BANK OF NAMIBIA

ANNUAL REPORT

1991

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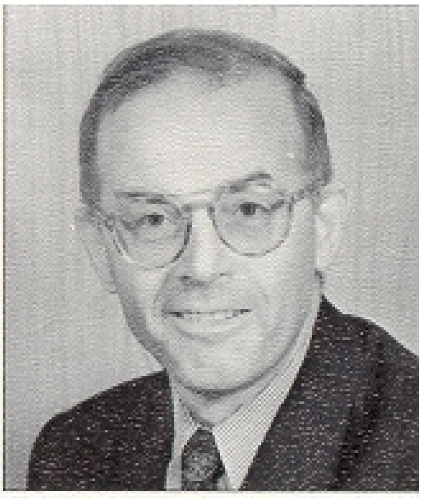
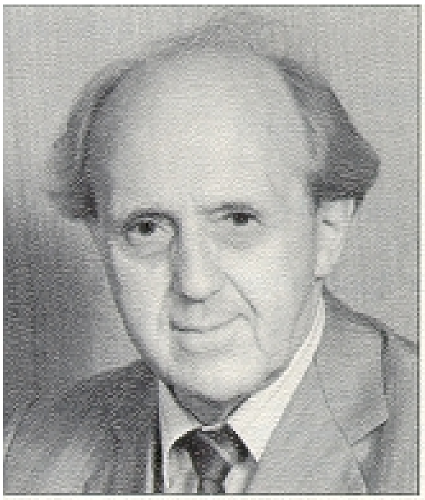
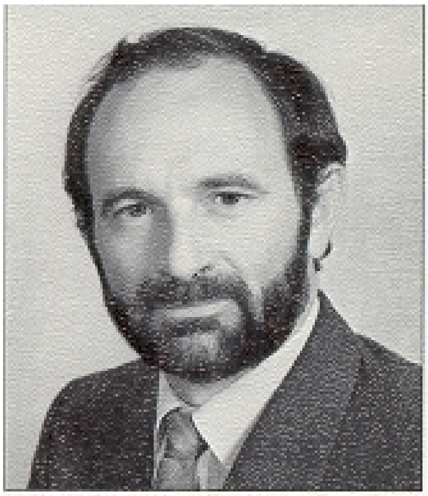
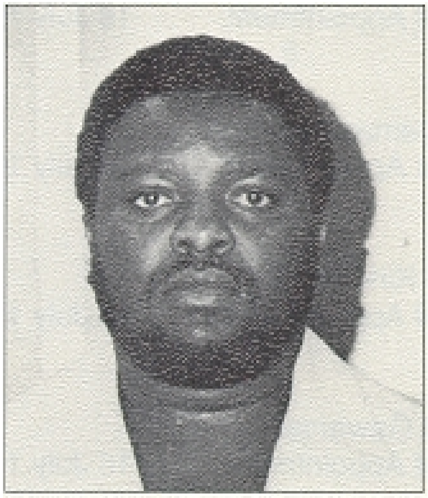
BANK OF NAMIBIA BUILDING

BOARD OF DIRECTORS


Dr W L Benard
Governor


Mr E Karlsson
Deputy - Governor


Mr P W Hartmann


Mr P Damaseb


Miss B Gawanas


Mr E Lule
Secretary to the Board


Mr J S Kirkpatrick

BOARD OF DIRECTORS

Directors

Dr W L Benard	
Governor	
Date of Appointment	16 July 1990 until 31 August 1991
Mr E Karlsson	
Deputy-Governor	
Date of Appointment	16 July 1990
Acting Governor	(since 1 September 1991)
Mr P W Hartmann	
Date of Appointment	16 July 1990
Mr P Damaseb	
Date of Appointment	16 July 1990
Mr J S Kirkpatrick	
Date of Appointment	16 July 1990
Miss B Gawanas	
Date of Appointment	16 July 1990

Registered Office
10 Göring Street
WINDHOEK

PART A

STATE OF THE ECONOMY IN 1991

1. OVERVIEW

1.1 International Background

Economic developments in the world economy proved in many ways disappointing in 1991. Economic growth slowed down for the third consecutive year and unemployment edged upward. In many countries tensions in financial markets mounted with the rising level of non-performing loans.

In the industrialised countries recession remained unexpectedly persistent. Particularly, in the United States a recovery failed to materialise whereas the United Kingdom struggled with the recessionary economy. Positive integration effects in Germany turned out to be short-lived and unable to boost economic growth, and even in Japan economic activity was subdued. The former Soviet Union republics and the Eastern European countries were experiencing sharp reductions in production and upbursts of inflation when implementing major economic reforms. On the other hand, integration in Western Europe inched forward with deadlines set for Economic and Monetary Union and a common currency in the Maastricht summit in December 1991.

Many developing countries continued to suffer from weak world market conditions for their primary product exports. Together with inadequate progress with the debt strategy and domestic policy reforms, the economies of numerous developing countries remained bleak.

While economic activity slackened in the industrial countries, changes in inflation rates were diverse. Notably, inflation accelerated in Germany calling for a tighter monetary policy. In the United States inflation decelerated slightly and in order to strengthen the economy, easing of monetary policy continued. Consequently, the dollar remained weak throughout the year.

The poor performance of the South African economy continued in 1991. Real Gross Domestic Product (GDP) decreased by 0.6 per cent. Inflation accelerated in 1991. While the change in consumer prices over twelve months was 14.6 per cent in December 1990, a year later it was 16.0 per cent. Various factors contributed to the high inflation, specifically the relatively high increases in food prices and the implementation of the value added tax system in September 1991.

Of the other Southern African Customs Union countries Botswana was hit by the world economic recession leading to a declining trend in diamond, mineral and beef exports. Lesotho, where migrant workers' remittances from South Africa are important, was somewhat affected by the gloomy economic developments in South Africa. In Swaziland, on the other hand, economic activity was supported by a strong performance in manufacturing exports.

1.2 The Namibian Economy

As Namibia is a very open economy, the Namibian economy was adversely affected by the sluggish world conditions. Developments in many sectors of the economy were disappointing. According to preliminary data, most mining products experienced lower production levels in 1991. However, thanks to the more than 50 per cent increase in diamond production, the Joining sector's total output in 1991 was pushed to a slightly higher level than in 1990. Together with a considerable increase in fishing, the real GDP increased by 5 per cent in 1991 according to preliminary estimates. The inflation rate, as measured by the twelve-month rise of consumer prices in Windhoek, increased considerably towards the end of the year to 18.1 per cent. However, because the price level was relatively stable during the early part of 1991, the average inflation rate was in 1990 and 1991 at the same level of about 12 per cent.

The outlook for 1992 is darkened by a severe drought, which has destroyed most of the agricultural crop in Namibia. The drought has also endangered livestock breeding in large areas of the country and will lead to substantial destocking. As the drought has affected most Southern African countries as well, importing the necessary food outside the region will be relatively costly.

Reflecting the favourable developments in some sectors in the economy, total estimated budgetary revenue for the fiscal year 1991/92 exceeded somewhat the budgeted revenue. Moreover, as expenditure fell short of the budgeted one, only a relatively small budget deficit was recorded.

The budget proposal for the fiscal year 1992/93 envisages an increase of 9 per cent in total revenue over the estimated revenue of the previous year. Total expected expenditure growth is 26 per cent. The budget deficit with grants regarded as income, of 8.2 per cent of GDP, is proposed to be financed by a rundown of cash balances and by raising loans from domestic and foreign sources.

It is important to note that the statistical data on which this report is based is still currently rather weak. While collection and compilation of money and banking statistics is now being undertaken on a regular basis and considerable efforts have been devoted to obtain balance of payments statistics for Namibia, much remains to be done in improving existing systems for the collection of accurate and timely statistics relating to the various real sectors of the economy.

2. REAL SECTOR AND PRICE DEVELOPMENTS

2.1 Structural Features

Sectoral distribution of output highlights a steady expansion in the share of the tertiary sector in the Gross Domestic Product (GDP) from the mid 1980s. The primary sector, which has traditionally played a leading role in economic developments in Namibia, has continuously declined over the years. With the changes in the contributions of the primary and tertiary sectors offsetting each other, that of the secondary sector has remained virtually unchanged. Significant growth in the tertiary sector came mainly from the general government services. For the most part, growth in the primary and tertiary sectors has dictated the pace of growth and development in the overall economy of Namibia. It should be noted, however, that the labour absorption capacity in the fastest growing sectors has been limited.

During 1991 a transitional three-year Development Plan was prepared. The Development Plan highlights development challenges and problems faced by the different sectors of the economy as well as the envisaged strategies to tackle the problems. In view of the gross disparities in a wide number of aspects (income distribution, access to social amenities and land ownership) the Government has identified four sectors that will receive priority in terms of Government expenditure in an attempt to close the gaps that exist between different groups in Namibia. The priority sectors include education, health, housing and agriculture and rural development. The Plan also made an attempt to present a review of developments in the various sectors of the economy.

2.2 National Output

Recessionary conditions and the slow economic growth in the industrialized countries continued to be the major factors affecting economic growth in Namibia during 1991. In addition, the negative economic growth in South Africa also had a depressing impact on the Namibian economy.

CHART 2.1 SHARES OF PRINCIPAL SECTORS IN GDP

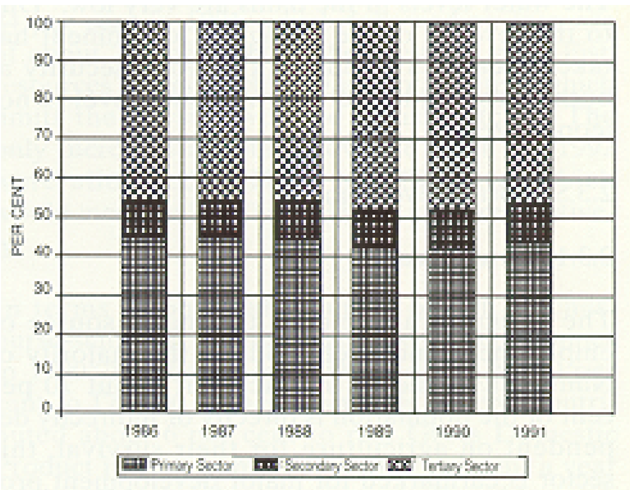
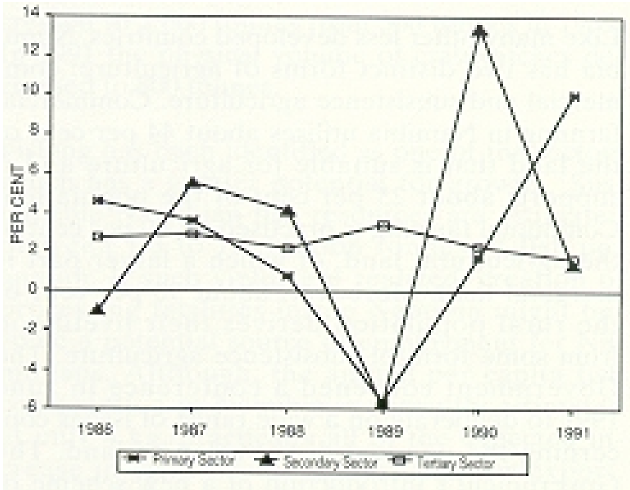


CHART 2.2 CHANGES IN SECTORAL GDP (AT CONSTANT 1985 PRICES)



Notwithstanding the unfavourable external economic conditions, the Namibian economy showed modest improvement in its performance during 1991. Real Gross Domestic Product grew by 5 per cent in 1991, which compares favourably with a revised figure of 3 per cent recorded a year ago. The overall growth of

The GDP was the net result of increases in the real value-added by diamond mining and fishing. In 1991 the volume of diamond mining output increased considerably by 56 per cent, while production in the fishing industry recorded an expansion of 84 per cent.

The higher growth recorded by the diamond sub sector was partly neutralized by declines in the real value of other mining output and consequently, the overall rate of growth for the mining sector rose by 5 per cent, in real terms, during 1991. The value added by the agricultural sector declined slightly by 1 per cent, against a 1 per cent increase recorded in the previous year. Although the subsistence sub sector expanded by nearly 3 per cent, the overall growth in the agricultural sector was obscured by the poor performance in the commercial sub sector.

The drought conditions in Namibia which set in during the early part of the 1991/92 crop season will have a disastrous effect on agricultural production during 1992. A large number of areas, especially those, which are rain fed, have already, experienced total crop failure. Meanwhile, crop production will also be severely reduced in the areas under irrigation due to shortage of water. The water levels in the dams are very low. Due to the severity of the drought, Government has taken measures to ensure that food security at both household level and national level is not jeopardized.

2.3 Sectoral Developments

2.3.1 Agriculture

The agricultural sector is the major source of employment and livelihood for the majority of Namibians. Due to the fact that about 70 per cent of the population is directly or indirectly dependent on agriculture for their survival, this sector is earmarked for major development projects. Both the 1990/1991 and 1991/1992 budgets had put emphasis on agricultural and rural development. Also, a major part of development aid had been channelled into the development of agriculture, particularly in the northern part of the country.

Like many other less developed countries, Namibia has two distinct forms of agriculture: commercial and subsistence agriculture. Commercial farming in Namibia utilises about 44 per cent of the land that is suitable for agriculture and it supports about 25 per cent of the population. Communal farming is practised on 40 per cent of the agricultural land, of which a larger part is marginal land. Moreover, about 90 per cent of the rural population derives their livelihood from some form of subsistence agriculture. The Government convened a conference in June 1991 to deliberate on a wide range of issues concerning the unequal distribution of land. The Government's introduction of a new scheme of “affirmative action loans and advances” is one of the major projects aimed at redressing land ownership imbalances. Under this program, a full-time communal farmer owning at least 150 large stock units or 800 small stock units could qualify for financial assistance. This scheme is not only limited to full-time communal farmers but will also allow other persons to acquire land in the commercial areas.

Livestock, particularly cattle continue to be the major source of agricultural income. Beef production, which occurs in both commercial and communal farming areas, accounts for nearly 90 per cent of the gross agricultural income. The total number of cattle marketed through the foreign markets and the local abattoirs increased markedly by about 45 per cent during 1991.

Unlike in the pre-independence years when beef exports were destined mainly for South Africa, the European Community (EC) now serves as an alternative market for beef exports. Under the Lomé Convention, during the years 1991-95, Namibia is allowed to export 10 000 tonnes of beef annually for the first two years and 13 000 tonnes annually for the remaining three years. The impact of the Lomé Convention on the Namibian beef exports is reflected in the increase of cattle marketed in 1991. During 1991 the EC market absorbed about 9 per cent of the total cattle marketed in Namibia. The number of cattle sold to the South African markets increased by about 60 per cent during 1991 compared with the previous year.

TABLE 2.1 CATTLE MARKETED
(Units of carcass)

Type of Market	1990	1991
RSA-controlled	33953	107864
RSA-open	110629	120399
Overseas	-	42361
Local-abattoirs	141313	156665
Local-butcheries	37565	41813
Total	323460	469102

Source: Ministry of Agriculture, Water and Rural Development

Small stock farming, which includes pigs, sheep, goats, and poultry, forms an important part in the Namibian farming community. Sheep farming is concentrated in the drier southern parts of the country, while goats are more evenly scattered across the country. Pig and poultry farming is still relatively undeveloped.

The small stock marketed through both the local and the South African markets increased by 9 per cent between 1990 and 1991 to 1.2 million carcasses (Table 2.2). Compared with 1990, the first and fourth quarters of 1991 witnessed substantial increases in sales. There was an increase of 41 and 54 per cent for the first and fourth quarters of 1991, respectively.

TABLE 2.2 SMALL STOCK MARKETED
(Units of carcass)

Type of Market	1990	1991
RSA-controlled	332752	424431
RSA-open	520801	515820
Overseas	-	-
Local-abattoirs	101975	108777
Local-butcheries	132676	141557
Total	1088204	1190585

Source: Ministry of Agriculture, Water and Rural Development

During 1990, almost all karakul pelts produced were exported, raising over R13 million for the Namibian karakul farmers.

The drought, which is affecting Namibia currently, will have negative impact on small stock farmers' income. Given the fact that the whole of Southern Africa is affected by drought, the South African markets could be flooded with supplies of meat. Most farmers would probably sell their flocks of sheep and goats to avoid losing them to drought. This could result in lower prices for all meat types and could also result in a substantial reduction of farmers' income.

Wheat production in the commercial sector for 1990 was 4 293 tonnes (Table 2.3), representing about 13 per cent of the total national requirement. In the 1991/92 season, however, wheat production increased by about 50 per cent to 6 400 tonnes. A major portion of the Namibian wheat consumption is imported from the Republic of South Africa. Total maize production in 1990 was 1 600 tonnes and 29 000 tonnes of yellow and white maize, respectively. For the 1990/91 season, production increased to 33 150 tonnes of white maize and 1 915 tonnes of yellow maize.

The drought situation in Namibia will have a negative impact on crop production in the 1991/92-crop season. The forecast figure of 50 000 tonnes of maize production for the current season has become a dream due to lack of sufficient rainfall to sustain such production expectation. This grim situation of drought prompted a debate in parliament in which the importation of maize was considered.

TABLE 2.3 AGRICULTURAL PRODUCTION-COMMERCIAL SECTOR (Tonnes)

Product	1990	1991
Wheat	4293	6400
Yellow Maize	1555	1915
White Maize	29089	33150
Sunflower	611	108

Source: Agronomic Board

2.3.2 Fishing

The fishing industry is one of the industries that has directly been affected by the independence of Namibia. All fish catches in the 200 nautical mile Exclusive Economic Zone are now officially accounted for in the gross domestic product of Namibia. Fishing's real value added increased by 84 per cent in 1991, which followed an increase of about 200 per cent in the previous year. Fish resources are protected by a quota system, which limits the physical volume of fish catches. The only increases in total allowable catch for 1992 were allocated to Hake and Pilchard, which would increase by'50 and 33 per cent, respectively.

In terms of physical volumes of fish catches, purse-seine net fish catches were 247 000 tonnes in 1990. The figure for 1991 declined by 30 per cent to 172 000 tonnes. Fishing in general contributed about 6 per cent to real Gross Domestic Product in 1991 compared with 3 per cent a year earlier. Despite the higher total allowable catch provision made for crab and rock lobster, substantial reduction in catches for these two types of seafood were experienced in 1991. Physical catches for crab in particular, showed a steady decline during the period 1981 to 1989. However, this trend was reversed in 1990 when it increased to 2 600 tonnes from 500 tonnes in 1989. In 1991 the physical volume of crab catches decreased to 800 tonnes.

Fishing has been identified as one of the sectors, which has a greater potential for growth. Sustainable Namibian fish resources are estimated between 1.3 to 1.5 million tonnes of fish per annum. If such yields are realized, creation of processing facilities inside Namibia might become a potential source of employment for Namibians. Although, the annual per capita fish consumption in Namibia is currently estimated at only 4 kg, practically all of the expected increase in yield would be available for export. The Government intends to undertake the promotion of fish consumption in Namibia.

Due to the nature and potential growth of the fishing sector, Namibia would need the participation of foreign investors to assist in the development of this important industry. The Government is considering a mix of policies to open ways for foreign investors to participate in the development of the fishing industry. In addition, the State plans to render its support through the creation of a parastatal to be known as the Namibian Fisheries Development Corporation.

Under the Namibianization arrangement as outlined by the Ministry of Fisheries and Marine Resources, a quota system is introduced to promote Namibianization of the sector. Fishing licences for the Namibian vessels are given for much longer periods than those given to foreign vessels.

2.3.3 Mining

The mining sector has been the major driving force in the Namibian economy and it will continue to play a leading role in the economic development of this country for years to come. The dominance of the mining sector in the Namibian economy is evident in terms of the sector's contribution to GDP and its overwhelming share in exports. The value-added by the mining sector increased to R870 million in 1991 compared with the figure of R828 million recorded in the previous year. This was due to an increase in diamond mining, which recorded a substantial growth of 56 per cent. However, the mining sector as a whole experienced tough economic conditions during 1991. Excluding diamonds, the mining sector's value-added declined by 20 per cent during 1991. Total employment in the sector declined substantially to about 12 000 employees from about 14 000 a year ago.

Owing to uncertainties about the political settlement in the country, the mining sector had experienced long periods of inactivity in terms of investments in new technology and exploration, which partly resulted in the stagnation of the industry. Mining output has been declining since the 1980s. Mineral ore bodies at old mining sites have declined substantially and some mines are set to close down within a few years. Although, the northern parts of the country are believed to have the geological formation that is likely to contain a wide variety of minerals, exploration in these areas was hampered by the long liberation struggle. Prospecting for new minerals, notwithstanding the slump in world prices for most metals, has experienced a revival since independence. With the surge in investments in new technology and exploration, the long-term prospects in the mining industry look brighter.

Recessionary conditions and slow growth, which had gripped the industrialised countries since 1989, have had a dampening effect on the demand for most minerals. In addition, large sales from the former Soviet Union and Eastern Europe as well as China have resulted in a glut in minerals in the world market hence driving the prices for most minerals to rock bottom levels. Prices for most minerals weakened further in 1991 from the low levels experienced the previous year. Against this background, the short-term growth prospects for recovery in the mining industry look uncertain.

As the mining industry experienced unfavourable economic conditions during 1991, a few mines instituted a series of production cutbacks in order to streamline their production levels to the low prices they were facing. Meanwhile, the Lead and Zinc mine suspended production pending an improvement in world metal prices.

2.3.3.1 Diamonds

Diamond production has declined steadily since the 1970s from an annual output of 1.5 million carats to about 0.75 million carats in 1990. In 1991 production increased substantially to about 1.2 million carats. This increase in production of almost 60 per cent reflected contributions by the new mines at Auchas, Elizabeth Bay and Chameis, as well as higher production from the offshore operations. There was also a significant increase from the traditional land areas due to technological advancement in the extraction methods.

Production at the old sites is expected to decline gradually though production at the new operations is likely to maintain the present levels.

New methods to extend the life span of the existing operations were being explored. The largest of the ore bodies onshore, in the fossil beaches along a 100-kilometre strip of coast northwards from the Orange River, has been mined for the past 60 years. Diamond mining at Oranjemund has now been estimated to last for another 10 years. However, there are possibilities that production can be sustained by shifting emphasis to offshore production.

2.3.3.2 Uranium

Uranium production at the Rössing uranium mine, which has a potential to produce about *5* 000 short tons of uranium oxide was 64 per cent of its capacity in 1991. During 1991 a set of production cutbacks were instituted, and by the end of the year output was reduced to 2 500 short tons. Consequently, 750 employees were laid off, reducing the workforce to about 1 500. The mine's total workforce during peak periods had averaged 3 200.

World demand for uranium is expected to grow from 45 000 tons in 1990 to about 56 000 tons by 2010, which represents an annual growth of about 2 per cent. Ore reserves in Namibia are estimated at about 91 000 tons and the cost for mining these ores is estimated at US$80 per kilogram which makes Namibia one of the world's low-cost producers of uranium.

2.3.3.3 Other minerals

For many years the extraction and mining of base metals have contributed significantly to the overall mining production in Namibia. The value-added by base metals has averaged 30 per cent of the total value of mining output for the past decade or so. Presently, the Namibian base metals production is faced with a major problem of declining ores. Thus, the combined effect of declining ores and lower prices has negatively affected the operations of the base metals mines. Prices of base metals have declined substantially. In 1990 the price of copper (cash wire bars) was US$1 497 per metric ton. This had declined to below US$1 320 per ton in 1991. Similarly, the prices of lead and zinc declined during 1991 by 32 per cent and 26 per cent respectively.

Owing mainly to the decline in ore bodies the Tsumeb mine, one of the largest and oldest base metals mine, is expected to close down in about three years time or so. In order to operate profitably the smelter complex at the Tsumeb mine, copper concentrates from other mines (Otjihase and Kombat) are being processed in Tsumeb, while lead concentrates have in the recent past been imported from Australia in order to keep the smelter in operation. However, this does not offer a long-term and economically viable alternative.

In the interim, efforts are being intensified to find new ore bodies in the vicinity of the Tsumeb-Kombat area. There are indications that the copper deposits at Tschudi west of Tsumeb may be a viable alternative.

2.3.4 Manufacturing

The manufacturing sector's base is small in Namibia and its contribution to GDP remains relatively modest. Similarly, its capacity to absorb a large number of employees is also limited. In 1991 the share of the manufacturing sector in GDP was 4 per cent, while it employed only 5 per cent of the total labour force in 1989. Gross domestic fixed investments in this sector have been relatively small, remaining slightly unchanged at R8 million in 1991 from the previous year.

According to the 1989 Industrial Survey, food and beverage production dominates the manufacturing industry in Namibia. This sub sector accounted for 53 per cent of the total employment in the manufacturing sector in 1989. Other manufacturing concerns of significance in terms of employment generation are metal products, non-metal mineral products and wood products and furniture which together accounted for about 33 per cent of total employment in the manufacturing sector. Meanwhile the textiles and leather industries are very small, generating employment opportunities for only 4 per cent of the total employment in the sector. It is noteworthy to observe that the structure of the manufacturing industry is related to the country's natural resources. For example, meat packaging, fish processing and mineral processing are the major industries. Accordingly, livestock production, fishing and mining are the dominant sectors of the Namibian economy.

The problems facing the sector include, among others, the limited domestic market, high transport costs to and from markets, relatively less favourable financial incentives, and lack of skilled manpower.
Against this background, the industrial development strategy of the Government is to create a conductive environment to support the growth and development of the manufacturing sector. To this end, the Government intends to provide the necessary incentives to enable the private sector to expand the manufacturing activities. In addition, the Government will establish institutions that would promote the growth of industrial development in the country. The institutions envisaged include, in addition to the Investment Centre, which is already in existence, an Industrial Development Corporation, a Development Bank and a Technology Centre.

The size of the Namibian population at 1.4 million necessitates that any large manufacturing concern should look beyond the Namibian borders to sell its products. Manufacturers in Namibia are likely to benefit from positive political developments unfolding in Angola. With the reconstruction program scheduled to start immediately after the general elections in Angola towards the end of 1992, the manufacturers in Namibia are likely to experience a boost in sales.

In addition, the construction of the Trans-Kalahari and Trans-Caprivi highways will serve as gateways to larger markets in the neighbouring countries (Zambia, Zimbabwe and South Africa) and even further inland to Zaire.

2.3.5 Construction

Owing largely to the low levels of real fixed investments in the building and construction works, the construction sector experienced relatively slower growth, declining at 2 per cent per annum during the past five years. The increased activity in the building sub sector seen towards the end of 1990 and which continued into the early part of 1991 boosted somewhat the contribution of the construction industry to the aggregate output. The construction of the Trans-Kalahari and Trans-Caprivi highways, which commenced during 1991, was also positive developments in the construction sector. During 1991 the value added by this sector rose by 2 per cent compared with a decline of 10 per cent recorded in the previous year.

The total value of building plans passed in 1991 was R230 million compared with R151 million a year ago. However, the total value of buildings completed declined by 14 per cent during 1991, reflecting the calming down of office building activity in the Central Business District of the capital Windhoek. In terms of the value of building plans passed, there is considerable demand for residential and industrial units, whereas major decreases were recorded in the commercial and institutional buildings.

2.3.6 Tourism

Tourism is one of the most important sectors in Namibia in terms of its potential for growth and employment generation, especially in the rural areas. Its contribution to GDP during 1991 was estimated at R200 million. Most importantly, the tourism activity in Namibia can still be increased without having disastrous effects on the environment.

During 1991 about 320 000 people visited the rest camps and game reserves throughout Namibia, representing an increase of 6 per cent over the previous year. Of the total number of tourists about 60 per cent were foreigners. The number of foreign visitors increased significantly to 190 000 in 1991 from 160 000 in 1990.

In 1991 the number of beds sold increased by 11 per cent to 418 000 over the previous year. The average room occupancy rate remained unchanged at about 40 per cent during 1991.

2.4 Employment

According to the study conducted in 1990 by the International Labour Organisation (ILO), the Namibian labour force is estimated at about 500 000, of which 50 per cent is engaged in subsistence activities, agriculture, or in small informal-sector businesses. Total paid employment in 1990, including unregistered wage employees in domestic service, commercial agriculture, and other sectors, was 43 per cent of the labour force. On sectoral basis, Government was the largest employer (30 per cent), followed by agriculture (20 per cent), community and personal services (16 per cent) and trade (15 per cent).

In 1989 the number of unemployed persons was estimated between 30 000 and 80 000.1 A large number of the unemployed are unskilled labourers. Unemployment has risen since independence as a result of the demobilisation of some 53 000 combatants. The repatriation of 44 000 exiles has added to the labour force. According to the ILO, about 25 to 30 per cent of the labour force in the formal sector is unemployed, while about two-thirds of those in the subsistence sector are underemployed. The ILO estimates that most of the labour force in subsistence agriculture and, to some extent, those in the informal sector engage in low-income, low productivity work. Others, such as casual labourers and seasonal farm workers, may be underemployed due to insufficient work throughout the year.

The gaps in average rural and urban income (in 1988 per capita income for wage employment was R585 compared with R55 for subsistence income) remain large, adding a strong incentive for the rural population to migrate to towns, even though chances of getting wage employment are very low.

There are about 16 500 new entrants to the labour market every year, while there are only 4 500 new jobs being created. The key to bridging this gap is to create more jobs in the informal sector, small farming, trading, crafts, repairs and other similar work. Thus, this requires boosting the informal sector particularly in towns, for instance, to replace consumer goods imported.

2.5 Population Census

During 1991 a population and housing census was conducted. Unlike the previous population censuses, which relied on estimates for the northern part of the country, the coverage for the 1991 population census was fairly accurate. The provisional results indicate that the total population of Namibia was 1.4 million in 1991, while the capital city, Windhoek, recorded 160 000 inhabitants. Although a detailed analysis of the census is not yet available, provisional figures indicate that more than 50 per cent of the Namibian population are under the age of 21.

2.6 Price Developments

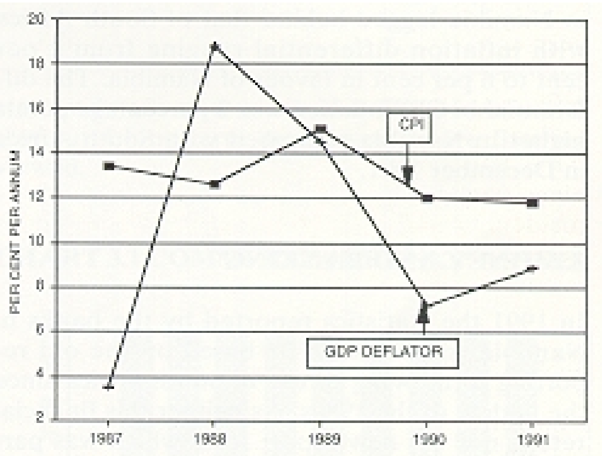
Inflation in Namibia is to a large extent imported inflation, transmitted through South African import prices with a relatively short time lag of about 1-2 months. Namibia having no currency of its own, thus finds itself largely with very little policy instruments to mitigate the effects of imported inflation from South Africa.

The deceleration in the Namibian inflation, which started in the fourth quarter of 1990, continued until the end of the first half of 1991. Inflation in Namibia, as measured by the Consumer Price Index (CPI) for Windhoek, averaged 11.8 per cent in 1991 compared with 12 per cent in 1990. During the first half of 1991, the CPI averaged 9.6 per cent, the lowest rate recorded since the first quarter of 1984 when the CPI averaged 8.6 per cent. The major contributory factor was the slowdown in inflationary pressures prevailing in South Africa. In addition, petroleum prices, which rose significantly before the start of the Gulf war started to decline during the first quarter of 1991. During the 1990/91-crop year, Namibia experienced a record production, resulting in reduced food imports from South Africa. The food sub index of the consumer price index has averaged 6 per cent in 1991, compared with 14.7 per cent a year ago. Thus, the combined effect of these factors had a moderate downward impact on the overall rate of increase in the consumer price index during the first quarter of 1991.

In November the year-on-year rate of increase in the consumer price index rose sharply to 16.7 per cent, and continued to increase at relatively high levels, reaching a peak of 20,5 per cent in April 1992. On an itemized basis, the highest rates for the year were recorded on the following sub indexes: cigarettes and tobacco (40 per cent), (clothing and footwear (23 per cent), alcoholic drinks (22 per cent), (furniture and equipment (20 per cent) and transport (13 per cent). Housing and food sub indexes recorded the lowest increases, rising by about 6 per cent each. The higher inflation during the latter part of the year reflected partly the increases in prices due to the introduction of the value-added tax (VAT) in South Africa on 30 September. Technically, imports from South Africa were supposed to be zero-rated, tending to make the impact of the VAT neutral. In addition, increases in fuel prices effected towards the end of the year also added to the acceleration in the rate of increase in the consumer price index. The transport sub index of the consumer price index rose substantially during November and December recording 20.3 per cent and 19.2 per cent respectively.

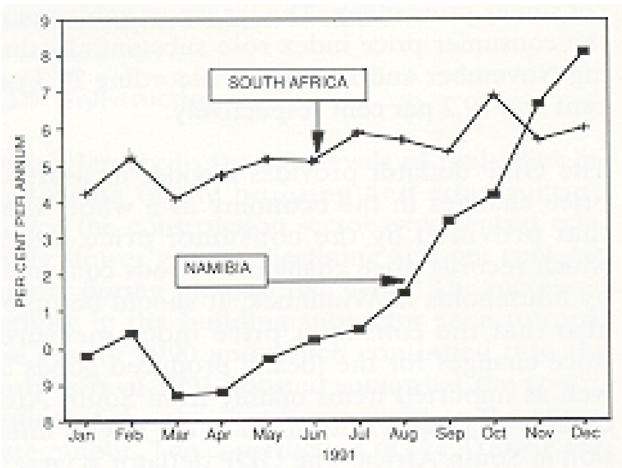
The GDP deflator provides a wider measure of price changes in the economy as a whole than that provided by the consumer price index, which records price changes of goods consumed by households in Windhoek. It should be noted also that the consumer price index measures price changes for the locally produced goods as well as imported items mainly from South Africa, and as a result it is linked to the rate of inflation in South Africa. The movements in the exchange rates as well as the world prices of minerals largely influence the GDP deflator. Hence the wide gaps between the two indexes.

CHART 2.3 INFLATION IN NAMIBIA



Namibia's output inflation, as determined by the changes in the GDP deflator, fluctuates widely from one year to the other. Over the five-year period, as displayed in Chart 2.3, the GDP deflator ranged from a peak of 18.5 per cent in 1988 to a low of 2.9 per cent in 1990. The peak in the GDP deflator reflected huge increases in mineral export earnings as a result of a steep decline of the rand against the US dollar in 1988. In 1991 the increase in the GDP deflator rose to 10.0 per cent from 2.9 per cent recorded in the previous year. The increase in the GDP deflator reflected the modest increases in the value added for diamonds and fishing.

CHART 2.4 CONSUMER PRICES



As the vast majority, i.e. 90 per cent, of consumption goods are imported from South Africa inflation in Namibia is closely linked to that in South Africa. During 1991 the rate of increase in the consumer price index in South Africa showed a slightly increasing trend. Apart from the last two months of 1991 the rate of inflation in Namibia lagged behind that of South Africa with inflation differential ranging from 2 per cent to 6 per cent in favour of Namibia. The differential in CPI inflation was 2 percentage points higher in Namibia compared with South Africa in December 1991.

3. MONEY AND BANKING

In 1991 the statistics reported by the banks in Namibia continued to be based on the old reporting form being in use in South Africa since the middle of the 1980s. As neither this financial return nor the new report form which was part of the major revision of reporting forms undertaken by the South African Reserve Bank in early 1991, were found to be suitable, a new reporting form was designed in 1991 to correspond to Namibian circumstances.

Therefore, during the reporting year the distinction between residents and non-residents, as well as the proper sectorisation and maturity breakdown of banking data were incorporated in the new form. The banks according to the new form, reported the first set of statistics for December 1991. The release of money and banking statistics to the public commenced on a regular monthly basis with the release of data for December 1991.

Historical monetary statistics for Namibia have been compiled for the past nine years. The data is quarterly for the years 1983-89 and monthly thereafter. Also, time series of interest rates have been prepared for the past five years.

Considerable effort has been devoted to training of the local staff so that the monetary statistics can be compiled and released on an accurate and timely basis. A training document has been prepared which contains the compilation procedures in detail.

3.1 Monetary Survey

A monetary survey consolidates the assets and liabilities of the banking sector and the central bank. Thus, in Namibia the monetary survey covers the five commercial banks and the Bank of Namibia. As the survey summarises the financial relationship between the banking system and the rest of the economy, it can be used to study developments in the money aggregates and the banking system's other liabilities and assets in relation to the rest of the economy. More generally, the monetary survey also can be utilised to assess the underlying soundness of the financial system. Also, broad trends in economic activity can be appraised, which is important because other macro-economic statistics for Namibia are not well established at present.

As Namibia does not yet have its own currency, there is no entry for currency in circulation, representing the liability of the central bank in the monetary survey. Therefore, the commercial banks' rand currency cash is entered separately in other items in the liabilities of the monetary survey. After introduction of the new currency, currency holdings of the banks will cancel out in the monetary survey.

According to Table 3.1, depicting the main items of the monetary survey, the share of net foreign assets of total assets increased to nearly one third at the end of 1991. However, this share is an underestimate because it does not contain the foreign exchange reserves, which the central bank would have acquired as a counterpart to its liabilities for currency in circulation. The rest of the assets in the survey consist of domestic credit. In 1991 the Central Government increased its net claims on the banking system by R122 million to R315 million reflecting its continued favourable cash position. Thus, the Central Government remained a significant source of funding to the banking system. Claims on the private sector rose by 17 per cent during 1991, and accounted for 81 per cent of the assets of the banking system. Claims on other sectors amounted to R72 million at the end of 1991.

TABLE 3.1 MONETARY SURVEY (end of period in R million)

	1990 Revised	*1991*
ASSETS:		
Net foreign assets	291.2	618.5
Domestic credit	1233.6	1357.4
Claims on government (net)	-192.7	-314.9
Claims on the private sector	1372.6	1599.9
Other claims	53.7	72.4
Total assets	1524.8	1975.9
LIABILITIES:		
Money (demand deposits only)	614.3	822.0
Quasi-money	863.1	1103.1
Other items (net)	47.4	50.8
Total liabilities	1524.8	1975.9

Source: Bank of Namibia

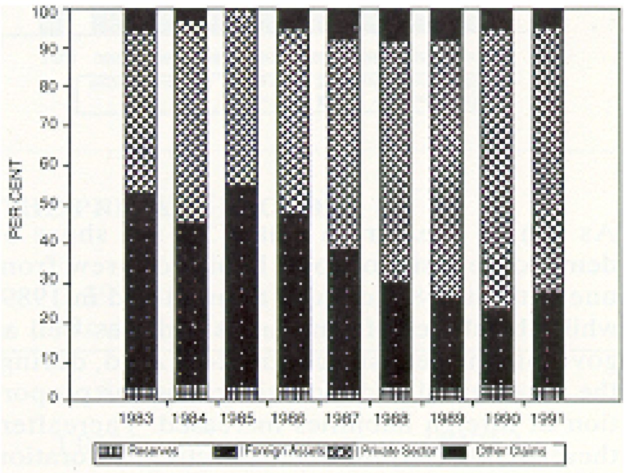
The liabilities included in the monetary survey, apart from minor items, represent the total money supply (broad money) of the economy. Because currency in circulation is not recorded in the survey, money consists only of demand deposits, which made up 42 per cent of total liabilities as at the end of 1991. Thus, the bulk of the broad money supply was made up of so-called quasi-money, consisting of time, savings and foreign currency deposits.

Total assets/liabilities of the monetary survey increased by R451 million in 1991, i.e. by 30 per cent. This rapid growth reflects both the growth in nominal economic activity, and the recovery from the sluggish development a year earlier. Of the two monetary aggregates, demand deposits increased slightly faster than quasi-money. Net foreign assets more than doubled against an increase of only 10 per cent in domestic credit, reflecting still sluggish loan demand and limited domestic money and capital market instruments available.

3.2 Commercial Banks

At the end of 1991 the banking sector in Namibia comprised five commercial banks (deposit money banks) all of which were incorporated in Namibia and substantially foreign-owned. As mentioned above, historical statistics for the commercial banks according to international standards are now available. Therefore, some structural long-term developments are first reviewed.

CHART 3.1 COMMERCIAL BANKS' ASSETS



In 1983 - 1991 total assets of the commercial banks increased more than threefold to R2 383 million. The share of foreign assets in total assets steadily decreased from 50 per cent to around 25 per cent. Correspondingly, the proportion of the claims on private sector increased from 40 per cent to nearly 70 per cent reflecting growth in domestic lending activity of banks (Chart 3.1).

CHART 3.2 COMMERCIAL BANKS' LIABILITIES

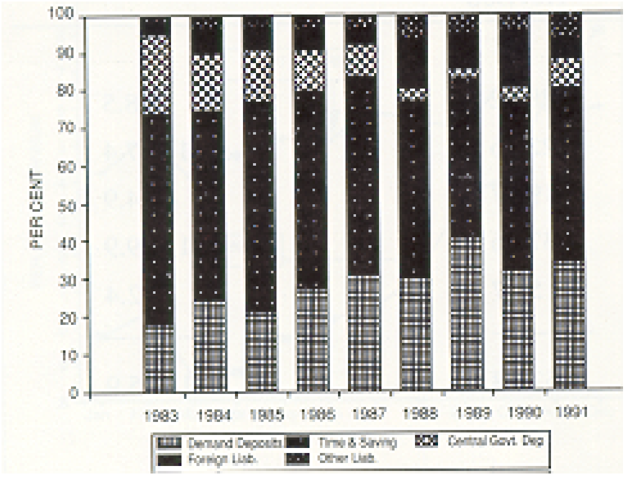
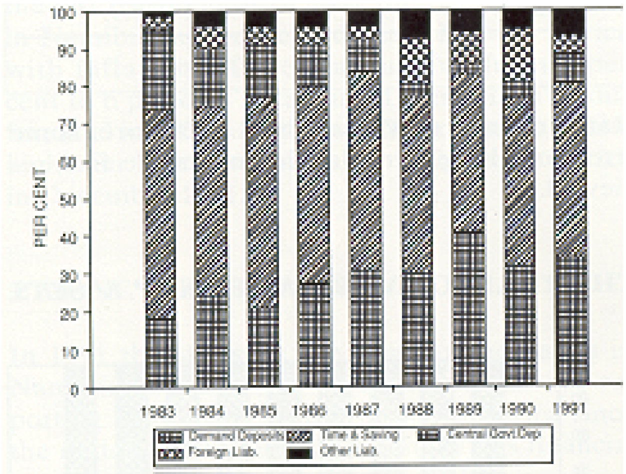


CHART 3.3 COMMERCIAL BANKS' CLAIMS ON THE PRIVATE SECTOR



As can be seen from Chart 3.2 the share of demand deposits of total liabilities grew from one fifth in 1983 to more than a third As can be seen from Chart 3.2 the share of demand deposits of total liabilities grew from one fifth in 1983 to more than a third in 1989, while the shares of time and savings as well as government deposits contracted. Also, during the time period under consideration the proportion of foreign liabilities increased. Thereafter, these trends discontinued reflecting restoration of confidence with stabilisation of economic circumstances.

The structure of the commercial banks' lending to the private sector remained practically unchanged in 1983 - 1991 with the bulk of the lending consisting of loans and advances (Chart 3.3). Turning to developments in 1991, it is noteworthy that, against the long-term trend, the share of the commercial banks' foreign assets increased slightly to one quarter of total assets, amounting to R585 million. These assets were mainly invested in South African financial markets. The major part of the assets was made up of claims on the private sector.

Of the total liabilities about three quarters continued to be deposits of the private sector at the end of 1991. A positive sign was that both demand deposits and time and savings deposits went up by about 30 per cent. However, the maturity structure of the deposits remained extremely short term, which is a common characteristic with South Africa. Government deposits more than doubled while foreign liabilities contracted significantly.

Table 3.3 depicts a disaggregated review of the deposit money banks' lending to the private sector. Most of the increase in the total lending in 1991 resulted from the R135 million rise of loans and advances. Relatively large increases were also recorded in bills discounted or purchased, instalment credit and investments.

During 1991 the prime-lending rate of the commercial banks remained at 20 per cent, i.e. at the same level as in South Africa. Overdraft rates varied between 20 and 23 per cent. The range of instalment loan rates was somewhat above that of overdraft rates. The average deposit rate in 1991 stood at a level of 12.7 per cent while the corresponding lending rate was 22.1 per cent.

3.3 Bank of Namibia

The Bank of Namibia conducted its first full year of operations in 1991. During the year the total assets/liabilities of the Bank of Namibia decreased by 17 per cent to R160 million. This was mainly due to a lower level of government deposits at the Bank at the end of the year. During the reporting year the Government continued to invest part of its cash balances at the central bank. As in 1990 these deposits fluctuated widely during the year, being at its lowest level at the end of July and at it's highest at the end of December. On a daily basis the variations are even more substantial.

The banks' cash reserve deposits at the Bank decreased by R13 million despite the increase in their deposits. This was possible because the banks changed the mix of their cash reserves in favour of currency instead of balances maintained at the Bank. The Government deposits as well as reserve deposits were invested mainly in South Africa and a small part of the deposits continued to be invested in major foreign currencies. During 1991 the paid-up capital was increased from R10 million to R20 million.

TABLE 3.2 COMMERCIAL BANKS
(End of period in R million)

	1990 Revised	1991
ASSETS:		
Currency holdings	50.2	66.5
Deposits with central bank	31.1	18.1
Foreign assets	374.0	585.5
Claims on government	40.0	40.8
Claims on the private sector	1372.6	1599.9
Other assets	53.8	72.4
Total assets	1921.7	2383.2
LIABILITIES:		
Demand deposits	605.6	809.5
Time and savings deposits	863.1	1103.1
Foreign liabilities	275.6	126.4
Government deposits	82.3	183.0
Other liabilities	95.1	161.2
Total liabilities	1524.8	1975.9

Source: Bank of Namibia

TABLE 3.3 COMMERCIAL BANKS' CLAIMS ON THE PRIVATE SECTOR (End of period in R million)

	1990 Revised	1991
Bills discounted or purchased	19.8	44.5
Loans and advances	1035.8	1171.3
Leasing transactions	60.2	60.5
Instalment credit	256.6	293.6
Investments	0.2	30.0
TOTAL	1372.6	1599.9

Source: Bank Of Namibia

TABLE 3.4 BANK OF NAMIBIA: ASSETS AND LIABILITIES
(End of period in R million)

	1990	1991
ASSETS:		
Foreign assets	192.8	160.1
Convertible foreign exchange	192.8	159.4
Other	-	0.7
Domestic assets	-	0.1
Total assets	192.8	160.2
LIABILITIES:		
Reserve money	31.1	18.1
Other deposits	159.1	135.6
Central government	150.4	123.1
Other public entity	8.7	12.5
Foreign liabilities	0.1	0.7
Capital accounts	10.0	21.8
Other items (net)	-7.5	-16.0
Total liabilities	192.8	160.2

Source: Bank Of Namibia

TABLE 3.5 CONSOLIDATED BALANCE SHEET OF BUILDING SOCIETIES IN NAMIBIA
(End of period in R million, unaudited)

	1990	1991
ASSETS:		
Mortgage advances	400.4	511.4
Properties in possession	2.0	2.8
Deposits*:		
With banking institutions	58.5	111.0
Cash at bank and in hand	8.9	3.3
Other assets	14.5	22.0
Total assets	484.3	650.5
LIABILITIES:		
Share capital	125.2	126.2
Deposits	319.6	488.2
Collateral cash deposits	3.9	2.8
Reserves	16.9	19.6
Other liabilities	18.7	13.7
Total liabilities	484.3	650.5

Includes liquid assets

Source: Bank Of Namibia

3.4 Other Banking Institutions

Other banking institutions in Namibia consist of two building societies, the Post Office Savings Bank, the National Housing Enterprise and the Agricultural Bank of Namibia.

The two building societies in Namibia increased their lending in the form of mortgage advances by almost 28 per cent to R511 million. Deposits with banking institutions nearly doubled indicating some slack in demand in the housing market. The growth of lending was funded solely by a R169 million increase in deposits.

The Post Office Savings Bank, which is a department of the Ministry of Works and Telecommunications, offers tax-exempt savings bank accounts and savings bank certificates to the public. During the financial year 1990/91 the savings account deposits increased by 9 per cent and certificates by 19 per cent to R9.3 and R15.3 million, respectively. Thus, the growth in total liabilities witnessed in part the improved climate of confidence in Namibia. The funds were mainly invested in the building societies.

The National Housing Enterprise (formerly the National Building and Investment Corporation) is a statutory body in which the Government is the sole shareholder ' The Corporation is engaged principally in the provision of housing for the low-income population in the country. Funds invested in project houses and loans increased by 5 per cent during the financial year 1990/91 to R82 million.

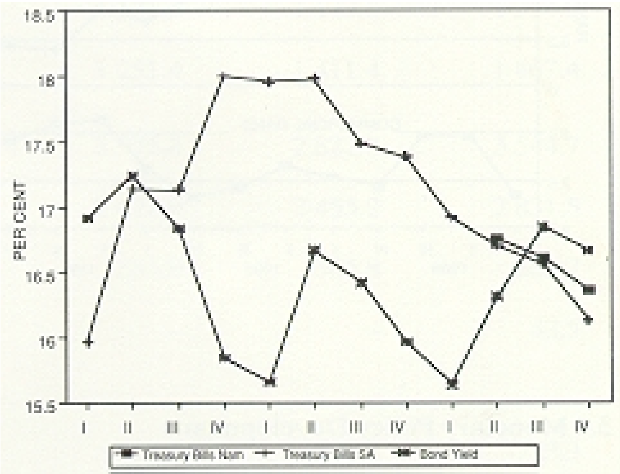
The Agricultural Bank of Namibia (formerly the Land and Agricultural Bank of Namibia) is a wholly government-owned agency. The principal aim of the bank is to extend financing to farmers and would-be farmers as well as to provide loans for buying of stock and to improve housing for small-scale farmers. In the financial year 1990/91, total assets/liabilities of the bank decreased by R5 million to R204 million. Three quarters of the total assets were long-term mortgage loans to farmers.

3.5 Interest Rates and Exchange Rates

As long as Namibia lacks its own currency, and is using the rand as legal tender, the exchange rates and the overall levels of interest rates are determined in the South African markets. Short-term interest rates in South Africa continued the downward drift in 1991, which had commenced in the beginning of 1990. The same movement was discernible in the tender rates of the Treasury bills of the Government of Namibia introduced in May 1991. However, long term rates edged upwards in 1991 reflecting sustained inflation expectations in the longer term.

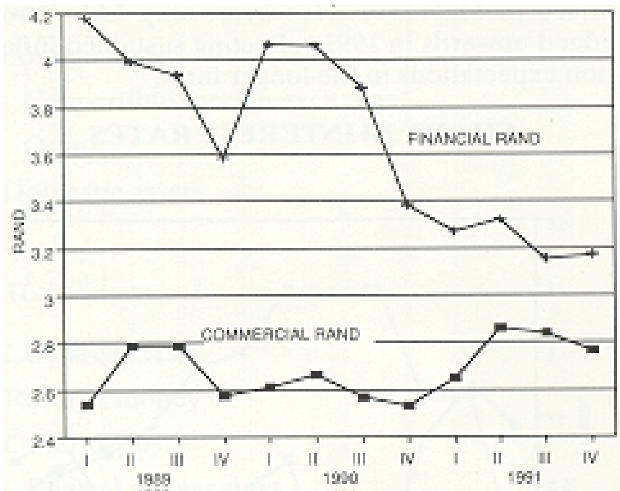
Exchange rate policy in South Africa is based on a basket peg of the most important trading partners' currencies. The weighted average exchange rate (nominal effective exchange rate) of the Rand weakened in 1991 by 6.5 per cent. The real effective exchange rate, which takes into account inflation rate differences between South Africa and its main trading partners, was practically unchanged from December. 1990 to December 1991.

CHART 3.4 INTEREST RATES



Looking at major currencies, the Rand weakened by 15 per cent against the Japanese Yen, 7 per cent against the US Dollar, 6 per cent against the British Pound and 4 per cent against the German Mark. The financial rand, being a sensitive indicator of foreign investors' confidence in the South African economy, was on average 13.5 per cent above the commercial rate in 1991. At the end of the year the financial rand depreciated sharply which continued during the first months of 1992.

CHART 3.5 EXCHANGE RATES



3.6 Monetary Policy Developments

With the Rand as legal tender in Namibia, the Bank of Namibia cannot perform all the ordinary central bank functions. That is, the Bank cannot control the money supply, determine the general interest rate level or act as a lender of last resort. In these circumstances the Bank is not able to build up significant foreign exchange reserves. Also, without a national currency in the country the central bank lacks its most important source of income.

In order to be able to perform these tasks of a fully-fledged central bank, preparatory work has been underway for a rather long time to introduce a national currency for Namibia. The Government has decided to introduce the currency and in January 1991 it was announced that the currency would be called Namibia Dollar. It is expected that the currency will be placed into circulation during the latter half of 1993.

Some minor monetary policy measures were taken in 1991. These measures were aimed at further developing Namibian financial markets. Arrangements for overdraft facilities for the banks, and the Government, were finalised. During the reporting year the banks and the Government did not resort to this facility because of their favourable liquidity. Details of the Treasury bills issue were concluded, and the first issue took place in May 1991. Since then the issues - for which the Bank has been designated as fiscal agent for the Government - have been taking place at monthly intervals. Also, details for the introduction of Government stock were finalised. Because of the favourable cash position of the Government, these instruments have not yet been launched.

4. PUBLIC FINANCE

4.1 Fiscal Year 1990/91

The fiscal year 1990/91 was the first of the independent Republic of Namibia. Thus, it cannot easily be compared with the earlier year because of the consolidation of the first and second tier of governments at independence. The total revenue decreased marginally mainly because of the demilitarisation of Namibia and the withdrawal of UNTAG as well as declines of taxes paid by the mining companies. On the other hand customs and excise contributions increased by nearly RIOO million, or 16 per cent.

Despite the restructuring of the Ministries, newly created services and the pressure to meet social and economic needs, total expenditure expanded only modestly. However, the increase was more substantial in capital expenditure reflecting new priorities compared with relatively lower base inherited from the previous year.

Including grants of R102 million a small budget surplus was recorded. Mainly drawing down cash balances financed the repayment of loans. The intended withdrawal of R78 million from the Amortization Fund, which was established to make provision for the repayment of loans, did not take place.

4.2 Fiscal Year 1991/92

The budget proposal presented for the fiscal year 1991/92 was the second budget of the independent Republic of Namibia. The proposal was characterised by a considerable increase in capital expenditure in order to develop the Namibian economy as fast as possible in line with the Government's policy. Also, current expenditure was expected to rise considerably.

The expected budget deficit including grants of R105 million was envisaged to decline to R450 million, i.e. 6.8 per cent of GDP. The deficit was planned to be financed by a rundown of the remaining cash balances, a withdrawal of R78 million from the Amortization fund and the rest mainly by raising loans from the local money and capital markets.

According to the latest available estimates of the outcome for the fiscal year 1991/92 only a relatively small budget deficit was recorded instead of the considerable deficit as originally envisaged. The reasons for this more favourable result were that accrual of non-tax revenue exceeded by R160 million the budgeted one reflecting the favourable developments in some sectors of the economy. Moreover, as capital expenditure fell short of the budgeted expenditure by R190 million, the recorded budget deficit stood at R156 million including grants. Taking into account net domestic borrowing of R71 million and the withdrawal of R78 million from the Amortization Fund, a cash deficit for the fiscal year 1991/92 of R149 million was recorded.

TABLE 4.1 REVENUE, EXPENDITURE AND FINANCING OF CENTRAL GOVERNMENT OPERATIONS (In millions of Rand)

	89/90	*90/91*	*91/92 Budget*	*91/92 Outcome**	*92/93 Budget*
Total revenue	2003.5	1999.0	2422.7	2588.9	2821.4
Tax revenue	1320.9	1102.2	1171.3	1177.5	1354.0
Nontax revenue	682.6	896.8	1251.4	1411.4	1467.4
Total Expenditure	1959.7	2083.1	2975.8	2822.0	3544.7
Current	1768.7	1829.1	2421.9	2455.2	2831.5
Capital	193.7	254.0	553.9	366.8	669.7
Net lending	-2.7	-	-	-	43.5
Budget deficit (-) (excluding grants)	43.8	-84.1	-553.1	-223.1	-723.3
Grants	229.9	102.0	105.0	67.1	125.0
Budget deficit (-)	273.7	17.9	-448.1	-156.0	-598.3
Financing	-273.7	-17.9	448.1	156.0	598.3
Net borrowing	-177.2	-166.9	170.1	-71.0	347.7
Loans raised	93.7		314.2	16.9	356.8
Loans repaid	270.9	166.9	144.1	87.9	9.1
Amortization Fund			78.0	78.0	30.6
Cash balances (decrease+)	-96.5	149.0	200.0	149.0	220.0
Fiscal year GDP*	5300.0	5950.0	6600.0	6600.0	7300.0
	(in percent of GDP)				
Total revenue	37.7	33.5	36.7	39.2	38.6
Total expenditure	37.0	35.0	45.1	42.7	48.5
Budget deficit (excl. grants)	0.8	-1.4	-8.3	-3.3	-9.9
Budget deficit	5.2	0.3	-6.8	-2.3	-8.2

**estimates*

Source: Ministry of Finance

4.3 Budget Speech 1992/93

The Budget for the financial year 1992/93 is characterised by a vigorous increase in capital expenditure, reflecting the Government's policy to address the most urgent development needs in the Namibian economy. Current expenditure is envisaged to grow at a less spectacular pace. The expansionary budget will have a positive effect on economic growth but it will also elevate both total expenditure and the deficit to a rather high level.

Total estimated revenue for the 1992/93 financial year is expected to increase by 9 per cent from R2 589 million to R 2 821 million. The bulk of the increase is envisaged to be due from tax revenue.

Total expected expenditure amounts to R3 545 million, which represents an increase of 26 per cent over the revised expenditure of the financial year 1991/92. Current expenditure is envisaged to increase by 15 per cent, while capital expenditure is expected to nearly double from the previous fiscal year.

The resulting budget deficit, with grants regarded as income, is set to widen to R 598 million. The deficit to GDP ratio is estimated to be 8.2 per cent. The deficit is planned to be financed, besides utilising the rest of the available cash reserves of R220 million, also by extensive raising of loans. It is expected that the bulk of the loans can be raised from the domestic money and capital markets by issuing Treasury bills and Government stocks.

5. BALANCE OF PAYMENTS AND FOREIGN ASSETS AND LIABILITIES

5.1 Nature and Purpose

The balance of payments of Namibia is a statistical statement which provides a systematic record of the economic transactions of the country with the rest of the world for a given time period. The statement is divided into a current account and a capital account. The current account records transactions between Namibian residents and non-residents in merchandise, other goods and services, income and transfers. The capital account records transactions in Namibia's foreign financial assets and liabilities.

A closely related statistical statement is the record of foreign assets and liabilities, which presents the value and composition of Namibia's stock of foreign financial assets and liabilities at a given date.

These statistics have many uses. The current account items are utilised to analyse effects of international transactions on the Namibian economy. This account shows the change in foreign indebtness of Namibia while the capital account indicates how this change is effected. The main focus of interest in the foreign assets and liabilities concerns the difference between the levels of Namibia's foreign assets and the levels of Namibia's foreign liabilities, which indicates the net foreign position of the country.

5.2 Previous Data

To date, the Ministry of Finance has published some data on the balance of payments, as part of Namibia's national accounts statistics. For the current account, exports data and several other items have been directly estimated but there are major gaps, for example imports is a balancing item in the national accounts, which means that it contains the errors and omissions in all other items of the national accounts. No capital account data and details of services and income have been available. Also, no foreign assets and liabilities data have been released.

5.3 Bank of Namibia Survey

In order to rectify these deficiencies the Bank, with the assistance of an IMF advisor, initiated a project designed to provide more comprehensive and accurate balance of payments and related statistics. An outline of the main statistical steps taken to date in this project is given below.

5.3.1 Register of Statistical Entities

First, as little of the required data was currently available or likely to be available from other sources in the foreseeable future, it was necessary to undertake relatively large-scale surveys and statistical studies. Before this could be attempted, a register had to be established covering the businesses and other organisations to be surveyed.

This work was undertaken in the first half of 1991. As there were no comprehensive, up-to date, lists available in Namibia of businesses and other organisations that have international transactions, the development of this register was a major task. Initially, various lists were obtained from government agencies including the registrar of companies, industry organisations, the telephone directory, and numerous other sources.

It was found that much of the data on the lists obtained was out-of-date. Several months of effort were needed to develop a single, unduplicated and up-to-date list of statistical entities containing such data as name and address, structure and ownership, type of entity, industry of entity etc. This was particularly difficult as it was found that over a third of businesses were not listed in the telephone directory. Also, many Namibian businesses were in the process of changing their name and/or structure following independence. The aim was to cover most businesses and other organisations in Namibia, except very small businesses, which would be unlikely to have significant foreign transactions. The register also excluded individuals (other than sole traders). An interim computer system was developed to manage this register of entities. Some details of the entities currently included in the register are given below.

TABLE 5.1 TYPES OF STATISTICAL ENTITIES IN BALANCE OF PAYMENTS REGISTER AT 30 APRIL 1992

Type of entity	*Number of entities*
Commercial banks	5
Building societies	2
Government departments and Ministries	22
Municipalities	15
Parastatals	18
Embassies and other foreign missions	49
International organisations	13
Non-profit organisations	216
Farmers (except large farmers included in next category)	4012
All other businesses	6824
Total	11176

TABLE 5.2 MAIN INDUSTRY OF STATISTICAL ENTITIES IN BALANCE OF PAYMENTS REGISTER AT 30 APRIL 1992

Main industry	*% Of total entities*
Agriculture and fishing	52
Mining and quarrying	2
Manufacturing	3
Construction	2
Wholesale and retail trade, catering and accommodation	26
Transport, storage and communication	1
Finance, insurance, real estate and business services	9
Community, social and personal services	5
Total	100

TABLE 5.3 NAMIBIAN ENTITIES WITH FOREIGN DIRECT INVESTORS AND/OR HAVING FOREIGN SUBSIDIARIES AT 30 APRIL 1992

Type of Namibian entity	*Number of entities*
(i) Company with foreign direct investor/s	919
(ii) Unincorporated business with foreign direct investor/s	52
Total entities with foreign direct investors	971
Companies with foreign subsidiaries	60

5.3.2 Surveys

Having developed the register, the next major task was to undertake surveys of the entities covered in the register. Some 20 different surveys have either been completed or are currently being undertaken in respect of foreign transactions and foreign assets and liabilities for 1990.

The first major survey, which commenced in mid 1991, was an exploratory survey of all businesses and other organisations in the register. It covered foreign assets and liabilities, imports and exports and various current foreign receipts and payments for 1990.

Reflecting in part the novelty and complexity of the exploratory survey, the need to provide bilingual forms for some of the surveys, and the fact that many of the returns for larger businesses had to be directed to the South African head office, parent company or public auditor handling the southern African operations, response was rather slow. Numerous reminders were sent to businesses. As at 30 April 1992, about 72 per cent of farmers had responded and 84 per cent of other businesses. Particular effort was directed towards ensuring that all the large returns were collected. The slow response was in spite of the very high degree of cooperation received from businesses and other organisations.

The process of editing completed returns revealed a high error rate, due mainly to the novelty and complexity factors noted above. Particular problems were the difficulty many businesses had in distinguishing transactions with South Africa from domestic transactions, reflecting the pre independence situation, the difficulty of distinguishing transactions with foreign direct investors (entities owning 10 per cent or more of the Namibian entity) from other foreign investors, and the complexities in providing market values of key foreign assets and liabilities in a situation where very few businesses prepare their accounts in terms of current cost accounting principles.

In parallel with the exploratory survey of businesses and government organisations, various other specialised surveys were commenced. These surveys include:

- a survey of non-profit organisations (sometimes called non-governmental organisations) to obtain, in particular, data on development assistance to Namibia channelled through such organisations

- a survey of embassies and other foreign missions operating in Namibia and/or providing development assistance to Namibia

- a similar survey of international organisations operating in Namibia

- a survey of life assurance offices to obtain data on their Namibian employee benefit, life assurance and unit trust business

- a survey of the foreign transactions of separately constituted employee benefit funds in Namibia

- surveys of various South African financial institutions to seek data on transactions with Namibian residents.

Surveys of the above type will become regular annual collections in future.

These surveys have also been subject to slow response and high error rates. In addition to the difficulties mentioned above in connection with the exploratory survey, there has been some refusal to cooperate in completing forms on the part of some embassies and multilateral aid organisations, on the grounds of diplomatic immunity. This is unfortunate as it leads, in particular, too less accurate data on official development assistance to Namibia. It is hoped that this reluctance to cooperate will not reoccur in future surveys.

On the basis of data provided in the exploratory survey returns, annual surveys of the larger no specialised businesses were commenced in October 1991. These surveys were designed to seek more extensive data from the larger businesses on their foreign transactions, foreign assets and foreign liabilities, and will also become regular annual surveys in future.

Of the 3 500 businesses in the exploratory survey which have foreign transactions, about 700 businesses with foreign direct investors and/or owning a foreign subsidiary, and nearly 500 other businesses, were included in these annual surveys.

As at 30 April 1992, less than two-thirds of the annual returns have been received. These returns are subject to the same problems as the exploratory survey and are currently being edited.

5.3.3 Other Studies

In addition to the formal surveys discussed above, various statistical studies have been undertaken or are currently under way to obtain further information required. These include:

- a study of expenditure in Namibia by foreign travellers and travel expenditure abroad by Namibian residents

- a study of government foreign receipts and expenditure, and foreign assets and liabilities not adequately covered by the exploratory survey, such as foreign indebtedness and assets, new borrowing and repayments of foreign debt, interest on such liabilities and assets, and various foreign expenditure items such as expenditure on missions abroad, communication receipts and payments, subscriptions to international organisations etc

- a study of the coverage and valuation basis used in reporting data on some of Namibia's main export items to ensure, inter alia, that actual transactions values are provided and that estimates are made for large items of smuggled exports (especially diamonds).

5.3.4 Computer Systems

A great deal of effort has been devoted to the development of computer systems for the balance of payments surveys discussed above.

The initial step was the development of an interim DBase computer system which enabled lists obtained from various sources in computer readable format to be incorporated in the balance of payments register of businesses and other entities, and for other data to be progressively entered in the register and updated as needed. The register system also had to have the facility to generate the tens of thousands of address labels needed for the surveys. In addition, the system had the facility to record the dispatch of survey forms, print lists of reminders to be sent for forms outstanding and record the receipt of forms.

This system was very effective for use in commencing the exploratory surveys. However, its facilities were limited. Also, a system for processing survey returns and providing a variety of reports was needed.

Accordingly, a more comprehensive system was developed, using PC Focus, a 4GL database system. There were many delays and teething problems in developing and implementing this system due, in large degree, to a lack of experience in Namibia with the programming of such systems. Also, it was found to be very difficult to transfer data from the DBase system to Focus. Further, the development of an effective local area computer network was subject to lengthy delays.

Nevertheless, the computer network and balance of payments computer system are now functioning effectively and in future will greatly facilitate the conduct of balance of payments surveys and the provision of a wide range of statistical reports. The Bank now has sound systems expertise in this field.

5.3.5 Present Situation

As at 30 April 1992, the exploratory survey is at an advanced stage of completion but many important returns from the annual survey, which contain much of the data needed for balance of payments statistics, have yet to be received. Also, many of the annual returns received are subject to large errors, which remain to be resolved in consultation with businesses.

Nevertheless, it is possible to provide some preliminary data, mainly from the exploratory survey and some of the specialised surveys. This data, presented below, is subject to revision when the main annual survey is completed.

5.4 Available Survey Data

The information currently available for Namibia's balance of payments for 1990 is confined to certain current account transactions. Summary information is given below.

TABLE 5.4 BALANCE OF PAYMENTS CURRENT ACCOUNT, 1990
(In millions of Rand)

Merchandise trade balance	-276
Exports fob	2825
Diamonds	849
Other	1976
Imports fob	3101
Services (net)	-731
Transportation (net)	-466
Travel (net)	15
Insurance (net)	-110
Business, administrative and financial services and royalties (net)	-195
Other personal services (net)	-15
Other government services (net)	40
Compensation of employees (net)	-46
Investment income (net)	69
Income received - direct investment	1
- other investment	450
Income paid - direct investment	-223
- other investment	-159
Total goods, services and income	-984
Transfers (cash and kind)	588
Private (net)	78
Official (net)	510
Total current account	-396

Further information from the surveys and other sources concerning merchandise exports and imports is presented below.

TABLE 5.5 MERCHANDISE EXPORTS FOB 1990 AND 1991 BY COMMODITY GROUP
(in millions of Rand)

	1990			1991		
FOOD AND LIVE ANIMALS	745			989		
LIVE ANIMALS		227			238	
Cattle			115			116
Sheep and goats			109			117
Other (mainly game)			3			5
MEAT AND MEAT PREPARATIONS		175			278	
Meat			148			249
Meat products			27			29
FISH, LOBSTERS, CRABS		318			446	
Unprocessed fish			210			397
Lobsters and crabs			108			49
OTHER FOOD PRODUCTS		25			27	
HIDES, SKINS AND WOOL (INCL. KARAKUL)	40			43		
MINERAL PRODUCTS	1792			1981		
DIAMONDS			849			1222
OTHER			943			759
MANUFACTURED PRODUCTS	238			271		
CANNED FISH, FISH MEAL AND FISH OIL			137			180
OTHER			101			91
ELECTRICITY	10			9		
TOTAL MERCHANDISE EXPORTS FOB	2825			3293		

TABLE 5.6 MERCHANDISE IMPORTS 1990 - ADJUSTMENTS TO SURVEY DATA FOR BALANCE OF PAYMENTS PURPOSES
(In millions of Rand)

1. Total imports cif as reported in survey	3014
2. Less freight and insurance reported	-22
3. Imports by embassies and international organisations (excluded from balance of payments)	-4
4. Equals total imports fob	2988
5. Plus coverage adjustments for imports by persons by post, smuggled imports, and for estimated imports of businesses not yet reporting or excluded from survey	113
6. Equals estimated total imports fob on balance of payments basis	3101

TABLE 5.7 RECORDED MERCHANDISE IMPORTS CIF 1990 BY COMMODITY GROUP
(In millions of Rand)

1.	Food, live animals, beverages and tobacco	579
2.	Mineral fuels and lubricants	374
3.	Chemical, - plastic, medical, pharmaceutical, and rubber products and plastics	232
4.	Wood, paper, and products thereof	120
5.	Textiles, clothing and footwear	169
6.	Machinery, office and communications equipment, and other electrical goods	490
7.	Vehicles and transport equipment	458
8.	Metal and metal products not included above	220
9.	All other goods	372
Total (equal to item 1 in Table 5.6)		3 014

TABLE 5.8 RECORDED MERCHANDISE IMPORTS CIF 1990 BY COUNTRY OF IMMEDIATE ORIGIN
(In millions of Rand)

COUNTRY	
South Africa	2712
Botswana, Lesotho, Swaziland	11
Other countries	291
TOTAL (equal to item 1 in Table 5.6)	3014

TABLE 5.9 RECORDED MERCHANDISE IMPORTS CIF 1990 - LARGEST 50 IMPORTERS

Number of importers	Proportion of total imports (per cent)
Largest 3	17
Largest 5	24
Largest 10	37
Largest 20	53
Largest 50	70
Remaining 1 660	30
TOTAL 1 710	100

NOTE: For companies, which have subsidiaries, the statistical unit used for Table 5.9 is the group of related companies in Namibia. A small number of the larger groups have 50 or more subsidiaries in Namibia. Many companies have 2 or more subsidiaries.

5.5 Available Data on Foreign Assets and Liabilities

Data obtained from the exploratory survey and some of the specialised annual surveys provide the main components of Namibia's international investment position as at 31 December 1990. This information is preliminary and subject to revision.

Preliminary data suggests that Namibia has a net international debt position of R3.6 billion at 31 December 1990. This resulted from total foreign liabilities at market valuation of R7 371 million exceeding total foreign assets, also at market valuation, of R3 761 million.

The main components of foreign assets and liabilities that have been identified to date are shown in Table 5.10 below.

TABLE 5.10 FOREIGN ASSETS AND LIABILITIES OF NAMIBIA, MARKET VALUES AT 31 DECEMBER 1990 (in millions of Rand)

A.	ASSETS	3761
1.	Direct investment abroad	137
1.1	Equity and reinvested earnings	121
1.2	Claims on affiliated enterprises	16
2.	Portfolio investment	2620
2.1	Equity securities	27
2.2	Debt securities	338
2.3	Unit trusts	*55*
2.4	Pension fund assets	1200
2.5	Life assurance policies	1000
3.	Other assets	799
3.1	Currency and deposits of banks	230
3.2	Government assets	157
3.3	Other assets	412
4.	Reserve assets	205
4.1	Currency and deposits	193
4.2	Securities	12
B.	LIABILITIES	7371
1.	Direct investment in Namibia	5675
1.1	Equity and reinvested earnings	5171
1.2	Liabilities to affiliated enterprises	504
2.	Portfolio investment	516
2.1	Equity securities	45
2.2	Debt securities	471
3.	Other liabilities	1180
3.1	General government	347
3.2	Banks	100
3.3	Other sectors	733

A dissection of the liabilities shown in Table 5.10 by country of creditor is given below.

TABLE 5.11 LIABILITIES TO NON-RESIDENTS AT MARKET VALUE AT 31 DECEMBER 1990 BY COUNTRY OF CREDITOR (in millions of Rand)

TYPES OF LIABILITIES	COUNTRY OF CREDITOR		
	SA	Other	Total
Liabilities to foreign direct investors	2087	3588	5675
Liabilities to other non-residents	1279	417	1696
Total	3366	4005	7371

5.6 Balance of Payments Data for 1991

Balance of payments surveys for 1991 have only just commenced and data will not be available for some time from that source.

However, limited balance of payments data published by the Ministry of Finance and other sources suggest that the value of merchandise exports rose by 18 per cent in 1991. Notably large increases were recorded in exports of unprocessed fish and diamonds, while other mining exports declined markedly. Merchandise imports, in the national accounts calculations, ' increased by 7 per cent to R2 860 million in 1991, showing a further improvement in the trade balance surplus over the previous year.

PART B

OPERATIONS AND AFFAIRS OF THE BANK OF NAMIBIA

1. GENERAL

1.1 The Board of Directors

During the year under review, the Board held thirteen meetings.

In May 1991, Dr W.L. Benard, the first Governor and Chairman of the Board, resigned his office as Governor and left the country on 30 August 1991, after being in the service of the Bank for thirteen months. Dr Benard had been recruited by the International Monetary Fund from the Bank of the Netherlands and assigned to the Bank of Namibia under the UNDP/IMF Technical Assistance Programme. On his departure, Mr Erik Lennart Karlsson, Deputy Governor, was appointed Acting Governor. A Substantive Governor still has to be appointed by the Authorities. Since September 1991, the Board has been functioning with five instead of six members who constitute a full Board.

1.2 Organisation

Besides the Governor's and the General Manager's offices, the Bank has seven departments. Four of these departments are housed in the headquarter building at 10 Goring Street, two in the Capital Centre and one in the Consolidated Diamond Mines Ltd (CDM) buildings. The accommodation of staff in three separate and distant buildings has a number of disadvantages of which internal communication problem is the most predominant. The Board, aware of these disadvantages, has initiated measures to acquire a piece of land for the construction of a new headquarter block, which will accommodate all departments in one building.

1.3 Staff

As at 31 January 1992, the staff complement consisted of 126 members as compared to 105 members on 31 January 1991. Nine of the staff were expatriates seconded to the Bank under UNDP/IMF and SIDA technical assistance programmes, two were South Africans seconded by the South African Reserve Bank and the rest were Namibians. The table below shows the numbers of staff who joined and those who left the Bank during the year and the net position as at 31 January 1992 categorized in five functional groups.

2. DEPARTMENTAL REPORTS

2.1 Operations Department

The Bank continued to act as an agent of the South African Reserve Bank for distribution of Rand currency, which is still legal tender in Namibia.

During the past financial year, the value of Rand currency issued by the Bank amounted R750.05 million and cash deposited by the banking system amounted to R830.1 million.

As banker to the Government and to the local clearing banks, the Bank paid a total of 1,055,694 Government cheques with a total value of R4,024.21 million and handled business worth R13,362.46 million through the clearing system for the members of the clearing house.

The issue of Treasury bills on a monthly basis was introduced in May 1991 to encourage development of a local money market. Treasury bills are auctioned and allocated to the highest bidders. In the period of nine months to 31 January 1992 bills with a face value of R60 million were issued.

To facilitate the inflow of foreign aid to Namibia, two additional correspondent banking accounts were opened abroad in Swedish Kroner and Japanese Yen currencies.

2.2 Administration Department

The Bank regards training as priority number one. To accelerate the training process, the Bank, with financial support from SIDA, Swedish International Development Authority, appointed an expatriate training coordinator, who is responsible for the execution of the Bank's training programs.

During the year several employees were given training on the job, in various aspects of central banking and computer literacy, all with the common purpose of helping to ensure that our staff are given an opportunity to reach a high standard of performance and conduct. Special attention was given to improving the orientation programme for new employees.

Groundwork has also been completed for the introduction of a Hay job evaluation system.

2.3 Research Department

Policy Initiatives

During the year under review the Department prepared several background papers on various economic policy issues, which included a paper on the Ninth General Review of Quotas and the Third Amendment of Articles of the International Monetary Fund, a statutory report on the preparation of the Government's budget for the fiscal year 1991/92 and a number of articles describing the role of the Bank of Namibia and the significance of introduction of the National currency.

Category	Management	Officers	Clerical	Secretarial	Support	Total
Staff on 1 Feb 1991	9	17	36	6	37	105
Staff recruited during (+) the year	6	8	14	5	3	36
Staff who left the Bank during (-) the year	-1	-3	-6	-1	-4	-15
Total staff on 31 January 1992	14	22	44	10	36	126
Note: Five of the staff that left the Bank during the year was South African Reserve Bank staff returning home after completing their secondment assignments with the Bank of Namibia.						

Balance of Payments Statistics

Because of the importance of having comprehensive balance of payments statistics for Namibia, considerable effort was devoted to this area of statistics, with the help of the Advisor on Balance of Payments Statistics under the joint IMF/UNDP technical assistance project. The Bank had to undertake a wide range of surveys and special studies to obtain much of the required data, because conventional services such as foreign trade statistics were not available in Namibia.

Toward this end, effort was directed first, to developing the infrastructure for balance of payments surveys. This exercise included registration of over 12 000 businesses and other organisations, installation of Balance of Payments computer systems, and recruitment and training of local staff in the basic principles and procedures entailed in the collection and processing of balance of payments data.

Currently some 20 balance of payments surveys are under way to collect the data needed. These surveys will cover 12 000 entities in the private and the public sectors.

Money and Banking Statistics

The Bank continued the work of laying down the infrastructure necessary for compiling money and banking statistics under the guidance of another Advisor provided by the IMF/UNDP project. For the first time Money and Banking statistics were compiled for Namibia based on the new report forms designed for obtaining banking statistics according to internationally accepted definitions and practices. These statistics are now being published monthly. Local staff was trained in the collection and compilation of money and banking statistics according to standards set by the International Monetary Fund.

2.4 Supervision Department

The Supervision Department, headed by the Registrar of Banks and Building Societies, is responsible for the supervision of the activities of banks, building societies and other credit institutions in Namibia.

During the year the Department increased its staff strength from one to five. A detailed description of the activities performed by the Department during the year is given in the Statutory Report of the Registrar of Banks and Building Societies in Part C of the Annual Report.

2.5 Exchange Control Department

In terms of the present Bilateral Agreement between the Government of Namibia and the Government of South Africa, the Exchange Control Policy of Namibia has to be consistent with that of the Common Monetary Area.

Pending the coming into effect of the Multilateral Monetary Agreement and the transfer to the Bank of powers and functions relative to the administering of the Exchange Control Regulations, the Bank continued to work closely with the South African Reserve Bank on behalf of the Ministry of Finance to ensure that the terms of the Bilateral Agreement were observed.

The Department experienced more than a 100 per cent increase in exchange control applications from authorised dealers. The Bank received and processed 1703 applications as at end December 1991, in comparison with 821 during same period 1990. To cope with the increased volume of work, the number of employees in Department was increased from two to six.

2.6 Information Systems Department

During the year under review the Bank installed the Banking System and Treasury Stocks System in the Operations Department, the Balance of Payments System in the Research Department, the network systems in the Exchange Control and Bank Supervision Departments as well as the Office Automation and Reuters Systems in the Head Office.

The addition of these new systems to the Bank's computerized hardware and software has enhanced the Bank's capacity to collect and process financial, economic and statistical information timeously for the management and our clients.

Further expansion in the Bank's computerized systems is under way following the acquisition of two additional main processors, personal computer workstations and extensions to the existing network systems.

It is envisaged to integrate the four network systems currently located in four buildings into a corporate network system which will provide departmental managers with quick access to important data they need for operational control and decision making, irrespective of the location where data is stored.

The Board is grateful for the support given by SIDA, which has enabled the Bank to equip its Information Systems Department with the latest information technology. The systems developed in the Bank made it possible to terminate, in early June 1991, the data processing services hitherto provided by the South African Reserve Bank in Pretoria. The Bank is now fully dependent on its own information systems.

2.7 Internal Audit Department

With the recruitment of a Chief Internal Auditor, the Internal Audit Department became operational in October 1991. Its main tasks are to review the adequacy and effectiveness of the Bank's internal control arrangements and to test, from time to time, the compliance, by staff, with the law and internal policies as well as the operating instructions of the Bank.

It also carries out internal investigations deemed necessary by the Governor. Currently the Chief Internal Auditor staffs the department; but two additional staff is expected to join the Department in March 1992.

3. UNDERTAKINGS WHERE THE BANK IS INVOLVED

3.1 Namibia's Membership in the Common Monetary Area

In 1974 South Africa, Swaziland and Lesotho signed a Trilateral Monetary Agreement. Amendments to this Agreement have been worked out making it possible for Namibia to become member in the Common Monetary Area. The Amendments will make provisions for a change of the name of the Agreement to the Multilateral Monetary Agreement. By acceding to that Agreement, Namibia will become member in the Common Monetary Area.

A new Bilateral Monetary Agreement between the Government of South Africa and the Government of Namibia, linked to the Multilateral Monetary Agreement has been agreed upon and will be signed when the Multilateral Monetary Agreement has come into effect.

The Bilateral Monetary Agreement will permit the Bank of Namibia to fulfil all the ordinary central bank functions. However, the Rand shall continue to be the legal tender in Namibia, which limits the Bank's ability to pursue the ordinary central bank functions. As soon as the Namibian national currency has been issued this will be changed and the Bank of Namibia will become a fully-fledged central bank.

3.2 National Currency

Preparatory work for the introduction of a national currency, the "Namibia Dollar" commenced a few months after independence. The Technical Committee on the national currency, which reports to the Cabinet Committee formed for this purpose, does most of the preparatory work.

During the period under review, the Cabinet decided on the specifications of Namibia's banknotes and coinage. In October 1991, the specifications for banknotes were sent to printing firms, which had expressed interest in designing and printing Namibia's banknotes. The closing date for submitting designs and quotations to the Bank is 30 April 1992. Similarly, in November 1991, the specifications for coins were sent to minters who had expressed interest in minting coins for Namibia. The closing date for submitting designs and quotations is 31 March 1992. In each case a winner of the contract will be selected through the tendering process.

3.3 Developments of Financial Markets

For the purpose of developing a money market and a capital market, the Bank prepared groundwork for the introduction of Treasury bills and Government stocks. In May 1991 the first monthly issue of Treasury bills took place. The issue of Government stocks is at the discretion of the Minister of Finance. The Bank is ready to issue stocks as and when the Minister deems it appropriate.

PART C

ANNUAL REPORT OF THE REGISTRAR OF BANKS AND BUILDING SOCIETIES

1. INTRODUCTION

In terms of section 47 of the Banks Act, 1965 (Act No. 23 of 1965) and section 77 of the Building Societies Act, 1986 (Act No. 2 of 1986), the Registrar of Banks and Building Societies submits this report for the period of 1 January 1991 through 31 December 1991.

The Banks Act and Building Societies Act requires the designation of an officer as Registrar for the purpose of administering those two Acts. Within the organizational structure of the Bank of Namibia, the Registrar is the Director for Supervision, and administration of the Acts is performed by the Supervision Department.

2. GOALS, PURPOSE AND FUNCTION OF THE SUPERVISION DEPARTMENT

An immediate objective of the Bank of Namibia is to become a fully-fledged central bank for the country. In light of that objective, the near-term goal of the Supervision Department is to establish an effective capacity within the Bank of Namibia to supervise banks, building societies and other financial institutions.

To meet this goal, the near-term tasks facing the Department are

* the development of a legal and regulatory framework for prudential supervision that is appropriate to Namibia;

* the development of reporting systems and returns to measure the risks attendant to the operations of financial institutions;

* the establishment of requirements for consistent and adequate accounting and disclosure by financial institutions;

* the development of a supervisory information system data base for analysis and surveillance.,

* the development of an on-site supervision capacity;

* training and development of staff.

The intent of these efforts is to measure and anticipate risk in order to meet the Department's responsibility for the protection of depositors.

However, no supervision function can guarantee against failure, as can be observed in events that have occurred around the world in the past several years. It remains the responsibility of the directors of each financial institution to ensure that sound policies and procedures are adopted by their institution in order to measure and control risks to liquidity and solvency. It remains the responsibility of the management of each institution to exercise prudent stewardship of the assets entrusted to them.

The function of any supervision department is to oversee the management of risk by those responsible, to ensure that the process is adequate, and to ensure that those entrusted with depositors' funds are both fit and proper to do so. This can only be accomplished within a well-designed framework of laws and regulations that establish the standards for entry to the financial system and for the conduct of business within that system.

3. ORGANIZATIONAL MATTERS

Calendar year 1991 was the first full year of direct supervision of banks and building societies by Bank of Namibia. Until the end of December 1990, supervision of banks was shared with the South African Reserve Bank under a transitional arrangement. Until November 1990, supervision of building societies was the responsibility of the Ministry of Finance.

Early in 1991, the Supervision Department was staffed with an initial complement of two financial analysts and a secretary, all Namibians. At mid-year, an expatriate Assistant Director was added under a contractual arrangement with IMF/UNDP due to the need for experienced support during the heavy workload occurring in the developmental stage of the Department.

Because there is no equivalent private sector occupation, there is, as in most countries, a need to develop in-house the skills and experience required to perform the supervision function. This was anticipated; staff developmental assignments and training were made a priority and were incorporated as an integral part of the Department's 1991 work plan.

The Supervision Department has been organized functionally to accomplish both on-site and offsite supervision. The on-site function has not yet been activated, and supervision continues to be performed solely through the off-site analysis of returns and reports submitted periodically by the banks and building societies. This unilateral approach to the supervisory function will continue while the Department's data system is being built and refined. It is the objective of the Department to begin the development of the onsite examination function during 1992.

4. LEGAL AND REGULATORY MATTERS

The governing legislation for the exercise of supervisory powers is the Banks Act, 1965 which regulates the activities of banks, bank controlling companies and discount houses. For building societies, it is the Building Societies Act, 1986.

Early in the year, the Bank of Namibia drafted a bill to substantively amend the Banks Act. However, this proposed legislation was not motivated to the National Assembly.

Instead, during 1991, the Banks Act was amended by the promulgation of the Banking Institutions Amendment Act, 1991, which was a cosmetic piece of legislation to make the Banks Act (a South African law) functional in Namibia. At its passage it was viewed as interim legislation pending the development of a comprehensive law to govern Namibia's banking activity.

Even though the Banking Institutions Amendment Act, 1991 was intended to be interim legislation, the Registrar proposed several provisions to it that would have enabled a degree of flexibility in the application of the Act and would have increased the ability of the Bank to perform more adequately its prudential supervision function. These provisions were not inserted into the final Bill that went before the National Assembly.

This same Bill proposed a minimum starting capital for a bank of R2 million. The Registrar had proposed an amount of RIO million. The higher amount was determined in light of start-up costs, general risks that attend to fledgling institutions, and those risks that exist in the current economic and financial environment. This Office feels strongly that the lower amount will be a source of inherent weakness to new institutions in their ability to compete and to survive. Further, institutions lacking sufficient capitalization pose an additional supervisory burden and, should they fail, will cause an erosion of confidence in the financial system and the supervision of that system. This is undesirable for a nation that is trying to develop its financial markets and system, and, through these, attain its economic and social objectives.

In recognition of these risks, the Board of the Bank of Namibia adopted the Registrar's proposed policy for registration of new institutions. The policy, by imposing certain conditions on new institutions with a low level of capitalisation, attempts to conserve that capital and to control the risks that usually jeopardize new institutions.

During 1991, the Minister of Finance appointed a technical committee to draft a proposal for a banking law that would supersede the Banks Act, one that would be more modern in its approach to banking and banking supervision, and one that would incorporate the emerging international convergence of supervisory standards. The work of the appointed committee is continuing, and a draft proposal could be presented during the course of 1992.

As a result of the delay in having a Namibian banking law, the development of the framework of regulations to implement the law was also delayed. However, late in 1991, the Department introduced a set of regulations on a test and comment basis that would implement in part a new system of periodic returns designed to provide information necessary for prudential supervision. These returns are intended to replace the South African Reserve Bank forms that had been in use under the Banks Act and were designed more for the capture of statistical data than for supervisory purposes. Several additional returns and the implementing regulations are now in draft form and will be issued shortly. Most important among these would be the adoption of international standards for determining capital adequacy.

The returns and reports now under test and those to be put in place shortly will form the core of the supervisory information system for the Department. Banks will need a transition period to retool their information systems in order to provide the information required under the new system. During this period, the reporting burden will unavoidably increase; parallel reporting will be necessary until the new returns become sufficiently reliable in their content.

Several administrative regulations dealing with fees, licensing/registration and other procedural matters also were issued for comment in anticipation of the new banking law. Ongoing, as the need becomes apparent, the Department intends to draft regulations or policy guidelines consistent with the intent of the law and the events that emerge in the Namibian marketplace.

It was the intent of the Department to amend the Building Societies Act, 1986 during the course of the year. However, this action was forestalled, awaiting the action to be taken on the new banking law which could incorporate building societies within its scope.

The Registrar views the existing Building Societies Act as being inappropriate and anticompetitive vis-à-vis the existing Banks Act. Through the highly restrictive provisions of the Building Societies Act, societies are placed at a competitive disadvantage in their ability to attract funds and to diversify their product lines in order to diffuse risk. With banks now entering the real estate finance market, this Office views the need for building societies as one product institutions to be less critical to the Government's priority of providing housing to the populace. Their conversion to full-service banking institutions would be in the best interests of the societies and their customers and would enhance competition without increasing the number of institutions competing.

A set of regulations for returns and reporting by building societies similar to that introduced for banks was also issued for test and comment late in 1991.

Where possible under the provisions of the Building Societies Act, the Office of the Registrar attempted during 1991 to grant general or special consents that would lessen the competitive disadvantage for societies. The Office also sponsored recommendations to broaden the powers of societies. Such efforts did not always meet with success.

One proposed piece of legislation that was pending at year-end was a proposed amendment to enable building societies to grant residential real estate mortgage loans in excess of R200 000. This action was prompted by an interpretation of the Act that was issued by the Ministry of Justice, which ruled that the Act did not permit societies to make such loans. In today's market, such a limit effectively removes the society from performing the function for which it was created in one segment of the market. There is no corresponding limitation for banks contained in the Banks Act.

The Registrar, in terms of Section 1(xx)(k) of the Act, approved Treasury Bills issued by the Government of Namibia and certain deposits of and instruments issued by financial parastatals to qualify as eligible liquid assets to satisfy the requirements of the Act. (A similar proposal was also approved for banking institutions.) The intent in approving these was to provide societies with additional domestic options for liquid assets, and by so doing, promote the development of a local money market. The approvals await publication to become effective.

To assist funding of the societies, and after consideration of the increased potential liquidity risk that could arise, the Registrar gave a general consent in terms of Section 25(4) of the Act for societies to accept deposits from a single source without limitation as to the aggregate of such funds or the amount that may be repayable in any single month.

In issuing Building Society Circular No. 3/91, certain previous restrictions and limitations of former circulars pertaining to debentures and negotiable certificates of deposit were removed to enable societies greater flexibility in their funding.

The Board of the Bank of Namibia was unfavourably inclined toward the proposals by the Registrar to enable societies to:

* grant individual instalment loans;

* take fixed deposits with less than 12 months maturity; and

* conduct "trust and estate business."

On other proposals submitted by the Registrar, the Ministry of Justice ruled, in addition to the limitation on residential mortgages noted above, that general consent in terms of Section 27(11)(f) of the Act could not be given by the Registrar to reduce the minimum holding period on indefinite period shares.

5. BANKS AND BUILDING SOCIETIES

5.1 Structure

The banking sector at year-end remained unchanged from that of the preceding year. The five commercial banks comprising the sector are:

* Bank Windhoek Limited

* The Commercial Bank of Namibia Limited

* First National Bank of Namibia Limited

* Namibian Banking Corporation Limited

* Standard Bank Namibia Limited

The banks operate domestically through branches and agents in major population and commercial centres throughout the country. Two institutions, Bank Windhoek Limited and The Commercial Bank of Namibia Limited, operate subsidiary banking companies registered by the South African Reserve Bank in Walvis Bay and Johannesburg, respectively.

The building societies

• Namib Building Society

• South West African Building Society

also remain unchanged from the preceding year. During the year, the Board of the Bank of Namibia approved the establishment of a life insurance subsidiary for South West African Building Society. At year-end, the societies operated eight branch offices, 25 accredited agencies and four subsidiary companies (for insurance and real estate development) in Namibia.

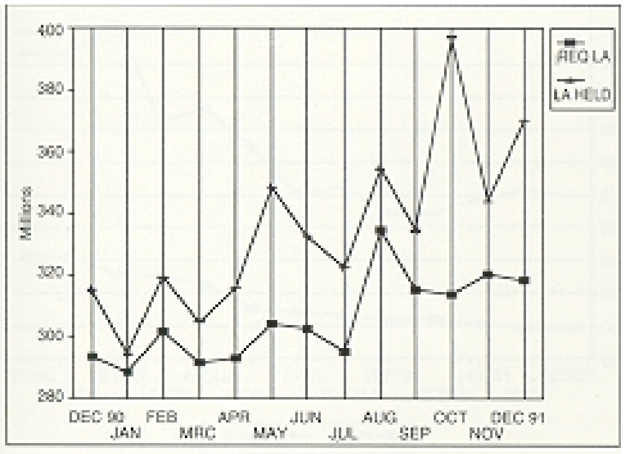
5.2 Performances and Condition

All banks and building societies were profitable in 1991. The banks particularly exhibited strong results, while building societies continued to experience pressure on interest margins.

Total assets for the banking sector grew by 22 per cent from year-end to year-end, increasing to slightly over R2.5 billion. The average growth rate, however, was 15 per cent, which is indicative of the month-to-month inconsistencies that reflected movements of large blocks of funds in and out of the system. Deposit patterns often mirrored the pattern of Government's revenues. The larger institutions lost some market share to the smaller banks, which became more aggressive in certain products and localities.

Minimum liquid asset requirements increased from R293 million at the end of 1990 to R318 million at the end of 1991. Banks held substantially more liquid assets than required throughout the year. Liquid assets held represent approximately 13 per cent of liabilities.

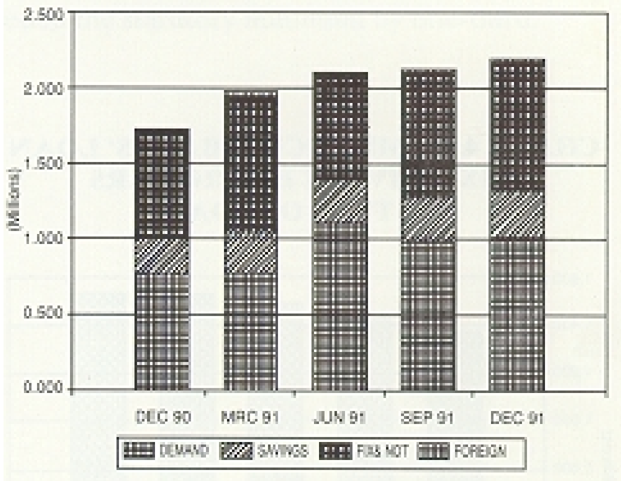
CHART 1. COMMERCIAL BANKS' LIQUID ASSETS



The maturity structure of liabilities is biased heavily toward the short-term, with 60 per cent of the total liabilities maturing within 31 days and another 35 per cent within six months. This short structure continues to be a supervisory concern, particularly in light of the concentrational aspects that exist within the funding base. Any deterioration in confidence, prolonged adverse economic conditions, any political or social disruption has the potential to cause liquidity problems. Against these, the maintenance of minimum liquid assets merely satisfies a statutory requirement, but serves little prudential purpose as a hedge against deposit outflows.

The composition of liquid assets continues to centre on South African instruments, primarily bankers' acceptances, since there is an insufficient supply of domestic money market instruments to satisfy the statutory requirement.

CHART 2. COMMERCIAL BANKS'TOTAL DEPOSITS BY MATURITY



On average, loan and deposit growth (16 per cent) paced each other during the year. The average loan to deposit ratio was 89 per cent. At year-end, that ratio was 86 per cent, somewhat eased, but still considered to be high, especially after the liquid asset requirement is deducted from the funding base; the ratio then exceeds 100 per cent, indicating that institutions are either lending from their capital base or borrowing to support their lending operations.

However, the principal funding source remains deposits, at 88 per cent of total liabilities and capital. Within this base, domestic funds predominate. There was little change in the mix from year-end to year-end: demand deposits represent 40 per cent of all liabilities, fixed and notice accounts another 34 per cent, while savings are only 12 per cent.

CHART 3. COMMERCIAL BANKS'TOTAL DEPOSITS BY TYPE OF DEPOSITS

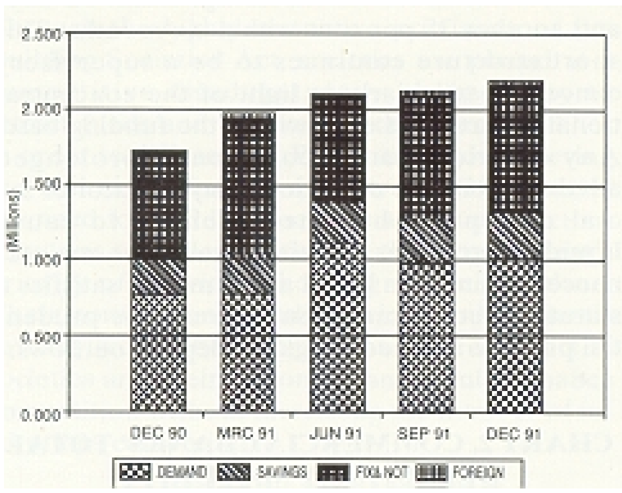
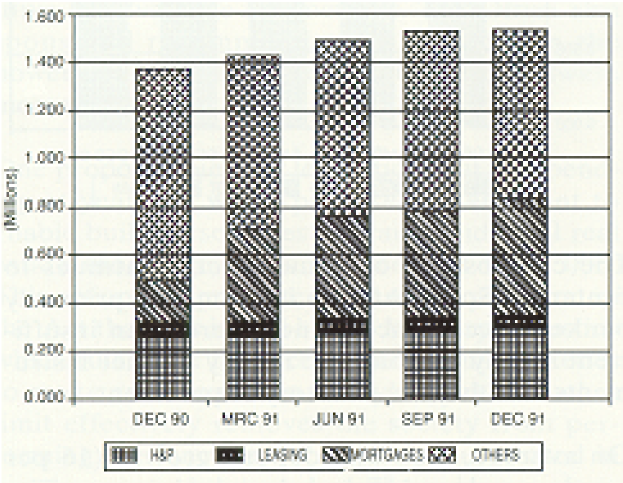


CHART 4. COMMERCIAL BANKS' LOAN MIX, PRIVATE BORROWERS (BY TYPE OF LOAN)



Within the lending portfolio, private sector lending accounted for 82 per cent of the total, down from 89 per cent at year-end 1990. Instalment and mortgage lending account for 41 per cent of the portfolio, as commercial banks moved more aggressively into home finance during the year. Again, a concern within the lending portfolios is the degree of concentration of credit. Large exposures relative to the capital of individual institutions and the system exist. In a depressed economy such exposures can have a materially adverse impact on the solvency of institutions. At present, the banking law imposes no limit on the level of exposure a bank may underwrite. This deficiency places a greater burden on directors, management and the regulatory authority to ensure that standards for risk acceptance are conservative, that the credit monitoring process is sound and timely, and that proper provisioning is made when needed.

The risk being undertaken by banks using depositors' funds could be ameliorated with the existence of a local capital and money market through which the funding needs of corporate clients could be dispersed among investors. Commercial banks' capital and reserves increased during 1991 as banks (and their parent companies) adopted a more conservative dividend policy. The accumulation of internally generated capital, in light of the factors discussed above and in anticipation of the risk-weighted system for determining capital adequacy to be implemented during 1992 is considered prudent. Building societies compete for funds in the same marketplace as banks, but are restricted by law from acquiring demand deposits and fixed deposits of less than one-year maturity. As a result, their funding base is not as short; only 22 per cent matures within 31 days, and another 41 per cent within six months. Still, given the long-term nature of their assets (74 per cent in mortgage loans), there is a definite liquidity mismatch.

True long-term funds are not available. Depositors and investors have chosen to keep their money in short maturities. Local institutions bidding for these funds pay a premium to attract and retain them, keeping marginal funding costs, and therefore the price of credit, high.

To compensate for the maturity mismatch, societies keep more than twice the amount of required liquid assets, an amount usually sufficient to cover the short-term maturities.

CHART 5. BUILDING SOCIETIES' LIQUID ASSETS

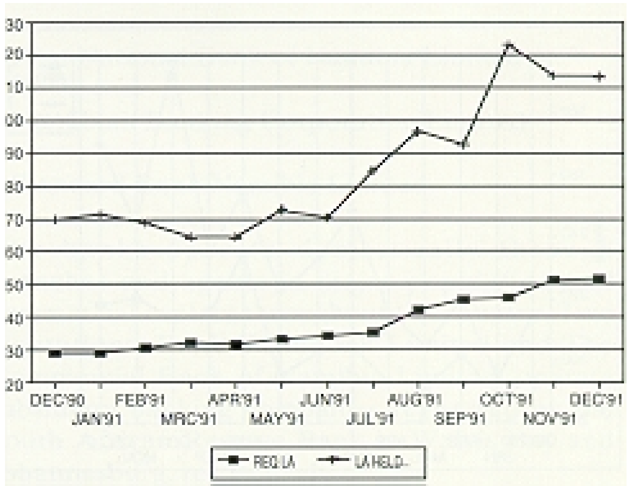
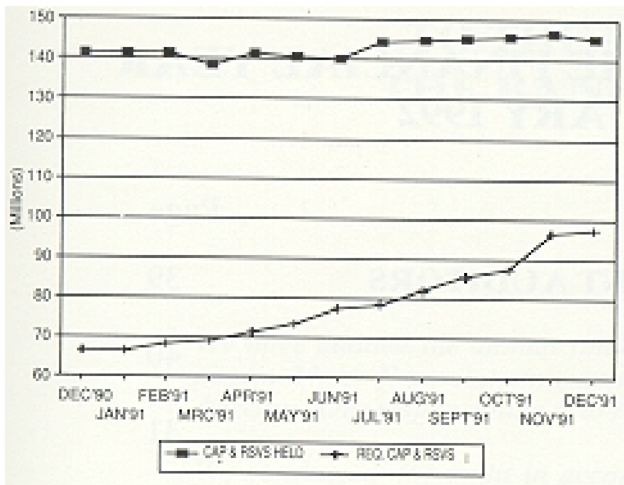


CHART 6. BUILDING SOCIETIES' CAPITAL AND RESERVES



During 1991, societies expanded by 32 per cent, primarily in their loan portfolios, which grew by 28 per cent, while the deposit base grew by 37 per cent. Increasing reliance was placed upon negotiable certificates of deposit (NCDs), which are categorized as borrowings rather than deposits, as a funding source. Outstanding NCDs more than doubled during the year. The combined result of the deposit and NCD growth rates outpacing the loan growth rate was an easing of the societies' lending ratio from 123 per cent to a more manageable 105 per cent.

However, balance sheet growth outpaced the accumulation of capital and reserves. At the beginning of the year, capital and reserves were 27 per cent of total assets; at year-end they were 21 per cent. These amounts, though reduced relative to the rest of the balance sheet, still exceeded the statutory minimum by one-third.

PART D

ANNUAL ACCOUNTS ON THE FINANCIAL YEAR
ENDED 31 JANUARY 1992

REPORT OF THE INDEPENDENT AUDITORS
TO THE MEMBERS
OF THE BANK OF NAMIBIA

We have audited the annual financial statements set out on the following pages. These financial statements are the responsibility of the Bank's directors. Our responsibility is to report on these financial statements.

We conducted our audit in accordance with generally accepted auditing standards. These standards require that we plan and perform the audit to obtain reasonable assurance that in all material respects, fair presentation is achieved in the financial statements. An audit includes an evaluation of the appropriateness of the accounting policies, an examination, on a test basis, of evidence supporting the amounts and disclosures included in the financial statements, an assessment of the reasonableness of significant estimates and a consideration of the appropriateness of the overall financial estimates and a consideration of the appropriateness of the overall financial statement presentation. We consider that our audit procedures were appropriate in the circumstances to express our opinion presented below.

The transfer to Special Reserves, in terms of s7(2) of the Bank of Namibia Act, 1990, has not yet been approved by the Minister.

Subject to the above approval being granted, in our opinion these financial statements fairly present the financial position of the Bank at 31 January 1992, and the results of its operations the year then ended in conformity with applicable generally accepted accounting practice.

We also report that, in our opinion, the affairs of the Bank have been conducted in accordance with the provisions of the Bank of Namibia Act, 1990, so far as they affect the balance sheet and accounts.

Deloitte Pim Goldby
Price Waterhouse Meyernel
Chartered Accountants
WINDHOEK
27 February 1992

BANK OF NAMIBIA

APPROPRIATION ACCOUNT
FOR THE YEAR ENDED
31 JANUARY 1992

		1992 R	1991 R
Net surplus from operations after meeting all current expenditure and making provisions as required by Section 6 of the Bank of Namibia Act, 1990.		1,243,186	590,794
Less:	Transfer to General Reserve under Section 7(1) of the Bank of Namibia Act, 1990.	310,796	147,699
	Net profit after Transfer to General Reserve	932,390	443,095
Less:	Transfer to Special Reserve Account under Section 7(2) of the Act.	932,390	443,095
	Surplus due to Government under Section 7(3) of the Act	Nil	Nil

BANK OF NAMIBIA

BALANCE SHEET
At 31 January 1992

CAPITAL EMPLOYED

		Notes	1992 Rands	1991 Rands
Capital		2	20,000,000	10,000,000
General Reserve			458,496	147,699
Revaluation Reserve		3	519,058	63,198
Special Reserve		4	1 375,458	443,095
Deposits				
Government			100,875,200	56,559,834
Domestic Bankers	-Current		1,958	7,743
	-Reserve		13,037,000	22,097,000
Other			715,597	74,587
Other Liabilities			3,200,304	2,036,835
			140,183,098	91,429,991

EMPLOYMENT OF CAPITAL

		Notes	1992 Rands	1991 Rands
Rand Coin			218,384	210,356
Balances with foreign banks			958	375,636
IMF	- Special Drawing Rights		37,885	-
	- Rand Subscription		657,634	-
Investments	-Rand Currency		118,088,972	75,632,184
	-Foreign Currency		7,517,472	6,173,170
Fixed assets		5	9,109,094	7,051,102
Accounts receivable			4,552,699	1,987,543
			140,183,098	91,429,991

ERIK KARLSSON
ACTING GOVERNOR

E LULE
GENERAL MANAGER

BANK OF NAMIBIA
NOTES TO THE FINANCIAL STATEMENTS
31 JANUARY 1992

1. The Bank's financial statements are prepared on the historical cost basis. The financial statements have also been prepared to comply with the requirements of the Bank of Namibia Act, 1990. The principal accounting policies that have been consistently applied in all material respects are set out below.

1.1 **Fixed assets**
Fixed property is stated at cost and is not depreciated. All other fixed assets are depreciated to write off their cost or valuation over their estimated useful lives in equal annual instalments.

1.2 **Investments**
Investments are adjusted to take account of discounts earned or premiums paid, over their remaining life, so that book value at maturity equals the redemption value.

Interest from investments is accounted for on the accrual basis.

In terms of section 32 of the Bank of Namibia Act, 1990, the Bank revalues its foreign investments at year-end and any gains/losses were transferred to the revaluation reserve account.

2. Capital		
Authorised capital of the Bank is	R 40 000 000	R 40 000 000
Issued capital of Bank is	R 20 000 000	R 10 000 000
3. Revaluation Reserve	R 519 058	R 63 198

This reserve is created in accordance with note 1.2 above.

4. Special Reserve	R 1 375 485	R 443 095

This reserve has been created in to meet the costs of printing the national currency.

5. Fixed Assets	R9 109 094	R 7 051 102
Immovable property, at cost	R6 166 601	R 6 102 928
Movable assets, at book value	R2 942 493	R948 174
6. Commitments		
6.1 Capital expenditure		
Contracted	---	R 1 063 742
Authorised but not yet contracted	R 2 697 871	R 2 464 348
	R 2 697 871	R 3 528 090
6.2 Issue of Namibian Currency		
Authorised for next financial year but not yet contracted	R 10 000 000	R10 000 000
Total commitments	R 12 697 871	R13 528 090

These commitments are to be financed from internal resources and an increase in capital

7. Pension Fund
A separate Pension Fund to which the Bank contributes provides pensions for employees. The Pension Fund is governed by the Pension Fund act. The Pension Fund is in the nature of a defined benefit plan where the retirement benefits are determined with reference to the employee's pensionable remuneration and years of service. All employees contribute to the pension fund.

The Fund is subject to an actuarial valuation every three years. Any shortfall will be made good by the Bank as recommended by the actuaries.

PART E

STATISTICAL TABLES

TABLE 1. BANK OF NAMIBIA: DETAILED ACCOUNT (DECEMBER 31,1991)

ASSETS:	**'000 Rand**	
1. FOREIGN ASSETS		160 098
i. Gold	--	
ii. Holdings of SDRs	37	
iii. Claims on Government-Fund Accounts	658	
iv. Convertible foreign exchange	159 403	
a. Banks	159 403	
i) Currency	236	
- in rands	236	
- in foreign currencies	--	
ii) Demand deposits at banks abroad	7 628	
- in rand	163	
- in foreign currencies	7 465	
iii) Deposits with foreign government entity	151 539	
iv) Acceptances (in rands)	--	
v) Time deposits at banks abroad	--	
- in rand	--	
- in foreign currencies	--	
vi) Non-marketable instruments	--	
- in rands	--	
- in foreign currencies	--	
b. Non-banks	--	
i) Foreign government Treasury Bills	--	
ii) Foreign government securities	--	
iii) Other	--	
2. CLAIMS ON CENTRAL GOVERNMENT		--
a. Treasury bills	--	
b. Government securities	--	
c. Ways and means advances	--	
d. Other	--	
3. CLAIMS ON LOCAL AUTHORITIES & REGIONAL COUNCILS		--
4. CLAIMS ON NON-FINANCIAL PUBLIC ENTERPRISES		--
5. CLAIMS ON PRIVATE SECTOR		--
6. CLAIMS ON OTHER BANKING INSTITUTIONS		--
7. CLAIMS ON DEPOSIT MONEY BANKS		--
8. CLAIMS ON NON-BANK FINANCIAL INSTITUTIONS		--
9. TOTAL ASSETS		160 215

Source: Bank Of Namibia

TABLE 1. BANK OF NAMIBIA: DETAILED ACCOUNT (CONTINUED)

LIABILITIES:	**'000 Rand**	
1. RESERVE MONEY		18 146
a. Currency outside deposit money banks (new Namibian currency)	--	
- Notes issue		
- Coin issue		
b. Bankers' reserves	18 146	
i Currency held by deposit money banks (new Namibian currency)		
- Notes		
- Coins		
ii Bankers' deposits	18 146	
- Current	1	
- Reserves	18 145	
2. OTHER DEPOSITS		12 477
a. Deposit local authorities & regional councils	--	
b. Non-financial public sector deposits	12 477	
c. Other Banking Institutions' deposits	--	
d. Non-bank financial Institutions'	--	
d. Deposits of private businesses	--	
e. Deposits of individuals and other	--	
3. TIME, SAVINGS AND FOREIGN CURRENCY DEPOSITS		--
a. Other non-financial public sector deposits		
b. Other Banking Institutions' deposits		
c. Other		
4. BONDS		--
5. RESTRICTED DEPOSITS		--
6. FOREIGN LIABILITIES		716
a. Non-resident deposits	--	
b. Borrowings from banks abroad	--	
c. Liabilities to foreign monetary authorities	--	
d. Fund Accounts	641	
i. IMF Account No.2	2	
ii. IMF Account No.1	639	
e. Multilateral Investment Guarantee Agency	75	
f. Other liabilities	--	
7. CENTRAL GOVERNMENT DEPOSITS		123 092
8. CAPITAL ACCOUNTS		21 844
a. Share capital	20 765	
b. Special reserve	443	
c. Revaluation reserve	488	
d. General reserve	148	
9. OTHER ITEMS (NET)		(16 060)
a. Other liabilities	1 848	
b. Less: Other assets	17 908	
10. TOTAL LIABILITIES		160 215

Source: Bank Of Namibia

TABLE 2. COMMERCIAL BANKS: DETAILED ACCOUNT 1983 - 1991

('000 Rands)
As on December 31

ASSETS:	1983	1984	1985	1986	1987	1988	1989	1990	1991
1. RESERVES	24 408	29 993	29 229	30 523	30 017	46 491	61 476	81 265	84 663
a. Currency (Namibian currency)-									
b. Currency (rands)	16913	20510	23666	27443	27001	36533	44874	50188	66518
c. Deposits with central bank	7495	9483	5563	3080	3016	9958	16602	31077	18145
2. FOREIGN ASSETS	378446	312862	427245	320490	279249	313048	397749	374054	585512
a. Claims on non-resident banks	348462	290230	410839	266714	238608	282956	332487	285872	425603
b. Claims on non-resident non-banks	29984	22632	16406	53776	40641	30092	65262	88182	159909
3. CLAIMS ON CENTRAL GOVERNMENT	5667	5000	1211	32438	48764	100643	60010	39999	40785
a. Treasury bills	-	-	-	-	-	-	-	-	12174
b. Government securities	1370	2727	1200	4391	1835	3435	3426	1160	1199
c. Loans and advances	4297	2273	11	28047	46929	97208	56584	38839	25622
d. Other claims on central government	1 790								
4. CLAIMS ON REGIONAL COUNCILS AND LOCAL AUTHORITIES	434	--	974	1 399	1 873	3 544	5 596	2 168	9 294
a. Securities									
b. Other	434	--	974	1 399	1 873	3 544	5 596	2 168	9 294
5. CLAIMS ON NON-FINANCIAL PUBLIC ENTERPRISES	18 938	--	1 400	1 401	934	468	33 939	3 968	50 106
a. Securities									
b. Loans and advances	1 500		1 400	1 401	934	468	31 309	3	42 128
c. Leasing transactions.	17 438		-	-	-	-	2 630	3 965	7 978
d. Bills rediscounted at central bank (added back)									
6. CLAIMS ON OTHER BANKING INSTITUTIONS	15 202	17 252		8 809	31956	10910	41779	47639	12991
a. Bills	15 202	17 252		8 809	31831	10000	10160	14903	3910
b. Loans and advances	-	-		-	125	-	31619	23631	7081
c. Deposits					-	910	-	9105	2000
7. CLAIMS ON NONBANK FINANCIAL INSTITUTIONS	-	-		-	-	-	-	-	-
8. CLAIMS ON PRIVATE SECTOR	318291	384409	372757	417154	548882	840988	1219948	1372605	1599871
a. Bills discounted or purchased	1421	-	5200	6084	10938	9628	14131	19806	44483
b. Loans and advances	215664	288293	251415	298673	387042	595499	888699	1035804	1171233
c. Leasing transactions	7638	26905	22083	23746	24570	34845	54652	60228	60540
d. Instalment credit	93568	69211	94059	88516	126067	200794	261726	256525	293631
e. Investments	-	-	-	135	265	222	740	242	29984
f. Paper rediscounted at central bank (added back)									
9. TOTAL ASSETS	761 386	749 516	832 816	812 214	941 675	1 316 092	1 820 497	1 921 698	2 383 222

Source: Bank of Namibia

TABLE 2. COMMERCIAL BANKS: DETAILED ACCOUNT (CONTINUED)

('000 Rands)
As on December 31

LIABILITIES:	1983	1984	1985	1986	1987	1988	1989	1990	1991
1. DEMAND DEPOSITS	142 935	186'458	182 032	247 173	329 055	418 253	771 188	605 569	809 471
2. TIME SAVINGS AND FOREIGN CURRENCY DEPOSITS	439825	391295	482734	481849	565564	671407	807974	863092	1103080
a. Foreign currency deposits	-	-	-	-	-	-	-	-	-
b. Time deposits	251810	255475	325942	174548	363386	447507	560650	616574	793958
c. Savings deposits	188015	135820	156792	307301	202178	223900	247324	246518	309122
3. MONEY MARKET INSTRUMENTS	1750	1500	2000	-	-	-	-	-	-
4. BONDS	-	-	-	-	-	-	-	-	4000
5. FOREIGN LIABILITIES	34418	44274	46228	49383	43307	176391	163996	275590	126430
a. Non-resident banks	30107	41358	23567	37048	35010	168204	148575	213429	71664
b. Non-resident non-banks	4311	2916	22661	12335	8297	8187	15421	62161	54766
6. CENTRAL GOVERNMENT DEPOSITS	167 374	115 775	111 391	99 877	96 774	47 701	41 904	82 305	183 030
7. OTHER LIABILITIES TO CENTRAL GOVERNMENT	-	-	-	-	-	-	-	-	49585
8. RESTRICTED DEPOSITS									-
9. CREDIT FROM CENTRAL BANK	-	-	-	-	-	-	-	-	-
10. CAPITAL ACCOUNTS	15988	18679	22161	23620	25636	58353	61030	87859	162778
a. Share capital	7150	7475	9500	9181	7662	10662	11225	17805	19141
b. Reserves	8838	11204	12661	14439	17974	47691	49805	70054	143637
11. OTHER ITEMS (NET)	(40904)	(8465)	(13730)	(89688)	(118661)	(56013)	(25595)	7283	(55152)
a. Unclassified liabilities	(9949)	16055	13711	11780	13496	44360	57716	80018	35792
b. Less:Unclassified assets	30955	24520	27441	101468	132157	100373	83311	72735	90944
12. TOTAL LIABILITIES	761386	749516	832816	812214	941675	1316092	1820497	1921698	2383222

Source: Bank of Namibia

TABLE 3. MONETARY SURVEY (AUGUST 1990 TO DECEMBER 1991)

'000 Rand

	AUG 90	SEPT 90	OCT 90	NOV 90	DEC 90
ASSETS:					
1. FOREIGN ASSETS (NET)	286412	291642	345,320	275087	291216
a. Foreign assets (MA)	26834	20966	89,957	91678	192827
b. Less: Foreign liabilities (MA)	-	75	75	75	75
c. Foreign assets (DMB)	397575	427849	376,530	327972	374054
d. Less: Foreign liabilities (DMB)	137997	157098	121,092	144488	275590
2. DOMESTIC CREDIT	1260740	1286028	1216820	1329924	1233635
A. CLAIMS ON CENTRAL GOVERNMENT (NET)	(37613)	(102081)	(170,043)	(148124)	(192745)
a. Claims on central government (MA)	10334	13416	10,653	-	-
b. Less: Central government deposits (MA)	73	127	63,565	63350	150439
c. Claims on central government (DMB)	45335	40206	4,0361	39890	39999
d. Less: Central government deposits (DMB)	93209	155576	157,492	124664	82305
B. CLAIMS ON LOCAL AUTHORITIES AND REGIONAL COUNCILS	2169	2168	2168	2168	2168
a. Claims on local authorities & Reg. councils (MA)	-	-	-	-	-
b. Claims on local authorities & Reg. councils (DMB)	2169	2168	2168	2168	2168
C. CLAIMS ON NON-FINANCIAL PUBLIC ENTERPRISES	3105	3117	3334	3364	3968
a. Claims on non-financial public enterprises (MA)	-	-	-	-	-
b. Claims on non-financial public enterprises (DMB)	3105	3117	3334	3364	3968
D. CLAIMS ON OTHER BANKING INSTITUTIONS5	2527	49379	47740	45241	47639
a. Claims on Other Banking Institutions (MA)	-	-	-	-	-
b. Claims on Other Banking Institutions (DMB)	52527	49379	47740	45241	47639
E. CLAIMS ON NONBANK FINANCIAL INSTITUTIONS	-	-	-	-	-
a. Claims on Non-bank Financial Institutions (MA)					
b. Claims on Non-bank Financial Institutions (DMB)	-	-	-	-	-
F. CLAIMS ON PRIVATE SECTOR	1 240 552	1 333 445	1 333 621	1 427 275	1 372 605
a. Claims on private sector (MA)	-	-	-	-	-
b. Claims on private sector (DMB)	1 240 552	1 333 445	1 333 621	1 427 275	1 372 605
3. TOTAL ASSETS	1 547 152	1 577 670	1 562 140	1 605 011	1 524 851

Source: Bank of Namibia

TABLE 3. MONETARY SURVEY (AUGUST 1990 TO DECEMBER 1991) (CONTINUED)

'000 Rand

	AUG 90	SEPT 90	OCT 90	NOV 90	DEC 90
LIABILITIES:					
1. MONEY	595 581	580 833	676 046	595 883	614 327
a. Currency outside banks (new Namibian currency) (MA)	-	-	-	-	-
b. Deposits of local authorities & regional councils (MA)					
c. Non-financial public enterprises' deposits (MA)					
d. Other banking institutions' deposits (MA)					
e. Non-bank financial institutions' deposits (MA)					
f. Deposits of private businesses (MA)					-
g. Deposits of individuals and other (MA)	-	-			8758
h. Demand deposits (DMB)	595581	580833	676046	595883	605569
2. QUASI-MONEY	886401	936378	825907	891537	863092
a. Time, savings and foreign currency deposits (MA)	-	-	-	-	-
b. Time, savings and foreign currency deposits (DMB)	886401	936378	825907	891537	863092
3. BONDS AND MONEY MARKET INSTRUMENTS	-	-	-	-	-
a. Bonds (MA)					
b. Bonds (DMB)					
c. Money market instruments (DMB)					
4. RESTRICTED DEPOSITS					
a. Restricted deposits (MA)					
b. Restricted deposits (DMB)	-	-	-	-	-
5. CAPITAL ACCOUNTS	71505	95353	95531	95799	97859
a. Capital accounts (MA)	10000	10000	10000	10000	10000
b. Capital accounts (DMB)	61505	85353	85531	85799	87859
6. OTHER ITEMS (NET)	(6335)	(34894)	(35344)	21792	(50427)
a. Other items (net) (MA)	(5782)	(7237)	(6540)	(6955)	(7521)
b. Deposit money banks' deposits (MA)	32877	31417	33510	25208	31076
c. Less: Deposits with central bank (DMB)	28649	29275	33204	25598	31077
d. Other items (net) (DMB)	15076	(7927)	(413)	55060	7283
e. Credit from central bank (DMB)	-	-	-	-	-
f. Less: Claims on deposit money banks (MA)	-	-	-	-	-
g. Deposit money banks' cash (DMB) (Held in rand while rand is legal tender)	19857	21872	28697	25923	50188
7. TOTAL LIABILITIES	1547152	1577670	1562140	1605011	1524851

Source: Bank of Namibia

TABLE 3. MONETARY SURVEY (AUGUST 1990 TO DECEMBER 1991) (CONTINUED)

'000 Rands

		JAN 91	FEB 91	MAR 91	APR 91	MAY 91	JUN 91	JUL 91	AUG 91	SEP 91	OCT 91	NOV 91	DEC 91
ASSETS:													
1.	FOREIGN ASSETS (NET)	215780	272754	490500	396697	316591	628630	632402	566243	518352	693505	507358	618464
	a. Foreign assets (MA)	82391	101154	126640	87971	64284	137157	57542	118947	100348	142001	119127	160098
	b. Less: Foreign liabilities (MA)	75	75	732	732	733	733	733	733	732	716	716	716
	c. Foreign assets (DMB)	416711	420788	615632	502031	471134	655255	776797	647482	562717	709757	560554	585512
	d. Less: Foreign liabilities (DMB)	283247	249113	251040	192573	218094	163049	201204	199453	143981	157537	171607	126430
2.	DOMESTIC CREDIT)	1358088	1319803	1077628	1200223	1291146	1024744	1031959	1144635	1267454	1184769	1251705	1357457
A.	CLAIMS ON CENTRAL GOVERNMENT (NET)	(126 700)	(144 348)	(375 226)	(277 800)	(196 628)	(508 498)	(544 950)	(415 953)	(363 404)	(444 853)	(373 047)	(314 922)
	a. Claims on central government (MA)												
	b. Less: Central government deposits (MA)	48 819	65 472	93 873	42 217	34 503	101 230	24 504	85 167	65 618	115 524	91 578	123 092
	c. Claims on central government (DMB)	40 021	39 224	34 400	32 868	35 536	35 950	35 716	34 168	28 627	30 808	38 933	40 785
	d. Less: Central government deposits (DMB)	117 902	118 100	315 753	268 451	197 661	443 218	556 162	364 954	326 413	360 137	320 402	232 615
B.	CLAIMS ON LOCAL AUTHORITIES AND REGIONAL COUNCILS	2 071	2 095	2 095	2 094	2 094	1 249	1 315	1 315	1 321	1 315	1 330	9 294
	a. Claims on local authorities & Reg. councils (MA)												
	b. Claims on local authorities & Reg. councils (DMB)	2 071	2 095	2 095	2 094	2 094	1 249	1 315	1 315	1 321	1 315	1 330	9 294
C.	CLAIMS ON NON-FINANCIAL PUBLIC ENTERPRISES	4 016	4 356	5 908	7 944	6 222	7 038	22	46 976	47 468	47 958	49 327	50 106
	a. Claims on non-financial public enterprises (MA)												
	b. Claims on non-financial public enterprises (DMB)	4 016	4 356	5 908	7 944	6 222	7 038	22	46 976	47 468	47 958	49 327	50 106
D.	CLAIMS ON OTHER BANKING INSTITUTIONS	45 397	28 274	26 566	22 800	24 801	29 500	34 666	29 634	32 309	23 324	26 235	13 108
	a. Claims on Other Banking Institutions (MA)								94	94	111	111	117
	b. Claims on Other Banking Institutions (DMB)	45 397	28 274	26 566	22 800	24 801	29 500	34 666	29 540	32 215	23 213	26 124	12 991
E.	CLAIMS ON NONBANK FINANCIAL INSTITUTIONS												
	a. Claims on Non-bank Financial Institutions (MA)												
	b. Claims on Non-bank Financial Institutions (DMB)												
F.	CLAIMS ON PRIVATE SECTOR	1 433 304	1 429 426	1 418 285	1 445 185	1 454 657	1 495 455	1 540 906	1 482 663	1 549 760	1 557 025	1 547 860	1 599 871
	a. Claims on private sector (MA)												
	b. Claims on private sector (DMB)	1 433 304	1 429 426	1 418 285	1 445 185	1 454 657	1 495 455	1 540 906	1 482 663	1 549 760	1 557 025	1 547 860	1 599 871
3.	TOTAL ASSETS	1 573 868	1 592 557	1 568 128	1 596 920	1 607 737	1 653 374	1 664 361	1 710 878	1 785 806	1 878 274	1 759 063	1 975 921

Source: *Bank of Namibia*

TABLE 3. MONETARY SURVEY (AUGUST 1990 TO DECEMBER 1991) (CONTINUED)

'000 Rands

	JAN 91	FEB 91	MAR 91	APR 91	MAY 91	JUN 91	JUL 91	AUG 91	SEP 91	OC'T 91	NOV 91	DEC 91
LIABILITIES:												
1. MONEY	597 833	608 568	524 513	587 139	558 858	635 215	729 982	703 156	710 781	781 085	697 335	821 948
a. Currency outside banks (new Namibian currency) (MA	-	-	-	-	-	-	-	-	-	-	-	-
b. Deposits of local authorities & regional councils (MA)	-	-	-	-	-	-	-	-	-	-	-	-
c. Non-financial public enterprises' deposits (MA)	-	-	-	-	-	-	-	-	-	-	-	-
d. Other banking institutions' deposits (MA)	-	-	-	-	-	-	-	-	-	-	-	-
e. Non-bank financial institutions' deposits (MA)	-	-	-	-	-	-	-	-	-	-	-	-
f. Deposits of private businesses (MA)	-	-	-	-	-	-	-	-	-	-	-	-
g. Deposits of individuals and other (MA)	7740	8885	1704	12336	6147	9245	7522	9871	11383	8707	10001	12477
h. Demand deposits (DMB)	590093	599683	522809	574803	552711	625970	722460	693285	699398	772378	687334	809471
2. QUASI-MONEY	913601	911482	948993	943097	950542	913865	857275	911814	981971	999529	963221	1103 080
a. Time savings and foreign currency deposits (MA)	-	-	-	-	-	-	-	-	-	-	-	-
b. Time savings and foreign currency deposits (DMB)	913 601	911 482	948 993	943 097	950 542	913 865	857 275	911 814	981 971	999 529	963 221	1103 080
3. BONDS AND MONEY MARKET INSTRUMENTS	-	-	-	-	-	-	-	-	-	-	-	4 000
a. Bonds (MA)	-	-	-	-	-	-	-	-	-	-	-	-
b. Bonds (DMB)	-	-	-	-	-	-	-	-	-	-	-	4 000
c. Money market instruments (DMB)	-	-	-	-	-	-	-	-	-	-	-	-
4. RESTRICTED DEPOSITS												
a. Restricted deposits (MA)	-	-	-	-	-	-	-	-	-	-	-	-
b. Restricted deposits (DMB	-	-	-	-	-	-	-	-	-	-	-	-
5. CAPITAL ACCOUNTS	98400	104355	107399	107535	107733	108348	108872	109246	132755	133208	133279	184622
a. Capital accounts (MA)	10211	10211	13098	13098	13098	13541	13541	13976	13927	15248	14996	21844
b. Capital accounts (DMB)	88189	94144	94301	94437	94635	94807	95331	95270	118828	117960	118283	162778
6. OTHER ITEMS (NET)	-35966	-31848	-12778	-40851	-9396	-4054	-31768	-13338	-39701	-35548	-34572	-137729
a. Other items (net) (MA)	-6559	-6982	-6919	-7419	-7769	-11619	-12666	-14145	-14122	-18602	-17426	-16060
b. Deposit money banks' deposits (MA)	22105	23493	24151	27007	21060	24027	23908	23439	22904	20519	19373	18146
c. Less: Deposits with central bank (DMB)	22 097	23 493	24 151	27 325	23 700	24 027	23 908	24 257	21 770	20 519	19 373	18 145
d. Other items (net) (DMB)	3 329	5 921	22 433	3 911	36 250	39 089	16 732	36 717	16 854	23 669	18 142	-55 152
e. Credit from central bank (DMB	-	-	-	-	-	-	-	-	-	-	-	-
f. Less: Claims on deposit money banks (MA)	-	-	-	-	-	-	-	-	-	-	-	-
g. Deposit money banks' cash (DMB)(held in rand)	32 744	30 787	28 292	37 025	35 237	31 524	35 834	35 092	43 567	40 615	35 288	66 518
7. TOTAL LIABILITIES	1573 868	1592 557	1568 128	1596 920	1607 737	1653 374	1664 361	1710 878	1785 806	1878 274	1759 263	1975 921

Source: Bank of Namibia

TABLE 4. INTEREST RATES

SELECTED INTEREST RATES	1990				1991			
	1	II	111	IV	1	11	111	IV
Prime rate 1)	21.0	21.0	21.0	21.0	21.0	21.0	21.0	20.0
Treasury bills rate 1)	-	-	-	-	-	16.8	16.6	16.4
Bankers acceptances rate 2)	18.4	18.3	17.7	17.8	17.3	16.8	16.7	16.4
Bank deposit rate 1)	13.5	13.9	13.6	13.0	13.2	12.8	12.3	12.5
Bank lending rate 1)	21.8	21.3	21.4	21.1	21.9	22.1	22.1	21.8
Money market rate 2)	18.7	19.2	17.9	17.9	17.6	16.8	16.7	16.0

Source: 1) Bank of Namibia
2) South African Reserve Bank

TABLE 5. FOREIGN EXCHANGE RATES

(Rand per foreign currency unit)

FIVE MAJOR CURRENCIES	1990				1991			
	1	11	111	IV	1	11	111	IV
US Dollar	2.571	2.655	2.591	2.533	2.648	2.865	2.836	2.768
German Mark	1.520	1.583	1.627	1.688	1.658	1.607	1.671	1.767
Pound Sterling	4.259	4.443	4.825	4.927	4.852	4.728	4.888	5.045
Japanese Yen	0.017	0.017	0.018	0.019	0.019	0.020	0.021	0.022
Swiss Franc	1.729	1.869	1.969	1.983	1.917	1.873	1.911	1.995

Source: South African Reserve Bank

TABLE 6. GROSS DOMESTIC AND NATIONAL PRODUCT

Rand million

At current prices	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991
Remuneration of employees	631.9	823.8	979.9	1104.2	1220.0	1356.9	1526.9	1807.2	2020.8	2291.4	2700.3	3018.7
Net operating surplus	745.4	606.5	619.2	596.7	664.1	1106.9	1331.2	1255.0	1686.2	1917.8	1979.5	2171.7
Provision for depreciation	95.4	107.6	118.0	126.3	132.9	140.4	149.6	162.4	180.0	200.7	223.8	250.0
GDP at factor cost	1472.7	1537.9	1717.1	1827.2	2017.0	2604.2	3007.7	3224.6	3887.0	4409.9	4903.6	5 440.4
Indirect taxes	137.5	145.4	172.4	183.7	209.8	279.3	343.7	361.7	573.9	632.8	806.5	900.0
Less Subsidies	20.1	41.8	57.8	83.7	66.9	78.2	85.2	76.0	62.5	45.9	61.1	50.0
Gross domestic product at market prices	1590.1	1641.5	1831.7	1927.2	2159.9	2805.3	3266.2	3510.3	4398.4	4996.8	5649.0	6290.4
Less: Net factor payments to the rest of the world	152.8	102.7	132.7	76.4	112.6	297.7	319.7	196.7	399.8	372.2	400.0	420.0
Gross national product at market prices	1437.3	1538.8	1699.0	1850.8	2047.3	2507.6	2946.5	3313.6	3998.6	4624.6	5249.0	5870.4
Real gross national product at constant 1985 prices	2916.4	2525.6	2407.2	2309.6	2410.2	2507.6	2567.8	2622.9	2863.7	2994.7	2926.5	2985.7
Real gross national product per capita (Rand)	2910.0	2445.0	2260.0	2103.0	2129.0	2148.0	2134.0	2114.0	2239.0	2271.0	2152.0	2130.0

Source: Ministry of Finance

TABLE 7. GROSS DOMESTIC PRODUCT BY KIND OF ECONOMIC ACTIVITY (CONSTANT PRICES)

Rand million

At constant 1985 prices	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991
PRIMARY SECTOR:	1537.5	1429.6	1306.7	1229.3	1178.5	1148.2	1200.9	1244.6	1254.1	1183.9	1204.4	1324.9
Agriculture	294.9	298.7	262.7	206.9	190.0	197.2	203.1	253.4	248.3	276.8	280.7	278.6
Agriculture (commercial)	265.3	268.6	231.5	174.6	156.8	162.9	167.7	216.9	210.9	238.3	241.0	237.8
Agriculture (subsistence)	29.6	30.1	31.2	32.3	33.2	34.3	35.4	36.5	37.4	38.5	39.7	40.8
Fishing	27.2	34.0	42.0	42.1	31.9	42.9	36.5	47.0	52.6	31.4	95.5	175.9
Diamond mining	566.5	454.0	369.4	351.5	338.6	330.5	367.1	373.9	353.8	338.3	276.3	430.8
Other mining and quarrying	648.9	642.9	632.6	628.8	618.0	577.6	594.2	570.3	599.4	537.4	551.9	439.6
SECONDARY SECTOR:	259.8	277.0	277.9	268.7	252.5	256.2	253.7	267.7	278.8	262.8	298.0	302.0
Manufacturing	106.8	104.7	115.7	118.1	117.4	113.2	114.3	116.0	117.5	122.5	128.7	133.9
Fish processing (Walvis Bay)	18.7	17.9	19.1	23.9	15.9	22.2	29.4	39.2	44.9	26.0	58.0	53.4
Electricity and water	40.3	42.6	44.7	46.7	48.3	49.5	50.4	50.9	53.5	55.3	58.2	60.5
Construction	94.0	111.8	98.4	80.0	70.9	71.3	59.6	61.6	62.9	59.0	53.1	54.2
TERTIARY SECTOR:	969.0	1061.3	1139.3	1153.9	1185.9	1199.8	1232.2	1268.0	1295.3	1339.3	1370.1	1393.3
Wholesale and retail trade, catering and accommodation	287.3	303.4	312.3	286.8	285.9	282.8	289.5	299.7	311.7	321.2	322.8	323.4
Transport and communications	137.5	126.1	118.0	126.9	139.1	139.5	147.0	150.1	149.5	165.1	171.7	176.9
Finance Business services	168.6	162.7	165.7	170.3	174.3	176.9	181.3	187.4	189.6	192.7	192.5	193.4
Community Personal services	32.9	40.4	42.1	44.2	46.4	46.9	47.4	48.5	49.6	50.3	50.8	51.9
Government	275.2	363.1	433.5	455.7	467.4	479.3	490.6	503.3	513.4	526.3	547.3	561.0
Other producers	67.5	65.6	67.7	70.0	72.8	74.4	76.4	79.0	81.5	83.7	85.0	86.7
GDP at factor cost (at constant 1985 prices)	2766.3	2767.9	2723.9	2651.9	2616.9	2604.2	2686.8	2780.3	2828.2	2786.0	2872.5	3020.2

Source: Ministry of Finance.

TABLE 8. GROSS DOMESTIC PRODUCT BY KIND OF ECONOMIC ACTIVITY (CURRENT PRICES)

Rand million

At constant 1985 prices	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991
PRIMARY SECTOR:	814.6	691.6	693.9	669.0	711.2	1148.2	1336.1	1198.6	1572.3	1807.5	1637.0	1980.2
Agriculture	170.5	216.2	198.3	163.1	172.5	197.2	233.9	380.0	445.3	498.3	493.8	534.4
Agriculture (commercialised)	154.2	197.1	175.5	136.7	142.8	162.9	193.8	333.5	391.4	434.4	420.1	449.5
Agriculture (subsistence)	16.3	19.1	22.8	26.4	29.7	34.3	40.1	46.5	53.9	63.9	73.7	84.9
Fishing	14.1	21.0	30.0	32.6	28.3	42.9	41.0	61.4	75.2	50.5	171.5	362.2
Diamond mining	364.6	186.3	143.2	174.9	155.7	330.5	463.8	302.1	519.8	592.7	443.1	704.7
Other mining and quarrying	265.4	268.1	322.4	298.4	354.7	577.6	597.4	455.1	532.0	666.0	528.6	378.9
SECONDARY SECTOR:	143.7	182.8	204.6	229.0	227.0	256.2	288.9	346.4	423.3	423.2	508.6	565.9
Manufacturing	56.5	67.2	82.7	93.5	102.6	113.2	132.0	156.6	179.3	192.0	198.4	227.1
Fish processing (Walvis Bay)	10.3	11.9	13.8	18.9	13.9	22.2	33.9	53.1	68.9	42.7	101.5	102.5
Electricity and Water	26.3	36.4	38.5	52.1	48.6	49.5	53.9	53.0	75.7	77.2	95.5	109.3
Construction (contractors)	50.6	67.3	69.6	64.5	61.9	71.3	69.1	83.7	99.4	111.3	113.2	127.0
TERTIARY SECTOR:	514.4	663.5	818.6	929.2	1078.8	1199.8	1382.7	1679.6	1891.4	2179.2	2534.2	2867.9
Wholesale and retail trade, catering and accommodation	166.3	204.9	228.4	234.9	255.5	282.8	328.4	382.7	449.4	532.8	604.6	673.3
Transport and Communications	76.7	78.3	83.8	107.6	137.2	139.5	175.2	204.1	229.7	265.0	318.3	363.7
Finance insurance real estate and business services	77.0	88.2	111.8	127.5	153.0	176.9	184.8	217.3	263.7	311.2	365.3	422.1
Community Personal services	18.6	24.1	28.8	36.1	41.3	46.9	54.1	62.7	72.5	85.1	98.3	112.5
Government	138.8	227.1	316.3	366.8	427.3	479.3	556.5	715.1	764.3	855.7	996.7	1123.8
Other producers	37.0	40.9	49.5	56.3	64.5	74.4	83.7	97.7	111.8	129.4	151.0	172.5
GDP at factor cost (at current prices)	1472.7	1537.9	1717.1	1827.2	2017.0	2604.2	3007.7	3224.6	3887.0	4409.9	4679.8	5414.0

Source: Ministry of Finance.

TABLE 9. INDICATORS OF ECONOMIC ACTIVITY

	1990				1991			
ECONOMIC INDICATORS	1	11	111	IV	1	11	111	IV
AGRICULTURE:								
Cattle marketed ('000)	69	90	98	67	103	137	136	92
Small stock marketed ('000)	233	385	313	157	310	328	236	214
Fishing (pursuing net fishing in tons)		74104	120830	52083				
Fishing (trawling and other coastal fishing in tons)	7348	18533	12204	115279				
MINING:								
Diamond output (carats)	180233	162656	166358	252019	175195	231102	402406	378167
Lead (tons)	8160	9868	8242	8859	8360	8201	8881	7925
Copper output (tons)	7022	8436	9203	8529	7986	8471	6801	8670
Zinc (tons)	19494	18234	16739	17944	14861	16381	18484	18373
Gold (grams)	358000	381000	417000	449000	470690	480830	424460	475170
Silver (kg's)	21280	24123	24467	21765	24003	23924	20716	22650
Tin (tons)	342	410	423	204	*5*	4	3	5
PRIVATE SECTOR CONSTRUCTION:								
Value of buildings completed (Rm)	27	27	45	30	35	26	20	38
Residential buildings (Rm)	10	13	8	14				
Value of building plans passed (Rm)	19	42	49	40	44	54	67	69
Residential buildings (Rm)	9	18	25	26				
ELECTRICITY CONSUMPTION:								
Kilowatt-hours sold (kw million)	331	351	386	346				
PUBLIC TRANSPORT:								
Goods by rail (gross ton-km)	82	78	80	74	65	73	74	74
Passengers by rail (pax number)	59	36	34	41	34	27	32	35
Passengers by road (pax number)	166	145	227	184	186	197	179	213
TOURISM:								
Rooms sold-Private ('000) 70	63	69	70	69	70	83	77	
Beds sold-Private ('000)	92	87	97	100	93	94	121	110
Units sold-Government	30	27	35	33				
COMPANY REGISTRATIONS:								
Domestic companies (number)	162	182	167	134	116	113	148	163
Foreign companies (number)					5	4	2	-
BUILDING SOCIETIES:								
Total net mortgage loans granted (Rm)	23	17	32	37	32	44	50	50
New buildings (Rm)	6	4	13	13	10	16	25	29
On existing buildings (Rm)	17	13	19	24	22	28	25	21
Average loan per dwelling (R 000)	80	77	87	99				

Source: Ministry of Finance

TABLE 10. CONSUMER PRICE INDEX

		NAMIBIA				SOUTH AFRICA				DIFFERENTIAL	
		ALL ITEMS		FOOD		ALL ITEMS		FOOD			
PERIOD		INDEX	%	INDEX	%	INDEX	%	INDEX	%	All items	Food
1990	Jan	321.5	13.8	392.9	21.9	94.2	15.1	95.4	14.9	1.3	-7.0
	Feb	324.6	13.4	403.6	22.0	94.6	14.9	94.8	15.6	1.5	-6.4
	Mar	330.3	13.5	399.8	19.2	96.5	14.9	95.2	15.2	1.4	-4.0
	Apr	332.3	13.2	400.9	18.3	97.1	14.6	96.2	16.8	1.4	*-1.5*
	May	333.8	12.7	406.9	18.6	98.2	13.9	97.4	*15.5*	1.2	-3.1
	Jun	335.7	11.3	410.5	14.9	99.3	13.6	99.3	15.2	2.3	0.3
	Jul	337.5	11.1	418.8	17.3	100.0	13.3	100.4	16.5	2.2	-0.8
	Aug	341.1	11.9	429.2	18.7	101.3	13.6	102.6	17.6	1.7	-1.1
	Sep	342.3	11.1	430.8	16.8	102.8	14.3	103.2	17.3	3.2	0.5
	Oct	346.7	11.7	437.2	17.4	103.5	14.0	103.2	16.1	2.3	-1.3
	Nov	348.6	10.9	439.5	13.7	105.8	15.3	105.5	16.5	4.4	2.8
	Dec	350.8	10.1	445.5	10.9	106.7	14.6	106.8	15.5	4.5	4.6
1991	Jan	353.1	9.8	438.5	11.6	107.6	14.2	108.2	13.4	4.4	1.8
	Feb	358.3	10.4	439.6	8.9	109.0	15.2	109.5	15.5	4.8	6.6
	Mar	358.9	8.7	427.4	6.9	110.1	14.1	111.0	16.6	5.4	9.7
	Apr	361.5	8.8	423.7	5.7	111.4	14.7	112.7	17.2	5.9	*11.5*
	May	366.1	9.7	429.8	5.6	113.1	15.2	114.9	18.0	5.5	12.4
	Jun	370.0	10.2	428.4	4.4	114.3	*15.1*	116.4	17.2	4.9	12.8
	Jul	373.0	*10.5*	429.3	2.5	115.9	15.9	118.4	17.9	5.4	15.4
	Aug	380.4	*11.5*	434.6	1.3	117.2	15.7	121.2	18.1	4.2	16.8
	Sep	388.6	13.5	443.1	2.9	118.6	15.4	123.7	19.9	1.9	17.0
	Oct	395.8	14.2	458.5	4.9	121.0	16.9	130.3	26.3	2.7	21.4
	Nov	406.8	16.7	473.1	7.6	122.4	15.7	133.4	26.4	-1.0	18.8
	Dec	414.3	18.1	487.2	9.4	123.8	16.0	136.4	27.7	-2.1	18.3

Source: Central Statistics Office, National Planning Commission and South African Reserve Bank Quartely Bulletin

TABLE 11. FOREIGN TRADE, VALUE OF MERCHANDISE EXPORTS AND IMPORTS
Rand million

At current prices	**1980**	**1981**	**1982**	**1983**	**1984**	**1985**	**1986**	**1987**	**1988**	**1989**	**1990**	**1991**
Agricultural products:												
Cattle	72.2	119.0	74.3	48.0	51.6	64.7	83.2	138.9	148.9	154.9	111.0	112.4
Karakul pelts	42.8	20.1	13.3	10.2	16.2	19.7	18.4	34.6	34.6	25.0	13.8	15.0
Small stock	9.1	25.8	22.2	10.7	15.5	30.5	40.7	53.0	57.6	95.4	97.0	104.9
Other	7.4	9.2	10.7	8.8	11.8	12.6	14.6	15.4	17.3	18.4	20.2	22.2
TOTAL	**131.5**	**174.1**	**120.5**	**77.7**	**95.1**	**127.5**	**156.9**	**241.9**	**258.4**	**293.7**	**242.0**	**254.5**
Unprocessed fish	1.6	8.7	15.1	9.6	13.9	24.4	8.0	15.3	15.3	11.6	86.4	324.2
Mineral products:												
Diamonds	519.9	271.2	258.0	281.3	279.9	497.9	756.5	535.0	817.8	1027.6	846.6	1216.5
Uranium	283.0	288.0	379.0	300.9	417.2	584.7	762.2	603.4	454.3	694.8	440.0	340.8
Other	178.6	138.0	158.2	179.4	202.3	291.1	267.6	272.3	446.9	518.0	502.6	417.9
TOTAL	**981.5**	**697.2**	**795.2**	**761.6**	**899.4**	**1373.7**	**1786.3**	**1410.7**	**1719.0**	**2240.4**	**1789.2**	**1975.2**
Manufactured products:												
Fish products:-												
Luderitz	10.3	10.9	23.1	35.7	28.4	27.1	28.6	25.6	29.6	27.0	29.2	37.1
Walvis Bay	38.0	42.7	47.9	62.5	44.6	69.1	105.7	169.4	221.4	127.4	327.8	330.9
Meat products	41.3	32.9	37.9	43.5	47.1	49.7	60.1	87.0	110.7	131.9	158.5	189.0
Other	41.2	55.0	59.2	61.0	62.8	62.8	64.1	65.0	71.1	101.5	122.0	143.3
TOTAL	**130.8**	**141.5**	**168.1**	**202.7**	**182.9**	**208.7**	**258.5**	**347.0**	**432.8**	**387.8**	**637.5**	**700.3**
Electricity	-	-	0.0	1.3	4.2	3.9	6.1	6.6	9.1	9.3	10.0	9.0
TOTAL EXPORTS	1245.4	1021.5	1098.9	1052.9	1195.5	1738.2	2215.8	2021.5	2434.6	2942.8	2765.1	3263.2
TOTAL IMPORTS	-1257.7	1409.6	1462.9	1391.8	1557.8	1753.9	2156.3	2466.0	2878.1	3296.6	3161.3	3410.6
TRADE BALANCE	**-12.3**	**-388.1**	**-364.0**	**-338.9**	**-362.3**	**-15.7**	**59.5**	**-444.5**	**-443.5**	**-353.8**	**-396.2**	**-147.4**

Source: Ministry of Finance