



# NAMIBIA

## STAFF REPORT FOR THE 2022 ARTICLE IV CONSULTATION—INFORMATIONAL ANNEX

November 22, 2022

Prepared By

African Department  
(in collaboration with other departments and the World Bank)

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## RELATIONS WITH THE IMF

As of October 31, 2022

### Membership Status

Joined: September 1990, Article VIII

General Resources Account	SDR Million	%Quota
Quota	191.10	100.00
IMF holdings of currency	382.10	199.95
Reserve position in Fund	0.15	0.08

SDR Department:	SDR Million	%Allocation
Net cumulative allocation	313.55	100.00
Holdings	180.35	57.52

Outstanding Purchases and Loans	SDR Million	%Quota
Emergency Assistance (RFI 2021)	191.1	100

### Outright Loans:

Type	Date of Commitment	Date Drawn/Expired	Amount Approved (SDR Million)	Amount Drawn (SDR Million)
RFI	3/31/2021	4/6/2021	191.10	191.10

### Projected Payments to the IMF:

(SDR Million; based on existing use of resources and present holdings of SDRs)

	Forthcoming				
	2022	2023	2024	2025	2026
Principal			47.78	95.55	47.78
Charges/Interest	1.99	9.97	9.64	6.80	3.82
<b>Total</b>	<b>1.99</b>	<b>9.97</b>	<b>57.41</b>	<b>102.35</b>	<b>51.59</b>

<b>Implementation of HIPC Initiative</b>	None
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**Exchange Arrangements.** The currency of Namibia is the Namibian dollar. The exchange rate arrangement is a conventional pegged arrangement vis-à-vis the South African rand. The Namibian dollar is pegged at par with the rand. Namibia is a member of the Common Monetary Area and the CMA agreement establishes the fixed exchange rate arrangement. In December 2015, the Bank of Namibia suspended an agreement with the Bank of Angola on mutual currency conversion in effect since June 2015 (that exchanged Angolan kwanzas or Namibian dollars to US dollars). Namibia has

accepted the obligations of Article VIII, Sections 2(a), 3, and 4 of the Fund's Articles of Agreement, as of September 20, 1996. It maintains an exchange system that is free of multiple currency practices and restrictions on the making of payments and transfers for current international transactions, except for restrictions in place for security reasons, notified to the Fund pursuant to Decision No. 144-(52/51).

On November 17, 2022, Namibia notified the IMF of the exchange restrictions that have been imposed against certain countries, individuals, and entities, in accordance with relevant UN Security Council Resolutions.

**Article IV Consultation.** Namibia is on a standard 12-month consultation cycle. The last Article IV consultation was concluded by the Executive Board on August 30, 2019.

### Capacity Development

The Fund has been providing Namibia with technical assistance (TA) and training in the following key areas: public financial management (PFM), tax and customs administration, financial supervision, liquidity management, macroprudential policies, macroeconomic modelling capacity, and macroeconomic statistics. Specific capacity development projects since 2018 include:

#### ***Fiscal Affairs Department (FAD)***

FAD TA has focused on strengthening public financial management, notably the budgetary process, project selection and management of fiscal risks; tax and customs administration, including the establishment of a national revenue agency; and tax policy.

Year	Purpose	Department
2022	Customs Administration Performance Management	FAD
2022	PFM-PIM	FAD
2022	Governance of extrabudgetary entities	FAD
2022	FADPFM - SDG budgeting	FAD
2022	FADEP - SDG costing	FAD
2022	PFM legal framework reform	FAD
2021	PFM-Budget Preparation	FAD
2022	SDG Costing	FAD
2022	Mid-term Budget Review	FAD
2022	Tax administration: interactive learning and workshops	FAD
2021	PFM-Fiscal Risk Management	FAD
2021	Macro-fiscal forecasting	FAD
2021	Tax revenue administration	FAD
2021	Tax policy unit	FAD
2020	Exemptions	FAD
2020	Risk management	FAD
2019	Customs Post Clearance Audit	FAD
2019	SOEs fiscal risks	FAD
2018	Analysis and management of fiscal risks	FAD
2018	COA operation in IFMIS	FAD
2018	Strengthening the budget	FAD
2018	Risk selectivity criteria	FAD
2018	Development of a Fiscal Risk Statement	FAD
2018	Strengthen the MTEF	FAD
2018	Medium-term strategy for new RA and DRM	FAD
2018	SOEs fiscal risks	FAD

**Monetary and Capital Markets Department (MCM)**

MCM TA has focused on banks and non-bank financial institutions stress testing capacity, including for the insurance system, banking supervision and regulation, macroprudential policies and cyber risk management.

Year	Name	Department
2022	Cyber security	MCM
2022	Macroprudential Policies	MCM
2022	Debt management strategy	MCM
2021	Banking Regulation and Supervision	MCM
2021	Stress test	MCM
2021	Cyber Risk Regulation and Supervision Capacity Development	MCM
2021	Risk-based Supervision (RBS) system	MCM
2020	National Payment Systems Development	MCM
2019	Training and capacity building for ACH Assessment	MCM
2018	National PFMI	MCM
2018	Strengthening Insurance Stress	MCM
2018	Cyber risk and cyber security	MCM
2018	Cyber risk supervision	MCM
2018	Strengthening Bank Stress Testing	MCM
2018	Cyber risk management and oversight for the financial market infrastructures	MCM
2018	National PFMI Training	MCM
2018	Strengthening Bank Stress Testing Framework and Contagion Analysis at BoN	MCM
2018	Strengthening Insurance Stress Testing Framework and Contagion Analysis at NAMFISA	MCM

**Institute for Capacity Development (ICD)**

ICD launched in 2021 a multi-year macroeconomic frameworks TA project with the Bank of Namibia to improve economic analysis and forecasting capabilities, streamline the decision-making process, and strengthen the monetary policy communication strategy. So far, TA delivery has focused on macroeconomic forecasting capacity, including nowcasting.

Year	Purpose	Department
2022	Macroeconomic Frameworks TA – Near-term Forecasting of Inflation and Nowcasting of GDP	ICD
2021	Macroeconomic Frameworks TA – Scoping and Action Plan	ICD

**Statistics Department (STA)**

STA TA has focused on enhancing the quality of sectoral macroeconomic statistics as well as updating the consumer price index (CPI), developing the producer price index (PPI), Financial Soundness Indicators (FSI), and supporting Namibia's progress in the implementation of the international statistical standards.

<b>Year</b>	<b>Name</b>	<b>Department</b>
2022	National Accounts Real Sector	STA
2022	Government Finance Statistics	STA
2022	Balance of Payments Statistics	STA
2021	National Accounts Real Sector	STA
2020	Development of PPI	STA
2020	Real Sector - Prices	STA
2019	National Accounts	STA
2019	Government Finance Statistics	STA
2019	Consumer Prices/Producer Price	STA
2019	Rebasing CPI and developing PPI	STA
2019	Financial Soundness Indicators	STA
2018	National Accounts Real Sector	STA
2018	Balance of Payments Statistics	STA

## THE JMAP WORLD BANK AND IMF MATRIX

Table 1. Namibia: World Bank and IMF Planned Activities (as of April 2022)			
Title	Products	Provisional Timing of Missions	Expected Delivery Date
<b>A. Mutual information on relevant work programs</b>			
<b>World Bank Work Program</b>	<ul style="list-style-type: none"> <li>Regular macroeconomic monitoring</li> <li>Social protection review</li> <li>e-Parliament Assessment</li> <li>e-Parliament Strategy</li> <li>Macro Poverty Outlook</li> </ul>	First and third quarters of 2022    April 2022 March 2022	Periodic notes and forecasts through 2022 2021 December 2021 August 2022 April 2022
<b>IMF Work Program</b>	<ul style="list-style-type: none"> <li>2022 Article IV consultation</li> <li>Revenue administration</li> <li>PFM, budget preparation</li> <li>Macroprudential policy</li> <li>Monetary policy implementation and operations</li> <li>Basel III implementation</li> <li>Financial soundness indicators</li> <li>National accounts</li> <li>Producer price index</li> <li>Government finance statistics</li> </ul>	September 2022  2022 2022 2022 2022 2022 2022 2021 2022 2022	November 2022
<b>B. Requests for work program inputs</b>			
Fund's requests to Bank	Periodic updates on progress with domestic structural reform agenda, social protection reviews, the Financial Sector Strategy, and inequality and social programs.		
Bank's request to the Fund	Periodic updates on macroeconomic developments and forecasts, and technical assistance provided.		

For more details on previous and ongoing World Bank engagement with Namibia, please see:

<https://www.worldbank.org/en/country/namibia>

## RELATIONS WITH THE AFRICAN DEVELOPMENT BANK

A Governance and Economic Recovery Support Program (GERSP) with a loan of approximately 150 million USD was approved in March 2021. This loan succeeds previous budget support operations between 2017–2019.

The GERSP is designed as a series of two consecutive General Budget Support (GBS) operations covering the fiscal years 2020/21–2021/22. The existing operation is the first of the two-year series of the Program Based Operations (PBOs) with the second tranche of the operation expected to be approved in September 2022. The operation is designed in response to a request submitted by the Namibian Authorities in June 2020. This request follows the completion of the Economic Governance and Competitiveness Support Program (EGCSP) in 2020.

The key expected outputs of the Program are (i) domestic revenue and resources mobilization through the operationalization of NAMRA and innovative methods of finance; (ii) management of fiscal risks through commercialization of SOEs and operationalization of the PPP framework; (iii) enhancement of the agriculture sector policy framework through the approval of Namibia Green and Blue Economy Strategic Policy Framework, Roadmap & Action Plan. This framework and action plan include strengthening the industrialization framework through the approval of economic recovery plan and the national policy on sustainable economic zones; reinforcing the MSME framework and capacity through strengthened funding capacity and approval of revised policy framework; consolidation of social protection and gender mainstreaming through social grants registry established as a first step toward social protection policy and approval of women's economic empowerment framework.

For more details on previous and latest AfDB engagement with Namibia, please see:

<https://www.afdb.org/en/countries/southern-africa/namibia>

## STATISTICAL ISSUES

(As of November 18, 2022)

I. Assessment of Data Adequacy for Surveillance
<p><b>General:</b> Data provision has shortcomings but is broadly adequate for surveillance. The most important shortcomings concern the coverage of fiscal accounts, producer price statistics, and some consistency of external sector statistics.</p>
<p><b>National Accounts:</b> The base year for national accounts (NA) is 2015. The National Statistical Agency (NSA) compiles and disseminates quarterly gross domestic product (GDP) by production approach in current and constant prices, with one-quarter timeliness. The compiled and disseminated data for GDP meet the Special Data Dissemination Standard (SDSS) requirements for coverage, periodicity, and timeliness. The NA are produced bi-annually and revised for the past three years. Major revisions for back years such as correction of errors and changes to the economic structure to reflect current economic situations occur at longer intervals.</p>
<p><b>Price Statistics:</b> NSA compiles and disseminates the CPI data 15 days after the reference month. CPI weights are based on expenditures data from the 2009/10 Household Income and Expenditure Survey (HIES) and may not be representative of current expenditure patterns. These weights are severely outdated, and the NSA should update the CPI weights and item basket. Data from the 2015/16 HIES were deemed unusable, and funding is needed to conduct a new HIES. Assisted by AFRITAC South, the NSA has compiled a producer price index (PPI) and is currently supporting the NSA to expand coverage. Labor market data, including labor force, employment, and wages are only collected on a bi-annual basis (the latest annual labor force survey is for 2018).</p>
<p><b>Government Finance Statistics:</b> Annual and monthly budgetary central government data by fiscal year are compiled on a cash basis in GFSM 2014 format. Progress has been made to compile annual general government operations.</p>
<p><b>Monetary and Financial Statistics (MFs):</b> The Bank of Namibia (BoN) reports monthly monetary statistics based on standardized report forms (SRFs) for the BoN and Other Depository Corporations (banks and money market funds). Concepts and definitions are in line with the Monetary and Financial Statistics Manual. The BoN has started to report Other Financial Corporations (OFCs) data covering pension funds, insurance companies and the Development Bank since December 2017, and data have been published in the International Financial Statistics. Namibia reports data on several series indicators of the Financial Access Survey (FAS), including mobile and internet banking, mobile money, gender-disaggregated data, and the two indicators (commercial bank branches per 100,000 adults and ATMs per 100,000 adults) adopted by the UN to monitor Target 8.10 of the Sustainable Development Goals (SDGs).</p>
<p><b>Financial Soundness Indicators:</b> The BoN reports Financial Soundness Indicators (FSIs) for banks on a quarterly basis for publication on the IMF website. FSIs currently do not cover nonbank financial institutions or other nonfinancial sectors.</p>



**Balance of Payment and International Investment Position Statistics:** The BoN reports balance of payments (BOP) and international investment position (IIP) data on a quarterly basis (with a lag of one quarter for the IIP) following the Balance of Payments and International Investment Position Manual, sixth edition (BPM6). The BoN has enhanced the data collection process and recently incorporated two important new data sources. These are: information on assets of the Government Institute of Pension Fund (GIPF) held abroad; and a new enterprise survey of non-financial corporations. The former source will have a marked impact on portfolio investment assets and on the country's net IIP. The latter source improves the estimates of inward and outward direct investment. The combined impact on the IIP of the two improvements is between \$1bn and \$2bn over the period 2015 to 2022. For much of this period a largely negative net IIP will be revised to a positive net IIP. The revisions have not yet been incorporated into the data and are expected to be implemented by the end of 2022.

## II. Data Standards and Quality

Namibia implemented the recommendations of the Enhanced General Data Dissemination System (e-GDDS) and launched a National Summary Data Page (NSDP) in June 2016. Work is in advanced stages to subscribe to the Special Data Dissemination Standards (SDDS).

Data ROSC was published in 2002 and updated in 2005.

**Table 1. Namibia: Common Indicators Required for Surveillance**  
(As of November 10, 2022)

	Date of Latest Observation	Date Received	Frequency of Data <sup>1</sup>	Frequency of Reporting <sup>1</sup>	Frequency of Publication <sup>1</sup>	Memo Items	
						Data Quality—Methodological Soundness <sup>2</sup>	Data Quality—Accuracy and Reliability <sup>2</sup>
Exchange rates	Oct. 2022	Oct. 2022	D	D	D		
International reserve assets and liabilities of monetary authorities <sup>3</sup>	Sept. 2022	Oct. 2022	M	M	M		
International investment position	Q2/ 2022	Oct. 2022	Q	Q	Q		
Reserve/base money	Sept. 2022	Oct. 2022	M	M	M	O, O, LO, LO	O, LO, O, O, O
Broad money	Sept. 2022	Nov. 2022	M	M	M		
Central bank balance sheet	Sept. 2022	Oct. 2022	M	M	M		
Consolidated balance sheet of the banking system	Sept. 2022	Nov. 2022	M	M	M		
Interest rates <sup>4</sup>	10/18/2022	10/18/2022	D	D	D		
Consumer price index	Sept. 2022	Oct. 2022	M	M	M		
Revenue, expenditure, balance, and composition of financing <sup>5</sup> —general government <sup>6</sup>	NA	NA					
Revenue, expenditure and balance—central government	Q2/2022	Aug. 2022	B	B	B		
Composition of financing <sup>4</sup> —central government	Q2/2022	Aug. 2022	Q	Q	Q		
Stocks of central government and central government-guaranteed debt <sup>7</sup>	June 2022	Aug. 2022	Q	Q	Q		
External current account balance	Q2/ 2022	Sept. 2022	Q	Q	Q		
Exports and imports of goods	Q2/ 2022	Sept. 2022	Q	Q	Q		
GDP/GNP	Q2/ 2022	Aug. 2022	Q	Q	Q	O, O, O, LO	LNO, LO, LO, LO, O
Gross external debt	Q2/ 2022	Sept. 2022	Q	Q	Q		

<sup>1</sup> Daily (D), weekly (W), monthly (M), quarterly (Q), biannual (B), annually (A), irregular (I), and not available (NA).

<sup>3</sup> Includes reserve assets pledged or otherwise encumbered as well as net derivative positions.

<sup>4</sup> Both market-based and officially determined, including discount, money market, treasury bill, note, and bond rates.

<sup>5</sup> Foreign, domestic banks, and domestic nonbank financing.

<sup>6</sup> The general government consists of the central government (budgetary funds, extra budgetary funds, and social security funds) and state and local governments. Fiscal data provision has shortcomings but is broadly adequate for surveillance as the Central Government constitute more than 80 percent of the General Government (GG). Data gaps are mainly due to capacity constraint. The IMF has provided technical assistance in July 2022 to help the authorities compile general government data, expected to be finalized by December 2023.

<sup>7</sup> Including currency and maturity composition.