

AFRICA RISK CONSULTING

Namibia Monthly Briefing February 2022

Namibia Summary 17 February 2022

President Hage Geingob (2015-present) addresses the One Ocean Summit in Brest (France), urging international leaders to take better care of the oceans and their biodiversity. Namibia's fisheries ministry announces an investigation into a mass fish die-off in Walvis Bay, citing an algae bloom and unseasonal weather. The Windhoek High Court hears a bail hearing for individuals accused in the Fishrot Scandal, featuring a letter confirming use of the presidential jet for fraudulent activity. The Bank of Namibia (BoN) (central bank) raises the key interest rate from 3.75% to 4% in line with recent rate hikes by the South African Reserve Bank (SARB) (central bank). President Geingob, via the Namibia Investment Promotion and Development Board (NIPDB), launches the Know2Grow campaign, to accelerate the growth of micro, small and medium enterprises (MSMEs). State-owned Namibia Power Corporation (NamPower) announces the appointment of a transaction adviser to assist in the procurement of an Independent Power Provider (IPP) to deliver a Concentrated Solar Power (CSP) project. United States (US)-based Fitch Ratings affirms NamPower's long-term issuer default (IDR) rating as 'BB' with a negative outlook. International oil major Shell announces the discovery of light oil at the Graff-1 well offshore Namibia. The health ministry relaxes PCR test requirements at ports of entry for Namibian citizens, residents and essential workers who are vaccinated against Covid-19, as new cases of Covid-19 remain low.

Fish and ocean health in the spotlight ...

President **Hage Geingob** (2015-present) was one of 20 heads of state attending the inaugural **One Ocean Summit in Brest (France)**, where he underlined the importance of taking care of the world's oceans in an address to delegates on 11 February.¹ The summit aimed to galvanise the international community into taking better care of its oceans. Geingob noted **Namibia's** heavy dependence on the blue economy and marine resources as a country with a coastline stretching over 1,572 km, and its obligation to protect the ocean to "*ensure sustainability for current and future generations*".² Addressing summit participants, Geingob stressed:

*"We cannot continue to talk about threats to our ocean in an abstract way or to offer one-dimensional solutions that could hinder the implementation of the recommendations from climate change experts."*³

Geingob confirmed that Namibia has taken steps to secure its climate future:

*"Namibia is in the final stage of developing a sustainable blue economy policy ... [and] is also developing green hydrogen as a means to limit the impacts of climate change and its consequences on rising sea-levels and global warming."*⁴

While President Geingob appears to understand the immediate impact of poor ocean health on Namibia's economy and population, his green routine has struck some as a press relations exercise designed to clean up his reputation following his implication in the **Fishrot** scandal

¹ [New Era](#), 10 Feb 2022

² [New Era](#), 10 Feb 2022

³ [Informante](#), 14 Feb 2022

⁴ [Government of Namibia](#), 11 Feb 2022

(see *ARC Briefing Namibia July 2020*). A document, posted as evidence on 26 January at the bail hearing in the ongoing **Windhoek High Court** case concerning the Fishrot scandal, revealed that the presidential jet was used to fly former cabinet ministers **Bernhard Esau** and **Sacky Shanghala** to **Angola**. The document, a letter from permanent secretary to the ministry of fisheries and marine resource **Ulitala Hiveluah**, requested use of the presidential jet on 16 June 2014 to transport a Namibian delegation to Angola. The fisheries cooperation agreement signed on 18 June 2014 between Angola's fisheries minister, **Victoria de Barros Neto**, and Esau led to the allocation of Namibia horseshoe mackerel to Angola-based company **Namgomar Pesca SA**. Namgomar served as the intermediary that later passed the quotas to **Iceland-based Samherji** and the proceeds from the sale of the quotas pocketed by government officials. Evidence that the presidential jet facilitated the fraudulent activity will not be welcome news for Geingob, who has struggled to stay clear of the reputational fallout of the Fishrot scandal.

Ocean health fell under the spotlight again days after Geingob's speech in Brest when the fisheries ministry announced an investigation into a sudden fish-death incident in **Walvis Bay** on 13 February.⁵ Thousands of fish and jellyfish washed up on **Swakopmund Mole** and Walvis Bay beaches, leading local authorities to caution the public against consuming the fish. Fisheries minister executive director **Annely Haiphene** published satellite images illustrating algal blooms along the central Namibian coast, caused by water temperatures of 25 degrees and above.⁶ The water temperature facilitating these algal blooms is unseasonal and caused by weak south-westerly winds resulting in still waters easily warmed by the sun.⁷ Haiphene said the ministry has begun investigating whether the algae is a toxic or non-toxic species – both are capable of stripping the water column of oxygen:

"Low oxygen conditions are presumed to have trapped the fish in the lagoon and along the coast, causing them to die and wash up when the water level drops during low tide."⁸

Bank of Namibia hikes rates...

The **Bank of Namibia (BoN)** (central bank) **Monetary Policy Committee (MPC)** released the results of its first meeting of 2022 on 16 February, hiking the key interest rate for the first time in six years.⁹ The MPC raised the rate by 0.25% from 3.75% to 4%, in line with a decision by the **South African Reserve Bank (SARB)** (central bank) in January.¹⁰ BoN governor **Johannes !Gawaxab** noted that the BoN rate hike protects the currency peg between the Namibia dollar and **South African** rand, and secures Namibia's presence in the common monetary area.¹¹

Namibia has not experienced the sharp rise in inflation experienced in neighbouring South Africa, despite inflation reaching a three-year high of 4.6% in January.¹² The BoN reports that average annual inflation in Namibia increased to 3.6% in 2021, compared to 2.2% in 2020, driven by higher prices of food, transport and housing.¹³ The SARB rate increase is its second consecutive rise, intending to tame inflation, with headline consumer price growth currently running at 4.9% in South Africa.¹⁴ However, the SARB has signaled a less aggressive approach for the next three years, anticipating key interest rates to be no higher than 6.55% by the end of 2024.¹⁵

⁵ [Namibian Sun](#), 16 Feb 2022

⁶ [Namibian Sun](#), 16 Feb 2022

⁷ [Namibian Sun](#), 16 Feb 2022

⁸ [Namibian Sun](#), 16 Feb 2022

⁹ [Bank of Namibia](#), 16 Feb 2022

¹⁰ [Bloomberg](#), 27 Jan 2022

¹¹ [Bloomberg](#), 16 Feb 2022

¹² [Bank of Namibia](#), 16 Feb 2022

¹³ [Bank of Namibia](#), 16 Feb 2022

¹⁴ [Bloomberg](#), 27 Jan 2022

¹⁵ [Bloomberg](#), 27 Jan 2022

A rise in key interest rates may impede Namibia's slow recovery from the **Covid-19** pandemic. President Geingob's presidency, via the **Namibia Investment Promotion and Development Board (NIPDB)**, launched the **Know2Grow** campaign, designed to accelerate the growth of micro, small and medium enterprises (MSMEs), as a pilot project in **Gobabis** in December.¹⁶ The programme will be rolled out nationwide in H1 2022. The first phase will begin in **Karasburg** on 28 February, followed by **Keetmanshoop** on 1 March, **Bethanie** on 2 March and **Lüderitz** on 3 March. Trade minister **Lucia Lipumbu** praised the launch, noting the need for intervention during periods of economic uncertainty:

*"Many MSMEs will grow and acquire the much-needed information in terms of funding and other opportunities which will aid them to grow and access market space."*¹⁷

Lipumbu's comments highlight the increasing uncertainty facing small businesses in Namibia as commercial lending rates, dictated by the key interest rates set by the BoN, continue to climb.

NamPower begins search for Independent Power Producer

State-owned **Namibia Power Corporation (NamPower)** managing director **Kahenge Haulofu** has announced the appointment of a transaction adviser (TA) to assist NamPower in procuring an **Independent Power Provider (IPP)** to deliver a **Concentrated Solar Power (CSP)** project.¹⁸ The new CSP project offers Namibia an opportunity to reduce its energy import burden and increase its energy security as the global economic environment continues to push prices higher. Haulofu did not disclose the identity of the entity that will operate as TA for NamPower, but confirmed that the CSP project has made significant progress, expecting its first IPP award in 2023 and due to complete in 2026.¹⁹

NamPower has successfully obtained an **Environmental Clearance Certificate (ECC)** and **Transmission Offer Letter (TOL)**. Haulofu said the project will be constructed midway between **Windhoek** and the coast, but a site has yet to be selected:

*"NamPower is in the process of finalising the acquisition of the sites with the relevant government authorities. Due to the long development times, it was decided that NamPower should commence with the development activities of the respective project sites."*²⁰

The TA will also assist in the preparation of a feasibility assessment from which the size and technical capacity of the project will be determined. NamPower is considering a Parabolic Trough or Central Receiver technology.²¹ The feasibility study will determine NamPower's level of involvement in the project, including the role of the Namibian government as shareholder. The overall cost of the project will be guided by the feasibility study and IPP tenders:

*"The project will be developed and procured under the **Public Private Partnership Act** where an Independent Power Producer (IPP) will be appointed; NamPower will procure electricity directly from the IPP."*²²

Namibia's installed capacity is currently 579.5 Megawatts (MW) and is heavily reliant upon the **Southern African Power Pool (SAPP)**, a common power grid shared between member countries of the **Southern African Development Community (SADC)**.

¹⁶ [New Era](#), 16 Feb 2022

¹⁷ [New Era](#), 16 Feb 2022

¹⁸ [New Era](#), 16 Feb 2022

¹⁹ [New Era](#), 16 Feb 2022

²⁰ [New Era](#), 16 Feb 2022

²¹ [New Era](#), 16 Feb 2022

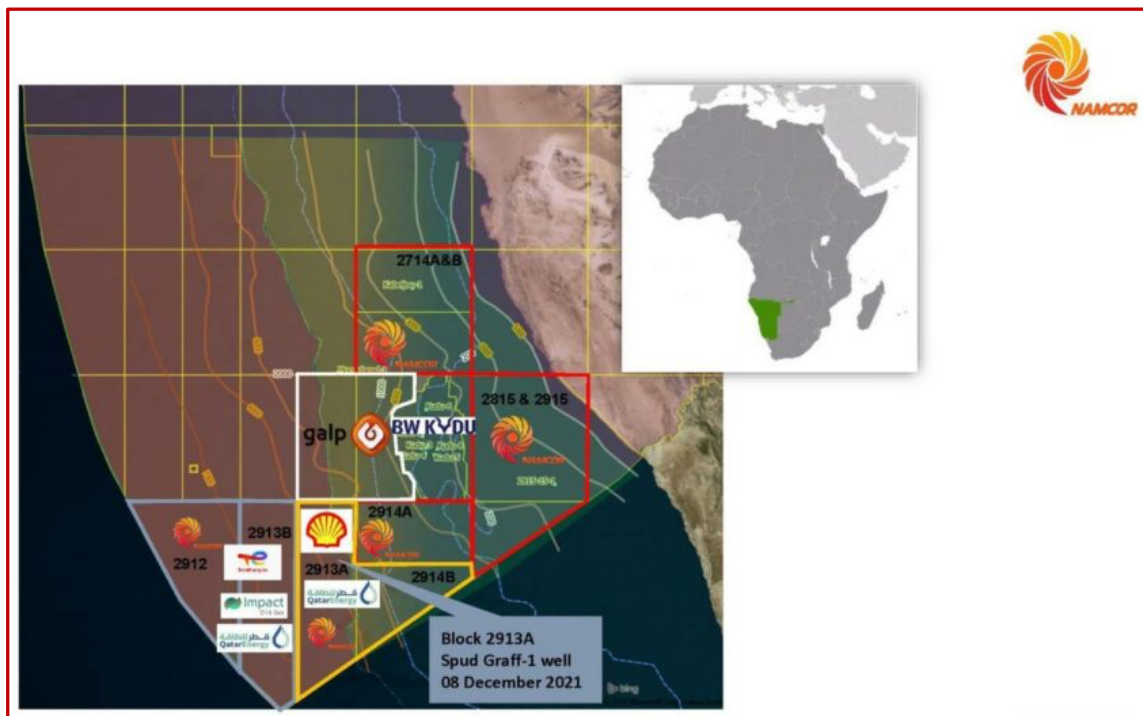
²² [New Era](#), 16 Feb 2022

United States (US)-based ratings agency **Fitch Ratings** affirmed its long-term issuer default rating (IDR) for NamPower on 9 February at ‘BB’ with a negative outlook.²³ The review highlighted NamPower’s reliance on imported energy:

*“The level of energy imports was about 66% in FY21, higher than in FY20 [...] half of imports are from **Eskom** [South Africa] and the remaining from **Zimbabwe Power Company**, **Zambia Electricity Supply Corporation (ZESCO)** and **Southern Africa Power Pool (SAPP)**.”²⁴*

Shell and Qatar make significant oil discovery

An anonymous source, with intimate knowledge of the **Valaris DS 10 drillship** currently offshore Namibia, revealed that **Netherlands**-based oil major **Shell** was “within hours” of spudding an appraisal well in offshore oil discovery **Graff** on 15 February.²⁵ Exploration of the offshore basin has accelerated dramatically since Shell announced the discovery of light oil at the Graff-1 well site on 4 February.²⁶ Shell’s development partner, state-owned **National Petroleum Corporation of Namibia (Namcor)**, reported spudding of the well on Block 2913A in December.²⁷ The well will be jointly owned Shell and Namcor.



1 - Namcor, map offshore Namibia²⁸

The discovery marks the first petroleum find in Namibia.²⁹ A briefing note issued by **United Kingdom (UK)**-based oil and gas consultancy **Wood Mackenzie** in February describes the discovery as “a game changer” for Namibia, ending a streak of dry wells dating back to the discovery of the **Kudu** gas field in 1974:

²³ [Fitch Ratings](#), 9 Feb 2022

²⁴ [Fitch Ratings](#), 9 Feb 2022

²⁵ [Upstream Online](#), 14 Feb 2022

²⁶ [Namcor](#), 4 Feb 2022

²⁷ [Energy Voice](#), 13 Dec 2021

²⁸ [Energy Voice](#), 13 Dec 2021

²⁹ [SP Global](#), 4 Feb 2022

“We understand the well [Graff-1] met its pre-drill estimate of between 500 million and 1 billion barrels. We assume 700 million barrels is recoverable.”³⁰

Norway-based oil and gas publication **Upstream Online** believes that the speed with which Shell has targeted completing the second delineation well is indicative of promising geological surveys and a significant deep-water discovery. Shell originally captured 7,500km of 3D seismic data offshore Namibia in 2019.³¹ The rig, operated from the **Valaris** drillship, is set to spud a well in Block 2914B (Graff 2). The vessel recently completed exploration in Block 2913A (Graff 1) before returning to Walvis Bay for restocking.

The Graff field, if production estimates are correct, is likely to become a core area for Shell. The Namibian government has offered a competitive partnership deal, sharing 57% of low above-ground risks and providing a favourable business environment.³² The **Petroleum Exploration License 39 (PEL39)** governing the new well is jointly owned by Shell (45%), Qatar-based **Qatar Energy** (45%) and Namcor (10%).³³ Production is currently tabled for 2026, from a network of 35 subsea wells through a system of floating production, storage and offloading vessels.^{34, 35}

The petroleum find offers a much needed revenue boost to the Namibian government. The find and current production estimates of 190,000 barrels per day could generate \$12 billion, a figure exceeding Namibia’s gross domestic product for 2020 by \$1.3 billion.³⁶ The BoN quarterly bulletin released in December 2021 reveals that Namibia recorded a negative trade balance of N\$8.15 billion (\$547.5m) in Q3 2021.³⁷ The last trade surplus recorded by Namibia was in Q2 2020, when the global supply and demand crisis began.

Any opportunity to address Namibia’s balance sheet and balance of trade is excellent news for an incumbent government. However, President Geingob has recently invested significant social capital into his role as a ‘green energy’ champion, raising questions about how this hydrocarbon development will sit with his press relations strategy and image recovery.

New cases of Covid-19 remain low...

New cases of Covid-19 in Namibia have remained low, under 100 per day since 2 February, while deaths associated with the recent spike in Covid-19 infections have also tapered.³⁸ The decline in new case numbers and comparatively low death toll, in comparison to the third wave of infections experienced in June 2021, indicate that Namibia’s recovery from the latest wave of infections may be faster and more dynamic than previous recoveries. The latest wave of Covid-19 infections is Namibia’s fourth peak of infections and was catalysed by the spread of the Omicron variant of Covid-19,³⁹ detected in Namibia in samples taken between 11 and 26 November.⁴⁰ As of 16 February, Namibia had recorded 156,843 cases of Covid-19 in its population of 2.5 million, with 3,995 Covid-19-related deaths.⁴¹

³⁰ [Upstream Online](#), 14 Feb 2022

³¹ [Energy Voice](#), 13 Dec 2021

³² [Upstream Online](#), 14 Feb 2022

³³ [Reuters](#), 25 Jan 2022

³⁴ [Upstream Online](#), 14 Feb 2022

³⁵ [Reuters](#), 7 Feb 2022

³⁶ [Upstream Online](#), 14 Feb 2022

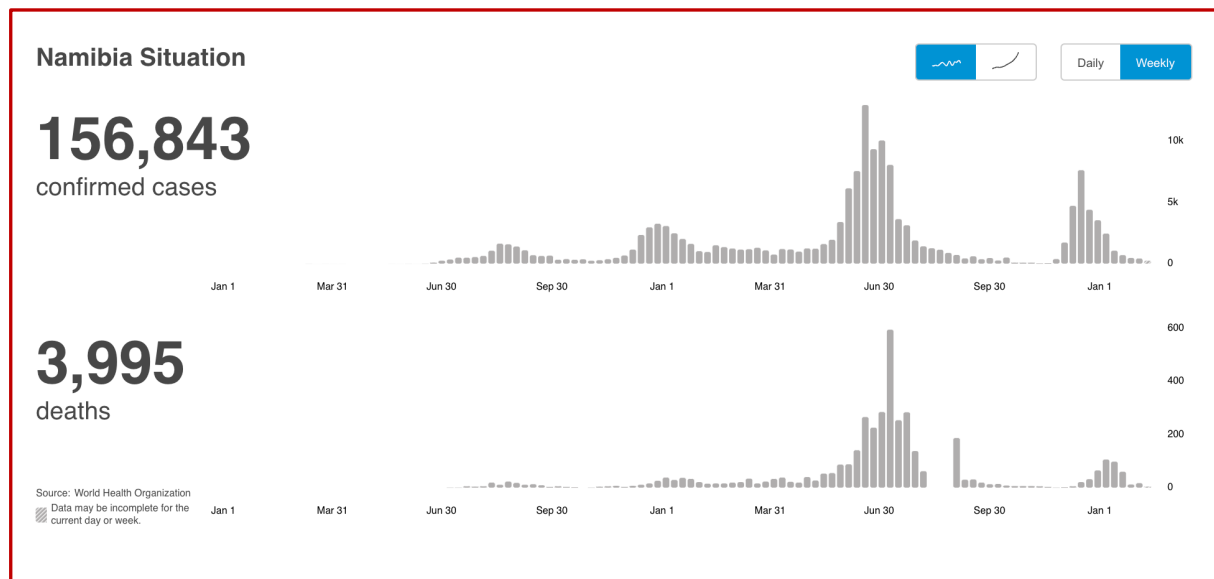
³⁷ [Bank of Namibia](#), 17 Dec 2021

³⁸ [World Health Organisation](#), 16 Feb 2022

³⁹ [The Namibian](#), 3 Dec 2021

⁴⁰ [World Health Organisation](#), 19 Jan 2022

⁴¹ [World Health Organisation](#), accessed 16 Feb 2022



2 - World Health Organisation (WHO) Namibia Covid-19 data⁴²

Namibia has faced significant “*vaccine hesitancy*” and continues to fall short of the government target to vaccinate 60% of the population by March 2022.^{43, 44} As of 16 February, Namibia has administered 787,241 doses of Covid-19 vaccine; 429,742 individuals had received at least one dose (16.91% of the population) while 365,083 are fully vaccinated (14.37% of the population).⁴⁵

Deputy information minister **Emma Theofelus** revealed on 15 February that the government and private sector are in discussions to reduce the financial burden of Covid-19 vaccination on the government and taxpayer. Health ministry and social services executive **Ben Nagombe** confirmed in a press conference on 14 February that Namibia has spent N\$300m (\$19.9m) on Covid-19 vaccine procurement, excluding the price of consumables such as syringes and testing kits.⁴⁶ The **United Nations (UN) Children’s Fund (UNICEF)** published a report on 10 January revealing that vaccinating 70% of Namibia’s population (10% higher than the government target of 60% by March 2022) would cost between N\$23-35 (\$1.50-2.30) per dose.^{47, 48} Theofelus said the government is considering a door-to-door vaccination campaign to boost uptake, but noted the high cost of such a labour intensive programme:

“All of these scenarios are being weighed up by the cabinet to make the final decision.”⁴⁹

Public health measures were revisited during the 40th Covid-19 briefing, delivered by health minister **Kalumbi Shangula** on 15 February.⁵⁰ Fully vaccinated Namibian citizens, permanent residents, diplomats, emergency service workers and truck drivers are no longer required to present a negative test result for Covid-19 at Namibia’s ports of entry:

“Persons providing specialised and technical public health services will no longer be required to present a negative Covid-19 PCR result upon entry into Namibia. The [listed

⁴² [World Health Organisation](#), 16 Feb 2022

⁴³ [World Health Organisation](#), accessed 19 Jan 2022

⁴⁴ [World Health Organisation](#), 19 Jan 2022

⁴⁵ [World Health Organisation](#), accessed 16 Feb 2022

⁴⁶ [News24](#), 15 Feb 2022

⁴⁷ [News24](#), 15 Feb 2022

⁴⁸ [World Health Organisation](#), accessed 19 Jan 2022

⁴⁹ [New Era](#), 15 Feb 2022

⁵⁰ [New Era](#), 15 Feb 2022

above] categories of people can enter the country at any time with a valid and authentic vaccination card”⁵¹

Planner

17-18 Feb 2022 **Brussels (Belgium) African Union (AU) summit with the European Union (EU)**;

Mar 2022 **Windhoek (Namibia)** Date set by President **Hage Geingob** for Namibia to achieve the requisite 60% target of herd immunity against SARS-Cov-2;

13 Apr 2022 **Windhoek (Namibia) Bank of Namibia** (central bank) releases monetary policy statement;

15 Jun 2022 **Windhoek (Namibia) Bank of Namibia** (central bank) releases monetary policy statement;

17 Aug 2022 **Windhoek (Namibia) Bank of Namibia** (central bank) releases monetary policy statement;

19 Oct 2022 **Windhoek (Namibia) Bank of Namibia** (central bank) releases monetary policy statement;

7 Dec 2022 **Windhoek (Namibia) Bank of Namibia** (central bank) releases monetary policy statement;

2024 **(Namibia)** General elections;

Chronology

16 Feb 2022 **Windhoek (Namibia) BoN**. The **Bank of Namibia** (central bank) **Monetary Policy Committee (MPC)** releases statement raising the key interest rate from 3.75% to 4%, its first hike in six years;

16 Feb 2022 **Windhoek (Namibia) New Era**. Namibia state-owned entity **Namibia Power Corporation (NamPower)** managing director **Kahenge Haulofu** announces the appointment of a **Transaction Adviser (TA)** to assist NamPower in procurement of an **Independent Power Provider (IPP)** to deliver a **Concentrated Solar Power (CSP)** project;

15 Feb 2022 **Windhoek (Namibia) New Era**. Health minister **Kalumbi Shangula** delivers the 40th **Covid-19** briefing revising travel restrictions and exempting fully vaccinated permanent residents, diplomats, truck drivers, emergency service workers and Namibian citizens from requiring a negative Covid-19 test at Namibia’s ports of entry;

14 Feb 2022 **Windhoek (Namibia) Upstream**. Undisclosed sources say multinational oil and gas company **Shell** is within hours of spudding an appraisal well on its major **Graff** oil discovery offshore **Namibia**;

11 Feb 2022 **Windhoek (Namibia) Govt of Namibia**. President **Hage Geingob** delivers a statement in **Brest (France)** to the **One Ocean Summit**, noting the pressing need to protect ocean biodiversity and health;

9 Feb 2022 **Windhoek (Namibia) Fitch Ratings**. **United States (US)**-based ratings agency **Fitch Ratings** affirms its long-term issuer default (IDR) rating for state-owned entity **Namibia Power Corporation (NamPower)** as ‘BB’ with a negative outlook citing high energy imports from **South Africa** and **Zimbabwe**;

⁵¹ [New Era](#), 15 Feb 2022

7 Feb 2022 **Windhoek (Namibia)** *Moneyweb*. A senior energy official says **Namibia** aims to fast track the development of its first oilfield to have production by 2026 following a significant offshore discovery by **United Kingdom**-headquartered **Shell plc**;

6 Feb 2022 **Johannesburg (South Africa)** *Business Day*. **South Africa**-based technology group **4Sight** sets sights on growing its business in **Africa** and is opening a new office in **Namibia**, a move the company believes will position it to earn about half its revenue from international operations in the next five years;

4 Feb 2022 **Windhoek (Namibia)** *Namcor*. State-owned **National Petroleum Corporation of Namibia (Namcor)** announces the discovery of light oil at the offshore **Graff-1** well, spudded in December 2021;

31 Jan 2022 **Luanda (Angola)** *PV Magazine*. **Africa Solar Industry Association** says plans for a huge renewable energy-powered green hydrogen project in **Angola** and **Namibia** have been expanded from 1GW of generation capacity to 5GW;

27 Jan 2022 **Windhoek (Namibia)** *The Namibian*. A document featured in the bail hearing of six of the men charged in the **Fishrot** case in the **Windhoek High Court** shows that the presidential jet aircraft was used to fly former cabinet members **Bernhard Esau** and **Sacky Shanghala** to **Angola** for the signing of an agreement to set up a fisheries scheme that culminated in the Fishrot fraud and corruption scandal;

26 Jan 2022 **Windhoek (Namibia)** *The Namibian*. The **Namibian Lives Matter (NLM)** movement announces plans to approach the **Southern African Development Community (SADC)** and the **African Union (AU)** to oppose a ruling by a **Botswana** court absolving the **Botswana Defence Force (BDF)** of responsibility in the **Nchindo** shootings;

25 Jan 2022 **Windhoek (Namibia)** *Reuters*. Three industry sources say multinational oil and gas major **Shell** has made a significant oil and gas discovery at a closely-watched offshore well in **Namibia**, which could spark a wave of investment in the country;

20 Jan 2022 **Windhoek (Namibia)** *The Namibian*. The **High Court** hears a pre-trial for consolidated case against former fisheries minister **Bernardt Esau** and former justice minister **Sakeus "Sacky" Shanghala**, accused of accepting corrupt payments as part of the '**Fishrot**' scandal;

20 Jan 2022 **Windhoek (Namibia)** *The Namibian*. Botswana magistrate **Taboka Mopipi** rules that the **Botswana Defence Force (BDP)** had 'no intent to kill' and acted in retaliation during the **Nchindo** shootings, which resulted in the deaths of four Namibian fishermen on the **Chobe River** in 2020;

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