIs is based on two primary objects: 1) RTN was the biggest investment in monetary value (N\$1 billion), while, 2) NPT has the longest investment period of 26 years under the EPZ regime in Namibia (Jauch, 2006, 2008; Enders, 2013). While no scholarly studies exist in the context of Namibia to explain the developmental experiences of LAs with facilitating and hosting FDIs, there are reports (Jauch, 2006, 2008; Enders,

2013) that faintly present this in isolation, with no unified consolidation and comparison of two or more LA experiences, especially from an MLG bottom-up development perspective. Additionally, other studies (Jauch, 2006, 2008; Enders, 2013; Kuswanto, Hoen, & Holzhaecker, 2017; Minh, 2019) have failed to take into account the capitalist nature of foreign investors and a neo-liberal investment environment as driving forces behind the developmental experiences of LAs with FDI, hence the scholarly vacuum that arises. From an MLG perspective, this is the context that frames and warrants the current study owing to the importance of these factors for influencing the external sustainability of FDIs for local development as found by Faber (2018).

This study sets out to fill the above scholarly vacuum by comparing the developmental experiences of the case study LAs with the respective FDIs, and how the capitalist nature of FDIs and the neo-liberal investment environment in Namibia creates a breeding ground for the negative and neutral developmental experiences for LAs. The current study attempts to fill the above scholarly vacuum by addressing the following research question:

RQ1: How has the capitalist nature of FDI and the neo-liberal investment environment in Namibia impacted the negative and neutral developmental experiences of the Windhoek and Walvis Bay LAs in facilitating the respective FDIs?

This research question further provides the context in which the review of literature is thematically grounded. In addition, the research question further informs the systematic approach used to address the nature of data sets required to address the qualitative variables of interest for this study.

The remaining part of this study proceeds as follows. A literature review on LA FDI facilitation experiences in a neo-liberal investment environment; EPZs as an extension of neo-liberalism; FDI and local development in a neo-liberal investment environment; capitalism as embedded in FDIs and the resultant experiences for LAs, is in Section 2. Section 3 presents the research methodology. Results and discussion are in Section 4. The conclusion to this study is in Section 5.

2. LITERATURE REVIEW

2.1. FDI facilitation in a neo-liberal investment environment: LA experiences

Economic globalisation prompts the need for it to be embraced with the end-goal of spreading its benefits across all levels of government through a trickle-down approach (Ohmae, 1995). Indeed, the trickle-down approach to development is embraced in MLG systems. For Namibia, the provisions of Chapter 12 of the Constitution on the establishment of SNGs, the Decentralisation Policy of 1997 and the Decentralisation Enabling Act (Act No. 33 of 2000), Vision 2030 and the NDPs resonates with the drive towards a developmental domino effect of FDIs to SNGs (Republic of Namibia, 1990, 1997, 2000, 2004, 2017). In addition, the decentralisation of functions is encouraged by the MLG theory and system (Marks, 1993) and supported as a means for bottom-up sustainable development (Kuswanto

et al., 2017; Mgoqi, 2018; Minh, 2019; Hermelin & Trygg, 2022). This further reflects the case of Namibia where the promulgation of the EPZ Act (Act No. 9 of 1995), as well as Sections 35, 44, 53, and 94 of the amended LAs Act (Act No. 23 of 1992), prompts LAs to facilitate and provide services to FDI.

However, the limited nature of these functions and the neo-liberal investment environment in Namibia appear to foster the negative and neutral developmental experiences of the Windhoek and Walvis Bay LAs with facilitating and hosting FDI. Kuswanto et al. (2017) illustrate that using FDI as a stepping stone to achieving development goals is best coordinated and synchronised by SNGs in an MLG system. SNGs, that is, LAs, are more aware of local development needs, hence they are better positioned to synchronise such needs with FDI. However, the above can only be achieved in an environment that equates local development needs with foreign investor needs. The exclusion of a host of laws on EPZs further deteriorated the situation as the sustainability element stressed in legislation such as the Namibia Investment Promotion Act (Act No. 9 of 2016) could not be applied to EPZ FDI, and bottom-up development could not be achieved through FDI as advocated for by Vision 2030 and the NDPs.

The pursuit of attracting FDIs has seen governments in developing countries prioritise *quantity* over *quality*, hence, the introduction of regimes such as EPZs is flawed and often attracts exploitative, profiteering and *fly-by-night* unsustainable FDI. With the introduction of the EPZs in 1995, this status quo is observed in Namibia and similarly neglects the development needs of the host LAs and communities. Indeed, these are development needs that quality FDIs could have catered for as the United Nations Conference on Trade and Development (UNCTAD, 2015) indicates. Certainly, externally unsustainable FDIs are generally attracted to countries with a neo-liberal investment environment. Vieira (2009) explains that neo-liberal investment environments often prioritise the extension of incentives and concessions that promote the profitability of FDIs without encouraging the external sustainability of such firms towards the local host communities through CSRs. This phenomenon is tantamount to a *race to the bottom*. Neo-liberalism often finds refuge in mixed/free market economies such as Namibia. According to Article 98(1) of the Constitution of the Republic of Namibia on the declaration of the economic order, it states that "The economic order of Namibia shall be based on the principles of a mixed economy with the objective of securing economic growth, prosperity and a life of human dignity for all Namibians..." (Republic of Namibia, 1990, p. 59).

Although declared a mixed economy, critics such as Jauch, Edwards, and Cupido (2011) and Shimwafeni (2012) argue that the pragmatic approach of the Namibian economy has drifted towards that of a free market/capitalist economy. This is not conducive to encouraging the development effects of FDI, much less at the LA level. The neo-liberal inclination of this economic order created an enabling environment in which neo-liberal legislations and provisions could be brought into law. As illustrated in this study, these legislations

serve as neo-liberal investment instruments that cater to capitalist FDIs operating on the principles of racketeering and profiteering, hence the resultant experiences for host FDI LAs. Notwithstanding this, Article 99 of the Namibian Constitution encourages the establishment of FDI locally, under defined legislation such as the EPZ Act (Act No. 9 of 1995) (Republic of Namibia, 1990). It needs to be mentioned that exploitative FDI that are often attracted to EPZs that offer financial incentives are regularly not sustainable in nature, hence the negative and neutral developmental experiences of LAs with facilitating FDI. This is indeed the case for the Windhoek and Walvis Bay LAs in Namibia.

As per the convictions of the MLG theory and system (Marks, 1993), the need for extending FDI development benefits to local communities has seen governments adopt neo-liberal laws to attract FDI. As emphasised in this study, a quality-over-quantity approach is needed in attracting FDI for development. Kariuki (2015) elaborates that the past decades witnessed several sub-Saharan Africa (SSA) countries reform their FDI laws with a significant bias towards neo-liberalism. Such reforms are indeed effective in attracting FDI, but often FDI is meaningless for development (Le, Ngo, Nguyen, & Nguyen, 2021). Similarly, Namibia's EPZ regime served as an extension of neo-liberalism and inadvertently failed to prioritise the attraction of sustainable FDI for development. The sub-section below discusses how EPZs served as an extension of neo-liberalism.

2.2. EPZs as an extension of neo-liberalism

The EPZ Act (Act No. 9 of 1995) has received criticism for being overly neo-liberal and for failing to meet its developmental expectations (LaRRI, 2000; Shikongo, 2016). As a result, the Act is subject to parliamentary review. This review is in a bid to replace it with the Sustainable Special Economic Zones (SSEZs) Bill to reverse the blacklisting of Namibia as a tax haven by the European Union (Kahiurika, 2017). Further illustrating the neo-liberal inclination of the EPZ Act (Act No. 9 of 1995), Flatters and Elago (2008) summarise the following concessions and incentives the EPZ FDI such as RTN and NPT received "... duty-free access to imported inputs and capital goods, exemption from value added tax, exemption from income tax on all income earned by the EPZ activity, government underwriting of 75 percent of approved expenditures for training Namibian nationals, and free installation of utilities and water service connections" (p. 8).

In addition to the above "basic" incentives and concessions for EPZ FDIs, RTN received a host of specialised neo-liberal concessions and incentives. Flatters and Elago (2008) explain these as follows "... a 99-year lease to two adjacent parcels of land (45.65 hectares in all) at a nominal annual rent of N\$1,000 per year; All site preparation (clearing and levelling of land), including the digging of 10 water treatment ponds for the dying operation, was done at no cost to the investor. This was a major concession to the company and is estimated to have cost the government about N\$100 million; An MOU was entered with TransNamib for rail shipment of containers between Walvis Bay terminal and the factory grounds in Windhoek, at a concessional price... that does not quite cover marginal operating

costs; Access to municipal water treatment facilities (paid for by MTI at a cost of N\$18 million) and subsidised water prices (that is, sale at less than prevailing commercial rates) for the first two years of factory operation; Subsidised utilities prices; Waiver of wharfage and other fees at the port of Walvis Bay; Ramatex' local Managing Director was given an office next to the Namibia Investment Centre (NIC) in the Ministry of Trade and Industry until the factory was constructed and operational" (p. 8).

It is important to mention that neo-liberal incentives and concessions to RTN on the provision of land, construction of water treatment ponds, access to water treatment facilities, subsidised utilities (water and electricity), and the construction of the factory have all been provided, and paid for in collaboration with the Windhoek LA and the Ministry of Industrialisation, Trade and Small Medium Enterprise Development (MITSMED) (Flatters & Elago, 2008). In providing the above incentives and concessions to FDIs, the developmental sustenance of the EPZ Act (Act No. 9 of 1995) permeates through Section 3 which aims to "... a) to attract, promote or increase the manufacture of export goods; b) to create or increase industrial employment; c) to create or expand export earnings; d) to create or expand industrial investment, including foreign investment; and e) to encourage technology transfer and the development of management and labour skills in Namibia" (Republic of Namibia, 1995, p. 5).

As entrenched in the economic order of Namibia, achieving the above goals of the EPZ Act (Act No. 9 of 1995) was reliant on a neo-liberal investment environment that provides a host of concessions and incentives to attract and retain manufacturing exporting FDIs. However, as Yu and Li (2020) support in the case of China, the nature of Namibia's neo-liberal EPZ incentives and concessions had the risk of attracting *fly-by-night* FDI that establish in footloose industries with no consideration for being externally sustainable for host LA communities through CSRs. Indeed, this resembles the earlier sentiments by Jauch et al. (2011) and Shimwafeni (2012). Conforming to the position of the realist theory, the EPZ Act (Act No. 9 of 1995) does indeed provide absolute power to Namibia's central government in approving or disapproving inward FDIs, and similarly negotiating and bargaining powers with FDI (Republic of Namibia, 1995). This further excludes LAs from influencing the types of FDIs being accepted, particularly considering those that could fill local development gaps.

The *ambiguous* provisions of the EPZ Act (Act No. 9 of 1995) and the limited FDI facilitation functions provided to LAs by the amended LAs Act (Act No. 23 of 1992) and further exacerbated by the neo-liberal investment environment in Namibia, could be attributed to the negative and neutral developmental experiences of the Windhoek and Walvis Bay LAs with RTN and NPT, respectively. The Windhoek LA relied on the former ODC for FDI facilitation that goes beyond the limited provisions of the LAs Act (Act No. 23 of 1992) as amended. This is the same for the Walvis Bay LA which relied on both the ODC, as well as the Walvis Bay Export Processing Management Company (WBEPZMC), which had a broader scope of FDI facilitation functions as per the EPZ Act (Act No. 9 of 1995). However,

the WBEPZMC similarly lacked the powers to influence the sustainability of FDI for local development through bargaining and negotiation. Considering the above neo-liberal dispensation, the sustainability of FDI and the prospects for a local development impact became compromised. In light of the above, the sub-section below provides a discussion on the interface between FDI and local development in a neo-liberal investment environment.

2.3. FDI and local development in a neo-liberal investment environment

From the above and as premised in the location theory by Krugman (1991), it appears specific location factors (i.e., neo-liberal FDI incentives and concessions that are not linked to expected FDI development knock-on effects) fostered the neutral developmental experience of NPT for the Walvis Bay LA, in contrast with the negative developmental experience of the Windhoek LA with RTN. This emerges owing to the neo-liberal investment environment in Namibia that specifically has a bias for FDI profitability without considering the local development needs that FDIs could cater to through CSRs. Feeding into this neo-liberal agenda, LAs were not empowered with functions to foster the sustainability of FDI as this would contradict the natural order of neo-liberalism in Namibia's "free market" economy. This occurs amid scholars, such as Campanella (2019), who argue against excessive neo-liberalism as it would serve as an impetus for negative FDI effects for any host community/country. Feeding into this neo-liberal narrative, the Namibian government has failed to make CSR for local development a mandatory expectation from FDIs as seen in other countries such as India (Bird, Mukherjee, & Duppati, 2017). Instead, what Namibia relies on is a mere National Policy on Volunteerism of 2014 that does not prescribe CSRs, but only recommends, thus it acts as a *soft law*. Consequently, FDIs are placed under no obligation to be corporately and socially responsible in Namibia, even in instances where similar FDI subsidiaries practice CSRs as required by law in other countries.

The above-described status quo in Namibia deprives local communities of the prospects of FDI CSRs for development and rather subjects them to negative and neutral developmental experiences as suggested for the case of RTN and NPT in the Windhoek and Walvis Bay LAs, respectively. Furthermore, the limited FDI facilitation functions on the provision of water, land, electricity, and waste management services at reduced rates as incentives simply did not allow LAs to negate the negative effects of FDIs and similarly promote and encourage the external sustainability of FDIs for local development. The rest of the FDI facilitation functions were provided for by the former ODC, a central government agency. This provided limited scope for the Windhoek and Walvis Bay LAs in driving their development agenda *vis-à-vis* FDI in general and specifically RTN and NPT, respectively. This, amidst reports (e.g., Shikongo, 2016), suggests an ambiguous role of the former ODC in furthering this neo-liberal agenda under the pretext of creating a favourable investment environment in Namibia.

Through the WBEPZMC, its FDI facilitation functions similarly extended neo-liberal benefits to EPZ FDIs. Before its announced closure in 2016 as per the provisions of the NIDA Act (Act No. 16 of 2016), the WBEPZMC functioned to neo-liberally provide "... 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). In addition, it also functioned to provide "... 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).

As with the basic FDI facilitation functions of LAs, the absence of functions for the WBEPZMC relating to promoting the development impact of EPZ FDIs further highlights the neo-liberal undertone of the EPZ regime in the Walvis Bay free trade zone as declared by the EPZ Act (Act No. 9 of 1995). The Organisation for Economic Co-operation and Development (OECD, 2015) cautions that neo-liberal economic zones frequently result in temporary developmental benefits from FDIs that often last as long as profits are recorded by FDIs. Indeed, the neo-classical theory explains this by attributing the external sustainability of FDIs to their ability to record high and sustained profits (Weintraub, 1993). As supported in the literature, FDI profitability is an important prerequisite for any CSRs by foreign investors (Marenga & Kakujaha-Matundu, 2019). The same could be suggested with the case of RTN in Namibia which failed to consistently record high and sustained profits until it relocated, hence no CSRs were witnessed from the firm. Amidst tough competition from China, RTN eventually relocated from Namibia as soon as it was no longer profitable and its products were no longer in demand (Jauch, 2006, 2008). The relocation of an FDI provides a negative developmental experience for any LA as it contributes to the shrinkage of the local economy, through for example increased unemployment rates. Indeed, the long-term investment of the NPT in Walvis Bay for 26 years provides a favourable development experience for the host LA compared to the short-lived (7 years) investment of RTN in Windhoek. An impasse of the EPZ regime in Namibia is that various incentives offered aimed to attract export-oriented manufacturing FDIs without considering the negative socio-economic developmental impacts such investments may have on local host communities. This could be attributed to the *bitter-sweet* developmental experience of the Windhoek LA with RTN. Shikongo (2016) fittingly explains that although RTN provided the largest number of jobs (8000) in the EPZ, it became evident that "... the costs in terms of social as well as environmental side-effects far exceeded the benefits of the investment. Consequently, Ramatex left behind far-reaching environmental damages and a huge 'white elephant' in the form of big factory buildings" (p. 38).

The above is the negative developmental experience the Windhoek LA endures to date with the investment of RTN under the EPZ regime. Le et al. (2021) support Marenga (2017), who in a study on sustainable FDI cautions against the acceptance of *any* FDI and advocates for sustainable FDI that have long-term benefits for host

communities. A quality-over-quantity approach should be embraced in the types of FDI accepted into Namibia. This is indeed the case for NPT which has proven to be internally sustainable. However, NPT requires adequate motivation to engage in CSRs for local development and foster bottom-up development in Namibia's MLG system. This can be done by making CSRs mandatory in exchange for incentives and concessions that foster FDI sustainability as observed in China and India (Bird et al., 2017; Lin, 2019). Attracting sustainable FDI may mainly be effective through the direct involvement and pioneering coordination by LAs, especially in light of the neo-liberal profit-encouraging incentives they can provide to FDIs as seen in the case of the Windhoek LA with RTN. Oduro-Ofori (2011) and Kuswanto et al. (2017) agree that LAs should manage economic zones and facilitate FDI.

However, Farole and Winkler (2014) caution that providing neo-liberal incentives (such as duty-free import and export) to attract FDI may result in weak to no local linkages as seen with the RTN in Windhoek and NPT in Walvis Bay. RTN did not attract investors in the sub-sectors, and no large company in Namibia is engaged in the clothing and textile sub-sector after the relocation of RTN in 2008 (Rosendahl, 2010). In light of this negative developmental experience for the Windhoek LA with RTN, Oduro-Ofori (2011) proposes a refocus on other FDI developmental advantages host governments can exploit amidst the neo-liberal investment environment and capitalist nature of foreign investors. For instance, this may include research and development and best practice models from FDIs that local businesses can benefit from (Oduro-Ofori, 2011). The inability of LAs to foster linkages is dependent on the extent of autonomy and decentralisation of FDI facilitation functions to LAs. This would further shape LAs' relationships and developmental experiences with FDIs. The neo-liberal investment environment and the vehement profit-seeking tendencies of FDI further determine the landscape in which LAs navigate the community developmental needs *vis-à-vis* investor needs. Literature (e.g., Jauch, 2006, 2008; Shikongo, 2016; Marenga et al., 2018) has failed to account for this dynamic of striking a balance between investor needs *vis-à-vis* local community needs. Buttressing this, Amupanda and Marenga (2020) agree that a neo-liberal investment environment imminently reduces any prospects for external FDI sustainability for host communities.

The nexus between FDIs being corporately responsible and sustainable towards the immediate local community *vis-à-vis* making a profit shapes the developmental experience of LAs with FDIs. From a neo-classical profit perspective, the same could be said for RTN as it started closing factories in 2005 (Shikongo, 2016). Furthermore, the closure of RTN can be linked to the lapse of the Multi-fibre Agreement that it exploited through the Africa Growth and Opportunity Act that allowed it duty-free exports to the United States (US) market. The Multi-fibre Arrangement administered the world trade in textiles and garments from 1974 to 1994, and provided proportions on the quantity developing countries could export to developed countries. It was replaced by the Agreement on Textiles and Clothing, which expired on 1 January,

2005 (UNCTAD, 2005). Resultantly, RTN was no longer viable. In addition, the Windhoek LA had limited scope in engaging RTN and the LA could not intervene to find alternatives to closure and similarly limit the negative consequences of its relocation. As per Section 11(5) and Section 30 of the amended LAs Act (Act No. 23 of 1992), LAs through its Council have an innate responsibility to safeguard the interests of its inhabitants and foster local economic development. However, this has proven to be impossible owing to the inept legislative functions accorded to LAs in facilitating FDI for development, and the neo-liberal investment environment in Namibia that prioritises FDI profitability over local development.

According to Marenga and Kakujaha-Matundu (2019), profitability is an important requisite to FDI CSRs, but without sufficient mechanisms that encourage and require CSRs from FDIs, the profitability of FDIs would be useless for a local development impact. Lapavitsas (2013) recognises capitalism as a central element that shapes the conduct of foreign investors and the resultant developmental experiences of hosting LAs in facilitating FDIs. Capitalism and the pursuit of profits is often a robust operational trait that is found among foreign investors and greatly resonates with the sustenance of the neo-classical theory as highlighted by Weintraub (1993). This prompts important questions on how the disposition of FDIs as underpinned by capitalism and the pursuit of profits has impacted the developmental experiences of hosting LAs in facilitating FDIs. The sub-section here below attempts to address this.

2.4. Capitalism as embedded in FDIs: Experiences for host FDI LAs

Capitalism is a concept that dates back to the 17th century. It was developed with the intention of explaining the private ownership of the means of production for the purposes of making a profit (Zimbalist, 1989). As established in this study, the pursuit of profits by foreign investors generally makes capitalist economies attractive to operate in (Faber, 2018). This is true for Namibia which has adopted a mixed economy that includes features of a free market/capitalist economy as declared by Article 98(1) of the Constitution of the Republic of Namibia (Republic of Namibia, 1990). Made possible through this economic order, the pursuit of profits by FDIs may be realised by reducing expenditures categorised as "unproductive". These include employee wages/salaries, waste management, and the use of cheap or low-cost equipment in an effort to increase the return on profit (Faber, 2018). The cutting of costs associated with unproductive expenses has been observed in the case of RTN in Namibia, particularly when the firm started recording losses. In essence, the extreme pursuit of profit and capitalism among FDIs often yields adverse effects for host nations as such FDIs create no positive impact for the country and instead this has negative socio-economic, environmental, and governance consequences. These types of FDIs are often attracted to neo-liberal and capitalist/free market-mixed economies such as Namibia.

Maintaining this capitalist orientation, Jauch (2006, 2008) and Marenga et al. (2018) have in their studies found that RTN offered very low wages to its employees, an unsafe workplace, and polluted the environment by illegally dumping residual dye sludge, which further polluted the underground water reservoirs. For FDI to avoid the above infringements, they are expected to fork out money – which often, they are not willing to do as this would reduce their profit margins. Considering the above disposition of RTN for the Windhoek LA, literature (Faber, 2018) suggests that the relentless pursuit of profits by FDIs subjects IFAs, such as LAs, to harsh dynamics and negative developmental experiences that often conflict with the interests and aspirations of local communities. The thrust of this problem is centred on the capitalist overseas expansion strategies that profit-seeking FDIs adopt, hence the emergence of internationalisation of capital. This is an element that other studies (e.g., Farole & Winkler, 2014) fail to properly account for in explaining the internationalisation drive behind profit-seeking FDIs and the possible consequences for host countries, as well as the impact of capitalism on the developmental experiences of host communities and LAs. As an extension of the above narrative, profit-seeking FDIs often receive their profits from abroad subsidiaries that operate on similar principles of profiteering. Reflective on the two case studies FDIs, RTN was a Malaysian subsidiary and NPT is a German subsidiary.

In light of capitalist economies, FDIs often manifest less through competitiveness and more through profiteering (Faber, 2018). This means, FDIs only remain in certain investment locations for as long as they are profitable. The location theory further explains that investments are based on profitability prospects that specific locations promise through, amongst others, neo-liberal concessions and incentives (Krugman, 1991). Furthermore, Lapavitsas (2013) suggests that for an investment location to be attractive, foreign investors should be able to repatriate profits to their parent companies in their home countries. This is a legislative clause developing countries use to attract FDIs. In Namibia, the EPZ regime made provisions for this (LaRRI, 2000). The above neo-liberal inclination fails to adequately balance FDI needs vis-à-vis local development needs. It should further be noted that the deep-seated pursuit for profits by foreign investors might impact its external sustainability orientation. For instance, the illegal dumping of waste to avoid paying a service fee for safe disposal as observed with RTN. This is the context in which the neo-liberal capitalist investment environment in Namibia fails to balance FDI incentives and concessions against CSRs and local development.

The absence of a legislative framework that accords LAs with sufficient FDI facilitation functions to foster the sustainability of FDI leads to LAs adversely experiencing FDI (Marenga, Blaauw, & Kakuja-Matundu, 2022). In this context, literature agrees that LAs find it impossible to synchronise FDI with local development priorities (Dadush, 2013; Sauvant & Mann, 2017). It thus becomes essential for the existence of an enabling legislative environment that fosters positive FDI knock-on effects through responsible business practices without serving

a disincentive (Marenga & Kakuja-Matundu, 2019). A balance needs to be attained between the capitalist profit needs of FDI and local sustainable development. This should be done while retaining an attractive investment environment characterised by neo-liberalism. However, the OECD (2017) cautions that using fiscal incentives as an extension of neo-liberalism and capitalist profiteering to attract FDIs often creates a breeding environment for attracting “fly-by-night” short-term unsustainable investments in footloose industries (OECD, 2017; Yu & Li, 2020). Judging from how RTN relocated from Namibia after recording losses, it can be described as a “fly-by-night” FDI.

This study highlights how capitalist profit-seeking FDIs look for investment locations that allow for high and sustained profit-making without always observing good corporate practices. In light of this, various developing countries and LAs have positioned themselves to attract FDIs through the provision of incentives that guarantee or foster profits for foreign investors with the hope that there will be development knock-on effects. However, Marenga (2017) cautions that development knock-on effects are not always guaranteed. It is for this reason that the implementation of legislation on FDI facilitation should be garnered towards maximising the development prospects of FDIs through good corporate business practices. As problematised earlier, the intention of this study is to analyse how factors such as the capitalist nature of FDIs and the neo-liberal investment environment in Namibia influence the negative and neutral developmental experiences of the Windhoek and Walvis Bay LAs with facilitating and hosting RTN and NPT, respectively. This is despite the expectation of Vision 2030 and the NDPs in using FDI for bottom-up development.

In addition, no scholarly studies exist in the context of Namibia to explain the developmental experiences of LAs with facilitating and hosting FDIs. Instead, there are reports (Jauch, 2006, 2008; Enders, 2013) that faintly present this in isolation, with no unified consolidation and comparison of two or more LA experiences, especially from an MLG bottom-up development perspective. This study, therefore, set out to fill the above scholarly vacuum by providing an analysis of the developmental experiences of the case study LAs with the respective FDIs, and how the capitalist nature of FDIs and the neo-liberal investment environment create a breeding ground for the lacklustre and adverse developmental experiences for LAs. To achieve this, the section below provides a detailed methodical approach that has been followed to address the crux of this study as guided by the research question.

3. RESEARCH METHODOLOGY

3.1. Research design

For purposes of providing an understanding of the contributing factors of the negative and neutral developmental experiences of LAs in facilitating and hosting FDIs, the current study applies a comparative case study analysis research design. By focusing on the Windhoek and Walvis Bay LAs, the intention is to analyse their respective

developmental experiences with FDI (RTN and NPT, respectively) as influenced by the capitalist nature of foreign investors and Namibia's neo-liberal investment environment.

3.2. Research method

The qualitative research method was applied to ensure the required data sets (as guided by the variables of interest) are gathered to address the research question. Primary data was collected through qualitative structured interviews with key respondents, while secondary data was obtained from books, journals, articles, reports, and evaluations.

3.3. Variables of interest

Data were gathered from key respondents in light of the identified qualitative variables of interest that are informed by theories. These are as follows:

- *Dependent variable*: Experiences of LAs in facilitating FDI.

- *Independent variable*: Broader legal and policy framework (that embraces capitalism and neo-liberalism) for SNGs in an MLG system.

3.4. Research population and sample

As part of the sample, key respondents were derived from the population through the judgemental/purposive sampling technique from 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), and the Namibian Association of Local Authority Officials. Other key respondents included an independent researcher, a 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.

3.5. Research instruments and procedure

Qualitative interviews were conducted with key respondents from stakeholder institutions and guided by an open-ended unstructured interview schedule. Creswell and Creswell (2017) support the view that qualitative interviews are instrumental for studies that require in-depth and rich data to satisfy data requirements as is the case for the current study in analysing the developmental experiences of the Windhoek and Walvis Bay LAs in facilitating and hosting FDI. Furthermore, secondary qualitative data was collected from books, journals, investment reports, laws, and policies on FDI and LAs.

3.6. Data analysis

Data obtained from the interviews were thematically analysed and interpreted, and organised using ATLAS.ti and categorising primary and secondary data in themes aimed at addressing the research question. This was achieved by comparing and contrasting extant literature and juxtaposing the empirical data to address the identified variables

of interest. The thematic areas were broadly guided by the variables of interest and they culminated into the specific issues addressed in this study.

3.7. Ethical considerations

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 "respondents". Data obtained from the respondents was stored on a multimedia storage device and the data 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. RESULTS AND DISCUSSION

Previous studies (Jauch, 2006, 2008; Enders, 2013; Shikongo, 2016; Marenga, 2017) have been inept at consolidating and comparatively analysing the developmental experiences of LAs with facilitating and hosting FDI under Namibia's EPZ regime. This is particularly important considering Namibia's MLG system and development plans that encourage bottom-up development using FDI. In analysing the LA FDI facilitation experiences, literature (Jauch, 2006, 2008; Enders, 2013; Shikongo, 2016; Marenga et al., 2018) has further failed to consider and consolidate important influencing factors such as 1) a neo-liberal investment environment and 2) the embeddedness of capitalism in FDIs. Faber (2018) considers the above factors important as they influence the conduct of FDI in an investment location. Before addressing the impact of these two factors on the developmental experiences of the Windhoek and Walvis Bay LAs with FDI (as part of the dependent variable), it is important to detail their specific developmental experiences with RTN and NPT, respectively, as a basis for the later understanding that will be provided by neo-liberalism and capitalism as influencing factors (as part of the independent variable that reflects these factors in the broader legal and policy framework for SNGs in an MLG system. The sub-section below presents discusses and compares findings on the developmental experiences of the case study LAs with the respective FDI.

4.1. LA developmental experiences with FDI — Windhoek and Walvis Bay LAs compared

This theme prompted respondents to provide their views on the developmental experiences of the Windhoek and Walvis Bay LAs with facilitating and hosting the RTN and NPT FDIs, respectively. These responses have been supplemented with secondary data sources for purposes of producing a holistic picture and comparing the developmental experience of the Windhoek and Walvis Bay LAs with facilitating and hosting RTN and NPT respectively. The most obvious finding to emerge from the analysis is that the Windhoek LA had a negative developmental experience with RTN, while the Walvis Bay LA provides a neutral experience with NPT. The table below provides a detailed comparison of the developmental contributions or consequences of RTN and NPT for their host LAs.

Table 1. A comparison of FDI developmental impacts for the Windhoek and Walvis Bay LAs

Local authority	FDI firm	Economic	Social	Environmental	Governance	CSRs	Overall FDI impact for LA
Windhoek	Ramatex Textile Namibia	- 7000 jobs at peak; - No local supply linkages.	Low-paying jobs (N\$360 to N\$800 per month) coupled with a poor and unsafe working environment.	- Polluted underground water reservoir and air surrounding the factory; - Failed to safely discard ink dye before relocating; - Unsafely housed employees on factory land, against municipal by-laws.	- Broke municipal bylaws on the housing of employees in suitable facilities on factory land; - Broke the environmental health act by polluting the air and underground water reservoirs; - Did not adhere to workplace safety regulations.	No CSRs were carried out by RTN.	Negative
Walvis Bay	Namibia Press and Tools	- 55 jobs at peak; - No local supply linkages.	Provides fair-paying jobs (N\$3400 per month, including a housing allowance) coupled with a just and safe working environment.	Does not have adverse environmental consequences in the host LA.	Adheres to local and national laws.	No CSRs were carried out by NPT.	Neutral

Source: Author's own compilation based on interviews conducted and LaRRI (2000), Dentlinger (2006), Jauch (2006, 2008), Flatters and Elago (2008), Shikongo (2016), Namibia Press Agency (2017), and Marenga (2017).

From the above table, it becomes evident that the Windhoek and Walvis Bay LAs have generally been subjected to a negative and neutral developmental experience by hosting RTN and NPT as FDIs, respectively. As mentioned in this study, this could largely be attributed to the ambiguous and disabling legislative framework that fails to accord LAs sufficient powers to synchronise FDI with local development priorities and gaps. Similarly, the EPZ regime has proven to be a recipe for FDI unsustainability for development in general. Indeed, literature (e.g., Shikongo, 2016) agrees that the EPZ regime brought more costs than benefits for Namibia's development. A review of the literature and responses obtained from key respondents indicate that the experiences of LAs point to a situation where LAs are not able to harness and maximise the developmental benefits of FDIs. This is further exacerbated by an EPZ regime that fails to emphasise the sustainability of the FDIs it attracts as advocated for by the UNCTAD (2015).

On the developmental experiences of the Windhoek and Walvis Bay LAs with EPZ FDI, one respondent succinctly encapsulated the sentiments of a majority of key respondents by stating that "...the investment of RTN failed to effectively address some of the development gaps of the Windhoek LA... instead, it provided adverse socio-economic and environmental consequences" (Personal communication, October 25, 2020). For the case of Walvis Bay LA, one respondent narrated that "...while the NPT had no adverse developmental impact locally, it failed to go the extra-mile by positively impacting the socio-economic development agenda of the host community" (Personal communication, October 26, 2020). As highlighted in this study, the absence of deliberate CSRs from these FDI for local development is owing to the inefficient legislation in place that prioritises neoliberalist extensions to FDIs while overlooking the need for FDI development effects.

In terms of their economic contributions at the local level, both firms were able to provide employment opportunities, albeit suggestions of

poor-quality jobs on the part of RTN, while those provided by NPT are marginal. Socially, the results suggest that RTN provided low-paying jobs with an unsafe workplace, while NPT provides satisfactory wages/salaries with safe working conditions. In terms of the environmental experiences, the results indicate that RTN polluted underground water reservoirs polluted the air around the factory, which was located in a residential area, failed to safely discard ink-dye before relocating and unsafely housing employees in an environment (factory land) against municipal by-laws. This is in contrast with NPT which did not have any environmental consequences for Walvis Bay LA. In light of the governance practices of the two FDIs, RTN gave no regard for local laws and it failed to comply with the Public and Environmental Health Act (Act No. 1 of 2015) on the above-mentioned environmental transgressions, and similarly failed to provide a safe working environment to its employees.

The governance approach of NPT has prioritised compliance with existing national legislation and local by-laws. Unfortunately, both FDIs did not execute any CSRs and therefore failed to effectively contribute to the development aspirations of their local host communities. This side-by-side depiction and comparison of two LAs on their experiences with FDI is instrumental for assessing the trajectory the broader legal and policy framework takes or fails to take in fostering bottom-up development using FDI. This is an element other studies (Jauch, 2006, 2008; Enders, 2013; Shikongo, 2016; Marenga et al., 2018) have failed to provide for. Faber (2018) suggests that a neo-liberal investment environment in any country further influences the sustainability orientation of FDIs for local development. The next sub-section below delves into this with the intention of gauging how Namibia's legislative undertone and neo-liberal inclination have fostered the current status quo of LAs' developmental experiences with FDI in an MLG system.

4.2. Broader legal and policy framework for SNGs in an MLG system: Neo-liberal investment environment

The current theme prompted respondents to provide their opinions on how Namibia's neo-liberal investment environment as created by the broader legal and policy framework on FDI serves as a breeding atmosphere in which LAs have languidly and adversely experienced FDIs. A majority of the respondents indicated that the neo-liberal investment environment has been key to the host of FDI attracted to Namibia. However, neo-liberal investment policies such as the EPZ regime have similarly been found to be regressive in encouraging the development of knock-on effects from FDIs. Buttressing this, one respondent asserted that "the neo-liberal agenda of the EPZ regime has contributed greatly to the adverse developmental experiences witnessed by host LAs... this is owing to the bias legislation such as the EPZ Act has for providing neo-liberal incentives and concessions to FDIs without placing equal emphasis to the expected developmental benefits of FDIs under the same EPZ regime" (Personal communication, October 23, 2020). As assumed by the neo-classical theory on FDI, Khan, Hye, and McMillan (2014) attribute the vigorous profit-seeking attitudes of FDIs to the neo-liberal investment framework that developing countries often adopt.

As highlighted in this study, neo-liberalism in Namibia's investment environment is not only expressed in the EPZ regime but also encapsulated in the Namibian Constitution. Article 98(1) sets the economic order of Namibia as that of a free market/capitalist economy that serves as a major requisite for rolling out a neo-liberal investment agenda (Republic of Namibia, 1990). This study finds this neo-liberal inclination problematic as limiting developmental benefits to local communities from FDIs. This is because neo-liberalism prioritises profiteering while similarly disregarding CSRs. Agreeing with this, one respondent pointed out that "the EPZ regime makes no mention of CSRs or FDI sustainability...hence this cannot be expected from EPZ FDIs if legislation does not effectively promote and encourage this" (Personal communication, November 2, 2020). This is indeed the context in that neo-liberalism has framed the developmental experiences of the Windhoek and Walvis Bay LAs with RTN and NPT as EPZ FDIs. The legislation places no expectation on these FDIs to be sustainable *vis-à-vis* local development priorities. This study further finds that a neo-liberal investment environment often attracts FDI and may result in weak to no local linkages as seen with the RTN in Windhoek and NPT in Walvis Bay. A majority of the respondents agreed that neo-liberal systems often prioritise profit, hence the risk of the FDI breaking local laws in an effort to maintain or maximise profits. For instance, unsafely disposing of hazardous residue due to the cost implications of doing it safely. This was observed with the case of RTN when it broke LA by-laws by unsafely disposing of residue ink dye sludge that polluted underground water.

In agreement with the sentiments shared elsewhere by Shikongo (2016), an overwhelming majority of the respondents indicated that the neo-liberal EPZ regime failed to ensure the associated

developmental benefits of FDIs harnessed for local development. This is broadly expected by national legislation such as Vision 2030 and the NDPs that advocate for the use of FDI for bottom-up development (Republic of Namibia, 2004, 2017). However, as earlier illustrated in Table 1, the effects of EPZ FDIs for the Windhoek and Walvis Bay LAs are negative and neutral. This is particularly if one compares these effects *vis-à-vis* the conglomerate of incentives and concessions these FDIs received. In fact, one respondent remarked that "EPZ FDIs have been more costly than beneficial for development as they either failed to provide a positive developmental impact at the LA level they are hosted or directly provided development challenges through pollution, among others..." (Personal communication, November 2, 2020). The limited FDI facilitation functions on the provision of water, land electricity, and waste management services at reduced rates as incentives simply did not allow LAs to negate the negative effects of FDIs and similarly promote and encourage the external sustainability of FDIs for local development. The consequences from RTN are dire and still felt today as fittingly explained in literature "Namibia was left to deal with the fallout of this disastrous venture such as environmental pollution from the company's dying plant, which polluted groundwater resources and the water of the Goreangab Dam, which is unusable up until this day. Also, hundreds of workers were left with severe health problems (mostly lung-related) due to poor health and safety standards that had prevailed inside the factory" (Jauch, 2020, p.19). More than 12 years after the relocation of RTN, the multi-million-dollar factory facility that was funded in collaboration with the Windhoek LA stands idle, and has been reduced to hosting boxing matches.

As mentioned elsewhere, this is a direct consequence of a neo-liberal investment environment that prioritises investor needs over local development needs. This is indeed reflective of RTN and NPT as FDIs which have failed to provide a local positive development impact, while similarly having provided adverse social and environmental consequences as observed in the case of RTN in the Windhoek LA area. The EPZ regime as a neo-liberal instrument prioritises quantity over quality of FDIs, hence the adverse and neutral developmental effects witnessed from EPZ FDIs. The neo-liberal disposition of the EPZ regime greatly contradicts the call for sustainable EPZs by the UNCTAD (2015) that uses a new generation of investment policies that place development (socio-economic, environmental, and governance) at the core of investment legislation. Contemporary studies (Marenga, 2017; Marenga & Kakujaha-Matundu, 2019) have particularly advocated for a paradigm shift towards quality over quantity in terms of the types of FDIs being sought and accepted into a country *vis-à-vis* the host country's development gaps such FDIs could fill. The EPZ regime as underpinned by neo-liberalism was flawed from the onset as it failed to incorporate the expected development impact of FDI at the local level. This is important for Namibia's MLG system that encourages bottom-up development using FDI. Literature (Hermelin & Trygg, 2022) further supports this by advocating for decentralised policy for development.

Considering the sustenance of global capitalism, the neo-liberal investment environment offered in Namibia and particularly under the EPZ regime has played a major role in the investment decision of RTN and NPT. One interviewee indicated that "... global FDIs search for investment locations that promise a high return on profits through concessions and incentives that throw-off start-up and operational costs to FDIs" (Personal communication, November 2, 2020). Further agreeing with this "... it could have been difficult for the Namibian government to prescribe CSRs without risking the labelling of the country as an unfavourable investment location" (Personal communication, October 28, 2020). Indeed, this is an important consideration in light of the high unemployment rates that EPZ were poised to reduce in Namibia. As a result, CSRs were not reflected in the EPZ regime, hence the absence of direct local development benefits to LAs from EPZ FDIs. However, another respondent disagreed with the above response by indicating that "the developmental experiences of host LAs could have significantly been better if legislation made provision for bargaining and negotiation on the exchange of concessions and incentives for FDI CSRs" (Personal communication, October 26, 2020).

As a result, the government should have prioritised the interests of its citizenry over those of FDI by making FDI CSRs mandatory as seen in India. Indeed, the neo-liberal orientation of the EPZ regime created flaws for the regime, hence the consequences experienced and are still felt to date. This is the context in which the UNCTAD (2015) has argued for the need to introduce sustainable EPZ regimes that will attract and retain sustainable FDIs that provide developmental benefits to local host communities. This is because neo-liberal economic zones frequently result in temporary developmental benefits from FDIs that often last as long as profits are recorded by FDIs (OECD, 2015). This is argued against an overly neo-liberal investment environment that has failed to impart a positive developmental experience to host LAs as witnessed in the case of the Windhoek and Walvis Bay LAs under the EPZ regime. To deal with the dynamics around global capitalism and how FDIs serve as an extension of this agenda, the sub-section below expounds on this to map out how neo-liberalism (as advanced in Namibia's legal and policy framework on FDI) as presented in the current sub-section serves as a refuge ground.

4.3. FDI as an extension of global capitalism

This theme required respondents to provide their views and opinions on how capitalism and the relentless pursuit of profits by FDIs impact the developmental experiences of host LAs. This arises owing to the disposition of Faber (2018) who has found a cause-effect relationship between capitalism and FDI sustainability. This study holds that global capitalism has been seen as the major vehicle that has encouraged countries to organise their economies around the principles of a free market/capitalist system. This is done to derive the benefits of capitalism that come through its offspring such as FDIs. In Namibia, this is witnessed through the declaration of Article 98(1) of Namibia's Constitution which adopts a mixed economic order for the country (Republic of Namibia, 1990). This is

albeit the criticisms of this economic order having pragmatically drifted more towards a free-market/capitalism system serving as an asylum for neo-liberalism (Amupanda, 2017). Commenting on this, one of the interviewees said "Namibia's neo-liberal investment environment, particularly the EPZ regime, has created an avenue for the proliferation of global capitalism through attracting fly-by-night FDIs that are founded on the principles of profiteering" (Personal communication, October 23, 2020).

Considering the incentives and concessions provided by the EPZ regime, these are conducive for EPZ firms that maximise profits for increased returns on investment to parent multi-national companies (MNCs). This is indeed the case for RTN, which was a subsidiary of Ramatex, a Malaysian company, and similarly for NPT which is a subsidiary of a German company, Weser-Metall-Umformtechnik (LaRRI, 2000). This is the context in which global capitalism manifests, through investments in locations that allow for profit maximisation and repatriation of profits to parent MNCs (Faber, 2018). Indeed, considering the basis on which the investment decision of RTN and NPT was based (that is, incentives and concessions that reduce start-up and operational costs, while similarly increasing profits under the EPZ regime), the prospects for CSRs and a positive local development experience from such firms is slim and unlikely. This view has been echoed by one respondent as follows "Seeing that both RTN and NPT are subsidiaries of parent companies based in other countries, their decision to invest in Namibia under the EPZ regime was to exploit the neo-liberal concessions offered that similarly extend the capitalist needs of the parent companies in other countries" (Personal communication, November 5, 2020). A majority of the respondents agree that the subsidiary principle among many MNCs is often rooted in the need to maximise profiteering opportunities offered in different investment locations around the world.

Despite the above dynamics around the extension of global capitalism through FDI, the absence of adequate legislative discretion at national and local government levels in Namibia has further exacerbated the reluctance of FDI to engage in CSRs as well as the disregard of EPZ FDIs for local and national legislation. Illustratively buttressing this, one respondent indicated that "... the ambiguous and ineffective legislation in Namibia has seen EPZ firms like RTN disregard local and national laws as it polluted the environment in a bid to cut costs and increase profits" (Personal communication, October 26, 2020). The need for profit maximisation by RTN was owing to the dividends the parent company in Malaysia was expecting, and particularly considering RTN never recorded the expected profits and production margins since investing in Namibia (Flatters & Elago, 2008). Drawing cue from Table 1 above, this is the context in which the proliferation of global capitalism has influenced the developmental experiences of the Windhoek and Walvis Bay LAs by facilitating and hosting the RTN and NPT, respectively. The most obvious finding to emerge under the current theme is that the negative and neutral developmental experiences of these LAs with the specific FDIs is aggravated by the absence of a sustainable EPZ regime in Namibia, that fails to prioritise quality over quantity FDI. As a result,

MNCs exploit this for their capitalist agenda. The absence of sustainable EPZs in Namibia is similar to the context in which the disempowerment of LAs on FDI facilitation functions for development permeate. This has been clouded by the neoliberalist and capitalist investment agenda as underpinned by Namibia's investment environment and legislative framework in Namibia. As it appears, embracing capitalism and neo-liberalism works against using attracting FDI for development.

5. CONCLUSION

The present study was designed to document the developmental experiences of the Windhoek and Walvis Bays LAs with facilitating and hosting RTN and NPT as FDIs, respectively, and how the recorded experiences have been influenced by the neo-liberal investment environment in Namibia as well as the drive of global capitalism as extended through FDIs. As found in this study, neo-liberalism and capitalism are elements that are embraced in Namibia's legal and policy framework. The main findings of this study can be summarised threefold as follows:

1. Owing to the neo-liberal concessions and incentives that foster increased FDI profits, FDI such as RTN and NPT prioritise(d) their own internal sustainability and profit making, to the demise of their external sustainability (e.g. through CSRs) for host communities.

2. The case of RTN provided an overall negative developmental impact for the Windhoek LA. RTN provided low-quality/paying jobs, polluted underground water and the air around the factory, unsafely housed employees on factory land against local by-laws, did not adhere to workplace safety regulations, and similarly failed to engage in any CSRs activities. Avoiding the above effects could have resulted in incurring costs for RTN. For instance, paying employees a sustainable salary would have substantially increased the wage bill for RTN and reduced any chance to increase profits — a situation a typical fly-by-night FDI would not subject themselves to.

3. In Walvis Bay, NPT provides a more neutral developmental experience for the LA. The findings of this study reveal that NPT did not adversely impact the socio-economic and environmental considerations of Walvis Bay LA and it adheres to local and national laws. NPT has proven to be internally sustainable, but it has failed to positively and externally impact the host community through CSRs and local supply linkages. It is against this background that NPT's impact on the host LA is neutral.

From the above main findings of this study, it is now possible to answer the research question and

conclude on the variables of interest that, the independent variable (broader legal and policy framework, that embraces capitalism and neo-liberalism, for SNGs in an MLG system) negatively impacts on the dependent variable (experiences of LAs in facilitating FDI). The findings of this study have established a direct cause-effect relationship between neo-liberalism and the capitalist orientation of Namibia's legal and policy framework on the developmental experiences of LAs with facilitating and hosting FDI. In light of this, the study has confirmed the findings of Faber (2018) which found a close association between neo-liberalism and capitalism as contributors to legislative backward bending and the resultant developmental experiences of host LAs with FDI.

This study has contributed to our understanding of the MLG theory and MLG coordination among tiers of government, and how other policy orientations on capitalism and neo-liberalism influence the experiences of LAs in implementing a decentralised function in an MLG system. This is in light of the FDI facilitation function accorded to LAs in Namibia. The findings are relevant for both practitioners and policy-makers, particularly in light of the mooted SSEZs that is expected to replace the EPZ regime in Namibia. This is the first study that has analysed the developmental impact of the EPZ regime in Namibia from an SNG perspective as influenced by neo-liberalism and capitalism, an aspect often neglected in mainstream studies. In light of the findings of this study, a key policy priority for Namibia should therefore be to ensure that the mooted SSEZs are characterised by sustainability (quality over quantity FDI) with a more deliberate and direct role of host LAs in synchronising FDI benefits with local development gaps.

One of the strengths of this study is that it represents an existential account of the LA developmental experiences with FDI under a neo-liberal and capitalist disposition in a developing country like Namibia. As part of the limitations of this study, the scope was confined to the FDI developmental experiences of the case study LAs and the two respective FDIs. As a result, the findings of this study are not generalisable to LAs operating under different legislative frameworks. Considering the limited nature of similar studies, the current study is important and serves as an impetus that encourages its repetition by using other LA case studies, particularly in developing countries. Considering the global drive aimed at achieving bottom-up development and the perpetuation of capital internationalisation through FDI, the current study sets the parameters through which more future studies can be undertaken. This is particularly possible by using similar variables of interest for case study LAs in countries that follow an MLG system.

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