

AFRICA RISK CONSULTING

Namibia Monthly Briefing July 2025

Namibia Summary 9 July 2025

In the World Bank's recent income classification for the 2026 financial year, Namibia is re-classified from an upper-middle-income country to a lower-middle-income country due to Namibia's decreasing Gross National Income (GNI) per capita. Namibia inaugurates its first shipment under the Africa Continental Free Trade Agreement (AfCFTA), a significant milestone for Namibia's economic and trade integration into the continent. Windhoek increases its electricity tariffs by 4% in the Electricity Control Board's (ECB) annual tariff setting process, placing further inflationary pressures on consumers.

World Bank reclassifies Namibia as lower-middle-income country

In the **World Bank's** recent income classification for the 2026 financial year, Namibia was re-classified from an upper-middle-income country to lower-middle-income country due to the country's decline in gross national income (GNI) per capita from \$4,870 in 2023 to \$4,240 in 2024.¹ This figure falls below the new threshold of \$4,495 minimum to retain upper-middle-income status.

The calculations of the income group classification are based on the **United Nations (UN) Population Division 2023**, which increased Namibia's population estimates by 13.8%, together with Namibia's decreased economic growth from 4.4% in 2023 to 3.7% in 2024.² These classifications are important for the World Bank to keep track of global developments but also inform national government's policy decisions.

The Namibian government has consistently criticised the World Bank's classification of the country as an upper-middle-income country by stating that it does not reflect the lived reality of many Namibians, does not account for the country's income inequality and limits the country's access to donor support and concessional finance - the World Bank's country classification can influence a country's access to development assistance and concessional financing.³ The government has not yet responded to the re-classification.

While Namibia might have more access to donor support from the international community due to the re-classification, the re-classification does still raise concerns about poor economic performance. Furthermore, accessing more loans requires greater debt management, and the country could struggle if it does not drastically address its current economic trajectory to increase economic growth.⁴

The World Bank's re-classifications might hold potential benefits for the country if it can utilise the access to lower-interest rate loans but must also adapt its current economic trajectory to increase employment and economic growth. However, in the more immediate future, the re-classification risks affecting investment into Namibia, especially when the country is actively trying to attract investment into its oil and gas sector.

Namibia inaugurates first AfCFTA shipment

¹ Africa Business Insider, 7 Jul 2024

² Windhoek Observer, 3 Jul 2024

³ The Brief, 6 Jul 2025

⁴ The Brief, 6 Jul 2025

Namibia launched its inaugural export consignment under the **Africa Continental Free Trade Area (AfCFTA)** on 30 June, shipping 45,000 tonnes of salt to **Nigeria**, marking a significant milestone in the country's integration with the rest of the continent.⁵ Namibia stands to benefit enormously from the AfCFTA to boost to the country's revenue. Currently, Namibia is heavily reliant on the **South African Customs Union (SACU)** for national revenue, with estimates that 40% of Namibia's public budget is dependent on SACU receipts.⁶ Potential income under the AfCFTA will diversify income for the country, increasing trade opportunities to 55 countries, significantly more than the 15 members of SACU, and help alleviate the risks of over concentrating its public budget on SACU.⁷

Although Namibia ratified the AfCFTA in 2018, it only exported its first shipment now following the completion of its **Provisional Schedules of Tariff Concessions (PSTC)**.⁸ Namibia's initial inactivity under the AfCFTA was concerning for the country's trade relations as it already has significant trade with AfCFTA country members – in 2024, Namibia exported \$10.3m and imported \$4m worth of goods to and from AfCFTA countries.⁹ Namibia's engagement with the AfCFTA is set to ease its trade engagement with the countries to which it imports and exports the most, namely **Cameroon, Egypt, Ghana, Kenya, Rwanda and Tunisia**. Namibia's main exports to these countries include salt, fish, beef, fresh grapes and solar panels while the main imports include calcium chloride, flowers, fabrics, sanitary pads, headlights and chocolate.¹⁰

While Namibia's engagement of the AfCFTA presents opportunities for the country, there are important issues the government would need to take note of. The **Namibia Trade Forum (NTF)** has rightfully noted that to fully embrace the greater market opportunities the AfCFTA holds, Namibian companies need to ensure that their products meet export requirements and standards from importing countries.¹¹ If products are not made to meet export requirements from the beginning, it becomes more challenging to remain price competitive. Another issue the country should focus on is banking infrastructure, to ensure that money is received safely and affordable across the continent.¹²

Namibia's engagement with the AfCFTA is a milestone in the country's trade relations with the rest of the continent but some challenges remain to fully utilise the opportunities the agreement presents.

Windhoek and NORED increases electricity tariffs

The **Electricity Control Board (ECB)** held its annual tariff-setting process between 13 May and 15 June, approving a 3.9% increase for electricity in **Windhoek**.¹³ The city justified its increased electricity tariffs by stating that it needs the increased budget to do maintenance brought forth by the expansion of the city, and an increase of technical personnel.¹⁴

However, the implementation of the increased electricity tariffs has been placed on hold as the city reportedly does not comply with the regulations as stipulated by the ECB. According to ECB chief executive, **Robert Kahimise**, the city must still submit financial statements for the 2023/2024 financial year, submit quality of power supply reports and submit a detailed report on the Electricity Business Unit ring-fencing progress status.¹⁵

⁵ APA News, 30 Jun 2025

⁶ Windhoek Observer, 8 Apr 2025

⁷ New Era, 10 Apr 2025

⁸ Namibian Sun, 24 Sep 2024

⁹ NBC, May 2025

¹⁰ NBC, May 2025

¹¹ The Namibian, 2 Jul 2025

¹² The Namibian, 2 Jul 2025

¹³ The Namibian, 6 Jul 2025

¹⁴ Namibian Economist, 9 Jun 2025

¹⁵ The Namibian, 6 Jul 2025

While the implementation of the increased tariffs is still pending, the raised electricity prices are expected to have an impact on residents as the government has set aside N\$283m (\$16m) to cushion the impact.¹⁶ Windhoek is not the only city and district which is expecting an increase of electricity tariffs, as ECB also approved a 4% increase for areas the **Northern Regional Electricity Distributor (NORED)** supplies - **Kunene, Omusati, Oshana, Oshikoto, Ohangwena, Kavango East, Kavango West and Zambezi** - lower than the applied for 7% increase.^{17 18}

The higher electricity costs will place pressure on households and increase the cost for businesses to operate, which is important to consider as Windhoek is one of Namibia's most concentrated business and industrial hubs. Although it is rational for Windhoek to increase electricity tariffs to accommodate increased electricity demand and infrastructure expansion, the economy and employment must also grow to cover the rising cost of living costs.

Planner

12-15 Aug 2025 **Windhoek (Namibia) Namibia Oil and Gas Conference 2025**

Chronology

7 Jul 2025 **Windhoek (Namibia) The Namibian**. State-owned petroleum company **Namcor** is seeking a government bailout of between \$40m and \$46m to help manage its debt accrued largely during former managing director **Immanuel Mulunga's** tenure;

5 Jul 2025 **Windhoek (Namibia) The Namibian**. **Bank of Namibia** (central bank) instructs all banks to reduce the interest rate spread on loans by 25 basis points in two phases before the end of 2025, aiming to make borrowing more affordable for consumers and businesses;

4 July 2025 **Walvis Bay (Namibia) The Namibian**. Walvis Bay-based **Cleanergy Solutions** announces that it is going to invest N\$50 billion (\$2.8 billion) into the construction of a large-scale green hydrogen and ammonia production facility at **Arandis**;

3 July 2025 **Windhoek (Namibia) The Namibian**. President **Netumbo Nandi-Ndaitwah** announces that agro-processing facilities will be established in all 14 regions of Namibia;

2 July 2025 **Windhoek (Namibia) Ministry of International Relations**. International relations and trade ministry participates in the **Nkurenkuru Expo**, which demonstrates local products, innovation and culture;

1 Jul 2025 **Windhoek (Namibia) The Namibian**. President **Netumbo Nandi-Ndaitwah** appoints new regional governors and urges them to work diligently to implement the ruling **South West Africa People's Organisation** party's manifesto and serve their communities effectively;

30 June 2025 **Windhoek (Namibia) Ministry of International Relations**. **United Nations Development Program (UNDP)** deputy representative Dr **Christian Shingiro**, pledges to support Namibia to facilitate Namibia's increased trade under the **African Continental Free Trade Area (AfCFTA)**;

30 Jun 2025 **Windhoek (Namibia) The Namibian**. International relations and trade ministry launches its first export under the **African Continental Free Trade Area** from **Walvis Bay**, marking the country's active participation in the continent-wide trade agreement;

¹⁶ The Brief, 9 Jun 2025

¹⁷ The Namibian, 6 Jul 2025

¹⁸ Namibia Economist, 30 Aug 2013

27 June 2025 **Windhoek (Namibia) Ministry of International Relations.** **Botswana's** high commissioner **Phemelo Rankoro**, pays a courtesy call to international relations minister **Selma Ashipala-Musvayi** to discuss issues of mutual interest;

27 June 2025 **Windhoek (Namibia) Ministry of International Relations.** **Finland's** ambassador **Leena Viljanen**, pays a courtesy call to international relations minister **Selma Ashipala-Musvayi** to discuss opportunities to strengthen bilateral relations;

25 Jun 2025 **Windhoek (Namibia) The Namibian.** Government approves a pension-backed home loan scheme allowing members of the government institutions pension fund to use a portion of their pension savings as collateral for housing loans;

24 June 2025 **Luanda (Angola) Ministry of International Relations.** Namibia participates in the 17th **United States (US)-Africa Business Summit**;

21 June 2025 **Windhoek (Namibia) Ministry of International Relations.** The third **Commonwealth Trade Ministers Meeting (CTMM)** concludes with calls for the strengthening of SMEs and MSMEs for Small Island Developing States within the Commonwealth;

16 June 2025 **Windhoek (Namibia) The Institute of Security Studies.** An **Institute of Security Studies (ISS)** report reveals that fishing vessels are plundering Namibia's fishing supplies from the **Angolan** border;

12 Jun 2025 **Windhoek (Namibia) The Namibian.** Namibia will host the **Commonwealth Trade Ministers Meeting (CTMM)** and the inaugural **Commonwealth Business Summit** from 16 to 20 June, marking the first time the CTMM is held outside **London (United Kingdom)**;

7 Jun 2025 **Windhoek (Namibia) The Namibian.** Windhoek-based **Ohorongo Cement's** managing director **Hans-Wilhelm Schütte** reports the company expects more job cuts after **Botswana** announces a ban on 50kg cement imports starting 1 August, which has removed a key export market for the company;

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