

AFRICA RISK CONSULTING

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Opposition leader Panduleni Itula accepts the supreme court's 28 January ruling that the November presidential election was valid and will not be nullified. Nine countries, including Namibia, form the Hague Group to take coordinated action against Israel's violations of international law. Bank of Namibia's (central bank) Monetary Policy Committee cuts the repo rate by 25 basis points from 7% to 6.75% on 12 February while revising its inflation rate projection for 2026 upwards from 4.2% to 4.4%. Namibia launches a new visa-on-arrival program that signals the country's openness to business and eagerness to position itself as a regionally competitive player.

Opposition accepts court ruling that election was valid

The opposition **Independent Patriots for Change's (IPC)** president **Panduleni Itula** accepted the supreme court's 28 January ruling that the November presidential election was valid and will not be nullified.¹ The IPC and opposition **Landless People's Movement (LPM)** went to court after the general and presidential elections concluded on 30 November, alleging that the extension of the elections on 29 and 30 November was illegal.

The IPC and LPM escalated their claims from first only declaring the presidential election invalid, to calling for the entire 2024 general election to be declared null and void (*see ARC Briefing Namibia Feb 2025*).² Namibia faced the possibility of undermining the **Electoral Commission of Namibia (ECN)**, which already has a low level of public trust, if the supreme court ruled in the IPC's favour. Itula gracefully accepted the court ruling, remarking:

"What we need to do is to learn to make decisions and to abide by decisions and to move on from there, and not to dig in the past. Namibia will never develop if we constantly continue to blame each other."³

Itula's acceptance of the court ruling reflects Namibia's political maturity and the opposition's respect for constitutional order and democratic process. President-elect and incumbent vice president **Netumbo Nandi-Ndaitwah** will be sworn in on 21 March, coinciding with Namibia's 35th **Independence Day**.

Namibia joins Hague Group

Namibia joined South Africa, **Malaysia, Colombia, Bolivia** and **Honduras** to form the **Hague Group** on 31 January, exposing itself to growing international tensions. The group's purpose is to take coordinated action against **Israel** for its violations of international law, with members stating they will uphold the **International Criminal Court (ICC)** arrest warrants issued for Israeli prime minister **Benjamin Netanyahu** (2022-present) and former defence minister **Yoav Gallant**, bar vessels from carrying military supplies to Israel, and prevent arms transfers.⁴

¹ Namibian Sun, 3 Mar 2025

² Namibian Sun, 7 Jan 2025

³ Namibian Sun, 3 Mar 2025

⁴ Bloomberg, 27 Feb 2025

Namibia's decision to join the Hague Group indicates its ongoing alignment with South Africa and its foreign policy stance, a stance which is increasingly alienating South Africa from the **United States (US)**. Though the US is not one of Namibia's biggest trading partners or foreign direct investors, Namibia is economically reliant on the South African economy, which is potentially facing major economic repercussions considering that the US is one of South Africa's biggest trading partners and foreign direct investors. While Namibia stands no direct risk by joining the Hague Group, it could face indirect economic repercussions due to its close ties to South Africa.

Indicative of the close ties between the two economies, the Namibian dollar is pegged 1:1 to the South African rand and the **Bank of Namibia (BoN)** (central bank) **Monetary Policy Committee (MPC)** often emulates the decisions of the **South African Reserve Bank (SARB)** (see below). This also means Namibia is vulnerable to any currency shocks the rand might experience.⁵ While the South African rand has only been moderately affected since US President **Donald Trump** (2025-present) came into office, largely due to the signing of the controversial **Expropriation Bill** and tariffs, the South African rand could face serious consequences if South Africa's **Africa Growth Opportunity Act (AGOA)** access is revoked. Such an event is highly likely to impact not only the Namibian dollar but also the Namibian economy, which is cause for concern. Central bank governor, **Johannes !Gawaxab**, stated in a press release following the MPC meeting on 12 February that the central bank is also concerned about how the escalating tensions between the US and South Africa will affect Namibia's economy.⁶

Bank of Namibia cuts interest rates

The central bank's MPC cut the repo rate by 25 basis points from 7% to 6.75% on 12 February while revising its inflation rate projection for 2026 upwards from 4.2% to 4.4% to account for exchange rate assumptions, but maintained its 4% projection for 2025.⁷ While Namibia has not yet experienced any major currency setbacks from the ongoing tensions between South Africa and the US, the revision of the 2026 inflation rate is an indication of the central bank's concern (see above). The repo rate cut also emulated South Africa's repo rate reduction by 25 basis points, from 7.75% to 7.50%, at the end of January, once again emphasising the close ties between their economies.⁸

Although volatility of the rand holds repercussions for the Namibian dollar and the country's inflation rate, Namibia has maintained macroeconomic stability with international reserves rising from N\$60.9 billion (\$3.2 billion) in October 2024 to N\$65 billion (\$3.5 billion) at the end of January 2025.⁹ International best practice is for a country to have enough international reserves to cover three to six months of imports and with \$3.5 billion, Namibia has approximately 4.5 months of import cover.¹⁰ This also means that the central bank has enough foreign reserves to sustain currency stability against any shocks to the rand.

The bank also forecast that economic growth would reach 4% in 2025, up from the 3.5% forecast for 2024 but still below 2023's level of 4.2%. The MPC also noted that Namibia's economy remains vulnerable to the ensuing global trade wars, adverse weather conditions and depressed diamond prices, which could dampen economic growth rates and cause higher inflation.¹¹

⁵ Reuters, 4 March 2025

⁶ Bloomberg, 12 Feb 2025

⁷ Bank of Namibia, 12 Feb 2025

⁸ Mail and Guardian, 30 Jan 2025

⁹ Bank of Namibia, 12 Feb 2025

¹⁰ Nam Business Express, 24 Jun 2024

¹¹ Bank of Namibia, 12 Feb 2025

Namibia's macroeconomic position remains stable despite the ongoing tensions, but its reliance on commodity exports to support its economy and vulnerability to any currency shocks from the rand has emphasised that it needs to build resilience to international economic volatilities.

Namibia introduces new visa-on-arrival program

Home affairs minister **Albert Kawana** launched Namibia's new visa-on-arrival regime on 3 March, aimed at improving the country's international engagement.¹² Kawana described the visa-on-arrival programme as an initiative to reduce bureaucratic hurdles, but more importantly, to better position the country as a business hub in southern Africa.¹³ The programme is specifically targeted at bolstering the country's recent initiatives in the production of green hydrogen and aligns with international best practices for investment friendly economies.

The **European Union (EU)** and Namibia are currently negotiating between seven to nine projects for private EU companies to invest in Namibia's green hydrogen sector.¹⁴ The EU's ambassador to Namibia, **Ana Beatriz Martins**, said on 15 January that if the investment target of N\$400 billion (\$21 billion) is reached, it has the potential to double Namibia's Gross Domestic Product (GDP).¹⁵ Any initiatives from the government to be as easily accessible as possible supports the country's efforts to attract such international investment.

Additionally, the new programme makes Namibia regionally competitive considering that only South Africa has implemented similar policies. In 2024, South Africa announced a new points-based system to attract individuals for a general work visa which will be valid for up to five years if the individual earns more than \$36,894 per year; this threshold was chosen to protect low-income earners and non-skilled workers against competition.¹⁶ Namibia shares a similar problem, whereby the country has a shortage of skilled labourers and as a result, investors are incentivised to visit Namibia with the visa-on-arrival regime as tourists, but as the new programme is only valid for tourists, low-income earners and non-skilled workers are protected. Overall, the visa-on-arrival regime signals Namibia's openness to attract international investment and efforts to make the country regionally competitive and business-friendly.

Planner

23 – 25 Apr 2025 **Windhoek (Namibia) Namibia International Energy Conference**

12 – 15 Aug 2025 **Windhoek (Namibia) Namibia Oil and Gas Conference 2025**

Chronology

3 Mar 2025 **Windhoek (Namibia) *The Namibian***. Government launches an online platform that will offer visas on arrival;

27 Feb 2025 **Windhoek (Namibia) *The Namibian***. **Financial Intelligence Centre (FIC)** director **Bryan Eiseb** says Namibia has addressed four out of the 13 strategic deficiencies that led to its grey listing by the **Financial Action Task Force (FATF)**;

20 Feb **Windhoek (Namibia) *Bank of Namibia***. The **Bank of Namibia (BoN)** (central bank) hosts a Chief Executive Officer (CEO) roundtable whereby various CEOs of banks and key non-banking financial institutions are invited to discuss critical developments in the financial sector with the central bank;

¹² The Namibian, 3 Mar 2025

¹³ Moneyweb, 4 Mar 2025

¹⁴ ESI Africa, 15 Jan 2025

¹⁵ ESI Africa, 15 Jan 2025

¹⁶ Bloomberg, 9 Oct 2024

19 Feb **Windhoek (Namibia)** *Bloomberg*. The **Bank of Namibia (BoN)** (central bank) governor, **Johannes !Gawaxab**, says Namibia should dial back its expectations of offshore oil discoveries because of the failures of oil discoveries in drilling reports in recent months;

15-16 Feb **Addis Abba (Ethiopia)** *Ministry of International Relations*. International relations and cooperation minister **Peya Mushelenga** leads a Namibian delegation to the **Assembly of Heads of State and Government of the African Union Summit** which is themed, 'Justice for Africans and People of African Descent Through Reparations';

12-13 Feb **Addis Abba (Ethiopia)** *Ministry of International Relations*. International relations and cooperation minister **Peya Mushelenga** leads a Namibian delegation to attend the **Executive Council of the African Union**;

13 Feb 2025 **Windhoek (Namibia)** *African Mining Market*. Mines and energy ministry and **United Kingdom (UK)**-headquartered **De Beers** confirm their sales agreement will end on 16 May 2026 and that a negotiating team is being appointed;

12 Feb **Windhoek (Namibia)** *Bank of Namibia*. The **Bank of Namibia (BoN)** (central bank) announces the reduction of the repo rate by 25 basis points from 7% to 6.75%;

12 Feb **Windhoek (Namibia)** *European External Action Service*. The **European Union (EU)** delegation to Namibia releases an independent study analysing trade and foreign direct investment flows between the EU and Namibia;

10 Feb **Windhoek (Namibia)** *Ministry of International Relations*. International relations and cooperation deputy minister **Jenelly Matundu**, meets with a delegation from the **Swedish** parliament to discuss possible areas of cooperation between the two countries;

8 Feb 2025 **Windhoek (Namibia)** *Ministry of International Relations*. The founding father of Namibia, **Sam Shafiqhuna Nujoma**, passes away;

7 Feb 2025 **Windhoek (Namibia)** *Ministry of International Relations*. International relations and cooperation deputy minister **Jenelly Matundu** participates in the **Namibia-Nigeria Joint Commission of Cooperation** session which discusses bilateral relations between the two countries;

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