

BANK OF NAMIBIA

ANNUAL REPORT 1997



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1997

Registered Office

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PO Box 2882
Windhoek
Namibia

BANK OF NAMIBIA
CORPORATE CHARTER

MISSION

The Mission of the Bank of Namibia is to promote monetary and financial stability in the interest of the Nation's sustainable economic growth and development.

VISION

Our vision is to be a centre of excellence, a professional and credible institution, a leader in the areas of economics, banking and finance, supported by competent and dedicated staff.

VALUES

We are committed to service excellence.

We uphold integrity, impartiality, open communication and transparency.

We care for our staff, their well-being and their contribution to the organisation.

We value team work.

MEMBERS OF THE BOARD



Mr T K Alweendo
Governor
Appointed - 01 January 1997



Mr L S Ipangelwa
Deputy Governor
Appointed - 01 January 1997



Ms P M Elago
Appointed - 16 July 1996



Mr A Botes
16 December 1992 -
3 September 1997



Mr R Ritter
Appointed - 03 September 1997



Mr U Maamberua
Appointed - 11 December 1996



Mr P Damaseb
Appointed - 16 July 1990

BANK OF NAMIBIA MANAGEMENT

Governor	Mr T K Alweendo
Deputy Governor	Mr L S Ipangelwa
Chief Internal Auditor	Mr B Masule
Manager - Projects	Ms H Trossbach
Public Relations Practitioner	Ms L Martin
Legal Advisor	Ms S Tjijorokisa
Senior Manager - Corporate Service	Mr F S Hamunyela
Manager - Administration	Mr E Lehmann
Manager - Human Resources	Ms L Markus
Manager - Information Systems	Mr J vd Merwe
Manager - Protection Services	Mr A L Shikongo
Manager - Training and Development	Vacant
Senior Manager - Bank Supervision	Mr R Lawrence
Advisor - Bank Supervision	Mr J Rajakumar
Manager - Bank Examinations	Ms S Müller
Manager - Regulations and Analysis	Mr W V Mberirua
Senior Manager - Operations	Mr U Davids
Advisor - Operations	Mr M Barrett
Manager - Currency and Banking	Mr F Guiseb
Manager - Finance	Mr I H Theodore
Manager - Treasury	Mr P Mwangala
Head of Research	Mr M Tjirongo
Advisor - Research	Mr S Rajalingam
Senior Manager - International Economics	Mr E I Meroro
Senior Manager - Domestic Economics	Vacant
Manager - Balance of Payments	Mr H Scheun
Manager - Banking and Finance	Mr M Mwinga
Manager - Economics	Mr W Shiimi
Manager - Exchange Control	Mrs R Metzler

FOREWORD

The performance of the economy, which started slackening in 1995, deteriorated further in 1997, when a growth rate of only 1.4 per cent was recorded. The deterioration was primarily attributable to poor agricultural output as a result of the drought in the preceding year which significantly reduced livestock levels, and to declining output in the fishing sector, owing to the Total Allowable Catch (TAC) restrictions. The performance of the economy for the past two years fell far short of the average target growth rate of 6.2 per cent envisaged in the National Development Plan (NDP1) and, given the country's population growth rate of 3.1 per cent, the standard of living of the average Namibian has actually worsened during this period.

The poor performance of the economy for the past two years again demonstrates the dependence of economic growth patterns on primary production which is highly vulnerable to climatic and external factors. In this regard, the country faces a daunting challenge of diversifying the economy so as to reduce the dependence on commodity production. While efforts are currently underway to create a more friendly environment for investment, the maintenance of macroeconomic stability, which is a precondition for longer-term economic growth and development, must be seen as an important goal of economic policy. The achievement of this will require improved co-ordination between fiscal and monetary policies.

It was satisfying to note that in response to the restrictive monetary policy in place, growth in credit and monetary aggregates showed substantial abatement during 1997, contributing in turn to the slowing down in inflation in the second half of the year. However, strong inflationary forces still prevail, pointing to the continuing need to restrain the growth in credit and monetary aggregates. The abatement in credit and monetary aggregates had the effect of slowing down the growth of imports during the year. This, combined with a modest growth in exports and larger Southern Africa Customs Union (SACU) transfers, resulted in a record surplus on the balance of payments. As

a consequence, the international reserves of the country improved significantly particularly during the second half of the year, helped further by improved financing of government budgetary operations.

The Bank welcomes government efforts to restrain the increase in budget deficits, as reflected in the preliminary data for the fiscal year 1997/8 which point to a lower budget deficit, as a ratio of gross domestic product, than the high ratio of 6.3 per cent registered in the previous year. Significantly, the 1998/9 Budget Statement envisages a further reduction in the ratio, the achievement of which will help maintain macroeconomic stability and a sustainable level of the country's international reserves.

A significant milestone in the development of the banking industry in Namibia was reached with the passage through the Parliament of the Bank of Namibia and the Banking Institutions Acts. Work on these two bills had commenced earlier and the time taken for the new legislation to be enacted clearly demonstrates the need for a legislative framework that provides greater flexibility in implementing policies in pursuit of central bank objectives and initiatives amidst a dynamic and constantly evolving banking industry. It is precisely this flexibility in the new legislation that marks a turning point which, in terms of effective legal framework, places Namibia among the ranks of other established central banks. With the new legislation in place, the Bank of Namibia can focus on developing a sound and progressive financial system, particularly through more effective supervision of the banking system and adoption of international standards and practices. The Bank is also now empowered to use statutory reserve requirement more flexibly and is introducing changes to put this requirement on a more effective footing, thereby facilitating its future use as a tool of monetary policy. The proposed changes are also intended to allow banks more flexibility in the maintenance of their required reserves.

The management of liquidity in the Namibian financial system has been constrained a great deal by the country's

membership of the Common Monetary Area (CMA). In an attempt to deal with this constraint, the Bank has introduced a call deposit facility for commercial banks and the building society, so that excess funds can be placed locally instead of being invested elsewhere in the CMA as has been the practice hitherto. In the same vein, the Bank is investigating alternative accommodation facilities for banking institutions to assist in the development of the domestic money market.

The Namibian capital market is expected to receive new impetus from the imminent consolidation of government bonds. The consolidation into fewer issues of higher volume is intended as the first step towards improved liquidity and price signals on the secondary market. The Bank supports such developments not only directly as the financial advisor to Government, but also through its active involvement in the capital market forum 'EMERGE 2001.' The Bank regards the active participation of all parties interested in financial market development as crucial in order to coordinate various efforts in this respect.

The Bank of Namibia, in consultation with the Ministry of Finance, continued to implement its policy of gradual liberalization of exchange controls. As a signatory to the World Trade Organization and the Uruguay Round agreements, Namibia firmly believes in removing all trade barriers. In this regard, Namibia acceded to Article VIII of the IMF Articles of Agreement with effect from 20 September 1996. Such accession reiterated Namibia's commitment towards the liberalization process which would permit free flow of goods and services. In a further liberalization exercise aimed at facilitating better trade in the region, the Bank announced increased limits with respect to investment in Southern African Development Community (SADC) countries by both the Namibian corporates and institutional investors. The other exchange control liberalization measures announced recently are discussed elsewhere in this report. The Bank has also granted a license for the operation of a Bureau de Change with the primary aim of tapping foreign exchange in the

remote tourist areas where banks are poorly represented. This measure will not only help curb the development of parallel markets, but will also assist tourists who often find themselves in those areas where currency exchanges facilities are not available.

Taking cognisance of the increasing globalization of international economic and financial systems, the Bank of Namibia intensified participation in international and regional organizations, particularly in the context of the Southern African Development Community (SADC). In this regard, the Bank participates in the activities of SADC through the Committee of Central Bank Governors. The latter is one of the two main committees of the Finance and Investment Sector. Among the projects successfully completed by the Committee of Governors so far are the development of a statistical database for the region, publication of a document detailing the structures and policies of the central banks, a study on the impact of exchange control on cross border movements of goods and services and the SADC 'Green Book' dealing with payment, clearing and settlement systems in the respective countries. The project to make all these documents available on the Internet has been completed. Projects currently underway include the coordination of training of central bank officials and cooperation in the area of information technology.

1998 will undoubtedly be a difficult year, given the looming drought and the Asian crisis which resulted in falling commodity prices. But, with a respectable global growth forecast, and continued stability in the international diamond market and the easing of TAC's, a moderate improvement in the overall growth of the Namibian economy could still be expected. The declining inflation in South Africa presents a sanguine outlook for inflation in Namibia, though the continued weakening of the rand could partly offset that positive influence. On the whole, economic prospects for 1998 look significantly better than they had been in the past two years.

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1. ECONOMIC PERFORMANCE AND PROSPECTS - OVERVIEW

1.1 Growth of the Economy

The performance of the Namibian economy during 1997 was characterized by poor growth, improved stability in domestic prices, a substantial abatement in the growth of credit and monetary aggregates, and a significant improvement in the current account of the balance of payments. Also, there were rising deficits on government budgetary operations. These characteristics began to manifest themselves in the previous year, after a period of high rates of economic growth and of inflation, rapid credit and monetary expansion, and relatively smaller current account surpluses on the balance of payments.

Available data suggest that economic growth in 1997 slowed further to 1.4 per cent from 2.5 per cent recorded in the previous year. Viewed against a projected increase in population of 3.1 per cent, the per capita gross domestic product of Namibians declined in 1996 and 1997. The relatively poor performance of the economy in the last two years becomes more obvious when viewed against the average GDP growth rate of 5.8 per cent recorded in the first half of this decade, excluding 1993. During this period, GDP per capita grew at an average of 2.7 per cent. Including 1993, the economy grew on average by 4.2 per cent, still yielding a respectable average growth in per capita GDP of one per cent. The growth rates achieved in 1996 and 1997 also fell significantly short of the average National Development Plan (NDP1) target of five per cent.

Economic performance in Namibia is dictated largely by weather and oceanic conditions, and by performance in the international commodity markets. The actual decline in GDP in 1993 was attributed to a cut back in diamond output, consequent to the Central Selling Organisation

(CSO) imposing a quota of 75 per cent on diamond purchases from member countries towards the end of 1992. Although the quota was raised to 85 per cent in 1993, the first year in which the quota had its full impact, the volume of diamond output fell by about 26 per cent.

In 1993, uranium production was 50 per cent below production capacity, due to a sharp fall in world prices. Output of other minerals like copper, zinc, lead, gold and silver also declined substantially, partly due to a sharp drop in international prices. The contraction in total mining output of nearly 20 per cent was the major cause of the decline of two per cent in GDP in 1993.

In 1994 and 1995, GDP expanded strongly by 6.6 per cent and 3.3 per cent, respectively, largely on account of a recovery in international markets which boosted mining output, particularly of diamonds and uranium. The agricultural sector also performed remarkably well in 1994, but output declined significantly in 1995. Fish output also recorded positive growth rates in the two years, as did most of the other sectors of the economy.

The turnaround in the economy in 1996 was occasioned by a substantially lower increase in diamond production and high negative growth rates in other areas such as fish processing, and electricity and water. In 1997, though real output benefitted from strong external demand for mining and fish exports, as well as from the depreciation of the Namibia dollar, agricultural activities remained subdued due to restocking of livestock following the drought. In addition, an increase in interest rates towards the end of the previous year impacted adversely on construction activities, as well as on the retail trade sector, with the higher interest rates dampening growth in consumption credit. The consequence of these developments was the continuing sluggishness of the economy in 1997.

1.2 Prices

While the growth of the economy remained unimpressive in the last two years, declining consumption expenditure and abatement in import prices have helped to exert downward pressures on domestic inflation, particularly during the second half of 1997. Namibia's inflation has been decelerating progressively over the last five years, from the peak of 18 per cent reached in 1992. The sharp increase in 1992 was explained by faster increases in food prices due to the prevailing drought and the delayed response to the effects of the 1990 Persian Gulf war on oil prices. As these pressures on the price level weakened in 1993, inflation receded markedly to a single-digit level before rising again in the ensuing year largely due to the weakening of the rand. However, it resumed the downward movement again in 1995 and the following year, with the average rate of inflation for the first half of 1996 falling to an all-time low, up to then, of 7.8 per cent.

Rising unit labour costs, a weaker rand and rising food prices in South Africa made themselves felt in the accelerating rate of inflation imported into Namibia during the second half of 1996 and the first half of 1997, when the average rates rose to 8.2 per cent and 9.8 per cent, respectively. These pressures, however, weakened towards the end of 1996. The rate of increase in unit labour costs slowed somewhat in the fourth quarter of 1996, the rand strengthened from the end of October 1996 to the middle of March 1997, and the rise in food prices moderated due to good rains during 1997. The delayed effects of these changes in South Africa, together with declining domestic consumption expenditure due to relatively high interest rates, were reflected in Namibian prices only in the second half of 1997, during which the rate of inflation averaged 7.8 per cent. In fact, the rate of inflation has been falling steadily within this period, reaching the lowest year-on-year rate ever recorded of 6.9 per cent in December 1997. The annual average rate of inflation for 1997, however, remained 0.8 percentage points higher than the eight per cent registered in the preceding year.

1.3 Balance of Payments

As could be expected with a decline in domestic expenditure, growth in imports abated significantly during 1997. Coupled with a larger increase in the value of merchandise exports, a substantially smaller deficit on net services and larger customs union receipts, the surplus on the current account of the balance of payments rose significantly in 1997. In contrast, the capital and financial account registered the largest deficit since 1990. However, as the surplus on current account was considerably larger than the deficit on the capital and financial account, the overall balance in 1997 increased sharply. Consequently, the country's international reserves rose by N\$312 million, compared with an increase of only N\$98 million in 1996.

Namibia's balance of payments had been yielding surpluses for most years in this decade, with strong current account surpluses outweighing net capital outflows. It was only in 1991 and 1992 that the balance of payments registered overall deficits, due mainly to large capital outflows apparently motivated by political uncertainties at the time of independence. In the two years that followed, the overall surpluses on the balance of payments were the strongest ever, enhanced by a brisk performance of primary exports. Exports of food and live animals rose sharply due to increases in unit prices as well as export volumes. Fish and mineral exports were also robust during the same period. The rise in primary exports was reinforced by increasing tourist arrivals, which contributed to reductions in net service outflows. In 1995, the robust growth in merchandise exports lost momentum, due to a sharp decline in manufactured fish exports as a result of more stringent TAC restrictions arising from over-fishing and adverse oceanic conditions. Although fish exports remained subdued in 1996, the deficit on the trade account shrank substantially mainly on account of a considerable increase in diamond prices. As noted already, the trade deficit narrowed further in 1997, contributing to the substantial overall surplus, despite the record net outflow on the capital and financial account.

1.4 Government Budgetary Operations

A development of concern in the last two years has been a rapid increase in government expenditure, unmatched by increases in revenue, leading to deficits that are not sustainable in the long run. Total expenditure, which was rising at an average rate of less than nine per cent in the fiscal years 1991/92 - 1995/96, notched up a spectacular increase of 35 per cent in 1996/97. Current government estimates show that the increase in expenditure in 1997/98 will be of the order of only four per cent, though this is based on the very high level reached in the previous fiscal year.

The increase in government expenditure over the years was reflected by and large in personnel expenditure, which had risen from 40 per cent of total expenditure and 49 per cent of current expenditure in 1991/92 to 47 per cent and 55 per cent, respectively, in 1996/97. In absolute terms, personnel expenditure in 1996/97 was as much as 36 per cent higher than in the previous year. This was essentially due to a partial implementation of the Wage and Salary Commission (WASCOM) recommendations. This commission, which was set up by government to review public service conditions of service, recommended that civil service salaries be raised substantially in order to attract and retain competent staff in the service. At the same time, the number of government employees was to be reduced by two per cent per annum over a period of five years.

In response to these recommendations, a restructuring of the benefits was made in 1996, and effective increases in salaries were implemented without downsizing of the civil service recommended by the Commission. While this explains the sharp rise in personnel expenditure in 1996/97, such expenditure had exhibited a rising trend even in the previous years, eroding resources available for capital expenditure. The proportion of total expenditure assigned to capital expenditure has been declining fairly steadily, from 18 per cent of total expenditure in 1991/92 to less than 15 per cent in 1996/97.

Throughout this period, growth in government revenue averaged 10.6 per cent, with the highest increase of 17.6 per cent recorded in 1994/95. With growth in expenditure outstripping growth in revenue, the government budget has been generating rising deficits each year, but the deficit rose spectacularly in 1996/97 by over 200 per cent in absolute terms and, as ratio of GDP, to 6.3 per cent from 2.4 per cent in the previous year, and an average of 2.8 per cent in the period 1991/92-1995/96. The revised estimates put the deficit for 1997/98 at 4.6 per cent of GDP.

The huge deficit on government budgetary operations that arose in 1996/97 was unsustainable even in the short term. In the context of a declining demand for private credit, the excess liquidity in the banking system created by the use of government cash balances was transferred to South Africa in the form of foreign assets held by domestic banks, leading to a sharp decline in the international reserves of the Bank of Namibia.

Realizing the gravity of the situation, the government introduced a number of measures in the ensuing months aimed at both reducing expenditure and raising additional revenue, which had the effect of reducing the budget deficit from 6.3 per cent in the previous fiscal year to 4.6 per cent of GDP, according to the revised budget estimates. Government also sought to raise more funds from the market to finance shortfalls in revenue, as well as to build up its cash balances. These measures contributed to a substantial recovery of the international reserves of the Bank of Namibia in the second half of 1997, with the level of such reserves amounting to an import cover of 7.3 weeks at the end of that year.

Public debt, which had been increasing steadily since 1990, declined slightly during 1997, reflecting the writing-off of the pre-independence loan by the South African government. This brought the total public debt as a share of the preliminary estimated gross domestic product down to 18.8 per cent, a decline of 4.6 percentage points from the level of the previous year. Although the level of the government debt still remains low by international

standards, the rate of accumulation has been very rapid over the past six years. As a ratio of gross domestic product, total public debt rose sharply from about nine per cent in 1990 to about 23 per cent in 1996. More than three quarters of the total public debt is denominated in Namibia dollar, as the domestic market has been able to fully finance government budget deficits each year. In fact, the country generates a substantial excess of savings over investment each year, which is invested in South Africa.

1.5 Monetary Developments

As a consequence of steps taken earlier to tighten monetary policy, growth in private sector credit continued showing signs of abatement. This, coupled with the decline in net foreign assets of the banking system, resulted in the rate of increase in the money supply declining substantially in 1997. The rapid growth in private credit extension had been the main driving force behind monetary expansion between 1993 and 1995. The rate of increase in credit to the private sector accelerated strongly in 1994, but stabilized at that high rate in the ensuing year. As a result, monetary expansion surged substantially in 1994, but then declined somewhat in 1995 on account of a larger decline in net foreign assets of the banking system. This trend in private sector credit was reversed in 1996, with growth in private sector credit slowing substantially alongside a strong decline in net credit to government, leading to a considerable abatement in the growth of the money supply.

1.6 Money and Capital Markets

In the financial markets, the strong orientation of money market rates on expectations of Bank rate changes was again demonstrated when these rates continued exhibiting a downward trend on expectations of an imminent downward adjustment in the bank rate in South Africa, despite volatility in the money market shortage. Expectations about the Bank rate were already live by the end of 1996, prompted by a sanguine outlook for inflation

and declining growth rates in credit and monetary aggregates.

Money market interest rates had generally been rising since the second half of 1994, reversing the downward movement recorded since 1991. The upward movements were largely shaped by expectations about a change towards a more restrictive monetary policy stance by the South African Reserve Bank (SARB). Prompted by accelerating credit and monetary aggregates, increasing prices, unfavourable balance of payments and the depreciation of the rand, the monetary authorities in South Africa adopted a more stringent monetary policy stance towards the end of 1994, which continued through to 1996. As a result, the South African Bank rate was adjusted upward once in 1994 and twice in 1995, by a percentage point in each instance. In an attempt to maintain the Bank rate alignment between South Africa and Namibia, necessitated by the fixed parity between the Namibia dollar and the rand, the monetary authorities in Namibia adopted all the Bank rate changes in South Africa.

In 1996, excessive growth in monetary and credit aggregates, and some capital flight occasioned by growing political and economic uncertainties, motivated a percentage point hike in the South African bank rate in April and November. The Namibian monetary authority responded only once to these adjustments, increasing the Bank rate by a quarter percentage point in November. This differentiated response was justified by lusterless economic performance in Namibia.

The prime lending rate in Namibia moved in tandem with the movements in the Bank rate, rising progressively since the fourth quarter of 1994, as did all other lending and deposit rates. The average real prime rate had also been increasing persistently since the end of 1994, reflecting the rising trend in the nominal rate and a continuing decline in the inflation rate. During 1997, however, this rate fell marginally due to the downward adjustment in the nominal rate and the increase in the

inflation rate. Although both lending and deposit rates increased, the latter rose faster between 1994 and 1996. The spread between the two narrowed substantially during this period, which could be interpreted as a sign of increased competition between banking institutions in the wake of tight liquidity conditions.

Activities on the Namibian Stock Exchange (NSE) continued to expand strongly, boosted by seven new listings in 1997. Since it started operations in October 1992, the NSE has experienced significant growth in both listings and market capitalization with the number of companies listed rising from four in December 1992 to 33 at the end of 1997. Apart from companies that listed only on the NSE, most companies are dual-listed on the Johannesburg Stock Exchange and one on the Toronto Stock Exchange and NASDAQ¹, thus making it easier to raise funds as their markets are now diversified.

Although the overall market capitalization and turnover were to a large extent boosted by dual listings, the local component² also registered brisk performance over the past seven years. This came about as a result of the growing number of local companies listed on the NSE and, consequently, an increased number of shares available for trading.

While government and a number of public enterprises have listed their bonds on the NSE, trading in these had been very limited because the volume of these stocks were too small to ensure liquidity and also owing to adequate pricing signals. Efforts to address liquidity and further develop the capital market are presently gathering momentum. The consolidation of government stock into fewer issues of higher volume is nearing completion and is intended to be a first step in improving secondary trading in these securities. Initiatives are currently being undertaken to bring together all stakeholders to map out ways of developing the capital market and make Namibia an emerging market by year 2001.

1.7 Future Prospects

The global economy has been characterized by rapid economic growth in the last few years, with increase in global output exceeding four per cent each year. This robust performance in some of the industrialized economies boosted Namibia's exports, particularly of base metal and diamonds, in the year under review. However, hesitant growth in some European countries, notably Germany and France, had offset some of the gains achieved, especially through its effect on the tourism industry. Namibia's agricultural exports were also partly affected by a decline in gross domestic expenditure in South Africa.

Initially, global output for 1998 was expected to grow further by 4.5 per cent, under the impetus of: continued growth with low inflation in the United States and United Kingdom; strengthening recovery in Canada and across continental Western Europe; and, robust growth trends in most of the developing world, particularly China and much of the rest of Asia. However, the recent financial crisis in Southeast Asia has had an adverse impact on this positive outlook; exports of most industrial countries are likely to be affected by the problems faced by the Southeast-Asian countries. The austerity measures that accompanied the International Monetary Fund financial assistance to some of the Asian countries will reduce growth sharply in the region. As a consequence, exporters to the region will suffer volume losses and commodity exporters such as Namibia will be further affected as commodity prices have already started falling. Global growth is therefore expected to slow notably in 1998 from the average four per cent achieved in 1997. However, the expected slowdown in global growth is unlikely to degenerate into outright recession, and an average growth of three per cent is expected to be still possible. Indeed, growth in the US and Europe, together accounting for more than half of the world economy, would help to keep global growth lively.

¹ National Association of Securities Dealers Automated Quotations.

² Companies with their primary listing on the NSE or with most of their business interests in Namibia.

While the revised forecast for global growth could have negative effects on the demand for Namibia's commodity exports, the revised growth rates are still high by historical standards and would therefore contribute to a modest growth in Namibia's exports. The conclusion of an agreement between the CSO and its Russian counterparts, together with diminishing illicit diamond sales, should ensure stability in the international diamond market and therefore create a positive atmosphere for the easing of the quota on rough diamond sales in the near future. The commencement of operations by a new entrant in the industry in Namibia at the beginning of 1998 should raise diamond output for the year. The favourable outlook for diamonds could offset the expected sluggish performance of other minerals in the wake of falling commodity prices, and help to generate a positive contribution from the mining sector to Namibia's growth prospects in 1998.

Agricultural activities are expected to remain subdued in 1998, owing to the looming affects of El Niño generated weather conditions in the country. On the other hand, the lower international price for hake combined with a weaker Namibia dollar could encourage demand for Namibia's fish exports in the wake of easing TAC restrictions. Activities in the tourism sector are expected to remain buoyant as economic performance is expected to pick up in Europe, particularly in Germany which is one of Namibia's major sources of tourist earnings. Together, these developments are expected to result in an improved economic performance in 1998.

The expected improvement in some of Namibia's primary sub-sectors will be reflected in a significant increase in the country's exports, as most of these products are produced largely for export markets. Increasing investment in the Export Processing Zones (EPZ) should further enhance performance of manufactured exports. However, against the background of relatively higher incomes and lower

interest rates, which together could boost aggregate domestic expenditure, a surge in imports could also be expected in 1998, thereby offsetting some of the gains arising from increased exports. Nonetheless, the country's overall balance of payments should improve further in 1998.

The reduction in world inflation has eased pressures on domestic prices in South Africa. This, coupled with the reduced growth in credit and monetary aggregates in that country and falling commodity prices (especially oil), should contribute to subdued inflation in South Africa, though the weakening of the rand towards the end of 1997 might have an offsetting influence. Against this background, inflationary tendencies should remain subdued in Namibia as well. The strong abatement in the growth rates of credit and monetary aggregates seen in 1997 should also continue into 1998. On this basis, a further easing of monetary policy is possible and this should have a positive impact on the growth of the economy.

The deterioration in the fiscal position in the year 1996/7 already noted is a matter of great concern. A further deterioration in government budgetary operations will be unsustainable and could disturb the country's macroeconomic balance, particularly its balance of payments, given the open nature of the Namibian economy. Moreover, continuing deficits of such magnitudes would seriously undermine the prospects for positive and sustainable growth of the economy in the future. Restraining growth in government expenditure, together with other measures such as commercialization, outsourcing and privatisation of some of its activities now planned by the government, could alleviate the fiscal burden and help foster a more conducive macroeconomic environment for sustained economic growth and development in the longer term.

Fourth, an increase of about 2.5 percentage points in interest rates in 1995 had an adverse impact on the construction sector. High real mortgage rates led to a reduction in new residential property development, which dominates the building activity. As a result, the sector recorded a growth of only 3.6 per cent, against the predicted growth of 30 per cent, despite a sharp rise in the construction of commercial and industrial buildings.

The year 1996 was predicted to be one of sound growth, with an expected GDP growth rate of five per cent, but the first estimate in the National Accounts 1981-96, published in May 1997, showed a significantly smaller growth rate of only three per cent. An important contributory factor was late and poor rainfall, which affected subsistence agriculture harder in 1996 than in 1995, causing a reduction of areas planted and poor harvests. In addition, average prices and production of meat were declining due to stronger imports into South Africa of subsidized beef from Europe, as well as to poor grazing conditions. Thus, actual real output of subsistence agriculture declined by 1.6 per cent in 1996, compared with a forecast growth of 27 per cent.

In the fish processing industry, TAC for pilchard was halved again in 1996 leading to the output of the industry shrinking by 43 per cent against an expected growth rate of 29 per cent. Water restrictions imposed on account of the drought, in addition to the low output of Ruacana electricity power plant due to water constraints at Kunene, caused a decline of 11.7 per cent in the electricity and water sector instead of a predicted growth of 14 per cent. Finally, the construction sector's output declined by nine per cent instead of a projected growth of three per cent, mainly owing to high mortgage rates. Overall, the economy as a whole grew on average by four per cent between 1995 and 1996, thus performing better than the NDP1 projections.

Employment

Currently available data on employment are based on the 1991 Population and Household Census. Projections on employment detailed in the NAMA model of the NDP1 were based on that census and were extrapolated exclusively for the formal sector by assuming that employment in each sector would increase by the relevant sectoral GDP growth. A projected change in productivity was also included in the calculation.

Revised information on employment figures will not be available before the conclusion of the Labour Force Survey in April 1998. But the analysis of differences in projected and actual sectoral growth rates suggests that the projected employment figures would show poor results as the sectoral GDP growth projections.

Macro-Economic Indicators

Total consumption as percentage of GDP rose from 82 per cent in 1994 to 90 per cent in 1995, but fell slightly to 89 per cent in 1996 (Table 2). The actual growth rates of 1995 and 1996 were higher when compared with the projected growth rates of around 84 per cent. The higher total consumption growth was mainly attributed to increased private consumption as percentage of GDP, which grew from 51 per cent in 1994 to 61 and 59 per cent in 1995 and 1996, respectively, and was higher than the projected share of around 50 per cent for 1995 and 1996. Contributing to this were the rise in personal income tax threshold to N\$15 000, and a cut in the income and corporate tax rates to 35 per cent from 38 per cent. In effect, these tax changes led to gains in disposable income of 6-8 per cent for taxpayers earning above N\$35 000 and between 10-32 per cent for lower income groups.

BOX A

REVIEW OF NDP1 PROJECTIONS

Introduction

The macro-economic framework for Namibia, as detailed in the "First National Development Plan-1 (NDP1) 1995/1996-1999/2000", is a systematic way of viewing the entire Namibian economy for forecasting purposes. This approach serves to ensure that sectoral growth targets are consistent with actual growth rates and also with sustainable aggregate levels of investment, consumption, imports and borrowing.

The objective of this section is to review the actual performance of the economy in 1995 and 1996 against the forecasts based on the Namibian Macroeconomic Framework (NAMAF) model in the NDP1 which was developed by the National Planning Commission, in collaboration with the Bank of Namibia, the Ministry of Finance and the Namibian Economic Policy and Research Unit.

Sectoral Analysis

The NAMAF forecasts predicted a real GDP growth rate of 1.1 per cent for 1995, but the actual rate achieved in that year was 5.1 per cent (see Table 1). Four major

developments could be identified as causes of significant deviations in sectoral growth rates.

First, while the output of the fish processing industry was estimated to decline by 38 per cent because of a more than two-third reduction in the Total Allowable Catch (TAC) for pilchard, which is the most important specie for the fish processing industry, canning levels were bolstered by arrangements to catch fish in Angolan waters enabling the industry to record an increase in output of 1.3 per cent. A second deviation was induced by the opening of export abattoirs in Oshakati and Katima Mulilo, which boosted value-added in the subsistence agricultural sub-sector. This enabled communal farmers to export meat directly to South Africa, which eventually resulted in an increase in average prices. Combined with a stable crop production due to better than expected weather conditions, a strong growth rate of 13.3 per cent was recorded in subsistence agriculture, in sharp contrast to the predicted decline of 15 per cent. Third, improved world market conditions for diamonds generated a growth rate of 7.1 per cent in diamond mining instead of the projected zero growth.

Table 1: Sectoral Growth, 1995 and 1996

	1995		1996	
	Projected	Actual	Projected	Actual
Agriculture Commercial	-3	-7.6	6	12.2
Agriculture subsistence	-15	13.3	27	-1.6
Fishing	4	11.6	15	10.6
Diamond mining	0	7.1	0	3.9
Other mining	3	0.8	5	6.7
Manufacturing	5	4.0	10	4.0
Fish processing	-38	1.3	29	-43.0
Meat processing	5	2.7	5	2.5
Electricity & water	18	25.0	14	-11.7
Construction	30	3.6	3	-9
Trade, Hotels & Restaurants	4	6.3	6	3.8
Transport & Communications	2	10.6	5	1.9
other	3	1.0	2	2.8
Total	1.1	5.1	5.0	3.0

Source: Projections based on NAMAF NDP1

Actual figures are from the National Accounts 1981-96, Central Bureau of Statistics (CBS) of Namibia

Table 2: Key Macro-Economic Indicators, 1995 and 1996

	1995		1996	
	Projected	Actual	Projected	Actual
Consumption (as % of GDP)	84.2	90.3	83.4	88.7
Private	50.0	60.7	50.1	58.9
Public	34.2	29.7	33.3	29.9
Savings, Gross (as % of GDP)	27.4	21.4	27.3	22.4
Private	22.5	13.4	21.6	14.6
Public	4.9	8.0	5.8	7.8
Investment, Gross (as % of GDP)	18.0	21.4	18.1	20.9
Private	11.8	15.7	12.0	15.5
Public	6.2	5.7	6.1	5.5
Reserves in weeks of import cover)	6.0	5.7	6.0	5.9

Source: projections based on NAMA FNDP1

Notes: Actual figures are from the National Accounts 1981-96, CSO of Namibia; all figures are based on nominal figures

Public consumption was stable at around 30 per cent of GDP during 1995-1996, which was slightly lower than the projected values of around 34 per cent for the same period (Table 2). This may show some fiscal restraint on the part of government in certain expenditures such as defense, transport and communication, and agricultural services, but general public services, education and health did show actual increased spending through the 1995 and 1996 period³.

Gross Domestic Savings (GDS) as percentage of GDP remained stable, but lower at around 21.4 per cent for 1995 and 1996, compared with the projected levels of around 27 per cent (Table 2). The lower GDS growth was attributed to reduced private and public savings growth in the economy. Despite this, GDS remained in excess of current investment requirements as growth in domestic investment had been somewhat slow over the past seven years. For the future, however, more attention should be paid to promote savings in order to reach the projected savings/GDP ratio of 27 per cent, if Namibia is to finance increased investment with domestic resources.

Actual Gross Fixed Capital Formation (GFCF) as percentage of GDP was 20.9 per cent, slightly higher when compared with the projected 18 per cent. This increase in GFCF can be seen in the light of increased Export Processing Zone (EPZ) developments in the country⁴. This was also reflected in the increased share of private sector investment of around 15 per cent of GDP in the 1995 and 1996 period (up by some three per cent on average in the 1990 and 1994 period and higher than the projected figures). Public sector investment, however, remained lower around six per cent during 1995 and 1996, down by one percentage point in the 1990-94 period, yet in line with the projections.

The trade account of the balance of payments showed a deficit in 1995 of N\$567 million, after recording surpluses in the previous four years. This reversal of the trend was caused by a smaller increase in exports, which rose by six per cent compared with an increase of 13.5 per cent recorded in the previous year. This slowed growth in exports was brought about by a sharp decline in manufactured fish exports as a result of reduced TAC's. The trade deficit narrowed to N\$300 million in 1996 due

³See National Planning Commission, Central Statistics Office of Namibia, "National Accounts 1981-96", page 42.

⁴Over 42 EPZ applications have been approved by the EPZ committee with a projected investment of N\$ 300 million. Currently eight are in operation, employing over 1000 employees.

to a robust export of diamonds, and food and live animals, as well as to slower increases in imports. The actual trade account positions are not consistent with the NDP1 projection that "...growth and diversification in export oriented sectors will allow Namibia to maintain a positive balance on the merchandise trade account throughout the NDP1".

Namibia's foreign reserves fell slightly short of the projected import cover of six weeks (see Table 2). This situation revealed that Namibia remains far from achieving a comfortable foreign reserve position of three months by the year 2003, as envisaged under NDP1.

During the 1995 and 1996 period, it was evident that government expenditure as percentage of GDP grew faster than revenue. Actual government expenditure as percentage of GDP remained around 37 per cent while

revenue was around 33 per cent. The high government expenditure was due to the increased share of the wage bill, to around 51 per cent of total expenditure in 1996, from 44 per cent in 1990. The actual values of revenue and expenditure as percentage of GDP were comparable to the forecast values for 1995 and 1996. The budget deficit in 1995 was 0.3 per cent lower than the projected figure, but 1.4 per cent higher in 1996.

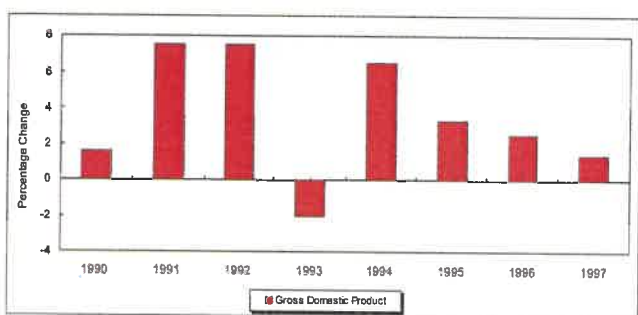
In conclusion, NDP1 forecasts did not reliably predict sectoral GDP growth, aggregate levels of investment, consumption, and the balance of payments position of the Namibian economy. The forecasts relating to government finance were reasonably close to actuals. This situation therefore calls for a thorough technical review of the NDP1 NAMA model or the development of alternative tools of prediction.

2. REAL SECTOR AND PRICE DEVELOPMENTS

2.1 Domestic Output

Available data indicate that growth in real domestic output in 1997 slowed to 1.4 per cent from 2.5 per cent registered in the previous year (chart 2.1). While growth in mining, manufacturing, fishing and tourism sectors remained relatively strong, the output of the agricultural, construction and the retail sectors contracted significantly in 1997.

Chart 2.1 Real Gross Domestic Product, percentage change



Source: CSO and Bank of Namibia

Value added in the mining sector is estimated to have grown by 4.3 per cent, slightly lower than the 4.7 per cent growth registered in the preceding year. Mining output was supported by a moderate expansion in diamond production as well as the continued recovery in uranium output, which had remained depressed over the past six years due to world oversupply.

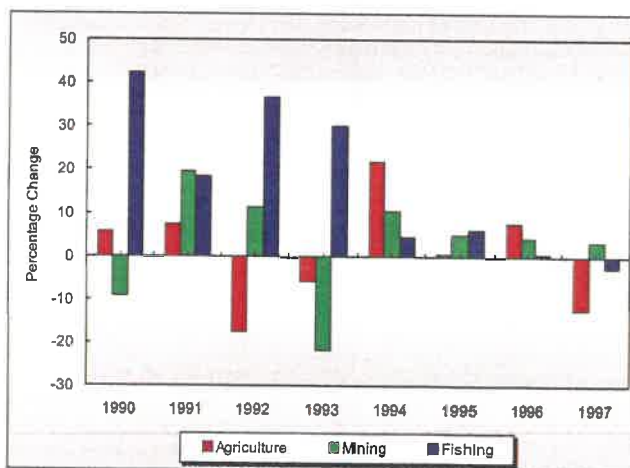
With diminishing diamond deposits on-shore, there had been an increasing reliance on marine operations. Off-shore diamond output accounted for about 44 per cent of total carats produced in 1997, compared with 40 per cent in 1996. Although total diamond output would not be affected significantly, this operational shift could reduce employment at the mines as marine activities are less labour-intensive. This will exacerbate the already worrying unemployment situation in the country.

Despite the volatility in prices, uranium production remained strong during 1997. This is mainly due to the fact that production is carried out on the basis of medium to long term contracts which insulate suppliers from sporadic and short-term market changes. The good performance in these two major minerals was largely responsible for the moderate growth in mining output as base metal production showed mixed results (Chart 2.2).

The fortunes of the agricultural sector, which brought about the need for farmers to dispose of a greater number of livestock during the preceding drought, was reversed in 1997. Relatively good rains over a large part of the country encouraged the restocking of livestock and, consequently, a reduction in the supply of livestock by farmers. Similarly, crop production remained weak during the year due to late rain and to some technical problems experienced at the main irrigation centres. As a result, agricultural output is estimated to have declined substantially in 1997 as compared with the previous year (Chart 2.2).

Fishing output in 1997 is estimated have declined due to the TAC restrictions for most species, with the exception of pilchards, remaining the same for a large part of the year. The restrictions were eased toward the end of the third quarter, but this had only a moderate impact on the overall output of the sector in 1997 (Chart 2.2).

Chart 2.2 Real Growth Rates, primary sectors



Source: CSO and Bank of Namibia

Value added in the manufacturing sector was estimated to have improved in 1997, owing largely to the revival of fish processing activities as a result of the increases in the TAC for pilchards at the beginning of the year. Considered against the low base of the previous year, the pronounced increase in the output of the fish processing sector outweighed the poor performance of the meat processing sector which was adversely affected by the restocking of livestock. In the previous year, the output of the manufacturing sector contracted heavily by seven per cent, resulting from a large decline of 43 per cent in fish processing (Chart 2.3).

Chart 2.3 Growth of the Manufacturing Sector



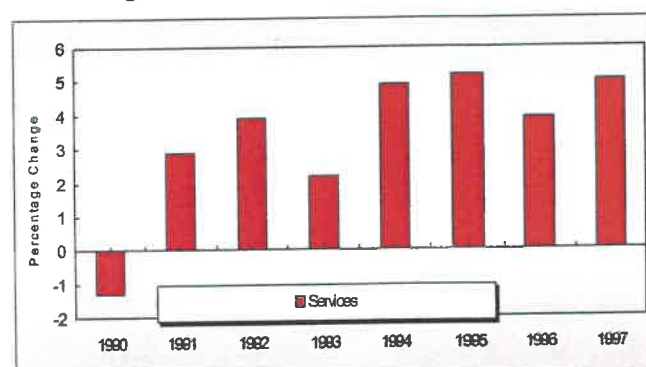
Source: CSO and Bank of Namibia

Activities in the construction sector remained subdued during 1997 as in the previous year, mainly attributable to the decline in the construction of residential buildings in an environment of high interest rates. The downward trend in construction activities started in the fourth quarter of 1995 as a lagged response to the change in the monetary policy stance towards the end of 1994.

Real value added by the tertiary sector remained virtually unchanged in 1997 at 4.1 per cent from 3.9 per cent in the previous year. Output of hotels and restaurants was

buoyed by an increase in the number of tourists visiting the country, and this was supported by positive contributions from the financial sector and the government sector. Value added by the commercial sector, on the other hand, declined in real terms mainly under the impact of the high cost of credit (Chart 2.4).

Chart 2.4 Growth of the Service Sector, excluding government



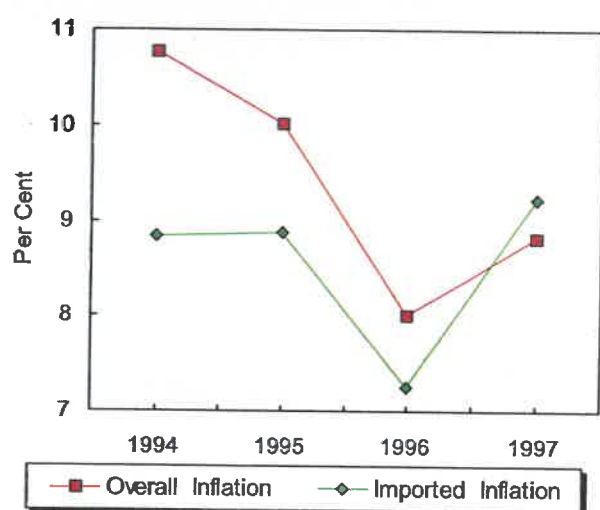
Source: CSO and Bank of Namibia

2.2 Price Developments.

The rate of inflation, which accelerated from the third quarter of 1996, turned around in the second quarter of 1997. Measured over twelve months, the rate rose sharply from 7.5 per cent in July 1996 to 8.5 per cent in December 1996, accelerating further in 1997 to peak at 10.3 per cent in May, mainly under the impact of imported inflation.

Imported inflation rose strongly from a twelve month rate of 5.1 per cent in February 1996 to 9.3 per cent in December, and further to 11.9 per cent in March 1997. Developments in South Africa that contributed to this increase in imported inflation were rising unit labour costs, rapid expansion in monetary and credit aggregates, an upward movement in food prices and, most significantly, a sharp depreciation of the rand.

Chart 2.5 Overall and Imported Inflation



Source: CSO

Most of these inflationary forces were reversed during 1997, making a substantial contribution to the decline in imported inflation and consequently the overall consumer inflation. The exchange value of the rand strengthened against major currencies from the end of October 1996 to the middle of March 1997. Growth of credit and monetary aggregates had been showing signs of abatement since the fourth quarter of 1996 while the

growth of unit labour costs also slowed during this period. As a consequence, imported inflation declined from its peak of 11.9 per cent in March 1997 to 7.2 per cent in December 1997 and the overall consumer inflation, having reached a peak in May 1997, started falling steadily thereafter to 6.9 per cent in December, the lowest rate recorded since September 1993. Despite the falling trend, the annual average rate of inflation in 1997 was 8.8 per cent as compared with 8.0 per cent registered in the previous year (Chart 2.5)

Movements in prices of non-tradables contrasted with those of imported inflation for the greater part of 1997. It was only in the last four months of the year that the two sources of inflation displayed a similar pattern. The twelve-month rate of increase in prices of non-tradables declined strongly from 9.1 per cent in January 1997 to 7.6 per cent in May, but rose thereafter to peak at 12.0 per cent in August, before falling again towards the end of the year. Over the year as a whole, prices of non-tradables rose by an average of 9.3 per cent in 1997, slightly below the annual average of 9.8 per cent recorded in the preceding year.

3. MONETARY AND FINANCIAL DEVELOPMENTS

The balance sheet of the Bank of Namibia, as well as a number of other monetary aggregates, were significantly altered when the South African government wrote off Namibia's pre-independence debt at the end of June 1997. In the analyses that follow, all relevant data prior to that date have been adjusted to exclude the entries on both sides of the balance sheet of the Bank of Namibia relating to this debt, but the statistical tables in the appendices have been left unchanged.

3.1 Assets and Liabilities of the Monetary Authority

Changes in the assets of the Bank of Namibia (BON) closely followed movements in its foreign assets, which now constitute the overwhelming asset item in the Bank's balance sheet. In the first half of the year, particularly in the first three months, there was a sharp decline in the total assets of BON but this was reversed in the second half during which the losses of the first half were more than fully recovered.

Between the end of January and the end of June, total assets of the Bank fell by nearly N\$358 million, reflecting a decrease of about the same magnitude in its international reserves which was caused almost entirely by government's budgetary operations. Government sought to finance its relatively high budget deficit in the last quarter of fiscal year 1996/97, largely by drawing down its deposits with the Bank of Namibia by N\$348 million. This manner of financing the deficit added to the excess liquidity in the banking system arising from the slack in economic activities and the resultant fall in the demand for bank credit, particularly from the business sector. Banks used the excess to build up their assets abroad as well as to reduce their foreign liabilities, resulting in their net foreign assets rising by N\$627 million at the end of June 1997.

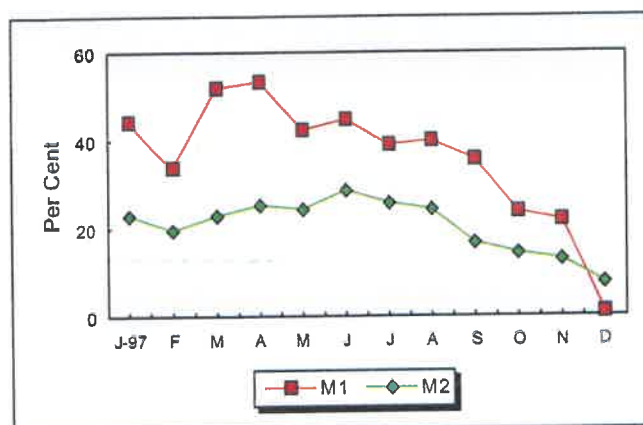
This trend was however reversed in the ensuing half of the year, with the international reserves and, consequently, the total assets of the Bank recovering substantially by N\$546 million. During this period, while government deposits with the Bank of Namibia rose by N\$360 million, commercial banks also reduced their net foreign assets sharply, from a net asset position of N\$584 million to a net liability position of N\$ 302 million, in order to meet a spurt in demand for domestic credit from the private sector, as well as from the government when it turned to the market having exhausted its cash reserves in the first half of the year.

3.2 Money Supply

The rate of growth in monetary aggregates, which accelerated in the first half of 1997, showed signs of substantial abatement in the second half. The year-on-year growth rate of broad money (M2) rose by an average of 23.9 per cent over the first six months of 1997, compared with an average increase of 18.5 per cent in the corresponding period in the previous year. In the second half, however, the rate of increase slowed to an average of 17.0 per cent compared with an average increase of 19.1 per cent in the corresponding period of last year (Chart 3.1). At the end of the year, money supply increased by a twelve-month rate of 7.6 per cent compared with an increase of 24.3 per cent in the preceding year.

Monetary expansion in the first half of 1997 was brought about by a faster growth in net credit to government and a substantial increase in net foreign assets of the banking system. These expansionary forces were offset by a decline in credit to the private sector. In the second half of the year, the abatement in monetary expansion was primarily the result of a moderation in the growth of net foreign assets of the banking system, partly offset by an acceleration in credit to the private sector and to government.

Chart 3.1 Twelve-Month Growth Rates in M1 and M2



The composition of money supply changed markedly during 1997, with the share of quasi-money declining from an average of 66.1 per cent in 1996 to 61.1 in the year under review, reflecting increased liquidity preference on the part of the public. The shift was largely in favour of demand deposits.

In terms of factors influencing money supply, as shown in Table 3.1, the increase in M2 for the year as a whole was dominated by an increase of N\$940 million in credit extended to the private sector by the banking system. The expansionary influence of the increase in private sector credit was partly offset by a decline in all the other factors.

Table 3.1 Changes in the Determinants of Money Supply

N\$ million		
	1996	1997
Claims on the private sector	762.1	939.6
Net claims on government	-323.1	-47.0
Net foreign assets	1279.2	-66.7
Other assets and liabilities (net)	-414.2	-317.0
Change in M2	1304.0	508.9

While net credit to government declined over the year, there was a sharp increase of N\$387 million in such credit between the end of January and the end of June 1997, as

compared with a decline of N\$507 million in the corresponding period of the preceding year. The sharp increase in the early part of the year was brought about by a substantially higher deficit in the government budget, which arose mainly from the implementation of WASCOM recommendations.

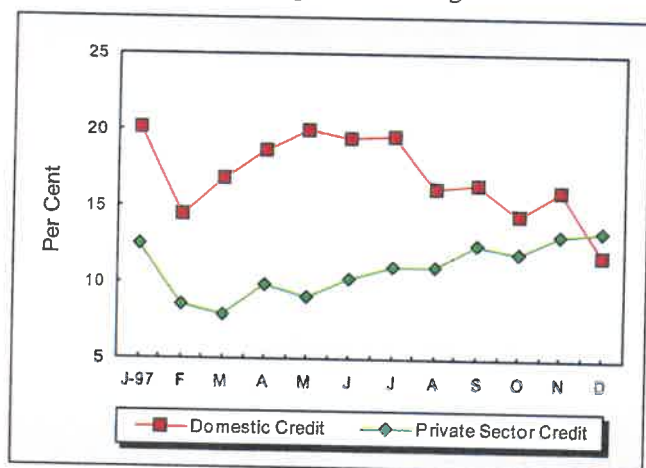
During the second half of 1997, net credit to government declined substantially by N\$236 million, reflecting some improvement in budgetary operations but more of a shift in the source of financing the budget deficits from the banking system to the non-bank private sector. In the first half of 1997, government financed the deficit of N\$604 million by raising N\$328 million and N\$276 million from the banking system and non-bank private sector, respectively. In the second half of the year, however, the government reduced its net recourse to the banking system substantially by N\$236 million, while its net borrowing from the rest of the private sector rose by N\$335 million. On the whole, government operations generated a budget deficit of N\$99 million during this period, compared with a surplus of N\$194 million in the corresponding period of the previous year.

3.3 Credit to the Private Sector

During the first five months of 1997, growth in private sector credit subsided significantly, falling from a twelve-month rate of 12.5 per cent in January to 9.1 per cent in May (Chart 3.2). The rates for the corresponding period in the previous year were 25.6 per cent and 21.9 per cent, respectively. The lackluster performance in some major sectors of the economy, coupled with high interest rates, led to a deceleration in the growth of credit to the business sector, which fell from a twelve-month rate of 16 per cent in January to 3.5 per cent in March 1997. The rate of growth in credit to the household sector, on the other hand, remained largely unchanged during the first half of 1997.

In the second half of the year, however, with the revival of activities in the domestic economy growth in credit to the business sector surged significantly to a twelve-month rate of 18.7 per cent in December 1997. This was accompanied by an upturn in the growth of credit to households, which rose from a twelve-month rate of 9.6 per cent in June to 11.4 per cent in November, falling somewhat to 10.8 per cent in December. The result of these developments was an overall increase of 13.4 per cent in private sector credit in the year ended December 1997, a marginal increase from that of 12 per cent in the preceding year, but substantially lower than the increase of 27 per cent recorded in 1995 (Chart 3.2).

Chart 3.2 Net Domestic Credit and Private Sector Credit
Twelve-Month per cent Changes



The increase in private sector credit during 1997 was dominated in absolute terms by other loans and advances and mortgage loans, which rose by N\$673 million and N\$265 million, respectively. Together, these two credit categories represented 99.7 per cent of the overall increase of N\$940 million in total credit granted to the private sector.

The growth in mortgage loans declined substantially from

36.0 per cent in 1996 to 10.4 per cent in 1997. The rise in the average prime lending rate of commercial banks from 20 per cent to 20.7 per cent in December 1996, and the consequent increase in mortgage rates, may have contributed significantly to the slower growth in mortgage loans in 1997. Instalment credit and leasing transactions exhibited a pattern similar to that of mortgage loans, with the growth rates falling from 18.3 per cent and 47.8 per cent to 5.0 per cent and 38.0 per cent, respectively, over the same period. On the other hand, "other loans and advances" (including overdrafts on current accounts) rose from 12.1 per cent to 22.2 per cent, and remained the most popular form of credit utilized by the business sector in 1997.

Credit granted to households (individuals) increased by N\$508 million or 10.8 per cent in 1997 (Table 3.2), compared with the 22.9 per cent increase recorded in the previous year, and represented 54.1 per cent of the overall credit extended to the private sector as at the end of 1997. Mortgage finance was the largest component of credit used by households, accounting for 52.2 per cent, while "other loans and advances," the second largest component, accounted for 29.2 per cent.

In terms of sectoral distribution (Table 3.3), individuals and other continued to take the largest share of total credit extended by the banking sector, followed by the commercial and services sector. These two sectors accounted for 42.7 per cent and 26.3 per cent, respectively, of total outstanding credit at the end of December 1997, almost the same as in the previous year. Growth in credit granted to the commercial and services sector slowed to 10.5 per cent during 1997 from 24.3 per cent in the preceding year. The high cost of credit during the year could have dampened domestic demand for goods and

Table 3.2 Twelve - Month Changes (%) in Bank Credit to the Private Sector

	J-97	F	M	A	M	J	J	A	S	O	N	D
Individuals	10.8	9.3	10.1	9.3	9.5	9.6	11	10.9	10.5	11.1	11.4	10.8
Business	16	7	3.6	10.9	8.3	10.6	10.9	10.8	16	13.9	16.7	18.7

Table 3.3 Direction of Commercial Bank Credit

Industry	Dec 1996		Dec 1997	
	Outstanding		Outstanding	
	N\$ million	%	N\$ million	%
Agriculture and Forestry	279.9	4.9	301	4.6
Fishing	275.3	4.9	339.4	5.2
Mining and Quarrying	40.4	0.7	107.1	1.6
Manufacturing	273.3	4.8	360.5	5.5
Building and Construction	798	14.1	926.2	14.1
Commercial and Services	1560.8	27.6	1724	26.3
Individuals and other	2435.4	43.0	2795.4	42.7
Total	5663.2	100.0	6553.5	100.0

services, resulting in sluggish performance of the commercial and services sector, and, therefore, a smaller need for credit. Credit extended to agriculture and forestry grew only by 7.5 per cent compared with 11.7 per cent in the previous year, as the need to finance the purchase of fodder diminished due to good rains during the year. Of particular significance is the buoyancy of credit extended to the fishing sector, following the easing of the TAC restrictions for pilchards at the beginning of the year and again for the other major species in third quarter of 1997.

Credit extended to this sector grew by 23.3 per cent in the year ended December 1997, compared with 3.2 per cent in the previous year. The relaxation of the TACs also gave impetus to fish processing, leading to a strong growth of 31.9 per cent in credit extended to the manufacturing sector in 1997 compared with only eight per cent in the preceding year. As in the previous year, credit extended to the mining and quarrying sector continued to be robust. Growth in credit for building and construction activities slowed marginally, reflecting the impact of high interest rates on these activities.

3.4 Commercial Banks' Sources of Funds

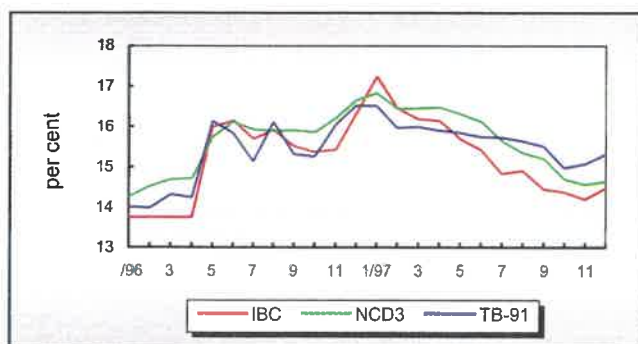
At the end of 1997, total resources of commercial banks amounted to N\$8.2 billion, up from N\$6.8 billion mobilized at the end of the previous year. The largest share continued to be generated from domestic deposits of the private sector, although this share fell to 54.6 per cent in December 1997 from 63.4 per cent in the previous year. Deposits from households remained the biggest component of total deposits held by the private sector with commercial banks. Government deposits increased by N\$568 million in 1997, compared with an increase of only N\$4 million in the previous year. Resources generated from the financial and the foreign sectors, which fell in 1996, rose by N\$151 million and N\$491 million, respectively, in 1997.

Although time deposits remained the most popular form of deposit with commercial banks, the share of this type of deposits shrank in 1997, reflecting the public's preference for liquidity. The annual average share of time deposits in total private deposits declined from 51.6 per cent in 1996 to 47.9 per cent. Similarly, the annual average share of savings deposits fell from 9.8 per cent to 8.9 per cent.

3.5 Interest Rates and Yields

The trend in money market rates since the end of 1996 was greatly influenced by expectations of a downward adjustment in the South African Bank rate, prompted by a sanguine outlook for inflation and a declining money supply growth. These rates rose sharply between November 1996 and January 1997, but then declined throughout the year on anticipations of a reduction in the Bank rate. The *interbank call (IBC) rate*, the rate on *three month negotiable certificates of deposit (NCD)*, as well as the *average tender rate on Treasury bills* of three months, all of which are indicative of the general movement of money market rates, showed a downward trend during 1997 (Chart 3.3).

Chart 3.3 Money Market Interest Rates



Despite market expectations, the Bank rate in Namibia remained unchanged at 17.75 per cent until the third week of October when it was reduced to 16.0 per cent. The decision to reduce the Bank rate was prompted by a similar action by the South African Reserve Bank (SARB), which cut its bank rate by a full percentage point to 16.0 per cent. In line with the Bank of Namibia's policy of gradually rectifying the misalignment of bank rates between the two countries which had occurred in the past, the Bank rate in Namibia was adjusted to the same level as that of South Africa.

The nominal average weighted lending rate of commercial banks has been rising during the first five months of 1997, from 19.92 per cent in December 1996 to 21.01 per cent in May 1997. This rate subsequently

declined to 20.14 per cent in June and thereafter remained on a relatively horizontal time path until October when it fell to 19.64 per cent in anticipation of a Bank rate cut. Real rates, on the other hand, showed a declining trend until May on account of rising inflation, but picked up thereafter when inflation started to fall. Contrary to the developments in nominal lending rates, nominal deposit rates declined throughout the year, falling from a quarterly average of 13.13 per cent in the first quarter to 12.95 per cent in the second quarter and further down to 12.13 per cent in the fourth quarter. The corresponding real rate declined from 3.02 per cent to 2.79 per cent, but rose again to 4.73 per cent over the same periods. These developments raised the interest rate spread from a nominal average of 7.18 percentage points in the first quarter to 7.36 percentage points in the fourth quarter, and in real terms from 6.54 to 6.88 percentage points.

3.6 Namibian Stock Exchange

The Namibian Stock Exchange (NSE) continued to expand during 1997, with overall market capitalization rising by 104 per cent to N\$154 billion compared with an increase of only 9.2 per cent registered in the previous year. Overall market capitalization was boosted by two dual listings in the mining and retail sectors towards the end of the first quarter of 1997. Subsequently, another four companies were listed pushing the total number of companies listed at the NSE from 27 at the end 1996 to 33 in 1997. These new listings shifted the sectoral weighting of overall market capitalization in favour of the mining sector.

Overall turnover in the secondary equity market was buoyant in 1997 at N\$911 million or 38 per cent more than in 1996. On average, nearly half of the overall turnover was recorded in the financial sector, followed by mining. However, as overall market capitalization increased faster than overall turnover, liquidity⁵ declined from 0.9 per cent in 1996 to 0.6 per cent in 1997. Unlike the overall turnover, local turnover declined by 36.4 per cent to N\$112 million

⁵Defined as the value of equities traded as a percentage of market capitalization.

in 1997 and, as a consequence of rising local market capitalization, liquidity declined from 9.6 per cent in 1996 to 3.6 per cent in 1997.

Share price movements were rather lustreless in 1997 compared with 1996. The overall index rose by 3.5 per cent during 1997, as a higher increase in the first half of the year

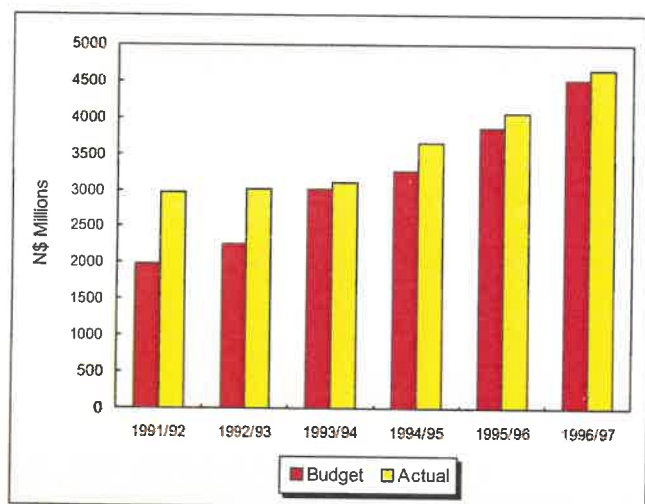
was offset during the global stock market turmoil in the third quarter of 1997. The local index followed a similar pattern, rising by 9.0 per cent over the whole year. At the time of the global stock market crisis, however, the decline in the local index was less pronounced than the fall in the overall index.

4. PUBLIC FINANCE

4.1 Revenue

According to the revised budget estimates for the fiscal year 1997/8, total revenue of the central government amounted to N\$5390 million or 3.7 per cent above the level estimated in the original budget and 13.0 per cent over the actual revenue of N\$4648 million in the previous year (Chart 4.1). As ratio of gross domestic product, the estimated revenue was 35.3 per cent compared with 34.1 per cent in the original budget, but virtually unchanged against the ratio of the previous fiscal year.

Chart 4.1 Revenue



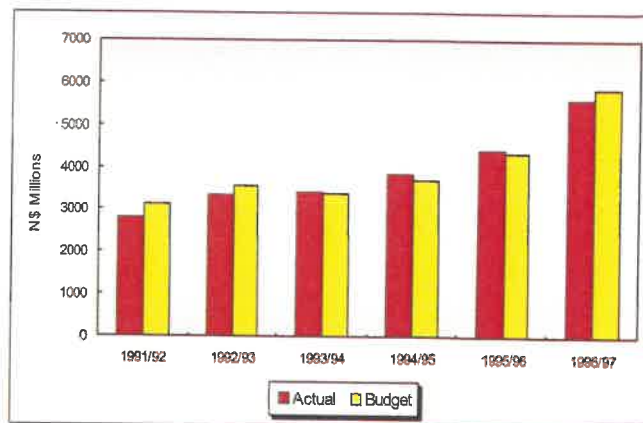
The increase in revenue over the original estimate was largely brought about by a moderate growth in tax receipts, which was reflected in income tax, while indirect tax collections fell marginally below the estimate in the original budget. Compared with the previous fiscal year, income tax collections were expected to rise by 13 per cent in the revised budget, mainly as a result of the expected strong increase in corporate taxes of 25 per cent, in line with an increase in the number of companies that are liable for income tax during the current fiscal year. Conversely, growth in personal taxes were expected to slow down from 20 per cent in the previous fiscal year to only two per cent due to the prevailing sluggishness in

personal incomes. The revised indirect tax receipts were slightly lower than the original budget estimate, mainly due to a decline in taxes on properties and on goods and services, reflecting a reduction in the output of the commercial sector.

4.2 Expenditure

Government expenditure in the revised budget for 1997/8 amounted to N\$6087 million, up from N\$5754 million in the original budget (Chart 4.2). This brought the year-on-year increase in government expenditure to about four per cent. Therefore, total expenditure is estimated to have declined in real terms taking into account the inflation rate of about 8.8 per cent. As ratio of gross domestic product, total government expenditure, as shown in the revised estimates, amounts to 39.9 per cent, compared with 40.3 per cent for the preceding fiscal year. Significantly, the ratio of current expenditure in the total expenditure has been estimated to have fallen markedly from 90.7 per cent in the previous fiscal year to 85.5 per cent in the current fiscal year. However, the share of personnel expenditure in total current expenditure is expected to increase to 53.1 per cent from 51.0 per cent in the preceding fiscal year, reflecting salary increases granted without giving effect to downsizing of the civil service as recommended by WASCOM.

Chart 4.2 Expenditure



The net result of the higher-than-originally budgeted revenue and expenditure would be a budget deficit of N\$698 million for the fiscal year 1997/8 compared with N\$556 million in the original budget. The revised budget deficit represents a drastic decline of nearly 36 per cent from the deficit of the preceding fiscal year. As ratio of gross domestic product, the revised budget deficit amounts to 4.6 per cent, up from 3.6 per cent in the original budget and down from 6.3 per cent for the previous fiscal year.

4.3 Budget Statement, 1998/99

In presenting the Budget Statement for the fiscal year 1998/99 to the National Assembly on 25 March 1998, the Honourable Minister of Finance drew attention to the government's commitment to the creation of an environment more conducive to the operations of the private sector and, in particular, to examine critically the regulatory environment which still handicaps the unfolding of indigenous entrepreneurship in Namibia. Outsourcing of government functions and activities, through a process of commercialisation and hopefully eventual privatisation, is another important approach to boost the development of the private sector as well as to improve the efficiency and effectiveness of public service delivery.

The Honourable Minister also stressed the need to bring the government closer to the people through decentralisation, to revisit the reintegration programmes for ex-combatants, to make the budget gender sensitive, and to deepen the financial system. He also announced a number of exchange control liberalisation measures (details of which appear elsewhere in this Report) and reiterated the Government's commitment to instill confidence in the investment community by phasing out exchange control in a prudent manner.

Total government expenditure in 1998/99 is expected to be 17.9 per cent higher than the original estimate, and 11.4 per cent above the revised estimate, for the previous fiscal year. While capital expenditure is expected to decline by 11.6 per cent from the allocation in the previous fiscal year, recurrent expenditure has been estimated to increase by 20 per cent. Of the total expenditure of N\$6342 million (which excludes statutory expenditure of N\$442 million), 53 per cent has been allocated to community and social services, 30 per cent to general government services, and 17 per cent to economic services. More than 50 per cent of the total expenditure is shared by the two education ministries (which together receive 25.5 per cent of the total), followed by health and social services (13.5 per cent), defence (6.5 per cent), and agriculture, water and rural development (6 per cent).

Total revenue and grants for 1998/99 are estimated at N\$6108 million, which is 17.5 per cent higher than the original estimate, and 13.3 per cent higher than the revised estimate, for the previous fiscal year. To partly finance the emerging deficit, the Honourable Minister announced a number of new revenue proposals that included raising the GST rate on goods (while reducing the rate on services) and increasing the Additional Sales Levy rates on spirits and tobacco, and on beer. The corporate tax rate (for other than mining companies) was raised from 35 per cent to 40 per cent, while that for mining companies (other than diamond mining companies) was raised by 5 per cent. The marginal rate for individuals in the income group of N\$100 001 or more per annum was also increased from 35 per cent to 40 per cent. The result of the expenditure proposals and revenue estimates, combined with the new revenue proposals, is an overall budget deficit of N\$676 million or 3.8 per cent of an estimated GDP of N\$17.6 billion.

4.4 Public Debt

The debt of the central government stood at N\$3.0 billion at the end of December 1997, representing a decline of 6.2 per cent against a sharp increase of 27 per cent in the preceding year. As ratio of gross domestic product, public debt amounted to 18.8 per cent in 1997, down from 23.4 per cent recorded in the previous calendar year.

The foreign public debt shrank strongly by 25 per cent to N\$364 million in 1997 compared with a decline of only two per cent in the preceding year. This significant decline in 1997 was brought about by the long-awaited writing off by the South African government of the pre-independence

debt, as from the end of the second quarter of 1997. Accordingly, the share of foreign debt in total public debt fell from 17 per cent in 1996 to 12 per cent in 1997, and, as a ratio of GDP, from 3.5 per cent to 2.3 per cent over the same period.

Domestic public debt also had a component in the pre-independence debt which was also written-off. As a result, domestic public debt declined by 2.8 per cent against the increase of 33.3 per cent registered in the previous year. As a ratio of GDP, domestic debt amounted to 16.5 per cent at the end of the year, compared with 19.9 per cent a year before.

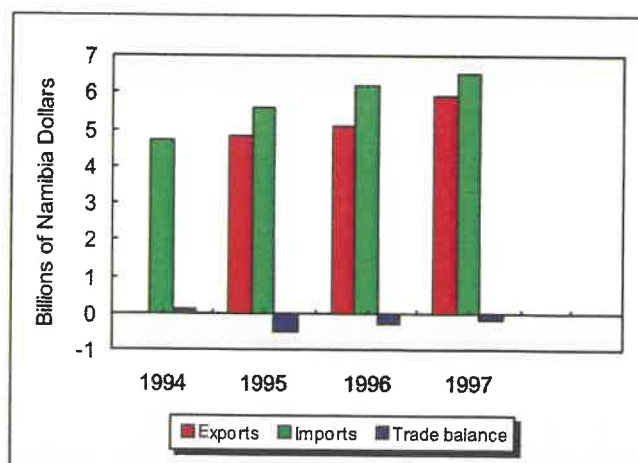
5. FOREIGN TRADE AND PAYMENTS

The record balance of payments surplus on the overall account in 1997 essentially reflects a continuing improvement in the current account, which yielded the highest ever estimated surplus of N\$884 million or 5.7 per cent of the GDP forecast for 1997. The current account surplus in the previous year was N\$295 million or 2.1 per cent of GDP. On the other hand, the capital and financial account deteriorated considerably in 1997, with the deficit rising to N\$492 million (3.2 per cent of GDP) from N\$272 million in 1996. Repayment of foreign liabilities by the retailing and mining sectors, and reductions in capital aid receipts and in foreign direct investment contributed to the deterioration in this account.

5.1 Current Account

Increased export earnings combined with a smaller increase in the value of imports narrowed the trade deficit significantly during 1997, from N\$300 million in the previous year to N\$197 million (Chart 5.1). Most export products fared well in the year, with the notable exception of food and live animals. Preliminary import data, on the other hand, suggest an increase in imports of only 4.1 per cent, probably due to a decline in demand arising from the sluggishness of the Namibian economy.

Chart 5.1 Merchandise Balance



Total merchandise exports grew by six per cent during 1997, to N\$6.3 billion. Exports were boosted by a strong rise in the value of manufactured products and mining exports, particularly non-diamond exports such as gold, lead and copper. Manufactured exports, mainly consisting of fish products, more than doubled from the previous year, when such exports registered a decline. The good performance of fish manufacturing was due to a 25 per cent increase in TAC for pilchards, from 20,000 metric tonnes in 1996 to 25,000 metric tonnes in 1997.

The value of diamond exports, which accounted for 40 per cent of total export earnings, rose by 8.4 per cent, to N\$2.5 billion. Volumes declined marginally, by 1.3 per cent, while average diamond prices, in Namibia dollar (NAD) terms, increased by an estimated 9.9 per cent (Table 5.1). Most of the price gains were attributed to the 6.7 per cent depreciation in the annual average value of the Namibia dollar against the US dollar in 1997, as compared with 1996.

Other mineral exports increased by 17.1 per cent. The depreciation of the rand, which began in the first quarter of 1996, and favourable demand conditions in international markets for some base minerals were responsible for these developments. In value terms, gold exports surged by 78.3 per cent, while exports of zinc and copper increased by 42.2 per cent and 30.8 per cent, respectively. The corresponding increases in quantity were 13 per cent for both gold and zinc, and five per cent for copper.

Exports of fish, lobster and crabs dropped by 5.9 per cent in 1997, mainly due to reduced TAC for hake, horse mackerel and crabs for the first half of 1997. Exports of live animals, meat and meat preparations also fell in 1997, due to restocking that followed the drought, as did exports of hides, skins and wool.

The services account improved markedly in 1997, with the deficit narrowing by 36.9 per cent from N\$1.0 billion in the previous year. A significant contributory factor was a

Table 5.1 Diamond exports

Exports	1994	1995	1996	1997(a)
Value (N\$ million)	1 486.2	1 764.8	2 318.7	2 514.6
Price(b) (N\$ per carat)	1 092.76	1 105.56	1 367.46	1 502.85
(USD per carat)	307.75	307.81	318.24	356.21
Volume(c) (Million carats)	1 359.858	1 596.473	1 695.851	1 673.493
% of exports	31.0	34.8	39.3	40.2

a = Provisional; b = Prices calculated from export values divided by export volumes; c = Export volumes include estimates for diamond smuggling

contraction in the net transportation deficit brought about by a reduction in fishing boat charters, as fishing activities slackened during the year. The decline in payments for business, administrative, financial and communications services also contributed to the narrowing of the net service deficit.

Most important, however, was the performance of the tourism sector. Net travel inflow rose by 23 per cent to reach N\$1.1 billion in 1997, enhanced by increased visitor arrivals. According to preliminary data provided by the Ministry of Environment and Tourism, foreign arrivals increased by 15.8 per cent in 1996. Visitors arrived from South Africa (34.6 per cent of total market share), Angola (23.8 per cent), Germany (12.4 per cent), Botswana (6.2 per cent) and the United Kingdom (4.3 per cent). The highest growth in visitor arrivals occurred from Angola (including cross border visitors by foot), North America, Italy, and Germany. Visitor arrivals are estimated to have increased even further in 1997, by about 20 per cent.

The net inflow of investment income declined by 12.2 per cent in 1997, compared with a much larger decline of 31.0 per cent registered in 1996. This fall was due to reduced income receipts from Namibia's direct and other investments abroad. Income receipts, especially on pension fund and life assurance investments abroad, declined by 18.4 per cent, due to the continuing reduction in these types of investments caused by the introduction of

the local asset requirement in June 1994. The decline in receipts from direct and other investments abroad were partly offset by a fall in income paid on direct and portfolio investments in the country, which declined by 16.8 per cent and 23.3 per cent, respectively. Lower dividends were declared by Namibian companies with foreign direct investors. Such dividends fell from N\$491 million in 1996 to N\$366 million in 1997. This fall in dividends does not necessarily point to a slump in profits and may have been due partly to increased retained earnings in order to boost future expansion. Interest payments made by the Namibian government to foreign portfolio investors in treasury bills and government stocks also declined, as a reflection of the general trend of falling interest rates.

Net current transfers increased by 13.3 per cent in 1997 to N\$1.5 billion mainly due to a rise in Southern Africa Customs Union (SACU) receipts. In line with the increase of imports during the 1990's (albeit with a two-year lagged effect, due to the SACU formula), customs receipts rose by 15.9 per cent in 1997. The dependence of Namibia on income derived from the customs union is underlined by the fact that it bolsters the balance of payments considerably and contributes to over one third of government revenue. The other significant contributor to current transfers is foreign development assistance (FDA) of a current nature. Current aid received in 1997 declined by 14.2 per cent, to N\$420 million, as international/multilateral organisations and foreign

governments reduced their FDA to Namibia. Grants from non-governmental organisations, however, remained stable.

Table 5.2 Balance of Payments - Current Account

N\$ million		
	1996	1997(a)
Balance on merchandise trade	-300.4	-197.3
Merchandise exports FOB	5 906.6	6 262.7
Merchandise imports FOB	6 207.0	6 460.0
Net services	-1 037.4	-655.1
Net income	331.1	261.3
Net current transfers	1 301.6	1 475.2
Balance on current account	294.9	884.1

a = Provisional

Overall, the balance on goods, services and income registered a lower deficit of N\$591 million in 1997 (N\$1.0 billion in 1996), reflecting the improvement in merchandise trade and the contraction in the services deficit, partly offset by a 12 per cent deterioration in net income inflows. Taking into account the stronger performance of net current transfers, which stood at N\$1.5 billion, the surplus in the current account of the balance of payments increased substantially to N\$884 million, compared with N\$295 million in the previous year (Table 5.2).

5.2 Capital and Financial Account, and International Reserves

The increased deficit in the capital and financial account reflects a general deterioration in almost all of the sub-components of the account (Table 5.3).

Net capital transfers, consisting mostly of capital aid which is linked to capital projects, declined sharply in 1997, to N\$110 million (Table 5.3). This decline came off a post-independence high of N\$181 million in 1996, a year in which roads, housing, dams, electrification and communication projects received the most attention. In the year under review, capital support for road projects declined, as the Namibian section of the Trans-Kalahari highway was completed in June 1997.

An important aspect of government policy in Namibia is the attraction of foreign direct investment (FDI). To this end, an investment incentives framework has been drawn up, commencing with the Foreign Investment Act (1990), the Manufacturing Incentives Act (1993), Export Incentives Act (1994) and the Export Processing Zones Act (1995). Namibia ranks favourably on factors such as investment climate, resources, business conditions, regulatory framework and FDI policy and regulations. Yet the country succeeded in attracting FDI inflows, on average, of only 2.7 per cent of GDP at market prices in the 1990 - 1996 period, reflecting global competition and the relative "newness" of Namibia as an investment destination.

During 1997, net FDI decreased by 11.2 per cent, to N\$577 million (Table 5.3), with both new investment and reinvested earnings declining. The major reason was the winding down of oil exploration activities off the coast of Namibia, the expenditure of which plunged from a high of N\$215 million in 1996 to N\$63 million in 1997. However, prospects for the Kudu gas field are good, with the proposed establishment of a 750mW power station in the vicinity of Oranjemund. Total cost of the initial development of the Kudu field is estimated to be about U\$300 million. The second phase would entail another U\$200 million for the plant and links to the existing network. The first gas could be brought ashore by the year 2000, with plant production starting by the year 2001.

Table 5.3 Balance of Payments - Capital and Financial Account

N\$ million

	1996	1997(a)
Net capital transfers	180.8	109.6
Direct investment, net	650.1	577
Portfolio investment, net	134.7	125.8
Other long term investment, net	-1018.5	-1361.8
Other short term investment, net	-218.7	57.4
Capital and Financial Account Balance excluding Reserves	-271.5	-492
Balancing item (net errors & omissions)	75.1	-79.8
Overall balance	98.5	312.3

a=Provisional

Other significant developments, especially in expanding the Namibian infrastructure, include the Walvis Bay-Namibe development corridor on which the US Trade Development Agency has agreed to undertake a feasibility study into a proposed rail link between Namibia and Angola; the Epupa hydroelectric plant at an estimated cost of over N\$2.5 billion, and with a capacity of 400mW; the Trans-Capri highway where the construction of the remaining stretch to Katima Mulilo is estimated to be finalised by March 1998, and the final 50 kilometers to Ngoma to be completed by 1999; EPZ activities, the number of approved EPZ projects having risen to over 42, with planned investment of over N\$300 million and forecast employment for over 3,000 persons; and, increased investment activities in mining, hotel and other areas of tourism. All these developments bode well for investment, employment, tourism and trade in the future.

Net inflows on portfolio investment declined during 1997 by 6.6 per cent, to N\$126 million (Table 5.3). Although the overall turnover on the NSE surged by 34 per cent over the first nine months of 1997 compared with the same period in 1996, the foreign component of the turnover was 87.8

per cent of the total (73.3 per cent in 1996). More foreign participation on the NSE during 1997 meant that portfolio investments in dual listed companies could flow out of Namibia to other stock exchanges. It is this loophole in the amended Regulation 28 of the Pension Funds Act of 1956 and in the amended Regulation 34 of the Insurance Act of 1943, that prevents the effective attainment of the 35 per cent local asset requirement.

The reduced portfolio investment inflows in companies that are not dual-listed on the NSE (from N\$220 million in 1996 to N\$133 million in 1997) were partially offset by lower redemptions that were paid by government on maturing internal registered stock (N\$83 million in 1997, compared with N\$226 million in 1996) and treasury bills (N\$10 million in 1997, compared with N\$45 million in 1996).

The most important component in Namibia's capital and financial account is *other long term investment*, which is affected in particular by transactions on pension fund and life assurance assets. As outflows on institutional investments continue to decline, from N\$1.4 billion in 1996 to N\$1.2 billion in 1997, in adherence to the local

asset requirement, the widening of net other investments, from N\$1.2 billion in 1996 to N\$1.3 billion in 1997, was caused by a reduction in the foreign liabilities of the retailing and mining sectors. This caused a reversal of the previous net capital inflow of N\$180 million in 1996, to a net outflow of N\$280 million in 1997.

For the first time since 1994, other short term investment registered an inflow of N\$57 million. Banks increased their foreign assets and reduced their foreign liabilities (a net outflow of N\$415 million) as demand conditions in Namibia slowed in 1996. This trend continued into the first half of 1997. However, a sharp jump in domestic credit demand towards the end of 1997 caused banks to reduce their net foreign asset position by increasing their foreign liabilities. The net outflow in the first half of the

year was thus reversed in the second half, to yield a net inflow of N\$349 in the year as a whole. These developments were not fully offset by repayments of short term liabilities by other sectors.

Taking into account all the transactions of the balance of payments, both on the current, and capital and financial account, the overall balance increased by N\$312 million in 1997 (Table 5.3). The country's official international reserves therefore rose by the same amount, to a level of N\$1.2 billion at the end of 1997. This level represent seven weeks of imports, an increase over the six week level that has been maintained since 1994 (Table 5.4). Additionally, the foreign assets of banking institutions amounted to N\$537 million, at the end of the year.

Table 5.4 International Reserves and Import Cover

	<i>1994</i>	<i>1995</i>	<i>1996</i>	<i>1997(a)</i>
LEVEL OF OFFICIAL RESERVES IN N\$ MILLION (as at 31 December of each period)	719	808	906	1219
IMPORTS COVER IN WEEKS (of merchandise goods and services)	5.9	5.5	5.5	7.3

a = Provisional

5.3 International Investment Position

Namibia's net foreign investment position deteriorated from a net liability of N\$0.7 billion in 1996 to one of N\$1.6 billion in 1997. The growth in foreign liabilities outstripped that of foreign assets. (Table 5.5).

Foreign assets declined marginally, by 0.6 per cent, to N\$9.8 billion. This was due to the reduction in pension fund and life assurance assets, which form the bulk of the category "other assets". As this category constitutes over 82 per cent of Namibia's total foreign assets, it is clear that its fall from N\$8.2 billion to N\$7.9 billion was the major reason for the decline in foreign assets (Table 5.5).

Namibia's foreign liabilities increased by 8.6 per cent in 1997, on the back of the rise in the market value of direct investment in Namibia, which represents the bulk of the country's liabilities. The total stock of liabilities stood at N\$11.4 billion at the end of 1997 (Table 5.5).

Table 5.5 International Investment Position

N\$ million

	1996	1997(a)
Foreign Assets at end of year	9814	9758
Direct investment abroad	61	69
Portfolio investment	603	612
Other Assets	8244	7858
Reserve Assets	906	1219
Foreign liabilities at end of year	10495	11394
Direct investment in Namibia	6987	7704
Portfolio investment	1035	1195
Other liabilities	2473	2495
Net foreign assets at end of year	-679	-1636

a = Provisional

5.4 Exchange Rate Developments

During 1996 and the first half of 1997, international foreign exchange markets were characterized by large capital inflows to US securities markets, and the consequent strengthening of the US dollar (USD). These inflows were largely prompted by relatively high yields and low risk on USD assets, backed by strong US economic growth.

From June 1997 onwards, there was turmoil in emerging foreign exchange markets. The currency crisis, which started with the devaluation of Thai baht on July 2, rapidly spread to the rest of Southeast Asia. The Malaysian ringgit, Phillipine peso, Indonesian rupiah, Singapore dollar, Hong Kong dollar, and South Korean won came under severe speculative pressure. Some of the major causes for these developments were excessive money and credit growth; large, unsustainable current account deficits; considerable unhedged short-term foreign debt positions; and overvalued exchange rates against the USD.

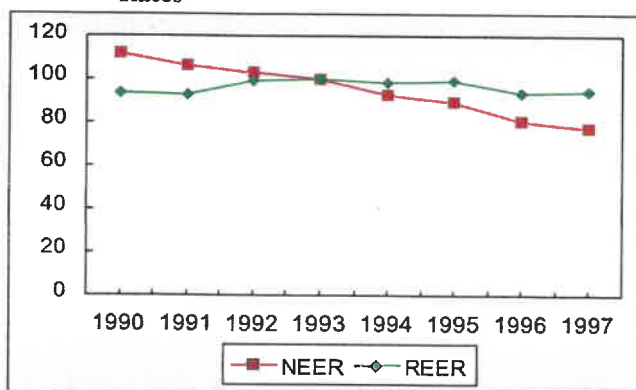
As the Namibia dollar (NAD) is on par with the South Africa rand (ZAR), it is important to examine developments in the South African foreign exchange market, as they directly influence the NAD's nominal value. In 1996, the ZAR initially suffered due to uncertainty regarding political stability, and weakened further against the major currencies later in the year, due to poor economic fundamentals such as a widening current account deficit and higher inflation rates relative to its major trading partners. Over the year, the ZAR fell by 21.9 per cent, to an average of R4.30 against the USD.

The fortunes of the Namibia dollar, linked as it is at par with ZAR, were identical to those of the latter. Over 1997, the NAD weakened against the USD by 6.7 per cent, to an average of N\$4.61. Against the German mark (DEM), the NAD strengthened over the first three quarters of the year, which largely reflected the heavier depreciation of the mark against the USD.

However, as a result of a rise in interest rates in Germany and a reduction in interest rates in South Africa towards the end of the third quarter, the NAD lost momentum against the DEM in the fourth quarter of 1997. Over the year as a whole, the NAD strengthened by 7.3 per cent against the DEM. The movement of the NAD against the British pound mostly followed the movements of the NAD/USD in 1997. It strengthened against the pound in the first half of the year, but depreciated sharply afterwards on account of a relatively brisk performance of the UK economy. Over the year, the NAD declined by 11 per cent against the pound.

As measured by its nominal effective exchange rate (NEER⁶), the Namibia dollar fell by 9.3 per cent in 1996. This sharp decline was due to speculative attacks on the rand, political uncertainty and some fundamental economic imbalances in South Africa. During 1996, relative prices between Namibia and its major export partners deteriorated by 4.1 per cent. Namibia's rate of inflation of 8.0 per cent in that period, although good by regional standards, lagged behind the slower rate of price increases of its major export partners. The real effective exchange rate (REER⁷) therefore depreciated by 5.5 per cent, as these price differentials were more than offset by the deterioration in the nominal exchange rate. This overall gain in competitiveness for Namibian exporters was reflected in a rise in the value and volumes of exports, as shown in the narrowing trade deficit of 1997 (Chart 5.2).

Chart 5.2 The Nominal and Real Effective Exchange Rates



⁶The NEER is determined on the basis of average multilateral exchange rates, weighted by Namibia's major export destinations, ie the UK, RSA, USA, Japan, Spain and Germany.

This situation changed in 1997, due to the stable performance of the rand. The NEER declined by only 3.8 per cent over the year. Namibia's relative prices, however, deteriorated by 4.7 per cent. As the NAD's stability in nominal terms was more than offset by the deterioration in relative prices, the REER appreciated marginally by 0.7 per cent, implying a slight loss in export competitiveness.

5.5 Exchange Controls in Namibia

During 1997, the Bank of Namibia continued with the process of gradually liberalising exchange controls. This was in keeping with its commitment to move in tandem with changes proposed by South Africa, provided such changes would not negatively impact on Namibia. A major milestone was reached in April 1997 when Namibia, closely following developments in South Africa and conforming to its accession to Article VIII of the IMF Articles of Agreement in September 1996, decided to abolish virtually all quantitative limits applicable to current international transactions, including payments of directors fees, examination fees, medical expenses, advertising fees and alimony payments.

In addition, study allowances for Namibian residents studying full-time abroad, were increased to N\$ 80 000 per annum per student and N\$160 000 for a student accompanied by a non-matriculated spouse. This facility was previously limited to maximum monthly amounts of N\$ 5 000 and N\$ 10 000 respectively.

In the past, a distinction was made between travel to neighbouring countries and to other countries. This distinction has been abolished and, currently, Namibian travellers are entitled to N\$ 80 000 per annum, regardless of the destination. Also, children under 12 years of age are allowed N\$ 25 000 per annum.

⁷The REER expands the NEER by considering relative price changes between Namibia and its major export partners. Both indices are defined in such a way that a fall (rise) in the index implies a depreciation (appreciation) of the domestic currency. The CPI was used for Namibia in this exercise, as data for the PPI were not available.

Further, delegated authority of Authorized Dealers⁸ has also been significantly enhanced with respect to payments upon which restrictions still remained, emphasising the intention of the Bank to change from a regulatory to a monitoring authority in the administration of exchange control.

Regarding international capital transactions, in a continued effort to extend the investment horizons of Namibian concerns, consideration can now be given to requests for direct investment abroad up to N\$ 30 million. Also, to re-emphasize the country's commitment towards the free flow of goods, services and people across SADC⁹ countries, a new concession was incorporated to allow domestic companies to invest in SADC to the extent of N\$ 50 million per new investment. In support of the financial and economic harmonization with SADC, a special dispensation has also been allowed for Namibian institutional investors¹⁰ to invest on registered stock exchanges in any SADC member country.

The Bank, during 1997, took the step of allowing the establishment of ADLA's¹¹ in Namibia, commonly referred to as "Bureaux de Change". In terms of exchange control policy in force at that time, no party other than an Authorised Dealer may buy or sell foreign currency. The Bank felt that the establishment of ADLA's would provide a vehicle for tapping of foreign exchange in remote areas where banks are poorly represented.

The Bank decided not to incorporate certain changes pertaining to capital investment by private individuals, as announced in South Africa in July 1997. Such facilities include the opening of foreign currency accounts for residents, investment in SADC for the acquisition of fixed assets and the retention of income abroad. In the macro-economic context prevailing at that time it was feared that such facilities might exert undue pressure on the country's balance of payments.

5.6 Regional Developments

The membership of SADC could increase to fourteen (14) if the Democratic Republic of the Congo and the Seychelles finalize their membership applications. SADC has also commissioned a study on its programmes and projects. The study recommended moving away from country projects to a clustering of sectors (e.g. finance and trade), on which no decision has been made yet.

Also, progress on the implementation of some of the SADC protocols has not been very satisfactory. A SADC Trade Protocol, which was signed in September 1996, has thus far been ratified only by Tanzania and Mauritius. The protocol, to be operational, has to be ratified by eight members. Other protocols are also faced with slow ratification processes, although in some areas such as transportation, a great deal of progress has been made in linking the region. In 1998, SADC should see yet another protocol, that on Finance and Investment, being finalized and hopefully signed.

SACU members are currently negotiating a Free Trade Agreement with Zambia, with Namibia as the contact point. The process of the SACU renegotiation was brought to the urgent attention of the SACU Commission at its meeting held in Windhoek in November 1997. The BLNS (Botswana, Lusaka, Namibia and Swaziland) countries decided at that meeting that a Customs Union Task Team meeting be convened in Botswana before the end of 1997 to give new impetus to the renegotiation process, but this meeting has not taken place to date.

Namibia and other Common Monetary Area (CMA) members, and to some extent SACU members, stand to benefit from the recent announcement by the African Development Bank that it will start to issue South African rand denominated loans to borrowers. This should be of

⁸Local Commercial Banks which have been authorised to deal in foreign currency.

⁹Southern African Development Community consisting of Namibia, Angola, Botswana, South Africa, Mauritius, Mozambique, Lesotho, Swaziland, Zambia, Zimbabwe, Tanzania and Malawi.

¹⁰Institutions such as Insurance Companies, Pension Funds and Unit Trusts.

¹¹Authorised Dealers in Foreign Exchange with Limited Authority.

great advantage to CMA members whose currencies are linked at par to the Rand, as it virtually eliminates the foreign exchange risk on such borrowing.

The ongoing negotiations between the European Union and South Africa on a Free Trade Agreement continue to

be an issue of serious concern to South Africa's partners in both SACU and SADC. Another issue on the minds of countries in the region and possibly everywhere in the developing countries is the future of the Lome Convention, the current agreement is scheduled to end by the year 2000.

BOX B**THE NAMIBIAN DIAMOND INDUSTRY**

Diamonds are important to Namibia, adding significantly to GDP, exports and fiscal revenue (see table below). In addition, the industry is one of the largest employers in the country, with a labour force of 4400 in 1997. It is within this context that the evolution of the diamond industry and its prospects and challenges are reviewed.

Diamond Mining

For much of this century, diamond mining in Namibia had been an onshore operation. By 1991, some 70 million carats of diamonds has been mined from marine deposits on land. However, inland deposits could be depleted within the next 10 to 20 years, so attention has since focused on offshore exploration and mining.

Production within very shallow Namibian coastal waters started in 1963. By 1967, mining and dredging techniques had been improved to reach depths up to 35 metres. By the end of the 1960's, some 788 000 carats had been collected offshore. By early 1971, shallow water operations had become uneconomical, and offshore activity then shifted mainly to exploration and prospecting. Through the use of improved marine

exploration equipment discovered a significant diamond deposit in the middle continental shelf. In 1990, production of offshore diamonds began with specially equipped marine vessels, utilizing remote controlled submarine mining tools. This activity is unique to Namibia, as mechanized offshore mining of diamonds does not take place elsewhere in the world.

Offshore production recovered 29 000 carats in 1990, representing four per cent of total diamond output. Subsequently, production of marine diamonds has been steadily increasing, reaching 303 000 carats in 1993. In 1994, a second diamond producer entered the Namibian offshore industry and, by 1997, production had increased to 623 000 carats or 44 per cent of total diamond output. In addition, a third producer was sampling the Koichab and Saddle Hill prospects off the coast near Luderitz and has established the existence of economically viable diamond resources. This company was scheduled to commence production in January 1998. If the expansion plans of the diamond producers are successful, offshore output is expected to surge to 930 000 carats in 1998, 1.27 million carats in 1999 and 1.60 million in 2000.

Key Indicators of the Namibian Diamond Industry

	1994	1995	1996	1997(a)
PRODUCTION (carats)	1 312 348	1 384 599	1 402 129	1 415 868
(offshore as % of production)	31.7%	36.2%	37.8%	44.0%
CONTRIBUTION TO GDP	872m	763m	1,168m	NA
(as % of GDP)	(7.9%)	(6.2%)	(8.4%)	
CONTRIBUTION TO FISCUS(b)	480m	429m	498m	NA
(as % of total revenue and grants)	(13.1%)	(10.5%)	(9.6%)	NA
CONTRIBUTION TO EXPORTS	1,486m	1,765m	2,319m	2,515m
(as % of total exports)	(31.0%)	(34.8%)	(39.3%)	(40.2%)

a = Provisional; b = Includes taxes, non-resident shareholder taxes and diamond royalties.

Onshore production increased from 722 000 carats in 1990, to peak at 1.29 million carats in 1993. The effects of quota reductions and the planned phasing out of onshore production caused output to stabilise around the 850 000 carats per annum level from 1994 to 1997, and is expected to decline to an estimated 650,000 carats in the year 2000.

Structure of the diamond industry

The world diamond industry is dominated by Africa, which accounts for 51 per cent by value of global production. The largest producers of diamonds by quantity are Australia, Botswana, Russia, South Africa, Zaire and Namibia. In 1997, Namibia received the highest average price per carat (USD315), followed by Angola (USD230), non-Central Selling Organisation (CSO) open market sales (USD150), Russia (USD140) and both Botswana and South Africa (USD105). In value terms, Botswana is the major producer, followed by Russia, South Africa, Angola, Namibia and Australia.

The CSO, a voluntary single-channel marketer, purchases rough diamonds from producers at 90 per cent of the standard selling value (SSV), but sells them at the full SSV. This is done to finance research and development, sorting and inventory, and promotion and advertising. After purchasing diamonds, the CSO sorts them into some 5 000 categories according to size, shape, quality and colour. Once sorted, a representative spread of diamonds are made up into a selling package for sale at ten "sights" per year in London, Lucerne and Johannesburg.

By 1996, the CSO processed some 72 per cent of global diamond output by carat, equivalent to 73 per cent of world's diamond output by value (down from 85 per cent in 1990). It is contractually obliged to buy rough diamonds from its producers, at constant or better prices. The CSO has a profound influence on the industry and has never reduced prices in its 60-odd year history. Since 1970, the CSO has been able to generate growth in volumes and prices (on average a real increase of 1.5 per cent), and since 1990, the CSO sales of rough diamonds have been fairly stable, with the exception of 1991-92, and 1994.

Developments in the diamond industry in the 1990's

The early 1990's were characterized by recession in most of the major economies of the world, the opening up of the Eastern Bloc, and the Gulf war. Demand for diamonds remained sluggish, and the flooding of the market by Angola and Russia led CSO to impose a 25 per cent cut on purchases from all producers in September 1992. In Namibia, these factors, plus start-up problems on the new open-cast mine and industrial action, constrained production. Nonetheless, the opening of new mines at Auchas and Elizabeth Bay, and the expansion of offshore mining, underpinned the performance of this industry. Except for 1993, when the quota imposition caused diamond production to fall by 26.3 per cent (causing GDP to decline by two per cent), both production and exports increased steadily during the early 1990's.

In line with improved conditions in the diamond market, CSO relaxed the quota restriction in 1993, to 20 per cent of production by May, and to 15 per cent by July. As a result, its sales increased by 28 per cent in that year, to US\$ 4.4 billion. In 1994, demand was strong initially, but CSO reduced supplies towards the end of the year due to overstocking in the major cutting centres, and its sales declined by 2.7 per cent.

In Namibia, production stood at 1.34 million carats in 1995, a moderate annual increase of 2.2 per cent. Exports of uncut diamonds performed well, rising to N\$1.8 billion, an increase of 18.7 per cent over 1994, and volumes increased by 17.4 per cent. In 1995, Namibia's major diamond producer announced the construction of a N\$197 million dredge and treatment plant to remove the overburden in order to expose the basal diamonds below and to recover diamonds in the overburden. This transformed the company from a high grade, lower volume operation to one of lower grade and higher volume, with production starting in early 1997. Elsewhere, CSO and Almazy Rossii-Sakha, Russia's biggest producer and exporter of rough diamonds, concluded the Memorandum of Principles in February 1996. However, the new trade agreement between the two was only concluded in November 1997. While

awaiting ratification from the Russian government, CSO continued to buy diamonds from ARS under the old trade agreement.

Rough diamond sales in 1996 reflected strong world retail demand, especially in the USA. CSO sales reached a record US\$ 4.8 billion, an increase of 6.7 per cent over 1995. These positive developments took place despite disruptions in the market caused by the Australian producer of low grade diamonds, Argyle, which had decided in June 1996 not to renew its contract with CSO. This did not impact on the larger stone market, but it affected India, the world's main cutter of smaller stones. Prices of cheaper diamonds fell by 20 - 30 per cent, resulting in a string of bankruptcies of smaller companies. However, the Indian industry reduced its output by 30 per cent, which resulted in a stabilization of prices. Namibia produced 1.40 million carats, a slight increase of 1.5 per cent over 1995. Exports of rough diamonds experienced a bumper year, rising to N\$2.3 billion, due to a sharp fall in the exchange rate of the NAD/USD and a 6.2 per cent increase in volume.

CSO sold a record US\$ 2.9 billion worth of rough diamonds in the first half of 1997. This performance was underpinned by strong retail demand emanating from the USA and Europe. However, the poor economic situation in Japan and the currency turmoil in Southeast Asia dampened demand for diamonds in the second half of 1997. As a result, markets became oversupplied and CSO had to cut back on sales over the last six months of 1997. In the year as a whole, CSO sales of rough diamonds declined by four per cent, to US\$ 4.6 billion.

Namibian offshore diamond production performed well in 1997, increasing by 17.4 per cent to 44 per cent of total production, though onshore operations yielded the lowest output since 1990. Total output rose by one per cent to 1.42 million carats, while the value of exports increased by 8.4 per cent to N\$2.5 billion (40 per cent of total exports), mostly due to exchange rate gains.

Future prospects of the diamond industry

Three major constraints on the future of the industry have been identified: the difficulties in establishing peace in Angola which continue to create uncertainties in the diamond market; the decision of Argyle to leave CSO which has also brought about instability, though Argyle operates only at the lower end of the diamond market; and, the negative influence of Russia on the market at times by over supplying diamonds. Also, the length of time it took to finalize the new trade agreement between Russia and CSO was a source of uncertainty. A new deal has been concluded, which will run until the end of 1998. The intentions of both parties are to extend this agreement, should the contract perform well.

In addition, the industry faces the threat of synthetic diamonds, the supply of illegal diamonds, and the technological challenge of mining in deeper offshore areas. Also, increased competition from independent operators and new discoveries, especially those at Point Lake near Lac de Gras in Canada, mean that the control of the CSO will diminish further.

Most of these factors also hold for Namibia whose major producer had to reduce its work force due to increased mechanization, while the industry has technological and financial constraints to overcome. However, the country is uniquely placed in that it produces for the top end of the market. If expansion drives are successful, diamond production will increase to 2.25 million carats by year 2000. Even if one of the smaller companies fails, the medium term prospects for the Namibian diamond industry remain positive. Diamond mining is therefore set to increase its contribution to all spheres of the Namibian economy, and is diversifying through the Okahandja cutting and polishing plant.

For Namibia, the years up to the end of the 20th century will be crucial in determining the future of offshore diamond mining, and the viability of the smaller producers.

6 BANKING SUPERVISION ANNUAL REPORT OF THE REGISTRAR OF BANKS AND BUILDING SOCIETIES

This report is submitted in terms of section 47 of the Banks Act, 23 of 1965 and section 77 of the Building Societies Act 2 of 1986 for the year ended 31 December 1997.

6.1 Introduction

Concerted efforts exerted by the Bank of Namibia over the past years in drafting a legal framework for effective banking supervision, eventually culminated in the passage of the Banking Institutions Act. This long delayed event heralds a new chapter for the banking system and supervisory developments in Namibia. The Banking Institutions Act will position the industry at the forefront of international banking standards, increase the powers of the regulator, and simultaneously create flexibility for the regulator to respond expeditiously to industry developments, without resorting to the cumbersome legal process of amending the legislation. This achievement was indeed the highlight of supervisory activities pursued during the past year.

In anticipation of the significant challenges that supervisors would face with the implementation of the Act, appropriate and effective measures to enhance supervisory performance have been taken. Although there are several models and corresponding methodologies of banking supervision, the Bank has adopted the approach of complementing off-site surveillance with on-site examinations and placing greater emphasis on the role and duties of the external auditors and the audit committees of banks. This approach deviates significantly from the past when supervisors relied solely on off-site supervision involving the analysis of financial information submitted by the banks. As with most change programs, the industry will undoubtedly undergo a period of adjustment before it becomes fully accustomed and acquainted with the new supervisory practices. However, it should be equally noted that as the

banking system evolves in a dynamic business environment, the supervisory methodology itself may be subjected to revision and change. Accordingly, the intensity and relevance of on-site examinations, for example, may also be reviewed.

6.2 Industry Developments

Time and again, it has been clearly demonstrated in some countries that weaknesses and deficiencies in a supervisory regime, whether real or perceived, present opportunities for the emergence of all sorts of undesirable financial practices including illegal deposit-taking schemes. In this respect, Namibia was not spared and was targeted by the perpetrators of these undesirable activities, possibly given the current transition of its development in supervisory capacity and practices.

It was through swift actions carried out by the Bank of Namibia that prevented pyramid schemes such as the one operated by Self Help Investment and Societies Company (Self Help) from penetrating deeply into the finances of the Namibian public, particularly the hard earned savings of the lower income groups. The promptness and decisiveness of the authorities in dealing with the aforementioned pyramid scheme was well publicized and sent out a clear message to other would be operators of similar schemes, that the authorities were committed to ensuring the integrity of the financial system and would not tolerate any intrusion to its orderly development. In addition, the raid conducted by the supervisors on Self Help also served to contribute to public awareness on the dangers of investing with "get-rich-quick" schemes.

As in most pyramid schemes however, the "early bird" depositors who had resisted the temptation to rollover their deposits, reaped enormous returns leaving the bulk of the other depositors to bear the losses. While it is not feasible for a supervisory authority to altogether prevent losses from such schemes, the Bank has drawn on the experience of regional countries and has taken further measures to strengthen up the legislation to ensure that

loopholes in the existing legislation are not exploited and to ensure that supervisors have sufficient powers to act decisively against unlawful deposit-taking in various forms and guises.

During the year under review, micro-financing business featured prominently in the financial system. The business of micro-financing is often confused with deposit-taking and the conduct of banking business. In its general form however, micro-financing does not involve the mobilization of public funds. Unless it involves the acceptance of deposits and the making of loans and advances against such deposits, micro-financing operations fall outside the jurisdiction of the Registrar of Banks and Building Societies. Notwithstanding, micro-financing operations have assumed a significant scale of operations, so as to warrant closer scrutiny. In this regard, suggestions have been made; one, for example, that all micro-lending set-ups should undergo formal registration with an appropriate authority. Other proposals support the idea of self-regulation within the industry.

The number of institutions falling under the jurisdiction of the Registrar remained unchanged. Five commercial banks (Bank Windhoek, City Savings and Investment Bank, Commercial Bank of Namibia, First National Bank of Namibia, Standard Bank Namibia) and one building society, SWABOU, account for Namibia's banking industry. With the exception of one, all the aforementioned commercial banks have substantive South African shareholding interest.

First National Bank of Namibia became the first commercial bank in Namibia to become a publicly listed company on the Namibian Stock Exchange. In aggregate terms, domestic shareholding in an otherwise predominantly foreign-owned banking system was raised to 35.1 per cent. This public listing exercise should serve to encourage other banking institutions to increase domestic equity participation as well as to strengthen their capital positions.

6.3 Developments in the Regulatory Framework

Sustained efforts by the Bank of Namibia to establish a sound legal framework governing the operations and conduct of banking institutions was finally rewarded with the enactment of the Banking Institutions Act in Parliament at the beginning of 1998. This important event presents abundant challenges and opportunities for the industry and is a milestone in supervisory developments. The Act now paves the way for the enforcement of prudential banking standards and practices based on internationally accepted standards such as the Basle Core Principles for Effective Banking Supervision.

Occurrences of dubious banking activities which emerged during the year prompted the regulators to revisit the definition of banking business and deposit taking. While Parliament was still in session and debating the bill, the definitions of deposit-taking were strengthened to capture pyramid schemes and grey areas of banking. In this regard, the legal definitions formulated by the South African regulators, who have significant experience with dubious and elaborate schemes overlapping banking business, were adopted. This approach has also been adopted by the East and Southern African Banking Supervisors Group (ESAF).

Final consultations with the Bankers Association of Namibia and other parties resulted in a number of useful amendments to the Bill during the stages of debate in the National Assembly. The Bill was streamlined to provide greater clarity on the powers of the Bank to issue notices, determinations and guidelines, as well as on the legal provisions pertaining to offences and penalties. In addition, where deemed appropriate, phase in periods for regulatory requirements were provided. By the same token, in order to allow for a sufficient and reasonable time frame for compliance and to avoid any undue disruption to the industry, the Act would not come into effect immediately after it had been passed by Parliament.

but on a date to be determined by the Minister of Finance on the recommendation of the Bank.

During the year, useful discussions at a technical level were held with the Bankers Association on Draft Determinations issued by the Bank in preparation of the proposed legislation. To date, five Determinations on prudential requirements have been issued to the industry not only inviting their comments but at the same time sensitizing bankers to impending requirements. These pertain to the appointment, duties and responsibilities of Directors and Principal Officers of banking institutions, classification of loans and the suspension of interest on non-performing loans and the provision for bad and doubtful debts, money laundering and "know your customer policy", large exposures to a single person or group of related persons; and risk-weighted capital adequacy. It is encouraging to note that some banks have taken a proactive stance and have already implemented some of these requirements. Discussions with representatives on technical issues concerning the application of regulations and determinations and compliance with the respective provisions, will intensify in the forthcoming year to ensure the smooth implementation of the Act.

During the year, a consultative workshop on offshore business was hosted by the Ministry of Trade and Industry. The aim of the workshop was to solicit interest from the business sector in the development of an offshore financial centre in Namibia. In support of these initiatives, the Bank assumed a key role to oversee the establishment of supporting financial services. Work on draft legislation for the regulation and supervision of offshore banks has since commenced.

As exchange controls are lifted and offshore banks are set up, appropriate legal structures and controls need to be put in place. The credibility of the financial system is paramount for soothing investor confidence and enhancing financial stability. For these reasons, legislation aimed at combating money laundering

constitutes a priority and needs to be expedited. Progress on this important legislation was hampered during the past year by the shortage of skilled resources. Notwithstanding, the Bank will continue to make sustained efforts in the forthcoming year to ensure that work on the legislation to combat money laundering activities is not unduly delayed.

The adoption of the 25 Core Principles for Effective Banking Supervision in September 1997 by supervisory authorities worldwide at a meeting held in Hong Kong, gave further impetus to the need for the establishment of appropriate legal infrastructure governing sound supervisory policies, practices and procedures. These Core Principles (refer to the following box article) issued by the Basle Committee are designed to strengthen the safety and soundness of banking systems around the world and to ensure that supervisors have the necessary powers, resources and capacity to carry out their work effectively. Namibia can be considered to be at the forefront of these developments since the Core Principles have, to a large extent, been incorporated into Namibia's Banking Institution Act. Such a stride is expected to further enhance the credibility of the Namibian financial system in a global context.

6.4 On-Site Examination Activities

It was another busy year for the Bank Examinations Division which not only focused on carrying out some limited scope examinations but also geared itself for the implementation of the Banking Institutions Act. With the enactment of the new legislation, the on-site surveillance arm of banking supervision will be expected to provide independent validation of the financial condition and soundness of the banking system. The past year has seen possibly unprecedented international focus on the need for effective banking supervision through the adoption of the Core Principles. Also, the on-site surveillance function will play a prominent role in the attainment of the Bank's supervisory objectives.

Accordingly, in its efforts to build supervisory depth and capacity, the Bank has stepped up its recruitment drive at various levels, including professional and experienced staff to strengthen the Division. Also, training and development courses have been actively pursued to equip examiners with the necessary exposure and technical skills. The methodology of the examinations will continue to be based on the CAMEL method which entails a detail supervisory assessment of a bank's capital adequacy, its asset quality, the depth and experience of bank management, earnings performance and adequacy of liquidity.

Apart from their routine examinations of banking institutions, during the year under review, the examiners had to contend with, and respond expeditiously to, a totally different type of financial operation, the pyramid scheme. Following a tip-off, on 22 August 1997, the Bank secured a court order to conduct a search on the business premises of Self-Help Investment and Societies Company which was believed to be engaged in illegal deposit-taking activity. The aim of the examination was to establish possible violation of Section 7 of the Banks Act (Act 23 of 1965), which provides that no person shall carry on the business of a banking institution unless that person has been duly registered as a bank. As per the court order, the company was required to cease business and surrender its monies, records and documents to the examiners and its bank account was simultaneously frozen. Upon conclusion of the examination, the matter was referred to the police to pursue further actions. Apart from Self-Help Investment and Societies Company, the Division also assisted the police with the early detection of other suspected fraudulent schemes.

6.5 International Supervisory Cooperation

As Secretariat of ESAF, Namibia played a prominent role in the initiatives of the forum to enhance supervisory cooperation and regional standards of banking. In turn, ESAF members further committed themselves to continued support of the Group when the Memorandum

of Understanding, governing the operational framework of ESAF, was adopted by the majority of members.

With the committed support of its members, ESAF has been particularly active in the development of supervisory capacity in the region. During the year, training courses were held for both junior as well as senior supervisory staff of member countries. Specific training courses were also conducted for junior and intermediate level supervisory staff of the Bank of Namibia, by officers of the South African Reserve Bank. These training programs were tailored to address the skills requirements of off-site supervisors and more such structured courses would be conducted in 1998.

With regard to advanced training, a workshop based on the theme of "Bank Restructuring" was organized with the assistance of the IMF and World Bank and held in Cape Town, South Africa. Speakers from the Bank for International Settlements, IMF, World Bank, as well as those from the region, were on hand to share their extensive experience on the subject.

During the forthcoming year, efforts will be made to include training courses targeted at the intermediate supervisory level. The honour of hosting the course for senior bank supervisors during 1998 has been bestowed on Namibia.

A key issue which emerged from the Cape Town workshop was the decision of the participants to "initiate as a matter of urgency, a program of action for the harmonization of banking supervision standards in the region," and areas of harmonization were identified. A small task force, made up of representatives from Namibia, South Africa, Botswana and Zimbabwe, was set up to prepare proposals for adoption at the ESAF Annual General Meeting, and thereafter at the SADC Committee of Central Bank Governors. Consequently, a paper entitled "Regional Harmonisation of Banking Supervision (A Strategic Framework and Generic Business Model for Banking Supervision in the Region)" was adopted by the Annual

General Meeting and endorsed by the SADC Committee of Governors. The framework was based on the fundamentals embodied in the Basle Core Principles to ensure that the supervisory standards adopted in the region did not deviate significantly from internationally accepted principles and norms.

Having served as Secretariat since the inception of ESAF, Namibia relinquished the position during 1997 but continued to serve on the Executive Committee, thus enabling the Bank to sustain its role of meaningful and constructive involvement in regional matters and developments pertaining to banking supervision.

6.6 General Overview

The supervisory activities pursued since the inception of the Bank, particularly the establishment of a sound legal framework, positions Namibia amongst those countries having effective legislation conforming to universally accepted standards as advocated by the Basle Committee on Banking Supervision.

Although the supervisors are confronted with a mammoth and sometimes complicated task in implementing both the statutory provisions and the various determinations, regulations and guidelines relating to the Act, the resulting change process will pose similar diverse challenges to the various other stakeholders as well. The Bank is determined, however, to ensure that the change

process is properly managed and carried out in a manner that limits industry disruption to a minimum. In this regard, regular consultation with the industry participants as well as other key players on technical and implementation issues will continue to feature prominently in the forthcoming year.

In their efforts to bring about qualitative improvement and constructive reforms in banking practices, the supervisors intend to carry out a series of industry surveys to obtain information on the policies, practices and procedures employed by banking institutions in dealing with specific problems, such as rising incidence of returned cheques, multiple financing of vehicles and white collar crime.

Where appropriate, the support of the industry will be sought in coming up with effective measures to prevent, reduce or eradicate these undesirable activities. In order to get better acquainted with individual problems of banks and keeping abreast of developments affecting them, the supervisors will conduct more regulatory visits to the banks to discuss issues on a bilateral basis.

In conclusion, in respect of Namibia's membership in ESAF and SADC and consistent with its international commitments, the Bank of Namibia will continue to extend support for regional and global harmonization standards in banking supervision and strive towards the attainment of these objectives.

BOX C CORE PRINCIPALS FOR EFFECTIVE BANKING SUPERVISION

The end of 1997 saw the financial markets in East Asia in turmoil similar to the Mexican currency crisis of several years ago and having similar global significance and impact. The intensity and the contagion effect of this latest crisis, which caused several bank failures throughout the region caught many by surprise. The vulnerability of the banking system to the effects of short term capital flows, stock market crashes and currency devaluations again clearly demonstrated the follies of complacency and of carrying on the "it cannot happen to us" mentality. East Asian countries had, in the past, been quick to distance themselves from Mexico, quoting strong fundamentals and different circumstances.

Notwithstanding the merit of the various arguments and views proffered on the matter, one lesson is clear; there is an ever increasing need for the banking system to remain vigilant against such risks and for the authorities to adopt effective banking supervision practices to promote a banking system that is financially sound and resilient to both internal and external shocks. With timely regard to the latter, in September 1997, Finance Ministers and Central Bank Governors from 181 countries including Namibia, met in Hong Kong and endorsed a set of universal standards for banking supervision called the "25 Core Principles for Effective Banking Supervision".

In general, the thrust has been to ensure that an effective system of banking supervision be based on giving independent regulators clear responsibilities and the power to carry them out. In Namibia, the passage of new banking legislation will provide a legal foundation and framework that is largely consistent with the Core Principles. The introduction of new banking legislation has been topical for some time now, and understandably, apprehension and concern have been expressed by some stakeholders. As these principles form the crux of the guiding philosophy of Namibian banking supervision, it is worthwhile, from the perspective of the various stakeholders, to fully recognize and appreciate these new

supervisory principles summarized under the foregoing sub-headings:

- Preconditions for effective banking supervision
- Licensing and structure
- Prudential regulations and requirements
- Methods of ongoing banking supervision
- Information requirements
- Formal powers of supervisors
- Cross-border banking

Preconditions for Effective Banking Supervision

As a prerequisite, the supervisory authority must have clear responsibilities and objectives set by legislation, and must possess operational independence. It must also have adequate resources in terms of staffing, funding and technology to carry out its tasks. Of utmost importance is the need for a suitable legal framework for banking supervision, including provisions relating to the authorization of banking organizations and their ongoing supervision. The Core Principles stipulate that the framework of law should set out minimum standards that banking institutions must meet and, at the same time, allow supervisors sufficient flexibility to set prudential rules administratively. In the Namibian banking legislation, there have been some misgivings expressed on related provisions which empower the Bank of Namibia to adapt, modify and amend prudential requirements. However, it is internationally acknowledged that banking legislation, which is slow to respond to changes or constrains the ability of the supervisor to react expeditiously to banking developments, is detrimental to effective banking supervision.

Licensing and Structure

With regard to licensing, the principle requirement is that the permissible activities of institutions that are licenced and subject to supervision as banks must be clearly

defined and that the use of the word “bank” should be controlled. The supervisory authorities must have the right to set criteria and reject applications for establishments that do not meet the set standards. Through licensing, new entrants are screened to ensure that they have suitable shareholders, adequate financial strength, appropriate legal structures and management with sufficient expertise and integrity. Where the proposed owner or parent organization is a foreign bank, the prior consent of the home country supervisor is required. These licensing regulations, to some extent, are designed to limit the number of bank failures and the amount of depositor losses without inhibiting the efficiency and competitiveness of the banking industry.

With regard to ownership structure, the Core Principles provide that a supervisory authority must have the authority to review and reject any proposals to transfer significant ownership or controlling interests in existing banks to other parties. Similarly, concerning major investments or acquisitions by a bank, the supervisory authority is required to have the authority to establish criteria for reviewing such investments or acquisitions in order to ensure that corporate affiliations or structures do not expose the bank to undue risks or hinder effective supervision.

Prudential Regulations and Requirements

The Core Principles touch on a number of prudential requirements that supervisory authorities should address; first and foremost, the minimum capital adequacy requirements for all banks and the need to comply with international standards such as those embedded in the Basle Capital Accord. In addition, the supervisor is required to make an assessment of the bank’s policies, practices and procedures relating to the management of credit and investment portfolios. Coupled with this, is the requirement to ensure a proper assessment of asset quality and the adequacy of loan loss provisions and loan loss reserves. Controls should be in place to prevent excessive loan exposure to single borrowers and to prevent abuses from connected lending.

By the same token, banking institutions are required to have adequate policies and procedures for identifying, monitoring and controlling country risk in their international lending and investment activities, whilst maintaining sufficient reserves against such risks. Another aspect of risk to be addressed is the market risks to which banks are exposed and for which the Basle Committee has added capital charge proposals. Equally important is that the board and senior management of banks should have adequate oversight of the overall risk management profile and process.

While some may see it as ‘external interference’, high standards are expected of banking supervisors to determine that banks have in place internal controls which are adequate for the nature and scale of their business. These should include clear arrangements for delegating authority and responsibility, separation of duties and regular reconciliation, and independent audit functions. Finally, to address money laundering, banks are required to have adequate policies and procedures, including “know-your-customer” rules, to prevent the use of the banking system by criminal elements.

Methods of Ongoing Banking Supervision

Several principles are encapsulated under the arrangements for ongoing banking supervision. For an effective banking supervisory system, the authorities are required to conduct both on-site and off-site supervision. While Namibia has in the past been relying solely on off-site supervision, strenuous attempts are underway to develop on-site examination capacity. Also, banking supervisors are required to ‘feel the pulse’ of the banking institutions, through regular contact with bank management and through a thorough understanding of the institution’s operations.

In addition, mechanisms must be in place that empower banking supervisors to collect, review and analyse prudential reports from banks, both on a solo and consolidated basis. Banking supervisors have learnt the hard way that ignoring the consolidated operations of a

bank can have disastrous consequences. Finally, mechanisms to ensure independent validation of supervisory information must be in place. In this regard, both on-site examinations and the services rendered by external auditors could be applied.

Information Requirements

Under this Principle, banks are required to maintain adequate records which are drawn up in accordance with consistent accounting policies and practices that provide a true and fair view of the financial condition and performance of the bank. Financial statements are required to be submitted to the supervisory authority on a regular basis.

Formal Powers of Supervisors

In the Namibian context, particularly with the passage of new banking legislation, concerns were expressed on the “extensive supervisory powers” of the Bank of Namibia. It is somewhat reassuring that the Core Principles address this issue and provide some guidance on supervisory powers. The Principles dictate that banking supervisors must have at their disposal adequate supervisory measures to bring about timely corrective action when banks fail to meet prudential requirements, when there are regulatory violation, or where depositors interests are threatened in any way. Such powers should include the ability to remove individuals, invoke sanctions and revoke or recommend the revocation of the banking licence.

Cross-border Banking

With increasing integration of global financial markets, it is required that banking supervisors must practise global

consolidated supervision over their internationally active banking institutions and apply appropriate prudential norms to all aspects of the business conducted by these institutions worldwide. Coupled with this, is the need to ensure proper exchange of information between banking supervisors involved, particularly between the home and host authorities. Finally, the Core Principles stipulate that the host supervisor should require the local operations of foreign banks to be conducted to the same high standards as are required of domestic institutions.

Conclusion

The new banking legislation in Namibia constitutes a key component of the Bank of Namibia’s strategic efforts to promote the development of a sound and progressive banking system and to ensure that the banking institutions in Namibia are internationally compatible through the adoption of globally accepted banking standards. In this regard, the adoption of the 25 Core Principles For Effective Banking Supervision serves as a guiding framework, not only for the supervisor but also for the supervised, in terms of what can reasonably be expected in the near future when the new banking legislation is implemented.

While banking reform and changes are inevitable, there are mutual benefits from embarking on a strategic partnership between the various stakeholders to ensure the smooth implementation of these new regulatory measures, which in turn will create other material spin-offs for both the banking industry in particular, as well as the nation.

6.7 Performance of Commercial Banks

6.7.1 Asset Growth

During the period under review total assets of the banking system grew from N\$7.4 billion to N\$8.4 billion at a decreasing rate of 14.7 per cent compared with 29.3 per cent and 22.1 per cent recorded during 1995 and 1996 respectively. This was attributable to a decreased growth in loans and advances which grew by a mere 12.7 per cent, from N\$5.5 billion to N\$6.2 billion, compared with growth rates of 33.7 per cent and 18.1 per cent in 1995 and 1996 respectively (Chart 6.1).

Chart 6.1 Growth in Assets

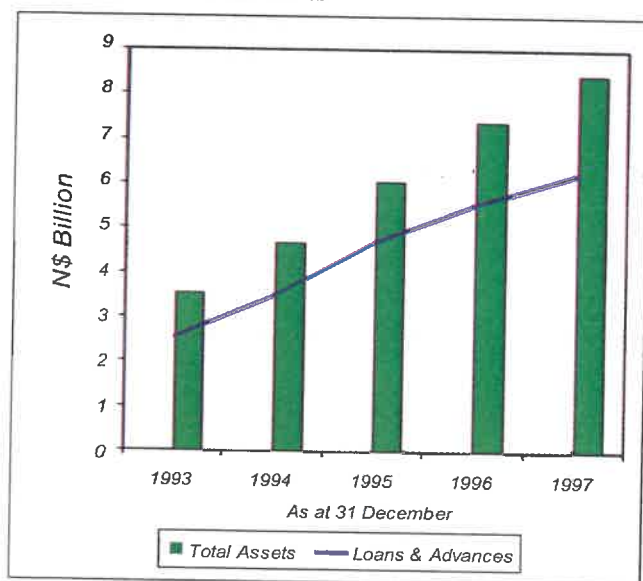
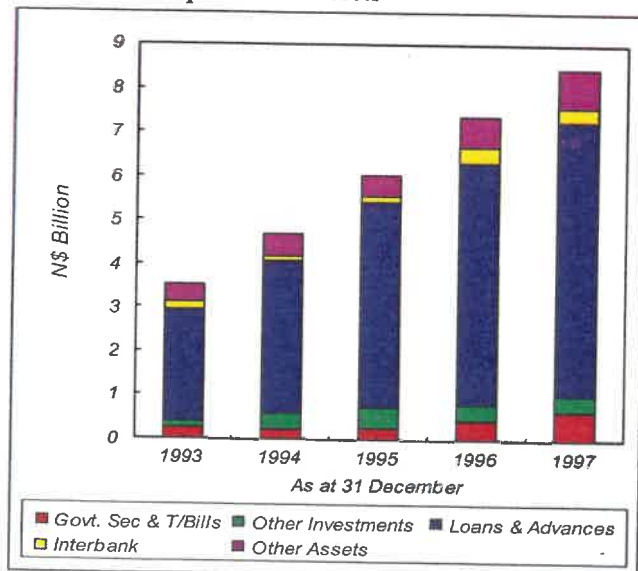


Chart 6.2 Composition of Assets



Loans and advances which stood at 73.8 per cent, compared with 75.0 per cent as for year's end, 1996, continued to constitute the biggest portion of total assets. This slight reduction in proportion of loans and advances to total assets is indicative of a decrease in demand for credit during the period under review (Charts 6.1, 6.2).

Reflecting a similar pattern to the loan growth trend, total deposits for the banking system (N\$7.2 billion) were recorded at a lower percentage increase of 12.9 per cent during 1997. This growth was much lower than the growth experienced over the past two years (Table 6.1). Though easing somewhat in 1997, deposits remained the major source of funding and accounted for about 85.6 per cent of total liabilities as at 31 December 1997 compared with 87.0 per cent for a year earlier.

Table 6.2 provides the industry breakdown by type of deposit. Demand and fixed deposits accounted for 80.4 per cent of total deposits and continued to constitute the biggest component of the total.

Fixed deposits grew by 15.9 per cent during 1997, while demand deposits registered a growth of only 1.2 per cent. Savings deposits, which accounted for 7.9 per cent of total deposits, increased by 3.1 per cent during the year. On the other hand, deposits which include debentures that do not qualify as capital, credit clearing balances and credits in transit, recorded significant growth of N\$349.1 million or 71.0 per cent to N\$841.1 million.

Other liabilities which, inter alia, consist of balances due to head office and branches and external sources of funding for on-lending purposes, increased by N\$139.3 million or 37.1 per cent to N\$515.3 million, and accounted for 6.1 per cent of total liabilities.

Table 6.1 Key Balance Sheet Data

As at 31 December

	1995 N\$ Million	% Change	1996 N\$ Million	% Change	1997 N\$ Million	% Change
Total Assets	6,030.2	29.3	7,363.6	22.1	8,445.7	14.7
Total Loans & Advances	4,679.3	33.7	5,525.6	18.1	6,229.3	12.7
Total Deposits	5,457.2	30.8	6,408.4	17.4	7,234.0	12.9
Govt Securities & T/Bills	252.0	8.1	445.0	76.6	650.9	46.3
Other Investments	390.8	170.6	255.3	-34.7	363.0	42.2
Total Capital & Reserves	446.7	43.2	579.3	29.7	696.5	20.2

Table 6.2 Deposits by type

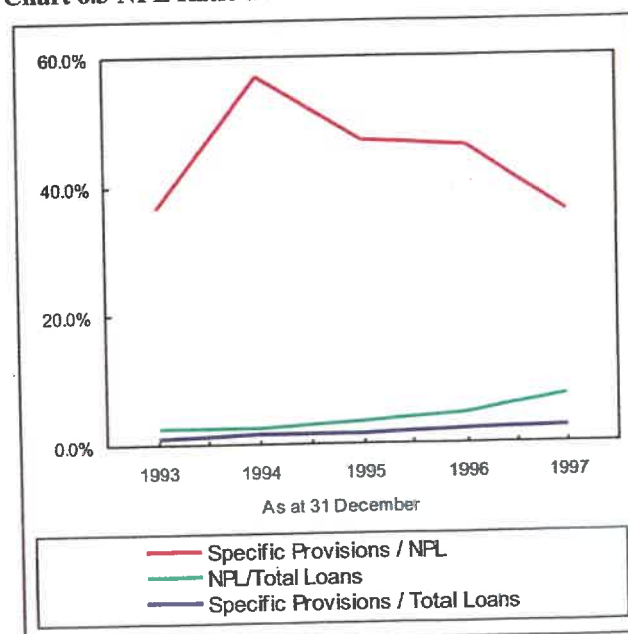
As at 31 December

	1995 N\$ Million	% Change	1996 N\$ Million	% Change	1997 N\$ Million	% Change
Demand	1,690.0	3.6	2,679.9	58.6	2,712.5	1.2
Fixed	2,421.0	41.9	2,678.5	10.6	3,105.1	15.9
Savings	461.5	8.3	558.0	20.9	575.3	3.1
Others	884.7	117.5	492.0	-44.4	841.1	71.0
Total	5,457.2	30.8	6,408.4	17.4	7,234.0	12.9

6.7.2 Loan Quality

Non-performing loans (NPL) in the banking system increased considerably by N\$202.0 million or 79.6 per cent from N\$253.9 million as at 31 December 1996 to N\$455.9 million as at year end 1997. The industry NPL ratio of 7.3 per cent was 2.7 percentage points higher than the ratio recorded a year earlier. This deterioration in loan quality is mostly attributable to the high interest rates that prevailed for the greater part of 1997. Furthermore, despite the increase in specific provision for bad and doubtful debts by 39.2 per cent to N\$162.9 million over the same period, the specific provision cover dropped to 35.7 per cent from 46.1 per cent of non-performing loans recorded a year ago (Chart 6.3). The reduced ratio suggests, in the absence of improved collateral positions,

Chart 6.3 NPL Ratio and Provision Cover

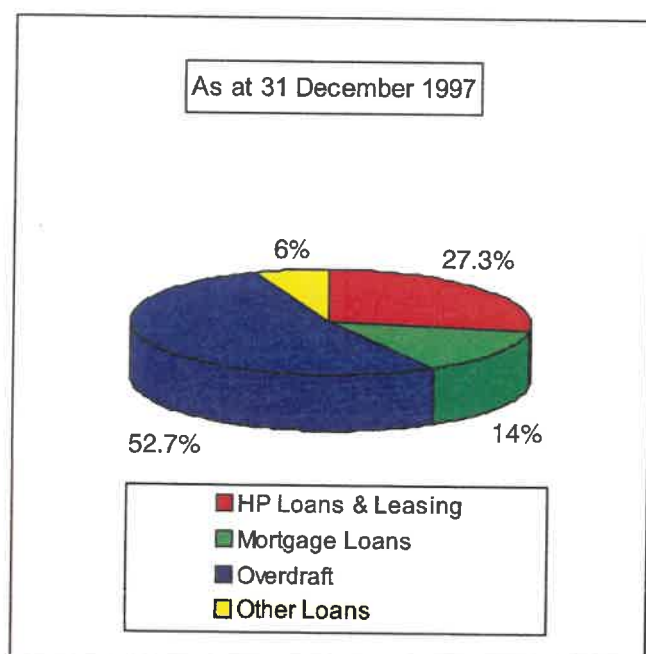


that the level of provisioning for bad and doubtful debts in the banking industry, in relation to the level of NPLs, has somewhat deteriorated. Alternatively, it could imply that a greater portion of the new NPLs have not yet reached a status of delinquency where provisioning is required, that is, where the new NPLs largely fall in the substandard category.

In the absence of industry wide minimum standards on classification of loan and provisioning for bad and doubtful debts, any analysis on the trend of NPLs and the specific provision cover cannot be conclusive. It is in this regard that the move to introduce uniform standards within the industry after the promulgation of the new Banking Institutions Act, is significant and provides a supervisory tool which will eventually lead to more meaningful assessments of the adequacy of bad and doubtful debt provisioning.

Non-performing overdraft and hire-purchases including leasing, at 52.7 per cent and 27.3 per cent respectively, continued to constitute the major portion of total NPLs as at 31 December 1997. Mortgage loans accounted for only 14.0 per cent of NPLs (Chart 6.4).

Chart 6.4 NPL by Loan Type



6.7.3 Profitability and Earnings

During 1997, the banking system recorded a positive growth in net interest earnings. This increase, however, was at a decreasing rate and, amongst other factors, was attributed to slowdown in asset growth as stated earlier. Net interest income increased by 22.9 per cent to N\$473.5 million from N\$385.2 million for the year ended 31 December 1996.

Growth in interest income outpaced the increase in interest expense by 2.1 percentage points, reversing the previous year's trend in which the latter registered a growth of 6.0 percentage points above that of interest income.

Other operating income at the end of the year under review amounted to N\$274.8 million. This represented an increase of N\$40.3 million or 17.2 per cent over the previous year. Non-interest expenses increased by N\$39.1 million or 12.7 per cent to N\$346.1 million.

Net provisioning for bad and doubtful debt was N\$116.4 million for the year ended 31 December 1997 as opposed to N\$88.2 million during the preceding year. This represented a 32.0 per cent increase compared with the 97.3 per cent increase recorded during 1996. In proportion to average total assets, net provisioning increased from 1.3 per cent in 1996 to 1.5 per cent in 1997. While this has to be expected given the rising trend in non-performing loans, the question on the overall adequacy of loan loss provisioning can only be reasonably addressed after the imposition of the regulatory minimum standards.

Income before taxation increased by 27.3 per cent from N\$224.5 million to N\$285.8 million over the period under review representing an increased growth rate of 7.3 percentage points over the previous year.

The industry key earnings indicators are given in Table 6.3 below.

Table 6.3 Key Earnings Indicators Year Ended 31 December

	1995 N\$ Million	% Change	1996 N\$ Million	% Change	1997 N\$ Million	% Change
Interest Income	848.2	60.5	1,148.8	35.4	1,364.7	18.8
Interest Expense	540.0	77.2	763.6	41.4	891.2	16.7
Net Interest Income	308.2	37.7	385.2	25.0	473.5	22.9
Non-Interest Income	183.1	41.3	234.5	28.1	274.8	17.2
Non-Interest Expenses	259.6	26.8	307.0	18.3	346.1	12.7
Net Provision Charges	44.7	60.2	88.2	97.3	116.4	32.0
Income Before Taxation	187.0	54.9	224.5	20.0	285.8	27.3

(Certain prior year figures have been adjusted to account for revised statistical submission.)

Despite the sharp increase in provisioning for bad and doubtful debt and the rising level of non-performing loans, the industry after tax return on assets (ROA) and return on equity (ROE) have improved. The ROA and ROE of the banking system for the year ended 31 December 1997 stood at 2.4 per cent and 27.4 per cent compared with 2.2 per cent and 25.6 per cent, respectively, a year ago. The increase in the profitability indicators were attributed mainly to the higher net interest margin posted by the industry as well as the declining ratio in non-interest expense.

Chart 6.5 Key Earnings Indicators

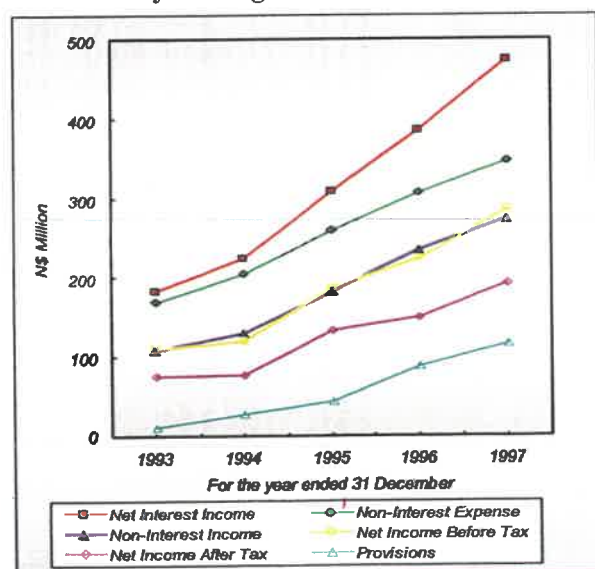
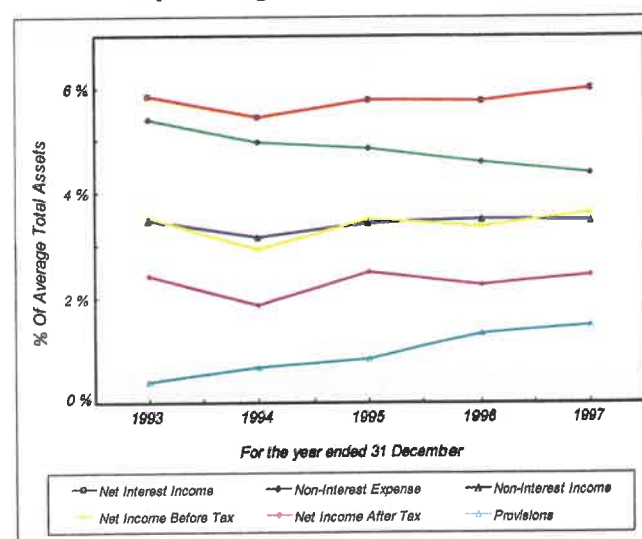
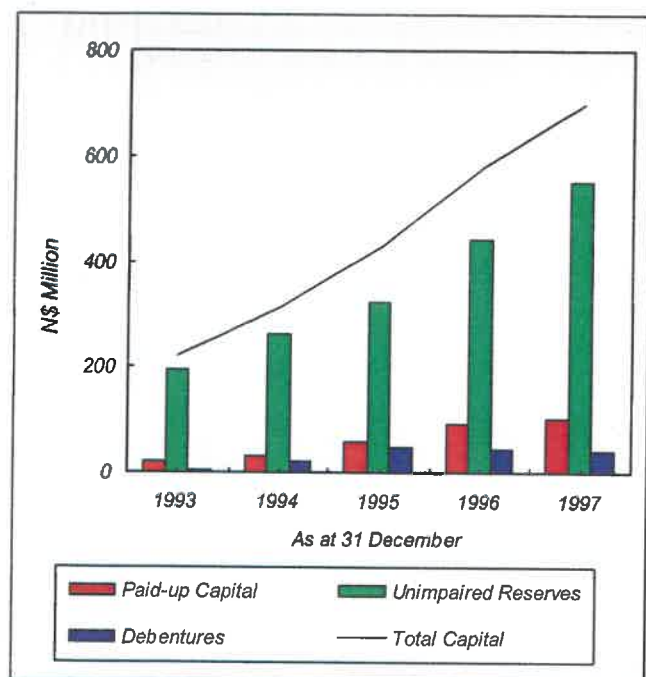


Chart 6.6 Key Earnings Ratios



6.7.4 Capital Adequacy

The total capital funds of the banking system increased by N\$117.2 million or 20.2 per cent to N\$696.5 million during 1997. At 79.4 per cent of total capital funds, unimpaired reserves continued to constitute the biggest portion and was up by 25.4 per cent to N\$553.2 million during the period under review. Total paid-up capital increased by 9.6 per cent during the period under review, whilst debentures, a form of debt equity, decreased further by 8.6 per cent to N\$41.7 million during 1997 (Chart 6.7).

Chart 6.7 Composition of Capital Funds

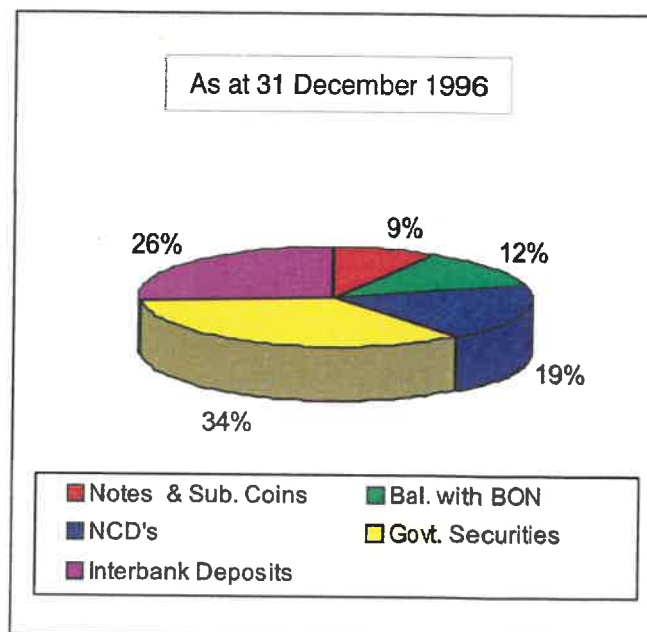
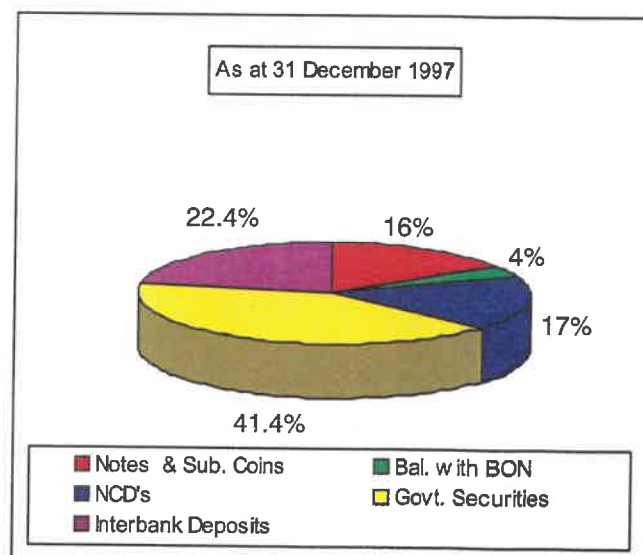
For the period under review, the banking system's capital funds ratio stood at 8.2 per cent, which was 0.3 percentage points higher than the ratio recorded a year ago. The envisaged passage of the new Banking Institutions Act and the subsequent Determinations to be issued in terms thereof, are expected to bring further improvements in the calculation of minimum capital ratios and the assessment of capital adequacy of these banks. The proposed framework for capital adequacy measurement will be in line with the Basle Accord on Risk Weighted Capital Adequacy.

6.7.5 Liquidity

Total liquid assets for the banking system amounted to N\$1.6 billion compared with N\$1.3 billion reported a year ago. This represented an increase of 23.1 per cent over the previous year.

Government securities and interbank deposits at 41.4 per cent and 22.4 per cent respectively, constituted the major components of total liquid assets holding. These were

followed by NCDs at 17.0 per cent. Charts 6.8 and 6.9 depict the major components and trend of liquid assets over the past two years, respectively.

Chart 6.8 Composition of Liquid Assets**Chart 6.9 Composition of Liquid Assets**

As in previous years, banking institutions complied with the statutory liquid assets requirements during the period under review (Chart 6.10)

7. OPERATIONS AND AFFAIRS OF THE BANK

7.1 The Board

The Board met several times in 1997 to discuss and take decisions on various important issues, including the introduction of a call account facility which was introduced late last year. Another decision taken was that meetings of the Board are to be convened four times a year, unless an issue of vital importance necessitated an earlier meeting.

In addition to the Governor and Deputy Governor, Messrs P Damaseb, U Maamberua and Ms P Elago continue to serve on the Board. Mr R Ritter, a well-known economist in Namibia, has been appointed member of the Board with effect from 3 September 1997.

7.2 Corporate Services Department

In recognition of the critical importance of having a strategic focus to achieve its goals, the Bank of Namibia placed major emphasis on its strategic planning this year. After a successful and historic strategic planning session facilitated by external consultants, the Bank now has a long-term (5 year) strategic plan that sets out the key priorities for the Bank, as well as the Corporate Charter of the Bank of Namibia. After the strategic session the Bank solicited the input of all staff members towards the Corporate Charter to facilitate ownership thereof.

The Department's major focus for the year was aligning the human resources with the strategic objectives of the Bank, actively integrating people with strategy to meet organisational needs. This was in recognition of the fact that the Bank could only achieve its goals successfully through investing in its human resources.

Having recognised the powerful impact of organisational culture on performance, the Bank decided to embark on an Organisational Culture Change Project. The project started with a Climate Audit indicating employees' feelings and beliefs of the working environment within the Bank. Top management then completed a thorough analysis of the outcome of the Climate Audit, followed by Culture Change Workshops for supervisors, managers, senior managers and all employees in the Bank. The workshops focussed on leadership, coaching, personal ability, managing change, communication and team building. Staff members who have attended these workshops returned with noticeable enthusiasm and commitment to live by the values enshrined in the Corporate Charter by aligning their individual vision towards the overall vision of the Bank in order to ensure the achievement of the Bank's mission. The culture change process will be ongoing in 1998 with emphasis on vision building.

The Bank continues to see human resources development as a means to ensuring employees' optimum contribution towards the achievement of organisational efficiency and effectiveness. To that effect the Bank's staff attended 76 short training courses, conferences and workshops during 1997. The training comprised of 81.57 per cent technical skills courses and 18.43 per cent soft skills courses. The Bank still strongly support staff members who want to better their qualifications through part-time studies. One employee obtained the prestigious Associate Diploma (CIAB) from the Institute of Bankers. The Bank also approved the allocation of two more bursaries for the 1998 academic year to Namibia students, in addition to the initial two awarded during 1997.

Over the years the Bank has experienced significant increases in operational efficiency through its investment in Information Technology (IT). The Department has

also developed the necessary capacity to deliver a more efficient service to the user departments and provide for the growing management information needs in the Bank. All installed software applications in the various departments in the Bank operated at optimum levels during the year under review and no serious malfunctions occurred.

With the growing information needs arising in a rapidly changing technological environment, the Bank has considered the need to revive the Information Systems Committee, chaired by the Governor, to plot the direction of (IT) strategy and oversee its implementation in a more coordinated manner.

Electronic mail for internal communication, as well as connection to the Internet for external messaging and information transfer, was successfully installed. The Internet has been officially adopted by SADC Central Banks as a medium for information exchange. Systems projects successfully completed included the installation of a human resources and payroll applications, and upgrading computer hardware and network architectures. In an attempt not to fall behind technological advancements, software application suites are regularly upgraded to benefit from functional enhancements.

7.3 Bank Supervision Department

Recent developments in exchange control and banking supervision prompted an assessment of the effectiveness of the functions of the Financial Institutions Department. Increasing demands coupled with the growing responsibility of the bank to assume the role of an effective supervisory authority, necessitated restructuring of the department. Consequently, the Bank Supervision and Exchange Control functions, which previously made up the Financial Institutions Department, were separated.

The objective of the restructuring process was to enable the Bank to become more effective in pursuing its functions related to its core business of a monetary and

supervisory authority of the financial system.

The Bank Supervision Department is now better equipped in terms of structure and staffing to focus on the challenges and issues accompanying the introduction of the Banking Institutions Act. The organisation of the divisions of Bank Supervision, i.e. Regulations and Analysis Division and Bank Examinations Division, has not been affected by the restructuring process.

A detailed description of the activities performed by the Department during 1997 is summarized in Part B of the Statutory Report of the Registrar of Banks and Building Societies.

7.4 Internal Audit Division

The Internal Audit Division is charged with the responsibility of reporting on the adequacy and effectiveness of the Bank's systems of internal accounting and operating controls and on compliance with the relevant laws and regulation.

In carrying out its functions, the Division implemented the newly adopted Business Approach to Internal Auditing and, as a result, the scope of reviewed activities has widened. Internal audit staff attended a number of training courses as part of the division's effort to enhance its capacity. Besides the routine activities, the division facilitated the performance of the organization impact assessment for the Bank and the presentation of the King Report on Corporate Governance to management and the board of directors of the Bank.

7.5 Operations Department

The Operations Department retained its responsibilities for Currency and Banking, Treasury and Finance until January 1998 when the Treasury Division will have begun operating as an independent unit.

The Treasury Division is responsible for all the functions associated with treasury management which include

Reserves Management, Foreign Exchange Dealings and Money Market Operations. During 1997, a fully fledged dealing room was established and a steady increase in active foreign exchange dealings took place particularly relating to Government requirements. A newly introduced Call Account facility was made available to the Banking sector. This is an interest bearing facility and is an alternative source of investment to the Banking sector. The developments in the Treasury Division necessitated the recruitment of three additional dealers, and extensive training has been given with the focus on capacity building in this area. The Treasury Division has also been involved and formed part of the Bank's team in assisting Government with the consolidation of Government Debt, a process which is still on-going. Furthermore, the Bank has committed itself and is actively involved as a corporate member of a recently established association not for gain known as "Emerge 2001". The focus of Emerge 2001 is on Capital Markets development in Namibia and stands for the Empowerment of the Market through Evolution and Regulation of Gilts/Debt and Equity by the Year 2001.

The Finance Division has been responsible for the execution and promotion of the Private Sector Global Loan facility offered by the European Investment Bank to promote development in prescribed sectors of the economy. Four on-going agreements in line with the facility have already been concluded. Three of these agreements relate to the tourism sector while the fourth relates to the agriculture sector. Back Office operations in support of Treasury functions have also been undertaken by Finance Division. There has been a marked increase in activity in the Back Office as volumes traded increased significantly. The Finance Division also executes the financial accounting and reporting functions.

The Currency and Banking Division is responsible for the issue of the National Currency. The level of currency in circulation has exceeded the N\$500 million mark and growth is continuing. The increase in volumes of currency in circulation has brought about an increase in activities in the note sorting process. One of the Bank's most

important functions in the sorting of notes is to ensure that the sorted notes are genuine and of an acceptable standard for re-issue.

The Payments System has received special attention during the year under review. A sensitization workshop was held in Namibia for all stakeholders as part of initiatives on financial sector development and in conformity with the action plan approved by the SADC Committee of Central Bank Governors in March 1996. As a result of the workshop, a National Payment System Committee was established comprising representatives from the Central Bank and the Commercial Banking sector. This committee will be responsible for devising a strategy and framework for the modernization of the Payment System in Namibia.

The responsibilities of the Operations Department are also included in the New Bank of Namibia Act.

The Bank of Namibia Act is the charter and constitution of the Central Bank of the Republic of Namibia. Under the Act, the Bank of Namibia is mandated by Parliament to be the monetary authority of Namibia.

The new Bank of Namibia Act was instituted on 29th December 1997 and brought into effect on 16th February 1998 with the exclusion of Section 35 relating to the minimum reserve requirements which commercial banks should maintain at the Bank of Namibia.

The purpose for replacing the old Act (No 8 of 1990) by the new Act (No 15 of 1997) was essentially to consolidate and amend the law relating to the Bank of Namibia, and in particular:

- (a) to modify the composition of, and arrangements for the Board;
- (b) to provide more flexibility for the purpose that the General Reserve may be used;
- (c) to provide for a reserve balance to be held with the Bank by banking institutions;

- (d) to provide for more flexible lending conditions to the Government;
- (e) to change the end of the financial year to 31 December;
- (f) to provide for a developmental role in the financial sector of the Bank; and,
- (g) to provide for incidental matters.

The amendments introduced by the New Act will clearly delineate the role of the Bank as the monetary authority of Namibia, enhance its effectiveness as an institution, and increase its autonomy to enable the Bank to discharge its monetary functions with complete professionalism and objectivity.

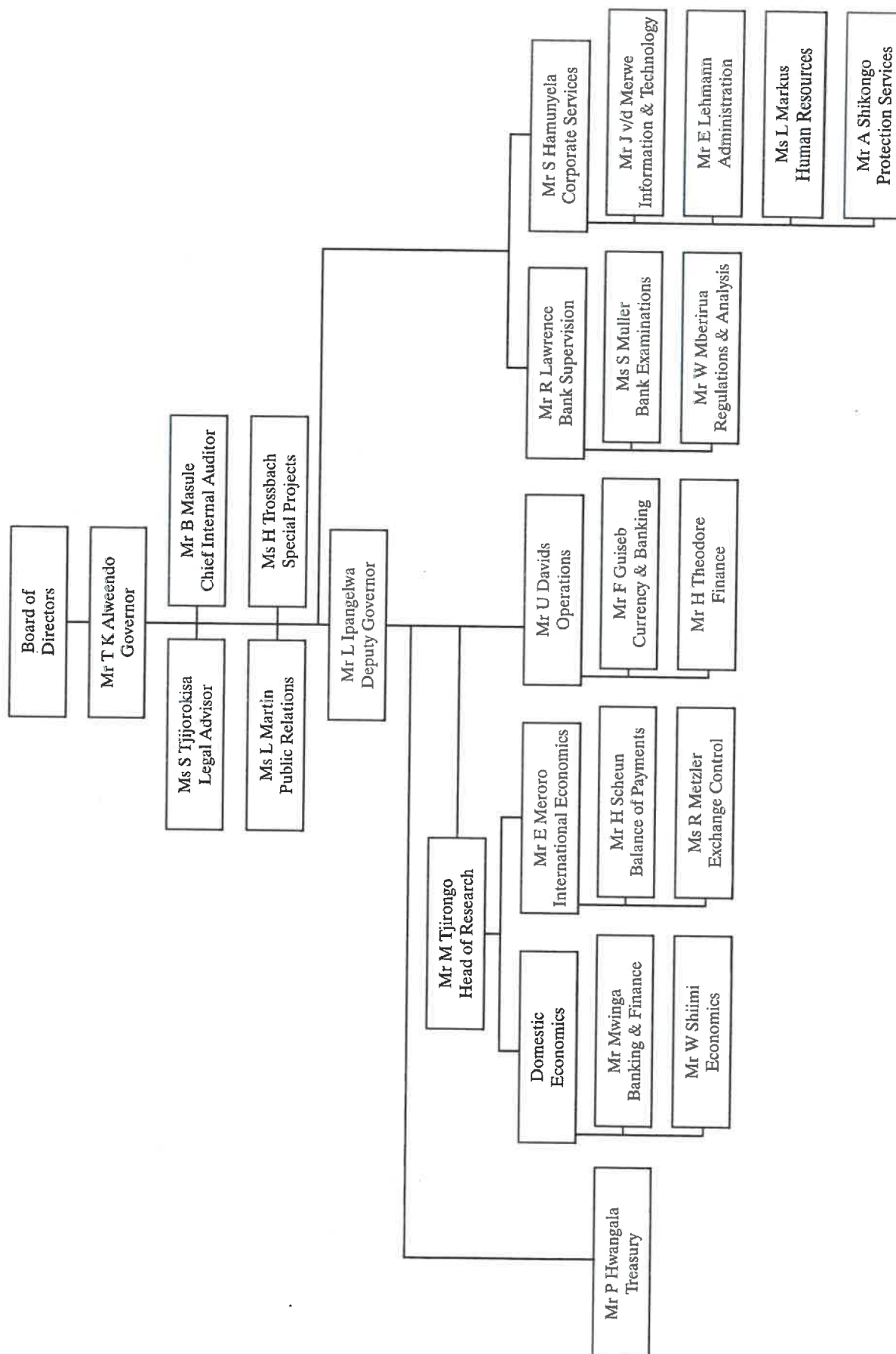
7.6 Research Department

With the ever changing challenges facing the Research Department, particularly issues relating to economic analysis and reports, the Department has strengthened its capacity by recruiting more qualified staff to deal with these issues. Some staff members have been sent to various training courses to strengthen their analytical capabilities and other attributes, with the aim of building capacity within the Department to deal with complex issues in a professional manner. To answer the increasing demand for information regarding the expected performance of the economy, the Department is now in a position to deal with some of the issues. The capacity of the modeling and forecasting section to produce top quality forecasts remains to be developed over time. However, the structure has been put in place.

With regard to training, the Department has released one staff member for full time training at a Masters level and

various other staff members have been sent to short-term courses. Many staff members were assisted with enrollment for financial economics degrees with the University of London. Some have completed postgraduate diplomas, while others are expected to complete their Masters of Science Degree in Financial Economics in 1998. In consideration of short-term courses, some staff members have attended macroeconomic management courses with the Macro Economic and Financial Management Institute in Harare, Zimbabwe, while others have attended courses on capital markets development in Switzerland. The Department is optimistic that the newly created research committee, will enhance the production of more quality research papers in the Department.

By way of research, the Department has undertaken several research topics that were aimed at providing management with better tool for decision making. The strategy of the Department was to produce papers that will address the day to day problems faced by management in the running of the Bank, particularly decisions that would have an impact on economic management. Among them, one paper on the possibility of conducting open market operations, within the context of the Common Monetary Area, was undertaken. It resulted in the introduction of the call account facility introduced in October 1997 at the Bank of Namibia. Another paper on the modeling of inflation in Namibia was written and presented at a regional forum in Botswana. These are examples of the research papers undertaken by the Department during the 1997. The Department is optimistic that the newly created research committee within the Department, will facilitate the production of more quality papers in 1998.



**ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 JANUARY 1998**

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DIRECTORS' STATEMENT

Pursuant to Section 9(5) of the Bank of Namibia Act, 1990, we confirm that:

1. We are responsible for the preparation of the annual financial statements and for the judgements used therein;
2. We are responsible for establishing and maintaining the systems of internal control designed to provide assurance as to the integrity and reliability of the Bank's financial reporting;
3. In our opinion, the attached annual financial statements for the financial year ended 31 January 1998 fairly present the financial position of the Bank and the results of its operations.

The annual financial statements were approved by the Board of Directors and are signed on its behalf by:



CHAIRMAN
30 April 1998



BOARD MEMBER
30 April 1998

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

Introduction

We have audited the annual financial statements of the Bank of Namibia set out on pages 68 to 74 for the year ended 31 January 1998. These financial statements are the responsibility of the Board of Directors of the Bank. Our responsibility is to express an opinion on these financial statements based on our audit.

Scope

We conducted our audit in accordance with statements of Namibian Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement. An audit includes:

- examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements,
- assessing the accounting principles used and significant estimates made by management, and
- evaluating the overall financial statement presentation.

We believe that our audit provides a reasonable basis for our opinion.

Audit opinion

In our opinion, the financial statements fairly present, in all material respects, the financial position of the Bank at 31 January 1998 and the results of its operations for the year then ended in the manner required by the Bank of Namibia Act, 1990.

Deloitte & Touche
Chartered Accountants
WINDHOEK




30 April 1998

**BANK OF NAMIBIA
APPROPRIATION ACCOUNT
FOR THE YEAR ENDED
31 JANUARY 1998**

		1998	1997
	NOTES	N\$	N\$
Net profit from operations after meeting all current expenditures and making provisions as required by Section 6 of the Bank of Namibia Act, 1990. ('the Act')		38 948 309	39 579 723
Less: Transfer to Reserves:			
General Reserve under Section 7(1) of the Act	3	9 737 077	9 894 931
Building Reserve under Section 7(2) of the Act	6	15 007 000	14 842 396
Surplus paid to Government under Section 7(3) of the Act		<u>14 204 232</u>	<u>14 842 396</u>

BANK OF NAMIBIA
BALANCE SHEET AT 31 JANUARY 1998

	NOTES	1998 N\$	1997 N\$
CAPITAL EMPLOYED			
Share Capital	2	40 000 000	40 000 000
General Reserve	3	52 087 532	42 350 455
Revaluation Reserve	4	182 924 033	157 961 731
Special Reserve	5	2 535 000	2 535 000
Building Reserve	6	65 933 292	50 926 292
Capital and Reserves		343 479 857	293 773 478
Currency in Circulation		459 207 524	395 651 206
Deposits	7	706 677 064	437 758 332
Long Term Loan Facility	10	0	844 049 910
Other Liabilities		8 155 175	17 207 288
		<u>1 517 519 620</u>	<u>1 988 440 214</u>
EMPLOYMENT OF CAPITAL			
Rand Cash		7 075 268	3 877 379
Investments	11	1 378 546 449	1 034 620 358
Loans and Advances			
Government	10	0	844 049 910
Other		26 229 937	36 245 856
Property, Plant and Equipment	8	93 214 169	43 914 912
Other Assets	9	12 453 797	25 731 799
		<u>1 517 519 620</u>	<u>1 988 440 214</u>


TOM K. ALWEENDO - GOVERNOR
 30 April 1998


UBAIDULLAH DAVIDS - CHIEF FINANCIAL OFFICER
 30 April 1998

**BANK OF NAMIBIA
NOTES TO THE ANNUAL FINANCIAL
STATEMENTS
31 JANUARY 1998**

1. ACCOUNTING POLICIES

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

1.1 Property, plant and equipment

Immovable fixed property is stated at cost and is not depreciated. Computer software expenditure incurred after 1 February 1994 is written off in the year of acquisition. All other movable fixed assets are depreciated to write off their costs over their estimated useful lives on the straight line basis.

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.

Certain investments include realised and unrealised capital appreciation, or depreciation, which is taken into account to reflect changes in market value.

Interest from investments is accounted for on the accruals basis.

1.3 Foreign Assets and Liabilities

In terms of Section 32 of the Bank of Namibia Act, 1990, foreign assets and liabilities are translated at year end exchange rates and any gains or losses are transferred to the Revaluation Reserve Account.

1.4 Currency Inventory Account

The costs of new Namibia bank notes and coins purchased by the Bank are capitalised in the Currency Inventory Account and expensed on the earlier of issue of the currency or over five years.

2. SHARE CAPITAL

	1998	1997
	N\$	N\$
Authorised Capital 40 000 000 ordinary shares of N\$1 each	40 000 000	40 000 000
Issued Capital 40 000 000 ordinary shares of N\$1 each	40 000 000	40 000 000

BANK OF NAMIBIA
NOTES TO THE ANNUAL FINANCIAL
STATEMENTS (Continued)
31 JANUARY 1998

	1998 N\$	1997 N\$
3. GENERAL RESERVE		
Opening Balance	42 350 455	32 455 524
Transfer from Appropriation Account	9 737 077	9 894 931
Closing Balance	<u>52 087 532</u>	<u>42 350 455</u>
4. REVALUATION RESERVE		
Opening Balance	157 961 731	34 746 240
Revaluation of Foreign Assets	24 962 302	123 215 491
Closing Balance	<u>182 924 033</u>	<u>157 961 731</u>
5. SPECIAL RESERVE		
This reserve has been created to meet the costs of replacing and producing the national currency.	<u>2 535 000</u>	<u>2 535 000</u>
6. BUILDING RESERVE		
Opening Balance	50 926 292	36 083 896
Transfer from Appropriation Account	15 007 000	14 842 396
Closing Balance	<u>65 933 292</u>	<u>50 926 292</u>

This reserve has been created to meet the cost of building the new headquarters for the Bank.

BANK OF NAMIBIA
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	1998	1997
	N\$	N\$
7. DEPOSITS		
Government	631 704 758	362 553 984
Domestic Bankers' Current	0	1 000 394
Bankers' Reserve	42 627 000	36 538 000
Bankers' Call	95 000	0
Other	32 250 306	37 665 954
	<u>706 677 064</u>	<u>437 758 332</u>
8. PROPERTY, PLANT AND EQUIPMENT		
Movable Assets		
Cost	13 168 371	10 824 879
Accumulated Depreciation	10 054 605	7 347 435
Net Book Value	<u>3 113 766</u>	<u>3 477 444</u>
Immovable Property - at cost	90 100 403	40 437 468
	<u>93 214 169</u>	<u>43 914 912</u>
Immovable property includes capital work-in-progress relating to the New Bank Headquarters of N\$84.2 million (1997: N\$34.6 million)		
9. OTHER ASSETS		
Currency Inventory Account	6 000 894	9 012 505
Accounts Receivable	4 909 003	16 639 175
IMF - Special Drawing Rights	87 114	80 119
Bankers' Current	1 456 786	0
	<u>12 453 797</u>	<u>25 731 799</u>

**BANK OF NAMIBIA
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10. LONG TERM LOAN FACILITY AND LOAN TO GOVERNMENT

A bilateral agreement was entered into on the 24th March 1997 between the governments of Namibia and South Africa for the transfer of the debt facility commitment to the government of South Africa. Accordingly, the Long Term Loan facility and related Loan to government was eliminated during the year.

	1998	1997
	N\$	N\$

11. INVESTMENTS

Investments are made up as follow:

Rand Currency	681 273 087	309 310 200
Other Currencies	695 340 112	722 390 718
Interest Accrued	1 933 250	2 919 440
	1 378 546 449	1 034 620 358

12. COMMITMENTS

12.1 Capital Expenditure

Contracted:

New Bank Headquarters	24 336 002	77 720 876
	24 336 002	77 720 876

These commitments will be financed from internal sources.

12.2 Commemorative Coins

A contingent liability of N\$ 194 073 (1997: N\$ 156 584) exists at 31 January 1998 with respect to commemorative coins issued.

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12.3 Forward Exchange

The Bank has entered into a forward exchange arrangement whereby an amount of YEN 51 544 548 (1997: YEN 158 017 427) inclusive of interest, is outstanding and repayable at exchange rates estimated by the Bank. This amount has been hedged.

12.4 Guarantees

The bank guarantees a percentage of housing loans granted to employees by certain financial institutions. Half of the guarantee is given by way of collateral security in the form of deposits at the respective financial institutions, and the balance by way of written obligation from the bank.

13. PENSION FUND

Pensions are provided for employees by a separate Pension Fund to which the Bank contributes. 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. A valuation was undertaken in March 1996 and no adjustments were recommended.

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Table I.1 AGGREGATE ECONOMIC INDICATORS

	1990	1991	1992	1993	1994	1995	1996
Current prices							
GDP (N\$ mil.)	6409	7074	8284	8860	10985	12262	13886
% change	4.8	10.4	17.1	7.0	24.0	11.6	13.2
GNI (N\$ mil.)	6507	7341	8332	9075	11223	12694	14304
% change	12.7	12.8	13.5	8.9	23.7	13.1	12.7
GDP per capita (N\$)	4689	5017	5701	5910	7105	7692	8452
% Change	1.6	7.0	13.6	3.7	20.2	8.3	9.9
GNI per capita (N\$)	4760	5206	5734	6054	7259	7964	8706
% Change	9.2	9.4	10.1	5.6	19.9	9.7	9.3
Constant 1990 prices							
GDP (N\$ mil.)	6409	6775	7274	7128	7600	7988	8226
% Change	0.0	5.7	7.4	-2.0	6.6	5.1	3.0
GNI (N\$ mil.)	6507	6883	6914	6698	7695	7714	8430
% Change	1.3	5.8	0.4	-3.1	14.9	0.2	9.3
GDP per capita (N\$)	4689	4805	5006	4755	4916	5011	5007
% Change	-3.0	2.5	4.2	-5.0	3.4	1.9	-0.1
GNI per capita (N\$)	4760	4882	4758	4468	4977	4839	5131
% Change	-1.8	2.5	-2.5	-6.1	11.4	-2.8	6.0

Source: CSO

Table I.2 GROSS DOMESTIC PRODUCT AND NATIONAL INCOME

	1990	1991	1992	1993	1994	1995	1996
A. Current prices- N\$ million							
Compensation of employees	2459	2937	3521	3797	4282	4871	5100
Consumption of fixed capital	959	1066	1182	1253	1471	1677	1904
Gross operating surplus	2157	2159	2466	2456	3640	3925	4905
Gross domestic product at factor cost	5576	6162	7169	7506	9392	10473	11908
Taxes on production and imports	893	980	1237	1457	1694	1933	2149
Subsidies	-60	-68	-123	-103	-102	-144	-171
Gross domestic product at market prices	6409	7074	8284	8860	10985	12262	13886
Primary incomes							
receivable from the rest of the world	477	673	579	736	799	1320	1264
payable to the rest of the world	-379	-405	-531	-521	-561	-888	-846
Gross national income at market prices	6507	7341	8332	9075	11223	12694	14304
Current transfers							
receivable from the rest of the world	988	1118	1384	1235	1264	1599	1741
payable to the rest of the world	-342	-359	-418	-450	-485	-590	-610
Gross national disposable income	7153	8100	9298	9861	12002	13703	15435
B. Current prices - N\$ per capita							
Gross domestic product at market prices	4689	5017	5701	5910	7105	7692	8452
Gross national income at market prices	4760	5206	5734	6054	7259	7964	8706
C. Constant 1990 prices - N\$ million							
Gross domestic product at market prices	6409	6775	7274	7128	7600	7988	8226
-annual percentage change	0.0	5.7	7.4	-2.0	6.6	5.1	3.0
Real gross national income	6507	6883	6914	6698	7695	7714	8430
-annual percentage change	1.3	5.8	0.4	-3.1	14.9	0.2	9.3
D. Constant 1990 prices - N\$ per capita							
Gross domestic product at market prices	4689	4805	5006	4755	4916	5011	5007
-annual percentage change	-3.0	2.5	4.2	-5.0	3.4	1.9	-0.1
Real gross national income	4760	4882	4758	4468	4977	4839	5131
-annual percentage change	-1.8	2.5	-2.5	-6.1	11.4	-2.8	6.0

Source: CSO

Table I.3 NATIONAL DISPOSABLE INCOME AND SAVING

Current prices - N\$ million	1990	1991	1992	1993	1994	1995	1996
Disposable income and saving							
Gross national disposable income	7153	8100	9298	9861	12002	13703	15435
Consumption of fixed capital	959	1066	1182	1253	1471	1677	1904
Net national disposable income	6194	7033	8116	8608	10531	12026	13531
All other sectors	3746	4584	5206	5484	6899	7921	8875
General government	2448	2450	2910	3124	3632	4105	4656
Final consumption expenditure	5484	6416	7294	7977	8982	11075	12323
Private	3622	4111	4427	4968	5683	7437	8177
General government	1862	2305	2868	3009	3299	3637	4146
Saving, net	710	617	822	631	1549	951	1208
Other sectors	128	483	790	535	1234	525	739
General government	582	134	32	96	315	426	469
Financing of capital formation							
Saving, net	710	617	822	631	1549	951	1208
Capital transfers, receivable from abroad	121	92	93	90	156	148	87
Capital transfers, payable to foreign countries	-12	-12	-2	-2	-2	-2	-2
Total	820	697	913	719	1703	1097	1293
Capital formation							
Gross fixed capital formation	1290	1107	1672	1934	2309	2629	2907
All other sectors	906	728	1135	1359	1655	1930	2147
General Government	384	380	537	575	654	699	760
Consumption of fixed capital	-959	-1066	-1182	-1253	-1471	-1677	-1904
All other sectors	-669	-730	-799	-825	-984	-1123	-1282
General Government	-290	-336	-383	-428	-487	-553	-621
Changes in inventories	300	204	84	-475	238	-115	-152
Net lending (+)/ Net borrowing(-)	189	451	340	514	627	259	441
All other sectors	-379	351	470	522	356	-125	47
General Government	569	100	-130	-8	270	384	395
Total	820	697	913	719	1703	1097	1293

Source: CSO

Table I.4 GROSS DOMESTIC PRODUCT BY ACTIVITY

Current Prices

N\$ million

Industry	1990	1991	1992	1993	1994	1995	1996
Agriculture	690	661	474	520	954	1008	1125
Commercial	529	444	362	391	633	613	727
Subsistence	161	217	112	129	321	395	397
Fishing	106	140	217	261	327	366	465
Mining and quarrying	1084	1104	1112	851	1371	1234	1812
Diamond mining	554	722	775	598	872	763	1168
Other mining and quarrying	530	381	337	253	499	471	644
Primary industries	1881	1904	1803	1632	2652	2608	3401
Manufacturing	731	772	957	1170	1370	1518	1408
Meat processing	44	57	64	70	77	85	84
Fish processing	144	96	196	316	413	444	213
Other manufacturing	543	619	698	784	880	989	1111
Electricity and water	106	105	160	110	192	285	313
Construction	139	145	215	252	305	351	347
Secondary industries	976	1022	1332	1532	1867	2153	2068
Wholesale and retail trade, repairs	420	470	581	640	725	833	958
Hotels and restaurants	78	96	123	129	178	223	226
Transport and communication	282	305	357	398	475	552	461
Transport and storage	164	190	215	245	283	339	374
Post and telecommunications	118	114	142	153	192	213	257
Finance, real estate, business services	495	570	691	779	861	982	1149
Financial intermediation	181	255	289	341	331	416	566
Financial services indirectly measured	-158	-224	-254	-300	-307	-380	-467
Real estate and business	473	539	657	737	837	946	1049
Owner occupied dwellings	294	338	407	453	515	580	642
Other real estate and business services	179	202	249	284	323	366	407
Community, social and personal services	64	77	86	101	118	135	155
Producers of government services	1277	1617	2041	2182	2404	2817	3133
Other producers	138	156	188	210	238	267	294
Tertiary industries	2753	3291	4067	4439	4998	5809	6546
All industries at basic prices	5610	6216	7202	7604	9518	10570	12015
Taxes on international trade	270	278	323	362	380	453	488
Other taxes on products	529	579	759	894	1087	1238	1383
GDP at market prices	6409	7074	8284	8860	10985	12262	13886

Source: CSO

Table I.5 GROSS DOMESTIC PRODUCT BY ACTIVITY

Constant 1990 Prices
N\$ million

Industry	1990	1991	1992	1993	1994	1995	1996
Agriculture	690	634	510	492	596	594	634
Commercial	529	435	419	405	388	358	402
Subsistence	161	199	91	87	208	235	232
Fishing	106	123	199	262	290	324	358
Mining and quarrying	1084	1295	1442	1128	1246	1309	1371
Diamond mining	554	852	1045	762	845	904	939
Other mining and quarrying	530	443	398	366	402	405	432
Primary industries	1881	2053	2152	1882	2132	2227	2364
Manufacturing	731	693	756	829	870	899	833
Meat processing	44	45	46	47	49	50	51
Fish processing	144	95	146	195	212	215	123
Other manufacturing	543	553	563	586	609	634	659
Electricity and water	106	98	136	66	81	101	89
Construction	139	129	176	193	216	224	204
Secondary industries	976	920	1068	1087	1167	1224	1126
Wholesale and retail trade, repairs	420	420	441	448	457	478	509
Hotels and restaurants	78	86	94	91	113	128	120
Transport and communication	282	299	310	316	357	394	402
Transport and storage	164	168	172	176	210	238	240
Post and telecommunications	118	131	139	140	146	156	161
Finance, real estate, business services	495	509	525	545	544	564	610
Financial intermediation	181	221	216	223	218	232	271
Financial services indirectly measured	-158	-193	-190	-194	-202	-211	-219
Real estate and business	473	482	499	516	529	543	558
Owner occupied dwellings	294	302	309	317	325	333	341
Other real estate and business services	179	180	189	199	204	210	216
Community, social and personal services	64	65	66	67	70	68	66
Producers of government services	1277	1466	1593	1658	1687	1706	1764
Other producers	138	140	143	147	150	153	156
Tertiary industries	2753	2985	3171	3271	3377	3491	3628
All industries at basic prices	5610	5958	6391	6240	6677	6942	7117
Taxes on international trade	270	262	278	276	293	345	372
Other taxes on products	529	556	604	612	630	701	737
GDP at market prices	6409	6775	7274	7128	7600	7988	8226

Source: CSO

Table I.6 EXPENDITURE ON GROSS DOMESTIC PRODUCT

Current Prices
N\$ million

Expenditure Category	1990	1991	1992	1993	1994	1995	1996
Final consumption expenditure	5484	6416	7294	7977	8982	11075	12323
Private	3622	4111	4427	4968	5683	7437	8177
General government	1862	2305	2868	3009	3299	3637	4146
Gross fixed capital formation	1290	1107	1672	1934	2309	2629	2907
Changes in inventories	300	204	84	-475	238	-115	-152
Gross domestic expenditure	7074	7728	9050	9435	11529	13589	15078
Exports of goods and services	3150	3776	4309	4982	5692	6028	6840
Imports of goods and services	-3814	-4430	-5075	-5557	-6236	-7355	-8032
Gross domestic product at market prices	6409	7074	8284	8860	10985	12262	13886

Source: CSO

Table I.7 EXPENDITURE ON GROSS DOMESTIC PRODUCT

Constant 1990 Prices
N\$ million

Expenditure Category	1990	1991	1992	1993	1994	1995	1996
Final consumption expenditure	5484	6051	5988	5982	6049	6631	7231
Private	3622	3970	3767	3746	3797	4454	4928
General government	1862	2081	2221	2236	2252	2177	2302
Gross fixed capital formation	1290	998	1381	1481	1651	1717	1772
Changes in inventories	300	179	135	-503	203	-78	-84
Gross domestic expenditure	7074	7227	7504	6960	7904	8271	8919
Exports of goods and services	3150	3566	3943	4245	3965	4261	4269
Imports of goods and services	-3814	-4017	-4173	-4077	-4269	-4544	-4962
Gross domestic product at market prices	6409	6775	7274	7128	7600	7988	8226

Source: CSO

Table I.8 GROSS FIXED CAPITAL FORMATION BY ACTIVITY

Current Prices
N\$ million

Industry	1990	1991	1992	1993	1994	1995	1996
Agriculture	72	77	83	79	114	126	139
Fishing	5	44	115	66	11	12	13
Mining and quarrying	380	142	217	273	230	325	360
Manufacturing	19	30	126	155	148	136	137
Fish processing	2	12	101	91	58	33	19
Other manufacturing	17	18	25	64	90	103	118
Electricity and water	49	61	72	63	80	67	124
Construction	16	16	26	57	113	124	135
Wholesale and retail trade; hotels, restaurants	59	33	38	71	173	331	226
Transport and communication	92	95	159	150	235	205	113
Finance, real estate, business services	204	221	290	426	518	583	868
Community, social and personal services	11	10	9	19	33	22	33
Producers of government services	384	380	537	575	654	699	760
Total	1290	1107	1672	1934	2309	2629	2907

Source: CSO

Table I.9 GROSS FIXED CAPITAL FORMATION BY ACTIVITY

Constant 1990 Prices
N\$ million

Industry	1990	1991	1992	1993	1994	1995	1996
Agriculture	72	70	70	60	82	85	87
Fishing	5	39	91	46	7	7	7
Mining and quarrying	380	130	184	215	173	227	237
Manufacturing	19	27	105	121	108	93	89
Fish processing	2	11	84	71	42	22	12
Other manufacturing	17	16	21	50	67	71	77
Electricity and water	49	54	59	48	56	43	74
Construction	16	15	22	43	82	85	88
Wholesale and retail trade; hotels, restaurants	59	30	32	52	121	214	137
Transport and communication	92	85	127	110	162	128	65
Finance, real estate, business services	204	198	239	328	369	365	506
Community, social and personal services	11	9	7	15	25	15	22
Producers of government services	384	341	443	441	466	455	460
Total	1290	998	1381	1481	1651	1717	1772

Source: CSO

Table I.10 GROSS FIXED CAPITAL FORMATION BY TYPE OF ASSET

Current Prices
N\$ million

Type of Asset	1990	1991	1992	1993	1994	1995	1996
Buildings	422	441	586	734	923	1121	1357
Construction works	252	254	391	440	513	545	445
Transport equipment	206	173	358	336	290	311	350
Machinery and other equipment	338	197	313	383	543	558	637
Total exclusive of mineral exploration	1218	1065	1647	1892	2269	2534	2788
Mineral exploration	72	42	25	42	40	95	118
Total	1290	1107	1672	1934	2309	2629	2907

Source: CSO

Table I.11 GROSS FIXED CAPITAL FORMATION BY TYPE OF ASSET

Constant 1990 Prices
N\$ million

Type of Asset	1990	1991	1992	1993	1994	1995	1996
Buildings	422	395	484	566	658	713	797
Construction works	252	221	315	324	350	316	214
Transport equipment	206	156	283	232	180	179	190
Machinery and other equipment	338	183	274	317	423	414	453
Total exclusive of mineral exploration	1218	955	1356	1439	1612	1622	1654
Mineral exploration	72	42	25	42	40	95	118
Total	1290	998	1381	1481	1651	1717	1772

Source: CSO

Table I.12 GROSS CAPITAL FORMATION BY TYPE OF OWNERSHIP

Current Prices
N\$ million

Industry	1990	1991	1992	1993	1994	1995	1996
Public	498	521	812	726	911	911	1100
Producers of government services	384	380	537	575	654	699	760
Public corporations and enterprises	114	141	275	151	257	213	340
Private	792	586	860	1208	1398	1718	1806
Total	1290	1107	1672	1934	2309	2629	2907

Source: CSO

Table I.13 GROSS FIXED CAPITAL FORMATION BY TYPE OF OWNERSHIP

Constant 1990 Prices
N\$ million

Industry	1990	1991	1992	1993	1994	1995	1,996
Public	498	467	656	556	648	596	665
Producers of government services	384	341	443	441	466	455	460
Public corporations and enterprises	114	126	213	115	183	141	206
Private	792	530	725	925	1003	1121	1107
Total	1290	998	1381	1481	1651	1717	1772

Source: CSO

Table I.14 FIXED CAPITAL STOCK BY ACTIVITY

Current Prices
N\$ million

Industry	1990	1991	1992	1993	1994	1995	1996
Agriculture	2350	2613	2805	3064	3296	3598	3901
Fishing	30	72	187	266	292	311	324
Mining and quarrying	2547	2632	2754	2093	2941	3088	3162
Manufacturing	417	462	588	734	879	1016	1136
Fish processing	43	56	153	240	303	344	368
Other manufacturing	374	406	435	494	576	672	768
Electricity and water	1603	1808	1976	2118	2282	2489	2744
Construction	91	93	107	151	237	331	424
Wholesale and retail trade; hotels, restaurants	660	709	742	791	933	1239	1433
Transport and communication	1890	2108	2329	2514	2776	3067	3196
Finance, real estate and business services	2177	2570	2983	3512	4185	5198	6253
Community, social and personal services	143	157	169	187	220	247	277
General government	12080	13620	14974	16247	17697	19623	21532
Total	23988	46847	29614	31677	35738	40206	44382

Source: CSO

Table I.15 FIXED CAPITAL STOCK BY ACTIVITY

Constant 1990 Prices
N\$ million

Industry	1990	1991	1992	1993	1994	1995	1996
Agriculture	2350	2353	2355	2347	2360	2373	2387
Fishing	30	65	148	184	181	178	176
Mining and quarrying	2547	2380	2299	2246	2162	2100	2030
Manufacturing	417	415	488	570	633	673	702
Fish processing	43	50	127	188	217	226	224
Other manufacturing	374	364	360	383	415	447	478
Electricity and water	1603	1605	1612	1606	1608	1595	1611
Construction	91	85	90	114	172	226	275
Wholesale and retail trade; hotels, restaurants	660	637	614	607	663	803	857
Transport and communication	1890	1877	1897	1897	1944	1953	1893
Finance, real estate and business services	2177	2301	2463	2707	2984	3250	3646
Community, social and personal services	143	141	139	145	159	163	172
General government	12080	12127	12263	12384	12514	12622	12718
Total	23988	23986	24367	24809	25381	25935	26468

Source: CSO

TABLE I.16(a) INTERIM CONSUMER PRICE INDEX (DECEMBER 1992 = 100)

	All items	Food	Housing, fuel and power	Transport and Communications	Household Goods	Clothing & Footwear	Beverage & Tobacco	Recreation	Medical Health Care	Misc. Goods & Services	Inflation rate (%) Annual*
Weights	100.00	28.36	19.94	20.67	10.22	4.33	4.10	4.14	1.35	6.88	
1991	82.17	80.25	98.00	80.43	77.26	77.93	"	"	"	"	11.90
1992	96.74	96.09	100.65	95.71	96.53	98.56	8.33	"	8.33	8.33	17.87
1993	104.99	102.29	104.83	105.94	100.82	108.69	108.95	113.16	126.22	106.12	8.53
1994	116.29	115.78	118.77	112.38	104.95	117.37	120.07	131.07	127.25	125.75	10.76
1995	127.93	129.19	134.06	118.63	111.31	127.57	137.26	141.82	138.56	141.74	10.01
1996											
Jan	132.93	134.01	143.24	119.55	114.30	129.48	142.89	152.30	142.28	149.11	7.21
Feb	134.24	135.03	143.29	120.58	114.96	129.60	143.89	157.39	142.79	155.96	7.69
Mar	135.06	133.74	142.01	124.17	118.22	129.94	147.52	158.39	142.89	158.36	7.96
Q1	134.08	134.26	142.85	121.43	115.83	129.67	144.77	156.03	142.65	154.48	7.62
Apr	135.42	132.43	142.01	126.37	118.52	130.77	150.76	158.65	143.19	159.21	7.86
May	136.04	131.71	142.07	129.59	118.49	129.95	151.97	160.99	143.25	159.83	7.84
Jun	137.07	133.16	141.99	131.85	118.12	132.94	151.61	161.41	143.45	160.74	8.04
Q2	136.18	132.43	142.02	129.27	118.38	131.22	151.45	160.35	143.30	159.93	7.91
Jul	138.56	137.02	142.08	131.88	118.68	134.61	153.61	161.45	153.68	161.05	7.47
Aug	139.63	139.19	141.83	132.97	118.83	134.21	156.79	161.45	154.31	163.24	8.12
Sep	141.25	140.82	145.75	133.44	120.39	135.51	157.76	161.51	154.31	163.55	8.27
Q3	139.81	139.01	143.22	132.76	119.30	134.78	156.05	161.47	154.10	162.61	7.95
Oct	142.02	144.39	145.77	133.41	120.46	135.57	158.76	161.27	154.49	159.32	8.44
Nov	142.90	146.39	145.77	133.58	120.85	135.82	160.35	162.29	155.98	160.81	8.64
Dec	142.89	146.20	145.42	134.00	119.47	135.42	162.09	162.61	160.01	161.47	8.45
Q4	142.60	145.66	145.65	133.66	120.26	135.60	160.40	162.06	156.83	160.53	8.51
Annual	138.17	137.84	143.44	129.28	118.44	132.82	153.17	159.98	149.22	159.39	8.00
1997											
Jan	146.16	146.99	152.85	136.61	119.87	136.68	164.22	174.67	156.44	167.13	9.95
Feb	147.00	147.87	152.85	137.55	120.22	137.93	165.38	175.95	159.14	169.54	9.51
Mar	148.54	147.51	151.92	141.05	120.98	148.36	169.01	178.85	170.46	171.78	9.98
Q1	147.23	147.46	152.54	138.40	120.36	140.99	166.20	176.49	162.01	169.48	9.81
Apr	148.76	147.10	152.06	139.89	121.28	150.04	179.73	179.55	170.93	171.32	9.85
May	150.07	149.83	152.16	139.89	122.16	153.39	180.73	179.55	176.68	173.66	10.31
Jun	150.08	148.24	153.41	140.06	123.42	152.52	182.85	180.06	175.27	173.65	9.49
Q2	149.64	148.39	152.54	139.95	122.29	151.98	181.10	179.72	174.29	172.88	9.88
Jul	151.44	147.72	162.38	139.05	122.58	152.52	182.74	179.93	180.24	172.98	9.29
Aug	151.88	148.38	162.87	139.05	122.87	153.48	184.55	179.80	180.65	173.17	8.77
Sep	152.35	148.85	161.22	141.03	122.63	156.24	188.86	179.77	180.92	172.87	7.86
Q3	151.89	148.32	162.16	139.71	122.69	154.08	185.38	179.83	180.60	173.01	8.64
Oct	152.48	149.28	161.37	141.03	122.32	157.03	187.02	179.31	181.01	173.86	7.36
Nov	152.86	149.91	161.38	141.38	122.34	157.38	188.18	179.69	181.53	174.55	6.97
Dec	152.71	149.57	159.46	140.91	123.81	157.33	191.97	179.82	182.87	175.87	6.87
Q4	152.68	149.59	160.74	141.11	122.82	157.25	189.06	179.61	181.80	174.76	7.07
Annual	150.36	148.44	156.99	139.79	122.04	151.08	180.44	178.91	174.68	172.53	8.85

* Calculated as a percentage change of the all items index for a given month in relation to that of the same month of the preceding year.

Source: CSO

TABLE I.16(b) INTERIM CONSUMER PRICE INDEX : WINDHOEK

This table classifies goods and services in the index by source: imported tradeables refers to imported goods, domestic tradeables to domestic goods and non-tradeables to services which are entirely domestic.

	Monthly Index					Inflation Rate (%)*				
	Domestic			Imported Tradeables	All Items	Domestic			Imported Tradeables	
	Non-Tradeables	Tradeables	Total			Non-Tradeables	Tradeables	Total		
Weights	32.00	20.11	52.11	47.89	100.00	32.00	20.11	52.11	47.89	
1995										
Jan	124.59	132.12	127.50	119.45	123.99	10.19	22.82	14.92	7.72	
Feb	125.59	132.48	128.25	120.78	124.65	11.03	21.43	14.95	8.74	
Mar	124.59	132.90	127.80	122.13	125.10	8.24	2.74	13.63	10.10	
Q1	124.92	132.50	127.85	120.79	124.58	9.82	15.66	14.50	8.85	
Apr	124.61	133.12	127.90	122.97	125.55	7.22	20.91	12.33	10.62	
May	124.84	133.18	128.06	124.07	126.15	7.31	16.76	10.92	10.68	
Jun	127.49	132.56	129.44	124.03	126.87	7.05	11.24	8.67	10.13	
Q2	125.65	132.95	128.47	123.69	126.19	7.19	16.30	10.64	10.48	
Jul	133.80	130.79	132.64	124.87	128.93	12.57	6.02	9.99	10.05	
Aug	133.80	131.37	132.86	125.02	129.14	12.40	4.65	9.31	9.37	
Sep	137.07	131.54	134.94	125.53	130.46	15.01	1.84	9.68	7.53	
Q3	134.89	131.23	133.48	125.14	129.51	13.33	4.17	9.66	8.98	
Oct	137.07	132.59	135.34	126.39	130.96	14.69	2.24	9.64	7.33	
Nov	137.29	132.99	135.63	126.84	131.54	14.69	2.94	9.94	7.42	
Dec	138.33	134.57	136.88	125.95	131.76	11.44	3.65	8.35	7.22	
Q4	137.56	133.38	135.95	126.39	131.42	13.61	2.94	9.31	7.32	
Annual ave.	130.76	132.52	131.44	124.00	127.93	10.99	9.77	11.03	8.91	
1996										
Jan	139.80	136.60	138.56	126.55	132.93	12.20	3.39	8.68	5.94	
Feb	142.28	138.18	140.70	126.97	134.24	13.29	4.30	9.71	5.13	
Mar	142.67	137.42	140.65	128.99	135.06	14.51	3.40	10.05	5.61	
Q1	141.58	137.40	139.97	127.50	134.08	13.33	3.70	9.48	5.56	
Apr	142.96	135.95	140.25	130.15	135.42	14.72	2.12	9.66	5.84	
May	143.00	134.62	139.77	131.99	136.04	14.54	1.08	9.14	6.39	
Jun	142.97	137.65	140.92	132.88	137.07	12.15	3.84	8.86	7.13	
Q2	142.98	136.07	140.31	131.67	136.18	13.80	2.35	9.22	6.45	
Jul	143.06	131.96	142.64	134.11	138.55	6.92	8.54	7.54	7.40	
Aug	143.12	144.09	143.49	135.44	138.60	6.96	9.68	8.00	8.33	
Sep	145.48	145.19	145.37	136.76	141.25	6.14	10.38	7.73	13.95	
Q3	143.89	140.41	143.83	135.44	139.47	6.67	9.53	7.76	9.89	
Oct	145.48	148.20	146.53	137.11	142.02	6.14	11.78	8.27	8.48	
Nov	145.66	151.43	147.89	137.48	142.90	6.09	13.86	9.03	8.39	
Dec	145.75	150.87	147.73	137.63	142.89	5.36	12.12	7.93	9.28	
Q4	145.63	150.17	147.38	137.41	142.60	5.86	12.59	8.41	8.72	
Annual ave.	143.52	141.01	142.88	133.01	138.08	9.92	7.04	8.72	7.66	
1997										
Jan	152.57	151.25	152.06	139.74	146.16	9.14	10.72	9.74	10.42	
Feb	153.25	151.65	152.63	140.87	147.00	7.71	9.75	8.48	10.94	
Mar	153.66	150.56	152.46	144.27	148.54	7.70	9.56	8.40	11.85	
Q1	153.16	151.15	152.38	141.63	147.23	8.18	10.01	8.87	11.07	
Apr	153.70	150.24	152.36	144.83	148.76	7.51	10.51	8.64	11.28	
May	153.86	153.26	153.63	146.19	150.07	7.59	13.85	9.92	10.76	
Jun	154.56	151.31	153.31	146.56	150.08	8.11	9.92	8.79	10.30	
Q2	154.04	151.60	153.10	145.86	149.64	7.74	11.43	9.12	10.78	
Jul	160.01	150.78	156.45	145.98	151.43	11.85	6.21	9.68	8.85	
Aug	160.32	152.40	157.26	146.03	151.88	12.02	5.77	9.60	7.82	
Sep	160.19	153.09	157.45	146.80	152.35	10.11	5.44	8.31	7.34	
Q3	160.17	152.09	157.05	146.27	151.89	11.33	5.81	9.20	8.00	
Oct	160.22	152.35	157.18	147.35	152.47	10.13	2.80	7.27	7.47	
Nov	160.31	154.07	157.90	147.38	152.86	10.06	1.74	6.77	7.20	
Dec	159.87	153.90	157.57	147.42	152.71	9.69	2.01	6.66	7.11	
Q4	160.13	153.44	157.55	147.38	152.68	9.96	2.18	6.90	7.26	
Annual ave.	156.88	152.07	155.02	145.29	150.36	9.30	7.36	8.52	9.28	

* Calculated as a percentage change of the all items index for a given month in relation to that of the same month of the preceding year.

Source: CSO

TABLE II.1(a) BANK OF NAMIBIA: DETAILED ACCOUNT
(end of period in N\$ million)

ASSETS															
Period	Foreign Assets				Claims on Domestic Sector								TOTAL ASSETS		
					Claims on Central Govt.				Other	Sub-Total					
	Non-banks		Fund Accounts		Treasury Bills	Govt. Securities	Loans & Advances	Other				Sub-Total		DMB's	OBI's
	Banks														
1990	192.8	0.0	0.0	192.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	192.8	
1991	159.4	0.0	0.7	160.1	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.1	160.2	
1992	141.2	0.1	1.1	142.4	0.0	0.0	0.0	0.0	510.3	510.3	0.0	0.0	0.0	652.7	
1993	454.4	0.0	1.2	455.6	0.0	0.0	0.0	0.0	619.6	619.6	0.0	0.4	0.0	1075.6	
1994	718.4	0.0	1.2	719.6	0.0	0.0	0.0	0.0	720.0	720.0	0.0	0.5	0.0	1440.1	
1995	I	704.5	0.0	705.7	0.0	0.0	0.0	0.0	730.9	730.9	0.0	0.7	0.0	731.6	
	II	657.3	0.0	658.5	0.0	0.0	0.0	0.0	755.6	755.6	0.0	0.7	0.0	756.3	
	III	615.9	0.0	617.1	0.0	0.0	0.0	0.0	760.4	760.4	0.0	0.7	0.0	761.1	
	IV	808.1	0.0	809.3	0.0	0.0	0.0	0.0	783.7	783.7	0.0	0.7	0.0	784.4	
1996	Jan	1013.1	0.0	1014.3	0.0	0.0	0.0	0.0	758.1	758.1	0.0	0.7	0.0	758.8	
	Feb	908.0	0.0	909.2	0.0	0.0	0.0	0.0	764.6	764.6	0.0	0.7	0.0	765.3	
	Mar	940.7	0.0	941.9	0.0	0.0	0.0	0.0	773.5	773.5	0.0	0.7	0.0	774.2	
	Apr	1107.6	0.0	1108.8	0.0	0.0	0.0	0.0	773.5	773.5	0.0	0.7	0.0	774.2	
	May	1088.6	0.0	1089.8	0.0	0.0	0.0	0.0	793.3	793.3	0.0	0.7	0.0	794.0	
	Jun	946.0	0.0	947.2	0.0	0.0	0.0	0.0	812.0	812.0	0.0	0.7	0.0	812.7	
	Jul	1064.4	0.0	1065.6	0.0	0.0	0.0	0.0	812.0	812.0	0.0	0.7	0.0	812.7	
	Aug	934.1	0.0	935.3	0.0	0.0	0.0	0.0	812.0	812.0	0.0	0.7	0.0	812.7	
	Sep	743.4	0.0	744.6	0.0	0.0	0.0	0.0	812.0	812.0	0.0	0.7	0.0	812.7	
	Oct	926.8	0.0	928.0	0.0	0.0	0.0	0.0	812.0	812.0	0.0	0.7	0.0	812.7	
	Nov	846.7	0.0	847.9	0.0	0.0	0.0	0.0	813.3	813.3	0.0	0.7	0.0	814.0	
	Dec	906.5	0.0	907.7	0.0	0.0	0.0	0.0	856.9	856.9	0.0	0.7	0.0	857.6	
1997	Jan	1029.7	0.0	1030.9	0.0	0.0	0.0	0.0	856.9	856.9	0.0	0.7	0.0	857.6	
	Feb	922.7	0.0	923.9	0.0	0.0	0.0	0.0	856.9	856.9	0.0	0.7	0.0	857.6	
	Mar	657.3	0.0	658.5	0.0	0.0	0.0	0.0	844.1	844.1	0.0	0.7	0.0	844.8	
	Apr	701.0	0.0	702.2	0.0	0.0	0.0	0.0	860.3	860.3	0.0	0.7	0.0	861.0	
	May	687.2	0.0	688.4	0.0	0.0	0.0	0.0	861.6	861.6	0.0	0.7	0.0	862.3	
	Jun	671.9	0.0	673.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.7	0.0	673.8	
	Jul	957.6	0.0	958.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.7	0.0	959.5	
	Aug	989.9	0.0	991.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.7	0.0	991.8	
	Sep	811.6	0.0	812.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.7	0.0	813.5	
	Oct	1118.2	0.0	1119.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.7	0.0	1120.1	
	Nov	958.8	0.0	960.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.7	0.0	960.7	
	Dec	1217.8	0.0	1219.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.7	0.0	1219.7	

TABLE II.1(b) BANK OF NAMIBIA: DETAILED ACCOUNT
(end of period in N\$ million)

LIABILITIES									
Period	Currency outside DMBs (a)	Banker's Reserves (b)	Reserve money a + b	Other Deposits	Central Govt. dep.	Foreign Liabilities	Capital Accounts	Other items (net)	TOTAL
1990	0.0	31.1	31.1	8.7	150.4	0.1	10.0	-7.5	192.8
1991	0.0	18.1	18.1	12.5	123.1	0.7	21.8	-16.1	160.2
1992	0.0	16.4	16.4	0.0	143.3	509.8	31.8	-48.6	652.7
1993	133.8	88.1	221.9	0.0	221.7	612.4	40.6	-21.0	1075.6
1994	217.4	148.9	366.3	0.0	291.2	712.9	71.2	-1.5	1440.1
1995									
I	218.6	108.6	327.2	0.0	294.5	721.8	118.3	-24.5	1437.3
II	238.5	113.3	351.9	0.0	186.6	751.9	127.4	-2.9	1414.8
III	252.2	111.1	363.3	0.0	131.5	751.8	123.5	8.1	1378.2
IV	240.2	165.6	405.8	0.0	280.8	775.3	119.5	12.3	1593.7
1996									
Jan	237.9	144.3	382.2	0.0	503.0	766.6	111.5	9.8	1773.1
Feb	244.3	136.2	380.5	0.0	368.3	771.4	141.9	12.4	1674.5
Mar	256.6	114.8	371.4	0.0	380.6	772.7	164.2	27.2	1716.1
Apr	239.2	155.5	394.7	0.0	491.8	793.0	213.5	-10.0	1883.0
May	257.8	154.2	412.0	0.0	505.9	790.5	248.1	-72.7	1883.8
Jun	260.4	129.3	389.7	0.0	341.3	807.6	245.8	-24.5	1759.9
Jul	247.2	153.6	400.8	0.0	416.4	812.5	275.4	-26.8	1878.3
Aug	291.1	151.9	443.0	0.0	239.0	811.3	281.9	-27.2	1748.0
Sep	273.6	148.2	421.8	0.0	68.6	814.5	278.8	-26.4	1557.3
Oct	272.6	173.7	446.3	0.0	198.6	806.8	317.1	-28.1	1740.7
Nov	311.9	167.0	478.9	0.0	103.6	821.1	291.5	-33.2	1661.9
Dec	282.8	214.2	497.0	0.0	162.4	853.1	303.8	-51.0	1765.3
1997									
Jan	272.5	160.7	433.2	0.0	362.2	855.4	269.1	-31.4	1888.5
Feb	297.5	137.8	435.3	0.0	272.2	855.8	247.1	-28.9	1781.5
Mar	311.7	152.5	464.2	0.0	15.0	857.7	243.1	-76.6	1503.4
Apr	299.9	201.9	501.8	0.0	15.2	891.6	238.8	-84.2	1563.2
May	307.7	168.6	476.3	0.0	23.8	887.2	269.6	-106.2	1550.7
Jun	292.4	170.4	462.8	0.0	14.6	49.2	272.8	-125.6	673.8
Jul	313.0	176.4	489.4	0.0	243.5	25.3	274.6	-73.3	959.5
Aug	328.3	183.3	511.6	0.0	237.6	34.9	289.7	-82.0	991.8
Sep	305.4	189.4	494.8	0.0	86.7	32.5	288.3	-88.8	813.5
Oct	329.4	158.5	487.9	0.0	364.1	37.1	320.9	-89.9	1120.1
Nov	345.6	186.5	532.1	6.7	153.3	34.6	319.1	-85.1	960.7
Dec	335.6	255.6	591.2	0.2	374.4	25.5	316.5	-88.1	1219.7

TABLE II.2(a) DEPOSIT MONEY BANKS: DETAILED ACCOUNT
(end of period in N\$ million)

ASSETS													
Period	Reserves			Foreign Assets			CLAIMS ON DOMESTIC SECTOR						
	Namibian currency	Rands	Dep. with BoN	Sub-total	Banks	Non-banks	Sub-total	Treasury bills	Govt. securities	Loans and advances	Other	Sub-total	Regional Councils
1990 1991 1992 1993 1994 1995	0.0	50.2	31.1	81.3	285.9	88.2	374.1	0.0	1.2	38.8	0.0	40.0	2.2
	0.0	66.5	18.2	84.7	425.6	159.9	585.5	12.2	1.2	25.6	1.8	40.8	9.3
	0.0	66.9	16.4	83.3	296.2	79.5	375.7	72.1	59.7	26.1	13.7	171.6	15.2
	60.9	11.4	27.2	99.5	159.2	35.8	195.0	143.3	80.8	29.2	25.9	279.2	15.0
	115.3	7.3	33.6	156.2	193.0	1.5	194.5	156.6	76.5	2.6	3.0	238.7	17.2
	83.9	13.5	31.2	128.6	214.4	1.2	215.6	147.6	78.0	2.6	3.0	231.2	15.8
	75.5	12.7	30.5	118.7	143.9	1.7	145.6	161.8	77.8	2.7	3.0	245.3	16.0
	73.5	7.1	34.2	114.8	257.1	1.7	258.8	159.3	80.0	0.2	3.0	242.5	16.3
	79.5	8.0	35.4	122.9	291.1	0.9	292.0	98.8	80.8	0.1	3.0	182.7	17.1
	86.9	9.3	45.4	141.6	212.3	1.0	213.3	152.8	80.7	0.2	3.0	236.7	17.3
	71.2	8.8	42.2	122.2	328.9	1.3	330.2	115.4	76.8	0.1	3.0	195.3	19.2
	84.8	23.2	36.6	144.6	185.3	1.6	186.9	119.6	77.5	0.1	3.1	200.3	18.4
103.9	21.5	36.1	161.5	215.8	1.5	217.3	141.6	100.8	63.1	0.2	3.1	208.0	17.5
92.1	9.4	19.0	120.5	250.8	1.6	252.4	100.8	63.5	0.3	3.1	167.7	17.6	
127.1	10.7	33.9	171.7	202.0	2.6	204.6	201.6	62.6	0.0	3.1	267.3	17.8	
120.4	10.9	25.8	157.1	230.4	1.7	232.1	201.6	65.9	0.0	3.1	270.6	18.0	
140.3	9.8	25.3	175.4	137.6	3.1	140.7	201.9	201.9	50.6	0.0	3.6	256.1	19.2
1996	118.2	12.1	26.2	156.5	166.0	1.8	167.8	192.0	50.9	0.2	3.6	246.7	17.3
	112.1	15.4	23.9	151.4	61.0	3.3	64.3	229.2	50.6	0.0	3.6	283.4	18.0
	81.3	11.6	33.6	126.5	100.1	2.6	102.7	273.5	51.0	1.2	3.6	329.3	18.1
	109.9	10.6	45.6	166.1	101.5	3.1	104.6	288.3	51.4	0.2	3.6	343.5	18.3
	110.4	8.4	46.4	165.2	127.4	3.0	130.4	245.8	58.9	0.0	3.6	308.3	18.8
	91.2	10.7	38.2	140.1	94.5	1.1	95.6	264.4	57.8	0.1	3.6	325.9	19.2
	106.0	8.0	47.6	161.6	239.7	1.8	241.5	265.0	58.1	0.1	3.6	326.8	17.4
	102.9	9.5	48.9	161.3	167.1	2.0	169.0	259.4	45.9	0.0	3.6	309.0	17.5
	95.4	8.9	52.8	157.1	171.1	1.8	172.9	260.5	49.0	0.1	3.6	313.2	17.8
	120.1	9.3	52.0	181.4	187.6	2.5	190.1	321.0	47.7	0.1	3.8	372.6	17.9
	117.5	8.5	49.5	175.5	397.4	2.4	399.8	347.4	51.2	0.0	25.0	423.6	18.1
	169.6	11.2	45.5	226.3	346.5	3.2	349.7	377.8	77.9	0.0	5.2	460.9	18.6
1997	123.1	12.6	36.5	172.2	291.4	3.0	294.4	363.1	72.0	0.1	5.2	440.4	17.1
	95.1	8.7	42.7	146.5	255.4	2.6	258.0	398.5	67.4	0.2	5.2	471.3	17.4
	99.0	9.7	53.5	162.2	393.6	3.0	396.6	436.6	68.3	0.1	0.0	505.0	17.5
	137.4	8.6	64.5	210.5	569.6	3.5	573.1	382.3	64.5	0.1	5.2	452.1	17.7
	126.2	10.7	42.4	179.3	601.4	7.0	608.4	370.1	116.8	0.3	5.2	492.4	18.0
	128.0	10.5	42.1	180.6	841.2	3.2	844.4	356.0	162.6	0.4	5.2	524.2	19.0
	145.6	8.2	30.9	184.7	808.8	3.0	811.8	431.7	161.5	0.5	5.2	598.9	16.5
	144.3	8.6	39.0	191.9	800.4	3.4	803.8	399.3	183.1	0.0	5.2	587.6	16.7
	144.4	9.1	45.0	198.5	884.1	4.4	888.5	340.2	184.2	0.1	5.2	529.7	17.0
	113.7	8.7	45.4	167.8	724.0	4.5	728.5	352.6	184.6	0.2	5.2	542.6	16.8
	130.3	7.9	62.9	201.1	565.2	3.6	568.8	445.4	198.8	3.1	5.2	652.5	17.6
	193.7	17.8	64.2	275.7	533.3	3.7	537.0	452.2	198.7	2.6	6.4	659.8	17.4

TABLE II.2(b) DEPOSIT MONEY BANKS: DETAILED ACCOUNT
(end of period in N\$ million)

Period	Demand deposits	Time, Savings & For. curr. dep					Money market instruments	Bonds	Foreign liabilities			Central Govts deposits	Credit from BoN	Capital Accounts	
		For. curr.		Time dep.		Savings			Sub-total	banks	non-banks				Sub-total
1990	605.6	0.0		616.6	246.5	863.1	0.0	0.0	213.4	62.2	275.6	82.3	0.0	87.9	
1991	809.5	0.0		794.0	309.1	1103.1	0.0	4.0	71.7	54.8	126.5	232.6	0.0	162.8	
1992	1002.4	0.0		1082.3	337.8	1420.1	0.0	2.4	56.1	43.3	99.4	109.9	0.0	204.5	
1993	1333.1	0.0		1182.5	347.0	1529.5	0.0	3.9	145.7	15.2	160.9	113.3	0.0	273.2	
1994	1465.3	0.0		1660.8	425.3	2086.1	0.0	4.1	291.5	100.0	391.5	83.1	0.0	293.8	
1995	I	1594.2	0.0	1821.0	432.6	2253.6	0.0	8.3	235.4	91.2	326.6	84.2	0.0	325.5	
	II	1587.2	0.0	2042.5	439.2	2481.7	0.0	7.8	232.5	71.6	304.1	58.8	0.3	342.8	
	III	1697.3	0.0	2119.1	452.0	2571.1	0.0	5.6	274.4	130.4	404.8	63.8	0.0	381.9	
	IV	1581.9	0.0	2459.5	466.0	2925.5	0.0	4.1	382.0	118.6	500.6	73.5	0.0	432.4	
1996	Jan	1652.7	0.0	2476.9	450.2	2927.1	0.0	3.5	370.4	123.1	493.5	78.8	0.0	435.3	
	Feb	1648.7	0.0	2442.1	460.0	2902.1	0.0	4.8	498.7	135.4	634.1	71.5	0.0	448.3	
	Mar	1555.1	0.0	2493.5	472.7	2966.2	0.0	5.0	516.7	197.4	714.1	72.5	0.2	455.9	
	Apr	1625.8	0.0	2518.0	472.3	2990.3	0.0	4.4	390.4	203.7	594.1	71.7	0.0	460.0	
	May	1791.1	0.0	2483.6	466.0	2949.6	0.0	4.6	423.0	191.4	614.4	77.1	0.0	475.4	
	Jun	1800.1	0.0	2415.1	478.4	2893.5	0.0	4.7	342.9	248.7	591.6	79.5	0.0	485.0	
	Jul	1920.6	0.0	2486.9	496.6	2983.5	0.0	4.7	240.8	209.3	450.1	102.2	0.0	500.2	
	Aug	1969.1	0.0	2502.5	494.9	2997.4	0.0	4.5	272.7	203.1	475.8	90.8	0.0	513.4	
	Sep	1914.3	0.0	2781.5	561.6	3343.1	0.0	4.2	204.8	187.7	392.5	125.2	0.0	531.0	
	Oct	2109.2	0.0	2778.2	572.8	3351.0	0.0	8.4	211.0	136.8	347.8	142.9	0.0	542.3	
	Nov	2305.2	0.0	2758.7	573.2	3331.9	0.0	12.4	267.8	87.7	355.5	57.2	0.0	637.1	
	Dec	2516.7	0.0	2692.4	558.3	3250.7	0.0	8.9	201.8	93.2	295.0	77.9	0.0	644.0	
1997	Jan	2459.8	0.0	2785.3	547.1	3332.4	0.0	8.8	239.6	97.6	337.2	54.3	0.0	661.9	
	Feb	2239.4	0.0	2779.0	540.3	3319.3	0.0	3.6	321.6	102.0	423.6	81.1	0.3	677.0	
	Mar	2439.4	0.0	2761.2	534.0	3295.2	0.0	7.8	291.3	90.1	381.4	71.4	0.0	670.0	
	Apr	2556.3	0.0	2857.2	547.1	3404.3	0.0	6.1	256.1	69.2	325.3	104.8	11.2	678.5	
	May	2614.1	0.0	2913.8	539.1	3452.9	0.0	5.0	240.0	60.0	300.0	170.2	0.0	694.8	
	Jun	2689.4	0.0	3092.5	548.9	3641.4	0.0	3.9	197.2	63.0	260.2	172.0	0.0	703.5	
	Jul	2704.6	0.0	3104.5	554.7	3659.2	0.0	5.4	185.5	64.0	249.5	203.7	0.0	720.8	
	Aug	2815.5	0.0	3006.6	564.9	3571.5	0.0	5.4	333.6	84.0	417.6	174.4	0.0	739.9	
	Sep	2652.1	0.0	2943.4	572.8	3516.2	0.0	5.9	626.9	84.6	711.5	212.8	0.0	735.1	
	Oct	2590.9	0.0	3031.3	594.0	3625.3	0.0	5.5	583.3	50.4	633.7	159.9	0.0	749.4	
	Nov	2801.7	0.0	2952.1	592.8	3544.9	0.0	6.2	496.6	57.9	554.5	190.4	0.0	769.3	
	Dec	2562.5	0.0	3026.5	576.5	3603.0	0.0	7.0	768.7	70.0	838.7	217.6	0.0	782.7	

TABLE II.3 MONETARY SURVEY
(N\$ million)

End of Period	Claims on Domestic Sector					TOTAL	Money Supply					TOTAL
	Foreign Assets (Net)	Central Gov't (Net)	Financial Sector	Private Sector	Other		Currency in Circulation					
							Demand Deposits	Savings Deposits	Time Deposits	Sub-Total		
Other Items (Net)												
1990	291.2	-192.7	47.6	1372.6	6.1	n/a	614.3	246.5	616.6	1477.4	47.4	1524.9
1991	618.5	-314.9	13.1	1599.9	59.4	n/a	821.9	309.1	794.0	1925.0	50.9	1975.9
1992	-91.1	428.5	21.3	2079.2	57.3	n/a	1002.4	337.8	1082.3	2422.6	72.6	2495.2
1993	-122.7	563.8	10.5	2705.5	57.1	133.8	1333.1	347.0	1182.5	2996.4	217.8	3214.2
1994	-190.3	584.5	95.6	3542.6	59.3	217.4	1465.3	425.3	1660.8	3768.9	322.8	4091.7
1995												
I	-83.8	594.9	61.9	3880.2	58.6	218.6	1594.2	432.6	1821.0	4066.4	445.4	4511.8
II	-67.3	705.6	73.2	4164.9	61.7	238.5	1587.3	439.2	2042.5	4307.5	630.6	4938.1
III	-287.1	732.7	88.8	4453.6	58.5	252.2	1697.3	451.9	2119.2	4520.6	525.9	5046.5
IV	-325.9	685.6	75.2	4742.8	91.3	240.2	1581.9	466.0	2459.5	4747.6	521.4	5269.0
1996												
Jan	-78.5	423.4	59.9	4841.4	88.7	237.9	1652.7	450.2	2476.9	4817.7	517.2	5334.9
Feb	-432.0	608.3	57.4	5131.0	88.4	244.3	1648.8	459.9	2442.1	4795.1	658.0	5453.1
Mar	-442.2	649.7	102.3	5184.7	89.0	256.5	1555.1	472.7	2493.6	4777.9	805.6	5583.5
Apr	-173.0	552.6	51.8	5111.7	89.6	239.2	1625.8	472.3	2517.9	4855.2	777.5	5632.7
May	-183.8	517.8	59.3	5161.8	90.5	257.8	1791.2	466.0	2483.6	4998.6	647.0	5645.6
Jun	-356.3	717.2	52.6	5111.9	91.4	260.4	1800.1	478.4	2415.1	4954.0	662.8	5616.8
Jul	44.6	620.2	30.3	5112.0	87.4	247.2	1920.6	496.6	2486.9	5151.3	743.2	5894.5
Aug	-182.8	791.2	21.1	5266.8	87.9	291.0	1969.1	494.9	2502.5	5257.5	726.7	5984.2
Sep	-289.4	931.5	24.1	5446.0	88.7	273.6	1914.3	561.6	2781.5	5531.0	669.9	6200.9
Oct	-36.4	843.1	14.0	5535.7	89.2	272.6	2109.2	572.7	2778.3	5732.8	712.8	6445.6
Nov	71.2	1076.0	8.8	5587.1	89.9	311.9	2305.2	573.2	2758.7	5949.0	884.0	6833.0
Dec	109.4	1077.4	7.7	5673.3	90.8	282.8	2516.7	558.4	2692.4	6050.3	908.3	6958.6
1997												
Jan	132.8	880.7	7.7	5831.4	87.2	272.5	2459.8	547.1	2785.3	6064.7	875.1	6939.8
Feb	-97.4	974.8	3.7	5900.3	88.2	297.5	2239.4	540.3	2779.0	5856.2	1013.4	6869.6
Mar	-183.9	1262.7	1.7	5917.3	88.5	311.7	2439.4	534.0	2761.2	6046.3	1040.0	7086.3
Apr	58.4	1134.1	3.7	5981.6	89.7	300.0	2556.3	547.1	2857.2	6260.6	1006.9	7267.5
May	109.7	1160.0	3.8	5995.4	139.0	307.6	2614.1	539.1	2913.8	6374.6	1033.3	7407.9
Jun	1208.2	337.5	1.7	6001.1	142.3	292.4	2689.4	548.9	3092.5	6623.2	1067.6	7690.8
Jul	1495.8	151.7	1.8	6041.7	133.4	313.0	2704.6	554.7	3104.5	6676.8	1147.6	7824.4
Aug	1342.5	175.6	1.8	6205.5	132.2	328.3	2815.5	564.9	3006.6	6715.3	1142.3	7857.6
Sep	957.3	230.3	0.7	6278.1	150.8	305.4	2652.1	572.8	2943.4	6473.7	1143.5	7617.2
Oct	1177.1	18.7	0.7	6334.4	150.1	329.4	2591.0	594.0	3031.3	6545.7	1135.3	7681.0
Nov	939.6	308.8	16.2	6455.4	159.2	345.6	2801.7	592.8	2952.1	6602.2	1187.0	7879.2
Dec	891.8	67.8	24.3	6553.5	166.3	335.6	2562.5	576.5	3026.5	6501.1	1202.6	7703.7

Note:

Financial Sector refers to:

- Other Banking Institutions

- Nonbank Financial institutions

Other refers to:

- Non-financial Public Enterprise

- Local authority and Regional councils

TABLE II.4(a) OTHER BANKING INSTITUTIONS: DETAILED ACCOUNT
(end of period in \$ million)

	1996												1997/0											
	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
ASSETS																								
1. RESERVES	206.9	190.3	208.3	198.3	179.7	113.7	149.9	167.6	160.9	176.4	188.1	92.4	101.8	110.7	130.9	175.1	169.3	216.2	176.9	211.7	209.3	189.7	191.1	161.7
2. FOREIGN ASSETS																								
a. Banks	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
b. Nonbanks	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
3. CLAIMS ON CENTRAL GOVT.																								
a. Treasury bills	5.0	5.0	5.0	5.0	5.0	5.0	5.0	3.0	3.0	3.0	3.0	140.0	120.0	120.0	120.0	120.0	150.0	133.2	154.5	126.5	136.5	164.9	167.1	166.4
b. Government securities	5.0	5.0	5.0	5.0	5.0	5.0	3.0	3.0	25.0	25.0	33.0	140.0	120.0	120.0	120.0	120.0	150.0	133.2	154.5	126.5	136.5	164.9	167.1	166.4
c. Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
4. CLAIMS ON LOCAL AUTHORITIES AND REGIONAL COUNCILS																								
a. Securities	5.3	5.3	5.5	5.3	5.4	5.4	5.4	5.3	5.3	5.2	5.3	5.3	5.2	5.2	5.3	5.2	5.2	5.2	5.1	5.2	5.2	5.1	5.2	5.2
b. Loans and advances	7.9	6.1	6.2	6.6	6.7	6.7	6.4	6.4	5.9	5.3	5.1	4.5	5.5	7.9	8.6	9.0	9.2	9.2	9.2	8.9	7.5	4.9	4.7	4.7
c. Leasing transactions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
d. Other	7.9	6.1	6.2	6.6	6.7	6.7	6.4	6.4	5.9	5.3	5.1	4.5	5.5	7.9	8.6	9.0	9.2	9.2	9.2	8.9	7.5	4.9	4.7	4.7
6. CLAIMS ON NONBANK FIN. INST.																								
a. Individuals	10.9	11.0	13.6	12.6	7.9	7.9	7.9	7.9	7.0	7.0	8.0	8.0	8.0	8.0	8.0	8.0	12.3	19.6	17.7	17.6	17.6	17.6	17.7	17.7
b. Business	1528.0	1532.2	1549.2	1556.9	1553.3	1554.0	1550.6	1549.9	1552.6	1549.1	1557.0	1552.9	1346.2	1343.6	1356.2	1356.1	1339.6	1340.3	1352.8	1364.3	1367.1	1379.3	1386.6	1402.5
7. CLAIMS ON PRIVATE SECTOR	1452.1	1452.2	1457.1	1474.3	1467.9	1467.2	1463.8	1469.7	1283.6	1283.6	1285.2	1291.0	1285.3	1284.9	1298.9	1300.7	1290.6	1293.2	1304.5	1310.4	1311.3	1323.7	1339.8	1356.2
a. Individuals	75.9	80.0	92.1	282.6	85.4	86.8	86.8	80.2	69.0	65.5	61.8	61.9	60.9	58.7	57.3	55.4	49.0	47.1	48.3	53.9	55.8	55.6	46.8	46.3
b. Business																								
8. CLAIMS ON DMFs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
9. TOTAL ASSETS	1764.5	1750.4	1788.3	1785.2	1758.5	1693.3	1725.8	1767.6	1561.7	1573.0	1596.5	1403.1	1586.7	1595.4	1699.0	1673.4	1685.6	1723.7	1716.2	1734.2	1743.2	1761.5	1772.4	1758.3

TABLE II.4(b) OTHER BANKING INSTITUTIONS: DETAILED ACCOUNT
(end of period in \$ million)

	1996												1997											
	Jan	Feb	Mar	Apr	May	June	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	Jul	Aug	Sept	Oct	Nov	Dec
LIABILITIES																								
1. TIME SAVINGS AND FOREIGN C. DEP.	82.0	82.6	84.2	83.5	84.6	79.8	78.7	74.2	67.6	70.4	73.2	71.8	192.9	74.0	76.9	78.3	79.2	81.8	78.4	79.5	79.5	78.6	81.7	84.4
a. Time Deposits	26.4	24.1	29.2	21.7	24.7	20.5	20.7	19.7	16.3	16.8	13.7	14.8	134.2	14.1	15.2	14.8	16.7	17.7	17.1	17.2	17.5	17.1	18.7	18.2
b. Savings Deposits	57.6	58.5	61.0	61.8	59.9	59.3	58.7	57.5	50.7	53.6	56.5	57.3	58.7	59.9	61.7	63.5	62.9	64.1	61.3	62.0	62.0	62.9	62.9	
c. Foreign Currency Deposits	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
2. MONEY MARKET INSTRUMENTS	206.1	203.5	206.7	209.2	212.4	197.1	212.6	242.2	220.6	235.0	233.4	234.6	234.8	222.2	219.4	219.6	214.9	214.9	215.0	215.6	224.5	224.5	219.8	197.8
3. BONDS																								
4. FOREIGN LIABILITIES																								
a. Banks	13.3	10.8	12.3	11.8	12.0	11.0	11.2	11.3	10.5	10.7	9.6	9.9	9.2	9.4	15.2	14.2	12.7	12.5	11.9	12.7	12.8	13.8	19.5	15.0
b. Nonbanks	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
13.3	10.8	12.3	11.8	12.0	11.0	11.2	11.3	10.5	10.7	9.6	9.9	9.2	9.4	15.2	14.2	12.7	12.5	11.9	12.7	12.8	13.8	19.5	15.0	
5. CENTRAL GOVERNMENT DEPOSITS	15.0	15.7	11.7	10.0	7.8	5.1	10.7	18.4	8.2	8.0	8.3	7.1	5.5	4.6	4.9	4.9	4.0	4.2	4.1	4.2	4.2	5.2	3.9	3.4
6. CREDIT FROM CENTRAL BANK	0.7	0.6	0.7	0.6	0.6	0.6	0.6	0.6	0.5	0.5	0.5	0.5	0.5	0.5	0.6	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	
68.3	56.8	63.8	84.2	78.0	82.6	46.9	42.1	42.3	32.6	32.8	35.6	32.8	32.8	32.6	30.0	28.3	30.2	33.7	34.7	35.8	38.2	38.3	39.4	
7. CREDIT FROM DMFs																								
827.5	831.2	832.7	845.1	841.6	842.1	832.9	872.7	789.0	772.6	776.8	792.2	806.8	816.9	823.9	835.4	843.7	856.2	867.8	876.9	876.7	882.3	888.8	894.7	
8. CAPITAL ACCOUNTS																								
-189.4	-197.8	-186.8	-207.2	-208.5	-215.0	-176.6	-193.9	-179.9	-188.9	-195.1	-194.9	-222.8	-222.8	-205.9	-213.8	-213.0	-212.1	-206.3	-204.0	-208.2	-187.7	-217.2	-254.8	
9. OTHER ITEMS (NET)	47.0	48.6	51.7	53.5	57.9	55.4	88.8	90.2	94.9	83.6	87.9	99.8	79.9	80.1	83.6	74.1	83.7	91.7	92.1	94.3	106.2	118.1	110.6	
a. Undeclared liabilities																								
236.4	246.4	244.5	260.7	266.4	270.5	265.4	281.1	274.8	270.5	263.0	290.7	302.7	312.9	289.5	287.9	296.7	318.8	298.4	296.3	314.4	365.8	327.8	338.1	
b. Less: Undeclared assets																								
1764.5	1750.4	1788.3	1785.2	1758.5	1693.3	1725.8	1767.6	1561.7	1561.8	1572.9	1596.5	1603.1	1586.7	1595.4	1699.0	1673.4	1685.6	1723.7	1716.2	1734.2	1743.2	1761.5	1772.4	
10. TOTAL LIABILITIES																								

TABLE II.5 BANKING SURVEY

(end of period N\$ million)

End of Period	Net Foreign Assets	Domestic Credit				Total	Money Supply			TOTAL
		To Gov't (Net)	Financial Sector	Private Sector	Other		Monetary Liabilities	Quasi-Monetary Liabilities	Total	Other Items (Net)
1991	615.6	-377.0	7.0	2367.6	70.4	2683.8	672.4	1479.5	2151.8	531.9
1992	-99.0	420.6	7.0	3082.9	65.4	3477.0	864.0	1900.0	2764.0	713.1
1993	-132.3	548.0	16.6	3854.2	70.9	4357.3	1328.0	2028.9	3356.9	1000.4
1994	-208.0	599.0	8.7	4916.9	81.5	5398.1	1565.4	2787.8	4353.2	1044.9
1995										
I	-99.3	614.8	10.2	5299.0	74.8	5899.5	1681.7	3042.8	4724.5	1175.0
II	-84.3	708.4	10.4	5632.5	77.3	6344.3	1672.0	3289.1	4961.1	1383.2
III	-296.1	722.2	10.6	5941.9	72.0	6450.6	1748.3	3441.7	5190.0	1260.6
IV	-335.6	672.7	9.7	6262.3	104.4	6713.5	1651.1	3720.7	5371.8	1341.7
1996										
Jan	-91.3	413.5	10.9	6369.4	101.9	6804.4	1683.7	3750.2	5433.9	1370.5
Feb	-442.2	597.6	11.0	6663.1	99.8	6929.3	1702.7	3731.6	5434.3	1495.0
Mar	-454.0	643.0	13.6	6734.0	100.6	7037.2	1603.4	3808.5	5411.9	1625.3
Apr	-184.3	547.7	12.7	6668.6	101.4	7146.1	1666.8	3821.7	5488.5	1657.6
May	-195.4	515.0	8.0	6715.1	102.6	7145.3	1869.2	3764.3	5633.5	1511.8
Jun	-366.9	717.1	8.0	6666.0	103.5	7127.7	1946.8	3663.3	5610.1	1517.6
Jul	33.9	614.5	18.9	6651.6	99.2	7418.1	2017.9	3770.9	5788.8	1629.3
Aug	-193.6	802.7	19.1	6805.6	99.6	7533.4	2092.5	3771.7	5864.2	1669.2
Sep	-300.0	953.4	17.0	6788.8	99.8	7559.0	2027.0	4013.7	6040.7	1518.3
Oct	-47.2	865.1	17.0	6874.8	99.7	7809.4	2205.4	4051.4	6256.8	1552.6
Nov	61.7	1100.6	19.5	6932.6	100.2	8214.6	2428.9	4062.1	6491.0	1723.6
Dec	99.6	1210.3	18.1	7016.1	100.6	8444.7	2707.1	3968.9	6676.0	1768.7
1997										
Jan	123.6	995.2	18.3	7167.3	97.9	8402.3	2630.5	4053.2	6683.7	1718.6
Feb	-106.8	1094.4	18.4	7233.5	101.3	8340.8	2426.2	4061.4	6487.6	1853.2
Mar	-199.2	1377.8	18.5	7263.1	102.3	8562.5	2600.3	4056.1	6656.4	1906.1
Apr	44.3	1249.1	18.6	7327.1	103.9	8743.0	2681.2	4188.7	6869.9	1873.1
May	96.9	1305.9	23.1	7324.3	153.4	8903.6	2752.5	4245.5	6998.0	1905.6
Jun	1195.6	466.6	30.4	7330.5	156.8	9179.9	2765.5	4455.3	7220.8	1959.1
Jul	1483.9	302.0	28.7	7383.4	147.7	9345.7	2840.6	4447.5	7288.1	2057.6
Aug	1329.8	297.9	28.7	7558.7	146.4	9361.5	2932.1	4364.0	7296.1	2065.4
Sep	944.6	362.5	28.9	7633.9	163.5	9133.4	2748.2	4310.7	7058.9	2074.5
Oct	1163.4	178.4	29.0	7702.3	160.0	9233.1	2730.2	4410.0	7140.2	2092.4
Nov	920.1	471.9	29.2	7842.1	169.1	9432.4	2956.1	4362.7	7318.8	2113.6
Dec	876.9	230.8	17.7	7956.1	176.2	9257.7	2736.6	4448.5	7185.1	2072.9

Note:

Other refers to claims on: - Non-financial Public Enterprises

- Local authority and Regional councils by both DMBs and OBIs

Financial sector refers to:

- Other Banking Institutions
 - Nonbank Financial Institutions

TABLE II.6 TYPES OF DEPOSIT MONEY BANKS' DEPOSITS (In N\$ million)

		DEMAND DEPOSITS	SAVINGS DEPOSITS	TIME DEPOSITS				TOTAL
PERIOD				Short term	Medium term	Long term	Sub-Total	
1992	I	994.0	324.2	258.7	362.2	63.9	684.8	2003.0
	II	1191.2	331.0	296.6	449.7	95.8	842.1	2364.3
	III	1053.4	347.6	306.4	512.9	104.6	923.9	2324.9
	IV	1064.5	338.3	304.3	670.7	125.3	1100.3	2503.1
1993	I	1094.2	352.6	402.8	594.0	97.3	1094.1	2540.9
	II	1246.2	346.0	381.1	701.5	75.6	1158.2	2750.4
	III	1218.2	351.1	445.8	557.4	148.8	1152.0	2721.3
	IV	1402.4	347.0	282.9	627.9	286.8	1197.5	2947.0
1994	I	1242.9	383.1	494.7	798.6	219.9	1513.2	3139.3
	II	1341.2	403.2	529.3	754.0	184.6	1467.8	3212.3
	III	1739.4	425.4	706.5	784.8	200.3	1691.6	3856.4
	IV	1552.5	425.3	495.7	867.1	295.0	1657.8	3635.6
1995	Jan	1526.2	416.3	670.5	677.6	324.8	1672.9	3615.4
	Feb	1532.0	427.5	494.3	833.0	340.9	1668.2	3627.7
	Mar	1717.3	432.6	574.5	911.1	319.9	1805.5	3955.4
	Apr	1763.1	435.3	511.1	1030.0	263.7	1804.8	4003.2
	May	1681.5	430.8	534.1	1144.2	247.7	1926.0	4038.3
	Jun	1669.0	439.2	489.7	1314.6	254.7	2059.0	4167.2
	Jul	1546.8	445.6	664.6	1176.7	214.4	2055.7	4048.1
	Aug	1709.4	450.7	591.1	1251.2	240.3	2082.6	4242.7
	Sep	1752.4	451.9	645.3	1233.6	274.3	2153.2	4357.5
	Oct	1585.1	455.9	675.9	1256.8	449.6	2382.3	4423.3
	Nov	1644.5	470.7	728.6	1261.1	464.7	2454.4	4569.6
	Dec	1641.6	466.0	673.8	1334.1	505.5	2513.4	4621.0
1996	Jan	1732.3	450.2	745.6	1351.6	440.8	2538.0	4720.5
	Feb	1709.4	459.8	664.5	1451.9	405.9	2522.3	4691.5
	Mar	1628.4	472.7	697.8	1538.4	319.4	2555.6	4656.7
	Apr	1731.3	472.3	708.4	1528.8	342.7	2579.9	4783.5
	May	1868.9	466.0	713.1	1435.2	395.4	2543.7	4878.6
	Jun	1881.0	478.4	771.6	1307.4	408.7	2487.7	4847.1
	Jul	2040.3	496.6	875.9	1219.8	432.7	2528.4	5065.3
	Aug	2049.2	494.9	844.2	1289.4	433.0	2566.6	5110.7
	Sep	1978.7	561.6	901.4	1465.2	522.2	2888.8	5429.1
	Oct	2210.3	574.1	889.1	1502.5	477.8	2869.4	5653.8
	Nov	2370.5	573.7	796.0	1594.5	483.1	2873.6	5817.8
	Dec	2617.7	559.0	722.4	1589.0	433.2	2744.6	5921.3
1997	Jan	2516.9	547.7	920.9	1423.5	480.9	2825.3	5889.9
	Feb	2338.6	540.3	807.6	1554.5	519.7	2881.8	5760.7
	Mar	2497.8	534.0	849.9	1431.4	568.2	2849.5	5881.3
	Apr	2706.2	547.1	846.0	1415.2	677.3	2938.5	6191.8
	May	2790.1	539.1	768.0	1380.0	819.4	2967.4	6296.6
	Jun	2844.5	549.0	752.6	1645.1	779.6	3177.3	6570.8
	Jul	2859.6	554.8	823.9	1637.0	770.2	3231.1	6645.5
	Aug	2967.1	564.9	941.2	1442.2	717.1	3100.5	6632.5
	Scp	2886.9	572.8	838.8	1545.6	734.5	3118.9	6578.6
	Oct	2698.7	594.1	749.6	1671.3	667.5	3088.4	6381.2
	Nov	2929.1	592.8	674.3	1762.5	557.7	2994.5	6516.5
	Dec	2702.5	576.5	761.0	1881.3	471.4	3113.7	6392.7

TABLE II.7 SOURCES OF DEPOSIT MONEY BANKS' DEPOSITS (in N\$ million)

Period	DEMAND DEPOSITS					SAVINGS DEPOSITS					TIME DEPOSITS					TOTAL				
	Private		Financial		Central Govt.	Other		Total	Private		Financial		Central Govt.	Other			Total			
	Busin.	Indiv.	sector			Busin.	Indiv.		sector		Busin.	Indiv.		sector						
1992	I	323.2	430.2	13.1	131.3	76.2	994.0	4.0	320.0	0.0	0.0	0.2	324.2	39.0	395.4	36.3	61.6	152.5	684.8	2003.0
	II	444.9	494.7	16.2	156.5	78.9	1191.2	4.0	326.9	0.0	0.0	0.1	331.0	43.5	427.4	52.7	139.3	179.2	842.1	2364.3
	III	395.9	489.6	24.6	98.0	45.2	1053.3	1.3	346.4	0.0	0.0	0.1	347.8	103.9	471.9	113.9	17.6	216.5	923.8	2324.9
	IV	438.6	468.2	54.8	31.1	71.7	1064.4	1.2	337.0	0.0	0.0	0.1	338.3	190.0	479.5	75.4	15.1	340.4	1100.4	2503.1
1993	I	348.1	527.2	98.7	37.6	82.6	1094.2	1.1	351.5	0.0	0.0	0.0	352.6	190.3	474.7	101.3	30.3	297.5	1094.1	2540.9
	II	490.0	583.3	60.5	26.2	86.2	1246.2	1.1	344.9	0.0	0.0	0.0	346.0	280.0	457.4	110.1	15.4	295.2	1158.2	2750.4
	III	452.0	638.1	45.4	24.1	58.6	1218.2	1.1	350.0	0.0	0.0	0.0	351.1	253.0	485.6	73.6	10.1	329.7	1152.0	2721.3
	IV	697.1	490.4	75.9	25.1	114.0	1402.4	20.1	326.8	0.0	0.0	0.0	347.0	319.6	484.4	40.6	15.0	338.0	1197.5	2947.0
1994	I	391.9	619.2	95.0	36.7	100.0	1242.9	1.7	381.5	0.0	0.0	0.0	383.1	275.0	825.1	1.6	28.0	383.5	1513.2	3139.3
	II	459.8	663.4	63.6	31.7	122.7	1341.2	3.6	399.6	0.0	0.0	0.0	403.2	348.2	714.8	20.7	45.9	338.2	1467.8	3212.3
	III	806.1	721.8	89.8	24.0	97.8	1739.4	4.2	421.2	0.0	0.0	0.0	425.4	539.6	680.7	64.3	34.7	372.3	1691.6	3856.4
	IV	616.1	655.0	88.2	41.4	151.8	1552.5	5.3	420.0	0.0	0.0	0.0	425.3	597.2	645.8	44.5	19.9	350.4	1657.8	3635.6
1995	I	654.0	661.1	220.7	49.6	131.9	1717.3	7.2	425.3	0.0	0.0	0.0	432.6	530.0	709.6	142.7	12.1	411.1	1805.5	3955.4
	II	719.7	655.4	132.3	15.0	146.6	1669.0	4.2	435.0	0.0	0.0	0.0	439.2	565.5	768.2	267.5	16.5	441.2	2059.0	4167.2
	III	762.7	665.5	132.4	23.9	167.9	1752.4	5.5	446.2	0.0	0.0	0.2	451.9	473.0	807.2	310.3	7.0	555.7	2153.2	4357.5
	IV	713.5	651.4	119.1	34.6	123.0	1641.6	10.0	456.0	0.0	0.0	0.0	466.0	565.9	855.6	431.0	4.0	656.9	2513.4	4621.0
1996	Jan	753.0	690.8	136.1	37.0	115.4	1732.3	5.2	445.0	0.0	0.0	0.0	450.2	536.1	865.7	455.4	6.0	674.9	2538.1	4720.6
	Feb	732.7	676.3	134.3	27.1	139.0	1709.4	5.2	454.6	0.0	0.0	0.0	459.8	467.2	878.5	442.9	8.0	725.7	2522.3	4691.5
	Mar	661.3	673.2	153.7	20.2	120.0	1628.4	5.4	467.2	0.0	0.0	0.0	472.6	468.8	891.5	453.1	13.1	728.8	2555.7	4656.7
	Apr	643.8	747.1	197.1	17.6	125.6	1731.2	5.2	467.1	0.0	0.0	0.0	472.3	464.3	904.6	456.5	13.1	741.5	2580.0	4783.5
	May	801.3	757.2	165.0	22.6	122.8	1868.9	5.5	460.5	0.0	0.0	0.0	466.0	438.4	935.9	401.0	11.1	757.3	2543.7	4878.6
	Jun	806.0	730.7	150.9	24.4	169.0	1881.0	5.1	473.3	0.0	0.0	0.0	478.4	462.8	917.8	342.6	13.6	750.9	2487.7	4847.1
	Jul	842.4	751.8	216.8	46.3	183.0	2040.3	5.7	490.9	0.0	0.0	0.0	496.6	501.5	962.5	314.8	12.6	737.0	2528.4	5065.3
	Aug	842.0	740.6	262.4	24.3	179.9	2049.2	5.4	489.4	0.0	0.0	0.0	494.9	416.6	1053.6	360.9	10.6	724.9	2566.6	5110.7
	Sep	815.0	758.0	214.2	5.6	185.9	1978.7	9.8	535.0	9.8	0.0	7.0	561.6	707.0	1042.3	279.6	62.1	707.8	2888.8	5429.1
	Oct	985.5	836.0	166.8	28.2	193.8	2210.3	8.9	554.2	0.4	0.6	6.4	574.1	700.7	1055.3	273.5	54.4	785.5	2869.4	5653.8
	Nov	1035.5	866.4	227.7	15.7	225.2	2370.5	8.0	563.7	0.6	0.6	0.8	573.7	605.1	1090.5	348.7	30.8	798.5	2873.6	5817.8
	Dec	1182.2	908.7	294.0	44.1	188.7	2617.7	12.6	545	0.6	0.6	0.1	559.0	582.2	1115.1	274.7	23.7	748.9	2744.6	5921.3
1997	Jan	1013.9	1047.1	223.1	28.7	204.1	2516.9	8.9	537.4	0.7	0.6	0.1	547.7	622.7	1079.8	349.0	14.0	759.8	2825.3	5889.9
	Feb	1094.1	792	205.8	25.1	193.6	2310.6	6.6	528.5	5.2	0.6	0.0	540.9	577.7	1092.3	395.7	45.1	771	2881.8	5733.3
	Mar	1212.2	784.4	261.3	27.1	212.6	2497.6	6.3	527.7	0.0	0.0	0.0	534.0	579.6	1160.5	290.2	34.1	785.3	2849.7	5881.3
	Apr	1240.8	922.8	274.1	74.9	193.7	2706.3	8.5	538.7	0.0	0.0	0.0	547.2	615.8	1214.1	272.5	33.6	802.3	2938.3	6191.8
	May	1215.0	1022.3	306.0	81.0	165.8	2790.1	5.8	528.2	5.0	0.1	0.0	539.1	638.7	1154.9	347.3	10.6	815.9	2967.4	6296.6
	Jun	1293.0	959.1	324.3	73.0	195.1	2844.5	7.9	541.0	0.0	0.1	0.0	549.0	657.3	1161.2	335.9	23.9	999.1	3177.3	6570.8
	Jul	1438.9	926.7	241.8	100.9	151.3	2859.6	5.9	548.8	0.0	0.1	0.0	554.8	690.5	1182.7	314.3	24.5	1019.1	3231.1	6645.5
	Aug	1357.3	1019.4	281.4	107.5	201.5	2967.1	8.0	551.9	5.0	0.1	0.0	564.9	612.8	1222.2	293.6	23.0	948.9	3100.5	6632.5
	Sep	1290.0	984.4	299.3	137.0	176.2	2886.9	8.3	564.4	0.0	0.1	0.0	572.8	648.1	1118.7	335.2	33.1	983.8	3118.9	6578.6
	Oct	1168.7	942.3	326.9	84.4	176.2	2698.7	12.7	570.8	10.5	0.1	0.0	594.1	590.7	1130.7	366.5	24.1	976.5	3088.5	6381.2
	Nov	1357.4	957.8	307.1	119.5	187.4	2929.1	9.4	583.3	0.0	0.0	0.1	592.8	654.1	1074.5	335.1	18.8	912.0	2994.5	6516.5
	Dec	1091.3	992.8	329.7	116.9	171.7	2702.5	8.6	567.5	0.0	0.0	0.1	576.2	674.6	1147.3	339.2	63.6	865.4	3090.1	6368.8

Financial Sector refers to:
- Other Banking Institutions

TABLE II.8 **SECTORAL DISTRIBUTION OF DEPOSIT MONEY BANKS' DEPOSITS**
(in N\$ million)

Period	PRIVATE SECTOR		Total	Financial Sector	Central Government	Other	TOTAL
	Bussn.	Indiv.					
1992	I	366.2	1165.6	49.4	192.9	228.9	2003.0
	II	492.4	1249.0	68.9	295.8	258.2	2364.3
	III	501.1	1307.9	138.5	115.6	261.8	2324.9
	IV	629.8	1284.7	130.2	46.2	412.2	2503.1
1993	I	539.5	1353.4	200.0	67.9	380.1	2540.9
	II	771.1	1385.7	170.6	41.6	381.4	2750.4
	III	706.1	1473.7	119.0	34.2	388.3	2721.3
	IV	1036.8	1301.6	116.5	40.1	452.0	2947.0
1994	I	668.7	1825.8	96.6	64.7	483.5	3139.3
	II	811.7	1777.8	84.2	77.6	461.0	3212.3
	III	1349.9	1823.7	154.1	58.6	470.1	3856.4
	IV	1218.6	1720.8	132.7	61.3	502.2	3635.6
1995	I	1191.2	1796.0	363.4	61.7	543.1	3955.4
	II	1289.4	1858.7	399.9	31.5	587.8	4167.2
	III	1241.2	1918.9	442.7	30.9	723.8	4357.5
	IV	1289.4	1963.0	550.1	38.6	779.9	4621.0
1996	Jan	1294.3	2001.5	591.5	43.0	790.3	4720.6
	Feb	1205.1	2009.4	577.2	35.1	864.7	4691.5
	Mar	1135.5	2032.3	606.8	33.3	848.8	4656.7
	Apr	1113.3	2118.8	653.6	30.7	867.1	4783.5
	May	1245.2	2153.6	566.0	33.7	880.1	4878.6
	Jun	1273.9	2121.8	493.5	38.0	919.9	4847.1
	Jul	1349.6	2205.2	531.6	58.9	920.0	5065.3
	Aug	1264.0	2283.6	623.3	34.8	904.9	5110.7
	Sep	1531.8	2335.3	503.6	67.7	990.7	5429.1
	Oct	1695.1	2445.5	444.3	83.2	985.7	5653.8
	Nov	1648.6	2520.6	577.0	47.1	1024.5	5817.8
	Dec	1777.0	2568.8	569.3	68.4	937.7	5921.3
1997	Jan	1645.5	2664.3	572.8	43.3	964.0	5889.9
	Feb	1678.4	2412.8	606.7	70.8	964.6	5733.3
	Mar	1798.1	2472.6	551.5	61.2	997.9	5881.3
	Apr	1865.1	2675.6	546.6	108.5	996.0	6191.8
	May	1859.5	2705.4	658.3	91.7	981.7	6296.6
	June	1958.2	2661.3	660.2	96.9	1194.2	6570.8
	Jul	2135.3	2658.2	556.1	125.5	1170.4	6645.5
	Aug	1978.1	2793.5	580.0	130.5	1150.4	6632.5
	Sep	1946.5	2667.5	634.5	170.1	1160.0	6578.6
	Oct	1772.1	2643.8	703.9	108.6	1152.7	6381.2
	Nov	2020.9	2615.6	642.2	138.3	1099.5	6516.5
	Dec	1774.5	2707.6	668.9	180.6	1037.2	6368.8

TABLE II.9 SOURCES OF OTHER BANKING INSTITUTIONS' DEPOSITS (in N\$ million)

SAVINGS DEPOSITS								TIME DEPOSITS						TOTAL
		Private	sector	Financial	Central			Private	sector	Financial	Central			DEPOSITS
Period		Busin.	Indiv.	sector	Govt.	Other	Total	Busin.	Indiv.	sector	Govt.	Other	Total	
1995	Jan	6.0	430.7	65.4	0.5	19.8	522.4	39.1	29.0	74.2	1.2	98.5	241.9	764.3
	Feb	9.7	433.8	63.0	0.5	19.2	526.3	39.4	29.5	70.7	1.2	96.6	237.3	763.6
	Mar	11.6	458.7	65.2	0.6	20.2	556.3	39.8	30.7	73.5	2.0	99.5	245.4	801.7
	Apr	6.1	472.1	80.5	6.4	3.7	568.7	39.6	28.8	71.9	3.3	99.2	242.7	811.4
	May	5.4	472.8	73.7	0.6	13.1	565.5	39.5	28.8	73.1	3.3	99.1	243.8	809.3
	Jun	5.0	487.9	72.5	0.5	16.1	581.9	38.8	30.5	82.9	4.1	83.7	239.9	821.8
	Jul	5.7	503.2	79.5	0.5	14.6	603.5	37.3	26.3	77.3	4.1	74.9	219.8	823.2
	Aug	6.2	519.9	84.0	0.5	19.3	629.8	37.4	27.2	82.5	4.1	80.8	232.0	861.8
	Sep	6.4	533.9	86.9	0.5	16.3	644.0	38.2	25.2	79.3	3.7	88.1	234.5	878.5
	Oct	5.0	510.3	78.4	0.5	20.4	614.5	38.7	29.7	99.1	3.7	97.6	268.8	883.3
	Nov	5.0	505.5	79.5	0.5	16.3	606.8	39.1	30.0	95.8	3.4	97.6	265.9	872.7
	Dec	4.7	481.4	73.7	0.5	18.0	578.3	41.2	19.9	131.1	3.4	77.4	273.0	851.3
1996	Jan	4.7	509.3	49.8	0.5	13.9	578.2	41.7	21.1	141.4	3.2	96.2	303.6	881.8
	Feb	4.8	492.7	75.0	0.5	9.5	582.5	41.1	23.3	140.1	3.2	94.0	301.7	884.2
	Mar	6.0	506.3	76.8	0.5	13.9	603.5	42.6	24.2	131.7	2.1	91.3	291.9	895.4
	Apr	6.1	518.1	76.4	0.5	13.9	615.0	44.1	25.1	123.8	0.8	71.4	265.2	880.2
	May	5.4	502.4	76.1	0.5	15.9	600.4	43.2	25.2	124.3	0.8	68.8	262.3	862.7
	Jun	6.2	474.0	67.2	0.5	17.9	565.8	33.8	23.8	119.6	0.8	65.4	243.4	809.2
	Jul	5.5	486.5	74.8	1.5	17.9	586.2	43.7	25.5	112.4	1.5	63.1	246.1	832.3
	Aug	5.8	485.2	71.6	1.6	15.9	580.1	41.4	25.3	103.8	1.5	57.3	229.3	809.4
	Sep	1.8	461.1	61.4	0.0	0.1	524.4	4.4	17.1	103.4	0.0	53.7	178.6	702.9
	Oct	1.9	503.1	68.5	0.0	0.1	573.6	3.8	14.6	88.1	0.0	47.8	154.3	727.9
	Nov	1.9	523.7	68.8	0.0	0.1	594.5	4.0	15.2	91.7	0.0	53.6	164.5	759.0
	Dec	1.9	509.5	65.8	0.0	0.1	577.3	4.4	14.5	93.4	0.0	60.1	172.4	749.7
1997	Jan	1.9	517.5	67.2	0.0	0.1	586.7	4.0	13.2	85.1	0.0	60.4	162.7	749.4
	Feb	2.0	527.5	70.3	0.0	0.1	599.9	4.5	46.7	62.7	0.0	60.2	174.1	774.0
	Mar	2.0	530.5	71.1	0.0	0.1	603.7	4.2	13.8	88.9	0.0	61.6	168.5	772.2
	Apr	2.2	563.3	76.9	0.0	0.1	642.5	4.0	13.0	83.6	0.0	69.4	170.0	812.5
	May	2.1	551.0	74.7	0.0	0.1	627.9	4.2	32.0	89.3	0.0	69.4	194.9	822.8
	Jun	2.1	558.1	75.8	0.0	0.1	636.1	4.7	33.6	99.6	0.0	73.5	211.4	847.5
	Jul	2.0	541.8	72.9	0.0	0.1	616.8	4.8	34.7	102.6	0.0	65.0	207.1	823.9
	Aug	2.1	545.5	73.6	0.0	0.1	621.3	5.0	30.0	105.8	0.0	66.2	207.0	828.3
	Sep	2.1	543.6	73.2	0.0	0.1	619.0	5.3	26.9	112.9	0.0	68.5	213.7	832.7
	Oct	2.0	536.4	72.0	0.0	0.1	610.5	5.3	25.0	113.2	0.0	69.8	213.4	823.9
	Nov	2.0	556.5	71.3	0.0	0.1	629.9	5.4	19.1	116.4	0.0	86.2	227.1	857.0
	Dec	2.2	584.7	76.4	0.0	0.1	663.3	5.0	21.6	107.4	0.0	84.4	218.4	881.7

TABLE II.10 SECTORAL DISTRIBUTION OF OTHER BANKING INSTITUTIONS' DEPOSITS

(in N\$ million)

		PRIVATE SECTOR			Financial	Central		TOTAL
Period		Bussn.	Indiv.	Total	Sector	Govt.	Other	
1994	Jan	42.2	164.2	206.4	135.4	2.3	173.3	517.4
	Feb	43.7	223.6	267.3	143.2	2.1	103.3	515.9
	Mar	44.9	177.0	221.9	130.3	2.5	162.0	516.7
	Apr	44.2	182.3	226.5	134.2	2.1	162.0	524.9
	May	43.1	187.0	230.1	130.2	2.2	154.4	516.9
	Jun	43.1	189.8	232.9	121.7	3.2	148.8	506.5
	Jul	42.6	198.3	240.9	128.2	3.0	144.4	516.4
	Aug	43.0	264.0	307.0	109.0	3.0	109.5	528.6
	Sep	45.7	314.9	360.6	118.3	2.0	121.0	601.8
	Oct	45.6	385.5	431.1	131.4	1.8	116.3	680.6
	Nov	44.4	377.0	421.4	133.0	1.7	126.2	682.3
	Dec	49.9	485.4	535.3	140.9	1.5	119.9	797.6
1995	Jan	45.1	459.7	504.8	139.6	1.7	118.3	764.3
	Feb	49.2	463.3	512.4	133.7	1.7	115.7	763.6
	Mar	51.4	489.4	540.8	138.7	2.5	119.8	801.7
	Apr	45.7	500.9	546.5	152.4	9.6	102.9	811.4
	May	44.9	501.5	546.5	146.9	3.8	112.2	809.3
	Jun	43.7	518.4	562.1	155.4	4.5	99.8	821.8
	Jul	43.0	529.5	572.5	156.8	4.5	89.4	823.2
	Aug	43.6	547.1	590.7	166.5	4.6	100.1	861.8
	Sep	44.6	559.1	603.7	166.2	4.2	104.4	878.5
	Oct	43.7	540.0	583.7	177.5	4.2	118.0	883.3
	Nov	44.1	535.5	579.6	175.3	3.9	113.9	872.7
	Dec	45.9	501.3	547.2	204.8	3.9	95.4	851.3
1996	Jan	46.4	530.4	576.8	191.2	3.7	110.1	881.8
	Feb	45.9	516.0	561.9	215.1	3.7	103.5	884.2
	Mar	48.6	530.5	579.1	208.5	2.6	105.2	895.4
	Apr	50.2	543.2	593.4	200.2	1.3	85.3	880.2
	May	48.6	527.6	576.2	200.4	1.3	84.7	862.7
	Jun	40.0	497.8	537.8	186.8	1.3	83.3	809.2
	Jul	49.2	512.0	561.1	187.3	3.0	80.9	832.3
	Aug	47.2	510.6	557.8	175.4	3.1	73.2	809.4
	Sep	6.2	478.2	484.4	164.8	0.0	53.7	702.9
	Oct	5.7	517.7	523.4	156.6	0.0	47.9	727.9
	Nov	5.9	538.9	544.8	160.5	0.0	53.7	759.0
	Dec	6.3	524.0	530.3	159.2	0.0	60.2	749.7
	Jan	5.9	530.7	536.6	152.3	0.0	60.5	749.4
	Feb	6.5	574.2	580.7	133.0	0.0	60.3	774.0
	Mar	6.2	544.3	550.5	160.0	0.0	61.7	772.2
	Apr	6.2	576.3	582.5	160.5	0.0	69.5	812.5
	May	6.3	583.0	589.3	164.0	0.0	69.5	822.8
	Jun	6.8	591.7	598.5	175.4	0.0	73.6	847.5
	Jul	6.8	576.5	583.3	175.5	0.0	65.1	823.9
	Aug	7.1	575.5	582.6	179.4	0.0	66.3	828.3
	Sep	7.4	570.5	577.9	186.2	0.0	68.6	832.7
	Oct	7.4	561.4	568.8	185.2	0.0	69.9	823.9
	Nov	7.4	575.6	583.0	187.7	0.0	86.3	857.0
	Dec	7.2	606.3	613.5	183.8	0.0	84.5	881.8

TABLE II.11 COMMERCIAL BANKS CLAIMS ON PRIVATE SECTOR
(end of period in N\$ million)

	1995			1996			1997																					
	Mar	Jun	Dec	Jan	Feb	Mar	Apr	May	Jun		Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
1. Individuals	2385.2	2498.4	2733.0	2775.7	2826.3	2916.9	2939.7	2960.3	2991.8	3002.2	3033.0	3041.3	3266.9	3313.7	3364.8	3411.1	3456.1	3493.8	3543.2	3546.5	3591.8	3607.1	3687.5	3706.2	3725.5	3782.6	3849.6	3854.1
(a) Loans and Advances	1800.3	1879.6	2002.4	1998.0	2049.5	2126.0	2133.9	2148.3	2167.5	2167.1	2188.4	2187.8	2399.6	2430.8	2471.0	2495.5	2537.0	2570.6	2605.3	2613.9	2644.1	2656.0	2731.5	2748.9	2773.7	2833.2	2891.3	
(i) Mortgage loans	850.1	940.8	1034.4	1111.7	1121.5	1145.5	1170.7	1186.6	1202.8	1217.9	1230.7	1245.9	1440.3	1454.2	1484.9	1493.8	1504.3	1513.8	1528.2	1536.8	1574.8	1587.5	1606.3	1627.0	1643.1	1660.7	1665.2	
(ii) Other loans & advances	950.2	938.8	968.0	886.3	928.0	980.5	963.2	961.5	964.7	949.2	957.7	941.9	959.3	976.6	986.1	1001.7	1032.7	1056.8	1077.1	1067.1	1085.3	1082.2	1144.0	1142.6	1146.7	1190.1	1218.6	
(b) Instalment credit	552.8	590.9	705.3	742.5	753.5	766.9	780.5	788.7	801.4	812.6	822.4	837.7	845.0	860.0	868.6	889.8	892.7	895.0	906.0	902.9	918.3	918.8	920.4	919.1	915.6	912.4	934.2	
(c) Leasing transaction	27.5	25.9	20.9	19.7	19.6	19.3	19.2	19.0	18.4	18.1	17.7	14.7	18.0	18.6	20.0	21.0	22.3	23.2	24.7	25.1	26.8	27.6	27.9	28.6	29.3	30.1	30.1	
(d) Bills discounted or purchased	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
(e) Other claims	4.6	2.0	4.4	15.5	3.7	4.7	6.1	4.3	4.5	4.4	4.5	1.0	4.3	4.3	5.2	4.8	4.1	5.0	7.2	4.6	16.7	5.5	8.0	10.3	7.7	10.7	6.0	
2. Business	1494.9	1666.5	1720.6	1967.1	2015.1	2214.0	2245.0	2151.4	2170.0	2109.8	2067.9	2214.4	2169.1	2212.0	2210.7	2252.0	2365.0	2396.1	2363.6	2424.3	2392.8	2383.0	2343.2	2488.2	2541.3	2540.3	2605.9	2699.4
(a) Loans and Advances	1114.9	1245.5	1339.1	1551.4	1597.8	1803.1	1805.7	1728.6	1738.5	1683.7	1645.3	1795.0	1739.3	1775.9	1764.9	1757.8	1868.7	1896.6	1890.0	1920.2	1907.7	1919.2	1898.0	2050.8	2119.9	2117.7	2153.9	2239.3
(i) Mortgage loans	20.0	22.8	29.0	34.6	36.0	37.3	39.5	40.1	40.3	48.3	50.4	53.9	56.8	59.5	53.2	65.7	68.2	72.2	74.4	78.9	81.8	85.2	89.5	93.3	86.1	87.7	90.2	92.3
(ii) Other loans & advances	1094.9	1222.7	1310.1	1516.8	1561.8	1765.8	1706.2	1688.5	1698.2	1635.4	1594.9	1741.2	1685.6	1716.4	1711.7	1692.1	1824.4	1815.6	1843.3	1825.9	1834.0	1808.5	1957.5	2033.8	2030.0	2063.7	2147.0	
(b) Instalment credit	299.4	326.0	275.4	295.2	287.4	297.5	298.3	300.4	303.9	307.6	309.5	319.2	310.5	311.9	315.0	337.7	335.8	340.5	341.7	374.4	368.2	369.9	368.1	361.2	355.3	355.1	350.2	355.2
(c) Leasing transaction	21.7	22.2	32.5	30.5	30.2	30.2	30.1	35.3	35.1	41.1	40.3	36.1	41.0	40.7	39.7	53.2	53.9	54.0	53.0	54.6	51.6	51.7	51.7	51.8	51.0	50.4	50.6	50.0
(d) Bills discounted or purchased	53.5	63.4	70.8	85.6	94.7	77.8	105.5	81.7	87.1	72.0	67.4	64.0	74.0	79.2	85.7	97.8	101.7	98.6	73.5	66.9	59.5	36.2	18.7	18.8	9.8	11.8	14.4	17.9
(e) Other claims	5.4	9.4	2.8	4.4	5.0	5.4	5.4	5.4	5.4	5.4	5.4	0.0	4.3	4.3	5.4	5.5	4.9	6.4	5.4	8.2	5.8	6.0	6.7	5.6	5.3	5.3	36.8	37.0
3. (1+2). TOTAL CLAIMS ON PRIVATE SECTOR																												
(a) Loans and advances	2915.2	3125.1	3341.5	3549.4	3647.3	3929.1	3939.6	3876.9	3906.0	3850.8	3833.7	3982.8	4138.9	4206.7	4235.9	4253.3	4405.7	4467.2	4495.3	4534.1	4551.8	4575.2	4629.5	4799.7	4893.6	4951.0	5045.2	5123.1
(i) Mortgage loans	870.1	963.6	1068.1	1146.3	1157.5	1182.8	1210.2	1226.9	1243.1	1266.2	1281.1	1299.8	1497.1	1513.7	1538.1	1559.5	1572.5	1586.0	1602.6	1625.7	1640.6	1659.0	1677.0	1699.6	1713.1	1730.8	1750.9	1757.5
(ii) Other loans and advances	2045.1	2161.5	2278.1	2403.1	2489.8	2746.3	2729.4	2650.0	2662.9	2584.6	2552.6	2683.1	2941.8	2893.0	2697.8	2693.8	2833.2	2881.2	2892.7	2908.4	2911.2	2916.2	2932.5	3100.1	3180.5	3220.1	3294.3	3365.6
(b) Instalment credit	852.2	916.9	980.7	1037.7	1040.9	1064.4	1078.8	1089.1	1105.3	1120.2	1131.9	1156.9	1155.5	1171.9	1183.6	1221.5	1228.5	1247.7	1277.3	1281.5	1288.7	1288.5	1298.3	1270.9	1267.7	1289.4	1301.7	1328.4
(c) Leasing transaction	49.2	48.1	53.4	50.2	49.8	49.5	49.3	54.3	53.5	59.2	58.0	50.8	59.0	59.3	59.7	74.2	76.2	77.2	79.7	79.7	64.3	78.5	79.3	79.7	79.6	79.7	80.7	80.1
(d) Bills discounted or purchased	53.5	63.4	70.8	85.6	94.7	77.8	105.5	81.7	87.1	72.0	67.4	64.0	74.0	79.2	85.7	97.8	101.7	98.6	73.5	66.9	59.5	36.2	18.7	18.8	9.8	11.8	14.4	17.9
(e) Other claims	10.0	11.4	7.2	19.9	8.7	10.1	11.5	9.7	9.9	9.8	9.9	1.0	8.6	8.6	10.6	10.3	9.0	11.4	12.6	12.8	22.5	15.1	14.7	15.9	13.0	13.0	47.5	43.0
TOTAL	3880.1	4164.9	4453.6	4742.8	4841.4	5130.9	5184.7	5111.7	5161.8	5112.0	5100.9	5255.6	5436.0	5525.7	5575.5	5663.1	5889.9	5906.8	5970.8	5984.6	5990.1	6030.7	6194.4	6266.8	6323.0	6455.4	6553.5	

TABLE II.12. OTHER BANKING INSTITUTIONS CLAIMS ON PRIVATE SECTOR
(end of period in N\$ million)

	1995					1996					1997					Nov	Dec											
	Mar	Jun	Sep	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov													
1. Individuals	1391.8	1402.5	1418.9	1448.2	1452.2	1452.1	1457.2	1472.7	1468.0	1467.2	1463.8	1469.8	1283.6	1283.6	1295.2	1291.0	1285.3	1298.9	1300.7	1290.6	1293.2	1293.2	1310.4	1311.3	1323.7	1339.8	1356.2	
a) Loans and Advances	1385.2	1401.7	1418.5	1447.8	1451.8	1451.7	1456.8	1472.3	1467.6	1466.6	1463.3	1469.3	1283.1	1283.1	1294.7	1290.6	1284.9	1298.5	1300.1	1300.1	1302.7	1302.7	1320.0	1320.8	1333.3	1349.4	1365.4	
(i) Mortgage loans	1112.8	1125.8	1134.6	1156.6	1160.6	1158.1	1163.4	1180.0	1176.6	1175.0	1170.8	1176.8	990.0	987.5	999.8	995.7	1048.2	989.5	1002.8	1002.1	1005.2	1005.2	1023.8	1026.0	1037.4	1049.5	1062.3	
(ii) Other loans & advances	272.4	275.9	283.9	291.2	291.2	293.6	293.4	292.3	291.0	291.6	292.5	292.5	293.1	295.6	294.9	294.9	236.7	295.1	297.1	297.5	298.0	297.5	296.2	294.8	295.9	299.8	303.1	
b) Instalment credit	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
c) Leasing transaction	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
d) Bills discounted or purchased	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
e) Other claims	6.6	0.8	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.6	0.5	0.5	0.5	0.5	0.5	0.4	0.4	0.4	0.4	-9.5	-9.5	-9.5	-9.5	-9.5	-9.5	-9.6	-9.2	
2. Business	27.1	65.1	69.3	71.6	75.8	80.0	92.1	84.1	85.4	86.7	86.8	80.2	69.1	65.5	61.8	61.9	60.9	58.7	57.4	55.4	49.0	47.1	47.1	53.9	55.7	55.6	46.3	
a) Loans and Advances	3.9	36.7	38.4	41.8	46.0	50.2	62.3	54.3	55.8	57.1	57.2	51.1	46.1	45.8	45.8	45.7	45.7	45.8	44.6	39.0	38.9	38.9	38.6	38.6	38.3	38.3	38.3	
(i) Mortgage loans	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
(ii) Other loans & advances	3.9	36.7	38.4	41.8	46.0	50.2	62.3	54.3	55.8	57.1	57.2	51.1	46.1	45.8	45.8	45.7	45.7	45.8	44.6	39.0	38.9	38.9	38.6	38.6	38.3	38.3	38.3	
b) Instalment credit	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
c) Leasing transaction	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
d) Bills discounted or purchased	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
e) Other claims	23.2	28.4	30.9	29.8	29.8	29.8	29.8	29.8	29.6	29.6	29.6	29.1	23.0	19.7	16.0	16.2	15.2	12.9	12.8	10.8	10.0	8.2	8.2	15.3	17.1	17.3	8.0	
3. (1+2). TOTAL CLAIMS ON PRIVATE SECTOR																												
a) Loans and Advances	1389.1	1438.4	1456.9	1489.6	1497.8	1501.9	1519.1	1526.6	1523.4	1523.7	1520.5	1520.4	1329.2	1328.9	1340.5	1336.3	1330.6	1330.4	1343.1	1344.9	1339.1	1341.6	1341.6	1358.6	1359.4	1371.6	1387.7	1403.7
(i) Mortgage loans	1112.8	1125.8	1134.6	1156.6	1160.6	1158.1	1163.4	1180.0	1176.6	1175.0	1170.8	1176.8	990.0	987.5	999.8	995.7	1048.2	989.5	1001.4	1002.8	1002.1	1005.2	1023.8	1026.0	1037.4	1049.5	1062.3	
(ii) Other loans & advances	276.3	312.6	322.3	333.0	337.2	343.8	355.7	346.6	346.8	348.7	349.7	343.6	339.2	341.4	340.7	340.6	292.4	340.9	341.7	342.1	337.0	336.4	336.4	334.8	334.2	338.2	341.4	
b) Instalment credit	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
c) Leasing transaction	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
d) Bills discounted or purchased	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
e) Other claims	29.8	29.2	31.3	30.2	30.2	30.2	30.2	30.2	30.0	30.2	30.1	29.6	23.5	20.2	16.5	16.6	15.6	13.3	13.2	11.2	0.5	-1.3	-1.3	5.7	7.6	7.7	-1.2	
TOTAL	1418.9	1467.6	1488.2	1519.8	1528.0	1532.1	1549.3	1556.8	1553.4	1553.9	1550.6	1550.0	1352.7	1349.1	1357.0	1352.9	1346.2	1343.7	1356.3	1356.1	1339.6	1340.3	1340.3	1364.3	1367.1	1379.3	1395.4	1402.5

TABLE III.1 INTEREST RATES

Period	Prime rate	Bank rate	Treasury Bills	3-Months BA Rate (1)	Government Bonds (2)	Money Market Rates (3)	Deposit Rates	Lending Rates
1994 Jan	15.50	14.50	11.19	11.12	12.07	9.80	9.29	16.63
Feb	15.50	14.50	11.18	11.15	12.56	9.54	9.27	16.63
Mar	15.50	14.50	10.97	11.15	12.73	9.56	9.27	17.51
Apr	15.50	14.50	10.90	10.30	12.97	10.12	9.09	17.39
May	15.50	14.50	10.97	11.29	13.02	10.79	9.39	16.79
Jun	15.50	14.50	10.95	11.72	14.11	10.37	9.18	17.31
Jul	15.50	14.50	10.95	12.52	14.83	10.00	9.06	17.18
Aug	15.50	14.50	10.95	11.60	15.62	9.58	8.81	17.20
Sep	15.50	15.50	10.99	12.07	16.59	9.79	8.17	16.48
Oct	16.50	15.50	11.97	11.96	16.91	10.97	9.41	17.04
Nov	16.50	15.50	12.32	12.27	16.94	10.84	9.86	16.99
Dec	16.50	15.50	12.44	12.43	16.80	11.56	9.38	17.29
1995 Jan	16.50	15.50	12.86	13.64	17.02	11.61	9.67	16.88
Feb	16.50	16.50	13.42	13.06	16.82	11.66	9.65	17.51
Mar	18.00	16.50	13.71	13.33	16.72	11.85	10.24	18.31
Apr	18.00	16.50	13.71	13.65	16.82	12.48	10.33	18.17
May	18.00	16.50	14.19	14.14	16.95	13.09	10.48	18.24
Jun	18.00	16.50	14.19	14.48	16.78	12.86	10.73	18.31
Jul	19.00	17.50	14.19	14.82	16.62	13.38	10.84	19.15
Aug	19.00	17.50	14.20	14.78	15.96	13.54	10.73	19.09
Sep	19.00	17.50	14.20	15.16	15.49	13.59	11.77	19.02
Oct	19.00	17.50	14.10	15.11	15.15	13.91	11.69	19.20
Nov	19.00	17.50	14.10	14.95	14.39	14.09	11.98	19.20
Dec	19.00	17.50	14.10	15.11	14.56	14.84	11.99	19.03
1996 Jan	19.00	17.50	14.01	15.29	13.77	13.75	12.21	18.76
Feb	19.00	17.50	13.98	15.34	14.10	13.75	12.35	18.85
Mar	19.00	17.50	14.32	15.55	15.04	13.75	12.28	18.79
Apr	20.00	17.50	14.24	15.72	15.78	13.75	12.17	18.33
May	20.00	17.50	16.14	16.98	16.53	14.92	12.49	19.57
Jun	20.00	17.50	15.84	17.09	15.78	16.08	12.77	19.79
Jul	20.00	17.50	15.14	17.15	15.39	15.67	12.74	19.81
Aug	20.00	17.50	16.12	17.15	15.82	15.96	12.51	20.05
Sep	20.00	17.50	15.32	17.15	15.42	15.50	12.74	19.83
Oct	20.00	17.50	15.26	17.15	15.80	15.33	12.69	19.83
Nov	20.00	17.75	16.05	17.19	16.18	15.41	12.86	19.69
Dec	20.70	17.75	16.52	17.67	16.19	16.08	12.91	19.92
1997 Jan	20.70	17.75	16.51	18.00	15.82	17.04	13.24	20.24
Feb	20.70	17.75	15.97	17.96	15.03	16.42	13.23	20.33
Mar	20.70	17.75	15.99	17.94	15.16	16.12	12.93	20.36
Apr	20.70	17.75	15.90	17.96	15.24	16.05	12.69	20.93
May	20.70	17.75	15.85	17.94	15.08	15.72	13.02	21.01
Jun	20.70	17.75	15.74	17.86	14.72	15.43	13.15	20.14
Jul	20.70	17.75	15.72	17.94	14.21	14.97	12.79	20.18
Aug	20.70	17.75	15.64	17.94	14.24	15.04	12.40	20.46
Sep	20.55	17.75	15.51	17.75	14.18	14.68	12.56	20.01
Oct	20.00	16.00	14.97	17.19	14.05	14.45	12.31	19.64
Nov	20.00	16.00	15.07	17.16	14.50	14.32	12.09	19.25
Dec	20.00	16.00	15.31	17.17	14.14	14.72	12.00	19.60

Source:

(1) until December 1995: average for two major commercial banks
from January 1996: Namibian average

(2) South African Reserve Bank for South African government bonds

(3) until December 1995: South African Reserve Bank for South African interbank rates
from January 1996: Namibian average

TABLE IV.1 HOLDINGS OF GOVERNMENT OF NAMIBIA TREASURY BILLS

N\$'000

Date issued	Date due	Deposit Money Banks	Other Banking Institutions	Non-banking Financial Instit.	Other Public Enterprises	Private Sector	TOTAL	Amount Outstanding
1995								
Jan	04/95	84,700.0	0.0	10,000.0	5,000.0	1,660.0	101,360.0	101,360.0
Feb	05/95	72,600.0	0.0	0.0	5,000.0	5,350.0	82,950.0	184,310.0
Mar	06/95	91,060.0	20,000.0	25,000.0	0.0	12,130.0	148,190.0	332,500.0
May	08/95	108,600.0	3,190.0	10,000.0	0.0	28,210.0	150,000.0	298,190.0
Jun	09/95	64,880.0	0.0	24,880.0	0.0	10,240.0	100,000.0	250,000.0
Aug	11/95	141,630.0	0.0	14,130.0	10,000.0	34,240.0	200,000.0	300,000.0
Oct	01/96	148,200.0	0.0	7,040.0	0.0	44,760.0	200,000.0	400,000.0
Nov	02/96	129,820.0	0.0	44,830.0	0.0	45,350.0	220,000.0	420,000.0
Sub-total		841,490.0	23,190.0	135,880.0	20,000.0	181,940.0	1,202,500.0	
1996								
Jan	04/96	139,930.0	0.0	2,980.0	0.0	57,090.0	200,000.0	420,000.0
Feb	05/96	170,770.0	0.0	0.0	0.0	49,230.0	220,000.0	420,000.0
Mar	06/96	80,000.0	0.0	0.0	0.0	53,540.0	133,540.0	553,540.0
Apr	07/96	131,910.0	1,000.0	5,000.0	0.0	62,090.0	200,000.0	553,540.0
May	08/96	111,910.0	0.0	0.0	5,000.0	83,090.0	200,000.0	533,540.0
Jun	09/96	118,000.0	0.0	7,000.0	10,000.0	51,790.0	186,790.0	586,790.0
Jul	10/96	138,300.0	0.0	0.0	10,000.0	60,690.0	208,990.0	595,780.0
Aug	11/96	107,940.0	28,000.0	15,000.0	10,000.0	69,060.0	230,000.0	625,780.0
Sep	12/96	130,000.0	0.0	17,000.0	10,000.0	46,390.0	203,390.0	642,380.0
Oct	01/97	205,400.0	0.0	0.0	10,000.0	80,570.0	295,970.0	729,360.0
Nov	02/97	182,000.0	0.0	31,000.0	10,000.0	81,770.0	304,770.0	804,130.0
Dec*	06/97	42,000.0	80,000.0	19,300.0	0.0	30.0	141,330.0	742,070.0
Dec	03/97	110,120.0	43,000.0	0.0	10,000.0	86,880.0	250,000.0	992,070.0
Sub-total		1,668,280.0	152,000.0	97,280.0	75,000.0	782,220.0	2,774,780.0	
1997								
Jan	04/97	170,200.0	0.0	10,000.0	10,000.0	86,280.0	276,480.0	972,580.0
Feb	05/97	217,000.0	0.0	2,300.0	10,000.0	100,420.0	329,720.0	997,530.0
Mar	06/97	187,000.0	43,000.0	11,060.0	0.0	50,590.0	291,650.0	1,039,180.0
Apr	07/97	167,440.0	7,000.0	38,190.0	21,000.0	56,370.0	290,000.0	1,052,700.0
May	08/97	209,700.0	35,000.0	3,000.0	10,000.0	106,470.0	364,170.0	1,087,150.0
Jun*	12/97	45,000.0	75,000.0	22,300.0	0.0	34,150.0	176,450.0	1,122,270.0
Jun	09/97	205,000.0	25,000.0	24,100.0	0.0	87,750.0	341,850.0	1,172,470.0
Jul	10/97	60,600.0	20,000.0	11,560.0	0.0	29,610.0	121,770.0	1,004,240.0
Jul	10/97	212,000.0	0.0	31,420.0	10,000.0	73,810.0	327,230.0	1,331,470.0
Aug	11/97	293,040.0	5,000.0	9,170.0	10,000.0	114,620.0	431,830.0	1,399,130.0
Sep	12/97	161,140.0	63,000.0	34,000.0	10,000.0	131,860.0	400,000.0	1,457,280.0
Oct*	04/98	105,000.0	50,000.0	30,050.0	0.0	6,070.0	191,120.0	1,526,630.0
Oct	01/98	212,400.0	2,500.0	0.0	10,000.0	145,720.0	370,620.0	1,570,020.0
Nov	02/98	307,110.0	18,000.0	72,500.0	10,000.0	123,520.0	531,130.0	1,669,320.0
Dec*	06/98	50,000.0	85,000.0	200.0	0.0	63,410.0	198,610.0	1,691,480.0
Dec	03/98	183,300.0	55,050.0	20,000.0	10,000.0	118,330.0	386,680.0	1,678,160.0
Sub-total		2,785,930.0	483,550.0	319,850.0	111,000.0	1,328,980.0	5,029,310.0	

*means 182 day treasury bills

TABLE IV.2 HOLDINGS OF GOVERNMENT OF NAMIBIA INTERNAL REGISTERED STOCK

N\$'000

Date issued	Date due	Coupon rate [%]	Deposit Money Banks	Other Banking Institutions	Non-banking Financial Instit.	Other Public Enterprises	Private Sector	TOTAL	Amount Outstanding
1992									
Oct	10/94	12.00	44,800.0	0.0	5,200.0	0.0	0.0	50,000.0	50,000.0
Dec	12/95	12.00	22,450.0	3,150.0	24,000.0	0.0	400.0	50,000.0	100,000.0
Sub-total			67,250.0	3,150.0	29,200.0	0.0	400.0	100,000.0	
1993									
Mar	03/95	11.50	0.0	3,000.0	20,500.0	0.0	10,500.0	34,000.0	134,000.0
Jun	06/96	12.00	19,000.0	0.0	70,000.0	0.0	0.0	89,000.0	223,000.0
Aug	08/96	12.00	12,200.0	0.0	41,500.0	0.0	5,000.0	58,700.0	281,700.0
Oct	10/98	13.00	0.0	0.0	66,500.0	0.0	200.0	66,700.0	348,400.0
Nov	11/96	12.00	6,000.0	5,000.0	60,000.0	0.0	0.0	71,000.0	419,400.0
Sub-total			37,200.0	8,000.0	258,500.0	0.0	15,700.0	319,400.0	
1994									
Feb	02/97	11.50	5,000.0	0.0	64,000.0	0.0	0.0	69,000.0	488,400.0
Jun	06/97	12.00	0.0	0.0	26,000.0	0.0	0.0	26,000.0	514,400.0
Aug	08/96	12.00	2,000.0	13,500.0	64,000.0	2,000.0	1,100.0	82,600.0	597,000.0
Nov	11/97	12.00	12,500.0	0.0	25,500.0	2,000.0	10,000.0	50,000.0	597,000.0
Sub-total			19,500.0	13,500.0	179,500.0	4,000.0	11,100.0	227,600.0	
1995									
Jun	06/98	12.00	0.0	0.0	7,000.0	0.0	100,000.0	107,000.0	670,000.0
Sep	09/01	12.00	0.0	0.0	172,023.0	0.0	0.0	172,023.0	842,023.0
Dec	12/00	12.00	5,000.0	0.0	35,710.0	280.0	109,010.0	150,000.0	942,023.0
Sub-total			5,000.0	0.0	214,733.0	280.0	209,010.0	429,023.0	
1996									
May	05/99	12.00	120,000.0	1,000.0	27,000.0	10,000.0	330.0	158,330.0	1,100,353.0
Aug	08/02	12.00	145,000.0	0.0	5,000.0	0.0	0.0	150,000.0	1,020,053.0
Nov	11/99	12.00	40,000.0	0.0	24,100.0	0.0	31,470.0	95,570.0	1,044,623.0
Sub-total			305,000.0	1,000.0	56,100.0	10,000.0	31,800.0	403,900.0	
1997									
Feb	02/02	12.00	0.0	0.0	20,500.0	0.0	55,780.0	76,280.0	1,051,903.0
May	05/99	12.00	77,000.0	0.0	25,000.0	0.0	32,000.0	134,000.0	1,185,903.0
Jun	06/00	12.00	56,600.0	0.0	0.0	0.0	550.0	57,150.0	1,217,053.0
Aug	08/00	12.00	34,500.0	0.0	1,000.0	0.0	9,400.0	44,900.0	1,261,953.0

TABLE IV. 3 SUMMARY OF EXPENDITURE BY FUNCTIONAL ECONOMIC CLASSIFICATION

	1992/93	%	1993/94	%	1994/95	%	1995/96	%	1996/97	%	1997/98	%	1998/99	%
GENERAL GOVERNMENT SERVICES	1,010.5	28.5	904.3	26.9	975.6	26.4	1,254.1	28.9	1,894.1	32.3	1,596.6	27.7	1,987.4	29.3
GENERAL PUBLIC SERVICES	607.0		464.0		515.5		724.2		1,162.4		809.6		1,052.7	
DEFENCE	177.7		187.3		198.0		232.1		377.2		415.6		442.6	
PUBLIC ORDER AND SAFETY	225.8		253.0		262.1		297.8		354.5		371.4		492.1	
COMMUNITY AND SOCIAL SERVICES	1,635.8	46.2	1,703.8	50.6	2,046.4	55.5	2,292.9	52.8	2,759.1	47.1	2,971.2	51.6	3,309.2	48.8
EDUCATION	725.8		809.3		952.2		1,049.9		1,431.7		1,523.6		1,700.6	
HEALTH	326.6		331.7		410.0		480.6		570.7		611.6		712.6	
SOCIAL SECURITY AND WELFARE	200.2		205.6		249.7		248.3		276.1		280.7		320.8	
HOUSING AND COMMUNITY AMENITY	289.8		272.2		343.7		402.8		347.5		406.2		408.9	
RECREATION AND CULTURAL AFFAIRS	93.4		85.0		90.8		111.3		133.1		149.1		166.3	
ECONOMIC SERVICES	854.4	24.1	659.8	19.6	535.8	14.5	671.9	15.5	988.1	16.9	976.5	17.0	1,045.2	15.4
FUEL AND ENERGY	27.5		25.7		19.2		21.3		16.8		33.9		40.9	
AGRICULTURE, FORESTRY, FISHING, HUNTING	293.6		264.8		208.0		271.8		491.5		420.6		490.4	
MINING AND MINERAL RESOURCES	19.1		25.3		16.7		18.0		35.5		30.5		25.5	
TRANSPORTATION AND COMMUNICATION	452.9		283.8		226.2		270.8		319.4		409.1		320.3	
OTHER ECONOMIC AFFAIRS	61.3		60.2		65.7		90.0		124.9		82.4		168.1	
EXPENDITURE NOT CLASSIFIED	43.5	1.2	98.1	2.9	131.8	3.6	121.0	2.8	215.8	3.7	209.6	3.6	441.7	6.5
TOTAL EXPENDITURE	3,544.2	100.0	3,366.0	100.0	3,689.6	100.0	4,339.9	100.0	5,857.1	100.0	5,753.9	100.0	6,783.5	

Source: Ministry of Finance

* The 96/97 figures are budget estimates

TABLE IV.4 Government Revenue and Expenditure

	1993/94		1994/95		1995/96		1996/97		1997/98		1997/98	
		% of total		% of total		% of total		% of total	BUDGET	% of total	REVISED	% of total
Total Revenue & Grants	3,116.2	89.1	3,663.2	84.8	4,069.7	87.2	4,648.4	86.2	5,198.2	87.4	5,389.5	86.5
Tax Revenue	2,775.7	29.9	3,104.7	27.7	3,548.2	26.6	4,113.4	28.4	4,542.3	26.3	4,663.4	27.9
Direct taxes	930.2	16.6	1,016.0	15.3	1,080.7	15.4	1,353.8	17.8	1,365.6	15.2	1,501.0	53.6
Personal Taxes	518.5	369.2	561.7	424.8	625.0	427.0	846.9	8.7	790.0	9.8	805.0	78.9
Company Taxes	42.5	1.4	29.5	0.8	28.7	0.7	90.6	1.9	510.0	1.3	635.0	9.6
Other Taxes on Income and Profits												
Indirect Taxes	1,845.5	59.2	2,088.7	57.0	2,467.5	60.6	2,759.6	57.8	3,176.7	61.1	3,162.4	58.7
Domestic tax on goods and services	906.6	29.1	1,115.8	30.5	1,234.8	30.3	1,342.3	28.1	1,520.7	29.3	1,516.4	48.0
Tax on property	27.7	0.9	38.0	1.0	40.0	1.0	32.9	0.7	50.0	1.0	44.0	2.9
Tax on int. trade & transactions	896.0	28.8	905.4	24.7	1,156.7	28.4	1,348.7	28.3	1,564.0	30.1	1,560.0	28.9
Others	15.2	0.5	29.5	0.8	36.0	0.9	35.7	0.7	42.0	0.8	42.0	2.7
Non-tax revenue	274.7	8.8	513.4	14.0	469.5	11.5	488.2	10.2	532.2	10.2	525.1	9.7
Entrepreneurial & Property Income	74.6	2.4	199.3	5.4	220.2	5.4	303.5	6.4	308.7	5.9	308.8	58.8
Fines & Forfeitures	5.9	0.2	8.9	0.2	6.0	0.1	11.9	0.2	10.0	0.2	8.5	2.8
Administrative fees & charges	194.2	6.2	305.2	8.3	243.3	6.0	172.8	3.6	213.5	4.1	207.8	3.9
Return on capital	11.0	0.4	10.7	0.3	9.6	0.2	13.9	0.3	59.7	1.1	98.7	1.8
Grants	54.8	1.8	34.4	0.9	42.4	1.0	32.9	0.7	64.0	1.2	102.3	1.9
Total Expenditure & Net Lending	3,366.3		3,690.4		4,339.8		5,588.5		5,754.0		6,087.3	
Current Expenditure	2,833.5	84.2	3,151.4	85.4	3,659.8	84.3	4,918.8	90.7	4,755.4	82.6	5,206.3	85.5
Personnel Expenditure	1,621.8	48.2	1,717.4	46.5	2,027.2	46.7	2,649.6	48.9	2,633.9	45.8	2,766.1	45.4
Goods and Other Services	746.3	22.2	827.7	22.4	984.6	22.7	1,151.2	21.2	1,186.3	20.6	1,285.3	21.1
Subsidies and transfers	367.4	10.9	474.3	12.9	527.5	12.2	794.7	14.7	725.4	12.6	821.0	13.5
Domestic Interest Payments	54.2	1.6	81.9	2.2	103.8	2.4	241.8	4.5	204.3	3.6	325.4	5.3
Foreign Interest Payments	12.0	0.4	19.0	0.5	15.9	0.4	1.3	0.0	3.3	0.1	4.4	0.1
Other	31.8	0.9	31.1	0.8	0.8	0.0	80.2	1.5	2.2	0.0	4.1	0.1
Capital Expenditure	498.3	14.8	506.3	13.7	645.8	14.9	648.0	12.0	846.8	14.7	836.2	13.7
Lending & Equity Participation	34.5	1.0	32.7	0.9	34.2	0.8	21.7	0.4	151.8	2.6	44.8	0.7
Overall Deficit	(250.1)		(27.2)		(270.1)		(940.1)		(555.8)		(697.8)	
In per cent of GDP												
Revenue:												
Direct taxes	10.7	9.7	9.4	9.0					9.0		9.9	
Taxes on property	0.3	0.4	0.3	0.2					0.3		0.3	
Domestic taxes on goods and services	10.4	10.7	10.8	8.9					10.0		10.0	
Taxes on international trade	10.3	8.7	10.1	9.0					10.3		10.3	
Total tax revenue	31.8	29.8	30.9	27.4					30.0		30.8	
Non-tax revenue	3.1	4.9	4.1	3.3					3.5		3.5	
Total revenue and grants	35.7	35.1	35.5	31.0					34.3		35.5	
Expenditure:												
Current expenditure	32.4	30.2	31.9	32.8					31.4		34.3	
Personnel expenditure	18.6	16.5	17.7	17.7					17.4		18.2	
Goods and other services	8.5	7.9	8.6	7.7					7.8		8.5	
Subsidies and transfer	4.2	4.5	4.6	5.3					4.8		5.4	
Domestic interest payment	0.6	0.8	0.9	1.6					1.3		2.1	
Foreign interest payment	0.1	0.2	0.1	0.0					0.0		0.0	
Other	0.4	0.3	0.0	0.5					0.0		0.0	
Capital expenditure	5.7	4.9	5.6	4.3					5.6		5.5	
Total expenditure	38.5	35.4	37.8	37.3					37.9		40.1	
Overall deficit (-)/surplus (+)	(2.9)	(0.3)	(2.4)	(6.3)					(3.7)		(4.6)	
GDP at market prices (N\$ million)	8,733.3	10,425.6	11,478.5	15,000.0					15,163.3		15,163.3	

Source: Ministry of Finance

TABLE V.1 CURRENT ACCOUNT (a)
N\$ Million

	1993	1994	1995	1996	1997(p)
1 Merchandise trade balance (2-3)	245.5	77.0	-567.1	-300.4	-197.3
2 Exports fob	4220.5	4794.0	5076.9	5906.6	6262.7
Diamonds	1515.3	1486.2	1764.8	2318.7	2514.6
Other mineral products	858.6	906.1	890.5	1073.6	1257.2
Food and live animals	1139.0	1672.0	1754.0	2167.0	1694.0
Manufactured products	655.0	655.0	589.2	264.6	716.8
Other commodities	52.6	74.7	78.4	82.7	80.0
3 Imports fob - excluding duty (b)	-3975.0	-4717.0	-5644.0	-6207.0	-6460.0
4 Services (net)	-835.1	-761.4	-871.8	-1037.4	-655.1
Transportation (net)	-649.4	-684.7	-711.2	-827.7	-781.8
Travel (net)	398.1	528.5	683.3	878.3	1078.2
Insurance (net)	-70.2	-107.8	-171.1	-189.5	-198.0
Other private services* (net)	-521.9	-502.2	-676.3	-900.5	-751.5
Other government services (net)	8.3	4.8	3.5	1.9	-2.0
5 Compensation of employees (net)	-3.5	0.9	0.5	-3.8	-32.8
6 Investment income (net)	219.9	239.1	485.7	334.9	294.1
Income received	712.8	774.3	1342.2	1352.5	1161.2
direct investment	40.8	21.8	20.8	22.6	9.8
portfolio investment	41.1	36.3	50.3	48.9	51.7
other investment	630.8	716.2	1271.1	1281.0	1099.8
Income paid	-492.9	-535.2	-856.4	-1017.6	-867.1
direct investment	-386.3	-393.4	-702.5	-841.3	-700.3
portfolio investment	-68.2	-91.5	-74.0	-98.8	-75.8
other investment	-38.4	-50.3	-79.9	-77.6	-91.0
7 Total goods, services and income balance (2 to 6)	-373.2	-444.4	-952.7	-1006.7	-591.2
8 Transfers in cash and kind (net)	785.8	779.0	1008.7	1301.6	1475.2
Government					
grants from foreign govts, intl & NGOs	279.7	203.0	266.0	365.5	314.3
SACU	762.3	868.2	1092.4	1300.5	1507.0
withholding taxes	20.5	26.7	26.0	28.0	31.2
other transfers received	48.4	43.3	32.0	25.5	50.0
transfer debits (mainly SACU)	-406.7	-431.8	-511.8	-550.5	-543.4
Private					
grants received by NGOs	78.9	64.0	95.0	123.3	105.2
other transfers (net)	2.8	5.7	9.1	9.4	10.8
9 CURRENT ACCOUNT BALANCE (7+8)	412.6	334.7	56.0	294.9	884.1

(a) Debit (negative) entries are used to record imports of goods and services, investment income payable, the counterpart to transfers received from non-residents, and a deficit.
 Credit (positive) entries record exports of goods and services, income receivable, the counterpart to transfers made to non-residents, and a surplus.

(b) Represents imports after adjustments made to place imports by SACU countries on similar basis to imports by non-SACU countries. Estimated imports before adjustment were: 1990=N\$3 134 million; 1991=N\$3 345 million; 1992=N\$3 895 million; 1993=N\$4 294 million; 1994=N\$5 033 million; 1995=N\$5 905 million; 1996=N\$6 563 million; and 1997=N\$6 829 million.

* Business, administrative, financial and communications services.

(p) Provisional

TABLE V.2 NAMIBIA BALANCE OF PAYMENTS : CAPITAL AND FINANCIAL ACCOUNT
(N\$ million)

	1990	1991	1992	1993	1994	1995	1996	1997
Net capital transfers	109.3	79.8	91.5	88.3	153.6	145.5	180.8	109.6
Resident official sector	113.6	87.3	83.7	84.9	146.8	144.5	177.9	104.3
Other sectors	(4.3)	(7.5)	7.7	3.4	6.7	1.0	3.0	5.3
Direct investment abroad	(3.5)	(17.6)	4.5	(28.4)	21.7	(3.9)	(5.0)	(6.0)
Equity capital	(0.3)	(0.7)	9.7	(3.8)	2.5	(5.0)	(5.0)	(5.0)
Reinvested earnings	0.6	(5.9)	(5.3)	3.2	17.2	1.2	2.0	2.0
Other capital	(3.8)	(11.0)	0.1	(27.7)	2.0	(0.1)	(2.0)	(3.0)
Direct investment in Namibia	76.5	332.7	337.2	180.7	347.9	428.5	655.1	583.0
Equity capital	93.9	78.5	34.8	58.1	96.2	112.9	289.7	219.0
Banks								
Mining								
Other								
Reinvested earnings	(112.6)	62.8	190.7	82.1	181.6	358.6	340.4	321.0
Other capital	95.2	191.3	111.7	40.4	70.1	(43.0)	25.0	43.0
Liabilities to direct investors	35.3	181.4	30.3	22.8	68.2	12.3	20.0	33.0
Claims on direct investors	59.9	9.9	81.4	17.6	1.9	(55.3)	5.0	10.0
Portfolio investment	28.3	(70.9)	45.3	246.6	168.0	293.1	134.7	125.8
Equity - assets	(23.1)	(34.2)	(19.8)	(15.9)	(17.5)	(13.7)	(9.9)	(13.6)
Unit trusts	(21.4)	(32.1)	(17.8)	(15.3)	(16.2)	(12.7)	(8.9)	(12.6)
Other	(1.7)	(2.1)	(2.1)	(0.6)	(1.4)	(1.0)	(1.0)	(1.0)
- liabilities	(0.0)	(11.3)	17.1	3.5	133.3	165.9	220.1	132.8
Debt - assets	11.4	4.6	22.2	66.5	(42.6)	8.6	10.7	19.5
- liabilities	40.0	(30.0)	25.8	192.6	94.8	132.3	(86.0)	(12.8)
Other investment - long term	(414.5)	(679.3)	(758.5)	(730.7)	(1,146.4)	(708.0)	(1,018.5)	(1,361.8)
Resident official sector	95.9	101.5	4.9	56.3	12.4	74.0	114.3	75.0
Assets	(3.5)	(8.2)	(5.0)	(4.0)	(5.0)	(5.0)	(5.0)	(5.0)
Drawings on loans received	187.3	168.6	18.4	66.8	23.9	85.5	125.8	86.5
Repayments on loans received	(87.9)	(58.8)	(8.5)	(6.5)	(6.5)	(6.5)	(6.5)	(6.5)
Monetary authorities	0.1	0.0	80.4	101.0	101.6	63.7	73.2	0.0
Liabilities	0.1	0.0	80.4	101.0	101.6	63.7	73.2	0.0
Banks	(15.0)	(18.9)	(10.5)	(9.2)	(13.4)	(28.6)	(5.0)	0.0
Liabilities	(15.0)	(18.9)	(10.5)	(9.2)	(13.4)	(28.6)	(5.0)	0.0
Other sectors	(495.4)	(761.9)	(833.2)	(878.8)	(1,247.1)	(817.1)	(1,201.0)	(1,436.7)
Assets	(508.5)	(803.5)	(807.5)	(721.0)	(1,055.4)	(824.8)	(1,381.0)	(1,156.7)
Pension funds	(10.0)	(403.3)	(578.3)	(656.6)	(646.1)	(146.1)	(748.5)	(513.6)
Life assurance	(498.5)	(400.2)	(229.2)	(64.4)	(409.2)	(678.7)	(632.5)	(643.1)
Liabilities	13.0	41.7	(25.7)	(157.8)	(191.7)	7.7	180.0	(280.0)
Other investment - short term	(211.2)	(81.9)	154.6	238.7	261.5	(46.0)	(218.7)	57.4
Resident official sector	(269.7)	269.7	(12.1)	(26.8)	38.9	0.0	0.0	0.0
Assets	(269.7)	269.7	(12.1)	(26.8)	38.9	0.0	0.0	0.0
Banks	73.0	(403.0)	235.6	219.7	263.8	85.8	(414.7)	349.4
Assets	(19.7)	(239.7)	253.2	145.5	21.8	55.9	(209.1)	(187.3)
Liabilities	92.6	(163.3)	(17.6)	74.2	242.1	29.9	(205.6)	536.7
Other sectors	(14.4)	51.4	(68.9)	45.8	(41.2)	(131.8)	196.0	(292.0)
Assets	(48.3)	38.6	(54.6)	(23.9)	(47.8)	11.5	(24.0)	(16.0)
Liabilities	33.9	12.8	(14.3)	69.7	6.6	(143.3)	220.0	(276.0)
CAPITAL AND FINANCIAL ACCOUNT								
BALANCE EXCLUDING RESERVES	(415.2)	(437.2)	(125.4)	(4.8)	(193.8)	109.1	(271.5)	(492.0)
Net errors and omissions	423.5	19.2	(146.6)	(109.4)	125.4	(77.8)	75.1	(79.8)
OVERALL BALANCE	95.2	(34.4)	(18.7)	298.4	266.3	87.3	98.5	312.3
RESERVES	(95.2)	34.4	18.7	(298.4)	(266.3)	(87.3)	(98.5)	(312.3)
Foreign exchange assets	(95.2)	34.4	18.7	(298.4)	(266.3)	(87.3)	(98.5)	(312.3)

TABLE V.3 FOREIGN AID TO NAMIBIA
N\$ Million

TYPE OF AID	1993			1994			1995			1996			1997 (a)		
	Govt	Other	Total	Govt	Other	Total	Govt	Other	Total	Govt	Other	Total	Govt	Other	Total
TOTAL GRANTS (1+2)	365	83	448	350	71	421	411	97	508	543	127	670	418	109	527
1 CASH GRANTS	252	73	325	249	40	289	207	73	280	234	68	302	166	56	222
1.1 Budget Support to Govt	127	0	127	122	0	122	136	8	144	165	0	165	101	0	101
For capital projects	81	0	81	82	0	82	94	0	94	111	0	111	65	0	65
For recurrent expenditure	30	0	30	23	0	23	25	8	33	44	0	44	30	0	30
Other purposes	16	0	16	17	0	17	17	0	17	10	0	10	6	0	6
1.2 Non-Budget Support to Govt	125	0	125	127	0	127	61	0	61	58	0	58	49	0	49
For capital projects				53	0	53	25	0	25	36	0	36	17	0	17
For recurrent expenditure				27	0	27	20	0	20	10	0	10	7	0	7
Other purposes				47	0	47	16	0	16	12		12	25	0	25
1.3 Grants to NGOs	0	73	73	0	40	40	10	65	75	11	68	79	16	56	72
2 KIND GRANTS	113	10	123	101	31	132	204	24	228	309	59	368	252	53	305
Total goods	30	4	34	12	7	19	37	7	44	44	7	51	28	8	36
Capital goods							26	1	27	30	3	33	23	5	28
Other goods							11	6	17	14	4	18	5	3	8
Services (b)	73	6	79	82	20	102	156	16	172	259	51	310	220	44	264
Educational scholarships	10	0	10	7	4	11	11	1	12	6	1	7	4	1	5

Notes:

(a) Provisional.

(b) Including technical assistance.

TABLE V.4 FOREIGN EXCHANGE RATES

Namibia dollar per foreign currency
Period averages

Major currencies	1990	1991	1992	1993	1994	1995	1996	1997
US dollar	0.3948	0.3613	0.3318	0.2963	0.2809	0.2742	0.2301	0.2163
German mark	0.5924	0.5659	0.5249	0.5066	0.4417	0.3916	0.3484	0.3144
Pound sterling	0.2030	0.1982	0.2140	0.1987	0.1803	0.1744	0.1467	0.1925
Japanese yen	52.6316	45.4545	41.6667	32.2581	28.7356	25.8836	25.1732	26.0299
Swiss franc	0.5043	0.5013	0.4719	0.4338	0.3734	0.3213	0.2877	0.3127
Spanish peseta	39.2157	37.5940	35.8423	38.7597	37.7358	34.3643	29.4985	31.7460

Source: South African Reserve Bank

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