



NAMIBIA AIRPORTS COMPANY

Integrated Strategic Business Plan
for years 2021/2 – 2025/6

BISEY /UIRAB

Chief Executive Officer

October 2021

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NAMIBIA AIRPORTS COMPANY	
APPROVED BY NAC BOARD OF DIRECTORS CHAIRPERSON: DR L. HANGALA	SIGNED:
	DATE: 07 DECEMBER 2021

CHAPTER ONE

1. Executive Summary

1.1 Preface

The NAC Integrated Strategic Business Plan (ISBP) for period 2021/22 to 2025/6 represents the strategic direction of Namibia Airports Company for the next 5 years as the company seeks to become a prime service provider in airport operations and management.

The ISBP has been prepared collaboratively during the period of January to March 2020 (with material updates up to Sep 2021) based on the operating environment and assumptions of the time and is intended to build upon the strategic direction of the Namibia Airports Company in place since 2012. It has been developed in line with national development policies specifically NDP5 and Harambee Prosperity Plan II.

The overall strategy development process includes an analysis of the environment in which NAC operates - both internationally and regionally, optimising capacity for current and future requirements, organisational transformation and ensuring financial sustainability.

The outlook for the aviation sector remains materially uncertain due to the effects of the Covid-19 pandemic as the effects and subsequent mitigation measures will be structural in nature. It is anticipated that the global disruption and its effects will continue until at least the end of calendar year 2021.

1.2 Key Strategic Direction

The Namibia Airports Company is committed to be a prime service provider in airport operations and management by operating on sound business principles with due consideration to the interests of our stakeholders.

Transport and Logistics (including the Aviation sector) are essential to achieve trade, economic development and social transformation. Namibia takes an integrated approach to transport planning (multimodal), transporting goods and people in terms of the Transport and Logistics Master Plan.

NDP5 addresses the aviation sector by specifically identifying the following desired outcomes:

Indicator	Baseline (2016)	Target 2017/18	Target 2018/19	Target 2019/20	Target 2020/21	Target 2021/22
% Compliance to ICAO Standards and Recommended Practices	68%	69%	70%	71%	73%	75%

Figure 1: NDP5 aviation sector outcomes

The intention of the Integrated Strategic Business Plan remains in determining the integrated process in which sustainable value to our shareholder can be provided. Both the external and internal environments are evaluated leading to our strategic proposition with detailed short, and longer-term key performance areas.

Namibia Airports Company is obliged to maintain a level of operational capacity (including safety and security) and readiness at all airports irrespective of aeronautical activity. The cost and organisational structures of the company are aligned with regulatory compliance. NAC is thus not able to react substantively to changes in revenue without downgrading an airport's status (and the State's readiness capacity).

1.3 Core Values

The themes and objectives for the Namibia Airports Company relies on the following core values of the organisation:

- Professional – in all our interactions with stakeholders and customers
- Agile – in responding to a changing industry sector
- Vigilant – in ensuring safety, security and environmental sustainability
- Evolving – continuous improvement

Leading to an organisational philosophy and code of **'PAVE'**.

1.4 Key Outcomes of the ISBP

As an organisation in transition, we have formulated our own growth-focused strategic plan for the five financial years between 2021/2 and 2025/6. Our integrated strategic business plan (ISBP) has taken into account the macro and micro environment that we are operating in and the impact of the Covid-19 pandemic.

This strategic plan focuses on the following key outcomes we envisage for NAC by 2026:

- Ensuring that our airport users enjoy the best travel experience when using our airports;
- Generation of traffic volumes with a view to bolster both aeronautical and non-aeronautical (ancillary) revenues (up to 28% of revenue by 2026)
- Capital improvements aimed at improving compliance, operational efficiency and revenue generation, with the following major expansion projects highlighted;
- Optimum utilisation of people and assets with sustainable maintenance programmes – Service Level Agreements in place by 2021/2.
- Focus on partnering with various stakeholders in the Namibian transport & logistics sectors broadly, and aviation sector in specific; it is our resolve to bring to the fore the important role the aviation sector can play in driving the achievement of our Vision2030, NDP5 and HPP2 goals and beyond.
- Maintain State commitments on International Aviation Compliance (Quality, Safety, Security and Environment); and
- Commercial sustainability – both aeronautical and ancillary revenue growth

CHAPTER TWO

2. Purpose, Vision and Strategy

2.1 Statement of Purpose, Vision and Mission

The Namibia Airports Company's Vision is to be a prime service provider in airport operations and management.

The Namibia Airports Company's Mission is to develop, manage, and operate safe and secure airports on sound business principles with due consideration to our stakeholders' interest.

The Purpose of the Namibia Airports Company is the acquisition, establishment, development, provision, maintenance, management, control or operation, in accordance with sound and generally accepted business principles, of any aerodrome, any part of any aerodrome or any facility or service, including a relevant activity at any aerodrome normally related to the functioning of an aerodrome.

The Republic of Namibia is a Contracting State of the International Civil Aviation Organisation (ICAO). Contracting States shall certify aerodromes used for international operations in accordance with the specifications provided by ICAO specifications through an appropriate regulatory framework.

- The Chicago Convention defines actions required to be implemented by Contracting States to ensure safety and security of international air transport operations
- Provides for the uniform provision of air navigation and aerodrome facilities
- Provides for standardisation and harmonisation in regulations, rules, standards, procedures and practices
- Requires states to implement International Standards and Recommended Practices adopted by the Council

The Civil Aviation Act, Act 6 of 2016, provides legislative oversight for civil aviation in Namibia and includes the establishment of the Namibia Civil Aviation Authority

(NCAA) as regulator and the Namibia Airports Company as aerodrome operator. The Namibian Airports Company (NAC) was established under the Airports Company Act (Act 25 of 1998) and is a Commercial State-Owned Enterprise (SOE) under the jurisdiction of the Ministry of Public Enterprises.

2.2 Strategic direction

The overall strategic direction of the Namibia Airports Company is fourfold:

1. Ensuring the organisation meets and exceeds the statutory and regulatory requirements of operating aerodromes in an international environment by means of a customer centric approach.
2. Ensuring financial sustainability by means of an appropriate customer experience and revenue growth.
3. Developing and maintaining the physical infrastructure necessary to accommodate the current and future needs of the aviation community.
4. Developing the capacity – human and financial – to sustain the organisation.



Figure 2: NAC Strategy Map

Source: NAC

2.3 NAC Strategy

The Namibia Airports Company strategy for the following 5 years is based on the following Strategic Themes and Objectives:

Theme 1 – Financial Sustainability

1. Revenue Growth
2. Cost Management
3. Leveraging Assets

Theme 2 – Customer Centric

1. Customer Experience
2. Safe, Secure and Environmentally Sustainable
3. Price Competitive
4. Stakeholder Engagement

Theme 3 – Quality Infrastructure

1. Capacity and Infrastructure Optimisation
2. Process Optimisation

Theme 4 – Organisational Transformation

1. Staff Competence
2. Employee Empowerment
3. Organisational Transformation

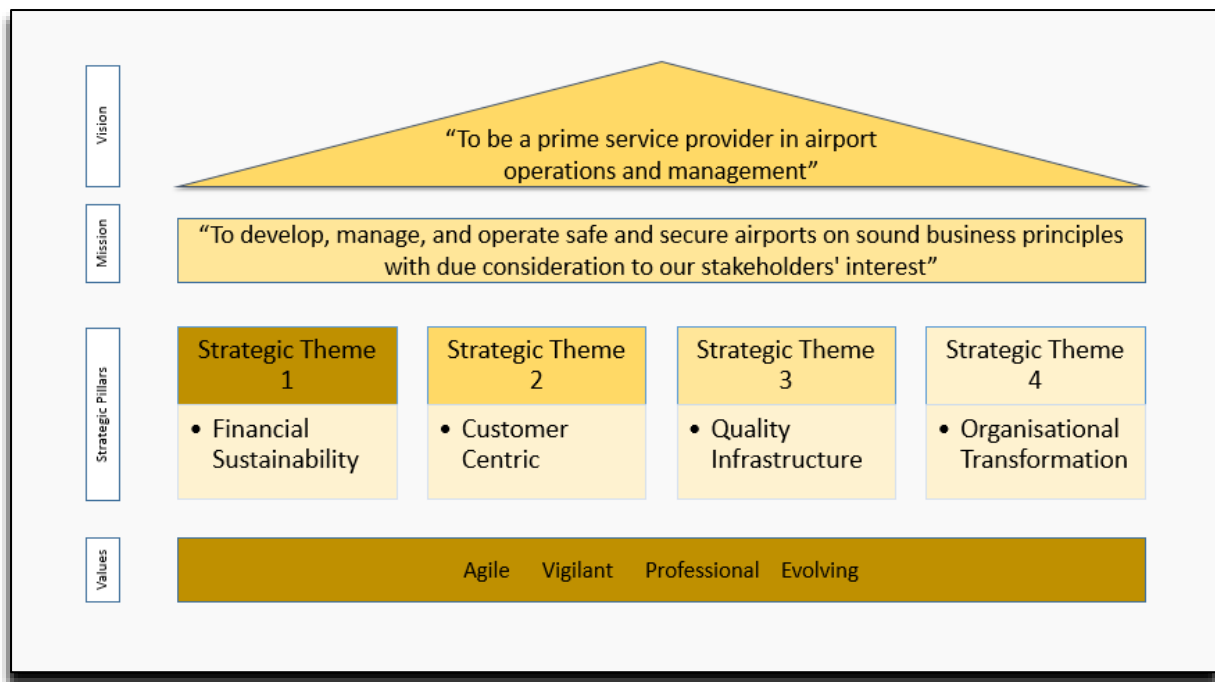


Figure 3: NAC Strategic Themes

2.4 Overview of Namibia Airports Company

The NAC provides and facilitates essential activities for developing, managing and operating 8 airports and aerodromes within Namibia.

The airports under the NAC mandate are:

1. Hosea Kutako International Airport (Windhoek)
2. Eros Airport (Windhoek)
3. Walvis Bay International Airport (Walvis Bay)
4. Andimba Toivo ya Toivo Airport (Ondangwa)
5. Rundu Airport (Rundu)
6. Katima Mulilo Airport (Katima Mulilo)
7. Keetmanshoop Airport (Keetmanshoop)
8. Luderitz Airport (Luderitz)

2.5 Description of Business

The Namibia Airports Company (NAC) was established in terms of the Airports Company Act (Act 25 of 1998), and provides for the acquisition, establishment, development, provision, maintenance, management, control or operation, in accordance with sound and generally accepted business principles, of the aerodromes in Namibia.

2.6 Role and function of NAC in the aviation sector

The NAC has its mandate as the custodian of aerodromes in Namibia through the following key interventions:

2.6.1 Development of Infrastructure

Airport infrastructure and facilities to provide for safe and secure operations to allow aircraft to operate efficiently, minimize inconvenience for passengers, and provide fast and reliable baggage systems.

- 2 airports are currently interim certified (Hosea Kutako International Airport, Walvis Bay International Airport) and 6 airports interim licensed (Andimba Toivo ya Toivo, Eros, Katima Mulilo, Rundu, Keetmanshoop and Luderitz Airports).
- Master Plan development and Land Use Plans
- Designed to accommodate the critical aircraft expected to utilize the aerodromes
- Terminal, apron, taxiway and runway facilities

2.6.2 Airport Operations

Coordination of airport activities (airside, landside and terminal) to enable efficiency and effectiveness.

- Operations are conducted in line with ICAO Standards and Recommended Practices (SARP)
- Quality of operations and documentation

- Airport Operations
- Emergency Planning and Response
- Security
- Commercial activities
 - Aeronautical revenues consisting of Landing fees, Passenger Services fees, Aircraft parking fees and Aviation Security fees
 - Airport Retailing and Concessionaires
 - Property and Office Leases
 - Airport Parking
 - Ground Handling Services

2.6.3 Airport Management

Scalable and profitable management of the aerodromes

- Trained and Certified Personnel
- Optimised organisational structures

2.6.4 Airport Maintenance

Maintenance of airport infrastructures and facilities to enable efficient, effective, safe and secure continuity of operations

2.7 Competitive landscape

The NAC is the operator of 8 certified and licensed aerodromes in Namibia used for commercial aviation.

Namibia Airports Company is not impacted by internal competition but rather through Namibia as a regional / international tourist and business destination and the attractiveness thereof. The large aviation hubs in Africa are Johannesburg (South Africa), Addis Ababa (Ethiopia), Nairobi (Kenya) and Accra (Ghana).

Tourism, in particular, has resulted in the attraction of international airlines including Qatar Airways, Ethiopian Airlines, KLM, Condor Airlines and Eurowings

for long-haul destinations. This is in addition to the regional airlines serving both business and tourist travel such as Air Namibia (in liquidation), British Airways Comair, TAAG Angola Airlines, South African Airways (provisional liquidation), Airlink and Westair.

The regional and international routes served by Namibia are:

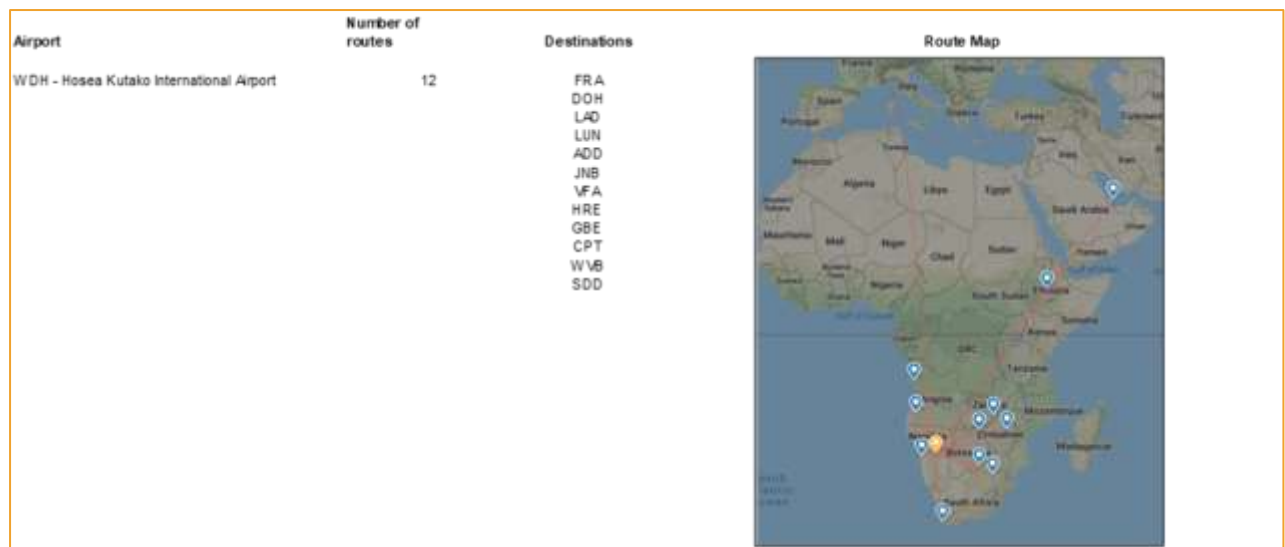


Figure 4: Routes served by Hosea Kutako International Airport

Source: NAC and FlightRadar24

Namibia has no Low Cost Carriers (LCC's) at present due largely to high airport passenger charges, fuel cost, low ranking in ease of doing business (104 out of 190), cost of ground services (ground handling, catering, ground staff) and airport capacity (needed for rapid turnaround).

2.8 External environment

2.8.1 Key Assumptions – External Environment

Economic performance

The economic growth of the Southern African Development Community (SADC) the past 5 years has been low and lags the rest of Africa (and the world economy).

The average GDP growth rate is now < 2%, but average inflation is currently >4%. This implies negative real growth.

Namibia has experienced negative growth rates since early 2019 and this is expected to continue through 2021, mainly due to decline in mining, construction, manufacturing, transport, fishing and services. The Covid-19 pandemic has produced a negative growth rate in excess of 8% annually.



Figure 5: Namibia GDP growth rate - 2010 to end 2020

Source: Trading Economics

2.8.2 Economic performance

Whilst the SADC economic growth the past 5 years has been poor and lags the rest of Africa (and the world economy), the Namibian performance has been even poorer with negative growth rates since early in 2019, due primarily to declines in mining, construction, manufacturing, transport, fishing and services. At the time of the analysis, only telecommunications, financial services and tourism have shown any positive trends.

With the SADC region averaging Debt to GDP ratio of 56%, Namibia has enjoyed a relatively lower level of exposure at 45.1% (expected to exceed 70% post-Covid).

This limits the ability of the country to absorb exogenous shocks and provide for the level of infrastructure provisioning that is required.

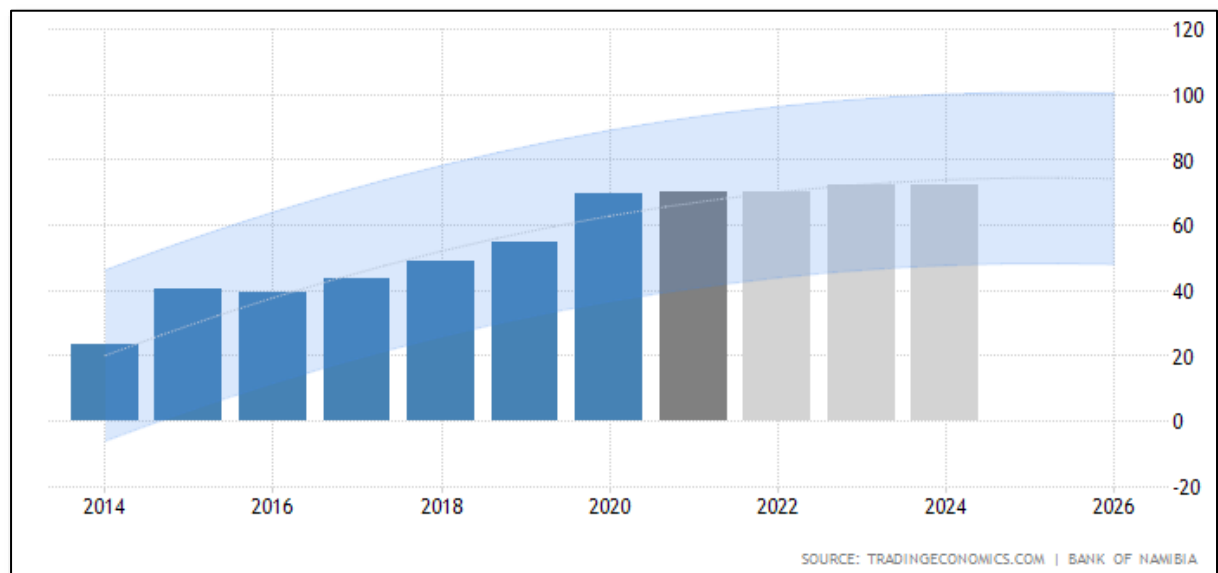


Figure 6: Namibia - Debt to GDP ratio

2.8.3 Aviation sector

The aviation sector (prior to Covid-19) in Africa has experienced positive growth of 2% off a low base – Africa accounts for only 2% of world traffic volumes and this has remained constant for the past 30 years.

There have been various attempts to improve the intra-African connectivity with Open Skies Agreements and the Single African Air Transport Market (SAATM) but these normally stall at the bilateral level as host countries often protect their national airlines.

The implementation of the SAATM would lead to cheaper flight costs, greater passenger volumes, improved linkages between countries and greater economic benefits for the participating countries.

Currently 34 African countries have signed up to the initiative that provides for de-regulated airspace between these countries. Namibia has become a signatory.

2.8.4 Volume indicators

International cargo volumes are down significantly the past 2 years (around 3% decline) and regionally down 5-10%. Intra-African trade has not improved materially from an aviation perspective. Cargo volumes are usually a good indication of real economic activity.

Passenger traffic experienced a slight increase by around 2% but largely due to consolidation in existing flight frequencies, i.e. the number of flights have remained the same but with greater passenger capacity on the aircraft.

The post Covid-19 impact has resulted in international flight volumes decreasing by 80% and in the African context by up to 95%. Recovery is not expected until late 2021 and then only at approximately 65% of previous volumes. The data below illustrates the composite trend of worldwide commercial flight activity for the past 3 years up to May 2021:

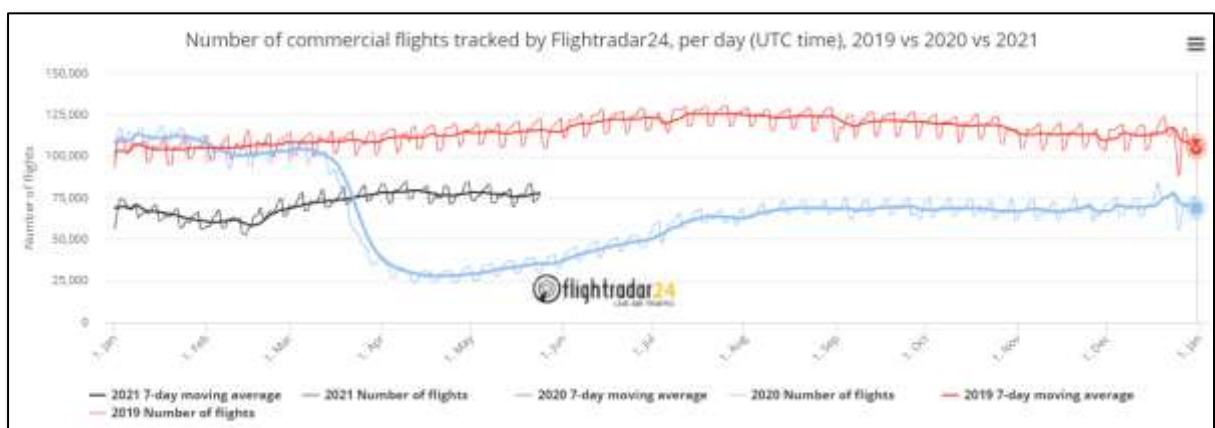


Figure 7: Worldwide commercial flight activity: 2019 to 2021

Source: Flightradar24

Namibia's passenger and flight volumes compared on a regional basis (excepting South Africa):

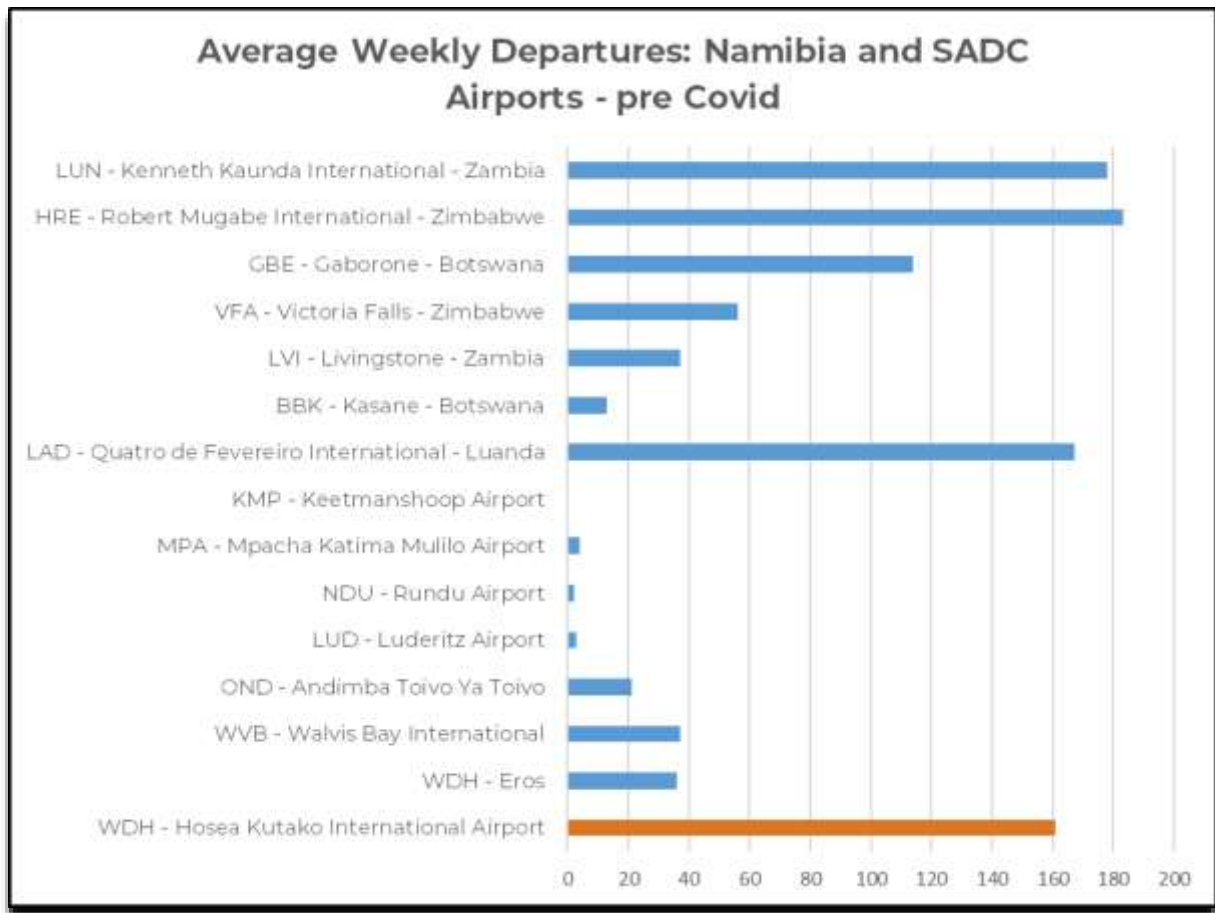


Figure 8: Flight frequencies of airports in SADC region excluding SA

Source: NAC

By comparison, flight departure frequencies for Hosea Kutako and the major South African airports are as follows:

COMPARISON SA - NAMIBIA		
Airport	Average Weekly Departures (Pre Covid)	Average Weekly Departures (Post Covid)
WDH - Hosea Kutako International Airport	161	48
JNB - OR Tambo International Airport	2037	678
CPT - Cape Town International Airport	867	374
DUR - King Shaka International Airport	488	141

Figure 9: Weekly flight departure frequencies - Namibia and South Africa

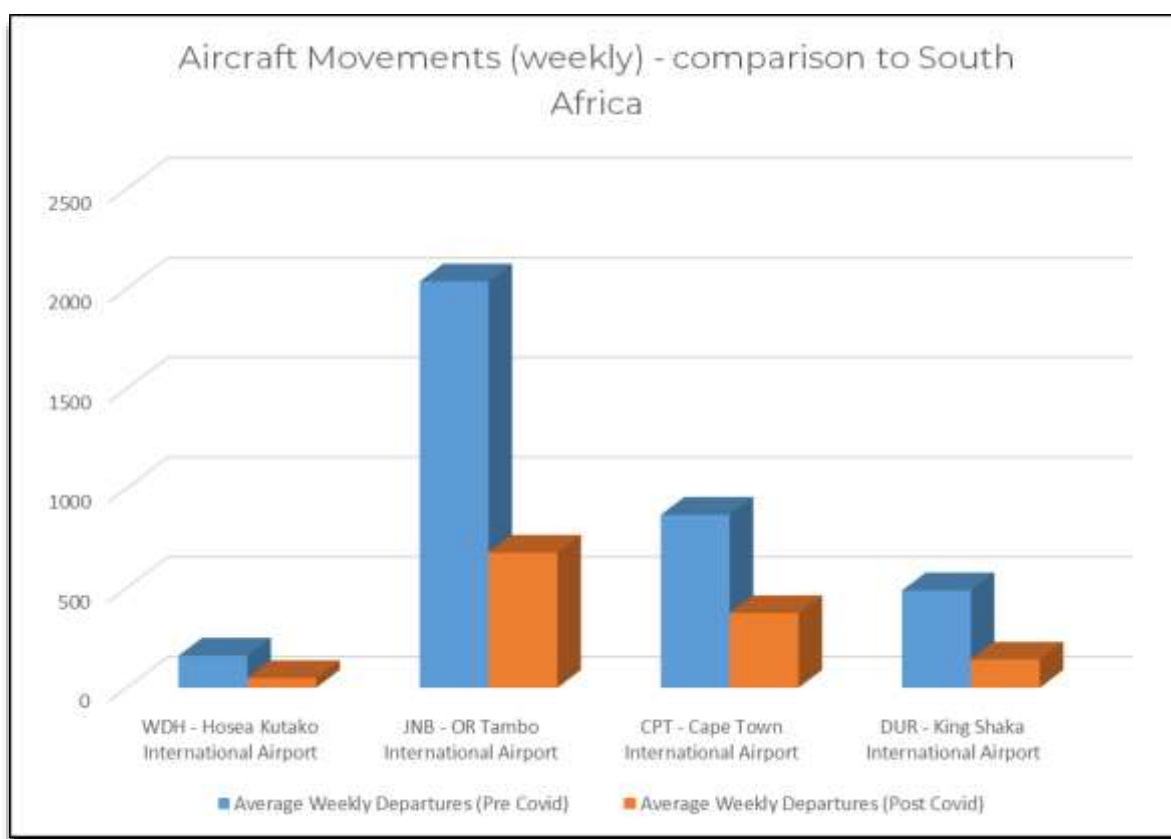


Figure 10: Weekly flight departure frequencies comparison - Namibia and SA Covid effect

Namibia has an Air Connectivity Index (the importance of a country as a node within the global air transport system) of 146 out of 219 (based on frequency of flights, reliability, diversity of destinations and airline capacity). Cost is also a

consideration – the higher cost of the flight, the lower the connectivity score. A regional comparison is as follows:

Namibia – 146

Angola – 120

Zambia – 139

Zimbabwe – 148

South Africa – 39

Economy	Air connectivity score 2019	Global Ranking 2009	Global Ranking 2014	Global Ranking 2019	Growth 2009-2019	Growth 2014-2019
Saint Lucia	4,995	130	138	136	69%	34%
Macedonia	4,969	150	148	137	232%	84%
Martinique	4,910	126	133	138	57%	18%
Zambia	4,773	134	135	139	73%	22%
Slovakia	4,666	128	157	140	52%	156%
Libya	4,647	81	93	141	-58%	-60%
French Polynesia	4,606	122	140	142	40%	28%
Tajikistan	4,286	151	128	143	188%	-12%
Paraguay	4,273	152	143	144	190%	34%
Cameroon	4,071	139	137	145	77%	7%
Namibia	3,779	136	145	146	42%	28%
Antigua and Barbuda	3,446	141	147	147	64%	22%
Zimbabwe	3,392	140	150	148	53%	43%
Papua New Guinea	3,333	145	146	149	96%	15%
Rwanda	3,272	187	165	150	1030%	158%
Nicaragua	2,877	120	132	151	-17%	-31%
Gibraltar	2,845	163	155	152	137%	37%
South Africa	113,147	32	38	39	44%	22%

Figure 11: Extract from IATA World Connectivity Index

By comparison, the top 10 worldwide are:

- United States
- China
- Japan
- India
- Germany
- United Kingdom
- Indonesia
- Spain
- Thailand
- Italy
- UAE (20th position)

2.9 Internal environment

2.9.1 Key Assumptions – Internal Environment

With Namibia being a preferred tourist destination, aviation has been the largest enabler of tourism in Namibia. The airports are the gateway to the country and most economic activities between Namibia and the rest of the world hinge on the aviation industry. Namibia also serves as a viable alternative as a connection to the rest of Africa, Asia, Europe and the Americas. This means that the aviation industry in Namibia provides considerable opportunities for growth in both Namibia and the rest of the continent.

The Covid-19 pandemic has materially stifled this growth, with the hospitality industry effectively shut for ten months in various forms. Several airlines have seen their financial circumstances severely affected by the various national lockdowns.

The Covid-19 pandemic ramifications and associated restrictions remain fluid, and forecasts are dependent on factors such as:



- Resurgence of the virus (Third+ waves)
- Vaccination availability
- Vaccination efficacy (SA strains)
- Vaccination rollouts
- Travel passports indicating vaccination status

Aviation plays an integral part in establishing Namibia as a logistics hub as envisaged in NDP 5 with significant cargo opportunities through fishing, mining and other marine operations. The aviation industry provides an efficient link between these industries and the rest of the world.

2.9.2 Importance of the aviation sector to the Namibian economy

Aviation has been the largest enabler of tourism in Namibia. The airports are the gateway to the country and most economic activities between Namibia and the rest of the world hinge on the aviation industry. Namibia also serves as a viable alternative as a connection to the rest of Africa, Asia, Europe and the Americas. The aviation industry in Namibia provides considerable opportunities for growth in both Namibia and the rest of the continent.

Aviation plays an integral part in establishing Namibia as a logistics hub as envisaged in NDP 5 with significant cargo opportunities through fishing, mining and other marine operations. The aviation industry provides an efficient link between these industries and the rest of the world.

2.9.3 Challenges in Namibian aviation sector

Namibia Airports Company is continually determining the appropriate organisational structures for its operating environment. The Board, CEO and Senior Management (Executive) are adequately and appropriately skilled and experienced to manage the business going forward.

The focus currently is on the appropriate structures required for management levels and the correct skilling of the specialist disciplines including Supervisory, Fire Fighting, Maintenance, Financial and Engineering units.

Namibia Airports Company remains constrained with the following challenges:

- A limited base of skilled staff due to the unique nature of aviation operations. A significant portion of expenditure provides for improved staff capacity to perform their duties.
- The high cost of training as the skills pool available is limited due to NAC being the sole provider of aerodrome services within Namibia. Often training is required from international sources costed at a premium.
- Aerodrome operations and aviation is a highly regulated industry with a high cost of entry – all skills are internationally transferrable due to the standard and homogenous training required.
- Financial and developmental institutions are committed to investing in viable projects due to available capital. The nature of some of the aerodrome investments required, however, does present these projects with limited returns on investment due to low volumes. Investing in aerodromes should be considered for strategic purposes rather than economic purposes. It remains necessary to build suitable aerodrome capacity to stimulate the economic demand that the infrastructure spend will bring to the region.
- International standards – are continuously changing to adapt to threats / challenges as they appear. This requires a constant, expensive investment process in both personnel training and infrastructure.
- Reclaiming organisational credibility requires that we constantly communicate with all our Stakeholders.
- The ageing infrastructure at our aerodromes will continue to drain our limited resources and conflicting priorities for resources will remain with us in the medium term.
- Debt management collection is the material issue at NAC. At present, almost 45% of what we earn in revenue is not collected from the two main customers of NAC.
- The gloomy economic climate (amplified by the Covid-19 impact) are adversely affecting NAC's ability to deliver on its mandate. As the world economy is currently slowing down, we can expect this to continue in the short and medium term.
- Financial reporting has also lagged and we are currently concluding all outstanding financial statements and Annual Reports.

2.10 Growth drivers and opportunities

Factors influencing growth drivers in the aviation industry in Namibia are:



Scope of market – domestic aviation growth is a function of economic and population growth. International aviation is a function of economic and tourism growth.

International market – to retain existing long-haul carriers from hub origins (Qatar, Ethiopia, Germany, Netherlands) and to grow Namibia as a destination from new markets such as Kenya, China, India, UK and possibly USA.

Regional market – the implementation and adherence to of the Open Skies Agreement (Namibia is already a signatory which stimulated the long haul carriers to start operations) and the Single African Air Transport Market (SAATM) to promote business and trade travel within the African continent (Namibia has not signed yet). This will stimulate regional travel north of the Southern African borders.

Economic activity – levels of Namibian (and regional SADC) economic growth are material to the aviation industry as this stimulates business and leisure travel. Both the SADC region and Namibia in particular are in low growth (even negative) scenarios, which limits the demand for air travel.

Airport aeronautical charges – these are charges levied by NAC in terms of passenger services charges, landing fees and security charges. These are regulated charges but are higher than regional peers that may limit the attraction to Low-Cost Carriers (LCC). Namibia (all carriers) still charges a premium of approximately N\$1500 – N\$2000 per regional return flight than which is similarly available regionally.

Airport specific benefits –

- Walvis Bay Airport to utilize its airfield and cargo capacity for the maritime sector including direct fishing exports;
- Katima Mulilo for the tourism potential and regional cargo into Africa;
- Andimba Toivo ya Toivo (Ondangwa) for the business in the Northern regions of Namibia; Keetmanshoop for the General Aviation sector, Aviation Training Organisation (ATO) and point of entry;
- Windhoek (Eros) for domestic services hub and regional cargo;
- Windhoek (Hosea Kutako) as business, cargo and tourism hub.

2.11 Infrastructure and service capabilities

It is essential that the correct infrastructure at all aerodromes provide for safe operations, sufficient throughput capabilities (passengers, aircraft and cargo) and state-of-the-art service offerings.

The infrastructure offerings extend to:

- Designing and developing appropriate aerodromes matching their intended purpose
 - Hosea Kutako International Airport as primary international airport for passengers (tourist, business and leisure) and cargo (time and value sensitive)
 - Eros Airport as GRN-designated air facility, domestic airport and general aviation (GA)
 - Andimba Toivo ya Toivo (Ondangwa) as gateway to the northern economic regions for business travel
 - Walvis Bay International Airport as direct international airport for the maritime sector including ship repair, crew change, fishing and petroleum sectors, and the leisure sector including tourism.
 - Rundu, Keetmanshoop and Luderitz Airports as regional airports servicing the population for economic purposes.
 - Katima Mulilo Airport as the most remote area of Namibia reducing travelling time for business and servicing the tourism sector which is currently served by neighbouring countries (Kasane, Victoria Falls and Livingstone)
- Developing the Human Resource capacity to undertake planning and implementation of infrastructure and maintenance projects

CHAPTER THREE

3. Governance, Organisation and Management

3.1 Statement of Governance, Organisation and Management arrangements

The Namibia Airports Company is a 100% state-owned enterprise (SOE) and is defined under the Public Enterprises Governance Act (Act 1 of 2019) as a Commercial Enterprise. The NAC functions autonomously under a Board of Directors who report to the Minister of Public Enterprises (MPE).

The Minister of Public Enterprises monitors the company in terms of:

- Governance Agreement
- Performance Agreements – Board, CEO and Executive Management
- Integrated Strategic Business Plan (ISBP) for 5 years
- Annual Business and Financial Plan
- Annual Report (including Annual Financial Statements)

The Board is fully committed to ensure that it operates within the framework established by the Public Enterprises Governance Act and in pursuit of this commitment has already drafted the above compliance documents and same will be signed off, once all required approvals are obtained.

The Board's overall function is to formulate policies and strategies that guide the company towards attaining its vision and mission and to ensure Shareholder confidence and value. In achieving the aforementioned, the Board is committed to ensuring the identifying risks which may impact business continuity and sustainability, effective compliance management, monitoring and assessing internal business control and the proper management of the finances of the organization.

3.2 Principles of Good Corporate Governance practiced by the Board

3.2.1 Principles enshrined in NamCode

The NamCode provides guidance to all Namibian corporate entities on various governance related aspects. There is no statutory obligation on companies to comply with the NamCode. The underlying intention of the NamCode is not to force companies to comply with recommended practice, but rather for companies to ensure that decisions are taken in an accountable manner based on proper reasoning and consideration of circumstances.

Directors are accountable to shareholders and other stakeholders, and therefore has adopted most of the principles prescribed in the above code to ensure the company is managed on good corporate governance principles.

The NAC Board is committed to the following principles as highlighted in the NamCode:

PRINCIPLE	ACTIONS BY NAC BOARD OF DIRECTORS
Ethical leadership and corporate citizenship	<p>The Board ensures that decisions are taken on ethical principles and interest are disclosed at every meeting.</p> <p>The Board has also approved a Corporate Social Responsibility Policy that would ensure that the NAC, as a diligent corporate citizen, contributes to the social and economic advancements of the Namibian Citizenry.</p>
Boards and directors	The Board as a collective set the strategy for the organization and fulfill monitoring function over operations of the organization.
Audit committees	The Board has established a dedicated Audit Committee with the exclusive responsibility of risk and financial

	monitoring. See further comments below on Committee composition.
Governance of risk	The governance of risk is a standing agenda item on the Board's Agenda and risk management framework was developed to ensure risk are continuously monitored and properly governed. The Risk Management framework is detailed in Section 5.4 of this ISBP.
Governance of information technology	IT Governance is a critical issue that has been elevated into the boardroom as a critical matter to be continuously considered.
Compliance with laws, codes, rules and standards;	The organization has developed a comprehensive compliance framework eliciting all relevant laws that should be adhered to.
Internal audit	The organization has a dedicated Internal Audit section that looks at the internal risk and adequacy of internal controls of the company and that reports to the Audit Committee and the Board on a regular basis.
Governing stakeholder relationships	The Board has approved an annual Stakeholder engagement plan to ensure continuous engagement occur with all stakeholders.

3.2.2 Development of Governance and Compliance Framework

The Board, in ensuring adherence to the prescribed governance and compliance framework, also developed a framework according to which the Board will be evaluated to ensure compliance from a corporate perspective.

3.2.3 Committee composition

The Board has established 3 (three) Committees to render advice on specific issues. These Committees consist of:

- The Audit and Risk Committee;
- The Human Resources Committee;
- The Safety and Security Compliance Committee.

The Committees derive their mandate from Committee Charters that are approved by Board and the Committees operate in terms of the mandate and scope as provided by the various Charters.

The Board of Directors appoints the members of the Committees and can, at any stage, co-opt external support to render assistance in the execution of their functions. The Committees report quarterly on all matters discussed at their various meetings.

The critical functions fulfilled by the Committees are as follows:

3.2.3.1 Audit and Risk Committee

The Audit and Risk Committee is responsible for liaison between the external auditors and the Board and to oversee, manage and control checks and balances internally. It assists the full board in fulfilling its audit, accounting and reporting responsibilities

3.2.3.2 Human Resources Committee

The primary objective of this Committee is to develop a human resources strategy through the creation of an organisational culture, structure and processes which seek to support the attraction and development of the right people and optimisation of their potential to support the overall organisational strategy.

3.2.3.3 Safety and Security Compliance Committee

The primary objective of this Committee is to assist the Board to fulfil its responsibilities relating to safety and operational risk management and compliance. The Committee oversees and makes recommendations to the Board on the safety (including health and safety), environmental and operational risk profile of the business to ensure that appropriate policies and procedures are adopted for the timely and accurate identification, effective management and reporting of the significant risks.

The Board and Committees meet at least four times per year as proposed in the PEGA framework.

3.3 Conclusion

The vision of the Board is to ensure that the company business is conducted with integrity, honesty and full consideration of the value proposition rendered to the Shareholder, therefore the Board is committed to build from a foundation of compliance with relevant laws, regulations, applicable international standards and leading business practices.

CHAPTER FOUR

The NAC Strategy indicated in Chapter 2 is the planned corporate level strategy for the organisation. The accompanying Strategy Map captures a cause-effect relationship in which the identified strategies are cascaded to Operational and Business Unit level.

The Corporate Scorecard is a framework that translates these strategies into operational objectives that drive both performance and behaviour.

4. Corporate Scorecard and Key Performance Indicators

The Corporate Scorecards below indicate which objectives Namibia Airports Company intends to achieve for the next 5 years, and the initiatives required to achieve those objectives based on annual targets:



Theme 1 – Financial Sustainability

FINANCIAL PERSPECTIVE											
No.	NDP5 Pillar	Strategic Objective	KPI	Base Line (2020/21)	Targets					Initiatives	Responsibility
					Year 1 2021/2	Year 2 2022/3	Year 3 2023/24	Year 4 2024/25	Year 5 2025/6		
1	Economic Progression	F: Revenue Growth	F1: Increase aeronautical revenue / Eliminate leakage	-87%	35%	12%	12%	8%	8%	F1.1 - Update utility charges annually F1.2 - Streamline lease management process F1.3 - Improve engagement with GRN stakeholders F1.4 - Aggressive management and monitoring of aircraft and passenger movements F1.5 - Implement new technologies to increase revenue generation(CUTE, mobile apps)	Executive: Commercial
			F2: Increase non-aeronautical revenue	-37%	22%	10%	10%	10%	10%	F2.1 - Diversification into new revenue streams, property, hotels, cargo warehouse, shopping malls, air cargo	Executive: Commercial
2	Economic Progression	C: Cost Management	C1: Cost containment (EBITDA % of revenues)	-22%	8%	15%	25%	25%	25%	C1.1 - Implement cost containment strategy to achieve and maintain a viable EBITDA. C1.2 - Implement CAPEX project implementation plans to manage CAPEX wastage.	Executive: Finance & Administration
3	Economic Progression	A: Leverage Assets	A1: Adequate and cost effective funding for OPEX and CAPEX (Percentage of CAPEX and Opex budget secured)	OPEX: 82% CAPEX: 1%	OPEX :100% CAPEX: 45%	OPEX: 100% CAPEX: 65%	OPEX: 100% CAPEX: 70%	OPEX: 100% CAPEX: 80%	OPEX: 100% CAPEX: 80%	A1.1 - Identify and engage with potential providers of innovative funding model i.e. PPP, Joint Venture, Dev Fin. Lease or buy	Executive: Finance & Administration
			A2: Masterplan Development	-	-	WVB Masterplan 100%	-	-	WDH Masterplan 100%	A2.1 - Master plan and Land Use plan to serve as a guide for land development	Executive: Engineering & Infrastructure Development

Theme 2 – Customer Centric

CUSTOMER PERSPECTIVE											
No.	NDP5 Pillar	Strategic Objective	KPI	Base Line (2020/21)	Targets					Initiatives	Responsibility
					Year 1 2021/2	Year 2 2022/3	Year 3 2023/24	Year 4 2024/25	Year 5 2025/6		
1	Good Governance	E: Customer Experience	E1: Customer Satisfaction Index (% Achievement)	67%	68%	68%	68%	68%	70%	E1.1 - New Product and Service Offering E1.2 - Develop and implement action plan for improved customer service including Customer Care Officers E1.3 - Implement CUTE departure control system	Executive: Commercial
2	Environmental Sustainability	S: Safe, Secure and Environmentally Sustainable	S1: Safety and Security Performance Index (% Compliance)	75%	75%	77%	77%	79%	79%	S1.1 - Maintain Airports Licensing (Cat C airports) and Certification (Cat A airports) S1.2 - Develop Security Management System (SeMS) - 100% by 2025 S1.3 - Implement Safety Management System (SMS) - 100% by 2022 S1.4 - Implement Quality Management System (QMS) - 100% by 2023	Executive: Risk, Compliance and Strategy
3	Good Governance	P: Price Competitive	P1: Customer Growth Index (% Achievement)	-74%	-50%	0%	2%	4%	5%	P1.1 - Determine alternative revenue streams P1.2 - Benchmark competitive aeronautical airports charges	Executive: Commercial
4	Good Governance	G: Stakeholder Engagement	G1: Stakeholder relationship index (% Achievement)	36%	60%	65%	70%	75%	80%	G1.1 - Membership of Stakeholder and Industry collaboration initiatives (NCCI, WBCG, Tourism Development, ACI) G1.2 - Advocacy on policy regulation (MWT Global Competitiveness, Tourism Board, NCAA Industry consultation) G1.3 - Promotion of Economic Development (NPC, NIPB, NTB) Promotion of Tourism Development	Executive: Commercial

Theme 3 – Quality Infrastructure

INTERNAL PERSPECTIVE											
No.	NDP5 Pillar	Strategic Objective	KPI	Base Line (2020/21)	Targets					Initiatives	Responsibility
					Year 1 2021/2	Year 2 2022/3	Year 3 2023/24	Year 4 2024/25	Year 5 2025/6		
1	Economic Progression	I: Capacity and Infrastructure Optimisation	I1: Completion of Infrastructure Developments within budget.	85%	90%	92%	94%	96%	98%	I1.1 - Develop Project Management Framework for approval	Executive: Engineering
			I2: Percentage Implementation of Maintenance Programs	60%	65%	70%	75%	80%	85%	I2.1 - Develop Maintenance programs (regionals) I2.2 - Training & appointment of maintenance personnel (vacancies)	Executive: Engineering
2	Good Governance	P: Process Optimisation	P1: % Process Digitalisation	60%	65%	70%	75%	80%	85%	P1.1 - Implement CUTE P1.2 - Finalise ERP Modernisation	Executive: ICT

Theme 4 – Organisational Transformation

LEARNING AND GROWTH											
No.	NDP5 Pillar	Strategic Objective	KPI	Base Line (2020/21)	Targets					Initiatives	Responsibility
					Year 1 2021/2	Year 2 2022/3	Year 3 2023/24	Year 4 2024/25	Year 5 2025/6		
1	Social Transformation	T: Staff Competence	T1: Increase ROI on training	50%	50%	60%	60%	65%	65%	T1.1 - Develop and implement retention strategy T1.2 - Annual recruitment plan T1.3 - Measure current talent strength by Skills Audit Report	Executive: HR
2	Social Transformation	E: Employee Empowerment	E1: Employee Productivity Ratio	3.02	3.1	3.2	3.4	3.6	3.8	E1.1 - Implement Performance Management System (PMS) E1.2 - Bi-Annual performance reviews (signed reviews) E1.3 - Develop and implement Personal Development Plans (signed PDP)	Executive: HR
3	Social Transformation	O: Organisational Transformation	O1: Increase Employee Satisfaction Survey result	60%	64%	64%	68%	68%	70%	O1.1 - Approved employee engagement framework O1.2 - Conduct feasibility study towards moving to electronic personnel files O1.3 - Develop and implement change management strategy O1.4 - Update and review organisational structure (annual)	Executive: HR

CHAPTER FIVE

5. Five-Year Business Implementation Plan

5.1 Marketing Plan

As NAC regains market confidence with its strategic partners and its shareholder, the implementation of this marketing plan aims to revitalise its corporate image and promote economic development in line with the fifth National Development Plan, Harambee Prosperity Plan and to position Namibia as a logistic hub.

Air transport is an important facilitator of goods and people in and between countries across the globe. The fundamental value of air travel and airports is in saving time. In addition to their role in facilitating this faster leisure travel, business travel and trade, airports are also large local employers with local workers - directly and indirectly - involved in supporting airport operations. Airports remain important stimulators and catalysts of local economic growth and development.

For the Namibia Airports Company to achieve its marketing objectives, it is imperative to invest in growing its network and to build stronger partnerships with a broader variety of stakeholders. Adopting a collaborative approach with the public and private sector will enable NAC to achieve these marketing goals, direct, indirect, and induced benefits to promote trade, tourism, and employment creation.

The recommendations of the marketing plan focus on a marketing and communications strategy that supports and enhances the supply chain model and includes broader recommendations to aid the Namibia Airports Company to attract new businesses and grow its business cluster.

The Namibia Airports Company will engage in public relations and marketing to communicate with its customers. This diverse group includes tenants, airlines, business prospects, and affiliation bodies to market the airport and market Namibia as a preferred destination.

5.1.1 Reasons to Market the Airports

5.1.1.1 Airport business

- To attract additional activities or business to the airport

- Keep existing tenants
- Increase the number of commercial activities

5.1.1.2 Air Service development

- To attract passengers
- Solidify existing services
- Pursue new air service opportunities

3.1.1.3 Strengthen the brand



Figure 12: Andimba Toivo Ya Toivo Airport (Ondangwa)

- Create market awareness
- Promote the brand

5.1.2 Marketing Goals and Objectives

The marketing goals of the marketing plan are to:

- Strengthen the organisational image
- Achieve financial sustainability
- Grow and promote air service development
- Improve customer satisfaction
- Increase passenger volumes through the airports
- Attract and retain new airlines – domestic, regional and international

- g) Restart regional and international airline traffic post Covid-19
- h) Diversify revenue streams in the non-aeronautical sphere

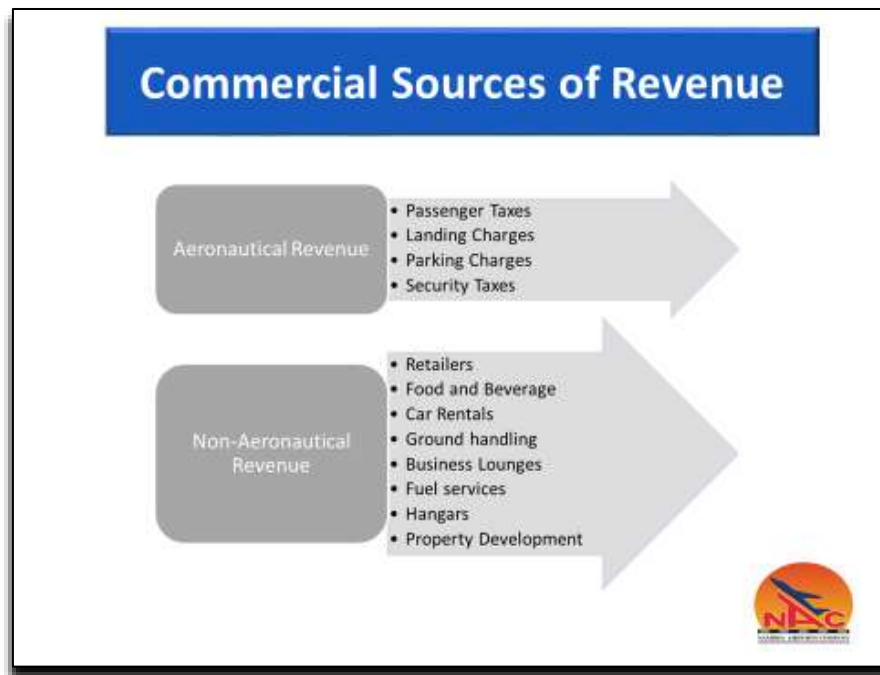


Figure 13: Sources of Revenue

5.1.3 Situational Analysis

Air connectivity is an integral part of the value chain required to promote air transport and economic development. Namibia has increased connectivity into the European market and with its national carrier, Air Namibia, is one of the few African airlines that have direct access to the European market.

Direct connectivity is also available to the Middle East and East Africa; however, intra-Africa connectivity remains largely closed. This is due to protection of national carriers (in the African region) so that competition is restricted. Airlines approach governments on a bilateral basis to conclude air service agreements with destination countries. It is a cumbersome process and poses limitations for air transport.

Namibia is a signatory to the Yamoussoukro Decision (YD) that is advocating liberalization of open skies within Africa. The advent of giant carriers at our flagship

airport since September 2016 on the Namibian scene is a clear demonstration of Namibia's effort to liberalize its skies.

In 2019, Namibia was ranked the 81st country globally for travel and tourism competitiveness, with an average rating of 3.7 according to the Travel & Tourism Competitiveness Report (2019). The average rating of 2.9 on airport infrastructure demonstrates that our airport infrastructure requires urgent upgrade and rehabilitation to meet the growing demand. The Hosea Kutako International Airport Congestion Alleviation Project is amongst the key priority projects to address these challenges.

5.1.4 Africa: Seat capacity of legacy carriers

Ethiopian Airlines is ranked the leading airline within the African continent. Ethiopian Airlines is profitable, while growing faster than any other airline in Africa's top 10 and managing a growing portfolio of associated subsidiaries (Malawian Airlines and ASKY Airlines).

The response to challenges faced by other, loss-making, national airlines ranges from proposed privatization (South African Airways) to proposed nationalization (Kenya Airways). In North Africa, Egypt Air, Royal Air Maroc and Air Algeria have slowed growth or cut capacity in recent years.

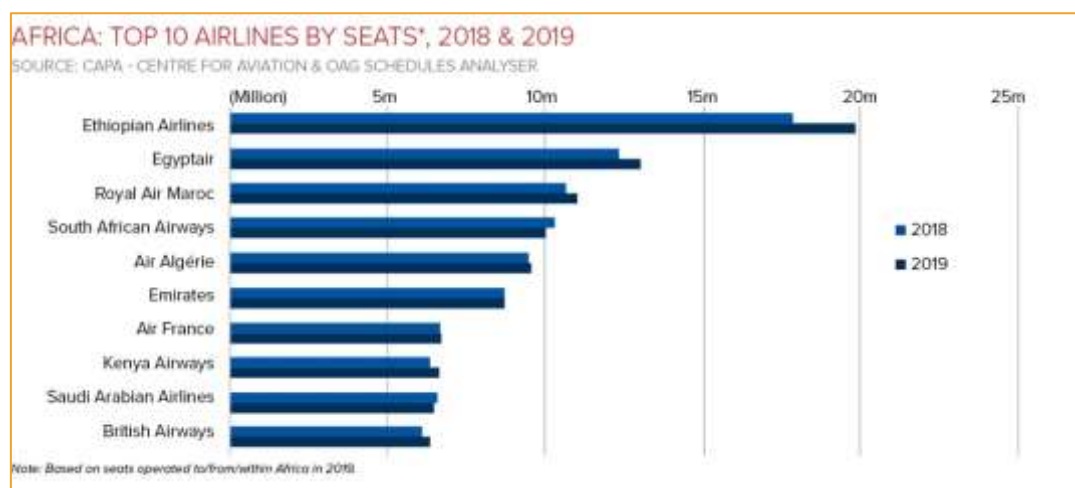


Figure 14: African airline capacity

The exhibit above shows the top ten airline seating capacity in Africa which increased by 4.3% in 2019, according to data from OAG Schedules Analyzer.

International capacity, which accounted for 73.6% of the total in 2019, is expected to grow slightly faster, by 4.6%, while domestic capacity growth is 3.3%.

5.1.5 Africa: Growth in airline seat capacity by business model

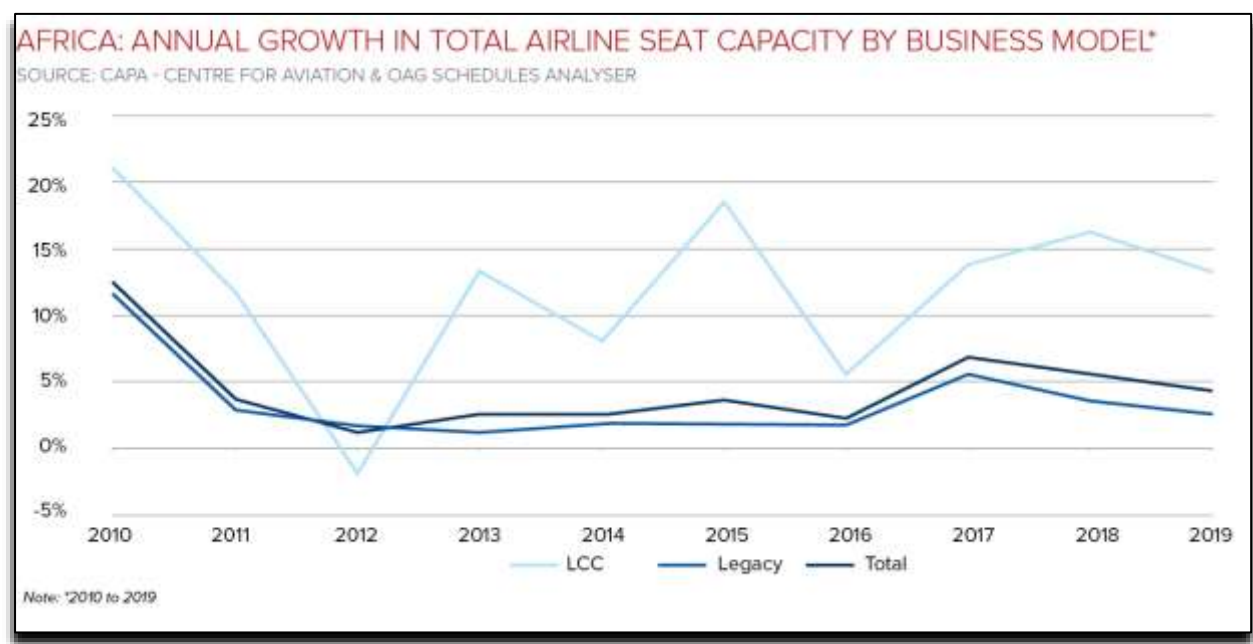


Figure 15: African airlines business model growth

5.1.6 Overview of air transport in Namibia

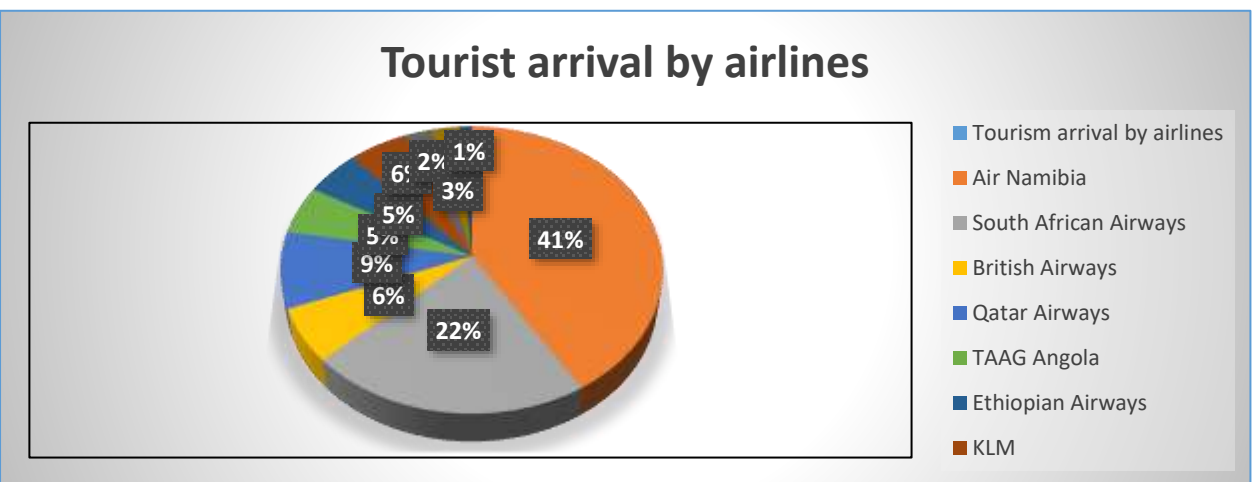


Figure 16: Namibia - tourism by airline

Source: MET 2018

The exhibit above indicates that Air Namibia had a market share of 41% (prior to liquidation) of the inbound and outbound traffic through air travel. This is followed by South African Airways with 22% and Qatar Airways with 9% given its wider international network distribution. All three airlines are currently not flying with international participation limited to Ethiopian Airlines and Eurowings.

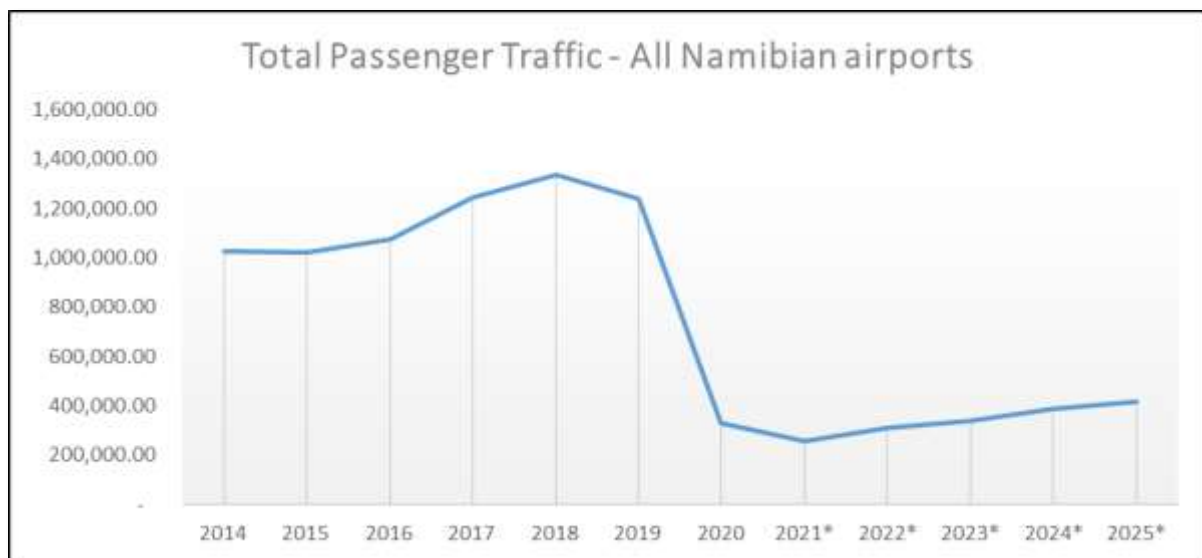


Figure 17: NAC - passenger traffic (2014 to 2020). *Estimated 2021 to 2025.

Source: NAC

Passenger movements recorded at NAC peaked at 1 240 736 for 2019 following which the decline caused by Covid-19 pandemic resulted in volumes plummeting to 328 394.

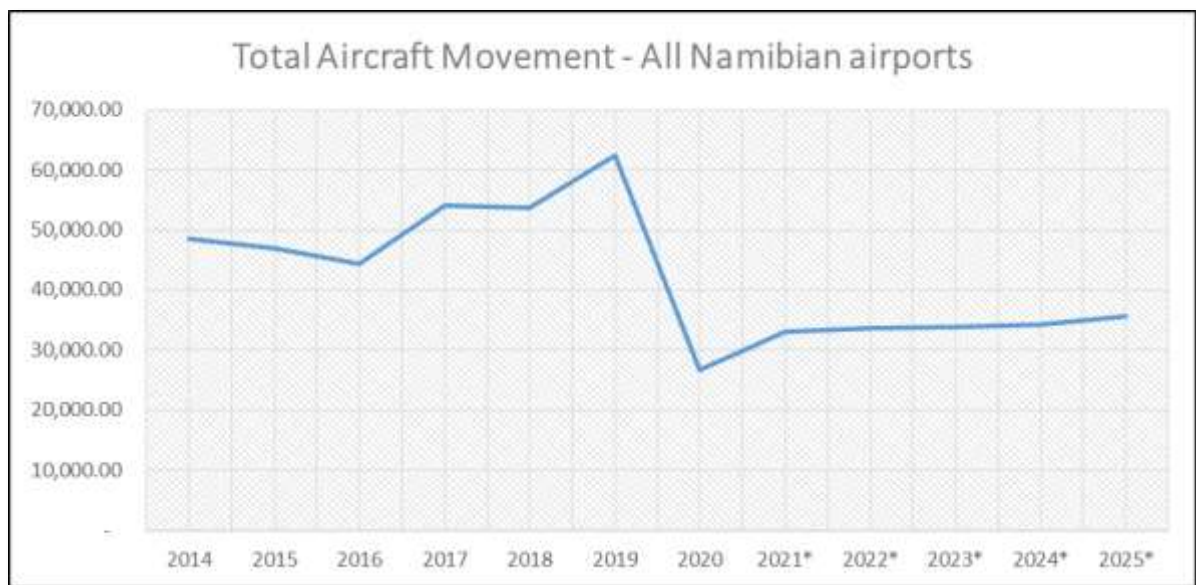


Figure 18: NAC aircraft landings / departures (2014 to 2020). * Estimated 2021 to 2025.

Similarly, aircraft movements stood at 62 489 in 2019 and thereafter dropped to 26 775 in 2020. Originally, the 2019 movements represent a growth of 16.5% compared to the previous year. This was due to additional carriers serving our flagship airport on existing routes of Frankfurt and Cape Town by Westair Aviation, Lufthansa Airlines respectively and an increase in frequencies by Qatar Airways.

It is important to note that flight frequency and passenger number estimates exclude the volumes generated by Air Namibia previously, hence recovery is only expected to reach 65% of previous levels.

Only four carriers remain at present:

- Westair (domestic, Johannesburg and Cape Town)
- Airlink (serving Johannesburg and Cape Town)
- Ethiopian Airlines (serving Addis Ababa)
- Eurowings Discover (serving Frankfurt)

5.1.7 Target market segments

Identifying the marketing opportunities starts with first defining the target market segments with differentiated needs. There are many diverse individuals and groups who may be considered “customers” of the Namibia Airports Company. To

ensure adequate focus in delivering the correct message to the appropriate market segment, it is appropriate to cluster the market into three key audiences: airlines, passengers, concessionaires and Local, Regional and International Organizational Affiliations.

5.1.7.1 Airlines

The Namibian market is dominantly served by a number of legacy carriers that normally offers higher quality services than a low cost carrier. Such services include amongst others but not limited to first class and business class seating, a frequent flyer program and exclusive airport lounges. Many legacy carriers are also members of an airline alliance through which they agree to provide those services to each other's passengers.

The proliferation of low cost carriers (LCCs) has been the key structural change in aviation over the past two decades. The basic low-cost business model is to: keep costs as low as possible (for example, through minimal services, a single type of aircraft, point-to-point routes and e-ticketing) while stimulating demand from price-sensitive customers. By reducing these complexity costs and overhead costs, it becomes possible to offer the same ticket for a much lower price. These are great opportunities for prospective airlines to penetrate the Namibian economy in efforts to develop and grow the aviation sector.

Furthermore, the transportation of goods and services mainly of high value or perishable goods sourced in the manufacturing and agriculture sector are accommodated in the belly of the passenger services airlines. The diversification of distribution channels such as e-commerce and just-in-time delivery make use of air transport to accelerate delivery times, which has a significant impact on the economy. Opportunities are available to develop a dedicated cargo service at Walvis Bay International Airport in order to support initiatives geared at positioning Namibia as a logistic hub given that most of our cargo is either trucked to Hosea Kutako International Airport or trucked to South Africa for export purposes.

5.1.7.2 Passengers

The passengers are differentiated into three categories, namely, business, personal business and leisure travelers, and require targeted marketing to address the required needs.

Business travelers travel to provide labour and expertise and participate in investment opportunities for economic reasons. Therefore, the economy is likely to be affected positively by the movement of business ventures.

Personal business travelers travel to visit friends and relatives for education purposes and migrant and health-related reasons. Although such passengers' intention does not impact the economy, such passengers are likely to establish businesses that may have an impact on the economy.

Leisure travelers are passengers that travel for recreation and holiday purposes. Such travelers are tourists and have an impact on the tourism industry.

5.1.7.3 Organizational affiliations

The representation of the Namibia Airports Company at local, regional and international organisations forums is to play an active role in participating at platforms that catalyse in promoting economic development, advance collective interest and play professional advocacy excellence in various disciplines such as airport management, policy and legislative reforms that may impact airport management and operations.

5.1.8 Target market messaging

Each market segment has significantly different needs when it comes to new business and any new development at the Namibia Airports Company. These differing segments can be best reached through a combination of “high touch” person to-person communications and targeted electronic, print, and internet media.

The table below provides an overview of customized marketing messages that will help match the city's value with the specific needs of that individual segment.

Segment	Primary Interests	Outreach Tools	Suggested Message to Segment
Airlines	<ul style="list-style-type: none"> Nature of the market (business vs leisure, propensity to travel, disposable income) Market demand, traffic trends and causality (growth, stagnation, decline) Specialized business drivers (corporate headquarters) Inbound leisure demand (resort destinations, seasonal traffic, special events) Ethnic and cultural market affinities (diaspora, family visitation travel) 	<ul style="list-style-type: none"> Meetings at industry events Websites/Online Media Partnership and Industry networks Industry press Route Development Forums 	<ul style="list-style-type: none"> Airport infrastructure development Safe and secure airports Airport user charges and taxes Integration of transport modes
Passengers	<ul style="list-style-type: none"> Price of airfares Shorter time travels Air service quality Airline/industry loyalty Airport ground staff 	<ul style="list-style-type: none"> Meetings at industry events Travel and tourism marketing initiatives Website/online events Briefings/Tours Trade Fairs/Expos/Exhibitions Industry publications 	<ul style="list-style-type: none"> Air service quality Availability of frequency, capacity and routing Price (airfare, taxation and ancillary fees)
Concessionaires	<ul style="list-style-type: none"> Traffic movements for an airport Type of investment Return on investment Master plans of an airport 	<ul style="list-style-type: none"> Trade media and press Website/online sites Business reports Engagement platforms with business community 	<ul style="list-style-type: none"> Untapped market potential Desirable location Progressive leadership to facilitate business opportunities
Local, Regional and International Organisational Affiliation (NCCI, Walvis Bay Corridor Group, Namibia Tourism Board, ACI, TIACA)	<ul style="list-style-type: none"> Promote economic development Promote tourism Grow the organizations reputation and credibility Networking Advocacy on Policy legislations 	<ul style="list-style-type: none"> Meetings at Industry Events Partnership and Industry networks Brochures/fact Sheets Briefings Engagement forums with the community 	<ul style="list-style-type: none"> Leverage on the investment Major economic opportunities Progressive leadership to facilitate economic opportunities

Figure 19: Target market messaging

5.1.9 Market awareness

Identifying the right channels to deliver a market awareness program plays a pivotal role in building interest and cultivating the support for the NAC's brand and redevelopment strategy among key stakeholders. Based on the Customer Satisfaction Survey, there is a need to improve on the current communication channels to our clients and stakeholders. This marketing plan has identified three key platforms to create a market awareness on the existence and services rendered by the Namibia Airport Company as described below. Detailed action steps and examples can be found in the Strategic Priorities Section.

5.1.9.1 Website Design & Online Tools

Following a number of feedback received from our clientele on marketing tactics that are more successful in capturing the interest of the organization, it was found that a good website design with speed, ease of navigation and useful data is critical tool to promote the organization. Therefore, considered effort to revamp the current website is of significant importance to create awareness, on the mandate of the Namibia Airports Company.

5.1.9.2 Public Relations and Media Management

A proactive approach to generate positive media about the plans and activities of the Namibia Airports Company is long overdue and is necessary to counter the abundance of negative press that has been accumulated over the years. By focusing on establishing relationships with local media, the NAC can generate favorable news exposure about its airport operations, increase coverage around new and progressive programs or services.

5.1.9.3 Events Management

Engaging its strategic partners at regular intervals is an effective way to dispel negative stereotypes and to promote the organizational brand. Additionally,

industry and networking events can aid NAC deepen relationships, widen networks, and provide opportunities for media exposure.



5.1.10 Strategic marketing tools

tem	Short-Term Goals	Mid- Term Goals	Long-Term Goals
Website and Online Tools	<p>Home Page</p> <ul style="list-style-type: none"> Images of airports, retailers and concessionaires Highlight economic development information Create Press Releases/NAC News Page Link positive press about NAC on Namibia Airports Company site New tools and systems to streamline the business processes 	<p>Airport page</p> <ul style="list-style-type: none"> Create individual airport pages with tailored information Business Testimonials or Community Spotlight videos Create a page that promotes business testimonials or community achievements 	<ul style="list-style-type: none"> Adopt a goal to update website content more regularly and centralized management and control of website Use web analytics to measure effectiveness of website updates Increase in # of page visits Increase in # of contact emails Increase in # of views of videos
Public Relations & Media	<p>Dedicated Public Relations Focus</p> <ul style="list-style-type: none"> Create wish list of media publications and gather contact list of reporters at targeted publications Press releases to promote positive activity (i.e. New business, awards or statistics, etc. Best Company to Work for, Safety Awards, ISO Certification etc.) 	<p>Increase dedicated Public Relations focus</p> <ul style="list-style-type: none"> Continue to identify positive stories and develop tailored pitches for targeted media Develop PR campaign calendar based on Company plans and activities Craft article to place into Industry newsletter 	<p>Maintain dedicated Public Relations Focus</p> <ul style="list-style-type: none"> Adopt press release goal of at least two per month

Events	Host networking events with Partners <ul style="list-style-type: none"> Create a profile of potential investors, key stakeholders, and strategic partners and invite to networking mixer to meet and mingle learn more about the development potential at NAC airports 	Host industry conferences and seminars <ul style="list-style-type: none"> Develop a list of credible industry events that NAC could realistically host/participate 	Maintain ongoing events calendar
	Host networking events for businesses <ul style="list-style-type: none"> Identify current events and invite them to host at NAC Airports Attend industry events and network with key stakeholders 	Identify other areas of interest for events <ul style="list-style-type: none"> Educational events Travel and Tourism expos 	

Figure 20: Marketing tools

5.1.11 Marketing Plans and Campaigns

The marketing campaigns targeting our international, regional, and domestic markets are geared towards strengthening the brand and enhancing the airport customer experience. In this vein, NAC adopts a collaborative stakeholder engagement approach to ensure improved service delivery to our customers. To gain a positive impact on marketing endeavours, it is imperative to focus on tourists and business travelers' prime sources to increase revenue. The airport generates revenue from two main streams, namely aeronautical and non-aeronautical charges and below herewith are the proposed marketing interventions aimed at increasing revenue:

Promotion and Development of Air Services Development	
Tactic	Activity
Attract and retain airlines for new and existing routes	<ul style="list-style-type: none"> Participate in Route Development platforms Source consultancy services in respect of route development, i.e. Cape Town Air Access / Wesgro, and develop route case Promote the development of low-cost carriers to decrease the airfares Industry Networks and platforms.

	<ul style="list-style-type: none"> • Involve all stakeholders Namibia Tourism Board, HAN, Ministry of Trade and Industry. The initiative requires stakeholder and investment support in the manner of tangible resources and facilities, e.g. proper transport infrastructure between HKIA and WDH (expediting the road) and enhanced cargo facilities (every long-haul pax flight can provide between 5 and 15 tons of belly cargo capacity). • Permitting Cabotage flights within Namibia to promote domestic operations • Increased route development will provide greater capacity making Namibia – as a destination – cheaper to operate to. • Promote regional flights such as Air Botswana, MackAir Botswana, Pro Flight Zambia, Asky Nigeria, Kenya Airways • Promote Fifth Freedom rights to African carriers to increase air connectivity within the region • Focus on Single African Air Transport Market (Yamoussoukro Decision) now that Namibia is a signatory.
Promote air cargo development	<ul style="list-style-type: none"> • Develop Cargo Warehouse and related infrastructures at Walvis Bay Airport • Expansion of cargo warehouse and industrial activities at HKIA to diversify in the supply chain. • Development of turn-key cargo/warehouse facilities with cold storage capacity (this will stimulate competition and provide fair access to all at HKIA)
Develop competitive pricing strategies	<ul style="list-style-type: none"> • Competitive aeronautical airport charges • Introduce innovative revenue streams
Lobby for the removal of obstacles/Advocacy	<ul style="list-style-type: none"> • Maintain a strong presence on the BASA Committee. • Participate in local forums (NCCI, NTB, Walvis Bay Corridor Group) • <u>Special access</u> to investment facilitation with the Ministry of Industrialization and Trade to fast track any possible investments in the country • <u>Access to</u> Minister of Home Affairs and Immigration to facilitate work permits etc. • <u>Access to the</u> Ministry of Works and Transport to expedite new airline application. • <u>Access to</u> MIRCO / MWT to work on the bilateral agreements currently in place, e.g. South Africa is limiting the expansion of the 3-airline limit now by not issuing new permission to fly to Namibia (over the current SAA, SAX and Airlink). Safair's application failed to protect SA Express, which has not flown in a year. • Marketing support for airlines

Figure 21: Promotion of air services development

Non – Aeronautical Revenue	
Tactic	Activity
Increase Revenue Streams	<ul style="list-style-type: none"> • Increase facility occupancy rate/ Concessions. • Offer market-related charges to concessionaires. • Diversify retail offerings. • Scheduled bus services into HKIA, Walvis Bay and Andimba Toivo Ya Toivo Airports - concession it. • Access to data on passenger profiles (use of LiDAR technology to enhance passenger flows etc.) • Valet parking concessions • VIP / Meet and Greet concessions
Adopt innovative technology at an accelerative pace	<ul style="list-style-type: none"> • Implement the CUTE System at HKIA • Provision of online check-in facilities • Mobile Applications for parking management systems/ Point of Sales
Recover Costs & Achieve Operational Efficiencies	<ul style="list-style-type: none"> • Determine applicable utility charges as a cost-recovery measure. • Ensure updated service level agreements in respect of the lease management.

Figure 22: Promotion of non-aeronautical revenue

5.2 Operations Plan

The Operations Plan encompasses a range of actions designed to comply with both regulatory and functional requirements of the management of the aerodromes under the NAC jurisdiction.

The operations division seeks to run aerodromes efficiently, improve the capacity and infrastructure in line with our engineering capabilities, develop the passenger and stakeholder experience and to improve the throughput capability of our airports.

The Namibia Civil Aviation Authority (NCAA) amended the Namibia Civil Aviation Regulations (NAMCARs) (2001 Regulations) which provides for Part 139 – Aerodromes and Ground Aids (AGA). The amended NAMCARs Part 139 (on Categories A to C Aerodromes) came into effect on 01 May 2020. The amended regulations (2018 Regulations) contains revised regulation on the licensing/certification of aerodromes.

Pursuant to the provisions of the amended Namibia Civil Aviation Regulations (NAMCARs) Part 139 and the Aviation Directives published by the Namibia Civil Aviation Authority (NCAA) on 08 June 2020 and 18 September 2020 respectively, the application packages for the issuance of aerodrome licenses and certificates for NAC airports were successfully completed as part of phase two (2) of the five (5) phases of the aerodrome licensing/certification process.

A total number of eighteen (18) manuals in particular the Aerodrome Manual, Airport Emergency Management System, Maintenance Programmes, Quality Assurance System, Safety Management System, and the Runway Safety Programme were developed through the Airport Safety Committees and submitted to NCAA on 04 November 2020 as part of the application packages.

As an outflow of the said exercise, NAC airports were successfully issued with the interim aerodrome licenses and certificates by the Namibia Civil Aviation Authority as follows:

- Hosea Kutako International Airport and Walvis Bay International Airport being Category A airports and previously licensed airports have been issued interim aerodrome certificates valid for a period of eighteen months (18) until 05 May 2022.

- In addition to the above, Andimba Toivo Ya Toivo, a Category C airport and being a previously licensed airport has been issued with an interim aerodrome license valid for a period of eighteen months (18) until 05 May 2022.
- The previously unlicensed Category C aerodromes in particular Eros, and the four regional airports of Rundu, Katima Mulilo, Lüderitz and Keetmanshoop Airports have been issued with interim aerodrome licenses valid for a period of twenty four (24) months until 05 November 2022.

The remaining phases of the licensing/certification process are to be completed within the time-frame of the interim licenses/certificates in the manner detailed above.

Specific measures and focus areas are as follows:

Requirement	Tactics and Action	Regulatory / Functional
Environmental Management Plan	Development of environmental management policies Wildlife hazard assessments Carbon Mapping Noise abatement	Regulatory
Security Management Plan	Implementation plan Airport security program AVOP permit systems CCTV and security control centre Perimeter control systems	Regulatory
Safety Management System	Implementation of phases 1 – 4	Regulatory and Functional (to assist

	<p>SMS reporting systems</p> <p>Mutual aid agreements for OLS and ARFF</p> <p>Safety culture</p>	reporting and decision making)
Compliance with regulatory framework	<p>Maintain licensing at existing airports and to add Eros Airport to licensing regime</p> <p>Corrective action plans duly implemented</p> <p>Emergency exercises</p>	Regulatory
Cost management	<p>Airport functional operation and staffing requirements</p> <p>Maintain readiness of ARFF staffing and infrastructure</p> <p>Ensuring adequate funding of operations initiatives</p>	Functional and Regulatory (aerodrome readiness)
Maintenance plans	<p>Specify requirements in line with Engineering guidelines in areas of:</p> <p>Aerodromes</p> <p>Fire Trucks</p> <p>Scanners</p> <p>Fire pumps</p>	Functional and Regulatory (approved by NCAA)
Infrastructure development	Aerodrome capacity requirements specified	Functional and Regulatory (Security and Safety)

	<p>New technologies and methods of operating including ICT</p> <p>Radio communications</p> <p>New risks and impact on throughput capability</p> <p>CUTE functionality at airport</p> <p>Ageing infrastructure</p> <p>Remedial works at selected airports</p>	
Master plan development	<p>Land use and master plan development for all aerodromes</p> <p>Feasibility studies</p>	Functional
Customer satisfaction	<p>Liaison with extra-airport authorities (Customs, NAMPOL, Immigration) to review bottlenecks</p> <p>Customer care officers at NAC</p> <p>Dwell time studies</p> <p>Customer satisfaction surveys</p> <p>Passenger processing time</p>	Functional
Human resources	<p>Ongoing staff training in regulatory areas of ARFF and Maintenance</p> <p>Ensuring adequate staffing</p>	Regulatory

5.3 Financial Plan and Financial Projections

The financial plan outlines how NAC's finance function will utilise available resources to ensure the successful implementation of NAC's strategic initiatives for the next five years (2021/22 – 2025/26). It further seeks to outline how company intends to survive the COVID-19 period where revenues and resources have been largely decimated, as well as to align itself for anticipated post-COVID-19 growth. Furthermore, the plan envisages the sources of combined financing required for both operating and capital expenditure commitments and the sources of funding that are available to NAC over the period. This will further highlight the optimal levels of debt funding, considering the cash flow from operations and lenders covenants. Ultimately, the strategy will recommend the initiatives required to move forward and engage potential lenders. This further aligns NAC's priorities with those of the nation as envisaged in NDP 5, Harambee Prosperity Plan II and Vision 2030.

The finance strategy:

- Highlights goals and targets that should be attained as contained in the company's corporate strategic plan and national goals;
- The investments and expenditures required to achieve the goals; and
- The different ways in which these investments and expenditures will be financed (tariffs, central government budgetary support and external debt financing).

The financing strategy is a methodical framework, for medium to long-term strategic prioritisation of the available financial resources, and identification of sources of financing to bridge the financing gap.

5.3.1 Current Situational Analysis

5.3.1.1 Profitability

The graph below shows the earnings before interest and tax of the company over the past six years, by comparing total operating revenue to operating expenses of the company:



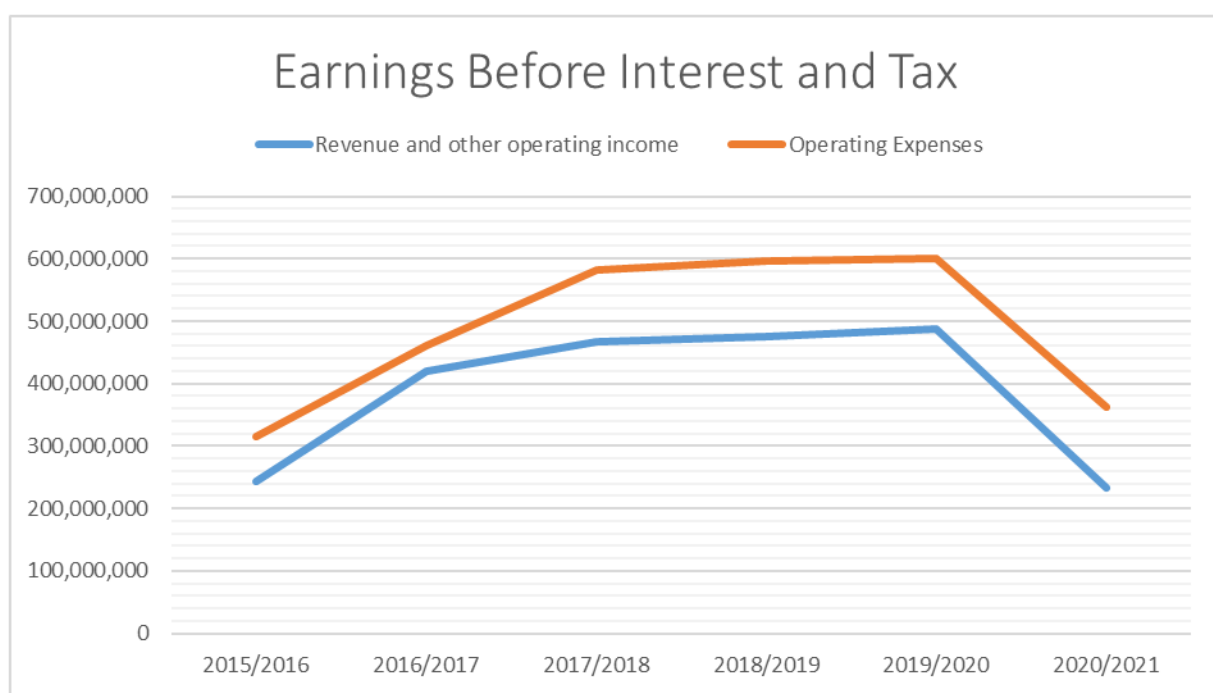


Figure 23: Earnings before Interest and Tax

Source: NAC

The company saw a marked increased growth in passenger numbers since 2016 up till 2019. In 2020/2021, however, there was a material drop in traffic as a result of the COVID-19 pandemic as well as the challenges experienced by Namibian and South African national airlines who halted operations.

While other operating expenses have been managed, there has been significant provisions of doubtful debts from 2016/2017 to 2019/2020 due to the challenges in collecting from Air Namibia. This has resulted in operating losses due to these outstanding collections deemed as impairments. Furthermore, although NAC has sought to drastically reduce its fixed cost base during 2020/2021 in response to reduced revenues, operating losses have been exacerbated further by the devastating effects of the COVID-19 pandemic.

5.3.1.2 Cash flows

The graph shows the operating profits and the net cash flows from operations over the last five years:

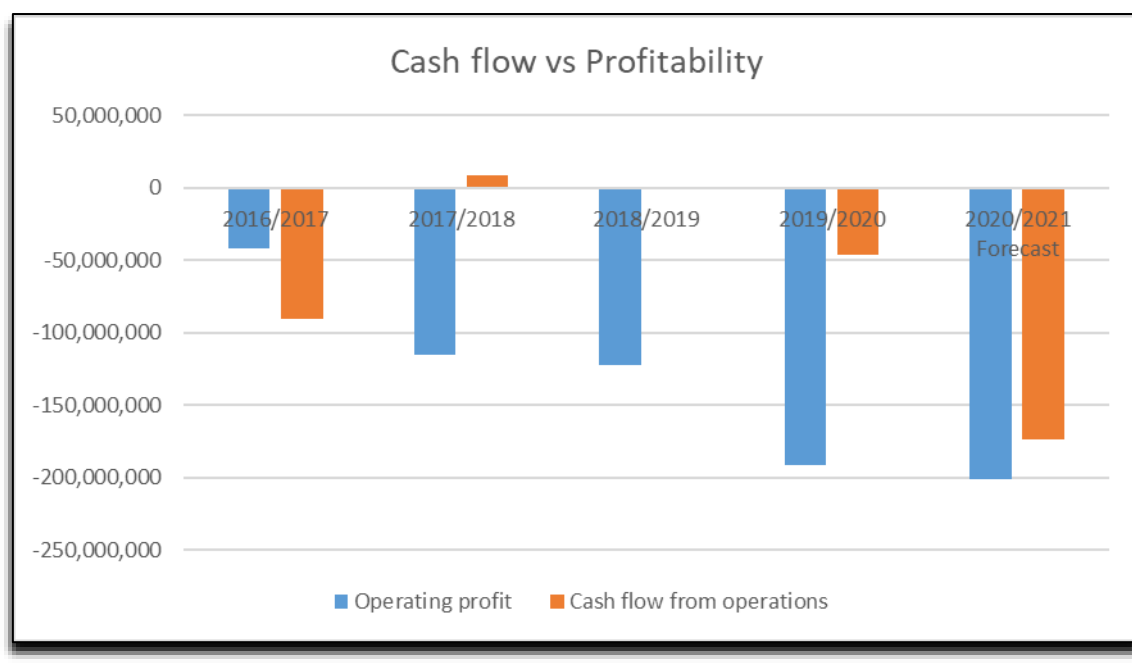


Figure 24: NAC Cash Flow and EBIT: 2016 - 2021

Source: NAC

There is a direct correlation between profitability and cash flow generated from operations during the past five years. The company's cash generation capacity has mostly been affected by major debtors' failure to settle their debts, with up to 45% of the revenue earned by NAC being uncollectable.

However, the reduction in the cash outflow is indicative of the fact that other aspects of cash flows are being effectively managed.

5.3.1.3 Financial Position

The company's current financial situation has become precarious as investments have been utilised to cover the lack of flight activity and the international requirements to maintain a state of operational readiness.

Despite having nearly N\$802 million of the company's current assets tied in doubtful debts, the company does not have any significant obligations in the long term pending the loan facility of N\$143m currently envisaged. The receivables have been provided for and impaired for accounting purposes.

Based on the historic financial information available, the capital reserves, debt room, non-current assets, and annual grant funding for the past five years are as follows:

Five Year Financial Position

	31 March 2017 N\$	31 March 2018 N\$	31 March 2019 N\$	31 March 2020 N\$	31 March 2021 N\$
ASSETS					
Non-current Assets	2,591,477,082	2,521,239,663	2,442,502,807	2,421,586,065	2,476,906,000
Current Assets	420,929,030	423,068,590	359,848,700	398,367,716	228,229,468
TOTAL ASSETS	3,012,406,112	2,944,308,253	2,802,351,507	2,819,953,781	2,705,135,468
EQUITY					
Equity (Share Capital and Retained Earnings)	1,315,177,879	1,278,942,228	1,256,410,935	1,222,478,722	1,109,836,535
Equity and Reserves	1,315,177,879	1,278,942,228	1,256,410,935	1,222,478,722	1,109,836,535
LIABILITIES					
Non-Current Liabilities (Deferred Taxation & Deferred Income)	1,531,951,912	1,510,035,597	1,398,663,464	1,445,537,639	1,425,972,944
Current liabilities (Trade Payables & Deferred Income)	165,276,321	155,330,428	147,277,108	151,937,420	169,325,989
Total Liabilities	1,697,228,233	1,665,366,025	1,545,940,572	1,597,475,059	1,595,298,933
TOTAL EQUITY AND RESERVES	3,012,406,112	2,944,308,253	2,802,351,507	2,819,953,781	2,705,135,468
Current Ratio	2.5	2.7	2.4	2.6	1.3
Liquidity ratio	4.3	4.9	4.5	4.8	2.3
Debt/Equity Ratio	0%	0%	0%	0%	0%

Figure 25: Balance Sheet as at 31 March 2021

Source: NAC

The company does not have any debt funding to date and thus has sufficient room to consider debt-funding options based on the statement of financial position. Other than the ongoing HKIA congestion alleviation project, no other significant investment in capital infrastructure has happened since the 2016/2017 financial year. This has put some strain on the existing infrastructure requiring the ad-hoc capital expenditure of a temporary nature, e.g. various holding actions at Eros and Andimba Toivo Ya Toivo Airports.

5.3.1.4 Current funding mechanisms

NAC has since inception funded its operating expenditure using its operating income while funding capital expenditure using a combination of operating incomes and grants from the central government.

Over the four financial years where very little of the revenue earned from NAC's major customer Air Namibia was received, the deficit in operational expenditure **has been funded by NAC's existing cash reserves**. This strategy seeks to provide a basis to expand the options that are available in order to take advantage of opportunities to grow its infrastructure base while ensuring growth in cash generated from operations.

5.3.2 Cost Containment and Cash Conservation Strategy

In response to the severe impact on cash flows and profitability, the company instituted a cost containment and cash conservation strategy, which is expected to become a significant component of NAC's financial plan during the COVID-19 period. A Cost Containment and Collections Working Group was established to review NAC's revenue generation and collection processes as well as spending practices in order to determine specific interventions needed to increase revenues and reduce or contain spending.

The key outcomes that the cost containment and cash conservation strategy envisaged are as follows:

5.3.2.1 Revenue and collections

In the past, while the company has seen gradual increases in revenue, there have been various challenges linked to revenue leakages at various airports as well as the failure to adequately collect revenues billed from various customers. The strategy and recommendations of the working group proffered a number of recommendations to grow revenues by plugging leakages as well as improving collections from customers.

Among the initiatives envisaged in this regard, are

- Implementation of operational reforms aimed at tightening controls around aeronautical and non-aeronautical revenues at each of the airports;
- Implementation of aggressive collection mechanisms and instituting timely action on defaulting customers;
- Streamlining processes and documentation around lease agreement and the lease management process to remove issues of ambiguity and unenforceability;
- Improving interdepartmental coordination and communication in respect of revenue generation and staff loan processes.

5.3.2.2 Operating Costs

A process was undertaken during 2021/2022 aimed at identifying inefficiencies and recommend interventions to reduce and contain operating expenditures at levels that would be sustainable particularly in view of the continued effects of COVID-19 over the next few financial years.

Staff costs

During 2020/2021, staff costs were 64% of overall operational spending. The cost containment identified areas where significant cutbacks can be achieved by implementing certain interventions. The interventions to be implemented in this regard include:

- Temporary freezing of salary increases as well as proposed reduction of staff salaries and benefits during times of subdued revenues;
- Operational reforms aimed at reducing and/or eliminating significant overtime, training costs, travel etc; and
- Registering NAC as an essential service provider with the Ministry of Labour.

It is anticipated that the immediate interventions that can be implemented during the 2021/2022 financial year will result in a minimum reduction of N\$72.2 million against pre-COVID-19 staff spending levels.

Administrative costs

Administrative costs comprise of general costs of running the organisation. A significant component of these costs relates to expenses that are unavoidable. During 2020/2021, administrative costs reduced to N\$75 million compared to N\$105 million in the previous year. The working group however identified areas where further efficiencies and cutbacks can be achieved. Key recommendations made include the following:

- Reducing reliance on external service providers by upskilling IT staff and superusers;
- Implementing tighter controls on the use of general fleet vehicles;
- Closing non-operational regional airports on some days, and/or reducing operating hours to reduce on running costs ;
- Terminating existing service contracts, implementing a largely paperless environment, and improving controls over spending on various administrative functions; and
- Outsourcing key services such as staff transport, lease management, fleet management and discontinuing the current practices such as transporting staff to their homes.

Maintenance costs

The plan to contain costs in maintenance will include various interventions, the most significant of which will be:

- Implementing controls over the use of key infrastructure including fleet assets;

- Terminating existing maintenance contracts for some technical equipment and upskilling NAC staff to perform some maintenance inhouse; and
- Implementing reforms in the maintenance and management of parking management systems.

5.3.2.3 Capital Expenditure

Historically, NAC has experienced significant issues and losses in respect of capital expenditures. Over the past three financial years, N\$95 million has been written off due to potentially irregular expenditure on past capital projects. The exercise conducted by the cost containment working group sought to highlight the causes of overspending in past projects. Proposed interventions to be implemented during this strategic period will include:

- Developing and implementing a project management framework;
- Seeking to recover costs incurred as a result of irresponsible project management practices through legal means;
- Improving communication and collaboration with internal and external stakeholders in the planning and execution of capital projects; and
- Improving controls around budgeting for projects and approval of variations on capital projects.

5.3.3 Funding Plan

This section provides an analysis into the funding options that are available at NAC's disposal, factors on which external funding is based as well as the capacity at which NAC can sustain the level of strain that will be brought about by servicing any external funding mechanisms adopted.

The past five (5) years have placed NAC in a loss-making position due mainly to the self-funding required to offset the national airline's non-payment culture towards NAC. Notwithstanding, Namibia Airports Company has – to date – not incurred any external debt. Further, despite the devastating impact of Covid-19 regulations on the aviation sector in which no revenue has been earned for almost one year, NAC has managed to self-fund by drawing down its investments.

Major capital expenditures have been supported by the shareholder with some contributions by NAC. The shareholder has also tasked NAC with securing a first commercial loan facility for capital funding purposes worth N\$143m.

5.3.3.1 Affordability of funding

The company's projected cash from operations indicate that the company can sustain a debt service of not more than N\$42 million worth of debt service payment in the 2021/22 financial year, which will increase over the five years. Depending on the loan terms available to NAC, this could imply that NAC can sustain an increasing level of debt funding over the strategic plan period. The amount of qualifying debt can increase if extended terms are available at a cheaper cost of capital. Further, if NAC targets to have a debt/equity ratio of 20%, the current financial position can sustain about N\$220 million worth of external debt in 2021/2022 that will increase over the years.

5.3.3.2 Available Funding Options

NAC envisages funding capital projects through the following means:

1. External debt funding
2. Public-Private Partnerships
3. Internal resources
4. Government grants

Key factors to consider regarding external funding:

- Securing government support – The Company should seek to secure government grants for infrastructure development for Lüderitz, Katima Mulilo, Rundu and Keetmanshoop Airports. This is because investors and lenders would not be willing to finance loss-making airports.
- Collections from customers – This strategy assumes that collections will improve due to the initiatives that have been put in place. Further, historic amounts owed by Air Namibia should be collected.
- Capital expenditure and overruns – there is need to minimise the likelihood of cost overruns on the capital expenditure which is associated with capital programmes of this nature.
- Airport Masterplans – The airport masterplans should be finalised so that there are clear indications for lenders regarding what NAC intends to invest in.
- Debt Service Cover Ratio – A recommended debt-service cover ratio of 1.4 is appropriate for debt funding covenants. This implies that operating cash flows per period should cover 1.4 times of principal repayments and interest payments for each period. To maintain this DSCR, the company need to have an average of N\$130 million worth of debt service payments, which translate to N\$460 million debt assuming a 12.75% interest and 5-year loan term.

Debt/Equity ratio – 20% debt to equity ratio is recommended for NAC in order to avoid straining the equity with external obligations. Based on the latest financial position, the company has N\$1.2 billion worth of equity. There is capacity therefore to borrow N\$240 million worth of debt to meet the 20:80 debt/equity ratio. Assuming a growth in balance sheet base over the next few years with over N\$1 billion, we expect that to significantly increase in 2023/2024 and 2024/2025.

5.3.3.3 Key projects

Given the maximum debt that NAC is able to sustain as alluded above, there is a need to prioritise certain projects that have a positive Net Present Value or provide an internal rate of return (IRR) that is above the cost of capital. For effective prioritisation, all projects require a detailed capital budgeting process before they are undertaken.

Concerning key projects identified, funding methods that can be considered are summarised below:

Capital Project	COST (N\$)	NAC	DEBT	GRN	USER/PPP
WBIA cargo terminal, water reticulation and perimeter fencing	N\$50m		X		
ATYTA cargo apron, taxiway, ARFF and fire station	N\$268m			X	
ERS runway, taxiway and apron rehabilitation	N\$30m			X	
Terminal buildings, runway rehab and perimeter fencing at RUN, KM, KMP and LUD	N\$ 236m		X		
OND (ATYTA) New fire station construction	N\$ 104m		X		

Figure 26: Sources of funding

5.3.4 Financial Projections

5.3.4.1 Capital expenditure needs

There remain significant capacity constraints owing to limited capital expenditure in the past four (4) years. Coupled with the new licensing requirements for all airports under NAC control – and the loss-making nature of the regional airports – the capital funding required remains difficult to raise on their own merits.

The capital expenditure is intended to complete the Corrective Action process of findings raised in audits of the NAC airports, mainly Hosea Kutako International, Andimba Toivo Ya Toivo, Eros and Walvis Bay International airports. It is further intended to improve the passenger experience by relieving the congestion – specifically Hosea Kutako International and the airport aprons' safety – notably Andimba Toivo Ya Toivo and Eros Airports.

The graph below shows a summary of capital expenditure requirements that the company expect to meet in the next five years:



Figure 27: Capital expenditure requirements: 2021/2 to 2025/6

Source: NAC

	Capital project	Est. Cost	Est. Completion Date
a.	WBIA cargo terminal, water reticulation and perimeter fencing	N\$ 50m	2024/5
b.	ATYTA cargo apron, taxiway, ARFF and fire station	N\$ 268m	2025/6
c.	ERS runway, taxiway and apron rehabilitation	N\$ 30m	2021/2
d.	Terminal buildings, runway rehab and perimeter fencing at RUN, KM, KMP and LUD	N\$ 236m	2024/5
e.	ICT Projects relating to nationwide connectivity	N\$ 2m	2021/2
	Total	N\$ 586 m	

Figure 28: Capital Projects – 2021/2 to 2025/6

Specific capital investments initiatives that are of particular note include the following:

- HKIA Terminal congestion alleviation project (N\$250 million) – The project is currently underway and is expected to be concluded by September 2021. Financing for this project has already been committed, as NAC will commit N\$95 million while the central government through Treasury has committed the rest.
- HKIA apron expansion project (N\$70 million) - This project is a required extension of the congestion alleviation initiative as it seeks to ease the congestion risk on the airside. The Ministerial Committee on Hosea Kutako International Airport committed that the central government will avail the N\$70 million required for this project.
- WBIA Construction of additional cargo apron (N\$270 million) – This is expected between 2021 and 2025 and is expected to boost Walvis Bay's status as the potential cargo hub in the region. It also seeks to cement Namibia's national goal of becoming a logistic hub and complements the finalisation of the Namport dry port project.
- WBIA Rehabilitation of parallel taxiway and upgrade of visual aids (N\$345 million) – This is expected to commence in 2026. This project will also increase the capacity of Walvis Bay airport while at the same time addressing safety compliance requirements.
- OND Runway and taxiway rehabilitation (N\$265 million) – Phase 0 of this project, which entails the temporary holding action on the apron is expected to commence during 2020/2021 financial year. Phase 1 is expected to commence in the 2022/2023 financial year. This will improve the aircraft and passenger traffic utilising the airport and thereby increasing the revenue generating potential of the airport, while also addressing safety compliance issues.
- ATYTA New fire station construction (\$104 million) – This seeks to address the safety compliance matters that have a bearing on the Andimba Toivo Ya Toivo Airport licensing process. The project is estimated to commence in 2022/2023 financial year.
- ERS Runway, taxiway and apron rehabilitation (N\$30 million) – The holding action of this project is complete within the 2020/2021 financial year.
- RUN, KAT, LUD Security upgrades on terminal buildings (N\$75 million) – These are expected to be undertaken between 2024 and 2028.

5.3.4.2 Operating expenditure needs

The table below under Financial Projection Schedules shows the operating expenditure that will be financed from the revenue generating activities of the entity. As has been the case in the all the years prior to the COVID-19 pandemic, the company aims to fully fund its operating expenditures from its operating income.

5.3.4.3 Cash flow from operating revenue

Tariffs are expected to grow at inflationary levels, which was pegged at 2.5 as at April 2021. While the aircraft and passenger traffic is dependent on both the national and regional economic environment, a historical expectation of 4% growth has generally been more representative. In 2021 however, there was an 85% drop in passenger movements in Namibia due to the travel restrictions associated with the COVID-19 pandemic. It is expected that the passenger numbers will start to grow in 2021/2022 financial year with the gradual resumption of regional and international travel. Notable growth to pre-COVID numbers is only expected during the 2024/2025 financial year.

5.3.4.4 Assumptions

Assumptions on which the forecasts referred to above are listed in the table below:

	2021/2022	2019/2020	2022/2023	2023/2024	2024/2025	2025/2026
	FORECAST	BUDGET	FORECAST	FORECAST	FORECAST	FORECAST
Inflation rate	3.90%		3.90%	3.90%	3.90%	3.90%
Expenses growth	-5%		4%	4%	4%	4%
Staff cost structural growth	0.0%		4.0%	1.2%	1.2%	1.2%
Expected traffic growth	154%		12.0%	12%	5%	5%
Debt service cover ratio (Minimum) (Times)	1.4 times		1.4 times	1.4 times	1.4 times	1.4 times
Exchange rate (NAD/USD) (Best Case)	14.50		14.50	14.50	14.50	14.50
Exchange rate (NAD/USD) (Best Case)	17.60		17.60	17.60	17.60	17.60
Level of funding: OPEX	100%		100%	100%	100%	100%
Level of funding: CAPEX	45%		65%	70%	80%	80%

Figure 29: Assumptions to Strategic Plan

Source: NAC

5.3.5 Financial Projection Schedules

5.3.5.1 Summary of Revenue Forecasts

Optimal revenue forecasts anticipating normalisation within 2 years of COVID.

	2021/2022	2022/2023	2023/2024	2024/2025	2025/2026
	UNAUDITED	BUDGET	FORECAST	FORECAST	FORECAST
REVENUE AND OTHER INCOME					
Aeronautical Revenue	101,855,674	209,848,153	251,660,397	270,849,502	291,501,777
Non-Aeronautical Revenue	69,810,936	85,169,341	91,982,889	99,341,520	107,288,841
Other Income	73,199,057	80,284,955	84,272,144	88,448,826	88,448,826
Total Revenues	244,865,667	375,302,449	427,915,430	458,639,848	487,239,444

Figure 30: Optimal revenue forecasts

Worst case scenario anticipating normalisation +/-3 years of COVID

	2021/2022	2022/2023	2023/2024	2024/2025	2025/2026
	UNAUDITED	BUDGET	FORECAST	FORECAST	FORECAST
REVENUE AND OTHER INCOME					
Aeronautical Revenue	124,954,114	143,447,323	172,029,202	185,146,429	199,263,844
Non-Aeronautical Revenue	34,905,468	42,584,671	45,991,444	49,670,760	53,644,421
Other Income	73,199,057	80,284,955	84,272,144	88,448,826	88,448,826
Total Revenues	233,058,639	266,316,949	302,292,790	323,266,015	341,357,091

Figure 31: Worst case revenue forecasts

5.3.5.2 Operating Expenditure Requirements

OPERATING EXPENSES						
Personnel Costs	153,007,068	241,868,021	158,714,232	164,634,273	170,775,131	177,145,043
Maintenance and Repairs: Airports	10,792,800	17,601,950	11,224,512	11,673,492	12,140,432	12,626,049
Maintenance and Repairs: Fleet	6,345,000	7,768,963	6,598,800	6,862,752	7,137,262	7,422,753
Maintenance and Repairs: Computer and Office Equipment	1,160,000	950,000	1,206,400	1,254,656	1,304,842	1,357,036
Maintenance and Repairs: Electrical	6,653,280	10,795,680	6,919,411	7,196,188	7,484,035	7,783,397
Administration Costs	94,816,127	131,896,639	98,608,772	102,553,123	106,655,248	110,921,458
Bad Debts Provision	6,415,348	120,000,000	2,950,175	3,436,433	3,701,910	3,987,906
Board of Directors Costs	468,468	2,460,000	487,207	506,695	526,963	548,041
TOTAL OPERATING EXPENSES	279,658,091	533,341,253	286,709,509	298,117,612	309,725,824	321,791,684

Figure 32: Operating Expenditure Requirements

5.3.5.3 Forecast Profit or Loss

Summary Forecast Income Statements

	2021/2022	2019/2020	2022/2023	2023/2024	2024/2025	2025/2026
	UNAUDITED	BUDGET	BUDGET	FORECAST	FORECAST	FORECAST
REVENUE AND OTHER INCOME						
Aeronautical Revenue	101,855,674	386,332,492	209,848,153	251,660,397	270,849,502	291,501,777
Non-Aeronautical Revenue	69,810,936	106,591,391	85,169,341	91,982,889	99,341,520	107,288,841
Other Income	73,199,057	72,904,955	80,284,955	84,272,144	88,448,826	88,448,826
Total Revenues	244,865,667	565,828,838	375,302,449	427,915,430	458,639,848	487,239,444
OPERATING EXPENSES						
Personnel Costs	153,007,068	241,868,021	158,714,232	164,634,273	170,775,131	177,145,043
Maintenance and Repairs: Airports	10,792,800	17,601,950	11,224,512	11,673,492	12,140,432	12,626,049
Maintenance and Repairs: Fleet	6,345,000	7,768,963	6,598,800	6,862,752	7,137,262	7,422,753
Maintenance and Repairs: Computer and Office Equipment	1,160,000	950,000	1,206,400	1,254,656	1,304,842	1,357,036
Maintenance and Repairs: Electrical	6,653,280	10,795,680	6,919,411	7,196,188	7,484,035	7,783,397
Administration Costs	94,816,127	131,896,639	98,608,772	102,553,123	106,655,248	110,921,458
Bad Debts Provision	6,415,348	120,000,000	2,950,175	3,436,433	3,701,910	3,987,906
Board of Directors Costs	468,468	2,460,000	487,207	506,695	526,963	548,041
TOTAL OPERATING EXPENSES	279,658,091	533,341,253	286,709,509	298,117,612	309,725,824	321,791,684
EBITDA	-34,792,425	32,487,585	88,592,940	129,797,818	148,914,024	165,447,761
Depreciation and amortisation	122,275,650	116,625,650	128,579,779	135,008,768	141,759,207	147,429,575
Interest paid	4,663,786	0	12,607,500	10,802,868	8,862,890	9,217,405
OPERATING PROFIT/ (LOSS)	-161,731,860	-84,138,066	-52,594,339	-16,013,819	-1,708,072	8,800,780
OTHER INCOME						
Finance Income	1,327,094	25,000,000	1,393,449	8,035,544	8,839,098	8,839,098
Other Non-operating Income	1,327,094	25,000,000	1,393,449	8,035,544	8,839,098	8,839,098
PROFIT BEFORE TAX	-160,404,766	-59,138,066	-51,200,890	-7,978,275	7,131,026	17,639,878
Operating margin %	-14%	6%	24%	30%	32%	34%
Staff costs / Revenue %	62%	43%	42%	38%	37%	36%

Figure 33: Forecast Profit and Loss

5.3.5.4 Forecast Cash Flow

FORECAST CASH FLOW STATEMENT					
	FORECAST 2020/2021	FORECAST 2021/2022	FORECAST 2022/2023	FORECAST 2023/2024	FORECAST 2024/2025
OPERATING ACTIVITIES					
Net Profit before tax	-160,404,766	-51,200,890	-7,978,275	7,131,026	17,639,878
Depreciation	122,275,650	128,579,779	135,008,768	141,759,207	147,429,575
Interest Paid	4,663,786	12,607,500	10,802,868	8,862,890	9,217,405
Interest received	-1,327,094	-1,393,449	-8,035,544	-8,839,098	-8,839,098
Government grant	-115,347,519	-73,199,057	-79,380,000	-83,349,000	-87,516,450
Cash flow before working capital changes	-150,139,944	15,393,883	50,417,818	65,565,024	77,931,311
Working capital changes					
Trade and other receivables	-86,631	44,609,370	42,285,867	-4,424,623	-4,766,599
Trade and other payables	21,104,534	3,356,306	-12,836,851	3,780,912	3,926,621
Cash generated from operations	-129,122,041	63,359,559	79,866,834	64,921,313	77,091,333
Interest paid	2,681,250	-12,607,500	-10,802,868	-8,862,890	-9,217,405
Cash flows from operating activities	-126,440,791	50,752,059	69,063,965	56,058,423	67,873,927
INVESTING ACTIVITIES					
Acquisition of PPE	-255,120,559	-185,729,777	-183,561,300	-140,055,294	-194,912,500
Interest received	1,327,094	1,393,449	8,035,544	8,839,098	8,839,098
Cash flows from investing activities	-253,793,465	-184,336,327	-175,525,756	-131,216,196	-186,073,402
FINANCING ACTIVITIES					
Net loans raised/ (Repaid)	142,800,000	609,379	-25,542,285	-27,457,957	-29,517,303
Government grant (Proposed)			0	67,937,325	115,880,525
Other funding raised	0	0	152,840,713	67,670,357	0
Cash flows from financing activities	142,800,000	609,379	127,298,428	108,149,725	86,363,222
Net increase/ decrease in cash and cash equivalents	-237,434,255	-132,974,889	20,836,637	32,991,953	-31,836,253
Cash at the beginning of the year	256,504,337	19,070,082	-113,904,808	-93,068,171	-60,076,219
Cash and cash equivalents at the end of the year	19,070,082	-113,904,808	-93,068,171	-60,076,219	-91,912,472

Figure 34: Forecast Cash Flow

5.3.5.5 Capital Expenditure Forecasts

	BUDGET	FORECAST	FORECAST	FORECAST	FORECAST
	2021/2022	2022/2023	2023/2024	2024/2025	2024/2026
Major Capital Projects	296,430,580	62,570,357	124,854,056	323,527,325	513,714,825
Other Capital Expenditure	14,821,529	3,128,518	6,242,703	16,176,366	25,685,741
	311,252,109	65,698,875	131,096,758	339,703,691	539,400,566

Figure 35: CAPEX Requirements

5.4 Risk Management Plan

5.4.1 Principles

The Integrated Risk Management Framework of Namibia Airports Company ("NAC") recognises all operational activities within the company and is developed on an inclusive basis with the involvement of all stakeholders.

It is based on the best available information at our disposal and is intended to be a dynamic framework designed to adapt to a changing risk environment. The Risk Profile developed within this integrated framework is customised to the aviation sector and the regulated Namibian airport environment in particular. It is based on the principles identified in the ISO 31000: 2018 Risk Management guidelines.

5.4.2 Risk Profile

The main function of aerodromes is the provision of safe and efficient transition of passengers and goods according to internationally regulated standards. The operations at aerodromes under NAC control are crucial to achieving this function.

The NAC not only coordinates aircraft movements but is also responsible for the diversified operations combined as non-aeronautical interests (retail tenants and other land-use participants) and this presents a complex environment making the overall system vulnerable to risks.

This Risk Profile presents a picture of the key risks facing the NAC at this defined point in time. It provides the context in which NAC operates and the associated potential risks that may occur as a result of its operations.

5.4.3 Roles and Responsibilities

The Board is responsible for the total process of risk management, as well as forming its opinion on the effectiveness of the respective processes employed in NAC's Risk Management and Compliance functions. Management is accountable to the Board for designing, implementing and monitoring the process of sound risk management, and integrating it into the day-to-day activities of the company.

The board has the ultimate responsibility for any safety, security or operational loss or reduction in shareholder value suffered by NAC. It is therefore responsible for ensuring the safeguarding of the group's assets, risk management and ensuring compliance with laws and regulations.

The board is therefore responsible for recognising all risks to which the group is exposed and ensuring that the required risk management culture, practices, policies, resources and systems are in place and are functioning effectively.

As part of its risk oversight responsibilities, the board is assisted at board-level by its board committees. The Safety and Security Executive Committee operates at Executive Management level in support of the Board concerning the monitoring of risk and the implementation of risk management frameworks in the group. The Audit and Risk Committee will further complement this oversight.

The Board – through the Safety Security Compliance Committee and Audit and Risk Committee – oversees the risk management function as it pertains to:

- Safe and secure operations
- Regulatory compliance
- Financial sustainability
- Human Capital management
- Infrastructure requirements
- Brand credibility

The Safety and Security Compliance Committee is responsible for risk oversight from the perspective of the Board and does not take part in business decision making.

The Safety and Security Executive Committee focuses on the risk oversight component of the Executive Committee's overall responsibilities and reports to the board and board committees in terms of it.

5.4.4 Risk Objectives

Risk-Based Decision Making involves the identification, analysis, elimination (or mitigation to an acceptable level) of risks that threaten the capabilities and sustainability of NAC.

The objective of the framework is to provide a balanced allocation of resources to address all risks or to mitigate within the NAC's means.

5.4.5 Risk Profiling Process

The definition of Risk (deviation from the expected) as it pertains to the aviation / aerodrome sector is as follows:

“The predicted probability and severity of the consequences or outcomes of a hazard”

Aerodromes are multi-faceted environments with complex organisational systems where many processes take place simultaneously. Many activities undertaken on the aerodrome are not performed by NAC per sé but rather by other participants such as retail tenants, ground handling operators, catering organisations and State departments (such as NAMPOL, Customs and MHA).

This therefore requires that the Risk Profiling process takes all sector participants into account when developing the risks and the mitigation measures.



Figure 36: Fundamental Risk Management Process

The following fundamentals have been abided by in determining the risk profile:

- Hazard identification** - The objective of the risk identification process is to describe the nature and complexity of each risk NAC is exposed to. The identification of risks takes into account those events that might create, enhance, prevent, degrade, accelerate or delay the achievement of objectives.
- The risk identification process relies on appropriate mechanisms, at risk type level, to identify sources of risk events (including changes in circumstances), their causes as well as their potential consequences across each material risk type. Risk identification includes the understanding of the knock-on effects of particular consequences, including contagion risk. It also considers a wide range of consequences even if the risk source or cause may not be evident.
- Risk probability** – the likelihood that the event or condition may occur (determining the history of similar occurrences, defects in equipment or tendencies)
- Risk impact** – the severity of the consequences of the possible event or condition, taking as reference the worst reasonably foreseeable situation. Severity is determined by evaluating whether lives are at risk (employees, passengers, bystanders or general public), environmental impact, damage

to property, financial damage, media interest, political or regulatory implications.

- e. Risk control / mitigation – measures to eliminate the potential hazard or to reduce the risk probability / severity. These are based upon the four basic defenses in aviation:

- i. Technology
- ii. Training
- iii. Procedures
- iv. Regulation

5.4.6 Risk Context

The context in which NAC operates has both external and internal causality resulting in differing risk avoidance and / or mitigation measures. External factors such as the social, political, natural environment, legal or regulatory environment are all included in the risk assessment process.

Risks are not always avoided entirely or mitigated at all costs. The guiding principle remains to achieve a risk profile that is 'As Low As Reasonably Practicable'. This provides a balance between costs associated in risk mitigation and the controllability / benefits thereof.

5.4.7 Strategic Risk Register

Namibia Airports Company - Risk Register											
#	Risk area	Risk description	Impact (Consequences)	Impact Factor	Likelihood (Probability)	Likelihood factor	Inherent risk exposure	IR factor	Risk Treatment (Mitigation)	Risk response	Risk Owner
1	Infrastructure development and maintenance	Failure of infrastructure	Hazardous	4	Possible	3	High	12	Ensure adequate planning for infrastructure development. Identify sources of funding. Implement maintenance agreements in advance of infrastructure degradation.	Treat	SE: Engineering
2	Environmentally sustainable	Wildlife management	Hazardous	4	Possible	3	High	12	Conduct annual wildlife environmental assessment. Ensure perimeter fencing serviceable. Ensure runway strips and adjacent areas maintained to limit wildlife encroachment.	Treat	SE: Operations
3	Safe and Secure Airports	Fatigue / Duty Time risks	Major	3	Likely	4	High	12	Ensure updated Task Resource Analysis Monitor overtime monthly Initial and recurrent training	Treat	SE: Operations
4	Revenue growth	Inadequate growth in non-aeronautical revenue	Major	3	Likely	4	High	12	Completion of Master Plans for all relevant airports for long-term tenancy requirements. Diversify airport offerings in line with regulatory guidelines and international best practice.	Treat	SE: Commercial SE: Engineering
5	Safe and Secure Airports	Downgrading of aerodrome category	Hazardous	4	Possible	3	High	12	Focus on Certified Cat A airports, and Licensed regional Cat C airports. Ensure Human Capital/ Financial capabilities to implement Corrective Action Plans, infrastructure development and regulatory compliance.	Treat	SE: Operations
6	Safe and Secure Airports	Appropriately competent / qualified staff in safety sensitive areas	Major	3	Likely	4	High	12	Identify critical areas according to Task Resource Analysis. Induction and recurrent training for operational and support staff. Prepare train-the trainer skills within the organisation.	Treat	SE: Human Resources
7	Revenue growth / Adequate funding	Financially unsustainable operations	Hazardous	4	Likely	4	High	16	Ongoing Shareholder involvement. Credit management. Commercial debt. Cost containment practices.	Treat	SE: Finance and Administration
8	Infrastructure development and maintenance	Equipment failure	Hazardous	4	Possible	3	High	12	Ensure maintenance agreements implemented for high value and critical equipment	Treat	SE: Engineering
9	Regulatory compliance	Failure to obtain airport certificates / licenses	Catastrophic	5	Possible	3	High	15	Maintain documentation and procedures in line with expected practice Ensure Operational conformance to NAMCARs regulations	Treat	SE: Operations / SE: Engineering / SE: Human Resources / SE: Risk, Compliance and Strategy
10	ICT Infrastructure	Cyber Security	Hazardous	4	Possible	3	High	12	Ensure adequate planning for infrastructure development. Identify sources of funding. Implement maintenance agreements	Treat	SE: ICT
11	Brand credibility	Governance	Major	3	Likely	4	High	12	Strengthen policy framework on ethics and internal controls	Treat	SE: Commercial
12	Revenue growth	Revenue leakage	Major	3	Likely	4	High	12	Strengthen internal controls and regular internal audits	Treat	SE: Commercial / SE: Finance and Administration

Figure 37: NAC Strategic Risk Register - High

#	Risk area	Risk description	Impact (Consequences)	Impact Factor	Likelihood (Probability)	Likelihood factor	Inherent risk exposure	IR factor	Risk Treatment (Mitigation)	Risk response	Risk Owner
13	Safe and Secure Airports	Emergency response management	Hazardous	4	Unlikely	2	Medium	8	Initial and continuous training for ARFF personnel. All operational staff to participate in emergency preparedness drills. Tabletop and outdoor emergency drills.	Treat	SE: Operations
14	Safe and Secure Airports	FOD management	Major	3	Possible	3	Medium	9	Pavement maintenance and management. Initial and recurrent training on FOD management. Daily FOD inspection.	Treat	SE: Operations
15	Safe and Secure Airports	Manoeuvring area incursions	Major	3	Unlikely	2	Medium	6	Runway Safety Program SMS - Safety Promotional material Publish hotspots in AIP	Treat	SE: Operations
16	Safe and Secure Airports	Health - Viral epidemics / pandemics	Catastrophic	5	Unlikely	2	Medium	10	Guidance from MOHSS Implement protocols according to these guidelines Ensure staff and passenger safety Liaise with stakeholders (airlines, tenants and GRN depts)	Treat	SE: Operations / SE: Human Resources
17	Performance management	Adequate management of personnel	Major	3	Possible	3	Medium	9	Induction and recurrent training for all operational staff	Treat	SE: Human Resources
18	Safe and Secure Airports	Ineffective communication of safety information	Minor	2	Possible	3	Medium	6	Implement Safety Promotion campaign. Follow up on national basis. Audit on operational practices.	Treat	SE: Risk, Compliance and Strategy
19	Brand credibility	Loss of confidence in NAC brand (Reputational risk)	Major	3	Possible	3	Medium	9	Maintain media coverage rate of initiatives within NAC. Improve reputation through business excellence.	Treat	SE: Commercial
20	Regulatory compliance	Failure to comply with applicable regulations and standards	Major	3	Possible	3	Medium	9	Maintain register of current Corrective Action Plans. Induction and recurrent training of operational staff of regulatory requirements. Task Resource Analysis to identify staffing needs.	Treat	SE: Operations
21	Safe and Secure Airports	Unsafe handling and management of dangerous goods	Hazardous	4	Unlikely	2	Medium	8	Ensure tenants and operators abide by Dangerous Goods (DGR) handling methods and codes. Conduct ongoing audits to ensure compliance.	Transfer	SE: Operations
22	Safe and Secure Airports	Unlawful acts of interference within airport operations	Catastrophic	5	Unlikely	2	Medium	10	Ongoing liaison and information sharing with MHA / NAMPOL and other State agencies. Benchmark international best practices and ICAO guidelines for implementation. Conduct ongoing audits to ensure compliance.	Treat	SE: Operations
23	Safe and Secure Airports	Accuracy of published information	Major	3	Unlikely	2	Medium	6	Induction and recurrent training of operational and support staff responsible for maintaining published data. Ensure contracted services adhere to regulatory oversight.	Treat	SE: Engineering
24	Safe and Secure Airports	Integration of QMS / SMS into management systems	Major	3	Possible	3	Medium	9	Induction and recurrent training for all operational staff on SMS / QMS Ensure Safety Promotional material distribution Ensure SMS procedures and Safety Management staff are accommodated in Human Capital Plan.	Treat	SE: Risk, Compliance and Strategy
25	Engaged and competent Human Capital	Staff industrial action	Major	3	Possible	3	Medium	9	Ongoing engagement on regular basis with MANCO and staff. Share relevant company performance. Develop staff culture and transformation initiative.	Treat	SE: Human Resources
26	Staff retention	Key person dependency	Major	3	Possible	3	Medium	9	The risk of over-reliance placed on one or several key people in the organization.	Treat	SE: Human Resources
27	Engaged and competent Human Capital	Availability of talent	Major	3	Possible	3	Medium	9	The poor availability of specialist skills in the labour market is constraining to the execution of business strategy. Employing people that are unknowledgeable and incapable of meeting the requirements of specialized roles can lead to lower productivity and inferior performance within the organization, eventually impacting negatively on the overall production.	Treat	SE: Human Resources
28	Engaged and competent Human Capital	Organisational climate	Major	3	Possible	3	Medium	9	The risks that members of the organization experience the overall culture as negative due to a misalignment between employees and the organization's natural climate propensity	Treat	SE: Human Resources
29	ICT Infrastructure	Business Recovery and Continuity	Hazardous	4	Unlikely	2	Medium	8	Manual work processes, outsourced contractors from MoU partners	Treat	SE: ICT
30	Engaged and competent Human Capital	Staff skills and capability	Major	3	Possible	3	Medium	9	The risk of poor deployment of people in leadership roles to execute on business goals.	Treat	SE: Human Resources
31	Governance	Third party contracting	Major	3	Possible	3	Medium	9	The risk of inadequate or ineffective processes to manage the third-party relationship lifecycle resulting in third-party and vendor risk exposure that is in excess of the organizations risk appetite.	Transfer / Terminate	SE: Operations / SE: Engineering / Head: Legal Advisor
32	Brand credibility	Third party communications	Major	3	Possible	3	Medium	9	Management support and staff awareness Managing incidents and issues Sharing, escalating and reporting material events	Treat	SE: Commercial
33	Governance	Legal Risk	Major	3	Unlikely	2	Medium	6	Outstanding legal matters concluded.	Treat	Head: Legal Advisor
34	ICT Infrastructure	Protection of information	Major	3	Possible	3	Medium	9	Required to maintain privacy of passenger information data (General Data Protection Regulation) for EU travellers specifically	Treat	SE: ICT
35	Regulatory compliance	Unpredictable regulatory environment	Minor	2	Unlikely	2	Low	4	Ongoing liaison with NCAA to prepare for changes in legislation, regulations and practices.	Tolerate	SE: Operations / SE: Risk, Compliance and Strategy

Figure 38: NAC Strategic Risk Register - Medium and Low



5.5 Human Capital Plan

5.5.1 Deliverables

The NAC Human Capital plan is embedded in the vision of becoming a prime service provider in airport operations and management. The Human Capital Plan is established as part of the integrated planning of the annual organizational plan. The objectives are focus on the following key human capital deliverables:

Retention – All Executive Managers are on 5-year Performance-based contract which are currently on differing dates of renewal as per the on-boarding status of the incumbents. Following the recent Board decision, all Exco members will be moved to Total Cost to Company packages and this process is receiving attention in this financial year. The aviation sector is particularly challenged in terms of scares skills and NAC's bursary scheme has enabled the company to engage staff in specifically the engineering disciplines due to the infrastructure requirements of the company, nationwide.

Performance Management – NAC has implemented a comprehensive Performance Management System based on the principles adopted in the Integrated Strategic Business Plan. This has been implemented at Management and Executive Management levels with key performance metrics identified for each relevant staff member.

Organisational Structure – the staffing requirements of NAC are materially influenced by International Aviation Compliance requirements as determined by the Namibian Regulator (NCAA) and ICAO (International Civil Aviation Organisation). Based on detailed Task Resource Analyses (TRAs), these indicate the minimum required staffing levels for certain disciplines per airport category. As NAC is determined to maintain the ratings of our airports, it is essential that we invest and train the human capacity required.

Policy Review – NAC has lacked in formal policy development and procedural manuals over the entire spectrum of the organization. Our efforts are towards ensuring the development and review of all critical process areas to establish a framework that guides the processes. The aim of the NAC policy framework is to

provide a uniform and an equitable internal operational procedure framework to ensure that the Namibia Airports Company conduct processes in an accountable manner and in line with the prescribed legal framework.

Skills Development Program – NAC has developed a detailed training plan to address the aviation-specific skills deficit. The COVID-19 pandemic has materially impacted these plans in the year 2020 although this is expected to be partially addressed in the second half of 2021. Aviation training requires primary training related to the sector and thereafter recurrent training to maintain currency in the operational discipline of the staff member. The pandemic impacted the finalization of recruitment of the disciplines that requires the basic training.

Organisational Culture Changes – A formal culture transformational process will be undertaken throughout the organisation during 2021 to optimize and align staff inputs and outputs in relation to our strategic goals and to ensure that there constant refocusing towards the organisations performance outcomes.

The table below identifies the key goals for each area, target measures and the responsible party for achieving the goals:

Human Capital Deliverable	High level targets	Responsibility	Target measure
Retention	Provide guidance on the staffing needs identified and develop an annual implementation plan	CEO, Executive: HR	Annual recruitment plan and implementation
	Develop and implement retention strategy	CEO, Executive: HR	Approval of the employee retention strategy

Human Capital Deliverable	High level targets	Responsibility	Target measure
Performance Management	Educate and teach EXCO, Management and employees to better understand and to take ownership for the performance management process	CEO, Executive: HR, EXCO	Performance management workshops and signed attendance registers
	Re-affirm the score cards for all employees	EXCO	Signed PA's
	Bi-annual performance reviews	EXCO	Signed reviews
Organisational Structure	Review and revised, where necessary, the job descriptions in line with the organizational structure	Executive: HR, EXCO	Signed JD's
	Measuring current talent strength	CEO, Executive: HR	Skills audit report
	Ensure job evaluation for all reviewed job profiles	CEO, Executive: HR	Job grading reports
Policies / Governance Human Capital function	Review of policies and procedures	CEO, Executive: HR	Policies submitted for Board approval
	Conduct Policy awareness workshops	Executive: HR	Workshops and attendance registers
	Human Capital Compliance check list with Namibian and international legislation	Executive: HR	Compliance check list

Human Capital Deliverable	High level targets	Responsibility	Target measure
			audit and results
Skills Development Program	Review and implement induction programme for new hires	Executive: HR	Induction trainings and attendance registers
	Roll out basic and recurrent training for areas that requires basic training	Executive: HR	Training execution reports and attendance
	Conduct a training needs analysis aligned to NAC strategic priorities	Executive: HR	Signed of technical training plans
	Develop and implement personal development plans for MANCO, EXCO and all employees	CEO, Executive: HR, EXCO	Signed and functional PDP's
Organisational Culture Changes	Employee engagement strategy	CEO, Executive: HR	Approved employee engagement framework
	Conduct a feasibility study towards moving to electronic personnel files	Executive: HR	Feasibility reports, TOR and budget provision
	Organisational culture change projects and initiatives	CEO, Executive: HR	Roll out culture change initiatives

5.5.2 Human Resources capacity-building road map: 2021 - 2025

The Namibia Airports Company aims to enhance the capacity of its human resources to implement the strategic objectives for the years 2021/2 – 2025/6 under the Pillar - learning and growth. The organizational effectiveness can only be achieved through people, processes, systems and culture. Sustainable, safe and secure global aviation development rely on the availability of the qualified and competent employees and leaders. The Namibia Airports Company being a player in the global aviation system can equally only provide safe, secure and sustainable services as outline in the plan with qualified and competent employees and leaders.

The Namibia Airports Company's aviation training and capacity building plan outlines the human resources requirements for the company to achieve the national requirements and objectives in airport services and air transportation in general. The focus of the road map is to address performance and skills deficiencies identifies through Gap and task resources analysis. It will provide an overview on current available skills and future human resources needs for the company and in the industry.

5.5.2.1 Objectives of the Road Map

- To implement a comprehensive and consistent human resources development strategies.
- To provide a structural action plan of action to for adequate training, education, coaching and qualification for staff members.
- To promote development of National pool of aviation professionals.
- To ensure that Namibia Airports Company meets its capacity needs in terms of occupants and to develop and maintain the adequate number of employees and managers for each strategic objective and operational requirements.
- To provide for the essential qualifications, recruitment, training, retention and succession planning policies.

5.5.2.2 Human Resources capacity assessments

An assessment was conducted to determine how many staff members are needed for each job and each category to achieve airport operational requirements. This is

to enable the aerodrome operator to demonstrate and or present evidence that it employs, engage or contract adequate personnel for the operations and maintenance of its aerodromes. There are currently more than 500 jobs relating to the successful operations of the Namibia Airports Company of which the current occupancy rate is 64%.

5.5.2.3 Task resource analysis for Aerodrome Firefighting and Rescue Services

The purpose of this Task Resource Analysis (TRA) is to determine the minimum number of Aircraft Rescue and Firefighting personnel required to deliver an effective Aerodrome Rescue and Fire Fighting Services (ARFFs) in line with NAMCARs 139.02.07. The task resource analysis remains an exercise that responds to the operational environment and is reviewed whenever there is a major change in the operational environment. This exercise guides the Develop ARFF structure for the Airports and Develop ARFF shift systems aligned to the operations of the Airport. There is currently a shortage 42% in the Aerodrome Firefighting and Rescue Services.

5.5.2.4 Human Resources Training Requirements

The National regulations requires an implementation of the safety management systems that requires training for the staff in compliance with the state requirements. Training needs have been conducted for all personnel in the Namibia Airports Company.

The principal objective of Strategic training and development is to ensure availability of a skilled and willing workforce to an organization. Through the training and development intervention, employees will:

- Increase knowledge and skills;
- Change behaviour and adopt the right attitudes;
- Increase productivity and service delivery through Team work and Performance;
- Efficiency and effectiveness in all dealings.

5.5.2.5 Identification of critical skills for Airport Operations

The ability to solve problems is crucial in aviation. Once the devastating effects of the COVID-19 pandemic begin to lessen, all organizations within the aviation industry will be facing severe financial challenges. There will be less consumer demand and a more stringent focus on health and safety, which will essentially require critical key roles to ensure that decisions are based on due diligence, logical reasoning, data, analytics, and creativity. This claim is backed by industry experts: one of the top skills outlined by the World Economic Forum for organizations to be successful in the Fourth Industrial Revolution (the technological revolution) is critical thinking.

In addition, the ever-changing nature of the aviation industry it is important to have the ability to adapt to changes that happen on a daily basis is a requisite skill for NAC staff members. It is imperative that our staff have the ability to think critically. The following competencies are thus required in all posts:

Observation: The ability to predict and identify a problem

Analysis: The ability to analyse and effectively evaluate a situation. Gather and understand data and information and assessing objectively

Inference: The ability to draw conclusions from information

Communication: The ability to present and explain issues and their possible solutions. Active listening and respectful of other points of view

Problem-solving: Developing solutions and executing them.

Decision-making: The ability to make a decision based on the interpreted data or information.

Reflective practice: The ability to reflect on one performance and find ways for self-improvement

The skills log is a live document that will be updated as and when the organisations strategies and objectives evolve. The below listed skills and functions coupled with the above competencies will primarily be prioritised for development and identifying critical positions within the organisation.

Airport Engineering: Airport engineers are engineering professionals who specialize in the construction and maintenance of airport structures as well as takeoff and landing areas. They are responsible for researching specifics of the airport location, running tests on different site areas, creating and modeling designs and developing a structurally sound plan for the new airport facility.

Airport Operations: The airport operations works in airports and airfields, coordinating with air traffic controllers, pilots, terminal agents, ground crews and

other airport staff to ensure that all aircraft are operating smoothly and in compliance with National and international regulations.

They are also involved in the response during airport emergencies.

Airport Planning: Airport planners are a type of urban planner who designs and sketches master plans for new airports or renovations of existing airports. These professionals are required to research relevant regulations and perform environmental impact studies to ensure that the facility is compliant and safe.

Airport Management: Airport managers are responsible for supervising the day-to-day operations of the airport. Some of the tasks airport managers need to complete include planning budgets, managing vendor contracts, managing weather-related delays, handling customer complaints and ensuring compliance with National regulations.

Aviation Security: Aviation Security is responsible for maintaining the safety and security of the airport. They do this by searching and inspecting baggage by hand and screening passengers and airport staff. They check passenger identification against flight information.

Passenger Assistant Services: Passenger/Customer services is professionals who helps assist travelers at the airport. They handle passenger check-ins, assist with boarding and deplaning and communicate travel information to passengers.

Airport Operations Regulatory Compliance Planning, development, and maintenance of the company's Safety Management System (SMS) in conformity to applicable national and international laws, regulations and industry best practices.

Airport Safety Management: The day-to-day management of operational safety reporting programs. As an individual contributor, this role supports Safety Management Systems (SMS) and focuses on the Aviation Safety Action Program (ASAP) programs which is an integral part of the risk, compliance, and safety reporting culture for employees.

Airport Security Management: The day-to-day management of operational aviation security programs. As an individual contributor, this role supports Aviation Security Management Systems. Assesses the security system deficiencies or as revealed by Internal Quality Control (IQC) activities, Namibia Civil Aviation Authority (NCAA) oversight reports or any other relevant reports and establish the risk factor and formulate the risk alleviating interventions.

Facility Management: Property managers are responsible to manage the operation, maintenance and administration of property rentals. Their work, among many other tasks, includes marketing rentals and finding tenants, ensuring rental

rates are competitive while covering taxes and overheads, collecting rents and complying with rental laws.

Business and Route Development: Responsible for successfully approaching airlines in order to attract them to fly to NAC airports. As the incoming and outgoing air services and passenger streams will stimulate revenues from the aviation business and also increase the non-aeronautical revenue streams of the airport and the overall market value of the airport.

Airport Emergency Management: Responsible for comprehensive and innovative emergency management operations program. These roles are responsible for implementing policy, developing contingency plans, emergency operations preparedness and response plans.

Leadership and Management: Leadership is the art of motivating a group of people to act toward achieving a common objective.

To have effective leaders in NAC, the leaders must possess traits that extend beyond management duties.

5.5.2.6 Human Resources planning including succession planning

The NAC Human Resources team has develop tools and frameworks to monitor the companies training and development through field monitoring and review of training reports.

5.5.2.7 Expected Retirement movements

The table below depicts the expected retirement movements for the Namibia Airports Company personnel but it does not consider the expected recruitments.

	2022/2023	2022/2023	2023/2024	2024/2025	2025/2026	Total
Management						
CEO					1	1
Executives			1			1
Management					1	1
Support services						
Support Services		1	3			4
Airport Operations						
Aerodrome Maintenance		1		3	3	7
Aviation Security	2	1	1			4
Safety Management		1				1
Passenger Services and Route Development			1	1		2
Airport Rescue and Firefighting Services	1			4	2	7
Total	3	4	6	8	7	28

Figure 39: Expected retirements

5.5.2.8 Outcome

The above processes and analysis reveals the staffing needs and the potential increase in the gap between available and required competencies. It demonstrates the need for urgent development and implementation of human resources capacity building operational plans to avoid the shortage of competencies in the critical skills that the organisation requires.

5.5.2.9 Capacity Building Road Map

Deliverable	High level targets
Stakeholder Engagement	Engaged stakeholders concerned with the scope of capacity building.
	Identification of stakeholder expectations goals and objectives.
Resource allocation	Provision of resources required for implementation development plans and human resources capacity plans.
	Define the education, training and qualifications required.

Deliverable	High level targets
	Recruitment of additional personnel.
Development plans	Establishment of training and development plans.
	Conduct assessment for needs of technology supporting training and development.
Enhance training capacity	Registration of the internal Aviation Training organisation.
	Instructor Certification and Train the Trainer Programs
	Development of progressive evaluation and monitoring framework.
Capacity Building plans	Establishment of Human resources capacity building plans which entails Recruitment plan, Talent Management plan, Retention and Succession plans.

6. Supporting documentation

6.1 Company Fact Sheet

Registered Name	Namibia Airports Company Ltd
Country of Incorporation and Domicile	Namibia
Registration Number	98/472
Nature of Business and Principal Activities	Management and operation of airports in Namibia.
Website	www.airports.com.na
Directors	Dr. Leake S. Hangala (Chairperson) Advocate Irene Visser (Deputy Chairperson) <i>(Deceased May 2021)</i> Mr. Rudolph R. Rittmann <i>(Deceased July 2021)</i> Mr. Matthew //Gowaseb Ms. Elize Petersen Board term expiry: 30 November 2022
Shareholder	Government of The Republic of Namibia (100% State Owned Enterprise)
Registered Office	5th Floor Sanlam Centre 154 Independence Avenue Windhoek
Business Address	5th Floor Sanlam Centre 154 Independence Avenue Windhoek
Postal Address	PO Box 23061 Windhoek

Bankers	Namibia
Accountants	First National Bank of Namibia Limited
Company Secretary	Grand Namibia Chartered Accountants
	Ms. Ingrid Cupido 13th Floor Sanlam Centre 154 Independence Avenue Windhoek

6.2 Legislation

The establishing Act for NAC is the Airports Company Act (1998) guided by the Civil Aviation Act (2016) and the Government of the Republic of Namibia as a State Signatory to the International Civil Aviation Organisation Chicago Convention of 1947.

Guiding shareholder reporting for the Namibia Airports Company is promulgated under the Public Enterprises Governance Act, Act 1 of 2019 that came into operation the 16th of December 2019.

The NAC is defined as a Commercial Enterprise reporting to the Minister of Public Enterprises (MPE). The previous Line Ministry was the Minister of Works and Transport (MWT) and some informational liaison to MWT will remain due to the infrastructural nature of the business.

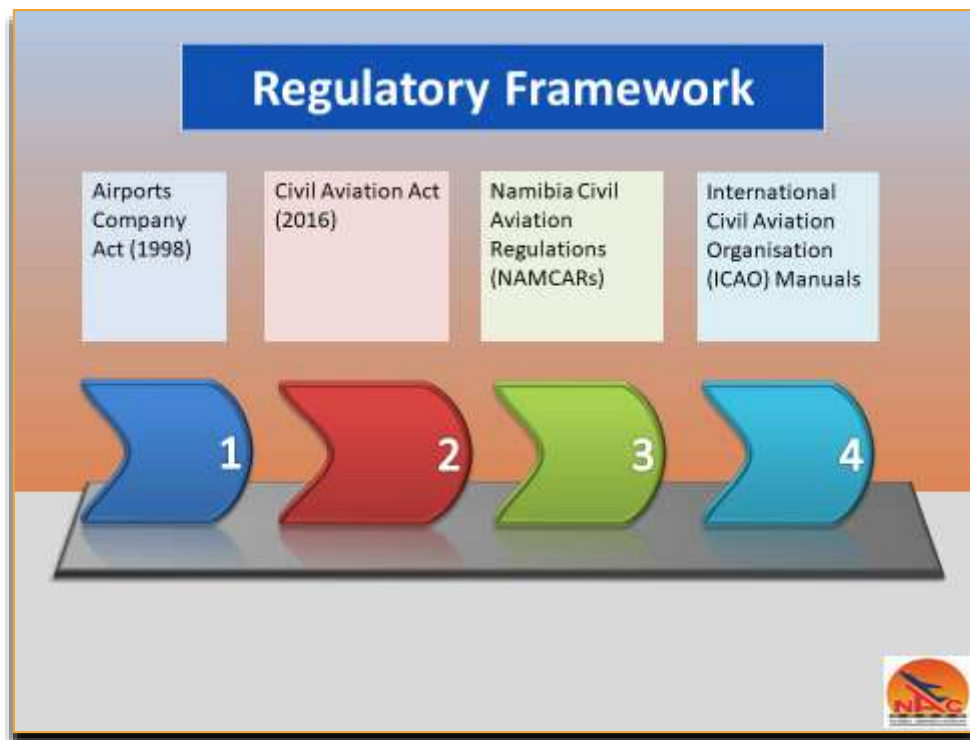


Figure 40: Regulatory Framework

6.3 Board of Directors

Dr. Leake Hangala	- Chairperson
Adv. Irene Visser	- Deputy Chairperson (<i>Deceased May 2021</i>)
Mr. Rudolph Rittmann	- Director (<i>Deceased July 2021</i>)
Mr. Matthew //Gowaseb	- Director
Ms. Elize Petersen	- Director
Mr. Bisey / Uirab	- Chief Executive Officer (non-Board Member)

6.4 Number of Employees

By the end of March 2020, NAC had a total of 366 staff members across all the nine workstations of which 338 were on permanent contracts and the remaining 28 on temporary contracts.

Due to the nature of the company's operations, the distribution of staff by gender remained skewed, with 254 staff members being male, representing 72.77% of the total workforce.

The table below depicts the staff for the period 2017 - 2021:

Year	Management	General staff	Contract Employees (including internships and bursaries)	Total
2021	43	295	28	366
2020	45	294	46	385
2019	39	288	22	349
2018	41	298	16	355
2017	37	312	26	375

Figure 41: Staffing 2017 to 2021

6.4.1 Staff Age Profile

The NAC age profile remains young with the average age of 40 years. This is mainly because the aviation industry is training intensive and it requires skills that are not readily available in the market; NAC adopted a strategy to invest in the young generation through the on the job development and upskilling in the respective career paths.

6.4.2 Employee wellness

The NAC employee wellness program involves medical examinations which are conducted through partnerships with various healthcare providers.

The Company conducts examinations for compliance positions regular ailment surveillance and on annual basis a comprehensive health testing. For the wider employee population, the company conducts bi-annual voluntary health testing day. And the period under review was the skip year for the health testing.

NAC continued to provide ongoing occupational and personal health education sessions to employees. Emphasis in the financial year under review was placed on the impact of addictive substances and healthy nutritional meals and life style diseases.

6.4.3 Employee Relations

The company is guided by the Code of the Discipline and Grievance procedure to resolve disciplinary and grievance matters, the employees are trained and informed about this framework and employees and management make use of this readily available process to resolve grievances and disciplinary matters.

The NAC HR Relations team was able to ensure stability for the Company in the period under review by negotiating and concluding a wage and substantive agreement for employees in the bargaining unit with our strategic partner, the Namibia Public Workers' Union (NAPWU) in order to foster harmonious employee relations. The Company maintains a cordial relationship with the recognised trade union, although both parties serve different interest.

6.4.4 Business model

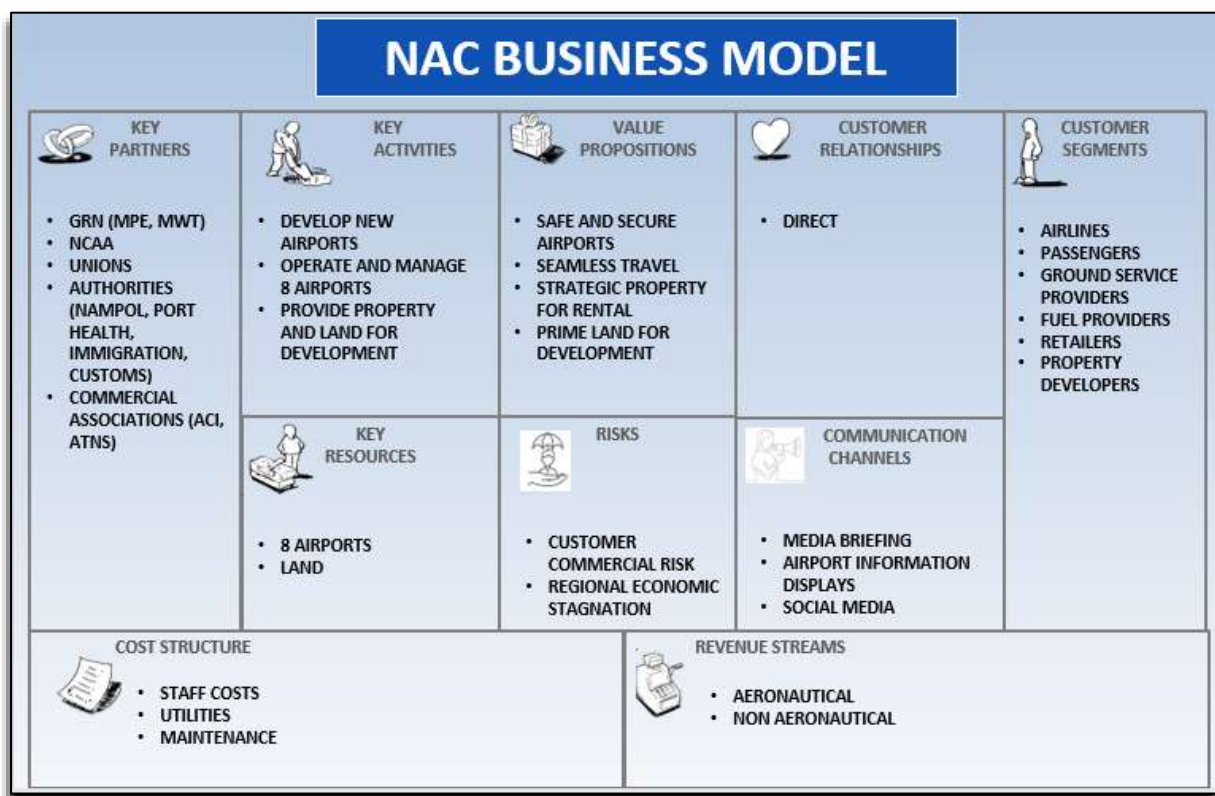


Figure 42: Business Model

6.4.5 Industry relevant key indicators

6.4.5.1 Compliance status

The licensing status of the airports under NAC's control is as follows:

Airport	Status
Hosea Kutako International (WDH)	Interim Certificate (Cat A airport)
Walvis Bay International (WVB)	Interim Certificate (Cat A airport)
Andimba Toivo ya Toivo (OND)	Interim Licence (Cat C airport)
Eros (ERS)	Interim Licence (Cat C airport)
Keetmanshoop (KMP)	Interim Licence (Cat C airport)
Luderitz (LUD)	Interim Licence (Cat C airport)
Rundu (NDU)	Interim Licence (Cat C airport)
Katima Mulilo (MPA)	Interim Licence (Cat C airport)

Figure 43: Airports licensing status

6.4.5.2 Safety

- An effective level of compliance of 74% was achieved at HKIA during the period 2019/20 against the NDP 5 target of 71%;
- Service level agreement in respect of Airport Rescue and Firefighting Vehicles (ARFF) was developed, signed and implemented during the review period;
- Safety Management System organisational structure established and implemented at NAC's main airports through Safety Action Group and Runway Safety Teams;
- Aerodrome Maintenance Programme for NAC's main airports in particular HKIA, Walvis Bay International, and Andimba Toivo ya Toivo (ATYT) were developed, approved by the Namibia Civil Aviation Authority (NCAA) and implemented during the period under review.
- The ARFF training program was developed and approved by the NCAA to enhance capacity building to effectively manage emergencies at the airport.

6.4.5.3 Security

- Development of various Standard Operating Procedures as part of the approved Airport Security program to enhance security services at the aerodrome
- Main passenger screening point area was expanded by regaining space from a retail shop, the screening point was redesigned, and enhanced queuing space was added for passengers. As such the throughput and facilitation processes of the main passenger screening and immigration points were enhanced. The re-designed main check point included, among others, three (3) screening equipment and two walk-through metal detectors, a fast track line for Business Class passengers and the crew, line for authorised staff and passengers with reduced mobility (PRMs); an ETD (Explosive Trace Detector) station; a staff exit lane and a private search room.
- A CCTV system was installed at the airport at the cost of approximately N\$9,6 million, to complement the provision of aviation security services by the Namibian Police and to abate acts of unlawful interference to civil aviation at the airport. The CCTV is being operated on a 24-hour basis.
- A randomiser was activated on the WTMDs set to the level established by the requirements of the NCAA in its capacity as the Appropriate Authority of Aviation Security within Namibia to facilitate the random and unpredictable screening measures for passengers and their cabin baggage in the manner required under the ICAO Annex 17.

- An Explosive Detection System (EDS) was brought into operation, enabling the capability for explosive detection of hold baggage. The aforesaid EDS is set to display 100% of the images at Level 1 and an ETD was installed as a screening method for Level 2.
- A mechanism to secure the baggage line into the Baggage Handling System (BHS) was installed and procedures for securing and searching the BHS tunnel were implemented.
- The Baggage Make-up Area (BMA) was fenced-off and access control was established in order to enhance the protection of this highly sensitive area in adherence to Standards and Recommended Practices (SARPs) of the International Civil Aviation Organisation (ICAO).
- Security stickers for screened hold baggage were implemented in line with established standard operating procedures. More so, quality control activities were also initiated in order to oversee the healthy implementation of security measures at the airport. All internal quality control activity reports are shared with the Appropriate Authority for civil aviation in Namibia.
- A Memorandum of Understanding between NAC and the Namibian Police, in respect of the provision of Aviation security screening at NAC airports, was signed
- The Civil Aviation Security Training Programme was developed and approved by NCAA and a total number of 44 Namibian Police officers were successfully trained and certified as security screeners for NAC airports.
- The training program for Airport Rescue and Firefighting was also developed.

6.5 SWOT Analysis

STRENGTHS	WEAKNESSES
1. Young educated team	1. Limited teamwork and commitment
2. Robust balance sheet	2. Inadequate Staff in certain areas
3. Good investment plans	3. Inadequate training and development programs
4. Strong liquidity	4. Not all policies are in place (some outdated)
5. Strong, dynamic, vibrant team	5. Lack of Uniforms and PPE
6. Eager to learn more in Aviation Industry	6. Absence of certified instructors (Safety and ARFF)
7. Organisation – Executive Team in place and CEO	
8. Availability of land to develop	

9. Training – 5 Certified AVSEC Instructors & Approved AVSEC Training Program	7. No approved maintenance programs at unlicensed (Eros and Regional) – only on licensed airports
10. Security Operations – MoU between NAC and NAMPOL	8. Unlicensed airports (Eros and regional)
11. HKIA Congestion Alleviation	9. Unreliable ARFF trucks and X-ray machines
12. Institutional memory	10. Lack of maintenance on equipment, tools and equipment
13. Existing Microsoft Enterprise Agreement	11. Inadequate apron areas - marking, signage
14. Supportive Board	12. Inability as a regulated service provider to implement corrective action plans approved
15. Improved staff morale	13. No AVOPs (Airside Vehicle Operators Permits) in place – training and access (system)
16. Reduced internal legal exposure	14. No integrated security management system in place and outdated permit system
17. Sound/stable relationship between management and shop stewards	15. Lack of SLA's to streamline processes
18. Shareholder Cooperation and assistance	16. Poor communication skills amongst the team
	17. Culture (Poor organisational culture)
	18. Historical financial management issues
	19. Weak profitability
	20. Ability to adapt to changing economic climate
	21. Lack of training support and career advancement
	22. Lack of skills in airport specific environment
	23. High reliance on external service providers
	24. Not comprehending the dynamics that comes with diversity
	25. Insufficient communications infrastructure

	26.	ERP not performing at expected level
	27.	No recognition and reward in place
	28.	No sense of accountability
	29.	Lack of coordination of activities
	30.	Favouritism and leadership absence – not visible
	31.	Inadequate attention to skills and soft skills development
	32.	Negative publicity
	33.	Weak brand
	34.	Lack of lease management procedures in place
	35.	Limited commercial facilities at all airports
	36.	Poor airport service quality
	37.	Lack of SLAs for PMS (Parking Management System)
	38.	Lack of Airport Master Plans / Land Use Plans – capacity to implement
	39.	Poor debt management
	40.	Lack of training for staff
	41.	Weak internal process (inefficient ERP system)
	42.	Lack of de-peak (apron congestion)
	43.	Dependence on passenger movements on aeronautical revenue
	44.	No incentive to attract more opportunities at our airports (lack of innovation)
	45.	Lack of ERP skills
	46.	Old outdated ERP system
	47.	Lack of ERP SLA
	48.	Lack of general SLA
	49.	Insufficient control environment
	50.	Poor planning and project management
	51.	Skills gap at certain functions
	52.	Outdated / ageing equipment & infrastructure

	53. Improper contract management 54. Lack of standardization of equipment 55. Organisational structure not responsive to organisation 56. No lease agreements with GRN 57. Lack of urgency in addressing employee concerns 58. Poor relationship with external service providers 59. Non-compliant perimeter fence 60. General lifetime of critical equipment is expiring 61. Poor security systems at some airports 62. Lack of PMS (Payment management systems) 63. Regulatory compliance and audit preparedness 64. Collection of outstanding debts 65. Legal risks (court cases) 66. Preparedness to deal with external risks 67. Revenue leakage (Cash handling payment methods)
<p style="text-align: center;">OPPORTUNITIES</p> 1. Office 365 migration 2. Regulatory Compliance - partly (licensed aerodromes) 3. Room for improved revenue and cost control 4. Availability of technology and innovation 5. Willingness of external providers of Finance 6. Benchmarking opportunities available 7. Career advancement into airport specialists 8. Opportunity to upskills / reskill 9. Build capacity in the country in aviation industry	<p style="text-align: center;">THREATS</p> 1. Inadequate government funding for capital projects 2. Deteriorating economic outlook 3. Industry risks with direct impact on revenues/cash flows (or going concern status) 4. Restrictive legislation 5. Losing of competent employees to other entities 6. Insufficient funds for capital and maintenance works 7. Mixing of screened and unscreened aircraft operations and passenger movements (security)

10. Revenue Generation	8. Change in regulations (NAMCARS – 2018) coming into effect in 2020
11. Diversification on non-aeronautical revenue	9. High risk flights from red areas operating at HKIA – may increase exposure to security threats
12. Potential to attract airlines to Namibia	10. Congested apron (reduced capacity leading to reduced revenue)
13. Leverage on high demand for property development	11. Economic slow down
14. Cargo development at Walvis Bay	12. Air Namibia / South African airlines biggest debtors
15. Katima Mulilo is a tourism hub	13. Current economic conditions
16. Increased capacity for scheduled operations	14. Shareholders stance with respect to Air Namibia
17. Potential to attract airlines in Namibia (LCC)	15. Mismatch between education output and NAC requirements
18. CUTE implementation	
19. ATYTA (Ondangwa) increased flights to neighbouring countries	
20. Leveraging on technological advancements	
21. Peace and stability in our country	
22. Microsoft Enterprise Agreement allows for training of staff	
23. Developing a certification path for staff	
24. Corporate Social Responsibility - the ability to take in students to assist with general IT tasks	
25. Build a unified communication system	
26. Use of cloud services for mobility	
27. Upgrading of core network/infrastructure server	
28. Supportive Shareholder	
29. Established infrastructure	
30. Potential to strengthen collaboration with regional stakeholders (ACSA, ATNS)	

6.6 PESTEL Analysis

POLITICAL

Peace and Stability has ensured policy continuity and certainty
Public Enterprise established by Act - State-Owned entity
Political standing regionally
Policy reform
International Market Exposure through airlines
International Trade Dynamics - Brexit / Trade Wars
Political interference / bureaucracy
Geo-Political Developments
Immigration regulations - visa on arrival
Labour legislation
Tax legislation
Maturing democracy

ECONOMIC

Sluggish global economy
Exchange rates
Airline fuel surcharges
Interest rates
Inflation
Country credit rating
Unemployment rate
National fiscal capability
Various economic blocks
Airline industry challenges
Export / import factors
Export capabilities
ICAO Mandatory fee structures
Barriers to entry for market
Flexible pricing barrier - pricing controls impacting competitiveness
Ease of doing business
Market demand is there
African Open Skies - connectivity, 5th Freedom rights, tax

Advocacy role in high-level decisions
Taxes on maintenance (parts)
Prudent use of resources / savings

SOCIAL

Travel trends (changing)
Travel experiences
Education
Employment trends
Demographic trends
Gender representation
Airports used for communities / health
Organisational culture and team morale
Labour relations
Cultural diversity
Service levels
Role in CSI and Community

TECHNOLOGICAL

Customer self help
Speed of change - scalable architecture
Impact on cost structure
Ease of facilitation
Internet connectivity
E-Commerce capabilities - Data Privacy
Cyber Security
Mobile Apps
Adoption of technology
Airport experience marketing

ENVIRONMENTAL

Energy efficient equipment - carbon footprint
Climate change - NAC ability to service, pressure on maintenance
Waste disposal / recycling
Fire Training
Emergency power
Cooling / heating
Emission regulations - cost, air / water quality, noise pollution
Safety hazard - wildlife (CITES)
Health and Safety Trends
Namibia Environmental consciousness

Pollution programs

LEGAL

Procurement Act

Regulatory environment - Civil Aviation act, PPP Act, NAC Act, Labour Act, PEGA, Criminal Procedures Act

Foreign Legal requirements - EU Compensation

Pre-certification of cargo

Municipal By-laws - visual aids

Taxation laws - airlines

ICAO Regulations and Standards

Jurisdiction of contracts / NAC Jurisdiction

Grandfather rights

Customs import / export regulations

DGR Regulations

Competition Law

6.7 Organogram

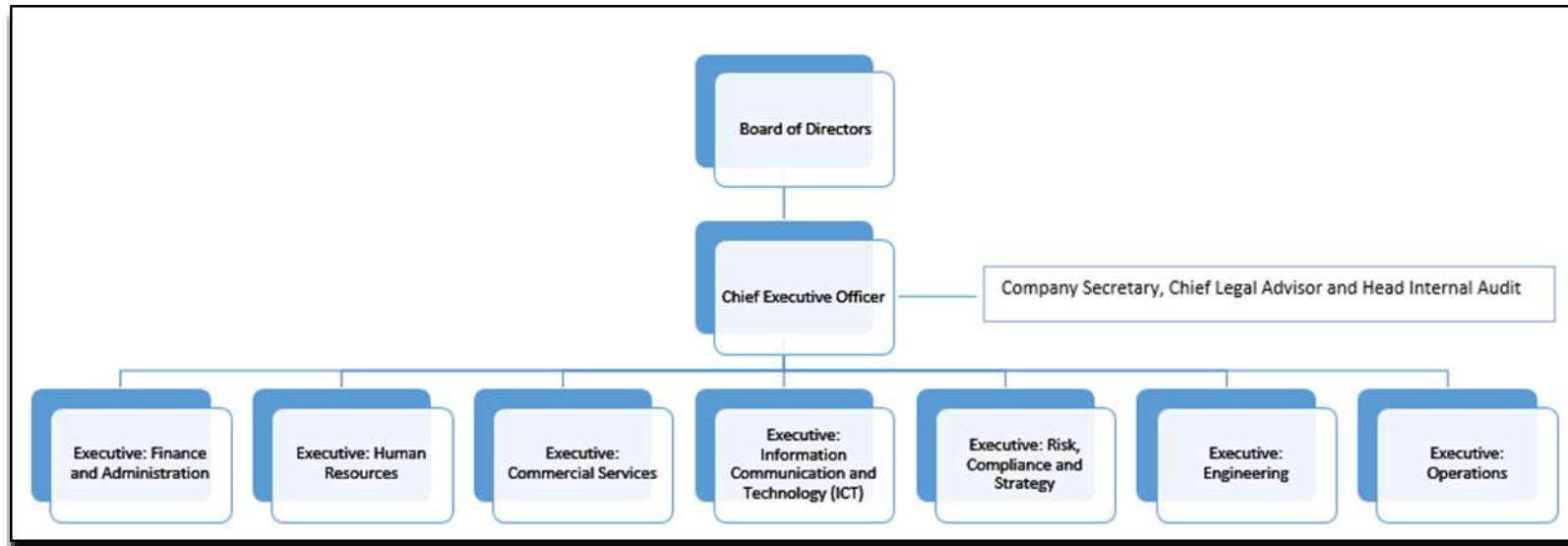


Figure 44: NAC Organisational Structure