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## 1. Overview

### GLOBAL AND REGIONAL ECONOMY

➤ **Global economic growth is projected to increase during 2021 before moderating downwards in 2022.** The expected recovery in global growth during 2021 and 2022 is boosted by higher-than-expected growth outturns during the second half of 2020 for most regions as lockdowns were eased and economies adapted new ways of working. According to the IMF's World Economic Outlook (WEO) update for July 2021, global growth is projected to rebound to 6.0 percent in 2021 before moderating to 4.9 percent in 2022, from an estimated contraction of 3.2 percent in 2020. The latest update leaves the growth forecast for 2021 unchanged from the April 2021 WEO projection, while the forecast for 2022 was revised upwards by 0.5 percentage points (Appendix II).

➤ **In advanced economies, growth is expected to rebound substantially in 2021 and then to slowdown in 2022.** Advanced economies (AEs) are projected to recover to 5.6 percent growth in 2021 before moderating to 4.4 percent in 2022, compared to a contraction of 4.6 percent in 2020. The expected recovery is expected to be buoyed by wide vaccine coverage and fiscal support in most countries. The variance in recovery speeds across countries, however, may give rise to conflicting policy stances.

➤ **Growth in emerging market and developing economies is projected to increase in 2021 before slowing in 2022.** Emerging market and developing economies (EMDEs) are projected to recover substantially to a growth of 6.3 percent in 2021 before moderating to 5.2 percent in 2022. The 6.3 percent growth projection for 2021 represents a downward revision of 0.4 percentage points from the WEO released in April this year.

➤ **Sub-Saharan African economies are projected to recover in 2021, before improving further in 2022.** GDP growth for Sub-Saharan Africa (SSA) is expected to recover to 3.4 percent in 2021 and to accelerate further to 4.1 percent in 2022, from a contraction of 1.8

percent in 2020. The rates of recovery in growth are relatively smaller 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 vaccination rates, coupled with limited fiscal policy spaces in response to the Covid-19 pandemic.

- **Risks to the global growth are dominated by uncertainties around the Covid-19 pandemic, but also include volatile commodity prices, possible tighter financial conditions, and geopolitical tensions.** There are uncertainties regarding the duration of the Covid-19 pandemic and related travel restrictions and lockdowns, and the re-emergence of infections once efforts at containment are relaxed. Another risk to global growth is the associated volatility of international commodity prices. Additional risks are associated with tighter financial conditions that can cause asset prices to fall sharply. 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 economic growth is expected to recover moderately during 2021 and to improve further in 2022, largely supported by better growth for the mining industry as well as base effects.** Real GDP growth is projected to increase to 1.4 percent and 3.4 percent in 2021 and 2022, respectively, from a contraction of 8.0 percent in 2020. These improvements are mainly on account of base effects and better growth prospects in the mining industry and recovery for most industries in the tertiary sector (Appendix IV). Growth projection for 2022 is now adjusted upwards to 3.4 percent, largely in line with better growth expectations for secondary and tertiary industries. The corresponding forecast in the February 2021 update was 3.3 percent.
- **Risks to domestic growth includes new waves of the COVID-19 pandemic, the pace of vaccination roll-outs in Namibia, low international uranium prices and the potential effects of the recent political unrests in South Africa.** Risks to domestic growth includes new waves of the COVID-19 pandemic, which extended travel restrictions in many countries, vaccine hesitancy and the pace of vaccinations in Namibia. Other risks include the persistently low international prices for uranium, which have already squeezed margins of local mines as their long-term supply contracts started to run out. Water supply interruptions that affected mining production at the coast remains a significant risk going forward. The appreciation of the Namibia Dollar is likely to put a further strain on the profitability of exporting companies by reducing their

earnings. The impact of the recent political unrest in South Africa could also put further strain on the economic recovery.

## 2. Global Outlook

**Based on the IMF's World Economic Outlook (WEO) update for July 2021, the global economy is expected to rebound in 2021 and to remain solid in 2022.** Global growth is projected to recover to 6.0 percent in 2021, which is unchanged when compared to the April 2021 WEO projections (Appendix II). Robust demand for products that aid working from home and demand for durable goods have been key factors behind the global recovery since the second half of 2020. Consequently, industrial production has returned to pre-pandemic levels in many economies from a downfall in 2020. On the contrary, consumption of contact-intensive services has remained depressed, however, the re-opening of many economies led to a rebound in the second half of 2020. Moving ahead, the global economy is projected to expand by 4.9 percent over the course of 2022, which is 0.5 percentage points higher than projected in the April 2021 WEO. In addition to IMF global growth projections, the World Bank estimated world growth to rebound to 5.6 percent in 2021 largely driven by advanced economies and large Emerging Market Economies.

### 2.1. Advanced Economies

**Advanced Economies are projected to recover in 2021 and to moderate downwards in 2022.** Growth prospects in advanced economies is expected to increase to 5.6 percent during 2021 before moderating to 4.4 percent in 2022, from an estimated contraction of 4.6 percent in 2020 (Appendix II). Amongst advanced economies, the United States is expected to register the fastest growth during 2021. The medium-term growth for major advanced economies such as Germany and the United Kingdom is expected to rise gradually over the forecast period.

**Economic growth in the United States is expected to increase substantially during 2021 before slowing in 2022.** The US economic growth is projected at 7.0 percent and 4.9 percent in 2021 and 2022, respectively, compared to a contraction of 3.5 percent registered in 2020. The expected higher growth rates reflect the impact of the government fiscal stimulus and a more accommodative monetary policy stance. Moreover, high vaccination coverage in the US is expected to support industrial production and export growth. There is, however, a concern that about 30 percent of the population might refuse to be vaccinated and that will be a major risk for the spread of the Delta variant in the United States.

**The Euro Area economy is expected to recover strongly in 2021 and then to slow slightly in 2022.** The Euro Area growth is projected to increase to 4.6 percent in 2021, and

thereafter moderate slightly to 4.3 percent in 2022. This is an improvement from a contraction of 6.5 percent recorded in 2020. The 2021 growth forecast for the Euro Area is higher by 0.2 percentage points, when compared to the corresponding forecast published in the April 2021, WEO. The expected recovery is mainly ascribed to the uptick in private consumption in Germany, coupled with rising industrial production. The Italian economy is expected to be supported by a surge in summer tourism activity and a decline in Covid-19 related job losses, coupled with stronger domestic demand.

**In the United Kingdom, growth is similarly projected to increase in 2021 but moderate in 2022, from a deep contraction in 2020.** Economic growth in the UK is projected to increase significantly to 7.0 percent in 2021 from a contraction of 9.8 percent recorded in 2020 and thereafter to moderate to 4.8 percent in 2022. The 2021 growth projection for the UK economy was upgraded by 0.6 percentage points when compared to the WEO of April 2021. This upward revision reflects the positive effect of flexibility and adaptability of economic activity to low mobility, and public health responses to Covid-19 infections, supported by the fiscal stimulus announced in the 2021 national budget.

**On the contrary, the 2021 growth for Japan was revised downwards in the July 2021, WEO.** GDP growth in Japan is projected to increase to 2.8 percent and 3.0 percent in 2021 and 2022, respectively, from a contraction of 4.8 percent in 2020. The latest economic growth projections for 2021 reflects a downward revision by 0.5 percentage points compared to the April 2021 WEO, resulting mainly from the country's struggle in containing the Covid-19 outbreak.

## 2.2. Emerging Market and Developing Economies

**Growth in Emerging Market and Developing Economies is expected to be robust, and to support global growth during 2021 and 2022.** Growth in Emerging Markets and Developing Economies (EDMEs) is expected to improve to 6.3 percent in 2021 before moderating to 5.2 percent in 2022. The 2021 forecast for the group was however revised down by 0.4 percentage points in the July 2021, WEO compared to the April 2021 WEO, largely on account of growth markdowns for emerging Asian economies battling to re-emerge from the Covid-19 outbreak. However, growth forecasts in Latin America, the Caribbean and Middle East was revised upwards, reflecting stronger-than-expected outturns during the first quarter of 2021 for these regions.

**Economic growth in China is expected to accelerate in 2021 but ease slightly in 2022.** Growth is projected to increase to 8.1 percent in 2021 and to ease to 5.7 percent in 2022, from a slow growth of 2.3 percent in 2020. The latest growth forecast for 2021 is lower by 0.3 percentage points, when compared to the one published in the April 2021, WEO. Over the medium term, the Chinese economy is expected to be aided by an effective containment of

Covid-19, an aggressive public investment programme and liquidity support by the Central Bank.

**Russia's economic growth is expected to increase in 2021 and ease in 2022.** Real GDP is projected to increase by 4.4 percent in 2021 and to moderate to 3.1 percent in 2022, from a contraction of 3.0 percent in 2020. The expected increase in 2021 is ascribed to an uptick in oil export revenue. Moreover, improved household consumption from higher real wages, increased public investment and pension reforms are expected to boost growth in 2021 and 2022.

**India's economic growth rate is projected to increase in 2021 and to slowdown in 2022.** Growth in India is projected to accelerate to 9.5 percent in 2021 before slowing to 8.5 percent in 2022, from a contraction of 8.0 percent in 2020. The latest growth projection for 2021 is 3.0 percentage points lower relative to the April 2021 WEO projections, reflecting weaker prospects following the severe Covid-19 outbreak experienced between March and May 2021. Over the medium term, growth is anticipated to gradually rise on the back of continued implementation of structural reforms that are expected to raise productivity and incentivise private investment.

**Brazil's economy is projected to recover in 2021 before moderating to 1.9 percent in 2022.** In Brazil, growth is projected to edge up to 5.3 percent from a contraction of 4.1 percent in 2020. Going forward, growth is expected to moderate to 1.9 percent in 2022. The improved growth prospects for 2021 are ascribed mainly to increased exports and stronger private consumption and investment levels.

**Risks to global growth include vaccine resistant variants of Covid-19, natural disasters, possible tightening of financial conditions and geo-political tensions.** The main risks to global growth include the resurgence of the pandemic in the form of vaccine-resistant strains. One important Covid-19 related risk is the impact of the Delta variant, which spreads much faster and more infectious amongst vaccinated people. Although hospitalisations are low for the vaccinated, the Delta variant could lead to more restrictions on movements of people as well as dampening productivity. Moreover, an increased frequency of natural disasters may pose a downside risk to the outlook as natural disasters could also contribute to financial stress, particularly in the insurance sector. There is an increase in natural disasters such as exceptional floods in Europe, Asia, China and United States. Other key downside risks include possible tightening in financial conditions if current inflationary pressures are to persist. Finally, the pre-Covid-19 factors such as geopolitical, trade, and technology risks which continue to be relevant as tensions between the United States and China remain elevated on numerous fronts, including international trade, intellectual property, and cybersecurity. Furthermore, international tensions such as those between United States and Russia, China and Taiwan

and India as well as new tensions in the Middle East between Iran and Israel poses a risk to global growth. On the upside, better global cooperation on vaccines could lead to a sooner-than-anticipated end to the health crisis, which would improve prospects for savings and investment spending by firms.

### 3. Regional Outlook

**Sub-Saharan African economies are projected to recover in 2021 and improve further in 2022.** GDP for Sub-Saharan Africa (SSA) is expected to recover to a growth of 3.4 percent in 2021, before accelerating further to 4.1 percent in 2022. The rates of recovery in growth across SSA economies, however, smaller compared to those in AEs and EMDEs. This is because SSA economies experienced more output losses and had to deal with slower vaccination processes, compounded by limited fiscal policy space in response to the Covid-19 pandemic.

**South Africa's growth is expected to improve in 2021 before slowing in 2022, from a severe contraction in 2020.** South Africa's GDP growth rate is expected to improve to 4.0 percent in 2021 before slowing to 2.2 percent in 2022, from a deep contraction of 7.0 percent in 2020 (Appendix II). The latest projection for 2021 is 0.9 percentage points higher relative to the April 2021 WEO projection. The projected recovery reflects a modestly reduced but continued policy uncertainty in the South African economy. The recent rioting and looting have further underlined the country risks. Over the medium-term, the expected increase in commodity exports due to a recovery in commodity prices supports the outlook. During July 2021, the South African Reserve Bank projected the economy to grow by 4.2 percent in 2021 and by 2.3 percent in 2022. The latest growth projections by both the IMF and South African Reserve Bank appear to have not accounted for the costs of recent riots in KwaZulu Natal and Gauteng provinces, which are estimated to be in excess of 50 billion Rands.

**The Angolan economy is projected to recover marginally in 2021, before improving further in 2022.** Growth in Angola is expected to increase to 0.4 percent and 2.4 percent in 2021 and 2022, respectively, from a contraction of 4.0 percent in 2020. The Angolan economy remains weak, but growth is expected to improve moderately due to higher oil prices, and a projected expansion in the non-oil sector as well as more favourable terms of trade.

**Risks to growth in the SSA region include lack of fiscal space needed to support growth, increasing debt service burden and possible further lockdowns due to low vaccination rates.** Besides the normal uncertainty regarding the global economy, the lack of fiscal space and high levels of debt in the region make it risky for fiscal policy to support the much-needed growth, including in large economies such as Angola and South Africa.

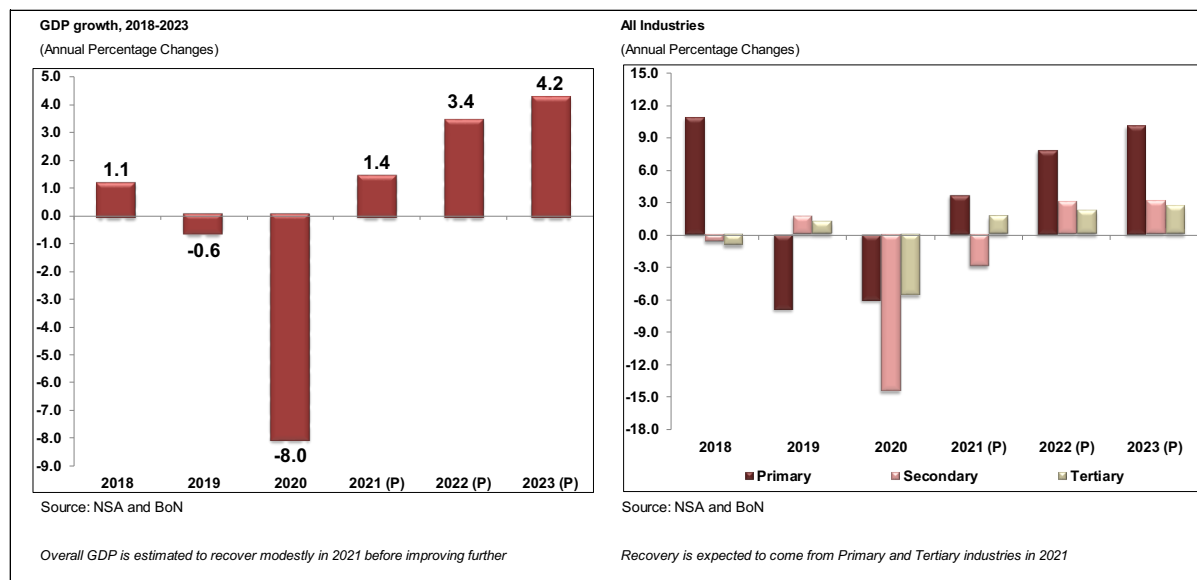
Moreover, medium-term growth in the region is projected to improve, but the debt-service burden is also expected to increase as global financial conditions continue to tighten. These conditions make it difficult for the region to diversify production processes away from resource extraction activities, which are expected to weigh down growth in many economies across the region. The SSA region is one of the regions with low vaccination rates and this poses a risk as new Covid-19 strains could result in further lockdowns. According to the World Health Organisation (WHO), only 1.5 percent of the whole population of Africa was vaccinated against Covid-19 at the beginning of August 2021 and the continent might not reach 10 percent coverage target by December 2021.



## 4. Domestic Outlook

The Namibian economy is expected to recover in 2021 and expand further in 2022, from a deep contraction in 2020. The domestic economy is estimated to grow by 1.4 percent in 2021 and to expand further by 3.4 percent in 2022 (Figure 1). During 2021, the recovery will be driven by increased growth for the mining sector and return to growth for most of tertiary industries as well as base effects. Major tertiary industries such as wholesale and retail trade, hotels and restaurants, transport and storage, and real estate activities are estimated to expand during 2021 after contracting in 2020. Other sectors such as information and communication and health, which registered robust growth rates in 2020, are also expected to grow further in 2021. The latest estimate of 1.4 percent overall GDP growth for the year 2021 is lower by 1.3 percentage points when compared to the corresponding figure published in the February 2021 Economic Outlook update. A significant downward revision was made on growth for diamond mining based on revised output targets by the industry. Moreover, major downward revisions to growth between February 2021 and August 2021 were made to all secondary industries. In general, the revised lower economic growth is largely attributed to the third wave of Covid-19, vaccination hesitancy and slow vaccinations rate in Namibia that was not expected during the February 2021 update.

**Figure 1: Overall growth and growth by major industry**





## 4.1 Primary Industries

**Primary industries are expected to lead economic recovery during the forecast period, supported by strong expansion from diamonds and uranium.** Primary industries are projected to expand by 3.7 percent and 7.8 percent in 2021 and 2022, respectively, from a contraction of 6.1 percent in 2020 (Figure 2). This will be led by improved growth rates for the diamond and uranium mining and steady growth rates for the rest of primary industries.

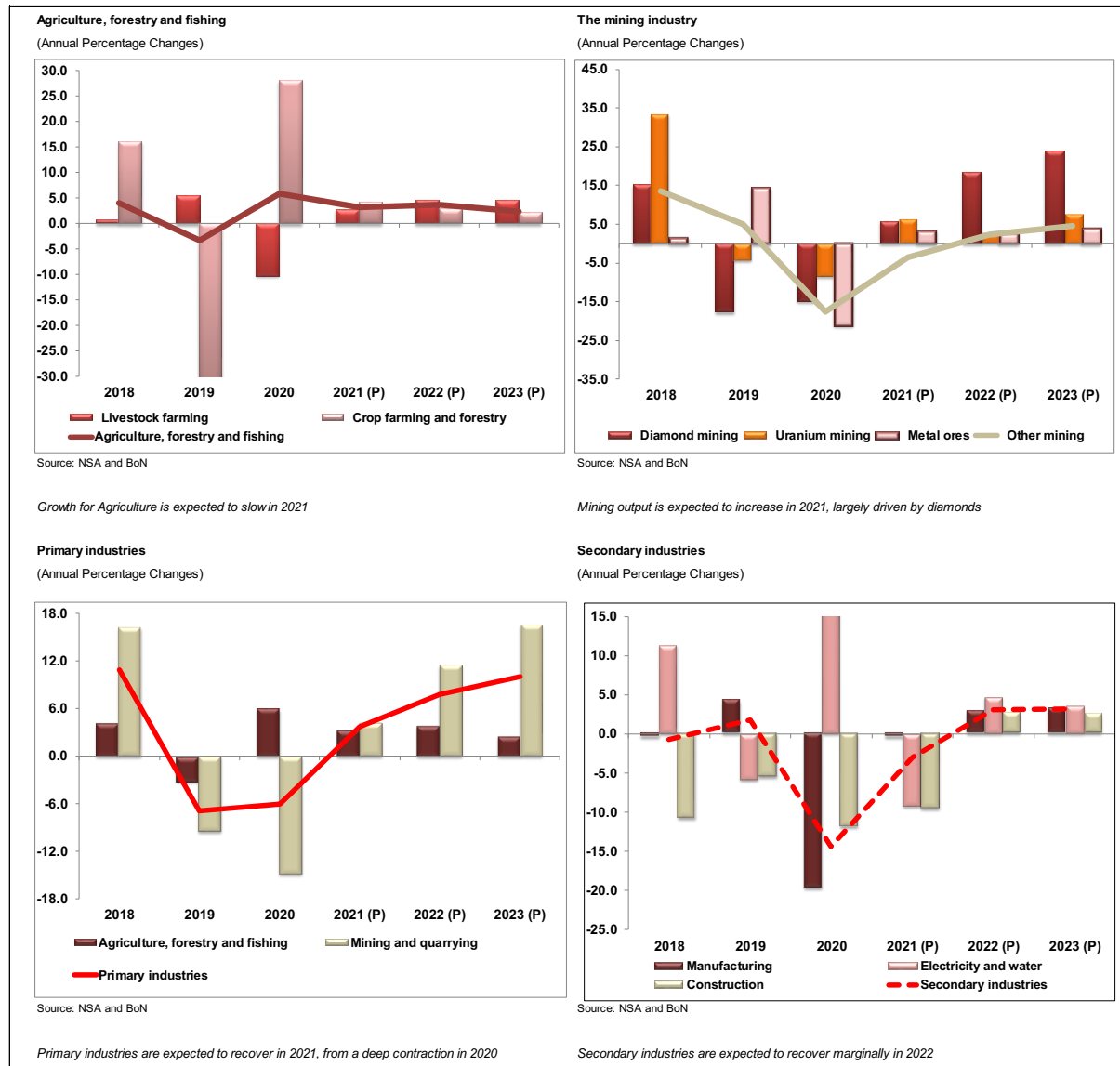
**Growth for agriculture, forestry and fishing is expected to slow, but remain on the positive side during the forecasting period.** The agriculture, forestry and fishing sector is projected to grow by 3.2 percent and 3.7 percent in 2021 and 2022, respectively, representing a slowdown from a 5.9 percent expansion in 2020. Livestock farming is expected to recover from a contraction in 2020, supported by ongoing restocking by farmers. Livestock marketing activities are, however, expected to remain depressed, as reflected by continued declines in both cattle and small stock slaughtered. It is therefore expected that slower marketing activities will be off-set by higher livestock numbers, improved grazing conditions that will lower intermediate consumption costs and lead to some growth in the subsector. During the first five months of 2021, the number of cattle marketing and small stock marketing declined by 30.0 percent and 16.0 percent, respectively, when compared to the corresponding period in 2020. Growth for crop farming is expected to slowdown to 3.0 percent in 2021, mainly due to high base effects as the sector expanded by 76.5 percent in 2020. Destructive rains also negatively impacted harvests for mahangu, dates and grapes this year. Furthermore, the fishing industry is projected to register low growth rates as fishing quotas have largely been maintained and some companies experienced production stoppages linked to Covid-19 cases and labour strikes.

**Diamond mining is anticipated to make a recovery in 2021 and to expand more strongly in 2022, supported by the resumption of production at Elizabeth Bay, the new Debmarine vessel and extension of life of mines for Namdeb Mining.** The diamond mining sector is forecasted to grow by 5.7 percent in 2021, before expanding further by 18.5 percent in 2022. This follows a contraction of 14.9 percent in 2020. The expected recovery in 2021 is mainly due to additional production from Sperrgebiet Diamond Mining (SDM), which acquired the Elizabeth Bay mine. Stronger expansion in 2022 is attributed the new mining vessel of Debmarine coming into production, the ramping up of production at Elizabeth Bay mine and increasing production from Namdeb mining. Global demand for diamonds is improving and the mines are expecting diamond prices to improve starting 2021 onwards.

**Uranium mining is similarly projected to expand during the forecast period as all operational mines are planning to increase production.** The uranium mining sector is expected to grow by 6.4 percent and 3.0 percent in 2021 and 2022, respectively, making a recovery from a contraction of 8.5 percent in 2020. This sector was negatively affected by water supply constraints at the coast in 2020, in addition to existing challenges in the form of low uranium prices and a reduction in long-term supply contracts, which offered higher prices to the mining companies in the past. Although the long-term solution on secure water supply is still needed, the water scarcity at the coastal towns appears to be a lesser problem during 2021. In this regard, mines have installed water storage facilities at mining sites in order to minimise unplanned stoppages due to breaks in water supply. The volumes of uranium produced during the first five months of 2021 were 16.7 percent higher than the production for the corresponding period in 2020, but considering the production targets of mines, such growth is expected to moderate towards 6.4 percent during the last months of 2021.

**The metal ores sub-sector is projected to make a modest recovery in 2021 and 2022.**

The metal ores sector is expected to grow by 3.0 percent and 2.4 percent in 2021 and 2022, respectively, from a contraction of 20.8 percent in 2020. The improved growth in this sub-sector will come from increased production from gold, which is anticipated to offset lost output from zinc and copper.

**Figure 2: Growth in primary and secondary industries**

## 4.2 Secondary Industries

**Secondary industries are projected to contract in 2021 before recovering in 2022.** Secondary industries are projected to contract by 3.0 percent during 2021, largely due to expected declines in electricity and water production as well as the construction sector. Growth in secondary industries is expected to recover to 3.1 percent in 2022 (Appendix III).

**Despite a recovery in water production, losses in electricity generation are expected to weigh heavily on the overall sector in 2021.** Electricity production fell by more than 50 percent during the first quarter of 2021, driven mainly by a sharp decline in power consumption by the mining sector and poor inflows of rain into Kunene River, which feeds the Ruacana Hydro plant, leading to lower power generation. The lower demand for electricity from the mining sector is attributed mainly to poor performance recorded in the production of diamonds,

zinc and gold during the period under review. On a positive note, the water sector experienced a growth of 21.3 percent in the first quarter of 2021, supported by an increase in supply to farmers for irrigation purposes. In this regard, the latest projections suggest that the overall water and electricity sector is set to contract by 9.2 percent in 2021, before recovering by 4.7 percent in 2022.

**The manufacturing sector is projected to contract during 2021 before recovering marginally in 2022.** The manufacturing sector is projected to contract by 0.4 percent in 2021 before growing by 2.8 percent in 2022. The contraction during 2021 is expected to be driven primarily by productivity losses in the *meat processing* sector, which declined by 15.0 percent during the first quarter of 2021. Furthermore, the *basic non-ferrous metals* sector was also severely affected by the reduction in the processing of zinc and copper, with a decline of 89.3 percent recorded in the subsector during the first quarter of 2021. However, strong recoveries in the production of *non-metallic minerals*, diamond processing and beverages are projected to partially offset the losses highlighted above. When compared to the February 2021 Economic Outlook update, significant downward adjustments to 2021 growth rates have been made *on meat processing* and *basic non-ferrous metals* to reflect year to date performance on marketing of cattle and small stock, as well as on the processing of copper blister. Conversely, 2021 growth for non-metallic mineral products was increased substantially, in line with an increase in cement production.

**The construction sector is expected to remain in a contraction during 2021.** The construction sector recorded a decline of 23.9 percent during the first quarter of 2021 because of sharp declines in government expenditure on construction projects and the real value of buildings completed. Major construction projects are expected to face further delays over the course of this year due to constrained cash flows to finance operations, with the latest projections indicating that the sector is set to contract by 9.5 percent in 2021. As the economy normalises, the construction sector is expected to grow by 2.6 percent in 2022.

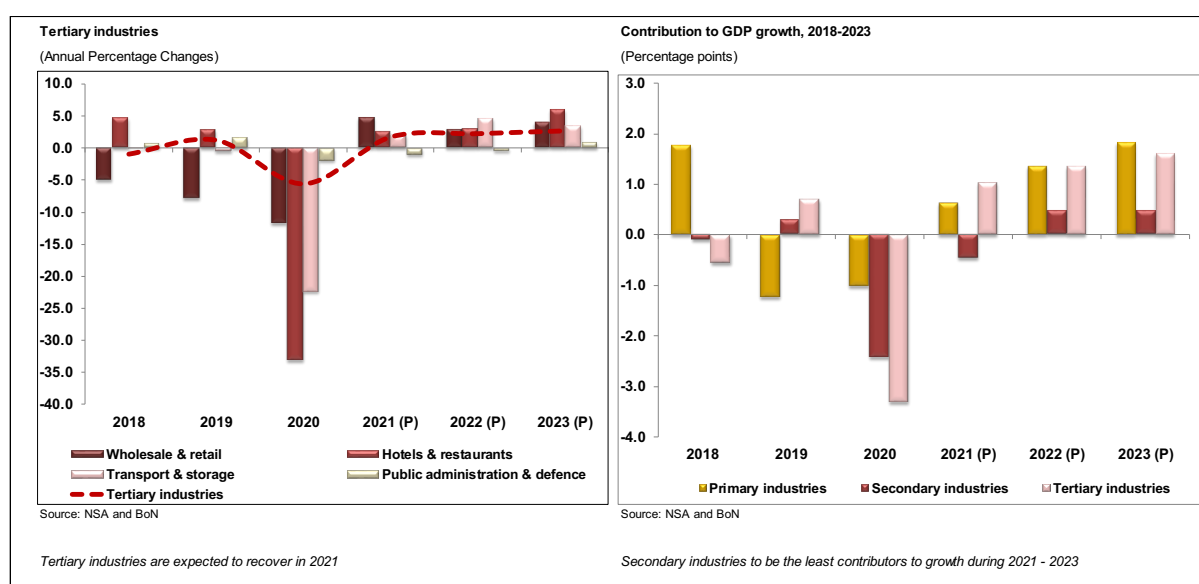
### 4.3 Tertiary Industries

**Tertiary industries are expected to recover during 2021, but to maintain low growth rates during the entire forecasting period.** The tertiary industries are projected to grow by 1.7 percent and 2.2 percent in 2021 and 2022, respectively, which represents an improvement from a 5.6 percent contraction in 2020 (Figure 3). Tertiary industries include sectors that are most affected by the outbreak of the Covid-19 pandemic and are expected to posit low growth rates as the pandemic is expected to remain a health problem. Due to the bigger weight of tertiary industries in Namibia's National Accounts, even mild growth rates contribute significantly to the overall growth.

**The wholesale and retail trade sector is anticipated to expand modestly in 2021 and during 2022, supported by the recovery in the general demand.** The wholesale and retail trade is estimated to grow by 4.7 percent and 2.8 percent in 2021 and 2022, respectively, marking a recovery from a contraction of 11.7 percent in 2020. The 2021 growth in this sector is expected to be broad-based, but with notable improvements for vehicles, furniture and the wholesale subsectors. In nominal terms, wholesale and retail sales rose by 12.9 percent during the first half of 2021, compared to the first half of 2020. This is a relatively high growth given that Covid-19 related lockdown were more pronounced during April and May 2020, giving rise to strong base effects.

**The hotels and restaurants sector is expected to recover marginally in 2021 and to improve further in 2022.** The hotels and restaurants sector deals mostly with visitors from outside the country and it is therefore expected to remain subdued. Growth is estimated at 2.6 percent and 3.0 percent in 2021 and 2022, respectively. The projected recovery in 2021 is expected against a contraction of 33.1 percent registered in 2020 when the Covid-19 pandemic hit and restrictive measures to contain its spread were put in place. The new variants of the virus and slow pace of vaccination in Namibia is likely to delay the full opening of the economy and resumption of both local and international travelling. Tourist establishments such as hotels and lodges are still struggling, especially those that cater for the upper-market segment. The projected growth for 2021 for this sector is purely due to base effects because 2020 lockdowns and travel restrictions were stricter than in 2021.

**Figure 3: Growth in tertiary industries and overall GDP**



**The transport and storage sector is projected to recover marginally during 2021, largely based on low base effects.** The transport and storage sector is projected to grow by 2.0 percent and 4.6 percent in 2021 and 2022, respectively, marking a recovery from a 22.4 percent contraction in 2020. During 2020, the transport sector was affected directly by the imposition of travel restrictions and the resulting disruption to supply chains. Furthermore, the two mines in the copper and zinc subsectors that are now placed under care and maintenance used to contribute to the transportation and logistics as their output was shipped out to international markets. The easing of travel restrictions during 2021 and 2022 is likely to result in positive, but moderate growth rates. On the positive note, the shipment of manganese from South Africa via the port of Luderitz has increased transportation and logistics activities already and this is expected to increase further.

**Growth in real estate activities is expected to remain steady in 2021 before improving in 2022.** Growth in real estate activities is expected to remain steady at 2.8 percent in 2021 before improving to 4.0 percent in 2022, compared to a similar growth of 2.8 percent in 2020. The growth in this sector is expected to be supported by an increase in property transactions linked to the recent drop in property prices as well as an increase in the availability of serviced land.

**Growth for the health services sector is estimated to remain robust in 2021 before slowing slightly in 2022.** Amongst the Government dominated sectors, only the health sector is projected to register significant growth during the forecast period. In this regard, the health sector is projected to grow by 5.3 percent and by 4.5 percent in 2021 and 2022, respectively. The positive outlook is attributed to high expenditures in the public health subsector on the back of the response to the Covid-19 pandemic, coupled with the increase in health staff numbers that are needed to deal with Covid-19 patients. Growth for other major sectors such as public administration and defence and education is expected to remain subdued as Government continues to consolidate and rebuild its fiscal buffers.

**Risks to domestic growth are dominated by new waves of the COVID-19 pandemic, the pace of vaccination roll-outs in Namibia, low international prices for uranium and the potential effects of the recent political unrests in South Africa.** Risks to domestic growth include new waves of the COVID-19 pandemic, causing extension of travel restrictions for many countries, vaccine hesitancy and the pace of vaccinations in Namibia. This may delay the full re-opening of the domestic economy. Other risks include the persistently low international prices for uranium, which have already squeezed margins of local mines as their long-term supply contracts started to run out. Water supply interruptions that affected mining production at the coast have become less severe but remains a significant risk going forward.

The appreciation of the Namibia Dollar is likely to put a further strain on the profitability of exporting companies by reducing their earnings. The impact of the recent political unrest in South Africa could also put further strain on the economic recovery.



## 5. Conclusions

**Global growth is expected to rebound strongly in 2021 before moderating downwards in 2022.** Global growth is projected to recover to 6.0 percent in 2021, led by strong growth prospects in advanced countries and emerging markets in Asia. Robust demand for products that aid working from home and demand for durable goods have been key factors behind the global recovery since the second half of 2020. Consumption of contact-intensive services, however, has remained depressed. Moving ahead, the global economy is projected to expand by 4.9 percent during 2022.

**The Namibian economy is expected to recover moderately during 2021 and to improve further during 2022, supported by better growth for the mining industry and some of tertiary industries.** The domestic economy is projected to grow by 1.4 percent and by 3.4 percent in 2021 and 2022, respectively, representing an improvement from 8.0 percent contraction in 2020. The projected improvements are mainly on base effects and better growth prospects for the mining industry and some other industries in the tertiary sector.

**Risks to domestic growth are currently dominated by the Covid-19 pandemic, vaccination hesitancy, low international prices for uranium, currency appreciation, water supply interruptions and potential effects of the recent political unrest in South Africa.** Risks to domestic growth are dominated by ongoing travel restrictions and slow vaccination rates that may delay the full re-opening of the domestic economy. Other risks include the persistently low international prices for uranium, which have already squeezed margins of local mines as their long-term supply contracts started to run out. Water supply interruptions that affected mining production at the coast have become less severe but remains a significant risk going forward. The appreciation of the Namibia Dollar is likely to put a further strain on the profitability of exporting companies by reducing their earnings. The impact of the recent political unrest in South Africa could also put further strain on the economic recovery. Moreover, Namibia is a dry country and projections on agriculture remain vulnerable to swings in climatic conditions.

## 6. APPENDICES

### Appendix I: Forecasting Assumptions

#### The Real Sector

- Growth in **Agriculture, forestry and fishing** is expected to moderate downwards in 2021, but to remain positive over the forecasting period. Growth in livestock farming is expected to be driven by restocking, while marketing activities are likely to remain low during 2021 and early 2022.
- The **diamond mining** sector is expected to register robust growth rates during the forecast period, especially during 2022 and 2023 when the new mining vessel comes into production. During 2021, diamond mining will increase as a result of additional production from Elizabeth Bay mine, which was placed under care and maintenance since 2019.
- The **uranium mining** sector is anticipated to register an improved growth rate during 2021, following a contraction in 2020. All operational uranium mines are expected to increase production during the forecast period. Challenges from water supply constraints are expected to remain, but moderate compared to the year 2020.
- Growth in **metal ores** is to be supported by higher output from the gold sub-sector, which is expected to offset lost production in zinc and copper subsectors. Gold has the largest weight in metal ores.
- Overall, the domestic economy is expected to start with a gradual recovery during 2021, as most countries open their economies. The **Covid-19 pandemic** is expected to remain a health risk going forward and therefore, we are not expecting fast recoveries in sectors that depend on travelling i.e., hotels and restaurants and transport.

## Appendix II: World Economic Output (annual percentage change)

Regions	Actual		Projections		Differences from April 2021 WEO	
	2019	2020	2021	2022	2021	2022
<b>World Output</b>	<b>2.8</b>	<b>-3.2</b>	<b>6.0</b>	<b>4.9</b>	<b>0.0</b>	<b>0.5</b>
<b>Advanced Economies</b>	<b>1.6</b>	<b>-4.6</b>	<b>5.6</b>	<b>4.4</b>	<b>0.5</b>	<b>0.8</b>
United States	2.2	-3.5	7.0	4.9	0.6	1.4
Euro Area	1.3	-6.5	4.6	4.3	0.2	0.5
Germany	0.6	-4.8	3.6	4.1	0.0	0.7
France	1.8	-8.0	5.8	4.2	0.0	0.0
Italy	0.3	-8.9	4.9	4.2	0.7	0.6
Spain	2.0	-10.8	6.2	5.8	-0.2	1.1
Japan	0.0	-4.7	2.8	3.0	-0.5	0.5
United Kingdom	1.4	-9.8	7.0	4.8	1.7	-0.3
Canada	1.9	-5.3	6.3	4.5	1.3	-0.2
Other Advanced Economies	1.9	-2.0	4.9	3.6	0.5	0.2
<b>Emerging Market and Developing Economies</b>	<b>3.7</b>	<b>-2.1</b>	<b>6.3</b>	<b>5.2</b>	<b>-0.4</b>	<b>-0.2</b>
China	6.0	2.3	8.1	5.7	-0.3	0.1
India	4.0	-7.3	9.5	8.5	-3.0	1.6
Russia	2.0	-3.0	4.4	3.1	0.6	-0.7
Brazil	1.4	-4.1	5.3	1.9	1.6	-0.7
<b>Sub-Saharan Africa</b>	<b>3.2</b>	<b>-1.8</b>	<b>3.4</b>	<b>4.1</b>	<b>0.0</b>	<b>0.1</b>
Nigeria	2.2	-1.8	2.5	2.6	0.0	0.3
South Africa	0.2	-7.0	4.0	2.2	0.9	0.2
Angola	-0.6	-4.0	0.4	2.4	0.0	0.0

Source: IMF World Economic Outlook update, July 2021

## Appendix III: Real GDP Growth (percent)

Industry	2018	2019	2020	2021	2022	2023
Agriculture, forestry and fishing	4.0	-3.2	5.9	3.2	3.7	2.5
Livestock farming	0.7	5.4	-10.2	2.7	4.6	4.5
Crop farming and forestry	16.0	-32.0	76.5	4.2	3.0	2.3
Fishing and fish processing on board	0.1	8.0	-9.4	2.8	3.6	1.0
Mining and quarrying	16.1	-9.5	-14.9	4.1	11.5	16.5
Diamond mining	15.1	-17.7	-14.9	5.7	18.5	23.8
Uranium	33.4	-4.4	-8.5	6.4	3.0	7.8
Metal Ores	1.3	14.0	-20.8	3.0	2.4	3.6
Other mining and quarrying	13.6	5.1	-17.6	-3.6	2.3	4.6
<b>Primary industries</b>	<b>10.8</b>	<b>-6.9</b>	<b>-6.1</b>	<b>3.7</b>	<b>7.8</b>	<b>10.1</b>
Manufacturing	-0.4	4.3	-19.6	-0.4	2.8	3.1
Meat processing	2.9	12.4	-40.8	-31.5	4.6	4.4
Grain Mill products	1.9	11.9	-6.4	3.8	2.7	3.2
Other food products	1.1	4.6	-11.8	1.5	2.1	2.8
Beverages	5.0	17.5	-36.5	4.9	3.0	4.0
Textile and wearing apparel	0.9	-2.3	-3.1	3.7	2.4	2.0
Leather and related products	4.5	-2.0	-12.2	2.8	1.2	3.3
Wood and wood products	-11.5	0.1	9.2	4.8	4.7	4.2
Publishing and Printing	-1.6	-6.7	-14.1	-3.5	0.9	-0.3
Chemical and related products	-3.1	-3.8	-4.4	1.2	1.7	1.5
Rubber and Plastics products	7.0	-2.3	4.1	3.9	4.0	3.0
Non-metallic minerals products	2.3	-3.6	-9.0	27.6	5.6	1.3
Basic non-ferrous metals	-14.6	-1.4	-46.8	-35.9	4.5	5.3
Fabricated Metals	5.5	1.0	-10.7	3.6	2.0	0.3
Diamond processing	6.4	-7.1	-14.1	3.2	4.6	5.3
Other manufacturing	-3.1	12.3	-17.5	1.4	-3.1	-0.8
Electricity and water	11.3	-5.9	18.4	-9.2	4.7	3.6
Construction	-10.7	-5.5	-11.8	-9.5	2.6	2.5
<b>Secondary industries</b>	<b>-0.7</b>	<b>1.7</b>	<b>-14.4</b>	<b>-3.0</b>	<b>3.1</b>	<b>3.1</b>
Wholesale and retail trade, repairs	-5.0	-7.8	-11.7	4.7	2.8	3.9
Hotels and restaurants	4.7	2.8	-33.1	2.6	3.0	6.0
Transport and Storage	-0.1	-0.6	-22.4	2.0	4.6	3.4
Transport	-0.7	-3.4	-26.3	2.8	4.8	3.8
Storage	2.5	10.8	-8.2	-0.3	3.7	2.4
Information and Communication	-2.2	11.9	17.4	7.8	6.4	5.5
Financial and insurance service activities	0.1	12.4	-11.7	2.2	2.6	2.7
Real estate activities	2.7	2.9	2.8	2.8	4.0	4.2
Professional, scientific and technical services	-1.1	-5.7	-5.3	1.7	1.9	1.4
Administrative and support services	0.9	-5.6	-14.5	-2.8	2.3	2.0
Arts, Entertainment & Other Service activities	1.0	2.2	-3.2	3.1	4.7	4.5
Public administration and defence	0.7	1.5	-1.8	-1.0	-0.5	0.9
Education	0.5	1.7	0.1	-1.3	0.8	1.3
Health	-8.9	-1.5	4.8	5.3	4.5	2.0
Private household with employed persons	-2.5	-2.5	-7.6	-1.9	-2.5	1.2
<b>Tertiary industries</b>	<b>-1.0</b>	<b>1.2</b>	<b>-5.6</b>	<b>1.7</b>	<b>2.2</b>	<b>2.7</b>
<b>All industries at basic prices</b>	<b>1.2</b>	<b>-0.3</b>	<b>-7.3</b>	<b>1.3</b>	<b>3.4</b>	<b>4.2</b>
Taxes less subsidies on products	0.4	-4.9	-17.0	2.6	2.8	4.2
<b>GDP at market prices</b>	<b>1.1</b>	<b>-0.6</b>	<b>-8.0</b>	<b>1.4</b>	<b>3.4</b>	<b>4.2</b>

Source: NSA (2018-2020), BoN (2021-2023)

## Appendix IV: Adjustments to real growth rates

	Actual	Current Projections			Differences from February 2021 update		
	2020	2021	2022	2023	2021	2022	2023
Agriculture, forestry and fishing	5.9	3.2	3.7	2.5	-1.2	-1.1	0.2
Livestock farming	-10.2	2.7	4.6	4.5	-4.0	-2.6	0.9
Crop farming and forestry	76.5	4.2	3.0	2.3	0.0	-0.7	-1.0
Fishing and fish processing on board	-9.4	2.8	3.6	1.0	0.0	0.0	0.4
Mining and quarrying	-14.9	4.1	11.5	16.5	-1.3	-0.2	-0.8
Diamond mining	-14.9	5.7	18.5	23.8	-5.4	2.6	4.5
Uranium	-8.5	6.4	3.0	7.8	11.2	-9.1	-23.6
Metal Ores	-20.8	3.0	2.4	3.6	3.0	-1.3	0.9
Other mining and quarrying	-17.6	-3.6	2.3	4.6	-6.4	0.3	2.9
Primary industries	-6.1	3.7	7.8	10.1	-1.3	-0.8	-0.8
Manufacturing	-19.6	-0.4	2.8	3.1	-3.3	0.4	0.4
Meat processing	-40.8	-31.5	4.6	4.4	-36.4	0.6	0.0
Grain Mill products	-6.4	3.8	2.7	3.2	2.4	0.2	1.3
Other food products	-11.8	1.5	2.1	2.8	-1.3	0.0	0.0
Beverages	-36.5	4.9	3.0	4.0	0.0	0.0	0.0
Textile and wearing apparel	-3.1	3.7	2.4	2.0	0.0	4.9	6.5
Leather and related products	-12.2	2.8	1.2	3.3	0.0	-0.3	-0.5
Wood and wood products	9.2	4.8	4.7	4.2	2.8	3.3	1.9
Publishing and Printing	-14.1	-3.5	0.9	-0.3	-7.6	-4.5	-2.7
Chemical and related products	-4.4	1.2	1.7	1.5	-1.1	0.5	-1.1
Rubber and Plastics products	4.1	3.9	4.0	3.0	5.5	7.3	5.4
Non-metallic minerals products	-9.0	27.6	5.6	1.3	23.4	-5.3	-6.4
Basic non-ferrous metals	-46.8	-35.9	4.5	5.3	-38.1	0.9	2.6
Fabricated Metals	-10.7	3.6	2.0	0.3	0.8	3.1	4.2
Diamond processing	-14.1	3.2	4.6	5.3	-0.6	2.0	0.0
Other manufacturing	-17.5	1.4	-3.1	-0.8	1.5	-0.4	0.5
Electricity and water	18.4	-9.2	4.7	3.6	-14.4	0.0	0.0
Construction	-11.8	-9.5	2.6	2.5	-11.0	0.0	-0.5
Secondary industries	-14.4	-3.0	3.1	3.1	-5.9	0.3	0.3
Wholesale and retail trade, repairs	-11.7	4.7	2.8	3.9	1.5	1.4	3.3
Hotels and restaurants	-33.1	2.6	3.0	6.0	-0.6	-3.4	0.4
Transport and Storage	-22.4	2.0	4.6	3.4	0.4	0.5	-0.4
Transport	-26.3	2.8	4.8	3.8	1.2	0.5	0.7
Storage	-8.2	-0.3	3.7	2.4	-1.9	0.6	-3.4
Information and Communication	17.4	7.8	6.4	5.5	2.7	1.6	2.1
Financial and insurance service activities	-11.7	2.2	2.6	2.7	-0.6	-2.3	-1.3
Real estate activities	2.8	2.8	4.0	4.2	-0.2	-0.3	-2.4
Professional, scientific and techical services	-5.3	1.7	1.9	1.4	3.6	4.2	6.1
Administrative and support services	-14.5	-2.8	2.3	2.0	-5.5	-1.3	-3.9
Arts, Entertainment & Other Service activities	-3.2	3.1	4.7	4.5	1.5	3.7	1.6
Public administration and defence	-1.8	-1.0	-0.5	0.9	-1.7	0.0	-1.3
Education	0.1	-1.3	0.8	1.3	-2.6	0.1	1.5
Health	4.8	5.3	4.5	2.0	2.3	3.3	1.4
Private household with employed persons	-7.6	-1.9	-2.5	1.2	-4.2	-4.2	-0.2
Tertiary industries	-5.6	1.7	2.2	2.7	-0.4	0.3	0.3
All industries at basic prices	-7.3	1.3	3.4	4.2	-1.5	0.1	0.1
Taxes less subsidies on products	-17.0	2.6	2.8	4.2	0.3	-0.5	2.0
GDP at market prices	-8.0	1.4	3.4	4.2	-1.4	0.1	0.3

Source: NSA (2018-2020), BoN (2021-2023)

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

<b>Industry</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
Agriculture, forestry and fishing	14,066	12,835	15,931	17,085	18,544	19,840
Livestock farming	5,427	5,194	6,250	6,728	7,399	8,122
Crop farming and forestry	4,118	2,965	5,173	5,673	6,110	6,510
Fishing and fish processing on board	4,521	4,676	4,507	4,685	5,035	5,209
Mining and quarrying	16,013	17,054	17,770	19,669	22,608	26,730
Diamond mining	7,915	5,969	5,525	6,097	7,585	9,882
Uranium	2,218	3,952	4,377	5,158	5,890	6,846
Metal Ores	4,552	5,758	6,800	7,322	7,936	8,647
Other mining and quarrying	1,328	1,374	1,066	1,092	1,197	1,355
<b>Primary industries</b>	<b>30,079</b>	<b>29,889</b>	<b>33,700</b>	<b>36,755</b>	<b>41,152</b>	<b>46,571</b>
Manufacturing	22,269	22,486	19,377	19,943	21,456	23,195
Meat processing	1,426	1,364	985	699	796	882
Grain Mill products	2,240	2,338	2,550	2,696	2,973	3,211
Other food products	5,719	5,613	5,180	5,495	5,977	6,607
Beverages	2,927	2,894	2,459	2,745	2,999	3,313
Textile and wearing apparel	467	486	471	505	526	550
Leather and related products	312	316	265	270	267	271
Wood and wood products	465	470	532	569	613	655
Publishing and Printing	423	435	387	399	424	448
Chemical and related products	997	1,042	1,072	1,134	1,204	1,277
Rubber and Plastics products	352	348	385	417	451	483
Non-metallic minerals products	585	639	590	809	891	956
Basic non-ferrous metals	2,712	2,832	1,262	767	716	694
Fabricated Metals	621	653	571	597	606	609
Diamond processing	2,421	2,352	2,067	2,207	2,375	2,581
Other manufacturing	602	705	602	635	638	657
Electricity and water	6,631	6,304	6,407	6,097	6,752	7,471
Construction	3,739	3,753	3,229	2,977	3,045	3,145
<b>Secondary industries</b>	<b>32,639</b>	<b>32,542</b>	<b>29,013</b>	<b>29,017</b>	<b>31,253</b>	<b>33,811</b>
Wholesale and retail trade, repairs	17,918	18,171	17,014	19,130	20,960	23,219
Hotels and restaurants	3,480	3,758	2,545	2,820	3,085	3,473
Transport and Storage	5,585	5,575	4,510	4,682	5,031	5,326
Transport	4,344	4,213	3,254	3,434	3,736	4,000
Storage	1,241	1,362	1,255	1,248	1,296	1,326
Information and Communication	2,459	2,578	2,789	2,795	2,751	2,692
Financial and insurance service activities	13,976	12,675	11,686	11,292	11,520	11,476
Real estate activities	9,557	10,022	10,095	10,544	11,251	11,862
Professional, scientific and technical services	1,214	1,223	1,171	1,235	1,304	1,376
Administrative and support services	1,896	1,886	1,658	1,694	1,814	1,934
Arts, Entertainment & Other Service activities	3,074	3,304	3,302	3,620	4,022	4,435
Public administration and defence	20,774	21,011	20,447	20,748	21,273	21,869
Education	17,441	18,623	19,253	19,804	21,178	22,462
Health	6,159	6,034	6,575	7,158	7,798	8,234
Private household with employed persons	1,188	1,202	1,135	1,165	1,184	1,244
<b>Tertiary industries</b>	<b>104,724</b>	<b>106,061</b>	<b>102,179</b>	<b>106,687</b>	<b>113,172</b>	<b>119,602</b>
<b>All industries at basic prices</b>	<b>167,442</b>	<b>168,492</b>	<b>164,892</b>	<b>172,458</b>	<b>185,577</b>	<b>199,985</b>
Taxes less subsidies on products	13,612	13,063	11,435	12,177	13,099	14,226
<b>GDP at market prices</b>	<b>181,054</b>	<b>181,555</b>	<b>176,327</b>	<b>184,636</b>	<b>198,676</b>	<b>214,211</b>

Source: NSA (2018-2020), BoN (2021-2023)