



Economic Outlook

-August 2023-

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1. Overview

GLOBAL AND REGIONAL ECONOMY

Global economic growth is projected to slow during 2023 and remain unchanged in 2024. The projected decline in global growth during 2023, reflects tight monetary policy stances needed to bring down inflation, the recent deterioration in financial conditions, the ongoing war in Ukraine, and growing geoeconomic disintegration. According to the IMF's World Economic Outlook (WEO) update for July 2023, global growth is projected to slow down from 3.5 percent in 2022 to 3.0 percent in 2023 and remain unchanged at 3.0 percent in 2024. The projected global growth for 2023 was revised upwards by 0.2 percentage point when compared to the corresponding forecast published in the April 2023 WEO, with no change for 2024. (Appendix II). Major revisions were observed in Advanced Economies particularly the US, Spain, and the German economy on account of resilient consumption growth in the first quarter. Similarly, the World Bank projects global growth to slow down to 2.1 percent in 2023, before inching up to 2.4 percent in 2024.

For Advanced Economies, growth is projected to slow in 2023, and deteriorate further in 2024. Growth in Advanced Economies (AEs) is projected to slow to 1.5 percent in 2023, and slow further to 1.4 percent in 2024, from 2.7 percent recorded in 2022. The latest projected growth rate for 2023 reflects an upward revision by 0.2 percentage point from the corresponding growth rate published in the April 2023 WEO, while no revisions were made in the 2024 projections.

Growth in Emerging Market and Developing Economies (EMDEs) is projected to be broadly stable in 2023 and 2024. Growth in EMDEs is estimated to remain at 4.0 percent in 2023 before rising to 4.1 percent in 2024. The latest growth estimate for 2023 represents an upward revision by 0.1 percentage point, from the April 2023 WEO, largely on account of revised growth forecasts for Russia and Brazil. Moreover, the expected improvement in growth for EMDEs is mainly on account of the reopening of the Chinese economy which is expected to spillover to developing economies.

Growth in Sub-Saharan African economies is expected to decelerate in 2023 before improving in 2024. GDP growth in the Sub-Saharan African (SSA) region is estimated to slow down to 3.5 percent in 2023 and thereafter improve to 4.1 percent in 2024. The latest growth projection for 2023 was revised downward by 0.1 percentage point from the April 2023 WEO, as external headwinds, persistent inflation, and higher borrowing costs, weigh on economic activity. GDP growth rates are expected to be lower in most SSA economies which is in line with AEs and EMDEs. Similarly, the World Bank projects growth in SSA economies to slow to 3.2 percent in 2023 before improving to 3.9 percent in 2024.

DOMESTIC ECONOMY

Namibia's GDP growth is projected to slow down in 2023, mainly due to weaker demand in both global and domestic economies. Real GDP growth is projected to moderate downwards to 3.3 percent in 2023, from 4.6 percent registered in 2022. Besides the weak demand, high base effects from the diamond sector, which expanded by more than 45.0 percent in 2022 have a dampening impact on 2023 growth.

Risks to domestic growth are predominantly in the form of ongoing monetary policy tightening globally and costs of key import items that are likely to remain high for the entire forecast period. Major central banks in the world continue to tighten monetary policies and that is anticipated to result in a global slowdown in 2023 and 2024. Furthermore, the war between Russia and Ukraine is likely to continue for longer and so is the high prices for affected commodities for which Namibia is a net importer, including fuel, wheat and cooking oil. Other domestic risks include water supply interruptions that continue to affect mining production at the coast, potential spillover of electricity cuts in South Africa to Namibia, and expected El Nino, which is likely to have a negative impact on crop production in Southern Africa.

2. Global Outlook

According to the IMF's World Economic Outlook (WEO) update for July 2023, global growth is expected to slow in 2023. Global growth is projected to slow down from 3.5 percent in 2022 to 3.0 percent in 2023 and to remain unchanged in 2024. This represents an upward revision of 0.2 percentage point from the April 2023 WEO (Appendix II). Advanced economies are expected to see growth slowing down from 2.7 percent in 2022 to 1.5 percent in 2023. The weak outlook reflects tight monetary policy stances needed to bring down inflation, the recent deterioration in financial conditions, the ongoing war in Ukraine, and growing geoeconomic fragmentation. In addition to IMF projections, the World Bank similarly projects a slowdown in global growth to 2.1 percent in 2023 with a slight uptick in growth of 2.4 percent projected for 2024.

2.1. Advanced Economies

Growth in Advanced Economies is projected to slow in 2023 and remain weak in 2024. Growth in advanced economies is expected to slow to 1.5 percent in 2023 and 1.4 percent in 2024, compared to a higher growth rate of 2.7 percent in 2022 (Appendix II). The latest projection for 2023 represent an upward revision of 0.2 percentage point from the April 2023 WEO, mainly on account of stronger-than-expected economic activity during the first half of 2023. Economic activity is however expected to weaken in the second half of the year. Slower growth in output is anticipated amongst major advanced economies such as the United States, United Kingdom, and Germany over the forecast period.

The United States is expected to experience a decrease in economic growth in 2023 and 2024. The US economic growth is projected to slow down to 1.8 percent and 1.0 percent in 2023 and 2024, respectively, from a higher growth rate of 2.1 percent in 2022. The expected decline in growth is mainly on account of contractionary monetary policy stance aimed at controlling rising inflation. Higher borrowing costs and tighter financial conditions will weigh on household spending, therefore, consumption is expected to slow substantially in the second half of 2023. In addition, recent bank failures have contributed to a slowdown in credit extension, and it is expected to weigh down economic activity in the near-term. Similarly, the World Bank projects a slowdown in US growth to 1.1 percent in 2023 and 0.8 percent in 2024.

Growth in the Euro Area is expected to slow significantly in 2023 before improving in 2024. The Euro Area growth is projected to decrease from 3.5 percent registered in 2022 to 0.9 percent in 2023, before raising to 1.5 percent in 2024. The anticipated decrease in growth is mainly owing to the lagged effects of monetary policy tightening coupled with more restrictive credit conditions due to banking sector stress. This forecast represents an upward revision of 0.1 percentage point relative to the April 2023 WEO, following a better-than-expected improvement in the services account, coupled with the downward revision to energy price projections for 2023. However, growth is expected to increase significantly to 1.5 percent in 2024, supported by reforms and investments funded by the Recovery and Resilience Facility in the Euro Area. The World Bank similarly projects a slowdown in the Euro Area growth to 0.4 percent in 2023 and 1.3 percent in 2024.

Growth in the United Kingdom is projected to decline in 2023, before improving in 2024. The UK economy is anticipated to experience a decline in growth, of 0.4 percent for 2023, from 4.1 percent recorded in 2022. The increase in inflation which is eroding real disposable incomes and resulting in weaker and reduced consumption has contributed to the projected decline in the projected growth for 2023. Moving forward, growth is expected to improve in 2024 to 1.0 percent as inflation is expected to be contained.

Contrary to projections for most of AEs, growth in Japan is expected to increase in 2023. Economic growth in Japan is expected to increase to 1.4 percent in 2023, from 1.0 percent recorded in 2022, and is estimated to slow to 1.0 percent in 2024. The performance of the Japanese economy is mainly expected to be driven by domestic demand, stemming from Government support to boost consumption and investment in 2023. However, for 2024 growth is expected to slow to 1.0 percent partly because of the gradual unwinding of macroeconomic policy support. The latest growth projection reflects an upward revision of 0.1 percentage point relative to the April 2023 WEO, which accounts for the introduction of new subsidies on electricity and gas bills to curb headline inflation. However, the World Bank projects growth to slow down by 0.8 percent and 0.7 percent in 2023 and 2024 respectively, on account of limited fiscal space, and the need to foster lower energy prices.

2.2. Emerging Market and Developing Economies

Growth in Emerging Market and Developing Economies (EMDEs) is expected to be broadly stable in 2023, and 2024. Growth amongst the EMDEs is projected to remain stable at 4.0 percent in 2023 and 4.1 percent in 2024, broadly unchanged from 4.0 percent in 2022. Excluding China, growth in EMDEs is set to slow markedly on account of tight domestic monetary policies, fiscal consolidation, and weak external demand. Moreover, the impending increase in global interest rates coupled with the depreciation of EMDEs currencies is further expected to limit fiscal space particularly for oil and food importing emerging market and developing economies.

Economic growth in China is expected to increase in 2023 before moderating in 2024. GDP for the Chinese economy is projected to increase by 5.2 percent and 4.5 percent in 2023 and 2024 respectively. Growth is projected to rebound in 2023, as the economic reopening drives consumer spending, particularly on domestic services. Although the reopening is expected to support trading in services, the subdued manufacturing activity is expected to weigh down growth prospects. This projection remains unchanged from the April 2023 WEO as the economic reopening, is expected to be boosted by consumer spending and services-related activity. Similarly, the World Bank projects economic growth in China to increase to 5.6 percent and 4.6 percent in 2023 and 2024 respectively.

The Russian economy is expected to register growth in 2023 and 2024, following a contraction in 2022. Real GDP growth in Russia is projected to increase to 1.5 percent and 1.3 percent in 2023 and 2024 respectively, from a contraction of 2.1 percent recorded in 2022. The projected growth in 2023 and 2024 is an upward revision of 0.8 percentage point from the April 2023 WEO, due to the expected flow of energy exports, coupled with Government's effort to bring about a recovery in consumer demand in 2023 and 2024. However, the World Bank expects output in Russia to contract by 0.2 percent in 2023 before improving to 1.2 percent in 2024.

India's economic growth is projected to slow in 2023 before improving in 2024. Growth in India is projected to slow down to 6.1 percent in 2023 before improving slightly to 6.3 percent in 2024, from a growth rate of 7.2 percent registered in 2022. The slowdown is attributed to private consumption being constrained by high inflation and rising borrowing costs, while government consumption is expected to be impacted by fiscal consolidation. While growth is projected to pick up slightly in 2024, as inflation

moves back towards the midpoint of the tolerance range and reforms payoff. This projection reflects 0.2 percentage point upward revisions from the April 2023 WEO. Similarly, the World Bank projects economic growth in India to slow down to 6.3 percent in 2023 before moderating to 6.4 percent in 2024.

Brazil's economic growth is projected to slow in 2023 and 2024. In Brazil, growth is projected to weaken from 2.9 percent in 2022 to 2.1 percent in 2023, and slow further to 1.2 percent in 2024. The downgraded forecasts for major economies such as the United States and China impacts the outlook for their trading partners including Brazil. Although agricultural exports are projected to grow strongly in 2023 because of robust soybean and corn harvests, external demand is not expected to support growth significantly during 2023. The World Bank projects economic growth in Brazil to slow to 1.2 percent in 2023 before improving slightly to 1.4 percent in 2024.

The balance of risks to the global outlook are dominated by possible further tightening of monetary policies, banking sector stress in advanced economies, increasing global inflation and the ongoing Russia-Ukraine war. The current global projections are premised on assumptions that the war remains restricted to Ukraine, and additional sanctions on Russia excludes the energy sector. However, a great deal of uncertainty clouds the short- and medium-term outlook as the global economy adjusts to the shocks of 2020 and the recent financial sector turmoil. Tight global financial conditions and subdued external demand are expected to weigh on growth across emerging market and developing economies (EMDEs). In addition, the slower than anticipated growth in the world's second largest economy, China, owing to trade restrictions, sanctions and the real estate crisis weakens the outlook for global growth. However, the dominant risk to the outlook is the uncertainty regarding the escalation of the Russian-Ukraine war as well as the possible extension of sanctions to the BRICS countries. The lingering impact of the Russian Federation's invasion of Ukraine will continue to weigh on growth across regions. Therefore, EMDEs are subject to various downside risks, including intensifying geopolitical tensions could disrupt international trade and global value chains, damaging globally integrated manufacturing sectors.

3. Regional Outlook

Growth in the Sub-Saharan Africa (SSA) region is expected to weaken in 2023 mainly owing to high inflation and tighter monetary policies. Economic growth in the SSA region is projected to decline from 3.9 percent in 2022 to 3.5 percent in 2023 before improving to 4.1 percent in 2024. The decrease in the projected growth for 2023 is on account of persistent inflation, eroding household purchasing power and adding to social pressures, coupled with high public debt in some key economies.

Growth in the South African economy is projected to decrease in 2023 before improving in 2024. South Africa's growth rate is expected to decelerate from 1.9 percent in 2022 to 0.3 percent in 2023, before improving to 1.7 percent in 2024. The latest projection for 2023 is revised upwards by 0.2 percentage points from the April 2023 WEO numbers. The low growth projection for 2023 is based on structural constraints, which include an intensification of power outages, a weaker external environment, and a negative carry-over effect from the growth slowdown at the end of 2022. In the meantime, spending pressures are mounting to close the financing gap in health, infrastructure, and higher education. Further, the tight global financial conditions are anticipated to further contribute to the projected declines in growth. The South African Reserve Bank (SARB) expects growth for the South African economy to slow down to 0.3 percent in 2023 and increase slightly to 1.0 percent in 2023. Growth in 2023 is revised marginally upwards from the previously projected growth of 0.2 percent, reflecting a low growth performance in during the first quarter of 2023.

Nigeria's economic growth prospects are expected to decline in 2023 and 2024 precipitated mainly by a decline in oil production. Growth in Nigeria is expected to slow to 3.2 percent and 3.0 percent in 2023 and 2024, respectively, from a growth of 3.3 percent registered in 2022. The projected decline in growth partially reflects the increase in global food prices, which are expected to have a negative impact in the SSA region. Moreover, the decline in GDP growth was driven by contraction in public consumption and net exports. Additionally, Inflation peaked at a two-decade high of 18.8 percent, fuelled by energy and food price increases and passthrough effects of exchange rate depreciation.

Angola's economic performance is projected to improve in 2023 and 2024 from a slow growth registered in 2022. Growth in Angola is expected to accelerate to 3.5 percent and 3.7 percent in 2023 and 2024 respectively, from a lower growth of 2.8 percent in 2022. GDP growth is expected to be spurred by sustained high oil prices in 2022 because of Russia's invasion of Ukraine. Consequently, high oil revenue further widened the fiscal surplus to 3.0 percent of GDP in 2022 from 1.9 percent in 2021. However, moderate oil exports took the current account surplus down to 8.9 percent of GDP in 2022 from 11.2 percent in 2021, while the debt-to-GDP ratio declined further, to 56.1 percent from 82.9 percent over the same period. The banking sector also improved, with more positive economic performance and lower private sector debt in 2022. The increased export revenue and agricultural production reduced food inflation and overall inflation from 25.8 percent in 2021 to an estimated 21.3 percent in 2022.

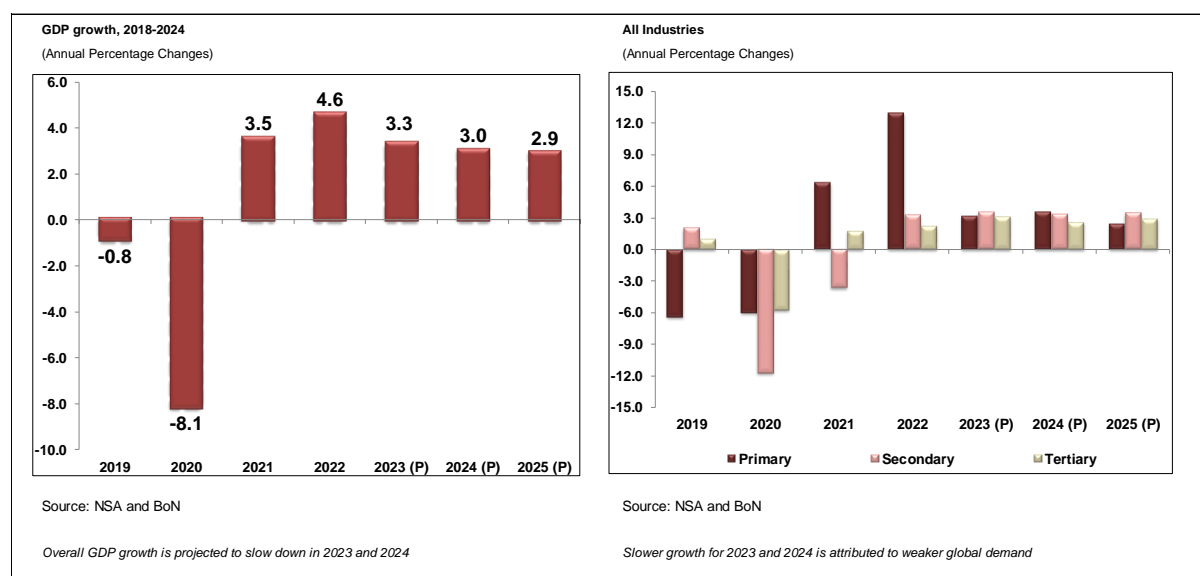
Risks to growth in the SSA region include tighter fiscal conditions that needed to support growth, increasing debt service burden and sticky global food prices.

Downside risk may emanate from broad-based capital flight from emerging markets and developing economies, as in previous episodes of financial stress, is possible. This would lead to further appreciation of the US dollar and exacerbate vulnerabilities in nations with significant external debt denominated in the US dollar. Three more global downside risks are noteworthy in addition to those posed by the banking industry. First, stickier-than-expected inflation could prompt further monetary policy tightening. This could lower net financial inflows to sub-Saharan Africa and aggravate balance of payment pressures, which would lead to domestic currency depreciations and squeeze the already tight financing conditions even further. Another global risk is an escalation of the war in Ukraine, which could perpetuate already elevated global uncertainty and raise food and energy prices, making the financing environment even more difficult. Finally, a worsening in geoeconomic fragmentation could have negative spillovers into sub-Saharan Africa, including rising trade barriers and higher food prices, because the region relies highly on commodity exports and is sensitive to global demand and price shocks.

4. Domestic Outlook

Namibia's GDP growth is projected to slow down in 2023 and 2024, mainly due to the weak global demand and constrained growth for agriculture. The domestic economy is estimated to grow by 3.3 percent in 2023, before moderating to 3.0 percent in 2024 (Figure 1). The estimated growth of 3.3 percent in 2023 represents a slowdown moderation from 4.6 percent recorded in 2022, but also revised upwards from 3.0 percent released during March 2023 (Appendix IV). The projected moderation in 2023 growth is largely on account of depressed demand in global and domestic economies as prevailing high inflation and high interest rates are expected to weaken spending. The lower global demand has already impacted commodity prices negatively, including minerals that Namibia exports. Within the domestic economy, the weakened consumer demand will mainly be felt through lower growth for the wholesale and retail trade sector. Another factor contributing to the slowdown in 2023 growth is the high base effects from the diamond mining sector, where production volumes increased by 45.1 percent in 2022.

Figure 1: Overall growth and growth by major industry



4.1 Primary Industries

Primary industries are expected to register moderate growth rates in 2023 and 2024, on the back of a robust growth in 2022. Primary industries are projected to grow by 3.2 percent and 3.6 percent in 2023 and 2024, respectively, a slowdown from a robust 12.9 percent in 2022 (Figure 2). The mining sector, particularly the diamond mining subsector, is expected to continue supporting growth in 2023, albeit lower when compared to a strong performance in 2022. Furthermore, the ongoing oil exploration and appraisal activities are anticipated to contribute to mining growth from 2023 onwards, as reflected in improved growth projections for other mining sub-sector. In the March 2023 Economic Outlook update, primary industries were initially anticipated to grow by 5.2 percent and 2.8 percent in 2023 and 2024, respectively (Appendix IV). The 2023 growth for primary industries has been adjusted down to reflect the expected drought that is like to have a significant impact on both livestock farming and crop farming.

Growth for agriculture, forestry and fishing is expected to turn negative in 2023, reflecting weak performance from all sub-sectors. The agriculture, forestry and fishing sector is projected to contract by 3.0 percent and by 2.8 percent in 2023 and 2024, respectively. The looming drought is expected to have negative impacts on both livestock and crop farming, while the reduction of fishing quotas for horse mackerel for the 2023 fishing season is expected to lead to a contraction for the fishing sub-sector.

Diamond mining is projected to expand further in 2023, on the back of a strong performance in 2022, but such growth is expected to moderate downwards. The diamond mining sector is expected to grow by 5.5 percent and 9.7 percent in 2023 and 2024, respectively. This follows a robust growth of 45.1 percent in 2022, which was supported by the deployment of Benguela Gem mining vessel from the second quarter of 2022. The latest growth estimate for 2023 represents a downward revision from 8.2 percent published in the March 2023 Economic Outlook update. The revision is based on the latest production estimates and discussions with the industry.

The Uranium mining sector is expected to return to growth in 2023 following a contraction in 2022. The uranium mining sector is expected to grow by 14.8 percent and 5.2 percent in 2023 and 2024, respectively, an improvement from a contraction of 2.5 percent in 2022. These growth estimates for 2023 and 2024 were increased

significantly, from the March 2023 Economic Outlook update. The upgrade of growth rates for the uranium sectors was informed information collected during company engagements by the Bank during July 2023, as well as observed production volumes during the first half of 2023. With these growth estimates, the usual risks posed by water supply interruptions are considered. The occasional prevalence of the high sulphur content in the sea forces a halt in the production of desalinated water, leading to water supply interruptions. During the medium term, uranium mines are expected to increase production further and take advantage of high uranium prices.

The metal ores sub-sector is projected to expand in 2023, but growth is anticipated to decline from 2024 onwards due to winding down of production from one of gold mines. The metal ores sector is expected to grow by 12.1 percent and 3.4 percent in 2023 and 2024, respectively, making a recovery from a meagre growth of 0.5 percent in 2022. The recovery in 2023 is based on the anticipated increase in gold production. From 2024 onwards, growth for metal ores is expected to decline as B2Gold Namibia starts to wind down production from Otjikoto mine, which is planned to close by 2031. In the March 2023 Economic Outlook update, the metal ores sector was anticipated to expand by 5.3 percent in 2023 and by 5.4 percent in 2024.

Figure 2: Growth in primary and secondary industries

4.2 Secondary Industries

Secondary industries are expected to maintain moderate growth rates during the forecast period, assisted by an anticipated recovery in the construction sector. Secondary industries are projected to grow by 3.6 percent and 3.3 percent during 2023 and 2024, respectively. The projected growth for 2023 represents an improvement from 3.3 percent registered in 2022. This improvement is expected to come from a recovery in the construction sector, which contracted for the last seven consecutive years (Appendix III).

The manufacturing growth is expected to moderate downwards throughout the forecast period but maintaining a satisfactory level. The manufacturing sector is projected to grow by 3.5 percent and 3.2 percent in 2023 and 2024, respectively,

representing a slowdown from 5.0 percent in 2022. The sub-sectors of manufacturing that are leading growth during 2023 and 2024 include beverages, meat processing, non-metallic minerals products, basic non-ferrous metals, as well as textiles and wearing apparel (Appendix III). Conversely, sub-sectors such as publishing and printing, and chemical and related products continue to posit either negative or marginal growth rates. Improved performances for non-metallic minerals products and basic non-ferrous metals reflects increased processing of copper blister and increased cement production, respectively.

The construction sector is expected to return to growth in 2023, supported by increased spending on Government construction works. The construction sector projected to grow by 2.1 percent and 3.8 percent in 2023 and 2024, respectively, from a contraction of 16.4 percent in 2022. The construction sector contracted every year since 2016, following the completion of major projects in the mining sector and the start of fiscal consolidation by Government. Preliminary Government budget data indicates that the allocation to construction, renovation and improvement was increased by 36.1 percent in 2022/23 fiscal year, before being cut by a similar margin in 2023/24. The actual expenditure on the same budget line during the first five months of 2023 shows a healthy growth. Furthermore, the latest GDP statistics released by the Namibia Statistics Agency indicated that the construction sector grew by 0.9 percent during the first quarter of 2023.

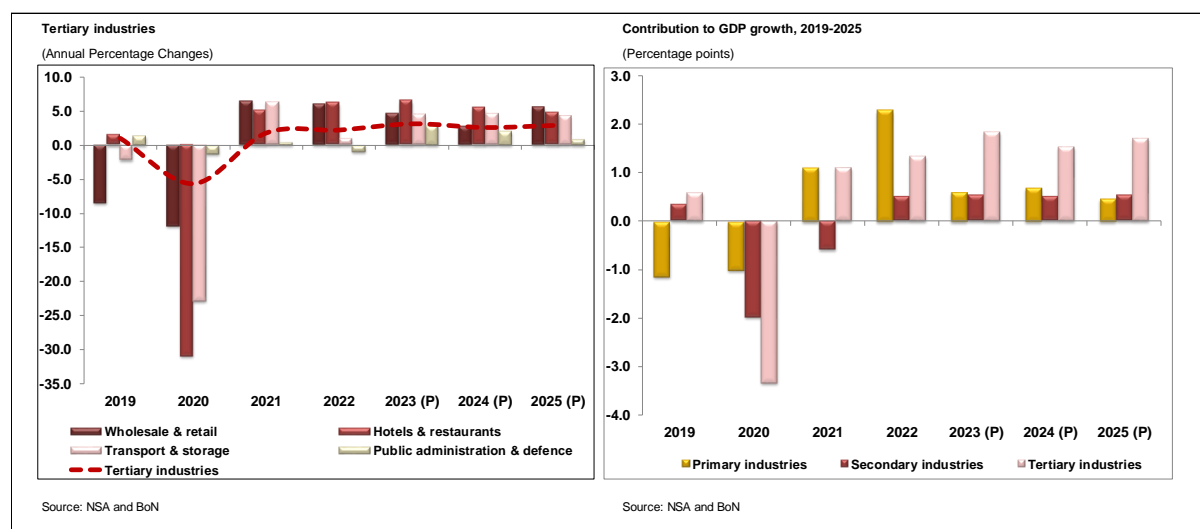
4.3 Tertiary Industries

Growth for tertiary industries is expected to remain low during the entire forecast period. Tertiary industries are projected to grow by 2.9 percent in 2023 and by 2.6 percent in 2024, an upward moderation from 2.2 percent estimated for 2022. Major tertiary sectors such as wholesale & retail trade, hotels and restaurants, and health supported growth during 2022 as they continued to recover from the impact of Covid-19 but are now expected to return to a moderate growth trajectory (Figure 3). The 2023 growth estimate for tertiary industries was revised upwards by 0.9 percentage point, when compared to the estimates published in the March 2023 Economic Outlook update, mainly on account of better performance for sectors such as wholesale and retail trade, and hotels and restaurants.

Growth for the wholesale and retail trade sector is expected to slow down in 2023 and 2024 due to weaker demand. The wholesale and retail trade sector is projected to grow by 4.6 percent and 2.8 percent in 2023 and 2024, respectively, which is a slowdown from 6.0 percent in 2022. The prevailing high prices for consumables and high interest rates are expected to continue exerting a downward pressure on consumer spending. The sector is, however, expected to perform better in the medium term as construction activities linked to oil mining and green hydrogen projects gain momentum. The 2023 growth estimate for this sector was revised upwards by 2.2 percentage points, from the growth rate published in the March 2023 Economic Outlook update. The revision was based on the observed year-to-date performance for the sector.

The hotels and restaurants sector is expected to maintain a strong growth momentum during 2023 supported by increasing tourist arrivals. The hotels and restaurants sector is projected to grow by 5.2 percent and 4.5 percent in 2023 and 2024, respectively, as the sector continues to recover some ground lost due to the impact of Covid-19. Despite some notable growth rates in 2021 and 2022, the real value added for the hotels and restaurants sector is expected to be some 19.0 percent below its pre-pandemic level. The total number of tourist arrivals at Namibian airports increased by 40.2 percent during the first four months of 2023, when compared to the corresponding period in 2022, continuing the strong upward experienced over the past two years.

Figure 3: Growth in tertiary industries and overall GDP



The transport and storage sector is projected to register a marginal growth in 2023 before picking up in 2024. The transport and storage sector is projected to grow by 1.6 percent and 4.0 percent in 2023 and 2024, respectively, at the back of another low growth of 0.9 percent registered in 2022. The lifting of travel restrictions during 2022 and increased production and exports from the copper sector and higher importation of industrial and consumer goods are anticipated add to the transportation activity in Namibia. During the first four months of 2023, total cargo volumes increased by 3.9 percent on annual basis. Furthermore, both the number of airlines operating in the country and the frequency of flights have increased in 2023 and are expected to contribute to improved growth for the sector.

5. Conclusions

Global growth is expected to slow during 2023 before picking up slightly in 2024.

World GDP growth is projected to slow down from 3.5 percent in 2022 to 3.0 percent in 2023 as high inflation and high interest rate environment is expected to reduce spending power of consumers, thereby dampening demand. The global growth is then projected to pick up to 3.1 percent in 2024, as the unwinding of monetary tightening is expected to start.

Namibia's GDP growth is projected to moderate downwards in 2023 and 2024, mainly due to the weak external demand and constrained growth for agriculture.

The domestic economy is projected to grow by 3.3 percent in 2023 and by 3.0 percent in 2024, down from 4.6 percent registered in 2022. The estimated growth for 2023 represents a downward revision from 3.0 percent released published in the March 2023 Economic Outlook update. When compared to March 2023 projections, the improvement is mainly based on better than earlier anticipated performance for construction, hotels and restaurants, wholesale and retail trade, public administration and defence and education, amongst other sectors.

Risks to domestic growth are predominantly in the form of ongoing monetary policy tightening globally, high costs of key import items and water supply interruptions affecting the coastal towns. Major central banks around the globe continue to tighten monetary policies and that is anticipated to result in a global slowdown in 2023 and 2024, and hence reducing external demand for Namibia's exports. Furthermore, the war between Russia and Ukraine is likely to continue for longer and so is the high prices for affected commodities. Other key risks relevant to domestic growth include water supply interruptions that continue to affect mining production at the coast, potential spillover of electricity cuts in South Africa to Namibia, and expected El Nino, which is likely to have a negative impact on crop production in Southern Africa.

6. APPENDICES

Appendix I: Forecasting Assumptions

The Real Sector

- Growth in **Agriculture, forestry and fishing** is expected to turn negative during 2023 and 2024, due to inconsistent rainfall patterns and reduced fishing quotas. The expected onset of El Niño in the second half of 2023 poses a downside risk to crop production in southern Africa in 2023-2024.
- The **diamond mining sector** is expected to register a robust growth rate during 2023, but a slowdown when compared to 2022, as production levels get closer to the carrying capacity.
- The **uranium mining sector** is expected to return to growth in 2023, with robust growth rates as mines take advantage of improved prices.
- Growth in **metal ores** is expected to improve during 2023 and to remain strong in 2024, largely driven by higher output from the gold subsector, which has the largest weight in metal ores sector.
- **Overall GDP growth** is expected to slow down in line with weaker global demand, but most sectors are expected to remain in a growth territory. Government dependent sectors such as public administration & defence, education and health are expected to remain in the low growth territory due to fiscal consolidation, while the construction sector is expected to return to growth in 2023.

Appendix II: World Economic Output (annual percentage change)

Regions	Actual		Projections		Differences from April 2023 WEO	
	2021	2022	2023	2024	2023	2024
World Output	6.3	3.5	3.0	3.0	0.2	0.0
Advanced Economies	5.4	2.7	1.5	1.4	0.2	0.0
United States	5.9	2.1	1.8	1.0	0.2	-0.1
Euro Area	5.3	3.5	0.9	1.5	0.1	0.1
Germany	2.6	1.8	-0.3	1.3	-0.2	0.2
France	6.4	2.5	0.8	1.3	0.1	0.0
Italy	7.0	3.7	1.1	0.9	0.4	0.1
Spain	5.5	5.5	2.5	2.0	1.0	0.0
Japan	2.2	1.0	1.4	1.0	0.1	0.0
United Kingdom	7.6	4.1	0.4	1.0	0.7	0.0
Canada	5.0	3.4	1.7	1.4	0.2	-0.1
Other Advanced Economies	5.5	2.7	2.0	2.3	-0.2	-0.2
Emerging Market and Developing Economies	6.8	4.0	4.0	4.1	0.1	-0.1
China	8.4	3.0	5.2	4.5	0.0	0.0
India	9.1	7.2	6.1	6.3	0.2	0.0
Russia	5.6	-2.1	1.5	1.3	0.8	0.0
Brazil	5.0	2.9	2.1	1.2	1.2	-0.3
Mexico	4.7	3.0	2.6	1.5	0.8	-0.1
Sub-Saharan Africa	4.7	3.9	3.5	4.1	-0.1	-0.1
Nigeria	3.6	3.3	3.2	3.0	0.0	0.0
South Africa	4.7	1.9	0.3	1.7	0.2	-0.1
Angola	0.8	2.8	3.5	3.7	0.1	-0.2

Source: IMF World Economic Outlook, July 2023

Appendix III: Real GDP Growth (percent)

Industry	2019	2020	2021	2022	2023	2024	2025
Agriculture, forestry and fishing	-3.1	6.3	1.3	2.6	-3.0	-2.8	4.5
Livestock farming	5.3	-10.1	-3.6	1.2	-3.2	-4.7	5.4
Crop farming and forestry	-31.7	77.3	5.5	4.3	-3.2	-5.2	6.4
Fishing and fish processing on board	8.1	-9.0	1.9	2.3	-2.6	0.5	2.4
Mining and quarrying	-8.7	-15.0	11.0	21.6	7.5	7.7	1.3
Diamond mining	-16.4	-14.8	0.0	45.1	5.5	9.7	-1.5
Uranium	-4.4	-8.7	15.3	-2.5	14.8	5.2	5.8
Metal Ores	14.0	-20.7	0.3	0.5	12.1	3.4	4.1
Other mining and quarrying	5.1	-18.4	52.7	-2.5	5.8	5.0	5.8
Primary industries	-6.4	-6.0	6.4	12.9	3.2	3.6	2.5
Manufacturing	4.7	-17.1	-1.2	5.0	3.5	3.2	3.1
Meat processing	11.9	-39.8	-2.1	11.6	4.1	5.4	-4.8
Grain Mill products	11.3	8.1	8.7	2.0	2.4	2.2	2.3
Other food products	6.4	-15.1	-4.9	4.8	2.8	2.7	4.0
Beverages	17.5	-32.5	17.1	5.7	7.8	5.3	3.6
Textile and wearing apparel	-2.3	-3.1	21.6	13.3	4.6	4.2	3.4
Leather and related products	-2.2	-12.0	22.8	-13.0	2.5	1.1	2.8
Wood and wood products	4.9	19.2	8.3	3.6	2.1	3.0	2.9
Publishing and Printing	-6.7	-14.1	-4.9	-0.3	-1.4	-1.7	-1.2
Chemical and related products	-3.8	-4.4	-8.1	-3.1	-2.2	4.1	3.6
Rubber and Plastics products	-2.2	4.2	-5.8	0.5	1.3	2.9	2.1
Non-metallic minerals products	-3.6	-6.8	-4.8	-8.3	5.4	2.4	5.0
Basic non-ferrous metals	-1.4	-46.8	-44.4	-13.9	4.0	3.4	2.4
Fabricated Metals	1.0	-10.8	4.4	-5.1	3.2	3.8	3.6
Diamond processing	-7.1	-12.6	-12.8	33.7	3.9	2.8	4.6
Other manufacturing	12.5	-15.0	10.5	2.2	2.6	3.0	4.1
Electricity and water	-6.0	25.1	-8.4	10.3	4.6	3.6	4.5
Construction	-5.2	-10.3	-11.3	-16.4	2.1	3.8	4.3
Secondary industries	2.1	-11.6	-3.6	3.3	3.6	3.3	3.5
Wholesale and retail trade, repairs	-8.4	-11.7	6.4	6.0	4.6	2.8	5.6
Hotels and restaurants	1.5	-30.8	5.1	6.2	6.5	5.5	4.7
Transport and Storage	-2.2	-22.7	6.4	0.9	4.6	4.7	4.3
Transport	-3.3	-26.3	4.6	-0.8	4.5	4.8	4.0
Storage	2.4	-9.1	11.6	6.0	4.8	4.5	5.1
Information and Communication	11.9	17.4	6.9	2.5	4.2	4.5	3.8
Financial and insurance service activities	12.5	-12.8	-5.1	1.7	3.5	2.9	3.8
Real estate activities	2.9	3.3	2.8	1.0	1.9	1.4	2.4
Professional, scientific and technical services	-6.1	-9.1	1.4	5.0	4.1	3.5	3.9
Administrative and support services	-3.0	-10.4	-4.2	3.9	3.4	2.0	3.1
Arts, Entertainment & Other Service activities	2.5	-7.5	-9.4	-2.8	2.6	2.3	4.7
Public administration and defence	1.4	-1.2	0.4	-0.9	2.8	2.1	0.9
Education	1.6	0.8	2.5	1.5	2.3	2.6	1.6
Health	-1.6	2.4	5.2	8.0	1.4	1.5	2.0
Private household with employed persons	-2.5	-7.6	5.0	3.1	3.4	3.3	4.1
Tertiary industries	1.0	-5.6	1.8	2.2	3.2	2.6	2.9
All industries at basic prices	-0.2	-6.8	1.7	4.4	3.2	2.9	2.9
Taxes less subsidies on products	-8.3	-25.4	33.4	5.9	4.3	3.5	2.3
GDP at market prices	-0.8	-8.1	3.5	4.6	3.3	3.0	2.9

Source: NSA (2019-2022), BoN (2023-2025)

Appendix IV: Adjustments to real growth rates

	Actual	Current Projections				Differences from March 2023 update		
	2022	2023	2024	2025	2023	2024	2025	
Agriculture, forestry and fishing	2.6	-3.0	-2.8	4.5	-5.8	-5.8	1.7	
Livestock farming	1.2	-3.2	-4.7	5.4	-7.4	-8.4	0.5	
Crop farming and forestry	4.3	-3.2	-5.2	6.4	-5.9	-7.9	5.0	
Fishing and fish processing on board	2.3	-2.6	0.5	2.4	-4.6	-2.1	0.2	
Mining and quarrying	21.6	7.5	7.7	1.3	0.6	4.9	-2.9	
Diamond mining	45.1	5.5	9.7	-1.5	-2.7	8.4	-6.1	
Uranium	-2.5	14.8	5.2	5.8	10.3	0.9	3.1	
Metal Ores	0.5	12.1	3.4	4.1	6.8	-2.0	0.5	
Other mining and quarrying	-2.5	5.8	5.0	5.8	0.0	0.0	1.2	
Primary industries	12.9	3.2	3.6	2.5	-2.0	0.7	-1.2	
Manufacturing	5.0	3.5	3.2	3.1	0.4	-0.7	0.2	
Meat processing	11.6	4.1	5.4	-4.8	-0.4	2.1	-7.8	
Grain Mill products	2.0	2.4	2.2	2.3	-2.2	-2.3	-2.3	
Other food products	4.8	2.8	2.7	4.0	0.0	0.0	4.0	
Beverages	5.7	7.8	5.3	3.6	2.3	0.1	-1.8	
Textile and wearing apparel	13.3	4.6	4.2	3.4	0.5	-1.0	-0.7	
Leather and related products	-13.0	2.5	1.1	2.8	0.0	-4.3	-0.8	
Wood and wood products	3.6	2.1	3.0	2.9	0.0	0.3	0.4	
Publishing and Printing	-0.3	-1.4	-1.7	-1.2	1.5	0.0	1.7	
Chemical and related products	-3.1	-2.2	4.1	3.6	0.8	0.0	4.0	
Rubber and Plastics products	0.5	1.3	2.9	2.1	0.0	-0.1	-0.1	
Non-metallic minerals products	-8.3	5.4	2.4	5.0	9.5	-1.4	2.2	
Basic non-ferrous metals	-13.9	4.0	3.4	2.4	1.8	0.0	0.0	
Fabricated Metals	-5.1	3.2	3.8	3.6	0.6	0.7	0.9	
Diamond processing	33.7	3.9	2.8	4.6	0.0	-2.0	0.2	
Other manufacturing	2.2	2.6	3.0	4.1	0.0	0.0	0.0	
Electricity and water	10.3	4.6	3.6	4.5	-1.1	-0.1	-1.2	
Construction	-16.4	2.1	3.8	4.3	2.9	2.0	0.0	
Secondary industries	3.3	3.6	3.3	3.5	0.4	-0.3	-0.1	
Wholesale and retail trade, repairs	6.0	4.6	2.8	5.6	2.2	-2.8	0.4	
Hotels and restaurants	6.2	6.5	5.5	4.7	2.3	0.7	1.6	
Transport and Storage	0.9	4.6	4.7	4.3	1.4	0.7	2.1	
Transport	-0.8	4.5	4.8	4.0	1.2	0.6	1.8	
Storage	6.0	4.8	4.5	5.1	2.1	1.3	3.0	
Information and Communication	2.5	4.2	4.5	3.8	0.0	0.0	0.0	
Financial and insurance service activities	1.7	3.5	2.9	3.8	0.0	0.0	-1.2	
Real estate activities	1.0	1.9	1.4	2.4	0.2	-0.8	0.3	
Professional, scientific and technical services	5.0	4.1	3.5	3.9	3.9	2.1	2.5	
Administrative and support services	3.9	3.4	2.0	3.1	0.5	0.7	1.0	
Arts, Entertainment & Other Service activities	-2.8	2.6	2.3	4.7	-0.4	0.3	2.2	
Public administration and defence	-0.9	2.8	2.1	0.9	1.7	1.5	0.3	
Education	1.5	2.3	2.6	1.6	1.5	1.3	0.4	
Health	8.0	1.4	1.5	2.0	-0.4	-0.2	-0.1	
Private household with employed persons	3.1	3.4	3.3	4.1	0.4	-1.2	0.4	
Tertiary industries	2.2	3.2	2.6	2.9	1.1	0.1	0.3	
All industries at basic prices	4.4	3.2	2.9	2.9	0.3	0.1	-0.1	
Taxes less subsidies on products	5.9	4.3	3.5	2.3	0.0	-0.3	0.3	
GDP at market prices	4.6	3.3	3.0	2.9	0.3	0.1	0.0	

Source: NSA (2019-2022), BoN (2023-2025)

Appendix V: GDP at Current Prices (N\$ million)

Industry	2019	2020	2021	2022	2023	2024	2025
Agriculture, forestry and fishing	12,837	15,957	17,457	17,701	17,884	18,011	19,711
Livestock farming	5,178	6,257	7,243	6,683	6,792	6,800	7,524
Crop farming and forestry	2,977	5,130	5,365	5,950	6,001	5,957	6,652
Fishing and fish processing on board	4,682	4,571	4,848	5,068	5,091	5,254	5,534
Mining and quarrying	16,479	16,155	16,902	25,185	28,981	32,963	35,745
Diamond mining	6,060	4,720	5,710	12,154	13,489	15,582	16,162
Uranium	3,287	3,506	3,178	4,138	5,037	5,761	6,597
Metal Ores	5,758	6,852	6,451	6,963	8,245	9,087	10,034
Other mining and quarrying	1,374	1,077	1,564	1,930	2,210	2,534	2,953
Primary industries	29,316	32,113	34,359	42,885	46,865	50,974	55,456
Manufacturing	22,583	19,201	19,753	23,036	24,927	27,623	30,301
Meat processing	1,364	1,007	1,235	1,211	1,301	1,310	1,240
Grain Mill products	2,203	2,117	2,714	3,328	3,536	4,048	4,467
Other food products	5,761	4,950	5,058	5,984	6,449	7,206	8,003
Beverages	2,894	2,670	2,625	2,823	2,935	3,062	3,099
Textile and wearing apparel	487	472	559	634	655	678	695
Leather and related products	315	264	329	321	352	390	433
Wood and wood products	509	649	742	824	895	984	1,080
Publishing and Printing	435	387	380	422	446	480	514
Chemical and related products	1,042	1,073	1,023	1,174	1,200	1,305	1,413
Rubber and Plastics products	348	386	421	497	524	560	595
Non-metallic minerals products	640	621	652	653	756	848	976
Basic non-ferrous metals	2,873	1,307	639	624	679	766	839
Fabricated Metals	654	571	676	724	846	993	1,163
Diamond processing	2,352	2,104	1,967	3,012	3,470	4,020	4,700
Other manufacturing	706	623	734	804	882	973	1,084
Electricity and water	6,191	6,342	5,884	6,405	7,154	7,989	9,081
Construction	3,765	3,289	3,269	3,073	3,524	4,111	4,819
Secondary industries	32,539	28,832	28,906	32,514	35,604	39,723	44,201
Wholesale and retail trade, repairs	18,190	17,038	19,601	23,500	25,794	28,773	33,004
Hotels and restaurants	3,692	2,459	2,521	3,003	3,345	3,751	4,269
Transport and Storage	5,708	4,910	5,423	6,183	6,992	8,095	9,261
Transport	4,216	3,256	3,661	4,204	4,902	5,839	6,841
Storage	1,492	1,654	1,761	1,979	2,089	2,257	2,420
Information and Communication	2,577	2,976	2,924	2,964	3,071	3,183	3,279
Financial and insurance service activities	12,632	12,192	13,208	14,075	15,252	16,441	17,871
Real estate activities	10,022	10,289	10,502	10,742	11,571	12,381	13,348
Professional, scientific and technical services	1,215	1,112	1,037	1,048	1,147	1,223	1,263
Administrative and support services	1,911	1,798	1,796	2,029	2,218	2,396	2,618
Arts, Entertainment & Other Service activities	3,299	3,169	3,001	3,062	3,298	3,528	3,864
Public administration and defence	20,829	20,229	18,937	19,426	21,143	22,665	24,062
Education	18,590	18,776	19,183	20,065	21,463	23,233	24,687
Health	6,017	6,327	6,746	7,042	7,376	7,691	8,110
Private household with employed persons	1,202	1,135	1,235	1,351	1,471	1,597	1,754
Tertiary industries	105,882	102,411	106,112	114,491	124,141	134,959	147,390
All industries at basic prices	167,738	163,356	169,378	189,891	206,610	225,655	247,047
Taxes less subsidies on products	13,473	10,888	14,562	16,315	17,865	19,479	20,963
GDP at market prices	181,211	174,243	183,940	206,205	224,475	245,134	268,010

Source: NSA (2019-2022), BoN (2023-2025)