Funded by the
European Union

April 2025

Briefing Paper

By Robin Sherbourne

Namibia's National Budget 2025/26: Analysis

The national budget tabled by the newly appointed Minister of Finance Ericah Shafudah on 27 March 2025 represented continuity rather than change and reflected few of the priorities contained in the Swapo Manifesto or its Implementation Plan. Minister Shafudah recommitted government to achieving a primary budget surplus, reducing debt as a proportion of GDP, meeting the country's foreign currency debts, and reducing the rate of non-mining corporate tax. Given the budget was tabled only days after the new Cabinet was appointed, it can only be assumed that it had been prepared by the outgoing Minister of Finance and that there was little time to make changes. It can be expected that future budgets will contain far more in the way of change. The test of the new Minister's ability to push back on bad ideas lies in the future.

Introduction

Finance Minister Ericah Shafudah tabled her first national budget in Parliament on 27 March 2025 having only been appointed as Minister of Finance less than a week before on 22 March. She is a member of newly sworn-in President Netumbo Nandi-Ndaitwah's new Cabinet in which women play a far greater role than in previous Namibian Cabinets. But Shafudah is far from inexperienced having pursued a long career in the Ministry starting in 2002 and culminating in her being appointed Permanent Secretary (Executive Director). She resigned in 2021 in the wake of an investigation into the National Oil Storage Facility tender where her role as chair of the Tender Board came under scrutiny.

The chosen theme for the budget was "Beyond 35: For a Prosperous Future". Given the short time between Shafudah's appointment and the tabling of the budget, it was unlikely that it would contain much in the way of a radical departure from the course set by her predecessor, Iipumbu Shiimi, the former central bank governor who was unceremoniously dropped by the new President having performed strongly since being appointed on the eve of COVID by President Geingob. A key question was whether the budget would incorporate any of the measures contained in the Swapo manifesto and its implementation plan and give direction as to what to expect over the coming five years.

Table 1: Estimated Growth Rates and Forecasts

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025 (f)
Budget FY20/21 (27 May 2020)											
GDP growth	4.5%	-0.3%	-0.3%	0.7%	-1.1%	-6.6%	-1.1%	3.6%	2.2%	n/a	n/a
MYBR FY20/21 (20 October 2020)											
GDP growth	4.5%	-0.3%	-0.3%	1.1%	-1.6%	-7.9%	2.2%	3.9%	n/a	n/a	n/a
Budget FY21/22 (17 March 2021)											
GDP growth	4.3%	-0.0%	-1.0%	1.1%	-1.6%	-7.3%	2.1%	2.8%	n/a	n/a	n/a
MYBR FY21/22 (3 November 2021)											
GDP growth	4.3%	0.0%	-1.0%	1.1%	-0.9%	-8.5%	1.9%	2.8%	3.4%	2.7%	n/a
Budget FY22/23 (24 February 2022)											
GDP growth	4.3%	0.0%	-1.0%	1.1%	-0.9%	-8.5%	1.2%	2.9%	3.7%	2.5%	n/a
MYBR FY22/23 (25 October 2022)											
GDP growth	4.3%	0.0%	-1.0%	1.1%	-0.8%	-8.0%	2.7%	2.8%	3.4%	2.9%	n/a
Budget FY23/24 (22 February 2023)											
GDP growth	4.3%	0.0%	-1.0%	1.1%	-0.8%	-8.0%	2.7%	4.0%	3.2%	2.2%	n/a
MYBR FY23/24 (31 October 2023)											
GDP growth	4.3%	0.0%	-1.0%	-1.1%	-0.8%	-8.1%	3.5%	4.6%	3.5%	2.9%	3.4%
Budget FY24/25 (28 February 2024)											
GDP Growth	4.3%	0.0%	-1.0%	1.1%	-0.8%	-8.1%	3.5%	6.4%	5.6%	4.0%	3.9%
MYBR FY24/25 (28 October 2024)											
GDP Growth	4.3%	0.0%	-1.0%	1.1%	-0.8%	-8.1%	3.5%	5.3%	4.2%	3.6%	5.4%
Budget FY25/26 (27 March 2025)											
GDP Growth	4.3%	0.0%	-1.0%	1.1%	-0.8%	-8.1%	3.6%	5.4%	4.4%	3.7%	4.5%

Source: National Accounts and Budget Documents

Minister Shafudah presented the latest GDP growth estimate of 3.7% for 2024 (contained in the recently released national accounts) and growth forecasts for the calendar years 2025 (4.5%) and 2026 (4.7%) both slightly lower than the forecasts of 5.4% and 4.9% contained in the last Mid-Year Budget Review in October. The lower than originally forecast growth for 2024 came about due to contractions in fishing and diamond mining and these revised estimates then have knock-on effects on growth in 2025 and 2026.

Revenue Highlights – SACU and Diamonds Constrain Revenue Growth

Total revenue and grants are estimated to amount to N$92.6 billion in FY25/26 or 33.3% of forecast GDP, barely 1.9% higher than the revised total of N$90.9 billion in FY24/25. The Minister states that the modest increase in revenue is the outcome of significantly lower SACU revenues (which she says fall by N$6.9 billion) and “muted contributions to the fiscus” by the diamond sector on the one hand and higher receipts from VAT (up by N$2.6 billion), personal income tax (up by N$1.8 billion) and non-mining corporate tax (up by N$1.3 billion) on the other. Company taxes from diamond mining companies decline from N$2,329 million two years ago in FY23/24 to just N$200 million in FY25/26 while diamond royalties fall from N$1,567 million two years ago in FY23/24 to an unbelievable N$1,741,000 which must be a mistake but underlines the challenging situation that Namibia’s diamond mining industry currently finds itself in. The Minister chose to defer N$1.6 billion in dividends from the soon-to-be-wound-up Namibia Post and Telecom Holdings (NPTH) and N$450 million from the sale of the remaining 9.0% of shares in MTC until next year.

Table 2: Changes in Revenue Streams (N$m)

Revenue Stream	FY21/22	FY22/23	FY23/24	FY24/25	FY25/26	FY25/26
	Actual	Actual	Actual	Revised	Budget	% change
Income tax on individuals	14,629	16,137	18,560	20,075	21,830	+8.7%
Corporate income tax	7,485	8,161	11,038	12,545	13,454	+7.2%
VAT	11,431	14,176	17,303	20,606	23,161	+12.4%
SACU	14,751	14,660	24,870	28,047	24,348	-13.2%
Total tax revenue	51,249	55,936	75,493	86,979	86,000	-1.1%
Non-tax revenue	4,102	8,512	5,983	3,913	6,632	69.5%
Total revenue and grants	55,369	64,448	81,488	90,892	92,631	+1.9%

Source: Fiscal Strategy 2025

Tax Policy Highlights – Continuity Not Change

Minister Shafudah announced a range of relatively minor tax changes, many of which had not been flagged up in previous budget speeches:

- amending the schedule of zero-rated commercial properties to include state acquired commercial properties;

- increasing the retirement funds single commutation threshold at retirement from N$50,000 to N$375,000 to provide relief for senior citizens. This intervention will increase the disposable incomes of senior citizens, offering them a significant cushion against the erosion of their purchasing power by inflation;

- finalising the VAT legislation on imported digital services to even the playing field with domestic service providers, considering the exponential growth noted in the consumption of digital services;

- introducing an annual tax benefit cap of N$400,000 on housing benefits to improve fairness of the housing fringe benefit across income brackets given the progressivity between employer groups, private and public;

- introducing an anti-avoidance provision to ensure that substance loans disguised as preference shares are deemed income and not tax-exempt, to stem revenue leakage of approximately N$41 million annually;

More importantly, however, she announced that tax brackets would not be adjusted for “inflation creep” (bracket creep) until the two outer years of the MTEF and reaffirmed that Namibia’s non-mining corporate tax rate would fall to 28% during FY26/27 as set out by the previous Minister of Finance but that this would be undertaken “concurrently with other measures to broaden the corporate income tax base including introducing a 30% limit on interest deductions, capping assessed losses carried forward and introducing a 10% dividend tax effective 01 January 2026.” The non-mining corporate tax rate was reduced to 30% from 1 January 2025 as planned. She confirmed the Special Economic Zones (SEZ) regime was being finalised as well as the annual turnover threshold for SMEs to benefit from the corporate income tax rate of 20% which would be proclaimed under the proposed SEZ regime. The revenue and taxation side of this budget represents a continuation of the last five years under the former Minister.

Expenditure Highlights – Limited Spending to Maintain a Primary Surplus

According to the Minister, expenditure is estimated to rise in nominal terms by just 4.9% to total N$106.3 billion in FY25/26 which includes N$79.8 billion on operational expenditure, N$12.8 billion on development expenditure (mostly capital projects), and N$13.7 billion on debt servicing costs while N$3.2 billion project funding is provided for outside the State Revenue Fund. The nominal increase in spending should be seen in the context of relatively low inflation which has fallen over the past year averaging 4.2% in 2024 after averaging 5.9% in 2023. This total amounts to 38.2% of forecast GDP, lower than last year's revised figure of 40.3% which was high by historical standards. Projected revenues therefore just about cover projected expenditure excluding statutory payments and the Minister forecasts a primary budget surplus (revenues exceed total spending excluding debt service payments). The Minister went out of her way to emphasise the importance of maintaining a primary surplus saying, "In the interest of pursuing fiscal sustainability and debt stabilisation, we aim to maintain a primary surplus." This is very much in line with previous statements by the former Minister. However, statutory expenditure on debt servicing represents 14.8% of projected revenues which means that government once again breaches its own target of 10% of revenues on interest payments. Debt servicing costs can be compared with allocations by vote in the Table 6 below.

Table 3: Total Spending by Sub-Division through State Revenue Fund (N$m)

Sub-Division	FY19/20 Actual	FY20/21 Actual	FY21/22 Actual	FY22/23 Actual	FY23/24 Actual	FY24/25 Revised	FY25/26 Budget
Operational							
Personnel Expenditure	29,781	29,592	30,210	31,472	32,270	35,261	36,992
Good and Services	7,330	8,618	8,038	8,369	9,894	12,122	12,560
Subsidies and Other Current Transfers	12,907	19,080	18,075	19,501	25,386	29,060	28,444
Interest Payments and Guarantees	7,706	7,291	7,737	9,466	11,941	12,833	13,726
Acquisition of Capital Assets	5,868	6,109	619	701	1,401	1,178	1,730
Capital Transfers	4,322	1,345	3	3	3	55	51
Development							
Goods and Services			118	187	347	759	805
Acquisition of Capital Assets			3,334	4,026	2,315	3,955	5,581
Capital Transfers			1,241	698	3,159	3,993	3,252
Total	67,941	72,035	70,302	74,533	86,718	99,219	103,141

Source: Estimates of Revenue and Expenditure (Table 7a)

Total budgeted spending (operational plus development) through the State Revenue Fund in FY25/26 broken down by sub-division shown in the table above. The public sector wage bill is projected to take up 35.9% of total budgeted spending. This year the table on staffing has not been included in the budget document. Last year's budget showed that, out of the 91,225 funded posts (excluding Vote 08 Defence), 86,731 were filled. Interestingly, of these 50,758 (58.5%) were filled by women and 35,973 by men. These numbers implied that there were approximately 20,000 people employed in Vote 08 Defence. The Census of 2023 put the number of people employed in the armed forces at 18,642.

Table 4 shows total government spending by vote divided into operational and development spending. President Netumbo Nandi-Ndaitwah announced new government structures and Cabinet appointments on 22 March. These included changes to key ministries and votes:

- The Ministry of Industrialisation and Trade (previously Vote 19) was split and merged with other ministries to create the Ministry of International Relations and Trade (Vote 7) and the Ministry of Industries, Mines and Energy (Vote 15).

- The Ministry of Finance and Public Enterprises was renamed the Ministry of Finance (Vote 9).

- The Ministries of Basic Education, Arts and Culture (Vote 10) was merged with the Ministry of Higher Education, Technology and Innovation (Vote 32) to form the Ministry of Education, Innovation, Youth, Sports, Arts and Culture (a new Vote 40 plus Vote 27).

- The Ministry of Labour, Industrial Relations Employment Creation (Vote 14) is merged with the Ministry of Justice (Vote 21) to form the Ministry of Justice and Labour Relations (Votes 14 and 21).

- The Ministry of Fisheries and Marine Resources (Vote 22) is merged with the previous Ministry of Agriculture (Vote 20) to create the Ministry of Agriculture, Fisheries, Water and Land Reform (Votes 37 and a new Vote 38).

- The Ministry of Gender Equality, Poverty Eradication and Social Welfare (Votes 33 and 36) becomes the Ministry of Gender Equality and Child Welfare (Vote 36).

Thus, Vote 10 (Education, Arts and Culture), Vote 19 (Industrialisation and Trade), Vote 22 (Fisheries and Marine Resources), Vote 32 (Higher Education, Technology and Innovation) disappear altogether as the bureaucratic building blocks of government are moved around. As far as one can tell, none of the building blocks have been eliminated or been substantially reformed although there are now fewer ministers (14 compared to the previous 20) and deputy ministers (7 compared to the previous 19) than there were before. This therefore represents a reshuffling of the building blocks designed presumably for greater coherence and bureaucratic effectiveness.

No specific mention was made in the budget speech of the Namibia Investment Promotion and Development Board (NIPDB) which has been in institutional limbo for some time and was created as a Section 21 company in the Office of the President. The Vote of the Office of the President continues to include Main Division 05: Trade and Investment Board which see its budget allocation (which goes entirely to the NIPDB) rise by 11% from N$135.137 million in FY24/25 to N$150.137 million in FY25/26.

The President announced that “the management of these industries [oil and gas] will fall under the Office of the President.” A new Main Division 10: Promotion of Petroleum, Oil, and Gas Development has been created under the Office of the President and receives an allocation of almost N$7 million. However, Vote 15: Mines, Energy and Industry continues to be home to Main Division 07: Petroleum Affairs. She has taken two other Main Divisions into her Vote: Disability Affairs and Marginalised Communities (both previously under Vote 36).

Table 4: Vote 01 in FY24/25 and FY25/26

Vote 01: Office of the President FY24/25	Vote 01: Office of the President FY25/26
MD01: Office of the President MD02: Administrative MD03: Office of the Former Presidents MD04: Vice President MD05: Trade Investment Board MD06: Government Air Transport Services MD07: Governors	MD01: Office of the President MD02: Administrative MD03: Office of the Former Presidents MD04: Vice President MD05: Trade Investment Board MD06: Government Air Transport Services MD07: Governors MD08: Disability Affairs MD09: Marginalised Communities MD10: Promotion of Oil and Gas
Budget allocation: N$966,821,000	Budget allocation: N$1,458,162,000

Although the Ministry of Finance and Public Enterprises (Vote 09) has been renamed the Ministry of Finance (Vote 09), the Minister did not include details of the new arrangement in her budget statement. Main Division 17: Corporate Governance and Financial Advice, which deals with public enterprises, continues to exist under Vote 09. However, a new Main Division 18: Finance has been added to cover social grant management including old age grant, funeral benefits, foster parent grants, and the conditional Basic Income Grants. The total allocation to Main Division 18 is a significant budget item of N$7.2 billion in FY25/26. Puzzlingly, the table in page 116 of the Estimates provides details of only N$3.8 billion of the N$7.0 billion allocated to item 044: Individuals and Non-Profit Organisations. The allocation to the conditional Basic Income Grant declines from N$81.4 million to N$65.8 million.

Table 5: 044 Allocations to Individuals and Non-Profit Organisations

	Actual 2023-24	**Revised 2024-25**	**Budget 2025-26**
Old Age Grant	3,887,453,249	3,346,592,000	3,694,962,000
Funeral Benefit	38,215,474	52,351,000	47,872,000
Foster Parent Grant	934,520,981	0	0
Conditional Basic Income Grant	50,693,500	81,370,000	65,800,000
Total	4,910,883,203	3,480,313,000	3,808,634,000

The Ministry of Fisheries and Marine Resources (Vote 22) has been split and merged with Votes 37 and 38. Last year the Ministry's Vote 22 included six Main Divisions. The new Vote 37 (Agriculture, Fisheries, and Land Reform) has 15 Main Divisions (including Marine and Inland Fisheries Research) compared to last year's 14 while the new Vote 38 (Water and Marine Resources) has 4 Main Divisions (including Water and Fisheries Law Enforcement) compared to last year's 3. It seems that the tasks performed by the Ministry of Fisheries and Marine Resources will now be performed by two Main Divisions within the new "super ministry" of Agriculture, Fisheries, Water and Land Reform. Since 1991 presidents have always deemed the fishing industry to require its own minister and ministry. It is hard to believe that such a complex industry with a range of challenges can be handled by a minister with so many other areas of responsibility.

Vote 16: Urban and Rural Development receives an allocation slightly higher than last year. The Minister did not mention any specific new initiatives on housing or informal settlements.

Table 6: Operational, Development and Total Expenditure by Vote

Vote		Operational Expenditure			Development Expenditure			Total Expenditure			
		Actual 2023/24	Revised 2024/25	Budget 2025/26	Actual 2023/24	Revised 2024/25	Budget 2025/26	Actual 2023/24	Revised 2024/25	Budget 2025/26	
1	President	1,006	1,228	1,213	80	108	245	1,086	1,336	1,458	9%
2	Prime Minister	1,078	1,901	586	1	41	50	1,079	1,942	636	-67%
3	National Assembly	149	186	393	-	-	5	149	186	398	114%
4	Auditor General	118	125	132	-	-	-	118	125	132	6%
7	International Relations and Trade	962	987	1,077	34	70	100	996	1,057	1,177	11%
8	Defence	6,039	6,484	6,895	288	400	600	6,327	6,884	7,495	9%
9	Finance	18,425	21,222	28,240	2	426	88	18,427	21,648	28,327	31%
10	Education, Arts and Culture	15,854	17,599	-	784	970	-	16,638	18,569	-	
11	National Council	113	127	139	-	10	1	113	137	140	3%
13	Health and Social Services	9,754	10,884	11,488	179	457	780	9,933	11,341	12,268	8%
14	Labour Relations	186	216	248	1	2	2	187	219	250	14%
15	Mines, Energy and Industry	154	245	523	64	177	417	218	422	939	123%
16	Justice	368	392	398	47	71	96	415	463	494	7%
17	Urban and Rural Development	1,287	1,390	1,443	589	1,203	1,255	1,876	2,593	2,698	4%
18	Environment and Tourism	518	625	728	36	100	70	554	726	798	10%
19	Industrialisation and Trade	242	315	-	33	50	-	275	365	-	
21	Judiciary	421	445	535	-	-	66	421	445	601	35%
22	Fisheries and Marine Resources	237	314	-	4	25	-	241	339	-	
23	Works	512	640	672	24	150	133	536	790	805	2%
24	Transport	326	300	422	2,327	2,213	2,285	2,652	2,513	2,707	8%
26	National Planning Commission	920	222	312	-	10	60	920	232	372	60%
27	Sport, Youth and National Services	402	555	757	50	124	510	452	679	1,267	86%
28	Electoral Commission	364	638	648	-	-	-	364	638	648	2%
29	Information and Communication Technology	528	570	639	43	133	259	571	703	898	28%
30	Anti-Corruption Commission	74	96	104	0	10	13	74	106	117	10%
31	Defence and Veteran Affairs	1,250	1,404	1,529	4	6	7	1,253	1,410	1,535	9%
32	Higher Education, Technology and Innovation	4,069	5,014	-	83	210	-	4,152	5,224	-	
35	Office of the Attorney-General	-	-	266	-	-	4	-	-	269	
36	Gender Equality and Child Welfare	7,799	7,461	455	11	13	18	7,810	7,473	474	-94%
37	Agriculture and Land Reform	1,334	1,620	2,054	437	550	516	1,771	2,170	2,569	18%
38	Water and Marine Resources	240	249	358	348	790	598	587	1,039	956	-8%
39	Home Affairs, Immigration, Safety and Security	6,168	7,056	7,449	353	390	435	6,520	7,446	7,884	6%
40	Education	-	-	23,802	-	-	1,025	-	-	24,827	
Total		**80,897**	**90,511**	**93,503**	**5,821**	**8,708**	**9,638**	**86,717**	**99,219**	**103,141**	**4%**

Source: Estimates of Revenue and Expenditure

Subsidies and Current Transfers to all State-Owned Enterprises (Annex 1 of Estimates of Revenue and Expenditure) are projected to fall from a total of N$3.162 billion in FY24/25 to N$952 million in FY25/26 partly because nothing is allocated for State-Owned Enterprises tax liabilities after the allocation of N$1.358 billion allocated in FY24/25. This includes the settlement for tax liabilities mentioned above but also transfers to commercial and non-commercial public enterprises.

Table 5 below shows the transfers to commercial public enterprises listed in Annex 1 (which do not correspond to those listed under Vote 09: Ministry of Finance and Public Enterprises) Main Division 17: Corporate Governance and Financial Advice). The Minister did not go into detail in her speech about why these public enterprises are receiving support from the budget and the numbers presented are mostly the same as last year which suggests a problem with the budget documentation itself (that it was hastily cobbled together). It is not clear what Public and Departmental Enterprises and Private Industries are for which is a new item.

Table 7: Subsidies and Transfers to Commercial Public Enterprises in FY25/26 (from Annex 1)

Public Enterprise	Allocation (N$m)
Agribank	99.3
Agricultural Marketing and Trade Agency (AMTA)	72.0
Development Bank of Namibia	50.0
Epangelo Mining Company	12.0
Namibia Industrial Development Agency	50.0
Public and Departmental Enterprises and Private Industries	149.3
Roads Contractor Company	55.9
Zambezi Waterfront	5.0
Total	**493.5**

As far as development spending is concerned (mainly capital expenditure), the main spenders (receiving N$100 million or more) are presented in Table 6 in descending order. Together the 14 Votes listed receive N$9.1 billion or 95% of all development spending. What is never clear is whether any of this development spending is subject to cost-benefit analysis so that government can be reasonably confident that it adds to the productive capacity of the economy.

Table 8: Votes receiving Development Allocations greater than N$100 million in FY25/26

Vote	Allocation (N$m)
Transport (Vote 24)	2,285
Urban and Rural Development (Vote 17)	1,255
Education (Vote 40)	1,025
Health and Social Services (Vote 13)	780
Defence (Vote 08)	600
Water and Marine Resources (Vote 38)	598
Agriculture and Land Reform (Vote 37)	516
Sport, Youth and National Service (Vote 27)	510
Home Affairs, Immigration, Safety and Security (Vote 39)	435

Mines, Energy and Industry (Vote 15)	417
Information and Communication Technology (Vote 29)	259
President (Vote 01)	245
Works (Vote 23)	133
International Relations and Trade (Vote 07)	100
Total	**9,158**

The rather impressive Development Budget document presents details of every single one of the 960 development projects being financed (409 ongoing and 551 new) during this financial year and includes which region and even which constituency each project is located in. It is hard to detect projects which are clearly more flawed or more obviously white elephants than in previous years and hard to judge the usefulness of each project without more detailed analysis. The public sector in Namibia is very large and just maintaining and upgrading public infrastructure (such as roads, schools, hospitals and government buildings) requires considerable resources. The feasibility studies mentioned in the SMIP (for example for a new Air Namibia) do not feature as far as can be seen.

Other issues of note include:

- No new announcements were made on social safety nets and the monthly Old Age Grant (pension) and Disability Grant remain at N$1,600 per month. However, the Minister promised to “explore an efficient solution for rolling out the Social Safety Net”, after all the Ministry of Finance now incorporates social grants management. Cash grants represent a significant portion of overall government spending.
- Strangely, the Minister announced that “the Electoral Commission of Namibia (ECN) has been allocated a total of N$438.0 million in the coming financial year to ensure smooth and timely voter’s registration as well as to undertake the Presidential and National Assembly elections towards the end of the year.” This paragraph has been cut and pasted directly from last year’s speech and the national elections are now behind us.
- N$116.5 million is allocated to the Anti-Corruption Commission, a significant increase over last year’s N$106 million. Might this be a signal that the new President intends to really tackle corruption which she says should be treated “like treason”.
- The N$13.7 billion allocated to statutory interest payments is greater than the amounts allocated to any single vote apart from Education (Vote 40) and Finance (Vote 09).

In recent budgets Minister Shiimi tried to get to grips with reforming the costly Public Servants Medical Aid Scheme (PSEMAS) after reporting several years ago that a first report had been received by the consultant hired to examine the issue. PSEMAS receives an allocation of N$3.62 billion in FY25/26 but this year all Minister Shafudah would say was that “the Ministry will strengthen oversight measures to improve efficiencies and realise savings on the Public Services Employees Medical Aid Scheme (PSEMAS).”

Deficit and Debt – Debt Levels Off as Growth Resumes More Strongly than Expected

The revenue and expenditure estimates described above yield a budget deficit of N$12.8 billion or 4.6% of estimated GDP implying that Namibia's total debt stock continues to climb in nominal terms but, because the economy is growing faster, starts to decline as a ratio of GDP, from a revised estimate of 66.0% of GDP in FY24/25 to 62.0% in FY25/26.

The Minister provided an update of how she intends to redeem the US$750 million (N$14.3 billion) Eurobond2 which matures on 29 October 2025. This is the largest single day debt maturity in Namibia's history and government's approach had already been widely trailed prior to this budget. Government has succeeded in accumulating US$463 million in the Sinking Fund and will add another US$162 million this year prior to maturity. This leaves a balance of N$2.3 billion (US$125 million) which she says will be refinanced through the domestic market. It seems that Namibia's experiment with the Eurobond market is over for the time being. No one appears to have asked what the country has to show for this borrowing and what benefits it brought? If nothing else, the experience has shown global markets that Namibia is a responsible borrower which will stand the country in good stead should it ever need to borrow in future.

Government is also repaying the IMF Rapid Financial Instrument (RFI) (arranged during the COVID-19 pandemic to help address the economic impact of the crisis) with a tranche of N$2.3 billion in FY25/26 and a final tranche of N$1.2 billion in FY26/27.

Shafudah stated that given the prevailing level of interest rates, she believes it is better to source funding from the domestic market considering local liquidity levels and the clear appetite for government securities. After settling the Eurobond and the RFI hard currency obligations, over 80% of government's debt stock will be denominated in domestic currency which the Minister says insulates government from exchange rate risks and strengthens the local capital market. Achieving a primary budget surplus and meeting foreign exchange denominated debt obligations will boost Namibia's credit-worthiness in the eyes of bond investors and should allow government to borrow from domestic and foreign markets at more advantageous rates in future.

This year the African Development Bank will lend a further N$2.015 billion (for railway upgrading and water projects) and Germany's KfW will lend N$286 million (for water projects) but as always these will not be channelled through the State Revenue Fund.

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

	FY18/19 actual	FY19/20 actual	FY20/21 actual	FY21/22 actual	FY22/23 actual	FY23/24 actual	FY24/25 revised	FY25/26 budget
Revenue	30.9%	32.6%	32.8%	29.6%	29.8%	34.5%	36.2%	33.3%
Expenditure	36.0%	37.6%	41.9%	38.1%	35.0%	37.0%	40.3%	38.2%
Budget Balance	-5.1%	-5.0%	-8.7%	-7.9%	-5.1%	-2.4%	-3.9%	-4.6%
Debt	48.4%	56.0%	62.7%	67.2%	66.2%	65.1%	66.0%	62.0%
Interest*	11.3%	11.9%	12.8%	13.9%	14.7%	14.5%	14.2%	14.8%
Guarantees	6.0%	6.2%	5.8%	5.5%	4.4%	3.5%	3.5%	3.4%

* as % of revenue

Source: FY2025/26 Fiscal Tables

Expressed as a proportion of GDP, revenue, expenditure and the budget deficit are set to fall over the MTEF period leaving the stock of public debt at around the 60% mark.

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

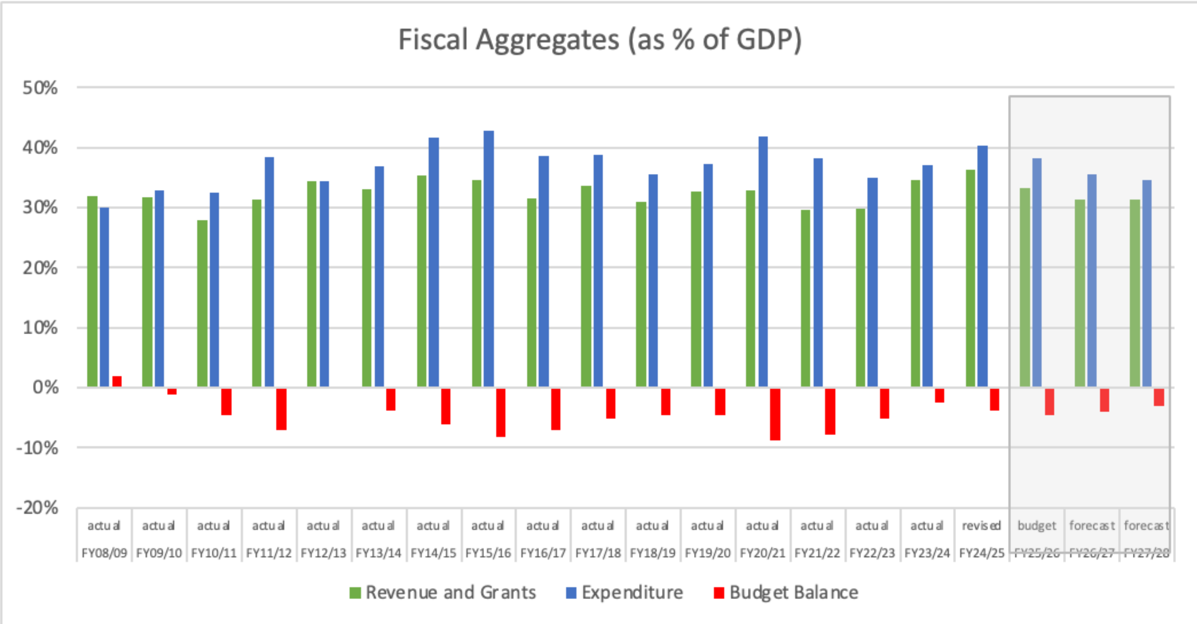
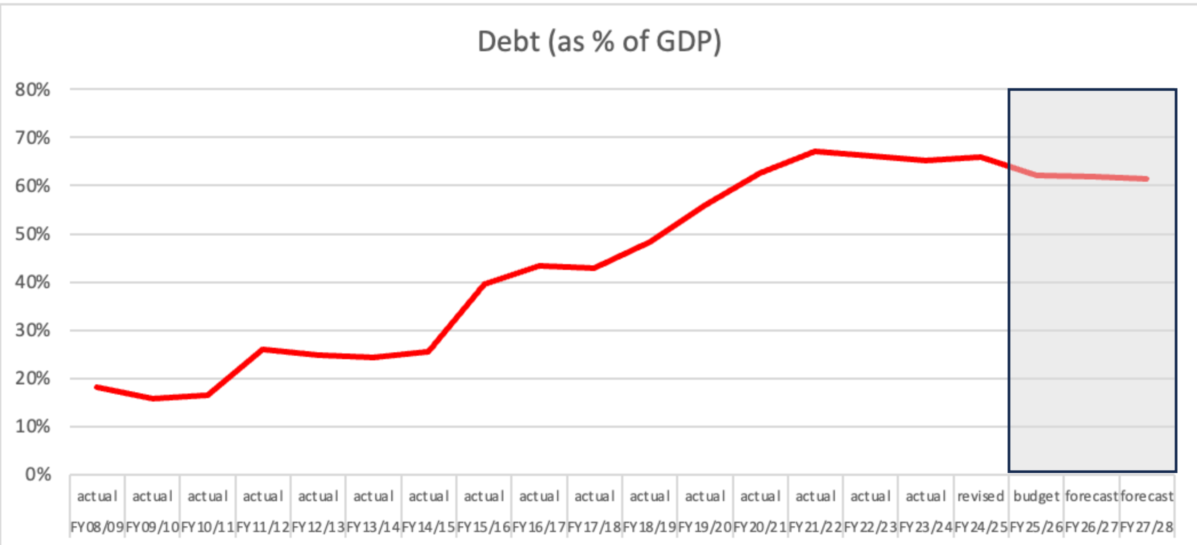


Chart 2: Ratio of Debt to GDP



Swapo Manifesto and Implementation Plan

In her short time in office, President Nandi-Ndaitwah has already made great play of the fact that her administration will be guided by the commitments made in the Swapo Manifesto produced in the run up to the November elections and the Swapo Manifesto Implementation Plan (SMIP) which was published in February 2025. It is worth noting that

Minister Shafudah did not mention either the manifesto or the SMIP in her statement to Parliament.

The very first commitment in the Manifesto concerns fiscal sustainability (page 12):

"Pursue long-term fiscal sustainability through prudent fiscal management and ensuring sustainable budget deficits and public debt."

The budget continued to stabilise debt, honour debt obligations (both foreign and domestic), and maintain a reasonable budget deficit and was clearly put together in the spirit of this manifesto commitment. Whether future budgets will continue to do so will be a key test for the new administration and for Minister Shafudah herself as pressure to spend mounts.

Neither the Manifesto nor the SMIP offer much in the way of future commitments on taxation although the former did mention a number of tax measures already implemented as part of the party's record in government. One of government's significant tax achievements of the past few years has been to reduce the headline rate of non-mining corporate tax from 35% to 30% but this receives no mention in the Manifesto or the SMIP.

The two tax commitments relate to the proposed new national airline where the SMIP states "amendment to tax laws to allow tax exemptions for the national airline" (page 51) and also to sports for "amendment to the tax law to introduce tax incentives for investments in sports development and youth recreation facilities" (page 51). The SMIP also commits to revise the Labour Act 11 of 2007 "to enforce mandatory internships and tax rebates for youth employment" and to "amend tax law to provide tax breaks or other incentives to employers who participate in such programs" (page 52). However, the youth internship tax incentive programme was already mentioned in the FY2024/25 budget speech and introduced under the Income Tax Amendment Act of 2024. The Youth Internship Tax Incentive Programme and National Apprenticeship Programme under the National Training Authority (NTA) which is supposed "to provide work-integrated learning for the purpose of exposure and accrual of experience necessary for employment" (page 12) was not mentioned in this year's budget speech but elsewhere the manifesto states that this has already been introduced (page 9).

On the spending side of the budget, the only noticeable measure enacted was the announcement that the budget allocated N$200 million "for the construction of Category 2 stadiums across the country" under Vote 27 (Sport, youth and National Service) and a further N$200 million for basic sports infrastructure and N$50 million for sports leagues. This was the one measure that elicited a spontaneous cheer from National Assembly members in the course of the budget speech and was clearly in line with manifesto and SMIP commitments (see pages 19 of the manifesto and 20 of the SMIP).

Perhaps the most eye-catching manifesto commitment was the promise to spend N$85.7 billion over 5 years "to Priority Projects that would create mass employment opportunities, leading to the absorption of unemployed graduates and other Namibians looking for jobs" and create 256,538 jobs (pages 20 and 21 of the manifesto). It is not clear precisely what the nature of these jobs is, whether they are jobs in the construction sector or permanent jobs and whether they are jobs in the private or public sector or both. This year's budget documentation does not contain aggregate information on public sector staffing.

Civil Society Concerns

Over the past few years under Minister Shiimi, the Ministry of Finance and Public Enterprises made efforts to reach out to civil society to hear what their concerns were for the budget process and priorities. An IPPR paper summarises the ten key concerns:

1. Urgent Need for the Introduction of a Basic Income Grant (BIG)
2. Housing and Sanitation Crisis
3. Early Childhood Development (ECD)
4. Health Sector Funding and Management
5. Support for At-Risk Youth
6. Supporting the Informal Economy, SMEs and the Creative Sector
7. Scrutiny of Capital Expenditure and Infrastructure Projects
8. Further Development of VAT-Free Sanitary Pads Policy
9. Greater Budget Accountability and Parliamentary Oversight
10. Ramping Up The Fight Against Corruption

The Minister in her speech did not refer to these consultations with civil society nor directly to these concerns. She could probably point to action and even progress in almost all these areas of concern. However, the introduction of a Basic Income Grant has been shown to be ambitious (see the IPPR QER for Q3 2021) and would require a restructuring of public finance both on the income and expenditure side of the budget. Detailing capital expenditure and infrastructure projects is the task of the National Planning Commission which this year produced an impressively detailed development budget document which civil society can scrutinise for itself. The Minister made a generous allocation to the Anti-Corruption Commission this year.

Transparency and Access to Information – Key Information Missing

Under Minister Shiimi, the full set of budget documents were generally made available on the Ministry's website during the budget speech itself although the development budget was generally only released by the National Planning Commission some days later. This year only the budget speech and a concise Fiscal Tables spreadsheet was available immediately after the budget speech. This is more probably a reflection of the rush in which the budget was tabled rather than any more sinister attempt to hide key information from the public. It is hoped that normal service returns once the new Cabinet and government structures settle in. The Estimates of Revenue and Expenditure and the Development Budget were available online in the course of the following week. The lack of accurate information on public sector employment continues to be a major shortcoming of budget documents, especially as this accounts for over one third of all public expenditure.

Conclusions – Business as Usual Given the Rush

The fact that this budget was tabled only days after the new President was sworn in and a new Minister of Finance appointed meant there was little time to make radical changes. The budget was therefore very much a “business as usual” budget and those looking for evidence that the Swapo manifesto and implementation plan would make an impact on budgetary allocations will find very little. In fact, neither received a single mention in the budget speech. Instead, key elements of the previous approach – the insistence on achieving a primary surplus, the reduction of debt as a proportion of GDP, the prioritisation of meeting foreign currency debt obligations, the gradual reduction in the non-mining corporate tax rate – remained defining characteristics. The lack of documentation and the poor quality of the documentation that was available suggest the budget was a rushed job. Whether this was calculated or the outcome of circumstance is a matter of speculation but it was probably no bad thing that major changes were not introduced in such a rushed period of preparation. During the last major change of president in 2015, a new Minister of Finance Calle Schlettwein tabled the budget (“25 Years of Independence: Peace, Stability and Prosperity”) on 31 March 2015 just days after being appointed. He too had been Permanent Secretary of the Ministry prior to being appointed Minister. He failed to rein in spending (which reached a post-Independence high) and failed to limit the deficit as the economy slowed. He spent the remaining time in office trying to stabilise debt and achieve fiscal sustainability. Thus, a “business as usual” budget is probably not the worst kind of budget for a new minister to start with. It will be interesting to see if this conservative approach continues over the coming five years.

Open Budget Survey

The Open Budget Survey (OBS) 2023 revealed significant improvements in Namibia's budget transparency and public participation compared to previous years. Namibia scored 54 on the Open Budget Index, up from 42 in 2021, marking notable progress in how the public can access information regarding government revenue and expenditures. This improvement is attributed to increased efforts from both civil society and the government to engage citizens in the budgeting process.

This advancement reflects a concerted effort by civic groups and government officials to consult with citizens about budget priorities, which has strengthened the accountability and inclusivity of the budgeting process.

Additionally, the budget oversight score was 46, indicating there are still challenges regarding oversight during both planning and implementation stages. Recommendations from the survey include enhancing the availability of budget documents online and ensuring that they are published in a timely manner.

The OBS serves as a vital tool for CSOs in the country, helping to shape a budget that reflects the needs and rights of all citizens. For further insights, refer to the Open Budget Survey 2023.

This publication has been funded by the European Union. Its contents are the sole responsibility of the Institute for Public Policy Research (IPPR) and do not necessarily reflect the views of the European Union.

About the Author

Robin Sherbourne is a freelance economist, a former director of the IPPR, and the author of the IPPR's Guide to the Namibian Economy publication.

About the IPPR

The Institute for Public Policy Research (IPPR) is a not-for-profit organisation with a mission to deliver independent, analytical, critical yet constructive research into social, political and economic issues that affect development in Namibia. The IPPR was established in the belief that free and critical debate informed by quality research promotes development.

Institute for Public Policy Research (IPPR)
House of Democracy
70-72 Frans Indongo Street
PO Box 6566
Windhoek
Namibia
info@ippr.org.na
www.ippr.org.na
Tel: +264 61 240514