

AFRICA RISK CONSULTING

Country briefing – Namibia

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Summary

The ruling South West Africa People's Organisation (SWAPO) creates a disciplinary committee at its party elections but makes no major personnel or policy changes. South Africa and Namibia inaugurate a Bi-National Commission. South Africa pledges \$10m for drought relief programme as Namibia experiences its worst drought in 30 years. Cattle farmers are selling livestock at below market rates and the broader agricultural sector will require at least three years to recover. Mining receives a boost with the opening of a copper milling plant and a copper mine slated to open. The Namibian Ports Authority signs a \$338m deal to expand the Walvis Bay container terminal.

1.1 SWAPO Politburo largely unchanged

Few changes in leadership and policy emerged from the ruling **South West African People's Organisation (SWAPO)** party elections in late October. Additions to the politburo are long-standing finance minister **Saara Kuungongelwa-Amadhila** and former secretary for transport **Helmut Angula**, both former politburo members who returned through presidential appointments.¹ Kuungongelwa-Amadhila is popular within SWAPO and among the opposition parties for her prudent fiscal management.²

The party created a disciplinary committee composed of eight members which will fall under the secretary general's office. Since independence in 1990, SWAPO has suffered sporadic bouts of factionalism and according to secretary general **Nangolo Mbumba** the committee was established as a way of dealing with grievances and maintaining internal party discipline.³ Described as experienced party elders, the committee's members include **Ngarikutuke Tjiriange** (Chair), **Libertina Amathila** (Deputy), **Theo Ben Gurirab**, **Doreen Sioka**, **Willem Konjore**, **Connie Pandeni**, **Tommy Nambahu**

¹ New Era, 23 October 2013

² ibid

³ ibid



and **Germina Shitaleni**.⁴ Konjore is a former deputy speaker of the national assembly and has recently found guilty in court for assaulting a woman.⁵

President **Hifikepunye Pohamba's** (2005 – present) second term ends in 2014.⁶ SWAPO's vice president and the deputy prime minister Dr. **Hage Geingob** is the current frontrunner as the party's candidate in next year's election. However, concerns over his health may give rise to calls for another candidate.⁷

SWAPO has ruled Namibia largely unchallenged since independence from South Africa in 1990. With little external pressure or political opposition (see below), it won 75% of the poll in 2009 and holds 54 of 72 seats in parliament. SWAPO aligned personalities and companies have come to dominate a relatively small economy of \$12.8 billion (2012) entrenching crony-capitalism and corruption.

The opposition is disorganised, caught in leadership tussles and unlikely to mount a serious challenge to SWAPO in the next election. Opposition parties hold 18 seats in parliament. The leaders of the **Democratic Turnhalle Alliance (DTA)** and candidates for party leadership **Katuutire Kaura** and **McHenry Venaani** are engaged in open conflict.⁸ Venaani is 36 years old in a political arena dominated by elder men. With a little over half of the country's population under the age of 25, Venaani's ability to attract the youth vote could be an important factor in the 2014 election.⁹

The drought has negatively affected SWAPO's domestic standing:

*"I would say that there will most definitely will be political impact from drought, particularly because of poor management in some areas outside of the SWAPO heartlands and in particular in the **Omaheke** region where they have hitherto enjoyed growing support. Cost of living combined with the worst drought in 30 years, evidence of rife corruption and rule by the tenderpreneurs (a class of businessman that relies on political connections to win government contracts) is growing. They have stumbled from one crisis to the next of late."*¹⁰

⁴ ibid

⁵ Namibian Sun, 28 October 2013

⁶ The New Era, 8 November 2013

⁷ Institute for Security Studies, 11 October 2013

⁸ The New Era, 8 November 2013

⁹ 'Country for old men', Africa Confidential, 15 November 2013

¹⁰ Veteran Namibian political analyst

Although the drought has hurt Namibia's economy (see below), it is unlikely to cause major political instability or undermine SWAPO's performance in the next election.

*"Despite, negative sentiment over SWAPO's handling of the drought, it is doubtful that will translate into votes for the opposition - more likely in an even lower electoral turn-out, which however does give the smaller opposition parties a bit more chance of gaining seats because of the proportional system. There was evidence of this recently when a squatter camp outside Swakopmund returned all their voting cards (about 4,000) to the ECN (Electoral Commission of Namibia) because of the local government's failure to deliver basic services to them."*¹¹

External support such as the drought relief donation from **South Africa** (see below) may alleviate suffering and improve the incumbent government's standing in the next election.

SWAPO's macro-economic posture remains focused on trying to attract foreign direct investment, particularly in the mining sector. With more than 37% of Namibia's working age population unemployed, growing the economy to provide opportunities is imperative.¹² With a small population of only 2.3m and the retail, telecoms and financial sectors dominated by established South African companies, there are few opportunities for foreign investors.

1.2 Namibia-South Africa Bi-National Commission formed

South Africa's President **Jacob Zuma** visited on 7 November to inaugurate a bi-national commission between the two states and pledge \$10m in drought relief (see below).¹³ Zuma's visit is seen as an attempt to strengthen ties between Namibia and South Africa. He was quoted as saying that it would lay a foundation for collaboration in the fight against poverty, underdevelopment and unemployment.¹⁴ South Africa accounts for 80% of investments in critical areas of the economy including mining, retail, banking and insurance.¹⁵ It also accounts for 70.1% of Namibia's imports. The visit is aimed at institutionalising cooperation in areas of development initiatives, particularly infrastructure development and economic integration.¹⁶

¹¹ Veteran Namibian political analyst

¹² The Namibian, 28 March 2013

¹³ The Namibian, 7 November 2013

¹⁴ ibid

¹⁵ African Brains, 15 November 2013

¹⁶ ibid

The bi-national commission is meant to oversee the practical implementation of 52 agreements and memoranda of understanding that already exist between the two countries.¹⁷ According to South African foreign minister **Nkoana Mashabane**, the commission will henceforth meet annually to enable efficient implementation of agreements and identify new areas of common interest.¹⁸ The bi-national commission developed out of the previous **Heads of State Economic Bilateral Forum**, representing a milestone in diplomatic relations between the two countries.¹⁹ It is expected to foster consistency, structure and depth in areas of cooperation.

A bi-national commission is a cooperation agreement at the level of head of state (or similar) and commits the parties to a schedule of face to face meetings, normally annually. South Africa has a raft of such commissions (for example with **Germany, China** and **Botswana**) but with the meetings held behind closed doors and at a high level, there is little direct measurable impact for businesses.

1.3 Drought threatens economy

Over 500 000 people are facing starvation in the country's worst drought in 30 years.²⁰ In May Pohamba declared a state of emergency and requested \$33.7m aid but received little international support.²¹ Live cattle exports have increased by 150% from January to September this year over the same period last year as rising feed costs force farmers to sell their livestock.²² Cattle that would have fetched N\$7,000 (\$700) in 2012 are selling for N\$1,200 (\$120).²³ The result has been lower prices in **Angola** and South Africa, the key export markets. These rapid exports will undermine restocking and herd building for the next three years.²⁴ South African imports have been used for restocking in the past but future imports may not be possible due to the presence of foot and mouth disease in some areas. Botswana may be an alternative source for restocking. Job losses have been reported as agricultural production contracts. Depending on the season, between 25-40% of the population depends on subsistence agriculture.²⁵ Farmers are expected to plant up to 50% less than the 2012/2013 season which will have a negative impact on the production and supply of grains such as

¹⁷ African Brains, 15 November 2013

¹⁸ South African Foreign Minister, Maite Nkoana Mashabane quoted in SABC, 7 November 2013

¹⁹ The New Era, 7 November 2013

²⁰ ibid

²¹ ibid

²² ibid

²³ 'Namibia battles worst drought in years', Al Jazeera, 9 October 2013

²⁴ The Namibian, 15 November 2013

²⁵ 'Drought devastates Epukiro farmers', New Era, 14 November 2013

millet and maize.²⁶ Insurance premiums have increased due to higher risk which will motivate farmers to plant less. Local farmers will not be able to compete with cheaper imports from South Africa and other countries in the region unaffected by drought.²⁷

1.4 Copper mining industry picks up

Minister of mines and energy **Isak Katali** re-opened **Weatherly International's** \$90m final product copper mill project on 12 November. The **Tshudi** mining project also involves Chinese, South African and **Australian** investors, managers and specialists.²⁸ It is expected to employ 800 people during the construction phase and 600 at commencement of operations in 16 months.²⁹ The intended scale of production is 17 000 tonnes per annum of pure refined copper potentially suitable for downstream manufacturing projects.

In addition, **Craton Resources Ltd**, the Namibia based subsidiary of the Australian registered **International Base Metals Ltd**, has proposed to develop a copper oxide mine north east of **Windhoek**. Exploration began in 2007 and once mining begins it is expected to have a seven-year lifespan.³⁰ Negotiations are still pending for the purchase of farmland on which the deposits are located.

1.5 Walvis Bay container terminal to be expanded

The **Namibian Ports Authority (Namport)** signed a \$338m deal with the **China Harbour Engineering Company** on 12 November to build a new container terminal at **Walvis Bay** port.³¹ The **African Development Bank** will finance construction of the expansion. The deal constitutes part of the **National Development Plan** that aims to make Namibia a regional logistics hub by 2017.³² Walvis Bay's container holding capacity will increase from 3,500 TEU (twenty-foot equivalent units) to 1 050 000 TEUs per year. Expansion of the logistics sector is expected to improve the employment of youth and women. The deal will also finance new port equipment, staff training and transport networks linking the port to Namibia's internal transportation systems and the **Southern African**

²⁶ The Namibian, 15 November 2013

²⁷ The Namibian, 15 November 2013

²⁸ New Era, 15 November 2013

²⁹ ibid

³⁰ New Era, 11 November 2013

³¹ Weatherly CEO, Rod Webster

³² The Namibian, 15 November 2013



Development Community (SADC) region.³³ This may facilitate the capacity to handle Botswana's projected expanded coal exports and to take advantage of other potentially lucrative logistics projects in the region.

2 Implications

There was no significant shift in policy or leadership changes in SWAPO's recent politburo meeting. SWAPO is poised to win the 2014 election, with Geingob as its candidate if his health allows. The drought brought renewed attention to the government's shortcomings but this may result in lower voter turnout rather than an increase in support for the opposition. The drought has diminished Namibia's economic competitiveness, particularly in agriculture. The government's drought relief strategy may alleviate human suffering which is projected at high levels. South Africa's recent expression of intent to deepen economic cooperation with Namibia may point to potential in non-agricultural sectors such as mining. The expansion of the Walvis Bay container terminals will make it a potential competitor to South Africa in regional logistics.

³³ Dredging Today, 5 November 2013