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Street protests against gender-based violence force government into belated and still inadequate action. President Hage Geingob (2015-present) accuses white Namibians of wanting to oust the SWAPO Party of Namibia in another sign of ruling party nervousness at the outcome of the upcoming regional and local elections. Geingob promises the government will implement investor-friendly policies. The Bank of Namibia (central bank) keeps its repo rate unchanged on 3.75%. Gross domestic product (GDP) shrinks by 11% in Q2 and diamond output falls by almost half in Q3. Drilling of the large onshore Kavango sedimentary basin starts in December. Inflation stays at 2.4% in September.

Anti-femicide protests rock the country

Widespread anger over escalating sexual gender-based violence (GBV or 'femicide') spilled into the streets of **Windhoek** in mid-October, accompanied by countrywide protest marches, demanding justice and asking government to do more to protect them. In unprecedented scenes, riot police in Windhoek fired teargas and rubber bullets to disperse the protesters, predominantly young women, demonstrating under the banner #ShutItAllDown. Opposition **Popular Democratic Movement (PDM)** leader **McHenry Venaani** condemned the use of force by the police against protesters.¹

The confrontations escalated, leading to the arrest of 23 protesters and three journalists after a crowd estimated at over 300 marched on the **Wernhil Park** shopping mall, with the police **Special Field Force (SRF)** deployed to help quell the protests. While the journalists were released without charge, 23 protesters were charged for contravening section 2 of the **Public Gatherings Proclamation Act** and detained for eight hours in police cells. The police warned against the holding of unlawful and disorderly protest marches. Deputy police chief **Major General Oscar Embumbulu** commented:

*"This country is governed by the rule of law and the police will not tolerate any unlawful acts and will sternly deal with anyone who makes themselves guilty of such acts."*²

The protesters vowed to continue demonstrations until substantive action is taken to address the rising tide of violence perpetrated against women and children. Anti-femicide protesters also rallied in **Swakopmund**, where they stormed the local police station. The protest blocked several roads from **Tamariskia** suburb to the town centre. Non-profit **Missing Persons Unit (MPU)** advocate **Chana Wagner** wants GBV to be treated as a matter of urgency, and expressed her disappointment towards lawmakers and the police for a lack of accountability and sufficient protection for victims:

*"The **Namibian** government and its police force do not care about the safety of our women and they have taken zero accountability. How many times do we refresh our social media pages and we read about an eight-year-old girl raped by her father, 10-year-old raped by her brother or a 20-year-old killed by her boyfriend?"*³

MPU and other civil society groups have submitted a list of 24 demands for action. These include compiling a sexual offender register, a review of sentencing laws for sex offenders and murderers, and expediting all murder and sexual offences cases in trial or under investigations, instituting 24/7

¹ The Namibian, 12 Oct 2020, New Era 14 Oct 2020.

² New Era, 12 Oct 2020.

³ New Era, 12 Oct 2020.

armed patrol around all neighbourhoods, and disallowing the withdrawal of all cases lodged in respect of the **Combating of Rape Act and Domestic Violence Act**.⁴

In an initial response, prime minister **Saara Kuugongelwa-Amadhila** promised formal feedback on the protesters' petition against SGBV after a cabinet meeting held on 22 October. This did little more than resolve GBV should be declared a threat to humanity, with Kuugongelwa-Amadhila tasked with issuing a parliamentary statement on that. The cabinet authorised law enforcement agencies to expand regular patrols throughout Namibia, with relevant line ministries directed to strengthen the capacity of their GBV and forensic units.⁵ More promisingly, PDM MP **Winnie Moongo** has put forward a motion in the **National Assembly (NA)** for the establishment of a sex offender register as part of a solution to curb sexual violence in society.

Elections preview

President **Hage Geingob** (2015-present) has yet to directly intervene in the GBV controversy, as he continues to oversee government efforts to curtail the spread of **Covid-19** infections and is caught up in preparations for the regional council and local authority elections scheduled for 25 November. The pandemic remains a threat to public health; as of 21 October, the online *Worldometer* Covid-19 tracker reported a cumulative total of 12,406 cases in Namibia, up by just under a fifth in a month, with 39 new cases that day, and a total of 133 pandemic-related deaths (one new).⁶

In ARC's view (based on the views of local political experts), despite its commanding presence on Namibia's political stage, the ruling **South West African People's Organisation (SWAPO Party of Namibia)** looks set to be punished at the polls, because of its perceived inability to curb corruption, while getting blame for the economic and social impacts of the pandemic. In a clear sign of nervousness over SWAPO's poll prospects, Geingob lashed out at white Namibians during a speech launching the party's campaign in Windhoek on 18 October. Geingob said he had noted a trend in which white Namibians have been registering themselves to vote "*in big numbers*".⁷ The problem was they were conspiring to vote for "*anything else but SWAPO*". He described this as a declaration of war against SWAPO, despite the ruling party having had made sure that they [white Namibians] enjoy peace, unity and comfort for "*all this time*".

Geingob's comments drew widespread public criticism on social media, with some likening his statements to the recent remarks by defence minister **Peter Hafeni Vilho**, who was criticised for accusing white Namibians of being greedy despite allegedly controlling 70% of Namibia's economy (see *ARC Briefing Namibia September 2020*). PDM vice president **Jennifer van den Heever** condemned the remarks, describing them as "*blatantly threatening, intimidating and indeed an attempt at blackmail against white voters and do not foster the notion of nation building*".⁸ The PDM said it would lodge a complaint to Namibia's ombudsman. Political analyst **Ndumba Kamwanyah** also condemned the president's remarks, saying it was wrong for Geingob to question white Namibians' rights to participate in elections.⁹ Kamwanyah said Geingob's remarks were dangerous and could promote racial intolerance. **Institute for Public Policy Research (IPPR)** director **Graham Hopwood** said Geingob's statements undermine the principle of '*One Namibia, one nation*', which SWAPO has always stood for.¹⁰ The national census conducted every ten years does not record the population by ethnic group, but white Namibians number well under 10% of the total **United Nations**-estimated population of some 2.5 million.

⁴ New Era, 14 Oct 2020.

⁵ New Era, 23 Oct 2020.

⁶ Worldometer (online), COVID-19 Coronavirus Pandemic, 21 Oct 2020.

⁷ The Namibian, 19 Oct 2020.

⁸ The Namibian, 19 Oct 2020.

⁹ The Namibian, 19 Oct 2020.

¹⁰ The Namibian, 19 Oct 2020.

Air Namibia resumes South Africa flights

The resumption of international travel, following the reopening of Namibia to visitors at the start of September, will provide a short-term economic boost.¹¹ State-owned **Air Namibia** is to resume direct flights to **Cape Town (South Africa)** (some via **Walvis Bay**) and **Johannesburg** from 28 October. Air Namibia interim chief executive officer (CEO) **Theo Mberirua** said the restart of the two routes is in line with the airline's plan following the long layoff due to Covid-19.

However, the airline is in bad shape financially. At the end of September it announced a 50% cut for three months in the salaries of cabin crew, pilots and ground staff who have stayed home since the airline stopped commercial flights in March.¹² A proposed part-privatisation of Air Namibia, which has incurred huge losses over the past 20 years, has hit the buffers (see *ARC Briefing Namibia September 2019*).

The travel sector has also been boosted by **Germany's** decision in late October to remove Namibia from the Covid-19 risk country list, which means that travelers returning to Germany from Namibia no longer have to be quarantined and the previous negative testing requirement has been removed. Namibia's ministry of international relations and cooperation commented:

*"This is a great confidence booster for the Namibian travel and tourism industry that was devastated by the understandable pandemic related travel restrictions."*¹³

Geingob pledges to roll out investor-friendly policies

In a bid to refocus government policy on post Covid-19 recovery, Geingob says the government will implement a targeted set of investment promotion incentives to attract foreign direct investment (FDI) from "*across the globe*".¹⁴ He made his pitch at the (virtual) opening plenary session of an extraordinary meeting convened by the **Switzerland**-based **Horasis** private sector grouping to discuss political, economic and social disruptions caused by Covid-19. On its website, Horasis describes itself as "*a global visions community dedicated to inspiring our future*", claiming that hundreds regularly participate in its meetings, including chief executive officers of the world's "*most respected corporations*".¹⁵

Geingob spoke against the backdrop of an economy in freefall and a worrying decline in FDI inflows (see *ARC Briefing Namibia September 2020*). Both FDI and gross fixed capital formation (GFCF) have fallen sharply in the past decade. Having peaked at N\$47 billion (\$2.8 billion) in 2014 – when major investments in new mining capacity were made by firms from **China** (uranium) and **Canada** (gold) – GFCF dropped to N\$30.5 billion (\$1.9 billion) last year, the lowest level since 2012. During 2013-19, GFCF had averaged N\$32 billion (\$2.0 billion) per year.¹⁶ In a wide-ranging statement, Geingob acknowledged that:

"A steadily growing population combined with slower economic growth due to independent intervening variables, namely reduced commodity prices, persistent drought and now Covid-19, has resulted in rising unemployment levels, in particular youth unemployment, giving birth to what is referred to as the 'triple-challenge' of inequality, poverty and high unemployment."

Geingob added that the adverse socio-economic effects of the Covid-19 pandemic have compounded existing challenges such as high debt burdens, reduced fiscal revenues, capital outflows and lack of adequate and sufficient access to financial markets:

¹¹ Namibia Economist, 20 Oct 2020.

¹² Namibia Economist, 20 Oct 2020.

¹³ Namibia Economist, 19 Oct 2020.

¹⁴ Namibia Sun, 5 Oct 2020.

¹⁵ Horasis website.

¹⁶ Namibia Statistics Agency, Annual National Accounts 2019.

“If not urgently addressed, the unfolding crisis could halt or reverse gains on poverty eradication, food security and inequality.”¹⁷

Geingob said policy reforms to attract foreign investors, which the **International Monetary Fund (IMF)** has recommended in successive country mission Chapter IV reports, would be tolled out alongside government funding into projects aimed at diversifying exports (see *ARC Briefing Namibia June 2019*). Geingob said Namibia would develop “a suite of innovative financial tools, including green and blue transition bonds, and international carbon credits as a way to facilitate the needed evolution of our economic structure.”¹⁸ The so-called blue economy involves the sustainable use of ocean resources for economic growth, improved livelihoods, and jobs while preserving the health of ocean ecosystem, according the **World Bank** definition.

Geingob did not provide details of the planned new investment laws and incentives, but a raft of structural policy reforms are expected to be set out in the 2020/21 mid-year budget review, due to be tabled during November by finance minister **Iipumbu Shiimi**. In his end-May annual budget speech Shiimi said he was not bringing in new taxes or raising existing taxes during the current fiscal year, as the mid-year review would include “an accompanying package of structural policy reforms”. These would aim to diversify economic productive capacity, improve competitiveness and enhance domestic resource mobilisation (see *ARC Briefing Namibia June 2020*). Local analysts put the blame for much of the downturn in FDI to policy uncertainties, in particular the controversial **New Equitable Economic Empowerment Framework (NEEEF)**, now at a draft bill stage) and the **Namibia Investment Promotion Act**.¹⁹ The final version of the NEEEF bill has yet to be published, although Geingob has stated publicly on several occasions in the past three years that the original provision for a compulsory transfer of 25% equity stakes in all businesses, whether local or foreign-owned, to historically-disadvantaged Namibians (HDNs) or HDN entities, would be removed.

Central bank keeps repo rate unchanged

The **Monetary Policy Committee (MPC)** of the **Bank of Namibia (BoN)** (central bank) kept the repurchase (repo) rate unchanged at 3.75% at its 21 October rate-setting meeting, despite the economy plunging deeper into recession in Q2 2020 (see below).²⁰ The hold decision was expected by ARC, as the **South African Reserve Bank (SARB)**(central bank) opted to keep South Africa’s repo rate unchanged on 3.75% also at its MPC meeting on 17 September. ARC anticipated that the BoN would not reduce interest rates again, following a 25 basis points (bps) reduction in August, if the SARB had not previously done so (see *ARC Briefing Namibia August 2020*). As ever, the reasoning behind the MPC rate setting decision was set out only briefly. BoN governor **Johannes !Gawaxab** said:

“This decision was taken following a review of global, regional and domestic economic and financial developments. The MPC is of the view that at 3.75 per cent, the repo rate is still appropriate to support domestic economic activity while at the same time safeguarding the one-to-one link between the Namibia Dollar and the South African Rand.”²¹

For his part, SARB governor **Lesetje Kganjago** said that despite a higher than expected inflation rate in July and elevated levels of country financing risk, South Africa’s continued economic contraction and slow recovery will keep inflation below the midpoint of the 3-6% target range for 2020.²² The BoN’s **Monetary Policy Statement (MPS)** noted that Namibia’s domestic economic activity had continued to slow during January-August 2020, with the main exceptions of local electricity generation and telecommunication sectors, which had recorded stronger growth. But output by the

¹⁷ Namibia Sun, 5 Oct 2020.

¹⁸ Namibia Sun, 5 Oct 2020.

¹⁹ Namibia Sun, 5 Oct 2020.

²⁰ Bank of Namibia, Monetary Policy Statement, 21 Oct 2020.

²¹ Bank of Namibia, Monetary Policy Statement, 21 Oct 2020.

²² South African Reserve Bank, Statement of the Monetary Policy Committee, 17 Sep 2020.

mining, manufacturing, wholesale and retail trade, tourism and transport sectors had further contracted and the central bank continues to forecast GDP will decrease by 7.8% this year under its baseline scenario, with modest 2.1% growth in 2021.²³ Private sector credit extension (PSCE) growth further slowed to a year-on-year average of 4.1% during the first eight months of 2020, down from 6.9% for the same period of last year. Growth was entirely accounted for by household borrowing as loans to businesses actually decreased by 1.6% during the same period, reflecting lower demand for credit and higher repayments, compared to 9% growth during January-August 2019. In local currency terms, the stock of foreign reserves decreased to N\$32.7 billion (\$2.0 billion) as of 30 September, down by 8% from N\$35.4 billion (\$2.2 billion) as at end-July (see *ARC Briefing Namibia August 2020*). This reduced coverage of imports of goods and services to 4.9 months, from 5.3 months, although the level of foreign reserves was stated to have remained sufficient to protect the Namibia dollar/South African rand currency peg and country's international financial obligations (i.e. debt repayments).²⁴

GDP contracts sharply in Q2

The economy showed exceptional weakness in Q2, with GDP at constant prices contracting by 11%, almost treble the 3.6% decrease recorded in Q1, according to the latest quarterly report published by the **Namibia Statistics Agency (NSA)** in September. Most sectors suffered from the effects of the national lockdown introduced in March and not relaxed until June (see *ARC Briefing Namibia June 2020*). During lockdown, the country's borders remained closed, decimating the tourism (hotels and restaurants) sector. Only businesses providing essential services were allowed to operate, although this was defined to include most mining and exploration activities, enabling production to be maintained.²⁵ This was the largest quarterly GDP contraction for the past 15 years, according to published national accounts data, and probably since Namibia's independence in 1990.

One bright spot was agriculture, which continued to record a strong recovery from last year's protracted, severe drought. Real value-added output expanded by 47%, reflecting a bumper cereal harvest thanks to good rainfall during the 2019/20 (November-March) wet season. Crop farming output grew by a record of just under 300% in Q2, in contrast to a 61% decrease a year earlier, although this was partially offset by sharply reduced livestock activities, which comprise the largest share of agricultural output. The sub-sector posted a 78% fall in real value-added in Q2 2020, compared to 8% growth a year earlier, as previous drought periods have severely reduced the number of marketable cattle (sales down by 50% in Q2) and small stock (-65%) while only a limited number of auctions took place during lockdown. Namibia's statistician-general, **Alex Shimuafeni**, also highlighted robust growth by the information and communication sector due to increased digital data usage as employees switched from working at offices to their homes, and educational institutions replaced face-to-face teaching with online learning.²⁶

The mining sector recorded a relatively modest contraction of 2.6%, a smaller decrease than in Q1 and much less than a year earlier.²⁷ Although uranium mining value-added output (the Chinese-owned **Husab** and **Rössing** mines) fell by 17% in Q2 due to decreased volume production, output by the diamond and metal ores (including gold) sectors rose by 5% and 10% respectively, with gold production (Canada-based **B2 Gold's Otjikoto** mine) up by 20% (see *ARC Briefing Namibia August 2020*).

Other sectors recorded a tsunami of economic damage, with manufacturing losing 30% in value-added, wholesale and retail trade 23%, hotels and restaurants 64%, transport and storage 30%.

²³ Bank of Namibia, Monetary Policy Statement, 21 Oct 2020.

²⁴ Bank of Namibia, Monetary Policy Statement, 21 Oct 2020.

²⁵ Namibia Statistics Agency, Gross Domestic Product Second Quarter 2020.

²⁶ Namibia Statistics Agency, Gross Domestic Product Second Quarter 2020.

²⁷ Namibia Statistics Agency, Gross Domestic Product Second Quarter 2020.

Financial services, real estate and business services and government activities were all in negative territory also.²⁸

| Real GDP growth Q2 2020²⁹ | | | |
|---|--------------|-------------|-------------|
| (% change) | | | |
| | 2020 | | 2019 |
| | Q2 | Q1 | Q2 |
| Agriculture | 47.2 | -15.0 | -31.8 |
| Fishing | -10.5 | -3.9 | 4.5 |
| Mining & quarrying | -2.6 | -3.3 | -25.5 |
| Manufacturing | -30.8 | -8.5 | 12.9 |
| Construction | -0.7 | 21.5 | 1.3 |
| Electricity & water | -2.5 | -9.4 | 3.7 |
| Wholesale & retail trade | -22.5 | -1.0 | -8.6 |
| Hotels & restaurants | -64.2 | -15.7 | 12.3 |
| Transport & storage | -30.4 | -8.1 | 1.3 |
| Financial services | -1.3 | 2.4 | 6.2 |
| Real estate & business services | -2.7 | 4.0 | 0.3 |
| Public administration & defence | -5.1 | -2.5 | -1.5 |
| Information & communication | 11.0 | 6.2 | 6.8 |
| All industries | -9.9 | -1.7 | -3.8 |
| Taxes less subsidies on products | -25.8 | -3.1 | -1.9 |
| GDP at market prices | -11.1 | -1.8 | -3.6 |

Diamond output fell by almost half in Q3

Output by **Namdeb Diamond Corp.**, the 50:50 government/**De Beers** joint venture that mines all Namibia's rough diamonds, fell precipitately in Q3, "due to planned reductions in production to reflect the lower demand for rough diamonds due to the Covid-19 pandemic", **Anglo American plc** stated in its latest quarterly production report.³⁰ The **London Stock Exchange (LSE)**-listed resource group, which also mines diamonds in **Botswana**, Canada and South Africa, along with copper, platinum and iron ore, owns an 85% equity interest in De Beers, with the Botswana government holding a 15% stake.

In Namibia, production decreased by 43% to 0.2m carats compared to Q3 2019, as the **De Beers Marine** deep-sea mining fleet suspended production for part of Q3 to adjust to lower demand. One vessel was also in dock for planned maintenance during the period. This resulted in a 54% fall in offshore recoveries, while onshore recoveries from the mining area north of **Oranjemund** and inland along the **Orange River** were down 10%.

On a nine-month basis, overall production was down by 11% at 1.1m carats, of which offshore recoveries (down by 6%), accounted for 78%. On an annualised basis, 2020 output would be some 1.5m carats, some 12% lower than the 1.7m carats produced in 2019. Demand for rough stones was stated to have shown signs of improvement in Q3 as Covid-19 restrictions were gradually eased in global and polishing centres, along with global consumer markets (China and the US), ahead of the year-end holiday season, usually the peak period for jewellery sales. Rough diamond sales were 6.6m carats from three De Beers 'sights' in Q3, up from only 0.3m carats from two (one being cancelled because of the pandemic) in Q2, although less than the 7.4m carats sold in Q3 2019.³¹

²⁸ Namibia Statistics Agency, Gross Domestic Product Second Quarter 2020.

²⁹ Namibia Statistics Agency, Gross Domestic Product Second Quarter 2020.

³⁰ Anglo American, Production Report for the third quarter ended 30 September 2020.

³¹ Anglo American, Production Report for the third quarter ended 30 September 2020.

Meanwhile, Namdeb has completed the sale of its large **Elizabeth Bay** mine just south of **Luderitz**, to **Sperrgebiet Diamond Mining (SDM)**, a subsidiary of the local **Lewcor Group**.³² Namdeb suspended mining there in September 2018, and announced its sale for a reported N\$120m (\$7m) to Lewcor as the most suitable buyer on technical and financial grounds in September 2019.³³ Lewcor is a family-owned business based in **Okahandja** just north of Windhoek with 20 years' experience in mining, plant hire and civil contracting.

Mining at Elizabeth Bay began in 1911 and was halted over the years for various reasons, being eventually reopened in 1991 by Namdeb, initially with a ten-year lifespan span. It was closed again in 2009, but mining restarted in 2011. The mine produced over 4m carats of mainly smaller, gem-quality stones between 1991 and 2018. Lewcor owner and SDM managing director **Chris Lewis** commented:

*"We look forward to optimising the opportunity afforded by gaining ownership of the Elizabeth Bay Mine and its associated mining licences and will strive to successfully recommission operations in such a way to establish a long-term plan for both onshore and offshore mining. We strongly believe in the potential of the mine, but also know that we'll only be able to create value through the efforts and support from our employees, service providers and government stakeholders."*³⁴

| Namdeb Q3 production 2020 ³⁵ (‘000 carats) | | | | | | | |
|--|------------|------------|--------------|------------|--------------|------------|------------|
| | 2020 | | | 2019 | | % change | |
| | Q3 | Q2 | 9m | Q3 | 9m | Q3/Q3 | 9m/9m |
| Offshore | 147 | 305 | 869 | 320 | 929 | -54 | -6 |
| Onshore | 95 | 53 | 242 | 106 | 314 | -10 | -33 |
| Total | 242 | 358 | 1,111 | 426 | 1,243 | -43 | -11 |

No fracking in the Kavango basin

Offshore oil exploration has largely been in abeyance since the start of the pandemic, although some companies have continued to evaluate promising seismic data. One example is **Australia's Pancontinental Oil and Gas**, which holds 28,200 sq km under licence via two petroleum exploration licences (PELs), but like most oil juniors working offshore Namibia, reduced exploration and corporate costs, including a 50% reduction in non-executive director fees.³⁶ At PEL 87 in the Orange basin (75% interest, 10,900 sq km), recent assessment of 2D seismic surveys led to the identification of a Turbidite fan complex (Saturn Superfan), covering 2,400 sq km and located directly on a mature oil source, potentially containing 500 billion barrels. The firm has a 43% interest in PEL37 (17,300 sq km) in Walvis basin. Drilling activity on both licences is scheduled in the next 12-18 months.³⁷

The most promising development is work planned on last year's discovery of the large onshore 35,640 sq km **Kavango** basin in north-eastern Namibia by Canada's **Vancouver-based Reconnaissance Energy Africa (ReconAfrica)**.³⁸ The company intends to start drilling two exploration wells this December, for which it has successfully raised C\$23m (\$17m), to provide more

³² New Era, 5 Oct 2020.

³³ Mining Technology, 13 Sep 2019.

³⁴ New Era, 5 10 2020.

³⁵ Anglo American, Production Report for the third quarter ended 30 September 2020.

³⁶ Pancontinental Oil and Gas, Quarterly Activities Report, June 2020.

³⁷ Pancontinental Oil and Gas, Quarterly Activities Report, June 2020.

³⁸ ReconAfrica, Kavango Basin Operations Update, 26 Aug 2020; Investor Presentation, October 2020.

information about the basin's hydrocarbons potential. This will be accompanied by accelerated 2D seismic acquisition to define a full exploration and development programme in 2021.

The basin contains a Permian petroleum system with large conventional hydrocarbon traps driven by a regional rift system, with estimated oil generation of +100m barrels.³⁹ Recon's drilling plans sparked reports in the local media that it intended to carry out fracking (hydraulic fracturing) in the basin, part of which extends into north-western Botswana. This was refuted by Namibia's environmental commissioner, **Timoteus Mufeti**, who said in line with an approved Environmental Impact Assessment (EIA), exploration activities will be limited to areas situated 80 km south of the **Okavango River**, and over 260km from Botswana's ecologically fragile **Okavango Delta**:

*"The approved areas where the two strategic wells will be drilled are not located in any (nature) conservancy."*⁴⁰

September inflation stays at 2.4%

Year-on-year (y/y) inflation in September, as measured by the **Namibia Consumer Price Index (NCPI)**, was unchanged on the previous month at 2.4%, almost a percentage point below the 3.3% rate of a year earlier (see *ARC Briefing Namibia September 2020*).⁴¹ Y/y 12-month inflation to September also tracked down to only 2.3%, while the differential between goods inflation (3.1%) and services inflation (1.5%) was unchanged from the previous month. Windhoek stockbroker **IJG Namibia** noted that domestic inflationary pressures remain weak and continued to trend below South African inflation:

*"While risks remain to the upside we see these as muted in the short term in what is currently a very accommodative global monetary environment. Oil prices and a further escalation of the US-China trade war remain the largest risks in the short-term."*⁴²

IJG's inflation model forecasts 2.3% average y/y inflation in 2020 and 3.7% in 2021. It noted that food and non-alcoholic beverages category remained the largest contributor to annual inflation in September, accounting for half – 1.2 percentage points – of the total 2.4% inflation rate.⁴³ A major factor in holding back inflation has been the continued volatility and weakness in global oil prices, due to static demand, with most refineries reported to be operating at less than 80% of capacity. On 22 October, the **European** benchmark **Brent** crude traded at \$42.46 per barrel and the US benchmark **West Texas Intermediate (WTI)** \$40.66 per barrel. However, the oil price spiked up on 22 October after US **House of Representatives** speaker **Nancy Pelosi** instilled hope in the markets that a new deal on a long-delayed stimulus package for the US economy could be imminent. Brent crude has fallen by more than half from \$70 per barrel at the start of 2020 and WTI briefly went negative after an historic plunge as the Covid-19 crisis took hold and demand fell sharply.⁴⁴

After a modest increase in local fuel prices in September, the **Ministry of Mines and Energy (MME)** announced on 7 October there would be no increases for that month, with the pump price of unleaded petrol remaining at N\$11.65 (\$0.71) per litre and that of diesel reduced by N\$0.40 (\$0.02) per litre to N\$11.58 (\$0.71) at Walvis Bay (port of entry). The decision was due to a reduction in the international price for refined petroleum products since August and subsequent local currency appreciation, with a reduced under-recovery (on actual import costs) to be covered by the government's **National Energy Fund (NEF)**. Mines and energy minister **Tom Alweendo** said his ministry would continue to *"soften the burden on the consumer and at the same time ensure the sustainability of the NEF."*⁴⁵

³⁹ ReconAfrica, Kavango Basin Operations Update, 26 Aug 2020; Investor Presentation, October 2020.

⁴⁰ The Namibian, 19 Sep 2020.

⁴¹ Namibia Statistics Agency, Namibia Consumer Price Index, Sep 2020.

⁴² IJG Namibia, NCPI-September 2020.

⁴³ IJG Namibia, NCPI-September 2020.

⁴⁴ Oilprice.com (online), 22 Oct 2020;

⁴⁵ Ministry of Mines and Energy, press release, 7 Oct 2020; GlobalPetrolPrices.com, 19 Oct 2020.

Having appreciated in September, the foreign exchange value of the South African rand/Namibia dollar barely moved in the past month. On 21 October, \$1=R16.29 compared to \$1=16.34 on 20 September.⁴⁶

Prices of food and non-alcoholic beverages (16.5% weighting in the NCPI goods and services basket) decreased slightly to 6.6% (7.1% for food only) compared to August.⁴⁷ All food sub-components saw prices rise, led again by fruit, up by 17.9% (18.1% in August), and vegetables, up by 12.2% (12.3%). Prices for bread and cereals increased by 4.0% from 3.4% in August. Transport (14.3% weighting) recorded slightly lower inflation of 1.3% (1.4% in August). Deflation in the cost of operating personal transport vehicles further slowed to -3.5% (-4.4% in August), while vehicle purchase costs rose by 4.5%, down from 6.0% previously. The largest NCPI component, housing and utilities (28.4% weighting), remained deflationary, at -1.3%, due to continued reductions in rental payments (-2.3%), while water supply and sewerage services inflation slowed to 3.8%, although inflation for electricity, gas and other fuels rose to 1.9% (from only 0.3% in August).⁴⁸

Planner

25 Nov 2020 **(Namibia)** Regional council and local authority elections.

9 Dec 2020 **(Namibia)** Bank of Namibia (central bank) Monetary Policy Committee meeting.

Chronology

22 Oct 2020 **Windhoek (Namibia)** *Energy Voice* Petroleum commissioner **Maggy Shino** says he expects hydrocarbons to be discovered offshore, but in the meantime he is working on energy transition plans;

22 Oct 2020 **Windhoek (Namibia)** *CGTN*. Agricultural officials say they have sprayed about 10,532 hectares of land as part of efforts to control the **African** migratory locusts that have broken out in parts of the country;

21 Oct 2020 **Windhoek (Namibia)** *The Namibian*. President **Hage Geingob** says **Namibia** has reduced new **coronavirus**-related deaths by 40% over the past four weeks due to health protocols;

21 Oct 2020 **Windhoek (Namibia)** *The Namibian*. Finance ministry figures show government is expected to borrow about \$2.4 billion and increase the country's debt burden to \$9.7 billion in the next three years;

20 Oct 2020 **Windhoek (Namibia)** *iol*. Government's appointment of **South African** singer **Lira** as **Namibia's** tourism ambassador causes public outcry over appointment of a South African national over many Namibian influencers;

19 Oct 2020 **Windhoek (Namibia)** *CNN*. Anti-femicide protesters in capital **Windhoek's** central business district call for a state of emergency over sexual and gender-based violence;

14 Oct 2020 **Windhoek (Namibia)** *iol*. Home affair minister **Frans Kapofi** orders **Katima Mulilo**, **Ariamsvlei** and **Noordoewer** border posts, and **Walvis Bay** harbour, to be reopened for travellers;

30 Sep 2020 **Windhoek (Namibia)** *Reuters*. Finance minister **Iipumbu Shiimi** says a fisheries auction meant to pay for **covid-19** care has flopped, after bidders stumped up barely 1.3% of the \$38m offers accepted;

28 Sep 2020 **Kavango (Namibia)** *Daily Maverick*. Government downplays concerns about the

⁴⁶ XE.Corp, XE Currency Converter (online), 21 Oct 2020.

⁴⁷ Namibia Statistics Agency, Namibia Consumer Price Index, Sep 2020.

⁴⁸ Namibia Statistics Agency, Namibia Consumer Price Index, Sep 2020.

possible effects of drilling by the **Canadian** oil and gas company **ReconAfrica** in the ecologically sensitive and agriculturally significant **Kavango** region.

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Please contact us by email info@africariskconsulting.com or call + 44 (0) 20 7078 4080

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