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Namibia's second national land conference approves limited expropriation of commercial agricultural land, although it is unclear how the government can implement this without amending the constitution. Russian billionaire Rashid Sardarov's farm purchase transaction with the government faces a legal challenge. Namibia's global competitiveness ranking slips again. A forthcoming International Civil Aviation Organisation (ICAO) audit may deem Namibia's aviation sector unsafe. Diamond output expansion slows although Rössing uranium output increases further. Inflation rises in September due to higher oil prices. Australia-based Global Petroleum acquires Block 2011A in the northern part of the Walvis Basin under a petroleum agreement.

Land conference approves limited land expropriation ...

The second national land conference of 1-5 October, entitled "*Towards a Comprehensive and Sustainable Land Reform in Namibia*", approved a number of resolutions designed to speed up the process of transferring ownership of private (freehold) agricultural land to indigenous ("*previously-disadvantaged*") **Namibians**. President **Hage Geingob** (2015-present) announced at the outset of the proceedings that "*the willing buyer, willing seller principle [government purchases of land for resettlement] has not delivered results*" and that "*careful consideration should be given to expropriation*".¹

Critics maintained that many of the 800 delegates at the conference were government representatives, with insufficient representation from opposition political parties and other groups. Some civil society organisations, grass roots land campaigners, including the **Affirmative Repositioning (AR)** movement, and the **Ovaherero** and **Damara** traditional leaderships, chose not to attend, despite Geingob's call at the opening of the conference for them to join in the national dialogue. They maintained that the conference would not fully discuss certain important issues, such as the urban land crisis and returning 'ancestral land' taken by **German** and **South African** colonial settlers to their original occupants, and that the government would stage-manage the event to achieve its desired outcome.² However, the proceedings appear to have been thorough, with two days of plenary presentations from a range of organisations and individuals, followed by two 'thematic' group discussion days based on the topics forwarded by regional workshops preceding the conference, and a final plenary session day to discuss and approve proposed resolutions.

The official document listing the approved resolutions stated that the conference had recognised, amongst other things, "*The imperative to uphold Chapter Three of the Namibian Constitution as an enshrined provision*".³ This section sets out "*Fundamental Human Rights*

¹ New Era, 2 Oct 2018; Deutsche Welle, 1 Oct, 3 Oct 2018.

² Windhoek Observer, 21 Sep 2018; New Era, 2 Oct 2018.

³ Ministry of Information and Communication Technology, Press Statement on the Resolutions of the Second National Land Conference, 21 Sep 2018, New Era, 2 Oct 2018.

³ Ministry of Information and Communication Technology, Press Statement on the Resolutions of the Second National Land Conference, 6 Oct 2018.

and Freedoms", including Article 16, which provides for private property rights, with any expropriation by the state subject to the payment of "just" compensation.⁴ The conference delegates resolved to abolish the existing "willing buyer, willing seller" policy as a "primary method of land acquisition".⁵ Instead, the government will implement expropriation of land within the confines of the constitution, i.e. with just compensation, and will develop national land valuation models to address the problem of high market values.⁶

In contrast, foreign-owned agricultural land is to be expropriated, apparently without compensation, along with "underutilised" farms owned by Namibians. Non-Namibians own only 1.2 million hectares, 3% of total freehold agricultural land, according to the **Namibia Statistics Agency (NSA)**. The first measure would thus have only a limited impact (see *ARC Briefing Namibia September 2018*). A "One Namibian-One Farm" principle was also agreed, along with pre- and post-settlement support programmes.⁷

More controversially, the allocation of land for resettlement is now to be on the basis of 70% for dispossessed/landless Namibians, and 30% for 'the veterans of the liberation struggle' and their dependents.⁸ Some traditional authorities have criticised this distinction, not previously in existence, as unrepresentative.⁹ The ancestral land rights issue was also sidelined, with the establishment of a commission to investigate the matter and make appropriate recommendations.¹⁰ The commission will be under the auspices of the presidency and comprise a retired judge or other eminent person, and five experts, with secretarial support from the government's **Law Reform and Development Commission**.¹¹

Geingob gave directives at the first post-conference cabinet meeting held on 10 October on how the resolutions should be implemented, stating that he "did not want to hear explanations as to why this or that cannot be done".¹² The cabinet reportedly decided to develop an urbanisation and spatial development programme to improve the situation of informal settlements, which "must be considered an emergency". An estimated 900,000 Namibians live in shacks outside towns because of inadequate provision of land for housing.¹³ The cabinet declared the "willing buyer, willing seller" suspended, but decided that government-owned land must become more productive, with an urgent assessment of the status of resettlement farms to be conducted.¹⁴ The cabinet also decided that the full resettlement list, which the government has previously resisted publishing, must be shared

⁴ Ministry of Information and Communication Technology, Press Statement on the Resolutions of the Second National Land Conference, 6 Oct 2018.

⁵ Ministry of Information and Communication Technology, Press Statement on the Resolutions of the Second National Land Conference, 6 Oct 2018.

⁶ Ministry of Information and Communication Technology, Press Statement on the Resolutions of the Second National Land Conference, 6 Oct 2018.

⁷ Ministry of Information and Communication Technology, Press Statement on the Resolutions of the Second National Land Conference, 6 Oct 2018.

⁸ Ministry of Information and Communication Technology, Press Statement on the Resolutions of the Second National Land Conference, 6 October, 2018; *New Era* 22 Oct, 2018.

⁹ *New Era* 22 Oct 2018.

¹⁰ Ministry of Information and Communication Technology, Press Statement on the Resolutions of the Second National Land Conference, 6 October, 2018; *New Era* 22 Oct, 2018.

¹¹ Ministry of Information and Communication Technology, Press Statement on the Resolutions of the Second National Land Conference, 6 October, 2018; *New Era* 22 Oct, 2018.

¹² *The Namibian*, 12 Oct 2018.

¹³ *Windhoek Observer*, 21 Sep 2018; *New Era*, 2 Oct 2018.

¹⁴ *The Namibian*, 12 Oct 2018.

with the Namibian public. It also resolved that the laws prohibiting illegal fencing in communal farming areas should be enforced.¹⁵

The cabinet did not discuss implementing expropriation in line with the constitution and this may prove unenforceable. *“Just compensation”* is open to interpretation and, if applied on the basis of the owner’s loss, the courts are likely to uphold a view that may turn out to be no cheaper than the existing approach. Some Namibian commentators also see problems in enforcing a *“one Namibian, one farm”* policy, since any measures attempting to limit private ownership of property are non-starters. There is no other private property exchange method to replace the current system unless *“a new constitution is instituted and that will never happen”*.¹⁶ This corresponds with **Bank of Namibia (BoN)** (central bank) deputy governor **Ebson Uanguta’s** conference presentation in which he stressed that whatever reforms were agreed to remedy past inequalities, these should not diminish property rights, but promote *“secure land tenure”*.¹⁷

Nujoma urged to resign over Russian farm deal

Existing land transaction procedures appear to allow for the virtually uncontrolled purchase of commercial farms by foreign nationals. Namibia’s main opposition party, the **Popular Democratic Movement (PDM)** (formerly known as the **DTA of Namibia**), criticised a complicated transaction involving the purchase of four commercial farms near **Windhoek** by **Russian** billionaire **Rashid Sardarov**, completed two days before the national land conference, but which came to light only afterwards.¹⁸ The PDM claims the transaction contravenes existing restrictions on foreign land ownership.¹⁹ PDM leader **McHenry Vernaani** announced on 18 October that his party would seek to have Namibia’s **High Court** abrogate the deal.²⁰ **Job Amupanda**, one of the leaders of Affirmative Repositioning (AR), said his organisation intended to refer the transaction to the **Anti-Corruption Commission (ACC)** and Namibia’s **Ombudsman**, for investigation.²¹ The farms are valued at N\$43m (\$3m) and cover 17,000 ha (1,700 sq km). Sardarov paid for them but then donated them to the government. The land reform ministry registered them as state property and leased them back to his private company, **Switzerland-based Comsar Properties**, on 28 September for 99 years.²² Sardarov reportedly already owns three farms covering 28,000 hectares at **Dordabis**, southeast of Windhoek, which he bought in 2013, and rents another farm from an absentee **Austrian** landlord.²³ Sardarov’s lawyer, **Sisa Namandje**, maintained there was no case to answer:

*“It was a direct transfer from the farmers to the government at the full cost and account of the lessee, which is my client. They have no case, this transaction was done in terms of the law.”*²⁴

¹⁵ The Namibian, 12 Oct 2018.

¹⁶ The Namibian, 12 Oct 2018, New Era 12 Oct 2018.

¹⁷ The Namibian, 3 Oct 2018.

¹⁸ The Namibian, 19 Oct 2018.

¹⁹ The Namibian, 19 Oct 2018.

²⁰ The Namibian, 19 Oct 2018.

²¹ The Namibian, 19 Oct 2018.

²² The Namibian, 19 Oct 2018.

²³ The Namibian, 19 Oct 2018.

²⁴ The Namibian, 19 Oct 2018.

However, a senior PDM member of parliament (MP), **Nico Smit**, told a 22 October press conference that the latest transaction flouted the government's own laws to favour a foreign national at the expense of Namibians.²⁵ Smit said the deal contravened the **Agricultural Act of 1995**, which prohibits the leasing of farmland for more than ten years (although this can be renewed) and foreign ownership of land "*without the prior written consent of the minister (of land reform)*".²⁶ Smit said the act also prohibited acquisition of land by the government as a nominee on behalf of an individual buyer.²⁷ He reiterated that the PDM would file an application in the High Court to halt "*the envisaged massive developments*" on the farms until the case is heard. Smit called on Geingob to suspend the land reform minister, **Utoni Nujoma**, the eldest son of Namibia's first president, **Sam Nujoma** (1990-2005).²⁸ Human rights lawyer **Norman Tjombe** added that the deal was illegal because it was "*a simulated agreement*" designed to avoid restrictions on foreign ownership of commercial agricultural land.²⁹

Nujoma, who signed the title deeds for the farms on behalf of the government, has given contradictory accounts of his role in the transaction. He told the **National Assembly (NA)** on 11 October that the cabinet had approved the transaction with Sardarov because of "*the massive developmental and economic benefits and various employment opportunities*" that would follow from his investment.³⁰ However, in an interview with the state-owned **Namibian Broadcasting Corp. (NBC)** television channel the next day, Nujoma was reported as saying that the documents made public by AR were fake and that his signature had been forged on the title deeds, reiterating that no public funds had been used to buy the farms. Opposition party **National Unity Democratic Organisation (NUDO)** deputy secretary general **Veteruhe Kandarozu** called for Nujoma's resignation or sacking by Geingob. Kandarozu said the farms bought by Sardarov should be re-allocated to landless/dispossessed Namibians for their resettlement, in line with the national land conference resolutions.³¹

Namibia drops one place in WEF competitiveness ranking

Namibia's ranking in the **World Economic Forum (WEF)**'s **Global Competitiveness Report 2018** fell one place from the 2017 report.³² The latest report, published on 17 October, ranked Namibia 100th out of 140 countries surveyed. In 2017 it placed 99th out of 135 countries.³³ Namibia's overall score of 53 (where 100 is best), although fractionally better than in the 2017 report, was below the global average score of 60. WEF founder and executive chair **Klaus Schwab** said that the average score "*suggests that many economies have yet to implement the measures that would enhance their long-term growth and resilience, and broaden opportunities for their populations*".³⁴ On the basis of the latest WEF ranking, this would include Namibia. Schwab noted that the so-called Fourth Industrial Revolution (4IR),

²⁵ The Namibian, 23 Oct 2018.

²⁶ The Namibian, 23 Oct 2018.

²⁷ The Namibian, 23 Oct 2018.

²⁸ The Namibian, 23 Oct 2018.

²⁹ The Namibian, 23 Oct 2018.

³⁰ The Namibian 22 Oct 2018.

³¹ The Namibian 22 Oct 2018.

³² World Economic Forum, The Global Competitiveness Report, October 2018.

³³ World Economic Forum, The Global Competitiveness Report, October 2018.

³⁴ World Economic Forum, The Global Competitiveness Report, October 2018.

while creating new opportunities for business, government and individuals, “*also threatens a new divergence and polarisation within and between economies and societies.*”³⁵

Namibia is currently ranked sixth most competitive in **sub-Saharan Africa**, behind **Mauritius** (global 49th), **South Africa** (67th), **Seychelles** (74th), **Botswana** (90th) and **Kenya** (93rd).³⁶ Both South Africa and Botswana lost competitiveness more sharply than Namibia, each being down five places on 2017. In terms of the 12 pillars used to measure each country’s performance, Namibia’s best scores were for macro-economic stability (70 out of 100, ranked 100th), financial systems (66, ranked 47th), labour market (64, ranked 39th), infrastructure (60, ranked 91st), and institutions (57, ranked 51st).³⁷

The **Economic Association of Namibia (EAN)** said that Namibia lags behind in terms of business dynamics, market size, health, and information communication technology (ICT) take-up.³⁸ EAN research associate **Klaus Schade** added that there is a need to improve ICT skills and access. Schade said addressing these would not only attract domestic and foreign investment, but also allow businesses to compete regionally and globally:

*“Namibia performs well in the pillar ‘institutions’ regarding the efficiency of the legal framework and press freedom (both rank 24), budget transparency and judicial independence (both at 27), as well as property rights, while the homicide rate (rank 128), e-participation (116) and quality of land administration (110) are dragging the rankings down.”*³⁹

A former **Namibia Chamber of Commerce and Industry (NCCI)** president, Dr **Leake Hangala**, had told the national land conference that one aspect frustrating business people and prospective investors “*were long bureaucratic delays, indecisiveness and lack of transparency in terms of access to land, ownership and transfer, especially in urban areas*”.⁴⁰ It takes 66 days to start a business, ranking Namibia 135th, almost at the bottom.⁴¹ Speaking on behalf of the NCCI, Hangala said that these bottlenecks were delaying urgently required job creation opportunities. Namibia’s ranking also reinforces the need for Geingob’s government to continue its commitment to introducing structural reforms to improve overall competitiveness.

Namibian aviation sector is not fit for purpose

Local aviation and tourism organisations are alarmed that Namibia’s airspace could be declared unsafe because of non-compliance with international safety standards. The **Namibia Airports Company (NAC)** and other government agencies have reportedly continued to fail to implement recommendations for improving safety, made by the **Montreal (Canada)**-based **International Civil Aviation Organisation (ICAO)**, a **United Nations (UN)** specialised agency.⁴² At a 9 October meeting organised by the **Aircraft Owners and Pilots Association (AOPA)** and **Federation of Namibian Tourism Associations (Fenata)**, ICAO officials said that the aviation sector in general, and not only **Hosea Kutako International Airport** outside Windhoek, currently fail to meet international safety standards, because no

³⁵ World Economic Forum, The Global Competitiveness Index, October 2018.

³⁶ World Economic Forum, The Global Competitiveness Index, October 2018.

³⁷ World Economic Forum, The Global Competitiveness Index, October 2018.

³⁸ The Namibian, 18 Oct 2018.

³⁹ The Namibian, 18 Oct 2018.

⁴⁰ Namibia Economist, 3 Oct 2018.

⁴¹ World Economic Forum, The Global Competitiveness Index, October 2018.

⁴² Namibian Sun, 11 Oct 2018

action has been taken in response to a list of concerns repeatedly submitted during recent years. Government officials and other tourism agencies attended the meeting but, although invited, no one from either NAC or the national airline, **Air Namibia**, was there.⁴³ An emergency cabinet meeting to discuss the issue reportedly took place the same day. The ICAO is due to conduct a security audit at Hosea Kutako in late November, which could result in it issuing a 'non-compliance' report, since many of the existing shortcomings were highlighted in an audit three years ago, including inadequate firefighting capacity at the airport.⁴⁴

Fenata chair **Bernt Schneider** issued a statement, co-signed by AOPA, warning that a continued failure to comply with international safety standards will result in the Namibian airspace being deemed unsafe for international travel:

*"The direct and immediate consequence of such a finding is that international airlines such as **Qatar** airways or [**Netherlands**-based] **KLM** will no longer fly to Namibia and at the same time the national airline in all likelihood will be prohibited to fly to international destinations. The complete failure to address the concerns raised and the total inaction, especially from the NAC, have prompted ICAO officials to set a deadline as to when clear progress has to be demonstrated."*⁴⁵

Schneider said the government had convened the cabinet meeting after Fenata had alerted it to the prospect of Namibia failing the upcoming ICAO audit.⁴⁶ He said the tourism sector would continue to act as watchdogs on behalf of the public and work with the government to ensure Namibia remains a safe destination, and called on NAC to "*immediately address the well-documented concerns and recommendations*" by ICAO.⁴⁷

Diamond output expansion slows ...

Rough diamond production by **Namdeb Holdings (Namdeb)**, the 50:50 joint venture between the government and **De Beers**, was virtually flat at 460,000 carats in the 2018 third quarter.⁴⁸ **Anglo American**, which operates mainly in **Southern Africa** but has its primary listing on the **London Stock Exchange**, owns an 85% equity interest in De Beers (the Botswana government owns the remaining 15%). Output rose more substantially, by 14% to 1.4m carats, in the first nine months of this year. Offshore deep water recoveries by **Debmarine** mining vessels continue to account for the major share of output, but these were 9% lower in Q3 and fractionally down on a nine-month basis at 1.04m carats. In contrast, Q3 onshore recoveries increased by 37% year-on-year (y/y) and by 75%, to 0.5m carats, for the first nine months of 2018.

Namibia was the world's fifth largest diamond producer in 2017, with a \$1 billion output value. With land-based mining currently due to end in 2022, its future lies in offshore production.⁴⁹ The main **Southern Coastal** operation immediately to the north of **Oranjemund** will shut down in 2022, preceded by closure of two small mines at **Daberas** and **Sendlingsdrif**, located inland along the **Orange River** north bank during 2019-20. Mining has already stopped at the larger **Elizabeth Bay** operation south of **Luderitz**, which produced approximately 200,000 carats of mainly smaller sized gemstones last year, with

⁴³ Namibian Sun, 11 Oct 2018

⁴⁴ Namibian Sun, 11 Oct 2018

⁴⁵ Namibian Sun, 11 Oct 2018.

⁴⁶ Namibian Sun, 11 Oct 2018.

⁴⁷ Namibian Sun, 11 Oct 2018.

⁴⁸ Anglo American, Production Report for the third quarter ended 30 September 2018.

⁴⁹ Kimberley Process Certification Scheme, Annual Global Summary: 2017 Production, Imports, Exports and KCS Counts.

diamonds now being recovered only from tailings. Namdeb put the Elizabeth Bay mine up for sale earlier this year. If no purchaser is found, Namdeb is likely to put the mine on care and maintenance, because of the rising cost of production there.⁵⁰

Namdeb Q3 production 2018 ⁵¹							
('000 carats)							
	2018			2017		% change	
	Q3	Q2	9m	Q3	9m	Q3/Q3	9m/9m
Offshore	322	349	1,036	353	1,050	-9	-1
Onshore	138	166	467	101	267	37	75
Total	460	515	1,503	454	1,317	1	14

... amid stronger prospects for uranium and lithium

Due to higher average grades, production by the large **Rössing** mine in the central **Namib Desert** rose to 657 tonnes of uranium oxide (U3O8) in Q3, 31% higher than a year earlier.⁵² **Anglo-Australian** resources group **Rio Tinto** owns a 68.6% equity interest in the mine. The Namibian government has a small equity stake of 3% but owns a majority of the voting rights in **Rössing Uranium Ltd (RUL)**. Nine-month 2018 rose almost as strongly, by 21%, to 1,832 tonnes. The company kept its uranium production guidance for 2018 unchanged at 4,128 to 4,763 tonnes on a 100% basis for both Rössing and the 68.4%-owned Ranger mine in Australia's **Northern Territory**. By subtracting Ranger's production forecast for this year, ARC calculates Rössing annual output would be 2,540 to 2,767 tonnes, substantially above last year's 2,110 tonnes.⁵³

The latest production results show that the mine remains a worthwhile operational asset, despite Rio having written down its value last year due to the low prevailing uranium price. The uranium spot price (for immediate delivery) moved up during Q3 due to increased investor fund and some utility buying, rising by 21% to just over \$27 per pound at end September. The mid-October price was \$27.40, unchanged over the previous week.⁵⁴ Rössing continues to benefit from delivering yellowcake to the global market under higher-priced, so-called 'legacy' contracts negotiated more than a decade ago by Rio's **London**-based marketing team.⁵⁵

Rio Tinto has yet to confirm reports that it plans to sell its majority interest in Rössing to a state-owned **Chinese** nuclear power utility, **China National Nuclear Corp. (CNNC)**, although the Namibian government views the transaction as virtually a done deal (see *ARC Briefing Namibia September 2018*). Hinting at an impending sale, Rössing's managing director for the past five years, **Werner Duvenhage**, left at the end of October to take charge at **Richards**

⁵⁰ Namibian Sun, 24 Sep 2018.

⁵¹ Anglo American, Production Report for the third quarter ended 30 Sep 2018.

⁵² Rio Tinto, Third quarter operations review, 16 Oct 2018.

⁵³ Energy Resources of Australia, September 2018 Quarter Operations Review, 10 October 2018.

⁵⁴ Berkeley Energia, Quarterly Report September 2018, 15 Oct 2018, Ux Weekly, 15 Oct 2018.

⁵⁵ Fuel Cycle Week, 19 Oct 2018.

Bay Minerals (RBM), South Africa's largest mineral sands producer.⁵⁶ RBM is 74%-owned by Rio and produces high-quality titanium dioxide, rutile and zircon.

Canada-based **Desert Lion Energy (DLE)** completed an initial resource estimate as planned at its **Karibib** lithium project west of Windhoek.⁵⁷ DLE had placed the project on hold at the end of August due to a precipitate fall in the lithium carbonate (battery grade) price (see *ARC Briefing Namibia September 2018*).⁵⁸ This covers the previously mined **Helicon** and **Rubicon** deposits. DLE said the near-surface resource confirmed the potential for a substantial lepidolite lithium mining operation, for which a preliminary economic assessment (PEA) is due to be completed very shortly. The results indicated a resource of 3.0m tonnes of ore grades 0.63% lithium (19,000 tonnes of metal), with an inferred (less certain) resource of 5.8m tonnes grading 0.53% lithium (30,700 tonnes). A further ore resource of 69m tonnes contained in Rubicon surface slimes (tailings deposits from past mining) is mainly indicated, at a higher grade of 0.97% lithium.

DLE said that slimes reclamation would be cheaper than hard rock mining, with the estimated milling/concentration, and processing cost into lithium carbonate the same, at \$110 per tonne and \$2,050 per tonne respectively.⁵⁹ The lithium carbonate price was \$14-16 per kilo in mid-October, compared to \$16.5-18.5 per kilo two months earlier, a 15% decrease.⁶⁰

Inflation rises as higher oil prices bite

Year-on-year (y/y) inflation rose by almost half a percentage point to 4.8% in September (from 4.4% in August).⁶¹ Although y/y inflation is moving up, annual average inflation was only 4.0% in the first nine months of 2018, compared to 6.5% in the same period of last year. The higher global crude oil price, resulting in domestic fuel prices being successively raised in the past five consecutive months, is the major factor driving inflation. Oil spiked up to over \$80 per barrel by end-September.⁶² Inflation for transport, the sub-category with the third-largest weighting (14.3%) in the **National Consumer Price Index (NCPI)** basket of goods, soared by just over three percentage points to 12.9%, up from 9.7% in August. This was the first time transport inflation has recorded a double-digit increase since June 2014. The cost of operating vehicles substantially increased for a third successive month, by 13.3% from 12.6% in August, with the cost of purchasing vehicles up by 8.5%, compared to 7.9% in the previous month.⁶³ The steepest increase was in the cost of public transport services, which went up by 18.0%, from just 1.7% in August, reflecting a 20% increase in taxi fares that took effect in September.⁶⁴

Inflation for housing and utilities, with the biggest NCPI basket weighting at 28.4%, decreased to 3.8% (4.4% in August), mainly due to a slowdown in price increases for electricity, gas and other fuels to 9%, from just over 13% in August. The inflation rate for water supply and sewerage also decreased to 5.6% (from 6.2%). Rental price inflation,

⁵⁶ Namibia Economist, 16 Oct 2018.

⁵⁷ Desert Lion Energy press release, 12 Oct 2018.

⁵⁸ Desert Lion Energy press release, 12 Oct 2018.

⁵⁹ Desert Lion Energy press release, 12 Oct 2018.

⁶⁰ Global Lithium Wrap, Fastmarkets, www.metalbulletin.com, 17 Aug, 19 Oct 2018.

⁶¹ Namibia Statistics Agency, NCPI September 2018.

⁶² Livemint, 24 Oct 2018, Oilprice.com, 24 Oct 2018.

⁶³ Namibia Statistics Agency, NCPI September 2018.

⁶⁴ IJG Namibia, NCPI- September 2018.

having fallen sharply at the start of the year, remained subdued at 2.6% in September. Inflation for food and nonalcoholic beverages – with the second largest basket weighting of 16.5% – decelerated further, to 2.5% from 2.7% in August, despite higher price rises for bread and cereals, due to lower price rises for fish, milk, cheese and eggs.⁶⁵ Windhoek stockbroker **IJG Namibia** anticipates there will be further domestic fuel price rises due to the current volatility of global oil prices caused by **United States** sanctions and other factors:

“These events could tilt the oil price upward, putting more pressure on fuel pump prices going forward. Risks to inflation thus remain to the upside, the consequences of which could be higher interest rates and further pressure on the economy.”⁶⁶

Another offshore oil licence is awarded

Oil juniors continue to pile into Namibia’s offshore exploration sector, encouraged by the strong crude oil price and a sharp reduction in drill rig hiring costs. **Australia**-based **Global Petroleum**, which is listed both on the **Australian Securities Exchange (ASX)** and London’s **Alternative Investment Market (AIM)**, is the latest of these, having acquired Block 2011A in the northern part of the **Walvis Basin** under a petroleum agreement signed last month.⁶⁷ The block adjoins two blocks – 1910B and 2010A – held under its existing petroleum licence (PEL) 29, and expands Global’s offshore acreage to 11,600 sq km. The company holds an 85% equity interest in the new block as operator. State-owned **National Oil Corp. of Namibia (Namcor)** and a local empowerment firm, **Aloe Investments Two Hundred and Two**, have carried interests of 10% and 5% respectively. Although a previous exploration well – **Welwitschia 1A** – drilled by Spain’s **Repsol** in the western part of Block 2011A in 2014, which targeted upper cretaceous sands, did not encounter a reservoir, Global believes there is significant prospectivity in deeper carbonates, already proven as a porous reservoir by other wells in the vicinity. The firm will start by reprocessing existing seismic 3D data during the initial two-year exploration period, to enable interpretation of more detail on the reservoir, better trap definition and detailed prospective resource numbers.⁶⁸

Oil exploration company **Azinam**’s managing director, **Daniel McKeown**, provided a positive assessment of Namibia’s onshore exploration potential at a 23 October Namibia investment breakfast briefing in London.⁶⁹ The firm, backed by private equity-owned **Seacrest Capital Corp.**, recently signed a farm-in agreement with **ExxonMobile Namibia** for a 30% interest in its subsidiary, **Azinam Namibia**’s PEL 44 in the Walvis Basin (see *ARC Briefing Namibia August 2018*). McKeown said that all the elements of a proven petroleum province have been encountered, including key elements of working petroleum systems and a geological diversity of structural and stratigraphic plays. He highlighted a 70% fall in well drilling costs during the past four years as one of the key factors driving resumed exploration activity in frontier oil provinces such as Namibia’s. Compared to the \$110m cost of drilling the **Welwitschia** well four years ago, the recently drilled **Cormorant-1** well, which was spudded by **Ireland**-based **Tullow Oil** and proved to be dry, cost only \$30m (see *ARC Briefing Namibia September 2018*).⁷⁰

⁶⁵ Namibia Statistics Agency, NCPI September 2018

⁶⁶ IJG Namibia, NCPI- September 2018.

⁶⁷ Global Petroleum, 19 Sep 2018.

⁶⁸ Global Petroleum, 19 Sep 2018.

⁶⁹ Menas Associates, Unlocking Namibia’s Potential: Political Stability and Economic Transformation, Roger Murray, Daniel McKeown, John Ogilvie.

⁷⁰ Menas Associates, Unlocking Namibia’s Potential: Political Stability and Economic Transformation, Roger Murray, Daniel McKeown, John Ogilvie.

Planner

15 Nov 2018 **(Namibia) Namibia Statistics Agency** October 2018 National Consumer Price Index;

4 Dec 2018 **(Namibia) Bank of Namibia Monetary Policy Committee Meeting**

13 Dec 2018 **(Namibia) Namibia Statistics Agency** Q3 GDP 2018 report, November 2018 National Consumer Price Index;

November 2019 **(Namibia) National Assembly and Presidential Elections**

Chronology

24 Oct 2018 **Windhoek (Namibia) Reuters**. Finance minister **Calle Schlettwein** states the economy will contract 0.2% in 2018, down from a 1% growth forecast in July due to weak performance in manufacturing and construction sectors;

23 Oct 2018 **Windhoek (Namibia) Indepth News**. Land reform minister **Utoni Nujoma** reportedly leases four farms to **Russia**-owned company, **Comsar Properties SA**, ahead of a national land conference;

23 Oct 2018 **Windhoek (Namibia) The Namibian**. The **Southern African Climate Change Outlook Forum** states that **Namibia** will face another drought in the 2018-2019 agricultural season;

23 Oct 2018 **Windhoek (Namibia) The East African**. **Angola**-based bus operator, **Macon**, launches direct route from **Luanda** to **Windhoek**;

22 Oct 2018 **Windhoek (Namibia) The Namibian**. President **Hage Geingob** signs three cooperation agreements with **Kenyan** President **Uhuru Kenyatta** during a state visit to Kenya;

22 Oct 2018 **Windhoek (Namibia) The Namibian**. Mines and energy minister **Tom Alweendo** states that Namibia will host the **Southern African Development Community Renewable Energy Centre**;

17 Oct 2018 **Windhoek (Namibia) The Star**. **Kenyan** foreign affairs minister **Monica Juma** signs an agreement to enhance bilateral ties with **Namibia's** government;

17 Oct 2018 **Windhoek (Namibia) Journal du Cameroun**. **United Kingdom**-based oil exploration company **Chariot Oil & Gas** states that it did not find oil in its offshore **Central** blocks;

9 Oct 2018 **Windhoek (Namibia) The Namibian**. State-owned airline **Air Namibia** cancels flights to **Harare (Zimbabwe)** after Zimbabwe authorities impound an Air Namibia aircraft on 5 October;

5 Oct 2018 **Windhoek (Namibia) EWN**. President **Hage Geingob** pledges to expropriate foreign-owned land with absentee landlords and redefine fair compensation for the land;

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