

AFRICA RISK CONSULTING

Namibia Monthly Briefing April 2021

Namibia Summary 26 April 2021

President Hage Geingob (2015-present) delivers the State of the Nation Address (SONA) detailing Namibia's route to economic recovery. Opposition Landless People's Movement (LPM) president Bernardus Swartbooi and vice-president Henny Seibeb are barred from the national assembly and parliament after disrupting the SONA. The International Monetary Fund extends a \$270.83m facility to Namibia to support economic recovery from the Covid-19 pandemic as well as the purchase and distribution of vaccines. The Bank of Namibia (central bank) leaves the repo rate unchanged at 3.75%, slightly above South Africa's repo rate at 3.5%. The Namibia Revenue Authority (NamRA) launches as a semi-autonomous agency under the umbrella of the finance ministry. Air Namibia is officially liquidated as negotiations with aircraft lessors continue. Namibia continues its Covid-19 vaccine rollout. Canada-based junior oil and gas company Reconnaissance Energy Africa Ltd confirms the presence of a significant onshore oil deposit in the Kavango Basin.

Opposition party disrupts SONA ...

President **Hage Geingob** (2015-present) delivered his **State of the Nation Address (SONA)** to parliament on 15 April, but opposition disruption forced him to suspend the question-and-answer session.¹ In his address, Geingob highlighted the impact of the **Covid-19** pandemic on the economy and livelihoods of **Namibian** citizens, as well as the launch of the **Harambee Prosperity Plan II (HPP-II)** on 18 March.² Geingob noted that the **Namibian Investment Promotion and Development Board**, newly established in the presidency, has presented 15 of 100 potential investment projects to the cabinet committee on treasury, trade and economic development.³ Geingob said the government plans to spend N\$6 billion (\$402.9m) on social grants to fight poverty and hunger in Namibia.⁴ He also highlighted the importance of completing the state-owned enterprises (SOEs) reform programme and implementing the **Sovereign Wealth Fund** announced in June 2020.⁵

However, in a sign of Geingob's growing unpopularity, two members of the opposition **Landless People's Movement (LPM)** interrupted the question-and-answer session. LPM leader **Bernardus Swartbooi** and deputy leader **Henny Seibeb** seized the house mace from the speaker's rostrum and tore up documents before parliamentary security staff forcefully ejected them.⁶ Despite their removal, national assembly speaker **Peter Katjavivi** suspended the session.

Opposition MPs have criticised the suspension of the 2021 SONA, noting that the president only faced four questions before the joint sitting was suspended.⁷ Independent **Rundu Rural (Kavango East Region)** MP **Paulus Mbangi** said:

¹ [Parliament of Namibia](#), 15 Apr 2021

² [Parliament of Namibia](#), 15 Apr 2021

³ [Parliament of Namibia](#), 15 Apr 2021

⁴ [Parliament of Namibia](#), 15 Apr 2021

⁵ [Xinhua](#), 15 Apr 2021

⁶ [New Era](#), 19 Apr 2021

⁷ [New Era](#), 19 Apr 2021

“The rules are there to remove a disruptive person from the chamber, but you cannot just stop proceedings simply because of unruly behaviour.”⁸

The interruption is not the first Geingob has faced. The president was interrupted frequently during the delivery of the first SONA address of his second term on 4 June 2020.⁹

Katjavivi’s decision to bar Swartbooi and Seibeb from the chamber was upheld “*for the time being*” at a meeting of the parliamentary committee on standing rules, orders and internal arrangements on 21 April.¹⁰ The committee on standing rules deferred the matter to the committee of privileges, of which Swartbooi is a member, which will meet on 26 April.¹¹

Geingob has continued to lose popularity since his first presidential election in 2014 in which he won 87% of the popular vote. His re-election was secured with 56.3% of the vote on 27 November 2019.¹² Geingob’s party, the ruling **South West African People’s Organisation (SWAPO)**, also lost its two-thirds majority in the 25 November legislative elections (see *ARC Briefing Namibia December 2020*).¹³ Geingob’s second term has been marred by accusations of corruption over the **Fishrot Scandal** (see *ARC Briefing Namibia Nov 2019-Mar 2021*) and the economic fallout of the Covid-19 pandemic.

IMF extends \$270.83m in first loan to Namibia

The **International Monetary Fund (IMF)** on 31 March approved a loan of \$270.83m to Namibia under the **Rapid Financing Instrument (RFI)**. The RFI is the first loan Namibia has sourced from the IMF since becoming a member in 1990.¹⁴ The finance ministry has allocated the funds to assist Namibia’s Covid-19 health response programme, including the purchase and deployment of vaccines.¹⁵ The RFI will enable Namibia to address balance of payment concerns and fiscal financing needs resulting from the negative impact of the pandemic.¹⁶ Finance ministry spokesperson **Tonateni Shidhudhu** confirmed that the government had initially approached the IMF for assistance in July.¹⁷

The IMF estimates that Namibia’s economy contracted by 7.2% in 2020 and anticipates that GDP growth will return to 2.1% in 2021. In its 2021/2022 budget released on 17 March, the Namibian government estimated the 2020 contraction in growth at 7.3% (see *ARC Briefing Namibia March 2021*).¹⁸ Namibia’s debt is set to rise to 76.2% of GDP in 2021/2022, with an anticipated budget deficit of 8.6% of GDP.¹⁹

The IMF extended the RFI facility to maintain adequate liquidity that will allow the financial sector to provide credit to the economy and sustain the currency peg to the **South African** rand (ZAR). **Mitsuhiro Furusawa**, acting chair and deputy managing director of the IMF executive board, noted that a temporary widening of the fiscal deficit will support emergency health and education spending, purchasing vaccines and infrastructure for distribution, strengthening social safety nets, and support for the private sector:

⁸ [New Era](#), 19 Apr 2021

⁹ [Observer 24](#), 5 Jun 2020

¹⁰ [The Namibian](#), 22 Apr 2021

¹¹ [The Namibian](#), 22 Apr 2021

¹² [Reuters](#), 30 Nov 2019

¹³ [The Economist](#), 6 Dec 2019

¹⁴ [Reuters](#), 1 Apr 2021

¹⁵ [Reuters](#), 1 Apr 2021

¹⁶ [International Monetary Fund](#), 31 Mar 2021

¹⁷ [Bloomberg Quint](#), 29 Jul 2020

¹⁸ [International Monetary Fund](#), 31 Mar 2021

¹⁹ [Reuters](#), 1 Apr 2021

“To this end, moving forward with planned fiscal reforms to increase expenditure efficiency and mobilize additional tax revenues will be key. Structural reforms remain essential to promote broad-based, inclusive growth.”²⁰

BoN holds repo rate unchanged at 3.75%

The **Bank of Namibia (BoN)** (central bank) at its 13 April **Monetary Policy Committee (MPC)** meeting determined that the repayment agreement (repo) rate should remain unchanged at 3.75%.²¹ Noting the importance of safeguarding the one-to-one link between the Namibia dollar and the South African rand, BoN governor **Johannes !Gawaxab** governor said the repo rate at 3.75% was appropriate to “continue supporting the weak domestic economy”.²² The South African Reserve Bank’s MPC unanimously voted at its meeting on 25 March to keep its repo rate at 3.5%.²³

!Gawaxab reported a rise in the annual rate of inflation to 2.7% in the first two months of 2021, higher than the annual rate of 2.3% experienced in 2020. Overall inflation is projected to average 3.2% in 2021.²⁴

Namibia Revenue Agency launches as autonomous agency

President Geingob launched Namibia’s first autonomous tax administration agency, the **Namibia Revenue Authority (NamRA)**, on 7 April.²⁵ NamRA transforms the finance ministry’s in-house department of **Inland Revenue, Customs & Excise** into a semi-autonomous body under the authority of the ministry of finance.²⁶ Government discussions to transform NamRA into an autonomous agency began over a decade ago. Geingob noted that the establishment of NamRA adds to the stock of “robust” national institutions with “great latitude of transparency and accountability”, which will enhance public trust in the administration of tax laws:

“Notably, this institutional reform presents opportunity to achieve greater equity in the revenue administration function.”²⁷

NamRA is tasked with improving Namibia’s relatively high revenue-to-GDP collection rate. The **World Bank** estimated Namibia’s tax revenue (as a percentage of GDP) to be 29.2% in 2019, in comparison to South Africa’s 26.7%.²⁸ Finance minister **Iipumbu Shiimi**, speaking at the launch, said NamRA is uniquely positioned to strengthen Namibia’s arsenal to combat corruption in collaboration with other law enforcement agencies, noting that:

“[T]ax-payers and traders ... pose the highest risk of non-compliance.”²⁹

NamRA seeks to address the financial challenges facing government and to fund the economic recovery plans supported by President Geingob’s HPP-II plan. Geingob noted in his 2021 SONA address that the public-private-partnership (PPP) framework of 2018 will be key in preparing projects in excess of N\$27 billion (\$1.9 billion) over the period of the plan, which aims to create more than 42,000 jobs.³⁰ Unemployment has risen as a result of the economic impact of the Covid-19 pandemic, particularly in the aviation sector (see below).

²⁰ [International Monetary Fund](#), 31 Mar 2021

²¹ [Namibia Economist](#), 14 Apr 2021

²² [Namibia Economist](#), 14 Apr 2021

²³ [Namibia Economist](#), 14 Apr 2021

²⁴ [Namibia Economist](#), 14 Apr 2021

²⁵ [The Namibian](#), 11 Apr 2021

²⁶ [New Era](#), 8 Apr 2021

²⁷ [New Era](#), 8 Apr 2021

²⁸ [World Bank Data](#), accessed 25 Apr 2021

²⁹ [New Era](#), 8 Apr 2021

³⁰ [Xinhua](#), 15 Apr 2021

National Housing Enterprise (NHE) board chairman **Sam Shivute** has been appointed as founding commissioner of NamRA.³¹ Shivute was tipped for the role in a leaked memo from the finance ministry in September.³² Public enterprises minister **Leon Jooste** confirmed on 23 April that Shivute would not be eligible for reappointment as chair of the NHE board upon expiry of his position.³³

Covid-19 continues to mute economic recovery...

Namibia continues to feel the negative effects of the Covid-19 pandemic on its economy. Travel and tourism are among the greatest casualties of the pandemic and efforts to curb its spread. Namibia's national airline carrier, **Air Namibia**, was officially liquidated in terms of a **High Court** ruling on 26 March following provisional liquidation on 26 February.³⁴ The court received no opposition to a request for liquidation issued by the **Namibia Airports Company (NAC)**.³⁵ Public enterprise minister Leon Jooste confirmed that the government is in negotiations to settle a \$154m debt owed to **United Kingdom (UK)**-based private investment firm **Castlelake**, lessor of two A330-200 aircraft to Air Namibia.³⁶

Poor availability and distribution of Covid-19 vaccines in Namibia will continue to hamper the country's economic recovery.³⁷ Addressing the **World Health Organisation (WHO)** news conference for **World Health Day** on 7 April, Geingob levelled accusations of "*vaccine apartheid*", saying the international community forces some nations to wait while others receive doses of Covid-19 vaccines.³⁸ Geingob identified **India** and **China** as "*friends*" in the push to vaccinate Namibians, saying other nations are holding onto vaccine doses despite Namibia having paid deposits for the vaccine (see *ARC Briefing Namibia March 2021*).³⁹

Health minister **Kalumbi Shangula** stressed the importance of herd immunity to support economic recovery from the Covid-19 pandemic. Shangula noted that Namibia would not change its vaccine rollout as many other developed nations have done in response to safety concerns about the **Oxford/AstraZeneca** Covid-19 vaccine.⁴⁰ Namibia began its vaccine rollout on 19 March in **Khomas** and **Erongo** regions after receiving 100,000 doses of China's **Sinopharm** vaccine on 16 March (see *ARC Briefing Namibia March 2021*).⁴¹ Namibia received 24,000 doses of the Oxford/AstraZeneca vaccine from the total 127,000 expected from the WHO's **COVAX** facility on 16 April. The COVAX shipment was expected to arrive in January and its delay has significantly impacted Namibia's vaccine rollout programme.⁴² A further 30,000 doses of the **Covishield** vaccine arrived from India on 20 March.⁴³ As of 16 April, 3,587 Namibians had received a first dose of the vaccine.⁴⁴

Daily reported new cases of coronavirus remain higher than the low rate of infections in October and November.⁴⁵ As of 25 April, Namibia had recorded 47,671 cases in its population of 2.49 million, with 45,334 recoveries and 624 Covid-19-related deaths.

³¹ [The Namibian](#), 11 Apr 2021

³² [The Namibian](#), 21 Sep 2020

³³ [New Era](#), 23 Apr 2021

³⁴ [Namibian Broadcasting Company](#), 26 Mar 2021

³⁵ [CH-Aviation](#), 30 Mar 2021

³⁶ [CH-Aviation](#), 30 Mar 2021

³⁷ [International Monetary Fund](#), 31 Mar 2021

³⁸ [Reuters](#), 6 April 2021

³⁹ [Reuters](#), 6 April 2021

⁴⁰ [Bloomberg](#), 8 Apr 2021

⁴¹ [Xinhua](#), 18 Mar 2021

⁴² [The Namibian](#), 16 Apr 2021

⁴³ [The Namibian](#), 16 Apr 2021

⁴⁴ [Xinhua](#), 16 Apr 2021

⁴⁵ John Hopkins Covid-19 data, accessed: 26 Apr 2021

Health minister Kalumbi Shangula amended public health regulations relating to the control of Covid-19 at the 26th Covid-19 briefing on 30 March.⁴⁶ The new restrictions are in place from midnight 31 March until 30 April:⁴⁷

- The limit on public gatherings has increased from 50 persons to 100 persons; hosts are required to keep registers and comply with social distancing requirements.
- A curfew remains in place between 10pm and 4am.
- Licensed retailers may sell alcohol Monday to Saturday but must observe the curfew.
- Foreign citizens are required to present a negative PCR or antigen test result upon entry to Namibia.

ReconAfrica confirm petroleum in Kavango Basin

In positive news for Namibia's hoped-for economic recovery, **Canada-based Reconnaissance Energy Africa Ltd (ReconAfrica)** released a joint statement with the ministry of mines and energy on 15 April revealing preliminary data from the first of three planned wells in the **Kavango Basin** (north-eastern Namibia).⁴⁸ The statement noted that preliminary analysis from the 6-2 well provides clear evidence of a working conventional petroleum system in the Kavango Basin. A report published by UK-based energy consultancy **Wood Mackenzie** in November identified the Kavango Basin as "*one of the largest onshore undeveloped hydrocarbon basins in the world*".⁴⁹

Mines and energy minister **Tom Alweendo** noted that the results of the well analysis confirm the large potential for "*a very valuable energy resource*" for Namibia and are a significant development for Namibia's onshore exploration efforts:

*"The positive results of this well have provided us with the critical information required to unlock the country's petroleum prospectivity."*⁵⁰

However, the positive well analysis results may pit the mining and energy department against its tourism and environment counterpart. Local communities are concerned about the potential impact of drilling activities on the environment and wildlife, which sustain tourism activities in Namibia and **Botswana**.⁵¹ The basin sits beneath the **Okavango Delta**, a world heritage site recognised by the **United Nations Educational, Scientific and Cultural Organisation (UNESCO)**. ReconAfrica engaged in public consultations with community members and environmental activists in January to manage concerns arising from exploration and drilling activities. Nonetheless, **Kavango East and West Regional Conservancy and Community Forestry Association** chairman **Max Muyemburuko** alleges that the company did not follow the normal process of doing business in the communities,

"... where you have to meet with headmen and chiefs of all the communities that will be affected first".⁵²

The introduction of oil and gas contributions to Namibia's foreign exchange earnings would offer some diversity and resilience to potential mining sector depressions. The mining sector, accounted for more than 50% of Namibia's foreign exchange earnings in 2020⁵³ while tourism, considered one of the fastest growing industries by the ministry of environment, forestry and tourism, contributed 10.9% to Namibia's GDP in 2019.⁵⁴ The production of oil and gas in

⁴⁶ [Namibia High Commission](#), 30 Mar 2021

⁴⁷ [Namibia High Commission](#), 30 Mar 2021

⁴⁸ [Newswire](#), 15 Apr 2021

⁴⁹ [Wood Mackenzie](#), Nov 2020

⁵⁰ [Newswire](#), 15 Apr 2021

⁵¹ [al Jazeera](#), 22 Apr 2021

⁵² [al Jazeera](#), 22 Apr 2021

⁵³ [Mining Weekly](#), 19 Feb 2021

⁵⁴ [Ministry of Environment, Forestry and Tourism](#), 2019

Namibia may reduce the import requirements and pressure on the balance of payments, depending on the quality of the deposit. However, exploration of oil and gas deposits are slow to develop into large-scale production and the complex social and environmental nature of the Kavango basin may contribute to further delays.

The mines and energy ministry suspended application for new mineral rights in November 2020, with the intention of revising its requirements and procedures before resuming licensing in August 2021.⁵⁵ A nine-month delay to applications may negatively impact growth of the mining sector and have negative effect on investor confidence and interest. However, the process is part of a stakeholder engagement exercise for proposed amendments to the Minerals Act (1992). The mining ministry implemented a change effective 1 April requiring the transfer of any mineral licenses to grant a 15% interest to a Namibian citizen.⁵⁶

Planner

16 Jun 2021 **Windhoek (Namibia) Bank of Namibia** Monetary Policy Committee (MPC) meeting

Chronology

22 Apr 2021 **Windhoek (Namibia) The Namibian**. Opposition **Landless People Movement (LPM)** president **Bernardus Swartboo** and vice president **Henry Seibeb** remain barred from the national assembly following a meeting of the parliamentary committee on standing rules and orders and internal arrangements on 21 April;

15 Apr 2021 **Windhoek (Namibia) Parliament of Namibia**. President **Hage Geingob** delivers the **State of the Nation Address** to parliament and the national assembly chamber;

15 Apr 2021 **Windhoek (Namibia) Reconnaissance Energy Africa Press Release**. The ministry of mines and energy and **Canada-based Reconnaissance Energy Africa Ltd (ReconAfrica)** announce preliminary analysis from the 6-2 well, the first of three exploratory wells in the **Kavango Basin** (north-eastern Namibia), confirming the presence of an active onshore petroleum basin;

14 Apr 2021 **Windhoek (Namibia) Namibia Economist**. The **Bank of Namibia** Monetary Policy Committee leave the repurchase agreement (repo) rate unchanged at 3.75%;

14 Apr 2021 **Windhoek (Namibia) Namibian Broadcast Corporation**. **Bank of Namibia** (central bank) governor **Johannes !Gawaxab** says GDP contracted severely by 8% in 2020, compared to a contraction of 0.6% in 2019;

8 Apr 2021 **Windhoek (Namibia) Bloomberg**. Health minister **Kalumbi Shangula** states that rollout of **Oxford/AstraZeneca Covid-19** vaccines will continue despite international fears of potential blood clot complications;

6 Apr 2021 **(Africa) EMPEA**. Global investor and asset manager **Meridiam Infrastructure Africa Fund** agrees to invest \$48m in **pan-African** data centre developer **Raxio Group** as part of a partnership that will help develop a network of data centres in **Africa**;

6 Apr 2021 **Windhoek (Namibia) Reuters**. President **Hage Geingob** delivers an address at the **World Health Organisation** news conference for **World Health Day** denouncing “*vaccine apartheid*”;

2 Apr 2021 **(Africa) Sunday Times**. **Africa Centres for Disease Control and Prevention** director **John Nkengasong** says **Africa** has secured 400 million doses of **J&J Covid-19** vaccines, enough to vaccinate more than half its target of 750 million people, as it edges

⁵⁵ [Mining Weekly](#), 19 Feb 2021

⁵⁶ [Mining Review](#), 15 Mar 2021

towards the third wave of infections;

31 Mar 2021 **Windhoek (Namibia)** *IMF Press release*. The **International Monetary Fund (IMF)** executive board approve the release of \$270.83m to Namibia under the **Rapid Financial Instrument (RFI)** to address balanced of payment and fiscal financing needs generated by the **Covid-19** pandemic;

30 Mar 2021 **Windhoek (Namibia)** *CH-Aviation*. Public enterprises minister **Leon Jooste** confirms the government is in the process of negotiating settlement terms with **United Kingdom (UK)**-based private investment firm **Castlelake**, lessors of two A330-200 aircraft to defunct airline **Air Namibia**;

26 Mar 2021 **Windhoek (Namibia)** *NBC*. **Namibia's High Court** rules to convert the provisional liquidation of national air carrier **Air Namibia** to full liquidation following an application submitted by **Namibia Airports Company (NAC)** over a N\$714m (\$47.95m) debt;

About Africa Risk Consulting:

Africa Risk Consulting (ARC) is a pan-African consulting company that provides timely, relevant information and advice that enables its clients to take informed investment decisions and to safeguard their reputations.

ARC's core consulting services include integrity due diligence and corporate investigations, political advisory and country assessments, opportunity monitoring and reputation risk management. Most relevant to private equity firms is ARC's integrity due diligence and corporate investigations capability. Specifically, ARC offers pre-deal integrity checks to highlight red flags before negotiations start; full detailed multi-jurisdictional reputation due diligence; and supplier and senior hire vetting and repeat due diligence for compliance programmes. ARC is unique in that it offers a 10-day delivery for a routine integrity due diligence. ARC also offers a suite of corporate investigations services from immediate investigation, evidence gathering, e-discovery, forensic accounting and whistleblower support on one end to crisis media management and regular monitoring on the other.

www.africariskconsulting.com

About ARC Briefing:

ARC Briefing is ARC's essential business information service.

Companies at any stage in their Africa expansion, whether building or communicating an Africa strategy, investing directly, expanding current operations, financing other investors, doing the legal leg-work or researching the Africa growth trend, need ARC Briefing.

ARC Briefing is an information service keeping you:

- Up to date with Country Chronologies of business-critical events
- In the know via Country Briefings on political, economic, business and operating trends. Written in-country, ARC experts analyse and comment
- Ahead with Country Planner which details future elections, budgets, regulatory changes etc.

www.africariskconsulting.com

Getting in touch

Please contact us by email info@africariskconsulting.com or call + 44 (0) 20 7078 4080

Follow us on Twitter: [@ARCBriefing](https://twitter.com/ARCBriefing)