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Namibia showcases its mining opportunities at the 2023 Mining Indaba hosted in Cape Town (South Africa) with mines and energy minister Tom Alweendo leading the delegation. Namibia encourages investment into higher value-added sectors in mining such as processing. The Bank of Namibia (BoN) denies on 9 February that funds amounting to N\$60 billion (\$4 billion), an amount close to its annual budget, were unduly transferred to an entity. The BoN raises the repo rate to 7%, bringing the prime lending rate to 10.75% as annual inflation rises from 6.9% in December 2022 to 7% in January 2023. Parliamentarians' failure to disclose their assets and financial interests in the 2022/23 financial year, and ahead of the 2024 general election, attracts negative attention. The Institute of Public Policy Research (IPRR) releases a report on 14 February noting that the failure of MPs to comply with the parliamentary code of conduct further erodes public trust.

Namibia showcases opportunities at 28th Mining Indaba

Namibia showcased its mining investment opportunities at the 2023 **Mining Indaba**, held in **Cape Town, (South Africa)** from 6 to 9 February, allowing Namibia access to a global audience of investors, industry leaders and government representatives. Namibia's participation was themed under the title, 'Namibia: Securing investments in sustainable mining supply chains'. The theme was aimed towards highlighting Namibia's transition from extractive mining towards creating opportunities for more economic activities across the entire mining supply chain.¹ Although this theme presents the shift government is aiming for, the mining sector is still largely characterised by its reliance on extractive mining and a lack of value-added mining activities.²

Historically, mining has been a leading economic sector, accounting for roughly 10% of Namibia's GDP each year, and in 2021 directly employed 15,246 people, of which 96% are locals.³ Namibia is regarded as a leading and world-class provider of rough diamonds, uranium, gold, zinc, acid-grade fluorspar, salt, dimension stone, lead, copper, cement, and limestone. Furthermore, the country has prospects in cobalt, lithium, cobalt, rare earths, and other minerals. However, uranium and diamonds dominate the mining sector – in 2021 the sector grew by 13.6%, largely due to an increase in uranium and diamond production.⁴ The diamond and uranium industries grew by 25.8% and 2.5% in 2021 respectively, and the US trade administration noted in October 2022 that Namibia is the fourth-largest producer of uranium.⁵ Uranium is anticipated to grow by 3.9% in 2022 and 6.6% in 2023. Diamond mining grew by 2.3% in 2021 and is anticipated to grow by 26.2% in 2022 and 16.5% in 2023.⁶

¹ Namibia Economist, 6 Feb 2023

² National Planning Commission (Namibia), 2021

³ Chamber of Mines of Namibia, 2021

⁴ Chamber of Mines of Namibia, 2021

⁵ International Trade Administration, October 2022

⁶ All Africa, 3 Mar 2022

Mines and energy minister, **Tom Alweendo**, led Namibia's delegation and emphasised the strategic opportunity the Mining Indaba presented:

*"We will also leverage the convening power of the Indaba to connect with potential partners and investors that are crucial to growth of the sector by adding as much value as possible to the minerals mined, and the attainment of national development goals."*⁷

Alweendo also elaborated on the global trends towards sustainable mining practices and Namibia's intentions to transition mining environmental, social, and governance (ESG) standards:

"The future of the mining industry is increasingly being shaped by environmental, social, and governance (ESG) imperatives. We find it important for investors to invest in Namibia to form partnerships and become a part of the societies in which they mine."

Alweendo stated that the government should have more involvement in mining activities and facilitate value sharing as well as engagement in exchange for access to mining activities. This involvement would allow for the protection of mining communities, particularly economic, environmental and social interests.⁸

Alweendo also made notable comments on lithium in an interview with **United States**-based Reuters at the Mining Indaba and the intention of the government to ensure that all lithium mined in Namibia be processed in the country.⁹ **Trafigura**, a physical trading and logistics company, estimates that lithium production in Africa is estimated to grow from 40,000 tonnes a year to 497,000 tonnes by 2030.¹⁰ Alweendo stated how Namibia intends to shift towards beneficiation:

"We are saying to ourselves, if you have got the minerals that everybody wants now, you need to make sure that at least you probably mine those minerals differently and not in the usual manner."

The Namibian delegation presented investment opportunities through a Business-to-Business (B2B) and Business-to-Government (B2G) series of meetings on 6 February. During the series, a case study titled 'Investment Opportunities in Namibia' was presented where Namibia's **Chamber of Mines**, the **Namibia Investment Promotion and Development Board** and private investors shared their insights and experiences of the Namibian mining sector.¹¹ Namibia's stable political institutions and sophisticated business environment makes it an attractive mining destination. The Chamber of Mines has also identified the necessary accounts and regulatory frameworks for mining companies operating in Namibia and has identified local mining companies for actively implementing locally defined sustainable best practices.¹²

Central bank calls alleged fraud case fake

Namibian police announced on 8 February that they are investigating a fraud case regarding N\$60 billion (\$4 billion) allegedly stolen from a credit scheme with the **Bank of Namibia (BoN)** (central bank). While the allegations are not clear, they do imply that cross-border transactions facilitated a foreign exchange transaction totalling the said amount. The police were alerted of the alleged fraud after **Theron Ruppung Louie**, the CEO of **Credit Union Namibia (CUN)**, opened a fraud case with the police in December 2022. Police spokesperson, **Silas Shipandeni**, said that the case was filed at the **Klein Windhoek** police station alleging that suspects illegally

⁷ Namibia Economist, 6 Feb 2023

⁸ New Era, 8 Feb 2023

⁹ Reuters, 9 Feb 2023

¹⁰ Reuters, 9 Feb 2023

¹¹ Namibia Economist, 6 Feb 2023

¹² Chamber of Mines of Namibia, 2021

and intentionally took money that belongs to investors.¹³ The police did not provide further information on how the theft occurred. The amount of N\$60 billion is just N\$10 million (\$ 617,572) less than the 2022/23 annual budget of the BoN.¹⁴

The central bank released a statement on 9 February, alerting the public of its awareness of the allegations, but also informed the public that the mentioned amount of money was never deposited or transferred into any individual or entity's account associated with the CUN.¹⁵ Social media posts attracted further attention, which the BoN denied in its statement:

*"[...] the Bank does not issue nor is aware of any trading of sovereign guarantees to foreign investors [...] Furthermore, claims that the Bank's staff members or its platforms are being exploited in fraudulent server-to-server transactions are not factual"*¹⁶

A report in local news outlet **The Namibian**, released before the BoN released their statement, indicated that the spokesperson for the finance ministry referred reporters of the newspaper to the BoN for further information on 8 February. However, the BoN's spokesperson, **Kazembire Zemburuka**, then referred the reporters to the police. This media report and social media allegations may have caused panic and suspicions regarding the BoN's role in corrupt practices, but the BoN's subsequent address attempted to alleviate unfounded fears. The BoN's statement said that there has been an increase in hoaxes, online scams and misinformation targeted at the public and further urged the public to remain vigilant and fact-check information made available on social media or other platforms. The BoN concluded its statement by affirming the quality, strength and resilience of its financial system, and further instilled confidence in tackling financial crime by stating:

*"The Bank reassures the public that it maintains a constant state of vigilance to safeguard Namibia's financial system against financial crimes [...] in order to promote financial integrity and stability, all of which are essential for realising economic growth [...]"*¹⁷

... as the central bank raises the repo rate...

The BoN released a press statement on 15 February, indicating that the Monetary Policy Committee decided in meetings on 13 and 14 February to raise the repo rate by 25 basis points to 7%.¹⁸ Annual inflation rose from 6.9% in December 2022 to 7% in January 2023 and the repo rate increase and higher interest rates are aimed at curbing inflation rates while maintaining the currency peg with the South African rand.

The increased repo rate brings the prime lending rate to 10.75%. In the announcement, the BoN indicated that it will continue to monitor the impact of raising the repo rate on the country, in the interest of economic growth.¹⁹

The annual inflation rate's main contributors stem from the food and non-alcoholic beverages industry (2.6%), transport (1.6%), alcoholic beverages and tobacco (0.8%), housing, electricity, gas and other fuels (0.7%) as well as miscellaneous goods and services (0.4%).²⁰

The statement also highlighted that global economic growth declined from 6.2% in 2021 to 3.4% in 2022 and that global growth will be subdued further in 2023. The **International Monetary Fund (IMF)** estimates that economic activity will grow to 2.9% in 2023 and has

¹³ The Namibian, 9 Feb 2023

¹⁴ The Namibian, 9 Feb 2023

¹⁵ New Era, 10 Feb 2023

¹⁶ Bank of Namibia, 9 Feb 2023

¹⁷ Bank of Namibia, 9 Feb 2023

¹⁸ Bank of Namibia, 15 Feb 2023

¹⁹ Bank of Namibia, 15 Feb 2023

²⁰ Economist Namibia, 8 Feb 2023

estimated Namibia's real GDP growth for 2023 to reach 3.1%.²¹ Although Namibia has witnessed post-pandemic economic recovery, inflation and rising interest rates, alongside slow economic growth, have placed further stress on an economy with high unemployment. Youth unemployed is estimated to reach 47.4% in 2023.²²

Although the BoN's longstanding practice of adjusting the repo rate is argued to maintain a necessary peg of Namibia's currency to the South African rand, a Namibian accountant told **Africa Risk Consulting Briefing (ARC Briefing)** feels otherwise:

*"If SA hikes interest rates, we can certainly expect that same to happen to us, hence affecting the cost of living. In comparison to South Africa, I would say we are most disadvantaged because we depend on the SA economy for literally everything in production [...]"*²³

The accountant further expressed the difficulties because of the currency peg:

*"This is also impacted by a stagnant economy with no salary increase or very low salaries. There's a long way to go really in terms of being economically emancipated in Namibia."*²⁴

Namibia's peg to the South African rand has caused a longstanding debate on whether it is good for the economy.²⁵ Although there are concerns about the currency peg, including whether the cost of imported goods could be cheaper if there was no peg, Namibia's economy could be at risk of losing more value as opposed to the rand and inflation would rise in the case of no peg. The average inflation in **sub-Saharan Africa** is generally higher than that in Namibia, as seen in 2022 when the average rate of inflation in sub-Saharan Africa stood at 14.4% in comparison to 6.1% in Namibia.

The BoN indicated that the global economic outlook remains volatile due to the possible escalation of geopolitical conflicts and tensions, and the high cost of food and energy which may prolong inflation, prompting further interest rate hikes and tighter financial controls.²⁶ Subdued economic activity is still attributed to the impact of **Covid-19**, the **Russia-Ukraine** conflict, high inflation, supply chain disruptions and financial conditions.²⁷

MPs urged to disclose asset register

The **Institute of Public Policy Research (IPRR)**, a non-profit organisation in Namibia, released a report on 14 February, calling for Namibia's parliamentarians to declare their assets and interests in a timeous and comprehensive manner.²⁸ IPRR's mission is to promote democracy and governance through advocacy and research, and its report indicated that parliamentarians are consistently failing to adhere to the parliamentary code of conduct by failing to adhere to asset disclosure and interest rules. The latest examples point to merely 41 members of parliament (MP) out of 104 disclosed their interests and assets during the 2022/23 financial year.²⁹

Asset and interest disclosure is regarded as a pivotal good governance practice to provide transparency as to which politicians may be unduly influenced by individuals, corporates or any other funders, and disclose or deter any conflicts of interest that may arise between an MPs

²¹ www.imf.org, 7 Dec 2022

²² The Namibian, 8 Feb 2023

²³ Namibian accountant, 14 Feb 2023

²⁴ Namibian accountant, 14 Feb 2023

²⁵ Rand Merchant Bank, 16 Mar 2021

²⁶ Bank of Namibia, 15 Feb 2023

²⁷ Bank of Namibia, 15 Feb 2023

²⁸ Institute for Public Policy Research, 14 Feb 2023

²⁹ The Namibian, 16 Feb 2023

official duty and the interests they hold. In the lead-up to the 2024 general elections, it is also pivotal that MPs disclose their interests so that voters can be informed of any lobbying efforts.³⁰

Those who failed to disclose their assets include international relations minister, **Netumbo Nandi-Ndaitwah**, defence and veterans' affairs minister, **Frans Kapofi**, fisheries minister **Derek Klazen** and transport minister **John Mutorwa**.³¹

Lydia Kandetu, the secretary-general of the **National Assembly**, said that MPs are consistently reminded, to disclose their assets and interests and it is a matter that needs to be investigated:

*"Already we are in a situation where there is no level of trust in the institution and if you look at the Afrobarometer, the public perception is that many parliamentarians are corrupt or self-serving, that they are not there for the public interest."*³²

The report's author, **Frederick Links**, argued that more aggressive enforcement of the code of conduct is required and that parliament's Committee of Privileges should investigate why parliamentarians are not complying. Links said that public trust could be further eroded if MPs do not comply and described parliament as:

*"[...] a place where there are people involved in corruption, who are trying to hide their assets and interests from the public."*³³

Planner

2024 (Namibia) General elections.

Chronology

13 Feb 2023 **Windhoek (Namibia)** *New Era*. Casual workers for the **City of Windhoek** protest for better working conditions, including permanent employment;

13-17 Feb 2023 **Windhoek (Namibia)** *The Namibian*. **Poultry Producers Association (PPA)**, an affiliate of the **Namibia Agricultural Union (NAU)**, hosts a roadshow in southern **Namibia**, starting in **Keetmanshoop**, and moving to **Mariental** and **Rehoboth**, before ending in **Windhoek**;

13 Feb 2023 **Windhoek (Namibia)** *The Namibian*. **Namibia Agricultural Union (NAU)**, flags opportunities for Namibia and **South Africa's** poultry industry in high-income countries, as preference white meat rises globally due to affordability;

11 Feb 2023 **Windhoek (Namibia)** *The Namibian*. **Central Procurement Board of Namibia (CPBN)** states that it does not know links between a bid valuation committee member, **Kula Ithana**, and a company, **Facai Investments CC (Facai)**, awarded a N\$48m (\$3.2m) health tender. Ithana's niece, **Kuna Mushimba**, is Facai's founder;

3 Feb 2023 **Windhoek (Namibia)** *Bank of Namibia*. The **Bank of Namibia (BoN)** appoints **Romeo Nel** as technical advisor to the governor, **Moudi Hangula** as branch manager in the **Oshakati Branch**, **Ancois Plaatjie** as acting head of the **Banking Supervision Department**, and **Karin Elago** as acting deputy director of on-site examinations in the banking supervision department;

23 Jan 2023 **Windhoek (Namibia)** *Namibia Economist*. **Namibia Revenue Agency (NamRA)** puts regulatory requirements into effect for travellers, excluding those from countries in the

³⁰ ARC Namibia Analyst, 16 Feb 2023

³¹ The Namibian, 16 Feb 2023

³² The Namibian, 16 Feb 2023

³³ The Namibian, 16 Feb 2023

Southern African Customs Union (SACU), requiring travellers who import or drive a motor vehicle that bears a foreign registration number to complete a **Temporary Import Permit (TIP)**;

About Africa Risk Consulting:

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