FOREIGN DIRECT INVESTMENT REPORT

Policy, Progress and Potential: Strengthening Namibia's Investment Ecosystem

May 2025

Bank of Namibia

NIPDB
Namibia Investment Promotion & Development Board
Office of the President

Investments in renewable energy remain critical to attracting capital that supports the diversification of Namibia's energy mix, reduces reliance on imported electricity, and strengthens the country's position as a regional leader in clean energy development.

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In 2024, Namibia's FDI inflows were mostly directed towards the mining sector, more specifically for oil and gas exploration and appraisal activities.

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List of Abbreviations

BD4	OECD Benchmark Definition of Foreign Direct Investment, 4th Edition
BoN	Bank of Namibia
BoP	Balance of Payments
BPM6	Balance of Payments and International Investment Position Manual, 6th Edition
CD	Capital Deployed
EPZ	Economic Processing Zones
FDI	Foreign Direct Investment
FDIEs	Foreign Direct Investment Enterprises
FID	Final Investment Decision
GDP	Gross Domestic Product
IIP	International Investment Position
IMF	International Monetary Fund
N$	Namibia Dollar
NBL	Namibia Breweries Limited
NIPDB	Namibia Investment Promotion and Development Board
OECD	Organisation for Economic Co-operation and Development
UNCTAD	United Nations Conference on Trade and Development
USD	United States Dollar

Foreword by Mr. Johannes !Gawaxab, Governor, Bank of Namibia

In the pursuit of sustainable economic development, sound policy decisions must be grounded in sound data. It is in this spirit that the Bank of Namibia, in partnership with the Namibia Investment Promotion and Development Board (NIPDB), presents the country's first Foreign Direct Investment (FDI) Report. This initiative is aimed at enhancing the availability of FDI statistics and deepening the understanding of Namibia's investment landscape.

As the central bank, the Bank of Namibia holds the statutory responsibility of collecting, analysing and disseminating high-quality macroeconomic statistics, particularly monetary and financial as well as external sector statistics. This responsibility not only supports the fulfilment of the central bank's core mandate but also extends beyond it, by serving as a valuable public service. High-quality data, when made accessible and timely, enables policymakers across the Government and industry to act with greater clarity, confidence and coordination to support the relevance of their interventions. This inaugural FDI Report thus represents a deliberate step towards enhancing transparency, providing insight, and ultimately making an impactful contribution.

According to the United Nations Conference on Trade and Development (UNCTAD), global FDI flows excluding financial flows through European conduit economies declined by 8.4 percent in 2024 to an estimated US$1.4 trillion (~ N$27.2 trillion), reflecting a challenging global environment underpinned by weak growth prospects, geopolitical tensions and geo-economic fragmentation. These factors have led to a more cautious investment approach across key investors, including multinational corporations. Looking ahead, the outlook for FDI will be shaped by the expected global economic growth rate, which was revised downwards to 2.8 percent for 2025 by the International Monetary Fund (IMF) in April 2025. Moreover, isolation trade policies, including tariffs, are likely to play a key role in FDI trends in the future as multinational corporations diversify production to countries that offer stable macroeconomic, political and regulatory environments.

Amidst the evolving global landscape, Namibia's journey in attracting FDI stands out. Since the country's independence in 1990, Namibia made remarkable strides in creating a conducive environment for foreign investment through the enactment of the Foreign Investment Act of 1990, which set the stage for an investor-friendly climate backed by a strong financial system that allowed foreign investors to move capital and profits across borders. In the early years since independence, FDI inflows were modest. However, the introduction and subsequent implementation of the Export Processing Zone (EPZ) regime in 1996, which offered export-oriented manufacturers a range of internationally competitive incentives, led to a surge in FDI between 1998 and 2008. During this period, Namibia attracted about N$25.7 billion in net FDI inflows, much of it in equity financing for projects in the manufacturing sector, including the Skorpion Zinc Refinery and diamond processing entities, amongst others.

For nearly a decade, between 2009 and 2018, FDI momentum remained strong with the country attracting net FDI inflows amounting to N$56.5 billion, driven by greenfield investments in mining, particularly in uranium and gold, which translated in the development of mega mining projects. Additionally, the strong economic performance between 2010 and 2015 boosted investor confidence, leading to increased foreign investment in the financial and the wholesale and retail trade sectors.

Although Namibia experienced temporary net FDI outflows between 2019 and 2020, the country has since witnessed a rebound in net FDI flows since 2021. In this respect, cumulative net FDI inflows from 2021 onward reached N$114.9 billion, largely driven by hydrocarbon discoveries in the Orange Basin.

More broadly, Namibia's long-term growth is not only dependent on the amount of investment it attracts, but also on the quality and nature of the type of investments. To foster this progress, we must understand the source of capital, the targeted sectors and how investment decisions align with broader economic objectives. To this end, this report illuminates these dynamics, by providing a detailed analysis of FDI stocks and flows, including their geographic origin and sectoral composition. We believe that by making this information publicly accessible, it will facilitate in supporting evidence-based policymaking and ensure that economic planning aligns with the realities of global capital flows.

From the perspective of the central bank, FDI goes beyond an entry in the country's balance of payments statistics. It plays a crucial role in exchange rate stability, reserves management and the external sector's contribution to macroeconomic resilience. Therefore, understanding the composition of FDI is essential to our efforts aimed at maintaining monetary and financial stability. Equally, it is critical for identifying economic vulnerabilities and opportunities for strategic structural reforms. As such, this report will not only enhance our internal policy formulation but also strengthen our advisory role to the Government on broader economic matters.

This joint publication is aligned with the Bank of Namibia's broader commitment of producing and disseminating high-quality statistics that meet international standards. Our goal is to strengthen the economic knowledge base and promote trust through transparency. We strongly believe that a well-informed public is essential for national progress, and that reliable and timely data serves as the foundation for building an inclusive and resilient economy to serve our present and future generations.

In conclusion, I would like to commend the technical teams at the Bank of Namibia and the Namibia Investment Promotion and Development Board for their diligence in compiling this important body of work. We collectively hope that this report will serve as a valuable resource not only for the Government and investors but for everyone interested in fostering a prosperous and resilient Namibia that attracts high-quality foreign direct investment.

Johannes !Gawaxab

Johannes !Gawaxab
Governor, Bank of Namibia

Foreword by Ms. Nangula Nelulu Uaandja, Chief Executive Officer, NIPDB

Foreign Direct Investment (FDI) plays a pivotal role in shaping the trajectory of developing economies. For Namibia, the value of FDI extends beyond the mere injection of capital as it brings with it critical technical know-how, opens up external market opportunities for Namibian made goods and services, fosters innovation, enhances workforce capabilities and creates meaningful opportunities for our people and enterprises. The story of Namibia's recent economic recovery and renewed investor confidence is therefore one that deserves reflection and celebration.

Over the past four years, Namibia has witnessed an unprecedented surge in FDI inflows, totalling N$114.91 billion and surpassing all records from previous periods. This remarkable performance, while bolstered by increased activity in the oil and gas sector, also reflects strong growth across a broader range of industries, with N$56.9 billion in FDI recorded in sectors outside of oil and gas. Such resilience and diversity underscore the growing appeal of Namibia as an investment destination of choice.

However, this was not always the case. Between 2016 and 2020, Namibia faced a period of economic difficulty, characterised by declining investment inflows and net outflows due to structural challenges and external shocks. These were compounded by negative reinvestment trends within key sectors, particularly mining, which were initially driven by various internal and external shocks and later followed by global disruption brought on by the pandemic. But it is in overcoming these challenges that Namibia's renewed FDI growth trajectory becomes even more significant.

Today, Namibia is enjoying 4 consecutive years of positive economic growth and an increasingly favourable investment climate. This resurgence is the result of deliberate, collaborative efforts by government and institutional stakeholders to enhance our competitiveness, streamline investor services, and implement meaningful reforms. The NIPDB is privileged to play a catalytic and coordinating role in accordance with its mandate to serve as the country's apex agency for investment promotion and private sector development.

Namibia's vision for the future is clear: we must build a more resilient, inclusive and diversified economy. Our Economic Diversification Strategy, anchored in ten priority sectors, provides a roadmap to reduce dependency on extractive industries and position the country as a leader in sectors such as Energy (Renewable, Green Hydrogen and Oil & Gas), Chemicals and Basic Materials, Services (Digital & Global Business), Transport & Logistics, Metals, Mining & Adjacent, Machinery & Electronics, Communication & Technology, Tourism (including Leisure, Business, Sport and Medical) and the Creative and Culture Industry. Through this strategic lens, investment becomes not only a catalyst for growth, but a tool for job creation, enterprise development, and long-term prosperity.

Namibia's vision for the future is clear: we must build a more resilient, inclusive and diversified economy.

As we move forward, the NIPDB remains steadfast in its commitment to championing investment-led development. We will continue to collaborate across public and private sectors to ensure that Namibia remains a beacon of opportunity for investors from within Namibia and all around the world.

Together, we are building a future defined not only by what we extract from the ground, but by what we create, innovate and invest in as a nation.

Nangula Nelulu Uaandja

Nangula Nelulu Uaandja
Chief Executive Officer
Namibia Investment Promotion and Development Board (NIPDB)

The manufacturing industry is emerging from the challenges brought on by the Covid-19 pandemic. Employment generated by foreign direct investors in the sector is showing signs of recovery.

Executive Summary

Foreign direct investment (FDI) is broadly beneficial for developing countries like Namibia, bringing in the necessary technical know-how, enhancing workforce skills, increasing productivity, generating business for local SMEs, and creating employment. The Namibian economy is somewhat diversified, offering opportunity for growth, particularly considering the abundance of natural resources, which creates further opportunities for wealth creation. Nevertheless, the trend in net FDI inflows declined in 2019 and 2020 before picking up from 2021, credited mainly to ongoing exploration activities in the oil & gas industry. While the global mining boom has supported the economic recovery following output losses from the pandemic, further measures to improve product market regulations and business conditions will boost competitiveness. To this end, the report highlights key trends in FDI inflows and the relative position of Namibia in comparison to regional peers. An in-depth analysis on employment dynamics and ongoing FDI pipeline projects that aim to foster private investment and reduce unemployment.

The report highlights key trends in FDI inflows and the relative position of Namibia in comparison to regional peers

During the 2016–2020 period, the decline in Namibia's foreign direct investment inflows, coupled with an increase in outflows, has been well-documented. This slowdown in FDI was reflected in the lower economic growth during the same period. Between 2019 and 2020, Namibia recorded net FDI outflows, attributed to repayments of intercompany debt and losses incurred by direct investment enterprises in the mining sector coupled with lower inflows. The losses contributed to the negative reinvestment of earnings during that period, negatively impacting net FDI flows. This downturn reflected a challenging time for Namibia's economy, underscoring the need for a targeted approach to revitalise foreign investment and domestic growth.

Nonetheless, we have now seen a recovery in both metrics — Namibia has now started to see regular and sizable FDI inflows again and 14 consecutive quarters of positive economic growth. Moreover, investor sentiment towards Namibia has improved substantially — thanks to the ongoing joint efforts by various agencies of the Namibian government and to stronger economic growth.

Since 2021, the cumulative net FDI inflows reached N$114.9 billion, a figure that far exceeds the N$50.5 billion in net FDI inflows recorded over the entire period from 2009 to 2020. While total FDI inflows between 2021 and 2024 amounted to N$114.9 billion, this surge has been largely driven by oil and gas investments (N$58.9 billion). However, net FDI excluding this sector still amounts to N$56.0 billion over the period. This suggests that, even without the oil and gas sector, recent investment inflows remain robust, reflecting notable growth sustained and investor interest in other sectors of the economy.

In today's rapidly evolving global economy, investment promotion and attraction have become essential for driving economic growth and ensuring sustainability. Recognising this, Namibia—through its Investment Promotion Agency, the NIPDB—has prioritised positioning the country as a prime investment destination. This Agency and mandate as announced by the late President His Excellency Dr. Hage G. Geingob include driving efforts for policy reforms and coordinating improved services to investors with a focus on improving the country's competitiveness and the ease of doing business.

To build a more resilient economy, the Namibian government recognises the importance of economic diversification of our economy. Thus, attracting investment in the ten selected priority sectors of energy (renewable, green hydrogen and oil and gas), food industry, chemicals & basic materials, transport and logistics, services (digital and global business), metals, mining & adjacent industries, machinery & electronics, communication & technology, tourism, and the culture and creative industry. Namibia strives to reduce its reliance on extractive sectors including the mining and quarrying sector. Henceforth, Namibia's Economic Diversification Strategy will not only increase the country's economic complexity while creating much needed employment opportunities, stimulate innovation – thereby laying a foundation for sustainable long-term growth.

PRIORITY SECTORS

Energy
Renewable
Green Hydrogen
Oil and Gas

Food Industry

Chemicals and Basic Materials

Transport and Logistics

Services
Digital and Global Business

Metals, Mining and Adjacent Industries

Machinery and Electronics

Communication and Technology

Tourism

Culture and Creative Industry

Foreign direct investment enterprises employment in the agricultural sector accounted for about 10.0 percent of the FDI-related jobs sustained by foreign investments in the horticulture industry.

The Otjimbele Grape Project is a N$130 million investment in Etunda, Omusati, producing high-value grapes, asparagus for export and creating 500 jobs.

1. Introduction

This Annual FDI Report is a collaborative initiative between the NIPDB and the Bank of Namibia (BoN). This report provides a comprehensive overview of the country's FDI landscape, providing valuable insights into the performance and trends of foreign investments within Namibia. Furthermore, the report features several key metrics that are critical to understanding the flow of FDI, including sector-specific FDI contributions. These metrics highlight the sectors that are attracting the most foreign investment, showcasing Namibia's investment priorities and identifying areas that need targeted efforts to draw in more investments.

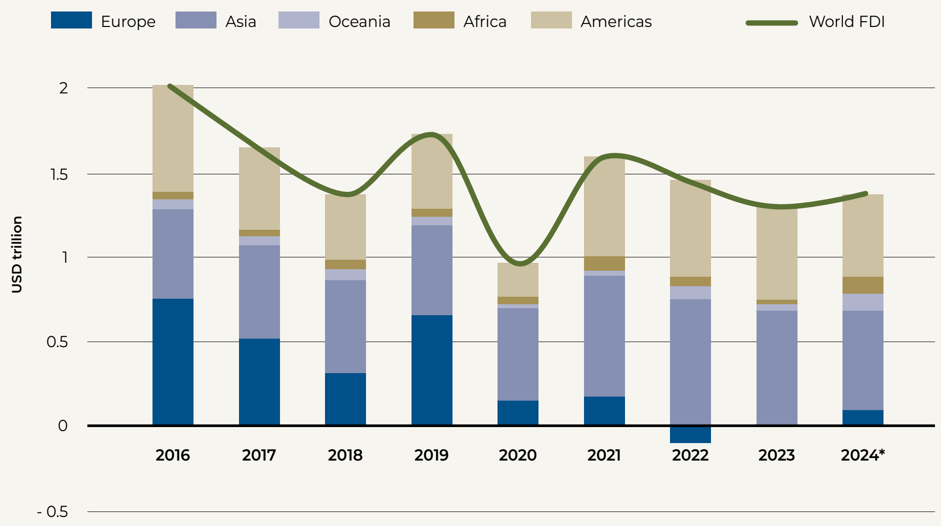
In addition, the report delves into Namibia's FDI trends over the past six years (2019–2024), tracking changes and fluctuations in foreign investment levels and identifying notable patterns or shifts in investor sentiment. This includes job creation estimates across different sectors, assisting in assessing the broader economic impact of foreign investment on the country's labour market and employment landscape. By capturing these metrics, the report sought to provide a holistic view of the role that FDI plays in driving economic growth, creating jobs, and ultimately unlocking opportunities for all Namibians.

The report is structured as follows: Section 2 presents an overview of global FDI trends, highlighting recent developments and their underlying drivers. Section 3 narrows the focus to the African continent and places Namibia's FDI performance in a regional context. The spotlight turns to Namibia in Section 4, which begins with an analysis of the country's net FDI inflows, and further examines FDI flows by source country and sector. Additionally, the section discusses foreign direct reinvestments and the repatriation of investment income, and explores FDI positions. Section 5 assesses FDI's contribution to employment in Namibia. Finally, Section 6 concludes by showcasing key investment projects facilitated by the NIPDB.

2. Global FDI Trends

Globally, FDI dropped significantly during the Covid-19 pandemic, with a 43.0 percent decline in 2020. After a partial rebound in 2021 (up by 64.7 percent), FDI fell again by 16.4 percent in 2022, amounting to USD1.3 trillion (N$ 22.5 trillion). According to the International Monetary Fund (IMF), this drop was driven by global disruptions such as the war in Ukraine, rising food and energy prices, and mounting debt pressures. The decline was also attributed to tighter financing conditions, higher interest rates, and increased uncertainty in capital markets, which further impacted international project financing and cross-border mergers and acquisitions, limiting investment flows.

Figure 1: Global FDI Inflows



Source: UNCTAD | *Estimates from Global Investment Trends Monitor, No 48

In 2024, global FDI reached an estimated USD1.4 trillion (N$27.2 trillion), reflecting a decline from 2023. This figure excludes conduits financial flows through European economies, and reflects an 8.4 percent decline, pointing to persistent weakness in real investment activity. The continued slowdown was driven by investor caution amid volatile financial markets, high interest rates, and subdued global economic prospects. International project finance suffered the steepest decline (down 31.0 percent), while greenfield investment announcements fell by 7.0 percent in value. Despite these headwinds, cross-border mergers and acquisitions rose by 2.0 percent, signalling early signs of a shift in investor activity ahead of anticipated interest rate cuts.

With an investment value of N$500 million, Cleanergy Solutions Namibia will establish a pilot project in Walvis Bay to produce green hydrogen using solar energy, creating 50 permanent and 150 temporary jobs.

3. Africa FDI Trends

After a decline in 2023, Africa's FDI surged in 2024, signalling renewed investor interest, particularly in sustainable and large-scale strategic projects. According to UNCTAD, FDI inflows to Africa grew by 84.0 percent, reaching an estimated USD94.0 billion (N$1.7 trillion), the highest level ever recorded. This sharp rise was largely driven by a single megadeal in Egypt involving the development of the Ras El-Hekma peninsula, backed by a United Arab Emirates sovereign investment fund. Excluding this exceptional project, Africa's FDI was still up by 23.0 percent, totalling approximately USD50.0 billion (N$913.0 billion), suggesting a broader improvement in sentiment toward the continent. Despite this recovery, international project finance in Africa fell by 13.0 percent, with fewer infrastructure and energy-related deals. Greenfield project numbers also declined by 22.0 percent, reflecting lingering financing constraints and macroeconomic risks. However, Africa remained attractive for clean energy investments, particularly in renewable energy, which accounted for a substantial share of project announcements. While challenges persist, the region's rising profile in climate-aligned and strategic investments underscores a long-term pivot toward sustainable development and industrialisation.

Africa remained attractive for clean energy investments, particularly in renewable energy.

3.1 Namibia's Ranking Among Its Peers

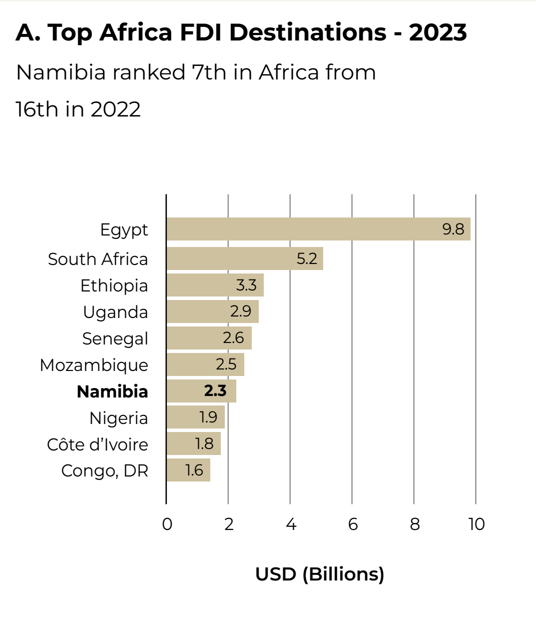
Table 1: Namibia's FDI Inflows: Africa Ranking (2016-2023)

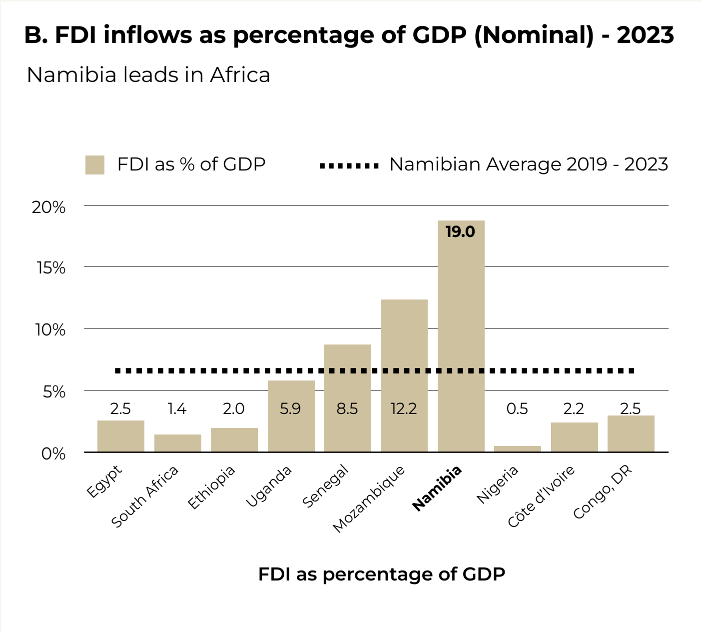
2016	2017	2018	2019	2020	2021	2022	2023
28th	33rd	34th	54th	55th	18th	16th	7th

Source: UNCTAD

Notwithstanding the slowdown in FDI flows globally and across the African economies, Namibia climbed to 7th place among Africa's top FDI destinations, attracting USD2.4 billion. This marks a significant improvement from its 16th place ranking in Africa in 2022. This outcome not only positively impacts the country's continental ranking but also highlights the impact of oil discoveries as well as the growing investor confidence in Namibia, improving Namibia's attractiveness as an investment destination in Africa, and shaping the global perception towards Namibia as an investment location.

Figure 2 (A-B): Namibia vs Its Peers



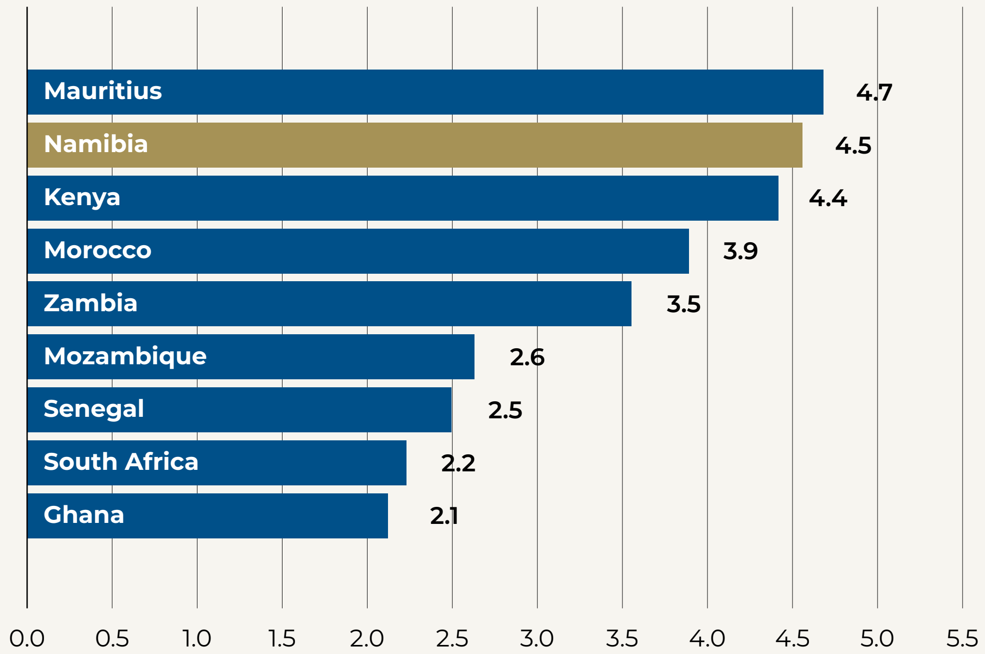


Source: UNCTAD

When comparing FDI as a percentage of Nominal Gross Domestic Product (GDP), Namibia leads in Africa with 18.9 percent, followed by Mozambique at 12.2 percent and Senegal at 8.5 percent. In 2022, Namibia's FDI as a percentage of GDP was 8.4 percent — this is indicative of emerging investment opportunities, further supported by a favourable investment climate, and it also reflects investor confidence in Namibia's stability and profitability.

3.2 Namibia - A Top Performer in African Greenfield[1] FDI Performance Index

Figure 3: Regional FDI outperformers in 2023 by Greenfield FDI performance index score (%).



Source: FDI Intelligence

The Greenfield FDI Performance Index assesses the number of greenfield investment projects relative to the size of an economy. As per the FDI Intelligence Magazine, the Greenfield Performance Index adapts a methodology developed by UNCTAD for general FDI to focus exclusively on greenfield FDI, excluding mergers and acquisitions, intercompany loans, and other types of cross-border investments. In the overall index, Namibia was ranked 15th globally in 2023 and on the African continent, Namibia ranked 3rd.

According to UNCTAD, Namibia's value of announced greenfield FDI projects totalled USD1.2 billion, up from USD572.0 million in 2022. Greenfield FDI, which involves foreign entities investing to establish new facilities/plants/factories, is critical for Namibia as it seeks to diversify its economy, foster emerging industries, and nurture new growth opportunities, signalling green shoots of development.

[1] Greenfield FDI is when a foreign investor establishes a new business or facility in another country by building it from the ground up.

The surge in FDI inflows was primarily driven by equity injections for oil exploration and appraisal activities, following the offshore oil discovery in the ultra-deepwater of the Orange Basin.

4. FDI Trends in Namibia

This section of the report provides developments in Namibia's net Foreign Direct investment (FDI) from 2019 to 2024. Foreign direct investment statistics are compiled as part of Namibia's international accounts, which includes the balance of payments (BoP), the international investment position (IIP) as well as external debt statistics. The BoP which consists of the current account, capital and financial account shows the economic transactions between residents and non-residents during a given period while the IIP shows the stock of all external assets and liabilities of Namibia at a point in time based on the market prices and exchange rates at that date. External debt is a subset of stock of external liabilities in the IIP and covers the gross foreign debt of the general government and of all other institutional sectors at a point in time. These statistics are produced by the Bank of Namibia on a quarterly basis with the data sourced from the quarterly balance of payments surveys which are reconciled on an annual basis with information from audited financial statements. In addition, the data is supplemented with information from administrative records and the data from the international transactions reporting system, which is alternatively referred to as the Balance of Payments for Customer Transaction Reporting System (BOPCUS).

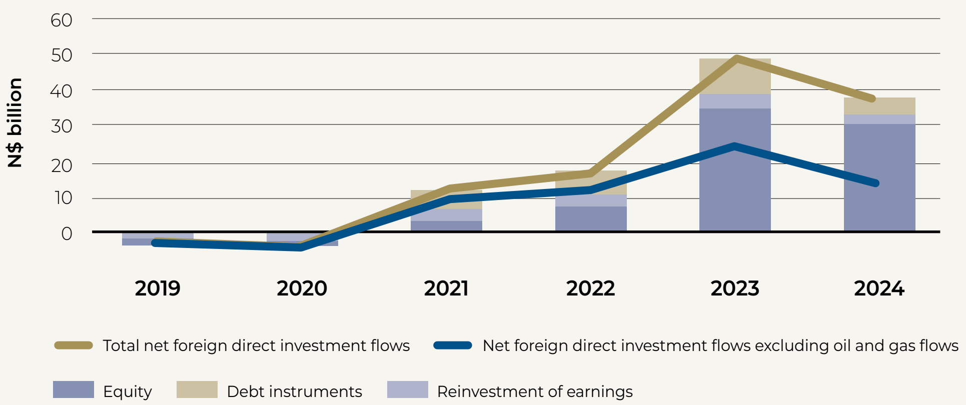
Box 1: FDI Definition

International standards on Foreign Direct Investment (FDI) are set out in the sixth edition of the IMF Balance of Payments and International Investment Position Manual (BPM6) and the fourth edition of the OECD Benchmark Definition of Foreign Direct Investment (BD4). According to both statistical standards, FDI arises when an investor resident in one economy makes an investment that gives control or a significant degree of influence on the management of an enterprise resident in another economy. Control is determined when the investor owns more than 50.0 percent of the voting power in the enterprise while the degree of influence is achieved when the investor owns between 10.0 to 50.0 percent of the voting power in the enterprise resident in another economy. Thus, the guiding rule in BMP6 and BD4 for determining FDI relations is the 10.0 percent rule. This means that FDI exists when a foreign investor has 10.0 percent or more of a company's capital, which gives influence and/or controlling power. Moreover, all entities which are under the control or influence of the same direct investor are considered to be in a direct investment relationship and FDI also captures transactions between fellow enterprises as well as reverse investments. FDI flows are in the form of equity injections, reinvestment of earnings and intercompany borrowing, including long-term and short-term loans between related parties.

4.1 Foreign direct investment flows

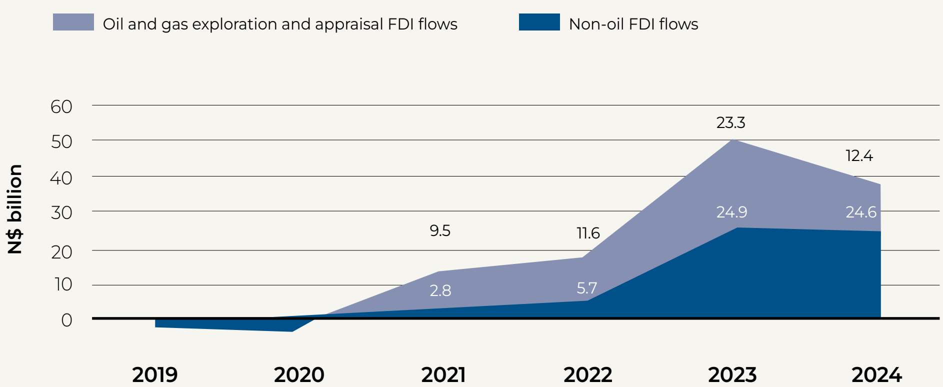
Net FDI inflows into Namibia have been on the rise since 2021, largely driven by hydrocarbon discoveries. Between 2019 and 2020, Namibia recorded net FDI outflows (Figure 4), attributed to intercompany debt repayments and losses incurred by direct investment enterprises in the mining sector. The losses led to the negative reinvestment of earnings, which further dampened net FDI flows. However, since 2021, Namibia has witnessed substantial cumulative net FDI inflows, amounting to N$114.9 billion over four years. This surge was primarily driven by equity injections for oil exploration and appraisal activities, following the offshore oil discovery in the ultra-deepwater of the Orange Basin. Additionally, the increase in Namibia's net FDI inflows was supported by the disposal of foreign assets by resident enterprises in the manufacturing sector coupled with concurrent equity injections following a significant merger and acquisition in the beverage industry that took place in 2023. During 2024, however, Namibia's net FDI inflows declined by 23.1 percent when compared to 2023. This reduction in net FDI inflows was largely due to higher base effects from the previous year arising from the disposal of foreign assets by entities in the manufacturing sector, along with lower intercompany borrowing by entities in the mining sector.

Figure 4: Net foreign direct investment flows



Source: Bank of Namibia

Figure 5: Oil vs non-oil net inward FDI flows



Source: Bank of Namibia

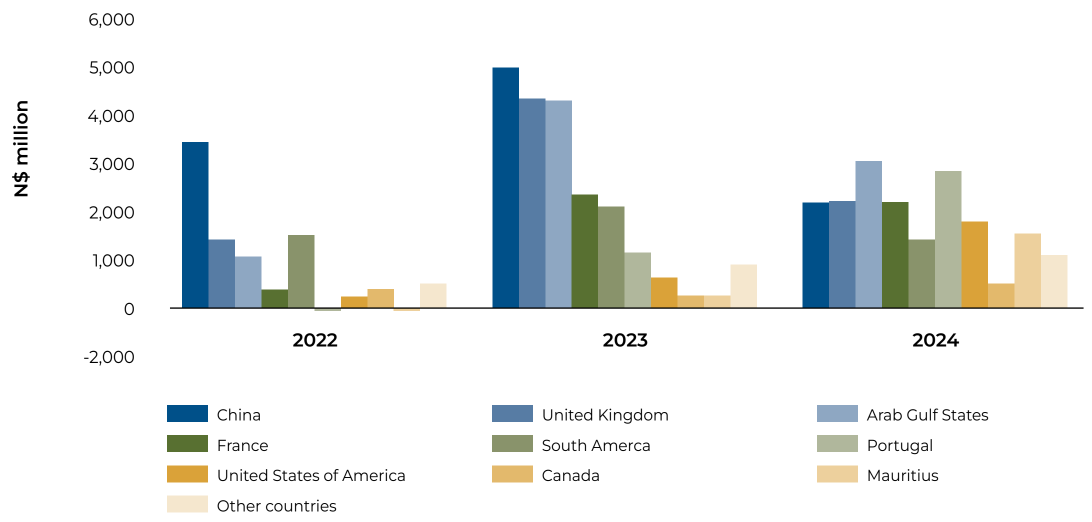
The Oshivela project in Namibia, named 'Oshivela' in Oshivambo (meaning 'Iron'), represents the first application of HyIron technology at an industrial scale. With an initial output of 15,000 tonnes per year, the plant aims to demonstrate the economic and technical feasibility of industrial-scale green iron production and green industrialisation.

4.2 Foreign direct investment flows by country and sector

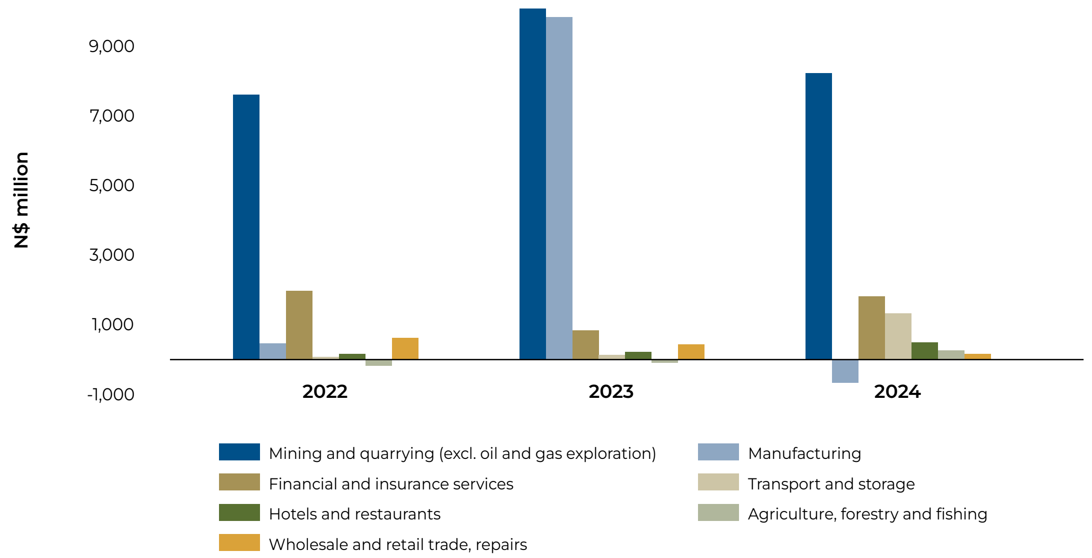
Namibia's net FDI inflows were mainly from China, the Arab Gulf states, the United Kingdom and France between 2022 and 2024. In 2024, Namibia's FDI inflows were mostly directed towards the mining sector, more specifically for oil and gas exploration and appraisal activity. A bulk of these inflows were sourced from the Arab Gulf States, Portugal, France and the United Kingdom. Inflows from China remained amongst the top three, although declining to N$4.3 billion in 2024 from N$10.0 billion, largely due to lower uptake of intercompany debt by foreign-owned enterprises operating in the mining sector (Figure 6). The merger and acquisition transactions between entities in the manufacturing sector contributed to the overall net FDI inflows of N$4.1 billion from South Africa in 2023. Other major source countries of FDI inflows were Canada and Mauritius with investments linked to mining activity, especially in the form of increased reinvestment of earnings by foreign direct investors. Moreover, FDI inflows in the transport and storage sector rose during 2024, underpinned by foreign investments associated with the concessioning of the port of Walvis Bay.

Figure 6 (A-B): FDI flows into Namibia by country and sector, 2022 - 2024

A. Namibia's FDI inflows originated from China, the Arab Gulf States, the United Kingdom and France ...



B. ... while FDI inflows were mainly absorbed by the mining sector (excluding oil and gas exploration)), financial intermediation and transport and storage sectors over the period 2022 to 2024.

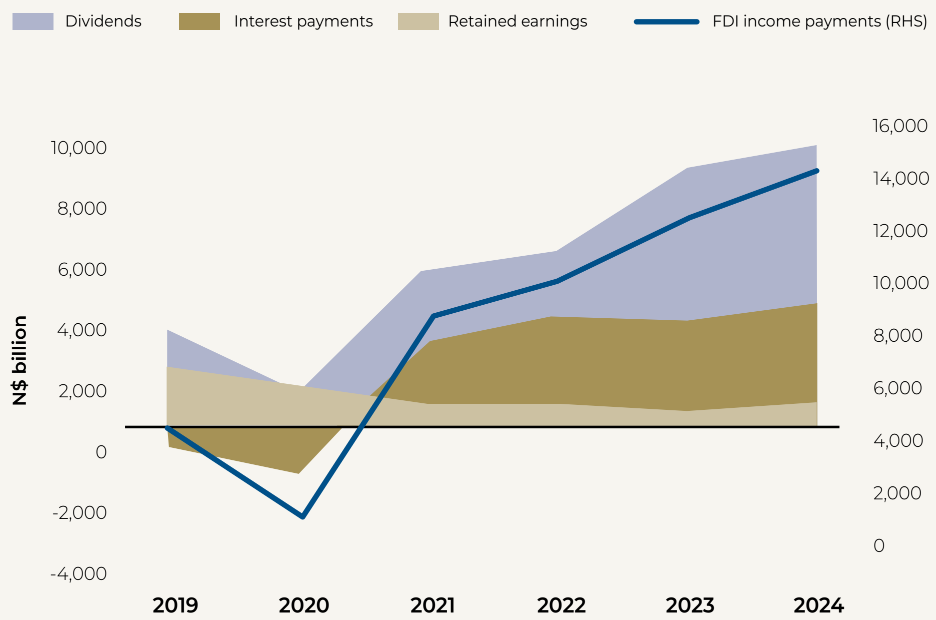


Source: Bank of Namibia

4.3 Foreign direct investment income

Total FDIEs profits after tax available for distribution improved gradually since 2019. As such, retained earnings (also known as reinvestment of earnings) improved from a net loss of N$1.6 billion recorded in 2020 to a net profit of N$4.3 billion in 2024. The losses recorded during 2019 and 2020 by foreign direct investment enterprises were in line with the weaker economic activity experienced in those years. However, the recovery in economic activity of the past four years were associated with improvements in the profitability of foreign direct investment enterprises. This recovery resulted in foreign-owned companies reinvesting a portion of the profits locally, helping with retaining funds within Namibia's economy and supporting further growth. FDIEs in the financial and insurance sector have been the primary drivers of reinvested earnings, as deposit taking corporations continued to record strong profits on the back of a favourable interest rate spread and non-interest income in the form of fees and charges. Most of the major banks have made significant investment in the construction of new headquarters over the years, which has further boosted domestic economic activity.

Figure 7: Investment income outflows

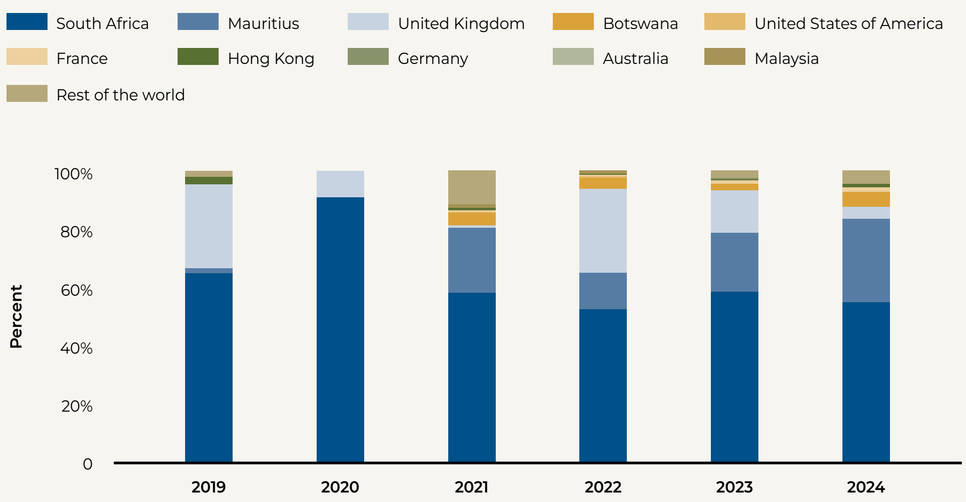


Source: Bank of Namibia

Additionally, total FDI income repatriated also increased, driven by dividend payments to foreign direct investors. Total FDI income repatriation flows in the form of dividend and interest payments on intercompany debt have risen since 2020, mainly due to the improvements in the profitability of foreign direct investment enterprises which resulted in higher dividend payments to foreign shareholders. Resultantly, dividend payments increased from N$1.2 billion in 2020 to N$9.3 billion in 2024. The higher dividends were paid by foreign-owned enterprises in the mining and quarrying, financial and insurance service as well as the wholesale and retail trade sectors destined largely for South Africa, Mauritius and the United Kingdom. Meanwhile the interest payments on intercompany loans from related parties have trended downwards from N$ 1.4 billion recorded in 2020 to N$758 million in 2024.

South Africa remained the largest recipient of dividend payments. Since 2019, more than 50 percent of dividend payments were remitted to South Africa, reflecting the strong profitability of enterprises in the financial and insurance as well as the wholesale and retail trade sectors. Furthermore, Mauritius share improved from 1.9 percent in 2019 to 28.1 percent in 2024 as result of better profitability from the gold industry. The United Kingdom also saw a decrease in its share of dividend payments in 2024, mainly attributed to the challenges in the diamond performance including the weak demand from key consumer markets such as the US and China, lower realised prices and increased competition from laboratory-grown diamonds alongside an oversupply of rough diamonds in the midstream.

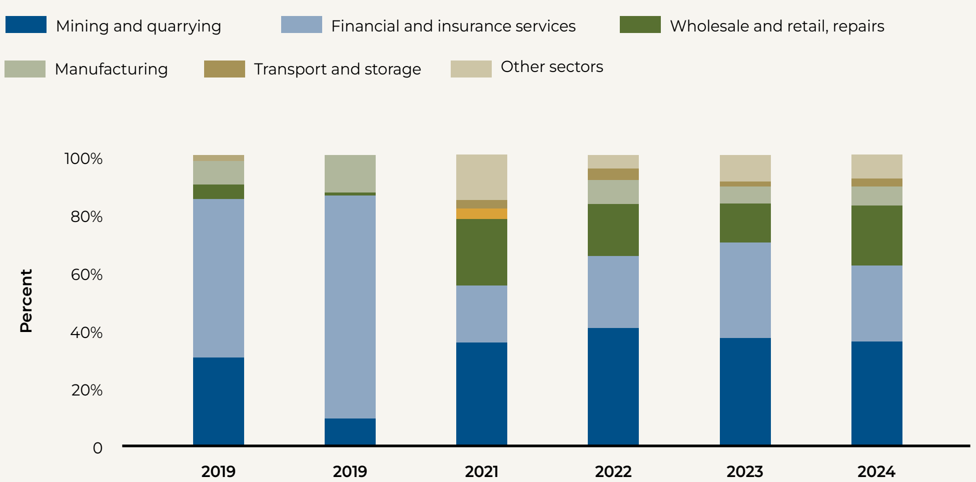
Figure 8: Dividends remitted by country



Source: Bank of Namibia

Dividend payments were remitted mainly by enterprises in the mining and quarrying sector, followed by the financial and insurance services sector. Since dividends are a valuable source of return on investment, enterprises in the mining sector, especially in gold and diamond mining, have consistently delivered strong returns on investment, with dividend payments accounting for an average of about 30.9 percent of total dividends over the past six years. The share of dividend payments by entities in the financial and insurance services sector averaged 39.3 percent from 2019 to 2024, reaching a high of 77.3 percent in 2020, primarily driven by resilient performance in the banking sector. Additionally, the wholesale and retail trade, and repairs sector share of dividends and profits improved between 2021 and 2024 reflecting improved economic activities within that sector.

Figure 9: Dividends remitted by industry



Source: Bank of Namibia

The wholesale and retail trade sector generated most of the FDIE jobs due to its highly labour-intensive nature.

4.4 Foreign direct investment positions

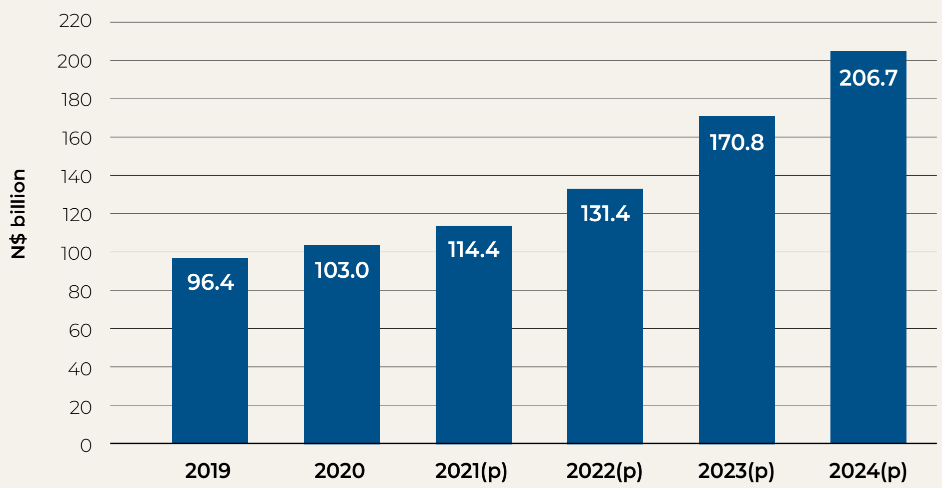
4.4.1 Foreign direct investment liability positions

Over the year to the end of 2024, the stock of Namibia's direct investment liabilities increased, boosted by inflows related to oil exploration and appraisal activity. Between 2019 and 2024, Namibia's stock of inward FDI rose from N$96.4 billion to N$206.7 billion, of which N$52.3 billion was related to oil exploration and appraisal activities (Figure 10). The rise in inward FDI was mainly attributable to a rise in equity injections which rose by 16.0 percent from 2019 to N$111.8 billion at the end of 2024, largely due to greenfield investments related to oil exploration and appraisal activity as well as mergers and acquisitions in the manufacturing sector. Similarly, debt instruments also rose by 82.3 percent from 2019 to N$94.9 billion at end of 2024. This was mainly driven by increased uptake of intercompany loans by enterprises mainly in the mining sector (Figure 11). Furthermore, debt instruments were mainly denominated in long-term debt [2] relative to short-term debt (Figure 12). In this regard, the share of long-term debt averaged about 95.9 percent between 2019 and 2023 while that of short-term debt averaged 4.1 percent over the same period.

[2] Short-term covers a period of one year or less, whereas long-term has a maturity period of more than a year.

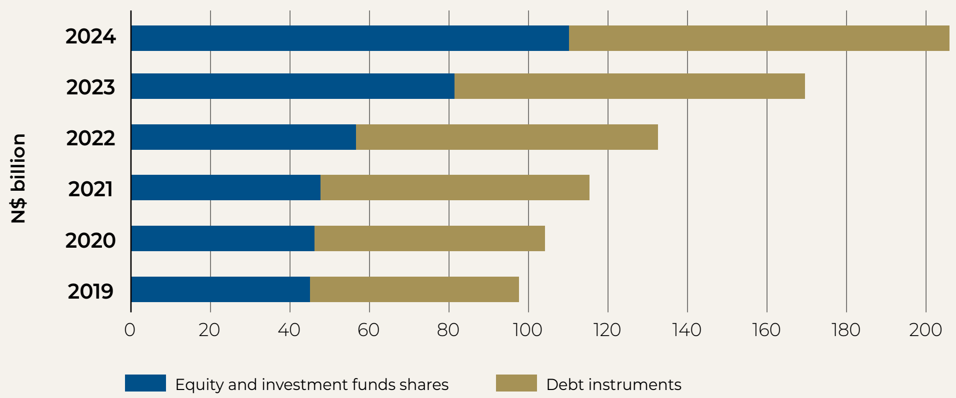
Figure 10: Foreign direct investment position

Direct investment in Namibia



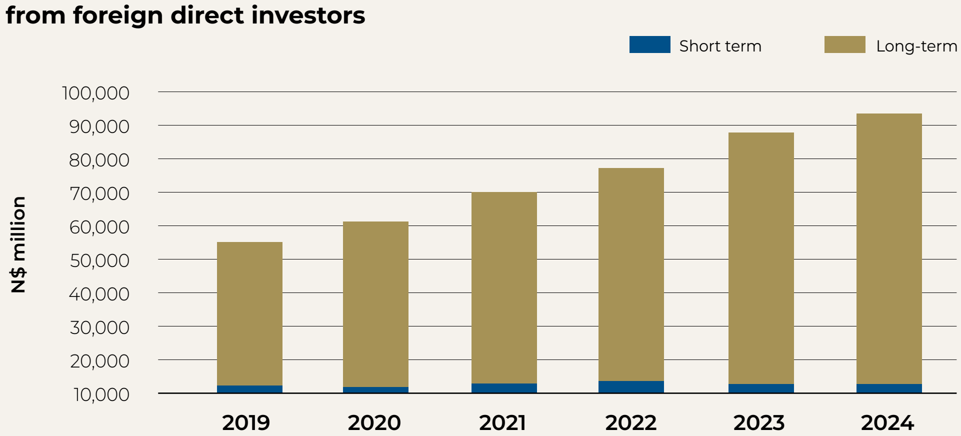
Source: Bank of Namibia

Figure 11: Breakdown of inward FDI by type



Source: Bank of Namibia

Figure 12: Short vs long-term intercompany debt from foreign direct investors



Source: Bank of Namibia

4.4.2 Inward FDI stock by sector and country

Most of the Namibia's stock of FDI liabilities by sector remained concentrated in mining and quarrying, followed by financial and insurance services and manufacturing sectors. Namibia's inward FDI stock was dominated by the mining and quarrying sector with an average share of 67.7 percent in 2024 (Table 2). This was followed by the financial and insurance services sector with a share of 16.5 percent, reflecting the majority of large foreign-owned institutions in the sector. The third largest share of inward FDI stock by sector was the manufacturing sector which had a share of 6.2 percent in 2024. Nonetheless, several sectors experienced declines in shares between 2019 and 2024, this was partly attributable to the significant rise in foreign investments in oil exploration and appraisal. In this regard, the share of oil exploration rose substantially to 25.3 percent at the end of 2024. As a percent of GDP, the stock of FDI liabilities stood at 84.3 percent in 2024, which is higher than 74.6 percent recorded in 2023, and 53.2 percent in 2019.

Table 2: FDI stock by sector (Percentage share)

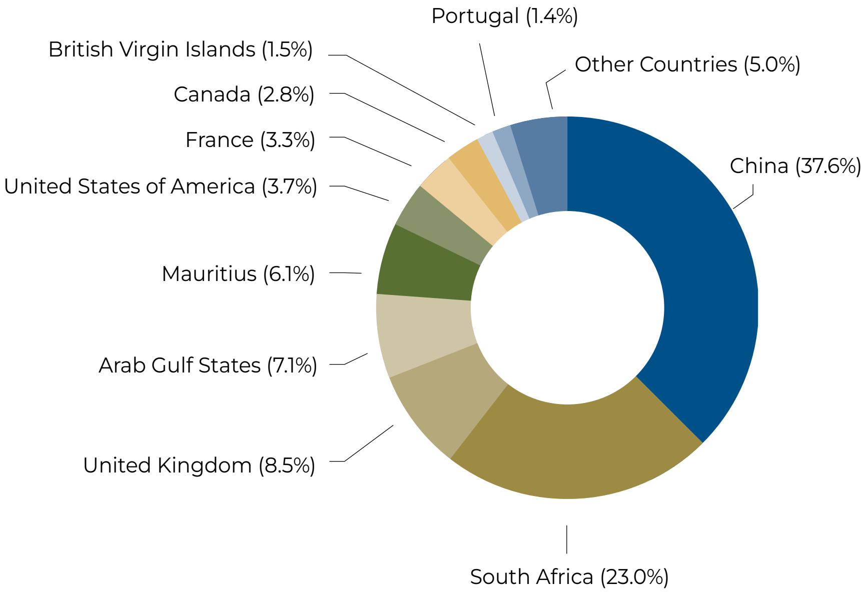
Sector	2019	2020	2021	2022	2023	2024
Mining and quarrying	64.1	53.6	54.4	55.6	66.5	67.7
Of which: Oil and gas exploration	0.0	0.2	2.6	6.8	19.8	25.3
Financial and insurance service	11.4	22.7	24.4	21.0	18.5	16.5
Manufacturing	12.2	10.2	11.4	12.2	6.5	6.2
Wholesale and retail trade	8.8	10.1	8.3	7.5	4.0	3.5
Agriculture, forestry and fishing	1.3	1.5	0.7	1.8	1.2	1.1
Transport and storage	0.0	0.0	0.1	0.0	0.1	1.2
Hotels and restaurants	0.3	0.2	0.4	0.3	0.4	0.5
Water and electricity	0.0	0.0	0.2	0.2	0.1	0.1
Other sectors	2.1	1.7	0.3	0.4	2.8	3.2

Source: Bank of Namibia

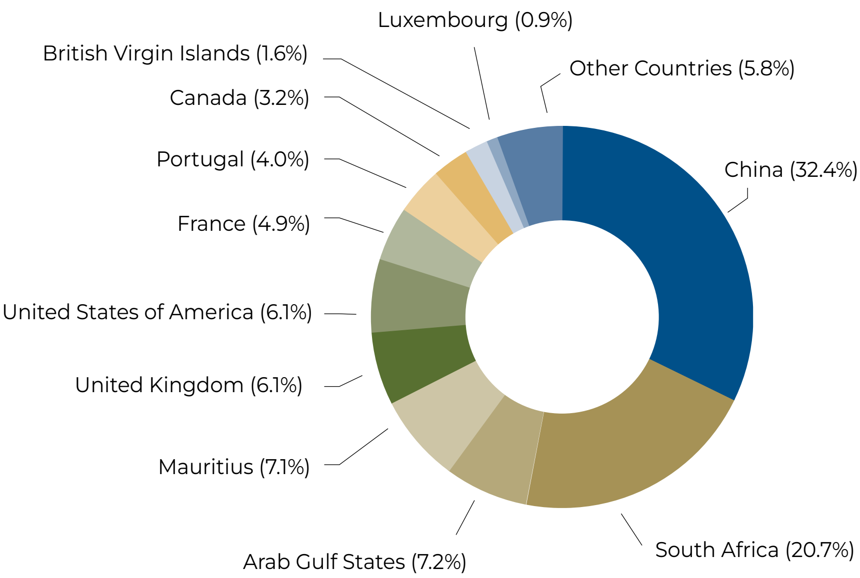
At the end of 2024, the largest share of Namibia's FDI liabilities by country was from China, followed by South Africa and the Arab Gulf States. Together, China and South Africa accounted for a combined share of 53.1 percent of Namibia's FDI liabilities by the end of 2024. The FDI stock was mostly concentrated in the mining and financial and insurance services sectors. The share of FDI liabilities from both China and South Africa declined as the share of other countries with investment in oil and gas exploration and appraisal-related activities picked up. As such, the share of FDI from the Arab Gulf States, the United States of America and France increased to 7.2 percent, 6.1 percent and 4.9 percent, respectively, in 2024, largely due to oil and gas exploration and related appraisal activities in Namibia, which are attracting more investment.

Figure 13 (A-B): FDI stock by country

A. FDI stock by country – 2023



B. FDI stock by country – 2024



Source: Bank of Namibia

FDI excluding oil and gas exploration over the period remained robust reflecting notable interest in other sectors of the economy.

Box 2: FDI motives explained: Why the type of foreign investments matters

This box article seeks to analyse Namibia's foreign direct investment (FDI) flows through the lens of British economist John Dunning's seminal framework, which categorizes FDI based on investor motives. While the positive impacts of FDI on economic growth and development are well documented and reflected through export earnings, fiscal revenue, and employment. The type of FDI received is critically important as its effectiveness varies depending on a country's economic structure, development stage, and prevailing challenges.

John Dunning identified four types FDI, each underpinned by various investors motives. These include natural resource-seeking, market-seeking, strategic asset-seeking, and efficiency-seeking foreign investments, which are expanded below:

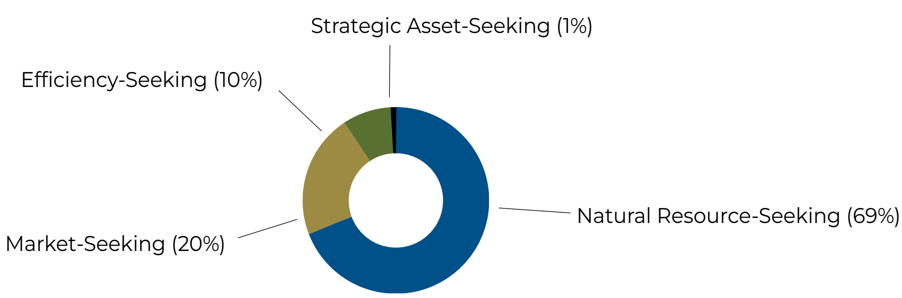
i) **Natural resource-seeking investment:** These investments are motivated by investor interest in accessing and exploiting natural resources in host economies. Given Namibia's abundance of natural resources, these investments are found in sectors such as mining and quarrying as well as agriculture, fishing and forestry. Apart from profit motives, these investments are also driven by the need to secure stable supply of minerals like uranium ores, copper concentrates, and other minerals.

ii) **Market-seeking investment:** This is motivated by investors interest in expanding operations to access new regional and international markets and serve demand of the host economy. These is more prominent in sectors such as wholesale and retail trade; financial and insurance services; and transport and storage among others.

iii) **Efficiency-seeking investment:** Investors motives are driven by need to benefit from the host economy in the form of supportive policies, investment incentives, low-cost and competitive labour supply, infrastructure development, and strategic location. These factors enhance competitiveness on the international market and support exports. Efficiency-seeking FDI is more common in sectors such as manufacturing, and transport and storage.

iv) **Strategic asset-seeking investment:** The motive behind these investments is to acquire interest in strategic assets such as brands, human capital and distribution network or supply chains. It is largely geared towards countries with strong innovation culture and the presence of well-established firms. It usually takes place through mergers and acquisitions.

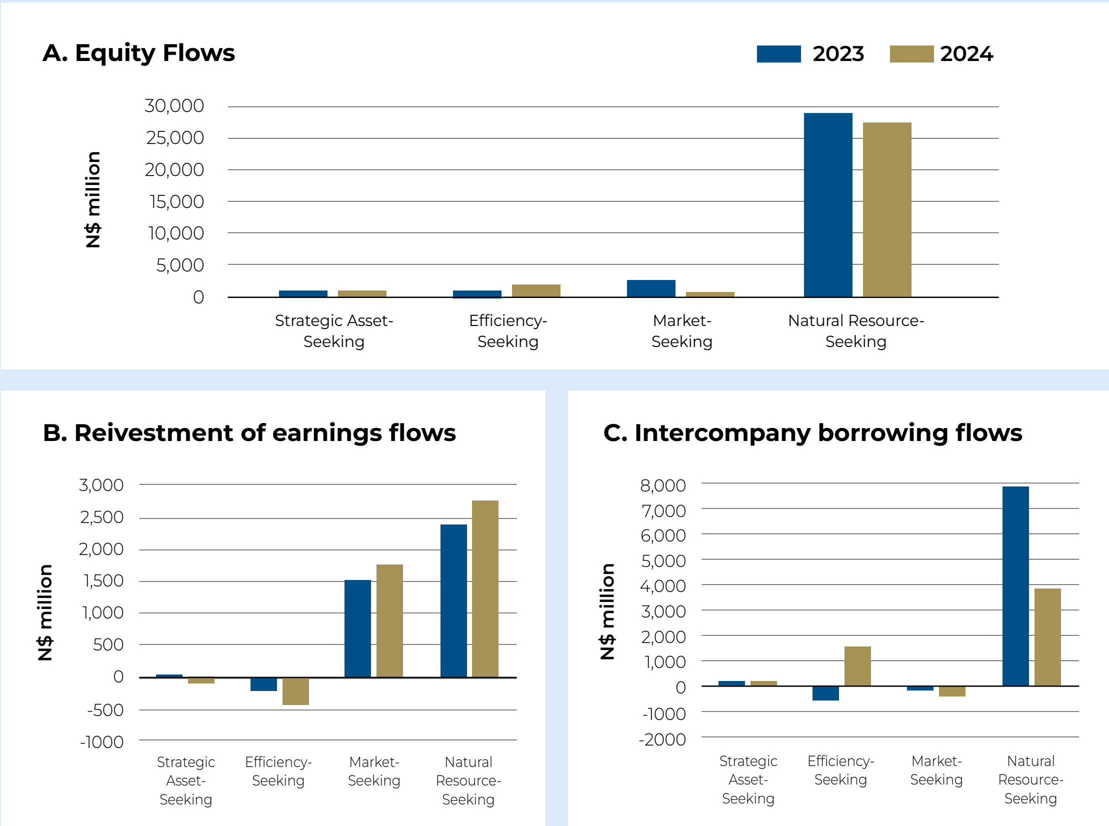
Figure 1: Stock of FDI by type, percentage share



Source: Bank of Namibia

At the end of 2024, Namibia's FDI landscape was largely dominated by resource-seeking investments. This reflects Namibia's natural endowments, consisting of diamonds, uranium, and other valuable minerals which attracted significant foreign investments over the years. In addition, the recent discovery of oil and gas reserves in the Orange Basin, along with emerging industries such as green hydrogen accounted for 69.0 percent of FDI in the form of resource-seeking FDI. Although resource-seeking FDI has dominated in value and significantly contributed to exports, fiscal revenue, and overall economic growth, its impact on direct employment remains limited due to the capital-intensive nature of the mining and quarrying sector. As a result, attracting this type of investment is unlikely to substantially address Namibia's high unemployment challenges. The relatively labour-intensive market seeking and efficiency seeking FDIs have accounted for a combined 30 percent of the total FDI at the end of 2024. This has been key in creating the much need new jobs over the years. Strategic asset seeking investments have, however, been miniscule, accounting for about 1 percent of total FDI, reflecting the muted integration in global value chains.

Figure 2 (A-C): FDI flows by type, 2023-2024



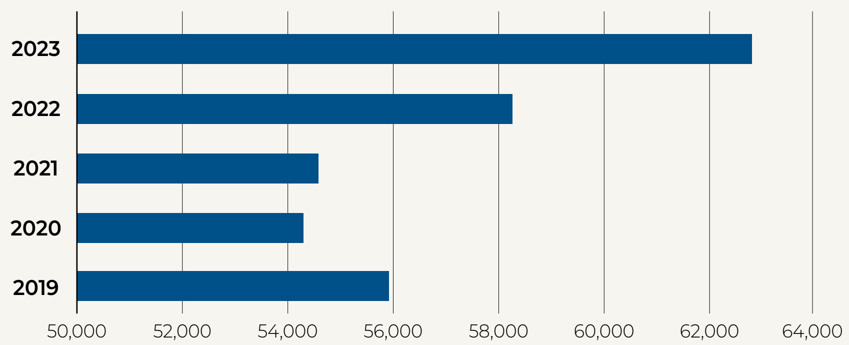
Source: Bank of Namibia

In terms of FDI flows by type, a significant portion of FDI flows have been through resource seeking equity injections over the past two years. This is largely explained by the substantial inflows for oil and gas exploration and appraisal related activities. This is further supported by inflows through intercompany borrowing as foreign investors extend loans to domestic subsidiaries in the mining sector for both operational and investment purposes. Reinvestment of earnings reflects the strong profitability levels for market seeking FDI entities in the financial and insurance sector as well as the whole sale and retail trade sector. The strong commodities prices, particularly higher gold prices have been instrumental in maintaining resource seeking FDI. FDI associated with efficiency seeking entities has registered losses over the last two years reflecting operational challenges, high input costs and reduced external demand.

5. FDI contribution to employment [3]

The number of employed persons by foreign direct investment enterprises (FDIEs) rose, mirroring the growth in FDI inflows, on average. Foreign-owned enterprises altogether were estimated to have employed 62,817 persons (including temporary employees and contractors) in 2023 compared to 55,982 persons employed in 2019 (Figure 14). This translated into 6,835 new jobs created over the span of five years, mainly stemming from the wholesale and retail, mining and quarrying and financial sectors. In 2020, however, employment by FDIEs declined by 2.9 percent, in line with the trend observed in FDI flows into Namibia during that period. FDIEs accounted for about 11.5 percent of total employment as per the 2023 labour force survey, reflecting the fact that FDI is predominantly directed towards high-paying capital-intensive sectors such as mining and quarrying and financial intermediation, that require a highly skilled workforce. As a share of formal employment numbers, however, employment by FDIEs was estimated at 27.2 percent in 2023.

Figure 14: Employment in FDI enterprises



Source: Bank of Namibia

[3] The employment figures reported in this report are based on the Bank of Namibia's Balance of Payments sample of foreign-owned enterprises surveyed quarterly. The employment numbers are strictly for jobs in foreign-owned enterprises.

FDIEs in the mining sector were key contributors to FDI-related employment as some mines previously placed under care and maintenance resumed production. Since 2019, the number of employed persons in this sector increased by a cumulative 4,585 jobs from 11,068 jobs in 2019 to 15,653 jobs in 2023. The cumulative rise in the number of employees was driven by an increase in both permanent hires as well as temporary employees including contractors for the resumption of activity at some mines that were placed under care and maintenance. This was further supported by planned mine expansion, specifically in the uranium, diamond as well as gold subsectors in gold, uranium and diamond which somewhat helped boost employment.

Table 3: Estimated employment of FDIEs by sector

Distribution by sector	2019	2020	2021	2022	2023
Employment in FDI enterprises	**55,982**	**54,370**	**54,618**	**58,308**	**62,817**
Agriculture	5,510	5,849	5,857	5,884	6,277
Wholesale and retail trade	16,353	16,609	16,802	18,076	18,566
Mining sector	11,068	11,641	12,207	13,971	15,653
- Permanent employment	7,353	7,213	7,453	7,826	8,372
- Contractors & temporary employees	3,715	4,428	4,754	6,145	7,281
Professional services	1,333	1,721	1,737	1,715	1,806
Education	2,060	2,049	2,057	2,075	2,084
Financial sector	7,826	7,636	7,530	7,771	8,016
Manufacturing	6,949	4,485	4,551	4,428	5,428
Admin and support services	403	333	356	317	329
Fishing sector	4,215	3,747	3,212	3,756	4,337
Health	66	102	103	98	97
Electricity	198	199	206	217	224

Source: Bank of Namibia

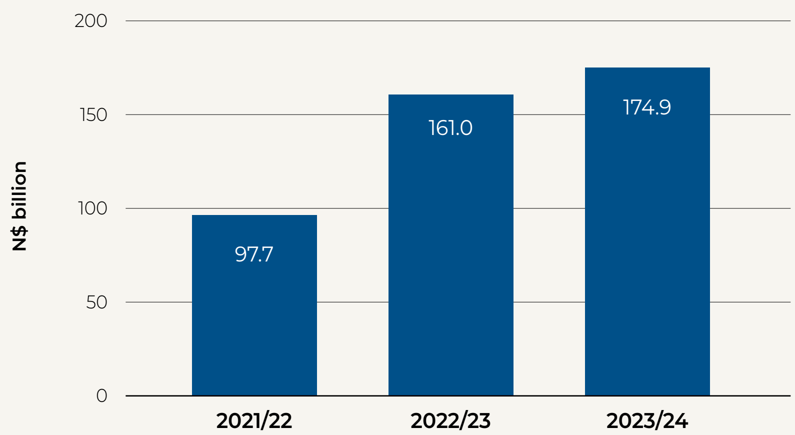
The wholesale and retail trade sector generated most of the FDIE jobs despite the relatively low FDI inflows and positions. The sector was the largest employer because it is highly labour-intensive and service-oriented employing about 18,566 persons. Between 2019 and 2023, the sector further created about 2,213 jobs in FDIEs. The rise in job creation can be partially attributed to the sector's improved revenue trends coupled with new market-seeking FDI resulting in the opening of several new retail outlets from 2021 to 2023. This is also evident in its impact on GDP during the period under review.

In addition, the impact of FDI on employment in Namibia extends beyond the mining sector, affecting sectors such as manufacturing, finance, fishing and agriculture. The manufacturing industry appears to be coming out of the woods, having been severely impacted by the Covid-19 pandemic and partly due to one of the zinc mines being placed under care and maintenance. The acquisition of Namibia Breweries Limited (NBL) as an FDIE following the Heineken deal in 2023 played a key role in sustaining employment growth within the manufacturing sector. In contrast, employment in the financial sector remains relatively low, mainly due to the capital-intensive nature of the sector and the need for a highly skilled workforce. FDIEs employment in the agricultural sector accounted for about 10.0 percent of the FDI-related jobs sustained by foreign investments in the horticulture industry.

6. Investment Projects Facilitated by the NIPDB

These projects make up what we call the NIPDB's Private Potential Pipeline. We have seen an inflow of investment projects with the potential to create significant employment opportunities. By the end of the NIPDB's 2023/24 financial year, the pipeline had a value of N$174.9 billion. However, many of these projects are struggling to materialise due various challenges, the most prevalent being the lack of policies to support incentives and ensure data protection, delays in permit and license approvals, as well as availability of land required for investment purposes. To realise these investments and unlock jobs, Namibia must address land availability, finalise relevant policies and incentives, and streamline the permit and visa issuance decisioning to ensure swift investment facilitation.

Figure 15: Value of private sector projects under the facilitation of the NIPDB (2021-2023)



Values as at NIPDB's Financial Year End (31 March).

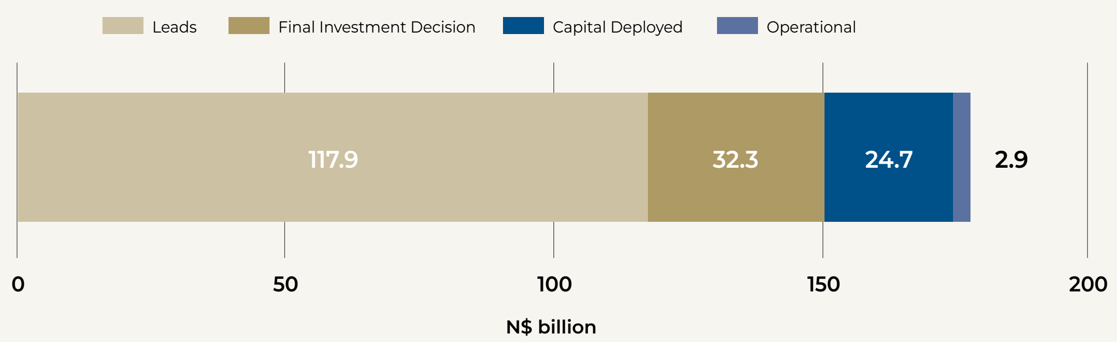
Source: Namibia Investment Promotion and Development Board

Table 4: The pipeline of private sector projects under the facilitation of the NIPDB is divided into four phases:

Enquiries, Prospects and Pre-leads (pre-pipeline)	NIPDB receives a wide variety of enquiries spanning trade and investment. Within this range of enquiries, there are occasions when business concepts lack supporting case studies, which calls for a thorough assessment. Our role involves skilfully managing and discerning these enquiries. Any queries related to trade matters are directed to the Ministry of Industrialisation and Trade for appropriate handling. Simultaneously, the remaining enquiries are categorised into actionable and non-actionable segments. Following this classification, we identify the “serious” or actionable enquiries that showcase feasibility. These promising enquiries are then converted into leads, seamlessly integrating them into the investment pipeline.
Leads	Viable investments that necessitate further information regarding whether Namibia is the optimal location, possesses the required infrastructure, offers market access, and so forth, to sustain the investment. The investor is currently in the decision-making phase and seeks guidance and assistance from NIPDB.
Final Investment Decision (FID)	The investor’s decision to invest is firm, and NIPDB is actively involved in advancing the investment towards realisation. Yet to be achieved, however, is the financial closure. In certain instances, the investor is still in the process of securing the necessary funding/ offtake for the project, while in other cases, the project is awaiting government approvals and/or permits/authorisations.
Capital Deployed (CD)	Expenditure has commenced to establish the investment, marked by the ground-breaking phase. This progress has led to the creation of temporary employment opportunities for construction work, alongside several permanent positions dedicated to managing the investment.
Operationalisation (post-pipeline)	The investment has been established and is operational. Permanent jobs have been created.

6.1 Composition of Investment Projects Facilitated by the NIPDB

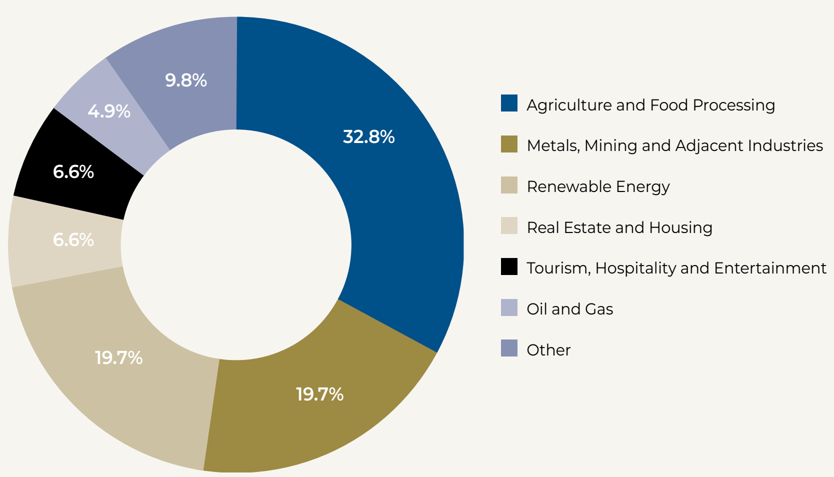
Figure 16: Composition of NIPDB's Pipeline – 2023/2024



Source: Namibia Investment Promotion and Development Board

The current composition of the private potential investment pipeline highlights a strong focus on agriculture and renewable energy, both critical for attracting investments that enhance Namibia's food security and diversify its energy mix through renewable energy development. The pipeline comprises several sectors, with agriculture and food processing accounting for 32.8 percent (up from 24.0 percent in the 2022/23 fy), followed by metals, mining, and adjacent industries at 19.7 percent (an increase from 8.0 percent), and renewable energy also at 19.7 percent (down from 39.0 percent in the previous year).

Figure 17: Sectors in NIPDB Pipeline – 2023/2024



Source: Namibia Investment Promotion and Development Board

6.2 Projects that broke ground during the 2023/2024 financial year

Table 5: Projects that broke ground during the 2023/2024 financial year

FDIEs	Investment Value	Location	Number of Potential Jobs	Launch Date	Sector
Cleanergy Solutions Namibia (Pilot)	N$ 500.0 m	Walvis Bay, Erongo Region	50 (permanent), 150 (temporary)	September 2023	Renewable Energy
Your Kitchen	N$ 17.0 m	Windhoek, Khomas Region	40 (permanent), 30 (temporary)	September 2023	Agriculture and Food Processing
Northern Grape Project (former Asparagus): Otjimbele Agriculture	N$ 130.0 m	Etunda, Omusati Region	500 (permanent), 850 (seasonal)	September 2023	Agriculture and Food Processing
Loxworth/ Namibia Berries	N$ 1.1 b	Divundu Village, Kavango East Region	1000 (permanent), 7000 (seasonal)	September 2023	Agriculture and Food Processing
HyIron (Capital 1)- Green Iron from Namibia	N$ 500.0 m	Arandis, Erongo Region	40 (permanent), 20 (temporary)	November 2023	Metals, Mining and Adjacent Industries
Benguela Blue Aqua Farming Pty (Salmon)	N$ 1.0 b	Lüderitz, Karas Region	600 (permanent), 1000 (seasonal)	May 2024	Agriculture and Food Processing

Source: Namibia Investment Promotion and Development Board

Box 3: Unlocking Rural Investment Opportunities: Namibia Berries in Divundu, Kavango East

Namibia Berries, a flagship blueberry farming initiative, is transforming Namibia's agricultural landscape. Founded by Loxworth Capital, a South African private equity firm, the project aims to diversify Namibia's agricultural exports and capitalize on the rising global demand for blueberries. Since inception, NIPDB has supported Namibia Berries' development, ensuring its positive impact extends beyond Divundu Village Council to the broader agricultural sector in Namibia.

"I can honestly say that without the NIPDB, we wouldn't be here. Securing land and navigating necessary protocols, especially in northern Namibia, is no small feat. The NIPDB team, led by Ms. Nangula Uaandja, has been invaluable in guiding us through challenges and moving things forward—even on weekends. Their efficiency and facilitation have been exceptional, making the process faster and smoother for us and our investors. NIPDB's proactive support truly sets them apart, and it's a model other countries could learn from," shared Michael Rodenburg, CEO of Namibia Berries.

Located in Divundu along the Kavango River in Kavango East, Namibia Berries spans an initial 250 hectares, with plans to grow to over 500 hectares. With a total investment of N$1.5 billion over seven years (2021-2027), the project is designed not only to produce high-quality blueberries but also to build local capacity through training and employment opportunities. This approach aligns with broader sustainable development goals in rural Namibia, while the tourism generated by farm visitors adds further value to the community. The project also bolsters Divundu's revenue collection, promoting local economic growth.

Economic Impact

Since its launch in 2021, Namibia Berries completed its first harvest in August 2024 and began exporting premium blueberries to markets in Hong Kong, Munich, and Dubai. These early shipments have established Namibia Berries as a significant player in agricultural exports, tapping into the lucrative early-season blueberry market. Partnerships with local players like EOS Capital have strengthened its financial base, enhancing growth potential and operational capacity.

Namibia Berries also contributes to Namibia's economic diversification by promoting high-value fruit exports, as recommended by the Harvard Growth Lab. The total blueberries export earnings increased to N$52.2 million during 2024 mainly destined to the Eurozone, particularly to Germany and the Netherlands. Local value addition, especially in fruits like blueberries, enhances the country's export portfolio and supports diversification goals.

Employment and Skills Transfer

Namibia Berries has so far created 350-400 jobs locally, with plans for further expansion to around 800 permanent roles and up to 7,000 seasonal positions during harvest times. This job creation is essential for improving livelihoods in the Kavango East Region and boosting the local economy. The project is expected to generate significant foreign exchange earnings, supporting national economic growth.

Production Manager Sehloolho Phori emphasized the project's transformative impact on Divundu: "In this valley, there are few jobs. We arrived with this project, employing many people, and you can see their happiness. Community members have shown tremendous enthusiasm and a willingness to learn."

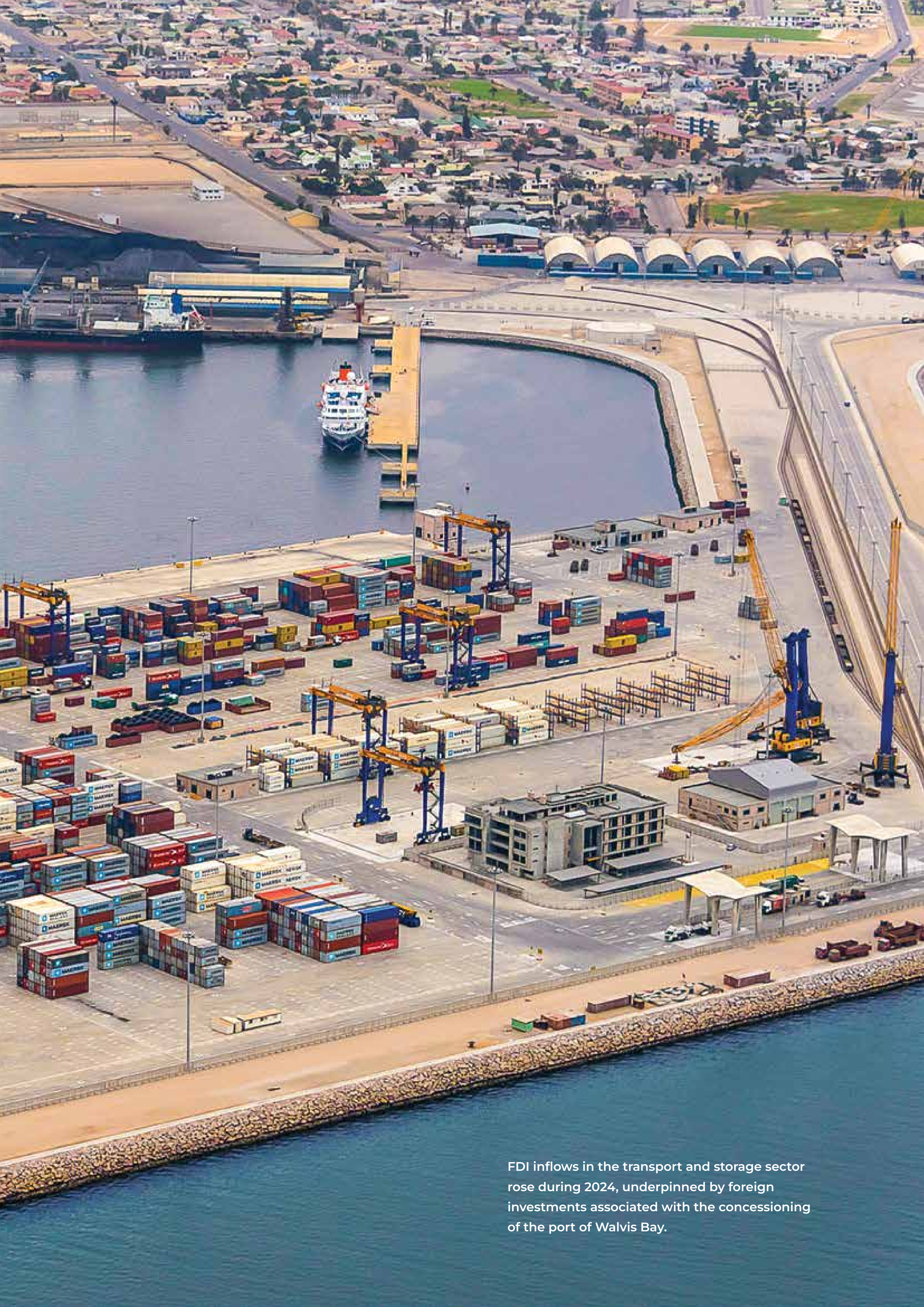
Phori also highlighted the skills transfer aspect: "We conduct extensive training, bringing in consultants to teach various farming techniques like pest identification, irrigation, and fertigation. We're even developing plans to train locals for more advanced roles, like production management."

For young people in Divundu, like Regina Muyenga, a recent early childhood development graduate, the project has been a game-changer. "I couldn't find work, and many young people here face the same struggle. When this opportunity came, I seized it," she said, adding that the stable income now enables her to support her family.

Community Empowerment

Beyond blueberry production, Namibia Berries is committed to the well-being of Divundu's residents. The company has installed water points and boreholes, improved safety with solar street lights, and supported early childhood education by upgrading local preschools.

These initiatives highlight Namibia Berries' dedication to fostering community development and economic growth. By empowering local workers with skills and investing in essential services, the company is creating lasting opportunities for the Divundu community, leaving a legacy beyond its primary agricultural ambitions.



FDI inflows in the transport and storage sector rose during 2024, underpinned by foreign investments associated with the concessioning of the port of Walvis Bay.

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