REPUBLIC OF NAMIBIA

Ministry of Finance

2026/27 MID-YEAR BUDGET REVIEW STATEMENT

PRESENTED BY ERICAH SHAFUDAH, MP

MINISTER OF FINANCE

PEOPLE
Human capital investment

PRODUCTIVITY
High impact investment

PRUDENCE
Long-term fiscal sustainability

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FY2026/27 Mid-Year Budget Review Statement

Presented

by

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Minister of Finance

Available online: www.mof.gov.na

22 October 2026

Honourable Speaker,

Honourable Members,

Fellow Namibians,

Good afternoon,

1. I am honoured to present the Mid-Year Budget Review for the Fiscal Year 2026/27, and the Policy Statement for the 2027/28–2029/30 Medium-Term Expenditure Framework (MTEF) under the theme "***People, Productivity and Prudence***". The mid-year review is intended to provide an update on the performance of the economy, the management of public finances as appropriated earlier in the year and achievements, while setting out the adjustments needed to safeguard fiscal sustainability and advance the national development agenda over the next MTEF period.

2. The Ministry of Finance, together with the National Planning Commission, held Joint Technical and Ministerial Budget Consultations from 31 August to 18 September 2026. The consultations assessed the first-half fiscal year budget performance of each Office, Ministry, and Agency, while also examining funding pressures and potential underspending that could result in unutilized allocations by end of March 2027. The consultations also provided OMAs with an opportunity to demonstrate how their programmes contribute to the achievement of NDP6 outcomes.

3. The FY2026/27 mid-year budget was prepared against slower-than-expected economic growth, a downward revision of revenue by N$1.5 billion, rising debt-servicing costs and additional funding requests by Offices/Ministries/Agencies of N$13.1 billion.

4. It is in this context, Honourable Speaker, that I have the honour, in terms of Article 126 of the Constitution of the Republic of Namibia, read together with Section 1(1) of the

State Finance Act, to table before this August House, for its favourable consideration and approval:

i. the Appropriation Amendment Bill for the Financial Year 2026/27
ii. the Mid -Year Budget Review for the FY2026/2027 and Policy Statement for 2027/28 – 2029/30 Medium Term Expenditure Framework; and
iii. the Government Accountability Report for FY2025/26

II Economic performance and outlook

Honourable Speaker,
Honourable Members,

5. Let me now turn to the performance and outlook of the Global, Regional and Namibian economy.

Global economic and fiscal context

6. **The International Monetary Fund, in its October 2026 World Economic Outlook,** projects global growth to moderate to 3.1 percent in 2026 before recovering to 3.4 percent in 2027. However, inflation is expected to rise to 4.7 percent in 2026 before easing to 4.1 percent in 2027, amid elevated energy and food prices and ongoing geopolitical tensions.

7. **Growth in Sub-Saharan Africa is projected at 4.5 percent in both 2026 and 2027** Nigeria is projected to grow by 4.2 percent in 2026 and 4.3 percent in 2027, while South Africa is projected to expand by 1.0 percent and 1.3 percent, respectively. Oil-importing and non-resource-intensive countries remain particularly exposed to elevated energy and food prices, tighter financing conditions and reduced fiscal buffers.

Honourable Speaker,

Honourable Members,

Domestic Economic Performance

8. **The Namibian economy continues to expand, although growth remains uneven across sectors. Economic growth is estimated at 2.3 percent in 2026, which is 0.8 percentage points below the 3.1 percent forecast in the main budget, but higher than the 1.7 percent recorded in 2025.** The revision reflects slower-than-expected performance in the first half of 2026.

9. Going forward, ***growth is expected to improve to 2.6 percent in 2027, 3.0 percent in 2028 and 3.3 percent in 2029***. The recovery is anchored by pipeline projects in the mining sector, supported by strong uranium and gold prices and by stronger consumption as inflation and interest rates ease. Key risks remain muted global demand and commodity prices, especially for diamonds; high fuel prices; the anticipated El Niño; and the outbreak of Foot-and-Mouth Disease.

Honourable Speaker,

Honourable Members,

Inflation and the external sector

10. Inflation averaged 3.5 percent in 2025 and the Bank of Namibia projects inflation at 4.0 percent in 2026 and 3.9 percent in 2027, reflecting a higher oil-price path. On interest rates, the Bank of Namibia kept the Repo rate unchanged at 6.75% during August 2026 to support domestic economy.

11. On the external sector, the merchandise trade deficit widened during the first eight months of 2026, driven by higher import payments alongside a decline in exports.

12. International reserves remained sufficient at N$59.3 billion at the end of September 2026, equivalent to 3.6 months of import cover. In line with efforts to diversify reserve

assets, the Bank of Namibia also advanced its Gold Acquisition Programme, securing domestically produced gold valued at approximately N$878 million and reinforcing the country's financial resilience against external shocks.

III. Fiscal Developments (FY2025/26)

13. **Actual revenue for FY2025/26:** Total revenue for FY2025/26 amounted to N$87.4 billion, a contraction of 2.0 percent from the N$89.1 billion realised in FY2024/25.

14. **Actual expenditure for FY2025/26:** Total expenditure reached N$104.6 billion, an increase of approximately 4.8 percent from N$99.8 billion in FY2024/25.

15. **Actual deficit, debt stock and interest payments for FY2025/26:** The budget deficit widened to 5.9 percent from 4.1 percent of GDP in FY2024/25, owing to strong nominal GDP growth, the debt-to-GDP ratio declined by 1.9 percentage points, from 67.3 percent to 65.4 percent.

16. The interest-to-revenue ratio increased from 14.7 percent to 16.2 percent. While, government guarantees fell from 3.4 percent to 2.7 percent of GDP, reducing Government's exposure to contingent liabilities.

Honourable Speaker,

Honourable Members,

IV. 2026/27 Mid-Year revised projections

17. **Revenue:** Total revenue for FY2026/27 has been revised down by N$1.5 billion, from the main budget estimate of N$89.6 billion to N$88.1 billion, owing mainly to lower mining receipts, reduced fuel levy and lower administrative fees.

18. **Mining revenue remains the main source of weakness.** Mining company tax and royalties are revised down to N$5.2 billion from N$6.1 billion. Diamond taxes and royalties have fallen from N$5.8 billion in 2023/24 to a projected N$414 million in 2026/27, an estimated shortfall of N$5.3 billion over the MTEF (2024/25 – 2026/27). Furthermore, to date, Government have supported the sector through royalty relief measures to protect employment and export earnings.

19. Continued reliance on commodity-based revenue highlights the importance of accelerating economic diversification through expanded agricultural production, downstream value addition, growing services industries and the development of renewable energy industries.

20. **Non-tax revenue** has been revised down to N$5.0 billion from N$6.1 billion, mainly due to lower mineral royalties and public enterprise dividends.

21. **Expenditure:** As at 30 September 2026, expenditure commitments and actual spending amounted to N$47.0 billion against a total appropriation of N$87.9 billion, translating into an overall budget execution rate of 53.5 percent. The development budget expenditure including commitments recorded an execution rate of 42.0 percent at mid-year, while operational expenditure reached 53.0 percent, reflecting steady implementation of approved programmes and activities.

22. **Deficit:** The revised framework projects a budget deficit of 5.5 percent of GDP, and a primary deficit of 0.3 percent of GDP.

23. **Debt, guarantees and interest:** For the full year, total debt is projected to reach 68.7 percent of GDP, and the interest-to-revenue ratio at 17.5 percent. The guarantees-to-GDP ratio is projected to decline slightly from 4.1 percent to 4.0 percent.

Honourable Speaker,

Honourable Members

V. Progress in the implementation of priority projects and key achievements

24. I would like to take a moment to highlight some notable achievements recorded during the period under review.

Agriculture and Food Security

25. In preparation for the anticipated El Niño, the Government availed N$40 million to the Agro-Marketing and Trade Agency to procure surplus grain from local farmers for the national strategic grain reserves. Agribank advanced N$366.9 million to 544 clients between April 2026 and August 2026, including N$44.4 million to women, N$28.3 million to youth and N$94.6 million to communal farmers, creating or maintaining approximately 1,550 jobs.

26. We recognize the importance of the Agriculture Sector not only as an anchor for domestic economic activity but also for livelihoods. As such following the outbreak of FMD on 23 September 2026, the Ministry has undertaken various containment measures against Foot-and-Mouth Disease (FMD). We remain committed to containing the outbreak and the relevant ministry will continue to closely monitor the situation and take the necessary actions to ensure speedy return to normality.

27. Through Namibia Agricultural Mechanisation and Seed Improvement Project (NAMSIP), approximately 51,000 farmers benefited from the seed project.

Youth Empowerment and Employment Creation

28. The **National Youth Development Fund** has grown to an overall investment of N$317 million, comprising N$258 million appropriated in FY2025/26, N$50 million in FY2026/27 and donations of N$5 million each from NamPort and NamibRe, as well as N$2.5 million from Namibia Agronomic Board. As at 25 September 2026, 373 youth-owned projects had been approved across all 14 regions, with N$110.2 million disbursed through Development Bank of Namibia, Agribank and Environmental Investment Fund. These projects are expected to create approximately 7,110 employment opportunities.

Quality Education and Training

29. Government introduced **Subsidised Tertiary Education** at beginning of 2026 academic year, covering registration and tuition for approximately 87,000 qualifying students and expanding access to higher education at public and private institutions. During the period under review 3,634 additional teachers and non-teaching staff have been recruited and deployed. Furthermore, 92 pre-primary classrooms and 38 permanent classrooms, together with libraries, laboratories, hostels, computer laboratories, ablution facilities and administration blocks, were established across 7 regions (namely Hardap; //Kharas, Kunene; Omaheke; Omusati; Oshikoto and Otjozondjupa).

Quality Health and Social Welfare

30. An amount of N$1.0 billion was mobilised through the Development Bank of Namibia to support the development of the planned 500-bed Windhoek District Hospital.

31. As part of the Vision 1st April 2026, Government strengthened healthcare delivery through the commissioning of an MRI scanner, the recruitment of 1,537 health personnel and 456 medical interns.

32. In addition, the Motor Vehicle Accident Fund supported public healthcare by providing medical equipment valued at N$19 million to Katutura State Hospital and Onandjokwe State Hospital.

Transport

33. The construction of Gobabis-Aminuis- Aranos Road, construction of Swakopmund-Walvis Bay Road, construction of Swakopmund-Uis-Kamanjab road and the upgrading of Kranzberg - Otjiwarongo railway line are progressing well.

34. N$1.5 billion has been mobilised through the Road Fund Administration to fund construction of 11 road projects under the Road Authority oversight across the regions.

Energy

35. Government provided fuel price relief of close to N$ 740 million as credit between April and July 2026 through a combination of fuel price reductions and price stability measures, easing cost pressures on households and businesses.

Public financial management and governance

36. **Key financial regulations that were gazetted include:**
    i. The Financial Institutions and Markets Act came into operation on 1 May 2026, establishing a modernised legislative framework for the regulation and supervision of the non-bank financial sector.
    ii. The Income Tax Amendment Bill establishing the Tax Court, and the Accountants and Auditors Regulatory Authority Bill, have progressed to the National Assembly.
    iii. The Public Procurement Regulations, increasing procurement thresholds and introducing a special category for high-spending public entities, and the Framework Agreement and Pooled Procurement Regulations;

37. To strengthen the implementation of preferential procurement, Government issued a directive clarifying the application of the Code of Good Practice on Preference. These measures are already yielding positive results, with MSMEs accounting for 53 percent of reported procurement awards in the first quarter of FY2026/27, securing contracts valued at N$246.4 million.

38. The passage of the Public Enterprises Governance Amendment (PEGA) Bill which is currently before the National Assembly is expected to strengthen the governance framework for public enterprises and enhance their operational efficiency, accountability, and overall performance.

39. Government successfully concluded Phase I of the Public Service Employees Medical Aid Scheme (PSEMAS) reform programme through the establishment of the PSEMAS Governance Council, the implementation of a benefits cap, and the enhancement of member contribution structures. While these reforms have strengthened governance, concerns raised by Members are being actively addressed. Government also remains concerned about allegations of fraud and abuse within the Scheme and is taking steps to strengthen oversight, enhance accountability, and institute appropriate measures to safeguard public resources.

Financial sector performance

40. **Namibia was removed from the Financial Action Task Force list of jurisdictions under increased monitoring on 19 June 2026**, following completion of its Action Plan. Namibia's financial system remained stable, sound and resilient, as confirmed in the Financial Stability Report released in April 2026.

41. The **Welwitschia Fund** recorded a market value of US$31.3 million (approximately N$514.6 million) as at 30 June 2026, up from US$17.9 million (approximately N$293.6 million) at inception in November 2022. At the same time, the corresponding Sovereign Wealth Fund Bill is at an advanced stage, and we intend to table the bill in the National Assembly during this fiscal year.

VI. Fiscal Policy Priorities for FY2027/28–2029/30

Honourable Speaker,
Honourable Members,

42. The Medium-Term Expenditure Framework (MTEF) for 2027/28 to 2029/30 will remain firmly anchored on fiscal consolidation, with a focus on sustaining a positive primary balance and progressively reducing the budget deficit. These efforts are essential to reduce the cost of borrowing and stabilise public debt and place the debt-to-GDP ratio on a gradual downward trajectory towards the SADC convergence benchmark of 60 percent of GDP.

43. To achieve these objectives, Government will pursue deliberate and targeted measures:

44. As announced in the main Budget Statement in February 2026, Government is developing the Medium-Term Revenue Strategy and Debt Management Strategy; both will be completed before February 2027.

Investment Promotion and Growth

45. Honourable Members, Government has taken steps to strengthen the investment climate, including a new visa regime; the Investment Promotion and Facilitation Bill is on its way to Parliament; the International Trade Management Bill is being considered in the National Assembly and the establishment of a One-Stop Centre at BIPA will be strengthened. Efforts are underway to shorten turnaround times for environmental clearances and exploration and mining licences. These reforms are improving Namibia's competitiveness and supporting private sector-led growth.

46. Furthermore, Government will continue to engage the private sector on agreements in the extractive industries to ensure that the exploitation of our non-renewable resources serves the national interest, with Namibia securing a fair share of the value created.

Revenue Mobilisation and Tax Administration

47. Domestic revenue mobilisation remains central to Government's ability to finance national priorities while limiting reliance on borrowing. In the Main Budget, the Government announced a comprehensive programme of tax policy and administrative reforms. Government remains committed to advancing these reforms and ensure that the necessary legislative and administrative measures are implemented in a timely manner.

48. Honourable Speaker, Namibia's natural resources regime is value-based. Government is reviewing export levy levels, with stakeholder consultations ongoing.

49. I wish to reassure the nation that we are reviewing the VAT zero rating of sugar consumption. The zero rating was introduced to provide some relief to consumers; however, the health effects of sugar consumption are well known, and we join the rest of the world in promoting health living.

50. Agriculture is a key sector in our economy; we are considering the introduction of import VAT zero-rating on agricultural inputs and equipment to reduce the cost of food production domestically.

51. As a member of SACU, Namibia continues to participate in the review of anti-dumping duties on selected products to promote fair competition and protect regional industries.

52. Government has also strengthened the institutional and analytical framework for addressing illicit financial flows and suspicious tax-related transactions through coordinated work across financial, revenue and law-enforcement institutions, with N$45 million recovered to date.

Strategic Expenditure Proposals

a) **Prioritising development funding:** Development funding will go to high-impact, implementation-ready projects that directly advance NDP6, and prioritise funding for ongoing projects before new ones are started, where applicable.
b) To strengthen the execution and value-for-money for projects execution, OMA's will adopt **project appraisal guidelines** to ensure that projects are adequately prepared prior to funding.
c) **Standardizing project preparation:** OMAs with the support of the technical Ministry, will standardize feasibility studies and technical designs for infrastructure projects.
d) **A national construction cost guide:** The Ministry of Works and Transport and the National Planning Commission will develop, and update annually, a national construction cost guide for public buildings and infrastructure, to support realistic costing, budgeting and value-for-money assessments.
e) **Capping project preparation costs:** With due regard to quality, cost caps for feasibility studies, project designs and related documentation will be introduced in the Project Appraisal Guidelines, based on a standard percentage of total project value.

f) **Personnel Expenditure Management.** Personnel expenditure management remains a key pillar of Government's fiscal consolidation strategy. Government will accelerate more reforms to the Public Service Medical Aid Scheme (PSEMAS), as the current model has been assessed to be fiscally unsustainable. Furthermore, social safety net programs will be subjected to rigorous review to strengthen efficiency, improve targeting, and eliminate leakages. Payroll audits and structure reviews will continue periodically to enhance service delivery.

VII. FY2026/27 Appropriation Amendment Bill

Honourable Speaker,
Honourable Members,

53. Honourable Speaker, in February 2026, I tabled before this August House a revised budget totaling N$87.9 billion for FY2026/27, comprising N$81.4 billion for operational expenditure and N$6.6 billion for development expenditure financed through the State Revenue Fund. In addition, N$8.9 billion was allocated to development projects financed outside the State Revenue Fund, bringing the total development budget to N$15.4 billion. Consequently, total expenditure, including statutory commitments, amounted to N$106.0 billion, of which N$16.2 billion was earmarked for statutory commitments.

54. The Mid-Year Budget Review process provides us with an opportunity to improve the effectiveness of resource allocation by taking stock of the implementation of the National Budget so far, making the requisite adjustments and ensuring that Government remains on course to achieve its planned development priorities.

55. "***Beware of little expenses; a small leak will sink a great ship." – Benjamin Franklin.*** Honourable Speaker, this timeless wisdom reminds us that fiscal sustainability is built not only on major policy decisions, but also on disciplined management of every public dollar entrusted to Government.

56. In light of the downward revision of economic growth outlook and revenue by N$1.5 billion, and **in staying within our means**, the readjustment of existing Vote ceilings and the reallocation of available resources within and between votes is being proposed for consideration:

    a) An amount of N$179 million to Vote 38: Agriculture and Land Reform, for the containment and management of the outbreak of Foot-and-Mouth Disease. This

amount was mobilised through the two percent (2%) reduction applied to the expenditure ceilings of all OMAs.

b) An amount of N$180 million is allocated to Vote 01: Presidency. Of this amount, N$140 million is earmarked for the construction of basic sports facilities under the coordination and supervision of Regional Governors, necessitating the transfer of the budget allocation to Vote 01 from Vote 27: Sport, Youth and National Service to ensure streamlined implementation, enhanced accountability, and expedited delivery. The remaining N$40 million is to strengthen security measures.

c) An amount of N$200 million is allocated to Vote 08: Defence, comprising N$100 million for rations and N$100 million for utilities.

d) An amount of N$62 million is allocated to Vote 17: Urban and Rural Development, comprising N$50 million for urgent soil erosion mitigation works in Rundu, Kavango East Region, and N$12 million to fund the five (5.0) percent salary adjustment for Regional Councillors.

e) An amount of N$50 million is allocated to Vote 23: Works and Transport to meet outstanding State property rental obligations.

f) An amount of N$41 million is allocated to Vote 13: Health and Social Services to cater for 456 medical and dental interns.

g) An amount of N$28.5 million is allocated to Vote 21: Judiciary to meet critical operational requirements, including transport, utilities, and salary adjustments for prosecutors, judges, and magistrates. The allocation also strengthens security measures for magistrates.

h) An amount of N$26 million to Vote 02: Prime Minister for outstanding drought relief invoices.

i) A total of N$16 million is allocated to Vote 16: Justice, comprising N$13 million for the ongoing expansion of the Ministry's Head Office and N$3 million for essential operational requirements.

j) A total of N$13 million is allocated to Parliament. Of this amount N$9 million for Vote 03: National Assembly and N$4 million for Vote 11: National Council, to strengthen parliamentary oversight.

k) An amount of N$12.9 million is allocated to Vote 36: Gender Equality and Child Welfare, of which N$5 million will sustain the National Sanitary Pad Initiative for vulnerable learners, while the balance will fund ECD educarers' allowances.

l) 'An amount of N$5.5 million is allocated to Vote 14: Labour Relations to settle obligations arising from the AU Conference.

m) An amount of N$5 million is allocated to Vote 35: Attorney General to address critical personnel requirements and procure essential office equipment.

n) An amount of N$4.7 million is allocated to Vote 04: Auditor General to address critical recruitment requirements and strengthen audit capacity.

o) An amount of N$4.9 million is re-allocated within Vote 07: International Relations and Trade to support critical operational requirements.

p) An amount of N$2.4 million is allocated to Vote 30: Anti-Corruption Commission for essential tools of trade. An additional amount of N$665 million is proposed for Vote 09: Finance, comprising N$535 million to address funding requirements for PSEMAS and N$130 million to replenish the Contingency Fund.

q) As a result, the Appropriation Amendment Bill for FY2026/27 will increase the total budget appropriation from N$87.9 billion to N$88.6 billion, representing a modest upward adjustment.

57. Accordingly, the global ceilings of the affected Votes are proposed to be revised to reflect the above adjustments and reallocations.

58. The revised fiscal outlook for FY2026/27 is summarised as follows:

- Total expenditure including statutory commitments, revised down to N$105.0 billion
- Non-interest expenditure N$89.6 billion (including loan-funded projects)
- Non-interest expenditure inside the revenue fund N$88.6 billion
- Interest payments are projected at N$15.4 billion, equivalent to 17.5 percent of total revenue.
- The budget deficit is estimated at N$16.3 billion, or 5.5 percent of GDP, while the primary deficit is projected at 0.3 percent of GDP.
- Total public debt is projected at N$201.7 billion, equivalent to 68.7 percent of GDP, while Government guarantees are estimated at N$11.8 billion, or 4.0 percent of GDP.

59. Government remains steadfast in restoring fiscal resilience, preserving macroeconomic stability, and accelerating the implementation of NDP6.

Ending of the Tax Amnesty Programme

60. Honourable Speaker, Honourable members, the Tax Amnesty Programme has made a meaningful contribution to strengthening tax compliance and giving taxpayers an opportunity to put their affairs in order. As the programme has now achieved its intended objective, it will come to an end on 31 October 2026. Since its introduction, 28,157 taxpayers have regularised their tax affairs. Taxpayers who have entered into repayment arrangements can be assured that these agreements will continue to be honoured.

61. Going forward, all taxpayers will be expected to meet their obligations as Government advances a fair, efficient, and sustainable tax system founded on compliance,

accountability, and shared responsibility. We will continue to explore other relief measures for taxpayers.

Honourable Speaker,

Honourable Members,

Conclusion

62. In conclusion, I wish to express my sincere appreciation to Her Excellency, Dr. Netumbo Nandi-Ndaitwah, President of the Republic of Namibia. I further want to thank Her Excellency the Vice President, the Right Honourable Prime Minister, and the Secretary General of SWAPO Party.

63. Allow me to thank the Director General of the National Planning Commission, Hon. Dr. Kaire Mbuende. My sincere thanks to the Governor of the Bank of Namibia, the Commissioner of the Namibia Revenue Agency, and the CEO of the Namibia Financial Institutions Supervisory Authority and their teams.

64. I also extend my gratitude to all Offices, Ministries and Agencies, development partners and civil society organisations for their valuable contributions. As we look ahead, let us continue working together in preparation for the next Medium-Term Expenditure Framework.

65. Finally, I thank all compliant taxpayers whose contributions continue to fund Government programmes and national development priorities.

66. Honourable Speaker, I now move that the Appropriation Amendment Bill, 2026 be read for the second time.

I thank you.