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Namibia Summary 16 September 2022

President Hage Geingob (2015-present) confirms that he will not run for president in 2024, paving the way for a fierce intra-party campaign as candidates for vice president contest the November South West Africa People's Organisation (SWAPO) Congress. The new SWAPO vice president is likely to become Namibia's next president. The Bank of Namibia (BoN) (central bank) Monetary Policy Committee (MPC) announces its decision on 17 August to raise the repo rate by 75 basis points from 4.74% to 5.50%. This is the BoN's highest margin increase implemented in almost two decades. France-headquartered global green energy pioneer HDF Energy announces that Namibia's ministry of environment, forestry and tourism has approved its scoping report to set up a new hydrogen plant in Swakopmund.

SWAPO gears up for 2024 elections ...

President **Hage Geingob** (2015-present) confirmed on 14 September that he will not contest the 2024 presidential elections when his two terms as **Namibia's** president ends.¹ His announcement sets the stage for a highly contested **South West Africa People's Organisation (SWAPO)** intra-party campaign for the November congress election with the presidential seat open to a new candidate. The contest for SWAPO's vice-president position has gained media attention as one of the three candidates may be Namibia's next president.

A 90-member SWAPO central committee meeting on 10 September saw a final round of candidates nominated for the ruling party's vice presidency, secretary general and deputy-secretary general positions to stand in the November party congress.² Procedurally, SWAPO must nominate four candidates to stand for VP. The central committee confirmed four VP candidates: prime minister **Saara Kuugongelwa-Amadhila**, environment minister **Pohamba Shifeta**, deputy prime minister and minister of international relations and cooperation **Netumbo Nandi-Ndaitwah**, and defence and veterans minister **Frans Kapofi**. However, Kapofi, regarded as one of Geingob's preferred presidential candidates, pulled out of the SWAPO VP race on 14 September,³ sparking speculation that he merely stood as a decoy to negatively impact the races of other candidates.⁴ Former SWAPO presidential candidate **Nahas Angula** called on Kapofi to provide reasons for his withdrawal from the race:

"Why did he decide to take part and disturb the system while he is not serious?"⁵

The highly contested intra-party elections will serve as a test for SWAPO, as party disunity and its impact on governance has decreased public confidence in SWAPO's capability to rule. Local newspaper **New Era** reported on 9 September Geingob's announcement that he would not endorse a particular candidate.⁶ Geingob's endorsement in the 2012 congress election by then president **Hifikepunye Pohamba** (2005-2015) saw him gain strong support in the subsequent

¹ New Era, 15 Sep 2022

² The Namibian, 11 Sep 2022

³ New Era, 15 Sep 2022

⁴ The Namibian, 15 Sep 2022

⁵ The Namibian, 15 Sep 2022

⁶ New Era, 9 Sep 2022

presidential elections in 2014. However, SWAPO lost significant support in the 2019 elections, which party disunity may exacerbate in the next national elections. Local newspaper **Observer24** reported an anonymous SWAPO veteran admitting that too many candidates for the VP position will cause further fragmentation in the party.⁷

SWAPO has lost voter support at national, regional and local levels, as well as in the presidential elections, since 2019.⁸ The 2019 presidential elections saw Geingob win 56% of the vote, a significant reduction from his 87% share in the 2014 presidential elections. The 29.4% share won by former SWAPO member and first-time running **Panduleni Itula** in the 2019 presidential elections was an important marker of stronger competition and voters shifting away from SWAPO.

Although there is still a strong possibility that a SWAPO candidate will take the presidency, SWAPO faces competition from a stronger political opposition. SWAPO lost its two-thirds majority in the 2019 **National Assembly (NA)** elections, winning 63 seats, a sizeable drop from the 96 seats won in the 2014 NA election.⁹ The party's loss of its two-thirds majority deprives it of its power to amend the constitution, and signals a threat to SWAPO's one-party parliamentary dominance since independence in 1990.

Multiple factors influenced the loss of support seen in 2019, including party disunity, corruption, poor service delivery and the 2016 recession.¹⁰ The challenges from the **Covid-19** pandemic, inflation, rising interest rates and unemployment are likely to dampen support for the ruling-party even further, regardless of which candidate wins the coveted position of party VP in the November elective congress.

Central bank raises repo rate

The **Bank of Namibia (BoN)** (central bank) **Monetary Policy Committee (MPC)** raised the repo rate by 75 basis points from 4.74% to 5.50% on 17 August.¹¹ This is the BoN's highest margin increase implemented in almost two decades.¹² The MPC described the rate hike as a necessary move towards restoring a positive real interest rate for the country's long-term economic growth and to quell inflation.¹³

The BoN policy decision mirrors a global trend of raising interest rates to quell rising rates of inflation. Deputy BoN governor **Ebson Uanguta** noted in the MPC's monetary policy statement that the MPC had taken its decision with "*due consideration of the persistent inflationary pressures*", deeming it appropriate to safeguard the one-to-one link between the Namibia dollar and the **South African** rand, while meeting the country's international financial obligations.¹⁴ The **South African Reserve Bank** (central bank) raised its repo rate to 5.5% in July in response to acceleration of South Africa's inflation rate to 7.4% in June. Uanguta noted that Namibia's inflation accelerated to an average of 5.3% during the first seven months of 2022, compared to 3.5% in the corresponding period of 2021.¹⁵ The acceleration was mainly driven by an increase in the inflation for transport, on account of a rise in international oil prices. On a monthly basis, inflation rose to 6.8% in July from 6% registered in June, mainly due to higher inflation for transport and food in the same period:

⁷ Observer24, 25 Aug 2022

⁸ The Conversation, 6 Dec 2020

⁹ The Namibian, 1 Dec 2019

¹⁰ The Conversation, 6 Dec 2020

¹¹ [Bank of Namibia press release, 17 Aug 2022](#)

¹² Bloomberg, 17 Aug

¹³ [Bank of Namibia press release, 17 Aug 2022](#)

¹⁴ [Bank of Namibia press release, 17 Aug 2022](#)

¹⁵ [Bank of Namibia press release, 17 Aug 2022](#)

“Namibia’s overall inflation is now projected to average around 5.8 percent for 2022, with higher rates in the second half of the year than in the first half.”¹⁶

While domestic economic activity has increased in the first seven months of 2022, BoN governor **Johannes !Gawaxab** has called for greater efforts to create an environment for sustaining economic recovery.¹⁷ !Gawaxab urged banks to fund Namibia’s productive sector to make efforts in moving Namibia’s economy out of recovery:

“We are not out of the woods yet, and our economy desperately needs appropriate stimulus, which can take the form of credit extension for productive purposes to fuel the economy. Banking institutions should continue to lend responsibly to critical sectors of the economy to sustain the economic recovery we have seen over the last eight months.”¹⁸

!Gawaxab acknowledged the pleas of businesses struggling to stay afloat and affirmed that the government would continue to provide measures such as relief to banking institutions dealing with impaired loans and financial lending to the real economy. In the first half of 2022, average credit extended grew by 3.3% but is expected to grow by 5% over the full year. Greater short-term credit extension indicates that businesses are avoiding long-term debt obligations.¹⁹ Namibian commercial banks hold a loan book of more than N\$105 billion (\$5 billion). !Gawaxab urged institutions to work together to boost the economy and create jobs:

“Our fortunes and Namibia’s prosperity are dependent on how we come together as a financial sector, businesses, and policymakers to reverse recent economic hardships, restore business confidence, and revive ailing businesses.”²⁰

Economic growth in Namibia is anticipated to reach 2.4% in 2022, reflective of a slower economic rebound than previously expected.²¹ The next MPC meeting is on 24-25 October.²²

Government approves hydrogen plant plan

France-headquartered global green hydrogen pioneer **HDF Energy** announced on 9 September that Namibia’s ministry of environment, forestry and tourism has approved its scoping report to set up a new hydrogen plant in **Swakopmund**.²³ HDF Energy will finalise an environmental and social impact assessment and take further steps to establish a commercially operational plant by 2024.

HDF Energy, which opened an office in Namibia in 2021, will invest around N\$3.1 billion (\$176m) in the project, which aims to provide 24 hours of local energy supply in Swakopmund. No fossil fuels, chemicals or toxic substances will be used by the plant.²⁴ The project serves to generate clean energy and contribute towards energy security in Namibia. In 2021, Namibia imported 37.4% of its electricity from the **Southern African Power Pool (SAPP)**, including South Africa, for its electricity.²⁵

A smaller percentage of the electricity generated in Namibia is produced from fossil fuels compared to the rest of the world.²⁶ Hydroelectric power is generated mainly by the **Ruacana**

¹⁶ [Bank of Namibia press release, 17 Aug 2022](#)

¹⁷ The Namibian, 14 Sep 2022

¹⁸ The Namibian, 14 Sep 2022

¹⁹ The Namibian, 14 Sep 2022

²⁰ The Namibian, 14 Sep 2022

²¹ www.worldbank.org, 2022

²² bon.com.na, 17 Aug 2022

²³ The Namibian, 9 Sep 2022

²⁴ New Era, 13 Sep 2022

²⁵ All Africa, 28 Feb 2022

²⁶ Globalpetrolprices.com, accessed 16 Sep 2022

hydroelectric scheme in north-west Namibia, close to the border with **Angola**.²⁷ Solar power accounts for roughly 3% of energy generation, while wind generates 0.33% of total energy produced in Namibia.²⁸

HDF energy director for **Southern Africa, Nicolas Lecomte** said the project will be the first in **Africa**, with the company planning to set up plants in **Morocco**, South Africa and **Zimbabwe**.²⁹ Lecomte noted:

“HDF Energy is one step closer to constructing the first green hydrogen power plant in Africa, among the first that HDF Energy deploys globally. This step is also one of many that ensures compliance with the Namibian laws and for the benefit of the Namibian people.”³⁰

The project is a significant milestone for Namibia in its efforts since 2021 to attract green finance, especially in its hydrogen potential. In 2021, Namibia set its first plans in motion to develop the country’s vertically integrated green hydrogen sector through the **Southern Corridor Development Initiative (SCDI)** in the **||Kharas Region**. The SCDI serves as an umbrella programme for the development of Namibia’s green hydrogen industry. The **World Economic Forum** invited Namibia to its annual conference in **Davos (Switzerland)** for the first time in May, where Geingob led a highly successful delegation to woo investors towards energy resources (see *ARC Briefing Namibia June 2022*). **European** countries are particularly drawn to Namibia’s energy resources as countries seek to shift away from dependence on **Russian** oil and gas. The Davos conference saw Geingob strategically position Namibia for its green hydrogen investment readiness.

The government further increased its policy efforts to develop the green hydrogen sector after prime minister Saara Kuugongelwa-Amadhila announced at the **Namibia National Green Hydrogen Conference 2022** held in **Windhoek** from 16-17 August that the government is drafting a national green hydrogen strategy.³¹ The strategy seeks to develop the green hydrogen private sector value chain, but public-private partnerships will also be part of the national hydrogen strategy. Kuugongelwa-Amadhila said the government is committed to establishing a competitive and transparent process in creating a vertically integrated hydrogen sector.³²

²⁷ [Hydropower & Dams](#), accessed 16 Sep 2022

²⁸ [Globalpetrolprices.com](#), accessed 16 Sep 2022

²⁹ [www.greenbuildingafrica.co.za](#), 14 Sep 2022

³⁰ New Era, 13 Sep 2022

³¹ New Era, 18 Aug 2022

³² New Era, 18 Aug 2022

Planner

19 Oct 2022 **Windhoek (Namibia) Bank of Namibia** releases monetary policy statement;
 Nov 2022 **Windhoek (Namibia) Ruling South West Africa People's Organisation (SWAPO)** intra-party campaign and congress election;
 7 Dec 2022 **Windhoek (Namibia) Bank of Namibia** releases monetary policy statement;
 2024 **(Namibia)** General elections;

Chronology

14 Sep 2022 **Windhoek (Namibia) The New Era**. President **Hage Geingob** announces that he will not contest the 2024 Namibian presidential elections, in line with Namibia's constitutional limit of two terms in office;

14 Sep 2022 **Windhoek (Namibia) The New Era**. Defence and veterans minister **Frans Kapofi** announces that he is pulling out of the race for vice president of the **South West Africa People's Organisation (SWAPO)**;

12 Sep 2022 **Windhoek (Namibia) TechCentral**. A senior company executive at **France**-based independent power producer **HDF Energy** expects its green hydrogen power plant in **Namibia, Africa's** first, to start producing electricity by 2024;

10 Sep 2022 **Windhoek (Namibia) The Namibian**. **SWAPO's** central committee select four candidates for vice president to be elected in November;

9 Sep 2022 **Cape Town (South Africa) IOL**. President **Hage Geingob** announces at the inaugural session of the **Botswana-Namibia Binational Commission** that **Botswana and Namibia** will scrap the need for their citizens to use passports when travelling between the two countries;

9 Sep 2022 **Bulawayo (Zimbabwe) Chronicle**. **Namibia's** President **Hage Geingob** announces at the inaugural session of the **Botswana-Namibia Binational Commission** that **Zimbabwe, Botswana and Namibia** will co-host the **2027 Africa Cup of Nations**;

6 Sep 2022 **Beijing (China) CGTN**. Latest **Namibian** trade statistics reveal that Namibia's trade deficit widened in July to N\$4.3 billion (\$245m) compared to N\$2.5 billion (\$142m) in June;

4 Sep 2022 **Windhoek (Namibia) BusinessDay**. Mines and energy minister **Tom Alweendo** says **Namibian** offshore oil and gas discoveries by oil and gas majors **TotalEnergies** and **Shell** are of commercial quantities, likely in the billions of barrels;

31 Aug 2022 **Windhoek (Namibia) Namib Times**. **Namibia Statistics Agency's** latest data shows **Namibia's** economy rebounded and registered growth of 2.7% in 2021 after a contraction of 8% induced by the **Covid-19** pandemic in 2020;

29 Aug 2022 **Windhoek (Namibia) Namib Times**. **Namibia** suspends livestock imports and other related meat products from **Botswana** amid investigations into a suspected outbreak of foot and mouth disease in the neighbouring country;

24 Aug 2022 **Walvis Bay (Namibia) The Namibian**. **Chinese**-built multi-purpose warship **The NS Elephant** starts sailing from **Walvis Bay** to **Rio de Janeiro (Brazil)**;

17 Aug 2022 **Windhoek (Namibia) The Namibian**. **Bank of Namibia** (central bank) announces an increase of the repo rate to 5.5% to maintain the currency peg with the **South African** rand;

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Getting in touch

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

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