The NAMIBIAN ECONOMY

-Public & Private Sector-

"United towards **innovative growth, job creation & sustainability"**

Courtesy of:

BUSINESS EXPRESS

INSIDE

A Snapshot Of *The Namibian Economy*

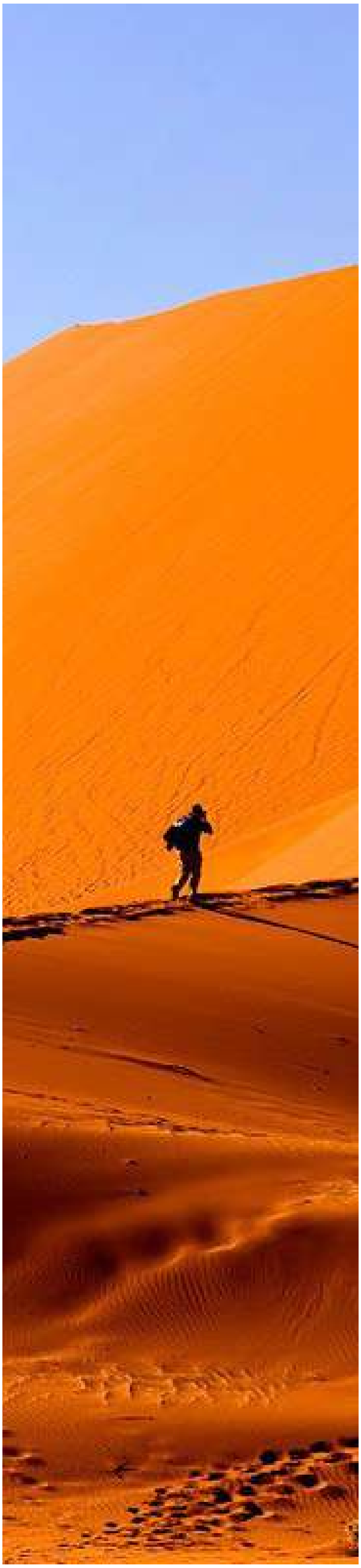
The Namibian economy is characterized by a mix of public and private sector activities.

The public sector in Namibia is responsible for a range of services and activities such as education, healthcare, infrastructure development, and social welfare programs. The government has made significant investments in these areas over the years, with a view to improving the standard of living for citizens and promoting economic growth. For example, the government has invested in the construction of new schools and hospitals, as well as the upgrading of existing infrastructure such as roads and bridges. Additionally, the government has implemented social welfare programs aimed at supporting vulnerable groups such as the elderly, children, and people with disabilities.

On the other hand, the private sector in Namibia is dominated by small and medium-sized enterprises (SMEs). These businesses operate in a range of sectors including agriculture, tourism, mining, and manufacturing. The SME sector is considered to be the backbone of the Namibian economy, providing employment opportunities for a significant portion of the population. According to the Namibia Statistics Agency, SMEs account for over 90% of all businesses in Namibia and employ over 60% of the workforce.

Despite the significant contributions of both the public and private sectors to the Namibian economy, there are still challenges that need to be addressed. One of the major challenges facing the public sector is corruption. Corruption has been identified as a significant barrier to economic growth in Namibia, with reports suggesting that it is widespread across various sectors of the economy. The government has taken steps to address this issue, including the establishment of an Anti-Corruption Commission and the introduction of various anti-corruption measures.

In the private sector, one of the main challenges facing SMEs is access to finance. Many SMEs struggle to access financing from traditional sources such as banks, which limits their ability to grow and expand their businesses. The government has taken steps to address this issue by establishing various financing schemes aimed at supporting SMEs.



THE NAMIBIAN ECONOMY MAGAZINE

The Namibian Economy is an annual magazine which is published by Business Express, Namibia's premium business & economic news weekly newspaper. The Namibian economy looks to provide readers with a comprehensive understanding of the country's economic landscape. It is aimed at a diverse audience including policymakers, business leaders, academics, and the general public. By providing readers with in-depth analysis and insights into the Namibian economy, it plays a critical role in promoting informed decision-making and driving economic growth and development in the country.

Thank you to all the contributors and internal staff for delivering the first issue. Thank you to the multiple advertisers who found value in this publication. ENJOY!

Economic Transformation For Inclusive Growth In Namibia

By Salomo Hei

The high inequality, rising unemployment and the high levels of poverty remain Nambian economic problems. There is a need to consider implementing a series of growth initiatives that promote economic transformation, support labour-intensive growth, and create a globally competitive economy to become the building blocks of the Namibian economy. The identified building blocks should be complimented by reforms. The Namibian economy has not changed since the 1980's **(see graph below)** and hence the reforms needed.

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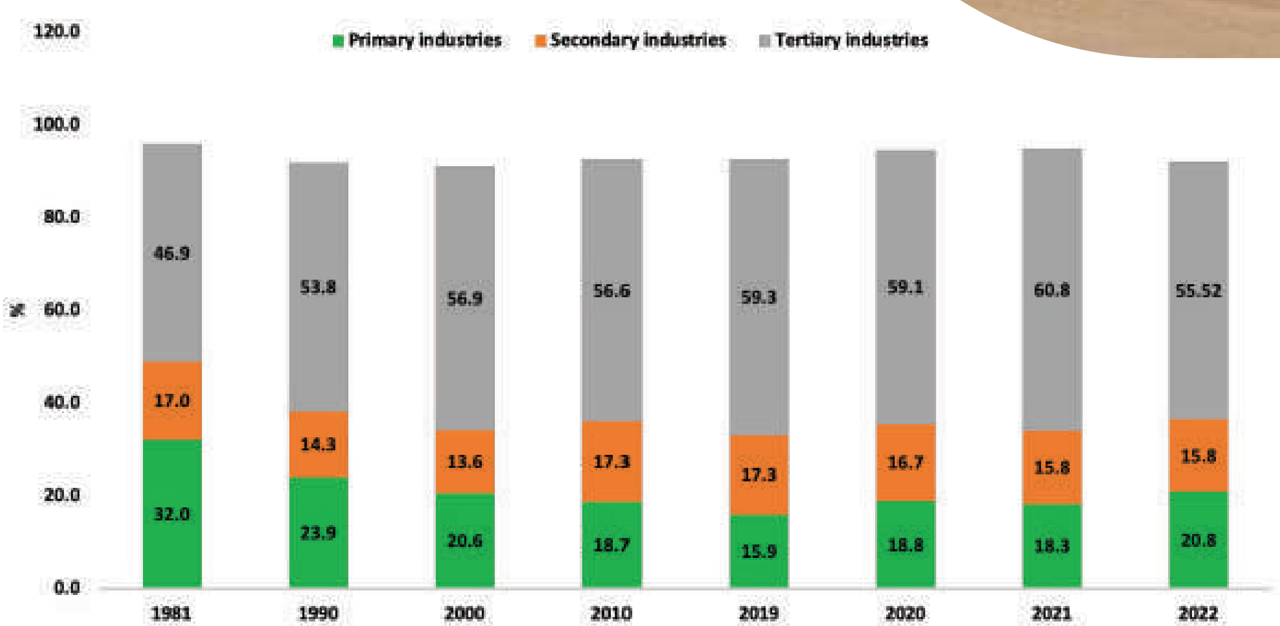

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The building blocks should be geared towards sustainable long-run growth and should be accompanied by detailed reforms to promote growth. The growth-oriented policy narrative must be accompanied by interventions that change how the benefits of growth are distributed and fundamentally transform the systems and patterns of ownership and control that govern the Namibian economy.

Economic transformation must be implemented in a manner that does not compromise the long-term ability of the Namibian economy to compete in global product and labor markets. The emphasis is on economic transformation that speaks to inclusive growth and competitiveness as this offers the most sensible strategy to address the challenges of unemployment, poverty, and inequality.

In a skills-constrained economy like Namibia, the bias towards skills-intensive employment driven by technological advancement has the unintended consequence of raising wage premiums, which further entrenches inequality and contributes to rising unemployment. The beneficiation of the primary and secondary sector can become conduits for labour-intensive growth.

The benefits of stability-oriented and resilient monetary policy frameworks that Namibia enjoys is an advantage to the local economy. Strong fiscal rules can help prevent fiscal slippages, ensure that revenue windfalls during times of strong growth are prudently managed, and contain and manage risks from contingent liabilities.

Revenue and expenditure policies can be adjusted to expand fiscal resources for priority. Apart from effective public finance management, policies that promote good corporate governance can help ensure that debt is used for productive purposes. There is no generally applicable optimal level of debt and it really depend on country characteristics, financial market conditions, the behavior of governments and private agents, and the multiple functions of debt.

Economic transformation ought to assess the structure of the Namibian economy and address ownership patterns that govern the economy. The primary aim of this change in economic relations must be the creation of opportunities for all Namibians to live productive, prosperous, and dignified lives. There are a range of factors that hinder greater participation by the majority in the economy, such as the regulations and policies that are ineffective in assisting SMEs; competition legislation; and access to finance challenges. There is a sense that more can be done for transformation through public procurement.

The intention is to leverage public procurement to support transformation and industrialization. The government's status as a big buyer of goods and services through public procurement should leverage the buying power to provide critical demand-side support to industry. This approach is effective if it is informed by evidence in selecting the products and industries that will meaningfully be assisted by this type of support. Given Namibia's history of skewed economic structure and ownership, it is critical for Government to address the unequal distribution of income and assets. Transformation in Namibia is currently a contestable issue as actors reposition and align themselves with institutions/views that would support or enhance their interests. Transformation can take different forms, ownership is one of other criterion upon which policy intervention can rely on as agent of change.

The others that can be considered include management

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representation, employment equity, skills development, preferential procurement, enterprise development and corporate social investment. There is data to indicate that for Namibia to be able to achieve high levels of economic growth with sustainable jobs and development there is a need for deliberate intervention by the Government towards the facilitation of transformation in economic activities.

Transformation must form part of a development strategy in response to the observation that unregulated market forces reinforced the existing inequalities. It is against this background that Competition Authorities should operate in a responsive manner to lead the growth and development process. The need for the Government to reshape and direct the course of economic development to suit local conditions is of critical importance. The policy vacuum in the discovery of oil can come to naught.

The United Nations' Sustainable Development Goals for 2030 focus two pillars on young people. One is to substantially reduce youth unemployment and the second is to ensure that young people who are out of school have productive and meaningful employment options. The policy proposals that can help young people do not require a trade-off between youth and the elders. They benefit everyone and help grow a country's economy in a strong, sustainable way. If we make the right choices now, the potential benefits could have long lasting solutions.

There is a need to drive youth employment interventions, including training opportunities that remove barriers to entering the labour market and apprenticeships based on close cooperation between technical, vocational, and other training institutions and the private sector to ensure that training needs are demand-driven. Investing in the capabilities and educational and health outcomes of young people is unlikely to yield a dividend unless the youth are absorbed by labour markets or are supported in business through an enabling ecosystem.

To the extent that the fiscal position allows, consideration to employment tax incentives and learnerships can support job creation and ensure that firms are not biased towards capital in their investments in productive capacity. This includes new programmes that facilitate schoolto-work transition through training and internship initiatives in collaboration with the private sector.

Salomo Hei is an Economist and the Managing Director of High Economic Intelligence in Namibia

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Much talked about **BRICS currency**, what it could **mean for Namibia**

By Trophy Shapange

Trophy Shapange

The role of Brazil, Russia, India, China and South Africa (BRICS) as emerging protagonists in international development cooperation is significantly and rapidly changing. BRICS have caused changes in the architecture of international development cooperation, not only with regard to trade and financial flows but also as emerging donors.

In June 2023, foreign ministers from the BRICS countries met along with ministers from other countries, including Iran, Egypt, the United Arab Emirates and Saudi Arabia. On the agenda was the possibility of expanding membership of the group to include these countries, and Russia added urgency to the proceedings because of the impact of western sanctions. But the main topic of discussion was the creation of a common BRICS currency.

The New Development Bank, rather than the International Monetary Fund, was tasked with finding ideas for how to achieve this. It was hailed by some as a major step towards the demise of the dollar. Creating a common currency is not a new idea. But if such a currency is ever achieved, it is unlikely to replace the

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dollar. It would exist in addition to the established dollar-based global monetary system. It will likely be a regional initiative rather like the euro. In the case of Europe, the process from bilateral settlements to a common currency took close to 50 years. While each of the BRICS nations has its reasons for supporting this initiative, vital questions arise regarding the benefits this will offer to developing countries like Namibia. One important benefit, is a reduced dollar dominance of international transactions which might make it easier for the developing nations facing a dollar crunch to repay their debts owed to international organisations.

The Russia-Ukraine war has also highlighted the need for a new global currency. The US and its allies have imposed sanctions on Russia, which has made it difficult for Russia to trade with other countries. This has had a negative impact on the global economy, and more specifically developed countries like Namibia. The launch of a BRICS currency would be a major step towards a more multipolar world economy. It would give countries like Namibia more options when it comes to their currency reserves, and it would also make it more difficult for the US to use its financial power to exert political pressure on other countries.

The US dollar is the world's reserve currency. This means that it is the currency that is most widely used for international trade and investment. The US dollar is also the currency that is used to price many commodities, such as oil and gold.

The BRICS countries are trying to reduce the influence of the US dollar by increasing their use of their own currencies and by launching a common currency. The BRICS countries have not yet announced a timeline for the expansion of the group or the launch of a new currency. However, the fact that they are even considering these steps is a sign that the US dollar's dominance is under threat. When we look at the broader aspect the BRICS Expansion plan and launching of a common currency are ambitious projects. However, they could have a significant impact on the global economy. If successful, these projects could lead to increased economic cooperation, reduced reliance on the US dollar and provide options to developing countries like ours.

Finally, the introduction of a new BRICS currency could potentially boost economic stability for developing countries by reducing their defenselessness to fluctuations in exchange rates and currency markets, thereby providing greater security and predictability for investors and inspiring more sustainable economic growth in developing countries.

Trophy Shapange is the Managing Director at Hangala Capital Investment Management (Pty) Ltd

NAMIBIAN AGRONOMIC BOARD

2023 CALL FOR APPLICATION:

BEST SCHOOL GARDEN OF THE YEAR COMPETITION

Due Date: 25 August 2023

The Namibian Agronomic Board (NAB) annually hosts the National Agronomy and Horticulture Awards (NAHA) ceremony aimed at recognizing and awarding the value chain actors (producers, processors, traders, service providers, and school gardens) that have contributed significantly to the development and growth of Namibia's agronomy and horticulture industry.

This year's awards ceremony will be hosted on the **14th of September 2023,** at the **Mashare Irrigation Project** in the **Kavango East region**, under the theme banner, "Promoting a Resilient, Sustainable, and Profitable Crop Industry".

Therefore, we hereby call for all schools that have active gardens to apply and participate in the competition for the Best School Garden of The Year. The competition aims to identify schools that have extended teaching and learning beyond classroom settings by expanding it outside, through gardening.

NATIONAL AGRONOMY & HORTICULTURE AWARDS 2023

Why Participate?

• To enhance gardening/crop growing knowledge through interaction and networking with industry
• To secure the award prize and supplement the financial needs of the garden
• To receive school gardening training and mentorship service
• To ensure continuous practical teaching and learning at the school level.
• Diversify daily meals for the school feeding program

ELIGIBILITY CRITERIA

- Offer agriculture as a subject
- Have a dedicated person to take care of the garden.
- Must have a well-maintained and operational garden.
- Both private and public schools are eligible to apply.
- Must Plant two or more vegetable or grain crops per growing season.

SELECTION CRITERIA

- Proper record keeping on garden sales
- Support school feeding program/soup kitchen at school
- Sell surpluses to the surrounding community and local shops
- Demonstrate how the school garden aids practical teaching and learning for agriculture subjects. (***Note: Selected Agriculture learners will be interviewed***).
- Collaborate with other school gardens in terms of knowledge multiplication and mobilize resources to expand the garden.
- Act as an exemplar to other school gardens in the circuit and or region.
- Have a clear sustainability plan for the school garden.

APPLICATION FORMS

The application forms for the competition can be accessed from the NAB website https: //www.nab.com.na/downloads/, under the downloads section. Alternatively, you may request the form pro@nab.com.na. Once the application form has been completed, please scan and email it to: Tresia.Simon@nab.com.na

WHAT HAPPENS NEXT?

Once the application has been received, the NAB will establish a team of five (5) experts to assess all the qualifying school gardens in the field that meet the eligibility criteria.

The winner will be notified within seven (7) days after the completion of the field assessment to be done in line with the selection criteria outlined above. The winner will be awarded at the National Agronomy and Horticulture Awards (NAHA) ceremony and will walk away with a **certificate** and an award valued at **N$30 000.00** to be used for the purposes of maintaining and improving the school garden.

NHE: Building Economic Resilience Through Housing Delivery

Over the past months, the National Housing Enterprise (NHE) has amplified its national mandate, handing over multiple houses to new home owners as the enterprise continues to pay integral part in Namibia's socio-economic development.

The Enterprise has in the recent past handed over 40 houses that it constructed through a public private partnership in Otjiwarongo, 81 houses in Outapi and 33 houses in Tsandi among housing milestones that have been recorded since the advent of the novel coronavirus. NHE also has current ongoing projects in Gobabis (65), Ondangwa (24), Omuthiya (50) and Okahao (70) coupled with the Informal Settlement Upgrading Program in Windhoek.

Government also set as a national target, in the fifth National Development Plan (NDP5) to develop 20 000 houses over a four-year period and has mandated the NHE to build 5 000 houses of the target. Further as part of the Vision 2030 strategy, Government has tasked the NHE to build 47 622 house by the year 2030.

In this light, it is worth noting that the national housing backlog is currently estimated little over 300,000 housing units. It is no secret that 70% of this backlog is in the lowest income categories (income below N$1,500) who cannot access credit from financial institutions.

NHE CEO, Gisbertus Mukulu says the NHE Board and Management has taken into consideration the importance of realigning NHE housing delivery strategies to the reality on the ground, even if it means providing the most basic shelter for those who are unable to afford fully completed houses with geysers, tiles, cupboards and others. "Our continuous mobilisation and appeal for more resources to NHE is supported and justified by the reality in Namibia in which approximately 70% of the Namibian population is unlikely to access and afford conventional home loan facilities offered by the financial market, nor can they access urban freehold land and professional services which form part of basic requirements to ultimately own a decent home. It is our strong conviction that if channelling of resources to NHE is improved the current situation could gradually improve," he said. Speaking at one of the handovers recently, urban and rural development minister, Erastus Uutoni said that from the onset, it is important to note that the Government of Namibia through the ministry is still committed to the task of delivering affordable housing to as many Namibians as possible.

"I want to admit that due to the countless and competing priorities, we as a government are unable to provide houses alone. Therefore, I cannot overemphasise that as stakeholders within the housing sector, we have been entrusted and have a shared responsibility to our communities in delivering affordable and quality housing with the highest level of commitment in the interest of improving living conditions of our people," he said.

He went to say that housing in Namibia remains a very complex and combative subject and the pressure on urban areas is becoming ever more severe, as demonstrated by rapidly increasing urbanizations rates over the last two decades.
"In that light, our Government recognizes everyone's right to an adequate standard of living, including adequate housing and the provision of basic infrastructure and services remains one of the top our priorities to the at all levels of Government whether Central, Regional and Local levels.

"It for this reason that we are leaving no stone unturned and continuously find ways to cater for all our people.

"We are leaving no stone unturned to cater for all people"

Our effort in upgrading informal settlements is one such way of freeing our people from shacks and improving their quality of life within their financial means. Our collaborative project in Windhoek delivered over 700 houses in the Informal Settlement areas so far already. This is testimony that transforming the informal settlements is not just talks, but practical action," Uutoni said adding that on the other hand, the National Housing Policy and other housing frameworks are products of Government's desire and declaration that housing is one of its developmental priorities, to ensure that those households excluded from the decent and conventional housing development mechanisms are given the opportunity to access land, housing and services whilst concurrently creating an enabling environment for a vibrant housing market.

NHE CEO, Gisbertus Mukulu

PSG

Women's Day 2023

Six factors that can help women plan for the future.

Planning for your financial future can be daunting, and as women, we often put doing so off. When it comes to being financially secure, however, there is no substitute for making an early start and taking charge of your own financial decisions. At PSG, we encourage all investors to focus on the factors under their control, rather than fixating on factors beyond their control, like what the market does or other macro-developments. Below are six practical steps you can take, whether single or coupled, to help secure your financial future today.

1. **Understand your budget and be part of the planning process**. It goes without saying that if you are the head of your household, you need to actively understand your family's financial situation and have a budget. If you are in a relationship and your significant other makes the financial decisions, you need to be knowledgeable about your financial arrangements so that you can take over if unforeseen events require you to do so. Your lifestyle must be sustainable in the long-run. Living on debt is not a solution and will not help to secure your financial future.

2. **Make sure you are covered.** Ensure you and your family have a financial safety net in place in case of unforeseen events. The concept of a safety net that covers you against financial risks, starts with short-term insurance and spans all the way to medical aid, disability cover and life cover, among others. These products help to ensure that you are covered against the negative financial consequences of either a loss of goods/property, or the loss of the ability to earn an income.

3. **Have short-term savings in place.** You need a pool of savings that can fund two to three months' expenses, so you do not need to go into debt when unforeseen expenses arise, or if you are temporarily unemployed. This money should ideally be accessible within a day or two, so you are able to fund any short-term liabilities when they arise (e.g. you may need cash to settle the excess on your insurance if you are in a car accident). PSG Wealth Namibia offers money market investments (currently offering returns between 7.5% to 8.8%, which is subject to change) that can be readily available within one to two days that can act as your emergency fund.

4. **Look after the long-term.** Saving for retirement is an important part of your overall financial planning process. The best plan is starting early and saving for as long as possible. If you are reliant on your significant other's retirement provision, be sure you are part of the conversation and understand your future financial reality. It may be better to cut down on expenses and adjust your lifestyle now, so that you can save more for retirement and ensure your financial independence later on. PSG Wealth Namibia offers long-term investment saving options that provide diversification between different asset classes, geographies and fund managers. Let us help you to plan for your long term goal.

5. **Educate yourself.** When it comes to finances, ignorance is not bliss. Read and ask questions – you have a right to know. Although women often shy away from making long-term investment decisions, it is important to understand your financial circumstance, and plan with your significant other on how to achieve your goals.

6. **Sound advice is priceless.** Proper financial planning requires a holistic understanding of your financial situation. A qualified financial adviser can not only help you understand your financial needs, but also help you identify what elements you should prioritise as part of your long-term strategy. Having your own financial plan is important, even if you are in a relationship where your significant other makes most of the financial decisions. If you do not feel comfortable discussing your financial situation with a man, the good news is that there are several female financial advisers in our office, who you may feel more comfortable approaching and can relate to more easily.

For more information, contact PSG Wealth Namibia at +264 61 378900 or at wealth@psg.com.na

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Sanlam Investments Pioneers Inclusive Growth In Namibia To Boost Economic Opportunities

Namibia has long faced significant challenges concerning youth employment, income inequality, and low levels of productivity. Recent research by Statista and Piketty highlights the country's high Gini coefficient, indicating that Namibia's income inequality is among the highest globally only second to South Africa. However, Sanlam Investments, a key player in the nation's economy, is taking proactive steps to promote inclusive growth and economic opportunities for all citizens.

According to John-Morgan Bezuidenhout, an Investment Analyst at Sanlam Investments, the primary obstacle for ordinary Namibians to participate in local financial markets lies in the lack of opportunities rather than finance. Sanlam Investments aims to change this narrative by focusing on inclusive growth through its innovative approach. Despite being blessed with abundant natural resources and attracting foreign investment, Namibia has struggled to attract capital for projects that could lead to inclusive GDP growth. Many companies, especially those from disadvantaged backgrounds, have faced funding challenges, hindering economic progress.

In response, Sanlam Investments launched the Sanlam Namibia Unlisted Debt Fund during the height of the Covid-19 pandemic. This fund is designed to provide funding to small and medium enterprises, supporting economic growth in Namibia. Moreover, it meticulously finances businesses operating in sectors that have the potential to stimulate inclusive growth. The Sanlam Namibia Unlisted Debt Fund provides offshore and local investors with the opportunity to earn annual returns that target prime plus two percent.

The fund not only benefits investors with attractive returns but also helps talented Namibian entrepreneurs grow and scale their businesses. With an initial N$150 million already deployed into Namibian companies excluded from traditional banking, Sanlam Investments actively manages risks to offer investors favourable return dynamics and unlisted asset exposure. Namibia's pension fund assets account for 75.2% of its GDP, ranking the country in the top ten

John-Morgan Bezuidenhout

globally (OECD, 2019). As one of the custodians of these pension fund assets, Sanlam Investments recognises the significant responsibility the corporate bears in being a valueaccretive force for both investors and Namibian citizens. This responsibility is of immense magnitude, and the company is committed to fulfilling it diligently.

Over the last two years, Sanlam Investments has funded projects that promote low-cost medical care, enhance food sustainability, adopt renewable energy sources, and provide affordable housing. By closely working with the management teams of these projects, Sanlam Investments ensures robust working capital management and profitability.

The company's contribution to the private sector extends to targeting key sectors in the economy ripe for funding. The success of the Unlisted Debt fund is underpinned by Sanlam Investments' internal due diligence processes and the ability to recognise lucrative opportunities. With an ambitious goal of growing the fund to multiples of its initial size, Sanlam Investments aims to further unlock inclusive growth for Namibia and its citizens.

Financial innovation, driven by Sanlam Investments' team of experts, holds the promise of a brighter economic future for Namibia by fostering job security and empowering local entrepreneurs to operate confidently in their respective arenas. As the company remains dedicated to its ethos of ensuring economic opportunities for all, it stands at the forefront of driving positive change in Namibia's economic landscape.

The Enhanced Cash Fund – Namibian Through and Through

Like Namibia's unique and rare desert-adapted elephants that make the most of and thrives in the arid environment, the Sanlam Investments Enhanced Cash Fund is a proudly Namibian managed money market fund with a unique mandate to invest in Namibian instruments. It is distinct from most money market funds because it is managed with close consideration of prevalent Namibian interest rate trends, making it ideal for investors that have more risk appetite within the money market space. The fund can be used as a long-term money market fund because it offers low volatility and higher certainty or it can be used as a parking vehicle while market volatility subsides. Investors can invest in the Enhanced Cash Fund for as little as N$500 monthly or a lump sum of N$1000.

To find out more about the Sanlam Investments Enhanced Cash Fund call us at 061 294 7417 or email us at collective@sanlam.com.na

Sanlam

Investments

KEY DOMESTIC ECONOMIC INDICATORS

Yearly economic indicators	2018	2019	2020	2021	2022	2023*
Population (million)	2.41	2.46	2.52	.552	.6	2.65
Gini coefficient	0.56	0.56	0.56	0.56	0.56	0.56
GDP current prices (N$ million)	181 0671	81 211	174 2431	83 940	206 205	215 348
GDP constant 2015 prices (N$ million)	146 1001	44 8741	33 1371	37 830	144 115	146 802
% change 1	.1	-0.8	-8.1	3.54	.6	3.0
Namibia Dollar per US Dollar (period average) ***	13.2	14.4	16.5	14.8	16.4	17.9
Annual average inflation rate	4.3	3.72	.2	3.66	.1	6.1
Government budget balance as % of GDP**	-5.1	-4.5	-8.0	-7.9	-5.1	-4.6
Quarterly economic indicators	2021		2022			2023
	Q4	Q1	Q2	Q3	Q4	Q1
Real sector indicators						
New vehicle sales (number)	2200	2 6422	538	2 7462	9933	127
Inflation rate (quarterly average)	4.3	4.55	.7	7.17	.0	7.1
Monetary and financial sector indicators (%)						
M2 (annual growth rate)4	.2	1.35	.4	4.20	.0	1.8
NFA (annual growth rate)2	1.26		1.63	.8	11.8	26.7
Domestic credit (annual growth rate)	6.3	5.19	.1	7.1	.1	1.7
Private sector credit (annual growth rate)	1.22	.1	3.44	.1	4.23	.9
Household credit (annual growth rate)2	.1	2.32		2.84	.7	5.4
Business borrowing (annual growth rate)	-0.1	1.9	5.25	.9	3.51	.9
Ratio of non-performing loans to total loans	6.4	6.3	6.15	.7	5.65	.7
Repo rate (end of period)	3.75	4.00	4.75	5.50	6.75	7.0
Prime lending rate (end of period)	7.57	.758	.5	9.251	0.51	0.75
Average lending rate	7.06	7.978	.369	.081	0.74	10.65
Average deposit rate2	.863	.2	3.56	4.04	4.985	.2
Average 91 T-Bill rate	4.885	.246	.067	.258	.308	.11
Average 365 T-Bill rate	5.81	6.22	7.31	8.43	9.058	.53
Average 10-year Government bond yield	11.2	11.72	11.83	11.73	11.52	11.1
Fiscal sector indicators****						
Total Government debt (N$ million)	124 332	125 6541	30 227	135 6951	37 457	142 480
Domestic borrowing (N$ million)	91 844	94 940	97 7311	01 519	103 3621	05 805
External borrowing (N$ million)	32 488	30 714	32 496	34 177	34 0953	6 674
Total debt as % of GDP 6	7.66	6.9	67.1	67.7	66.7	66.9
Total Government guarantees (N$ million)	10 444	10 360	10 361	10 102	9 776	9 475
Total Government guarantees as % of GDP	5.75	.5	5.35	.0	4.74	.4
External sector indicators						
Merchandise trade balance (N$ million)	-5 846	-9 814	-9 085	-12 073	-5 932	-7 749
Current account balance (N$ million)	-4 649	-7 213	-7 056	-8 353	-3 287	-4 453
Financial account balance (N$ million, - = inflow)	-4 323	-8 769	-6 018	-6 895	-3 421	-4 289
Current account as % of GDP	-9.1	-15.2	-14.1	-16.0	-5.8	-8.2
Imports cover of reserves (months)	4.9	4.7	4.8	4.44	.5	4.5

* Figures for 2022 are estimated annual indicators.

** Fiscal years; 2022 represents 2022/23.

*** Exchange rate is the average for all months of 2022.

**** Fiscal sector indicator are in fiscal year

Souces: BoN, NSA, MoF&PE

Rail transport plays a critical role in enabling businesses to achieve operational efficiency, environmental sustainability and economic growth. Rail's capacity to handle bulk cargo is unmatched. It's connectivity, versatility and safety features make rail an indispensable component of any logistics chain. Namibia's vision to become a regional logistics hub cannot be attained without rail as part of the transportation chain. By tapping into the full potential of Namibia's rail network, businesses can optimize their supply chain and expand their market reach, which will also contribute to a greener environment with less of a carbon footprint.

One of TransNamib's primary advantage is its high capacity for bulk transport. We are the top transport solution for exports via the Port of Walvis Bay, with a fully operational station at Walvis bay in addition to sidings at the Port of Walvis Bay. Rail systems can transport large volumes of materials over long distances with relative ease and minimal energy consumption. The ability to move bulk more safely on rail versus the road industry is why dangerous goods such as fuel and acid should be on rail. The company has the ability to move a significant amount of tonnages from remote extraction sites to ports, plans or markets efficiently. By moving bulk, TransNamib is lowering the cost of transportation which ultimately carries the benefit to the final consumer.

Rail presents an eco-friendlier alternative compared to road or air transport. Trains emit few greenhouse gasesand have a far lower carbon footprint per unit of transported goods. Essentially one train takes 30 trucks off the road. By relying on rail companies can contribute to reducing environmental aspects, leading to a greener and more sustainable approach to resource extraction.

INNOVATION:

The railways are a major consumer of energy in Namibia. With the TransNamib fleet due for an upgrade and upgrade funding being more readily at hand, an opportunity has arisen to combine the efforts in the Green Hydrogen Namibia drive by government with the railway sector in Namibia and implement a hydrogen off-take development project in one of the key industry sectors in the country. Thus, the idea of a hydrogen powered locomotive, using Namibian produced green hydrogen, has taken shape and is proposed here.

This project aims to develop the first H2 Dual Fuel Locomotive (diesel-H2) in Africa. It builds on existing green hydrogen (GH2) production and supply projects in Namibia, in an effort to create local off-take for the green H2 to be produced in the Western part of Namibia. This is done through development of an H2 consumption application in the railways, on locomotives.

transnamib

MOVING FORWARD

With the implementation of our five (5) year ISBP (Integrated Strategic Business Plan), are increasing our capacity in terms of acquiring rolling stock, in order to increase our volumes. We are also looking at HUB development at both Gobabis and Grootfontein to cater for exports & imports from Botswana, Zambia and DRC.

The Diversification Of The Energy Mix In The Extractives Industry: *Opportunities & Incentives*

By Stefanie Busch & Mihlali Sitefane

The on-going transition towards sustainability in the extractives sector in South Africa and Namibia has been spurred on by ESG (environmental, social, governance) considerations, which have become an increasingly important factor driving key operational decisions. The mounting pressures from government, lenders and consumers for sustainably sourced minerals and petroleum resources, as well as decarbonisation targets of states and companies, present a significant opportunity for the integration of renewable energy across the value chain of the extractives industry.

This article will discuss the opportunities that low-carbon energy sources may present to the South African and Namibian mining and petroleum industries, providing the industry an avenue to meet decarbonisation targets driven by ESG considerations.

Alternative energy sources to help power the extractive industry in Namibia and South Africa. The discoveries of major lithium deposits by companies serve as indications of a growing mining industry in Namibia. Along the Namibian coastline, particularly in the Orange Basin, petroleum discoveries have led to Namibia being identified as a potentially a new (and likely one of the last) frontiers of petroleum extraction. Oil giants such as Shell, Total Energies, QatarEnergy, Exxon Mobile, Galp and Chevron have now set their sights on Namibia. Once the commercial viability of these finds has been confirmed, it is estimated that the offshore deposits could hold about 3 billion barrels of oil in total, which could provide an estimated NAD53 billion annually in royalties and taxes for the Namibian Government and double its economy by 2040.

In an age of ESG, the extractives industry is also seeking to address how it can operate with a lower carbon footprint. One of the ways the extractives industry can do this is by diversifying its energy mix with wind or solar facilities. Green hydrogen, in particular, can play a major role by decarbonising hard-to-abate industries, such as the steel industry. Green hydrogen can also solve the intermittency drawbacks of renewable energy by acting as an energy storage.

In addition to meeting sustainability goals, the ever-increasing woes of the South African electricity supply industry caused by a lack of supply and continued load-shedding, has highlighted the need for both the South African and Namibian extractives industry (which relies on a Namibian grid that mostly carries electrons imported from South Africa) to consider alternative electricity sources. South Africa's mature mining industry can also benefit from the integration of renewable energy sources into its energy mix, given the need for reliable power supply for extraction, production and beneficiation.

Beyond introducing renewable energy sources, another avenue of decarbonisation entails considering alternative fuel sources, such as

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hydrogen and methanol, or electrical batteries to power vehicles and machinery required during operation, or to transport staff, equipment and supplies to and from mining and offshore production sites.

Legal incentives to drive the integration of sustainable energy

The South African Government already offers various financial incentives to mining companies that adopt sustainable energy practices. These include tax breaks, reduced electricity tariffs, and grants for renewable energy projects. However, the legal framework for sustainable energy in the mining sector is still evolving.

From a Namibian perspective, no financial incentives are in place yet for either mining or petroleum companies to adopt sustainable energy practices, nor is this required by law, regulations or standard licence conditions.

Significant lessons on how decarbonisation can be driven by the legislature can be drawn from other petroleum producing countries. Over the past years, these countries have introduced requirements on licence holders to produce petroleum in a sustainable fashion. For example, the Net Zero – Stewardship Expectation 11, as published by the North Sea Transition Authority in the United Kingdom, includes various measures which could be introduced by a state against a petroleum producers. These measures include:

1. *at the licence application stage, providing an indicative evaluation of the greenhouse as ("GHG" impact of the work programme and project lifecycle, and the measures that will be put into place to keep these GHG as low as possible (including electrification of offshore platforms by offshore wind turbines or connection to the state's grid by way of undersea electricity transmission cables);*

2. *collaboration with other licensees to reduce the GHG emissions of activities (such as by way of shared seismic surveys or drilling programmes);*

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3. introducing programmes for the re-use or repurposing of infrastructure and facilities; and
4. evaluating the GHG emission profiles of different commissioning and decommissioning strategies.

The role of lawyers in driving a sustainable energy mix.

As the drive towards sustainable development continues, legal practitioners have a crucial role to play in navigating the complex regulatory landscape and advising the extractives industry on compliance and opportunities presented by the regulatory frameworks. Lawyers can also support the development of more robust policies and advocate for clearer regulations, ensuring that the legal framework is conducive to sustainable growth in the extractives sector.

The shift towards alternative energy sources presents a unique opportunity for South Africa and Namibia to strengthen their economies through stable energy supply, while still managing the environmental impact. By embracing renewable or alternative low-carbon energy sources and developing and leveraging its legal framework, both countries can transition towards a more sustainable energy mix while maintaining economic competitiveness. Lawyers will play an important role in effecting this change, by helping to shape the policies and regulations that support the just energy transition.

The article was reviewed by Wolf Wohlers, an Executive at ENSafrica Namibia.

Stefanie Busch is a Senior Associate, Energy and Projects at ENSafrica Namibia and Mihlali Sitefane is a Senior Associate, natural resources and environment at ENSafrica Namibia.

NAMIBIA AIRPORTS COMPANY

NAMIBIA TO HOST AVIADEV AFRICA 2024

AviaDev Africa, the leading platform dedicated to enhancing connectivity to, from, and within the African continent, is delighted to announce that the event will be held in the beautiful city of Windhoek, Namibia in June 2024, hosted by the Namibia Airports Company.

This annual forum will bring together influential stakeholders, including airlines, airports, tourism boards, government officials and industry experts to foster collaboration, forge strategic partnerships, and explore opportunities that will deliver new air routes across Africa.

AviaDev Africa is renowned for its unique ability to create a conducive environment for aviation professionals to network, exchange ideas, and collaborate on innovative strategies that drive sustainable air connectivity. By choosing Windhoek as the host city for the event in 2024, AviaDev aims to highlight Namibia's growing significance as a destination for the aviation industry and its commitment to bolstering regional connectivity.

For more information about AviaDev Africa and to stay updated on event details, please visit www.aviationdevelop.com

Find us at and www.airports.com.na

B2GOLD

RAISING THE BAR ON RESPONSIBLE MINING IN NAMIBIA

BACKGROUND

B2Gold Corp. is a low-cost international senior gold producer committed to responsible mining practices, headquartered in Vancouver, Canada. Founded in 2007, B2Gold has operating gold mines in Mali, the Philippines, and Namibia, and a portfolio of exploration and development projects in several countries, including Canada, Mali, Finland, Cote d'Ivoire, and Uzbekistan. As a responsible mining company, B2Gold is committed to developing resources in a way that is protective of people and respectful of human rights and cultural heritage, creates socio-economic development and shares economic benefits with affected stakeholders, and mitigates environmental and biodiversity impacts. Our management approach is to work within social, economic, and environmental contexts to deliver positive and sustainable outcomes for our business and our stakeholders.

B2Gold Namibia (Pty) Ltd is a 90% owned subsidiary of B2Gold. The remaining 10% shareholding is owned by EVI Mining Company Limited – a Namibian, broad-based economic empowerment group. B2Gold Namibia's portfolio includes the Otjikoto Mine, located in the north-central part of Namibia, approximately 300 km north of the country's capital, Windhoek. The Otjikoto Mine is the largest gold producer in the country. The 26th of April 2023 marked the 10th anniversary since B2Gold Namibia broke ground at its Otjikoto Mine. A mere 18 months later, the first gold was poured in what can only be described as an outstanding mining success story for Namibia.

In the last decade, B2Gold has established itself as a reputable and responsible mining Company on all fronts. In addition to making significant contributions to the Namibian economy and providing employment to almost 1,000 employees and contractors, B2Gold Namibia has one of the largest Corporate Social Investment portfolios in Namibia, impacting the mine's neighbouring communities of Otavi and Otjiwarongo and Namibia as a whole.

PROVIDING CONTEXT TO B2GOLD NAMIBIA'S PHASED MINE CLOSURE PROCESS

In 2021, an integrated mine closure framework was developed to guide the progression of Otjikoto's closure planning and to align conservation and community investment activities accordingly. In 2022, the development of a comprehensive Mine Closure Plan incorporating environmental, social, human resources, and financial aspects was initiated, building on the earlier framework.

During April 2023, B2Gold Namibia management updated its employees on the Otjikoto Mine's future and the phased closure process. The decision to announce the mine's closure plans well in advance was guided by our corporate values: treating our employees with respect, in a fair and transparent manner, and ultimately being accountable for our decisions as a company.

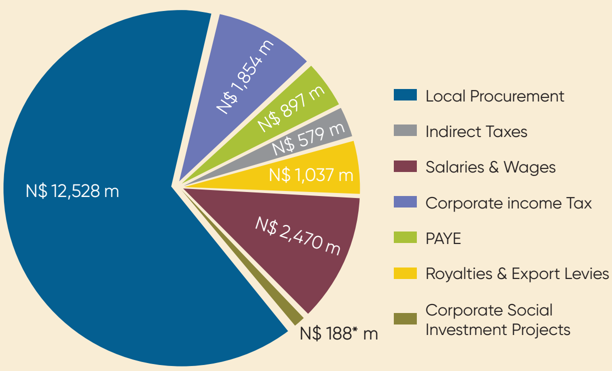
Open pit mining operations at the Otjikoto Mine are scheduled to ramp down in 2024 and conclude in 2025, in line with the original Otjikoto LoM resource. Processing operations will continue until economically viable stockpiles are exhausted in approximately 2031. Underground operations are projected to continue until 2026 with the potential to extend operations if the ongoing exploration programme successfully identifies more mineral deposits.

The retention and motivation of personnel continue to be important during mine closure planning and, as a result, Otjikoto will continue to focus on internal engagement during the course of 2023 and beyond.

ECONOMIC CONTRIBUTION TO NAMIBIA

In the eight-year period since commercial production was declared (from March 2015 up to 31 December 2022), B2Gold Namibia contributed N$ 19.5 billion to the Namibian economy. These contributions were made in the areas as outlined in the following figure:

Contribution to the Namibian Economy from Mar 2015 to Dec 2022 (Millions of N$)



*This amount is inclusive of Covid-19 support to government and the Rhino Gold Bar initiative.

BUSINESS EXPRESS

LOCAL PROCUREMENT

The Otjikoto Mine has consistently focused on improving local procurement levels since the initial construction of the mine. Over 76% of procurement in 2022 came from in-country purchases, with approximately N$ 16 million spent directly on small- and medium-sized enterprises within the mine's area of influence. Since commercial production was achieved in 2015, the Company has spent over N$ 12 billion on local procurement. Of its total supplier spend, approximately 80% relates to spending on Namibian suppliers of goods and services.

Otjikoto also encourages its suppliers to support local social development programmes. For example, Treron Investments, which provides construction and maintenance services to the mine, employs 44 youths on fixed-term contracts, some of whom had the opportunity to receive additional training and employment with the Otjikoto Mine. This is a group which is systematically excluded from the job market due to a lack of educational qualifications and experience.

CORPORATE SOCIAL INVESTMENT (CSI)

B2Gold's CSI Strategy aims to invest in sustainable projects that lead to long-term impacts which:

- contribute to economic upliftment and poverty reduction through skills training and livelihood development;
- promote educational opportunities, capacity building, innovation, and technical excellence;
- promote health and well-being by complementing and supplementing the government's efforts;
- empower communities, groups, and entrepreneurs to help themselves;
- contribute to the sustainable utilisation of Namibia's renewable natural resources (energy, flora and fauna); and
- improve environmental management and biodiversity conservation of indigenous ecosystems and endangered species.

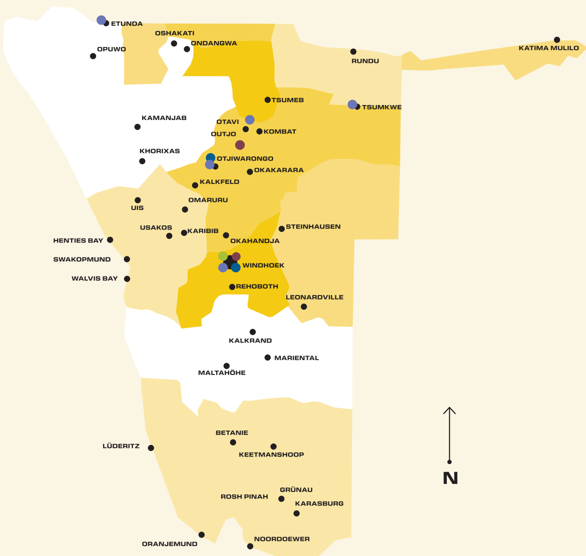
B2Gold's CSI strategy is based on an ongoing assessment of the socio-economic environment in which the Company operates. The strategy is further adapted based on the outcomes of regular meetings with stakeholders at local, regional, and national level.

B2Gold's CSI programmes focus on four pillars: health; education, arts and culture; livelihoods; and environmental conservation. Investments within these focal areas are carried out within the Otjikoto Mine's impact communities (Otavi and Otjiwarongo), the capital of Windhoek, and other vulnerable communities throughout the country.

For the eight-year period from 2015 until 31 December 2022, the Company has invested over N$ 123.1 million in CSI projects. In addition, the Company has invested once-off amounts in two large special projects in particular, namely COVID-19 support to the Office of the Prime Minister in 2020 (N$ 34.0 million) and the Rhino Gold Bar Project in 2020, benefiting the communities that protect the critically endangered Black Rhino (N$ 26.7 million).

B2Gold Namibia has several CSI programmes, too numerous to list and summarise. Outlined below are some example initiatives within the four pillars:

B2GOLD CSI PROJECTS
IN NAMIBIA



HEALTH

Cheshire Home
Katima Mulilo, Zambezi Region
Side by Side
National
Omnicare – Windhoek
Fatherhood Foundation
Windhoek, Khomas Region
Lifeline Childline
Windhoek, Khomas Region

EDUCATION, ARTS & CULTURE

Khorab Secondary School
Otavi, Otjozondjupa Region
Otavi Primary School
Otavi, Otjozondjupa Region
Shalom Primary School
Otavi, Otjozondjupa Region
Donatus Primary School
Otjiwarongo, Otjozondjupa Region
Otjiwarongo Secondary School
Otjiwarongo, Otjozondjupa Region
Little Shop of Physics
National
GK DeWall Secondary School
Karundu Primary School
Otjiwarongo, Otjozondjupa Region
Namibia English Primary School
Windhoek, Khomas Region
ELC Sion Hostel
Otjiwarongo, Otjozondjupa Region
Kayec
Otjiwarongo, Otjozondjupa Region
Nakayale Private Academy
Etunda, Omusati Region
Save the San Project
Tsumkwe, Otjozondjupa Region
Ombili Primary School
Otjiwarongo, Otjozondjupa Region
Youth Orchestra of Namibia (YONA)
Windhoek, Khomas Region

LIVELIHOOD

SME Compete
Otjiwarongo, Otjozondjupa Region
DoBox Jumpstart Programme
Windhoek, Khomas Region
Shack Dwellers Federation
National

ENVIRONMENTAL CONSERVATION

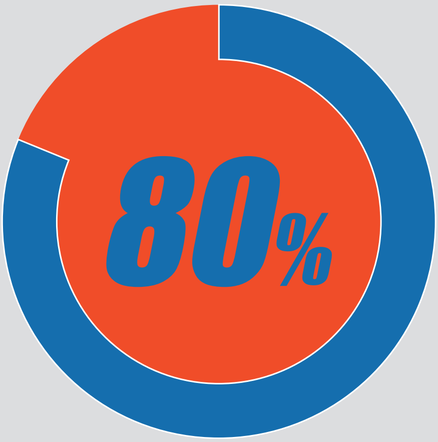
Namibia Chamber of Environment
National
Development Workshop of Namibia
National
Rhino Gold Bar project
National

B2Gold is proud of its commitment to the well-being and safety of its employees, and its support for the sustainability of local communities and environmental initiatives in the countries in which it operates. Each year the Company continues to raise the bar on its performance and provide information on its activities, global economic contributions and its environmental, social, and governance management practices. This year B2Gold published its seventh Responsible Mining Report and second annual Climate Strategy Report. These and other reports can be found on the Company's website, www.b2gold.com.

B2GOLD
NAMIBIA

Four Drivers Behind Namibia's Solar Market Surge

Namibia's solar market is booming with the country attracting fresh investments and new players. With a focus on both grid-connected and off-grid projects, the country aims to connect 80% of its population to renewables by 2025.



This surge is fuelled by strong regulatory support, abundant resources, a drive for diversification and the growing demand for decentralized power systems.

Untapped Resources

Blessed with 300 days of sunshine per year and offering a climate well-suited for solar generation, Namibia represents a viable solar energy market. High solar irradiation levels coupled with an open, desert landscape provide a strong foundation for the development and expansion of solar panel systems.

Despite the potential for solar deployment, much of the market remains largely untapped, presenting lucrative opportunities for investors and project developers alike. This untapped potential makes the country a highly attractive solar play and is a key driver behind the expansion of the market in 2023.

Diversification efforts

Currently, an estimated 60% of Namibia's power is imported from regional countries via the Southern African Power Pool, and while hydropower accounts for a large share of the energy mix, biomass and diesel-fired power generation are still heavily relied upon. As such, the government is prioritizing the diversification of both the energy mix and the broader economy, expanding investment into renewable energy to support alternative energy sources, job creation and revenue generation.

Under efforts to diversify, the government has partnered with foreign stakeholders for the construction of large-scale green hydrogen facilities – of which solar represents a major part. Examples include the $10 billion, 350,000 tons per year Tsau//Khaeb National Park project, spearheaded by Hyphen Hydrogen Energy. The project will

utilize 7 GW of renewable capacity and will create 3,000 permanent jobs in addition to 15,000 jobs during the four-year construction phase.

Decentralized demand

Namibia has the lowest population density in Africa, with a large portion of the population living in remote areas without access to the national grid. To bolster rural electrification, the government has turned to solar and is making a strong case for decentralized, off-grid solar systems across the country. Rising demand for decentralized systems is driving solar deployment in Namibia, with a number of Independent Power Producers seizing the opportunities the market presents. Backed by policies such as the Off-Grid Energy Master Plan – a framework established in 2007 that aims to provide access to remote areas by establishing 'energy shops' that sell suitable, approved energy products – the government is making headway to connect the population, with the off-grid market experiencing a surge in investment.

Additionally, companies located in off-grid areas are deploying their own solar systems, accessible to local communities. Examples include a 5.4 MW facility constructed at the Rosh Pinah zinc and lead mine in the Karas region; a 2.5 MWh off-grid plant constructed at Gam Village in Otjozondjupa; and a 50 kWp solar system installed at the Nambwa Tented Lodge in Bwabwata National Park. In this scenario, rising demand is set to trigger newfound investment in decentralized solar.

Regulatory support

Under efforts to attract foreign investment and private sector participation, the government has implemented a series of policies aimed at improving market clarity, transparency and fiscal support. In addition to clear renewable targets, government implemented a Renewable Energy Feed-In Premium program in April 2015, a policy designed to support development by providing a guaranteed, above-market price for producers.

July 2017 saw the implementation of the National Renewable Energy Policy, which aims to near-universal access to renewable energy by 2030, assist Namibians climb the development ladder while positioning the country as a regional leader in the deployment of renewable technologies.

The policy, coupled with a series of tax incentives has attracted a strong slate of investment into the country.

External Debt

N$ million	2021 Q1	2021 Q2	2021 Q3	2021 Q4	2022 Q1	2022 Q2	2022 Q3	2022 Q4	2023 Q1
GROSS EXTERNAL DEBT POSITION	122,231	1 25,251	130,136	131,748	137,476	147,597	153,429	153,556	161,223
1. Central Government	33,364	37,869	38,946	32,488	30,714	32,496	34,177	34,095	36,674
2. State Owned Enterprises/Parastatals	9,752	9,897	9,656	9,470	9,905	9,898	9,373	9,636	9,319
3. Central Bank[19]	2,974	2,878	6,728	6,815	6,284	6,786	7,190	7,084	7,525
4. Deposit-Taking Corporations, except the Central Bank	7,817	7,453	7,012	7,380	16.344	14,836	14,827	14,921	15,504
5. Other Sectors[20]	6,341	6,167	7,550	7,756	9,253	12,898	10,561	10,631	12,489
6. Direct Investment: Intercompany Lending[21]	61,983	60,987	60,244	67,837	64,975	70,683	77,301	77,188	79,711
TOTAL GROSS EXTERNAL DEBT PAYMENTS	1,670	3,800	11,061	12,681	3,089	4,388	13,762	10,509	15,590
1. Central Government	562	943	408	8,973	350	801	485	2,432	573
2. State Owned Enterprises/Parastatals	246	135	511	507	365	297	647	499	339
3. Central Bank	28	27	28	28	28	28	28	28	28
4. Deposit-Taking Corporations, except the Central Bank	98	435	1,010	716	64	1,449	635	631	161
5. Other Sectors	331	508	407	487	1,901	1,382	2,563	3,091	2,807
6. Direct Investment: Intercompany Lending	404	1,753	8,697	1,970	380	431	9,405	3,828	11,680
Outstanding Debt Q-on-Q (percentage change)	3.2	2.5	3.9	1.2	4.3	74	4.0	0.1	5.0
Debt Servicing Q-on-Q (percentage change)	-79.6	127.6	191.1	14.7	-75.6	42.0	213.6	-23.6	48.3
Debt Servicing to Exports F.o.B [22]	14.5	26.0	70.3	61.4	19.7	22.3	62.4	39.6	65.3
Official Reserves to Short - term Debt	3.3	4.3	4.7	4.9	2.0	2.0	2.4	2.3	2.2
EXPORTS OF GOODS AND SERVICES	11,527	14,601	15,732	20,640	15,708	19,711	22,048	26,510	23,862
OFFICIAL RESERVES	34,670	41,836	45,876	43,869	40,751	45,962	47,977	47,837	47,838
Exchange rate (end of period) US Dollar	14.9276	14.2998	15.1314	15.9065	14.5144	16.2459	17.9876	16.9625	17.8505

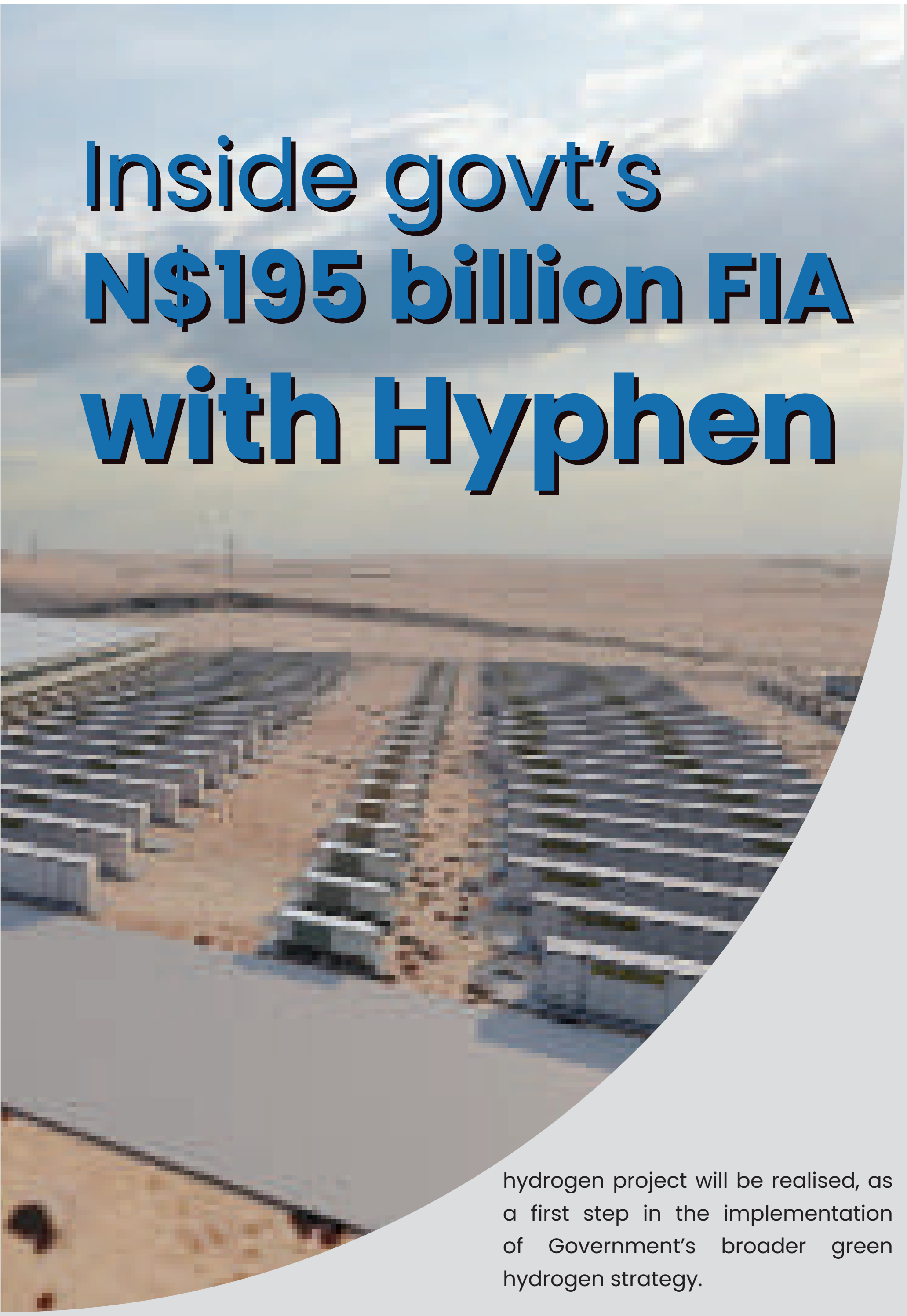
19 The central bank debt comprises special drawing rights (SDRs) allocations received from the IMF.

20 The category other sectors consist of Enterprises, Namibian owned companies and EPZ's

21 Intercompany lending includes loan transaction (and transactions in other debt securities) between parent company and their subsidiaries or investee companies and between subsidiaries of the same group, unless the latter are financial intermediaries (except for insurance corporations and pension funds)

22 Debt service as a percentage of merchandise exports is a good measure of serviceable debt. This is due to the fact that higher growth rates in exports build up international reserves, which in turn are used to service foreign debt. Therefore, the lower the percentage, the better. The international benchmark values give an assessment of the country's risk of debt distress. If the ratio falls below the threshold of 15.0- 25.0 percent, then the country is seen to meet its debt service obligations and is at low risk. Should the country's debt burden fall within the threshold, but stress tests indicate a possible breach in the presence of external shocks or abrupt changes in macroeconomic policies, then it would be at a moderate risk. Finally, if the country's debt burden falls above the threshold, then the country would be considered to be in debt distress and stringent policy interventions need to be taken. However, it is not a single quarter's value but rather the picture over several quarters that should be assessed

Souces: BoN, NSA, MoF&PE



Inside govt's N$195 billion FIA with Hyphen

The recently signed pioneering Feasibility and Implementation Agreement (FIA) between the Government of the Republic of Namibia and Hyphen Hydrogen Energy (Hyphen) is set to govern the development, implementation and operation of sub-Saharan Africa's largest, and its only fully vertically integrated, green hydrogen project.
By extension, it governs the process under which Namibia's first green hydrogen project will be realised, as a first step in the implementation of Government's broader green hydrogen strategy.

With limited existing international precedent to draw upon, government and the inter-ministerial Green Hydrogen Council assembled a negotiations team which was supported by international advisors, to develop the FIA. Government and Hyphen believe that the FIA will set a new global benchmark, creating a template for the sustainable and equitable development of other green hydrogen projects.

The transformative impact of this project on Namibia and its economy is considerable. The total project capital investment of US$10 billion (About N$195 billion) is roughly equivalent to the country's annual GDP. At full scale development, anticipated before the end of the decade, the project will produce 2 million tonnes of green ammonia annually for regional and global markets.

PHASES

The FIA is split in five broad sequential phases. First is the preliminary phase lasting up to six months to allow for all conditions precedent to the FIA to be met and for Government to exercise its option to acquire up to a 24% interest in the project. Second is the feasibility phase which is a two-year feasibility period in which Hyphen is tasked with undertaking the assessment of the feasibility of developing the project.

The third phase is the validation phase in which the Namibian Government has 120 days following Hyphen's submission of the Feasibility Report to consider and validate (if appropriate) the final project design. The fourth phase is the financing and construction phase where Hyphen will raise finance for the project and construct the project. Lastly, the operational phase. Hyphen will be responsible for the operation and maintenance of the Project, and for its eventual decommissioning at the end of the term.

ENVISAGED OUTCOMES

Under the FIA Hyphen is responsible for the technical, financial, environmental, social and commercial delivery of the project. Government is responsible for

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providing the land on which the project will be established and developing and implementing the required legal, fiscal and regulatory environment necessary for the establishment and sustainable operation of Namibia's green hydrogen industry.

At the heart of the FIA is the commitment to the socio-economic development of Namibia, through job creation and local procurement.

It is estimated that the project will create up to 15,000 new jobs during the construction phase, 3,000 permanent jobs during its operation, with the target for 90% of these jobs to be filled by Namibians and 20% by youths. The project is further targeting 30% local procurement of goods, services and materials during the construction and operational phases. The project will generate significant income to the Namibian fiscus through the payment of land rentals, royalties on all project revenues and taxes. GRN also has an opportunity to be a co-investor in the project with the right to take up to a 24% equity interest at cost. Thanks to its partnership with the European Union and the Global Gateway Initiative, Namibia has mobilised donor and concessional funding from Invest International and the European Investment Bank of more than EUR540 million/ NAD 11.167 billion to finance the development of the green hydrogen industry and to fund

its equity participation in the project, with additional support expected to be announced post the execution of the FIA.

Government has mobilised more than €40 million to date to de-risk its equity investment in the project, associated infrastructure and future green hydrogen projects, additional support is expected to be announced post the execution of the FIA. Namibia is also working closely with its development partners to establish a dedicated program that will provide the requisite resources to coordinate the implementation of the Hyphen Hydrogen Energy Project and Namibia's broader green hydrogen strategy. This program illustrates the multinational nature of this industry and the important role Namibia will play in decarbonizing global hard to abate sectors, while industrializing its own economy.

WHAT HAS BEEN SAID

Hage Geingob, President of the Republic of Namibia, said: "The Harambee Prosperity Plan II noted that the Namibian Government would investigate the feasibility of incubating a synthetic fuels industry in Namibia, as a key transforming agent of our economy. On Friday the 26thof May 2023, we earnestly embark on that journey, as we kick start a process that has the potential to transform the lives of many in our country, the region and indeed the world."

Ursula Von Der Leyen, President of the European Commission, said: "Namibia has the potential to become one of the main renewable energy hubs on the African continent and even world-wide. Today's agreement is a major step for the production of green hydrogen in the country. I am proud that Global Gateway allows the EU and Namibia to invest in a shared future fighting climate change together, making Namibia energy-independent and creating jobs and prosperity."

Marco Raffinetti, CEO of Hyphen Hydrogen Energy, said: "We are delighted to have concluded the FIA and look forward to delivering on the next phase of development of this ground-breaking project. On behalf of Hyphen, I would like to thank the Government for its unwavering support and relentless commitment to unlocking Namibia's green hydrogen potential. We are confident in our ability to work hand in hand with the people of Namibian to drive lasting change through economic development and job creation, whilst paving the way for a greener and brighter future."

NAMDEB

A NAMIBIA DE BEERS PARTNERSHIP

NAMDEB DRIVES ECONOMIC PROSPERITY

JOB CREATION

Approximately 488 people (164 employees, 324 contractors) jobs created to date.

ROYALTIES & TAXES

Increased contribution to government coffers.

LOCAL PROCUREMENT

Local procurement N$3,185bn in 2022 and N$17,192bn over last 9 years.

20 YEAR LIFE OF MINE

Longer duration of Namdeb creating opportunities to diversify the economy resulted in enhanced socio-economic development for Oranjemund town and surrounding communities.

Since its inception in 1994, Namdeb has lived up to the notion of “On Diamonds We Build” and continues to be one of the most significant role players contributing positively to Namibia’s fiscus status.

Further to the Life of Mine extension approval in October 2021, Namdeb’s commitments are centered on promoting sustainability for communities impacted by its operations thus ensuring a better tomorrow for the generations to come.

www.namdeb.com

NAMDEB

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NAMDEB DRIVES ECONOMIC PROSPERITY

RESILIENCE

Since its inception in 1994, Namdeb Diamond Corporation has lived up to the notion of "On Diamonds We Build" and continues to be one of the most significant role players contributing positively to Namibia's fiscus.

Minerals are a finite resource and as such mining operations have a limited life. This trajectory has formed part of Namdeb's history however the dedication, continued innovation and resilience has ensured that this mining giant lives up to being the Pride of Namibia's Mining to 2050 and beyond. In 2016, Namdeb faced imminent closure. Resource extension evaluations conducted over the years, however, indicated that there was a high potential for future expansion in Namdeb's Southern Coastal Mines (SCM), particularly in the shallow water area of Mining License area 43 (ML 43). At the time Namdeb's shareholders had the foresight to allow the leadership team to maintain the technical capacity to investigate alternative opportunities which could potentially economically extend life of the mine through the development of a long- term plan (LTP). Towards the end of 2019, a team was established to develop a potential Long Term Business Plan for Namdeb, based on the business objective of "Developing a re-capitalized, robust and profitable business plan" with the use of existing proven technology.

Namdeb subsequently sought royalty remission from the Namibian Government to enable it to develop an economically sustainable business plan to lengthen the life of its land-based operations which was set to cease end of 2022. Without the royalty remission (which is 50% reduction of the normal total royalty for the period 2021 to 2025), it would not have been possible to fund the Life of Mine (LoM) extension.

SOCIO-ECONOMIC BENEFITS

The long-term plan was officially approved in October 2021 based on improved operational efficiencies, securing of royalty relief from government and increase scale of operation in Southern Coastal Mines. The royalty remission enabled a N$2 billion capital investment over a period of three years (2022 -2025) to be invested in the operations resulting in a 20-year life of mine extension (to 2042) for Namdeb's land-based operations. It further provided an opportunity for Namdeb to contribute towards the long-term socio-economic benefits to the //Karas region due to the continuity of employment and other related benefits for community partners.

Over the 20-year life, Southern Coastal Mines is expected to mine 27 million square meters, yielding 7.8 million carats and N$159 billion in revenue. This will extend the coastline in the immediate mining area westwards by 1.4km and contribute N$40 billion to the Namibian fiscus. The extension eliminates unfunded liabilities for Namdeb, which were previously unaccounted for in the 2022 closure plan.

The 20 year life extension has several benefits, which include:

- Continued employment for approximately 2700 Namibians and associated off mine impact.
- Additional time to grow the Oranjemund non-mining economy and town transfer to the local authority.
- Time to explore additional opportunities in renewable energy, other diamond deposits as well as other minerals. In essence, it is 20 additional years for Namdeb to Build Forever!

Since the announcement in October 2021, approximately 300 people have been employed directly by Namdeb. With an additional 213 employed by contractors.

Key milestones on this journey include:

Procurement of new Namdeb Fleet: replacement and expansion equipment have been purchased to service the increase in mining scale. The first fleet of new equipment was delivered, commissioned and operationalized in June 2022

B&E Onboarding: A new business, B&E, has been onboarded to assist with overburden stripping activities. Mobilization and site establishment is tracking well with operations commencing 2 months ahead of schedule.

Accommodation: With the expansion of operations, there was a need to refurbish Namdeb owned accommodation to help improve housing supply. This project is progressing well with all units set to be delivered by July 2023.

Treatment Plant Extension: A new section of the Treatment plant is currently under construction. This will help improve material treatability and overall capacity. Construction is set to be completed in August, and commissioning by October 2023. At this point, operations will have reached steady-state treating over 6 million tones of ore through the Treatment Plant.

The first phase of ramp-up was successfully concluded in June 2022 and Implementation of the LTP is progressing well. Phase 2 is currently underway with operations set to reach steady state by Q4 of 2023.

As Namdeb continues to implement the LTP, it remains committed to ensuring a better tomorrow characterized by economic prosperity for Namibia at large as a consequence of the Life of Mine extension!

NBL increases solar capacity to 2.27MW

… as initiative curtails grid-based electricity consumption by 10%

Namibia Breweries Limited (NBL) recently completed the installation of a new 1.17MW roof-mounted solar plant at its main site in Windhoek as a significant milestone in its commitment towards reducing carbon footprint. The brewer recently highlighted that with this new addition complementing existing solar infrastructure, NBL is not only aligning with Heineken's ambitious Net Zero Carbon target but also setting an exemplary precedent for the brewing industry worldwide.

"The newly installed solar plant comprises 2135 x 545Wp panels that are spread across the roofs of our main plant. Together with the previously commissioned 1.1MW plant in 2013, the total solar capacity now stands at an impressive 2.27MW. This robust solar infrastructure empowers NBL to make substantial progress in reducing our reliance on traditional electrical grids," said NBL.

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This new solar plant is projected to curtail NBL's grid-based electricity consumption by approximately 10%. As a result, solar production will contribute 20% of our total electrical consumption, marking a remarkable milestone in NBL's sustainability journey. "This commitment further showcases our dedication to mitigating climate change and promoting environmental stewardship. It further serves as our contribution towards Heineken's vision of achieving Net Zero Carbon by 2030," added the brewery. The company further explained that the realisation of this impressive solar project was the culmination of a rigorous and meticulous process.

"Following an extensive design and approval phase, construction commenced in February 2023, with the plant's completion announced triumphantly in May of the same year. Throughout the project, we worked hand-in-hand with two esteemed partners, O&L Nexentury and KRAATZ Pty Ltd, whose expertise and support were instrumental in ensuring the success of this ambitious endeavour. This collaboration serves as a shining example of how organisations are uniting efforts to drive sustainability and innovation forward."

A notable aspect of our solar power expansion is the decision to own, operate, and maintain the plant internally; NBL said further that this choice underscores its commitment to taking full control of its sustainable energy future.

"By assuming responsibility for the entire life cycle of the solar plant, we can ensure optimal performance, efficiency, and long-term benefits. This approach aligns with our overarching mission to make a lasting positive impact on the environment and set new standards within the brewing industry.

"Our recent accomplishment in expanding our solar power capacity marks a significant milestone in our #sustainability journey. With the completion of the 1.17MW roof-mounted solar plant, we have solidified our position as a frontrunner in the adoption of renewable energy within the brewing industry," explained NBL adding that the ambitious goal of Heineken's Net Zero Carbon target by 2030 is now one step closer, thanks to NBL's commitment to reducing environmental impact.

"This successful project exemplifies the power of collaboration, innovation, and unwavering dedication to building a greener future. As we continue to pave the way, our actions serve as an inspiration to businesses worldwide, highlighting that sustainable practices and profitability can go hand in hand, ultimately driving positive change for our planet."

NBL stated in its interim results booklet for the period ended 31 December 2022 released in March 2023 that the Heineken transaction and the acquisition of Distell Namibia will support the long-term sustainability of NBL as a Namibian icon, while the greater transaction will create a regional beverage champion for southern Africa.

Central Government Debt

	2021/22				2022/23			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Four-quarter rolling GDP	176,317	178,526	183,940	187,879	194,134	200,531	206,204	212,981
External debt stock	37,869	38,946	32,488	30,714	32,496	34,177	34,095	36,674
Bilateral	2,629	2,685	2,792	2,472	2,577	2,602	2,504	4,033
As % of total	6.9	6.9	8.6	8.0	7.9	7.6	7.3	11.0
Multilateral	15,323	15,304	15,723	15,314	15,693	16,041	18,376	18,761
As % of total	40.5	39.3	48.4	49.9	48.3	46.9	53.9	51.2
Eurobonds	17,875	18,914	11,930	10,886	12,184	13,491	12,722	13,388
As % of total	47.2	48.6	36.7	35.4	37.5	39.5	37.3	36.5
JSE listed bonds	2,042	2,042	2,042	2,042	2,042	2,042	492	492
As % of total	5.4	5.2	6.3	6.6	6.3	6.0	1.4	1.3
External debt excluding Rand	25,479	26,641	19,840	18,018	19,618	21,197	20,252	19,861
As % of total	67.3	68.4	61.1	58.7	60.4	62.0	59.4	54.2
Total Debt service	2,245	1,718	9,481	3,020	2,671	2,560	4,563	2,817
Domestic debt service	1,302	1,310	508	2,670	1,870	2,075	2,132	2,244
External debt service	943	408	8,973	350	801	485	2,432	573
Domestic debt stock	81,012	87,074	91,844	94,940	97,731	101,519	103,362	105,805
Treasury bills	28,524	30,742	31,765	32,603	33,257	34,480	35,109	35,655
As % of total	35.2	35.3	34.6	34.3	34.0	34.0	34.0	33.7
Internal registered stock	52,488	56,333	60,079	62,337	64,474	67,039	68,253	70,151
As % of total	64.8	64.7	65.4	65.7	66.0	66.0	66.0	66.3
Total Central Government debt	118,881	126,021	124,332	125,654	130,227	135,695	137,457	142,480
Proportion of total debt								
Foreign debt stock	31.9	30.9	26.1	24.4	25.0	25.2	24.8	25.7
Domestic debt stock	68.1	69.1	73.9	75.6	75.0	74.8	75.2	74.3
As % of GDP								
Foreign debt stock	21.5	21.8	17.7	16.3	16.7	17.0	16.5	17.2
Domestic debt stock	45.4	48.8	49.9	50.5	50.3	50.0	50.1	49.7
Total debt % of GDP	67.4	70.6	67.6	66.9	67.1	67.7	66.7	66.9
N$ End of Period Exchange								
US Dollar	14.2998	15.1314	15.9065	14.5144	16.2459	17.9876	16.9625	17.8506
EUR	17.0168	17.5600	17.9917	16.1996	16.9874	17.6551	18.0765	19.4443
RMB	2.2144	2.3415	2.4963	2.2868	2.4266	2.5320	2.4394	2.6000
CHF	15.5159	16.2075	17.5747	15.6986	17.0358	18.4332	18.3655	19.5122
SDR	20.4918	21.4592	21.7392	20.0401	21.6450	22.9358	22.5989	24.0096
JPY	0.1294	0.1352	0.1382	0.1187	0.1189	0.1244	0.1280	0.1343
KWD	47.5043	50.0450	50.5194	47.8000	52.5189	58.2955	55.5558	58.4621

Sources: MoF, BoN and NSA

ESG Matters Becoming More Crucial

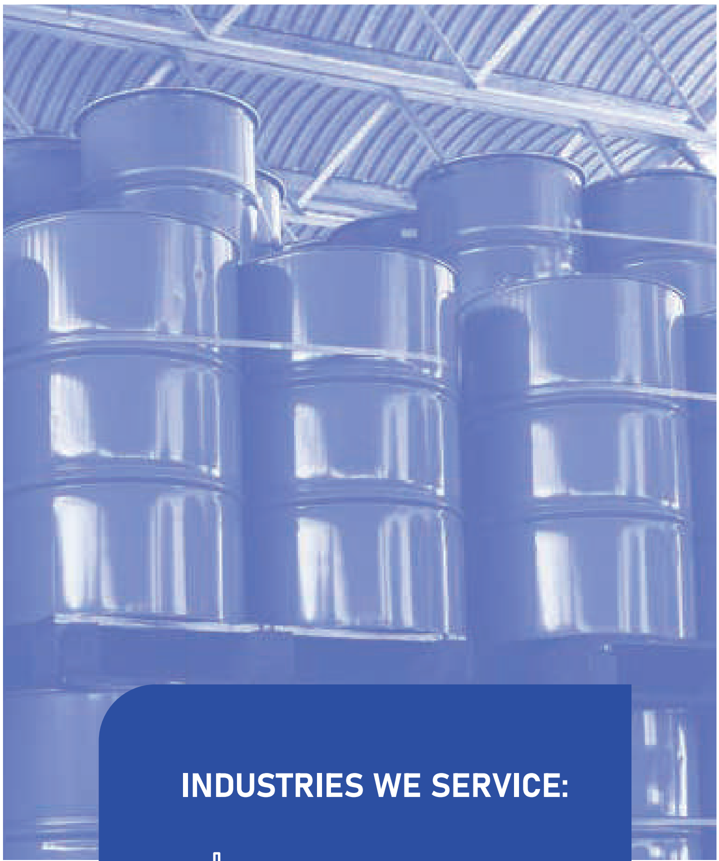
There is strong correlation between emerging market companies' scores in environmental, social, and governance (ESG) indexes and key financial and value creation metrics, new research from Boston Consulting Group (BCG) has revealed. It is becoming increasingly clear that the sustainability imperative is transforming the very nature of global competition.

BCG's latest Global Challengers report, titled The Sustainability Imperative in Emerging Markets, highlights that companies with strong reputations for meeting ESG challenges in emerging markets are rewarded with major growth opportunities.

The challenge is that emerging market companies currently significantly underperform their developed market peers across each of the ESG pillars. Developed market companies have had a decades-long head start in launching sustainability initiatives, and the policy focus in most emerging markets has been on growth rather than impact – with industries that fuel economic development typically being emissions-intensive. Sustainability issues are, however, rapidly rising to the top of emerging market company CEOs' priority lists, with climate change taking centre stage. Emerging markets have an outsize stake in mitigating climate change: even though they emit significantly fewer greenhouse gases per capita than developed markets, the populations, economies, and natural ecosystems in many low- and middle-income nations are suffering some of the most devastating consequences of global warming. If climate change remains on its current trajectory, the impact will grow far more severe for emerging markets. Sub-Saharan Africa could lose up to 6% of per capita GDP, according to S&P Global Ratings.

The public and private sectors of emerging markets, particularly in middle-income nations like Namibia, can change this trajectory. The good news is emerging market companies in every industry sector are responding to intensifying pressure at home and abroad from consumers, employees, trading partners, investors, and regulators to back their green commitments with tangible actions to adopt lower-emission economic development paths and business models.

Emerging market companies that take the lead are already winning at home, strengthening their access to international markets, lowering their cost of capital, enjoying higher customer satisfaction, and becoming better able to win and retain top talent.



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NAC sets path for recovery, **poised for Imminent Upgrades**

Through its cost containment strategy and financial discipline, the Namibia Airports Company (NAC) has reached breakeven point and preliminary 2022/2023 financials depict a profit position, NAC Board chairperson, Leake Hangala has revealed. Coupled by this, the recovery in airport volumes at Hosea Kutako International Airport continue increasing resultant of improved passenger volumes due to increased international and local tourism. Business Express understands that currently the NAC is operating at about 78% of pre-Covid levels. Notably, NAC recorded a decline in revenue growth between 2019/2020 and 2020/2021 financial year from N$420 million to N$76 million, attributed to the impact of the Covid-19 pandemic. The situation has gradually improved with N$192 million recorded for the 2021/2022 financial year.

"The NAC Board and Management would like to express our gratitude to the government for their support in aiding the NAC to transform the aviation industry. Over the three financial years the salient infrastructural and service improvements at the airports were the Apron and taxiways at Katima Mulilo Airport and Andimba Toivo Ya Toivo Airport; runway, apron and taxiway upgrade at Eros Airport as well as the successful completion of the congestion alleviation project at Hosea Kutako International Airport to the tune of N$250 million, amongst others," Hangala said.

LOOMING MAJOR UPGRADES

Going forward, NAC has set out to implement capital projects to further improve its services. Firstly, the Hosea Kutako International Airport congestion alleviation project will seek to extend the VIP/VVIP facilities to bring them to adequate standards in terms of facilitation and the size of the Presidential Lounge as well as parking configuration. "The cost

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of the project is N$18 million which has been secured from central government. Documentation has been submitted and discussions are underway with MIRCO," Hangala further stated. Further, NAC is planning the Apron expansion at Hosea Kutako International Airport at a cost of N$100 million, funded by Government over a two-year period. The Expression of Interest (EOI) for procurement of consultancy services was issued and evaluation for consultants is underway. Apart from this, the construction of Terminal 3 at Hosea Kutako International Airport remains imminent. Hangala explained that submission was tendered to the Ministerial Committee on 19 May 2023 outlining the NAC's position on financing of the project where the preferred option would be through shareholder funding or a loan. The Public Private Partnership (PPP) option is to be considered as a last resort.

As previously reported, NAC is also in the process of establishing the AiRRhow Centre of Excellence (CoE) for African Civil Aviation at Keetmanshoop. This is a collaborative initiative with the Finnish Government and private sector.

" The Minister of Works and Transport appointed a Steering Committee, with the Namibia University of Science and Technology (NUST) as the coordinating agency to collaborate with the Finnish Tampere University in regards to the feasibility study and related aspects of this project," Hangala said.

NAC Board chairperson, Leake Hangala

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Construction of new terminal buildings at Katima Mulio, Rundu and Lüderitz airports is also in the works with the initiative designed to aid the NAC to meet the current demand and improve service delivery for the envisaged national developments in the resources sector, namely green hydrogen, and oil discoveries. "Progress on the development of Katima Mulilo is good. We have engaged community stakeholders and reached agreement on the land required opposite the current facilities. This will enable us to construct entirely new facilities without the constraints of operating in a military zone.

"Developments in the tourism sector are hastening our approach to this airport. Similarly, we are negotiating for additional land in Rundu for the same purposes. The oil and gas sector, together with Green Hydrogen initiatives, have escalated our plans for Luderitz. While the runway is suitable in the short-term, we need to entirely revamp the landside facilities to accommodate this sector," Hangala said. Hangala also noted that the NAC is informally, engaging with the African Development Bank (AfDB) to provide assistance and resources for a mid-term review of our Integrated Strategic Business Plan.

"We are fully aware that any formal engagement with the AfDB needs to be done through the Ministry of Finance and Public Enterprises, and these discussions will be elevated to the appropriate level when the right time comes.

"It is our view that events have overtaken the assumptions of the original business plan, mainly the COVID-19 pandemic, rebound in tourism and the extension of the greater tourism season. Developments in the resources sector all require us to revisit this Strategic Plan. We have also requested the AfDB's assistance in developing business cases for these developments," explained Hangala.

With upgrades in flight, NAC has already begun sourcing new airlines to ply the Namibia route.

As part of the NAC's Route Development initiative, management met with 5 airlines in Europe in particular, British Airways, Condor Airlines, Edelweiss, Eurowings Discover and KLM in April 2023 to prepare the groundwork for future international flights from these potential (and existing) carriers. As an outflow of the said Route Development initiative major airlines such as Edelweiss and KLM are expected to commence flight operations to Namibia within the next twelve (12) months.

"The NAC received notification through the Ministry of Works and Transport that the Government of the Republic of Zambia has designated the Zambia Airways Limited to operate a scheduled passenger carrier on the Lusaka - Windhoek - Lusaka route. The planned dates for operations, including the flight schedules, are yet to be communicated for consideration and approval," said Bisey Uirab, the CEO of NAC.

Currently, Eurowings Discovery and Ethiopian Airlines have increased their flight frequencies at Hosea Kutako International Airport (HKIA) due to increasing passenger demand globally. Eurowings increased its flight frequencies to ten (10) flights per week including Victoria Falls route effective from 27 March 2023 until end of October 2023. Ethiopian Airlines on its part increased its flight frequencies to seven (7) flights weekly, effective from 28 March 2023. "As alluded to earlier on, NAC was successful in its bid to host the AviaDev Africa conference in June 2024.

This would be the first time the event is held in Namibia as it represents the impact of the Namibia Aviation and Connectivity Forum held in 2022.

Aviadev is a premier platform dedicated to growing connectivity to, from and within the African continent in line with the principles of the Single African Air Transport Market (SAATM)," concluded Uirab.

Lofdal project set to **Transform** the Kunene region

Namibia Critical Metals which is developing the Tier-1 Heavy Rare Earth Project, Lofdal - a major rare earth deposit containing dysprosium and terbium – will envisage to employ 500 in its construction phase while the production phase will have a permanent workforce of around 200, becoming a real economic driver for Namibia's Kunene Region. As a result of the 2020 drilling programme and the issuance of a 25-year mining license by the Namibian government, the company has updated the PEA and is starting down the path of a pre-feasibility study (PFS). Namibia Critical Metals believes it will be able to accelerate through the PFS stage quickly and cost-effectively by leveraging the PFS-level quality work it has done for the PEA. The company expects to publish the PFS, which is funded by its JOGMEC partners, in Q1 2024 and then progress to the definitive feasibility study (DFS) and a construction decision.

The company is anticipating a start in production in 2026. "By the time our project is ready to go into production, we anticipate having multiple options for metal separation available and are actively exploring all options," Darrin Campbell, President of Namibia Critical Metals Inc., said. Global demand for dysprosium and terbium Demand for these critical metals used in permanent magnets for electric vehicles (EVs), wind turbines, and other electronics is driven by innovations linked to energy and technology transformations. The geopolitical risks associated with sourcing many of these metals has become a repeated concern for manufacturers and end users. Namibia is a proven and stable mining jurisdiction. The Lofdal Project is fully permitted with a 25-year mining license and is under a joint venture (JV) agreement with the Japan Organization for Metals and Energy Security (JOGMEC).

Lofdal is a dysprosium and terbium rare earth deposit and one of only two xenotime-type heavy rare earth deposits under development in the world. Namibia Critical Metals published a maiden resource in 2012 and an initial preliminary economic assessment (PEA) two years later, but it was the work done in the last two years that established Lofdal as one of the richest dysprosium and terbium deposits in the world, outside of China. A very valid criticism in the past was that the project was too small, with a resource of only 6 million tons and a life of mine of seven years. These early criticisms have been completely dispelled. After a significant drilling campaign in 2020, Namibia Critical Metals increased the size of its resource from 6 MT to an impressive 53 MT, with 4.7 million kg of contained dysprosium and 725,000 kg of terbium.

Dysprosium and terbium, alongside neodymium and praseodymium (NdPr), are critical metals required in the making of permanent magnets for EV motors. Historically, China has had a stronghold on this market. Japan is ahead of other Western economies in terms of limiting that overwhelming dependence on China, but North America and Europe are

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starting to catch up in the scramble to wean off from Chinese supply.

Strong Partnership

In 2020, Namibia Critical Metals entered a transformational transaction with the Japan Organization for Metals and Energy Security (JOGMEC), a state agency with a multi-billion-dollar annual budget and a mandate to secure the supply of natural resources for Japanese industry. A decade ago, JOGMEC did a JV with a little-known light rare earth Australian explorer that is now one of the largest rare earth companies in the world – Lynas Rare Earths. After funding Lynas with over $300m to date to secure supply of light rare earths, JOGMEC has turned its eyes to Lofdal as a potential long-term supplier of dysprosium and terbium. Japan is the biggest consumer of dysprosium after China.

Under the JV agreement, JOGMEC can fund C$20m in exploration and development, with the right to earn a 50% interest in Lofdal. JOGMEC can also purchase another 1% for a controlling stake, at which stage Namibia Critical Metals can either participate at 49% or dilute to a carried working interest of no less than 21%. Besides securing project financing, possibly with no further dilution for shareholders, through this transaction the company is also receiving an operator fee that covers many of its overheads.

In April, the company announced that its JOGMEC partner has committed additional funds to the ongoing exploration and development programme, now totalling C$10,375,000 through to 31 May 2023, which satisfies the Term 2 Expenditure requirement of C$10m to earn the first 40% interest in the Lofdal Project.

The company is currently completing a corporate restructuring to facilitate JOGMEC's holding of its initial 40% interest in the Lofdal Rare Earth Project as it moves into Term 3 of the agreement in June 2023.

Campbell said: "Our joint venture with JOGMEC has delivered tremendous results with a six-fold increase in our resource, securing a 25-year mining licence, and delivering a very robust preliminary economic assessment in November 2022 for a much larger planned mining operation. We firmly believe that Lofdal will be a globally significant source of heavy rare earths.

"Most rare earth projects contain mainly light rare earths, meaning that they can produce little or negligible amounts of dysprosium and terbium."

Another advantage is the actual location of the rare earth deposit. One of the biggest challenges for the rare earth industry is China's continued stranglehold and dominance both in the supply of natural resources, as well as processing. The geopolitical risks associated with sourcing many of these metals have become a repeated concern for manufacturers and end users. By way of contrast, Namibia is a stable mining jurisdiction that supports and recognises the importance of mining to the country. "There is little mining activity in north-western Namibia and the discovery of a rare earth deposit in this region would have significant economic benefits for the local population. We have established excellent relationships with all levels of government, as well as with the wider community in which we work," added Campbell.

"We have always put a major focus on local employment and supporting the communities in which we work; we have a very strong ESG and Corporate Outreach Programme in Namibia."

Social projects include support for a local orphanage and the recent establishment of an early learners' programme to support children's education.

In Namibia, Kelp Forests Help Lock Up Planet-Heating Carbon

Lüderitz's riches used to be buried deep underground, but a pioneering kelp farming project off its craggy coast promises to bring new, greener opportunities to the former diamond mining town in southern Namibia.

The pilot run by a Dutch startup grows giant kelp to lock away planet-heating carbon dioxide, harvesting some of it to make products from cosmetics to biodegradable food packaging and biostimulants used to boost crop yields and drought resilience. Diamond giant De Beers is one of the companies that has signed up for potential carbon credits from the project as it strives to reduce emissions in the years ahead.

It is also helping fund Kelp Blue's work to develop a method to measure carbon storage by offshore kelp, needed to generate credits. But the Lüderitz project brings other benefits, too, said Daniel Hooft, 48, a former offshore engineering specialist at oil major Shell who jointly founded Kelp Blue in early 2020 as COVID-19 spread around the world.

"Underwater, it's a big forest full of creatures … it's really teeming with life," Hooft, the company's CEO, told Context on the deck of a boat used to monitor the offshore kelp forests.
Giant kelp, the biggest of the brown seaweed varieties, can boost marine biodiversity and protect wildlife, research has shown - and the Benguela ocean current that flows off the shores of Lüderitz offers ideal conditions for growing it. The kelp grows up from the seabed, about 10 metres (33 feet) deep, to the surface, forming towering canopies of "beautiful green, golden, photosynthetic leaves", said Hooft.

So far, Kelp Blue has grown two forests off the rugged coast of Lüderitz. Since December, its team of marine biologists and divers has also set up an experimental kelp forest in Shearwater Bay. By regularly harvesting the top of the kelp's canopy, the company hopes eventually to produce 150 tonnes of giant kelp per hectare each year to supply its processing department.

Green jobs

In a country where youth unemployment is as high as 50%, with few skilled jobs for marine experts, the project has also turned the far-flung southern town into an unlikely beacon for green jobs.

Iriya Jona, 27, a fisheries studies graduate, was selling her own clothing

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designs at a market hundreds of miles away in the capital, Windhoek, when she was offered a job by Kelp Blue in Lüderitz about 18 months ago. She had tried to set up her own seaweed startup for years, but bureaucratic hurdles meant she never managed to acquire the permits. Today, Jona leads a team of several employees. "Initially we thought only 25 people would be hired. Now, we have around 42 employees in Lüderitz. And we are expanding," said Jona, one of numerous local marine biologists to find jobs in the town, also the site of a company laboratory.

Laetitia Heita, 27, supervises the biosystems laboratory and is responsible for a team of four biology interns.

In the hatchery, seaweed spores are grown under conditions similar to the open sea, to achieve greater success rates for when the young algae plants are released into the Atlantic waters. "It's a cool space to work in," said Heita, who studied chemistry and, like Jona, has been learning to swim for her new job. Some of Kelp Blue's Namibian employees may help the company to establish more kelp forests in New Zealand and Alaska, the next locations it hopes to set up in.

How does kelp reduce CO2?

Jona hopes her work in the processing department could help Namibia's drought-stressed farmers through the production of biostimulants designed to make crops more resilient to droughts - expected to become more frequent and severe due to climate change - and to boost yields. "Crop resilience against drought is particularly strong for potatoes, row crops and things like grapes, nuts and high-value crops," Hooft said of the company's seaweed extract biostimulant.

A 2020 study researched the effect of biofertilization with macrocystis pyrifera algae extracts on how seedlings adapt to a water deficit, highlighting improved plant growth and protection from stress. That means kelp forests could play a twin role in efforts to fight climate change.

Researchers say they act as giant carbon sinks and can help curb global warming by sucking carbon dioxide from the atmosphere and locking up that carbon in the ocean. In a recent research paper, the U.N. Environment Programme (UNEP) calls kelp an "important nature-based solution … to tackle climate change" because of its ability to store carbon. The report also cites its potential to generate "blue carbon" credits. Blue carbon is the carbon captured and sequestered by marine ecosystems - and the credits generated by projects to protect, restore and expand these environments are in high demand.

For now, however, while work on the carbon methodology continues, Hooft said boosting biodiversity and contributing to social transformation are central to the project's ambitions.

He wants to build a natural swimming pool in Lüderitz to teach children to feel comfortable in the ocean, and is inviting undergraduates from the University of Namibia to gather data from the kelp forests.

"What we're building here from day one is a company, as it should be, which is diverse and inclusive. It's really about how we create the companies of the future."

KEETMANSHOOP

LABORANDO VINCEMUS

TID Rollover Countdown to 2024

Is your prepaid meter reset?

WHAT IS TID ?

- A unique token identifier (TID) is calculated and coded into the token every time a token is created at the POS.
- The TID is currently calculated as the number of minutes that have elapsed since a base date of 1993.
- The meter records the TID when the token is entered into the meter - this prevents token replay.
- Think of your car Odometer rolling over to zero.

LIMITATIONS OF TID?

- The TID has a limited range of 31.9 years.
- On 24 November 2024 the TID will reset (roll over) to zero.
- Any new tokens after this date will not be accepted by the meter as the meter will consider these as being "OLD".

WHERE TO START?

- The remedy is to clear the meter's memory of previously accepted TIDs and to change the meter's cryptographic key at the same time in order to prevent token replay
- We need to ensure that all meters be "key changed" to continue working.
- This process involves 2 Sets of 20-digit tokens being inputted into the existing meter.
- Keetmanshoop Municipality will utilize a dedicated field-service team (with identification) to visit each meter **(between October 2022 and December 2022)** and then enter the key change token pair.

For any queries,
Please contact the KEBU admin office at +264 63 2212 21
or email to info@khpmun.com

#TIDRolloverCountdownTo2024

Facilitating Msme Participation In Intra-Africa Trade Through Value Chains: Case Study Of Namibia

By Maria Immanuel

One of the principles of the African Continental Free Trade Area (AfCFTA) is the 'preservation of the acquis' which provides that the Regional Economic Communities' Free Trade Areas (REC FTAs) are the building blocks for the AfCFTA. In the case of Namibia, the role of the SACU (customs union) and the SADC Trade Protocol as instruments for facilitating cross-border trade for Micro, Small and Medium Enterprises (MSMEs) are key building blocks for the AfCFTA.

Effective implementation of the AfCFTA: tariff liberalization, trade facilitation, the provisions of the Phase 2 and Phase 3 Protocols – including the Women and Youth in Trade Protocol and the Digital Trade Protocol - as well as freer movement of businesspersons are all essential for MSMEs to benefit from the new preferential market opportunities. The agreement has already entered into force, but negotiations on tariff concessions and Rules of origin (RoO) are still ongoing. A pilot programme - the Guided Trade Initiative (GTI) - was launched in October 2022 to test the operational instruments of the AfCFTA. Eight State Parties are trading select goods for which the RoO have been agreed. This pilot is currently under review to assess challenges and how these can be addressed to assist with the full implementation of the AfCFTA.

To assess the level of readiness of Namibian traders and more generally, traders in the SADC region, to take up AfCFTA trade opportunities, it is important to highlight what the SADC FTA has achieved. The SADC FTA member states (13 of the 16 SADC member states belong to the SADC FTA) have achieved more than 85% of tariff liberalisation. Do MSMEs benefit from this liberalization, especially valued added trade? Trade data for Namibia's intra-SADC and intra-Africa trade, reveals primarily exports of primary products such as livestock and minerals. Key markets are Zambia and Botswana for minerals and South Africa for livestock and other agricultural produce. For food imports, Namibia's largest sourcing market is South Africa – accounting for 90% of value-added products. For South Africa, Namibia and the other SADC countries are key export markets.

What needs to be done to support MSMEs in SADC and Africa?

I.Trade Compliance

Traditional capacity building on how to start a business and how to

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manufacture products has been a success for the many MSMEs registered and operating in Namibia and the SADC region. However, to upscale for cross-border trading under the AfCFTA, much more capacity on trade compliance is required. Many MSMEs trade informally along the Namibia-Angola borders and Namibia-Zambia borders, because they are not aware of, or able to meet the technical requirements to trade formally across borders. In most cases, they require an import permit, perhaps a police declaration and in some cases a fee of not more than 17USD to import. Namibia's import permits are obtained online from the Ministry of Industrialization and Trade (MIT), for free.

Secondhand clothing is much traded between Namibia and Angola and Zambia, particularly by women and young people. To import secondhand clothing from Angola and Zambia, an import permit, a fumigation certificate, and police declaration are required. With the recent decision by AfCFTA negotiators to ban second-hand clothing trading on the continent to increase manufacturing in the clothing and textile sector on the continent, how does it affect this existing trade? Many MSMEs are unaware of these requirements, and this means that they are trading illegally across the border. This creates fear associated with police operations as products are confiscated and traders are apprehended.

Many traders are also exploited by so-called 'briefcase officers', claiming to help move their products across the border by charging exorbitant fees compared to what would be paid to the authorities through the compliance route. Other compliance issues include packaging, labelling, food safety standards etc. Compliance should not be about control and regulating but also facilitating. Many needs be done to support MSMEs to become formal, compliant traders.

II.Rules of Origin

The 85% tariff liberalization under the SADC FTA offers opportunities to the MSMEs provided they meet the Rules of Origin (RoO) of the Trade Protocol. Many MSMEs are manufacturing great products, however, they are not aware of the applicable rules to benefit from tariff preferences under the SADC FTA. Consider the importation of ground nuts from Zambia by a small peanut butter manufacturer in Namibia; the Most-Favoured Nation (MFN) import duty is 10%. Under SADC preferences, it is duty free. For the small manufacturer to be able to import the ground nuts duty free, to be used as inputs into manufacturing, the ground nuts must originate in Zambia. Because it is an agricultural product, it must comply with the wholly obtained rule of origin, which is one of the straightforward rules of origin criteria. But for MSMEs lack of information about the RoO may well constitute a non-tariff barrier.

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III.Intellectual Property Rights

Cross-border MSME value chains face tough competition from global imports; branding can play an important role to support regional MSMEs. The cosmetics value chain in Namibia has significant potential - in SACU, SADC and under the AfCFTA. The Namibian cosmetics sector has seen gradual success in both the emergence of companies and expanding the variety of products and with MSMEs achieving Good Manufacturing Practice (GMP) under the national standards institution. The GMP is critical because the cosmetics sector, just like the food sector, is a highly regulated sector, with priority to safeguard human health and safety.

The AfCFTA Intellectual Property Rights Protocol (IPR) is important not only to protect intellectual property rights in product development and innovation, but for building brands which can compete on the continent. Awareness of IP rights is important so that MSMEs in cross-border trade can register their patents, formulas, designs, copyrights, and trademarks. There is much to do to stimulate open innovation and building of brands to attract investment for growth and expansion of MSMEs.

IV.Pricing & Competitiveness

Many MSMEs lack basic understanding of effective pricing for their products and services. In Namibia there has been a rise in complaints about high prices of locally made products, which are struggling to compete with lower priced imported products. If an average price for an imported bar soap is under USD1, but the locally manufactured bar soap sells at around USD3, then it becomes difficult to move local products off retail shelves. Product development, branding – including telling the story of the local product – are essential to secure share of these competitive markets. During a Trade Compliance training hosted by Trade Africa on 24th April 2023, in Windhoek, Patricia Hangula, CEO at GS1 Namibia and former sourcing manager for ShopRite Namibia, noted the importance of targeting the appropriate consumer market segment. Understanding market segmentation and demographics are key to compete effectively in these complex markets, and to price effectively. In a nutshell, pricing is a key component in determining the competitiveness of MSMEs to trade in domestic markets and to engage in cross-border trade. MSMEs need information and training to become export-ready, including to determine compliance costs, including logistics, to deliver a product, affordably – and to price competitively.

V.Supply – Chain Management

Understanding the supply-chain is essential for MSME manufacturers to access markets, both domestic and foreign. Namibia launched in 2021, GS1 Namibia, a national institution that offers a barcode and supply chain management services, with the objective to secure shelf space in retail chains. The supply chain is automated to facilitate transparency and efficiency and the barcode carries metadata required for decision making throughout the supply chain. Supply chain management is also important in the rules of origin compliance process, as it allows a manufacturer to capture key data points required necessary for securing compliance. The challenges for MSMEs are understanding the supply chain system and costs of building a good supply chain management system.

In conclusion, these are important considerations in the design of support initiatives and interventions for cross-border MSMEs, to unlock AfCFTA benefits. According to Erasmus(2021) [https://www.tralac.org/blog/article/15085-afcfta-parallelism-and-the-acquis.html], the AfCFTA decisions about maintaining existing benefits under the trade regimes of the RECs, makes sense, as they are the result of deliberate economic integration over time. A key border for Namibia's MSMEs is Angola, however, since Angola is not a member of the SADC FTA has undermined the potential of cross border trading between the two countries. It may well be that trade under the AfCFTA between Namibia and Angola becomes possible before trade under the SADC FTA!

Maria Immanuel

I train MSMEs in trade compliance and building an intra-Africa marketplace, please visit www.tradecfta.com
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Green shoots emerge in Meatco's quest for recovery

Meat Corporation of Namibia (Meatco) performed favourably in May and June by generating around N$297 million in revenue for the two months, the company has revealed.

In a statement, the company attributed the resurgence to the increased cattle numbers coming through the Windhoek Abattoir which could indicate a significant turnaround in the business of the Corporation.

Meatco believes that continuing this trend is likely to lead to a consolidated recovery year for the financial year running from January 2023-February 2024.

"Meatco's aims to accomplish its commitment of paying producers on time while managing and paying suppliers to ultimately maximise returns from the lucrative niche markets we market our premium meat products. Going forward, Meatco projects another profit for July 2023," the company said.

Meatco slaughtered a total of 38, 401+ animals with 2,079 slaughtered from the Northern Communal Area (NCA) and 36,322 SVCF as of end July 2023. The average slaughter weight for January was 250.3 kg and the average price was N$58. 84. In February, the average weight slaughtered was 259.96 kg against an average slaughter price of N$60.30 while in March the average weight was 250.36 kg with a N$60.31 average slaughter price.

Additionally, for April an average weight of 251.64 kg was slaughtered with an average price of N$60.24 paid to producers whereas in May the weight was 253.22 kg with a N$59.67 average price paid for the month. For June, the average slaughter weight was 253.63 kg while the average price was N$60.13 Meatco has budgeted to slaughter 50, 000 animals SVCF and

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10, 000 NVCF for the 2023/24 financial period.

Livestock Procurement and Production

According to the Meat Board of Namibia (MBN), during the second quarter of 2023, livestock and meat marketing rebounded. The growth was mainly, driven by the increase in exports at the export abattoirs. Cattle marketed increased from 78,212 head of cattle representing an increase of 8.0% of total cattle marketed during the second quarter of last year.

The ratio between live exports and slaughtering in the country improved with 53.0 percent of all cattle marketed being slaughtered at A, B & Class abattoirs while live exports market share reduced and averaged 47.0 percent, a decline of 5.9 percent of total marketing. Market signals appear to be well-functioning in the livestock and meat industry as producers responded well to relatively attractive prices offered by A-class abattoirs. The Namibian B2 producer prices paid by export approved abattoirs South of the Veterinary Cordon Fence (SVCF) averaged N$61.06/kg, a 0.5 percent increase from the average N$60.77/kg paid last year during the same period.

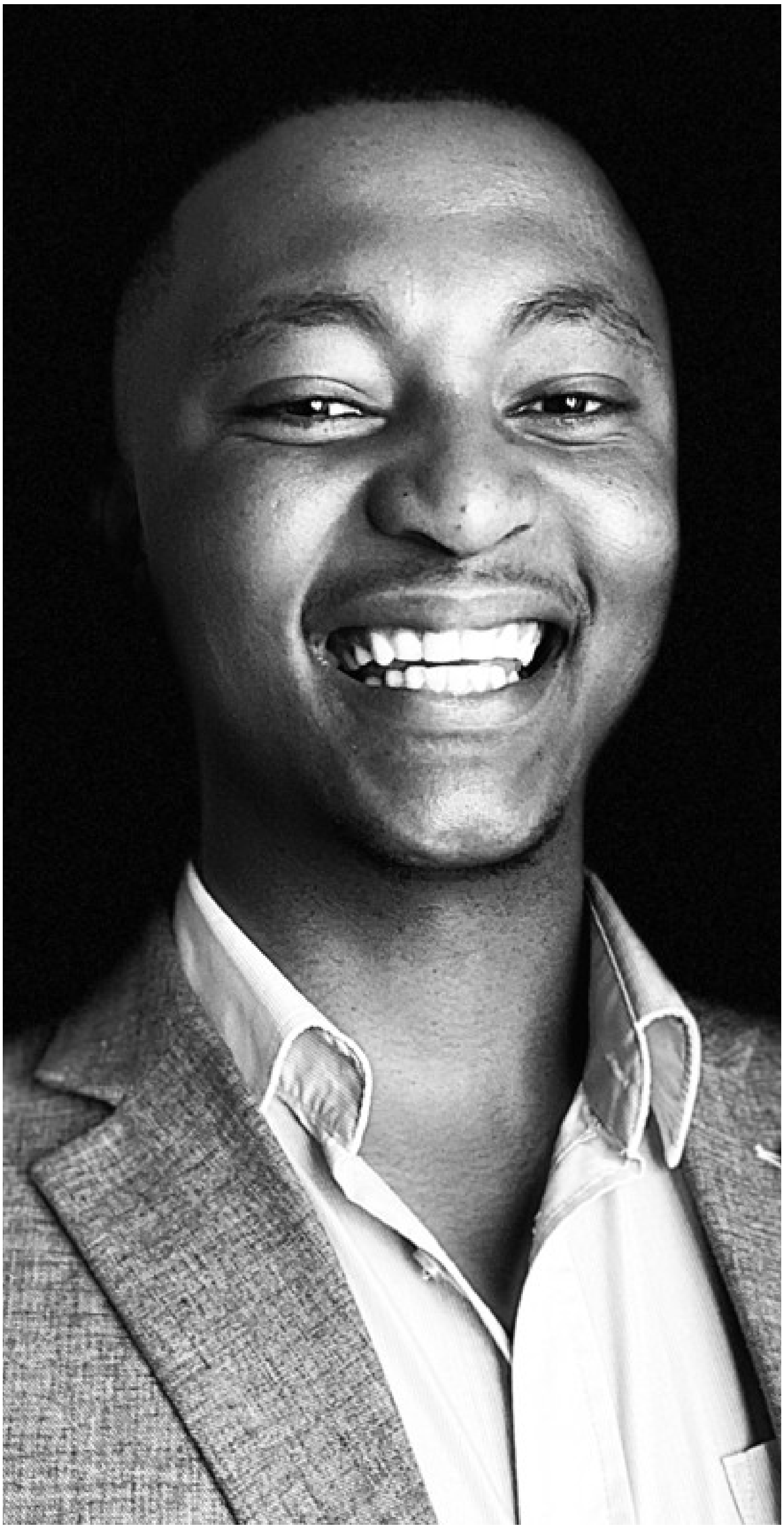
Marketing

The total marketed volumes for the period January-June 2023 were 5,515 metric tonnes which generated a total value of N$444 million derived from Local, Regional and International Markets.

The Ministry of Industrialisation and Trade (MIT) in collaboration with the Meat Board of Namibia (MBN) approved a quota allocation of 75% (1,200 tonnes) to Meatco for the export of beef to the lucrative Norwegian Market during the year 2023. Meatco has thus far filled the quota with 893 metric tonnes as of the end of July 2023. The quota has been effective from 01 January 2023 and must be fulfilled before 31 December 2023 while subject to Standard Operating Procedures (SOP) for the fulfilment of the Norway Beef Quota as issued and updated by the MBN sporadically.

What Does **ESG** Mean For **Oil & Gas Sector?**

By Rewaldo Quest



For international oil companies ("IOCs") to develop oil and gas fields sizable funding is required, however, there has been a noticeable trend by some financial institutions who announced that they will no longer fund oil and gas projects.

For example, in December 2022, the global banking and financial services company HSBC resolved to no longer provide financing for new oil and gas projects and new metallurgical coal mines. On 11 May 2023, the Paris-based global bank BNP Paribas followed suit and announced that it will end its direct financing for new oil and gas fields. A study titled "Banking on Climate Chaos" found that between 2021 and 2022, loans and underwriting bonds and equities to IOCs declined by USD128-billion.

There is no doubt that this trend is driven by commitments made by nearly 200 countries in the Paris Agreement to decarbonise and achieve net zero by 2050. However, the transition to a decarbonised economy will take time and questions around baseload power will remain until there is sufficient renewable energy capacity and enhanced and scalable battery capability. The production of renewable energy and related battery power at the scale required to decarbonise the world economy will require significant finite resources such as lithium, nickel, cobalt, copper and rare earth elements. Unless there is a significant technological breakthrough, these

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constraints may increase the length of time it will take to fully decarbonise the world economy.

In Namibia, there is a drive to promote both renewable energy and the oil and gas sector. Hyphen, a company that specialises in renewable energy, was awarded the contract to develop a USD10-billion project to produce 350,000 metric tons of green hydrogen per year, from a 7GW of renewable generation capacity and a 3GW electrolyser. This project enhances Namibia's ability to meet its nationally determined contribution towards achieving net zero by 2050 in line with the Paris Agreement. In the oil and gas sector, significant oil discoveries were made in the offshore Orange Basin by Shell Namibia and Total Energies on the Namibian Coastal line, which is estimated to have 11 billion barrels of oil reserves. The aforesaid oil discovery, although significant, may be seen as hindering the achievement of the 2050 carbon net zero goal in terms of the Paris Agreement.

To not be shut out of further available funding opportunities arising from the application of environmental, social and governance ("ESG") considerations, the question is what can IOCs do to align with the ESG global trends?

IOCs can invest in renewable energy projects from the proceeds made from fossil fuels

According to the International Energy Association's 2021 Global Energy Review, renewable energy grew by 3% in 2020, inclusive of a 7% increase in electricity generation from renewable sources. The market growth of the renewable energy sector has made renewable energy a financially viable option to invest in. IOCs can invest in renewable energy projects and diversify their exposure away from a concentrated carbon portfolio of assets.

IOCs can develop ESG policies and frameworks

Companies are compelled by financiers to be transparent and to disclose ESG governance policies and frameworks. They are also required to utilise metrics, screenings and reporting standards to track ESG initiatives and account to stakeholders.

In Namibia, there is no hard law on ESG policies and frameworks, although the Corporate Governance Code for Namibia ("NamCode") provides a list of best practice principles to guide directors to make informed decisions that concern ESG-related issues. The

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NamCode specifically highlights that –
"the company is so integral to society, it is considered as [...] a natural person who has citizenship. It is expected that the company will be [...] a responsible citizen. This involves social, environmental and economic issues [...] in which companies in fact operate. Boards should no longer make decisions based only on the needs of the present because this may compromise the ability of future generations to meet their own needs"
The board of directors is responsible for considering the ESG interests and expectations of the company's stakeholders in its deliberations, decisions and actions. Having board-level ESG policies and strategies enhances the ability of the board to discharge its fiduciary duties to promote ESG objectives.
ESG disclosures on risks and impacts
Directors and asset managers are required to report on ESG initiatives in their annual reports by company shareholders and fund investors. The NamCode encourages Namibian companies to prepare integrated reporting to capture ESG initiatives. Under the Companies Act, of 2004, boards of directors are obligated to maintain financial reporting standards which are essential for corporate transparency and accountability to ensure consistent disclosure of information among public companies as it allows investors, creditors, analysts, regulators, and other stakeholders to compare financial statements for investing purposes. Financial institutions and investors see the annual reporting of public companies and institutions as a vehicle for directors to report on ESG risks and impacts.
Examples of voluntary ESG reporting standards that can be utilised by IOCs. include:
Code for Responsible Investing in South Africa
United Nations Principles for Responsible Investment
Sustainability Accounting Standards Board and Global Reporting
Global Reporting Initiative
Task Force on Climate-related

Financial Disclosures

the latest IFRS - ISSB inaugural global sustainability disclosure standards
For the foreseeable future, there is likely to be a place for the Namibian oil and gas sector to provide baseload and allow for a gradual transition in line with the Paris Agreement. But there are actions that IOCs can take to ensure greater alignment with the megatrend of understanding and disclosing ESG risks and ESG related impacts. This will make IOCs more competitive when seeking to attract sustainable finance from those jurisdictions whose taxonomies or policies allow for funding of the oil and gas sector.

Rewaldo Quest is an Associate at ENSafrica Namibia

Reviewed by Wolf Wohlers, an Executive at ENSafrica Namibia

Low Credit Uptake By **Private Sector** Could Improve **Only Next** Year

Research firm, Simonis storm has said that due to due to uncertainty around interest rates, clients are hesitant to sign loan agreements and are waiting to see where interest rates are headed before taking on debt to start their projects.

Subsequently therefore, the firm expects potential pipeline of projects to boost credit uptake by the private sector only from the first half of 2024 onwards as the firm believes Namibia is near the end of the rate hiking cycle and might see the last repo rate hike in October 2023.

"While some banks rightfully argue that Namibia only has so many people and businesses to extend loans to, at some point much needed investment in the country will have to take place.

The economy's capital stock and investments across various industries have been growing at a slower pace than the depreciation of capital.

"This can be detrimental for medium- to long-term economic growth given the high correlation (0.7) between economic growth and credit extension. Low credit uptake by the private sector does therefore seem concerning for short-term economic growth.

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However, some banks have indicated that they have a strong pipeline of bankable projects in the tourism, mining, transport and energy sectors," explained the firm in a report released recently.

In sharing further, the firm said that according to engagements with stakeholders at various private banks, demand for vehicle loans have decreased due to higher interest payments (dropping by about 7% y/y for some local banks).
Local dealerships have indicated that many vehicles are purchased with cash and by rental companies in the effort to prepare for higher tourist demand.

"Similarly, since monetary policy became restrictive, building plans received, declined on average by 17.0% y/y across the months of March to June 2023. This implies that higher interest rates have led to individuals delaying building activity. We therefore expect further downward pressure on construction activity in the near future. Additions or alterations dominate the building plans that are being approved in recent months, but these projects are typically smaller in scale and require smaller loans to complete," said the firm.

Growth in credit extended to the private sector in June 2023 was mainly driven by increased demand for credit by households (up 5.3% y/y), while corporates were net repayors of their debt for the 3rd consecutive month (down 0.1% y/y). Businesses were net repayors of mortgage loans (down 5.9% y/y), and other loans and advances (down 4.2% y/y) by corporates in the services and health sector according to Bank of Namibia (BoN).

At the same time, businesses remained net borrowers of instalment and leasing credit (up 15.7% y/y) and overdrafts (up 9.4% y/y). Growth in overdrafts and instalment and leasing credit was driven by businesses in the services, manufacturing and construction sector. Credit extended to households – which makes up 55% of the total credit in the private sector – was driven by other loans and advances (up 15.9% y/y), instalment and leasing credit (up 4.2% y/y) and mortgage loans (up 3.3% y/y). Personal loans and the use of credit cards carried the momentum for household credit in June 2023. Interestingly, households were net repayors of overdrafts (down 4.2% y/y), a persistent trend since mid-2022.

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