

## AFRICA RISK CONSULTING

## Namibia Monthly Briefing February 2021

## Namibia Summary 24 February 2021

*Namibia's Fishrot scandal nets another high-profile member of the ruling South West Africa People's Organisation (SWAPO) as Iceland's national broadcasting service links SWAPO MP Tobie Aupindi to bribes intended to secure access to Namibia's sea-fishing grounds. The National Fishing Corporation of Namibia (Fishcor) requests the Bank of Namibia (BoN) (central bank) Financial Intelligence Centre (FIC) to restore its access to company bank accounts in order to pay wages. The BoN maintains the benchmark interest rate at 3.75% and reports that international reserves have increased. State-owned Air Namibia is voluntarily liquidated ahead of default on a settlement payment to Belgium-based aircraft lessor Challengair. State-owned Meat Corporation of Namibia (Meatco) struggles to balance domestic food demand with pressure to export for exchange in 2021. Covid-19 infections begin to rise again as government doubles down on testing in schools and vaccine negotiations. Namibia drops one position and one point in Germany-based non-governmental organisation Transparency International's 2020 Corruption Perceptions Index.*

## Fishrot nets another Swapo MP ...

Namibia's Fishrot scandal has netted another high-profile member of the ruling **South West Africa People's Organisation (SWAPO)**. **Tobie Aupindi** is the latest SWAPO MP to be implicated in the ongoing corruption scandal that first made headlines in November 2019 when a former manager of Icelandic seafood company **Samherji** alleged the firm had paid substantial bribes to secure access to Namibia's rich sea-fishing grounds (see *ARC Briefing Namibia November 2019*). A leaked investigative report has implicated President **Hage Geingob** (2015-present) as a major beneficiary of the so-called "fishrot scandal", claiming money was laundered through the **National Fishing Corporation of Namibia (Fishcor)** to Geingob's 2017 party leadership campaign (see *ARC Briefing Namibia January 2021*).

An Icelandic national broadcasting service investigative programme, 'Kveikur', released in November 2019, alleges that Samherji used people connected to power – such as former fisheries and marine resources minister **Bernhard Esau** and Aupindi – to access fishing quotas cheaply.<sup>1</sup> The documentary claims that interviews, documents and bank statements link Aupindi to a N\$1 million (\$68,000) cash bribe from Samherji.<sup>2</sup> The bribe allegedly formed part of facilitation arrangements made for the **Namibia Fish Consumption Promotion Trust (NFCPT)** board to award an 8,000 metric tonne horse mackerel quota to **Ongudi Investment (Pty) Ltd**, which forwarded the catch to Samherji subsidiary **Katla Seafood**. Aupindi is allegedly the individual codenamed 'Mr. Chairman' in evidence submitted by the whistleblower.<sup>3</sup> On 22 February 2012, at the time Aupindi was chairman of the NFCPT, N\$1m (\$68,000) was withdrawn from the account of Katla Seafood.<sup>4</sup>

<sup>1</sup> South Africa Today, 21 Feb 2021

<sup>2</sup> South Africa Today, 21 Feb 2021

<sup>3</sup> The Namibian, 19 Feb 2021

<sup>4</sup> The Namibian, 19 Feb 2021

The allegations, if proved true, are a blow for Geingob's reputation as an anti-corruption crusader. Namibia's ranking in **Germany**-based non-governmental organisation **Transparency International's** annual corruption rankings has dropped five places since 2018 (see below).

Despite the on-going investigation into its activities, the ministry of fisheries and marine resources has nevertheless allocated a quota for 800,000 metric tonnes of horse mackerel to Fishcor for the current fishing season.<sup>5</sup> Fisheries and marine resources minister **Albert Kawana** defended the decision on 22 February, stating that Fishcor is considered a "government objective". Fishcor will no longer have authority to implement the quotas but instead will act as a conduit to pass quota requirements to other subsidiary businesses in the coastal town of **Lüderitz (Kharas region)**.<sup>6</sup> Subsidiaries associated with Fishcor in Lüderitz are **Seaflower Lobster Corporation Ltd**, **Seaflower Whitefish Corporation Ltd** and **Seacope Freezer Fishing (Pty) Ltd**.<sup>7</sup>

### ... as Fishcor fights for frozen funds

Fishcor board chairman **Mihe Gaomab** has appealed to the **Bank of Namibia (BoN)** (central bank) to release the company's current and call accounts to enable the state-owned fishing company to pay its employees. Gaomab claims the accounts are not subject to the content of the investigation.<sup>8</sup> Minister of public affairs **Leon Jooste** confirmed on 14 February that the BoN's financial crime-busting unit, the **Financial Intelligence Centre (FIC)**, had frozen Fishcor's bank accounts and those of its subsidiary, Seacope, for breach of banking exchange regulations.<sup>9</sup>

Gaomab confirmed that the board is seeking to salvage the company, despite its inability to pay wages while accounts are frozen:

*"We actually had to plead with the minister that we need quotas to turn the company around... we are not even thinking about liquidation."*<sup>10</sup>

### Central bank keeps repo rate unchanged ...

The BoN's **Monetary Policy Committee (MPC)** maintained its benchmark interest rate at a record low of 3.75% on 17 February.<sup>11</sup> The BoN has maintained its rate 25 basis points higher than **South Africa's**, which the **South African Reserve Bank** opted to leave unchanged at 3.5% at its MPC meeting on 21 January.<sup>12</sup> BoN governor **Johannes !Gawaxab** confirmed that a positive gap would help to protect Namibia's currency peg to the South African rand.<sup>13</sup> !Gawaxab confirmed that Namibia's rate of inflation has averaged 3% in 2021, at the lower end of the inflation targets established by the MPC. International reserves have increased to N\$34.4 billion (\$2.36 billion) from N\$29.9 billion (\$2.05 billion) at the last MPC meeting on 8 December.<sup>14</sup> The increase offers Namibia cover for 5.3 months of imports.<sup>15</sup> Namibian foreign exchange reserves have fluctuated between a record high of N\$35.5 billion (\$2.4 billion) in April 2020 and a low of N\$1.78 billion (\$122 million) in June 2004.<sup>16</sup>

<sup>5</sup> The Namibian, 22 Feb 2021

<sup>6</sup> The Namibian, 22 Feb 2021

<sup>7</sup> Business and Intellectual Property Authority, Accessed Feb 2021

<sup>8</sup> The Namibian, 23 Feb 2021

<sup>9</sup> The Namibian, 15 Feb 2021

<sup>10</sup> The Namibian, 23 Feb 2021

<sup>11</sup> Bank of Namibia, 17 Feb 2021

<sup>12</sup> Bloomberg, 17 Feb 2021

<sup>13</sup> Bloomberg, 17 Feb 2021

<sup>14</sup> Bank of Namibia, 17 Feb 2021

<sup>15</sup> Bank of Namibia, 17 Feb 2021

<sup>16</sup> Trading Economics, accessed Feb 2021

The central bank forecasts a strong re-bounce of diamond and uranium mining in 2021, following a slump in demand and production in 2020.<sup>17</sup> Namibia's mining sector remains the dominant contributor to GDP, accounting for 12.5% of GDP and more than 50% of foreign exchange reserves in 2020.<sup>18</sup> The central bank also confirmed a prediction that the Namibian economy will grow by 2.6% in 2021.<sup>19</sup>

### ... as Air Namibia's wings are clipped ...

State-owned airline **Air Namibia** continues to suffer the effects of a turbulent economic climate. The airline failed to make a first instalment payment of \$7m to **Belgium**-based airline leasing company **Challengair SA** on 18 February as part of a \$12m settlement agreed in January to avoid liquidation of Air Namibia.<sup>20</sup> The legal team operating on behalf of defunct Challengair moved to seize Air Namibia's assets, including the head office, on 19 February.<sup>21</sup> Challengair had filed for liquidation of Air Namibia in October 2020 on the grounds of insolvency and inability to repay a \$17.3m debt on the lease of a B767-300(ER) aircraft in 1998.<sup>22</sup> The decision to voluntarily liquidate the airline was made less than a fortnight after the settlement was agreed. Finance minister **Iipumbu Shiimi** branded the airline's debt "*unsustainable*" and confirmed that the government would pay all 644 Air Namibia employees their salary for the next 12 months:

*"At this stage, the country's economy can no longer afford to perpetually provide financial support to Air Namibia at the expense of supporting economic growth and critical services."*<sup>23</sup>

### ... as beef exports fall

In further bad news for Namibia's state-owned entities, meat processing and marketing company **Meat Corporation of Namibia (Meatco)** is battling an increasingly difficult operating environment. The **United States (US) Cattlemen's Association (USCA)** has called for a halt to beef imports from Namibia to the US following reports of a **Foot-and-Mouth Disease (FMD)** outbreak north of the **Veterinary Cordon Fence (VCF)**.<sup>24</sup> The VCF divides livestock zones in Namibia but is considered to be unreliable at halting the spread of cattle diseases with wildlife vectors.<sup>25</sup> Namibia became the first **African** country to export beef to the US in February 2020, following two decades of safety and logistics negotiations. Exports were expected to hit 5,000 tonnes by 2025.<sup>26</sup>

In delivering meat industry outlook for 2021 to the **Namibia Agricultural Union**, Meatco marketing and sales head **Andre Mouton** said Meatco anticipates lower export income as product is diverted to satisfy domestic demand.<sup>27</sup> Availability of cattle for slaughter is lower than in previous years due to extended periods of drought:

*"It appears that the country does not have more than 30,000 slaughter cattle available [...] the priority in this battle is the local market, so very few cattle will be available for export."*<sup>28</sup>

<sup>17</sup> Kitco, 12 Feb 2021

<sup>18</sup> CIA World Factbook, Accessed Feb 2021

<sup>19</sup> Bloomberg, 17 Feb 2021

<sup>20</sup> Reuters, 19 Feb 2021

<sup>21</sup> Reuters, 19 Feb 2021

<sup>22</sup> Ch-Aviation, 21 Feb 2021

<sup>23</sup> New Era, 24 Feb 2021

<sup>24</sup> The Namibian, 22 Feb 2021

<sup>25</sup> Pastoralism Journal, 26 Oct 2016

<sup>26</sup> Reuters, 20 Feb 2020

<sup>27</sup> The Namibian, 22 Feb 2021

<sup>28</sup> The Namibian, 22 Feb 2021

Decline in overseas export markets will impact foreign reserve accumulation.<sup>29</sup> The **Meat Board of Namibia (MBN)** recorded a drop in exports of beef in 2020 compared to 2019.<sup>30</sup> Cattle slaughtered for export in 2020 stood at 51,992, a significant decline from 129,735 in 2019.<sup>31</sup> Namibia exports to only two destinations within Africa: South Africa and **Botswana**.<sup>32</sup> South African imports of Namibian beef declined from 11,970 metric tonnes to 2,400 metric tonnes 2019-2020. Exports to **China** declined from 3,900 metric tonnes to 1,400 metric tonnes 2019-2020 while exports to **Europe** declined from 9,700 to 3,300 metric tonnes in 2020.<sup>33</sup> Namibia's current account balance in 2019 was -2.02%, despite significantly higher exports of beef product.<sup>34</sup>

**World Integrated Trade Solution (WITS)** data for 2018 shows animal exports (13.57%) and food products account for 2.56% of total exports.<sup>35</sup> Namibia's high commission to the **United Kingdom (UK)** estimates fish, meat, animal products, beverages and grapes to account for 25% of exports.<sup>36</sup>

### Fitch affirms Nampower rating

US-based ratings agency **Fitch Ratings** has affirmed a 'BB-negative outlook' rating for state-owned **Namibia Power Corporation (Pty) Ltd (Nampower)**.<sup>37</sup> In its assessment, released on 11 February, Fitch noted that full government ownership of the entity made "*expectations of strong support*" from government but that a significant widening of the current account deficit or sustained decline in international reserves will increase external vulnerability.<sup>38</sup>

### Covid numbers accelerate as Namibia considers vaccine option...

The government plans to begin targeted testing in schools in regions with high active Covid-19 cases.<sup>39</sup> Deputy health minister **Esther Muinjangu** revealed on 22 February that a high number of new Covid cases were students, likely a consequence of schools reopening after summer holidays. Recorded Covid-19 infections declined throughout January from a high of 608 daily new cases on 31 December but infection numbers began to rise again on 10 February. The health ministry recorded 259 new cases on 23 February, with five deaths.<sup>40</sup> As of 24 February, Namibia had recorded a total of 37,896 cases, 35,419 recoveries and 411 deaths in its population of 2.4 million.<sup>41,42</sup>

Namibia's ambassador to **Tanzania, Lebbeus Tobias**, confirmed on 17 February that **Selina Tijhero**, Namibia's third secretary to Tanzania, died on 16 February following a short illness and admittance to a local hospital.<sup>43</sup> Senior diplomatic officials, in interviews with newspaper **The Namibian**, confirmed that Tijhero had contracted Covid-19.<sup>44</sup> Tanzania's President **John Magufuli** (2015-present) declared Tanzania to be free of Covid-19 in June 2020 after the nation ceased to report Covid-19 statistics in April.<sup>45</sup>

<sup>29</sup> The Namibian, 1 Feb 2021

<sup>30</sup> Meat Board of Namibia, Dec 2020

<sup>31</sup> Meat Board of Namibia, Dec 2020

<sup>32</sup> The Namibian, 1 Feb 2021

<sup>33</sup> The Namibian, 1 Feb 2021

<sup>34</sup> The World Bank, Accessed Feb 2021

<sup>35</sup> World Integrated Trade Solution, Accessed Feb 2021

<sup>36</sup> Namibia High Commission London, Accessed Feb 2021

<sup>37</sup> Fitch Ratings, 11 Feb 2021

<sup>38</sup> Fitch Ratings, 11 Feb 2021

<sup>39</sup> Xinhua, 22 Feb 2021

<sup>40</sup> Johns Hopkins University, 23 Feb 2021

<sup>41</sup> Johns Hopkins University, 23 Feb 2021

<sup>42</sup> World Bank Data, 2019

<sup>43</sup> The Namibian, 17 Feb 2021

<sup>44</sup> The Namibian, 17 Feb 2021

<sup>45</sup> BBC, 8 Jun 2020

Health minister **Kalumbi Shangula** informed parliament on 17 February that his ministry plans to roll out the **AstraZeneca** Covid-19 vaccine despite its alleged inefficacy against the South African Covid variant, **501Y.V2**, which has spread to Namibia.<sup>46</sup> Shangula referenced a letter from the **World Health Organisation (WHO) COVAX** facility stating that Namibia can expect to receive doses of the AstraZeneca vaccine in mid- to late February.<sup>47</sup>

Shangula confirmed ongoing negotiations with China, **Russia, India** and the US to source additional vaccines.<sup>48</sup> **Zhang Yiming**, China's ambassador to Namibia, confirmed on 18 February that China-based **Sinopharm** has donated 100,000 doses of its Covid-19 vaccine to Namibia. China has included Namibia in 53 top priority countries for vaccine assistance.<sup>49</sup> The date of delivery of these vaccines has yet to be confirmed.<sup>50</sup>

### Namibia drops in corruption rankings

Namibia has slowly slid in **Germany**-based non-governmental organisation (NGO) **Transparency International's (TI)** annual ranking of perceived levels of corruption. The latest CPI, released on 28 January, places Namibia 57<sup>th</sup> out of 180 countries surveyed, one place lower than its ranking of 56 in last year's CPI and five places lower than its 2018 ranking.<sup>51</sup> The survey ranks countries on perceived levels of corruption in the public sector. Countries are given a score out of 100, with 0 being very corrupt and 100 "very clean". On this metric, Namibia scored 51, well above the **sub-Saharan African** average of 32, and one point lower than its 2019 CPI score of 52.<sup>52</sup>

Transparency International CPI Rankings: Namibia					
	2020	2019	2018	2017	2016
Ranking	57/180	56/180	52/180	53/180	53/176
Score	51	52	53	51	52

Namibia's CPI ranking and score compare favorably with those of other **Southern African** countries. Namibia ranked higher than its regional counterparts, South Africa (44 points, 69<sup>th</sup> position), **Zambia** (33 points, 117<sup>th</sup> position) and **Zimbabwe** (24 points, 157<sup>th</sup> position), but below regional leader **Botswana** (60 points, 35<sup>th</sup> position). Botswana is the second least corrupt country in sub-Saharan Africa, behind the **Seychelles** (66 points, 27<sup>th</sup> position).

TI CPI Rankings 2020: Regional comparison					
	Botswana	Namibia	South Africa	Zambia	Zimbabwe
Ranking	35/180	57/180	69/180	117/180	157/180
Score	60	51	44	33	24

State-owned newspaper, the **New Era**, noted that whilst Namibia is currently the fifth least corrupt country in Africa, the government has missed the **Harambee Prosperity Plan (HPP)** target of being the most transparent country in **Africa** by 2020. **Graham Hopwood**, executive director of the Namibia-based **Institute for Public Policy Research (IPPR)**, stated

*"We haven't really improved since 2015 and have now slipped down the rankings by four places [...] We talk a lot about corruption but do very little. We still don't have access to*

<sup>46</sup> Bloomberg, 18 Feb 2021

<sup>47</sup> Bloomberg, 18 Feb 2021

<sup>48</sup> Bloomberg, 18 Feb 2021

<sup>49</sup> Reuters, 18 Feb 2021

<sup>50</sup> Reuters, 18 Feb 2021

<sup>51</sup> Transparency International, 28 Jan 2021

<sup>52</sup> Transparency International, 28 Jan 2021

information law despite a decade of talking. We still don't have an operational whistleblower protection office despite the law being passed almost three years ago."<sup>53</sup>

Hopwood also noted that the Fishrot scandal (see above) highlighted the importance of whistleblowing and protection for whistleblowers.

## Planner

11 Mar 2021 **(Namibia)** Annual Trade Statistics Report 2020

13 Apr 2021 **(Namibia)** Bank of Namibia Monetary Policy Committee (MPC) meeting

## Chronology

23 Feb 2021 **Aroab (Namibia)** *The Namibian*. Opposition **Popular Democratic movement (PDM)** leader **McHenry Venaani** cautions against the use of ethnic politics and regionalism during a party campaign meeting in Aroab ahead of local authority elections on 26 February;

23 Feb 2021 **Kharas (Namibia)** *The Namibian*. **South Africa-based Old Mutual Investment Group** acquires a majority stake in a 5MV solar PV plant from **Spain-based AEE Power Ventures SL** in **Rosh Pinah (Kharas region)** as **Sturdee Energy Namibia (Pty) Ltd** acquires a minority holding in the same transaction;

23 Feb 2021 **Windhoek (Namibia)** *Namibia Economist*. Deputy minister of health **Esther Muinjangu** announces government plans to begin targeted testing for **Covid-19** in schools in regions with high infection rates of Covid-19;

23 Feb 2021 **Windhoek (Namibia)** *The Namibian*. **National Fishing Corporation (Fishcor)** appeals to authorities to unfreeze the company's bank accounts in order to pay employees as board chairman **Mihe Gaomab** notes the company's current and call accounts are not subject to the ongoing **Fishrot** investigation;

22 Feb 2021 **Windhoek (Namibia)** *The Namibian*. Fisheries and marine resources minister **Alberk Kawana** defends the decision to allocate 800,000 tonnes of horse mackerel to the **National Fishing Corporation (Fishcor)** for the coming season, following the **Fishrot** scandal;

19 Feb 2021 **Washington (United States)** *Tri-State Livestock News*. **United States (US) Cattlemen's Association (USCA)** call for a halt to beef imports from **Namibia** to the US following reports of a **Foot-and-Mouth Disease (FMD)** outbreak north of the **Vetinary Cordon Fence (VCF)** which divides livestock zones in Namibia;

18 Feb 2021 **Namibia (Windhoek)** *Reuters*. **China's** ambassador to Namibia, **Zhang Yiming**, confirms the donation of 100,000 **Covid-19** vaccines manufactured by China-based **Sinopharm** as the Chinese government considers Namibia to be a 'top priority' country;

17 Feb 2021 **Namibia (Windhoek)** *Bank of Namibia*. **Bank of Namibia** (central bank) **Monetary Policy Committee** maintain benchmark interest rate at a record low of 3.75%;

17 Feb 2021 **Windhoek (Namibia)** *Engineering News*. Pan-African network operator **Paratus** and broadband solutions and backbone infrastructure provider **Telecom Namibia** have signed an agreement to land **Google's** subsea cable, **Equiano**, in **Namibia**;

17 Feb 2021 **Tanzania (Dodoma)** *The Namibian*. Namibia's ambassador to **Tanzania**, **Lebbeus Tobias**, confirms the death of **Selina Tjihero**, Namibia's third secretary to Tanzania. Sources report that the death was linked to **Covid-19**, which could not be confirmed due to political suppression of Covid-19 statistics by Tanzanian government officials;

10 Feb 2021 **Windhoek (Namibia)** *Namib Times*. National flag carrier **Air Namibia** announces the cancellation of all its operations, effective 11 February, as the government is poised to

<sup>53</sup> New Era, 24 Jan 2021

announce Air Namibia's voluntary liquidation;

9 Feb 2021 **(Africa) EMPEA**. Sector-specific **African** private equity fund **Phatisa** reaches a \$143m final close for **Phatisa Food Fund 2** following a \$82m joint commitment from **CDC Group, Norfund, Finfund, FinDev Canada** and **BIO**; the vehicle will invest in the food value chain across **sub-Saharan Africa**;

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