

economic  
association  
*of* namibia



2026

# ECONOMIC OUTLOOK

# Overview

## A steadier world, but no room for complacency

The global economy is expected to remain relatively stable in 2026. According to the IMF's latest World Economic Outlook, global growth is projected at about 3.3%, while inflation continues to ease. This is positive news, as the world economy is no longer in crisis mode, interest-rate pressures are moderating, and global demand is holding up.

That said, the IMF notes that uncertainty remains high. Trade tensions, geopolitical risks, and uneven growth across regions continue to shape the outlook. For small, open economies like Namibia, this means the external environment is supportive, but fragile.

## Namibia's economic outlook

### Modest growth, familiar risks

**3% → 3.9%**  
**Growth Acceleration**



Domestically, the Bank of Namibia expects economic growth to improve in 2026, following a more subdued performance in 2025. Following growth of around 3% in 2025, an acceleration to 3.9% is expected in 2026, assuming better performance in some sectors and a stabilising external environment.

However, the recent slowdown highlights underlying weaknesses. Manufacturing has been under pressure, and some primary industries have struggled, reflecting both domestic constraints and weaker external demand. At the same time, diamond revenues — a key pillar of the economy and the fiscus — remain exposed to global market shifts and changing consumer preferences.

From EAN's perspective, while the macro outlook for 2026 is positive on paper, it remains narrow and vulnerable. Growth is still highly dependent on a few sectors, weather conditions, and fiscal space.

## Inflation developments

**3.2%**

**Headline Inflation**

Inflation trends have been a welcome bright spot. Namibia's headline inflation eased to **3.2% in December 2025**, down from 3.4% a year earlier, as slower increases in food prices helped keep overall price pressures in check. While this does not eliminate cost-of-living challenges, it does offer some relief to households, helps protect real incomes, and provides a more stable backdrop for consumption and investment as the economy moves into 2026, based on the latest Consumer Price Index published by the Namibia Statistics Agency.

## What does 3% growth actually mean for Namibians?

### Economic growth – modest job creation

A growth rate of around 3% is often described as “respectable”, but the key question is who actually benefits from this growth.

In Namibia's current economic structure, growth of around 3% is unlikely to generate enough jobs to significantly reduce unemployment, particularly youth unemployment. This is largely because much of the growth tends to come from capital intensive sectors, where output can increase without the need to hire many additional workers.

Unless growth is deliberately steered towards construction and housing, tourism and hospitality, agriculture and agro processing, as well as retail, logistics and services, job creation will remain modest. In simple terms, the economy can grow while unemployment remains high.

## Poverty and inequality - slow progress at best

At this level of growth, poverty reduction is likely to be gradual and uneven. Households that are already connected to the formal economy may experience some improvement, but many low income and informal households will continue to struggle with high food prices, limited income opportunities and weak employment prospects.


At the same time, government's ability to expand social programmes is constrained by fiscal pressures, particularly if SACU and diamond revenues come under strain. This means that social protection remains essential, but difficult to expand meaningfully without stronger growth or improved spending efficiency.

## Oil and Gas: Possible TotalEnergies FID in 2026



Much attention is rightly focused on the possibility of a Final Investment Decision by TotalEnergies in the second half of 2026.

A Final Investment Decision would be an important confidence signal for Namibia, supporting preparatory activity across engineering, logistics, professional services and supply chain planning. As is widely understood, the strongest economic and employment effects typically follow in the construction and development phase, where project activity begins to scale up.



From EAN's perspective, the central issue is readiness. If Namibia wants oil and gas to contribute meaningfully to employment and development, 2026 must be used to prepare local firms to realistically participate in supply chains, build skills pipelines aligned with actual project needs, put in place clear and workable local content frameworks, and strengthen institutions that manage revenues and long term investment. Without this groundwork, the benefits risk remaining narrow and delayed.

## Overall assessment

In summary, growth of around 3% is stabilising, but not transformative. It helps keep the economy moving forward, but it is not sufficient on its own to significantly reduce unemployment or poverty. Structural issues, particularly job creation, diversification and skills development, remain central.

A potential oil and gas FID in 2026 represents a major opportunity, but only if Namibia is prepared to turn it into inclusive growth. The challenge for 2026 is therefore not only about growing the economy, but about changing the kind of growth Namibia achieves.

