NAMIBIA QER Q1 2023

NAMIBIA QUARTERLY ECONOMIC REVIEW JANUARY - MARCH 2023

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Quarter Summary

Macroeconomic Situation

The economy continues to recover from the severe damage imposed by the Covid pandemic in 2020. The NSA's full National Accounts for 2022 showed that the size of the economy as measured by real Gross Domestic Product (GDP) grew by 3.5% in 2021 and 4.6% in 2022 after falling by a revised 8.1% in 2020. In real terms, Namibia's economy in 2022 was still smaller than it was in 2014. In current prices, GDP in 2022 was N$206.2 billion and GDP per capita was N$79,431. In its latest March 2022 Economic Outlook, the Bank of Namibia sees GDP growing by 3.0% in 2023 and 2.9% in 2024. The Bank of Namibia's repo rates rose over the quarter from 6.75% at the end of December to 7.0% at the end of March, 75 basis points lower than in South Africa. At its Monetary Policy Committee meeting in November the Bank of Namibia predicted inflation would average 6.1% in 2022 and 4.9% in 2023. The Minister of Finance and Public Enterprises tabled the National Budget on 22 February under the theme "Economic Revival and Caring for the Poor" chiming with the President's "Year of Revival". Revenues rose significantly allowing the Minister to increase spending including capital spending. The ratio of public debt as a proportion of GDP is now expected to peak at 70.5% of GDP in FY24/25. The IPPR published an analysis of the National Budget can be found **here**.

Policy Developments

The first quarter of the year contained little in the way of new policy developments. Finance and Public Enterprises Minister Shiimi committed Government to bringing down the rate of corporate tax from 32% to 31% from 1 April 2024 and then to 30% from 1 April 2025. This still leaves Namibia at the higher end of the international spectrum but is a step in the right direction. A second major announcement was the raising of the income tax threshold on individuals from N$50,000 to N$100,000 "effective FY24/25". Shortly after the budget was tabled President Geingob made a public statement to the effect that the number of public servants should be reduced by half. The Public Service Commission Chair said the civil service included 107,000 employees inclusive of the security cluster but it is not clear where this number comes from.

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The Minister also stated that "the Ministry of Industrialisation and Trade is currently workshopping the revised version of the Namibia Investment Promotion and Facilitation Bill for inputs from stakeholders" but the IPPR has yet to see a draft of this critical piece of legislation. A technical team is finalising inputs into the draft sovereign wealth fund Bill from stakeholders and Government aims to table the Bill before Parliament in FY2024/25.

Special Feature: Namibia's Electricity Supply Industry – Mind the Gap

Introduction

With significant power outages in neighbouring South Africa and Zambia, the question naturally arises about how robust is Namibia's electricity supply industry (ESI)? This short feature gives a concise overview of where Namibia stands as far as electricity supply is concerned bringing together the information available on the current situation in Namibia as well as two key regional suppliers South Africa and Zambia.

Institutions

In order to understand the industry it is best to start off understanding the institutions that make up the industry and what the role of each is.

The **Ministry of Mines and Energy** established after Independence is the principal policy-making institution of Government for the electricity supply industry. The industry is currently governed by the Electricity Act of 2007 and guided by the key policy documents, the National Integrated Resource Plan, the Renewable Energy Policy and the National Energy Policy published in 2017, the Independent Power Producer Policy of 2018, and the Modified Single Buyer framework and Smart Grid Electrification Policy of 2019. A National Electrification Policy has also been submitted to Cabinet in 2022.

The **Electricity Control Board** was established in 2000 under the previous Electricity Act of 2000 to exercise control over the Electricity Supply Industry with the main responsibility of regulating electricity generation, transmission, trading, distribution, supply, import and export in Namibia. Included among these tasks are the licencing of new electricity generating capacity and regulating the prices the ESI, including NamPower, can charge. A list of licenced generators can be found on its website and it issues a media statement (usually in April) providing information about the Nampower tariff approval for the coming financial period commencing 1 July each year. The current system is due to be replaced by a new Electricity Act and a new **Namibia Energy Regulatory Authority** and the necessary Bills are currently being drafted. In 2013 the Ministry of Mines and Energy introduced the Long-Run Marginal Cost (LRMC) Levy to create a reserve for use to avoid significant future price shocks to the Namibian consumer. This levy was first introduced in the 2014 financial year tariff at 2.54 cents/KWh. The LRMC levy is ring-fenced in NamPower's books and invested in a separate interest-bearing account effective from 1 July 2018. These funds can only be utilised with the specific approval of the ECB.

Regional Electricity Distributors are public enterprises that buy electricity from NamPower and IPPs and distribute it to customers in the regions they cover. At present there are three REDs: the **Northern RED** (NORED established in 2002), **Central Northern RED** (CENORED established in 2005), and **Erongo RED** (established in 2005). The envisaged Southern RED and Central RED still do not yet exist.

NamPower is the national state-owned power utility whose role is to generate, transmit, distribute, supply and to trade in electricity which includes the importing and exporting of electricity. NamPower is 100% owned by the State and is classified as a Commercial Public Enterprises under the Public Enterprise Governance Act of 2019 resorting under the Ministry of Finance and Public Enterprises also reporting to the Ministry of Mines and Energy. Its electricity tariffs are regulated by the ECB as described above. NamPower currently owns and operates the following generation capacity.

Table 1: NamPower Installed Capacity 2023

Power Plant	Type	Installed Capacity	Operating Regime
Ruacana	Run-of-river hydroelectric	347MW	Variable
Van Eck	Coal	120MW	Emergency standby
Anixas	Diesel/Heavy Fuel Oil	22.5MW	Emergency standby
Omburu	Solar PV	20MW	Variable

Source: NamPower Annual Report 2022

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For many years, NamPower's generating capacity was limited to Ruacana (commissioned in 1978 and where a fourth turbine was added in 2012), Van Eck (built between 1972 and 1979) and Anixas (commissioned in 2011). Omburu, which is located on a 42ha site near Omaruru was commissioned on 29 March 2022, becoming NamPower's first fully owned and operated renewable energy power station. It was built by Hopsol Africa and Tulive Private Equity, cost N$340 million and was funded by the ECB through the LRMC reserve. It is expected to generate 63GWh of clean energy annually. NamPower is working on constructing the following additional generating capacity as part of its Integrated Strategic Business Plan 2020-2025.

Table 2: NamPower Planned New Capacity from 2023

Power Plant	Type	Installed Capacity	Completion Date
Omburu	Battery Energy Storage System	58MW	End 2024
Rosh Pinah	Wind	40MW	Cancelled
Anixas II	Diesel/Heavy Fuel Oil	50MW	End 2023
Otjikoto	Biomass	40MW	End 2025
IPPs			
Khan	Solar PV	20MW	Q2 2024
Lüderitz	Wind	50MW	July 2025

Source: NamPower Annual Report 2022

The Omburu Battery Energy Storage System will be the first of its kind in Namibia and the subcontinent. A tripartite grant funding agreement with Germany's KfW of €20 million was signed between NamPower, the National Planning Commission and KfW in December 2021 and the prequalification stage for the procurement of an Engineering, Procurement and Construction (EPC) contractor was completed in January 2022. The EPC contractor was due to be appointed in Q1 2023 with commencement of the project planned for mid-2023 and completion towards the end of 2024.

The 40MW Rosh Pinah Wind Power Project was designed to provide renewable energy outside the typical solar PV dispatch profile and was to have a maximum export capacity of 40Mwe with a calculated ten-year P50 annual energy production of 122,000 MWh including losses and plant availability. The plant was required to have 97% availability with a guaranteed lifetime of 25 years. Most of the project costs were to be financed via a concessional loan agreement with KfW. NamPower was to fund approximately 20% of the project from its balance sheet. KfW/BMZ completed its project due diligence in April 2022. However, the project was cancelled because the wind resource at the Rosh Pinah site was lower than anticipated.

The N$1.2 billion 50MW Anixas II Power Station will be developed to provide back-up power to stablise the grid due to the intermittency of renewable energy sources. The power plant will make use of Internal Combustion Reciprocating Engine technology using Heavy Fuel Oil but also diesel, liquified or compressed natural gas. A contract was signed with FK Namibia and Joint Venture on 4 March 2022. NamPower expects the project to be completed in December 2023.

The N$1.6 billion Otjikoto Biomass Power Station will use encroacher bush as fuel and provide dispatchable baseload generation enhancing security of supply and stimulating the biomass fuel supply chain. Fichtner GmbH have been appointed engineers for the project. A grant funding application was submitted to the Nationally Appropriate Mitigation Ambition Facility to reduce the tariff to the end consumer. The preferred project financier, Agence France de Développement (AFD) is carrying out the final due diligence on the project. NamPower expects a Final Investment Decision in April 2023 with construction starting in Q2 2023. The plant is expected to commence operation by the end of 2025.

The bid for the development of the N$300 million 20MW Khan Solar PV project was awarded to the lead developer IPP Access Aussenkehr Solar One Namibia for a base tariff of 49.04 cents/KWh (the lowest tariff in the country) and at a fixed annual escalation rate of 3% over the 25-year PPA period. In August 2021 the lead developer in the consortium was sold off to Alpha Namibia Industries Renewable Power Limited (ANIREP). Construction commenced in April 2022 and NamPower expects the plant to commence operation by Q2 2024.

The N$1.4 billion 50MW Lüderitz Wind Project is located 16km south of Lüderitz. In April 2023 **NamPower signed an exclusive 25-year PPA with CERIM Lüderitz Energy** and now expects the plant to commence operation by July 2025. CERIM will be responsible for the entire development which will be carried out on a Build-Own-Operate basis.

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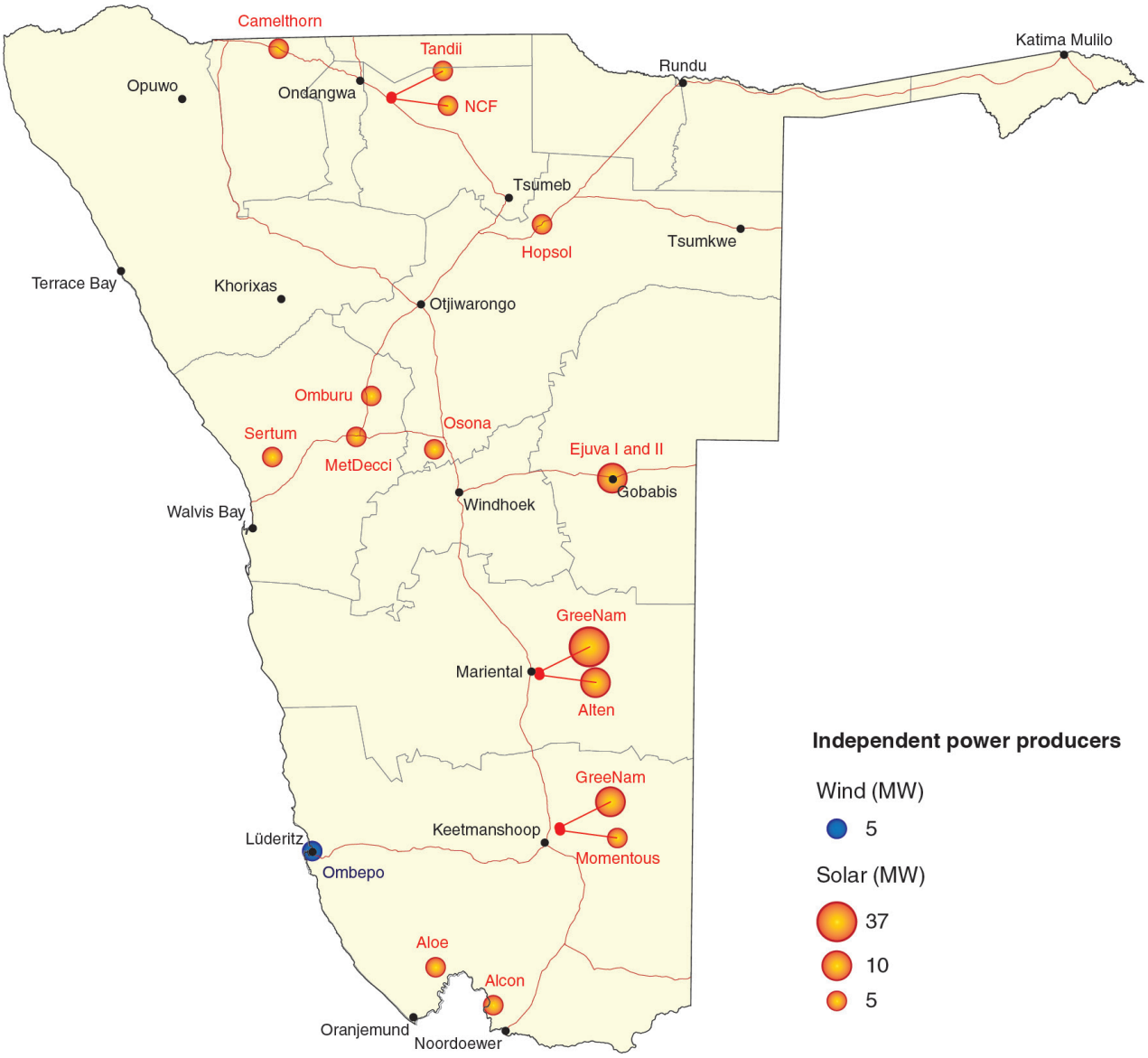
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NamPower can trade electricity though the Southern African Power Pool via its Energy Trading System which allows it to complement supply and meet demand. To meet demand at all times, NamPower supplements its energy requirements with power from the region through SAPP long-term bilateral agreements (PPAs) and short-term trading markets (STEM). In March 2023 NamPower revealed details of its bilateral agreements with three sister utilities:

- 100MW firm power with a fixed and variable tariff with ESKOM (South Africa) from 2022 to 2027. There is also an additional non-firm 300MW available when Eskom is not constrained.
- 100MW firm power supply with minimum uptake of 70% with ZESCO (Zambia)
- 80MW firm power supply with minimum uptake of 92.5% with ZESCO (Zambia)
- 80MW with capacity factor of 50% with ZPC (Zimbabwe) from 2015 to 2025

Independent Power Producers (IPPs) are power producers which are privately-owned and separate from NamPower (although NamPower can also participate in IPPs) and separately regulated by the ECB. Most are joint ventures formed by international RE companies with local partners. Like NamPower their tariffs have to be approved every year. All 14 IPPs are Solar PV plants with the exception of the Ombepo wind plant in Lüderitz. Combined they have a capacity of 70MW.

Map 1: Location of IPPs in Namibia



Source: Atlas of Namibia https://atlasofnamibia.online/

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Table 3: List of IPPs

Company	MW	Type	Status	Location
Ejuva One Solar Energy	5	Solar PV	Operational	Gobabis, Omaheke
Ejuva Two Solar Energy	5	Solar PV	Operational	Gobabis, Omaheke
Camelthorn Business Venture No Two	5	Solar PV	Operational	Outapi, Omusati
Momentous Solar One	5	Solar PV	Operational	Keetmanshoop, Karas
Hopsol Power Generation	5	Solar PV	Operational	Grootfontein, Otjozondjupa
Sertum Energy	5	Solar PV	Operational	Trekkopje, Erongo
Aloe Investment No. 27	5	Solar PV	Operational	Rosh Pinah, Karas
ALCON Consulting Services	5	Solar PV	Operational	Aussenkehr, Karas
UNISUN Energy	5	Solar PV	Operational	Okatope, Oshikoto
Tandii Investment	5	Solar PV	Operational	Okatope, Oshikoto
NCF Energy	5	Solar PV	Operational	Okatope, Oshikoto
Ombepo Energy	5	Wind	Operational	Lüderitz, Karas
Osona Sun Energy	5	Solar PV	Operational	Osona, Otjozondjupa
Metdecci Energy Investment	5	Solar PV	Operational	Karibib, Erongo

Source: ECB

Renewable Energy Feed-In Tariffs (REFIT) are power producers established under Government's REFIT programme which commenced in 2015. They are IPPs but their tariffs have been agreed in advance to cover their operational lives.

The **Modified Single Buyer (MSB) framework** was introduced in September 2019 to allow IPPs to sell electricity directly to large power users locally and abroad. Hitherto, all power producers had to sell exclusively to the grid unless they were generating exclusively for own consumption.

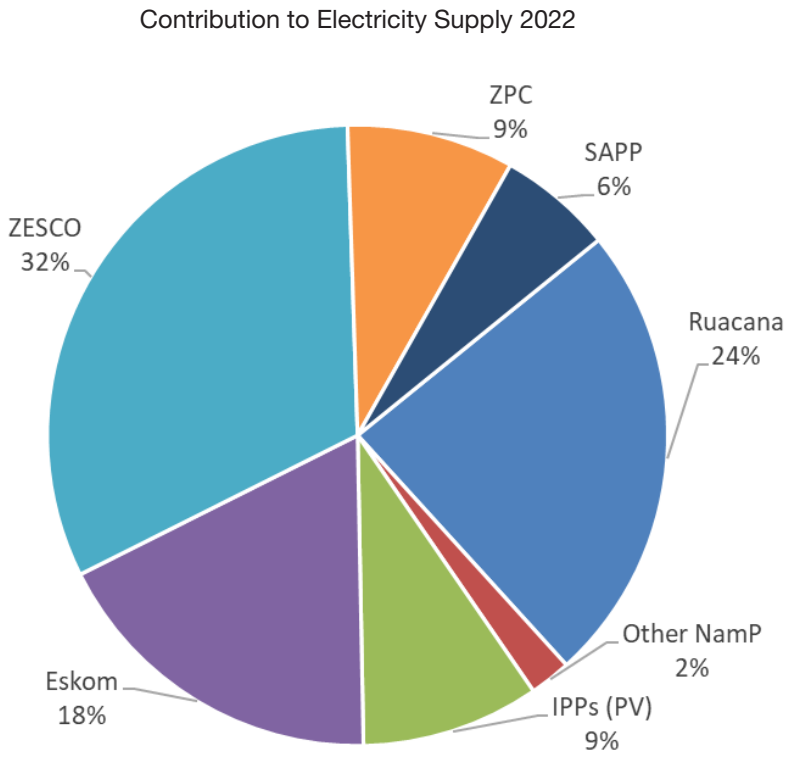
Recent Developments

Despite the string of new domestic generating capacity which has come on stream in recent years, the year 2022 saw Namibia more reliant than ever on electricity imports. Of the total supply of 4,097GWh into the system during the year, NamPower supplied 816GWh and domestic REFIT and Other IPPs supplied a further 364GWh. South Africa's Eskom supplied 1,253GWh, Zambia's ZESCO supplied 1,018GWh and Zimbabwe's ZPC supplied 390GWh. A further 256GWh was purchased from the SAPP expensive short-term energy market. Overall imports accounted for 71.2% of total electricity supply making Namibia acutely vulnerable to developments in the rest of the region.

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Chart 1: Sources of Electricity Supply in 2022



Source: NamPower Annual Report 2022

The greater dependence on imports has come at a price. NamPower's 2022 Annual Report states the following:

"Operational profitability also worsened compared to the previous financial year with NamPower posting a loss in excess of N$2 billion at both Group and Company levels. For the first time in many years, even EBIDTA came out negative, a serious blemish on the Group's performance scorecard. NamPower recorded an operating loss before net finance income of N$2.3 billion."

The Ruacana power station recorded the lowest energy generated for the past ten years (780GWh) due to the reduced rainfall in the Kunene River catchment area. This resulted in NamPower having to import electricity at a high cost to ensure constant supply. NamPower identifies climate change as a key risk.

Climate changes are resulting in rising global temperatures, erratic patterns of precipitation and more. This is evident in the significantly lower energy generated and dispatched by the Ruacana Power Station during the year due to very low Kunene River flows experienced specifically over the past four years. Rising temperatures may also have an uncertain impact on electricity demand which already varies according to cooling and heating needs.

Meanwhile, two of NamPower's key suppliers Eskom and ZESCO, have been experiencing significant problems of their own.

The electricity crisis in South Africa has been gathering pace since at least 2007 as its aging fleet of coal-fired power stations struggled to keep up with demand and increasing debt, mismanagement, corruption and outright criminality have laid the state-owned behemoth low. Since taking office in 2018, South African President Cyril Ramaphosa has been trying to reform the debt-laden parastatal to make it more efficient. Eskom CEO Andre de Ruyter submitted his resignation in December 2022 making him the 11th boss to leave the company in just over a decade. Police are investigating whether an attempt was made to poising de Ruyter who pursued a clampdown on corruption and organised criminal behaviour including sabotage of infra-structure, at Eskom's plants. De Ruyter claimed that senior ANC politicians were involved with the organised crime affecting the company. In an effort to address unprecedented power shortages, President Ramaphosa appointed South Africa's first electricity minister, former Tshwane mayor Kgosientsho Ramokgopa, in March 2023 as part of a wider Cabinet reshuffle. Much has been written about the decline of Eskom, one of the largest power utilities in the world providing 90% of electricity supply in South Africa. Good summaries are available here. Key facts include the following:

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- Debt remains unsustainably high at around R423 billion despite help from government.
- The energy availability factor (EAF) decreased from 66% in 2021 to 58% in 2022.
- Load-shedding multiplied by 16 to 22,529GWh or 157 full days in 2022. Load shedding is currently affecting customers for up to ten hours a day.
- Tariffs rose 34% to R1.40/kWh in 2023.

Chart 2: Eskom Load-Shedding 2007-2022 (CSIR, 2023)

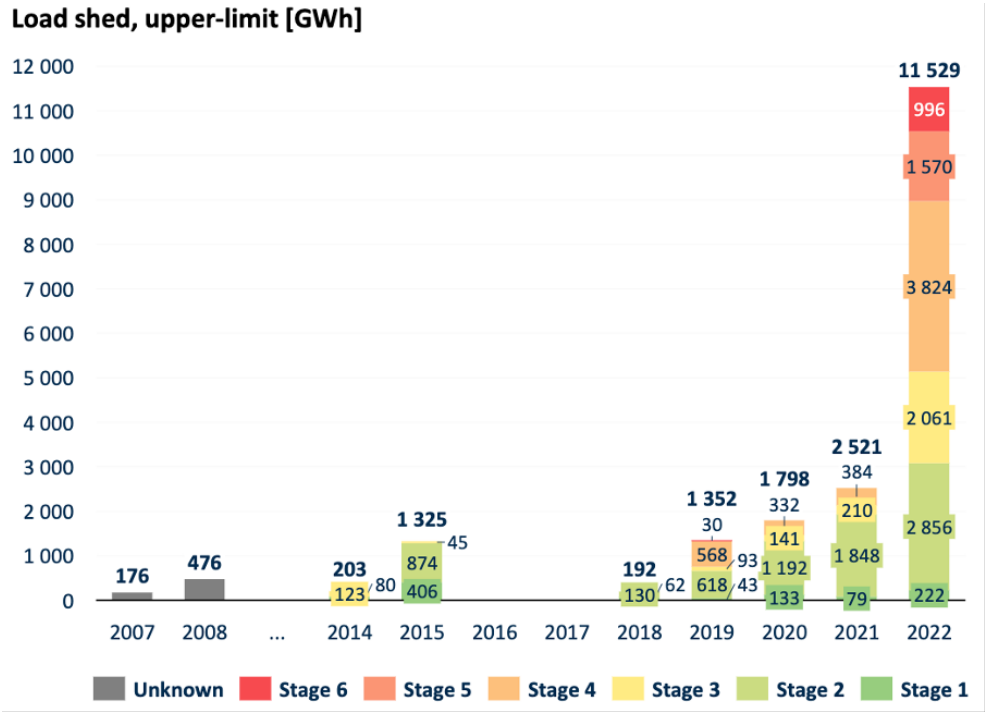
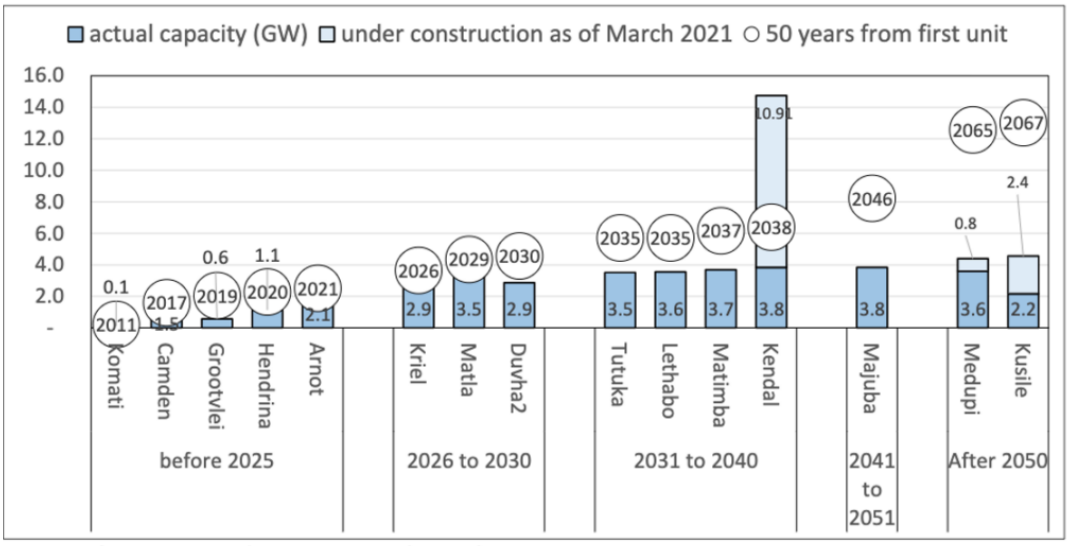


Chart 3: Eskom Coal Fleet by Age



Source: Eskom. Integrated Report 2021. Johannesburg. Page 136.

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Most analysts agree that the way out of this desperate situation involves the following steps:

- Setting realistic targets for Eskom's plants and update South Africa's power plan (the Integrated Resource plan of 2019 which assumes Eskom will have an EAF of 70% or more)

- Implement long-promised reforms that increase competition and reduce political interference by for example opening the grid to private producers, ending Eskom's monopoly and reducing political control over power procurement.

Recent amendments to the Electricity Regulation Act allow for more private power (the licencing threshold was raised from 1MW to 100MW) and municipalities to procure power directly instead of going through Eskom.

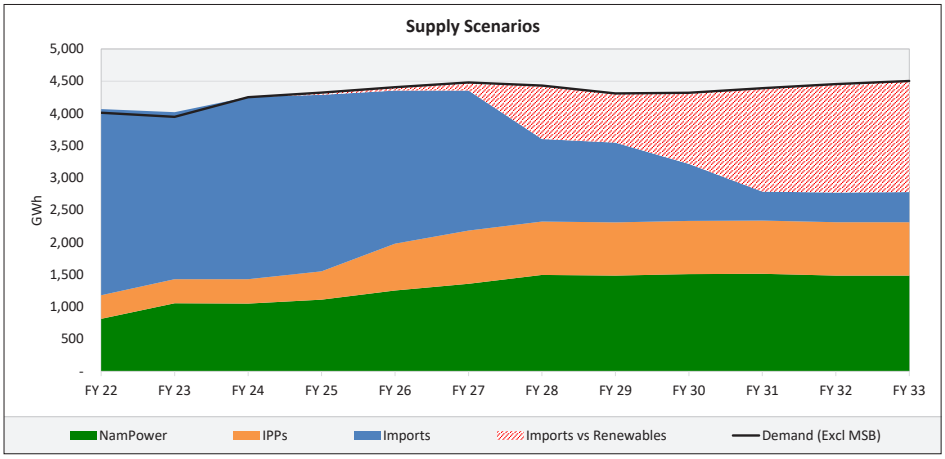
There are doubts about whether the South African Government can effectively implement the required programme and even if progress is made it is only likely to bear fruit in the medium to long-term.

In Zambia the challenges are somewhat different. In January 2023 ZESCO announced that electricity supply to mining firms would start to be rationed following reduced power generation after a big drop in water levels in Lake Kariba and the world's largest man-made lake created by the dam. Hydroelectric power provides 75% of Zambia's electricity and the Kariba north bank and south bank power stations have installed capacity of 1,080MW and 1,050MW respectively out of total national installed capacity of around 2,800MW. The situation was exacerbated when the 150MW Maamba Collieries Limited Power Plant shut down for routine annual maintenance leading to load-shedding of 12 hours a day.

Conclusions

Namibia has long been a net importer of electricity from the Southern African Power Pool and has struggled over the decades to build new domestic generating capacity and become more independent. Despite greater renewable energy capacity, primarily REFIT IPP solar PV plants, in 2022 Namibia imported more than 70% of the power required as power supply from the key Ruacana hydroelectric power station dwindled. This imported power was supplied mainly by South Africa's Eskom and Zambia. However, both countries are suffering their own domestic power shortages which are unlikely to be resolved in the near future. While Namibia is making progress building new generating capacity, progress is not as fast as it needs to be and will not be sufficient to completely replace imports. This precarious situation is likely to last several years until the end of the decade.

Chart 2: Supply Impact: Nampower



Source: NamPower presentation to large power users March 2023

- Imports: Continue signing new Import Power Purchase Agreements
- Renewables: Build new local renewable generation between NamPower and IPPs.
- Reality will be a combination of the above.

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News Highlights

30 March	South African Reserve Bank raises repo rate by 50bp *(SARB)*	At its second Monetary Policy Committee meeting of the year, the South African Reserve Bank (SARB) raised its repo rate by 50 basis points from 7.25% to 7.75% higher than many observers expected pushing the prime lending rate up to 11.25%.
29 March	NSA releases National Accounts for 2022 *(NSA)*	The Namibia Statistics Agency (NSA) released the National Accounts for 2022 which showed GDP rose by 4.6% in 2022.
16 March	UK ban on trophy hunting creates controversy *(AFP)*	Plans by the UK to ban the import of hunting trophies has prompted a letter from dozens of conservationists and community leaders in Angola, Botswana, Namibia and Zambia warning the law could have the opposite effect.
9 March	South African Competition Tribunal approves Heineken takeover *(Yahoo)*	Heineken announced that the South African Competition Tribunal has approved its offer to acquire control of Distell Group Holdings marking the final regulatory approval and paving the way for the creation of a new Heineken majority-owned business.
10 March	Namibian taxpayers owe N$69 billion *(New Era)*	According to New Era Namibian taxpayers owe the Namibia Revenue Agency over N$69 billion in capital debts, interest and penalties. This is close to the entire revenue for the FY23/24.
9 March	Namibia expects to sign implementation agreement with Hyphen in Q2 *(Zawya)*	At the African Energy Indaba 2023, Senior Manager Sustainable Energies at Namcor Frans Kalenga stated that Namibia expects to sign the implementation agreement for the US$10 billion Hyphen green hydrogen project in Q2.
9 March	Bank of Namibia forecasts growth of 3% for 2023 *(Bank of Namibia)*	The Bank of Namibia released its latest Economic Outlook for March 2023 including growth forecasts which see the economy growing by 3.0% in 2023 and 2.9% in 2024.
7 March	Black Business Leadership Network of Namibia does not support closure of Meatco *(New Era)*	The Black Business Leadership Network of Namibia president Irene Simeon-Kurtz says the organisation does not support the imminent threat of closure of Meatco in favour of previously advantaged farmers. The BBLNN was responding to the arrival of Savanna Beef Processors, a conglomerate of private beef producers.
3 March	President advises Public Service Commission to halve public service *(The Namibian)*	At a meeting with the Public Service Commission at State House, President Geingob advised that the public service be cut in half. The number of government employees is estimated to stand at 107,000.
3 March	Shell makes third significant oil discovery *(Upstream)*	Shell looks to have made a third significant oil discovery in Namibia's Orange basin play at its Jonker-1 probe.
3 March	Mines Minister warns against dishing out exploration rights to locals *(The Namibian)*	In a speech to the National Assembly, Mines Minister Tom Alweendo warned that Namibians were holding on to Exclusive Prospecting Licences at the expense of foreign investors with the capacity to use them to develop mines.
28 February	Rossing life of mine extended to 2036 *(World Nuclear News)*	The board of Rossing Uranium Ltd has approved an extension of the operating life of the mine until 2036 following the completion of a bankable feasibility study. Rossing commenced production in 1976.
27 February	TransNamib CEO to leave *(The Namibian)*	TransNamib CEO Johny Smith announced he would leave the company at the end of March. It later transpired he would be taking up a new position CEO of Grindrod Rail.
24 February	Namibia and Botswana sign free movement agreement *(Amnesty International)*	Namibia and Botswana signed an agreement allowing citizens to enter each other's countries using ID cards rather than passports.

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22 February	Benguela Blue secures permit *(the Fish Site)*	Start-up Benguela Blue Aqua Farming has secured permits to grow up to 35,000 tonnes of Atlantic salmon a year in Innovasea's submersible net pens 8km from Lüderitz. The farm is targeting Q2 2024 to begin operations.
22 February	Finance Minister tables National Budget *(Ministry of Finance)*	Finance and Public Enterprises Minister Iipumbu Shiimi tabled the National Budget forecasting growth at 3.2% for 2023 and a budget deficit of 4.2% of GDP. More analysis on the budget can be found **here**.
17 February	Government raises N$110 million from hake auction *(New Era)*	The Government raised N$110 million from the auctioning of 15,000 tonnes of hake from the Governmental objective quota in December last year.
15 February	The Bank of Namibia raises the repo by 25bp *(Bank of Namibia)*	The Bank of Namibia's Monetary Policy Committee raised the repo rate by a further 25 basis points to 7.0%, part of its efforts to contain inflation leaving the repo rate at a six year high. The next MPC meeting is on 13 April 2023.
13 February	President welcomes Chinese businesses in green energy space *(Namibia Economist)*	President Geingob welcomed Zhao Weiping the newly appointed Chinese Ambassador to Namibia at State House saying Namibia welcomed Chinese investment in Namibia's green hydrogen sector.
8 February	TotalEnergies to spend half of this year's exploration expenditure in Namibia *(Upstream)*	TotalEnergies plan to plough half of its 2023 global exploration budget into an imminent exploration and drilling programme in Namibia to prove that last year's Venus-1 wildcat opened up a commercial multi-billion-barrel oil play involving two rigs, three wells and four drill stem tests.
3 February	China Gezhouba Group Corporation completes line restoration *(International Railway Journal)*	China Gezhouba Group Corporation (CGGC) has completed the restoration of the 107.5km line between Walvis Bay and Arandis, 53.2% of the 201km line from Walvis Bay to Kranzberg. The N$1.019 billion project known as A1S1 has been funded to the tune of 56% by the Government and 44% through a loan from the African Development Bank. The line speed has been increased from 40km/hr to 80km/hr. The remaining section to Kranzberg is being carried out by a joint venture of Qingjian Group and Unik Construction Engineering.
2 February	Hyphen signs MoU with industrial companies *(Renewables Now)*	Hyphen Hydrogen Energy, the preferred bidder for the development of a US$10 billion green hydrogen project in Namibia has signed non-binding green ammonia offtake agreements of up to 500,000 tonnes and 250,000 tonnes a year with two industrial companies: an unnamed major chemical company and Korean hydrogen producer Approtium.
2 February	Namdeb produces 590,000 carats in Q4 2022 *(AA)*	Anglo American reported that Namdeb Holdings produced 590,000 carats in Q4 2022 compared to 531,000 carats in Q3 2022 and 392,000 carats in the same quarter of 2021. Out of total production for 2022 of 2,137,000 carats, 412,000 carats or 19.3% came from land-based operations.
1 February	New business registrations drop in 2022 *(Namibia Economist)*	The Business and Intellectual Property Authority recorded a total of 12,666 new business registrations in 2022: 11,130 Close Corporations, 1,153 (Pty) Ltds, 318 Section 21 companies, 49 Defensive Names and 16 Foreign Companies. Last year a total of 13,594 new registrations were recorded.

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News Highlights

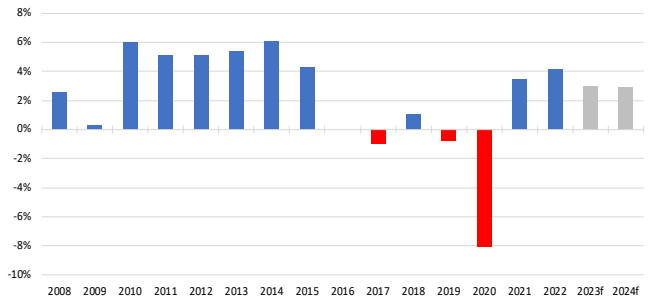
31 January	Rhino poaching surges 93% in 2022 *(Reuters)*	According to official government data, the number of endangered rhinos poached in Namibia reached an all-time high in 2022 after 61 black and 26 white rhinos were killed compared to a total of 45 in 2021. The majority were killed in the Etosha national park. By contrast, elephant poaching declined from a high of 101 in 2015 to four last year.
30 January	Fortescue and Enersense agree to work together *(Hydrogen Central)*	Fortescue Future Industries and Enersense Energy Namibia have signed an MoU to explore collaborating on the Daures Green Hydrogen Village project in the Daures constituency near Brandberg.
26 January	South African Reserve Bank raises repo rate by 25bp *(SARB)*	At its first Monetary Policy Committee meeting of the year, the South African Reserve Bank (SARB) raised its repo rate by 25 basis points from 7.00% to 7.25% leaving the prime lending rate at 10.75%.
18 January	Otjikoto mine produces ounces of gold in Q4 2022 *(B2Gold)*	B2Gold reported that its Otjikoto mine produced 60,068 ounces of gold in Q4 2022 – with record production in December 2022 – and 161,614 ounces for the full year slightly below the revised guidance of 165,000-175,000 ounces.
16 January	Wings Aviation Services buy Air Namibia Embraers *(CH-Aviation)*	Namibian aircraft lessor Wings Aviation Services has acquired two of ex-Air Namibia's four Embraer E1352s from the liquidated airline. Two of the company's directors are the founder and group MD of the WestAir Group, a 40% shareholder of FlyNamibia. Following complete refurbishment, the planes will be leased out to clients including FlyNamibia.
13 January	Inflation comes in at 6.1% for 2022 *(Namibia Economist)*	Namibian Inflation as measured by the Namibia Consumer Price Index came in at 6.1% for 2022 compared to 3.6% for 2021.
9 January	SACU yet to finalise offer to AfCFTA *(The Villager)*	Industrialisation and Trade Minister Lucia Iipumbu explained that Namibia is yet to finalise her tariff offer for the African Continental Free Trade Area as the country's membership of SACU obliges her to make a collection offer under Article 31 of the 2002 SACU Agreement. Currently SACU offers 89.8% zero tariff lines but needs to reach 90%.
9 January	Namibian grapes do better than South African grapes *(Eurofruit)*	Grapes grown on the Namibian side of the Orange River at Aussenkehr enjoyed a better season than those from the South African side 300km further east which some growers are referring to as the worst harvest since the late 1990s. Namibian production is estimated to reach 8.5 million cartons this year.
1 January	President declares 2023 "Year of Revival" *(Office of the President)*	In his New Year's message, President Geingob urged Namibians to welcome 2023 as a "Year of Revival" after navigating "heavy storms, headwinds and rough waters" of the Covid pandemic. The President expects agriculture, mining and ICT to be the main drivers of growth this year.

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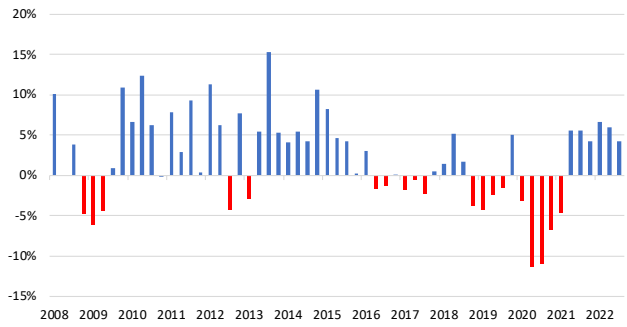
Key Economic Variables

GDP Growth (%)



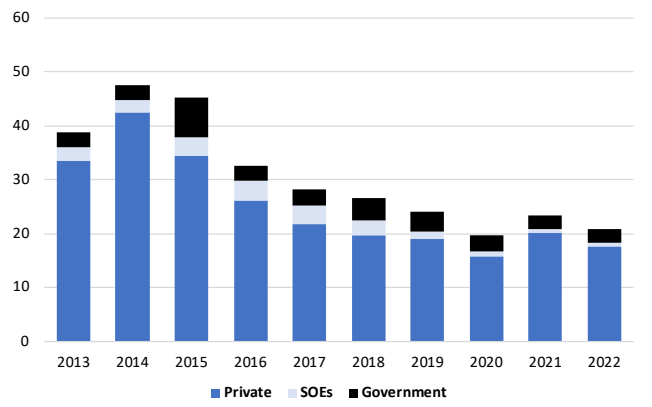
GDP grew by 3.5% in 2021 and 4.6% in 2022 after shrinking by 8.1% in 2020. In its latest March 2023 forecast, the Bank of Namibia expects GDP to grow by 3.0% in 2023 and 2.9% in 2024.

GDP Quarterly Growth (%)



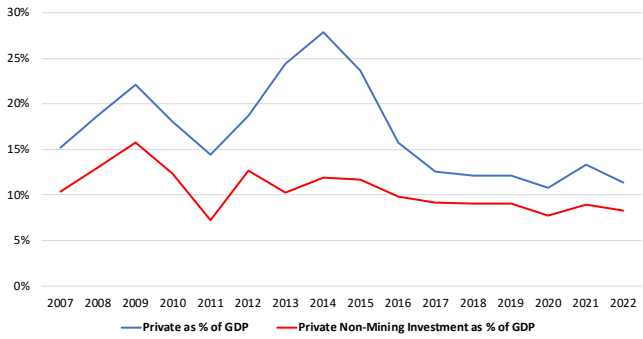
In Q3 2022 GDP grew by 4.3% compared to Q3 2021, the sixth successive increase in economic activity after the last quarterly contraction experienced in Q1 2021.

Fixed Investment (N$bn in 2015 prices)



Investment by the private sector, SOEs, and government measured in 2015 prices rose slightly in 2021 but fell back again in 2022.

Private Fixed Investment (% of GDP)



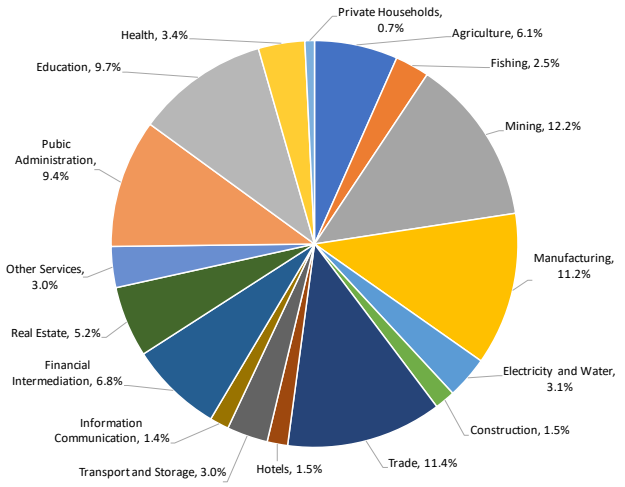
Total private and non-mining private fixed investment fell slightly after picking up marginally in 2021.

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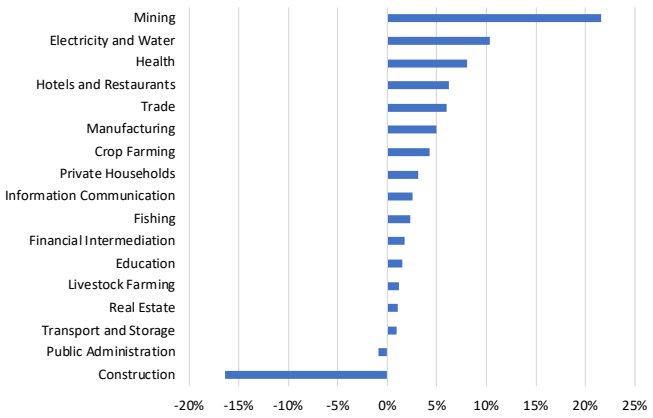
Key Economic Variables

Sectoral Breakdown of GDP in 2022 (%)



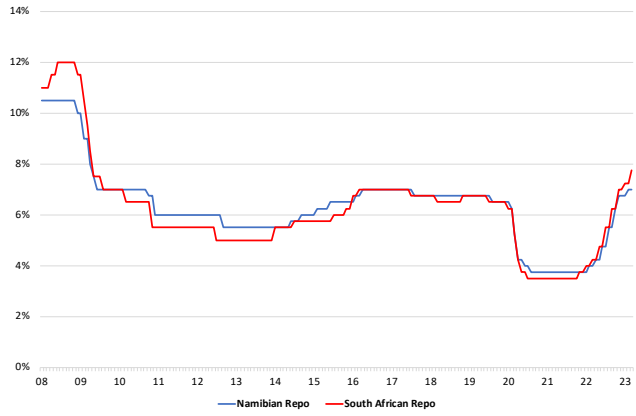
The chart shows the contributions made to overall economic activity in 2022 by the different sectors of the economy according to the full national accounts. Service sectors contributed 55.5% while primary and secondary sectors contributed 20.8% and 15.8% respectively.

Sectoral Growth in 2022 (%)



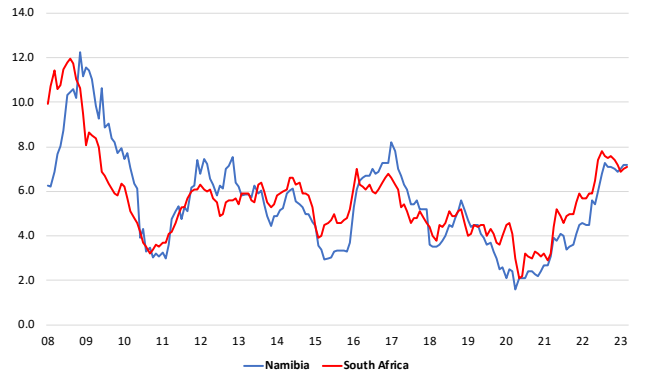
Most sectors of the economy experienced some degree of positive growth in 2022 led by the mining, electricity and water, and health sectors. However, the hard-hit construction sector continued to suffer a significant contraction.

Namibian and SA Repo Rates (%)



In response to higher inflation primarily due to a more inflationary global environment, the Reserve Bank of South Africa and the Bank of Namibia started raising rates in early 2022 and the Namibian repo ended Q1 2023 at 7.0%, 75bp lower than the South African repo.

Namibian and SA Inflation (% y-o-y)



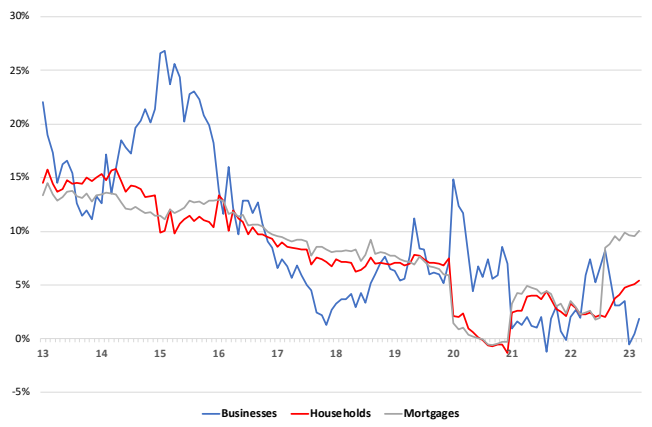
Namibian consumer inflation has steadily climbed since the lows experienced during 2020 to reach 7.2% in March 2023 compared to 7.1% in South Africa.

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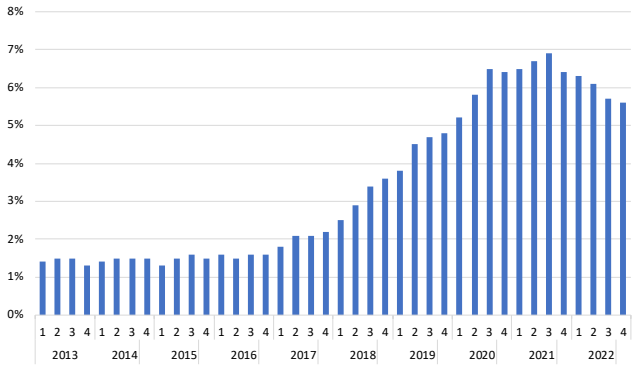
Key Economic Variables

Private Sector Credit Extension (% y-o-y)



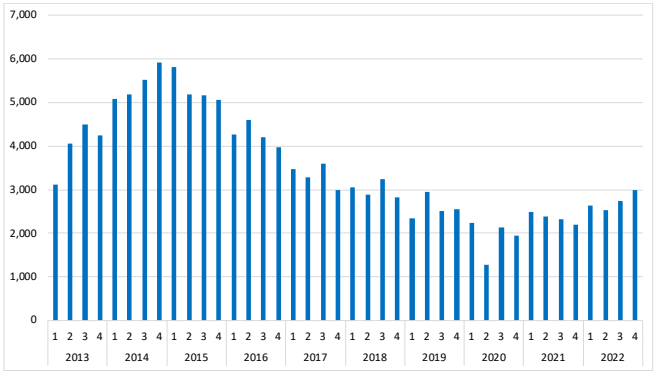
Credit growth to business has risen since the lows of 2021 whilst credit to households has remained subdued as is residential mortgage lending.

Non-Performing Loans (% of Total Loans)



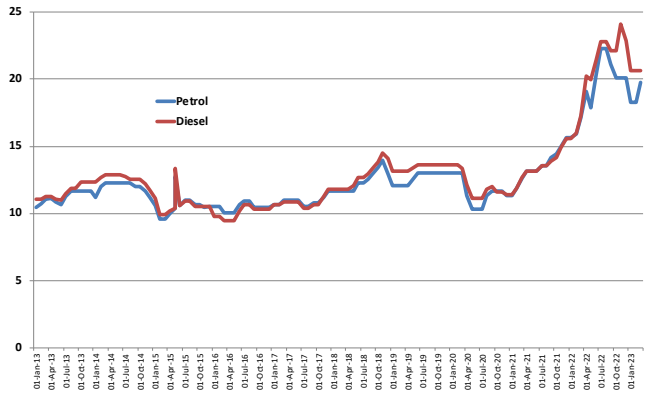
The ratio of Non-Performing Loans (NPLs) reported by the commercial banks to the Bank of Namibia continued to fall from a peak of 6.9% at the end of Q3 2021 to reach 5.6% at the end of Q4 2022.

New Vehicle Sales (Units Sold)



The combined sales of new commercial and private vehicles rose from 2,746 in Q3 2022 to 2,993 in Q4 2022, the highest level since Q3 2018.

Price of Petrol and Diesel (N$/l)



Controlled petrol and diesel prices stabilised somewhat during the quarter starting Q1 2023 at N$20.08 and N$22.85 per litre respectively and ending the quarter at N$19.78 and N$20.65 per litre.

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Data Trends

	Unit	2016	2017	2018	2019	2020	2021	2022
Annual Economic Growth								
GDP	%	0.0%	-1.0%	1.1%	-0.8%	-8.1%	3.5%	4.6%
GDP current prices	N$m	157,708	171,570	181,067	181,211	174,243	183,940	206,205
Change in Mining Value Added	%	-10.7%	14.2%	16.1%	-8.7%	-15.0%	11.0%	21.6%
Change in Manufacturing Value Added	%	10.0%	-1.6%	-0.4%	4.7%	-17.1%	-1.2%	5.0%
Fixed Investment								
Fixed Investment	% of GDP	21.8%	17.9%	16.9%	15.8%	13.7%	16.0%	14.1%
Change in Fixed Investment	%	-27.7%	-13.7%	-6.0%	-9.5%	-17.7%	18.4%	-10.7%
Fixed Investment - Government	'000 N$m	5,586	5,127	4,858	4,616	3,961	3,651	4,378
Fixed Investment - SOEs	'000 N$m	4,000	4,068	3,678	2,034	1,048	1,237	1,245
Fixed Investment - Private	'000 N$m	24,836	21,570	22,008	21,893	18,802	24,550	23,378
Prices and Interest Rates								
Average Inflation	%	6.7%	6.1%	4.3%	3.7%	2.2%	3.6%	6.1%
Year End Prime Lending Rate	%	10.75%	10.50%	10.50%	10.25%	7.50%	7.50%	10.50%
Year End Repo Rate	%	7.00%	6.75%	6.75%	6.50%	3.75%	3.75%	6.75%
Trade and Balance of Payments								
Exports - total goods	N$bn	48.0	49.8	56.6	57.5	53.7	53.8	69.7
Exports - total services	N$bn	7.2	7.9	8.4	8.4	5.0	4.8	7.9
Imports - total goods	N$bn	82.9	73.8	75.2	77.0	66.5	84.0	107.5
Imports - total services	N$bn	10.1	7.9	7.8	7.3	8.8	8.2	8.8
Trade Balance	N$bn	-37.8	-24.0	-18.0	-18.3	-16.7	-33.6	-38.6
Balance of Payments	N$bn	-23.3	-5.5	-4.3	-2.3	6.6	-18.4	-27.2
as % of GDP	%	-14.7%	-3.2%	-2.4%	-1.3%	3.8%	-10.0%	-13.2%
Foreign Exchange								
Year End Exchange Rate (N$ to USD)	N$	13.6240	12.3930	14.4116	14.0418	14.6246	15.8899	16.9831
Year End Exchange Rate (N$ to EUR)	N$	14.3403	14.8063	16.4848	15.7437	17.9897	17.9794	18.1057
Year End Exchange Rate (N$ to GBP)	N$	16.7264	16.6789	18.3424	18.4383	19.9801	21.4752	20.4714
Foreign Exchange Reserves	N$bn	24.7	30.2	31.0	28.9	31.7	43.9	
Fitch credit rating (at year end)		BBB- (-ve)	BB+ (stable)	BB+ (stable)	BB	BB (negtive)	BB (negtive)	BB- (stable)
Moody's credit rating (at year end)		Baa3 (-ve)	Ba1 (-ve)	Ba1 (-ve)	Ba2 (stable)	Ba3 (negative)	Ba3 (negative)	B1 (stable)
Financial Sector								
Private Sector Credit Extension Growth	%	8.9%	5.1%	6.6%	6.8%	2.0%	1.2%	4.2%
Non-Performing Loans	% of total loans	2.5%	2.9%	3.6%	4.8%	6.4%	6.4%	5.6%
NSX Overall Index (at year end)	Index	1,069	1,206	1,303	1,306	1,232	1,572	1,631
NSX Local Index (at year end)	Index	547	591	621	614	456	529	507
New Local Listings		0	1	0	1	0	1	0
Business Indicators								
Namdeb Diamond Production	'000 carats	1,573	1,805	2,008	1,700	1,448	1,467	2,137
Uranium Production	tonnes	3,654	4,224	5,525	5,476	5,413	5,753	n/a
Gold Production	kg	6,604	7,272	6,171	6,526	6,254	7,103	n/a
SHG Zinc Production	tonnes	85,427	84,215	65,993	67,295	659	0	0
Mining Licences Granted	number	1	2	3	4	6	11	n/a
Exploration Licences Granted	number	142	174	259	297	243	97	n/a
Number of Companies Formed	number	1,409	1,110	2,851	1,153	852	n/a	1,153
New Vehicle Sales	number	17,038	13,352	11,998	10,379	7,606	9,414	10,919
Tourist Arrivals	'000	1,469	1,499	1,557	1,596	170	233	n/a
- From Africa	'000	1,094	1,091	1,164	1,252	112	163	n/a
- From Europe	'000	295	312	306	256	45	59	n/a
- From RoW	'000	81	97	87	89	12	11	n/a
International Arrivals at HKIA	'000	143	213	247	215	46	63	163
Regional Arrivals at HKIA	'000	248	242	239	223	45	64	134
		2016	2017	2018	2019	2020	2021	2022
Employment								
Government		88,421	n/a	86,587	n/a	n/a	n/a	n/a
Parastatals		25,558	n/a	30,654	n/a	n/a	n/a	n/a
Private Companies		235,877	n/a	214,693	n/a	n/a	n/a	n/a
Private Households		136,417	n/a	70,036	n/a	n/a	n/a	n/a
Total		**486,273**	**n/a**	**401,970**	**n/a**	**n/a**	**n/a**	**n/a**

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Data Trends

Government Finances		FY 16/17	FY 17/18	FY 18/19	FY 19/20	FY 20/21	FY 21/22	FY 22/23	FY 23/24
Revenue	N$bn	50.9	58.7	55.9	58.4	57.8	55.4	64.1	68.9
Expenditure	N$bn	62.2	67.5	65.3	66.6	72.0	70.2	74.7	78.0
Balance	N$bn	-11.4	-8.9	-8.4	-8.2	-14.2	-14.9	-10.6	-9.1
Public Debt	N$bn	69.9	74.5	87.5	100.4	110.6	126.1	138.4	149.1
Interest Payments	N$bn	4.3	5.4	6.3	7.0	7.4	7.7	9.1	9.9
Public Guarantees	N$bn	6.4	11.0	10.9	11.1	12.7	10.1	10.2	10.1
Revenue	% of GDP	31.6%	33.7%	30.9%	32.6%	32.8%	29.6%	31.4%	34.7%
Expenditure	% of GDP	38.6%	38.8%	35.5%	37.3%	40.9%	37.5%	36.6%	39.3%
Balance	% of GDP	-7.1%	-5.1%	-4.6%	-4.6%	-8.1%	-8.0%	-5.2%	-4.2%
Public Debt	% of GDP	43.4%	42.8%	48.4%	56.0%	62.7%	67.2%	68.9%	70.1%
Interest Payments	% of revenue	8.5%	9.3%	11.3%	11.9%	12.8%	13.9%	14.3%	13.4%
Public Guarantees	% of GDP	3.9%	6.3%	6.0%	6.2%	5.8%	5.5%	4.9%	5.9%
		2016	2017	2018	2019	2020	2021	2022	2023
International Rankings									
Global Competitiveness Index Ranking		84/135	99/135	100/140	94/141	n/a	n/a	n/a	
Global Competitiveness Index		4.0	4.0	4.0	54.5	n/a	n/a	n/a	
Energy Transition Index Ranking		53/114	56/114	59/114	58/115	63/115	59/115	n/a	
Energy Transition Index		57.6	56.9	57.4	58.1	57.7	58.2	n/a	
Ease of Doing Business Ranking		104/189	108/190	106/190	107/190	104/190	scrapped	scrapped	
Ease of Doing Business Index		59.61	59.57	60.29	60.53	61.4	scrapped	scrapped	
Corruption Perceptions Index Ranking		n/a	53/180	52/180	56/180	57/180	58/180	n/a	
Corruption Perceptions Index		52	51	53	52	51	49	n/a	
Ibrahim Index of African Governance Ranking		5/54	5/54	4/54	n/a	7/54	n/a	8/54	
Ibrahim Index of African Governance		69.3	71.2	68.6	n/a	65.1	n/a	64.1	
Investment Attractiveness Index Ranking		53/104	54/91	60/83	55/76	52/77	59/84	n/a	
Investment Attractiveness Index		66.11	60.67	56.66	58.22	59.72	52.59	n/a	
Open Budget Index (out of 100)		n/a	50	n/a	51	n/a	42	n/a	
World Press Freedom Index - Ranking		17/180	24/180	26/180	23/180	23/180	24/180	18/180	22/180

Sources: Anglo American, Bank of Namibia, Business and Intellectual Property Authority, Chamber of Mines of Namibia, Fitch Ratings, Fraser Institute, International Budget Partnership, Ministry of Environment and Tourism, Ministry of Finance and Public Enterprises, Mo Ibrahim Foundation, Moody's Investor Services, Namibia Airports Company, Namibia Statistics Agency, Namibian Stock Exchange, Reporters Without Frontiers, Transparency International, World Bank, World Economic Forum, World Nuclear Association

Note: On 16 September 2021 the World Bank issued a statement announcing it would discontinue its flagship Doing Business report. This followed a detailed investigation after data irregularities in Doing Business 2018 and 2020 were reported internally in June 2020. We will keep the Index and Rankings in our table for the time being.

Note: From Q4 2021 we have included the annual Energy Transition Index and Ranking produced by the World Economic Forum. In 2021 Namibia ranked 59th out of 115 countries.

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