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# MINISTRY OF FINANCE - EPAS *Quarterly Economic Update*

MINISTRY OF FINANCE • Economic Policy Advisory Services (EPAS)

**Quarterly Economic Update**

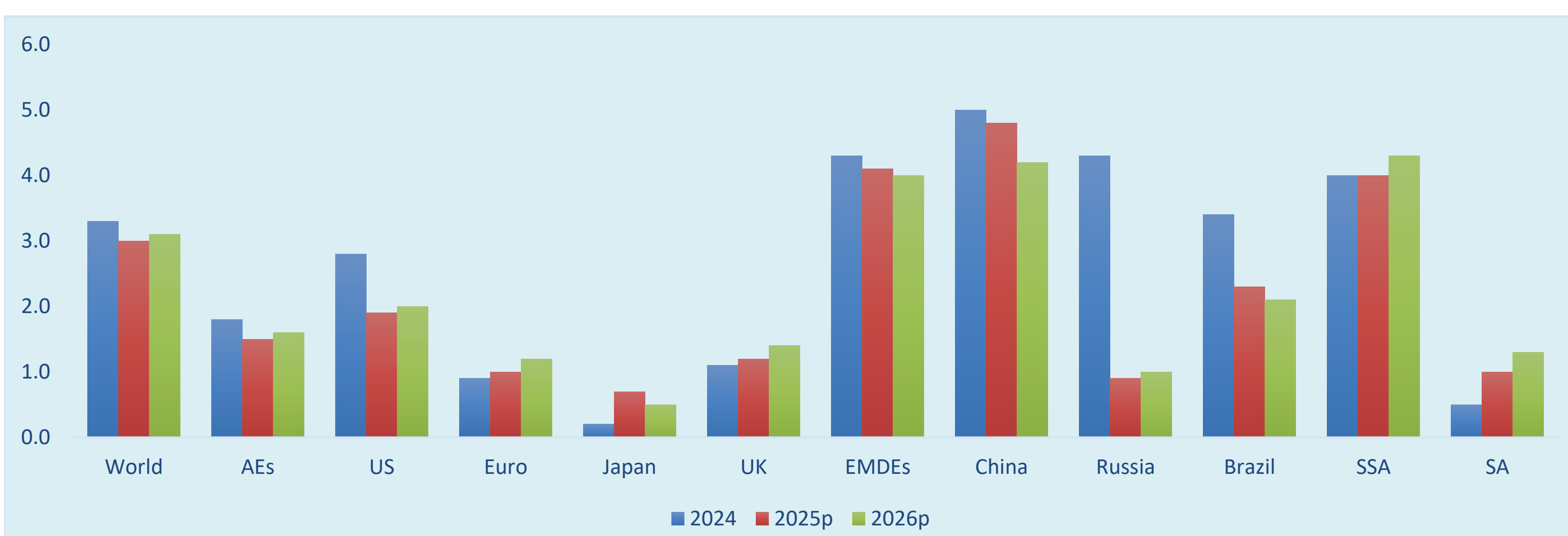
*This Issue…*



## 1. GLOBAL AND REGIONAL ECONOMIES

Growth for the global economy for 2025 has been revised upwards, to a projected 3.0 percent in the IMF July 2025 World Economic Outlook Update. The upward revision is 0.2 percentage points higher than the 2.8 percent projection made in April 2025. This is attributable to stronger-than-expected front-loading of exports in anticipation of higher tariffs and an improvement in financial conditions, including weakening of the US dollar. In addition, there have been fiscal expansions in some major jurisdictions, prompting increased economic activities. Global output is expected to pick up again, slightly for 2026, projected to be 3.1 percent.

**Figure 1: GDP Growth Outlook**




*Source: WEO, July 2025*

Although revised upwards, the global economy is expected to decelerate to 3.0 percent in 2025 and 3.1 percent in 2026. The forecasts are below the 2024 growth of 3.3 percent and the pre-pandemic historical average of 3.7 percent. For Advanced economies, growth is expected to slow down from 1.8 in 2024 to 1.5 percent in 2025 and 1.6 percent in 2026.

The projected growth was mainly driven by resurgent growth in the USA for 2025, expected to grow at 1.9 percent due to lower tariffs than initially announced and accommodative financial conditions. Growth in the US is projected to pick up slightly to 2.0 percent in 2026.

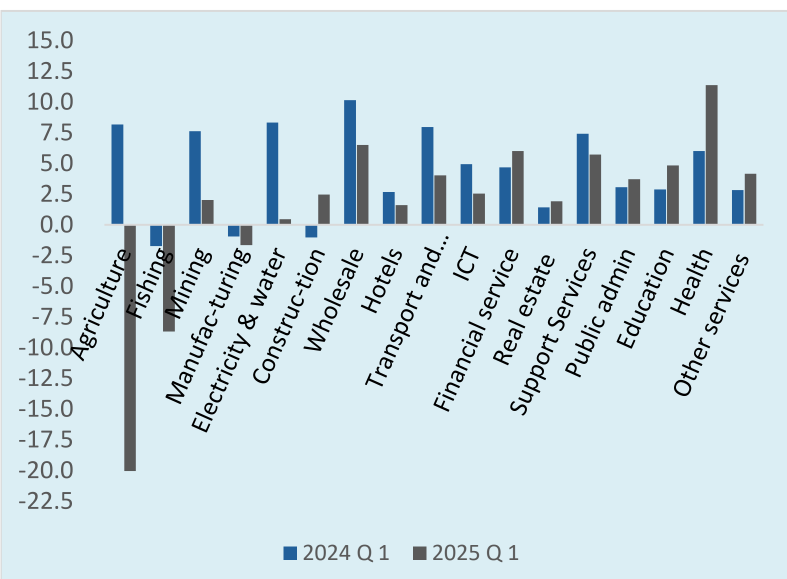
In the Euro Area, growth is expected to accelerate to 1.0 percent in 2025 and to 1.2 percent in 2026. This is an upward revision of 0.2 percentage point for 2025, but it is largely driven by the strong GDP outturn in Ireland in the first quarter of the year, although Ireland represents less than 5 percent of euro area GDP. The upward revision for 2025 reflects a historically large increase in Irish pharmaceutical exports to the United States resulting from front-loading and the opening of new production facilities.

In emerging market and developing economies, growth is expected to be 4.1 percent in 2025 and 4.0 percent in 2026. Relative to the forecast in April, growth for China in 2025 is revised upward by 0.8 percentage point to 4.8 percent. This revision reflects stronger-than-expected activity in the first half of 2025, mainly driven by exports and strong sales to the rest of the world more than the declining sales to the US, and the significant reduction in US-China tariffs. Growth in the Sub-Saharan Africa region is expected to be relatively stable in 2025 at 4.0 percent, before picking up to 4.3 percent in 2026.

## 2. DOMESTIC ECONOMY

The Namibian economy recorded a growth of 2.7 percent during Q1 2025, a slowdown compared to a growth of 4.8 percent recorded during the same period of 2024. Growth in this quarter is driven by tertiary industries that recorded a 5.1 percent growth, compared to a 4.8 percent recorded in the corresponding Q1 of 2024. Performance in the tertiary industries was particularly driven by the service sectors, such as health, wholesale and retail trade, and financial services. The health sector recorded a strong growth of 11.4 percent in Q1 of 2025 compared to a slower growth of 6.0 percent in Q1 of the previous year and the financial services sector achieved a robust growth of 6.0 percent in 2025 compared to a growth of 4.7 percent during the same period of the previous year.

**Figure 2: Quarterly GDP Growth Rates**




*Source: NSA, 2025*

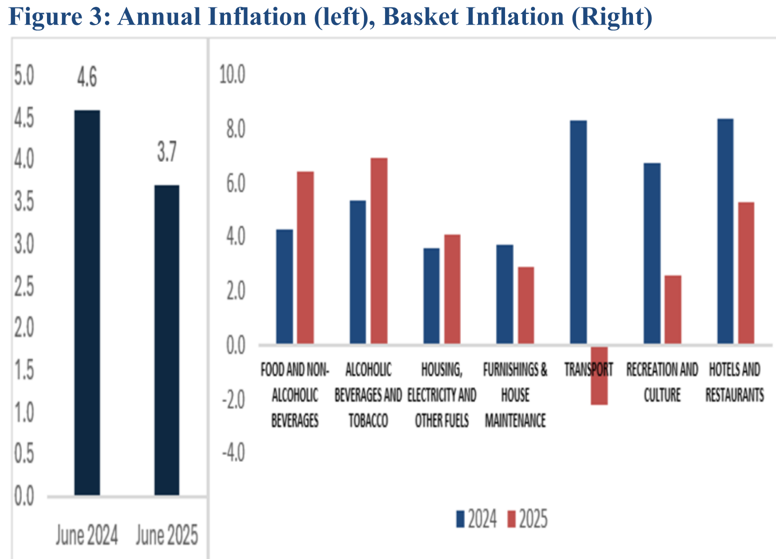
The construction sector recorded a strong growth of 2.5 during Q1 of 2025, compared to a decline of 1.0 percent recorded in Q1 of 2024, secondary industries, overall, recorded a declining growth during Q1 of 2025. The decline was driven by a contraction in the manufacturing sector of 1.7, compared to a contraction of 0.9 in the corresponding quarter in 2024.

Economic activities slowed in the primary industries in Q1 of 2025. The poor performance is attributable particularly to agriculture & forestry and to the fishing & fish processing on board sectors, that registered declines of 20.1 percent and 8.7 percent, respectively. The decline is reflected in the significant reduction in total livestock marketed, as well as in a decrease in volume of fish landed. In the corresponding quarter of 2024, agriculture grew by 8.2 percent while fish & fish processing recorded a marginal decline of 1.7 percent. Mining & Quarrying sector recorded a growth of 2.0 in Q1 of 2025, compared to a growth of 7.6 percent observed in the corresponding quarter of 2024. The performance of the sector is primarily attributed to strong growth in uranium mining and increased metal ores mining. Diamond mining registered a decline of 4.0 percent in Q1 of 2025, compared to the growth of 8.8 percent in the corresponding quarter of 2024. The poor performance is attributed to a reduction in production owed to persistent decreased global demand.

## 3. PRICE DEVELOPMENTS

The annual inflation rate for June 2025 stood at 3.7 percent compared to a higher trend of 4.6 percent registered in June 2024. This pronounced easing of inflationary pressures was primarily driven by subdued price dynamics in key sectors, including transport. The slower growth in the prices of June 2025 emanated primarily from a significant contraction in the transport sector which contracted to 2.2 percent in June 2025 compared to a positive record of 8.3 percent in June 2024. The decline in the prices of this sector is on the account of operation of personal transport equipment which recorded a decrease in prices of 4.7 percent in the current period compared to a positive growth of 10.9 percent in the preceding period.

**Figure 3: Annual Inflation (left), Basket Inflation (Right)**




*Source: NSA, 2025*

***Food and non-alcoholic beverages*** category inflation went up by 2.1 percent to 6.4 percent during the period under review compared to 4.3 percent recorded in the same period last year. The increase in the prices in this category is supported by food, bread and cereals, meat, fish, oils and fat that registered a growth of 6.6 percent, 3.7 percent, 9.8 percent, 10.3 percent, and 7.1 percent in June 2025 compared to 4.0 percent, 0.3 percent, 3.5 percent, 4.6 percent, and 1.5 percent respectively, in June 2024. The fruit and vegetable sub-categories inflation rate stood at 16.0 percent and 10.2 percent, compared to 13.4 percent and 5.5 percent respectively during the same period in the preceding year.

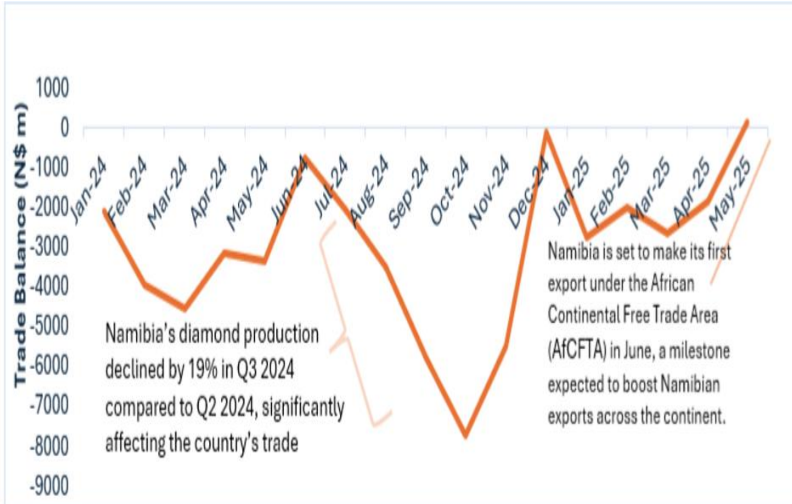
***Alcohol and Tobacco*** category recorded a growth of 6.9 percent in June 2025 compared to 5.3 percent in June 2024. The upward growth in this category is supported by the increase in the prices of tobacco, which stood at 7.6 percent in June 2025 compared to 6.0 percent recorded in June 2024 as well as in alcoholic beverages that went up to 6.7 percent during the period under review compared to 5.1 percent recorded in the preceding year.

The **housing sector** annual inflation stood at 4.1 percent in June 2025 compared to 3.6 percent in June 2024. The increase in this category is driven by higher rental payments, which recorded a 4.6 percent increase during the period under review compared to 2.6 percent during the previous year. Water supply and sewage sub-category also supported the increase in the prices, which went up to 4.2 percent in June 2025 compared to 3.4 percent in June 2024.

## 4. TRADE STATISTICS

Namibia recorded a N$121 million trade surplus in May 2025, its first in over two years, reversing the N$1.8 billion deficit in April 2025 and N$3.3 billion deficit in May 2024. Exports rose to N$11.8 billion (+7.3 percent m-o-m), driven by strong mineral performance, while imports fell to N$11.6 billion (-9.0 percent m-o-m) due to lower demand for mining support and agricultural services. The surplus was largely fuelled by a surge in uranium exports to N$3.5 billion, making up 29.3 percent of the surplus.

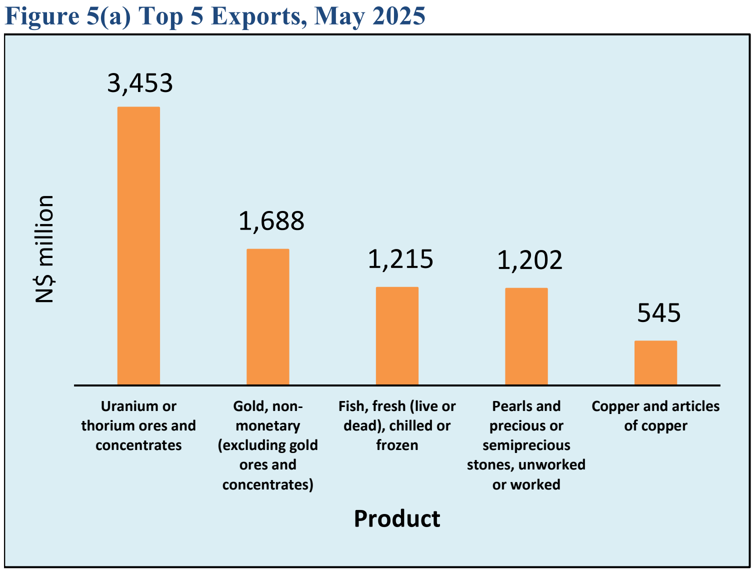
**Figure 4: Trade Balance Trend**




*Source: NSA 2025*

Top exports in May 2025 were led by uranium (N$3.5 billion), followed by gold (N$1.7 billion) and fish (N$1.2 billion). Top imports included petroleum oils (N$1.05 billion), nickel ores (N$540 million), and ores and concentrates (N$ 456 million).

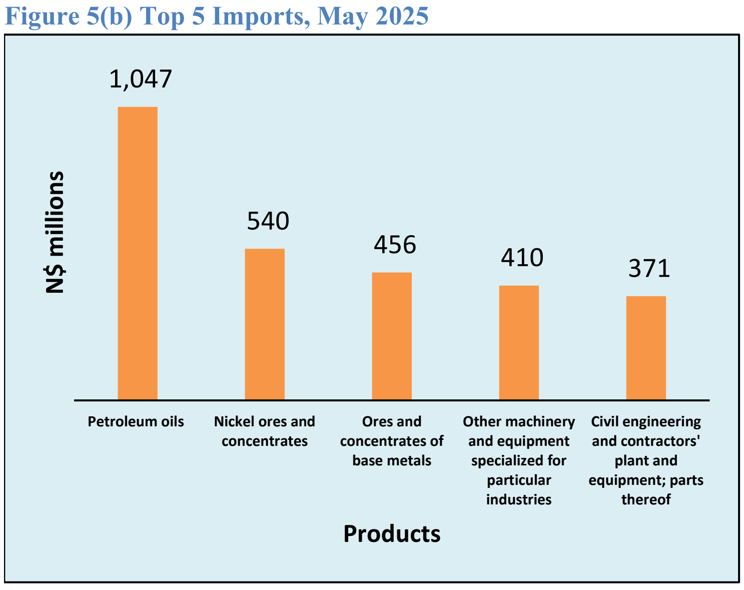
**Figure 5(a) Top 5 Exports, May 2025**




*Source: NSA, 2025*

In May 2025, South Africa was Namibia's top import source (38.7%). Top 5 products imported include petroleum oils, Nickle ores and concentrates as shown in figure below:

**Figure 5(b) Top 5 Imports, May 2025**



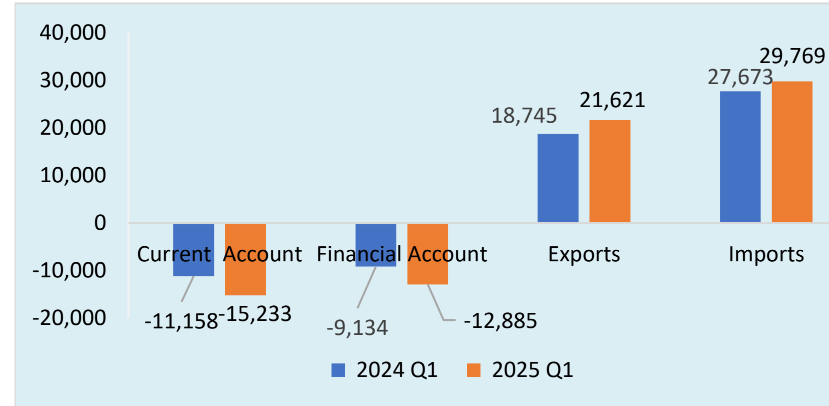

*Source: NSA, 2025*

Other major import sources include China (12.1%). Trade surpluses were recorded with China (N$1.5B), Botswana (N$1.2B), and France (N$562M), while deficits persisted with South Africa (N$2.0B), India (N$597M), and the U.S. (N$297M) in accordance with the NSA Trade Statistics Bulletin, July 2025.

## 5. BALANCE OF PAYMENTS

The current account deficit in the first quarter of 2025 widened to N$15.2 billion from N$11.4 billion in Q1 2024. The deficit was largely attributed to higher net outflows in the services account, because of increased expenditures on other business

**Figure 6: Current and Financial Account balances**




*Source: BON, 2025*

The trade deficit narrowed to N$8.1 billion during Q1 of 2025, compared to a N$8.9 billion trade deficit recorded in the corresponding quarter of 2024. This narrowing of the deficit is attributable to increased export earnings from gold, owing to favourable international prices, as well as increased volumes of uranium exports. Thus, export earnings increased by 13 percent to N$21.6 billion during Q1 of 2025 compared to N$18.7 billion recorded in Q1 of 2024.

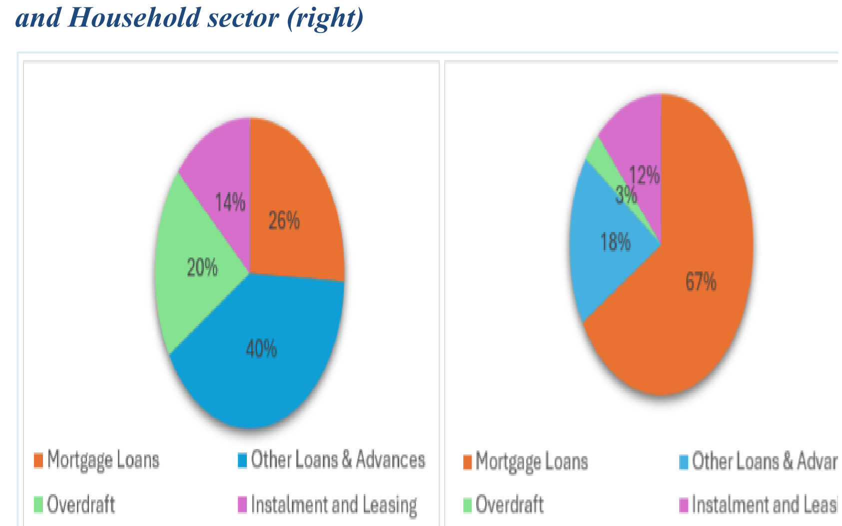
On the other hand, import payments stood at N$29.7 billion in Q1 of 2025 compared to N$27.6 billion of the corresponding quarter in 2024, reflecting an upward growth of 7 percent. The increase in import payments is due to the increased imports of consumer goods, most specifically in grain, making up a substantial amount.

The financial account recorded a net inflow of N$12.9 billion in Q1 2025, up from N$9.1 billion in Q1 2024, reflecting stronger capital inflows. The higher net inflows on the financial account during the quarter under review was mostly driven by higher net direct investment inflows on the back of oil and gas exploration activities. As a percentage of GDP, Namibia's financial account inflow stood at 20.6 percent during the Q1 of 2025, compared to 15.6 percent in the corresponding quarter of 2024.

## 6. PRIVATE SECTOR CREDIT EXTENSION

At the end of June 2025, private sector credit extension (PSCE) continues to grow, to about 5.3 percent following ongoing economic recovery coupled with favourable monetary policy and tax relief program that were implemented during 2024. This rise in PSCE growth was mainly driven by an increase in instalment sales and leasing credit, as well as other loans and advances, and overdraft credit.

**Figure 7: Private Sector Credit Extension:** ***Business sector (left) and Household sector (right)***




*Source: BoN, 2025*

recorded at the end of February and 0.1 percent recorded during the corresponding quarter in 2024. This increase is primarily attributable to higher uptake in the categories of other loans and advances accounting for about 40 percent of total credit to the business sector, followed by mortgage loans accounting for about 26 percent. Overdraft credit remains popular for the business sector, making up the third largest credit, amounting to 20 percent by June 2025. This is a stark contrast to the overdraft credit in the household sector, as it makes up only 3 percent of total credit.

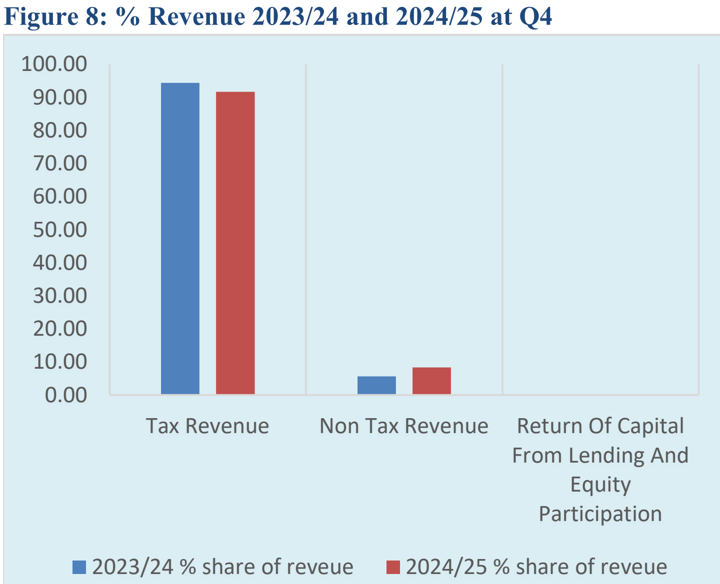
Credit extended to households recorded an annual growth rate of 3 percent at the end of June 2025. This growth is marginally lower than the 3.1 percent recorded in February 2025. The moderation in credit extended to households was reflected in the slow uptake of other loans and advances and mortgage credit, this is albeit mortgage loan accounting for more than half of total household credit, about 67 percent.

## 7. FISCAL POLICY HILIGHTS

### 7.1 REVENUE

The total revenue collected by quarter 4 of 2024/25 financial year was N$88.9 billion which fell short of the total estimate of N$92.1 billion estimated in the budget.

**Figure 8: % Revenue 2023/24 and 2024/25 at Q4**




*Source: MoF GL 2025*

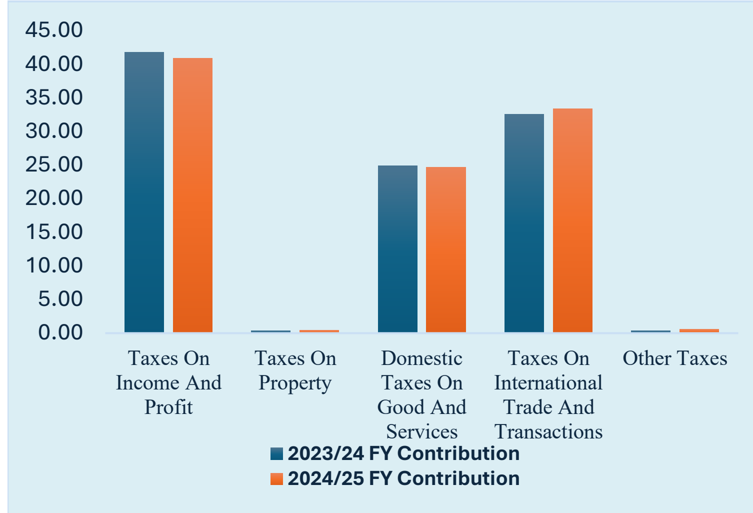
Although tax revenue remains the primary source of income, the above figure reveals a notable shift in the government's revenue composition between the two years. The share of tax revenue decreased from 94.36% in the 2023/24 financial year to 91.67% in the 2024/25 financial year. This represents a 2.69 percentage point decrease in its contribution to the total revenue. This suggests a slight reduction in the government's dependency on direct and indirect tax revenue.

A significant increase was observed in the non-tax revenue category with a growth of 8.31% in 2024/25 compared to a slow growth of 5.63% registered in 2023/24. This 2.68% increase indicates a positive trend where non-tax sources, such as fees, licenses, and charges, are contributing more to the government's income

### 7.2 Tax Revenue

Total tax revenue collected up to Quarter 4 of 2024 stood at N$83.9 billion against the total estimate of N$84,9 billion. This reflects a 1.2% lower compared to the corresponding period last year driven by the new tax policy proposals in 2024/25.

**Figure 9: % Tax Revenue Contributor**




*Source: MoF GL,2025*

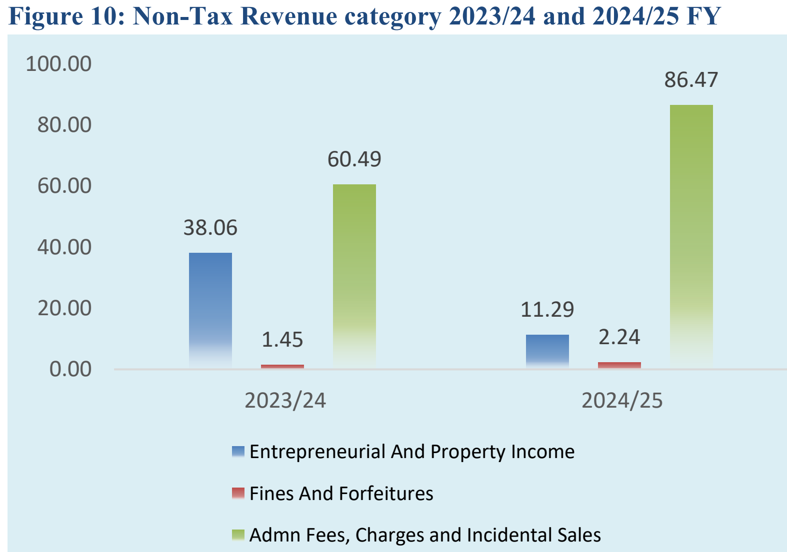
Taxes on Income and Profit and Taxes on International Trade and Transactions were the two primary drivers of tax revenue by Q4 of 2024/25 FY, altogether making up over 74% of the total, followed by Domestic on Goods and Services which stood at 24.7% as per figure 1 above. The same trend was observed for the year 2023/24 FY where Taxes on Income and Profit and Taxes on International Trade and Transactions were the two primary drivers by Q4.

Taxes on Income and Profit remain the largest contributor to tax revenue, albeit, a marginal decrease, from 41.83% in 2023/24 to 40.88% in 2024/25. This could be attributed to the upward adjustment of the individual income tax threshold from N$50 000 to N$100 000 in 2024/25 as well as a decline in diamond mining tax. Taxes on International Trade and Transactions saw an increase in their contribution, to 33.43% in 2024/25 from 32.59% in 2023/24. This resulted from a good receipt from SACU revenue pool share in 2024/24 of N$28 billion Compared to N$24 billion in 2023/24.

### 7.3 Non- Tax Revenue

Non-tax revenue collections totaled N$5.0 billion, which is 30.9% below the initial estimates and a 26% decrease from the previous period.

**Figure 10: Non-Tax Revenue category 2023/24 and 2024/25 FY**



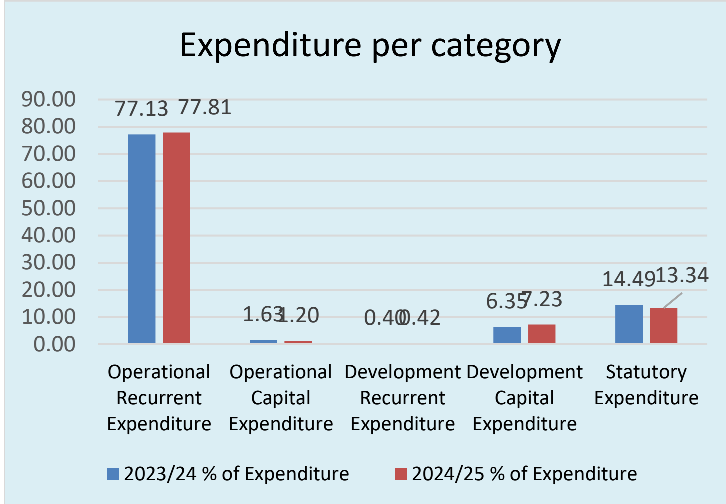

*Source: MoF GL 2025*

By Q4 of the 2024/25 financial year the Administration Fees, Charges and Incidental Sales category, significantly increasing its share from 60.49% in 2023/24 to 86.47% due to increase in oil explorations , quota auction and export levy as well as an increase in other mineral royalties, while Entrepreneurial and Property Income category experienced a sharp decline in its relative importance with 78.08% by Q4 of 2024/25 due to a reduction in dividends notably from diamond companies. The Fines and Forfeitures slightly increased from 1.45% in 2023/24 to 2.24% in 2024/25.

### 7.3 EXPENDITURE

The Namibian government's total expenditure by quarter 4 stood at **N**$98,2 billion. The total expenditure was 10.8% below the total budget of N$99,70 billion This means approximately 98.51% of the total budget was spent.

**Figure 11: Expenditure category by Q4 of 2023/24 and 2024/25**




*Source: MoF GL, 2025*

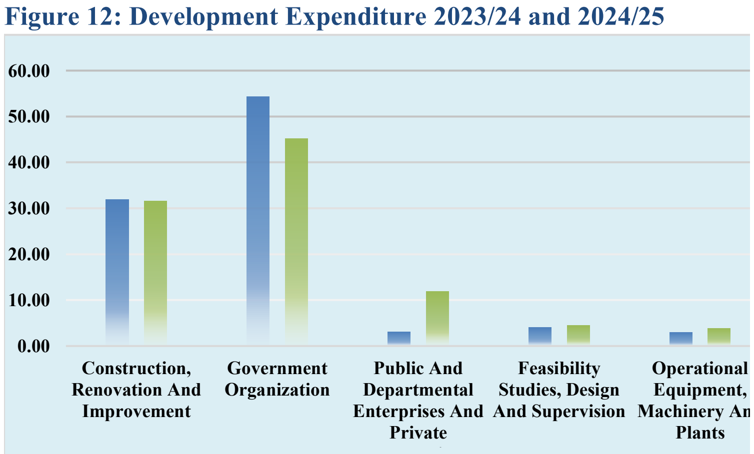
The data shows that in both financial years; majority of the Namibian government's expenditure was allocated to Operational Recurrent Expenditure with over 77% in both years. Operational Recurrent Expenditure saw a minor increase of 0.68 percentage points for the period under review. Operational Capital Expenditure decreased with 0.43 percentage points. Development Capital Expenditure increased notably, from 6.35% in 2023/24 to 7.23% in 2024/25, a difference of 0.88 percentage points. Statutory Expenditure shows a reduction of 1.15 percentage points. Development Recurrent Expenditure saw a minimal increase from 0.40% to 0.42%.

The most encouraging trend is the noticeable increase in the percentage allocated to Development Capital Expenditure in 2024/25. This suggests a growing commitment to long-term investments in infrastructure and other capital projects that are crucial for the country's economic growth and future prosperity. The most significant change is the decrease in the share of Statutory Expenditure. This could indicate several positive developments, such as a reduction in debt-servicing costs for the year under review.

### 7.4 Development Capital Expenditure

The total development expenditure stood at N$7.1 billion, which is 8.8.% lower compared to estimates of N$7,8 billion. This indicates that the government spent approximately 91.19% of its development capital budget, which is a relatively high utilization rate.

**Figure 12: Development Expenditure 2023/24 and 2024/25**




Source: MoF GL, 2025

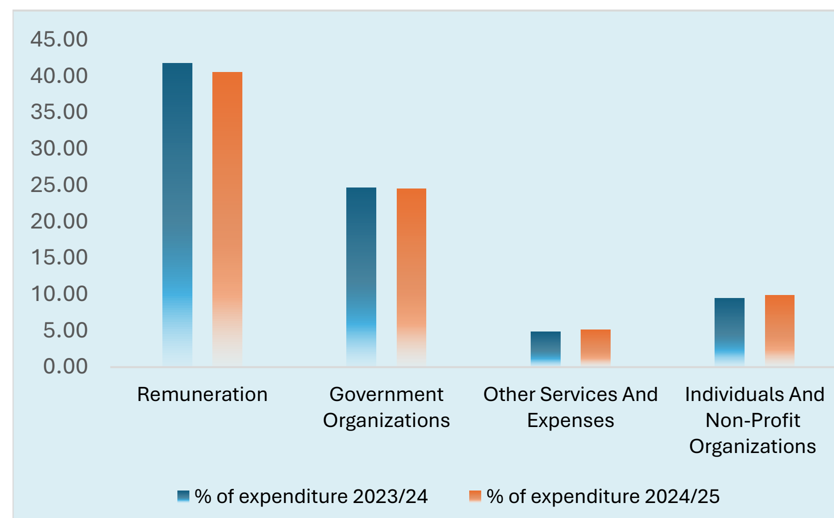
In 2024/25 Government Organization saw a notable decrease to 45.14% while still the largest single category, its share reduced comparable to 2023/24 when it was accounting for a significant 54.30% of the development expenditure.

Conversely, Construction, Renovation and Improvement remained relatively stable and remained the second largest, with 31.89% in 2023/24 and 31.63% in 2024/25, an indication of a consistent, strong commitment to infrastructure development which is crucial for economic growth and public services.

Public And Departmental Enterprises category saw a substantial increase up to 11.94% in 2024/25, from 3.13% in 2023/24. This suggests a significant shift in capital allocation, indicating increased investment in state-owned enterprises or parastatals to boost the infrastructure development sector.

Feasibility Studies, Design And Supervision increased to 4.48% in 2024/25 from 4.03% in 2023/24. This incremental rise suggests a continued or slightly enhanced focus on project planning and oversight. Operational Equipment and Machinery also saw an increase from 2.95% to 3.84% between the two periods. This indicates a slightly greater investment in the tools and machinery required for development projects.

**Figure 13: Operational Expenditure 2023/24 and 2024/25**

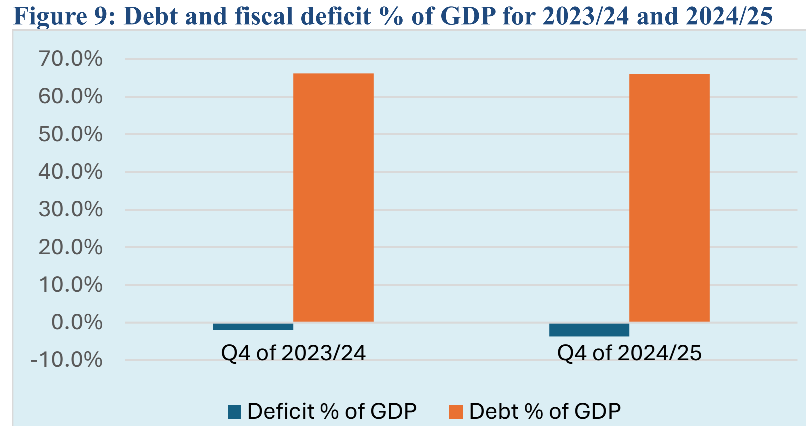



*Source: MoF GL, 2025*

The top four categories of operational recurrent expenditure remain consistent between the two financial years, indicating stable spending patterns. These four categories collectively represent over 80% of the total operational expenditure for both periods, and the remaining 20% is split among other 13 categories. Remuneration continues to be the largest expenditure category both in 2023/24 and 2024/25 by Q4 with a slight reduction of 1.25% of total expenditure, signifying that personnel costs such as salaries, wages, utilities and others are the primary driver of the government's recurrent spending.

This is followed by funding for government organizations which is at 24% for the two years, indicating substantial operational funding provided to various government departments and agencies for their daily functioning. While there are minor shifts in the percentages for Other Services and Expense with 0.3% of increment, Individuals and Non-Profit Organizations remained at 9% both at Q4 of 2023/24 and 2024/25.

**Figure 9: Debt and fiscal deficit % of GDP for 2023/24 and 2024/25**




*Source: MoF GL, 2025*

The data indicates an increase in the fiscal deficit as a percentage of GDP in 2024/25 at 3.7% from 2.0% in 2023/24. This increase suggests that the government's spending outpaced revenue by a margin due to lower revenue. The debt-to-GDP ratio remained constant at 66% for both 2024/25 and 2023/24 at Q4. This suggests that despite the widening deficit, the economy's overall growth (GDP) is in alignment with the increase in total debt and the government is effectively stabilizing public debt.

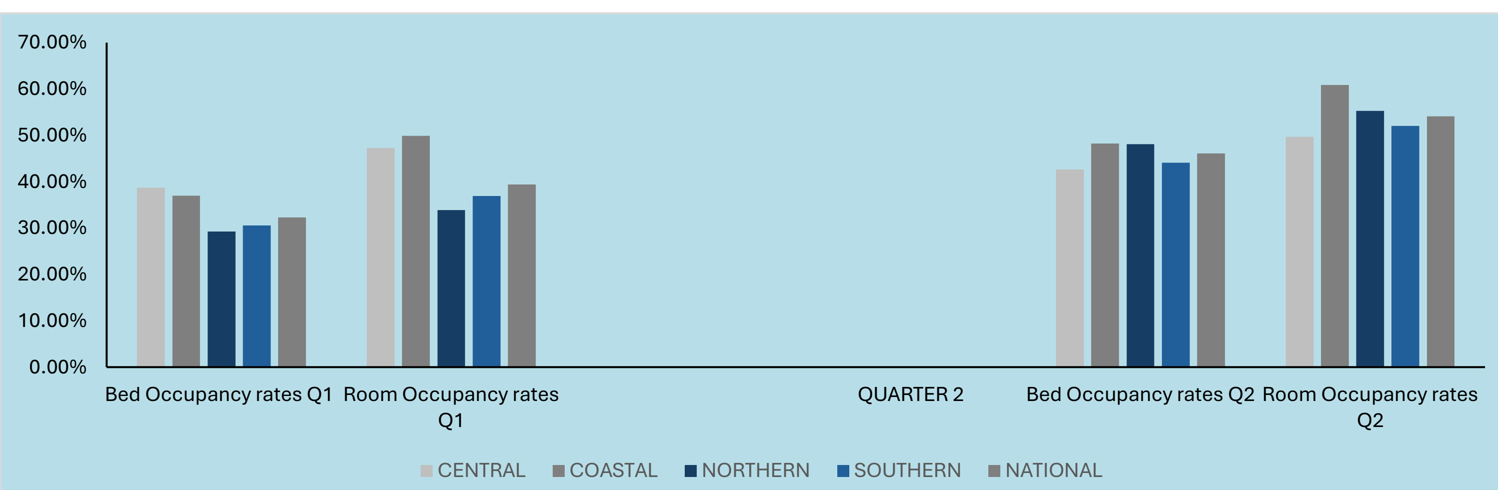
## SPECIAL FEATURE: HOSPITALITY SECTOR PERFORMANCE ANALYSIS

The Namibia Hospitality Sector showcased a dynamic performance during the first two quarters of 2025, as revealed by the comprehensive data from the Hospitality Association of Namibia (HAN). This analysis delves into key metrics such as bed and room occupancy rates across regions, accommodation type occupancy rates, travel purposes, and domestic versus international visitor contributions, using visual aids to highlight significant shifts and their underlying causes based on Namibia's current hospitality situation.

### 1. Bed and Room Occupancy Rates Across Regions

Bed and room occupancy rates across regions displayed distinct patterns in Q1 and Q2 of 2025. Figure 1 shows that the Coastal region led with a room occupancy of 49.87 percent in Q1 and significantly increasing to 60.87 percent in Q2, likely driven by the alignment of Namibia's winter with the Northern Hemisphere's summer holiday season, attracting international visitors seeking cooler coastal experiences. The National average remained stable at around 39-40 percent for both quarters, reflecting a steady demand supported by Namibia's year-round appeal as a destination. The Southern region saw a modest increase in bed occupancy from 30.57 percent in the first quarter to 44.12 percent in the second quarter, driven by the region's growing popularity for self-drive safaris and the opening of new lodges in areas like the Kalahari, as reported by the Gondwana Collection with the launch of Kalahari Anib Lodge enhancing tourism infrastructure. Meanwhile, the Central region maintained a bed occupancy of around 38-42 percent, supported by its role as a business hub with consistent corporate travel, a trend reinforced by the Hospitality Association of Namibia's recognition of Windhoek as a key business destination.

**Figure 1: Bed and room occupancy rate for Q1 and Q2 across regions**

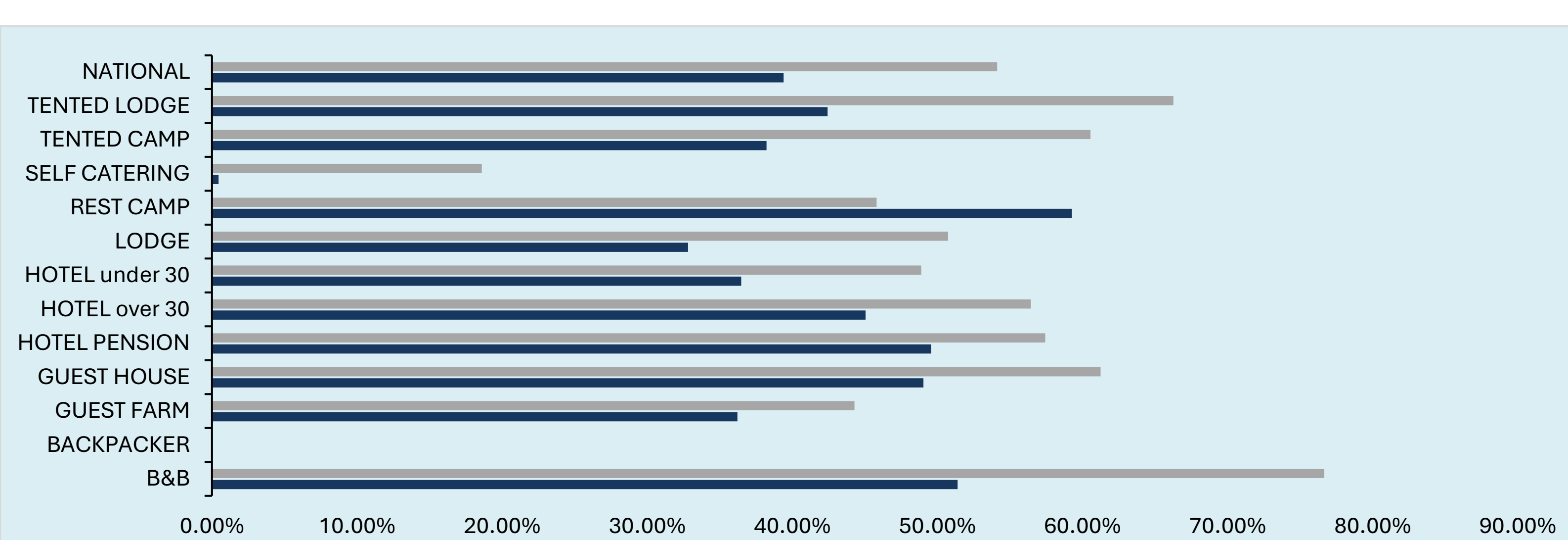



*Source: HAN, 2025*

### 2. Accommodation Type Occupancy Rates for Q1 and Q2 2025

Occupancy rates across different accommodation types revealed varied performance in the First Quarter and Second Quarter of 2025. Figure 2 indicates that in Q2, visitors preferred B&Bs (76.7%), Tented Lodges (66.3%) and Guest Houses (61.3%) compared to in Q1 when they preferred Rest Camps (59.3%), B&Bs (51.4%) and Hotel Pension (57.4%). Hotels under 30 rooms maintained a robust occupancy of 48.9 percent in Q2, up from Q1 of 36.5 percent, boosted by the rise in boutique tourism targeting high-end international visitors seeking personalized experiences, a trend supported by recent investments in smaller properties. Rest camps also showed significant growth, with occupancy rising from 45.8 percent in Q1 to 59.3 percent in Q2, fuelled by the expansion of Namibia's national park infrastructure and increased marketing of camping sites by the Namibia Tourism Board. Other categories, such as tented lodges and guest farms, saw steady occupancy around 60-70 percent, reflecting their appeal to leisure travellers exploring Namibia's diverse landscapes.

**Figure 2: Accommodation type occupancy rates for Q1 and Q2 2025**

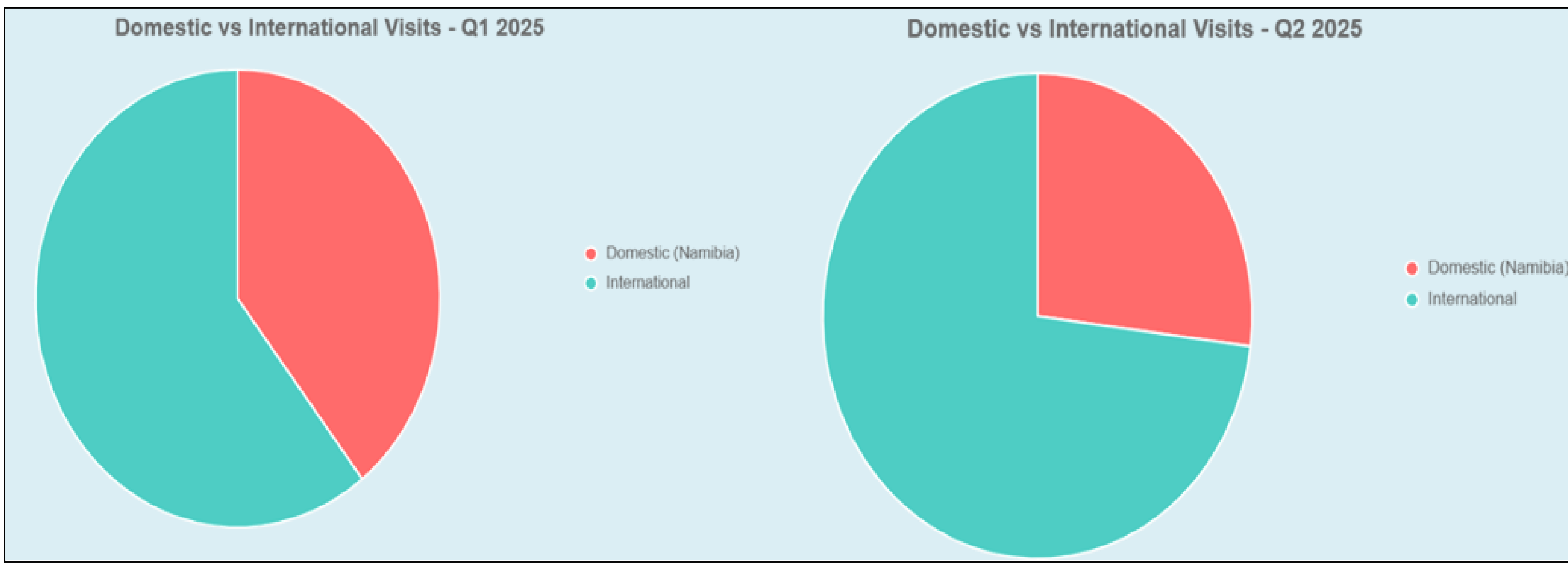



*Source: HAN, 2025*

### 1. Domestic vs. International Visits

In the First Quarter of 2025, domestic visits from Namibia accounted for 43,351 (39.4 percent) of the total 109,866 visits, with international visitors contributing 66,515 (60.6 percent). By the Second Quarter of 2025, domestic visits dropped to 38,128 (27.0 percent), while international visits surged to 103,162 (73.0 percent), reflecting a 12.6 percent increase in international visits, possibly influenced by the SADC visa waiver initiative launched in mid-2025, boosting arrivals from South Africa (17,288 in Q2) and other regional markets. Notably, Namibia's new visa policy, effective April 1, 2025, requiring payments from 33 countries including the United States, United Kingdom, and Germany, has had a minimal immediate effect on international visits, likely due to the flexibility of online and on-arrival visa options, which mitigate cost concerns. The decline in domestic visits aligns with, apart from seasonal preferences, rising local living costs reported by the Namibia Statistics Agency, reducing discretionary travel

**Figure 3: Domestic vs international visits for Q1 and Q2 2025**




*Source: HAN, 2025*

The Namibia Hospitality Sector demonstrated resilience and growth in the Second Quarter of 2025, with notable increases in international visits and category-specific occupancies. However, the decline in domestic participation warrants further investigation into hindering factors, or improvement in measures available for strengthening incentives available for attracting local travellers, while the new visa policy's long-term impact on international arrivals remains to be seen. Future analyses should explore targeted strategies to balance these visitor segments, leveraging the sector's strengths in leisure tourism and regional appeal.

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