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1. Overview

Global and Regional Economy

Global economic growth is projected to slow during 2022 and 2023, following strong growth in 2021. The projected decline in global growth during 2022 and 2023 is on the back of high economic costs emanating from the ongoing Russia-Ukraine war through higher commodity prices, particularly for food and fuel, trade disruptions, and tighter financial conditions resulting from higher inflation rates in major economies. According to the IMF's World Economic Outlook (WEO) update for July 2022, global growth is projected to slowdown from 6.1 percent in 2021 to 3.2 percent in 2022 and slows further to 2.9 percent in 2023, which represent downward revisions of 0.4 and 0.7 percentage points from the April 2022 WEO, respectively (Appendix II). Further, downgrades for China and the United States, as well as for India, are driving the downward revisions to global growth during 2022 and 2023. Similarly, the World Bank projects global growth to slow down to 2.9 percent in 2022, before inching up to 3.0 percent in 2023. Goldman Sachs on the other hand, expects global growth to moderate downward to 4.5 percent in 2022 and further to 3.4 percent in 2023.

In advanced economies, growth is expected to slowdown in 2022 and 2023. Growth in Advanced economies (AEs) is projected to slow to 2.5 percent and 1.4 percent in 2022 and 2023, respectively, from 5.2 percent recorded in 2021. The latest projected growth rates for 2022 and 2023 were also revised downwards by 0.8 and 1.0 percentage points respectively, from growth rates published in the April 2022 WEO. The downward revision to the growth outlook for AEs is ascribed to faster withdrawal of monetary support and tighter monetary policy stance introduced on account of higher inflation.

Growth in Emerging market and developing economies (EMDEs) is also projected to slowdown in 2022 before improving marginally in 2023. Growth in EMDEs is estimated to decelerate to 3.6 in 2022 from a higher growth rate of 6.8 percent in 2021, before improving slightly to 3.9 percent in 2023. The latest growth rates for 2022 and 2023 represent a downward adjustment by 0.2 and 0.5 percentage points, respectively, from the April 2022 WEO, mainly reflecting the slowdown in the Chinese economy and moderation in the economic growth of India. Moreover, the expected decline in growth in EMDEs are due to weaker growth in real estate investments, subdued growth in private consumption and external demand in EMDEs coupled with the negative impact of the Russia-Ukraine war.

Sub-Saharan African economies are expected to register a decline in growth during 2022 before improving in 2023. GDP growth in the Sub-Saharan African (SSA) region is estimated to slow down from 4.5 percent in 2021 to 3.8 percent in 2022 and thereafter improve to 4.0 percent in 2023. The latest growth projections remain unchanged from the April 2022 WEO, which reflects the positive impact of increased fossil fuel and metal prices for some of the commodity-exporting countries in the region. GDP growth rates are relatively lower across countries in the Sub-Saharan Africa compared to AEs and EMDEs. This is because SSA countries experienced more output losses and had to deal with slower COVID-19 vaccination rates, supply chain disruptions and limited fiscal policy spaces in response to the COVID-19.

Risks to the global growth are dominated by uncertainties around COVID-19, further implications from the Russia-Ukraine war, volatile commodity prices, a faster pace of monetary tightening and other geo-political tensions. The uncertainty regarding the prolonged war between Russia and Ukraine poses a risk to the global outlook, owing to the global increases in food and fuel prices. Further, supply chain disruptions along with the more stringent financial conditions also adds to risks of global growth outlook. Furthermore, other risks to global growth include increased volatility in international commodity prices and the sustained slowdown of growth in China which would have major global spill overs. Finally, pre-COVID-19 risks factors such as geopolitical, trade, and technology risks continue to be relevant as tensions between the United States and China remain elevated on numerous fronts, including international trade, intellectual property, and cybersecurity.

Domestic Economy

Namibia's GDP growth is projected to improve in 2022, mainly supported by strong performance from the mining industry. Real GDP growth is projected to increase to 3.2 percent in 2022 before moderating slightly to 2.9 percent in 2023. The estimated growth for 2022 represents a 0.2 percentage point downward revision from the February 2022 release, however, it is an improvement from 2.4 percent registered in 2021. The projected improvement in 2022 is mainly on account of anticipated better growth in the mining industry, particularly diamonds and gold. Most of sectors under secondary and tertiary industries are expected to register positive, but low growth rates during 2022 and 2023 (Appendix III).

Risks to domestic growth are predominantly in form of monetary policy tightening around the world and high costs of key import items that are likely to persist for a long time. Major Central Banks in the world are tightening monetary policies at faster rates than initially anticipated, the trend that could lead to a global recession. Furthermore, the war between Russia and Ukraine is likely to continue for some years and so is the high prices for affected commodities for which Namibia is a net importer. Other risks include water supply interruptions that continue to affect mining production at the coast and uncertainty about the effects of climate change going forward.

2. Global Outlook

According to the IMF's World Economic Outlook (WEO) update for July 2022, global growth is expected to slow in 2022 and 2023. Global growth is projected to slowdown from 6.1 percent in 2021 to 3.2 percent in 2022, which was revised downward by 0.4 percentage points, from the April 2022 WEO (Appendix II). The ongoing Russia-Ukraine war weighs on the projection for global growth in 2022 as economic costs of the war are expected to spread further through commodity markets, trade, and financial interlinkages. Furthermore, the war-induced commodity price increases and pressures are expected to keep global inflation elevated for a long period. A further slowdown in the Chinese economy is anticipated to have spill overs to other economies, which additionally weighs on the global growth projections. Moving ahead, the global economy is projected to moderate further in 2023 to 2.9 percent which is 0.7 percent lower than the outlook released in April 2022. Both AEs and EMDEs are expected to post slower growth rates in 2023. In addition to IMF projections, the World Bank similarly projects a slowdown in global growth to 2.9 percent in 2022 with a slight uptick in growth to 3.0 percent projected for 2023.

2.1. Advanced Economies

Growth in Advanced Economies is projected to slow in 2022 and 2023. Growth in advanced economies is expected to slow to 2.5 percent in 2022 and 1.4 percent in 2023, compared to a higher growth rate of 5.2 percent in 2021 (Appendix II). The latest projections for 2022 represent a further downward adjustment from 3.3 percent estimated in the WEO for April 2022, which reflects the disruption to activity over the first half of this 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 2022 and 2023. The US economic growth is projected to slow down to 2.3 percent and 1.0 percent in 2022 and 2023, respectively, from a higher growth rate of 5.7 percent in 2021. The expected decline in growth reflects the faster withdrawal of monetary support, as well as the more contractionary monetary policy stance aimed at controlling rising inflation. The markdown in the outlook for United States is further ascribed to the reduced household purchasing power, the weaker-than-anticipated growth in the first two quarters of 2022, and the impact of lower growth amongst trading partners owing to disruptions resulting from the Russia-Ukraine war. However, the output growth for the United States is projected to reach its pre-pandemic level in 2022. Similarly, the World Bank projects a slowdown in US growth to 2.5 percent in 2022 and 2.4 percent in 2023. Meanwhile, Goldman Sachs Research expects the US economy to grow at 2.4 percent this year and at 1.6 percent in 2023.

The Euro Area economy registered good growth in 2021 but it is expected to slow during 2022 and 2023. The Euro Area growth is projected to decrease from 5.3 percent in 2021 to 2.6 percent in 2022 and to weaken further to 1.2 percent in 2023. The anticipated decrease in growth is mainly owing to the rising global energy prices and energy security as most European countries are net importers of energy. These high global energy prices create a negative terms of trade shock resulting into higher inflation and lower output particularly for economies such as Germany and Italy, due to their relatively large manufacturing sectors. The latest growth projections for 2022 are below the April 2022 WEO numbers, which further affirms the anticipated negative impact of higher energy prices emanating from the Russia-Ukraine war on the Euro Area economy. Additionally, the projections are revised downwards on the assumptions of tighter financial conditions as the European Central Bank ended net asset purchases and raised interest rates in July 2022. However, the negative impact is partially offset by the increase in fiscal stimulus in the Euro Area. The World Bank similarly projects a slowdown in the Euro Area growth to 2.5 percent in 2022 and 1.9 percent in 2023. Meanwhile, Goldman Sachs Research expects growth in the Euro Area to moderate to 4.4 percent in 2022 and to 2.4 percent in 2023, from 5.3 percent in 2021.

Growth in the United Kingdom is projected to decline in 2022 and 2023 relative to a high growth rate registered in 2021. The UK economy is anticipated to experience a decline in growth, which is estimated at 3.2 percent for 2022, from 7.4 percent in 2021. Moving forward, growth is expected to slow further in 2023 to 0.5 percent, which is a 0.7 percentage points lower than the corresponding number published in the April 2022 WEO. 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 2022 and 2023 in the UK. To counter the effects of increasing inflation, the Bank of England s increased the Bank rate to 1.25 percent in June 2022.

Contrary to projections for most of AEs, growth in Japan is expected to increase marginally in 2022 and 2023. Economic growth in Japan is expected to increase to to 1.7 percent in 2022, from an outturn of 1.6 percent in 2021 and is estimated to remain at the same pace of 1.7 percent in 2023. The increased growth projection reflects the diminished impact of the COVID-19, coupled with quantitative monetary easing applied by the Bank of Japan. The latest growth projection for 2022 was revised down by 0.7 percentage point relative to the April 2022 WEO. The downward revision was mainly ascribed to lower domestic demand emanating from lower private consumption and investment on the back of higher oil prices. Furthermore, Goldman Sachs analysts expect growth for the Japanese economy to increase to 3.3 percent in 2022, before slowing down to 1.8 percent in 2023, from an estimated growth of 1.6 percent in 2021. On the contrary, the World Bank projects growth for the Japanese economy to remain low at 1.7 percent in 2022 and to decline further to 1.3 percent in 2023.

2.2. Emerging Market and Developing Economies

Growth across Emerging Markets and Developing Economies is expected to weigh down global growth during 2022 but to improve slightly in 2023. EMDEs growth is projected to decrease substantially from 6.8 percent in 2021 to 3.6 percent in 2022. The growth is projected to improve slightly in 2023 to 3.9 percent, which is a 0.5 percentage points downwards revision from the April 2022 WEO. The projected decline in growth for 2022 is on account of the high base in 2021 and increases in food and fuel prices emanating from the effects of the Russia-Ukraine war. Moreover, the impending increase in global interest rates is expected to further limit fiscal space particularly for oil and food importing emerging market and developing economies as it may induce debt distress.

Economic growth in China is expected to slow in 2022 but to strengthen thereafter in 2023. GDP growth for the Chinese economy has been revised downwards by 1.1 percentage points to 3.3 percent in 2022, relative to the April 2022 WEO projection. This downward revision was attributed to the introduction of the strict zero-COVID strategy which has resulted in more frequent lockdowns in key manufacturing and trading centres as well as the deepening real estate crisis. The resulting mobility restrictions from the strict zero-COVID strategy have dampened the growth in private consumption. Similarly, the World Bank projects economic growth in China to slow to 4.3 percent in 2022 largely reflecting the economic damage caused by the persistence of COVID-19. For 2023, the World Bank projects the Chinese economy to rebound by 5.2 percent. Goldman Sachs analysts expect Chinese output growth to moderate to 4.0 percent in 2022 before improving to 5.3 percent in 2023.

The ongoing Russia-Ukraine war severely impedes the prospects for growth in the Russian economy for both 2022 and 2023. Real GDP in Russia is projected to contract by 6.0 percent in 2022 and moderate to a lesser contraction of 3.5 percent in 2023, from a growth of 4.7 percent in 2021. The projected contraction in 2022 is an upward revision by 2.5 percentage points from the April 2022 WEO, reflecting the better-than-expected growth in crude oil and non-energy exports in the second quarter of this year. The expected contraction in 2022 and 2023 is on account of the sanctions imposed on many Russian products. Additionally, the break down in trade relations with some trading partners and withdrawal of foreign firms from Russia have worsened investor confidence, which is expected to result into subdued private investment and consumption. Similarly, the World Bank expects output in Russia to contract by 8.9 percent in 2022 before easing to a lesser contraction of 2.0 percent in 2023.

India's economic growth is projected to maintain a strong upward momentum in 2022 but to moderate slightly in 2023. Growth in India is projected to moderate to 7.4 percent in 2022 before inching lower to 6.1 percent in 2023, from a growth rate of 8.9 percent registered

in 2021. The latest growth projections were lowered by 0.8 percentage point for both 2022 and 2023, relative to the April 2022 WEO, which reflects the rapid policy tightening and unfavourable external conditions. The downward revision in growth for India to 7.4 percent in 2022 is further explained by the slowed domestic demand caused by higher oil prices, which are expected to negatively affect private consumption and investment. Similarly, the World Bank projects economic growth in India to slow down to 7.5 percent in 2022 before moderating to 7.1 percent in 2023.

Brazil's economic growth is projected to slow in 2022 and 2023. In Brazil, growth is projected to weaken significantly from 4.6 percent in 2021 to 1.7 percent in 2022 and further to 1.1 percent in 2023. The downgraded forecasts for major economies such as the United States and China impacts the outlook for their trading partners including Brazil. Moreover, the increased interest rates in Brazil are expected to weaken domestic demand, which further lowers prospects for high growth in 2022. Similarly, the World Bank projects economic growth in Brazil to slow to 1.5 percent in 2022 and to 0.8 percent in 2023.

According to the July 2022 WEO update, the balance of risks to the global outlook are dominated by the impact of Russia-Ukraine war, tighter global financial conditions, increasing global inflation and COVID-19. The current global projections are premised on assumptions that the war remains restricted to Ukraine, additional sanctions on Russia excludes the energy sector and that COVID-19 health and related economic impacts subsides in 2022. However, a great deal of uncertainty surrounding the possible emergence of new and more infectious COVID-19 variants remains a risk to the outlook. In addition, the slower than anticipated growth in the world's second largest economy, China, owing to the strict zero-COVID strategy 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. The war in Ukraine has resulted in global increases in food and fuel prices and subsequent increases in global inflation. These may increase the risk for social unrest, particularly in emerging market and developing economies where a large share of households' real income is spent on food. Furthermore, supply disruptions coupled with commodities price fluctuations due to the war exerts upward pressure on inflation forecasts and may require advanced economies to increase interest rates further, which in turn may negatively affect EMDEs on the back of anticipated capital outflows, currency depreciation and fiscal sustainability concerns as the tighter financial conditions induces debt distress to these economies.

3. Regional Outlook

The Sub-Saharan Africa (SSA) region's economy is expected to weaken in 2022 mainly owing to the high global food prices, before improving in 2023. Economic growth in the SSA region is projected to slow down from 4.5 percent in 2021 to 3.8 percent in 2022 before improving to 4.0 percent in 2023. The decrease in the projected growth for 2022 is largely on account of the higher global food prices, which potentially affects the SSA region given that food constitutes a greater share of the consumption basket for most households.

Growth in the South African economy is projected to decrease for both 2022 and 2023 from a notable recovery in 2021. South Africa's growth rate is expected to decline from 4.9 percent in 2021 to 2.3 percent and 1.4 percent in 2022 and 2023, respectively. The latest projection for 2022 is revised upwards by 0.4 percentage points from the April 2022 WEO numbers. The low growth projections are based on structural constraints, which include power outages from the electricity sector, disruption to logistics caused by the floods in KwaZulu Natal, the import disruptions from the Russia-Ukraine war as well as COVID-19 lockdowns in China, given that China is South Africa's largest import trading partner. 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 2.0 percent in 2022, and further to 1.3 percent in 2023. Growth in 2022 is revised up from the previously projected growth of 1.7 percent, reflecting better-than-expected growth in output during the first quarter of 2022.

Nigeria's economic growth prospects are partially benefiting from a sharp increase in international oil prices despite the marginal decline in growth projected for 2022 and 2023. Growth in Nigeria is expected to slow to 3.4 percent and 3.2 percent in 2022 and 2023, respectively, from a growth of 3.6 percent registered in 2021. 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. Notably, the higher global oil prices have benefited the economy which has resulted in only a marginal decline in the projections as Nigeria is one of the oil exporters. The stronger than anticipated recovery in the agricultural and manufacturing sectors have also contributed to the relatively stable outlook.

Angola's economic performance is projected to improve in 2022 and 2023 from a slow growth registered in 2021. Growth in Angola is expected to accelerate to 3.0 percent and 3.3 percent in 2022 and 2023 respectively, from a marginal growth of 0.6 percent in 2021. The projected growth is ascribed to the expected improvement in non-oil sectors (agriculture, construction, and transportation) as well as partial benefits from higher global oil prices and

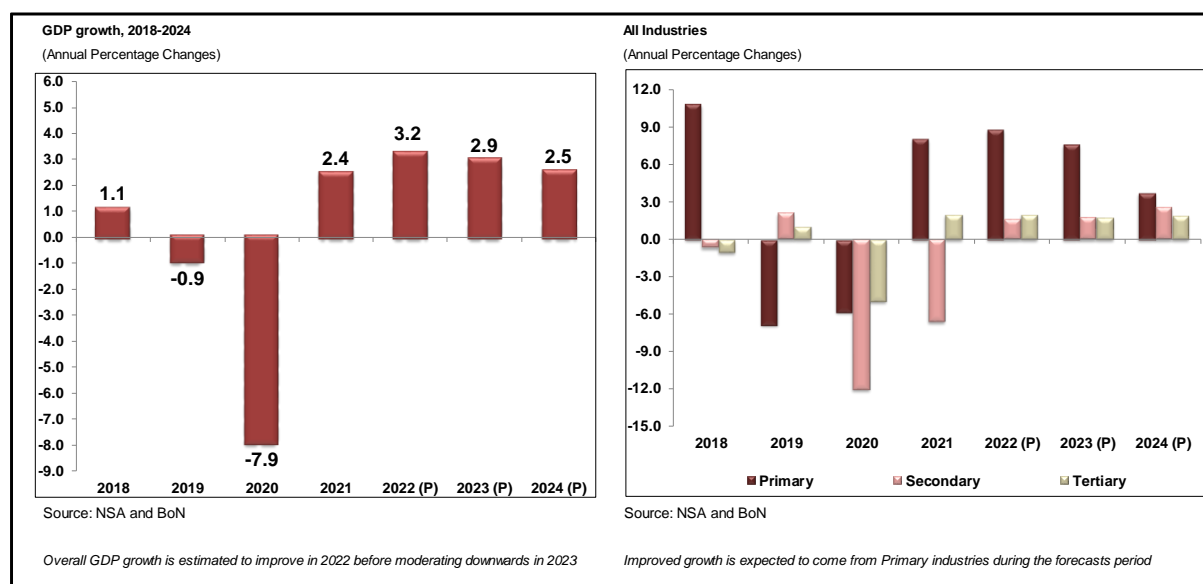
the appreciation of the Kwanza relative to the US Dollar, given the increased demand for Angolan oil.

Risks to growth in the SSA region include lack of fiscal space needed to support growth, increasing debt service burden and commodity price volatility. With most of the countries across the region being commodity-importing countries particularly food and energy, the continuation of the Russia-Ukraine war and sanctions on Russia may exert upward pressure on food and energy prices which could weigh on the prospects for recovery in these countries. The war may worsen food security, which may further result in social tensions. Additionally, the acceleration in monetary tightening by advanced economies may impede growth prospects for the region through increases in borrowing costs, capital outflows and currency depreciation. The slowdown in China also adds to the regional growth outlook risks, as China accounts for about 20 percent of the region's exports. Moreover, the continued low vaccination rates within the region pose a risk alongside the possibility of new COVID-19 variants which could jeopardize the lives and livelihoods in SSA, even as perceptions regarding the seriousness of Covid-related risks have softened.

4. Domestic Outlook

Namibia's GDP growth is projected to improve in 2022, mainly supported by strong performance from the mining industry. The domestic economy is estimated to grow by 3.2 percent in 2022, before moderating to 2.9 percent in 2023 (Figure 1). The estimated growth of 3.2 percent in 2022 represents an improvement from 2.4 percent registered in 2021, but also revised down from 3.4 percent released during February 2022 (Appendix IV). The projected improvement in 2022 is mainly on account of anticipated better growth in the mining industry, particularly diamonds and gold. Most of other industries are expected to be in the growth territory, but on the low side. There are, however, sectors such as uranium mining, construction, public administration and defence, as well as various sub-sectors under manufacturing that are anticipated to shrink during 2022. For 2023, growth was revised down to 2.9 percent, from 3.7 percent published in the February 2022 Economic Outlook update. This revision was largely based on the ongoing war between Russia and Ukraine and associated economic sanctions on Russia. The war led to supply shortages of various consumer products as well as some key production inputs, contributing to high inflation around the world. Most Central Banks reacted to increased inflation by raising policy interest rates at faster rates than initially anticipated, increasing the chance of having a global recession from 2023 onwards.

Figure 1: Overall growth and growth by major industry



4.1 Primary Industries

Primary industries are expected to record robust growth rates in 2022 and 2023, building on a strong recovery in 2021. Primary industries are projected to grow by 8.8 percent and 7.6 percent in 2022 and 2023, respectively, following an 8.0 percent growth in 2021 (Figure 2). The projected high growth trajectory will be supported by robust performance from the mining industry, with diamond mining anticipated to expand by 26.7 percent in 2022 and by 15.5 percent in 2023. The agriculture, forestry and fishing sector is also expected to improve in 2022.

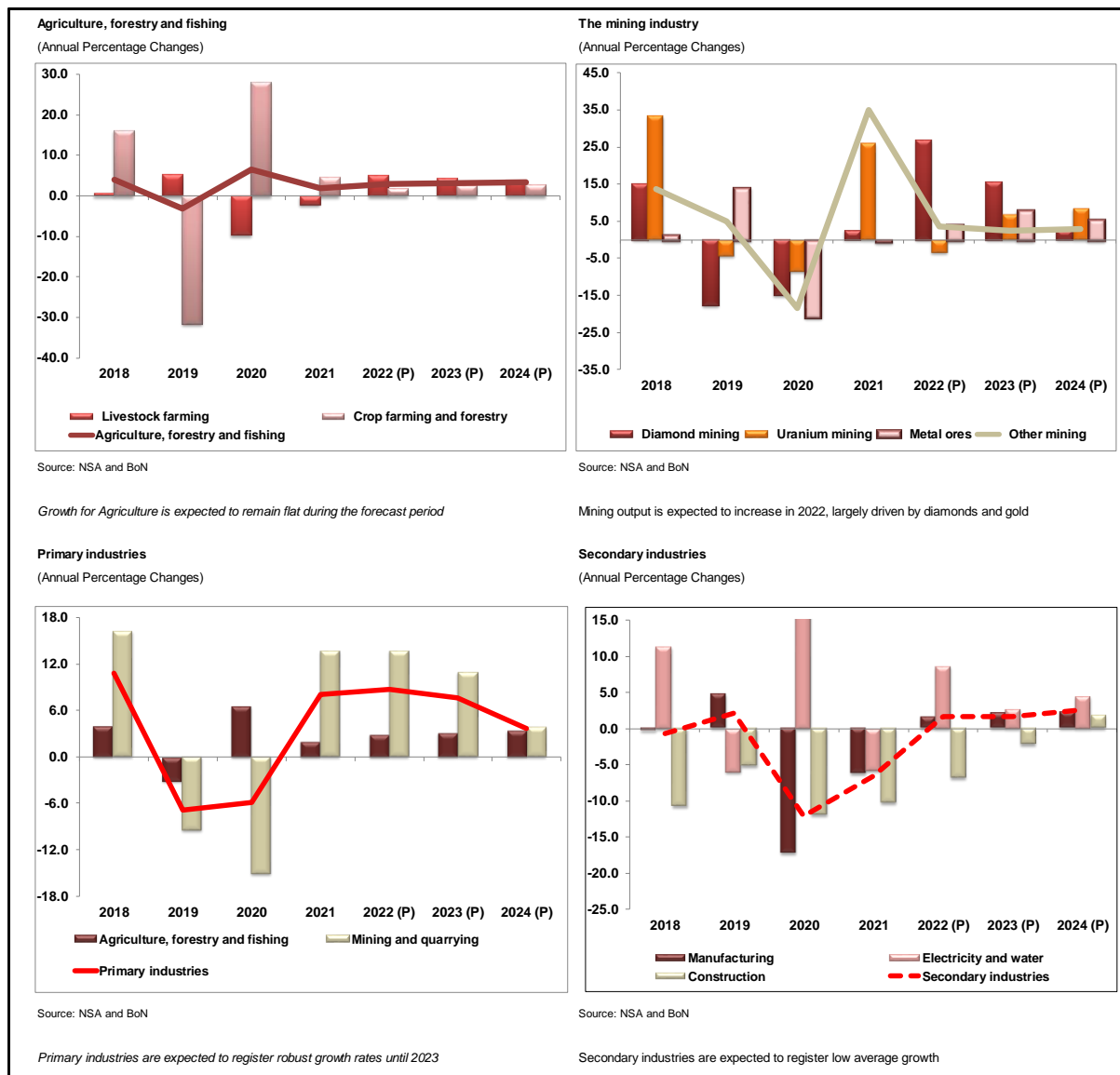
Growth for agriculture, forestry and fishing is expected to increase moderately, driven by increased livestock marketing activities. The agriculture, forestry and fishing sector is projected to grow by 2.9 percent and 3.2 percent in 2022 and 2023 respectively, representing an improvement from 2.0 percent in 2021. Livestock farming is expected to recover to 5.1 percent in 2022, from a contraction of 2.2 percent in 2021, supported by increased marketing activity. During the first four months of 2022, the number of cattle marketing increased by 18.9 percent, while that of small stock marketed fell by 31.4 percent when compared to the corresponding period in 2021. Cattle marketing has a bigger weight in total livestock marketing and hence explains the projected significant growth.

Diamond mining is estimated to grow strongly in 2022 and 2023 as the new mining vessel commenced production in March 2022. The diamond mining sector is estimated to grow by 26.7 percent and 15.5 percent in 2022 and 2023, respectively, which is an improvement from a 2.5 percent growth in 2021. Diamond production during the first four months of 2022 tend to confirm that there will be high growth for the sector in 2022. Growth projections for the diamond industry remained similar to those released during February 2022 (Appendix IV).

Uranium mining is expected to contract during 2022, largely due to water supply interruptions and other challenges. The uranium mining sector is expected to contract by 3.4 percent in 2022 before expanding by 7.0 percent in 2023. This sector was negatively affected by water supply interruptions during the first quarter of 2022 that led to mines reducing their production targets for the year. Other challenges faced by the sector include high costs of inputs such as fuel and sulphur, logistical delays importing chemicals and spare parts and labour issues that prevailed during the first quarter of 2022. Going forward, uranium mines are expected to increase production and take advantage of rising uranium prices.

The metal ores sub-sector is projected to make a modest recovery in 2022, supported by increased gold production. The metal ores sector is expected to grow by 4.0 percent and 7.9 percent in 2022 and 2023, respectively, from a contraction of 0.6 percent in 2021. The improved growth in this sub-sector will come from increased gold production, which is anticipated to offset low output from the zinc subsector.

Figure 2: Growth in primary and secondary industries



4.2 Secondary Industries

Secondary industries are expected to recover and register growth during 2022, supported by good performance for electricity and water, and in manufacturing.

Secondary industries are projected to grow by 1.6 percent and 1.7 percent during 2022 and 2023, respectively, an improvement from a contraction of 6.6 percent in 2021. The improvement is expected to come from recoveries in electricity and water, and in manufacturing sectors. Due to higher water inflows in the Ruacana during the last rain season, electricity production from Ruacana hydro plant increased substantially, contributing to high growth in the electricity and water subsector (Appendix III).

The manufacturing sector is projected to recover marginally during 2022 and maintain low growth levels during the forecast period.

The manufacturing sector is projected to grow by 1.5 percent and 2.1 percent in 2022 and 2023, respectively. The estimated recovery during 2022 is expected to be driven by higher growth for basic non-ferrous metals, which reflects increased processing of copper blister. Conversely, the non-metallic minerals products subsector is estimated to contract by 21.6 percent in 2022, mainly reflecting a decrease in cement production. The cement industry is affected by various factors, including frequent rains that interrupted the mining of materials, low construction activity in the country and halting of production at one of the production plants due to non-compliance with labour and safety standards.

The construction sector is expected to remain in a contraction during 2022 and 2023.

The construction sector anticipated to contract by 6.8 percent and 2.2 percent in 2022 and 2023, respectively, following another contraction of 10.2 percent in 2021. According to the latest GDP statistics released by the Namibia Statistics Agency, the construction sector contracted by 7.5 percent during the first quarter of 2022. Furthermore, monthly statistics indicate that construction activity remained weak during the first four months of 2022 as construction works for both the Government and private sector decreased.

4.3 Tertiary Industries

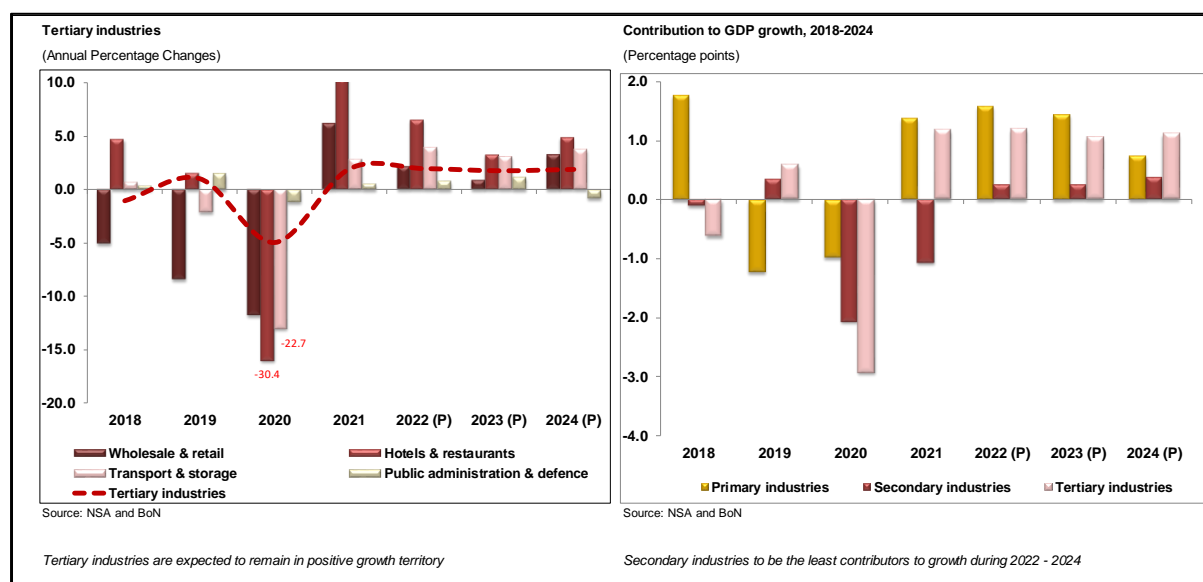
Growth for Tertiary industries is expected to moderate downwards and to remain low during the forecast period.

The tertiary industries are projected to grow by 2.0 percent in 2022 and by 1.8 percent in 2023, reflecting a slight downward moderation from 1.9 percent in 2021 (Figure 3). Hotels and restaurants and transport and storage are expected to lead growth for tertiary industries in 2022.

Growth for the wholesale and retail trade sector is expected to slowdown in 2022 and 2023 as both the business and consumers are negatively affected by high global inflation. The wholesale and retail trade sector is estimated to grow by 2.1 percent and 0.8 percent in 2022 and 2023, respectively, a slowdown from 6.1 percent growth in 2021. The current global supply shortages of basic consumption products such as wheat and wheat products, sunflower oil, as well as fertilisers, led to high prices and reduced the purchasing power of consumers. As real incomes of consumers are under pressure from both high prices and rising interest rates, spending on luxury items such as vehicles and furniture are likely to decrease. During the first four months of 2022, vehicle sales decreased by 17.9 percent when compared to the same period of 2021.

The hotels and restaurants sector is expected to maintain a strong growth momentum during 2022 as travelling around the world has normalised. The hotels and restaurants sector is projected to grow by 6.5 percent in 2022 as the sector continues to recover from the impact of COVID -19 in 2020. The projected growth in 2022 is supported by increased international arrivals and higher room occupancies. The number of international passenger arrivals at Namibian airports increased by 132.2 percent during the first four months of 2022, compared to the corresponding period of 2021. According to the data from the Hospitality Association of Namibia, average room occupancy increased to 28.6 percent in March 2022, from 20.1 percent in March 2021. Although a 6.5 percent growth projected for 2022 is a strong one, it represents a slowdown from 10.4 percent registered in 2021.

Figure 3: Growth in tertiary industries and overall GDP



The transport and storage sector is projected to register an improved growth in 2022 before moderating in 2023. The transport and storage sector is projected to grow by 3.9 percent and 3.2 percent in 2022 and 2023, respectively, an improvement from a 2.0 percent growth in 2021. The lifting of travel restrictions during 2022 has contributed to the pick-up in transportation activities for all modes of travel. Furthermore, increased production and exports from the copper sector and higher importation of industrial and consumer goods are expected to add to the transportation activity. During the first four months of 2022, total cargo volumes increased by 20.5 percent on annual basis.

Risks to domestic growth are predominantly in form of monetary policy tightening around the world and high costs of key import items that are likely to persist for a long time. Major Central Banks in the world are tightening monetary policies at faster rates than initially anticipated, the trend that could lead to a global recession soon. Prices for commodities such as copper and zinc have started to decrease based on expectations of a global slowdown and such trends are likely to have a negative impact on the Namibian economy. The war between Russia and Ukraine is likely to continue for some years and so is the high prices for affected commodities for which Namibia is a net importer. Other risks include water supply interruptions that continue to affect mining production at the coast and uncertain climatic conditions going forward.

5. Summary

Global growth is expected to slow during 2022 and to remain flat in 2023, following stronger growth in 2021. World GDP growth is projected to slowdown from 6.1 percent in 2021 to 3.2 percent in 2022 and 2023. The projected decline in global growth during 2022 and 2023 is on the back of expected economic costs emanating from the ongoing Russia-Ukraine war through higher commodity prices, particularly for food and fuel, trade disruptions, and tighter financial conditions resulting from higher inflation rates in major economies.

Namibia's GDP growth is projected to improve in 2022, mainly supported by strong performance from the mining industry. The domestic economy is projected to grow by 3.2 percent and by 2.9 percent in 2022 and 2023. The estimated growth for 2022 represents a downward revision from 3.4 percent released during February 2022, however it is an improvement from 2.4 percent registered in 2021. The projected improvement in 2022 is mainly on account of anticipated better growth in the mining industry, particularly diamonds and gold.

Risks to domestic growth are predominantly in form of monetary policy tightening around the world, high costs of key import items that are likely to persist for a long time and water supply interruptions affecting the coastal towns. Major Central Banks in the world are tightening monetary policies at faster rates than initially anticipated, the trend that could lead to a global recession. Furthermore, the war between Russia and Ukraine is likely to continue for some years and so is the high prices for affected commodities for which Namibia is a net importer. Other risks include water supply interruptions that continue to affect mining production at the coast and uncertainty around the effects of climate change on agricultural production going forward.

6. APPENDICES

Appendix I: Forecasting Assumptions

The Real Sector

- Growth in **Agriculture, forestry and fishing** is expected to improve slightly in 2022 but remain low in line with low crop harvests and broadly unchanged fishing quotas
- The **diamond mining sector** is expected to register robust growth rates during the forecast period, especially during 2022 and 2023, boosted by the new mining vessel. and improved global demand for diamonds.
- The **uranium mining** sector is anticipated to contract during 2022 as it is faced with multiple challenges that include water supply interruptions, high costs for imported inputs, labour issues, as well as delays in shipping logistics for exports and for imports of materials and parts. Most of these challenges are expected to ease from 2023 onwards and the sector is then expected to register better growth rates.
- Growth in **metal ores** is to be supported by higher output from the gold sub-sector, which has the largest weight in metal ores
- Overall, the domestic economic growth is expected to improve in 2022, supported by robust growth in the **diamond mining and gradual recoveries for most of secondary and tertiary industries**. Government dependent sectors such as construction, public administration & defence, education and health are expected to remain in the low growth territory.

Appendix II: World Economic Output (annual percentage change)

Regions	Actual		Projections		Differences from April 2022 WEO	
	2020	2021	2022	2023	2022	2023
World Output	-3.1	6.1	3.2	2.9	-0.4	-0.7
Advanced Economies	-4.5	5.2	2.5	1.4	-0.8	-1.0
United States	-3.4	5.7	2.3	1.0	-1.4	-1.3
Euro Area	-6.4	5.3	2.6	1.2	-0.2	-1.1
Germany	-4.6	2.8	1.2	0.8	-0.9	-1.9
France	-8.0	7.0	2.3	1.0	-0.6	-0.4
Italy	-9.0	6.6	3.0	0.7	0.7	-1.0
Spain	-10.8	5.1	4.0	2.0	-0.8	-1.3
United Kingdom	-9.3	7.4	3.2	0.5	-0.5	-0.7
Japan	-4.5	1.6	1.7	1.7	-0.7	-0.6
Canada	-5.2	4.6	3.4	1.8	-0.5	-1.0
Other Advanced Economies	-1.8	5.0	2.9	2.7	-0.2	-0.3
Emerging Market and Developing Economies	-2.0	6.8	3.6	3.9	-0.2	-0.5
China	2.2	8.1	3.3	4.6	-1.1	-0.5
India	-6.6	8.9	7.4	6.1	-0.8	-0.8
Russia	-2.7	4.7	-6.0	-3.5	2.5	-1.2
Brazil	-3.9	4.6	1.7	1.1	0.9	-0.3
Sub-Saharan Africa	-1.7	4.5	3.8	4.0	0.0	0.0
South Africa	-6.4	4.9	2.3	1.4	0.4	0.0
Nigeria	-1.8	3.6	3.4	3.2	0.0	0.1
Angola	-5.6	0.6	3.0	3.3	0.0	0.0

Source: IMF World Economic Outlook, July 2022

Appendix III: Real GDP Growth (percent)

Industry	2018	2019	2020	2021	2022	2023	2024
Agriculture, forestry and fishing	4.0	-3.1	6.5	2.0	2.9	3.2	3.4
Livestock farming	0.7	5.3	-9.7	-2.2	5.1	4.2	3.8
Crop farming and forestry	16.0	-31.7	77.6	4.6	1.8	2.6	2.7
Fishing and fish processing on board	0.1	8.1	-9.0	3.2	2.1	2.8	3.7
Mining and quarrying	16.1	-9.5	-15.0	13.6	13.6	10.9	3.9
Diamond mining	15.1	-17.7	-14.9	2.5	26.7	15.5	2.6
Uranium	33.4	-4.4	-8.5	25.8	-3.4	7.0	8.6
Metal Ores	1.3	14.0	-20.7	-0.6	4.0	7.9	5.5
Other mining and quarrying	13.6	5.1	-18.4	47.5	3.6	2.4	3.0
Primary industries	10.8	-6.9	-5.9	8.0	8.8	7.6	3.7
Manufacturing	-0.4	4.7	-17.1	-6.2	1.5	2.1	2.2
Meat processing	2.9	11.9	-39.8	-3.6	4.3	4.4	3.3
Grain Mill products	1.9	11.3	8.1	6.7	3.4	3.1	3.2
Other food products	1.1	6.4	-15.1	-4.7	2.1	2.8	2.7
Beverages	5.0	17.5	-32.5	17.7	4.2	1.9	0.1
Textile and wearing apparel	0.9	-2.3	-3.1	17.3	3.4	2.9	3.6
Leather and related products	4.5	-2.2	-12.1	16.8	3.8	2.5	3.7
Wood and wood products	-11.5	4.9	19.2	7.4	2.5	2.1	2.3
Publishing and Printing	-1.6	-6.7	-14.1	-5.8	-4.9	-3.3	-2.2
Chemical and related products	-3.1	-3.8	-4.4	-8.1	-2.4	-3.0	1.5
Rubber and Plastics products	7.0	-2.2	4.2	-8.4	-3.3	1.3	-1.0
Non-metallic minerals products	2.3	-3.6	-6.8	-4.4	-21.6	-3.9	4.0
Basic non-ferrous metals	-14.6	-1.4	-46.8	-99.8	8.1	2.2	3.4
Fabricated Metals	5.5	1.0	-10.8	3.7	2.0	2.3	2.7
Diamond processing	6.4	-7.1	-12.6	-11.0	3.6	3.9	2.8
Other manufacturing	-3.1	12.5	-15.0	-1.9	-4.7	-2.6	3.0
Electricity and water	11.3	-6.0	22.8	-5.7	8.6	2.7	4.5
Construction	-10.7	-5.2	-11.8	-10.2	-6.8	-2.2	1.8
Secondary industries	-0.7	2.1	-12.1	-6.6	1.6	1.7	2.6
Wholesale and retail trade, repairs	-5.0	-8.4	-11.7	6.1	2.1	0.8	3.3
Hotels and restaurants	4.7	1.5	-30.4	10.4	6.5	3.2	4.8
Transport and Storage	0.6	-2.2	-22.7	2.8	3.9	3.0	3.7
Transport	-0.7	-3.3	-26.3	4.6	4.6	3.3	4.2
Storage	6.5	2.4	-8.9	-2.7	1.5	2.1	2.2
Information and Communication	-2.2	11.9	17.4	6.9	2.5	4.2	4.5
Financial and insurance service activities	0.1	12.5	-12.8	-5.3	1.6	3.5	2.9
Real estate activities	2.7	2.9	2.7	2.3	2.7	1.6	2.2
Professional, scientific and technical services	-1.0	-6.1	-9.1	2.9	0.9	0.3	1.4
Administrative and support services	-1.0	-3.0	-10.4	-4.1	2.2	2.9	1.3
Arts, Entertainment & Other Service activities	1.0	2.5	-3.0	0.5	2.6	3.0	2.0
Public administration and defence	0.4	1.4	-1.2	0.5	0.7	1.1	-0.8
Education	0.4	1.6	4.7	2.3	1.4	0.8	1.3
Health	-9.1	-1.6	2.3	4.5	2.9	1.8	1.7
Private household with employed persons	-2.5	-2.5	-7.6	5.0	1.9	3.0	4.4
Tertiary industries	-1.0	1.0	-4.9	1.9	2.0	1.8	1.9
All industries at basic prices	1.1	-0.3	-6.4	1.6	3.2	2.9	2.4
Taxes less subsidies on products	0.4	-8.3	-27.1	17.1	2.9	3.1	4.4
GDP at market prices	1.1	-0.9	-7.9	2.4	3.2	2.9	2.5

Source: NSA (2018-2021), BoN (2022-2024)

Appendix IV: Adjustments to real growth rates

	Actual	Current Projections			Differences from February 2022 update		
	2021	2022	2023	2024	2022	2023	2024
Agriculture, forestry and fishing	2.0	2.9	3.2	3.4	-0.2	-0.6	-1.2
Livestock farming	-2.2	5.1	4.2	3.8	0.5	-0.4	-2.3
Crop farming and forestry	4.6	1.8	2.6	2.7	-0.4	-0.3	-1.0
Fishing and fish processing on board	3.2	2.1	2.8	3.7	-0.5	-1.0	-0.5
Mining and quarrying	13.6	13.6	10.9	3.9	-1.9	-1.1	2.8
Diamond mining	2.5	26.7	15.5	2.6	0.4	-1.0	5.5
Uranium	25.8	-3.4	7.0	8.6	-7.2	0.4	-5.5
Metal Ores	-0.6	4.0	7.9	5.5	3.3	4.3	2.4
Other mining and quarrying	47.5	3.6	2.4	3.0	2.0	-2.2	0.5
Primary industries	8.0	8.8	7.6	3.7	-0.9	-0.7	1.1
Manufacturing	-6.2	1.5	2.1	2.2	-0.8	-0.7	-0.2
Meat processing	-3.6	4.3	4.4	3.3	-0.3	0.0	0.0
Grain Mill products	6.7	3.4	3.1	3.2	2.4	2.7	2.6
Other food products	-4.7	2.1	2.8	2.7	0.0	0.0	0.0
Beverages	17.7	4.2	1.9	0.1	0.7	-1.5	-3.4
Textile and wearing apparel	17.3	3.4	2.9	3.6	1.0	0.9	-0.4
Leather and related products	16.8	3.8	2.5	3.7	2.5	-0.8	1.2
Wood and wood products	7.4	2.5	2.1	2.3	-1.4	-2.0	-1.8
Publishing and Printing	-5.8	-4.9	-3.3	-2.2	-5.8	-3.0	-1.2
Chemical and related products	-8.1	-2.4	-3.0	1.5	-4.8	-5.4	-1.1
Rubber and Plastics products	-8.4	-3.3	1.3	-1.0	-7.3	-1.7	-4.5
Non-metallic minerals products	-4.4	-21.6	-3.9	4.0	-24.6	-6.3	0.9
Basic non-ferrous metals	-99.8	8.1	2.2	3.4	5.4	-3.1	4.7
Fabricated Metals	3.7	2.0	2.3	2.7	0.0	0.0	0.1
Diamond processing	-11.0	3.6	3.9	2.8	0.0	-1.4	-1.3
Other manufacturing	-1.9	-4.7	-2.6	3.0	-3.1	-3.1	3.5
Electricity and water	-5.7	8.6	2.7	4.5	3.9	-0.9	0.0
Construction	-10.2	-6.8	-2.2	1.8	-4.8	-4.7	-0.8
Secondary industries	-6.6	1.6	1.7	2.6	-0.6	-1.2	-0.2
Wholesale and retail trade, repairs	6.1	2.1	0.8	3.3	0.1	-2.7	0.4
Hotels and restaurants	10.4	6.5	3.2	4.8	1.7	-3.1	-3.0
Transport and Storage	2.8	3.9	3.0	3.7	-0.6	-2.2	-1.1
Transport	4.6	4.6	3.3	4.2	0.0	-2.1	-0.8
Storage	-2.7	1.5	2.1	2.2	-2.8	-2.7	-2.2
Information and Communication	6.9	2.5	4.2	4.5	-1.9	-0.9	1.8
Financial and insurance service activities	-5.3	1.6	3.5	2.9	-2.6	1.5	0.0
Real estate activities	2.3	2.7	1.6	2.2	-0.1	-2.2	-0.9
Professional, scientific and technical services	2.9	0.9	0.3	1.4	0.3	0.4	0.7
Administrative and support services	-4.1	2.2	2.9	1.3	-0.4	-0.5	-1.3
Arts, Entertainment & Other Service activities	0.5	2.6	3.0	2.0	-0.7	-1.0	-1.5
Public administration and defence	0.5	0.7	1.1	-0.8	1.5	0.5	-2.3
Education	2.3	1.4	0.8	1.3	0.6	-0.5	0.3
Health	4.5	2.9	1.8	1.7	-1.2	-0.2	0.7
Private household with employed persons	5.0	1.9	3.0	4.4	-1.1	-1.1	-3.1
Tertiary industries	1.9	2.0	1.8	1.9	-0.1	-0.7	-0.6
All industries at basic prices	1.6	3.2	2.9	2.4	-0.2	-0.8	-0.2
Taxes less subsidies on products	17.1	2.9	3.1	4.4	0.6	-0.6	1.0
GDP at market prices	2.4	3.2	2.9	2.5	-0.2	-0.7	-0.1

Source: NSA (2018-2021), BoN (2022-2024)

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

Industry	2018	2019	2020	2021	2022	2023	2024
Agriculture, forestry and fishing	14,066	12,837	15,974	16,993	18,284	19,537	20,996
Livestock farming	5,427	5,178	6,276	7,061	7,803	8,536	9,302
Crop farming and forestry	4,118	2,977	5,127	5,339	5,684	6,079	6,536
Fishing and fish processing on board	4,521	4,682	4,571	4,592	4,797	4,922	5,159
Mining and quarrying	16,013	16,388	16,131	16,476	18,839	21,234	23,339
Diamond mining	7,915	5,970	4,733	4,828	6,422	7,804	8,428
Uranium	2,218	3,287	3,440	3,663	3,663	3,688	4,160
Metal Ores	4,552	5,758	6,880	6,520	7,126	7,938	8,722
Other mining and quarrying	1,328	1,374	1,077	1,466	1,628	1,804	2,029
Primary industries	30,079	29,225	32,105	33,469	37,123	40,771	44,335
Manufacturing	22,269	22,692	19,220	19,872	20,886	22,032	23,355
Meat processing	1,426	1,364	1,007	1,137	1,233	1,355	1,465
Grain Mill products	2,240	2,312	2,154	3,133	3,422	3,674	3,979
Other food products	5,719	5,761	4,950	5,119	5,494	5,921	6,380
Beverages	2,927	2,894	2,670	2,607	2,603	2,513	2,396
Textile and wearing apparel	467	487	472	536	546	548	557
Leather and related products	312	315	264	315	322	331	342
Wood and wood products	465	509	629	666	690	704	724
Publishing and Printing	423	435	387	382	378	382	389
Chemical and related products	997	1,042	1,073	1,027	1,047	1,062	1,126
Rubber and Plastics products	352	348	387	408	410	432	445
Non-metallic minerals products	585	640	622	611	496	492	529
Basic non-ferrous metals	2,712	2,873	1,306	607	695	744	811
Fabricated Metals	621	654	571	674	727	816	903
Diamond processing	2,421	2,352	2,104	2,008	2,181	2,404	2,605
Other manufacturing	602	706	623	643	640	654	705
Electricity and water	6,631	6,191	6,361	5,656	6,496	7,126	8,029
Construction	3,739	3,765	3,237	3,279	3,311	3,581	3,991
Secondary industries	32,639	32,649	28,818	28,807	30,693	32,739	35,375
Wholesale and retail trade, repairs	17,918	18,190	17,038	18,121	19,432	20,492	22,002
Hotels and restaurants	3,474	3,692	2,527	2,782	3,058	3,301	3,598
Transport and Storage	5,712	5,708	4,599	4,995	5,418	5,874	6,386
Transport	4,344	4,216	3,256	3,549	3,880	4,182	4,549
Storage	1,368	1,492	1,343	1,446	1,538	1,692	1,837
Information and Communication	2,459	2,577	2,976	3,112	3,128	3,193	3,272
Financial and insurance service activities	13,976	12,632	12,193	13,934	14,857	16,098	17,369
Real estate activities	9,557	10,022	10,234	10,419	10,956	11,243	11,587
Professional, scientific and technical services	1,217	1,215	1,112	1,120	1,156	1,187	1,226
Administrative and support services	1,863	1,911	1,798	1,875	2,029	2,213	2,383
Arts, Entertainment & Other Service activities	3,074	3,299	3,303	3,449	3,734	4,032	4,296
Public administration and defence	20,722	20,829	20,236	18,958	19,271	19,359	18,856
Education	17,430	18,590	18,754	19,298	20,347	20,955	21,570
Health	6,148	6,017	6,410	6,724	7,172	7,506	7,790
Private household with employed persons	1,188	1,202	1,135	1,235	1,309	1,396	1,507
Tertiary industries	104,739	105,882	102,315	106,021	111,867	116,847	121,841
All industries at basic prices	167,457	167,756	163,238	168,297	179,683	190,357	201,551
Taxes less subsidies on products	13,610	13,473	10,658	12,538	13,474	14,241	15,390
GDP at market prices	181,067	181,229	173,896	180,836	193,157	204,598	216,941

Source: NSA (2018-2021), BoN (2022-2024)