1990-2010

YEARS

BANK OF NAMIBIA

Bank of Namibia

ANNUAL REPORT 2009

Bank of Namibia
Annual Report 2009

This is the Bank of Namibia Annual Report and the Financial Statements for the financial year ended 31 December 2009, which are prepared pursuant to section 52(1) of the Bank of Namibia Act, 1997 (No. 15 of 1997).

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THE VISION, MISSION, VALUES AND OBJECTIVES OF THE BANK OF NAMIBIA

VISION
The Bank of Namibia is an independent institution, which seeks to be a centre of excellence – a professional and credible institution – working in the public interest, and supporting the achievement of national economic development goals.

MISSION
In support of economic growth and development, our mandate is to promote price stability, efficient payment systems, effective banking supervision, reserves management and economic research in order to proactively offer relevant financial and fiscal advice to all our stakeholders.

VALUES
- We value high-performance impact in the context of teamwork
- We uphold open communication, diversity and integrity
- We care for each other’s well-being and we value excellence

OBJECTIVES
The Bank of Namibia seeks to achieve its mission by pursuing these seven strategic objectives:

- Safeguarding and enhancing financial stability;
- Promoting price stability;
- Managing reserves prudently;
- Promoting a positive reputation;
- Promoting financial market development;
- Developing and managing resources sustainably; and
- Promoting sustainable economic growth.

CONTENTS

GOVERNOR'S STATEMENT

This year's annual report is being released at a critical juncture for the world economy and the Namibian economy alike. A recovery from the financial crisis that ultimately, through its impact on the real economy and trade linkages, affected virtually every country in the world, including Namibia, is underway. However, many challenges remain, and much uncertainty continues to cloud the general outlook. In addition to the state of the global economy, Namibia also celebrates 20 years of political independence this year. While we should rightly celebrate our numerous achievements, it is also time to critically assess whether our economy has the necessary resilience to withstand emerging global challenges and to assess whether we are still on track towards meeting key national developmental objectives, including the Millennium Development Goals, and Vision 2030.

Supported by rapid and unprecedented policy intervention measures, the immediate impact of the global financial crisis, including a freezing up of credit markets are largely something of the past. Since March 2009, stock markets in high-income and emerging economies have recovered roughly half the value that they lost, with developing economies rebounding somewhat stronger than high income countries. Interbank lending rates have returned to normal levels, developing country sovereign interest rate premiums have declined significantly and stock market volatility has receded. However, bond markets and bank lending have begun only recently to reopen themselves to private sector borrowers in developing countries. In this connection, the World Bank estimates that syndicated loans to developing countries significantly declined to only US$123 billion in 2009, from US$236 billion in 2008.

The real side of the global economy is also recovering, as witnessed by a significant increase in industrial production at the global level since the third quarter of 2009, a recovery in international trade that fell sharply during the height of the crisis. Moreover on the back of positive quarterly GDP growth, an increasing number of countries exited the technical definition of a recession, most recently the United Kingdom during the fourth quarter of 2009. However, the depth of the recession has left the global economy seriously wounded. In this connection, the level of output and economic activity still remain significantly below pre-crisis levels, unemployment continues rising, disinflation remains widespread and commodity prices are still significantly lower than the level in mid 2008. This poses a real challenge for policy makers, who must cut back on unsustainable fiscal deficits without choking off the recovery. Similarly, the extraordinary monetary stimulus needs to be scaled back cautiously to avoid the creation of new bubbles. The medium-term strength of the recovery will thus depend on how well exit strategies are crafted. If policies are adjusted too slowly, inflationary pressures and additional bubbles could develop; while too quick of an adjustment could stall the recovery.

As indicated in my statement of last year, the Bank of Namibia expected that Namibia will feel the brunt of the global economic crisis in 2009, with export oriented industries, including mining and tourism expected to the hardest hit. Unfortunately this expectation materialised, with the mineral sector in particular recording a severe contraction in 2009. Hence, the impact of the global economic slowdown in the export sectors was even worse than anticipated. Consequently, and notwithstanding a more expansionary fiscal and monetary policy aimed at cushioning the economy from the full impact of the economic crisis, we had to revise our GDP growth projection for 2009 from a positive 1 per cent to an estimated decline of 1.0 per cent. Looking ahead, we are cautiously optimistic about the medium-term prospects of the Namibian economy. In line with the recovery of the global economy, it is expected that the Namibian economy will expand on average by 4 per cent in the medium term. This will be mainly supported, by a rebound in mining output, and a recovery of the tourism sector.

Despite the more optimistic medium-term outlook there are significant downside risks that will warrant close monitoring and possible fine tuning of policy going forward. Paramount among these risks is the sustainability of the global economic recovery on which the recovery of Namibia's export sectors depend and a potential shock to the fiscal balance as a results of reduced SACU receipts. While the fiscal position will remain sustainable in the near-term, if the decline in SACU receipts persists, it will be important to implement revenue and expenditure control measures to ensure long-term fiscal sustainability. Expenditure control measures should however, not be done at the cost of accelerated economic growth and improved services delivery. Due to sufficient fiscal space, the Government was able to table a more expansionary fiscal budget at a time of the global economic crisis. This has partly enabled Namibia to better withstand the external shock. However, if predictions of a double dip recession materialise, there will be less scope to have a more counter cyclical fiscal policy.

Over and above the immediate risks to the economic outlook, the country continues to face tremendous developmental challenges. Perhaps the single most important challenge is the fact that economic growth of the past was not sufficient to make a dent in the already high unemployment rate. In this regard, the Bank of Namibia in 2009 investigated Namibia's sources of growth thoroughly, with a view to making concrete proposals for economic growth aimed at the promotion of rapid pro-job-creation strategies. Our initial research findings suggest that it is indeed possible to create sustainable jobs through a more targeted approach to economic development. In this connection, emphasis should be paid to economic sectors with the greatest potential to grow and create jobs, including transport, tourism and agriculture. At the same time, the country should also move aggressively with the implementation of broad-based reforms, including improvement in the quality of education and reducing the cost of doing business in Namibia. These findings are still subject to broad-based consultation, and it is hoped that they will ultimately fit into the formulation of Namibia's long-term development plans.

Notwithstanding the severity of the global financial crisis, Namibia's financial system, in particular the banking sector remained robust and solid during the year under review. In this connection, local banks remained sufficiently liquid, more than adequately capitalised and the quality of assets sound. Nevertheless, the financial crisis also made us more alert and determined in terms of our supervisory and oversight roles. In this respect, the Bank went ahead resolutely with the Basel II implementation. By July 2009 we had rolled out the parallel run that is aimed at giving both us and the banking institutions the confidence that the systems and our understanding are adequate to determine the capital adequacy under the Basel II regime. Full Basel II implementation is still scheduled for 2010. At the same time, we have taken a more critical look at consolidated supervision to be able to assess the financial status of financial services groups instead of focusing only on banking institutions. The procedures and financial returns for this purpose are being drafted.

The Namibia Interbank Settlement System continued to provide real-time settlement to all banking institutions and the clearing house. During the year under review considerable attention was given to compel participants in the national payment system to localise their banking and payment systems. This is not done on nationalistic grounds, but rather to facilitate proper oversight of systems and processes. We have also given some attention to establishing the methodology that banking institutions use to determine their bank charges. This, in our view, is important to ensure that the charges reflect the cost to deliver these services and are not merely arbitrarily determined. Further, attention is needed to prescribe standards in terms of which banks determine their service charges.

The Board of the Bank operated at its full member complement throughout the year. At this juncture, I would also like to express my gratitude to the Members of the Board for their independent views and their contribution to the policy debate in what has been a challenging period. I would like to extend my heartfelt thanks for their diligent work and invaluable counsel over the past year. The Bank of Namibia remains committed to accountability to all Namibians and to fulfilling its mandate to promote the economic and financial welfare of Namibia and her people. In this respect, the Audit and Remuneration Committees have, once again, made an important contribution through their delegated responsibilities. I am immensely grateful to the Chairpersons and members of the Audit and Remuneration Committees for the significant time and commitment that they have individually devoted to their very important respective tasks.

As in the past, I am equally grateful for the valued technical assistance provided by external institutions during the year. Some of these institutions include the World Bank, the US Treasury, the US Federal Reserve, the Bank of England, the Bundesbank and the Macroeconomic and Financial Management Institute of Eastern and Southern Africa (MEFMI).

At the same time, I would like to mention that highly qualified and motivated employees are indispensable to the achievement of our objectives. I, therefore, wish to express my appreciation to all of our staff members for the important and valuable work they did and the dedication they demonstrated in dealing with the challenges we faced in 2009. Only with continued commitment to find solutions in difficult situations, will we be able to meet the challenges head-on in the years ahead. We tried hard to raise the profile of the Bank by building the required proficiencies among our staff, by enhancing our policy advisory and implementation capacities, and by extending our national and international networks. Through these efforts, I believe we have contributed towards making the Bank of Namibia the Centre of Excellence.

This year marks the twentieth anniversary of the Bank of Namibia and this is the twentieth Annual Report issued by the Bank. The information disclosed in this Report, in contrast to that of the year ended on 31 January 1990, is certainly no comparison and demonstrates how central banks, including the Bank of Namibia, have become much more transparent in revealing the fundamentals of and the rationale for their policies and operations.

The highlights I have touched on here are described in greater detail in this Annual Report. I trust that all readers of this Annual Report will find the information and material informative and inspiring.

Tom K Alweendo
Governor
16 March 2010

PART A

OPERATIONS AND AFFAIRS OF THE BANK

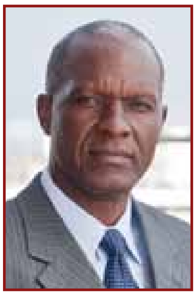
Report Prepared Pursuant To Section 52(1)(b) of The Bank Of Namibia Act

PART A

A

OPERATIONS AND AFFAIRS OF THE BANK

THE BOARD OF THE BANK OF NAMIBIA
(AS AT 31 DECEMBER 2009)



Mr. T. K. Alweendo
Governor since 1 January 1997
Current term ends 31 December 2011
(Chairperson of the Board)

Mr. P. W. Hartmann
Deputy Governor since 1 August 2002
Current term ends 31 December 2011

Mr. F.G. Kisting
Member since 14 July 1998
Current term ends 31 July 2013
(Chairperson of the Audit Committee)

Mr. C-H.G. Schlettwein
Member (Ex Officio) since 28 April 2003
(Permanent Secretary: Finance)

Ms. O Netta
Member since 1 February 2007
Current term ends 31 January 2012
(Chairperson of the Remuneration Committee)

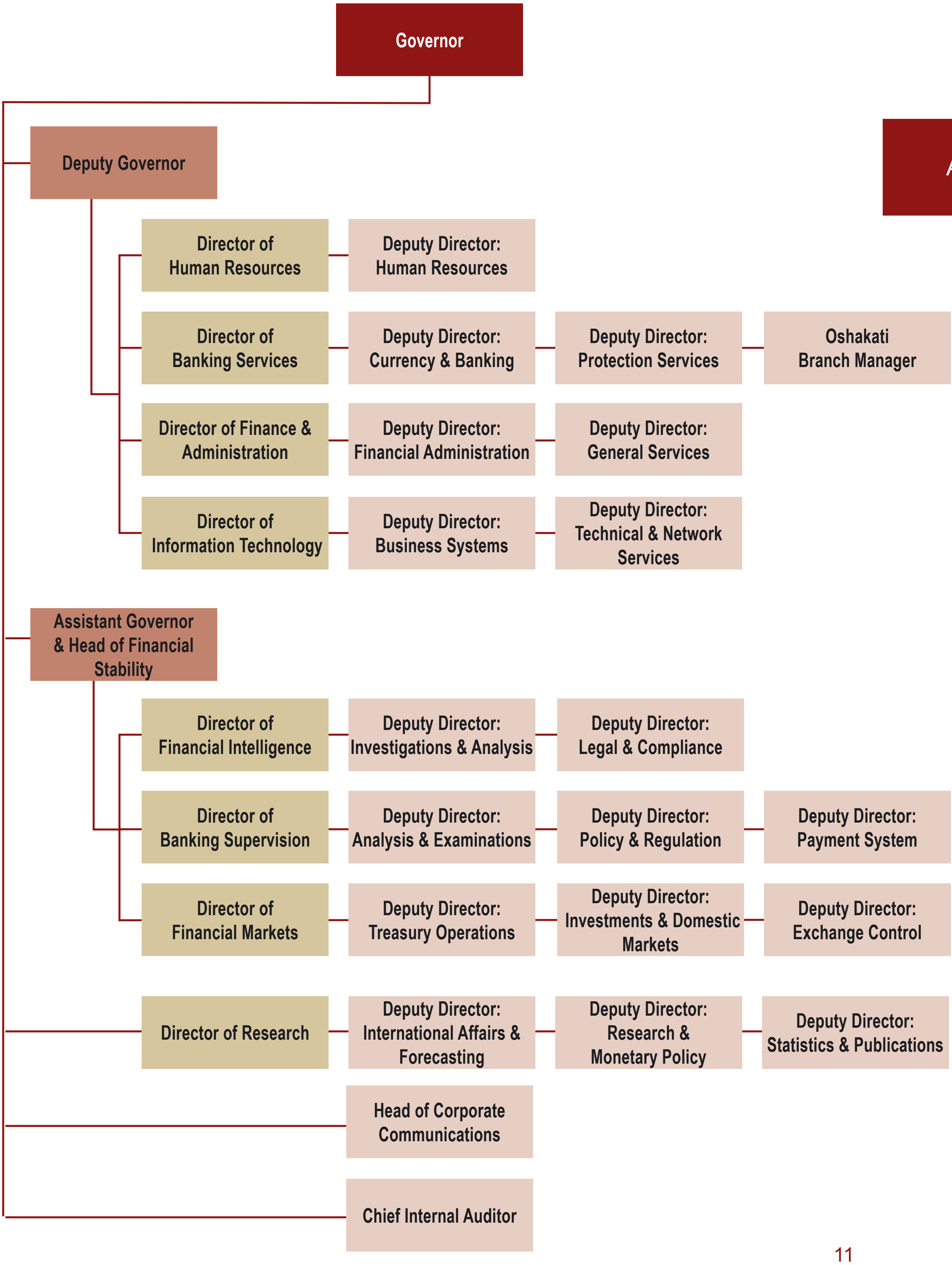
Dr N.K. Shivute
Member since 1 August 2007
Current term ends 31 July 2012
(Member of the Audit Committee)

Mr. V Malango
Member since 1 April 2008
Current term ends 31 March 2013
(Member of the Audit Committee and the Remuneration Committee)

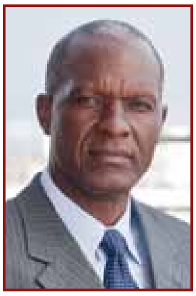
Dr O Kakujaha-Matundu
Member since 1 November 2008
Current term ends 31 October 2013
(Member of the Remuneration Committee)

THE BANK'S ORGANISATIONAL STRUCTURE

Bank of Namibia - Management Stucture
31 December 2009



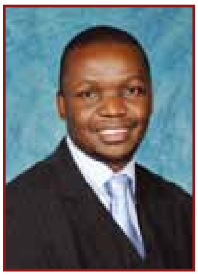
THE BANK'S SENIOR MANAGEMENT TEAM



Mr. T. K. Alweendo
Governor

Mr. P Hartmann
Deputy Governor

Mr. I Shiimi
Assistant Governor & Head of Financial Stability



Mr. B Biwa
Director of Financial Markets

Mr. M Mukete
Director of Banking Supervision

Dr J Steytler
Director of Research

Ms. L Dunn
Director of Financial Intelligence

Ms. B //Gowaseb
Director of Human Resources

Mr. M Ickua
Director of Information Technology

Ms. L Namoloh
Director of Banking Services

Ms. E Tjipuka
Director of Finance & Administration

Mr. M Rittmann
Chief Internal Auditor

*** Head of Corporate Communications**
VACANT

GOVERNANCE, ACCOUNTABILITY AND COMMUNICATION

OBJECTIVES, AUTHORITY AND ACCOUNTABILITY OF THE BANK

The Bank of Namibia is the central bank of the Republic of Namibia, created under Article 128(1) of the Constitution of the Republic of Namibia. The following statutory objectives of the Bank are recorded in Section 3 of the Bank of Namibia Act, 1997 (No. 15 of 1997):

- To promote and maintain a sound monetary, credit and financial system in Namibia and sustain the liquidity, solvency and functioning of that system
- To promote and maintain internal and external monetary stability and an efficient payments mechanism
- To foster monetary, credit and financial conditions conducive to the orderly, balanced and sustained economic development of Namibia
- To serve as the Government's banker, financial advisor and fiscal agent, and
- To assist in the attainment of national economic goals.

The Bank is further entrusted to carry out three additional functions:

- Banking supervision
- Administration of exchange control, and
- Combating of money laundering.

In terms of Section 3B of the Act, the Bank performs its functions independently, provided that there are regular consultations between the Minister and the Governor.

In addition to the Bank of Namibia Act, the Bank administers six other laws, as follows:

- The Currency and Exchanges Act, 1933 (No. 9 of 1933)
- The Prevention of Counterfeiting of Currency Act, 1965 (No. 16 of 1965)
- The Building Societies Act, 1986 (No. 2 of 1986)
- The Banking Institutions Act, 1998 (No. 2 of 1998)
- The Payment System Management Act, 2003 (No. 18 of 2003), and
- The Financial Intelligence Act, 2007 (No. 3 of 2007).

The stated objectives of the Bank and the relevant enabling legislation provide the Bank with considerable policy and regulatory authority, and this authority makes the Bank responsible for carrying out numerous multifaceted functions.

In addition to national laws, the Bank is given specific obligations resulting from the country's participation in regional and international treaties, such as the African Union, the Common Monetary Area (CMA), Southern African Development Community (SADC), the International Monetary Fund (IMF), and the World Trade Organisation (WTO).

The relationship between the Government and the Bank are broadly defined in the Bank of Namibia Act. The provisions of the Act are more clearly defined in a Memorandum of Understanding (MOU) entered into between the Ministry of Finance and the Bank. The MOU covers the terms and conditions of banking services rendered to Government, public debt management arrangements, and the nature and frequency of consultations.

Apart from its statutory mandate, the Bank's actions and the way it carries out its mandate are distinctly guided by its Mission Statement (or Corporate Charter). The Charter is not merely a guideline: Section 3A of the Bank of Namibia Act expressly requires the Bank to have a Mission Statement clearly spelling out the main purpose and vision of the Bank, based on its objectives. The Corporate Charter, which is presented on page 3, therefore, defines the Bank's ***VISION*** – stipulating what it strives to be – its ***MISSION*** – indicating what it wants to achieve – and its ***VALUES*** – explains how it wishes to operate.

In support of the vision and mission, the Bank and its staff members are prepared to make certain commitments. The graphic diagram on the next page is an illustration of the Bank's promises and the peoples' commitments.

In summary, therefore, the Bank's corporate governance is guided by the Bank of Namibia Act, which defines the roles and responsibilities of the Board, the Governor, and the Government. To fulfil its mandate, the Bank relies on a corporate governance framework based on strategic planning, risk management, transparency, and clear accountability for the priorities established and for the results achieved.

A

THE BANK'S PROMISE

- A challenging working environment
- A vision of Excellence
- A working environment that promotes employee wellness
- An inspiring vision and a shared purpose and values
- An environment where knowledge and expertise are shared and meaningful work where you are rewarded for performance
- Development focus in areas where required

THE PEOPLES' PROMISE

- We believe in our values and continuously strive for excellence
- We are committed to hard work and is output driven
- We all contribute to a productive work environment and take personal responsibility for our own development and well-being
- We adhere to the policies and code of ethics of the Bank guided by our shared vision and values

THE GOVERNOR

The Governor, assisted by a Deputy Governor and an Assistant Governor, serves the Bank of Namibia as Chief Executive and is accountable for the Bank's actions. In monetary policy and in most other matters, the decision-making authority resides with the Governor. However, comprehensive and Board approved delegations of power are in place to guide the decision-making powers of the Governor and his delegates. The Governor is appointed for a five-year term. The Act sets specific criteria for the appointment, reappointment and dismissal of a Governor. The current incumbent, Mr Tom Alweendo, assumed office in January 1997 and was reappointed for a further five-year term, which will expire in December 2011.

THE BOARD OF THE BANK OF NAMIBIA

As defined by the Bank of Namibia Act, the Board is responsible for the policy, internal control, risk management, and general administration of the Bank. Board Members have the typical fiduciary duties that most board directors normally fulfil, but are also charged with many high-level responsibilities directly related to the policies and operations of the central bank, including approving the licensing of banking institutions and ensuring the adequacy of international reserves. Among other things, the Board is also responsible for approving financial statements and budgets and for promoting effective corporate governance practices and monitoring internal control and risk management frameworks.

The Board consists of Executive and Non-executive Members. The Governor (Chairperson) and the Deputy Governor are Executive Members of the Board, while the Permanent Secretary of Finance (who is an ex officio member), one staff member from the Public Service, and four other persons constitute the Non-executive Members. All Board Members are appointed by the President of the Republic of Namibia. The Assistant Governor also attends Board Meetings in an advisory capacity. Throughout the year under review, the Board operated at full strength. Board Members who served during the year under review appear on page 10 herein.

The Board meets regularly – at least four times a year – with the main purpose of overseeing and monitoring the finances, operations and policies of the Bank. During 2009, four ordinary and one extraordinary Board meetings were held.

The Board has formed two Committees, namely the Audit Committee and the Remuneration Committee, both of which provide effective communication between the Board and management.

The Audit Committee is responsible for evaluating the adequacy and efficiency of the Bank's corporate governance practices, including internal control systems, risk control measures, accounting standards, information systems, and auditing processes. Three Non-executive Board Members currently serve as Members of this Committee, whose meetings are also attended by the Bank's Chief Internal Auditor, the external auditor, and relevant staff members.

The Remuneration Committee, on the other hand, is responsible for overseeing and coordinating the Bank's remuneration function and for ensuring that remuneration is fair and equitable, in order to attract and retain quality staff and Board Members. This Committee also comprises of three Non-executive Board Members.

Table A.1 sets out the attendance by members at Board and Committee meetings. The figures in brackets refer to the total number of meetings held during 2009.

Table A.1: Attendance of Board and Committee meetings

Attendance	Board (5)	Audit Committee (5)	Remuneration Committee (2)
Mr TK Alweendo	5		
Mr PW Hartmann	5	5*	2*
Mr C-HG Schlettwein	3		
Mr FG Kisting	4	5	
Ms O Netta	2		2
Dr N Shivute	4	3	
Mr. V Malango	5	5	2
Dr O Kakujaha-Matundu	5		1 of 1
Mr I Shiimi	5*	3*	

*Attendance by invitation

REPORTING OBLIGATIONS

In terms of the Bank of Namibia Act, the Bank is required to submit a copy of this Annual Report to the Minister of Finance within three months after the close of each financial year. The Minister, in turn, is obliged to table the Annual Report to the National Assembly within 30 days after having received it. According to the Act, the Report must contain the Bank's annual accounts as certified by external auditors, information about the Bank's operations and affairs, and information about the state of the economy. The Annual Report is widely distributed to domestic and foreign stakeholders, while various presentations are given to convey its main messages.

Apart from the Annual Financial Statements, the Bank's monthly Balance Sheet is required to be submitted to the Minister, and published in the Government Gazette every month.

In accordance with section 40 of the Bank of Namibia Act, the Bank renders advice and furnishes reports to the Minister of Finance on any economic or financial matter that the Minister may refer to the Bank for investigation and advice, and on any matter that may prevent the Bank from achieving its objects or hinder the performance of its functions.

When the Government or any governmental body or institution intends to borrow from any source in a foreign country, they are required in terms of the Act, before entering into any commitment to borrow, to seek the Bank's opinion regarding the timing, terms and conditions, and financial expediency of the intended borrowing.

While the Governor is not obliged to appear before any Parliamentary Committee, the Bank initiates regular briefings and consultations with appropriate Standing Committees of the National Assembly and National Council on a variety of policy-related subjects.

MANAGEMENT STRUCTURE

The Bank's senior management team is made up of the Governor, the Deputy Governor, the Assistant Governor, and the Heads of the Bank's various Departments, as outlined on page 12. The positions of Governor and Deputy Governor are required by Statute. The Assistant Governor also takes on the responsibility of Head of Financial Stability.

The Bank's Executive Committee (EC) is chaired by the Governor and attended by the Deputy Governor, the Assistant Governor, and the Directors of Research, Banking Supervision and Financial Markets. The EC meets monthly to consider and debate issues that have economic policy implications, including reserve management and monetary policy. Every second month, the EC deliberates on an appropriate monetary policy stance to be pursued by the Bank. The EC makes its monetary policy decision known publicly through a press statement and conference. All monetary policy decisions taken by the EC are by consensus. The EC also reviews the level and adequacy of Namibia's foreign exchange reserves. While the International Reserves Management Policy is approved by the Board, the EC is permitted to review the investment guidelines for final approval by the Governor. The EC is also required to ensure that investments comply with the approved policy.

The Bank's Management Committee (MC) is chaired by the Governor in cases where issues of a policy nature are considered, or by the

Deputy Governor in cases where operational and risk management issues are considered. Also in attendance are the Assistant Governor, all Directors, the Chief Internal Auditor, and the Head of Corporate Communications. The MC meets every second week.

COMMUNICATION

The Bank continues to enhance the transparency of its activities and makes a concerted effort to ensure the best possible communication with financial markets, business enterprises, and the general public. The Bank is also actively engaged in creating a favourable and accurate public perception regarding its functions as the central bank and the grounds for certain policy decisions. Transparency in decision-making supports the principle of accountability, and increases the effectiveness of monetary and other policy decisions. For these reasons, the Bank has an extensive communication programme.

The Bank's success largely depends on individuals or groups whose behaviour impacts on its performance. On the other hand, the Bank also realises that its own actions or decisions have an effect on such individuals and groups. Therefore, it is vitally important that the Bank cultivates and maintains these relationships. During the past year, the Bank actively engaged with various stakeholders through specific communication efforts, including events such as the Annual Symposium, the Governor's Annual Address, and lectures and press conferences. The Bank also used tools and channels, such as the corporate website, intranet, press releases, and internal newsletters. These efforts not only support fostering stronger relationships with external stakeholders, but also support building stronger working relationships with Bank staff.

In order to keep the public informed about policy decisions, economic developments and other relevant events, the Bank produces a wide range of publications during the year. Among these are the following series of publications:

- The Bank of Namibia's ***Quarterly Bulletin*** contains comprehensive data covering the real sector, monetary and financial developments, public finance, and the balance of payments. The ***Bulletin*** also gives a description of developments in these areas and features articles on a variety of topics.
- The ***Financial Stability Review***, published every six months, gives a detailed assessment of the overall condition of Namibia's financial system and highlights potential risks and vulnerabilities that could threaten the stability of the system.
- The Bank formally issued its first ***Monetary Policy Review*** in April. This publication aims at providing a brief account of the state of the economy, inflation determinants, and the reasons for the Bank's monetary policy decisions.

The Bank's communication strategy is aimed at developing understanding and support amongst relevant stakeholders for the Bank of Namibia's policies, its functions and operations, as well as for its decisions and actions. Currently, the Bank conveys its monetary policy stance through a press conference, the minutes of the EC monetary policy meetings and the publication of the ***Monetary Policy Review***. In addition, the Bank has continued with its outreach beyond the capital city in order to discuss relevant development topics with stakeholders in the region. In 2009, the towns of Katima Mulilo, Rundu, and Swakopmund were visited.

During the year, senior Bank staff participated in a number of public lectures or panel discussions. Among the themes were the following:

- *Did the global economic crisis trigger a new world economic order? What is in it for Africa?*; Polytechnic Economic Society; April 2009;
- *Exchange rates and effects of a N$ Peg to the South African Rand*; UNECONS; August 2009; and
- *The newly implemented Financial Intelligence Act*; UNAM Accounting Society; October 2009

THE YEAR IN REVIEW

The Bank identified seven strategic objectives to be pursued during the five-year period from 2007 to 2011. The Bank's strategic objectives are directly linked to its functional priorities, its mission and its vision, as well as to developments in the internal and external environment. In pursuit of its five-year strategic objectives, the Bank has determined appropriate strategies for each such objective. In reviewing the activities during 2009 in this report, these seven strategic objectives are highlighted, along with the initiatives and strategies associated with them. This section emphasises key actions and activities undertaken during the course of the year in pursuit of each strategic objective.

SAFEGUARDING AND ENHANCING FINANCIAL STABILITY

Strategic objective 1

Safeguard and enhance financial stability by preventing risks that might have a negative impact on the integrity of the financial system

Initiatives and strategies

- Promote financial integrity
- Supervise deposit-taking institutions
- Oversee the domestic payment and settlement system
- Combat money laundering
- Provide sufficient quality, quantity and security of currency to meet demand in the economy
- Regularly assess the stability of the financial sector

Strategic outcomes

- A banking system that is free of illegal banking and deposit-taking activities
- A stable banking sector underpinned by a comprehensive prudential regulatory framework based, where feasible, on international standards. The ability to anticipate weaknesses in the banking sector and a robust mechanism to correct such weaknesses
- A safe and reliable national payment systems where all banking and financial transactions are processed in accordance with national laws
- A money-laundering-free financial system underpinned by a robust anti-money laundering system that is capable of detecting and preventing incidences of money laundering
- A comprehensive currency management system where the correct amount and quality of currency is available at all times, and where the currency is acquired in the most cost effective manner
- A financial system that is free of macro-economic disturbances

Financial stability can be described as the absence of macro-economic costs of disturbances in the system of financial exchange between households, businesses and financial-service firms. Stability would be confirmed by, firstly, an effective regulatory infrastructure, secondly, effective financial markets and, thirdly, effective and sound financial institutions. In contrast, financial instability would ultimately manifest itself through, firstly, banking failures, secondly, intense asset-price volatility and, thirdly, a collapse of market liquidity. The disruption of the payment and settlement system could be a further result of these manifestations.

Therefore, there is an increased focus by central banks internationally on the importance of stability in the financial system and the role of a central bank in ensuring financial stability as part of its overall monetary objectives. This focus has led to an increasing acceptance of the strong interrelationship between price stability (the traditional objective of central banks) and financial-system stability. It has also become clear that price stability, although a necessary condition, is not a sufficient condition for financial stability. Moreover, the deepening of the international financial crisis has strongly reinforced the need for central banks to have policies in place that are able to mitigate the effects of such crises and restore the health of the financial system.

The Bank of Namibia is responsible for promoting and maintaining the stability of the financial system in Namibia. In order to carry out this statutory responsibility, the Bank regularly monitors and assesses the soundness of the various components of the financial system, including the financial markets and the payments infrastructure. The Bank shares this assessment on a regular basis with the other relevant authorities and also issues a Financial Stability Report twice a year. The Bank continues to emphasise financial system stability by examining the banking system from a macro-prudential perspective. This approach

takes many forms, including regularly assessing the stability of the financial system, ensuring that the banking system is prudently managed through dedicated supervision, safeguarding the integrity and efficiency of the national payment system, and instituting rigorous anti-money laundering practices including ways of combating the financing of terrorism.

FINANCIAL STABILITY ASSESSMENT

The Bank has issued two Financial Stability Reports during the year under review. Both Reports aim to inform the public whether or not there are any stability concerns in the Namibian financial system and also with regard to regulatory developments that are aimed at preventing potential system instability.

Most of the Bank's financial stability assessments are focused on the banking sector's performance and its ability to absorb unexpected shocks. This approach is based on the fact that banking institutions are a key element of the financial system, and shocks in the banking sector can easily be transmitted to the rest of the financial sector and the real economy with consequential detrimental effects.

Both Financial Stability Reports have drawn attention to the global financial crisis and its concomitant impact on the functioning and performance of the Namibian financial system. The main conclusion reached was that certain real sectors of the economy felt the impact of the crisis directly through dwindling international demand. Sectors that have been hardest hit are diamond mining and tourism. However, the impact of the crisis on the local banking sector continued to be limited due to the sector's insulation from afflicted international financial markets. The latest FSR found that recent developments seem to suggest that the risk of a worsening financial position of households and corporate is moderating. The same report concluded that the overall impact of the global financial crisis on the Namibian banking sector is adjudged to be low so far.

BANKING SUPERVISION

During the past twelve months the Bank gave precedence to amongst others, the Basel II Project. Importantly the parallel run phase of the project was so crucial in determining whether both the banking institutions and the Bank will be in the position to "go-live" with the new capital reporting framework. Without doubt all the stakeholders lived up to the spirit of the agreed Basel II Project Charter as shown by the parallel run results, indicating that a smooth transition to the new reporting framework can be achieved. In the meantime, the Basel II project went live in January 2010 as planned.

During the same period, the banking institutions undertook a second Internal Capital Adequacy Assessment Process (ICAAP) trial-run that produced significant improvements when compared to the previous year's exercise. The concern noted mainly, was risk appetite frameworks that banks would need to improve on.

Other notable developments that took place within the banking industry were the establishment of the first ever Representative Office of a foreign banking institution in Namibia and the licensing of microfinance bank. The Bank granted the South African-based ABSA Bank Limited approval to open a representative office, ABSA Representative Office in Namibia. Also, the Bank granted a provisional license to a microfinance oriented bank, FIDES Bank of Namibia, which bank has commenced business in 2010.

Alongside the above developments, the Bank's recommendation to amend the regulation on fees payable by banking institutions was approved with the effective date being 31 December 2010. To this end, banking institutions in Namibia will be expected to pay their annual license fees on a basis of a formula prescribed under the said regulation. In the same connection, the Bank also managed to finalise the protracted amendments to the Banking Institutions Act, 1998, which were tabled in Parliament in February 2010.

Although 2009 will go down in economic history as probably a difficult year, the Namibian banking industry has still managed to grow their assets and capital adequacy ratio by 7.2 per cent and 3.3 per cent, respectively.

PAYMENT SYSTEMS OVERSIGHT

Oversight of the National Payment System is one of the important functions of the Bank of Namibia as specified by the Payment System Management Act, 2003. In terms of this Act, the Bank has the powers to oversee, inspect and monitor the National Payment System (NPS), the operations of the Payment Association of Namibia (PAN), participant banking institutions, operators of payment systems and service providers. Effective oversight of payment systems is an essential ingredient in achieving the objectives of efficiency and effectiveness in the NPS.

The Bank carried out a number of oversight activities during the year under review. These included visiting participant banking institutions on payment system issues; monitoring compliance to payment system regulations through offsite analysis and overseeing the work of PAN. All these responsibilities were carried out with the view to mitigate the introduction of payment systems related risks in the NPS in Namibia.

In June 2009 the Bank visited participant banking institutions on payment system issues. With this exercise, the Bank assessed the participants' payment system related risks and analysed the information obtained during visits. The findings of the assessment are that all participant banks substantively mitigate their payment system related risks through appropriate risk containment measures. Where certain shortcomings were found, these were taken up with relevant participant banks with the view to addressing them going forward.

During the year under review, the Bank has been monitoring compliance with payment system regulations issued thus far. Applicable regulations include Directive on Electronic Funds Transfers (EFT) issued in 2007; Directive on Conducting of Card Transactions; Determination on Localization of Core Banking Systems; and Directive on the Early Square-off of Namibia Interbank Settlement System (NISS).

Through the EFT Directive issued in July 2007, the Bank intended to ensure that all domestic EFT transactions were collected, cleared and settled in Namibia. Subsequently, the Bank confirmed that not all transactions (payment leg) were cleared and settled in Namibia. The position of the Bank is still to ensure that all Namibian transactions, including direct debits, salaries and claims are collected, channelled, cleared and settled in Namibia going forward.

The Bank monitored the implementation of the Card Directive issued in April 2008 to ensure that there is no cross-border acquiring of card transactions and that all point-of-sale (POS) devices or speed points are converted to the NamSwitch platform in Namibia. A significant number of POS devices have been converted to date to ensure that card transactions were routed appropriately to Namclear for settlement at the Bank of Namibia.

Some of the core banking systems of participant banks were localised in Namibia during 2009 in line with the Bank's strategy that all core banking systems should be localised in Namibia by 31 December 2009. The Bank will continue enforcing compliance so that all systemically important components and systems are localised in Namibia with the view to aid effective oversight of payment systems and banking supervision.

A number of activities were carried out by PAN in 2009. The PAN Strategic Plan and NPS Vision 2015 document were drafted and finalised. In addition, some aspects of PAN's legal framework were revised to take account of changing circumstances.

Effective oversight of the NPS can only be done within the environment where there is a sound legal framework. The Bank's position is to strengthen the legal framework for payment systems in order to achieve a safe, efficient, accessible and cost-effective National Payment System. Through its ***policy development and research*** activities, the Bank issued regulations in 2009 with the view to support oversight of payment systems in Namibia:

- The Directive on NISS Early Square-off was issued in January 2009. The Directive compelled EFT, card and cheque transactions to be settled by 17:00 during the week instead of 21:30 as in the past. Late settlement time does not enable participants to estimate their funding needs accurately nor does it promote interbank lending and borrowing resulting in participants borrowing on overnight basis from the Bank to fund their transactions. By bringing forward the final settlement time to 17:00, with final settlement of low value transactions coming in at 16:40, participant banks would be in a better position to fund their positions for end-of-day square-off. Consequently, early square-off with respect to the EFT transactions happened from 16 November 2009 with card and paper transactions expected to be settled early by the first quarter of 2010.

- In another move, the Bank amended the Payment System Management Act to seek powers to regulate payment system related fees and charges. Ultimately, the amendment will give the Bank powers to regulate fees and charges in the interest of competition, efficiency and cost-effectiveness. Another amendment to the Act is to criminalise possession of devices that can defraud a lawful holder of a payment instrument, such as a debit and credit card. The amendment is awaiting parliamentary approval and should be in effect by end of 2010.

- The Bank of Namibia issued a determination in October 2009 on reducing the cheque item limit from N$5 million to N$500,000 by 10 June 2010. This was necessitated by cheques being associated with fraud and dishonoured payments. With this determination, the public is encouraged to make use of electronic payment options such as EFT, internet banking, mobile banking, POS transactions and NISS.

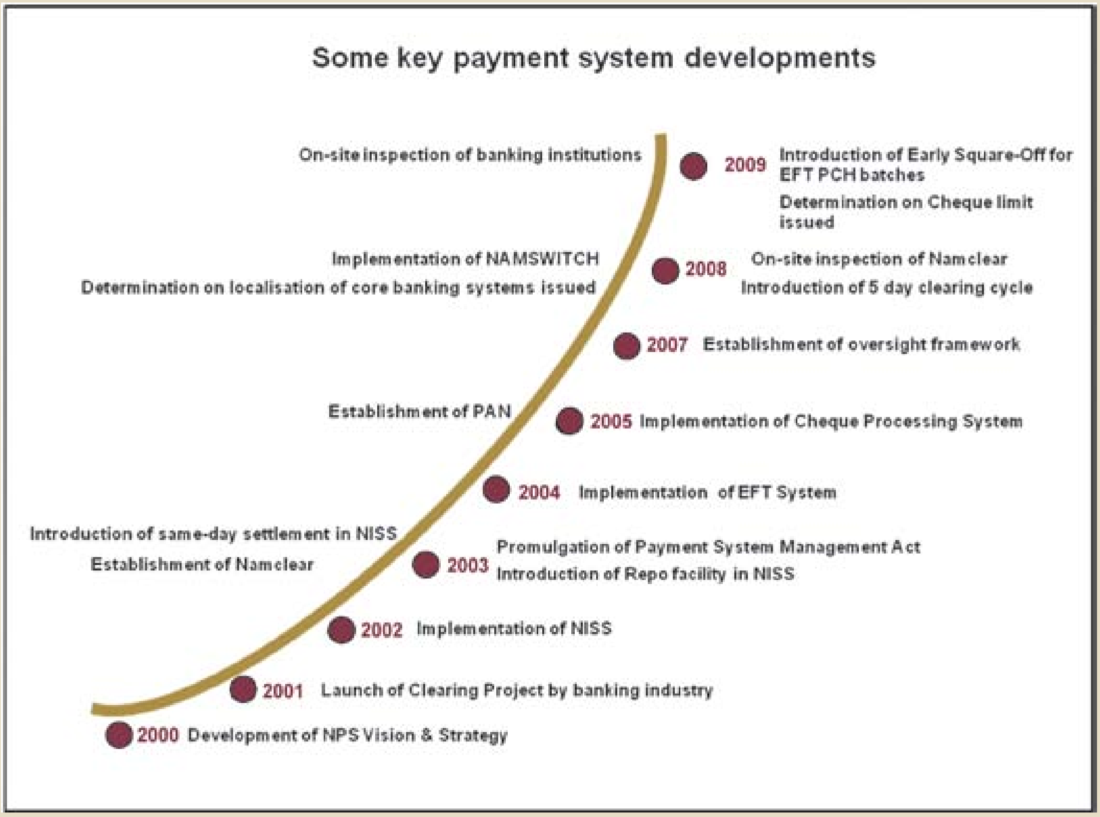
THE NATIONAL PAYMENT SYSTEM – TAKING STOCK 2000 – 2009

Historically, the Namibian payment system was part of South Africa's payment system and largely reflected the historical colonial legacy. As a result of this close link, all clearing and settlement of Namibian interbank transactions were performed as part of the South African National Payment System. Although this arrangement provided a relatively efficient and effective payment service to the financial sector, it had denied Namibia the opportunity to build domestic capacity. More importantly, it had introduced distorted risk profiles for both Namibia and South Africa.

The Bank in collaboration with the Namibian banking industry initiated the National Payment System Reform (NPS) project in 2000 as illustrated in the accompanying chart. The initial work resulted in the development of the NPS Vision and Strategy Document. The Vision document contained the long-term strategies for the modernisation and development of the domestic payment system up to 2005. The Namibian banking industry initiated the Namibian Clearing Project during the latter half of 2001 to establish Namibia's own clearing arrangements.

The need for payment system reform in Namibia was brought to the fore by a number of business imperatives, notably the Bank's desire to take Namibian interbank domestic transactions out of the South African payment system, and the Southern African Development Community (SADC) harmonisation and integration initiatives aimed at supporting a free-trade area. This would require sound payment systems in the respective countries.

The Namibia Interbank Settlement System (NISS) was implemented on 10 June 2002 for settlement of Namibian high-value transactions. NISS version 3 was implemented during March 2005. In this version of NISS, a facility to allow participant banks to use the minimum reserve balances for settlement



purposes during the day was introduced. In 2003, the Payment System Management Act, was promulgated to enable the Bank to oversee the NPS with the objective of ensuring safety, efficiency and cost effectiveness. During the same year, the four participant banks (commercial banks), in conjunction with the Bank, established the electronic payment clearing house, called Namclear. The first initiative of Namclear was to implement the Electronic Funds Transfer (EFT) System in 2004 for clearing of all domestic EFT transactions.

During 2004, NISS moved to same-day settlement. This implied that the settlement of all payment transactions was now done on the intended day of value. Same-day settlement in NISS also made the NISS settlement system compliant with international standards issued by the Bank for International Settlements (BIS).

The Namibian banking industry together with the Bank implemented a Cheque Processing System (CPS) on 18 July 2005. The CPS involved setting up of a cheque infrastructure based on the principle of electronic code-line-clearing of cheques. The CPS system replaced the manual cheque clearing system that was in existence for a long time. The Payment Association of Namibia (PAN) was established to manage certain aspects of the NPS during the same year.

The Bank formally established its payment system oversight function in July 2007. In 2008, the Namibian banking industry implemented a local card switch called NAMSWITCH. With this, Namibia achieved the objective of taking the Namibian inter-bank domestic card transactions out of the South African payment system to be cleared locally and settled in NISS. The cheque clearing cycle has been reduced to 5 days, nationally, from 1 April 2008. This means that upon depositing a cheque, bank customers will have access to their funds on their bank accounts within five working days anywhere in Namibia.

The Bank visited Namclear in 2008 and NISS participating banks in 2009 on payment system issues as part of its on-site inspection programme. During the same year, the Bank issued a Determination, which required all banking institutions in Namibia to localise their core banking systems by the end of year 2009. The localization of core banking system will not only facilitate access by the Bank to financial records, but will also contribute to efficiency and safety of the NPS and support effective payment system oversight and banking supervision.

The review showed that all the major payment system strategies identified in the Vision document have been achieved. There have been many highlights along the way. The achievement of these milestones and objectives is largely due to effective co-operation within the Namibian banking industry.

Moving forward, there is a full work agenda on payment system issues for the Bank and banking industry. In the coming years, the focus will be on the implementation of strategies for NPS Vision 2015. The amendments to the Payment System Management Act are expected to be passed in 2010. Implementation of cheque limits and early square-off in NISS is set for 2010. The implementation of CMA cross-border payments solution is under discussion and the Bank will continue to participate in the SADC payment system integration initiatives.

It is certain that the payments infrastructure will continue to develop and evolve. The Bank, for its part, will continue to monitor developments and, together with the industry, seek measures to encourage the development of systems that function safely and efficiently.

FINANCIAL INTELLIGENCE

By operation of law, the Financial Intelligence Act, 2007 came into effect as from 5 May 2009. Since the Bank of Namibia has been tasked with the statutory responsibility to administer this Act, its operations as Namibia's Financial Intelligence Unit over and above its role as Central Bank and Banking Regulator, also commenced on 5 May 2009.

As from 5 May 2009, Accountable Institutions were compelled by law to report suspicious transactions connected to proceeds of unlawful activities or money laundering to the Bank of Namibia's Financial Intelligence Centre (FIC). The Bank received its first “Suspicious Transaction Report” (STR) in May 2009 and, at the end of the year they totalled 90 reports. A substantial part of these reports were reported by financial service providers such as banking institutions and Bureau de Changes (Foreign Exchange Dealers). As the Bank has adopted a rules-based approach, all STRs are analysed as received, irrespective of monetary value. The STRs are, however, prioritised for analysis purposes. Table A.2 provides a breakdown of the number of STRs received since May 2009.

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Table A.2: Suspicious transaction reports (STRs) received per source

Description	Number of Reports	Percentage
Financial Service Providers[1]	86	96
Legal Practitioners	1	1
Members of the Public	3	3
Total	90	100

As from date of commencement of the above Act, the Bank has issued and disseminated at total number of 44 statutory dissemination reports to law enforcement and intelligence agencies for further investigation. The suspected proceeds of crime involved in the intelligence thus disseminated are valued in excess of N$110 million.

The Bank continuously engages in consultative meetings with law enforcement agencies on matters that involve financial investigations and the use of financial intelligence disseminated by the Bank. Development of reports indicating money laundering trends and typologies are ongoing and all information deemed useful for law enforcement purposes, are reported on a continuous basis to law enforcement agencies.

During the period under review, the FIC held several consultative meetings with Law enforcement agencies with a view to enhance skills and cooperation in financial investigations and the use of information provided by the FIC. Several Memorandums of Understanding were concluded between the Bank and other stakeholders, such as law enforcement agencies and supervisory bodies. These Memorandums of Understanding were concluded to streamline frameworks that would pave way for cooperation between the Bank and these entities in the discharge of statutory obligations under the Act. Furthermore, bilateral Memorandums of Understanding were concluded with other strategic Financial Intelligence Units of other countries to facilitate the rapid exchange of financial intelligence to combat suspected money laundering or terrorist financing activities.

In line with statutory objectives and functions of the Bank as prescribed in the Financial Intelligence Act, 2007, the Bank supervised and enforced compliance on accountable institutions, as well as supervisory bodies to ensure that these institutions comply with the provisions of the Act. Measures to enhance compliance with the Act were initiated and further intensified. This has involved engaging accountable institutions in developing anti-money laundering programmes that would prevent money laundering from occurring in their respective institutions. The Bank conducted several training sessions with accountable institutions and supervisory bodies to assist them in implementing effective and robust anti-money laundering programmes. The training sessions were spread across industry sectors and regions. Efforts were also initiated to educate the public on the effects of the Financial Intelligence Act, 2007, and to create a general awareness of money laundering. In addition, the Bank developed four guidance notices to further assist accountable institutions and supervisory bodies to discharge their duties under the Act.

During the period under review, the Bank was also instrumental in setting up the Anti-money Laundering Advisory Council (AMLAC) and arranging AMLAC meetings where critical anti-money laundering policies were discussed and adopted.

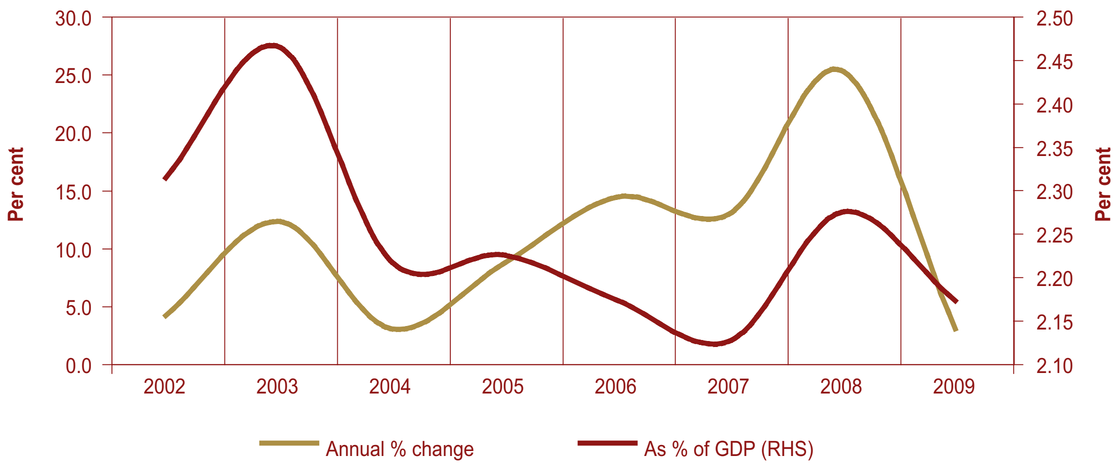
CURRENCY OPERATIONS

One of the Bank's core functions is to issue the national currency. This function requires the Bank to arrange for the printing of banknotes and the minting of coins, and to ensure sufficient quantity, acceptable quality, and security of the national currency. During the year under review, the stock of new N$10 and N$100 notes and 5 cent and 10 cent coins were replenished following competitive tendering by qualified suppliers.

The annual growth in the value of currency in circulation outside the central bank slowed down rapidly from 25.2 per cent at the end of 2008 to 2.9 per cent at the end of 2009. This slowdown is primarily ascribed to three factors: (a) the deceleration in the inflation rate towards the latter half of 2009, (b) slower economic growth, and (c) the renewed influx of rand currency during the year. Also, in relation to GDP, the currency in circulation decelerated moderately from 2.27 per cent in 2008 to an estimated 2.17 per cent in 2009. Chart A.1 depicts the annual change in currency in circulation and the ratio of currency to GDP between 2001 and 2008.

[1]Financial service providers include banks, brokers, foreign exchange dealers, insurance providers, investment managers, and service and money remitters.

Chart A.1: Currency in circulation



All banknotes deposited by commercial banks at the Bank are subject to authentication and sorting into quality categories, such as Unfit, Fit and Super- or ATM-fit. Banknotes that no longer meet the Bank's fitness criteria are withdrawn from circulation and destroyed. In 2009, a total of 16.1 million banknote units were withdrawn from circulation and destroyed compared with 25.7 million units in 2008.

The respective values and volumes of banknotes in circulation at the end of 2007 and 2008, respectively, are shown in Table A.3.

Table A.3: Composition of currency in circulation (outside the Bank of Namibia) at year end

Denomination	2008		2009		Change in value (%)
	Value (N$ million)	Volume (million)	Value (N$ million)	Volume (million)	
5c coin	4.24	84.89	4.93	98.69	16.3%
10c coin	7.72	77.20	8.72	87.21	13.0%
50c coin	7.72	15.45	8.48	16.96	9.8%
N$1 coin	50.78	50.78	58.69	58.69	15.6%
N$5 coin	28.36	5.67	33.38	6.68	17.7%
All coins	**98.83**	**234.00**	**114.21**	**268.23**	**15.6%**
N$10 note	59.29	5.93	48.87	4.89	-17.6%
N$20 note	101.07	5.05	123.07	6.15	21.8%
N$50 note	178.71	3.57	185.08	3.70	3.6%
N$100 note	1,047.22	10.47	1,089.68	10.90	4.1%
N$200 note	171.80	0.86	144.44	0.72	-15.9%
All notes	**1,558.10**	**25.89**	**1,591.15**	**26.36**	**2.1%**
TOTAL	**1,656.93**	**259.89**	**1,705.36**	**294.60**	**2.9%**

While the growth in the value of notes and coin in circulation slowed down between 2008 and 2009, the growth in the number of notes and coins in circulation marginally increased from 10.6 per cent to 13.4 per cent over the same period. At the end of 2009, the number of coins in circulation rose to 268 million units, up from 234 million units the previous year, while the number of notes rose to 26.4 million units from 25.9 million units over the same period. In 2009, the N$10-note and the N$200-note decreased their circulation, while all other notes and coins showed fairly steady increases in their circulation.

The N$100 bill remains the most popular among the notes, with a circulation of 10.9 million units. These notes account for 41.3 per cent of the volume and 68.5 per cent of the value of all notes in circulation. The 5 cent piece has the highest circulation among the coins, with more than 98 million units. This represents 36.8 per cent of the volume and 4.3 per cent of the value of all coins in circulation at the end of 2009.

In accordance with the Bilateral Monetary Agreement with South Africa, the Bank is required to repatriate South African Rand notes that are deposited at the Bank back to South Africa. Rand notes continue to come into circulation in Namibia, mainly as a result of foreign trade and tourism. The Rand currency that enters the country does not circulate widely in Namibia, as it is quickly absorbed by banking institutions and then deposited at and repatriated by the Bank of Namibia (in the case of Rand notes) and by banking institutions (in the case of Rand coins). Rand repatriation and the Namibia Dollars in circulation are compared in Table A.4.

Table A.4: Rand repatriation and Namibia Dollars in circulation

Calendar year	Value of Rand repatriated		Increase in value of N$ in circulation	
	R million	Change in value (%)	N$ million	Change in stock (%)
2003	338.1	53.7	99.7	12.2
2004	396.7	17.3	26.9	2.9
2005	512.6	29.2	81.1	8.6
2006	749.7	46.3	146.5	14.3
2007	1,125.0	50.1	150.4	12.8
2008	974.8	-13.4	333.2	25.2
2009	1,200.0	23.1	48.4	2.9

In 2009, there was a renewed increase of 23 per cent in the value of Rand notes repatriated to South Africa after a brief reduction of 13.4 per cent recorded in 2008. It is suspected that the weak rise in circulation of Namibia Dollar is partly brought about by the strong circulation of Rand in Namibia.

As indicated in Table A.5, the number of counterfeit Namibia Dollar banknotes increased from 118 units in 2008 to 265 in 2009, which is quite a sharp surge.

Also, the ratio of counterfeits per million of notes in circulation has shown a rapid expansion. This rising trend may create the impression of a worsening situation, but the fact that more counterfeits are detected and taken out of circulation could be attributed to the success of publicity efforts to get the public reacquainted with the features of the Namibia Dollar banknotes and to inform the public about what to do with fake money.

Table A.5: Counterfeit Namibia Dollar banknotes and coins

Denomination	Number of counterfeit banknotes and coins detected				Counterfeits per million notes and coins, 2009
	2006	2007	2008	2009	
N$10	0	0	16	5	1.02
N$20	15	5	12	9	1.46
N$50	11	23	38	126	34.04
N$100	20	7	34	84	7.71
N$200	24	48	18	41	56.77
Total	70	83	118	265	N/A
Counterfeits per million notes	**3.70**	**3.72**	**4.56**	**10.05**	**N/A**

Counterfeiters seem to target higher denominations with especially the N$50 bill being the most forged banknote.

PROMOTING PRICE STABILITY

Strategic objective 2
Promote price stability

Initiatives and strategies
- Improve economic data management and statistical analyses
- Pursue monetary policy in accordance with Monetary Policy Framework

Strategic outcomes
- A robust and comprehensive economic database based on international standards enabling the Bank to have an up-to-date view of the economy
- An economic and financial environment where the parity between the Namibia Dollar and the South African Rand is not in any way threatened

The primary objective of monetary policy is to protect the value of the currency in order to obtain balanced and sustainable economic growth in the country. This objective is articulated in Bank of Namibia Act, 1997. To achieve financial stability, requires both stable prices and stable conditions in the financial sector as a whole.

Price stability is achieved when changes in the general price level no longer influence economic decision-making processes in a material way. Although relative price movements may still affect decisions on production, consumption, saving and investment, the rate of inflation or deflation should be so low that is no longer an important factor in economic decision-making.

Stable conditions in the financial sector are achieved when there is a high degree of confidence that financial institutions and financial markets are able to meet contractual obligations without interruption or recourse to external support. Such stable conditions do not preclude the failure of individual financial institutions. A financial institution can fail and be allowed to fail even under stable financial conditions. It is only when the whole, or an important part, of the financial sector is at risk, that the situation can be described as financially unstable.

MONETARY POLICY STANCE DURING 2009

The year 2009 presented some operational challenges to the formulation of monetary policy, given the uncertainties arising from the instability in international financial markets. Such challenges included the rapid changes in the domestic and global economic conditions particularly in terms of policy interventions. In order to keep up with these developments, the Executive Committee (EC), a body charged with monetary policy making, decided to concider monetary policy matters at each of its monthly meetings.

The EC assumed a more accommodative monetary policy stance during 2009. This policy stance was taken after considering economic developments, both domestically and internationally, which included the near-term inflation forecast and the various risks to inflation. As such, the main factors that provided scope for the monetary policy easing in 2009 included the medium term inflation outlook that pointed towards further slowdowns, the domestic demand that had been well contained and was in need of measure of stimulation; and a comfortable position of international reserves holdings.

Prior to 2009, the more generalised nature of inflation dynamics that were to a large extent a result of a combination of supply shocks and oil price increases was the primary cause of the tight monetary stance assumed by most central banks, including the Bank of Namibia. These conditions undoubtedly led to a marked economic slowdown and reduction of output all the way until 2009. Meanwhile, as the reflection of declining demand and low commodity prices, domestic inflation pressure, began to subside significantly by 2009. Given these developments, the EC decided to change its monetary policy stance from a tight stance to a more accommodative one. Consequently, the Repo rate was reduced by a total of 350 basis points by the end of the first half of the year, before a constant stance was taken, leaving the Repo rate constant at 7.0 per cent since June 2009. This was done in order to provide a measure of stimulation that would spur domestic economic activities. The reduction in the Repo rate was also in line with the general deterioration of the global economy, for which recovery prospects were uncertain despite tentative signs of a bottoming out at the time.

Namibia's annual inflation trended downwards since January 2009. After starting the year at 11.6 per cent in January, annual inflation gradually fell to a low of 6.7 per cent in November before closing the year

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at 7.0 per cent in December. These developments resulted in an average annual inflation rate of 8.8 per cent for 2009. Food and transport inflation played a key role in bringing inflation down. Inflation rates for Food and Transport fell significantly during 2009, though Transport inflation swung upwards again towards the end of the year. Average annual inflation rates for Food and Transport stood at 10.8 and 6.0 per cent, respectively, compared to levels of 17.0 and 12.9 per cent, respectively in 2008.

The EC also constantly monitored the level of international reserve as another key indicator. By so doing, the EC intermediately targeted the position of international reserves holdings as the measure of the stability and sustenance of the currency peg. In all meetings in 2009, the EC continually expressed confidence in the position of international reserves holdings which averaged around N$14.3 billion compared to N$10.7 billion in 2008, and hit a record high of N$15.8 billion in October of 2009. These levels were more than sufficient to sustain the currency peg, particularly in October when it translated to 5 months of import cover.

CONTRIBUTING TO ECONOMIC POLICY FORMULATION

Strategic objective 3
Contribute to national economic policy-making

Initiatives and strategies
Deliver relevant and quality policy advice

Strategic outcomes
- A public recognition of the Bank as the leading economic research centre where our research influences public policies
- An up-to-date regional negotiation strategy articulating Namibia's position that is shared with key Government departments. The strategy must describe how to minimise potential costs and how to maximise potential benefits

Economic and financial research at the Bank of Namibia is primarily aimed at subject matters that are closely related to the Bank's statutory mandate. However, in some cases research topics not directly linked to the Bank's functions are also dealt with. The main aim of most research done is to address topical issues of a specific or general nature so as to stimulate further thinking, deliberations and specific policy actions. Naturally, research carried out that concludes with specific findings and recommendations, requires considerable amount of quality data. During the year under review, the research data base was considerably expanded and refined and a number of economic indicators of real sector activity have been compiled individually and in the form of composite and leading indicators.

POLICY RESEARCH AND ADVICE

Activities relating to policy research and advice are mainly carried out by the Bank in discharging its role as advisor to Government on fiscal issues. As such, the Bank continued to provide policy advice to the Ministry of Finance on various fiscal related issues. This includes the Medium-term Macroeconomic Framework, through its participation in the Macroeconomic Working Group (MEWG), and various other internal and public Government documents. The Medium-term Macroeconomic Framework intends to serve as a medium, through which the Group provides an overview on the economic outlook for the next three years and its possible implications for the fiscal position. Specifically, the framework is meant to be an input into the preparation of the national budget, which provides a basis on which the government can give broad direction on economic and fiscal policies over the medium term.

In line with Vision 2030, the Bank also carried out a study aimed at devising strategies that will enhance Namibia's economic growth. In this regard, the study is intended to clearly indicate the factors that have hampered growth and the areas of intervention to be prioritised in pursuit of the achievement of Vision 2030. The study is further intended to provide a comprehensive strategy on how to grow the economy going forward, tackle the problem of unemployment and implement the programme. The outcome of the study is expected to be shared with the relevant authorities during the course of 2010.

Following the completion of the study on the impact of the HIV/AIDS on the Namibian banking sector in 2008, the same was extended to the non-bank financial sector in 2009. As for the banking sector study, the World Bank also funded the non-bank financial sector study. Three sub-sectors were covered: the long-term insurance, retirement funds and the medical aid funds. Findings of the 2009 study were shared with the respective- and other relevant stakeholders at a seminar.

The Bank hosted its 2009 annual symposium, under the theme "Privatisation in Namibia". The aim of the symposium was to continue promoting dialogue and exchange of views on topical economic policy issues. The theme on privatisation was chosen because it is an issue that has become topical both amongst researchers and policy makers all over the world. The theme was influenced by the need for private sector development in Namibia, for which privatisation of state owned property can play a role. The Symposium proceedings were also published on the Bank's website.

The Bank in conjunction with the Ministry of Finance started the process of drafting the Financial Sector Strategy for Namibia. Once completed, the Strategy will be used as a guiding document for the development of the financial sector in Namibia. Furthermore, it would be the ultimate strategy to achieve the objectives of the financial sector as contained and envisaged in the various policy documents already in the public domain, viz., the Financial Sector Charter, NDP3 and Vision 2030.

The strategy thus will be aimed at preparing the Namibian financial sector for future challenges and sustainable growth. The Draft Financial Sector Strategy will be shared with various stakeholders to gauge their views and seek their input before being ultimately launched during 2010, as a national strategy for the financial sector.

To strengthen and enhance its research capacity and policy advising role, the Bank developed a model for inflation forecasting over the medium term. The model was developed with the assistance of the Macroeconomic and Financial Management Institute of Eastern and Southern Africa (MEFMI).

Furthermore, as provided for in the Monetary Policy Framework, the Bank published its first monetary policy review during 2009. The report provided a comprehensive framework for the sources of inflation in Namibia and explained the reasons for monetary policy decisions to those affected. The second review for the year was suspended indefinitely and proper communication with stakeholders in this regard will be made in 2010.

INTERNATIONAL FINANCIAL CO-OPERATION

As in previous years, the Bank continued to pursue common interests and interacted regularly with its international and regional stakeholders. At an international level, the Bank interacted with the IMF and the World Bank in various areas of co-operation. In this regard, the Bank participated in the annual meetings of the IMF and World Bank, which were held in Istanbul, Turkey during October 2009. The World Bank also partly funded a seminar on the previously mentioned study on "The Impact of HIV/AIDS on the Non-banking Financial Sector in Namibia".

The World Bank further provided support to the Bank of Namibia by financing two workshops namely: Introduction to Computable General Equilibrium (CGE) models as well as the workshop on Economy-Wide Policy Impact Analysis. The main focus of the CGE workshop was to introduce participants to the foundation of CGE modelling including how the General Algebraic Modelling System (GAMS) works, basic programming in GAMS, the structure of the Social Accounting Matrix (SAM) and the use SAMs in CGE models. On the other hand, the economy-wide policy impact analysis workshop introduced participants to the structure, construction and interpretation of input-output tables, their interpretation as well as the usage of the input-output framework for consistency analysis.

During the year under review, the IMF provided an equivalent of US$250.0 billion (SDRs 161 billion) in Special Drawing Rights (SDR) to its 186 member countries in order to supplement their foreign exchange reserves due to the challenges posed by the global economic crisis. Of the total amount allocated, Namibia was allocated an amount of SDRs 101.2 million (US$161.0 million) from the general allocation. In addition, the country benefited from an allocation of SDRs 29.2 million (US$46.5 million) from the special allocation which was approved by the IMF's Board of Governors in September 1997 through the Fourth Amendment of the Articles of Agreement. The allocation from the special drawing rights increased Namibia's foreign exchange reserves by N$1.6 billion.

At the regional level, the Bank maintained its relationship within various institutions, such the Common Monetary Area (CMA), Macroeconomic and Financial Management Institute of Eastern and Southern Africa (MEFMI), the Southern African Customs Union (SACU) and the Southern African Development Community (SADC).

With specific reference to the CMA, the main event that took place during the year under review was the holding of the quarterly meetings of the Central Bank Governors. These meetings were held in order to consult each other and exchange information pertaining to recent economic and financial developments in CMA economies.

During 2009, the Bank benefited from technical assistance on long-term inflation forecasting provided by a MEFMI funded expert. Further, the Bank also played a pivotal role in SACU matters and provided technical advice on revenue sharing matters. It goes without saying that the SACU common revenue pool continues to be a significant source of government revenue in Namibia and its foreign exchange reserves. However, going forward, the sustainability of the common revenue pool and Namibia's share thereof remains a cause for concern. In this respect, the country should continue to investigate alternative sources of public revenue, if the current level of government expenditure is to be maintained.

On the SADC front, the Bank continued to participate in the activities of the Committee of Central Bank Governors (CCBG). The key activities during 2009 were the provision of updated national economic statistics, the compilation and contribution of Namibia's section to the annual Integrated Paper on Recent Economic Developments in SADC and the approval of the Model Central Bank Law. In this regard, efforts were made to Namibianise the Model law. The main goal of the Model law is to create a harmonised legal and operational framework for central bank legislation amongst SADC countries.

FOREIGN EXCHANGE RESERVE MANAGEMENT

Strategic objective 4
Manage reserves prudently

Initiatives and strategies
- Manage reserves actively to optimise returns
- Manage liquidity pro-actively

Strategic outcomes
Levels of international reserves proportionate with the economic activities, the management of which is underpinned by a comprehensive reserve management policy and by pro-active management of liquidity in the money market

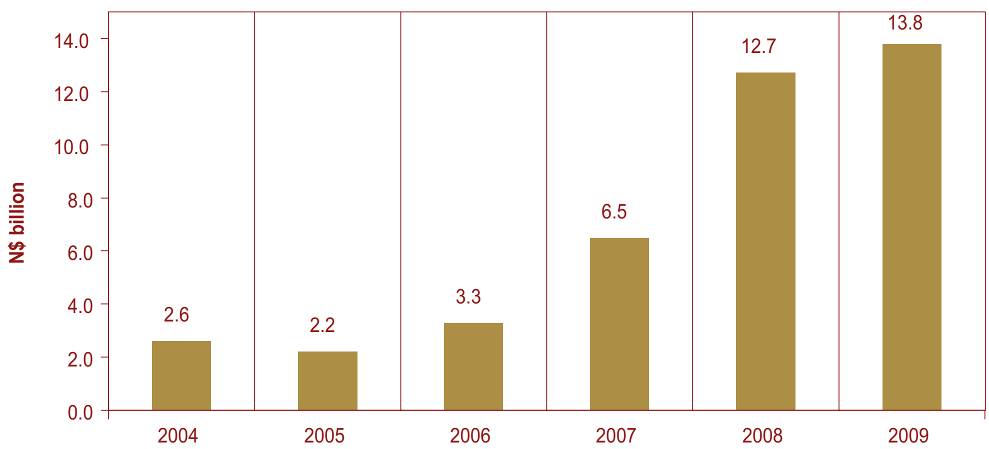
Most central banks across the world are charged with the responsibility to manage their nations' gold and foreign exchange reserves. In accordance with section 27 of the Bank of Namibia Act, 1997, the Bank is responsible to establish and maintain, on such terms and conditions determined by the Board, international reserves consisting of certain prescribed external assets. In addition, the Act requires the Bank to ensure the liquidity and safety of external assets and that their international purchasing power is preserved.

In the case of Namibia, the fundamental reasons for holding foreign exchange reserves are to:
- provide backing for the issue of domestic currency, as required in terms of Article 4 of the Bilateral Monetary Agreement between the Governments of the Republic of Namibia and the Republic of South Africa;
- enable the funding of international transactions of the country as stipulated in section 28(2) of the Bank of Namibia Act, 1997;
- maintain confidence in the country's monetary and exchange policies;
- give assurance to the international community that the country is able to meet its external obligations; and
- ensure that the economy is resilient to external shocks.

FOREIGN EXCHANGE RESERVE DEVELOPMENTS DURING THE YEAR

Foreign exchange reserves continued to record an upward trend since the end of December 2008 when it grew by 9.14 per cent from N$12.7 billion at the end of December 2008 to N$13.8 billion at the end of December 2009 (see Chart A.2). As measured in months of imports, the level of reserves represented import covers of up to 15 months at the end of 2009. The main contributing factors to the growth in reserves were SACU receipts, amounting to N$8.6 billion, Special Drawing Right funds of N$1.58 billion received from the IMF, Rand notes repatriated to South Africa of N$1.2 billion as well as interest income received for the year under review of N$594 million.

Chart A.2: Official foreign exchange reserves stock



Due to the evolving global financial market conditions and future expectations with regard to interest rates in the major financial markets, the duration of different tranches were lowered to reduce the interest rate risks. This, in turn, resulted in changes in benchmark portfolios. An assessment of the performance of internal investment managers since the first Strategic Asset Allocation[2] (SAA) that was implemented in 2008 was also made. This assessment yielded satisfactory results and showed that the Bank was ready to embark on more active strategies with higher risk budgets. As a result, a blend of 'active' and 'enhanced-indexation' strategies was adopted to the liquidity and investment tranches, respectively.

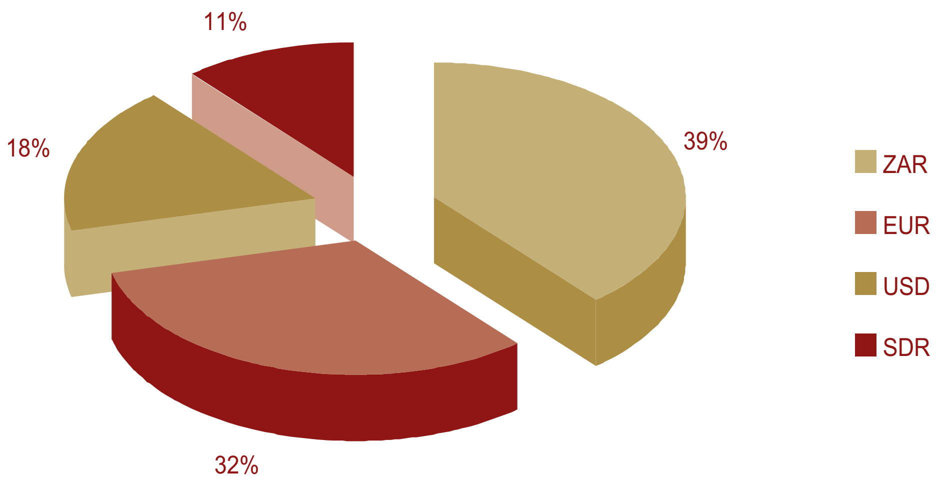
The increase in foreign exchange reserves observed over the past three years prompted the Bank to review its SAA as an opportunity was presented for the Bank to review its risk tolerance. This exercise is done on yearly basis and, in 2009, the reviewed SAA was implemented on 1 September 2009. As a norm, reserves were divided into three tranches, namely working capital, liquidity tranche and investment tranche to serve different objectives. Each of these tranches was further sub-divided into three reserves currencies, namely ZAR, USD and EUR. It is noteworthy that the liquidity share of the ZAR and USD increased from 20 per cent and 25 per cent to 25 per cent and 30 per cent, respectively in the new SAA (see Table A.6). On the other hand, the EUR share decreased from 55 per cent to 45 per cent. The ZAR share was increased, because average commercial banks outflows were forecasted to increase in the months from September 2009 to August 2010. In addition, the USD share has also increased because Government payments denominated in USD were forecasted to increase during the same period.

The currency distribution of reserves as at the end of 2009 is indicated in Chart A.3.

Table A.6: Types of tranches and their sizes (new SAA)

	Working Capital		Liquidity Tranche		Investment Tranche	
	Old (Jul-08 to Aug-09)	**New (since Sep-09)**	**Old**	**New**	**Old**	**New**
ZAR	500 million -2.5 billion	Unchanged	20%	25%	0%	Unchanged
USD	0-10 million	Unchanged	25%	30%	30%	Unchanged
EUR	0-5 million	Unchanged	55%	45%	70%	Unchanged
	Total		**100%**	**100%**	**100%**	

Chart A.3: Currency mix of foreign exchange reserves as at 31 December 2009



[2]SAA is the process of determining the long-term allocation of capital to different asset classes and is the most important component of investment management.

SERVICE DELIVERY AND STAKEHOLDER RELATIONS

Strategic objective 5
Promote a positive reputation through efficient service delivery and sound stakeholder relations

Initiatives and strategies
- Deliver excellent service to stakeholders
- Promote good corporate citizenship

Strategic outcomes
- Cost-effective, efficient, secure and innovative banking services provided to the Bank's customers that meet their requirements and approval
- A robust and efficient real-time gross settlement system (RTGS) that is able to settle obligations of system participants finally and irrevocably
- An exchange control regime administered according to relevant legislation
- Public awareness and appreciation of what the Bank's role is in the Namibian economy
- A mutually rewarding relationship with all the Bank's external stakeholders based on their understanding of the Bank's role in the economy
- A comprehensive communication mechanism where both external and internal stakeholders are provided with the latest relevant information and that they are content with the information so provided

The Bank continuously strives to improve the level of efficiency of service delivery to its customers. In order to gauge the degree of customer satisfaction with the way the Bank operates, an External Customer Satisfaction Survey was carried out during the period September to October 2009. The findings were that the Bank's stakeholders and customers in general appear to be reasonably satisfied with its service delivery. Although a response rate of higher than 35 per cent would have been better, the survey was well-balanced in terms of the categories of respondents. Fifteen categories of respondents where targeted, which include the Bank's customers, Government agencies, private, academic and international institutions, etc. The outcome of the survey indicates that 87 per cent of the respondents were positive about the Bank's conduct, whilst only 5 per cent were marginally negative about specific activities. The remaining 8 per cent were respondents who would not express an opinion on certain questions.

The areas where stakeholders and customers felt the Bank could improve and that were deemed statistically significant has enabled the Bank to identify those specific areas requiring attention. The departments responsible for services that received negative ratings are currently implementing appropriate strategies to improve the Bank's image in the areas identified.

BANKING SERVICES

As part of its mandate, the Bank continues to provide banking services to the Government for State Account and certain donor accounts. All domestic transfers exceeding a certain amount are made through the real time gross settlement system – NISS – to ensure timely and irrevocable payment. Money transfers processed by the Bank on behalf of Government are indicated in Table A.7.

Table A.7: Money transfers on behalf of Government

Year	Domestic transfers		Foreign transfers	
	Volume	Annual % change	Volume	Annual % change
2007	424	---	900	---
2008	529	24.8	942	4.7
2009	570	7.8	911	-3.3

During 2009, domestic money transfers processed on behalf of Government rose by 7.8 per cent, while foreign transfers reduced slightly by 3.3 per cent. A total number of 1,137 receipts from commercial banks through NISS for credit the State Account were recorded during the year under review.

The Bank has a special arrangement with the Ministry of Finance to clear special presentations of State Account cheques, where the holder wishes to have immediate value. Such clearances are done on request from the payee. There has been a slight reduction in the number of special clearances, namely from 1,939 in 2008 to 1,807 in 2009. This reduction is attributed to the much shorter clearing time on normal deposits, which is now done within five days of presentation.

All cash and cheque payments to Government are deposited at the Bank of Namibia. These cheques are then forwarded to Namclear for clearance and credited to the State Account. Government cheques issued by the respective Ministries/ Offices and Agencies are deposited at commercial banks by beneficiaries. These cheques are in turn forwarded to Namclear for clearance and there after returned to the Bank. The Bank authenticates the cheques to ensure that these were not forged or stopped. The cheques are then processed and bank statements are prepared and submitted with the cleared cheques to the Ministry of Finance. During 2009, the number of Government cheques totalled 694,825, which was 4.0 per cent more than in the previous year.

SETTLEMENT SERVICES

As a banker to commercial banks the Bank continues to provide real-time inter-bank settlement services to the Namibian banking institutions. All high-value inter-bank payments above N$5 million are made through NISS. Values originating from retail payment systems (EFT, Cheque, and Card) operated by Namclear, are also settled in NISS. NISS availability was very high in 2009 and is broadly in line with those reported of large value and retail payment systems in other countries. High priority was placed to ensure uninterrupted availability of NISS operations.

The Bank has commenced with the project to upgrade NISS to version 5. The project is expected to be completed in 2010. The new version will necessitate the replacement of the current hardware infrastructure and change in NISS architecture. Moreover, all banking institutions will be required to connect through the Bank's Virtual Private Network (VPN). This will introduce significant changes at the end-user interface from a desktop to a web based platform, making it more user-friendly and reducing the transaction and licensing costs to banking institutions.

In 2009, the total value settled in NISS amounted to N$453 billion (see Table A.8). Approximately 69 per cent of the total value settled in NISS emanated from gross settlement as opposed to bulked transactions originating mainly from Namclear. The total number of transactions settled was 40,437, which is, on average, 134 transactions per settlement day. The value settled through NISS in 2009 fell mildly by 0.5 per cent compared to 2008, while the volumes rose by 24 per cent over the same period. This is a negative trend since less value is settled in NISS in real time and irrevocably, thereby increasing systemic risk.

Table A.8: NISS transactions

Year	Number of settlement days	Value settled (N$ billion)			Total number of settlement transactions
		Total value settled	Value settled gross	Value settled in bulk	
2003	301	220.2	181.4	38.9	38,176
2004	302	242.4	188.7	53.7	37,804
2005	302	231.1	154.8	76.3	37,009
2006	301	262.6	202.3	90.3	27,011
2007	301	342.7	239.7	103.1	27,805
2008	304	455.5	328.5	127.0	32,587
2009	301	453.1	311.5	141.6	40,437

The Bank continues to provide sufficient collateralised liquidity to the participants through the seven-day and overnight repo facilities in NISS. In 2009, the value of credit extended on an overnight repo basis totalled about N$ 1.8 billion compared with an amount of N$ 24.2 billion in 2008. The significant decrease in overnight credit to NISS participants of 93 per cent in 2009 is attributed to two major factors:

a) the generally favourable liquidity position in the Namibian banking system; and
b) the introduction of the seven-day repo in the latter half of 2008, which involved the charging of a premium on overnight interest rate of 2 per cent above the repo rate, and which, in turn, discouraged the use of this facility.

Apart from the seven-day and overnight repo, the Bank provides interest-free intraday credit to participants. As interbank payments are made continuously throughout the day, this credit facility is a valuable way to fund intraday commitments to one another. The use of this facility also reduced quite strongly during 2009 for the same reasons mentioned above. The sum total of N$41.3 billion, compared to the N$195 billion in 2008.

The total settlement value for retail payment system (EFT, Cheque, and Card) operated by Namclear was N$204.5 billion in 2009 (see Table A.9). This amounted to 45 per cent of the total value settled in NISS. Retail payment systems are still considered to be systemically important payment systems because they still represent a significant proportion of the daily settlement.

Table A.9: Namclear Transactions

Year	Cheque transactions		EFT transactions		Card transactions	
	Value (N$ million)	Volume ('000)	Value (N$ million)	Volume ('000)	Value (N$ million)	Volume ('000)
2006	72,796	5,490	27,377	4,382	-	-
2007	76,172	5,163	72,368	4,928	-	-
2008	81,653	4,534	106,757	7,085	-	-
2009	76,650	3,721	127,190	7,910	674	2,484
Annual percentage change						
2007	4.6	-6.0	164.3	12.5	-	-
2008	7.2	-12.2	47.5	43.8	-	-
2009	-6.1	-17.9	19.1	11.6	-	-

During 2009, Namclear processed 3.7 million cheques at a total value of N$ 76.7 billion. Both the value and volume of cheques processed in 2009 were lower than those processed in 2008. However, the number of EFT transactions processed by Namclear was 7.9 million with a value of N$127.2 billion. Between 2008 and 2009, the EFT volume rose by 11.6 per cent, while the value increased by 19.1 per cent. This is consistent with the trend that EFT is becoming a more important payment stream, which is gradually reducing the use of cheques. For the first time, Namclear also started to clear ATM, debit and credit cards in 2009. However, as indicated in Table A.9, both the value and volume of these transactions were very low and do not give an accurate reflection of card transactions in Namibia. This understatement is mainly because of various logistical and system problems at some banking institutions prevented them to clear their card transactions at the local switch. These problems have in the meantime been resolved and all card transactions are cleared by Namclear and settled in NISS.

ADMINISTRATION OF EXCHANGE CONTROL

The administration of exchange control is the domain of the Ministry of Finance with the powers, functions and duties delegated to the Bank of Namibia. The Bank is, therefore, responsible for the day-to-day administration of exchange control. The Minister of Finance, on the recommendation of Bank of Namibia, appoints Authorised Dealers in foreign exchange. This appointment gives these banks the authority to buy and sell foreign exchange, subject to conditions and within the limits prescribed by the Bank. Authorised Dealers are not agents for the Bank, but act on behalf of their customers.

Since the administration of exchange control is the domain of the Ministry of Finance, policy pertaining to exchange control is determined by the Minister of Finance. The Bank of Namibia only acts as an advisor to Government and more specifically to the Minister of Finance.

In pursuit of exchange control liberalisation, the Bank of Namibia has gradually delegated a significant part of exchange control functions to the Authorised Dealers. This means that the Bank is no longer involved in approving applications on those delegated functions, and such responsibility is now being carried out by the Authorised Dealers. Thus, the Bank has shifted its focus from controlling to conducting intensive risk-based auditing and compliance inspections in order to ensure that, Authorised Dealers are handling all the functions so delegated, strictly within the ambit of Exchange Control Rules and Regulations.

The Bank of Namibia is represented at SADC Exchange Control Committee, which is a sub-committee dealing with exchange control related issues. This Committee has a road map, which is designed to pave a way for the speedy liberalisation of exchange control to ultimately achieve economic integration.

During the year under review, the Bank continued its efforts to curb illegal trade in foreign currency by means of enhanced awareness campaigns, as well as instituting measures aimed at closing existing loopholes in the system. Furthermore, the Bank issued circulars that granted residents permission to exchange foreign currency not exceeding the equivalent of N$50,000 per transaction without having to produce documentary evidence as is normally the norm.

Equally, companies operating at the Oshikango border post have been authorised to accept foreign currency in payment for goods sold or services rendered on the condition that the foreign currency would be exchanged at a Commercial Bank not later than the following business day. The purpose of this authorisation is to facilitate trade at the Oshikango border post and thereby boost economic growth for the country at large.

PUBLIC EDUCATION

One of the responsibilities of the Bank is to disseminate information that is aimed at creating a better understanding among the population on economic and financial matters. The Bank has also realised that a thorough awareness of the monetary system and the banking industry can help individual members of the public to make informed decisions that will have a positive impact on their lives.

During the past year, the Bank of Namibia was proud to host the third National High School competition, which aimed at educating learners about the role the central bank plays in the economy and also about Namibia's monetary policy framework. Accordingly, this theme was chosen for the 2009 competition. From 2 to 18 June 2009, secondary school learners from grades 8 to 12 from all over the country were invited to partake in the competition. Each participating school received resource material to study. The resource material consisted of an extract from the Bank of Namibia 2008 Annual Report, focusing on the "Operations and Affairs of the Bank" and the "Monetary policy formulation and stance", compiled by the Bank. Learners were also required to study an additional six chapters from their prescribed secondary textbook, "Starting Economics" by G F Stanlake, in an effort to support the Ministry of Education in their educational goals and objectives. A total number of 127 schools countrywide participated in the competition.

Haimbili Haufiku Secondary School won the contest and the prize money of N$50,000, whilst Wennie Du Plessis Secondary School was the runners-up, winning a cash prize of N$30,000. St Boniface College in the Kavango region came third, and won prize money totalling N$10,000. Gabriel Taapopi Senior Secondary School in the Oshana region came fourth and walked away with a computer printer as a prize for their school.

The Bank of Namibia also regularly hosts a school visitors' programme that aims to educate learners on the role and functions of a Central Bank. A total of nine schools from Khomas region were invited to visit the Bank during 2009 as part of the school visitors' programme. The Bank places high value on the significant impact that the media has made in educating the public by disseminating relevant information through its ongoing active engagement with the Bank.

The Bank of Namibia embarked on a public education campaign to educate the public on the risk associated with counterfeit banknotes during 2009. The campaign was rolled out during 24 October and 12 December 2009, with the theme "Know your currency – report fake money". The programme was aimed at educating and informing the Namibian public on the features of the Namibian currency, to inform the Namibian public on the provisions of the Prevention of Counterfeiting of Currency Act, 1965 and to educate the Namibian public on what to do when a member of public detects counterfeit currency and activities.

During this year, the Bank introduced a bi-weekly education column that focused on educating the public about the economy and the role of the Bank of Namibia. They were presented in an easy to read and simple language in a question and answer style. These articles were featured in the local daily newspapers and can be found on the Bank's website.

CORPORATE SOCIAL INVESTMENT

As a responsible corporate citizen, the Bank invests widely in Namibian communities by channelling funds to areas of need with particular emphasis on the area of education. Providing high-quality education is critical to Namibia's economic and social development. Based on this realization, the Bank of Namibia is strongly committed to promote public education through various programmes, including direct contributions to tertiary educational institutions, bursaries and scholarships, etc.

Computer skills are becoming increasingly important for survival in a modern digitalized environment. Accordingly, the Bank, since 2006, has committed itself to establish computer centres at the Nuuyoma Secondary School in Oshikuku (Oshana region) and the Wennie du Plessis Secondary School in Gobabis (Omaheke region). A total of N$1 million has been committed to the development of these centres until May 2010. This project has assisted two schools to provide a number of learners with a good opportunity to become fully computer literate.

In addition, the Bank channelled funds in the form of donations and sponsorships to initiatives that support many challenges facing the Namibian society, especially in the field of education. In 2009, the Bank contributed towards various causes as set out in Table A.10.

Table A.10: Donations and sponsorships by the Bank during 2009

Sponsorship request	Beneficiary	Amount (N$)
Donation to the Business school	University of Namibia (UNAM)	2,000,000
Donation to the Business Innovation centre	Polytechnic of Namibia	500,000
Aid to National Emergency Disaster Fund	Office of the Prime minister	400,000
Renovation of an Orphanage	Venancius Rukero Aids Orphans	150,000
Aid for flood disaster relief	Red Cross Society	100,000
Assistance to host the General Conference on Documentary Heritage Management	National Archives of Namibia	11,000
Financial assistance to UNAM student Societies	University of Namibia Economic Society	11,716
	University of Namibia Accounting Society	12,000
Financial assistance to Polytechnic Student Society	Polytechnic Economic Society	4,235
Library books	Oshigambo High School	50,000
Total		**3,238,951**

FINANCIAL MARKET DEVELOPMENT

Strategic objective 6
Promote financial market development

Initiatives and strategies
- Promote the deepening of the financial market
- Promote wider access to financial services

Strategic outcomes
- An active financial market characterised by all financial instruments that are found in other comparable markets
- A financial system where no person should be financially excluded from financial services

An efficient and diversified financial market is necessary to support real economic activity. Indeed, the advantages of sound financial markets are well known. These markets play a critical role in mobilising savings and in allocating them to productive investment. Moreover, strong local markets can also provide a more stable source of financing for the public and the private sectors, thus insulating them to some extent against volatile global capital flows.

The Bank of Namibia is not the only institution responsible for financial market development, but, given its position as manager of Government's debt portfolio and as major participant in the domestic money market, the Bank is in a unique position to take initiatives and to provide advice to stakeholders to develop a strong, broad, and deep financial market in Namibia.

INITIATIVES TO DEVELOP THE LOCAL INTERBANK MARKET

The role of commercial banks in financial intermediation is vital to the transmission mechanism of monetary policy. The strong link of the Namibian commercial banking system with South Africa has conferred a number of benefits on the banking system in Namibia over the past years. These include access to regional and global financial markets, strong ownership ties and common good practices with reputable financial institutions in South Africa. However, close ties with South Africa and free capital flow also pose a challenge to the development of the domestic financial markets.

Since the South African financial markets are relatively highly developed compared to the Namibian financial market, the free capital movement within the CMA does less to encourage development and innovation in the local financial markets. In a closed system, with particular reference to commercial banks, a short bank only has two funding sources, i.e. the interbank market or the central bank. However, in the case of Namibia, as a member of the CMA, a local bank, which is short, also has a third option to fund its shortage by making use of the more developed South African banking system. The Namibian banks appear to employ more of the latter option when they are both short and long.

Over the past years, the Namibian commercial banks have been transferring substantial amounts of funds to South Africa, even when some local banks are short. For instance, a net outflow to South Africa to the tune of N$7.7 billion was recorded during 2009 in comparison to N$1.87 billion in 2008. Namibia has well-established pension funds and insurance companies that generate huge savings. However, the relatively well-developed financial markets in South Africa resulted in a peculiar situation where Namibia became a net exporter of capital to that economy. The CMA agreement allows for a free flow of capital amongst the CMA member states. An enhanced interbank market is desirable, since it allows for the development of the domestic financial markets. The interbank market also plays an important role in the conduct of monetary policy.

During 2009, the Bank of Namibia analysed the activities of the interbank market, with the aim to establish the impediments to the development of the market as well as to initiate strategies that would encourage local banks to trade among each other. Some of the impediments, such as Namibia's membership to the CMA, are structural. However, there are also other non-structural impediments. For instance, three out of four local banks have their parent companies in South Africa; this arrangement makes it easier for the banks to trade with their South African parent banks. Furthermore, the fact that South African parent companies set strict limits for local counterparts creates a significant restriction on local operations on how much the local banks can trade with each other.

Another factor that limits the activities of the interbank market, is the fact that Namibia is not a signatory to the International Security Market Association

(ISMA) agreement, which results in local banks not being able to carry out repo transactions with each other. In developed markets, repo transactions have now become a very important instrument in interbank market. The current payment system in place allows settlements to be done after the market has already closed and makes it impossible for short banks to borrow from the long banks, and vice versa.
In this regard, some of the strategies proposed include:

- The introduction of earlier settlement operations, before the market closes. Earlier square-off in the NISS entails that a short bank would first obtain funds from the interbank market. Only when banks fail to secure funds in the interbank market would that bank resort to the Bank's overnight facility.
- The second strategy was the introduction of a penalty for the usage of the overnight repo facility. This would encourage NISS participants to improve their daily liquidity management capacity through the seven-day repo instead of relying on shortages to be covered automatically through the overnight repo at the ruling repo rate.
- The third strategy was to have Namibia signed up for the ISMA agreement.
- The fourth strategy was to develop an effective repo market in Namibia. The critical factor to the efficient operation of the repo market is to have sufficient debt securities in the market. It is hence important to encourage the Government, as the key supplier of liquid debt securities, to ensure that there is an adequate supply of debt securities in the market. It is also important for other issuers such as corporate issuers to come on board.

To achieve the objective of a more active interbank market, all key players, i.e., the Bank of Namibia, the commercial banks, as well as the Government need to be committed to follow through the strategies and bear the necessary cost to that effect. Some of the strategies were already implemented.

INTRODUCTION OF THE PRIMARY DEALERSHIP

The process of introducing the market making function in the Government debt securities, long recommended for the Namibian financial markets, began during 2009. The introduction of the market making function is expected to be one of the key tools to take the Namibian Government bond market to new heights. Market making entails quoting continuous two-way prices. This is expected to lead to the price discovery process in the market and prepare the foundation for transparent continuous trading in the future. As a result, this process is expected to deepen the market for government securities.

The development of deep and liquid markets for Government securities is of critical importance to the Government in facilitating and reducing the cost of Government debt. Such markets also enable the effective transmission of monetary policy like in the case of the Bank; open market operations to protect foreign reserves, and serve as benchmark for other debt instruments. The process is also expected to improve the secondary market for the government debt securities. Banking and non-banking financial institutions were requested to submit proposal to take part as Primary Dealers of government debt securities. The Primary Dealer shall enjoy certain privileges for performing specific roles, but they are also expected to meet specific obligations.

The primary dealership system is planned to be implemented during the second quarter of 2010. The rolling out of this process may, however, be constrained in one way or the other by the volume of Government debt securities available in the market, but more importantly by the planned issuance of government debt securities for the next fiscal year.

FINANCIAL SECTOR STRATEGY

Since the beginning 2009, the Bank has been busy drafting a financial sector strategy, which will be used as a guiding document for the development and regulation of the financial sector in Namibia. Furthermore, it would be the ultimate strategy to achieve the objectives of the financial sector as contained and envisaged in the various policy documents already in the public domain, viz. the Financial Sector Charter, NDP3 and Vision 2030. The aim of the strategy is aimed at preparing the Namibian financial sector for future challenges and sustainable growth. The Draft Financial Sector Strategy will be shared with various stakeholders to gauge their views and seek their input before it will be ultimately launched as a national strategy for the financial sector in 2010.

DEVELOPMENT OF THE NAMIBIAN ZERO COUPON YIELD CURVE

The Namibian market does not have the zero-coupon yield curve. Yield curves are primarily used in valuing fixed income securities, making funding decisions and can be useful in forecasting interest rates. Investors also use yield curves to determine fair values for potential new issues in the market. Furthermore, yield curves can be used as an aid to investors in deciding whether securities are temporarily over priced or under priced. During 2009, the Bank of Namibia had taken an initiative to develop a Namibian zero-coupon yield curve. Two estimation methodologies, namely Cubic Spline and, Nelson and Siegel were used to derive the zero-coupon yield curve for Namibia. The framework was shared with one of the key players in the South African financial market and the framework was validated. The estimation results of the two models do not appear to be too different from each other, their differences lie mainly in their intended use. For an example, the Nelson Siegel method is more suitable mainly for monetary policy purposes and to determine fair values for potential new issues of the same credit quality, whereas the Cubic Spline method has a higher degree of accuracy and should be used to produce daily bond yield curves as a service to investors. Nevertheless, given the two intended uses of the Namibian yield curve, both the Nelson Siegel and the Cubic Spline methods will be adopted.

The findings of the study were presented to the key market participants during 2009. The Namibian yield curve will be published at the beginning of 2010. All key traders in the Namibian government securities are expected to make their input with regard to the provision of data required to generate a yield curve. Bank of Namibia's primary objective for the study was merely to produce a framework that could be used to estimate a benchmark zero-coupon yield curve from the Government of Namibia securities' prices. The Bank will initially produce and publish the yield curve on a daily basis, and thereafter an independent institution will take over the responsibility of publishing the yield curve.

RESOURCE MANAGEMENT

Strategic objective 7
Develop and manage resources sustainably

Initiatives and strategies
- Manage risk effectively
- Adapt the Bank's human resources strategies to enhance leadership and a culture of being driven by high performance
- Manage the Bank's financial affairs in a prudent manner by promoting value for money
- Ensure functionality and availability of assets and infrastructure that support its operations in a cost-effective manner

Strategic outcomes
- Internal control systems which are effective in managing the Bank's operations
- An environment where no risk translates into an incident due to the fact that it was not anticipated, and where such incidences do occur, the risk management system has effective mechanisms to minimize such risks
- A knowledge-based institution where all employees are exposed to the latest knowledge in their field of work, only where such knowledge is to improve their productivity
- An effective performance management system that is capable of assessing performance and reward employees accordingly
- A comprehensive financial management system, inclusive of budget, where all the Bank's financial transactions are recorded and monitored in accordance with international accounting standards, except where the Bank's legal requirements dictate otherwise
- A comprehensive procurement system where the correct goods and services are procured in the most cost effective manner and made available on a timely basis
- An enabling physical working environment and an up-to-date asset register where all assets are well maintained and kept in good working condition at all times
- A comprehensive security management system where no loss of currency or any other assets occurs or, where it occurs, the system is robust enough to identify the offender(s).
- The right number of employees with the ability & willingness to promote the Bank's corporate culture of being a centre of excellence
- Reliable hardware and software IT infrastructure that that contributes to the Bank's productivity and is acquired in the most cost effective manner
- An IT system that is available at all times and is accessed only by those who are authorized to access the system

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RISK MANAGEMENT

The Bank of Namibia manages a variety of financial and operational risks in carrying out its responsibilities as a central bank. The ideal, of course, is to eliminate risk, but in the real world this is by and large not possible or it is very costly. The aim is rather to contain risk at a level where it will not endanger the ability of the Bank to achieve its policy and operating objectives.

Therefore, the Bank views risk management as an essential element of good corporate governance and has fully integrated risk management into its strategy and daily operations. The Bank's risk management framework involves identifying and assessing risks, as well as implementing and reviewing the effectiveness of controls. This framework is applied to all non-policy risks irrespective of whether they arise through one of the Bank's existing activities or through a new activity implemented to achieve a specific policy objective.

Underpinning the framework is the principle that risk management is an integral part of the responsibility of each head of department. As such, the prime responsibility for controlling and mitigating risks on a day-to-day basis rests with heads of departments who are responsible for various business areas within the Bank. More generally, the Bank promotes an active risk management culture that emphasises the careful analysis and control of risk as a vital and integral part of all business processes within the Bank.

Oversight of the Bank's arrangements for risk management rests with the Risk Management Committee. This is a senior management committee responsible for ensuring that all of the non-policy risks facing the organisation are properly assessed and managed. It is chaired by the Deputy Governor and comprises the Assistant Governor, all departmental Directors, the Head of Corporate Communications and the Chief Internal Auditor. It

meets every quarter and keeps the Board's Audit Committee advised of its activities. The Risk Management Committee is assisted in carrying out its responsibilities by the Chief Risk Officer in the Internal Audit Division, whose main role is to help business areas of the Bank manage their risk environment within a broadly consistent framework across the organisation. Among the Officer's principal activities is monitoring the adequacy of risk management activities and compliance with agreed risk mitigating actions.

The most fundamental risk inherent in the above functions is the inability to supply sufficient and good quality currency to the market, holding inadequate reserves due to poor reserve management, taking inaccurate policy decisions or giving incorrect policy advice and bank failures due to poor regulation and oversight. These risks could impact negatively on the economy, as well as damage the Bank's reputation and credibility.

As such, the risk management activities are essentially focused on containing operational risk. Operational risk is defined as the risk of negative impact to the Bank's assets, resources, or operational requirements resulting from people, processes, systems, and external sources (including those from external partners/suppliers). Operational risk is one of the broad categories of risk assessed and monitored by Bank management. Monitoring risk incidents during the year enables the Bank to identify potential exposures and trends over time, which is important for planning and resource allocation.

Other specific risks include the following:

- Market price risks associated with losses resulting from changes in market conditions and prices,
- Credit and interest rate risks associated with the Bank's day-to-day liquidity management in domestic financial markets, including failure to settle,
- Risks associated with the Bank's ability to recover from and resume key business processes in the case of a disaster,
- IT security risks and physical security risks, and
- Risks such as the loss of key staff, which are associated with being a small organisation that is highly dependent on specialised and professional personnel.

To provide a reasonable sense of assurance to its stakeholders that all the significant risks facing the Bank are being appropriately managed, it adopted a Risk Management Policy and Strategy. The Policy and Strategy is aligned with internationally accepted risk management practices and aims to facilitate the regular identification, analysis and evaluation, prioritization, mitigation, monitoring and reporting of risks that could hinder the Bank from achieving its strategic objectives.

Closely related to risk management is the need for the Bank to continue normal business in the event of an emergency or crisis. A Business Continuity Planning strategy has been adopted, with a number of initiatives completed, including a decision to establish a disaster recovery and emergency response facility in Windhoek to be able to continue near-normal operations in the event of a disaster at the head-office and at the branch.

STAFFING AND PERSONNEL DEVELOPMENTS

The Bank's human resources play a vital role in meeting its statutory objectives as well as its strategic goals. The Bank continuously strives to ensure that it is staffed with quality employees with the willingness and ability to carry out the activities needed to fulfil the Bank's mandate. In order to fulfil this mandate, the Bank achieved significant milestones in this regard:

The Bank's actual staff complement as at 31 December 2009 was 297, this is 18 staff members less than the overall approved establishment of 315 positions. The number of vacancies was caused by the creation of new positions, deaths, retirements and resignations during the year. The composition of the staff complement for the past four years is shown in Table A.11.

Table A.11: Staff numbers at the Bank of Namibia at year-end

Staff Category	2006	2007	2008	2009
General Staff	232	251	264	266
Management (excl. executive management)	25	27	29	28
Executive Management	3	3	3	3
Total	**260**	**281**	**296**	**297**

During 2009, the Bank recorded a staff turnover of 22 terminations (inclusive of 2 retirements, 3 deaths, 2 cases of retirement due to medical reasons), which represents 7.4 per cent of the actual staff complement of 297. The per centage turnover rate of 7.4 per cent is higher than the benchmark of 6 per cent. However, when dissecting the 7.4 per cent, the percentage voluntary resignations amounts to 5.1 per cent and the cumulative percentage of the retirements, deaths and medical boarding amounts to 2.3 per cent.

EMPLOYMENT EQUITY

The Bank consistently upholds its commitment to employment equity and continuously meets and exceeds its Employment Equity targets as set out in its three year employment equity plan. The Bank's three year employment equity target for 2006/7 – 2009 was to have 25 per cent women representation at management level by the end of 2009. At the end of 2009, the female representation at management level stood at 32 per cent.

The Bank not only focuses on equity internally but is committed to skill Namibian women in particular and in this regard the Bank provided bursaries to 16 female recipients in the IT, Accounting, Economics, Finance and Banking areas. The Bank awarded a total of 19 bursaries during the year under review, of which 84 per cent was awarded to female recipients.

In recognition of its commitment to Employment Equity, the Bank has been issued with a compliance certificate by the Employment Equity Commissioner for the year under review.

CAPACITY DEVELOPMENT AND VISION BUILDING

The Bank is committed to continuously advancing its employees; to this end the Bank has sponsored four employees and one external person to pursue full time studies abroad of which 2 are pursuing post graduate master's programmes and three are pursuing PHD fellowships. Thirty-four employees were financially assisted to pursue part-time studies at local institutions. In addition, approximately 151 employees attended various short courses to enhance internal capacity. The total amount spent on training and development in relation to total employment cost rose from 2.1 per cent in 2008 to 2.2 per cent in 2009.

Management and leadership development remains a high priority and in this regard the Bank has embarked upon an in-house leadership pipe-lining programme in order to build a pipeline of talent within the Bank.

As part of the Bank's mission to promote excellence, performance management plays an important role in establishing a high performance culture. With the standardisation of performance competencies for various levels of work, the Bank simultaneously introduced the 360 degree performance assessment system for all management staff.

The Bank hosts quarterly vision building sessions to inculcate the core values, improve the organizational climate, strengthen cultural diversity and offer a platform for engagement to ensure that employees of the Bank are living up to the Bank's mission and values.

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HEALTH, SAFETY AND WELLNESS

The Bank follows a holistic wellness approach. In this regard, various wellness interventions were conducted with the view to prevent socio-economic problems before they arise as well as encouraging employees of the Bank to become health conscious and more responsible with personal finances. A total of eleven in-house HIV/Aids Councillors were skilled to assist employees to understand the HIV/ Aids pandemic better in the workplace with a focus on living positively with HIV/Aids.

HR MANAGEMENT SYSTEMS

The Bank has successfully implemented the SAP HR Information System during the year under review and is confident that the automation of most of its HR programmes will lead to increased internal efficiencies.

FINANCIAL MANAGEMENT

An examination of the Bank's liabilities gives a good indication of the sources of funds with which it sustains its operations. These funds are reflected in Table A.12.

Table A.12: Composition of monthly average liabilities of the Bank of Namibia

Financial year	2005	2006	2007	2008	2009
N$ million					
Capital and reserves	648	836	1,021	2,237	2,156
Currency in circulation	939	1,017	1,126	1,366	1,560
Government deposits	509	1,633	4,648	6,403	8,267
Bank deposits	294	355	400	569	775
Other	195	335	529	993	2,258
Total	**2,585**	**4,176**	**7,724**	**11,568**	**15,016**
Percentage composition					
Capital and reserves	25.1	20.0	13.2	19.3	14.4
Currency in circulation	36.3	24.4	14.6	11.8	10.4
Government deposits	19.7	39.1	60.2	55.3	55.1
Bank deposits	11.4	8.5	5.2	4.9	5.1
Other	7.6	8.0	6.8	8.6	15.0
Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

Most sources of Bank funds rose substantially between 2008 and 2009. Government deposits still remain the Bank's most important source of funds, although as a percentage of total liabilities, Government deposits fell from 60 per cent in 2007 to 55 per cent in 2008 and 2009. Notably, some five years ago the currency in circulation represented the most important source of funds. In terms of annual growth, the Bank's other capital and reserves decreased slightly, mainly as a result of a sharp drop in the revaluation reserve, which was caused by the appreciation of the external value of the Namibia Dollar in the latter half of 2009. The category of "other liabilities" rose sharply, which is largely explained by Namibia's obligations resulting from special SDR allocation at the end of 2009.

Table A.13 presents a few major categories of the Bank's assets. As a central bank, it is typical that the bulk of the Bank's assets consist of foreign investments. Between 2005 and 2006, the share of foreign investments as a percentage of total assets fell, mainly due to the appreciation of the external value of the Namibia Dollar. However, after 2006, foreign investments once again increased their share of total assets, and since 2008 their share started to exceed 90 per cent of total assets.

Table A.13: Composition of Bank assets per monthly average

Financial year	2005	2006	2007	2008	2009
N$ million					
Foreign investments	1,995	3,056	6,051	10,498	13,754
Loans and advances	316	781	1,248	686	187
Fixed assets	158	146	142	157	165
Other assets	115	192	283	227	911
TOTAL	**2,585**	**4,175**	**7,724**	**11,568**	**15,016**
Percentage composition					
Foreign investments	77.2	73.2	78.3	90.8	91.6
Loans and advances	12.2	18.7	16.2	5.9	1.2
Fixed assets	6.1	3.5	1.8	1.4	1.1
Other assets	4.5	4.6	3.7	2.0	6.1
TOTAL	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

In 2009, loans and advances decreased in absolute terms and as a percentage of total assets, compared with the previous year. This decrease, which commenced in 2008, is explained by:

- the withdrawal of funds from the Internal Registered Stock Redemption (IRSR) account from local banks for reinvestment in the South African money and capital market during 2008, and
- much less credit extended to NISS participants during 2009 due to the fact that the liquidity conditions of the banking institutions improved significantly, which resulted in lesser demand of funds borrowed under the seven-day repo facility.

As a result, foreign investments now comprise the largest part of the Bank's assets. The Bank's foreign investments were further boosted during the year as a result of strong SACU revenues received by Government, and the general SDR allocation in August 2009 and the special SDR allocation in September 2009.

As outlined in Table A.14, all sources of the Bank's income performed quite well between 2007 and 2009. Traditionally, the net interest earned on the Bank's investments remained the most important source of income. For 2009 net interest earnings contributed almost 55.23 per cent to the Bank's total income. This was followed by 37.6 per cent being sourced from the rand seigniorage compensation. Net gains on the Bank's investment portfolio reduced considerably. This is mainly attributed to an average increase in yields on USD and EUR securities in 2009, compared to 2008 when the yields were considerably lower.

Table A.14: Sources of Bank income[3]

Income component	2007		2008		2009	
	N$ million	Per cent	N$ million	Per cent	N$ million	Per cent
Interest received	327.6	100.0	599.6	89.5	595.1	136.2
less: Interest paid	-159.1	-48.6	-360.8	-53.9	-357.3	-81.8
Net interest earned	168.5	51.4	238.8	35.6	237.8	54.4
Net gain/(loss)	19.1	5.8	260.8	38.9	6.4	1.5
Rand seigniorage	132.6	40.5	146.0	21.8	164.4	37.6
Other income	7.5	2.3	24.4	3.6	28.4	6.5
Total income and net gains	**327.7**	**100.0**	**670.0**	**100.0**	**437.0**	**100.0**
Annual increase (per cent per annum)	**n/a**	**48.1**	**n/a**	**104.5**	**n/a**	**-34.8**

[3] Excluding unrealized net foreign exchange gains and losses

Because the Bank maintains strict control over all expenditure and works within the budget constraints approved by the Board, it is possible to contain the annual rise in operating expenses (see Table A.15). As expected, staff costs remain the Bank's largest expenditure item followed by other operating expenses. Staff costs in relation to total operating expenses fell from 66 per cent in 2008 to 55 per cent in 2009. The drop in the share of staff costs during 2009 is largely explained by large increases in other operating expenses, such as depreciation charges and currency expenses.

Table A.15: Composition of operating costs

Cost component	2007		2008		2009	
	N$ million	Per cent	N$ million	Per cent	N$ million	Per cent
Staff costs	77.9	53.1	111.2	66.0	109.5	54.8
Currency expenses	16.1	11.0	19.5	11.6	24.3	12.2
Depreciation and amortisation charges	6.6	4.5	7.6	4.5	20.8	10.4
Other operating expenses	46.0	31.4	30.1	17.9	45.2	22.6
Total operating expenses	**146.6**	**100.0**	**168.4**	**100.0**	**199.8**	**100.0**
Annual increase (per cent per annum)	**n/a**	**47.5**	**n/a**	**14.9**	**n/a**	**18.6**

FACILITIES MANAGEMENT AND SECURITY

In line with its fragmentary maintenance programme, the Bank undertook a number of additional projects to maintain and enhance its physical infrastructure. The actual construction work of the refurbishment project of the head-office building commenced during the second half of the year under review and is scheduled to be completed by April 2010. Another critical project of replacing and upgrading the chiller engines for the building's air-conditioning system was also planned and designed. The implementation of the actual project work commenced in October 2009 and the completion is now scheduled for February 2010.

The Bank further prepared for the upgrade its security systems at head-office by upgrading or replacing various equipment and installations. The planning and design relating to this project has been completed and full implementation is scheduled to commence in 2010. Moreover, considerable resources were spent to upgrade the air-conditioning system and the maintenance of the Bank's facilities.

The Bank continued to forge ahead with the conceptualization of its own built and operated Disaster Recovery and Business Continuity (DR/BC) facility. The initial construction scheduled for 2009 was delayed by the Bank's efforts to consider other alternatives tabled to the Bank by commercial entities in the business of constructing and leasing DR/BC facilities. A new detailed needs analysis that will have a bearing on the size and dimensions of the facility was completed. Architects, consulting engineers and quantity surveyors have already been appointed to design and oversee the project. Commencement of the actual construction schedule is subject to the Bank's challenge of finding a suitable location and/or land on which to construct the DR/BC facility.

INFORMATION TECHNOLOGY

The Bank once again experienced a busy year in systems implementations and various projects in support of the Bank's functions using various business systems, IT governance, risk management and the stabilization of the Bank's IT technical infrastructure.

The Bank focused much of its effort on implementing SAP HR (Human Resources) to complete its portfolio of modules within the Bank's corporate Enterprise Resource Planning (ERP) solution. The project was finalized with great success, bringing the HR function into a system that will greatly enhance the operations of the department and the management of the Bank's human capital.

With a project that kicked off in 2008, the 2009 financial year also saw the implementation of SAP Treasury. SAP Treasury was a troubling deployment for both the IT and Financial Markets departments in that there were various assumptions and configurations that were a first for central banks in the region from an accounting perspective. Suffice to say, it was a challenge to have the solution deployed, however it is now operational in the Bank with a few manual workarounds that are earmarked to be ironed out during the following financial year.

The Bank also saw the first phase of its IT Governance project well implemented. This project aims to enhance the operational efficiency of the department to better integrate into the Bank's overall strategy and to ensure that the Bank's IT operations comply with good international governance practices in accordance with King III – a corporate governance framework that the Bank has earmarked to adopt in 2010 and beyond. Of this first phase, a third of all the processes available in the "Control Objectives for Information and related Technology" (CobIT[4]) Framework have been completed. The second and third phases of this project are earmarked for completion in 2010 and 2011 respectively.

Several IT Security initiatives were completed during 2009, including the deployment of the Cisco NAC Appliance – a solution aimed at securing the internal network from unauthorized computers that plug into the Bank's network points. A replacement of the Bank's Anti-Virus solution was successfully deployed, but not without a major computer virus attacking the corporate network between the vulnerable stages of implementation (while switching solutions). Fortunately, this was quickly and effectively dealt with in the shortest amount of time possible, restoring normal operations. While security still remains a top priority, much work has gone into the development of an IT Security Plan that will be implemented in 2010 and reviewed annually in accordance with the Bank's overall risk management strategy. It was also possible to fill a crucial vacancy of a full-time IT Security Administrator who will take care of day-to-day security operations.

Another major implementation was the deployment of a new corporate Intranet to streamline the communications within the Bank. This is a system that has its roots deeply set in Microsoft's "Sharepoint" technology, allowing the Bank's staff to make use of advanced communication techniques, including the sharing of documents, centralizing departmental operations with a web interface and adding much needed security in this electronically based infrastructure.

Yet another area where the Bank's energy was focused is in the Bank's IT Disaster Recovery site, which is currently leased from an external service provider. All the technology required to house the systems running at head-office have been deployed at the site and have been largely configured. The main issue surrounding the site now only remains with the telecommunications line that is making replication to the site very slow and inefficient as well as the replication technology that was used during the year. The replication technology is earmarked for replacement after a poor showing in 2009. The hardware currently running the Bank real-time gross settlement system (NISS) is also aging and it was critically due for an urgent replacement. This hardware was acquired and successfully deployed, however the solution is not yet running on it as yet. The version upgrade of NISS is only earmarked for the coming year and only then will the new hardware be set into production.

The year was finalized with the signing of a three-year agreement between the Bank of Namibia and a service supplier to replace its hardware service level agreement (SLA). This new SLA is aimed at maintaining spare parts and quick service to the Bank in times of urgent downtime due to hardware failures. It currently covers all the hardware acquired within the past three years, which still has a lifespan of service well beyond the expiry of this agreement. At the end of this agreement's term, provisions have been made to consider the replacement of the hardware currently in operation to mitigate risks due to aging hardware.

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[4] COBIT is a set of best practices (framework) for IT management created by the Information Systems Audit and Control Association (ISACA), and the IT Governance Institute (ITGI) in 1996. COBIT provides managers, auditors, and IT users with a set of generally accepted measures, indicators, processes and best practices to assist them in maximizing the benefits derived through the use of IT and developing appropriate IT governance and control in an organisation.

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FIVE-YEAR HISTORICAL FINANCIAL OVERVIEW

Table A.16: Balance Sheet comparisons, 2005–2009

	31-Dec-05	31-Dec-06	31-Dec-07	31-Dec-08	31-Dec-09
ASSETS					
Non-current assets	**237,133**	**193,155**	**206,638**	**212,967**	**244,936**
Property, plant and equipment	147,779	151,890	156,945	155,595	153,990
Intangible assets - computer software	1,564	1,884	1,205	11,865	14,274
Currency inventory - notes and coins	4,771	12,544	26,926	20,853	52,054
Loans and advances	83,019	26,837	21,562	24,654	24,618
Current assets	**2,404,586**	**5,099,892**	**7,696,801**	**13,048,996**	**14,143,151**
Investments	1,906,463	3,348,505	6,547,819	12,712,264	12,322,101
Loans and advances	402,723	1,509,450	889,560	136,453	8,166
Rand Cash	41,067	133,087	108,658	43,770	127,781
Other inventory - stationary and spares	945	2,086	1,982	1,917	2,369
Other assets	53,388	106,764	148,782	154,592	1,682,734
TOTAL ASSETS	**2,641,719**	**5,293,047**	**7,903,439**	**13,261,963**	**14,388,087**
EQUITY AND LIABILITIES					
Capital and reserves	**647,427**	**953,691**	**1,189,455**	**3,142,927**	**1,702,963**
Share capital	40,000	40,000	40,000	40,000	40,000
General Reserve	246,569	306,310	367,432	595,699	698,378
Revaluation Reserve	345,858	587,381	722,023	2,427,228	821,218
Building Reserve	0	10,000	60,000	80,000	100,000
Distribution state revenue fund	0	0	0	0	43,367
Development Fund Reserve	15,000	10,000	0	0	0
Non-Current Liabilities	**14,190**	**14,940**	**16,991**	**21,302**	**24,210**
Provision for post-employment benefits	14,190	14,940	16,991	21,302	24,210
Current Liabilities	**1,980,102**	**4,324,416**	**6,696,993**	**10,097,734**	**12,660,914**
Notes and coins in circulation	1,026,846	1,173,345	1,323,749	1,656,928	1,705,358
Deposits	945,324	3,132,352	5,334,479	8,405,284	10,930,573
Provision for post-employment benefits	247	420	477	634	748
Trade and other payables	7,685	18,299	38,288	34,888	24,235
TOTAL EQUITY AND LIABILITIES	**2,641,719**	**5,293,047**	**7,903,439**	**13,261,963**	**14,388,087**

Table A.17: Income Statement comparisons, 2005–2009

	31-Dec-05	31-Dec-06	31-Dec-07	31-Dec-08	31-Dec-09
Interest income	103,035	165,093	327,574	599,578	595,126
Interest expense	(6,677)	(31,291)	(159,075)	(360,752)	(357,323)
Net interest income	96,358	133,802	168,499	238,826	237,803
Net realised gains/(losses) on portfolio investments	(1,944)	(5,403)	19,111	260,808	6,373
Net unrealised foreign exchange gains/(losses)	33,667	241,523	134,642	1,705,205	(1,606,010)
Rand compensation	50,200	87,288	132,590	145,969	164,421
Other income	5,844	5,492	7,520	24,379	28,375
Total income	**184,125**	**462,702**	**462,362**	**2,375,187**	**(1,169,038)**
Operating expenses	**96,903**	**99,400**	**146,598**	**168,365**	**199,764**
Net income for the year	**87,222**	**363,302**	**315,764**	**2,206,822**	**(1,368,802)**
Transfer from/(to) revaluation reserve	(33,667)	(241,523)	(134,642)	(1,705,205)	1,606,010
Net income available for distribution	**53,555**	**121,779**	**181,122**	**501,617**	**237,208**
Appropriations:					
General Reserve	18,555	49,582	61,122	228,267	102,679
Building Reserve	0	10,000	50,000	20,000	20,000
Development Fund reserve	15,000	10,000	0	0	0
Distribution to State Revenue Fund	20,000	52,197	70,000	253,350	71,162
Distribution state revenue fund (retained)	0	0	0	0	43,367

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PART B

ANNUAL FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

Report prepared pursuant to section 52(1) (a) of the Bank of Namibia Act

PART B

B

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

BOARD'S STATEMENT OF RESPONSIBILITIES

The main statutory provisions relating to the role and duties of members of the Board are covered under Section 8(1) of the Bank of Namibia Act, No 15 of 1997, we confirm that:

1. The Board members are responsible for the preparation of the annual financial statements and for the judgements used therein.

2. The Board has overall responsibility for the system of internal financial control in the Bank, which is designed to safeguard the assets of the Bank, prevent and detect fraud and other irregularities. To discharge this responsibility an appropriate organisational structure has been established. In this regard, the Audit Committee of the Board meets periodically with Internal and External Auditors and members of Management of the Bank to discuss control issues, financial reporting and related matters. The Internal and External Auditors have full access to the Audit Committee. Further, the Bank has a comprehensive Risk Management Strategy in place.

3. The Board is satisfied that the Bank complies with International Financial Reporting Standards and the requirements of the Bank of Namibia Act (Act No. 15 of 1997).

4. The Board members confirm that they are satisfied that the Bank has adequate resources to continue in business for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements.

5. The Board's Audit Committee is composed of members who are neither officers nor employees of the Bank and who have the required mix of skills, with at least one member being a financial expert. The committee is therefore qualified to review the Bank's annual financial statements and recommend the approval by the Board Members. The committee has a duty to review the adoption of, and changes in accounting principles including risk management issues and makes recommendations on the same for approval. The Board considers and where necessary approves the Board Audit Committee recommendations.

The annual financial statements on pages 52 to 85 were approved by the Board and are signed on its behalf by:

Chairman
16 March 2010

Board Member
16 March 2010

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF THE BANK OF NAMIBIA

We have audited the annual financial statements of the Bank of Namibia, which comprise the statement of financial position at 31 December 2009, the statements of comprehensive income, changes in equity and cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes, as set out on pages 52 to 85.

Board members' responsibility for the financial statements

The Bank of Namibia's Board members are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Bank of Namibia Act (Act No. 15 of 1997). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of accounting estimates made by the board members, as well as evaluating the overall financial statements presentation.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Bank of Namibia as at 31 December 2009, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, and in the manner required by the Bank of Namibia Act (Act No. 15 of 1997).

PricewaterhouseCoopers

PRICEWATERHOUSECOOPERS
Registered Accountants and Auditors
Chartered Accountants (Namibia)

Windhoek
16 March 2009

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STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2009

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	Notes	2009 N$'000	2008 N$'000
Net interest income		**237 803**	**238 826**
Interest income	2	595 126	599 578
Interest expense		(357 323)	(360 752)
		192 796	**170 348**
Government Grant – FIC funding	2	6 274	6 246
Rand Compensation Income		164 421	145 969
Other income	2	22 101	18 133
Total income		**430 599**	**409 174**
		(1 799 401)	**1 797 648**
Operating expenses	2	(199 764)	(168 365)
Net gains on investment portfolio		6 373	260 808
Net foreign exchange revaluation (losses)/gains	14	(1 606 010)	1 705 205
(Loss)/Profit for the year		**(1 368 802)**	**2 206 822**
Other Comprehensive Income			
Other Income		Nil	Nil
Total Comprehensive (Loss)/Profit for the Year		**(1 368 802)**	**2 206 822**
(Losses)/Profits attributable to:			
Revaluation Reserve	14	(1 606 010)	1 705 205
Attributable to Shareholder	1.2	237 208	501 617
		(1 368 802)	**2 206 822**

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2009

	Notes	2009 N$'000	2008 N$'000
ASSETS			
Non-current Assets		**244 936**	**212 967**
Property and equipment	3	153 990	155 595
Intangible assets – computer software	4	14 274	11 865
Currency costs – notes and coins	5	52 054	20 853
Loans and advances	6	24 618	24 654
Current Assets		**14 143 151**	**13 048 996**
Investments	7	12 322 101	12 712 264
Loans and advances	8	8 166	136 453
Rand deposits	9	127 781	43 770
Other inventory – stationery and spares	10	2 369	1 917
Other receivables	11	1 682 734	154 592
TOTAL ASSETS		**14 388 087**	**13 261 963**
EQUITY AND LIABILITIES			
Capital and Reserves		**1 702 963**	**3 142 927**
Share capital	12	40 000	40 000
General reserve	13	698 378	595 699
Foreign currency revaluation reserve	14	821 218	2 427 228
Distribution state revenue fund	1.2	43 367	-
Building fund reserve	15	100 000	80 000
Non-Current Liabilities		**24 210**	**21 302**
Provision for post employment benefits	16	24 210	21 302
Current Liabilities		**12 660 914**	**10 097 734**
Notes and coins in circulation	17	1 705 358	1 656 928
Deposits	18	10 930 573	8 405 284
Provision for post employment benefits	16	748	634
Trade and other payables	19	24 235	34 888
TOTAL EQUITY AND LIABILITIES		**14 388 087**	**13 261 963**

TOM K. ALWEENDO
GOVERNOR
16 March 2010

E. TJIPUKA
CHIEF FINANCIAL OFFICER
16 March 2010

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STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2009

	Share Capital N$'000	Accumulated Profit & loss account N$'000	General Reserve N$'000	Revaluation Reserve N$'000	Distribution State Revenue Fund N$'000	Building Fund Reserve N$'000	Total N$'000
Balance at 1 January 2008	**40 000**	**-**	**367 432**	**722 023**	**-**	**60 000**	**1 189 455**
Profit for the year	-	2 206 822	-	-	-	-	2 206 822
Transfer to Revaluation reserve	-	(1 705 205)	-	1 705 205	-	-	-
Appropriation of net profit for the year	-	(501 617)	228 267	-	253 350	20 000	-
Dividends distribution	-	-	-	-	(253 350)	-	(253 350)
Balance at 31 December 2008	**40 000**	**-**	**595 699**	**2 427 228**	**-**	**80 000**	**3 142 927**
Profit for the year	-	(1 368 802)	-	-	-	-	(1 368 802)
Transfer to Revaluation reserve	-	1 606 010	-	(1 606 010)	-	-	-
Appropriation of net profit for the year	-	(237 208)	102 679	-	114 529	20 000	-
Dividends distribution	-	-	-	-	(71 162)	-	(71 162)
Balance at 31 December 2009	**40 000**	**-**	**698 378**	**821 218**	**43 367**	**100 000**	**1 702 963**

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2009

	Notes	2009 N$'000	2008 N$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash utilised by operations	A	282 999	(230 494)
CASH FLOWS FROM INVESTING ACTIVITIES		**(78 079)**	**(32 685)**
Proceeds on disposals of property & equipment and intangible assets		49	9
Purchase of property & equipment		(16 714)	(9 291)
Purchase of currency inventory		(55 049)	(11 962)
Purchase of other inventory		(1 097)	(547)
Purchase of intangible asset – computer software		(5 304)	(7 802)
Decrease/(Increase) in loans and advances		36	(3 092)
CASH FLOWS FROM FINANCING ACTIVITIES		**(204 920)**	**263 179**
Distribution to the State revenue fund	B	(253 350)	(70 000)
Distribution to the Development Bank of Namibia		-	-
Notes and coins issued		48 430	333 179
		-	-

NOTE:

A. RECONCILIATION OF PROFIT FOR THE YEAR TO CASH UTILISED BY OPERATIONS

	2009 N$'000	2008 N$'000
Profit available for distribution	237 208	501 617
Adjusted for:		
Depreciation	14 004	5 366
Currency inventory amortisation cost	24 251	18 035
Other inventory issuance cost	645	612
Provision post employment benefits	3 022	4 468
Amortisation of computer software	6 777	2 232
(Profit)/Loss on disposal of property & equipment	(19)	176
Operating cash flows before movements in working capital	285 888	532 506
Decrease in loans and advances	128 287	753 107
(Increase)/Decrease in Rand Deposit	(84 011)	64 888
(Increase) in other receivables	(1 528 142)	(5 810)
Increase in deposits	2 707 477	2 887 455
(Decrease) in trade and other payables	(10 653)	(3 400)
(Increase) in investments	(1 215 847)	(4 459 240)
	282 999	(230 494)

B. DISTRIBUTION TO STATE REVENUE FUND

	2009 N$'000	2008 N$'000
Opening balance included in deposits	(253 350)	(70 000)
Appropriations of net profit for the year	71 162	253 350
Closing balance included in deposits	(71 162)	(253 350)
Paid for the year	(253 350)	(70 000)

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS 31 DECEMBER 2009

1. ACCOUNTING POLICIES

The Bank's annual financial statements are prepared in accordance with the going concern principle under the historical cost basis, except for financial assets and liabilities where the fair value and amortised cost basis of accounting is adopted. The principal accounting policies, which have been consistently applied in all material respects, are set out below. The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 1.3. The annual financial statements have been prepared to comply with the requirements of the Bank of Namibia Act, 1997 and with the requirements of International Financial Reporting Standards (IFRS).

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1.1 NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

International Financial Reporting Standards and amendments and interpretations effective for the first time for December 2009 year-end:

Number	Title	Effective date
IFRS 8	*Operating Segments*	1 January 2009
IAS 23	*Borrowing Costs – Revised*	1 January 2009
IAS 1	*Presentation of Financial Statements – Revised*	1 January 2009
Amendment to IFRS 2	*Amendment to IFRS 2 Share-Based Payment: Vesting Conditions and Cancellations*	1 January 2009
Amendment to IAS 32 and IAS 1	*Amendment to IAS 32 Financial Instruments: Presentation and IAS 1 Presentation of financial statements - Puttable Financial Instruments and Obligations Arising on Liquidation*	1 January 2009
Amendments to IFRS 1 and IAS 27	*Amendments to IFRS 1 First-Time Adoption of International Financial Reporting Standards and IAS 27 Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*	1 January 2009
Amendments to IFRS 7	*Amendments to IFRS 7 – Financial Instruments disclosures: Improving Disclosures about Financial Instruments*	1 January 2009
N/A	*Improvements to IFRSs (Issued May 2008)*	Unless otherwise specified the amendments are effective for annual periods beginning on or after 1 January 2009
IFRIC 13	*Customer Loyalty Programmes*	1 July 2008
IFRIC 15	*Agreements for the Construction of Real Estate*	1 January 2009
IFRIC 16	*Hedges of a Net Investment in a Foreign Operation*	1 October 2008
Amendments to IFRIC 9 and IAS 39	*Amendments to IFRIC 9 – Reassessment of Embedded Derivatives and IAS 39 - Financial Instruments: Recognition and Measurement*	1 July 2008
IFRIC 18	*Transfers of assets from customers*	1 July 2009

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2009

1. ACCOUNTING POLICIES (CONTINUED)

1.1 NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONTINUED)

International Financial Reporting Standards and amendments and interpretations issued but not effective for December 2009 year-end

Number	Title	Effective date
IFRS 3	*Business Combinations – Revised*	1 July 2009
IFRS 9	*Financial Instruments*	1 January 2013
IAS 24	*Related Party Disclosures*	1 January 2011
IAS 27	*Consolidated and Separate Financial Statements – Revised*	1 Juy 2009
Amendments to IAS 39	*Amendments to IAS 39 Financial Instruments: Recognition and Measurement Eligible Hedged Items*	1 July 2009
IFRS 1	*First time Adoption of International Financial Reporting Standards – Revised*	1 January 2009
Amendment to IFRS 2	*Amendment to IFRS 2: Group cash-settled share-based payment transactions*	1 January 2010
Amendment to IAS 32 *	*Amendment to IAS 32 – Classification of rights issues*	1 February 2010
N/A	*Improvements to IFRSs (issued April 2009)*	Unless otherwise specified the amendments are effective for annual periods beginning on or after 1 January 2010
IFRIC 17	*Distributions of non-cash Assets to Owners*	1 July 2009

The Bank has reviewed the above detailed statements and do not expect them to have a significant impact on the Bank's financial statements.

1.2 APPROPRIATION OF PROFITS

Appropriation of Profits		**237 208**	**501 617**
General reserve	13	102 679	228 267
Building fund reserve	15	20 000	20 000
Distribution to State Revenue Fund		71 162	253 350
Distribution to State Revenue Fund (Retained)		43 367	-

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1. ACCOUNTING POLICIES (CONTINUED)

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1.3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

The Bank makes estimates and assumptions that affect the reported amounts of assets and liabilities within the financial year. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The major areas where management has used its judgment and accounting estimates are with regards to:

1. Provision for post employment benefits disclosed under note 16.

   An Actuary was appointed to perform the valuation to determine the Bank's obligation in this regard. The assumptions and judgments used by the actuary were considered by the Bank and were deemed reasonable in light of the prevailing and anticipated future economic conditions.

2. Evaluation of useful lives and residual values as disclosed under note 3.

   The residual value and useful life evaluation exercise was performed by internal staff members who had technical knowledge of specific classes of assets. Market information with regards to pricing was also obtained to ensure the required level of objectivity was maintained in the whole evaluation process. The depreciation charge adjustment as a result of the evaluation exercise amounted to N$ 4.7 million.

3. Accounting for off-market loans as disclosed under note 6.

   Management judgement was applied to determine the average repayment period on the various classes of loans granted by the Bank. Prevailing interest rates at year end was however applied to determine the impairment charge for the year on new off market loans.

1.4 REVENUE RECOGNITION

Interest income is recognised on a time proportioned basis, taking account of the principal outstanding and the effective interest rate over the period to maturity. The effective interest rate takes into account all directly attributable external costs, discounts or premiums on the financial assets.

Rand compensation income is received from the South African Government as compensation for the Rand currency in circulation in Namibia. The Bank accounts for this income on an accrual basis.

1.5 FINANCIAL INSTRUMENTS

Financial instruments as reflected on the Bank's balance sheet include all financial assets and financial liabilities. Management determines the appropriate classification at initial recognition of the financial instrument. Depending on their classification, financial instruments are carried at fair value, cost or amortised cost as described below.

1. ACCOUNTING POLICIES (CONTINUED)

1.5 FINANCIAL INSTRUMENTS (CONTINUED)

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Fair value is a current bid price for financial assets and the current asking price for financial liabilities which are quoted in an active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange or other institution and those prices represent actual and regularly occurring market transactions on an arm's length basis.

In inactive markets, the most recent arm's length transactions are the basis of current fair values. Fair value is not the amount that an entity would receive or pay in a forced transaction, involuntary liquidation or distressed sale.

It is to be noted that the Bank does not invest in financial instruments which are not quoted in an active market, however should our investment philosophy change, valuation techniques such cash flows models and consideration of financial data of the investees will be used to fair value certain financial instruments for which external market pricing information is not available. Valuation techniques may require assumptions not supported by observable market data. Disclosures will be made in the financial statements if changing any such assumptions to a reasonably possible alternative would result in significantly, different profit, income, total assets or total liabilities.

Cost is the amount of cash or cash equivalents paid or the fair value of other consideration given to acquire an asset at the time of its acquisition and includes transaction costs. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial instrument. An incremental cost is one that would not have been incurred if the transaction had not taken place. Transaction costs do not include debt premiums or discounts, financing costs or internal administrative or holding costs.

Amortised costs is the amount at which the financial instrument was recognised at initial recognition less any principal repayments, plus accrued interest, and for financial assets less any write-down for incurred impairment losses. Accrued interest includes amortisation of transaction costs deferred at initial recognition and of any premium or discount to maturity amount using the effective interest rate method. Accrued interest income and accrued interest expense, including both accrued coupon and amortised discount or premium, are not presented separately and are included in the carrying values of related balance sheet items.

The effective interest method is a method of allocating interest income or interest expense over the relevant period so as to achieve a constant periodic rate of interest (effective interest rate on the carrying amount). The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts (excluding future credit losses) through the expected life of the financial instrument or a short period, if appropriate, to the net carrying amount of the financial instrument.

The effective interest rate discounts cash flows of variable interest instruments to the next interest repricing date except for the premium or discount which reflects the credit spread over the floating rate specified in the instrument, or other variables that are not reset to market rates. Such premiums or discounts are amortised over the whole expected life of the instrument. The present value calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate.

1. ACCOUNTING POLICIES (CONTINUED)

1.5 FINANCIAL INSTRUMENTS (CONTINUED)

The Bank classifies its financial instruments as follows:

Classification - Financial Assets

Loans and Receivables – amortised cost

- Loans and advances
- Repurchase agreements
- Amounts due from the Government
- Accounts receivable

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At fair value through profit or loss

Designated
- External portfolio investments

Held to maturity financial assets at amortised cost
- External money market investments

All the Financial assets of the Bank are neither past due or impaired.

Classification - Financial Liabilities

At amortised cost
- Other liabilities
- Bank of Namibia 52 day Bills
- Notes and coins issued
- Amounts due to the Government
- Commercial bank deposits
- Accounts payable

Recognition

The Bank recognises financial instruments held for trading on the date it becomes party to the contractual provisions to purchase the asset and applies settlement date accounting for “regular way” purchases and sales. Subsequent to initial recognition, all instruments are measured at fair value which is determined by instrument type based on accepted valuation concepts. Loans and advances, other receivables and other financial liabilities are recognised on the day they are transferred to the Bank or on the day the funds are advanced.

Measurement

Financial instruments are initially measured at cost which includes transaction costs and this value approximates the fair value of the instruments. Subsequent to initial measurement financial instruments are measured at fair value or amortised cost depending on their classification. Gains and losses arising from a change in the fair value of trading instruments are recognised in the income statement of the period in which it arises.

1. ACCOUNTING POLICIES (CONTINUED)

1.5 FINANCIAL INSTRUMENTS (CONTINUED)

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading or if it is designated by the Bank as at fair value through profit or loss upon initial recognition. A financial asset is classified as held for trading if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in these categories are classified as current assets.

Designated – External portfolio investments

A financial asset is classified as held for trading if it is acquired principally for the purpose of selling in the short term. The Bank recognises movements in the fair values of these assets in the profit or loss account for the relevant year. The fair value of marketable securities within the portfolio are obtained from quoted market prices and for unquoted securities acceptable valuation techniques are used to determine the fair value.

Held to maturity - External money market investments

Held to maturity money market investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Bank has the positive intention and ability to hold to maturity. Money market investments are stated at amortised cost.

Loans and advances, receivables and non-trading liabilities

These are measured at amortised cost and re-measured for impairment losses, except where cost approximates amortised cost as set out below:

Amounts due to the Government, bankers reserve and current accounts are stated at cost as these accounts do not have fixed maturity dates.

Notes and coins issued are measured at face value as this liability does not have a fixed maturity date.

Accounts payable are stated at cost as this approximates fair value due to the short term nature of such obligations.

Reclassification

It is a requirement that institutions should disclose when it has reclassified a financial asset as one measured at cost or amortised cost rather than at fair value, or vice versa, at fair value rather than at cost or amortised cost. The Bank has not reclassified any of its financial assets during the year under review.

Impairment of financial assets

The Bank assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or group of financial asset is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the assets (a “loss event”) and that the loss event has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. Objective evidence that a financial asset or group of assets is impaired would include breach of contract such as default on interest and capital repayments, bankruptcy of the borrower, downgrading of the ratings of the institutions by rating agencies, etc.

1. ACCOUNTING POLICIES (CONTINUED)

1.5 FINANCIAL INSTRUMENTS (CONTINUED)

De-recognition

The Bank de-recognises a financial asset only when the contractual rights to the cash flows from the asset expires or where the Bank transfers the contractual rights to receive the cash flows of the financial asset. De-recognition also occurs when the Bank retains the contractual rights to receive the cash flows of the financial asset but assumes a contractual obligation to pay the cash flows to a third party and consequently transfers substantially all the risks and benefits associated with the asset.

Where the Bank retains substantially all the risks and rewards of ownership of the financial asset, it continues to be recognised as a financial asset. A financial liability is derecognised when the liability is extinguished, that is, when the obligation specified in the contract is discharged, cancelled or has expired.

The Bank did not transfer financial assets in such a way that part of the asset did not qualify for de-recognition.

Collateral

The Bank provides overnight and seven day loans (Repo's) to Commercial Banks to cover for temporary liquidity shortages. The commercial banks pledge eligible securities in the form of Government bonds, treasury bills, etc, as collateral for this facility. The Bank is not permitted to sell or re-pledge these securities in the absence of default from the said commercial banks. As at 31 December the overnight repo's granted to commercial banks and the associated collateral pledged is as follows:

	2009 N$'000	2008 N$'000
Repo's granted to Commercial Banks	-	127 694
Fair value of collateral pledged as security	-	130 000

The issue value of the securities approximates fair value given the lack of an active secondary market where such securities can be traded. As the securities pledged are government securities the Bank's credit risk exposure is considered insignificant.

Credit losses

The Bank's financial assets were not impaired as a consequence of credit losses, however when instances of this nature occur the Bank records the impairment in a separate impairment account rather than directly reducing the carrying amount of the concerned assets.

Defaults and breaches

The Bank did not default on any of its loan commitments both during the current and previous financial year.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2009

1. ACCOUNTING POLICIES (CONTINUED)

1.5 FINANCIAL INSTRUMENTS (CONTINUED)

Income statement net gains or losses

	2009 N$'000	2008 N$'000
Financial assets – at fair value through profit or loss		
Designated		
External portfolio investments – net gains	6 373	260 808
	6 373	**260 808**

The Bank reviewed its financial assets and determined that there were no impairment adjustments that needed to be made for valuation purposes.

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1.6 GENERAL RESERVE

The general reserve is established in terms of Section 16 of the Bank of Namibia Act, 1997 and may only be used for the purpose specified below:

- increase the paid up capital of the Bank;
- offset losses sustained by the Bank during a financial year;
- fund a Development Reserve Account; and
- redeem any securities issued by the Bank.

The amount maintained in this account relates to the annual appropriation of distributable profits determined by Section 15 of the Bank of Namibia Act. The Act prescribes that not less than 30% of the net profits of the Bank for a financial year be transferred to the General Reserve Account.

1.7 FOREIGN CURRENCY ACTIVITIES AND REVALUATION RESERVE

The Revaluation reserve has been created in accordance with Section 31 of the Bank of Namibia Act and is used to accommodate any net gains or losses in any financial year of the Bank arising from any change in the book value or realised value of the Bank's Assets or Liabilities denominated in currencies or units of account other than the Domestic Currency, such as gold, special drawing rights and foreign currencies. Any change in the value of such currencies or units of account in terms of the currency of Namibia, shall be credited to the Revaluation Reserve Account before any appropriation to any other reserve.

Assets and liabilities in foreign currencies are translated to Namibia Dollars at year-end exchange rates. In terms of Section 31 of the Bank of Namibia Act, 1997, exchange gains and losses of the Bank are for the account of the Government and are consequently transferred to the Revaluation Reserve Account before appropriation of profits.

1. ACCOUNTING POLICIES (CONTINUED)

1.8 BUILDING FUND RESERVE

This reserve was created in the financial year 2006 to set aside funds for the construction of the Bank's Disaster Recovery Building. The Disaster Recovery Building is expected to host the Bank's disaster recovery equipment as well as have adequate space to accommodate the Bank employees in the event of a disaster situation. Annual profits appropriated will be credited to the reserve and on completion of the construction of the building the reserve so created will be released to the General Reserve.

1.9 PROPERTY AND EQUIPMENT

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Property and equipment are stated at cost and are depreciated on the straight-line method over their estimated useful lives. The estimated useful lives, residual values and depreciation methods are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The Bank reassesses the residual value and useful life of all assets on an annual basis and the revised useful life in years, is as detailed below:

Freehold buildings	50 years
Computer hardware	2-6 years
Motor vehicles	4 years
Furniture, fittings and equipment	1-20 years
Note Sorting Machines	9-17 years

The residual value on the building is benchmarked to similar structures in the country and did not call for any adjustment in residual value both in the previous year and the current year. Subsequent costs are included in the assets carrying value only when it is probable that future economic benefits associated with the assets will accrue to the Bank. All other repairs and maintenance costs are charged to the income statement during the financial period in which they are incurred.

1.10 INTANGIBLE ASSETS – COMPUTER SOFTWARE

On acquisition the software is capitalised at purchase price and amortised on a straight line basis with zero residual value. The estimated useful lives, residual values and depreciation methods are reviewed at each year end, with the effect of any changes in the estimate accounted for on a prospective basis. The Bank reassesses the residual value and useful life of Computer software on an annual basis and the useful life has been set to range between 1 and 8 years.

1.11 INVENTORY

Currency Costs

The costs of new Namibia bank notes and coins are capitalised and amortised on the earlier of issue of the currency or over five years. Cost comprises of printing and minting costs, carriage, insurance and freight landed at the Bank's premises or designated port of consignment arrival. Currency is issued using the weighted average cost.

1. ACCOUNTING POLICIES (CONTINUED)

1.11 INVENTORY (CONTINUED)

Stationery and spares

Stationery and spares inventory are capitalised and stated at the lower of cost and net realisable value. Cost comprises of purchase price as well as applicable freight for imported spare parts. Inventory is issued using the weighted average costs.

1.12 PENSION FUND

It is the policy of the Bank to contribute to the retirement benefits for employees. Contributions to the provident fund are charged against income in the year in which they become payable.

1.13 IMPAIRMENT OF NON FINANCIAL ASSETS

The carrying amount of the assets of the Bank are reviewed at each balance sheet date to determine whether there is any indication of impairment, in which case their recoverable amounts are estimated.

An impairment loss is recognised in the income statement whenever the carrying amount of an asset exceeds its recoverable amount. A previously expensed impairment loss will be reversed if the recoverable amount increases as a result of a change in the estimates used previously to determine the recoverable amount, but not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognised.

1.14 POST- EMPLOYMENT MEDICAL BENEFITS

The Bank provides for post-employment medical benefits in the form of a medical aid scheme for eligible employees and pensioners. The cost of providing benefits is determined using the projected unit credit method. The liability for the Bank's contribution to the scheme is, in respect of current and future pensioners, provided for by means of an on-balance sheet liability. The magnitude of the liability is based on an actuarial valuation. Actuarial gains and losses on the post-retirement medical benefits are accounted for in the year in which they arise.

1.15 CASH FLOW STATEMENT

The definition of cash in the Standard is not wholly appropriate to the Bank. Due to its role in the creation and withdrawal of currency, the Bank has no cash balances on its balance sheet.

1.16 PROVISIONS

Provisions are recognised when the Bank has a present legal or constructive obligation as a result of past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

1.17 TRANSACTIONS ON BEHALF OF GOVERNMENT

The Bank undertakes several transactions on behalf of the Government, which include among others, opening and maintenance of accounts for donor funded projects and the maintenance of accounts for line ministries. All such accounts opened are pre-funded with the funds received invested and the corresponding liability recorded in the books of the Bank. The transactions where the Bank only acts as an agent, as well as the assets and liabilities arising from such transactions, are not reflected in the annual financial statements of the Bank.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2009

1. ACCOUNTING POLICIES (CONTINUED)

1.18 BORROWING COSTS

Borrowing costs are primarily interest and other costs incurred by the Bank in connection with the borrowing of funds. Borrowing costs are recognised on a time proportioned basis, taking account of the principal outstanding and the effective interest rate over the period of the loan and are expensed accordingly.

1.19 IAS 20 – ACCOUNTING FOR GOVERNMENT GRANTS

The Bank accounts for grants received from the Government as income in the period in which the monies are received and are matched against related costs on a systematic basis. Surpluses are carried forward and released to the income statement of the following year, however deficits are carried forward as assets and Government funding received in the following year is used to off-set the asset.

1.20 ACCOUNTING FOR IMF - SPECIAL DRAWING RIGHTS (SDR)

The Bank of Namibia is both the fiscal and depository agents for the Government of the Republic of Namibia. Given this relationship all transaction entered into with the International Monetary Fund are recorded in the books of Bank of Namibia.

The SDR is an international reserve asset, created by the IMF in 1969 to supplement the existing official reserves of member countries. SDRs are allocated to member countries in proportion to their IMF quotas. The SDR also serves as the unit of account of the IMF and some other international organizations. The SDR is defined in terms of a basket of currencies. Its value is determined as the weighted sum of exchange rates of the four major currencies (Euro, Japanese yen, Pound sterling and US dollar).

The global financial crisis prompted the International Monetary Fund in implementing a General and Special Allocation of Special Drawing Rights (SDRs). The member countries allocations of the General and Special allocations were effective on 28th August and 9th September 2009 respectively. In as far as Namibia is concerned the total allocation of SDR 130 million was recorded in the books of the Bank as an asset under “Other Receivables” classification and as a liability under “Deposits” classification.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2009

B

2. RESULTS FOR THE YEAR

Profit for the year is arrived at after taking the following items into account:

	2009 N$'000	2008 N$'000
Interest Income		
Namibia Dollar & Rand Currency	**382 221**	**371 804**
Debt securities – fair value through profit or loss	122 909	108 118
Money market instruments – fair value through profit or loss	121 658	179 739
Money market instruments – held to maturity	137 654	83 947
Other Currency	**210 612**	**225 583**
Debt securities – fair value through profit or loss	202 804	173 320
Money market instruments – fair value through profit or loss	1 383	36 850
Money market instruments – held to maturity	6 425	15 413
Unwinding of present value adjustments	2 293	2 191
	595 126	**599 578**
Other Income		
Rand compensation income	164 421	145 969
Sundry income	22 101	18 133
	186 522	**164 102**
Government Grant – Financial Intelligence Centre Funding*	6 274	6 246
Operating Expenses		
Depreciation	14 004	5 366
Amortisation of computer software	6 777	2 232
Currency inventory amortisation costs	24 251	18 035
Other inventory expensed	645	993
Salaries and related personnel costs	109 479	111 210
Staff training and development	2 539	2 413
Social responsibility	4 972	1 538
Board members' fees - for services as board members	259	198
Auditors' remuneration - audit fees	592	519
other	239	-
Membership fees	529	98
Building and other maintenance costs	7 880	5 043
Loss on disposal of property, equipment and intangible assets	-	176
Amortisation of prepaid long-term employee benefit	2 293	2 191
Other expenditure	25 305	18 353
Total operational expenditure	**199 764**	**168 365**
Number of employees	**297**	**296**

*The Financial Intelligence Centre (FIC) was formed by an Act of Parliament and its operations commenced in the year 2007. The Act prescribes that the Bank of Namibia shall host the FIC and will be responsible and accountable for all its operational and administrative activities. The operations of the FIC are funded by an annual grant by the Government of the Republic of Namibia to Bank of Namibia. Unutilised grant funding received is carried forward into the following financial year and released to the profit or loss account for that year.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2009

B

3. PROPERTY AND EQUIPMENT

2009 Cost	Freehold Land and Buildings N$'000	Computer Hardware N$'000	Furniture Fittings & Equipment N$'000	Motor Vehicles N$'000	Total N$'000
At 1 January 2009	144 445	13 011	66 232	1 506	225 194
Additions	85	4 577	11 436	616	16 714
Disposals/write-offs	(149)	(735)	(4 264)	(113)	(5 261)
At 31 December 2009	**144 381**	**16 853**	**73 404**	**2 009**	**236 647**
Accumulated depreciation					
At 1 January 2009	24 107	9 486	34 767	1 239	69 599
Current year charge	2 808	1 387	7 090	204	11 489
Disposals/write-offs	-	(730)	(108)	(108)	(946)
Adjustments	-	399	2 116	-	2 515
At 31 December 2009	**26 915**	**10 542**	**43 865**	**1 335**	**82 657**
Carrying value					
At 1 January 2009	**120 338**	**3 525**	**31 465**	**267**	**155 595**
At 31 December 2009	**117 466**	**6 311**	**29 539**	**674**	**153 990**
2008					
Cost					
At 1 January 2008	143 196	12 029	64 196	1 506	220 927
Additions	1 249	1 684	6 358	-	9 291
Disposals/write-offs	-	(702)	(4 322)	-	(5 024)
At 31 December 2008	**144 445**	**13 011**	**66 232**	**1 506**	**225 194**
Accumulated depreciation					
At 1 January 2008	21 313	9 751	36 686	1 206	68 956
Current year charge	2 794	785	6 355	209	10 143
Disposals/write-offs	-	(664)	(4 060)	-	(4 724)
Adjustments	-	(386)	(4 214)	(176)	(4 776)
At 31 December 2008	**24 107**	**9 486**	**34 767**	**1 239**	**69 599**
Carrying value					
At 1 January 2008	**121 883**	**2 278**	**27 510**	**300**	**151 971**
At 31 December 2008	**120 338**	**3 525**	**31 465**	**267**	**155 595**

In line with the requirements of IAS 16: *Property, Plant & Equipment* the Bank reviewed the residual value and useful life of all classes of Assets. As required by the Statement, adjustments were processed prospectively and charged to the current year's Income Statement.

A register containing details of land and buildings is available for inspection at the registered office of the Bank.

Included in the asset class Property, Plant and Equipment is Capital Work in Progress amounting to N$ 11.4 million. Costs incurred relates primarily to the Building refurbishment and Air-conditioning replacement project.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2009

4. INTANGIBLE ASSETS - COMPUTER SOFTWARE

	N$'000
2009	
Cost	
At 1 January 2009	27 385
Additions	5 304
Disposals/transfers	3 882
At 31 December 2009	**36 571**
Amortisation	
At 1 January 2009	15 520
Current year charge	6 777
At 31 December 2009	**22 297**
Carrying value	
At 1 January 2009	11 865
At 31 December 2009	**14 274**
2008	
Cost	
At 1 January 2008	19 467
Additions	7 802
Disposals/transfers	116
At 31 December 2008	**27 385**
Amortisation	
At 1 January 2008	13 288
Current year charge	2 232
At 31 December 2008	**15 520**
Carrying value	
At 1 January 2008	**6 179**
At 31 December 2008	**11 865**

B

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2009

B

5. CURRENCY COSTS - NOTES AND COINS

	2009 N$'000	2008 N$'000
Opening Balance	20 853	26 926
Purchases current year	55 049	11 962
Amortisation current year	(24 251)	(18 035)
Additional charge	403	-
Closing Balance	52 054	20 853

6. LOANS AND ADVANCES

	2009 N$'000	2008 N$'000
Staff loans	**23 065**	**24 936**
Less: Present value adjustment for off-market loans	**(3 283)**	**(3 903)**
Opening balance – 1 January	(3 903)	(3 401)
Current year fair value adjustment of new loans	(1 672)	(2 693)
Amortised to Income statement	2 292	2 191
Add: Staff Long term benefit	**3 283**	**3 903**
Opening balance – 1 January	3 903	3 401
Current year Fair value adjustment of new loans	1 672	2 693
Amortised to Income statement	(2 292)	(2 191)
Net staff loans	**23 065**	**24 936**
Other loans	9 719	8 477
Short-term portion of loans (Note 8)	(8 166)	(8 759)
Closing Balance	24 618	24 654

7. INVESTMENTS

	2009 N$'000	2008 N$'000
Rand currency		
Fair value through profit or loss		
Designated		
Debt securities	4 699 690	4 395 142
Held to maturity		
Money market instruments	653 316	977 375
	5 353 006	**5 372 517**
Other currencies		
Fair value through profit or loss		
Designated		
Debt Securities	6 094 869	6 868 938
Held to maturity		
Money market instruments	874 226	470 809
	6 969 095	**7 339 747**
Total Investments	**12 322 101**	**12 712 264**

7.1 LENT OUT SECURITIES

As at 31st December 2009, the value of lent out securities from our Investment Portfolio, managed by our custodians, nominal value amounted to Euro 204 million and US Dollar 188 million respectively. The counter parties involved in these transactions are rated institutions and a cash collateral has been deposited with the custodians as guarantee for the lent out securities. The income generated from the lent out securities activity, has been recorded in the books of the Bank accordingly.

7.2 FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

IFRS 7 amendments which came into effect for financial year ending December 2009, made it mandatory for entities to disclose the levels of hierarchy used to determine the fair value of financial instruments.

Fair value of instruments that fall in the Level 1 category would be based on the unadjusted quoted prices in an active market for identical assets or liabilities. Level 2 category would be based on quoted prices that are observable for the asset or liability, either directly as prices or indirectly as derived from prices. Level 3 category would be based on inputs for the asset or liability that are not based on observable market data.

The Bank's investments in financial assets are quoted in an active market and these prices are used in the fair value evaluation process. The Bank invests in securities issued by the German and US governments and these securities are actively traded in global Capital markets. Other investments include money market investments in the form of Fixed Deposits, NCD's, Call and Current account deposits, etc. The fair value hierarchy would therefore fall under the Level 1 and 2 categories.

As at 31st December 2009 the fair value of financial instruments that was classified under the Level 1 and Level 2 category amounted to N$ 5 billion and N$ 5.8 billion respectively. This represents 87 per cent of the Bank's total investment balance. Held to maturity investments amounted to N$ 1.5 billion.

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8. LOANS AND ADVANCES

	2009 N$'000	2008 N$'000
Repurchase agreements – local banks	-	127 694
	-	127 694
Add: Short-term portion of long-term loans (Note 6)	8 166	8 759
	8 166	**136 453**

Repurchase agreements are over night and seven day loan facilities granted to the commercial banks to cover for temporary liquidity shortages. The over night and seven day repurchase agreements are granted to banking institutions to draw under the credit facility an amount equal to the total adjusted value of eligible securities pledged by each banking institution as collateral to Bank of Namibia.

9. RAND DEPOSITS

	2009	2008
	127 781	43 770
	127 781	**43 770**

Rand deposits is the value of Rand banknotes held by the Bank of Namibia. Commercial banks deposit the Rand notes collected at their various branches at the Bank of Namibia. The Bank of Namibia in turn repatriates the said currency to the South African Reserve Bank based on predetermined currency values.

10. OTHER INVENTORY - STATIONERY AND SPARES

	2009	2008
Opening Balance	1 917	1 982
Purchases current year	1 097	547
Issues current year	(645)	(612)
Closing Balance	**2 369**	**1 917**

11. OTHER RECEIVABLES

	2009	2008
Rand compensation receivable – Government	164 533	146 082
Accounts receivable	12 284	8 220
IMF – special drawing rights	1 505 917	290
	1 682 734	**154 592**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2009

12. SHARE CAPITAL & CAPITAL MANAGEMENT

	2009 N$'000	2008 N$'000
Authorised share capital		
100 000 000 ordinary shares of N$1 each	**100 000**	**100 000**
Issued share capital		
40 000 000 ordinary shares of N$1 each	**40 000**	**40 000**

The Capital is the amount subscribed by the Government in accordance with Section 14 of the Bank of Namibia Act (Act No. 15 of 1997). The Bank is not subject to any externally imposed capital requirements however annually the appropriation of the profits is approved by the Government which requires that a minimum per cent of the annual profits is transferred to the general reserve which forms part of the Bank's capital.

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13. GENERAL RESERVE

	2009 N$'000	2008 N$'000
Opening Balance	595 699	367 432
Appropriation of net profit for the year	102 679	228 267
Closing Balance	**698 378**	**595 699**

14. FOREIGN CURRENCY REVALUATION RESERVE

	2009 N$'000	2008 N$'000
Opening Balance	2 427 228	722 023
Net foreign exchange (losses)/gains	(1 606 010)	1 705 205
Closing Balance	**821 218**	**2 427 228**

The Revaluation reserve has been created in accordance with Section 31 of the Bank of Namibia Act.
The Act requires that both realised and unrealised gains and losses be transferred to the Revaluation Reserve account.

15. BUILDING FUND RESERVE

	2009 N$'000	2008 N$'000
Opening Balance	80 000	60 000
Appropriation of net profit for the year	20 000	20 000
Closing Balance	**100 000**	**80 000**

This reserve has been created to provide funds for the construction of the Bank's Disaster Recovery Building.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2009

16. PROVISION FOR POST EMPLOYMENT BENEFITS

The Bank provides post employment medical benefits to retired staff members. A provision for the liability has been created which covers the total liability i.e. the accumulated post employment medical benefits at fair value as at 31 December 2009.

Opening Liability	21 936	17 468
Interest costs	2 378	1 536
Current service costs	1 278	964
Benefit payments	(634)	(392)
Actuarial loss/gain	-	2 360
Closing Liability	24 958	21 936
Current portion of post employment benefits obligation	(748)	(634)
Non-current portion of post employment benefits obligation	**24 210**	**21 302**

Key assumptions	**2009**	**2008**
Discount rate	11 % p.a.	11% p.a
Medical inflation	9 % p.a.	9 % p.a
Valuation date	31 December 2008	31 December 2008

The effect of a 1% movement in the assumed medical cost trend rate is as follows:	**Increase N$'000**	**Decrease N$'000**
Effect on the aggregate of the current service cost and interest cost	2 645	2 612
Effect on the defined benefit obligation	27 603	22 346

At 31 December	**2009 N$'000**	**2008 N$'000**	**2007 N$'000**	**2006 N$'000**	**2005 N$'000**
Present value of post retirement benefit obligation	24 958	21 936	17 468	15 360	14 437

	2009 N$'000	**2008 N$'000**

17. NOTES AND COINS IN CIRCULATION

Notes	1 591 147	1 558 095
Coins	114 211	98 833
	1 705 358	**1 656 928**

18. DEPOSITS

Government of the Republic of Namibia	6 967 716	6 794 922
Domestic bankers' reserve account	418 382	354 044
Domestic bankers' current account	432 615	113 886
Domestic bankers' call account	-	226 594
Bank of Namibia 52 day Bills measured at amortised cost	1 503 640	749 643
SDR Allocation account	1 505 685	-
Other – Pre-funded donor funds at cost	102 535	166 195
	10 930 573	**8 405 284**

Banker's reserve and current account balances have no fixed maturity and attract no interest. The Call account however attracts interest at the prevailing rate as determined by the Bank of Namibia.

Interest is payable to the Government of the Republic of Namibia on deposits in excess of N$250 million (2008: N$250 million) at the 91 day Treasury Bill rate less a discount of 4.5%.

B

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2009

18. DEPOSITS (CONTINUED)

The Bank issued debt instruments at various maturity dates and discount rates in the form of 52 day Bank of Namibia bills for liquidity management purposes and also to provide secured debt instruments for participants of the Namibian financial markets.

The pre-funded donor funds are monies received on behalf of the Government for various donor funded projects being undertaken in the country. These funds have no maturity dates and attract no interest.

19. TRADE AND OTHER PAYABLES

	2009 N$'000	2008 N$'000
Sundry Creditors	24 235	34 888

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20. GUARANTEES

The Bank used to guarantee a percentage of housing loans granted to employees by certain financial institutions. The guarantee facility was however withdrawn during the 2008 financial year and the cash collateral provided to commercial banks was released.

21. RETIREMENT FUND

Retirement benefits are provided for employees by a separate provident fund, known as the Bank of Namibia Provident Fund, to which the Bank contributes. The provident fund is administered under the Namibian Pension Fund Act, No. 24 of 1956. The Fund was converted from a Defined Benefit Pension Fund to a Defined Contribution Provident Fund as at 1 March 2000. All employees contribute to the fund. Total Bank's contributions for the year amounted to N$12,519,559.10 (31 December 2008: N$11 258 142).

22. TAXATION

No provision for taxation has been made in the annual financial statements as the Bank is exempted from taxation in terms of section 57 of the Bank of Namibia Act, No. 15 of 1997.

23. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The investment of foreign currency (FX) reserves in financial instruments gives rise to exposure to various types of risk which include market, currency, interest rate, credit and liquidity risk. Risk management at the Bank of Namibia, forms an integral part of reserves management within the governance structures of the Bank starting from the level of the Board and down to the Financial Markets Department (FMD). The Board defines the investment guidelines and the Bank's strategic asset allocation. The Executive Committee formulates the investment mandate for the portfolio managers and monitors compliance with the investment guidelines. The FMD is responsible for managing the reserves and has a Risk & Analytics section that monitors compliance to assigned risk measures on a daily basis. The types of risk that the foreign currency reserves are exposed to and the Bank's risk management approaches are stated below:

23.1 MARKET RISK

Market price risk is the risk of loss resulting from changes in market conditions and prices. In extending credit to banking institutions, this risk is substantially reduced by a rigorous repurchase agreement, by applying a hair-cut to the valuation of purchased securities and by using modern technology and appropriate organisational structures and procedures. The Bank follows a portfolio indexation which is a passive portfolio management strategy, which aims to construct a portfolio whose risk and return follows those of a defined benchmark.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2009

23.1.1 INTEREST RATE RISK

Since FX reserves are invested in fixed income instruments, the Bank is exposed to interest rate risk, which is the risk that the market value of the securities will decline due to changes in market interest rates. Modified duration is the key measure for interest rate risk and quantifies the sensitivity of the value of a fixed income instrument to changes in interest rates. The Bank uses the investment benchmark's target duration as a means of managing the interest rate risk. As at 31 December 2009, the modified durations of the EUR and USD investment tranche were 2.159 and 1.054 as opposed to 2.095 and 0.945 for the respective benchmarks. This shows a close tracking of the benchmark characteristics which reflect the objective of portfolio indexation (or index replication) of creating a portfolio that matches the risk and return characteristics of the index. The sensitivity analysis tables below measure the impact of a 100 basis points increase in interest rates on both the EUR and USD portfolios and compares with portfolio holdings of 2008.

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IMPACT OF 100 BASIS POINTS SHOCK ON EUR PORTFOLIO - 2009

Instrument	Amount invested N$'000	Actual Portfolio Weight	Interest Rate	Duration	Dur Contr	Yield after 1% Shock	Estimate Total Return	Return Contr	Effect on Income Statement N$'000
Working Capital	6 583	2%	0.050%	0.000	0.000	1.05%	1.050%	0.016%	700
Liquidity Tranche	107 848	26%	0.767%	1.274	0.331	1.77%	0.493%	-0.071%	(3 148)
Investment Tranche	300 946	72%	1.453%	2.523	1.828	2.45%	-0.070%	-1.103%	(48 756)
	415 377	**100%**	**1.253%**	**2.159**	**2.159**	**-**	**0.094%**	**-1.159%**	**(51 204)**

IMPACT OF 100 BASIS POINTS SHOCK ON USD PORTFOLIO - 2009

Instrument	Amount invested N$'000	Actual Portfolio Weight	Interest Rate	Duration	Dur Contr	Yield after 1% Shock	Estimate Total Return	Return Contr	Effect on Income Statement N$'000
Working Capital	5 489	2%	0.000%	0.000	0.000	1.00%	1.000%	0.019%	405
Liquidity Tranche	92 464	32%	0.090%	0.199	0.065	1.09%	0.891%	0.260%	5 459
Investment Tranche	186 679	66%	0.947%	1.508	0.989	1.95%	0.439%	-0.333%	(6 986)
	284 632	**100%**	**0.650%**	**1.054**	**1.054**	**-**	**0.597%**	**-0.054%**	**(1 123)**

The sensitivity analysis above for 2009 indicates that the portfolios were invested at relatively lower average interest rates in 2009 compared to the rates that prevailed in 2008. The average duration was also lower in 2009 compared to that of 2008. This explains the lower negative effect of changes in yields of NAD52.3 million recorded in 2009 compared to NAD58.8 million recorded in 2008. This is in line with the fact that low duration of the portfolio minimizes the impact of interest rate risks associated with rising interest rates. In other words, lower duration portfolio records minimum losses compared to a high duration portfolio in arising interest rate environment.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2009

23.1.1 INTEREST RATE RISK (CONTINUED)

IMPACT OF 100 BASIS POINTS SHOCK ON EUR PORTFOLIO - 2008

Instrument	Amount invested N$'000	Actual Portfolio Weight	Interest Rate	Duration	Dur Contr	Yield after 1% Shock	Estimate Total Return	Return Contr	Effect on Income Statement N$'000
Overnight	4,434	1.14%	2.50%	0.00	0.00	3.50%	3.50%	0.01%	44
Money Market	89,363	22.94%	1.70%	0.21	0.05	2.70%	2.49%	0.18%	706
Bonds	295,678	75.92%	2.66%	3.59	2.73	3.66%	0.07%	-1.97%	(7,658)
	389 475	**100.00%**	**2.44%**	**2.77**	**2.77**	**-**	**0.66%**	**-1.77%**	**(6,908)**

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IMPACT OF 100 BASIS POINTS SHOCK ON USD PORTFOLIO - 2008

Instrument	Amount invested N$'000	Actual Portfolio Weight	Interest Rate	Duration	Dur Contr	Yield after 1% Shock	Estimate Total Return	Return Contr	Effect on Income Statement N$'000
Overnight	7,186	3.87%	0.25%	0.00	0.00	1.25%	1.250%	0.03%	72
Money Market	112,675	60.78%	0.42%	0.19	0.10	1.42%	1.230%	0.44%	913
Bonds	65,528	35.35%	0.53%	1.83	0.58	1.53%	0.000%	-0.17%	(347)
	185 388	**100.00%**	**0.40%**	**0.68**	**0.68**	**-**	**0.71%**	**0.31%**	**637**

The sensitivity analysis above for 2008 indicates that the portfolios were exposed to higher interest rates when compared to 2007, as the EURO and USD had durations of 2.77 and 0.68 respectively. However, this is in line with the new Strategic Asset Allocation (SAA) objective of maximizing expected returns over a one year investment horizon subject to avoiding negative returns at a 99% confidence level for the overall portfolio. This represents a shift from the previous lower duration, which was set when the reserve levels were low.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2009

23.1.1 INTEREST RATE RISK (CONTINUED)

INTEREST RATE REPRICING

The following table summarises the Bank's interest rate exposure in the form of an interest rate repricing table. This shows when the interest rate earned or charged on assets and liabilities are expected to change. The table can therefore be used as the basis for an assessment of the sensitivity of the Bank's net income to interest rate movements.

AS AT YEAR ENDED 31 DECEMBER 2009

N$'000	0 – 3 Months	3 – 12 Months	1 - 5 Years	Non Interest Bearing	Total
Assets					
Property, equipment and intangible assets	-	-	-	168 264	168 264
Inventory	-	-	-	54 423	54 423
Loans and advances - non current	-	-	24 618	-	24 618
Investment	12 322 101	-	-	-	12 322 101
Loans and advances - current	-	8 166	-	-	8 166
Rand deposits	-	-	-	127 781	127 781
Other receivables	1 505 917	-	-	176 817	1 682 734
Total Assets	**13 828 018**	**8 166**	**24 618**	**527 285**	**14 388 087**
Equity and Liabilities					
Shareholders' equity	-	-	-	1 702 963	1 702 963
Post employment benefits	-	-	-	24 958	24 958
Note and coins in circulation	-	-	-	1 705 358	1 705 358
Deposits	10 409 656	-	-	520 917	10 930 573
Trade and other payables	-	-	-	24 235	24 235
Total Equity and Liabilities	**10 409 656**	**-**	**-**	**3 978 431**	**14 388 087**
Interest rate repricing gap	**3 418 362**	**8 166**	**24 618**	**(3 451 146)**	**-**

AS AT YEAR ENDED 31 DECEMBER 2008

N$'000	0 – 3 Months	3 – 12 Months	1 - 5 Years	Non Interest Bearing	Total
Assets					
Property, equipment and intangible assets	-	-	-	167 460	167 460
Inventory	-	-	-	22 770	22 770
Loans and advances - non current	-	-	24 654	-	24 654
Investment	12 712 264	-	-	-	12 712 264
Loans and advances - current	127 694	8 759	-	-	136 453
Rand deposits	-	-	-	43 770	43 770
Other receivables	-	-	-	154 592	154 592
Total Assets	**12 839 958**	**8 759**	**24 654**	**388 592**	**13 261 963**
Equity and Liabilities					
Shareholders' equity	-	-	-	3 142 927	3 142 927
Post employment benefits	-	-	-	21 936	21 936
Note and coins in circulation	-	-	-	1 656 928	1 656 928
Deposits	7 885 045	-	-	520 239	8 405 284
Trade and other payables	-	-	-	34 888	34 888
Total Equity and Liabilities	**7 885 045**	**-**	**-**	**5 376 918**	**13 261 963**
Interest rate repricing gap	**4 954 913**	**8 759**	**24 654**	**(4 988 326)**	**-**

23.1.2 CURRENCY RISK

FX reserves are held in foreign currencies and this gives rise to a risk that the reserves will decline in value due to adverse changes in foreign exchange rates. In terms of the Investment policy and guidelines, foreign exchange risk is managed on indexation basis through a currency composition (benchmark) that provides a natural hedge against potential liabilities. The currency composition of the FX reserves reflects the currency distribution of the country's short-term external debt, imports and other contingent liabilities. The bank revised its SAA in 2008 and as a result of that revision foreign reserves were divided into three tranches namely: Working capital, Liquidity and Investment Tranche which in return are composed of different currencies. The following is the benchmark portfolio used to manage this risk.

Instruments	ZAR Portfolio	USD Portfolio	EUR Portfolio
Working Capital	**500 mil - 2500 mil**	**0 mil – 10mil**	**0 mil – 5 mil**
Liquidity Tranche	20%	25%	55%
Investment			
Tranche	0%	30%	70%
Cash	-	10%	0%
Bonds	-	-	-
Tranche	-	90%	100%

Risk-return preferences per tranche

Tranche	Horizon	Objective
Working Capital	0-1 Months	Provide Liquidity, No negative returns allowed on any period (100 per cent Cash)
Liquidity	0-1 Year	Maximize returns subject to avoiding negative returns at 99% confidence
Investment	1-5 Years	Maximize returns subject to a shortfall of 100 bps with 95% probability

- The ZAR portfolio is restricted to money market instruments only and the portfolio parameters are arrived at, using the 12 month investment horizon, with a worst case return requirement of 0 per cent and a maximum duration of 45 days.
- The maximum maturity of any instrument is restricted to 5 years and not more.
  A 10 per cent depreciation of the Namibia dollar to other convertible currencies would result in the Namibia Dollar equivalent of our foreign currency investments increasing to N$9,3 billion and in the same vein a 10 per cent appreciation of our currency would result in a decline in our foreign currency investments balances to N$ 7.6 billion.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2009

23.1.2 CURRENCY RISK (CONTINUED)

AT 31 DECEMBER 2009 THE BANK HAD THE FOLLOWING CURRENCY POSITION EXPOSURES

	N$ '000	ZAR '000	Euro '000	US$ '000	Other '000	Total N$'000
Assets						
Property, equipment and intangible assets	168 264	-	-	-	-	168 264
Currency inventory – notes and coins	52 054	-	-	-	-	52 054
Loans and advances - non current	24 618	-	-	-	-	24 618
Investment	-	5 352 784	4 411 127	2 534 558	23 632	12 322 101
Loans and advances - current	8 166	-	-	-	-	8 166
Rand deposits	-	127 781	-	-	-	127 781
Other inventory – stationery & spares	2 369	-	-	-	-	2 369
Other receivables	12 284	164 533	-	-	1 505 917	1 682 734
Total Assets	**267 755**	**5 645 098**	**4 411 127**	**2 534 558**	**1 529 549**	**14 388 087**
Equity and Liabilities						
Post employment benefits	24 958	-	-	-	-	24 958
Note and coins in circulation	1 705 358	-	-	-	-	1 705 358
Deposits	9 256 332	58 163	-	38 955	1 577 123	10 930 573
Trade and other payables	24 235	-	-	-	-	24 235
Total Equity and Liabilities	**11 010 883**	**58 163**	**-**	**38 955**	**1 577 123**	**12 685 124**
Net Balance Sheet position	**(10 743 128)**	**5 586 935**	**4 411 127**	**2 495 603**	**(47 574)**	**1 702 963**

B

AT 31 DECEMBER 2009 THE BANK HAD THE FOLLOWING CURRENCY POSITION EXPOSURES

	N$ '000	ZAR '000	Euro '000	US$ '000	Other '000	Total N$'000
Assets						
Property, equipment and intangible assets	167 460	-	-	-	-	167 460
Currency inventory – notes and coins	20 853	-	-	-	-	20 853
Loans and advances - non current	24 654	-	-	-	-	24 654
Investment	-	5 372 517	5 052 217	2 279 379	8 151	12 712 264
Loans and advances - current	136 453	-	-	-	-	136 453
Rand deposits	-	43 770	-	-	-	43 770
Other inventory – stationery & spares	1 917	-	-	-	-	1 917
Other receivables	8 510	146 082	-	-	-	154 592
Total Assets	**359 847**	**5 562 369**	**5 052 217**	**2 279 379**	**8 151**	**13 261 963**
Equity and Liabilities						
Post employment benefits	21 936	-	-	-	-	21 936
Note and coins in circulation	1 656 928	-	-	-	-	1 656 928
Deposits	8 244 096	58 163	35 672	67 353	-	8 405 284
Trade and other payables	34 888	-	-	-	-	34 888
Total Equity and Liabilities	**9 957 848**	**58 163**	**35 672**	**67 353**	**-**	**10 119 036**
Net Balance Sheet position	**(9 598 001)**	**5 504 206**	**5 016 545**	**2 212 026**	**8 151**	**3 142 927**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2009

23.2 LIQUIDITY RISK

Liquidity risk is the risk that the Bank will fail to meet its foreign exchange obligations when they fall due or the possibility that the Bank will incur huge capital losses when it disposes its securities in the secondary market. Liquidity is the second most important FX reserves management objective after capital preservation and the Bank seeks to maintain sufficient liquidity by investing in securities with an active secondary market. As at 31 December 2009, 90 per cent of investments could be liquidated within two working days, reflecting the highly liquid nature of the portfolio. In addition to what has been disclosed in the liquidity risk table below, cash outflows of captial commitments amounting to N$ 20 million are expected to be incurred during the first half of year 2010.

B

Liquidity/Obligations risk analysis statement as at year ended 31 December 2009

N$'000	0 – 3 Months	4 – 12 Months	1 - 5 Years	No maturity	Total
Assets					
Property, equipment and intangible assets	-	-	-	168 264	168 264
Inventory	-	-	-	54 423	54 423
Loans and advances - non current	-	-	24 618	-	24 618
Investment	12 322 101	-	-	-	12 322 101
Loans and advances - current	-	8 166	-	-	8 166
Rand deposits	-	-	-	127 781	127 781
Other receivables	1 505 917	-	-	176 817	1 682 734
Total Assets	**13 828 018**	**8 166**	**24 618**	**527 285**	**14 388 087**
Equity and Liabilities					
Shareholders' equity	-	-	-	1 702 963	1 702 963
Post employment benefits	-	-	-	24 958	24 958
Note and coins in circulation	-	-	-	1 705 358	1 705 358
Deposits	10 409 656	-	-	520 917	10 930 573
Trade and other payables	24 235	-	-	-	24 235
Total Equity and Liabilities	**10 433 891**	**-**	**-**	**3 954 196**	**14 388 087**
Liquidity sensitivity gap	**3 394 127**	**8 166**	**24 618**	**(3 426 911)**	**-**
Cumulative liquidity sensitivity gap	**3 394 127**	**3 402 293**	**3 426 911**	**-**	**-**

Liquidity/Obligations risk analysis statement as at year ended 31 December 2008

N$'000	0 – 3 Months	4 – 12 Months	1 - 5 Years	No maturity	Total
Assets					
Property, equipment and intangible assets	-	-	-	167 460	167 460
Inventory	-	-	-	22 770	22 770
Loans and advances - non current	-	-	24 654	-	24 654
Investment	12 712 264	-	-	-	12 712 264
Loans and advances - current	127 694	8 759	-	-	136 453
Rand deposits	-	-	-	43 770	43 770
Other receivables	-	-	-	154 592	154 592
Total Assets	**12 839 958**	**8 759**	**24 654**	**388 592**	**13 261 963**
Equity and Liabilities					
Shareholders' equity	-	-	-	3 142 927	3 142 927
Post employment benefits	-	-	-	21 936	21 936
Note and coins in circulation	-	-	-	1 656 928	1 656 928
Deposits	7 885 045	-	-	520 239	8 405 284
Trade and other payables	34 888	-	-	-	34 888
Total Equity and Liabilities	**7 919 933**	**-**	**-**	**5 342 030**	**13 261 963**
Liquidity sensitivity gap	**4 920 025**	**8 759**	**24 654**	**(4 953 438)**	**-**
Cumulative liquidity sensitivity gap	**4 920 025**	**4 928 784**	**4 953 438**	**-**	**-**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2009

23.3 CREDIT RISK

This is the risk that the Bank's counterparty will default on its contractual obligations resulting in a financial loss to the Bank. With safety of principal being the foremost investment objective, the Bank seeks to manage credit risk by investing in money market instruments issued by counterparts with a minimum short-term credit rating of F2. Longer-dated fixed income instruments are limited to issues by members of the Group of 7 Nations (G7) OECD and the Republic of South Africa.

Detailed below is a table which provides rating information on institutions where the Bank invests its funds.

COUNTERPARTY NAMES	Country of Origin	Currency	Country Ceiling	Long-Term Rating	Short-Term Rating
Abn Amro Bank Amsterdam	Netherlands	USD, EUR, ZAR	AAA	A+	F1+
Abn Amro Bank Johannesburg	Netherlands	USD, EUR, ZAR	AAA	A+	F1+
Absa Bank Johannesburg	South Africa	ZAR	A	A	F1
Banca Monte dei Paschi di Siena	Italy	USD, EUR, ZAR	AAA	A	F1
Bank of International Settlement - Basel	Switzerland	EUR	AAA	NR	NR
Bank of England	UK	GBP	AAA	AAA	NR
Bank of Ireland	Ireland	USD, EUR, ZAR	AAA	A-	F1
Bank of Namibia	Namibia	NAD	A	NR	NR
Bank of Tokyo - London	UK	USD, EUR, ZAR	AAA	A	F1
Bank of Tokyo Mitsubishi - Tokyo	Japan	JPY	AAA	A	F1
Bank Windhoek	Namibia	NAD	A	NR	NR
Barclays Bank Plc - London	UK	USD, EUR, ZAR	AAA	AA-	F1+
Belgium Kingdom	Belgium	EUR	AAA	NR	NR
Bundes Obligation - Germany	Germany	EUR	AAA	NR	NR
Bundes Repub. Deutschland	Germany	EUR	AAA	NR	NR
Bundes Schatzanweisungen	Germany	EUR	AAA	NR	NR
Calyon Corporate & Investment Bank	France	USD, EUR, ZAR	AAA	AA-	F1+
Citi Bank - Johannesburg	UK	USD, EUR, ZAR	AAA	A+	F1+
Citibank International Plc - London	UK	USD, EUR, ZAR	AAA	A+	F1+
Citibank NA New York	USA	USD	AAA	A+	F1+
Clearstream Banking - Luxembourg	UK	USD, EUR	AAA	AA	F1+
Crown Agents	UK	USD, EUR, ZAR	AAA	A	F1
Deutsche Bank AG - London	Germany	USD, EUR, ZAR	AAA	AA-	F1+
Dresdner Bank Frankfurt	Germany	EUR	AAA	AA-	F1+
Federal Reserve Bank of New York	USA	USD	AAA	NR	NR
First National Bank Namibia	Namibia	NAD	A	NR	NR
First National Bank of South Africa	South Africa	ZAR	A	BBB	F3
FirstRand Bank Ltd Johannesburg	South Africa	ZAR	A	BBB	F3
Government of France	France	EUR	AAA	NR	NR
German Treasury Bill	Germany	EUR	AAA	NR	NR
IBRD	USA	USD	AAA	AAA	F1+
Investec Bank Ltd - Johannesburg	South Africa	ZAR	A	BBB	F3
Morgan Keegan - Memphis	USA	USD, EUR	AAA	NR	NR
Nedbank - Johannesburg	South Africa	ZAR	A	BBB	F2
Nedbank Namibia	Namibia	NAD	A	NR	NR

B

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2009

23.3 CREDIT RISK (CONTINUED)

Netherlands Government	Netherlands	EUR	AAA	NR	NR
Nordea Bank AB - Stockholm	Sweden	SEK	AAA	AA-	F1+
Rabobank International London	UK	USD, EUR, ZAR	AAA	AA+	F1+
Royal Bank of Canada - London	UK	USD, EUR, ZAR	AAA	AA-	F1+
South African Reserve Bank	South Africa	ZAR	A	NR	NR
Spanish Government	Spain	EUR	AAA	NR	NR
Standard Bank Namibia	Namibia	NAD	A	NR	NR
Standard Bank South Africa	South Africa	ZAR	A	BBB+	F2
Standard Chartered Bank - London	UK	USD, EUR, ZAR	AAA	A+	F1
Standard Bank Plc - London	South Africa	ZAR	A	BBB+	F2
The Bank of New York Mellon	USA	USD	AAA	AA-	F1+
UBS Zurich	Switzerland	CHF	AAA	A+	F1+
US Treasury N B Government	USA	USD	AAA	NR	NR
West LB SA - Johannesburg	Germany	USD, EUR, ZAR	AAA	A-	F1
Westdeutsche Landesbank - London	UK	USD, EUR, ZAR	AAA	A-	F1
Westpac Banking Corporation	Australia	AUD	AAA	AA-	F1+

B

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2009

23.3 CREDIT RISK (CONTINUED)

The table below shows the maximum exposure to credit risk for the financial instruments held. The maximum exposure is shown gross, before the effect of any mitigating factors.

INSTITUTIONAL CREDIT RISK RATING ANALYSIS

	Credit rating	2009 N$'000	2008 N$'000
NON – RAND CURRENCY			
BIS Euro Sight	NR	70 020	58 502
Crown Agents	A	257 363	-
Swift Shares – Euro	NR	259	323
Bank of England – GBP	AAA	148	163
Fed Reserve – Auto Investment	AAA	46 704	62 657
Barclays Bank London	AA-	-	39 976
Barclays Bank – Fixed Deposit – USD	AA-	125 842	211 056
SBSA BoN	NR	389 551	487 432
SBSA BoN	NR	108	137
Standard Chartered Bank London	A+	464 340	11
Dresdner Bank AG	AA-	457	4 189
West Deutsche Land Fixed Deposit	A-	-	92 548
Bank of Tokyo Mitsubishi Current – JPY	A	23 585	7 760
Bank of Tokyo Mitsubishi Euro	A+	-	67 088
Nordbanken Current	AA-	21	20
UBS AG Zurich Current	A+	66	61
Citibank New York Current	A+	401	101
German Government	AAA	3 087 676	1 457 994
USA Government	AAA	1 520 251	4 789 590
Bank of Tokyo Mitsubishi Settlement – JPY	A	53	70
Westpac Banking Corporation	AA-	59	66
ABN Amro Bank Fixed Deposit	A+	500 378	-
Bank of Tokyo London Fixed Deposit	A	407 767	-
West LB London Fixed Deposit	A-	74 046	60 003
TOTAL NON-RAND INVESTMENTS		**6 969 095**	**7 339 747**
RAND CURRENCY			
Rand Currency – CPD	A	1 213 555	777 550
ABN Amro ZAR call account	A+	63	302 447
ABN Amro ZAR fixed deposit	A+	-	202 706
Calyon Coporate	AA-	253 765	-
Cadiz ZAR account	NR	622 865	569 045
Investec ZAR account	NR	622 940	568 686
Credit Agricole Indosuez	AA-	-	255 075
WestLB SA	A-	432 212	-
Absa Call	A	2 434	837
Barclays Bank	AA-	220 398	-
First Nat Bank SA	BBB	3	122
Barclays Bank Fixed Deposit	AA-	-	313 395
Citi Bank SA call account	A+	-	201 840
Investec Bank Ltd	BBB	264 970	151 282
IRS Red – CADIZ ZAR	NR	862 356	787 257
IRS Red – INVESTEC ZAR	NR	857 462	780 981
SBSA Bank of Namibia – ZAR Account	NR	8	-
SARB – Main	A	(248)	20
Westdeutsche Landesbank	A-	-	461 274
TOTAL RAND INVESTMENTS		**5 353 006**	**5 372 517**

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23.3 CREDIT RISK (CONTINUED)

The Bank invests/buys securities in reputable institutions who are rated by Fitch, Moody's and Standard & Poor rating agencies. The Bank's exposure to credit risk has remained static and movements in the fair values of our external portfolio investments were as a result of movements in interest rate risk, foreign exchange risk, etc.

23.4 SETTLEMENT RISK

This is the risk that the Bank is exposed to when settling or clearing transactions. The Bank faces this risk when the counterparty in the dealing contract fails to settle or clear transactions where the exchange of cash, securities is not instantaneous. This risk is of particular significance as foreign exchange transactions are settled only two days after the deal date, and uncertain events within these two days could have a negative impact on the Bank. In order to control this risk, the Bank has imposed settlement limits so as to limit the bank's exposure to counterparty at any given time in the deal cycle. For foreign exchange transactions entered into by the Bank, settlement limits will be 60% of maximum counterparty limit.

23.5 OPERATIONAL RISK

Like any other institutions, the Bank is exposed to operational risk, this is the risk of financial losses or damage to the Bank's reputation resulting from one or more risk factors such as human factors, failed or inadequate processes, failed or inadequate systems and external events.

These factors are defined in details as follows:

- Human Factors: insufficient personnel, lack of knowledge, skills or experience, inadequate training and development, inadequate supervision, loss of key personnel, inadequate succession planning or lack of integrity or ethical standards.
- Failed or inadequate processes: a process is poorly designed or unsuitable, or not properly documented, understood, implemented, followed or enforced.
- Failed or inadequate systems: a system is poorly designed, unsuitable or unavailable or does not operate as intended.
- External events: the occurrence of an event having an adverse impact on the Bank but outside its control.

The operational risk at the Bank is managed by having a suitable operational organizational structure with clear segregation of duties as well as defined built-in systematic controls. Bank wide operations manuals are in place to be followed by staff. The Bank wide business continuity plans which clearly states effective disaster recovery plans are still in the development phase.

In as far as the treasury operations are concerned the Bank ensures that dealers and analysts are well trained in instruments in which they are trading and that the systems they need to operate on is in place. The Bank also makes sure that all investment officers are aware of procedures in place and have access to relevant documents. The Financial Markets Department Director reviews all procedures, documentation requirements and the operational practices.

23.6 LEGAL RISK

Legal risk is the risk arising from failure to comply with statutory or regulatory obligations. Legal risk also comes about if the rights and obligations of parties involved in a payment are subject to significant uncertainty, for example if a payment participant declares bankruptcy. Legal disputes that delay or prevent the resolution of payment settlement can cause credit, liquidity, or reputation risks at individual institutions. Legal risk also results from a financial institution's failure to comply with the bylaws and contractual agreements established with the counter-parties with which it participates in processing, clearing, and settling payment transactions. The Bank therefore manages this risk by having appropriate documentation and using the market-customary, standard master-agreements where possible.

24. CAPITAL COMMITMENTS

	2009 N$' 000	2008 N$' 000
Contracted – Building renovations	20 000	60 000

These capital commitments will be funded from internal resources.

25. RELATED PARTY INFORMATION

During the year the Bank, in its ordinary course of business, entered into various transactions. These transactions were under taken on commercial terms and conditions. The Bank of Namibia Act prescribes that the emoluments of the Governor, Deputy Governor and Board members be determined by the Minister of Finance. The emoluments of the Board members are primarily sitting fees and the annual stipend. The Governor and the Deputy Governor's emoluments is an all inclusive package which comprises of salaries, pension contributions, medical aid and leave pay. The gross emoluments of executive, senior management and Board members are detailed below. Transactions with the Namibian Government who are the sole shareholders of the institution are detailed in note 1.17 of the report. Note 1.19 and 2 provide more information on the Financial Intelligence Centre.

Gross Emoluments	Salaries N$'000	Retirement Benefit N$'000	Medical Aid Benefit N$'000	Total 2009 N$'000	Total 2008 N$'000
Executive Management					
Governor/Deputy Governor	3 815	693	104	4 612	3 711
Senior Management	8 191	819	202	9 212	6 360
Non-Executive Board					
Dr O Herrigel				-	38
Mr R Ritter				-	-
Mr V Malango				84	58
Mr F Kisting				72	60
Ms O Netta				47	34
Dr NK Shivute				-	-
Dr O Kakujaha- Matundu				56	9
Mr C Schlettwein				-	-

There were no other related party transactions with both the executive management and non-executive Board members.

PART C

ECONOMIC AND FINANCIAL DEVELOPMENTS IN 2009 AND OUTLOOK FOR THE MEDIUM TERM

PART C

ECONOMIC AND FINANCIAL DEVELOPMENTS IN 2009 AND OUTLOOK FOR THE MEDIUM TERM

C

SELECTED FINANCIAL AND ECONOMIC INDICATORS

	2006	2007	2008	2009	2010	2011
		Actual		Estimate	Projections	
	(Annual percentage change, unless otherwise stated)					
GDP at constant 2004 prices	7.1	5.5	3.3	-1.0	4.2	4.2
GDP deflator	115.3	125.6	143.4	155.5	169.2	180.7
GDP at current market prices (N$ million)	54,028	62,102	73,220	78,627	89,099	99,106
Consumer price index (period average)	129.1	137.8	152.0	165.4	n/a	n/a
Consumer price index (end-of-period)	132.5	141.9	157.4	168.4	n/a	n/a
Exports	36.5	14.6	27.2	12.5	n/a	n/a
Imports	16.7	25.8	46.0	18.1	n/a	n/a
Real effective exchange rate	-1.5	-3.6	-4.0	4.2	n/a	n/a
Private sector credit	14.8	13.5	11.3	10.0	n/a	n/a
Broad money supply	32.0	10.1	17.9	5.9	n/a	n/a
	(In percent of GDP, unless otherwise stated)					
Gross investment	21.6	23.7	23.4	20.7	21.1	21.6
Public	3.3	4.7	5.1	3.8	3.9	4.2
Private	18.3	19.0	18.3	16.9	17.2	17.4
Gross savings	35.6	31.3	29.5	25.3	26.9	27.6
Public	9.6	5.0	4.6	4.5	4.8	4.9
Private	26.0	26.3	24.9	20.8	22.1	22.7
Public Finance*						
Revenue and grants	31.4	31.8	31.4	27.7	n/a	n/a
of which SACU	11.9	12.4	11.4	10.5	n/a	n/a
Expenditure and net lending	27.2	26.7	29.4	31.0	n/a	n/a
of which personnel expenditure	11.1	10.5	10.1	10.9	n/a	n/a
of which capital expenditure	4.8	5.5	6.7	6.8	n/a	n/a
Primary balance	6.8	6.9	3.8	-1.7	n/a	n/a
Overall government deficit	4.1	5.1	2.0	-3.3	n/a	n/a
Public debt outstanding	25.2	18.8	18.0	17.1	n/a	n/a
Public and publicly guaranteed debt outstanding	7.2	5.3	4.2	3.3	n/a	n/a
Current account balance	13.8	9.1	2.7	2.6	n/a	n/a
excluding official transfers	2.0	-2.2	-10.0	-10.9	n/a	n/a
Gross official reserves						
in million of N$ dollar	2,939.3	6,401.3	12,712.3	13,828.1	n/a	n/a
in months of imports	1.7	3.0	4.1	3.9	n/a	n/a
External debt	25.4	21.9	24.0	19.6	n/a	n/a
Exchange rate to US Dollar (end-of period)	7.0406	6.8271	9.9456	7.4894	n/a	n/a
Exchange rate to US Dollar (period average)	6.7672	7.0544	8.2517	8.4371	n/a	n/a

* Government expenditure and revenue are in Fiscal Year instead of Calendar Year, starting from 2006/07.
n/a means not available.

SUMMARY OF ECONOMIC DEVELOPMENTS

The world economy has started emerging from the throes of an unprecedentedly deep recession triggered by the bursting of the global financial bubble. The severity of the recession was more pronounced at the beginning of 2009, when challenging economic conditions including a sharp decline in world trade, contraction in industrial production, a fall in asset prices and limited credit availability prevailed. Due to rapid and extraordinary policy intervention, the situation was, however, reversed relatively quickly, and already by the start of the second quarter, the world economy had started to exhibit positive signs of an early but fragile recovery. Since March 2009, stock markets in both advanced and developing economies have recovered more than half the value they lost, and interbank lending rates have returned to normal levels, although the interbank market in the United States (US) continues to be stifled by uncertainty regarding the sustainability of the recovery. Furthermore, international trade and global industrial production started to recover noticeably, while an increasing number of advanced and emerging economies started registering positive quarterly gross domestic product (GDP) growth during the second half of 2009, thereby signalling their official exit from the so-called technical recession.

Despite the positive signs about the recovery of the global economy, the pace of this recovery might be protracted and uneven across economic regions and a number potential downside risks need close monitoring going forward. Of particular concern is the fact that unemployment levels remain high in advanced economies, putting a strain on consumption-led economic recovery, especially in the US. It is critical, therefore, that fiscal and monetary authorities avoid a premature and incoherent exit from supportive policies. Credible and well-coordinated exit strategies should be prepared by both Governments and central banks to help anchor expectations and lessen fears of inflation and renewed financial instability. This is a major challenge, especially to the central banks in advanced countries which have had more recourse to unconventional support measures. The growing concerns about fiscal sustainability constitute a major downside risk to global economic recovery as it could unsettle financial markets and stifle recovery by raising the cost of borrowing. The medium-term strength of the recovery will, thus, depend on how well these challenges are met and on the extent to which private sector demand picks up. If policies are adjusted too slowly, inflationary pressures and additional bubbles could develop, while an adjustment that is too quick could stall recovery.

Influenced by the global economic downturn, in 2009 the Namibian economy experienced a contraction in domestic production, declining inflationary pressures, job losses, poor performance of the external sector, and declining Government revenue. Growth in the real sector decelerated, mainly as a result of poor performance in export-oriented subsectors such as minerals and tourism. The contraction in the mineral subsector was mainly driven by diamond and copper mining activities that experienced a slump, causing a halt in production during 2009. Better performance was, however, registered in the agriculture, forestry, fishing, and on-board fish processing sectors. Supported by an expansionary budget as well as a more accommodative monetary policy, the secondary and tertiary industries moderately expanded during 2009. Nevertheless, the positive performance of these sectors was not strong enough to offset the poor performance of the export-oriented sector. Therefore, the Namibian economy is estimated to have contracted by 1.0 per cent in 2009, from a growth of 3.3 per cent in 2008.

Supported by a weak commodity prices due to the global economic slowdown, as well as past rounds of monetary tightening, the annual rate of inflation in Namibia has been dropping since January 2009. Crude oil prices have been declining since the beginning of 2009 on the back of a depreciating US dollar and weaker global demand. Influenced by this weak global demand and increased supply, the prices of food commodities such as maize and wheat also displayed a downward trend during 2009. The decline in crude oil and international food prices triggered the inflation rates for food and transport in Namibia to decline to 5.8 per cent and 9.1 per cent, respectively, in December 2009 from 16.5 per cent and 9.7 per cent recorded in the same period of the previous year. As a result, the annual inflation rate for Namibia slowed from 10.9 per cent in December 2008 to 7.0 per cent in December 2009.

Although the current account of the balance of payments (BOP) recorded a surplus during 2009, the overall developments in Namibia's external sector deteriorated substantially. This was mainly on account of the world economic crisis, which significantly affected the country's export and investment performance. In this regard, a sharp reduction in Namibia's mineral export receipts was recorded in 2009, which worsened the merchandise trade balance. Furthermore, due to the slump in tourism, Namibia's services trade balance recorded a higher deficit in 2009. The deficit was mainly due to lower exports of travel-related services, which remain Namibia's main service export item. The capital and financial account remained in deficit

and continued to be characterised by portfolio-related outflows, albeit at a moderate level since 2005. These developments led to a low overall BOP surplus of N$1.1 billion in 2009, compared with a significant N$6.3 billion in 2008. Consequently, the country's international reserves increased by the same magnitude, providing an additional cushion to ensure the sustenance of the currency peg.

Despite the more accommodative monetary policy stance that prevailed during 2009, monetary and financial conditions remained relatively subdued in 2009. Although the key policy rate (repo rate) was reduced from 10.0 per cent in December 2008 to 7.0 per cent in December 2009, the annual growth rate in respect of credit extension to the private sector moderated to 10.0 per cent at the end of 2009, from 11.3 per cent in 2008. There was also a noticeable deceleration in credit extended to households, namely to 6.3 per cent, down from 10.7 per cent a year earlier. This can partially be attributed to the reduction in total disposable income, implying the need for consumers to cut down on their spending habits. It is, however, worth noting that there was an improved appetite of credit extended to businesses, which accelerated from 12.4 per cent at the end of 2008 to 17.4 per cent a year later.

With regard to fiscal developments, the spillover effects of the recessionary conditions in the global economy were evident in the collection of Government revenue during the 2009/10 fiscal year. In this regard, there was a notable decrease in Government revenue from taxes and royalties from mining companies, especially diamond and copper, because of the slump and halted production they experienced during 2009. As a result, total Central Government revenue for 2009/10 is estimated to have decreased to N$21.8 billion, which is 3.3 per cent lower than that of the preceding fiscal year. Due to the more expansionary budget, aimed at cushioning Namibia from the full impact of the global economic crisis, Government expenditure is estimated to have increased by 14.2 per cent to N$25.1 billion in 2009/10. Consequently, the fiscal balance is estimated to have turned from a surplus of 2.0 per cent of GDP recorded in 2008/09 into a deficit of 3.3 per cent of GDP in 2009/10. Notwithstanding the swing in the overall balance, the fiscal position remained sustainable as total debt stock declined to 17.2 per cent as a ratio of GDP at the end of 2009, from 18.0 per cent recorded at the end of 2008 – well below Government's debt target of 25 per cent of GDP.

Going forward, the Namibian economy is expected to show a modest recovery in 2010, mainly due to the revival in the mining and quarrying sector. Diamond mining, in particular, is expected to reverse the contraction experienced in 2009, taking advantage of the expected recovery in the global economy and rallying commodity prices. However, it is unlikely that production will return to the pre-crisis levels due to the depletion of onshore diamonds. Given the Namibian economy's dependence on the world market, the key risk to the domestic economic outlook remains the uncertainty regarding the recovery of the world economy, which is still in its nascent stage. On the fiscal front, the expected decline in international taxes poses a serious risk and challenge over the medium term. In addition, it needs to be pointed out that the economy still faces many challenges, including the high level of unemployment, income inequality, and the shortage of skilled labour. Concerted efforts should, therefore, be devised to address these challenges so as to enable the country to achieve the United Nations Millennium Development Goals as well as realise its own Vision 2030.

THE GLOBAL ECONOMY

Supported by extraordinary monetary and fiscal policy stimulus packages, the global economy has started to recover from the deepest recession in recent history. Global equity markets have rebounded and risk premiums on lending have fallen. International trade and global industrial production have also been recovering noticeably. On the back of expansionary monetary and fiscal policies, real GDP growth had turned positive in most parts of the world by the end of the third quarter of 2009. These include the US, the Euro Area, and many emerging markets and developing countries. However, it is expected that global output will take time to return to its pre-crisis level. This is primarily because the effects of the global recession were deep and severe. Consequently, the rate of unemployment continued to soar and reached 10.0 per cent in the US during December 2009 and 9.9 per cent in the Euro Area during the same month. Also, the level of private consumption expenditure remained subdued in the major economies during 2009. Overall, the International Monetary Fund (IMF) estimates that the global economy contracted by about 0.8 per cent in 2009.

Table C.1: World economic output (annual percentage change)

	Actual			Estimates	Projections		
	2006	2007	2008	2009	2010	2011	2012
World output	5.1	5.2	3.0	-0.8	3.9	4.3	4.4
Advanced economies	2.9	2.7	0.5	-3.2	2.1	2.4	2.6
USA	2.7	2.1	0.4	-2.5	2.7	2.4	2.6
Euro Area	2.7	2.7	0.6	-3.9	1.0	1.6	1.7
UK	2.8	2.6	0.5	-4.8	1.3	2.7	2.9
Japan	2.8	2.3	1.2	-5.3	1.7	2.2	2.3
Sub-Saharan Africa	6.6	7.0	5.7	1.6	4.3	5.5	5.5
Developing Asia	9.1	10.6	7.6	6.4	8.4	8.4	8.4
China	11.6	13.0	9.0	8.7	10.0	9.7	9.8
Middle East	5.7	6.2	5.3	2.2	4.5	4.8	4.6
India	9.8	9.4	7.3	5.6	7.7	7.8	7.6
Brazil	5.4	5.7	5.1	-0.4	4.7	3.7	3.5
South Africa	5.6	5.5	3.7	-1.8	2.3	3.2	3.6
Russia	7.4	8.1	5.6	-9.0	3.6	3.4	3.7

Source: IMF World Economic Outlook Update, January 2010 and National Treasury, South Africa.

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[3] IMF (2009). World Economic Outlook Update, January.

Looking ahead, the global economy is forecasted to expand by about 3.9 per cent in 2010, mainly on account of stimulus measures in both advanced economies and emerging markets. In emerging economies, real GDP is forecasted to reach 6.0 per cent in 2010, from an estimated growth of 2.0 per cent in 2009. The rebound in emerging markets is mainly led by a revival in economic activities in Asian economies, particularly China and India (see Table C.1). Although the global economy's recovery trend is likely to continue, partly due to advanced economies picking up and to the high growth of emerging economies, the level of uncertainty regarding the outlook remains high. In this regard, a significant downside risk to the global outlook continues to be the premature exit from expansionary monetary and fiscal policies going forward. Therefore, it is crucial for policymakers to ensure that macroeconomic policy stimulus continues to sustain the global economic recovery in the short to medium term.

OUTPUT GROWTH AND OUTLOOK BY MAIN REGIONS/ ECONOMIC BLOCS

In 2009, the **US** economy experienced its worst recession since the 1930s. In this regard, it is estimated to have declined by 2.5 per cent from a modest growth of 0.4 per cent registered in 2008. The decline that prevailed in the US during the first half of 2009 was caused by sluggish demand for US products, both domestically and internationally, complemented by weak investment demand. Since the third quarter of 2009, however, with real GDP growing by 2.2 per cent, the US economy began to emerge from the recession, representing the first quarterly expansion since the second quarter of 2008. Furthermore, real GDP for the US grew at a robust pace of 5.7 per cent during the fourth quarter of 2009. The key factors which contributed to real GDP growth were the growth in private consumption and exports, complemented by an upturn in fixed investment. Furthermore, the government stimulus measures supported demand, particularly in the automobile and housing sectors. Due to the global economic recession, unemployment in the US worsened from 7.7 per cent in January 2009 to 10.0 per cent in December 2009. It is projected that the US economy will recover to grow by 2.7 per cent in 2010. The recovery for the US economy is mainly attributed to the effects of expansionary monetary and fiscal policies.

In the **Euro Area**, real GDP is estimated to have contracted significantly by 3.9 per cent in 2009, from a modest growth of 0.6 per cent in 2008. The contraction in the Euro Area's real GDP was mainly due to its higher degree of dependence on exports to other economies, most of which contracted during 2009. During the last quarter of 2009, economic activity in the Euro Area expanded modestly on the back of significant stimuli and a recovery in exports. Going forward, the Euro Area's real GDP is expected to grow by 1.0 per cent in 2010. The weaker real GDP growth projected for 2010 in the Euro Area is mainly attributed to continued deterioration of labour markets, low external demand for exports, modest credit growth, and weak corporate profits.

Output in **Germany**, a major economy in the Euro Area and one of Namibia's main trading partners, is estimated to have contracted by 4.8 per cent in 2009, from a moderate growth of 1.2 per cent in 2008. Germany was severely affected by the reduction in external demand from its trading partners because its economy is export-orientated. As a result, unemployment worsened from 7.8 per cent in January 2009 to 10.0 per cent in December 2009. It is projected that Germany's real GDP will pick up by 1.5 per cent in 2010 due to continued stimulus measures and a recovery in demand for its exports. Increased public capital expenditure is expected to play a key role in boosting real GDP growth during most of 2010. However, rising unemployment may have a negative impact on private consumption in the country going forward.

In **Spain**, real GDP growth is estimated to have contracted by 3.6 per cent in 2009, from 0.9 per cent registered during 2008. The main underlying causes of the contraction were the decline in domestic consumption and investment expenditures. Going forward, it is expected that the Spanish economy will contract by 0.6 per cent in 2010. The performance of the Spanish economy may reduce the demand for Namibian fish exports to that country, however. Thus, it is imperative for Namibia to continue exploring alternative export markets for its fish and other exports.

The **Japanese** economy, which is export-oriented, has been hard hit by the global economic recession. In this connection, the Japanese economy is estimated to have contracted by 5.3 per cent in 2009. This significant contraction in real GDP is mainly attributable to the decline in demand for its manufactured exports. The impact of the global economic recession was also reflected in the increased unemployment rate, which rose from 4.2 per cent in January 2009 to 5.2 per cent in December 2009. Going forward, real GDP for Japan is expected to recover and expand by 1.7 per cent in 2010. The recovery is expected to be driven by fiscal stimulus, coupled with a modest increase in exports. Export volumes during 2009 have benefited from increased demand for Japanese products abroad, such as cars and related products to the US, and electronic goods to China.

Brazil is estimated to record a real GDP contraction of 0.4 per cent for 2009, from its robust growth of 5.1 per cent recorded in 2008. Unemployment declined to 7.5 per cent during December 2009 from a rate of 8.2 per cent in January 2009, mainly as a result of the implementation of a fiscal stimulus package by the Government. Due to its large domestic market and diversified export products, it is projected to be the first to recover amongst the Latin American economies, and is predicted to grow by 4.7 per cent in 2010. The recovery in 2010 is expected to be driven by solid economic fundamentals such as a higher rate of investment, low and stable inflation, and an expansionary monetary policy that could increase domestic demand.

Russia's energy-exporting economy has been badly affected by the recession and is estimated to have declined by 7.5 per cent in 2009 from a robust growth of 5.6 per cent in 2008. Looking ahead, the Russian economy is expected to expand by a moderate 1.5 per cent in 2010. The anticipated recovery will be supported by expansionary fiscal policy, improvements in commodity prices, and the probable economic recovery in Europe and the US.

The **Indian** economy has shown remarkable resilience to the global economic slowdown, with growth estimated at 5.6 per cent for 2009. Robust real GDP growth in India was largely ascribed to increased government and private consumption expenditure. Prompt monetary easing, combined with a fiscal stimulus package and the return of risk appetite in financial markets, have brought growth close to pre-crisis levels. Capital inflows are back on the rise as well, and financial markets have regained most of their lost ground. The economy is forecasted to expand at 7.7 per cent during 2010. Generally, India's medium-term growth prospects remain bright. This is partly because India's economy is principally reliant on domestic drivers. Risks to the outlook will stem primarily from difficulties in implementing productivity-enhancing reforms and continued supply bottlenecks.

Real GDP in **China** is estimated to have moderated to 8.5 per cent in 2009, from 9.0 per cent in 2008. The relatively robust performance amidst weak global economic activity was mainly underpinned by strong domestic demand as a result of the impact of the fiscal stimulus package and expansionary credit policies. The relaxation of credit ceilings and low interest rates led to private sector credit to grow by 24 per cent during the first six months of 2009. Unemployment in China increased slightly to 4.3 per cent in October 2009, compared with a rate of 4.2 per cent registered in October 2008. It is projected that real GDP will grow by 10.0 per cent during 2010. The robust growth expected for the Chinese economy in 2010 would be based on both consumption and investment demand. While consumption demand will focus on durables, investment demand is expected to be focused largely on new tools for production factories and upgrading infrastructure.

Economic growth in the **Middle East** is estimated to have slowed to 2.2 per cent in 2009, from a much more robust rate of 5.3 per cent in 2008. The slowdown in real GDP was due to the impact of the global recession, which led to a significant decline in the demand for crude oil exports, coupled with a decline in worker remittances and foreign direct investment. It is expected that the Middle East will grow by 4.5 per cent in 2010. However, a key downside risk to the outlook is the possibility that the global economic recovery may not be sustained and oil prices may decline significantly.

Sub-Saharan Africa's real GDP growth is estimated to have slowed significantly to 1.5 per cent in 2009, from the robust growth of 5.7 per cent registered in 2008. The main reason for the slow growth in the region was largely the decline in exports as a result of the global economic slowdown. The IMF forecasted that sub-Saharan Africa's real GDP growth will recover to 4.3 per cent in 2010 due to expansionary monetary and fiscal policy, higher private capital inflows, and the upturn in commodity prices. The outlook for sub-Saharan Africa will depend on the sustainability of the global economic recovery, which will influence the demand for its exports, especially commodities.

It is estimated that **Angola's** real GDP expanded by a mere 0.2 per cent in 2009, following a robust growth of 13.2 per cent in 2008. Real GDP growth is expected to recover to 9.3 per cent in 2010. The poor performance in 2009 could largely be ascribed to subdued demand for the country's major exported commodities, especially diamonds and crude oil. The expected recovery for 2010 is expected to be underpinned by an increase in the production of crude oil as well as the expansion of economic activities in the agricultural, construction and manufacturing sectors. Moreover, investment in the economy is expected to improve significantly in 2010.

Botswana's real GDP is estimated to have contracted significantly, i.e. by 10.3 per cent in 2009, from a positive growth of 2.9 per cent during 2008. Botswana was seriously affected by the global recession due to the collapse in international demand for diamonds. It is projected that real GDP in Botswana will grow by 4.1 per cent in 2010. The main factors propelling growth in 2010 are a revival in exports, the effects of government's countercyclical fiscal policy measures, and an increase in capital investment.

South Africa's economy is estimated to have declined by 1.8 per cent in 2009, compared with an increase of 3.7 per cent in 2008. The contraction in South Africa's real GDP was largely ascribed to subdued economic activities in manufacturing, the wholesale and retail trade, and in the hotel and restaurant sector. Furthermore, other sectors such as agriculture, forestry and fishing also declined during 2009. Unemployment rose slightly, namely to 24.5 per cent in the third quarter of 2009, from

23.2 per cent registered during the third quarter of 2008. The increase in unemployment is primarily attributable to the negative effect of the global economic recession on the South African economy. Projections by the National Treasury indicate that South Africa's real GDP growth will recover to 2.3 per cent in 2010. The recovery is expected to be largely underpinned by positive investment growth, more stable inventories, and growth in government consumption.

KEY CENTRAL BANKS' MONETARY POLICY STANCE AND INTEREST RATES

Most central banks worldwide maintained an expansionary monetary policy stance during 2009. The main reason for their maintenance of such policies was to enable the various economies to recover from the impact of the worst global economic recession experienced since the Great Depression in the 1930s.

The **US Federal Reserve** kept the federal funds rate in the range of 0–0.25 per cent for the whole of 2009. In January 2009, the Federal Reserve announced that it would be implementing the Term Asset-backed Securities Loan Facility (TABSLF) to facilitate the extension of credit to households and small businesses. To provide greater support to the housing market, the Federal Open Market Committee increased the size of the Federal Reserve's balance sheet further by purchasing up to an additional US$750 billion of agency mortgage-backed securities. This brought its total purchases of these securities to US$1.25 trillion in 2009, while its purchases of agency debt in 2009 increased by US$100 billion to a total of US$200 billion. Moreover, to help improve conditions in private credit markets, the Federal Open Market Committee decided to purchased up to US$300 billion of longer-term treasury securities during the first six months of 2009.

The **European Central Bank** (ECB) reduced its refinancing rate by 150 basis points in 2009. In addition, the ECB introduced more flexibility into its repurchase facilities, which broadened an already wide range of acceptable collateral. Furthermore, it introduced six-month and one-year maturities amongst its repurchase agreement facilities.

The commodity-rich advanced economies of **Australia** and **Canada** reduced their policy rates by 125 basis points during the first 10 months of 2009. However, while the Bank of Canada kept its policy rate unchanged at 0.25 per cent until the end of 2009, the Reserve Bank of Australia increased its policy rate by 25 basis points as from October 2009. The cash rate of the Reserve Bank of Australia was further increased by 25 and another 25 basis points in November and December 2009, respectively. These increases led the Reserve Bank of Australia's cash rate to increase to 3.75 per cent by the end of 2009 (see Table C.2). The decision by the Reserve Bank of Australia to tighten monetary policy was mainly to control slight increases in the demand for credit towards the end of the year.

Table C.2: Policy and inflation rates in selected economies

Countries	Policy rate	Current rate (%)	Policy rate % Δ	Date of last decision in 2009	December Inflation	Real interest
Advanced						
United States of America	Fed Fund	0.25	0.00	December	2.7	-2.5
Canada	Overnight rate	0.25	0.00	December	1.3	-1.1
Australia	Cash rate	3.75	0.25	December	1.3	2.5
Euro Area	Refinance rate	1.00	0.00	December	0.9	0.1
United Kingdom	Base rate	0.50	0.00	December	2.9	-2.4
Japan	Call rate	0.10	0.00	December	-1.9	2.0
Brazil	Short-term interest rate	8.75	0.00	December	4.3	4.4
Russia	Refinancing rate	8.75	-0.25	December	8.8	-0.1
India	Repo rate	3.25	0.00	December	13.5	-10.3
China	Lending rate	5.31	0.00	December	1.9	3.4
South Africa	Repo rate	7.00	0.00	November	5.8	1.2

Source: The respective central/reserve banks and bureaus of statistics

Most emerging market economies also pursued an expansionary monetary policy stance during the course of 2009. In this regard, the **South African Reserve Bank** reduced its repo rate by 450 basis points in 2009. The **Bank of Brazil**, the **Reserve Bank of India** and the **Bank of Russia** also decreased their policy rates during 2009. With a few exceptions, there is no further room for policy rate cuts in advanced economies. Going forward, markets do not foresee significant rate hikes during 2010, given that authorities have to allow their economies breathing space to recover before they exit from expansionary monetary policy strategies.

COMMODITY PRICE DEVELOPMENTS AND PROSPECTS

After virtually collapsing during the second half of 2008, commodity prices broadly stabilised in early 2009 and staged a strong rally from the second quarter. The key factors which influenced the trend in commodity prices during 2009 were mostly improved market sentiments, restocking in China, India and, to a certain extent, Europe, as well as the depreciation of the US dollar. The depreciation of the US dollar against other major currencies caused economic agents to demand less of it and to invest in commodities such as gold – regarded as a safe haven – which resulted in an increase in commodity prices. Due to the recovery in prices, the IMF's overall commodity price index (i.e. fuel and non-fuel commodities) rose significantly by 40.4 per cent in 2009, from a contraction of 37.4 per cent observed during 2008. The highest growth rate was observed in the commodity price sub-index for energy – which includes crude oil (petroleum), natural gas, and coal – causing it to rise by 49.6 per cent in 2009 after the 2008 decline of 44.1 per cent. Similarly, the sub-index for metals recorded a substantial growth of 44.5 per cent in 2009, from the 36.4 per cent contraction observed during 2008 (see Chart C.1).

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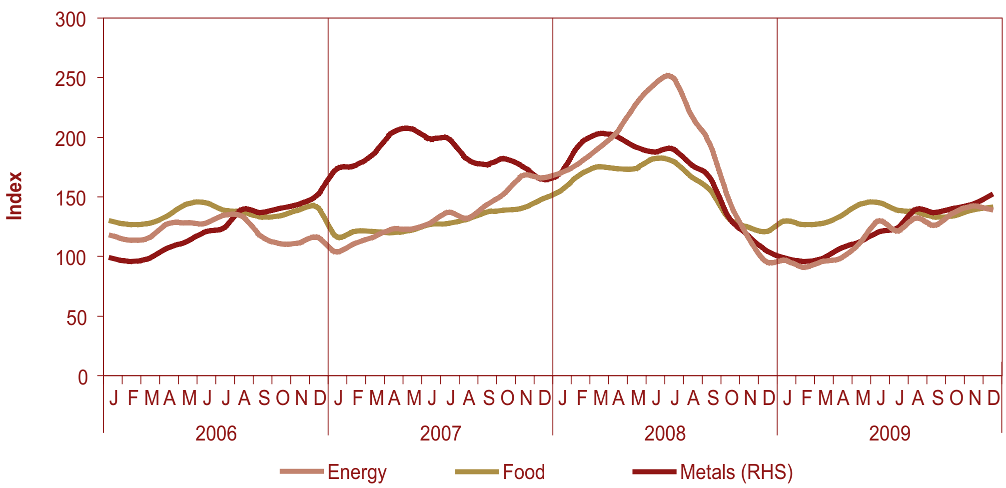
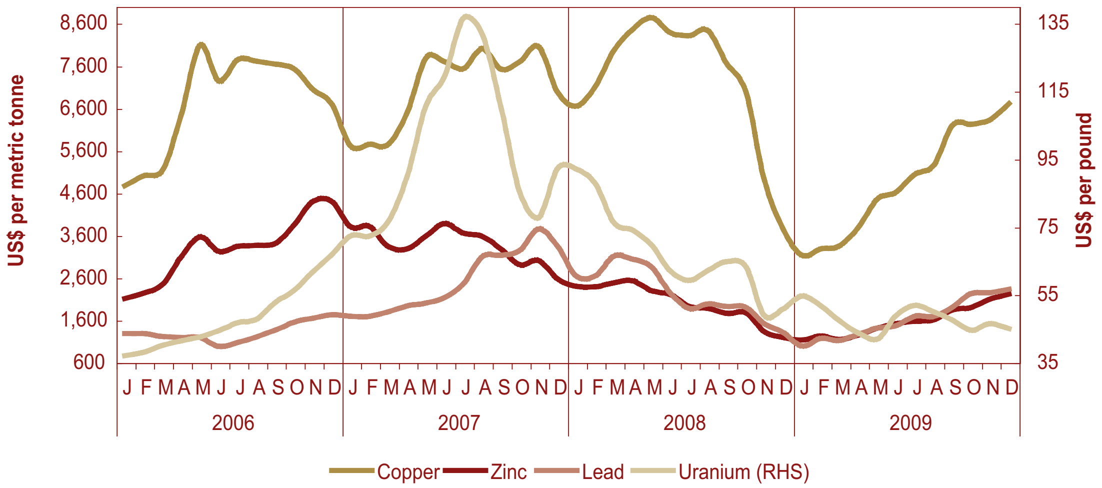
Chart C.1: Selected commodity price indices



Source: IMF

In the metals category, the price of copper rose by 79.2 per cent in 2009, from a decline of 46.4 per cent experienced in 2008. This strong performance was largely underpinned by robust demand from China, coupled with the purchase of this commodity by hedge funds. Equally, the price of lead grew by 79.1 per cent, while that of zinc rose by 87.83 per cent in 2009 on account of the recovery in the global economy in general and strong demand from China and India in particular. On the other hand, the spot price of uranium declined by 11.4 per cent in 2009 from a contraction of 45.1 per cent registered during 2008. Not too much should be read into the decline in uranium spot prices, as uranium is mostly sold under long-term contracts.

Chart C.2: Selected commodity prices



Source: IMF

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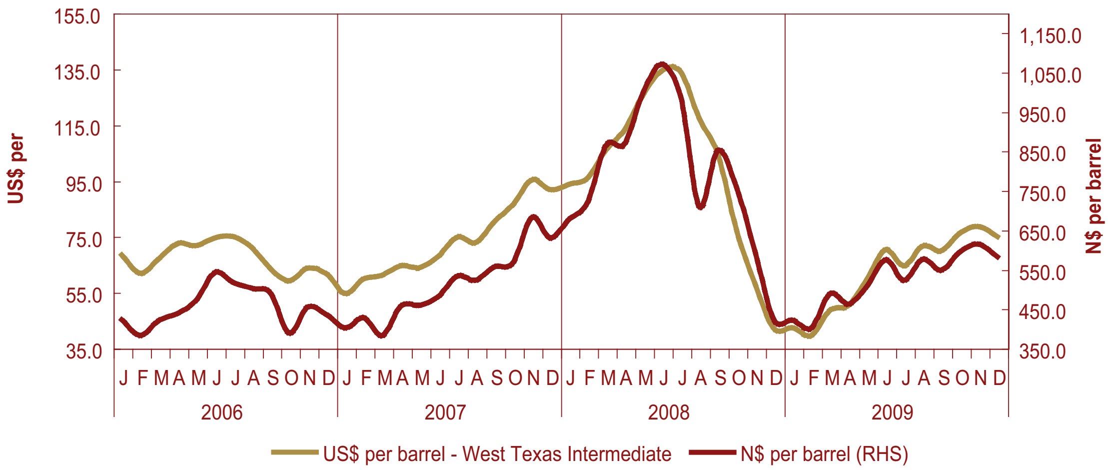
Similar to the bullish developments that characterised other commodity markets, the market for crude oil was fairly strong in 2009. Crude oil prices responded strongly to perceptions that the worst of the global recession was over, as well as to signs of a demand rebound in China. After reaching a low of US$39 per barrel in February, crude oil prices started to rebound in March and had increased to US$70 by the middle of 2009. By the end of 2009, the price of crude oil increased slightly to reach an average of US$74 per barrel, largely due to increased demand emanating from the recovery of the global economy (see Chart C.3). The trend in crude oil prices in future will depend on how supply responds to the recovery in demand, coupled with geopolitical developments in the Middle East and other major crude- oil-producing regions.

Chart C.3: Crude oil prices (West Texas Intermediate: US$ per barrel)



Source: IMF

Given the above-stated developments in commodity markets, the key determinant of future trends in commodity prices will largely be real GDP growth in key emerging and developing economies. This is mainly due to how these economies' commodity demands respond to the growth in disposable income. In addition, the risks associated with a further weakening of the US dollar – in which the prices of almost all primary commodities are denominated – will also determine the trend of commodity prices going forward.

DEVELOPMENTS IN MAJOR FINANCIAL AND CAPITAL MARKETS

Developments in global equity and credit markets witnessed a strong rally after the second quarter of 2009. However, market volatility increased for short periods following macroeconomic data releases and statements by policymakers about policy paths. This suggested that, despite the recovery, there was continued uncertainty regarding the impact of the withdrawal of monetary and fiscal policy stimulus on global economic growth. At the same time, unfavourable news about the high level of indebtedness by the Government of Greece and the Dubai World Centre's inability to pay its debts revived uncertainties amongst market participants towards the end of 2009.

However, the unfavourable news did not have a substantial impact on the performance of financial markets. Instead, the combination of economic recovery, exceptionally low policy rates across the globe, and fiscal stimulus in major advanced economies and emerging markets continued to drive the post-crisis rebound in global equity markets during most of 2009. In this regard, equity markets in both advanced economies and emerging markets registered significant growth rates, with the S&P 500 growing by 23.5 per cent, while the Johannesburg Stock Exchange All Share Index increased by 28.6 per cent during 2009 (see Chart C.4). On the Namibian Stock Exchange, the overall index of Namibia grew by 38.8 per cent in 2009. The increase in the overall index is due to Anglo American Plc share which accounts for almost 42 per cent of the total market capitalization. The price of Anglo American Plc closed at N$319.33 in December 2009 higher than N$210.01 in December 2008 with a total of 1,343 million shares issued. In contrast, the local index decreased by 2.0 per cent in December 2009 from a positive growth of 18.7 per cent in December 2008.

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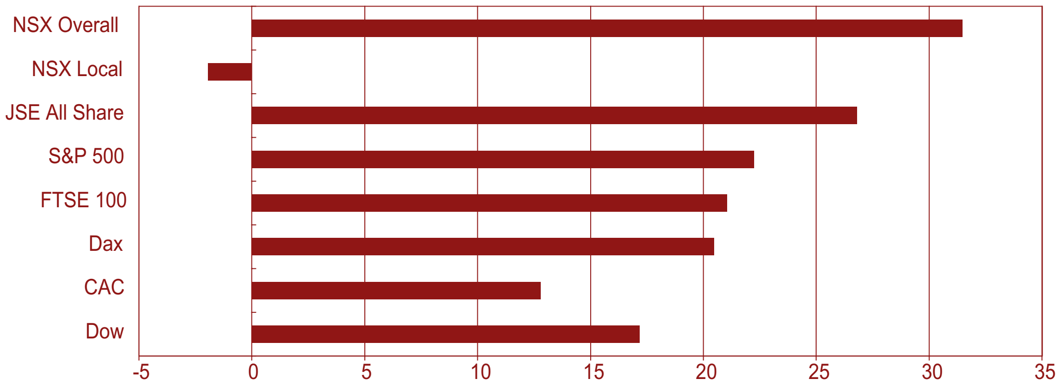
Chart C.4: Annual 2009 growth rates in stock markets (percentage in indices in US$ terms)



Source: Bloomberg

WORLD TRADE DEVELOPMENTS

It is estimated that world trade contracted by 12.3 per cent in 2009 from a modest growth of 2.8 in 2008. This was the biggest contraction of world trade since the Second World War. The contraction in world trade was reflected in decreased import demand by advanced economies as well as emerging and developing economies (see Table C.3). It is also evident that, given the contraction in real GDP amongst various economies, the volume of exports also decreased for the three types of economies. The contraction in world trade during 2009 was mainly due to the impact of the recession on the demand for goods and services by major importing countries.

Table C.3: Growth in the volume of world trade 2007-2010 (annual percentage change)

	Actual		Projections		
World merchandise trade	**2007**	**2008**	**2009**	**2010**	**2011**
World trade volume (goods and services)	**7.3**	**2.8**	**-12.3**	**6.0**	**6.4**
Imports					
Advanced economies	4.7	0.5	-12.2	5.5	5.5
Emerging and developing economies	13.8	8.8	-13..5	7.1	7.9
Exports					
Advanced economies	6.3	1.8	-12.1	5.9	5.6
Emerging and developing economies	9.8	4.4	-11.6	6.1	8.0

Source: IMF

International trade and global industrial production have been recovering noticeably since the second quarter of 2009 in line with the recovery in the global economy. A mild growth of 6.0 per cent is forecasted for the volume of world trade in 2010, along with a projected moderate recovery of global aggregate demand. However, fear of trade protection presents a significant risk to the recovery of global trade. For instance, a sizable number of both developed and developing countries have raised tariffs and introduced new non-tariff measures in response to a decline in production in certain industries. The fiscal stimulus packages and financial measures adopted by many developed countries also contain certain protectionist elements through direct subsidies and support for domestic industries. Meanwhile, the number of countries calling for the use of a trade defence mechanism, including anti-dumping and safeguard measures, has continued to rise since 2008 and 2009. Although these protection measures have so far not led to high-intensity protectionism, there is a growing concern that such measures are likely to intensify in the future, especially in view of the escalation of the global imbalances. Should this fear materialise, it would certainly jeopardise the growth of international trade.

IMPLICATIONS OF GLOBAL DEVELOPMENTS FOR NAMIBIA

Namibia, as a small open economy, was negatively affected by the global recession. The contraction in global growth during 2009 led to a reduction in the volume of Namibia's key exports. Diamonds and copper exports, which were particularly negatively affected, felt the aftershocks of the global economic crisis, causing a reduction in demand from major markets such as the US and the UK. Furthermore, due to low international prices for copper, a major Namibian copper producer found it uncompetitive to continue producing the metal and, therefore, suspended operations at its mines. This had negative repercussions on the Namibian economy in terms of economic growth, reduced employment opportunities, and tax payments to the Government.

The global economic recession also had a negative impact on investment flows to Namibia. In particular, foreign direct investment into Namibia declined during 2009, which can largely be attributed to a decrease in investment in key economic activities such as mining. With a recovery in the world economy and commodity prices, however, investment in the Namibian economy is expected to recover during 2010, particularly as regards other mining activities: four new uranium mines are scheduled to be commissioned in the medium term, adding to the existing ones.

On the inflation front, the decline in the international price of crude oil during 2009 led to a decrease in Namibia's inflation. This was particularly noticeable in the downward trend in food and transport prices. The outlook for Namibia's inflation will remain largely underpinned by developments in crude oil prices, coupled with the trend in the prices for other commodities such as food, since these are mainly imported. With regard to the exchange rate outlook, there is still some degree of uncertainty. While an appreciation in the Namibia dollar against the US dollar would improve the inflation outlook, its depreciation would contribute towards upward inflationary pressures.

Going forward, it is expected that the global economic recovery will have positive impacts on the demand for Namibia's commodity exports such as copper, diamonds, gold, uranium, and zinc. The tourism sector was also hard hit by the global economic downturn, causing its activities to decline during 2009. The sector is nevertheless also expected to recover during 2010.

DOMESTIC ECONOMIC DEVELOPMENT AND OUTLOOK[5]

Due to ***Namibia's*** openness and integration with the rest of the world, the global recession has had a negative impact on the country's performance, especially on export oriented sectors, such as diamond mining and tourism. These sectors were hard hit by the global economic crisis resulting in the primary industry recording a contraction of 25.7 per cent in 2009. In contrast, agriculture, fishing and on-board fish processing, performed better during 2009. Supported by an expansionary budget, the secondary and tertiary industries moderately expanded during 2009, notwithstanding the contraction in the tourism sector, as well as the appreciation of the domestic currency against the major international currencies. Nevertheless, the positive performance of these sectors was not strong enough to offset the poor performance of the export-oriented sectors. Overall, therefore, the Namibian economy is estimated to have contracted by 1.0 per cent in 2009, compared with the positive growth of 3.3 per cent recorded in 2008.

Going forward, the economy is expected to recover moderately in the medium term in line with the anticipated global economic recovery, which should lead to an increased demand for Namibia's export commodities. Consequently, the Namibian economy is expected to expand by about 4.2 per cent for both 2010 and 2011 (see Chart C.5). However, uncertainty regarding the sustainability of the global economic recovery and, hence, the outlook for Namibia's main export commodities contribute a key downside risk to the Namibian economic outlook.

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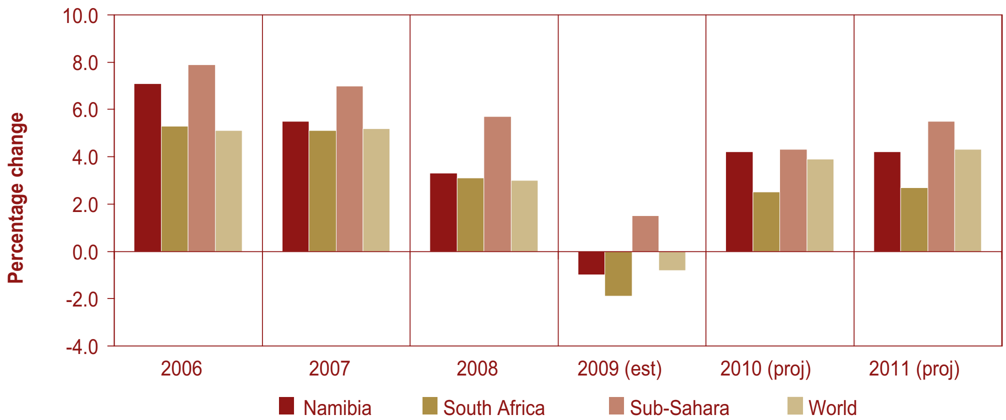
Chart C.5: Annual changes in real GDP



Sources: Central Bureau of Statistics for National Accounts, 2006-2008, Bank of Namibia for 2009 estimations and projections for 2010-2011, IMF World Economic Outlook Update, January 2010

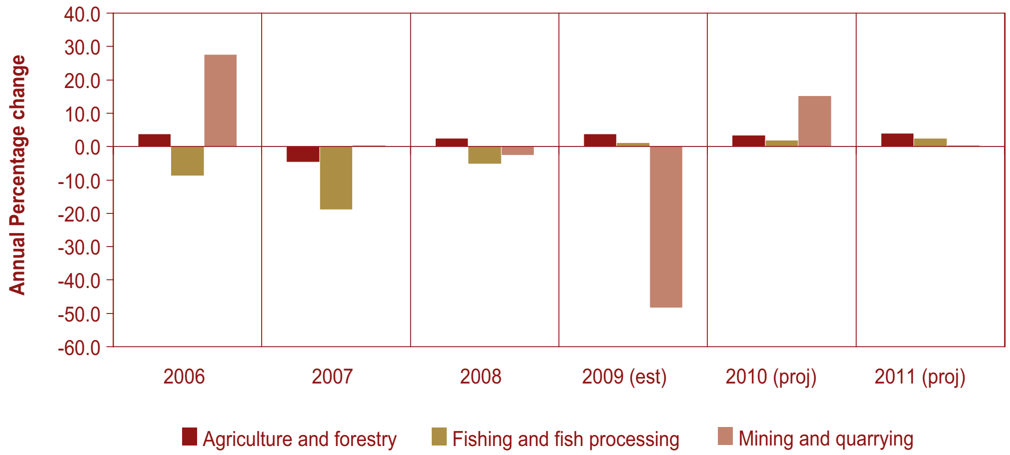
Although the Namibian economy is estimated to have performed below par during 2009, its performance was relatively better when compared with that of South Africa. Growth in both South Africa and Namibia nevertheless lagged behind Sub-Saharan Africa which is estimated to have expanded by 1.5 per cent in 2009 (see Chart C.5).

[5]Figures used in this section are from the recently rebased National Accounts for 2000–2007.

PRIMARY INDUSTRY

The primary industry, in particular the mining sector, has been hard hit by the global economic crisis, due to its export-oriented nature. After recording a decline of 1.4 per cent in real value added in 2008, this sector was estimated to have contracted substantially further by 25.8 per cent in 2009. This steep decline was primarily on account of depressed activities in diamond mining, which virtually collapsed after the impact of the crisis spread to the real sector in the last quarter of 2008 and first quarter of 2009. Other sectors, such as agriculture, fishing and on-board fish processing, on the other hand, were less affected by the crisis and are estimated to have moderately expanded in 2009. However, the dominance of the diamond sector outweighs the relative positive performance of these sectors, and, consequently the primary industry as a whole. Primary commodity prices nevertheless began to recover, especially from the second half of 2009, and the primary industry is projected to grow positively by 7.8 per cent in 2010 before slowing down to 2.3 per cent in 2011 (see Chart C.6).

Chart C.6: Primary industry real growth rates



Sources: Central Bureau of Statistics for National Accounts, 2006-2008, Bank of Namibia for 2009 estimations and projections for 2010-2011

AGRICULTURE AND FORESTRY

Agriculture is estimated to have performed positively as it expanded by 3.7 per cent in 2009, after rising by 2.4 per cent during 2008. The positive developments in this sector were mainly based on higher demand for Namibian meat products from Europe and South Africa. In addition, production costs decreased quite significantly due to lower input costs, such as diesel, fertilizers and medicine, resulting in lower producer prices. Notwithstanding these positive developments, there are still some downside risks to this sector. These include bush encroachment, farmers' diversification into alternative enterprises, the exchange rate risk and the international commodity prices which affect both input and output costs.

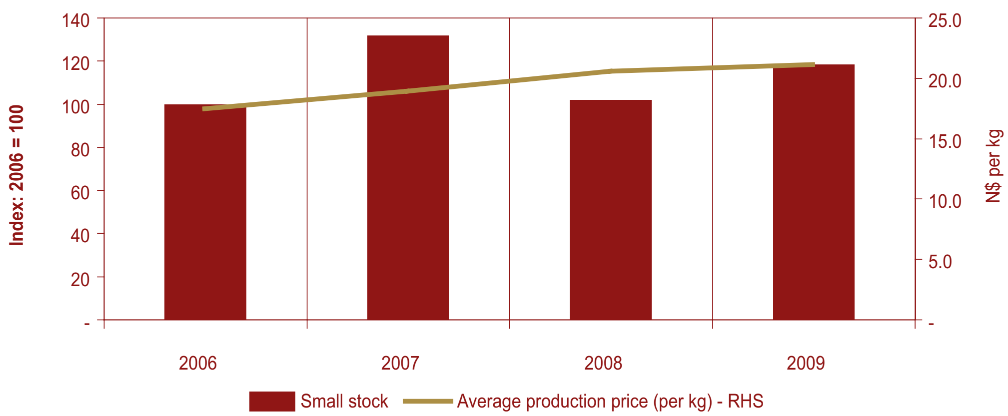
Livestock farming performed lacklustre, mainly due to the decline in cattle marketed by 2.0 per cent, despite the increase in small stock marketed by 9.7 per cent, coupled with the marked increase in weaner prices (see Chart C.7). During 2006/07 high numbers of live weaners were exported due to more favourable prices, which prevailed over this period. This reduced the number of cattle in the subsequent years as farmers are now building up numbers of herds, which reduced the number of cattle marketed in 2008/09. Farmers also prefer to raise their cattle to term as they receive relatively better prices at Namibian abattoirs than for weaners exported on the hoof to South Africa. In addition, some farmers are venturing into alternative entrepreneurial projects. Cases of diseases in cattle, especially the outbreak of food and mouth disease in northern Namibia, also influenced the number of cattle marketed during this year. Furthermore, the average producer price for beef in (local currency) decreased by 5.6 per cent, while the average price for weaners showed a marked increase of 12.7 per cent. The increase in the weaner price contributed to the overall performance of the subsector.

Chart C.7: Cattle marketing

Source: Meat Board of Namibia

On the other hand, small stock marketed rose by a considerable 9.7 per cent, which was attributed to the number of small stock marketed locally and in South Africa. The average price for small stock also rose marginally by 2.7 per cent (see Chart C.8). Other factors that have attributed to this growth include good climatic conditions and lower input costs.

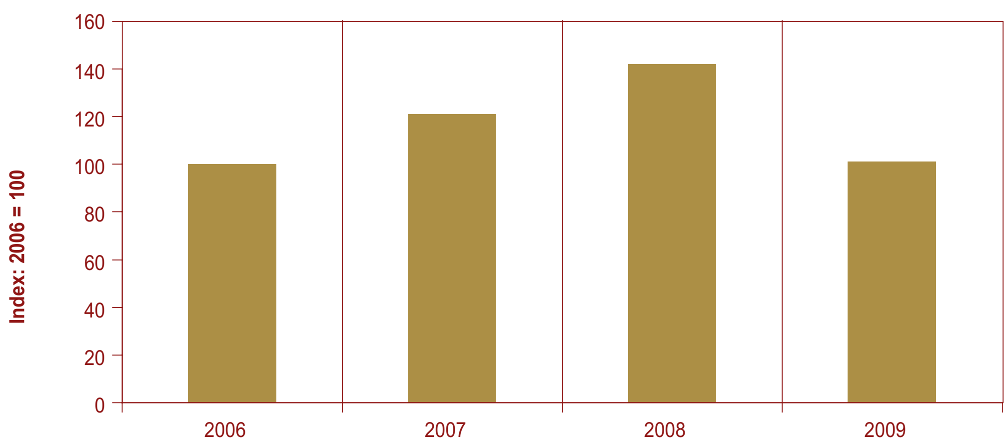
Chart C.8: Small stock marketed



Source: Meat Board of Namibia

Pig production also declined by 28.6 per cent during 2009, compared to 2008. This was partly due to some cases of African swine fewer, which caused a number of pigs to die, especially in the northern parts of the country (see Chart C.9).

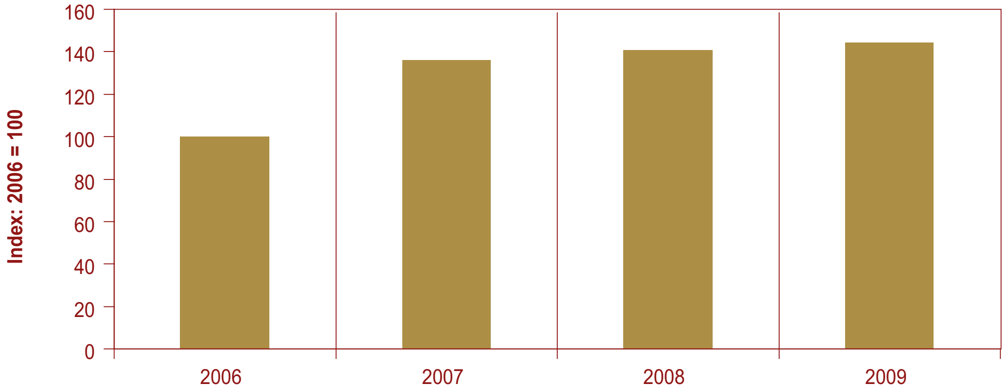
Chart C.9: Pig production



Source: Meat Board of Namibia

Crop farming and forestry recorded some positive growth, partly attributable to good rainfall and ongoing Government efforts to promote local produce, especially in horticulture. In this regard, horticulture production rose by 2.6 per cent during 2009, compared to 2008 (see Chart C.10).

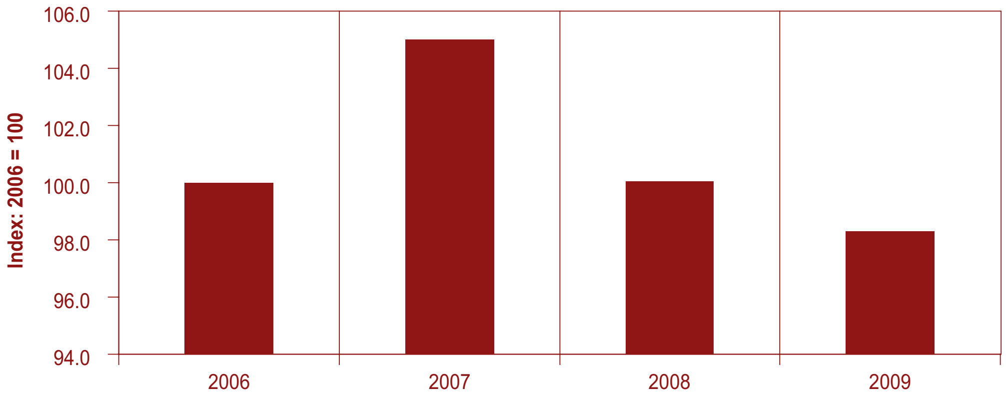
Chart C.10: Horticulture Production (tonnes)



Source: Namibian Agronomic Board

Despite the opening of what has been termed a Super Diary farm near Mariental, milk production declined by 1.7 per cent to 18.3 million litres during 2009 (see Chart C.11). This development was mainly due to the closing of one dairy farm as well as cattle diseases caused by the good rainfall during 2009. However, initiatives from Namibia Diaries, that encourage farmers to produce more are expected to increase production going forward.

Chart C. 11: Milk production



Source: Namibia Agricultural Union (NAU)

Looking ahead, output growth for the agriculture sector is projected to decelerate to 3.5 per cent in 2010 before picking up moderately to 4.0 per cent during 2011. The ongoing implementation of the Green Scheme is foreseen to help improve crop farming efficiencies in communal areas, as additional projects under this scheme are set to be launched during 2010. The Integrated Grain Storage Facilities and the National Horticulture Development Initiative are some of these projects. With regard to the former, the Ministry of Agriculture, Water and Forestry (MAWF) has committed itself to construct silos in the grain producing regions of the country in order to encourage food production, particularly in the communal areas which produce ***mahangu*** (pearl millet) and maize. MAWF aims to develop and construct integrated horticulture marketing infrastructure, comprising cold storage, agro-processing and marketing facilities, to enable the expansion of perishable horticultural produce in the country. Additionally, the Millennium Challenge Account (MCA) will channel about US$47 million into agricultural activities, encompassing land access and management as well as livestock support activities, thus contributing to the envisioned positive growth.

The fishing and on-board fish processing sector is estimated to have expanded by 1.2 per cent during 2009, compared with a contraction of 5.3 per cent in 2008. This is largely due to improved fish stocks and a subsequent increase in the total allowable catches (TACs) for Pilchard, Crab and Hake. Horse mackerel, which is the largest component, remained constant, while Monk declined (see Table C.4).

Table C.4: Total allowable catches for major species (metric tonnes)

Fishing season (January–December)

Species	2006	2007	2008	2009
Pilchard	25,000	15,000	15,000	17,000
Horse mackerel	360,000	360,000	230,000	230,000
Crab	2,400	2,500	2,500	2,700

Fishing season (April–March)

Species	2006/7	2007/8	2008/9	2009/10
Hake	130,000	130,000	130,002	135,500
Orange roughy	1,100	900	900	0
Monk	9,500	9,500	9,000	8,500
Rock lobster	420	350	350	350

Source: Ministry of Fisheries and Marine Resources

As Namibia's traditional market gradually started to emerge from the global economic down turn, the demand showed a noticeable increase in 2009 compared with 2008. This was supported by the industry's efforts to diversify fish export marketing. The oceanic conditions were also favourable; and the resource management measures caused the size of the catches to grow at desirable magnitudes. However, fish prices remain low, particularly in the European Union, Namibia's traditional market, following the effects of the financial crisis. These developments arose from high unemployment and the resultant general low demand. In order to offset higher input costs, the industry sold more volume during 2009, causing TACs to be depleted before their respective seasons had ended. As a result, fish landings rose by 6.0 per cent during 2009. Competition from alternative substitutes, such as aquaculture-bred fish, remain additional challenges.

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Table C.5: Fish landings

Fish types	2005	2006	2007	2008	2009*
Hake	158,060	129,119	126,284	126,284	135,500
Horse mackerel	327,700	256,923	183,379	183,339	230,000
Pichard	25,099	2,362	20,699	19,880	17,150
Monk	10,465	9,929	8,555	8,555	8,321
Crab	2,408	2,973	2,100	2,100	2,700
Rock Lobster	248	287	196	196	350
Other[6]	28,184	86,901	31,008	31,510	0
Total	**552,164**	**488,493**	**372,221**	**371,864**	**394,021**

Source: Ministry of Fisheries and Marine Resources

Although Namibia's aquaculture sector is in its infancy, the Government anticipates that sustainable aquaculture has a significant role to play in food security as well as in providing socio-economic benefits to Namibians. In this regard, the Ministry of Fisheries and Marine Resources and the Ministry of Trade and Industry recently developed six community-based intensive freshwater aquaculture facilities in the Caprivi, Okavango and Omusati Regions. These facilities produce tilapia and catfish for local distribution. Namibia continues to produce high-quality oysters, which are ranked amongst the best in the world. Oyster culture takes place at Luderitz, Swakopmund and Walvis Bay. Oyster production is estimated to have yielded approximately 800 tonnes (13 million oysters) in 2009, while abalone culture at Luderitz is estimated at 7 tonnes for 2009. The Ministry has also completed the construction of the first-ever Namibian fish feed plant at a cost of N$6 million at Onavivi, in the Omusati region. Local raw materials that will be used at the plant include Namibia's fishmeal, maize meal, mahangu (or millet), sorghum and beans.

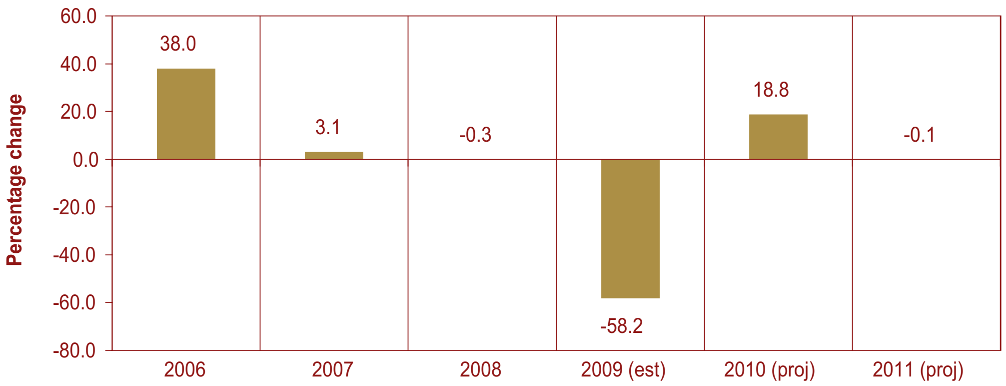
Looking ahead, the prospects for the sector are promising. There is an expected improvement in the size of the catches and stock levels have risen. Besides, the industry is expected to improve further, and engage in ventures of diversifying fish-export markets. From this perspective, the sector is projected to expand by 2.0 per cent and 2.5 per cent during 2010 and 2011, respectively.

[6]Orange Roughy and Alfonsino. Due to the moratoruim, there were zero landings for these species.

The **mining and quarrying sector** is estimated to have contracted by 48.3 per cent in 2009, after having declined by 2.5 per cent in 2008. The contraction experienced in the sector was mainly due to depressed global demand, most notably in the diamond subsector, while demand for *other minerals* remained relatively firm. ***Diamond*** mining was affected to such an extent that the onshore activities had to be suspended, particularly during the first quarter of 2009, when Namdeb instituted a production holiday. Overall, therefore, only eight months of the year were productive. Consistent with this development, only 929 006 carats of diamonds were recovered in 2009 compared with the 2.22 million carats in 2008. This represents a contraction of about 58.2 per cent in 2009 (see Chart C.12). Notably, the contraction in diamond mining is not entirely ascribed to depressed global demand, but also to the fact that Namdeb had already planned in 2007 to reduce production, as onshore diamonds systematically began to be depleted. However, the global crisis exacerbated the situation, as the United States, the single largest market for diamonds, was severely hit by the credit crunch.

For the short to medium term, diamond mining will continue to underperform due to the depletion of onshore diamonds, since only an average of 33.0 per cent of total production is expected from land operations. Namdeb is nevertheless investigating expansion plans if global demand picks up. Furthermore, offshore diamonds are relatively capital-intensive, so input costs would tend to rise. Looking ahead, diamond mining is expected to recover and record a growth rate of 18.8 per cent in 2010 before contracting by 0.1 per cent in 2011. This is, however, far below the production levels reached during 2006 and 2007, when the total output reached 2.4 million carats and 2.3 million carats, respectively.

Chart C.12: Total diamond production

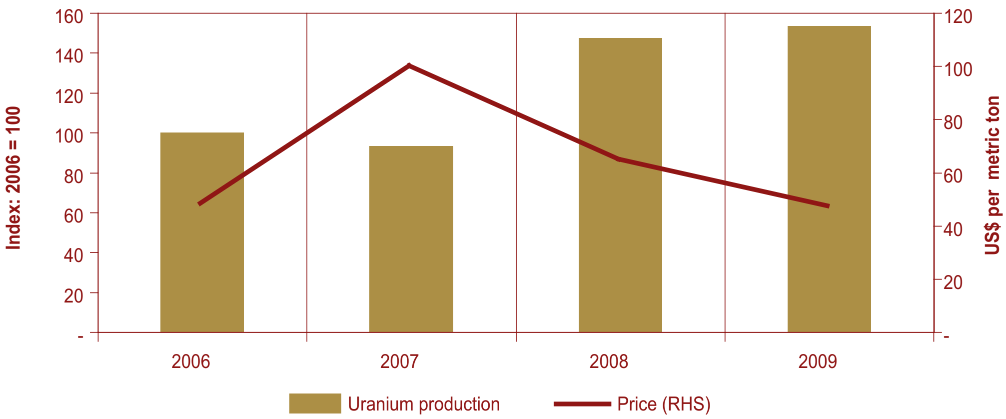


Sources: Central Bureau of Statistics for National Accounts, 2006-2008, diamond companies projections for 2009-2011

Uranium mining seems to have outpaced the performance of the diamond industry, as it expanded by 4.2 per cent during 2009 (see Chart C.13). Currently, there are two major uranium mines operating in Namibia with four new mines expected to be commissioned in the medium term.

It is foreseen that uranium will eventually surpass diamond mining in its significance towards GDP growth, exports and employment creation. In addition to the new mines to be commissioned in the medium term, the two current mines are busy expanding their operations.

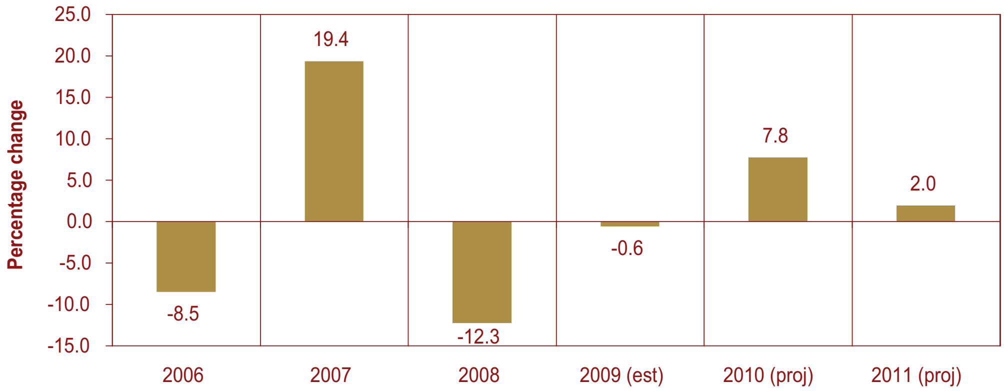
Chart C.13: Uranium production



Sources: Langer Heinrich and Rio Tinto

The ***other mining and quarrying*** subsector is estimated to have declined by 0.6 per cent in 2009 compared with the contraction of 12.3 per cent recorded in 2008. The contraction in these mining activities is attributed to the weak performance of gold and the closure of copper mines. On the other hand, along with uranium, zinc mining has performed well. In this regard, the outlook for ***other mining and quarrying***, especially uranium mining looks promising. Hence, this sector is projected to expand by 7.8 per cent and 2.0 per cent during 2010 and 2011, respectively (see Chart C.14).

Chart C.14: Other mining

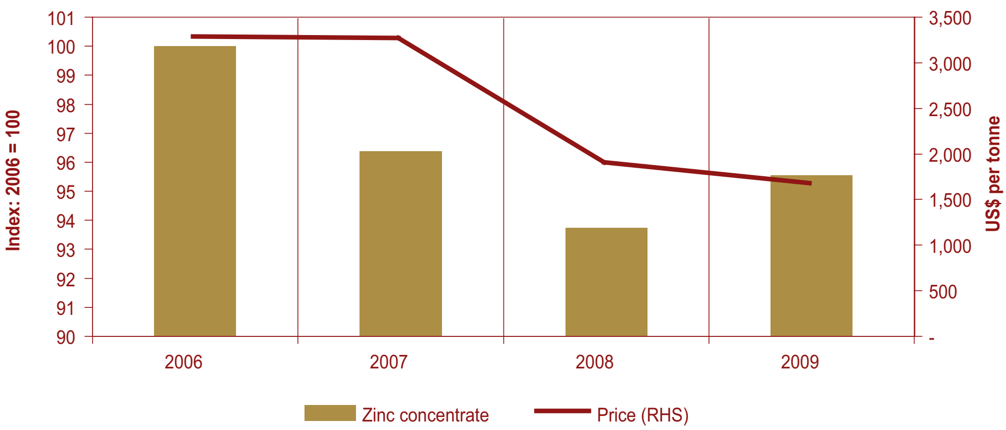


Sources: Central Bureau of Statistics for National Accounts, 2006-2008, Bank of Namibia for 2009 estimations and projections for 2010-2011

In 2008, the price of ***copper*** dropped drastically as industrial activities slowed in most developing countries due to the global economic crisis. As a result, the copper mines in Namibia stopped production. Despite that, the copper smelting at Tsumeb continued its activities with imported copper ore. As confidence built regarding the world's recovery from the crisis, the price of the metal improved. In response, the copper mining company announced its intention to continue evaluating the possibility of reopening its Otjihase and Matchless mines, as well as developing Tschudi into an open-pit mine. This was after the mines were put on care and maintenance at the end of 2008, when the price of copper hit its lowest levels due to the global crisis.

Despite lower prices, production of ***zinc concentrate*** recorded an increase of 1.9 per cent during 2009, after it had decreased by 2.7 per cent in 2008 (see Chart C.15). The production of zinc is expected to continue in the short term, despite one of the two zinc mines having been sold. It has been stated that the selling off of this mine will not affect the operations of the mines in terms of job or production losses. It is further expected that, the global demand for nonferrous base metals will improve in 2010, driven mostly by emerging economies, especially China and India, thus driving prices up.

Chart C.15: Production of Zinc concentrate



Source: Ministry of Mines and Energy

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Despite rising prices during 2009, ***gold*** production continued to decline, albeit at a lower rate than that in 2008 (see Chart C.16). It is estimated that gold production declined by 5.3 per cent, which is far less than the substantial drop of 32.9 per cent recorded during 2008. Below-production drilling capacity and the poor ore grade performance from one of the sites were the main reasons for the underperformance during 2009. Measures to resolve and mitigate these problems are in place and have already produced positive results, as evidenced in the improvement of gold production in 2009 compared with 2008.

Chart C.16: Gold production

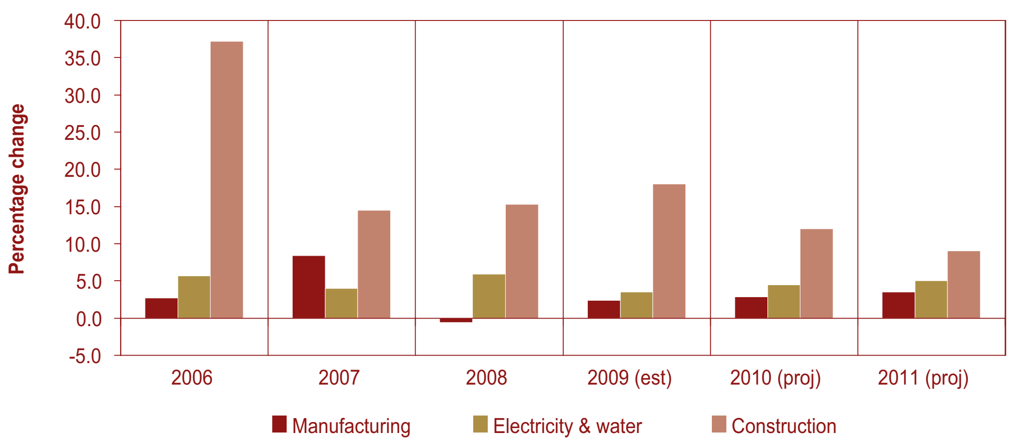
Source: Ministry of Mines and Energy

In contrast to the decline in gold production and an unfavourable exchange rate, the values of exported gold rose by 6.0 per cent during the year under review due to an attractive international price for gold. Going forward, the mine plans to continue with its expansion plans, thus increasing its output from 2010 onwards.

SECONDARY INDUSTRY

Notwithstanding the global economic crisis, developments in the secondary industry remained relatively strong. These were mainly supported by expansionary fiscal policies due to increased investment in public infrastructure. In this regard, the industry is estimated to have expanded by 5.9 per cent in 2009 compared to 3.3 per cent in 2008. This growth rests largely on improved performances in the construction and manufacturing subsectors. Going forward, the secondary industry is projected to grow by 5.3 per cent during 2010 and by 5.1 per cent in 2011. The driving force behind these positive results in the secondary industry is predominantly the construction sector (see Chart C.17).

Chart C.17: Secondary industry real growth rates



Sources: Central Bureau of Statistics for National Accounts, 2006-2008, Bank of Namibia for 2009 estimations and projections for 2010-2011

The manufacturing sector is estimated to have recorded a positive growth of 2.4 per cent in 2009, compared with a contraction of 0.6 per cent realised in 2008 (see Chart 17). The sector was generally strong during 2009 due to increased production in refined zinc, copper blister and the manufacturing of beer and soft drinks.

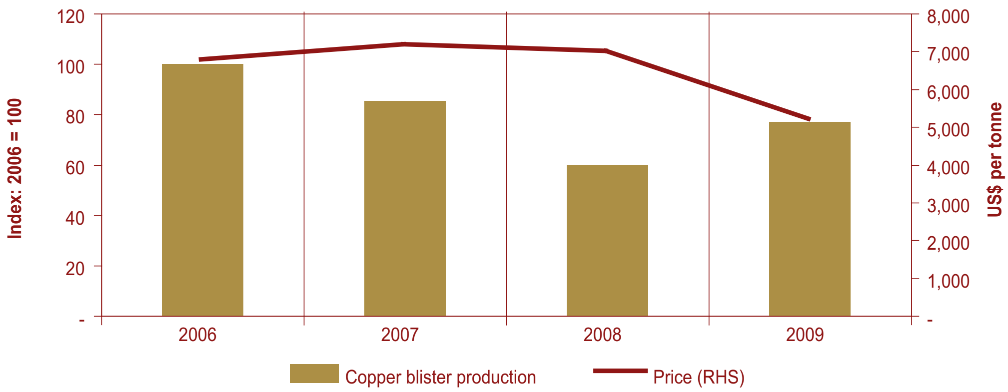
The production of refined zinc rose by 3.5 per cent in 2009, compared with the decline by 3.1 per cent registered in 2008 (see Chart C.18). The increase in refined zinc production occurred despite lower prices, and is expected to continue in the short-term, despite one of the two zinc mines having been sold. Again, it is expected that the global demand for nonferrous base metals will improve in 2010, which is expected to have a favourable impact on prices.

Chart C.18: Production of refined zinc

Source: Ministry of Mines and Energy

During 2009, the production of ***copper*** blister rose by 28.1 per cent, despite falling international prices (see Chart C.19). The increase in copper blister was ascribed to improved copper concentrate having been received from abroad for smelting.

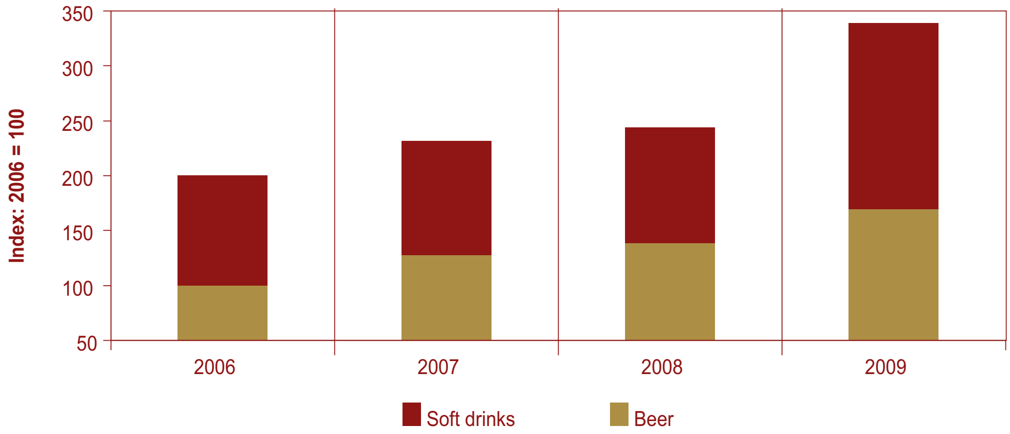
Chart C.19: Copper Blister Production



Source: Ministry of Mines and Energy

The production of beer and soft drinks rose by 22.4 per cent and 61.2 per cent, respectively during 2009 (see Chart C.20). The increase in beer production was mainly due to Namibia Breweries' expansion plans, coupled with an increase in local and regional demand. In order to boost sales, Namibia Breweries rebranded its 750ml beer bottle and held promotions during 2009.

Chart C.20: Production of Beer and Soft Drinks

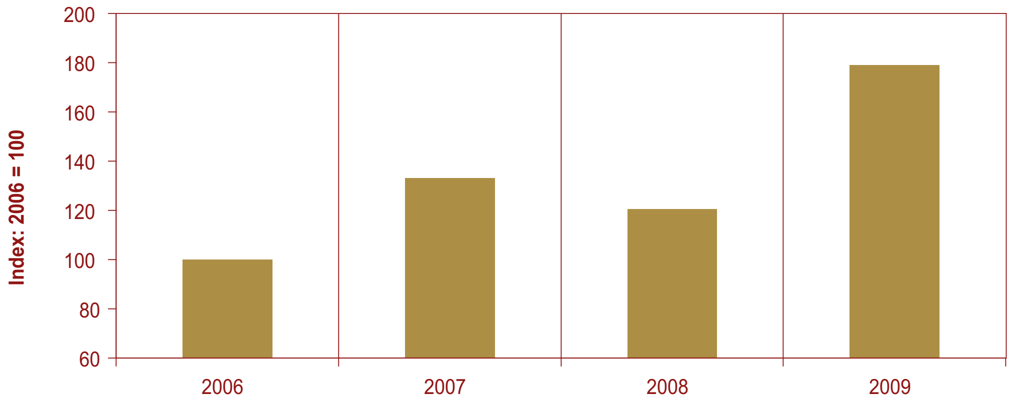


Source: Namibia Breweries and Namibia Beverages

Looking ahead, the manufacturing sector is projected to expand by 2.9 per cent during 2010 and by 3.5 per cent during 2011. The growth during this period will mainly be driven by the manufacturing of ***other food products and beverages*** due to new entrants in the beer market and an expected recovery of the Angolan market. Furthermore, copper smelting is expected to increase due to the commissioning of an oxygen plant, which is envisaged to double the smelter's capacity from 2010 onward.

Output growth of the ***water and electricity sector*** moderated in 2009, as reflected by slower growth in electricity generated locally. On the other hand, electricity consumption rose by 48.7 per cent during the year (see Chart C.21). The latter could partly be explained by importation of electricity from other countries. The increase in consumption was also reflected in volumes sold to the agricultural sector. In this regard, the value added for the water and electricity sector is estimated to have moderated to 3.5 per cent in 2009, which is weaker than the 5.9 per cent growth in 2008.

Chart C.21: Electricity Consumption

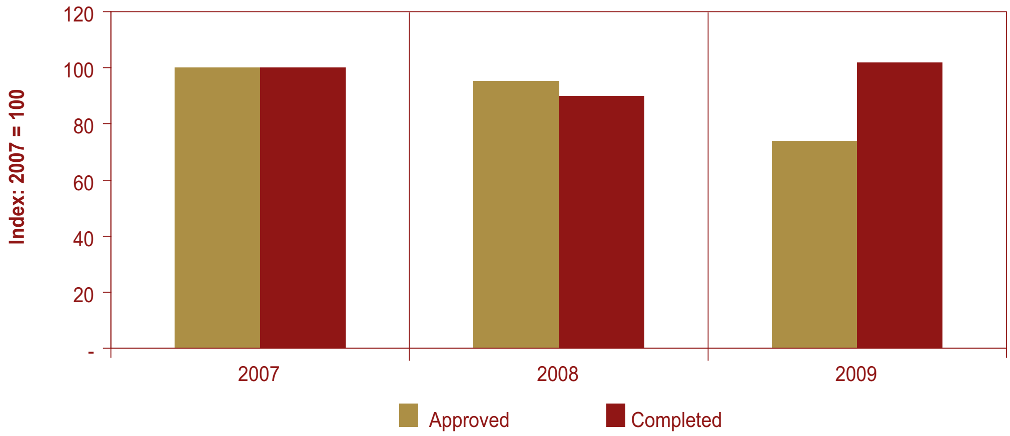


Source: Nampower

The water and electricity sector is projected to grow by 4.5 per cent during 2010 and by 5.0 per cent in 2011. The commissioning of the Caprivi Inter-connector link is expected by mid-2010. It is envisaged that the transmission line will alleviate the already congested existing lines in the Southern African region. In addition, expansion of various economic projects in the mining, construction and manufacturing activities will also support this notion in years to come.

Real value added in the ***construction sector*** improved in 2009 and is estimated to have expanded by 18.0 per cent in 2009 higher than the 15.3 per cent registered for 2008. The sector's performance was enhanced during the last three quarters of the year due to an improvement in civil construction, which in turn was sustained by an increase in the capital budget allocation for the 2009/10 fiscal year. In addition, the real values of buildings completed rose significantly by 13.3 per cent during 2009, underlining the expansion of construction activities as evidenced by the number of large construction projects from both Government and the private sector. In contrast, the real values of building plans approved declined by 10.1 per cent over the same period (see Chart C.22).

Chart C.22: Real values of building plans approved and buildings completed



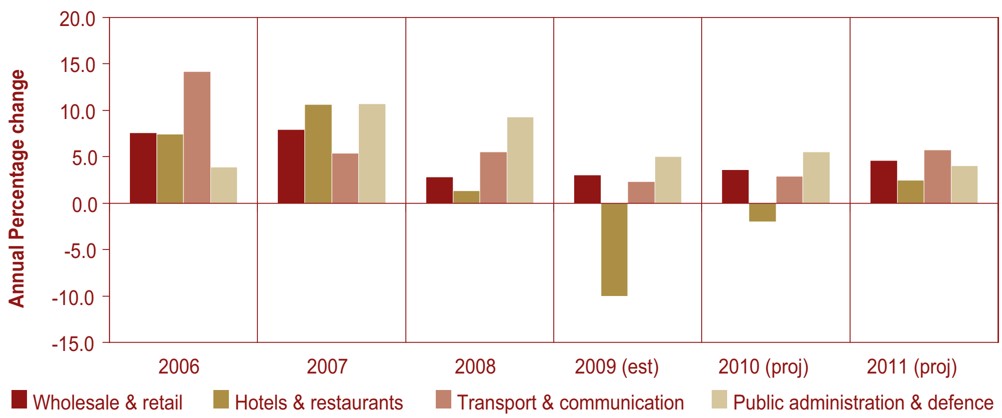
Source: Various Municipalities and Town Councils

The future performance of the construction sector is underpinned by the expected increase in the public-private partnerships as well as the Millenium Challenge Account. These projects include the renovation and/or upgrading of Government infrastructure as well as construction related to the Ohorongo cement manufacturing factory, Caprivi Interconnector link, Areva's Trekkopje uranium mine and desalination plant, Namundjebo Plaza hotel, and Ruacana's fourth turbine. Furthermore, Namport plans to expand the Walvis Bay container terminal at a cost of N$1.7 billion. The construction works at the port are expected to commence in mid-2010 with commissioning anticipated by end 2012. Consequently, the sector is projected to expand by 12.0 per cent and 9.0 per cent in 2010 and 2011, respectively.

TERTIARY INDUSTRY

The tertiary industry, which is the largest contributor to GDP moderated in 2009, due to the effects of the global economic crisis. As a result, real value added in the tertiary industry as a whole is estimated to have moderated to 3.0 per cent in 2009 compared with 5.4 per cent registered in 2008. The moderation was reflected in most sub-sectors with the exception of ***wholesale and retail trade, real estate and business services*** and ***community, social and personal service***, all of which increased. The more accommodative monetary policy pursued since December 2008, the expansionary fiscal budget, and subdued inflationary pressures helped cushion the impact of the crisis in these subsectors. On the other hand, the ***hotel and restaurant*** sector, which is used as a proxy for tourism, is estimated to have contracted substantially during 2009. It is expected to improve during 2010 and 2011 in line with the recovery of the global economy. The tertiary industry as a whole is projected to grow by 3.3 per cent and 4.3 per cent in 2010 and 2011, respectively. The growth will, mainly be driven by the public administration and wholesale and retail trade sectors (see Chart C.23).

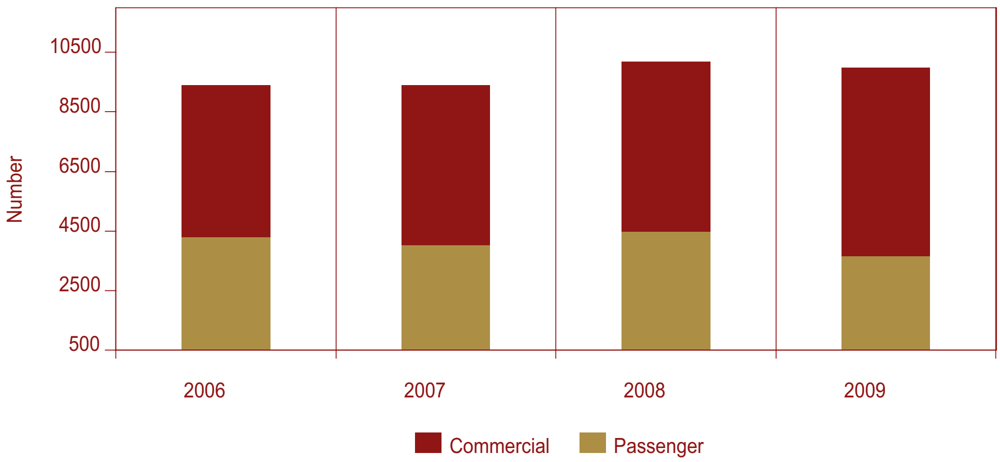
Chart C.23: Tertiary industry real growth rates



Sources: Central Bureau of Statistics for National Accounts, 2006-2008, Bank of Namibia for 2009 estimations and projections for 2010-2011

In spite of the global recessionary pressures, the growth of the ***wholesale and retail trade sector*** is estimated to have improved in 2009 compared with the previous year. This improvement can be ascribed to the expansionary monetary and fiscal policies pursued during the period under review, which were intended to have a positive impact on consumer demand. In this connection, value added for the wholesale and retail trade sector is estimated to have expanded by 3.0 per cent in 2009, which is higher than the 2.8 per cent recorded during 2008 (see Chart C.23). This is evident in the activities of the clothing, furniture, retail and vehicles sales categories, which increased in terms of monetary value during the year. However, the number of new vehicles sold decreased by 1.9 per cent to 9,985 units in 2009, from 10,173 units sold in 2008, mainly as a result of passenger vehicle sales (see Chart C.24), that declined by 17.9 per cent. Despite this decrease, the sales value of total vehicles sold increased, owing to the rise in the number of commercial vehicles purchased. Going forward, the wholesale and retail trade sector is projected to grow by 3.6 per cent during 2010 and is further forecasted to expand by 4.6 per cent in 2011 (see Chart C.23).

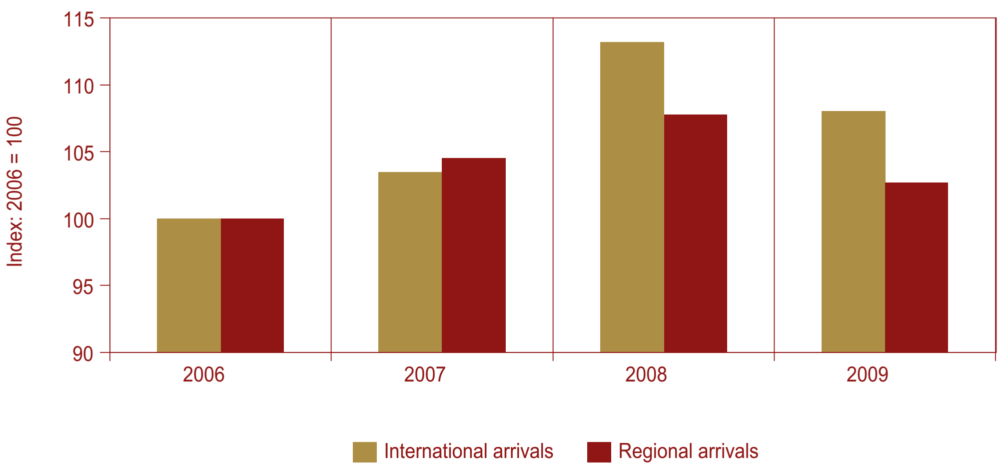
Chart C.24: Total new vehicles sold



Source: Simonis Storm Securities

The ***tourism sector***, which is measured by using the hotel and restaurant sector as well as arrival statistics as proxies, was hard hit in 2009 as a result of the global financial crisis. The sector is estimated to have contracted by 10.0 per cent in 2009, compared with the 1.3 per cent growth recorded in 2008 (see Chart C.23). Reductions in disposable income in advanced economies were among the principal contributing factors to the poor performance. The country's tourism industry is vulnerable to economic uncertainty as international tourists constitute the largest chunk of it. In this connection, international tourist arrivals declined by 4.6 per cent in 2009 compared to 2008 (see Chart C.25) Moreover, with the appreciation of the local currency against major currencies, Namibia became an expensive destination for tourist. The contraction in the tourism industry was however, less than expected, as regional visitors and repeat visitors to Namibia continued to come to the host country, albeit less than in 2008. In this regards, regional tourist arrivals also declined by 4.7 per cent, although much lower than the previously anticipated contraction (see Chart C.25).

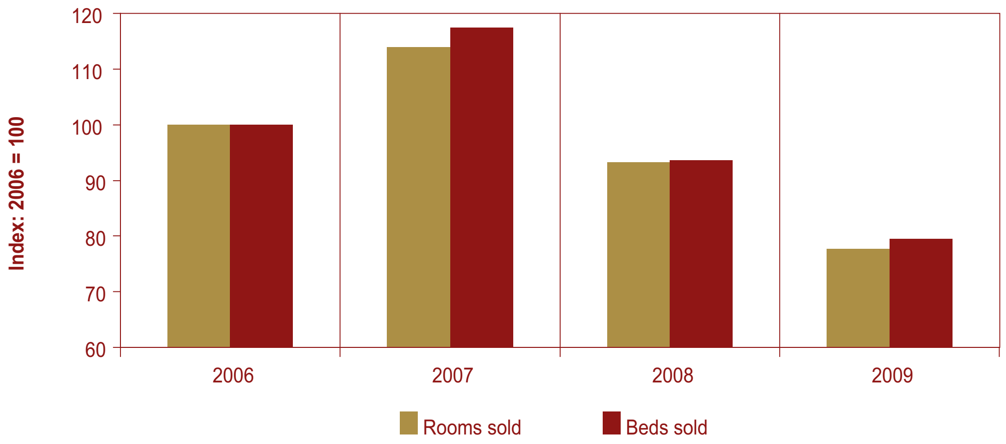
Chart C.25: Arrival statistics



Source: Namibia Airports Company (NAC)

Rooms and beds sold declined by 16.6 per cent and 15.2 per cent, respectively, during 2009 (see Chart C.26). At the beginning of the year under review, most tourism operators were experiencing high cancellation rates, however, once tourists realised they were not as badly affected as they had anticipated, they began making bookings within a relatively short period. It was nevertheless not enough to increase the output of the sector in 2009.

Chart C.26: Occupancy rates

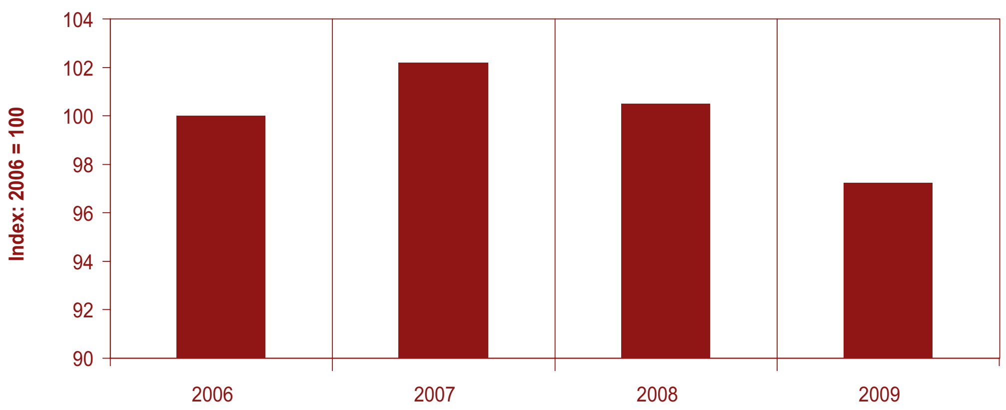


Source: Hospitality Association of Namibia (HAN)

Looking ahead, it is expected that tourist arrivals will recover after 2010 against the backdrop of the global economic recovery and due to the exposure the country may gain during the FIFA World Cup scheduled for South Africa in 2010. There are nevertheless a number of risks to the outlook on the tourism sector. Firstly, the impact of the global economic crisis as well as the crowding out effects of the FIFA World Cup on Namibia is expected to have a negative effect on the country's tourism sector. Since most flights destined for the Southern African region during this period are fully booked as well as more expensive, it is expected that tourists wanting to include a visit to Namibia will rather postpone it to after the World Cup. Secondly, the Togo tragedy during the African Cup of Nations raised concerns about the safety of African countries, including Namibia.

The ***transport and communication sector*** moderated in 2009 as reflected by a modest growth in the transport subsector during the second and fourth quarters. The sector is estimated to have moderated to 2.3 per cent in 2009 compared with 5.5 per cent in 2008 (see Chart C.23). Despite an increase in Namport operations during 2009, Transnamib road freight declined significantly, mainly due to the slowdown in mining activities, the shortage of rail wagons and continuing poor conditions of the railway line between Kranzberg and Tsumeb, which resulted into rail freight operating below full capacity. As a result, Transnamib total road freight declined by 3.3 per cent during 2009, compared to 2008 (see Chart C.27).

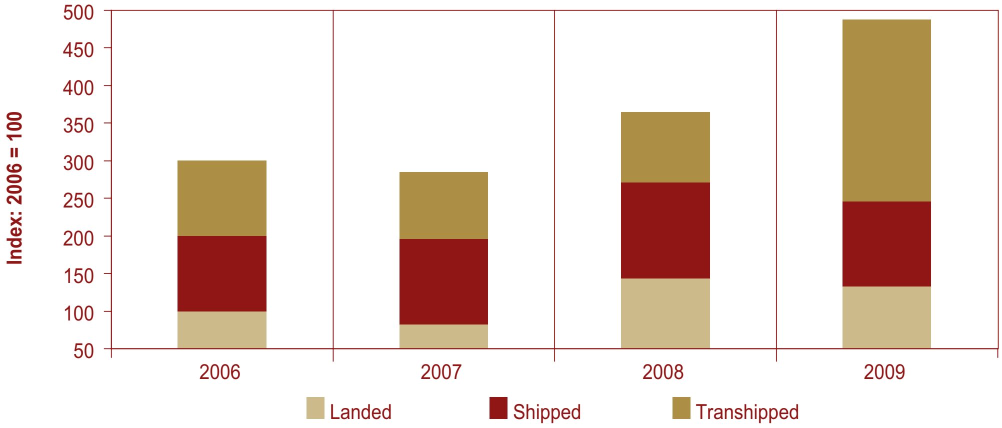
Chart C.27: Transnamib freight



Source: Transnamib

Compared with 2008, the volumes of cargo handled at the Lüderitz and Walvisbay harbours improved during 2009, mainly as a result of the transhipped cargo. The latter rose significantly by 158.5 per cent, while landed and shipped cargo declined by 7.3 per cent and 11.1 per cent, respectively (see Chart C.28). The considerable rise in transhipped cargo, was partly due to the new established shipping route (the West Africa Express (WAX)), from East Asia to other African countries via the harbour of Walvis Bay, which is the first port of call. In addition, diversion of cargo from other ports, especially where ports were congested also played a role in the significant increase in transhipped cargo. Going forward, the transport and communication sector is projected to grow by 2.9 per cent and 5.7 per cent during 2010 and 2011, respectively. The growth of this sub-sector is mostly estimated to mirror overall domestic economic activity. In the communication sub-sector, the growth will mainly come from increased competition within telecommunication service providers, leading to lower prices and, thus, higher demand.

Chart C.28: Namport operations



Source: Namport

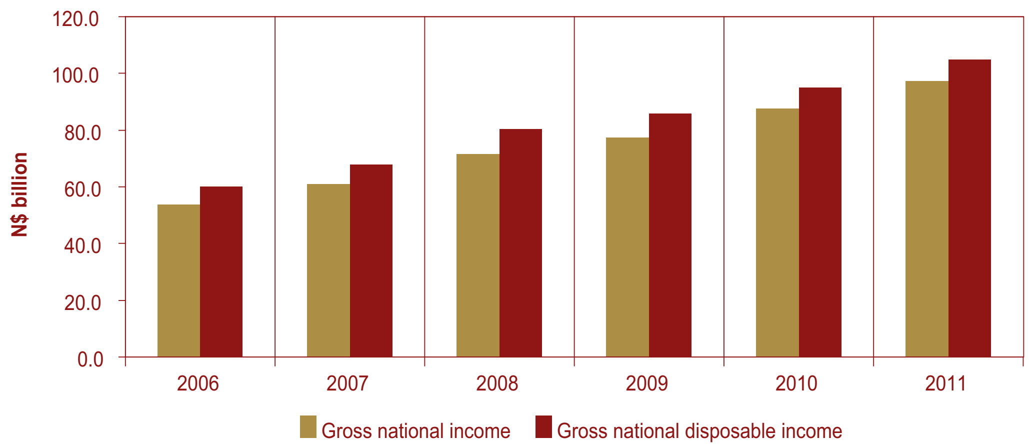
The ***public administration and defence sector*** moderated in 2009, as reflected by the modest growth of financial resources earmarked by Government in the 2009/10 budget to fund activities in the sector. The sector is estimated to have grown by 5.0 per cent in 2009, which is lower than the 9.3 per cent recorded for 2008. The public administration and defence sector is forecasted to expand by 5.5 per cent and 4.0 per cent during 2010 and 2011, respectively. This sector includes the central government administrative and local government activities. It is expected, therefore, that the sector will grow in line with budget allocation for the period of 2009/10.

GROSS NATIONAL INCOME (GNI) AND GROSS NATIONAL DISPOSABLE INCOME (GNDI)

In contrast to GDP which measures domestic output, GNI and GNDI measures income total income received by residents. GNI measures total income earned by the factors of production owned by residents; irrespective of the location of the activity from which the income is derived (domestically or abroad), while GNDI extends that by measuring the residents' disposable income, after transfers and taxes (i.e. the income available to the nation for final consumption and gross saving). As such, the global economic setting also tends to have an impact on the developments in these indicators.

As is indicated in earlier sections of this Report, the year 2009 was characterised by intensified negative effects of the global economic crisis, which originated from the financial crisis in the US since 2007. Although in Namibia GNI at current prices is estimated to have increased by 8.1 per cent in 2009 and reached N$77.3 billion (Chart C.29), the pace of the increase in 2009 was significantly slower compared to 17.5 per cent in 2008, a clear testimony of how the disruption in global economy can impact on the economic activities and wealth of a country. As a consequence of the above, GNDI is estimated to have also risen at a slower pace of 6.8 per cent in 2009 after rising by 18.3 per cent in 2008. In Namibia GNI has, for the most part after independence been higher than GDP, which indicates that Namibia has received more income from the rest of the world than the income earned by foreigners in Namibia. This situation repeated itself in 2009.

Chart C.29: GNI and GNDI (current market prices)



Source: Central Bureau of Statistics, National Accounts, 2006–2008; Bank of Namibia for 2009 estimates and projections for 2010–2011

In real terms, GNI is estimated to have contracted by 2.9 per cent in 2009 compared with an increase of 5.7 per cent in the preceding year. This development indicates the extend of the slowdown in the purchasing power of total income earned by Namibians in 2009. The above translated in the per capita GNI also registering a negative growth rate of 4.7 per cent in 2009 from 3.8 per cent in 2008. Prospects for improvement are, however, promising in the short- to medium-term as the global and domestic economic situation improves. Real GNI is thus projected to grow by 4.1 per cent on average in the next two years.

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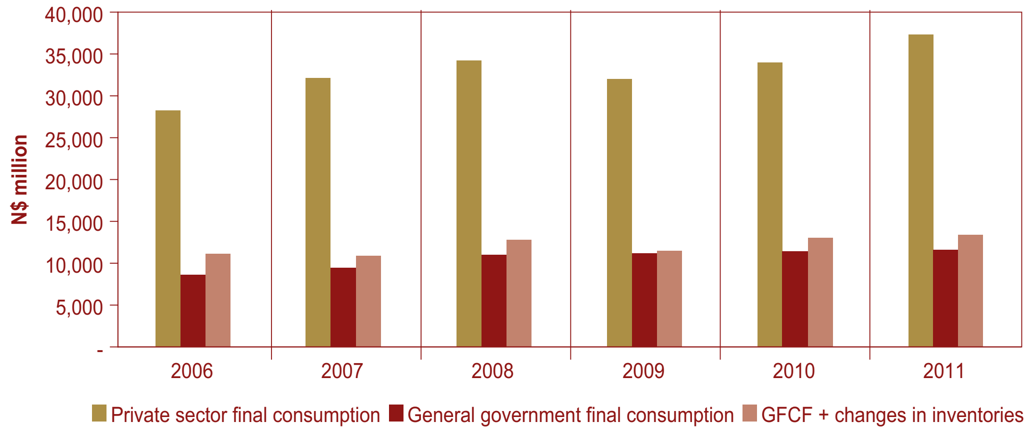
GROSS DOMESTIC EXPENDITURE

Consistent with the prevailing phase of the business cycle in 2009, growth in Namibia's nominal GDE is estimated to have decelerated to 1.8 per cent in 2009, from 22.8 per cent in 2008. Poor spending by the private sector, coupled with sluggish growth in gross fixed investment was mainly responsible for the slowdown in the rate of expansion for final demand.

Final private consumption growth is estimated to have reduced to 5.4 per cent in 2009 from 22.0 per cent in 2008. As such, the contribution of private final consumption to GDP increased slightly to 60.1 per cent in 2009 from 59.4 per cent in the preceding year. Namibia's gross fixed capital formation (GFCF) is estimated to have contracted by 2.8 per cent over the same period. This translated into a decline from about 23.4 per cent of GDP in 2008 to an estimated 21.8 per cent in 2009. Despite the sharp increase in government capital expenditure, the contraction was reflected in the category of private investment, indicating the rigidity in terms of availability of funds caused by the global economic crisis. Final consumption by general Government, on the other hand, is estimated to have increased by 3.7 per cent in 2009 compared with 18.9 per cent growth rate in 2008.

In real terms, GDE is estimated to have contracted by 3.8 per cent in 2009, which is mainly explained by the estimated decreases in private consumption and gross fixed capital formation of 6.5 per cent and 5.9 per cent, respectively over the same period (Chart 30). Going forward, the situation is expected to improve over the medium-term and thus to record an average growth rate of about 8.3 per cent and 6.8 per cent in the next two years in private consumption and gross fixed capital formation, respectively due to the expected global economic recovery.

Chart C.30: Components of real GDE



Sources: Central Bureau of Statistics, National Accounts, 2006–2008; Bank of Namibia for 2009 estimates and projections for 2010–2011. GFCF stands for Gross Fixed Capital Formation

SAVINGS AND INVESTMENT BALANCE

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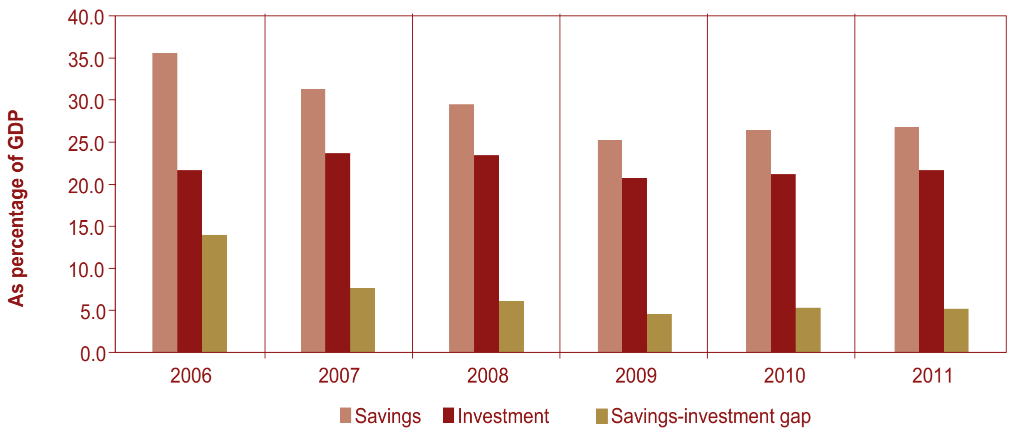
A peculiar characteristic of the Namibia economy is the fact that domestic savings have always exceeded domestic investment. This basically means that Namibia has been unable to turn its abundant savings into investment. In such a situation, the excess saving would naturally lead to foreign lending or lending to other countries. This has been the experience of Namibia over the years where the excess savings that are not invested in Namibia have led to capital outflow, particularly to South African financial markets. As such measures to curb capital outflow and invest funds locally have become critical.

In 2009, Namibia's gross domestic savings are estimated at N$19.9 billion, down from N$21.6 billion in 2008 (Chart C.31). As a percentage of GDP, this represents an estimated decline from 29.5 per cent in 2008 to 25.3 per cent in 2009. Despite the decrease, this is still considered marginal as the level still remains at about N$20 billion. Better fiscal management and strong growth in tax revenue resulted in General Government's gross saving over the years. Gross disposable income of General Government at current prices increased on average by 17.0 per cent per year over the last five years compared to an average rate of growth in recurrent expenditure of 13.3 per cent per year over the same period.

Investment, however, is estimated to have recorded a lower level of N$16.6 billion in 2009. This is also down from N$17.1 billion a year ago. As a percentage of GDP, gross fixed capital formation is estimated to have decreased from 23.4 per cent in 2008 to 20.7 per cent in 2009. As a consequence, the excess savings gap is estimated to have decreased to N$3.6 billion in 2009 from N$4.5 billion in 2008 (Chart 31). The amount of excess savings over investment in 2009 represents 4.6 per cent of GDP in 2009, down from 6.1 per cent in 2008. This is, however, expected to increase to an average percentage of GDP of 5.9 over the next two years as the economy recovers.

Chart C.31: Savings–investment gap

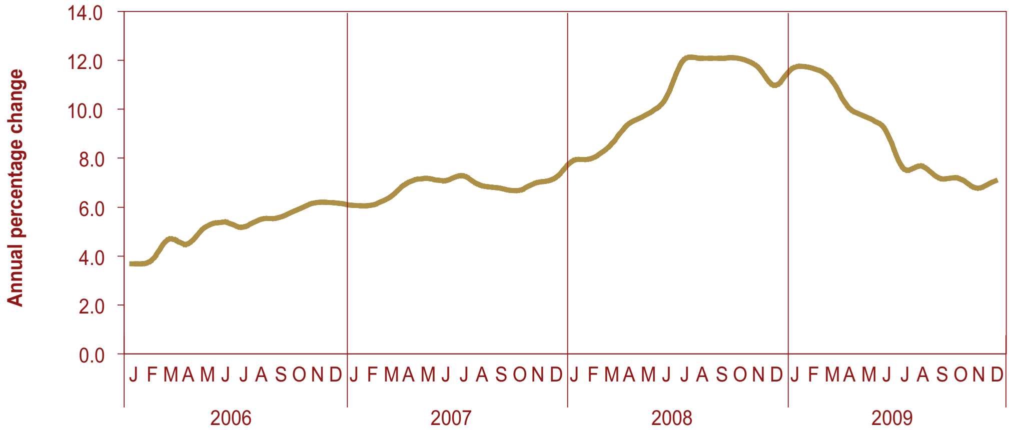


Sources: Central Bureau of Statistics, National Accounts, 2006–2008; Bank of Namibia for 2009 estimates and projections for 2010–2011

INFLATION DEVELOPMENTS

Inflationary trends in Namibia have been relatively subdued during 2009, mainly due to dwindling global demand as a result of the global economic crisis, which, in turn, exerted downward pressure on inflation. In addition, the more restrictive monetary policy stance pursued by the Bank of Namibia two years ago also had a subduing effect on inflation. Since Namibia's inflation is largely affected by external factors such as developments in commodity prices, the decline in international oil and food prices exerted downward pressure on the Namibian food and transport inflation and, hence, the overall annual inflation. Thus, overall annual inflation decelerated from 11.6 per cent in January to a low of 6.7 per cent in November, before closing the year at 7.0 per cent in December 2009. Consequently, the average annual inflation declined to 8.8 per cent in 2009, from 10.3 per cent in 2008 (see Chart C.32).

Chart C.32: Overall inflation

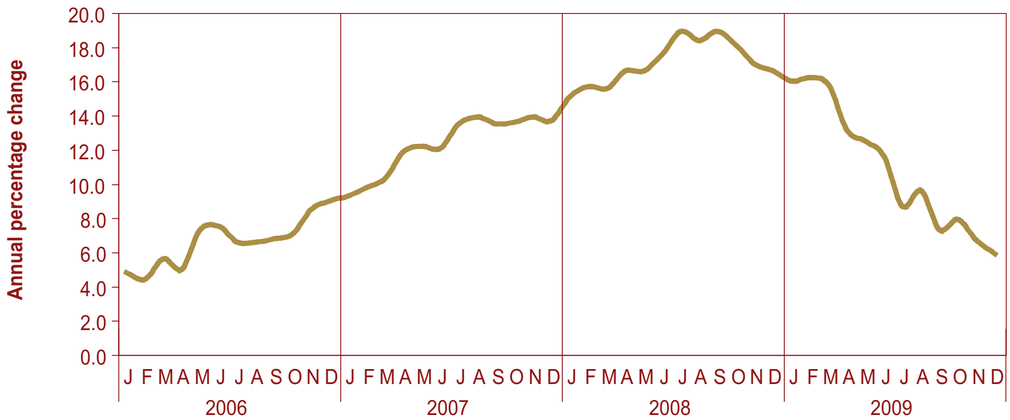


Source: CBS

FOOD PRICE INFLATION

The annual inflation rate for food stood at 15.9 per cent in January 2009, before falling throughout the year to settle at 5.8 per cent in December. This development resulted in an average food inflation of 10.8 per cent for 2009, significantly lower than 17.0 per cent for 2008 (see Chart C.33). Improved availability of food supply in the Southern Africa region as well as the stabilisation of global food and oil prices led this reduction.

Chart C. 33: Namibian Inflation for Food



Source: CBS

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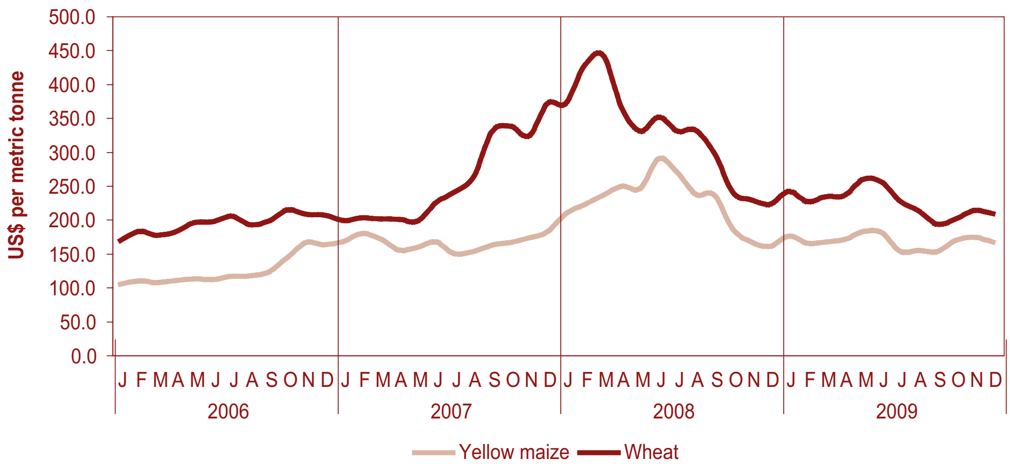
Given that Namibia is an open economy and a net importer of food, domestic inflation for food is highly influenced by international food prices. The prices for yellow maize and wheat remained stable during 2009, both exhibiting a downward trend (see Chart C.34). Yellow maize and wheat are major consumption items in Namibia, with yellow maize being used more as animal fodder, while wheat is for human consumption. The average monthly price for wheat fell by 13.8 per cent during 2009 to settle at US$ 206.30 per tonne in December. Similarly, the average monthly price for yellow maize fell by 5.0 per cent between January and December 2009 to level off at US$164.20 per tonne in December.

Chart C.34: International prices for yellow maize and wheat

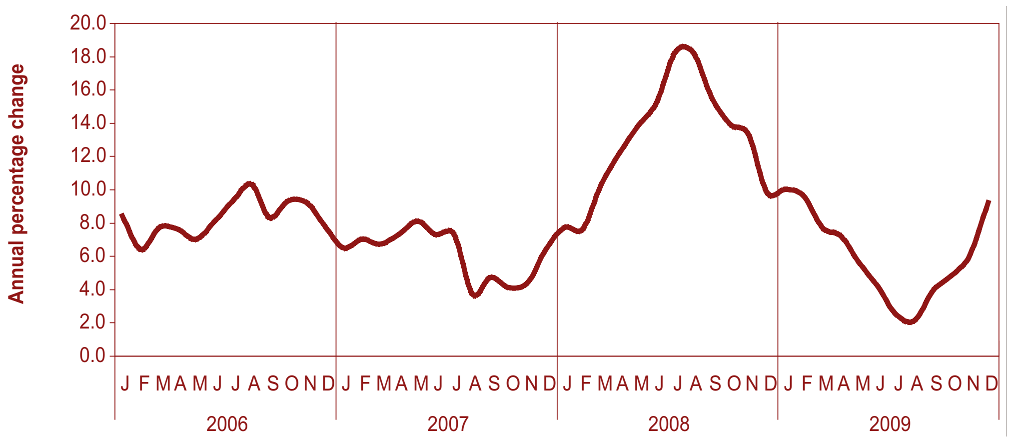


Source: IMF

TRANSPORT INFLATION

Transport inflation started at 9.9 per cent in January 2009, falling to a low of 2.0 per cent in August, before rising again to reach 9.1 per cent in December. It averaged at 6.0 per cent for the year under review. Price reductions for the subcategory ***operation of personal transport equipment***, which recorded negative inflation rates for the first 11 months of 2009, and ***purchases of vehicles***, contributed immensely to the reduction in transport inflation during the first three quarters of the year. This was mainly on the account of the relatively lower and stable fuel prices when compared with 2008. The upward swing in transport inflation during the last month of the year (see Chart C.35) came about mainly due to a reversal in the direction by the subcategory ***operation of personal transport equipment***, which recorded a price increase for that period.

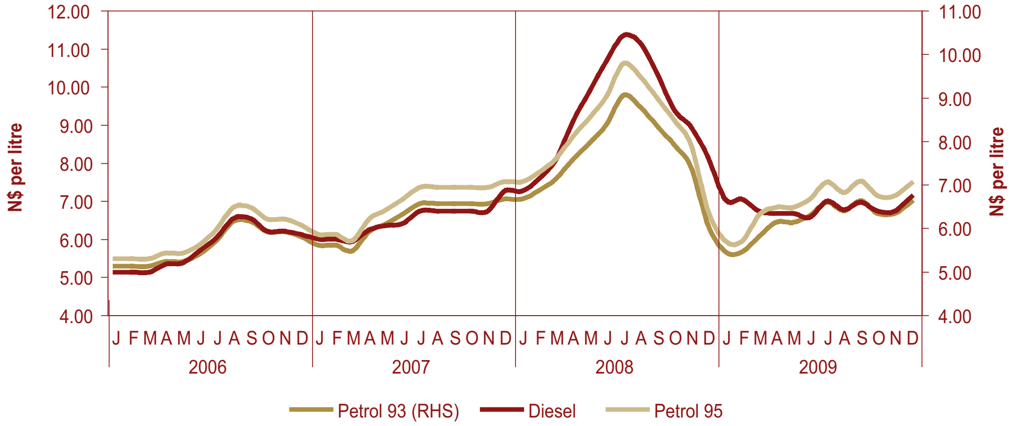
Chart C.35: Transport inflation



Source: CBS

Domestic pump prices at Walvis Bay increased, but at a much slower pace compared with their growth rates during the last two years (see Chart C.36). This was on the account of more stable international oil prices as well as the appreciation of the domestic currency against the US Dollar. During 2009, prices for petrol 93 and petrol 95 increased by an average of 23.3 per cent and 23.5 per cent, respectively, while the price of diesel increased by a mere 1.0 per cent during the same period. At the end of December 2009, coastal pump prices were N$6.94, N$7.00 and N$7.07 for petrol 93, petrol 95 and diesel, respectively.

Chart C.36: Domestic fuel pump prices (coastal)



Source: Ministry of Mines and Energy

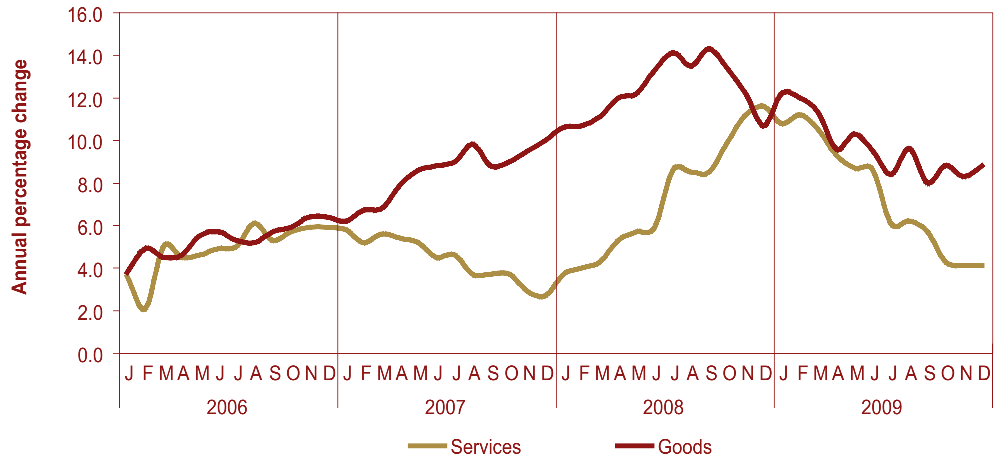
GOODS AND SERVICES INFLATION

Both goods and services recorded significant and consistent reductions in their respective inflation rates during 2009, but the reduction in the annual inflation for services was more pronounced than that for goods.

The annual inflation rate for goods started at 12.1 per cent in January 2009 before subsiding to 8.7 per cent in December (see Chart C.37). The overall average annual inflation rate for goods stood at 9.6 per cent for 2009, which is 2.6 percentage points lower than the level a year ago.

The annual inflation rate for services stood at 10.7 per cent in January 2009 and gradually dropped to 4.0 per cent in December. The overall average annual inflation rate for services was 7.4 per cent for 2009, which is 0.2 percentage point lower than its level a year ago.

Chart C.37: Inflation for goods and services



Source: CBS

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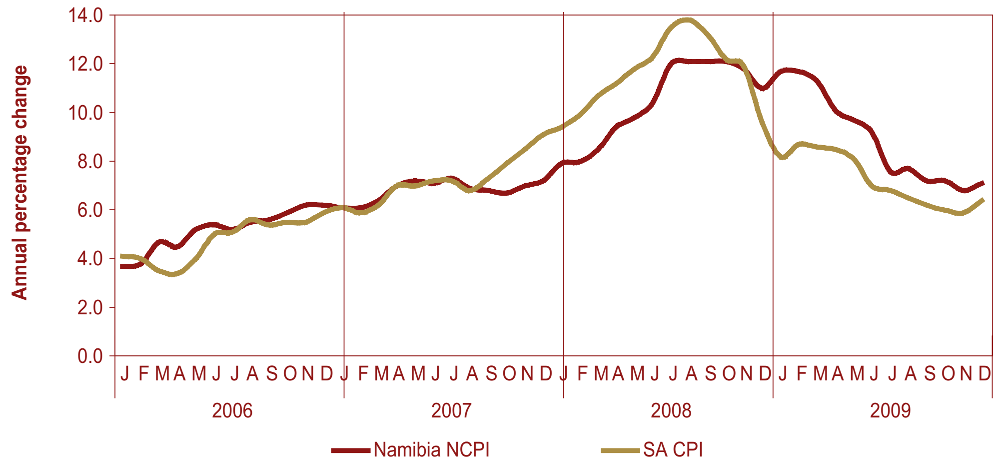
NAMIBIAN INFLATION VS. SOUTH AFRICAN INFLATION

The Namibian economy is highly integrated with the South African counterpart through trade links as well as common monetary policy arrangements under the Common Monetary Area (CMA). As a result, a greater portion of Namibian inflation is imported from South Africa. Inflation rates for the two economies are, therefore, closely related (see Chart C.38). In 2009, the Namibian inflation remained higher than South Africa's, but the two rates converged as the year progressed. The producer inflation remained volatile during 2009, with a downward trend.

Chart C. 38: Namibian infation vs. South African inflation



Sources: CBS and Statssa

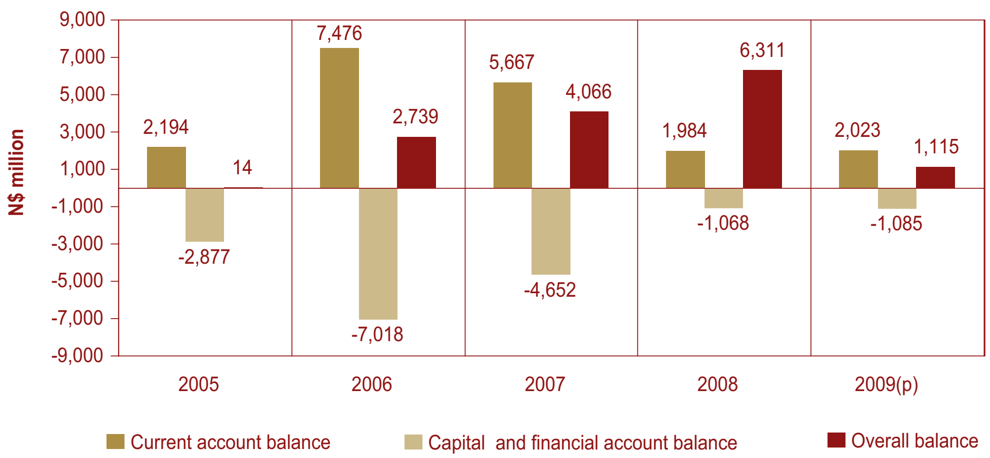
Going forward, the world economy is expected to recover from the recession of the last two years. A recovery would increase global demand and, hence, the prices of commodities such as oil, producing upward inflation pressures. At the same time, increased supply of other goods and services[7] would ease inflation pressures, leaving the overall inflation outlook rather mixed.

[7]If the global economy recover as projected, global supply of goods and services is expected to increase and hence, put a downward pressure on prices.

FOREIGN TRADE AND PAYMENTS[8]

In line with global trends, Namibia's external sector deteriorated significantly during 2009. In this connection, the country's overall balance of payments recorded a lower surplus of N$1.1 billion in 2009 compared to a significant N$6.3 billion in the previous year (see Chart C.39). The deterioration in the balance of payments was mainly reflected in the current account due to a sharp widening merchandise trade deficit, while current transfers, mainly the receipts from the Southern African Customs Union (SACU) remained firm. On the other hand, the capital and financial account recorded continued outflows, driven mainly by portfolio investments and other short-term investments. Despite these developments, Namibia's net international investment position (IIP) remained firm and in positive territory during 2009, largely on account of portfolio investment stocks abroad.

Chart C.39: Balance of payments, major accounts



CURRENT ACCOUNT

Namibia's current account surplus increased in 2009, mainly on account of the rise in the exports, current transfers and net investment income. The country's current account surplus, however, declined marginally to 2.6 per cent of the gross domestic product (GDP), from 2.7 per cent in 2008. The increase in the merchandise exports was largely due to higher export receipts of Namibia's non-mineral export commodities, which withstood sluggish world demand. The rise in the current transfers was mainly on account of SACU transfers, causing transfers to rise substantially over this period to 14.0 per cent of GDP, from 2.0 per cent in 2008. Investors income recorded a net inflow during the year under review from a net outflow recorded during the previous year, mainly on account of lower payments made on foreign direct investments in Namibia, while income received on portfolio investments remained relatively high. These were, however, counteracted by a substantial drop in the inflow of mineral products, which marked the highlight of the effect of the economic downturn in the Namibian economy. This was supported by the deterioration in the net outflow from services, mainly due to reduced travel by overseas tourists to Namibia, as global households' disposable income continued to be weak. The major set off came from imports, which rose noticeably during 2009.

[8]P in this section stands for provisional.

MERCHANDISE TRADE BALANCE

The country's trade deficit deteriorated significantly in 2009, mainly due to a surge in the import bill, which outweighed the observed growth in the export earnings during the same year. In this connection, export earnings in 2009 grew by 12.4 per cent to N$29.4 billion, mainly due to observed declines in both the volumes and the prices of export commodities. On the other hand, imports rose significantly by 18.1 per cent to N$37.5 billion, resulting in widened trade deficit by 44.2 per cent to N$8.1 billion in 2009 (see Chart 40).

Chart C.40: Merchandise trade

Source: Central Bureau of Statistics and BoN

EXPORTS

Namibia's export earnings during 2009 grew by 12.4 per cent to N$29.4 billion when compared to 2008. The relatively steady growth in exports was attributed to ***other commodity exports*** and not the accustomed ***mineral products*** that are key to the Namibian economy. Export earnings for Namibia's key exports declined substantially during 2009 due to a drop in global demand for these products. In this regard, the contribution of mineral exports to total exports fell by 11.3 per cent in 2009, from a share of 54.0 per cent one year earlier. Consequently, the ***other commodities*** exceeded the share of ***mineral products*** as the most significant export during this period. Nevertheless, diamond export receipts remained significant as a single commodity, despite the relatively low demand for these gems during 2009 (see Table C.6).

Table C.6: Major export receipts (percentage of total)

Export receipts	2004	2005	2006	2007	2008	2009
Minerals, of which –	57.7	54.4	58.8	58.8	54.0	42.7
Diamonds	78.4	75.5	69.5	53.1	45.1	38.1
Uranium	11.1	13.0	14.7	32.5	36.6	41.7
Food and live animals	13.1	15.3	12.2	9.7	11.5	10.7
Manufactured products[9]	23.4	23.7	27.7	30.5	27.3	22.5
Other commodities	5.8	6.6	1.3	1.0	7.2	24.1

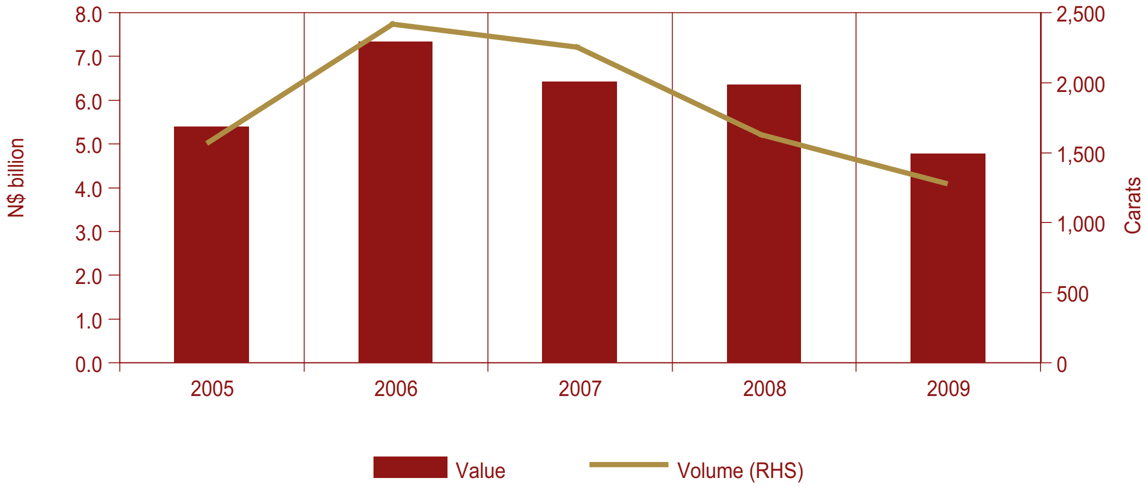
[9]Manufactured products include products from the fishing-, mining-, meat- and brewing industry as well as products from the EPZ companies.

MINERAL EXPORTS

DIAMONDS

Due to the depletion of offshore diamonds, there has been a consistent decline in the volume of diamonds exported since 2006. However, during 2009, diamond export earnings declined significantly by 24.8 per cent to N$4.8 billion year-on-year (see Chart C.41). This sharp decline is mainly attributed to the global economic slowdown, the sharp contraction in the demand for precious and semi-precious stones, and consequently, lower prices. Nonetheless, diamond prices started to recover, albeit slowly, from the second quarter of 2009, as the outlook for the global economy started to improve. It is, however, worth noting that despite improved prices, the contribution of diamonds to total export receipts might still decline in the medium term, due to the depletion of offshore diamonds.

Chart C.41: Diamond exports



Source: Ministry of Mines and Energy

URANIUM

Since 2005, there has been a significant increase in uranium export receipts (see Chart C.42a). The trend was still maintained in 2009, though relatively weak. This was evident in the increase in receipts by a marginal 1.2 per cent to N$5.2 billion in 2009, from the earnings recorded in 2008. The relatively low prices observed for this commodity, together with a stronger currency in 2009 were the main drivers for the weak earnings. However, the outlook for uranium export receipts are favourable in the medium-term term as more uranium mines are to be commissioned and the demand for clean and efficient energy is on the rise.

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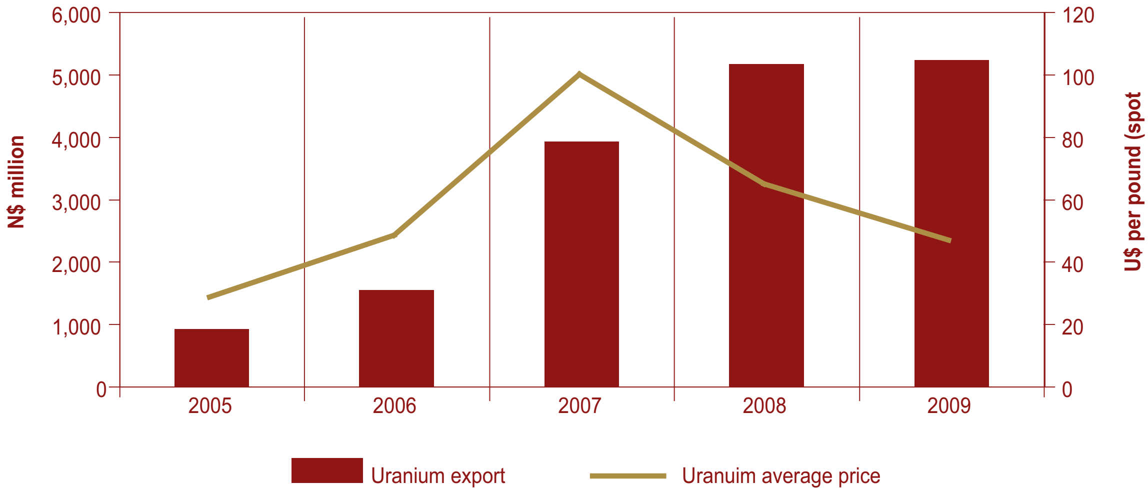
Chart C.42 (a): Uranium – export earnings

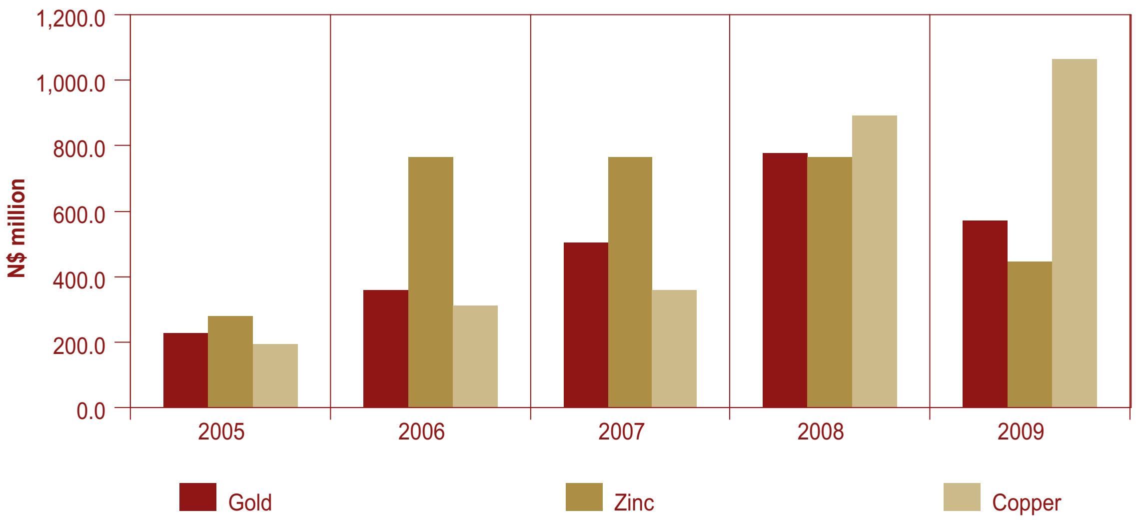


Source: Ministry of Mines and Energy

OTHER MINERALS

Despite a strong rally in commodity prices since April 2009, export receipts in the ***other minerals*** category remained weak during 2009, recording N$7.8 billion, representing a marginal increase of 0.2 per cent from the earnings recorded in 2008. This category includes copper blister, unprocessed zinc, gold and lead. The low demand for some of these minerals, a relatively stronger currency for most of 2009 and operational problems experienced at some of the mines was responsible for the fragile earnings. Nevertheless, as can be seen in Chart C.42b, there has been a steady increase in export earnings from these commodities since 2005. Looking ahead, it is expected that the performance of these commodities will remain favourable.

Chart C.42 (b): Other minerals – export earnings



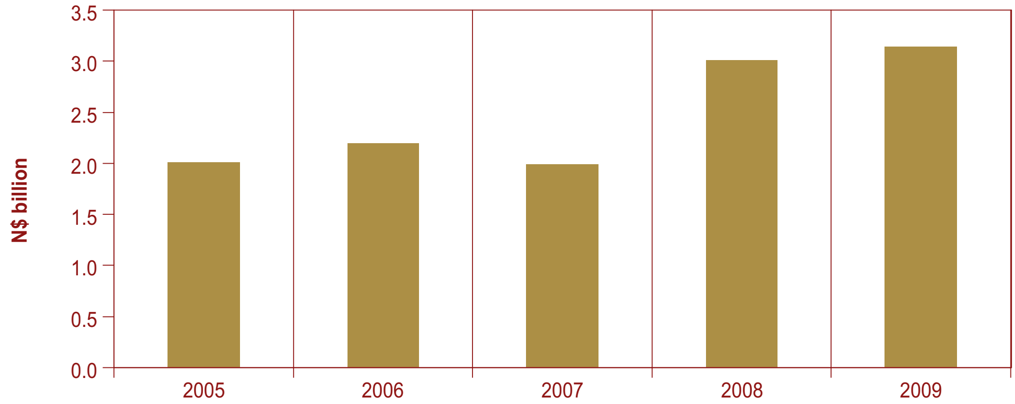
Source: Ministry of Mines and Energy

NON-MINERAL EXPORTS

FOOD AND LIVE ANIMALS

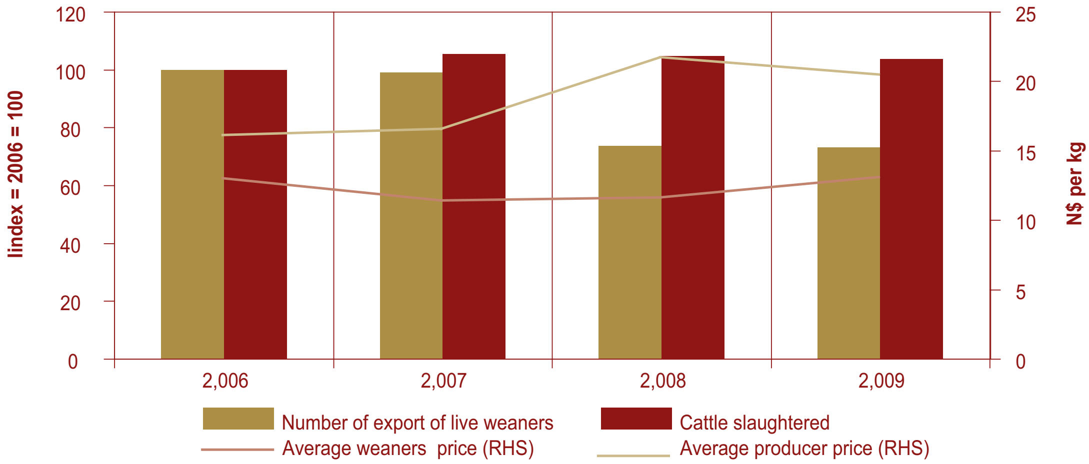
The earnings from ***food and live animals***, consisting mainly of live animals, meat and meat preparations, fish, lobster and crab, also lost vigour, increasing slightly by 4.4 per cent to N$3.1 billion in 2009 (see Chart C.43). The relatively weak earnings could be attributed to the appreciation of the local currency against its major trading partners, which caused Namibian exports to be relatively less competitive.

Chart C.43: Food and live animals – Export value



During 2009, export receipts of the sub-category ***fish, lobster and crab*** rose by 14.5 per cent to N$968.5 million, from N$846.2 million in 2008, largely on account of improved volumes exported. On the other hand, the export earnings of the sub-category ***meat and meat preparations*** declined by 2.1 per cent, to N$955.2 million. The export earnings of live weaners and cattle slaughtered rose by 3.8 per cent to N$1.2 billion in 2009, compared with 2008 (see Chart C.44), mainly as a result of relatively higher export prices observed during this period.

Chart C.44: Cattle slaughtered and live weaners for export



Source: Meat Board of Namibia

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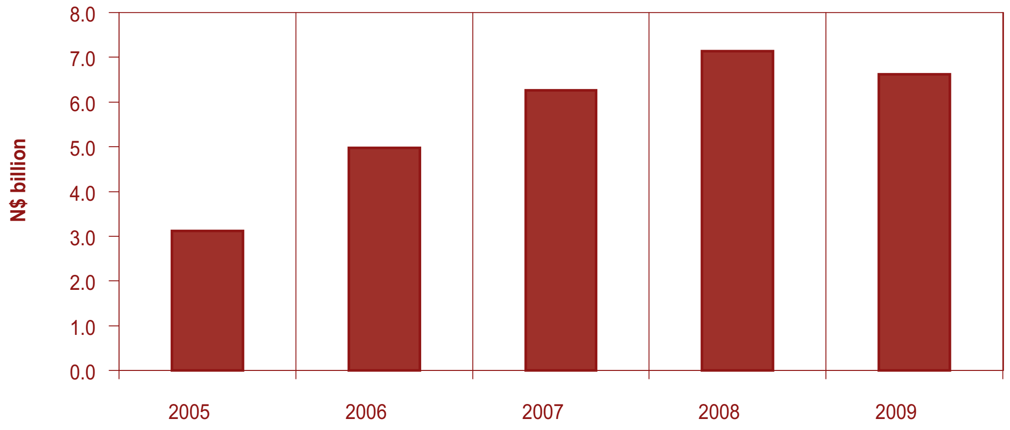
MANUFACTURED PRODUCTS

Manufactured products, consisting of processed fish, copper blister, refined zinc, textile and beverages, displayed a lacklustre performance during 2009, mainly on account of weak global demand as well as a stronger domestic currency. Export receipts from these products declined by 7.3 per cent in 2009 to N$6.6 billion. The weak performance of this category is partly attributed to lower processed zinc exports and the substantial decline in processed fish exports during the second quarter of 2009 (see Chart C.45). The decline in fish exports reflected slower growth in European economies, especially Spain, Namibia's main export market for fish. From a quarter-on-quarter perspective, however, the export earnings of manufactured products declined by 31.5 per cent in the fourth quarter to N$1.4 billion. This downturn in manufactured products resulted mostly from the decline in manufacturing of fish products.

Chart C.45: Manufactured products – Export value



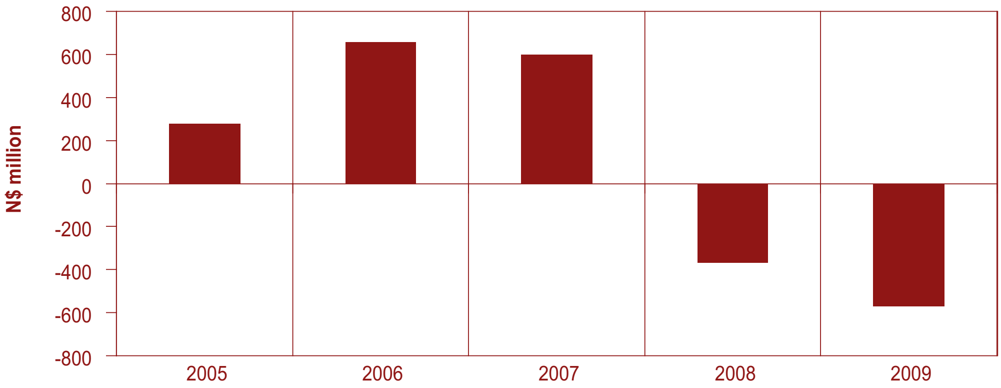
IMPORTS

During 2009, the import bill for Namibia rose by an estimated 18.1 per cent to N$37.5 billion in comparison with 2008. The rise in 2009 could be attributed to the import category ***vehicles other than railway and parts thereof***, that rose by 14.4 per cent in 2009. The importation of heavy vehicles and other capital goods for the ***mining*** and ***quarrying*** industry were the main contributors toward the increased imports. In contrast, the contribution of the category ***petroleum*** products, declined from 13.3 per cent in 2008 to 7.2 per cent in 2009, mainly on account of lower international oil prices, which led to lower domestic pump prices. The reduction was, nevertheless, not large enough to offset the increase observed in the total import bill.

SERVICES TRADE BALANCE

Namibia's net services account recorded a higher deficit of N$570 million in 2009, compared to a deficit of N$370 million in 2008 (see Chart C.46). The increase in the magnitude of the deficit was mainly due to lower exports of travel related services, particularly tourism which remain Namibia's main service export item. In addition, the appreciation of the local currency against the USD also contributed to the reduction in outflows of services, as services rendered to non-residents became relatively expensive. Significant payments for other services imported, particularly construction services, also contributed to the increased deficit.

Chart C.46: Net services



INVESTMENT INCOME

Investment income recorded a net inflow of N$134 million during 2009, as opposed to a net outflow of N$1.1 billion in 2008 (see Chart C.47). A significant decline in income payments to the direct investors in Namibia contributed to this inflow. Payments made to the direct investors in Namibia declined by 41.1 per cent to N$2.2 billion in 2009 when compared to 2008. Similarly, income received on direct investment abroad decreased substantially by 64.7 per cent to N$16.0 million during the year under review. In addition, the sub-categories ***portfolio*** and ***other investment income*** recorded net inflows of N$1.5 billion and N$1.3 billion, respectively, during the period under review.

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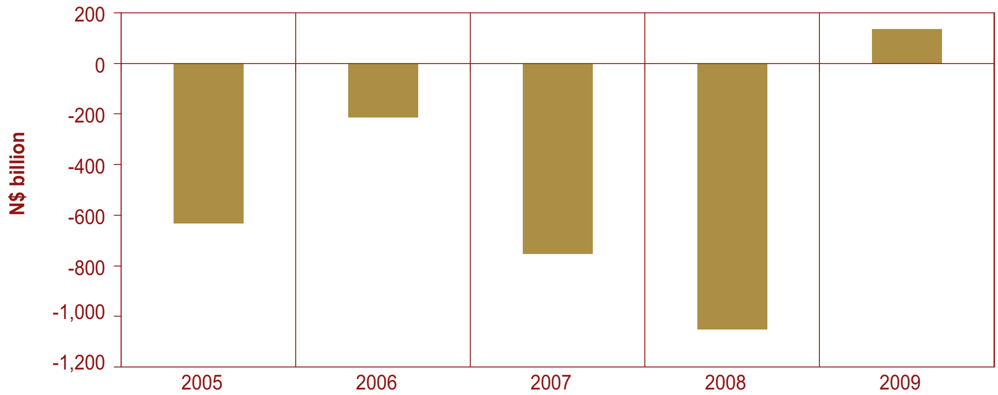
Chart C.47: Net investment income



CURRENT TRANSFERS

Current transfers rose by 14.4 per cent to N$10.6 billion in 2009, mainly on account of strong SACU receipts. The current transfers in 2009 represented 13.5 per cent of GDP at current prices, and 76.8 per cent of the stock of international reserves. It is worth noting that current transfers from SACU receipts were N$8.6 billion, accounting for 80.7 per cent of the total current transfers in 2009 (see Chart C.48).

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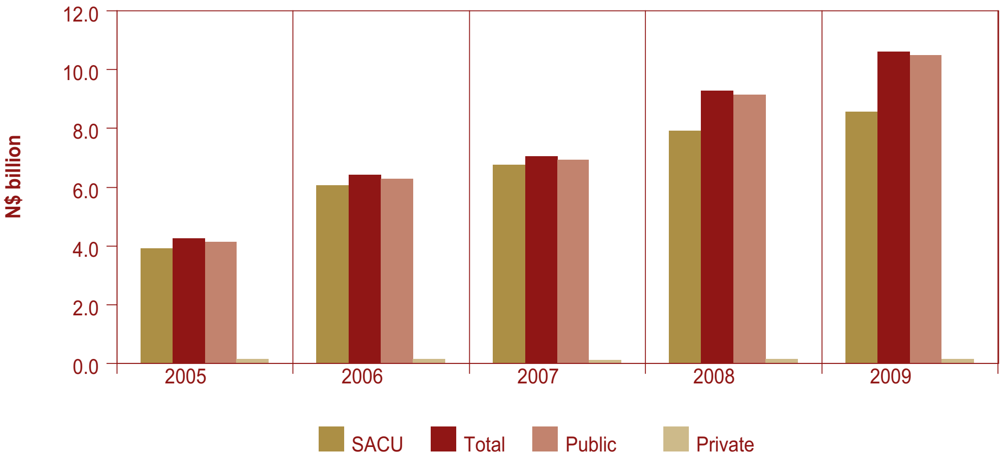
Chart C.48: Current account transfers



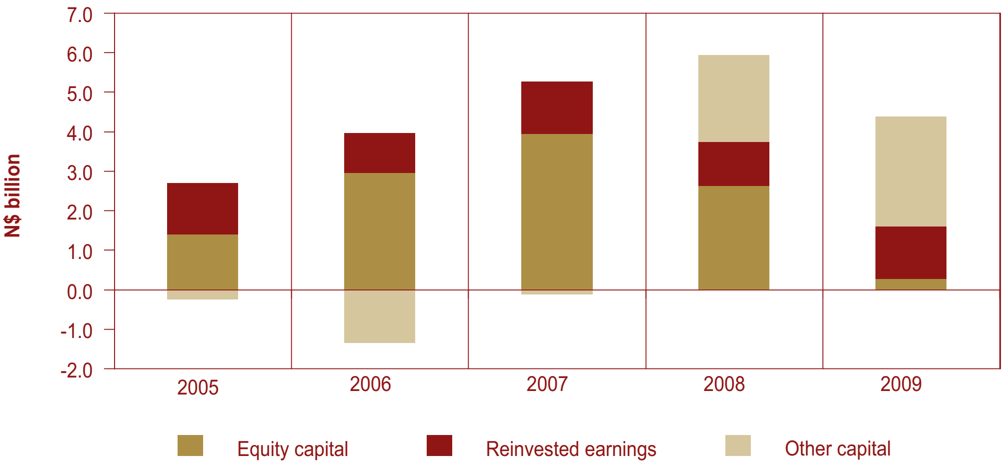
CAPITAL AND FINANCIAL ACCOUNT

The deficit on Namibia's capital and financial account remained almost unchanged at N$1.1 billion in 2009, although it slightly widened when compared to the previous year. The widening in the deficit was mainly due to the increase in other short term investments abroad. The increased other short term investments abroad can be ascribed to banks which paid off debts and at the same time increased their foreign assets abroad.

FOREIGN DIRECT INVESTMENT

Foreign direct investment (FDI) in Namibia declined by 26.5 per cent to N$4.4 billion in 2009 (see Chart C.49), when compared with 2008. Lower investments in Namibian equities were the key drivers in the annual decline, which fell significantly by 89.5 per cent in 2009. This reflected risk aversion among investors because uncertainty in various investment forums remained high during this period.

Chart C.49: Foreign direct investment

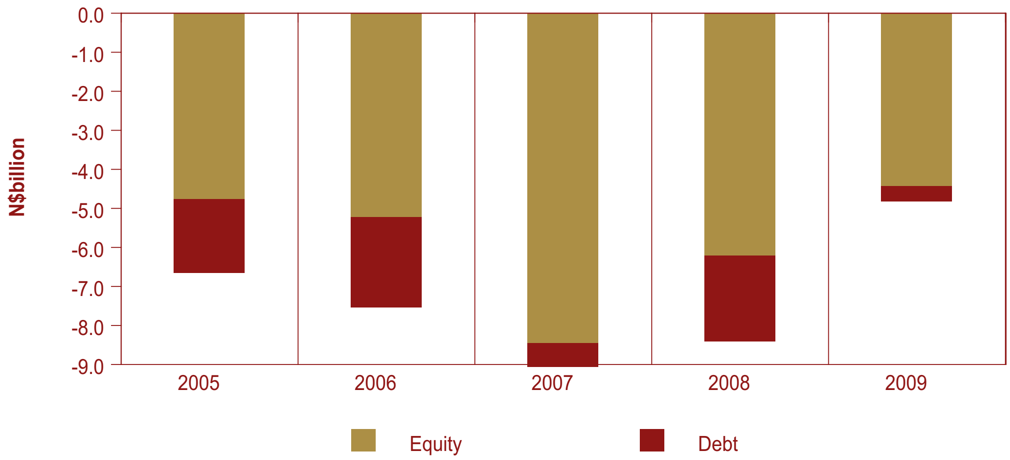


The composition of FDI in Namibia changed drastically in 2009 with the share of equity investment to total FDI declining from 44.1 per cent in 2008 to 6.3 per cent in 2009. On the other hand, the share of loan disbursement inflows from related companies (other capital) increased from 37.2 per cent in 2008 to 63.4 per cent in 2009. Similarly, the share of reinvested earnings increased to 30.3 per cent, up from 18.7 per cent in 2008.

PORTFOLIO INVESTMENT

During 2009, asset management companies, managing mostly pension and long-term insurance funds continued their cautious approach when allocating funds into different types of assets. In this regard, outflows related to investments in listed equity, which is a more risky asset class, declined to N$4.4 billion in 2009 from N$6.2 billion in the previous year (see Chart C.50). Investments in debt instruments, perceived as a "safe haven" during turbulent times, reported lower outflows of N$392 million in 2009 compared to N$2.2 billion in 2008. Consequently, portfolio outflows declined to N$4.8 billion in 2009, compared to N$8.4 billion, during the previous year.

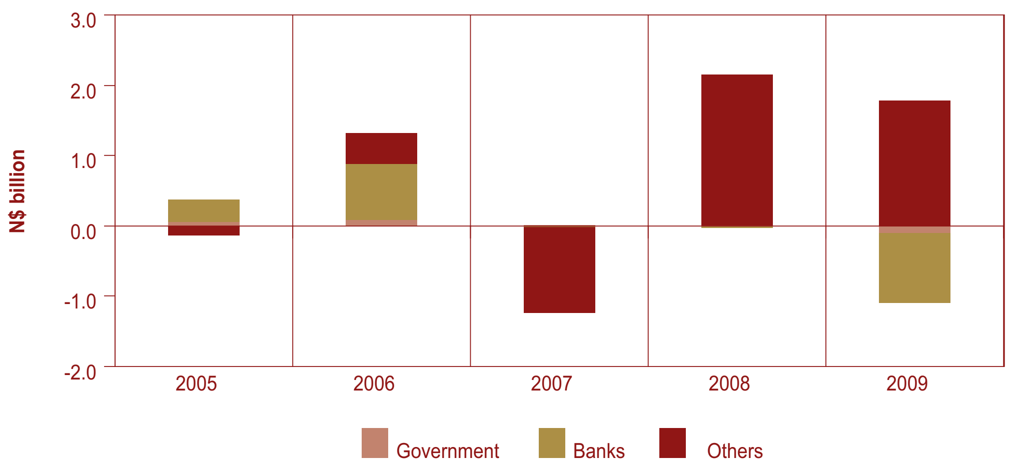
Chart C.50: Portfolio investment



OTHER TYPE OF INVESTMENTS

Other long-term investment, consisting mainly of loans extended between unrelated enterprises, recorded net inflows of N$2.3 billion in 2009, from N$2.1 billion in 2008 (see Chart C.51). The allocation of Special Drawing Rights (SDRs) by the International Monetary Fund (IMF) and the borrowing of other sectors dominated capital inflows in this category. The IMF allocated SDRs to the tune of N$1.6 billion, while other sectors continued borrowing abroad by N$1.8 billion during 2009. The allocation of SDRs by the IMF to its member countries was an effort to support its members in dealing with the crisis and avoiding balance of payments imbalances.

Chart C.51: Other long-term investment



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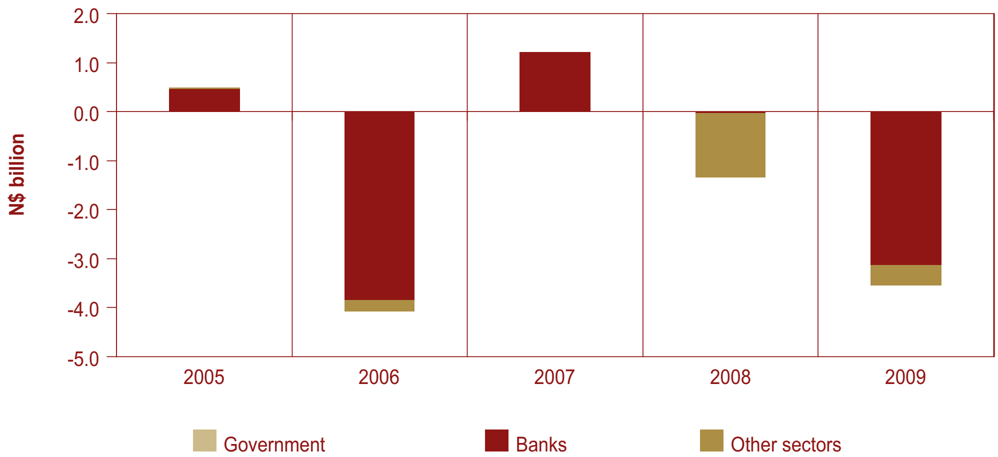
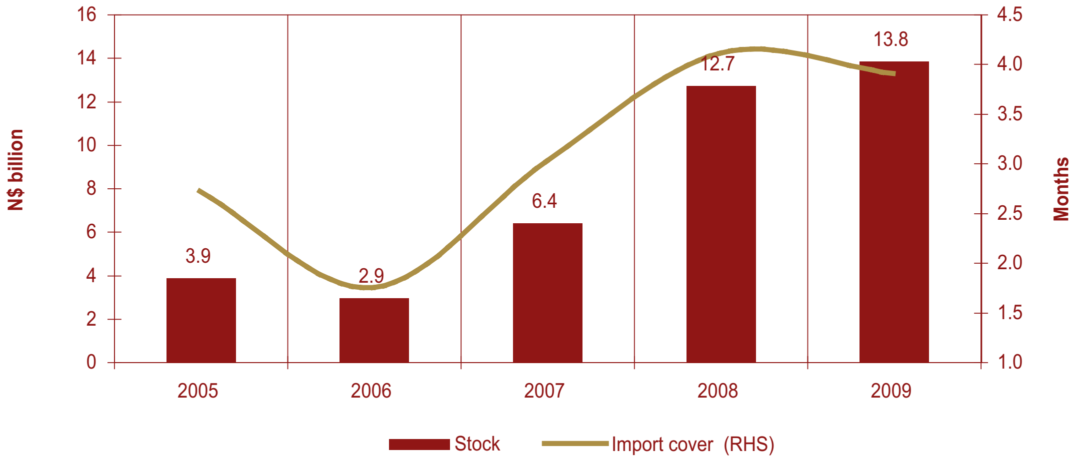
Other short-term investment, consisting of loan contracts maturing within a year, remained in a net outflow position on an annual basis in 2009. Outflows in this category increased to N$3.5 billion in 2009, up from N$1.3 billion a year earlier (see Chart C.52). Excess liquidity conditions in the domestic economy largely influenced these outflows. In this regard, banking institutions reported a net outflow of N$3.1 billion in 2009, compared with an outflow of N$37 million in 2008. Similarly, other sectors recorded an outflow of N$415 million; although this is less than the outflow of N$1.3 billion in 2008.

Chart C.52: Other short-term investment



The stock of international reserves held by the Bank of Namibia rose by 8.8 per cent to N$13.8 billion in 2009, compared with the level reached in the previous year (see Chart C.53). The increase in reserves was largely attributed to the rise in SACU receipts, despite the impact of the global economic crisis on various economies within SACU and the allocation of SDRs during the year. In terms of import coverage, the stock of reserves in 2009 represented 3.9 months of imports, slightly lower than the 4.1 months for 2008. The lower import cover for 2009 was due to reserves having grown more slowly than imports in relation to the same developments in the previous year. It is worth mentioning that, despite the moderation in imports cover in 2009, it is higher than the international requirement of 3.0 months.

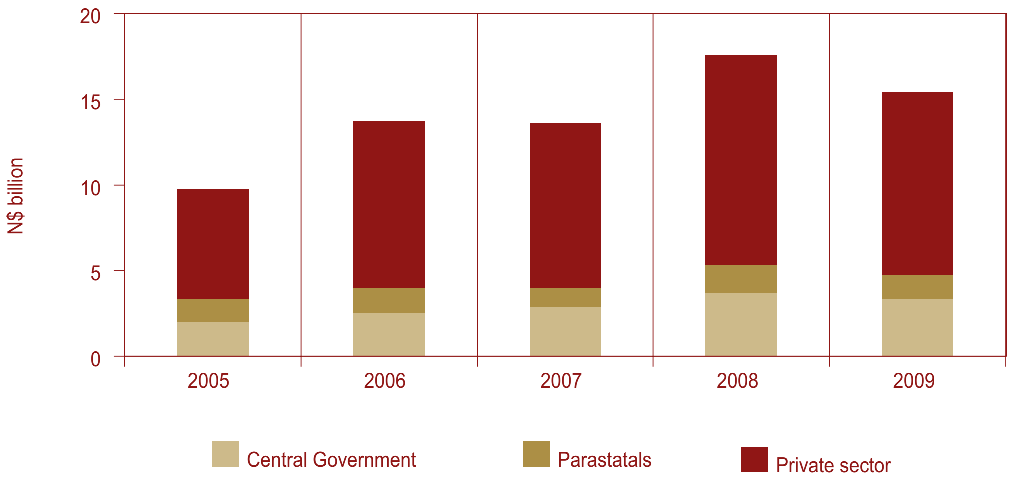
Chart C.53: Stock of international reserves



EXTERNAL DEBT[10]

Namibia's foreign debt stock recorded a decline at the end of 2009, compared with the stock level at the end of 2008. This decline originated largely from private sector debt outstanding, which constitutes the large portion of total external debt (see Chart C.54).

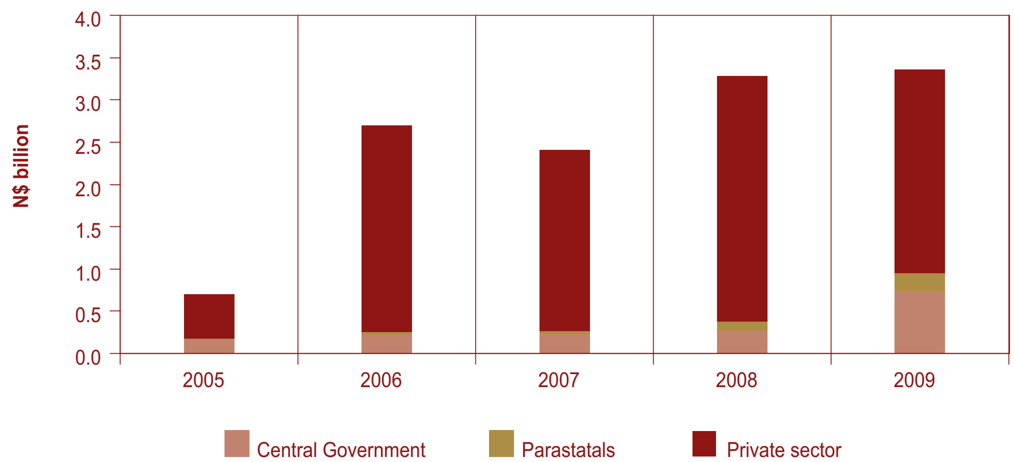
Chart C.54: External debt outstanding



At the end of 2009, Namibia's outstanding foreign debt had decreased to N$15.4 billion, down 12.4 per cent on the stock level at the end of 2008. The private sector debt at the end of 2009 recorded a decline of 12.8 per cent to N$10.7 billion when compared with the level at the end of 2008. The debt of parastatals also declined by 15.0 per cent at the end of 2009, to N$1.4 billion, compared with the level at the end of 2008. Similarly Central Government debt recorded a decline of 10.0 per cent, in its debt stock to N$3.3 billion at the end of 2009. The overall decline in debt was driven by debt servicing as can be seen in Chart C.55, although the appreciation of the exchange rate also caused devaluation in Namibia's external debt.

Debt servicing on Namibia's foreign debt rose by 2.7 per cent to N$3.4 billion during 2009, although much lower than the 36.1 per cent growth in 2008. The marginal growth in debt servicing resulted from significant repayments by Central Government and parastatals on their debt while debt servicing by the private sector, the main component in foreign debt, declined by 16.7 per cent.

Chart C.55: External debt servicing



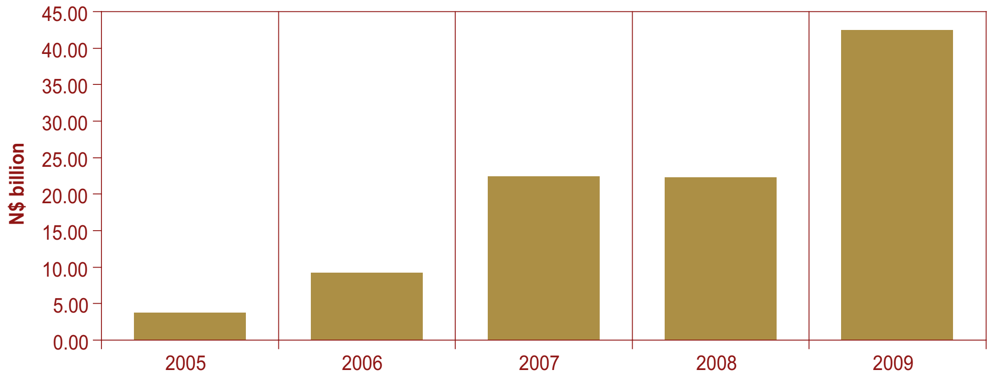
The ratio of debt servicing to exports stood at 11.4 per cent at the end of 2009, lower than the position of 12.5 per cent registered at the end of 2008 (see Chart C.55). The growth in exports was responsible for this lower ratio and this has a positive impact on the level of reserves.

[10]The external debt levels for Namibia based on the surveys carried out by Bank of Namibia has been revised, based on reclassification of certain items.

INTERNATIONAL INVESTMENT POSITION

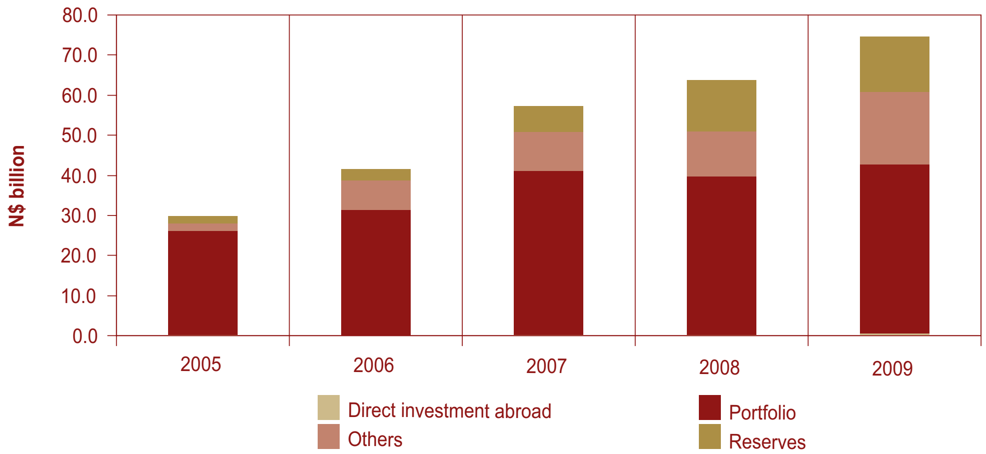
The substantial fall in the stock markets world wide, impacted very little on Namibia's net international investment position (IIP) as it remained firm and in positive territory in 2009. This was evident in the overall position of the IIP, which increased from N$22.2 billion in 2008 to N$42.5 billion in 2009 (see Chart C.56).

Chart C.56: Net international investment position



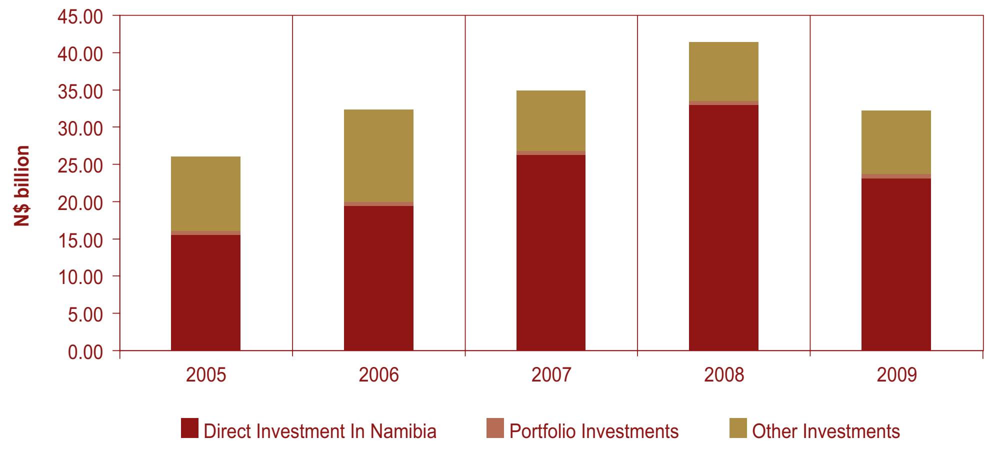
The stock of outstanding portfolio investment increased by 6.6 per cent to N$42.2 billion and remained the major component on the asset side of the IIP, as at the end of 2009 (see Chart C.57). The increase was partly reflected in the expansion of the earnings of equity listed on foreign stock markets, especially South Africa's Johannesburg Stock Exchange (JSE). Higher portfolio investment was supported by increases in the stock of international reserves and ***other investments***, which rose, by 8.8 per cent and 61.7 per cent, to N$13.8 billion and N$18.1 billion, respectively, by the end of 2009. The increase in reserves reflects corresponding movements in SACU receipts, while ***other investments*** are made up of currency and deposits of Namibian banks abroad.

Chart C.57: International investment position – Assets



Foreign liabilities declined to N$32.2 billion at the end of 2009, from N$41.4 billion at the end of the previous year. The category ***foreign direct investments*** into Namibia continued to dominate, making up the largest foreign debt held by the country. In this regard, Namibia's debt held in ***FDI*** declined by 29.9 per cent to N$23.1 billion at the end of 2009, compared with the same period in the previous year (see Chart C.58). The revaluation of shares during the troubled times in equity markets caused this decline, with the equity investments declining by as much as 39.2 per cent. ***Other investments***, which is the second largest foreign debt type held by Namibia rose by 8.4 per cent to N$8.5 billion at the end of 2009, from N$7.9 billion at the end of 2008. Currency and deposits abroad reported by commercial banks was the component largely responsible for the growth in ***other investments***.

Chart C.58: International investment position – Liabilities

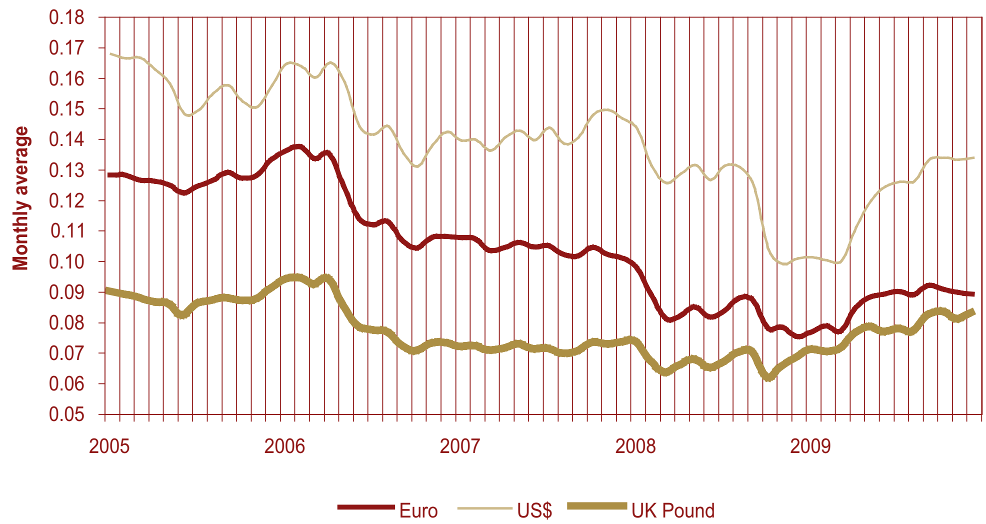


Developments in the IIP show that, while flows in the balance of payments were impacted adversely by the financial and, consequently, economic crisis, the impact was not felt as much in IIP stock levels. The above developments in the assets and liabilities components of the IIP resulted in an increased net asset position of N$42.5 billion at the end of 2009 when compared with N$22.2 billion in the previous year.

EXCHANGE RATE DEVELOPMENTS

During 2009, the Namibia Dollar emerged strongly against major currencies such as the US Dollar, Pound Sterling and Euro, despite the financial crisis and its subdued effect on various economies (see chart C.59). The stronger South Africa Rand and, subsequently, the Namibia Dollar, resulted largely from a rebound in prices of commodities such as gold, diamond, platinum and other metals for which South Africa is a main exporter.

Chart C.59: Selected foreign currency against the Namibia Dollar

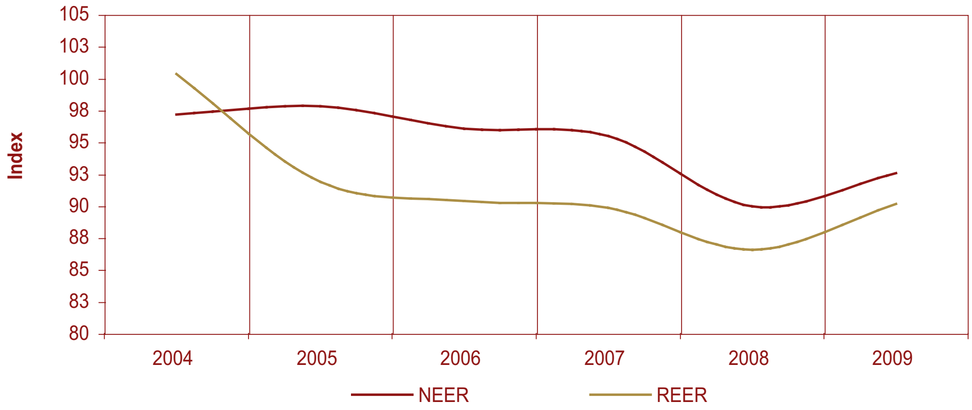


During 2009, on average, the Namibia Dollar depreciated against the US Dollar by 2.3 per cent, compared with 2008. However, it appreciated against the Pound Sterling and the Euro by 15.5 per cent and 2.7 per cent, respectively, over the same period. Notably, despite the average depreciation against the US Dollar, the domestic currency appreciated against all major currencies, year to date. The appreciation of the Rand against major currencies was partly supported by the fact that the interest rates in South Africa were relatively higher than those of other countries. This led to an increased appeal of the Rand in terms of carry trade, where investors borrow low-yielding currencies to invest in high yielders. In addition, the improved performance of certain resource commodities contributed to a stronger currency, year to date.

TRADE-WEIGHTED INDEX

Similar to 2008, the trade-weighted effective exchange rate index (the nominal and real effective exchange rate index) continued to appreciate in 2009 (see Chart C.60). The nominal effective exchange rate (NEER) index[11] increased from 90.0 in 2008 to 92.6 in 2009, which represents an appreciation of 2.9 per cent. Similarly, the real effective exchange rate (REER)[12] index increased from 86.5 in 2008 to 90.1 in 2009, which represents an appreciation of 4.2 per cent in real terms. This implies a loss in competitiveness for Namibia's export commodities as they became more expensive.

Chart C.60: Trade-weighted effective exchange rate indices[13]



[11]The NEER index is a trade-weighted index of the bilateral nominal exchange rate of the Namibia Dollar against the currencies of six major trading economies namely the Euro, Pound Sterling, Rand, US Dollar and Yen.
[12]The REER index is the deflation of the NEER with the relative consumer price indices, that is, the ratios of Namibia's CPI and that of the six aforementioned major trading economies.
[13]The base period is 1995

MONETARY AND FINANCIAL MARKET DEVELOPMENTS

In line with global policymakers, the Bank of Namibia pursued a more accommodative monetary policy stance during 2009 as the global economic crisis continued to intensify and spread. Thus, the key policy rate was reduced from 10 per cent in December 2008 to 7 per cent in December 2009. This was mainly informed by subdued domestic demand, reflected in indicators such as the slowing of credit extension by the banking sector to the private sector as well as a reduction in motor vehicle sales. Although interest rates were reduced during 2009, credit extension to the household sector continued to be depressed, slowing on an annual basis to 6.3 per cent at the end of 2009. However, the lag between monetary easing and credit growth is estimated to be between 18 and 24 months in the case of Namibia, and it is expected that credit extended to this sector will soon increase. Furthermore, foreign reserves increased by 8.8 per cent to N$13.8 billion at the end of 2009 when compared with the level recorded at the end of 2008. This level of reserves augurs well for the sustenance of the currency peg to the South African rand, the anchor for price stability in Namibia.

MONETARY AND CREDIT AGGREGATES

Notwithstanding the expansionary monetary policy stance which the Bank pursued in 2009, growth in credit extended to the private sector remained relatively subdued. On the other hand, net foreign assets of the banking system continued to increase, mainly as a result of transferable deposits by non-residents reflected in net foreign assets of commercial banks. The latter was influenced by sufficient liquidity in the banking system during the year, on the back of subdued demand for credit and an expansionary fiscal policy.

MONEY SUPPLY

Growth in the broad money supply decelerated from 17.9 per cent at the end of 2008 to 5.9 per cent at the end of 2009 (see Table 7). Mainly responsible for decelerated of the growth in money supply in 2009 was a slowdown in currency in circulation. The retardation to 1.4 per cent by the end of 2009 is a significant contrast to the position in 2008, which showed 39.0 per cent growth. This can provisionally be explained as having been caused by slower demand that owed itself to the slowdown in the economic activities. Other factors causing the slowdown in currency in circulation could be the renewed influx of rand currency and the increased use of electronic transfers during the year. Growth in Other deposits contracted by 5.6 per cent year-on-year (see Table C.7).

Table C.7: Growth in monetary aggregates (percentage change over 12 months)

Monetary aggregates	2007	2008	2009
Currency in circulation	7.5	39.0	1.4
Transferable deposits	7.0	26.2	13.3
Narrow money (M1)	6.8	26.9	12.5
Other deposits	15.1	4.9	-5.6
Broad money (M2)	10.1	17.9	5.9

The deceleration in broad money (M2) growth was reflected in both household and business sector deposits. Deposits by the household sector declined by 8.4 per cent at the end of 2009 compared with an increase of 35.6 per cent at the end of the preceding year. This decline indicates subdued aggregate disposable income, and the deterioration of household balance sheets. Similarly, deposits by business decelerated to 1.6 per cent from a high growth of 26.8 per cent at the end of 2008. This is indicative of financial depression in corporate balance sheets. On the other hand, deposits by other financial corporations and public non-financial corporations improved significantly by 20.3 per cent and 1.6 per cent, respectively, rebounding from a contraction in December 2008. Deposits by the state and by local government contracted moderately by 2.2 per cent, from a substantial contraction of 23.8 per cent in 2008.

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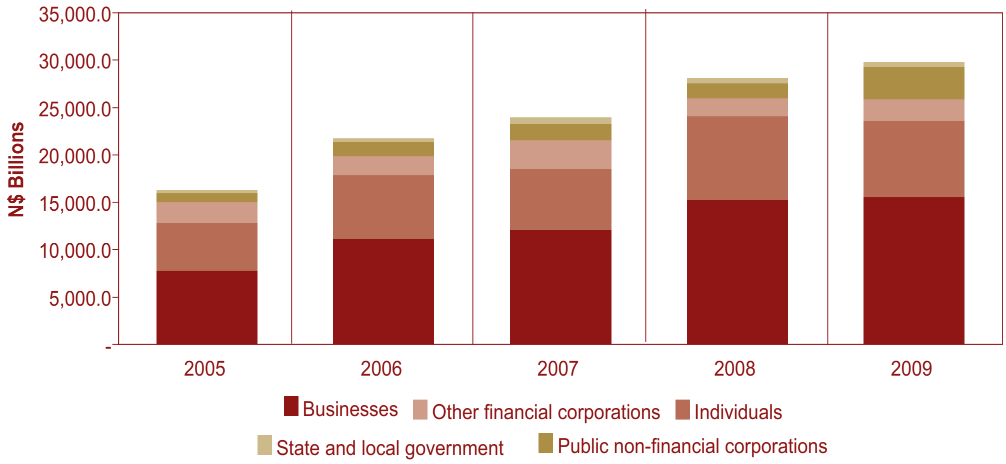
Chart C.61: Holdings by institutional sectors



DETERMINANTS OF MONEY SUPPLY

Other items net, comprising mainly of securities other than shares, exerted a contractionary impact on money supply. These items contracted by 23.0 per cent in 2009. Furthermore, the annual growth in net foreign assets of the banking system, which decelerated by 24.6 per cent at the end of 2009 compared with a significant increase of 82.1 per cent at the end of 2008, was also attributed to the decelerating M2 (see Table C.8). Consequently, net foreign assets contributed 11.4 per cent to the total change in M2 during the same period. Claims on the private sector, on the other hand, contributed positively to the overall increase in M2 by about 11.3 per cent during 2009.

Table C.8: Determinants of money supply (N$ billion)

Determinants of money supply			Annual percentage	Contribution to change
	2008	2009	change	in M2
Net domestic credit	1,842.9	2,106.5	6.6	7.2
Claims on the private sector	4,222.1	3,309.6	9.0	11.3
Net claims on the central government	-2,379.2	-1,203.1	25.9	-4.1
Net foreign assets of the banking system	6,122.5	1,773.2	24.6	11.4
Other items net	-3,530.8	-2,152.3	-23.0	-12.6
Broad money supply	**4,434.6**	**1,727.4**	**5.9**	**5.9**

CREDIT EXTENSION

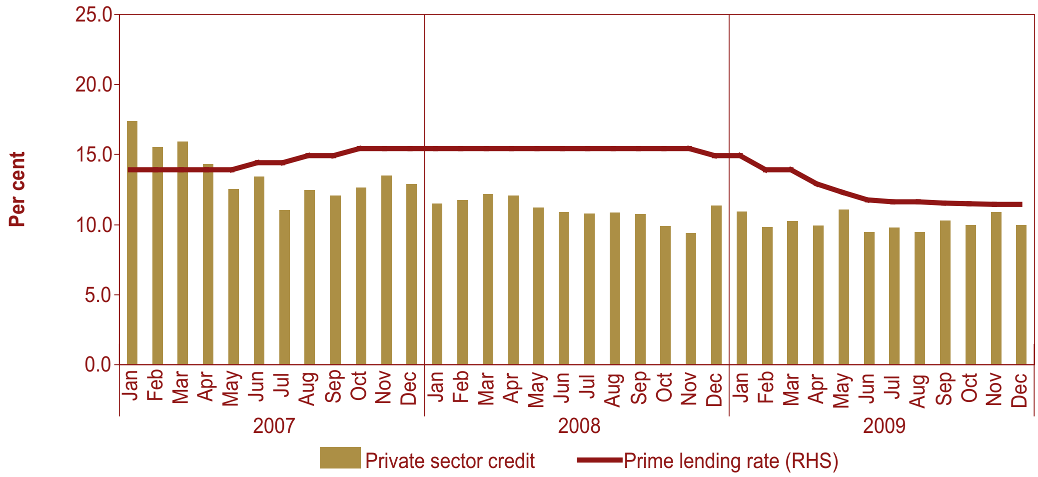
Total claims on other sectors of the economy, ***excluding Central government***, rose by 9.0 per cent during 2009, compared with an increase of 13.0 per cent observed during the preceding year. Outstanding claims on other sectors were dominated by claims on the private sector, i.e. claims on private corporations and households which amounted to N$36.4 billion at the end of 2009, representing an increase of 10.0 per cent over the previous year. The second largest category of borrowers is that of ***Claims on other financial corporations***, i.e. pension funds, insurance companies, etc., which had outstanding claims of N$2.7 billion at the end of 2009 – an increase of 5.8 per cent over the previous year. ***Claims on public non-financial corporations*** (parastatals) contracted by 23.8 per cent, while those of the state and local government slowed by 4.9 per cent during 2009. However, in terms of their total contribution to total outstanding claims, both of the latter categories are relatively small at N$499.0 million and N$86.3 million, respectively (see Table C.9).

Table C.9: Credit extension

Institutional sectors	2008	2009	Percentage change
Claims on central government	2,631.8	2,268.5	-13.8
Claims on other sectors	36,578.0	39,887.6	9.0
Claims on other financial corporations	2,576.2	2,724.7	5.8
Claims on public non-financial corporations	655.1	499.0	-23.8
Claims on the state and local government	82.3	86.3	4.9
Claims on the private sector	33,083.1	36,403.7	10.0

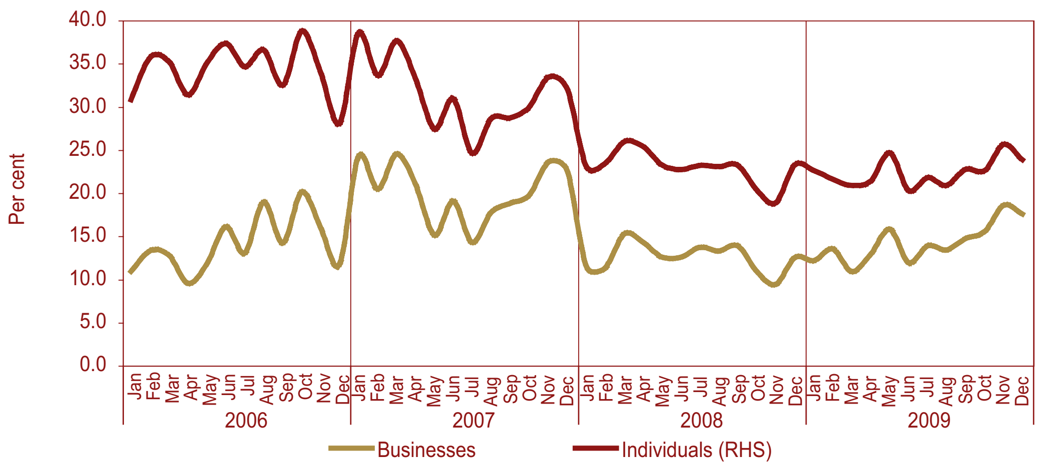
Despite the more accommodative monetary policy stance that prevailed during 2009, growth in total claims on the private sector by banking institutions decelerated further to 10.0 per cent in 2009, from 11.3 per cent in 2008 (see Chart C.62). This deceleration can partially be attributed to the reduction in total disposable income, implying the need for consumers to cut down on their spending habits. On a quarterly basis, growth in total private sector credit continued to slow during the first three quarters of 2009, but started to expand during the last quarter of the year. However, this expansion could not offset the substantial slowdown in growth over the first three quarters.

Chart C.62: Total loans and advances to the private sector (percentage change over 12 months)



The deceleration in private sector credit growth was more pronounced in credit extended to individuals, which had slowed by 6.3 per cent by the end of December 2009, while credit extended to businesses expanded by 17.4 per cent on an annual basis (see Chart C.63). Growth in credit extended to individuals displayed a downward trend for all four quarters of 2009, which ties in with the annual developments. On the other hand, growth in credit extended to businesses increased over the last three quarters of the year, with only the first quarter reflecting slower growth. The slow growth on the credit extension to individuals was mostly reflected on mortgage advances, which typically account for about 40 per cent of total private sector credit.

Chart C.63: Claims on households and corporations (percentage change over 12 months)



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At N$23.9 billion, asset-backed credit (mortgages and vehicles sales) accounted for 63.4 per cent of total loans and advances outstanding at the end of 2009, which translates into a growth of 7.7 per cent over the 12-month period (see Chart C.64). Other loans and advances as well as overdrafts constituted the remainder. The performance of asset-backed credit is mainly attributed to mortgage advances, which typically account for about 40 per cent of total private sector credit. During 2009, growth in mortgage credit slowed significantly to 9.2 per cent, from the 12.2 per cent witnessed in 2008. This can be attributed to a decline in disposable income, which only grew in real terms by 1.0 per cent during 2009. Debt to disposable income in Namibia stood at 80.0 per cent in 2009, signifying that households were experiencing liquidity strain. In contrast, growth of other loans and advances rose by 16.9 per cent from 3.6 per cent during the preceding year (see Table C.10).

Chart C.64: Asset-backed credit and other loans and advances (percentage change over 12 months)

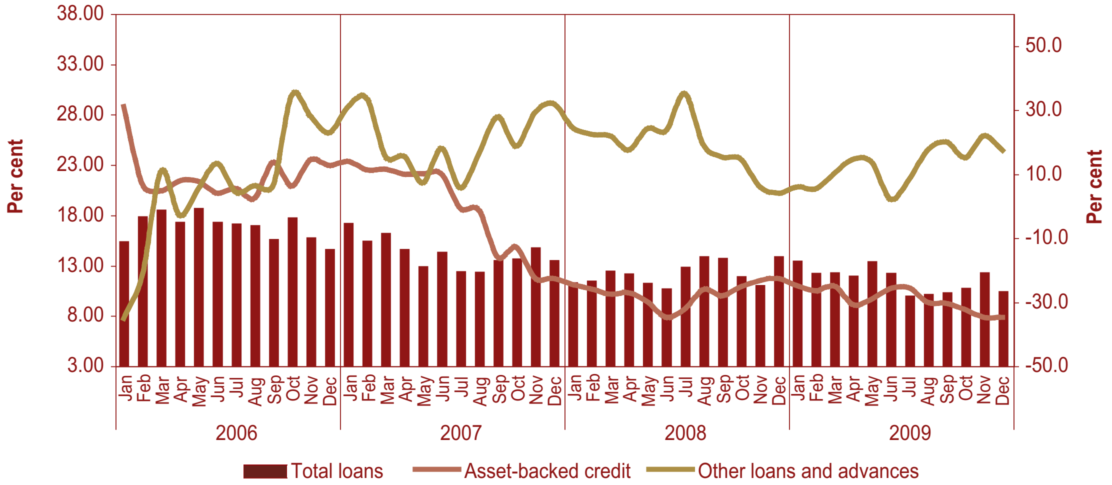

Table C.10: Credit aggregates

Component	December 2008	December 2009	Percentage change
Asset-backed credit	22,222.0	23,940.0	7.7
Instalment sales	5,129.2	5,269.2	2.7
Mortgage and advances	17,092.8	18,670.8	9.2
Other loans and advances	3,742.0	4,375.1	16.9
Total loans and advances	34,214.7	37,743.10	10.3

Table C.11 shows bank loans and advances by economic sector. At the end of 2009, the strongest growth was recorded in the extension of credit to mining, agriculture and commercial and services sectors of the economy. The strong growth in credit extended to the mining sector is a confirmation of the effect the mining sector felt during 2009 due to the global economic crisis. This led to most of the mines to borrow heavily from the commercial banks to finance their operational obligations. The agricultural and commercial and services recorded a growth of 19.5 per cent and 14.4 per cent, respectively at the end of December 2009. Credit extended to the manufacturing sector contracted by 20.1 per cent at the end of December 2009 from a positive growth of 68.7 per cent at the end of the same month of the previous year.

Table C.11 Bank loans and advances by economic sector (N$ million)

	Dec-08	Dec-09	Percentage Change
Agriculture	1272.8	1520.4	19.5
Fisheries	812.5	897.4	10.4
Mining and Quarrying	616.7	1026.4	66.4
Construction	486.0	518.0	6.6
Manufacturing	788.2	629.6	-20.1
Commercial and Services	9300.9	10637	14.4
Other resident sectors	18277.8	19746.1	8.0

BANKING SYSTEM LIQUIDITY

The liquidity situation of the Namibian banking industry during 2009 was relatively higher compared to that of the year before. The overall liquidity position of banks recorded during the first half of 2009 was relatively lower, comparable to the levels observed during the previous year. The overall daily liquidity position of the banking industry averaged about N$1.1 billion during the first half of 2009, but this increased during the second half of 2009, averaging N$1.6 billion. The banking industry's liquidity situation reached the highest-ever recorded monthly level of N$2.5 billion during November 2009. The liquidity position declined to N$2.3 billion during December 2009.

The relatively higher government spending during 2009 generally explains the higher levels of commercial banks' liquidity situation. When the government spends locally, new funds are injected in the banking system, hence increasing the commercial banks' liquidity. Government spending averaged N$874.2 million per month during the first half of 2009, but increased to N$1.3 billion a month during the second half of the year.

The developments in the liquidity position of the Namibian banking industry during 2009 can be observed in Chart C.65. The increased government spending is in line with the projected spending in the budget for the fiscal year 2009/10.

Nonetheless, other factors also played a significant part in the observed increases in commercial banks' liquidity position, particularly during the second half of 2009. In the latter period several corporate bonds were issued. As a result, banking institutions kept funds liquid to make provision for bond settlements. Another important factor came about following the review of the Bank of Namibia's settlement system process. The settlement system was improved to the extent that local banks now leave more funds on settlement accounts at the Bank of Namibia. Prior to this arrangement, the various commercial banks' Namibian positions were always either negative or insignificant. Leaving more funds on the settlement account has increased the commercial banks' overall liquidity positions and has contributed to the reduction of outflows and, thus, official reserves.

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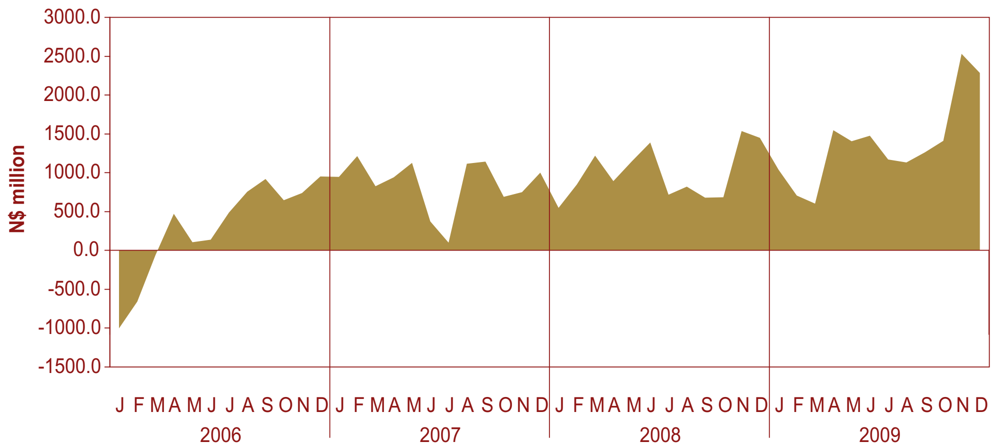
Chart C.65: Overall liquidity of the banking industry



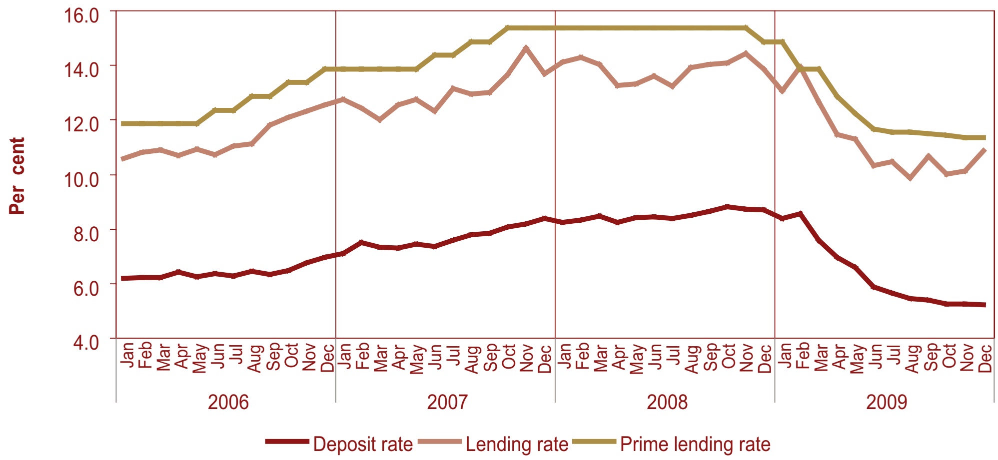
MONEY MARKET DEVELOPMENTS

Developments in the money market were mainly influenced by subdued consumer prices and an improved outlook as well as sufficient international reserve holdings. To that effect, the Bank of Namibia reduced its key policy rate – the repo rate – to 7.0 per cent in December 2009 from 10 per cent in December 2008 (see Chart C.66).

Chart C.66: Bank of Namibia repo rate and overall inflation

The more accommodative monetary policy stance pursued by the Bank of Namibia translated into commercial banks' reducing their prime lending rate to 11.25 per cent, from 14.75 per cent during the previous year (see Chart C.67). Moreover, the average nominal lending rates declined, albeit by a lesser amount. In this connection, the average nominal lending rates slowed from 13.7 per cent at the end of 2008 to 10.0 per cent at the end of 2009. In addition, the average nominal deposit rate also declined, leading to widening in the spread between lending and deposit rates. Moreover, the average nominal deposit rate was lower at 5.2 per cent at the end of 2009, down from the 8.6 per cent recorded for the previous year. The wider spread between lending and deposit rates in Namibia suggests further scope for efficiency gains.

Chart C.67: Lending and deposit rates



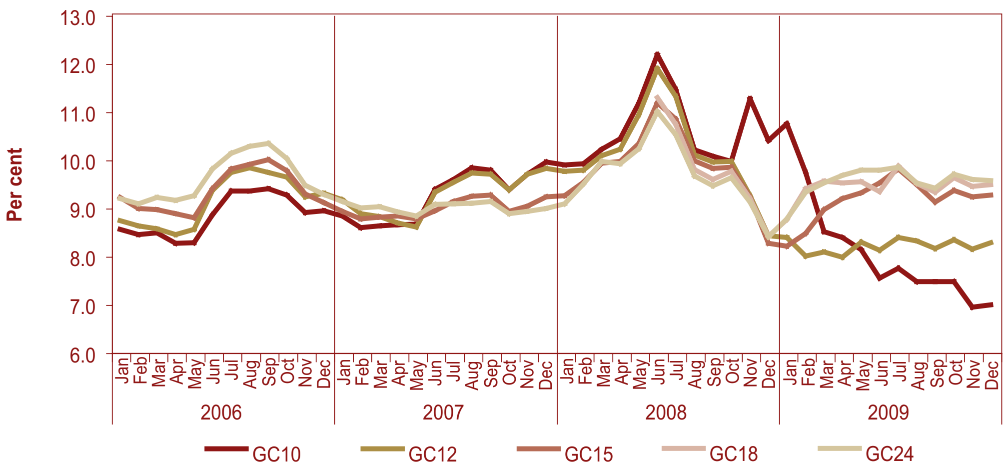
BOND MARKET DEVELOPMENT

GOVERNMENT BOND YIELDS

The yields on Namibian bonds across the yield curve were relatively lower in 2009 than the levels recorded during 2008. The yields on shorter-dated bonds such as the GC10 were much lower compared with the yields on their longer-dated counterparts. This is because the GC10 was matured on 15 January 2010 – thus it became a money market instrument during 2009. This explains the significant drop in the yield on the GC10, as the market began benchmarking the GC10 to the money market rates, which were relatively lower than the original benchmark for this bond. The yield on the GC10 averaged 10.72 per cent in January 2009, and dropped to 6.74 per cent during December 2009. The yield on the GC12, which is another short-dated bond, also fell during the year, reaching around 8.18 per cent during December 2009.

The turnover ratio of the securities approaching maturity usually increases as the redemption day nears, not only because these securities become cash equivalents, but also because investors sell their holdings to buy other, longer-term investments. Increased trading of securities usually leads to an increase in the price of the specific security and, therefore, lower yields. The yields on the longer-dated government bonds also fell to lower levels, compared with the previous year. The fall in the bond yields follows the general decline in the benchmark and central bank rates, both for Namibia and for the benchmark country, South Africa.

Chart C.68: Namibian Government bond yields

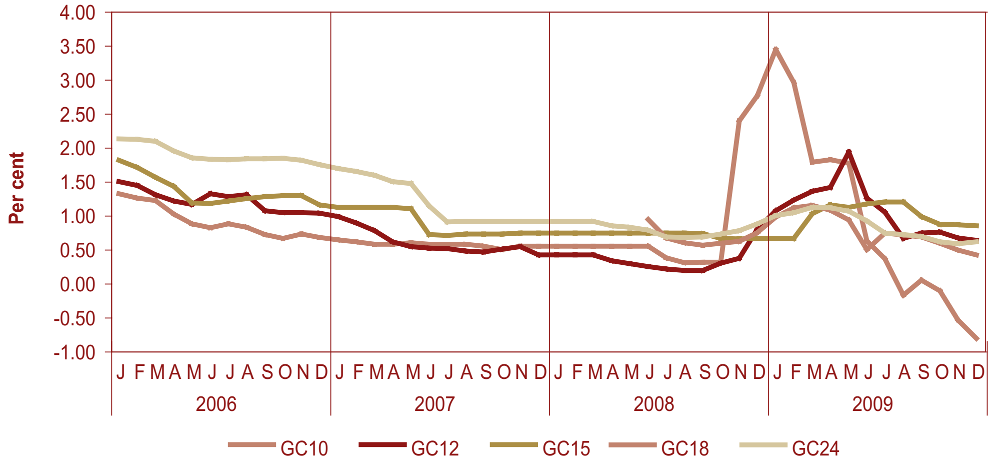


Source: NSX

YIELD SPREADS

On average, the spread between the Namibian bond and South African benchmark bond yields was relatively high during 2009 in comparison with the previous year. The spread was particularly wide during the first half of 2009. The relatively wider spread between the Namibian government bonds and their respective benchmarks could be attributed to the fact that, during this period, the Namibian bond yields did not fall with a similar magnitude compared with the South African benchmark bonds, which fell relatively more. The gap between the Namibian and benchmark bond yield spreads was narrower in the last quarter of 2009 as the Namibian market began pricing lower yields.

Chart C.69: Spread between Namibian government bonds and benchmark bonds yields



Source: NSX

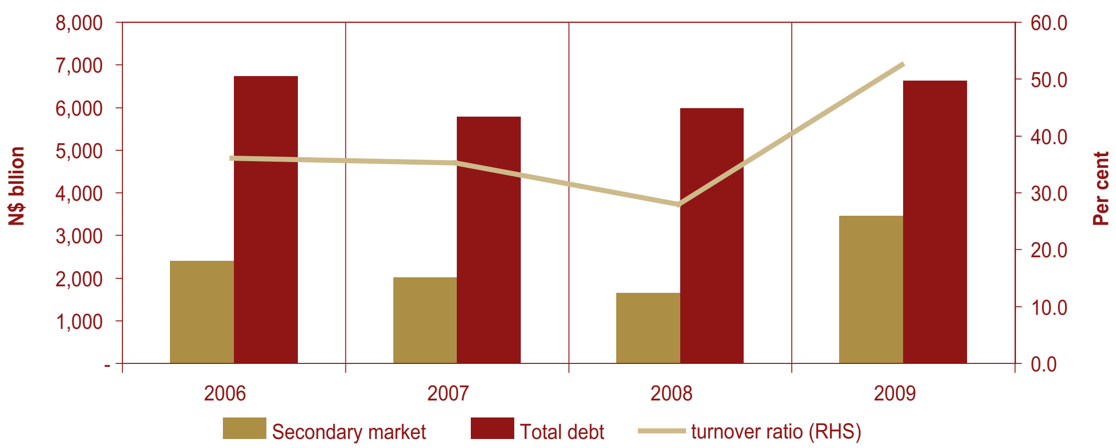
SECONDARY MARKET TRADING FOR GOVERNMENT BONDS

The secondary market trading for government bonds was notably higher during 2009, compared to the preceding year. At least N$3.58 billion in government bonds traded on the secondary market during 2009. This is the highest volume ever traded in government bonds recorded in the Namibian market. The 2009 secondary market bond trading was relatively high if compared with the total of N$1.65 billion in government bonds that traded on the secondary market during 2008. With N$5.98 billion and N$6.67 billion outstanding in government bonds during 2008 and 2009, respectively, the turnover ratio of the government bonds during 2009 increased to 53.7 per cent, up from 27.6 per cent during 2008.

The increased number of trades could be attributed to the fact that the GC10 matured in January 2010, which made it more liquid. More than half – i.e. 54 per cent – of the secondary market trades for government bonds recorded during 2009 were for the GC10. About 25 per cent of secondary market trading of government bonds was for the GC12, while the other government bonds trading were only 10 per cent of the total secondary market trading recorded during 2009.

The secondary market for government bonds over the past few years has however largely been compromised by the relatively lower issuance of these bonds. A limited supply of debt securities creates a situation whereby holders of these instruments are not eager to dispose their holdings as excess demand makes it difficult to replace an instrument which is sold.

Chart C.70: Turnover ratio for Namibian government bonds during 2009

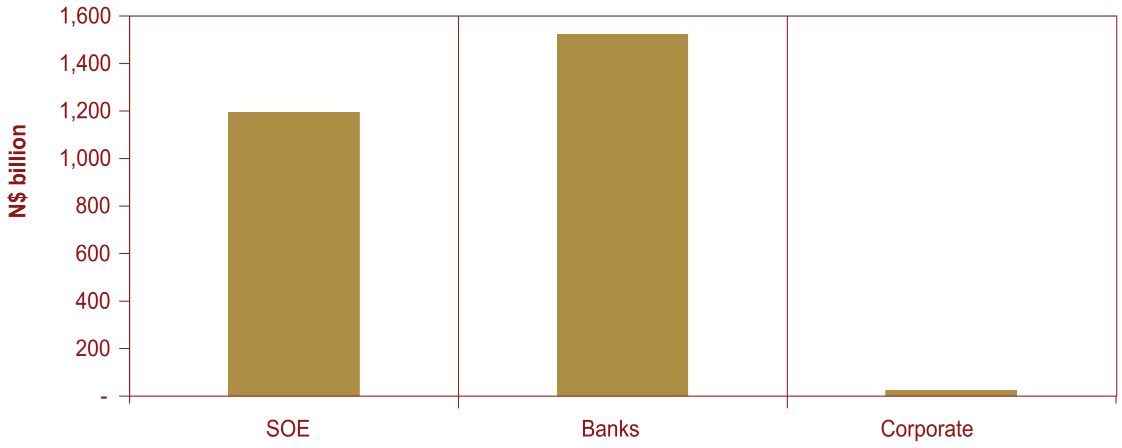


CORPORATE BONDS

The year under review witnessed some increased activities in bonds other than central government bonds, i.e. corporate bonds. Most corporate bonds were issued by commercial banks and state-owned enterprises (SOEs). Although there were a number of institutions that indicated their willingness to issue bonds during 2009, only a handful of them came to the market in the end. The institutions that issued bonds in 2009 were Standard Bank Namibia and NamPower, issuing N$70 million and N$250 million, respectively. The Ohlthaver & List Finance and Trading Corporation Limited also made a private placement of N$25 million. The new bonds issued during 2009 brought the total number of corporate bonds outstanding to 14.

By the end of 2009, there were seven issuers of corporate bonds. This included three SOEs, three commercial banks, and one corporate institution. The amount outstanding in corporate bonds was N$2.7 billion by the end of December 2009, compared with N$2.3 billion outstanding at the end of 2008. This represented about 30 per cent of all the bonds trading in the market. Some 97 per cent of the corporate bonds trade on the Namibian Stock Exchange (NSX). According to NSX data, about N$1.66 billion in corporate bonds were traded on the NSX by December 2009, representing a turnover of 63 per cent.

Chart C.71: Non-central government bonds during 2009



EQUITY MARKET DEVELOPMENTS

The NSX overall index improved dramatically during 2009, while the performance of the local index was rather stagnant. The overall index improved from a negative growth of 40.1 per cent at the end of 2008 to a positive growth of 38.8 per cent at the end of 2009. The increase in the overall index is due to the Anglo American Plc share which accounts for almost 42 per cent of the total market capitalization. The price of Anglo American Plc closed at N$319.33 in December 2009 higher than N$210.01 in December 2008 with a total of 1,343 million shares issued. However, the local index decelerated from strongly positive growth of 18.8 per cent to -2.0 over the same period. For the first three quarters of 2009, the overall index recorded negative annual growth rates, but recorded highly positive growth rates during the fourth quarter of 2009, subsequently leading to increased growth at the end of the year. The performance of the overall index ties in with the developments in the global economy as equity markets in advanced economies and emerging markets registered significant price gains in 2009.

The local market capitalisation rose from N$5.8 billion at the beginning of January to N$7.1 billion by the end of the year following the listing of BIDVest Namibia in October 2009 (also included in the Overall Index). Similarly, the NSX overall market capitalisation rose from N$679 billion to N$1,024 billion, reflecting the slight global economic recovery being predicted. The gains were in the share prices of companies listed on the stock exchange (see Chart C.72).

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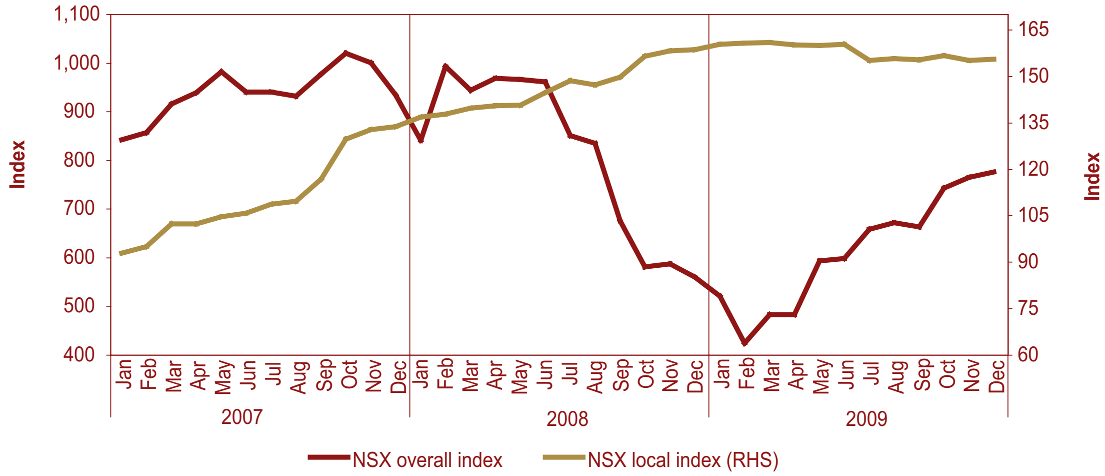
Chart C.72: Namibian Stock Exchange



The NSX overall index closely mirrors developments in the JSE all shares index (see Chart C.73). This is because some of the dual-listed companies are primarily listed on the JSE, which dictates equity price movements.

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Chart C.73: JSE all shares index and NSX overall index

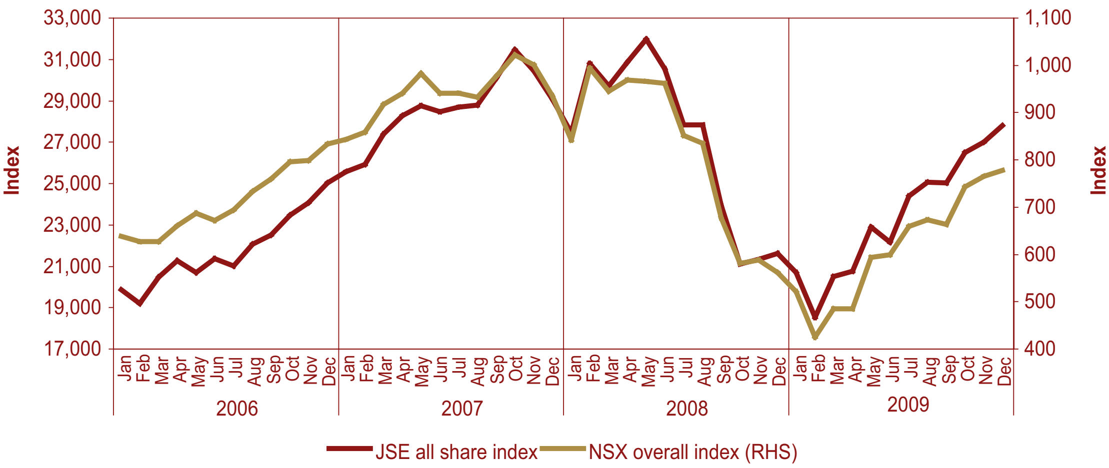
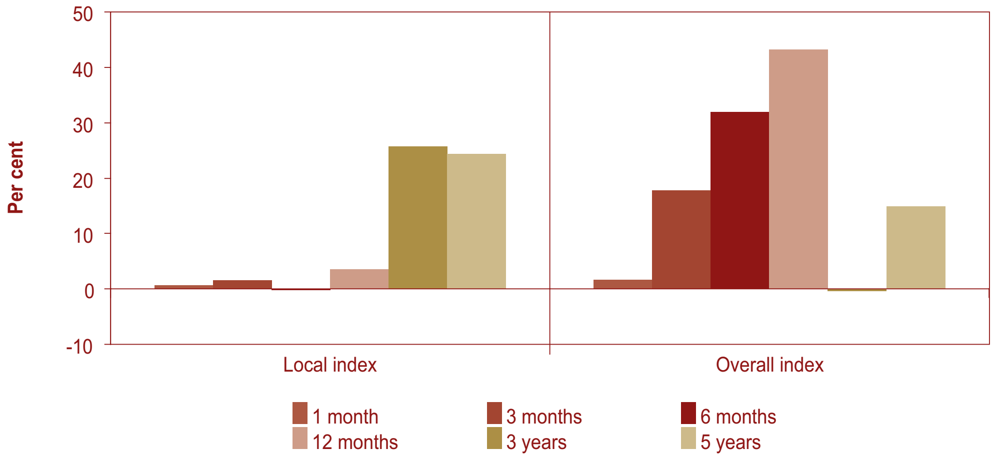


Chart C.74 clearly displays that the total index returns on the overall index have continuously outperformed returns on the local index for periods shorter than 3 and 5 years. Over the 12-month period ended 31 December 2009, the NSX overall index returned 43.2 per cent against 3.6 for the local index. Shares in local-listed companies are illiquid as investors take a buy and hold strategy to meet the statutory Namibian asset requirements Regulation 28 of the Pension Fund Act and 15 for the Long Term Insurance Act. Namibian incorporated companies are still reluctant to list on the NSX and the demand for these Namibian shares far outweighs the supply. It is, however, encouraging noting that foreign exploration companies continue to list on the Development Capital Board.

Chart C.74: Index total returns, December 2008

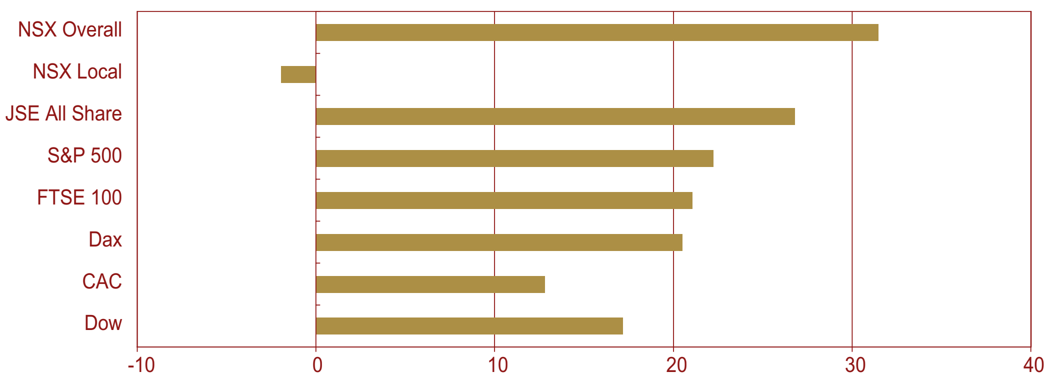


Source: IJG

Table C.12: NSX summary statistics

Category	2008 end of year	2009 end of year	Percentage change
Overall			
Index	556.26	771.91	38.8
Market capitalisation (N$ million)	736,456	1,024,124	39.1
Free-float market capitalisation (N$ million)	672,676	968,273	43.9
Volume traded	18,070,531	8,189,079	-54.7
Value traded (N$)	795,031,516	292,236,215	-63.2
Number of deals	199	222	11.6
Number of new listings (DevX*)	4	1	
Local			
Index	157.95	154.77	-2.0
Market capitalisation (N$ million)	5,720	7,126	24.6
Volume traded	77,006	1,137,735	1377.5
Value traded (N$)	883,739	12,705,798	1337.7
Number of deals on NSX	15	48	220
Number of new listings	0	1	100

Chart C.75: Global exchanges Index percentage changes, December 2009



Source: Bloomberg

Stock price indices performed well for major advanced stock markets. When compared to the equity markets of advanced economies, the Namibian overall index recorded a significant growth of 38.8 per cent during 2009 compared to a negative growth of 40.1 per cent at the end of 2008. Equity markets in advanced economies and emerging markets registered significant growth rates with the S&P500 growing by 23.5 per cent, while the Johannesburg Stock Exchange All share index increased by 28.6 per cent during 2009 (see Chart C.75). On the other hand, the Namibian local index recorded a negative growth of 2 per cent in 2009 but over 25% over the 3 and 5 year periods.

ADVANCE NOTICE ON THE MONETARY AND FINANCIAL STATISTICS

MONEY MARKET UNIT TRUSTS (MMU'S) AND OTHER FINANCIAL CORPORATIONS SURVEYS (OFC'S)

This is an update on the MMU's and OFC's projects commissioned by the Bank of Namibia (BoN) through it's Research Department as detailed in the advance note published in the September 2009 Quarterly Bulletin. The aim of these two projects were firstly to expand and strengthen the definition of broad money supply (M2) by including the liabilities of MMUs in the calculation of M2. The preliminary assessment of the money market unit trusts indicated that these instruments possess properties similar to those instruments currently included in the definition of broad money in Namibia. This is because money market unit trusts are highly liquid and their value seems to remain stable over a longer period of time. With such features, these instruments qualify as money. This is in a quest of trying to improve the coverage of the statistics produced by the Department in line with the International Monetary Fund's (IMF) requirements. Secondly, the project also envisaged expanding the coverage of the financial sector survey, which currently covers only the Other Depository Corporations (ODCs) and the Central Bank (CB) to include all other significant Financial Corporations.

This note serves to inform the public that BoN envisages publishing the MMU's in the June 2010 Quarterly Bulletin while the OFCs will be published in the December 2010 Quarterly Bulletin and not in the March 2010 Quarterly Bulletin as earlier stated. The change in publishing dates have been necessitated by the fact that response rates of MMU's and OFC's have still not reach the expected levels. The BoN, however, has embarked on meetings and started training all new respondents and thus expects the response rate to improve. As already mentioned in the previous note, coverage of OFCs and MMUs will impact on the major categories of Monetary and Financial Statistics (MFS) such as M2, Net Foreign Assets (NFA) and Domestic claims and thus project is highly significant.

PUBLIC FINANCE[14]

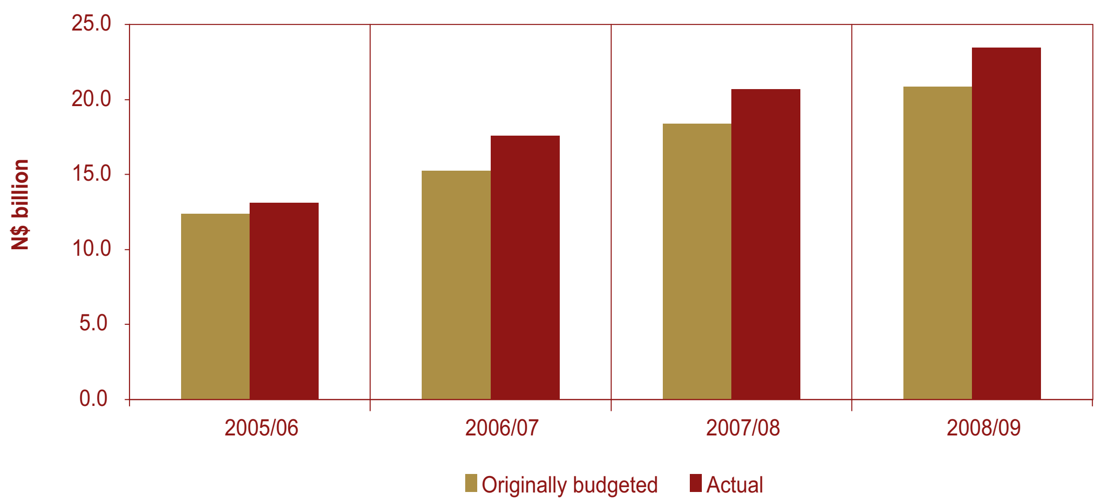
Namibia has put in place three key fiscal targets that guide government's fiscal operations in relation to macroeconomic stability. These include maintaining public expenditure at an average of 30 per cent of GDP; not allowing the budget deficit to exceed 3 per cent of GDP over the medium term; and not having public debt exceed 25 per cent of GDP over the medium term. The above fiscal targets have been achieved, which shows that Namibia has made advances in fiscal consolidation. Expenditure as a ratio of GDP has been within the target for the last five years, and stood at 29.4 per cent in 2008/09. Similarly, budget deficits recorded prior to 2005/06 turned into surpluses as from 2006/07, which resulted in a low public debt ratio of GDP of 18.4 per cent at the end of 2009.

During 2009/10, government pursed an expansionary fiscal policy in order to sustain economic growth and welfare for citizens during the economic recession. For this reason, it was proposed that, during the 2009/10 budget, the deficit target should be raised to an average not exceeding 5 per cent of GDP, and public debt not exceeding 30 per cent of GDP over the 2009/10–2011/12 Medium-term Expenditure Framework (MTEF) period. As a result of adopting this target, a budget deficit of 3.3 per cent is estimated for the 2009/10 fiscal year.

REVENUE AND GRANTS

Despite mining company tax returns falling short of budget estimates due to the effects of the global economic slowdown, the collection of government revenue exceeded budget estimates during the 2008/09 fiscal year. In this regard, government revenue increased by 13.5 per cent at a year-on-year rate, amounting to N$23.4 billion for the said fiscal year (see Chart C.76). This performance is explained by continuously higher receipts from SACU, supported by an improvement in non-mining company tax returns.

Chart C.76: Government revenue and grants



Source: Ministry of Finance

[14]Estimates for 2009/10 on the budgetary developments in this section are based on the preliminary data from the Ministry of Finance.

With the slowdown in the global economy in 2009, Namibia experienced a contraction in domestic production on account of weak external demand and a significant decline in exports. The spillover effects of the recessionary conditions were evident in the collection of national government revenue, especially from the second quarter of the 2009/10 fiscal year. As a result, total central government revenue for 2009/10 is estimated to have decreased to N$22.5 billion, which is 4.0 per cent lower than that for the 2008/09 fiscal year (see Chart C.77a). The main drivers of the decrease were taxes from mining companies, which decreased by 27.1 per cent, and domestic taxes on goods and services, which decreased by 20.7 per cent.

On the positive side, SACU receipts in 2009/10 contributed N$8.6 billion to total revenue, which is 1.0 per cent more than the 2008/09 contribution of N$8.5 billion (see Chart C.77b). In relation to total revenue and grants, SACU receipts accounted for 38.2 per cent in 2009/10, 1.9 per cent more than in the previous fiscal year (see Chart C.77c). Similarly, the collection of domestic taxes on goods and services increased by 20.7 per cent from the previous fiscal year, standing at 18.5 per cent of total revenue and grants (see Chart C.77d). The latter category also comprises contributions from valued added tax (VAT), levies on fuel and fishing quotas, and other licence fees. VAT, which accounted for 94.1 per cent of total domestic taxes on goods and services, was chiefly responsible for the increase in domestic tax revenue in 2009/10, rising by 8.1 per cent from the amount of revenue collected from this source in the previous fiscal year. Revenue generated from taxes on income and profits decreased by 90.7 per cent to N$7.5 billion. This decrease was due to a significant decline in company taxes, especially from diamond mining, which declined by 40.7 per cent from the previous review period to N$296.0 million.

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Chart C.77a: Total revenue and grants

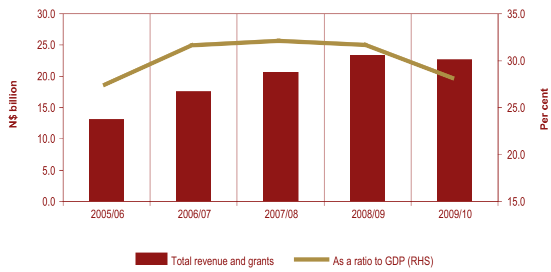


Chart C.77b: SACU receipts

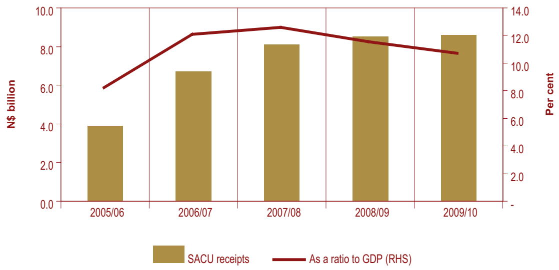


Chart C.77c: SACU receipts as a ratio to total government revenue

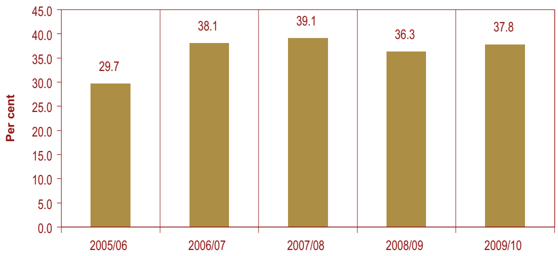
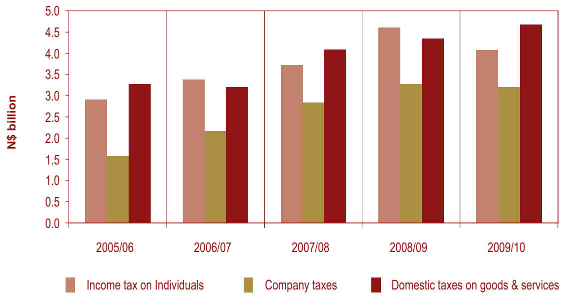


Chart C.77d: Taxes on individual, company taxes and domestic taxes on goods and services

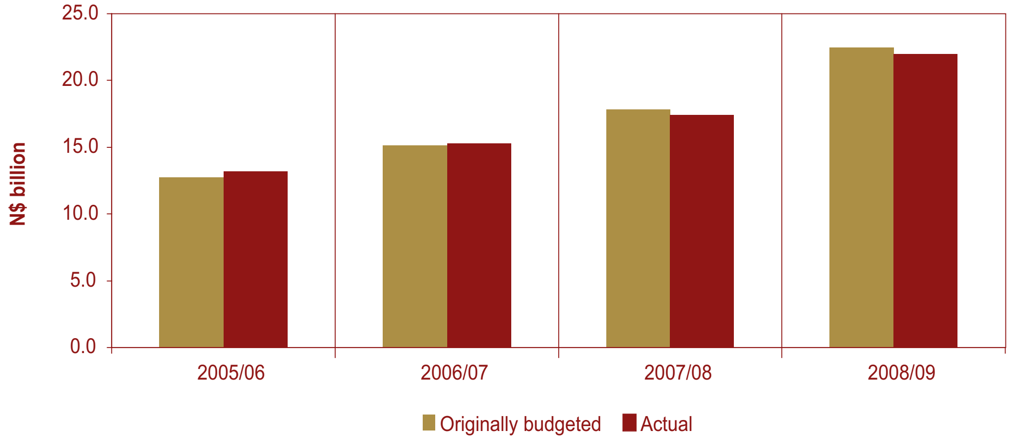


Sources: Ministry of Finance, Central Bureau of Statistics and Bank of Namibia

GOVERNMENT EXPENDITURE

During 2008/09, government continued to target spending areas that would contribute to long-term growth and development, such as physical infrastructure, social transfers to households, and social services. The out-turn on government expenditure for the 2008/09 fiscal year, however, was lower than the 2008/09 budget estimate by N$518.7 million, and amounted to N$21.9 billion (see Chart C.78). The year-on-year increase on government expenditure was 26.2 per cent when compared with that of the 2007/08 fiscal year. In relation to GDP, actual government expenditure averaged out to 27.8 per cent during the 2006/07–2008/09 period.

Chart C.78: Government expenditure



Sources: Ministry of Finance

Total central government expenditure for 2009/10 rose to N$25.1 billion, which is 14.2 per cent higher than that for 2008/09. As a per centage of GDP, total expenditure increased to 30.6 per cent, up from 29.4 per cent for the same period in the previous year (see Chart C.79a). The increase was reflected in both current and capital expenditure, which rose by 14.7 per cent and 12.4 per cent, respectively. The increase in current expenditure during 2009/10 stemmed from salary increases, large social welfare allocations, and the funding of SOEs. In relation to GDP, current expenditure increased by 1.1 percentage points to 23.8 per cent in 2009/10, while capital expenditure rose by 0.2 percentage point to 6.8 per cent during the same period (see Chart C.79b).

Chart C.79a: Total expenditure as a ratio to GDP

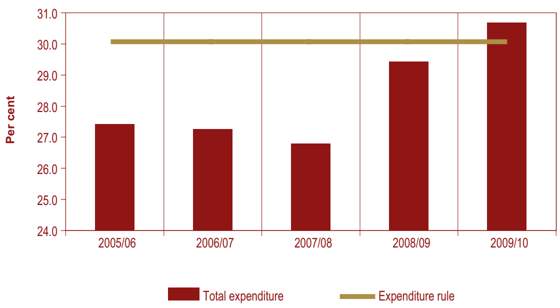
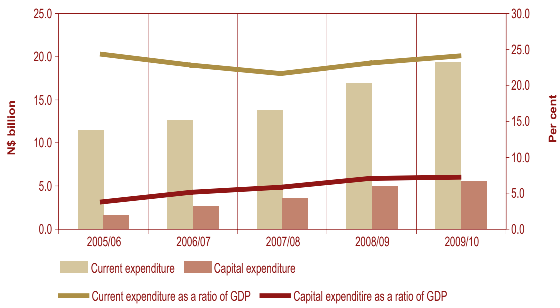


Chart C.79b: Current and capital expenditure



Sources: Ministry of Finance, Central Bureau of Statistics and Bank of Namibia

Table C.13: Summary of Government expenditure by economic/functional classification (percentage of total expenditure)

Functional classifications	Actual				Estimates
	2005/06	2006/07	2007/08	2008/09	2009/10
General government services	**30.1**	**31.3**	**36.1**	**34.9**	**30.2**
General public services	11.6	13.6	17.9	15.7	12.2
Defence	9.5	9.0	9.4	10.6	10.0
Public order and safety	9.0	8.7	8.8	8.6	8.0
Community and social services	**51.9**	**48.6**	**46.3**	**48.0**	**47.6**
Education	22.1	21.1	19.2	19.9	18.6
Health	10.0	8.8	9.4	9.4	9.6
All other	19.8	18.7	17.7	18.7	19.4
Economic services	**9.0**	**10.4**	**10.9**	**11.2**	**12.9**
Expenditure not classified	**9.0**	**9.7**	**6.7**	**5.9**	**9.3**
TOTAL EXPENDITURE	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

Source: Ministry of Finance

Government expenditure by functional classification is dominated by the community and social services sector, which amounted to 47.6 per cent to total expenditure in 2009/10. This represents a 0.4 per cent decrease from the 48.0 per cent allocated for 2008/09. The education subsector received 18.6 per cent of the total expenditure budget; all other community and social services received 19.4 per cent, while health was allocated 9.6 per cent. The share of the education subsector was slightly lower than its allocation in the 2008/09 budget. On the other hand, the share of the health subsector increased slightly, from 9.4 per cent in 2008/09 to 9.6 per cent in 2009/10. Provisions to general government services are estimated to decrease from 34.9 per cent in 2008/09 to 30.2 per cent during the 2009/10 fiscal year. Allocations to economic service sectors rose from 11.2 per cent in 2008/09 to 12.9 per cent in 2009/10 (see Table C.13).

Table C.14: Summary of development budget allocations by sector (N$ million)

Sector	Actual				Estimates
	2005/06	2006/07	2007/08	2008/09	2009/10
Productive	239.6	183.1	376.3	602.2	987.0
Infrastructure	327.9	442.0	520.8	718.1	1,207.5
Social	372.8	376.7	252.8	541.7	732.3
Public administration	366.8	396.8	685.0	1,104.4	1,545.5
Total development expenditure[15]	**1,307.1**	**1,398.6**	**1,834.8**	**2,966.4**	**4,472.3**

Sources: Ministry of Finance and BoN

Development expenditure is estimated to have increased significantly, i.e. by 50.8 per cent to N$4.5 billion in 2009/10, compared with N$3.0 billion in 2008/09. A notable rise in development expenditure during the review period was for the infrastructure sector, which increased significantly by more than half to N$1.2 billion. It is worth mentioning that, after public administration, this sector is the second largest recipient of development expenditure, accounting for 27.0 per cent of the total. Similarly, expenditure allocated to the social sector increased notably in comparison with the 2008/09 period, namely by 35.2 per cent, to reach N$732.3 million in 2009/10 (see Table C.14). This is because government has already started to shift expenditure towards infrastructure and social sectors as one of its development goals.

[15] This only includres development expenditure within the budget.

CENTRAL GOVERNMENT BUDGET BALANCE

Weaker growth in national government revenue and higher expenditure is estimated to have resulted in a deficit of N$3.3 billion in the 2009/10 fiscal year. As a ratio to GDP, a deficit of 3.3 per cent is estimated, in contrast to budget surpluses as ratios to GDP of 4.1 per cent, 5.1 per cent and 2.0 per cent recorded for the three preceding fiscal years (see Chart C.80a & 80b).

Chart C.80a: Government revenue and expenditure as a ratio to GDP

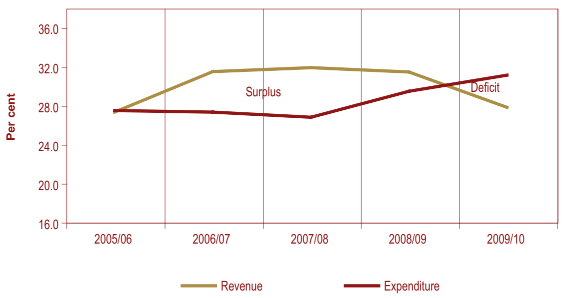
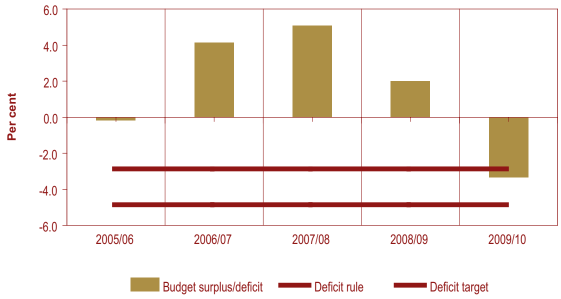


Chart C.80b: Government budget balance as a ratio to GDP



Sources: Ministry of Finance, Central Bureau of Statistics and Bank of Namibia

It is worth comparing central government's primary and fiscal balances in order to determine the true cost of debt to the economy. The ***primary balance*** describes the condition where expenditure, excluding interest payments and debt redemptions, is covered by revenue. The ***fiscal balance*** includes all expenditure by government within and outside the main budget.

Table C.15: Government budget balances

Item	Actual				Estimates
	2005/06	2006/07	2007/08	2008/09	2009/10
Fiscal GDP	48,140	56,047	65,032	74,725	81,904
Total revenue and grants	13,107.7	17,593.4	20,688.7	23,446.8	22,700.9
As percentage of GDP	27.2	31.4	31.8	31.4	27.7
Total budget expenditure, excluding interest payments	12,006.4	13,804.0	16,204.0	20,579.8	24,070.0
Primary balance[16]	**1,101.3**	**3,789.4**	**4,484.7**	**2,867.0**	**-1,369.1**
As percentage of GDP	2.3	6.8	6.9	3.8	-1.7
Interest payments and other borrowing charges	1,186.3	1,475.2	1,178.4	1,366.1	1,352.0
As percentage of GDP	2.5	2.6	1.8	1.8	1.7
Total budget expenditure	13,192.7	15,279.2	17,382.4	21,945.8	25,422.0
As percentage of GDP	27.4	27.3	26.7	29.4	31.0
Overall balance[17]	**-84.9**	**2,314.2**	**3,306.3**	**1,501.0**	**-2,721.1**
As percentage of GDP	-0.2	4.1	5.1	2.0	-3.3
Expenditure outside budget	418.6	37.9	355.2	355.2	580.3
Fiscal balance[18]	**333.7**	**2,352.1**	**3,661.4**	**1,856.2**	**-3,301.4**
As percentage of GDP	0.7	4.2	5.6	2.5	-4.0

Sources: Ministry of Finance, Central Bureau of Statistics and Bank of Namibia

[16] This balance excludes expenditure on interest payments and other borrowing-related charges.
[17] This balance includes expenditure on interest payments and other borrowing-related charges, but excludes expenditure financed outside the main budget.
[18] This balance includes all expenditure by government within and outside the main budget. Normally, these are projects financed directly by foreign loans.

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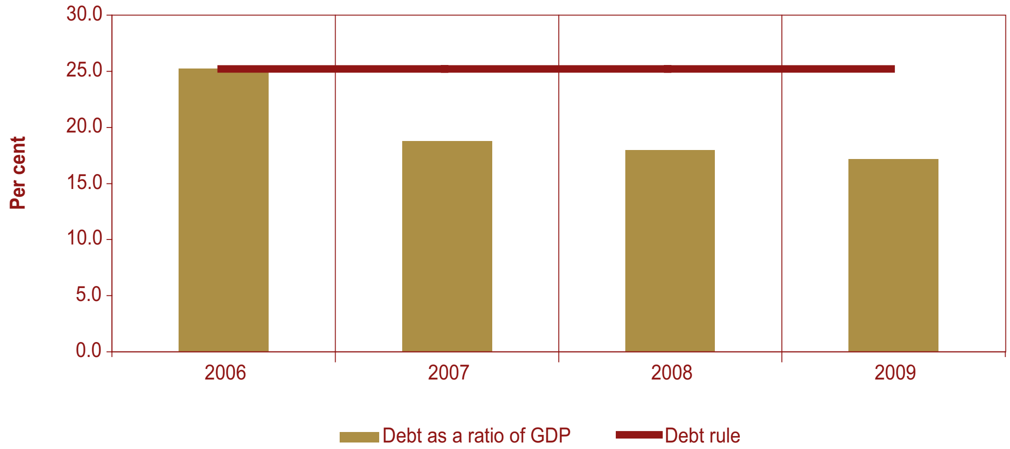
As can be seen in Table C.15, government recorded budget surpluses and smaller deficits in most of the fiscal years presented in terms of the primary balance. However, the situation changes when one considers the true implications of government spending. Thus, government spending on interest payments, other borrowing repayments and extra-budgetary expenditure was considerably high, and in fact worsened the government's overall fiscal position, particularly in 2009/10.

CENTRAL GOVERNMENT DEBT AND INSTRUMENTS

Government remained favourably positioned to finance its current and future deficits adequately, as its total debt stock fell far below the target rate of 25 per cent to GDP, namely from the 18.0 per cent recorded at the end of 2008 to 17.1 per cent at the end of 2009. This is 7.8 percentage points below the debt target. The issuances of domestic Treasury bills and bonds remain the principal source of financing for government deficit. On the other hand, government has been engaged in borrowing in foreign markets to finance its development projects.

Chart C.81: Government debt as a ratio to GDP



Sources: Ministry of Finance, Central Bureau of Statistics and Bank of Namibia

At the end of 2009, central government debt stock outstanding stood at N$13.5 billion, representing a marginal increase of 2.4 percentage points compared with the level recorded at the end of 2008. This represents 17.1 per cent of GDP, which however, declined from 18.0 per cent of GDP recorded at the end of 2008 (see Chart C.81). This increase in total debt was reflected in domestic debt, while that of foreign decreased (see Table C.16).

Table C.16: Central government debt as at 31 December 2009 (N$ million)

Debt	2006	2007	2008	2009
GDP	**54,029**	**62,102**	**73,220**	**78,627**
Foreign debt stock	**2,710.3**	**2,873.3**	**3,690.2**	**3,322.0**
Bilateral	1,131.1	1,092.3	1,536.2	1,425.4
As percentage of total	41.7	38.0	41.6	42.9
Multilateral	1,579.2	1,781.0	2,154.0	1,896.6
As percentage of total	58.3	62.0	58.4	57.1
Domestic debt stock	**10,927.8**	**8,782.0**	**9,489.7**	**10,177.0**
Treasury bills	3,950.0	3,000.0	3,505.0	3,510.4
As percentage of total	36.1	34.2	36.9	34.5
Internal registered stock	6,977.8	5,782.0	5,984.7	6,666.7
As percentage of total	63.9	65.8	63.1	65.5
Total debt	13,638.1	11,655.3	13,179.9	13,499.0
Proportion of total debt				
Foreign debt stock	19.9	24.7	27.9	24.6
Domestic debt stock	80.1	75.3	72.1	75.4
As percentage of GDP				
Foreign debt stock	5.0	4.6	5.0	4.2
Domestic debt stock	20.2	14.1	13.0	12.9
TOTAL DEBT	**25.2**	**18.8**	**18.0**	**17.1**

Sources: Ministry of Finance, Central Bureau of Statistics and Bank of Namibia

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DOMESTIC DEBT

Domestic debt stock continues to form a significant source of government budget financing, as well as an important aspect of developing and stimulating the domestic financial market. Government's domestic debt in the form of Treasury bills remained constant from the first quarter to the third quarter of 2009, but increased by 7.2 per cent to N$10.2 billion by the end of 2009, up from the N$9.5 billion recorded at the end of 2008. The increase is reflected in both Treasury bills (T-bills) and internal registered stock (IRS). The increase in IRS stemmed from a net issue of N$682.0 million, while T-bills showed a marginal net increase of N$5.4 million, both in relation to 2008 figures. As for the IRS, the stock of bonds increased by 11.4 per cent to close to N$6.7 billion at the end of December 2009. This was mainly attributed to the new issuance of N$237 million in government bonds – GC12, GC18 and GC24 – during the second quarter of 2009. The increase in both T-bills and IRS were in line with government's borrowing plan to finance the higher budget deficit estimated for the 2009/10 fiscal year and other borrowing needs, as well as to ensure the development of the domestic capital market.

In terms of its share of total central government debt, domestic debt accounted for 75.4 per cent, which is higher than the 72.1 per cent recorded at the end of 2008. In terms of the composition of domestic debt, IRS accounted for 65.5 per cent at the end of December 2009, while the remainder was accounted for by T-bills. However, as a percentage of GDP, domestic debt at 31 December 2009 declined to 12.9 per cent, which is 0.1 of a percentage point lower than that recorded at the end of 2008.

FOREIGN DEBT

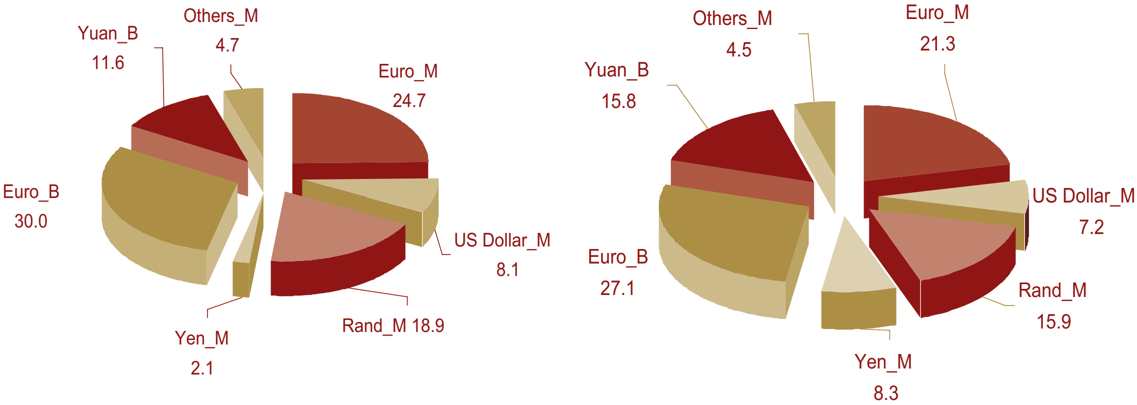
The Namibia dollar appreciated against the major foreign currencies at the end of all quarters of 2009, resulting in external debt declining from N$3.7 billion at the end of 2008 to N$3.3 billion at the end of December 2009 (see Table C.15). As a result, the share of external debt to total central government debt decreased from 27.9 per cent at the end of 2008 to 24.6 per cent at the end of December 2009. As a ratio to GDP, external debt stood at 4.2 per cent, 0.8 percentage points lower than that for 2008. Loans from multilateral creditors continued to dominate the composition of external debt, accounting for 57.1 per cent at 31 December 2009. This is, however, lower than the 58.4 per cent recorded at the end of 2008.

CURRENCY COMPOSITION

Considerable year-on-year changes can be observed in the currency composition of external central government debt from the first quarter of 2009. For example, decreases were notable in both bilateral and multilateral loans denominated in euros, and in multilateral loans denominated in US dollars and South African Rand. The stronger Namibia dollar exchange rate against the Euro and US Dollar experienced at the end of the second, third and fourth quarters of 2009 contributed to the decline in the loans dominated in the said currencies. Further, a notable decline in debt denominated in South African rand that was experienced at the end of 2009 was due to a repayment of N$197.8 million during the third quarter of 2009. On the other hand, bilateral loans denominated in Chinese Yuan and Japanese Yen increased mainly due to the new loans contracted during the third and fourth quarter of 2009.

Chart C.82[19]: External debt currency composition (percentage share) at 31 December 2009 compared with 31 December 2008

December 2008 **December 2009**



Source: Ministry of Finance

[19]Note that M and B in Chart 69 represent multilateral and bilateral loans, respectively. Bilateral loans are those provided with no or low fixed interest rates, ranging from 0.75 per cent to 3.25 per cent. They are cheaper when compared with standard market or multilateral loans. Others_M includes loans that are denominated in British pounds, Kuwait dinars, Special Drawings Rights, and Swiss francs.

The euro maintained its position as the dominant currency in respect of Namibia's foreign debt at the end of 2009, constituting 48.4 per cent of the total, down from 54.7 per cent at the end of 2008. The rand was second, contributing 15.8 per cent, although this figure had dropped from the 18.9 per cent recorded at the end of 2008 due to a net repayment of N$170.3 million made during the period under review. The Chinese Yuan's debt share to total external debt increased significantly by 4.2 percentage points to 15.8 per cent while the US dollar represented 7.2 per cent of the total share, down from 8.1 per cent at the end of 2008, The shares of the rest of the currencies had not changed much by 31 December 2009 when compared with their total shares noted at the end of December 2008 (see Chart C.82).

CENTRAL GOVERNMENT LOAN GUARANTEES

The value of total central government loan guarantees stood at N$2.6 billion at the end of December 2009. These guarantees were issued to both the public and private sectors, including individual farmers under the Affirmative Action Loan Scheme administered by Agribank. When compared with 2008, the 2009 level of government guarantees represents a significant decrease of 16.6 per cent. In relation to GDP, total loan guarantees fell from 4.2 per cent at the end of the 2008 fiscal year to 3.3 per cent at the end of December 2009 (see Table C.17).

Table C.17: Central government loan guarantees (N$ million)

Loan guarantees	2006	2007	2008	2009
GDP	54,029	62,102	73,220	78,627
Domestic guarantees	1,826.1	1,231.5	1,106.5	1,070.0
As percentage of GDP	3.4	2.0	1.5	1.4
As percentage of total guarantees	47.3	37.6	35.6	41.3
Foreign guarantees	2,037.4	2,039.6	1,999.4	1,519.4
As percentage of GDP	3.8	3.3	2.7	1.9
As percentage of total guarantees	52.7	62.4	64.4	58.9
TOTAL GUARANTEES	**3,863.5**	**3,271.1**	**3,106.0**	**2,589.5**
As percentage of GDP	7.2	5.3	4.2	3.3

Sources: Ministry of Finance, Central Bureau of Statistics and Bank of Namibia

The decline in total government guarantees was caused by the repayments of loans owed by SOEs during the first quarter of 2009. The appreciation of the Namibia dollar against the US dollar at the end of the second, third and fourth quarters of 2009 also contributed to the declining total guarantees at the end of 2009, compared with 2008. Domestic guarantees decreased marginally by 3.3 per cent, to N$1.1 billion by the end of December 2009, representing 41.3 per cent of total guarantees (see Table C.17). In relation to GDP, domestic loan guarantees fell marginally from 1.5 per cent in 2008 to 1.4 per cent by 31 December 2009.

The appreciation of the Namibia dollar against the US dollar at the end of 2009 brought down the foreign loan guarantees by 24.0 per cent in comparison with the figure recorded at the end of 2008, to reach N$1.5 billion by the end of December 2009. The exchange rate appreciation was also supported by a net repayment of N$32.0 million by an SOE in the transport sector during the second quarter; and a further net repayment of N$216.2 million to foreign creditors during the third quarter. As a result, foreign loan guarantees as a percentage of total loan guarantees declined from their 2008 level by 5.7 percentage points, to constitute 58.7 per cent. Similarly, in relation to GDP, foreign loan guarantees fell from 2.7 per cent in 2008 to 1.9 per cent by 31 December 2009.

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PART D
BANKING SUPERVISION

PART D

BANKING SUPERVISION

INTRODUCTION

The Bank is entrusted with the responsibility of supervisory oversight of banking institutions. This responsibility requires the Bank to ensure that, all players in the Namibian banking system employ the best banking standards and practices, and are in compliance with the Banking Institutions Act of 1998 (Act No. 2 of 1998) and the Bank of Namibia Act of 1997 (Act No. 15 of 1997). As such, the Bank has to continuously keep track of developments in the banking sector to ensure that its legal and regulatory framework remains relevant, to ultimately achieve financial stability and soundness of the banking system. In this regard, the Bank is guided by the Basel Core Principles for Effective Banking Supervision, which serve as a benchmark for assessing the quality of the country's supervisory system and to identify future work to achieve a baseline level of supervisory standards.

During the year 2009, the Bank, through its Banking Supervision Department, carried out activities that are aimed at strengthening the legal framework; monitoring the financial conditions and performance of banking institutions through the offsite function; and assessing the employment of risk management practices at banking institutions through regular onsite visits.

Key to strengthening the regulatory framework is the implementation of the new capital adequacy framework for banking institutions, otherwise called Basel II, to ensure a more robust level of capital at banking institutions that are commensurate with the associated risk they undertake. The benefits that will accrue include, among others, to provide incentives to banking institutions to better manage their risks and returns over the long-term and to serve as an initiative in response towards improved resilience to future financial distress.

The implementation of this project is a momentous achievement for the Bank and the entire country, making Namibia the third country in Africa, after Mauritius and South Africa to have successfully rolled-out the New Capital Accord.

DEVELOPMENTS IN THE LEGAL AND REGULATORY FRAMEWORK

The Bank continues to discharge its banking supervisory responsibilities by promoting a safe and sound financial system for Namibia. During 2009, strengthening the regulatory and supervisory instruments remained one of the prominent strategic goals of the Bank. As a result, various activities were undertaken during the year under review, which include the amendments of existing regulations and the introduction of new regulations in anticipation of the implementation of the Basel II framework on 1 January 2010.

The existing Determinations that were amended to facilitate the smooth transition to a Basel II regime are as follows:

- Determinations on the Limits on Exposures to Single Borrowers; Large Exposures; and Concentration Risk (BID-4);
- Determination on the Minimum Liquid Assets (BID-6); and
- Determination on the Measurement and Calculation of Capital Adequacy Charges for Credit Risk; Operational Risk; and Market Risk (BID-5).

In general, the amendments effected to the Determination on the Limits on Exposures to Single Borrowers, Large Exposures and Concentration Risk (BID-4) expand the scope of the Determination to be applicable on a group wide basis, and introduces stress-testing requirements that will enable banking institutions to assess their vulnerabilities under different scenarios against movements in the economic cycle. The objective is to ensure that banking institutions put in place effective measures to improve their readiness for any potential adverse economic changes.

On Determination on the Minimum Liquid Assets (BID-6), the amendments align the Determination to the international best practices as enshrined under principle 14 of the Basel Committee Core Principles for Effective Banking Supervision. This principle requires supervisors to ensure that banking institutions have appropriate liquidity management strategies in place that complement their risk profile. Alongside that, supervisors are also required to ensure that banking institutions maintain a sufficient cushion of high quality liquid assets to meet any contingent liquidity needs that may arise in future.

With reference to the Determination on Capital Adequacy (BID-5), the entire framework was revised to incorporate the new standards advocated in the Basel II Capital Adequacy Framework. Amendments introduced in the repealed BID-5 was necessitated, because it provided for the measurement of capital in relation to credit risk alone, whereas the new capital standard requires additional capital charges for market, operational and other risks.

The overriding objectives of BID-5 are to ensure banking institutions maintain adequate levels of capital, which are commensurate with their risk profile, thereby protecting depositors, and ultimately to promoting public confidence in the banking system in general.

The different legs associated with the Basel II Capital Accord also compelled the Bank to introduce the following new Determinations:

- Determination on the Public Disclosures for Banking Institutions (BID-18);
- Determination on the Internal Capital Adequacy Assessment Process (BID-20); and
- Determination on the Interest Rate Risk in the Banking Book (BID-21).

Overall, the objectives of the Determination on Public Disclosures (BID-18) are to promote market discipline. Consequently, this Determination will require banking institutions to timely disclose both qualitative and quantitative information that are considered reliable and relevant. Such disclosures will also allow for more transparency in their disclosures and enable users of financial information to make accurate judgements on the financial condition, performance, business activities, risk profile, and risk management practices at banking institutions.

The Determination on the Internal Capital Adequacy Assessment Process (BID-20) sets out requirements for banking institutions to implement consistent approaches, processes and methods that ensure that they proactively plan their internal capital needs and assess their capital position at all times. Additionally, it obliges banking institutions to undertake risk-based capital allocations in tandem with all material risks embedded in their business operations. In essence, the Determination provides broad guidance to banking institutions outlining the expected scope and design of their internal capital assessment process, as well as the regulator's expectations with regards to the implementation thereof.

The objectives for introducing the Determination on Interest Rate Risk in Banking Book (BID-21) is to ensure that banking institutions implement sound frameworks for the measurement and management of interest rate risk arising from the non-trading activities of banking institutions. Banks are also required to put in place well-defined strategies, together with a set of mandatory capital buffers, approved by their boards and implemented by management, to cater for interest rate risk.

These Determinations were gazetted in November 2009 and came into force on 1 January 2010.

DEVELOPMENTS IN THE BANKING INDUSTRY

Some notable developments took place within the banking industry during 2009. Of significance was the issuance of a provisional license, valid until 29 January 2010 to the first microfinance oriented bank, called FIDES Bank Namibia Limited. This banking institution is owned by various European institutions, among them, the German Government-owned Development Bank, KFW, as well as other private equity investors. In the meantime, this banking institution met all conditions issued under their provisional license and was granted a full license.

Additionally, the Bank also granted a provisional license to Bank PHB Nigeria Plc to establish a banking institution in Namibia. This provisional license was valid from 21 August 2009 to allow Bank PHB to organize itself and to comply with the conditions attached to their preliminary approval. In October 2009, however, the Bank revoked the provisional license, after special investigations by the Nigerian banking regulators found that the banking institution had inadequate capital.

The year under review also saw the Bank granting the South African based ABSA Bank Limited approval to open a representative office for a foreign banking institution in Namibia. The operations of the ABSA representative office are restricted to liaising or providing consultative services on behalf of their foreign parent banking institution; promoting services and products of ABSA South Africa by providing factual information and in turn providing the parent bank with information regarding economic developments in Namibia. As such, the representative office is not permitted to conduct banking business (i.e. to mobilize direct deposits or grant credit) in Namibia.

In line with the abovementioned developments, the number of registered banking institutions in Namibia increased to 5, with 1 representative office of a foreign banking institution.

BASEL II IMPLEMENTATION IN NAMIBIA

The Basel II Implementation Project in Namibia started in all seriousness during 2009 and significant progress has been made. The Bank and the various Task Groups that were constituted to work on yet other key areas in the development of the new capital framework met on numerous occasions.

Among the other work of the Project completed in 2009, includes on-site visits carried out by the Bank mainly to obtain reasonable assurance on the progress made by banking institutions with respect to their Basel II readiness. The banking institutions presented their roadmaps, including specific milestones reached thus far, which also included timelines for the transition to the Basel II Framework.

PARALLEL-RUN EXERCISE

For the quarter ended 30 June 2009, banking institutions were required to report on a parallel basis, their Capital Adequacy Ratio (CAR) under the Basel II Framework along with their CAR under Basel I reporting framework. The objective of the parallel-run exercise was to ensure a smooth transition to the new capital adequacy framework. The exercise presented an opportunity to review and refine the relevant Determinations and statutory reporting returns. Overall, the Bank was satisfied with the ultimate results and with the efforts demonstrated by the banking fraternity.

During the exercise, the impact of the new reporting framework on capital for banking institutions was assessed over three quarters (June, September and December of 2009) mainly under the Pillar 1 requirements (standardised approach)[20]. The preliminary results indicate that the new computation of the CAR has not significantly impacted the capital of banking institutions. As a consequence, the Bank decided to do away with the parallel-run exercise during the first quarter of 2010 and commence with the "go-live" phase of the capital accord.

ICAAP

In September 2009, all banking institutions submitted their second Internal Capital Adequacy Assessment (ICAAP) trial-run. The results of this exercise showed significant improvement relevant to requirements set out in the ICAAP template, and the applicable Determination when compared to the previous submission.

The Bank is satisfied that all banking institutions demonstrated the need for capital management and recognized the regulatory expectation for such a process. The challenges identified during the ICAAP process did not go unnoticed and the Bank made concerted efforts to convey to the boards of banking institutions the expectations from them to better articulate their risk appetite frameworks and stress testing practices.

THE WAY FORWARD

All banking institutions in Namibia rounded the "go-live" phase off successfully by making the first statutory submissions towards the end of January 2010 under the new reporting framework. Indeed, the implementation project has been instrumental in enhancing best risk management practices at banking institutions, which would eventually result in a more sound and stable banking system. Although some banking institutions have shown a higher degree of sophistication and expressed themselves positively on the benefits of more advanced approaches, the Bank deemed it appropriate to adopt the standardised approach as a first step towards the implementation of the Basel II framework. In this regard, the Bank recognizes the benefits, but the downside risk to the industry is the appropriate capacity both from the regulators side and banking institutions alike to deal with such advanced capital measures. Therefore, the Bank does not see a move to the more advanced capital measures over the medium term.

[20]Pillar 1 requirements confirm the minimum capital each banking institution must hold to cover its exposures to credit, market and operational risk. The standardized approach is an optional component, that can be applied to all types of bank exposures (asset classes) and the approach is more flexible when exercising national discretion by the regulatory authority.

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ON-SITE EXAMINATIONS AND OFF-SITE ANALYSES

The Bank carried out its supervisory function, as mandated by the Banking Institutions Act, 1998, through the conduct of risk-based examinations and performance of off-site analyses of banking institutions in accordance with accepted regulatory standards, recommended by the Basel Committee on Banking Supervision. In this regard, the Bank's main objectives were to assess the effectiveness of risk management systems employed by banking institutions to mitigate their inherent risks; to ensure that banking institutions comply with the laws, regulations, guidelines, circulars and directives governing the conduct of banking business in Namibia; and to assess the financial soundness of these supervised institutions on an ongoing basis.

During the year 2009, targeted on-site examinations were conducted on two banking institutions. The main focus of those examinations was placed on high risk areas identified during the preliminary risk assessment[21]. The conduct of examinations revealed some weaknesses in risk management processes that could be addressed by management and boards of the respective banking institutions. Thus, the risk assessment reports which documented the outcome of the examinations were presented to the boards of directors of the respective banking institutions to ensure that appropriate corrective action is taken to address these identified weaknesses.

Through its off-site analysis regulatory function, the Bank analysed the financial reports that banking institutions are required to submit on a monthly and quarterly basis. The analysis team presented the financial analysis reports to the executive management committees of banking institutions, where deemed necessary. These presentations were aimed to discuss the offsite analysis results on the performance and condition of banking institutions and gaining a better understanding of the banking institutions' business strategies. The financial analysis performed on banking institutions as at 31 December 2009 concluded that the banking sector remained sound and stable.

PERFORMANCE OF THE BANKING SECTOR

ASSETS

The banking sector recorded a significant year-on-year growth of 14.7 per cent in total balance sheet assets to reach N$47.7 billion as at 31 December 2009, compared to the previous year's growth rate of 13.9 per cent and 9.3 per cent in 2007. This growth was triggered by the following favorable movements in all categories of assets: Net loans and advances increased by N$3.4 billion, trading and investment securities by N$1.6 billion, cash and balances with banks by N$859.0 million, other assets by N$208.1 million and fixed assets grew by N$57.4 million, during the year.

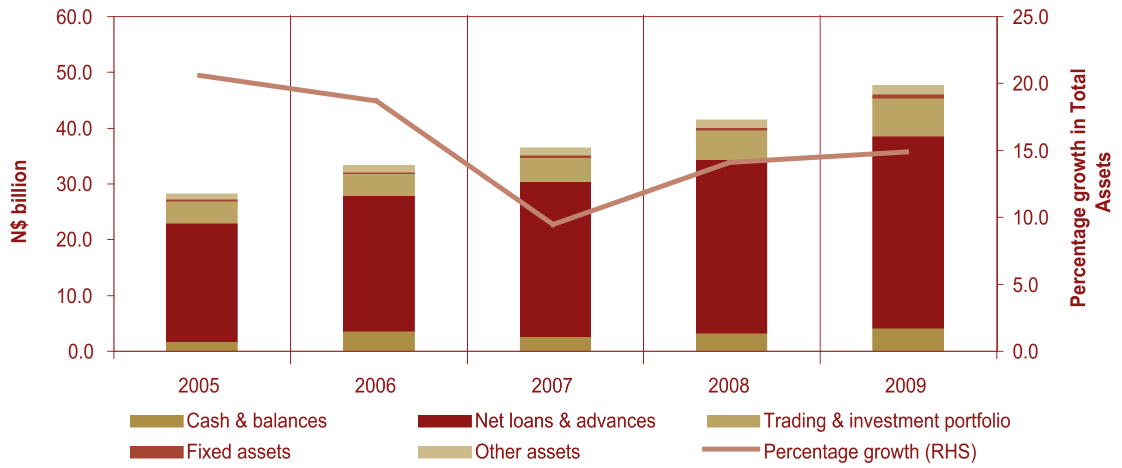
Gross loans and advances recorded an upward shift of 10.9 per cent to N$35.4 billion from N$31.9 billion reported at the end of December 2008. The increase was attributed to the growth of 11.0 per cent in mortgage lending, 18.6 per cent in overdrafts, 30.1 per cent in fixed term loans, and 7.7 per cent and 2.7 per cent in personal loans and installment loans, respectively.

The total trading and investment portfolio grew by 29.5 per cent to N$6.8 billion as a result of increases of N$630.6 million and N$440.8 million in fixed income from trading securities and available for sale securities, respectively. Cash and balances with banks improved by 26.7 per cent to N$4.1billion mainly due to increases experienced in balances denominated in foreign currencies of N$840.1 million while other assets increased by 14.2 per cent to N$1.7 billion as a result of significant growth of N$350.2 million in remittances in transit.

A steady growth in the banking sector's assets is depicted in (Chart D.1)

[21]Preliminary risk assessment is the second step in the risk-based supervision process which entails gathering information, reviewing such information and identifying high risk areas to determine the focus of an examination.

Chart D.1 Structural Change and Growth: Assets



Net loans and advances continued to dominate the sector's total assets at 72.4 per cent. Chart D.2 below shows that the composition of total assets remained almost unchanged in relation to the previous year. The share of net loans and advances and fixed assets in total assets slightly dropped while that of trading and investment securities and cash and balances with banks categories of assets recorded marginal increase. The share of 'other assets' category remained unchanged at 3.5 per cent from the previous year.

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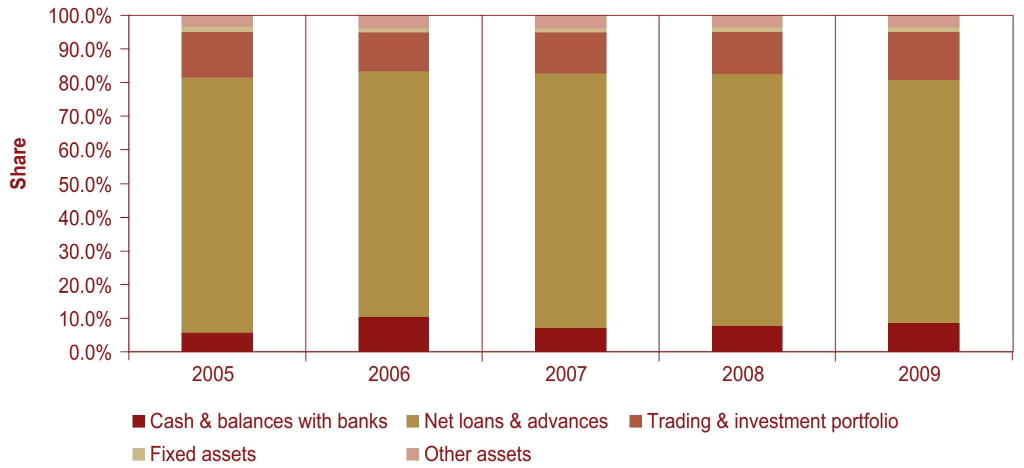
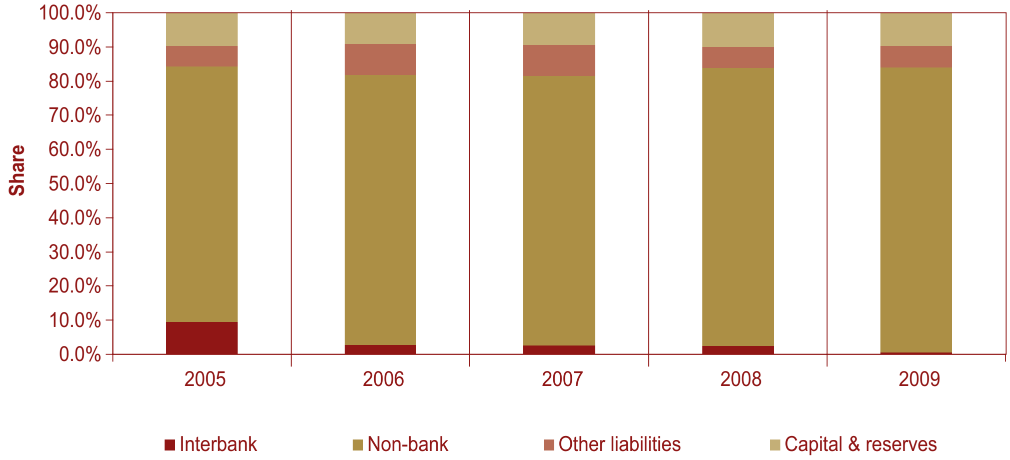
Chart D.2: Composition of total assets



FUNDING STRUCTURE

Chart D.3 provides comparative positions of the annual fragmentation of liabilities and capital and highlights movements in terms of percentage share that occurred from 2005 to 2009. Comparisons between the current year and 2008 indicates that the share of non-bank funding in total capital and liabilities increased by 2.0 percentage-points to 83.4 per cent while that of interbank funding decreased with the same percentage points to 0.6 per cent. Liabilities and capital reduced slightly by 0.3 percentage-points to 9.7 per cent while other liabilities category increased by 0.4 percentage-points to 6.4 per cent.

Chart D.3: Composition of Liabilities and Capital as at 31 December 2009



Non-bank deposits recorded an increase of N$5.9 billion to N$39.8 billion as at 31 December 2009. The above growth was driven by demand deposits, which increased by N$2.9 billion, negotiable certificates of deposits (NCDs) by N$3.9 billion, foreign currency deposits by N$261.4 million and savings deposits by N$49.6 million. However, the growth has been curtailed by the decline of N$1.2 billion in fixed and notice deposits during the year under review.

It is evident from Chart D.4 that demand deposits continued to constitute the biggest share of non-bank deposits over the last five years. During 2009, NCDs and foreign funding increased their share of non-bank deposits to 24.9 per cent and 2.0 per cent, respectively, while demand deposits, fixed and notice deposits and savings deposits decreased their share to 49.8 per cent, 19.2 per cent and 4.1 per cent in their respective positions. On average, a fairly stable share of non-bank deposits has been maintained over the last five years.

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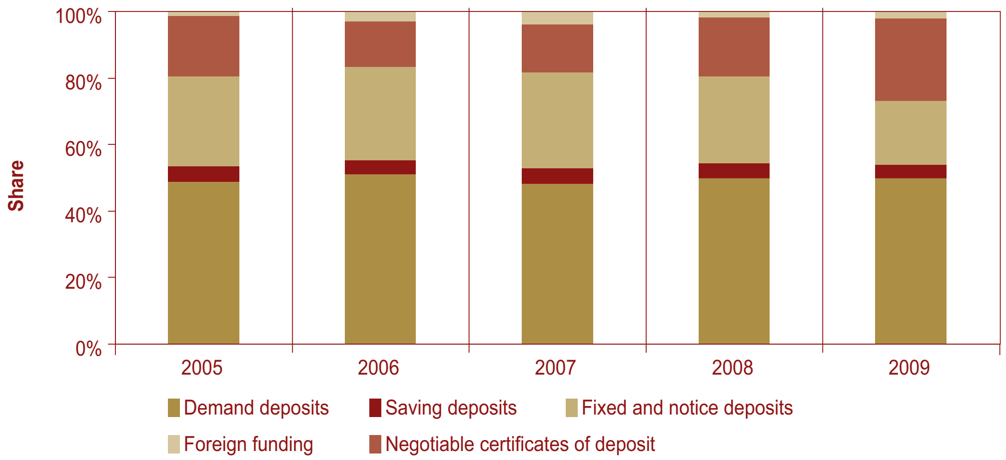
Chart D.4: Composition of non-bank deposits



CAPITAL ADEQUACY

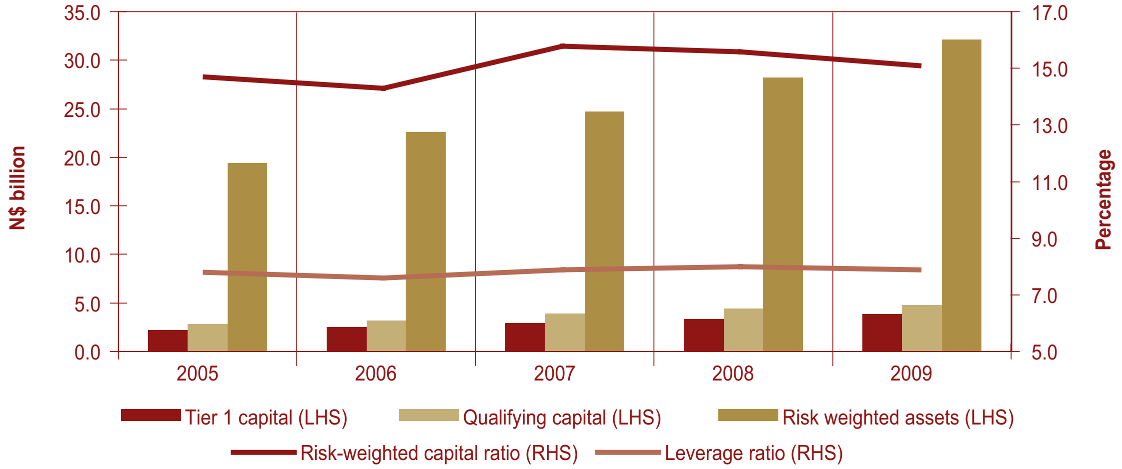
One main objective of banking supervision is to ensure that banking institutions operate in a safe and sound manner. Banking institutions are therefore required, in terms of the Determination on Capital adequacy (BID-5) issued by the Bank, to hold capital and reserves sufficient to support the risks that arise from their operations. The Determination requires banking institutions in Namibia to maintain a minimum risk-weighted capital ratio of 10.0 per cent of which 7.0 per cent should be tier 1 risk-weighted capital ratio. An additional capital requirement is the tier 1 leverage ratio of at least 6.0 per cent that should be kept at all times. Maintaining adequate capital provides a banking institution cushion against risks embedded in its assets.

The risk-weighted capital adequacy ratio, calculated as a ratio of the sector's total qualifying capital to its risk-weighted assets, decreased by 0.5 percentage-points to 15.0 per cent due to a higher growth of 13.7 per cent in risk- weighted assets during the year under review. Tier 1 leverage ratio decreased slightly to 7.8 per cent from 7.9 per cent, due to the slower growth in tier 1 capital relative to the growth of 14.6 per cent experienced in gross assets.

In absolute values, total qualifying capital increased by N$447.1 million to N$4.8 billion while risk-weighted assets increased by N$3.9 billion to N$32.1 billion during the year under review. The increase in capital occurred mainly under tier 1 capital, which increased by 13.0 per cent as a result of growth in retained profits and general reserves during the year. In anticipation of the Basel II implementation in 2010, some banking institutions deliberately decided to keep higher levels of capital to reduce the possibility of falling below the new Basel II Accord requirements.

Although the capital ratios declined slightly, the banking sector remained adequately capitalized throughout the year without any instances of non-compliance with capital requirements recorded against any banking institution. Tier 1 capital relative to total qualifying capital, and the trend in total capital adequacy ratio of the banking sector over the past five years is depicted Chart D.5.

Chart D.5: Capital Adequacy



CREDIT RISK

Credit risk refers to the potential that a banking institution's borrower or counterparty will fail to meet their obligations in accordance with agreed terms of the credit agreement and is the most prominent risk faced by banking institutions and banking systems today. Credit risk can arise any time bank funds are extended, committed, invested or otherwise exposed. Credit risk may also result from weak or nonexistent credit standard for borrowers, lax credit portfolio management, poor economic conditions, and failure by the borrower or counterparty to repay the debts and a variety of other factors.

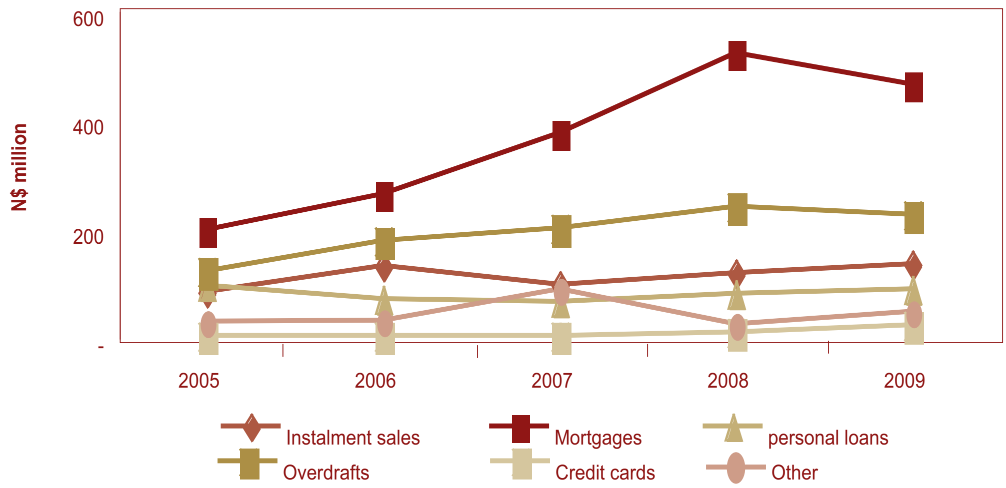
The Bank has issued two determinations which banking institutions should comply with to ensure that they manage their credit risk effectively. These are the Determination on Asset Classification, Suspension of Interest and Provisioning (BID-2) and Determination on Limits on Exposures to Single Borrowers (BID-4).

The review of asset quality or credit risk covers non-performing loans analysis, adequacy of provisions for loan losses, loan diversification including statutory large exposures and interbank exposures as at 31 December 2009.

ANALYSIS OF NON-PERFORMING LOANS

The first half of 2009 experienced consecutive decreases in interest rates, which positively impacted on the quality of banking sector assets. The low interest rates contributed to the decrease, though minor, in the volume of non-performing loans (NPLs) to N$966.3 million from N$975.5 million reported in December 2008. The decline in NPLs was mainly observed under mortgages and overdrafts loans. Mortgages and overdrafts loans continued to dominate the composition of the NPLs accounting for 47.9 per cent and 23.1 per cent, respectively. As shown in Chart D.6, instalments sales, personal loans, other loans and credit cards that were non-performing increased during the year.

Chart D.6: Non-performing loans per loan product



The banking sector's non-performing loans expressed as a percentage of total loans and advances (NPL ratio) improved during the year 2009, as evidenced by the marginal decline of 0.4 percentage-points to 2.7 per cent. The improvement was a result of a faster growth in total loans and advances of 10.8 per cent to N$35.4 billion combined with the 1.0 per cent fall in the growth level of non-performing loans. Chart D.7, portrays the relationship between non-performing loans and total loans over the last five years.

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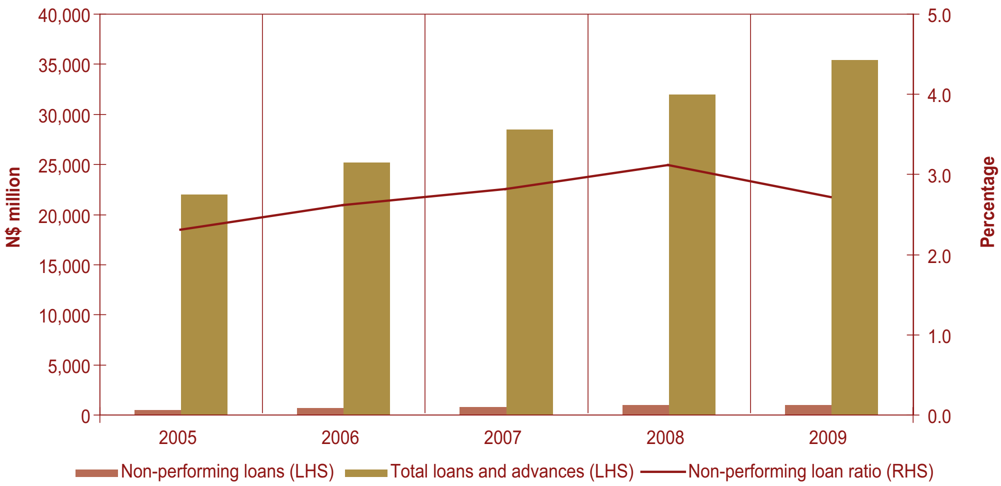
Chart D.7: Non-performing loans in relation to total loans



ADEQUACY OF PROVISIONS

Provisions made for possible loan losses by the banking sector remained adequate throughout 2009 and were in line with the minimum regulatory provisioning requirements as outlined in the Determination on Asset Classification, Suspension of Interest and Provisioning (BID-2).

As at 31 December 2009, total provisions increased to N$639.5 million, as opposed to N$631.8 million reported in December 2008, mainly due to an increase of 4.6 per cent in general provisions. Expressed as a percentage of total loans, total provisions fell from 2.0 per cent in 2008 to 1.8 per cent in 2009.

Contrary to the increases in the non-performing loans, specific provisions declined by 2.9 per cent to N$286.9 million and consequently influenced the ratio of specific provisions to non-performing loans to decrease to 28.7 per cent from 29.2 per cent reported the previous year.

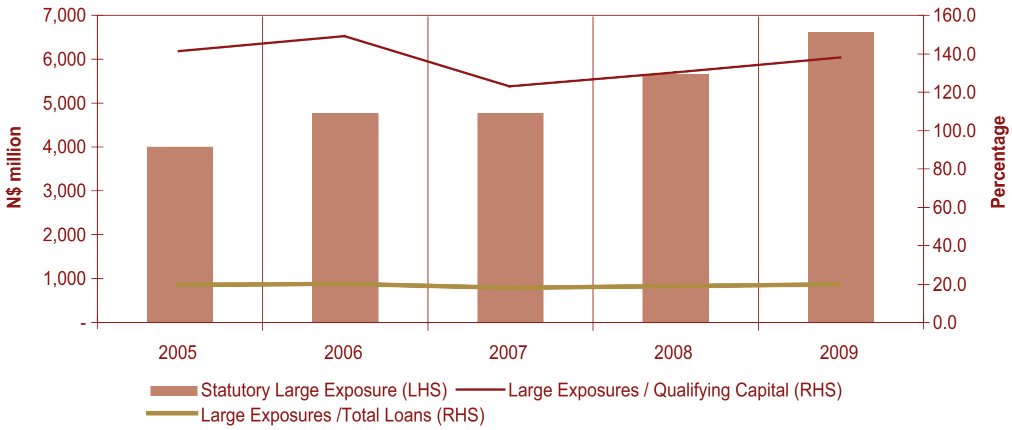
LOAN DIVERSIFICATION AND STATUTORY LARGE EXPOSURES

Loan diversification is critical to banking institutions as it helps spreading credit risk across the various economic sectors, product types and counterparties, thus mitigating the probability of default by one particular sector, for instance, which may have a systemic effect on the whole banking sector.

The banking sector extended most of its credit to individuals during the year 2009 which took a virtual share of 51.8 per cent, followed by real estate & business services at 17.9 per cent of total loans and advances. In terms of the product types, mortgage loans dominated the total loans and advances granted by the sector, constituting a massive portion of 49.3 per cent (or N$17.5 billion). Overdrafts and instalment sales ranked second and third, accounting for 18.9 per cent and 15.9 per cent of total loans and advances, respectively. The remaining 15.9 per cent was split among the other loan products i.e. fixed-term loans, personal loans, foreign currency loans and credit cards.

In terms of the Determination on Limits on Exposures to Single Borrowers (BID-4), exposures granted to a single person or group of related persons which, on aggregate, equal or exceed 10 per cent of qualifying capital (referred to as large exposures) should not exceed 30 per cent of total qualifying capital and in total 800 per cent, unless exempted by the Bank based on conditions stipulated in BID-4.

Chart D.8: Large Exposures



Statutory large exposures continued to increase and went up substantially by 17.0 per cent to N$6.6 billion from N$5.6 billion in December 2008, and are depicted graphically in Chart D.8. Faster growth was observed in both total loans and qualifying capital than in large exposures values. As a result, the ratio of large exposures to total loans increased to 18.7 per cent from 17.7 per cent recorded in 2008, while that of large exposures to qualifying capital increased from 129.6 per cent to 137.5 per cent. All large exposures reported were current[22] and displayed a satisfactory performance during the year under review.

INTERBANK EXPOSURES

In an effort to limit the potential for contagion risk posed when a banking institution fails or is otherwise unable to repay its obligations to other banks in a timely manner, the Bank issued a Determination on Interbank Placements (BID-15). All individual banking institutions' interbank exposures with a settlement period of up to seven days and those with a settlement period of more than seven days to a single counterparty bank fell within their corresponding limits of 50 and 30 per cent of bank's capital funds as at 31 December 2009.

[22]Current means that large exposures are performing.

D

LIQUIDITY

For the purpose of this report, the term liquidity refers to banking institutions' ability to accommodate decreases in liabilities and to fund increases in assets promptly, and at a reasonable cost. Management of liquidity are handled in terms of the requirements of the Determination on Minimum liquid assets (BID-6). Assessment of liquidity covers statutory liquid assets holding positions, composition of liquid assets and aims at establishing whether or not banking institutions adhere to the requirements of BID-6. The Bank therefore ensures that banking institutions comply with statutory minimum liquidity requirements and that they have employed good liquidity risk management systems.

Chart D.9: Statutory liquid assets

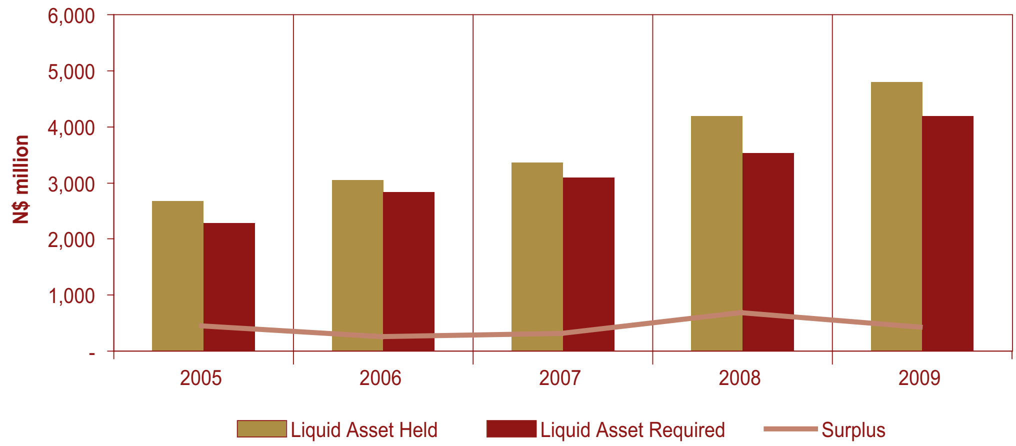
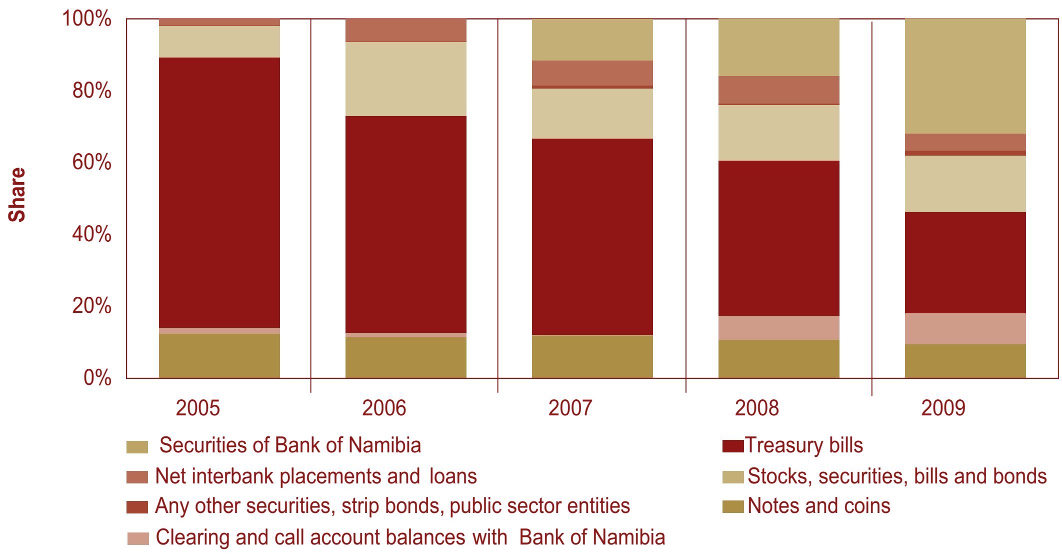


Chart D.9, shows that the average daily amount of liquid assets held by banking institutions, on aggregate, exceeded the statutory liquid assets requirement over the past five years. As at 31 December 2009, the amount of liquid assets held exceeded the required liquid assets by N$606.1 million and stood at N$4.8 billion compared with N$4.2 billion the previous year. Although the surplus (the difference between liquid assets held and required) declined during 2009, the Bank is satisfied with the fact that the minimum required levels of liquid assets holdings were maintained.

Chart D.10: Composition of liquid assets



As at 31 December 2009, Securities of Bank of Namibia ranked first at 31.9 per cent of the total liquid assets holdings, the position that was previously held by Treasury Bills (28.2 per cent). Government stock, securities, bills and bonds followed at 15.6 per cent which remained almost static. The remaining share of the 24.3 per cent was divided among notes & coins, clearing & call accounts, any other securities and net interbank placement categories of liquid assets.

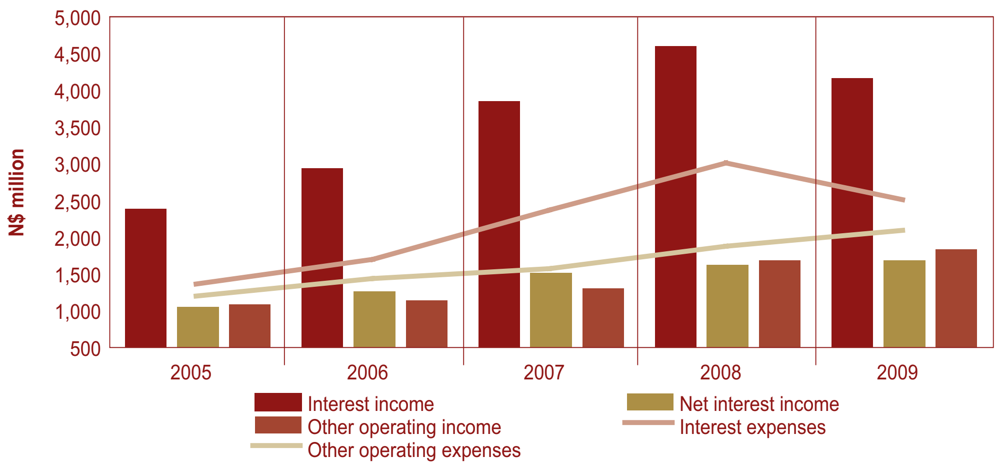
Total loans to total assets ratio that averaged at 76.6 per cent for the last five years decreased to 74.3 per cent during 2009, which is below the set international benchmark of 75.0 per cent. The ratio below 75.0 per cent indicates that the industry assets are diversified and that they are not wholly made up of loans which are viewed to be less liquid.

The ratio of loans-to-deposits further declined to 89.1 per cent from 94.5 per cent recorded in 2008 and 98.6 per cent in 2007. This ratio indicates that the banking sector favourably relied more on core deposits to fund their loan operations as opposed to using borrowed or other more expensive sources of funds.

PROFITABILITY AND EARNINGS

Profitability in the form of retained earnings is an indicator of a banking institution's capacity to strengthen its capital base. It allows banking institutions to maintain certain risk profiles and provides a cushion against short-term problems. The competitive position of banking institutions in the market and the quality of their management practices are mainly signified by the levels of earnings being achieved. The analysis of earnings looks at the banking institution's ability to generate income and efficiently manage related expenditure items.

Chart D.11: Key Income Statement indicators



During the year under review, interest income decreased by 9.4 per cent to N$4.2 billion compared to an increase of 19.4 per cent in 2008. The anticipated decline in interest income was on the back of the low interest rates that prevailed in the market, and was mainly observed in interest earned on mortgage loans, instalment sales and balances with banks.

Interest expenses recorded a slower reduction of 16.6 per cent to N$2.5 billion compared to a fall of 27.2 per cent reported for 2008. Low interest was paid in respect of demand deposits, fixed and notice deposits and negotiable certificates of deposits. Despite the decline experienced during the year 2009, interest expenses continued to bethe major cost component of the banking sector's income statement (Chart D.11).

The result thereof was that net interest income increased slightly by 3.9 per cent (7.3 per cent 2008.) to N$1.7 billion and consequently impacted the net interest margin[23] to narrow down from 4.1 per cent to 3.7 per cent.

Total operating income improved by 8.9 per cent to N$1.8 billion as reflected largely under transaction-based fee income. Trading and investment income, both recorded decreases for the year under review. As a percentage of total income, operating income accounted for 52.1 per cent compared to a 50.9 per cent in 2008.

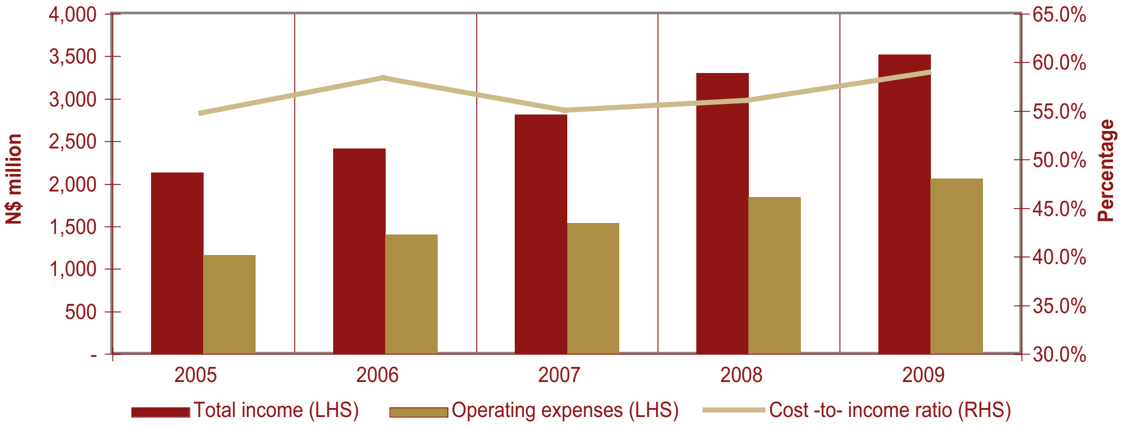
Total operating expenses, on the other hand, notably increased to N$2.1 billion representing 11.8 per cent. The increases in operating expenses were

[23]Net interest margin is calculated as net interest income divided by average total assets.

attributed to staff expenses and administration & overheads that rose by 10.1 per cent to N$1.0 billion and 14.3 per cent to N$586.6 million, respectively. Higher staff expenses were largely due to, amongst other things, bonuses paid out during the year while higher administration & overheads could be explained by information-technology systems acquired and upgraded due to localization of the core banking systems.

Provision charges fell by 6.0 per cent to N$136.4 million which was in line with the improvement noted in the non-performing loans reported under the credit risk section.

Chart D.12: Efficiency indicators of the banking sector



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A widely used indicator of the efficiency is the cost to income ratio[24], and is clearly depicted in Chart D.12, above. For the year ended December 2009, the cost-to-income ratio surged to 58.8 per cent compared with 55.9 per cent reported for 2008. This resulted from a faster growth rate in other operating expenses (11.8 per cent) than that of total income (6.4 per cent).

The industry posted net profit after tax of N$909.3 million compared to N$912.9 million reported in 2008. This represented a slight decline of 0.4 per cent compared to an increase of 14.8 reported last year. Accordingly, the ratios of return on asset (ROA) and return on equity (ROE) declined to 2.0 per cent and 20.3 per cent from 2.3 per cent and 22.6 per cent, respectively.

The banking sector improved their performance in other operational areas in addition to their primary banking business operations. Productivity indicators[25] revealed that gross income per employee increased by 3.8 per cent to N$762,000 during the year, whereas the cost per employee increased by 7.7 per cent to N$223,000 This has widened the gap between income and cost per employee to N$539,000 from N$527,000 reported last year, indicating improvement in productivity.

Table D.1: Branch Network

Description	2005	2006	2007	2008	2009
Branches	85	96	87	94	96
Agencies	42	46	66	64	66
Total Branches & Agencies	**127**	**142**	**153**	**158**	**162**

Positive developments were evident in market outreach, as evidenced by the banking sector's expansion of its operations to areas where they were previously unrepresented. Two branches and two agencies were introduced as an expansion to banking institutions representation during the year, bringing the total number of bank branches and agencies to 162 as at 31 December 2009 (Table D.1).

[24]Cost-to-income ratio is expressed as operating expenses as a percentage of total income (the sum of net interest income and non-interest income).
[25]Productivity indicators measure the relationship between the gross income generated per employee and the cost incurred per employee.

Table D.2: Staffing levels

Description	2005	2006	2007	2008	2009
Permanent personnel	3,682	3,893	4,224	4,293	4,486
Temporary personnel	138	518	169	210	134
Total	**3,820**	**4,411**	**4,393**	**4,503**	**4,620**

A 2.6 per cent growth in employment was recorded by the banking sector, reaching a staff complement of 4,620 compared to 4,503 in 2008 (Table D. 2). The positive shift was influenced by the 4.5 per cent increase in the permanent staff complement.

SUSPENSION OF CHEQUE ACCOUNT FACILITIES

The credibility of the national payment system is of supreme importance. In order to have a safe and sound payment system in Namibia, banking institutions are required to suspend the cheque account facility of any customer, in cases where five consecutive cheques issued by the same client from the same account are referred to drawer, due to insufficient funds within the period of three consecutive months. This is done in accordance with the provision of the Determination on Compulsory Suspension of Cheque Accounts (BID-12).

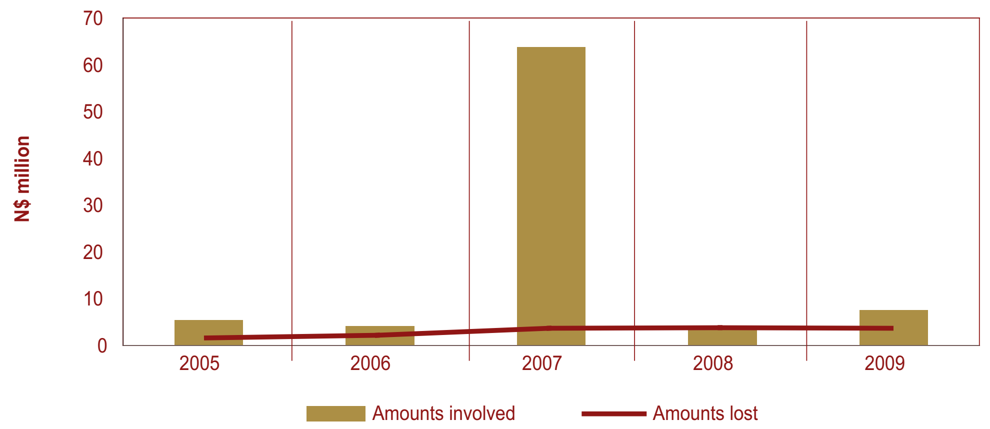
A positive development has been observed over the review period in the sense that, both the value of cheques returned and the number of account facilities suspended have significantly dropped. The value of cheques returned declined from the amount of N$20.7 million reported at the end of December 2008 to N$17.5 million, while the number of cheque facilities suspended came down to 373 from 511 previously reported. This improvement is largely attributed to the strict application of BID-12 by banking institutions towards non-complying customers. Additionally, the increasing use of electronic payment devices has also partly contributed to the decline in the number of cheque account facilities suspended during the year.

D

FRAUD

Given the growing incidence of fraud and other forms of financial and economic crime in a global perspective, banking institutions should be continually vigilant against such undesirable activities. Apart from causing financial losses to the banking sector the various forms of economic crime may have far reaching consequences, not only to the afflicted banking institution but can also undermine public confidence in the banking system. Banking institutions are therefore required to strengthen their surveillance systems and institute adequate and appropriate internal controls in an effort to combat fraud.

Chart D.13: Fraud



Fraud and other economic crime perpetrated against the banking industry increased during the year under review. The amount involved in these fraudulent activities increased significantly by N$3.3 million to N$7.6 million, whilst the actual amount lost reduced by 2.1 per cent to N$3.2 million (Chart D.13). Of this N$7.6 million, N$3.0 million was recovered during the year, thus, indicating that the banking institutions are by all means trying to improve their mechanism in recovering the amounts lost. The types of economic crimes experienced by the banking sector were mainly ATM fraud, theft of cash and counterfeit currency.

Table D.3: Composition of Balance Sheet (N$ '000)

Balance Sheet components	2005	2006	2007	2008	2009			
					Q1	Q2	Q3	Q4
Interbank Funding	2,669,462	928,008	919,015	1,084,909	1,065,806	787,505	1,160,644	267,830
Non-bank Funding:	**21,074,464**	**26,406,160**	**28,877,379**	**33,834,963**	**34,802,601**	**35,618,398**	**36,127,476**	**39,761,640**
Demand	10,231,518	13,477,286	13,965,306	16,885,676	18,566,879	19,019,396	18,253,307	19,778,437
Savings	1,040,845	1,155,552	1,292,557	1,568,755	1,564,912	1,674,294	1,583,218	1,618,314
Fixed & Notice	5,719,284	7,364,749	8,354,293	8,810,661	7,857,947	7,639,095	7,603,971	7,604,343
Negotiable Certificate of Deposits	3,778,839	3,650,012	4,210,709	5,953,675	6,278,879	6,497,345	7,915,087	9,882,954
Foreign Funding	303,978	758,561	1,054,514	616,196	533,984	788,268	771,893	877,592
Loans under repurchase agreement	-	-	-	-	-	-	-	-
Debt Instruments issued	351,386	351,047	607,472	618,760	611,702	619,059	613,025	620,174
Other borrowings	437,878	1,502,370	1,027,722	548,617	747,051	552,933	416,047	551,188
Other liabilities	908,042	1,148,059	1,603,654	1,329,148	1,479,446	1,354,402	1,668,271	1,859,039
Capital & Reserves	2,736,956	3,061,660	3,469,551	4,146,311	4,338,193	4,343,568	4,573,413	4,609,321
TOTAL FUNDING	**28,178,188**	**33,397,304**	**36,504,793**	**41,562,708**	**43,044,799**	**43,275,865**	**44,558,876**	**47,669,192**
Cash and Balances **	1,588,923	3,480,774	2,585,519	3,221,665	3,872,120	3,343,372	3,379,446	4,080,625
Interbank Loans and Advances**	57,210	534	2,479	4,667	3,193	11,139	14	-
Foreign currency loans and advances	143,330	245,883	21,426	69,379	35,412	29,990	12,056	12,253
Instalment debtors and leases	3,982,749	4,664,794	4,970,883	5,492,819	5,571,071	5,587,524	5,569,151	5,639,406
Mortgage loans	9,542,388	12,363,452	14,054,262	15,733,111	16,005,531	16,412,708	16,857,098	17,464,902
Other fixed term loans***	1,144,884	1,400,953	2,056,216	2,115,341	2,095,527	2,256,906	2,433,450	2,752,972
Personal loans	1,705,244	1,681,771	1,631,226	1,915,746	1,884,676	1,883,481	2,037,967	2,062,542
Overdraft	4,798,845	4,308,664	4,932,251	5,656,801	5,727,844	5,836,303	6,113,504	6,709,764
Credit card debtors	-	-	-	231,142	246,347	252,901	217,739	238,630
Acknowledgement of debts discounted	21,931	13,499	9,496	4,756	2,004	2,089	1,038	1,082
Loans granted under resale agreement	-	-	-	-	-	-	-	-
Investment in Preference Shares	332,057	279,087	311,582	325,638	313,871	293,212	300,990	270,320
Other loans and advances	285,874	234,555	472,564	426,146	659,113	433,102	519,408	266,949

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Balance Sheet components	2005	2006	2007	2008	2009			
					Q1	Q2	Q3	Q4
Total loans and advances	**22,014,512**	**25,193,192**	**28,462,385**	**31,975,546**	**32,544,589**	**32,999,355**	**34,062,415**	**35,418,820**
Less: Specific provisions	181,661	300,292	299,614	285,241	282,366	269,399	283,584	276,900
Less: General provisions	265,931	293,980	302,444	346,605	351,384	352,372	353,173	362,658
Less: Interest- in- suspense	148,827	169,228	202,408	252,212	253,260	255,266	260,526	258,018
Investment portfolio	3,790,696	3,804,670	4,377,890	5,263,757	5,446,062	5,728,937	5,853,899	6,816,000
Trading securities	1,519,897	1,676,184	1,586,081	1,812,178	1,839,335	2,225,230	2,123,781	2,927,754
Available for sale securities	1,170,360	1,071,344	1,792,624	3,260,328	3,337,539	3,328,626	3,514,596	3,715,015
Held to maturity securities	1,088,313	1,046,340	969,454	163,297	240,669	147,049	197,790	157,223
Unconsolidated subsidiaries, associates	12,126	10,802	29,731	27,954	28,519	28,032	17,732	16,008
Property, plant and equipment	425,501	360,571	470,877	519,567	515,843	546,676	581,916	576,974
Other assets	954,975	1,321,597	1,412,590	1,466,231	1,553,195	1,534,562	1,578,483	1,674,349
TOTAL ASSETS	**28,178,188**	**33,397,304**	**36,504,795**	**41,562,708**	**43,044,799**	**43,275,865**	**44,558,876**	**47,669,192**
Average Assets	**25,788,746**	**30,787,746**	**36,331,599**	**40,968,062**	**41,709,107**	**42,419,287**	**43,801,838**	**45,472,529**
Average Equity	**2,656,926**	**2,899,308**	**3,349,615**	**4,047,128**	**4,143,069**	**4,244,940**	**4,455,803**	**4,476,445**

Table D.4: Capital Adequacy (N$ '000)

Capital components	2005	2006	2007	2008	2009			
					Q1	Q2	Q3	Q4
Tier 1 capital	**2,185,842**	**2,514,952**	**2,908,162**	**3,317,663**	**3,544,336**	**3,747,453**	**3,922,402**	**3,750,305**
Paid up shares	22,755	23,672	23,822	23,822	23,822	23,822	23,822	23,822
Share premium	1,609,221	1,641,249	1,791,099	1,791,099	1,791,099	1,791,099	1,791,099	1,791,099
Reserves	917,424	1,175,972	1,389,436	1,803,218	1,995,924	2,193,399	2,363,054	2,362,883
Current Unaudited losses				28,325	-	-	-	177,220
Less: Intangible Asset	363,558	325,941	296,195	272,151	266,509	260,867	255,573	250,279
Tier 2 capital	**650,945**	**688,176**	**1,041,902**	**1,048,428**	**1,055,252**	**1,061,059**	**1,044,790**	**1,062,862**
Subordinated-term Debt	375,127	375,473	635,478	635,878	629,969	636,617	631,081	635,948
General Provisions	265,931	293,980	376,315	376,315	385,039	384,092	388,580	401,028
Revaluation Reserves	9,887	18,723	30,109	36,235	40,244	40,350	25,129	25,886
Investment in unconsolidated subsidiaries	-	-	-	-	-	-	-	-
TOTAL QUALIFYING CAPITAL	**2,836,787**	**3,203,128**	**3,950,064**	**4,366,091**	**4,599,588**	**4,808,512**	**4,967,192**	**4,813,167**
Risk-weighted Assets	**19,438,859**	**20,223,954**	**24,674,887**	**28,225,790**	**27,721,049**	**28,296,123**	**29,309,398**	**32,087,728**
10% risk-weighted*	58,298	33,701	36,102	70,841	74,299	81,221	70,465	78,638
20% risk-weighted	210,112	484,760	481,175	494,135	524,897	489,458	501,945	865,417
50% risk-weighted	4,496,084	3,198,448	6,139,432	6,655,921	6,751,038	6,819,431	7,075,664	7,326,073
100% risk-weighted	14,674,365	16,507,046	18,018,178	21,004,894	20,370,815	20,906,014	21,661,324	23,817,600
Gross Assets*	**28,320,289**	**33,683,346**	**36,861,109**	**41,989,827**	**43,484,000**	**43,707,293**	**45,003,809**	**48,134,947**

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Table D.5: Analysis of overdue and non-performing loans (N$ '000)

	2005	2006	2007	2008	2009			
					Q1	Q2	Q3	Q4
Overdue loans*	**807,868**	**850,767**	**1,115,118**	**1,809,172**	**2,236,759**	**2,130,769**	**2,000,118**	**2,823,195**
Amounts overdue: <1 month	71,942	53,937	59,690	450,706	639,030	654,090	592,369	1,411,571
Amounts overdue: 1 to < 3 months	270,105	170,317	323,235	381,928	527,172	538,546	419,826	438,058
Amounts overdue: 3 to < 6 months	117,618	118,413	158,931	149,151	264,017	151,550	234,949	217,503
Amounts overdue: 6 to <12 months	107,266	160,425	223,759	199,538	191,237	138,872	119,980	128,048
Amounts overdue: 12 to <18 months	166,515	256,622	267,145	465,359	516,855	498,032	481,826	473,969
Amounts overdue: 18 months and above	74,422	91,053	82,358	162,490	98,448	149,679	151,168	154,046
Total Non-performing loans	**512,179**	**657,827**	**810,095**	**976,537**	**1,048,557**	**996,645**	**989,390**	**966,296**
Instalment sales	81,413	128,047	93,782	114,794	143,569	134,630	130,022	131,782
Mortgages	194,042	259,574	371,694	518,799	563,607	531,234	509,156	462,485
Other fixed/ Personal	92,671	68,081	61,653	77,235	82,013	73,304	213,970	85,255
Overdraft	118,623	174,276	198,459	238,338	212,957	213,024	72,397	223,248
Other loans & advances	25,430	27,849	84,507	21,384	33,146	29,470	40,219	44,701
Credit cards	-	-	0	5,987	13,265	14,983	23,626	18,825
Realizable Security	279,830	351,473	441,102	477,079	531,500	491,762	471,277	459,037
Specific Provisions	181,661	300,292	299,613	285,240	282,366	269,397	283,586	276,900

Table D. 6: Sectoral distribution of loans and advances (N$ '000)

	2005	2006	2007	2008	2009			
					Q1	Q2	Q3	Q4
Total loans and advances	**22,014,513**	**25,193,188**	**28,462,384**	**31,975,547**	**32,544,587**	**32,999,354**	**34,062,414**	**35,418,822**
Agriculture and Forestry	864,767	744,748	811,131	1,051,586	1,164,012	1,144,619	1,169,313	1,188,120
Fishing	1,103,605	797,751	662,100	808,697	720,257	770,531	788,572	877,412
Mining	610,810	166,526	566,428	575,092	772,860	547,280	857,459	967,554
Manufacturing	390,748	601,237	613,671	968,699	895,367	824,724	789,621	705,983
Construction	330,437	396,782	470,839	557,510	579,627	594,706	556,468	542,582
Electricity, Gas and Water	165,838	78,656	95,599	144,382	148,499	146,378	200,333	201,994
Trade and Accommodation	902,835	1,288,730	1,786,713	1,967,230	1,782,348	1,656,495	1,565,320	1,589,353
Transport and Communication	674,816	779,530	390,415	392,869	609,925	639,479	619,456	647,337
Finance and Insurance	1,016,893	1,380,935	1,551,461	1,984,716	1,946,837	2,107,164	2,266,603	2,361,067
Real Estate and Business Services	1,895,317	2,605,206	3,853,406	4,994,871	5,333,525	5,677,547	6,006,569	6,339,497
Government Services	397,896	236,981	661,899	537,774	356,457	479,552	458,985	552,595
Individuals	12,096,616	14,207,044	16,506,560	17,439,194	17,439,990	17,721,435	17,931,622	18,357,267
Other	1,563,935	1,909,062	492,162	552,927	794,883	689,444	852,093	1,088,061

Table D.7: Composition of Income Statement (N$ '000)

	2005	2006	2007	2008	2009
Interest Income	**2,382,863**	**2,938,521**	**3,852,097**	**4,600,899**	**4,168,666**
Balances with banks	44,242	98,705	189,954	238,521	172,005
Instalment debtors, hire purchase, etc	421,407	521,495	664,243	749,596	649,662
Mortgage loans	962,112	1,223,975	1,737,606	2,068,699	1,879,012
Personal loans	234,182	265,432	293,930	329,927	305,546
Fixed term loans	103,551	141,874	221,974	312,484	262,023
Overdraft	493,916	600,274	674,524	773,501	744,638
Other interest related income	123,453	86,766	69,866	128,171	155,780
Interest Expenses	**1,334,367**	**1,668,204**	**2,340,088**	**2,977,801**	**2,483,067**
Demand deposits	515,205	692,139	948,455	1,225,716	976,530
Savings deposits	22,229	25,586	43,014	57,725	38,080
Fixed and notice deposits	397,246	459,689	661,686	855,585	634,244
Negotiable certificates of deposits	215,051	282,278	409,793	563,329	657,711
Debt instruments issued	33,830	37,628	55,664	67,747	61,403
Other interest related expenses	150,806	170,884	221,476	207,699	115,099
Interest Margin	**1,048,496**	**1,270,317**	**1,512,009**	**1,623,098**	**1,685,599**
Less: Provisions	80,460	222,492	122,232	145,062	136,417
Total operating Income	**1,088,449**	**1,143,845**	**1,305,083**	**1,684,148**	**1,833,199**
Trading Income	90,933	94,284	115,569	207,724	182,849
Investment Income	224,340	251,877	356,148	464,180	308,186
Transaction-based Fee Income	645,817	662,504	714,924	845,094	1,008,629
Knowledge-based Fee Income	29,421	47,343	48,551	67,694	72,080
Other income	97,938	87,837	69,891	99,456	261,455
Total Income	**2,136,945**	**2,414,162**	**2,817,092**	**3,307,246**	**3,518,798**
Total Operating Expenses	**1,166,873**	**1,405,661**	**1,546,392**	**1,849,510**	**2,068,006**
Staff costs	581,564	657,140	789,299	933,934	1,028,111
Administration & Overheads	270,165	341,133	342,256	512,985	586,592
Depreciation and amortisation	116,851	127,222	113,203	81,937	104,336
Occupancy expenses	92,563	113,468	125,639	132,302	140,589
Other operating expenses	105,730	166,698	175,995	188,352	208,378
Net Income Before Tax	**889,612**	**786,009**	**1,148,468**	**1,312,674**	**1,314,375**
Taxation	299,502	244,848	353,191	399,799	405,050
Net Income After Tax	**590,110**	**541,161**	**795,277**	**912,875**	**909,325**

Table D.8: Selected key ratios

	2005	2006	2007	2008	2009
Capital					
Tier 1 Leverage	7.7%	7.5%	7.9%	7.9%	7.8%
Tier 1 Risk-weighted Capital	11.2%	11.2%	11.8%	11.8%	11.7%
Total Risk-weighted Capital	14.6%	14.2%	15.8%	15.5%	15.0%
Asset Quality					
Non-performing loans to Total loans	2.3%	2.6%	2.8%	3.1%	2.7%
Overdue loans to Total loans	3.7%	3.4%	3.9%	5.7%	8.0%
Total Provisions to Total loans	2.0%	2.4%	2.1%	2.0%	1.8%
Specific Provisions to Non-performing loans	35.5%	45.6%	37.0%	29.2%	28.7%
Earnings					
Return on Assets	2.3%	1.8%	2.2%	2.2%	2.0%
Return on Equity	22.2%	18.7%	23.7%	22.6%	20.3%
Net Interest Margin	4.1%	4.1%	4.2%	4.0%	3.7%
Other Operating Income: Total Assets	3.9%	3.4%	3.6%	4.1%	3.8%
Other Operating Income: Total Income	50.9%	47.4%	46.3%	50.9%	52.1%
Other Exp: Total Income	54.6%	58.2%	54.9%	55.9%	58.8%
Liquidity					
Liquid Assets / Total Assets	9.5%	9.1%	9.3%	10.1%	10.0%
Liquid Assets / Average total liabilities	11.8%	10.7%	10.9%	11.8%	11.4%
Total Loans / Total Assets	78.1%	75.4%	78.0%	76.9%	74.3%
Total Loans / Total Deposits	106.0%	98.2%	98.6%	94.5%	89.1%
Growth Rates					
Total Assets	20.4%	18.5%	9.3%	13.9%	14.7%
Total Qualifying Capital	13.4%	12.9%	23.3%	10.5%	10.2%
Tier 1 Capital	6.1%	15.1%	15.6%	14.1%	13.0%
Total Loans	13.7%	14.4%	13.0%	12.3%	10.8%
Total Deposits	22.2%	25.3%	9.4%	17.2%	17.5%
Overdue loans	26.2%	5.3%	31.1%	62.2%	56.0%
Non-performing loans	8.3%	28.4%	23.1%	20.5%	-1.0%
Liquid Assets	10.8%	12.9%	11.1%	24.3%	14.4%
Large Exposures	7.1%	19.1%	0.2%	18.6%	17.0%
Off-Balance Sheet Items	-5.0%	278.7%	29.1%	-1.9%	12.4%

PART E
STATISTICAL APPENDIX

PART E

STATISTICAL APPENDIX

STATISTICAL APPENDIX

METHODS AND CONCEPTS

Balance of Payments

Accrual accounting basis
This applies where an international transaction is recorded at the time when ownership changes hands, and not necessarily at the time when payment is made. This principle governs the time of recording for transactions; transactions are recorded when economic value is created, transformed, exchanged, transferred or extinguished.

Balance of Payments
The balance of payments (BOP) is a statistical statement that systematically summarizes, for a specific time period, the economic transactions of an economy with the rest of the world. Transactions, for the most part between residents and non residents, consist of those involving goods, services, and income; those involving financial claims and liabilities to the rest of the world; and those (such as gifts) classified as transfers. It has two main accounts viz, the current account, capital and financial account. Each transaction in the balance of payments is entered either as a credit/ asset or a debit/liability. A credit/asset transaction is one that leads to the receipts of payment from non-residents. Conversely, the debit/liability leads to a payment to non-residents.

Capital and Financial Account
In the balance of payments, the capital account covers capital transfers and the acquisition or disposal of non-produced non-financial items such as patents. The financial account of the balance of payments consists of the transactions in foreign financial assets and liabilities of an economy. The foreign financial assets of an economy consist of holdings of monetary gold, IMF Special Drawing Rights and claims on non-residents. The foreign liabilities of an economy consist claims of non-residents on residents. The primary basis for classification of the financial account is functional: direct, portfolio, other investment and reserve assets.

Capital Transfers
Capital transfers in kind consists of the transfers without a quid pro quo of the (1) ownership of a fixed asset or (2) the forgiveness, by mutual agreement between creditor and debtor, of the debtor's financial liability when no counterpart is received in return by the creditor. Capital transfer in cash, on the other hand, is linked to or conditional on, the acquisition or disposal of a fixed asset by one or both parties to the transaction (e.g., an investment grant).

Current Account
The current account of the balance of payments covers all transactions (other than those in financial account) that involve economic values, (i.e.; real transactions) and occur between residents and non-resident entities. Also covered are offsets to current economic values provided or acquired without a quid pro quo. Included are goods, services, income and current transfers. The balance on goods, services, income and current transfers is commonly referred to as the "current balance" or "current account balance".

Current Transfers
Current transfers are all transfers of real resources or financial items without a quid pro quo and exclude transfers of funds directed for capital investments. Included are gifts of goods and money to or from non-residents viz, governments and private individuals. Current transfers directly affect the level of disposable income and should influence the consumption of goods and services.

Direct Investment
Direct investment refers to a lasting interest of an entity resident in one economy (the director investor) in an entity resident in another economy (the direct investment enterprise), with an ownership of 10 per cent or more of the ordinary shares or voting power (for an incorporated enterprise) or the equivalent (for an unincorporated enterprise).

Double-entry accounting
The basic accounting conversion for a balance of payment statement is that every recorded transaction is represented by two entries with exactly equal values. Each transaction is reflected as a credit (+) and a debit (-) entry. In conformity with business and national accounting, in the balance of payment, the term: credit is used to denote a reduction in assets or an increase in liabilities, and debit a reduction in liabilities or an increase in assets.

Goods
These are real transactions with change in the ownership of physical products and include consumer and capital goods.

Income
Income covers two types of transactions between residents and non residents: (i) those involving compensation of employees, which is paid to non-resident workers (e.g. border, seasonal and other short-term workers), and (ii) those involving

E

investment income receipts and payments on external financial assets and liabilities. Included in the latter are receipts and payments on direct investment, portfolio investment and other investment and receipts on reserve assets. Income derived from the use of tangible asset e.g., car rental by a non-resident is excluded from income and is classified under services such as travel.

Merchandise Trade Balance
This is net balance of the total export and import of goods excluding transactions in services between residents and non-residents. Trade balance is the net balance of the total export and import of goods including transactions in services between residents and non-residents.

Net Errors and Omissions
The balance of payment accounting framework requires a balancing item as the measure of the difference between recorded credits/debits and omissions. This is called net errors and omissions'. Theoretically, it measures quality though in practice a zero/lower net errors and omissions could imply not necessarily good quality data but that debits and credits just cancelled each other.

Other Investment
Other investment covers all financial instruments other than those classified as direct investment, portfolio investment or reserve assets.

Overall Balance of Payments
A balance simply refers to the difference between the sum of credits and debit entries. The overall balance is a very simple concept but a powerful analytical tool often used by analysts. In the balance of payment, overall balance refers to the balance between the sum of the current account balance, the capital and financial account balance and net errors and omissions.

Portfolio Investment
Portfolio investment includes trading in equity and debt securities (other than those included in direct investment and reserve assets). These instruments are usually traded (or tradable) in organized and other financial markets, including over-the-counter (OTC) markets.

Reserve Assets
Reserve assets consist of those external assets that are readily available to and controlled by the monetary authority for the direct financing of payments imbalances, for indirectly regulating the magnitude of such balances through intervention in exchange markets to affect the currency exchange rate, and/or for other purposes.

Residency
In the balance of payments, the concept of residency is based on a sectoral transactor's center of economic interest. Country boundaries recognized for political purposes may not always be appropriate for economic interest purposes. Therefore, it is necessary to recognize the economic territory of a country as the relevant geographical area to which the concept of residence is applied. An institutional unit is a resident unit when it has a center of economic interest in the territory from which the unit engages in economic activities and transactions on a significant scale, for a year or more.

Monetary and Financial Statistics

3-Month BA Rate
The interest rate on a time draft (bill of exchange) drawn on and accepted by Other Depository Corporations on which it was drawn; the bank accepting the draft assumes the obligation of making payment at maturity on behalf of its client.

Repo rate
The rate charged by the Bank of Namibia on advances on specific collateral to Other Depository Corporations. The Repo rate is the cost of credit to the banking sector and therefore eventually affects the cost of credit to the general public.

Depository Corporations Survey
The Depository Corporations Survey is a consolidation of the Central Bank Survey and the Other Depository Corporations Survey.

Bond
A security that gives the holder the unconditional right to a fixed money income or an income linked to some index, and except for perpetual bonds, an unconditional right to a stated fixed sum or a sum linked to some index on a specified date or dates.

Currency in circulation
Consist of notes and coins that are of fixed nominal values and are issued by central banks and governments. Currency is the most liquid financial asset and is included in broad money aggregates.

Narrow Money Supply (M1)
Narrow Money Supply (M1) is defined to include currency in circulation and transferable deposits of resident sectors, excluding Central Government and depository corporations.

Broad Money Supply (M2)
Broad Money Supply (M2) is defined to include currency outside depository corporations, transferable and other deposits in national currency of the resident sectors, excluding deposits of the Central Government and those of the depository corporations.

Transferable Deposits
These are deposits that are exchangeable without penalty or restriction, on demand and are directly usable for making third party payments.

Other Depository Corporations (ODCs)
The ODC sub-sector consists of all resident financial corporations (except the Central Bank) and quasi-corporations that are mainly engaged in financial intermediation and that issue liabilities included in the national definition of broad money. There are currently seven financial intermediaries classified as financial intermediaries in Namibia, i.e. First National Bank of Namibia, Standard Bank of Namibia, Nedbank Namibia, Bank Windhoek, Agribank of Namibia, National Housing Enterprise and the Namibia Post Office Savings Bank.

Other Deposits
The other deposit category comprises all claims, other than transferable deposits, that are represented by evidence of deposit. Different forms of other deposits are e.g. savings and fixed investments. Other deposits is thus a component of broad money supply.

Deposit rate
The deposit rate refers to the weighted average deposit rate of the ODC's i.e. the rate that ODC's declare on other deposits (e.g. time deposits).

Dual-listed Companies
Refer to those companies listed and trading on two stock exchanges, such as the Johannesburg Stock Exchange as well as on the NSX.

Lending rate
The lending rate refers to the weighted average lending rate, i.e. the rate charged by ODC's to borrowers.

Local Market in terms of NSX
Only local (Namibian) companies listed on the NSX.

Market Capitalisation
Market Capitalisation is the total market value of a company's issued share capital. It is equal to the number of fully paid shares listed on the NSX multiplied by the share price.

Market Turnover
Volume of shares traded on the NSX multiplied by the share price.

Market Volume
The number of shares traded on the NSX.

Money Market rate
The money market rate refers to the inter-bank interest rate; the rate at which ODC's extend credit to each other.

Mortgage rate
The rate charged on a loan for the purpose of financing construction or purchasing of real estate.

Overall Market in terms of NSX
Refers to all companies, local as well as foreign, listed on the NSX.

Prime rate
The rate of interest charged by Other Depository Corporations (ODC's) for loans made to its most credit-worthy business and industrial customers; it is a benchmark rate that banks establish from time to time in computing an appropriate rate of interest for a particular loan contract.

Real Interest rate
The rate of interest adjusted to allow for inflation; the nominal interest rate less the rate of inflation for Namibia, is the real interest rate.

STATISTICAL TABLES

I National Accounts

II Monetary and Financial Developments

E

III Public Finance

IV Balance of Payments

Table 1.1 Aggregate economic indicators

	2004	2005	2006	2007	2008
Current prices					
GDP (N$ mil.)	42,678	46,177	54,028	62,102	73,222
% Change	14.4	8.2	17.0	14.9	17.9
GNI (N$ mil.)	43,217	45,463	53,670	60,858	71,526
% Change	10.7	5.2	18.1	13.4	17.5
GDP per capita (N$)	22,194	23,596	27,122	30,622	35,459
% Change	12.5	6.3	14.9	12.9	15.8
GNI per capita (N$)	22,474	23,231	26,943	30,009	34,637
% Change	8.9	3.4	16.0	11.4	15.4
Constant 2004 prices					
GDP (N$ mil.)	42,679	43,758	46,853	49,432	51,073
% Change	12.3	2.5	7.1	5.5	3.3
GNI (N$ mil.)	43,217	44,408	50,156	54,785	57,896
% Change	7.6	2.8	12.9	9.2	5.7
GDP per capita (N$)	22,194	22,360	23,521	24,375	24,733
% Change	10.4	0.7	5.2	3.6	1.5
GNI per capita (N$)	22,474	22,692	25,179	27,014	28,037
% Change	5.8	1.0	11.0	7.3	3.8

Source: Central Bureau of Statistics

E

Table I.2 Gross domestic product and gross national income
Current prices - N$ million

Category	2004	2005	2006	2007	2008
Compensation of employees	18,787	19,630	21,508	24,815	28,947
Consumption of fixed capital	4,883	5,373	6,020	7,251	8,744
Net operating surplus	15,505	17,311	22,366	25,358	30,313
Gross domestic product at factor cost	**39,176**	**42,313**	**49,894**	**57,424**	**68,003**
Taxes on production and imports	3,502	3,864	4,133	4,678	52,19
Gross domestic product at market prices	**42,678**	**46,177**	**54,028**	**62102**	**73,222**
Primary incomes					
- receivable from the rest of the world	1,483	955	1,304	1,449	1,809
- payable to rest of the world	-944	-1,670	-1,661	-2,693	-3,505
Gross national income at market prices	**43217**	**45,463**	**53,670**	**60,858**	**71,526**
Current transfers					
- receivable from the rest of the world	4,529	4,547	6,733	7,421	9,326
- payable to rest of the world	-225	-286	-306	-369	-484
Gross national disposable income	**47,521**	**49,724**	**60,098**	**67,909**	**80,368**
Current prices - N$ per capita					
Gross domestic product at market prices	22,194	23,596	27,122	30,622	35,459
Gross national income at market prices	22,474	23,231	26,943	30,009	34,637
Constant 2004 prices - N$ millions					
Gross domestic product at market prices	**42,679**	**43,758**	**46,853**	**49,432**	**51,073**
- Annual percentage change	12.3	2.5	7.1	5.5	3.3
Real gross national income	**43,217**	**44,408**	**50,156**	**54,785**	**57,896**
- Annual percentage change	7.6	2.8	12.9	9.2	5.7
Constant 2004 prices - N$ per capita					
Gross domestic product at market prices	22,194	22,360	23,521	24,375	24,733
- Annual percentage change	10.4	0.7	5.2	3.6	1.5
Real gross national income	**22,474**	**22,692**	**25,179**	**27,014**	**28,037**
- Annual percentage change	5.8	1.0	11.0	7.3	3.8

Source: Central Bureau of Statistics

E

Table I.3 National disposable income and savings
Current prices - N$ million

Current prices - N$ millions	2004	2005	2006	2007	2008
Disposable income and saving					
Gross national disposable income	**47,521**	**49,724**	**60,098**	**67,909**	**80,368**
Consumption of fixed capital	4,883	5,373	6,020	7,251	8,744
Net national disposable income	**42,637**	**44,351**	**54,078**	**60,659**	**71,624**
All other sectors	32,783	32,742	39,389	46,066	54,722
General government	9,855	11,609	14,689	14,593	16,902
Final consumption expenditure	**34,609**	**35,640**	**40,867**	**48,504**	**58,779**
Private	25,916	26,734	30,340	35,664	43,505
General government	8,693	8,905	10,526	12,840	15,273
Saving, net	**8,028**	**8,711**	**13,211**	**12,155**	**12,846**
All other sectors	6,867	6,007	9,048	10,402	11,217
General government	1,161	2,704	4,163	1,754	1,628
Financing of capital formation					
Saving, net	8,028	8,711	13,211	12,155	12,846
Capital transfers receivable from abroad	527	535	602	590	633
Capital transfers payable to foreign countries	-3	-3	-3	-3	-3
Total	**8,552**	**9,243**	**13,810**	**12,741**	**13,475**
Capital formation					
Gross fixed capital formation	7,922	8,594	11,686	14,696	17,116
All other sectors	6,706	7,062	9,905	11,796	13,403
General government	1,216	1,532	1,781	2,900	3,713
Consumption of fixed capital	**-4,883**	**-5,373**	**-6,020**	**-7,251**	**-8,744**
All other sectors	-4,093	-4,484	-4,991	-5,901	-7,020
General government	-790	-889	-1,029	-1,350	-1,723
Changes in inventories	216	498	342	32	1,783
Net lending (+) / Net borrowing(-)	**5,298**	**5,524**	**7,802**	**5,264**	**3,320**
All other sectors	4,734	3,477	4,620	5,276	5,549
General government	564	2,047	3,182	-12	-2,229
Discrepancy on GDP 1)	-899	-1,382	979	316	2,516
Net lending/borrowing in external transactions 2)	4,399	4,142	8,781	5,580	5,836
Total	**8,552**	**9,243**	**13,810**	**12,741**	**13,475**

Source: Central Bureau of Statistics

E

Table I.4 (a) Gross domestic product by activity
Current prices - N$ million

Industry	2004	2005	2006	2007	2008
Agriculture and forestry	2,252	2,861	3,275	3,045	3,961
Livestock farming	930	1,606	1,836	1,765	2,536
Crop farming and forestry	1,322	1,254	1,439	1,280	1,425
Fishing & fish processing on board	1,564	1,932	1,948	2,330	2,411
Mining and quarrying	4,147	4,257	6,654	6,816	11,556
Diamond mining	3,444	3,182	4,591	3,535	5,522
Other mining and quarrying	704	1,075	2,063	3,281	6,034
Primary industries	**7,964**	**9,050**	**11,878**	**12,191**	**17,928**
Manufacturing	5,339	5,738	7,792	9,767	9,103
Meat processing	146	162	175	206	145
Fish processing on shore	763	477	657	902	999
Other food products and beverages	2,140	2,262	2,518	2,923	3,360
Other manufacturing	2,290	2,836	4,441	5,736	4,598
Electricity and water	900	1,091	1,012	1,558	1,589
Construction	1,138	1,259	1,826	2,285	3,016
Secondary industries	**7,377**	**80,88**	**10,630**	**13,610**	**13,707**
Wholesale and retail trade, repairs	4,638	5,202	5,879	6,769	7,682
Hotels and restaurants	770	829	940	1,115	1,269
Transport, and communication	2,403	2,662	2,535	2,955	3,513
Transport and storage	906	959	794	1,146	1,387
Post and telecommunications	1,498	1,703	1,741	1,809	2,125
Financial intermediation	1,686	1,823	2,201	2,563	2,889
Real estate and business services	3,921	4,218	4,479	5,041	5,467
Real estate activities	2,902	3,055	3,231	3,564	3,781
Other business services	1,019	1,164	1,247	1,477	1,686
Community, social and personal services	1,549	1,697	1,840	1,987	2,173
Public administration and defence	3,857	4,115	4,423	5,105	6,285
Education	3,331	3,208	3,703	4,570	5,140
Health	1,806	1,579	1,647	1,859	2,315
Private household with employed persons	343	358	384	424	492
Tertiary industries	**24,304**	**25,692**	**28,031**	**32,388**	**37,226**
Less: Financial intermediation services indirectly measured	469	517	644	765	858
All industries at basic prices	**39,176**	**42,313**	**49,894**	**57,424**	**68,003**
Taxes less subsidies on products	3,502	3,864	4,133	4,678	5,219
GDP at market prices	**42,678**	**46,177**	**54,028**	**62,102**	**73,222**

Source: Central Bureau of Statistics

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Table I.4(b) Gross domestic product by activity
Percentage contribution

Industry	2004	2005	2006	2007	2008
Agriculture and forestry	5.3	6.2	6.1	4.9	5.4
Livestock farming	2.2	3.5	3.4	2.8	3.5
Crop farming and forestry	3.1	2.7	2.7	2.1	1.9
Fishing & fish processing on board	3.7	4.2	3.6	3.8	3.3
Mining and quarrying	9.7	9.2	12.3	11.0	15.8
Diamond mining	8.1	6.9	8.5	5.7	7.5
Other mining and quarrying	1.6	2.3	3.8	5.3	8.2
Primary industries	**18.7**	**19.6**	**22.0**	**19.6**	**24.5**
Manufacturing	12.5	12.4	14.4	15.7	12.4
Meat processing	0.3	0.4	0.3	0.3	0.2
Fish processing on shore	1.8	1.0	1.2	1.5	1.4
Other food products and beverages	5.0	4.9	4.7	4.7	4.6
Other manufacturing	5.4	6.1	8.2	9.2	6.3
Electricity and water	2.1	2.4	1.9	2.5	2.2
Construction	2.7	2.7	3.4	3.7	4.1
Secondary industries	**17.3**	**17.5**	**19.7**	**21.9**	**18.7**
Wholesale and retail trade, repairs	10.9	11.3	10.9	10.9	10.5
Hotels and restaurants	1.8	1.8	1.7	1.8	1.7
Transport, and communication	5.6	5.8	4.7	4.8	4.8
Transport and storage	2.1	2.1	1.5	1.8	1.9
Post and telecommunications	3.5	3.7	3.2	2.9	2.9
Financial intermediation	4.0	3.9	4.1	4.1	3.9
Real estate and business services	9.2	9.1	8.3	8.1	7.5
Real estate activities	6.8	6.6	6.0	5.7	5.2
Other business services	2.4	2.5	2.3	2.4	2.3
Community, social and personal services	3.6	3.7	3.4	3.2	3.0
Public administration and defence	9.0	8.9	8.2	8.2	8.6
Education	7.8	6.9	6.9	7.4	7.0
Health	4.2	3.4	3.0	3.0	3.2
Private household with employed persons	0.8	0.8	0.7	0.7	0.7
Tertiary industries	**56.9**	**55.6**	**51.9**	**52.2**	**50.8**
Less: Financial intermediation services indirectly measured	1.1	1.1	1.2	1.2	1.2
All industries at basic prices	**91.8**	**91.6**	**92.3**	**92.5**	**92.9**
Taxes less subsidies on products	8.2	8.4	7.7	7.5	7.1
GDP at market prices	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

Source: Central Bureau of Statistics

Table I.5(a) Gross domestic product by activity
Constant 2004 prices - N$ million

Industry	2004	2005	2006	2007	2008
Agriculture and forestry	2,252	2,590	2,687	2,564	2,625
Livestock farming	930	1,315	1,219	1,253	1,325
Crop farming and forestry	1,322	1,274	1,468	1,311	1,300
Fishing & fish processing on board	1,564	1,434	1,308	1,059	1,003
Mining and quarrying	4,147	3,697	4,718	4,742	4,621
Diamond mining	3,444	2,872	3,962	3,840	3,830
Other mining and quarrying	704	826	756	902	791
Primary industries	**7,964**	**7,721**	**8,712**	**8,365**	**8,249**
Manufacturing	5,339	5,742	5,897	6,395	6,358
Meat processing	146	178	162	169	155
Fish processing on shore	763	723	494	640	616
Other food products and beverages	2,140	2,230	2,297	2,407	2,478
Other manufacturing	2,290	2,611	2,944	3,178	3,109
Electricity and water	900	1,119	1,182	1,230	1,302
Construction	1,138	1,166	1,600	1,832	2,112
Secondary industries	**7,377**	**8,026**	**8,680**	**9,457**	**9,772**
Wholesale and retail trade, repairs	4,638	5,087	5,473	5,904	6,072
Hotels and restaurants	770	788	846	936	948
Transport, and communication	2,403	2,627	2,999	3,161	3,335
Transport and storage	906	931	1,253	1,328	1,452
Post and telecommunications	1,498	1,696	1,746	1,833	1,883
Financial intermediation	1,686	1,941	2,024	2,267	2,493
Real estate and business services	3,921	4,188	4,339	4,711	4,914
Real estate activities	2,902	3,060	3,221	3,447	3,616
Other business services	1,019	1,128	1,118	1,264	1,298
Community, social and personal services	1,549	1,656	1,703	1,721	1,709
Public administratin and defence	3,857	3,673	3,816	4,225	4,617
Education	3,331	3,066	3,175	3,365	3,547
Health	1,806	1,446	1,461	1,545	1,708
Private household with employed persons	343	350	358	370	389
Tertiary industries	**24,304**	**24,822**	**26,194**	**28,205**	**29,733**
Less: Financial intermediation secvices indirectly measured	469	519	593	652	670
All industries at basic prices	**39,176**	**40,051**	**42,993**	**45,376**	**47,083**
Taxes less subsidies on products	3,502	3,707	3,860	4,057	3,990
GDP at market prices	**42,679**	**43,758**	**46,853**	**49,432**	**51,073**

Source: Central Bureau of Statistics

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Table I.5(b) Gross domestic product by activity
Annual percentage changes

Industry	2004	2005	2006	2007	2008
Agriculture and forestry	7.6	15.0	3.8	-4.6	2.4
Livestock farming	-1.7	41.5	-7.3	2.8	5.8
Crop farming and forestry	15.2	-3.6	15.2	-10.7	-0.9
Fishing and fish processing on board	-6.9	-8.3	-8.8	-19.0	-5.3
Mining and quarrying	45.0	-10.9	27.6	0.5	-2.6
Diamond mining	44.9	-16.6	38.0	-3.1	-0.3
Other mining and quarrying	45.5	17.3	-8.5	19.4	-12.3
Primary industries	**20.0**	**-3.1**	**12.8**	**-4.0**	**-1.4**
Manufacturing	0.4	7.5	2.7	8.4	-0.6
Meat processing	-0.3	21.9	-8.5	4.3	-8.4
Fish processing on shore	-10.4	-5.2	-31.7	29.6	-3.7
Other food products and beverages	-4.7	4.2	3.0	4.8	2.9
Other manufacturing	10.3	14.0	12.7	8.0	-2.2
Electricity and water	7.0	24.3	5.7	4.0	5.9
Construction	5.9	2.4	37.2	14.5	15.3
Secondary industries	**2.0**	**8.8**	**8.1**	**9.0**	**3.3**
Wholesale and retail trade, repairs	8.3	9.7	7.6	7.9	2.9
Hotels and restaurants	8.4	2.4	7.4	10.6	1.3
Transport, and communication	25.8	9.3	14.2	5.4	5.5
Transport and storage	43.8	2.8	34.5	6.0	9.3
Post and telecommunications	17.0	13.2	3.0	4.9	2.8
Financial intermediation	14.3	15.1	4.3	12.0	10.0
Real estate and business services	7.2	6.8	3.6	8.6	4.3
Real estate activities	3.1	5.4	5.3	7.0	4.9
Other business services	21.1	10.7	-0.9	13.1	2.6
Community, social and personal services	12.1	6.9	2.9	1.1	-0.7
Public administratin and defence	4.0	-4.8	3.9	10.7	9.3
Education	19.8	-8.0	3.5	6.0	5.4
Health	1.5	-19.9	1.0	5.8	10.5
Private household with employed persons	2.2	2.2	2.2	3.4	5.2
Tertiary industries	**10.4**	**2.1**	**5.5**	**7.7**	**5.4**
Less: Financial intermediation secvices indirectly measured	10.6	10.7	14.2	10.1	2.7
All industries at basic prices	**10.5**	**2.2**	**7.3**	**5.5**	**3.8**
Taxes less subsidies on products	37.5	5.9	4.1	5.1	-1.6
GDP at market prices	**12.3**	**2.5**	**7.1**	**5.5**	**3.3**

Source: Central Bureau of Statistics

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Table I.6(a) Expenditure on gross domestic product
Current prices - N$ million

Expenditure category	2004	2005	2006	2007	2008
Final consumption expenditure	34,609	35,640	40,867	48,504	58,779
Private	25,916	26,734	30,340	35,664	43,505
General government	8,693	8,905	10,526	12,840	15,273
Gross fixed capital formation	7,922	8,594	11,686	14,696	17,116
Changes in inventories	216	498	342	32	1,783
Gross domestic expenditure	**42,747**	**44,732**	**52,895**	**63,232**	**77,677**
Exports of goods and services	16,991	18,678	24,566	31,496	42,880
Imports of goods and services	17,959	18,615	22,454	32,310	44,820
Discrepancy	899	1,382	-979	-316	-2,516
Gross domestic product at market prices	**42,678**	**46,177**	**54,028**	**62,102**	**73,222**

Source: Central Bureau of Statistics

Table I.6 (b) Expenditure on gross domestic product
Current Prices - Percent

Expenditure category	2004	2005	2006	2007	2008
Final consumption expenditure	81.1	77.2	75.6	78.1	80.3
Private	60.7	57.9	56.2	57.4	59.4
General government	20.4	19.3	19.5	20.7	20.9
Gross fixed capital formation	18.6	18.6	21.6	23.7	23.4
Changes in inventories	0.5	1.1	0.6	0.1	2.4
Gross domestic expenditure	**100.2**	**96.9**	**97.9**	**101.8**	**106.1**
Exports of goods and services	39.8	40.4	45.5	50.7	58.6
Imports of goods and services	42.1	40.3	41.6	52.0	61.2
Discrepancy	2.1	3.0	(1.8)	(0.5)	(3.4)
Gross domestic product at market prices	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

Source: Central Bureau of Statistics

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Table I.7(a) Expenditure on gross domestic product
Constant 2004 Prices - N$ Million

Expenditure category	2004	2005	2006	2007	2008
Final consumption expenditure	34,609	34,299	37,469	41,247	45,261
Private	25,916	26,121	28,392	30,969	34,279
General government	8,693	8,179	9,077	10,279	10,982
Gross fixed capital formation	7,922	8,207	10,651	11,945	12,322
Changes in inventories	216	463	228	401	502
Gross domestic expenditure	**42,747**	**42,969**	**48,348**	**53,593**	**58,086**
Exports of goods and services	16,991	16,850	19,436	20,677	24,089
Imports of goods and services	17,958	18,125	21,083	27,784	33,636
Discrepancy	899	2,064	151	2,946	2,535
Gross domestic product at market prices	**42,679**	**43,758**	**46,853**	**49,432**	**51,073**

Source: Central Bureau of Statistics

Table I.7 (b) Expenditure on gross domestic product
Constant 2004 Prices - Per cent

	2004	2005	2006	2007	2008
Final consumption expenditure	2.7	(0.9)	9.2	10.1	9.7
Private	1.9	0.8	8.7	9.1	10.7
General government	5.0	(5.9)	11.0	13.2	6.8
Gross fixed capital formation	6.2	3.6	29.8	12.1	3.2
Changes in inventories	0.4	0.6	(0.5)	0.4	0.2
Gross domestic expenditure	**3.6**	**0.5**	**12.5**	**10.8**	**8.4**
Exports of goods and services	5.4	(0.8)	15.3	6.4	16.5
Imports of goods and services	(9.9)	0.9	16.3	31.8	21.1
Discrepancy	0.8	2.7	-4.4	6.0	(0.8)
Gross domestic product at market prices	**12.3**	**2.5**	**7.1**	**5.5**	**3.3**

Source: Central Bureau of Statistics

Table I.8 Gross fixed capital formation by activity
Current prices - N$ Million

Industry	2004	2005	2006	2007	2008
Agriculture	432	464	495	540	649
Fishing	42	104	71	162	149
Mining and quarrying	1,738	1,762	3,842	3,367	3,553
Manufacturing	833	715	1,068	1,376	2,374
Electricity and water	709	309	364	387	270
Construction	287	297	307	334	536
Wholesale and retail trade; hotels, restaurants	326	367	432	1,213	1,146
Transport, and communication	1,095	1,351	1,498	2,296	2,239
Finance, real estate, business services	1,253	1,684	1,840	2,084	2,456
Community, social and personal services	41	46	41	47	42
Producers of government services	1,165	1,497	1,728	2,889	3,702
Total	**7,922**	**8,594**	**11,686**	**14,696**	**17,116**
Per cent of GDP	18.6	18.6	21.6	23.7	23.4

Source: Central Bureau of Statistics

Table I.9 Gross fixed capital formation by activity
Constant 2004 prices - N$ million

Industry	2004	2005	2006	2007	2008
Agriculture	432	449	466	484	503
Fishing	42	103	70	158	139
Mining and quarrying	1,738	1,699	3,510	2,623	2,500
Manufacturing	833	685	965	1,075	1,671
Electricity and water	709	291	329	308	190
Construction	287	291	294	307	435
Wholesale and retail trade; hotels, restaurants	326	356	405	1,078	857
Transport, and communication	1,095	1,309	1,410	1,906	1,647
Finance, real estate, business services	1,253	1,584	1,598	1,629	1,698
Community, social and personal services	41	44	39	41	32
Producers of government services	1,165	1,394	1,565	2,335	2,649
Total	**7,922**	**8,207**	**10,651**	**11,945**	**12,322**
Annual change, per cent	6.2	3.6	29.8	12.1	3.2

Source: Central Bureau of Statistics

Table I.10 Gross fixed capital formation by the type of asset
Current prices - N$ million

Type of Asset	2004	2005	2006	2007	2008
Buildings	1,907	2,207	2,571	3,460	4,182
Construction works	2,000	2,168	3,625	4,224	5,891
Transport equipment	1,382	1,531	1,724	1,338	1,687
Machinery and other equipment	2,160	2,212	3,284	5,135	4,751
Mineral exploration	472	477	482	540	605
Total	**7,922**	**8,594**	**11,686**	**14,696**	**17,116**

Source: Cental Bureau of Statistics

Table I.11 Gross fixed capital formation by the type of asset
Constant 2004 prices - N$ million

Type of Asset	2004	2005	2006	2007	2008
Buildings	1,907	2,062	2,202	2,631	2,803
Construction works	2,000	1,995	3,211	3,477	4,207
Transport equipment	1,382	1,526	1,704	1,301	1,570
Machinery and other equipment	2,160	2,163	3,096	4,090	3,309
Mineral exploration	472	460	437	446	433
Total	**7,922**	**8,207**	**10,651**	**11,945**	**12,322**

Source: Central Bureau of Statistics

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Table I.12 Gross fixed capital formation by ownership
Current prices - N$ million

Ownership	2004	2005	2006	2007	2008
Public	2,498	2,640	2,986	4,673	6,254
Producers of government services	1,165	1,497	1,728	2,889	3,702
Public corporations and enterprises	1,333	1,143	1,258	1,784	2,552
Private	5,424	5,955	8,700	10,023	10,862
Total	**7,922**	**8,594**	**11,686**	**14,696**	**17,116**

Source: Central Bureau of Statistics

Table I.13 Gross fixed capital formation by ownership
Constant 2004 prices - N$ million

Ownership	2004	2005	2006	2007	2008
Public	2,498	2,493	2,738	3,806	4,508
Producers of government services	1,165	1,394	1,565	2,335	2,649
Public corporations and enterprises	1,333	1,100	1,173	1,471	1,859
Private	5,424	5,713	7,913	8,139	7,814
Total	**7,922**	**8,207**	**10,651**	**11,945**	**12,322**

Source: Central Bureau of Statistics

Table I.14 Fixed capital stock by activity
Current prices - N$ million

Industry	2004	2005	2006	2007	2008
Agriculture	8,824	9,299	9,621	10,266	11,688
Fishing	1,509	1,544	1,547	1,660	1,905
Mining and quarrying	9,760	10,897	14,131	17,726	21,614
Manufacturing	5,151	5,726	6,741	8,392	10,961
Electricity and water	7,541	8,049	8,235	8,649	9,605
Construction	1,229	1,291	1,365	1,481	1,876
Wholesale and retail trade; hotels, restaurants	3,174	3,435	3,803	4,968	6,212
Transport, and communication	9,518	10,478	11,317	13,347	16,073
Finance, real estate, business services	14,767	16,912	19,606	23,339	27,963
Community, social and personal services	627	660	687	736	825
Producers of government services	21,846	24,209	26,202	30,168	36,546
Total	**83,946**	**92,501**	**103,253**	**120,743**	**145,267**

Source: Central Bureau of Statistics

Table I.15 Fixed capital stock by activity
Constant 2004 prices - N$ million

Industry	2004	2005	2006	2007	2008
Agriculture	8,824	8,740	8,655	8,569	8,481
Fishing	1,509	1,525	1,504	1,566	1,602
Mining and quarrying	9,760	10,552	13,050	14,552	15,864
Manufacturing	5,151	5,408	5,908	6,465	7,526
Electricity and water	7,541	7,447	7,323	7,094	6,849
Construction	1,229	1,265	1,300	1,345	1,519
Wholesale and retail trade; hotels, restaurants	3,174	3,260	3,377	4,091	4,542
Transport, and communication	9,518	9,853	10,219	11,132	11,765
Finance, real estate, business services	14,767	15,834	16,871	17,891	18,932
Community, social and personal services	627	626	618	612	597
Producers of government services	21,846	22,399	23,037	24,303	25,731
Total	**83,946**	**86,908**	**91,864**	**97,620**	**103,407**

Source: Central Bureau of Statistics

Table I.16(a) National consumer price index (December 2001= 100)

		Food & non alcoholic beverages	Alcoholic Beverages & tabacco	Clothing and foodwear	Housing, water, electricity, gas & others	Furnitures, household equipment & maintenance	Health	Transport	Communica-tions	Recreation & culture	Education	Hotels, cafes & restaurands	Miscellaneous goods & services	All items	All Items Annual percentage changes
Weights		29.63	3.26	5.13	20.59	5.61	1.51	14.79	0.90	2.50	7.36	1.62	7.11	100.00	
	2004	122.6	121.2	109.3	122.4	111.3	111.8	123.9	107.4	110.3	135.5	120.9	109.5	120.2	4.2
	2005	124.4	130.1	108.2	124.3	113.9	112.6	132.3	108.5	111.1	140.6	127.1	108.0	122.9	2.3
	2006														
Jan		128.7	133.8	104.7	126.4	115.4	110.0	137.6	108.8	112.2	149.9	130.5	109.7	126.1	3.6
Feb		128.3	134.3	104.2	126.5	115.6	109.6	137.9	109.0	111.8	149.9	131.4	114.2	126.4	3.7
Mar		129.5	137.5	103.5	126.5	115.7	109.7	138.0	109.0	112.8	149.9	131.7	114.3	126.9	4.6
Apr		129.7	138.8	103.9	126.5	115.9	110.2	138.8	109.0	112.9	149.9	132.1	114.6	127.2	4.4
May		130.6	139.2	104.5	126.6	115.8	110.1	138.9	109.0	113.1	149.9	132.9	114.6	127.5	5.1
Jun		131.3	139.6	104.1	126.7	116.1	110.0	141.0	109.1	113.4	149.9	133.9	113.6	128.0	5.3
Jul		131.2	140.4	103.6	129.3	116.1	110.0	142.5	109.1	114.8	149.9	134.6	115.4	128.9	5.1
Aug		132.4	141.7	105.9	129.9	116.5	110.1	147.5	109.1	114.5	149.9	134.9	115.7	130.2	5.4
Sep		134.2	142.6	106.7	130.2	118.5	110.1	147.8	109.1	114.9	149.9	135.9	116.1	131.0	5.5
Oct		136.1	142.7	106.2	130.2	118.6	110.5	149.2	109.3	115.4	149.9	136.7	116.2	131.7	5.8
Nov		138.6	143.0	106.2	130.3	118.7	110.6	149.2	109.8	115.6	149.9	136.7	116.8	132.4	6.1
Dec		139.5	143.2	106.6	130.5	119.2	110.9	147.2	109.8	115.8	149.9	137.3	116.9	132.5	6.1
Average	2007	132.5	139.7	105.0	128.3	116.9	110.1	143.0	109.2	113.9	149.9	134.0	114.8	129.1	5.1
Jan		140.6	143.1	107.0	130.9	119.2	114.2	146.4	109.9	117.6	158.9	138.9	117.1	133.7	6.0
Feb		140.8	143.2	106.8	131.0	120.2	115.1	147.5	109.9	117.4	158.9	139.5	116.9	134.0	6.0
Mar		142.7	148.0	108.4	131.0	120.5	115.3	147.1	109.9	118.5	158.9	140.5	116.7	134.9	6.3
Apr		145.0	149.0	107.7	131.0	120.9	115.4	148.9	109.9	118.8	158.9	141.6	116.9	135.9	6.9
May		146.5	150.0	107.6	131.1	121.0	115.0	150.0	109.9	118.9	158.9	141.3	117.0	136.6	7.1
Jun		147.1	150.6	107.4	131.0	121.7	115.2	151.0	109.9	119.3	158.9	142.3	117.1	137.0	7.0
Jul		148.8	151.6	107.6	133.7	121.8	115.4	152.7	109.9	119.3	158.9	142.7	117.3	138.2	7.2
Aug		150.6	152.5	108.6	134.5	121.9	115.4	152.9	109.9	119.5	158.9	143.2	117.6	139.1	6.8
Sep		152.2	152.2	109.4	134.6	122.3	115.4	154.9	109.9	118.5	158.9	145.3	117.2	139.8	6.7
Oct		154.5	152.8	109.1	134.8	122.2	115.6	155.2	113.4	118.7	158.9	146.0	117.4	140.4	6.6
Nov		157.7	152.8	111.6	134.5	124.5	115.5	155.5	113.4	121.1	158.9	148.8	116.8	141.5	6.9
Dec		158.5	153.4	111.3	134.5	124.6	115.4	156.5	113.4	121.3	158.9	149.7	116.8	141.9	7.1
Average	2008	148.8	149.9	108.5	132.7	121.7	115.2	151.6	110.8	119.1	158.9	143.3	117.1	137.8	6.7
Jan		161.7	153.9	111.0	134.6	125.2	117.0	157.5	113.8	122.0	168.7	151.3	117.7	144.1	7.8
Feb		162.7	154.2	111.0	134.7	125.7	117.0	158.6	113.8	123.1	168.7	152.2	117.9	144.6	7.9
Mar		164.8	161.7	111.6	134.8	126.3	117.1	162.2	113.8	124.1	168.7	154.1	118.1	146.2	8.4
Apr		168.9	165.2	112.3	135.0	129.0	117.2	166.9	113.8	125.9	168.7	155.3	119.2	148.6	9.3
May		170.6	165.8	111.6	135.4	130.9	117.3	170.6	113.8	126.3	168.7	157.1	119.5	149.8	9.7
Jun		172.7	166.4	111.8	135.6	132.3	117.9	173.9	113.8	125.0	168.7	158.9	121.4	151.2	10.3
Jul		176.7	166.7	112.4	140.2	133.3	118.0	180.3	114.0	125.6	168.7	162.1	124.7	154.7	11.9
Aug		178.1	170.5	113.0	141.1	135.3	118.5	180.6	114.3	127.9	168.7	163.6	125.3	155.8	12.0
Sep		180.8	172.2	114.1	140.8	138.4	118.5	178.7	114.2	127.9	168.7	165.4	126.0	156.5	12.0
Oct		182.3	173.4	114.8	141.3	140.7	118.7	176.6	123.2	130.9	168.7	166.1	128.9	157.2	12.0
Nov		184.2	173.2	115.3	141.5	142.4	118.9	176.1	123.1	132.6	168.7	166.5	129.0	158.0	11.7
Dec		184.6	173.9	115.8	141.5	142.5	119.0	171.7	123.1	133.0	168.7	166.9	129.1	157.4	10.9
Average	2009	174.0	166.4	112.9	138.0	133.5	117.9	171.1	116.2	127.0	168.7	160.0	123.1	152.0	10.3
Jan		187.5	174.8	115.8	146.7	144.8	120.5	173.0	123.0	136.5	174.6	171.6	132.8	160.8	11.6
Feb		188.9	175.1	115.9	146.6	145.4	122.2	173.7	123.1	136.6	174.6	171.6	133.3	161.4	11.6
Mar		190.6	183.6	119.4	146.6	147.6	123.5	174.5	123.1	137.0	174.6	172.5	133.3	162.6	11.2
Apr		190.9	185.3	119.3	146.5	147.2	124.5	178.7	123.1	137.7	174.6	172.6	134.4	163.5	10.0
May		191.8	185.6	119.8	146.6	147.9	124.8	180.0	123.1	136.6	174.6	174.3	134.7	164.2	9.6
Jun		192.5	186.4	121.9	146.8	149.1	125.0	181.0	123.1	138.1	174.6	174.9	135.4	164.9	9.1
Jul		192.0	187.9	124.3	150.7	148.7	125.7	184.5	123.1	140.8	174.6	179.0	135.9	166.3	7.5
Aug		195.0	191.9	125.0	150.7	148.7	125.2	184.3	123.1	142.4	174.6	178.5	135.9	167.7	7.6
Sep		193.9	192.1	126.5	151.1	149.4	125.6	185.5	123.2	141.0	174.6	180.9	136.3	167.6	7.1
Oct		196.5	193.8	126.7	151.2	149.6	125.7	184.9	124.7	141.1	174.6	181.1	137	168.3	7.1
Nov		196.3	194.6	128.5	151.3	150.4	125.7	186.4	124.6	142.1	174.6	181	136.5	168.6	6.7
Dec		195.3	195.6	128.5	151.3	148.9	125.8	187.4	124.6	143.1	174.6	181.3	136.6	168.4	7.0
Average	2010	192.6	187.2	122.6	148.8	148.1	124.5	181.2	123.5	139.4	174.6	176.6	135.2	165.4	8.8
Jan		197.5	196.3	128.1	154.2	150.6	128.9	189.2	124.9	141.7	183.8	185.6	139.6	170.9	6.3

Source: Central Bureau of Statistics

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Table I.16(b) National consumer price index
Goods and Services (December 2001=100)

	Service			Goods		
	Index	Monthly Infl. Rate	Annual infl. rate	Index	Monthly infl. rate	Annual infl. rate
2004	**119.8**	**0.5**	**6.1**	**120.6**	**0.3**	**3.1**
2005	**123.7**	**0.3**	**3.3**	**122.3**	**0.3**	**1.4**
2006						
Jan	126.6	1.3	3.5	125.8	0.7	3.7
Feb	127.5	0.7	2.0	125.7	-0.1	4.8
Mar	127.6	0.1	4.9	126.5	0.7	4.4
Apr	127.7	0.1	4.4	126.9	0.3	4.5
May	128.0	0.2	4.5	127.2	0.3	5.4
Jun	128.9	0.7	4.7	127.5	0.2	5.6
Jul	130.1	0.9	5.0	128.1	0.5	5.2
Aug	131.6	1.2	6.0	129.2	0.9	5.1
Sep	131.7	0.1	5.2	130.5	0.9	5.6
Oct	132.0	0.2	5.6	131.4	0.8	5.8
Nov	132.1	0.1	5.8	132.6	0.9	6.3
Dec	132.2	0.1	5.8	132.8	0.2	6.3
Annual average	**129.7**	**0.5**	**4.8**	**128.7**	**0.5**	**5.2**
2007						
Jan	133.9	1.3	5.7	133.5	0.5	6.1
Feb	134.0	0.1	5.1	133.9	0.3	6.6
Mar	134.7	0.5	5.5	135.0	0.8	6.7
Apr	134.5	-0.1	5.3	136.8	1.4	7.8
May	134.5	0.0	5.1	138.0	0.8	8.5
Jun	134.6	0.1	4.4	138.5	0.4	8.7
Jul	136.0	1.0	4.5	139.6	0.8	8.9
Aug	136.4	0.3	3.6	141.8	1.6	9.7
Sep	136.5	0.1	3.6	141.8	0.0	8.7
Oct	136.7	0.1	3.6	142.7	0.6	8.6
Nov	135.8	-0.6	2.8	145.0	1.6	9.4
Dec	135.6	-0.2	2.6	145.9	0.6	9.9
Annual average	**135.3**	**0.2**	**4.3**	**139.4**	**0.8**	**8.3**
2008						
Jan	138.7	2.3	3.6	147.5	1.1	10.5
Feb	139.2	0.3	3.9	148.1	0.4	10.6
Mar	140.3	0.8	4.2	149.9	1.2	11.0
Apr	141.5	0.8	5.2	153.1	2.2	11.9
May	142.0	0.4	5.6	154.7	1.1	12.1
Jun	142.4	0.3	5.8	156.7	1.3	13.2
Jul	147.5	3.6	8.5	159.2	1.6	14.0
Aug	147.8	0.2	8.4	160.8	1.0	13.4
Sep	148.0	0.1	8.4	161.9	0.7	14.2
Oct	150.1	1.4	9.8	161.7	-0.1	13.3
Nov	150.9	0.5	11.1	162.5	0.5	12.1
Dec	151.1	0.1	11.5	161.4	-0.7	10.6
Annual average	**145.0**	**0.9**	**7.2**	**156.5**	**0.9**	**12.2**
2009						
Jan	153.6	1.6	10.7	165.3	2.5	12.1
Feb	154.7	0.7	11.1	165.6	0.2	11.9
Mar	155.0	0.2	10.4	166.6	0.6	11.2
Apr	154.5	-0.3	9.2	167.6	0.6	9.5
May	154.2	-0.2	8.6	170.6	1.8	10.2
Jun	154.5	0.3	8.5	171.5	0.5	9.4
Jul	156.4	1.2	6.0	172.5	0.6	8.3
Aug	156.9	0.3	6.1	174.6	1.2	8.5
Sep	156.4	-0.3	5.6	174.8	0.1	7.9
Oct	156.4	0.0	4.2	175.8	0.6	8.7
Nov-09	157.0	0.4	4.0	175.9	0.1	8.2
Dec-09	157.2	0.1	4.0	175.5	-0.3	8.7
Annual average	**155.6**	**0.3**	**7.4**	**171.4**	**0.7**	**9.6**
2010						
Jan	162.2	3.2	5.6	176.4	0.5	6.7

Source: Central Bureau of Statistics

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Table II.1(a) Central bank survey (end of period in N$ million)

	Jan-08	Feb-08	Mar-08	Apr-08	May-08	Jun-08	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09
Assets																								
Net foreign assets	**8,497.9**	**8,656.7**	**8,900.8**	**9,949.6**	**9,441.9**	**9,697.8**	**11,758.2**	**10,730.8**	**10,942.1**	**13,805.3**	**12,725.8**	**12,857.5**	**15,104.9**	**14,570.6**	**13,870.1**	**14,443.6**	**14,023.3**	**13,541.9**	**14,362.6**	**15,204.9**	**14,923.6**	**16,082.0**	**14,575.9**	**14,075.5**
Claims on nonresidents	**8,580.7**	**8,704.0**	**8,946.1**	**9,988.4**	**9,497.8**	**9,744.9**	**11,859.3**	**10,833.0**	**11,053.4**	**13,922.6**	**12,844.2**	**12,977.0**	**15,225.7**	**14,690.8**	**13,990.5**	**14,556.6**	**14,134.7**	**13,651.5**	**14,442.5**	**15,281.8**	**15,005.2**	**16,164.4**	**14,657.3**	**14,156.3**
Monetary gold and SDR holdings	0.2	0.2	0.3	0.2	0.2	0.3	0.2	0.2	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.2	0.2	0.2	1,231.3	1,519.5	1,604.5	1,547.8	1,505.9
Foreign currency	153.3	69.8	121.2	119.1	138.9	156.1	122.4	132.6	123.8	99.1	144.6	43.8	128.0	99.1	68.3	87.3	208.7	371.4	168.2	56.8	120.3	156.6	111.8	127.8
Deposits	8,289.3	8,609.1	8,787.9	9,819.6	9,295.8	9,513.5	5,917.4	4,381.5	4,827.4	7,202.5	5,710.3	6,587.2	9,066.5	8,609.4	7,853.1	14,410.8	13,851.6	13,193.5	14,172.0	13,876.6	13,235.9	14,260.3	12,839.1	12,357.6
Securities other than shares	0.0	0.0	0.0	0.0	0.0	0.0	5,733.1	6,222.1	5,992.3	6,499.5	6,854.1	6,200.9	6,016.3	5,953.2	6,024.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
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
Financial derivatives	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other	137.8	24.9	36.8	49.4	62.9	75.1	86.2	96.4	109.7	121.2	134.9	144.9	14.6	28.8	44.7	58.3	74.2	86.4	102.0	117.1	129.5	143.0	158.6	164.9
less: Liabilities to nonresidents	-82.8	-47.4	-45.3	-38.8	-55.9	-47.1	-101.1	-102.1	-111.3	-117.3	-118.5	-119.5	-120.8	-120.2	-120.4	-113.0	-111.4	-109.7	-79.9	-76.9	-81.6	-82.4	-81.4	-80.7
Deposits	-32.8	-27.1	-28.2	-22.5	-39.7	-30.1	-27.1	-27.4	-35.0	-37.1	-38.7	-40.7	-40.2	-39.1	-39.5	-35.5	-35.2	-34.6	-4.8	-4.8	-5.4	-5.5	-5.4	-5.4
Securities other than shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
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
Financial derivatives	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other	-49.9	-20.3	-17.2	-16.2	-16.3	-17.0	-74.0	-74.7	-76.3	-80.2	-79.7	-78.8	-80.6	-81.0	-80.8	-77.5	-76.3	-75.0	-75.1	-72.1	-76.2	-76.9	-75.9	-75.3
Claims on other depository corporations	**844.9**	**878.2**	**900.3**	**936.0**	**912.6**	**1,012.4**	**529.5**	**710.1**	**966.2**	**312.1**	**73.5**	**162.4**	**304.1**	**415.9**	**391.5**	**74.0**	**156.7**	**145.2**	**254.3**	**35.8**	**122.5**	**253.0**	**115.7**	**38.0**
Net claims on central government	**-5,632.0**	**-5,193.1**	**-4,841.9**	**-6,572.0**	**-6,079.1**	**-6,301.6**	**-7,857.5**	**-7,013.2**	**-6,578.1**	**-8,107.7**	**-6,892.5**	**-6,664.4**	**-8,808.5**	**-8,600.9**	**-7,233.5**	**-9,126.5**	**-8,903.4**	**-8,362.8**	**-9,285.5**	**-8,226.3**	**-8,002.6**	**-8,685.3**	**-7,186.6**	**-6,966.5**
Claims on central government	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Securities	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other claims	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
less: Liabilities to central government	-5,632.0	-5,193.1	-4,841.9	-6,572.0	-6,079.1	-6,301.6	-7,857.5	-7,013.3	-6,578.2	-8,107.7	-6,892.5	-6,664.4	-8,808.5	-8,601.0	-7,233.5	-9,126.6	-8,903.4	-8,362.9	-9,285.6	-8,226.3	-8,002.6	-8,685.4	-7,186.7	-6,966.6
Deposits	-5,632.0	-5,177.2	-4,826.0	-6,556.2	-6,063.3	-6,285.7	-7,841.7	-6,997.4	-6,562.3	-8,091.9	-6,876.7	-6,648.6	-8,802.6	-8,595.1	-7,227.7	-9,120.7	-8,897.6	-8,360.0	-9,282.7	-8,223.5	-7,999.8	-8,682.5	-7,183.8	-6,963.7
Other liabilities	0.0	-15.9	-15.9	-15.9	-15.9	-15.9	-15.9	-15.9	-15.9	-15.9	-15.9	-15.9	-5.9	-5.9	-5.9	-5.9	-5.9	-2.8	-2.8	-2.8	-2.8	-2.8	-2.8	-2.8
Claims on other sectors	**16.8**	**21.6**	**21.3**	**22.3**	**22.6**	**22.8**	**23.0**	**23.3**	**23.3**	**24.1**	**23.8**	**23.4**	**22.8**	**22.7**	**23.2**	**23.1**	**22.3**	**22.0**	**21.7**	**21.1**	**21.6**	**22.1**	**21.2**	**21.4**
Other financial corporations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
State and local government	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Public nonfinancial corporations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other nonfinancial corporations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other resident sectors	16.8	21.6	21.3	22.3	22.6	22.8	23.0	23.3	23.3	24.1	23.8	23.4	22.8	22.7	23.2	23.1	22.3	22.0	21.7	21.1	21.6	22.1	21.2	21.4

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Table II.1(b) Central bank survey (end of period in N$ million)

	Jan-08	Feb-08	Mar-08	Apr-08	May-08	Jun-08	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09
Liabilities																								
Monetary base	**2,151.1**	**2,433.1**	**2,449.2**	**2,416.7**	**2,451.7**	**2,229.4**	**2,653.5**	**2,614.6**	**2,980.4**	**2,717.5**	**2,726.0**	**3,101.1**	**3,220.4**	**3,121.7**	**3,653.6**	**3,310.2**	**3,407.4**	**3,548.5**	**3,522.7**	**3,861.1**	**3,884.1**	**3,952.5**	**4,165.2**	**4,060.0**
Currency in circulation	1,177.7	1,198.7	1,263.0	1,260.1	1,266.5	1,267.5	1,358.4	1,383.8	1,463.6	1,524.7	1,570.4	1,656.9	1,526.7	1,497.0	1,531.8	1,562.9	1,538.9	1,508.8	1,505.8	1,586.3	1,548.1	1,558.2	1,652.2	1,705.4
Liabilities to other depository corporations	973.4	1,234.3	1,186.2	1,156.5	1,185.2	961.9	1,295.1	1,230.8	1,516.8	1,192.8	1,155.7	1,444.2	1,693.7	1,624.7	2,121.8	1,747.3	1,868.5	2,039.7	2,017.0	2,274.8	2,336.0	2,394.3	2,513.0	2,354.6
Reserve deposits	348.4	392.3	332.8	342.7	459.7	415.2	474.6	492.5	428.8	471.6	462.4	467.9	597.9	466.3	422.7	508.4	543.2	518.8	480.1	475.4	452.5	766.4	971.5	851.0
Other liabilities	625.0	842.0	853.4	813.8	725.5	546.7	820.5	738.3	1,087.9	721.2	693.2	976.2	1,095.8	1,158.4	1,699.0	1,238.9	1,325.3	1,520.9	1,536.9	1,799.4	1,883.6	1,628.0	1,541.5	1,503.6
Deposits included in broad money	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Transferable 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	0.0
Other 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	0.0
Securities other than shares, included in broad money	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Deposits excluded from broad money	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Of which: Other financial corporations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Securities other than shares, excluded from broad money	**625.0**	**842.0**	**853.4**	**813.8**	**725.5**	**546.7**	**391.8**	**505.7**	**515.5**	**555.9**	**575.6**	**749.6**	**909.5**	**1,001.2**	**1,069.2**	**1,032.3**	**1,199.8**	**1,342.7**	**1,351.8**	**1,520.0**	**1,552.6**	**1,581.8**	**1,541.5**	**1,503.6**
Of which: Other financial corporations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
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**
Of which: Other financial corporations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financial derivatives	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Of which: Other financial corporations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Trade credit and advances	**10.1**	**10.9**	**10.6**	**5.6**	**4.6**	**2.7**	**6.1**	**7.2**	**7.2**	**7.0**	**17.8**	**8.3**	**7.5**	**7.9**	**8.2**	**11.6**	**7.0**	**20.1**	**6.0**	**33.2**	**4.5**	**7.5**	**7.9**	**9.5**
Of which: Other financial corporations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Shares and other equity	**1,730.4**	**2,082.2**	**2,662.0**	**2,064.1**	**1,984.6**	**2,339.7**	**1,932.7**	**1,967.1**	**2,504.4**	**3,447.1**	**3,333.2**	**3,417.6**	**3,544.8**	**3,421.5**	**3,453.6**	**2,240.4**	**2,031.3**	**1,932.5**	**1,978.2**	**3,325.1**	**3,357.6**	**3,893.1**	**3,538.9**	**3,291.3**
Funds contributed by owners	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0
Retained earnings	213.8	190.3	190.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	500.8	501.6	501.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
General and special reserves	302.8	306.0	306.0	427.4	427.4	427.4	427.4	427.4	427.4	427.4	427.4	427.4	427.4	427.4	427.4	675.7	675.7	675.7	675.7	675.7	675.7	675.7	675.7	675.7
SDR allocations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1,231.0	1,519.3	1,604.2	1,577.1	1,505.7
Valuation adjustment	1,157.0	1,502.9	2,069.0	1,536.0	1,462.4	1,810.9	1,343.9	1,342.3	1,745.2	2,500.9	2,451.2	2,428.7	2,577.6	2,382.2	2,370.1	1,388.6	1,186.9	1,060.5	1,069.8	1,164.6	896.8	1,340.7	989.7	832.7
Current year result	16.8	42.9	56.7	60.7	54.8	61.4	121.3	157.4	291.7	478.7	414.5	521.5	-1.1	70.2	114.5	136.1	128.7	156.3	192.7	213.8	225.9	232.5	256.4	237.2
Other items (net)	**-164.0**	**-162.8**	**-141.2**	**-150.5**	**-143.0**	**-140.4**	**-139.0**	**-137.8**	**-138.4**	**-137.7**	**-146.4**	**-148.0**	**-149.2**	**-142.9**	**-64.2**	**-148.1**	**-146.8**	**-154.8**	**-154.0**	**-183.8**	**-181.2**	**-181.4**	**-185.8**	**-192.5**
Other liabilities	24.1	24.0	43.5	39.8	39.9	39.9	40.1	40.5	40.8	41.3	41.5	46.2	45.1	46.1	47.2	47.2	47.3	49.8	51.1	49.7	48.9	45.8	43.5	38.1
less: Other assets	-188.1	-186.8	-184.7	-190.3	-182.9	-180.3	-179.1	-178.3	-179.2	-179.0	-187.9	-194.2	-194.3	-189.1	-111.3	-195.3	-194.0	-204.6	-205.1	-233.5	-230.0	-227.2	-229.3	-230.6

Table II.2(a) Other depository corporations survey (end of period in N$ million)

	Jan-08	Feb-08	Mar-08	Apr-08	May-08	Jun-08	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09
Assets																								
Net foreign assets	**1,864.5**	**1,886.0**	**1,870.0**	**2,482.6**	**2,522.7**	**1,557.0**	**2,829.8**	**907.6**	**1,636.6**	**2,712.7**	**2,946.6**	**726.7**	**1,752.0**	**766.2**	**1,453.4**	**2,055.4**	**1,617.2**	**1,371.3**	**1,531.7**	**1,908.6**	**1,255.9**	**3,488.1**	**2,859.0**	**2,854.2**
Claims on nonresidents	**2,758.3**	**2,844.1**	**2,824.1**	**3,444.9**	**3,460.6**	**2,871.3**	**3,869.9**	**1,947.5**	**2,533.8**	**3,620.8**	**3,969.8**	**1,809.3**	**2,815.9**	**2,129.2**	**2,469.9**	**3,140.9**	**2,735.3**	**2,465.1**	**2,430.7**	**2,845.5**	**2,451.4**	**4,314.5**	**3,729.5**	**3,263.8**
Foreign currency	137.1	186.4	207.8	219.6	182.8	182.7	174.9	251.8	347.7	360.9	360.2	273.5	315.1	224.0	277.7	273.3	240.3	176.9	191.9	182.7	150.3	207.1	199.7	144.2
Deposits	2,566.6	2,602.8	2,560.7	3,168.7	3,219.9	2,570.5	3,574.1	1,366.0	1,824.7	2,855.9	3,297.3	1,271.9	2,226.9	1,717.6	1,840.7	2,510.2	2,180.1	2,113.4	2,072.4	2,494.4	2,035.7	3,836.3	3,189.3	2,773.5
Securities other than shares	0.0	0.0	0.0	0.0	0.0	60.6	61.2	251.6	284.3	326.1	232.1	172.8	174.6	90.1	249.1	251.1	211.6	62.9	62.3	61.0	157.4	158.5	229.4	228.4
Loans	54.6	54.9	55.6	56.5	57.8	57.4	59.7	64.4	66.1	66.9	68.9	80.4	80.4	81.4	85.2	84.9	86.5	101.6	93.1	95.4	96.8	100.1	98.2	103.8
Financial derivatives	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	8.2	5.3	5.9	9.6	5.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	13.7	11.0	11.0	11.3	10.7	10.8	10.8	11.3	11.8	11.6	10.3	11.0	11.9	11.2	12.6	12.9	13.8
less: Liabilities to nonresidents	-893.8	-958.1	-954.1	-962.3	-937.8	-1,314.3	-1,040.1	-1,039.9	-897.2	-908.1	-1,023.2	-1,082.6	-1,063.9	-1,362.9	-1,016.5	-1,085.5	-1,118.0	-1,093.8	-899.0	-936.9	-1,195.5	-826.4	-870.5	-409.6
Deposits	-235.4	-286.7	-288.1	-293.5	-265.9	-645.4	-366.3	-372.3	-235.2	-245.7	-193.2	-294.2	-269.8	-562.6	-231.8	-303.2	-339.0	-303.5	-299.4	-361.8	-626.1	-323.2	-376.6	-309.0
Securities other than shares	-442.2	-444.8	-439.4	-442.2	-445.0	-439.3	-442.2	-445.0	-439.4	-442.2	-609.8	-568.3	-571.2	-573.7	-568.3	-571.1	-575.1	-569.3	-572.2	-575.1	-569.4	-491.1	-493.9	-100.6
Loans	-216.3	-226.6	-226.6	-226.6	-226.9	-229.6	-231.7	-222.6	-222.6	-220.2	-220.2	-220.2	-222.9	-226.6	-216.4	-211.2	-203.9	-221.0	-27.4	0.0	0.0	-12.1	0.0	0.0
Financial derivatives	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
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
Claims on central bank	**1,113.5**	**1,558.9**	**1,525.7**	**1,498.7**	**1,495.1**	**1,275.0**	**1,583.9**	**1,631.3**	**1,793.4**	**1,621.8**	**1,544.3**	**1,972.2**	**1,909.2**	**1,878.6**	**2,434.9**	**2,073.1**	**2,210.2**	**2,398.4**	**2,348.6**	**2,615.4**	**2,812.0**	**2,503.6**	**2,679.9**	**2,690.4**
Currency	395.2	316.7	334.8	322.3	306.6	310.2	372.4	324.4	387.2	290.4	349.3	516.5	309.1	262.2	303.9	314.9	303.9	375.9	296.5	406.0	463.3	412.8	447.8	548.7
Reserve deposits	348.2	392.2	332.7	342.6	459.5	415.0	439.8	491.4	428.7	471.5	430.3	651.1	667.1	576.8	902.8	653.3	647.6	623.2	643.5	729.8	717.2	652.4	653.6	418.4
Other claims	370.0	850.0	858.2	833.9	729.0	549.8	771.7	815.5	977.5	859.9	764.7	804.6	933.0	1,039.7	1,228.2	1,104.9	1,258.7	1,399.3	1,408.5	1,479.7	1,631.5	1,438.4	1,578.5	1,723.4
Net claims on central government	**1,961.4**	**1,732.3**	**1,782.6**	**1,926.5**	**2,003.0**	**2,148.7**	**2,170.1**	**2,392.0**	**2,295.1**	**2,271.6**	**2,138.8**	**2,021.3**	**2,090.6**	**1,906.9**	**1,690.9**	**1,466.0**	**1,301.5**	**1,533.7**	**1,388.6**	**748.4**	**759.7**	**1,174.9**	**966.0**	**1,120.4**
Claims on central government	**2,598.5**	**2,321.3**	**2,416.5**	**2,441.9**	**2,465.9**	**2,578.5**	**2,701.0**	**2,915.9**	**2,848.5**	**2,762.4**	**2,617.5**	**2,631.7**	**2,691.8**	**2,446.4**	**2,374.1**	**2,093.5**	**1,978.2**	**2,189.0**	**2,289.4**	**2,052.8**	**1,907.1**	**2,354.8**	**2,175.0**	**2,268.4**
Securities other than Shares	2,583.6	2,316.8	2,304.1	2,432.7	2,451.7	2,575.6	2,698.1	2,913.0	2,845.0	2,758.4	2,612.9	2,627.5	2,671.2	2,425.5	2,353.2	2,072.8	1,957.5	2,142.4	2,242.0	1,956.1	1,855.6	2,304.8	2,119.6	2,214.8
Other claims	14.9	4.5	112.4	9.2	14.2	2.9	2.9	2.9	3.5	4.0	4.6	4.2	20.5	20.9	20.9	20.8	20.8	46.6	47.4	96.7	51.5	50.0	55.4	53.6
less: Liabilities to central government	**-637.1**	**-589.0**	**-633.9**	**-515.4**	**-462.9**	**-429.9**	**-530.9**	**-523.9**	**-553.4**	**-490.8**	**-478.7**	**-610.4**	**-601.2**	**-539.5**	**-683.2**	**-627.5**	**-676.7**	**-655.3**	**-900.8**	**-1,304.4**	**-1,147.4**	**-1,179.9**	**-1,209.0**	**-1,148.0**
Deposits	-584.2	-536.1	-581.0	-462.5	-409.9	-376.0	-477.1	-470.1	-499.5	-437.0	-424.9	-557.4	-548.9	-486.5	-525.3	-454.9	-491.1	-526.3	-755.8	-1,135.8	-969.2	-983.4	-999.5	-1,015.3
Other liabilities	-52.9	-52.9	-52.9	-52.9	-53.0	-53.8	-53.8	-53.8	-53.8	-53.8	-53.8	-53.0	-52.3	-52.9	-157.9	-172.6	-185.6	-129.0	-145.0	-168.6	-178.1	-196.5	-209.6	-132.7
Claims on other sectors	**32,625.4**	**33,598.7**	**33,812.6**	**34,259.7**	**33,900.5**	**34,458.4**	**34,658.3**	**34,998.6**	**35,468.5**	**35,513.1**	**35,640.1**	**36,554.6**	**36,584.2**	**36,715.4**	**37,241.0**	**37,500.7**	**37,779.8**	**37,817.2**	**38,140.6**	**38,524.6**	**39,070.1**	**39,097.5**	**39,754.1**	**39,866.2**
Other financial corporations	2,430.3	2,874.6	2,692.3	2,891.0	2,725.4	2,914.6	2,888.7	2,808.7	3,028.9	2,635.0	2,437.4	2,576.2	2,567.9	2,520.1	2,667.4	2,749.9	2,841.2	2,910.4	2,966.7	2,908.8	3,104.4	2,864.8	2,999.4	2,724.7
State and local government	24.8	26.3	25.8	23.6	21.4	19.8	28.7	59.9	67.2	89.7	87.1	82.3	89.4	78.2	76.6	69.6	83.1	93.2	82.5	96.2	82.0	93.7	83.8	86.3
Public nonfinancial corporations	216.6	259.2	379.9	464.8	506.1	522.0	560.0	427.9	454.1	485.0	469.7	655.1	546.7	524.1	476.1	511.2	583.5	654.8	663.7	667.0	559.9	586.3	589.9	499.0
Other nonfinancial corporations	10,070.8	10,292.8	10,560.4	10,515.3	10,116.7	10,373.8	10,514.6	10,756.4	10,871.6	10,978.5	10,959.7	11,229.2	11,301.8	11,691.2	11,724.2	11,938.6	11,794.1	11,675.2	12,006.5	12,205.8	12,465.9	12,675.7	12,995.4	13,248.1
Other resident sectors	19,882.9	20,145.8	20,154.2	20,364.9	20,530.8	20,628.2	20,666.3	20,940.8	21,041.9	21,320.2	21,681.3	22,007.0	22,073.6	21,896.8	22,291.9	22,226.7	22,473.1	22,478.3	22,415.8	22,641.4	22,852.6	22,871.7	23,080.2	23,305.7
Unclassified shares and other equity	0.0	0.0	0.0	0.0	0.0	0.0	0.0	4.9	4.9	4.9	4.9	4.9	4.9	4.9	4.9	4.9	4.9	5.4	5.4	5.4	5.4	5.4	5.4	2.4

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Table II.2(b) Other depository corporations survey (end of period in N$ million)

Liabilities	Jan-08	Feb-08	Mar-08	Apr-08	May-08	Jun-08	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09
Liabilities to central bank	**851.1**	**881.1**	**823.6**	**872.6**	**916.3**	**1,011.8**	**524.6**	**706.6**	**695.0**	**415.6**	**68.5**	**158.0**	**231.8**	**413.2**	**389.0**	**70.5**	**152.8**	**141.7**	**250.8**	**32.6**	**119.4**	**250.1**	**112.7**	**33.6**
Deposits included in broad money	**25,119.8**	**26,829.2**	**26,097.2**	**26,844.2**	**26,810.4**	**27,042.8**	**28,786.3**	**27,110.9**	**27,908.9**	**27,937.8**	**28,490.4**	**28,096.5**	**28,672.0**	**28,099.9**	**28,834.8**	**28,879.1**	**28,821.7**	**29,119.1**	**29,195.1**	**28,775.8**	**28,274.1**	**29,442.7**	**29,275.3**	**29,807.6**
Transferable deposits	**14,728.0**	**16,645.2**	**16,362.0**	**16,717.2**	**16,419.7**	**17,270.2**	**18,716.1**	**17,760.8**	**17,977.0**	**16,394.4**	**17,275.8**	**17,430.1**	**17,746.2**	**17,683.8**	**18,608.1**	**18,473.2**	**18,650.6**	**19,036.2**	**19,003.9**	**18,816.9**	**18,409.0**	**19,549.5**	**19,622.7**	**19,739.9**
Other financial corporations	2,466.0	2,640.3	3,063.6	3,354.0	3,289.5	3,151.8	3,852.5	2,891.4	3,207.7	2,477.7	1,905.1	1,597.3	1,666.0	1,778.5	1,927.0	1,675.9	1,749.3	2,095.2	1,770.2	1,829.9	2,087.5	2,149.0	1,974.3	1,733.1
State and local government	242.9	303.3	238.0	312.3	303.0	323.1	243.9	233.3	236.6	268.2	289.1	258.0	249.5	264.9	257.0	265.8	261.9	286.1	254.2	276.5	266.3	345.3	317.0	248.4
Public nonfinancial corporations	691.1	625.8	509.6	461.7	729.2	432.9	823.5	690.2	585.9	500.8	637.3	616.6	658.4	910.1	939.0	1,269.0	1,098.4	1,638.7	1,958.2	1,804.0	1,700.8	1,524.0	1,915.3	1,923.8
Other nonfinancial corporations	8,288.9	9,511.3	9,255.0	9,579.3	9,248.3	10,209.0	10,704.7	10,582.0	10,677.4	10,017.1	9,990.2	10,032.6	10,873.9	10,306.9	10,526.7	10,722.0	10,983.3	10,496.1	10,877.3	10,340.2	9,856.8	10,756.6	10,740.6	11,141.4
Other resident sectors	3,039.2	3,564.5	3,295.8	3,010.0	2,849.7	3,153.5	3,091.4	3,363.9	3,269.3	3,130.6	4,454.0	4,925.7	4,298.5	4,423.4	4,958.5	4,540.6	4,557.8	4,520.1	4,144.1	4,566.4	4,497.6	4,774.7	4,675.5	4,693.2
Unclassified	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other deposits	**10,391.8**	**10,184.0**	**9,735.3**	**10,127.0**	**10,390.7**	**9,772.6**	**10,070.2**	**9,350.1**	**9,931.9**	**11,543.3**	**11,214.6**	**10,666.4**	**10,925.7**	**10,416.1**	**10,226.7**	**10,405.8**	**10,171.1**	**10,082.9**	**10,191.2**	**9,958.9**	**9,865.1**	**9,893.2**	**9,652.6**	**10,067.7**
Other financial corporations	779.7	719.4	824.8	913.4	1,045.7	874.2	869.0	852.7	877.0	822.8	729.2	314.4	658.7	726.9	587.1	773.7	1,051.4	1,103.8	1,079.9	769.0	653.5	804.7	553.1	566.1
State and local government	427.5	465.2	399.9	461.5	451.9	472.3	407.4	329.2	298.9	264.0	254.3	242.3	242.9	250.5	248.2	261.1	313.1	297.1	321.4	310.1	279.0	269.0	298.8	240.9
Public nonfinancial corporations	1,087.2	951.3	748.5	1,043.5	982.2	944.3	757.2	598.9	653.8	877.2	910.8	982.6	1,142.7	1,018.8	908.4	1,041.5	976.9	1,508.5	1,454.7	1,367.2	1,331.1	1,421.1	1,306.0	1,503.0
Other nonfinancial corporations	4,543.8	4,302.2	4,169.1	4,150.6	4,044.2	3,638.7	4,311.7	3,849.3	4,243.2	5,374.7	5,193.0	5,279.6	4,739.0	4,355.0	4,307.0	4,151.2	3,882.7	3,319.5	3,430.0	3,771.0	3,986.7	3,930.2	4,130.8	4,414.0
Other resident sectors	3,529.9	3,728.1	3,575.2	3,540.1	3,849.0	3,825.3	3,707.1	3,702.1	3,838.3	4,183.8	4,105.9	3,826.7	4,121.6	4,042.1	4,153.2	4,155.6	3,924.2	3,836.2	3,882.4	3,723.7	3,596.9	3,447.5	3,346.1	3,325.8
Unclassified	23.7	17.7	17.7	17.7	17.7	17.7	17.7	17.8	20.8	20.8	21.6	20.8	20.9	22.8	22.8	22.8	22.8	17.7	22.8	17.8	17.8	20.8	17.9	17.9
Securities other than shares, included in broad money	**6.0**	**3.9**	**3.9**	**3.9**	**3.9**	**3.9**	**3.9**	**3.9**	**3.9**	**3.9**	**3.9**	**3.9**	**3.9**	**3.9**	**3.9**	**3.9**	**3.9**	**3.9**	**3.9**	**4.0**	**3.9**	**3.9**	**3.9**	**3.9**
Deposits excluded from broad money	**1,596.8**	**1,013.2**	**1,357.9**	**1,710.6**	**1,365.3**	**867.3**	**836.4**	**757.8**	**913.1**	**1,022.6**	**984.1**	**741.5**	**975.4**	**972.8**	**748.5**	**870.3**	**875.9**	**1,051.9**	**917.0**	**1,081.5**	**1,049.4**	**1,047.3**	**927.2**	**1,055.6**
Securities other than shares, excluded from broad money	**4,699.8**	**4,699.6**	**5,265.4**	**5,168.7**	**5,034.7**	**5,461.8**	**5,869.1**	**5,884.8**	**6,135.3**	**6,633.9**	**6,788.5**	**6,491.8**	**6,440.4**	**6,060.2**	**6,796.3**	**7,179.2**	**6,905.7**	**6,980.0**	**6,951.1**	**7,998.4**	**8,348.0**	**9,286.2**	**10,159.8**	**10,553.2**
Of which: Other financial corporations	3,945.8	3,862.8	4,424.1	4,297.0	4,260.7	4,602.5	5,037.0	5,037.4	5,238.9	5,730.7	5,760.4	5,580.2	5,536.7	5,196.4	5,946.1	6,321.8	6,018.6	6,070.8	6,156.7	7,189.7	7,613.9	8,432.1	8,960.8	9,369.7
Loans	**7.1**	**6.9**	**6.9**	**6.9**	**6.9**	**6.9**	**6.9**	**6.9**	**6.9**	**6.9**	**6.9**	**7.9**	**8.0**	**6.9**	**8.0**	**6.5**	**16.9**	**16.9**	**6.7**	**6.7**	**6.7**	**6.7**	**6.7**	**5.8**
Financial derivatives	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Trade credit and advances	**28.3**	**0.0**	**95.4**	**43.9**	**35.4**	**61.9**	**53.3**	**88.6**	**65.9**	**167.6**	**49.1**	**111.4**	**111.8**	**91.1**	**124.6**	**116.5**	**128.5**	**29.3**	**80.2**	**81.6**	**55.6**	**4.4**	**31.3**	**-16.9**
Shares and other equity	**4,962.5**	**5,075.2**	**5,092.7**	**5,213.5**	**5,236.4**	**5,330.4**	**5,344.2**	**5,420.2**	**5,457.1**	**5,618.9**	**5,700.8**	**5,931.0**	**6,039.3**	**5,774.3**	**6,027.5**	**6,052.3**	**6,132.0**	**6,197.9**	**6,173.6**	**6,253.1**	**6,360.8**	**6,481.4**	**6,489.5**	**6,395.1**
Funds contributed by owners	579.4	579.4	579.4	579.4	579.4	579.4	579.4	1,722.2	1,722.2	1,850.3	1,850.3	1,850.3	1,850.3	1,722.2	1,850.3	1,850.3	1,850.3	1,850.3	1,850.3	1,881.3	1,881.3	1,881.3	1,881.3	1,881.3
Retained earnings	1,433.8	1,433.5	1,432.3	1,419.8	1,419.7	1,489.3	1,488.6	1,781.6	1,782.6	1,857.3	1,857.4	1,857.8	2,007.3	1,960.9	2,007.3	2,007.3	2,140.0	2,329.2	2,308.3	2,301.7	2,302.1	2,302.1	2,301.8	2,302.9
General and special reserves	2,791.1	2,827.7	2,793.2	2,821.8	2,866.5	2,922.5	3,069.0	1,597.0	1,605.7	1,612.7	1,620.7	1,632.8	1,646.0	1,650.5	1,661.8	1,669.3	1,682.7	1,734.8	1,803.7	1,809.5	1,822.4	1,837.5	1,846.3	1,861.7
Valuation adjustment	0.0	0.0	0.0	68.5	0.0	0.0	-9.0	9.5	8.9	5.7	11.2	17.0	15.0	13.2	12.4	14.0	12.7	10.2	11.4	15.4	13.7	15.2	14.6	16.7
Current Year Result	158.2	234.6	287.8	324.0	370.8	339.2	216.2	310.0	337.7	292.8	361.2	573.1	520.7	427.5	495.6	511.3	446.2	273.4	199.9	245.2	341.2	445.4	455.5	332.5
Other items (net)	**293.4**	**266.7**	**247.8**	**303.1**	**512.0**	**-347.7**	**-182.4**	**-50.2**	**7.6**	**312.0**	**177.6**	**-267.2**	**-146.5**	**-155.1**	**-112.5**	**-83.0**	**-128.5**	**-420.2**	**-169.0**	**-436.8**	**-320.1**	**-258.5**	**-747.7**	**-1,306.7**
Other liabilities	2,143.0	2,138.5	2,068.6	2,202.7	2,625.4	2,098.6	2,113.9	2,162.0	2,228.0	2,493.5	2,839.5	2,152.2	1,952.6	2,091.4	2,223.7	2,342.3	2,092.6	2,079.8	2,378.2	2,363.8	2,361.2	2,560.5	2,794.8	2,756.2
less: Other assets	-1,851.5	-1,872.0	-1,823.1	-1,900.3	-2,104.9	-2,448.9	-2,299.7	-2,215.0	-2,223.4	-2,154.5	-2,506.0	-2,407.7	-2,096.6	-2,245.1	-2,404.5	-2,427.3	-2,188.4	-2,523.0	-2,440.9	-2,594.3	-2,530.5	-2,589.2	-3,058.0	-3,176.0
plus: Consolidation adjustment	1.8	0.2	2.3	0.6	-8.5	2.6	3.5	2.8	3.0	-27.0	-155.9	-11.7	-2.5	-1.4	68.3	2.1	-32.8	23.0	-106.3	-206.3	-150.8	-229.8	-484.5	-886.8

Table II.3 Depository corporations survey (end of period in N$ million)

	Jan-08	Feb-08	Mar-08	Apr-08	May-08	Jun-08	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09
Net foreign assets	**10,362.4**	**10,542.6**	**10,770.7**	**12,432.2**	**11,964.6**	**11,254.8**	**14,588.0**	**11,638.4**	**12,578.7**	**16,518.0**	**15,672.4**	**13,584.2**	**16,857.0**	**15,336.9**	**15,323.5**	**16,499.0**	**15,640.6**	**14,913.2**	**15,894.3**	**17,113.5**	**16,179.4**	**19,570.1**	**17,434.9**	**16,929.7**
Claims on nonresidents	11,339.0	11,548.1	11,770.2	13,433.3	12,958.4	12,616.2	15,729.2	12,780.4	13,587.2	17,543.4	16,814.0	14,786.3	18,041.7	16,820.0	16,460.4	17,697.5	16,870.0	16,116.7	16,873.3	18,127.3	17,456.6	20,478.9	18,386.8	17,420.0
less: Liabilities to nonresidents	-976.6	-1,005.5	-999.4	-1,001.1	-993.8	-1,361.3	-1,141.2	-1,142.0	-1,008.5	-1,025.4	-1,141.7	-1,202.1	-1,184.7	-1,483.1	-1,136.7	-1,198.6	-1,229.4	-1,203.5	-979.0	-1,013.8	-1,277.1	-908.8	-951.9	-490.3
Domestic claims	**28,971.6**	**30,159.6**	**30,774.7**	**29,636.4**	**29,847.0**	**30,328.3**	**28,994.0**	**30,400.7**	**31,208.8**	**29,701.1**	**30,910.3**	**31,935.0**	**29,889.2**	**30,044.1**	**31,721.6**	**29,863.2**	**30,200.3**	**31,010.1**	**30,265.3**	**31,067.8**	**31,848.8**	**31,609.3**	**33,554.7**	**34,041.5**
Net claims on central government	**-3,670.6**	**-3,460.8**	**-3,059.2**	**-4,645.6**	**-4,076.1**	**-4,152.9**	**-5,687.4**	**-4,621.2**	**-4,283.0**	**-5,836.1**	**-4,753.7**	**-4,643.0**	**-6,717.9**	**-6,694.0**	**-5,542.6**	**-7,660.6**	**-7,601.8**	**-6,829.1**	**-7,897.0**	**-7,477.9**	**-7,242.9**	**-7,510.4**	**-6,220.6**	**-5,846.1**
Claims on central government	2,598.5	2,321.3	2,416.5	2,441.9	2,465.9	2,578.5	2,701.1	2,915.9	2,848.5	2,762.4	2,617.5	2,631.8	2,691.8	2,446.4	2,374.1	2,093.6	1,978.3	2,189.0	2,289.4	2,052.8	1,907.1	2,354.8	2,175.1	2,268.5
less: Liabilities to central government	-6,269.1	-5,782.1	-5,475.8	-7,087.5	-6,542.0	-6,731.4	-8,388.4	-7,537.1	-7,131.5	-8,598.6	-7,371.2	-7,274.8	-9,409.7	-9,140.4	-7,916.7	-9,754.1	-9,580.1	-9,018.1	-10,186.4	-9,530.8	-9,150.0	-9,865.2	-8,395.7	-8,114.6
Claims on other sectors	32,642.3	33,620.3	33,833.9	34,282.0	33,923.1	34,481.2	34,681.3	35,022.0	35,491.8	35,537.3	35,663.9	36,578.0	36,607.1	36,738.1	37,264.2	37,523.8	37,802.1	37,839.2	38,162.3	38,545.7	39,091.7	39,119.7	39,775.3	39,887.6
Other financial corporations	2,430.3	2,874.6	2,692.3	2,891.0	2,725.4	2,914.6	2,888.7	2,808.7	3,028.9	2,635.0	2,437.4	2,576.2	2,567.9	2,520.1	2,667.4	2,749.9	2,841.2	2,910.4	2,966.7	2,908.8	3,104.4	2,864.8	2,999.4	2,724.7
State and local government	24.8	26.3	25.8	23.6	21.4	19.8	28.7	59.9	67.2	89.7	87.1	82.3	89.4	78.2	76.6	69.6	83.1	93.2	82.5	96.2	82.0	93.7	83.8	86.3
Public nonfinancial corporations	216.6	259.2	379.9	464.8	506.1	522.0	560.0	427.9	454.1	485.0	469.7	655.1	546.7	524.1	476.1	511.2	583.5	654.8	663.7	667.0	559.9	586.3	589.9	499.0
Other nonfinancial corporations	10,070.8	10,292.8	10,560.4	10,515.3	10,116.7	10,373.8	10,514.6	10,756.4	10,871.6	10,978.5	10,959.7	11,229.2	11,301.8	11,691.2	11,724.2	11,938.6	11,794.1	11,675.2	12,006.5	12,205.8	12,465.9	12,675.7	12,995.4	13,248.1
Other resident sectors	19,899.7	20,167.4	20,175.5	20,387.2	20,553.5	20,651.0	20,689.4	20,964.1	21,065.2	21,344.3	21,705.1	22,030.4	22,096.5	21,919.5	22,314.6	22,249.8	22,495.4	22,500.3	22,437.5	22,662.6	22,874.2	22,893.8	23,101.4	23,327.1
Unclassified shares and other equity	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**4.9**	**4.9**	**4.9**	**4.9**	**4.9**	**4.9**	**4.9**	**4.9**	**4.9**	**4.9**	**5.4**	**5.4**	**5.4**	**5.4**	**5.4**	**5.4**	**2.4**
Broad money liabilities	**26,001.7**	**27,808.7**	**27,126.7**	**27,884.2**	**27,873.2**	**28,106.7**	**29,879.7**	**28,273.1**	**29,092.4**	**29,280.0**	**29,819.2**	**29,352.1**	**30,004.1**	**29,447.6**	**30,173.6**	**30,238.2**	**30,171.9**	**30,366.6**	**30,519.8**	**30,073.3**	**29,478.7**	**30,708.9**	**30,603.1**	**31,091.3**
Currency outside depository corporations	782.5	882.0	928.2	937.8	960.0	957.3	986.0	1,059.4	1,076.4	1,234.3	1,221.0	1,140.4	1,217.6	1,234.8	1,227.9	1,248.0	1,235.0	1,133.0	1,209.2	1,180.3	1,084.9	1,145.4	1,204.4	1,156.7
Transferable deposits	14,821.5	16,738.7	16,459.3	16,815.5	16,518.6	17,372.9	18,819.6	17,859.7	18,080.2	16,498.5	17,379.6	17,541.4	17,856.9	17,792.8	18,715.1	18,580.5	18,761.9	19,146.7	19,115.5	18,930.2	18,524.8	19,666.3	19,742.2	19,863.0
Other financial corporations	2,466.0	2,640.3	3,063.6	3,354.0	3,289.5	3,151.8	3,852.5	2,891.4	3,207.7	2,477.7	1,905.1	1,597.3	1,666.0	1,778.5	1,927.0	1,675.9	1,749.3	2,095.2	1,770.2	1,829.9	2,087.5	2,149.0	1,974.3	1,733.1
State and local government	242.9	303.3	238.0	312.3	303.0	323.1	243.9	233.3	236.6	268.2	289.1	258.0	249.5	264.9	257.0	265.8	261.9	286.1	254.2	276.5	266.3	345.3	317.0	248.4
Public nonfinancial corporations	691.1	625.8	509.6	461.7	729.2	432.9	823.5	690.2	585.9	500.8	637.3	616.6	658.4	910.1	939.0	1,269.0	1,098.4	1,638.7	1,958.2	1,804.0	1,700.8	1,524.0	1,915.3	1,923.8
Other nonfinancial corporations	8,288.9	9,511.3	9,255.0	9,579.3	9,248.3	10,209.0	10,704.7	10,582.0	10,677.4	10,017.1	9,990.2	10,032.6	10,873.9	10,306.9	10,526.7	10,722.0	10,983.3	10,496.1	10,877.3	10,340.2	9,856.8	10,756.6	10,741.0	11,141.4
Other resident sectors	3,039.2	3,564.5	3,295.9	3,010.1	2,849.7	3,153.5	3,091.5	3,363.9	3,269.3	3,130.6	4,454.0	4,925.7	4,298.5	4,423.4	4,958.5	4,540.6	4,557.8	4,520.1	4,144.1	4,566.4	4,497.6	4,774.7	4,675.5	4,693.2
Unclassified	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Less: Central bank float	93.4	93.4	97.3	98.2	98.9	102.6	103.5	98.9	103.1	104.1	103.8	111.3	110.6	109.0	107.0	107.3	111.2	110.6	111.6	113.3	115.8	116.8	119.1	123.1
Other deposits	10,391.8	10,184.0	9,735.3	10,127.0	10,390.7	9,772.6	10,070.2	9,350.1	9,931.9	11,543.3	11,214.6	10,666.4	10,925.7	10,416.1	10,226.7	10,405.8	10,171.1	10,082.9	10,191.2	9,958.9	9,865.1	9,893.2	9,652.6	10,067.7
Other financial corporations	779.7	719.4	824.8	913.4	1,045.7	874.2	869.0	852.7	877.0	822.8	729.2	314.4	658.7	726.9	587.1	773.7	1,051.4	1,103.8	1,079.9	769.0	653.5	804.7	553.1	566.1
State and local government	427.5	465.2	399.9	461.5	451.9	472.3	407.4	329.2	298.9	264.0	254.3	242.3	242.9	250.5	248.2	261.1	313.1	297.1	321.4	310.1	279.0	269.0	298.8	240.9
Public nonfinancial corporations	1,087.2	951.3	748.5	1,043.5	982.2	944.3	757.2	598.9	653.8	877.2	910.8	982.6	1,142.7	1,018.8	908.4	1,041.5	976.9	1,508.5	1,454.7	1,367.2	1,331.1	1,421.1	1,306.0	1,503.0
Other nonfinancial corporations	4,543.8	4,302.2	4,169.1	4,150.6	4,044.2	3,638.7	4,311.7	3,849.3	4,243.2	5,374.7	5,193.0	5,279.6	4,739.0	4,355.0	4,307.0	4,151.2	3,882.7	3,319.5	3,430.0	3,771.0	3,986.7	3,930.2	4,130.8	4,414.0
Other resident sectors	3,529.9	3,728.1	3,575.2	3,540.1	3,849.0	3,825.3	3,707.1	3,702.1	3,838.3	4,183.8	4,105.9	3,826.7	4,121.6	4,042.1	4,153.2	4,155.6	3,924.2	3,836.2	3,882.4	3,723.7	3,596.9	3,447.5	3,346.1	3,325.8
Unclassified	23.7	17.7	17.7	17.7	17.7	17.7	17.7	17.8	20.8	20.8	21.6	20.8	20.9	22.8	22.8	22.8	22.8	17.7	22.8	17.8	17.8	20.8	17.9	17.9
Securities other than shares, included in broad money	**6.0**	**3.9**	**3.9**	**3.9**	**3.9**	**3.9**	**3.9**	**3.9**	**3.9**	**3.9**	**3.9**	**3.9**	**3.9**	**3.9**	**3.9**	**3.9**	**3.9**	**3.9**	**3.9**	**4.0**	**3.9**	**3.9**	**3.9**	**3.9**
Deposits excluded from broad money	**1,596.8**	**1,013.2**	**1,357.9**	**1,710.6**	**1,365.3**	**867.3**	**836.4**	**757.8**	**913.1**	**1,022.6**	**984.1**	**741.5**	**975.4**	**972.8**	**748.5**	**870.3**	**875.9**	**1,051.9**	**917.0**	**1,081.5**	**1,049.4**	**1,047.3**	**927.2**	**1,055.6**
Securities other than shares, excluded from broad money	**4,699.8**	**4,699.6**	**5,265.4**	**5,168.7**	**5,034.7**	**5,461.8**	**5,869.1**	**5,884.8**	**6,135.3**	**6,633.9**	**6,788.5**	**6,491.8**	**6,440.4**	**6,060.2**	**6,796.3**	**7,179.2**	**6,905.7**	**6,980.0**	**6,951.1**	**7,998.4**	**8,348.0**	**9,286.2**	**10,159.8**	**10,553.2**
Loans	**7.1**	**6.9**	**6.9**	**6.9**	**6.9**	**6.9**	**6.9**	**6.9**	**6.9**	**6.9**	**6.9**	**7.9**	**8.0**	**6.9**	**8.0**	**6.5**	**16.9**	**16.9**	**6.7**	**6.7**	**6.7**	**6.7**	**6.7**	**5.8**
Financial derivatives	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Trade credit and advances	**38.4**	**10.9**	**106.0**	**49.5**	**40.0**	**64.6**	**59.4**	**95.8**	**73.1**	**174.6**	**66.9**	**119.7**	**119.3**	**99.0**	**132.8**	**128.1**	**135.5**	**49.4**	**86.2**	**114.8**	**60.0**	**11.9**	**39.2**	**-7.4**
Shares and other equity	**6,692.9**	**7,157.4**	**7,754.7**	**7,277.6**	**7,221.0**	**7,670.1**	**7,276.8**	**7,387.3**	**7,961.4**	**9,066.0**	**9,034.0**	**9,348.6**	**9,584.1**	**9,195.8**	**9,481.1**	**8,292.7**	**8,163.3**	**8,130.4**	**8,151.8**	**9,578.2**	**9,718.4**	**10,374.6**	**10,028.4**	**9,686.4**
Other items (net)	**297.3**	**5.5**	**-72.2**	**-29.3**	**270.4**	**-594.3**	**-346.2**	**-366.5**	**-394.7**	**35.2**	**-117.0**	**-542.4**	**-385.1**	**-401.4**	**-295.3**	**-352.8**	**-428.3**	**-671.9**	**-473.0**	**-671.7**	**-632.9**	**-256.1**	**-774.7**	**-1,413.7**
Other liabilities (includes central bank float)	2,073.7	2,169.1	2,014.8	2,144.3	2,566.4	2,035.9	2,050.5	2,103.6	2,165.6	2,430.7	2,777.2	2,087.1	1,887.0	2,028.6	2,163.8	2,282.2	2,028.7	2,019.0	2,317.8	2,300.2	2,294.3	2,489.5	2,719.2	2,671.2
less: Other assets	-2,039.6	-2,058.8	-2,007.9	-2,090.6	-2,287.8	-2,629.2	-2,478.9	-2,393.3	-2,402.6	-2,333.5	-2,694.0	-2,601.8	-2,290.9	-2,434.2	-2,593.5	-2,622.6	-2,382.4	-2,727.6	-2,646.0	-2,827.8	-2,760.5	-2,816.4	-3,287.3	-3,406.6
plus: Consolidation adjustment	263.1	-4.8	-79.1	-82.7	-8.2	-1.0	82.2	-76.8	-157.7	-62.0	-200.2	-27.7	18.8	4.2	-464.8	-12.4	-74.6	36.7	-144.8	-144.1	-166.6	70.7	-206.7	-678.3
Memoranda: Central bank float	-93.4	-93.4	-97.3	-98.2	-98.9	-102.6	-103.5	-98.9	-103.1	-104.1	-103.8	-111.3	-110.6	-109.0	-107.0	-107.3	-111.2	-110.6	-111.6	-113.3	-115.8	-116.8	-119.1	-123.1

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Table II.4 Other depository corporations' claims on private sectors (end period in N$ million)

	Jan-08	Feb-08	Mar-08	Apr-08	May-08	Jun-08	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09
Loans	**30,268.0**	**30,786.9**	**31,291.3**	**31,386.8**	**31,200.0**	**31,542.8**	**32,523.3**	**32,923.6**	**33,283.4**	**33,360.0**	**33,470.0**	**34,214.7**	**34,298.7**	**34,510.9**	**35,093.6**	**35,096.8**	**35,335.6**	**35,353.2**	**35,715.5**	**36,209.9**	**36,661.4**	**36,900.4**	**37,533.7**	**37,743.1**
Central bank	0.0	0.0	0.0	0.0	0.0	0.0	0.0	50.2	0.0	0.0	26.6	50.4	50.3	50.3	150.4	50.4	50.3	50.2	50.2	50.3	50.2	0.2	0.0	0.0
Other depository corporations	14.3	13.8	13.4	12.9	13.6	12.0	11.6	11.1	10.7	10.2	9.8	9.3	8.9	8.4	7.9	7.4	6.9	6.5	10.3	5.6	5.2	6.2	17.0	26.0
Other financial corporations	0.0	0.0	0.0	0.0	0.0	0.0	751.9	677.3	849.4	474.5	385.7	323.9	347.9	383.3	439.5	429.3	486.1	478.0	541.9	526.1	674.5	597.3	690.9	570.7
Central government	14.9	4.5	112.4	9.2	14.2	2.9	2.9	2.9	3.5	4.0	4.6	4.2	4.2	4.5	4.5	4.4	4.4	46.6	47.4	96.7	51.5	50.0	55.4	53.6
State and local government	24.8	26.3	25.8	23.6	21.4	19.8	28.7	59.9	67.2	89.7	87.1	82.3	89.3	78.1	76.5	69.5	83.0	93.1	82.4	96.1	81.9	93.6	83.7	86.2
Public nonfinancial corporations	215.3	258.4	379.1	414.0	455.3	471.2	509.2	377.1	403.3	434.2	418.9	581.1	495.9	473.3	476.1	511.2	583.5	654.8	663.7	667.0	559.9	586.3	589.9	499.0
Other nonfinancial corporations (Businesses)	**10,063.0**	**10,285.0**	**10,552.5**	**10,507.3**	**10,108.5**	**10,353.0**	**10,494.6**	**10,741.6**	**10,843.0**	**10,962.0**	**10,943.2**	**11,210.0**	**11,270.2**	**11,656.5**	**11,683.5**	**11,839.0**	**11,687.8**	**11,570.0**	**11,933.4**	**12,162.6**	**12,420.2**	**12,646.3**	**12,957.8**	**13,155.3**
Loans and Advances	**7,881.9**	**8,095.6**	**8,336.7**	**8,285.0**	**7,871.2**	**8,028.2**	**8,006.4**	**8,217.0**	**8,314.3**	**8,315.7**	**8,237.8**	**8,399.9**	**8,457.2**	**8,784.7**	**8,868.1**	**8,999.7**	**8,841.1**	**8,708.2**	**9,054.0**	**9,297.9**	**9,575.8**	**9,715.9**	**9,949.3**	**10,109.7**
Farm 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
Other mortgage loans	2,276.2	2,174.7	2,337.4	2,388.0	2,359.7	2,311.5	2,389.0	2,452.4	2,406.2	2,520.3	2,562.6	2,572.3	2,565.0	2,688.0	2,680.2	2,703.5	2,744.4	2,797.4	2,841.1	2,901.0	2,903.9	2,972.3	2,993.0	3,060.8
Dwellings	328.5	279.8	312.5	319.5	293.1	298.2	297.4	293.1	292.2	206.5	205.5	214.6	238.1	244.8	214.1	212.3	211.7	210.4	235.1	254.6	254.1	251.0	256.5	263.6
Other	1,947.7	1,895.0	2,025.0	2,068.5	2,066.6	2,013.3	2,091.6	2,159.3	2,114.0	2,313.8	2,357.1	2,357.7	2,326.9	2,443.2	2,466.1	2,491.2	2,532.7	2,587.0	2,606.0	2,646.4	2,649.8	2,721.3	2,736.6	2,797.1
Overdrafts	3,835.5	4,048.7	4,136.2	4,113.4	3,840.4	3,908.3	3,805.7	4,003.5	4,177.6	4,066.6	4,029.5	4,194.9	4,216.6	4,280.2	4,341.2	4,432.8	4,371.7	4,230.7	4,193.3	4,352.9	4,652.1	4,684.9	4,926.7	5,103.2
Other loans and advances	1,770.2	1,872.1	1,863.0	1,783.6	1,671.1	1,808.4	1,811.7	1,761.2	1,730.5	1,728.8	1,645.7	1,632.8	1,675.5	1,816.5	1,846.7	1,863.4	1,725.0	1,680.1	2,019.6	2,044.0	2,019.7	2,058.7	2,029.6	1,945.7
Leasing	45.7	48.2	48.0	51.3	51.2	55.1	61.2	62.4	66.7	58.3	63.5	61.6	66.0	63.2	59.2	59.2	57.9	62.7	64.1	62.6	62.9	63.4	63.1	68.2
Instalment credit	1,317.0	1,323.8	1,352.6	1,372.8	1,365.8	1,512.1	1,547.0	1,589.9	1,629.6	1,672.9	1,739.4	1,796.2	1,811.3	1,879.1	1,904.6	1,920.2	1,923.8	1,938.9	1,955.9	1,960.9	1,927.6	1,948.9	1,937.7	1,973.7
Other	818.4	817.5	815.1	798.2	820.3	757.7	879.9	872.2	832.3	915.1	902.4	952.3	935.7	929.6	851.6	859.9	865.0	860.4	859.3	841.2	853.8	918.1	1,007.7	1,003.7
Other resident sectors (Individuals)	**19,881.2**	**20,144.1**	**20,152.5**	**20,363.2**	**20,529.1**	**20,626.5**	**20,664.6**	**20,939.1**	**21,040.2**	**21,318.5**	**21,525.3**	**21,873.1**	**21,951.7**	**21,775.0**	**22,170.0**	**22,100.8**	**22,347.2**	**22,352.4**	***22,293.1***	***22,510.1***	***22,721.2***	***22,820.4***	***23,040.7***	***23,248.4***
Loans and Advances	**16,029.8**	**16,286.9**	**16,357.4**	**16,458.6**	**16,614.2**	**16,766.9**	**16,836.9**	**17,106.9**	**17,219.3**	**17,500.3**	**17,611.2**	**17,809.1**	**17,975.3**	**17,757.8**	**18,079.9**	**18,048.0**	**18,300.5**	**18,373.3**	**18,373.2**	**18,601.3**	**18,776.0**	**18,886.1**	**19,080.4**	**19,251.9**
Farm mortgage loans	741.1	755.3	755.3	755.3	747.4	489.4	489.4	764.4	764.4	761.3	870.0	940.1	987.1	755.3	948.1	772.3	795.4	756.7	756.7	828.7	754.6	754.6	754.6	787.1
Other mortgage loans	12,324.3	12,538.5	12,607.8	12,716.1	12,837.6	12,987.4	12,950.7	13,094.5	13,206.2	13,354.4	13,437.7	13,535.9	13,549.1	13,648.7	13,682.1	13,782.0	13,934.3	14,002.2	14,050.7	14,158.5	14,312.1	14,450.1	14,618.3	14,761.9
Dwellings	12,324.3	12,538.5	12,607.8	12,716.1	12,837.6	12,985.9	12,949.3	12,945.3	13,027.0	13,243.2	13,348.8	13,435.0	13,398.9	13,533.9	13,596.6	13,690.8	13,801.3	13,873.2	13,926.6	14,034.6	14,183.2	14,331.0	14,444.0	14,664.6
Other	0.0	0.0	0.0	0.0	0.0	1.4	1.4	149.2	179.2	111.3	88.9	100.9	150.2	114.8	85.5	91.2	133.0	129.1	124.1	123.9	128.9	119.1	174.3	97.2
Overdrafts	1,125.9	1,170.3	1,211.5	1,177.5	1,215.9	1,199.3	1,162.8	1,201.3	1,229.2	1,210.6	1,279.3	1,227.0	1,311.8	1,293.7	1,295.2	1,256.4	1,354.7	1,329.0	1,217.2	1,200.0	1,249.4	1,267.5	1,283.9	1,277.7
Other loans and advances	1,838.6	1,822.8	1,782.8	1,809.6	1,813.3	2,090.8	2,234.0	2,046.7	2,019.5	2,174.0	2,024.1	2,106.1	2,127.3	2,060.2	2,154.5	2,237.3	2,216.1	2,285.4	2,348.7	2,414.1	2,459.9	2,413.9	2,423.7	2,425.3
Leasing	92.0	93.2	92.9	94.6	95.7	94.7	96.4	105.4	107.7	102.8	101.9	100.9	93.8	93.0	89.7	84.9	83.9	78.5	74.1	88.5	89.5	86.9	91.5	90.4
Instalment credit	3,389.3	3,385.1	3,316.6	3,411.3	3,417.8	3,323.0	3,279.0	3,260.9	3,245.5	3,243.5	3,298.1	3,332.9	3,295.1	3,282.9	3,331.3	3,294.3	3,285.6	3,285.9	3,224.9	3,238.5	3,268.1	3,232.9	3,270.3	3,295.5
Other	370.1	378.8	385.7	398.8	401.4	441.9	452.3	465.9	467.6	471.9	514.1	630.2	587.6	641.3	669.1	673.5	677.2	614.7	620.9	581.8	587.6	614.5	598.5	610.6
Nonresidents	**54.6**	**54.9**	**55.6**	**56.5**	**57.8**	**57.4**	**59.7**	**64.4**	**66.1**	**66.9**	**68.9**	**80.4**	**80.4**	**81.4**	**85.2**	**84.9**	**86.5**	**101.6**	**93.1**	**95.4**	**96.8**	**100.1**	**98.2**	**103.8**
Loans and Advances	**54.6**	**54.9**	**55.6**	**56.5**	**57.8**	**57.4**	**59.7**	**64.4**	**66.1**	**66.9**	**68.6**	**75.7**	**77.6**	**81.0**	**82.0**	**84.5**	**85.6**	**90.4**	**93.0**	**95.4**	**96.8**	**98.5**	**98.1**	**103.8**
Farm 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
Other mortgage loans	31.5	31.5	31.5	31.0	31.1	32.3	34.1	38.5	39.4	39.5	40.8	44.6	45.7	48.3	50.2	52.2	52.9	53.5	55.3	57.2	57.6	57.6	56.4	61.1
Dwellings	31.5	31.5	31.5	31.0	31.1	32.3	34.1	38.5	39.4	39.5	40.8	44.6	45.7	48.3	50.2	52.2	52.9	53.5	55.3	57.2	57.6	57.6	56.4	61.1
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
Overdrafts	20.3	20.7	21.1	22.9	24.0	22.4	23.0	22.8	23.5	24.1	24.6	28.0	28.7	29.4	30.3	30.7	31.2	35.5	36.3	36.9	38.0	35.8	36.7	38.4
Other loans and advances	2.8	2.7	2.9	2.6	2.7	2.7	2.6	3.1	3.3	3.2	3.3	3.2	3.2	3.2	1.6	1.5	1.4	1.4	1.4	1.2	1.2	5.0	5.0	4.2
Leasing	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
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
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.3	4.7	2.8	0.4	3.2	0.4	0.9	11.1	0.1	0.0	0.0	1.6	0.1	0.0

Table II.5 Deposits of other depository corporations (end period in N$ million)

	Jan-08	Feb-08	Mar-08	Apr-08	May-08	Jun-08	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09
Total Deposits	28,804.1	29,768.1	29,456.3	30,493.6	30,039.4	30,113.1	31,121.5	29,344.6	30,021.6	30,018.4	30,522.2	30,511.0	31,012.1	30,807.5	31,361.5	30,951.3	31,090.0	31,445.4	31,745.9	31,705.3	31,231.7	32,379.3	31,801.8	32,288.3
Deposits included in broad money	25,119.8	26,829.2	26,097.2	26,844.2	26,810.4	27,042.8	28,786.3	27,110.9	27,908.9	27,937.8	28,490.4	28,096.5	28,672.0	28,099.9	28,834.8	28,879.1	28,821.7	29,119.1	29,195.1	28,775.8	28,274.1	29,442.7	29,275.7	29,807.6
Transferable deposits	14,728.0	16,645.2	16,362.0	16,717.2	16,419.7	17,270.2	18,716.1	17,760.8	17,977.0	16,394.4	17,275.8	17,430.1	17,746.2	17,683.8	18,608.1	18,473.2	18,650.6	19,036.2	19,003.9	18,816.9	18,409.0	19,549.5	19,623.1	19,739.9
In national currency	14,728.0	16,645.2	16,362.0	16,717.2	16,419.7	17,270.2	18,716.1	17,760.8	17,977.0	16,394.4	17,275.8	17,430.1	17,746.2	17,683.8	18,608.1	18,473.2	18,650.6	19,036.2	19,003.9	18,816.9	18,409.0	19,549.5	19,623.1	19,739.9
Other financial corporations	2,466.0	2,640.3	3,063.6	3,354.0	3,289.5	3,151.8	3,852.5	2,891.4	3,207.7	2,477.7	1,905.1	1,597.3	1,666.0	1,778.5	1,927.0	1,675.9	1,749.3	2,095.2	1,770.2	1,829.9	2,087.5	2,149.0	1,974.3	1,733.1
State and local government	242.9	303.3	238.0	312.3	303.0	323.1	243.9	233.3	236.6	268.2	289.1	258.0	249.5	264.9	257.0	265.8	261.9	286.1	254.2	276.5	266.3	345.3	317.0	248.4
Public nonfinancial corporations	691.1	625.8	509.6	461.7	729.2	432.9	823.5	690.2	585.9	500.8	637.3	616.6	658.4	910.1	939.0	1,269.0	1,098.4	1,638.7	1,958.2	1,804.0	1,700.8	1,524.0	1,915.3	1,923.8
Other nonfinancial corporations	8,288.9	9,511.3	9,255.0	9,579.3	9,248.3	10,209.0	10,704.7	10,582.0	10,677.4	10,017.1	9,990.2	10,032.6	10,873.9	10,306.9	10,526.7	10,722.0	10,983.3	10,496.1	10,877.3	10,340.2	9,856.8	10,756.6	10,741.0	11,141.4
Other resident sectors	3,039.2	3,564.5	3,295.8	3,010.0	2,849.7	3,153.5	3,091.4	3,363.9	3,269.3	3,130.6	4,454.0	4,925.7	4,298.5	4,423.4	4,958.5	4,540.6	4,557.8	4,520.1	4,144.1	4,566.4	4,497.6	4,774.7	4,675.5	4,693.2
Unclassified	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
In foreign currency	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other deposits	10,391.8	10,184.0	9,735.3	10,127.0	10,390.7	9,772.6	10,070.2	9,350.1	9,931.9	11,543.3	11,214.6	10,666.4	10,925.7	10,416.1	10,226.7	10,405.8	10,171.1	10,082.9	10,191.2	9,958.9	9,865.1	9,893.2	9,652.6	10,067.7
In national currency	10,391.8	10,184.0	9,735.3	10,127.0	10,390.7	9,772.6	10,070.2	9,350.1	9,931.9	11,543.3	11,214.6	10,666.4	10,925.7	10,416.1	10,226.7	10,405.8	10,171.1	10,082.9	10,191.2	9,958.9	9,865.1	9,893.2	9,652.6	10,067.7
Other financial corporations	779.7	719.4	824.8	913.4	1,045.7	874.2	869.0	852.7	877.0	822.8	729.2	314.4	658.7	726.9	587.1	773.7	1,051.4	1,103.8	1,079.9	769.0	653.5	804.7	553.1	566.1
State and local government	427.5	465.2	399.9	461.5	451.9	472.3	407.4	329.2	298.9	264.0	254.3	242.3	242.9	250.5	248.2	261.1	313.1	297.1	321.4	310.1	279.0	269.0	298.8	240.9
Public nonfinancial corporations	1,087.2	951.3	748.5	1,043.5	982.2	944.3	757.2	598.9	653.8	877.2	910.8	982.6	1,142.7	1,018.8	908.4	1,041.5	976.9	1,508.5	1,454.7	1,367.2	1,331.1	1,421.1	1,306.0	1,503.0
Other nonfinancial corporations	4,543.8	4,302.2	4,169.1	4,150.6	4,044.2	3,638.7	4,311.7	3,849.3	4,243.2	5,374.7	5,193.0	5,279.6	4,739.0	4,355.0	4,307.0	4,151.2	3,882.7	3,319.5	3,430.0	3,771.0	3,986.7	3,930.2	4,130.8	4,414.0
Other resident sectors	3,529.9	3,728.1	3,575.2	3,540.1	3,849.0	3,825.3	3,707.1	3,702.1	3,838.3	4,183.8	4,105.9	3,826.7	4,121.6	4,042.1	4,153.2	4,155.6	3,924.2	3,836.2	3,882.4	3,723.7	3,596.9	3,447.5	3,346.1	3,325.8
Unclassified	23.7	17.7	17.7	17.7	17.7	17.7	17.7	17.8	20.8	20.8	21.6	20.8	20.9	22.8	22.8	22.8	22.8	17.7	22.8	17.8	17.8	20.8	17.9	17.9
In foreign currency	6.0	3.9	3.9	3.9	3.9	3.9	3.9	3.9	3.9	3.9	3.9	3.9	3.9	3.9	3.9	3.9	3.9	3.9	4.0	3.9	3.9	3.9	3.9	3.9
Unclassified	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Deposits excluded from broad money	3,684.3	2,938.9	3,359.1	3,649.4	3,229.0	3,070.3	2,335.2	2,233.7	2,112.6	2,080.6	2,031.8	2,414.6	2,340.2	2,707.6	2,526.7	2,072.2	2,268.3	2,326.3	2,550.8	2,929.5	2,957.6	2,936.6	2,526.0	2,480.8
Transferable deposits	2,273.1	1,639.2	2,058.2	2,282.4	2,284.8	1,884.5	1,316.0	1,217.4	1,276.6	1,409.8	1,351.9	1,430.7	1,418.1	1,501.8	1,725.0	1,349.3	1,517.2	1,444.8	1,539.8	1,878.9	1,817.2	1,846.9	1,594.5	1,499.6
In national currency	1,019.3	887.8	984.1	944.1	1,395.0	1,154.0	928.1	907.8	801.6	839.5	784.7	1,116.1	933.0	1,036.1	1,398.9	978.8	1,148.1	1,062.2	1,208.2	1,289.7	1,225.9	1,513.8	1,136.8	1,067.4
In foreign currency	1,253.9	751.4	1,074.1	1,338.4	889.8	730.5	387.8	309.6	475.0	570.3	567.2	314.6	485.0	465.8	326.0	370.5	369.1	382.6	331.5	589.1	591.3	333.1	457.6	432.2
Other deposits	1,411.1	1,299.7	1,300.9	1,367.0	944.2	1,185.8	1,019.3	1,016.3	836.0	670.8	679.9	983.9	922.1	1,205.8	801.7	722.9	751.1	881.5	1,011.1	1,050.6	1,140.3	1,089.7	931.6	981.1
In national currency	1,285.6	1,147.4	1,135.5	1,189.2	675.2	812.6	685.8	680.9	541.8	406.8	450.9	700.7	640.1	634.7	615.5	512.0	543.2	497.0	*743.6*	*799.8*	*800.2*	*762.8*	*708.1*	*738.3*
In foreign currency	125.5	152.3	165.4	177.8	269.0	373.2	333.4	335.5	294.3	264.0	228.9	283.1	282.0	571.1	186.2	210.9	207.9	384.5	*267.5*	*250.8*	*340.1*	*326.9*	*223.4*	*242.8*

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Table II.6 Monetary Aggregates (end of period in N$ million)

		Currency in circulation	Transferable deposits	Narrow money (M1)	Other deposits	Securities included in M2	Broad money supply (M2)
		1	2	3	4	5	6
				1+2 = 3			3+4+5=6
2004		**632.7**	**9,210.6**	**9,843.2**	**5,816.3**	**170.4**	**15,829.9**
2005		**680.0**	**9,169.5**	**9,849.5**	**7,261.7**	**31.4**	**17,142.6**
2006	**Jan**	**646.9**	**9,669.2**	**10,316.0**	**7,130.9**	**11.6**	**17,458.5**
	Feb	663.0	10,133.6	10,796.5	7,052.3	11.7	17,860.5
	Mar	681.0	10,828.0	11,508.9	7,308.9	11.5	18,829.3
	Apr	714.6	10,696.1	11,410.7	7,679.9	11.5	19,102.1
	May	678.8	11,308.0	11,986.8	7,800.1	9.5	19,796.4
	Jun	726.7	11,429.7	12,156.4	8,446.0	9.5	20,612.0
	Jul	727.4	11,806.7	12,534.1	8,494.2	8.0	21,036.3
	Aug	767.4	11,613.6	12,381.0	8,312.2	5.8	20,699.0
	Sep	785.6	12,148.8	12,934.4	8,655.2	5.8	21,595.5
	Oct	772.0	13,646.3	14,418.3	7,898.1	5.9	22,322.3
	Nov	839.7	13,498.5	14,338.2	8,359.3	5.9	22,703.3
	Dec	763.4	13,002.4	13,765.8	8,833.3	5.9	22,605.0
2007	**Jan**	**739.1**	**13,909.4**	**14,648.5**	**8,707.6**	**5.9**	**23,362.0**
	Feb	731.3	13,993.5	14,724.8	8,400.5	5.9	23,131.2
	Mar	797.4	14,122.6	14,920.0	7,756.7	5.9	22,682.7
	Apr	744.5	14,219.2	14,963.7	8,193.0	5.9	23,162.6
	May	777.4	14,236.9	15,014.2	8,562.0	5.9	23,582.2
	Jun	814.5	12,638.6	13,453.1	9,129.7	5.9	22,588.7
	Jul	794.8	14,954.4	15,749.2	9,183.9	5.9	24,939.0
	Aug	883.1	15,111.4	15,994.5	9,026.7	5.9	25,027.1
	Sep	861.8	14,467.9	15,329.8	10,459.9	5.9	25,795.6
	Oct	806.5	14,362.0	15,168.5	9,910.3	6.0	25,084.8
	Nov	806.0	15,285.2	16,091.2	10,194.4	6.0	26,291.6
	Dec	820.3	13,908.5	14,728.9	10,166.1	6.0	24,901.0
2008	**Jan**	**782.5**	**14,821.5**	**15,603.9**	**10,391.8**	**6.0**	**26,001.7**
	Feb	882.0	16,738.7	17,620.7	10,184.0	3.9	27,808.7
	Mar	928.2	16,459.3	17,387.5	9,735.3	3.9	27,126.7
	Apr	937.8	16,815.5	17,753.3	10,127.0	3.9	27,884.2
	May	960.0	16,518.6	17,478.6	10,390.7	3.9	27,873.2
	Jun	957.3	17,372.9	18,330.2	9,772.6	3.9	28,106.7
	Jul	986.0	18,819.6	19,805.6	10,070.2	3.9	29,879.7
	Aug	1,059.4	17,859.7	18,919.1	9,350.1	3.9	28,273.1
	Sep	1,076.4	18,080.2	19,156.5	9,931.9	3.9	29,092.4
	Oct	1,234.3	16,498.5	17,732.8	11,543.3	3.9	29,280.0
	Nov	1,221.0	17,379.6	18,600.6	11,214.6	3.9	29,819.2
	Dec	1,140.4	17,541.4	18,681.8	10,666.4	3.9	29,352.1
2009	**Jan**	**1,217.6**	**17,856.9**	**19,074.5**	**10,925.7**	**3.9**	**30,004.1**
	Feb	1,234.8	17,792.8	19,027.6	10,416.1	3.9	29,447.6
	Mar	1,193.1	18,715.1	19,943.0	10,226.7	3.9	30,173.6
	Apr	1,248.0	18,580.5	19,828.5	10,405.8	3.9	30,238.2
	May	1,235.0	18,761.9	19,996.9	10,171.1	3.9	30,171.9
	Jun	1,133.0	19,146.7	20,279.7	10,082.9	3.9	30,366.6
	Jul	1,209.2	19,115.5	20,324.7	10,191.2	3.9	30,519.8
	Aug	1,180.3	18,930.2	20,110.5	9,958.9	4.0	30,073.3
	Sep	1,084.9	18,524.8	19,609.6	9,865.1	3.9	29,478.7
	Oct	1,145.4	19,666.3	20,811.8	9,893.2	3.9	30,708.9
	Nov	1,204.4	19,742.2	20,946.6	9,652.6	3.9	30,603.1
	Dec	1,156.7	19,863.0	21,019.6	10,067.7	3.9	31,091.3

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Table II.7 Monetary analysis (end of period in N$ million)

		Claims on the Central Government			Claims on private sectors	Other items net
		Gross claims	Government deposits	Other liabilities		
2007	**Jan**	**2,785.2**	**4,920.3**	**64.5**	**28,889.3**	**-9,455.9**
	Feb	2,914.4	4,681.4	64.5	29,447.2	-10,542.6
	Mar	3,098.8	5,712.0	67.3	29,990.7	-11,516.1
	Apr	3,099.4	6,463.4	51.2	30,040.4	-11,877.9
	May	3,012.1	5,695.2	51.2	30,345.8	-12,284.3
	Jun	3,270.2	6,110.0	52.7	30,685.8	-12,154.4
	Jul	3,265.5	5,853.1	52.7	30,762.6	-12,610.7
	Aug	2,966.9	4,667.2	52.7	30,998.6	-12,557.6
	Sep	2,957.3	4,080.3	52.7	31,395.3	-12,249.4
	Oct	2,915.6	5,008.3	52.8	32,528.8	-12,563.6
	Nov	2,925.3	4,740.0	52.8	32,736.7	-12,267.1
	Dec	2,981.3	5,192.3	52.9	32,355.9	-12,652.9
2008	**Jan**	**2,598.5**	**6,216.3**	**52.9**	**32,642.3**	**-13,332.3**
	Feb	2,321.3	5,713.3	52.9	33,620.3	-12,893.5
	Mar	2,416.5	5,407.0	68.8	33,833.9	-14,418.7
	Apr	2,441.9	7,018.7	68.8	34,282.0	-14,184.4
	May	2,465.9	6,473.2	68.9	33,923.1	-13,938.4
	Jun	2,578.5	6,661.8	69.7	34,481.2	-13,476.3
	Jul	2,701.0	8,318.8	69.7	34,681.3	-13,702.3
	Aug	2,915.9	7,467.5	69.7	35,022.0	-13,766.1
	Sep	2,848.5	7,061.9	69.7	35,491.8	-14,695.1
	Oct	2,762.4	8,528.9	69.7	35,537.3	-16,939.1
	Nov	2,617.5	7,301.6	69.7	35,663.9	-16,763.4
	Dec	2,631.8	7,205.9	68.9	36,578.0	-16,167.1
2009	**Jan**	**2,691.8**	**9,351.5**	**58.1**	**36,607.1**	**-16,742.1**
	Feb	2,446.4	9,081.7	58.8	36,738.1	-15,933.3
	Mar	2,374.1	7,752.9	163.8	37,264.2	-16,871.5
	Apr	2,093.5	9,575.6	178.5	37,523.8	-16,124.0
	May	1,978.2	9,388.7	191.5	37,802.1	-15,668.9
	Jun	2,189.0	8,886.3	134.9	37,839.2	-15,556.7
	Jul	2,289.4	10,038.5	147.8	38,162.3	-15,639.8
	Aug	2,052.8	9,359.3	171.5	38,545.7	-18,108.0
	Sep	1,907.1	8,969.0	181.0	39,091.7	-18,549.6
	Oct	2,354.8	9,665.9	199.3	39,119.7	-20,470.4
	Nov	2,175.1	8,183.3	212.4	39,775.3	-20,386.5
	Dec	2,268.5	7,979.1	135.5	39,887.6	-19,879.9

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Table II.8 Changes in determinants of money supply (end of period in N$ million)

		Broad money supply (M2)	Determinants of money supply						
			Net foreign assets (cumulative flow)	Claims on the Central Government				Claims on other sectors	Other items net
				Gross claims	Government deposits	Other liabilities	Net claims on Government		
2008	**Jan**	**1,100.7**	**2,900.7**	**-382.8**	**1,023.9**	**0.0**	**-1,406.8**	**286.3**	**-679.5**
	Feb	1,807.0	180.2	-277.2	-502.9	0.0	209.9	978.1	438.8
	Mar	-682.0	228.1	95.2	-306.3	15.9	401.5	213.6	-1,525.2
	Apr	757.6	1,592.9	25.4	1,611.7	0.0	-1,586.3	448.1	234.4
	May	-11.0	-399.0	24.0	-545.6	0.1	569.5	-358.9	246.0
	Jun	233.5	-709.8	112.6	188.6	0.8	-76.8	558.1	462.1
	Jul	1,773.0	3,333.2	122.5	1,657.0	0.0	-1,534.5	200.2	-226.0
	Aug	-1,606.6	-2,949.6	214.9	-851.3	0.0	1,066.1	340.6	-63.7
	Sep	819.3	940.3	-67.4	-405.6	0.0	338.2	469.8	-929.0
	Oct	187.6	-3,939.3	86.0	-1,467.0	0.0	-1,553.1	-45.5	-2,244.1
	Nov	539.1	845.6	144.9	1,227.3	0.0	1,082.5	126.7	175.7
	Dec	-467.1	2,088.2	-14.2	-245.4	-269.9	110.6	914.1	596.3
2009	**Jan**	**652.0**	**3,272.8**	**60.0**	**1,917.5**	**-0.7**	**-2,074.8**	**29.0**	**-575.0**
	Feb	-556.5	-1,520.1	-245.4	-269.9	-9.4	23.9	131.0	808.8
	Mar	726.0	687.2	-72.3	-1,328.7	105.0	1,151.4	526.1	-938.2
	Apr	64.6	475.0	-280.5	1,822.7	14.7	-2,118.0	259.7	747.5
	May	-66.3	-858.4	-115.3	-186.6	13.0	58.7	278.3	455.1
	Jun	194.7	-727.4	210.8	-502.7	-56.6	772.7	37.1	112.2
	Jul	153.3	981.1	100.4	1,152.2	13.0	-1,067.9	323.1	-83.1
	Aug	-446.5	-11.8	-236.6	-679.2	23.6	419.1	383.4	-2,468.3
	Sep	-594.6	296.9	-145.7	-390.3	9.5	235.0	546.0	-441.5
	Oct	1,230.2	3,390.6	447.7	696.9	18.4	-267.5	28.0	-1,920.9
	Nov	-105.8	-2,135.1	-179.7	-1,482.6	13.1	1,289.8	655.6	83.9
	Dec	488.1	-505.3	93.4	-204.2	-76.9	374.5	112.3	506.6

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Table II.9 Selected interest rates: Namibia and South Africa

		Prime lending rate		Average lending rate		Treasury bill rate (3 month)		Deposit rates		Bank rate	Repo rate
		Namibia	SA	Namibia	SA	Namibia	SA	Namibia	SA	Namibia	SA
2005	Jan	12.25	11.00	10.68	11.00	7.67	7.29	6.18	6.72	7.50	7.50
	Feb	12.25	11.00	10.66	11.00	7.58	7.23	6.18	6.71	7.50	7.50
	Mar	12.25	11.00	10.56	11.00	7.58	7.20	6.53	6.77	7.50	7.50
	Apr	11.75	10.50	10.66	10.50	7.59	6.95	6.50	6.77	7.00	7.00
	May	11.75	10.50	10.58	10.50	6.80	6.75	6.31	6.48	7.00	7.00
	Jun	11.75	10.50	10.52	10.50	6.16	6.76	6.21	6.48	7.00	7.00
	Jul	11.75	10.50	10.52	10.50	7.11	6.73	6.13	6.48	7.00	7.00
	Aug	11.75	10.50	10.50	10.50	6.71	6.73	6.06	6.48	7.00	7.00
	Sep	11.75	10.50	10.77	10.50	6.75	6.74	6.13	6.66	7.00	7.00
	Oct	11.75	10.50	10.55	10.50	6.93	6.79	5.98	6.82	7.00	7.00
	Nov	11.75	10.50	10.54	10.50	6.93	6.89	60.2	7.06	7.00	7.00
	Dec	11.75	10.50	10.78	10.50	7.01	6.82	5.99	6.75	7.00	7.00
2006	Jan	11.75	10.50	10.46	10.50	7.03	6.74	6.09	6.59	7.00	7.00
	Feb	11.75	10.50	10.69	10.50	6.94	6.68	6.10	6.58	7.00	7.00
	Mar	11.75	10.50	10.78	10.50	6.67	6.53	6.11	6.62	7.00	7.00
	Apr	11.75	10.50	10.58	10.50	6.63	6.65	6.31	6.59	7.00	7.00
	May	11.75	10.50	10.80	10.50	6.50	6.80	6.13	6.75	7.00	7.00
	Jun	12.25	11.00	10.61	11.00	6.77	7.11	6.24	7.32	7.50	7.50
	Jul	12.25	11.00	10.93	11.00	7.23	7.28	6.18	7.46	7.50	7.50
	Aug	12.75	11.50	11.01	11.50	7.56	7.69	6.34	7.92	8.00	8.00
	Sep	12.75	11.50	11.71	11.50	7.57	7.75	6.22	8.08	8.00	8.00
	Oct	13.25	12.00	11.97	12.00	7.52	8.22	6.37	8.36	8.50	8.50
	Nov	13.25	12.00	12.2	12.00	7.95	8.23	6.64	8.57	8.50	8.50
	Dec	13.75	12.50	12.43	12.50	7.95	8.39	6.85	8.57	9.00	9.00
2007	Jan	13.75	12.50	12.63	12.50	8.36	8.87	6.98	9.00	9.00	9.00
	Feb	13.75	12.50	12.32	12.50	8.22	8.41	7.38	8.99	9.00	9.00
	Mar	13.75	12.50	11.90	12.50	8.06	8.26	7.22	8.93	9.00	9.00
	Apr	13.75	12.50	12.44	12.50	8.00	8.32	7.18	9.22	9.00	9.00
	May	13.75	12.50	12.65	12.50	8.11	8.68	7.34	9.23	9.00	9.00
	Jun	14.25	13.00	12.22	12.88	8.03	9.10	7.24	9.59	9.50	9.50
	Jul	14.25	13.00	13.03	13.00	8.66	8.86	7.49	9.93	9.50	9.50
	Aug	14.75	13.50	12.85	13.25	8.98	9.26	7.68	10.15	10.00	10.00
	Sep	14.75	13.50	12.89	13.50	9.24	9.43	7.74	10.11	10.00	10.00
	Oct	15.25	14.00	13.56	13.81	9.16	9.96	7.95	10.39	10.50	10.50
	Nov	15.25	14.00	14.53	14.00	9.19	10.43	8.08	10.65	10.50	10.50
	Dec	15.25	14.50	13.59	14.39	9.80	10.52	8.28	10.92	10.50	11.00
2008	Jan	15.25	14.50	14.01	14.50	9.70	10.37	8.13	10.82	10.50	11.00
	Feb	15.25	14.50	14.18	14.50	9.24	10.24	8.23	10.32	10.50	11.00
	Mar	15.25	14.50	13.93	14.50	9.20	10.04	8.35	10.99	10.50	11.00
	Apr	15.25	15.00	13.14	14.82	9.15	10.46	8.14	11.05	10.50	11.50
	May	15.25	15.00	13.20	15.00	9.36	11.55	8.29	11.51	10.50	11.50
	Jun	15.25	15.50	13.49	15.29	10.19	11.38	8.33	11.20	10.50	12.00
	Jul	15.25	15.50	13.13	15.50	10.74	11.35	8.28	12.02	10.50	12.00
	Aug	15.25	15.50	13.80	15.50	10.79	11.16	8.40	11.91	10.50	12.00
	Sep	15.25	15.50	13.91	15.50	10.89	11.11	8.54	11.99	10.50	12.00
	Oct	15.25	15.50	13.99	15.50	11.22	10.93	8.70	12.00	10.50	12.00
	Nov	15.25	15.50	14.32	15.50	11.26	10.85	8.62	11.95	10.50	12.00
	Dec	14.75	15.00	13.74	15.21	11.29	10.77	8.60	11.61	10.00	11.50
2009	Jan	14.75	15.00	12.96	15.00	11.16	10.66	8.27	11.32	10.00	11.50
	Feb	13.75	14.00	13.84	14.17	10.90	9.22	8.46	10.49	9.00	10.50
	Mar	13.75	13.00	12.55	13.76	9.68	8.62	7.47	10.11	9.00	9.50
	Apr	12.75	13.00	11.35	13.00	9.33	8.28	6.84	9.43	8.00	9.50
	May	12.13	11.00	11.19	11.96	8.67	7.68	6.48	8.85	7.50	7.50
	Jun	11.56	11.00	10.21	11.00	7.63	7.23	5.78	8.29	7.00	7.50
	Jul	11.44	11.00	10.35	11.00	7.68	7.39	5.55	8.22	7.00	7.50
	Aug	11.44	10.50	9.75	10.70	7.48	7.16	5.35	8.00	7.00	7.00
	Sep	11.38	10.50	10.55	10.50	7.27	6.94	5.27	7.75	7.00	7.00
	Oct	11.31	10.50	9.91	10.50	7.34	6.95	5.15	7.68	7.00	7.00
	Nov	11.25	10.50	10.01	10.50	7.37	7.01	5.15	7.44	7.00	7.00
	Dec	11.25	10.50	10.75	10.50	7.42	7.07	5.11	7.40	7.00	7.00

Table III.1(a) Treasury bills auction - N$ million

	Period	Offer	Tendered	Surplus(+) Deficit (-)	Effective Yield %
91 days					
	2008				
	Jan	50.0	186.5	136.5	9.7
	Feb	100.0	342.0	242.0	9.2
	Mar	150.0	216.3	66.3	9.2
	Apr	100.0	183.1	83.1	9.2
	May	100.0	174.8	74.8	9.4
	June	200.0	270.5	70.5	10.2
	July	150.0	209.2	59.2	10.7
	Aug	150.0	152.5	2.5	10.8
	Sep	200.0	159.0	-41.0	10.9
	Oct	150.0	151.3	1.3	11.2
	Nov	150.0	231.3	81.3	11.3
	2009				
	Jan	150.0	274.0	124.0	11.2
	Feb	150.0	190.0	40.0	10.9
	Mar	160.0	352.0	192.0	9.7
	Apr	150.0	190.9	40.9	9.3
	May	150.0	332.5	182.5	8.7
	June	160.0	235.0	75.0	7.6
	July	150.0	267.0	117.0	7.7
	Aug	150.0	257.0	107.0	7.5
	Sep	160.0	290.0	130.0	7.3
	Oct	150.0	120.4	-29.6	7.3
	Nov	150.0	260.0	110.0	7.4
	Dec	160.0	231.0	71.0	7.4
	2010				
	Jan	120.4	161.2	40.9	7.2
	Feb	150.0	273.0	123.0	7.3
182 days					
	2008				
	Jan	50.0	168.7	118.7	9.9
	Feb	320.0	750.6	430.6	9.3
	Mar	100.0	175.9	75.9	9.3
	May	150.0	253.8	103.8	9.5
	June	200.0	252.0	52.0	10.0
	July	100.0	228.0	128.0	12.0
	Aug	350.0	790.4	440.4	11.8
	Sep	150.0	270.0	120.0	11.8
	Nov	150.0	238.8	88.8	11.7
	2009				
	Jan	100.0	361.7	261.7	11.1
	Feb	150.0	439.0	289.0	10.4
	Mar	150.0	297.4	147.4	8.4
	May	150.0	355.7	205.7	7.6
	June	200.0	359.0	159.0	7.6
	July	100.0	283.9	183.9	7.7
	Aug	150.0	420.5	270.5	7.7
	Aug	200.0	386.9	186.9	7.5
	Sep	150.0	293.8	143.8	7.5
	Nov	150.0	224.3	74.3	7.5
	Dec	200.0	315.1	115.1	7.6
	2010				
	Jan	100.0	238.4	138.4	7.5
	Feb	350.0	403.1	53.1	7.5
365 days					
	2008				
	Feb	100.0	297.4	197.4	9.5
	Mar	100.0	127.0	27.0	9.7
	Apr	150.0	162.0	12.0	9.9
	May	380.0	485.9	105.9	10.4
	June	200.0	205.0	5.0	11.6
	July	150.0	181.9	31.9	12.6
	Aug	200.0	858.5	658.5	12.3
	Sep	300.0	854.6	554.6	11.9
	Oct	100.0	216.2	116.2	11.9
	Nov	250.0	432.6	182.6	11.6
	Dec	200.0	385.2	185.2	11.4
	2009				
	Feb	100.0	404.0	304.0	10.2
	Mar	100.0	293.0	193.0	8.6
	Apr	150.0	298.0	148.0	8.5
	May	150.0	315.8	165.8	8.2
	May	100.0	270.0	170.0	8.1
	June	130.0	338.0	208.0	7.6
	June	200.0	246.0	46.0	7.7
	July	150.0	350.6	200.6	7.9
	July	50.0	3.0	-47.0	7.9
	Aug	150.0	233.0	83.0	8.0
	Sep	150.0	308.3	158.3	7.8
	Sep	150.0	316.0	166.0	7.7
	Oct	100.0	223.2	123.2	7.8
	Nov	250.0	295.0	45.0	7.9
	Dec	200.0	266.0	66.0	8.1
	2010				
	Feb	100.0	399.8	299.8	7.9

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Table III.1(b) Allotment of Government of Namibia treasury bills - N$ '000

Date issued	Date due	Deposit Money Banks	Other Banking Institutions	Banking Sector	Non-banking Financial Insti-tutions	Other Public Enterprises	Private Sector	TOTAL	Amount Outstanding
2008									
Jan	04/08	0.0	0.0	0.0	48,220.0	0.0	1,780.0	50,000.0	3,000,000.0
Jan*	07/08	40,000.0	0.0	40,000.0	10,000.0	0.0	0.0	50,000.0	3,000,000.0
Feb	05/08	100,000.0	0.0	100,000.0	0.0	0.0	0.0	100,000.0	3,000,000.0
Feb*	08/08	72,000.0	0.0	72,000.0	48,000.0	0.0	0.0	120,000.0	3,000,000.0
Feb*	08/08	177,000.0	0.0	177,000.0	23,000.0	0.0	0.0	200,000.0	3,000,000.0
Feb**	02/09	70,000.0	0.0	70,000.0	30,000.0	0.0	0.0	100,000.0	3,000,000.0
Mar	06/08	149,490.0	0.0	149,490.0	510.0	0.0	0.0	150,000.0	3,000,000.0
Mar*	09/08	100,000.0	0.0	100,000.0	0.0	0.0	0.0	100,000.0	3,000,000.0
Mar**	03/09	100,000.0	0.0	100,000.0	0.0	0.0	0.0	100,000.0	3,000,000.0
April	07/08	48,660.0	0.0	48,660.0	51,340.0	0.0	0.0	100,000.0	3,050,000.0
April**	04/09	150,000.0	0.0	150,000.0	0.0	0.0	0.0	150,000.0	3,100,000.0
May	08/08	98,210.0	0.0	98,210.0	1,790.0	0.0	0.0	100,000.0	3,100,000.0
May*	11/08	149,690.0	0.0	149,690.0	0.0	0.0	310.0	150,000.0	3,100,000.0
May**	05/09	145,000.0	0.0	145,000.0	0.0	0.0	5,000.0	150,000.0	3,100,000.0
May**	05/09	100,000.0	0.0	100,000.0	0.0	0.0	0.0	100,000.0	3,100,000.0
May**	06/09	130,000.0	0.0	130,000.0	0.0	0.0	0.0	130,000.0	3,100,000.0
June	09/08	199,480.0	0.0	199,480.0	0.0	0.0	520.0	200,000.0	3,150,000.0
June*	12/08	200,000.0	0.0	200,000.0	0.0	0.0	0.0	200,000.0	3,150,000.0
June**	06/09	200,000.0	0.0	200,000.0	0.0	0.0	0.0	200,000.0	3,150,000.0
July	10/08	143,800.0	0.0	143,800.0	0.0	0.0	6,200.0	150,000.0	3,200,000.0
July*	01/09	88,150.0	0.0	88,150.0	11,850.0	0.0	0.0	100,000.0	3,250,000.0
July**	07/09	130,000.0	0.0	130,000.0	20,000.0	0.0	0.0	150,000.0	3,300,000.0
Aug	11/08	148,690.0	0.0	148,690.0	0.0	0.0	1,310.0	150,000.0	3,350,000.0
Aug*	02/09	102,000.0	0.0	102,000.0	48,000.0	0.0	0.0	150,000.0	3,380,000.0
Aug*	02/09	200,000.0	0.0	200,000.0	0.0	0.0	0.0	200,000.0	3,380,000.0
Aug**	07/09	33,580.0	0.0	33,580.0	16,420.0	0.0	0.0	50,000.0	3,380,000.0
Aug**	08/09	125,000.0	0.0	125,000.0	25,000.0	0.0	0.0	150,000.0	3,380,000.0
Sept	12/08	155,000.0	0.0	155,000.0	0.0	0.0	0.0	155,000.0	3,335,000.0
Sept*	03/09	134,470.0	0.0	134,470.0	15,530.0	0.0	0.0	150,000.0	3,385,000.0
Sept**	09/09	40,000.0	0.0	40,000.0	110,000.0	0.0	0.0	150,000.0	3,385,000.0
Sept**	09/09	89,760.0	0.0	89,760.0	60,240.0	0.0	0.0	150,000.0	3,435,000.0
Oct	01/09	143,660.0	0.0	143,660.0	6,340.0	0.0	0.0	150,000.0	3,435,000.0
Oct**	10/09	57,900.0	0.0	57,900.0	42,100.0	0.0	0.0	100,000.0	3,485,000.0
Nov	02/09	148,690.0	0.0	148,690.0	0.0	0.0	1,310.0	150,000.0	3,485,000.0
Nov*	05/09	149,130.0	0.0	149,130.0	0.0	0.0	870.0	150,000.0	3,485,000.0
Nov**	11/09	157,590.0	0.0	157,590.0	91,810.0	0.0	600.0	250,000.0	3,485,000.0
Dec	03/09	125,000.0	0.0	125,000.0	0.0	0.0	0.0	125,000.0	3,455,000.0
Dec*	06/09	165,000.0	0.0	165,000.0	35,000.0	0.0	0.0	200,000.0	3,455,000.0
Dec**	12/09	160,000.0	0.0	160,000.0	40,000.0	0.0	0.0	200,000.0	3,505,000.0
2009									
Jan	05/09	143,790.0	0.0	143,790.0	0.0	0.0	6,210.0	150,000.0	3,505,000.0
Jan*	07/09	98,000.0	0.0	98,000.0	2,000.0	0.0	0.0	100,000.0	3,505,000.0
Feb	05/09	125,000.0	0.0	125,000.0	25,000.0	0.0	0.0	150,000.0	3,505,000.0
Feb*	08/09	54,700.0	0.0	54,700.0	95,300.0	0.0	0.0	150,000.0	3,505,000.0
Feb*	08/09	199,550.0	0.0	199,550.0	450.0	0.0	0.0	200,000.0	3,505,000.0
Feb**	02/10	30,000.0	0.0	30,000.0	69,520.0	0.0	480.0	100,000.0	3,505,000.0
Mar	06/09	35,000.0	0.0	35,000.0	124,400.0	0.0	600.0	160,000.0	3,540,000.0
Mar*	09/09	130,000.0	0.0	130,000.0	20,000.0	0.0	0.0	150,000.0	3,540,000.0
Mar**	03/10	58,980.0	0.0	58,980.0	41,020.0	0.0	0.0	100,000.0	3,540,000.0
Apr	07/09	114,080.0	0.0	114,080.0	30,000.0	0.0	5,920.0	150,000.0	3,540,000.0
Apr**	04/10	120,000.0	0.0	120,000.0	30,000.0	0.0	0.0	150,000.0	3,540,000.0
May	08/09	141,000.0	0.0	141,000.0	9,000.0	0.0	0.0	150,000.0	3,540,000.0
May*	11/09	117,320.0	0.0	117,320.0	31,780.0	0.0	900.0	150,000.0	3,540,000.0
May**	05/09	139,260.0	0.0	139,260.0	10,740.0	0.0	0.0	150,000.0	3,540,000.0
May**	05/09	100,000.0	0.0	100,000.0	0.0	0.0	0.0	100,000.0	3,540,000.0
June	09/09	160,000.0	0.0	160,000.0	0.0	0.0	0.0	160,000.0	3,540,000.0
June*	12/09	192,640.0	0.0	192,640.0	7,360.0	0.0	0.0	200,000.0	3,540,000.0
June**	06/10	198,500.0	0.0	198,500.0	1,500.0	0.0	0.0	200,000.0	3,540,000.0
June**	06/10	123,850.0	0.0	123,850.0	6,150.0	0.0	0.0	130,000.0	3,540,000.0
July	10/09	143,720.0	0.0	143,720.0	0.0	0.0	6,280.0	150,000.0	3,540,000.0
July*	01/10	99,300.0	0.0	99,300.0	0.0	0.0	700.0	100,000.0	3,540,000.0
July**	07/10	140,000.0	0.0	140,000.0	10,000.0	0.0	0.0	150,000.0	3,540,000.0
July**	07/10	50,000.0	0.0	50,000.0	0.0	0.0	0.0	50,000.0	3,540,000.0
Aug	11/09	148,000.0	0.0	148,000.0	2,000.0	0.0	0.0	150,000.0	3,540,000.0
Aug*	02/10	84,480.0	0.0	84,480.0	65,000.0	0.0	520.0	150,000.0	3,540,000.0
Aug*	02/10	173,110.0	0.0	173,110.0	26,370.0	0.0	520.0	200,000.0	3,540,000.0
Aug**	08/10	144,000.0	0.0	144,000.0	6,000.0	0.0	0.0	150,000.0	3,540,000.0
Sept	12/09	160,000.0	0.0	160,000.0	0.0	0.0	0.0	160,000.0	3,540,000.0
Sept*	03/09	148,360.0	0.0	148,360.0	1,640.0	0.0	0.0	150,000.0	3,540,000.0
Sept**	10/10	64,000.0	0.0	64,000.0	36,000.0	0.0	0.0	100,000.0	3,540,000.0
Sept**	09/10	70,370.0	0.0	70,370.0	79,630.0	0.0	0.0	150,000.0	3,540,000.0
Oct	01/10	100,000.0	0.0	100,000.0	14,000.0	0.0	6,360.0	120,360.0	3,510,360.0
Oct**	09/10	70,370.0	0.0	70,370.0	79,630.0	0.0	0.0	150,000.0	3,510,360.0
Nov	02/10	150,000.0	0.0	150,000.0	0.0	0.0	0.0	150,000.0	3,510,360.0
Nov*	05/10	125,690.0	0.0	125,690.0	23,380.0	0.0	930.0	150,000.0	3,510,360.0
Nov**	11/10	146,900.0	0.0	146,900.0	102,600.0	0.0	500.0	250,000.0	3,510,360.0
Dec	03/10	127,490.0	0.0	127,490.0	32,510.0	0.0	0.0	160,000.0	3,510,360.0
Dec*	06/10	164,000.0	0.0	164,000.0	36,000.0	0.0	0.0	200,000.0	3,510,360.0
Dec**	12/10	130,430.0	0.0	130,430.0	69,570.0	0.0	0.0	200,000.0	3,510,360.0
2010									
Jan	04/10	96,120.0	0.0	96,120.0	22,930.0	0.0	1,310.0	120,360.0	3,510,360.0
Jan*	07/10	100,000.0	0.0	100,000.0	0.0	0.0	0.0	100,000.0	3,510,360.0
Feb	05/10	150,000.0	0.0	150,000.0	0.0	0.0	0.0	150,000.0	3,510,360.0
Feb*	08/10	85,840.0	0.0	85,840.0	63,630.0	0.0	530.0	150,000.0	3,510,360.0
Feb*	08/10	179,950.0	0.0	179,950.0	19,520.0	0.0	530.0	200,000.0	3,510,360.0
Feb**	02/11	83,060.0	0.0	83,060.0	16,940.0	0.0	0.0	100,000.0	3,510,360.0

91 days
* 182 days
** 365 days

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Table III.2(a) Internal registered stock auction - N$ million

		Offer	Amount Tendered	Surplus (+) Deficit (-)	Weighted YTM %
GC12 (10.50%)					
	2008				
	Apr	40.0	217.5	177.5	9.8
	Jun	40.0	188.7	148.7	11.8
	Jul	90.0	201.9	111.9	11.6
	Sep	40.0	54.5	14.5	9.9
	Oct	40.0	41.0	1.0	9.6
	2009				
	Jan	40.0	65.0	25.0	8.4
	Feb	40.0	50.0	10.0	8.2
	Mar	40.0	15.0	-25.0	8.1
	Apr	10.0	17.0	7.0	7.9
	May	10.0	32.0	22.0	7.8
	June	10.0	10.0	0.0	8.2
	July	10.0	37.0	27.0	8.4
	Aug	10.0	31.0	21.0	8.3
	Sept	10.0	22.0	12.0	8.2
	Oct	10.0	20.0	10.0	8.3
	Nov	10.0	17.0	7.0	8.1
	Dec	10.0	20.0	10.0	8.2
	2010				
	Jan	100.0	403.4	303.4	8.2
	Feb	10.0	14.0	4.0	8.1
GC18 (9.50%)					
	2008				
	Jun	80.0	227.3	147.3	11.1
	Jul	100.0	190.2	90.2	11.1
	Sep	40.0	82.3	42.3	9.5
	Oct	40.0	39.0	-1.0	9.6
	2009				
	Jan	40.0	20.0	-20.0	9.0
	Feb	40.0	83.2	43.2	9.8
	Mar	40.0	95.3	55.3	9.5
	Apr	20.0	77.0	57.0	9.6
	May	20.0	42.0	22.0	9.5
	June	20.0	37.0	17.0	9.6
	July	20.0	61.5	41.5	9.9
	Aug	20.0	29.0	9.0	9.4
	Sept	20.0	92.0	72.0	9.2
	Oct	20.0	45.6	25.6	9.6
	Nov	20.0	100.0	80.0	9.4
	Dec	20.0	54.0	34.0	9.4
	2010				
	Jan	200.0	381.6	181.6	9.5
	Feb	20.0	71.0	51.0	9.3
GC24 (10.50%)					
	2008				
	Apr	40.0	146.0	106.0	9.6
	Jun	40.0	83.9	43.9	11.0
	Jul	90.0	60.9	-29.1	10.9
	Sep	40.0	111.7	71.7	9.4
	Oct	40.0	25.9	-14.2	9.5
	2009				
	Feb	40.0	42.0	2.0	9.7
	Mar	40.0	80.0	40.0	9.5
	Apr	20.0	61.0	41.0	9.7
	May	20.0	56.1	36.1	9.7
	June	20.0	37.0	17.0	9.7
	July	20.0	54.0	34.0	9.9
	Aug	20.0	32.2	12.2	9.4
	Sep	10.0	22.0	12.0	8.2
	Sep	20.0	92.0	72.0	9.3
	Oct	20.0	30.5	10.5	9.7
	Nov	20.0	87.0	67.0	9.5
	Dec	20.0	47.0	27.0	9.5
	2010				
	Jan	200.0	114.0	-86.0	9.7
	Feb	20.0	82.0	62.0	9.5

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Table III.2(b) Allotment of Government of Namibia internal registered stock - N$ '000

Date issued	Date due	Coupon rate [%]	Deposit Money Banks	Other Banking Institutions	Banking Sector	Non-bank Financial Institutions	Other Public Enterprises	Private Sector	TOTAL	Amount Outstand-ing
2008										
Jan	N/A	N/A	0.0	0.0	0.0	0.0	0.0	0.0	0.0	5,781,987.2
Feb	N/A	N/A	0.0	0.0	0.0	0.0	0.0	0.0	0.0	5,781,987.2
Mar	N/A	N/A	0.0	0.0	0.0	0.0	0.0	0.0	0.0	5,781,987.2
Apr	10/12	10.50	40,000.0	0.0	40,000.0	0.0	0.0	0.0	40,000.0	5,821,987.2
Apr	10/24	10.50	40,000.0	0.0	40,000.0	0.0	0.0	0.0	40,000.0	5,861,987.2
May	N/A	N/A	0.0	0.0	0.0	0.0	0.0	0.0	0.0	5,861,987.2
June	10/12	10.50	40,000.0	0.0	40,000.0	0.0	0.0	0.0	40,000.0	5,901,987.2
June	07/18	9.50	80,000.0	0.0	80,000.0	0.0	0.0	0.0	80,000.0	5,981,987.2
June	10/24	10.50	40,000.0	0.0	40,000.0	0.0	0.0	0.0	40,000.0	6,021,987.2
July	10/12	10.50	50,000.0	0.0	50,000.0	0.0	40,000.0	0.0	90,000.0	6,111,987.2
July	07/18	9.50	95,000.0	0.0	95,000.0	0.0	5,000.0	0.0	100,000.0	6,211,987.2
July*	10/24	10.50	55,000.0	0.0	55,000.0	200.0	0.0	690.0	55,890.0	5,685,677.2
Aug	N/A	N/A	0.0	0.0	0.0	0.0	0.0	0.0	0.0	5,685,677.2
Sept	10/12	10.50	37,500.0	0.0	37,500.0	2,500.0	0.0	0.0	40,000.0	5,725,677.2
Sept	07/18	9.50	40,000.0	0.0	40,000.0	0.0	0.0	0.0	40,000.0	5,765,677.2
Sept	10/24	10.50	40,000.0	0.0	40,000.0	0.0	0.0	0.0	40,000.0	5,805,677.2
Oct	10/12	10.50	40,000.0	0.0	40,000.0	0.0	0.0	0.0	40,000.0	5,845,677.2
Oct	07/18	9.50	29,000.0	0.0	29,000.0	0.0	0.0	0.0	29,000.0	5,874,677.2
Oct	10/24	10.50	10,000.0	0.0	10,000.0	0.0	0.0	0.0	10,000.0	5,884,677.2
Nov	N/A	0.00	0.0	0.0	0.0	0.0	0.0	0.0	0.0	5,884,677.2
Dec	10/12	10.50	20,000.0	0.0	20,000.0	0.0	0.0	0.0	20,000.0	5,904,677.2
Dec	07/18	9.50	40,000.0	0.0	40,000.0	0.0	0.0	0.0	40,000.0	5,944,677.2
Dec	10/24	10.50	40,000.0	0.0	40,000.0	0.0	0.0	0.0	40,000.0	5,984,677.2
2009										
Jan	10/15	10.50	40,000.0	0.0	40,000.0	0.0	0.0	0.0	40,000.0	6,024,677.2
Jan	07/15	9.50	10,000.0	0.0	10,000.0	0.0	0.0	0.0	10,000.0	6,034,677.2
Feb	10/12	10.50	22,000.0	0.0	22,000.0	0.0	0.0	0.0	22,000.0	6,056,677.2
Feb	07/18	9.50	34,800.0	0.0	34,800.0	5,000.0	0.0	200.0	40,000.0	6,096,677.2
Feb	10//24	10.50	40,000.0	0.0	40,000.0	0.0	0.0	0.0	40,000.0	6,136,677.2
Mar	10/12	10.50	5,000.0	0.0	5,000.0	0.0	0.0	0.0	5,000.0	6,141,677.2
Mar	06/18	9.50	40,000.0	0.0	40,000.0	0.0	0.0	0.0	40,000.0	6,181,677.2
Mar	10/24	10.50	40,000.0	0.0	40,000.0	0.0	0.0	0.0	40,000.0	6,221,677.2
Apr	10/12	10.50	5,000.0	0.0	5,000.0	0.0	0.0	0.0	5,000.0	6,226,677.2
Apr	07/18	9.50	18,000.0	0.0	18,000.0	2,000.0	0.0	0.0	20,000.0	6,246,677.2
Apr	10/24	10.50	20,000.0	0.0	20,000.0	0.0	0.0	0.0	20,000.0	6,266,677.2
May	10/12	10.50	10,000.0	0.0	10,000.0	0.0	0.0	0.0	10,000.0	6,276,677.2
May	07/18	9.50	18,000.0	0.0	18,000.0	2,000.0	0.0	0.0	20,000.0	6,296,677.2
May	10/24	10.50	20,000.0	0.0	20,000.0	0.0	0.0	0.0	20,000.0	6,316,677.2
June	10/12	10.50	10,000.0	0.0	10,000.0	0.0	0.0	0.0	10,000.0	6,326,677.2
June	07/18	9.50	20,000.0	0.0	20,000.0	0.0	0.0	0.0	20,000.0	6,346,677.2
June	10/24	10.50	8,920.0	0.0	8,920.0	0.0	10,000.0	1,080.0	20,000.0	6,366,677.2
July	10/12	10.50	0.0	0.0	0.0	0.0	10,000.0	0.0	10,000.0	6,376,677.2
July	07/18	9.50	20,000.0	0.0	20,000.0	0.0	0.0	0.0	20,000.0	6,396,677.2
July	10/24	10.50	20,000.0	0.0	20,000.0	0.0	0.0	0.0	20,000.0	6,416,677.2
Aug	10/12	10.50	10,000.0	0.0	10,000.0	0.0	0.0	0.0	10,000.0	6,426,677.2
Aug	07/18	9.50	20,000.0	0.0	20,000.0	0.0	0.0	0.0	20,000.0	6,446,677.2
Aug	10/24	10.50	20,000.0	0.0	20,000.0	0.0	0.0	0.0	20,000.0	6,466,677.2
Sept	10/12	10.50	10,000.0	0.0	10,000.0	0.0	0.0	0.0	10,000.0	6,476,677.2
Sept	07/18	9.50	20,000.0	0.0	20,000.0	0.0	0.0	0.0	20,000.0	6,496,677.2
Sept	10/24	10.50	20,000.0	0.0	20,000.0	0.0	0.0	0.0	20,000.0	6,516,677.2
Oct	10/12	10.50	10,000.0	0.0	10,000.0	0.0	0.0	0.0	10,000.0	6,526,677.2
Oct	07/18	9.50	20,000.0	0.0	20,000.0	0.0	0.0	0.0	20,000.0	6,546,677.2
Oct	10/24	10.50	19,520.0	0.0	19,520.0	0.0	0.0	480.0	20,000.0	6,566,677.2
Nov	10/12	10.50	10,000.0	0.0	10,000.0	0.0	0.0	0.0	10,000.0	6,576,677.2
Nov	07/18	9.50	15,000.0	0.0	15,000.0	5,000.0	0.0	0.0	20,000.0	6,596,677.2
Nov	10/24	10.50	20,000.0	0.0	20,000.0	0.0	0.0	0.0	20,000.0	6,616,677.2
Dec	10/12	10.50	10,000.0	0.0	10,000.0	0.0	0.0	0.0	10,000.0	6,626,677.2
Dec	07/18	9.50	11,000.0	0.0	11,000.0	9,000.0	0.0	0.0	20,000.0	6,646,677.2
Dec	10/24	10.50	19,700.0	0.0	19,700.0	0.0	0.0	300.0	20,000.0	6,666,677.2
2010										
Jan	10/12	10.50	99,420.0	0.0	99,420.0	580.0	0.0	0.0	100,000.0	6,766,677.2
Jan	07/18	9.50	174,940.0	0.0	174,940.0	8,600.0	0.0	16,460.0	200,000.0	6,966,677.2
Jan**	10/24	10.50	97,160.0	0.0	97,160.0	0.0	0.0	4,800.0	101,960.0	5,318,990.0
Feb	10/12	10.50	10,000.0	0.0	10,000.0	0.0	0.0	0.0	10,000.0	5,328,990.0
Feb	07/18	9.50	20,000.0	0.0	20,000.0	0.0	0.0	0.0	20,000.0	5,348,990.0
Feb	10/24	10.50	20,000.0	0.0	20,000.0	0.0	0.0	0.0	20,000.0	5,368,990.0

*Redemption of GC08

**Redemption of GC10

N/A implies not applicable since no auctions took place during this period.

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Table III.3 Central Government revenue and expenditure - N$ million

	Actual				Estimate
	2005/06	2006/07	2007/08	2008/09	2009/10
REVENUE					
Taxes on income and profits	**4,575.7**	**5,676.0**	**6,729.7**	**8,069.7**	**7,499.0**
Income tax on Individuals	2,905.3	3,373.6	3,714.1	4,606.4	4,070.0
Company taxes	1,573.1	2,161.3	2,834.1	3,269.0	3,204.0
Diamond Mining Companies	199.3	359.9	220.7	498.8	296.0
Other Mining Companies	0.9	350.7	779.9	730.9	682.0
Non-Mining Companies	1,373.0	1,450.8	1,833.6	2,039.3	2,226.0
Other Taxes on Income and Profits	97.2	141.0	181.4	194.3	225.0
Taxes on property	**110.1**	**142.1**	**148.9**	**171.1**	**183.0**
Domestic taxes on goods & services	**3,272.4**	**3,196.8**	**4,081.5**	**4,339.0**	**4,680.0**
Value Added Taxes	3,108.1	3,001.1	3,854.0	4,095.9	4,429.0
Levy on Fuel	87.5	86.4	71.1	105.7	110.0
Fishing quota levies	69.9	97.6	147.0	117.7	126.0
Other taxes on goods & services	6.8	11.8	9.3	19.8	15.0
Taxes on international trade	**3,891.9**	**6,697.9**	**8,085.1**	**8,502.1**	**8,585.0**
Other taxes	113.4	130.4	137.9	142.2	152.0
Total tax revenue	**11,963.4**	**15,843.2**	**19,183.1**	**21,224.1**	**21,099.0**
Entrepreneurial and property income	542.9	1,264.0	917.4	1,583.9	731.0
Dividends and Profit Share	44.7	692.4	113.4	173.4	121.0
Diamond Royalties	404.6	482.0	600.4	451.8	281.0
Other Mineral Royalties	0.0	-	42.9	92.8	45.0
Other entrepreneurial & property income	93.7	89.6	160.7	866.0	51.9
Fines and forfeitures	17.6	18.7	25.2	36.1	32.0
Administration fees and charges	512.4	400.5	468.8	502.8	536.0
Return on capital from lending & equity	32.4	17.4	16.1	16.9	26.9
Total non-tax revenue	**1,072.9**	**1,683.2**	**1,411.4**	**2,122.8**	**1,299.0**
Total revenue (own sources)	**13,068.7**	**17,543.8**	**20,610.6**	**23,363.9**	**22,424.9**
Grants	**39.0**	**49.6**	**78.0**	**82.9**	**276.0**
TOTAL REVENUE AND GRANTS	**13,107.7**	**17,593.4**	**20,688.7**	**23,446.8**	**22,776.0**
EXPENDITURE					
Current expenditure					
Personnel expenditure	5,888.8	6,213.7	6,826.9	7,559.9	8,899.5
Expenditure on goods & other services	1,926.2	2,164.8	2,803.6	3,529.0	4,256.1
Statutory (Interest Payments)	1,186.3	1,475.2	1,178.4	1,366.1	1,352.0
Subsidies & other current transfers	2,545.6	2,749.3	3,014.7	4,501.0	4,812.6
Total current expenditure	**11,546.8**	**12,602.9**	**13,823.6**	**16,955.9**	**19,320.2**
Capital Expenditure					
Acquisition of capital assets	1,237.7	1,644.8	1,873.9	2,931.4	4,206.0
Capital transfer	106.0	261.8	383.4	769.0	932.9
Total lending & equity participation	302.2	769.7	1,301.5	1,289.5	470.0
Total capital expenditure	**1,645.9**	**2,676.3**	**3,558.8**	**4,989.9**	**5,608.9**
TOTAL EXPENDITURE	**13,192.7**	**15,279.2**	**17,382.4**	**21,945.8**	**25,422.0**
OVERALL DEFICIT (-)/ SURPLUS(+)	**-84.9**	**2,314.2**	**3,306.3**	**1,501.0**	**-2,646.0**
Central government debt					
Domestic Debt	10,669.8	10,927.8	8,852.5	9,754.8	9,729.0
Foreign Debt	2,039.7	2,708.1	2,840.8	4,002.8	3,870.0
TOTAL GOVERNMENT DEBT	**12,709.5**	**13,635.9**	**11,693.3**	**13,757.5**	**13,599.0**

Source: Ministry of Finance

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Table IV.A Major balance of payments aggregates (a) (N$ million)

	2002	2003	2004	2005	2006	2007	2008	2009(p)
Merchandise trade balance	**-2,183**	**-3,481**	**-1,829**	**-1,688**	**642**	**-1,214**	**-5,633**	**-8,121**
Exports fob	11,278	9,463	11,761	13,149	17,949	20,567	26,156	29,409
Imports fob	-13,461	-12,944	-13,590	-14,837	-17,307	-21,780	-31,789	-37,530
Services (net)	**390**	**1,050**	**352**	**277**	**659**	**599**	**-370**	**-570**
Credit	2,849	3,115	3,058	2,615	3,582	4,217	4,572	4,589
Debit	-2,459	-2,065	-2,706	-2,338	-2,924	-3,618	-4,942	-5,159
Compensation of employees (net)	**-14**	**-31**	**-27**	**-23**	**-40**	**-16**	**-241**	**-34**
Credit	45	53	56	67	67	67	67	67
Debit	-59	-83	-83	-90	-106	-83	-308	-101
Investment income (net)	**121**	**1,265**	**176**	**-633**	**-202**	**-753**	**-1,050**	**134**
Credit	1,371	1,570	1,496	1,495	1,834	2,212	3,121	2,761
Debit	-1,250	-304	-1,320	-2,128	-2,036	-2,965	-4,171	-2,627
Current transfers in cash and kind (net)	**2,895**	**3,467**	**4,304**	**4,262**	**6,428**	**7,056**	**9,282**	**10,618**
Credit	3,206	3,670	4,529	4,548	6,733	7,421	9,762	11,245
Debit	-310	-203	-225	-286	-306	-365	-480	-628
Current Account Balance	**1209**	**2271**	**2976**	**2194**	**7486**	**5671**	**1,988**	**2,027**
Net capital transfers	**429**	**510**	**498**	**505**	**573**	**586**	**629**	**625**
Credit	431	512	501	509	576	590	633	628
Debit	-2	-3	-3	-3	-3	-3	-3	-3
Direct investment	**1,969**	**1,204**	**1,602**	**2,530**	**2,697**	**5,144**	**5,908**	**4,398**
Abroad	57	79	143	80	79	-20	-42	23
In Namibia	1,912	1,125	1,459	2,450	2,618	5,164	5,950	4,376
Portfolio investment	**-4,441**	**-4,792**	**-5,435**	**-6,640**	**-7,528**	**-10,372**	**-8,396**	**-4,829**
Assets	-4,310	-4,621	-5,302	-6,686	-7,576	-10,416	-8,439	-4,871
Liabilities	-132	-171	-133	46	48	44	42	42
Other investment - long term	**612**	**418**	**-501**	**239**	**1,313**	**-1,223**	**2,135**	**2,266**
Assets	-204	-9	-91	-210	68	-42	-48	-583
Liabilities	816	426	-410	448	1,245	-1,181	2,183	2,849
Other investment - short term	**410**	**406**	**151**	**489**	**-4,073**	**1,213**	**-1,344**	**-3,545**
Assets	154	29	396	499	-2,520	942	-621	-2,411
Liabilities	256	377	-245	-9	-1,553	270	-723	-1,134
Capital and financial account excluding reserves	**-1021**	**-2254**	**-3684**	**-2877**	**-7018**	**-4652**	**-1,068**	**-1,085**
Net errors and omissions	**-38**	**-879**	**620**	**696**	**2,282**	**1,784**	**-916**	**-166**
Overall balance	**98**	**-862**	**-88**	**14**	**2,739**	**4,066**	**6,311**	**1,115**
Reserve assets	**-98**	**862**	**88**	**-14**	**-2,739**	**-4,066**	**-6,311**	**-1,115**

(a) Debit (negative) entries are used to record import 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.

(p) Provisional

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Table IV.B Supplementary table: Balance of payments - Services (N$ million)

	2002	2003	2004	2005	2006	2007	2008	2009 (p)
Net	**390**	**1,050**	**352**	**277**	**659**	**599**	**-370**	**-570**
Credit	**2,849**	**3,115**	**3,058**	**2,615**	**3,582**	**4,217**	**4,572**	**4,589**
Transportation	374	407	163	143	691	843	960	973
Travel	2,281	2,498	2,605	2,211	2,601	3,058	3,121	3,061
Insurance	2	-0	0	0	12	36	26	24
Communication	42	64	100	106	105	105	105	105
Construction	16	0	0	0	0	0	0	0
Financial	14	0	0	0	0	0	154	221
Computer and information	0	0	0	0	8	9	1	11
Royalties and license Fees	40	0	0	0	0	0	0	0
Administrative and business	4	2	3	3	2	4	10	2
Professional and technical	0	0	12	0	4	10	22	6
Others, not included elsewhere	0	23	48	12	22	15	38	51
Government	77	119	127	138	136	136	136	136
Debit	**-2,459**	**-2,065**	**-2,706**	**-2,338**	**-2,924**	**-3,618**	**-4,942**	**-5,159**
Transportation	-775	-457	-872	-829	-1,019	-1,696	-1,925	-1,817
Travel	-678	-759	-790	-686	-806	-931	-933	-915
Insurance	-124	-131	-115	-60	-128	-190	-143	-214
Communication	-2	-2	-2	-2	-2	-2	-2	-2
Construction	-193	-18	-28	-25	-172	-64	-201	-880
Financial	-14	-41	-20	-60	-30	-35	-41	-54
Computer and information	-91	-91	-95	-83	-142	-110	-155	-249
Royalties and license fees	-18	-27	-21	-11	-21	-14	-143	-47
Administrative and business	-185	-257	-186	-172	-189	-214	-293	-208
Professional and technical	-249	-152	-394	-292	-305	-221	-371	-380
Others, not included elsewhere	-32	-74	-122	-60	-51	-83	-677	-333
Government	-98	-56	-59	-59	-59	-59	-59	-59

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Table IV.C Supplementary table: Balance of payments - Investment income (N$ million)

	2002	2003	2004	2005	2006	2007	2008	2009 (p)
Compensation of employees, net	**-14**	**-31**	**-27**	**-23**	**-40**	**-16**	**-241**	**-34**
Credit	45	53	56	67	67	67	67	67
Debit	-59	-83	-83	-90	-106	-83	-308	-101
Investment income, net	**121**	**1,265**	**176**	**-633**	**-202**	**-753**	**-1,050**	**134**
Credit	**1,371**	**1,570**	**1,496**	**1,495**	**1,834**	**2,212**	**3,121**	**2,761**
Direct investment	13	22	37	49	6	6	44	16
Portfolio investment	703	1,041	1,056	1,033	1,379	1,432	1,673	1,483
Other investment	655	506	402	413	450	775	1,404	1,263
Debit	**-1,250**	**-304**	**-1,320**	**-2,128**	**-2,036**	**-2,965**	**-4,171**	**-2,627**
Direct investment	-1,032	26	-961	-1,791	-1,726	-2,612	-3,796	-2,223
Portfolio investment	-82	-82	-151	-161	-168	-170	-170	-170
Other investment	-137	-248	-209	-176	-143	-184	-206	-234

Table IV.D Supplementary table: Balance of payments - Transfers (N$ million)

	2002	2003	2004	2005	2006	2007	2008	2009 (p)
Net current transfers	**2,895**	**3,467**	**4,304**	**4,262**	**6,428**	**7,056**	**9,282**	**10,618**
Credit	**3,206**	**3,670**	**4,529**	**4,548**	**6,733**	**7,421**	**9,762**	**11,245**
Government	3,053	3,479	4,353	4,384	6,549	7,260	9,594	11,078
Grants from foreign governments, etc	282	325	317	321	319	269	1,352	2,199
SACU receipts	2,608	2,926	3,914	3,915	6,049	6,752	7,920	8,564
Witholding taxes	79	25	36	53	67	122	189	168
Other transfers received	84	204	87	96	114	117	133	146
Private	152	191	176	163	185	161	168	168
Grants received by NGO's	48	47	40	40	63	40	47	46
Other transfers received	104	144	136	123	121	121	121	121
Debit	**-310**	**-203**	**-225**	**-286**	**-306**	**-365**	**-480**	**-628**
Government	-272	-171	-194	-255	-275	-338	-453	-601
Grants to foreign governments, etc	-3	-4	-5	-5	-11	-19	-17	-17
SACU receipts	-269	-167	-189	-250	-264	-320	-436	-584
Witholding taxes	0	0	0	0	0	0	0	0
Other transfers	0	0	0	0	0	0	0	0
Private	-38	-32	-31	-31	-31	-27	-27	-27
Grants received by NGO's	0	0	0	0	0	0	0	0
Other transfers received	-38	-32	-31	-31	-31	-27	-27	-27
Net capital transfers	**429**	**510**	**498**	**505**	**573**	**586**	**629**	**625**
Credit	**431**	**512**	**501**	**509**	**576**	**26**	**633**	**628**
Government	424	487	475	483	550	0	607	602
Private	7	25	26	26	26	-3	26	26
Debit	**-2**	**-3**	**-3**	**-3**	**-3**	**-3**	**-3**	**-3**
Government	0	0	0	0	0	0	0	0
Private	-2	-3	-3	-3	-3	-3	-3	-3

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Table IV.E Supplementary table: Balance of payments - Direct investment (N$ million)

	2002	2003	2004	2005	2006	2007	2008	2009 (p)
Direct investment abroad	**57**	**79**	**143**	**80**	**79**	**-20**	**-42**	**23**
Equity capital	10	9	8	10	37	-20	2	0
Reinvested earnings	11	13	14	-13	7	3	-20	10
Other capital	36	57	122	84	36	-3	-24	12
Direct investment in Namibia	**1,912**	**1,125**	**1,459**	**2,450**	**2,618**	**5,164**	**5,950**	**4,376**
Equity capital	1,425	842	839	1,412	2,948	3,952	2,623	275
Reinvested earnings	151	-546	491	1,288	1,019	1,318	1,115	1,327
Other capital	335	829	129	-250	-1,349	-106	2,213	2,774

Table IV.F Supplementary table: Balance of payments - Portfolio investment (N$ million)

	2002	2003	2004	2005	2006	2007	2008	2009(p)
Portfolio investment, net	**-4,441**	**-4,792**	**-5,435**	**-6,640**	**-7,528**	**-10,372**	**-8,396**	**-4,829**
Equity	**-2,620**	**-3,002**	**-3,188**	**-4,765**	**-5,232**	**-8,453**	**-6,206**	**-4,436**
Assets	-2,707	-3,032	-3,217	-4,797	-5,264	-8,485	-6,238	-4,468
Liabilities	87	30	29	32	32	32	32	32
Debt	**-1,821**	**-1,790**	**-2,247**	**-1,875**	**-2,296**	**-1,919**	**-2,190**	**-392**
Assets	-1,603	-1,589	-2,085	-1,889	-2,313	-1,931	-2,201	-403
Liabilities	-219	-200	-162	14	16	12	10	10

Table IV.G Supplementary table: Balance of payments - Other investment (N$ million)

	2002	2003	2004	2005	2006	2007	2008	2009 (p)
Long-term, net	**612**	**418**	**-501**	**239**	**1,313**	**-1,223**	**2,135**	**2,266**
General Government	872	283	54	53	84	8	8	-99
Assets	-24	-32	-40	-40	-40	-40	-40	-40
Liabilities	896	315	94	93	124	48	47	-59
Of which: Drawings	921	367	124	199	202	183	196	521
Repayments	-24	-52	-30	-106	-79	-135	-149	-580
Monetary authorities	0	0	0	0	0	0	0	1,576
Assets	0	0	0	0	0	0	0	0
Liabilities	0	0	0	0	0	0	0	1,576
Banks	0	7	119	322	796	-14	-22	-989
Assets	0	6	114	-21	7	3	-15	-523
Liabilities	0	0	5	343	789	-17	-6	-466
Other sectors	-259	128	-674	-136	433	-1,218	2,149	1,777
Assets	-179	17	-165	-149	101	-5	7	-20
Liabilities	-80	111	-509	13	332	-1,212	2,142	1,798
Short-term, net	**410**	**406**	**151**	**489**	**-4,073**	**1,213**	**-1,344**	**-3,545**
General Government	0	0	0	0	0	0	0	0
Assets	0	0	0	0	0	0	0	0
Liabilities	0	0	0	0	0	0	0	0
Banks	639	383	220	469	-3,843	1,213	-37	-3,129
Assets	347	51	277	359	-2,479	1,284	-129	-2,456
Liabilities	293	332	-57	110	-1,364	-71	92	-673
Other sectors	-229	23	-69	20	-230	-0	-1,307	-415
Assets	-193	-22	119	140	-40	-342	-492	46
Liabilities	-37	45	-188	-120	-189	342	-815	-461

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Table IV.H International foreign exchange reserves stock (N$ million)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
January	2,078	2,320	3,258	2,907	2,614	2,164	2,521	4,295	8,266	14,461
February	1,938	2,005	3,054	2,454	1,935	1,874	2,571	4,248	8,589	14,496
March	1,638	1,923	2,705	2,081	1,751	1,786	2,253	5,739	8,693	13,808
April	2,136	2,189	2,566	2,183	2,276	2,213	2,934	5,937	9,688	14,273
May	1,948	1,880	2,396	1,959	1,787	1,957	2,785	5,652	9,254	13,706
June	1,865	1,950	2,317	2,032	1,678	1,744	2,494	5,981	9,470	13,056
July	2,347	2,664	3,373	2,016	1,881	2,240	3,111	7,255	11,556	14,173
August	1,865	2,281	3,220	1,798	1,853	2,001	2,593	6,128	10,499	13,840
September	2,069	1,962	2,905	2,080	1,731	1,617	2,877	5,679	10,781	14,720
October	2,141	2,303	2,834	2,198	2,075	2,070	3,883	6,481	13,493	15,835
November	1,936	2,382	2,392	2,015	1,891	1,762	3,392	6,008	12,801	14,317
December	1,976	2,699	2,797	2,044	1,847	1,861	2,939	6,401	12,712	13,828

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Table IV.I(a) International investment position (N$ million)

2006

	Q1 South Africa	Q1 Other	Q1 Total	Q2 South Africa	Q2 Other	Q2 Total	Q3 South Africa	Q3 Other	Q3 Total	Q4 South Africa	Q4 Other	Q4 Total
Foreign assets	29,414	7,353	36,767	33,259	8,315	41,574	35,938	8,984	44,922	33,266	8,317	41,583
Direct investment	158	40	198	636	159	796	681	170	852	41	10	51
1.1 Equity capital	90	22	112	623	156	779	681	170	852	30	8	38
1.2 Other capital	68	17	86	13	3	16	0	0	0	11	3	13
Long-term	7	2	9	13	3	16	12	3	15	11	3	13
Short-term	61	15	77	0	0	0	0	0	0	0	0	0
Portfolio investment	24,459	7,412	31,871	27,203	8,228	35,431	29,157	8,940	37,715	28,796	2,523	31,319
2.1 Equity securities	18,233	5,528	23,761	20,688	5,914	26,602	21,928	6,547	28,209	21,988	1,043	23,031
2.2 Debt securities	6,226	1,884	8,110	6,515	2,314	8,829	7,229	2,393	9,506	6,807	1,480	8,287
Other investment	1,956	489	2,445	2,283	571	2,853	2,782	696	3,478	5,819	1,455	7,274
3.1 Claims of resident non-bank companies	204	51	255	367	92	459	182	45	227	177	44	221
3.1.1 Short-term loans and trade finance	152	38	191	223	56	279	103	26	129	113	28	141
3.1.2 Long-term loans	52	13	65	144	36	180	78	20	98	64	16	80
3.2 Claims of resident banks	159	40	199	690	173	863	875	219	1,093	2,728	682	3,410
3.2.1 Short-term loans	134	34	168	134	34	168	184	46	230	1,872	468	2,340
3.2.2 Long-term loans	25	6	32	556	139	695	691	173	863	856	214	1,070
3.3 Claims of resident parastatal companies	11	3	14	15	4	18	24	6	30	26	7	33
3.3.1 Short-term loans and trade finance	8	2	10	12	3	14	21	5	26	23	6	29
3.3.2 Long-term loans	3	1	4	3	1	4	3	1	4	3	1	4
3.4 Claims of local government authorities	0	0	0	0	0	0	0	0	0	0	0	0
3.4.1 Short-term loans and trade finance	0	0	0	0	0	0	0	0	0	0	0	0
3.4.2 Long-term loans	0	0	0	0	0	0	0	0	0	0	0	0
3.5 Claims of central government	0	0	0	0	0	0	0	0	0	0	0	0
3.5.1 Long-term loans	0	0	0	0	0	0	0	0	0	0	0	0
3.6 Currency and deposits reported by Namibian banks	676	169	845	787	197	984	1,398	349	1,747	1,994	498	2,492
3.7 Other assets	905	226	1,131	423	106	529	305	76	381	894	224	1,118
3.7.1 Other assets NES*	905	226	1,131	423	106	529	305	76	381	894	224	1,118
Reserve Assets	1,803	451	2,253	1,995	499	2,494	2,302	575	2,877	2,351	588	2,939
4.1 Monetary gold	0	0	0	0	0	0	0	0	0	0	0	0
4.2 Special drawing rights	0	0	0	0	0	0	0	0	0	0	0	0
4.3 Reserve position in the IMF	0	0	0	0	0	0	0	0	0	0	0	0
4.4 Foreign exchange	1,802	451	2,253	1,995	499	2,494	2,302	575	2,877	2,351	588	2,939
4.5 Other assets	0	0	0	0	0	0	0	0	0	0	0	0

2007

	Q1 South Africa	Q1 Other	Q1 Total	Q2 South Africa	Q2 Other	Q2 Total	Q3 South Africa	Q3 Other	Q3 Total	Q4 South Africa	Q4 Other	Q4 Total
Foreign assets	38,834	9,708	48,542	42,661	10,665	53,326	44,923	11,231	56,153	45,868	11,467	57,335
Direct investment	96	24	121	59	15	74	58	15	73	85	21	106
1.1 Equity capital	71	18	89	51	13	64	53	13	66	69	17	87
1.2 Other capital	25	6	32	8	2	10	5	1	7	16	4	20
Long-term	25	6	32	8	2	10	5	1	7	16	4	20
Short-term	0	0	0	0	0	0	0	0	0	0	0	0
Portfolio investment	29,649	3,825	33,474	32,418	3,915	36,333	34,295	4,024	38,319	37,029	3,986	41,016
2.1 Equity securities	21,125	3,045	24,170	21,634	3,117	24,752	21,198	3,198	24,396	21,577	3,234	24,811
2.2 Debt securities	8,525	780	9,304	10,784	797	11,582	13,097	826	13,923	15,452	752	16,204
Other investment	7,367	1,842	9,209	8,751	2,188	10,938	9,666	2,417	12,083	7,849	1,962	9,811
3.1 Claims of resident non-bank companies	245	61	306	351	88	439	298	74	482	549	137	686
3.1.1 Short-term loans and trade finance	154	38	192	261	65	326	207	52	456	435	109	544
3.1.2 Long-term loans	91	23	114	90	22	112	91	23	26	114	28	142
3.2 Claims of resident banks	1,351	338	1,689	1,107	277	1,383	1,533	383	1,916	786	196	982
3.2.1 Short-term loans	565	141	707	352	88	440	258	64	322	258	64	322
3.2.2 Long-term loans	785	196	982	754	189	943	1,275	319	1,594	528	132	660
3.3 Claims of resident parastatal companies	28	7	35	28	7	35	29	7	36	32	8	40
3.3.1 Short-term loans and trade finance	25	6	31	24	6	31	26	6	32	29	7	36
3.3.2 Long-term loans	3	1	4	3	1	4	3	1	4	3	1	4
3.4 Claims of local government authorities	0	0	0	0	0	0	0	0	0	0	0	0
3.4.1 Short-term loans and trade finance	0	0	0	0	0	0	0	0	0	0	0	0
3.4.2 Long-term loans	0	0	0	0	0	0	0	0	0	0	0	0
3.5 Claims of central government	0	0	0	0	0	0	0	0	0	0	0	0
3.5.1 Long-term loans	0	0	0	0	0	0	0	0	0	0	0	0
3.6 Currency and deposits reported by Namibian banks	5,192	1,298	6,490	6,690	1,672	8,362	7,042	1,761	8,803	6,305	1,576	7,881
3.7 Other assets	552	138	690	576	144	720	676	169	845	177	44	221
3.7.1 Other assets NES*	552	138	690	576	144	720	676	169	845	177	44	221
Reserve Assets	4,591	1,148	5,739	4,784	1,196	5,980	4,543	1,136	5,679	5,121	1,280	6,401
4.1 Monetary gold	0	0	0	0	0	0	0	0	0	0	0	0
4.2 Special drawing rights	0	0	0	0	0	0	0	0	0	0	0	0
4.3 Reserve position in the IMF	0	0	0	0	0	0	0	0	0	0	0	0
4.4 Foreign exchange	4,591	1,148	5,739	4,784	1,196	5,980	4,543	1,136	5,679	5,121	1,280	6,401
4.5 Other assets	0	0	0	0	0	0	0	0	0	0	0	0

2008

	Q1 South Africa	Q1 Other	Q1 Total	Q2 South Africa	Q2 Other	Q2 Total	Q3 South Africa	Q3 Other	Q3 Total	Q4 South Africa	Q4 Other	Q4 Total
Foreign assets	51,921	12,980	64,902	51,470	12,867	64,337	49,420	12,355	61,775	50,933	12,733	63,667
Direct investment	137	34	171	124	31	155	102	25	127	85	21	106
1.1 Equity capital	81	20	101	61	15	76	61	15	77	61	15	76
1.2 Other capital	56	14	70	63	16	79	40	10	50	24	6	30
Long-term	56	14	70	63	16	79	40	10	50	24	6	30
Short-term	0	0	0	0	0	0	0	0	0	0	0	0
Portfolio investment	36,473	4,297	40,770	34,126	3,599	37,725	35,946	4,681	40,627	35,006	4,623	39,629
2.1 Equity securities	20,388	3,459	23,847	19,609	2,777	22,386	18,340	3,800	22,139	16,582	3,719	20,301
2.2 Debt securities	16,085	838	16,923	14,517	822	15,339	17,607	881	18,488	18,424	904	19,328
Other investment	12,214	3,054	15,268	13,590	3,397	16,987	8,192	2,048	10,241	8,975	2,244	11,219
3.1 Claims of resident non-bank companies	394	99	493	770	192	962	833	208	1,042	579	145	723
3.1.1 Short-term loans and trade finance	295	74	369	591	148	739	750	187	937	316	79	395
3.1.2 Long-term loans	99	25	124	179	45	223	84	21	105	263	66	328
3.2 Claims of resident banks	1,377	344	1,722	1,790	447	2,237	1,097	274	1,371	738	185	923
3.2.1 Short-term loans	348	87	435	340	85	426	310	77	387	293	73	367
3.2.2 Long-term loans	1,030	257	1,287	1,449	362	1,811	787	197	983	445	111	556
3.3 Claims of resident parastatal companies	41	10	51	47	12	59	57	14	71	66	16	82
3.3.1 Short-term loans and trade finance	38	9	47	44	11	55	54	13	67	62	16	78
3.3.2 Long-term loans	3	1	4	3	1	4	3	1	4	3	1	4
3.4 Claims of local government authorities	0	0	0	0	0	0	0	0	0	0	0	0
3.4.1 Short-term loans and trade finance	0	0	0	0	0	0	0	0	0	0	0	0
3.4.2 Long-term loans	0	0	0	0	0	0	0	0	0	0	0	0
3.5 Claims of central government	0	0	0	0	0	0	0	0	0	0	0	0
3.5.1 Long-term loans	0	0	0	0	0	0	0	0	0	0	0	0
3.6 Currency and deposits reported by Namibian banks	9,416	2,354	11,770	10,093	2,523	12,616	5,699	1,425	7,124	6,541	1,635	8,177
3.7 Other assets	986	246	1,232	891	223	1,113	506	127	633	1,052	263	1,315
3.7.1 Other assets NES*	986	246	1,232	891	223	1,113	506	127	633	1,052	263	1,315
Reserve Assets	6,954	1,739	8,693	7,576	1,894	9,470	8,625	2,156	10,781	10,170	2,542	12,712
4.1 Monetary gold	0	0	0	0	0	0	0	0	0	0	0	0
4.2 Special drawing rights	0	0	0	0	0	0	0	0	0	0	0	0
4.3 Reserve position in the IMF	0	0	0	0	0	0	0	0	0	0	0	0
4.4 Foreign exchange	6,954	1,739	8,693	7,576	1,894	9,470	8,625	2,156	10,781	10,170	2,542	12,712
4.5 Other assets	0	0	0	0	0	0	0	0	0	0	0	0

2009 (p)

	Q1 South Africa	Q1 Other	Q1 Total	Q2 South Africa	Q2 Other	Q2 Total	Q3 South Africa	Q3 Other	Q3 Total	Q4 South Africa	Q4 Other	Q4 Total
Foreign assets	47,383	11,846	59,229	54,705	13,676	68,382	56,000	14,000	70,001	59,766	14,941	74,707
Direct investment	81	20	101	85	21	106	408	102	510	404	101	505
1.1 Equity capital	55	14	69	53	13	66	139	35	174	147	37	183
1.2 Other capital	25	6	32	32	8	40	269	67	336	257	64	322
Long-term	25	6	32	32	8	40	97	24	121	91	23	114
Short-term	0	0	0	0	0	0	172	43	215	166	42	208
Portfolio investment	29,947	2,816	32,764	32,785	4,028	36,813	30,891	4,576	35,466	37,706	4,532	42,238
2.1 Equity securities	11,263	2,131	13,394	16,941	3,129	20,070	18,578	3,557	22,135	21,130	3,701	24,831
2.2 Debt securities	18,684	686	19,370	15,844	899	16,743	12,312	1,019	13,331	16,576	831	17,407
Other investment	10,045	2,511	12,556	14,725	3,681	18,407	15,443	3,861	19,304	14,509	3,627	18,136
3.1 Claims of resident non-bank companies	331	83	414	311	78	389	249	62	312	349	87	437
3.1.1 Short-term loans and trade finance	244	61	305	242	61	303	249	62	312	294	73	367
3.1.2 Long-term loans	87	22	109	69	17	86	0	0	0	55	14	69
3.2 Claims of resident banks	1,129	282	1,412	699	175	873	414	103	517	650	163	813
3.2.1 Short-term loans	402	101	503	655	164	818	367	92	458	598	150	748
3.2.2 Long-term loans	727	182	908	44	11	55	47	12	59	52	13	65
3.3 Claims of resident parastatal companies	74	19	93	74	19	93	74	19	93	72	18	90
3.3.1 Short-term loans and trade finance	71	18	89	71	18	89	71	18	89	69	17	86
3.3.2 Long-term loans	3	1	4	3	1	4	3	1	4	3	1	4
3.4 Claims of local government authorities	0	0	0	0	0	0	0	0	0	0	0	0
3.4.1 Short-term loans and trade finance	0	0	0	0	0	0	0	0	0	0	0	0
3.4.2 Long-term loans	0	0	0	0	0	0	0	0	0	0	0	0
3.5 Claims of central government	0	0	0	0	0	0	0	0	0	0	0	0
3.5.1 Long-term loans	0	0	0	0	0	0	0	0	0	0	0	0
3.6 Currency and deposits reported by Namibian banks	8,032	2,008	10,040	12,684	3,171	15,855	13,649	3,412	17,062	12,322	3,081	15,403
3.7 Other assets	478	120	598	957	239	1,196	1,056	264	1,320	1,115	279	1,393
3.7.1 Other assets NES*	478	120	598	957	239	1,196	1,056	264	1,320	1,115	279	1,393
Reserve Assets	11,047	2,762	13,808	10,445	2,611	13,056	11,776	2,944	14,720	11,062	2,766	13,828
4.1 Monetary gold	0	0	0	0	0	0	0	0	0	0	0	0
4.2 Special drawing rights	0	0	0	0	0	0	0	0	0	0	0	0
4.3 Reserve position in the IMF	0	0	0	0	0	0	0	0	0	0	0	0
4.4 Foreign exchange	11,047	2,762	13,808	10,445	2,611	13,056	11,776	2,944	14,720	11,062	2,766	13,828
4.5 Other assets	0	0	0	0	0	0	0	0	0	0	0	0

Table IV.I(b) International investment position (N$ million)

2006

	Q1 South Africa	Q1 Other	Q1 Total	Q2 South Africa	Q2 Other	Q2 Total	Q3 South Africa	Q3 Other	Q3 Total	Q4 South Africa	Q4 Other	Q4 Total
Foreign liabilities	**22,326**	**5,582**	**27,908**	**20,898**	**5,225**	**26,123**	**20,890**	**5,222**	**26,112**	**22,245**	**10,104**	**32,349**
Direct investment	**12,956**	**3,239**	**16,195**	**13,534**	**3,384**	**16,918**	**14,442**	**3,610**	**18,052**	**16,754**	**2,662**	**19,416**
1.1 Equity capital	11,956	2,989	14,945	11,779	2,945	14,724	12,945	3,236	16,182	14,501	2,099	16,600
1.2 Other capital	1,000	250	1,250	1,755	439	2,194	1,496	374	1,870	2,253	563	2,817
Long-term	575	144	718	735	184	919	748	187	935	1,133	283	1,416
Short-term	425	106	531	1,021	255	1,276	748	187	935	1,120	280	1,401
Portfolio investment	**467**	**117**	**584**	**467**	**117**	**584**	**467**	**117**	**584**	**467**	**117**	**584**
2.1 Equity securities	78	20	98	78	20	98	78	20	98	78	20	98
2.2 Debt securities	389	97	486	389	97	486	389	97	486	389	97	486
Other Investment	**8,904**	**2,226**	**11,129**	**6,897**	**1,724**	**8,621**	**5,981**	**1,495**	**7,476**	**5,024**	**7,325**	**12,349**
3.1 Liabilities of resident non-bank companies	302	75	377	400	100	500	333	83	417	384	96	480
3.1.1 Short-term loans	84	21	106	129	32	161	227	57	283	123	31	154
3.1.2 Long-term loans	217	54	272	272	68	340	107	27	133	261	65	326
3.2 Liabilities of resident banks	1,256	314	1,570	569	142	712	264	66	330	1,119	280	1,399
3.2.1 Short-term loans	402	100	502	4	1	5	75	19	94	753	188	941
3.2.2 Long-term loans	854	214	1,068	566	141	707	189	47	236	366	92	458
3.3 Liabilities of resident parastatal companies	1,067	267	1,334	1,154	288	1,442	1,208	302	1,510	1,181	295	1,477
3.3.1 Short-term loans and trade finance	1,015	254	1,269	1,094	273	1,367	61	15	77	1,102	275	1,377
3.3.2 Long-term loans	52	13	65	60	15	75	1,147	287	1,434	80	20	100
3.4 Liabilities of local government authorities	232	58	290	232	58	290	232	58	290	232	58	290
3.4.1 Short-term loans and trade finance	229	57	287	229	57	287	3	1	4	229	57	287
3.4.2 Long-term loans	3	1	4	3	1	4	229	57	286	3	1	4
3.5 Liabilities of central government	1,475	369	1,843	1,905	476	2,381	2,140	535	2,676	186	2,340	2,526
3.5.1 Long-term loans	1,475	369	1,843	1,905	476	2,381	188	2,488	2,676	186	2,340	2,526
3.6 Currency and deposits reported by Namibian banks	1,312	328	1,640	1,692	423	2,115	858	215	1,073	914	229	1,143
3.7 Liabilities of EPZ companies	3,260	815	4,075	945	236	1,181	945	236	1,181	1,007	4,027	5,034
3.7.1 Short-term loans and trade finance	131	33	164	647	162	809	647	162	809	142	568	710
3.7.2 Long-term loans	3,129	782	3,911	297	74	372	297	74	372	865	3,459	4,324
3.8 Other liabilities	0	0	0	0	0	0	0	0	0	0	0	0
3.8.1 Short-term loans and trade finance	0	0	0	0	0	0	0	0	0	0	0	0
3.8.2 Long-term loans	0	0	0	0	0	0	0	0	0	0	0	0
Net Foreign Assets (+)/Liabilities(-)	**7,087**	**1,772**	**8,859**	**12,361**	**3,090**	**15,451**	**15,048**	**3,762**	**18,810**	**7,387**	**1,847**	**9,234**

2007

	Q1 South Africa	Q1 Other	Q1 Total	Q2 South Africa	Q2 Other	Q2 Total	Q3 South Africa	Q3 Other	Q3 Total	Q4 South Africa	Q4 Other	Q4 Total
Foreign liabilities	**21,747**	**8,826**	**30,591**	**25,087**	**8,398**	**33,484**	**21,112**	**7,355**	**28,467**	**26,205**	**8,706**	**34,912**
Direct investment	**16,279**	**2,524**	**18,803**	**19,542**	**4,886**	**24,428**	**16,459**	**4,115**	**20,574**	**20,999**	**5,250**	**26,249**
1.1 Equity capital	13,988	1,951	15,939	14,563	3,641	18,204	11,157	2,789	13,946	15,534	3,884	19,418
1.2 Other capital	2,291	573	2,864	4,979	1,245	6,224	5,302	1,326	6,628	5,465	1,366	6,831
Long-term	1,326	332	1,658	3,952	988	4,940	1,233	308	1,541	4,242	1,061	5,303
Short-term	965	241	1,206	1,027	257	1,284	4,069	1,017	5,087	1,223	306	1,529
Portfolio investment	**467**	**117**	**584**	**467**	**117**	**584**	**467**	**117**	**584**	**467**	**117**	**584**
2.1 Equity securities	78	20	98	78	20	98	78	20	98	78	20	98
2.2 Debt securities	389	97	486	389	97	486	389	97	486	389	97	486
Other Investment	**5,001**	**6,185**	**11,204**	**5,077**	**3,395**	**8,472**	**4,186**	**3,123**	**7,309**	**4,739**	**3,340**	**8,079**
3.1 Liabilities of resident non-bank companies	339	85	424	427	107	533	534	133	667	909	227	1,137
3.1.1 Short-term loans	144	36	180	339	85	423	453	113	567	782	196	978
3.1.2 Long-term loans	195	49	244	88	22	110	80	20	101	127	32	159
3.2 Liabilities of resident banks	794	199	993	1,529	382	1,912	1,104	276	1,380	1,303	326	1,629
3.2.1 Short-term loans	670	168	838	1,165	291	1,456	738	185	923	950	238	1,188
3.2.2 Long-term loans	124	31	155	365	91	456	366	91	457	353	88	441
3.3 Liabilities of resident parastatal companies	1,214	303	1,517	1,192	298	1,489	982	245	1,227	883	221	1,104
3.3.1 Short-term loans and trade finance	92	23	115	88	22	110	90	23	113	120	30	150
3.3.2 Long-term loans	1,122	280	1,402	1,104	276	1,380	891	223	1,114	763	191	953
3.4 Liabilities of local government authorities	232	58	290	232	58	290	231	58	289	231	58	289
3.4.1 Short-term loans and trade finance	3	1	4	3	1	4	2	1	3	2	1	3
3.4.2 Long-term loans	229	57	286	229	57	286	229	57	286	229	57	286
3.5 Liabilities of central government	524	2,168	2,710	554	2,215	2,769	539	2,156	2,696	575	2,299	2,873
3.5.1 Long-term loans	542	2,168	2,710	554	2,215	2,769	539	2,156	2,696	575	2,299	2,873
3.6 Currency and deposits reported by Namibian banks	1,124	281	1,405	1,130	283	1,413	782	195	977	838	209	1,047
3.7 Liabilities of EPZ companies	773	3,091	3,864	13	53	66	15	59	74	0	0	0
3.7.1 Short-term loans and trade finance	0	0	0	0	0	0	15	59	74	0	0	0
3.7.2 Long-term loans	773	3,091	3,864	13	53	66	0	0	0	0	0	0
3.8 Other liabilities	0	0	0		0	0	0	0	0	0	0	0
3.8.1 Short-term loans and trade finance	0	0	0	0	0	0	0	0	0	0	0	0
3.8.2 Long-term loans	0	0	0	0	0	0	0	0	0	0	0	0
Net Foreign Assets (+)/Liabilities(-)	**14,361**	**3,590**	**17,951**	**15,874**	**3,968**	**19,842**	**22,149**	**5,537**	**27,686**	**17,938**	**4,485**	**22,423**

2008

	Q1 South Africa	Q1 Other	Q1 Total	Q2 South Africa	Q2 Other	Q2 Total	Q3 South Africa	Q3 Other	Q3 Total	Q4 South Africa	Q4 Other	Q4 Total
Foreign liabilities	**27,222**	**9,163**	**36,385**	**27,169**	**9,214**	**36,383**	**27,829**	**9,594**	**37,423**	**30,893**	**10,525**	**41,418**
Direct investment	**21,557**	**5,389**	**26,947**	**21,452**	**5,363**	**26,815**	**23,594**	**5,898**	**29,492**	**26,371**	**6,593**	**32,964**
1.1 Equity capital	17,008	4,252	21,260	15,959	3,990	19,949	16,486	4,122	20,608	18,154	4,539	22,693
1.2 Other capital	4,550	1,137	5,687	5,493	1,373	6,866	7,107	1,777	8,884	8,217	2,054	10,272
Long-term	3,739	935	4,673	4,526	1,131	5,657	5,957	1,489	7,446	7,078	1,770	8,848
Short-term	811	203	1,014	967	242	1,209	1,150	288	1,438	1,139	285	1,424
Portfolio investment	**467**	**117**	**584**	**467**	**117**	**584**	**467**	**117**	**584**	**467**	**117**	**584**
2.1 Equity securities	78	20	98	78	20	98	78	20	98	78	20	98
2.2 Debt securities	389	97	486	389	97	486	389	97	486	389	97	486
Other Investment	**5,197**	**3,657**	**8,855**	**5,250**	**3,734**	**8,984**	**3,768**	**3,579**	**7,347**	**4,054**	**3,815**	**7,870**
3.1 Liabilities of resident non-bank companies	933	233	1,166	748	187	936	380	95	476	583	146	729
3.1.1 Short-term loans	667	167	833	549	137	686	191	48	239	321	80	401
3.1.2 Long-term loans	266	67	333	199	50	249	189	47	236	263	66	328
3.2 Liabilities of resident banks	1,264	316	1,580	1,233	308	1,542	927	232	1,159	963	241	1,204
3.2.1 Short-term loans	911	228	1,139	880	220	1,100	573	143	716	505	126	631
3.2.2 Long-term loans	353	88	441	353	88	441	354	89	443	459	115	573
3.3 Liabilities of resident parastatal companies	1,341	335	1,676	1,302	325	1,627	1,310	327	1,637	1,261	315	1,577
3.3.1 Short-term loans and trade finance	127	32	159	304	76	380	287	72	358	310	77	387
3.3.2 Long-term loans	1,214	303	1,517	998	249	1,247	1,023	256	1,279	952	238	1,190
3.4 Liabilities of local government authorities	231	58	289	231	58	289	231	58	289	231	58	289
3.4.1 Short-term loans and trade finance	2	1	3	2	1	3	2	1	3	2	1	3
3.4.2 Long-term loans	229	57	286	229	57	286	229	57	286	229	57	286
3.5 Liabilities of central government	629	2,514	3,143	640	2,561	3,202	685	2,739	3,424	738	2,952	3,690
3.5.1 Long-term loans	629	2,514	3,143	640	2,561	3,202	685	2,739	3,424	738	2,952	3,690
3.6 Currency and deposits reported by Namibian banks	800	200	1,000	1,089	272	1,361	216	54	270	268	67	335
3.7 Liabilities of EPZ companies	0	1	1	5	22	27	18	73	92	9	37	46
3.7.1 Short-term loans and trade finance	0	0	0	5	21	27	6	24	30	8	30	38
3.7.2 Long-term loans	0	0	1	0	0	1	12	49	62	2	6	8
3.8 Other liabilities	0	0	0	0	0	0	0	0	0	0	0	0
3.8.1 Short-term loans and trade finance	0	0	0	0	0	0	0	0	0	0	0	0
3.8.2 Long-term loans	0	0	0	0	0	0	0	0	0	0	0	0
Net Foreign Assets (+)/Liabilities(-)	**22,813**	**5,703**	**28,517**	**22,364**	**5,591**	**27,954**	**19,482**	**4,870**	**24,352**	**17,799**	**4,450**	**22,249**

2009 (p)

	Q1 South Africa	Q1 Other	Q1 Total	Q2 South Africa	Q2 Other	Q2 Total	Q3 South Africa	Q3 Other	Q3 Total	Q4 South Africa	Q4 Other	Q4 Total
Foreign liabilities	**31,704**	**10,865**	**42,569**	**31,553**	**10,492**	**42,045**	**20,640**	**7,687**	**28,327**	**23,704**	**8,526**	**32,230**
Direct investment	**27,336**	**6,834**	**34,170**	**27,188**	**6,797**	**33,985**	**15,593**	**3,898**	**19,491**	**18,494**	**4,623**	**23,117**
1.1 Equity capital	18,394	4,598	22,992	18,372	4,593	22,965	10,349	2,587	12,936	11,046	2,761	13,807
1.2 Other capital	8,942	2,236	11,178	8,816	2,204	11,020	5,244	1,311	6,555	7,448	1,862	9,310
Long-term	7,749	1,937	9,686	7,516	1,879	9,395	4,321	1,080	5,401	6,500	1,625	8,125
Short-term	1,193	298	1,491	1,300	325	1,625	923	231	1,153	948	237	1,185
Portfolio investment	**467**	**117**	**584**	**467**	**117**	**584**	**467**	**117**	**584**	**467**	**117**	**584**
2.1 Equity securities	78	20	98	78	20	98	78	20	98	78	20	98
2.2 Debt securities	389	97	486	389	97	486	389	97	486	389	97	486
Other Investment	**3,901**	**3,914**	**7,815**	**3,898**	**3,578**	**7,476**	**4,579**	**3,672**	**8,252**	**4,743**	**3,786**	**8,528**
3.1 Liabilities of resident non-bank companies	499	125	623	500	125	625	537	134	672	619	155	773
3.1.1 Short-term loans	262	65	327	345	86	432	423	106	529	495	124	618
3.1.2 Long-term loans	237	59	296	155	39	194	115	29	143	124	31	155
3.2 Liabilities of resident banks	895	224	1,119	923	231	1,153	303	76	379	366	91	457
3.2.1 Short-term loans	437	109	546	465	116	581	300	75	375	362	90	452
3.2.2 Long-term loans	458	114	572	458	114	572	3	1	4	4	1	5
3.3 Liabilities of resident parastatal companies	1,276	319	1,595	1,279	320	1,599	1,113	278	1,391	1,113	278	1,391
3.3.1 Short-term loans and trade finance	324	81	405	327	82	409	161	40	201	161	40	201
3.3.2 Long-term loans	952	238	1,190	952	238	1,190	952	238	1,190	952	238	1,190
3.4 Liabilities of local government authorities	231	58	289	231	58	289	231	58	289	231	58	289
3.4.1 Short-term loans and trade finance	2	1	3	2	1	3	2	1	3	2	1	3
3.4.2 Long-term loans	229	57	286	229	57	286	229	57	286	229	57	286
3.5 Liabilities of central government	747	2,987	3,734	655	2,621	3,277	610	2,440	3,050	664	2,658	3,322
3.5.1 Long-term loans	747	2,987	3,734	655	2,621	3,277	610	2,440	3,050	664	2,658	3,322
3.6 Currency and deposits reported by Namibian banks	217	54	271	270	68	338	1,721	430	2,151	1,721	430	2,151
3.7 Liabilities of EPZ companies	37	147	184	39	156	195	64	255	319	29	116	145
3.7.1 Short-term loans and trade finance	31	123	154	32	126	158	40	159	199	7	30	37
3.7.2 Long-term loans	6	24	30	7	29	37	24	96	121	21	86	107
3.8 Other liabilities	0	0	0	0	0	0	0	0	0	0	0	0
3.8.1 Short-term loans and trade finance	0	0	0	0	0	0	0	0	0	0	0	0
3.8.2 Long-term loans	0	0	0	0	0	0	0	0	0	0	0	0
Net Foreign Assets (+)/Liabilities(-)	**13,328**	**3,332**	**16,660**	**21,069**	**5,267**	**26,336**	**33,339**	**8,335**	**41,674**	**33,982**	**8,496**	**42,478**

* Not else where specified e.g. re-insurance, bonds etc.

E

Table IV.J Foreign exchange rates - Foreign currency per Namibia Dollar
Period averages

Period		US Dollar	UK Pound	Germany Mark	Japan Yen	Switzerland Franc	Spain Peseta	EU ECU
2002	Jan	0.086	0.060	0.191	17.361	0.144	16.207	0.097
	Feb	0.087	0.061	0.196	11.628	0.148	16.667	0.100
	Mar	0.087	0.061	0.194	11.403	0.146	19.763	0.099
	Apr	0.090	0.063	0.102	11.806	0.151	0.102	0.102
	May	0.099	0.068	0.107	12.453	0.156	0.107	0.107
	Jun	0.099	0.067	0.103	12.180	0.154	0.103	0.103
	Jul	0.099	0.064	0.100	11.669	0.146	0.100	0.100
	Aug	0.094	0.061	0.097	11.236	0.141	0.097	0.097
	Sep	0.094	0.061	0.096	11.377	0.141	0.096	0.096
	Oct	0.097	0.062	0.099	11.990	0.145	0.099	0.099
	Nov	0.104	0.066	0.103	12.594	0.152	0.103	0.103
	Dec	0.112	0.070	0.110	13.624	0.161	0.110	0.110
2003	Jan	0.115	0.071	0.109	13.680	0.159	0.109	0.109
	Feb	0.120	0.075	0.112	14.368	0.167	0.112	0.112
	Mar	0.124	0.078	0.115	14.728	0.169	0.115	0.115
	Apr	0.130	0.082	0.120	15.552	0.200	0.120	0.120
	May	0.130	0.080	0.113	15.291	0.177	0.113	0.113
	Jun	0.127	0.076	0.108	15.152	0.167	0.108	0.108
	Jul	0.133	0.082	0.116	15.723	0.180	0.116	0.116
	Aug	0.135	0.085	0.121	16.077	0.187	0.121	0.121
	Sep	0.137	0.085	0.122	15.723	0.188	0.122	0.122
	Oct	0.144	0.086	0.123	15.723	0.190	0.123	0.123
	Nov	0.149	0.088	0.127	16.234	0.198	0.127	0.127
	Dec	0.153	0.088	0.125	16.556	0.195	0.125	0.125
2004	Jan	0.145	0.079	0.115	15.385	0.179	0.115	0.115
	Feb	0.148	0.079	0.117	14.388	0.184	0.117	0.117
	Mar	0.150	0.083	0.121	16.367	0.193	0.121	0.121
	Apr	0.153	0.085	0.127	16.393	0.198	0.127	0.127
	May	0.147	0.082	0.123	16.502	0.189	0.123	0.123
	Jun	0.155	0.085	0.128	17.007	0.194	0.128	0.128
	Jul	0.163	0.089	0.133	17.825	0.203	0.133	0.133
	Aug	0.155	0.085	0.127	19.802	0.196	0.127	0.127
	Sep	0.153	0.085	0.125	16.807	0.193	0.125	0.125
	Oct	0.157	0.087	0.125	17.036	0.193	0.125	0.125
	Nov	0.165	0.089	0.127	17.301	0.194	0.127	0.127
	Dec	0.174	0.086	0.130	19.231	0.200	0.130	0.130
2005	Jan	0.168	0.089	0.128	17.301	0.197	0.128	0.128
	Feb	0.166	0.088	0.128	17.422	0.198	0.128	0.128
	Mar	0.166	0.087	0.126	17.483	0.195	0.126	0.126
	Apr	0.163	0.086	0.126	17.452	0.194	0.126	0.126
	May	0.158	0.085	0.124	16.835	0.192	0.124	0.124
	Jun	0.148	0.081	0.122	16.103	0.187	0.122	0.122
	Jul	0.149	0.085	0.124	16.694	0.193	0.124	0.124
	Aug	0.155	0.086	0.126	17.094	0.195	0.126	0.126
	Sep	0.157	0.087	0.128	17.452	0.199	0.128	0.128
	Oct	0.152	0.086	0.126	17.452	0.196	0.126	0.126
	Nov	0.150	0.087	0.127	17.794	0.197	0.127	0.127
	Dec	0.157	0.090	0.133	18.657	0.205	0.133	0.133
2006	Jan	0.164	0.093	0.135	18.939	0.210	0.135	0.135
	Feb	0.163	0.094	0.137	19.268	0.213	0.137	0.137
	Mar	0.160	0.092	0.133	18.762	0.209	0.133	0.133
	Apr	0.165	0.093	0.134	19.305	0.211	0.134	0.134
	May	0.158	0.085	0.124	17.668	0.193	0.124	0.124
	Jun	0.144	0.078	0.113	16.474	0.177	0.113	0.113
	Jul	0.141	0.077	0.111	16.313	0.175	0.111	0.111
	Aug	0.144	0.076	0.112	16.667	0.177	0.112	0.112
	Sep	0.135	0.072	0.106	15.798	0.168	0.106	0.106
	Oct	0.126	0.067	0.100	14.929	0.159	0.100	0.100
	Nov	0.117	0.063	0.094	14.060	0.150	0.094	0.094
	Dec	0.109	0.058	0.087	13.191	0.141	0.087	0.087
2007	Jan	0.139	0.071	0.107	16.750	0.173	0.107	0.107
	Feb	0.139	0.071	0.107	16.807	0.173	0.107	0.107
	Mar	0.136	0.070	0.103	15.949	0.166	0.103	0.103
	Apr	0.140	0.071	0.104	16.667	0.170	0.104	0.104
	May	0.142	0.072	0.105	17.212	0.174	0.105	0.105
	Jun	0.139	0.070	0.104	17.094	0.172	0.104	0.104
	Jul	0.143	0.071	0.105	17.422	0.173	0.105	0.105
	Aug	0.138	0.069	0.102	16.129	0.166	0.102	0.102
	Sep	0.140	0.070	0.101	16.129	0.166	0.101	0.101
	Oct	0.148	0.072	0.104	17.094	0.173	0.104	0.104
	Nov	0.149	0.072	0.102	16.584	0.168	0.102	0.102
	Dec	0.146	0.072	0.101	16.420	0.167	0.101	0.101
2008	Jan	0.143	0.073	0.097	15.456	0.158	0.097	0.097
	Feb	0.131	0.067	0.089	14.025	0.143	0.089	0.089
	Mar	0.125	0.063	0.081	12.642	0.127	0.081	0.081
	Apr	0.128	0.065	0.081	13.141	0.130	0.081	0.081
	May	0.131	0.067	0.084	13.661	0.137	0.084	0.084
	Jun	0.126	0.064	0.081	13.477	0.131	0.081	0.081
	Jul	0.131	0.066	0.083	13.966	0.134	0.083	0.083
	Aug	0.131	0.069	0.087	14.265	0.141	0.087	0.087
	Sep	0.124	0.069	0.087	13.263	0.138	0.087	0.087
	Oct	0.103	0.061	0.077	10.373	0.118	0.077	0.077
	Nov	0.099	0.064	0.078	9.579	0.118	0.078	0.078
	Dec	0.101	0.068	0.075	9.166	0.115	0.075	0.075
2009	Jan	0.101	0.070	0.076	9.132	0.114	0.076	0.076
	Feb	0.100	0.069	0.078	9.234	0.116	0.078	0.078
	Mar	0.100	0.070	0.077	9.775	0.116	0.077	0.077
	Apr	0.111	0.075	0.084	10.953	0.127	0.084	0.084
	May	0.119	0.077	0.088	11.547	0.132	0.088	0.088
	Jun	0.124	0.076	0.089	11.990	0.134	0.089	0.089
	Jul	0.126	0.077	0.089	11.891	0.136	0.089	0.089
	Aug	0.126	0.076	0.088	11.933	0.135	0.088	0.088
	Sep	0.133	0.081	0.091	12.151	0.138	0.091	0.091
	Oct	0.134	0.083	0.090	12.063	0.137	0.090	0.090
	Nov	0.133	0.080	0.089	11.848	0.135	0.089	0.089
	Dec	0.134	0.082	0.091	11.976	0.137	0.091	0.091

Table IV.K Effective exchange rate indices

		Nominal effective exchange rate indices			Real effective exchange rate indices		
		Import trade weighted	Export trade weighted	Total trade weighted	Import trade weighted	Export trade weighted	Total trade weighted
1991		106.5	234.1	152.4	41.0	108.6	63.9
1992		106.1	228.1	150.3	42.5	115.8	67.0
1993		105.6	227.2	149.6	41.9	119.9	67.6
1994		104.9	213.0	144.8	42.5	118.9	67.9
1995		104.4	204.4	141.7	43.0	120.0	68.6
1996		103.6	187.2	135.6	43.1	113.9	67.0
1997		103.4	178.4	132.6	100.7	157.3	123.3
1998		102.4	159.7	125.3	99.2	144.4	117.6
1999		101.8	150.2	121.5	100.4	142.9	117.9
2000		100.7	119.3	108.3	101.1	119.5	108.6
2001		99.1	91.1	95.3	102.3	96.9	99.7
2002		97.8	78.2	88.3	103.3	89.2	96.6
2003	Jan	98.5	83.7	91.4	105.5	99.3	102.6
	Feb	98.5	86.0	92.6	105.1	101.5	103.5
	Mar	98.9	88.4	94.0	104.6	103.9	104.3
	Apr	99.2	91.2	95.5	104.3	106.5	105.3
	May	99.0	89.5	94.6	105.2	105.5	105.3
	Jun	98.8	86.8	93.1	106.3	103.5	105.0
	Jul	99.1	90.5	95.9	133.7	109.0	99.5
	Aug	99.3	92.7	96.9	133.1	111.2	100.3
	Sep	99.3	93.0	97.0	133.4	111.4	100.4
	Oct	99.4	93.2	97.1	132.8	111.3	100.3
	Nov	99.6	94.9	97.9	134.5	113.9	101.4
	Dec	99.7	94.8	97.9	132.2	112.9	101.0
2004	Jan	99.2	89.2	95.3	132.3	107.0	98.0
	Feb	99.2	88.9	95.1	132.4	106.7	97.7
	Mar	99.5	91.7	96.5	133.3	110.4	99.1
	Apr	99.6	93.2	97.1	132.7	111.9	99.6
	May	99.5	91.8	96.5	132.4	110.1	99.0
	Jun	99.7	93.7	97.4	132.4	112.3	99.8
	Jul	99.9	96.2	98.6	136.6	117.3	101.9
	Aug	99.8	94.6	97.9	137.6	115.8	101.6
	Sep	99.6	93.5	97.3	137.5	114.4	100.9
	Oct	99.7	94.3	97.7	138.1	115.7	101.4
	Nov	99.9	95.8	98.5	139.8	117.9	102.2
	Dec	100.0	95.3	98.2	140.5	117.6	102.5
2005	Jan	99.9	95.9	98.5	106.2	102.4	93.2
	Feb	99.9	95.4	98.3	106.1	101.9	93.0
	Mar	99.8	94.9	98.0	103.6	100.1	91.8
	Apr	99.8	94.1	97.7	103.7	99.2	91.4
	May	99.7	93.5	97.3	102.4	97.9	90.7
	Jun	99.4	91.1	96.1	102.6	95.7	89.8
	Jul	99.6	93.4	97.2	103.1	98.5	90.8
	Aug	99.7	94.2	97.7	104.1	99.8	91.4
	Sep	99.8	94.9	98.0	106.3	101.5	92.8
	Oct	99.7	94.4	97.7	105.0	100.4	91.7
	Nov	99.7	94.7	97.9	105.9	101.1	92.0
	Dec	99.9	97.2	99.0	107.0	104.2	94.0
2006	Jan	100.1	99.0	99.9	107.5	106.6	94.0
	Feb	100.2	99.4	100.1	107.5	107.1	94.2
	Mar	100.0	98.1	99.5	107.6	105.7	93.6
	Apr	100.1	99.1	100.0	107.3	106.6	94.0
	May	99.7	93.5	97.4	106.5	100.2	91.3
	Jun	99.1	88.2	94.8	105.9	94.5	88.8
	Jul	99.1	87.7	94.6	106.0	94.3	88.4
	Aug	99.1	87.6	94.5	107.6	94.8	88.7
	Sep	98.8	84.4	92.9	108.5	91.8	87.4
	Oct	98.6	83.0	92.2	109.2	90.6	86.9
	Nov	99.4	85.1	93.5	111.2	93.2	88.5
	Dec	98.9	85.2	93.4	110.0	93.0	88.4
2007	Jan	99.0	87.2	94.4	111.4	96.2	89.3
	Feb	98.8	84.8	93.1	111.4	93.5	88.3
	Mar	98.6	83.1	92.3	111.2	91.7	87.3
	Apr	98.8	84.8	93.2	111.4	93.7	87.9
	May	98.9	85.2	93.4	111.8	94.2	88.0
	Jun	98.8	84.3	93.0	111.6	93.3	87.5
	Jul	98.9	84.2	92.9	112.3	93.9	87.3
	Aug	98.7	82.6	92.1	113.1	92.5	86.7
	Sep	98.7	83.0	92.3	113.5	93.2	86.8
	Oct	98.9	60.4	93.4	113.6	67.7	87.6
	Nov	98.9	60.1	93.2	114.3	67.6	87.6
	Dec	98.8	60.1	93.2	113.5	67.5	87.4
2008	Jan	98.7	59.8	93.0	122.4	68.2	87.4
	Feb	98.2	56.5	90.6	121.3	64.3	85.1
	Mar	97.7	54.0	88.8	117.8	60.7	82.4
	Apr	97.9	55.1	89.7	123.2	63.2	84.0
	May	98.1	56.2	90.5	123.4	64.4	84.6
	Jun	97.9	54.9	89.5	123.6	63.1	83.6
	Jul	98.0	53.3	90.2	126.2	62.2	84.2
	Aug	98.2	57.2	91.4	127.1	66.7	85.2
	Sep	98.1	56.7	91.1	127.7	66.1	85.1
	Oct	97.2	51.4	87.5	127.8	60.3	81.9
	Nov	97.2	53.7	88.3	129.3	63.3	82.8
	Dec	97.1	54.5	89.0	129.3	64.4	83.8
2009	Jan	97.2	55.5	89.7	140.9	68.3	88.0
	Feb	97.3	55.5	89.7	139.5	67.9	87.5
	Mar	97.3	55.9	90.1	139.8	68.5	87.5
	Apr	97.8	58.7	92.1	141.4	72.1	89.5
	May	98.1	59.9	93.0	142.3	73.5	90.4
	Jun	98.2	59.5	92.7	142.6	73.1	90.2
	Jul	98.2	59.9	93.0	143.6	74.0	90.3
	Aug	98.2	59.6	92.8	145.2	74.0	90.5
	Sep	98.5	61.7	94.4	145.2	76.5	91.7
	Oct	98.5	62.0	94.6	146.2	77.1	92.2
	Nov	98.4	61.0	93.9	146.5	75.8	91.6
	Dec	98.5	61.9	94.5	144.9	76.5	92.0

BANK OF NAMIBIA PUBLICATIONS

Regular Publications

Title	Frequency
Financial Stability Review	Bi-annually
Quarterly Bulletin	Quarterly
Annual Report	Annually

Occasional Papers (OP) of the Bank of Namibia

Title	Authors	No and Year
Modeling Inflation in Namibia	Mihe Gaomab II	OP/1998
Estimating the Demand for Money in Namibia	Silvanus Ikhide and Kava Katjomuise	OP 01/1999
Savings and Investment in Namibia	Ipumbu Shiimi and Gerson Kadhikwa	OP 02/1999
Efficiency of Commercial Banks in Namibia	Silvanus Ikhide	OP 01/2000
Potential for Diversifying Namibia's Non- Mineral Exports	Bernie Zaaruka and Heinrich Namakalu	OP 01/2002
The Structure and Nature of Savings in Namibia	Ebson Uanguta, Emma Haiyambo, Gerson Kadhikwa and Chimana Simana	OP 01/2004
Viability of Commercial Bank branches in rural communities in Namibia	Esau Kaakunga, Bernie Zaaruka, Erna Motinga and John Steytler	OP 02/2004
Namibia Macro-econometric Model	Tjiveze Tjipe, Hannah Nielsen and Ebson Uanguta	OP 01/2005
Private Equity: Lessons for Namibia	Bernie Zaaruka, Ebson Uanguta and Gerson Kadhikwa	OP 02/2005
Property Rights and Access to Credit	Esau Kaakunga and Vitalis Ndalikokule	OP 01/2006
How can Namibia Benefits further from AGOA	Vitalis Ndalikokule, Esau Kaakunga and Ben Biwa	OP 02/2006
Assessing the potential of the Manufacturing sector in Namibia	Gerson Kadhikwa and Vitalis Ndalikokule	OP 01/2007
Unleashing the Potential of the Agricultural Sector in Namibia	Postrick Mushendami, Ben Biwa and Mihe Gaomab II	OP 01-2008
The Viability of Export Credit Guarantee and Insurance Scheme	Bernie Zaaruka, Ebson Uanguta and Postrick Mushendami	OP 02-2008
Enhancing the role of factoring and leasing companies in providing working capital to Small and Medium Enterprises (SMEs) in Namibia	Florette Nakusera, Gerson Kadhikwa and Postrick Mushendami	OP 03-2008
Investigating the role securitisation could play in deepening the financial sector in Namibia	Postrick Mushendami and Kennedy Kandume	OP 04-2008

Bank of Namibia Annual Symposium

Theme	Speakers	Year
Central banking issues and economic development	T.K. Alweendo – Governor, Bank of Namibia; J. Capria and P. Honoban – World Bank; C. C. Okeahalam – University of the Witwatersrand; B. Vollan – Bank of Namibia; W. G. Mason – IMF; C. C. Okeahalam and D. W. Adams – University of the Witwatersrand; D. J. J. Botha – University of the Witwatersrand and Pretoria	1999
The challenges of monetary policy within the context of the Common Monetary Area (CMA) arrangement	Dr. K. Jefferis – Deputy Governor, Bank of Botswana; Mr. Steven Xu – Hong Kong and Mr. Brian Kahn - SARB	2000
Optimal Financial Structure for Namibia	Dr. Norman Loayza - World Bank; Dr. Tekaligne Godana - Nepru and Dr. Jaafar bin Ahmad - Air Namibia	2001
Raising investment and growth in Namibia	Dr. Carolyn Jenkins, Oxford University, Dr. Patrick Asea, UNECA and Dr. Meschack Tjirongo, IMF	2002
Poverty, Income Inequality and Economic Development in Namibia	Dr. Anne Epaulard, IMF, Dr. S. Wangweesrf - Tanzania, Dr. O. A. Akinboade, Unisa-RSA; Dr. W. Werner - Namibia	2003
The challenges for the developments of Namibian Government bonds market: Lessons from other countries -	Phillip Shiimi - BoN; Mike Sandler - RSA; Tom Lawless - RSA and Nicholas Biekpe - RSA	2004
The benefits of Regional Integration for smaller economies -	Paul Kalenga – SADC Secretariat, F. Di Mauro - EU and Prof. SKB Asante	2005
Foreign Direct Investment versus Direct Investment in Namibia	Dr. S. Ikhide - Unam	2006
Broad-based Economic Empowerment: Lessons for Namibia	Dr. John Steytler - BoN, Dr. Just Faaland - Norway, Roger Southall-RSA	2007
Structural Transformation of the Namibian economy: Insight from other Countries	Prof. J.E. Odada-Unam, Mr. H.O. Jankee - Bank of Mauritius, Ms.P. Arora-World Bank, RSA, Prof. Ji Hong Kim-KDI School of Public Policy and Management, Mr. K. U. Katjomuise-UNECA	2008
Privatisation in Namibia	Dr. John Steytler - Bank of Namibia, Dr. Omu Kakujaha-Matundu - University of Namibia, Prof. Jin Park - KDI School of Public Policy and Management, Dr. Keith Jefferis - Econsult Botswana (Pty) Ltd, Mr Sven Thieme - Ohlthaver and List Group, Mr. Robin Sherbourne - Old Mutual Namibia	2009

Statutory Publication: Theme Chapters Annual Report

Title	Contributors	Year
Socio-Economic Development: The Post Independence Decade	Policy Research	2001
Challenges of Economic Diversification	Policy Research	2002
Review of Namibia’s Participation in Regional Integration Arrangements: Issues and Implications	Policy Research	2003
Unemployment and Employment Creation - Policy Options for Namibia	Policy Research	2004
Viability of second tier Banks	Extraction from Banking Supervision Study	2005
The Base Care Principles for effective Banking Supervision	Banking Supervision	2007

LIST OF ABBREVIATIONS

AML	Anti-money laundering
AMLAC	Anti-money Laundering Advisory Council
ATM	Automated teller machine
BC	Business Continuity
BIS	Bank for International Settlements
BOP	Balance of Payments
CAR	Capital Adequacy Ratio
CCBG	Committee of Central Bank Governors
CGE	Computable General Equilibrium
CMA	Common Monetary Area
COBIT	Control Objectives for Information and related Technology
DR	Disaster recovery
EC	Executive Committee
ECB	European Central Bank
EFT	Electronic funds transfer
EPZ	Export processing zone
EUR	Euro/European Union currency
FDI	Foreign direct investment
FIC	Financial Intelligence Centre
FIFA	Fédération International de Football Association (Internal Federation of Association)
GAMS	General Algebraic Modelling System
GC10	Government internal registered stock maturing in 2010
GC12	Government internal registered stock maturing in 2012
GC15	Government internal registered stock maturing in 2015
GC18	Government internal registered stock maturing in 2018
GC24	Government internal registered stock maturing in 2024
GDE	Gross domestic expenditure
GDP	Gross domestic product
GFCF	Gross fixed capital formation
GNDI	Gross national disposable income
GNI	Gross national income
HAN	Hospitality Association of Namibia
HR	Human Resources
ICAAP	Internal Capital Adequacy Assessment Process
IIP	International investment position
IMF	International Monetary Fund
IRS	Internal registered stock
IRSR	Internal Registered Stock Redemption
ISMA	International Security Market Association
IT	Information technology
JSE	Johannesburg Stock Exchange
LHS	Left hand side
MAWF	Ministry of Agriculture, Water and Forestry
MC	Management Committee
MCA	Millennium Challenge Account
MEFMI	Macroeconomic and Financial Management Institute of Eastern and Southern Africa
MEWG	Macroeconomic Working Group

MOU	Memorandum of Understanding
MTEF	Medium-term Expenditure Framework
NAC	Namibia Airports Company
NAD/N$	Namibia Dollar
NAMFISA	Namibia Financial Institutions Supervisory Authority
NCDs	Negotiable certificates of deposits
NCPI	National Consumer Price Index
NEER	Nominal effective exchange rate
NISS	Namibian Interbank Settlement System
NPS	National Payment System
NSX	Namibian Stock Exchange
OP	Occasional Papers
PAN	Payment Association of Namibia
POS	Point-of-sale
REER	Real Effective Exchange Rate
RHS	Right hand side
RISDP	Regional Indicative Strategic Development Plan
ROA	Return on Asset
RSA	Republic of South Africa
RTGS	Real-time Gross Settlement System
SAA	Strategic Asset Allocation
SACU	Southern African Customs Union
SADC	Southern African Development Community
SAM	Social Accounting Matrix
SDR	Special Drawings Rights
SLA	Service Level Agreement
SOEs	State-owned enterprises
STR	Suspicious Transaction Report
TABSLF	Term Asset-backed Securities Loan Facility
TACs	Total Allowable Catches
T-bill	Treasury bill
TSLF	Term securities lending facility
UK	United Kingdom
US	United States
USA	United States of America
USD/US$	United States Dollar
VAT	Value added tax
VPN	Virtual Private Network
WAX	West Africa Express
WTO	World Trade Organisation
ZAR/Rand	South African Rand

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