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Namibia Monthly Briefing November 2023

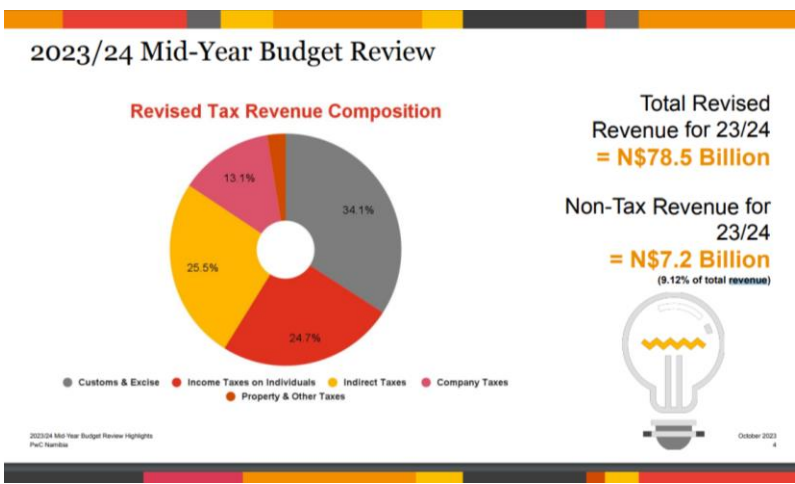
Namibia Summary 14 November 2023

Finance minister Iipumbu Shiimi presents the mid-term budget review for the 2023/24 financial year on 31 October. At ruling South West Africa People’s Organisation (SWAPO) rally on 11 November, SWAPO vice president Netumbo Nandi-Ndaitwah condemns party members who do not support her 2024 presidential candidacy as violators of the party’s constitution. United Kingdom-headquartered Shell CEO Wael Sawan announces on 2 November that Shell will expand its oil and gas exploration in the Orange River Basin in 2024.

Finance minister delivers mid-term budget review

Finance minister **Iipumbu Shiimi** delivered the 2023/24 mid-term budget review speech for the period April 2023 to March 2024 on 31 October. The revisions to the main budget, released on 22 February 2023, are one of the main aspects of the budget review, which also serves as an important precursor to the fiscal framework for the next budget that will be delivered next year for the 2024/25 financial year.¹

Shiimi highlighted several changes to the main budget including that the budget has been revised upwards from N\$84.6 billion (\$5.7 billion) to N\$88.9 billion (\$5.9 billion) and that total expenditure would increase by N\$2.5 billion (\$16.8 billion).² Notably, revenue collection was also revised upward from N\$74.7 billion (\$5.02 billion) to N\$78.5 billion (\$3.9 billion), driven by receipts from the **Southern African Customs Union (SACU)**, registered at N\$24.3 billion.³



Source: PwC

Shiimi further indicated that the economy would grow by 3.5% in the current financial year, noting that despite high global inflation and the resultant “tight financial conditions”, Namibia

¹ New Era, 9 Nov 2023

² New Era, 9 Nov 2023

³ Deloitte, 31 Oct 2023

outperforming some of its peers.⁴ The outperformance of other countries is evident as **South Africa, Angola** and **Nigeria** face very low economic growth of a mere 0.5%, 1.3%, and 2.9% respectively in 2023 while the **International Monetary Fund (IMF)** has forecast regional growth on the African continent of 2.5%.⁵

Finance and public enterprises, the office of the prime minister for drought relief and higher education received increases to now represent some of the highest budget allocations respectively amounting to N\$868m (\$58.3m), N\$643m (\$43m), and N\$376.3m (\$25.3m).⁶ Decreased budgetary allocations were seen in certain departments, including information and technology, industrialisation and trade, mines and energy, and fisheries with revised budget allocations of N\$37m (\$2.5m), N\$20m (\$1.34m), N\$10m (\$671 572) and N\$4m (\$268 629).

Midterm budget review winners and losers

Increases

Office of the Prime Minister – **N\$643m**
for drought
International relations – **N\$23,3m**
Defence – **N\$42,8m**
Finance and public enterprises – **N\$868m**
TransNamib – **N\$230m**
Psemas – **N\$200m**
Education – **N\$129m**
Health – **N\$290m**
Veterans affairs – **N\$79,6m**
Higher education – **N\$376,3m**
Home affairs, safety and security – **N\$37,8m**
Sport and youth – **N\$14,5m**
Presidency – **N\$14m**

Decreases

Information – **N\$37m**
Industrialisation and trade – **N\$20m**
National Assembly – **N\$15m**
Works – **N\$14m**
Mines and energy – **N\$10m**
Fisheries – **N\$4m**

Source: *The Namibian*

A parliamentarian from the **Popular Democratic Movement (PDM)**, **Maximalliant Katjimune**, told the media that he is disappointed that a lack of priority was given to youth development, agriculture, small and medium enterprises, agriculture, as well as water and land reform.⁷ However, the budget reflects the socio-economic policy priorities of the government. Drought relief is also one of the key priority areas as in September, deputy minister **Anna Shiweda**, declared a state of drought in Namibia (*See ARC Briefing Oct 2023*). The drought has resulted in more than 695,000 people needing food assistance, with funds allocated to address the drought through the development of a drought-relief delivery mechanism which aims to provide access to food vouchers for affected people.⁸

Most of the budget being allocated towards the finance and public enterprises department is partly due to debt servicing costs. Revised debt was indicated as amounting to 66% of GDP and interest to be paid on debt will rise to N\$1.7 billion (\$114.2m) in the 2023/24 fiscal year, which amounts to 15% of projected revenue for the year.

⁴ Namibia Economist, 1 Nov 2023

⁵ www.imf.org, 2023

⁶ The Namibian, 1 Nov 2023

⁷ The Namibian, 1 Nov 2023

⁸ The Namibian, 1 Nov 2023

With rising debt, rising debt servicing costs and the small fiscus of a developing economy, Namibia's budget will always have significant constraints for a country with a plethora of socio-economic challenges and limit allocations of funds to any department or office of the state.⁹

SWAPO members at odds with Nandi-Ndaitwah

Deputy prime minister and the vice president of the ruling **South West Africa People's Organisation (SWAPO)**, **Netumbo Nandi-Ndaitwah**, expressed disappointment during a party rally held on 11 November in the **Kohmas** region that some SWAPO members do not accept her as SWAPO's legitimate candidate for the 2024 presidential elections.¹⁰ In November 2022, Ndaitwah was elected as the party's vice president, which means that she will become the successor to President **Hage Geingob** (2015-present), a fact he confirmed again in March 2023.¹¹

At the recently held rally, Nandi-Ndaitwah mentioned she was aware of her fellow party members' sentiments and stated that while she does enjoy overwhelming support, there are some party members, particularly in the Khomas who do not support her leading the party:

"When we were travelling and talking to our members, they all embraced and appreciated our democracy, hence they fully accepted the outcome of our congress. But sadly, as we have learnt, Khomas does not want [me as SWAPO president, but ...] I am not saying all."¹²

Nandi-Ndaitwah acknowledged that a level of party disunity exists and is at a point where it is increasingly vulnerable to losing support, particularly if people doubt how a fractured party could run a government. However, she also condemned her non-supporters:

"[...] I know how [the] Swapo party works, and I respect all party rules. And those who differ with me comrades, are anti-constitution, they are undermining our party, and we should not give them an opportunity to do that at all [...]"¹³

Nandi-Ndaitwah urged party members in Khomas to follow other regions in the country where other members are "embracing one another" as united.¹⁴

In the lead-up to the parliamentary and presidential elections, Nandi-Ndaitwah will have to work hard to gain the trust of SWAPO's shrinking voter base. In the 2019 parliamentary and presidential elections, SWAPO lost its two-thirds majority in parliament for the first time (see *ARC Briefing Namibia Dec 2022*). Geingob's support also took a knock, winning 56.3% in 2019, a massive drop from the 87% outcome in the 2014 elections.¹⁵

In addition to Nandi-Ndaitwah's encounter with dissenting SWAPO members in Khomas, a stark opposition to her national presidential candidacy emerged after former youth and sports minister **Jerry Ekandjo**, wrote to Geingob in August arguing that no presidential candidate was elected, thereby casting doubt on the legitimacy of Nandi-Ndaitwah's candidacy.¹⁶ SWAPO has a history of factional battles, as was seen in the lead-up to the 2019 election. In 2015, two factions emerged in SWAPO - Geingob led the **Team Harambee** faction that competed against the Team SWAPO faction with Team Harambee emerging victorious in the 2017 party congress where Geingob was re-elected as SWAPO leader. Ekandjo and other SWAPO leaders including former cabinet minister **Helmut Schmidt-Angula**, former secretary general and former cabinet minister **Pendukeni Iivula-Ithana** and deputy health minister, **Petrina Haingura**, formed part

⁹ ARC Briefing Analyst, 13 Nov 2023

¹⁰ The Namibian, 12 Nov 2023

¹¹ VOA, 29 Nov 2022

¹² The Namibian, 12 Nov 2023

¹³ The Namibian, 12 Nov 2023

¹⁴ Namibian Broadcasting Corporation, 12 Nov 2023

¹⁵ Reuters, 1 Dec 2023

¹⁶ The Namibian, 1 Aug 2023

of Team SWAPO in the lead-up to the 2017 party congress and are seemingly some of the members causing dissent again.

Despite being the legitimate president of SWAPO, Nandi-Ndaitwah will have to continue to work on dissenting or waning intra-party support, which has also resulted in general criticism and a lack of a coherent political ideology.

Shell increases budget for oil and gas exploration

United Kingdom-headquartered **Shell** CEO **Wael Sawan** announced on 2 November that the company is increasing its budget for Namibian oil and gas explorations by N\$4.6 billion (\$308m), with a focus on oil explorations in the **Orange Basin**, offshore the south-west of Namibia and the north-west of **South Africa**. Shell has been exploring potential oil and gas in Namibia since November 2019 and to date, has already conducted drilling operations in the Orange Basin, including **La Rona, Graff, Lesedi** and **Jonker**. Sawan indicated in the announcement that Shell is planning to drill two more wells over the next six to nine months.¹⁷ Sawan also indicated that Shell is investing about a quarter of its deep-water exploration budget for 2023 and 2024 – approximately N\$14.8 billion (\$1 billion) - in Namibia.¹⁸

Over recent years, there has been an increased interest in Namibia's oil and gas reserves by multinationals. French company **TotalEnergies** and **QatarEnergy** are some of the other companies that have partnered with the **Namibia Petroleum Corporation of Namibia (Namcor)** to conduct oil and gas explorations in Namibia. In Sawan's recent statements made on Shell's activities in Namibia, he indicated that there is "*promising data*" that has encouraged the uptake in explorations. It is estimated that Namibia's economy will double by 2040 due to the oil discoveries which are estimated to generate more than N\$52.1 billion (\$3.5 billion) annually for the country in royalties and tax revenue during the peak production period.¹⁹ Namibia is yet to be an oil-producing country, but there is much optimism about the potential for it to become a leading oil producer on the African continent.

Planner

2024 (**Namibia**) General elections

Chronology

11 Nov 2023 **Windhoek (Namibia)** *The Namibian*. The **Namibian Institute of Public Administration (Nipam)**, the **National Petroleum Corporation of Namibia (Namcor)** and the **Venezuelan** embassy host an event where the creation of a sovereign wealth fund is discussed and how it can benefit Namibia's economy;

¹⁷ Shell Namibia,

¹⁸ Reuters, 2 Nov 2023

¹⁹ New Era, 6 Mar 2023

8 Nov 2023 **Windhoek (Namibia)** *The Namibian*. President **Hage Geingob** releases a statement to send public condolences to the former **Finnish** president, **Martti Ahtisaari**, who Geingob acknowledges as playing a key role in supporting Namibia's independence;

6 Nov 2023 **Windhoek (Cape Town)** *IOL*. Construction on the first green hydrogen-powered decarbonised iron plant starts in western Namibia as part of the **German** government-funded **Oshivela Project**;

6 Nov 2023 **Windhoek (Namibia)** *Namibia Economist*. **Pohamba Shifeta**, environment, forestry and tourism minister, speaking at the **Green Climate Fund's** regional dialogue in **Windhoek**, says that developed countries need to double available green funding to African countries;

6 Nov 2023 **Lüderitz (Namibia)** *Namib Times*. **Walvis Bay** mayor **Trevino Forbes** is re-elected as the president of the **Namibian National Mayors Forum (NNMF)** during an annual general meeting;

6 Nov 2023 **Swakopmund (Namibia)** *Namibia Economist*. The **African Water Facility (AWF)** gathers in **Swakopmund** for the 23rd governing council meeting alongside the **African Sanitation and Hygiene Conference (AfricaSan7)**;

6 Nov 2023 **Windhoek (Namibia)** *Namib Times*. The **African Development Bank Group** loans government \$196m for upgrades to railway infrastructure, including a 417km extension to the existing **Walvis Bay/Kranzberg** railway line to boost trade competitiveness;

5 Nov 2023 **Windhoek (Namibia)** *Namibia Economist*. Windhoek mayor **Joseph Uapingene** announces the approval of the city's 2023/24 budget totalling N\$5 billion (\$335m);

1 Nov 2023 **Windhoek (Namibia)** *New Era*. The trade ministry hosts a workshop in partnership with the **United States Federal Trade Commission (USFTC)**. The workshop informs the trade ministry's efforts towards drafting consumer protection legislation;

30 Oct – 3 Nov 2023 **Windhoek (Namibia)** *New Era*. **Namibian Marine Phosphate (NMP)** meets the parliamentary standing committee of natural resources to make a case to mine phosphate off the Namibian seabed and why it will not be detrimental to the country's fishing industry;

30 Oct 2023 **Windhoek (Namibia)** *The Namibian*. **Walvis Bay** magistrate's court finds four **Chinese** men who were imprisoned for a year in Namibia on charges of conducting employment and doing business with no work permit not guilty;

26 Oct 2023 **Windhoek (Namibia)** *Reuters*. **Bank of Namibia** governor **Johannes !Gawaxab**, announces that the main lending rate will remain unchanged at 7.75%. This policy aims to support growth by maintaining a currency peg to the **South African** rand;

25 Oct 2023 **Windhoek (Namibia)** *Offshore Energy*. A new partnership is announced between the **Development Bank of Southern Africa (DBSA)** and **Hyphen Hydrogen Energy** which aims to set up a funding facility to advance the development of Hyphen's green hydrogen project in Namibia;

24 Oct 2023 **Windhoek (Namibia)** *Reuters*. The government orders **Chinese** miner **Xinfeng Investments** to stop transporting lithium ore within the country and exporting it as it violates the country's ban on critical raw mineral exports;

About Africa Risk Consulting:

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