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THE BRIEF

News Worth Knowing

BoN orders banks to cut gap between repo and lending rates

WEDNESDAY 02 JULY 2025

MAIN STORY

BoN orders banks to cut gap between repo and lending rates

The Bank of Namibia (BoN) has directed all commercial banks to narrow the gap between the repo rate and lending rates by 25 basis points in two stages before the end of the year.

"In my capacity as Acting Governor and under the power vested in the Bank by section 3(1) of the Banking Institutions Act, 2023 (Act No. 13 of 2023), I hereby issue the Notice BIA: 1/2025 – Reduction of the Spread Between the Prime Rate, Mortgage Rate and any other Lending Rate and Repo Rate," said Bank of Namibia Acting Governor Leonie Dunn.

The reduction, according to the central bank directive, must be executed in two stages: 0.125% by 30 September 2025 and a further 0.125% by 31 December 2025.

Banks are required to confirm the implementation in writing, submitting an

Crucial Dates

- **Bank of Namibia Monetary Policy announcement date:**
  * 13 August 2025
  * 15 October 2025
  * 3 December 2025

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official acknowledgement signed by their chief executive.

Max Rix, Head of Investment at Simonis Storm, said the apex bank's directive would have a measured impact on the financial sector and the wider economy.

"From a banking perspective, this directive will narrow net interest margins on prime- and mortgage-linked credit, modestly diluting interest income. However, given the robust capital adequacy and liquidity of Namibian banks, the sector remains well positioned to absorb this adjustment without any systemic risk," he told The Brief.

Rix noted that while banks might face short-term profit compression, the move is primarily regulatory rather than stimulatory.

"This action does not represent a traditional monetary easing, since the repo rate itself remains unchanged. Instead, it is best understood as a regulatory recalibration to enhance monetary policy transmission by lowering borrowing costs, ensuring that prior policy rate movements filter through more fully to end-users," he said.

Rix added the measure aims to reduce debt servicing pressures and encourage lending amid subdued private sector credit growth.

"For consumers, the mandated reduction in lending rates will deliver a degree of relief on variable-rate facilities, strengthening household cash flows and supporting consumption resilience," he said.

According to Rix, the phased approach provides borrowers with a predictable path to lower repayments, helping stabilise non-performing loan ratios.

He said the policy broadly supports household and SME balance sheets, improves credit affordability, and marginally enhances Namibia's competitiveness within the regional monetary framework.

"Provided banks comply in good faith, the measure should advance financial stability objectives without materially compromising banks' soundness," he said.

The Bank of Namibia's move follows calls from Governor Johannes !Gawaxab last month for commercial banks to reduce their prime lending margins to levels consistent with other Common Monetary Area (CMA) countries.

Currently, Namibia's margin stands at 3.75%, while countries such as South Africa and Lesotho maintain a 3.5% spread between the repo rate and the prime lending rate.

Foreign investment into Namibia surges to US$11 billion

Namibia's inward foreign direct investment (FDI) stock rose to US$10.995 billion in 2024, up from US$9.2 billion in 2023, according to the United Nations Conference on Trade and Development (UNCTAD).

The data, published in UNCTAD's World Investment Report 2025, shows a marked increase from US$3.595 billion recorded in 2010, reflecting growing international investor confidence in the country.

Namibia's outward FDI stock also posted steady growth, rising from US$768 million in 2023 to US$854 million in 2024.

In comparison, outward investment stood at US$722 million in 2010 and just US$45 million in 2000, the report stated.

UNCTAD further noted a significant uptick in greenfield investment activity. The value of greenfield FDI projects announced in Namibia reached approximately US$2.2 billion in 2024, up from US$1.2 billion in 2023 and US$576 million in 2022.

Namibia's best year for greenfield FDI remains 2021, when projects valued at US$4.6 billion were recorded. Earlier highs included US$1.8 billion in 2008 and US$1.5 billion in 2009, according to the report.

In terms of project numbers, UNCTAD said Namibia recorded 19 greenfield FDI project announcements in 2024, the highest on record since 2017, when 23 projects were announced. This compares to 10 projects in both 2022 and 2023.

"The upward trend in investment reflects renewed interest in Namibia's mining, energy, and infrastructure sectors," UNCTAD said, adding that this has occurred despite ongoing global economic uncertainty.

Namibia downgraded to lower-middle-income country

Namibia has been reclassified from an upper-middle income to a lower-middle income country, according to the latest World Bank's FY26 income classification update.

Namibia is the only country globally

to have moved down an income group in this year's review.

"Namibia was the only country whose classification moved downward this year, from the 'upper-middle income' to the 'lower-middle income' category," the World Bank said in its report.

The reclassification follows a slowdown in economic growth.

The World Bank reported that Namibia's GDP grew by 3.7% in 2024, down from 4.4% in 2023, citing a sharp contraction in the mining and quarrying sector as a major factor.

Growth in the sector dropped from 19.3% in 2023 to a decline of 1.2% in 2024, which the report attributes to "weak global demand for diamonds".

Inflation, measured by the GDP deflator, also slowed significantly — from 6.6% in 2023 to 3.3% in 2024, the World Bank noted.

The classification is based on a country's Gross National Income (GNI) per capita, calculated using the Atlas method.

The World Bank updates the income categories annually and uses them to track global development trends and guide policy.

"The updated country income classifications for FY26, based on the Atlas GNI per capita of 2024, are available. They reveal shifts due to changes in Atlas GNI per capita and classification thresholds," the report noted.

The World Bank added: "Policymakers should consider these classifications when designing economic policies and strategies. Understanding the factors influencing income classification can guide efforts stimulating economic growth, help manage inflation, and enhance integration into the global economy."

Globally, the report highlights improvements in various regions.

In Sub-Saharan Africa, the share of low-income countries declined from 75% to 45%, with one country reaching high-income status.

South Asia saw all its countries move out of the low-income group into lower- or upper-middle income categories by 2024.

DBN secures Green Climate Fund accreditation

The Development Bank of Namibia (DBN) has been officially accredited by the Green Climate Fund (GCF), a move expected to improve Namibia's ability to access international climate finance.

The accreditation was confirmed during the 42nd meeting of the GCF Board, where DBN was announced as one of eight newly accredited entities worldwide.

According to the GCF, Accredited Entities "partner with GCF to implement projects" by converting climate project concepts into action in line with GCF investment frameworks and the priorities of developing countries.

"They work alongside countries to come up with project ideas, and submit funding proposals for the GCF Board to approve," the Fund said.

The accreditation concludes a six-year effort by DBN and is regarded as a significant milestone for Namibia, which remains highly vulnerable to the impacts of climate change.

Through the GCF, DBN will now be able to access a range of concessional finance instruments, including grants, loans, equity, and guarantees.

As part of the accreditation process, DBN developed key institutional tools such as its first Blended Finance Framework and a Grant Management Policy, both of which will guide the bank's climate finance operations going forward.

In addition to unlocking funding, the accreditation is expected to strengthen DBN's institutional capacity, particularly in areas such as governance, fiduciary oversight, and environmental, social and gender safeguards.

Managing business risks by Namibian SMEs for sustainability

By Stefanus Reitz

Small and Medium Enterprises (SMEs) play a crucial role in Namibia's economy, contributing significantly to employment and GDP. According to recent statistics, Namibia has approximately 15,000 registered MSMEs, with estimates suggesting there are over 40,000 SMEs supporting the livelihoods of more than 200,000 people.

Additionally, SMEs contribute around 12% to Namibia's GDP, highlighting their importance in economic growth. However, many SMEs face substantial risks that threaten their sustainability, making effective business risk management essential for long-term success.

Importance of Business Risk Management

> "Namibian SMEs encounter various challenges that can hinder their growth and sustainability.

Risk management helps SMEs anticipate potential threats, minimize financial losses, and improve decision-making. Without a structured approach to risk mitigation, businesses may struggle to survive economic downturns, regulatory changes, or operational disruptions. Given that the informal sector—primarily composed of small businesses—employs 58% of Namibia's labor force, equivalent to about 420,000 people, managing risks effectively is crucial not just for business owners but for the broader economy.

Implementing a risk management strategy enhances business stability and fosters investor confidence.

Common Business Risks Faced by Namibian SMEs

Namibian SMEs encounter various challenges that can hinder their growth and sustainability. Some of the most prevalent risks include:

1. Financial Constraints – Limited access to financing remains a major hurdle for SMEs, affecting their ability to expand operations.

Approximately 90% of Namibian SMEs fail within their first five years due to financial and market access challenges.

2. Regulatory and Compliance Issues – Navigating complex legal requirements can be difficult, leading to penalties or operational disruptions.

3. Market Competition – SMEs often struggle to compete with larger, established firms that have greater resources and market influence.

4. Economic Volatility – Fluctuations in the economy, such as inflation and currency depreciation, pose financial risks to SMEs.

Strategies to Mitigate Business Risks

To enhance sustainability, Namibian SMEs can adopt several risk management strategies:

1. Financial Planning and Diversification – SMEs should explore alternative financing options, such as venture capital funds and government-backed initiatives.

The Development Bank of Namibia (DBN) has established a venture capital fund to support SMEs with growth potential.

2. Regulatory Compliance and Training

– Staying informed about legal requirements and investing in compliance training can prevent costly penalties.

3. Competitive Positioning – Differentiating products and services through innovation and quality can help SMEs stand out in the market.

4. Infrastructure Investment – Partnering with local development programs to improve access to essential infrastructure can enhance operational efficiency.

5. Economic Adaptability – Implementing flexible pricing strategies and cost-cutting measures can help businesses navigate economic fluctuations.

Conclusion

Managing business risks is vital for the sustainability of Namibian SMEs. By identifying potential threats and implementing effective mitigation strategies, SMEs can strengthen their resilience and contribute to the country's economic growth.

A proactive approach to risk management ensures long-term success and stability in an evolving business landscape.

Stefanus B. Reitz is a finance and risk management professional with extensive experience in corporate governance, financial planning, and leadership. Reitz currently serves as Manager: Wealth and Talent (Finance and HR) at Salt Essential IT (Pty) Ltd, where he provides strategic financial leadership and oversees business risk management. His career journey also includes audit and financial roles at EDB & Associates, Acsec Professional Services, and Saunderson Theron and Partners.

Academically, Bonnie holds a Post Graduate Diploma in Management from Namibia University of Science and Technology (NUST), alongside an Advanced Diploma in Management from Southern Business School. He is a Certified Fraud Examiner (CFE) and Chartered Business Accountant (CBAP).

Edelweiss to launch direct Zurich–Windhoek flights in June 2026

Edelweiss Air will launch a direct, twice-weekly service between Zurich and Windhoek starting 1 June 2026.

The non-stop route, operated by Switzerland's leading leisure airline, will connect Zurich Airport and Hosea Kutako International Airport, strengthening Namibia's air links with Europe.

"This new route is more than a flight; it's a new bridge between Europe and Namibia," said Namibia Airports Company (NAC) CEO Bisey /Uirab, who is also spokesperson for Air Connect Namibia.

"We are thrilled to welcome Edelweiss to Namibia. This connection elevates our country's status as a global tourism and investment destination, and we are committed to ensure the route's long-term success."

The new service is expected to boost inbound tourism, trade and investment by providing direct access for European travellers and opening new opportunities for Namibian businesses and tourism operators.

Switzerland is one of Windhoek's largest European markets, with around 22,000 two-way international passengers recorded in 2024 ,a 7% increase from 2023.

Air Connect Namibia, established in 2024, is a public-private initiative led by NAC to improve air access to the country.

Namibia eyes UAE funding for development projects

Namibia's Ministry of Finance aims to pursue project funding through the Abu Dhabi Development Fund, following talks held on the sidelines of the 4th International Conference on Financing for Development in Seville, Spain.

Minister of Finance, Ericah Shafudah, led the Namibian delegation and met with the UAE's Minister of State for International Cooperation, Reem Ebrahim Al Hashimy, to discuss development cooperation and access to concessional finance.

According to the Ministry, the UAE encouraged Namibia to submit formal

> The discussions focused on strengthening Namibia–UAE relations, particularly in the area of development finance.

proposals for funding, with a view to strengthening bilateral ties and supporting mutually beneficial development initiatives.

"The discussions focused on strengthening Namibia–UAE relations, particularly in the area of development finance. The UAE encouraged Namibia to submit project proposals for possible funding through the Abu Dhabi Development Fund," the Ministry said.

Namibia's engagement with the UAE comes as the country also seeks funding from other climate and development institutions.

Recently, Namibia submitted its first proposal to the Green Climate Fund (GCF), seeking support for a climate-resilient agriculture project focused on drought mitigation and smallholder productivity.

The GCF proposal, backed by the Environmental Investment Fund of Namibia, requested more than US$10 million in funding.

Officials say Namibia's efforts to mobilise international finance are critical to its economic transformation plans, particularly in infrastructure, agriculture, and green energy.

The Ministry added that participation in forums such as the Seville conference is part of a broader strategy to "foster strategic partnerships that support national development priorities.

Namibia's medical aid funds record N$229.7m surplus in Q1

Namibia's medical aid funds industry recorded a net surplus of N$229.7 million in the first quarter of 2025, driven by ongoing cost containment efforts and a steady claims ratio, the Namibia Financial Institutions Supervisory Authority (NAMFISA) has confirmed.

In its latest Quarterly Statistical Report, NAMFISA said the surplus contributed to an 11.6% quarterly and 46.2% annual increase in the industry's accumulated funds, pushing total reserves to N$2.3 billion as at 31 March 2025.

"Reserve levels improved during the period, with the overall industry reaching 35.7%, well above the minimum prudential requirement of 25.0%," the regulator stated. Open medical aid funds reported a reserve level of 33.8%, while closed funds showed a significantly higher level at 66.5%. However, the report flagged one open fund representing just 0.1% of total membership as failing to meet the reserve requirement.

"This fund is required to submit to the Registrar strategies to meet the minimum prudential reserves requirement and to provide reports in respect of its performance," NAMFISA said.

Membership numbers also showed modest growth. The industry recorded 220,652 beneficiaries by the end of March 2025, a 0.4% increase from the previous quarter and a 2.3% rise year-on-year. Principal membership grew from 93,677 in December 2024 to 94,651.

"The growth in membership was mainly driven by an increase in principal members without previous medical aid coverage in 2024," the report noted.

The claims ratio stood at 79.7%, up from 76.3% in the previous quarter but down from 84.9% in the same period last year. The figure remains within the ideal range of 65.0% to 87.0%, according to NAMFISA.

"This reflects the effectiveness of the implemented measures by medical aid funds to control the rate of growing claims since the removal of COVID-19 restrictions, after which more elective and non-emergency health procedures were utilised by members," the authority stated.

Eight registered medical aid entities were operational during the quarter. The industry's loss ratio reached 89.1%, slightly higher than the previous quarter but lower than the 94.1% reported in March 2024.

"Maintaining a loss ratio that is lower than 100.0% indicates the industry's ability to settle all its expenses without having to rely on investment returns, other income, or the liquidation of investments," NAMFISA said.

Unlocking potential through learning and development

By Florence Kazembe

> **"Our greatest competitive edge doesn't lie in our platforms, products, or even policies, it lies in our people.**

In an era defined by rapid digital disruption, shifting workplace dynamics, and rising customer expectations, one truth remains: continuous learning is not optional but rather essential.

At Momentum Metropolitan Namibia, learning and development (L&D) is not just an HR initiative, it's a strategic imperative and a shared responsibility to unlock the potential of our people. It is a powerful lever for business growth, cultural transformation, and national progress.

"The illiterate of the 21st century will not be those who cannot read and write, but those who cannot learn, unlearn, and relearn." — Alvin Toffler

These words anchor our approach to learning and resonate deeply with the Momentum Metropolitan Holdings Group Learning and Development Strategy, which we are proudly localizing for the Namibian context.

The Group's L&D strategy is built on four foundational pillars that enable Momentum Metropolitan to remain agile and resilient in a fast-changing environment:

1. Future-Fit Capabilities

Developing critical skills and mindsets to thrive in a digital-first, customer-driven world.

2. Mobility and Career Development

Encouraging horizontal movement across functions and vertical growth into leadership, ensuring that talent grows with the business.

3. Digital-First Learning

Leveraging e-learning, microlearning, virtual classrooms, and curated digital platforms for flexible, engaging experiences.

4. Inclusive Growth

Ensuring equitable access to learning across all markets and linking growth opportunities to diversity, transformation, and empowerment.

At Momentum Metropolitan Namibia, we have embraced this vision with purpose. We are embedding it into the local fabric of our operations, ensuring that it speaks to the realities and aspirations of our workforce.

Cultivating a Learning Culture in Namibia

Learning here is not a compliance exercise or a one-time intervention, it's a lived, everyday experience. Through deliberate effort, we are building a culture that views growth as a mindset and development as a daily practice.

Our People First Approach

Our greatest competitive edge doesn't lie in our platforms, products, or even policies, it lies in our people.

Every learning intervention is an investment in someone's potential. When we empower our employees, we don't just improve individual performance, we elevate customer service, strengthen our community presence, and fuel national development.

In my role, I've witnessed countless moments where someone discovers they are more capable than they ever believed. That spark, often ignited through training, a conversation, or a coaching session, sets off a ripple effect of performance, growth, and personal transformation.

Designed for Learning, Driven by Purpose

We do not leave learning to chance. At Momentum Metropolitan Namibia, we:

• Design structured, meaningful learning pathways

• Create platforms that bridge curiosity and competence

• Foster psychological safety so people feel seen, heard, and safe to experiment

It is through this intentional approach that we've created an environment where employees are not afraid to fail forward, iterate, and rise stronger.

The Road Ahead: Building a Legacy of Learning

Namibia's future depends on a skilled, adaptable, and purpose-driven workforce. As a proudly Namibian arm of Momentum Metropolitan Holdings, our role is to cultivate that workforce - one empowered learner at a time.

By aligning with our Group's vision while responding to local needs, we are not just enhancing performance, we are shaping lives, strengthening our communities, and building a legacy that extends far beyond the workplace.

Learning is not only our competitive advantage, but also our responsibility and our promise.

Florence Kazembe is Learning and Development Consultant at Momentum Metropolitan Namibia

Bank of Namibia meets incoming Bank Windhoek MD

The Bank of Namibia has officially met with James Chapman, who will take over as Managing Director of Bank Windhoek in July 2025.

Chapman was introduced to BoN Governor Johannes !Gawaxab and his executive team during a courtesy visit held at the central bank's headquarters in Windhoek.

The meeting was led by Bank Windhoek's Board, as part of the transition process ahead of Chapman's appointment.

!Gawaxab used the occasion to commend Bank Windhoek for its consistent leadership, particularly during times of national difficulty.

"Bank Windhoek is always there to make timely decisions for the benefit of its customers during challenging times, and that is commendable," he said.

He also acknowledged the contribution of outgoing

Managing Director Baronice Hans, thanking her for her leadership over the past nine years.

"We appreciate Ms Hans for steering the bank successfully during a very challenging tenure," he said.

Chapman said he looked forward to continuing the strong relationship between Bank Windhoek and the regulator.

"I am excited for the future and will continue to nurture Bank Windhoek's positive relationship with the Regulators," he said.

Hans, the first woman to lead the bank and its longest-serving Managing Director, was appointed in July 2016. She is credited with guiding the bank through a period marked by economic strain and the COVID-19 pandemic.

Chapman, a Chartered Accountant, has held several senior roles at Bank Windhoek and Capricorn Group, including Chief Financial Officer and Executive Officer for Retail Banking Services and Specialist Finance.

SIMONIS STORM

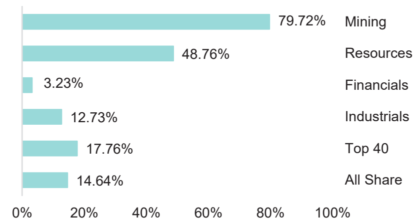
Enriching Generations

FINANCIAL MARKET MONITOR

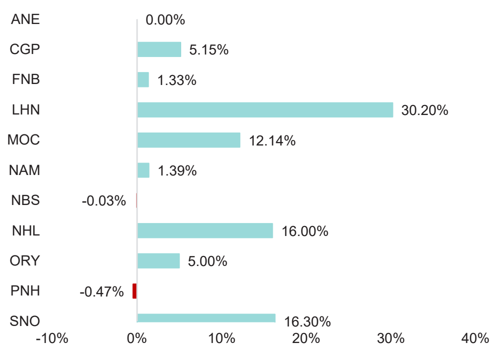
Commodities	
Spot Gold	3341.10
Platinum	1406.70
Palladium	1152.30
Silver	32.17
Uranium	78.50
Brent Crude	67.49
Iron Ore	87.94
Copper	9997.29
Natural Gas	3.50
Lithium	7.85

Currencies	
USD/ZAR	17.6351
EUR/ZAR	19.2300
GBP/ZAR	23.9839
USD/CNY	7.1666
EUR/USD	1.1774
GBP/USD	1.3599
USD/RUB	78.6793
CPI	3.50%
Repo Rate	6.75%
Prime Rate	10.50%

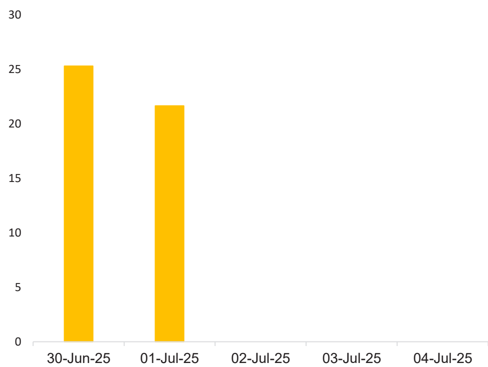
JSE Sectors: Year to Date in %



NSX Local Stocks: Year to Date in %



JSE ALL SHARE VALUE TRADED (ZAR BILLIONS)



Global Indices: Year to Date in %