



TECHNICAL ASSISTANCE REPORT

NAMIBIA

Public Investment Management Assessment – PIMA and Climate PIMA

AUGUST 2025

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Abbreviations and Acronyms

CPBN	Central Procurement Board of Namibia
CRAN	Communications Regulatory Authority of Ghana
C-PIMA	Climate - Public Investment Management Assessment
EBE	Extra Budgetary Entity
ECB	Electricity Control Board
EIF	Environment Investment Fund
EMEs	Emerging Market Economies
FAD	Fiscal Affairs Department
GDP	Gross Domestic Product
GHGs	Greenhouse Gases
HPP	Harambee Prosperity Plan
IFMIS	Integrated Financial Management Information System
IFRS	International Financial Reporting Standards
IMF	International Monetary Fund
IPSAS	International Public Sector Accounting Standards
LA	Local Authority
MEFT	Ministry of Environment, Forestry and Tourism
MFPE	Ministry of Finance and Public Enterprises
MICT	Ministry of Information and Communications Technology
MTEF	Medium-Term Expenditure Framework
MTFF	Medium-Term Fiscal Framework
MURD	Ministry of Urban and Rural Development
NDC	Nationally Determined Contribution
NDP	National Development Plan
NPC	National Planning Commission
OMAs	Offices, Ministries and Agencies
PC	Public Corporation
PIF	Project Identification Form
PIM	Public Investment Management
PFM	Public Finance Management
PPP	Public Private Partnership
PIMA	Public Investment Management Assessment
SACU	Southern African Custom Union
SNG	Sub National Government
SSA	Sub-Saharan Africa
SOE	State Owned Enterprise

Preface

At the request of the Ministry of Finance and Public Enterprises (MFPE) of Namibia, a team from the IMF's Fiscal Affairs Department (FAD), with participation from the World Bank, undertook a combined Public Investment Management Assessment (PIMA) and Climate PIMA (C-PIMA) during the period from April 23–May 7, 2024. The mission team was led by Ed Hearne and comprised Robert Clifton and Fazeer Rahim (FAD), June Nyakahuma and Ken Cleary (FAD short term experts), Hajime Takizawa (African Department) and Dumisani Ngwenya (World Bank). The team was supported by Jeffrey Lam (FAD). Knut Leipold and George Daniel from the World Bank participated in the assessment of procurement of public investment.

In the MFPE the assessment team met with Minister Iipumbu Shiimi as well as officials from departments and directorates of Economic Policy and Advisory Services, Mr. Festus Nghifwenwa; Public Enterprises, Ms. Louise Shixwameni; Public Procurement Unit, Mr. Phineas Nsundano; Budget Management and Control, Ms. Taina Nankela; Assets, Cash and Debt Management, Mr. Marten Ashikoto; Public Private Partnerships Unit, Ms. Rauna Mukumangeni; The team also met with the Central Procurement Board of Namibia including Mr. Amon Ngavetene.

In the National Planning Commission, the team met with the officials from the directorates of Monitoring & Evaluation, Ms. Martha Ben; and Regional and Sectoral Planning and Policy Coordination, Ms. Elizabeth Hendjala.

The assessment team also met with officials from the following Offices, Ministries and Agencies: Ministries of Works and Transport, Energy and Mines, Urban and Rural Development, and Environment, Forestry and Tourism, Communications Regulatory Authority of Namibia, Electricity Control Board, NAMCOR, NAMPOWER, Environmental Investment Fund, Green Hydrogen Program, Office of the Prime Minister (Disaster Risk), Office of the President (Administration Directorate), and the City of Windhoek.

The assessment team also met the Auditor General, Mr. Junias Kandjeke and the senior management team.

Outside of Government, the team met with representatives of the Construction Industry Federation. The team also met with development partners involved in public financial management including UNICEF, KfW, GIZ and the Embassy of Germany.

The team would like to thank the Government of Namibia for their cooperation and their participation in constructive discussions during the mission, and especially Ms. Helvi Fillipus and Ms. Hileni Shifotoka for coordinating the team's activities and requests.

Executive Summary

Infrastructure investment to address critical gaps and support economic growth is a policy priority for Namibia. The country's fifth National Development Plan (NDP), which was extended to run until 2025, highlights priority investment such as expanding electricity transmission and distribution infrastructure to support rural electrification; constructing and upgrading water infrastructure to improve access to safe drinking water; upgrading transport infrastructure including road, rail and port to improve connectivity; and enhancing ICT infrastructure. The most recent Development Budget renews this ambition over the medium term and sets an increasing trajectory of capital spending, envisaging that the 2026/27 budget allocation will be 80 percent higher than the budget for 2023/24.

Despite this policy commitment, the constrained fiscal environment in recent years has contributed to a decrease in public investment and capital stock. Namibia's composition of total public spending has shifted toward current expenditure, reducing funding available for public investment. Average capital expenditure stood at 15 percent of total expenditure during the first half of the 2010s. The share of total expenditure accounted for by capital averaged just 7½ percent during the six-year period to 2023.

Namibia has higher measured access to roads and air transport than peers, but lags on rail, electricity, education, and health infrastructure. A network of high-grade road connections links the key population centers, resulting in considerably higher road access than both Emerging Market Economies (EME) and Sub-Saharan Africa (SSA). Water infrastructure is broadly in line with peers, and higher in terms of access to clean water. On the other hand, electricity production per capita and the rate of electrification are much lower than the EME average, though broadly in line with SSA. The density of the rail network also lags peers and there is a mixed picture on health and education infrastructure.

The Public Investment Management Assessment (PIMA) finds the strength of Namibia's institutions is broadly in line with comparators. Most institutions are rated as medium, both for design and effectiveness (Figure 1 and Table 1). The results of the diagnostic show that performance is generally at the level of other Emerging Market Economies (EMEs), and is above the Sub-Saharan African average, particularly on effectiveness. On average, Namibia scores marginally higher for design of its public investment institutions rather than their effectiveness. This pattern—observed in many countries—holds across all three phases of the assessment framework, underscoring the challenge in implementing good practices set out in laws, policies, regulations and guidelines. Scores for the Implementation Phase are higher on average than for Planning and Allocation. From a design perspective, this reflects comparative strengths in documented practices for procurement, availability of funding, portfolio reporting and asset management. As with other phases however, effectiveness in these areas lags design.

The rate of execution of the Development Budget is a persistent challenge. Causes for this are found at each phase of the investment lifecycle. At the planning phase, the capital development budget is being substantially increased despite variable rates of execution in recent years. Delivering on the medium-term capital budget would require actual investment by Offices, Ministries and Agencies (OMAs) to more than double in a four-year period. Many SOEs have similarly ambitious plans to ramp up spending. Weak arrangements for project appraisal contribute to unrealistic delivery schedules and

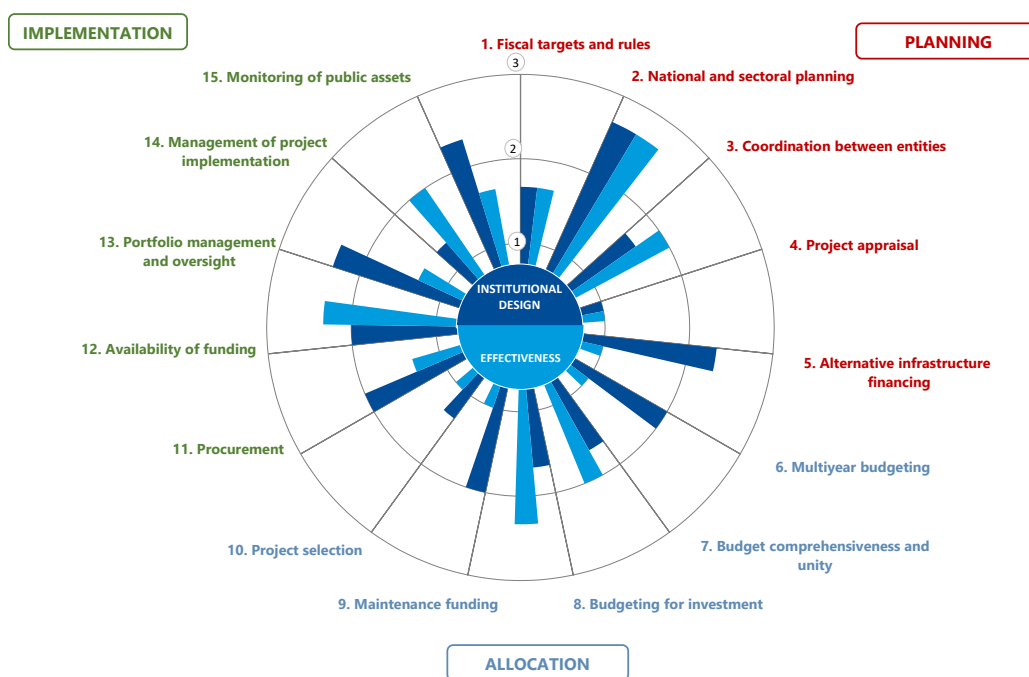
incomplete assessment of project risk that threaten timely implementation. Imprecise and incomplete preparation of tender documents results in delays in contracting as procuring entities are required to revise specifications and resubmit to the Central Procurement Board. The absence of framework procurement means that opportunities for administrative efficiencies are foregone. There are gaps in investment delivery including weak arrangements for project governance. While there are requirements for monitoring projects during delivery and a program of site visits to track construction, this information is not used in a systematic or active way to help accelerate delivery. Targeted reforms across the planning, allocation and implementation phases can make project plans more reliable, assist in managing and mitigating risk of schedule delay and harness opportunities for efficiencies in delivery (Table 3).

There are weaknesses in project preparation, appraisal, and selection. Practices for project appraisal are not sufficient to assess the costs and benefits of investment projects, risking investment in lower quality proposals. Weak project preparation means that risks that become manifest in implementation are not adequately identified, mitigated, and managed, contributing to problems during project delivery including cost overrun. The dual approach to project origination and approval, in particular the “top-down” proposal of projects from cabinet ministers, undermines the capacity of National Planning Commission to provide robust project challenge, further jeopardizing the quality of projects that are selected. The absence of robust processes for project selection presents a risk that the best projects are not prioritized. Introducing standard procedures for project appraisal and assurance and a unified approach to project selection can improve the quality of projects to be funded and support more reliable budgeting and efficient implementation. Addressing these issues can support Namibia in attaining higher impact from its existing public investment program and yield longer-term benefits in delivering the supporting infrastructure required to capitalize on emerging industries such as green hydrogen.

Namibia is at an early stage in incorporating climate-sensitivity into public investment management and has a clear opportunity to get this right. In line with comparator countries, the climate PIMA scores Namibia as low across most institutions (Figure 2 and Table 2). Risk Management is an exception, driven by strengths in ex-ante financing mechanisms and progress in climate-related Fiscal Risk Analysis. The C-PIMA finds that National and Sectoral investment planning is not integrated with climate goals at present and this should be addressed in future plans. In reforming project appraisal and selection, the National Planning Commission should work with the Ministry of Environment, Forestry and Tourism to ensure climate change-relevant analysis is required for investment proposals. Similarly, there are gaps in how capital spending related to climate change is identified, tracked, and reported in the budget and forthcoming initiatives on budget tagging should address this.

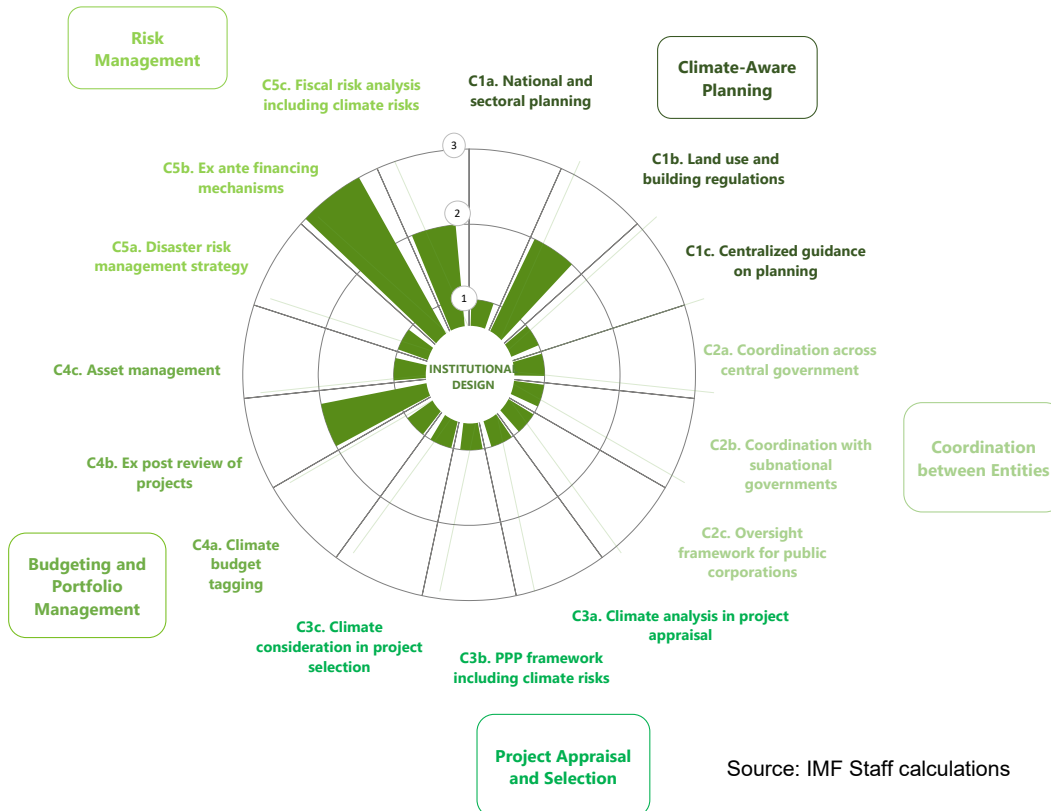
A number of cross-cutting measures can also improve public investment management. The planned Public Financial Management Act can improve the legal framework for public investment management. This should be accompanied by updated Guidelines for Capital Project Preparation and Submission that could give effect to many of the recommendations herein. Expanded IT systems—in particular for procurement—can also help support efficiency and transparency. While a number of areas could benefit from enhanced staff capacity, resources should be prioritized to areas of highest impact. These include project preparation, procurement, and climate-sensitive public investment management.

Figure 1. Namibia PIMA: Institutional Design and Effectiveness



Source: IMF Staff calculations

Figure 2. Namibia C-PIMA: Institutional Design



Source: IMF Staff calculations

Table 1. PIMA Summary Assessment for Namibia

Phase/Institution			Institutional Strength	Effectiveness	Reform priority
A. Planning	1	Fiscal targets and rules	MEDIUM: There are no formal fiscal rules, but there are targets for fiscal sustainability within a three-year framework.	LOW: Over the past decade, fiscal targets have been consistently missed	Medium
	2	National and sectoral planning	HIGH: Public investment planning is guided by the development goals and objectives set out in the national and sectoral strategies.	HIGH: Most projects are in the plan, performance data is actively used, although there are some differences in project cost estimates.	Low
	3	Coordination between entities	MEDIUM: There is a framework for central-local coordination, but no rules-based system for transfers for or comprehensive disclosure of contingent liabilities.	MEDIUM: There is active coordination in practice and information on guarantees to SOEs is published but regional governments lack early visibility of allocations.	Medium
	4	Project appraisal	LOW: Projects are not required to be appraised and there is no methodology or central support provided.	LOW: Few major projects are appraised and there is no evidence that appraisals include assessment of project risk.	High
	5	Alternative infrastructure financing	MEDIUM: There is a supportive regulatory framework for alternative finance through competition, PPPs, and PC's investment plans.	LOW: Market competition is low, there have been no formal PPPs executed, and PC investment plans are not systematically reviewed.	Medium
B. Allocation	6	Multi-year budgeting	MEDIUM: There are three-year capital ceilings, shown by ministry but the total cost of major projects is not published.	LOW: Budgeted amounts deviate significantly from ceilings, and there is no disclosure of project cost changes.	High
	7	Budget comprehensive-ness and unity	MEDIUM: External funding is in the budget, but EBE investment is not; capital and recurrent budgets are presented together.	MEDIUM: Consolidated presentation helps ensure budget unity, but EBEs finance a large share of investment outside the budget.	High
	8	Budgeting for investment	MEDIUM: Capital spending is appropriated annually, in-year transfers of capital require approval, and ongoing projects are prioritized.	MEDIUM: The budget discloses total costs for some major projects, virements are low and OMAs funding for ongoing projects is provided.	Medium
	9	Maintenance funding	MEDIUM: Standard methodologies exist for estimating routine and capital maintenance needs and are reflected in budgets in some sectors; however, this is not the practice for central government.	LOW: Spending for routine and capital maintenance needs are typically not reflected in investment plans and budget documents only partially identify maintenance allocations for OMAs.	High
	10	Project selection	LOW: There are provisions for review by NPC, but selection criteria are general and there is no pipeline of appraised projects.	LOW: Review of projects is high-level; projects are not selected from a pipeline or according to set criteria.	High
C. Implementation	11	Procurement	MEDIUM: Open, bidding is the default for procurement, there is a complaints review process, but no database to monitor the system.	LOW: There is high usage of direct selection, no effective monitoring of procurement and some delays in the complaints review process.	High
	12	Availability of funding	MEDIUM: There are processes for cash flow forecasting, and a legal requirement for making timely payments to suppliers but no arrangements for holding external financing at the central bank.	MEDIUM: Cash flow forecasts are generally reliable, payments by development partners are certified in advance by MFPE but data on timeliness of payments to suppliers is missing.	Medium
	13	Portfolio management and oversight	MEDIUM: There is a requirement to monitor major projects during implementation and to evaluate on completion and arrangements for re-allocation between projects.	LOW: Data on portfolio performance is limited, little evidence of projects being accelerated due to reallocation and ex-post reviews are not conducted.	High
	14	Management of implementation	LOW: There are no standard arrangements for project management or project adjustment but there are provisions audit.	MEDIUM: Project governance arrangements are not in place prior to approval but there is project adjustment and frequent audits.	Medium
	15	Monitoring of public assets	MEDIUM: Fixed asset registers are required by law, for central government fixed assets are recorded in financial statements but there is no requirement for revaluation or recording depreciation, asset monitoring requirements differ for EBEs, PCs and LAs.	MEDIUM: There is no centralized register of fixed assets, fixed assets are recorded in the accounts but valued at original cost and depreciation is not applied to fixed assets for central government. Practice is more robust for EBEs, PCs and LAs	Medium

Table 2. C-PIMA Summary Assessment for Namibia

Phase/Institution			Institutional Strength	Reform priority
PIMA Climate Change	C1	Climate-aware planning	LOW: National investment policy and central guidance are not explicitly aligned to climate goals but spatial plans and building codes incorporate climate considerations.	Medium
	C2	Coordination between entities	LOW: There is no lead agency for coordinating climate change decisions within central government; coordination and oversight with local governments and public enterprises are weak in this area.	Medium
	C3	Project appraisal and selection	LOW: Project appraisal and selection do not include climate aspects and climate risks are not factored into PPP contracts.	High
	C4	Budgeting and portfolio management	LOW: There is no central tagging of climate-related investments in the budget, and maintenance and asset management policies do not consider climate change. Ex-post audits of climate change outcomes have been conducted for some public investments.	High
	C5	Risk management	MEDIUM: Contingency funds are in place, and a qualitative assessment of climate change risk is included in the fiscal risk statement, but the national disaster risk strategy does not identify climate change risks to public infrastructure.	Medium

Recommendations

Table 3. Summary PIMA and C-PIMA Recommendations

#	Recommendation	Priority
Recommendations on Planning Phase		
1	Overhaul the approach to project appraisal and selection by establishing a standard methodology for capital project appraisal (incorporating climate considerations), mandating its use for investment proposals, unifying the twin track project preparation process, bolstering project selection, and establishing capacity for project appraisal and assurance.	High
2	Introduce reporting requirements to MFPE on contingent liabilities relating to PPPs, SOEs and SNGs and strengthen capacity at the Public Enterprise Department in MFPE for monitoring SOE performance and risks, including from infrastructure projects.	Medium
3	Support alternative finance in the provision of public infrastructure through (i) reforming telecommunications and water sector regulation, (iii) clarifying the role of Public Corporations in contestable markets (ii) evaluating the PPP framework to inform better PPP processes.	Medium
Recommendations on Allocation Phase		
4	Require more comprehensive and detailed reporting requirements in the MTEF including reconciliation of changes in capital expenditure from one year to the next; identification of resources available for new projects vs for ongoing projects; and disclosing total project costs and EBE capital spending on major projects.	Medium
5	Develop an enhanced project selection process with formal review of projects by NPC, clear selection criteria (incorporating climate change) and a formal link to the budget.	High
Recommendations on Implementation Phase		
6	Improve the operation of public procurement through application of requirements for competitive bidding, use of framework procurement and improvement of capacity of public officials.	High
7	Improve project and portfolio management by issuing standard project management procedures, consolidating portfolio reporting, and establishing active portfolio monitoring processes.	Low
8	Develop general and sector-specific guidance to strengthen fixed asset management and reporting practices.	Medium
Recommendations on Climate-Sensitive Public Investment Management		
9	Ensure full alignment with climate change mitigation and adaptation objectives in formulating the 6th National Development Plan.	High
10	Develop guidelines for OMAs on how climate targets can be incorporated into sectoral investment plans.	Medium
C1	Incorporate climate considerations into proposed project appraisal methodology (see Recommendation 1 above)	High
C5	Incorporate climate considerations into proposed project selection process (see Recommendation 5 above)	High

I. Public Investment in Namibia

A. Public Investment, Capital Stock and Fiscal Policy

1. Investment in infrastructure to address critical deficits is an important part of Namibia's development strategy. The current National Development Plan (NDP5)¹ is Namibia's medium-term investment strategy to support Vision 2030—the country's long-term growth plan. NDP5 marked an increase in investment in infrastructure development as a critical pillar in supporting economic transformation.² Key areas of focus include: expanding electricity transmission and distribution infrastructure to support rural electrification; constructing and upgrading water infrastructure to improve access to safe drinking water and supporting industry; upgrading transport infrastructure including road, rail and port to improve connectivity; and upgrading ICT infrastructure.³ Funding for these sectors, together with investment in education and health projects and programs is set out in the medium-term expenditure framework (MTEF) which envisages a 50 percent increase in capital spending from 2023/24 to 2024/25.⁴

2. Namibia's public investment has fluctuated against the backdrop of economic shocks. Spending on infrastructure has been procyclical: it was increased during the recovery following the 2008 global financial crisis and remained elevated during the subsequent economic expansion which was driven by a commodities super-cycle. Public investment declined sharply as the commodities boom ended in the mid-2010s and has remained low in recent years as the economy was adversely affected by the COVID-19 pandemic. The public investment-to-GDP ratio for Namibia was broadly in line with the average for emerging market economies (EMEs), Sub-Saharan Africa countries (SSA) and regional comparator countries (Angola, Botswana, Ghana, Kenya, Mozambique, Nigeria, South Africa, and Tanzania) in much of 2000s and the first half of 2010s but declined relative to the comparator group in the second half of 2010s (Figure 3).

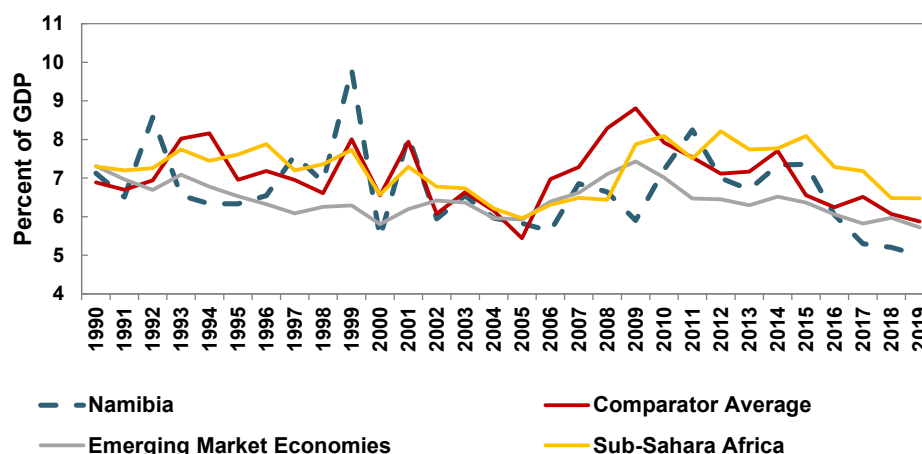
¹ Government of Namibia (2017) [Namibia's 5th National Development Plan – 2017/18 – 2021/22](#). NDP5 was extended to run to 2025. It is supported by the Harambee Prosperity Plan II 2021–2025 which focuses on select high-priority projects to be accelerated. Management of the Plan is overseen by a unit within the Office of {Prime Minister}.

² The National Planning Commission (NPC) currently is undertaking its new development planning process for the 6th National Development Plan (NDP6) that covers the period 2025–31.

³ While not integrated with NDP, Namibia's Harambee Prosperity Plan II 2021–2025, which comprises targeted projects led by Office of Prime Minister, also views infrastructure development as a catalyst for economic growth, rural development, and social progress.

⁴ National Planning Commission (2024) *Development Programs – Medium Term Expenditure Framework 2024/25 – 2026/27*.

Figure 3. Public Investment in Namibia and Comparators, 1990–2020



Source: IMF Capital Stock Database

3. Estimated public capital stock in Namibia has been on a declining trend and the gap with comparator countries has widened over time. The public capital stock-to-GDP ratio for Namibia is estimated to have been high in 1990 compared to the average of EMEs and SSA and on a par with regional comparator average. The estimates for Namibia and other country groups declined steadily between 1990 and 2010.⁵ While other country groups reversed this decline during the 2010s, Namibia's capital stock continued to decline. As a result, the capital stock-to-GDP ratio is well below the average of SSA, EMEs and regional comparators in 2019 (Figure 4). In per capita terms, however, the country's public capital stock is still relatively high (Figure 5).

Figure 4. Public Capital Stock

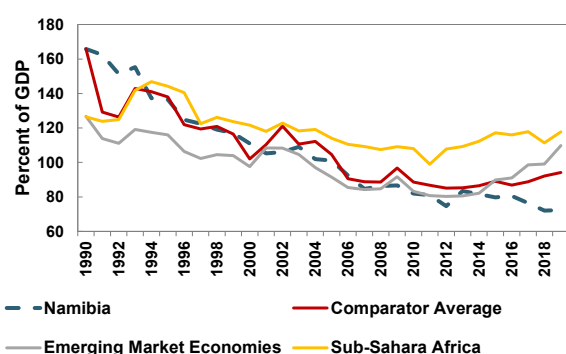
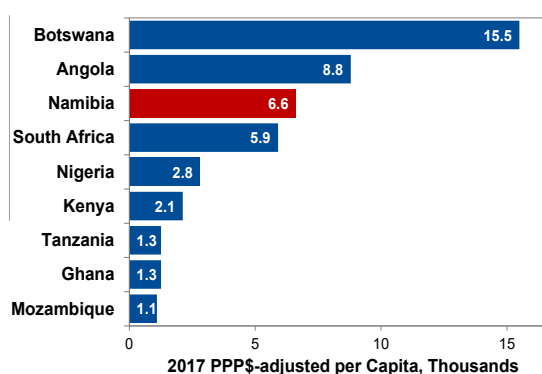


Figure 5. Public Capital Stock per capita



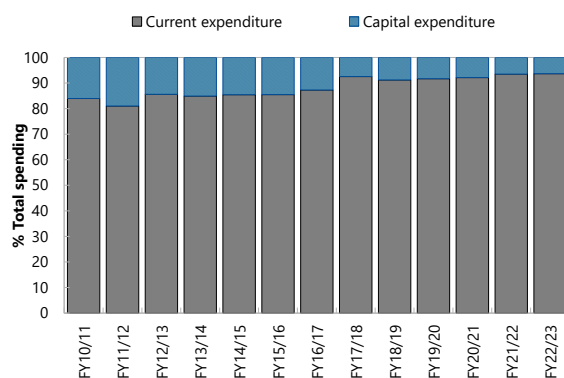
Source: IMF Public Capital Stock Database

⁵ Capital stock in the database is estimated using the perpetual inventory method. Estimated capital stock are expected to converge to levels that are implied by investment flows and depreciation rates.

4. The constrained fiscal environment in recent years has contributed to the decline in public investment and entailed a fall in capital stock. The fiscal deficit widened in the aftermath of the 2008 global financial crisis, the end of the commodities super-cycle in mid-2010s, and more recently, the COVID-19 pandemic. Government debt-to-GDP ratio remained well below 30 percent in the years to 2014, helped by robust economic growth. However, the economic expansion stalled in mid-2010s as the commodities boom ended, and debt rose sharply to 60 percent of GDP by 2019 despite fiscal consolidation efforts. The authorities have anchored their medium-term fiscal strategy on a gradual fiscal consolidation since 2020.

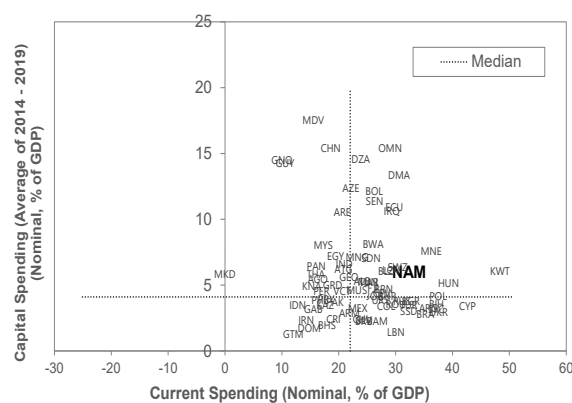
5. Namibia's composition of total expenditure has shifted toward current expenditures, putting further pressure on public investment. Average capital expenditures stood at 15 percent of total expenditures during the first half of the 2010s. The composition shifted markedly toward current expenditure when economic growth stalled, and the fiscal deficit widened again in the second half of 2010s as the commodities boom waned (Figure 6). The share of capital expenditure in total expenditure averaged just 7½ percent during the six-year period to 2023, as components of current expenditure such as wages and salaries were disproportionately protected. Compared to EMEs, Namibia's capital and particularly current expenditures measured as percent of GDP are above the median (Figure 7).

Figure 6. Namibia. Composition of Public Spending



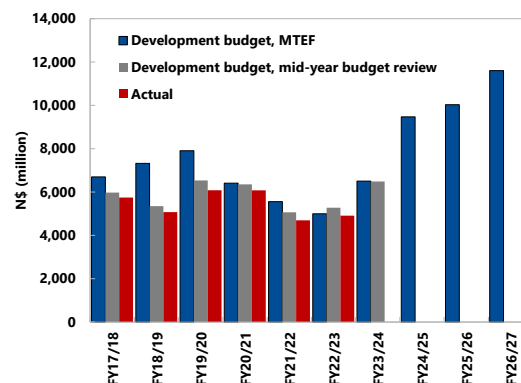
Source: Namibian Authorities, staff calculations

Figure 7. International comparisons of current and capital spending



6. Under-execution of the development budget is a persistent challenge. Development budget allocations were revised downwards in the context of mid-year budget review every year since FY2017/18 except in FY2022/23 (Figure 8). This generally entailed reallocation from the development to the operational budget. Despite the revisions, actual spending undershot by 4–7 percent compared to the revised ceilings. Repeated downward revisions and under-execution point to room for improvement in budget planning, project preparation, and investment implementation. Under-execution is observed across each of the main capital-spending ministries.

Figure 9. Development Budget and Actual Outturn



Source: MFPE data

7. Achieving the investment levels set out in the MTEF will require actual spending to double compared to the recent average. Over the last six years, the outturn of domestically funded development investment has averaged N\$5.4 billion and has been reasonably stable. This suggests a limited capacity of the public sector to deliver on infrastructure plans and budgets. Depleted capacity for project implementation in the private construction sector exacerbates this challenge.

B. Composition and financing of public investment

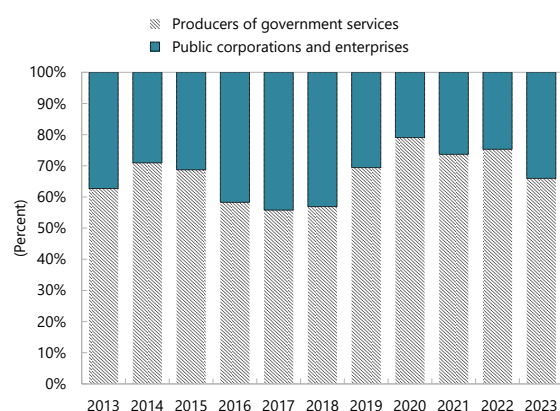
8. Budgetary central government funds capital expenditure at various levels of the public sector. Investment in non-financial assets through the development budget accounts for a large part of central government capital expenditure. The central government also finances capital expenditure of other general government units and public enterprises through grants and capital transfers.⁶ Regional governments are almost entirely funded by grants from central government, a 5 percent levy on property rates collected by local governments, and through provision of services such as utilities. Similarly, local governments activities are funded by grants from the central government and property rates. Externally funded infrastructure investment outside the budget has increased in recent years reflecting growing investment in water and transport infrastructure.

9. State-Owned Enterprises (SOEs) play an important role in infrastructure investment. National accounts data indicate that public corporations and enterprises accounted for between 20 and 45 percent of total public gross fixed capital formation over the decade to 2023 (Figure 9). Many key infrastructures, for example in the energy, transport and telecommunications sectors, have been built and maintained by commercial state-owned enterprises.

⁶ Namibia's government finance statistics covers only parts of the central government. Accounts of the extrabudgetary funds, which is part of the central government, as well as state governments (regional councils), local governments (municipalities and town/village councils), and public corporations are not consolidated with the accounts of the budgetary central government.

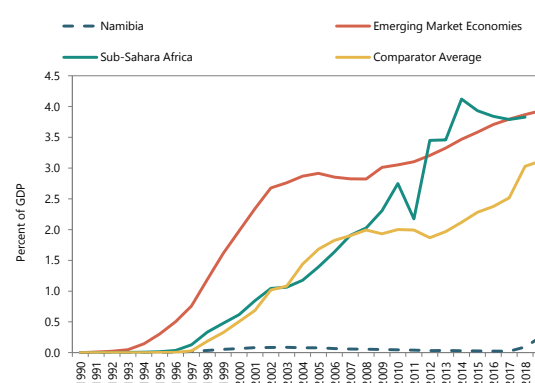
10. To date, Namibia has not made extensive use of Private Public Partnerships (PPPs) to procure public infrastructure.⁷ So far, experience in PPPs is limited to a few projects in the energy, water, and sewerage sectors, and to a lesser extent in housing. PPP capital stock in Namibia stands at about 0.3 percent of GDP (Figure 11). No PPP project has been procured at the central government level and the largest projects have been implemented by the energy sector. Looking to the future, a power generation PPP is at an advanced stage with the City of Windhoek. In addition, there are five projects under development in the PPP pipeline including in education, wastewater treatment and public housing.

Figure 10. Namibia: Public Gross Fixed Capital Formation by Type of Ownership



Sources: Namibian authorities; and IMF staff calculations. Figures include only the inside state revenue fund component of the development budget.

Figure 11. PPP Capital Stock



Sources: Namibian authorities; and IMF staff calculations.

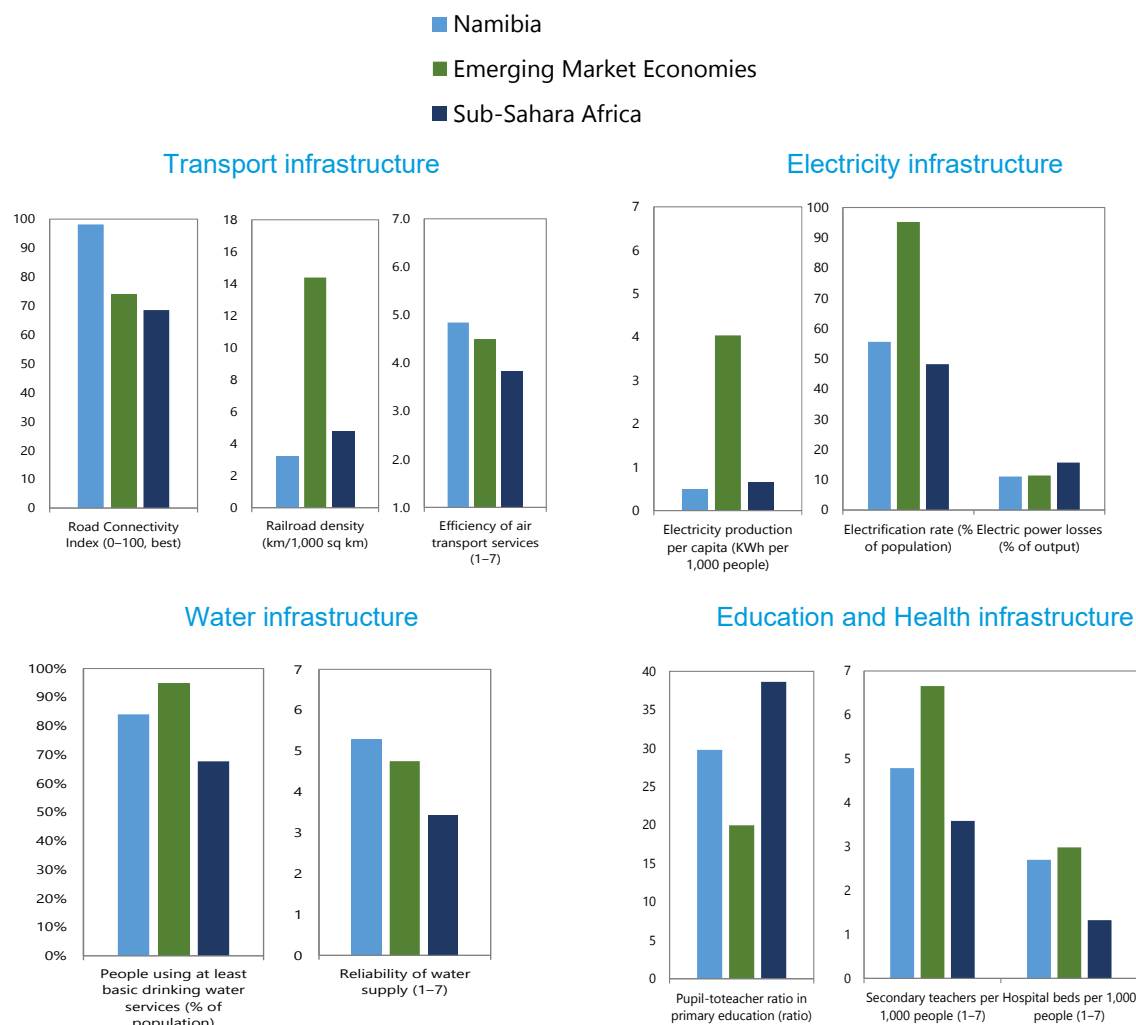
⁷ For details of Namibia's PPP framework, see *Namibia, Assessing and Managing Fiscal Risks from State-Entities and Public-Private Partnerships*, Technical Assistance Report, March 2018.

II. The Efficiency of Public Investment

11. Indicators of access to infrastructure and service delivery in Namibia paint a mixed picture (Figure 11). The indicators set out below are intended to measure the physical output of infrastructure. The country has higher measured access to roads and air transport than peers, but lags on rail, electricity and aspects of education and health. In particular:

- **Transport infrastructure:** Namibia boasts a very high road connectivity index. A network of high-grade road connections links the main population centers. Investment and maintenance of roads are financed by a combination of the central government budget and road user charges. The indicator of efficiency of air transport services is also high compared to EMEs and SSA. On the other hand, there are weaknesses in rail infrastructure. The network is maintained and operated by TransNamib, a state-owned company, and primarily offers freight services. Underinvestment over an extended period, coupled with inadequate maintenance, have resulted in a poor quality of railroad infrastructure. This has rendered services unreliable and uncompetitive.
- **Electricity infrastructure:** Namibia's electricity production capacity is well below the average of EMEs and SSA. Namibia has relied on imports of electricity from South Africa and Southern African Power Pool. There are also efforts to diversify into use of renewable energy Independent Power Producers and the approved Modified Single Buyer Market Model. The country's indicator of electrification is above the average of SSA but falls well short of the average of EMEs, notwithstanding ongoing programs to electrify rural areas. Namibia is the second most sparsely populated country in Africa, which means that rolling out network services on a universal basis is costly and can be unfeasible from a commercial perspective.
- **Water infrastructure:** Namibia performs relatively well in terms of access to basic drinking water services, well above the average of SSA and somewhat below the average of EMEs. The indicator of reliability of water supply is above the average of both SSA and EMEs. However, needs for investment to improve access to water and address aging infrastructure are high, as Namibia has experienced increased drought incidences, in part due to the climate change. An increasing urbanization within and around the capital, Windhoek, is a further challenge to adequate water supply.
- **Social infrastructure:** Namibia's indicator for health infrastructure is close to the average of EMEs and well above that of SSA. However, indicators for education infrastructure indicate that the country is behind the average of EMEs.

Figure 12. Namibia: Measures of Infrastructure Access, Comparison with Peers (Most Recent Year)

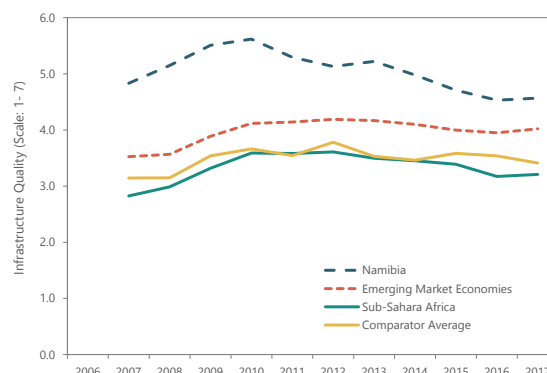


Sources: World Economic Forum, Global Competitiveness Index; and IMF staff calculations.

12. Despite these gaps, the perceived quality of infrastructure for Namibia is well above that for peers (Figure 12). However, the perceived quality index for Namibia deteriorated during the 2010s, approaching closer to the average of EMEs which remained stable over the same period. The extent of deterioration for Namibia also compares unfavorably to SSA and regional comparators.

13. The efficiency gap for physical output of infrastructure is large for Namibia.⁸ The measures of physical output and perceived quality of infrastructure for countries are used to develop respective indicators of efficiency, which measure output and quality for a given level of public capital stock.⁹ The efficiency gap for a country is the distance from the highest score of the indicator. The efficiency gap for physical infrastructure for Namibia is 32 percent (Figure 15). While the gap is comparable to the average of EMEs and is smaller than the average of SSA and regional comparators, there is significant scope to improve efficiency. On the other hand, Namibia is the most efficient country in terms of the quality as measured by perception.

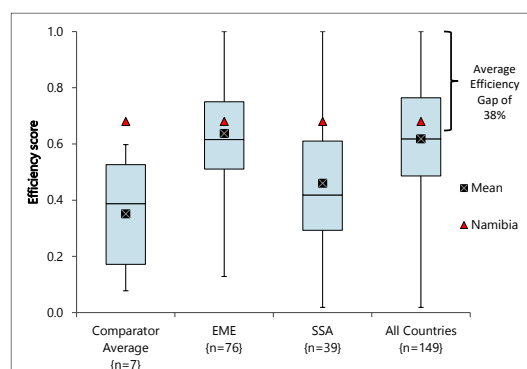
Figure 14. Perceived Quality of Infrastructure



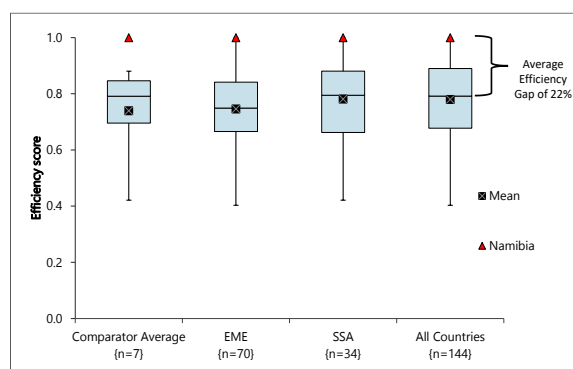
Sources: World Economic Forum, Global Competitiveness Index; and IMF staff calculations.

Figure 15. Public Investment Efficiency

(a) Efficiency Gap: Physical Infrastructure



(b) Efficiency Gap: Quality of Infrastructure



Sources: IMF Capital Stock Database.

14. Namibia has an ambitious plan to scale up infrastructure investment. The MTEF for FY2024/25–26/27 envisages a significant increase in capital expenditure in rail, electricity, water, and education. This list includes the sectors with the most acute deficits as highlighted by indicators for physical infrastructure output. A recent IMF study finds that, relative to EMEs, additional infrastructure spending required to achieve the UN Sustainable Development Goals is higher in Namibia while additional required social spending is lower.¹⁰ Strengthening public investment management will help improve the efficiency and can tackle the challenges in investment execution documented above.

⁸ For a fuller discussion of the efficiency gap concept, see IMF (2015) Making Public Investment More Efficient.

⁹ The physical indicator uses four sub-indicators in the World Economic Forum Competitiveness Report discussed above, namely: the number of secondary school teachers per 1000 people; electricity generation per capita; hospital beds per 1000 people; and percent of the population with access to basic drinking water services.

¹⁰ IMF (2023) *Namibia, Expenditures in 2030 to support the Sustainable Development Goals*.

III. Public Investment Management Institutions

A. The PIMA Framework

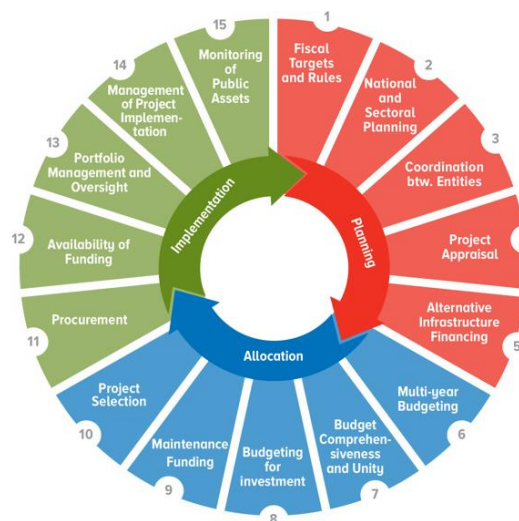
15. The IMF has developed the PIMA framework to assess the quality of the public investment management of a country. It identifies the strengths and weaknesses of institutions and is accompanied by practical recommendations to strengthen them and increase the efficiency of public investment. The tool evaluates 15 "institutions" involved in the three major stages of the public investment cycle (Figure 16). These are: (i) planning of investment levels for all public-sector entities to ensure sustainable levels of public investment; (ii) allocation of investments to appropriate sectors and projects, and (iii) delivering productive and durable public assets.

16. For each of these 15 institutions, three indicators are analyzed and scored according to a scale that determines whether the criterion is met in full, in part, or not met (see Annex 2 for the PIMA Questionnaire). Each dimension is scored on three aspects: institutional design, effectiveness, and reform priority:

- *Institutional design* refers to the objective facts indicating that appropriate organizations, policies, rules, and procedures are in place. The average score of the institutional design of three dimensions provides the score for the institution, which may be high, medium, or low.
- *Effectiveness* refers to the degree to which the intended purpose is being achieved or there is a clear useful impact. The average score of the effectiveness of the three dimensions provides the effectiveness score for the institution, which may be high, medium, or low.
- *Reform priority* refers to whether the issues contained within the institution are important to be improved in the specific conditions faced by Namibia.

The following sections provide a detailed assessment of Namibia according to this methodology.

Figure 16. PIMA Framework

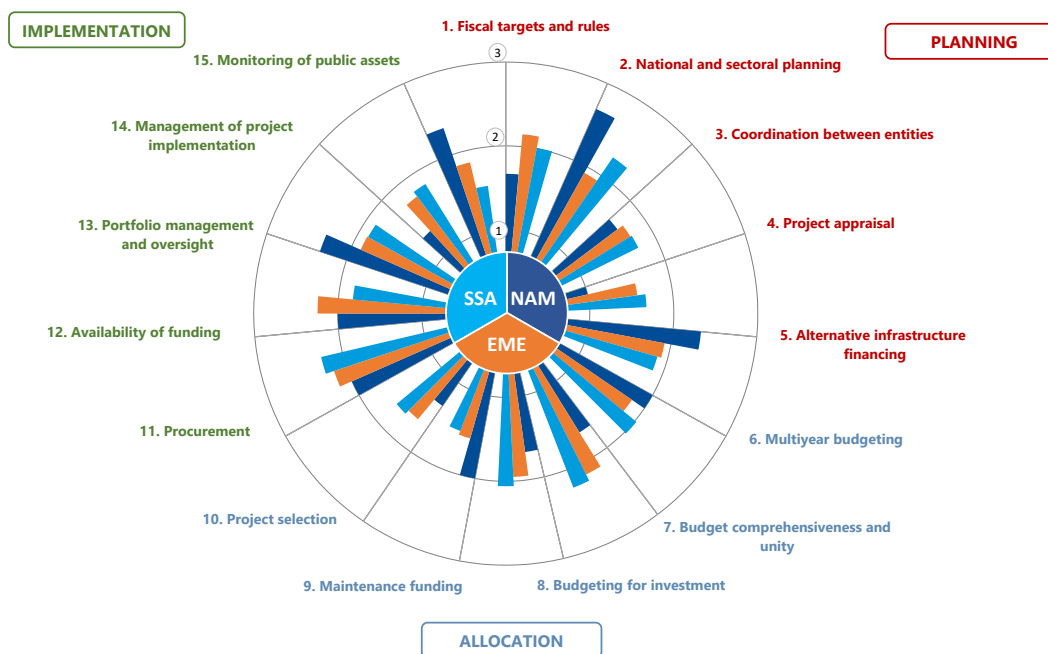


Source: IMF (2022) [Public Investment Management Assessment Handbook](#).

B. Overall Assessment

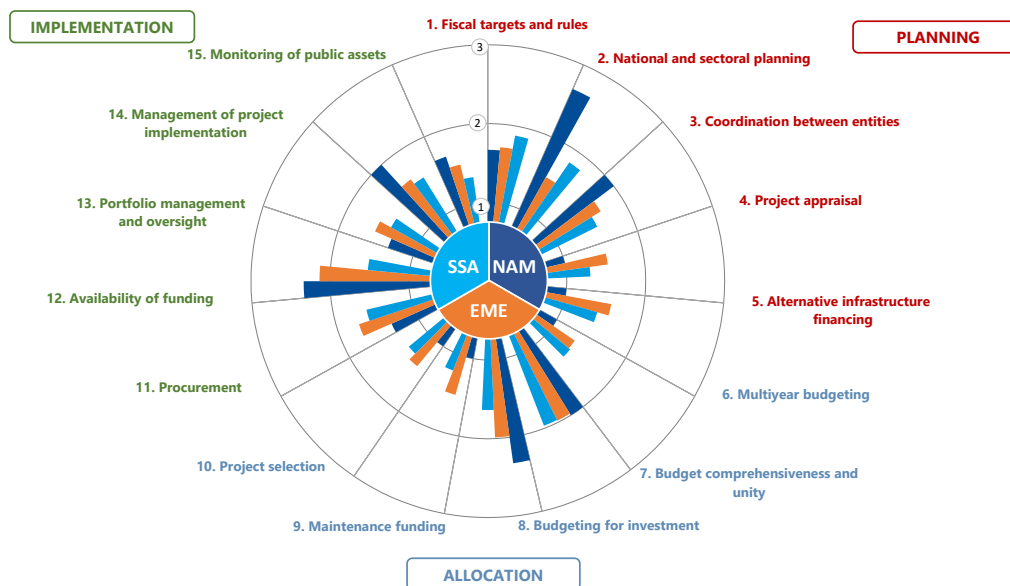
- 17. On average Namibia scores marginally higher for design rather than effectiveness.** This pattern—observed in many countries—holds across all three phases, underscoring the challenge in implementing good practices set out in laws, policies, regulations and guidelines.
- 18. Scores for the implementation phase are higher on average than for planning and allocation.** From a design perspective, this reflects comparative strengths in documented practices for procurement, availability of funding, portfolio reporting and asset management. As with other phases however, effectiveness lags design. Looking at institutions individually, one is rated high on design (National and Sectoral Planning), twelve are medium, and one is low (Project Appraisal). On effectiveness, National and Sectoral Planning remains high, but six are rated as low.
- 19. Namibia’s performance is broadly in line with other EMEs, and is ahead of the Sub-Saharan African average, particularly on effectiveness** (Figures 15 and 16). Comparative strengths in institutional effectiveness—relative to peers—include National and Sectoral Planning and Coordination between Entities. On the other hand, Project Appraisal and Project Selection are weaker than peers.
- 20. The scores reflect the current practices and frameworks in place in Namibia and do not reflect the planned reforms.** There are a range of initiatives underway in Namibia that are expected to have a positive impact on scores across various dimensions if implemented. These include preparations for formulating the sixth NDP, the enactment of a new PFM Bill, reforms to public procurement and the introduction of new IT systems. The findings of the PIMA and C-PIMA can inform the design and roll-out of these reforms.
- 21. The following sections of this chapter provide a detailed assessment of Namibia’s public investment management institutions.** The next three sections of this chapter present supporting evidence for these ratings in the areas of planning, allocation, and implementation. Chapter V explores cross-cutting issues across the PIMA and Climate-PIMA.

Figure 17. Namibia. Design of Public Investment Management Institutions



Source: IMF Staff calculations. Note SSA is Sub-Saharan Africa and EME is Emerging Market Economy.

Figure 18. Effectiveness of Public Investment Management Institutions



Source: IMF Staff calculations. Note SSA is Sub-Saharan Africa and EME is Emerging Market Economy.

C. Investment Planning

1. Fiscal Targets and Rules (Strength—Medium; Effectiveness—Low; Reform Priority—Medium)

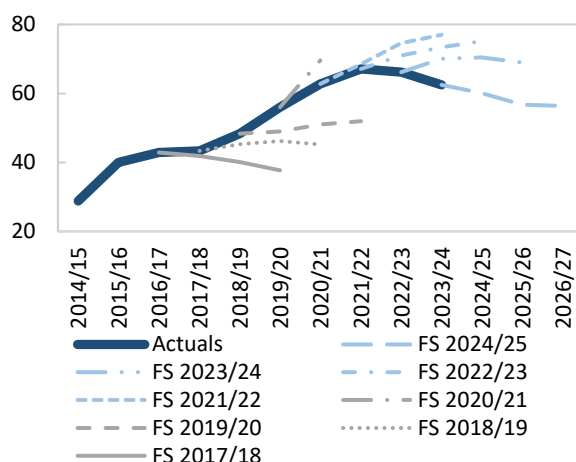
22. Clear objectives guiding fiscal policy are essential for managing public investment effectively. By setting specific ceilings or targets on key fiscal aggregates, a well-designed rules-based fiscal framework can enhance investment planning and budgeting over the medium term, while supporting efficient implementation. Rules that foster fiscal discipline and support the creation of fiscal buffers can protect public investment during downturns and curb excessive expansion during booms.

23. While Namibia does not have formal fiscal rules, the government sets debt targets and commits to fiscal sustainability within a three-year fiscal framework. A core objective has been to generate sufficiently large primary surpluses to set debt on a declining trajectory over the medium term, as outlined in successive fiscal strategy documents and the rolling three-year medium term expenditure framework (MTEF). Another goal is to reduce borrowing costs to less than 10 percent of revenue by 2025, a target stipulated in the current debt management strategy. Additionally, there is a non-legislated spending ceiling set at 33 percent of GDP. These fiscal targets are supported by mechanisms such as a sinking fund and the recently established Welwitschia Fund, a sovereign wealth fund. The sinking fund receives an annual discretionary amount of Southern African Custom Union (SACU) revenue to assist in future bond redemptions and reduce borrowing costs. The Welwitschia Fund aims to collect windfall revenues from privatization and natural resources to serve both as fiscal and official reserve buffers. The fiscal framework is underpinned by a draft (unpublished) fiscal strategy formulated in October each year, which begins the budget process with three-year projections on key fiscal aggregates, including recurrent and capital expenditure. However, it does not specify space available for new projects. These projections, updated annually in February and published in the final fiscal strategy document, determine medium term budget allocations.

Over the past decade, fiscal targets have been consistently missed, although a well-structured MTEF kickstarts the budget process. Up until 2015, the country enjoyed strong economic growth, fueled by booms in the mining and construction sectors. However, a subsequent slowdown in these sectors, coupled with reduced revenues from the Southern African Customs Union (SACU), led to a sharp increase in public debt, with a marginal improvement more recently (Figure 19). This fiscal pressure further intensified by difficulties in reducing spending, particularly on wages. By 2020, public debt had doubled as a percent of GDP compared to 2015, continuing to escalate owing to the government's response to the COVID-19 pandemic. Throughout the last decade, development spending has often been the main casualty of several attempts to consolidate, particularly when revenues failed to meet projections (Figure 20). There is a well-formulated MTEF set out in the draft fiscal strategy and the final approved budget for development is generally close to this envelope. There are however significant

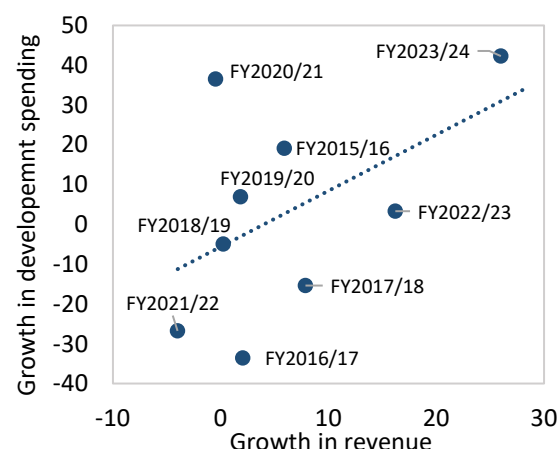
changes to the MTEF from one year to the next, as discussed in Institution 6, due to changes in resource availability and shifting priorities.

Figure 19. Namibia: Debt to GDP, actuals vs. medium term projections
(in percent of GDP)



Source: MFPE Fiscal Strategy Documents.

Figure 20. Namibia: Development spending and fiscal revenue
(percentage change from previous year)



Source : MFPE Budget Execution documents

25. Enhancing the mechanism for better compliance to fiscal objectives in Namibia is medium priority. Empirical evidence supports the view that a rules-based fiscal framework reduces the deficit bias inherent in fiscal policymaking and protects the budget, especially for development, against volatile revenue. The preparation of the Public Financial Management Bill provides a clear opportunity to bolster these mechanisms. A new government could be mandated to set numerical objectives in a Fiscal Strategy Statement at the start of its term, periodically report to the National Assembly on its adherence to these objectives and propose corrective mechanisms in cases of non-compliance. Furthermore, it could also require explaining deviations of the budget from outer-year ceilings to strengthen the MTEF as a tool for the medium term. Over the longer term, as Namibia prepares to become a major oil and green hydrogen producer, greater focus should be placed on further shielding the budget from volatile resource revenue (e.g., by targeting a non-resource fiscal balance) and on designing the governance and inflow-outflow rules of WF for effective macroeconomic management.

2. National and Sectoral plans (Strength—High; Effectiveness—High; Reform Priority—Low)

26. Public investment should be framed by a strategic plan, incorporating realistic cost estimates and including measurable indicators to track progress and impact. Investment strategies and plans should be published and incorporate all major public investment projects, irrespective of financing source. National plans should set the overall objectives and be supported by sectoral strategies that align with the overall goals. Plans should detail the critical major infrastructure projects to be pursued and include cost estimates, consistent with an overall financial constraint. To guide policy monitoring and

evaluation, plans should include clear targets for outputs and outcomes to be realized from public investment.

27. There are comprehensive national and sectoral public investment plans in Namibia with costed projects and targets for desired outputs and outcomes. Public investment planning occurs within the national planning framework, and NDP5 is the current strategy designed to deliver Namibia's long-term Vision 2030.¹¹ NDP5 is organized around four interconnected pillars: economic progression, social transformation, environmental sustainability, and good governance, each with specific desired outcomes and key strategies to achieve these outcomes. The NDP5 Implementation Plan further details the programs and projects to address the identified challenges, including those to be implemented under the Harambee Prosperity Plan II (HPPII, see Box 1 Indicative annual cost estimates (excluding funding sources), as well as output and outcome targets are set out.¹² The Implementation Plan cascades into the five-year strategic plans, and annual plans of OMAs which guide annual budget preparation through the MTEF. NDP5 was originally set for 2017/2018–2021/2022, but it was extended to 2024/25 to enable completion of strategic programs and projects and align with the period of HPPII.

28. Projects included in the budget are largely in line with plans, have broadly consistent cost estimates, and performance indicators are actively used. Most of the projects in the development budget book are described in national or sectoral plans. Cost estimates in some sector plans exhibit inconsistencies with the planned expenditure for the same period, primarily due to timing. However, a review of major projects within the road sector reveals that alignment between cost estimates in the annual sectoral plan (2023/24) and the approved budget for the same period improved significantly.¹³ Performance data, including targets for output and outcomes, are extensively utilized for managing most projects and for assessing the performance of the NDP. According to the NDP5 review report, the plan performed at 58 percent against set targets, which led to its extension until 2025.

Government of Namibia (2017) [Namibia's 5th National Development Plan – 2017/18 – 2021/22](#)

¹² The plan has a total of 80 programs and 178 projects, estimated at N\$164 billion over the period. [Namibia's NDP5 Implementation Plan 2017/18-2021/22](#)

¹³ The major road projects include Windhoek-Okahandja Road Section 4A, Windhoek-Hosea Kutako (Phase 1), Swakopmund-Walvis Bay Road and Swakopmund-Henties Bay Road. (Source: Roads Authority Business and Financial Plan 2023/24-2027/28)

Box 1. Harambee Prosperity Plan (HPP II 2021–25)

The HPP is a targeted action plan designed to accelerate development in specific priority areas, laying the groundwork for prosperity in Namibia. It does not replace the long-term objectives of the National Development Plans (NDPs) and Vision 2030 but rather complements them by fast-tracking development in areas where progress is insufficient. Building on the inaugural HPP (2016 to 2020), HPP II covers five pillars: effective governance, economic advancement, social progression, infrastructure development and international relations.

Each pillar has a desired outcome, to be achieved through a set of goals and activities. Infrastructure development will be achieved through four goals and ten activities, some of which include:

- Improving energy supply security by increasing local electricity generation capacity from 624 MW (2020) to 879 MW by 2025.
- Increasing water supply security by ensuring access to water for human consumption and industrial activities.
- Strengthening Namibia as a transport and logistics hub by completing the ongoing refurbishment and upgrading of the railway infrastructure to SADC standard by 2025.
- Expanding coverage of ICT by facilitating a safe and robust ICT ecosystem.

Source: Government of Namibia (2021) [Harambee Prosperity Plan II 2021–2025](#)

29. There is scope to further improve strategic planning. There has been an improvement in alignment between cost estimates and approved budgets in certain sectors, but this could be improved across other areas. Adequate and comprehensive cost estimates for projects should be prepared and reconciled with available resources, along with a clear indication of the possible sources of financing for a more realistic and aligned budget. As discussed under Institution C1, the next iteration of the NDP should ensure that climate change considerations are fully embedded into policy on public investment.

3. Coordination between Entities (Strength—Medium; Effectiveness—Medium; Reform Priority—Medium)

30. Effective coordination is crucial when various layers of the public sector are involved in planning, funding, and delivering public infrastructure. In this context, coordination means that the priorities of the different parts of government are made consistent with national priorities; budget funding, particularly to entities like local governments, are transparent and predictable; and risks arising from major investment projects, regardless of the implementing body, are well understood and managed centrally.

31. In Namibia, there is a strong framework for coordinating public investment with subnational governments, but no transparent system for transfers from central government or a framework for comprehensive disclosure of contingent liabilities.

- Namibia is organized into 14 regional councils, which are further subdivided into 57 local authorities, including municipalities, towns, and villages. These local authorities deliver essential services such as water, sewage, waste management, electricity distribution, local road maintenance and urban planning. Investment is funded through property taxes, service charges and government grants. Regional councils, on the other hand, have a coordinating role, and oversee the local authorities within their respective regions. According to their respective acts, their budget and investment plans need to be approved by the Minister of Urban and Rural Development (MURD). When requesting central funding for a particular project, they must adhere

to the same processes as OMAs, as outlined in “NPC guidelines”.¹⁴ Furthermore, the NPC must consult regional councils when preparing the national development plan, as per the NPC Act 2013.

- Funding from the central government to local governments is discretionary and based on needs and resource availability, rather than rules based.
- Regional councils, local authorities and public enterprises are not mandated to report estimates of contingent liabilities to the central government. Existing legislation, such as the Regional Council and Local Council Acts of 1992, State Finance Act of 1991, focus more on organization and compliance, rather than risk management. The Public Enterprise Governance Act (PEGA) 2019 emphasizes board governance, oversight by MFPE, and budgeting and reporting, but does not address risk directly. The PPP Act 2017 requires feasibility studies to assess potential contingent liabilities, both contractual and implicit, for proposed PPP projects, and grants the Minister of Finance the authority to request audits of PPPs that could revise these liability estimates.

32. There is active coordination in practice and information on guarantees to SOEs is published but regional governments lack early visibility of allocations. The MURD engages in quarterly discussions with local governments about their spending plans and progress. Additionally, the NPC, through its Regional Planning Division, conducts budget discussions with local governments to identify their needs for government grants for capital projects. The NPC also gathers and publishes information on projects at the regional level in the Development Budget Book. The stock of guarantees—capped at 10 percent of GDP—is reported in the annual fiscal strategy document, alongside an explanation of the rationale behind newly issued ones. However, the absence of a formula for both vertical and horizontal resource transfers to local governments means that grants are determined during the overall budget allocation process and are only communicated to them one or two months before the start of their financial year on July 1st.

33. Several initiatives are underway to strengthen oversight. The government has recently committed to issuing guarantees only for projects that are deemed viable. To reinforce this strategy, the newly established Public Enterprise Department in MFPE has been tasked to provide rigorous technical advice to the Minister of Finance on the approval of new guarantees. This department has invested in a financial monitoring system to improve data collection. The draft PFM Bill, expected to replace the State Finance Act 1991, includes provisions aimed at consolidating information and enhancing the reporting of contingent liabilities by central government. A fiscal framework paper, to be published annually in October, will contain estimates of the contingent liabilities related to public programs, PPPs, local governments, extrabudgetary entities and public enterprises. The Bill also stipulates that local governments and extrabudgetary entities must obtain approval from MFPE before committing to any investment project, irrespective of the funding source.

¹⁴ National Planning Commission (2018) [Guidelines for the Preparation and Submission of Capital/Development Projects](#)

4. Project Appraisal (Strength—Low; Effectiveness—Low; Reform Priority—High)

34. The rigor of project appraisal and degree to which risk is incorporated is central to determining the success of the project. To prioritize high impact projects, all investment proposals should be subject to consistent and systematic appraisal incorporating economic, financial, and technical analysis. Project appraisals should compare the available options to deliver a policy outcome and should be published for transparency and accountability. The detail of analysis should be commensurate with the scale of resources required for the project. Appraisals should be governed by a common methodology across OMAs (with sectoral variation where necessary, within a standard overall framework). Given the worldwide experience of cost overrun on major projects, project appraisals should make adequate provision for the impact of risk and uncertainty on the case for a public investment project. In the case of Namibia, using project appraisal to rigorously scrutinize the realism and deliverability of the project can enhance the rate of development budget execution.

35. Investment projects are not required to be appraised according to a standard methodology or taking risk into account and there is no central support provided. While NPC guidelines¹⁵ refer to appraisal as part of project preparation, the requirements are insufficient to ensure rigorous appraisal. More detailed guidelines were prepared in 2022,¹⁶ but these are not in force. The NPC does not currently provide central support to OMAs on project appraisal. The absence of an appraisal framework means that risk is not adequately considered in the analysis of investment proposals. The guidelines currently specify a dual track of project preparation, “top-down” and “bottom-up”. This approach does not support robust project prioritization at later points in the lifecycle.

36. In practice, some major projects are appraised but this is not systematic and there is no evidence that appraisals include assessment of project risk. There are pockets of good practice on financial appraisal, for example on PPPs and SOEs, but no evidence of appraisals for budget funded projects. At present there is not sufficient capacity in the NPC to provide central support for project appraisal. While project submission documents mention risk, there is no structured assessment of project risk and uncertainty at present. Weak arrangements for project appraisal are contributing to the challenge of budget execution outlined in Chapter 1. A lack of rigorous project preparation leads to unrealistic delivery schedules. Problems that materialize during delivery could have been anticipated and planned for with better risk analysis during the front-end stages.

37. Overhaul of the approach to investment appraisal is a critical reform priority. These weaknesses in project preparation and appraisal have ramifications throughout the project lifecycle in terms of realistic assessment of project costs and schedules, procurement planning, consideration of risk and implementation planning. A new approach, adopting a standard methodology, central review by NPC and a unified approach to project preparation can address existing shortcomings (see Box 2). This will be key to delivering on the scale of investment increase envisaged in the MTEF.

¹⁵ National Planning Commission (2018) [Guidelines for the Preparation and Submission of Capital/Development Projects](#)

¹⁶ National Planning Commission (2023) *Draft Guidelines for the Appraisal of Development and Capital Programs and Projects to be Funded through the Development Budget*.

Box 2. Project origination, preparation, and appraisal in Namibia

Guidelines for Project Preparation and Submission outline two processes by which investment proposals are originated, prepared, and appraised in Namibia: top-down and bottom-up.¹⁷ Top-down projects are originated by political officeholders who identify a need that informs project development by OMAs. Resulting proposals are then assessed by NPC. Formally, these can be approved or rejected by NPC, but in practice proposals are rarely rejected. Bottom-up projects are originated by local and regional authorities and councils, processed by OMAs, and again referred to NPC for decision.

There is a strong case for unifying the process. A single process could ensure more robust appraisal and alignment of investment projects with national strategy. This approach would guard against the risk of arbitrary or ad-hoc political decision-making on project preparation and selection. Figure 21 presents the existing top-down and bottom-up channels and Figure 22 presents a potential unified approach.

Figure 21. Existing Dual Approach

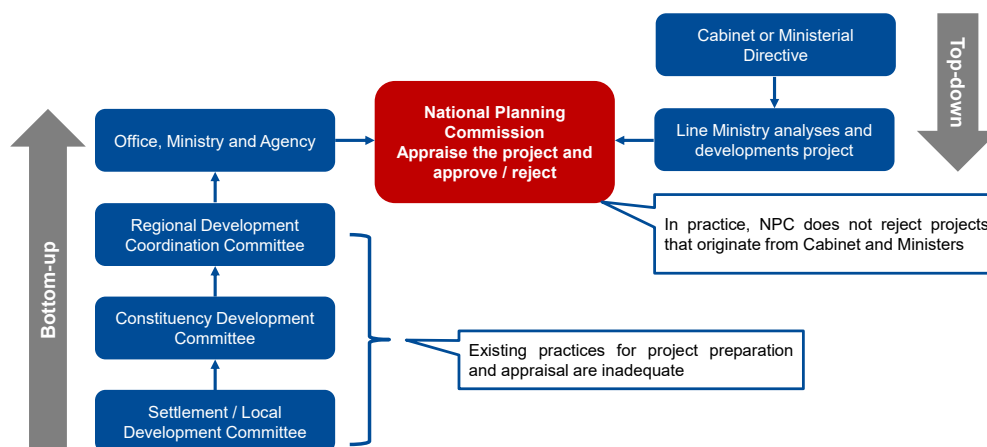
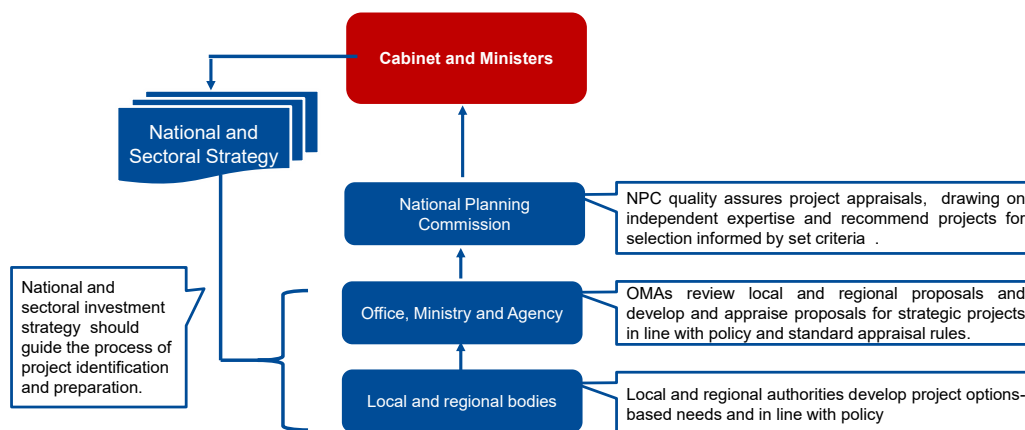


Figure 22. Potential Unified Approach



Source: IMF Mission team

¹⁷ National Planning Commission (2018) [Guidelines for the Preparation and Submission of Capital/Development Projects](#)

5. Alternative Infrastructure Financing (Strength—Medium; Effectiveness—Low; Reform Priority—Medium)

38. The private sector, PPPs, and public corporations can have an important role in developing infrastructure, complementing public investment. If firms find a stable environment in which they can achieve a fair return on long-term investment, private investment in certain infrastructure sectors can supplement public spending, thus relieving pressure on public finances. As a prerequisite, a robust legal and institutional framework, providing regulatory certainty about future market conditions, should be in place. Moreover, PPPs, a potential source of private finance and expertise in infrastructure, must be structured carefully to ensure a fair allocation of risk and reward and to guard against fiscal risks. Finally, the performance of public corporations should be guided by a set of rules to coordinate investments and efficiently allocate resources to the country's needs.

39. Namibia has a supportive regulatory framework for alternative sources of finance through market competition, PPPs, and alignment of PC's investment plans.

- **Market structure.** The legal and regulatory framework supports competition in some infrastructure markets such as telecommunications and electricity. Independent regulators—the Communications Regulatory Authority of Namibia and Electricity Control Board—have been established to oversee the operation of the respective markets. However, in the water and transport sectors, domestic state-owned monopolies dominate, with no independent regulators in place. Box 3 provides more information on existing market regulation.
- **PPP supervision.** A PPP Act and regulations have been in place since 2017 and 2018, respectively. These were preceded by a PPP Policy that has been in place since 2013. The framework has several good practice features in terms of governance through a PPP Committee appointed by the Minister of Finance and includes specific methodologies for feasibility assessment including technical, financial, social, and environmental, contingent liabilities, and risk assessment.¹⁸
- **Oversight of public corporations.** Infrastructure investments by PCs in the main infrastructure sectors such as telecommunications, energy, water, and transport, are coordinated through their relevant line ministries and may be funded directly through reserves or debt, or through the Development Budget where government finances all or part of the investment. There is a legal requirement that the MFPE receives PC Annual Business and Financial Plans that include their operating and capital budgets.¹⁹ However, the review process of investments contained in the capital budgets of PCs is not systematic and focuses only on major projects where central government financing is required. The review process does not imply prior approval or control by government and is largely intended to ensure there is flow of information from PCs to government regarding their investment plans.

¹⁸ Public Private Partnership Regulations (Government Notice 353 of 2018) made in terms of Public Private Partnership Act 4 of 2017

¹⁹ Public Enterprises Governance Act (2019)

Box 3. Overview of Telecommunications and Electricity Regulators in Namibia

The Electricity Control Board (ECB) is a statutory regulatory authority that was established by the Electricity Act 2 of 2000 which was later repealed by the Electricity Act 4 of 2007. The main mandate and core responsibilities of the ECB is to exercise control and regulate the electricity sector industry in Namibia with regard to generation, transmission, distribution, supply, import and export through tariff setting and issuance of licenses. The ECB follows a Cost-Plus or Rate-of-Return regulatory framework. This approach allows regulated utilities to recover their costs and earn a reasonable rate of return on their investment. The sector is dominated by one large SOE, Nampower, for generation and transmission. A number of Regional Electricity Distributors have been established to manage the distribution of electricity to municipalities and large customers. Private participation in the sector is concentrated in the generation areas through agreements with Independent Power Producers.

The Communications Regulatory Authority of Namibia (CRAN) is an independent regulator established under section 4 of the Communications Act (No. 8 of 2009) to regulate, supervise and promote the provision of telecommunications services and networks, broadcasting, postal services, and the use and allocation of radio spectrum in Namibia. Regulations for these sectors are developed by CRAN, licenses are issued to telecommunications and broadcasting service providers. Licensees' compliance with the regulations are monitored, and the radio spectrum is allocated and controlled by CRAN. While there is some private participation in the telecommunications sector, it is dominated by MTC Namibia which is majority owned (60 percent) by Namibia Post and Telecom Holdings Limited, an SOE.

Source: IMF Mission team

40. Private sector participation in infrastructure markets is limited, no formal PPPs have been instituted to date, and PC investment plans are not systematically reviewed by MFPE.

- **Market competition.** While the legal and regulatory framework facilitates competition in the telecommunications sector, the dominant PCs—namely Mobile Telecommunications Company for mobile communications, and Telecom Namibia Limited for broadband—continue to dominate the sector. Although the market dominance of these two PCs has decreased somewhat over the last decade, they continue to control 87 percent of the telecommunications assets and 83 percent of the sector's revenues.²⁰ NamWater and NamPower are also dominant monopolies although NamPower has in place over 20 Independent Power Producer (IPP) agreements with private sector parties to generate renewable energy as part of the power grid energy mix.²¹ Against this backdrop, there continue to be legal impediments especially in the water sector, to market access in major infrastructure markets in Namibia.
- **PPP supervision.** Despite the regulatory framework being in place since 2017, no projects have been implemented as formal PPPs and IPPs have not followed the PPP process. The first formal PPP for power generation at an advanced stage with the City of Windhoek. In addition, there are five projects under development in the PPP pipeline including development of student village for the

²⁰ ICT Sector Market Report 2022

²¹ Electricity Control Board, Statistical Bulletin, 2022

Ministry of High Education, an affordable housing project for Ondangwa Town Council, and a wastewater treatment plant for Otjiwarongo Municipality.

- **Oversight of public corporations.** The MFPE aims to monitor the financial performance of PCs through an IT reporting tool with financial information from 22 PCs and several extra budgetary entities. However, financial information is not complete, and it is not consolidated for reporting purposes. Moreover, analysis and reporting on the capital project plans contained in the Annual Business and Financial Plans of PC is not systematic.

41. The PC legal framework should be strengthened, further steps should be taken to encourage competition in infrastructure, and capacity to implement PPPs should be enhanced. A reform of the governance framework for PCs could facilitate private sector participation in relevant infrastructure markets. A Public Asset Ownership Policy focusing on strengthening SOE oversight is being drafted providing an opportunity to target deregulation in key sectors enabling competition especially in the water sector. Establishing a regulator for the water sector and ensuring its independence should be a priority reform.²² The Telecommunication Act and National Information and Communication Technology Policy are under review with proposals to improve enforcement and consumer protection powers. Finally, the capacity and skills of the PPP unit need to be strengthened to ensure more efficient processes for designing and approving the PPP projects currently in the pipeline.

Recommendations on Planning Phase

Issue 1. Arrangements for project preparation and appraisal are inadequate to ensure a high-quality pipeline of investment projects that are fully aligned to national and sectoral infrastructure policy.

Recommendation 1. Overhaul the approach to project appraisal by establishing a standard methodology for capital project appraisal, mandating its use for investment proposals, and establishing capacity for project appraisal in NPC, OMAs.

- Establish a standard methodology for capital project appraisal and mandate its use across OMAs, including a requirement incorporate climate change analysis in project appraisal (NPC, High, Q4, 2025).
- Unifying the existing “top-down” and “bottom-up” processes for project development into a unified process with strong central review by NPC (NPC, High, Q1, 2026).
- Empower a Division of NPC to scrutinize appraisals of project proposals and decide on whether projects are approved to proceed project selection stage, returned for further refinement, or rejected (NPC, High, Q4, 2025).
- Reflect these changes in an updated Circular on Capital/Development Plan Preparation and Submission (NPC, High, Q1, 2026).

²² Ministry of Agriculture and Water regulates NamWater and sets tariffs.

Issue 2: The requirement for SNGs, PPPs and PCs to report their contingent liabilities to the central government is not strong enough to allow a comprehensive picture of fiscal risks posed to the central government.

Recommendation 2. Introduce requirements to report to MFPE on contingent liabilities relating to PPPs, SOEs and SNGs to MFPE and strengthen capacity at the Public Enterprise Department in MFPE for monitoring SOE performance and risks, including from infrastructure projects (MFPE, Medium, Q3, 2026).

Issue 3: The legal and institutional context discourages private participation in infrastructure development.

Recommendation 3. Support alternative finance in the provision of public infrastructure through (i) reforming telecommunications and water sector regulation, (iii) clarifying the role of Public Corporations in contestable markets (ii) the evaluating the PPP framework to inform better PPP processes.

- Informed by the ongoing review of the National ICT Policy, strengthen the telecommunications regulator through updates to the Telecommunications Act (2009) (Ministry of Information and Communications Technology, Medium, 2025).
- Examine the scope for economic regulation of the water sector to set economic cost of water tariffs and regulate service delivery (Ministry of Agriculture and Water, Medium, 2027).
- As part of the SOE Ownership Policy, clarify the role of PCs in contestable markets to facilitate and support competition in sector such as telecommunications, water, power, rail, ports, etc. (Ministry of Finance and Public Enterprises, High, Q4, 2025).
- Undertake an evaluation of the PPP experience in Namibia since 2017 to identify bottlenecks in PPP approval processes that have contributed to the lack of up-take of PPPs (Ministry of Finance and Public Enterprises, Medium, Q4, 2025).

D. Investment Allocation

6. Multi-year budgeting (Strength—Medium; Effectiveness—Low; Reform Priority—High)

42. Multi-year budgeting provides OMAs with forward visibility of resource availability and longer-term funding guidance for investment projects. Major public investment projects take longer than the budget year to implement and have lumpy and volatile cost distributions, complicating capital budgeting. Providing agencies with reliable medium-term capital expenditure ceilings facilitates a strategic approach and more efficient execution of capital plans.

43. The MTEF outlines three-year indicative ceilings for the development budget, broken down by votes, but does not include the total cost of major projects. The NPC's Development Program MTEF, published annually as part of the budget documentation provides further detail on capital budgets, organizing allocations according to NDP goals; investment programs; projects; and regional distribution. The National Assembly appropriates funds for the budget year by vote and expenditure subdivision, while outer year allocations remain indicative. These are revised during the mid-year budget review in September and are used as a baseline for the next MTEF. Although the fiscal strategy document and the

budget speech sometimes indicate the total costs of flagship projects, this is not systematic, making it challenging to track total project costs over time.

44. In practice, approved aggregate and ministerial capital budgets deviate from projections and there is no disclosure of changes in total costs. Table highlights the fluctuations in ceilings over the past three years for key votes. For instance, the ceiling for the transport sector for FY2024/25, which accounts for approximately one-third of the development budget, was increased by 84 percent from MTEF 2022/23 to MTEF 2023/24, with an additional increase of 5 percent for the FY2024/25 budget. A similar trend of cuts and increases is observed in the overall development spending ceilings over the past decade, with major reductions from 2017/18 to 2019/20, and substantial increases in the last two years (Figure 23). Changes in cost at the project level are not identified and explained.

Figure 23. Namibia. Development ceilings, Budget v. MTEF (in percent of MTEF ceiling)

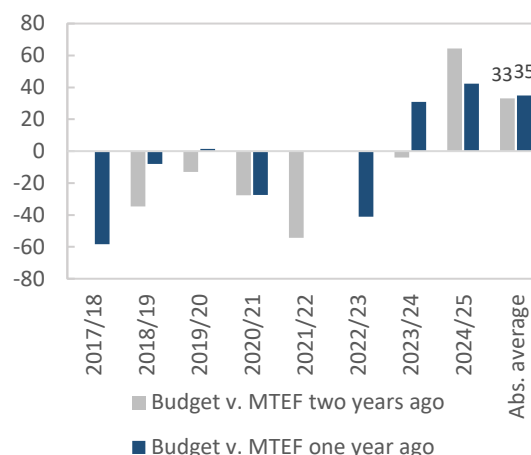


Table 4. Budget v. MTEF ceilings, by Vote (in percent of MTEF ceiling)

Source: MFPE MTEF

Vote	FY22/23		FY23/24			FY24/25		
	Budget v. MTEF (21/22)	%	MTEF (22/23) v. MTEF (21/22)	Budget v. MTEF (22/23)	%	MTEF (23/24) v. MTEF (22/23)	Budget v. MTEF (23/24)	%
Transport	31%	0.46	-21%	68%	0.39	84%	5%	0.31
Urban and Rural Development	-55%	0.06	-43%	45%	0.09	52%	97%	0.13
Education, Arts and Culture	-39%	0.06	-43%	122%	0.09	142%	54%	0.10
Water	-1%	0.08	-11%	0%	0.06	50%	32%	0.08
Agriculture and Land Reform	-47%	0.07	-51%	49%	0.07	43%	22%	0.06
Health and social services	-62%	0.04	-19%	-28%	0.05	-27%	52%	0.05
Finance and public enterprises	-52%	0.00	-20%	-15%	0.00	-5%	22308%	0.05
Defense	-31%	0.05	-54%	71%	0.05	83%	25%	0.04
Home Affairs, Immigration, Safety and Security	-23%	0.07	-50%	76%	0.06	80%	-7%	0.04
Higher Education, Technology, and Innovation	-49%	0.02	-45%	11%	0.02	-2%	75%	0.02
Mines and Energy	-53%	0.01	-24%	5%	0.01	63%	26%	0.02
Other votes		0.08			0.09			0.1
Total	-29%	1	-34%	45%	1	62%	30%	1

Source: MFPE's MTEF and budget estimates

45. Enhanced reporting is a first step for improving the credibility of medium-term budgeting in Namibia. Fluctuations in the development budget can often be attributed to external factors like revenue shortfalls. They can also be the result of policy shifts reallocating resources between operational and development budgets. Vote-level changes might stem from changes in sectoral priorities or the progression stages of major projects across various sectors. Introducing a reconciliation table that details the sources of these fluctuations - and the consequences for individual projects - would enhance the reliability of the MTEF. A robust MTEF should also disclose the total cost of major projects, whether ongoing or new, providing early warning signals for project delays or cost overruns. This information is already collected annually by the NPC from OMAs for all projects through Project Identification Forms (PIFs).

7. Budget Comprehensiveness and Unity (Strength—Medium; Effectiveness—Medium; Reform Priority—High)

46. Capital expenditure proposals for the budget can only be effectively assessed if the legislature is provided with comprehensive information on all investments. This requires that no capital expenditure is excluded from the budget and be conducted through extra-budgetary government entities (EBEs) without budgetary oversight. To allocate resources efficiently, all potential projects should be evaluated, prioritized, and presented together. By prioritizing investments irrespective of how the investment is financed, value for money is maximized. An integrated budget presentation, taking account of recurrent resource needs into the future, can help achieve targeted project benefits in the medium- and long-term.

47. External funding for investment is included in the budget, capital and recurrent budgets are presented together but spending by EBEs is not shown in the budget. The Development Budget presents all capital projects either fully or partially financed from the State Revenue Fund (SRF) and includes funding information from external sources comprising bilateral and multilateral loans and grants. There is provision for PPP-financed projects to be included in the Development Budget, though there are no such investments in implementation at present. There is no requirement for capital spending by EBEs to be shown in the Development Budget. Recurrent and development budgets are prepared by different ministries but in an integrated manner and presented together.

48. Consolidated presentation of the recurrent and development estimates helps ensure budget unity, but EBEs finance a large share of investment outside the budget. There are several EBEs with significant capital spending, but this is not systematically collected nor consolidated for reporting purposes. The Roads Authority, for example, which is mainly funded by the Roads Fund, is responsible for road maintenance and expansion nationally. The Roads Authority's 2023/24 budget totaled N\$4.8 billion of which N\$2.7 billion was sourced from the Roads Fund with the remainder funded by government (N\$1.7 billion) and project financing from development partners.²³ In 2023/24 the road maintenance budget alone totaled N\$1.6 billion sourced from Roads Fund. This is equivalent to almost 25 percent of the development budget based on the 2023/24 but is not included therein.²⁴ During budget preparation the MFPE sets the global ceiling for both recurrent and development spending, a joint budget

²³ Roads Authority Business and Financial Plan 2023/24 - 2027/28

²⁴ 2023/24 Mid-Year Budget Review and Medium-Term Budget Policy Statement

call circular is issued, and joint budget hearings are held with OMAs. While a separate detailed Development Budget book is prepared, the Estimates of Revenue, Income and Expenditure budget book as well as a program-based budget book presented the recurrent and development budgets in a consolidated manner using a consistent economic classification. The Development Budget and Operational Budget are tabled in the legislature at the same time.

49. Strengthening the comprehensiveness of the budget by presenting EBE expenditure is a high priority reform. The Development Budget already presents most capital projects (by number and value) and disaggregates the funding composition of each project including from external sources. In addition, projects executed by EBEs such as Roads Authority that are fully or partially funded by the SRF are included. However, a sizable proportion of projects by value that are funded directly by EBEs typically through special funds and these are not presented. Disclosure on the nature of their capital projects, how they complement other government investments, and total EBE contribution to investment spending could further enhance the transparency of reporting on capital projects in the budget. Since EBEs typically act independently, their capital projects will not necessarily be approved or appropriated in the budget process, but their disclosure will provide a more comprehensive picture of public investment in Namibia.

8. Budgeting for Investment (Strength—Medium; Effectiveness—Medium; Reform priority—Medium)

50. Multiyear budgeting of investment expenditure is critical to ensure that capital projects are delivered on time and that this spending is ringfenced from reallocations to other needs. To strengthen oversight by the legislature, total project outlays should be appropriated at the commencement of a project, while the budget should favor allocations to ongoing projects to ensure that they do not face potential delays from funding shortages or escalation of costs. Budget documentation should show total projects' costs, including information on costs already incurred, costs allocated for the immediate budget year and costs for the medium term. Limitation of transfers of capital expenditure to current expenditure can further strengthen the protection of capital allocations in the budget.

51. Total project costs are not required in the budget, in-year transfers of capital allocations require approval from the MFPE, and ongoing projects are prioritized. Expenditure estimates for major projects include appropriated outlays for the immediate fiscal year and indicative estimates for the outer two years but total project costs are not required. OMAs are required to enter total project cost and duration in Project Identification Forms (PIFs) for consideration by the NPC and subsequently the MFPE, but the budget only includes the amounts proposed for appropriation.^{25,26} Capital investment requests through the PIFs can be rejected by the NPC. The parliament approves the year-ahead development budget ceiling for each vote. Virements within the development budget envelope or to operational expenditure are allowed and provided for under the State Finance Act, but under strict guidelines.²⁷ The request for virement must be recommended by the NPC for the approval of the MFPE. The current virement rules prohibit reallocation of the capital budget from regions with higher poverty incidence, from

²⁵ National Planning Commission (2018) *Guidelines for the Preparation and Submission of Capital/Development Projects*

²⁶ National Planning Commission (2021) *Project Identification Form Instructions for 2021/2022 – 2023/2024 MTEF*. Unpublished.

²⁷ National Planning Commission (2020) *Guidelines for Recommending Virement Requests within the Development Budget and from the Development Budget to the Operational Budget*. Unpublished.

projects with outstanding invoices and projects that have had virements for three successive years. Budget preparation procedures require ongoing projects to be prioritized, but there is no legal requirement.

52. In practice, total costs are disclosed in the budget for some major projects, in-year virements are low and OMAs report that funding for key projects is adequately provided. Budget documentation disclose total projects costs for some major projects (see [Box 4](#)). PIFs require information on total project costs but this information is not reconciled into budget documentation. Low execution rates on specific projects can result in a reallocation of the capital budget at the Mid-year Budget Review, but transfers away from appropriated capital expenditure is low, estimated at less than 5 percent in fiscal year 2023/24. Data gaps limit an assessment on adequacy of funding for ongoing projects but OMAs indicate that ongoing projects receive the required funding. The latest Development Budget Book for the MTEF includes a total of 480 projects of which 451 are ongoing.

Box 4. Major development projects in the medium term

Namibia's 2024 Budget projects a 50.8 percent year-on-year increase in development spending. About 25 percent of spending will be funded from external loans and grants. The total cost for some large projects which will be implemented through the MTEF period and have partial or full external financing are stated in the fiscal strategy paper which accompanies the budget. This includes:

- N\$7.1 billion for the upgrading of the railway line between Kranzberg-Tsumeb and Otavi-Grootfontein (AfDB and Government Financed).
- N\$2.8 billion for the continuation of the water sector support program (KfW)
- N\$3.3 billion for the upgrading of the Oshakati Water Treatment Plant, Rundu Water Treatment Plant and a second well at the Ohangwena Aquifer (AfDB and Government).

Source: MFPE data

53. There is scope to improve multi-annual project budgeting. The budget could provide more visibility by including the total costs for all major projects, particularly those which are financed from state resources. These could be drawn from the PIFs and included as an annex to the budget. This would enhance transparency on the execution of investment expenditure. The draft PFM bill suitably requires total project costs to be included in the MTEF capital budget ceilings, with an additional provision for projects spanning beyond the three-year period. This is a constructive change as the current annual appropriation of development expenditure, with indicative estimates in the outer years, cannot guarantee completion of all projects.

9. Maintenance Funding (Strength—Medium; Effectiveness—Low; Reform Priority—High)

54. Maintenance of public infrastructure assets helps preserve their quality and condition and ensures that infrastructure services can be provided over the entire useful life of the assets.

Infrastructure cannot deliver the benefits intended over its lifetime if not properly maintained. It is therefore important to recognize both routine and capital maintenance needs as well as the condition of the assets to maintain their service delivery potential and to ensure that maintenance of assets is factored into public investment plans in a timely manner.

55. Namibia has methodologies for estimating routine and capital maintenance needs in some sectors, maintenance is reflected in relevant budgets, but not as standard for central government.

In certain sectors, standard methods are provided in maintenance manuals to determine fixed asset maintenance needs. For example, in the roads sector there are a number of manuals relevant to road maintenance.²⁸ Maintenance spending is also reflected in sector investment plans and budgets. In the case of the Roads Authority, maintenance spending is identifiable in the annual Business and Financial Plan. However, for central government there is no requirement for OMAs to develop and apply standard methodologies to determine routine or capital maintenance needs. It is also impossible to distinguish maintenance spending consistently in the budget documents.

56. Spending on routine and capital maintenance is not shown in investment plans for central government, budget documents only partially identify maintenance allocations, and it is not possible to assess the adequacy of maintenance budgets.

In the Estimates of Revenue, Income and Expenditure (2024/25–2026/27) which provides a combined review of spending over the MTEF for both ‘Operational’ and ‘Development’ spending for OMAs, it is only possible to identify ‘Maintenance Expenses’ in the operational component of the budget. However, in the development component maintenance spending is grouped into an all-encompassing classification for ‘Construction, Renovation, Improvements, and Retention Fees’. As a result, it is not possible to distinguish maintenance spending (either routine or capital in nature) from construction of new assets. Furthermore, due to inconsistency between operational and development budgets for identifying maintenance spending as well as the lack of budget comprehensiveness regarding spending by EBEs such as the Roads Authority (already discussed under Institution 7) it is not possible to estimate the adequacy of maintenance budgets overall.²⁹ Based on a review of past Auditor-General reports including a recent report on ‘Dilapidated Classrooms’, maintenance of public infrastructure appears to be a neglected area of PIM in Namibia.

57. Aligning maintenance planning and budgeting for central government with good practices implemented by sectors such as roads is a high reform priority.

Firstly, maintenance spending in OMA budgets should be distinguishable from the construction of new assets and should be disaggregated between routine and capital maintenance. While the current Chart of Accounts (CoA) would support the distinguishing between maintenance and construction of new assets, a review of the CoA would be needed to enable further disaggregation between routine and capital maintenance spending.³⁰ Secondly, standard methodologies should be required to be developed by OMAs to identify maintenance needs and related budgetary estimates. This requirement should be included in government’s Asset Management Policy which is discussed in more detail under Institution 15.

²⁸ For example, the Bitumen Road Maintenance Manual (2003) and maintenance spending is clearly distinguished in the Business and Financial Plan (2023/24) for the Roads Authority (RA)²⁸

²⁹ Generally, EBEs and PCs such as Road Authority and NamPower identify maintenance needs in both plans and budgets although maintenance adequacy is not possible to assess because refurbishments and new construction are combined in the case of NamPower, while, in the case of the Roads Authority, road assets are not reported in the financial statements.

³⁰ AFRITAC South is planning CD to Namibia in 2024/25 on the CoA as part of broader CD to support the implementation of a Budget Module integrated with IFMIS.

10. Project Selection (Strength—Low; Effectiveness—Low; Reform Priority—High)

58. Improved public investment outcomes are supported by robust and objective procedures to select the infrastructure projects and programs to be funded in the budget. The strongest infrastructure governance systems feature central review of projects and their appraisals prior to their prioritization. In addition to improving the impact of the overall investment portfolio, this can support better identification and management of risk in individual projects. The review process should ideally include input from qualified independent experts. Project selection should be guided by standard criteria and processes that are published and consistent across sectors and applied to a comprehensive pool of potential projects that have been appraised and are candidates for selection.

59. There are provisions for review by NPC, but selection criteria are general and there is no pipeline of appraised projects. Guidelines for project preparation require that investment proposals are centrally reviewed by NPC.³¹ There are published selection criteria, but these are general and do not provide a basis for evaluating the relative merit for competing investment proposals.³² Moreover, the screening process comes prior to full project preparation and appraisal and so does not constitute a robust project selection process. There is no requirement for a pipeline of appraised investment proposals from which to select projects for approval.

60. Review of projects is high-level; projects are not selected from a pipeline or according to set criteria. Review of project documentation by NPC does not provide adequate quality assurance, and projects that originate from the “Top-Down” mechanism are rarely rejected. Selection criteria are not specific enough to guide the selection process. Projects prioritized in the budget are not selected from a pipeline.

61. Establishing a more rigorous project selection process is a high reform priority. There is a strong case for overhaul of the approach to project preparation, appraisal and approval as also discussed under Institution 4. The current dual approach of “top-down” and “bottom-up” project preparation is a weakness in the process and limits the capacity of NPC to quality assure project proposals prior to selection. Selecting the right projects, with realistic delivery schedules, cost estimates and risk assessments can assist in tackling the execution challenge outlined in Chapter 1. Clearer arrangements for project selection, based on improved quality assurance of project proposals, is an important element. [Box 5](#) outlines a good practice example from Uganda.

³¹ National Planning Commission (2018) [Guidelines for the Preparation and Submission of Capital/Development Projects](#)

³² The guidance lists five criteria to be considered when screening and selecting projects: social and economic impact; technical and institutional feasibility; options; achievability within resource constraints; and environmental readiness and risk acceptability.

Box 5. Project Selection in Uganda

In Uganda, projects are reviewed centrally by a central Development Committee under the auspices of the Ministry of Finance. All new projects are registered on an Integrated Bank of Projects system at the project concept stage. These are reviewed and successful projects are recommended for further development by the Development Committee. Projects are only included in the Public Investment Pipeline once the feasibility study has been reviewed and approved. Standard project selection criteria guide the process, including the degree of project readiness, alignment with national and sectoral investment policy and financial and economic viability.

All projects included in the PIP are reviewed annually to assess their continuing relevance. The review considers:

- Percentage physical completion
- Progress against schedule
- Funding profile/adequacy of budgetary allocations
- Performance against budget
- Absorption rate /capacity to utilize project resources
- Capital - recurrent ratio
- Project challenges

Over 95 percent of projects come through the selection process and all projects are reviewed annually.

Source: Tandberg et al (2022) [*Uganda Technical Assistance Report: Public Investment Management Assessment*](#)

Recommendations

Issue 4: Gaps in reporting limit the effectiveness and credibility of the medium-term budget.

Recommendation 4 Require more comprehensive and detailed reporting requirements in the MTEF, including reconciliation of changes from one year to the next; identification of resources available for new projects vs ongoing; total project costs; EBE capital spending:

- A reconciliation and explanation of the changes in capital expenditure in overall MTEF from one year to the next (MFPE, Medium, Q3, 2026).
- Identification of the space for new projects vs. ongoing projects in overall MTEF (MFPE, Medium, Q3, 2026).
- Disclosure of information on capital budget of extra-budget entities in supporting document to the budget (MFPE, Medium, Q3, 2026).
- Information on total cost for each project (MFPE, Medium, Q3, 2026).

Issue 5: The project selection process is weak, selection criteria are general and the process does not govern prioritization of projects for budget funding.

Recommendation 5: Develop an enhanced project selection process with formal review of projects by NPC, clear selection criteria that include climate change and a formal link to the budget.

- Empower a Division of NPC to scrutinize appraisals of project proposals and decide on whether projects are approved to proceed project selection stage, returned for further refinement, or rejected (NPC, High, Q4, 2025).

- Reflect these changes in an updated Circular on Capital/Development Plan Preparation and Submission (NPC, High, Q1, 2026)

E. Investment Implementation

11. Procurement (Strength—Medium; Effectiveness—Low, Reform priority—High)

62. Public procurement is essential to the efficient and effective delivery of modern infrastructure and public services with good governance and sustainable outcomes. Open competition and transparent procurement encourage all qualified providers to participate, increasing the likelihood of better value for money for public authorities. Well-functioning systems for monitoring procurement and independent procedures for dealing with procurement-related complaints can further support better outcomes and build trust in the government.

63. Open, competitive bidding is the default method of procurement in Namibia, there is a complaints review process, but no database to monitor the system. The legal framework requires that procurement opportunities are publicly advertised.³³ Although there are no barriers to participation in the public procurement market, the Public Procurement Act requires that for all procurement under international and national competitive bidding, prescribed incentives and conditions must be used to promote partnerships, joint venture arrangements and to require foreign entities to team up with Namibian bidders. These provisions are not sufficiently clear and undermine transparency in the procurement framework. There is a procurement portal for publishing annual procurement plans, procurement notices and contract award information. Bidders have the right to submit complaints during the procurement process and these must be reviewed within 14 days and the outcome published within seven days.

64. In practice, there is high usage of direct selection, no effective monitoring of the procurement system, and delays in publishing outcomes of the complaints review process. Conditions for use of less competitive/non-competitive methods are broadly drafted with significant levels of discretion, raising the possibility of inappropriate use or over-use.³⁴ For high-value contracts, which includes infrastructure, an average of 50 percent by contract value were open advertised bidding between 2018–2021 (Figure 24).³⁵ There is also a high rate of contract extension, further undermining competitive forces (Figure 25). The effectiveness of monitoring is undermined by weak contract management and the lack of a database with procurement information including contract completion times, final contract amounts and timelines of payments. While the procurement system generates a lot of information and data, there is no functioning database to systematically collect and monitor the procurement system. The Act requires public entities to submit procurement reports to the Procurement Policy Unit, but compliance is very low, with only 171 reports out of a possible 521 received from public entities during the financial

³³ Republic of Namibia (2015) *Public Procurement Act 15 of 2015*.

³⁴ The Procurement Act provides for derogations from the use of competitive procurement when a public entity has reason to believe that open advertised bidding (a) does not support empowerment and other policies of Government contemplated in Act; (b) is not efficient or practical for the procurement in question; or (c) is too costly to apply, given the value of the procurement.

³⁵ Insufficient data was available to verify the level of competition, that is, the number of participating bidders in the awarded open advertised contracts.

year 2022/23.³⁶ Decisions by the Complaints Review Panel are not always published on the procurement portal within seven working days of the Review Panel's decision, thus reducing transparency in the operation of the procurement system.

Figure 24. Procurement by Method

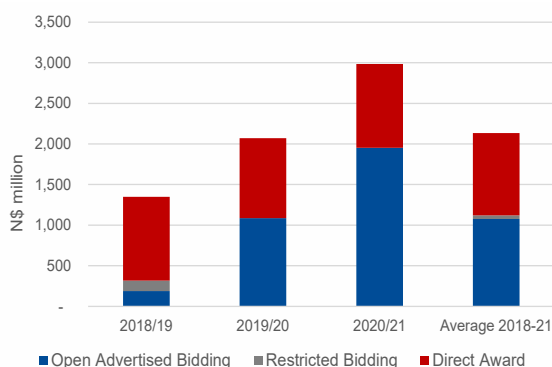
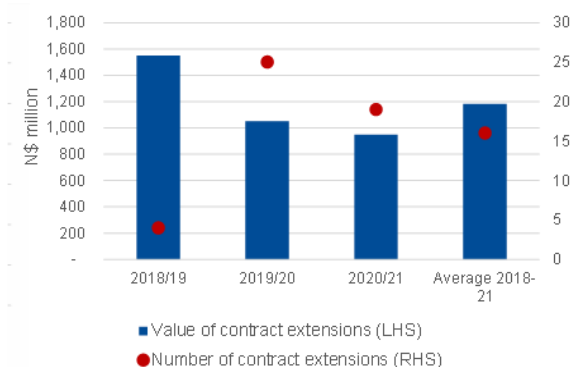


Figure 25. Use of Contract Extension



Source: IMF analysis of CPBN annual reports

65. Improving procurement practices for major projects is a high priority. Competition could be improved by allowing international bidders to participate in open domestic bidding. Accounting Officers should be made fully accountable for the full procurement process including contract management of major projects, including for contract variation. Access to and timely monitoring of key public procurement information by various stakeholders can enhance transparency and accountability. Development and implementation of an end-to-end electronic government procurement system that includes the contract management phase could help improve not only efficiency but also collection of data on procurement indicators such as compliance, performance, integrity, and sustainability objectives. Publication of all Review Panel decisions and published on the procurement portal in compliance with statutory timescales will enhance transparency in the procurement system's operation. There is also a case for consideration of use of framework contracts (Box 6). Implementing these changes can help improve the rate of execution of the development budget.

³⁶ Based on these limited reports non-competitive method like Direct Procurement was 22% by value of procurement, though this cannot be taken as representative of the breadth of procuring entities.

Box 6. Procurement Frameworks

Framework procurement is where competitive tendering is used to establish agreements with a provider or panel of providers that enable procuring authorities to place orders for commonly used goods and services or standard capital projects without running lengthy full tendering exercises every time. Such approaches can support standardization, speed up delivery, and enhance efficiency.

In Namibia, as in other countries, the public investment portfolio includes a relatively large number of routine projects. These may include classroom building, water and sanitation projects, and primary healthcare. A competitive procurement process could be used to assemble a panel of contractors that meet minimum standards.

The framework would set overall conditions for project delivery, contractor selection and legal protections. As individual contracts come up, members of the framework would be appointed based on pre-determined conditions, for example mini competition. Frameworks would run for a pre-determined period and there would be a cap on the overall value of procurement through the framework. Frameworks could then be re-tendered to allow new entrants and to maintain competitive forces in the process.

These changes can be an important ingredient in tackling the under-execution risk associated with the uplift in the development budget.

Source: IMF team

12. Availability of Funding (Strength—Medium; Effectiveness—Medium Reform Priority—Medium)

66. This institution evaluates whether the necessary systems, processes, and tools are in place to guarantee the availability of cash for timely payments related to public investments.

To implement public investment projects efficiently, ministries, departments and agencies must have certainty that funds will be made available for contractors to progress projects as planned. This requires ministries and agencies to be able to plan and commit expenditure on capital projects based on reliable cash flow forecasts. When project proponents do not have certainty and payments are delayed, contract implementation can be delayed, assets can degrade, government may incur penalties, interest accumulates, and contractor trust in government is eroded.

67. There are processes for cash flow forecasting and a legal requirement for making timely payments to suppliers but no requirements for holding external financing at the central bank.

While there is no regulatory requirement for cash flow forecasting, MFPE develops cash flow forecasts for the entire fiscal year and updates these monthly. These are the basis for quarterly disbursements. After the budget has been appropriated, OMAs prepare and submit expenditure forward plans to MFPE. These plans along with the cash flow forecasts from MFPE guide quarterly disbursements. Once the cash flow plans are approved by the Treasury Management Committee,³⁷ OMAs receive monthly Treasury Authorization Warrants authorizing the release of funds to facilitate timely payments to suppliers. Although there is no legal framework requiring external funds to be held at the central bank, these are included as part of the Development Budget.

³⁷ The Treasury Management Committee consists of the Permanent Secretary of Ministry of Finance, Director of Debt Management Department, Members from Customs and Inland Revenue, Budget Department, Treasury, and Bank of Namibia.

68. Cash flow forecasts are generally reliable, payments by development partners are certified in advance by MFPE but data on timeliness of payments to suppliers is missing. Cash flow performance is evaluated weekly, and the state account balance is monitored closely.³⁸ MFPE does not produce a regular report regarding the timely payment of suppliers as a result it does not have the ability to regularly monitor and report trends on timely payments and initiate actions to address underlying causes such as avoidable bureaucratic issues. Although most donor project accounts are not held at the central bank, the MFPE certifies all payments to contractors in advance.

69. Ensuring timely payments is critical to support effective public investment and fostering confidence and capacity in the supply-side of the infrastructure system. Timely payments of contractors for investment projects builds trust in the government and encourages firms in the construction sector to bid for government work. This is key to ensuring a healthy supply-side, which, in turn, is another pivotal ingredient for achieving the scale of ambition in investment spending in the coming years and doubling the level of execution of the development budget, as currently planned. The forthcoming Public Financial Management Bill, specifically Section 36 includes provisions for effective and efficient cash flow management, including cash flow forecasting and timely payment of suppliers or contractors.

13. Portfolio Management and Oversight (Strength—Medium; Effectiveness—Low; Reform Priority—High)

70. The portfolio of projects should be monitored during implementation, with mechanisms to reallocate between projects and evaluations to improve future project delivery. Comprehensive monitoring of both financial and physical progress can identify projects experiencing delays and risk of cost overruns or benefit shortfall in time for remedial action to be taken. Where there are delays, budget allocations can be shifted to those progressing ahead of schedule, thereby accelerating overall portfolio implementation. Carrying out structured ex-post reviews can help improve project preparation and implementation in the future.

71. There is a requirement to monitor major projects during implementation and to evaluate on completion and arrangements for re-allocation of funds between projects. The regulatory framework for public investment requires monitoring of physical and financial progress during delivery and quarterly reporting to the NPC.³⁹ This is supplemented by a program of site visits undertaken by NPC Ministry of Works and Transport and additional monitoring by the Performance and Delivery Unit for major projects included in the Harambee Prosperity Plan. Results are reported in a consolidated document as part of the mid-year budget review.⁴⁰ Transfer of funds from one project to another is allowed under the regulatory framework, but this is not required to be informed by systematic monitoring of the portfolio of investment projects.⁴¹ There is a requirement for ex-post review of investment projects, as set out by

³⁸ Ministry of Finance, Weekly Debt and Cash Flow Updates.

³⁹ National Planning Commission (2018) [Guidelines for the Preparation and Submission of Capital/Development Projects](#)

⁴⁰ National Planning Commission (2023) *Analysis Report for the 2023/2024 Mid-Year Development Budget Review and Main Budget for the Next MTEF*. Unpublished.

⁴¹ National Planning Commission (2020) *Guidelines for Recommending Virement Requests within the Development Budget and from the Development Budget to the Operational Budget*. Unpublished.

NPC, though this is high level and not does set out the required scope or methodological approach to reviews.⁴²

72. There is only partial data on portfolio performance, little evidence of projects being accelerated due to reallocation and ex-post reviews are not conducted in practice. There is a low rate of compliance with the requirement for quarterly reporting by OMAs. There is no systematic overview of progress with the public investment portfolio, for example aggregate data on cost and schedule performance. In the past, the NPC has compiled an overall progress report that informs reallocations in the mid-year budget review.⁴³ This generally lowers the development budget owing to low execution. Ex-post reviews are not conducted on completed projects.

73. Improving portfolio monitoring and management can improve budget execution and is a high reform priority. Given the challenge of improving project execution in the medium-term, there is a clear case for stronger mechanisms for centrally monitoring progress with investment delivery, tracking cost and schedule performance, planning for benefits realization, and identifying systematic issues that have an impact on implementation.

14. Management of Project Implementation (Strength—Low; Effectiveness—Medium; Reform Priority—Medium)

74. Effective project implementation is necessary to deliver projects efficiently, execute on time and realize the full benefits of public investment projects. Increasingly, project governance structures and accountability frameworks are recognized as central to successful project delivery. Because projects rarely proceed exactly in line with plans, it is important to have predetermined procedures for dealing with variations, triggering review, and, where necessary, project re-design or cancellation. Once complete, independent audit improves transparency, guards against corruption and can point to potential improvements for future projects. Together these elements can support improved project performance to ensure projects are delivered on time and on budget.

75. In Namibia, there are no standard arrangements for project management or project adjustment but there are provisions for ex-post audits. Project management and governance arrangements are the responsibility of individual OMAs. There are no formal mechanisms for project adjustment. The role of the Auditor General derives from the State Finance Act 31 of 1991 which empowers the Auditor to examine all types of expenditure, including investment projects.⁴⁴ There is no impediment to publication of audit findings.

76. Project governance arrangements are not in place prior to approval but there is evidence of project adjustment and audits are routinely undertaken. De-scoping and sometimes cancelation of projects has occurred in the transport, water and sanitation and education sectors. This has generally been the result of significant slippage on project costs and timelines. The Office of the Auditor General has been active in conducting ex-post audits of competed capital projects and identified a range of

⁴² National Planning Commission (2018) [Guidelines for the Preparation and Submission of Capital/Development Projects](#)

⁴³ For example, NPC (2021) *Development Budget Analysis Paper 2018/19 and 2020/21 Financial Years*. Unpublished.

⁴⁴ Republic of Namibia (1991) [State Finance Act 31 of 1991](#)

challenges in infrastructure investment (see Box 77). Project management and governance arrangements are not typically in place before approval. Audits have found this to be a contributor to poor outcomes.

Box 7. Findings from the audit of public investment projects in Namibia

Namibia's Auditor General includes capital investment projects as part of its audit of government entities. The reports have highlighted a range of issues that are relevant across the full spectrum of infrastructure governance topics. Audits have highlighted a range of familiar challenges in managing major investment projects in terms of planning, leadership, and capacity (Figure 26).

Figure 26. Namibia. Issues emerging from the Audit of Investment Projects



Source: IMF analysis of information from Office of the Auditor General.

77. Improving management of project implementation is a high reform priority and can support timely delivery and budget execution. Disciplined project management is required to ensure project implementation can realize planned benefits within budgeted costs. Namibia can benefit from strengthened arrangements for project governance, including setting out detailed implementation plans prior to approval, identifying senior responsible officers for major projects and establishing clearer protocols for triggering project adjustment during construction. Allied with rigorous project preparation and active portfolio management, more structured project management can improve budget execution.

15. Monitoring of Public Assets (Strength—Medium; Effectiveness—Medium; Reform Priority—Medium)

78. Comprehensive information on the stock, condition, and value of public assets is important in informing investment planning, project selection, and ongoing maintenance. Quality information on public assets is needed for monitoring and accountability purposes and for enabling effective asset management. Monitoring and managing public assets closes the overall PIM cycle, allowing public agencies to: (i) maintain asset registers to assess public assets, enabling their productive use, and reducing the cost of maintaining them; (ii) include nonfinancial asset valuations in financial statements; and (iii) record the depreciation of fixed assets to ensure that the condition of existing public assets is known to inform important decisions for selecting projects to develop new infrastructure assets (Institution 10) or to maintain existing assets (Institution 9).

79. Fixed asset registers are required by law, central government non-financial assets are recorded in financial statements but there is no requirement for revaluation or recording depreciation and asset monitoring requirements differ for EBEs, PCs and LAs. Comprehensive and annually updated asset registers for central government are required by the State Finance Act and related Treasury Instructions, but there is no legal requirement for revaluation or recording of depreciation. For EBEs, PC and LAs the legal requirements are more exacting due primarily to the more advanced accounting policies in place for these entities. Generally, EBEs and PCs apply International Financial Reporting Standards (IFRS) while LAs have applied Accrual Basis International Public Sector Accounting Standards (IPSAS) since 2018.⁴⁵ All assets (movable and immovable) of OMAs must be recorded in an asset register maintained by each OMA. The Draft PFM Bill contains robust asset management legal requirements (Box 8).

Box 8. Asset Management in the Draft PFM Bill

The new PFM Bill expected to be tabled in Parliament in early 2025 contains comprehensive provisions regarding Asset Management. Section 38 for the draft Bill empowers the finance minister to prescribe regulations for:

- The establishment and maintenance of a comprehensive register of all Government Assets;
- The requirements for valuing the assets to record them in the balance sheet of the Government;
- The rules and procedures for the maintenance and management of Government Assets and the State Assets;
- The requirements and procedures for allocating Government Assets to any Budgetary Entity to hold, use or keep custody;
- The requirements and procedures for transferring Government Assets to other Budgetary Entities or persons;
- The procedures for including information on the acquisition, disposal, and management of assets in Budgetary Entity's annual procurement plan; and
- Other matters in relation to asset management as the Minister deems fit.

In addition, the draft Bill prescribes that the Accounting Officer of each Entity shall have adequate systems and processes in place to prepare an asset management plan, procure assets, account for assets, maintain assets, store assets, and dispose of assets as well as maintaining an asset register that is current, accurate and available for inspection at any time by the Ministry.

Source: PIMA team based on draft bill.

80. There is no centralized register of fixed assets, fixed assets are recorded in the accounts but valued at original cost and depreciation is not applied to fixed assets for central government. This is partly the result of an overdue policy decision to adopt cash-basis International Public Sector Accounting Standards (IPSAS) for BCG. MFPE plans to adopt IPSAS in 2026/27. The mission was not able to obtain information regarding the asset management policy for central government, current practices regarding monitoring and oversight from MFPE or future reform plans. However, the asset management practices for EBEs and PCs are more robust. In the power sector for example, independent external revaluation of power stations occurs every three years, and an independent desktop revaluation

⁴⁵ Ministry of Urban and Rural Development (92019) *Circular on the Adoption and Implementation of Accrual basis IPSAS for Regional councils and Local Authorities*

is performed in between to ensure that the carrying amount does not differ significantly from the fair value based on a depreciated replacement costs method.

81. Once constructed or acquired, effective asset management requires the application of practices necessary to ensure that these assets provide the optimum benefits during their useful life. While asset registers are prepared, there is room to further strengthen the guidance and reporting around fixed asset management. This will require the development of general and sector specific guidance to strengthen management and reporting practices including policies (based on the legal requirements of the draft PFM Bill) and operating manuals to clearly guide the reporting of fixed assets, producing a central consolidated asset register and for revaluation and depreciation of assets on a regular basis.

Recommendations

Issue 6. There are weaknesses in public procurement including a high rate of non-competitive procurement, widespread use of contract extension, and reported challenges in securing sign-off of tender documents leading to project delay.

Recommendation 6. Improve the operation of public procurement by:

- Significantly reducing the incidence of exemptions from competitive tendering (MFPE, CBPN, High, immediate)
- Consider using framework procurement for smaller scale, replicable investment such as school classrooms, sanitation schemes, primary care centers and water projects (CBPN, High Q1, 2026)
- Ensure realistic procurement plans reflecting all required steps in the tendering process (CBPN, NPC, High, immediate)
- Develop training modules to improve the procurement and commercial capacity of all procuring entities and the CBPN to improve quality of tender documents and reduce rate of return and resubmission (CBPN, MFPE, High, Q1 2026)

Issue 7. There are weaknesses in project implementation that contribute to under-execution and delay in project completion.

Recommendation 7. Improve project and portfolio management by:

- Issuing standard guidance on project management for capital projects (NPC, Q1, 2026)
- As part of the project approval process, requiring completed project implementation plans including project governance structures, delivery timeframes, and details of responsible officers (NPC, Q1, 2026).
- Standardizing portfolio monitoring including:
 - Strengthened requirements for OMAs to report on financial and physical progress, challenges, opportunities for re-allocation, risks, and benefits realization (NPC, High, Q3, 2026).
 - Consolidating an overall quarterly portfolio report setting out systematic data on cost, schedule, benefits, and risks at the aggregate level (NPC, High, Q3, 2026)
 - Using the portfolio report to undertake regular review of progress, identify issues and take action to improve delivery, including re-allocation of funding where necessary (NPC, High, Q3, 2026)

Issue 8. While asset registers are prepared, there is room to further strengthen the guidance and reporting around fixed assets for budgetary central government including vulnerability to climate change.

Recommendation 8. Develop general and sector specific guidance to strengthen fixed asset management and reporting practices (MFPE, Medium, Q3, 2026).

- Develop a policy (based on the legal requirement of new PFM Bill) and operating manual to guide the reporting of fixed assets, producing a central asset register and for revaluation of assets regularly.
- Develop standard methodologies for inclusion in this Manual to guide revaluation of assets including a methodology for depreciation that could be applied consistently by all OMA and EBEs.
- Develop standard methodologies for estimating the maintenance needs of climate change-exposed infrastructure assets including risks of damage to or impairment of assets due to the impacts of climate change, information on the contribution to emission and capture of GHGs, and energy efficiency ratings such as for buildings.

IV. The Climate PIMA

A. Climate Change Impact on Public Infrastructure

82. Namibia is vulnerable to the projected impacts of climate change. Namibia is a large country of approximately 825,418 km² and is divided into five distinct climatic zones. Much of the country can be broadly characterized by its extreme lack of rainfall, with 92 percent of the land area considered to be very-arid, arid, or semi-arid, making Namibia the driest country in sub-Saharan Africa. The North and Central highlands and particularly the Northeast, are classified as semi-arid and receive higher levels of rainfall. In contrast, much of the 1,572 km long Atlantic coastline is cooler than the rest of the country and receives virtually no rainfall. These climatic circumstances have resulted in a low population compared with its land area, leaving Namibia as the third most sparsely populated country in the world.

83. Climate change is already impacting Namibia. Average annual surface temperatures have already increased by more than 1°C from 1961 to 2015, rising at a rate faster than the global average.⁴⁶ Figure 27 maps the average temperatures over the past 30 years to Namibia's geography. In parallel, although rainfall levels do not appear to have significantly changed on average, there is some evidence of increasing concentration during the two rainy seasons (September – November and February to April), prompting a greater frequency of extreme weather events. Figure 28 shows the average annual rainfall over the past 30 years. Of the natural disasters suffered by Namibia since 1990, nearly half have been floods driven by rainfall.⁴⁷ UN analysis suggests that the potential economic damage of these events is approximately \$100 million per year.⁴⁸ The country has also experienced significant periods of drought, with four since 2012 requiring the declaration of national emergencies, leading to water shortages and consequent food insecurity.

⁴⁶ IMF [Climate Database](#)

⁴⁷ World Bank – [Climate Change Data Portal](#)

⁴⁸ UN Namibia – [Disaster Risk Profile](#)

Figure 27. Namibia: Average Annual Temperature (1991–2020, degree Celsius)

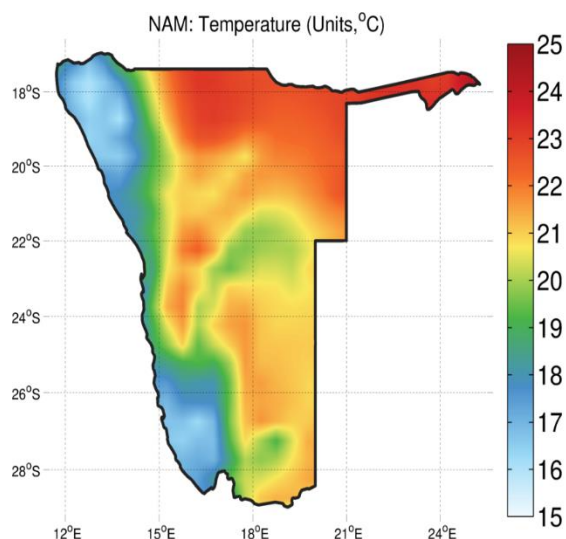
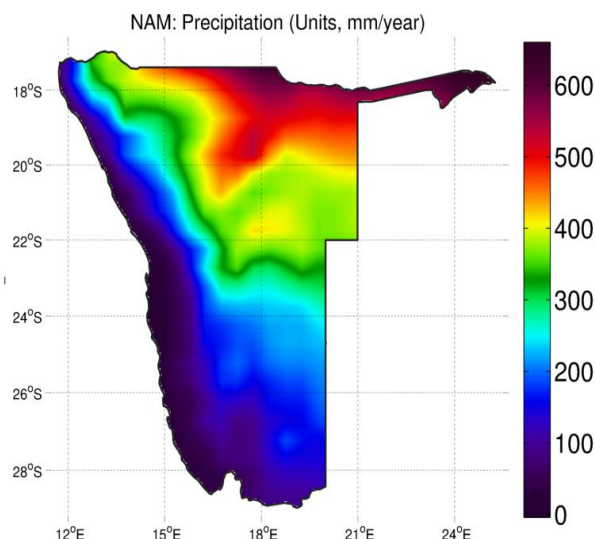


Figure 28. Namibia: Average Annual Rainfall (1991–2020, mm per year)



Source: FAD Climate Dataset (Masseti and Tagklis, 2023), using Climate Research Unit data (Harris et al., 2020).

84. Namibia's vulnerability to the effects of climate change will increase over time, likely endangering public infrastructure assets through increased maintenance requirements and the vulnerabilities identified by the ND GAIN index. Increases in temperature and precipitation are projected (Figures 27 and 28). An increase in annual mean temperatures in Namibia of at least 2°C by 2050 is within the range of likely scenarios.⁴⁹ This rises to 4°C under a very high emissions scenario and the range of possible increases remains at 1.1–3.1°C even under a low emissions scenario. Daily minimum and maximum temperatures will also increase and the number of days exceeding 35°C is projected to increase by 15–40 per year across the country. This is likely to have a disproportionate impact on vulnerable groups, particularly the elderly and will increase demand for public health services. Precipitation levels are more difficult to project but IMF analysis has a medium degree of confidence in the projection that most of Namibia will become drier on average. These changing climatic conditions will give rise to a heightened risk of climate-related extreme weather events. Collectively, and without adaptation to climate change, the impacts of climate change on Namibia can have macroeconomic and fiscal implications, consequences for effective public investment management and for the general wellbeing of the population.

⁴⁹ IMF [Climate Database](#)

Figure 29. Namibia: Projected increase in temperature by 2050 under SSP2 – 4.5

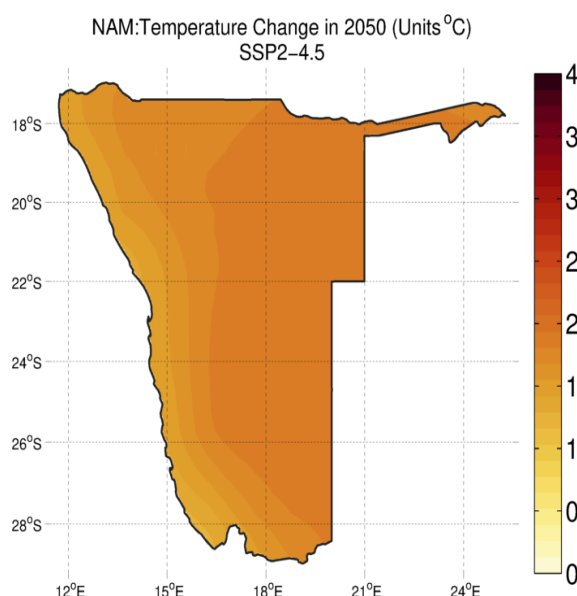
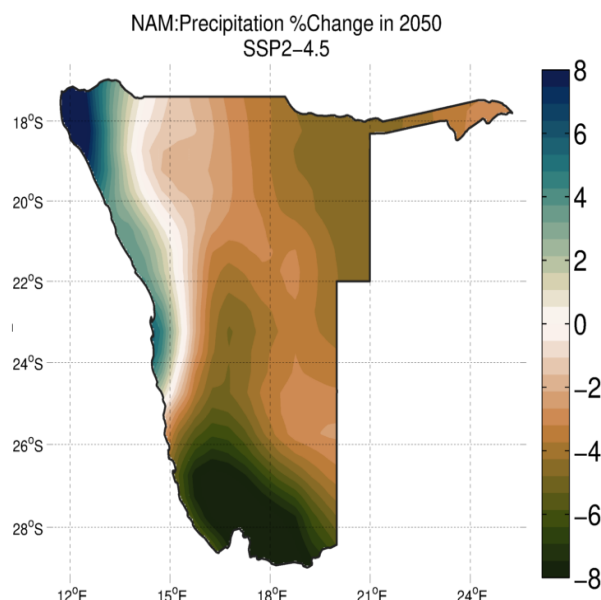


Figure 30. Namibia: Projected changes in precipitation by 2050 under SSP2 – 4.5



Source: FAD Climate Dataset (Masseti and Tagklis, 2023), using Climate Research Unit data (Harris et al., 2020).

85. The risks to public infrastructure that climate change poses in Namibia are likely concentrated in the energy, water, sanitation, and transportation sectors. Increased temperature and reduced rainfall will considerably increase pressures on water supplies, and it is notable that an estimated 60 percent of Namibia's population resides near major wetlands and relies on them for resources, wetlands that will be vulnerable to increases in temperature. On energy, increased temperatures will increase demand for electricity, in parallel with Namibia's continued industrialization and urbanization. At the same time, it will likely reduce the availability of hydroelectricity and may even impede the imports that Namibia is currently dependent on to meet half of electricity demand in the country. The risk of supply electricity interruptions has already been demonstrated by the impact recent droughts have had on hydropower production in other Southern African countries, such as Zambia and Zimbabwe. Finally, extreme weather events may damage Namibia's road network, the majority of which is surfaced with either earth or gravel. In summary, if not addressed, the impacts of climate change on Namibia will reduce agricultural productivity, interrupt electricity supplies, disrupt transport linkages and hinder the availability of clean drinking water, with consequent implications for public health.

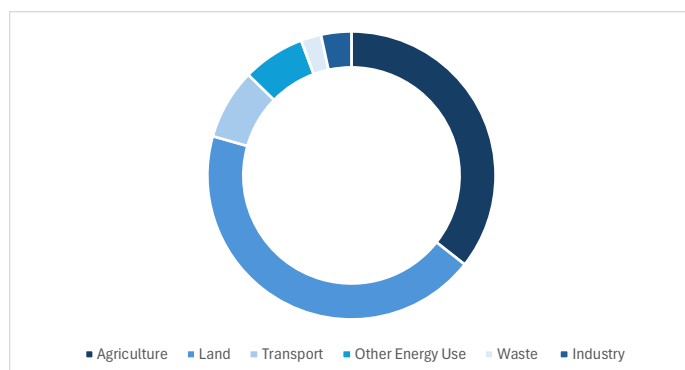
86. To reduce the very significant risks that climate change will pose to public infrastructure assets in Namibia, it is critical that climate considerations are incorporated in the PIM framework. Mainstreaming climate considerations will help to ensure that new infrastructure investment minimizes climate-related risks where it is feasible to do and that the risk to the existing public asset base is recognized and can be accounted for. It can also demonstrate the multiple benefits that climate-aware public investment management can provide towards meeting both development and sustainability goals. This mainstreaming can be accomplished through a combination of institutional reforms, funding strategies, enabling policies and regulations, as well as close coordination among institutions and stakeholders across the various sectors.

B. Climate Change Objectives and Strategies

87. Namibia's contribution to climate change is low, both in absolute and relative terms.

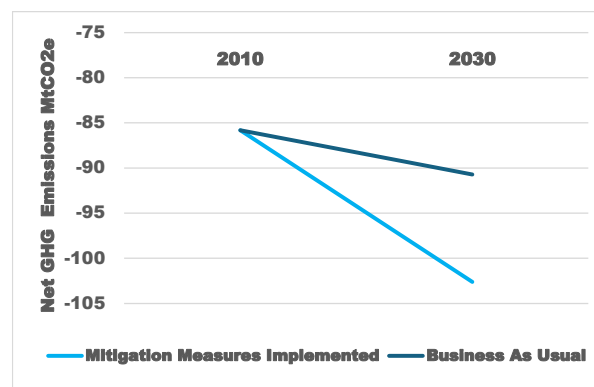
Namibia's greenhouse gas emissions were estimated at just over 13.5 MtCO₂e (million tons of CO₂ equivalent) in 2020.⁵⁰ This suggests that on a per capita basis, a typical Namibian citizen is responsible for almost 5.4 tons of emissions, below the global average of approximately 6.7 tons.⁵¹ However, when emissions from Land Use, Land Use Change and Forestry are accounted, this number rises significantly, with an estimated 10.56 MtCO₂e attributable to the sector in 2020. This increases per capita emissions to 10.4 tons per person, above the global average. However, overall Namibia is a net carbon sink. This means that the impact on global warming of the greenhouse gases emitted by Namibia is more than offset by the greenhouse gas emissions sequestered in Namibia's land sector (mainly forestry and bush). Greenhouse Gas (GHG) emissions in Namibia are mainly attributable to the agricultural (36 percent) and land use (44 percent) sectors. The remaining sectors, energy, transport, industry, and waste are collectively responsible for just 20 percent of emissions (Figure 29).

Figure 31. Source of Greenhouse Gas Emissions by sector – 2020



Source: World Bank Climate Dataset

Figure 32. Namibia's Projected Net Emissions (incl removals) 2010–2030 (MtCO₂e)



Source: Namibia's Nationally Determined Contribution to the UNFCCC

88. Namibia has committed to ambitious actions on greenhouse gas mitigation. In its latest Nationally Determined Contribution (NDC), submitted to the United Nations Framework Convention on Climate Change in 2023, Namibia has set a target to reduce its projected 2030 national emissions by 7.7 MtCO₂e, while concurrently increasing its removals by 4.2 MtCO₂e, compared to what emissions would be in a business-as-usual scenario absent any mitigation activity (Figure 30). This is a 24 percent reduction compared to the business-as-usual scenario by the year 2030 from base year 2010 levels. Namibia has not yet set a longer-term or net zero target.

89. Namibia is also in the process of developing a national adaptation strategy. The aim of this strategy is to build on the First Adaptation Communication to the UNFCCC that was submitted in 2021 and the updated commitments on adaptation made in the latest NDC. The Adaptation Communication

⁵⁰ World Bank – [Total Greenhouse Gas emissions in CO₂ equivalent](#)

⁵¹ Estimated to have reached 52.4 GtCO₂e in 2020 by the [UN Emissions Gap Report 2022](#).

acknowledges previous research that many communities in Namibia have little capacity to adapt to the impacts of climate change as temperatures increase beyond 1.5°C and that government-led adaptation efforts often tend to focus on immediate development needs. The NDC identifies a list of 36 adaptation measures comprising 84 actions across 8 sectors that will be prioritized to 2030, with the vast bulk of these measures addressing water resources along with agriculture and food security.

90. The NDC estimates a total funding requirement to achieve adaptation and mitigation targets just over USD \$15bn in the years to 2030. Of this funding requirement, USD \$13.6bn is conditional. This means that the investment requirement cannot be met from the domestic resources available to Namibia and instead is dependent on support being received from development partners, including all proposed measures on mitigation. Even on adaptation, it is noted that the support of the international community will be critical, with 90% of planned measures dependent on financial support. Through the Environmental Investment Fund (EIF), Namibia is engaging with international climate funds such as the Green Climate Fund and the Global Environmental Facility and is engaging with other development partners through the NDC partnership process, with a plan launched in 2018.

91. Namibia does not have dedicated climate change legislation. However, a range of strategies, governance structures and implementation measures (some grounded in legislation) have been adopted that place climate obligations on Governmental actors. These strategies, along with the institutions central to their implementation, are detailed in Table 4 below.

Table 5. Climate Change Strategies and Institutions in Namibia

Climate Strategies and Plans	Coverage
Updated Nationally Determined Contribution (NDC)	Namibia submitted a revised and updated National Communication to the United Nations Framework Convention on Climate Change in July 2021. This was updated with a further communication in November 2023. Within these communications the country has pledged to reduce greenhouse gas emissions by 24 percent by 2030, compared to projected business as usual emissions. The NDC also notes that Namibia will remain a carbon sink over the period to 2030 and projects that removals from the atmosphere will increase on implementation of the NDC.
National Development Plan 5 (NDP 5)	Namibia's latest NDP was published in May 2017. The plan is the fifth in a series of medium-term investment plans aimed at achieving the goals of development and industrialization set out in Vision 2030. The NDP notes that progress across every sector will be guided by principles on economic progression; social transformation; environmental sustainability and good governance. However, beyond these general principles there are no specific links between the investments proposed and Namibia's climate targets.
National Climate Policy	Published in draft format in 2010 before being finalized in October 2011, Namibia's national climate policy set the framework for how Namibia will deal with climate risk and reflect environmental limits in development policy. However, at this point the strategy is considerably outdated and the updated NDC is Namibia's de-facto climate strategy.

Climate Strategies and Plans	Coverage
National Climate Change Strategy and Action Plan, 2013–2020	After two years of development and public consultation from the release of the National Climate Policy, Namibia's first National Climate Change Strategy and Action Plan was published in 2013. The strategy set out a series of strategic aims covering adaptation, mitigation, and cross-cutting issues. Again, given the time that has passed the strategy is considerably outdated.
First Adaptation Communication to the UNFCCC	Namibia submitted its first adaptation communication to the UN as required under the Paris Agreement in 2021. The communication identifies the climate vulnerabilities that Namibia faces and outlines the goals, actions take will be taken across eight sectors to mitigate these hazards and the associated likely investment cost.
Institutions	Climate-related Responsibilities
Ministry of Environment, Forestry and Tourism (MEFT)	The MEFT has lead policy responsibility for Namibia's response to climate change. Within the ministry, a specific climate change unit coordinates the development of Government climate strategies and is responsible for Namibia's reporting under the UNFCCC. The Ministry also includes an environmental economics unit that provides policy advice on interventions.
National Committee on the Rio Conventions (NCRC)	The NCRC was created in 2020 to unify Namibia's response to the Rio Conventions on climate, biodiversity, and desertification and to find synergies between the three conventions. The role of the new committee is to improve strategic planning, coordination across Government, undertake capacity building and to ensure that information and science-based evidence is included in policy making. It is also supported by the National Committee on Climate Change which brings together officials with a broad range of environmental stakeholders.
Environmental Investment Fund (EIF)	Created via legislation in 2001, the EIF is directly funded via certain environmental levies and taxes. The fund blends these receipts with other sources as finance, such as from development partners and from them creates a range of financial instruments to promote environmental sustainability across the public and private sector. This ranges from directs grants to concessional loans and subsidies. The EIF has been accredited to the global Green Climate Fund since 2015.
National Planning Commission (NPC)	Created under the Namibian Constitution and regulated by the National Planning Commission Act of 2013, the NPC is the body responsible for leading the development of Namibia's development strategies. Critically, the NPC is also responsible for coordinating international development cooperation.
Development Partners	Funding from development partners will be critical to the achievement of Namibia's climate targets. 90% of Namibia's climate objectives are conditional, this means their implementation is dependent on financing for the measure from development partners, including all activity on mitigation.

Climate Strategies and Plans	Coverage
Line Ministries	Line ministries are required to plan and implement the policies and measures necessary to contribute to the achievement of the targets set out in the NDC. This gives them a critical role in the development and implementation and management of climate-relevant infrastructure projects and climate-related rules and regulations.

Source: IMF Team

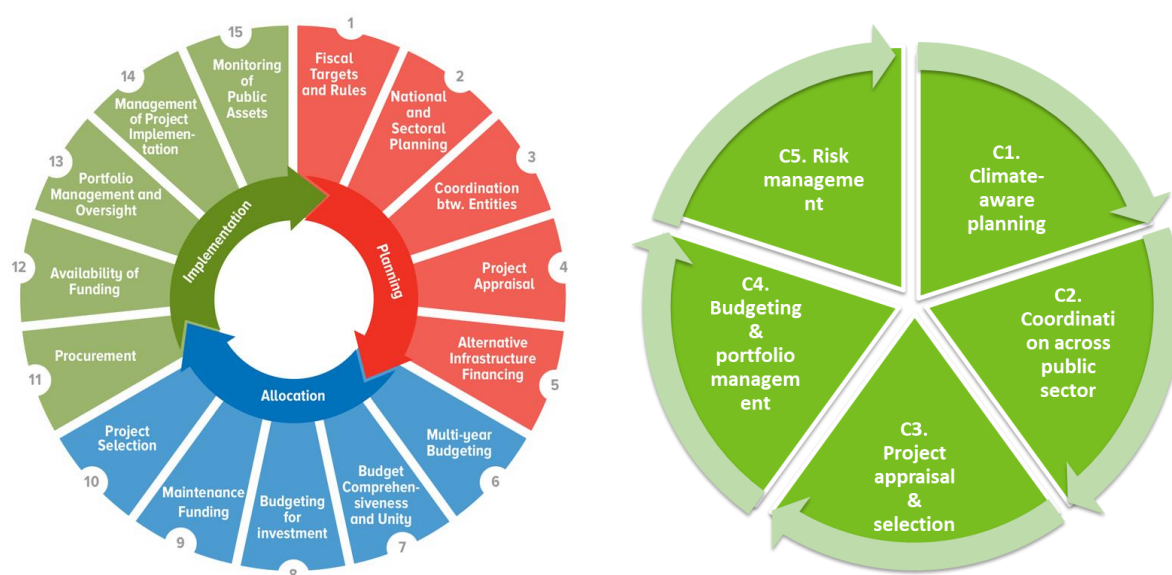
92. There are significant risks to the achievement of Namibia’s climate targets. Progress will be heavily dependent on support provided by development partners. Only 10 percent of the estimated USD \$15bn 2030 investment requirement can be met from within Namibia’s domestic resources, with none of the proposed mitigation measures proposed to be financed from within domestic resources.⁵² In parallel, there will be continued tension between development objectives and meeting climate commitments. About 80 percent of Namibia’s emissions are concentrated in the agriculture and land use sectors. However, the livelihood of up to 70 percent of people in Namibia is linked to a largely-livestock based agricultural system. If production increases, this will place upward pressure on emissions while increasing Namibia’s vulnerability to the impacts of climate change. In parallel, as the economy industrializes, urbanization increases and incomes rise, energy and industrial sources of emissions will grow. While economic development and decarbonization can be achieved in parallel, with significant potential co-benefits and new opportunities for export, such as those identified in the Green Hydrogen Strategy, effectively managing the tensions that will arise will between economic development and sustainability will be critical to the achievement to Namibia’s climate ambitions. The development of appropriate infrastructure through climate aware public investment management, along with the improvement and protection of current infrastructure, will be critical to maintaining the balance between economic growth and sustainability.

C. Climate PIMA Framework

93. The Climate PIMA assesses five key public investment management practices from the climate change perspective and is an extension of the existing PIMA framework. Figure 33 describes the main elements.

⁵² Namibia – Nationally Determined Contribution

Figure 33. Climate Public Investment Management Assessment Framework



94. The Climate PIMA covers the following specific issues (see Annex 3 for the C-PIMA Questionnaire):

C1. Climate-aware planning: Is public investment planned from a climate change perspective? This is necessary to ensure that long- and medium-term plans contribute to meeting climate objectives and facilitate effective prioritization and decision-making.

C2. Coordination across public sector: Is there effective coordination of decision making on climate change-related public investment across the public sector? In addition to the central government, subnational governments (SNGs), public corporations (PCs) and private sector entities play key roles in realizing climate-related public investment. Climate adaptation investments will often take place at the SNG level, and both PCs and private sector entities may play key roles, for instance in energy production.

C3. Project appraisal and selection: Do project appraisal and selection include climate-related analysis and criteria? This is necessary to ensure that the most effective and efficient investments are prioritized. This serves to maximize the climate impacts of public investments with available resources.

C4. Budgeting and Portfolio management: Is climate-related investment spending clearly identified in the budget and subject to active management and oversight? Because the climate benefits may be less tangible and more difficult to quantify than other project benefits, systematic and consistent management, and oversight of benefits over the project lifecycle is critical.

C5. Risk management: Are fiscal risks relating to climate change and infrastructure incorporated in budgets and fiscal risk analysis and managed according to a plan? The likelihood of climate related disasters is expected to increase over time. The impacts of these risks on public infrastructure must be systematically assessed and monitored, to facilitate adequate and effective risk mitigation.

D. Detailed Assessment

C1. Climate-aware Planning (Strength: **Low**; Reform Priority—Medium)

95. Climate objectives should be included in national and sectoral investment planning processes. This ensures that investment in public infrastructure is aligned with the country's commitment to decarbonization and that the risk to infrastructure of likely changes in climatic conditions is minimized where it is feasible to do so. Government regulations on spatial and urban planning should ensure that new construction is prioritized in areas that minimizes exposure to climate-related risks and building codes should be implemented so that the greenhouse emissions attributable to any new buildings are limited. Finally, ministries and Government agencies should be provided with guidance on incorporating climate considerations into sectoral plans and how to cost such measures.

96. National and sectoral investment plans in Namibia recognize climate change concerns but demonstrate limited alignment with specific climate objectives. Namibia's latest Nationally Determined Contribution (2023) contains a comprehensive list of actions on both mitigation and adaptation, with associated estimated investment costs. However, national or sectoral investment strategies predate the Nationally Determined Contribution and are not consistent with Namibia's climate objectives. NDP5 for example, published in 2017, set a target for greenhouse gas emissions for 2022 (30 percent reduction compared to business as usual) but did not detail how this will be achieved, or which sectors will bear the burden. This limitation is also reflected in sectoral plans. Typically, sectoral strategies acknowledge the importance of climate considerations but lack specifics on the projects and measures that will be required, the associated investment costs and the progress these measures will make towards climate objectives. Due to these weak linkages, there is a risk that national and sectoral activities are not fully aligned with the ambition articulated in the NDC.

97. Namibia has a strong legislative framework on spatial planning and building codes that incorporate energy efficiency principles but lacks explicit links to climate related risks. The Urban and Regional Planning Act of 2018 provides the underpinning legal basis for spatial planning in Namibia.⁵³ The Act is explicit that all frameworks and plans must reflect the principle of sustainable development and must be grounded within environmental limits. At a more local level, the Act mandates that zoning schemes must consider physical characteristics such as flooding and rainfall. While this framework is strong, it would benefit from a more explicit alignment with the climate risks Namibia is likely to face. For example, the Windhoek Urban Structure Plan identifies water resources as a risk but does not address the risks that climate hazards more generally may pose and notes that environmental policies and legislation needs to evolve to allow the city to better account for them in its development plan. An explicit, and preferably legislative, commitment to climate vulnerabilities within national, regional, and urban structural plans would help limit the exposure of public assets to climate hazards if applied and enforced.

98. There is no evidence of systematic guidance or other central support to government ministries on the preparation and costing of climate-aware public investment strategies. The MEFT hosts a National Climate Change Committee, established in 2001, consisting of representatives of ministries, NGOs and other key stakeholders. This committee oversees the development of Nationally

⁵³ Republic of Namibia - [Urban and Regional Planning Act of 2018](#)

Determined Contributions and other significant climate-related instruments. The NPC is the responsible authority for the development of the national investment strategies. It is not clear the degree to which these institutions coordinate effectively to ensure the alignment of public investment strategies with climate objectives. Similarly, while both offer support to other ministries, this seems to be ad hoc, rather than the provision of specific rules or guidance on developing climate-aware investment planning. This risks an inconsistent approach to the treatment of climate considerations, particularly in the development of sectoral strategies.

99. Namibia should integrate climate targets within the upcoming sixth NDP and develop guidelines on reflecting these targets within sectoral investment strategies. Namibia has ambitious, clearly articulated climate commitments detailed in the National Determined Contribution. There is evidence of strategies becoming better aligned with climate objectives over time, with progress evident across a range of sectors from agriculture to energy and transport.⁵⁴ The development of NDP6 affords Namibia an opportunity to build on the progress made to date and better align investment policy with climate objectives. It can do this by integrating the detailed Nationally Determined Contribution investments on climate change adaptation and mitigation within the wider public investment strategy. To support this reform, the Ministry of Environment, including the National Climate Commission, should work closely with the National Planning Commission on the development of the new National Development Plan. In parallel, the ministries should cooperate to develop guidance for other ministries on how to reflect the Namibia's climate commitments in individual sectoral investment plans. Collectively, this would improve the consistency of the treatment of climate within sectoral strategies and demonstrate that Namibia's development and climate objectives are complementary and inextricably linked.

C2. Coordination between Entities (Strength—Low; Reform Priority—Medium)

100. This institution assesses if there is a whole-of-government approach to climate change facilitating the coordination of public investment across all levels of the public sector. Such coordination needs to take place within and across federal and provincial governments. Climate-related decision-making should consider externally financed projects, extra-budgetary entities, and PPPs. Finally, the regulatory and oversight framework for public enterprises should ensure that their climate-related investments are consistent with national policies and guidelines.

101. In Namibia, decision-making on public investment is not coordinated across central government from a climate-change perspective. The existing framework for coordinating climate change efforts in Namibia lacks a central agency. As mentioned earlier, the MEFT leads on the National Climate Change Committee (NCCC), which has updated the latest NDP 2023 for Namibia, which contain sector-specific mitigation and adaptation measures. However, these efforts are constrained by the NCCC's advisory role and the absence of a dedicated technical unit to oversee the implementation of these activities.

102. There is a gap in coordinated climate change public investment between local and central government levels in Namibia. While robust mechanisms exist for general investment planning (see Institution 3 earlier), specific guidance for local authorities to align projects with the NDCs is missing. The

⁵⁴ For example Namibia's Transport Policy 2018-2035.

City of Windhoek has independently developed its own initiatives such as establishing a climate change desk. Despite its direct involvement in the delivery of services like water and electricity distribution, solid waste management and land delivery and construction, and in the regulations on urbanization and construction, the City was not consulted when the measures under the NDC were being crafted.

103. The regulatory and oversight frameworks governing public enterprises currently lacks explicit mandates for climate-related objectives. This is evidenced by the absence of such goals in the PEGA 2019. However, the ongoing development of the Public Enterprise Ownership policy presents an opportunity to embed climate considerations within the oversight framework. On a broader level, a central coordinating unit will be essential to mainstream climate into public investment decisions across all levels of government. The National Climate Change Strategy and Action Plan 2013–2020 proposed the creation of such unit within the Office of the Prime Minister, but this has not yet been established. Box 99 provides the example of Tanzania where recent efforts have been made towards coordination.

Box 9. Public Investment Coordination Across Central Government in Tanzania

Public investment decisions are coordinated across all central government regardless of financing sources, including from a climate change perspective. Overall, the central government coordinates public investment planning and decision making through the National Climate Change Response Strategy, the Five-Year Development Plan and the PIM processes. These processes include climate-related capital projects that support national climate goals, although there is no specific definition of climate projects.

In parallel, the Vice President's Office, in Tanzania's Union and Environment division, is responsible for overseeing the implementation of climate related activities and the NDC at the national level. A National Climate Change Steering Committee has been established, chaired by the Permanent Secretary of the Vice President's Office, to ensure coordinated actions across various sectors and institutions.

The 2004 Environmental Management Act also establishes Sector Environmental Sections in line ministries with the role of coordinating with the Vice President's Office on environmental management. The Five-Year Development Plan III for 2021/22–2025/26 provides good evidence on how climate-related public investment is well coordinated across the central government in the planning phase.

Source: Tanzania National Climate Change Response Strategy, 2021.

C3. Project Appraisal and Selection (Strength— Low; Reform Priority— High)

104. Project appraisal and selection should consider the impact of investment in climate change adaptation and mitigation. Incorporating a climate focus as part of the project appraisal and selection phases of the project lifecycle can help ensure that climate-resilient and low-carbon projects are prepared and prioritized. Adequate analysis at the project appraisal stage can also help understand the potential impact of climate change on new infrastructure.

105. Namibia does not have requirements for climate-sensitivity appraisal of public projects. As detailed under PIMA Institution 4, there are no standard processes for project appraisal at present. The NPC intends to establish more rigorous processes for economic, financial, and technical appraisal of public investment proposals. In doing so, it should mandate climate-sensitive analysis in the preparation of projects in the Development Budget. To be effective, this should account for climate change mitigation and adaptation aspects of public infrastructure.

106. Climate change considerations are not explicitly incorporated into PPP contracts. Climate change brings uncertainty to identifying needs, preparing projects, and planning, implementing, and managing investments. PPP projects can be particularly challenging as the private partner requires a degree of stability and certainty to incentivize investment. Many asset classes can be susceptible to the impacts of climate change. Public authorities should ensure that PPP contracts account for uncertainty and that risk is fully understood—and allocated—in project agreements (Box 10).

Box 10. Climate change and PPP preparation, contracting, and implementation

The World Bank has developed a wide-ranging toolkit to assist authorities in factoring climate change considerations into the design and management of PPPs. The toolkit provides practical guidance across a range of critical issues at the intersection of climate change and project finance. The approach includes:

- Phase 1: project alignment with climate policies; climate considerations in project selection; value of investment accounting for climate actions
- Phase 2: interactions between climate and PPPs; climate considerations on technical feasibility; climate considerations on commercial feasibility and bankability
- Phase 3: climate considerations on risk allocation; climate considerations on financial structure; integration of climate requirements into the procurement process.
- Phase 4: drafting of climate-smart tender documentation.

Source: The World Bank (2022) [Climate Toolkits for Infrastructure PPPs](#).

107. Climate considerations are not factored into project selection decisions. As discussed under Institution 10, the published criteria for project selection are general and do not provide a basis for meaningful comparative assessment of competing investment proposals. In reforming the current approach, there is a chance to embed climate change considerations in prioritizing public investment.

108. Expanding the climate focus of appraisal and selection processes is a medium priority for Namibia. In reforming the overall approach to project preparation, appraisal and selection, Namibia has an opportunity to embed climate-sensitive analysis in the process. This can help achieve the country's ambitious plans for both climate and infrastructure and support alignment of public policy implementation.

C.4 Budget and portfolio management (Strength— Low; Reform Priority—High)

109. Effective management of the government's portfolio of climate-related investment projects is critical for achieving climate change mitigation and adaptation targets. Climate-related investment and maintenance allocations should be budgeted for and reported through the annual budget and other fiscal instruments such as the MTEF and the government's financial statements. Asset management and ex-post audits and reviews should similarly consider climate objectives and implications.

110. Some climate-related public investment expenditures are identified in the budget, but there is no tagging framework in place to support monitoring and reporting of this expenditure.

There are allocations to climate change related activities in the budget.⁵⁵ The development budget estimates disaggregated by NDP5 goal, however, reveal that the sustainable environment element receives the lowest share of funding in the MTEF at 0.2 percent. In practice, the budget for sustainable and green investment may be higher, but the absence of a formal operational definition of what constitutes climate-related public investment spending and a budget tagging system render identification and reporting of this expenditure difficult. The planned Sixth National Development Plan presents an opportunity for defining climate-change related public investments in line with the mitigation and adaptation actions identified in the updated NDC.⁵⁶ The Government, however, is in preliminary stages of developing a climate change budget tagging tool.

111. Ex-post audits have been conducted for climate mitigation and adaptation outcomes of some projects. The fragmented approach to climate-related public investment management, coupled with the absence of identified climate-relevant projects in the budget, restricts the Auditor General's ability to conduct performance audits on these investments periodically. Notwithstanding, in accordance with legal mandates (covered in Institution 14c), the Auditor General has conducted ex-post audits on the outcomes of Sustainable Development Goal 2.4 adaptation projects, and climate change outcomes of some projects that have been funded by the Environment Investment Fund.⁵⁷ The findings from these audits will be published upon completion.

112. Namibia's asset management policies and methodologies do not address climate-related risks. Asset management practices do not address maintenance or assess asset exposure and vulnerability to climate change. Although some OMAs have established asset registers, there is no comprehensive, government-wide asset register that takes account of the potential impact of climate change. Creating a consolidated asset register aids in mapping and identifying assets vulnerable to climate-related risks such as temperature changes. This can guide planning for adaptive measures like relocating critical infrastructure away from areas at risk, allows for prioritization of adaptation or mitigation efforts and enables effective resource allocation.

113. The absence of a central climate-tagging system combined with existing asset management policies hinders effective budget planning for climate objectives. Establishing clear frameworks for monitoring and reporting climate-related spending fosters transparency and accountability. Furthermore, it is crucial for the government to maintain a consolidated asset register and update maintenance manuals to guide sectors where climate change is likely to increase strain on assets. By so doing, the government can better prepare for the challenges posed by climate change and ensure the longevity of critical infrastructure and resources.

⁵⁵ A few climate- related projects can be identified in the following sectors: Environment, Forestry and Tourism; Agriculture & Land use; and Home Affairs, Immigration, Safety and Security. These projects include extension and renovation of National Botanical Research Institute infrastructure, comprehensive conservation agriculture program for Namibia, wildlife translocation scheme, and construction of agricultural correctional facilities to support climate smart food production in correction centers. (Source: National Planning Commission (2024) *Development Programs – Medium Term Expenditure Framework 2024/25 – 2026/27*)

⁵⁶ Government of Namibia (2023) [Namibia's Nationally Determined Contribution – Second Update](#) .

⁵⁷ Sustainable Development Goal target 2.4 covers sustainable food production.

C5. Risk Management (Strength—Medium; Reform Priority—Medium)

114. Identifying and managing fiscal risks to public infrastructure arising from climate change should be an integral part of the government's risk management function. As with other types of fiscal risks, governments need to be aware of climate-related risks of public investments and their potential impact on public finances. These risks are increasing in significance, are expected to be chronic sources of fiscal risk in all countries, and therefore warrant explicit attention. To better manage these fiscal risks, it is important for governments to (i) develop and publish a disaster risk management strategy that identifies the exposure of public infrastructure to climate related disasters; (ii) develop mechanisms to absorb the cost of climate-related damages to infrastructure; and (iii) analyze climate-related risks to public infrastructure assets.

115. While there is a published national disaster risk management strategy, it does not identify the key climate-related risks to public infrastructure assets and networks. A National Policy on Climate Change (2011) includes objectives to improve infrastructure management in relation to climate change, but implementation is slow. At the time, the policy set out to: (i) establish and enforce standards for infrastructure development, (ii) encourage the integration of climate change issues into development planning strategies, (iii) develop a national strategy for infrastructural developments, and (iv) encourage the adoption of town planning standards and principles to make cities and towns more resilient. The policy is underpinned by the Disaster Risk Management Act (2012) and regulations (2013) which requires all government entities to identify all infrastructure at risk of disasters of all types, not only climate change related. In addition, two other strategies were developed namely: the National Climate Change Strategy and Action Plan (2013–2020), and the National Strategy for Mainstreaming Disaster Risk Reduction and Climate Change Adaptation into Development Planning in Namibia (2017–2021). Even though there is a legal framework and various strategies in place, there is no consolidated information or analysis regarding the climate-related risks in terms of hazards, exposure, and vulnerability to public infrastructure assets and networks.

116. Contingency funds are available to respond to disasters including damage to infrastructure. Two funds are available to support responses to natural disasters including the general contingency provision within MFPE's budget and the National Emergency Disaster Fund which can be used for infrastructure remediation if required. Recent audited financial statements are not available for the Fund; however, it has proven adequate in the past as a financing source to ensure food insecurity resulting from repeated drought events.⁵⁸ The contingency provision had a revised estimate of N\$481 m (US\$25m) in 2023/24, while allocations of N\$250m (US\$13m) are included each year of the MTEF. There is no specific ex-post financing mechanism in place. Namibia has not signed up to any natural disaster insurance schemes although it has received recently technical assistance from the World Bank on risk finance and insurance.⁵⁹

117. An assessment of general climate-related risks is included in the 2024/25 fiscal risk statement (FRS). The analysis is qualitative in nature. At present the FRS does not include quantitative

⁵⁸ Most recent audited financial statement is for fiscal years 2013/14 to 2016/17. The total equity and liabilities during this period ranged from a high of N\$530m (2015/16) to a low of N\$138m (2014/15).

⁵⁹ World Bank (2023) *Namibia Agriculture Disaster Risk Finance and Insurance Diagnostic*

analysis of the fiscal risks arising from climate change and does not identify risks to public infrastructure assets over the medium term. Box highlights the main fiscal risk from climate change to infrastructure.

Box 11. Fiscal Risks from Climate Change Related to Public Infrastructure

Climate change creates fiscal risks through a number of channels:

- The costs of *adapting* to climate change due to the likely increased incidence and severity of natural disasters and the increased exposure of assets to disasters, e.g., preventive costs (e.g., building protective infrastructure such as flood barriers, retrofitting or building new infrastructure to higher standards) and recovery costs (such as replacing damaged infrastructure).
- The costs of maladaptation to climate change, such as continuing to construct public infrastructure in, and to allow private investment in, areas highly exposed to climate-related disasters.
- The costs of *mitigating GHG emissions*. Building new low carbon infrastructure generally entails higher initial capital outlays, although the cost of renewables has fallen, and operating costs may be lower. Governments may need to part-finance the transition to a low carbon economy to meet their international and domestic climate commitments (e.g., investments in the electricity network to accommodate renewables, construction of EV charging infrastructure).
- In addition, transition risks may arise from the shift to a low-carbon economy due to policy changes (e.g., carbon pricing), technological changes, and changes in consumer and investor preferences. Transition risks relating to public infrastructure include loss of value of publicly owned assets, exposure of public corporations, the need for financial support for public research on new technologies, potential legal action against government relating to major projects based on their climate impacts.

Source: IMF Staff

118. Given the exposure of public infrastructure assets to damage from climate-related risk, priority should be given to mapping the location and climate vulnerability of major infrastructure assets. A geo-spatial mapping project will be important, enabling the inclusion in asset registers of details of the location of major infrastructure assets. This should be supplemented by details of the current condition of each asset and its hazard exposure and vulnerability. Identifying the climate risks to critical infrastructure is important to enable line ministries to make a quantitative assessment of the risks to their assets and to determine possible mitigation steps.

Recommendations on Climate Sensitive Public Investment

Issue 9. Climate targets are not effectively linked to national and sectoral investment plans, risking a misalignment of resources.

Recommendation 9. Ensure full alignment with climate change objectives in future National Development Plans (MEFT, NPC, MFPE, Medium, Q1, 2027).

Issue 10. There is insufficient guidance to OMAs on climate-sensitive public investment management, including costing of proposals.

Recommendation 10. Develop guidelines for OMAs on how climate targets can be incorporated into sectoral investment plans (MEFT, NPC, MFPE, Medium, Q4, 2026).

In addition, in reforming key public investment institutions, important climate change issues should be fully integrated:

- Incorporate climate considerations into proposed project appraisal methodology (see Recommendation 1).
- Incorporate climate considerations into proposed project selection process (see Recommendation 5).

V. Cross-Cutting Issues

A. Legal and Regulatory Framework

119. The robust performance in institutional design noted in some areas highlights recent initiatives aimed at modernizing the legal and regulatory frameworks. The NPC Act 2013 empowers the NPC to set priorities and direction in a national development plan and prepare development budgets within a three-year MTEF. The NPC guidelines for the Preparation and Submission of Projects (2018) delineate procedures for project document preparation and submission, covering all projects requiring budget funding from various sources including OMAs, local authorities, or public enterprises. The PPP Act of 2017, along with its 2018 regulations, establish best practices in governance, appraisal, and selection of Public-Private Partnerships (PPPs), as well as risk management. The Public Enterprises Governance Act (PEGA) of 2019 enhances governance and oversight of public enterprises, setting standards for budgeting and reporting. The Public Procurement Act mandates competitive bidding as the default procurement method in Namibia, requiring advertising and providing a detailed complaints process. Additionally, the telecommunications and electricity sectors benefit from independent regulators.

120. Several issues have emerged due to gaps in the legal framework. The outdated State Finance Act 1991 lacks robust principles for fiscal policy setting, including the setting of fiscal targets and reporting against them; the reporting requirements of budget and extra-budget entities; the publication of total project costs; and the collection of information across government entities for fiscal risk management. It also lacks provisions for cash flow forecasting and management, and timely payments to suppliers. Furthermore, the governance of public enterprises is weakened by the lack of a State-Owned Enterprise (SOE) ownership policy, which is essential for supporting government divestiture and promoting competition in key sectors. Notably, the absence of a water sector regulator is problematic, given that water is a scarce resource in Namibia. Several initiatives are currently underway to strengthen these aspects of the legal and regulatory framework.

121. Planned reforms to the legal framework for public financial management can be harnessed to improve public investment institutions. The planned PFM Bill makes important changes on a number of issues relevant to public investment management. This should be supported by revised Guidelines for the Preparation and Submission of Capital/Development Projects that should give effect to the recommendations in this assessment on project preparation, appraisal, and selection. In addition, the use of framework procurement to exploit potential efficiencies in project implementation is being actively pursued by the MFPE,

B. Information Technology

122. Robust information systems support efficient PIM and enhance the transparency of the process. The quality of the information system can be a key determinant in the effectiveness of different PIM institutions. Depending on the country context, the following functionalities are important:

- Project pipeline development (identification, preparation, design, and presentation)
- Interface with budgeting system

- Interface with procurement system
- Interface with budget execution and accounting system
- Portfolio monitoring and reporting
- Interface with asset management system

123. Namibia has a limited functionality project information management system, which is likely to be improved and expanded. The NPC has put in place an IT tool known as the Project Planning and Performance Management System. Currently, it is only used by OMAs to capture details on proposed development projects using the Project Identification Forms which include project concept information such as definition of objectives and a summary of budget information. Project initiators are able to capture Project Identification Forms online and forward them automatically to the NPC based on a pre-defined approval hierarchy. The system is also used by NPC to consolidate the project details and produce the Development Budget book and to upload the development budget to the IFMIS.

124. Any future information system should ensure that comprehensive functionality is in place. This should include centralized project progress reporting, developing cost estimation, identification of risks; identification of emerging implementation issues and monitoring resolution, and generating electronic approvals for payments to be executed by MFPE and OMAs. In addition, it will be important that the system provides enhanced monitoring capabilities through development of dashboards for aggregate project reporting. However, the effectiveness of any system will depend on timely, regular, and reliable information inputs by OMAs.

125. MFPE is planning to implement a budgeting system and an e-procurement system which will be interfaced with IFMIS in the near future. It will be important that these two new systems support project planning, budgeting, procurement and implementation monitoring, and provide the functionality requirements of both MFPE for the overarching budget as well as NPC for the development budget.

C. Staff Capacity

126. Staffing and capacity constraints pose challenges to good planning and implementation of public investment projects, including when considering climate-related objectives. Bridging capacity gaps in project appraisal, portfolio management, commercial understanding of procurement processes as well as contract management to ensure value for money and transparency, and sector-specific expertise, is important for effective public investment management. Additionally, investment projects must align with national climate objectives, which requires specialized expertise and capacity to analyze their impact on climate change.

127. Staffing needs across government are substantial, and there is a consensus that demands often exceed the available skilled workforce. The NPC reports that it lacks sufficient capacity to centrally support project appraisal at present. The Procurement Policy Unit within MFPE, and the Ministry of Works and Transport both highlighted the scarcity of sector-specific expertise and low staffing levels. Additionally, the PPP Unit's capacity and skills must be strengthened to streamline the design and approval processes for PPP projects. The unit currently operates with only staff members, and emphasized the need for specialized skills in financial, legal, and technical aspects of PPPs. The limited government staffing is likely to face even greater strain given the need to implement climate change

requirements. Addressing these capacity gaps is essential for effective and climate-conscious project management and implementation.

128. Significant capacity building and technical support are required to improve effectiveness of PIM, this includes integrating climate perspectives into the process and reinforcing supporting frameworks. PIM capacity development is required throughout different levels of government and can be met by a mix of internally-delivered initiatives and development-partners support. While efforts have been made to develop technical manuals and systems (such as the National Integrated Monitoring and Evaluation System), continuous training on how to prepare and appraise projects effectively as well as utilize the introduced tools and techniques is necessary. This will enhance the quality of project appraisals and ensure compliance with established standards. Additionally, there is a need to develop training modules to improve the procurement and commercial capacity of all procuring entities and for the CBPN to improve the quality of tender documents. Continuous technical support and a capacity building program are recommended, including on how to integrate climate change into the management of public investments, fiscal policy, and budgeting. Table 6 provides an overview of the skills and technical assistance required to be developed over the medium term within different OMAs and local authorities.

129. Namibia is at an early stage in fully integrating climate considerations into its PFM and public investment frameworks. The National Climate Change Policy provides for the formation of a multi-sectoral National Climate Change Committee to plan, develop, implement, and coordinate climate change activities across all levels of government. OMAs should leverage this structure and expertise in the MEFT and consider establishing designated units within to focus on climate change. Furthermore, an internal climate change organizational strategy within MFPE could further streamline the integration of climate action into its core functions. This would play a pivotal role in coordinating climate-related efforts, including integrating climate change considerations into planning and public investment management processes.

Table 6. Recommended technical support and capacity building areas.

Capacity building area	Target audience
Project appraisal and preparation techniques, including techniques to identify and value climate impacts on public investments.	NPC, MFPE, OMAs and Local Councils
Tender document preparation and assessment, commercial contract management, market engagement, risk transfer, and good quality tender documents.	Procurement Policy Unit (MFPE), CBPN, OMAs
Quantitative climate change fiscal risk assessment to include the analysis of risks to fiscal sustainability and public investments over the long term. Including analysis of discrete fiscal risks.	Directorate of Economic Policy Advisory Service (MFPE)
Linking climate targets to sectoral investment plans, that cascade into the annual budget for effective tracking and	MEFT, MFPE (Budget Department), NPC, OMAs

reporting. To include guidance on preparation and costing of climate-related public investment strategies.	
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Annex 1. PIMA and C-PIMA Action Plan

Inst	Issue	Recommendations	Action	Priority	Responsibility	Timing
A. Recommendations on Planning Phase						
4, C3	Arrangements for project preparation and appraisal are inadequate to ensure a high-quality pipeline of investment projects that are fully aligned to national and sectoral infrastructure policy.	Overhaul the approach to project appraisal by establishing a standard methodology for capital project appraisal, mandating its use for investment proposals and establishing capacity for project appraisal in NPC, OMAs.	Establish a standard methodology for capital project appraisal and mandate its use across OMAs, including a requirement incorporate climate change analysis in project appraisal (NPC, High, Q4, 2024).	High	NPC	Q4,2025
			Empower a Division of NPC to scrutinize appraisals of project proposals and decide on whether projects are approved to proceed project selection stage, returned for further refinement or rejected (NPC, Q4, 2024).	High		Q4, 2025
			Reflect these changes in an updated Circular on Capital/Development Plan Preparation and Submission (NPC, Q1, 2025)	High		Q1, 2026
3	The requirement for SNGs, PPPs and PCs to report contingent liabilities to the central government is not strong enough	Introduce requirements to report to MFPE on contingent liabilities relating to PPPs, SOEs	Document the required format and content of reporting to MFPE	Medium	MFPE	Q3,2026

Inst	Issue	Recommendations	Action	Priority	Responsibility	Timing
	to allow a comprehensive picture of fiscal risks posed to the central government.	and SNGs and strengthen capacity at the Public Enterprise Department in MFPE for monitoring SOE performance and risks, including from infrastructure projects.	- Determine standard protocols for reviewing my MFPE - Publish regular reports on the stock of liabilities and risk mitigations			
5	The legal and institutional context discourages private participation in infrastructure development.	Support alternative finance in the provision of public infrastructure through	- Informed by the ongoing review of the National ICT Policy, strengthen the telecommunications regulator through updates to the Telecommunications Act (2009) - Examine the scope for economic regulation of the water sector to set economic cost of water tariffs and regulate service delivery - As part of the SOE ownership policy, clarify the role of PCs in contestable markets to facilitate and support competition in sectors such as water, power, rail telecommunications, ports, etc. - Undertake an evaluation of the PPP experience in Namibia since 2017 to identify bottlenecks in PPP approval	High Medium Medium Medium	Ministry of Information and Communications Technology (MICT) Ministry of Agriculture and Water (MAW) MFPE MFPE	Q4, 2025 Q2, 2027 Q4, 2026 Q4, 2025

Inst	Issue	Recommendations	Action	Priority	Responsibility	Timing
			processes that have contributed to the lack of up-take of PPPs.			
B. Recommendations on Allocation Phase						
6, 7, 8.	Gaps in reporting limit the effectiveness and credibility of the medium-term budget.	Require more comprehensive and detailed reporting requirements on the MTEF and individual projects in the PFM Bill to include:	▪ A reconciliation and explanation of the changes in overall MTEF from one year to the next (explanation why ceiling for a given year has changed) ▪ Identification of the space for new projects vs. ongoing projects in overall MTEF ▪ Disclosure of information on capital budget of extra-budget entities in supporting document to the budget ▪ Information on total cost for each project	High	MFPE	Q3, 2026

Inst	Issue	Recommendations	Action	Priority	Responsibility	Timing
10, C3		Develop an enhanced project selection process with formal review of projects by NPC, clear selection criteria (incorporating climate change) and a formal link to the budget.	Empower a Division of NPC to scrutinize appraisals of project proposals and decide on whether projects are approved to proceed project selection stage, returned for further refinement or rejected.		NPC	Q4, 2025
			Unifying the existing “top-down” and “bottom-up” processes for project selection into a unified process with strong central review by NPC.			Q1, 2026
			Reflect these changes in an updated Circular on Capital/Development Plan Preparation and Submission.			Q1, 2026
C. Recommendations on Implementation Phase						
11	There are weaknesses in public procurement including a high rate of non-competitive procurement, widespread use of contract extension, and reported challenges in securing sign-off of tender documents leading to project delay.	Improve the operation of public procurement.	- Significantly reducing the incidence of non-competitive tendering. - Consider using framework procurement for smaller scale, replicable investment such as school classrooms, sanitation schemes, primary care centers and water projects. - Ensure realistic procurement plans reflecting all required steps in the tendering process.	High	MFPE, CBPN	Immediate
					CBPN	Q4, 2026
					CNPN, NPC	Immediate

Climate PIMA

Inst.	Issue	Recommendations	Action	Priority	Responsibility	Timing
C1	Climate targets are not effectively linked to national and sectoral investment plans, risking a misalignment of resources and without central guidance, an inconsistent approach applied by sectors.	Ensure that national and sectoral public investment strategy is aligned to climate policy objectives.	- The development of the next National Development Plan should incorporate the climate targets set out in the Nationally Determined Contribution. - Guidelines should be developed for other ministries on how these targets can be incorporated into sectoral investment plans.	High	Ministry of Environment and Tourism, NPC, MFPE	Q1 2027
C4	Climate related public investments are not identifiable in budget documents, making it difficult to assess whether financing is sufficient to meet national climate objectives.	- Develop a standardized methodology to clearly define what constitutes climate related activities, to facilitate tagging of climate adaptation or mitigation allocations. - Design a reporting template for climate-related spending, including capital expenditure. The report can be published as an annex to budget documents or as a separate report.	Develop and trial standardized methodology as part of project on SDG Budget The development of the next National Development Plan should incorporate the climate targets set out in the Nationally Determined Contribution.	High	MFPE, MEFT	Q2 2026
			Publish a report on climate-relevant public expenditure as part of the budget documentation.	High	MFPE	Q3 2026

Annex 2. PIMA Questionnaire

Indicator		Scoring		
		1 = To no or a lesser extent	2 = To some extent	3 = To a greater extent
A. Planning Sustainable Levels of Public Investment				
1. Fiscal targets and rules: Does the government have fiscal institutions to support fiscal sustainability and to facilitate medium-term planning for public investment?				
1.a.	Is there a target or limit for government to ensure debt sustainability?	There is no target or limit to ensure debt sustainability.	There is at least one target or limit to ensure central government debt sustainability.	There is at least one target or limit to ensure general government debt sustainability.
1.b.	Is fiscal policy guided by one or more permanent fiscal rules?	There are no permanent fiscal rules.	There is at least one permanent fiscal rule applicable to central government.	There is at least one permanent fiscal rule applicable to central government, and at least one comparable rule applicable to a major additional component of general government, such as subnational government (SNG).
1.c.	Is there a medium-term fiscal framework (MTFF) to align budget preparation with fiscal policy?	There is no MTFF prepared prior to budget preparation.	There is an MTFF prepared prior to budget preparation but it is limited to fiscal aggregates, such as expenditure, revenue, the deficit, or total borrowing.	There is an MTFF prepared prior to budget preparation, which includes fiscal aggregates and allows distinctions between recurrent and capital spending, and ongoing and new projects.
2. National and Sectoral Planning: Are investment allocation decisions based on sectoral and inter-sectoral strategies?				
2.a.	Does the government prepare national and sectoral strategies for public investment?	National or sectoral public investment strategies or plans are prepared, covering only some projects found in the budget.	National or sectoral public investment strategies or plans are published covering projects funded through the budget.	Both national and sectoral public investment strategies or plans are published and cover all projects funded through the budget regardless of financing source (e.g., donor, public corporation (PC), or PPP financing).
2.b.	Are the government's national and sectoral strategies or plans for public investment costed?	The government's investment strategies or plans include no cost information on planned public investment.	The government's investment strategies include broad estimates of aggregate and sectoral investment plans.	The government's investment strategies include costing of individual, major investment projects within an overall financial constraint.
2.c.	Do sector strategies include measurable targets for the outputs and outcomes of investment projects?	Sector strategies do not include measurable targets for outputs or outcomes.	Sector strategies include measurable targets for outputs (e.g., miles of roads constructed).	Sector strategies include measurable targets for both outputs and outcomes (e.g., reduction in traffic congestion).

Indicator		Scoring		
		1 = To no or a lesser extent	2 = To some extent	3 = To a greater extent
3. Coordination between Entities: Is there effective coordination of the investment plans of central and other government entities?				
3.a.	Is capital spending by SNGs, coordinated with the central government?	Capital spending plans of SNGs are not submitted to, nor discussed with central government.	Major SNG capital spending plans are published alongside central government investments, but there are no formal discussions, between the central government and SNGs on investment priorities.	Major SNG capital spending plans are published alongside central government investments, and there are formal discussions between central government and SNGs on investment priorities.
3.b.	Does the central government have a transparent, rule-based system for making capital transfers to SNGs, and for providing timely information on such transfers?	The central government does not have a transparent rule-based system for making capital transfers to SNGs.	The central government uses a transparent rule-based system for making capital transfers to SNGs, but SNGs are notified about expected transfers less than six months before the start of each fiscal year.	The central government uses a transparent rule-based system for making capital transfers to SNGs, and expected transfers are made known to SNGs at least six months before the start of each fiscal year.
3.c.	Are contingent liabilities arising from capital projects of SNGs, PCs, and PPPs reported to the central government?	Contingent liabilities arising from major projects of SNGs, PCs, and PPPs are not reported to the central government.	Contingent liabilities arising from major projects of SNGs, PCs, and PPPs are reported to the central government, but are generally not presented in the central government's budget documents.	Contingent liabilities arising from major projects of SNGs, PCs, and PPPs are reported to the central government, and are presented in full in the central government's budget documents.
4. Project Appraisal: Are project proposals subject to systematic project appraisal?				
4.a.	Are major capital projects subject to rigorous technical, economic, and financial analysis?	Major capital projects are not systematically subject to rigorous, technical, economic, and financial analysis.	Major projects are systematically subject to rigorous technical, economic, and financial analysis.	Major projects are systematically subject to rigorous technical, economic, and financial analysis, and selected results of this analysis are published or undergo independent external review.
4.b.	Is there a standard methodology and central support for the appraisal of projects?	There is no standard methodology or central support for project appraisal.	There is either a standard methodology or central support for project appraisal.	There is both a standard methodology and central support for project appraisal.
4.c.	Are risks taken into account in conducting project appraisals?	Risks are not systematically assessed as part of the project appraisal.	A risk assessment covering a range of potential risks is included in the project appraisal.	A risk assessment covering a range of potential risks is included in the project appraisal, and plans are prepared to mitigate these risks.

Indicator		Scoring		
		1 = To no or a lesser extent	2 = To some extent	3 = To a greater extent
5. Alternative Infrastructure Financing: Is there a favorable climate for the private sector, PPPs, and PCs to finance in infrastructure?				
5.a.	Does the regulatory framework support competition in contestable markets for economic infrastructure (e.g., power, water, telecoms, and transport)?	Provision of economic infrastructure is restricted to domestic monopolies, or there are few established economic regulators.	There is competition in some economic infrastructure markets, and a few economic regulators have been established.	There is competition in major economic infrastructure markets, and economic regulators are independent and well established.
5.b.	Has the government published a strategy/policy for PPPs, and a legal/regulatory framework which guides the preparation, selection, and management of PPP projects?	There is no published strategy/policy framework for PPPs, and the legal/regulatory framework is weak.	A PPP strategy/policy has been published, but the legal/regulatory framework is weak.	A PPP strategy/policy has been published, and there is a strong legal/regulatory framework that guides the preparation, selection, and management of PPP projects.
5.c.	Does the government oversee the investment plans of public corporations (PCs) and monitor their financial performance?	The government does not systematically review the investment plans of PCs.	The government reviews the investment plans of PCs but does not publish a consolidated report on these plans or the financial performance of PCs.	The government reviews and publishes a consolidated report on the investment plans and financial performance of PCs.
B. Ensuring Public Investment is Allocated to the Right Sectors and Projects				
6. Multi-Year Budgeting: Does the government prepare medium-term projections of capital spending on a full cost basis?				
6.a.	Is capital spending by ministry or sector forecasted over a multiyear horizon?	No projections of capital spending are published beyond the budget year.	Projections of total capital spending are published over a three to five-year horizon.	Projections of capital spending disaggregated by ministry or sector are published over a three to five-year horizon.
6.b.	Are there multiyear ceilings on capital expenditure by ministry, sector, or program?	There are no multiyear ceilings on capital expenditure by ministry, sector, or program.	There are indicative multiyear ceilings on capital expenditure by ministry, sector, or program.	There are binding multiyear ceilings on capital expenditure by ministry, sector, or program.
6.c.	Are projections of the total construction cost of major capital projects published?	Projections of the total construction cost of major capital projects are not published.	Projections of the total construction cost of major capital projects are published.	Projections of the total construction cost of major capital projects are published, together with the annual breakdown of these cost over a three-five-year horizon.

Indicator		Scoring		
		1 = To no or a lesser extent	2 = To some extent	3 = To a greater extent
7. Budget Comprehensiveness and Unity: To what extent is capital spending, and related recurrent spending, undertaken through the budget process?				
7.a.	Is capital spending mostly undertaken through the budget?	Significant capital spending is undertaken by extra-budgetary entities with no legislative authorization or disclosure in the budget documentation.	Significant capital spending is undertaken by extra-budgetary entities, but with legislative authorization and disclosure in the budget documentation.	Little or no capital spending is undertaken by extra-budgetary entities.
7.b.	Are all capital projects, regardless of financing source, shown in the budget documentation?	Capital projects are not comprehensively presented in the budget documentation, including PPPs, externally financed, and PCs' projects.	Most capital projects are included in the budget documentation, but either PPPs, externally financed, or PCs' projects are not shown.	All capital projects, regardless of financing sources, are included in the budget documentation.
7.c.	Are capital and recurrent budgets prepared and presented together in the budget?	Capital and recurrent budgets are prepared by separate ministries, and/or presented in separate budget documents.	Capital and recurrent budgets are prepared by a single ministry and presented together in the budget documents, but without using a program or functional classification.	Capital and recurrent budgets are prepared by a single ministry and presented together in the budget documents, using a program or functional classification.
8. Budgeting for Investment: Are investment projects protected during budget implementation?				
8.a.	Are total project outlays appropriated by the legislature at the time of a project's commencement?	Outlays are appropriated on an annual basis, but information on total project costs is not included in the budget documentation.	Outlays are appropriated on an annual basis, and information on total project costs is included in the budget documentation.	Outlays are appropriated on an annual basis and information on total project costs, and multiyear commitments is included in the budget documentation.
8.b.	Are in-year transfers of appropriations (virement) from capital to current spending prevented?	There are no limitations on virement from capital to current spending.	The finance ministry may approve virement from capital to current spending.	Virement from capital to current spending requires the approval of the legislature.
8.c.	Is the completion of ongoing projects given priority over starting new projects?	There is no mechanism in place to protect funding of ongoing projects.	There is a mechanism to protect funding for ongoing projects in the annual budget.	There is a mechanism to protect funding for ongoing projects in the annual budget and over the medium term.

Indicator		Scoring		
		1 = To no or a lesser extent	2 = To some extent	3 = To a greater extent
9. Maintenance Funding: Are routine maintenance and major improvements receiving adequate funding?				
9.a.	Is there a standard methodology for estimating routine maintenance needs and budget funding?	There is no standard methodology for determining the needs for routine maintenance.	There is a standard methodology for determining the needs for routine maintenance and its cost.	There is a standard methodology for determining the needs for routine maintenance and its cost, and the appropriate amounts are generally allocated in the budget.
9.b.	Is there a standard methodology for determining major improvements (e.g. renovations, reconstructions, enlargements) to existing assets, and are they included in national and sectoral investment plans?	There is no standard methodology for determining major improvements, and they are not included in national or sectoral plans.	There is a standard methodology for determining major improvements, but they are not included in national or sectoral plans.	There is a standard methodology for determining major improvements, and they are included in national or sectoral plans.
9.c.	Can expenditures relating to routine maintenance and major improvements be identified in the budget?	Routine maintenance and major improvements are not systematically identified in the budget.	Routine maintenance and major improvements are systematically identified in the budget.	Routine maintenance and major improvements are systematically identified in the budget and are reported.
10. Project Selection: Are there institutions and procedures in place to guide project selection?				
10.a.	Does the government undertake a central review of major project appraisals before decisions are taken to include projects in the budget?	Major projects (including donor- or PPP-funded) are not reviewed by a central ministry prior to inclusion in the budget.	Major projects (including donor- or PPP-funded) are reviewed by a central ministry prior to inclusion in the budget.	All major projects (including donor- or PPP-funded) are scrutinized by a central ministry, with input from an independent agency or experts prior to inclusion in the budget.
10.b.	Does the government publish and adhere to standard criteria, and stipulate a required process for project selection?	There are no published criteria or a required process for project selection.	There are published criteria for project selection, but projects can be selected without going through the required process.	There are published criteria for project selection, and generally projects are selected through the required process.
10.c.	Does the government maintain a pipeline of appraised investment projects for inclusion in the annual budget?	The government does not maintain a pipeline of appraised investment projects.	The government maintains a pipeline of appraised investment projects, but other projects may be selected for financing through the annual budget.	The government maintains a comprehensive pipeline of appraised investment projects, which is used for selecting projects for inclusion in the annual budget, and over the medium term.

Indicator		Scoring		
		1 = To no or a lesser extent	2 = To some extent	3 = To a greater extent
C. Delivering Productive and Durable Public Assets				
11. Procurement				
11.a.	Is the procurement process for major capital projects open and transparent?	Few major projects are tendered in a competitive process, and the public has limited access to procurement information.	Many major projects are tendered in a competitive process, but the public has only limited access to procurement information.	Most major projects are tendered in a competitive process, and the public has access to complete, reliable and timely procurement information.
11.b.	Is there a system in place to ensure that procurement is monitored adequately?	There is no procurement database, or the information is incomplete or not timely for most phases of the procurement process.	There is a procurement database with reasonably complete information, but no standard analytical reports are produced from the database.	There is a procurement database with reasonably complete information, and standard analytical reports are produced to support a formal monitoring system.
11.c.	Are procurement complaints review process conducted in a fair and timely manner?	Procurement complaints are not reviewed by an independent body.	Procurement complaints are reviewed by an independent body, but the recommendations of this body are not produced on a timely basis, nor published, nor rigorously enforced.	Procurement complaints are reviewed by an independent body whose recommendations are timely, published, and rigorously enforced.
12. Availability of Funding: Is financing for capital spending made available in a timely manner?				
12.a.	Are ministries/agencies able to plan and commit expenditure on capital projects in advance on the basis of reliable cash-flow forecasts?	Cash-flow forecasts are not prepared or updated regularly, and ministries/agencies are not provided with commitment ceilings in a timely manner.	Cash-flow forecasts are prepared or updated quarterly, and ministries/agencies are provided with commitment ceilings at least a quarter in advance.	Cash-flow forecasts are prepared or updated monthly, and ministries/agencies are provided with commitment ceilings for the full fiscal year.
12.b.	Is cash for project outlays released in a timely manner?	The financing of project outlays is frequently subject to cash rationing.	Cash for project outlays is sometimes released with delays.	Cash for project outlays is normally released in a timely manner, based on the appropriation.
12.c.	Is external (donor) funding of capital projects fully integrated into the main government bank account structure?	External financing is largely held in commercial bank accounts outside the central bank.	External financing is held at the central bank but is not part of the main government bank account structure.	External financing is fully integrated into the main government bank account structure.

Indicator		Scoring		
		1 = To no or a lesser extent	2 = To some extent	3 = To a greater extent
13. Portfolio Management and Oversight: Is adequate oversight exercised over implementation of the entire public investment portfolio				
13.a	Are major capital projects subject to monitoring during project implementation?	Most major capital projects are not monitored during project implementation.	For most major projects, annual project costs, as well as physical progress, are monitored during project implementation.	For all major projects, total project costs, as well as physical progress, are centrally monitored during project implementation.
13.b	Can funds be re-allocated between investment projects during implementation?	Funds cannot be re-allocated between projects during implementation.	Funds can be reallocated between projects during implementation, but not using systematic monitoring and transparent procedures.	Funds can be re-allocated between projects during implementation, using systematic monitoring and transparent procedures.
13.c	Does the government adjust project implementation policies and procedures by systematically conducting ex post reviews of projects that have completed their construction phase?	Ex post reviews of major projects are neither systematically required, nor frequently conducted.	Ex post reviews of major projects, focusing on project costs, deliverables and outputs, are sometimes conducted.	Ex post reviews of major projects focusing on project costs, deliverables, and outputs are conducted regularly by an independent entity or experts and are used to adjust project implementation policies and procedures.
14. Management of Project Implementation: Are capital projects well managed and controlled during the execution stage?				
14.a	Do ministries/agencies have effective project management arrangements in place?	Ministries/agencies do not systematically identify senior responsible officers for major investment projects, and implementation plans are not prepared prior to budget approval.	Ministries/agencies systematically identify senior responsible officers for major investment projects, but implementation plans are not prepared prior to budget approval.	Ministries/agencies systematically identify senior responsible officers for major investment projects, and implementation plans are prepared prior to budget approval.
14.b	Has the government issued rules, procedures and guidelines for project adjustments that are applied systematically across all major projects?	There are no standardized rules and procedures for project adjustments.	For major projects, there are standardized rules and procedures for project adjustments, but do not include, if required, a fundamental review and reappraisal of a project's rationale, costs, and expected outputs.	For all projects, there are standardized rules and procedures for project adjustments and, if required, include a fundamental review of the project's rationale, costs, and expected outputs.
14.c	Are ex post audits of capital projects routinely undertaken?	Major capital projects are usually not subject to ex post external audits.	Some major capital projects are subject to ex post external audit, information on which is published by the external auditor.	Most major capital projects are subject to ex post external audit information on which is regularly published and scrutinized by the legislature.

Indicator		Scoring		
		1 = To no or a lesser extent	2 = To some extent	3 = To a greater extent
15. Monitoring of Public Assets: Is the value of assets properly accounted for and reported in financial statements?				
15.a	Are asset registers updated by surveys of the stocks, values, and conditions of public assets regularly?	Asset registers are neither comprehensive nor updated regularly.	Asset registers are either comprehensive or updated regularly at reasonable intervals.	Asset registers are comprehensive and updated regularly at reasonable intervals.
15.b	Are nonfinancial asset values recorded in the government financial accounts?	Government financial accounts do not include the value of non- financial assets.	Government financial accounts include the value of some non- financial assets, which are revalued irregularly.	Government financial accounts include the value of most nonfinancial assets, which are revalued regularly.
15.c	Is the depreciation of fixed assets captured in the government's operating statements?	The depreciation of fixed assets is not recorded in operating statements.	The depreciation of fixed assets is recorded in operating statements, based on statistical estimates.	The depreciation of fixed assets is recorded in operating expenditures, based on asset-specific assumptions.

Cross-cutting issues	
A	IT support. Is there a comprehensive computerized information system for public investment projects to support decision making and monitoring?
B	Legal Framework. Is there a legal and regulatory framework that supports institutional arrangements, mandates, coverage, procedures, standards and accountability for effective PIM?
C	Staff capacity. Does staff capacity (number of staff and/or their knowledge, skills, and experience) and clarity of roles and responsibilities support effective institutions?

Annex 3. C-PIMA Questionnaire

Indicator		Scoring		
		1 = To no or a lesser extent	2 = To some extent	3 = To a greater extent
C1. Climate-aware planning: Is public investment planned from a climate change perspective?				
C. 1. a	Are national and sectoral public investment strategies and plans consistent with NDC or other overarching climate change strategy on mitigation and adaptation?	National and sectoral public investment strategies and plans are not consistent with NDC or other overarching climate change strategy.	National public investment strategies and plans are consistent with NDC or other overarching climate change strategy for some sectors.	National and sectoral public investment strategies and plans are consistent with NDC or other overarching climate change strategy for most sectors.
C. 1. b	Do central government and/or sub-national government regulations on spatial and urban planning, and construction address climate-related risks and impacts on public investment?	Central government and/or sub-national government regulations on spatial and urban planning, and construction do not address climate-related risks and impacts on public investment.	Central government and/or sub-national government regulations on spatial and urban planning, or construction (through building codes) addresses climate-related risks and impacts on public investment.	Central government and/or sub-national government regulations on spatial and urban planning, and construction (through building codes) address climate-related risks and impacts on public investment.
C. 1. c	Is there centralized guidance/support for government agencies on the preparation and costing of climate-aware public investment strategies?	There is no centralized guidance/support for government agencies on the preparation and costing of climate-aware public investment strategies.	There is centralized guidance/support for government agencies on the preparation of climate-aware public investment strategies.	There is centralized guidance/support for government agencies on the preparation and costing of climate-aware public investment strategies.
C2. Coordination between entities: Is there effective coordination of decision making on climate change-related public investment across the public sector?				
C. 2. a	Is decision making on public investment coordinated across central government from a climate-change perspective?	Decision making on public investment is not coordinated across central government from a climate-change perspective.	Decision making on public investment is coordinated across budgetary central government from a climate-change perspective.	Decision making on public investment is coordinated across all central government, including externally financed projects, PPPs and extra-budgetary entities, from a climate-change perspective.

Indicator		Scoring		
		1 = To no or a lesser extent	2 = To some extent	3 = To a greater extent
C.2.b	Is the planning and implementation of capital spending of SNGs coordinated with the central government from a climate-change perspective?	The planning and implementation of capital spending of SNGs is not coordinated with the central government from a climate-change perspective.	The central government issues guidance on the planning and implementation of capital spending from a climate-change perspective and information on major climate-related projects of SNGs is shared with the central government and is published alongside data on central government projects.	The central government issues guidance on the planning and implementation of capital spending from a climate-change perspective, information on major climate-related projects of SNGs is shared with the central government and is published alongside data on central government projects, and there are formal discussions between central government and SNGs on the planning and implementation of climate-related investments.
C.2.c	Does the regulatory and oversight framework for public corporations ensure that their climate-related investments are consistent with national climate policies and guidelines?	The regulatory and oversight framework for public corporations does not promote consistency between their climate-related investments and national climate policies and guidelines.	The regulatory and oversight framework for public corporations promotes consistency between their climate-related investments and national climate policies and guidelines.	The regulatory and oversight framework for public corporations requires that their climate-related investments be consistent with national climate policies and guidelines.
C3. Do project appraisal and selection include climate-related analysis and criteria?				
C.3.a	Does the appraisal of major infrastructure projects require climate-related analysis to be conducted according to a standard methodology with central support?	The appraisal of major infrastructure projects does not require climate-related analysis to be conducted according to a standard methodology.	The appraisal of major infrastructure projects requires climate-related analysis to be conducted according to a standard methodology.	The appraisal of major infrastructure projects requires climate-related analysis to be conducted according to a standard methodology, and a summary of appraisals is published or subject to independent external review.
C3b	Does the framework for managing longer-term public investment contracts, such as PPPs, explicitly address climate-related challenges?	The referred framework does not include explicit consideration of climate change for risk allocation or contract management.	The referred framework includes explicit consideration of climate change with respect to how risks are allocated between the parties in infrastructure contracts.	The referred framework includes explicit consideration of climate change with respect to how risks are allocated between the parties in infrastructure contracts, and contract managers in government departments and agencies are mandated to address climate-related challenges.

Indicator		Scoring		
		1 = To no or a lesser extent	2 = To some extent	3 = To a greater extent
C.3.c	Are climate-related elements included among the criteria used by the government for the selection of infrastructure projects?	Either there are no explicit selection criteria or climate-related elements are not included among the criteria used by the government for the selection of projects for financing.	Climate-related elements are included among the criteria used by the government for the selection of all major budget-funded projects, and the criteria are published.	Climate-related elements are included among the criteria used by the government for the selection of all major projects, including externally financed projects, projects financed by extra-budgetary entities, and PPPs, and the criteria are published.
C.4 Budgeting and portfolio management: Is climate-related investment spending subject to active management and oversight?				
C.4.a.	Are planned climate-related public investment expenditure, sources of financing, outputs and outcomes identified in the budget and related documents, monitored, and reported?	Planned climate-related public investment expenditure are not identified in the budget and related documents.	Some planned climate-related public investment expenditures are identified in the budget and related documents, including investment expenditure funded externally, by extra-budgetary entities, and PPPs.	Most planned climate-related public investment expenditure, sources of financing, and outputs and outcomes are identified in the budget and related documents, including investment expenditure funded externally, by extra-budgetary entities, and PPPs, and expenditure on these projects is monitored and reported.
C.4.b.	Are ex-post reviews or audits conducted of the climate change mitigation and adaptation outcomes of public investments?	No ex-post reviews or audits are conducted of the climate change mitigation and adaptation outcomes of public investments.	Ex-post reviews or audits are conducted for selected major public investments of either the climate change mitigation or adaptation outcomes.	Ex-post reviews or audits are conducted and published for selected major public investments of both the climate change mitigation and adaptation outcomes.
C.4.c.	Do the government's asset management policies and practices, including the maintenance of assets, address climate-related risks?	Neither the government's asset management policies and practices nor methodologies for estimating the maintenance needs of climate change-exposed infrastructure assets address climate-related risks.	Methodologies prepared by the government for estimating the maintenance needs of some climate change-exposed infrastructure assets address climate-related risks.	Methodologies prepared by the government for estimating the maintenance needs and associated costs of most climate change-exposed infrastructure assets address climate-related risks, and government asset registers include climate-related information of these assets.

Indicator		Scoring		
		1 = To no or a lesser extent	2 = To some extent	3 = To a greater extent
C5. Risk management: Are fiscal risks relating to climate change and infrastructure incorporated in budgets and fiscal risk analysis and managed according to a plan?				
C5.a.	Does the government publish a national disaster risk management strategy that incorporates the potential impact of climate change on public infrastructure assets and networks?	Either there is no published national disaster risk management strategy, or the strategy does not identify the key climate-related risks to public infrastructure assets and networks.	The government publishes a national disaster risk management strategy that identifies the key climate-related risks to public infrastructure assets and networks in terms of hazards, exposure, and vulnerability.	The government publishes a national disaster risk management strategy that identifies and analyses the key climate-related risks to public infrastructure assets and networks in terms of hazards, exposure and vulnerability, and includes the government's plans to mitigate and respond to these risks.
C5.b.	Has the government put in place ex ante financing mechanisms to manage the exposure of the stock of public infrastructure to climate-related risks?	The government has not put in place any ex-ante financing mechanisms to manage the exposure of the stock of public infrastructure to climate-related risks.	There is an annual contingency appropriation in the budget or other financing mechanisms that is available to meet the costs of climate-related damages to public infrastructure.	There is an annual contingency appropriation in the budget and other financing mechanisms that are available to meet the costs of climate-related damages to public infrastructure.
C5.c.	Does the government conduct and publish a fiscal risk analysis that incorporates climate-related risks to public infrastructure assets?	The government does not conduct a fiscal risk analysis that incorporates climate-related risks to public infrastructure assets.	The government conducts and publishes a fiscal risk analysis that incorporates a qualitative assessment of climate-related risks to public infrastructure assets over the medium term.	The government conducts and publishes a fiscal risk analysis that incorporates a quantitative assessment of climate-related risks to public infrastructure assets over the medium term and policies to mitigate these risks, and a qualitative assessment of the risks that may arise over the long-term.
Cross-cutting issues				
A	IT support. Is there a comprehensive computerized information system for public investment projects to support decision making and monitoring?			
B	Legal Framework. Is there a legal and regulatory framework that supports institutional arrangements, mandates, coverage, standards and accountability for effective			
C	Staff capacity. Does staff capacity (number of staff and/or their knowledge, skills, and experience) and clarity of roles and responsibilities support effective			

Annex 4. Detailed PIMA Scores

The following color coding is used in presenting the scores:

Score	1	2	3
Color			

A. Planning		
	Institutional Design	Effectiveness
1.a.	2	1
1.b.	1	1
1.c.	2	2
2.a.	3	3
2.b.	2	2
2.c.	3	3
3.a.	3	3
3.b.	1	1
3.c.	1	2
4.a.	1	1
4.b.	1	1
4.c.	1	1
5.a.	2	1
5.b.	3	1
5.c.	2	1

B. Allocation		
	Institutional Design	Effectiveness
6.a.	3	2
6.b.	2	2
6.c.	1	1
7.a.	1	1
7.b.	2	2
7.c.	2	3
8.a.	1	2
8.b.	2	3
8.c.	2	2
9.a.	2	1
9.b.	2	1
9.c.	2	1
10.a.	2	1
10.b.	1	1
10.c.	1	1

C. Implementation		
	Institutional Design	Effectiveness
11.a.	2	1
11.b.	1	1
11.c.	3	2
12.a.	2	3
12.b.	3	1
12.c.	1	3
13.a.	3	1
13.b.	2	2
13.c.	2	1
14.a.	1	1
14.b.	1	2
14.c.	2	3
15.a.	3	1
15.b.	2	2
15.c.	2	2

Annex 5. Detailed C-PIMA Scores

The following color coding is used in presenting the scores:

Score	1	2	3
Color			

C1. Climate-aware planning	
C1.a.	National and sectoral planning
C1.b.	Land use and building regulations
C1.c.	Centralized guidance on planning
C2. Coordination between entities	
C2.a.	Coordination across central government
C2.b.	Coordination with subnational governments
C2.c.	Oversight framework for public corporations
C3. Projection appraisal and selection	
C3.a.	Climate analysis in project appraisal
C3.b.	PPP framework including climate risks
C3.c.	Climate consideration in project selection
C4. Budgeting and portfolio management	
C4.a.	Climate budget tagging
C4.b.	Ex post review of projects
C4.c.	Asset management
C5. Risk management	
C5.a.	Disaster risk management strategy
C5.b.	Ex ante financing mechanisms
C5.c.	Fiscal risk analysis including climate risks