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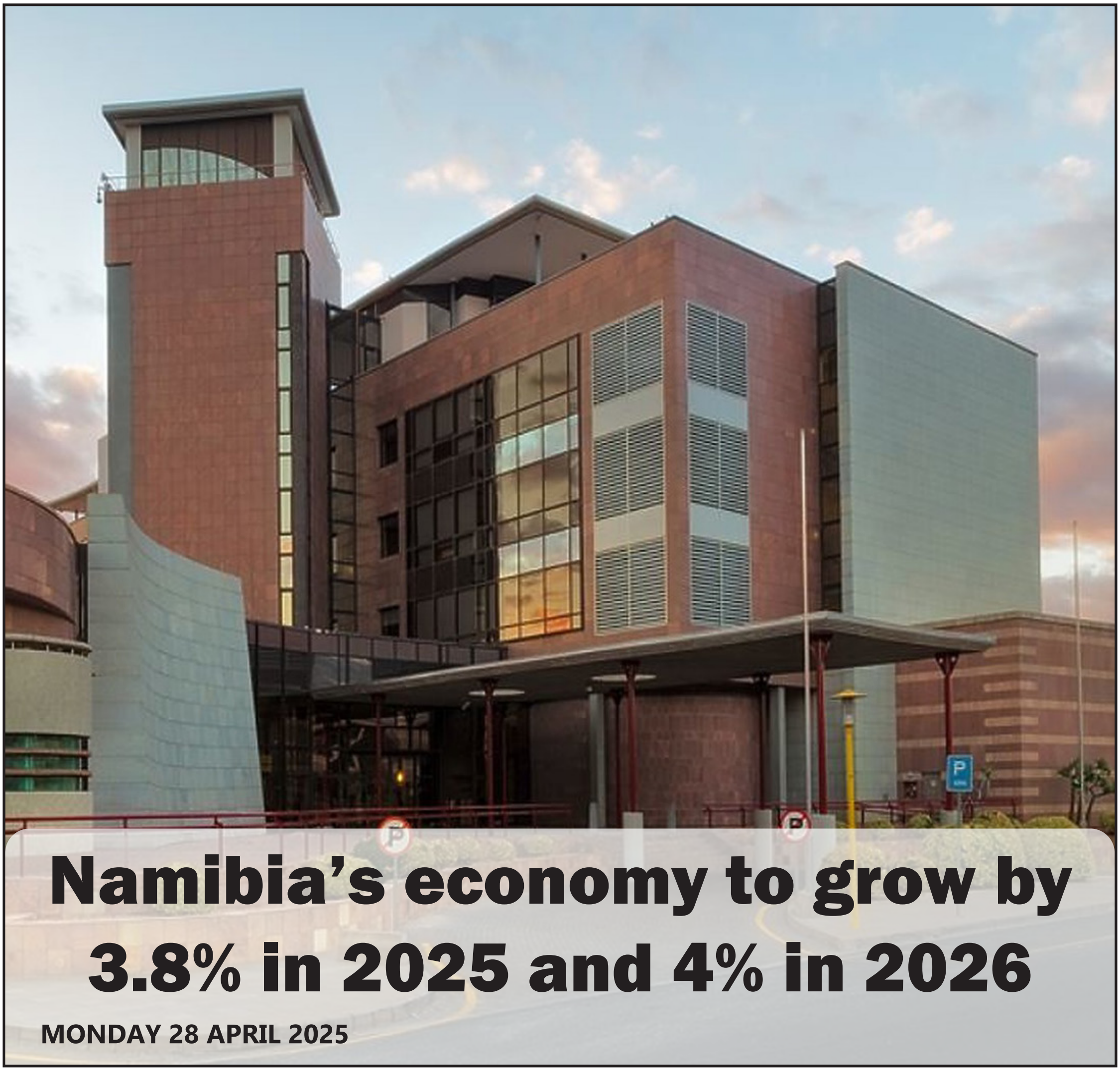


# Namibia's economy to grow by 3.8% in 2025 and 4% in 2026

MONDAY 28 APRIL 2025

MAIN STORY

# Namibia's economy to grow by 3.8% in 2025 and 4% in 2026

Namibia's economy is anticipated to grow by 3.8% in 2025 and 4% in 2026, from the 3.7% estimated in 2024.

The slight growth is attributed to the improved performance of the extractive, agricultural and fishing sectors, particularly due to growth in crop farming and uranium production.

"The latest projections for 2025 and 2026 reflect a downward revision of 0.2 and 0.5 percentage points from projections published in the December 2024 Economic Outlook update, reflecting heightened uncertainty emanating from global trade policy shifts," Bank of Namibia Director: Strategic Communications and International Relations Kazembire Zemburuka said.

The primary industries are projected to grow to 0.8% and 1.8% in 2025 and 2026, respectively following a 1.8% contraction in 2024 due to the severe impact of drought.

BoN's latest projections, however, reflect a downward revision of 2.0 percentage points for 2025 growth and 1.0 percentage points for 2026 from its last update.

"The downward revision for 2025 growth was mainly due to the ongoing poor performance in the diamond sector," Zemburuka.

Namibia's secondary industries, which


## Crucial Dates

- Bank of Namibia Monetary Policy announcement date:
  * 18 June 2025
  * 13 August 2025
  * 15 October 2025
  * 3 December 2025

> We will present the report to the board of commissioners. The board will give either an approval or decline.

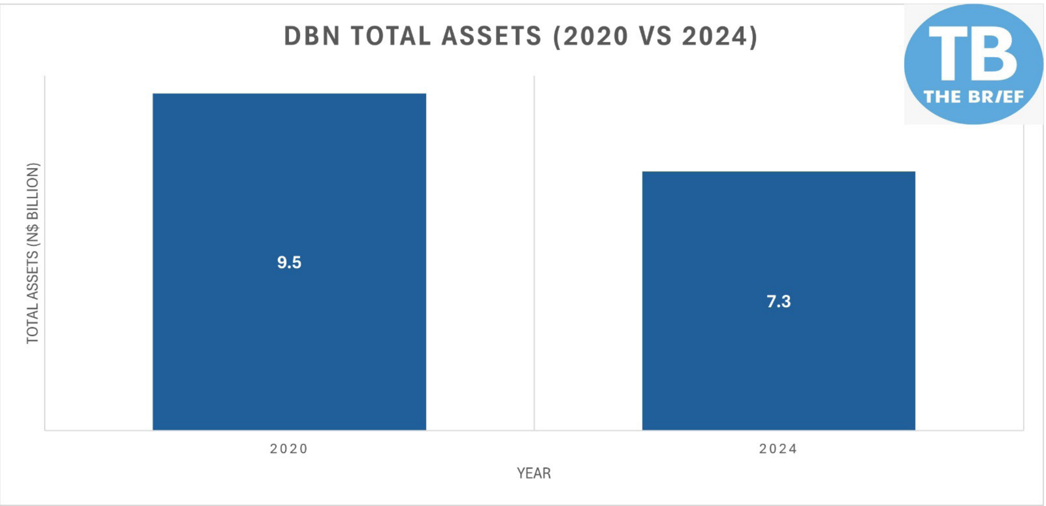
include manufacturing and the processing of raw materials, could grow by 6.3% this year and 6.4% in 2026 following a 3.0% growth rate last year.

The central bank attributed this improved performance to the anticipated expansion of both public and private construction activities and improvements in the electricity and water sectors, leading to an upward revision of 2.1 percentage points for 2025 and 1.4 percentage points for 2026.

“This revision reflects strong growth expectations from the electricity, water, and construction sectors compared to the estimates published in the December 2024 Economic Outlook update.”

The manufacturing sector could record a 3.7% this year and a more improved 4.2% in 2026 driven by strong grain harvests as a result of good rains this year.

The tertiary industries, which provide services, on the other hand are expected to grow by 3.5% in 2025 and 4.0% in 2026, from the 4.9% growth registered in 2024.




# DBN disburses N$750 million to SMEs amid sharp decline in approvals

The Development Bank of Namibia (DBN) has disbursed nearly N$750 million to small and medium-sized enterprises (SMEs) between 2020 and 2024, according to financial data reviewed by Foster Digital Education.

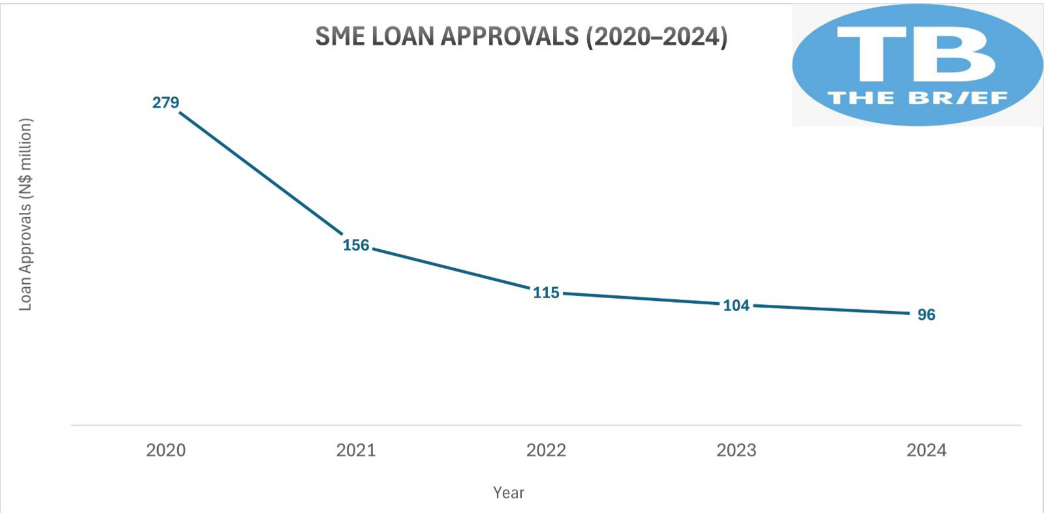
However, SME loan approvals have declined sharply over the five-year period. In 2020, DBN approved N$279 million in SME loans, but by 2024, approvals had fallen to N$96 million, marking a 66% decrease.

"DBN has disbursed nearly N$750 million to SMEs from 2020 to 2024. But I was equally disappointed to see that this figure has declined every year, dropping by 66% over the past five years. This raises important questions about access to finance for small businesses and whether this trend will reverse," said financial and business analyst Fimanekeni Mbodo.

According to DBN's financial dashboard, approvals to SMEs declined consistently, from N$156 million in 2021, to N$115 million in 2022, N$104 million in 2023, and N$96 million in 2024.

"While the sharpest drop occurred between 2020 and 2021 — a 44% decline — the continued fall, even at a slower pace, remains worrying for SME growth and economic development," Mbodo noted.

DBN's financial data also show that the bank's net profit declined from N$229 million in 2020 to a loss of N$270 million in 2023, before recovering to a N$62 million




profit in 2024.

Mbodo attributed the turnaround to the sale of part of DBN's equity stake in Ohorongo Cement, a government grant under the Special Development Fund, and bad debt recoveries.

Meanwhile, DBN's total assets shrank from N$9.5 billion in 2020 to N$7.3 billion in 2024, with Mbodo stating that this was partly due to accelerated repayments from the National Energy Fund, which represents nearly 40% of the bank's portfolio.



Operational expenses also rose sharply, increasing from N$132 million in 2022 to N$181 million in 2024. According to Mbodo, employee costs accounted for 66% of total operational expenses in 2024.

"Professional service costs increased by 58% over the past year, driven by higher audit, consultancy, and legal fees," he added.

Furthermore, DBN data show that the non-performing loans (NPL) ratio surged from 13.5% in 2020 to 36.0% in 2024, while the impairment ratio rose from 9.5% to 26.4%, indicating growing credit risk in the bank's loan book.

# Bridging the Gap: Aligning Namibia's Budget with Spatial Planning for Effective Service Delivery

By Alina Amwaama

> The gap between blueprints and budgets often stems from differing planning horizons.

Nearly a month after Finance Minister Ericah Shafudah presented Namibia's 2025/26 national budget on 27 March 2025, communities across the country are still waiting to see whether the N$106.3 billion plan will translate into the schools, clinics, roads, and water systems they desperately need. While development spending was increased by 22.6 percent to N$12.8 billion, igniting hopes that capital projects will accelerate, many "institutional erven" (plots reserved for public facilities) remain undeveloped, revealing a persistent misalignment between spatial planning frameworks and budget execution. Unless ministries, local authorities, and communities synchronize their planning and funding cycles, these reserved erven risk becoming yet another statistic in Namibia's backlog of unmet service delivery.

**The Budget and Spatial Planning Mismatch**

Namibia's legal framework for spatial planning is anchored in the Urban and Regional Planning Act, 2018, which decentralizes land-use decisions to local authorities and mandates the reservation of erven for schools, clinics, parks, and other public amenities. Complementing this, the Local Authorities Act, 1992 empowers councils to include institutional erven in township layouts, but lacks strong enforcement mechanisms to ensure timely development. In many new extensions from Windhoek's Goreangab to rapidly expanding towns in Oshana and Kavango plots marked for schools or clinics lie fallow, awaiting both funding and inter-departmental coordination.

In Windhoek's Goreangab area, flood-displaced families finally received land for housing, but each morning, their children either walk long distances or pay N$26 for a one-way taxi trip to the nearest school, an expense beyond many low-income households. Despite a decade of planning, the proposed school plot stands empty, a stark reminder that legal designation alone does not guarantee bricks and mortar. The gap between blueprints and budgets often stems from differing planning horizons, Local authorities may approve hundreds of new residential erven in one budget cycle, while the Ministry of Education's capital projects for those areas only surface in subsequent Medium-Term Expenditure Frameworks.

**Sectoral Impacts: Education and Health**

Education and health received some

of the largest allocations in the new budget, reflecting their centrality to social development. The Ministry of Education, Arts and Culture's allocation of N$24.8 billion for 2025/26 with N$76.1 billion over the MTEF aims to fund teacher salaries, learning materials, and, crucially, new classrooms and facilities. Yet, at the start of 2025, 1,200 Grade 8 learners and 641 Grade 1 pupils in Oshana Region were still awaiting placement, forcing the Ministry to continue the platoon system running morning and afternoon shifts to manage overcrowding. This double-shift model, while keeping schools operational, poses safety risks for children walking home after dark and stretches teacher workloads, undermining learning outcomes.

Healthcare infrastructure lags behind population growth in many informal settlements. Havana, on Windhoek's periphery, long relied on overburdened Katutura clinics and state hospitals until 2024, when ground was finally broken for a new 500-bed Windhoek District Hospital, budgeted at N$2.9 billion. This milestone followed years of delays caused by land disputes, funding diversions during the Covid-19 pandemic, and planning setbacks. Meanwhile, the Ministry of Health and Social Services secured N$12.3 billion for 2025/26 including N$780 million dedicated to infrastructure development and N$37.5 billion over the MTEF to reduce overcrowding and improve service quality.

**From Paper to Ground: Toward Effective Delivery**

Beyond individual sector allocations, the Ministry of Urban and Rural Development (MURD) was granted N$2.7 billion for FY 2025/26 (and N$8.5 billion over the MTEF) to support land servicing, low-cost housing, and municipal amenities. The Ministry of Works and Transport received a matching N$2.7 billion for the same period to upgrade roads, including rural feeder routes to schools and clinics, with additional funding over the MTEF to sustain network improvements. These cross-sector investments acknowledge that a school building alone is insufficient if children cannot reach it safely, and that clinics must be connected by reliable roads.

Successful projects in Havana and Tumweneni (Rundu) demonstrate the power of collaboration. The Windhoek District Hospital's progress involved MURD, the Health Ministry, regional councils, and residents working in concert to secure land, funding, and community buy-in, an approach that could be replicated across the country. In Tumweneni, residents took the initiative to clear and prepare erven for a promised clinic and police station, signalling to authorities that they were ready for development.

Namibia's 2025/26 budget represents a substantial fiscal commitment to education, health, and urban development. However, money must be matched by meticulous timing and inter-agency coordination. Ministries must align their budget cycles with local authority planning, tender processes must be transparent and swift, and communities should remain active partners monitoring progress and holding officials accountable.

Only then will those empty plots evolve into thriving hubs of learning and care, ensuring that every Namibian child can walk to a nearby school and every patient can access timely treatment. The blueprint is on the table, the task now is collective execution.

*** Alina Amwaama is a Town and Regional Planning practitioner, Urban Development Policy specialist, and strategist in land economics and management.***

# Windhoek Country Club Resort appoints new General Manager

The Windhoek Country Club Resort (WCCR) has announced the appointment of Rudie Putter as its new General Manager, effective 1 June 2025.

The appointment comes as the resort celebrates its 30th anniversary this year.

"We are delighted to welcome Rudie back to the Windhoek Country Club Resort. His wealth of experience in the hospitality industry and previous connection with our property makes him the ideal candidate to lead WCCR into its next chapter of excellence, especially as we celebrate a milestone anniversary," said Dr Evans Simataa, Chairman of the Board.

Putter, who began his hospitality career at Sun International's Kalahari Sands Hotel in 1994, currently serves as General Manager of AVANI Windhoek Hotel and Casino — formerly known as Kalahari Sands Hotel — a position he has held since 2010.

During his 15-year tenure at AVANI, Putter led major property transformations, including full room refurbishments, casino upgrades, and the development of the Stratos Ballroom and Restaurant. Notably, he played a key role in building a strong local leadership team, reducing the number of expatriate senior managers from 11 to a fully Namibian management team. Beyond his operational achievements, Putter has twice served as board chairman for both the Federation of Namibian Tourism Associations (FENATA) and the Hospitality Association of Namibia (HAN). In 2016, he was recognised as HAN Personality of the Year.

He has also served two terms on the board of Namibia Wildlife Resorts.

"WCCR is a national asset that showcases Namibia to the world. I look forward to leading the team and creating wonderful experiences for all our guests. As Namibia enters a new phase of development and economic prosperity, I'm excited about the possibilities to further expand Legacy's footprint in the country," Putter said following his appointment.

Putter succeeds Tony Boucher, who is stepping down after 20 years of service as General Manager.

Under Boucher's leadership, the resort underwent several successful refurbishments, achieved sustained profitability, paid regular dividends, built significant cash reserves, and navigated the operational challenges of the COVID-19 pandemic.

"We extend our deepest gratitude to Tony for his dedicated service and immeasurable contributions," said Dr Simataa.

"His commitment to excellence and meticulous leadership have established a legacy of quality that will continue to define the Windhoek Country Club Resort."

The WCCR is managed under the Legacy Hotels & Resorts brand.

The Brief | ISSUE 881 | APRIL 28 2025

# Green Hype to Black Gold?

**By Bertha Tobias**

**“ Green hydrogen has been swapped out for oil and gas as the political darling of the times.**

In Namibia, our institutional memory is often shorter than the lifespan of our political slogans. With the stroke of a pen in March 2025, oil and gas oversight moved from the Ministry of Mines and Energy to the Office of the President. It’s a quiet administrative move on paper but a deeply political one in practice. It reflects a broader pattern of institutional fragmentation in our development trajectory which sees an over reliance on executive authority to drive complex structural transformation, often in the absence of embedded institutional continuity.

Green hydrogen has been swapped out for oil and gas as the political darling of the times. From 2021 through 2023, green hydrogen was elevated to the level of national mythology as a silver bullet for inequality, unemployment, and economic stagnation. Government delegations led by senior government officials signed term sheets and launched the Namibia Green Hydrogen Council, an Inter-Ministerial Green Hydrogen Council (GHC) as outlined in the Harambee Prosperity plan II. The Hyphen deal, estimated at US$10 billion, was announced with fanfare. Namibia, we were told, would leapfrog into the future. Admittedly, it could be well on its way to living up to this promise, with the March 2025 launch of HyIron's Oshivela Plant having successfully produced southern Africa's first green hydrogen for green iron production. That’s no small feat.

But now the political spotlight has moved. Green hydrogen has been quietly replaced by oil and gas as the presidential darling, with little in the way of institutional continuity. The Green Hydrogen Program is not law. No statutory framework guarantees its survival. Coordination across ministries is improvised, public participation is limited. When the “political oxygen” shifted, the institutional void became obvious.

We must consider how we are to lock in progress from administration to administration. What makes progress stick? Interventions must be legally rooted, politically legitimate, and resilient to shifting, short-termist political cycles. Despite plans to institute green hydrogen and derivative-specific legislation in 2025, green hydrogen progress is currently massively exposed to the unpredictable waxing and waning of political cycles. Therefore, it is not immune to collapsing under the weight of its own hype.

This, in effect, is the fragility that Navroz Dubash and co-authors diagnose in their 2021 comparative analysis of national climate institutions. They propose a helpful typology of institutional forms that can anchor climate governance: purpose-built institutions created specifically for climate action, layered institutions where climate responsibilities are added to existing bodies or latent institutions which achieve climate outcomes as a by-product of actions not explicitly climate-related. Namibia has relied on what is cautioned against: ad hoc, executive-led mechanisms that are neither embedded in law nor resilient to political backtracking.

The presidency's recent assumption of direct control over oil and gas must be read in light of our collective struggle to embed resource governance within a continuous, democratic developmental state. Given what's at stake, we must lock in progress materially as both oil production and green hydrogen are strategic geoeconomic inflection points.

Compare the lack of natural resource legislative underpinning with how resource governance is managed in jurisdictions that have built institutional buffers. In the UK, the Climate Change Committee, backed by law, sets binding carbon budgets. In Germany, emissions targets are written into statute, and every ministry is required to meet its own decarbonisation benchmarks. In contrast, Namibia has no binding mitigation law. No inter-ministerial climate governance framework. No statutory resource planning body. And now, no independent oil and gas regulator. This is precisely the kind of lackluster governance approach that emerges when institutions are unstable, informal, and overly tied to political leadership, ultimately becoming vulnerable to electoral turnover and investor pressure. The irony is that this move is happening at the exact moment when the stakes of Namibia's resource governance have never been higher with production timelines from Shell, TotalEnergies, and Galp on the horizon.

South Africa, often invoked as our policy peer, has made more deliberate strides. The Climate Change Act, passed in 2023, provides a legal framework for carbon budgeting and emissions reporting across sectors. Its Presidential Climate Commission, while not without flaws, is at least multi-stakeholder, consultative, and law-bound, integrating trade unions, youth, civil society, and industry in its decision-making. It is not perfect, but it exists. We have no equivalent.

Namibia, by contrast, has no binding climate legislation. No statutory resource planning body. No inter-ministerial climate governance framework. And now, no independent oil and gas oversight structure. We govern by proclamation as opposed to law.

When institutions are unstable, informal, and overly tied to political personalities, they become vulnerable to backtracking. Worse, they cannot produce the slow, structured policy feedback loops, monitoring, revision, recalibration, that long-term energy transitions demand.

Signing term sheets is easy. At the risk of sounding presumptuous, I'll even suggest that delivering keynote addresses is easy. What's harder is building institutions that can survive the next Cabinet reshuffle, the next commodity cycle, the next presidency.

Without them, all we're left with is hype, green or otherwise.

***Bertha Tobias is a Rhodes Scholar pursuing a full time Masters of Science in Environment, Enterprise & Sustainability at Oxford University. Connect on bertha.tobias@sant.ox.ac.uk.***

# Standard Bank calls for national credit guarantee scheme to drive infrastructure growth

Standard Bank Namibia has called for the establishment of a national credit guarantee scheme to unlock financing for crucial energy and broader infrastructure projects.

Speaking at the 7th Namibia International Energy Conference in Windhoek, Standard Bank Namibia's Head of Corporate and Investment Banking, Nelson Lucas, said that while development expenditure in the national budget amounts to N$20.8 billion for the current fiscal year, it remains insufficient compared to the country's infrastructure needs and GDP scale.

"Capital for infrastructure is quite scarce, and we clearly need significantly more... Secondly, we also need to consider credit-enhancing mechanisms. Domestically, we don't yet have a proper program in place to support projects through partial risk guarantees or partial credit guarantees," he said during a panel discussion.

Lucas noted that while there have been multilateral initiatives such as the Green Climate Fund and the African Development Bank providing partial guarantees, he believes there is a need to establish a local or national credit guarantee scheme.

"This could involve institutions like the Development Bank of Namibia (DBN) and other multilateral sponsors, who could assist in setting up programs that help bring in lender-type financing. This would be crucial in supporting project financing efforts for the country," he noted.

This comes after Namibia's renewable energy sector is struggling to secure local investment, with financial institutions and investors showing increasing reluctance to fund green energy projects, former Minister of Mines and Energy Tom Alweendo revealed.

Alweendo highlighted the risk-averse nature of local capital markets, which he said is impeding the growth of the sector despite the country's vast renewable energy potential.

Namibia boasts abundant renewable energy resources, particularly in wind and solar power. However, many local companies that have obtained production licences continue to struggle with securing the necessary funding.

The former minister warned that if local investors fail to seize the opportunities in renewable energy, foreign capital will inevitably step in, leading to concerns over Namibian ownership and participation in the sector.

# An overview: Losing rural wealth through rural-urban migration

By Erastus Ngaruka


> Green hydrogen has been swapped out for oil and gas as the political darling of the times.

The life of communities in rural areas is characterized by their native interaction with their environment or the ecosystem. This interaction carries an important economic value as the ecosystem resources offer them the opportunity to sustain their livelihoods. These resources include the flora and fauna, which serve as food sources. For example, rural communities derive medicines, food, and construction materials from their ecosystem and use it as a habitat for their livestock.

Rural economic activities include selling and bartering products. For example, one may sell a goat to a neighbor for money or exchange it for valuable commodities, food items, or a service rendered. However, urban settlers, businesses, and tourists also offer trading opportunities to rural communities by buying livestock, wild foods, crops, craft products, etc. These rural economic activities are mainly driven by immediate household needs related to food, health, education, and cultural events such as weddings and funerals, amongst others. Overall, these interactive economic activities have been sustaining rural livelihoods, making households self- reliant and resilient.

Lately, it has been observed that rural livelihoods are becoming difficult to sustain due to the reduction in economic activities, affected by land degradation, drought, high production costs, lack of production inputs, disease and pest outbreaks, and other socioeconomic issues. As a result, there is an increase in rural-urban migration. Numerous people flock to the cities or urban areas hoping to find economic opportunities because of increasing developmental activities in such areas. This is because urban areas offer better opportunities in terms of education, health, employment, and general access to many goods and services.

The majority of people leaving rural areas are the youth, both skilled and unskilled, seeking either education/training, employment, and business opportunities. This is a significant loss of powerful and youthful human capital from rural areas. Moreover, if such youth fail to secure opportunities, their skills, abilities, and hopes diffuses into unproductive activities (e.g. crime, alcohol, drugs).

Moreover, part of the rural-urban migrants includes farmers who no longer favor full-time farming but part-time, and those that are demotivated or abandon farming activities as they cannot withstand challenges related to the cost of production, recurrent drought, and loss of production and income. This is a significant threat to potential agricultural production, household food self- sufficiency, and the national economy, as the country would have to rely on food imports to feed the nation.

Other categories of people migrating from rural areas are the elderly seeking better medical care and improved living conditions. The impact thereof is that continuity and transfer of knowledge to the younger generation could be disrupted. This is observed in some young people who feel unmotivated in farming, while some perceive agriculture as an activity for the elderly.

In Namibia, the phenomenon is particularly conspicuous, as evidenced by the influx of people from rural to urban areas in recent years in search of better opportunities. Furthermore, some people also travel beyond Namibian borders and immigrate to developed countries across the globe in search of better economic opportunities to enhance their livelihoods.

Although urban areas are perceived to provide better livelihood opportunities because of the myriad of larger-scale developmental and economic activities, they are still characterized by an increasing cost of living as communities find it difficult to afford food, water, electricity, housing, health, and transport, amongst others. Moreover, the current economic conditions, global tensions, and harsh climatic conditions, amongst other factors, have exacerbated society's vulnerability to poverty.

Rural-urban migration has a negative impact on agricultural production as it results in a decrease in the rural population, thus, critical agricultural skills and the labor force is moved out of production areas. Ultimately, this reduces potential and sustainable agricultural productivity, especially at the household level. In general, rural-urban migration leads to disparities in terms of developmental resource allocation because of skewed population distribution and needs. Thus, more resources for development would be allocated to densely populated urban areas, leaving minimal resources for rural areas. In the process, rural areas are losing potential investment opportunities and wealth.

Ultimately, agriculture is an economic pillar in Namibia, supporting all livelihoods in the form of food, employment and income, and it constitutes the main economic activity in rural areas, either for subsistence or on a commercial basis. A reduction in agricultural productivity negatively affects food systems, threatening food self-sufficiency and food security in the country. Moreover, local food demand increases, and affordability becomes impossible for the vulnerable. This, in turn, exerts tremendous pressure on the provision of food and other services such as land, water, and sanitation in urban areas. At large, the reduction in agricultural productivity in the country results in increased spending on importation by the country to meet the local food demand of the growing population.

Moreover, government feeding initiatives such as school feeding programs and the food bank may not be sustainable if local food production is not fully supported to fill the gap. Thus, to ensure food self-sufficiency and food security in Namibia, local food production is key. This can be achieved through programs aimed at promoting and assisting local food production in rural areas by providing appropriate support to individual and community projects in the form of skills, finance, materials, land, water, value addition, and market access. This requires coordinated efforts amongst the relevant institutions, for example, the Ministry of Agriculture, Agribank, Institutions of Higher Learning, development partners, non-profit organisations, and the private sector, amongst others. For example, these communities can be supported with research trials, training, land restoration, infrastructure setup, accessing finance and inputs, and access to markets etc.

To ensure the sustainability of these projects, the government can source local products to supply food to local schools, hospitals and prisons, amongst others. In addition, local institutions supplying water and electricity (e.g., Namwater, Nampower) have a critical role to play in local food production and in aiding in the reduction of the cost of production in rural areas. Moreover, projects related to rainwater harvesting and channeling, irrigation projects, and cold storage warehouses can be developed and supported.

All stakeholders, including local authorities in urban areas, have critical roles to play in reducing rural-urban migration through coordinated efforts aimed at promoting agricultural projects in rural areas to ensure sustainability and reduce pressure on the demand for services in urban areas.

Further, the Ministry of Education and the Ministry of Health have critical roles to play in food self-sufficiency and security through the promotion and implementation of agricultural education projects, school and community gardens, feeding programs, and community health and nutrition initiatives both in rural and urban areas. These can be part of the school curriculum where agriculture as a subject is made compulsory from primary to secondary school levels.

Lastly, the rural development agenda needs to stimulate sustainable food production, establish efficient road networks and market linkages, and retain the skills and labor force in rural areas. In a nutshell, rural communities need basic development or improvement to support their economic activities and uplift their social well-being.

** **Erastus Ngaruka is Technical Advisor: Livestock s Rangeland Management at Agribank***