

## AFRICA RISK CONSULTING

### Namibia Monthly Briefing February 2024

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#### Namibia Summary 13 February 2024

*President Hage Geingob (2015-2024) dies of cancer on 4 February. Vice president Dr Nangolo Mbumba is subsequently appointed as president who, in turn, appoints Netumbo Nandi-Ndaitwah as vice president. Nando-Ndaitwah is currently the ruling South West Africa People's Organisation (SWAPO) presidential candidate for the upcoming 2024 general election. National Petroleum Corporation of Namibia (Namcor) and Portugal-headquartered Galp Energy sign a two-year capacity-building agreement on 5 January. Namibia showcases mining opportunities at the annual Investing in African Mining Indaba held in Cape Town (South Africa).*

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#### Hage Geingob dies

Namibia's President **Hage Geingob** (2015-2024) died on 4 February at a hospital in **Windhoek** just a few weeks after the presidency confirmed his cancer diagnosis on 8 January.<sup>1</sup> Geingob served as Namibia's third president since independence in 1990 and also served as the country's first prime minister between 1990 and 2002 and again between 2012 and 2015.<sup>2</sup> Geingob had a prominent history in the ruling **South West African People's Organisation (SWAPO)** and although support for Geingob declined over the two presidential elections his death has been met with a flood of condolences from party leaders and the public.

Geingob spearheaded Namibia's renewable energy investment drive, particularly in green hydrogen which saw an overwhelming interest during Namibia's first delegation to the **World Economic Forum** in 2022 (see *ARC Briefing Namibia Jun 2022*). Under Geingob's leadership, Namibia has been internationally positioned as a potential energy and mining hotspot in Africa, however, Geingob's leadership has not been devoid of challenges, most notably corruption, including the 2019 **Fishrot** scandal which exposed how SWAPO officials accepted bribes for diverting money from the state-owned **Fish Corporation of Namibia (Fishcor)** to an **Icelandic** fishing company, **Samherj** (See *ARC Briefing Dec Namibia 2023*). This corruption scandal was the biggest in Namibia's history since independence and resulted in a dent in support for SWAPO.

Vice president Dr **Nangolo Mbumba** was sworn in as president on 4 February and in turn, appointed SWAPO's 2024 presidential candidate and deputy prime minister and international relations minister **Netumbo Nandi-Ndaitwah** as vice president.<sup>3</sup> **John Mutorwa** was appointed to fill the Nandi-Ndaitwah's previous roles. Mbumba will serve in an interim capacity and will not contest in the 2024 presidential elections, noting during the inauguration ceremony "I am not going to be around for the elections, so don't panic".<sup>4</sup>

Nandi-Ndaitwah was elected as SWAPO's official presidential candidate in December 2022 with 421 votes from party delegates against **Saara Kuugongelwa-Amadhila's** 270 votes and **Pohamba Shifeta's** 91 votes (see *ARC Briefing Namibia Dec 2023*). She is also the party's vice president but assumed the presidency upon Geingob's death. The party constitution allows the

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<sup>1</sup> The Namibian, 4 Feb 2024

<sup>2</sup> The Conversation, 4 Feb 2024

<sup>3</sup> Bloomberg, 4 Feb 2024

<sup>4</sup> Reuters, 5 Feb 2024

vice president of the party to exercise the powers and fulfil the duties of the president, however, Article 15(9) of the constitution also indicates that the party's central committee shall call an extraordinary congress to elect a president if the party president can no longer perform his/her role.<sup>5</sup> Although Nandi-Ndaitwah has strong support in SWAPO and is likely to become the party's president and head of state, she has not enjoyed unwavering support within SWAPO - former youth and sports minister **Jerry Ekandjo** wrote to the late president towards the end of 2023, urging for a new elective congress to be convened after Geingob already announced Nandi-Ndaitwah as the official presidential candidate in early 2023. By holding an election and electing someone other than Nandi-Ndaitwah, trust in the party may erode further as it would make SWAPO appear unstable and fractured.

There is no indication that Nandi-Ndaitwah will not be SWAPO's presidential candidate, and while the party risks violating its own constitution if the extraordinary congress is not held, there are no clear consequences if it does choose not to hold a congress. Given the untimeliness of Geingob's death and the fact that the party had already set up its succession for the 2024 general election, it is unlikely that there will be significant changes made or even the extraordinary congress held. However, the level of support Nandi-Ndaitwah will garner is uncertain given that SWAPO has seen such significant declines in support over the past two elections.

### Capacity building agreement signed with Galp after oil discovery

The **National Petroleum Corporation of Namibia (Namcor)** announced on 5 January it had signed a two-year capacity-building agreement with **Portugal**-headquartered **Galp Energy**. The announcement came after Galp made one of the latest oil discoveries in Namibia's **Orange Basin**.<sup>6</sup> Galp operates the Petroleum Exploration Licence 83 (PEL 83) at its **Mopane-1X** well, north of the **United Kingdom**-based multinational oil giant **Shell**, and its PEL 39 in the vicinity of two rigs of **French**-based oil multinational **TotalEnergies**. After drilling at the Mopane-1X well is complete, Galp will move to Mopane 2X to continue assessing the commercial viability of the discovery. Galp holds 80% of the stake in PEL 83, and the remaining 20% is split between Namcor and **Custos Energy**, a Namibian oil and gas exploration company.<sup>7</sup>

The recent agreement signed in January is for the enhancement of skills and competencies within Namibia in the upstream and downstream oil sectors.<sup>8</sup> In the agreement, Galp pledged to provide Namcor with technical advice and related services in future cooperation plans.<sup>9</sup> In Namcor's announcement, the state-owned enterprise (SOE) said that the parties have also agreed to work outside of the oil sector and explore opportunities in the renewable energy sector, an area where Namibia has attracted significant foreign investment including \$1 billion via the **2023-2025 European Union (EU)-Namibia** roadmap.

Since 2021 companies including Galp Energy, Shell, TotalEnergies, **QatarEnergy**, **United States (US)** multinational **Chevron** and **ExxonMobil**, and **Canadian**-headquartered **Eco Atlantic** have been drilling for oil in Namibia. UK-based newspaper **Financial Times** published a report in August 2023, titled 'Could Namibia be the next oil frontier?' elaborating on factors that show increased activity and sharp interest in Namibia's oil industry. The report highlighted that in 2023 alone half of TotalEnergies' global exploration budget -N\$ 5.98 billion (\$300m) - was spent on activities in Namibia.<sup>10</sup> While it is too early to estimate the revenue these initial finds may yield, the oil finds provide promise for Namibia's economic development.

<sup>5</sup> Windhoek Observer, 4 Feb 2024

<sup>6</sup> The Namibian, 29 Jan 2024

<sup>7</sup> New Era, 30 Jan 2023

<sup>8</sup> The Namibian, 29 Jan 2024

<sup>9</sup> The Namibian, 29 Jan 2024

<sup>10</sup> Financial Times, 27 Aug 2023

## Namibia in the spotlight at 2024 Mining Indaba

Namibia showcased its mining opportunities at the annual **Investing in African Mining Indaba** held in **Cape Town (South Africa)**.<sup>11</sup> Namibia presented its mining opportunities during the main agenda between 3 and 6 February and held a special country showcase on 7 February to spotlight Namibia's mining sector.<sup>12</sup> The Namibian delegation was led by **Gloria Simubali**, the deputy executive director at the mines and energy ministry and included government officials and representatives from national bodies, including the **Geological Survey of Namibia, Epangelo Mining, NamPower, the Chamber of Mines, and the Namibia Investment Promotion and Development Board**.<sup>13</sup>

A statement made on behalf of mines and energy minister **Tom Alweendo** noted that the ministry anticipates increased interest in Namibia's critical raw materials due to the increased global demand for an energy transition. Alweendo's statement mentioned that over the last three years, Namibia has been ranked among the top producers of uranium, rough diamonds, zinc, gold, copper, lead, acid-grade fluorspar, limestone, cement, dimension stone and salt. He further mentioned that Namibia is also one of the countries with the most potential for mining in cobalt, lithium, graphite, rare earth metals, and other critical minerals.<sup>14</sup>

Another focus of Namibia's presentations was local value addition. Despite this wide range of minerals in Namibia, Alweendo reiterated a common issue **African** leaders have repeatedly stressed, namely that there is a need for the mining sector to develop across value chains:

*"Most, if not all, of these commodities, have been exported in their raw form or with minimal processing before being exported to various destinations, rendering Namibia unable to reap the maximum benefit from its resources."<sup>15</sup>*

Despite Alweendo's calls, Namibia does not have the infrastructure and technology necessary for large-scale beneficiation to reduce Namibia's dependence on the export of raw minerals. In June 2023, the government banned the export of unprocessed crushed lithium as well as other critical minerals, including REEs, cobalt, manganese and graphite – as it intends to promote beneficiation throughout the supply chain of critical metals (see *ARC Briefing Namibia Jun 2023*). However, an exception was made for **Japan** and the **European Union (EU)** in 2023 as opportunities for beneficiation of Namibia's industry are part of mining agreements with the country and bloc. In the case of Japan, cooperation will enable capacity building and information sharing with Epangelo while the EU will mobilise funding to develop the soft and hard infrastructure necessary for the mining projects. It remains to be seen if these exceptions have had an impact on beneficiation.<sup>16</sup> While the country may not be ready for beneficiation, it could capitalise on the increased interest in its mining economy. Namibia enjoys rich mineral resources, a stable political environment and stable economy that makes it an attractive investment destination.

In 2023, mining contributed to 30% of Namibia's GDP and up to 50% of its export revenues.<sup>17</sup> In 2022 alone the mining sector recorded a 21.6% growth rate, compared to 11% in 2021, driven by a robust diamond mining sector performance which recorded a 44.2% growth rate. Namibia is one of the top global producers of gem-quality diamonds and uranium, but lithium and rare earth elements (REE) are attracting a particularly strong interest in Namibia. It is expected that

<sup>11</sup> Informanté, 9 Feb 2024

<sup>12</sup> Africa Mining Online, 5 Feb 2024

<sup>13</sup> Africa Mining Market, 7 Feb 2024

<sup>14</sup> Intellinews, 5 Feb 2024

<sup>15</sup> Informanté, 9 Feb 2024

<sup>16</sup> Intellinews, 5 Feb 2024

<sup>17</sup> White & Case, 19 Dec 2023

lithium mining will be in full production by 2025, a positive for the country as the industry could potentially be valued at N\$19.9 billion (\$1 billion) a year.<sup>18</sup>

## Planner

Nov 2024 **(Namibia)** General elections

## Chronology

9 Feb 2024 **Windhoek (Namibia)** *The Namibian*. President **Nangolo Mbumba** officially opens parliament;

9 Feb 2023 **Windhoek (Namibia)** *New Era*. The **Electricity Control Board (ECB)** records a N\$91.7m (\$4.6m) income in the 2023/24 financial year, a 4.2% increase from N\$88m (\$4.42m) in the previous financial year. This is a positive sign after a decline of 9% in income between the 2020 and 2021 financial years;

9 Feb 2023 **Windhoek (Namibia)** *New Era*. **French** multinational company, **TotalEnergies** announces another oil discovery offshore Namibia at the **Mangetti-1X** probe being drilled, but further exploration is needed to establish whether it is economically viable;

8 Feb 2023 **Windhoek (Namibia)** *Windhoek Observer*. Windhoek's city council concludes its elections for two unoccupied seats of its five-member management committee. Former deputy mayor **Magdalena Lombardt** and **Councillor Bernardus Araeb** are elected as the two remaining members;

8 Feb 2023 **Windhoek (Namibia)** *New Era*. Mines and energy ministry notes that fuel prices in **Walvis Bay** remain unchanged at N\$20.78 (\$1.04) per litre for petrol, N\$21.05 (\$1.08) per litre for diesel 50ppm and N\$21.25 (\$1.08) per litre for diesel 10ppm;

8 Feb 2023 **Windhoek (Namibia)** *The Namibian*. The **Namibia Statistics Agency (NSA)** reports that annual inflation decreased to 5.4% in January;

6 Feb 2023 **Windhoek (Namibia)** *New Era*. **Pinehas Mutota**, general manager of economic regulation at the **Electricity Control Board (ECB)**, shares that Namibia loses N\$1 billion (\$50m) a day due to unplanned electric outages;

31 Jan 2024 **Windhoek (Namibia)** *Miningmx*. **Canada**-headquartered **B2Gold** says its drill results from exploration at the **Otjikoko** mine indicate the possible viability of development of an underground mine;

25 Jan 2024 **Windhoek (Namibia)** *News24*. Presidency announces that President **Hage Geingob** will travel to the **United States (US)** to undergo cancer treatment, adding that his travel expenses and treatment are being sponsored by US scientists and medical professionals;

24 Jan 2024 **Windhoek (Namibia)** *New Era*. **Zambia** ratifies the **Bay-Ndola-Lubumbashi Development Corridor (WBNLDC) Tripartite Agreement**, a key corridor and trade route that will address cross-border trade;

18 Jan 2024 **Windhoek (Namibia)** *News24*. **Walvis Bay** port is emerging as a top option for vessels that need refuelling as they aim to avoid security threats in the **Red Sea**;

<sup>18</sup> Intellinews, 5 Feb 2024

16 Jan 2024 Windhoek (Namibia) *The Namibian*. **United Nations World Economic Situation Prospects Report 2024** forecasts that economic growth will slow to 2.6% in 2024 from the 3.2% projected for 2023;

### About Africa Risk Consulting:

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