

NAMIBIA QER Q1 2021

NAMIBIA QUARTERLY ECONOMIC REVIEW

JANUARY - MARCH 2021

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National Budget 2021/22: Wakanda Must Wait

Finance Minister Iipumbu Shiimi tabled Namibia's National Budget for FY2021/22 in front of a masked Parliament on Wednesday 17 March. The country's overall economic situation had already deteriorated before Covid turned up to make a bad situation much worse and Shiimi's predecessor Calle Schlettwein had already presided over four years of little or no growth. Covid has made this situation much worse. At the time of the last budget, Shiimi estimated the economy would shrink by 6.6% in 2020 and by a further 1.1% in 2021. The latest estimates published shortly after the budget show GDP shrank by 8.0% in 2020. Shiimi expects growth to reach 2.1% in 2021 and 2.8% in 2022.

Table 1: Estimated Growth Rates and Forecasts

	2015	2016	2017	2018	2019	2020 (e)	2021 (f)	2022 (f)
GDP growth	4.3%	-0.0%	-1.0%	1.1%	-0.6%	-8.0%	2.1%	2.8%

Source: Preliminary National Accounts 2020 and National Budget

Government had already used monetary policy to support the weak economy and the Bank of Namibia's Monetary Policy Committee had agreed to maintain the repo rate at the historic low of 3.75% prior to the budget on 17 February.

Table 2: Nominal GDP

Fiscal Strategy (Table 6)	2018/19	2019/20	2020/21	2021/22
Nominal GDP (N\$m)	178,208	178,940	174,979	184,778

This year's budget documentation avoided last year's confusion showing different figures for nominal GDP in different documents. This year the only estimate of nominal GDP is contained in the Fiscal Strategy document.



Revenue Highlights – SACU Revenues Plunge as Expected

Revenue and grants are estimated to total N\$52.1bn in FY2021/22 or 28.2% of forecast GDP, some 6% lower than the revised total of N\$55.2bn in FY2020/21 (not N\$55.5bn as mentioned in the budget speech). As stated by the Minister, this is primarily due to much lower SACU receipts which decline from N\$22.2bn to N\$14.7bn due to reductions in trade during the pandemic and a large negative adjustment which is the result of the way SACU revenues are calculated and allocated. SACU revenues are always agreed a year in advance and then subject to a process of adjustment (up or down) in future years if estimates differ from actual receipts. Revenues from income tax on individuals and corporate income tax held up better than expected in FY2020/21. Confusingly, however, there are differences (albeit not large ones) between the numbers contained in the Estimates of Revenue and Expenditure (Table 4) and those in the Fiscal Strategy document (Annex 1: Table 5). It does not instil confidence when such important numbers differ from document to document.

Table 3: Changes in Revenue Streams (N\$m)

Revenue Streams (N\$m)	FY17/18	FY18/19	FY19/20	FY20/21	FY21/22
	Actual	Actual	Actual	Revised	Budget
Income tax on individuals	13,267	13,588	14,147	12,511	13,875
Corporate income tax	7,860	7,325	7,257	5,785	7,187
VAT	12,049	11,461	11,515	9,668	11,536
SACU	19,597	17,375	18,922	22,251	14,750
Total tax revenue	54,591	51,813	54,816	51,961	48,512
Total other revenue and grants	4,005	3,934	3,611	2,952	3,479
Total revenue and grants	58,659	55,882	58,536	55,179	52,065

Source: Estimates of Revenue and Expenditure (FY17/18 from Fiscal Strategy)

He confirmed that the launch of the long-awaited Namibia Revenue Agency (NamRA) was set for 7 April. As well as the usual sin tax increases, he confirmed a number of relatively minor tax changes which he said would take effect in FY2022/23:

- A potential reduction in non-mining corporate tax rate during the MTEF period (the rate is currently 32%).
- Zero-rating for VAT on sanitary products.
- Increases in tax allowances for pension contributions from N\$40,000 to a maximum of N\$150,000 to encourage savings.
- Introduction of a 10% withholding tax on dividends for Namibians similar to that paid by foreigners.
- Introduction of 15% VAT on management fees for listed asset managers.
- Better enforcement of withholding taxes on services.
- Reviewing and enforcing the administration of freight tax provisions.
- Reviewing the withholding tax on interest from unit trusts.

However, a wide range of tax changes floated by his predecessors were left hanging in the air and received little or no specific mention. A good summary of these by Gerda Brand of Deloitte Namibia is to be found <https://www.youtube.com/watch?v=e8sRAFbFtd4> which also includes recommendations from the High-Level Panel on the Namibian Economy published in February 2020.

Table 4: Status of Recent Tax Proposals

Tax Amendment	Budget 21/22
Residency/hybrid tax system	No mention but under review
Taxation of trusts as companies	No mention but under review
10% dividend withholding tax for residents	See above
Taxation of commercial activities of institutions	No mention but under review
Change of wear&tear allowance from 3 to 5 years	No mention but under review
Prohibited deductions of foreign losses	No mention but under review
Cap on assessed losses to 5 years	No mention but under review
Thin capitalisation ratio	No mention but under review
Imposition of VAT on listed fund managers	See above
Introduction of VAT on property share transactions	No mention but under review
Limit on contributions to retirement funds	See above
Export levy on dimension stone	No mention but under review
Export levy on timber	Consultation due
Lower tax regime for small businesses	No mention but under review
Capital gains tax	No mention but under review
Transfer duty on property owning companies	No mention but under review

The list demonstrates once again Government's propensity to float tax proposals and then leave them hanging over Namibia's business environment for prolonged periods of time causing immense uncertainty. It is to be hoped that the Minister will take a different approach and propose changes based on rigorous research and analysis, conduct consultations and implement changes within a limited period of time, say a year. It also suggests Government continues to believe that there are significant amounts of untaxed revenue in the economy that can be taxed without altering incentives to a detrimental extent. Namibia's ratio of tax to GDP is already high for an Upper Middle Income country suggesting this is not the case even if one takes generous revenues from SACU out of the calculation. Outside a limited but taxable formal sector, it makes little sense to impose taxes on poor people and informal businesses with the intention of channelling services back to them through a bloated and inefficient public sector. Furthermore, each tax should be subject to a simple cost-benefit rule so that the revenue brought in exceeds the cost of administration and enforcement. There are obvious advantages to keeping Namibia's tax system clear and simple.

Expenditure Highlights – Expenditure Restraint

According to the Minister's speech, expenditure is estimated to total N\$67.9bn in FY2021/22 or 36.8% of forecast GDP. This consists of N\$59.4bn of expenditure due for appropriation plus N\$8.5bn in interest payments and other statutory payments. Government budget documents break total spending down into operational and development spending of N\$62.4bn and N\$5.5bn respectively. Estimated revenues of N\$52.1bn in FY2021/22 is more than N\$10bn short of estimated operational spending of N\$62.4bn. In other words, Government will be borrowing to cover day-to-day spending. Interest payments exceed development spending by N\$3bn.

Significantly, development spending – consisting mostly of capital and infrastructure - falls from the budgeted N\$6.4bn in FY 2020/21 to N\$5.5bn in FY2021/22. In addition to the N\$5.5bn in FY2021/22 comes a further N\$1.5bn of spending outside the State Revenue Fund, consisting of projects financed by the African Development Bank.



Table 5: Total Spending by Sub-Division (N\$m)

Sub-Division	FY17/18	FY18/19	FY19/20	FY20/21	FY21/22
Operational					
Personnel Expenditure	29,171	29,389	29,570	28,681	28,459
Good and Services	8,421	6,403	6,652	8,965	7,499
Subsidies and Other Current Transfers	16,867	12,815	16,775	18,811	17,191
Interest Payments and Guarantees	5,430	7,143	6,885	7,738	8,500
Development					
Good and Services			433	448	271
Acquisition of Capital Assets	4,180	4,689	4,655	4,591	3,961
Capital Transfers	1,259	4,801	612	1,417	1,320
Total Expenditure	65,328	65,241	67,409	72,105	67,950

Source: Estimates of Revenue and Expenditure (Table 8 Estimates of Revenue and Expenditure)

Total budgeted spending (operational plus development) in FY2021/22 broken down by sub-division shown in the table above displays several significant features. Spending on public sector wages, good and services, and subsidies and other current transfers is squeezed while spending on interest payments and guarantees rises reflecting rising levels of public debt.

Table 6 shows total Government spending by Vote divided into operational and development spending. Following President Geingob's announcement of a new Cabinet on 22 February 2020 some votes changed. The Ministry of Gender Equality and Child Welfare (Vote 12) and the Ministry of Poverty Eradication and Welfare (Vote 33) have been absorbed into the Office of the President as Gender Equality, Poverty Eradication and Welfare (Vote 36). The former Ministry of Agriculture, Water and Forestry (Vote 20) and the Ministry of Lands and Resettlement (Vote 25) has been restructured into the Ministry of Agriculture, Water and Land Reform (Votes 37 and 38). There is a new Vote 39 Home Affairs, Immigration, Safety and Security which encompasses the old Home Affairs and Immigration and Safety and Security Votes.

Table 6: Operational and Development Expenditure by Vote

Vote		Operational Expenditure				Development Expenditure				Total Expenditure			
		Actual 2018/19	Actual 2019/20	Revised 2020/21	Budget 2021/22	Actual 2018/19	Actual 2019/20	Revised 2020/21	Budget 2021/22	Actual 2018/19	Actual 2019/20	Revised 2020/21	Budget 2021/22
1	President	472	379	445	554	29	77	46	55	500	456	491	609
2	Prime Minister	355	480	406	394	0	0	3	23	355	480	409	417
3	National Assembly	104	104	121	113	3	3	7	5	107	107	128	117
4	Auditor General	110	109	108	108	0	0	0	0	110	109	108	108
5	Home Affairs and Immigration	402	492	417	0	164	169	90	0	566	662	507	0
6	Police	4,888	5,063	5,107	0	331	410	335	0	5,219	5,473	5,442	0
7	Foreign Affairs	760	821	862	746	76	117	109	82	836	938	972	828
8	Defence	5,606	5,577	5,904	5,128	435	377	320	301	6,041	5,953	6,224	5,429
9	Finance	4,244	12,451	14,420	13,194	1	4	4	3	4,245	12,454	14,424	13,197
10	Education	13,232	13,257	13,471	13,375	464	503	1,041	403	13,696	13,760	14,512	13,778
11	National Council	94	90	89	88	0	0	0	0	94	90	89	88
12	Gender Equality and Child Welfare	1,180	1,198	0	0	3	3	0	0	1,183	1,201	0	0
13	Health and Social Services	6,587	6,622	7,813	7,721	231	187	238	360	6,818	6,809	8,052	8,081
14	Labour and Social Welfare	177	160	166	154	0	2	3	9	178	162	169	163
15	Mines and Energy	140	148	136	131	71	58	70	81	211	206	206	212
16	Justice	202	225	416	432	62	102	63	60	264	327	479	491
17	Urban and Rural Development	1,377	1,453	1,106	1,039	451	173	540	575	1,828	1,626	1,646	1,614
18	Environment and Tourism	467	384	463	438	31	47	104	87	498	431	567	525
19	Trade and Industry	217	190	133	112	106	106	42	48	323	296	175	160
20	Agriculture, Water and Forestry	1,081	1,054	0	0	831	897	0	0	1,911	1,952	0	0
21	Prisons and Correctional Services	369	357	371	371	0	0	0	0	369	357	371	371
22	Fisheries and Marine Resources	220	214	199	174	11	2	9	17	231	216	208	191
23	Works	601	560	526	465	16	11	26	28	617	571	552	493
24	Transport	1,457	997	341	307	1,343	2,112	1,978	2,200	2,800	3,108	2,319	2,507
25	Lands and Resettlement	204	176	0	0	120	221	0	0	323	397	0	0
26	National Planning Commission	159	247	161	183	0	0	99	0	159	247	260	183
27	Youth, National Service, Sport and Culture	286	282	252	263	2	5	15	15	288	287	266	279
28	Electoral Commission	61	348	332	72	1	0	0	0	62	348	332	72
29	Information and Communication Technology	416	362	484	273	12	21	27	81	428	383	511	354
30	Anti-Corruption Commission	58	59	62	63	0	0	0	0	58	59	62	63
31	Veterans Affairs	702	727	865	851	6	8	5	10	708	736	870	861
32	Higher Education	3,409	3,221	3,147	3,082	13	86	79	65	3,422	3,307	3,227	3,147
33	Poverty Eradication and Social Welfare	3,410	3,670	0	0	0	0	0	0	3,410	3,670	0	0
34	Public Enterprises	40	32	809	733	0	0	0	0	40	32	809	733
35	Office of the Attorney-General	198	198	0	0	0	0	0	0	198	198	0	0
36	Gender Equality, Poverty Eradication and Social Welfare	0	0	5,387	5,421	3	3	26	24	3	3	5,413	5,445
37	Agriculture and Land Reform	0	0	855	864	0	0	482	392	0	0	1,337	1,256
38	Water	0	0	272	201	0	0	697	265	0	0	969	465
39	Home Affairs, Immigration, Safety and Security	0	0	0	5,348	0	0	0	364	0	0	0	5,712
Total		53,282	61,707	65,650	62,397	4,816	5,701	6,410	5,553	58,098	67,408	72,060	67,950



Once these changes have been taken into account, it can be seen that the Minister has further attempted to squeeze both operational and development spending this year as he did last year. Only two Votes – 1 President and 24 Transport – receiving a meaningfully higher allocation.

Last year's budget provided details of N\$1.4bn worth of support for selected commercial public enterprises under Vote 34 Main Division 04 (Corporate Governance and Financial Advice). This year sees N\$560m of support to many "old friends". Even the RCC succeeds in obtaining N\$44m. It is not clear if this list includes the full liquidation costs of Air Namibia. Last year's planned N\$1.4bn seems to have declined to N\$462m for FY2020/21.

Table 7: Subsidies and Transfers to Commercial Public Enterprises

Public Departmental Enterprises and Private Industries	N\$m
Epangelo Mining Company	4.0
Lüderitz Waterfront	2.0
Air Namibia	211.0
Namibia Wildlife Resorts	71.0
National Institute of Pathology (NIP)	107.0
Roads Contractor Company (RCC)	44.0
Agro-Marketing and Trade Agency (AMTA)	59.0
AGRI-BUS-DEV	62.0
Total Public Departmental Enterprises and Private Industries	560.0

As far as development spending is concerned (mainly capital expenditure), the eight main spending Votes receiving N\$100m or more are presented in the table below.

Table 8: Votes receiving more than N\$100m in development spending

Vote	Amount (N\$m)
24. Transport	2,200
17. Urban and Rural Development	575
10. Education	403
37. Agriculture and Land Reform	392
39. Home Affairs, Safety and Security	364
13. Health and Social Services	360
08. Defence	301
37. Water	265

This year's Development Budget notes that 398 projects are due to be implemented over the MTEF period FY2021/22 to FY2023/24 both inside and outside the State Revenue Fund of which only one is a new project. The execution rate of the Development Budget FY2020/21 was 82% by the end of February 2021, impressively high considering what had happened during the year.

Deficit and Debt – Ever Deeper into Uncharted Territory

The revenue and expenditure estimates described above yield a budget deficit of N\$15.9bn or 8.6% of estimated GDP implying that Namibia's total debt stock reaches an unprecedented 70.4% of GDP by the end of FY2021/22. This level of public debt takes Namibia further into uncharted territory. In his speech the Minister states that the deficit will reach N\$140.8bn or 76.2% of GDP in FY2021/22 and be financed through “a combination of own savings and domestic and external borrowing”. It is not clear what own savings exist apart from the sinking funds set aside to redeem Government's four JSE-listed bonds as well as the US\$500m Eurobond1 which matures in FY2021/22 and the US\$750m Eurobond2 which matures in FY2025/26. As of 31 March 2019, the Ministry of Finance stated that the balance on the ZAR was N\$858m (for the four JSE-listed bonds) and on the USD fund was US\$350m (for the two Eurobonds). The Minister did not mention what the latest balances were or how these funds were to be replenished. The assumption always seems to have been that these bonds could all be rolled over but it is not certain whether this will be possible in Namibia's highly constrained new circumstances, nor at what price.

Since 2017, Namibia's sovereign credit ratings have been steadily downgraded by Fitch (from BBB- Stable in 2014 to BB by 2019) and Moody's (from Baa3 Stable in 2015 to Ba3 Negative by the end of 2020) as Namibia has shown little sign of making significant fiscal and other reforms. As credit ratings have worsened, debt levels have risen running the risk of falling into a debt trap. Under the former Minister of Finance, Namibia took little heed of three years of ratings downgrades to prepare itself for the debt redemptions that are now due. This is likely to mean Namibia will have to pay significantly higher rates of interest on foreign borrowings, especially in a global situation where many governments are having to borrow much more than expected.

Table 9: Key Fiscal Aggregates (as % of GDP)

	FY15/16 actual	FY16/17 actual	FY17/18 actual	FY18/19 actual	FY19/20 actual	FY20/21 revised	FY21/22 budget
Revenue and Grants	34.6%	31.8%	34.2%	31.4%	32.7%	31.4%	28.2%
Expenditure	42.8%	38.9%	39.3%	36.5%	37.6%	41.8%	36.8%
Budget Balance	-8.2%	-7.1%	-5.2%	-5.2%	-5.0%	-10.4%	-8.6%
Debt	39.6%	43.7%	43.4%	49.1%	56.1%	62.9%	70.4%*
Interest Payments	5.0%	8.5%	9.3%	11.3%	11.9%	14.2%	16.3%
Guarantees	4.3%	4.0%	6.4%	6.1%	6.2%	7.3%	7.0%

Footnote: * later changed to 68.5%

Source: Fiscal Strategy Documents



Chart 1: Key Fiscal Aggregates (as % of GDP)

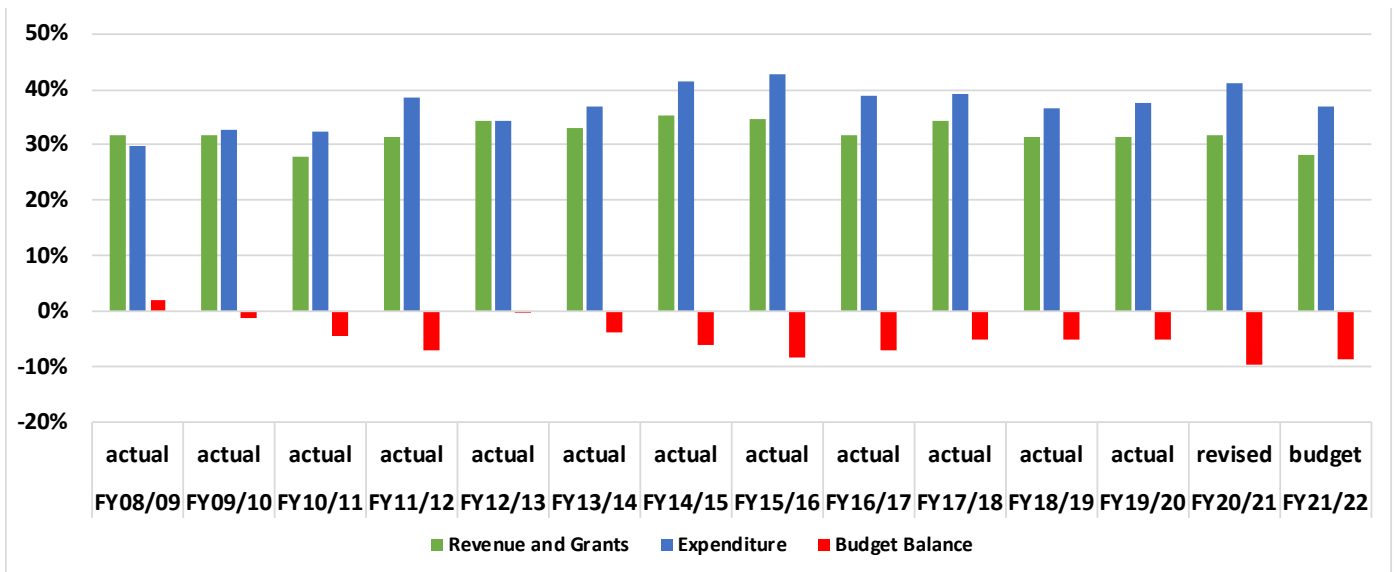
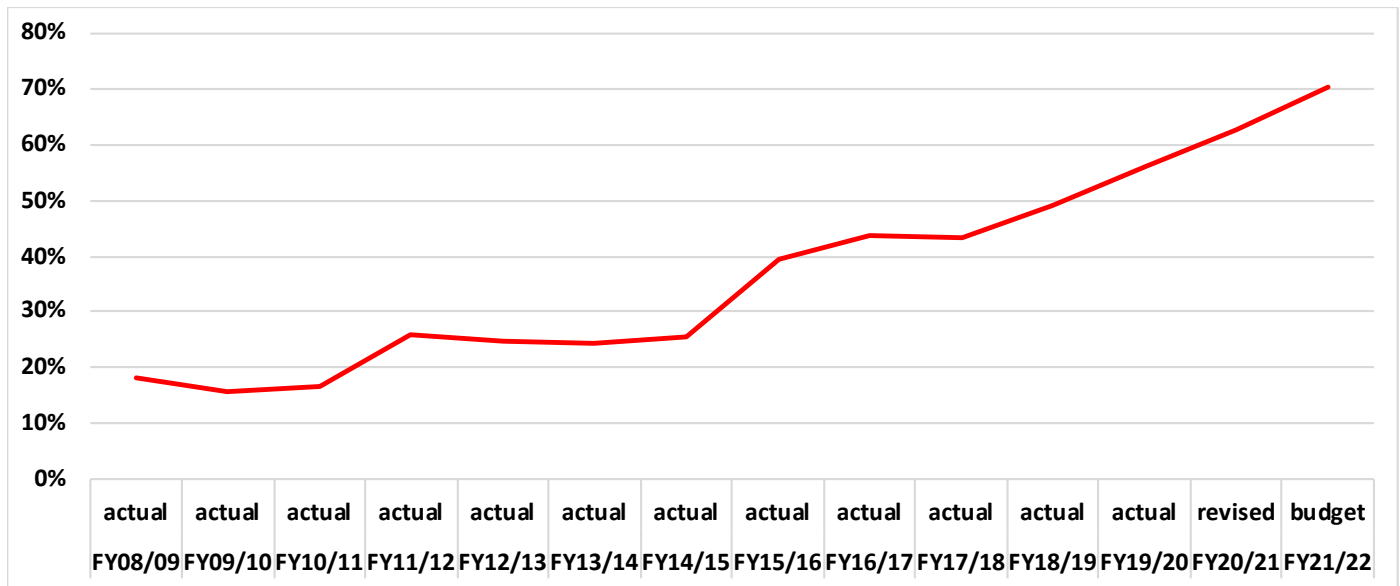


Chart 2: Ratio of Debt to GDP



Unlike last year, this year’s Estimates of Revenue and Expenditure document did not include a Table 3: Namibia Statement of the Central Government Operations. However, an additional sheet was provided which contains similar information.

Table 10: Summary of Central Government Operations

Item in FY2021/22	N\$m
GDP (estimated)	184,778
Total Revenue and Grants	52,065
Total Expenditure	67,950
Balance (1-2)	-15,885
Other Funding Requirements (Amortization)	-14,163
Net Borrowing Requirement	-30,048
Financing	30,048
Domestic Borrowing	17,890
Cash Reserves	3,733
Divestiture	1,500
External Borrowing	6,924
Provision for Bond Redemption (GC21 and Eurobond)	-7,918
Foreign Debt Repayment	-830
Total Funding Requirements	-28,033
Cash Reserves	1,200
Net Funding Requirements	26,833
Foreign Borrowing	
AfDB Project Loans	1,299
Mechanisation programme for agriculture	489
Transport - Rail	350
Transport - Road	140
Basic Education	320
AfDB Loan (Covid-19)	1,500
IMF RFI	4,150
Total Public and Publicly Guaranteed Debt	139,493*

Footnote: * Total public debt later changed from N\$130.06m to N\$126.54m

This year's Fiscal Strategy document explains that since 2005 Government has instituted a sinking fund approach for bond redemption (the paying back of the principal amount borrowed by selling bonds). By March 2020 the balance on the US dollar and South African Rand sinking funds were US\$412m and R2.3bn respectively while the maturing bond balances stood at US\$500m for the Eurobond1 and N\$461.7m for the GC21 (which seems to have declined further since then to N\$168m). Rather than fully roll over the Eurobond (which would have to be done at a new rate of interest with a poorer credit rating), it seems that Government sought support from local institutional investors (the GIPF and possibly others) to underwrite the redemption of the Eurobond in exchange for Namibia dollar dominated bonds and switch N\$1.4bn worth of GC21 to longer dated stock. From this year on, foreign debt as a proportion of GDP will remain stable while domestic debt increases. The US\$750m Eurobond2 matures in 2025.

Last year the Minister pencilled in a mysterious N\$3.23bn loan from "Other Borrowing (Covid-19)". It turned out this was a loan from the IMF through its Rapid Credit Facility. However, the loan proved to be less than rapid taking almost a year to negotiate. It has now been included as a loan of N\$4.15bn for FY2021/22.



Conclusions – Lower Revenues, Lower Spending, Rising Debt and Only Limited Growth in Sight

This year's national budget is marked by a significant fall in revenues and a subsequent squeeze in spending in order to limit the growth of debt to completely unsustainable levels. The spending squeeze has involved freezing pay and cutting development spending rather than wholesale public sector reform which is likely to involve retrenchments. The budget took place in the aftermath of the liquidation of Air Namibia and the loss of over 600 jobs – perhaps the single most painful economic decision Government has had to make since Independence. It should not be forgotten that the budget took place against the unprecedented backdrop of the global Covid pandemic. This came on top of four years of economic depression and an election whose outcome knocked the prestige of the ruling party and the President. Government was duty-bound to respond to the challenges posed by the pandemic but had to do so from a position of extreme fiscal weakness. Sensibly, Government chose to add the cost of its special measures to existing spending programmes and borrow the difference thereby pushing up overall levels of debt to historically unprecedented levels.

However, the Minister is not expecting a V-shaped recovery where the economy bounces back fully after the unprecedented contraction of 2020. The economy declined by 8.0% in 2020 and the Minister expects growth of only 2.1% this year. It is becoming clear that the effects of the pandemic are likely to leave long-lasting scars on the economy (especially in key sectors of the economy such as tourism). In his speech, the Minister made great play of the African Continental Free Trade Area (AfCFTA). Whilst continental trade integration is a definite step forward for Africa, it is a long-term undertaking that will not bring rapid results, least of all for Namibia which does very little trade with the rest of the continent outside SACU. The role of leadership is often to lift morale during tough times but the Minister's mention of Wakanda as an inspiration for Namibia only serves to hide the harsh reality that many more painful economic decisions will be required if the economy is to achieve rapid growth and sustainable public finances.

News Highlights

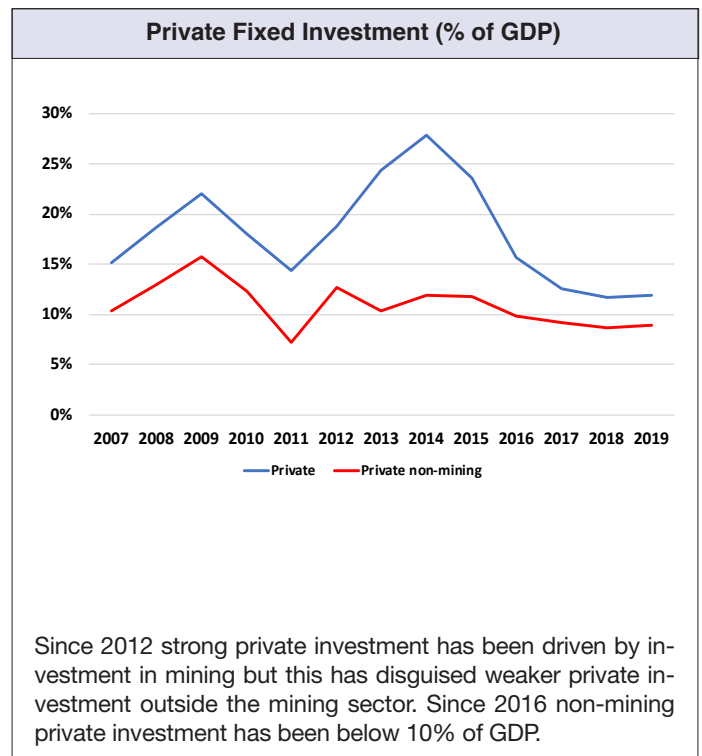
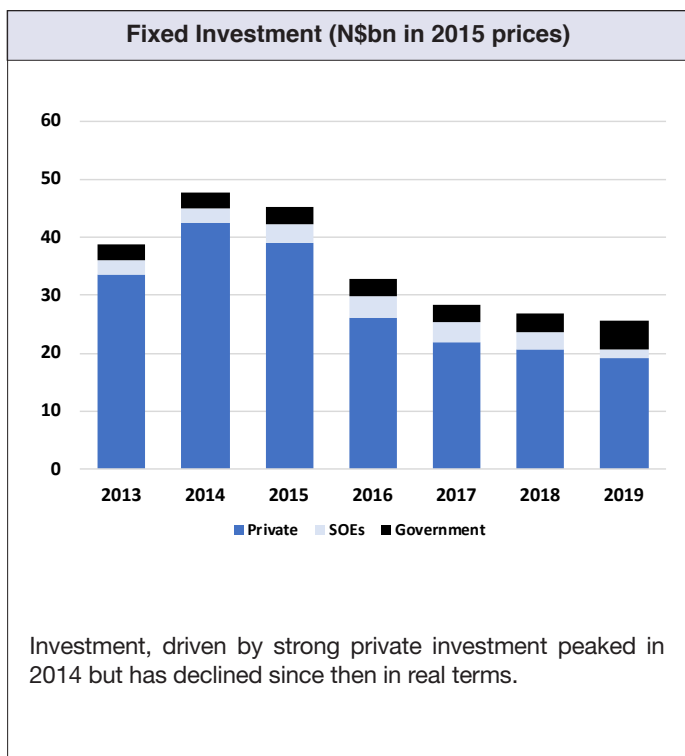
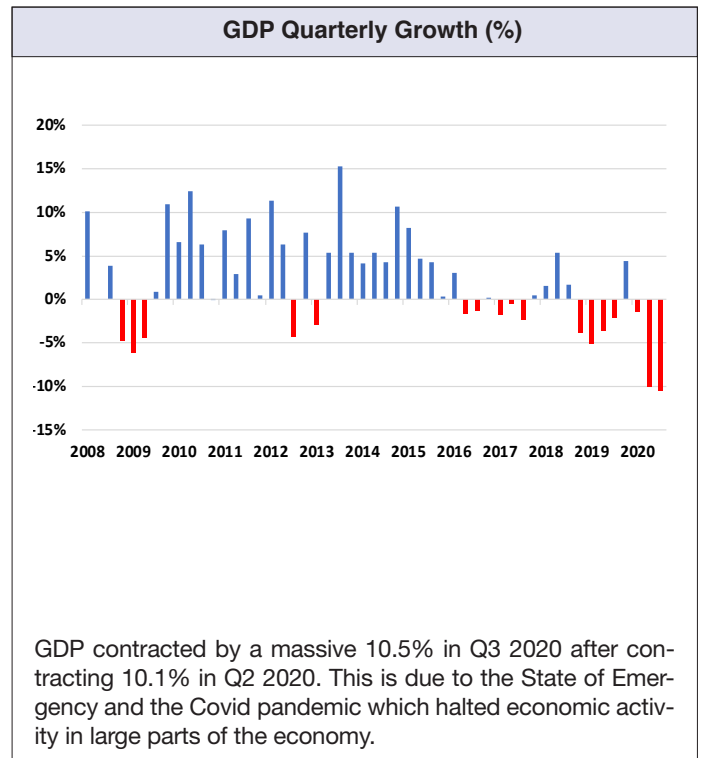
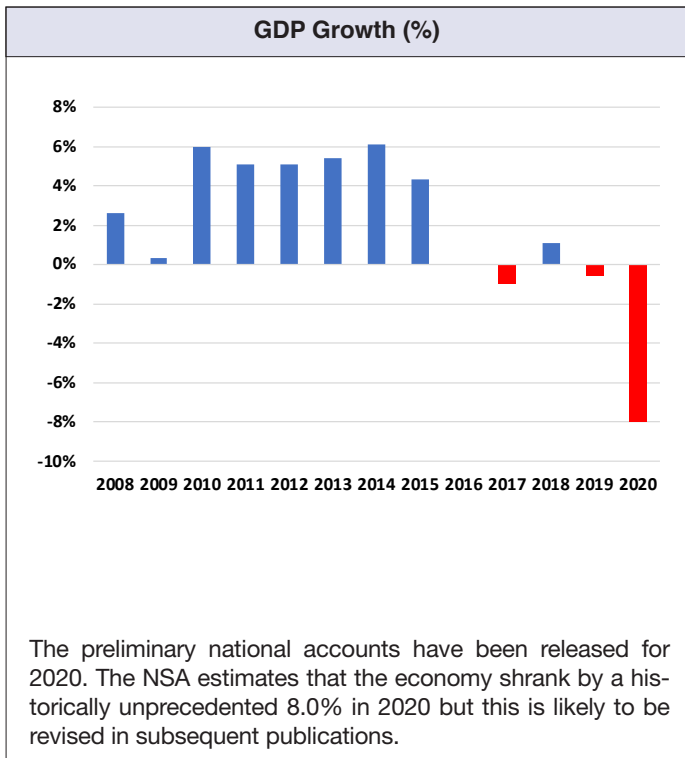
Date	Highlight	Commentary
30 March	Oil storage facility officially handed over (Xinhua)	Namibia's Chinese-built oil storage facility, construction of which commenced in January 2015, was officially handed over to Namcor. The first shipment of commissioning stock arrived on 1 December 2020.
21 March	First delivery of Covax vaccines arrive (Informante)	30,000 doses of Covishield manufactured under licence in India from Oxford AstraZenica Covid vaccines arrived at Hosea Kutako International Airport.
18 March	President launches Harambee Prosperity Plan II	President Geingob launched his Harambee Prosperity Plan II for the period 2021-2025 which will take him up to the end of his second and final term of office.
17 March	National Budget 2021/22 tabled in Parliament	Finance Minister lipumbu Shiimi tabled his second national budget involving expenditure restraint and rising debt.
17 March	Sinopharm Covid vaccines arrive (Xinhua)	Namibia received its first batch of 100,000 Sinopharm vaccines from China. They will not be offered to people over 60 until more information becomes available.
11 March	Namibia becomes 50th country to approve Sputnik V (PharmiWeb.com)	The Russian Direct Investment Fund announced that Namibia had become the 50th country to approve the use of Russia's Sputnik V vaccine after the Ministry of Health registered the vaccine under the emergency use authorisation procedure.
9 March	South African GDP grew 6.6% quarter-on-quarter (StatsSA)	Quarterly GDP in South Africa grew 6.6% quarter-on-quarter in Q4 2020. For the year as a whole, GDP contracted by 7%.
4 March	Fishcor bank accounts unfrozen (The Namibian)	The Bank of Namibia's Financial Intelligence Centre unfroze Fishcor's bank accounts which had been frozen on 14 February.
5 March	Namibia falls 33 places in mining ranking (Namibia Economist)	Namibia fell from 14th to 47th in the Fraser Institute's annual Policy Perception Index for 2020.
4 March	Sardarov linked to desalination project (The Namibian)	Russian billionaire Rashid Sardarov has been identified by State House as a potential investor in the ambitious seawater desalination project involving Botswana which has been under negotiation since 2016.



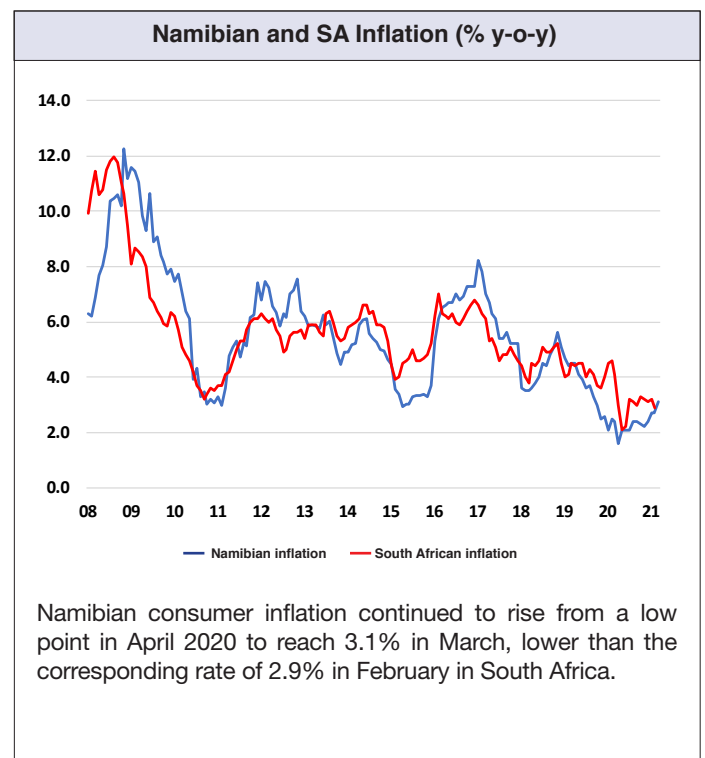
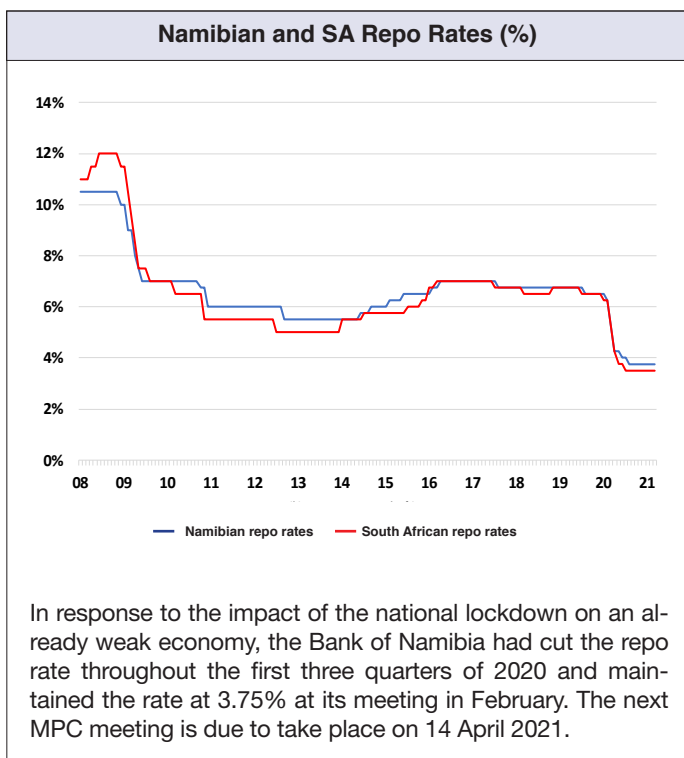
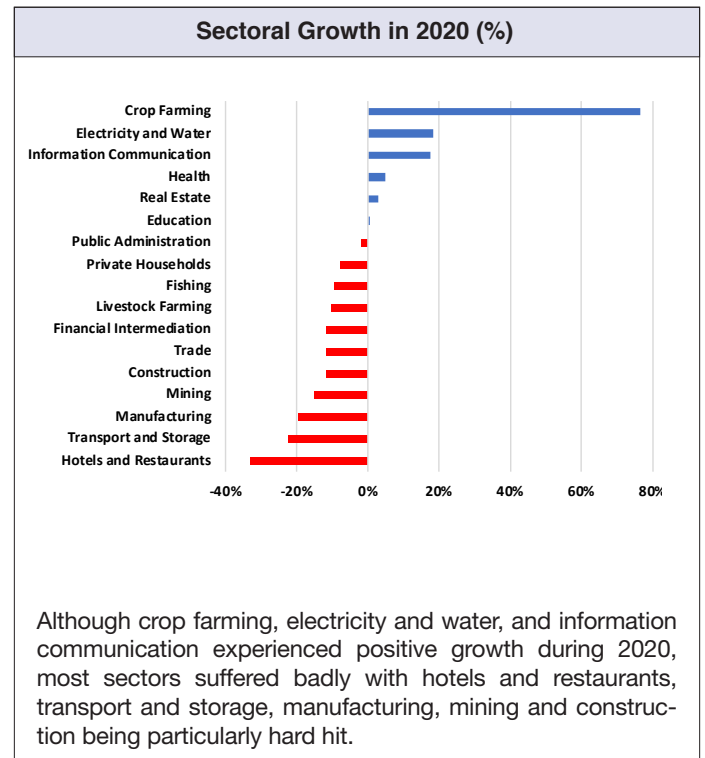
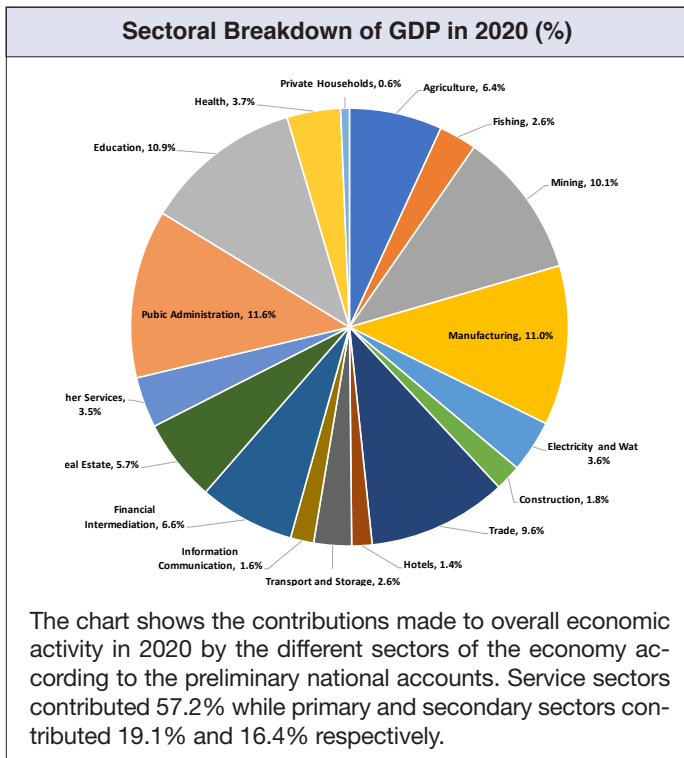
4 March	Paratus Namibia signs first fibre open access agreement (Engineering News)	Paratus Namibia signed its first fibre open access agreement with Africa Online, the first of many agreements it hope to sign giving access to its fibre network infrastructure.
3 March	Namibians with Exploration and Prospecting Licences cannot sell out (Reuters)	Mines Minister Tom Alweendo announced that Namibians holding EPLs would from 1 April no longer be able to sell them to foreign investors (in a move designed to curtail speculation) and would be required to maintain at least 15%. Alweendo was quoted as saying he “did not want Namibians to say they had not been given opportunities”.
1 March	Air Namibia’s liabilities shown to be N\$5.4bn (The Namibian)	Documents with the High Court indicated Air Namibia had liabilities close to N\$5.4bn including N\$800m owed in taxes to Government and N\$708m to the Namibia Airports Company.
26 February	Namibia Airports Company applies for Air Namibia liquidation (The Namibian)	The Namibia Airports Company filed an urgent application with the High Court for the liquidation of Air Namibia for debts close to N\$714m.
25 February	Namibia and Botswana to partner on water (The Namibian)	During a one-day working visit to Namibia, Botswana President Masisi and President Geingob discussed a joint water desalination project which would serve both countries.
23 February	Otjikoto mine produces 40,205 ounces of gold in Q4 2020 (B2Gold)	B2Gold reported that its Otjikoto mine produced 40,205 ounces of gold in Q4 2020 which meant production for the year reached 168,041 ounces. Its annual forecast is 165,000-175,000 ounces for 2020, the same as 2019.
17 February	Bank of Namibia keeps repo rate on hold (Bank of Namibia)	The Bank of Namibia maintained the repo rate at 3.75% after a meeting of its Monetary Policy Committee. The Bank forecasts inflation of 3.0% over 2021.
14 February	Fishcor bank accounts frozen (The Namibian)	The Bank of Namibia’s Financial Intelligence Centre froze all bank accounts belonging to Fishcor, the state-owned fishing company at the centre of the Fishrot scandal.
11 February	Air Namibia placed under voluntary liquidation (Reuters)	Finance Minister Iipumbu Shiimi announced that loss-making Air Namibia had been placed under voluntary liquidation. The company’s 636 employees would be paid one year’s salary.
28 January	Namdeb produces 337,000 carats in Q4 2020 (AA)	Anglo American reported that Namdeb Holdings produced 337,000 carats in Q4 2020 compared to 242,000 carats in Q3 2020. Production for the year was 15% down on 2019.
21 January	Namibia judged to have best roads in Africa (The Namibian)	According to the World Economic Forum, Namibia’s road infrastructure remains the best in Africa scoring 5.2 out of 7 beating off South Africa and Rwanda.
20 January	Lufthansa to increase flights to Namibia (The Namibian)	German airline Lufthansa announced that it would double the frequency of flights between Frankfurt and Namibia during March and April.
18 January	Hullwiper issued with Environmental Clearance Certificate (Riviera News)	The Ministry of Environment issued an Environmental Clearance Certificate to KWINT Offshore Services Namibia for the use of the Hullwiper remotely operated vehicle hull cleaning equipment.
15 January	Over 12,000 workers lost jobs in 2020 (The Namibian)	The Ministry of Labour released figures showing more than 12,000 workers across 896 companies were retrenched in 2020 due to the economic downturn exacerbated by Covid.
15 January	Development Bank of Namibia to offer bridging capital to SMEs (The Namibian)	Following a N\$450m capital injection by Germany’s KfW, the Development Bank of Namibia announced it would offer bridging loans to SMEs a year and older hit by Covid.
14 January	BW Energy increases stake in Kudu (Energy Voice)	Norwegian BW Energy increased its stake in the offshore Kudu gas licence from 56% to 95% for US\$4m with Namcor retaining 5% with an option to purchase a further 5%.
11 January	Capespan announces best ever grape season (FreshPlaza)	Executive Director of Capespan Namibia Kobus Bothma announced that, despite starting ten days late, 2020/21 had been the best ever grape season yielding 8.5 million 4.5kg equivalent cartons for Namibia as a whole.
11 January	Reconnaissance Energy Africa commences drilling (Reconnaissance Energy)	Canadian-listed oil company Reconnaissance Energy Africa announced that it had commenced the drilling of the first (6-2) of three wells in the Deep Kavango Basin in the North-East of Namibia in PEL73.



Key Economic Variables

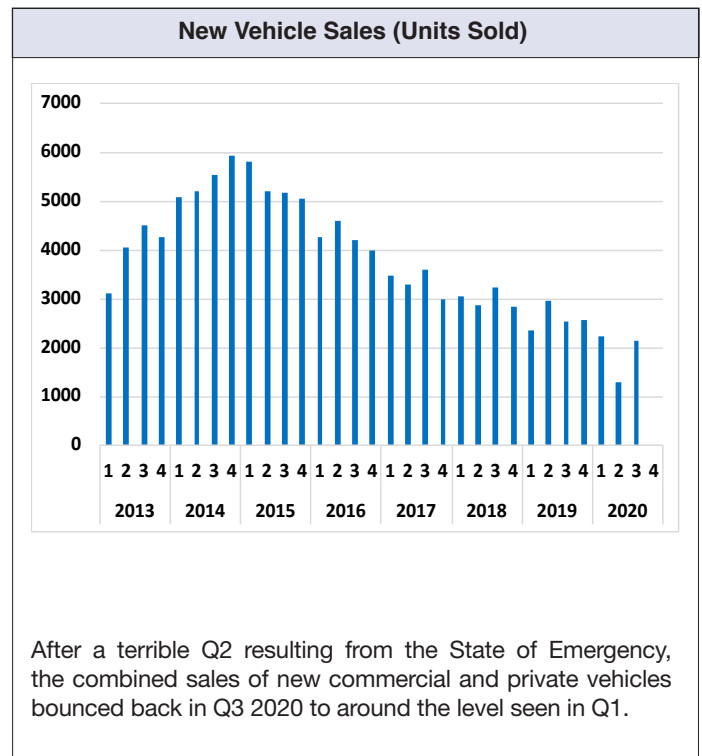
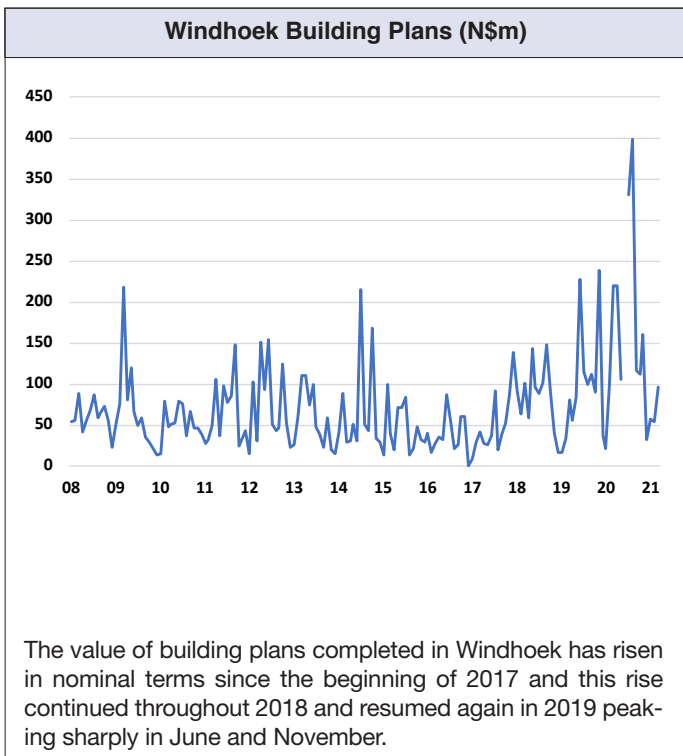
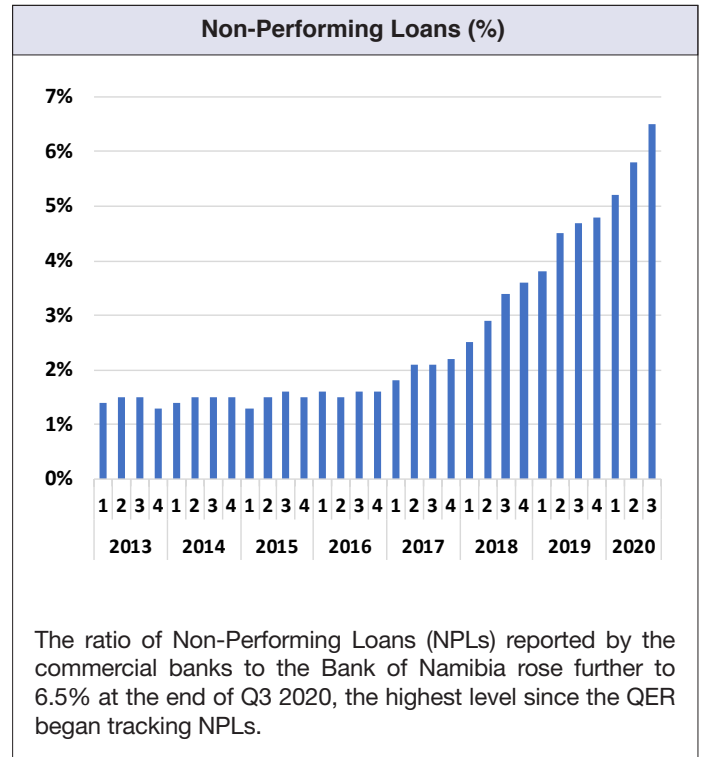
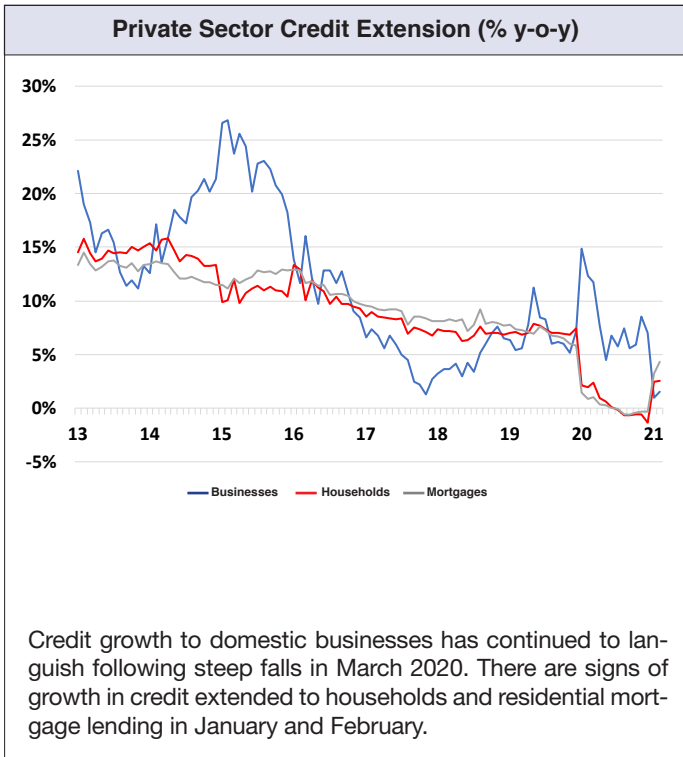


Key Economic Variables





Key Economic Variables





Data Trends

	Unit	2015	2016	2017	2018	2019	2020
Annual Economic Growth							
GDP	%	4.3%	0.0%	-1.0%	1.1%	-0.6%	-8.0%
GDP current prices	N\$m	146,019	157,708	171,570	181,054	181,555	176,327
Change in Mining Value Added	%	-4.0%	-10.7%	14.2%	16.1%	-9.5%	-14.9%
Change in Manufacturing Value Added	%	-3.2%	10.0%	-1.6%	-0.4%	4.3%	-19.6%
Fixed Investment							
Fixed Investment	% of GDP	31.0%	21.8%	17.9%	16.9%	15.4%	13.5%
Change in Fixed Investment	%	-5.1%	-27.7%	-13.7%	-6.0%	-11.9%	-15.9%
Fixed Investment - Government	'000 N\$m	7,382	5,586	5,127	5,945	6,868	n/a
Fixed Investment - SOEs	'000 N\$m	3,359	4,000	4,068	3,674	2,115	n/a
Fixed Investment - Private	'000 N\$m	34,507	24,836	21,570	21,197	21,542	n/a
Prices and Interest Rates							
Average Inflation	%	3.4%	6.7%	6.1%	4.3%	3.7%	2.2%
Year End Prime Lending Rate	%	10.25%	10.75%	10.50%	10.50%	10.25%	7.50%
Year End Repo Rate	%	6.50%	7.00%	6.75%	6.75%	6.50%	3.75%
Trade and Balance of Payments							
Exports - total goods	N\$b	41.6	48.0	49.8	56.5	57.0	53.8
Exports - total services	N\$b	10.0	7.2	7.9	8.3	8.1	4.3
Imports - total goods	N\$b	81.7	82.9	73.8	75.2	75.2	65.5
Imports - total services	N\$b	8.7	10.1	7.9	7.8	8.5	7.7
Trade Balance	N\$b	-38.7	-37.8	-24.0	-18.2	-18.6	-15.0
Balance of Payments	N\$b	-19.6	-23.3	-5.5	-3.4	-2.7	5.8
as % of GDP	%	-13.4%	-14.7%	-3.2%	-1.9%	-1.5%	3.3%
Foreign Exchange							
Year End Exchange Rate (N\$ to USD)	N\$	15.5553	13.6240	12.3930	14.4116	14.0418	14.6246
Year End Exchange Rate (N\$ to EUR)	N\$	16.9997	14.3403	14.8063	16.4848	15.7437	17.9897
Year End Exchange Rate (N\$ to GBP)	N\$	23.0652	16.7264	16.6789	18.3424	18.4383	19.9801
Foreign Exchange Reserves	N\$b	23.6	24.7	30.2	31.0	28.9	n/a
Fitch credit rating (at year end)		BBB-	BBB- (-ve)	BB+ (stable)	BB+ (stable)	BB	BB (negative)
Moody's credit rating (at year end)		Baa3 (stable)	Baa3 (-ve)	Ba1 (-ve)	Ba1 (-ve)	Ba2 (stable)	Ba3 (negative)
Financial Sector							
Private Sector Credit Extension Growth	%	13.5%	8.9%	5.1%	6.6%	6.8%	n/a
Non-Performing Loans	% of total loans	2.2%	2.5%	2.9%	3.6%	4.8%	n/a
NSX Overall Index	Index	865	1,069	1,206	1,303	1,306	1,238
NSX Local Index	Index	498	547	591	621	614	456
New Local Listings		0	0	1	0	1	0



	Unit	2015	2016	2017	2018	2019	2020	
Business Indicators								
Namdeb Diamond Production	'000 carats	1,764	1,573	1,805	2,008	1,700	1,448	
Uranium Production	tonnes	2,994	3,654	4,224	5,525	5,476	n/a	
Gold Production	kg	6,009	6,604	7,272	6,171	6,526	n/a	
Mining Licences Granted	number	0	1	2	3	4	n/a	
Exploration Licences Granted	number	56	142	174	259	297	n/a	
Number of Companies Formed	number	1,226	1,409	1,110	2,851	1,153	852	
New Vehicle Sales	number	21,224	17,038	13,352	11,998	10,379	n/a	
Tourist Arrivals	'000	1,388	1,469	1,499	1,557	1,596	n/a	
- From Africa	'000	1,083	1,094	1,091	1,164	1,252	n/a	
- From Europe	'000	234	295	312	306	256	n/a	
- From RoW	'000	71	81	97	87	89	n/a	
International Arrivals at HKIA	'000	128	143	213	247	215	46	
Regional Arrivals at HKIA	'000	239	248	242	239	223	45	
Employment								
Government		n/a	88,421	n/a	86,587	n/a	n/a	
Parastatals		n/a	25,558	n/a	30,654	n/a	n/a	
Private Companies		n/a	235,877	n/a	214,693	n/a	n/a	
Private Households		n/a	136,417	n/a	70,036	n/a	n/a	
Total		n/a	486,273	n/a	401,970	n/a	n/a	
Government Finances								
		FY 15/16	FY 16/17	FY 17/18	FY 18/19	FY 19/20	FY 20/21	FY 21/22
Revenue	N\$bn	52.2	50.9	58.7	55.9	58.4	55.5	52.1
Expenditure	N\$bn	64.6	62.2	67.5	65.1	67.3	72.1	68.5
Balance	N\$bn	-12.4	-11.4	-8.9	-9.2	-8.9	-16.6	-15.9
Public Debt	N\$bn	59.8	69.9	74.5	87.5	100.4	109.5	130.1
Interest Payments	N\$bn	2.6	4.3	5.4	6.3	7.0	7.7	8.5
Public Guarantees	N\$bn	6.5	6.4	11.0	10.9	11.2	12.7	13.0
Revenue	% of GDP	34.6%	31.8%	34.2%	31.4%	32.7%	31.7%	28.2%
Expenditure	% of GDP	42.8%	38.9%	39.3%	36.5%	37.6%	41.2%	36.8%
Balance	% of GDP	-8.2%	-7.1%	-5.2%	-5.2%	-5.0%	-9.5%	-8.6%
Public Debt	% of GDP	39.6%	43.7%	43.4%	49.1%	56.1%	68.4%	70.4%
Interest Payments	% of revenue	5.0%	8.5%	9.3%	11.3%	11.9%	14.0%	16.3%
Public Guarantees	% of GDP	4.3%	4.0%	6.4%	6.1%	6.2%	7.3%	7.0%
		2015	2016	2017	2018	2019	2020	2021
International Rankings								
Global Competitiveness Index Ranking		85/140	84/135	99/135	100/140	94/141	n/a	n/a
Global Competitiveness Index		4.0	4.0	4.0	4.0	54.5	n/a	n/a
Ease of Doing Business Ranking		88/189	104/189	108/190	106/190	107/190	104/190	n/a
Ease of Doing Business Index		57.16	59.61	59.57	60.29	60.53	61.4	n/a
Corruption Perceptions Index Ranking		45/168		53/180	52/180	56/180	57/180	n/a
Corruption Perceptions Index		53	52	51	53	52	51	n/a
Ibrahim Index of African Governance		70.4	69.3	71.2	68.6	n/a	n/a	n/a
Ibrahim Index of African Governance Ranking		5/54	5/54	5/54	4/54	n/a	n/a	n/a
Investment Attractiveness Index		69.78	66.11	60.67	56.66	58.22	59.72	n/a
Investment Attractiveness Index Ranking		33/109	53/104	54/91	60/83	55/76	52/77	n/a
Open Budget Index (out of 100)		46	n/a	50	n/a	n/a	51	n/a
World Press Freedom Index - Ranking		17/180	17/180	24/180	26/180	23/180	23/180	n/a

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