

AFRICA RISK CONSULTING

Namibia Monthly Briefing May 2022

Namibia Summary 18 May 2022

Police and protesters clash in Windhoek's China Town as protesters target Chinese-owned businesses. Protest organiser and minor opposition political party Namibia Economic Freedom Fighters (NEFF) member Michael Amushelelo and seven others are arrested. Namibia Revenue Authority (NAMRA) officials destroy illegally imported counterfeit goods worth N\$5m (\$335,786). President Hage Geingob (2015-present), finance minister Ipumbu Shiimi and Bank of Namibia (BoN) (central bank) governor Johannes !Gawaxab officially launch Namibia's sovereign wealth fund, the Welwitschia Fund. Political analysts caution that the absence of a legislative and management framework leaves the fund vulnerable to mismanagement and misappropriation of funds. Namibia has so far avoided the spike in new Covid-19 cases seen in other parts of Southern Africa.

NEFF leads anti-Chinese business protests

A protest targeting **Chinese**-owned businesses in **Windhoek** has highlighted the risk of social unrest in response to the rapidly rising cost of living in **Namibia** and elsewhere. The protest began days after **United Kingdom (UK)**-based financial reporting agency **Bloomberg** cautioned that rising food prices may trigger social unrest if governments fail to implement adequate social protection measures. Political activist and minor opposition **Namibia Economic Freedom Fighters (NEFF)** economic commissar **Michael Amushelelo** surrendered to police on 13 May, after leading the protest that targeted businesses in Windhoek's **China Town**.¹

The protests followed a decision by the **Namibia Revenue Authority (NAMRA)** to destroy illegally imported counterfeit goods including shoes, clothes, perfume and bags worth N\$5m (\$335,786).² NAMRA reported on 10 May that it had seized the goods, which were being sold under brand names without the knowledge or authorisation of the brand owner, and kept them in a warehouse for seven years before disposal.^{3, 4} In response to NAMRA's announcement, Amushelelo made public claims on social media that businesses operating in China Town sold similar goods to those confiscated and destroyed by NAMRA. Amushelelo published posts calling protesters to meet on 13 May for a **Shut Down China Town** protest.⁵ Amushelelo's social media posts accused the government of penalising Namibian citizens and prioritising China-owned businesses due to Namibia's debt obligations to China.



¹ [Africa News](#), 13 May 2022

² [The Namibian](#), 16 May 2022

³ [New Era](#), 16 May 2022

⁴ [NAMRA](#), 13 May 2022

⁵ [Facebook](#), accessed 17 May 2022

“Most of you think I am lying when I say the government hates you, see for yourself the government is burning products worth N\$5 million that was ordered by Namibians [...] over 1.2 million people are unemployed, they can’t find jobs because our economy does not belong to us [...] Chinese sell fake products on a daily basis but because they own our government through Chinese loans.”⁶

Amushelelo’s posts were widely viewed and shared and resulted in a significant presence outside businesses in China Town. Police responded to the crowd, which had attempted to force businesses to close or allow Namibian citizens to “shop for free”. Police deployed teargas and rubber bullets in efforts to control the protest, following claims online that Chinese-owned businesses would be burned down.⁷ Media reports indicate that rubber bullets and teargas injured two journalists and a pregnant woman during the police response to protesters. Police deputy inspector general **Joseph Skikongo** responded to the allegations by questioning why a pregnant woman had attended the protest:

“What was she doing in a group that is going to burn down a building? Threats were made on social media that buildings will be burned down, which is very serious.”⁸

A group of eight activists – Amushelelo, his wife **Juliata Amushelelo**, NEFF president **Epafros Mukwiilongo**, and NEFF members **Dimbulukeni Nauyoma**, **Lawrance Mwatile**, **Emily Mununga**, **Anaacky Amupanda** and **Risto Ithikwa** – later surrendered to police. Skikongo confirmed that the activists were arrested under the **Riotous Assemblies Act** for contravention of Section 17 of the Act.⁹ Following their arrest, the NEFF representatives took to social media, calling for protesters to stand in solidarity outside the **Katutura Magistrate Court** for their hearing on 16 May, and offering free transportation to those wishing to travel there.¹⁰ Formal bail negotiations are in progress and court proceedings are anticipated to begin on 5 July.¹¹

The China Town riot highlights tension amongst unemployed youth and concern about Namibia’s debt, which is currently at a record high and expected to reach N\$140 billion by 2023 (\$9.4 billion) (75% of GDP).¹² Namibian citizens also face a rising cost of living. The **Namibia Statistics Agency (NSA)** reported on 12 May that annual inflation increased by 5.6% in April, cautioning that inflation rates were likely to rise further in line with fuel and food prices.¹³ Bloomberg notes that economies with high import dependency on food and oil are considered vulnerable to political unrest, including **Lebanon**, **Mozambique**, **Togo**, **Jordan**, **Tunisia** and Namibia.¹⁴

Despite NEFF’s claims that China is a privileged economic actor in Namibia, China is a positive contributor to Namibia’s trade balance, importing more goods than its exports. The **Observatory of Economic Complexity (OEC)** reports that in 2020, Namibia was a net trade importer (\$6.62 billion), with 40.3% of imports originating from **South Africa**, 20.4% from **Zambia**, 5.56% from **Democratic Republic of the Congo (DRC)** and 4.82% from China. Namibia’s exports (\$6.22 billion) in 2020 were destined for China (29.2%), South Africa (19.5%) and **Botswana** (8.01%).

⁶ [Facebook](#), 13 May 2022

⁷ [Observer24](#), 14 May 2022

⁸ [Observer24](#), 14 May 2022

⁹ [New Era](#), 16 May 2022

¹⁰ [Facebook](#), 16 May 2022

¹¹ [New Era Live](#), 17 May 2022

¹² [The Namibian](#), 13 May 2022

¹³ [NSA](#), 12 May 2022

¹⁴ [Bloomberg](#), 11 May 2022

Namibia's next general elections are scheduled to take place in 2024, leaving President **Hage Geingob** (2015-present) little time to address Namibia's balance of payments problem and salvage the reputation of the ruling **South-West Africa People's Organisation (SWAPO)**.

New sovereign wealth fund launches

Namibia's newly launched sovereign wealth fund may offer an opportunity to bolster public spending and ease financial pressure on Namibia's citizens. President Geingob and finance minister **Ipumbu Shiimi** officially launched Namibia's sovereign wealth fund, the **Welwitschia Fund**, on 12 May.¹⁵ The fund was first conceived in 2009 but took until 2020 to gather momentum and government backing.

The fund is established under three themes, longevity, resilience, and inclusivity, but has yet to receive a legislative governing structure.¹⁶ **Bank of Namibia (BoN)** (central bank) governor **Johannes !Gawaxab** said the BoN will independently manage the fund, in consultation with the finance ministry, which will act as government (shareholder) representative.¹⁷

The fund capital of N\$300m (\$20.1m) is contributed by **Southern African Customs Union (SACU)** revenue, 33% of the proceeds of the sale of state assets, 15% of mining royalties, 50% of budget surpluses and 10% of all revenue obtained from the sale of fishing quotas. Funding will only be directed toward the fund once public revenues reach 33% of national output. Geingob's speech suggested that other sources of revenue may be added once oil and green hydrogen production is underway.¹⁸

The fund is currently governed by the **Bank of Namibia Act** and is composed of two accounts, a short-term investments (stabilisation) account and a long-term investments (intergenerational) account.¹⁹ Both accounts will be managed as a combined reserve account at the BoN. Up to 2.5% of the fund will be invested locally, to bridge Namibia's infrastructure financing gap.²⁰

The fund is intended to act as a buffer against future economic shock; however, political analyst **Graham Hopwood** has cautioned against mismanagement in the absence of a formal governing framework, citing similarities with **SME Bank**, a joint venture between the Namibian government and private investors from **Zimbabwe**, which the BoN seized in 2017.²¹ SME Bank collapsed not long after receiving approval from the BoN. Responding to these concerns, attorney general **Festus Mbandeka** said that technical work is underway to create a governing framework as a priority:

*"We really need to make sure the way this [Welwitschia fund] is managed and governed is really robust so that there is no possibility of any funds being mismanaged."*²²

The fund is likely to be a key institution to maximise the impact of Namibia's recent oil discoveries (see *ARC Briefing Namibia March 2022*). In February, oil majors **France**-based **TotalEnergies** and **United Kingdom**-based **Shell** discovered significant oil reservoirs offshore Namibia. However, Bloomberg forecasts that Namibia has 10 years to capitalise on these discoveries before net-zero emissions commitments prevent it from launching further exploration programmes.²³ A sovereign wealth fund may succeed in investing oil and gas royalties to generate long-term returns from the extraction of Namibia's oil resources.

¹⁵ [Bank of Namibia](#), 13 May 2022

¹⁶ [The Namibian](#), 13 May 2022

¹⁷ [Bank of Namibia](#), 13 May 2022

¹⁸ [Bank of Namibia](#), 13 May 2022

¹⁹ [Business Live](#), 12 May 2022

²⁰ [Al Jazeera](#), 12 May 2022

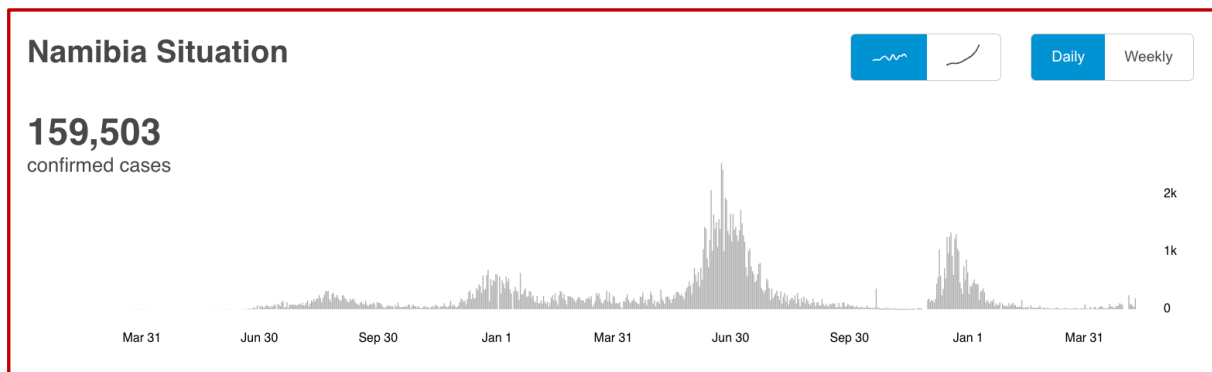
²¹ [The Namibian](#), 13 May 2022

²² [The Namibian](#), 13 May 2022

²³ [Bloomberg](#), 21 Apr 2022

Namibia dodges Southern African spike in Covid-19 cases

New cases of **Covid-19** in **Southern Africa** increased by 32% in the week of 8 May, led by a significant rise in new infections in South Africa.²⁴ The sudden spike in cases came only two weeks after the **United States Department of State** relaxed its travel advisory for Namibia on 28 March (see *ARC Briefing Namibia Apr 2022*). Despite a resurgence in regional cases, Namibia has yet to experience a spike in new cases. Infections increased by 66.54% in late April, before declining again. Since 12 May, Namibia has detected no new cases.²⁵



12 - World Health Organisation (WHO) Namibia Covid-19 data

On 14 March, President Geingob relaxed mask requirements and PCR testing restrictions for fully vaccinated passengers arriving in Namibia (see *ARC Briefing Namibia April 2022*).²⁶ The health ministry issued a message on **Twitter** on 15 May reminding citizens that wearing a mask is strongly recommended despite no longer being required by law. Citizens and visitors in enclosed spaces, including public transport and indoor spaces, are encouraged to wear masks.²⁷ Fully vaccinated travellers arriving in Namibia are no longer required to present a negative PCR test but are still required to provide proof of full vaccination at points of entry to the country.²⁸

Namibia's health department has faced significant "vaccine hesitancy" and failed to meet the government's target of vaccinating 60% of the population by March 2022.^{29, 30} As of 18 May, 479,078 individuals had received at least one dose (18.86% of the population) while 408,202 are fully vaccinated (16.07% of the population).³¹

²⁴ [US Department of State](#), 28 Mar 2022

²⁵ [WHO](#), accessed 18 May 2022

²⁶ [Reuters](#), 28 Mar 2022

²⁷ [KFGO](#), 15 Mar 2022

²⁸ [KFGO](#), 15 Mar 2022

²⁹ [World Health Organisation](#), accessed 18 May 2022

³⁰ [World Health Organisation](#), accessed 18 May 2022

³¹ [World Health Organisation](#), accessed 18 May 2022

Planner

15 Jun 2022 **Windhoek (Namibia) Bank of Namibia** releases monetary policy statement;
 17 Aug 2022 **Windhoek (Namibia) Bank of Namibia** releases monetary policy statement;
 19 Oct 2022 **Windhoek (Namibia) Bank of Namibia** releases monetary policy statement;
 7 Dec 2022 **Windhoek (Namibia) Bank of Namibia** releases monetary policy statement;
 2024 **(Namibia)** General elections;

Chronology

17 May 2022 **Windhoek (Namibia) New Era**. Industrialisation and trade minister **Lucia Ipumbu** launches a **European Union (EU)** funded (N\$27m / \$1.81m) twinning project to provide support to the **Namibia Standards Institution (NSI)** and boost capacity to engage in international trade;

17 May 2022 **Windhoek (Namibia) New Era**. Namibia-based **Agribank** announce a new five-year extension to its 25-year repayment period for agricultural land purchase open to all Namibians under the age of 35;

16 May 2022 **Windhoek (Namibia) The Star**. Health ministry executive director **Ben Nangombe** confirms that Namibia will destroy 300,000 expired **Covid-19** vaccine doses worth \$1.6 million with an additional 42,000 doses of **AstraZeneca** vaccine due to expire before July;

13 May 2022 **Windhoek (Namibia) Africa News**. Political activist and member of the **Namibia Economic Freedom Fighters (NEFF) Michael Amushelelo** surrenders to police after leading raids on businesses in **China Town, Windhoek**;

13 May 2022 **Windhoek (Namibia) Bank of Namibia**. President **Hage Geingob** and finance minister **Ipumbu Shiimi** deliver speeches at the launch of Namibia's new sovereign wealth fund the **Welwitschia Fund**;

12 May 2022 **Windhoek (Namibia) Business Day**. President **Hage Geingob** announces that **Namibia** has set up a sovereign wealth fund to serve as a buffer against future economic shocks, financed by sale of natural, renewable and non-renewable mineral resources, taxes, divestiture from public investment holdings and contributions from certain state-owned enterprises;

25 Apr 2022 **Windhoek (Namibia) The Namibian**. Former cabinet minister **Sacky Shanghala** and business partner **James Hatuikulipi**, accused in the **Fishrot** scandal trial, petition the **Supreme Court** to appeal a decision to dismiss their applications for bail;

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