

AFRICAN DEVELOPMENT BANK



NAMIBIA

2001-2003 COUNTRY STRATEGY PAPER

2005 UPDATE

**COUNTRY DEPARTMENT
NORTH SOUTH AND EAST REGIONS
OCTOBER 2005**

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LIST OF ABBREVIATIONS AND ACRONYMS

ADB	African Development Bank
ADF	African Development Fund
APPR	Annual Portfolio Performance Review
BD	Boards of Directors
CGP	Country Governance Profile
CMA	Common Monetary Area
CODE	Committee on Operations and Development Effectiveness
COMESA	Common Market for Eastern and Southern Africa
CPR	Country Portfolio Review
CSP	Country Strategy Paper
DBN	Development Bank of Namibia
GDP	Gross Domestic Product
GNI	Gross National Income
GRN	Government of the Republic of Namibia
HIV/AIDS	Human Immuno-Deficiency Virus/Acquired Immune Deficiency Syndrome
IMF	International Monetary Fund
MLTRMP	Medium to Long Term Roads Master Plan
MOF	Ministry of Finance
MTEF	Medium Term Expenditure Framework
MTP	Medium Term Plan
NDP 2	Second National Development Plan
NEPAD	New Partnership for Africa's Development
NPRAP	National Poverty Reduction Action Programme
NPRS	National Poverty Reduction Strategy
NTF	Nigeria Trust Fund
PAR	Project at Risk
PEMP	Performance and Effectiveness Management Programme
PRSP	Poverty Reduction Strategy Paper
SACU	Southern African Customs Union
SADC	Southern African Development Community
SARB	South African Reserve Bank
SDMS	Sovereign Debt Management Strategy
SME	Small and Medium Scale Enterprise
TAF	Technical Assistance Fund
UA	Unit of Account of the African Development Bank
UNAM	University of Namibia
UNDP	United Nations Development Programme
US	United States
VAT	Value Added Tax
WBCG	Walvis Bay Corridor Group
WP	Working Paper
ZAR	South African Rand

CURRENCY EQUIVALENTS

(October 2005 Applicable rates)

UA 1.00	=	N\$ 9.21863
UA 1.00	=	US\$ 1.44956
US\$ 1.00	=	N\$6.36004

FISCAL YEAR

April 1 – March 31

I. INTRODUCTION

1.1 The Board approved the 2001-2003 Country Strategy Paper (CSP) for Namibia (Ref.ADB/BD/WP/2001/60) in August 2001. In May 2004, an update of the CSP was undertaken, which validated the continuation of the Bank's 2001-2003 operations strategy. The objective of the strategy was to support the implementation of the Government's Second National Development Plan (NDP2), covering the period 2001/2002-2005/2006. The NDP2 aims to reduce poverty, create employment, stimulate and sustain economic growth, reduce inequalities in income distribution and regional development, promote gender equality and equity, enhance environmental and ecological sustainability and combat the spread of HIV/AIDS.

1.2 In approving the strategy, the Board commended the efforts of the Namibian authorities in achieving satisfactory macroeconomic performance. In addition, the Board noted the country's commendable role in sub-regional cooperation and economic integration. However, the Board expressed concerns about the economy's dual nature, its high unemployment rate and its structural nature, the high prevalence of HIV/AIDS, and the country's fragile ecological environment. In assisting the Government to pursue the NDP2's objectives, and, particularly, in addressing the Board's concerns, the Bank Group approved three projects during the period 2001-2003 and an additional three projects in 2004, namely, the Second and the Third Lines of Credit to the Agricultural Bank of Namibia (Agribank), the Extension of the Northern Railway, the Aus-Rosh Pinah Road, the Kamanjab-Omakange Road and the Tandjieskoppe Green Scheme project.

1.3 With the completion of disbursement of the Second Line of Credit to Agribank in 2004, there are five ongoing projects at the moment. These projects aimed at creating jobs, especially for the most disadvantaged groups in Namibia, and poverty reduction. In this regard, the Second Line of Credit in the agriculture sector has benefited a total of 1,056 farming communities, 35% of whom were women's groups. In addition, 885 of the beneficiaries were of rural communal backgrounds. The Third Line of Credit, under implementation at the moment, is building on the success of the Second Line of Credit by targeting the resources on communal farmers, a large proportion of whom are women. The Tandjieskoppe Green Scheme project will help the government in its land redistribution efforts, aimed at, among others, fighting poverty. The project will also enable the beneficiaries of land redistribution to cultivate high-valued crops such as grapes and dates to enhance their income.

1.4 The projects in the infrastructure sector, apart from contributing to the government's drive to make multi-modal transport facilities the main instrument to integrate the country's different regions, are also supporting industrial development, which is leading to job creation. Thus, the Northern Railway Extension Project, by using labour-based methods for the construction of most of the embankments for the railway line, has created jobs for unskilled labour in the project area. The project is also contributing to improving gender balance, as 35% of the labour force is women. The upgrading of the Aus-Rosh Pinah Road is resulting in economic and social benefits as it has already created about 300 jobs. It is expected that a minimum of 40 permanent jobs will be created for road maintenance and related activities after the project's completion. The Kamanjab-Omakange Road project, yet to start implementation, is situated in the Kunene region, one of the poorest regions in Namibia. The project is expected to provide a broader access to social services in the project area and

improve the links between the region and other parts of the country. This way, the project will contribute to poverty reduction in the region through job creation.

1.5 A new CSP, covering the period 2005-2009, was being prepared and a dialogue mission was undertaken during the period 30 May-3 June 2005. However, Management has decided to suspend its further processing because NDP2, which underpinned the draft CSP, would end in March 2006. Management has decided that the new CSP should be based on the Third National Development Plan (NDP3) to avoid a misalignment of the CSP with NDP3. This will also enable the CSP to reflect emerging development challenges, which the mid-term review of NDP2 currently being undertaken by the authorities would reveal.

1.6 During the interim period, Namibia is likely to seek Bank Group's financing for two projects, namely, the *Rundu-Nkurenkuru-Elundu Road Project* and the *Brukkaros Irrigation Project*. This update is therefore prepared to provide the strategic context and justifications for continued interventions of the Bank in Namibia before the finalization of the full CSP. The update also provides an analysis of recent economic and policy developments as well as the management of the Bank portfolio in Namibia. The analysis is based on information gathered by the dialogue mission and also benefited from official government, ADB, IMF, and World Bank publications. The key message emerging from this analysis is that Namibia's economic outlook is stable and positive and portfolio performance has been satisfactory. However, poverty, inequality, and unemployment levels remain high. To ensure sustainable economic development, the drive for economic diversification must be intensified. The strategy articulated in this CSP Update aims at contributing to addressing these challenges.

II. RECENT DEVELOPMENTS

2.1 Political Context

Since Namibia gained independence in March 1990, the major political event has been the smooth transfer of power from one president to another. After serving three consecutive five-year terms, the last term made possible by a constitutional amendment, the former President, Dr. Sam Nujoma, stepped down at the end of his last mandate in March 2005. This enabled Mr. Hifikepuyne Pohamba, the winner of the presidential election held on 15th and 16th November 2004, to be sworn into office as president of Namibia on 21st March 2005. This smooth transfer of power shows that multi-party democracy is gaining roots in Namibia, a development that bodes well for the country's stability and economic progress. Nevertheless, the slow progress of land redistribution may affect the stable political environment unless the pace is accelerated and equity is built into the process. This event is a major risk that could lead to social unrest.

2.2 Recent Macroeconomic Developments

2.2.1 The Namibian economy enjoyed a stable macroeconomic environment over the period 2000-2004, with real GDP growth rate averaging 3.3% over the period, and steadily increasing from 2.4% in 2001 to 4.4% in 2004 (see annex 1). The 2004 figure is slightly higher than the 4.3% average annual real growth rate set by NDP2 for the period 2001-2006. This improved economic performance was attributable to the good performance of both the tertiary and secondary industries, which recorded average real growth rates of 3.3% and 4.4%, respectively, and the major expansion in mining activities in 2004. Inflation also slowed

down from 11.4% in 2002 to 7.2% in 2003 and 3.9% in 2004, owing partly to the stable monetary policy that characterised the period. The external current account balance remained in surplus during the period despite the high levels of imports in relation to exports. This positive current account balance was due mainly to increased receipts from the SACU pool. However, the dependency on SACU receipts is unsustainable, as the ongoing SACU trade liberalisation negotiations are likely to lead to a reduction in the size of the common revenue pool and Namibia's share of the pool. The overall balance of payment was persistently in deficit, reflecting capital outflows from pension funds, life insurance companies and unit trusts. On exchange rates, the Namibia dollar, pegged at par to the rand under the Common Monetary Area (CMA) arrangement, continued to appreciate against major currencies especially the US dollar, reaching a level of N\$5.9 per US dollar at the beginning of 2005, compared with a level of almost N\$12.0 per US dollar in January 2002. However, it has depreciated slightly in recent months to N\$6.6 in August 2005 as a result of the appreciation of the US dollar.

2.2.2 On the fiscal front, the budget deficit widened considerably from 2.6% of GDP in 2002/03 to 7.5% of GDP in 2003/04, owing to a fall in government revenue, attributed to the appreciation of the Namibia dollar against the major international currencies. The budget deficit has, however, fallen to 2.4% of GDP in 2004/05, lower than the 2005 target of 3%. The improvement in the fiscal deficit reflected an increase of N\$264 million in revenue over the previous year's budget. Namibia's debt stock has increased considerably since 2002/03, owing to a significant increase in domestic debt contracted to finance the high fiscal deficits recorded in the last two years. While the target set by the Government for the debt stock (25% of GDP) was achieved in 2002/03, the debt stock/GDP ratio rose to 31.0% in 2003/04 and 33.5% in 2004/05, thus exceeding the target because of the financing of the high fiscal deficits.

2.3 Recent Economic Policy Developments

2.3.1 The fiscal outturn for the 2005/06-2007/08 MTEF period is expected to bring the country to its fiscal targets¹. To achieve the fiscal targets, the government has introduced a number of measures to deepen policy reforms in the areas of revenue, expenditure and debt management. On revenue, the government has initiated a series of nationwide forensic audits aimed at improving, among others, revenue collection and compliance with tax legislation. To strengthen the government's capacity to administer tax laws, a formal academic training programme has been introduced at the University of Namibia (UNAM) to enhance the qualification of tax administrators. The measures envisaged to improve future revenue collection include legislations on withholding tax on interest to reduce the practice of tax evasion; clamping down on VAT refund abuses; reintroduction of a luxury VAT rate; imposition of an environmental tax; tax unit trusts; and addressing artificial evasions on transfer pricing as well as under capitalization. On expenditure, the main thrust of the government's policy is to curb overspending and unauthorized expenditures by government departments.

2.3.2 On debt, the government has already approved a Sovereign Debt Management Strategy (SDMS) in 2005 that would ensure that the public debt remains affordable and sustainable. The strategy also provides a framework for a stricter handling of government

¹ The government's fiscal targets during the period of NDP2 are that the average deficit should not exceed 3% of GDP; that the total public debt should not exceed 25% of GDP; and that expenditure should not exceed 30% of GDP.

guarantees. To manage the public debt portfolio, the government has established a set of specific benchmarks, which identify risks and provide guidance for borrowing activities. Moreover, the government has imposed a levy on loans and guarantees to encourage the responsible use of government loans and guarantees.

2.3.3 As the analysis of the recent economic policy developments indicates, the economy's outlook is stable and positive. This augurs well for sustainable economic growth. However, for the economy to stay on a steady course, the government needs to redouble efforts at revenue mobilisation in order to increase public investment and also to address the widespread poverty. In addition, to make a greater impact on the country's high unemployment rate, which hovers around 30%, the government must intensify its drive for economic diversification.

V. BANK GROUP ASSISTANCE PROGRAMME

3.1 Bank Group Portfolio Management

3.1.1 The Bank Group commenced operations in Namibia in 1991, and, by 30 September 2005, had approved 15 operations amounting to UA 139.99 million, net of cancellations. The approved operations consist of UA120.55 million from ADB resources, UA12.49 million from ADF resources, UA3.86 million from NTF resources and UA3.10 million from grant resources. In addition, Namibia received an ADB-emergency relief grant of US\$500,000 in 2002 to help cope with the effect of drought that occurred that year. Reflecting primarily interest shown by the government in the rand-denominated loan instrument introduced in 2000, the portfolio size has experienced significant growth since then. This is partly because borrowing in rand does not expose Namibia to foreign exchange risk in view of the parity between the rand and the Namibia dollar under the CMA agreement.

3.1.2 The sectoral distribution of Bank Group cumulative operations in Namibia by sectors shows that transport has attracted the largest share with 50.88% of total commitment (net of cancellations), followed by agriculture (34.33%), social (9.20%), power (4.50%), multi-sector (0.55%) and water supply and sanitation (0.54%). The approved operations consist of 8 projects, 4 studies and 3 lines of credit. While ten operations have been completed, five are ongoing. The rate of disbursement of the total portfolio, i.e., total disbursements as a percentage of total commitments, on 30 September 2005, was 45.44% while the disbursement rate of ongoing projects was 25.01%.

3.2 Portfolio Performance

3.2.1 The last Bank Group Country Portfolio Review (CPR) for Namibia was completed in February 2004. The Review concluded that Namibia's overall portfolio performance was satisfactory.² The 2002-2003 Bank-wide Annual Portfolio Performance Review (APPR) issued on 2 May 2005 also indicated satisfactory performance with respect to implementation progress and development impact. According to the Review, Namibia had no project at risk (PAR) during the period. Furthermore, preliminary results from the 2004 APPR also showed that portfolio performance remained satisfactory. However, in spite of these favourable ratings, the CPR pointed out a few problems that need addressing by both the Government

² Namibia, "Country Portfolio Review", African Development Bank (ADB/BD/WP/2003/155 and ADF/BD/WP/2003/194), dated 25 February 2004. The Review was however undertaken in 2003.

and the Bank, respectively namely, delays in fulfilling loan and grant conditions and project start up, poor procurement performance and weak performance of project management units.

3.2.2 The follow-up of the recommendations of the CPR by the Bank Group is being done through supervision and launching missions. In this regard, in June 2005, the Bank Group undertook a launching mission for the Third Line of Credit to Agribank and the Tandjieskoppe Irrigation Scheme Project. During the mission, a five-day loan administration workshop was organized in collaboration with the government to familiarize executing agencies with the Bank Group's rules of procedures on procurement and disbursements, as well as project reporting and financial management. Pertinent issues relating to fulfilment of loan conditions were also discussed with the executing agencies. The Bank has also established a Regional Office in Mozambique, which covers Namibia. The establishment of the Office would enhance local presence and further improve portfolio management in the region

3.3 Areas Requiring Dialogue and New Development Initiatives

During the period of this update, dialogue with Namibia will continue to focus on portfolio improvement. To this end, another CPR will be undertaken during the fourth quarter of 2005. This will enable both the Government and the Bank to monitor project implantation performance, detect problems and design portfolio improvement plan. Dialogue will also focus on exploring more opportunities for increased lending and in building a good and sizeable pipeline of projects and programmes. It is expected that the measures recently introduced by the Bank Group in the context of its middle income countries (MIC) Initiative will lead to increase in lending to Namibia. These measures are designed to enhance the competitiveness of the Bank's lending products as well as the capacity of the Bank to provide grant resources for project preparation and capacity building. Currently, efforts are being intensified to effectively market the new MIC Initiative in all the concerned countries.

IV. BANK GROUP STRATEGY

4.1 The Underlying Government's Development Agenda

4.1.1 The NDP2 continues to be Namibia's medium-term development agenda, and is derived from a longer-term strategic development plan, Vision 2030, for Namibia. The Vision's overarching objective is to transform Namibia into a developed, high-income country by 2030. Apart from the Vision, NDP2 is anchored on the National Poverty Reduction Strategy (NPRS) and the National Poverty Reduction Action Programme (NPRAP). As a development framework, it presents comprehensive macroeconomic goals and sectoral objectives, and targets over the period of the plan aimed at achieving the medium-term objectives of the Vision.³ The key national development targets are summarised below in Box 1.

Box 1: National Development Targets

1. Achieve sustainable real economic development with an average growth in real GDP per year of 4.3% between 2001-2006;
2. Increase investment by 4.1% per year between 2001-2006;
3. Raise private sector investment from its 2000 level of 73% of the overall investment in the country to 90% by 2006;
4. Increase private sector investment from its 2000 share of GDP, which was 14.1%, to 20% by 2006;
5. Halve primary commodities as a proportion of the country's total exports, which in 1999 stood at 82%;
6. Ensure budget deficit is sustainable at no more than 3% of GDP by 2005;
7. Increase Real Gross National Income per capita by 12% by 2006;
8. Reduce the Gini coefficient from 0.67% to less than 0.6% at the end of 2006;
9. Facilitate the increase of the SME sector contribution to GDP from 5% to 10% by 2006;
10. Increase employment by 2.6% a year over the period 1999-2006 at the same rate as population growth;
11. Ensure a three-fold increase in the number of jobs in manufacturing from 2000 level of 6.4% of the country's total employment to 20% by 2006;
12. Reduce the proportion of poor households by 10% by 2006;
13. Reduce the proportion of severely poor households by 5% by 2006; and,
14. Increase women representation in Parliament from 19% in 2000 to 35% by 2006.

4.1.2 To achieve these objectives and targets, the Government's strategy encompasses the following elements: the promotion and strengthening of an enabling environment for economic growth and development; (ii) promotion of sustainable use of natural resources and environmental management; (iii) promotion of participatory development and equity; (iv) development of Namibia's human resources; (v) promotion of good governance and democracy; (vi) strengthening of Namibia's international role; (vii) structural reforms, and (viii) decentralization and regional development.

4.1.3 The national development targets, derived from the country's Vision 2030, are directly in line with the Millennium Development Goals (MDGs). Hence, progress in achieving these targets will enable the government to achieve the MDGs. A progress report on the MDGs for Namibia, prepared by the National Planning Commission (NPC), has projected that much progress would be made by the end of 2006, for instance, in providing access to health care, education, gender equality and women empowerment and other basic needs, as well as promoting sustainable development.⁴ However, Namibia faces major challenges in meeting other goals, especially those of HIV/AIDS and global partnership for development. Unless real progress is made on reduction of the spread of HIV/AIDS, the ability of Namibia to achieve the other MDGs will also be compromised.

4.1.4 In terms of the NDP2 targets, with less than one year to go as the Plan will end in March 2006, progress to date shows that the government is not likely to achieve them. In terms of the macroeconomic targets, the real GDP growth rate has averaged about 3.3% over the period 2001-2004 compared with the target of an average growth rate of 4.3% over the period 2001-2006. Likewise, the fiscal deficit has averaged about 4.7% of GDP over the period 2001/02-2003/04 compared with the target of 3% of GDP by 2005. In terms of the other targets, for example, the Plan envisaged reducing the Gini coefficient from 0.67% to less than 0.6% by 2006 but Namibia will not be able to achieve this target. According to the 2004 UNDP Human Development Index, the coefficient was about 0.71% in 2004. The rise in the coefficient means that income inequality, rather than narrowing, is widening. Likewise, Namibia has not been able to reduce the unemployment rate to below 34%, the rate registered

⁴ Office of the President, National Planning Commission, NAMIBIA 2004, Millennium Development Goals, August 2004.

in 2000. The implication of the failure to achieve the targets of NDP2 is that the government will need to double its efforts during the implementation of NDP3 to recoup lost grounds, if the objectives of Vision 2030 and the MDGs are to be ultimately achieved.

4.2 Bank Group Strategy

4.2.1 The CSP dialogue mission that visited Namibia during the period 30 May - 3 June 2005 discussed the proposed Bank Group operations strategy for Namibia that would have covered the period 2005-2009 with representatives from the government, the private sector, and the resident donor missions. The government endorsed the general direction of the strategy as it reflected the main thrust of NDP2. This CSP update reflects this strategy endorsed and validated by the government during the mission. Thus, in line with the objectives of NDP2, the strategy will aim at poverty reduction and employment generation through investments in the productive and economic sectors. In accordance with this strategic focus, Bank Group interventions during the CSP Update period, will focus on the agriculture and infrastructure sectors as well as the private sector. For non-lending activities, the strategy will focus on Economic and Sector Work (ESW).

4.2.2 Investments in the agriculture sector will continue to target the implementation of the Government's Green Scheme Programme aimed at expanding the scope of irrigated agriculture. In this context, the *Brukkaros Irrigation Project* has been prepared and would be appraisal in the course of next year. The resources of the MIC Fund supported the preparation of this project and the Environmental and Social Impact Assessment Study. In the transport sector, the Bank's intervention will be in the context of the Government's Medium-to-Long-Term Roads Master Plan (MLTRMP) from a PPP perspective. Investments in this sector will focus on the extension of the transport infrastructure to rural areas by upgrading rural roads to open up rural areas for development through linkages with the urban centres. In this regard, the government has already indicated interest in the Bank Group's financial resources for the *Rundu-Nkurenkuru-Elundu Road Project*.

4.2.3 For non-lending activities, two studies have been identified for implementation in 2006. The Government has requested the Bank to assist in financing a Small and Medium Enterprises (SMEs) study in the context of its economic diversification drive. The Bank has also sought the no objection of the Government to prepare a Country Governance Profile (CGP) for Namibia. These two ESW will be the main non-lending activities in Namibia during the CSP Update period.

4.2.4 In terms of resources available to Namibia for the attainment of the strategy's objectives during the CSP Update period, the annual sustainable lending limit of Bank Group resources ranges from UA 150 million (low case) for policy based-loans only to UA 312 million (upper case) for investment projects. Past experience with lending to Namibia shows that lending cannot attain even the low case level. The estimated total requirements for the two projects indicated above are limited to UA 80 million. There are therefore enough resources available to implement the strategy. Resources for the ESW will be provided from the MIC Fund (for the SME's Study) and the Bank's administrative budget (for the CGP).

4.3 Measures for Achieving Aid Effectiveness

In line with the Paris Declaration on Aid Effectiveness, the Bank Group is taking the necessary steps to ensure that aid to Namibia improves the country's development

performance. First, this is being done through the alignment of the Bank Group's operational strategy and policy dialogue, outlined in this CSP Update, with the country's national development plan, NDP2. Second, the Bank plans to co-finance the proposed two projects with other development partners such as BADEA, the OPEC Fund and the Kuwait Fund. In the spirit of the harmonization agenda, the Bank Group and the co-financiers will, to the extent possible, work together to synchronize processes such as appraisal, launching and supervision missions; promote joint training of staff of the executing agencies, as well as project implementation procedures. To manage for results, the design of the projects will incorporate performance indicators that will be based on NDP2. In addition, using the resources of the MIC Fund for project preparation will help to strengthen national capacity for the project' design to ensure high quality at entry.

V. CONCLUSION AND RECOMMENDATION

5.1 Conclusion

As the above articulated operations strategy indicates, there will be no substantial shift from the strategy proposed in the 2001-2003 CSP for Namibia during the October 2005-September 2006 Business Plan, since both are based on the NDP2. The two projects likely to be presented to the Board for consideration during the business plan period, namely, *Rundu-Nkurenkuru-Elundu Road Project* and the *Brukkaros Irrigation Project* fall within the strategic focus of NDP2. The full CSP will define a new strategy and sectoral focus for Namibia during the period 2006/07-2010/11 based on the strategic focus of NDP3. It will take into account, among other things, the need for sectoral selectivity and appropriate results-based framework to achieve an optimum operational impact.

5.2 Recommendation

The Board is invited to take note of this CSP update for Namibia, and the two projects that are likely to be submitted to the Board for consideration over the next one year, before finalization of the full CSP.

Annex 1

Namibia

Selected Macroeconomic Indicators, 2000-2004

	2000	2001	2002	2003	2004
Real Economy (%)					
Real GDP	3.5	2.4	2.5	3.7	4.4
CPI (year average)	9.3	9.3	11.3	7.2	3.9
Unemployment Rate (%)	34.0	31.0	33.8	NA	NA
Gross National Savings (% of GDP)	28.9	25.2	20.9	26.7	28.3
Gross Domestic Investment (% of GDP)	19.5	23.4	17.2	22.7	22.6
Public Finance (% of GDP)-fiscal year ended March					
Total Revenue and Grants	33.30	31.30	33.00	29.50	32.90
Total Expenditure and Net lending	34.50	35.80	36.50	37.30	34.90
of which: Current expenditures	32.18	31.74	31.57	31.35	31.42
Capital expenditures	4.57	5.96	6.30	5.67	4.75
Overall Deficit/Surplus	-1.4	-4.5	-2.6	-7.5	-2.4
Money, Interest Rate and Exchange Rate					
M1/GDP (%)	24.09	23.76	25.35	N/A	N/A
M1 Annual Change	28.2	9.5	6.1	17.2	12.0
M2 Annual Change	13	4.5	6.9	20.7	13.5
Domestic Credit (annual change)	15.02	14.12	18.86	18.86	19.20
Interest Rate (Bank Rate, end of period; %)	11.3	10.5	12.8	8.3	7.5
Exchange rate (N\$/U.S. dollar, end of period)	7.6	12.1	9.3	7.6	5.7
Exchange rate (N\$/U.S. dollar, period average)	6.9	8.6	10.5	7.6	6.4
Real Effective Exchange Rate (1995=100)	108.6	92.4	102.5	101	102.5
Balance of Payments (in % of GDP)					
Exports of Goods and Services	45.7	45	46.5	39.4	44.8
Import of Goods and Services	51.2	51.4	50.1	46.7	48.5
Trade Balance	0	-6.3	-7	-10.9	-5
Services Balance	-4.3	-0.6	-0.4	2.6	1.8
Current Account Balance	7.5	0.5	2.6	6.3	10.2
Gross Official Reserves (in million US dollars)	262.4	233	311.2	280	293.3
Gross Official Reserves (in months of imports)	1.9	1.7	2.5	1.7	1.6
Debt (fiscal years)					
Public and publicly guaranteed debt (in % of GDP)	34.1	39.5	35.3	41.3	40.3
Public debt (in % of GDP)	23.1	26.2	25.0	31.0	33.5
Domestic	19.2	20.8	21.1	26.10	28.0
External	3.9	5.4	3.8	4.9	5.6
Publicly guaranteed debt (in % of GDP)	11.0	11.8	10.3	10.30	6.80
Total external debt (EDT, US\$ million)	797.4	840.5	761.0	817.1	NA
EDT/GDP (in %)	23	26.1	25.4	17.5	NA
EDT/Exports of Goods and Services (in %)	24.4	27.1	42.8	46.8	NA
Debt Service Ratio (paid; %)	2	2.8	2.5	2.9	NA

Source (s): Namibian Authorities; Staff Estimates

ANNEX 2
NAMIBIA
SUMMARY OF BANK GROUP OPERATIONS
30 /09/2005

YEAR No. APPROVED	PROJECT	SOURCE OF FUNDS	DATE SIGNED	APPROVED AMOUNT Million UA	CANCELLED AMOUNT Million UA	NET LOAN AMOUNT Million UA	DISB AMOUNT Million UA	UNDISB AMOUNT Million UA	PERCENT DISB	STATUS OF PROJECT
AGRICULTURE										
1 1991	Agricultural Resources Study	TAF	18/2/1992	0.631	0.036	0.595	0.595	0.00	100	Completed
2 1999	1st Line of Credit to Agribank	ADB	9/5/2000	5.991	0.00	5.991	5.991	0.00	100	Completed
3 2001	2nd Line of Credit to Agribank	ADB	6/8/2002	7.489	0.00	7.489	7.489	0.00	100	Completed
4 2004	3rd Line of Credit to Agribank	ADB	N/A	12.482	0.00	12.482	0.00	12.482	0	No disbursement
5 2004	Tandjieskoppe Green Scheme	ADB	N/A	21.500	0.00	21.500	0.00	21.500	0	No disbursement
TRANSPORT										
6 1992	Trans- Caprivi Road Study	TAF	N/A	0.974	0.00	0.974	0.974	0.00	100	Completed
7 1992	Trans- Khalagadi Road	ADF	30/9/1992	8.289	4.822	3.468	3.468	0.00	100	Completed
8 2001	Northern Railway Extension	ADB	16/10/2001	21.515	0.00	21.515	16.816	4.698	78	On-Going
9 2002	Aus-Rosh Pinah Road	ADB	3/6/2003	20.483	0.000	20.483	8.389	12.09	41	On-Going
10 2004	Kamanjab-Omakange Road	ADB	26/5/2004	24.790	0.00	24.790	0.00	24.790	0	No disbursement
POWER										
11 1998	400KV Interconnector (Electricity I)	ADB	28/5/1998	18.703	12.408	6.295	6.295	0.00	100	Completed
MULTISECTOR										
12 1992	Trade Reform	TAF	29/4/1992	0.78289	0.012	0.771	0.771	0.00	100	Completed
WATER AND SANITATION										
13 1992	Ground Water Investment study	TAF	30/9/1992	2.11842	1.357	0.76	0.76	0.00	100	Completed
SOCIAL										
14 1993	Basic Teacher Education	ADF	9/7/1993	9.21052	0.191	9.019	9.019	0.00	100.00	Completed
15 1995	Human Resources Development	NTF	23/5/1995	3.860	0.810	3.860	3.050	0.81	79.02	Completed
16 2004	Entrepreneurship and Skills Development	NTF	N/A	5.000	5.000	0.00	0.00	0.00	0	Cancelled
		Total				139.99	63.619	45.44	45.44	