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## **Namibia—Recent Economic Developments**

This recent economic developments report on Namibia was prepared by a staff team of the International Monetary Fund as background documentation for the periodic consultation with this member country. As such, the views expressed in this document are those of the staff team and do not necessarily reflect the views of the Government of Namibia or the Executive Board of the IMF.

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NAMIBIA

**Recent Economic Developments**

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Namibia: Basic Data

I. Social and Demographic Indicators

Area (thousand sq. km.)	823	Health (1991)	
Population (1995 estimate)		Population per physician	4,328
Total (million)	1.5	Population per nurse	317
Growth rate (percent a year, 1990-95 average)	2.7	Access to safe water (1993)	
Density (per sq. km.)	1.9	Percentage of population	
GDP per capita (US\$, 1996)	1,805	Total	57
Population characteristics (1995)		Urban	97
Life expectancy at birth (years)	59.0	Rural	37
Infant mortality (per thousand live births)	61.6	Education (1992)	
Labor force (1995 estimate, million)	0.6	School enrollment (in percent, gross)	
Female (in percent of total)	40.7	Primary education	136
		Secondary education	55

II. IMF Data (as of September 30, 1997)

Date of membership	September 25, 1990
Quota	SDR 99.6 million
Status	Article VIII
Principal intervention currency	U.S. dollar
Exchange rate (as of September 30, 1997)	US\$ 1 = N\$4.67

III. Selected Economic Indicators

	1991	1992	1993	1994	1995	1996
	(In units indicated)					
<b>National accounts and prices</b>						
Real growth rate (annual percentage change)	5.7	7.3	-2.0	6.6	5.1	3.0
Gross investment (in percent of GDP, at current prices)	18.5	21.2	16.5	23.2	20.5	19.8
GDP deflator (annual percentage change)	4.4	9.1	9.1	16.3	6.2	10.0
	(In millions of Namibia dollars, unless otherwise indicated)					
<b>Public finance 1/</b>						
Total revenue and grants	2602.5	2907.0	3073.1	3606.8	4065.2	4646.2
Expenditure and net lending	2791.5	3342.2	3406.2	3829.3	4583.5	5483.8
Overall government deficit (-)	-189.0	-435.2	-333.1	-222.5	-518.3	-837.6
In percent of GDP	-2.6	-5.2	-3.5	-2.0	-4.1	-5.8
<b>Money and credit</b>						
Broad money	1925.0	2377.5	2988.8	3763.8	4673.7	6029.4
Credit to private sector	1672.4	2157.8	2773.1	3697.5	4909.3	5771.7
	(In millions of U.S. dollars, unless otherwise indicated)					
<b>Balance of payments</b>						
Exports of goods and services	1370.1	1512.4	1526.6	1603.9	1662.6	1590.6
Imports of goods and services	-1607.1	-1780.9	-1702.8	-1757.2	-2028.1	-1868.3
Current account balance 2/	135.2	87.4	130.5	133.2	31.8	83.1
In percent of GDP	5.3	3.0	4.8	4.3	0.9	2.6

Sources: Namibian authorities; World Bank, *World Development Indicators*; and Fund staff estimates.

1/ Fiscal year beginning April 1.

2/ Including current transfers.

## I. INTRODUCTION

1. Namibia became independent in March 1990, after 75 years of South African control. Namibia is semiarid and one of the most sparsely populated countries in Africa, with an average population density of only 1.9 people per square kilometer. About one-third of the population lives in urban areas, and the remaining two-thirds in rural areas, largely in the far north.
2. The Namibian economy is not well diversified and is dominated by the activities of some core sectors. As the land is rich in mineral resources, the mining sector has been the leading sector in the economy; diamonds and uranium are the two most important mineral commodities. The government sector has also played a dominant role in the economy, particularly since independence. Other important sectors include agriculture (mainly cattle ranching) and fishing. Because Namibia has had very limited industrial development, it imports most manufactured products, which come mainly from South Africa. Exports and imports are each equivalent to about 50–60 percent of GDP, showing the high degree of openness of the economy and vulnerability to external shocks.
3. The economy has remained closely linked to South Africa through a number of institutional relationships—in particular, Namibia's membership in the Southern African Customs Union (SACU)<sup>1</sup> and the Common Monetary Area (CMA)<sup>2</sup>—as well as through extensive trade and financial flows. Namibia introduced its own currency (the Namibia dollar) in September 1993, but the South African rand, which exchanges at par with the Namibia dollar, continues to be legal tender. Given Namibia's membership in the CMA and the fixed exchange rate regime, there is limited scope for an independent monetary policy. Fiscal policy has been the key instrument for macroeconomic management.
4. The income distribution in Namibia is highly skewed. With an estimated GDP per capita of about US\$1,800, Namibia appears to be a prosperous, middle-income country. However, as a legacy from the apartheid era, the majority of Namibia's approximately 1.5 million population is poor, with limited access to health, education, and other social services in some areas. Therefore, a central goal for the government has been to alleviate these large economic and social disparities primarily through sustained economic growth. Policy objectives have been articulated in the First National Development Plan (NDP1), covering the period 1995/96–1999/2000, with fiscal years beginning April 1. Goals and strategies of the plan are shown in Box 1. Although Namibia has significant natural resources, achieving the

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<sup>1</sup>SACU provides for free movements of goods and the right to transit among members, as well as a common external tariff determined by South Africa. SACU members include Botswana, Lesotho, Namibia, South Africa, and Swaziland. The agreement is currently under renegotiation.

<sup>2</sup>The CMA provides for the free flow of capital among its members, which, in addition to Namibia, includes Lesotho, South Africa, and Swaziland.

policy goals are a challenge. The disappointing growth in private employment in recent years underscores the need for higher economic growth and increased labor intensity in production. There is also an urgent need to reduce fiscal imbalances resulting from the high level of current expenditure. In recent years, the government has been addressing these problems by rationalizing the public sector, strengthening the capacity for macroeconomic management, and formulating a long-term development strategy in which the private sector is to be the main engine for growth.

**Box 1. Goals and Strategies of the First National Development Plan (NDP1)**

At independence, the government set four national development goals: (1) reviving and sustaining economic growth; (2) creating employment; (3) reducing inequalities in income distribution; and (4) eradicating poverty.

NDP1 has the following strategy for achieving the government's goals:

- providing an enabling environment for sustained socio-economic development;
- investing in human resources development;
- promoting participatory development and equity;
- ensuring that development is sustainable;
- defining and promoting Namibia's international role;
- ensuring that the government machinery is responsive and works effectively; and
- defining the government's public sector investment program in support of the Plan's development objectives.

## II. THE DOMESTIC ECONOMY

### A. Macroeconomic Developments

#### Overview of developments in 1990–95

5. Since the early 1990s, average GDP growth has been higher than in the previous decade, owing to the opening of two new diamond mines, the extension of the limits of Namibia's coastal waters, and the rapid growth in government services. However, the economy has continued to be subjected to exogenous shocks and has experienced erratic growth. Real GDP grew by more than 5 percent in 1991–92, contracted by 2 percent in 1993 (reflecting a severe drought and a sharp drop in diamond output stemming from weak diamond markets), and expanded by 7 percent in 1994 and 5 percent in 1995 (Table 1 and Appendix Table 4).

6. The allocation of domestic expenditure fluctuated during 1990–95. Following the uncertainty that accompanied Namibia's independence, the fixed investment-GDP ratio dropped to 16 percent in 1991 from 20 percent in the previous year. In subsequent years, however, the ratio recovered to 20–22 percent (Table 1). The consumption-GDP ratio increased from 86 percent in 1990 to 91 percent in 1991, as government expenditures on health, education, and social services rose markedly. The ratio was about 89–90 percent in



Table 1. Namibia: Macroeconomic Developments, 1990-96

	1990	1991	1992	1993	1994	1995	Prel. 1996
	(Annual percentage change)						
GDP at constant 1990 market prices	0.0	5.7	7.3	-2.0	6.6	5.1	3.0
GDP deflator	4.7	4.4	9.1	9.1	16.3	6.2	10.0
GDP at constant 1990 basic prices	-0.1	6.2	7.3	-2.3	7.0	3.9	2.5
Primary industries	-6.9	9.1	4.9	-12.5	13.3	4.4	6.2
Agriculture	-3.4	-8.1	-19.6	-3.5	21.1	-0.5	6.9
Fishing	-5.4	16.0	61.8	31.7	10.7	11.7	10.5
Mining and quarrying	-9.2	19.5	11.4	-21.8	10.5	5.0	4.7
Secondary industries	6.1	-5.7	16.0	1.9	7.4	4.9	-8.0
Manufacturing	9.9	-5.2	8.9	9.7	5.1	3.3	-7.3
Tertiary industries	2.9	8.4	6.2	3.2	3.2	3.3	3.8
General government	7.9	14.8	8.7	4.1	1.7	1.1	3.4
	(In percent of GDP at current market prices)						
Gross domestic expenditure	110.4	109.2	109.2	106.5	105.0	110.8	108.6
Final consumption expenditure	85.6	90.7	88.1	90.0	81.8	90.3	88.8
General government	29.0	32.6	34.6	34.0	30.0	29.7	29.9
Private	56.5	58.1	53.4	56.1	51.7	60.7	58.9
Gross domestic savings	14.4	9.3	11.9	10.0	18.2	9.7	11.2
Gross capital formation	24.8	18.5	21.2	16.5	23.2	20.5	19.8
Gross fixed capital formation	20.1	15.7	20.2	21.8	21.0	21.4	20.9
Public	7.8	7.4	9.8	8.2	8.3	7.4	7.9
Private	12.4	8.3	10.4	13.6	12.7	14.0	13.0
Changes in inventories	4.7	2.9	1.0	-5.4	2.2	-0.9	-1.1
Exports of goods and services	49.1	53.4	52.0	56.2	51.8	49.2	49.3
Imports of goods and services	-59.5	-62.6	-61.3	-62.7	-56.8	-60.0	-57.8

Sources: Central Statistics Bureau, and Fund staff estimates.

subsequent years, with the exception of 1994, when a severe drought occurred. The domestic savings ratio also fluctuated between 9 percent and 18 percent during the period; it has remained below the level of investment since 1990, and the financing of investment has thus tended to rely on SACU transfers from South Africa and net factor inflows.

### **Developments in 1996**

7. Real GDP expanded by 3 percent in 1996, well below the growth rate of 5 percent envisaged in NDP1. Negative factors included the impact of drought on subsistence agriculture, and on electricity and water production, as well as the impact of adverse oceanic conditions (low oxygen levels) on the catch of the fish species used for canning (Table 1 and Appendix Table 4). The primary industries—agriculture, fishing, and mining—overall were relatively buoyant in 1996. Output in the agricultural sector expanded by 7 percent in 1996, compared with a slight contraction in 1995. This growth was a result of an increase in commercial agriculture production, which was spurred by the rushed sales of livestock to avoid their weight loss or death because of the drought. However, subsistence agriculture, most of which is rain-fed farming, declined as a result of the drought. The activity of fish-related industries was mixed in 1996; while fishing output continued to expand rapidly, output in fish processing (manufacturing) was almost halved due to shortages of the type of fish used in canning.<sup>3</sup> Mining output grew modestly, with stronger growth in nondiamond mining and quarrying than in diamonds.

8. The secondary industries—manufacturing, electricity and water, and construction—performed poorly in 1996. Output in the manufacturing sector contracted by 7 percent in 1996, reflecting a sharp drop in the fish processing subsector; growth in meat processing and other manufacturing activities remained stable at 2 percent and 4 percent, respectively. The output of water and electricity also declined in line with the water restrictions imposed owing to the drought during the year. The contraction in construction activity reflected the slowdown in the housing and commercial buildings construction resulting from higher interest rates. The tertiary industries—a major part of which is the government sector—registered a moderate growth of 3 percent in 1996, partly because of the implementation of the drought-relief programs.

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<sup>3</sup> See discussion in Section B.

## B. Sectoral Developments

### Mining and quarrying

9. The mining sector remains the most important sector of the Namibian economy, contributing about 15 percent to GDP (Appendix Table 3) and accounting for about 57 percent of exports in 1996 (Appendix Table 30). Nevertheless, because Namibia's minerals are almost all exported in raw or semiprocessed form, the sector is an enclave with relatively few forward and backward linkages with the rest of the economy. Moreover, the mining industry is especially vulnerable to demand and price fluctuations on world markets.

10. **Diamond mining** accounts for approximately two-thirds of value added in mining. Total production amounted to 1.4 million carats in 1996 (Appendix Table 6), about one-third of which was from offshore mining. The increase in offshore mining has offset the depletion of onshore production. Diamond production in Namibia is dominated by Namdeb Diamond Corporation (Namdeb), which is owned equally by the government of Namibia and De Beers.<sup>4</sup> <sup>5</sup> Namdeb's marketing is conducted by the Central Selling Organization (CSO) in London, the marketing arm of De Beers.

11. In the early 1990s, the international diamond market weakened considerably; in response, the CSO in 1992 imposed export quotas at 75 percent of each member's production capacity. However, the quota was subsequently raised in two stages to 85 percent of production capacity where it has remained since July 1993. Conditions in the diamond market have improved over the past years, and, in 1996, the CSO raised the prices of larger size and better quality diamonds, which account for most of Namibia's production. In 1996, sales of rough diamonds through the CSO on the world market reached a record US\$4,834 million, 6.7 percent higher than the previous year's sales. The underlying fundamentals of the diamond market seem to be positive.

12. As part of the effort to diversify economic activity, a new diamond cutting and polishing factory (NamGem)—a 100 percent subsidiary of Namdeb—was established in 1997. The company has been granted export processing zone (EPZ) status<sup>6</sup> and will be operational

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<sup>4</sup>Other than Namdeb, there are several smaller mining companies including Ocean Diamond Mining and Namibia Minerals Corporation. They sell diamonds on the open market, outside the framework of the CSO.

<sup>5</sup>Namdeb, which was previously called Consolidated Diamond Mines, was established as a subsidiary of De Beers. Namdeb entrusts Debmarine, a subsidiary of De Beers, with offshore production.

<sup>6</sup>See discussion of on EPZs in Chapter V, Section G.

in 1998. NamGem will purchase rough diamonds from the CSO in London for cutting and polishing in Namibia.

13. **Uranium mining** is the second largest subsector in the mining industry in value-added terms and solely operated by Rössing Uranium. The downward trend in production since 1988 turned around with a 14 percent increase in 1994, when Rössing signed a large long-term contract (Appendix Table 6). Production increased by 12 percent in 1996 after 4 percent growth in 1995; a further increase is expected in 1997 in line with delivery requirements to existing customers. Significant increases in prices were recorded during 1996—by 37 percent and 67 percent for the restricted and unrestricted spot prices respectively—because of stronger demand and lower-than-expected supplies from the former Soviet Union.

14. Although Namibia relies heavily on the production of diamonds and uranium, the mineral resource base is diverse and includes deposits of base metals (copper, lead, zinc, and tin), precious metals (gold and silver), semiprecious stones and numerous industrial metals (fluorspar, granite, marble, and salt).

15. Reflecting world market conditions, the performance of **the rest of mining industry** has generally been weak in recent years. Copper production decreased by 31 percent to 20.7 thousand tons in 1996 (Appendix Table 6); in addition to weak market conditions, a strike occurred at Tsumeb, Kombat, and Otjihase mines during August–December 1996. Even after the settlement of the strike, production is expected to remain low in the near future because of the closure of the Tsumeb mine in December 1996. However, a feasibility study has been completed for a large-scale copper project at Haib, and the minable resource is estimated to be 650 million tons of 0.37 percent copper. It is scheduled to start production in early 1999.

## **Agriculture**

16. The agricultural sector continues to be one of the most important sectors: it contributed about 9 percent to GDP in 1996 and remains a major source of income and employment for the bulk of the population. The sector comprises two distinct subsectors, the commercial and subsistence subsectors. **Commercial agriculture** is concentrated in the southern and central regions, which are relatively arid and suited for extensive ranching of livestock. This subsector is oriented toward export of livestock to South Africa and the European Union (EU). **Subsistence agriculture** is concentrated in the northern, communally held areas, which are more fertile and more suited to rain-fed farming. The production is therefore oriented toward food crops (e.g., millet and maize), while livestock are produced primarily for local consumption. While subsistence agriculture contributed approximately 3 percent of GDP in 1996, the subsector's contribution to a rural livelihood is much more significant than this figure might suggest; the results of the 1993/94 Household Income and Expenditure Survey indicated that subsistence farming constituted the principal source of income for 41 percent of all households in Namibia.

17. The severe **drought** that struck Namibia in 1996 affected both livestock production and food crops. In the case of livestock, cattle marketed in 1996 increased by 18 percent despite the drought, because farmers were encouraged to sell their cattle to abattoirs to avoid a weight loss or death of cattle (Appendix Table 7).<sup>7</sup> As a result, value added in commercial agriculture increased by 12 percent in 1996 in real terms (Appendix Table 4). However, the rushed sales resulted in a significant decline of stocks, the rebuilding of which will take two–three years. Crop production in 1996 was well below the historical average in 1996, with real value added in subsistence agriculture declining by 1 percent. However, there was good rainfall in early 1997, and crop production in 1997 is expected to double the level of the previous year.

### **Fishing**

18. Since independence, Namibia has controlled fishing activities to protect the oceanic environment. The country inherited coastal waters that, although potentially rich, had been depleted owing to overexploitation by international fishing fleets. To restore the fishing grounds, in 1990, the Namibian government declared a 200-nautical-mile exclusive economic zone (EEZ) and temporarily suspended the fishing activities of foreign fleets. The monitoring and control of the EEZ have been enhanced by employing control vessels and aircraft, while notable progress has been recorded in enforcing Namibian fishing regulations, particularly in Walvis Bay. In addition, the government has introduced various conservation measures, including minimum fish-size regulations and prohibitions on fishing in certain shallow waters. A quota system has been established, based on an annual total allowable catch (TAC)<sup>8</sup> for seven species (alfonso, hake, horse mackerel, pilchard, orange roughy, red crab, and rock lobster) that contribute more than 90 percent of total of production.

19. Because of the variability of the atmospheric and oceanographic conditions, the Namibian fishing industry is subject to large short- and medium-term swings (Appendix Table 8). The changes in fish biomass have been characterized by the following three phases: (1) an upward phase from 1990 to 1992/93, as the heavily depleted preindependence stocks were rebuilt, with at least moderately favorable marine conditions; (2) a downward phase from 1992/93 to 1995/96 as stocks were affected by severely adverse marine conditions; and (3) an apparent return to more normal marine conditions in 1996 and 1997, which, with restraints on fishing, appear to be supporting a further phase of stock building. Landings have followed a similar pattern, increasing sharply from about 400,000

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<sup>7</sup>The cabinet approved the 1996/97 Drought Relief Scheme to aid livestock marketing commencing June 1, 1996. Three schemes were applicable to livestock marketing: (1) a marketing incentive scheme for communal farmers; (2) a restocking scheme for commercial farmers; and (3) the Northern Communal Areas Transport Scheme, which assisted the transportation of the additional offtake resulting from the drought.

<sup>8</sup>The quota is a one-year quantity connected to a fishing right. The right is granted for at least seven years and is not transferrable, although the quota holder has the right to subcontract.

tons in 1990 to a peak of 789,000 tons in 1993, before declining to some (previously estimated) 510,000 tons in 1996.

20. Fish-related industries experienced mixed results in 1996. The total allowable catch for pilchard, one of the major species, was substantially reduced for 1996 to allow for a faster recovery of the stock. The fishing sector continued to expand at a double-digit rate in 1996—the sixth consecutive years of such growth—because the increase in output of other major species more than offset the decline in the landings of pilchard (Appendix Table 8). However, value added in fish processing (classified in the manufacturing sector), which is directly dependent on quota allocations for pilchard, dropped by 43 percent in real terms (Appendix Table 4).

### **Manufacturing**

21. Industrial development in Namibia is still in its early stage. Food processing has been the main activity, as the largest contributions have come from the fish processing and meat processing industries. Development of manufacturing has been constrained by the limited size of the domestic market, the shortage of skilled personnel, and the very close integration with industrialized South Africa. To broaden the manufacturing base and promote employment-generating activities, the government has established export processing zones (EPZs).<sup>9</sup>

22. The Ministry of Trade and Industry conducted a census of manufacturing establishments in 1994/95<sup>10</sup> as a follow-up to a comprehensive survey undertaken in 1989. The census identified 278 manufacturing establishments that employed 10 or more persons. It found that those companies employed a total of 21,000 people—only 4.5 percent of Namibia's economically active population. About one-half of the workers employed in manufacturing were in the food industry, with metal, wood, and furniture, each accounting for an additional 10 percent or more of the employment in manufacturing.<sup>11</sup>

### **Construction**

23. Construction had traditionally depended on high levels of government spending on road construction and other infrastructure investment. Government construction outlays

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<sup>9</sup>A large industrial park for EPZ companies is being developed in Walvis Bay. However, as the EPZ is a legal concept, an EPZ company can be established anywhere in Namibia. Also see discussion of EPZs in Chapter V, Section G.

<sup>10</sup>Covering ten months in 1994 and two months in 1995. The United Nations Industrial Development Organization (UNIDO) provided financial and technical support for the census.

<sup>11</sup>The census also discovered that the contribution of the manufacturing sector to GDP had been underestimated. The results were used as a benchmark for manufacturing output in the latest revisions of the national accounts.

declined after completion of some projects undertaken after independence, but the drop-off was offset by a recovery of private sector construction activity. Construction output rose 12 percent in 1994, owing mainly to a large number of hotel and office developments in Windhoek and on the coast. However, activity slowed in 1995 and contracted by 9 percent in 1996, largely because of higher interest rates, which particularly affected housing (Appendix Table 4).

### **Energy and water**

24. Namibia is dependent on imports of coal, oil, and gas, mostly from South Africa. The country has the potential, however, to become a significant exporter of energy products if planned large projects, such as the Kudu gas fields (near the Orange River in the south), are realized. **Electricity** is supplied by NamPower, a commercialized public enterprise.<sup>12</sup> Exploration in the Kudu gas fields—a huge natural gas reservoir—is under way, and consideration is being given to a 350-megawatt, gas-fired power plant; a decision is expected by 1998. In addition, a new 450-megawatt hydroelectric station at Epupa (downstream from Ruacana on the Kunene River) is being considered. A full feasibility study—covering financial, technological, and environmental aspects of the project—is under way and will be completed soon. The objective of the first phase of the study was to decide the site of the dam; in this process, efforts were made to involve local communities that might lose their ancestral lands through the construction of the dam.

25. In view of the country's low rainfall and high rate of evaporation, Namibia devotes substantial efforts to the development of **water resources**. The authorities' efforts in this regard are focused on the development of water supplies for (1) drinking and washing, (2) mining, and (3) agricultural irrigation. In addition to encouraging water conservation, the Ministry of Agriculture, Water, and Rural Development, which is responsible for managing the country's water resources, is exploring the possibility of bringing water from Okavango River (in the north) to central Namibia.

### **Tourism**

26. Namibia's tourism sector is expanding rapidly; from 1991 to 1995, foreign visitors' arrivals increased at an annual average rate of 8 percent.<sup>13</sup> Mindful of the vulnerability of the environment, the government has carefully controlled tourism development and directed it toward high-yielding rather than mass tourism.

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<sup>12</sup>For details, see ANNEX.

<sup>13</sup>Data for 1996 are not yet available. In the national accounts, developments in tourism are reflected mainly in the hotels and restaurants sector. Value added for the sector in 1996 is likely to be revised upward because it was estimated using only partial data for early 1996.

27. The country's future development of tourism will be shaped by the Namibia Tourism Development Program, outlined in a white paper on tourism approved by the cabinet in March 1994. It is envisaged that the capacity of the Ministry of the Environment and Tourism will be strengthened to maintain its central role in tourism development through the addition of certain new functions and the reallocation of others. A Namibia Wildlife Resort (NWR), a new parastatal, will be established to handle all commercial aspects relating to marketing, operations, and improvement of the presently government-owned tourism resorts. In addition, a Namibia Tourism Board (NTB) will, with the participation of the private and public sectors, be established as a statutory body to ensure that a cost-effective approach is applied to all aspects of marketing, training, and quality standards.<sup>14</sup>

### **Other tertiary sectors**

28. In 1996, output in the wholesale and retail trade, and transport and communication services increased by 6½ percent and 2 percent, respectively. Output in finance, real estate, and business services rose by 8 percent as the financial intermediation subsector recorded a growth rate of 17 percent (Appendix Table 4).

## **C. Prices and the Labor Market**

### **Prices**

29. Virtually all prices in Namibia are freely determined by market forces. Price controls apply only to a few commodities, notably for petroleum products. These prices are adjusted periodically in line with market conditions and are free of government subsidies.

30. Namibia does not yet have a national consumer price index (CPI). Currently, the Windhoek CPI (interim consumer price index for Windhoek) is the only available measure of inflation in Namibia.<sup>15</sup> During 1993, the series was revised to reflect 1985 weights and was rebased to December 1992. The annual inflation rate averaged about 11 percent during 1990-96, with the highest rate of 18 percent in 1992 and the lowest of 9 percent in 1993. Inflation in the 12 months to July 1997 was 9 percent (Appendix Table 9), broadly in line with price developments in South Africa.

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<sup>14</sup>A bill to establish the NWR is being discussed by parliament. A Namibia Tourism Act (an umbrella act for tourism) and a bill to establish the NTB are still in the drafting stage and are expected to be tabled in parliament in 1998.

<sup>15</sup>The Central Statistics Bureau (CSB) is preparing for the compilation of nationwide CPI indices based on the 1993/94 Household Income and Expenditure Survey.



## **Labor market**

31. Job creation is an important goal of NDPI. Within the constraints of the limited statistical data, this section outlines the main features of the labor market and the institutional arrangements.

### *Structure of the labor force*

32. The Labor Force Sample Survey (LFSS) in 1991 provided various estimates of **unemployment**, but regarded an estimate of 30 percent of the labor force as most appropriate. On this basis, it found that unemployment was disproportionately concentrated among young, poorly educated, and urban people. Returning exiles (some 40,000) were not disproportionately affected. The 1991 population and housing census, using a different set of definitions, estimated unemployment as 20 percent of the labor force, some 99,000 people. More recent surveys than these are not available.

33. Both surveys could understate unemployment. Their definitions of employment are very comprehensive, while those of the labor force are very restrictive. The preferred LFSS estimate defined employment to include those 15 years or older, working, however briefly, at any time during the year preceding enumeration, for any form of remuneration. The LFSS also counted as employed those merely resident in a household with livestock or a family business, such as a farm, even if they were actually seasonally or permanently unemployed. The census, meanwhile, defined employment to include those over 10 years of age working for any form of remuneration, including the general benefit of the family, for more than one hour in the week preceding enumeration. The labor force in both cases excluded the not-employed who were not actively seeking work, thereby excluding all schoolchildren who were not defined as employed. On this basis, the LFSS found **participation rates** of 64 percent and 53 percent among males and females of working age, respectively, compared with census estimates of 58 and 42 percent for males and females. These rates are unusually low. In addition to the definitional problems, high unemployment and the lack of formal job search mechanisms may also be discouraging active job search, especially among the young unemployed.

34. The LFSS and the census also found very high rates of what was labeled "**underemployment**"—some 40 percent of the labor force. However, because underemployment was derived by subtracting from the employed those employed in "regular" or formal sector occupations working more than 35 hours per week, it comprised casual employees in the formal sector, the informal sector, and most noncommercial agricultural employment, not all of whom were underemployed in the sense that they wanted to work for longer hours.

35. With **employment** defined as above, the LFSS found over 40 percent were employed in agriculture, 26 percent in trade and private service, and 18 percent in government. Only 2 percent were employed in manufacturing and a further 2 percent in mining. In rural areas, public service accounted for over one-half of nonagricultural employment. The 1992/93

Establishment Survey by the Ministry of Labor found, in addition, that some 5 percent of formal employment was expatriate, mainly in the upper-income brackets. Although its data on cash earnings were incomplete, the LFSS also found that some one-third of households had no cash income and that the income distribution was highly skewed.

### *Labor legislation and policy*

36. Prior to 1990, Namibia was subject to South African **labor legislation**, including the associated multiple minimum wage rates and basic conditions of employment. This legislation was superseded by the Labor Act of 1992. The act did not introduce a legal **minimum wage**; it provided for wage agreements at the sector level to be enforced in firms not party to the agreements but only if requested by appropriately constituted employer and employee representatives. The 1992 act also specified minimum **basic conditions of employment** and laid out dispute resolution procedures for cases involving individuals and for collective bargaining. These procedures have generated a substantial backlog of cases concerning individuals; meanwhile, the collective bargaining procedures have been little used, partly because union officials are sometimes unaware of them. There are no labor or industrial courts, so labor disputes are heard by magistrate's courts. These courts often lack specialized skills in labor issues. Legislation is being prepared to implement **affirmative action** programs.

37. Several types of firms are not covered by existing occupational **health and safety** legislation, and it is envisaged that this legislation will be superseded by regulations issued under the Labor Act. The **Social Security** Act of 1994 provided for the payment of maternity and sick leave, as well as injury, medical, and death benefits, a national pension fund, and a development fund to finance training for self-employment for disadvantaged and unemployed people. These benefits are funded by levies on payrolls, and it is envisaged that the medical benefits, pension, and development funds will be established in the near future. There is no unemployment insurance, but regional offices of the Ministry of Labor provide career guidance and information on vacancies and training.

38. The authorities are also exploring the role of **labor-based works** alongside existing initiatives, including the food-for-work-drought-relief programs. Possibilities include targeted public procurement programs based on employment criteria, direct funding from the Ministry of Finance's Job Creation Fund for labor-intensive projects, and the use of labor-intensive techniques in the public investment program. Skills training in these programs is regarded as integral to their success. It is also recognized that, while labor-based works programs can help, they cannot provide a comprehensive solution to unemployment.

39. Namibia has ratified the **International Labor Organization (ILO) conventions** on freedom of association, collective bargaining, tripartite consultations, the termination of employment at the initiative of the employer, and labor administration. It is considering the ILO conventions on occupational health and safety, vocational rehabilitation and employment,

social security minimum age, equal remuneration, and discrimination in employment and occupation.

40. The Labor Act applies to **EPZ** companies, except that under the EPZ Act of 1995 the rights to strike and to lockout have been suspended. The labor unions were opposed to these exclusions as being inconsistent with the ILO conventions. The authorities generally place a high premium on maintaining and improving the legislative framework of worker protection, while recognizing that a stable labor situation is necessary to encourage investment.

### *Wage-setting institutions and employment*

41. In the private sector, **wage negotiations** are conducted primarily at the plant level by the **unions**. The unions are most strongly represented in the fishing and mining industries, as well as the public sector. The rate of unionization in the public sector was estimated at 20 percent in 1996. As was the case prior to independence, Namibian unions maintain no formal links to South African union organizations.

42. Despite the absence of data on **employment trends**, the widespread perception among government officials, business, and union representatives is that, after some increase in the early 1990s, employment is at best stagnating, with private sector employment probably declining. This poor employment performance is due to drought conditions, as well as to the high capital intensity of the main sectors of the economy. In the absence of **wage** data, it is unclear what role labor cost has played. However, with an estimated annual growth rate of the labor force of over 3 percent in this period, it is likely that the unemployment rate has risen.

## **III. FISCAL POLICY AND PUBLIC SECTOR DEVELOPMENTS**

### **A. Background**

43. In 1990, Namibia inherited the limited fiscal system that had essentially operated as an adjunct to South African budgetary operations. Since then, with the support of considerable technical assistance, much progress has been made to develop the institutions necessary to strengthen this system, including the development of the budgetary process, enhanced computerization, and a wide range of improvements in tax administration.

44. Since 1995, budgetary policy has been conducted in terms of a **medium-term framework** derived from the NDP1. This framework targets a fiscal deficit of 3 percent of GDP toward the end of the first plan period (1995/96–1999/2000), and orients tax and public expenditure policies toward the plan's economic growth and redistribution goals. Within each year, the annual budget that is presented to parliament in March is usually followed by an "additional" budget presented toward the end of the calendar year in which the original estimates are updated and any necessary adjustments are made.

45. In 1989/90 (April-March), the budget position had been temporarily strengthened to a sizable surplus, but it returned to a deficit after independence because of the sharp increases in current expenditures. The deficit, including grants, deteriorated to about 5 percent of GDP by 1992/93, but improved somewhat to 2 percent of GDP by 1994/95, as a result of compression of expenditure (Table 2 and Appendix Table 10). An increase in expenditure underlay a renewed deterioration of the deficit to 4 percent of GDP in 1995/96.

46. For most of the 1990/91–1995/96 period, **tax revenues** ranged between 28 and 30 percent of GDP; however the structure of both direct and indirect taxation changed substantially during this period. Receipts from the company tax declined relative to GDP owing to decreased receipts from mining companies, but this decline was balanced by increased taxation of domestic goods and services, particularly following the implementation of the additional sales tax (Table 2 and Appendix Tables 11 and 12). Individual income taxes were considerably simplified, but the taxation of companies was rendered more complex by the introduction of a variety of incentives in the tax code to encourage domestic production.

47. **Expenditure** was also substantially reoriented. Personnel expenditure rose by 4 percent of GDP between 1990/91 and 1992/93 to 18 percent (Table 2 and Appendix Tables 13 and 14). The initial increases were due in part to efforts to bring formerly excluded groups into the public service while there was a constitutional guarantee of job security for all civil servants in position at independence. Efforts to contain personnel expenditures brought the ratio to GDP down to 15.7 percent by 1994/95; however, wage pressures from the public sector unions and concerns to address unemployment directly through additional public sector recruitment subsequently boosted the wage bill further. The Wage and Salary Commission (WASCOM) was established in 1995 to review public service pay and conditions (Box 2). The commission made recommendations concerning the wage structure, benefits, pension arrangements, the wage bill, and the legislative framework governing the public service. These recommendations were adopted by the cabinet, and implementation was begun in 1996.

Table 2. Namibia: Financial Operations of the Central Government, 1990/91-1997/98 1/

(In percent of GDP)

	1990/91	1991/92	1992/93	1993/94	1994/95	1995/96	Budg. 1996/97	Est. 1997/98	Budg. 1997/98
Total revenue and grants	30.5	35.3	34.5	32.7	31.9	32.1	34.8	32.3	34.0
Revenue	29.0	34.4	33.6	32.1	31.6	31.7	34.6	31.9	33.6
Tax revenue	25.3	29.8	28.9	29.3	27.7	28.6	30.8	28.4	30.3
Income and profits	10.0	7.6	9.3	9.7	9.1	8.6	9.2	9.2	9.1
Domestic goods and services	7.3	7.8	9.5	9.7	10.0	10.3	10.5	9.3	10.1
International trade	7.7	14.1	9.8	9.5	8.0	9.1	10.4	9.4	10.4
Nontax revenue	3.7	4.5	4.7	2.8	3.8	3.1	3.8	3.5	3.3
Capital revenue	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Grants	1.5	0.9	0.9	0.6	0.3	0.4	0.3	0.3	0.4
Total expenditure and net lending	31.6	37.8	39.7	36.3	33.9	36.2	38.9	38.1	38.0
Current expenditure	26.2	32.1	32.8	30.9	29.3	31.2	32.9	34.2	31.4
Personnel expenditure	14.0	16.9	18.1	16.8	15.7	16.4	18.2	20.5	17.8
Goods and services	8.6	10.6	9.8	9.2	8.5	8.4	9.0	6.7	8.3
Interest payments	0.4	0.3	0.3	0.7	1.0	1.5	1.2	1.7	1.4
Subsidies and current transfers	3.1	4.2	4.7	4.1	4.1	4.8	4.6	4.2	3.8
Capital expenditure	4.7	5.6	6.5	5.2	4.3	4.6	5.2	3.9	5.7
Net lending	0.8	0.2	0.4	0.2	0.3	0.4	0.8	0.0	1.0
Balance (including grants)	-1.1	-2.6	-5.2	-3.5	-2.0	-4.1	-4.1	-5.8	-4.0

Sources: Ministry of Finance; and Fund staff estimates.

1/ Fiscal year beginning April 1.

### **Box 2. Wage and Salary Commission (WASCOM)**

WASCOM was established in January 1995 to review public service pay and conditions. Given remuneration in excess of one-half of government spending and the various past and as yet unsuccessful initiatives to curb wage expenses, the commission made recommendations concerning the wage structure, benefits, pension arrangements, the wage bill, and the legislative framework governing the public service. These recommendations were adopted by the cabinet and implementation was begun in 1996.

A unified six-band wage structure, with notches within each band, and an annual performance appraisal system were proposed to replace the prior "overcomplex" arrangements. Teachers, police, defense workers, and political officeholders would be subject to different wage structures designed to address their special needs, including the need to attract high-quality employees. As recommended, the first phase of implementation was completed during 1996/97, and the performance appraisal system began in 1997/98; however, final implementation of the proposed wage structure (increases) has been delayed until 1998/99, conditional on the completion of all other reforms.

A substantial reform of benefits was proposed to (1) incorporate attendance and professional allowances into basic pay; (2) abolish overtime for high grades; (3) extend subsidized vehicle financing to all staff; (4) rationalize mortgage interest and rental subsidies and render them equivalent; and (5) abolish the income tax exemptions for political officeholders. Allowances were incorporated into basic pay, and the reforms of the vehicle and housing benefits began during 1996/97, but the overtime recommendation is still subject to review. The commission recommended an immediate reduction in the government contribution to the pension fund from 21 percent to 16 percent of wages, given that the pension fund was over funded. The savings are to be used to finance the recommended reforms of the salary structure.

The commission noted that the public service was excessive in size, underemployed, and inadequately disciplined. It recommended a personnel audit to establish the number of civil servants and called for specific dates to be set for commercialization and privatization with a view to reducing staff numbers. It also called for a five-year program in which budget provision for personnel costs should fall by 2 percent a year in nominal terms and an annual pay review by the government and trade unions. Finally, WASCOM called for the amendment of the Labor Act of 1992 to reduce the undue costs and inconvenience that it imposed on the public service, and for exemptions to be applied in the meantime. Preparation of a code of conduct and a timetable for commercialization and privatization is continuing. The budgetary provision for wages continues, however, to exceed the commission's recommendations, and the budget outturn even more so. Efforts are in hand to better determine the number of civil servants, and individual ministry staffing levels are being reviewed by senior government officials. The legislative framework remains under discussion with the Ministry of Labor.

48. Reflecting the high priority that the government placed on improving the welfare of the poor, budget allocations for **expenditure on health and education** rose by 2 percent of GDP between 1990/91 and 1993/94 (Appendix Tables 15 and 16). However, in large part, the increases were due to additional hiring and the impact of rising wage rates in the public service. As a result, outlays on the recurrent goods necessary for the effective delivery of services have been squeezed by the commitments on the wage bill.

49. **Subsidies and transfers** largely consist of transfers to households and to nonprofit institutions, as most of Namibia's parastatals are operated on commercial terms. The most important type of transfer to households is the social pension which is legally available to all persons age 60 or older. In addition, there are disability grants and selective child and family

allowances, as well as benefits provided in kind in return for work or for the consumption of some specific item such as housing. Subsidies and transfers also rose somewhat relative to GDP following independence, from 3.1 percent in 1990/91 to 4.1 percent by 1993/94, as the social pension was reformed and extended to previously omitted regions, notably the north. However, the actual coverage remains less than the number of eligible persons because of administrative constraints. The minimum social pension was set at N\$135 per month in 1994 and has subsequently been adjusted to N\$160 per month, implying some decrease in real terms.

50. Namibia inherited relatively good infrastructure at independence. Government **capital expenditure** increased after independence to 6.5 percent of GDP by 1992/93 owing to efforts to improve infrastructure in the poorer, previously neglected parts of the country. Capital expenditure subsequently declined to about 4–5 percent of GDP with the completion of some projects. Larger spending has been constrained on an annual basis by limited implementation capacity, which has resulted in actual capital expenditure being significantly less than budgeted. The procedure for determining the level of investment in the annual budget places priority on funding for all ongoing and approved investment projects over current expenditure. Nevertheless, on a longer term basis, the high level of current expenditure may have been a constraint on the approval of additional projects. However, it should also be noted that donor grant aid in kind is not included in these data on either the revenue or expenditure sides, due to lack of information from donors; thus, actual public investment expenditure is somewhat larger than indicated in the budget numbers.

### B. Developments in 1996/97

51. The assessment of fiscal developments in 1996/97 remains provisional, as the data have not yet been finalized. The most recent estimates suggest that the fiscal deficit rose from 4.1 percent of GDP in 1995/96 to 5.8 percent of GDP in 1996/97,<sup>16</sup> compared with the original budget target of 4.1 percent of GDP (Table 2 and Appendix Table 10). The deficit was funded almost equally by substantial reductions in the government's deposits with the Bank of Namibia and by net issues of government securities.

52. The data on the **revenue** side indicate a somewhat stronger overall performance than was anticipated in the original budget. The overall structure of the **individual income tax** was unchanged between 1995/96 and 1996/97, although the rates of tax applicable at each of the bands changed.<sup>17</sup> Strong receipts appear to reflect mainly the increase in the public sector

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<sup>16</sup> The expenditure data include what may be an excessive estimate of interest payments reported by the authorities for the 1996/97 outturn. In Appendix Table 14, the "excess" estimated by staff, of some 1 percent of GDP, is reported under "unallocated expenditure" so that the staff and the authorities' estimates of the fiscal deficit coincide.

<sup>17</sup> The nontaxable allowance of N\$15,000 has been in place since March 1, 1995, and the only  
(continued...)

wage bill during 1996/97, including the replacement of a number of benefits by increases in basic pay (Box 2). In addition, individual income tax receipts were boosted by further progress in reducing the backlog of unprocessed and unsettled tax assessments. Receipts from **company profits taxes** on mining companies other than diamonds were also higher than budgeted, although there were shortfalls in projected receipts from diamond companies and from nonmining companies. Although receipts from diamond companies should have benefited from the depreciation of the Namibia dollar, the lags in collection mean that the impact has not yet been fully felt. Total receipts from **taxes on domestic goods and services** were marginally below budget. Receipts from the general sales tax were stronger than budgeted, possibly owing to the boost to public remuneration and increased debt-financed household consumption, as well as to the improved tax administration following the shift to the “functional” approach of administering tax. However, receipts from the additional sales tax, fuel levies, and licenses were less than budgeted, and restrictions on fishing quotas lowered the receipts from fishing levies. In addition, weak property prices also reduced returns from the transfer duty.

53. On the **expenditure** side, the composition and extent of the budget overrun in 1996/97 remains somewhat uncertain. The main identified items accounting for the overrun compared with the original budget were increased remuneration and the allocations of additional funds for drought relief. Concerning remuneration, the estimates for the original budget included incomplete projections for police, defense, and teachers’ personnel costs, which were finalized only during the fiscal year. On this basis, the original budget provided for a 10 percent general increase in wage rates and a 7 percent increase in the number of funded civil service positions. The preliminary outturn, however, suggests that personnel expenditures may have been as much as 40 percent higher than the previous year and equivalent of over 20 percent of GDP, in part due to higher-than-anticipated average wage increases and recruitment during the year.<sup>18</sup>

54. The increase in the civil service wage bill put a considerable strain on total spending. This strain was reflected in a compression of nonwage spending, including maintenance and the purchase of basic supplies, compared with the original budget estimates. Transfers to households, were broadly as budgeted, and nominal pensions per recipient were unchanged. The payments mechanism for the pension system has been contracted out to a private company in order to improve the control. Capital expenditure was substantially below budget—as has been the pattern in recent years. Net lending was also below budget; however, this shortfall occurred principally because lending allocated in the budget to the water utility in

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<sup>17</sup>(...continued)

change to the structure of the tax was the abolition of the “sole-breadwinner” allowance with effect from March 1996.

<sup>18</sup> This is based on preliminary staff estimates of the outturn of expenditure on remuneration in the absence of official estimates.



anticipation of its privatization, was converted into normal government expenditure, when the privatization was delayed.

### C. Budget for 1997/98

55. The budget for 1997/98 was announced on March 5, 1997. It targeted a **deficit** of 4.0 percent of GDP compared to the original budget target for 1996/97 of 4.1 percent of GDP and an estimated outturn at that time for 1996/97 of 4.1 percent of GDP (Table 2 and Appendix Table 10). The budget anticipated a primary surplus of 2.5 percent of GDP, with the overall deficit largely financed in the domestic bond market.

56. No changes were announced in the tax system. The budget projected total **revenues** to grow to N\$5.1 billion, equivalent to 34 percent of GDP, compared with 35 percent of GDP in the original 1996/97 budget. Total **expenditures** were budgeted at N\$5.7 billion, equivalent to 38 percent of GDP, compared with 39 percent of GDP in the original 1996/97 budget. Interest expenditure was estimated to rise to 1.4 percent of GDP in 1997/98 from 1.2 percent of GDP in 1996/97, reflecting higher interest rates and the increased debt of government. Capital expenditure was projected to grow more rapidly than current expenditure from 5.2 percent of GDP to 5.7 percent of GDP. And within current expenditure, nonwage spending was projected to be further compressed from 14.7 percent of GDP in 1996/97 to 13.6 percent of GDP in 1997/98, while 1997/98 personnel expenditures was close to 18 percent of GDP.

57. Budgetary expenditure allocations were subsequently adjusted, however, in light of the evidence of the substantial understatement of expenditure estimates of the outturn for 1996/97, on which the 1997/98 budget was based. Once the extent and the source of the budgetary overruns during 1996/97 became clear, the Ministry of Finance estimated that, without corrective action, the budget deficit for 1997/98 would reach 8.3 percent of GDP. In response, the cabinet approved in late August 1997 a package of short- and medium-term **austerity measures** aimed at correcting the deterioration in the fiscal position (Box 3). The authorities estimated that the measures would save the equivalent of 2 percent of GDP on expenditures and raise 0.3 percent of GDP in revenue. Another 0.3 percent of GDP would be secured through lower interest payments resulting from the smaller deficit. The revised deficit was thus estimated to be 5.7 percent of GDP.

### Box 3. Austerity Budget 1997/98

In August 1997, the Namibian cabinet approved a package of measures to address the deterioration in the budget. The package included short-term measures to be effective from October 1, 1997 and longer term measures to be effective in the following fiscal year.

#### Short-term measures:

##### Expenditure measures:

- One-half of the budgetary provision for filling 5,882 vacant positions was suspended, at an estimated savings of N\$90 million;
- All hiring must be approved by the Office of the Prime Minister and the Treasury;
- The new civil service housing loan scheme will be postponed if it is more costly than the existing housing scheme;
- The personnel audit called for by WASCOM will be completed by end-September;
- Budgetary provisions for goods and services will be cut by 5-20 percent; and
- Investment projects not yet commenced will be suspended.

##### Revenue measures:

- Administrative fees and charges will be reviewed;
- Rents on government housing for civil servants will be increased from 4 percent to 10 percent of the occupant's salary;
- Nonassigned housing will be sold; and
- Member contributions to the medical aid scheme will be raised.

Official estimates suggest that the short-term measures will save N\$300 million on the expenditure side, and will raise N\$46 million in additional revenue, representing an adjustment of some 2.3 percent of GDP. The deficit after these measures and the resulting lower interest expenditure is estimated at 5.7 percent of GDP. Adjustments to the rates of the general sales tax are also under review.

In the medium term, the austerity package includes the commitment to implement the WASCOM recommendation to reduce the wage bill by 2 percent in nominal terms, using the allocation in 1997/98 as the base year. In addition, salary increases under the performance appraisal system will be limited to one notch per year, and employer contributions to the civil service pension fund will be reduced further. A number of nonwage revenue measures are also under review.

## D. Current Issues in Tax Administration and Policy

58. The authorities are proceeding with a number of initiatives to strengthen **tax administration** and policy. Tax administration has recently (1995–October 1996) been reorganized along functional lines (rather than by tax). The beneficial impact on receipts has been most visible in personal income taxes, where arrears have been reduced, although other factors also boosted these receipts. Further improvements are anticipated as experience is gained in implementing the new organizational structure.

59. The **computerization of inland revenue** has proceeded, supported by technical assistance from the IMF. Further computerization will free staff resources for additional assessments and facilitate cross checking of assessments. Eventually, it is intended that all aspects of tax administration will be computerized, and significant progress in this area is anticipated by end-1998.

60. **Customs administration** is also being strengthened. The bulk of border traffic comes through two posts on the South African border, both of which will soon complete their computerization process as part of the wider computerization of customs. This process has proceeded smoothly and effectively. The border posts with South Africa do not enforce any rules of origin, and additional staff will be needed at these posts to implement the proposed Southern African Development Community (SADC) Free Trade Area. The complexity of the SACU trade regime continues to impose a considerable burden on the customs administration. Companies are eligible for EPZ status if they export 70 percent of their production. This regulation requires the maintenance of appropriate records so that tax can be collected on these companies' domestic sales and compliance with the EPZ requirements can be ensured. Irish technical assistance is helping with this work.

61. **Pay-as-you-earn (PAYE) legislation**, designed to simplify returns and to turn PAYE into a final tax (so that large numbers of people do not have to submit tax returns in addition to PAYE deductions) is now before parliament. However, implementation may be delayed until 1998/99 to allow time for wider consultation with the general public.

62. The Minister of Finance has announced that a **value-added tax (VAT)** is also scheduled for introduction between 1998 and 2000; planning is focused on the earlier of those dates. The VAT is intended to replace both the sales tax and the additional sales tax.

### **E. Government Debt**

63. Although Namibia's level of government debt is not high by international standards, as a result of the ongoing budget deficit, total debt rose steadily from N\$0.7 billion at the time of independence (13 percent of GDP) to N\$3.3 billion at end-March 1997 (21 percent of GDP) (Appendix Table 17). Of this amount, N\$1.9 billion was in the form of domestically issued treasury bills and internal registered stocks. The rest was external debt, consisting of R 1.1 billion of preindependence debt to South Africa and the equivalent of N\$243 million of more recently contracted concessional debt.<sup>19</sup> During the second quarter of 1997, the South African government took over R 1.1 billion of Namibia's preindependence debt, reducing Namibia's

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<sup>19</sup> Of the R 1.1 billion of preindependence debt (mainly debt to South African commercial creditors), R 844 million represented the cumulative amount that the South African government had serviced on behalf of the Namibian government. This amount was booked as a Southern African claim against the Bank of Namibia, which in turn recorded it as a Bank of Namibia claim on the government of Namibia under a specially established Bank of Namibia facility. Also see the footnotes in Appendix Table 17.

external debt to the equivalent of about 2 percent of GDP and total government debt to 14 percent of GDP.

#### **F. Nonfinancial Public Enterprises (NFPEs)**

64. NFPEs have traditionally operated under full government ownership but without government subsidies or subventions; the exceptions are the statutory public enterprises, which are set up to either regulate and advise or carry out specific objectives of the government.<sup>20</sup> Generally, the commercially oriented NFPEs operate independently and according to private sector business principles, and, like private companies, are liable to taxation, although in practice only a handful of them pay taxes. Members of the boards of directors are usually appointed from the private sector. These appointees do not necessarily reflect the views of the government since it is a deliberate government policy not to interfere in the day-to-day management of these enterprises. Thus, there is also no means of assuring that government objectives in the management of these enterprises—including profitable operations and a fair return on the government's investment—are met, or of facilitating the flow of information to the government about their operations. As recommended in a joint study by the World Bank and an independent task force set up by the government, TransNamib—a multimodal transport corporation—will be restructured. This restructuring is expected to form the basis for reforming of the operations of NFPEs in Namibia.

65. In an apparent shift in policy in respect of public enterprises, the government noted in the NDP1 that enhancing the efficiency of the public sector requires changes in the ownership, management, structure, and pricing policies of existing enterprises. It also stated that improved public sector efficiency requires that parastatals become increasingly self-financing (or commercialized) and more open to competition from the private sector, or that they be privatized altogether. Thus, during the plan period, the government plans to continue to withdraw from activities that can be more effectively undertaken by parastatals or the private sector, except in areas where investment is inherently unattractive to the private sector. In the meantime, the government plans to establish a State Enterprise Management Board, which will advise line ministries on the operations of public enterprises and monitor the performance agreements presently in place with some of the parastatals.

66. There are a number of NFPEs operating in Namibia at present. The major ones include five that were in operation when Namibia became independent—NamPower—formerly South West Africa Water and Electricity Corporation (established in 1973), TransNamib (1988), National Development Corporation Limited, founded in 1978 as First National Development Corporation, National Petroleum Corporation of Namibia Limited, and Meat Corporation of Namibia Limited (MeatCo). Five were established after independence; Development Brigade

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<sup>20</sup> The statutory public enterprises are noncommercial, non-profit-oriented enterprises and include the following: Diamond Board, Karakul Board, Meat Board, Namibia Agronomic Board, Namibia Broadcasting Corporation, Namibia Press Association, New Era Publication Corporation, National Theatre Namibia, the University of Namibia, and Polytechnic.

Corporation Limited, Namibia Post and Telecom Holdings Limited, the National Fishing Corporation Limited, Namibian Ports Authority, and the Offshore Development Company. In addition, the government in August 1993 placed the former Department of Posts and Telecommunications on commercial terms; its relationship with the government is to be regulated by performance contracts. For further information, see the Annex.

## NONFINANCIAL PUBLIC ENTERPRISES (NFPEs)

1. **NamPower**, formerly South West Africa Water and Electricity Corporation, which has the Ministry of Mines and Energy as its supervisory ministry, is responsible for generating, transmitting, and distributing electricity. About one-third of Namibia's annual consumption of electricity is supported by domestic generators while the remaining two-thirds is met through imports from ESKOM, the South African electricity utility. Current levels of consumption have reached the capacity of the distribution system, and, with the continual increase in power demand, NamPower has commissioned the construction of a 400 megawatt interconnecting line from the Aries substation in South Africa to the Auas substation just outside Windhoek. The new line, covering a distance of about 900 kilometers, is estimated to cost about N\$700 million. NamPower participates in the Southern African Power Pool (SAPP), which came into being at the end of August 1995.<sup>21</sup> NamPower formally signed the operating agreement on May 27, 1996. At the end of its 1995/96 financial year (June 30), the company had 771 employees. NamPower is profitable and maintains substantial reserves; its net operating income increased by about 61 percent from N\$92 million in 1995 to N\$149 million in 1996. On July 1, 1993, the previous exemption from income tax payments ended, and, on July 1, 1996, the company formally entered into a performance agreement with the government.

2. **TransNamib** is a multimodal transport corporation, supervised by the Ministry of Works, Transport, and Communication. TransNamib owns the national rail system and the national airline (Air Namibia), runs a road transport enterprise, operates a commercial sea transport line, and managed the Lüderitz harbor until April 1, 1995 when it was transferred to the Namibian Ports Authority. TransNamib recorded an after-tax net income of about N\$28 million and N\$14 million during 1994/95 and 1995/96, respectively (fiscal year beginning April 1).<sup>22</sup> The corporation, however, made losses estimated at N\$61 million and N\$46 million in the same two fiscal years, and, therefore, was once again exempted from the payment of taxes. (TransNamib makes no demands on the State Revenue Fund but has historically paid no taxes.) As of March 31, 1996, the corporation had 3,213 employees in three business units and the head office. In July 1995, the government appointed an independent task force to review jointly with the World Bank the operations of TransNamib. Following that study, which was submitted to the government in 1996, the government has decided to restructure TransNamib. The joint report recommended that ownership of the infrastructure revert back to the supervising ministry while the maintenance and development of the rolling stock be contracted out. In addition, in line with the recommendations of the study, a cabinet decision has been taken to restructure TransNamib (by mode). The TransNamib legislation has been

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<sup>21</sup> SAPP provides for the creation of an electricity power pool within the SADC region; the former Zaire (now Democratic Republic of Congo) joined at the initial stage as a non-SADC member.

<sup>22</sup> Adequate care should be taken in interpreting the figures, because the actual financial operations of the TransNamib group are masked by the large amount of cross-subsidization within the group.

amended and is currently before parliament. Under a new transport policy, a road user charge would be introduced while the deregulation of the transport sector would be continued.

3. **The National Development Corporation (NDC)** was formed during 1992/93 to replace the First National Development Corporation (FNDC). The new corporation assumed the assets, rights, liabilities, and obligations of the FNDC on September 30, 1993. The NDC is made up of two divisions: an industrial development division, which handles development objectives in conjunction with the Ministry of Trade and Industry, including efforts to promote the establishment of small industries; and an agricultural development division, which handles objectives in conjunction with the Ministry of Agriculture, Water, and Rural Development. The FNDC had comprised a development finance institution and a holding company for numerous enterprises in trading, meat processing, retail petroleum stations, banking, manufacturing, agro-processing, cattle ranching, rural development, and various service industries. Not much information is available about the financial operations of the NDC, but indications are that, like its predecessor it has continued to make losses since its inception and receives transfers from the budget.<sup>23</sup>

4. Supervised by the Ministry of Mines and Energy, the **National Petroleum Corporation of Namibia (Namcor)** covers the coordination, execution, and monitoring of oil and natural gas exploration in Namibia. It also assists the ministry with the conduct, evaluation, and negotiation of bids from international oil companies concerning offshore exploration licenses. Namcor is responsible for the day-to-day monitoring of petroleum exploration by the license holders and for the conduct, through subcontractors, of additional seismic surveys. The enterprise has a small staff and receives ongoing technical assistance from the Commonwealth Secretariat and NORAD, the Norwegian aid agency.

5. **Meat Corporation of Namibia Limited (MeatCo)**, which is under the Ministry of Agriculture, Water, and Rural Development, operates slaughtering and processing facilities for the Namibian livestock industry. Its main abattoirs in Windhoek and Okahandja have been approved for export to the EU and are each capable of slaughtering and processing 600 cattle per day. The company prepares and markets frozen and refrigerated beef, corned beef, and lamb and mutton products for domestic consumption and export, primarily to southern Africa and Europe. The operations of the corporation have generally been hampered by the perennial incidence of drought in Namibia.

6. In September 1992, the responsibility for posts and telecommunications was shifted from the then Department of Post and Telecommunications to two state corporations, **Telecom Namibia Limited (Telecom)**, and **Namibia Post Limited (NamPost)**, under a government holding company **Namibia Post and Telecom Holdings Limited**. This structure was designated to function for a five-year period, after which the two operating companies would become independent enterprises while remaining under government ownership. On

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<sup>23</sup> The auditor-general's reports have consistently characterized the financial record keeping of the enterprise as dismal.

September 28, 1994, the holding company—jointly with Telecom and NamPost—entered NORAD into a performance agreement with the government of Namibia on such key areas as financial performance, quality, and availability of service, and human resources development. Since their creation, the two corporations have rapidly expanded Telecom because of the nature of its services—and both have continued to improve their delivery of services. NamPost has increased its rates since its inception.

7. Telecom is commercially viable; its net income, which has been consistently positive since its inception, has rose to about N\$44 million at the end of the 1995/96 financial year (October 1–September 30). When it started operations, Telecom was initially exempted from the payment of taxes, but, like any other business entity, it now pays company tax. Because of Telecom's high level of profitability and as part of its public enterprise reform process, the government has indicated that it will further deregulate the telecommunications sector and end the monopoly power currently enjoyed by the company. At the initial stage of operations, NamPost was subsidized by Telecom Namibia because the latter was highly profitable. However, during the last two financial years (October 1–September 30), NamPost has improved its financial position significantly, thus obviating the need for the holding company and financial support from Telecom. NamPost posted positive net before-tax profits of N\$9 million and N\$10 million during 1994/95 and 1995/96, respectively.<sup>24</sup>

8. The **Namibian Ports Authority (NPA)** was established by legislation on March 1, 1994, following the handover of Walvis Bay by South Africa to Namibia. The two main responsibilities charged to the NPA are related to the ownership of the infrastructure and efficient operation of the port. Since its inception, the NPA has embarked on an expansion program based on four development studies carried out by Kreditanstalt für Wiederaufbau (KfW) of Germany; approval of a soft loan to finance these projects is being awaited from the German Ministry of Foreign Aid and Development. Negotiations are also under way with the EU to finance the dredging of the port. Meanwhile, the NPA invested N\$9 million on new capital items, including a 45-tonne reach stacker, 19 vehicles, 6 forklifts of 3–4 tonne capacity, and one 16-tonne forklift during the 1995/96 financial year (April 1–March 30). A second reach stacker is on order. The NPA took over the administration of the port of Lüderitz from TransNamib on April 1, 1995. The corporation's after-tax profit rose substantially from N\$4 million during 1994/95 to N\$13 million in 1995/96, mirroring the significant increase in imports during that year.

9. The **Offshore Development Company (ODC)** was established in 1995 to monitor, regulate, and promote Namibia's export processing zones (EPZs). The ODC is a limited company with government and private businesses as shareholders (see Chapter V, Box 4 for details). The ODC began its promotion efforts in 1996 with missions to South Africa, France, and the United Arab Emirates to promote investment. The ODC also participated in local and international trade fairs and exhibitions and has embarked on an aggressive mailing campaign,

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<sup>24</sup> Because of the nature of its services, NamPost was granted a grace period of 23 years for its payment of company taxes.



targeting potential investors in companies in six countries involved mainly in manufacturing, electronic, textiles, and plastics. Other areas where the ODC is expected to play a significant role are in the development of a non-EPZ manufacturing subsector for the SACU market and in the establishment of offshore banking and business centers.

10. The **Namibia Broadcasting Corporation (NBC)** is a statutory public enterprise that operates the national television channel and eight radio stations broadcasting in 12 languages. NPC reaches an estimated 90 percent of the country's population. About three-fourths of NBC's funding comes from the budget, with the remainder coming from sponsorship and advertising. NBC's management is accountable to an independent board of directors, which formulates policy. The radio and television broadcasts are used, however, to support government policies in education and other social services. NBC has agreements with CFI, the French satellite television company, to receive eight hours of daily news, sports, entertainment, and educational programming, with costs covered by the French government.

#### IV. MONETARY DEVELOPMENTS AND FINANCIAL SECTOR ISSUES

##### A. Background and Overview

67. Because of Namibia's membership in the Common Monetary Area (CMA) and its historical ties to South Africa, monetary conditions in Namibia are influenced by conditions in the area as a whole, but particularly by those in South Africa. Namibia's banking and financial industry is closely integrated with South Africa, as most banks and nonbank financial institutions have institutional links to South Africa.

68. The Namibian financial industry itself is relatively small and reflects the dualism in the economy. The activities of the five commercial banks, which dominate the financial system, are concentrated in the main urban center and serve almost exclusively the modern sector. All of the banks are either fully foreign owned or have significant foreign share ownership, and most are subsidiaries of South African financial institutions. The largest two banks control about two-thirds of the total assets of the banking system. The financial sector also includes four other banking institutions, one of which is a building society (SWABOU) that provides housing loans. The remaining three are public financial institutions that also operate in specialized areas: the Post Office Savings Bank, which takes deposits in rural areas; the Agricultural Bank, which provides agricultural loans; and the National Housing Enterprise (NHE), which is charged with financing affordable housing projects. Complementing the deposit-taking institutions are several nonbank financial institutions (NBFIs). The most important NBFIs are insurance companies and pension funds, which are a channel for much of the private savings in Namibia. Most of these institutions are also primarily South African owned.

69. The national currency—the Namibia dollar—is pegged to the South African rand. Rand continues to be legal tender in Namibia, although by 1996 the amounts of rand currency remaining in circulation were believed to be small. With no restrictions on capital flows within the CMA, monetary conditions and interest rate movements closely follow those in South Africa. As a consequence, there is limited scope for an independent monetary policy in Namibia. The central bank, the Bank of Namibia, is the regulatory agency for the banking sector. It applies to commercial banks, reserve requirements, and liquid asset requirements,<sup>25</sup> although these have not been used as monetary policy tools. The Bank of Namibia also makes an overnight loan facility available to commercial banks, but this is considered to be a lender-

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<sup>25</sup> The reserve requirement is 5 percent on short-term deposits (maturity of less or equal than 31 days), 2 percent on medium-term deposits (maturity of 32 days to six months). The liquid asset requirement is 20 percent on short-term deposits, 15 percent on medium-term deposits and 5 percent on long-term liabilities (deposits of more than six months). Liquid assets are defined as cash (over and above cash reserve), treasury bills, government stock of less than three years maturity, and trade bills other than bankers' acceptances.

of-last resort facility and has not been used in large amounts.<sup>26</sup> The Bank of Namibia does not issue its own securities nor does it hold government securities. Until recently, it also did not lend directly to the government, but the Bank has provided an overdraft facility to the government since March 1997. The interest rate applied to this facility is based on the average interest rate of the last treasury bill issue plus two percent per annum.

70. Reflecting the openness of the capital account and the close institutional relationships between Namibian and South African banks, Namibian banks to a large extent balance their liquidity positions by borrowing from, or making deposits at, their parent or affiliate banks in South Africa. This tendency to intermediate funds through the South African monetary market has two consequences. First, changes in the level of government deposits at the central bank that result in excess/shortage of funds to the domestic banking system are largely accommodated through increases/decreases in commercial banks' net foreign assets and, consequently, decreases/increases in official reserves. Thus, the level of official foreign reserves has been correlated fairly closely with fluctuations in the level of government deposits at the central bank. Second, the size of the interbank market in Namibia is very limited, as banks set low limits on lending to other banks.

71. The legal basis for regulation and supervision of the banking system continues to be the 1965 Banks Act. Improvement in the legal framework has been delayed pending parliamentary consideration of two draft laws—the Bank of Namibia Act and Banking Institutions Act. The draft laws also give the central bank the authority to change the reserve and liquid asset requirements.

72. The NBFIs are regulated and supervised by the Ministry of Finance. Because of limited investment opportunities in Namibia, a substantial portion of the assets of these institutions traditionally have been invested in South Africa. In 1995, the authorities imposed a domestic asset requirement, stipulating that insurance companies and pension funds must hold a specified proportion (currently 35 percent) of their total assets in domestic assets. Qualifying assets include listed securities, which consist mainly of shares traded on the Namibian Stock Exchange and government securities. Another significant development in recent years has been the growth of the Namibian Stock Exchange, as well as the establishment of a number of asset-management firms.

### **B. Money, Credit, and Interest Rate Developments**

73. Broad money grew by 24–26 percent per year between 1992 and 1995 (Table 3 and Appendix Table 18). This increase was substantially larger than the average annual growth in nominal GDP of 15 percent, reflecting perhaps continuing deepening of the financial system after independence, as well as the gradual phaseout of use of rand currency which is not captured in the Namibian money supply data. The major source of monetary growth during

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<sup>26</sup> This facility has been used mainly by banks to cover any shortfalls in clearing. The applicable interest rate is the Bank of Namibia rate, also called the bank rate.

Table 3. Namibia: Monetary Developments, 1991-97  
(Annual changes in percent of beginning-of-year broad money)

	1991	1992	1993	1994	1995	1996	1997
	December						June
Net foreign assets	23.3	-3.6	-5.2	0.8	-2.0	11.2	15.5
Domestic credit	8.4	63.8	31.6	31.6	34.9	26.8	10.3
Net claims on central government	-8.3	38.6	5.7	0.7	2.7	8.4	-7.7
Excluding counterpart to long-term external liabilities	-8.3	12.1	1.1	-2.7	1.0	6.8	8.8
Claims on the economy	16.7	25.2	25.9	30.9	32.2	18.5	18.0
Broad money 1/	30.3	23.5	25.7	25.9	24.2	29.0	33.9
Money 1/	14.1	9.4	19.5	7.2	3.7	20.9	18.7
Quasi-money	16.2	14.1	6.2	18.7	20.5	8.1	15.3
Other items, net 2/	1.3	36.8	0.6	6.5	8.7	9.0	-8.1

Source: Bank of Namibia.

1/ Excludes South African rand circulating in Namibia.

2/ Including money market instruments, bonds, and long-term external liabilities.

this period was increased credit to the private sector, with little or no expansionary impact from net foreign assets or net credit to government.

74. In 1996, however, broad money growth accelerated to 29 percent and further to 34 percent in the 12 months to end-June 1997 (Appendix Table 18).<sup>27</sup> There was also a shift in 1996 in the sources of monetary growth. The tightening of monetary conditions in South Africa and gradual increase in interest rates that had begun in mid-1994 also resulted in increases in interest rates in the Namibian financial market (Figure 1). By 1996, the higher rates in Namibia, combined with lower loan demand related to difficulties in some industries and greater intermediation of funds through the stock market, caused a slowdown in growth of bank credit to the private sector. At the same time, net bank credit to the government rose significantly during the second half of 1996, owing to the larger budget deficit and the government's increased borrowing requirement. The increased bank credit to government was about equally split between net purchases of government securities by the commercial banks and a drawdown in government deposits at the Bank of Namibia. The monetary expansion arising from the drawdown in government deposits, combined with the relatively sluggish private sector loan demand, resulted in excess liquidity in the commercial banks and an outflow of funds through an increase in commercial banks' net foreign assets. This increase was financed through a decrease in the Bank of Namibia's foreign reserves (Appendix Tables 19 and 20).

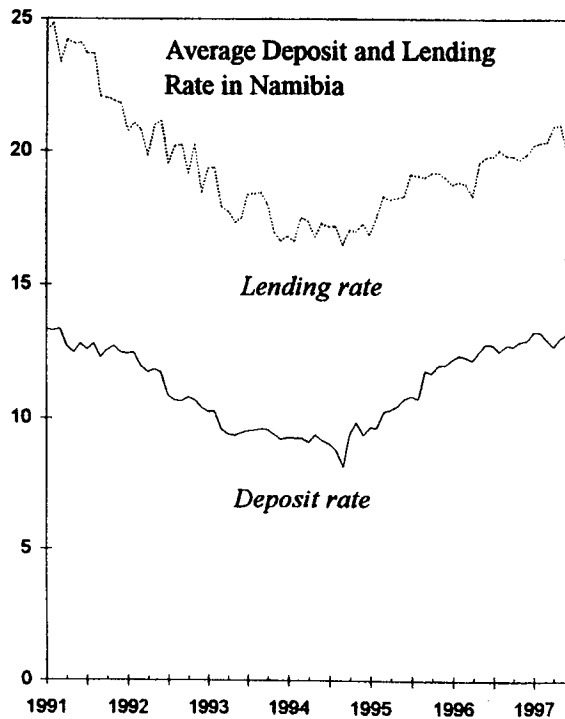
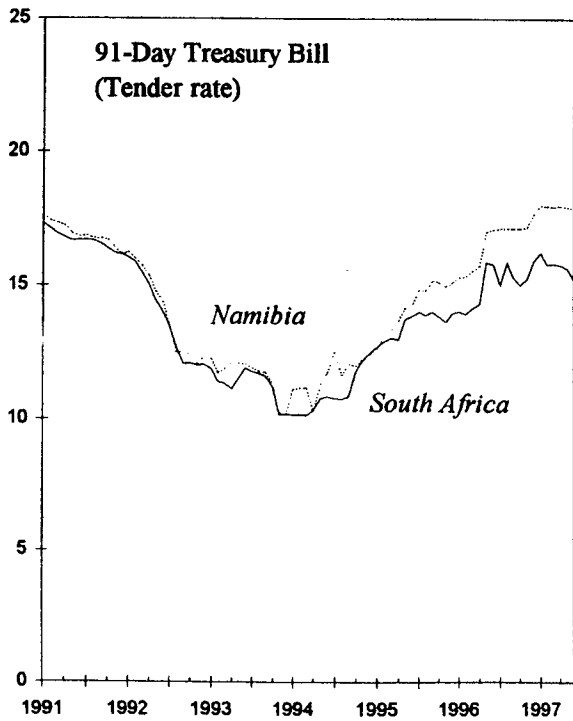
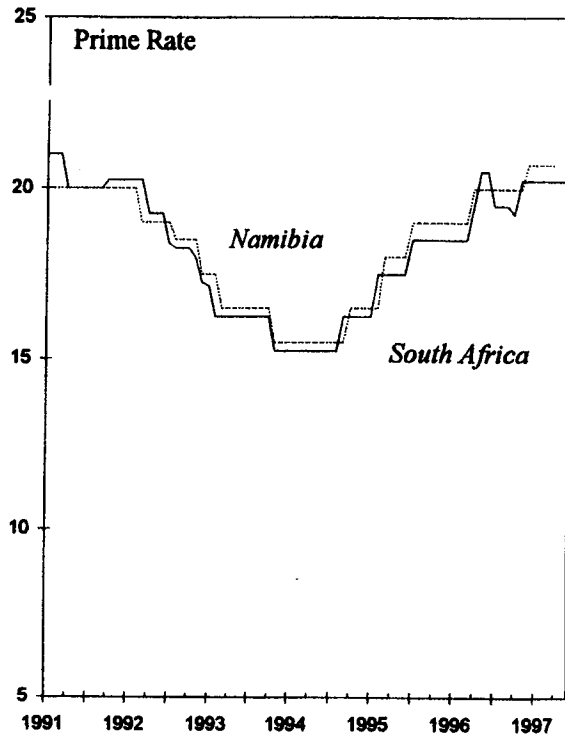
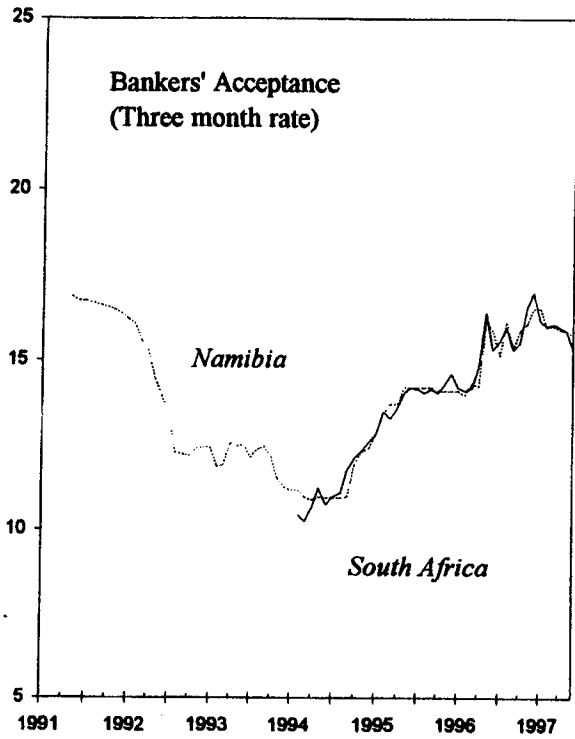
75. As noted above, Namibia's interest rates are strongly affected by developments in South Africa. Both deposit rates and lending rates in Namibia have tracked the South African rates closely (Figure 1). This pattern is particularly true for rates on instruments such as banker's acceptances, where significant differences in rates could be expected to result in arbitrage between the two markets. The prime rates in the two countries also track fairly closely, as well as rates on treasury bills. However, a margin of Namibian treasury bill rates over South African rates emerged in 1995, narrowed briefly in early 1996, and then widened again to about 250 basis points by mid-1997. The increased margin in 1996 and 1997 reflected in particular the increased government borrowing requirement in Namibia.

76. In 1996, money market rates rose sharply in April and May and again in December, following the rate hikes by South African banks. The prime rates in the two markets rose to an average of 20.7 percent at the end of 1996 from 19 percent in December 1995. Movements in the Namibian central bank rate in 1996 also followed the South African central bank rate, although the Namibian authorities have been gradually narrowing the spread between the two rates. The increase in rates, combined with some slowdown in inflation, resulted in a further increase in real interest rates (Appendix Table 23).

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<sup>27</sup> However, broad money growth including deposits at other banking institutions was somewhat lower: about 23 percent in 1996 and 30 percent in the 12 months to end-June 1997 (Appendix Tables 21 and 22).

Figure 1. Namibia: Interest Rates, January 1991 - June 1997  
(In percent)



Sources: Bank of Namibia; and South African Reserve Bank.

77. The spread between average lending rates and deposit rates has been relatively wide: until recently, it was 7 percent (Figure 1). The interest margin, defined as the ratio of net interest income to total assets, is about 5 percent, this margin is also wide compared with many other developing countries (Appendix Tables 24 and 25). However, high operating costs seem to have contributed significantly to the wide interest margin. Bank operating costs in Namibia, measured as the ratio of noninterest expenses to total assets, averaged about 4.2 percent in the period 1994–96. The difference between the interest margin and operating costs in Namibia of about 0.7 percent is not particularly high in comparison with other developing countries (Appendix Table 25); nevertheless, the high noninterest incomes for the Namibian banking industry, which average about 3 percent of total assets, are noteworthy, as they may reflect limited competition within the industry. It is also noteworthy that the industry enjoys very profitable returns on its operations, even after taking into account of provision charges. The average ratio of before-tax profits to assets was about 3 percent for 1994–96 (Appendix Table 25).

### **C. Banking Supervision and Bank Industry Soundness**

78. With the delay in the draft and passage of the two draft banking laws, the legal framework for bank supervision is still based on the outmoded 1965 Banks Act. However, in the interim, the Bank of Namibia has made some efforts to enhance its supervision capacity.<sup>28</sup> It has combined limited-scope, on-site examinations with off-site examinations in 1995 and 1996, focusing mainly on the appraisal of lending portfolios, nonperforming loans, deposit concentrations, and capital adequacy. In the draft Banking Institutions Act, the Basle Committee's prudential principles have been incorporated, and the acts will give the Bank of Namibia the flexibility to set specific guidelines or limits when enforcing the prudential requirements.

79. Banks report information on nonperforming loans on a quarterly basis to the Bank of Namibia. There is no official regulatory standard in Namibia for classifying nonperforming loans and provisioning for loan losses at present, although banks are guided by informal directives issued by the Bank of Namibia on the reporting of overdue loans, nonaccrual, and provisioning. Most banks classify loans as nonperforming after an account is in arrears for three months, and interest is suspended from the date that the account is classified as nonperforming. The informal guidelines specify special provisions amounting to the difference between the value of collateral and the outstanding amount of the loan, as well as general provisions of 0.5 percent of the total loans.

80. The Bank of Namibia reports on the general conditions of the banking industry in its annual report. This report has become increasingly detailed in recent years with the intensification of efforts to improve the bank's supervisory capacity. According to the reports,

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<sup>28</sup> The Bank of Namibia has received technical assistance and cooperation from the Central Bank of Malaysia and the South African Reserve Bank. The Bank of Namibia is secretariat of the East and Southern Africa Banking Supervisors.

the banking industry's nonperforming loans increased from N\$164 million in 1995 to N\$254 million in 1996. Over the past few years, the nonperforming loan ratio has also steadily increased, from 2.3 percent in 1994 to 4.6 percent in 1996, although this level is not particularly high by international standards. The increase reflected pressures on the loan quality exerted by rising interest rates and by the downturn in the real estate market and in the fish processing industry. The authorities are also aware that some banks exceed the indicative exposure guidelines for lending to one borrower or sector, and they monitor this situation through quarterly reports by each bank. Commercial banks' provisions for bad and doubtful debts have kept pace with the increase in nonperforming loans—the ratio of specific provision to nonperforming loans was 46 percent at the end of 1996, compared with 47 percent in 1995. The average capital asset ratio of the industry (not adjusted for risk) was about 8 percent in both 1995 and 1996, which compares favorably with the minimum risk-weighted capital adequacy ratio of 8 percent recommended by the Basle Committee for industrial countries. Despite the increase in nonperforming loans, commercial banks have enjoyed buoyant income growth. After record growth of 51 percent in 1995, income before taxation grew a further 19 percent in 1996. The banking system's after-tax returns on assets and on equity for 1996 stood at 2 percent and 26 percent, respectively.

#### **D. Money and Capital Market Developments**

81. Money market instruments in Namibia include treasury bills, negotiable certificates of deposits, and bankers' acceptances, with treasury bills being the most important. As the government's financing needs have continued to increase, issues in treasury bills and longer-term internal registered stock have been rising steadily. These issues constitute a big part of the local capital market: In 1996, the total amount of treasury bills issues (including 91- and 182-day bills) was N\$2.8 million compared with N\$1.0 million in 1995 (Appendix Table 26). The demand for treasury bills and longer-term government securities has been spurred partly by the liquid asset requirements applied to commercial banks and by the domestic asset requirement applied to insurance companies and pension funds. Reportedly, secondary trading of these instruments has gradually become active, although most of the trading has taken place outside the Namibian Stock Exchange. New proposals have been put forward to further deepen the secondary market for government securities, including such measures as lengthening the maturity of the securities and focusing on longer-term securities.

82. The Namibia capital market has grown significantly since the establishment of the Namibian Stock Exchange in October 1992. The exchange grew from 6 listings with a total market capitalization of N\$8.6 billion in December 1992 to 27 listings with market capitalization of N\$76 billion at the end of 1996 (Appendix Table 27). Dual listing is permitted; at end-1996, 12 of the 27 listed companies were local, while 15 were also listed on foreign stock exchanges. Turnover rose from N\$150,000 in 1993 to N\$660 million in 1996. The year-end index increased from 123 in 1993 to 218 in 1996, which also underscores the impressive performance of the stock exchange. Shares of the financial sector in the exchange decreased from 80.3 percent at the end of 1995 to 68.5 percent in 1996, while industrial sector shares increased from 18.5 percent to 29.3 percent over the same period. This change in sectoral composition was accompanied by the growth of the local segment of the stock



market. With more companies listed doing significant business in the local economy, the local segment of capitalization increased from N\$63.3 million in 1992 to N\$2.1 billion in 1996 (Appendix Table 27).

## V. EXTERNAL SECTOR

### A. Overview<sup>29</sup>

83. The Namibian economy is small and relatively open. Foreign trade has regularly been a significant component of overall economic activity. During the period 1991–96, exports of goods and services averaged 52 percent of GDP, and imports of goods and services 60 percent.<sup>30</sup> Since 1990, the country has been running modest surpluses in the current account of the balance of payments, which have led to a moderate buildup in international reserves, the significant outflows in the capital and financial account notwithstanding. Namibia's international reserves at the end of 1996, stood at US\$193.7 million, equivalent to about 1.4 months of imports of goods and services (Table 4 and Appendix Table 29).

84. Namibia introduced its own currency (the Namibia dollar) in September 1993; the South African rand has, however, remained legal tender, exchanging at par with the Namibia dollar. In addition, Namibia applies the same exchange arrangements and restrictions as South Africa. Since 1995, Namibia, along with South Africa, has gradually liberalized exchange controls, and, on September 20, 1996, Namibia formally accepted the obligations of Article VIII, Sections 2, 3, and 4 of the Fund's Articles of Agreement.

### B. The Current Account

85. Key features of Namibia's current account before 1995 were (1) high export earnings, leading to a merchandise surplus; (2) a large deficit in the net services account; and (3) sizable transfers from the Southern African Customs Union (SACU) revenue pool. However, in 1995, Namibia's trade balance turned to a deficit of US\$111.4 million (Figure 2), driven largely by the rapid growth in imports and the almost stagnant growth in exports. In 1996, the trade deficit shrank to almost one-fifth of the level in the preceding year as imports slowed significantly vis-à-vis exports, reflecting the impact of the depreciation of the Namibia dollar against the U.S. dollar during the period.

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<sup>29</sup> The analyses in this chapter are based on U.S. dollar terms; therefore, because of exchange rate effects, the direction of change may differ from that based on Namibia dollar terms.

<sup>30</sup> Comprehensive balance of payments statistics for Namibia began to be published regularly in 1990. Previously, data on Namibia's external activities were incomplete and covered only the current account at an aggregated level.

Table 4. Namibia: Balance of Payments, 1991-96

(In millions of U.S. dollars, unless otherwise indicated)

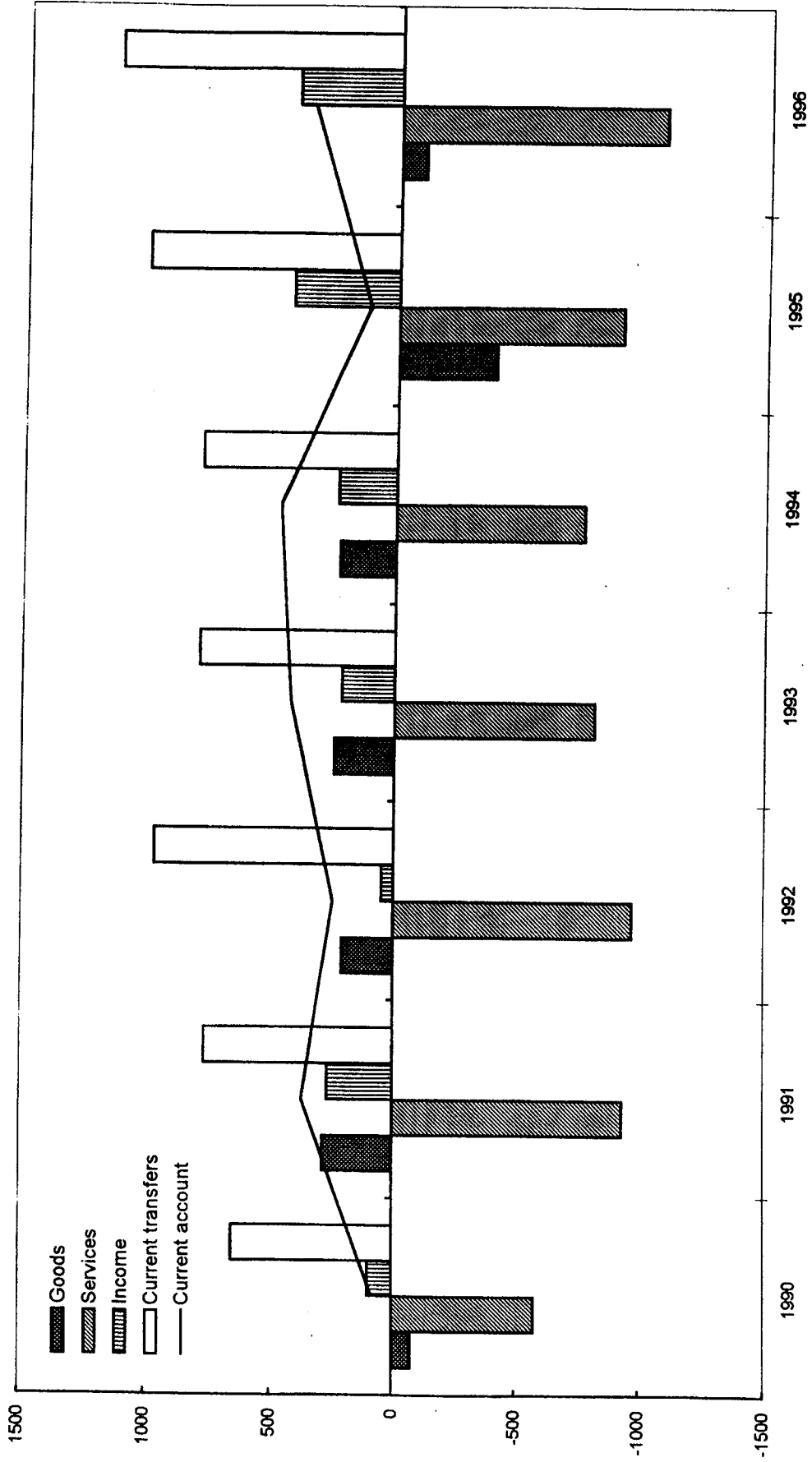
	1991	1992	1993	1994	1995	<u>Prel.</u> 1996
Balance in current account	135.2	87.4	130.5	133.3	31.8	83.1
Merchandise exports, f.o.b.	1,225.3	1,342.5	1,293.4	1,351.0	1,399.9	1,348.9
Merchandise imports, f.o.b.	-1,121.9	-1,268.7	-1,218.0	-1,286.3	-1,511.2	-1,374.1
Services, net	-340.4	-342.4	-251.6	-218.1	-254.1	-252.5
Income, net	97.0	17.0	66.0	67.1	119.1	97.6
Current transfers, net	275.2	338.9	240.8	219.5	278.2	263.1
Balance in capital and financial account,						
including reserve assets	-158.1	-51.6	-103.0	-154.3	-48.4	-78.4
Capital account	28.9	32.1	27.1	43.3	40.1	19.8
Financial account, excluding reserves assets	-199.6	-90.3	-38.6	-122.6	-64.3	-75.3
Direct investment, net	114.3	119.9	46.7	104.1	118.3	135.8
Portfolio investment, net	-25.7	15.9	78.4	44.4	108.4	25.0
Other investment, net	-288.2	-226.1	-163.7	-271.1	-291.0	-236.1
Reserve assets (increase -)	12.5	6.6	-91.4	-75.0	-24.1	-22.9
Net errors and omissions	23.0	-35.7	-27.5	21.1	16.6	-4.7
Memorandum items						
Current account/GDP (in percent)	5.3	3.0	4.8	4.3	0.9	2.6
International reserves (end of year) 1/	58.1	46.3	133.8	202.8	221.6	193.7
In months of imports of goods and services	0.4	0.3	1.0	1.4	1.3	1.4
Net foreign assets of deposit money banks 2/	167.4	90.5	10.0	-55.6	-98.7	11.7

Source: Bank of Namibia.

1/ Gross foreign assets of the Bank of Namibia (established in 1990).

2/ From the balance sheet of deposit money banks (end of period).

Figure 2. Namibia: Components of External Current Account, 1990-96  
(In millions of U.S. dollars)



Source: Bank of Namibia.

## **Exports, imports, and the terms of trade**

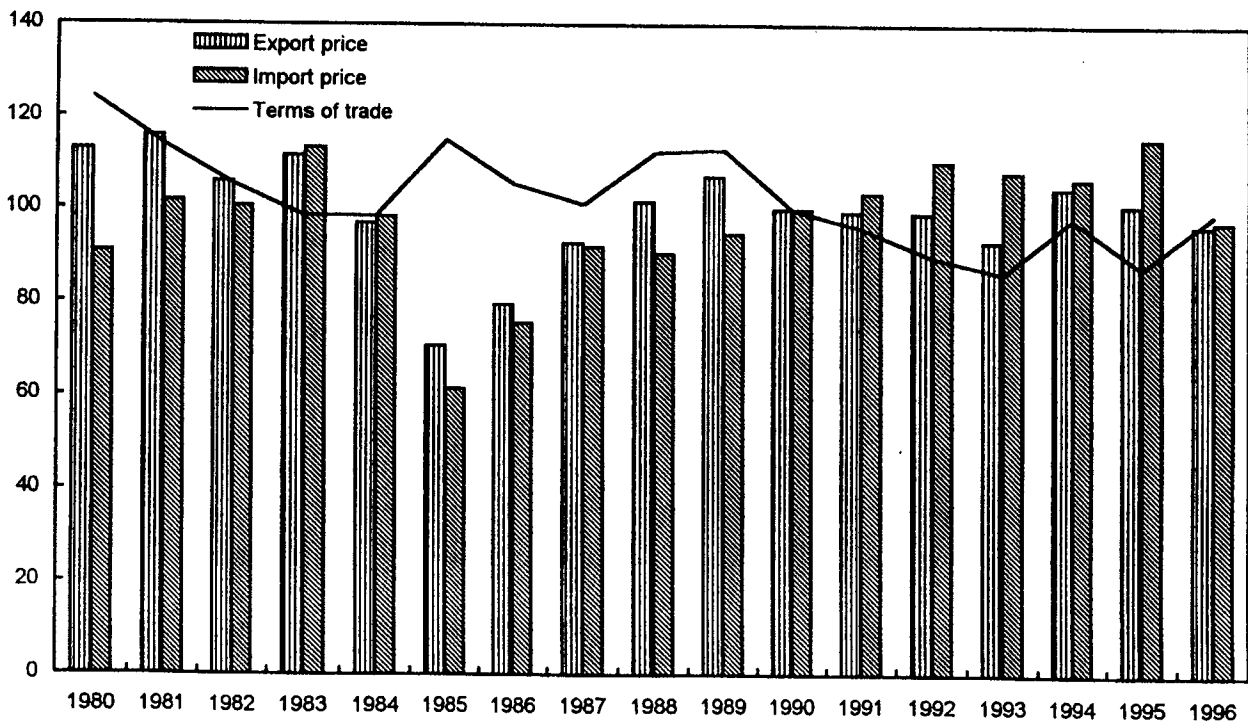
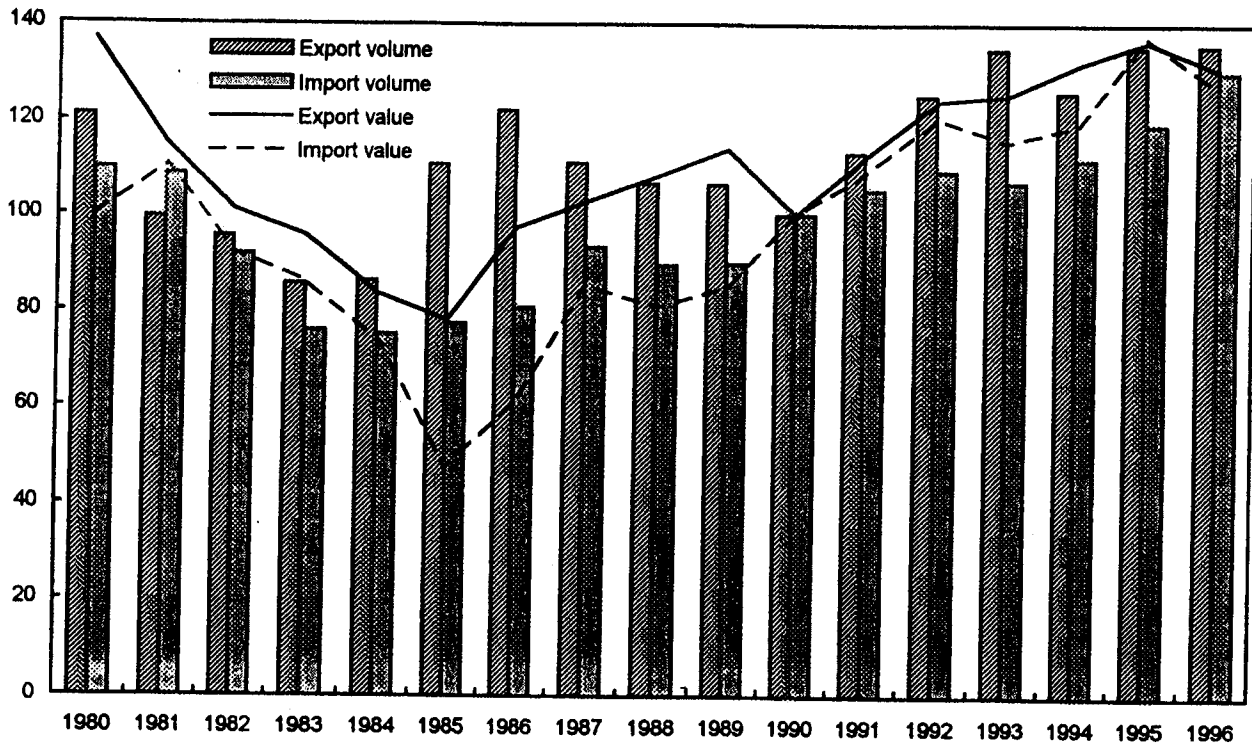
86. Namibia's exports are dominated by primary products, which account for about 80 percent of total exports. Export earnings are thus vulnerable to fluctuations in world commodity prices and changes in the value of the rand. Mineral exports, primarily gem diamonds and uranium, are by far the most important; they contributed almost three-fourths of the total export earnings on average during the second half of the 1980s. Their share has, however, been on a downward trend since 1990 (Appendix Tables 30 and 31), owing to the weakening of the international market for diamonds and uranium in the early 1990s and the dramatic expansion in the value of fish (processed and unprocessed) exports. Diamonds and uranium accounted for almost a half of export earnings in 1996. Other traditional exports—which include beef, other minerals, and live animals—have expanded modestly since 1990 and accounted for 28 percent of total exports in 1996.

87. The growth of Namibia's exports has continued to be dictated by world market conditions, as well as by local weather and marine conditions in the case of live animals and fish. The volume of exports increased by an average of 6 percent a year over the period 1991–95 (Appendix Table 32). During 1996, export volumes more or less stagnated on account of the sharp decline in the output of some of the major export commodities, notably meat and canned fish, and in the output of electricity, owing to drought and unfavorable marine conditions. Export value increased by an average of 6 percent a year over the period 1991–95, as the export value of diamonds, live animals, meat and meat preparations, fish, and manufactured products grew sharply during some of those years. However, export value fell by about 4 percent in 1996, owing in part to the lower unit price (in U.S. dollar terms) of other minerals, live animals, meat and meat products, processed fish, and other manufactures, and to the sharp depreciation of the South African rand (and, hence, the Namibia dollar) vis-à-vis the U.S. dollar during the year. Except in 1994, export prices have been on the downward trend since independence (Figure 3 and Appendix Table 32), and fell by a further 4 percent in 1996.

88. The direction of Namibia's exports has remained virtually unchanged since independence, with about three-fourths of total exports going to markets outside the SACU. Major destinations are the United Kingdom, South Africa, Japan, Spain, and Germany. The United Kingdom has maintained its position as Namibia's leading export market (Appendix Table 34).

89. Since 1990, government efforts have focused on developing and diversifying the export base through the provision of fiscal incentive packages to the manufacturing enterprises and exporters. However, apart from fish processing and—to some extent—meat processing, progress in export diversification has so far been limited. In 1995, the government established EPZs, with significant incentives to attract investors to Namibia as a fast track to industrialization and diversification of the export base of Namibia.

Figure 3. Namibia: External Trade Indices and Terms of Trade, 1980-96  
(In U.S. dollar terms, 1990=100)



Source: Central Statistics Bureau.

90. Namibia's **imports** have grown rapidly, particularly after 1990. Imports reflect closely the import-dependent nature of the economy, as well as the small industrial base inherited at independence in 1990. The value of imports in U.S. dollar terms has generally been on an upward trend (Appendix Table 32). In 1996, import volume rose by 9 percent, but import prices declined by about 16 percent reflecting the depreciation of the rand and the Namibia dollar against the U.S. dollar. The value of imports in U.S. dollar terms declined by about 8 percent (Appendix Table 32). The higher-than-average rise in import volumes in 1996 may have resulted from a combination of factors related to the drought experienced during the year and the increase in the imports of intermediate and capital goods associated with new investments in mining, oil exploration, and the EPZ enterprises. The category of food, live animals, beverages, and tobacco accounted for the largest share of total imports of goods (f.o.b.)—about 21 percent during 1991–94—partly owing to the aftermath of the recurring drought and the food-deficient nature of the economy (Appendix Table 33).<sup>31</sup> Other major imported commodities include vehicles and transport equipment, machinery and electrical goods, mineral fuels and lubricants, and chemical, plastic, and rubber products; together, these accounted for about 45 percent of total imports of goods (f.o.b.) during 1991–94.

91. South Africa remained the leading supplier of Namibia's imports as a result of Namibia's membership in SACU and the high external tariff structure of the customs union.<sup>32</sup> although the shares of other countries such as Russia, Germany, and Zimbabwe in Namibia's total imports are on the increase. During 1995, about 87 percent of imports came from the SACU area, and virtually all of this from South Africa (Appendix Table 34). It is believed, however, that a significant share of these imports may have originated from third countries; trade data collected at Namibia's borders do not reliably separate goods originating from South Africa from those that merely transit through that country.

92. Namibia's **terms of trade** declined in most years during the 1990s, except in 1994 and 1996, because of the depressed world market prices for diamonds and other minerals (Appendix Table 32). The 14 percent improvement in the terms of trade in 1994 was primarily due to a sharp increase in export prices, while the 13 percent improvement in 1996 mainly reflected a significant fall in import prices caused by the rapid depreciation of the rand and the slowing of inflation in South Africa, which more than compensated for the decline in export prices (Figure 3). For 1991–96 as a whole, the terms of trade improved by 2 percent. Namibia has been insulated from severe terms of trade shocks because of the composition and pricing mechanisms of its exports and imports. Export prices are fixed in the major international currencies, while most imports are denominated in rand, so that any depreciation of the rand increases export prices relative to import prices. In addition, the trade reforms being implemented by South Africa within the context of the World Trade Organization (WTO)

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<sup>31</sup> A breakdown of imports by commodity is not available beyond 1994.

<sup>32</sup> All SACU members apply the same tariff regime; SACU provides for a common external tariff, determined by South Africa, free trade within the union, and a revenue-sharing arrangement.

agreements have also put downward pressure on import prices. SACU external tariffs, which are in effect South Africa's external tariffs, are being reduced over a six-year schedule under the WTO arrangement. All import surcharges, ranging from 5 percent to 40 percent, were eliminated effective October 1, 1995, and the duty on cars was reduced in stages from 100 percent to 61 percent by May 1996.<sup>33</sup>

### **Services, income, and transfers**

93. A large deficit in the services account has been a feature of Namibia's balance of payments since 1990, although since 1993 the deficit has to some extent been offset by net travel receipts. The deficit reflects the high transportation costs, including charter fees paid for foreign fishing vessels, and payments for business, professional, administrative, management, technical, and other financial services. However, the expansion in local ownership of the fishing fleet has helped to reduce significantly charter fees. In addition, net travel receipts, including receipts from tourism, increased substantially from 1991 to 1994, but these receipts have subsequently leveled off. As a result, the deficit in the services account declined from 13 percent of GDP in 1991 to slightly less than 7 percent in 1994 before increasing to close to 8 percent by 1996.

94. Namibia's income account has continued to record sizable surpluses, driven largely by the increased income from portfolio investments abroad by pension funds and life insurance companies. The net investment income surplus rose steadily to reach US\$119 million in 1995; however, this fell to about US\$99 million in 1996 on account of significantly lower receipts on direct investment, as receipts of dividends and branch profits were almost halved (Appendix Table 29).

95. Current transfers have fluctuated but remained significantly in surplus since 1990. The major component of current transfers is Namibia's share in SACU receipts, which was equivalent to over US\$300 million a year in 1995 and 1996. Changes in SACU receipts generally reflect changes in the level of imports; although with a two-year lag, the formula for calculating each country's share is based on actual imports two years earlier. The other major component of current transfers is foreign aid receipt (cash and in kind). Foreign aid receipts peaked at US\$147 million in 1992 but have since been on a downward trend, registering US\$61 million in 1996. This movement is consistent with the global downward trend in official development assistance in recent years.

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<sup>33</sup> While these measures, and future reductions in tariffs, will result in cheaper imported inputs and thus enhance Namibia's competitive position, they may not likely affect the country's import price index in any significant manner.

### **C. The Capital and Financial Account**

96. Namibia's overall capital and financial account, excluding reserve assets, consistently had net outflows during 1991-96, largely reflecting the outflows of pension funds and life insurance assets. Transactions in the capital account although relatively negligible, have been in surplus. However, the surplus fell sharply in 1996, as existing capital projects came close to completion. Meanwhile, the deficit in the financial account, excluding reserve assets, increased modestly in 1996 to US\$75 million.

97. Direct investment (net) in Namibia, which has been on a rising trend since 1993, increased further in 1996 to US\$136 million, driven by investments in mining, especially oil exploration, and retail trade. This increase included new equity capital and reinvested earnings, amounting to US\$67 million and US\$64 million, respectively. There also continued to be net inflows on portfolio investment, although at a lower level than in recent years. Notwithstanding significant investment in tradeable securities, mostly on the Namibian Stock Exchange, this was partly offset by substantial redemptions of maturing government securities.

98. The main financial outflow is on long-term investment abroad (mainly in South Africa) by Namibian pension funds and life insurance companies. Although this outflow continued to be significant, even with the imposition of the 35 percent domestic asset requirement, a modest decline was recorded in 1996. Combined, these transactions by pension funds and life insurance companies contracted from US\$381 million in 1995 to US\$276 million in 1996, in part due to increased investment in dual-listed companies on the Namibian Stock Exchange. Long-term foreign liabilities of general government, which primarily consist of concessional foreign loans also increased in 1996. The movements under "short-term" liabilities include transactions by deposit money banks. In 1996, as liquidity conditions eased, the deposit money banks reversed funding demands on their parent companies and registered an outflow of US\$96 million, compared with an inflow of US\$45 million in the preceding year.

### **D. International Reserves**

99. Prior to the introduction of the Namibia dollar in September 1993, foreign exchange reserves were low, covering only two weeks of imports of goods and services. However, foreign exchange holdings in 1993 rose to US\$134 million, providing an import cover of one month. Since then, foreign exchange reserves have increased further in real terms, although the depreciation of the rand, in which most reserves is held, resulted in a decrease in reserves in 1996 in U.S. dollars. Import cover was maintained at the equivalent of 1.3-1.4 months of imports of goods and services.

### **E. Exchange Rate Developments**

100. As a result of the parity between the Namibian dollar and the South African rand, movements in the nominal exchange rate of Namibian dollar against the U.S. dollar are the same as those of the rand. The Namibia dollar had depreciated vis-à-vis the U.S. dollar during 1996 by about 22 percent (end-of-period basis). But appreciated about 2 percent during the



first seven months of 1997. The nominal effective exchange rate<sup>34</sup> has gradually depreciated in recent years, with some acceleration in the rate of depreciation in 1995 and 1996 due to the weakening in the rand. The depreciation has been approximately offset by the somewhat higher inflation in Namibia than the average for its trading partners, and the real effective rate has generally been fairly steady. The real effective rate depreciated slightly in 1996 but by mid-1997, it was about the same as the average level in 1994 and 1995 (Figure 4 and Appendix Table 35).

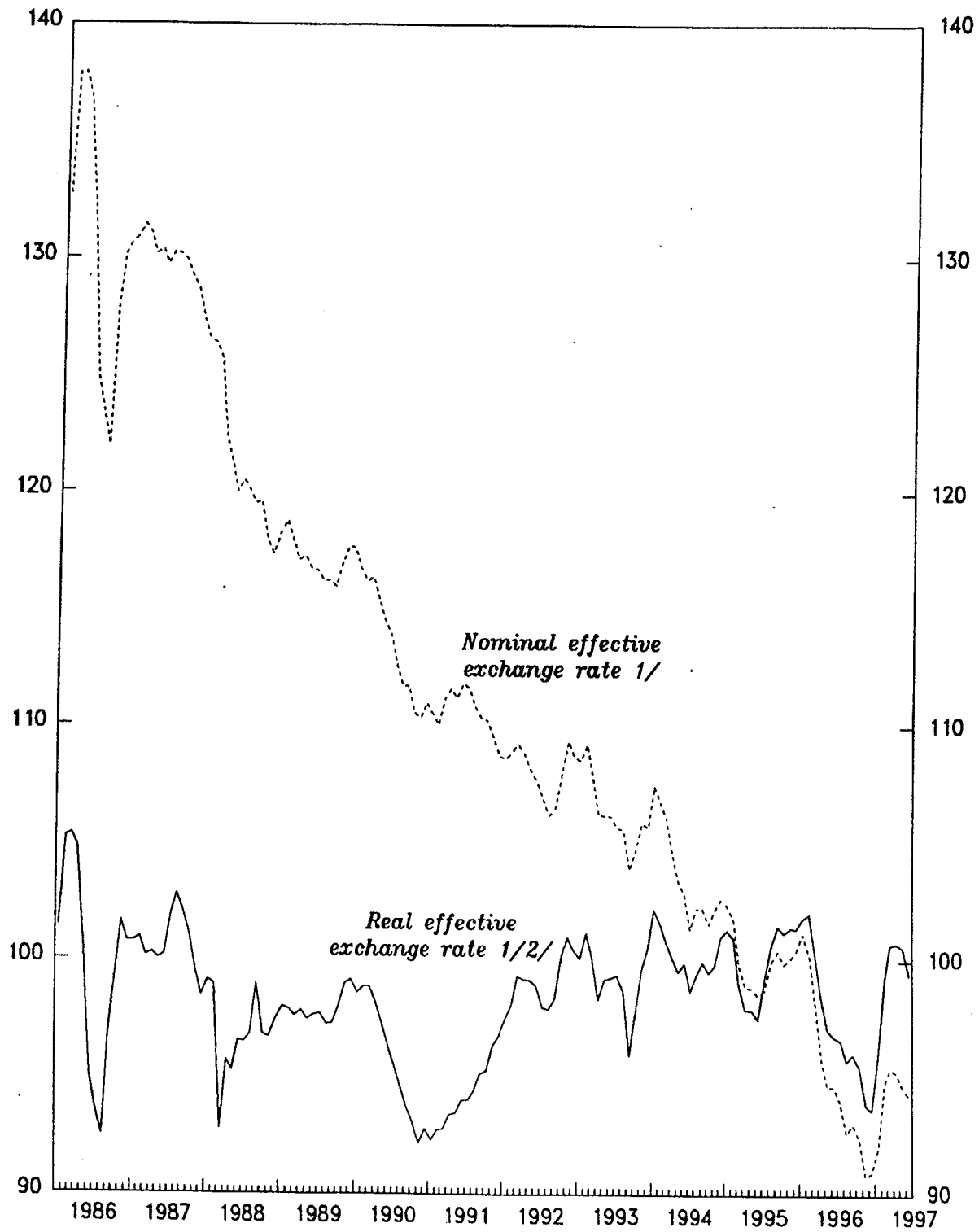
#### F. Exchange System Developments

101. Effective September 20, 1996, Namibia accepted the obligations of Article VIII, Sections 2, 3, and 4 of the Fund's Articles of Agreement. It now maintains an exchange system free of restrictions on payments and transfers for current international transactions although indicative limits have been retained for certain current transactions to make the remaining controls on capital outflows effective. Acceptance of Article VIII obligations has been the culmination of a steady process of liberalization of the exchange system for current transactions, as well as more recently for transactions. The "financial rand" system, which created a dual exchange rate practice, was abolished by South Africa (and therefore by Namibia) on March 13, 1995, thus paving the way for a unified exchange rate for the rand. Several further changes to the exchange system were introduced during 1996 and 1997: Foreign investors' access to domestic credit was relaxed; the borrowing limit was doubled, and a wholly nonresident-owned company can now borrow up to 100 percent of shareholders' equity locally. The limit in respect of asset swap transactions was increased from 5 percent to 10 percent of the total assets of the local fund. Corporate entities that produce for exports and that also import goods are allowed to offset the cost of imports against export proceeds. Namibian corporate entities wishing to invest abroad are allowed to invest up to a limit of N\$30 million by way of direct investment. Companies operating in the EPZs are allowed to maintain foreign currency accounts via a local authorized dealer, as well as through nonresident Namibia dollar accounts. Also a new facility of N\$50 million in respect of investment in SADC member countries was introduced. The limit on the release from emigrants' blocked accounts was increased from N\$50,000 to N\$100,000 a year in respect of gifts and donations to third parties resident in Namibia. The indicative limit applicable to technical service payments abroad was increased from N\$75,000 to N\$150,000 per contract. The indicative limit for Namibians traveling abroad was increased from N\$60,000 to N\$80,000 a year per person 12 years and above, while the indicative limit for children less than 12 years of age was increased to N\$25,000 per child for each calendar year.

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<sup>34</sup> Owing to different trade patterns and differences in the commodity basket used to compute the consumer price index, Namibia's trade-weighted exchange rate is different from that of South Africa. However, the trends are broadly similar.

Figure 4. Namibia: Effective Exchange Rates, January 1986-June 1997  
(Period average, 1995=100)



Source: IMF, *International Financial Statistics*.

1/ Calculated by using Namibia's trade weight in 1993. Third-market effect are excluded.

2/ Based on relative consumer prices.

### **G. Export Processing Zones (EPZs)**

102. Against the backdrop of the small industrial base inherited at independence and the fairly developed and highly protected industrial sector in South Africa, Namibia has chosen the establishment of EPZs as its fast track to industrialization, and as a way to help address the problem of high unemployment. An EPZ Act was promulgated in 1995 with provisions for significant and generous incentive packages (Box 4). The first EPZ has been set up in Walvis Bay, Namibia's only commercial port. Walvis Bay will be linked to the southern African region in 1998 by the trans-Kalahari and trans-Caprivi highways, which are currently under construction and slated for completion by June 1998. It is envisaged that the Walvis Bay EPZ will benefit from the deepwater harbor and from Namibia's preferential market access to the EU market, through the Lomé Convention, as well as to the North American markets through the Generalized System of Preferences. In terms of proximity, the port is closer to Europe than Durban in South Africa, which is currently serving the southern African region.

103. The Namibian authorities report that EPZs have taken off fairly well and have generated considerable interest. Since 1995, about 24 companies have been granted EPZ status, of which 6 commenced activities during late 1996. The total local and foreign investment from the 24 companies is estimated at about US\$73 million<sup>35</sup> and, after one year of operation, it is estimated that more than 2,000 jobs have been created. The sectors that have attracted the greatest interests are mining—charcoal, silica, manganese, and gemstone production; motor vehicle components and refurbishing; electronic equipment; ostrich meat processing and production of ostrich skins and tannery; wood products; polished diamond manufacturing; and internet-related services.

104. In order to facilitate EPZ operations, the government also made provisions for the establishment of two administrative bodies—an Offshore Development Company (ODC) and Export Processing Zone Management Companies (EPZMCs). The ODC is charged with monitoring, coordinating, regulating, and promoting and marketing the EPZ regime to ensure significant flow of investment to the zones. The EPZMCs are charged with establishing and running industrial parks in which EPZ enterprises may choose to operate. So far, only one EPZMC has been established in Walvis Bay, although any individual, business, or municipality may apply to set up an EPZMC.

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<sup>35</sup> Using the end-May 1997 exchange rate.

**Box 4. Key Features of Namibia Export Processing Zone (EPZ) and Incentive Packages for EPZ Enterprises**

- Any business that exports from Namibia may apply for EPZ status. However, to qualify for EPZ status, a business must export all or almost all its output. Preference for EPZ status is primarily given to manufacturers and processors of Namibian or imported raw materials that earn hard currency and employ Namibians. Certain nonmanufacturing activities, such as warehousing, packaging and break-bulk operations could also be considered for EPZ status.
- An enterprise that exports only a portion of its output can apply for EPZ status, provided that it separates its export activities into a separately registered company.
- Existing enterprises can apply for EPZ status.
- EPZ enterprises do not enjoy duty-free access to the SACU market. Namibian EPZ exports into SACU faces the same tariff regimes as any other non-SACU exporter to SACU.
- Enterprises are to determine the choice of location.
- Indefinite exemptions are granted from corporate income tax, custom or import duties on imported intermediate and capital goods, general sales tax and additional sales duty, stamp duties, and transfer taxes on goods and services for EPZ activities.
- Strikes and lockouts within the zone are excluded for the first five years of the zones, with a possibility of renewal (1996 amendments to the 1992 Labor Act).
- Foreign currency accounts are maintained by EPZ companies for business operations, free of exchange control regulations.
- Enterprises are guaranteed the right to repatriate capital, dividends, and profits through an authorized dealer without recourse to the Bank of Namibia.
- EPZ enterprises are eligible for generous training grants while they work up to speed and, thereafter, to further upgrade the skills and productivity of their workforces. Reimbursement, in the form of a government grant, of 75 percent of all direct expenditures on approved on-the-job training or training courses are provided by the government.
- EPZ enterprises are to enjoy preferential access to the European Union as well as to the U.S. and other markets, as laid out under the Lomé Convention and the Generalized System of Preferences, respectively. This is applicable also to non-EPZ exporters in Namibia.
- EPZ enterprises are to enjoy hassle-free “one-stop” services—to be provided by the Offshore Development Company (ODC) and the Export Processing Zone Management Companies (EPZMCs)—in the areas of work permits, factory shells, power and water supply, trade queries and labor issues, and accession to equity finance.

Namibia: Summary of the Tax System, June 1997  
(All amounts in Namibia dollars)

Tax	Nature of Tax	Exemptions and Deductions	Rates
Central government			
1. Taxes on net income and profits			
1.1. Taxes on companies			
1.1.1 Company income tax (Income Tax Act No. 24 of 1981, as amended)	Income tax is levied on the taxable income of any company registered in Namibia and on the taxable income of foreign companies generated in Namibia. Taxable income is defined as gross income less allowable deductions and loss offsets. The year of assessment is the financial year of the company. Companies are required to make two provisional tax payments in respect of each year of assessment, i.e., the first within six months after the commencement of the year of assessment, and the second at the end of such year.	<p>Deductions include normal operating costs and interest, but exclude dividends declared and capital expenditures.</p> <p>Capital expenditure allowances: nonmining</p> <p>Expenditure is incurred during the year of assessment in respect of machinery, improvements, utensils, and articles used by the taxpayer for the purposes of his trade is allowed as follows: one-third in the year of acquisition, one-third in the second year, and one-third in the third year.</p> <p>The principal assets, on which depreciation is not allowed, are intangible assets such as goodwill, patents, and trademarks. However, the cost of patents and trademarks can be written off over the expected life of the patent or trademark or 25 years, whichever is the lesser.</p>	<p>Nonmining: 35 percent on taxable income derived within Namibia.</p> <p>All mining except diamond mining: for all mining except diamond mining, the following formula applies:</p> $y = 60 - \frac{480}{x}$ <p>in which <math>y</math> represents the percentage of taxation and <math>x</math> the ratio (expressed as a percentage) of the taxable income derived to the income derived; <math>y</math> is subject to a minimum of 25 percent.</p>
	Comprehensive agreements for the avoidance of double taxation and fiscal evasion are in force with South Africa and the United Kingdom. Agreements with Germany, Sweden, France, and India have been signed and will come into force after ratification by the national assembly. Further agreements are in various stages of finalization with Romania, Russia, Malaysia, Singapore, Zimbabwe, and Poland.		Diamond mining: 50 percent of taxable income plus a surcharge of 10 percent, yielding an effective rate of 55 percent.
	Mining companies are subject to special taxation provisions.		The rate of taxation was extended to companies rendering services in connection with the mining for diamonds on behalf of any person licensed to conduct such mining operations as from January 1995

Namibia: Summary of the Tax System, June 1997 (continued)  
(All amounts in Namibia dollars)

Tax	Nature of Tax	Exemptions and Deductions	Rates
	<p>Tax incentives are granted to manufacturing enterprises and to exporters of manufactured goods (excluding fishing and meat products). Eighty percent of the profits resulting from the export of qualifying manufactured goods are exempt from company income tax. Manufacturers receive a special deduction from taxable income ranging from 5 percent to 50 percent in the first year and falling to 5 percent over a period of 14 years.</p>	<p>Capital expenditure initial and annual allowances: buildings</p>	
		<p>In respect of buildings used by the taxpayer for the purposes of his trade, a deduction of 20 percent of the cost of erection of the building is allowed in the year in which it is brought into use and 4 percent a year for 20 years following the year of erection. However, in the case of a manufacturer, the initial deductions following the 20 percent are enhanced to 8 percent for the following 10 years.</p>	
		<p>Capital expenditure allowances: mining</p>	
		<p>Capital expenditure consists of development and exploration expenditure. Exploration expenditure can be written off in full in the assessment year during which it is incurred. Development expenditure can be deducted on the following basis: one-third in the assessment year in which the expenditure is incurred; one-third in the ensuing assessment year; and one-third in the second ensuing assessment year.</p>	
1.2	Taxes on individuals		
1.2.1	<p>Individual income tax: general (Income Tax Act No. 24 of 1981)</p>	<p>The aggregate of the amounts that may be deducted in terms of contributions to retirement annuity funds, and provident and pension funds shall not in a year of assessment exceed the sum of N\$15,000.</p>	<p>The tax payable is calculated by applying the rates shown below to the taxable amount.</p> <p>The tax rates are as follows:</p>
	<p>An income tax is levied on income that has accrued to, or been received by, a person from any source within or deemed to be within Namibia. Individuals are assessed on their gross income (excluding capital receipts and exempt income) less allowable deductions and any losses that may be set off.</p>		

Namibia: Summary of the Tax System, June 1997 (continued)  
(All amounts in Namibia dollars)

Tax	Nature of Tax	Exemptions and Deductions	Rates																		
	Wage and salary earners are subject to a withholding tax at source (pay-as-you-earn). Persons whose income comprises mainly remuneration of which the amount, after some deductions, does not exceed N\$15,000 are not required to submit income tax returns. Self-employed taxpayers are registered as provisional taxpayers. Provisional taxpayers are required to estimate their income for the year of assessment, calculate tax thereon, and this amount of tax in two half-yearly installments. Capital gains are not subject to tax. Dividends are tax exempt, except building society dividends. Interest received on investments with NamPost are exempted from tax (companies do not enjoy this exemption).	Individual may deduct an aggregate of N\$ 15,000 from their gross income in respect of contributions to retirement annuity funds, provident and/or pension funds, and premiums paid on educational policies for their children.  Husband and wife are taxed independent from each other.	<table border="0"> <tr> <td>Taxable Amount</td> <td>Rates of Tax</td> </tr> <tr> <td>Where the taxable amount</td> <td>no tax payable:</td> </tr> <tr> <td>does not exceed N\$15,000,</td> <td></td> </tr> <tr> <td>exceeds N\$15,000 but does not exceed N\$20,000,</td> <td>10% of the amount over N\$15,000;</td> </tr> <tr> <td>exceeds N\$20,000, but does not exceed N\$30,000,</td> <td>N\$500 plus 15% of the amount by which the taxable amount exceeds N\$20,000;</td> </tr> <tr> <td>exceeds N\$30,000, but does not exceed N\$40,000,</td> <td>N\$2,000 plus 20% of the amount by which the taxable amount exceeds N\$30,000;</td> </tr> <tr> <td>exceeds N\$40,000, but does not exceed N\$50,000,</td> <td>N\$4,000 plus 25% of the amount by which the taxable amount exceeds N\$40,000;</td> </tr> <tr> <td>exceeds N\$50,000, but does not exceed N\$80,000,</td> <td>N\$6,500 plus 30% of the amount by which the taxable amount exceeds N\$50,000;</td> </tr> <tr> <td>exceeds N\$80,000,</td> <td>N\$15,500 plus 35% of the amount by which the taxable amount exceeds N\$80,000.</td> </tr> </table>	Taxable Amount	Rates of Tax	Where the taxable amount	no tax payable:	does not exceed N\$15,000,		exceeds N\$15,000 but does not exceed N\$20,000,	10% of the amount over N\$15,000;	exceeds N\$20,000, but does not exceed N\$30,000,	N\$500 plus 15% of the amount by which the taxable amount exceeds N\$20,000;	exceeds N\$30,000, but does not exceed N\$40,000,	N\$2,000 plus 20% of the amount by which the taxable amount exceeds N\$30,000;	exceeds N\$40,000, but does not exceed N\$50,000,	N\$4,000 plus 25% of the amount by which the taxable amount exceeds N\$40,000;	exceeds N\$50,000, but does not exceed N\$80,000,	N\$6,500 plus 30% of the amount by which the taxable amount exceeds N\$50,000;	exceeds N\$80,000,	N\$15,500 plus 35% of the amount by which the taxable amount exceeds N\$80,000.
Taxable Amount	Rates of Tax																				
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Namibia: Summary of the Tax System, June 1997 (continued)  
(All amounts in Namibia dollars)

Tax	Nature of Tax	Exemptions and Deductions	Rates
1.3 Other			
1.31 Taxes on royalties and know-how (Income Tax Act No. 24 of 1981)			Normal tax rate applicable to companies, computed on 30 percent of the royalty paid.
1.32 Tax on nonresidential shareholders (Income Tax Act No. 24 of 1981)	Tax on nonresidential shareholders is a tax on dividend income derived by nonresidents. The tax is withheld by the company declaring the dividends.		10 percent on the amount of the dividend.
2. Taxes on property			
2.1 Property transfer taxes (Transfer Duty Act No. 14 of 1993)	Property transfer taxes are taxes payable on the purchase consideration or fair value (whichever is the greater) of transfers of immovable property.	Building stands (even vacant) of which the value does not exceed N\$24,000, and dwellings of which the value does not exceed N\$60,000 are tax exempt.	Tax rate is 1 percent in the case of unimproved land that does not exceed N\$24,000 in value, and in the case of improved land that does not exceed N\$60,000 in value;
			Tax rate is 5 percent in the case of unimproved land that exceeds N\$24,000 but does not exceed N\$250,000 in value, and in the case of improved land that exceeds N\$60,000 but not N\$250,000 in value; and
			Tax rate is 8 percent if the value of the land exceeds N\$250,000, irrespective of whether such land is improved or unimproved land.
			In the case of the acquisition of agricultural land by a person to whom an advance for the purposes of such acquisition is made by the Agricultural Bank of Namibia, in accordance with the provisions of Section 46(1)(a) of the Agricultural Bank Act, 1944 (Act 13 of 1944), the rate at which transfer duty shall be levied on the value of such property shall be
			1 percent if the value does not exceed N\$30,000; and 3 percent if value exceeds N\$30,000.



Namibia. Summary of the Tax System, June 1997 (continued)  
(All amounts in Namibia dollars)

Tax	Nature of Tax	Exemptions and Deductions	Rates
3. Taxes on goods and services			
3.1 General sales tax (Sales Tax Act, 1992, No. 5 of 1992)	<p>Tax is levied on the value of transactions involving the following:</p> <ul style="list-style-type: none"> <li>• the sale of goods;</li> <li>• leased property under financial leases;</li> <li>• rental agreements in respect of goods;</li> <li>• the rendering of (taxable) services;</li> <li>• the supply of board and lodging;</li> <li>• the letting of transient accommodation;</li> <li>• the import of goods; and</li> <li>• the application of goods for own use or consumption by persons carrying on enterprises.</li> </ul> <p>Sales tax on imports cleared under the Customs and Excise Act, No. 91 of 1964, is based on the value for customs duty purposes, plus any duty levied under that Act, plus 10 percent of the said value.</p> <p>Where goods are not so cleared, sales tax on imports is based on the free-on-board value of the goods.</p>	<p>All vendors whose gross annual receipts from the sale of goods exceed N\$50,000 and all vendors who render taxable services are required to be registered.</p> <p>Auctioneers, financial leasing, and rental or accommodation or hotel enterprises have to be registered. The tax applies to professional services, except medical services.</p>	<p>Every sale of goods and all imported goods are taxed at an 8 percent rate.</p> <p>Services are taxed at an 11 percent rate.</p>
3.2 Additional sales levies (Additional Sales Levies Act No. 11 of 1993)	<p>Additional sales levies payable are added onto the value of goods imported before sales tax is levied.</p> <p>The sales levy is levied on value of goods imported into Namibia, and on the sale of goods manufactured in Namibia by a manufacturer.</p>		<p>Rates vary from 0 percent on basic goods to 15 percent on luxury goods.</p>

Namibia: Summary of the Tax System, June 1997 (concluded)  
(All amounts in Namibia dollars)

Tax	Nature of Tax	Exemptions and Deductions	Rates
	<p>Levies are payable on the following value:</p> <ul style="list-style-type: none"> <li data-bbox="310 1157 456 1619">• In relation to sales by a manufacturer, the sum of all the amounts of the consideration accruing to the manufacturer in respect of a sale but excluding delivery charges if shown separately on invoice.</li> <li data-bbox="488 1157 651 1619">• In relation to goods imported that are to be cleared under the Customs and Excise Act, No. 91 of 1964, the value thereof for customs duty purposes, plus any duty levied under the said Act, plus 10 percent of the said value.</li> <li data-bbox="683 1157 813 1619">• In relation to goods imported that are not to be cleared under the Customs and Excise Act, the free-on-board value of the goods, plus 10 percent of the said value.</li> </ul>	<p>A rebate is granted on dutiable goods that are used by diplomatic representatives, etc., and on taxable goods used by producers in the manufacture of taxable goods for industrial or commercial purposes.</p>	<p>Applicable additional sales levy rates are set out in a schedule to the act and are based on the tariff headings as prescribed in the Customs and Excise Act, No. 91 of 1964.</p>
<p>3.3 Selective excises (Customs and Excise Act No. 91 of 1964, as amended)</p>	<p>Duties are payable by the manufacturer or importer of certain commodities. Most are specific, but some ad valorem rates exist.</p>	<p>A rebate is granted on dutiable goods that are used by diplomatic representatives, etc., and on taxable goods used by producers in the manufacture of taxable goods for industrial or commercial purposes.</p>	<p>For alcohol products, the following rates are in effect:</p> <ul style="list-style-type: none"> <li data-bbox="911 191 967 642">• for beer made from malt rates vary from 6,249c to 7,184c per 100 liters;</li> <li data-bbox="976 170 1032 642">• for wine, fortified and sparkling rates vary from 2,300c to 8,404c per 100 liters;</li> <li data-bbox="1040 170 1089 642">• for spirits rates vary from 163,838c to 168,275c per 100 liters of absolute alcohol.</li> </ul> <p>The following rates apply to manufactured tobacco products:</p> <ul style="list-style-type: none"> <li data-bbox="1179 327 1203 642">• for cigars, 230c per kg net;</li> <li data-bbox="1211 264 1235 642">• for cigarettes, 28.45c per 10; and</li> <li data-bbox="1243 170 1300 642">• for cigarette tobacco, 35.5c per 50 kg plus 213c per kg tobacco.</li> </ul>
	<p>The following rates apply to petrol products:</p> <ul style="list-style-type: none"> <li data-bbox="1365 327 1390 642">• from coal, 3.909c per liter;</li> <li data-bbox="1398 380 1422 642">• other, 3.909c per liter.</li> <li data-bbox="1430 390 1455 642">• Levy, 59.9c per liter.</li> </ul>	<p>The following rates apply to petrol products:</p> <ul style="list-style-type: none"> <li data-bbox="1365 327 1390 642">• from coal, 3.909c per liter;</li> <li data-bbox="1398 380 1422 642">• other, 3.909c per liter.</li> <li data-bbox="1430 390 1455 642">• Levy, 59.9c per liter.</li> </ul>	<p>The following rates apply to petrol products:</p> <ul style="list-style-type: none"> <li data-bbox="1365 327 1390 642">• from coal, 3.909c per liter;</li> <li data-bbox="1398 380 1422 642">• other, 3.909c per liter.</li> <li data-bbox="1430 390 1455 642">• Levy, 59.9c per liter.</li> </ul>

Namibia: Summary of the Tax System, June 1997 (concluded)  
(All amounts in Namibia dollars)

Tax	Nature of Tax	Exemptions and Deductions	Rates	
4. Taxes on international trade and transactions	4.1 Customs duties Customs and Excise Act (No. 91 of 1964, as amended)	A three-column tariff schedule based on the Brussels nomenclature with general, most favored nation, and preferential rates of duty is applied. Preferential treatment is given to goods from the United Kingdom and, in some cases, goods from Canada and Ireland. Namibia is in a customs Union with South Africa, Botswana, Lesotho, and Swaziland.	Rebates are allowed for certain goods used in manufacture by approved industries or by particular institutions and bodies.	Import duties vary widely.
5. Other taxes	5.1 Stamp duties (Stamp Duties Act No. 15 of 1993)	Most duties are assessed ad valorem at f.o.b. value, but there are a number of specific duties.	Ad valorem or specific taxes are payable on a wide range of legal documents such as agreements, bills of exchange, bonds, fixed deposit receipts, leases, marketable securities, and transfer deeds.	Rates of stamp duty vary for different instruments and also for a particular instrument. Examples are agreements of lease (N\$5-15 per N\$1,000); bills of exchange (N\$2 per N\$1,000); fixed deposit receipts (N\$1 per N\$1,000).
6. Compound interest on outstanding income tax, sales tax, and additional sales levy is payable at 20 percent a year, calculated daily and compounded monthly.		Most securities issued by certain public corporations and public authorities are exempt from stamp duty on issue and transfers. Where marketable securities tax is chargeable, brokers' notes do not attract stamp duty.		

Source: Ministry of Finance.

Table 1. Namibia: Gross Domestic Product and Gross National Income at Current Prices, 1991-96

(In millions of Namibia dollars, unless otherwise indicated)

	1991	1992	1993	1994	1995	Prel. 1996
GDP at factor cost	6,162	7,169	7,506	9,393	10,473	11,909
Compensation of employees	2,937	3,521	3,797	4,282	4,871	5,100
Consumption of fixed capital 1/	1,066	1,182	1,253	1,471	1,677	1,904
Net operating surplus	2,159	2,466	2,456	3,640	3,925	4,905
Plus: taxes on production and imports	980	1,237	1,457	1,694	1,933	2,149
Less: subsidies	68	123	103	102	144	171
GDP at market prices	7,074	8,285	8,858	10,986	12,262	13,885
Plus: net primary incomes from rest of the world	268	48	215	238	432	418
Receivable from rest of the world	673	579	736	799	1,320	1,264
Payable to rest of the world	-405	-531	-521	-561	-888	-846
GNI at factor cost 2/	6,430	7,217	7,721	9,631	10,905	12,327
GNI at market prices 2/	7,342	8,333	9,073	11,224	12,694	14,303
Plus: Net current transfers	759	966	785	779	1,009	1,131
Receivable from rest of the world	1,118	1,384	1,235	1,264	1,599	1,741
Payable to rest of the world	-359	-418	-450	-485	-590	-610
Gross national disposable income	8,101	9,299	9,858	12,003	13,703	15,434
Memorandum items:						
Real GNI at constant 1990 prices 2/	6,883	6,914	6,698	7,695	7,714	8,430
Percentage change	5.8	0.5	-3.1	14.9	0.2	9.3
Per capita GDP at current market prices	5,017	5,701	5,910	7,105	7,692	8,452
Per capita GNI at current market prices 2/	5,206	5,734	6,054	7,259	7,964	8,706
Per capita GDP at constant 1990 market prices	4,805	5,006	4,755	4,916	5,011	5,007
Percentage change	2.5	4.2	-5.0	3.4	1.9	-0.1
Per capita real GNI at constant 1990 prices 2/	4,882	4,758	4,468	4,977	4,839	5,131
Percentage change	2.6	-2.5	-6.1	11.4	-2.8	6.0

Source: Central Statistics Bureau.

1/ Provision for depreciation.

2/ GNI = gross national income.

Table 2. Namibia: Gross Domestic Product by Industrial Origin at Current Prices, 1991-96

(In millions of Namibia dollars)

	1991	1992	1993	1994	1995	<u>Prel.</u> 1996
GDP at current basic prices	6,217	7,203	7,602	9,519	10,571	12,014
<b>Agriculture</b>	661	474	520	954	1,008	1,124
Commercial agriculture	444	362	391	633	613	727
Subsistence agriculture	217	112	129	321	395	397
<b>Fishing</b>	140	217	261	327	366	465
<b>Mining and quarrying</b>	1,103	1,112	851	1,371	1,234	1,812
Diamond mining	722	775	598	872	763	1,168
Other mining and quarrying	381	337	253	499	471	644
<b>Subtotal, primary industries</b>	1,904	1,803	1,632	2,652	2,608	3,401
<b>Manufacturing</b>	772	958	1,170	1,370	1,518	1,408
Meat processing	57	64	70	77	85	84
Fish processing	96	196	316	413	444	213
Other manufacturing	619	698	784	880	989	1,111
<b>Electricity and water</b>	105	160	110	192	285	313
<b>Construction</b>	145	215	252	305	351	347
<b>Subtotal, secondary industries</b>	1,022	1,333	1,532	1,867	2,154	2,068
<b>Wholesale and retail trade and repairs</b>	470	581	640	725	833	958
<b>Hotels and restaurants</b>	96	123	129	178	223	226
<b>Transport and communications</b>	304	357	398	475	552	631
Transport and storage	190	215	245	283	339	374
Post and telecommunications	114	142	153	192	213	257
<b>Finance, real estate, and business services</b>	571	691	778	862	982	1,148
Financial intermediation	255	289	341	331	416	566
Financial services indirectly measured	-224	-254	-300	-307	-380	-467
Real estate and business services	540	656	737	838	946	1,049
Owner-occupied dwellings	338	407	453	515	580	642
Other real estate and business services	202	249	284	323	366	407
<b>Community, social, and personal services</b>	77	86	101	118	135	155
<b>General government</b>	1,617	2,041	2,182	2,404	2,817	3,133
<b>Other producers</b>	156	188	210	238	267	294
<b>Subtotal, tertiary industries</b>	3,291	4,067	4,438	5,000	5,809	6,545
<b>Plus: import duties</b>	278	323	362	380	453	488
Other taxes on products	579	759	894	1,087	1,238	1,383
<b>GDP at market prices</b>	7,074	8,285	8,858	10,986	12,262	13,885

Source: Central Statistics Bureau.

Table 3. Namibia: Sectoral Composition of GDP, 1991-96

(In percent of GDP at current basic prices)

	1991	1992	1993	1994	1995	Prel. 1996
GDP at current basic prices	100.0	100.0	100.0	100.0	100.0	100.0
Agriculture	10.6	6.6	6.8	10.0	9.5	9.4
Commercial agriculture	7.1	5.0	5.1	6.6	5.8	6.1
Subsistence agriculture	3.5	1.6	1.7	3.4	3.7	3.3
Fishing	2.3	3.0	3.4	3.4	3.5	3.9
Mining and quarrying	17.7	15.4	11.2	14.4	11.7	15.1
Diamond mining	11.6	10.8	7.9	9.2	7.2	9.7
Other mining and quarrying	6.1	4.7	3.3	5.2	4.5	5.4
Subtotal, primary industries	30.6	25.0	21.5	27.9	24.7	28.3
Manufacturing	12.4	13.3	15.4	14.4	14.4	11.7
Meat processing	0.9	0.9	0.9	0.8	0.8	0.7
Fish processing	1.5	2.7	4.2	4.3	4.2	1.8
Other manufacturing	10.0	9.7	10.3	9.2	9.4	9.2
Electricity and water	1.7	2.2	1.4	2.0	2.7	2.6
Construction	2.3	3.0	3.3	3.2	3.3	2.9
Subtotal, secondary industries	16.4	18.5	20.2	19.6	20.4	17.2
Wholesale and retail trade and repairs	7.6	8.1	8.4	7.6	7.9	8.0
Hotels and restaurants	1.5	1.7	1.7	1.9	2.1	1.9
Transport and communications	4.9	5.0	5.2	5.0	5.2	5.3
Transport and storage	3.1	3.0	3.2	3.0	3.2	3.1
Post and telecommunications	1.8	2.0	2.0	2.0	2.0	2.1
Finance, real estate, and business services	9.2	9.6	10.2	9.1	9.3	9.6
Financial intermediation	4.1	4.0	4.5	3.5	3.9	4.7
Financial services indirectly measured	-3.6	-3.5	-3.9	-3.2	-3.6	-3.9
Real estate and business services	8.7	9.1	9.7	8.8	8.9	8.7
Owner-occupied dwellings	5.4	5.7	6.0	5.4	5.5	5.3
Other real estate and business services	3.2	3.5	3.7	3.4	3.5	3.4
Community, social, and personal services	1.2	1.2	1.3	1.2	1.3	1.3
General government	26.0	28.3	28.7	25.3	26.6	26.1
Other producers	2.5	2.6	2.8	2.5	2.5	2.4
Subtotal, tertiary industries	52.9	56.5	58.4	52.5	55.0	54.5

Source: Central Statistics Bureau.

Table 4. Namibia: Gross Domestic Product by Industrial Origin at Constant 1990 Prices, 1991-96

(Annual percentage change)

	1991	1992	1993	1994	1995	<u>Prel.</u> 1996
GDP at constant basic prices	6.2	7.3	-2.3	7.0	3.9	2.5
Agriculture	-8.1	-19.6	-3.5	21.1	-0.5	6.9
Commercial agriculture	-17.8	-3.7	-3.3	-4.2	-7.7	12.3
Subsistence agriculture	23.6	-54.3	-4.4	139.1	13.0	-1.3
Fishing	16.0	61.8	31.7	10.7	11.7	10.5
Mining and quarrying	19.5	11.4	-21.8	10.5	5.0	4.7
Diamond mining	53.8	22.7	-27.1	10.9	7.0	3.9
Other mining and quarrying	-16.4	-10.2	-8.0	9.8	0.7	6.7
Subtotal, primary industries	9.1	4.9	-12.5	13.3	4.4	6.2
Manufacturing	-5.2	8.9	9.7	5.1	3.3	-7.3
Meat processing	2.3	2.2	2.2	4.3	2.0	2.0
Fish processing	-34.0	53.7	33.6	8.7	1.4	-42.8
Other manufacturing	1.8	1.8	4.1	3.9	4.1	3.9
Electricity and water	-7.5	38.8	-51.5	22.7	24.7	-11.9
Construction	-7.2	36.4	9.7	11.9	3.7	-8.9
Subtotal, secondary industries	-5.7	16.0	1.9	7.4	4.9	-8.0
Wholesale and retail trade and repairs	0.0	5.0	1.6	2.0	4.6	6.5
Hotels and restaurants	10.3	9.3	-3.2	24.2	13.3	-6.3
Transport and communications	6.0	4.0	1.6	12.7	10.7	1.8
Transport and storage	2.4	2.4	2.3	19.3	13.3	0.8
Post and telecommunications	11.0	6.1	0.7	4.3	6.8	3.2
Finance, real estate, and business services	2.8	2.7	4.0	0.0	3.5	8.0
Financial intermediation	22.1	-2.3	3.2	-2.2	6.4	16.8
Financial services indirectly measured	22.2	-1.6	2.1	4.1	4.5	3.8
Real estate and business services	1.9	3.3	3.6	2.5	2.6	2.6
Owner-occupied dwellings	2.7	2.3	2.6	2.5	2.5	2.4
Other real estate and business services	0.6	5.0	5.3	2.5	2.9	2.9
Community, social, and personal services	1.6	1.5	1.5	4.5	-2.9	-2.9
General government	14.8	8.7	4.1	1.7	1.1	3.4
Other producers	1.4	2.1	2.8	2.0	2.0	2.0
Subtotal, tertiary industries	8.4	6.2	3.2	3.2	3.3	3.8
Plus: import duties	-3.0	6.1	-0.7	6.2	17.7	7.8
Other taxes on products	5.1	8.6	1.3	2.9	11.3	5.1
GDP at constant market prices	5.7	7.3	-2.0	6.6	5.1	3.0

Source: Central Statistics Bureau.

Table 5. Namibia: Expenditure on Gross Domestic Product, 1991-96

	1991	1992	1993	1994	1995	Prel. 1996
(In millions of Namibia dollars at current market prices)						
Expenditure on GDP at market prices	7,073	8,285	8,861	10,985	12,262	13,885
Gross domestic expenditure	7,727	9,051	9,436	11,529	13,589	15,077
Final consumption expenditure	6,416	7,295	7,977	8,982	11,074	12,323
General government	2,305	2,868	3,009	3,299	3,637	4,146
Private	4,111	4,427	4,968	5,683	7,437	8,177
Gross capital formation	1,311	1,756	1,459	2,547	2,515	2,754
Gross fixed capital formation	1,107	1,672	1,934	2,309	2,630	2,906
Public	521	812	726	911	912	1,100
Private	586	860	1,208	1,398	1,718	1,806
Changes in inventories	204	84	-475	238	-115	-152
Exports of goods and services	3,776	4,309	4,982	5,692	6,028	6,840
Imports of goods and services	-4,430	-5,075	-5,557	-6,236	-7,355	-8,032
(In percent of GDP at current market prices)						
Gross domestic expenditure	109.2	109.2	106.5	105.0	110.8	108.6
Final consumption expenditure	90.7	88.1	90.0	81.8	90.3	88.8
General government	32.6	34.6	34.0	30.0	29.7	29.9
Private	58.1	53.4	56.1	51.7	60.7	58.9
Gross domestic savings	9.3	11.9	10.0	18.2	9.7	11.2
Gross capital formation	18.5	21.2	16.5	23.2	20.5	19.8
Gross fixed capital formation	15.7	20.2	21.8	21.0	21.4	20.9
Public	7.4	9.8	8.2	8.3	7.4	7.9
Private	8.3	10.4	13.6	12.7	14.0	13.0
Changes in inventories	2.9	1.0	-5.4	2.2	-0.9	-1.1
Exports of goods and services	53.4	52.0	56.2	51.8	49.2	49.3
Imports of goods and services	-62.6	-61.3	-62.7	-56.8	-60.0	-57.8
(Annual percentage change at constant 1990 market prices)						
Gross domestic expenditure	2.2	3.8	-7.2	13.6	4.6	7.8
Final consumption expenditure	10.3	-1.0	-0.1	1.1	9.6	9.0
General government	11.8	6.7	0.7	0.7	-3.3	5.7
Private	9.6	-5.1	-0.6	1.4	17.3	10.6
Gross capital formation	-26.0	28.9	-35.5	89.7	-11.6	3.1
Gross fixed capital formation	-22.7	38.5	7.2	11.5	3.9	3.3
Public	-6.2	40.5	-15.2	16.7	-8.2	11.7
Private	-33.1	36.8	27.6	8.4	11.8	-1.2
Changes in inventories	-40.3	-24.6	-472.6	-140.4	-138.4	7.7
Exports of goods and services	13.2	10.6	7.7	-6.6	7.5	0.2
Imports of goods and services	5.3	3.9	-2.3	4.7	6.4	9.2

Source: Central Statistics Bureau.



Table 6. Namibia: Output of Selected Minerals, 1991-96

	1991	1992	1993	1994	1995	1996
	(In units indicated)					
Diamond (thousands of carats) 1/	1,186.9	1,549.3	1,141.4	1,312.3	1,381.8	1,402.1
Uranium (tons)	2,889.6	2,191.0	2,167.0	2,471.8	2,579.4	2,892.0
Copper (thousands of tons)	31.9	37.5	34.8	30.1	29.8	20.7
Lead (thousands of tons)	33.4	31.7	31.2	23.8	26.8	18.8
Zinc (thousands of tons)	68.1	68.6	34.6	64.6	59.2	66.1
Gold (thousands of grams)	1,850.0	2,025.0	1,953.0	2,394.0	2,099.0	2,145.0
Silver (tons)	91.3	89.0	72.0	64.5	69.5	42.0
Tin (tons)	17.0	18.0	6.0	4.0	18.0	...
	(Annual percentage change)					
Diamond	76.4	30.5	-26.3	15.0	5.3	1.5
Uranium	-23.7	-24.2	-1.1	14.1	4.4	12.1
Copper	-3.9	17.6	-7.2	-13.5	-1.0	-30.5
Lead	-4.8	-5.1	-1.6	-23.7	12.6	-29.9
Zinc	-6.1	0.7	-49.6	86.7	-8.4	11.7
Gold	15.3	9.5	-3.6	22.6	-12.3	2.2
Silver	-0.3	-2.5	-19.1	-10.4	7.8	-39.6
Tin	22.3	5.9	-66.7	-33.3	350.0	...

Source: Ministry of Mines and Energy.

1/ Excluding smuggled diamonds.

Table 7. Namibia: Marketing of Livestock, 1991-96

	1991	1992	1993	1994	1995	1996
(In thousands of head)						
<b>Cattle</b>	333.8	365.6	400.6	406.1	414.5	489.9
<b>South Africa</b>	135.4	157.1	179.6	190.7	198.8	273.6
Open markets	103.5	126.3	152.5	179.3	193.2	255.8
Controlled markets	31.9	30.8	27.1	11.4	5.6	17.8
Local butchers	41.8	36.8	37.9	34.1	29.6	25.4
Local factories	156.7	171.7	183.1	181.3	186.1	190.9
<b>Small stock</b>	1,089.9	1,345.6	1,038.1	1,100.2	1,182.2	957.3
<b>South Africa</b>	839.5	1,045.8	817.6	888.4	1,007.5	827.3
Open markets	500.1	606.3	440.3	645.8	767.2	...
Controlled markets	339.4	439.5	377.3	242.6	240.3	...
Local butchers	141.6	152.5	118.2	96.5	121.8	127.7
Local factories	108.8	147.3	102.3	115.3	52.9	2.3
(Annual percentage change)						
<b>Cattle</b>	3.2	9.5	9.6	1.4	2.1	18.2
<b>South Africa</b>	-6.4	16.1	14.3	6.2	4.2	37.6
Open markets	-6.5	22.1	20.7	17.6	7.8	32.4
Controlled markets	-6.1	-3.5	-12.0	-57.9	-50.9	217.9
Local butchers	11.2	-12.0	3.0	-10.0	-13.2	-14.2
Local factories	10.9	9.6	6.6	-1.0	2.6	2.6
<b>Small stock</b>	0.1	23.5	-22.9	6.0	7.5	-19.0
<b>South Africa</b>	-1.7	24.6	-21.8	8.7	13.4	-17.9
Open markets	-4.0	21.2	-27.4	46.7	18.8	...
Controlled markets	2.0	29.5	-14.2	-35.7	-0.9	...
Local butchers	6.7	7.7	-22.5	-18.4	26.2	4.8
Local factories	6.6	35.4	-30.5	12.7	-54.1	-95.7

Source: Meat Board of Namibia.

Table 8. Namibia: Physical Volume of Fish Catches, 1991-96

	1991	1992	1993	1994	1995	1996
(In thousands of tons)						
Purse-seine net fishing	172.4	238.2	259.3	176.9	144.5	115.7
Pilchard	68.9	80.8	114.8	116.4	42.8	1.2
Anchovy	17.1	38.8	63.1	25.1	48.0	1.1
Maasbanker (horse mackerel)	83.2	115.9	73.5	33.5	51.2	91.0
Other	3.3	2.7	7.9	1.8	2.4	22.5
Trawling and other coastal fishing	415.2	409.7	521.5	462.0	410.4	380.3
Demersal	63.8	98.3	118.8	128.9	148.6	147.2
Hake	56.1	87.5	106.9	111.7	130.0	128.7
Maasbanker (horse mackerel)	1.2	1.1	0.5	0.7	0.9	1.2
Monkfish	4.6	8.1	9.2	12.2	10.1	9.2
Other	1.8	1.6	2.1	4.4	7.5	8.1
Midwater	351.3	311.4	402.7	333.2	261.8	233.1
Hake	...	0.1	1.2	0.5	0.4	0.7
Maasbanker (horse mackerel)	351.3	310.4	400.6	330.6	258.7	229.1
Other	...	0.9	0.9	2.0	2.8	3.3
Other fish	1.0	3.2	4.9	4.3	3.6	2.7
Tuna	0.2	2.2	3.4	3.1	2.2	1.8
Line fishing	0.8	1.0	1.5	1.2	1.4	0.9
Ring-and-bow net fishing	3.1	2.9	3.3	3.7	2.2	2.0
Rock lobster	0.4	0.1	0.1	0.1	0.2	0.3
Crab	2.7	2.8	3.2	3.6	2.0	1.7
(Annual percentage change)						
Purse-seine net fishing	-30.2	38.1	8.9	-31.8	-18.3	-19.9
Pilchard	-25.5	17.3	42.1	1.4	-63.2	-97.3
Anchovy	-66.1	127.1	62.5	-60.2	91.2	-97.8
Maasbanker (horse mackerel)	-2.4	39.3	-36.6	-54.4	53.0	77.6
Other	-82.4	-19.4	193.2	-76.8	32.8	826.0
Trawling and other coastal fishing	170.8	-1.3	27.3	-11.4	-11.2	-7.3
Demersal	6.4	53.9	20.9	8.5	15.3	-0.9
Hake	5.3	55.9	22.2	4.4	16.4	-1.0
Maasbanker (horse mackerel)	...	-12.8	-50.6	28.1	34.2	29.0
Monkfish	207.8	75.0	14.2	31.8	-16.7	-8.8
Other	-64.5	-12.1	31.6	103.9	73.0	7.1
Midwater	276.6	-11.4	29.3	-17.3	-21.4	-11.0
Hake	...	...	...	-54.9	-31.3	78.7
Maasbanker (horse mackerel)	276.6	-11.6	29.0	-17.5	-21.8	-11.4
Other	...	...	...	114.4	38.2	17.4
Other fish	21.6	233.2	50.2	-12.5	-14.7	-26.1
Tuna	...	942.3	50.8	-8.5	-28.9	-20.1
Line fishing	-5.3	32.1	48.9	-21.4	22.8	-35.4
Ring-and-bow net fishing	-2.2	-4.2	13.8	12.2	-40.2	-12.2
Rock lobster	-27.9	-64.5	2.3	-1.5	67.2	12.1
Crab	2.9	4.3	14.3	12.8	-44.2	-14.9

Source: Ministry of Fisheries and Marine Resources.

Table 9. Namibia: Consumer Price Index (Windhoek), January 1994-July 1997

(Annual percentage change)

	Food	Beverages and Tobacco	Housing, Fuel, and Power	Clothing and Footwear	Household Goods, etc.	Transport and Communications	Recreation, etc.	Medical Health Care	Miscellaneous Goods and Services	All Items
Weights	28.4	4.1	19.9	4.3	10.2	20.7	4.1	1.4	6.9	100.0
1994										
January	6.3	15.9	12.5	18.1	3.4	9.3	17.2	17.7	19.1	10.3
February	8.1	12.1	10.9	17.3	2.7	8.4	16.6	12.6	20.9	10.1
March	4.8	10.6	11.5	12.8	5.0	8.2	17.8	11.8	19.9	9.2
April	5.3	9.0	12.2	5.0	6.5	8.0	17.7	3.4	23.1	9.2
May	7.0	7.9	12.1	6.9	6.7	5.1	15.5	0.9	23.1	9.0
June	10.2	9.7	14.2	6.7	4.3	5.5	17.0	-5.9	21.7	10.1
July	12.0	13.7	14.1	5.6	4.1	4.4	16.2	-5.9	20.2	10.3
August	16.3	14.1	14.1	5.2	2.0	4.4	16.1	-5.8	21.0	11.3
September	22.9	10.1	15.3	6.3	4.4	6.6	16.2	-4.9	19.6	13.9
October	23.7	7.3	14.7	6.0	3.0	4.0	14.0	-4.1	15.0	12.7
November	19.7	7.1	14.8	6.2	3.9	4.4	13.4	-3.4	12.2	11.7
December	21.1	6.0	13.0	2.1	3.3	5.2	12.7	-0.9	8.4	11.3
Average	13.2	10.2	13.3	8.0	4.1	6.1	15.8	0.8	18.5	10.8
1995										
January	22.5	10.6	13.4	5.5	4.7	3.8	9.0	3.7	7.7	11.8
February	21.2	12.5	13.4	6.8	3.6	4.3	8.9	3.1	12.7	11.9
March	23.9	13.8	8.5	7.2	4.4	5.5	8.3	3.2	12.4	12.0
April	22.7	15.0	8.2	9.6	3.7	5.7	7.6	8.5	8.7	11.5
May	16.9	18.7	8.9	8.4	5.1	6.8	7.5	7.6	11.1	10.8
June	12.4	18.0	8.4	9.2	5.7	5.8	6.0	9.1	11.7	9.4
July	8.7	12.1	14.8	10.0	7.1	6.7	6.5	13.5	14.2	10.0
August	6.2	12.8	14.9	10.5	8.5	6.4	6.3	13.4	13.7	9.4
September	2.1	13.0	16.7	10.1	7.9	6.6	8.2	13.5	15.6	8.7
October	1.3	13.6	16.9	10.4	8.2	6.3	9.9	12.0	15.5	8.5
November	3.3	15.2	17.1	8.2	7.0	6.2	9.8	9.9	13.7	8.8
December	5.1	16.5	12.7	8.5	6.8	2.5	9.7	9.7	15.3	7.9
Average	11.6	14.3	12.9	8.7	6.1	5.6	8.2	8.9	12.7	10.0
1996										
January	3.9	11.8	12.2	5.7	5.3	3.8	10.5	5.1	14.2	7.2
February	4.6	11.7	12.4	3.3	6.5	4.3	14.2	5.5	14.0	7.7
March	2.8	12.8	13.1	2.7	8.3	6.3	14.5	5.6	15.1	8.0
April	1.1	12.1	13.1	3.4	8.8	8.1	14.9	5.6	15.3	7.9
May	2.0	9.7	12.4	1.8	6.9	9.6	15.8	5.6	12.9	7.8
June	4.2	8.3	8.7	3.8	6.4	11.0	15.2	5.5	13.4	8.0
July	7.8	9.7	2.6	4.8	5.5	10.0	14.5	8.4	11.6	7.5
August	9.0	12.0	2.4	4.1	5.3	11.1	16.4	8.8	13.0	8.1
September	10.3	12.5	2.9	4.7	6.3	10.2	11.3	8.3	11.2	8.3
October	11.9	13.2	2.9	4.4	6.4	10.2	9.3	8.7	8.5	8.4
November	12.1	12.1	2.6	5.5	6.6	9.9	10.2	10.9	11.1	8.6
December	10.5	13.4	1.7	5.2	4.7	13.0	10.3	13.8	9.7	8.4
Average	6.7	11.6	7.0	4.1	6.4	9.0	13.0	7.7	12.5	8.0
1997										
January	9.7	14.9	6.7	5.6	4.9	14.3	14.7	10.0	12.1	10.0
February	9.5	14.9	6.7	6.4	4.6	14.1	11.8	11.5	4.2	9.5
March	10.3	14.6	7.0	14.2	2.3	13.6	12.9	19.3	8.5	10.0
April	11.1	19.2	7.1	14.7	2.3	10.7	13.2	19.4	7.6	9.9
May	13.8	18.9	7.1	18.0	3.1	7.9	11.5	23.3	8.7	10.3
June	11.3	20.6	8.0	14.7	4.5	6.2	11.6	22.2	8.0	9.5
July	7.8	19.0	14.3	13.3	3.3	5.4	11.4	17.3	7.4	9.3

Source: Central Statistics Bureau.

Table 10. Namibia: Financial Operations of the Central Government, 1990/91-1997/98 1/

	1990/91	1991/92	1992/93	1993/94	1994/95	1995/96	Budg. 1996/97	Est.	Budg. 1997/98
(In millions of Namibia dollars)									
Total revenue and grants	2,007.1	2,602.5	2,907.1	3,073.1	3,606.8	4,065.2	4,517.1	4,646.2	5,098.8
Revenue	1,906.0	2,534.7	2,833.6	3,018.2	3,568.4	4,020.3	4,482.1	4,595.9	5,034.8
Tax revenue	1,660.9	2,195.7	2,433.9	2,754.5	3,136.1	3,618.4	3,987.5	4,093.3	4,542.4
Income and profits	655.2	562.7	783.0	908.7	1,030.5	1,088.6	1,192.5	1,330.3	1,365.7
Domestic goods and services	479.5	576.0	800.5	906.7	1,132.4	1,301.9	1,360.0	1,344.8	1,520.7
International trade	507.5	1,036.6	829.1	896.1	905.5	1,155.6	1,348.0	1,348.7	1,564.0
Other	18.8	20.4	21.3	43.0	67.6	72.3	87.0	69.5	92.0
Nontax revenue	241.2	334.5	398.6	262.2	428.6	398.4	490.1	502.6	488.8
Capital revenue	3.8	4.5	1.2	1.5	3.7	3.5	4.5	0.0	3.6
Grants	101.1	67.8	73.5	54.9	38.4	44.9	35.0	50.3	64.0
Total expenditure and net lending	2,078.8	2,791.5	3,342.2	3,406.2	3,829.3	4,583.5	5,045.3	5,483.8	5,704.3
Current expenditure	1,720.1	2,366.4	2,761.9	2,902.9	3,316.3	3,949.1	4,261.4	4,923.7	4,703.8
Personnel expenditure	922.8	1,249.5	1,522.2	1,582.1	1,770.1	2,079.8	2,360.7	2,955.7	2,670.3
Goods and services	566.8	783.2	823.2	867.3	961.0	1,066.3	1,160.9	959.5	1,252.2
Interest payments	26.8	20.9	21.6	70.0	117.5	189.0	149.3	249.0	207.6
Subsidies and current transfers	203.7	312.8	394.9	383.5	467.7	614.0	590.4	603.3	573.7
Unallocated expenditure 2/								156.2	
Capital expenditure	307.2	412.5	550.0	485.5	481.1	585.8	674.9	560.1	848.5
Net lending	51.5	12.6	30.3	17.8	31.9	48.6	109.1	0.0	152.0
Balance (including grants)	-71.8	-189.0	-435.1	-333.1	-222.5	-518.3	-528.3	-837.6	-605.5
Financing	71.8	189.0	435.1	333.1	222.5	518.3	528.3	837.6	605.5
Domestic	71.8	189.0	397.3	269.2	183.5	413.0	478.3	...	...
Banking system	...	34.0	336.1	...	...	...	...	...	...
Nonbank	...	155.0	61.2	...	...	...	...	...	...
Foreign 3/	...	...	37.8	63.9	39.0	105.3	50.0	...	...
(In percent of GDP)									
Balance including grants	-1.1	-2.6	-5.2	-3.5	-2.0	-4.1	-4.1	-5.8	-4.0
Balance excluding grants	-2.6	-3.5	-6.0	-4.1	-2.3	-4.4	-4.3	-6.2	-4.5
Revenue	29.0	34.4	33.6	32.1	31.6	31.7	34.6	31.9	33.6
Revenue and grants	30.5	35.3	34.5	32.7	31.9	32.1	34.8	32.3	34.0
Expenditure	31.6	37.8	39.7	36.3	33.9	36.2	38.9	38.1	38.0
Current expenditure	26.2	32.1	32.8	30.9	29.3	31.2	32.9	34.2	31.4
Personnel expenditure	14.0	16.9	18.1	16.8	15.7	16.4	18.2	20.5	17.8
Capital expenditure and net lending	5.5	5.8	6.9	5.4	4.5	5.0	6.0	3.9	6.7
Interest payments	0.4	0.3	0.3	0.7	1.0	1.5	1.2	1.7	1.4
Memorandum item:									
GDP at market prices (fiscal year)	6,576	7,377	8,428	9,390	11,305	12,668	12,963	14,392	15,000

Sources: Ministry of Finance; and Fund staff estimates.

1/ Fiscal year beginning April 1.

2/ Balancing item; see text footnote in Chapter III, Section B for explanation.

3/ From outside the Common Monetary Area.

Table 11. Namibia: Central Government Revenue, 1990/91-1997/98 1/

(In millions of Namibia dollars)

	1990/91	1991/92	1992/93	1993/94	1994/95	1995/96	Budg. 1996/97	Est.	Budg. 1997/98
<b>Tax revenue</b>	1,660.9	2,195.7	2,433.9	2,754.5	3,136.1	3,618.4	3,987.5	4,093.3	4,542.4
<b>Taxes on income and profits</b>	655.2	562.7	783.0	908.7	1,030.5	1,088.6	1,192.5	1,330.3	1,365.7
Individual income tax	350.4	413.0	506.4	518.5	576.1	666.0	695.0	822.2	790.0
Company tax on diamond mines	62.3	-11.8	93.4	159.9	126.0	85.0	100.0	85.0	100.0
Gross receipts	62.3	23.3	115.1	181.5	126.0	85.0	100.0	85.0	100.0
Transfers to Namib Finance Corporation	0.0	-35.1	-21.7	-21.6	0.0	0.0	0.0	0.0	0.0
Company tax on other mines	75.8	26.1	2.6	5.8	37.5	65.5	40.0	62.8	60.0
Tax on nonmining companies	134.3	118.5	158.4	199.3	261.4	239.7	318.0	274.8	350.0
Nonresident shareholders tax	32.4	16.4	21.8	24.8	28.9	31.8	29.0	62.5	50.0
Tax on royalties	0.0	0.5	0.3	0.4	0.7	0.6	0.5	16.1	0.7
Levy on gambling income	0.0	0.0	0.0	0.0	0.0	0.0	10.0	7.0	15.0
Transfer duty	12.3	12.4	14.3	27.8	38.0	36.2	47.0	32.9	50.0
<b>Taxes on domestic goods and services</b>	479.5	576.0	800.5	906.7	1,132.4	1,301.9	1,360.0	1,344.8	1,520.7
General sales tax	306.1	383.9	501.8	479.5	529.2	614.3	620.0	672.4	710.3
Additional sales duty	0.0	0.0	0.0	83.9	230.3	262.9	295.0	279.8	310.0
Fuel levies	119.7	118.5	202.3	229.2	261.4	287.6	304.0	295.3	350.0
Licenses	15.3	17.0	19.1	20.2	19.8	29.6	41.0	29.4	50.4
Business licenses	1.4	1.6	2.6	3.5	1.6	4.0	11.0	3.0	10.4
Motor vehicle license taxes	13.9	15.4	16.5	16.7	18.2	25.6	30.0	26.5	40.0
Fishing quota levies	38.4	56.6	77.3	93.9	91.7	107.5	100.0	67.8	100.0
<b>Taxes on international trade 2/</b>	507.5	1,036.6	829.1	896.1	905.5	1,155.6	1,348.0	1,348.7	1,564.0
Diamond export duty	60.5	90.9	93.6	114.2	3.1	-0.2	0.0	0.0	0.0
Customs and excise compensation	447.0	945.7	735.5	781.9	902.4	1,155.8	1,348.0	1,348.7	1,564.0
Other taxes 3/	6.5	8.0	7.0	15.2	29.6	36.1	40.0	36.6	42.0
<b>Nontax revenue</b>	241.2	334.5	398.6	262.2	428.6	398.4	490.1	502.6	488.8
<b>Entrepreneurial and property income</b>	129.8	197.5	228.8	82.8	233.8	191.4	294.0	313.8	291.7
Operating surplus of public enterprises	55.1	77.6	15.7	-6.5	-9.9	-10.4	0.3	-8.4	-17.0
Compensation for use of rand	0.0	0.0	155.5	48.2	37.9	46.3	50.0	49.9	54.0
Other property income	74.7	119.9	57.6	41.1	63.4	25.2	83.7	104.5	78.7
Royalties on diamond exports	0.0	0.0	0.0	0.0	142.4	130.3	160.0	167.8	176.0
Administrative fees and charges	104.7	130.1	164.2	172.5	184.1	196.5	186.1	176.5	185.5
Fines and forfeits	5.8	6.0	4.9	5.9	9.4	9.1	10.0	10.8	10.0
Receipts from foreign exchange cover	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other nontax revenues	0.9	0.9	0.7	1.0	1.3	1.4	0.0	1.5	1.6
<b>Capital revenue</b>	3.8	4.5	1.2	1.5	3.7	3.5	4.5	0.0	3.6
<b>Total revenue</b>	1,906.0	2,534.7	2,833.6	3,018.2	3,568.4	4,020.3	4,482.1	4,595.9	5,034.8

Sources: Ministry of Finance; and Fund staff estimates.

1/ Fiscal year beginning April 1.

2/ Includes excises (as a result of the SACU arrangement).

3/ Stamp duties.

Table 12. Namibia: Central Government Revenue, 1990/91-1997/98 1/

(In percent of GDP)

	1990/91	1991/92	1992/93	1993/94	1994/95	1995/96	Budg. 1996/97	Est.	Budg. 1997/98
<b>Tax revenue</b>	25.3	29.8	28.9	29.3	27.7	28.6	30.8	28.4	30.3
<b>Taxes on income and profits</b>	10.0	7.6	9.3	9.7	9.1	8.6	9.2	9.2	9.1
Individual income tax	5.3	5.6	6.0	5.5	5.1	5.3	5.4	5.7	5.3
Company tax on diamond mines	0.9	-0.2	1.1	1.7	1.1	0.7	0.8	0.6	0.7
Gross receipts	0.9	0.3	1.4	1.9	1.1	0.7	0.8	0.6	0.7
Transfers to Namib Finance Corporatio	0.0	-0.5	-0.3	-0.2	0.0	0.0	0.0	0.0	0.0
Company tax on other mines	1.2	0.4	0.0	0.1	0.3	0.5	0.3	0.4	0.4
Tax on nonmining companies	2.0	1.6	1.9	2.1	2.3	1.9	2.5	1.9	2.3
Nonresident shareholders tax	0.5	0.2	0.3	0.3	0.3	0.3	0.2	0.4	0.3
Tax on royalties	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0
Levy on gambling income	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.1
Transfer duty	0.2	0.2	0.2	0.3	0.3	0.3	0.4	0.2	0.3
<b>Taxes on domestic goods and services</b>	7.3	7.8	9.5	9.7	10.0	10.3	10.5	9.3	10.1
General sales tax	4.7	5.2	6.0	5.1	4.7	4.8	4.8	4.7	4.7
Additional sales duty	0.0	0.0	0.0	0.9	2.0	2.1	2.3	1.9	2.1
Fuel levies	1.8	1.6	2.4	2.4	2.3	2.3	2.3	2.1	2.3
Licenses	0.2	0.2	0.2	0.2	0.2	0.2	0.3	0.2	0.3
Business licenses	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.1
Motor vehicle license taxes	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.3
Fishing quota levies	0.6	0.8	0.9	1.0	0.8	0.8	0.8	0.5	0.7
<b>Taxes on international trade 2/</b>	7.7	14.1	9.8	9.5	8.0	9.1	10.4	9.4	10.4
Diamond export duty	0.9	1.2	1.1	1.2	0.0	0.0	0.0	0.0	0.0
Customs and excise compensation	6.8	12.8	8.7	8.3	8.0	9.1	10.4	9.4	10.4
Other taxes 3/	0.1	0.1	0.1	0.2	0.3	0.3	0.3	0.3	0.3
<b>Nontax revenue</b>	3.7	4.5	4.7	2.8	3.8	3.1	3.8	3.5	3.3
Entrepreneurial and property income	2.0	2.7	2.7	0.9	0.8	0.5	1.0	1.0	0.8
Operating surplus of public enterprises	0.8	1.1	0.2	-0.1	-0.1	-0.1	0.0	-0.1	-0.1
Compensation for use of land	0.0	0.0	1.8	0.5	0.3	0.4	0.4	0.3	0.4
Other property income	1.1	1.6	0.7	0.4	0.6	0.2	0.6	0.7	0.5
Royalties on Diamond exports	0.0	0.0	0.0	0.0	1.3	1.0	1.2	1.2	1.2
Administrative fees and charges	1.6	1.8	1.9	1.8	1.6	1.6	1.4	1.2	1.2
Fines and forfeits	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Receipts from foreign exchange cover	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other nontax revenues	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Capital revenue</b>	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total revenue</b>	29.0	34.4	33.6	32.1	31.6	31.7	34.6	31.9	33.6

Sources: Ministry of Finance; and Fund staff estimates.

1/ Fiscal year beginning April 1.

2/ Includes excises (as a result of the SACU arrangement).

3/ Stamp duties.

Table 13. Namibia: Central Government Expenditure, 1990/91-1997/98 1/

(In millions of Namibia dollars)

	1990/91	1991/92	1992/93	1993/94	1994/95	1995/96	Budg. 1996/97	Est.	Budg. 1997/98
<b>Current expenditure</b>	1,720.1	2,366.4	2,761.9	2,902.9	3,316.3	3,949.1	4,261.4	4,923.7	4,703.8
<b>Goods and services</b>	1,489.6	2,032.7	2,345.4	2,449.4	2,731.1	3,146.1	3,521.6	3,915.2	3,922.5
<b>Personnel expenditure</b>	922.8	1,249.5	1,522.2	1,582.1	1,770.1	2,079.8	2,360.7	2,955.7	2,670.3
<b>Other goods and services</b>	566.8	783.2	823.2	867.3	961.0	1,066.3	1,160.9	959.5	1,252.2
<b>Interest payments</b>	26.8	20.9	21.6	70.0	117.5	189.0	149.3	249.0	207.6
<b>Subsidies and other current transfers</b>	203.7	312.8	394.9	383.5	467.7	614.0	590.4	603.3	573.7
<b>Public enterprises and corporations</b>	44.4	66.3	45.9	54.4	70.1	92.0	143.6	122.0	114.6
<b>Other enterprises</b>	20.2	3.4	94.4	36.8	35.2	80.4	32.2	44.3	14.6
<b>Local government</b>	18.2	34.4	22.6	23.6	27.2	34.8	31.4	26.7	35.0
<b>Representative authorities</b>	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Households and nonprofit institutions</b>	116.8	206.0	224.5	255.6	320.8	388.9	364.6	394.5	396.4
<b>Universities and technical colleges</b>	12.1	26.8	27.3	31.1	59.6	59.7	77.9	66.1	99.7
<b>Other</b>	104.7	179.2	197.2	224.5	261.2	329.2	286.8	328.4	296.7
<b>Abroad</b>	4.1	2.7	7.5	13.1	14.4	17.9	18.6	15.8	13.1
<b>Unallocated expenditure 2/</b>								156.2	
<b>Capital expenditure</b>	307.2	412.5	550.0	485.5	481.1	585.8	674.9	560.1	848.5
<b>Acquisition of fixed capital assets</b>	269.5	314.7	429.7	435.0	423.0	510.0	636.9	...	716.9
<b>Equipment</b>	50.1	59.0	43.3	50.0	60.8	67.9	117.0	...	129.5
<b>Residential buildings</b>	34.0	50.1	30.3	38.0	39.1	35.6	51.5	...	59.9
<b>Nonresidential buildings</b>	79.4	97.6	103.2	107.0	123.4	142.3	233.9	...	268.5
<b>Other constructions</b>	105.9	108.0	252.9	240.0	199.7	264.2	234.4	...	259.0
<b>Purchase of land and intangible assets</b>	5.5	6.1	11.0	8.7	0.0	14.3	24.0	...	43.2
<b>Capital transfers</b>	32.3	91.7	109.3	41.8	58.0	58.1	13.9	...	84.5
<b>Public enterprises and corporations</b>	32.0	91.7	108.7	41.6	57.8	41.7	11.1	...	82.1
<b>Other enterprises</b>	0.0	0.0	0.0	0.0	0.0	0.0	0.9	...	1.7
<b>Local government</b>	0.0	0.0	0.0	0.0	0.0	0.0	...	...	0.0
<b>Representative authorities</b>	0.0	0.0	0.0	0.0	0.0	0.0	0.1	...	0.0
<b>Households and nonprofit institutions</b>	0.3	0.0	0.6	0.2	0.2	16.4	1.9	...	0.7
<b>Universities and technical colleges</b>	0.0	0.0	0.0	0.0	0.0	16.4	1.9	...	0.0
<b>Other</b>	0.3	0.0	0.6	0.2	0.2	0.0	0.0	...	0.7
<b>Transfers abroad</b>	0.0	0.0	0.0	0.0	0.1	3.4	0.1	...	3.9
<b>Net lending</b>	51.5	12.6	30.3	17.8	31.9	48.6	109.1	0.0	152.0
<b>Lending</b>	73.7	48.4	45.9	29.2	44.1	56.6	120.1	24.2	161.8
<b>Public enterprises and corporations</b>	21.6	20.0	17.5	6.4	21.2	24.6	86.1	10.2	120.0
<b>Other enterprises</b>	7.0	0.0	18.4	17.1	13.7	18.0	21.1	5.4	25.3
<b>Local government</b>	17.4	9.4	9.3	5.7	6.9	14.0	13.0	8.6	16.5
<b>Representative authorities</b>	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Households and nonprofit institutions</b>	27.3	19.0	0.7	0.0	0.0	0.0	0.0	0.0	0.0
<b>Universities and technical colleges</b>	18.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Other</b>	8.7	19.0	0.7	0.0	0.0	0.0	0.0	0.0	0.0
<b>Abroad</b>	0.4	0.0	0.0	0.0	2.3	0.0	0.0	0.0	0.0
<b>Repayments</b>	-22.2	-35.8	-15.6	-11.4	-12.2	-8.0	-11.0	-24.2	-9.8
<b>Total expenditure and net lending</b>	2,078.8	2,791.5	3,342.2	3,406.2	3,829.3	4,583.5	5,045.3	5,483.8	5,704.3

Sources: Ministry of Finance; and Fund staff estimates.

1/ Fiscal year beginning April 1.

2/ Balancing item; see text footnote in Chapter III, Section B for explanation.



Table 14. Namibia: Central Government Expenditure, 1990/91-1997/98 1/

(In percent of GDP)

	1990/91	1991/92	1992/93	1993/94	1994/95	1995/96	Budg. 1996/97	Est.	Budg. 1997/98
Current expenditure	26.2	32.1	32.8	30.9	29.3	31.2	32.9	34.2	31.4
Goods and services	22.7	27.6	27.8	26.1	24.2	24.8	27.2	27.2	26.2
Personnel expenditure	14.0	16.9	18.1	16.8	15.7	16.4	18.2	20.5	17.8
Other goods and services	8.6	10.6	9.8	9.2	8.5	8.4	9.0	6.7	8.3
Interest payments	0.4	0.3	0.3	0.7	1.0	1.5	1.2	1.7	1.4
Subsidies and other current transfers	3.1	4.2	4.7	4.1	4.1	4.8	4.6	4.2	3.8
Public enterprises and corporations	0.7	0.9	0.5	0.6	0.6	0.7	1.1	0.8	0.8
Other enterprises	0.3	0.0	1.1	0.4	0.3	0.6	0.2	0.3	0.1
Local government	0.3	0.5	0.3	0.3	0.2	0.3	0.2	0.2	0.2
Representative authorities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Households and nonprofit institutions	1.8	2.8	2.7	2.7	2.8	3.1	2.8	2.7	2.6
Universities and technical colleges	0.2	0.4	0.3	0.3	0.5	0.5	0.6	0.5	0.7
Other	1.6	2.4	2.3	2.4	2.3	2.6	2.2	2.3	2.0
Abroad	0.1	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Unallocated expenditure 2/	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.1	0.0
Capital expenditure	4.7	5.6	6.5	5.2	4.3	4.6	5.2	3.9	5.7
Acquisition of fixed capital assets	4.1	4.3	5.1	4.6	3.7	4.0	4.9	...	4.8
Equipment	0.8	0.8	0.5	0.5	0.5	0.5	0.9	...	0.9
Residential buildings	0.5	0.7	0.4	0.4	0.3	0.3	0.4	...	0.4
Nonresidential buildings	1.2	1.3	1.2	1.1	1.1	1.1	1.8	...	1.8
Other constructions	1.6	1.5	3.0	2.6	1.8	2.1	1.8	...	1.7
Purchase of land and intangible assets	0.1	0.1	0.1	0.1	0.0	0.1	0.2	...	0.3
Capital transfers	0.5	1.2	1.3	0.4	0.5	0.5	0.1	...	0.6
Public enterprises and corporations	0.5	1.2	1.3	0.4	0.5	0.3	0.1	...	0.5
Other enterprises	0.0	0.0	0.0	0.0	0.0	0.0	0.0	...	0.0
Local government	0.0	0.0	0.0	0.0	0.0	0.0	0.0	...	0.0
Representative authorities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	...	0.0
Households and nonprofit institutions	0.0	0.0	0.0	0.0	0.0	0.1	0.0	...	0.0
Universities and technical colleges	0.0	0.0	0.0	0.0	0.0	0.1	0.0	...	0.0
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	...	0.0
Abroad	0.0	0.0	0.0	0.0	0.0	0.0	0.0	...	0.0
Net lending	0.8	0.2	0.4	0.2	0.3	0.4	0.8	0.0	1.0
Lending	1.1	0.7	0.5	0.3	0.4	0.4	0.9	0.2	1.1
Public enterprises and corporations	0.3	0.3	0.2	0.1	0.2	0.2	0.7	0.1	0.8
Other enterprises	0.1	0.0	0.2	0.2	0.1	0.1	0.2	0.0	0.2
Local government	0.3	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Representative authorities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Households and nonprofit institutions	0.4	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Universities and technical colleges	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other	0.1	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Abroad	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Repayments	-0.3	-0.5	-0.2	-0.1	-0.1	-0.1	-0.1	-0.2	-0.1
Total expenditure and net lending	31.6	37.8	39.7	36.3	33.9	36.2	38.9	38.1	38.0

Sources: Ministry of Finance; and Fund staff estimates.

1/ Fiscal year beginning April 1.

2/ Balancing item; see text footnote in Chapter III, Section B for explanation.

Table 15. Namibia: Functional Classification of Central Government Expenditure, 1990/91-1997/98 1/

(In millions of Namibia dollars)

	1990/91	1991/92	1992/93	Rev. Budg.	Budg.			
				1993/94	1994/95	1995/96	1996/97	1997/98
General government services	729.1	953.0	1,117.6	945.4	975.8	1,095.3	1,312.7	1,586.6
General public services	447.8	591.3	746.6	539.6	515.5	565.3	691.5	799.6
Defense	122.7	181.8	175.0	180.7	198.1	232.2	293.8	415.6
Public order and safety	158.6	179.9	195.9	225.0	262.2	297.9	327.4	371.4
Community and social affairs and services	1,116.3	1,338.5	1,554.1	1,763.1	2,046.8	2,293.2	2,436.4	2,931.3
Education	457.2	578.6	688.2	857.6	952.3	1,050.0	1,176.4	1,523.6
Health	228.7	240.9	289.9	305.1	410.1	480.7	524.2	611.6
Social security and welfare	140.0	193.2	196.4	226.4	249.8	248.3	275.9	280.7
Housing and community amenities	214.9	245.8	289.1	290.0	343.8	402.9	330.8	366.2
Recreational, cultural, and religious	75.6	79.9	90.4	84.1	90.8	111.3	129.2	149.2
Economic affairs and services	729.7	819.6	873.1	768.0	536.1	672.1	821.9	976.5
Fuel and energy	0.7	23.6	27.5	31.0	19.3	21.3	16.9	33.9
Agriculture, forestry, fishing, and hunting	100.0	171.1	275.6	279.9	208.0	271.9	365.5	420.5
Mining and mineral resources	9.4	10.0	11.1	11.4	16.7	18.0	31.8	30.5
Transportation and communications	221.5	325.4	452.9	273.9	226.3	270.9	307.8	409.1
Other	398.1	289.6	105.8	171.8	65.8	90.0	100.0	82.4
Expenditure not classified by functions 2/	-496.3	-319.5	-202.5	-3.1	364.4	221.9	474.4	209.9
Total expenditure and net lending	2,078.8	2,791.5	3,342.2	3,473.4	3,923.0	4,282.5	5,045.3	5,704.3
Memorandum item:								
GDP at market prices (fiscal year)	6,576.0	7,376.8	8,428.3	9,390.0	11,305.0	12,667.8	12,963.0	15,000.0

Sources: Ministry of Finance; and Fund staff estimates.

1/ Fiscal year beginning April 1.

2/ Includes public debt transactions.

Table 16. Namibia: Functional Classification of Central Government Expenditure, 1990/91-1997/98 1/

	1990/91	1991/92	1992/93	Rev. Budg.	Budg.			
				1993/94	1994/95	1995/96	1996/97	1997/98
(In percent of total expenditure and net lending)								
General government services	35.1	34.1	33.4	27.2	24.9	25.6	26.0	27.8
General public services	21.5	21.2	22.3	15.5	13.1	13.2	13.7	14.0
Defense	5.9	6.5	5.2	5.2	5.0	5.4	5.8	7.3
Public order and safety	7.6	6.4	5.9	6.5	6.7	7.0	6.5	6.5
Community and social affairs and services	53.7	47.9	46.5	50.8	52.2	53.5	48.3	51.4
Education	22.0	20.7	20.6	24.7	24.3	24.5	23.3	26.7
Health	11.0	8.6	8.7	8.8	10.5	11.2	10.4	10.7
Social security and welfare	6.7	6.9	5.9	6.5	6.4	5.8	5.5	4.9
Housing and community amenities	10.3	8.8	8.7	8.3	8.8	9.4	6.6	6.4
Recreational, cultural, and religious	3.6	2.9	2.7	2.4	2.3	2.6	2.6	2.6
Economic affairs and services	35.1	29.4	26.1	22.1	13.7	15.7	16.3	17.1
Fuel and energy	0.0	0.8	0.8	0.9	0.5	0.5	0.3	0.6
Agriculture, forestry, fishing, and hunting	4.8	6.1	8.2	8.1	5.3	6.3	7.2	7.4
Mining and mineral resources	0.5	0.4	0.3	0.3	0.4	0.4	0.6	0.5
Transportation and communications	10.7	11.7	13.6	7.9	5.8	6.3	6.1	7.2
Other	19.1	10.4	3.2	4.9	1.7	2.1	2.0	1.4
Expenditure not classified by function 2/	-23.9	-11.4	-6.1	-0.1	9.3	5.2	9.4	3.7
Total expenditure and net lending	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
(In percent of GDP)								
General government services	11.1	12.9	13.3	10.1	8.6	8.6	10.1	10.6
General public services	6.8	8.0	8.9	5.7	4.6	4.5	5.3	5.3
Defense	1.9	2.5	2.1	1.9	1.8	1.8	2.3	2.8
Public order and safety	2.4	2.4	2.3	2.4	2.3	2.4	2.5	2.5
Community and social affairs and services	17.0	18.1	18.4	18.8	18.1	18.1	18.8	19.5
Education	7.0	7.8	8.2	9.1	8.4	8.3	9.1	10.2
Health	3.5	3.3	3.4	3.2	3.6	3.8	4.0	4.1
Social security and welfare	2.1	2.6	2.3	2.4	2.2	2.0	2.1	1.9
Housing and community amenities	3.3	3.3	3.4	3.1	3.0	3.2	2.6	2.4
Recreational, cultural and religious	1.1	1.1	1.1	0.9	0.8	0.9	1.0	1.0
Economic affairs and services	11.1	11.1	10.4	8.2	4.7	5.3	6.3	6.5
Fuel and energy	0.0	0.3	0.3	0.3	0.2	0.2	0.1	0.2
Agriculture, forestry, fishing, and hunting	1.5	2.3	3.3	3.0	1.8	2.1	2.8	2.8
Mining and mineral resources	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.2
Transportation and communications	3.4	4.4	5.4	2.9	2.0	2.1	2.4	2.7
Other	6.1	3.9	1.3	1.8	0.6	0.7	0.8	0.5
Expenditure not classified by function 2/	-7.5	-4.3	-2.4	0.0	3.2	1.8	3.7	1.4
Total expenditure and net lending	31.6	37.8	39.7	37.0	34.7	33.8	38.9	38.0

Sources: Ministry of Finance; and Fund staff estimates.

1/ Fiscal year beginning April 1.

2/ Includes public debt transactions.

Table 17. Namibia: Outstanding Debt of the Central Government, 1991-97

(In millions of Namibia dollars)

	March						
	1991	1992	1993	1994	1995	1996	1997
External debt	561.0	512.2	459.1	488.4	471.0	503.3	511.2
Including the Bank of Namibia facility	824.5	884.4	983.4	1,118.3	1,202.0	1,276.8	1,355.2
Long-term stocks (issued before independence) 1/	497.5	466.5	439.6	403.6	368.6	308.6	268.5
Guaranteed by the South African government 2/	422.5	391.5	364.6	328.6	293.6	293.6	268.5
Not guaranteed 3/	75.0	75.0	75.0	75.0	75.0	15.0	0.0
Treasury bonds 4/	9.6	--	--	--	--	--	--
Republic of South Africa loan (preindependence) 2/	32.5	26.0	19.5	13.0	6.5	--	--
Foreign loans (preindependence) 2/	21.4	19.7	--	--	--	--	--
Foreign loans (postindependence)	--	--	--	71.8	95.9	194.7	242.6
African Development Fund	--	--	--	6.4	17.4	34.6	42.9
Kreditanstalt für Wiederaufbau (Germany)	--	--	--	9.7	13.0	56.8	106.7
Long-term stocks (issued after independence) 1/	--	--	--	55.7	55.7	55.7	--
People's Republic of China	--	--	--	--	4.8	22.8	42.1
International Fund for Agricultural Development	--	--	--	--	5.0	2.2	8.0
European Investment Bank	--	--	--	--	--	14.2	32.2
Nordic Investment Bank	--	--	--	--	--	8.4	10.7
Domestic debt	298.5	416.5	866.3	1,378.4	1,594.2	2,178.1	2,768.3
Excluding the Bank of Namibia facility	298.5	416.5	357.8	768.8	889.2	1,404.6	1,924.3
Local loans 5/	25.0	20.0	15.0	5.9	0.8	--	--
Other loans 6/	10.0	5.0	1.4	--	--	0.7	0.5
Treasury bills	--	19.2	195.6	269.0	321.0	534.1	992.6
91 days	--	19.2	95.0	150.0	--	534.1	862.7
182 days	--	--	100.6	119.0	--	--	129.9
Internal registered stock (IRS)	--	--	130.0	473.6	541.4	869.8	931.2
Two-year	--	--	80.0	84.0	--	80.1	--
Three-year	--	--	50.0	322.9	--	444.1	391.5
Five-year	--	--	--	66.7	--	200.4	267.1
Six-year	--	--	--	--	--	145.2	272.6
Bank of Namibia facility 7/	263.5	372.3	524.3	629.9	731.0	773.5	844.0
Total central government debt outstanding	859.5	928.6	1,325.4	1,866.8	2,065.2	2,681.4	3,279.5
Memorandum items:							
Bank of Namibia							
External long-term liability	--	--	508.5	609.6	705.0	764.6	844.0
Counterpart claim on government	--	--	524.3	629.9	731.0	773.5	844.0
Deposit money banks							
Holdings of treasury bills	--	10.8	72.6	167.2	159.3	377.8	436.6
Holdings of IRS	1.2	1.2	61.5	88.3	80.0	77.9	68.3
Other banking institutions							
Holdings of treasury bills	--	--	4.0	7.4	5.1	140.0	120.0
Holdings of IRS	--	--	--	--	--	--	--

Sources: Ministry of Finance; and Bank of Namibia.

1/ Publicly issued stock, held mainly by nonresidents.

2/ Preindependence debt was serviced by the South African Reserve Bank until the second quarter of 1997; the amount of debt serviced by South Africa was consolidated into the Bank of Namibia facility. In the second quarter of 1997, South Africa took over this debt, so that Namibia's repayment obligation became zero.

3/ Two loans (Nos. 26 and 32) were not guaranteed by the South African government and were serviced by Namibia.

4/ Held by banks in South Africa; paid off by Namibian government and not consolidated.

5/ Borrowing from domestic banks.

6/ Local development bonds.

7/ Until the second quarter of 1997, the amounts represent consolidation of preindependence debt; interest was capitalized at 2 percent per annum (the government's counterpart was capitalized at 2.5 percent). In the second quarter of 1997, the preindependence debt was taken over by South Africa, and the balance in Bank of Namibia facility was reduced to zero.

Table 18. Namibia: Monetary Survey, 1991-97

	1991		1992		1993		1994		1995		1996			1997			
	Dec.	Dec.	Dec.	Dec.	Dec.	Dec.	Dec.	Dec.	Dec.	Dec.	Mar.	Jun.	Sep.	Dec.	Mar.	Jun.	
Net foreign assets	685.0	616.4	491.8	515.4	441.0	334.3	453.9	519.6	965.1	670.1	1,219.1						
Bank of Namibia	159.4	134.6	446.2	705.2	791.1	934.1	939.2	730.2	899.1	645.3	624.3						
Deposit money banks	499.1	276.3	34.1	-197.1	-359.9	-611.4	-496.0	-219.5	54.8	15.2	584.3						
Other 1/	66.5	205.4	11.4	7.3	9.8	11.6	10.7	8.9	11.2	9.7	10.5						
Domestic credit	1,357.5	2,386.3	3,336.9	4,282.1	5,595.0	6,025.7	5,973.2	6,489.8	6,849.1	7,270.3	6,482.6						
Net claims on central government	-314.9	428.5	563.8	584.5	685.6	649.7	717.2	931.0	1,077.4	1,262.8	337.5						
Excluding counterpart to long term external liabilities																	
Claims on local and regional governments	9.3	15.2	15.0	17.2	19.2	18.1	19.3	17.8	220.5	418.7	337.5						
Claims on nonfinancial public enterprises	50.1	42.1	42.2	42.1	72.1	70.8	72.1	70.9	72.2	70.9	123.3						
Claims on private sector	1,599.9	2,079.2	2,705.5	3,542.6	4,742.8	5,184.7	5,112.0	5,436.1	5,663.2	5,906.9	5,990.2						
Claims on other banking institutions	13.1	21.3	10.5	95.6	75.3	102.3	52.6	24.1	7.7	1.7	1.7						
Claims on nonbank financial institutions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	10.1	10.5	10.9						
Broad money 2/	1,925.0	2,377.5	2,988.8	3,763.8	4,673.7	4,701.8	4,931.4	5,496.4	6,029.4	6,038.9	6,605.0						
Money 2/	821.9	1,002.4	1,466.8	1,682.8	1,822.2	1,811.7	2,060.5	2,188.0	2,799.5	2,751.2	2,981.8						
Of which: Namibia dollars in circulation	0.0	0.0	133.8	217.4	240.2	256.6	260.4	273.6	282.8	311.7	292.4						
Quasi-money	1,103.1	1,375.1	1,521.9	2,081.0	2,851.6	2,890.1	2,870.9	3,308.5	3,229.9	3,287.7	3,623.2						
Money market instruments and bonds	4.0	2.4	3.9	4.1	4.1	5.0	4.7	4.2	8.9	7.8	3.9						
Long-term external liabilities	0.0	502.0	603.1	698.5	756.8	764.6	799.2	799.2	844.0	844.0	0.0						
Other items, net	113.4	320.7	233.0	331.1	601.4	888.7	691.8	709.7	932.0	1,049.7	1,092.8						
Net foreign assets	23.3	-3.6	-5.2	0.8	-2.0	-7.3	-5.4	2.2	11.2	7.1	15.5						
Domestic credit	8.4	63.8	31.6	31.6	34.9	35.3	23.0	26.1	26.8	26.5	10.3						
Net claims on central government	-8.3	38.6	5.7	0.7	2.7	1.4	0.3	4.5	8.4	13.0	-7.7						
Excluding counterpart to long term external liabilities	-8.3	12.1	1.1	-2.7	1.0	0.3	-1.1	3.3	6.8	11.5	8.8						
Claims on the economy	16.7	25.2	25.9	30.9	32.2	34.0	22.8	21.7	18.5	13.4	18.0						
Broad money 2/	30.3	23.5	25.7	25.9	24.2	16.1	17.4	24.3	29.0	28.4	33.9						
Money 2/	14.1	9.4	19.5	7.2	3.7	-0.0	5.6	5.4	20.9	20.0	18.7						
Quasi-money	16.2	14.1	6.2	18.7	20.5	16.1	11.8	18.9	8.1	8.5	15.3						
Other items, net 3/	1.3	36.8	0.6	6.5	8.7	11.9	0.3	4.0	9.0	5.2	-8.1						

(In millions of Namibia dollars, end of period)

(Annual changes in percent of beginning-of-year broad money)

Source: Bank of Namibia.

1/ Deposit money bank and other banking institution holdings of South African rand currency.

2/ Excludes South African rand circulating in Namibia.

3/ Includes money market instruments, bonds, and long term external facilities.

Table 19. Namibia: Summary Accounts of the Bank of Namibia, 1991-97

(In millions of Namibia dollars, end of period)

	1991		1992		1993		1994		1995		1996			1997		
	Dec.	Dec.	Dec.	Dec.	Dec.	Dec.	Dec.	Dec.	Dec.	Dec.	Mar.	Jun.	Sep.	Dec.	Mar.	Jun.
Net foreign assets	159.4	134.6	446.2	705.2	791.1	934.1	939.2	730.2	899.1	645.3	624.3					
Assets	159.5	141.4	454.5	718.5	808.3	940.9	946.2	744.1	906.8	657.5	672.1					
Liabilities	0.1	6.8	8.3	13.3	17.2	6.8	7.0	13.9	7.6	12.3	47.9					
Domestic assets	0.1	510.6	620.0	720.5	784.4	774.2	812.7	812.0	857.6	844.7	0.7					
Claims on government	0.0	510.3	619.6	720.0	783.7	773.5	812.0	812.0	856.9	844.0	0.0					
<i>Of which: counterpart to long-term external liabilities</i>	0.0	510.3	619.6	720.0	783.7	773.5	812.0	812.0	856.9	844.0	0.0					
Claims on local and regional governments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0					
Claims on nonfinancial public enterprises	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0					
Claims on private sector	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0					
Claims on deposit money banks	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0					
Claims on other banking institutions	0.1	0.3	0.4	0.5	0.7	0.7	0.7	0.7	0.7	0.7	0.7					
Reserve money	30.6	16.4	221.9	366.3	405.8	371.4	389.7	421.9	497.1	464.3	462.8					
Namibian dollar currency issued	0.0	0.0	194.7	332.8	380.5	337.8	351.6	369.1	452.4	410.7	420.4					
Deposit money bank deposits	18.1	16.4	27.2	33.6	25.3	33.6	38.2	52.8	44.6	53.5	42.4					
Current accounts	0.0	0.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0					
Reserve accounts	18.1	15.8	27.2	33.6	25.3	33.6	38.2	52.8	44.6	53.5	42.4					
Other deposits	12.5	0.0	-0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0					
Central government deposits	123.1	143.5	221.7	291.2	280.8	380.6	341.3	69.1	162.4	14.9	14.6					
Long-term external liabilities	0.0	502.0	603.1	698.5	756.8	764.6	799.2	799.2	844.0	844.0	0.0					
Capital and reserves	21.8	31.9	40.6	71.2	119.5	164.2	245.8	278.8	303.8	243.1	272.8					
Other items, net	-16.0	-48.6	-21.0	-1.5	12.6	27.5	-24.2	-26.1	-50.6	-76.3	-125.2					
Memorandum items:																
South African rand currency held by:																
Deposit money banks	66.5	66.9	11.4	7.3	9.8	11.6	10.7	8.9	11.2	9.7	10.5					
Other banking institutions	0.0	138.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0					

Source: Bank of Namibia.

Table 20. Namibia: Summary Accounts of the Deposit Money Banks, 1991-97

(In millions of Namibia dollars, end of period)

	1991		1992		1993		1994		1995		1996			1997		
	Dec.	Dec.	Dec.	Dec.	Dec.	Dec.	Dec.	Dec.	Dec.	Dec.	Mar.	Jun.	Sep.	Dec.	Mar.	Jun.
<b>Reserves</b>	84.7	83.4	99.5	156.2	175.4	126.5	140.1	157.1	226.4	162.2	180.6					
Currency (Namibia dollars)	-	-	60.9	115.3	140.3	81.3	91.2	95.4	169.6	99.0	128.0					
Currency (South African rand)	66.5	66.9	11.4	7.3	9.8	11.6	10.7	8.9	11.2	9.7	10.5					
Restricted deposits with Bank of Namibia	-	-	-	-	-	-	-	-	-	-	-					
Other deposits with Bank of Namibia	18.1	16.4	27.2	33.6	25.3	33.6	38.2	52.8	45.5	53.5	42.0					
<b>Foreign assets</b>	585.5	375.7	195.0	194.4	140.7	102.7	95.6	173.0	349.8	396.6	844.5					
Claims on nonresident banks	425.6	296.2	159.2	193.0	137.7	100.1	94.5	171.1	346.5	393.6	841.2					
Claims on nonresident nonbanks	159.9	79.5	35.8	1.5	3.1	2.6	1.1	1.8	3.2	3.0	3.2					
<b>Domestic assets</b>	1,713.0	2,329.1	3,052.0	3,935.8	5,164.9	5,704.7	5,581.2	5,871.4	6,231.9	6,511.9	6,668.5					
Claims on central government	40.8	171.6	279.2	238.8	256.2	329.3	325.9	313.2	460.9	505.0	524.1					
Treasury bills	12.2	72.1	143.3	156.6	201.9	273.5	264.4	260.5	377.8	436.6	356.0					
Government securities	1.2	59.7	80.8	76.5	50.6	51.0	57.8	49.0	77.9	68.3	162.5					
Loans and advances	25.6	26.1	29.2	2.6	0.1	1.2	0.1	0.1	-	0.1	0.4					
Other	1.8	13.7	25.9	3.1	3.6	3.6	3.6	3.6	5.2	-	5.2					
Claims on local and regional governments	9.3	15.2	15.0	17.2	19.2	18.1	19.2	17.8	18.6	17.5	19.0					
Claims on nonfinancial public enterprises	50.1	42.1	42.2	42.1	72.1	70.8	72.1	70.9	72.2	70.9	123.3					
Claims on private sector	1,599.9	2,079.2	2,705.5	3,442.6	4,742.8	5,184.7	5,112.0	5,436.1	5,663.2	5,906.9	5,990.2					
Claims on other banking institutions	13.0	21.0	10.1	95.1	74.6	101.6	51.9	23.4	7.0	1.0	1.0					
Claims on nonbank financial institutions	-	-	-	-	-	-	-	10.0	10.1	10.5	10.9					
<b>Total assets = total liabilities</b>	2,383.2	2,788.1	3,346.4	4,286.4	5,481.0	5,933.9	5,816.8	6,201.5	6,808.0	7,070.7	7,693.6					
<b>Demand deposits</b>	809.5	1,002.4	1,333.1	1,465.3	1,581.9	1,555.1	1,800.1	1,914.3	2,516.7	2,439.4	2,689.4					
Time and savings deposits	1,103.1	1,375.1	1,521.9	2,081.0	2,851.6	2,890.1	2,870.9	3,308.5	3,229.9	3,287.7	3,623.2					
Time deposits	794.0	1,037.2	1,174.9	1,655.7	2,385.5	2,417.5	2,392.5	2,746.9	2,671.5	2,753.7	3,074.2					
Savings deposits	309.1	337.8	347.0	425.3	466.0	472.7	478.4	561.6	558.3	534.0	549.0					
<b>Money market instruments</b>	-	-	-	-	-	-	-	-	-	-	-					
<b>Bonds</b>	4.0	2.4	3.9	4.1	4.1	5.0	4.7	4.2	8.9	7.8	3.9					
<b>Foreign liabilities</b>	126.4	99.3	160.9	391.5	500.6	714.2	591.6	392.5	295.0	381.4	260.2					
Nonresident banks	71.7	56.1	145.7	291.5	382.0	516.8	342.9	204.8	201.8	291.3	197.1					
Nonresident nonbanks	54.8	43.3	15.2	100.0	118.7	197.4	248.7	187.7	93.2	90.1	63.0					
<b>Central government deposits</b>	232.6	109.9	113.3	83.1	73.5	72.5	79.5	125.2	77.9	71.4	172.0					
<b>Credit from central bank</b>	-	-	-	-	-	0.2	-	-	-	-	-					
<b>Capital and reserves</b>	162.8	204.5	273.2	293.8	432.5	455.9	485.0	531.1	644.0	670.0	703.6					
<b>Other items, net</b>	-55.2	-5.5	-59.8	-32.5	36.8	240.9	-15.0	-74.2	35.8	212.9	241.3					

Source: Bank of Namibia.

Table 21. Namibia: Summary Accounts of Other Banking Institutions, 1992-97 1/

(In millions of Namibia dollars, end of period)

	1992		1993		1994		1995		1996			1997	
	Dec.	Dec.	Dec.	Dec.	Dec.	Dec.	Dec.	Mar.	Jun.	Sep.	Dec.	Mar.	Jun.
Reserves	138.4	43.1	0.6	6.9	1.4	2.6	17.2	1.1	0.0	1.1	0.0	0.0	1.1
Currency (Namibia dollars)	0.0	43.1	0.6	6.9	1.4	2.6	17.2	1.1	0.0	1.1	0.0	0.0	1.1
Currency (South African rand)	138.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Deposits with Bank of Namibia	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Foreign assets	0.7	0.7	0.5	0.5	0.5	0.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Domestic assets	1,021.9	1,280.8	1,552.9	1,711.6	1,786.4	1,690.3	1,544.5	1,602.0	1,653.1	1,722.7	1,722.7	1,653.1	1,722.7
Claims on central government	3.0	6.0	31.0	5.0	5.0	5.0	30.0	140.0	120.0	133.2	133.2	120.0	133.2
Treasury bills	0.0	0.0	10.0	5.0	5.0	5.0	25.0	140.0	120.0	133.2	133.2	120.0	133.2
Government securities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Loans and advances	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other	3.0	6.0	21.0	0.0	0.0	0.0	5.0	0.0	0.0	0.0	0.0	0.0	0.0
Claims on local and regional governments	5.8	6.1	5.5	5.3	5.5	5.4	5.3	5.3	5.3	5.3	5.3	5.3	5.3
Claims on nonfinancial public enterprises	2.4	7.7	16.7	7.8	6.2	6.7	5.9	4.6	8.6	9.2	8.6	8.6	9.2
Claims on private sector	1,003.8	1,148.7	1,374.3	1,519.6	1,549.3	1,554.0	1,352.6	1,352.9	1,356.3	1,340.3	1,356.3	1,356.3	1,340.3
Claims on deposit money banks	0.0	95.8	116.8	164.1	206.9	111.2	143.7	91.3	154.9	215.1	154.9	154.9	215.1
Claims on nonbank financial institutions	7.0	16.6	8.7	9.7	13.6	7.9	7.0	8.0	8.0	8.0	8.0	8.0	19.6
Time and savings deposits	479.8	499.4	701.7	795.1	842.2	769.8	670.7	718.1	761.0	813.9	761.0	761.0	813.9
Money market instruments	153.1	223.8	190.9	180.3	209.7	197.1	220.6	234.6	219.4	214.8	234.6	219.4	214.8
Bonds and debentures	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Foreign liabilities	8.6	10.2	18.3	10.2	12.3	11.0	10.5	9.9	15.2	12.5	9.9	15.2	12.5
Central government deposits	10.9	21.8	16.4	18.0	11.7	5.1	8.2	7.1	4.9	4.2	7.1	4.9	4.2
Credit from central bank	0.3	0.2	0.5	0.7	0.7	0.6	0.5	0.5	0.6	0.5	0.5	0.6	0.5
Credit from deposit money banks	21.0	20.0	24.0	68.5	65.8	82.6	42.3	35.6	34.1	33.7	35.6	34.1	33.7
Capital and reserves	563.2	634.2	763.1	821.2	832.7	842.1	789.0	792.2	823.8	856.2	792.2	823.8	856.2
Other items, net	-75.9	-85.2	-160.7	-175.1	-186.8	-215.0	-179.9	-194.9	-205.9	-212.0	-194.9	-205.9	-212.0

Source: Bank of Namibia.

1/ Comprising the building societies, the Post Office Savings Bank, the National Housing Enterprise, and the Agricultural Bank of Namibia.



Table 22. Namibia: Banking Survey, 1992-97 1/

(In millions of Namibia dollars, end of period)

	1992		1993		1994		1995		1996			1997		
	Dec.	Dec.	Dec.	Dec.	Dec.	Dec.	Dec.	Dec.	Mar.	Jun.	Sep.	Dec.	Mar.	Jun.
Net foreign assets	608.5	482.2	497.7	431.3	322.5	443.4	509.2	955.2	654.9	1,206.6				
Domestic credit	3,576.0	4,489.6	5,606.2	7,049.1	7,491.2	7,494.6	7,858.4	8,345.1	8,761.8	7,984.3				
Net claims on central government	420.6	548.0	599.1	672.7	643.0	717.1	932.8	1,210.3	1,377.8	466.6				
Excluding counterpart to long term external liabilities	-89.7	-71.6	-121.0	-111.1	-130.5	-94.9	140.8	353.4	533.8	466.6				
Claims on local and regional governments	20.9	21.1	22.7	24.5	23.6	24.7	23.1	23.9	22.8	24.3				
Claims on nonfinancial public enterprises	44.5	49.8	58.8	79.9	77.0	78.9	76.7	76.7	79.5	132.5				
Claims on private sector	3,082.9	3,854.2	4,917.0	6,262.4	6,734.0	6,666.0	6,788.7	7,016.1	7,263.1	7,330.5				
Claims on nonbank financial institutions	7.0	16.6	8.7	9.7	13.6	7.9	17.0	18.1	18.5	30.4				
Broad money 2/	2,857.3	3,488.2	4,465.5	5,468.8	5,544.0	5,701.2	6,167.1	6,747.5	6,799.9	7,418.8				
Money 2/	1,002.4	1,466.8	1,682.8	1,822.2	1,811.7	2,060.5	2,188.0	2,799.5	2,751.2	2,981.8				
Of which: Namibia dollars in circulation	0.0	133.8	217.4	240.2	256.6	260.4	273.6	282.8	311.7	292.4				
Quasi-money	1,854.9	2,021.3	2,782.7	3,646.7	3,732.4	3,640.7	3,979.1	3,948.0	4,048.7	4,437.1				
Money market instruments and bonds	155.5	227.7	195.0	184.4	214.7	201.8	224.8	243.5	227.2	218.8				
Other items, net	1,171.6	1,255.9	1,443.4	1,827.2	2,055.0	2,035.0	1,975.7	2,309.4	2,389.7	1,553.2				

Source: Bank of Namibia.

1/ Consolidation of the monetary survey and the operations of the other banking institutions.

2/ Excludes South African rand circulating in Namibia.

Table 23. Namibia: Interest Rates, 1991-96

(Annual averages in percent per annum)

	1991	1992	1993	1994	1995	1996
<b>Short-term interest rates</b>						
<b>Bank rate (end of period)</b>						
In South Africa 1/	17.00	14.00	12.00	13.00	15.00	17.00
Bank of Namibia						
Deposit money bank overdraft rate	20.50	16.50	14.50	15.50	17.50	17.54
<b>Money market rate</b>						
In South Africa	17.02	14.11	10.83	10.24	13.07	15.54
In Namibia 2/						15.00
<b>Treasury bill rate 3/</b>						
In South Africa	16.68	13.77	11.31	10.93	13.53	15.04
In Namibia		13.88	12.16	11.32	13.90	15.30
<b>Commercial bank deposit rate 4/</b>						
In South Africa	17.30	13.78	11.50	11.11	13.54	14.91
In Namibia	12.77	11.36	9.61	9.18	10.84	12.56
<b>Commercial bank lending rate 5/</b>						
In South Africa	20.31	18.91	16.16	15.58	17.90	19.52
In Namibia	23.36	20.21	18.02	17.05	18.51	19.44
<b>Long-term interest rate</b>						
Government bond yield in South Africa	16.35	15.44	13.97	14.83	16.11	15.48
Government bond yield in Namibia						15.00
<b>Memorandum items:</b>						
<b>Inflation</b>						
In South Africa	15.3	13.9	9.7	9.0	8.66	7.45
In Namibia 6/	11.9	17.7	8.5	10.8	10.00	8.00
<b>Real interest rates 7/</b>						
<b>Commercial bank deposits</b>						
In South Africa	1.73	-0.11	1.66	1.91	4.49	6.94
In Namibia	0.78	-5.39	1.02	-1.46	0.76	4.22
<b>Commercial bank lending</b>						
In South Africa	4.35	4.40	5.91	6.01	8.50	11.23
In Namibia	10.24	2.13	8.77	5.64	7.74	10.59
Government bond yield in South Africa	0.91	1.35	3.91	5.32	6.85	7.47
Government bond yield in Namibia						6.48

Sources: South African Reserve Bank; Bank of Namibia; and IMF, *International Financial Statistics*.

1/ South African Reserve Bank's discount rate for treasury bills.

2/ Money market rates in Namibia before 1996 are the same as South African.

3/ Average tender rate for 91-day bills.

4/ For South Africa, rates are upper margin of interest on time deposits of 88-91 days. For Namibia, rates are weighted averages of demand deposits, 88-day notice deposits, savings deposits and deposits with a maturity of more than one year of two largest commercial banks.

5/ For South Africa, rates are prime overdraft rate of major banks. For Namibia, rates are weighted average of different lending instruments.

6/ Windhoek consumer price index.

7/ Deflated by consumer price indices.

Table 24. Namibia: Commercial Banks' Key Indicators

(In million of Namibia dollars, unless otherwise noted; end-December)

	1994	1995	1996
Net interest income	223.8	308.2	379.6
Noninterest expense	201.0	259.5	301.8
Noninterest income	129.5	183.1	233.5
Net provision charges	27.9	44.6	87.7
Income before taxation	124.4	187.2	223.6
Total assets	4664.6	6030.2	7363.6
Operating expenses (in percent)	4.31	4.30	4.10
Interest margin (in percent)	4.80	5.11	5.16
Noninterest income/assets (in percent)	2.78	3.04	3.17
Provision/assets (in percent)	0.60	0.74	1.19
Profit before tax/assets (in percent)	2.67	3.10	3.04

Source: Bank of Namibia, *Annual Report 1996*.

Table 25. Operating Expenses and Interest Margins of Selected Countries

(In percent)

Country	Operating Expenses 1/	Interest Margin 1/	Difference
Developing (1986-88) 2/			
Algeria	1.17	3.56	2.39
Bangladesh	2.35	2.50	0.15
Botswana	0.69	3.38	2.69
Cameroon	4.25	3.39	-0.86
Chile	1.68	1.78	0.10
Colombia (1988-91) 3/	7.30	9.80	2.50
Côte d'Ivoire	n/a	4.10	4.10
Indonesia	2.40	2.24	-0.16
Malaysia	2.80	3.60	0.80
Morocco	2.51	3.29	0.78
Namibia (1994-96)	4.23	5.02	0.79
Nigeria	3.48	5.80	2.32
Pakistan	2.70	2.15	-0.55
Thailand	3.90	2.70	-1.20
Tunisia	1.60	2.20	0.60
Turkey	5.44	2.82	-2.62
Advanced (1980-86) 4/			
Belgium	1.80	1.71	-0.09
Canada (1982-86)	2.05	2.57	0.52
Finland	3.04	1.84	-1.20
France	2.15	2.69	0.54
Germany	2.14	2.37	0.23
Italy (1980-85)	2.90	3.23	0.33
Japan	1.19	1.42	0.23
Luxemburg	0.40	0.07	-0.33
Netherlands	1.95	2.28	0.33
Norway	3.26	3.25	-0.01
Portugal	2.11	2.37	0.26
Spain	3.14	3.90	0.76
Sweden (1981-86)	1.97	2.20	0.23
Switzerland	1.40	1.34	-0.06
United Kingdom	3.40	3.33	-0.07
United States	2.95	3.22	0.27

1/ Expressed as percentage of average assets.

2/ Source: World Bank Report No. 8403-TH, "Thailand Financial Sector Study," May 25, 1990, p 73.

3/ Source: Colombia Banking Superintendency of Banks.

4/ Source: Dimitri Vittas, "Measuring Bank Efficiency," April 1991, pp 20-21.

Table 26. Namibia: Treasury Bill and Internal Registered Stock Tenders, 1995-97

(Amounts in millions of Namibian dollars; interest rates in percent per annum)

	91-Day Bills			182-Day Bills			Internal Registered Stock						
	Subscribed (a)	Allotted (b)	(a)-(b)	Average yield	Subscribed (a)	Allotted (b)	(a)-(b)	Average yield	Subscribed (a)	Allotted (b)	(a)-(b)	Average yield	Coupon rate
<b>1995</b>													
January	101.4	101.4	0.0	12.9	-	-	-	-	-	-	-	-	-
February	83.0	83.0	0.0	13.4	-	-	-	-	-	-	-	-	-
March	172.0	148.2	23.8	13.7	-	-	-	-	-	-	-	-	-
April	-	-	-	-	-	-	-	-	-	-	-	-	-
May	328.8	150.0	178.8	14.2	-	-	-	-	146.5	107.0	39.5	12.0	16.5
June	203.5	100.0	103.5	14.2	-	-	-	-	-	-	-	-	-
July	-	-	-	-	-	-	-	-	-	-	-	-	-
August	-	-	-	-	-	-	-	-	-	-	-	-	-
September	-	-	-	-	-	-	-	-	-	-	-	-	-
October	240.7	200.0	40.7	14.1	-	-	-	-	187.0	172.0	15.0	12.0	16.2
November	286.7	220.0	66.7	14.1	-	-	-	-	-	-	-	-	-
December	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	1416.1	1002.6	-	-	-	-	-	-	188.2	150.0	38.2	12.0	14.8
									521.7	429.0			
<b>1996</b>													
January	311.2	200.0	111.2	14.0	-	-	-	-	-	-	-	-	-
February	260.8	220.0	40.8	14.0	-	-	-	-	-	-	-	-	-
March	133.5	133.5	0.0	14.3	-	-	-	-	-	-	-	-	-
April	270.0	200.0	70.0	14.2	-	-	-	-	-	-	-	-	-
May	313.1	200.0	113.1	16.1	-	-	-	-	208.3	158.3	50.0	12.0	16.9
June	187.8	186.8	1.0	15.8	-	-	-	-	-	-	-	-	-
July	301.4	209.0	92.4	15.1	-	-	-	-	-	-	-	-	-
August	278.4	230.0	48.4	16.1	-	-	-	-	-	-	-	-	-
September	212.4	203.4	9.0	15.3	-	-	-	-	199.5	150.0	49.5	12.0	16.0
October	341.1	296.0	45.1	15.3	-	-	-	-	-	-	-	-	-
November	304.1	304.8	-0.7	16.1	-	-	-	-	95.6	95.6	0.0	12.0	16.9
December	387.3	250.0	137.3	16.5	-	-	-	-	-	-	-	-	-
Total	3301.1	2633.5	667.6	16.2	146.8	141.3	5.5	16.2	503.4	403.9	100.0	12.0	16.5
					146.8	141.3							
<b>1997</b>													
January	396.9	276.5	120.4	16.5	-	-	-	-	-	-	-	-	-
February	456.4	329.7	126.7	16.0	-	-	-	-	-	-	-	-	-
March	291.7	291.7	0.0	16.0	-	-	-	-	76.3	76.3	0.0	12.0	15.7
April	412.6	290.0	122.6	15.9	-	-	-	-	-	-	-	-	-
May	391.0	364.2	26.8	15.9	-	-	-	-	134.0	134.0	0.0	12.0	16.5

Source: Bank of Namibia.

Table 27. Namibia: Selected Indicators of Namibian Stock Exchange

(Based on calendar years, with listings and share price figures stated as of December 31)

	1992	1993	1994	1995	1996
<b>Tradings on the Namibian Stock Exchange</b>					
Number of deals	n/a	75	390	847	1960
Volume (million shares traded)	n/a	0.028	6.13	14.59	68.61
Value traded (N\$ million)	n/a	0.15	58.2	233.7	660.5
<b>Listings and share price figures</b>					
<b>Overall market</b>					
Number of listed companies overall	4	6	14	23	27
Market capitalization (N\$ million)	8,614.5	15,084.2	39,015.7	69,632.2	76,051.4
Year-end index	n/a	123.47	155.74	224.90	218.28
<b>Local market</b>					
Number of local listed companies	3	4	8	10	12
Local market capitalization (N\$ million)	63.3	94.3	695.7	689.4	2,149.6
Year-end local index	n/a	n/a	n/a	86.41	150.07

Source: Namibian Stock Exchange.

Table 28. Namibia: Balance of Payments, 1991-96  
(In millions of Namibia dollars, unless otherwise indicated)

	1991	1992	1993	1994	1995	Prel. 1996
Current account	372.6	248.9	426.0	472.9	115.2	357.1
Goods	284.9	210.4	245.9	229.7	-403.9	-108.1
Exports, f.o.b.	3,377.3	3,825.6	4,221.0	4,794.2	5,077.4	5,799.5
<i>Of which</i>						
Diamonds	1,222.4	1,284.8	1,476.3	1,440.7	1,712.8	2,221.7
Other minerals	792.1	757.3	858.6	906.1	890.5	1,069.6
Fish	669.6	850.2	1,024.4	1,350.9	1,345.4	1,309.2
Imports, f.o.b.	-3,092.4	-3,615.2	-3,975.1	-4,564.5	-5,481.3	-5,907.6
Services	-938.2	-975.7	-821.1	-773.8	-921.8	-1,085.5
Transportation	-588.6	-613.3	-649.4	-684.7	-704.2	-812.2
<i>Of which</i>						
Charter of fishing boats	-331.6	-296.2	-315.1	-291.7	-250.2	-306.8
Travel	86.3	162.8	413.7	518.1	516.4	573.5
Other services	-435.9	-525.3	-585.4	-607.2	-734.0	-846.8
Income	267.3	48.5	215.4	238.0	432.0	419.7
Compensation of employees	-24.6	-9.7	-3.5	0.9	0.5	-3.8
Investment income	292.0	58.2	218.8	237.1	431.5	423.5
<i>Of which</i>						
Dividends and distributed profits	-141.2	-197.9	-297.7	-208.6	-329.0	-347.8
Reinvested earnings and undistributed profits	-62.8	-191.0	-82.1	-181.6	-363.1	-276.0
Current transfers	758.5	965.8	785.8	779.0	1,008.9	1,131.0
<i>Of which</i>						
SACU receipts 1/	716.0	747.5	762.3	868.2	1,092.4	1,300.5
Capital and financial account, including reserve assets	-435.9	-147.2	-336.1	-547.7	-175.4	-337.1
Capital account	79.8	91.5	88.3	153.6	145.5	84.9
Financial account, including reserve assets	-515.7	-238.6	-424.4	-701.3	-320.9	-422.0
Excluding reserve assets	-550.1	-257.3	-126.1	-435.0	-233.4	-323.6
Direct investment	315.1	341.7	152.3	369.5	429.0	583.7
Abroad	-17.6	4.5	-28.4	21.7	-3.9	-7.0
In reporting country	332.7	337.2	180.7	347.9	433.0	590.7
Portfolio investment	-70.9	45.3	256.0	157.7	393.1	107.6
Other investment	-794.3	-644.3	-534.4	-962.2	-1,055.6	-1,014.9
Assets	-776.3	-666.4	-672.5	-1,124.8	-1,320.6	-1,425.2
<i>Of which</i>						
Deposit money banks	-242.7	245.1	141.6	21.8	55.9	-209.1
Life insurance	-433.1	-269.7	-104.8	-487.5	-478.8	-439.4
Pension funds	-403.6	-578.3	-658.5	-645.1	-904.2	-747.7
Liabilities	-18.1	22.1	138.1	162.6	265.0	410.3
Long term	132.5	-26.4	-106.8	-187.7	58.1	169.0
General government loans	109.7	9.9	60.3	17.4	79.0	119.3
Drawings	168.6	18.4	66.8	23.9	85.5	125.8
Repayments	-58.8	-8.5	-6.5	-6.5	-6.5	-6.5
Other long term	22.8	-36.2	-167.0	-205.1	-20.9	49.7
Short term	-150.5	-31.9	277.8	332.7	166.2	211.1
<i>Of which</i>						
Replacement of South African rand in circulation	0.0	0.0	134.0	84.0	23.0	43.0
Reserve assets (increase -)	34.4	18.7	-298.4	-266.3	-87.6	-98.5
Net errors and omissions	63.3	-101.8	-89.8	74.8	60.2	-20.0
Memorandum items						
Current account/GDP (in percent)						
Including current official transfers	5.3	3.0	4.8	4.3	0.9	2.6
International reserves (end-of-year) 2/	159.5	141.4	454.5	718.5	808.3	906.8
In months of imports of goods and services	0.4	0.3	1.0	1.4	1.3	1.4
Net foreign assets of deposit money banks 3/	459.1	276.3	34.1	-197.1	-359.9	54.8

Source: Bank of Namibia.

1/ Southern African Customs Union.

2/ Gross foreign assets of the Bank of Namibia.

3/ From the balance sheet of deposit money banks (end of period).

Table 29. Namibia: Balance of Payments, 1991-96

(In millions of U.S. dollars, unless otherwise indicated)

	1991	1992	1993	1994	1995	Prel. 1996
Current account	135.2	87.4	130.5	133.3	31.8	83.1
Goods	103.3	73.8	75.3	64.7	-111.4	-25.2
Exports, f.o.b.	1,225.3	1,342.5	1,293.4	1,351.0	1,399.9	1,348.9
Of which						
Diamonds	443.5	450.9	452.4	406.0	472.2	516.8
Other minerals	287.4	265.8	263.1	255.3	245.5	248.8
Fish	242.9	298.4	313.9	380.7	370.9	304.5
Imports, f.o.b.	-1,121.9	-1,268.7	-1,218.0	-1,286.3	-1,511.2	-1,374.1
Services	-340.4	-342.4	-251.6	-218.1	-254.1	-252.5
Transportation	-213.5	-215.2	-199.0	-193.0	-194.1	-188.9
Of which						
Charter of fishing boats	-120.3	-103.9	-96.5	-82.2	-69.0	-71.4
Travel	31.3	57.1	126.8	146.0	142.4	133.4
Other services	-158.1	-184.3	-179.4	-171.1	-202.4	-197.0
Income	97.0	17.0	66.0	67.1	119.1	97.6
Compensation of employees	-8.9	-3.4	-1.1	0.3	0.1	-0.9
Investment income	105.9	20.4	67.1	66.8	119.0	98.5
Of which						
Dividend and distributed profits	-51.2	-69.4	-91.2	-58.8	-90.7	-80.9
Reinvested earnings and undistributed profits	-22.8	-67.0	-25.2	-51.2	-100.1	-64.2
Current transfers	275.2	338.9	240.8	219.5	278.2	263.1
Of which						
SACU receipts 1/	259.8	262.3	233.6	244.7	301.2	302.5
Capital and financial account, including reserve assets	-158.1	-51.6	-103.0	-154.3	-48.4	-78.4
Capital account	28.9	32.1	27.1	43.3	40.1	19.8
Financial account, including reserve assets	-187.1	-83.7	-130.1	-197.6	-88.5	-98.2
Excluding reserve assets	-199.6	-90.3	-38.6	-122.6	-64.3	-75.3
Direct investment	114.3	119.9	46.7	104.1	118.3	135.8
Abroad	-6.4	1.6	-8.7	6.1	-1.1	-1.6
In reporting country	120.7	118.3	55.4	98.0	119.4	137.4
Portfolio investment	-25.7	15.9	78.4	44.4	108.4	25.0
Other investment	-288.2	-226.1	-163.7	-271.1	-291.0	-236.1
Assets	-281.6	-233.9	-206.1	-317.0	-364.1	-331.5
Of which						
Deposit money banks	-87.0	88.9	44.6	6.1	15.4	-48.5
Life insurance	-157.1	-94.6	-32.1	-137.4	-132.0	-102.2
Pension funds	-146.4	-202.9	-201.8	-181.8	-249.3	-173.9
Liabilities	-6.6	7.7	42.3	45.8	73.1	95.4
Long-term	48.1	19.0	-1.8	-24.3	33.6	56.3
General government loans	39.8	3.5	18.5	4.9	21.8	27.8
Drawings	61.2	6.5	20.5	6.7	23.6	29.3
Repayments	-21.3	-3.0	-2.0	-1.8	-1.8	-1.5
Other long-term	8.3	15.5	-20.2	-29.2	11.8	28.6
Short-term	-54.6	-11.2	44.1	70.1	39.5	39.1
Of which						
Replacement of South African rand in circulation	0.0	0.0	41.1	23.7	6.3	10.0
Reserve assets (increase -)	12.5	6.6	-91.4	-75.0	-24.1	-22.9
Net errors and omissions	23.0	-35.7	-27.5	21.1	16.6	-4.7
Memorandum items						
Current account/GDP (in percent)						
Including current official transfers	5.3	3.0	4.8	4.3	0.9	2.6
International reserves (end of year) 2/	58.1	46.3	133.8	202.8	221.6	193.7
In months of imports of goods and services	0.4	0.3	1.0	1.4	1.3	1.4
Net foreign assets of deposit money banks 3/	167.4	90.5	10.0	-55.6	-98.7	11.7

Source: Bank of Namibia.

1/ Southern African Customs Union.

2/ Gross foreign assets of the Bank of Namibia.

3/ From the balance sheet of deposit money banks (end of period).



Table 30. Namibia: Merchandise Exports by Commodity Group, 1991-96

(In millions of U.S. dollars)

	1991	1992	1993	1994	1995	<u>Prel.</u> 1996
<b>Total exports, f.o.b.</b>	<b>1,225.3</b>	<b>1,342.5</b>	<b>1,293.3</b>	<b>1,351.0</b>	<b>1,399.9</b>	<b>1,348.9</b>
<b>Food and live animals</b>	<b>349.9</b>	<b>397.0</b>	<b>349.1</b>	<b>471.2</b>	<b>483.7</b>	<b>487.5</b>
<b>Live animals</b>	<b>77.8</b>	<b>94.6</b>	<b>85.5</b>	<b>118.4</b>	<b>133.2</b>	<b>127.6</b>
Cattle	38.5	38.7	43.0	62.1	67.3	77.5
Sheep and goats	36.4	51.1	39.4	50.3	59.0	44.3
Game	1.1	1.2	0.8	1.8	1.7	1.4
Other	1.8	3.6	2.4	4.2	5.2	4.4
<b>Meat and meat preparations</b>	<b>98.7</b>	<b>102.8</b>	<b>90.1</b>	<b>107.1</b>	<b>101.4</b>	<b>81.8</b>
Meat (cattle)	86.4	89.8	73.0	86.4	83.6	66.0
Meat (other)	3.8	4.4	2.9	4.3	1.6	0.0
Meat products	8.4	8.5	14.2	16.4	16.2	15.8
<b>Fish, lobsters, and crabs</b>	<b>163.2</b>	<b>189.1</b>	<b>164.3</b>	<b>237.3</b>	<b>240.8</b>	<b>271.1</b>
Unprocessed fish	144.6	169.0	142.6	220.8	230.3	260.2
Lobsters and crabs	18.6	20.1	21.8	16.5	10.5	10.9
Other food products	10.2	10.5	9.2	8.5	8.3	7.0
<b>Hides, skins, and wool</b>	<b>15.3</b>	<b>15.1</b>	<b>16.1</b>	<b>20.8</b>	<b>20.6</b>	<b>19.2</b>
Karakul pelts and wool	6.1	4.4	2.2	2.8	2.7	2.4
Other	9.3	10.7	13.9	18.0	17.9	16.9
<b>Mineral products</b>	<b>730.9</b>	<b>716.6</b>	<b>715.4</b>	<b>661.3</b>	<b>717.7</b>	<b>765.5</b>
Diamonds	443.5	450.9	452.4	406.0	472.2	516.8
Copper	69.5	77.9	57.6	68.8	65.6	35.9
Gold	22.2	23.2	22.6	27.0	26.9	27.5
Silver	11.9	11.7	10.4	9.8	11.4	7.3
Lead	19.7	17.0	12.0	14.0	13.6	26.4
Zinc	18.8	21.1	13.4	14.2	12.6	17.0
Other	145.2	114.9	147.0	121.5	115.4	134.7
<b>Manufactured products</b>	<b>127.9</b>	<b>185.4</b>	<b>198.9</b>	<b>182.6</b>	<b>160.2</b>	<b>59.2</b>
Canned fish, fish meal, and fish oil	79.7	109.3	149.5	143.4	130.1	33.4
Other	48.2	76.1	49.3	39.2	30.1	25.8
<b>Electricity</b>	<b>1.3</b>	<b>2.0</b>	<b>0.0</b>	<b>0.2</b>	<b>1.0</b>	<b>0.0</b>
<b>Commodities derived from other sources</b>	<b>0.0</b>	<b>26.3</b>	<b>13.8</b>	<b>14.8</b>	<b>16.5</b>	<b>17.4</b>
Exports of diamond imported from Angola	0.0	22.8	11.9	12.8	14.3	15.1
Exports of merchandise to Angola as barter for diamonds	0.0	3.5	1.8	2.0	2.2	2.3
<b>Other exports</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Source: Bank of Namibia.

Table 31. Namibia: Mineral Exports, 1991-96

	1991	1992	1993	1994	1995	<u>Prel.</u> 1996
(In millions of U.S. dollars)						
Diamonds	443.5	450.9	452.4	406.0	472.2	516.8
Copper	69.5	77.9	57.6	68.8	65.6	35.9
Lead	19.7	17.0	12.0	14.0	13.6	26.4
Zinc	18.8	21.1	13.4	14.2	12.6	17.0
Silver	11.9	11.7	10.4	9.8	11.4	7.3
Gold	22.2	23.2	22.6	27.0	26.9	27.5
Other	145.2	114.9	147.0	121.5	115.4	134.7
Total	730.9	716.6	715.4	661.3	717.7	765.5
(In percent of total)						
Diamonds	60.7	62.9	63.2	61.4	65.8	67.5
Copper	9.5	10.9	8.0	10.4	9.1	4.7
Lead	2.7	2.4	1.7	2.1	1.9	3.4
Zinc	2.6	2.9	1.9	2.1	1.8	2.2
Silver	1.6	1.6	1.4	1.5	1.6	1.0
Gold	3.0	3.2	3.2	4.1	3.7	3.6
Other	19.9	16.0	20.6	18.4	16.1	17.6
Total	100.0	100.0	100.0	100.0	100.0	100.0

Source: Bank of Namibia.

Table 32. Namibia: External Trade Indices, 1991-96

	1991	1992	1993	1994	1995	<u>Prel.</u> 1996
	(Indices in U.S. dollar terms, 1990=100)					
Exports 1/ Value	112.5	124.2	125.4	131.7	136.5	130.7
Volume	113.2	125.2	134.8	125.9	135.3	135.5
Price	99.4	99.2	93.0	104.6	100.9	96.4
Imports 1/ Value	109.0	120.8	115.5	119.2	137.5	126.7
Volume	105.3	109.4	106.9	111.9	119.1	130.1
Price	103.5	110.4	108.0	106.5	115.4	97.4
Terms of trade	96.1	89.8	86.1	98.2	87.4	99.0
	(Annual change in percent)					
Exports 1/ Value	12.5	10.4	1.0	5.0	3.6	-4.3
Volume	13.2	10.6	7.7	-6.6	7.5	0.1
Price	-0.6	-0.2	-6.2	12.5	-3.6	-4.4
Imports 1/ Value	9.0	10.9	-4.4	3.2	15.4	-7.8
Volume	5.3	3.9	-2.3	4.7	6.4	9.2
Price	3.5	6.7	-2.2	-1.4	8.4	-15.6
Terms of trade	-3.9	-6.5	-4.1	14.1	-11.0	13.3

Source: Ministry of Finance.

1/ Including nonfactor services.

Table 33. Namibia: Merchandise Imports, c.i.f., by Commodity Group, 1991-94

	1991	1992	1993	1994
	(In millions of U.S. dollars)			
Total imports, c.i.f.	1,223.4	1,381.9	1,331.0	1,389.3
Food, live animals, beverages, and tobacco	279.4	304.2	288.0	281.2
Textiles, clothing, footwear	78.4	75.8	71.4	71.9
Wool, paper and paper products, furniture	66.4	73.3	65.6	65.9
Mineral fuels and lubricants	108.8	128.4	152.3	143.7
Chemicals, plastic, medical, rubber	89.2	107.7	101.1	101.7
Metal and metal products	68.6	70.5	66.5	71.9
Machinery and electrical goods	157.5	175.8	117.7	137.5
Vehicles and transport equipment	173.8	219.7	208.4	203.5
All other imports	128.8	128.4	118.9	119.8
Unspecified (difference)	72.6	97.9	141.3	192.2
	(In percent of total)			
Total imports, c.i.f.	100.0	100.0	100.0	100.0
Food, live animals, beverages, and tobacco	22.8	22.0	21.6	20.2
Textiles, clothing, footwear	6.4	5.5	5.4	5.2
Wool, paper and paper products, furniture	5.4	5.3	4.9	4.7
Mineral fuels and lubricants	8.9	9.3	11.4	10.3
Chemicals, plastic, medical, rubber	7.3	7.8	7.6	7.3
Metal and metal products	5.6	5.1	5.0	5.2
Machinery and electrical goods	12.9	12.7	8.8	9.9
Vehicles and transport equipment	14.2	15.9	15.7	14.6
All other imports	10.5	9.3	8.9	8.6
Unspecified (difference)	5.9	7.1	10.6	13.8
Memorandum items:				
Total imports, f.o.b.	1,121.9	1,268.7	1,218.0	1,286.3
Imports, f.o.b./ imports, c.i.f. (in percent)	91.7	91.8	91.5	92.6

Source: Central Statistics Bureau.

Table 34. Namibia: Imports, c.i.f., by Country, 1993-95

	<u>Prel.</u> 1993	<u>Prel.</u> 1994	<u>Prel.</u> 1995
(In millions of U.S. dollars)			
Total imports, c.i.f.	1,309.5	1,422.8	1,648.6
South Africa	1,097.7	1,168.5	1,431.7
Côte d'Ivoire	64.8	72.0	0.0
Germany	30.5	28.0	29.7
United States	16.8	12.8	22.6
United Kingdom	14.0	11.4	25.5
Russian Federation	10.1	25.7	13.4
France	9.3	7.5	6.8
Denmark	7.1	1.8	2.2
Spain	6.3	2.6	4.0
Poland	5.6	0.4	0.0
Japan	5.4	17.7	12.3
Argentina	4.6	0.1	0.1
Norway	3.8	1.4	16.2
Angola	3.5	0.7	1.0
Netherlands	3.4	4.7	11.4
Zimbabwe	3.1	25.9	17.0
Other	23.7	41.7	54.5
(In percent of total)			
Total imports, c.i.f.	100.0	100.0	100.0
South Africa	83.8	82.1	86.8
Côte d'Ivoire	4.9	5.1	0.0
Germany	2.3	2.0	1.8
United States	1.3	0.9	1.4
United Kingdom	1.1	0.8	1.5
Russian Federation	0.8	1.8	0.8
France	0.7	0.5	0.4
Denmark	0.5	0.1	0.1
Spain	0.5	0.2	0.2
Poland	0.4	0.0	0.0
Japan	0.4	1.2	0.7
Argentina	0.4	0.0	0.0
Norway	0.3	0.1	1.0
Angola	0.3	0.0	0.1
Netherlands	0.3	0.3	0.7
Zimbabwe	0.2	1.8	1.0
Other	1.8	2.9	3.3

Source: Central Statistics Bureau.

Table 35. Namibia: Developments in the Exchange Rate of the Namibia Dollar, 1980-97

(Period average: 1995=100)

	<u>Effective Exchange Rate</u>		SDR	U.S. Dollar	U.K. Pound	Botswana	Zimbabwe
	Nominal	Real				Pula	Dollar
(Namibia dollar per foreign currency)							
1980	176.7	123.6	18.2	21.4	31.5	76.4	289.7
1981	179.2	127.2	18.8	24.4	30.9	80.2	306.0
1982	173.7	127.3	21.7	30.0	32.9	80.7	341.7
1983	180.0	135.0	21.6	30.8	29.4	77.7	263.5
1984	168.5	126.7	28.0	41.8	34.6	87.4	283.8
1985	144.7	109.2	42.2	62.4	52.7	89.7	336.7
1986	130.6	99.8	48.5	62.8	58.4	93.2	327.0
1987	129.6	100.7	47.8	56.1	58.1	92.7	294.2
1988	120.8	96.8	55.6	63.1	70.9	95.1	301.5
1989	117.1	97.9	60.9	72.3	74.6	99.7	296.9
1990	113.4	95.8	63.8	71.6	81.0	106.5	252.8
1991	110.6	94.2	68.5	76.3	84.9	104.0	187.2
1992	108.1	99.0	72.9	78.9	87.2	102.1	134.3
1993	106.3	99.2	83.0	90.4	85.8	103.1	120.6
1994	103.6	100.2	92.3	97.9	94.9	101.0	104.6
1995	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1996	94.9	97.3	113.8	119.5	118.9	98.6	103.3
1995 I	101.4	100.4	97.7	98.5	99.3	100.5	101.9
1995 II	98.8	97.8	103.7	100.4	101.8	100.9	103.0
1995 III	99.7	100.5	100.1	100.4	100.1	99.5	100.6
1995 IV	100.1	101.3	98.4	100.7	98.8	99.0	94.5
1996 I	99.9	101.4	101.3	105.6	101.6	99.0	96.6
1996 II	95.1	97.4	113.7	119.8	116.0	98.4	106.1
1996 III	93.2	96.2	118.6	124.2	122.4	99.0	106.3
1996 IV	91.4	94.3	121.8	128.5	135.6	98.1	104.3
<u>1997</u>							
Jan.	92.0	95.9	115.2	125.9	127.4	96.4	100.0
Feb.	94.8	99.2	112.2	123.4	127.1	95.8	96.2
Mar.	95.4	100.7	111.0	121.9	125.5	95.4	94.8
Apr.	95.2	100.8	109.9	122.6	126.2	95.3	94.3
May	94.6	100.6	112.6	123.2	127.7	96.0	95.1
June	94.2	99.4	113.8	124.9	131.2	96.4	95.5

Source: IMF, Information Notice System.



