Ministry of Finance

Bank of Namibia

FY2025/26 BORROWING STRATEGY SUMMARY

This document outlines the strategy for sourcing funds to fill the FY2025/26 Government financing requirement, as set out in the current Medium-Term Expenditure Framework. The FY2025/26 National Budget estimates a fiscal deficit of N$12.8 billion, equivalent to 4.6 percent of GDP. Considering foreign loan principal repayments of N$3.8 billion, local bond redemptions of N$3.9 billion, the outstanding Eurobond amount, and additional financing requirements, the net financing need for FY2025/26 is projected at N$ 29.8 billion. Of this amount, N$21.2 billion will be sourced domestically, while the remaining N$8.6 billion will be financed through external sources (refer to Table 1 for a detailed breakdown).

Table 1: FY2025/26 Financing Requirement (N$ million)

FY2025/26	
Total Revenue	92,631
Total Expenditure	-106,304
Grant Funded Expenditure	861
Budget deficit	**-12,812**
Cash Requirement	-4,000
Local Bond Redemptions (GC25, GI25)	-3,876
Foreign Loan Principal Repayments	-3,838
Eurobond Balance	-2,300
Sinking Fund Transfers	-3,000
Net borrowing requirement	**29,826**
Foreign Financing	**8,645**
African Development Bank	2,000
Project Financing	2,301
Other	4,344
Net Domestic Borrowing	**-21,181**

Source: MoF, BoN

a) Domestic Market Borrowing

As outlined above, N$21.2 billion will be sourced from the domestic market. This amount is allocated across the three classes of local instruments: Treasury Bills, Fixed-Rate Bonds, and Inflation-Linked Bonds. Net Treasury Bill issuance is projected at N$6.4 billion, Fixed-Rate Bonds at N$13.2 billion, and Inflation-Linked Bonds at N$1.7 billion, as detailed in Table 2 below. Compared to the previous fiscal year's domestic borrowing requirement of N$15.0 billion, the FY2025/26 requirement reflects an increase to cater to the elevated amount of maturing debt in the current fiscal year. Furthermore, a key strategy this financial year is to frontload borrowing in the first half of the financial year, aligned to the debt repayment profile for FY2025/26. This will allow the government to benefit from elevated liquidity levels and adequately buffer up ahead of large redemptions that fall during the first half of this fiscal year.

Table 2: Domestic Borrowing Strategy FY2025/26 (N$ million)

Debt Securities	FY2025/26
Treasury Bills	6,357
Fixed-rate Bonds	13,155
Inflation-linked Bonds	1,670
TOTAL DOMESTIC BORROWING	**21,182**

Source: MoF, BoN

i. Treasury Bills

Of the total domestic borrowing requirement, 30 percent will be raised through Treasury Bill issuance during FY2025/26. The Bank will continue conducting weekly Treasury Bill auctions, a practice introduced in FY2023/24. As shown in Table 3, the most significant allocations are earmarked for the 9-month and 12-month tenors. However, the plan remains flexible and may be adjusted in response to evolving market demand.

Table 3: Treasury Bills planned issuance distribution FY2025/26 (% split)

Debt Securities	Distribution
DOMESTIC BORROWING	
T-Bills	
GT-91	14%
GT-182	19%
GT-273	33%
GT-365	34%
Total	**100%**

Source: MoF, BoN

ii. Fixed-rate Bonds

As indicated above, a total of N$13.2 billion—representing 62 percent of the domestic financing requirement—will be raised through Fixed-Rate Bonds. The strategy also includes taking the GC26 bond off-the-run to manage redemption risk in the upcoming fiscal year. As detailed in Table 3, issuance will be spread across a broad range of maturities. While the strategy of extending the maturity profile of government debt remains a focal area, current market dynamics have informed a more uniform allocation across all tenors. The notable exception is the lower allocation towards the GC27, which will not be available at each auction in order to reduce refinancing risks and support fiscal sustainability.

Table 3: Fixed-rate Bonds planned issuance FY2025/26 (% split)

Debt Securities	Distribution
GC27	2%
GC28	12%
GC32	9%
GC35	10%
GC37	11%
GC40	10%
GC43	12%
GC45	12%
GC48	12%
GC50	12%
Total	**100%**

Source: MoF, BoN (*kindly note the presence of rounding differences)

As is customary, the borrowing calendar includes switch auction provisions that allow bondholders to exchange existing holdings for longer-dated

instruments. Governments use this vital tool to manage rollover risk and facilitate smooth redemptions. The GC26 bond is scheduled to mature on 15 April 2026, within FY2026/27. In anticipation of this, seven switch auctions targeting the GC26 are planned in the fiscal year, as outlined in the updated issuance calendar. Switch operations for the GC27 bond will begin in the 2026/27 fiscal year. Depending on the outcome of the switch auctions, a residual amount of the GC26 may be rolled around its maturity date.

iii. Inflation-linked Bonds

The allocation to Inflation-Linked Bonds reflects the Government's commitment to fostering the development of domestic financial markets while balancing the need to diversify investment instruments with the imperative to manage borrowing costs effectively. Like the GC26, the GI25 bond has been taken off the run, as it is scheduled to mature during the current fiscal year on 15 July 2025. Accordingly, N$1.7 billion has been allocated to active Inflation-Linked Bonds (as shown in Table 2 above), with the GI33 and GI36 receiving a slightly bigger portion of the linker distribution (see Table 4 below). More so, as the inflation-linked curve has gradually edged shorter, the Government intends to extend the runway by adding a longer-dated bond, thus providing increased investment optionality to the market. In due course, the market will be apprised of more details surrounding the new issuance.

Rollover auctions have been integrated into the issuance calendar. This will provide current holders of the maturing GI25 with a structured opportunity to maintain their exposure to the inflation-linked bonds class of instruments in view of the redemption. By aligning upcoming inflation-linked issuances with the GI25 maturity date, investors can reinvest proceeds efficiently, ensuring continuity in their investment strategy. This measure supports effective portfolio management and promotes sustained participation in the inflation-linked market segment.

Table 4: Inflation-Linked-bonds planned issuance FY2025/26 (% split)

Inflation-linked bonds	Distribution
GI27	20%
GI29	20%
GI33	23%
GI36	27%
GI39	10%
Total	**100%**

Source: MoF, BoN

Annexure A: FY2025/26 Borrowing Plan Summary (1st half of FY25/26)

Borrowing Plan FY2025/26 (N$ million)						
Net Issues	**Apr**	**May**	**Jun**	**Jul**	**Aug**	**Sep**
GT-91	62	125	180	90	70	46
GT-182	120	150	110	110	150	-25
GT-273	134	150	120	140	165	450
GT-364	180	200	90	160	240	50
Net Issuance of T-Bills	**496**	**625**	**500**	**500**	**625**	**521**
Fixed-rate Bonds	**2,480**	**1,165**	**1,165**	**2,430**	**430**	**860**
GC27	50	-	-	150	-	-
GC28	340	140	140	240	70	140
GC30	-	-	-	-	-	-
GC32	70	105	105	250	40	80
GC35	125	105	105	300	40	80
GC37	360	130	130	250	40	80
GC40	155	130	130	250	40	80
GC43	360	135	135	240	50	100
GC45	340	140	140	250	50	100
GC48	340	140	140	250	50	100
GC50	340	140	140	250	50	100
Inflation-linked Bonds	**285**	**125**	**80**	**370**	**60**	**100**
GI27	50	20	20	90	10	20
GI29	50	20	20	90	10	20
GI33	75	30	20	90	10	20
GI36	110	55	20	100	10	20
GI39	-	-	-	-	20	20
Net Issuance of Bonds	**2,765**	**1,290**	**1,245**	**2,800**	**490**	**960**
TOTAL	**3,261**	**1,915**	**1,745**	**3,300**	**1,115**	**1,481**

Source: MoF, BoN