

## AFRICA RISK CONSULTING

## Namibia Monthly Briefing May 2017

**Namibia Summary 30 May 2017**

**President Hage Geingob (2015-present) strongly criticises the local media for allegedly publishing misinformation about the government's draft BEE law. However, at an event commemorating World Press Freedom Day in Windhoek Geingob pledges that the local press will remain free as long as he is head of state. A leaked report highlights the government's challenge in funding an adequate supply of serviced urban plots for low-cost housing development. Ratings agency Moody's says Namibia's outlook could be moved back to stable from negative if fiscal consolidation and public debt reduction is successful. The African Development Bank (AfDB) lends N\$10 billion (US\$770m) for budgetary support and priority development projects. Interest rates could drop soon if inflation continues to fall and the South African rand's value remains stable. Air Namibia may cut its Windhoek-Frankfurt (Germany) route.**

**Geingob lambasts local media over BEE but guarantees press freedoms**

President **Hage Geingob** (2015- present) criticised local media for inaccurate and unfair reporting of the government's economic empowerment programme, the **New Equitable Economic Empowerment Framework (NEEEF)**. Geingob's office said in a statement on 8 May that, following his state of the nation address (SONA) on 17 April, there appeared to be "some concerns" by media houses as to the current status of NEEEF:

*"[Some media reports] have created the impression that the draft law is creating a division amongst black and white business owners and that the proposed 25% ownership transfer will be without compensation."*<sup>1</sup>

The statement added that the law was still in draft form and will be resubmitted to the cabinet following the recent consultations and comments made by stakeholders, "therefore this impression is wholly inaccurate and misleading".<sup>2</sup> Geingob went on to accuse reporters and editors of disregarding basic reporting standards in failing to seek official comments or updates on the draft law. Geingob restated the social and economic inequalities that the NEEEF is designed to address, including "continuing racial imbalance in the management and control of private sector enterprises".<sup>3</sup>

Geingob outlined the next steps in implementing the NEEEF. A high-level inter-ministerial committee has reviewed submissions following the recently concluded public consultations, with the **Law Reform and Development Commission (LRDC)** tasked with producing a fresh draft and recommendations to the prime minister, **Saara Kugongelwa-Amadhila** (whose office is responsible for implementing the NEEEF).<sup>4</sup> Issues that the government considered for possible revision include: the existing 25% compulsory divestment to empowerment entities; the composition of the government's empowerment council; and the definition of previously disadvantaged Namibians (PDNs). Many have argued that those with full-time jobs or other forms of income should not automatically be classified as beneficiaries (as is the case with land redistribution). Effectively, a redefinition could disenfranchise the back middle class.

<sup>1</sup> Namibian Presidency responds to some recent media reports on the NEEEF By Office of the Presidency, 8 May 2017.

<sup>2</sup> Office of the Presidency, 8 May 2017.

<sup>3</sup> Office of the Presidency, 8 May 2017.

<sup>4</sup> Office of the Presidency, 8 May 2017.

Kugongelwa-Amadhila was due to submit the revised proposals for approval in principle by the cabinet in May.<sup>5</sup> Once approved, this will go the legislative drafting process, with a possible further round of stakeholder consultations. Finally it will go to the attorney general and to parliament for consideration.

The revised law is unlikely to be implemented before 2018 as Geingob acknowledged that parts of it were quite technical, such as provisions dealing with the development of empowerment standards and accompanying scorecard. Geingob urged the local media to back the NEEEF and avoid “*deliberate negative hype and misinformation*”.<sup>6</sup> Until the NEEEF process is completed and investors have a final draft to assess, there will continue to be investor caution. The mining sector is not affected as the government has accepted its empowerment charter, which eschews any mandatory equity transfers, as sufficient.

Geingob appeared to make amends to the local media in his remarks at the **World Press Freedom Day** event in **Windhoek** on 10 May.

*“Let me tell you here that as long as I am given the mandate to lead this great country, the freedom of the press is guaranteed.”<sup>7</sup>*

Geingob said he is proud that Namibia occupied first position in **Africa** on the **World Press Freedom Index** rankings of **Reporters Without Borders** but cautioned journalists that they are accountable for the information they convey.<sup>8</sup> He stressed that introducing checks and balances for the press through a proposed media ethics council did not mean the government wanted to muzzle journalists:

*“Rather we are calling upon our journalists to practise their journalism with a clear conscience liberated by accountability.”<sup>9</sup>*

There has been criticism of the government’s stance towards the press as being partly to blame for a slide in Namibia’s rankings in the 2017 press freedom index. While Namibia retained its number one position in Africa, it dropped to 24<sup>th</sup> globally from 17<sup>th</sup> previously (out of 180 countries ranked).<sup>10</sup> The Namibia chapter of the **Media Institute of Southern Africa (Misa)** said that the local media were often the target of (unspecified) threats by the government.<sup>11</sup> Misa Namibia national director **Natasha Tibinyane** has alleged that Geingob and information minister **Tjekera Tweya** have insulted and intimidated journalists.<sup>12</sup> Other factors included the prioritisation of state-owned media for government advertising and information, along with the absence of a freedom of information law. She also highlighted the brief detention of two **Japanese** journalists last year for investigating **North Korean** activities in Namibia.

### Substantial funds needed to meet demand for affordable homes

The government is making slow progress in providing an increased supply of serviced urban plots for low-cost housing and needs to spend far more on the programme, according to a draft report by the **Integrated Land Management Institute (ILMI)** at the **Namibia University of Science and Technology (NUST)**.<sup>13</sup> By falling behind with the roll-out of serviced plots, the government risks renewed land occupations by the **Affirmative Repositioning (AR)** grass roots movement, with whom Geingob brokered an agreement to provide 200,000 serviced plots to defuse a threat of mass occupations in July 2015 (see *ARC Briefing Namibia July and August 2015*). NUST vice chancellor

<sup>5</sup> Office of the Presidency, 8 May 2017.

<sup>6</sup> Namibian Presidency responds to some recent media reports on the NEEF By Office of the Presidency, 8 May 2017

<sup>7</sup> The Namibian, 11 May 2017.

<sup>8</sup> The Namibian, 11 May 2017.

<sup>9</sup> The Namibian, 11 May 2017.

<sup>10</sup> www.rsf.org

<sup>11</sup> The Namibian, 27 Apr 2017.

<sup>12</sup> The Namibian, 27 Apr 2017.

<sup>13</sup> NUST draft report on mass housing, Apr 2017.

**Tjama Tjivikua** said the urban development ministry commissioned the study to review the currently suspended mass housing programme.<sup>14</sup> The N\$48m (US\$3.7m) programme that Geingob's predecessor, **Hifikepunye Pohamba** (2005-2015) introduced, was supposed to deliver 180,000 houses by 2030 but was suspended shortly after Geingob took office for a reassessment amid allegations of mismanagement and corruption. The NUST report, which was leaked to the local media but has yet to be officially published, makes uncomfortable reading for the government as it estimates that some N\$16 billion (US\$1.2 billion) needs to be spent to service 100,000 plots and upgrade 130,000 'informal' houses across the country.

Its recommendations include reducing the size of plots to enable more houses to be built; it calculates the existing 100,000 plots of 300 square metres each could be serviced at a cost of N\$8 billion (US\$615m), equivalent to N\$86,000 (US\$6,615) per plot.<sup>15</sup> This cost could be lower if plot size was reduced to 100 or 150 square metres, which would free up 200,000-300,000 plots. However, this may not be acceptable to potential householders and current regulations stipulate that local authorities should sell land in parcels no smaller than 300 square metres. Another N\$8 billion (US\$615m) would be needed to upgrade the 'informal' dwellings to conventional residences.<sup>16</sup>

Given the prevailing budget constraints, the sums required are not affordable and the government has already looked to involve private companies in low-cost housing through public-private partnerships (about which much is said but few seem to be getting underway). The report suggests the government should investigate alternative options – including municipal housing, housing cooperatives and rent-to-buy schemes – and drop the term “*mass housing*” as it incorrectly suggests that the government is to build housing for large numbers of people. The government is running out of time to deal with the housing crisis before more unrest. AR announced its withdrawal from the July 2015 agreement earlier this year and accused the government of deliberately delaying the roll-out of serviced plots.<sup>17</sup> In his SONA in April, Geingob said that in all, 7,700 plots had been serviced during 2016, and over 5,500 houses completed.<sup>18</sup> This represents progress but is still only a drop in the ocean of unmet demand for affordable housing.

### Moody's hints at a possible outlook upgrade...

In its annual update on Namibia published on 23 May, ratings agency **Moody's Investors Service** maintained its Baa3 sovereign risk rating unchanged along with the country's negative outlook. Moody's report said the current rating reflected Namibia's “*solid medium-term growth prospects and institutional strength*”, balanced by credit challenges, notably “*rising public debt and heightened external risks*”, but said that:

*“Namibia is vulnerable to further tightening in domestic funding conditions if fiscal slippages continue, potentially leading to a substantial increase in debt servicing costs.”<sup>19</sup>*

However, the report added that a recent budgetary loan from the **African Development Bank (AfDB)** (see below) will help fund the budget deficit this fiscal year while the government undertakes gradual fiscal consolidation to address structural challenges. Moody's expects government debt to continue to rise marginally, reaching 45.4% of GDP in the 2018/19 fiscal year. Despite this negative trend, debt relative to public revenues will remain very slightly below the Baa-rated median across the rating horizon, reflecting the government's relatively strong tax collection ability.<sup>20</sup>

<sup>14</sup> NUST draft report on mass housing, Apr 2017.

<sup>15</sup> NUST draft report on mass housing, Apr 2017.

<sup>16</sup> NUST draft report on mass housing, Apr 2017.

<sup>17</sup> The Namibian, 25 May 2017.

<sup>18</sup> [www.gov.na](http://www.gov.na), 12 Apr 2017.

<sup>19</sup> Government of Namibia – Baa3 Negative Annual Credit Analysis, Moody's Investors Service, 23 May 2017.

<sup>20</sup> Government of Namibia – Baa3 Negative Annual Credit Analysis, Moody's Investors Service, 23 May 2017.

On the upside, Moody's expects diamond, gold and uranium mining output to increase which, along with a rebound in agriculture, would drive GDP growth near-term, with real growth projected at 4.5% this year and 4.9% in 2018.<sup>21</sup> It is not clear if these are Moody's own growth projections or if it is using (outdated) official forecasts; the government's previous forecasts were revised down in this year's budget to 2.5% this year and 3.7% in 2018 (see *ARC Briefing Namibia April 2017*). Moody's noted that Namibia's moderate institutional strength, reflecting its record of political predictability, supports its creditworthiness and is "*conducive to supportive macroeconomic policy and structural reform*".<sup>22</sup> Accordingly, Moody's said it could return Namibia to a stable outlook, if the government's commitment to fiscal consolidation, resulted in a slowing and eventual reversal of debt accumulation:

*"A sustainable improvement in the country's twin balances, a sustained easing of funding conditions in the domestic market, and a material increase in foreign-exchange reserves comfortably above three months of imports would also generate upward rating pressure."*<sup>23</sup>

A shift from a negative to a stable outlook would be a considerable achievement for Namibia given that **South Africa's** credit rating has been downgraded to effective junk status and it is still recording low growth. With regard to increasing foreign-exchange reserves, import coverage has already improved this year. The last monetary policy statement of the **Bank of Namibia (BoN)** (central bank) stated that foreign reserves of N\$22.3 billion (US\$1.7 billion) at end-March 2017 were estimated to cover 2.7 months' imports.<sup>24</sup> With the **Husab** uranium mine now in production and ramping up gradually to full capacity of 6,800 tonnes of uranium oxide by next year, foreign reserves should be above the three-month threshold later this year, meeting one of Moody's criteria for an outlook upgrade.

### ...as Namibia gets budgetary support from the AfDB

One of the positive factors Moody's highlighted was the new US\$227m (ZAR/N\$3.0 billion) loan that the AfDB announced on 12 May.<sup>25</sup> The loan is the AfDB's first policy-based operation in Namibia as it has previously funded infrastructure projects. The AfDB described it as the first of "*two programmatic series*" for 2017/18 and 2018/19.<sup>26</sup> The credit thus appears to be the first tranche of a ZAR/N\$10 billion (US\$770m) loan package. The loan is denominated in South African rand to avoid adverse exchange rate fluctuations.<sup>27</sup> The loan is for 15 years, including a three-year grace period. Interest is payable at the three-month **Johannesburg interbank agreed rate (JIBAR)** of 7.34% annually and the debt repayment is already included in the current three-year medium-term expenditure framework (MTEF), covering the 2017/18 to 2019/20 fiscal years. It is intended to finance a Namibia **Economic Governance and Competitiveness Support Programme (EGCSP)** to underpin the strengthening of public financial management, the quality of government spending, while laying a solid foundation for industrialisation by support for business environment reforms. AfDB senior vice president **Charles Boamah** commented:

*"The EGCSP is designed to address emerging vulnerabilities undermining macroeconomic stability and support the government's ongoing bold structural reforms aimed at driving long-term job creating growth and reducing income inequality."*<sup>28</sup>

Boamah noted that while Namibia had made good progress in reducing poverty, more efforts were needed to further reduce unemployment and income inequality:

<sup>21</sup> Government of Namibia – Baa3 Negative Annual Credit Analysis, Moody's Investors Service, 23 May 2017.

<sup>22</sup> Government of Namibia – Baa3 Negative Annual Credit Analysis, Moody's Investors Service, 23 May 2017.

<sup>23</sup> Moody's Investors Service, Government of Namibia – Baa3 Negative Annual Credit Analysis, 23 May 2017.

<sup>24</sup> Bank of Namibia, Monetary Policy Statement, 12 April 2017.

<sup>25</sup> Press release, African Development Bank Group, 10 May 2017.

<sup>26</sup> Press release, African Development Bank Group, 10 May 2017.

<sup>27</sup> Press release, African Development Bank Group, 10 May 2017.

<sup>28</sup> Press release, African Development Bank Group, 10 May 2017.

*“[These challenges] are compounded by bottlenecks in public financial management and the business environment, which limits the pace of industrialization and economic diversification [key goals of the government’s **Harambee Prosperity Plan (HPP)]**.”<sup>29</sup>*

Finance minister **Calle Schlettwein** said the government had decided to apply to the AfDB for the loan at the start of 2017 to plug budget funding gaps because open-market loans were US dollar denominated and hence more expensive.

*“We have also seen that we have been experiencing liquidity squeezes domestically and could not raise enough money domestically.”<sup>30</sup>*

Schlettwein said the loan proceeds would be split 60:40 between bridging the budget deficit (the first time Namibia has received multilateral lending for this purpose) and to finance unspecified development projects.<sup>31</sup> He referred to the full N\$10 billion (\$US770m) package as he told the local media that the current fiscal year budget deficit of N\$6.1 billion (US\$469m) would be covered by two N\$3 billion (US\$231m) tranches, with the remaining N\$4 billion (US\$308m) for development projects used during both fiscal years. Schlettwein said the government would identify which projects the loan would support after consulting with stakeholders.<sup>32</sup> However, Schlettwein hinted that key infrastructure projects such as a second desalination plant at the coast to provide process water for Namibia’s uranium mines, would be on the list.<sup>33</sup>

### Interest rate cut in offing if lower inflation and stronger rand persist

The central bank will almost certainly hold Namibia’s repurchase (repo) rate unchanged on 7.0% when its **Monetary Policy Committee (MPC)** next meets on 14 June, given that the **South African Reserve Bank (SARB)** kept South Africa’s repo rate on 7.0% at its 23-25 May MPC meeting.<sup>34</sup> The SARB hinted it may soon loosen monetary policy, which the BoN would replicate since its interest rate decisions track those of the SARB. If the SARB cuts its repo rate next time, the BoN would follow suit at its next MPC meeting on 16 August. Significantly, the SARB stated that one of its six MPC members voted in favour of a 25 bps repo rate cut to 6.75% at this month’s meeting.<sup>35</sup> Any near-term reduction in interest rates will only be decided if two currently favourable economic trends, decreasing inflation and reduced currency depreciation, continue. Year-on-year (y/y) inflation has continued to fall in both Namibia and South Africa since the beginning of 2017 (see below), while the foreign exchange value of the South African rand, to which the Namibia dollar is linked at par, has remained steady at around 13 to the US dollar in the past month or so. It fell by approximately 5% against the US currency in the immediate aftermath of South Africa’s credit downgrade in early April (see *ARC Briefing Namibia April 2017*).

Namibia’s y/y inflation rate decreased to 6.7% in April from 7.0% in March, only slightly above that of a year earlier (6.6%), according to the **Namibia Statistics Agency (NSA)**.<sup>36</sup> Inflation has fallen from a peak of 8.2% in January 2017 but four-month average inflation remained high at 7.4%, compared to an average 6.1% for January-April 2016.<sup>37</sup> The April downtick reflected weaker price increases for food and non-alcoholic beverages – the second-largest weighted component of the **Namibia Consumer Price Index (NCPI)** at 16.5%. Having slowed by almost four percentage points to 7.4% in March, food inflation fell by almost two percentage points to 5.8% in April. The bread and cereals sub-category – especially important for low-income families – recorded only 0.9% inflation, the lowest for

<sup>29</sup> Press release, African Development Bank Group, 10 May 2017.

<sup>30</sup> The Namibian, 12 May 2017.

<sup>31</sup> The Namibian, 12 May 2017.

<sup>32</sup> The Namibian, 12 May 2017.

<sup>33</sup> The Namibian, 12 May 2017.

<sup>34</sup> South African Reserve Bank, Statement of the Monetary Policy Committee, 25 May 2017.

<sup>35</sup> South African Reserve Bank, Statement of the Monetary Policy Committee, 25 May 2017.

<sup>36</sup> Namibia Statistics Agency, Namibia Consumer Price Index, March 2017.

<sup>37</sup> Namibia Statistics Agency, Namibia Consumer Price Index, March 2017.

over two years, reflecting the continued improvement and reduced prices for maize and wheat. However, inflation for housing, water, gas, electricity and other fuels (28.4% of the basket) stayed high at 9.4%. Transport (14.3% of the basket) recorded fractionally higher inflation of 6.6% (6.5% previously); the cost of purchasing vehicles increased by 8.2% (compared to 6.9% in March), although the cost of operating vehicles decreased to 8.1% (8.5% previously).<sup>38</sup>

### Unexpected increase in unemployment rate

The NSA's **Namibia Labour Force Survey 2016** highlights the scale of the challenge facing Geingob's government in achieving a sustained increase in employment.<sup>39</sup> The report, published on 24 May, is the first full survey since 2014 and placed Namibia's economically active population at 1 million, 69% of the total 1.5 million population aged 15 and older, of whom 676,885 were employed. Of these, 358,270 (53%) are male, down by 32,010 from two years earlier. In contrast, unemployment, which fell by 20,999 people (7%) to 274,948 in 2014, had risen by 74,435 (27%) to 349,383 in 2016. The unemployment rate accordingly rose from 28% to 34%; women comprised 57% of the unemployed last year, the same proportion as two years earlier.<sup>40</sup>

The sectoral breakdown of employment shows that the main cause of the increase in unemployment during the two-year period was largely an exodus from agriculture, caused mainly by protracted drought.<sup>41</sup> Agricultural employment dropped by 34% from 206,722 to 135,832, or 20% of those employed (down from 29% in 2014).<sup>42</sup> There were similar sharp falls in the number employed in the wholesale and retail, and public administration and defence sectors; these dropped by 32% to 65,492 and by 28% to 30,260. These declines more than offset an encouraging increase of 55% in manufacturing employment to 44,419 (6.6% of the total), and of 73% in accommodation and food services employment (a proxy for the tourism sector) to 47,840 (7.1%). These are both sectors targeted for expansion under the government's five year Harambee Prosperity Plan (HPP). Mining employment rose by only 5% to 14,825 (2.2% of the total) despite the development of three major new mines (Husab uranium, **Otjikoto** gold and **Tschudi** copper).

This reflects the capital-intensive structure of Namibia's highly industrialised mining sector, which in contrast to most African economies, has only a small labour-intensive artisanal mining component. However, according to a presentation by **Chamber of Mines of Namibia (CMN) CEO Veston Malango** to the **2017 Mining Expo and Conference** held in **Windhoek** from 26-27 April, mining employment was substantially higher, 15,926, at the end of 2016. The difference largely reflects the fact that the data used in the NSA's labour force survey was from earlier in 2016.<sup>43</sup> Furthermore, Malango said that with a generally accepted multiplier effect of seven, mining provided jobs directly and indirectly to some 111,482 persons. The bare employment numbers also underestimate mining's economic impact. The CMN calculated that industry turnover was N\$28.9 billion (US\$2.2 billion) in 2016, 14% up on the previous year, of which N\$11.8 billion (US\$907m) was paid out for procurement of goods and services, much of these local, N\$5 billion (US\$385m) was paid to the government (corporate taxes and royalties), with N\$3.8 billion (US\$292m) paid in wages and salaries.<sup>44</sup>

### Air Namibia in a tight spot

**United Kingdom (UK)**-based consulting group **Oxford Economics (OE)** concluded in a report it published on 17 May that the loss-making state-owned **Air Namibia** makes a net contribution to the overall economy and should receive continued government support.<sup>45</sup> The report, which Air Namibia

<sup>38</sup> Namibia Statistics Agency, Namibia Consumer Price Index, April 2017.

<sup>39</sup> Key Highlights of the Namibia Labour Force Survey 2016, Namibia Statistics Agency, May 2017.

<sup>40</sup> Key Highlights of the Namibia Labour Force Survey 2016, Namibia Statistics Agency, May 2017.

<sup>41</sup> Key Highlights of the Namibia Labour Force Survey 2016, Namibia Statistics Agency, May 2017.

<sup>42</sup> Key Highlights of the Namibia Labour Force Survey 2016, Namibia Statistics Agency, May 2017.

<sup>43</sup> Mining industry source

<sup>44</sup> Mining Industry Performance in 2016, CMN, 26 April 2017.

<sup>45</sup> New Era, 18 May 2017.

commissioned, said that cutting back its operations would reduce revenue and adversely impact tourism and suppliers. The report estimated that Air Namibia's operations and aviation-related capital spending made a N\$704m (\$54m) net contribution to the economy, while Air Namibia had also spent over N\$1 billion (US\$77m) in procurement of local goods and services, and sustained 4,600 jobs. Revenue was estimated at N\$316m (US\$24m) in 2015/16, equivalent to 55% of the government subsidy it received that fiscal year. The report forecast the airline's net contribution could reach N\$1.7 billion (US\$131m) by 2020/21, provided its operations were not curtailed, as this would reduce revenue. According to Air Namibia's acting managing director, **Mandi Samson**, the airline intends to expand its services over the next five years through capacity expansion and new routes to **Nairobi (Kenya)**, **Lagos (Nigeria)** and **Accra (Ghana)**.<sup>46</sup>

OE's director of consulting, **Ian Mulheim**, presented the findings to a mid-May stakeholder conference in Windhoek against the backdrop of Schlettwein's proposal that Air Namibia should cease to operate its only international route, Windhoek-**Frankfurt (Germany)**, which Schlettwein calculates would save N\$30m (US\$2.3m) per year.<sup>47</sup> Air Namibia also previously flew between Windhoek and **London (UK)**, but the airline cut this route in 2008 in response to adverse impact of the global financial crisis. The airline's current fleet comprises two **Airbus 330-220** aircraft for the Frankfurt route, and four Airbus 319-100s and four **Embraer ERJ 135s** on regional/domestic routes, including a new service to **Durban (South Africa)** via **Gaborone (Botswana)**. Schlettwein intends to present the plan to cut the Frankfurt route at an upcoming meeting of the cabinet committee on overall policy and priorities, which Geingob chairs. In his 2017/18 budget statement, Schlettwein said the government would aim to curtail non-productive expenditure, implementing a public enterprise reform agenda to ensure sustainable business models and internal efficiencies. Air Namibia has been a drain on the public purse for most of its existence, having received billions of dollars in government subsidies to cover its operating deficit and pay for new aircraft. This included the purchase of a **Boeing 747 Combi** aircraft, which was sold at a loss.<sup>48</sup> Since then, the airline has leased its planes.

Responding to the OE report, Schlettwein cast doubt on the validity of its findings that Air Namibia should retain loss-making routes, including Windhoek-Frankfurt.<sup>49</sup> He said there had to be another way for the airline to operate without incurring so many losses and remaining dependent on government bail outs, while the effectiveness of state subsidies "*had to be investigated*".<sup>50</sup> Air Namibia will receive a total of N\$1.5 billion (US\$114m) from the government during the 2017/18 to 2019/20 fiscal years, while past bailouts – between 2011/12 and 2016/17 – totalled N\$4.2 billion (US\$323m), figures which the OE report did not itemise. Works and transport minister **Alpheus !Naruseb** had told the conference that the government remained committed to a national airline for the country without specifically endorsing the continuation of the Windhoek-Frankfurt route.

The government has struggled for years to find a way of reducing the subsidies it pays to keep Air Namibia in business. Most of the airline's problems stem from poor management, with repeated changes in board members and executive personnel, as its operations are generally quite efficient and it has a good safety record. But it may fall victim to the current policy of fiscal consolidation, with Schlettwein determined to cut back on subsidies to loss-making parastatals.

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<sup>46</sup> New Era, 18 May 2017.

<sup>47</sup> New Era, 18 May 2017.

<sup>48</sup> New Era, 16 Jul 2004.

<sup>49</sup> The Namibian, 18 May 2017.

<sup>50</sup> The Namibian, 18 May 2017.

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