INTERNATIONAL MONETARY FUND

IMF Country Report No. 26/135

NAMIBIA

June 2026

2026 ARTICLE IV CONSULTATION—PRESS RELEASE; AND STAFF REPORT

Under Article IV of the IMF's Articles of Agreement, the IMF holds bilateral discussions with members, usually every year. In the context of the 2026 Article IV consultation with Namibia, the following documents have been released and are included in this package:

- A **Press Release**.
- The **Staff Report** prepared by a staff team of the IMF for the Executive Board's consideration on a lapse-of-time basis, following discussions that ended on March 27, 2026, with the officials of Namibia on economic developments and policies. Based on information available at the time of these discussions, the staff report was completed on May 20, 2026.
- An **Informational Annex** prepared by the IMF staff.
- A **Statement by the Executive Director** for Namibia.

The documents listed below have been or will be separately released.

Selected Issues

The IMF's transparency policy allows for the deletion of market-sensitive information and premature disclosure of the authorities' policy intentions in published staff reports and other documents.

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IMF Executive Board Concludes 2026 Article IV Consultation with Namibia

FOR IMMEDIATE RELEASE

- Namibia's economy faces headwinds, including depressed global diamond demand, gradual recovery of gold and livestock production, and elevated fuel prices from the war in the Middle East.
- Safeguarding macroeconomic stability requires maintaining fiscal prudence to place public debt on a downward path, carefully calibrating monetary policy to preserve the credibility of the exchange-rate peg to the South African rand, and strengthening financial-sector oversight to mitigate rising sovereign–financial sector linkages.
- Achieving inclusive and sustainable growth will require accelerating structural reforms to support private-sector development, reduce regulatory bottlenecks, improve skills alignment, and enhance public investment efficiency, while establishing a robust and transparent framework to manage potential opportunities from developing oil, gas, and green hydrogen.

Washington, DC – June 11, 2026: The Executive Board of the International Monetary Fund (IMF) completed the 2026 Article IV Consultation with Namibia[1].

Economic growth slowed to 1.7 percent in 2025, reflecting deep and prolonged weakness in the diamond sector, gradual recovery of gold and livestock production, and a slowdown in oil exploration. These drags on growth were partly offset by strong uranium output and services sector activity. Inflation declined sharply during 2025, supported by lower global food prices and earlier easing in fuel prices. However, recent fuel price increases resulting from the war in the Middle East are putting upward pressure on inflation.

The near-term outlook remains subdued. Real GDP growth is projected at 2.1 percent in 2026, constrained by weak diamond output, declining gold production, and elevated fuel costs. Over the medium term, growth is expected to recover gradually to around 3 percent, in line with potential, but structural rigidities—including policy uncertainty, regulatory bottlenecks, skills mismatches, and a large public sector—will likely continue to weigh on productivity and employment creation. New gold mines are expected to come on stream by 2028. Inflation is projected to pick up modestly in 2026 due to higher fuel prices and then converge toward 3 percent over the medium term, consistent with South Africa's new inflation target.

Risks to the outlook are tilted to the downside. External risks include an escalation of the war in the Middle East, tighter global financial conditions, and further weakness in natural diamond

[1] Under Article IV of the IMF's Articles of Agreement, the IMF holds bilateral discussions with members, usually every year. A staff team visits the country, collects economic and financial information, and discusses with officials the country's economic developments and policies. On return to headquarters, the staff prepares a report, which forms the basis for discussion by the Executive Board.

demand. Domestic risks include, foot-and-mouth disease spreading from neighboring countries, volatility in Southern African Customs Union (SACU) revenue transfers, rising public debt and interest costs, and increased exposure to climate-related shocks. Upside risks relate to faster progress toward final investment decisions in oil, gas, and green hydrogen projects, as well as stronger gains from structural and public investment reforms.

Executive Board Assessment[2]

In concluding the 2026 Article IV consultation with Namibia, Executive Directors endorsed staff's appraisal, as follows.

While Namibia has demonstrated resilience to global trade frictions, economic growth remains insufficient to meaningfully reduce unemployment, inequality, and poverty, which are key government objectives. Economic growth slowed to 1.7 percent in 2025 and continued to rely on the mineral sector, underscoring the economy's narrow production base. Youth unemployment remains particularly high, and the economy continues to be concentrated in the public and extractive sectors. While inflation has moderated and the external position is supported by commodity exports and foreign investment in oil and gas exploration, these gains have yet to translate into broad-based, job-rich growth. The authorities' emphasis on job creation and inclusive growth, as outlined in the Sixth National Development Plan (NDP6), is timely. To deliver on these objectives, policy efforts should focus on enabling private sector-led growth, reducing structural barriers to employment, and expanding opportunities across sectors.

The growth outlook remains subdued, with risks tilted to the downside. Real GDP is projected to grow by 2.1 percent in 2026, constrained by weak diamond output, declining gold production, and elevated fuel prices. Over the medium term, growth is expected to return to its potential of around 3 percent, though structural rigidities—such as skills mismatches and limited diversification—continue to weigh on productivity and employment creation. Downside risks include further escalation of the war in the Middle East, volatility in SACU revenues, pressures to delay fiscal reforms and tighter domestic financing conditions, and outbreaks of foot-and-mouth disease. On the upside, progress in oil, gas, and green hydrogen development, together with improved global sentiment, could significantly boost investment and growth.

The authorities' commitment to fiscal consolidation is welcome and will support the external position, which remains weaker than fundamentals suggest. The FY26/27 budget marks a positive step toward debt sustainability, with consolidation driven by expenditure restraint and PSEMAS reform. Over the medium term, additional consolidation will be essential to create space for growth-enhancing investment, strengthen social protection, enhance resilience to shocks, and ensure debt sustainability.

Advancing fiscal reforms is critical to sustaining consolidation and enabling private sector development. Durable wage bill reduction will require comprehensive civil service reform, including functional job reviews, and rationalization of public sector employment, which would help reduce crowding-out of the private sector and improve the efficiency and quality of public service delivery. Strengthening oversight of PEs by implementing the PE management

[2] The Executive Board takes decisions under its lapse-of-time procedure when the Board agrees that a proposal can be considered without convening formal discussions.

framework will help mitigate fiscal risks and improve efficiency. Strengthening public financial management through legislative amendments and implementation of PIMA recommendations will enhance budget credibility. Revenue mobilization can be supported by continued improvements in tax administration and better resource rent capture, particularly in fisheries. The proposed Welwitschia Fund legislation will be key to managing future resource revenues prudently.

Careful calibration of the alignment of the BoN's policy rate with that of the SARB is essential to safeguard the peg. The reduction of the gap to 25 bps from 75 bps previously is a positive step. While capital flows remain stable, eventually closing the gap will be important to safeguard reserves and mitigate potential external pressures, especially amid global uncertainty and tightening fiscal space.

Efforts to enhance financial sector resilience are progressing, including those to strengthen risk-based supervision, enhance stress-testing framework, fully implement the FIMA, and develop an effective ELA framework. The development of the CCyB, the Instant Payment System, and enhanced crisis resolution frameworks are commendable. The financial system remains stable and well-capitalized, though continued vigilance is warranted, particularly regarding sovereign-bank linkages.

Structural reforms are essential to unlock Namibia's growth potential and ensure broad-based development. The emergence of oil, gas, and green hydrogen sectors presents an opportunity to diversify the economy and generate employment. Realizing these benefits will require clear policy frameworks, balanced local content strategies, and alignment of education and training systems with evolving labor market needs. More broadly, reforms should focus on reducing regulatory barriers, improving infrastructure and service delivery, and fostering digital transformation. Supporting MSMEs and enhancing access to finance will be critical to expanding private sector participation and innovation.

Table 1. Namibia: Selected Economic Indicators, 2023–31

Population (2025, million):	3.1
Main exports:	Gold, Uranium, Fish, Diamonds.
Key export markets:	South Africa, Botswana, China, Zambia, and Belgium.

	2023	2024	2025	2026	2027	2028	2029	2030	2031
			Est.			Proj.			
	Percent change, unless otherwise specified								
Output									
Real GDP growth	4.3	3.8	1.7	2.1	2.8	3.0	3.1	3.0	3.0
Nominal GDP growth	12.4	8.2	7.9	9.5	7.6	5.7	6.3	6.0	5.9
Nominal GDP (billions of N$)	231.0	250.0	269.8	295.3	317.8	335.9	357.0	378.5	400.8
Nominal GDP per capita (USD)	4,274	4,549	4,924	5,660	5,882	6,054	6,274	6,486	6,696
GDP Deflator	7.7	4.3	6.1	7.2	4.7	2.6	3.1	2.9	2.8
Prices									
CPI Inflation, average	5.9	4.2	3.5	3.9	3.4	3.0	3.0	3.0	3.0
CPI Inflation, end of period	5.3	3.4	3.2	4.3	2.9	3.0	3.0	3.0	3.0
	Percent of GDP, unless otherwise specified								
Central Government Budget 1/									
Revenue and grants	34.7	35.2	32.0	30.9	30.5	30.8	30.8	30.8	30.8
of which: SACU receipts	10.3	11.0	7.7	7.7	8.1	8.0	7.9	7.8	7.7
Expenditure	37.1	39.4	38.4	36.4	35.3	35.2	35.3	35.6	35.6
of which: personnel expenditure	13.7	13.9	13.4	13.3	12.7	12.6	12.6	12.6	12.6
of which: capital expenditure and net lending	2.9	3.6	3.8	2.8	2.3	2.3	2.3	2.3	2.3
Primary balance	2.6	0.9	-1.2	-0.3	0.4	0.7	0.7	0.7	0.7
Overall fiscal balance	-2.4	-4.2	-6.4	-5.5	-4.9	-4.4	-4.6	-4.8	-4.9
Overall fiscal balance ex. SACU	-12.7	-15.2	-14.1	-13.2	-13.0	-12.5	-12.4	-12.6	-12.6
Public debt, gross 2/	65.9	67.1	66.1	66.3	67.1	67.9	68.6	69.6	70.7
Investment and Savings									
Investment	28.1	25.0	18.7	24.6	23.0	23.1	22.6	21.6	21.6
Public	2.2	2.0	2.7	2.6	2.5	2.6	2.6	2.6	2.6
Others (incl. SOEs)	24.0	22.0	18.8	22.0	20.5	20.5	20.0	19.0	19.0
Change inventories	1.9	1.0	-2.8	0.0	0.0	0.0	0.0	0.0	0.0
Savings	13.1	11.1	5.6	9.6	10.0	10.5	10.6	10.3	10.2
Public	-0.2	-0.4	-2.2	-2.7	-2.6	-2.2	-2.2	-2.4	-2.5
Others (incl. SOEs)	13.3	11.5	7.8	12.2	12.6	12.7	12.8	12.7	12.7
	Percent change, unless otherwise specified								
Money and Credit									
Broad money	10.7	9.7	6.5	9.2	8.6	7.4	6.3	6.0	5.9
Credit to the private sector	2.8	3.5	5.3	5.7	5.6	3.6	4.2	3.9	3.8
BoN repo rate (percent) 3/	7.75	7.00	6.50	6.50	…	…	…	…	…
	Percent of GDP, unless otherwise specified								
Balance of Payments									
Current account balance	-15.0	-14.9	-13.1	-15.1	-13.1	-12.6	-12.1	-11.4	-11.4
Financial account balance	-15.8	-17.5	-6.5	-13.9	-12.6	-12.4	-11.8	-11.2	-11.0
Gross official reserves	23.0	24.7	20.6	17.5	17.3	17.3	17.4	17.4	17.3
Reserves (in months of imports)	3.7	4.1	3.4	3.4	3.4	3.5	3.5	3.6	3.6
External debt	75.4	74.0	70.8	63.4	62.2	61.4	60.4	59.3	58.3
of which: public (incl. IMF) 4/	16.4	14.9	7.1	6.2	5.6	5.1	4.6	4.0	3.5
Exchange rate									
REER (percent, yoy)	-6.3	2.8	1.7	…	…	…	…	…	…
Average exchange rate (Namibian dollar per USD)	18.5	18.3	17.9	…	…	…	…	…	…

Sources: Namibian authorities; and IMF staff calculations.
1/ Figures are for the fiscal year as a percent of GDP. The fiscal year runs from April 1 to March 31.
2/ Includes short-term loans from the Bank of Namibia.
3/ Figure for 2026 is as of May 8, 2026.
4/ The ratio is calculated by dividing the stock as of March 31 by nominal GDP for the fiscal year.

INTERNATIONAL MONETARY FUND

NAMIBIA

STAFF REPORT FOR THE 2026 ARTICLE IV CONSULTATION

May 20, 2026

KEY ISSUES

Context. The war in the Middle East poses the most immediate risk to Namibia's economy, with higher fuel prices and weaker global demand as the main transmission channels. While Namibia has been relatively resilient to global trade tensions, they have further compounded the existing slump in diamond prices driven by lab-grown competition. Namibia has, however, benefited from higher prices for its two other key commodity exports, gold and uranium, which are likely to remain elevated amid global uncertainties. International oil companies continue to explore oil and gas investment opportunities, bringing in significant foreign direct investment (FDI). The administration, which took office in March 2025, is prioritizing job creation in the face of persistent high unemployment. A sharp decline in Southern African Customs Union (SACU) transfers has contributed to a weaker fiscal balance in FY25/26 and elevated public debt. Improving government expenditure efficiency and reducing the wage bill is essential to ease the debt-service burden and place public debt on a downward path. Meanwhile, the Bank of Namibia has brought its policy rate close to that of the South African Reserve Bank, with the rate currently 25 basis points below.

Outlook and Risks. Spillovers from the ongoing war are expected to compound continued weak diamond production and declining gold output, keeping growth subdued at 2.1 percent in 2026. Over the medium term, growth is expected to recover to 3 percent, in line with potential and constrained by structural impediments. Inflation is projected to pick up in 2026, reflecting higher fuel prices linked to the war, and thereafter converge toward 3 percent, consistent with South Africa's new inflation target. The current account deficit is expected to remain sizable, reflecting oil and gas exploration-related FDI. The primary balance is expected to turn to a small surplus, but the public debt-to-GDP ratio will remain on an upward trajectory. Risks are tilted to the downside, including an escalation of the war in the Middle East, further erosion of natural diamond demand, the impact of foot-and-mouth disease on agriculture, and tighter domestic financing conditions. Upside risks relate to faster progress in reaching final investment decisions on oil exploration and reforms that raise public investment efficiency and execution, which could meaningfully lift growth.

Key Policy Recommendations:

- **Fiscal Policy.** Implement the budgeted fiscal consolidation in FY2026/27 by prioritizing expenditure. Undertake structural reforms and additional fiscal consolidation over the medium term to place the public debt-to-GDP ratio firmly on a declining path and rebuild fiscal buffers. Key reforms include civil service and public enterprise reforms, greater spending efficiency, and strengthened tax administration.

- **Monetary and Financial Sector Policy.** Carefully calibrate the alignment of the monetary policy rate with that of the South African Reserve Bank and enhance monetary policy analysis and operations to safeguard the peg. Continue to strengthen financial sector oversight and build resilience.
- **Structural Polices.** Support economic diversification and job creation by improving the regulatory environment, balancing local content and ownership policies with investor incentives, accelerating digitalization and e-government reforms, and aligning education programs with labor market needs to reduce skills mismatch.

Approved By
Andrea Richter Hume (AFR) and Lamin Leigh (SPR)

An IMF team consisting of Ms. Li (head, AFR), Mr. Takizawa, and Mses. Gu and Zhang (all AFR) held discussions in Windhoek during March 16–27, 2026. Mr. Damane (OED) participated in the discussions. The team held discussions with Minister of Finance Ms. E. Shafudah, Central Bank Governor Mr. E. Uanguta, other senior government officials, as well as representatives from civil society, development partners, and the private sector. Ms. Brown (AFR) provided research support. Mr. Trejo and Ms. Paulaviciene (both AFR) supported the preparation of the report.

CONTENTS

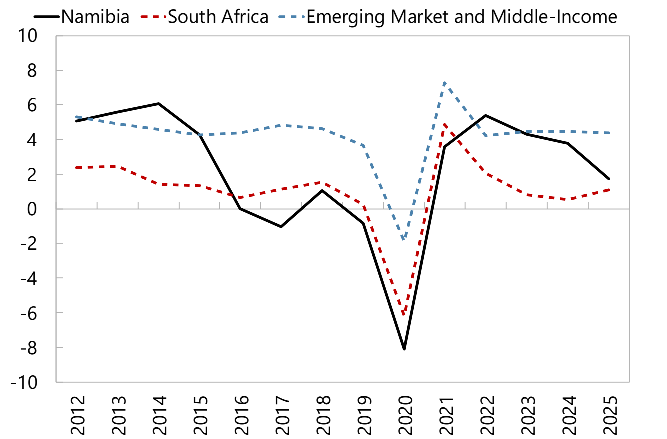
ANNEXES

BACKGROUND AND CONTEXT

1. **Namibia's economy has demonstrated resilience to recent global trade frictions and commodity price volatility, while grappling with longer-term challenges to achieving its growth and development objectives** (Text Figure 1). While natural diamond exports were further impacted by competition from lab-grown diamonds, uranium performed strongly. Namibia's export markets are also fairly diversified, with about half destined for sub-Saharan Africa, and only about 3 percent to the U.S. (Text Figure 2).[1] However, structural rigidities—including skill mismatches, a large public sector, and regulatory bottlenecks—continue to constrain diversification and private sector development. As a result, Namibia's growth performance has trailed other emerging markets and middle-income countries.

Text Figure 1. Real GDP Growth in Selected Countries

(Annual percentage change)



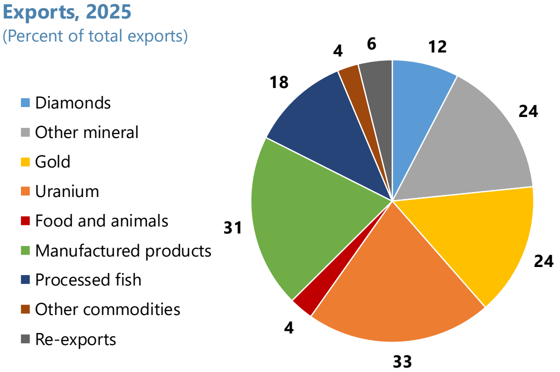
Sources: IMF, World Economic Outlook

Text Figure 2. Exports by Goods and Destinations

Exports are dominated by mineral and agricultural products...

Exports, 2025

(Percent of total exports)

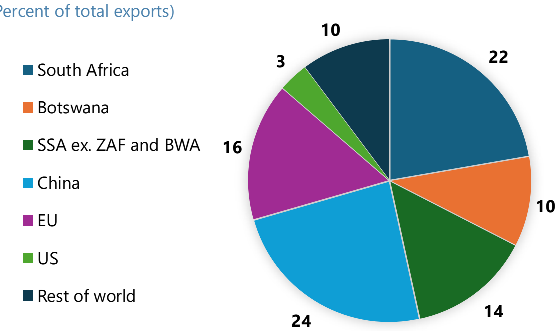


Sources: Bank of Namibia; and IMF staff calculations.

...and direct exports are to Africa, China, and the EU.

Exports Destination, 2025

(Percent of total exports)



Sources: IMF; and IMF staff calculations.

2. **Job creation and inequality remain daunting national challenges.** Unemployment is persistently high (at 36.9 percent in 2023), particularly among youth (at 44.4 percent), and inequality ranks among the highest globally, with a Gini coefficient of 63.3 in 2022. Despite comparatively high public spending relative to middle income and regional peers, Namibia continues to record weak

[1] Indirectly, Namibia diamond exports are affected by U.S. bilateral tariffs on major diamond-processing hubs as discussed in Text Table 2.

education and health outcomes (UNICEF, 2024; World Bank, 2019), pointing to efficiency and service-delivery challenges rather than funding constraints.

3. **Fostering higher and more job-rich growth is high on the government's agenda.** Namibia's Sixth National Development Plan (NDP6), covering fiscal years 2025/26–2029/30, identifies three fundamental needs of Namibian society: wealth creation, greater equality, and employment creation, with employment highlighted as both an objective in itself and a key means of achieving the other two objectives. NDP6, launched by the government that took office in March 2025, seeks to foster inclusive and sustainable growth through economic transformation and diversification, increased value addition and beneficiation of natural resources, and strengthened human development, including youth empowerment. It highlights the need for an integrated whole-of-government and whole-of-society approach, including the active participation of the private sector, with public enterprises (PEs) continuing to serve as a key driver of growth.[2]

4. **Balancing growth and development objectives against debt sustainability has become more challenging**. Fiscal expansion during FY2013/14–FY2016/17, combined with the fiscal impact of the COVID-19 shock, resulted in public debt rising from roughly 25 percent of GDP at end-FY13/14 to about 67.1 percent of GDP at end-FY24/25. Spending on personnel and subsidies and transfers has increased markedly, now higher than in peers. In a context of higher interest rates, interest payments (at around 5.2 percent of GDP in FY25/26), have surpassed capital expenditure (at 3.8 percent of GDP in FY25/26), reducing fiscal space for growth-enhancing investment. Increased public financing needs could also squeeze credit availability for the private sector and entail increased rollover risks.

Text Table 1. Wage Bill and Subsidies and Transfer, 2025

	Percent of GDP	Percent of Revenue	Percent of Expenditure
Namibia	24	76	62
Botswana	21	76	60
Equatorial Guinea	6	33	29
Eswatini	19	65	54
Gabon	11	55	39
Mauritius	12	43	38
South Africa	20	71	59

Sources: IMF World Economic Outlook; and IMF staff calculations.
Note: Data for Namibia is FY2025/26.

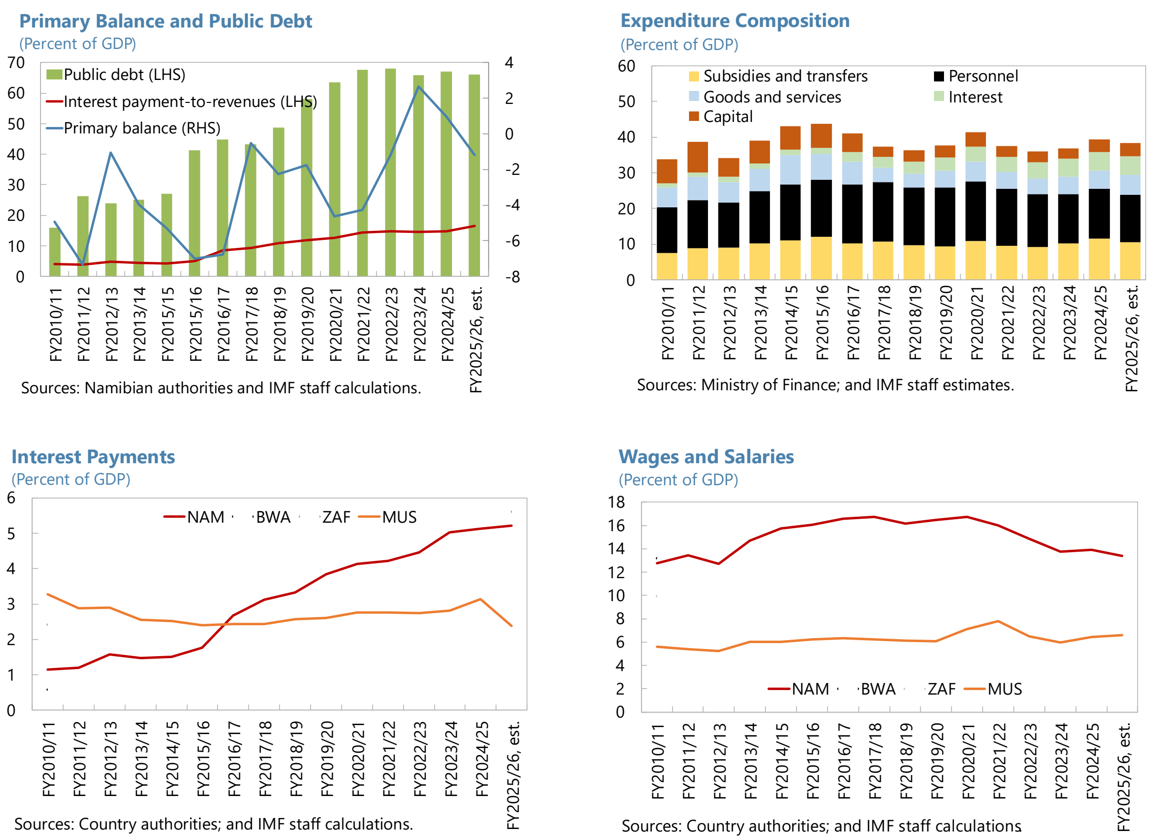
5. **Offshore oil and hydrogen have the potential to transform Namibia's economy.** Offshore discoveries exceed 20 billion barrels of oil equivalent, with production potentially reaching several hundred thousand barrels per day. However, ultra-deep-sea conditions, strong winds, and significant distance from shore mean that development will take time. A final investment decision by an oil company is currently pending. In addition, a major green hydrogen project offers a diversification opportunity but requires price subsidies to ensure cost recovery.

6. **The authorities have implemented many of the recommendations set out in the 2025 Article IV** (Annex IV). Progress includes strengthened fiscal consolidation in the FY26/27 budget, as

[2] In October 2025, the Namibia Investment Promotion and Development Board hosted the inaugural Namibia Public-Private Forum to facilitate dialogue on economic growth, job creation, and enhancing competitiveness.

well as improvements in tax administration and elements of public financial management. Reforms to contain the wage bill and strengthen SOE oversight, along with legislative reforms on public investment management and natural resource governance, are still underway. In the monetary and financial sector, policy rate alignment with the South African Reserve Bank (SARB) has improved, while other reforms are ongoing. On the structural front, efforts to address regulatory bottlenecks, skills mismatches, and climate resilience continue.

Text Figure 3. Public Debt and Spending Composition



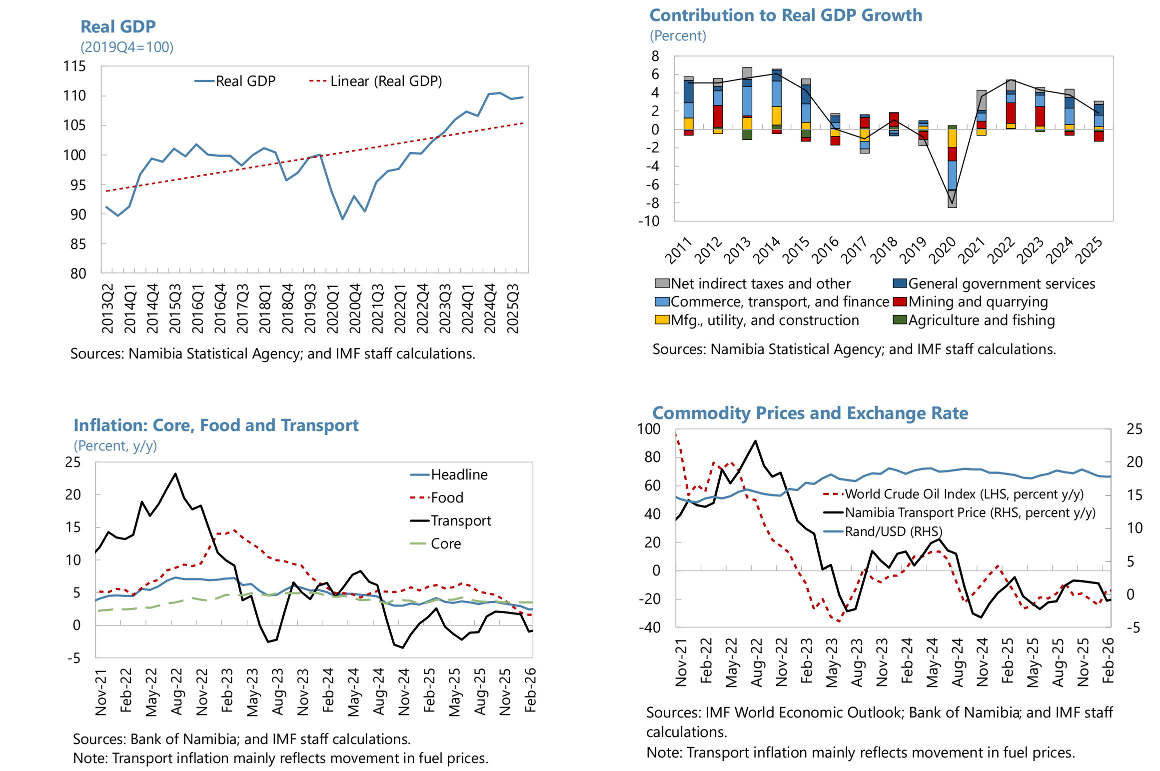
RECENT DEVELOPMENTS

7. **The economy faced headwinds in 2025, while inflation remained moderate.** Growth slowed to 1.7 percent, down from 3.7 percent in 2024, mainly reflecting a deep downturn in the diamond sector (-1.2 ppts), due to competition from lab-grown diamonds, as well as a slowdown in metal ore mining (-0.1 ppts), particularly from aging gold mines, and other mining and quarrying activities (-0.4 ppts), including oil exploration activity. The ongoing rebuilding of livestock following drought-induced herd losses in 2023–24 also dampened growth (-0.5 ppts) (Text Figure 4, Figure 1, and Table 1). On the upside, the upswing in uranium mining contributed 0.6 ppts to growth. Inflation rose to 3.1 percent year-on-year in April 2026, after bottoming out at 2.1 percent in March, driven mainly by higher transportation costs. As global petroleum prices surged following the onset of the war in the Middle East, domestic fuel prices were increased by about 18 percent on average in

April and a further 15 percent in May, reflecting the automatic fuel price adjustment mechanism. A temporary 50 percent reduction in fuel levies was implemented during April–June.[3] Broader price pass-through effects are still under way. Nevertheless, inflation remains below its 2024 average of 4.2 percent, reflecting earlier moderation in the prices of transport, food, and alcoholic beverages.

8. **Namibia's 2025 external position is assessed to be substantially weaker than implied by fundamentals and desirable policies** (Annex II). The current account (CA) deficit narrowed from 14.9 percent of GDP in 2024 to 13.1 percent of GDP in 2025, as an improved goods trade balance more than offset lower SACU revenues (Table 2). Exports expanded by 3.4 percent of GDP in 2025, with higher gold and uranium receipts outweighing the continued decline in diamond exports. Meanwhile, imports of goods declined by 2.8 percent of GDP, reflecting lower prices of petroleum imports. Oil and gas exploration-related imports (about 5.3 percent of GDP in 2025) also declined relative to 2024. Gross foreign reserves fell following the redemption of Namibia's US$750 million Eurobond in October 2025. Reserve coverage stood at 3.4 months of imports at end-2025, or equivalent to 108.8 percent of the Assessing Reserve Adequacy (ARA) metric. The Namibian dollar appreciated by 1.7 percent on average year-on-year in real effective terms, in line with the rand's appreciation against the U.S. dollar.

Text Figure 4. Real GDP Growth and Inflation

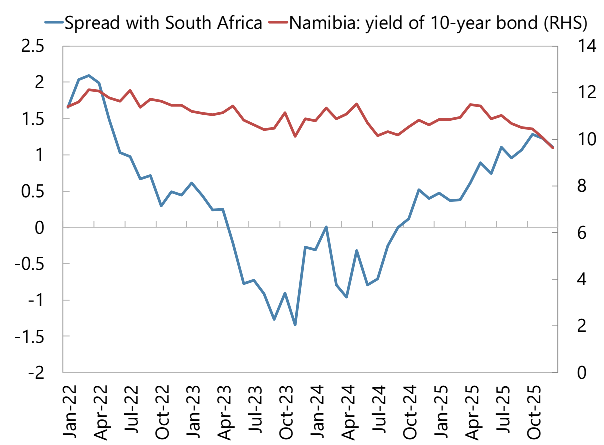


[3] The weighted average price change in April was 18 percent: 13 percent for gasoline and 20 percent for diesel, in line with the fuel-price adjustment mechanism, which is financed by the National Energy Fund. The Fund is, in turn, funded by the Petroleum Equalisation Levy collected on gasoline and diesel. The cut in levies was equivalent to about 3 percent of pre-adjustment fuel prices and applied from April to June 2026.

9. The fiscal deficit is estimated to have widened further in FY25/26, reflecting sharply lower SACU revenue even as the structural primary balance improved. After recording an overall deficit of 4.2 percent of GDP in FY24/25, it is estimated at 6.4 percent of GDP in FY25/26, with SACU revenues falling by 3.3 ppts.[4] The structural primary balance (excluding SACU revenues) is estimated to have tightened by 1.2 ppts of GDP, reflecting the authorities' efforts to contain the wage bill (-0.5 ppts) and reduce subsidies and transfers (-1.2 ppts), including one-off drought-related spending. A large one-off dividend from a state-owned holding company offset weaker personal income tax collections following a tax bracket adjustment. The gross public debt-to-GDP ratio is estimated to have declined slightly to 66.1 percent at end-FY25/26 (Table 3 and 4). Namibia's borrowing costs remain elevated and have fallen less than in South Africa (Text Figure 5).

Text Figure 5. Namibia's 10-Year Bond Yield and Its Spread with South Africa

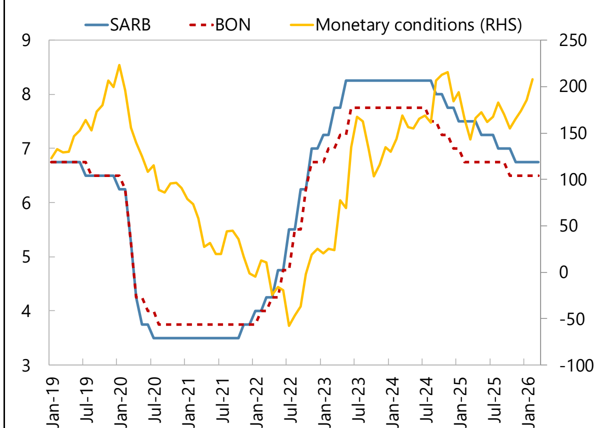
(Percent and percentage point)



Sources: Haver, RBOND, Bank of Namibia, and IMF staff calculations.

Text Figure 6. Monetary Condition and SARB Policy Rates

(Percent (LHS); Index, Jan-2015=100 (RHS))



Sources: Haver; Bank of Namibia; South Africa Reserve Bank (SARB); and IMF staff calculations.

Note: Monetary conditions is a normalized index of REER and real interest rate.

10. Monetary conditions have tightened since late 2025, as the real exchange rate has appreciated and real interest rates have risen with declining inflation (Text Figure 6). The Bank of Namibia (BoN) reduced the policy rate (repo rate) gap with the SARB to 25 bps in late 2025 and held its policy rate at 6.5 percent in April 2026. The BoN has kept its rate below that of the SARB since late 2022, when the SARB continued its tightening cycle. The differential reached as high as 75 bps as the BoN sought to shield the economy, as most loans in Namibia are at floating rates and linked to the policy rate. Broad money growth moderated to 7.9 percent in March, while growth in credit to the economy has remained relatively weak at 5.1 percent in March, with growth largely to corporates.

[4] The projected decline in SACU revenues over the projection horizon reflects the normalization of one-off catch-up payments that boosted revenues in FY23/24–FY24/25.

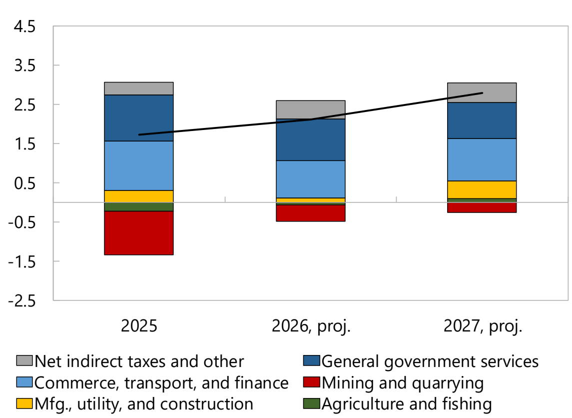
11. The banking system indicators remain strong. Profitability and liquidity were solid through end-September 2025, with return on assets (ROA) standing at 3.4 percent, return on equity (ROE) at 19.3 percent, and the liquid assets to total assets ratio (LAR) at 17.7 percent. By end-2025, banks' risk-weighted capital adequacy ratio edged up to 17.6 percent, while non-performing loans (NPLs) declined further to 4.3 percent, largely driven by repayments and write-offs in the mortgage sector, which accounts for 52 percent of total NPLs. The recent easing of interest rates appears to have contributed to increased mortgage repayments. Meanwhile, banks' holdings of sovereign debt rose to 21.5 percent of total assets by January 2026, up by 3.7 ppts from a year earlier.

OUTLOOK AND RISKS

12. Real GDP growth is projected at 2.1 percent in 2026, below its long-term potential, reflecting continued weak diamond production, a gradual recovery in livestock farming, declining gold output, and the impact of the war in the Middle East through higher fuel costs and weaker global demand. Growth will be supported mainly by services and construction, driven by Public-Private Partnership (PPP) projects and mining development.[5] Over the medium term, growth is projected to recover to 3 percent, in line with potential and constrained by structural impediments (Text Figure 7). This outlook excludes potential oil- and hydrogen-related megaprojects, given the absence of firm investment decisions. CPI inflation is projected to pick up to 3.9 percent in 2026, due to rising fuel prices and closely tracking inflation in South Africa (Text Figure 8), before converging to 3 percent over the medium term, consistent with South Africa's new 3 percent point target with ± 1 percentage point band.[6]

Text Figure 7. Real Growth Outlook, 2025–27

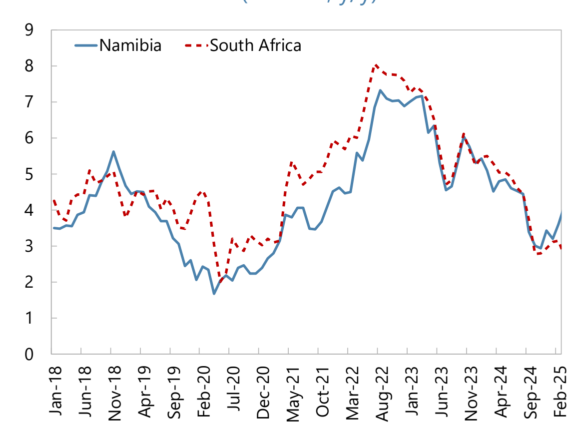
(Percent)



Sources: Namibia Statistical Agency, and IMF staff calculations.

Text Figure 8. CPI Comparison

(Percent, y/y)



Sources: Haver; National Planning Commission; and Statistics South Africa.

[5] Major private gold mining companies in Namibia are making significant investments, which are expected to help replace aging mines over the medium-term.

[6] In a statement issued on November 17, 2025, BoN welcomed South Africa's adjustment to its inflation target. It also stated that BoN's analysis finds that a lower inflation target of 3 percent in South Africa will result in low and stable long-term inflation in Namibia and eventually a reduction in interest rates in the medium term.

13. The current account deficit is projected to widen in 2026 before narrowing over the medium term. In 2026, the deficit is projected to widen to 15.1 percent of GDP, driven by weaker goods exports and higher fuel prices. While international reserves in U.S. dollar terms are projected to remain broadly unchanged relative to end-2025, reserve coverage is expected to decline from 108.8 percent of the ARA metric in 2025 to 94.0 percent in 2026, reflecting valuation effects and rising imports.[7] Over the medium term, the current account deficit is projected to stabilize at around 11 percent of GDP as oil exploration activity tapers off, while reserve coverage is expected to recover gradually, supported by planned medium-term fiscal consolidation and the normalization of SACU revenue transfers.

Text Table 2. Channels of Transmission of Global Developments

Channel	Risk Impact	Mechanism	Contingency Response
U.S. tariffs and trade policy	Low	While less than 3 percent of total exports go to the U.S., Namibia's diamond sector could be affected indirectly through diamond-processing countries, as India polishes 90 percent of global rough diamonds and the U.S. consumes about 50 percent of global polished diamonds. Following the U.S. Supreme Court's ruling in February 2026, the U.S. administration replaced existing tariffs with a temporary 10-percent across-the-board tariff. The direct and indirect impact of this tariff is assessed to be insignificant.	Over the medium term, implement structural reforms to improve the business environment and foster private sector-led and more diversified growth. This could support value addition in mining and non-mineral sectors and leverage agricultural and tourism potential.
Global economic slowdown	Moderate	A synchronized sharp growth downturn or recession in major economies would depress global demand, including demand from Namibia's main trading partners, particularly South Africa. Namibia's minerals are exported to the global market, while non-mineral exports are largely directed to South Africa and other African countries. The impact of the adverse scenario as outlined in the April 2026 WEO is presented in Text Table 3.	Allow automatic fiscal stabilizers to operate while safeguarding priority social and capital spending and recalibrate the pace of fiscal consolidation as needed to preserve macroeconomic stability.
Inflation from South Africa	Low	Under a conventional peg at par with the South African rand, Namibia effectively imports South Africa's monetary policy and inflation trends. Higher international oil and food prices are passed through to the domestic economy with a lag. The decision to move from an inflation band to a point target by the SARB also helps anchor lower inflation expectations in Namibia.	Maintain close monetary policy alignment with the SARB and prudent fiscal policy to limit second-round effects and protect the credibility of the exchange-rate peg.
Tightening of global financing conditions	High	External sovereign borrowing is limited, while weak corporate credit markets and stable monetary policies help limit financial spillovers. However, a decline in global risk appetite may lead to a depreciation of the rand (and thus the Namibian dollar), increasing the cost of dollar-denominated imports. It also poses a risk to FDI inflows, which are essential for financing oil and gas exploration. Planned new issuance and debt subject to variable rates are high at roughly 32 percent of GDP in FY26/27. A permanent 100 bps increase in the interest rate, possibly arising from a combination of increases in funding costs in South Africa and domestically, would likely increase annual interest payments by 0.2−0.6 ppts of GDP and total public debt by 2.3 ppts of GDP over the next five years.	Implement reforms to place public debt on a downward trajectory. Prioritize lower-cost financing, strengthen debt management, and preserve adequate buffers to mitigate rollover risks while safeguarding critical FDI-financed investment.

[7] The rand depreciated and then appreciated against the U.S. dollar in 2025, leaving the annual average exchange rate significantly weaker than the end-period rate. Because GDP is converted using the average exchange rate while reserves are valued at the end-period rate, this raises the reserves-to-GDP ratio, thus the ARA measurement, in 2025. Measured consistently in Namibian dollars, the ARA reserve coverage ratio would have been 103.0 percent in 2025.

Text Table 2. Channels of Transmission of Global Developments (concluded)			
Channel	**Risk Impact**	**Mechanism**	**Contingency Response**
Commodity prices	Moderate	Namibia is vulnerable to fluctuations in mineral prices. A slump in diamond prices, exacerbated by competition from lab-grown diamonds, has already weighed on growth and fiscal revenue. Adverse gold price fluctuations could also weigh on growth and macroeconomic stability. By contrast, because a large share of uranium exports is sold under long-term contracts and uranium production has limited linkages to the rest of the economy, the pass-through from world price fluctuations to GDP growth is assessed to be negligible. A 15 percent (approximately one-standard-deviation) decline in gold and diamond prices would lead to a decline in GDP growth of 0.04 ppt and 0.3 ppt, respectively. The standard deviations of annual percentage changes in gold and diamond prices are 14.4 and 17.8 percent, respectively. Furthermore, as a net fuel importer, Namibia is exposed to oil price shocks. A 10 percent increase in oil prices would reduce GDP growth by 0.11 ppt.	Strengthen fiscal buffers and revenue diversification, while advancing structural reforms to broaden the economic base and reduce reliance on volatile mineral revenues.

14. **Downside risks to the outlook appear more pronounced** (Text Table 2, Annex I). An escalation of the war in the Middle East could further weaken global demand, entail sustained high fuel and fertilizer prices, and tighten global financing conditions. Further erosion in demand for natural diamonds could weigh on growth, fiscal revenues, and export receipts. Growth could also slow if oil-related FDI declines, domestic financing conditions tighten due to rising public borrowing, and foot-and-mouth disease spreads from neighboring countries, while increased weather volatility adds uncertainty to agricultural production. Volatility in SACU revenues also adds uncertainty to the fiscal position. On the upside, a final investment decision on oil exploration could boost confidence and growth, while faster reforms to improve public investment efficiency and execution could support stronger investment outcomes and growth.

Text Table 3. Simulation Results of Downside Scenarios
(Deviation from the baseline)

(a) Global Slowdown 1/

	2026	2027	2028	2029	2030	2031
Real GDP (percent)	-0.8	-0.7	0.0	0.0	0.0	0.0
Fiscal balance (percent of GDP, FY)	0.3	0.2	0.1	0.1	0.1	0.1
Public debt (percent of GDP, FY)	0.7	0.9	0.6	0.5	0.5	0.6

1/ This illustrative scenario is based on the adverse scenario presented in the April 2026 World Economic Outlook (WEO), assuming an 80-percent increase in fuel prices relative to the January 2026 WEO baseline starting in the second quarter of 2026, and incorporating direct, second-round, and risk-off effects that could materialize beyond what is already reflected in the staff's baseline that is consistent with the April 2026 WEO baseline. Given the weak lending channel, tighter global financial conditions are expected to have a muted impact on Namibia's growth. The impact on the fiscal position also reflects a 50-bps widening of Namibia's sovereign spreads relative to South Africa in 2026, consistent with the scenario.
Source: IMF staff calculations.

Text Table 3. Simulation Results of Downside Scenarios (concluded)
(Deviation from the baseline)

(b) A Permanent 100 Basis Point Increase in Interest Rates (affecting all years)

	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
Interest payments (percent of GDP, FY	0.2	0.3	0.4	0.5	0.6	0.6
Debt (percent of GDP, FY)	0.2	0.5	0.9	1.3	1.8	2.3

Source: IMF staff calculations.

(c) A One-Time Shock to Namibia's Main Exports 1/

	2026	2027	2028	2029	2030	2031
Diamond and gold prices (percent)	-15	0.0	0.0	0.0	0.0	0.0
Real GDP (percent)	-0.3	0.0	0.0	0.0	0.0	0.0
Fiscal balance (percent of GDP, FY)	0.2	0.0	0.0	0.0	0.0	0.0
Public debt (percent of GDP, FY)	0.3	0.2	0.2	0.2	0.2	0.2

1/ Excludes uranium exports, which are under long-term contracts.
Source: IMF staff calculations.

15. Sensitivity analyses suggest that Namibia is vulnerable to a global slowdown and commodity price shocks, while interest-rate shocks pose material fiscal risks (Text Table 2). Text Table 3 presents three sensitivity analyses: an adverse scenario based on the April 2026 World Economic Outlook (WEO)[8] and one-standard-deviation shocks to interest rates and to the prices of Namibia's key export commodities (diamonds and gold) in 2026. Under the WEO adverse scenario, real GDP could be about 0.7–0.8 percent lower relative to the baseline during 2026–27, while the fiscal deficit could widen by about 0.3 ppts of GDP during FY2026/27–FY27/28, assuming that automatic stabilizers are allowed to operate and the recommended structural effort is maintained. In this context, an additional structural effort of 0.1 ppts each year starting in FY2028/29 for three years, as growth recovers, would bring the deficit down by an additional 0.3 ppts of GDP by FY2031/32 and bring the debt ratio to about its pre-shock level in the same year. A tightening of global and domestic financing conditions (100 bps increase across all years; Scenario (b)) would raise public debt but have a negligible effect on growth, reflecting the weak interest-rate transmission. A one-year decline in key export commodity prices (Scenario (c)) would have a smaller impact than the WEO adverse scenario. In addition to these three scenarios, staff considered the impact of an extended conflict in the Middle East. Should the severe scenario presented in the April 2026 WEO materialize, real GDP in Namibia could be 0.9 percent and 1.8 percent lower in 2026 and

[8] **Under the adverse scenario**, oil prices are assumed to increase by 80 percent from the second quarter of 2026 relative to the January 2026 WEO Update baseline, before declining to 20 percent above baseline in 2027 and dissipating by 2028, while food commodity prices increase by 2.5 percent. Growth would be further weakened by rising one-year-ahead inflation expectations and a risk-off episode, reflected in higher corporate risk premia and sovereign spreads. Under the **severe scenario** presented in the April 2026 World Economic Outlook (WEO), oil prices would rise by 100 percent relative to the January 2026 WEO baseline starting in the second quarter of 2026 and stay elevated through 2027, before dissipating in 2028, while food price increases would persist. Namibia's growth would be further weakened by a more pronounced increase in one-year-ahead inflation expectations and a greater widening of Namibia's sovereign spreads relative to South Africa, in addition to the commodity price shocks, than under the adverse scenario.

2027, respectively, relative to the baseline, with the current account deficit widening by 3.0 ppts of GDP.

16. Policy should mitigate adverse shocks as needed, coupled with a commitment to rebuild fiscal buffers gradually as the economy recovers. When growth is adversely affected, fiscal automatic stabilizers (such as social assistance programs) should be allowed to operate to cushion the impact on the economy. Any additional measures should be targeted and temporary. The BoN should carefully calibrate the alignment of the monetary policy rate with that of the SARB to safeguard the peg. Structural reforms should be accelerated to bolster economic growth.

Authorities' Views

17. The authorities broadly shared staff's outlook and assessment of risks. They noted that Namibia's economic recovery from the COVID-19 shock remains fragile and incomplete, having been interrupted by a succession of external shocks, which have compounded existing structural constraints. They noted that infrastructure development, construction of new mines, and the resilient service sector will support near-term activity. They were optimistic that ongoing reforms to improve business licensing and approvals could ease structural constraints to growth. They noted that the war in the Middle East could adversely affect growth and inflation, while noting potential upside risks from energy-related investments.

POLICY DISCUSSIONS

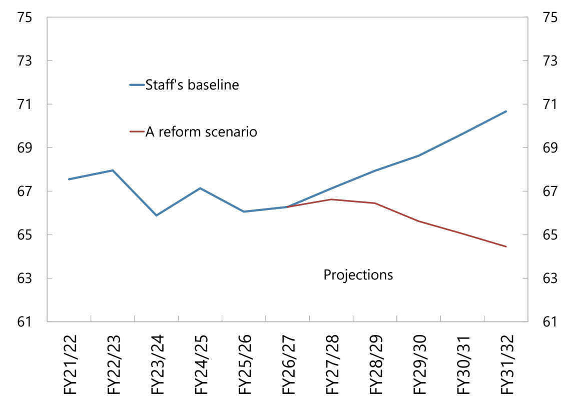
A tightening policy mix to safeguard fiscal sustainability, in light of the worsening debt dynamics and rising inflationary pressure from higher fuel prices, enhance domestic and external stability, bolster the credibility of the exchange rate peg. This will require: (i) stepping up fiscal consolidation through tighter expenditure control to place public debt on a downward trajectory and ease the sovereign-financial nexus; (ii) strengthening monetary operations to safeguard the peg's credibility; (iii) reinforcing financial-sector oversight; and (iv) reducing regulatory burdens to support private sector-led growth and job creation.

A. Ensuring Public Debt Sustainability while Supporting Growth

18. Medium-term debt dynamics have deteriorated, and additional fiscal effort is needed to put debt back on a downward path. The authorities' Medium-Term Expenditure Framework (MTEF) aims at achieving primary surpluses and stabilizing public debt at 66 percent of GDP by 2029, a level consistent with maintaining macroeconomic stability. However, based on staff's baseline economic outlook (which incorporates more recent data, a slower growth trajectory, and current policies), public debt is projected to rise to about 71 percent of GDP over the medium term without stabilizing (Text Figure 9, Text Table 4). Putting debt onto a downward path will therefore require additional fiscal measures. Staff assess the overall risk of sovereign debt distress under the Sovereign Risk Debt Sustainability Framework (SRDSF) as moderate under the baseline (Annex III), notwithstanding the tool's mechanical signals indicating high medium-term risks. This assessment reflects the authorities' strong commitment to stabilizing public debt, and the fact that they still have time to act. The financing risks associated with the sizable projected gross financing needs over the medium term are mitigated by a large domestic investor base and relatively high bank liquidity.

Text Figure 9. Public Debt Under Baseline and Reform Scenarios

(Percent of GDP)



Source: IMF staff projections.

19. The authorities' fiscal target for FY26/27 is appropriate, implying a front-loaded adjustment. Under current policies and staff's macroeconomic projections, this implies an expenditure-based tightening in the structural primary balance by 0.9 ppts of GDP.[9] On the revenue side, the baseline projects a decline of 1.1 ppts of GDP, mainly reflecting lower corporate income tax and royalties from the gold-mining sector.[10] The expenditure adjustment will be achieved through reduced spending on goods and services (0.4 ppts), subsidies and transfers (0.5 ppts), and capital expenditure (0.9 ppts). The wage bill-to-GDP ratio will remain broadly unchanged, reflecting wage increases and government hiring in education, health, the judiciary, and security—sectors that account for most public employment and are deemed vital for public service delivery. Reform of the Public Service Employees Medical Aid Scheme (PSEMAS) is being implemented to generate savings. The fiscal adjustment will be mildly pro-cyclical, as the projected output gap is expected to widen slightly in FY26/27.

[9] The structural primary balance is defined as the primary balance excluding SACU revenues.

[10] The FY26/27 envisages lowering the corporate income tax (CIT) rate from 30 percent to 28 percent from FY26/27 onward, subject to legislative approval, to strengthen competitiveness and support economic diversification. A dividend tax is planned for introduction in FY26/27 to offset the revenue losses stemming from this CIT rate cut.

Text Table 4. Fiscal Projections
(Percent of GDP, unless otherwise noted)

	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
Staff's Baseline							
Primary balance	-1.2	-0.3	0.4	0.7	0.7	0.7	0.7
Structural primary balance 1/	-8.9	-8.0	-7.7	-7.3	-7.1	-7.1	-7.0
Change (ppts of GDP)	1.2	0.9	0.3	0.4	0.2	0.1	0.1
Overall balance	-6.4	-5.5	-4.9	-4.4	-4.6	-4.8	-4.9
Debt/GDP	66.1	66.3	67.1	67.9	68.6	69.6	70.7
A Reform Scenario							
Primary balance	-1.2	-0.3	0.9	1.7	2.2	2.2	2.2
Structural primary balance 1/	-8.9	-8.0	-7.2	-6.3	-5.7	-5.6	-5.5
Change (ppts of GDP)	1.2	0.9	0.8	0.8	0.7	0.1	0.1
Overall balance	-6.4	-5.5	-4.4	-3.4	-3.0	-3.0	-3.0
Debt/GDP	66.1	66.3	66.6	66.4	65.6	65.0	64.5
Memorandum:							
Additional reduction in personnel cost (ppts of GDP)	…	…	0.5	0.5	0.5	…	…

Sources: IMF staff projections.
1/ Structural primary balance excludes SACU revenues.

20. **For subsequent years, staff recommend a slightly larger fiscal consolidation to put public debt on a downward path**. For FY27/28–FY29/30, staff recommend an additional adjustment of 0.5 ppts of GDP per year relative to the baseline. This would allow public debt to reach about 66½ percent of GDP by FY28/29 and about 64½ percent of GDP by FY31/32. Beyond strengthening fiscal buffers, this additional consolidation would—by reducing debt service costs—help rebuild fiscal space for spending priorities and help moderate pressure on the current account. As domestic revenue mobilization in Namibia is already high (about 24 percent of GDP excluding SACU receipts), there is limited room for policy-driven revenue increases. Additional gains may come from improved tax administration through digitalization and better management of resource rent, particularly through improved management of fish quotas, but these are likely to be modest. Therefore, staff recommend additional expenditure restraint, particularly in the public wage bill and transfers and subsidies, as the principal means to durably reduce public debt. The effort should be accompanied by clearly-specified measures. The growth impact of this additional consolidation is expected to be modest as Namibia is a small open economy. To preserve public service delivery, particularly in social protection and growth-enhancing investment, including for climate resilience, fiscal consolidation should be underpinned by structural reforms to enhance spending efficiency and effectiveness.

- **Civil service reform**. Despite some moderation through wage and hiring freezes during FY21/22 – FY23/24, the wage bill remains high relative to peers, at 13.4 percent of GDP in FY25/26. This excludes subnational government wage bills, which are partly financed by central government transfers and represent a large share of subsidies and transfers. While the authorities plan to pursue wage bill moderation, across-the-board wage restraint could undermine public service delivery by constraining the recruitment and retention of skilled professionals in critical areas while leaving redundant positions unaddressed. Comprehensive civil service reforms based on the ongoing review to better align staff size, skills, and deployment would help contain the wage bill sustainably without compromising service delivery. Moreover, the ongoing PSEMAS reform through higher member contributions and instituting incentives to prevent excessive service use could reduce costs and improve efficiency.

- **Public enterprise reform**. Fiscal support has been provided to several commercial public enterprises (PEs) in recent years.[11] The FY2026/27 budget reduces transfers to commercial PEs while directing selected PEs to undertake capital projects through publicly-guaranteed debt, underscoring their role in driving growth. To ensure that this approach is cost-effective and fosters private-sector-led growth, the PE management framework should be fully implemented to enhance efficiency and manage contingent liabilities. Continued close monitoring of financial performance, including through the publication of PE fiscal risk reports and strengthened oversight, is critical. Meanwhile, as the government explores the revival of Air Namibia (liquidated in 2021 after years of losses) through a public-private partnership, careful assessment of the fiscal costs and risks is essential.[12]

- **Improve spending efficiency**. A Public Investment Management Assessment (PIMA) for Namibia has found a large efficiency gap in infrastructure output and persistent challenges in executing public investment projects,[13] which could be addressed through reforms in planning, allocation, and implementation. Better program design and a shift toward means-tested programs can improve social outcomes, as cross-country experience shows that conditional cash transfers and social programs have higher benefit-cost ratios than unconditional programs.[14] Staff analysis also suggests room to improve the efficiency of education and health spending to achieve outcomes commensurate with relatively high spending (Selected Issues Paper (SIP) on Social Spending).

- **Tax administration**. Tax compliance has improved significantly since the Namibia Revenue Agency (NamRA) started operations in 2021. NamRA has been stepping up risk-based audits, including in transfer pricing. Efforts to accelerate the digitalization of tax administration, strengthen information sharing across government agencies, and expand access to third-party data, including commercial databases, could generate additional revenues. Implementing e-invoicing and system integration with third parties should be a priority.

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[11] Public enterprises that needed public support includes Namcor, Meatcor, and Fishcor.

[12] The government had incurred a cumulative fiscal cost of at least N$8 billion over two decades from directly supporting Air Namibia.

[13] The efficiency gap for physical infrastructure for Namibia is 32 percent. While this is comparable to the EME average and smaller than the average of SSA and regional comparators, there is still significant scope to improve efficiency.

[14] The State of Social Safety Nets, World Bank (2018); IMF Engagement on Social Safety Net Issues in Surveillance and Program Work, International Monetary Fund (2022).

21. The government's financing strategy should be calibrated carefully to ensure consistency with financial stability considerations. After repayment of the Eurobond, the share of foreign-currency debt has fallen to about 12 percent at end-2025, below the 20 percent benchmark in the Sovereign Debt Management Strategy (SDMS).[15] As the authorities shift toward domestic financing and concessional and semi-concessional facilities from multilateral and bilateral lenders, reliance on domestic financing should be managed carefully to avoid tightening the sovereign-bank nexus or straining local liquidity, potentially raising financing costs and constraining credit to the private sector. Proactive liability management could help smooth gross financing needs. The authorities plan to make use of the space available under the SDMS for the government loan guarantee program, which enables commercial PEs to finance development projects through external development institutions.[16]

22. Advancing PFM reforms will contribute to more efficient budget allocation and execution. The authorities plan to submit draft amendments to the State Finance Bill and Public Financial Management (PFM) regulations to Parliament in early 2026, while also working to digitalize the budget process. These reforms aim to strengthen the framework and processes for budget preparation and execution, enhancing PFM efficiency and effectiveness. They will also help strengthen the PFM framework for managing oil and gas revenues, promoting transparency, accountability, and sustainability, with a focus on macroeconomic and revenue forecasting, budgeting, and spending management.

23. Establishing a fiscal framework to manage potentially large oil revenues will be critical to ensure that they are used appropriately and transparently. Revenues in the initial phase of oil production should be used to reduce gross public debt and associated risks, given inherent uncertainties surrounding oil revenue streams. Beyond this phase, the authorities' fiscal objectives should guide the design of the framework. There is a need to balance pressing development needs and spending efficiency. Namibia has already established the Welwitschia Fund (WF), a sovereign wealth fund with the dual objectives of preserving wealth for future generations and building buffers. Namibia's participation in the Extractive Industries Transparency Initiative (EITI) can further strengthen the framework for transparent and accountable management of extractive-sector revenues. Finalizing the rules governing the WF will be key to operationalizing these fiscal objectives.[17] It is also critical to integrate the WF into the budget process to ensure that additional revenue does not lead to wasteful spending.

[15] Non-Rand denominated foreign debt stood at just 2 percent of total government debt at end-2025.

[16] Government loan guarantees remained low at 2.7 percent of GDP at end-December 2025, and the authorities are committed to limit the guarantees to 10 percent of GDP in line with their SDMS. In December 2025, African Development Bank approved a Country Strategy Paper for Namibia, committing N$1.78 billion in the period 2025–30 to support economic diversification and job creation.

[17] Staff Report for 2022 Article IV Consultation for Namibia discussed the proposed rules governing the Welwitschia Fund.

Authorities' Views

24. The authorities reaffirmed their commitment to a sustainable fiscal path through a positive primary balance, highlighting strict controls on new hiring for administrative positions and wage increases over the next three years following this year's adjustment. The authorities will also conduct a study on improving the targeting of social assistance spending and have eliminated transfers to commercial enterprises. A reform plan for PSEMAS is expected to generate significant savings. Efforts to strengthen tax administration are also continuing. The authorities intend to submit amendments to the State Finance Act and the Welwitschia Fund Act to Parliament this year for approval, facilitating public financial management reforms and ensuring the transparent and prudent use of potential oil revenues.

B. Ensuring the Credibility of the Peg

25. The peg to the South African rand has proven effective in anchoring inflation in Namibia. Given deep real and financial linkages with South Africa, Namibia's price dynamics have closely tracked those in South Africa, which operates an inflation-targeting regime.

26. As the SARB transitions to a new 3-percent inflation target in a volatile global environment, the BoN should manage its policy with agility.[18] This lower and clearer target is expected to durably reduce inflation expectations, ease pressure on the exchange rate, and eventually lower interest rates, benefiting Namibia and all Common Monetary Area (CMA) members. The SARB has announced that during the transition period, its policy will remain data-dependent, guided by the outlook and the balance of risks.

27. Given heightened global uncertainty and upside pressures on commodity prices, maintaining carefully calibrated alignment of the policy rate with that of the SARB is critical to safeguard the peg. Fully closing the policy rate gap eventually will reduce incentives for capital outflows, reinforce the commitment to the peg, increase policy clarity, and minimize distortions.[19] Going forward, the BoN's primary operational objective should be to ensure adequate reserves and the credibility of the peg.

28. Forward-looking monetary analysis and the monetary policy operational framework would benefit from further strengthening. The aim is to ensure effective, consistent, and predictable transmission of a unified policy rate to monetary and financial conditions. In this context,

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[18] The SARB's new 3-percent inflation target has a ±1 percentage-point tolerance band, replacing the previous 3–6 percent range, and will be phased in over the next two years.

[19] The prime lending rate is set at the repo rate plus a spread. Bank lending rates are typically priced at the prime rate plus a margin. Consequently, changes in the repo rate mechanically pass through to existing loans, although banks may adjust the margin relative to the prime lending rate for new loans. The repo rate also anchors the rates for the BoN's standing lending and deposit facilities and serves as the reference for banks' deposit rates. Meanwhile, banks' wholesale funding, accounting for roughly 15–30 percent of total funding, is typically benchmarked to the 3-month Johannesburg Interbank Average Rate (JIBAR). The coexistence of JIBAR and the BoN repo rate in determining funding costs exposes banks to interest-rate basis risk, which banks price into their interest margins.

the BoN should complete the integration of liquidity forecasting tools into daily operations (open market operations, standing facilities, and reserve management) to reduce excess liquidity volatility and improve signaling and liquidity management. Enhanced monetary operations would allow Namibia to adapt smoothly as South Africa adjusts to a tighter inflation target.

Authorities' Views

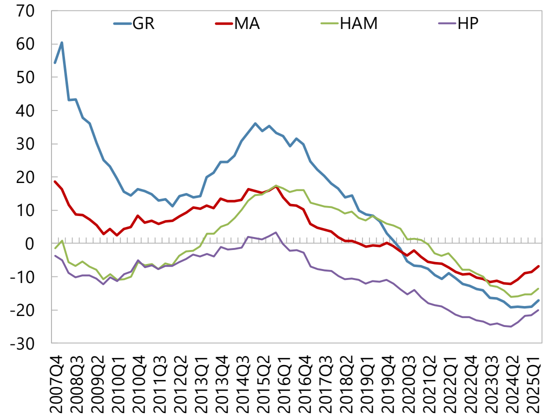
29. The authorities underscored the central role of the exchange-rate peg in ensuring macroeconomic stability. They noted that the policy rate differential with the SARB has been reduced to 25 basis points and reiterated their intention to eventually align fully the policy rate with that of the SARB, while remaining mindful of potential adverse effects on the economy. They emphasized that inflation expectations remain well anchored, viewed recent upside inflation risks as transitory, and welcomed the SARB's new 3 percent inflation target as an important anchor for policy, supporting low and stable inflation and lower interest rates over the medium term. Efforts are also underway to diversify the foreign exchange portfolio, including through increased gold holdings, to mitigate the impact of global uncertainty.

C. Continuing Financial Sector Reforms

30. While the financial system currently demonstrates near-term resilience, the authorities should continue to monitor closely potential financial vulnerabilities, including from spillovers of possible global financial tightening. Banks remain profitable, liquid, and well-capitalized. However, their large exposure to the mortgage sector, accounting for about half of total credit to the economy and NPLs, warrants close monitoring. Monetary policy easing in early 2025, supported by moderating global interest rates, has contributed to a reduction in NPLs. Nonetheless, the sector remains vulnerable to economic downturns or a sudden rise in interest rates should global financing conditions tighten.

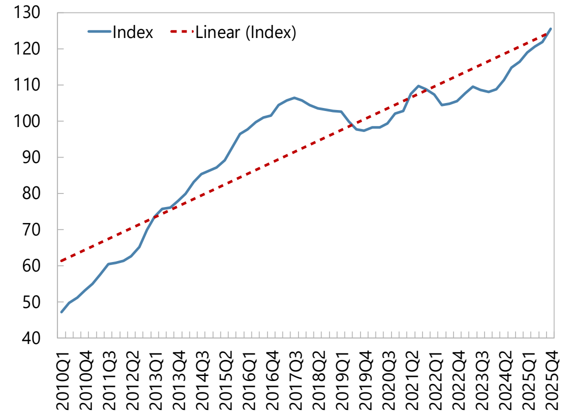
31. Close linkages between banks and NBFIs, as well as the sovereign-financial sector nexus, require vigilance. NBFIs are twice the size of the banking sector and a key funding source, with the sector's significant foreign investments amplifying banks' exposure to external risks. The sector is stable but susceptible to shocks in investment returns and demographics. While strong investment returns have more than offset a contribution deficit in retirement funds, an ageing civil service represents a structural vulnerability. Meanwhile, as government debt rises, the banking sector's claims on the central government reached 21.5 percent of total assets by January 2026, up from 17.8 percent a year earlier and are higher than the peers (Figure 2). Retirement funds and long-term insurers, representing close to three-quarters of NBFI assets, hold 30 percent of government securities, accounting for roughly 15 percent of their portfolios. The sovereign-financial sector nexus poses a risk, particularly as the domestic bond market lacks the liquidity and depth to absorb asset sales under severe stress.

Text Figure 10. Credit to GDP Gap Estimates
(Percent deviation from trend)



Sources: IMF Credit Gap Tool and staff calculations.
Note: GR=5-year growth rate of credit to GDP ratio (percent); MA=difference relative to 5-year moving average (percent deviation from trend); HAM=Hamilton filter (percent deviation from trend); HP=Hodrick-Prescott filter (percent deviation from trend).

Text Figure 11. Housing Price Index
(2016=100)



Source: Namibian authorities.

32. **The authorities continue to strengthen financial sector oversight, crisis preparedness, and macroprudential supervision** (Text Table 5). The Macroprudential Oversight Committee (MOC) meets regularly to assess risks, drawing on stress testing results. It approved the Countercyclical Capital Buffer (CCyB) in July 2024 and the Countercyclical Loan-to-Value (CcLTV) in July 2025, which will eventually replace the existing constant Loan-to-Value (LTV).[20] Preparation for their implementation is underway. While the credit gap remains negative, elevated housing prices amid supply constraints warrant close monitoring (Text Figure 10 and 11). An assessment under the IMF-World Bank's Financial Sector Assessment Program, scheduled to begin in 2026, will comprehensively evaluate the resilience of the financial system, and provide guidance on the use of macroprudential tools and other reforms. With IMF support, the BoN is strengthening risk-based supervision, the bank resolution framework, and the Emergency Liquidity Assistance (ELA). It is also implementing International Financial Reporting Standard 9 and testing the new Central Securities Depository (CSD). Given that most Namibian banks are South African subsidiaries, it is essential to strengthen bilateral cross-border cooperation on the application of bank resolution policy. The Namibia Financial Institutions Supervisory Authority (NAMFISA) is finalizing regulations to fully implement the Financial Institutions Markets Acts by May 2026, which is essential given the sector's linkages with the banking sector.

[20] The BoN first introduced constant LTV regulations to mitigate risks from over-leveraged households in 2016. The ratio was relaxed in 2019 and then 2023 to 100 percent to stimulate property investment.

Text Table 5. Progress in Implementation of 2018 FSSA Recommendations 1/		
Recommendation	**Actions Taken**	**Remaining Actions**
Establish Macroprudential Policy Framework	The BoN Act granted the central bank an explicit macroprudential mandate; Financial Stability and Macroprudential Oversight Department and a Financial System Stability Committee established; and Steps taken to operationalize policy framework including a Growth-at-Risk framework.	Continue to refine and operationalize the tools.
Improve Banking Sector Oversight	Adoption of Banking Act; Strengthened bank reporting requirements; and Risk assessment of two systemic banks.	Continue to improve oversight.
Enhance the Supervision of NBFIs and Capital Markets	Development of risk-based supervision for NBFIs; Adoption of NAMFISA and Financial Institutions Markets Acts (FIMA); Adoption of a Central Securities Depository to modernize market infrastructure.	Full implementation of FIMA. Expected mid-2026
Develop Crisis Management and Resolution Framework	Banking Institutions Act 2023, adopted with the BoN granted full resolution powers; and a deposit insurance scheme operationalized under the Deposit Guarantee Scheme.	Finalization of the Resolution Framework and full operationalization of the Emergency Liquidity Assistance (ELA).

1/ Financial System Stability Assessment (FSSA) is the key output of the joint IMF-World Bank Financial Sector Assessment Program (FSAP). It provides a comprehensive assessment of financial sector soundness, vulnerabilities, and resilience, with a focus on systemic risk and financial stability.

33. **Meanwhile, access to credit remains constrained by structural bottlenecks.** While bank account ownership in Namibia is relatively high, at 70 percent of adults, limited access to finance continues to be a significant barrier for small and medium enterprises, as indicated in the 2024 World Bank Enterprise Surveys. Banks cite the lack of bankable projects and collateral as key constraints, even though liquidity remains abundant. The Namibia Financial Sector Transformation Strategy (NFSTS) 2025–2035 underscores the importance of access to finance for promoting inclusive growth, identifying the adoption of new technologies and digitalization, the development of microfinance entities, and strengthened consumer protection and financial literacy as key enablers of financial access. Structural reforms to promote private sector development are also essential to expand the pipeline of bankable projects.

34. **The BoN continues to promote payments digitalization.** An Instant Payment Project is expected to be operational in 2026 to provide efficient and instantly accessible payment services. It is also participating in Project Sunbird, a cross-border payments initiative, under the CMA.

35. **Namibia is expected to exit the Financial Action Task Force (FATF) "grey list" by mid-2026 following on-site verification.** Since 2024, the authorities have addressed strategic AML/CFT deficiencies as agreed with the FATF, including legislative reforms to strengthen preventive measures, the Financial Intelligence Unit, beneficial ownership transparency, and targeted financial sanctions, as well as enhancing risk-based supervision, closing resource gaps, increasing the application of sanctions for breaches of AML/CFT obligations, and strengthening capacity to identify, investigate, and prosecute money laundering and terrorist financing. With the action plan largely completed, the authorities are encouraged to sustain this progress, including further strengthening risk-based AML/CFT supervision, as well as enhancing law enforcement cooperation, investigations, and prosecutions.

Authorities' Views

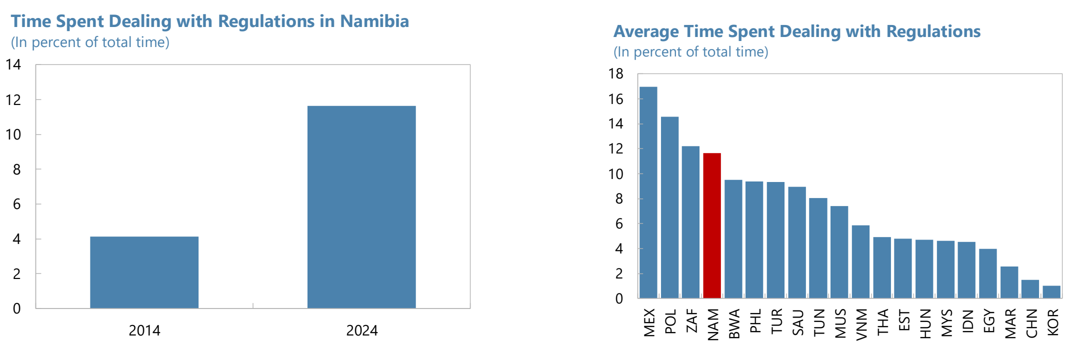
36. The authorities broadly agree with the staff's assessment. They noted that the banking system remains well capitalized and that household indebtedness and sectoral credit exposures are closely monitored, including through macro stress testing. The finances of pension funds are monitored, notably through annual independent evaluation. The countercyclical capital buffer framework has been approved and is expected to be implemented soon with an initial rate of zero. The Instant Payment System is expected to become operational in 2026. The authorities have also strengthened the AML/CFT framework by addressing all identified strategic deficiencies, positioning Namibia for exit from the FATF grey list pending on-site verification.

D. Supporting Diversification and Job Creation

37. Private sector development in Namibia has faced persistent challenges (Annex V). While the 2024 World Bank Enterprise Surveys suggest that Namibia has made some progress on increasing access to credit and infrastructure,[21] they indicate a broad deterioration over 2014-2024 in indicators for the business environment, labor market conditions, and governance. In particular, respondents noted a worsening in the indicators of competition from the informal sector, high tax rates, and burdensome licensing processes. Outcome-based indicators mirror these trends: the average share of senior management time spent dealing with government regulations nearly doubled from 6.6 percent in 2014 to 11.4 percent in 2024, placing Namibia among the countries where regulatory compliance is perceived as imposing the greatest burden, comparable to South Africa (Text Figure 12).

38. The government is taking action to improve the business environment. Investing in infrastructure is a priority of the government's MTEF. The National Youth Development Fund (NYDF) was launched in September 2025 to support young entrepreneurs through low-interest loans and other targeted assistance.

Text Figure 12. Time Spent Dealing with Regulations



Sources: World Bank Enterprise Surveys and IMF staff calculations

Sources: World Bank Enterprise Surveys and IMF staff calculations.

[21] For instance, share of firms that view access to credit as an obstacle (regardless of degree) declined from 0.78 in 2014, but remained high at 0.65 in 2024.

39. Cross-country experiences show that broader reforms that support private sector development are key to unleashing growth potential (Annex V). Reducing regulatory hurdles, alongside infrastructure development and improved access to finance, is essential. This includes expediting the passage of key legislation to reduce policy ambiguity and streamlining lengthy approval processes through stronger inter-agency coordination and reducing duplication. Easing procedures for hiring foreign experts where local expertise is limited could support FDI. The ongoing revision of the Investment Promotion Bill provides an opportunity to streamline regulations. At the same time, advancing PE reforms—particularly to reduce the public-sector wage premium—would help support a more dynamic labor market.

40. Striking the right balance between local beneficiation and incentives to investors is critical, particularly for the extractive sector. International best practice supports a phased and pragmatic local-content approach to build domestic skills. Harmonizing regulatory frameworks is critical to reduce investor uncertainty, including by addressing industry concerns related to production contracts and fiscal stabilization and rebalancing clauses. Namibia's absence from international arbitration conventions and gaps in critical infrastructure (e.g., subsea pipelines) should also be addressed.

41. Advancing digitalization and e-government has significant potential to reduce the regulatory burden. Moving away from paper- and location-based processes through digitalization could lower administrative costs, particularly for businesses in remote areas. NDP6 identifies digital infrastructure and cybersecurity as critical enablers of Namibia's development, and a comprehensive digital infrastructure gap analysis has been completed. Key initiatives include constructing a National Data Center, developing a national digital ID and electronic signatures, and establishing the NamX Interoperability Platform to enable secure information sharing across government. To underpin these initiatives and broaden the use of digital services, enabling legislation on data protection and cybersecurity is expected to be submitted to Parliament for approval by end-2026. The authorities have worked with UNESCO to launch an AI Readiness Assessment Report aimed at ensuring safe and responsible use of AI.

42. Aligning education programs to reduce labor market skill mismatches is also important for job-rich growth (IMF, 2025). A Work-Integrated Learning Policy (2025–30), launched in March 2026 and embedding workplace training into formal curricula through partnerships with private firms, is a positive step. It is also important to align general education and Technical and Vocational Education and Training (TVET) programs with labor-market needs, including those in the emerging oil sector. A comprehensive occupational skills audit would identify economy-wide gaps and guide curriculum reforms and targeted training.

Authorities' Views

43. The authorities concurred broadly with the staff's assessment. They highlighted their comprehensive strategy to support diversification and job creation, centered on upgrading infrastructure, facilitating private investment, strengthening skills development, expanding value chains in the energy and mineral sectors, and advancing digitalization and safe AI adoption.

E. Capacity Development and Statistical Issues

44. Namibia remains an active user of IMF Technical Assistance (Annex VI). On the fiscal side, support has focused on revenue mobilization, improving customs operations, and strengthening the Public Financial Management framework. In the monetary and financial sector, TA has centered on enhancing monetary policy operations, implementing the Lender-of-Last-Resort framework, and strengthening risk-based supervision and liquidity management.

45. Data provision is broadly adequate for surveillance, though important gaps remain (Annex VII). Notable weaknesses—reflected in a "B" rating—affect national accounts, price statistics, and fiscal reporting. Priorities for improvement include expanding the coverage and granularity of national accounts (outdated survey results and lack of supply-use table) and government finance statistics (weakness in coverage and economic classification) and strengthening the compilation of price data. Capacity development is ongoing to assist efforts for improvement in these areas.

STAFF APPRAISAL

46. While Namibia has demonstrated resilience to global trade frictions, economic growth remains insufficient to meaningfully reduce unemployment, inequality, and poverty, which are key government objectives. Economic growth slowed to 1.7 percent in 2025 and continued to rely on the mineral sector, underscoring the economy's narrow production base. Youth unemployment remains particularly high, and the economy continues to be concentrated in the public and extractive sectors. While inflation has moderated and the external position is supported by commodity exports and foreign investment in oil and gas exploration, these gains have yet to translate into broad-based, job-rich growth. The authorities' emphasis on job creation and inclusive growth, as outlined in the Sixth National Development Plan (NDP6), is timely. To deliver on these objectives, policy efforts should focus on enabling private sector-led growth, reducing structural barriers to employment, and expanding opportunities across sectors.

47. The growth outlook remains subdued, with risks tilted to the downside. Real GDP is projected to grow by 2.1 percent in 2026, constrained by weak diamond output, declining gold production, and elevated fuel prices. Over the medium term, growth is expected to return to its potential of around 3 percent, though structural rigidities—such as skills mismatches and limited diversification—continue to weigh on productivity and employment creation. Downside risks include further escalation of the war in the Middle East, volatility in SACU revenues, pressures to delay fiscal reforms and tighter domestic financing conditions, and outbreaks of foot-and-mouth disease. On the upside, progress in oil, gas, and green hydrogen development, together with improved global sentiment, could significantly boost investment and growth.

48. The authorities' commitment to fiscal consolidation is welcome and will support the external position, which remains weaker than fundamentals suggest. The FY26/27 budget marks a positive step toward debt sustainability, with consolidation driven by expenditure restraint and PSEMAS reform. Over the medium term, additional consolidation will be essential to create space for growth-enhancing investment, strengthen social protection, enhance resilience to shocks, and ensure debt sustainability.

49. Advancing fiscal reforms is critical to sustaining consolidation and enabling private sector development. Durable wage bill reduction will require comprehensive civil service reform, including functional job reviews, and rationalization of public sector employment, which would help reduce crowding-out of the private sector and improve the efficiency and quality of public service delivery. Strengthening oversight of PEs by implementing the PE management framework will help mitigate fiscal risks and improve efficiency. Strengthening public financial management through legislative amendments and implementation of PIMA recommendations will enhance budget credibility. Revenue mobilization can be supported by continued improvements in tax administration and better resource rent capture, particularly in fisheries. The proposed Welwitschia Fund legislation will be key to managing future resource revenues prudently.

50. Careful calibration of the alignment of the BoN's policy rate with that of the SARB is essential to safeguard the peg. The reduction of the gap to 25 bps from 75 bps previously is a positive step. While capital flows remain stable, eventually closing the gap will be important to safeguard reserves and mitigate potential external pressures, especially amid global uncertainty and tightening fiscal space.

51. Efforts to enhance financial sector resilience are progressing, including those to strengthen risk-based supervision, enhance stress-testing framework, fully implement the FIMA, and develop an effective ELA framework. The development of the CCyB, the Instant Payment System, and enhanced crisis resolution frameworks are commendable. The financial system remains stable and well-capitalized, though continued vigilance is warranted, particularly regarding sovereign-bank linkages.

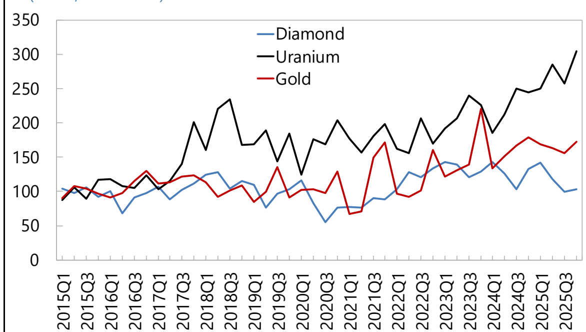
52. Structural reforms are essential to unlock Namibia's growth potential and ensure broad-based development. The emergence of oil, gas, and green hydrogen sectors presents an opportunity to diversify the economy and generate employment. Realizing these benefits will require clear policy frameworks, balanced local content strategies, and alignment of education and training systems with evolving labor market needs. More broadly, reforms should focus on reducing regulatory barriers, improving infrastructure and service delivery, and fostering digital transformation. Supporting MSMEs and enhancing access to finance will be critical to expanding private sector participation and innovation.

53. It is proposed that the next Article IV consultation take place on the standard 12-month cycle.

Figure 1. Namibia: Recent Economic Developments

Diamond production eased, while gold and uranium production rose.

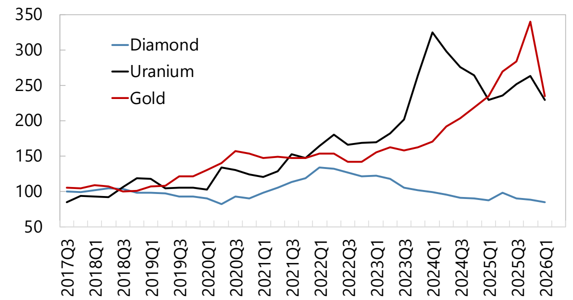
Primary Minerals Production
(Index, 2015=100)



Sources: Namibia Statistics Agency; and IMF staff calculations.

Diamond prices fell, whereas uranium and gold prices trended upward.

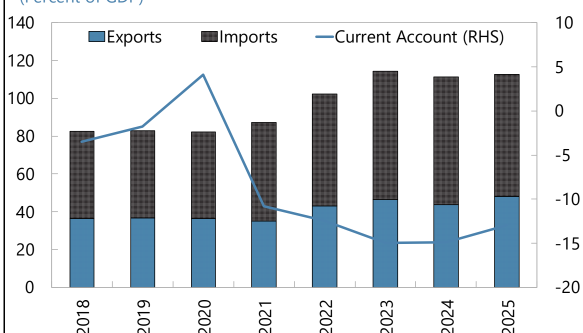
Global Prices: Diamond, Uranium, and Gold
(Index, 2017Q1=100)



Sources: The Zimnisky Global Rough Diamond Price Index; International Monetary Fund; and IMF staff calculations.

The external current account deficit shrank, reflecting a slowdown in oil and gas exploration-related imports.

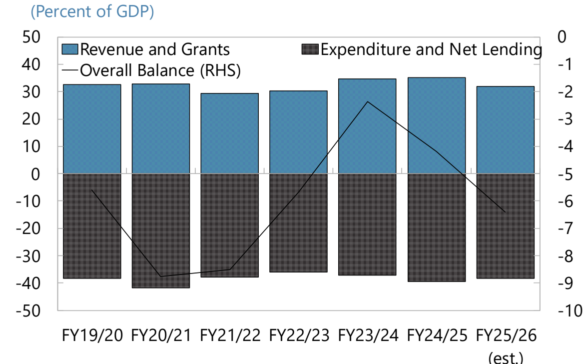
External Balance
(Percent of GDP)



Sources: Bank of Namibia; and IMF staff calculations.

The fiscal deficit rose as SACU revenue declined.

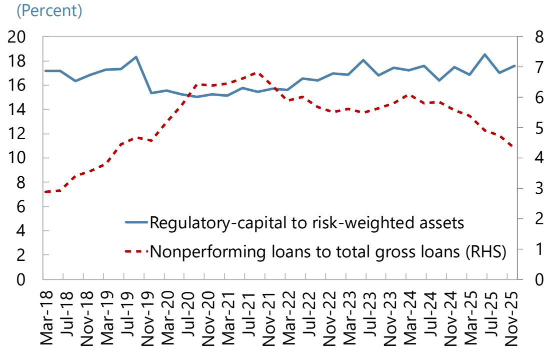
Fiscal Balance
(Percent of GDP)



Sources: Ministry of Finance; and IMF staff calculations.

Banks are adequately capitalized and non-performing loans moderated.

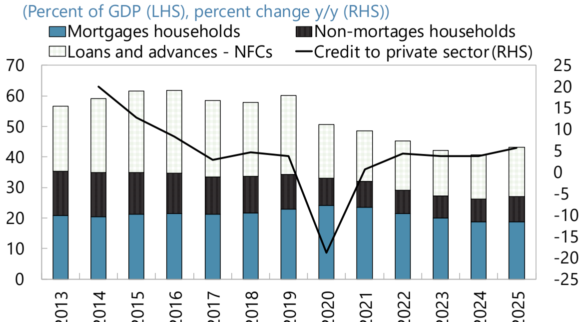
Bank Capitalization and NPLs
(Percent)



Sources: Bank of Namibia; and IMF staff calculations.

Credit growth to the private sector remains moderate.

Composition of Bank Loans to Private Sector
(Percent of GDP (LHS), percent change y/y (RHS))

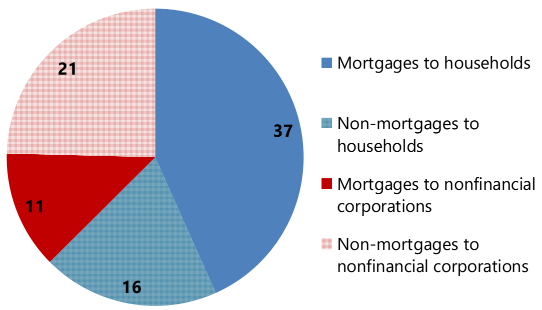


Sources: Bank of Namibia; and IMF staff calculations.
Note: NFCs = Nonfinancial corporations.

Figure 2. Namibia: Financial Sector Developments

Loans and mortgages to households account for more than half of private sector credit.

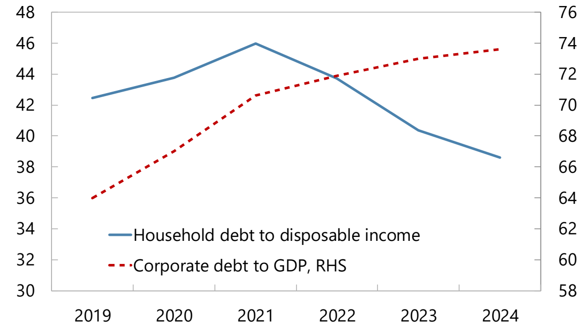
Compositions of Banks' Loans to the Private Sector
(Percent, January 2026)



Source: Bank of Namibia.

Household debt to disposable income moderated amid lower credit intake by households.

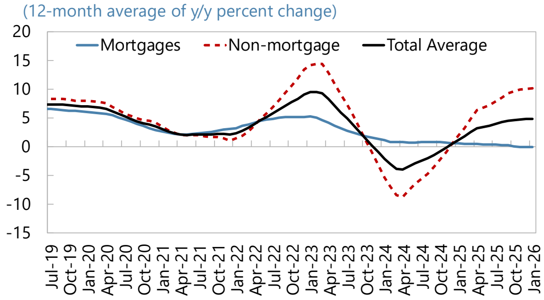
Household Debt and Corporate Debt
(Percent)



Source: Financial Stability Report, April 2025.

Private sector credit growth was supported by non-mortgage credit in the past year.

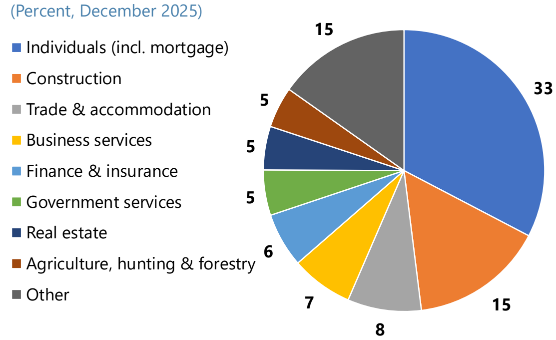
Mortgages Growth in Private Sector
(12-month average of y/y percent change)



Sources: Bank of Namibia; and IMF staff calculations.
Note: Mortgages growth refers to growth in the stock of outstanding mortgages.

Household mortgages are primary contributors to NPLs.

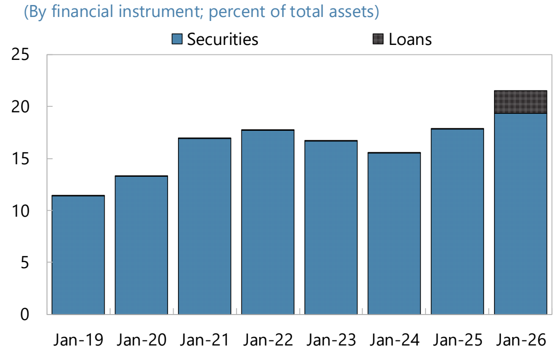
Non-performing Loans by Sectors
(Percent, December 2025)



Sources: Bank of Namibia; and IMF staff calculations.

Banks' assets exposure to sovereign debt has risen.

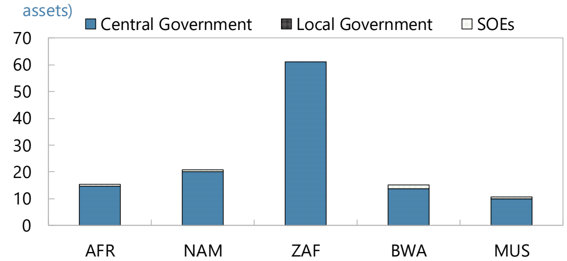
Banks Exposure to Public Sector
(By financial instrument; percent of total assets)



Sources: IMF MFS; and IMF staff calculations

Namibian banks' assets exposure to sovereign is higher than many peers.

Public Sector Bank Nexus
(By public entity, including loans and debt securities, percent of banks' assets)



Sources: International Monetary Fund, MFS Database; and IMF staff calculations.
Note: Data as of December 2025, except ZAF, which uses September 2025 data.

Table 1. Namibia: Selected Economic Indicators, 2023–31

Population (2025, millions):	3.1								
Main exports:	Gold, Uranium, Fish, Diamonds.								
Key export markets:	South Africa, Botswana, China, Zambia, Belgium.								

	2023	2024	2025	2026	2027	2028	2029	2030	2031
			Est.			Proj.			
Output			Percent change, unless otherwise specified						
Real GDP growth	4.3	3.8	1.7	2.1	2.8	3.0	3.1	3.0	3.0
Nominal GDP growth	12.4	8.2	7.9	9.5	7.6	5.7	6.3	6.0	5.9
Nominal GDP (billions of N$)	231.0	250.0	269.8	295.3	317.8	335.9	357.0	378.5	400.8
Nominal GDP per capita (USD)	4,274	4,549	4,924	5,660	5,882	6,054	6,274	6,486	6,696
GDP Deflator	7.7	4.3	6.1	7.2	4.7	2.6	3.1	2.9	2.8
Prices			Percent change, unless otherwise specified						
CPI Inflation, average	5.9	4.2	3.5	3.9	3.4	3.0	3.0	3.0	3.0
CPI Inflation, end of period	5.3	3.4	3.2	4.3	2.9	3.0	3.0	3.0	3.0
Central Government Budget 1/			Percent of GDP, unless otherwise specified						
Revenue and grants	34.7	35.2	32.0	30.9	30.5	30.8	30.8	30.8	30.8
of which: SACU receipts	10.3	11.0	7.7	7.7	8.1	8.0	7.9	7.8	7.7
Expenditure	37.1	39.4	38.4	36.4	35.3	35.2	35.3	35.6	35.6
of which: personnel expenditure	13.7	13.9	13.4	13.3	12.7	12.6	12.6	12.6	12.6
of which: capital expenditure and net lending	2.9	3.6	3.8	2.8	2.3	2.3	2.3	2.3	2.3
Primary balance	2.6	0.9	-1.2	-0.3	0.4	0.7	0.7	0.7	0.7
Overall fiscal balance	-2.4	-4.2	-6.4	-5.5	-4.9	-4.4	-4.6	-4.8	-4.9
Overall fiscal balance ex. SACU	-12.7	-15.2	-14.1	-13.2	-13.0	-12.5	-12.4	-12.6	-12.6
Public debt, gross 2/	65.9	67.1	66.1	66.3	67.1	67.9	68.6	69.6	70.7
Investment and Savings									
Investment	28.1	25.0	18.7	24.6	23.0	23.1	22.6	21.6	21.6
Public	2.2	2.0	2.7	2.6	2.5	2.6	2.6	2.6	2.6
Others (incl. SOEs)	24.0	22.0	18.8	22.0	20.5	20.5	20.0	19.0	19.0
Change Inventories	1.9	1.0	-2.8	0.0	0.0	0.0	0.0	0.0	0.0
Savings	13.1	11.1	5.6	9.6	10.0	10.5	10.6	10.3	10.2
Public	-0.2	-0.4	-2.2	-2.7	-2.6	-2.2	-2.2	-2.4	-2.5
Others (incl. SOEs)	13.3	11.5	7.8	12.2	12.6	12.7	12.8	12.7	12.7
Money and Credit			Percent change, unless otherwise specified						
Broad money	10.7	9.7	6.5	9.2	8.6	7.4	6.3	6.0	5.9
Credit to the private sector	2.8	3.5	5.3	5.7	5.6	3.6	4.2	3.9	3.8
BoN repo rate (percent) 3/	7.75	7.00	6.50	6.50	...	...	...	...	...
Balance of Payments			Percent of GDP, unless otherwise specified						
Current account balance	-15.0	-14.9	-13.1	-15.1	-13.1	-12.6	-12.1	-11.4	-11.4
Financial account balance	-15.8	-17.5	-6.5	-13.9	-12.6	-12.4	-11.8	-11.2	-11.0
Gross official reserves	23.0	24.7	20.6	17.5	17.3	17.3	17.4	17.4	17.3
Reserves (in months of imports)	3.7	4.1	3.4	3.4	3.4	3.5	3.5	3.6	3.6
External debt	75.4	74.0	70.8	63.4	62.2	61.4	60.4	59.3	58.3
of which: public (incl. IMF) 4/	16.4	14.9	7.1	6.2	5.6	5.1	4.6	4.0	3.5
Exchange Rate									
REER (percent, yoy)	-6.3	2.8	1.7	...	...	...	...	...	...
Average exchange rate (Namibian dollar per USD)	18.5	18.3	17.9	...	...	...	...	...	...

Sources: Namibian authorities; and IMF staff calculations.
1/ Figures are for the fiscal year as a percent of GDP. The fiscal year runs from April 1 to March 31.
2/ Includes short-term loans from the Bank of Namibia.
3/ Figure for 2026 is as of May 8, 2026.
4/ The ratio is calculated by dividing the stock as of March 31 by nominal GDP for the fiscal year.

Table 2. Namibia: Fiscal Operations of the Central Government, 2023/24–2031/32 1/

(Millions of Namibian Dollars)

	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
			Est.			Proj.			
			Millions of Namibian dollars, unless otherwise specified						
Revenue									
Revenue and grants	81,873	89,633	88,256	92,963	98,168	105,031	111,492	118,193	125,060
Domestic revenue	81,472	89,059	87,395	92,267	98,038	104,931	111,386	118,080	124,941
Tax revenue	74,967	84,233	78,423	84,992	90,702	97,186	102,975	109,101	115,362
Personal income tax	18,560	19,287	18,138	20,107	21,506	22,888	24,294	25,792	27,400
Corporate income tax	11,038	12,599	13,945	13,754	14,440	15,275	16,654	17,747	18,921
of which: diamond mining	2,329	239	74	102	202	405	444	487	534
VAT and sales tax	18,860	21,072	22,557	25,286	25,730	28,435	30,203	32,011	33,889
SACU receipts	24,348	28,046	21,252	23,087	26,071	27,461	28,502	30,031	31,426
Other taxes	2,161	3,229	2,531	2,758	2,954	3,127	3,322	3,520	3,727
Non-tax revenue	6,505	4,826	8,972	7,275	7,336	7,745	8,411	8,979	9,579
Diamond and other mineral royalties	2,223	2,190	2,455	1,991	1,951	2,003	2,312	2,514	2,735
Other	4,282	2,636	6,517	5,284	5,385	5,742	6,100	6,465	6,844
Grants	401	574	861	696	130	100	106	113	119
Expense									
Total expense	87,469	100,327	105,961	109,522	113,939	120,118	128,045	136,557	144,932
Current expenditure	80,704	91,240	95,562	101,019	106,685	112,142	119,572	127,577	135,426
Personnel	32,393	35,482	37,012	40,072	41,032	43,109	45,790	48,531	51,378
Goods and services	11,622	13,040	15,321	15,473	16,573	17,544	18,636	19,751	20,910
Interest payments and borrowing charges	11,832	13,100	14,384	15,609	17,094	17,627	19,179	21,175	22,782
of which: Domestic	9,332	10,405	11,669	13,870	15,543	16,143	17,779	19,857	21,554
of which: Foreign	2,479	2,679	2,700	1,723	1,535	1,469	1,383	1,301	1,210
Subsidies, transfers and guarantees	24,858	29,618	28,845	29,864	31,986	33,861	35,968	38,120	40,356
Capital expenditure	6,765	9,087	10,399	8,503	7,254	7,977	8,473	8,980	9,507
Acquisition of capital assets	2,314	3,013	4,559	3,464	4,084	4,829	5,130	5,437	5,755
Project Financed (extrabudgetary)	1,291	1,879	2,162	2,585	846	859	912	967	1,024
Capital transfers	3,159	4,195	3,678	2,454	2,324	2,288	2,431	2,576	2,727
Net lending	-12	-13	-14	-15	-16	-17	-18	-19	-21
Balances									
Primary balance	6,247	2,419	-3,306	-935	1,339	2,557	2,644	2,831	2,930
Overall balance 2/	-5,585	-10,681	-17,691	-16,544	-15,754	-15,070	-16,534	-18,345	-19,852
Financing	5,585	10,681	17,691	16,544	15,754	15,070	16,534	18,345	19,852
Domestic financing (net)	4,329	11,850	33,645	17,793	17,596	16,175	17,617	19,583	21,113
External financing (net)	1,256	-1,169	-15,954	-1,249	-1,842	-1,105	-1,083	-1,238	-1,261
Disbursements	2,650	1,553	1,301	1,888	715	859	912	967	1,024
Amortization	-1,394	-2,722	-17,255	-3,137	-2,557	-1,964	-1,996	-2,205	-2,285
Memorandum									
Primary balance (ex. SACU)	-18,101	-25,627	-24,558	-24,022	-24,732	-24,904	-25,858	-27,201	-28,495
Overall fiscal balance (ex. SACU)	-29,932	-38,727	-38,943	-39,631	-41,826	-42,531	-45,037	-48,376	-51,277
Public and publicly guaranteed debt	169,467	186,466	198,988	217,489	235,664	252,265	270,457	290,479	311,731
Public debt	155,323	171,168	182,419	199,434	216,326	231,793	248,712	267,433	287,333
Domestic 3/	116,609	133,204	162,938	180,731	198,324	214,494	232,108	251,689	272,801
External	38,714	37,964	19,481	18,703	18,002	17,299	16,605	15,744	14,532
GDP at market prices	235,745	254,961	276,152	300,916	322,297	341,192	362,413	384,102	406,636

Sources: Namibian authorities; and IMF staff calculations.

1/ The fiscal year runs from April 1 to March 31.

2/ Includes externally financed project spending not channeled through the state account.

3/ Includes short-term loans from the Bank of Namibia (BoN).

Table 3. Namibia: Fiscal Operations of the Central Government, 2023/24–2031/32 1/

(Percent of GDP)

	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
			Est.			Proj.			
			Percent of GDP, unless otherwise specified						
Revenue									
Revenue and grants	34.7	35.2	32.0	30.9	30.5	30.8	30.8	30.8	30.8
Domestic revenue	34.6	34.9	31.6	30.7	30.4	30.8	30.7	30.7	30.7
Tax revenue	31.8	33.0	28.4	28.2	28.1	28.5	28.4	28.4	28.4
Personal income tax	7.9	7.6	6.6	6.7	6.7	6.7	6.7	6.7	6.7
Corporate income tax	4.7	4.9	5.0	4.6	4.5	4.5	4.6	4.6	4.7
of which: diamond mining	1.0	0.1	0.0	0.0	0.1	0.1	0.1	0.1	0.1
VAT and sales tax	8.0	8.3	8.2	8.4	8.0	8.3	8.3	8.3	8.3
SACU receipts	10.3	11.0	7.7	7.7	8.1	8.0	7.9	7.8	7.7
Other taxes	0.9	1.3	0.9	0.9	0.9	0.9	0.9	0.9	0.9
Non-tax revenue	2.8	1.9	3.2	2.4	2.3	2.3	2.3	2.3	2.4
Diamond and other mineral royalties	0.9	0.9	0.9	0.7	0.6	0.6	0.6	0.7	0.7
Other	1.8	1.0	2.4	1.8	1.7	1.7	1.7	1.7	1.7
Grants	0.2	0.2	0.3	0.2	0.0	0.0	0.0	0.0	0.0
Expense									
Total expense	37.1	39.4	38.4	36.4	35.3	35.2	35.3	35.6	35.6
Current expenditure	34.2	35.8	34.6	33.6	33.1	32.9	33.0	33.2	33.3
Personnel	13.7	13.9	13.4	13.3	12.7	12.6	12.6	12.6	12.6
Goods and services	4.9	5.1	5.5	5.1	5.1	5.1	5.1	5.1	5.1
Interest payments and borrowing charges	5.0	5.1	5.2	5.2	5.3	5.2	5.3	5.5	5.6
of which: Domestic	4.0	4.1	4.2	4.6	4.8	4.7	4.9	5.2	5.3
of which: Foreign	1.1	1.1	1.0	0.6	0.5	0.4	0.4	0.3	0.3
Subsidies, transfers and guarantees	10.5	11.6	10.4	9.9	9.9	9.9	9.9	9.9	9.9
Capital expenditure	2.9	3.6	3.8	2.8	2.3	2.3	2.3	2.3	2.3
Acquisition of capital assets	1.0	1.2	1.7	1.2	1.3	1.4	1.4	1.4	1.4
Project Financed (extrabudgetary)	0.5	0.7	0.8	0.9	0.3	0.3	0.3	0.3	0.3
Capital transfers	1.3	1.6	1.3	0.8	0.7	0.7	0.7	0.7	0.7
Net lending	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Balances									
Primary balance	2.6	0.9	-1.2	-0.3	0.4	0.7	0.7	0.7	0.7
Overall balance 2/	-2.4	-4.2	-6.4	-5.5	-4.9	-4.4	-4.6	-4.8	-4.9
Financing	2.4	4.2	6.4	5.5	4.9	4.4	4.6	4.8	4.9
Domestic financing (net)	1.8	4.6	12.2	5.9	5.4	4.7	4.9	5.1	5.2
External financing (net)	0.5	-0.5	-5.8	-0.4	-0.6	-0.3	-0.3	-0.4	-0.3
Disbursements	1.1	0.6	0.5	0.6	0.2	0.3	0.3	0.3	0.3
Amortization	-0.6	-1.1	-6.2	-1.0	-0.8	-0.6	-0.6	-0.6	-0.6
Memorandum									
Primary balance (ex. SACU)	-7.7	-10.1	-8.9	-8.0	-7.7	-7.3	-7.1	-7.1	-7.0
Overall fiscal balance (ex. SACU)	-12.7	-15.2	-14.1	-13.2	-13.0	-12.5	-12.4	-12.6	-12.6
Public and publicly guaranteed debt	71.9	73.1	72.1	72.3	73.1	73.9	74.6	75.6	76.7
Public debt	65.9	67.1	66.1	66.3	67.1	67.9	68.6	69.6	70.7
Domestic 3/	49.5	52.2	59.0	60.1	61.5	62.9	64.1	65.6	67.2
External	16.4	14.9	7.1	6.2	5.6	5.1	4.6	4.0	3.5

Sources: Namibian authorities; and IMF staff calculations.
1/ The fiscal year runs from April 1 to March 31.
2/ Includes externally financed project spending not channeled through the state account.
3/ Includes short-term loans from the BoN.

Table 4. Namibia: Balance of Payments, 2023–31

	2023	2024	2025	2026	2027	2028	2029	2030	2031
						Proj.			
				Millions of USD, unless otherwise specified					
Current Account									
Current account balance	-1,877	-2,029	-1,970	-2,664	-2,449	-2,483	-2,496	-2,479	-2,619
Goods trade balance	-1,479	-2,107	-1,395	-2,042	-1,797	-1,992	-1,785	-1,794	-1,970
Exports, f.o.b.	4,727	4,653	5,660	5,917	6,242	6,267	6,824	7,194	7,401
Diamonds	1,025	695	566	517	556	619	685	757	837
Other minerals	1,633	1,851	2,948	3,129	3,381	3,304	3,860	4,111	4,183
Other	2,069	2,106	2,146	2,271	2,305	2,344	2,279	2,326	2,381
Imports, f.o.b.	-6,206	-6,759	-7,055	-7,958	-8,040	-8,259	-8,609	-8,988	-9,371
of which: non-petroleum products	-4,731	-5,430	-5,822	-6,348	-6,522	-6,744	-7,065	-7,415	-7,770
of which: food	728	782	824	928	935	963	1,003	1,047	1,092
of which: petroleum products	-1,475	-1,330	-1,233	-1,610	-1,518	-1,515	-1,543	-1,573	-1,601
Services trade, net	-1,241	-1,189	-1,126	-1,216	-1,248	-1,203	-1,315	-1,361	-1,368
Transportation	-58	8	107	84	87	87	85	83	83
Travel	268	321	343	412	473	523	575	617	650
Other services	-1,451	-1,518	-1,576	-1,712	-1,807	-1,813	-1,976	-2,061	-2,102
Primary income, net	-572	-429	-910	-984	-1,126	-1,105	-1,276	-1,283	-1,317
of which: investment income	-600	-452	-917	-998	-1,139	-1,116	-1,288	-1,295	-1,329
Secondary income, net	1,415	1,696	1,460	1,578	1,722	1,817	1,881	1,959	2,036
of which: SACU revenue transfers	1,182	1,479	1,278	1,355	1,492	1,585	1,638	1,707	1,775
Capital and Financial Account									
Capital account	-131	-155	-131	-180	-189	-190	-206	-216	-225
Financial account	-1,989	-2,425	-1,023	-2,479	-2,391	-2,462	-2,484	-2,471	-2,544
Foreign direct investment, net	-2,612	-1,957	-1,404	-1,728	-1,767	-1,808	-1,857	-1,903	-1,952
Portfolio investment, net	797	81	1,274	109	126	63	108	98	109
Financial derivatives	-7	-39	-43	-30	-37	-37	-35	-36	-36
Other investment, net	-167	-509	-849	-830	-713	-680	-701	-629	-665
of which: government net borrowing	-67	22	125	55	109	65	69	78	78
Errors and omissions	-169	-61	560	0	0	0	0	0	0
Overall balance	74	489	-256	-5	130	168	194	208	150
Financing									
Gross international reserves (+ = increase)	74	489	-256	-5	130	168	194	208	150
				Percent of GDP, unless otherwise specified					
Current Account									
Current account balance	-15.0	-14.9	-13.1	-15.1	-13.1	-12.6	-12.1	-11.4	-11.4
Goods trade balance	-11.8	-15.4	-9.2	-11.5	-9.6	-10.1	-8.6	-8.2	-8.6
Exports, f.o.b.	37.8	34.1	37.5	33.5	33.3	31.9	32.9	33.0	32.3
Diamonds	8.2	5.1	3.8	2.9	3.0	3.2	3.3	3.5	3.7
Other minerals	13.0	13.6	19.6	17.7	18.1	16.8	18.6	18.9	18.3
Other	16.5	15.4	14.2	12.8	12.3	11.9	11.0	10.7	10.4
Imports, f.o.b.	-49.6	-49.6	-46.8	-45.0	-42.9	-42.1	-41.6	-41.2	-40.9
of which: non-petroleum products	-37.8	-39.8	-38.6	-35.9	-34.8	-34.3	-34.1	-34.0	-33.9
of which: food	5.8	5.7	5.5	5.2	5.0	4.9	4.8	4.8	4.8
of which: petroleum products	-11.8	-9.7	-8.2	-9.1	-8.1	-7.7	-7.5	-7.2	-7.0
Services trade, net	-9.9	-8.7	-7.5	-6.9	-6.7	-6.1	-6.4	-6.2	-6.0
Transportation	-0.5	0.1	0.7	0.5	0.5	0.4	0.4	0.4	0.4
Travel	2.1	2.4	2.3	2.3	2.5	2.7	2.8	2.8	2.8
Other services	-11.6	-11.1	-10.5	-9.7	-9.7	-9.2	-9.5	-9.5	-9.2
Primary income, net	-4.6	-3.1	-6.0	-5.6	-6.0	-5.6	-6.2	-5.9	-5.8
of which: interest on public debt	-4.8	-3.3	-6.1	-5.6	-6.1	-5.7	-6.2	-5.9	-5.8
Secondary income, net	11.3	12.4	9.7	8.9	9.2	9.3	9.1	9.0	8.9
of which: SACU revenue transfers	9.4	10.8	8.5	7.7	8.0	8.1	7.9	7.8	7.8
Capital and Financial Account									
Capital account	-1.0	-1.1	-0.9	-1.0	-1.0	-1.0	-1.0	-1.0	-1.0
Financial account	-15.9	-17.8	-6.8	-14.0	-12.8	-12.5	-12.0	-11.3	-11.1
Foreign direct investment, net	-20.9	-14.4	-9.3	-9.8	-9.4	-9.2	-9.0	-8.7	-8.5
Portfolio investment, net	6.4	0.6	8.4	0.6	0.7	0.3	0.5	0.4	0.5
Financial derivatives	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other investment, net	-1.3	-3.7	-5.6	-4.7	-3.8	-3.5	-3.4	-2.9	-2.9
of which: government net borrowing	-0.5	0.2	0.8	0.3	0.6	0.3	0.3	0.4	0.3
Errors and omissions	-1.4	-0.4	3.7	0.0	0.0	0.0	0.0	0.0	0.0
Overall balance	0.6	3.6	-1.7	0.0	0.7	0.9	0.9	1.0	0.7
Memorandum									
Total imports of goods and services (millions of USD)	-8,524	-9,239	-9,751	-10,884	-11,052	-11,285	-11,820	-12,321	-12,795
Gross international reserves (millions of USD)	2,873	3,362	3,106	3,101	3,231	3,400	3,594	3,802	3,952
in months of imports	3.7	4.1	3.4	3.4	3.4	3.5	3.5	3.6	3.6
in percent of ARA metric	110.8	124.1	108.8	94.0	95.8	93.8	93.1	93.8	96.5
percent of GDP	23.0	24.7	20.6	17.5	17.3	17.3	17.4	17.4	17.3
External debt (millions of USD)	9,431	10,093	10,683	11,208	11,649	12,060	12,515	12,913	13,359
Short-term debt (millions of USD)	1,331	1,553	1,738	1,484	1,526	1,575	1,581	1,541	1,556
National currency per USD (average)	18.5	18.3	17.9	…	…	…	…	…	…
National currency per USD (eop)	18.5	18.7	16.6	…	…	…	…	…	…
GDP at market prices (millions of USD)	12,516	13,639	15,079	17,683	18,724	19,635	20,711	21,792	22,899

Sources: Namibian authorities; and IMF staff calculations.

Table 5. Namibia: Monetary Accounts, 2023–31

	2023	2024	2025	2026	2027	2028	2029	2030	2031
			Prel.			Proj.			
	Millions of Namibian dollars, unless otherwise specified								
Depository Corporation Survey									
Net foreign assets	67,021	77,775	74,323	75,146	77,804	81,105	84,888	88,953	92,048
Net domestic assets	76,779	79,946	93,653	108,271	121,419	132,849	142,524	152,154	163,251
Claims on central government, net	28,451	28,907	48,950	53,366	56,541	59,447	62,555	65,844	69,296
Claims on other sectors	118,233	124,576	130,604	138,428	146,445	152,060	158,726	165,259	171,829
of which: claims on private sector	114,309	118,322	124,649	131,815	139,220	144,290	150,365	156,302	162,263
Broad money	143,800	157,721	167,976	183,417	199,223	213,954	227,412	241,107	255,299
Currency in circulation	3,539	3,879	4,043	4,447	4,892	5,333	5,713	6,104	6,512
Deposits	140,261	153,843	163,933	178,970	194,331	208,621	221,698	235,003	248,787
Central Bank									
Net foreign assets	42,782	51,773	46,236	46,559	48,976	52,055	55,617	59,457	62,327
Gross reserves	53,199	63,009	51,577	52,407	55,068	58,384	62,191	66,295	69,445
Net domestic assets	-33,336	-40,344	-36,545	-35,977	-37,482	-39,711	-42,497	-45,547	-47,598
Reserve money	9,445	11,428	9,691	10,582	11,494	12,344	13,120	13,910	14,729
	Percent of GDP, unless otherwise specified								
Depository Corporation Survey									
Net foreign assets	29.0	31.1	27.6	25.4	24.5	24.1	23.8	23.5	23.0
Net domestic assets	33.2	32.0	34.7	36.7	38.2	39.5	39.9	40.2	40.7
Claims on central government, net	12.3	11.6	18.1	18.1	17.8	17.7	17.5	17.4	17.3
Claims on other sectors	51.2	49.8	48.4	46.9	46.1	45.3	44.5	43.7	42.9
of which: claims on private sector	49.5	47.3	46.2	44.6	43.8	43.0	42.1	41.3	40.5
Broad money	62.3	63.1	62.3	62.1	62.7	63.7	63.7	63.7	63.7
Currency in circulation	1.5	1.6	1.5	1.5	1.5	1.6	1.6	1.6	1.6
Deposits	60.7	61.5	60.8	60.6	61.2	62.1	62.1	62.1	62.1
Central Bank									
Net foreign assets	18.5	20.7	17.1	15.8	15.4	15.5	15.6	15.7	15.5
Gross reserves	23.0	25.2	19.1	17.7	17.3	17.4	17.4	17.5	17.3
Net domestic assets	-14.4	-16.1	-13.5	-12.2	-11.8	-11.8	-11.9	-12.0	-11.9
Reserve money	4.1	4.6	3.6	3.6	3.6	3.7	3.7	3.7	3.7
	12–month percent change, unless otherwise specified								
Memorandum									
Reserve money	-1.7	21.0	-15.2	9.2	8.6	7.4	6.3	6.0	5.9
M2	10.7	9.7	6.5	9.2	8.6	7.4	6.3	6.0	5.9
Credit to the private sector	2.8	3.5	5.3	5.7	5.6	3.6	4.2	3.9	3.8
Money multiplier (broad money/reserve money)	15.2	13.8	17.3	17.3	17.3	17.3	17.3	17.3	17.3
Velocity (GDP/broad money)	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6

Sources: Namibian authorities; and IMF staff calculations.

Table 6. Namibia: Financial Soundness Indicators, 2017–25

	2017	2018	2019	2020	2021	2022	2023	2024	2025-Q3
Capital Adequacy									
Capital to assets	9.5	10.6	9.3	9.6	9.3	9.7	10.7	10.4	10.8
Regulatory capital to risk-weighted assets	15.5	16.8	15.3	15.2	15.7	17.0	17.4	17.5	17.0
Regulatory Tier 1 capital to risk-weighted assets	12.6	13.9	13.0	13.1	13.7	14.7	15.9	15.6	15.3
Nonperforming loans net of provisions to capital	11.5	13.9	20.4	24.3	23.0	18.3	16.0	14.0	13.6
Asset Quality									
Large exposure to capital	164.0	146.7	211.9	181.6	146.7	86.1	84.4	108.1	131.3
Nonperforming loans to total gross loans	2.6	3.6	4.6	6.4	6.4	5.5	5.8	5.6	4.7
Provisioning ratio	29.2	31.7	32.8	41.2	43.3	43.9	49.0	53.5	47.9
Earnings and Profitability									
Return on assets	3.0	2.9	2.8	1.8	2.2	2.7	2.9	3.3	3.4
Return on equity	19.3	17.7	17.6	10.8	12.8	15.8	17.2	19.5	19.3
Interest margin to gross income	57.6	56.4	56.8	54.0	56.3	56.7	58.5	57.6	57.3
Noninterest expenses to gross income	55.8	57.2	56.1	61.0	60.0	57.4	56.3	54.7	54.6
Personnel expenses to noninterest expenses	53.8	52.6	54.1	52.3	51.6	50.4	49.5	49.1	51.2
Liquidity									
Liquid assets to total assets	13.1	13.6	13.3	13.8	14.8	15.3	14.7	16.7	17.7
Liquid assets to short-term liabilities	26.5	27.9	27.5	24.4	17.9	17.6	17.0	19.3	20.6
Customer deposits to total (non-interbank) loans	100.7	96.8	98.8	99.6	103.0	103.1	107.7	109.5	104.3
Exposure to Foreign Exchange Risk									
Net open position in foreign exchange to capital	2.5	6.8	5.3	2.3	4.5	4.4	1.7	-0.03	0.01
Foreign currency liabilities to total liabilities	4.7	3.7	3.8	4.7	4.6	4.4	6.2	7.5	7.5

Sources: Namibian authorities; and IMF staff calculations.

Annex I. Risk Assessment Matrix[1]

Source of Main Risks	Likelihood	Expected Impact on the Economy	Recommended Policy Response
Conjunctural Risks			
Geopolitical Tensions and Intensification of Conflicts. Rising geopolitical tensions, and a weakening of multilateralism, raise the risk of an escalation in military conflicts, accompanied by damage to key physical and financial infrastructure, disruptions in major transit routes and supply chains, higher migration pressures, additional financial frictions and market volatility.	**High**	**Medium.** Conflicts could lead to higher food, energy and imported goods prices. Inflation could pick up. The external position could weaken.	• Policy response to cyclical shocks should be predicated on concrete measures to ensure a strong commitment to medium-term fiscal consolidation to preserve debt sustainability. • Expand well targeted social protection to households while maintaining fiscal discipline. • Carefully calibrate to align the policy rate with that of the SARB to anchor inflation expectations. • Prioritize bold structural reforms to support private sector-led growth and foster economic diversification.
Trade-related Risks • **Protectionism and Trade Disruptions.** Tariff and nontariff measures disrupt global supply chains, weighing on activity while increasing inflation. Trade diversion triggers broader protectionism. • **New Trade Agreements.** Tangible progress in trade talks reduces uncertainty and trade barriers. Wider cooperation on services, FDI, and taxation boosts investment and bolsters public finances.	**High** **Low**	**Medium.** Reduced external trade and investment would adversely affect growth, including through its impact on key markets. Spillovers from South Africa could emerge as SACU revenues decline and inflation picks up, resulting in worsening fiscal position. So far Namibia and the SACU region have shown resilience.	• Fiscal response same as above. • Carefully calibrate to align the policy rate with that of the SARB to anchor inflation expectations. • Prioritize structural reforms aimed at facilitating reallocation of productive resources and investment.
Commodity Price Volatility. Supply and demand imbalances—triggered by geopolitical tensions, coordinated production decisions, shifts in investor preferences, or structural changes in demand—fuel commodity price swings, amplifying external and fiscal pressures, social unrest, and macro instability.	**High**	**Medium.** Lower commodity prices may worsen the terms of trade, however, the near-term risk for Namibia is relatively contained, as geopolitical tensions are less likely to trigger large additional price declines in its main exports: diamonds (already at historic lows), gold (a hedge during periods of heightened uncertainty), and uranium (sold largely under long-term contracts). At the same time, higher global food and fuel prices could raise import costs and add to inflationary pressures.	• Fiscal response same as above. • Expand well targeted social protection to cushion vulnerable households. • Carefully calibrate to align the policy rate with that of the SARB to anchor inflation expectations. • Prioritize bold structural reforms to support private sector-led growth and foster economic diversification.

[1] Based on the latest G-RAM (February 2026). The Risk Assessment Matrix (RAM) shows events that could materially alter the baseline. Likelihood reflects staff's subjective assessment: "low" (below 10 percent), "medium" (10–30 percent), and "high" (30–50 percent). The RAM captures staff views on the source of risks and overall concern as of the time of discussions with the authorities.

Source of Main Risks	Likelihood	Expected Impact on the Economy	Recommended Policy Response
Conjunctural Risks			
Fiscal vulnerabilities and higher long-term interest rates. Higher public debt and deficit levels put further upward pressure on long-term interest rates, sharply tightening global financial conditions, amplifying currency volatility, and reducing consumption and investment that exacerbate adverse debt dynamics. Disruptions are amplified by increased role of price-sensitive investors and leveraged NBFIs in sovereign debt markets, limited market absorption capacity when NBFIs offload debt securities, higher roll-over needs on shorter sovereign debt maturities, and strong sovereign-financial nexus. Concurrently, capital outflows from emerging and developing economies elicit a sharp increase in short-term rates.	**High**	**High.** Tighter financial conditions, particularly in South Africa, could spill over to Namibia. Higher interest rates will worsen the fiscal position and raise public debt. The deterioration of the fiscal position could, in turn, affect the financial sector.	• Frontload fiscal adjustment to preserve debt sustainability. • Consider available macroprudential tools (Loan-to-Value ratio and, after adoption, Counter Cyclical Capital Buffers) to mitigate the macroeconomic impact to the economy. • Prioritize bold structural reforms to support fiscal consolidation and private sector-led growth.
Social discontent. Persistently high living costs, youth unemployment and inequality, amid an erosion in governance standards and pressures from geoeconomic realignments, trigger social unrest, political repression and instability, affecting countries' capacity to pursue economic reforms.	**Medium**	**High.** Social tension can disrupt institutions, key infrastructure and supply channels leading to negative effects on employment, economic growth, risk premia and financing costs.	• Implement bold structural reforms to enhance competitiveness and resilience, with requisite consultation with key stakeholders. • Frontload fiscal adjustment to preserve debt sustainability.
Structural Risks			
Climate change. Extreme climate events and rising temperatures could cause loss of life, damage to infrastructure, food insecurity, supply disruptions, and heighten economic and financial instability.	**Medium**	**High.** Extreme weather events could affect agricultural production both positively and negatively. Damages to infrastructure could adversly affect growth, while drought could result in food and water shortages. The fiscal positoin could weaken.	• Step up provision of targeted support to vulnerable households. • Enhance climate change adaptation policies and implement fiscal reforms to create room for adaptation investment.
Domestic Risks			
Development of the Oil Sector. There is a risk that investments do not benefit the local economy.	**Medium**	**Medium.** Without effective management, the country may not benefit from potential oil revenues and could remain in the middle-income trap, facing high levels of inequality.	• Concentrate on strategies to avoid the resource curse, ensuring sustainable economic development. • Address skill mismatches and skill gaps to benefit from potential oil revenues.

Source of Main Risks	Likelihood	Expected Impact on the Economy	Recommended Policy Response
Domestic Risks			
Diamonds. Weak demand conditions in the market may be structural and not recover to previous trend. This may be exacerbated by pressure from lab grown diamond.	**Medium**	**Medium.** Prolonged weak global demand and competition from lab-grown diamonds continues to adversely affect the sector. This will adversely affect growth, exports and fiscal revenues.	• Deepen fiscal consolidation to offset losses in revenue. • Accelerate structural reforms to support private sector-led growth and foster economic diversification.
Rising public debt and public financing needs could lead to higher sovereign yields and put pressure on domestic financial markets.	**High**	**High.** Higher yields put pressure on domestic financial markets, requiring additional consolidation beyond that in the baseline and slowing growth.	• Implement structural reforms to improve government spending efficiency and durably reduce the wage bill and transfers. • Carefully calibrate to align the policy rate with that of the SARB to anchor inflation expectations.
Lower-than-anticipated SACU revenues. SACU revenue transfers have been volatile and there is a risk of lower SACU receipts in the medium term.	**Medium**	**Medium.** Prolonged lower SACU revenue transfers in the medium term will worsen the fiscal position and put pressure on foreign reserves.	• Deepen fiscal consolidation to offset losses in revenue. • Carefully calibrate to align the policy rate with that of the SARB to anchor inflation expectations.

Annex II. External Sector Assessment

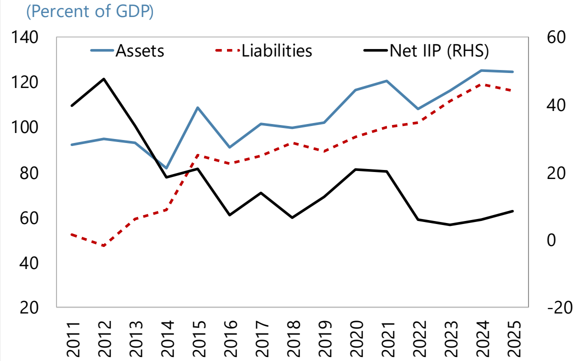
Overall Assessment: The external position in 2025 was substantially weaker than the level implied by medium-term fundamentals and desirable policies. The current account deficit narrowed compared with 2024, primarily due to an improved goods trade balance. This improvement occurred despite a decline in revenue transfers from the Southern African Customs Union (SACU), as strong performance in gold and uranium more than offset continued weakness in diamond export earnings. The financial account posted a large surplus reflecting FDI inflows financing oil and gas exploration-related imports. Reflecting a large repayment of the US$750 million Eurobond, international reserves decreased in 2025 but remained above 3 months of import coverage and at 108.8 percent of the lower bound of the IMF composite Assessing Reserve Adequacy (ARA) metric. The current account deficit is projected to be 15.1 percent of GDP in 2026, reflecting continued oil exploration activity and weaker goods exports, and is expected to narrow gradually to about 11 percent over the medium term as exploration-related imports taper off. Over the medium term, international reserves are projected to stay below 4 months of imports and at about 96.5 percent of the lower bound of the ARA metric.

Potential Policy Responses: Staff recommends a comprehensive policy response that is anchored in growth-friendly fiscal consolidation and complemented by competitiveness-enhancing structural reforms. Fiscal consolidation should continue to place public debt on a downward path to reduce debt service burdens and risks, while creating space for growth-oriented infrastructure investment and enhancing public spending efficiency. Structural reforms should be implemented to improve the ease of doing business by reducing regulatory compliance burdens, which will boost external competitiveness and promote private-sector-led growth. Together, these measures would help bolster the external position and strengthen international reserve buffers. Monetary policy rate alignment with the South African Reserve Bank (SARB) should be carefully calibrated to mitigate the risk of capital outflows while continuing to strengthen monetary operations.

Foreign Assets and Liabilities: Position and Trajectory

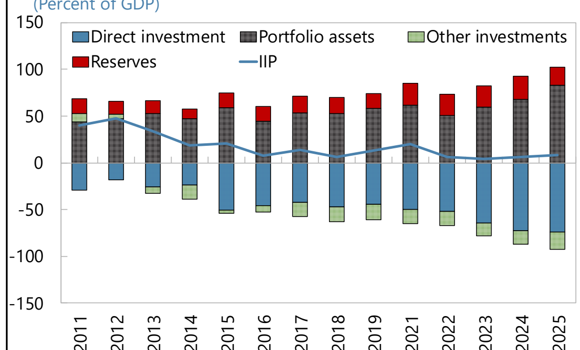
Background. In 2025, the net international investment position (NIIP) continued to be positive and increased relative to 2024. Namibia remained a net creditor, with an NIIP increasing from 6.0 percent of GDP in 2024 to 8.6 percent of GDP in 2025, despite sustained current account deficits since 2008 (except for 2020).

International Investment Position
(Percent of GDP)



Sources: Bank of Namibia; and IMF staff calculations

Net International Investment Position
(Percent of GDP)



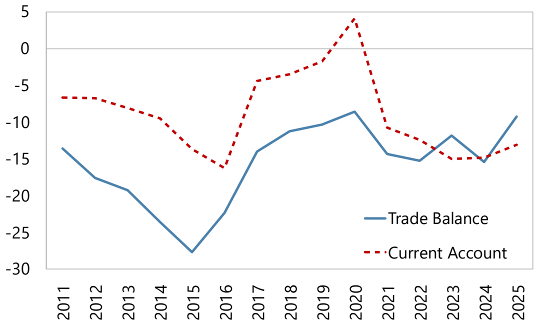
Sources: Bank of Namibia; and IMF staff calculations.

Assessment. Namibia's NIIP is assessed as broadly sustainable and is projected to decrease to around -38.5 percent of GDP over the medium term. The principal drivers of the projected decrease in NIIP will continue to be net foreign direct investment (FDI) inflows (cumulating to -97.2 percent of GDP over the medium term) and lower net portfolio investment outflows (58.5 percent of GDP over the medium term). Primarily driven by ongoing oil and gas exploration and other mineral activities, the accumulation of significant FDI liabilities associated with oil and gas exploration does not present a risk to external sustainability. Any costs incurred from potentially unsuccessful exploration efforts will be fully borne by the prospectors. Conversely, costs related to successful exploration that lead to a final investment decision will be recouped during the production phase. Other FDI inflows affect the current account mainly through dividend payments. Excluding oil and gas exploration–related FDI, Namibia's NIIP improved from 20.8 percent of GDP in 2020 to 36.6 percent of GDP in 2025, despite persistent current account deficits during 2021–25, as favorable valuation effects dominated the flow deficit. These gains reflected, in part, rising market valuations of external portfolio equity and debt holdings accumulated by institutional investors such as pension funds over the past years. Looking ahead, the non-oil/gas NIIP is projected to decline from 36.6 percent of GDP in 2025 to about 4.8 percent by 2031.

2025 (% GDP)	NIIP: 8.6	Gross Assets: 124.8	Debt Assets: -	Gross Liab.: 116.2	Debt Liab.: -

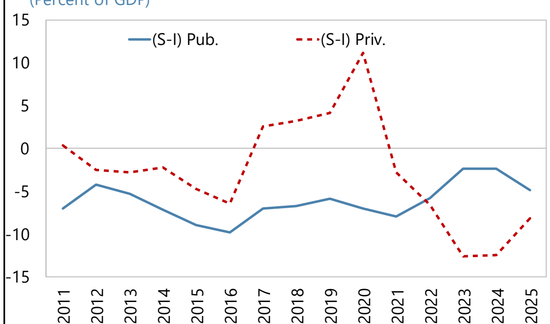
Current Account

Current Account
(Percent of GDP)



Sources: Bank of Namibia; and IMF staff calculations.

Savings and Investment
(Percent of GDP)



Sources: Bank of Namibia; and IMF staff calculations.

Background. The current account deficit decreased in 2025. This was primarily driven by an improvement in the goods trade balance from -15.4 to -9.2 percent of GDP, despite lower revenue transfers from SACU (from 10.8 to 8.5 percent of GDP). This reflected stronger performance of other mineral exports, such as gold and uranium exports, which more than offset the continued fall in diamond exports. Volatile and trending downward, Namibia's external current account posted an average deficit of 8.8 percent of GDP over the period 2016–25. A sustained fiscal deficit has contributed to this deficit. Fiscal consolidation led to an increase in the savings-investment balance of the public sector through 2023. However, a rapid rise in oil exploration-related investment and associated imports more than offset this effect, resulting in a widening of the current account deficit.

Assessment. The external position in 2025 is estimated to have been substantially weaker than the level implied by medium-term fundamentals and desirable policies. The EBA-Lite CA model estimates a cyclically adjusted CA balance of −8.0 percent of GDP, which also reflects an adjustment for temporary oil and gas exploration-related imports amounting to 5.3 percent of GDP in 2025, and a cyclically adjusted norm of -3.7 percent, implying a CA gap of -4.3 percent. Relative policy gaps are estimated at 0.1 percent of GDP, with a positive contribution from a relatively tight fiscal stance (0.9 percent of GDP) and higher public health spending (0.3 percent of GDP), offset by a negative contribution from a decline in reserve accumulation (−1.0 percent of GDP). Ongoing fiscal consolidation and structural reforms to improve competitiveness and attract FDI would help better align the external position with fundamentals.

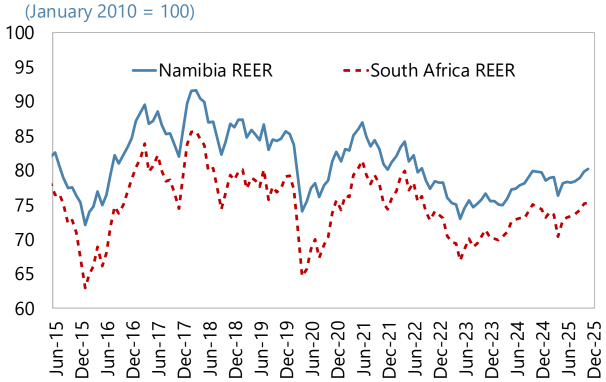
Table 1. Namibia: EBA-lite Model Results

	2025	
	CA model 1/	REER model 1/
	(in percent of GDP)	
CA-Actual	-13.1	
Cyclical contributions (from model) (-)	0.3	
Additional temporary/statistical factors (-) 2/	-5.3	
Natural disasters and conflicts (-)	0.0	
Adjusted CA	-8.0	
CA Norm (from model) 3/	-3.7	
Adjustments to the norm (+)	0.0	
Adjusted CA Norm	-3.7	
CA Gap	-4.3	7.7
o/w Relative policy gap	0.1	
Elasticity	-0.3	
REER Gap (in percent)	13.4	-24.0

1/ Based on the EBA-lite 3.0 methodology
2/ Additional adjustment to account for the temporary impact of imports related to oil and gas explorations on CA.
3/ Cyclically adjusted, including multilateral consistency adjustments.

Real Exchange Rate

Real Effective Exchange Rates
(January 2010 = 100)



Source: IMF INS database.

Background. The real effective exchange rate (REER) appreciated in 2025 by 1.7 percent. The Namibian dollar is pegged to the South African rand, which has appreciated against the USD by 1.7 percent over the same period. The REER depreciated by 6.3 percent in 2023 and appreciated by 2.8 percent in 2024.

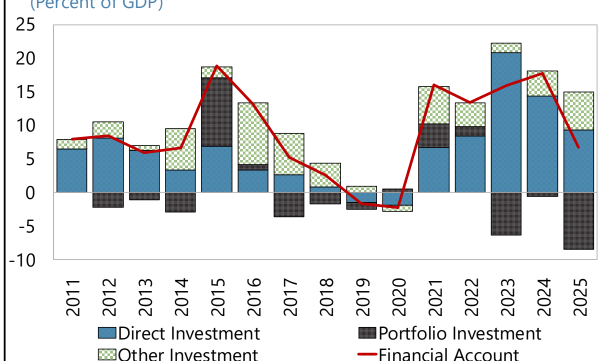
Assessment. The REER approach suggests a large undervaluation of 24.0 percent, which contrasts sharply with the overvaluation indicated by the CA model (Table 1). While the REER gap derived from the IMF's revised EBA-Lite CA methodology indicates that Namibia may have gained a slight competitive edge against trading partners, this has not translated into a commensurate strengthening of export performance. This likely reflects the structure of Namibia's exports, which are dominated by the mining sector. Although mining exports are responsive to price signals, they are subject to idiosyncratic investment cycles, limiting their sensitivity to exchange-rate movements.

The divergence between the two models reflects their different analytical focus. The REER model benchmarks exchange rates against historical values, whereas the CA model assesses external balances in the context of macroeconomic fundamentals and policy settings across countries, providing a broader perspective.

Given these considerations, staff places greater weight on the CA model in assessing Namibia's external position. The CA-based assessment more appropriately captures competitiveness constraints stemming from structural impediments to potential growth, including weak productivity growth and persistently high unemployment outside the extractive sectors.

Capital and Financial Accounts: Flows and Policy Measures

Financial Account Balance
(Percent of GDP)

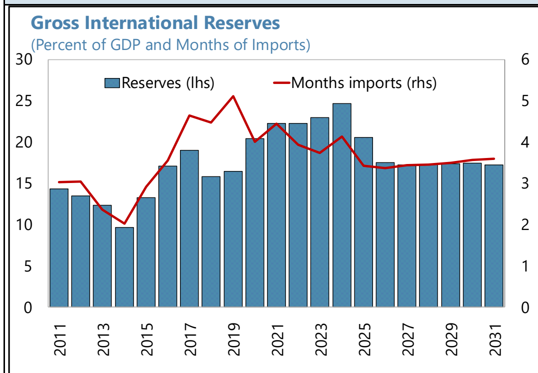


Sources: Bank of Namibia; and IMF staff calculations.

Background. The capital and financial account recorded net inflows of 7.7 percent of GDP in 2025, down from 18.9 percent in 2024, mainly due to portfolio outflows from the repayment of a maturing Eurobond. In 2025, the net inflows in the financial account of 6.8 percent of GDP continued to be driven by foreign direct investment largely financing imports related to oil and gas exploration. The capital and financial account is projected to return to net inflows of about 12.1 percent of GDP in the medium term, as oil exploration activity moderates after key discoveries have been assessed.

Assessment. Carefully calibrated alignment of the policy rate with the SARB is essential to safeguard the peg and limit the risk of excessive capital outflows. While there is currently no evidence of capital outflows, maintaining the policy rate slightly below that of the SARB may not be sustainable over the medium term. This is particularly the case as the SARB has moved to a tighter inflation target band, which may require a firmer policy stance during the transition period. The ongoing efforts to integrate liquidity forecasting and monetary management tools into daily operations will improve the effectiveness of monetary policy transmission. In addition, structural reforms to raise domestic competitiveness and foster private-sector-led growth will strengthen the external position, improve economy-wide productivity, and diversify the export base beyond minerals. Furthermore, carefully designed local content and ownership policies are essential for leveraging the emerging oil sector.

FX Intervention and Reserves Level

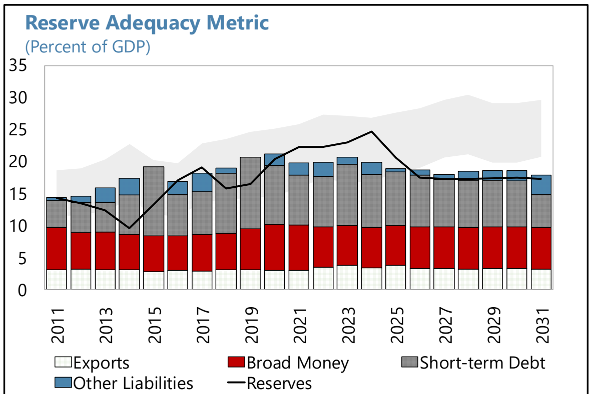


Sources: Bank of Namibia; and IMF staff calculations.

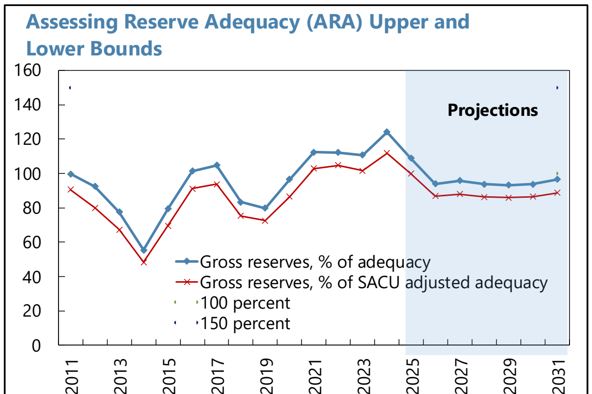
Background. Namibia's international reserves decreased in 2025. At the end of 2025, official reserves stood at US$3,106 million, about 3.4 months of imports, and 20.6 percent of GDP, lower than the level recorded in 2024, when they stood at US$3,362 million, about 4.1 months of imports, and 24.7 percent of GDP. This decrease was largely due to the US$750 million Eurobond repayment in October 2025. Total imports of goods and services declined as a percentage of GDP from 67.7 in 2024 to 64.7 in 2025. Meanwhile, FDI inflows more than covered the oil and gas exploration-related imports and contributed to the accumulation of reserves.

Assessment. Namibia's international reserves are adequate. The IMF ARA metrics capture vulnerabilities from multiple sources, measuring reserves as a percent of exports, broad money, short-term debt, and other liabilities. At the end of 2025, reserves declined to 3.4 months of imports, or 108.8 percent of the ARA floor, driven by the amortization of the Eurobond. This is in comparison with 4.1 months of imports or 124.1 percent of the ARA floor at end-2024. The import coverage is projected to remain at 3.4 months, while the ARA metric is expected to dip to 94.0 percent of the ARA floor in 2026. Thereafter, the coverage is expected to recover gradually to 96.5 percent of the ARA floor by 2031.

Once the ARA adequacy metric is adjusted for SACU revenue, the reserve coverage is projected to be 86.8 percent of the ARA floor in 2026 and 88.8 percent by 2031. The large size and volatility of SACU revenue pose a significant risk to reserve adequacy. In this context, safeguarding reserve adequacy requires advancing structural reforms to reduce reliance on SACU transfers for foreign exchange. This entails strengthening export performance by fostering private-sector-led growth and attracting FDI into non-resource-based sectors, given the significant uncertainty and volatility associated with oil and mining activities.



Sources: Bank of Namibia; and IMF staff calculations.



Source: IMF staff calculations.

Annex III. Sovereign Risk and Debt Sustainability Framework

Figure 1. Namibia: Summary of the Sovereign Risk and Debt Sustainability Assessment

Horizon	Mechanical signal	Final assessment	Comments
Overall	...	**Moderate**	The overall sovereign stress risk is moderate. The risk indicated by the mechanical signal is mitigated by the government's commitment to implement additional fiscal consolidation beyond the baseline to stabilize the debt.
Near term 1/			
Medium term	**High**	**High**	Medium-term risks are assessed as high, given the high probability that the debt will not stabilize under the baseline.
Fanchart	**High**	...	
GFN	**Moderate**	...	
Stress test	Bank. Crisis Cont. Liabty.	...	
Long term	...	**High**	Without fiscal consolidation over the medium-term and decisive structural reforms to raise potential growth, the long-term debt path is subject to the same unfavorable factors that drive non-stabilizing medium-term debt path.
Sustainability assessment 2/	Not required for surveillance countries	Not required for surveillance countries	
Debt stabilization in the baseline			No

DSA Summary Assessment

Commentary: Namibia is at a moderate overall risk of sovereign stress. Debt is not expected to stabilize over the medium term under the baseline, given projected modest economic growth, high borrowing costs, and the projected primary surplus that is too small to offset financing pressures. The mechanical signal indicates high risk, highlighting that the baseline requires stronger efforts than historical patterns. However, the GFN Module indicates that the medium-term liquidity risks are moderate, despite the persistent high gross financing needs. There still is space to effectively manage the medium-term risks of sovereign debt stress by implementing medium-term fiscal consolidation and structural reforms to boost growth.

Source: Fund staff.

Note: The risk of sovereign stress is a broader concept than debt sustainability. Unsustainable debt can only be resolved through exceptional measures (such as debt restructuring). In contrast, a sovereign can face stress without its debt necessarily being unsustainable, and there can be various measures—that do not involve a debt restructuring—to remedy such a situation, such as fiscal adjustment and new financing.

1/ The near-term assessment is not applicable in cases where there is a disbursing IMF arrangement. In surveillance-only cases or in cases with precautionary IMF arrangements, the near-term assessment is performed but not published.

2/ A debt sustainability assessment is optional for surveillance-only cases and mandatory in cases where there is a Fund arrangement. The mechanical signal of the debt sustainability assessment is deleted before publication. In surveillance-only cases or cases with IMF arrangements with normal access, the qualifier indicating probability of sustainable debt ("with high probability" or "but not with high probability") is deleted before publication.

Figure 2. Namibia: Debt Coverage and Disclosures

						Comments
1. Debt coverage in the DSA: 1/	CG	GG	NFPS	CPS	Other	
1a. If central government, are non-central government entities insignificant?					No	
2. Subsectors included in the chosen coverage in (1) above:						

CPS / NFPS / GG: expected / CG		Subsectors captured in the baseline	Inclusion	Comments
CG	1	Budgetary central government	Yes	
CG	2	Extra budgetary funds (EBFs)	No	Not applicable
CG	3	Social security funds (SSFs)	No	
GG: expected	4	State governments	No	
GG: expected	5	Local governments	No	
NFPS	6	Public nonfinancial corporations	No	
CPS	7	Central bank	No	
CPS	8	Other public financial corporations	No	

3. Instrument coverage:	Currency & deposits	Loans	Debt securities	Oth acct. payable 2/	IPSGSs 3/
4. Accounting principles:	Basis of recording		Valuation of debt stock		
	Non-cash basis 4/	Cash basis	Nominal value 5/	Face value 6/	Market value 7/
5. Debt consolidation across sectors:		Consolidated		Non-consolidated	

Color code: chosen coverage; Missing from recommended coverage; Not applicable

Reporting on Intra-Government Debt Holdings

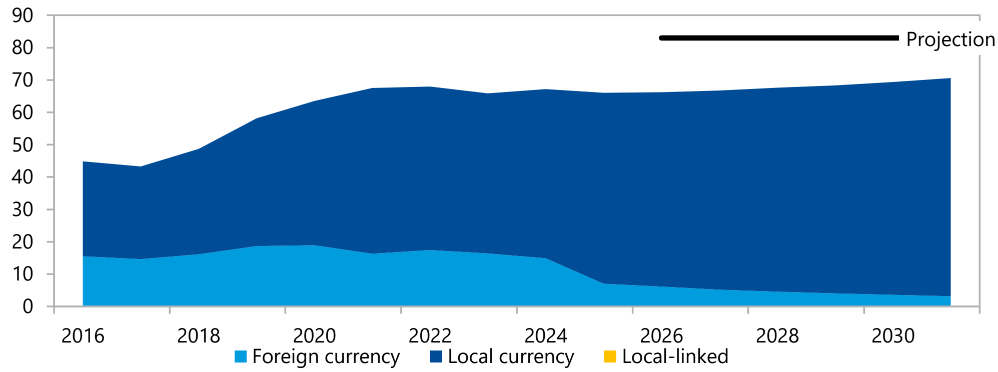
		Issuer \ Holder	Budget. central govt	Extra-budget. funds	Social security funds	State govt.	Local govt.	Nonfin. pub. corp.	Central bank	Oth. pub. fin corp	Total
CG	1	Budget. central govt									0
CG	2	Extra-budget. funds									0
CG	3	Social security funds									0
GG: expected	4	State govt.									0
GG: expected	5	Local govt.									0
NFPS	6	Nonfin pub. corp.									0
CPS	7	Central bank									0
CPS	8	Oth. pub. fin. corp									0
		Total	0	0	0	0	0	0	0	0	0

1/ CG=Central government; GG=General government; NFPS=Nonfinancial public sector; PS=Public sector.
2/ Stock of arrears could be used as a proxy in the absence of accrual data on other accounts payable.
3/ Insurance, Pension, and Standardized Guarantee Schemes, typically including government employee pension liabilities.
4/ Includes accrual recording, commitment basis, due for payment, etc.
5/ Nominal value at any moment in time is the amount the debtor owes to the creditor. It reflects the value of the instrument at creation and subsequent economic flows (such as transactions, exchange rate, and other valuation changes other than market price changes, and other volume changes).
6/ The face value of a debt instrument is the undiscounted amount of principal to be paid at (or before) maturity.
7/ Market value of debt instruments is the value as if they were acquired in market transactions on the balance sheet reporting date (reference date). Only traded debt securities have observed market values.

Commentary: Coverage in this SRDSA is of the budgetary central government, consistent with the debt coverage data provided by the authorities. Consolidated general government debt figures are not yet available. While provisions exist for Regional Councils and Local Governments to borrow for capital projects, Regional Councils have not used this option. Moreover, the borrowing by Local Governments remains minimal. In December 2022, Namibia joined the Special Data Dissemination Standard (SDDS) and is working with the IMF's Statistics Department to compile and disseminate data on General Government operations.

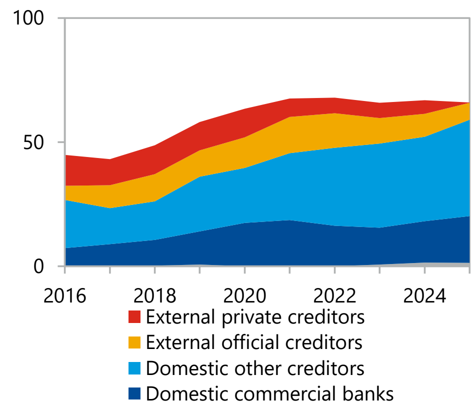
Figure 3. Namibia: Public Debt Structure Indicators

Debt by Currency (Percent of GDP)



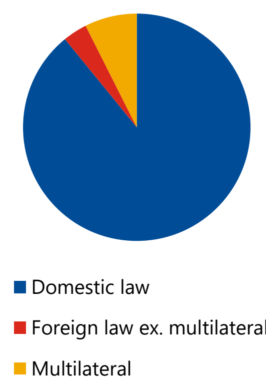
Note: The perimeter shown is central government.

Public Debt by Holder (Percent of GDP)



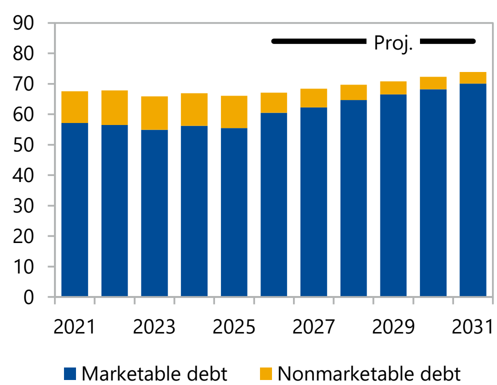
Note: The perimeter shown is general government.

Public Debt by Governing Law, 2025 (Percent)



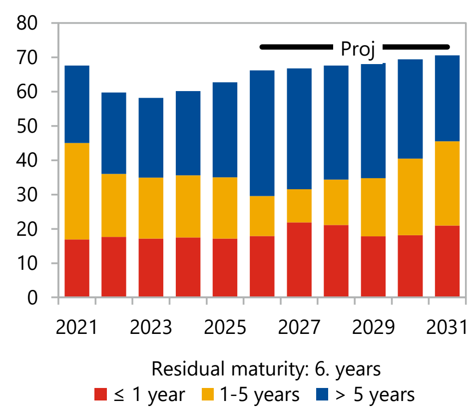
Note: The perimeter shown is general government.

Debt by Instruments (Percent of GDP)



Note: The perimeter shown is general government.

Public Debt by Maturity (Percent of GDP)



Note: The perimeter shown is general government.

Commentary: Domestic creditors held about 78 percent of public debt in FY 2024/25. 45 percent of the external debt is issued in rand, reducing the currency risk given the peg. A large proportion of debt is issued at medium and long maturities as part of the government's debt strategy to mitigate rollover risks and diversify the maturity profile. The authorities also actively use switch auctions to smooth the maturity profile.

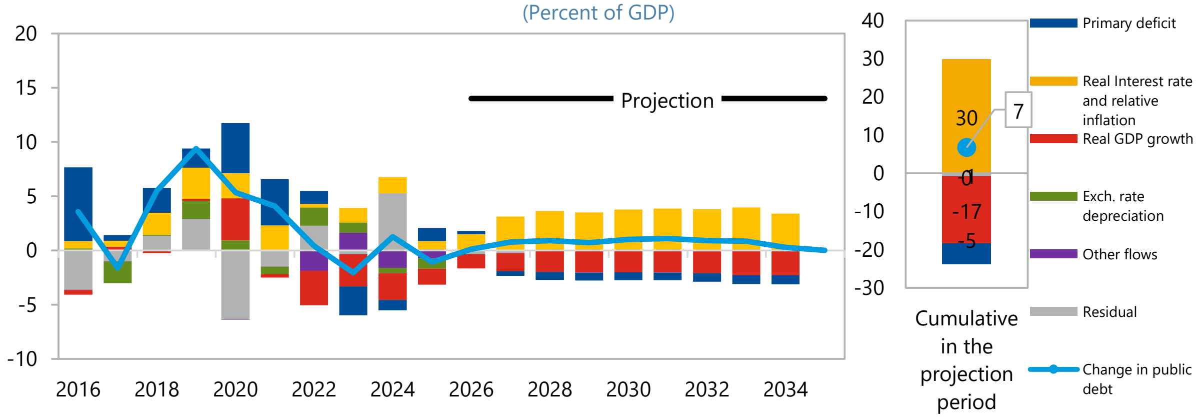
Figure 4. Namibia: Baseline Scenario

(Percent of GDP unless indicated otherwise)

	Actual	Medium-term projection					Extended projection			
	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Public Debt	66.1	66.2	67.0	67.9	68.6	69.6	70.7	71.6	72.5	72.7
Change in Public Debt	-1.1	0.1	0.8	0.9	0.7	1.0	1.1	0.9	0.8	0.3
Contribution of identified flows	-1.2	0.5	1.0	1.0	0.7	1.0	1.1	1.0	0.9	0.3
Primary deficit	1.2	0.3	-0.4	-0.7	-0.7	-0.7	-0.7	-0.8	-0.8	-0.8
Noninterest revenues	32.0	30.9	30.5	30.8	30.8	30.8	30.8	30.8	30.9	30.9
Noninterest expenditures	33.2	31.2	30.0	30.0	30.0	30.0	30.0	30.0	30.0	30.0
Automatic debt dynamics	-1.6	0.2	1.4	1.7	1.5	1.7	1.8	1.8	1.7	1.1
Real interest rate and relative inflation	0.8	1.5	3.1	3.6	3.5	3.8	3.9	3.8	4.0	3.4
Real interest rate	0.3	1.2	3.0	3.6	3.4	3.7	3.8	3.8	3.9	3.4
Relative inflation	0.5	0.3	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Real growth rate	-1.5	-1.3	-1.7	-1.9	-2.0	-2.0	-2.0	-2.0	-2.2	-2.3
Real exchange rate	-0.9	…	…	…	…	…	…	…	…	…
Other identified flows	-0.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Contingent liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
(minus) Interest Revenues	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other transactions	-0.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Contribution of residual	0.1	-0.4	-0.2	-0.1	0.0	0.0	0.0	-0.1	-0.1	0.0
Gross Financing Needs	29.4	25.5	21.9	25.3	24.6	21.7	22.2	24.7	28.2	25.4
of which: debt service	28.2	25.2	22.3	26.0	25.3	22.5	22.9	25.5	29.0	26.2
Local currency	21.9	23.6	21.0	24.9	24.4	21.6	22.1	24.7	28.3	25.8
Foreign currency	6.2	1.6	1.3	1.1	0.9	0.9	0.8	0.8	0.7	0.4
Memo:										
Real GDP growth (percent)	2.2	2.0	2.6	2.9	3.1	3.0	3.0	3.0	3.2	3.2
Inflation (GDP deflator; percent)	6.4	6.6	4.2	2.8	3.0	2.9	2.8	2.8	2.7	2.7
Nominal GDP growth (percent)	8.3	9.0	7.1	5.9	6.2	6.0	5.9	5.9	6.1	6.0
Effective interest rate (percent)	6.8	8.5	9.0	8.4	8.4	8.6	8.6	8.4	8.6	7.7

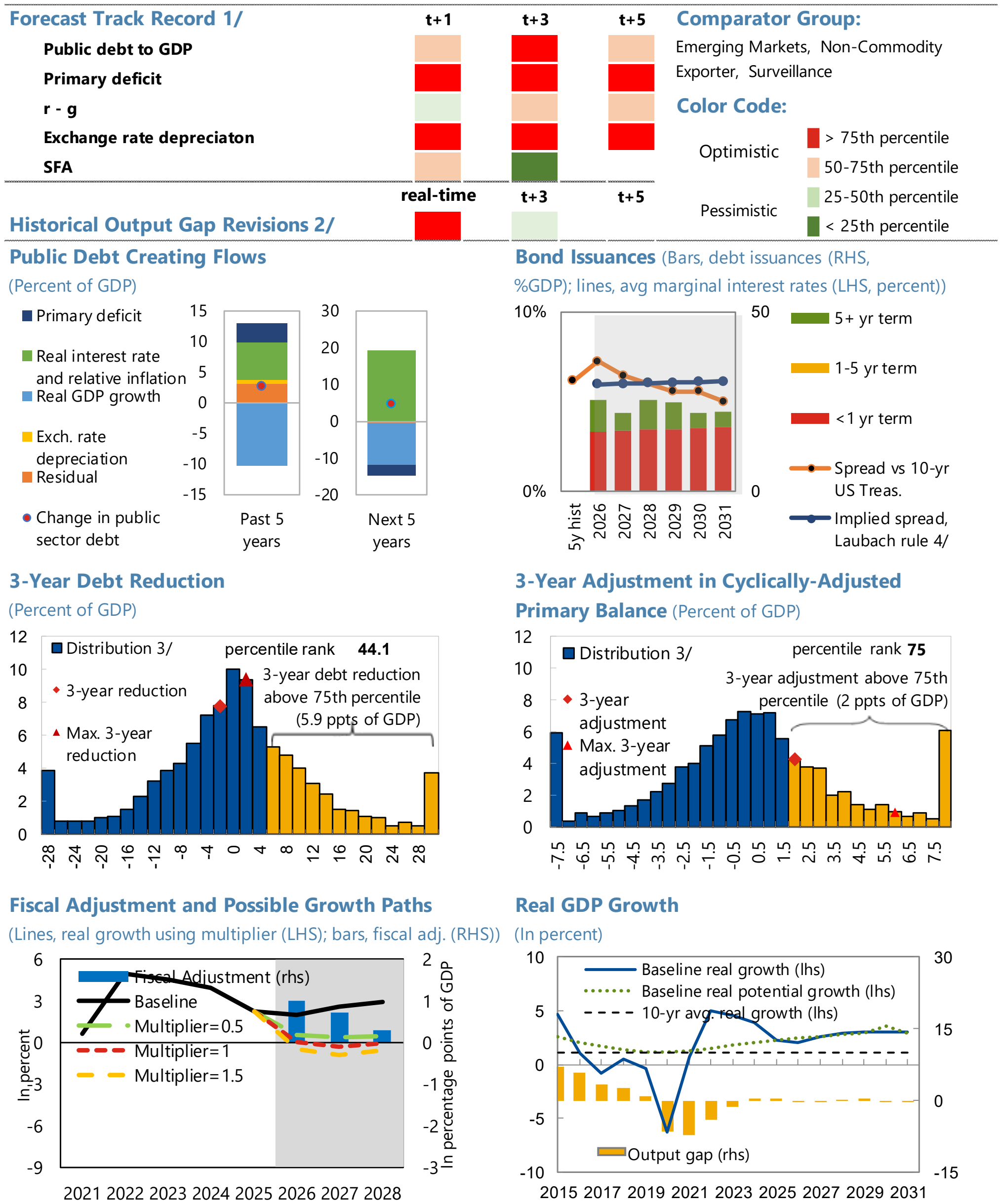
Contribution to Change in Public Debt

(Percent of GDP)



Commentary: Over the medium term, low nominal GDP growth relative to the high effective interest rate is projected to keep the public debt-to-GDP ratio on an upward trajectory, despite the authorities' fiscal strategy of maintaining primary surpluses.

Figure 5. Namibia: Realism of Baseline Assumptions



Commentary: Forecast track record flags optimism for the primary deficit and exchange rate depreciation compared with non-commodity exporters. The detected deviation relative to comparator countries in the primary deficits reflects Namibia's volatile SACU transfer receipts, a factor absent in comparator economies. The 3-year adjustment in the cyclically adjusted primary balance is at the 75th percentile rank but appears feasible as it is well below the historical maximum of 3-year adjustment. The 3-year debt reduction is at the 44th percentile rank and appears feasible as it is below the historical maximum of 3-year reduction. The projected change in the cyclically adjusted primary balance is positive for FY26/27 to FY28/29.

Source : IMF Staff.

1/ Projections made in the October and April WEO vintage.

2/ Calculated as the percentile rank of the country's output gap revisions (defined as the difference between real time/period ahead estimates.

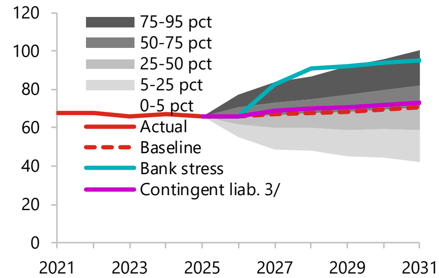
3/ Data cover annual observations from 1990 to 2019 for MAC advanced and emerging economies. Percent of sample on vertical axis.

4/ The Laubach (2009) rule is a linear rule assuming bond spreads increase by about 4 bps in response to a 1 ppt increase in the projected debt-to-GDP ratio.

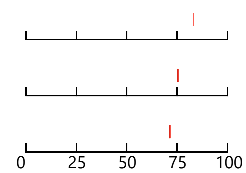
Figure 6. Namibia: Medium-Term Risk Assessment

Debt fanchart module

Final Fanchart (Percent of GDP)

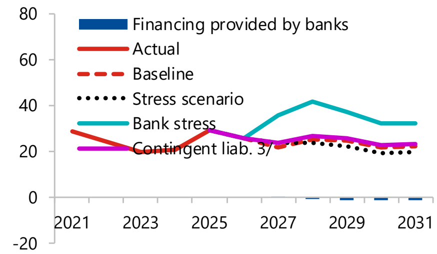


	Value	Contrib 1/	Percentile in peer group 2/
Fanchart width *(percent of GDP)*	58.3	0.8	
Probability of debt non-stabilizaiton *(percent)*	75.4	0.6	
Terminal debt-to-GDP x institutions index	42.3	0.9	
Debt fanchart index (DFI)		2.4	
Risk signal: 4/		**High**	

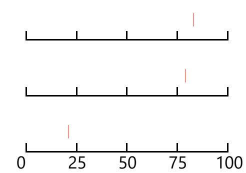


Gross financing needs (GFN) module

Gross Financing Needs (Percent of GDP)



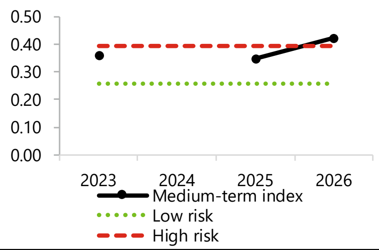
	Value	Contrib 1/	Percentile in peer group 2/
Average baseline GFN *(percent of GDP)*	23.5	8.0	
Initial Banks' claims on the gen. govt *(pct bank assets)*	20.1	6.5	
Chg. In banks' claims in stress *(pct banks' assets)*	4.3	1.4	
GFN financeability index (GFI)		16.0	
Risk signal: 5/		**Moderate**	



Triggered stress tests (stress tests not activated in gray)

Banking crisis | Commodity prices | Exchange rate | Contingent liab. | Natural disaster

Medium-Term Index (Index Number)



Medium-term risk analysis

	Value	Value (normalized)	Weight	Contribution
Debt fanchart index	2.4	0.5	0.5	0.3
GFN finaceability index	16.0	0.3	0.5	0.2
Medium-term index		0.4		
Risk signal: 6/		**High**		
Final assessment:		**High**		

Prob. of missed crisis, 2026-2031, if stress not predicted: 54.5 pct.

Prob. of false alarms, 2026-2031, if stress predicted: 8.0 pct.

Commentary: The Debt Fanchart Module indicates a high level of risk, while the GFN Module suggests a moderate level of risk. The medium-term index calculated based on indices in these two modules suggests high levels of risk. Nonetheless, the elevated risk could be mitigated by factors such as the sizable domestic institutional investor base and the small proportion of foreign currency debt. To test the robustness of the baseline, the contingent liability and banking crisis stress tests are activated. The contingent liability test shows that the debt and GFN levels will not materially deviate from the baseline. However, the banking crisis test indicates that the debt and GFN levels will rise substantially and will remain elevated over the medium term.

Source: IMF staff estimates and projections.

1/ See Annex IV of IMF, 2022, Staff Guidance Note on the Sovereign Risk and Debt Sustainability Framework for details on index calculation.

2/ The comparison group is emerging markets, non-commodity exporter, surveillance.

3/ Related to public enterprises.

4/ The signal is low risk if the DFI is below 1.13; high risk if the DFI is above 2.08; and otherwise, it is moderate risk.

5/ The signal is low risk if the GFI is below 7.6; high risk if the DFI is above 17.9; and otherwise, it is moderate risk.

6/ The signal is low risk if the GFI is below 0.26; high risk if the DFI is above 0.40; and otherwise, it is moderate risk.

Figure 7. Namibia: Long-Term Risk Assessment

Triggered Modules

Large amortizations	Pensions	Climate change: Adaptation	Natural Resources
	Health	Climate change: Mitigation	

Annex IV. Past Fund Advice

	Recommendation	Status
Fiscal Policy	Consolidate an additional 0.5 percent of GDP in FY26/27.	The FY26/27 budget includes an adjustment of 0.9 ppts of GDP, significantly higher than planned previously (0.5 ppt).
	Implement a civil service reform to support wage bill moderation while enabling efficiency gains.	The civil service reform has been put on hold and the freeze on public sector wages and hiring lifted in FY24/25. Public sector wages have been frozen and hiring freeze reintroduced with some exceptions in FY25/26.
	Finalize the Public Enterprises Ownership Policy (PAOP) to guide the ongoing PEs reforms; Publish the SOE fiscal risk report.	Public Enterprises Ownership Policy has been drafted and is awaiting cabinet approval. The risk report is drafted but not published.
	Implement long-delayed PSEMAS reforms to reduce medical aid costs.	The authorities plan to implement it in 2026.
	Continue to improve tax administration.	The Namibia Revenue Agency (NamRA) has been stepping up risk-based audits, including on transfer pricing, and preparing to roll out e-invoicing for VAT to improve accuracy and reduce fraud.
	Raise additional revenues from natural resources by allocating fishing license competitively and reviewing the fiscal regime for the mining sector.	Competitive allocation of fishing license remains limited. Thin capitalization and unlimited loss carryforward were tightened through amendment of tax law.
	Adopt the PFM Bill (Amended State Finance Act).	Amended State Finance Bill (PFM Bill), along with the relevant regulations, is planned to be presented to the Parliament in 2026.
	Implementing key recommendations from the recent PIMA/C-PIMA exercise to alleviate capacity gaps in public investment management that continue to hamper the execution and efficiency of capital spending,	Efforts are ongoing.
	Establish a comprehensive natural resource management framework, finalize the Welwitschia Fund (WF) Act, and integrate WF into the budget framework.	The Act and rules governing deposits and withdrawals are yet to be finalized.
Monetary and Financial Sector Policy	Align monetary policy rate with SARB.	BoN has reduced the negative policy rate differential to 25 bpts in December 2025. In early 2025, the differential was 75 bps.
	Strengthen liquidity management operations while capitalizing on payment system upgrades and harmonizing CFMs with best practices.	This is still ongoing.
	Monitor financial sector vulnerabilities and sovereign-bank nexus; implement macroprudential tools such as the Countercyclical Capital Buffer (CCyB) and loan-to-value ratio (LTV) regulations.	The BoN continued to monitor these risks. The Macroprudential Oversight Committee of BoN approved CCyB and countercyclical LTV; relevant regulations are under preparation.
	Continue to make efforts to expedite Namibia's exit from the Financial Action Task Force (FATF) "grey list".	All but two of the 13 deficiencies identified in the February 2024 grey listing have been addressed. The remaining two are expected to be completed by May 2026.

	Recommendation	Status
Product Market Reforms	Address bottlenecks caused by the public sector wage premium, PE dominance in key economic sectors, and regulatory bottlenecks.	Pending.
	Streamline burdensome regulatory environment and policy uncertainty; finalize the Investment Promotion Bill.	The Namibia Investment Promotion and Facilitation Bill offer such an opportunity. It is still being drafted.
	Implement a balanced local content policy that avoids deterring investment and promotes economic diversification.	Policies are still under consideration.
	Improve infrastructure, including lowering energy costs.	Ongoing.
Labor Market Reforms	Reduce skill mismatches by guiding the reform with skill audits; and ease regulatory restrictions to allow hiring of foreign workers with skills not available locally.	No progress.
Climate Mitigation	Build resilience to climate and weather shocks through investment in infrastructure, drought-resilient crops, and diversification of energy sources.	Ongoing.

Annex V. Obstacles to Private Sector Growth in Namibia

1. Private sector growth in Namibia has faced persistent challenges. Perception-based indicators from the 2024 World Bank Enterprise Surveys suggest that Namibia has made some progress, relative to peers, in narrowing gaps in access to credit and infrastructure (Table 1). However, these issues remain important constraints, with a still-high share of firms continuing to view access to finance and infrastructure—particularly access to electricity—as significant obstacles to their operations.

Table 1. Namibia: Firms' Perceived Obstacles, 2014–24

Reform Areas	Obstacles	2014 1/	2024 1/	Change in Percent of Firms
Governance	Political Instability	17.1	44.9	27.8
	Courts	21.3	29.7	8.5
	Crimes, Theft, and Disorder	60.0	71.1	11.1
	Corruption	45.9	52.3	6.4
Business Environment	Customs and Trade Regulations	31.3	52.8	21.5
	Tax Rates	50.7	65.4	14.7
	Tax Admin	44.4	58.7	14.3
	Business Licensing and Permits	38.0	56.1	18.1
	Competition from Informal Sector	46.6	71.5	24.9
Labor Market	Labor Regulation	35.6	48.0	12.4
	Inadequately educated workforce	35.6	62.6	27.0
Credit Market	Access to Finance	78.1	64.7	-13.4
Infrastructure Gaps	Electricity	43.3	68.1	24.7
	Transport	87.3	63.9	-23.4
	Access to Land	76.1	53.3	-22.9

1/ Percent of firms that consider respective category as an obstacle. Since the Enterprise Surveys methodology is stratified random sampling, individual observations are weighted using probability weights when these shares are calculated.
Sources: World Bank Enterprise Survey; and IMF staff calculations.

2. At the same time, the surveys point to a broad deterioration between 2014 and 2024 in firms' assessments of the overall business environment, labor market conditions, and governance. In particular, respondents report worsening conditions across all dimensions of the business environment, with heightened concerns related to competition from the informal sector, high tax rates, and increasingly burdensome licensing and regulatory processes.

3. Outcomes-based indicators broadly mirror these perception-based trends (Table 2). Survey respondents report an increase in the regulatory burden, with the share of management time spent dealing with government regulations having doubled over the past decade. Firms also report intensified competition from the informal sector and increased probability of experiencing power outages. At the same time, some indicators signal areas of progress: a larger share of firms report offering formal training programs to employees and having access to a line of credit, suggesting efforts to strengthen workforce skills and some easing in financial inclusion despite persistent constraints.

Table 2. Namibia: Firms' Obstacles (Outcomes-based), 2014–24

Reform Areas	Obstacles	Survey Question	2014	2024
Business Environment	Business Licensing and Permits	What percent Of Senior Management Time Was Spent In Dealing With Govt Regulations? (in percent)	6.6	11.4
	Competition from Informal Sector	Does This Establishment Compete Against Unregistered Or Informal Firms? (Y/N, in percent)	37.3	55.4
Labor Market	Inadequately Educated Workforce	Formal Training Programs For Permanent, Full-time Employees In Last Fiscal Yr (Y/N, in percent)	22.0	58.6
Credit Market	Access to Finance	Establishment has A Line Of Credit Or Loan From A Financial Institution? (Y/N, in percent)	7.4	20.4
Infrastructure Gaps	Electricity	Over last FY, Did This Establishment Experience Power Outages? (Y/N, in percent) 1/	34.1	51.8

1/ In a follow-up question, the average number of power outages experienced in a typical month in last fiscal year is also reported to have increased from 2.2 in 2014 to 2.4 in 2024.

Sources: World Bank Enterprise Survey; and IMF staff calculations.

4. **Drawing on lessons from Mauritius' experience of transforming from a single crop producer to a diversified, upper-middle-income economy, broad-based reforms that support private sector development are essential** (World Bank, 2023). Mauritius's experience underscores the central role of sustained improvements in the business environment in unlocking private sector–led growth. Like Namibia, Mauritius is a small, open middle-income economy facing constraints related to market size, skills shortages, and exposure to external shocks, and historically grappled with regulatory bottlenecks and concentration in a narrow set of economic activities. Mauritius's growth take-off was supported by a deliberate and sustained reform agenda aimed at reducing administrative burdens, strengthening regulatory certainty, and improving the efficiency of public institutions. Key elements included streamlining licensing and permitting processes, enhancing trade facilitation and infrastructure services, investing in human capital, and fostering a predictable and rules-based policy environment supportive of investment and export diversification. These reforms helped crowd in private investment, support firm entry and formalization, and enabled structural transformation—highlighting that addressing business environment constraints can be a powerful catalyst for private sector development in similarly structured economies such as Namibia.

Annex VI. Capacity Development Strategy

1. **This annex reviews recent capacity development (CD) activities and highlights near-term priorities.** The CD strategy in Namibia aims to support economic policy formulation and implementation for macroeconomic stability and economic development. The country is engaged with all IMF providers, including AFRITAC South, Monetary and Capital Markets (MCM) Department, Fiscal Affairs Department (FAD), Statistics Department (STA), and the Legal Department (LEG). The authorities develop well-thought-through requests that match their needs and absorptive capacity. In addition, they are very organized in receiving assistance and implementing the recommendations.

2. **CD areas cover a wide range.** In the fiscal area, the focus is on improving fiscal sustainability, public financial management, petroleum taxation, revenue forecasting, and tax administration. In the monetary and financial area, support has covered monetary policy operations framework, implementing the lender of last resort, supervisory structures, risk-based frameworks, macroprudential measures, stress testing, cybersecurity and regulation, and CBDC exploration. In the statistics area, the focus has been on improving the quality of statistics, including ensuring consistent recording of both the national accounts and the balance of payments, particularly FDI and imports associated with oil and gas exploration, and assisting in the preparation for rebasing national accounts.[1] Tracking exploration-related activities' potential impact is crucial for informed policy decisions. In the legal area, the support focused on strengthening legal framework for AML/CFT.

Recent CD Activities

3. **On the fiscal front,** the CD continued to focus on revenue mobilization, customs operations, strengthening the Public Financial Management (PFM) framework, and costing for Sustainable Development Goals (SDGs).

- **Supporting the newly established revenue authority and administrative reforms:** This work covered CD on strategy and operational plans; enhancing leadership effectiveness of the executive team; conducting business process reviews; building audit capacity; and establishing a compliance risk management unit.

- **Providing support to customs:** This work included assistance in the development of operational unit plans and key performance indicators. AFRITAC South (AFS) has facilitated a series of technical workshops focused on the drafting of standard operating procedures. The cargo processing manual has also been reviewed and updated for the customs induction training program.

- **Strengthening the Public Financial Management (PFM) framework:** This support covered budget preparation and business processes focused on strengthening the existing information

[1] Rebasing GDP is critical to capturing the growth of new industries, including oil exploration and green hydrogen, and shifts in the economy's structure. It could also help more accurately reflect Namibia's economic size relative to other SACU countries, affecting its share of SACU revenue.

and communications technology. It also included recommendations for a roadmap for digitalization in budget preparation and management. AFS missions delivered TA on the revision of the PFM legal framework, supporting the drafting of the amended State Finance Act and developing a plan of action to obtain parliamentary approval. TA also supported the review of the finance ministry organization.

- **SDG costing:** TA was provided to assess the spending associated with making substantial progress on the SDGs for human and physical capital development, involving a two-day mission workshop to inform the Namibian authorities of the international experience and methodologies supporting the implementation of the SDGs in: (i) assessing the spending needs to achieve high performance on selected SDGs, and (ii) budgeting in support of SDGs.

- **The petroleum tax policy:** It helped identify gaps in the current petroleum tax policy and offered recommendations for reform to optimize revenue generation from the oil sector, ensuring alignment with international best practices.

- **PIMA/C-PIMA:** PIMA identified key impediments to efficient implementation of public investment projects and offered recommendations, including standardizing the methodology for appraisal and project management processes and improving reporting requirements. C-PIMA recommended aligning climate change objectives and the 6th NDP and developing a methodology for climate tagging in public investment.

- **Fiscal risk management:** AFS TA assisted preparation of a SOE fiscal risk report.

4. In the Monetary and Financial Sector, the CD focused on strengthening the macroeconomic framework, enhancing monetary policy operations, implementing the Lender of Last Resort (LOLR) Framework, enhancing risk-based supervision, modernizing financial market infrastructure, addressing cyber risks and exploring CBDCs.

- **Enhancing the Macroprudential Framework:** This CD was centered on the review of the Macroprudential Oversight Policy of the Bank of Namibia (BoN). It aimed at the operationalization of the newly established macroprudential oversight mandate. Recommendations include augmenting BoN's early warning analysis, adapting and implementing the Growth at Risk framework for assessing risks to growth and implementing, when appropriate, a Countercyclical Capital Buffer (CCyB).

- **Improving the Monetary Policy Operations Framework:** Key issues include enhancing the BoN's capacity for effective monetary policy implementation, improving interest rate setting, liquidity forecasting and operationalizing the Lender of Last Resort (LOLR) framework and the collateral framework.

- **Modernizing financial market infrastructure:** The CD supported the BoN in operationalizing a Central Securities Depository (CSD) to enhance the skills of teams from the BoN and the Namibia Stock Exchange (NSX) through targeted training. This is vital for shifting Namibia's financial landscape from manual to automated operations, thereby boosting market liquidity and trust.

- **Risk-Based Supervision (RBS):** Enhancing the RBS framework to improve supervisory practices and risk assessment methodologies within Namibia's financial sector to ensure resilience against potential risks. The CD enhanced the Supervisory Review and Evaluation Process (SRP), finalized the risk rating framework, and assisted BoN undertake effective assessment of credit risk management, including IFRS9 modelling, in supervised banks.

- **Banking Supervision Structure:** The review stresses the optimization of the banking supervision structure and resource allocation to enhance supervisory capacity and effectiveness.

- **Bank resolution issues:** The CD supported the operationalization of the BoN Resolution regime.

5. Legal capacity development (CD) on AML/CFT assisted in strengthening the legal, regulatory, and supervisory framework. CD included a diagnostic assessment of Namibia's AML/CFT system, drafting support for amendments to 16 laws, advice on supervisory arrangements, beneficial ownership transparency, and law enforcement, and the development of key performance indicators to monitor implementation of the action plan to exit the grey list.

6. In the statistics domain, the CD focuses on enhancing National Accounts (rebasing) and Producer Price Index (PPI) (robustness and comprehensiveness), improving the institutional coverage of government finance statistics (GFS), and reinforcing external sector statistics (ESS) to improve the accuracy and comprehensiveness of economic indicators. The CD focused on the consistency between ESS and the monetary and financial survey (MFS). ESS topics included strengthening data management on the coverage of reserve assets; IMF loan liability and quota recording; coverage of portfolio assets of the state-run pension fund; metadata on ESS; and FDI survey.

7. The implementation of CD recommendations has been generally satisfactory. Progress has been made on digitalizing budget processes and strengthening the revenue authority. The BoN has also made progress in strengthening the functionality of its macroprudential mandate by enhancing risk monitoring and data reporting. However, the revision of the PFM legal framework has been prolonged, recommendations from PIMA/C-PIMA have yet to be mapped into concrete reform plans to improve public investment management, and the SOE fiscal risk report is not published yet. On the monetary and financial sector side, the BoN should leverage the ongoing capacity building aimed at strengthening forward-looking monetary analysis and the monetary policy operational framework. For strengthening statistics, making adequate resources and building institutional knowledge is key. Future TA requests should continue to be monitored to ensure they are absorbed with tracked progress.

Priorities in Capacity Building

8. In the fiscal area, support aims to assist institutional strengthening of the Namibia Revenue Agency (NamRA) and the PFM framework. Since fiscal consolidation is expected to rely mainly on expenditure-based measures, future support could focus on key expenditure areas, including the wage bill and social transfers. Selected tax policy topics could also benefit from future CD assistance to strengthen revenue mobilization.

- **Further institutional support to NamRA** will focus on coaching the executive leadership to enhance leadership effectiveness, reform implementation, and building capacity in audit of oil and gas operations.

- **On PFM and expenditure quality,** planned support includes continued assistance on the preparation of PFM regulations and a follow-up on the digitalization of budget preparation. Support could also help strengthen the PFM framework for managing oil and gas revenues to increase transparency, accountability, and sustainability, with a focus on macroeconomic and revenue forecasting, budgeting, and expenditure management.

- **Assistance on expenditure reforms** is currently being provided by the World Bank through a Public Expenditure Review. Current ad-hoc expenditure control measures, including wage and hiring freezes, are temporary. These measures need to be complemented by a well-designed and sustainable civil service reform to preserve service delivery and quality over the medium term. Future Fund TA could include assistance on a spending review, possibly covering social spending (including health, education, and social protection), the wage bill, and subsidies and transfers.

- **Priority tax policy areas** for future CD include a tax expenditure review, a review of the petroleum fiscal regime to ensure progressivity, fiscal stabilization clauses and licensing regimes, a review of the draft law establishing a petroleum regulator, and FARI modeling of the recently drilled oil wells.

9. In the monetary and financial sector area, planned TA include:

- **Banking supervision:** TA plans to support BoN in business model analysis and recovery planning.

- **CBDCs, digital assets and cyber risk:** Support will focus on cross-border payments capacity, in the form of assisting the regional Sunbird project.

- **Payment systems:** TA plans to focus on fintech regulation and payments system oversight.

- **Monetary operations:** A follow-up on past capacity building and an overview of the implementation of the liquidity forecasting model. Review of the monetary policy design and the monetary policy operational framework.

- **Central bank operations:** Review of the transparency of the Bank of Namibia's Strategic Communications Strategy, based on MCM's Central Bank Transparency Code. Also, establishing a medium-term forecasting framework for the country's cash currency needs.

10. In the statistics area, TA plans to focus on the rebasing of National Accounts, which is essential for economic analysis and policy making.

Annex VII. Data Issues

Table 1. Namibia: Data Adequacy for Surveillance

Data Adequacy Assessment Rating 1/

B

Questionnaire Results 2/

Assessment	National Accounts	Prices	Government Finance Statistics	External Sector Statistics	Monetary and Financial Statistics	Inter-sectoral Consistency	Median Rating
	C	C	B	B	B	B	B

Detailed Questionnaire Results

Data Quality Characteristics	National Accounts	Prices	Government Finance Statistics	External Sector Statistics	Monetary and Financial Statistics	Inter-sectoral Consistency
Coverage	C	C	C	B	B	
Granularity 3/	C		C	C	B	
			B		B	
Consistency			B	B		B
Frequency and Timeliness	B	B	B	B	B	

Note: When the questionnaire does not include a question on a specific dimension of data quality for a sector, the corresponding cell is blank.
1/ The overall data adequacy assessment is based on staff's assessment of the adequacy of the country's data for conducting analysis and formulating policy advice, and takes into consideration country-specific characteristics.
2/ The overall questionnaire assessment and the assessments for individual sectors reported in the heatmap are based on a standardized questionnaire and scoring system (see IMF *Review of the Framework for Data Adequacy Assessment for Surveillance* , January 2024, Appendix I).
3/ The top cell for "Granularity" of Government Finance Statistics shows staff's assessment of the granularity of the reported government operations data, while the bottom cell shows that of public debt statistics. The top cell for "Granularity" of Monetary and Financial Statistics shows staff's assessment of the granularity of the reported Monetary and Financial Statistics data, while the bottom cell shows that of the Financial Soundness indicators.

A	The data provided to the Fund are adequate for surveillance.
B	The data provided to the Fund have some shortcomings but are broadly adequate for surveillance.
C	The data provided to the Fund have some shortcomings that somewhat hamper surveillance.
D	The data provided to the Fund have serious shortcomings that significantly hamper surveillance.

Rationale for staff assessment. Data are generally shared with the country team in a timely manner, sometimes with issues around coverage. The shortcomings are primarily in the more granular data. National accounts have weaknesses in tracking oil and gas exploration activity, but progress has been made with a TA from the statistics department. Supply-use table remains unavailable. Comprehensive economic survey, household income and expenditure survey, and agriculture survey are planned in the context of the rebasing of the national accounts and should lead to improvements. Price data are generally good, but the weights, item basket, and the reference period are severely outdated. The Government Finance Statistics (GFS) currently is compiled on a cash basis for the budgetary central government only and weakness in economic classifications of certain transactions, in particular intra-government grants, poses some challenges for fiscal analysis. More granular data on government's finance statistics and external debt could be made available. External sector statistics have large residuals and the BOP and IIP are not fully aligned. More granular data on external debt statistics by institutional sector, currency, maturity structure of financing instruments could be made available on a regular basis. Information on net international reserves could be more detailed, including pledged or encumbered assets and foreign exchange swap lines.

Changes since the last Article IV consultation. Progress on conducting comprehensive economic survey to support the rebasing of the national accounts remains slow. There is an ongoing STA TA to help the authorities expand the coverage and improve the granularity of the government finance statistics, including by rolling out new Charts of Accounts based on the GFS Mannual 2014. A new comprehensive public debt recording and management system is being implemented, which should help more frequent reporting of granular public debt data, particularly on the external public debt.

Corrective actions and capacity development priorities. Priorities include continued improvement in data collection on and incorporation of oil and gas exploration activities for national accounts and BOP statistics, introducing new Chart of Accounts to facilitate compilation of consolidated GG GFS, increasing resources and capacities needed for the planned rebasing of GDP, and conducting comprehensive economic survey.

Use of data and/or estimates in Article IV consultations in lieu of official statistics available to staff. Staff do not use any data and/or estimates in the staff report in lieu of official statistics.

Other data gaps. Social indicators (for example on poverty, food insecurity, and inequality) are very sparse and out of date. They are expected to be updated when the next economic census and household income and expenditure survey is conducted. Data on the labor force is available only every few years. More frequent labor and skills data is important given the high unemployment in the country.

Table 2. Namibia: Data Standards Initiatives

Namibia subscribes to the Special Data Dissemination Standard (SDDS) since December 2022 and publishes the data on its National Summary Data Page. The latest SDDS Annual Observance Report is available on the Dissemination Standards Bulletin Board (https://dsbb.imf.org/).

Table 3. Namibia: Table of Common Indicators Required for Surveillance

As of May 5, 2026

	Data Provision to the Fund				Publication under the Data Standards Initiatives through the National Summary Data Page			
	Date of Latest Observation	Date Received	Frequency of Data[8]	Frequency of Reporting[8]	Expected Frequency[8,9]	Namibia[10]	Expected Timeliness[8,9]	Namibia[10]
Exchange Rates	2026-05-01	2026-05-04	D	D	D	...	...	...
International Reserve Assets and Reserve Liabilities of the Monetary Authorities[1]	2026-03	2026-04	M	M	M	M	1W	1M
Reserve/Base Money	2026-03	2026-04	M	M	M	M	2W	1M
Broad Money	2026-03	2026-05	M	M	M	M	1M	1M
Central Bank Balance Sheet	2026-03	2026-04	M	M	M	M	2W	1M
Consolidated Balance Sheet of the Banking System	2026-03	2026-05	M	M	M	M	1M	1M
Banks' Financial Soundness Indicators					Q	...	1Q	1M
Residential Real Estate Prices[2]					Q	...	1Q	...
Total Assets of Other Depository Corporations[3]	2026-03	2026-05	M	M	M	M	1M	1M
Total Credit from Other Depository Corporations[3]	2026-03	2026-05	M	M	M	M	1M	1M
Sectoral Breakdown of Credit from Other Depository Corporations[3]	2026-03	2026-05	M	M	M	M	1M	1M
Currency Breakdown (domestic vs. foreign currency) of Other Depository Corporations' Total Assets and Credit Indicators (total and sectoral breakdowns)[3]					M	M	1M	1M
Interest Rates[4]	2026-03-31	2026-04-30	M	M	D	...	...	...
Consumer Price Index	2026-03	2026-04	M	M	M	M	1M	2W
Revenue, Expenditure, Balance and Composition of Financing[5] –General Government[6]	2025-03	2025-09	A	A	A	A	2Q	2Q
Revenue, Expenditure, Balance and Composition of Financing[5]	2025-03	2025-09	A	A	M	M	1M	1M
Stocks of Central Government and Central Government - Guaranteed Debt[7]	2025-12	2026-04	Q	Q	Q	Q	1Q	1Q
Total Stock of General Government Debt[6]	2025-12	2026-04	Q	Q	Q	...	4M	...
External Current Account Balance	2025-12	2026-03	Q	Q	Q	Q	1Q	3M
Exports and Imports of Goods and Services	2026-02	2026-04	M	M	M	M	8W	1M
GDP/GNP	2025-12	2026-03	Q	Q	Q	Q	1Q	3M
Gross External Debt	2025-12	2026-03	Q	Q	Q	Q	1Q	3M
International Investment Position	2025-12	2026-03	Q	Q	Q	Q	1Q	1Q

[1] Includes net market value of derivative positions.

[2] Required only from Members with Systemically Important Financial Sectors.

[3] Other depository corporations include all deposit-taking corporations (except for the central bank) and money market funds.

[4] Both market-based and officially determined, including discount rates, money market rates, rates on treasury bills, notes and bonds.

[5] Foreign, domestic bank, and domestic nonbank financing.

[6] The general government consists of the central government (budgetary funds, extra budgetary funds, and social security funds) and state and local governments.

[7] Including currency and maturity composition.

[8] Frequency and timeliness: ("D") daily; ("W") weekly or with a lag of no more than one week after the reference date; ("M") monthly or with lag of no more than one month after the reference date; ("Q") quarterly or with lag of no more than one quarter after the reference date; ("A") annual.; ("SA") semiannual; ("I") irregular; ("NA") not available or not applicable; and ("NLT") not later than.

[9] Encouraged frequency of data and timeliness of reporting under the e-GDDS and required frequency of data and timeliness of reporting under the SDDS and SDDS Plus. Any flexibility options or transition plans used under the SDDS or SDDS Plus are not reflected. For those countries that do not participate in the IMF Data Standards Initiatives, the required frequency and timeliness under the SDDS are shown for New Zealand, and the encouraged frequency and timeliness under the e-GDDS are shown for Eritrea, Nauru, South Sudan, and Turkmenistan.

[10] Based on the information from the Summary of Observance for SDDS and SDDS Plus participants, and the Summary of Dissemination Practices for e-GDDS participants, available from the IMF Dissemination Standards Bulletin Board (https://dsbb.imf.org/). For those countries that do not participate in the Data Standards Initiatives, as well as those that do have a National Data Summary Page, the entries are shown as "..."

INTERNATIONAL MONETARY FUND

NAMIBIA

May 20, 2026

STAFF REPORT FOR THE 2026 ARTICLE IV CONSULTATION—INFORMATIONAL ANNEX

Prepared By	The African Department in collaboration with other departments

CONTENTS

RELATIONS WITH THE FUND

As of April 30, 2026

Membership Status:
Joined: September 1990, Article VIII

General Resources Account:	**SDR Million**	**%Quota**
Quota	191.10	100.00
IMF holdings of currency	191.00	99.95
Reserve position in Fund	0.15	0.08

SDR Department:	**SDR Million**	**%Allocation**
Net cumulative allocation	313.55	100.00
Holdings	167.15	53.31

Outstanding Purchases and Loans: **None**

Latest Financial Commitments:

***Outright Loans*:**

Type	**Date of Commitment**	**Date Drawn/Expired**	**Amount Approved (SDR Million)**	**Amount Drawn (SDR Million)**
RFI	3/31/2021	4/6/2021	191.10	191.10

Projected Payments to the IMF:
(SDR Million; based on existing use of resources and present holdings of SDRs)

	Forthcoming				
	2026	2027	2028	2029	2030
Principal					
Charges/Interest	3.11	4.00	4.00	3.99	4.00
Total	3.11	4.00	4.00	3.99	4.00

Implementation of HIPC Initiative Not Applicable

Exchange Rate Arrangements. The currency of Namibia is the Namibian dollar. The de facto and de jure exchange rate arrangement is classified as "conventional peg", vis-à-vis the South African rand. The Namibian dollar is pegged at par with the rand. Namibia is a member of the Common Monetary Area (CMA) and the CMA agreement establishes the fixed exchange rate arrangement. Namibia has accepted the obligations of Article VIII, Sections 2, 3, and 4 of the IMF Articles of

Agreement, as of September 20, 1996. It maintains an exchange system that is free of multiple currency practices and restrictions on the making of payments and transfers for current international transactions, except for restrictions in place for security reasons notified to the Fund pursuant to Decision No. 144-(52/51).

Article IV Consultation. Namibia is on a standard 12-month consultation cycle. The last Article IV consultation was concluded by the Executive Board on June 11, 2025.

Capacity Development

The Fund has been providing Namibia with technical assistance (TA) and training in the following key areas: public financial management (PFM), tax and customs administration, monetary operations and Lender of Last Resort (LOLR), liquidity management, financial supervision and regulation, macroprudential policies, Central Bank Digital Currency (CBDC) exploration, payment systems development, cyber risk regulation and supervision, AML/CFT legal drafting and FATF Action Plan implementation, macroeconomic modelling capacity, and macroeconomic statistics. Specific capacity development projects since 2020 include:

Fiscal Affairs Department (FAD)

FAD TA has focused on strengthening public financial management, notably the budgetary process, project selection and management of fiscal risks; tax and customs administration, including the establishment of a national revenue agency; and tax policy; and public investment management.

Year	Purpose	Department
2026	AFS-Customs Administration	FAD
2026	PFM-Fiscal Risk Management - Strengthening Revenue Forecasting	FAD
2026	Revenue Administration	FAD
2025	PFM-Fiscal Risk Management - Strengthening Medium Term Fiscal Framework	FAD
2025	Revenue Administration	FAD
2025	AFS-Customs Administration	FAD
2025	PFM laws and effective institutions	FAD
2025	AFS-Tax Administration	FAD
2025	PFM-Fiscal Risk Management - SOEs	FAD
2024	AFS-Customs Administration	FAD
2024	Macro-fiscal Policies	FAD
2024	PFM-PIM	FAD
2024	Tax Policy	FAD
2024	PFM-Fiscal Risk Management	FAD
2024	Imrpoved PFM Laws and Effective Institutions	FAD
2024	AFS-Tax Administration	FAD
2024	PIMA and C-PIMA	FAD
2024	Petroleum Fiscal Regime and Revenue Forecasting	FAD

Year	Purpose	Department
2023	Revenue Administration Mission	FAD
2023	Review of Organizational Structure of MoF	FAD
2023	Customs Administration - Customs Induction Training	FAD
2023	Tax Administration - Audit	FAD
2023	PFM - Budget Preparation & Management	FAD
2023	Customs Administration - Customs Procedures	FAD
2023	Tax administration - Compliance Risk Management	FAD
2023	SDG Costing	FAD
2023	Customs Administration Performance Management	FAD
2023	Customs Administration - Risk Management and Training & Development	FAD
2022	Customs Administration - Customs procedures	FAD
2022	Tax Administration - Business Process Review	FAD
2022	Tax revenue administration - Executive development	FAD
2022	Customs Administration - BCP	FAD
2022	Customs Administration Performance Management	FAD
2022	PFM-PIM	FAD
2022	Governance of Extrabudgetary Entities	FAD
2022	FADPFM - SDG budgeting	FAD
2022	FADEP - SDG costing	FAD
2022	SDG Costing	FAD
2022	Mid-term Budget Review	FAD
2021	PFM Legal Framework Reform	FAD
2021	PFM-Budget Preparation	FAD
2021	SOEs Fiscal Risks	FAD
2021	Tax Administration: Interactive Learning and Workshops	FAD
2020	Exemptions	FAD

Monetary and Capital Markets Department (MCM)

MCM TA has focused on enhancing monetary operations and the LOLR, banking supervision and regulation, operationalizing the bank resolution framework, banks and non-banks financial institution stress testing capacity, financial crisis management, macroprudential policies, CBDC exploration, payment systems development, and cyber risk management.

Year	Purpose	Department
2026	Monetary policy design and implementation - Liquidity forecasting	MCM
2025	National payment systems development	MCM
2025	Banking regulation and supervision - Credit Risk and IFRS9	MCM
2025	National Payment Systems Development	MCM
2024	Banking regulation and supervision - Structure and Resourcing of Banking Supervision Department	MCM
2024	Banking regulation and supervision - Risk Based Supervision Framework	MCM
2024	National Payment Systems Development	MCM
2024	Financial crisis management - bank resolution framework	MCM

Year	Purpose	Department
2024	Cyber Risk Regulation and Supervision	MCM
2024	Monetary Operations and Lender of Last Resort	MCM
2024	Namibia CBDC Exploration, Phase 2	MCM
2023	Central Bank Digital Currency	MCM
2023	Cyber Risk Regulation and Supervision	MCM
2023	Financial crisis management - bank resolution framework	MCM
2022	Banking Regulation and Supervision - Risk-based Supervision (RBS) framework	MCM
2022	Macroprudential Policies	MCM
2022	Cybersecurity	MCM
2022	Debt management strategy	MCM

Institute for Capacity Development (ICD)

ICD launched in 2021 a multi-year macroeconomic frameworks TA project with the Bank of Namibia to improve economic analysis and forecasting capabilities, streamline the decision-making process, and strengthen the monetary policy communication strategy. So far, TA delivery has focused on macroeconomic forecasting capacity, including nowcasting, and monetary, exchange rate, and capital account policies.

Year	Purpose	Department
2025	Monetary, Exchange Rate, and Capital Account Policies - FPAS	ICD
2024	Monetary, Exchange Rate, and Capital Account Policies - FPAS	ICD
2023	Mission on Enhancing the Macroeconomic Framework at the Bank of Namibia	ICD
2023	Macroeconomic Frameworks TA – Building a Quarterly Projection Model (QPM)	ICD
2022	Macroeconomic Frameworks TA – Near-term Forecasting of Inflation and Nowcasting of GDP	ICD
2021	Macroeconomic Frameworks TA – Scoping and Action Plan	ICD

Statistics Department (STA)

STA TA has focused on enhancing the quality of sectoral macroeconomic statistics as well as updating the consumer price index (CPI), rebasing the National Accounts statistics, developing the producer price index (PPI), Financial Soundness Indicators (FSI), and supporting Namibia’s progress in the implementation of the international statistical standards.

Year	Purpose	Department
2026	Real Sector - National Accounts - Rebasing	STA
2025	Government Finance Statistics	STA
2025	Real Sector - National Accounts	STA
2024	External Sector Statistics	STA
2024	Real Sector - National Accounts Statistics - Rebasing	STA
2024	Development of Monthly Indicators of Economic Growth (MIEG)	STA
2024	Producer Price Index (PPI) Mission	STA
2024	External Sector Statistics - BOP and IIP	STA
2024	National Accounts Statistics - Oil industry compilation practices	STA
2023	Government Finance Statistics	STA
2023	Balance of Payments Statistics	STA
2023	National Accounts Real Sector	STA
2022	Development of PPI	STA
2022	National Accounts Real Sector	STA
2022	Government Finance Statistics	STA
2022	Balance of Payments Statistics	STA
2021	National Accounts Real Sector	STA
2021	Development of PPI	STA
2020	Real Sector - Prices	STA

Legal Department (LEG)

LEG has provided TA in 2023–24, focusing on strengthening of the legal framework for the AML/CFT architecture and implementing FATF Action Plan, and operationalization of the bank resolution framework to strengthen financial crisis management.

Year	Purpose	Department
2024	AML/CFT	LEG
2023	AML/CFT	LEG
2023	Financial and Fiscal Law Reform	LEG

RELATIONS WITH OTHER INTERNATIONAL FINANCIAL INSTITUTIONS

- World Bank: https://www.worldbank.org/en/country/namibia
- African Development Bank: https://www.afdb.org/en/countries/southern-africa/namibia
- Regional Technical Assistance Center for Southern Africa: https://www.southafritac.org