

AFRICA RISK CONSULTING

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The Bank of Namibia (central bank) Monetary Policy Committee announces that it will keep the repo rate at 7.75%, with the prime lending rate remaining at 11.5%. Namibian consumers continue to feel constrained by high interest rates and inflation. Ruling South West Africa People's Organisation (SWAPO) leadership summons SWAPO party member Pedro Mwenyo for circulating messages that accuse SWAPO secretary general Sophia Shaningwa of transferring N\$2.5m (\$133,333) from a SWAPO company's account to pay for regional party rallies. SWAPO is likely to face increasing criticism of corruption and factionalism in the lead-up to the 2024 elections. Mines and energy minister Tom Alweendo announces a reduction in petrol and diesel prices alongside an increase in road levies.

Repo rate unchanged

The **Bank of Namibia (BoN)** (central bank) **Monetary Policy Committee (MPC)** announced on 6 December that the repo rate is to remain unchanged at 7.75%.¹ The decision to keep the current repo rate is the third consecutive "hold" decision.² The repo rate increased by 50 basis points on 14 June from 7.25% to the current rate of 7.75%.³ The prime lending rate remains at 11.5%. The MPC made the latest decision at its bi-monthly meeting held on 4-5 December, to "continue safeguarding the peg between the **Namibian** dollar and the **South African** rand while supporting the domestic economy".⁴ The MPC gave as its main reasons for keeping the current rate the expansion of domestic economic activity, relatively no new risks to the economy, and eased inflationary pressures since the last monetary policy announcement, as well as the availability of a sufficient stock of international reserves.⁵

In 2023, economic growth declined by an estimated 3.9% from 7.9% in 2022.⁶ The BoN stated that economic activity expanded during the first ten months of 2023 despite the slower pace of economic growth compared to 2022. The BoN mentioned sectors where improvements were observed during 2023, including mining, livestock agriculture, wholesale and retail trade, electricity generation, and communication and transport.⁷

Mining and quarrying continue to be the main contributing factor to GDP growth, contributing 4.3 percentage points of Namibia's overall economic growth in the second quarter of 2023.⁸ Mining and quarrying registered growth of 32% in real value-added in the second quarter. While its growth rate was lower than the 64.5% recorded in the corresponding quarter in 2022, the mining and quarrying sector is anticipated to continue growing.⁹ The next main contributing

¹ Reuters, 6 Dec 2023

² Reuters, 6 Dec 2023

³ The Economist,

⁴ Bank of Namibia, 6 Dec 2023

⁵ Bank of Namibia, 6 Dec 2023

⁶ Bank of Namibia, 6 Dec 2023

⁷ Bank of Namibia, 6 Dec 2023

⁸ Namibia Statistics Agency, Sep 2023

⁹ African Mining Market, 16 Nov 2023

factors to GDP growth included wholesale and retail trade as well as electricity and water, respectively contributing 0.7 percentage points and 0.3 percentage points.¹⁰

Livestock and agriculture did surprisingly well, despite Namibia being in a state of drought, growing by 12.7% in real value-added, higher than 8.1% in the same quarter of 2022.¹¹ The sector's performance is attributed to increased slaughtering activities at abattoirs and butchers for cattle.¹² However, the BoN noted that the drought is still a major domestic risk to economic growth and the livestock and agriculture industry.

Other domestic risks identified by the BoN include “*uncertain rainfall conditions and water supply interruptions*”, particularly in coastal towns.¹³ However, the BoN said external factors are also weighing on Namibia's economic growth, including weakening global economic growth, which declined from 6% in 2021 to 3.2% in 2022 and 2.7% in 2023,¹⁴ stricter global monetary policies, geopolitical tensions, geo-economic fragmentation, and loadshedding in South Africa. 40% of Namibia's electricity supply comes from South Africa, which has been facing a major electricity crisis with continued loadshedding dropping its economic growth to 0.5% in 2023.¹⁵

The BoN indicated that as of 30 November, Namibia's stock of international reserves was lowered to N\$49 billion (\$2.6 billion), compared to N\$51.4 billion (\$2.7 billion) recorded in October. At the current level of international reserves, Namibia can cover 5.1 months of imports, which the BoN deems sufficient to preserve the currency peg with the South African rand. Despite South Africa's repo rate being 8.25%, representing a 50-basis point difference, the currency peg is largely still intact. On the trade front, during the first ten months of 2023, Namibia's exports recorded an upward trajectory at a cumulative trade value of N\$81.7 billion (\$4.3 billion), higher than the N\$78.3 billion (\$4.2 billion) recorded in 2022.¹⁶

Inflation in Namibia averaged 6% in the first ten months of 2023. Average inflation is anticipated to decline to 5.9% in 2023 and 4.8% in 2024, down from 6.1% in 2022.¹⁷ Despite the decline in inflation, Namibians remain under pressure, paying the price of rising interest rates and inflation. A Namibian accountant, speaking anonymously to **ARC Briefing**, noted that aggregate consumption at household spending levels has been greatly reduced:

“Our savings have been reduced, because we are definitely spending more on the same basket of goods than we used to spend three years back, thus reducing consumer buying power.”¹⁸

The source said settling debt has become very costly and that “*the biggest portion of the debt settlements are shifted to rising interests*”.¹⁹ While the repo rate remains, rising interest rates and inflation, particularly after **Covid-19**, have added stress to an already modest economy and Namibian citizens and businesses are likely to continue dealing with these constraining factors.

Corruption allegations and disunity taint SWAPO's reputation again

Senior leaders of the ruling **South West Africa People's Organisation's (SWAPO)** have summoned SWAPO member **Pedro Mwenyo** to an inquiry. Economic affairs secretary and deputy minister of gender equality **Bernadette Jagger** sent a letter to Mwenyo on 4 December, summoning him to provide evidence following claims that Mwenyo made accusations against SWAPO secretary general **Sophia Shaningwa**. Mwenyo is being called upon to provide

¹⁰ Namibia Statistics Agency, Sep 2023

¹¹ Namibia Statistics Agency, Sep 2023

¹² Namibia Statistics Agency, Oct 2023

¹³ Bank of Namibia, 6 Dec 2023

¹⁴ International Monetary Fund, 25 Jul 2023

¹⁵ Business Tech, 31 Aug 2023

¹⁶ Namibia Statistics Agency, Oct 2023

¹⁷ Bank of Namibia, 6 Dec 2023

¹⁸ Namibian Accountant, 7 Dec 2023

¹⁹ Namibian Accountant, 7 Dec 2023

evidence based on a message he circulated on SWAPO **WhatsApp** groups with claims that Shaningwa transferred N\$2.5m (\$133,333) from the account of **Guinas Investment (Guinas)**, a SWAPO company, to pay for the 2023 SWAPO regional rallies across Namibia.²⁰ Mwenyo spoke to *The Namibian*, expressing surprise at being summoned as he indicated that the message circulated on WhatsApp was not created by him and that he merely forwarded a message he had received to a group where he is an administrator:

*"I am surprised that the whole big organisation has to summon someone like me based on a forwarded message from one group to another group. It does not sound professional for the team that sat with the SG [Secretary-General] to summon me, for me to go and explain what I don't know."*²¹

Mwenyo indicated that he merely circulated the message because he found it *"interesting"* and thought that Shaningwa should be informed of the allegations. Mwenyo implied that he does not understand why he is the only individual to be summoned, asking *The Namibian*, *"How many are going to be summoned?"*

Mwenyo is seemingly being held liable for the circulated message as Jagger's summons letter indicated that his allegations must be investigated at an inquiry.²² Jagger's letter indicates that the decision to summon Mwenyo was made on 6 November at a SWAPO party secretariat meeting. The inquiry is scheduled for 12 December in **Windhoek**. In addition to requesting that Mwenyo provide evidence of the allegations against Shaningwa, Jagger also called for the removal of Guinas chairperson **Joseph Andreas**. This further raises questions of internal conflicts within SWAPO.

In an article published on 13 September, *The Namibian* reported that Shaningwa – aligned to SWAPO vice president and 2024 presidential candidate **Netumbo Nandi-Ndaitwah** – was accused by *"several SWAPO leaders"* of unduly favouring children of SWAPO politburo members in appointments at SWAPO companies. Family members of senior SWAPO officials aligned to Nandi-Ndaitwah and Shaningwa were appointed to SWAPO companies, including Guinas, **Kalahari Holdings**, **Zebra Holdings** and the **Centre for Resource and Transformation**. The accusation was made after businessmen **Elmo Kaiyamo** –son of politburo member **Elia Kaiyamo** – and **Faith Witbooi** –daughter of SWAPO's secretary of education, arts and culture, **Lucia Witbooi** – were appointed at SWAPO companies. Shaningwa is accused of having a close relationship with the Kaiyamo's and Witbooi's, but denied having a hand in undue appointments, indicating that there was a proper appointment process and labelling the allegations as *"politically naïve"*.²³ Regardless of Shaningwa's relationships, the appointment of senior SWAPO officials' family members to SWAPO businesses is likely to attract criticism.²⁴

In its more recent report on the summoning of Mwenyo, *The Namibian* reported that anonymous sources had indicated that Mwenyo was critical of Nandi-Ndaitwah, Shaningwa and SWAPO deputy secretary general **Uahekua Herunga**.²⁵ At a party rally in the **Khomas** region in November, Nandi-Ndaitwah expressed disappointment that some SWAPO members did not accept her as SWAPO's legitimate candidate for the 2024 presidential elections.

It is not clear whether Mwenyo's criticism of Ndaitwah or his sharing of information regarding the alleged transfer was a sign of factionalism or disunity. Any disunity or dissent to SWAPO's leadership officials does not appear to be as evident as was the case from 2015 in the lead-up to the 2019 elections, where two distinct SWAPO factions emerged and openly competed to lead

²⁰ *The Namibian*, 6 Dec 2023

²¹ *The Namibian*, 6 Dec 2023

²² *Windhoek Observer*, 6 Dec 2023

²³ *The Namibian*, 13 Sep 2023

²⁴ ARC source, analyst, 7 Dec 2023

²⁵ *The Namibian*, 6 Dec 2023

SWAPO. President **Hage Geingob** (2015-present) led the victorious **Team Harambee**, which competed against **Team SWAPO**, led by party leaders such as former cabinet minister **Helmut Schmidt-Angula** and former SWAPO secretary general and former cabinet minister **Pendukeni Iivula-Ithana**.²⁶ Following his success with Team Harambee, Geingob made an effort to display a united front within the party and denied the existence of party factionalism (*see ARC Briefing Nov 2023*).

Although Mwenyo's actions of criticising top SWAPO leadership do not signify a strong divide as was the case in Team SWAPO vs Team Harambee, party members' disclosures to The Namibian of Mwenyo's criticism of senior SWAPO officials may signify that the decision to summon Mwenyo, a low-ranking party member, is a way for SWAPO's top leadership to swiftly and strongly deal with any form of dissent and quell perceptions of corruption in those aligned to Nandi-Ndaitwah. Although it may have been constructive to address allegations made on social media, the investigation and this unfolding story will continue to attract attention and decrease public trust in SWAPO.

The **Fishrot** scandal, which emerged prior to the 2019 elections, put a dent in SWAPO's electoral support. The scandal involved Namibian businessmen, lawyers and SWAPO politicians, including former justice minister **Sakeus Shangala** and fisheries minister **Bernard Esau**, in receiving kickbacks for diverting money from the state-owned **Fish Corporation of Namibia (Fishcor)** to **Icelandic** fishing company, **Samherji**.²⁷ This was Namibia's most significant corruption scandal since independence. For the first time since the country's first elections since 1994, SWAPO lost its two-thirds majority in parliament.²⁸

In addition to these corruption allegations and the internal conflict SWAPO is facing, Geingob has caught the attention of international and domestic media after Namibians expressed outrage at four of Geingob's children attending the **28th Conference of Parties (COP28)** held in **Dubai (United Arab Emirates (UAE))**, from 30 November to 12 December. Critics accused Geingob's children of attending COP28 at taxpayers' expense. However, in a press statement released on 4 December, Geingob denied the allegations and said he personally covered his children's expenses.²⁹ Party corruption and disunity were among the major factors that dampened the support for SWAPO in the 2019 elections; media attention will be on SWAPO as it prepares for parliamentary and presidential elections in 2024.³⁰

Fuel prices drop

Mines and energy minister **Tom Alweendo** announced on 5 December that petrol and diesel prices would drop with effect from 6 December.³¹ Petrol prices drop by 130 cents (\$0.07) per litre, while the two variants of diesel, diesel 50ppm and diesel 10ppm, also drop by 130 cents (\$0.07) per litre. From 6 December, the price of petrol will be N\$21.58 (\$1.15) per litre, 10ppm diesel will be N\$22.05 (\$1.18) per litre and 50ppm diesel will be N\$21.85 (\$1.17) per litre. Fuel prices were last increased on 4 October, making petrol N\$22.88 (\$1.22) per litre, 50ppm diesel N\$23.15 (\$1.23) per litre and 10ppm diesel N\$23.35 (\$1.25) per litre.³²

Independent economic researcher **Josef Sheehama** welcomed the fuel decrease, noting that lower petrol and diesel prices have a far wider impact than merely benefiting travelling Namibians:

²⁶ ARC Briefing, 13 Nov 2023

²⁷ BBC, 27 Feb 2023

²⁸ Reuters, 1 Dec 2023

²⁹ The Namibian, 5 Dec 2023; BBC, 6 Dec 2023;

³⁰ ARC Briefing Analyst, 7 Dec 2023

³¹ The Namibian, 6 Dec 2023

³² The Namibian, 2 Oct 2023

“Namibia’s economy is highly reliant on road transport and fuel prices impact all sections of the economy. Fuel prices directly impact the cost of products transported by road, which in turn impacts inflation.”³³

Sheehama says this reduction will bring relief to businesses, particularly those that rely on diesel generators for their operations. Alweendo explained that the reason for the price drops is due to disagreements between members of the **Organisation of the Petroleum Exporting Countries (OPEC)** regarding crude oil production targets. The OPEC discord stems mainly from **African** member states **Nigeria** and **Angola** advocating for an increase in their oil production quotas. Mines and energy ministerial spokesperson **Ten Hasheela** expanded on the issue with OPEC:

“Although OPEC is working to resolve these matters, there are currently sufficient oil products in the market, which has put a lot of downward pressure on oil prices ...”³⁴

Despite the petrol and diesel price drops, the ministry announced an increase in the **Road Fund Administration** levy (road levy), which also took effect on 6 December. The road levy will increase by 20 cents per litre (\$0.011), from 178 cents per litre (\$0.095) to 198 cents per litre (\$0.11).³⁵ The increased road levy aims to support road infrastructure maintenance.

³³ The Namibian, 6 Dec 2023

³⁴ The Namibian, 6 Dec 2023

³⁵ Namibia Economist, 5 Dec 2023

Planner

2024 **(Namibia)** General elections

Chronology

7 Dec 2023 **Windhoek (Namibia)** *US Department of State*. The **United States (US)** ambassador to Namibia, **Randy W. Berry** hosts the opening of a new **US** embassy in Namibia;

7 Dec 2023 **Windhoek (Namibia)** *New Era*. “*Global giants*”, including **Chinese, French, Indian** and **Egyptian** companies, have submitted bids for contracts for the construction of the **Trans-Kalahari Railway** between Namibia and **Botswana**;

6 Dec 2023 **Windhoek (Namibia)** *The Namibian*. **Namibia’s** former ambassador to the **United States, Tuliameni Kalomoh**, states “*there is nothing wrong*” with **Russia’s** deputy prime minister, **Yury Trutnev**, visiting Namibia on 8 December;

6 Dec 2023 **Windhoek (Namibia)** *Namibia Economist*. Namibia and **Japan** sign an agreement at **COP28** to facilitate Japan’s financing of carbon-capturing projects in Namibia;

6 Dec 2023 **Windhoek (Namibia)** *Namibia Economist*. The *Namibia Economist* reports that the **Livestock and Livestock Products Board (LLPB)**, announces that it is experiencing delays in procuring cattle and small stock ear tags;

6 Dec 2023 **Windhoek (Namibia)** *Windhoek Observer*. **Paulus Mbangu**, member of the 6th **National Council (NC)** serving **Namibia’s** parliamentary standing committee on agriculture and natural Resources, suggests at a NC session that the mines and energy ministry eliminate **Regional Electricity Distributors (RED)** and harness solar energy from the **Namib Desert**;

5 Dec 2023 **Dubai (United Arab Emirates)** *H2-VIEW*. **Namibian** company **Hyphen Hydrogen** receives the **Low Carbon Hydrogen Energy Transition Changemaker** award at **COP28**;

5 Dec 2023 **Windhoek (Namibia)** *Farmer’s Weekly*. **Meat Board of Namibia’s** beef exports increased substantially during the third quarter of 2023, with 91,154 cattle marketed in that quarter, a 52.03% increase compared to the same quarter in 2022;

30 Nov 2023 **Windhoek (Namibia)** *Namibia Economist*. Between 24-30 November, the **Namibian Agronomic Board (NAB)** announces that it is officially certified by the **Namibia Standards Institution (NAB)** as an ISO 9001:2015 Standards Certification organisation, an internationally recognised standard that sets out requirements for a Quality Management System (QSM).

30 Nov 2023 **Windhoek (Namibia)** *Namibia Economist*. Between 24-30 November, The **Namibia Agronomic Board (NAB)** receives an approval from **Global GAP**, a verification body for local standards, making NAB a regulatory body that can inspect and certify local farms against local standards for fruits and vegetables and enable **NAB** to place these results on a global database;

29 Nov 2023 **Windhoek (Namibia)** *Namibia Economist*. The *Namibia Economist* reports that **Tom Alweendo**, minister of mines and energy, announces that applications for mining licenses are being digitalised, requiring all applications to be made online from January 2024;

27 Nov 2023 **Windhoek (Namibia)** *Fresh Plaza*. Namibia’s horticultural exports reached a record value of N\$1.7 billion (\$90.6m) in 2023 compared to N\$674m (\$41.28m) in 2016;

24 Nov 2023 **Windhoek (Namibia)** *Namibia Economist*. The *Namibia Economist* reports that between 20-24 November the **National Petroleum Corporation (NAMCOR)** announces a

three-stage plan to resolve debt. By March 2023, NAMCOR was in debt amounting to N\$700m (\$37.3m).

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