economic association of namibia

QUARTERLY REVIEW

MAY 2025

ORGANISATION **PROFILE**

ABOUT THE EAN

The Economic Association of Namibia (EAN) is a leading think tank, that serves as a catalyst for economic development in Namibia by providing research-based public policy advisory services and facilitating public discourse to promote economic progress and prosperity.

VISION

To cultivate a thriving Namibia, marked by robust economic growth, where public policy catalyzes sustainable economic development and progress.

MISSION

To drive economic development through research-based thought leadership, offering expert public policy advisory services, and facilitating constructive public discourse, all geared towards inclusive advancement and prosperity.

CORE VALUES

- Integrity
- Excellence
- Impact-Driven
- Collaboration

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EXECUTIVE **SUMMARY**

The inaugural edition of the EAN Quarterly Review provides a comprehensive analysis of Namibia's economic landscape, highlighting key trends, challenges, and opportunities for the first quarter of 2025. Under the historic leadership of President Netumbo Nandi-Ndaitwah, Namibia's first female president, the nation faces a critical juncture marked by sectoral shifts, structural reforms, and the urgent need for inclusive growth.

Key Highlights:

Macroeconomic Performance:

- Namibia's economic growth slowed to 3.1% by the end of 2024, driven by contractions in agriculture (-5.9%) and mining (0.3%).
- Construction (21.6%) and manufacturing (4.8%) emerged as resilient sectors, while energy shortages and climate shocks posed risks to sustainability.
- The economy continues to shift toward services, which now account for 54.4% of GDP, though this growth has not translated into sufficient job creation.

Sectoral Challenges:

- Agriculture and mining, critical for rural livelihoods and export earnings, underperformed due to drought and global commodity fluctuations.
- Unemployment remains alarmingly high at 36.9%, with youth unemployment at 44.4%, signaling a need for labor-intensive growth strategies.
- Inflation trends show moderated food prices (5.5%), yet essential goods remain costly, exacerbating household financial strain.

Policy and Reform Imperatives:

- The EAN Pre-Budget Dialogue emphasized the need for policy clarity, accountability, and targeted investments in infrastructure, education, and agro-processing to spur job creation.
- The SWAPO Party Manifesto Implementation Plan (SMIP) outlines priority areas such as food security, youth empowerment, and industrial development, with a projected budget of N$85.7 billion over five years.

“NAMIBIA’S ECONOMIC TRAJECTORY HINGES ON ADDRESSING STRUCTURAL BOTTLENECKS, FOSTERING INCLUSIVE GROWTH, AND LEVERAGING STRATEGIC PARTNERSHIPS.

- Experts advocate for innovative financing models to support SMEs and value-addition initiatives to reduce Namibia’s record trade deficit (N$14.1 billion in Q4 2024).

Financial and Trade Dynamics:

- Monetary policy easing (repo rate cut to 6.75%) has improved credit conditions, but SME access to capital remains constrained.
- Trade performance deteriorated due to declining uranium and diamond exports, underscoring the urgency of diversifying exports and strengthening local manufacturing.

Recent Developments:

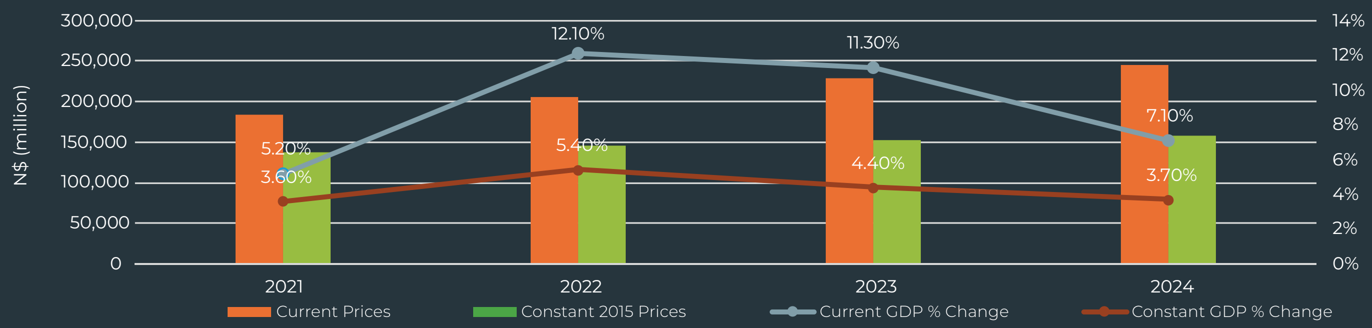
- Domestic: The 2025/26 national budget prioritizes education (N$24.8 billion) and health (N$12.3 billion), though allocations to job-creating sectors like agriculture and industry remain inadequate.
- Regional: Southern Africa faces economic volatility, with Mozambique’s LNG projects advancing and South Africa enacting contentious land reforms.
- International: Global trade tensions under the Trump administration and climate policy reversals pose risks to Namibia’s external stability.

Namibia’s economic trajectory hinges on addressing structural bottlenecks, fostering inclusive growth, and leveraging strategic partnerships. The EAN reaffirms its commitment to evidence-based advocacy and stakeholder collaboration to ensure that economic progress benefits all citizens. As the nation navigates these challenges, the insights and recommendations in this review aim to guide policymakers, businesses, and investors toward sustainable and equitable development.

DASH BOARD

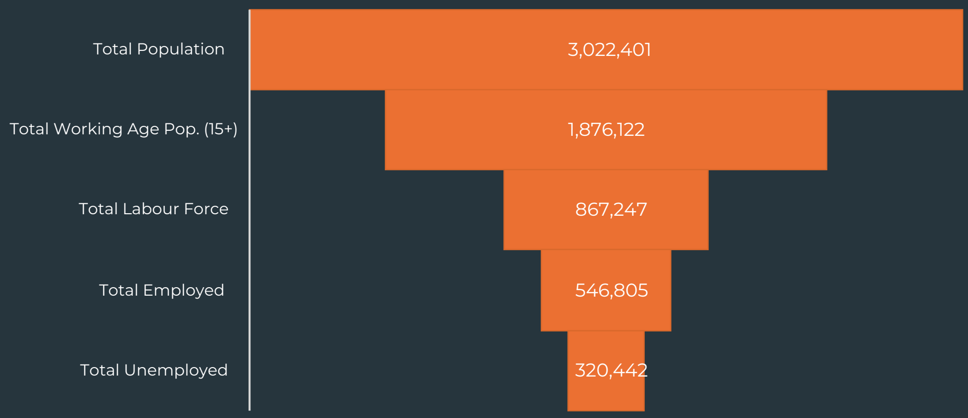
DOMESTIC ECONOMY

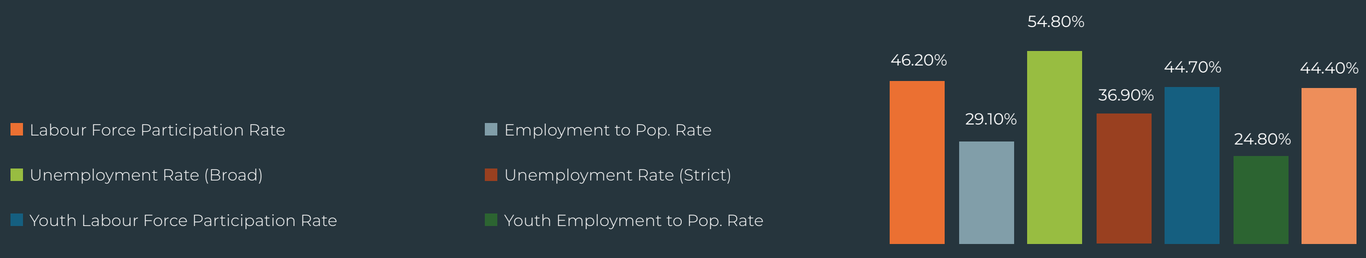
Figure 1: Gross Domestic Product (GDP)



Source: Bank of Namibia

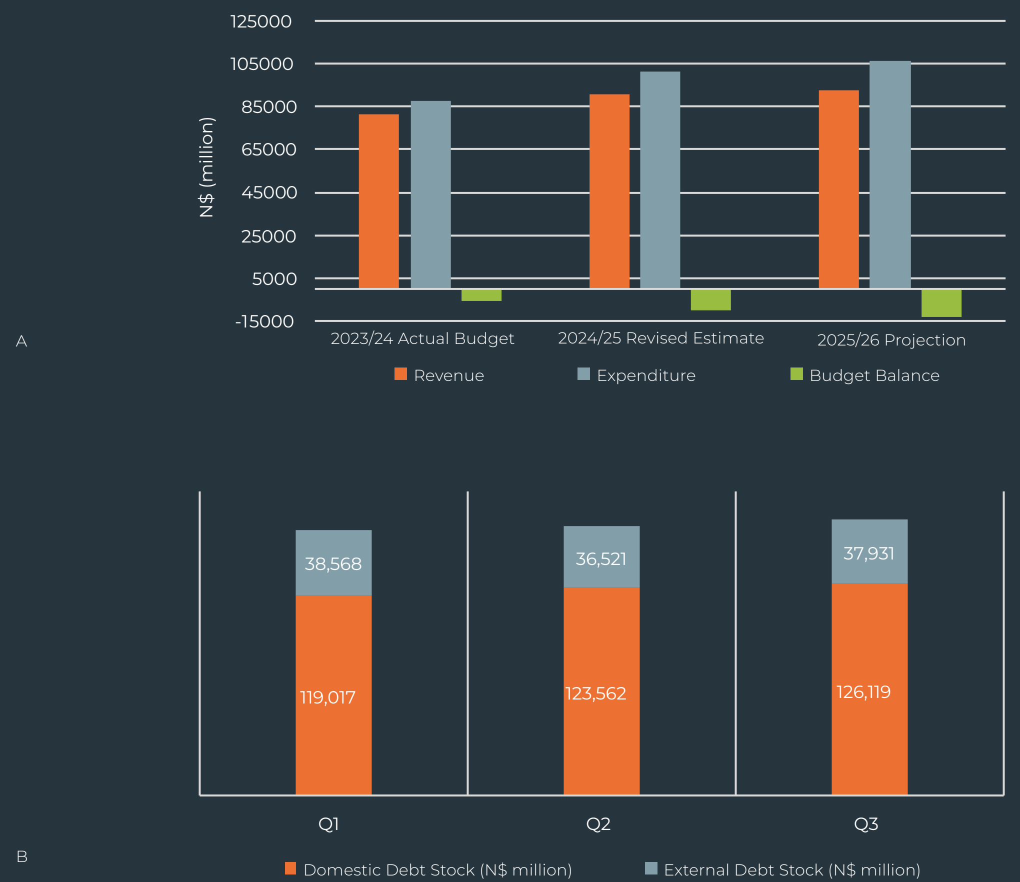
Figure 2: 2023 Population and Employment Data





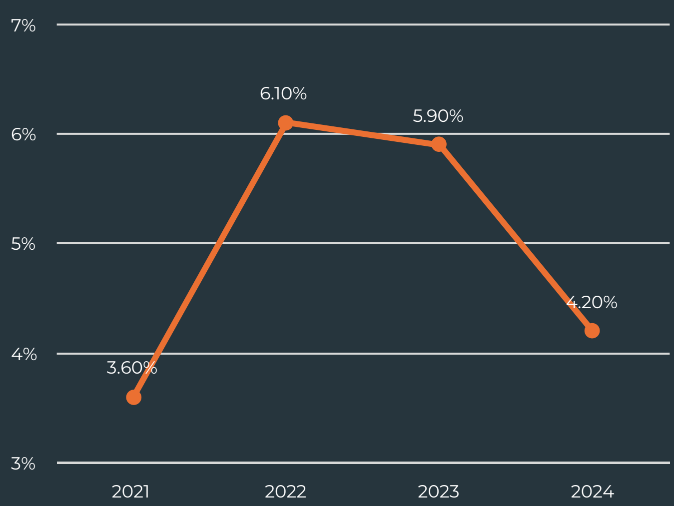
Source: Namibia Statistics Agency

Figure 3: Central Government Budget Balance (A) and Debt Stock (B)



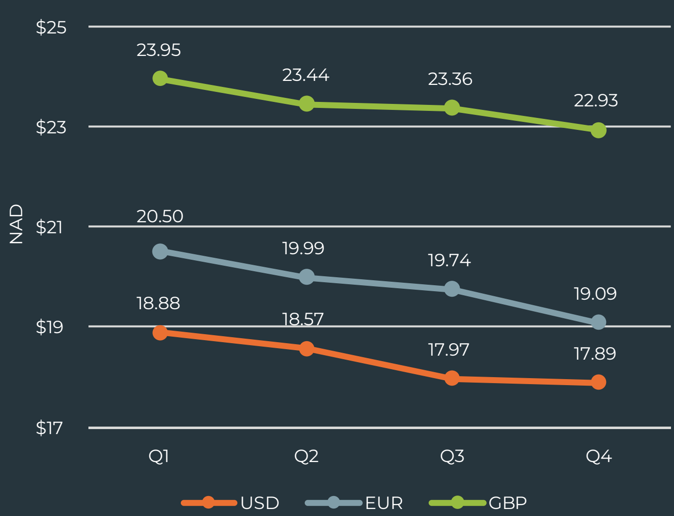
Source: Bank of Namibia

Figure 4: Overall Annual Inflation



Source: Namibia Statistics Agency

Figure 5: NAD Against Major Currencies - 2024



Source: Bank of Namibia

MACROECONOMIC **PERFORMANCE**

ECONOMIC GROWTH & **INDUSTRY CONTRIBUTIONS**

NAMIBIA'S ECONOMIC GROWTH SLOWS IN 2024 AS AGRICULTURE AND MINING FALTER

Namibia's economy grew at a slower pace in 2024, with overall growth easing from 5.1% in the first quarter to 3.1% by year-end, the latest national data shows. The deceleration has raised red flags over job creation, food security, and the country's overall economic resilience heading into 2025.

The slowdown was largely driven by a weak performance in the primary sector, especially agriculture and mining—two critical pillars of Namibia's economy.

Agriculture, which had a promising start with 10.7% growth in Q1, suffered a steep reversal, caused by prolonged drought and a reduction in livestock numbers, which have severely affected rural households and food production, resulting in a -5.9% contraction in Q4.

The mining sector, a key source of foreign earnings and jobs, also faced headwinds. After a strong 7.9% performance in Q1, it slumped through mid-year before managing a meagre 0.3% growth in Q4. The sector's stagnation is now threatening to reduce government revenues and limit future investment in infrastructure and public services.

In contrast, some sectors defied the overall trend. The construction industry experienced a dramatic comeback, rising from -0.7% in Q1 to 21.6% growth in Q4, driven by infrastructure projects and renewed investment. Similarly, manufacturing posted steady improvements, climbing from 0.6% to 4.8% over the same period.

However, Namibia's industrial ambitions could be stifled by a weakening energy sector. Electricity generation declined by -2.2% and -2.4% in the third and fourth quarters, respectively, due to reduced water levels at the Ruacana hydropower station—raising fresh concerns over energy reliability for businesses and households alike.

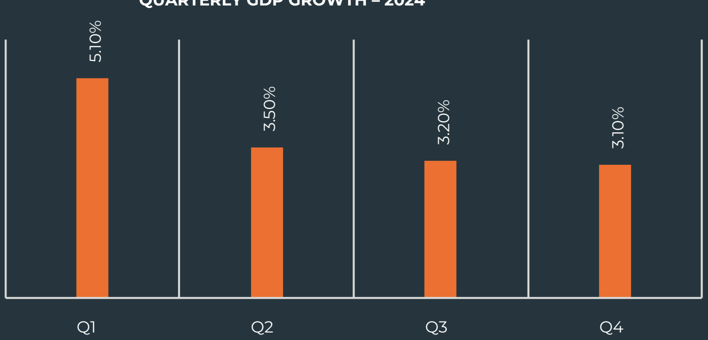
The tertiary sector, which includes services such as retail, finance, transport, and tourism, remained the most consistent performer, helping to stabilise the economy. But experts warn it cannot shoulder the burden alone.

It is evident that the country's current growth trajectory is unsustainable without urgent policy reform. While headline growth figures remain positive, the deceleration signals an economy that is losing steam—particularly concerning in a country grappling with structural unemployment and inequality. Agriculture's downturn poses a major threat to rural livelihoods and informal trading networks, while mining's sluggish performance could weaken public finances. Construction and manufacturing show promise for urban job creation, but electricity supply challenges could limit further growth.
The tertiary sector emerging as an economic anchor is welcome, but it cannot singlehandedly absorb Namibia's growing labour surplus—especially among youth and unskilled workers.

To avoid further strain in 2025, the government and stakeholders should prioritise investment in climate-smart agriculture, such as drought-resistant crops, decentralised irrigation, and increased support for communal farmers. This would help cushion rural economies against environmental shocks and stabilise food production. A coordinated push for infrastructure development, particularly in energy and industrial zones aligned with agro-processing and sustainable construction is also necessary and could unlock job creation and help stabilise the economy.

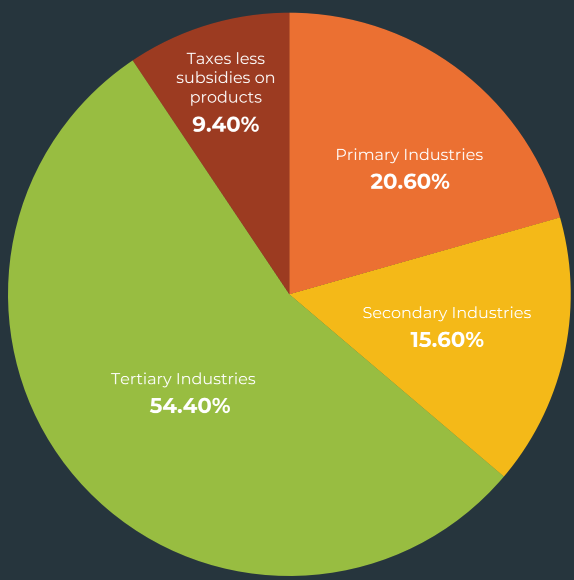
As Namibia prepares for a challenging year ahead, economists stress that headline growth must be translated into real improvements in people's lives.

QUARTERLY GDP GROWTH – 2024



Source: Namibia Statistics Agency

CONTRIBUTIONS TO GDP – 2024



Source: Bank of Namibia

ECONOMY SHIFTS TOWARDS SERVICES AMID MINING AND AGRICULTURE SLOWDOWN

The country's economic structure has undergone subtle but telling shifts since 2023, with recent data showing the primary sector's share of GDP declining from 22.4% in 2023 to 20.6% in 2024. The drop reflects mounting vulnerabilities in natural resource-based industries, particularly mining and agriculture, which remain exposed to global commodity price fluctuations and climate shocks.

Mining, long considered a cornerstone of Namibia's economy, saw its contribution to GDP fall from 14.8% to 13.3% over the year, while agriculture experienced a modest decline from 7.7% to 7.3%. The contraction highlights the challenges facing sectors that are critical not only for exports and public revenue but also for rural livelihoods and food security. Namibia faces a critical challenge in balancing mining competitiveness with the need to diversify its economy, especially in sectors that can absorb the country's growing labour force.

In contrast, the secondary sector—which includes manufacturing, construction, and utilities—remained relatively unchanged, hovering around 15% of GDP in both 2023 and 2024. However, this stability masks underlying weaknesses, especially in manufacturing, which has stagnated, contributing 10.6% of GDP in 2024, down marginally from 10.7% in 2021. The sluggish performance points to Namibia's ongoing industrialisation challenges and the lack of structural transformation needed for long-term inclusive growth.

Meanwhile, the tertiary sector continued to expand its dominance, growing from 53.3% of GDP in 2023 to 54.4% in 2024. Within the sector, wholesale and retail trade increased from 10.9% to 11.4%, financial services rose from 6.8% to 7.7%, and transport and storage grew from 3.1% to 3.5%, suggesting steady progress in logistics and trade-related services.

Despite this growth, the expansion of services has not been matched by inclusive job creation, particularly for low-skilled and rural workers. At the same time, public sector components such as education and public administration have continued to shrink since 2020, further limiting formal employment avenues.

The rise in tax revenue's share of GDP, from 8.8% in 2023 to 9.4% in 2024, may indicate growing fiscal pressure, but could also reflect more efficient tax collection by the Namibia Revenue Agency (NAMRA).

There is a gradual tilt towards the services sector, but without strategic policies, this shift may deepen inequality and entrench jobless growth as there's a widening gap between sectors that grow and those that create employment. Namibia needs to revitalise industrial policy—particularly by building linkages between agriculture and manufacturing. This includes investing in agro-processing hubs in rural areas affected by agricultural volatility, which would not only strengthen the secondary sector but also forge meaningful rural-urban employment linkages. Agro-processing is a low-hanging fruit that could anchor inclusive growth if paired with targeted support to communal farmers and investment in climate-resilient agriculture.

In addition, labour-intensive service sectors such as logistics, tourism, and retail should be prioritised through SME development, vocational training, and greater investment in digital and transport infrastructure. The tertiary sector is where Namibia is growing—but unless more people can participate meaningfully in it, the benefits will remain concentrated.

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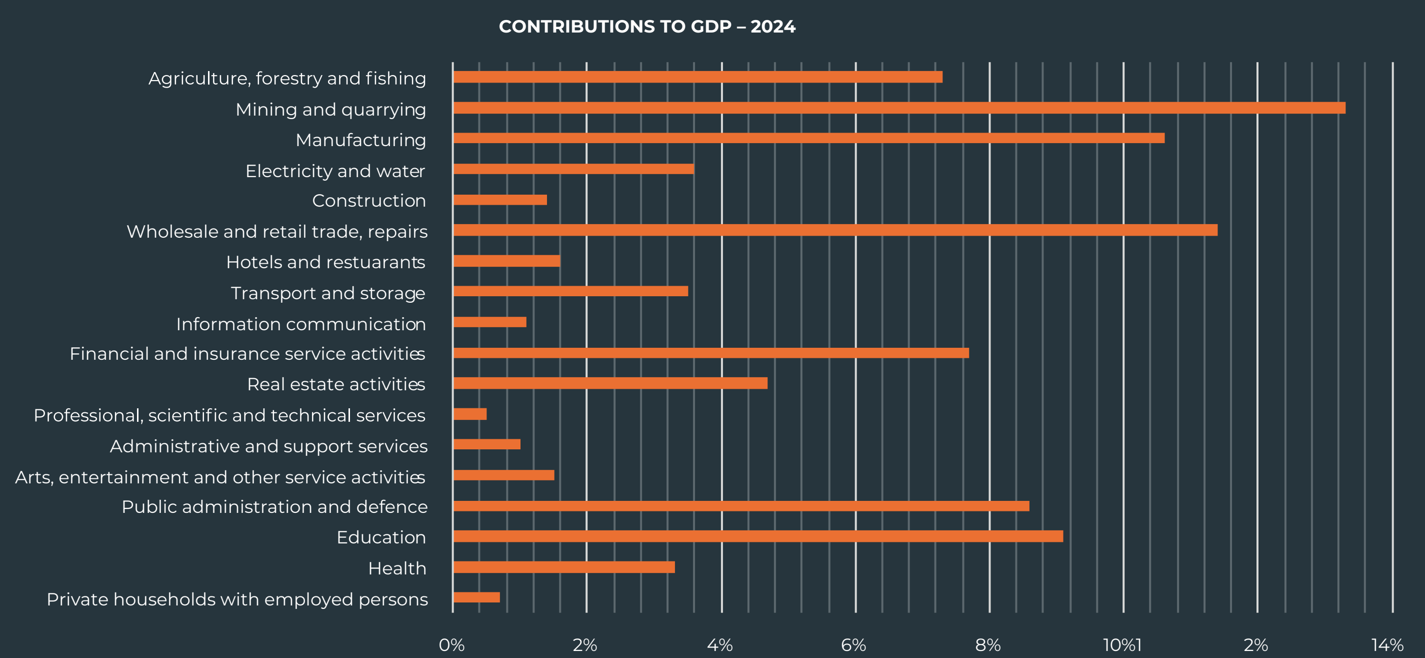


Source: Bank of Namibia

SECTORAL **PERFORMANCE**

EAN CALLS FOR INCLUSIVE LABOUR MARKET OUTCOMES

The government needs to develop a national employment-intensive growth strategy to tame rising youths and rural unemployment as the 2023 Population and Housing Census Labour Force Report released by the Namibia Statistics Agency (NSA) revealed that the country's unemployment rate in 2023 stood at 36.9%, with youth unemployment rate at 44.4%, indicating an increase of 3.5 percentage points from 33.4% in 2018. The continued absence of broad-based, stable employment opportunities risks deepening inequality and fuelling social discontent.

Structural unemployment, driven by mismatches between labour supply and sectoral demand, underscores the need for targeted reforms that align economic activity with inclusive labour market outcomes. Furthermore, given private sector limitations in generating sufficient employment in Namibia, government intervention is critical.

Namibia has exhibited fluctuating sectoral growth between 2018 and 2024, reflecting both external shocks, especially from the COVID-19 pandemic, and domestic structural weaknesses. While secondary and tertiary industries showed resilience, the primary sector's significant contraction from a 10% growth rate in 2023, to -1.8% in 2024, underscores structural vulnerabilities. More critically, the overall growth of sectors has failed to translate into meaningful job creation, as broad unemployment soared from 33.4% in 2018, to 54.8% in 2023, a crisis demanding urgent policy intervention.

Namibia must develop a national employment-intensive growth strategy, prioritising labour-absorbing sectors like agriculture, construction, and manufacturing. This includes extending subsidies or tax incentives to firms hiring unskilled or semi-skilled workers, especially in underdeveloped regions.

The state should formalise and support informal sector enterprises, particularly in wholesale, retail, and services, by offering training, credit access, and social protections to improve productivity and job quality. These targeted interventions, if well-aligned with Namibia's existing infrastructure and fiscal landscape, can transform growth into a more equitable engine of employment—an urgent necessity given the current socio-economic fragility.

Without deliberate policies to link economic growth with job creation, Namibia's unemployment crisis will persist, undermining social stability and long-term development.

Agriculture, forestry, and fishing—major sources of rural employment—continued their downward trajectory. The sector recorded negative growth of -3.2% in 2023 and -2.7% in 2024, largely driven by recurrent droughts. Although crop farming improved marginally from -31.7% in 2023 to -6.6% in 2024, fishing suffered a dramatic reversal, contracting by -7.9% in 2024 after a strong 11.4% growth in 2023, owing to reduced marine catches and falling processing volumes.

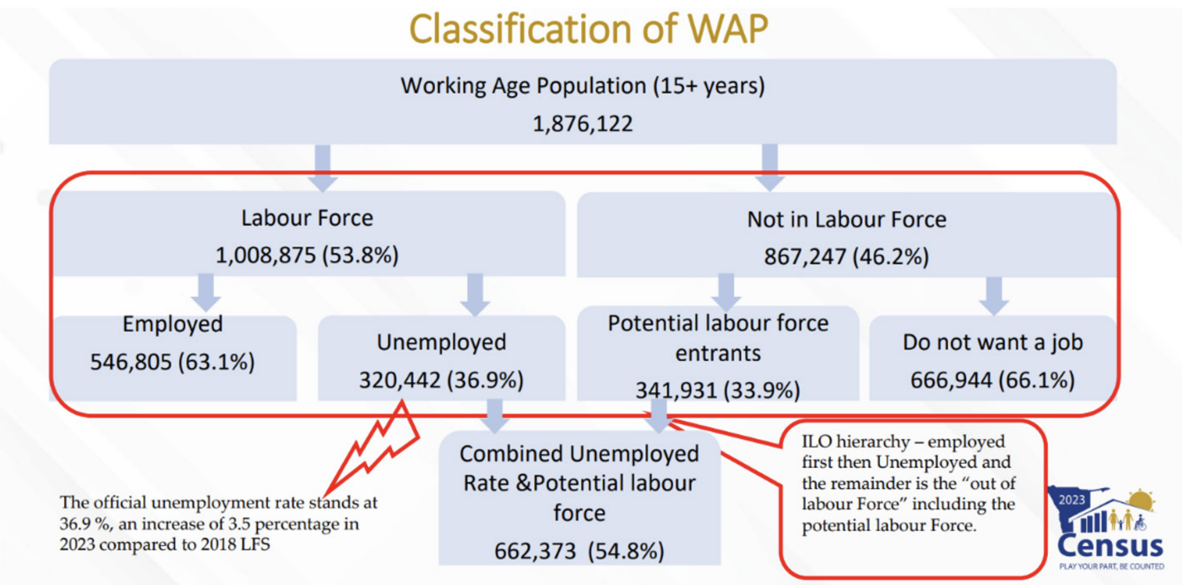
Mining and quarrying, historically a key economic driver, exhibited extreme volatility. After surging by 24.1% in 2022 and 19.3% in 2023, the sector nosedived to -1.2% in 2024. Diamond mining declined from 10.9% in 2023 to -3.7%, while uranium mining growth slowed markedly from 29.6% to just 1.8%.
Manufacturing showed modest signs of recovery in 2024 with a 2.8% growth rate, rebounding from a -2.1% contraction in 2023. However, the sector remains structurally weak and underdeveloped. Growth was driven by beverages, grain milling, and non-ferrous metals, while diamond processing collapsed, plunging by -26.5%.

Construction—a traditionally labour-intensive sector—bounced back with a 6.4% growth rate in 2024, following years of decline. The recovery was attributed to renewed government infrastructure spending and mining-related developments. This rebound offers some hope for employment creation, but sustaining the momentum will require continued public investment and targeted policy support.

The wholesale and retail trade sector recorded a 9.1% growth rate in 2024, driven by improved household incomes, tax adjustments, and lower inflation. However, much of this growth occurred within the informal economy, resulting in low-wage, unstable jobs. Tourism-related sectors such as hotels and restaurants declined slightly from 4.4% in 2023 to 3.7% in 2024—still well below pre-pandemic levels—leaving many workers in the sector jobless.

Financial services grew by 5.9% in 2024, while ICT posted a 1.6% expansion. Yet, these sectors primarily benefit highly skilled workers, thereby excluding the majority of unemployed Namibians. On the other hand, transport and storage recorded the highest sectoral growth at 11.4% in 2024, buoyed by improved port services and road freight logistics.

Public administration saw a recovery from -0.6% in 2023 to 4.2% in 2024, and health services rose from 0.6% to 8.3%, supported by increased government hiring and healthcare investments. While these sectors offer stable employment, their sustainability depends on continued fiscal capacity, raising concerns about long-term viability.



INFLATION AND PRICE **TRENDS**

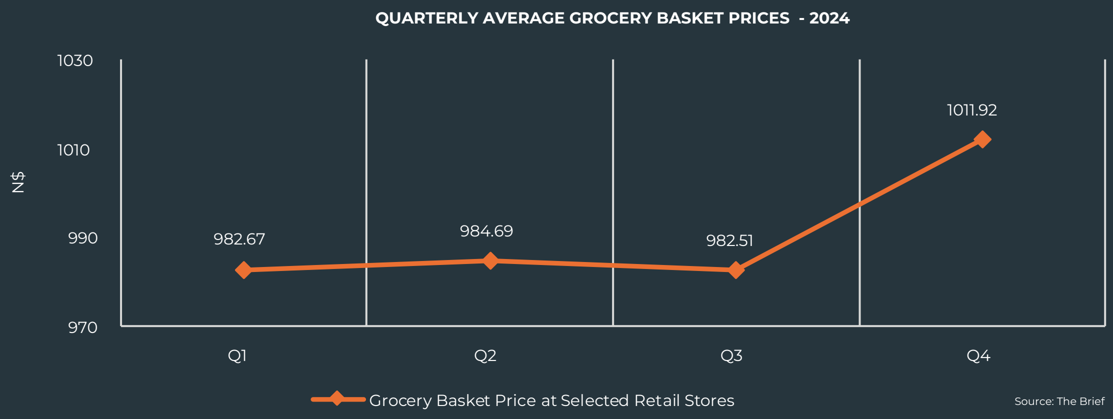
NAMIBIA URGED TO INVEST IN DECENTRALISED FOOD SYSTEMS AMID SOARING GROCERY COSTS

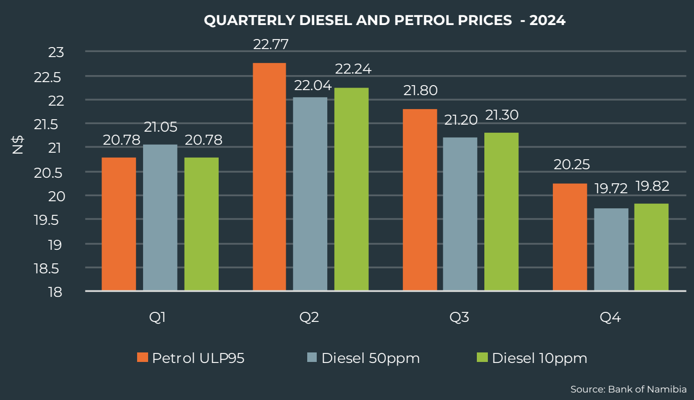
Namibia must urgently invest in localised and decentralised food systems—such as regional grain storage facilities, community-based food markets, and resilient smallholder supply chains—to stabilise food prices and shield vulnerable communities from supply shocks.

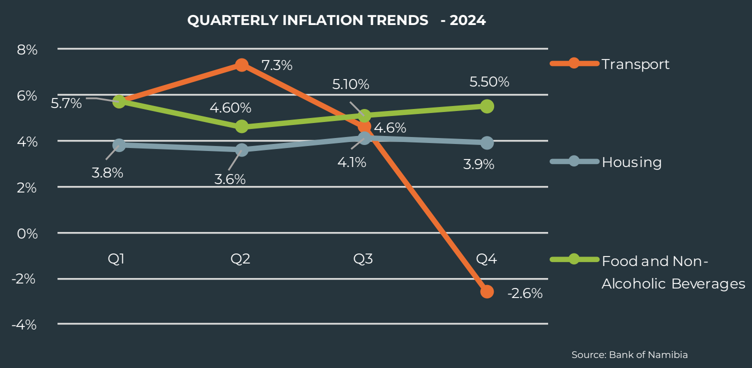
This comes amid a growing mismatch between official inflation figures and the lived realities of Namibians struggling with rising food costs. Although annual food inflation slowed to 5.5% in Q4 2024—down from 8.6% in Q4 2023—the average cost of a grocery basket increased from N$982.67 in Q1 to N$1,011.92 by year-end.

Staple items such as vegetables, milk, cheese, fish, and eggs saw price increases moderate or even decline, yet essential goods like bread, cereals, meat, oils, and fruits remained stubbornly expensive or saw renewed price hikes in the final quarter. These items are often non-substitutable in household diets, leaving low-income consumers with little choice but to absorb higher costs.

The persistence of elevated food prices—even as inflation indicators ease—exposes a critical disconnect between economic data and everyday experience. For many households, particularly those dependent on informal jobs or fixed incomes, food consumes







an increasingly disproportionate share of earnings. This erodes disposable income, limits consumption, and deepens existing inequalities.

While monitoring inflation is important, policy interventions must go deeper—addressing the structural inefficiencies in food production, storage, and distribution, particularly across rural-urban supply chains. These systemic weaknesses have made Namibia's food economy vulnerable to climate shocks, external price volatility, and logistical disruptions.

To address this, the EAN advocates for a national strategy focused on building resilient food ecosystems. This includes targeted support for the domestic production of staple foods such as bread, cereals, and cooking oil through subsidies, input assistance, and robust public-private partnerships.

By focusing on structural supply-side reforms, Namibia can mitigate long-term food cost pressures while ensuring that basic nutrition remains affordable.

Transport inflation saw a sharp decline in Q4 2024, dropping from 4.6% to -2.6% following a reduction in global oil prices and a stronger Namibia Dollar, which helped cushion the cost of fuel imports. Petrol prices fell from N$22.77 per litre in Q2 to N$20.25 in Q4, while diesel dropped from over N$22 to under N$20 per litre.

This decline offered temporary relief to both households and businesses. For consumers—especially in low-income brackets—lower fuel prices reduced transport and energy costs, freeing up income for food and other essentials. For businesses in transport, agriculture, and manufacturing, the easing of fuel input costs helped maintain profit margins and slowed the pass-through of inflation to consumers.

However, this relief is fragile and contingent on external factors such as global oil markets and currency fluctuations. While the government's fuel price interventions helped contain costs, their long-term fiscal sustainability remains in question.

Government cushioning through stable pump prices is beneficial in the short term, but it's not a viable long-term solution. Internal resilience needs to be prioritised—especially in food systems—so that Namibia is not constantly vulnerable to global commodity price swings.

While overall inflation decelerated in Q4, driven largely by falling transport costs, key structural concerns remain. Housing inflation held steady at 3.9%, but this may masks deeper challenges such as a stagnant housing supply and limited access to affordable home financing.

Meanwhile, the food sector remains exposed to external and climate-related risks. Although improved global grain supply and increased livestock sales helped ease food inflation, Namibia's over-reliance on imports and underdeveloped rural supply chains continue to threaten food security.

Namibia's food inflation is not just a pricing issue—it's a systemic problem. Namibia's national food strategy must decentralising production, strengthening local markets, and supporting smallholder farmers to build a more inclusive and shock-resistant food economy.

FINANCIAL **PERFORMANCE**

MONETARY POLICY **AND BANKING SECTOR**

INNOVATIVE FINANCING MODELS NEEDED TO UNLOCK SME GROWTH IN NAMIBIA

Policymakers need to implement innovative and inclusive financing models to unlock the full potential of small and medium-sized enterprises (SMEs), amid signs of gradual credit recovery in the economy.

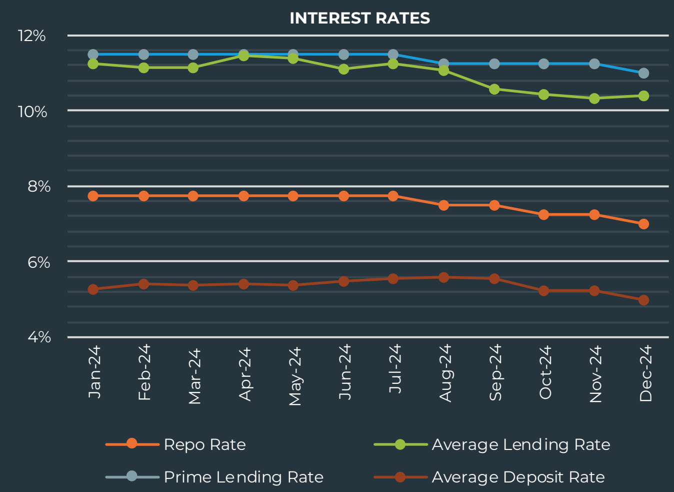
This need comes as the Bank of Namibia continues its monetary easing cycle, aimed at stimulating economic activity and easing borrowing conditions. Between January 2024 and March 2025, the central bank's Monetary Policy Committee (MPC) cut the repo rate by a cumulative 100 basis points, bringing it down to 6.75%—the lowest level since 2022. The easing, which began with a 25bp cut in Q3 2024, was underpinned by successful inflation containment and the need to revive credit growth in a sluggish economic environment.

Commercial banks responded by lowering prime lending rates to 11.25%, while average lending rates fell below 11% by the end of Q3 2024. However, despite these improved borrowing conditions, financial experts argue that the broader economic impact remains muted—especially for SMEs and low- to middle-income households.

While lower interest rates are designed to stimulate economic activity by making borrowing more affordable, the limited pass-through to private sector credit growth suggests structural constraints beyond the cost of capital—such as weak consumer confidence, limited bankable projects, and subdued business appetite for expansion. For ordinary Namibians, especially SME owners and first-time homebuyers, improved borrowing conditions may present new opportunities, but these remain tempered by risk-averse lending practices, a tight labour market, and broader economic uncertainty.

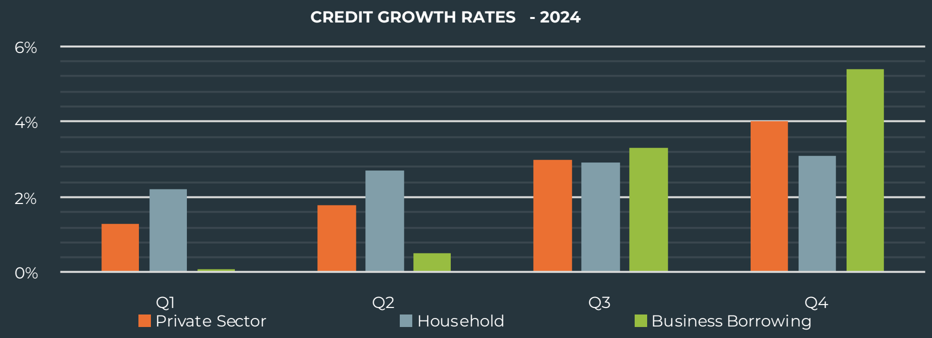
To address these barriers, targeted credit guarantee schemes and blended finance models to de-risk lending to SMEs—particularly in high-impact sectors such as agro-processing, green energy, and digital services should be considered.

By supporting innovative financing mechanisms, Namibia can unlock the potential of its entrepreneurs, improve productivity, and drive inclusive growth. This is particularly crucial for rural-based and women-led SMEs that often face the steepest hurdles in accessing finance.



Source: Bank of Namibia

> "FINANCIAL SECTOR INNOVATION—ANCHORED IN INCLUSIVITY AND SECTORAL IMPACT—WILL BE VITAL IN UNLOCKING LONG-TERM, SUSTAINABLE GROWTH.



Source: Bank of Namibia

Namibia's Private Sector Credit Extension (PSCE) showed encouraging signs in 2024, reflecting gradually improving credit demand. PSCE grew by 4% in Q4—up from just 1.3% in Q1—with the corporate sector leading the recovery. Business credit surged from a stagnant 0.1% in Q1 to 5.4% in Q4, the highest growth rate since 2019, indicating renewed investor confidence and capital expenditure planning.

Household credit growth remained more subdued at 3.1%, highlighting continued caution among consumers despite a more favourable interest rate environment, a stable currency, and some fiscal tailwinds such as tax refunds.

A notable bright spot was the 24.1% annual growth in instalment sale and leasing credit—typically used for purchasing durable goods—reflecting improving household sentiment and access to short- to medium-term credit. However, weak mortgage and overdraft credit growth suggest persistent challenges in housing affordability and household liquidity.

The pick-up in business credit is a positive sign for future investment and job creation, especially if sustained across key productive sectors. However, the lukewarm household credit response underscores that most Namibians still face financial constraints. Rising interest in instalment credit may also reflect a growing reliance on debt for non-essential consumption, which could signal future household financial stress.

The government and financial institutions should collaborate on affordable housing schemes, particularly for middle- and lower-income earners. These could be supported by credit-linked subsidies, public-private partnerships, or partial guarantees to boost mortgage uptake and catalyse residential development.

More tailored financial products for SMEs and informal businesses, especially in underserved rural areas, also ensure broader participation in economic recovery. Expanding financial inclusion and improving SME access to credit are critical levers for building a more resilient and diversified economy. When aligned with efforts to strengthen productive sectors, such as manufacturing, agri-business, and services, these interventions can reinforce a virtuous cycle of investment, job creation, and domestic demand growth.

While the downward trajectory of inflation and interest rates has created space for recovery, Namibia's economic rebound hinges on deepening access to capital and addressing structural constraints. Financial sector innovation—anchored in inclusivity and sectoral impact—will be vital in unlocking long-term, sustainable growth.

OTHER ECONOMIC INDICATORS

TRADE
PERFORMANCE

VALUE ADDITION KEY TO REDUCING NAMIBIA'S SOARING TRADE DEFICIT, ECONOMISTS URGE

As Namibia grapples with its largest trade deficit on record, economic experts are urging President Netumbo Nandi-Ndaitwah's administration to accelerate export diversification and strengthen local value addition, particularly in the mining and agriculture sectors, to stabilise the economy and reduce dependency on imports.

Recent data from the Bank of Namibia reveals that the country's current account deficit ballooned to N$14.1 billion in Q4 2024, up N$8.5 billion from the previous quarter and N$2.5 billion year-on-year. The deterioration is largely attributed to a widening merchandise trade deficit as export earnings weakened and import volumes surged.

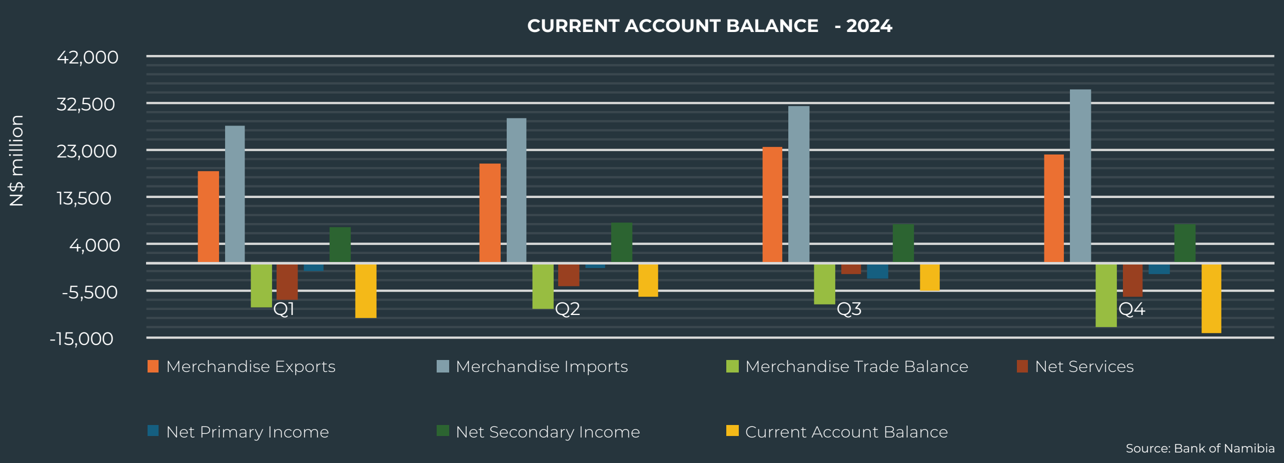
Merchandise exports dropped from N$23.4 billion in Q3 to N$21.9 billion, while imports climbed to N$35 billion, resulting in a trade shortfall of N$13.1 billion, the worst on record. Compounding the issue, the services account recorded higher net outflows, driven primarily by business services linked to oil and gas exploration activities in the Orange Basin, further inflating the current account deficit. As a share of GDP, the deficit rose from 9% in Q3 to a staggering 21.7% in Q4.

Despite stable Southern African Customs Union (SACU) receipts, weaker investment income and escalating import costs intensified the external imbalances.

The widening current account deficit underscores Namibia's external vulnerabilities, it's a clear warning that the economy's reliance on raw material exports and high-value imports is becoming increasingly untenable.

While households may not feel the immediate pinch—particularly with the Namibian dollar pegged to a relatively stable South African rand—long-term consequences could include imported inflation, higher interest rates, rising debt levels, and diminished fiscal space.

In essence, Namibia is increasingly dependent on foreign capital inflows to fund its consumption and infrastructure needs, which poses significant risks in a volatile global environment characterised by high interest rates and shifting investor sentiment.



> NAMIBIA'S RELIANCE ON RAW EXPORTS AND COSTLY IMPORTS IS BECOMING UNTENABLE.

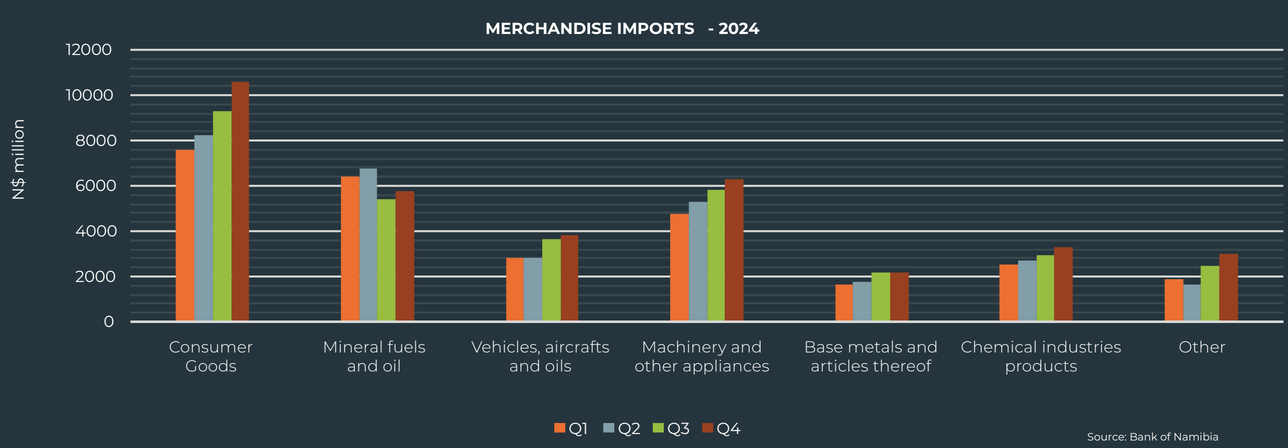
NAMIBIA'S HEAVY RELIANCE ON A NARROW BASKET OF PRIMARY COMMODITIES LEAVES IT EXPOSED TO GLOBAL PRICE FLUCTUATIONS

In Q4 2024, uranium exports dropped by 45.9% year-on-year to N$3.5 billion, and rough diamonds fell 40.4% to N$3.4 billion, both affected by softening global demand and a stronger local currency.

Although gold exports rose by 20.1% to N$4.3 billion, buoyed by surging global prices, and grape exports nearly doubled to N$1.8 billion due to seasonal strength, these gains were insufficient to offset broader declines.

On the import side, Namibia remains a voracious consumer of foreign goods, especially consumer goods (N$10.6 billion), machinery and electrical equipment (N$6.3 billion), and chemical products (N$3.3 billion)—a reflection of limited domestic production and underdeveloped manufacturing capacity.

Even when private sector credit extension (PSCE) improves, it often benefits foreign producers more than local ones, because Namibia lacks the local supply chains to meet growing demand.
To reduce its exposure and build long-term resilience, economists are calling for a shift in Namibia's economic model—away from raw resource exports and towards value-added manufacturing and industrialisation.



Incentivising mineral beneficiation and agro-processing is not just about boosting export earnings—it's about retaining more value locally, creating jobs, and strengthening domestic supply chains. Without deliberate efforts to process what we produce and build local manufacturing ecosystems, the trade imbalance will persist.

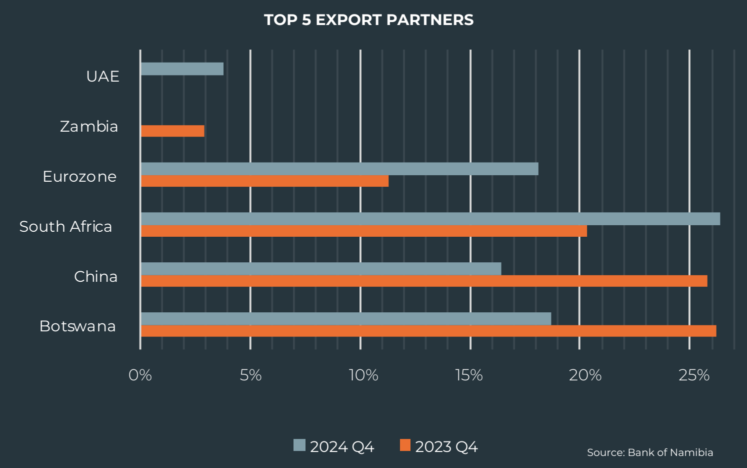
Additionally, Namibia must tighten oversight of large-scale capital projects, including those in oil and gas, by enforcing local content policies, ensuring domestic service providers and workers benefit from the billions being invested in exploration and extraction.

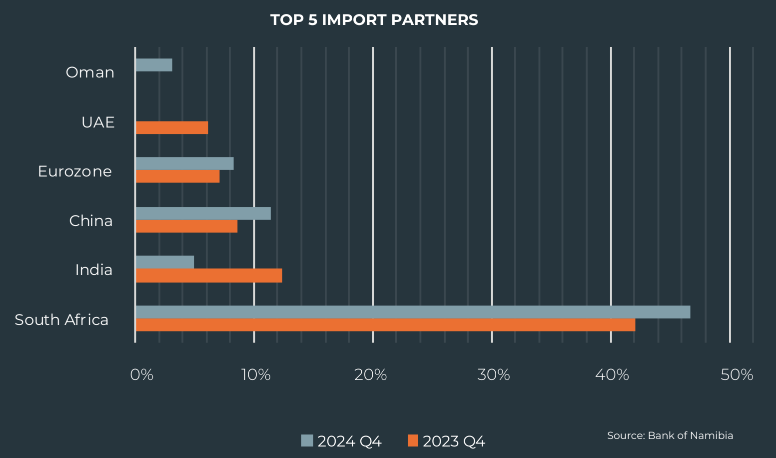
To cushion against global commodity cycles, strategies including implementing counter-cyclical export promotion measures, such as temporary tax relief or logistics subsidies for exporters in struggling sectors could be implemented. Moreover, sectors with high growth potential, like grape and gold exports, should be scaled through investments in cold chain logistics, niche market access, and processing facilities. Namibia needs to evolve from just exporting raw commodities.

Import substitution should also be a key pillar of policy reform, with a particular focus on developing local industries in pharmaceuticals, agri-processing, and light manufacturing. This would reduce Namibia's reliance on high-value imports and conserve foreign reserves.

Namibia's trade dynamics also saw notable shifts. South Africa retained its dominance as Namibia's largest trade partner, increasing its share of exports from 20.3% to 26.4%, led by gold and beverages. Meanwhile, exports to Botswana and China shrank, due to falling diamond and uranium shipments respectively.

On the import side, South Africa's share rose to 46.7%, while imports from India declined significantly due to reduced demand for mineral fuels. However, China, the Eurozone, and Oman all gained ground as sources of machinery and vehicles.





RECENT DOMESTIC **DEVELOPMENTS**

Month	Development	Highlight
January	NSFAF seeks over N$3bn for new student loan system	The Namibia Students Financial Assistance Fund (NSFAF) says it requires more than N$3 billion to roll out its new Inclusive Multi-Optional Students Loan System (IM-OSLS) in the 2025 academic year.
	Social security revises maternity, sick leave, death benefits wage ceilings	The Social Security Commission (SSC) has amended the Employment Compensation Act and Social Security Act, effective 1 March 2025.
	EU allocates N$19.5 million to Namibia to combat corruption	The European Union (EU) has committed N$19.5 million to Namibia's Good Governance initiative, aimed at strengthening transparency and advancing sustainable development in the country.
	Ndeshihafela Larandja elected as new Mayor of Windhoek	The City of Windhoek Council has elected Ndeshihafela Larandja (IPC) as the city's new Mayor. Clemencia Hanases of PDM was elected uncontested as Deputy Mayor.
	Namibia to expand regional roaming agreements with Zimbabwe, Zambia, Angola	Namibia is preparing to expand its regional roaming agreements to include Zimbabwe, Zambia and Angola, aiming to harmonise roaming fees and enhance connectivity along the country's borders.
	Petrol, diesel prices go up	The Ministry of Mines and Energy has announced an increase in fuel prices, effective Wednesday, February 5, 2025, citing rising global oil prices and currency depreciation as key drivers. Petrol prices will rise by N$0.42 per litre, while both diesel 50ppm and 10ppm will increase by N$1.20 per litre.
February	Namibia enacts 17 laws, makes 320 Cabinet Decisions in 2024	President Nangolo Mbumba has announced that 17 legislations were passed in 2024, as Cabinet held 22 decision-making meetings throughout the year, culminating in 320 Cabinet Decisions.
	CRAN to operationalise Universal Service Fund this year	The Communications Regulatory Authority of Namibia (CRAN) aims to operationalise the Universal Service Fund this year. The fund seeks to ensure the expansion of coverage to schools and healthcare facilities in unserved and underserved areas.
	NamPower completes construction of N$1.28 billion Anixas II Power Station	NamPower has completed the construction of the N$1.28 billion Anixas II Power Station, a 54 megawatts (MW) facility aimed at strengthening Namibia's electricity supply.
	Namibia nears N$9.5bn Eurobond sinking fund target, only N$1.5bn short	Namibia is nearing its N$9.5 billion (US$500 million) target for the sinking fund intended to repay its maturing Eurobond in October 2025, with only N$1.5 billion (US$80 million) left to secure.
	Namibia, China approves visa-free travel for diplomats	The Namibian Cabinet has approved a mutual visa exemption agreement with China, allowing holders of diplomatic and official/service passports to travel between the two countries without a visa.
	Namibia's SACU revenue to drop by N$7 billion in 2025	The Bank of Namibia says the country faces a projected decline in Southern African Customs Union (SACU) revenue from N$28 billion in 2024 to N$21 billion in 2025.
	Namibia set to launch E-Visa, Visa-on-Arrival system	Namibia is set to introduce its new E-Visa and Visa-on-Arrival application system on March 3, 2025, with full implementation scheduled for April 1, 2025
March	Namibia records second fuel price hike in 2025	The Ministry of Mines and Energy announced that petrol prices will increase by 50 cents per litre, while diesel 50ppm and diesel 10ppm will rise by N$1.20 per litre.
	Namibia rules out VAT hike despite South African tax uncertainty	The Ministry of Finance and Public Enterprises has ruled out any increase in Value-Added Tax (VAT) in Namibia, irrespective of potential changes in South Africa's tax policies.
	On the 21st of March 2025 Namibia's first female President, Netumbo Nandi-Ndaitwah was inaugurated	President Nandi-Ndaitwah outlined her administration's priorities, pledging to drive economic diversification, infrastructure development, and social progress.
	Nine women appointed as ministers in Nandi-Ndaitwah's first cabinet	President Netumbo Nandi-Ndaitwah has appointed a female-dominated Cabinet, with nine women among the 14 appointments announced, marking a historic shift in Namibia's leadership.
	Namibia now has US$463 million in its Sinking Fund for Eurobond repayment	Namibia has accumulated US$463 million in its Sinking Fund, edging closer to its US$500 million target in preparation for the repayment of its US$750 million Eurobond maturing on October 29, 2025, Finance Minister Ericah Shafudah has confirmed.
	Govt to establish dedicated Tax Court	The government is in the final stages of establishing a dedicated Tax Court, with the necessary legislation expected to be tabled during the 2025/26 financial year, Finance and Social Grants Management Minister Erica Shafudah has announced.
	President Nandi-Ndaitwah appoints seven new Regional Governors	President Netumbo Nandi-Ndaitwah has appointed seven new regional governors following vacancies left by some who were elected to Parliament and others who have retired.

EAN HOSTS PRE-BUDGET DIALOGUE: **EXPERTS CALL FOR POLICY REFORMS, ACCOUNTABILITY, AND INCLUSIVE GROWTH**

BALANCING GROWTH AND SOCIAL UPLIFTMENT: **THE NATIONAL BUDGET IN A NEW DISPENSATION**

"Namibia's national budget must be more than a financial document—it should be a strategic tool to unlock sustainable development, foster job creation, and ensure accountable governance." This was the overarching message from a high-level public dialogue hosted by the EAN ahead of the national budget announcement.

The event brought together some of the country's leading economic thinkers and public policy experts. The panel featured Mr Salomo Hei, Managing Director at High Economic Intelligence and the main presenter, alongside Mr Jason Kasuto, EAN Chairperson; Prof. Teresia Kaulihowa, Associate Dean at NUST; and Mr Floris Bergh, Chief Economist at Capricorn Asset Management.

The discussion focused on aligning fiscal policy with Namibia's long-term development goals, with panelists unpacking critical areas such as infrastructure investment, youth empowerment, education, healthcare, and fiscal sustainability.

Mr Hei opened the session with a candid assessment of the budget's limitations as a transformative tool. "We should not use the budget as the single tool that will transform the Namibian economy. It is but one of many others that can play a role," he said.

Mr Hei argued that Namibia's economic challenges require clear and bold policy direction, especially in strategic sectors like oil and gas. "There is a vacuum in policy clarity, particularly when it comes to local ownership and beneficiation in the energy sector," he noted. He also called for targeted infrastructure investment, citing the example of a proposed dry port in Grootfontein. "Such decentralised investments can stimulate regional growth and reduce the pressure of urban migration," he said.

Mr Hei expressed concern over persistent inefficiencies in public spending, particularly in healthcare and housing. "We keep increasing allocations, yet we have critical shortages of medication, ambulances, and affordable housing," he said.

He emphasised the need for youth empowerment initiatives to deliver concrete results rather than becoming mere line items in the budget. "The approach towards education and health needs to change. Besides greater allocation, there needs to be more accountability," Mr Hei stressed.

He added that the recent upward adjustment in the tax threshold from N$50,000 to N$100,000 injected approximately N$700 million into household consumption, showing how strategic fiscal decisions can impact demand and welfare.

EAN Chairperson Mr Kasuto echoed the need for urgent reform, warning that Namibia is "drifting into economic stagnation" despite being on the cusp of Vision 2030. "The budget must enable business growth while ensuring social development. We need to focus on economic fundamentals—on return on investment for the citizens and long-term stability," Mr Kasuto said.

He also criticised delays in budget preparation, which often exclude the meaningful participation of civil society and the business sector. "We must institutionalise public-private dialogue early in the budget process to ensure that policies reflect the realities on the ground," he said.

Prof. Teresia Kaulihowa focused her remarks on the education sector, calling for transformative reforms in infrastructure and digital inclusion. "Many of our schools still operate from buildings constructed before independence. The situation is dire, especially in rural areas," she said.

She advocated for increased investment in ICT to bridge the urban-rural divide and challenged the private sector to play a more active role in supporting the education ecosystem. "Budgets should not only fund salaries and operations. They must finance impact-driven programmes that build skills and foster innovation," Prof Kaulihowa added.

From a macroeconomic perspective, Capricorn Asset Management's Chief Economist Mr Bergh warned about rising fiscal pressures, citing the upcoming Eurobond repayment and the cost of the SWAPO Manifesto Implementation Plan (SMIP), estimated at N$85.7 billion.

"Such massive commitments raise sustainability questions, especially when they exceed the country's current budget deficits," he said.

Mr Bergh argued that while infrastructure development is necessary, it must be matched by job creation and prudent debt management. "We need to balance infrastructure spending with fiscal discipline. Welfare programmes are important, but they cannot come at the cost of long-term financial health," he said.

He also noted the underutilisation of the private sector in key areas like education and employment generation, urging the government to create an enabling environment for greater collaboration.

Key takeaways from the dialogue included:

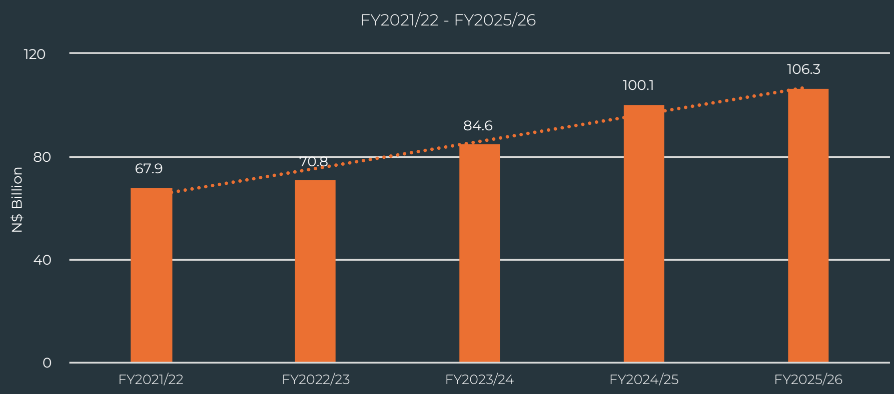
- Policy clarity is crucial—particularly in oil, gas, and infrastructure development.
- Accountability in spending must ensure outcomes, not just allocations.
- Inclusive budgeting is essential to bridge rural-urban divides and support vulnerable communities.
- The private sector must partner with the state in driving development.
- Revenue mobilization and prudent borrowing should be central to budget planning.

As Namibia awaits the unveiling of the national budget, stakeholders hope the next fiscal plan will reflect these calls for inclusive, transparent, and results-oriented budgeting.

"This is not just about numbers on a page. It is about laying the foundation for a Namibia that works—for every citizen, in every region," concluded Mr Kasuto.

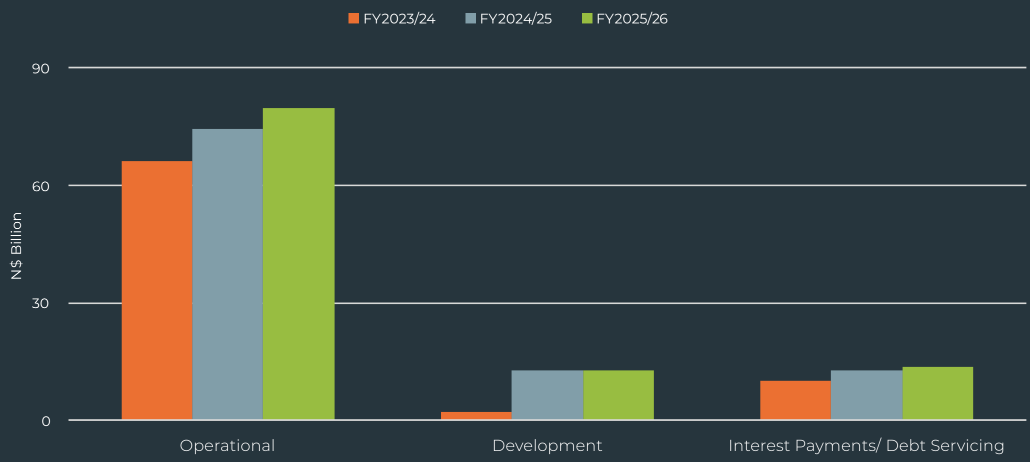
NATIONAL
BUDGET AT A GLANCE

Namibia's Budgets



Source: Ministry of Finance

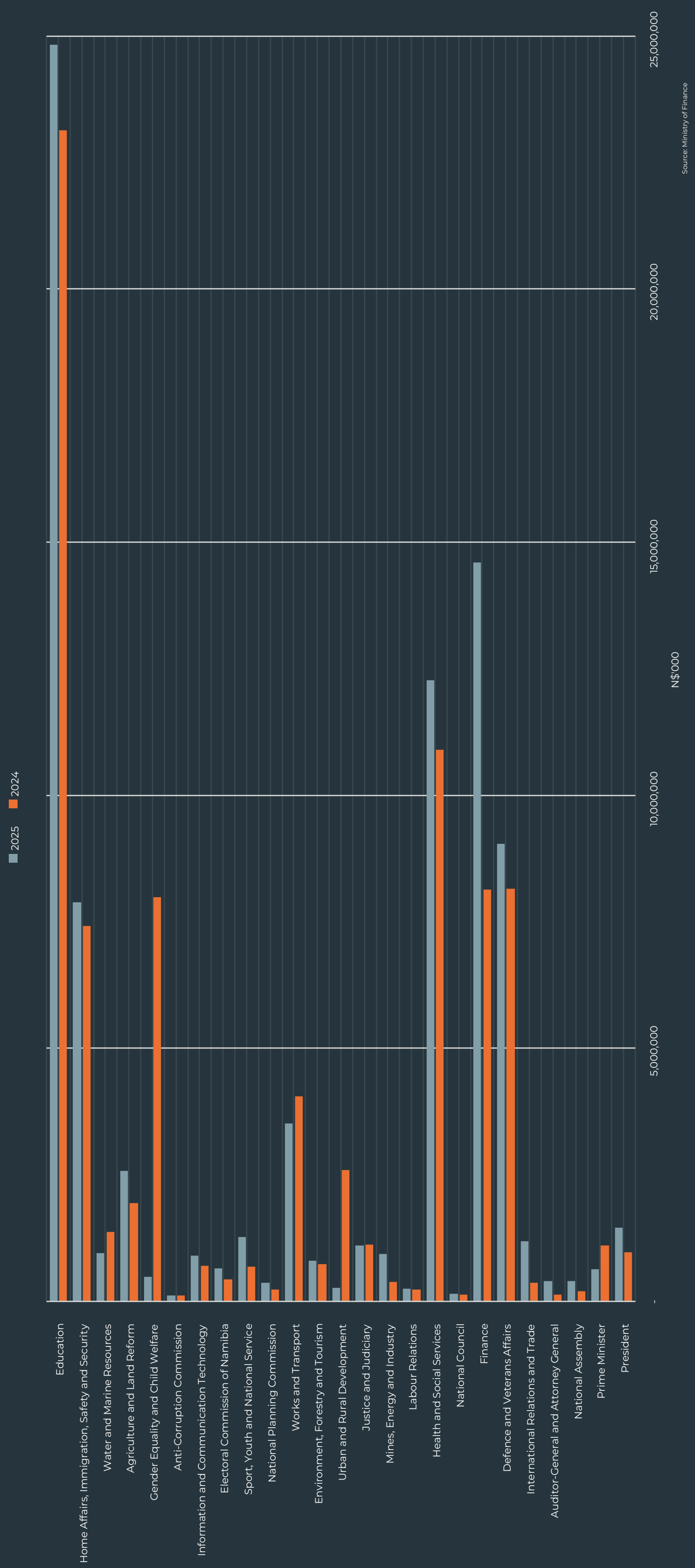
Budget Spending Structure



Source: Ministry of Finance

NATIONAL
BUDGET AT A GLANCE

Budget Allocations



CABINET OF THE
REPUBLIC OF NAMIBIA – 2025

PRESIDENT:

HER EXCELLENCY NETUMBO NANDI-NDAITWAH

VICE PRESIDENT:

HER EXCELLENCY LUCIA WITBOOI

PRIME MINISTER:
RT. HON. DR. ELIJAH NGURARE

DEPUTY PRIME MINISTER & MINISTER OF MINES, ENERGY AND INDUSTRY:
HON. NATANGWE ITHETE

MINISTER OF DEFENCE AND VETERANS AFFAIRS:
HON. FRANS KAPOFI

MINISTER OF HOME AFFAIRS, IMMIGRATION, SAFETY AND SECURITY:
HON. LUCIA IIPUMBU

MINISTER OF INTERNATIONAL RELATIONS AND TRADE:
HON. SELMA ASHIPALA-MUSAVYI

MINISTER OF FINANCE AND SOCIAL GRANTS MANAGEMENT:
HON. ERICA SHAFUDAH

MINISTER OF AGRICULTURE, FISHERIES, WATER AND LAND REFORM:
HON. INGENESIA ZAAMWANI

MINISTER OF EDUCATION, INNOVATION, YOUTH, SPORT, ART AND CULTURE:
HON. SANET STEENKAMP

MINISTER OF HEALTH AND SOCIAL SERVICES:
HON. DR. ESPERANCE LUVINDAO

MINISTER OF ENVIRONMENT AND TOURISM:
HON. INDILENI DANIEL

MINISTER OF INFORMATION AND COMMUNICATIONS TECHNOLOGY:
HON. EMMA THEOFELUS

MINISTRY OF WORKS AND TRANSPORT:
HON. VIEKKO NEKUNDI

MINISTER OF GENDER EQUALITY AND CHILD WELFARE:
HON. DR. EMMA KANTEMA

MINISTER OF URBAN AND RURAL DEVELOPMENT:
HON. JAMES SANKWASA

MINISTER OF JUSTICE AND LABOUR RELATIONS:
HON. FILLEMON WISE EMMANUEL

ATTORNEY GENERAL:
MR. FESTUS MBANDEKA

DIRECTOR GENERAL OF THE NATIONAL PLANNING:
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