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Namibia QER Q2 2025

Namibia Quarterly Economic Review April-June 2025

Quarter Summary	Special Feature:	News Highlights	Key Economic Variables	Data Trends
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Quarter Summary

Macroeconomic Situation

Namibia's economic recovery, which started in the second quarter of 2021, continued with sixteenth consecutive quarters of positive growth culminating in growth of 2.7% in the first quarter of 2025. In its Economic Outlook of April 2025, the Bank of Namibia revised forecast GDP growth to 3.8% in 2025 and 4.0% in 2026. The Bank of Namibia announced the fourth successive cut in the repo rate on 12 February 2025 bringing it down to 6.75%, its lowest level since January 2023 and this did not change during the second quarter. In the Bank of Namibia's latest statement in June, the MPC said its decision to keep the repo unchanged "will continue safeguarding the one-to-one link between the Namibia Dollar and the South African Rand while supporting domestic economic activity."

The Bank of Namibia Monetary Policy Announcement Dates for 2025

12 February 2025
16 April 2025
18 June 2025
13 August 2025
15 October 2025
3 December 2025



The Namibia Quarterly Economic Review is compiled by the Institute for Public Policy Research and is financially supported by the Hanns Seidel Foundation. It is available to download from www.qer.org.na. The opinions expressed herein do not necessarily reflect those of the Hanns Seidel Foundation.

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Mining for Good:

THE NAMDEB STORY 1994-2024





BUDGET PRESENTATION

TREADING A FINE LINE

By Robin Sherbourne



10H00-12H00 | 13 MARCH 2026

HOUSE OF DEMOCRACY, 70-72 DR. FRANS
INDONGO STREET

RSVP: info@ippr.org.na

The National Budget FY26/27: People, Productivity, Prudence

by

Robin Sherbourne

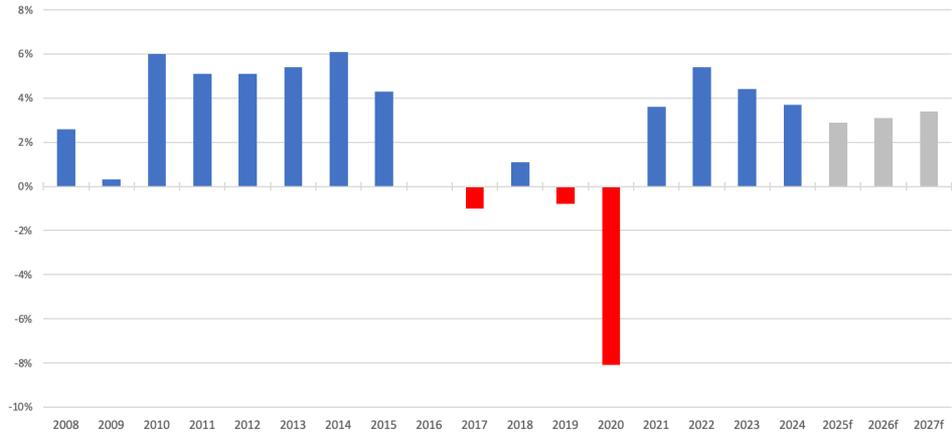
Friday 13 March 2026



The National Budget FY26/27: The Challenge

- Low growth and revenues
- Limit on new borrowing and financing requirement
- Expensive Presidential commitments (Manifesto, SMIP, NDP6)
- Keep the fiscal ship afloat until an FID is taken in oil and gas 🤔

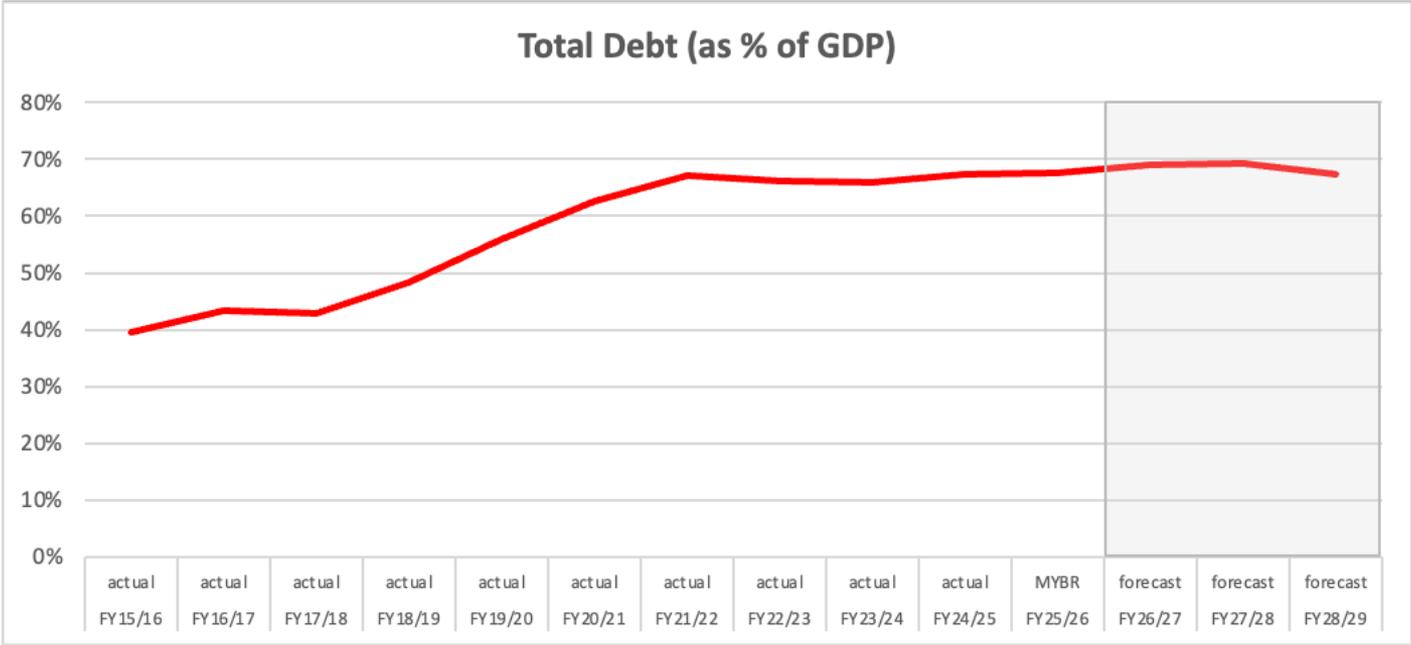
Budget FY26/27: The Story So Far



Total Debt (as % of GDP)



Budget FY26/27: The Story So Far



Budget FY26/27: Economic and Revenue Growth

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Budget FY25/26 (27 March 2025)										
GDP Growth	-8.1%	3.6%	5.4%	4.4%	3.7%	4.5%	4.7%	4.4%	n/a	n/a
MYBR 2025/26 (21 October 2025)										
GDP Growth	-8.1%	3.6%	5.4%	4.4%	3.7%	3.3%	3.6%	3.7%	3.5%	n/a
Budget 2026/27 (26 February 2026)										
GDP Growth	-8.1%	3.6%	5.4%	4.4%	3.7%	2.9%	3.1%	3.4%	3.6%	3.2%

- Modest growth but MoF has revised growth down.
- Population is growing by 3% a year.
- NDP6 target is 7%.

Budget FY26/27: Revenue Growth

Revenue Stream	FY23/24	FY24/25	FY25/26	FY26/27	FY26/27
	Actual	Actual	Revised	Budget	% change
Income tax on individuals	18,560	19,287	18,138	19,194	+5.8%
Corporate income tax	11,038	12,599	13,945	13,157	-5.7%
VAT	17,303	19,708	20,861	22,262	+6.7%
SACU	24,348	23,639	21,968	24,341	+10.8%
Total tax revenue	75,493	84,792	79,063	82,970	+4.9%
Non-tax revenue	5,983	4,266	8,334	6,583	-21.0%
Total revenue and grants	81,488	89,071	87,408	89,558	+2.5%

- Inflation currently 2.9% in January 2026.
- Corporate income tax and non-tax revenue hit by diamonds.
- Income Tax Amendment Bill presented to Parliament by Q2 2026.
- No explicit mention of Medium-Term Revenue Strategy but more tax changes to come.

Budget FY26/27: Primary Budget Surplus

“The Government, under the leadership of Her Excellency Dr Netumbo Nandi-Ndaitwah, the President, resolved that the Government should restore a positive primary fiscal balance stance for the FY2026/27 and MTEF period, after the negative primary balance recorded in the FY2025/26.”

Budget FY26/27: Expenditure

- 5% salary increase for civil servants (38.5% of total expenditure).
- N\$2.8 billion allocated for free tertiary education.
- Limited increase in operational expenditure apart from Vote 10 (Education).
- Across the board cuts in development expenditure apart from Vote 07 (International Relations and Trade).
- Additional N\$100 per month for pensioners.
- N\$16.2 billion statutory payments greater than all Votes apart from Votes 9 and 10.



Vote	Operational Expenditure			Development Expenditure			Total Expenditure			
	Actual 2024/25	Revised 2025/26	Budget 2026/27	Actual 2024/25	Revised 2025/26	Budget 2026/27	Actual 2024/25	Revised 2025/26	Budget 2026/27	
1 President	880	1,263	1,062	103	200	152	983	1,463	1,214	-17.0%
2 Prime Minister	1,921	629	485	5	37	50	1,926	666	535	-19.7%
3 National Assembly	173	408	414	-	35	3	173	443	417	-6.0%
4 Auditor General	124	132	133	-	-	-	124	132	133	1.0%
7 International Relations and Trade	988	1,073	1,151	66	90	218	1,054	1,163	1,369	17.7%
8 Defence	6,738	6,895	6,948	398	589	588	7,137	7,484	7,536	0.7%
9 Finance	21,374	28,751	29,065	436	27	30	21,809	28,778	29,095	1.1%
10 Education, Arts and Culture	17,508	24,616	27,413	844	939	588	18,352	25,555	28,001	9.6%
11 National Council	118	139	134	8	1	-	125	140	134	-4.5%
13 Health and Social Services	10,731	11,673	12,626	257	622	490	10,988	12,296	13,116	6.7%
14 Labour Relations	197	237	231	0	2	-	197	239	231	-3.2%
15 Mines, Energy and Industry	237	502	506	175	361	321	412	862	827	-4.1%
16 Justice	601	398	410	71	95	51	672	493	461	-6.6%
17 Urban and Rural Development	1,504	1,441	1,205	1,051	1,234	744	2,555	2,675	1,949	-27.1%
18 Environment and Tourism	620	723	664	94	70	73	714	793	737	-7.1%
19 Industrialisation and Trade	311	-	-	49	-	-	360	-	-	-
21 Judiciary	441	457	497	-	51	15	441	508	512	0.8%
22 Fisheries and Marine Resources	269	-	-	3	-	-	272	-	-	-
23 Works	608	656	499	78	131	94	686	787	593	-24.7%
24 Transport	283	419	285	2,086	2,273	1,790	2,369	2,693	2,075	-22.9%
26 National Planning Commission	224	307	278	-	60	5	224	367	283	-23.0%
27 Sport, Youth and National Services	536	754	507	36	265	243	571	1,019	750	-26.4%
28 Electoral Commission	632	678	181	-	-	-	632	678	181	-73.3%
29 Information and Communication Technology	571	639	588	123	203	94	694	842	682	-19.0%
30 Anti-Corruption Commission	77	97	89	-	6	20	77	103	109	6.3%
31 Defence and Veteran Affairs	1,407	1,529	1,516	2	7	7	1,409	1,535	1,523	-0.8%
32 Higher Education, Technology and Innovation	5,005	-	-	147	-	-	5,152	-	-	-
35 Office of the Attorney-General	-	266	267	-	4	-	-	269	267	-0.8%
36 Gender Equality and Child Welfare	7,879	442	402	15	18	15	7,894	461	417	-9.4%
37 Agriculture and Land Reform	1,585	2,044	1,474	484	478	353	2,069	2,522	1,827	-27.6%
38 Water and Marine Resources	253	356	649	717	579	378	971	934	1,027	9.9%
39 Home Affairs, Immigration, Safety and Security	7,024	7,449	7,888	380	435	259	7,404	7,884	8,147	3.3%
40 Education	-	-	-	-	-	-	-	-	-	-
Total	90,819	94,972	97,567	7,629	8,812	6,579	98,448	103,784	104,146	0.3%

Budget FY26/27: Commercial Public Enterprises

Commercial Public Enterprise	Allocation (N\$m)
Meatco (servicing of loan facility at DBN)	112.0
Seed Capital for Venture Capital Fund at DBN	41.0
Total	153.0

- Far lower transfers to commercial public enterprises - N\$1,347 million in FY25/26 to just N\$616 million in FY26/27.
- Enhance role of State-Owned Enterprises in supporting the development agenda by encouraging them to raise funds outside budget.
- Domestic and foreign loan guarantees are expected to increase from N\$7.6 billion in FY2025/26 to N\$11.8 billion in FY2026/27.
- President's flagship National Youth Development Fund receives an allocation of N\$50 million in FY26/27 under Vote 09 (Finance).

Budget FY26/27: Development Expenditure

Vote	Allocation (N\$)
Transport (Vote 24)	1,789,678,000
Urban and Rural Development (Vote 17)	744,337,000
Education (Vote 40)	588,365,000
Defence (Vote 08)	587,500,000
Health and Social Services (Vote 13)	489,700,000
Water and Marine Resources (Vote 38)	378,000,000
Agriculture and Land Reform (Vote 37)	352,910,000
Mines, Energy and Industry (Vote 15)	320,660,000
Home Affairs, Immigration, Safety and Security (Vote 39)	258,750,000
Sport, Youth and National Service (Vote 27)	243,400,000
International Relations and Trade (Vote 07)	218,126,000
President (Vote 01)	152,000,000
Total Development Spending	6,579,148,000

12 Votes received
93% of development
spending

Budget FY26/27: Development Expenditure

“To strengthen public investment efficiency, the government is implementing targeted reforms to improve project preparation and execution. The National Planning Commission and the Ministry of Finance will introduce minimum project-readiness requirements before any project enters the Development Budget, including feasibility assessments, verified costing, procurement readiness, and clear implementation timelines.”

Budget FY26/27: Policy Certainty

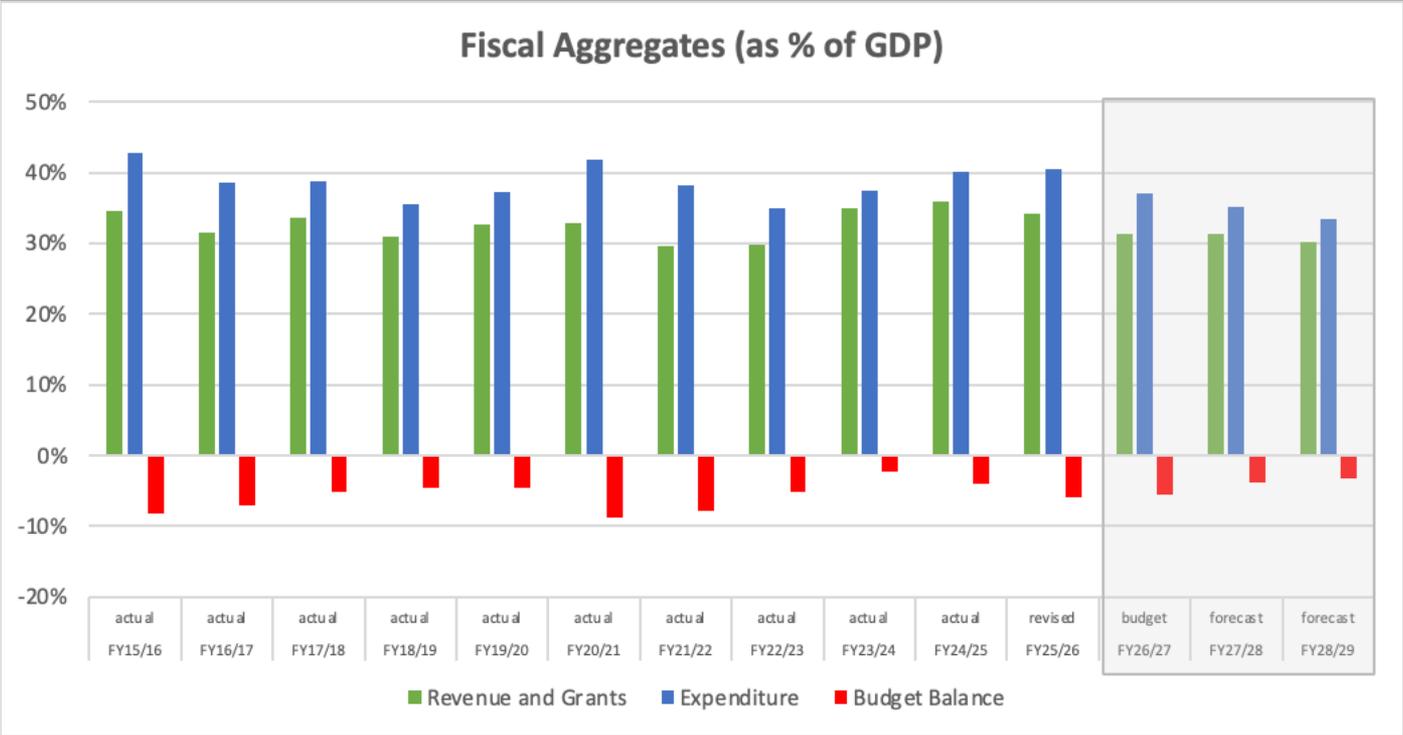
59. In our consultations, a clear message emerged: policy certainty is essential. Investors, entrepreneurs, and our development partners need clarity, predictability, and confidence in the rules that govern economic participation in Namibia.

60. Allow me, therefore, to provide clear assurance on three cornerstone policy instruments that are central to Namibia's industrialisation, investment, and enterprise development agenda. My executive colleagues will provide further insights during the commentary stage regarding the status and the way forward on these important policy instruments: (i) the Namibia Investment Promotion and Facilitation Bill (NIPFA), (ii) the National Equitable Economic Empowerment Framework (NEEEF), and (iii) the Special Economic Zones (SEZ) regime.

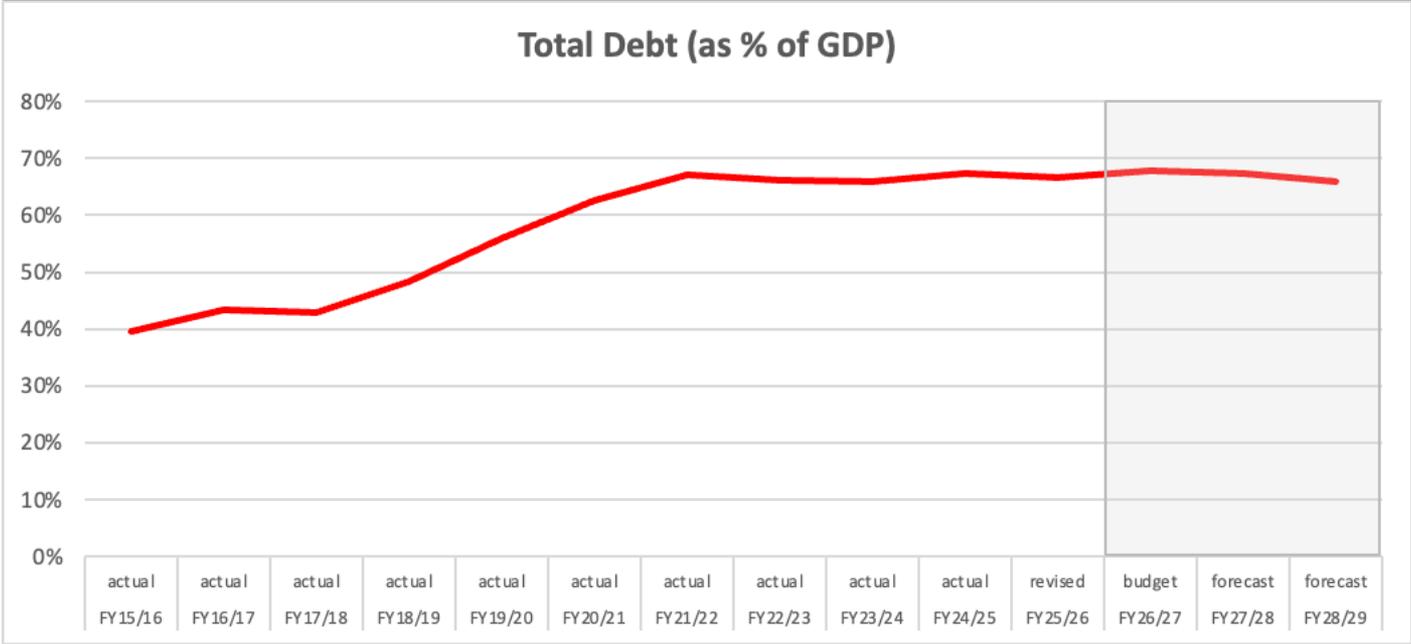
Budget FY26/27: The Key Numbers

Item	Amount (N\$ billion)	% of GDP
Total Revenue and Grants	89.6	31.3%
Total Expenditure	106.0	37.1%
Total Operational Expenditure	81.3	28.5%
Total Development Expenditure	6.5	3.0%
Total Outside SRF	2.6	0.9%
Statutory Payments	16.2	5.7%
Primary Balance	0.4	0.2%
Budget Balance	15.8	-5.5%
Total Financing Requirement	19.2	6.7%
Total Domestic Debt	172.3	60.3%
Total Foreign Debt	21.4	7.5%
Total Public Debt	193.8	67.8%
Total Loan Guarantees	11.8	4.1%
Estimated GDP	285.9	100.0%

Budget FY26/27



Budget FY26/27



What I Like:

- Realistic assessment of growth and revenues for FY26/27 but no real sense of what war in the Gulf could do to oil prices, inflation and interest rates
- Emphasis on importance of primary budget surplus in FY26/27 and over MTEF period
- Restrained operational expenditure
- Limited transfers to SOEs and encouraging them to seek alternative financing mechanisms
- Meeting the President's commitment to free tertiary education and reforming NSFAP
- Emphasis of quality of capital spending over quantity and improvements in project preparation
- Increase in state pension
- Emphasis on meeting SADC debt benchmark of 60% of GDP over MTEF
- Emphasis on importance of policy certainty (NIPFA, NEEEF, SEZ) to boost growth

What I Don't Like:

- No explicit mention of medium-term revenue strategy
- High budget deficit and high financing requirement but little mention of how it will be met
- Pay rises for public sector without corresponding productivity increases
- No mention of serious SOE reform and no mention of the future of the Department for Public Enterprises in the Ministry of Finance and no details of existing government guarantees
- No clear plan of what tertiary education will be offered to young Namibians (especially given AI)
- Development Budget was not published by the NPC on the day of the budget speech
- Very small increase in state pension
- Debt is set to plateau and there is no clear debt reduction plan
- No mention of the new Minerals Act and no timetable provided for when key policies will be finalised.

The National Budget FY26/27: The Outcome

The national budget tabled by Minister of Finance Ericah Shafudah on 26 February 2026 represented treading a fine line between maintaining fiscal discipline on the one hand and meeting the spending priorities announced by the new Government since 21 March 2025 on the other. Weak economic and revenue growth greatly limited her room for manoeuvre. True to her word, she targeted a primary budget surplus for the coming financial year by limiting operational expenditure outside the key priority areas of education and health, severely restraining development (capital) spending, and all but eliminating transfers to public enterprises. A budget deficit of 5.5% of GDP will see total public debt rise to 67.8% of GDP by the end of FY26/27.

National Budgets: I Have A Dream...

- Smaller more effective (AI enabled?) government with greater transfers
- Improved policy-making where economics plays a key role
- Reformed commercial public enterprise sector
- ~10% on productive capital expenditure
- ~10% on a revamped EIG or Basic Income Grant