Bank of Namibia

2019

ANNUAL REPORT

Bank of Namibia

The Bank of Namibia Annual Report and Financial Statements for the financial year ended 31 December 2019 are prepared pursuant to section 52(1) of the Bank of Namibia Act (Act No. 15 of 1997).

Published by the Bank of Namibia
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ISBN: 978-99916-61-97-1

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Message from the Governor

Mr Iipumbu Shiimi

This Annual Report has been prepared pursuant to Section 52(1) of the Bank of Namibia Act (No. 15 of 1997). The report outlines the governance of the Bank of Namibia (hereinafter referred to as "the Bank"), global and domestic economic and financial developments, the banking supervision report, the audited annual financial statements and key achievements of the Bank in 2019.

During the year 2019, the Bank remained committed to good corporate governance practices and accountability to the public. The Bank continued to practice the culture of openness and accountability, and of adhering to good governance principles in line with its Mission and Vision. The Bank of Namibia Act, the Corporate Charter and the Strategic Plan are the means that direct our pursuance of our Mission and Vision. Moreover, the communication strategy of the Bank continued to explain the Bank's actions and ensures accountability to the general public. The Bank is committed to continuously improve its abilities to appropriately respond to the challenges of an ever-evolving central banking environment.

In 2019, the Bank continued with the implementation of its 2017 – 2021 Strategic Plan, which outlines the Bank's Strategic Objectives, Strategies and Outcomes, and Special Focus Areas. Measurable strategies are designed with clear outcomes in order to achieve the eight Strategic Objectives. Therefore, to ensure successful implementation of the Strategic Plan, the Strategic Objectives have been transformed into areas of concentration with clear, measurable targets. Through its dedicated staff and the guidance provided by the Board of the Bank, the Bank remains steadfast in delivering its Strategic Objectives, as outlined in this report.

The year 2019 was characterised by slowing momentum of global economic growth, trade policy uncertainty, geopolitical tensions, social unrest, and weather-related disasters. Growth in the global economy slowed to 2.9 percent in 2019, down from 3.6 percent in 2018, and well below its ten-year average of 3.8 percent. This subdued growth was recorded in both Advanced Economies (AEs) and Emerging Market and Developing Economies (EMDEs), mainly on the back of weaker growth in foreign demand and a drawdown of inventories. Considering the macroeconomic environment, monetary policy stances remained generally accommodative in both AEs and EMDEs during 2019. Average inflation rates in most AEs and EMDEs declined in 2019 compared to 2018, due to weaker global growth and lower oil prices, and remained generally aligned with or below targeted levels.

Going forward, global growth is projected to weaken in 2020, below the initial projections on the back of COVID-19. The intensification of the coronavirus outbreak and escalation of measures to contain it are having a strong negative effect on the economy, so global growth in 2020 is now expected to fall below that of 2019. Further risks to world growth include escalation in the US-China trade tensions, social unrest and geopolitical strains.

In Namibia, real GDP is estimated to have contracted in 2019, after registering mild growth in 2018, mainly due to slower activity in the primary industry and some sectors in the secondary and tertiary industries. Real GDP is estimated to have contracted by 1.1 percent in 2019, from a positive but low growth rate of 0.7 percent in 2018. The dismal performance in 2019 is mainly ascribed to the declines in the mining, agriculture, electricity and water, construction, wholesale and retail trade, and public sectors. Some growth in the manufacturing sector, led by beverage and meat processing, sustained the activity in secondary industry during 2019.

On a positive note for the domestic economy, annual inflation in Namibia continued to decline during 2019, mainly as a result of lower oil prices, coupled with weak economic activity. Annual average inflation for 2019 stood at 3.7 percent, down from 4.3 percent in 2018, and is expected to remain low and manageable during 2020. The lower inflation in 2019 was largely reflected in transport and housing, mainly on account of lower oil prices and weak economic activity leading to a switch in the demand-supply situation in the rental market. Meanwhile, inflation for food rose on average during the period under review, partly due to the poor domestic and regional harvests.

While contracting in 2019, the economy continued to rebalance its external position. Namibia's current account deficit narrowed further to 2.3 percent of GDP during 2019, down from 2.8 percent in 2018, mainly due to weaker imports and rising commodity exports, partly supported by an increase in SACU receipts. The improvement was mainly ascribed to the shrinking merchandise trade deficit that reflected a modest decline in the import bill and slight increase in export earnings. This was supported by lower net outflows on the primary income account, coupled with increased SACU receipts. Overall, Namibia's international investment position recorded a lower net liability in 2019 than in 2018, due to an increase in other foreign assets. Conversely, international reserves declined in nominal terms but remained above adequate levels, recording 4.1 months of import cover at the end of December 2019. In addition, the real effective exchange rate (REER) of the Namibia Dollar depreciated slightly on average during 2019 compared to 2018, a sign of a marginal improvement in external competitiveness.

The Bank of Namibia's Monetary Policy Committee (MPC) pursued a moderately accommodative but cautious monetary policy stance during 2019, to ensure price stability in the interest of sustainable economic growth. The MPC reduced the repo rate by 25 basis points to 6.50 percent at its August 2019 MPC meeting. The decision was taken to support domestic economic activity and to maintain the one-to-one link between the Namibia Dollar and the South African Rand. Similar trends were also observed in the commercial banks' rates during the period under review. A further 25 basis points reduction followed in February 2020, taking the repo rate to 6.25 percent. Most recently the MPC at a special meeting held on 20 March 2020 reduced the repo rate by a further 100 basis points to 5.25 percent. This was done to provide support to the economy in the wake of the intensification of the coronavirus pandemic with its associated disruptions to economic activity.

Growth in broad money supply (M2) declined during 2019 while growth in private sector credit extension (PSCE) rose over the same period. Growth in M2 declined to 8.5 percent in 2019, down from 9.1 percent in 2018, in line with the weak economy and the decline in inflation. On the other hand, annual growth in PSCE rose slightly on a yearly basis by 0.5 percentage point to 6.8 percent during 2019. The rise in PSCE was due to a higher uptake of credit by the business sector in the form of other loans and advances and overdraft credit to the manufacturing, services, construction and fishing sectors.

During 2019, the Government of the Republic of Namibia (hereinafter "the Government") continued to implement fiscal consolidation measures to reduce the budget deficit with the aim of stabilising its public debt ratio. As a result, the overall budget deficit is estimated to have narrowed both in nominal terms and as a ratio to GDP. The 2019/20 Government budget deficit as a percentage of GDP narrowed to 4.4 percent, from 5.2 percent recorded in 2018/19. This was due to an increase in revenue, stemming from higher SACU receipts, supported by the slow pace of growth of government expenditure as fiscal consolidation continued. Total Government debt as a percentage of GDP continued to rise, however, increasing to 50.5 percent at the end of December 2019. While most of the increase in debt as a percentage of GDP compared to previous readings was due to a downward revision in the official estimates of nominal GDP, this was exacerbated by the slow pace of activity in the domestic economy, coupled with the sustained incurrence of primary deficits.

The Bank recorded a significantly higher profit for the year 2019 in comparison to 2018, and paid a record high dividend to the Government. The increase is mainly attributable to improved earnings on the Bank's Rand investments, enhanced by higher actual average reserves balances, partly as a result of an increase in SACU receipts. In addition, the improved net gains on foreign investments, arising from a decrease in bond yields mirrored by an appreciation of bond prices had a positive impact on the profit. A decrease in total operational expenses also contributed to higher profit. As a result, the Bank declared a record high dividend of N$399.9 million to the State Revenue Fund.

The banking sector remained resilient and sound during 2019, amidst the weakened domestic economy. Capital of banks remained strong during 2019 and supported the balance sheet expansion and risk coverage. The banks' liquid asset holdings remained adequate to meet near-term obligations. Due to the unfavourable domestic economic conditions, asset quality deteriorated, as the ratio of non-performing loans (NPLs) increased from 3.6 percent of total loans in 2018 to 4.8 percent in 2019. The increase in NPLs was observed in mortgages, overdrafts and other loans and advances.

The Bank continued to fulfil its regulatory mandate as the overseer of the National Payment System (NPS) in 2019. The efficient functioning of the NPS allows for payments to be completed in a safe and timely manner, contributing to overall economic activity. Given its importance, the promotion of a secure, safe and efficient payment system is one of the main pillars of the Bank accomplished through risk-based on-site and off-site oversight activities, as well as policy driven initiatives. The Bank revised two regulations in the NPS, namely the Determination on issuing of Electronic Money in Namibia (PSD-3), as well as the Determination on the Standards for a Basic Bank Account and Cash Deposit Fees within the National Payment System (PSD-5). The revised PSD-3 serves as a medium through which the Bank authorises the issuance of electronic money (e-money) in Namibia, and PSD-5 serves as a financial inclusion tool, where the Bank revised the previously gazetted standards and zero-rated cash deposit fees for all cash deposits on all individual accounts as well as for business accounts that record credits of N$1.3 million or less per annum. The Namibia Interbank Settlement System (NISS) remained resilient throughout the reporting period and maintained a 99.9 percent availability.

During 2019, the Bank continued with targeted interventions for staff members to strengthen the Bank's Vision of being a centre of excellence. Through these interventions, the Bank continued to inculcate its Vision, Mission and Values by focusing on interpersonal and intergroup communication, as well as strengthening relationships through emotional intelligence awareness sessions. Furthermore, the Bank continued to use its performance management system to ensure that a high-performance culture is maintained. In order to enable employees to accomplish the Bank's mandate as articulated in its Strategic Plan, the Bank continued to invest in various capacity-building initiatives. During 2019, approximately 35 percent of the Bank's employees were provided with both technical and soft-skills training in various aspects of central banking and related fields. The Bank also continued to run appropriate wellness and safety programmes to impact the staff's work-life balance, health and safety to ensure a secure and healthy work environment.

As a responsible corporate citizen, the Bank places Corporate Social Responsibility and Investment at the heart of its interactions with stakeholders. With the aim of creating sustainable development opportunities for the greater good of society, the Bank identified general education and the Technical and Vocational Education Training sector as focal areas of its Corporate Social Responsibility and Investment programme. In 2019, the Bank signed a Memorandum of Understanding with the Namibia Training Authority (NTA) to provide assistance of N$4.5 million to support the apprenticeship programme under the NTA over a three-year period (2019–2021). The 50 apprentices who will benefit from the programme will undergo intensive on-the-job training, incorporating theoretical and practical exposure in the areas of agriculture, tourism and auto-mechanics.

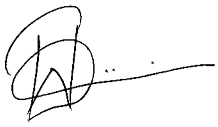
The Bank continued with its investment in education by granting bursaries to Namibian learners and providing experiential learning opportunities through its Graduate Accelerated Programme (GAP) and internship programmes. Eleven new undergraduate bursaries and one post-graduate scholarship were awarded to Namibian students to study at recognised institutions within the SADC region, which brought the total number of undergraduate bursaries to 31 for 2019. GAP trainees completed their programme in August 2019. The programme provides exposure to graduates in the areas of banking, economics and finance with the intention to gain relevant work experience in various aspects of central banking over a period of 18 months. In addition, the Bank took in 14 students from the Namibia University of Science and Technology, University of Namibia, International University of Management and Namibian Institute of Mining and Technology, to do their internship as part of their study programmes.

The Bank places a high value on stakeholder engagement as a means to achieving its strategic objectives. In 2019, the Bank expanded the nature and scope of its interactions with stakeholders by making use of a wide array of communication modes. These modes have allowed the Bank to engage in meaningful dialogue with various stakeholder groups. The dialogues took place within the development and implementation of the Annual Stakeholder Engagement Plan, which is derived from the Stakeholder Identification and Engagement Procedures of the Bank. These engagements enjoy high-level support from all parties involved. The engagement in dialogue on this level afforded the Bank with the opportunity to hear the views of stakeholders on the economy and other policy-related issues.

The Bank made remarkable progress in the establishment of the Namibia Deposit Guarantee Authority. The Authority is established in terms of the Namibia Deposit Guarantee Act and its mandate is to ensure that depositors are protected and fully compensated in the event of the failure of a commercial bank, up to a maximum limit, in an efficient, transparent and speedy manner. The Board of Directors for the Authority was appointed for a period of five years, effective 4 September 2019. All determinations and regulations to enable the Deposit Guarantee Scheme to start functioning were adopted by the Board of Directors and will be gazetted early in 2020.

During 2019 the parliamentary process of enacting the new Bank of Namibia Act was concluded. The new Act repeals the Bank of Namibia Act 15 of 1997 and the Bank of Namibia Amendment Act 11 of 2004. The Act was drafted based on consultations between the Ministry of Finance, the Bank, and other stakeholders. Some of the key changes introduced in the Act are that the Bank is explicitly entrusted with the responsibility of macro-prudential oversight through a coordination role in safeguarding financial stability, and the enhancement of the Monetary Policy and the Financial Stability Committees. Furthermore, the accountability mechanism and reporting are enriched through regular reporting on activities of the Bank to the National Assembly at least once a year. The Act was Gazetted in February 2020.

The achievements noted in this report would not have been possible without the invaluable contributions of our staff and Board, and the unwavering support of all our stakeholders. I would like to thank our staff members for their tireless hard work and focus on putting our core Values into practice through innovation, commitment and dedication. Let me also acknowledge the important role played by the members of the Board of the Bank through their independent views and strategic focus on attaining the objectives of the Bank. We would also like to express our gratitude to the Minister of Finance and his staff for the invaluable support they have extended to the Bank. Our appreciation equally goes to all our stakeholders, who granted their cooperation and provided us with information and data throughout the year, which the Bank used to compile this report and other publications. In the year ahead and as we look to the future, we will continue to be guided by our ethos of hard work and shall continue to be guided by a determination to fulfil the Bank's Mission through unwavering commitment and dedication to always acting in the public interest. We will strive to fulfil the Bank's Mission to foster stability, integrity and efficiency of the nation's monetary, financial and payment systems. In the face of the unique challenges posed by the COVID-19 pandemic and its economic and financial fallout, we will redouble our efforts in this regard, ensuring a quick return to calmer waters.



Iipumbu Shiimi
Governor

Part A

Operations and Affairs of the Bank

Contents

Our Vision

Our vision is to be a centre of excellence and a professional and credible institution working in the public interest and supporting the achievement of national economic development goals.

Our Mission

To support economic growth and development in Namibia, we
act as fiscal advisor and banker to the Government;
promote price stability;
manage reserves and currency;
ensure sound financial systems; and
conduct economic research.

Our Values

We speak our hearts, we deliver as a team,
we do the right things right, we work smarter,
we value our differences, and
we help each other grow.

Corporate

Board Members and Management Team

Members of the Board

As at 31 December 2019

Mr Iipumbu W Shimi

POSITION HELD
- Governor of the Bank of Namibia
- Chairperson and Executive Member of the Board

TERM
- Incumbent since 26 March 2010
- Previous term ended 31 December 2016
- Current term ended 23 March 2020

QUALIFICATIONS
- MSc Financial Economics (UL)
- P/G Diploma Economic Principles (UL)
- Diploma in Foreign Trade and Management (MSM)
- Hons. Economics (UWC)
- BComm Economics and Accounting (UWC)
- Specialised training in Management Development Programme, Economics and Finance (US & Wits)
- Advanced Management Program, Harvard Business School

YEARS OF EXPERIENCE
25

EXPERTISE
- Economic policy research
- Macroeconomics
- Central banking
- Development policy
- Leadership and corporate governance

Mr Ebson Uanguta

POSITION HELD
- Deputy Governor of the Bank of Namibia
- Executive Member of the Board

TERM
- Incumbent since 1 January 2012
- Previous term ended 31 December 2016
- Renewed until 31 December 2021

QUALIFICATIONS
- MSc Economic Policy Analysis (AAU)
- BEcon (UNAM)
- Advanced Management Program (Harvard Business School)
- Senior Executive Fellow (Harvard-KSG)
- Senior Management Programme (USB)
- Project Management Programme (USB)

YEARS OF EXPERIENCE
23

EXPERTISE
- Economic policy research
- Central banking
- Public policy
- Leadership and corporate governance

Ms Ericah Shafudah

POSITION HELD
- Ex Officio Member of the Board
- Executive Director of the Ministry of Finance

TERM
- Incumbent since 3 April 2010

QUALIFICATIONS
- MSc Ed (Mathematics)
- MSc Biostatistics
- MSc in Leadership and Change Management
- Dip. in Accounting and Finance

YEARS OF EXPERIENCE
23

EXPERTISE
- Accounting
- Finance
- Public policy
- Governance

Adv. Charmaine van der Westhuisen

POSITION HELD
- Non-executive Member of the Board
- Member of the Audit Committee
- Member of the Remuneration Committee

TERM
- Incumbent since 30 May 2012
- Current term ends 31 January 2024

QUALIFICATIONS
- MBA (Cum Laude) (US)
- LLB (US)

YEARS OF EXPERIENCE
16

EXPERTISE
- Commercial and related litigation
- Arbitration
- Leadership development
- Corporate governance

Members of the Board

As at 31 December 2019

Ms E. Shangeelao Tuyakula Haipinge

POSITION HELD
- Non-executive Member of the Board
- Member of the Remuneration Committee

TERM
- Incumbent since 18 July 2014
- Current term ends 31 December 2023

QUALIFICATIONS
- MBA Corporate Strategy and Economic Policy (MSM)
- Diploma in Personnel Management (PoN)
- Specialised training in Senior Management Development Programme (US),
- Project Management Estara Skills Development (Bloemfontein SA/NIPAM)
- Driving Government Performance (Harvard-KSG)
- Leadership, Innovation, and Change Management (US/ NIPAM)

YEARS OF EXPERIENCE
27

EXPERTISE
- Strategic human resources management
- Training and development
- Course facilitation
- Strategic planning
- Policy formulation
- Performance management

Mr Apollus Christiaan Baisako

POSITION HELD
- Non-Executive Member of the Board
- Chairperson of the IT Governance Committee

TERM
- Incumbent since 01 February 2019
- Current term ends 31 January 2024

QUALIFICATIONS
- MSc Information Systems Engineering (University of Manchester, UK)
- BSc Computer Science and Mathematics (UNAM)

YEARS OF EXPERIENCE
25

EXPERTISE
- Leadership
- Information technology

Mr Fanuel Tjivau

POSITION HELD
- Non-executive Member of the Board
- Chairperson of the Audit Committee
- Member of the IT Governance Committee

TERM
- Incumbent since 01 February 2019
- Current term ends 31 January 2024

QUALIFICATIONS
- Chartered Accountant (Nam, SA)
- MBA (University of Stellenbosch, SA)
- Hons. Bachelor of Commerce (UWC, SA)
- Bachelor of Commerce (UNAM)

YEARS OF EXPERIENCE
26

EXPERTISE
- Financial management
- Risk management

Mr Ehrenfried Meroro

POSITION HELD
- Non-Executive member of the Board
- Member of the Audit Committee
- Chairperson of the Remuneration Committee
- Member of the IT Governance Committee

TERM
- Incumbent since 01 February 2019
- Current term ends 31 January 2024

QUALIFICATIONS
- MSc Economics (A &T State University, North Carolina, US)
- BSc Economics (A &T State University, North Carolina, US)
- Economic Analysis of Structural Adjustments (Word Bank)
- Financial Programming and Analysis (IMF)
- Senior Management Programme (University of Stellenbosch)
- Advanced Course for Research Economists (Switzerland)
- Risk Management Training (Intuition Web)

YEARS OF EXPERIENCE
28

EXPERTISE
- Risk management
- Economic policy research
- Currency management
- Banking regulation

Management Structure

As at 31 December 2019

- **Governor** – Iipumbu Shiimi
  - **Deputy Governor** – Ebson Uanguta
    - **Director of Information Technology** – Marsorry Ickua
      - *Deputy Director: Business Systems* – Martha Dama
      - *Deputy Director: IT Infrastructure* – Paulus Tshiningayamwe
    - **Director of Payment and Settlement Systems** – Barbara Dreyer
      - *Deputy Director: NISS Operations & Projects* – Peter Nghinyotwa
      - *Deputy Director: Oversight, Policy & Research* – Candy Ngula
    - **Director of Finance & Administration** – Johanna Iiyambula
      - *Deputy Director: Financial Administration* – John Amakali
      - *Deputy Director: Procument and Facilities Management* – David Kambinda
      - *Deputy Director: Treasury* – Vernon Louw
    - **Director of Banking Services** – Sam SHIVUTE
      - *Deputy Director: Currency & Banking* – Sencia Kaizemi-Rukata
      - *Deputy Director: Protection Services* – Johannes Asino
      - *Oshakati Branch Manager* – Phillip Ndjendja
    - **Director of Banking Supervision** – Romeo Nel
      - *Deputy Director: Onsite Examination* – Ancois Plaatje
      - *Deputy Director: Policy & Regulations* – Elifas Kamati
      - *Deputy Director: Off-site Analysis* – Imanuel Hawanga
    - **Director: Exchange Control & Legal Services** – Bryan Eiseb
      - *Deputy Director: Legal Services & Contract Management* – Tulonga Nakamhela
      - *Deputy Director: Exchange Control* – Penelao Kapenda
  - **Director of Strategic Comm. & Financial Sector Development** – Emma Haiyambo
    - *Deputy Director: Corporate Communications* – Israel Zemburuka
  - **Director of Financial Intelligence Centre** – Leonie Dunn
    - *Deputy Director: Investigations & Analysis* – Gerrit Eiman
    - *Deputy Director: Legal, Policy, Regulation & Enforcement* – Zenobia Barry
    - *Deputy Director: Compliance, Monitoring, Supervision & Strategic Analysisz* – Kristian Hamutenya
  - **Director of Research & Financial Stability** – Florette Nakusera
    - *Deputy Director: Macro Models & Financial Stability* – Postrick Mushendami
    - *Deputy Director: Policy Research & International Affairs* – Erwin Naimhwaka
    - *Deputy Director: Macroeconomic Statistics and Analysis* – Sanette Schulze Struchtrup
  - **Director of Financial Markets** – Nicholas Mukasa
    - *Deputy Director: Investments & Domestic Markets* – Helvi Fillipus
    - *Deputy Director: Compliance and Risk Analytics* – (Vacant)
  - **Director of Human Resources** – Lea Namoloh
    - *Deputy Director: HR Admin & Employee Relations* – Theopoline Veii
    - *Deputy Director: OD & Training* – Shirene Bampton
  - **Technical Advisor to the Governor** – Emile van Zyl
  - **Head of Risk Management and Assurance** – Magreth Tjongarero
  - **Senior Advisor to the Governor** – Kuruvilla Mathew

Management Team

As at 31 December 2019

Mr Iipumbu W Shiimi

POSITION HELD
- Governor of the Bank of Namibia
- (Monetary Policy Committee (MPC) member)

YEARS OF EXPERIENCE
25

QUALIFICATIONS
- MSc Financial Economics (UL)
- P/G Diploma Economic Principles **(UL)**
- Diploma Foreign Trade and Management (MSM)
- Hons Economics (UWC)
- BComm Economics and Accounting (UWC)
- Specialised Training in Management Development Programme, Economics and Finance (US & Wits)
- Advanced Management Program, Harvard Business School

EXPERTISE
- Economic policy research
- Macroeconomics
- Central banking
- Development policy
- Leadership and corporate governance

Mr Ebson Uanguta

POSITION HELD
- Deputy Governor of the Bank of Namibia
- (MPC member)

YEARS OF EXPERIENCE
23

QUALIFICATIONS
- MSc Economic Policy Analysis (AAU)
- BEcon (UNAM)
- Advanced Management Program (Harvard Business School)
- Senior Executive Fellow (Harvard-KSG)
- Senior Management Programme (USB)
- Project Management Programme (USB)

EXPERTISE
- Economic policy research
- Central banking
- Public policy
- Leadership and corporate governance

Ms Florette Nakusera

POSITION HELD
- Director: Research and Financial Stability
- (MPC member)

YEARS OF EXPERIENCE
21

QUALIFICATIONS
- MComm Economics (US)
- Hons BComm Economics (US)
- BComm with majors in Economics, Management Science and Auditing (UNAM)
- Executive Development Programme (EDP) (USB)
- International Executive Development Programme (IEDP) (WBS/LBS)

EXPERTISE
- Macroeconomic policy
- Economic research and statistics
- Central banking
- Finance
- Strategic management
- Leadership and corporate governance
- Environmental economics and policy

Mr Emile Van Zyl

POSITION HELD
- Technical Advisor to the Governor
- (MPC member)

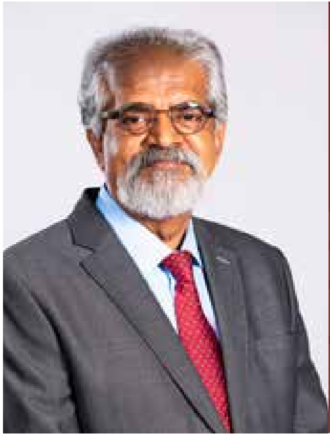
YEARS OF EXPERIENCE
35

QUALIFICATIONS
- MComm Economics (UP)

EXPERTISE
- Economics
- Banking
- Financial markets

Management Team

As at 31 December 2019



Mr Kuruvilla Mathew

POSITION HELD
Senior Advisor to the Governor

YEARS OF EXPERIENCE
30

QUALIFICATIONS
- MSc Accounting (University of Glamorgan, UK)
- Chartered Certified Accountant (FCCA, UK)
- International Executive Development Programme (WBS/LBS)

EXPERTISE
- Financial management
- Management accounting
- Financial reporting
- Procurement
- Facilities and asset management

Ms Lea Namoloh

POSITION HELD
Director: Human Resources

YEARS OF EXPERIENCE
26

QUALIFICATIONS
- MBA (Maastricht University), Netherlands
- MEd (UNAM)
- BEd (Honours), Bristol UK
- International Executive Development Programme (Wits)
- Diploma TEFL, University of Edinburgh
- Certificate Board of Director, Univ. Of Stellenbosch

EXPERTISE
- Human resources management
- Project management
- Currency management
- Banking services
- Strategic leadership

Mr Romeo Nel

POSITION HELD
Director: Banking Supervision

YEARS OF EXPERIENCE
27

QUALIFICATIONS
- M Banking (UL)
- BEcon (UNAM)
- P/G Intermediate Certificate Accountancy (UKZN)
- International Executive Development Programme (WBS/LBS)

EXPERTISE
- Customs and excise
- Finance
- Banking regulation
- Risk management

Ms Leonie Dunn

POSITION HELD
Director: Financial Intelligence Centre

YEARS OF EXPERIENCE
21

QUALIFICATIONS
- LLM cum laude (UNICAF)
- LLB (US)
- BA Law (US)
- Admitted Legal Practitioner of the High Court and the Supreme Court of Namibia
- Women in Leadership Development USA
- International Executive
- Development Programme
- (WBS/LBS)
- International Leaders Programme
- (HMFCO UK)

EXPERTISE
- Commercial and criminal law
- Financial services regulation
- Financial market integrity
- Policy and legislative development and implementation
- Anti-money laundering CFT/ CPF compliance, monitoring, supervision, administrative enforcement and strategic analyses establishment
- Financial intelligence unit strategic leadership

Management Team

As at 31 December 2019

Mr Nicholas Mukasa

POSITION HELD
- Director: Financial Markets
- (MPC member)

YEARS OF EXPERIENCE
17

QUALIFICATIONS
- BBA (UNAM)
- Chartered Financial Analyst
- Senior Management Development Programme (SMDP) (USB)

EXPERTISE
- Portfolio management
- Financial analysis
- Asset valuation
- Capital markets
- Reserves management
- Risk management

Ms Barbara Dreyer

POSITION HELD
Director: Payment and Settlement Systems

YEARS OF EXPERIENCE
27

QUALIFICATIONS
- MBA (SMC University)
- MEd (State University of New York – Buffalo)
- BA Hons and BEd (UWC)
- P/G Diploma Social Science Research Methods (US)
- P/G Diploma Higher Education (UWC)
- Fellow at the Fletcher School Leadership Program for Financial Inclusion (2013) (Tufts University, Boston, MA)
- International Executive Development Programme (Wits, LBS)

EXPERTISE
- Payment systems strategy
- Payment systems risk management
- Payment system policy and regulation development and implementation
- Corporate governance
- Human resources management strategy
- Remuneration strategy and organisation development
- Strategic management and leadership
- Knowledge management
- Organisation learning

Mr Marsorry Ickua

POSITION HELD
Director: Information Technology

YEARS OF EXPERIENCE
19

QUALIFICATIONS
- MSc Information Systems Management (ULIV, UK)
- Diploma PC Support (BCC, SA)
- Diploma Business Computing (SA)
- Management Development Programme (USB)
- International Executive Development Programme (WBS/LBS)
Programme (WBS/LBS)

EXPERTISE
- Information technology, strategy and governance
- Technology innovation
- Programme management
- Information technology security management
- Resource planning and IT risk
- Disaster recovery and business continuity management

Dr Emma Haiyambo

POSITION HELD
- Director: Strategic Communication and Financial Sector Development
- (MPC member)

YEARS OF EXPERIENCE
23

QUALIFICATIONS
- PhD Development Finance (US)
- MSc Financial Economics (UL)
- M International Business (PoN)
- P/G Diploma in Financial Economics (UL)
- BEcon (UNAM)
- Diploma in Public Administration (TN)
- Fellow at the Fletcher School Leadership Program for Financial Inclusion (2017), Tufts University, Boston, MA
- Certified Expert in Financial Inclusion Policy (Frankfurt School of Finance and Management)
- International Executive Development Programme (WBS/LBS)
- Management Development Programme (USB)

EXPERTISE
- Macroeconomic research and statistics
- Financial sector development
- Development finance
- Project management
- Strategic planning and management
- Corporate governance

Management Team

As at 31 December 2019

Mr Sam Shivute

POSITION HELD
Director: Banking Services

YEARS OF EXPERIENCE
24

QUALIFICATIONS
- LLM International Finance and Banking Law (ULIV, UK)
- LLB (Hons) and B. Juris (UNAM)
- BTech Policing (TUOT)
- National Diploma Police Science (PoN)
- Transformational Coaching Diploma (Animas- UK)
- International Executive Development Programme (WBS/LBS)
- Management Development Programme (SBS)

EXPERTISE
- Currency management
- Criminal investigation
- Security management
- Tax law
- Transfer pricing
- Corporate governance
- Transformational coaching
- Public speaking

Ms Johanna Iiyambula

POSITION HELD
Director: Finance and Administration

YEARS OF EXPERIENCE
19

QUALIFICATIONS
- Bachelor of Accounting (UNAM)
- B Compt (Honours) CTA (UNISA)
- Qualified Chartered Accountant (ICAN & SAICA)
- Management Development Programme (USB)

EXPERTISE
- Financial accounting and reporting (IFRS)
- Management accounting
- Financial management
- Auditing
- Indirect tax (VAT)

Mr Bryan Eiseb

POSITION HELD
Director: Exchange Control and Legal Services

YEARS OF EXPERIENCE
30

QUALIFICATIONS
- LLM Corporate Law (UNISA)
- LLB (Hons) & B. Juris (UNAM)
- Admitted Legal Practitioner of the High Court of Namibia
- National Diploma in Police Science
- Senior Management Programme (USB-ED)
- International Executive Development Programme (WBS/LBS)
- Central Bank Governance (Deutsche Bundesbank)

EXPERTISE
- Corporate law
- Banking law
- Corporate governance
- Criminal investigations
- Corporate security management
- Exchange control administration

Ms Magreth Tjongarero

POSITION HELD
Head: Risk Management and Assurance

YEARS OF EXPERIENCE
19

QUALIFICATIONS
- BAcc (UNAM)
- International Executive Development Programme (WBS/LBS)
- ISO22301:2012 Business Continuity Management Systems: Lead Implementer

EXPERTISE
- Auditing
- Credit risk auditing
- Risk management
- Business continuity

GOVERNANCE

OBJECTIVES 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 Namibian Constitution. The Constitution mandates the Bank of Namibia ("the Bank") to serve as the principal instrument of the Government of the Republic of Namibia ("the Government") to control money supply, the currency and banking institutions and any other financial institutions. The objectives of the Bank as defined in the Bank of Namibia Act (No. 15 of 1997), as amended, are, inter alia:

- 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 that are 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.

In addition, the Bank fulfils other key functions as defined in other Acts, including:

- the Banking Institutions Act (No. 2 of 1998), as amended, which empowers the Bank to supervise banking institutions;
- the Payment System Management Act (No. 18 of 2003), as amended, which provides for the management, administration, operation, regulation, oversight and supervision of payment, clearing and settlement systems in Namibia, as well as for incidental matters;
- the Financial Intelligence Act (No. 13 of 2012), as amended, which obliges the Bank to provide administrative services to the Financial Intelligence Centre of the Republic of Namibia;
- the Currency and Exchanges Act, 1933 (No.9 of 1933), as amended, which regulates exchange control in Namibia; and
- the Deposit Guarantee Act, 2018 (No. 16 of 2018), which obliges the Bank to provide certain administrative and support services to the Deposit Guarantee Authority.

In line with section 3(b) of the Bank of Namibia Act, the Bank performs its functions independently, subject to regular consultation with the Minister of Finance. The relationship between the Government, as a shareholder, and the Bank is broadly defined in the Act. The Bank's specific obligations are clearly defined in a Memorandum of Understanding entered into between the Ministry of Finance and the Bank. The Memorandum covers the terms and conditions of banking services rendered to the Government, public debt management arrangements, and the nature and frequency of consultations. The Minister of Finance and the Governor of the Bank of Namibia also hold regular consultations on relevant matters.

During 2019 the parliamentary process of enacting the new Bank of Namibia Act was concluded. The new Act repeals the Bank of Namibia Act 15 of 1997 and the Bank of Namibia Amendment Act 11 of 2004. The Act was drafted based on consultations between the Ministry of Finance, the Bank, and other stakeholders. Some of the key changes introduced in the Act are that the Bank is explicitly entrusted with the responsibility of macro-prudential oversight through a coordination role in safeguarding financial stability, the once enhancement of the Monetary Policy and the Financial Stability Committees. Furthermore, the accountability mechanism and reporting are enriched through regular reporting on activities of the Bank to the National Assembly at least once a year. The Act was Gazetted in February 2020.

CORPORATE CHARTER

Apart from its statutory mandate, the Bank's actions and the way it carries out its mandate are guided by its Mission Statement and Vision Statement as detailed in its Corporate Charter. The Bank's Vision portrays the desired state of the Bank in terms of how the institution would like to carry out its Mission. The Mission defines the fundamental purpose of the Bank and describes why it exists and the importance of achieving the Vision. The Bank's Values express the essence of the culture and beliefs that are shared among the stakeholders of the Bank. The Values drive the Bank's culture and articulate the code of conduct that guides the Bank in mobilising all its resources in pursuit of its Mission and Vision. All the Bank's stakeholders are expected to conform to and identify with these standards and principles relating to ethical behaviour and excellence. The Charter strives to promote a sense of shared expectations among all levels and generations of employees regarding the Mission, the Vision, and standards of ethical behaviour.

STRATEGIC OBJECTIVES 2017–2021

The Bank's Strategic Objectives are linked to its Mission and functional priorities. Eight principal objectives were derived from the Mission and Vision and reflect the Bank's desire to meet its statutory mandate. The Strategic Objectives essentially refer to what the Bank aspires to achieve. The Strategic Objectives are to:

1. safeguard and enhance financial stability;
2. promote price stability;
3. manage reserves prudently;
4. provide currency, Government debt issuance and banking services;
5. promote a positive reputation;
6. promote financial sector development;
7. enhance the Bank's contribution towards sustainable economic growth; and
8. optimise organisational efficiency and cost-effectiveness.

Measurable strategies are designed with clear outcomes in order to achieve the eight Strategic Objectives. Thus, to ensure successful Strategic Plan implementation, the Strategic Objectives have been transformed into areas of concentration with clear, measurable targets. The Directors of the various departments report biannually on progress in their areas of concentration and the achievement of their targets. The entire Strategic Plan is reviewed and refreshed annually. It is therefore important not only to design strategies that can be engaged in pursuit of these objectives, but also to clearly describe the strategic outcomes that would reveal whether or not a particular objective has been met.

To promote ownership of the Strategic Plan and to attain performance excellence, the Areas of concentrations are rolled out across the board through a Performance Management System. Individual performance goals are crafted for each employee, and performance progress is evaluated by means of performance appraisals. The section titled "The Year in Review" in this report explains the activities and progress under each of the eight Strategic Objectives during the review period.

ACCOUNTABILITY

The Bank is committed to good governance practices and accountability to the public. It is of paramount importance that the Bank always remains accountable to the public at large by adhering to sound corporate governance principles. Relevant legislation and the Bank's Corporate Charter and Strategic Plan are some of the tools that guide the Bank in living up to the standards of good governance. The Bank also strives to be transparent by putting in place a concrete communication strategy that enables the open and clear expression of why and how the Bank does what it does. The aspects of good governance that the Bank is committed to meeting include:

- being responsible, respected, trustworthy and credible;
- being accountable to the Bank's shareholders and the Namibian people;
- demonstrating an exceptionally high degree of integrity;
- ensuring that the Bank's actions and policies are efficient, effective and transparent;
- maintaining professionalism and excellence in the delivery of its services; and
- being flexible and forward-looking in its approach, while still avoiding undue risks.

THE GOVERNOR

The Governor serves the Bank of Namibia as its Chief Executive Officer and is accountable to the Board for the management of the Bank and the implementation of its policies. The Governor also represents the Bank in its relations with the Government and other institutions. In most other matters, comprehensive and Board-approved delegations of power are in place to enable the Governor and his delegates to carry out their duties related to the implementation of policies. The Governor is appointed for a five-year term. The Act sets specific criteria for the appointment, reappointment and dismissal of a Governor.

THE BOARD OF THE BANK OF NAMIBIA

The Board is responsible for the policies, internal controls, risk management and general administration of the Bank. In addition to their typical fiduciary duties, Board members are also charged with many high-level responsibilities directly related to the policies and operations of the Bank, including approving the licensing of banking institutions and ensuring the prudent management of international reserves. In addition, the Board is responsible for approving the Bank's financial statements and annual budget, promoting effective corporate governance practices, and monitoring internal controls and risk management frameworks.

The Bank's Board members are appointed by the President of the Republic of Namibia; there are eight Board members: two executive members, one ex officio member (non-executive), and a further five non-executive members. The Governor (Chairperson) and the Deputy Governor are the executive members, while the Executive Director of the Ministry of Finance is the ex officio member. The rest of the non-executive members are one staff member from the public service, and four other persons with divergent portfolios.

The Board meets regularly – at least four times a year – with the main purpose of overseeing and monitoring the Bank's finances, operations and policies. During 2019, four ordinary Board meetings and three special Board meetings were held. Table A.1 below sets out the dates of Board meetings and the attendance of members during 2019.

TABLE A.1 FREQUENCY AND ATTENDANCE OF BOARD MEETINGS, 2019

Board Member	5 February (special)	25 February	8 March (special)	24 May	30 August	6 November (special)	23 November
Mr I Shiimi (Chairperson)	✓	✓	✓	✓	✓	✓	✓
Mr E Uanguta	✓	✓	✓	✓	✓	✓	✓
Ms E Shafudah	✓	✓	x	✓	✓	✓	x
Ms E Haipinge	✓	x	✓	✓	✓	✓	x
Adv C Van der Westhuizen	✓	✓	x	✓	✓	✓	✓
Mr A Baisako	✓	✓	✓	✓	✓	x	✓
Mr F Tjivau	✓	x	✓	✓	✓	x	✓
Mr E Meroro	✓	✓	✓	✓	✓	x	✓

x Absent with apology.

The Board delegated certain functions to its sub-committees (the IT Governance Committee, the Audit Committee and the Remuneration Committee), which are important elements of the

governance structure. All three sub-committees have been established through formal terms of reference and report to the Board. The Board can assure stakeholders that the sub-committees held several meetings during the period under review and that they met their respective obligations in all material respects.

The IT Governance Committee was established to assist the Board in discharging IT-related duties and responsibilities. The purpose of the committee is to provide a strategic oversight role in order to ensure alignment of the IT strategy with the Bank's strategy through the approval, prioritisation and monitoring of strategic IT projects and initiatives for value creation, risk mitigation and resources assessments. This Committee consists of three non-executive Board members and its meetings are held quarterly. The dates of the IT Governance Committee meetings and the attendance of members during 2019 are set out in Table A.2.

TABLE A.2 DATES AND ATTENDANCE OF IT GOVERNANCE COMMITTEE MEETINGS, 2019

It Governance Committee Member	14 May	22 August	14 November
Mr C Baisako (Chairperson)	✓	✓	✓
Mr E Meroro	✓	✓	✓
Mr F Tjivau	✓	x	✓

x Absent with apology.

The Audit Committee is responsible for evaluating the adequacy and efficiency of the Bank's corporate governance practices, including its internal control systems, risk control measures, accounting standards and auditing processes. The independence of the Board committees is paramount. Three non-executive Board members currently serve as members of the Audit Committee, whose meetings are also attended by the Bank's Deputy Governor and Head of Risk Management and Assurance, the external auditors, and relevant staff members. In general, the Audit Committee is responsible for considering all audit plans as well as the scope of external and internal audits in order to ensure that the coordination of audit efforts is optimised. The Audit Committee is also required to introduce measures to enhance the credibility and objectivity of financial statements and reports prepared regarding the affairs of the Bank, and to enhance the Bank's corporate governance, with emphasis on the principles of accountability and transparency. Table A.3 below sets out the dates of Audit Committee meetings and the attendance of members during 2019.

TABLE A.3 DATES AND ATTENDANCE OF AUDIT COMMITTEE MEETINGS, 2019

Audit Committee Member	20 February	17 May	23 August	15 November
Mr F Tjivau (Chairperson)	x	✓	✓	✓
Mr E Meroro	✓	✓	✓	✓
Adv C Van der Westhuizen	✓	✓	x	✓

x Absent with apology.

The Remuneration Committee is responsible for overseeing and coordinating the Bank's remuneration policy and strategy to ensure its competitiveness and comprehensiveness, in order to attract and retain quality staff and Board members. This Committee consists of three non-executive Board members and the Deputy Governor. The dates of the Remuneration Committee meetings and the attendance of members during 2019 are set out in Table A.4.

TABLE A.4 DATES AND ATTENDANCE OF REMUNERATION COMMITTEE MEETINGS, 2019

Remuneration Committee Member	21 August	13 November
Mr E Meroro (Chairperson)	✓	✓
Ms T Haipinge	✓	✓
Adv C van der Westhuizen	✓	✓

MANAGEMENT STRUCTURES

The Bank's Senior Management Team consists of the Governor, the Deputy Governor, the Advisor(s) to the Governor, and the Directors of the Bank's various departments, as outlined above. The positions of Governor and Deputy Governor are required by law. To ensure that the Bank implements its policies effectively, various committees have been created. These are the Monetary Policy Committee, the Financial System Stability Committee, the Management Committee, the Investment Committee, the Risk Management Committee, the Innovation and Efficiency Committee, the Budget Committee, the Tender Committee and the Information Technology Management Committee.

The function of the Monetary Policy Committee is to implement an appropriate monetary policy stance. The Bank's Monetary Policy Committee (MPC) consists of the Governor (Chair), the Deputy Governor, the Technical Advisor to the Governor, the Director of Research and Financial Stability Department, the Director of Financial Markets, the Director of Strategic Communications and Financial Sector Development, and the Technical Expert in the Research and Financial Stability Department. The MPC meets every second month to deliberate on an appropriate monetary policy stance to be implemented by the Bank in the two-month period that follows. The monetary policy decision is communicated to the public through a media statement delivered at a media conference. Decision-making at the MPC is by consensus.

The Financial System Stability Committee assesses the vulnerability and risk exposure of the entire financial system. The Financial System Stability Committee is an inter-agency body set up between the Bank and the Namibia Financial Institutions Supervisory Authority (NAMFISA), with the Ministry of Finance as an observer. The chairpersonship alternates every second year between the Bank's Deputy Governor and NAMFISA's Deputy Chief Executive Officer: Prudential Supervision. The Committee, which is currently chaired by the Deputy Governor, consists of representatives from these institutions and meets on a quarterly basis to assess the potential risks that apply to the financial system as a whole, and to discuss and recommend appropriate policy measures to address such risks.

The Management Committee is responsible for reviewing the Bank's policies on financial and other administrative matters. In addition, the Committee is responsible for reviewing and approving policies relating to regulations and determinations resulting from the regulatory duties of the Bank. The Management Committee consists of the Governor (Chair), Deputy Governor, Advisor(s) to the Governor, all Directors, and the Head of Risk Management and Assurance. The Management Committee meets every second week.

The Investment Committee is responsible for reviewing the management of Namibia's foreign exchange reserves. While the Board approves the International Reserves Management Policy, the Investment Committee reviews the investment guidelines for final approval by the Governor. The Investment Committee is also expected to ensure that investments comply with approved policy. The Investment Committee consists of the Governor (Chair), Deputy Governor, Advisor(s) to the Governor, the Director of Financial Markets, the Director of Research and Financial Stability, the Director of Strategic Communications and Financial Sector Development, and the Director of Finance and Administration.

The role of the Risk Management Committee is to assist the Audit Committee to ensure that the Bank has implemented an effective risk management policy. The committee also supports the annual workplan that will enhance the Bank's ability to achieve its strategic objectives and ensure that disclosure regarding risks is comprehensive, timely and relevant. The committee consists of all members of the Management Committee and is chaired by the Governor or the Deputy Governor. Its meetings are held on a quarterly basis before the Audit Committee meetings.

The Innovation and Efficiency Committee is responsible for stimulating critical thinking, which should then lead to the formulation of innovative business processes and business systems and result in efficiency gains and the curtailment of costs. The Committee also places great importance on environmentally sustainable initiatives so that environmental ecosystems are safeguarded and the Bank's contribution to the national carbon emission footprint is noticeably reduced, with such reduction being consistently maintained in the future. The Committee membership is predominantly Directors from various Departments in the Bank; given its strategic importance, it is chaired by the Deputy Governor.

The function of the Budget Committee is to oversee the budget deliberations of the Bank. The Budget Committee meets as part of the normal annual budget process of determining and providing for the Bank's expenditures (both recurrent and capital) to be incurred in the execution of its functions and responsibilities. Each department presents and defends anticipated annual budgetary allocations before the Budget Committee. The Budget Committee consists of the Governor, the Deputy Governor, and the Director and senior staff members of the Finance and Administration Department, which also provides administrative and support services. The Budget Committee is chaired by the Governor. One representative each from the Employee Liaison Forum (ELF) and the employees' bargaining union are permitted to attend and participate in the budget deliberations to ensure transparency.

The Tender Committee is responsible for ensuring sustainable, ethical, transparent and cost-effective procurement and tendering of the Bank's assets, goods and services. In so doing, the Committee takes into consideration the following:

- quality of the product/service;
- cost/price;
- reliability of suppliers;
- delivery time and after-sales service support; and
- Black Economic Empowerment/Previously Disadvantaged Namibian where applicable.
- Support to SMEs

The Information Technology Management Committee facilitates the development of IT strategies and plans that ensure cost effective application and management of IT systems and resources in the Bank. The Committee monitors the implementation of significant IT projects and initiatives to ensure the Bank gets maximum value from IT investments, practices and services. The Committee consists of the Governor (Chair), Deputy Governor, Advisor(s) to the Governor, all Directors, and the Head of Risk Management and Assurance. The IT Management Committee meets at least four (4) times per calendar year before the Board subcommittee (ITGC) meetings to provide strategic advice and recommendations.

REPORTING OBLIGATIONS

The Bank of Namibia Act requires the Bank to submit various reports to the Minister of Finance. The requirement includes the obligation to submit a copy of the Bank's Annual Report to the Minister of Finance within three months of the end of each financial year. The Minister, in turn, is required to table the Annual Report in the National Assembly within 30 days of receiving it. The Report is obliged to contain the Bank's annual accounts, certified by external auditors, information about the Bank's operations and affairs, and information about the state of the economy. Apart from the Annual Report, the Bank submits a monthly balance sheet to the Minister of Finance, which is also published in the Government Gazette.

COMMUNICATION AND STAKEHOLDER RELATIONS

The Bank values stakeholder engagement that ensures the active participation of key stakeholders in exploring options and finding viable solutions to economic challenges in Namibia, within the policy mandate of the Bank. The Bank upholds the values of transparency and open communication, and thus seeks to create platforms to engage stakeholders in an active and open dialogue. This is done through the development and implementation of the Annual Stakeholder Engagement Plan, which is derived from the Stakeholder Identification and Engagement Procedures of the Bank. These engagements enjoy high-level support and are facilitated by the Governor. Some of the engagements held during the review period are outlined in the following paragraph.

The Bank hosted the Deutsche Bundesbank President, Dr Jens Weidmann, and its Executive Board Member, Mr. Buckhard Balz, on two separate occasions during the year under review. The President of the Deutsche Bundesbank and the Executive Board Member visited the Bank of Namibia in February 2019 and October 2019. The visits to Namibia by the two central bankers renewed the bilateral relationship that exists between the Bank and the Deutsche Bundesbank, and the parties explored new areas of further potential cooperation. During the two visits, constructive engagements took place with relevant stakeholders, namely the President of the Republic of Namibia, the Minister of Finance, and the Bank of Namibia Management Committee, while site visits to the operations of the Namibia Diamond Trading Company, and tourism establishments rounded off the engagements.

Dr Jens Weidmann (President: Deutsche Bundesbank) and Governor Iipumbu Shiimi (seated) photographed together with members of the Management Committee of the Bank of Namibia, and Ms Jens Kilp, (former representative of the Deutsche Bundesbank in South Africa), third from the left

Mr. Buckhard Balz (Member of the Executive Board: Deutsche Bundesbank), Mrs Ellen Gölz (Charge d'Affaires: German Embassy in Windhoek), and Governor Iipumbu Shiimi (seated) pose with members of the Management Committee of the Bank

The Governor of the Bank was invited by the Speaker of the National Assembly to engage Members of Parliament (MPs) on economic matters. The Governor met with lawmakers and shared information on domestic, regional and global economic developments as well as on the general operations of the central bank. During the meeting, views were exchanged on how to navigate through and mitigate challenges facing the domestic economy. Among other topics, discussions centred on access to finance, investment in agriculture, tourism and housing as enablers of growth, and avenues to raise government revenue. The Governor undertook to make these presentations a regular feature to ensure that lawmakers have access to relevant economic information to enhance their oversight function provided for in the Constitution.

Members of Parliament paying close attention to Mr Shiimi facilitating a presentation hosted by the Speaker of the National Assembly, Professor Peter Katjavivi

The Bank hosted its 20th Annual Symposium on 19 September 2019, under the theme: *Escaping the middle-income trap: A perspective from Namibia.* The selection of the theme was informed by the disappointing economic growth recorded in Namibia since 2016 that has given rise to the notion that Namibia might be in a middle-income trap, in other words a situation where per capita income lingers in the middle-income range for a protracted period instead of rising into the higher-income category. The 20th Annual Symposium sought to achieve the following objectives:

a) to assess whether Namibia is potentially in a middle-income trap;
b) to look for growth-enhancing strategies; and
c) to learn from what countries who were in a middle-income trap have done to increase their growth, thereby moving to a higher income category.

These issues were addressed through presentations given by local and international speakers, supplemented by the discussions of panel members drawn from the private sector and the Government. The following papers were presented to provide context to the discussions:

- Is Namibia in a middle-income trap? A comparative analysis;
- Escaping the middle–income trap: International experiences; and
- Notes on the middle-income trap and how Namibia could avoid it.

Delegates who attended the event were drawn from the public and private sectors, and included academics, researchers and policymakers, and youth representatives. At the Government executive level, the Prime Minister of the Republic of Namibia, who was also the keynote speaker, attended the full duration of the symposium, joined by some Ministers, other members of the legislature, and captains of industry. The attendees' evaluation of the event was positive, with 97 percent of respondents concluding that they had a "very good" overall experience.

Seated (from left to right) *- Governor Iipumbu Shiimi; Prime Minister of the Republic of Namibia, R. H. Dr Saara Kuugongelwa-Amadhila (keynote speaker);* ***Standing (from left to right)*** *Dr Omu Kakujaha-Matundu (Senior Lecturer: University of Namibia); Ms Florette Nakusera (Director of Research and Financial Stability: Bank of Namibia); Dr Jesus Felipe (Advisor for Economic Research and Regional Cooperation Department: Asia Development Bank); and Dr Mathew Verghis (Practice Manager of Macroeconomics & Fiscal Management: World Bank)*

The Governor of the Bank hosted members of the diplomatic corps and development partners at an event where they exchanged views on relevant economic issues. During the engagement, the Governor made a presentation on domestic, regional and global economic trends. The engagement further looked at the projection for the domestic economy, which had been plagued by challenges. The platform provided an opportunity to discuss areas that require attention in order for Namibia to revive growth going forward. Among others, tourism, logistics and agriculture were discussed as having the greatest potential to stimulate economic activity.

Governor Iipumbu Shiimi (standing, centre) poses with the Heads of diplomatic missions and Heads of multilateral organisations during the Annual Diplomatic Stakeholder Engagement

Internally, the Bank continued to promote an effective and favourable working relationship with its employees. The Bank's intranet, triannual internal newsletter, corporate email system and regular staff meetings are key platforms used for disseminating corporate information and reaching every employee. These included performance reviews conducted at the end of the two performance cycles (November–April, and May–October). During these reviews, the Senior Management Team provided feedback to the rest of the Bank's employees regarding progress made in the implementation of respective departmental strategies and areas of concentration for the year.

Following each MPC meeting, internal monetary policy announcements were made. This provided staff with the opportunity to discuss matters pertaining to monetary policy with members of the MPC, in line with the strategic objective of maintaining price stability.

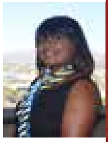
The Employee Liaison Forum (ELF) continued to strengthen the internal communication channels within the Bank. The Forum, an internal structure that serves as a communication link between management and employees, continued to provide constructive inputs related to policy and operational matters of the Bank. In further executing its mandate to improve internal communication between management and non-management employees, the ELF solicited agenda items for general staff meetings. Below are the ELF members nominated by staff who perform these tasks:

Employee Liaison Forum Members

As at 31 December 2019

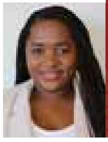
Erastus Paulus
Chairperson
FIC Department

Paulus Ndamanomhata
Vice Chairperson
Payments Department



Wendy Kaira
Treasurer
IT Department

Tamukondjo Namukwambi
Secretary
Banking Supervision



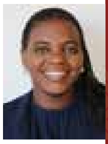
Sesilia Nambambi
Vice Treasurer
Financial Markets Department

Sevelia Joseph
Vice Secretary
Financial Markets Department

Julius Rodrigues
Member
Banking Services Department

Selma Shingenge
Member
Finance and Administration Department

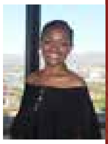
Annely Iyambo
Member
Finance and Administration Department



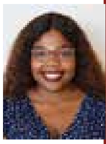
Roline Tjipueja
Member
Banking Supervision Department

Vistorina Namukwambi
Member
Human Resources Department

Leena Elago
Member
Human Resources Department



Graciana Mwenyo
Member
Financial Intelligence Department



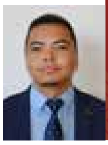
Helena Mboti
Member
Research and Financial Stability Department

Elifas Iiyambula
Member
Research and Financial Stability Department

Peter Nangolo
Member
IT Department

Fillemon Nangonya
Member
Strategic Communications and Financial Sector Development

Sandra Garises
Member
Strategic Communications and Financial Sector Development



Devin van Rooyen
Member
Payments Department

Feni Awene
Member
Oshakati Branch

Bernard Shiyave
Member
Oshakati Branch

Kamunima Mbambi
Member
Exchange Control and Legal Services Department

During 2019, the Bank continued to produce statutory publications, as well as publications presenting general information about the Bank, the economy and the financial sector. The Bank releases these publications both as per statutory requirements and to broaden the public's understanding of the Bank's functions and operations, and of economic and financial developments. The publications outlined below were issued during the review period and are available on the Bank's corporate website.

In line with statutory requirements, the Bank's *2018 Annual Report* was released in March 2019. The Report covered the operations and affairs of the Bank, information on the Bank's annual financial statements, and information on the macroeconomic state of the country.

The *Financial Stability Report*, which provides an assessment of the financial system in Namibia, was issued at the end of April 2019. The Report, which is a joint publication of the Bank of Namibia and the Namibia Financial Institutions Supervisory Authority (NAMFISA), highlighted the potential risks to financial stability emanating from developments in the national and international community. The Report further recommended appropriate policy actions to continue deepening the resilience of the financial sector.

The Bank also produces its *Quarterly Bulletin* that serves as a prime source of information on economic and financial developments in Namibia. It contains a description and analysis of developments as well as a comprehensive set of data covering the real sector, monetary and financial developments, public finance, and the balance of payments.

Editions of the *Economic Outlook Report* were released in April and July. These reports highlighted global, regional and domestic economic growth prospects, and presented domestic sectoral estimates and forecasts for the two-year period 2019–2020.

THE YEAR IN REVIEW

As mentioned above, the Bank of Namibia's activities are focussed on eight Strategic Objectives that guide its operations over five-year periods. These Strategic Objectives are directly connected to the Bank's functional priorities, its Mission and its Vision, as well as to developments in the internal and external environments. The Bank has determined appropriate initiatives and strategies in order to accomplish each Strategic Objective. In this section, each Strategic Objective is presented in tabular format along with its associated initiatives and strategies. These are complemented by a list of strategic outcomes which serve as indicators of success in achieving the objective in question. Each presentation is concluded with a report on key actual outcomes, and an assessment of whether or not the strategic objective was achieved during the course of the year. The more detailed discussions on strategic objectives numbers one and five appear in Part C and Part D of this report.

STRATEGIC OBJECTIVE 1: SAFEGUARD AND ENHANCE FINANCIAL STABILITY

INITIATIVES AND STRATEGIES	STRATEGIC OUTCOMES	ACTUAL OUTCOMES	STRATEGIC OBJECTIVE ACHIEVED (YES/NO/ N/A)
1.1 Deter illegal financial schemes[1]	All known and detected schemes declared illegal within three months of determination	All illegal schemes were investigated timely and promoters were contacted.	Yes
1.2 Supervise and regulate deposit-taking institutions and credit bureaus[2]	Sound and stable banking system: Early warning indicators in place		
	Capital adequacy not less than 11 percent	The Capital adequacy ratio stood at a level of 15.3 percent.	Yes
	Liquidity ratio not less than 10.5 percent	The banks recorded a liquid assets ratio of 15.3 percent.	Yes
	Non-performing loans (NPLs) not more than 4 percent	NPLs ratio rose to 4.8 percent in 2019.	No
	Examination cycle to be finalised within three months	The supervisory team conducted three targeted examinations and a thematic review on the four Domestic Systemically Important Banking Institutions, which was finalised on time.	Yes
	Adequate risk management and all high risk and medium risk issues identified in examination report are addressed within agreed timelines	Corrective actions were implemented as per action plans and within agreed timelines, with extension sought or agreed upon with the Bank where applicable.	Yes
	95 percent acceptance rate for submission of credit information to credit bureaus	The credit bureaus met the acceptance rate with 99.3 percent data acceptance.	Yes

1 Developments under this strategy are further discussed in Part D of this report

2 Developments under this strategy are further discussed in Part D of this report

INITIATIVES AND STRATEGIES	STRATEGIC OUTCOMES	ACTUAL OUTCOMES	STRATEGIC OBJECTIVE ACHIEVED (YES/NO/ N/A)
	Coverage: credit providers that hold 80 percent of credit data in the market should submit data to all registered credit bureaus	Banking institutions, retailers, microlenders and insurers submitted data to Credit Bureaus and ensured that 80 percent coverage was achieved.	Yes
1.3 Licencing[3]	Entities that have submitted all information should be processed within three months within BON (if more than one application is received the processing period is within six months) and one month with the relevant Ministry	The Bank did not receive any new banking license applications during the period under review.	n/a
	Renewal of licence a month before expiry	All Authorised Dealers and Authorised Dealers with Limited Authority are licensed, and renewals were processed on time where applicable.	Yes
1.4 Ensure efficient, safe and effective payment and settlement systems	Cost-effective provision of payment systems services in line with set cost standards	The Namibia Inter-Bank Settlement System (NISS) cost-effectiveness for 2019 was 97 percent. This was well within the set cost-effectiveness range of 75 percent to 125 percent. NISS fee per transaction must be the lowest of 1 USD or the average Real-Time Gross Settlement System (RTGS) transaction fee for at least 8 economies in the Southern African Development Community (SADC)). The NISS fee per transaction for 2019 was 80 US cents.	Yes
	There is compliance with the Safety Index, per the following indicators:		
	Fraud-to-turnover ratio below 0.05 percent	The fraud-to-turnover ratio was 0.00089 percent for 2019.	Yes
	99 percent availability of retail payment system, participants' systems and NISS	The retail payment systems were available 99 percent of the time. NISS was available 99.9 percent of the time.	Yes

3 Developments under this strategy are further discussed in Part D of this report

INITIATIVES AND STRATEGIES	STRATEGIC OUTCOMES	ACTUAL OUTCOMES	STRATEGIC OBJECTIVE ACHIEVED (YES/NO/ N/A)
	Recovery time objective (RTO) of 2 hours met for Retail and Large Value Systems when Disaster Recovery (DR) tests are conducted	The NISS DR Test did not meet the RTO due to technical issues. However, the Business Continuity Management met the 2 hours RTO.	No
		The Namclear DR exercise performed for the period under review achieved the RTO of 2 hours.	Yes
	All high- and medium-risk issues identified from onsite inspections addressed within agreed timelines	All high- and medium-risk issues identified through inspections were addressed within the agreed timelines.	Yes
1.5 Maintain financial sector stability	Stable financial system	The 2019 Financial Stability Report revealed that the financial sector remained sound and profitable.	Yes
	Vulnerabilities in the financial system identified and agreed action implemented	Vulnerabilities were identified and addressed within the timeframe.	Yes
1.6 Develop the ability to handle crises in the financial system[4]	A tested and effective crisis resolution framework	The Bank awaits the finalisation of the legislative framework in order to test the crisis resolution framework.	No
1.7 Introduce a financial sector safety net[4]	Safety net in place for small depositors	Following the partial operationalisation of the Deposit Guarantee Act, 2018 (Act No. 16 of 2018) at the end of 2018, a Board was established, and determinations and regulations were submitted to the Minister for his approval.	No

N/A = not applicable

PAYMENT SYSTEMS OVERSIGHT

The Bank continued to fulfil its regulatory mandate as the overseer of the National Payment System (NPS) in 2019, in line with the Payment Systems Management Act (Act No. 18 of 2003), as amended.

Payment systems are a crucial part of the financial infrastructure of a country. In Namibia, the regulatory mandate to oversee the NPS was accomplished through risk-based on-site and off-site oversight activities.

4 Developments under this strategy are further discussed in Part D of this report

During the review period, the Bank, with the assistance of an external audit firm, assessed the information and cyber security maturity of Nedbank Namibia, Standard Bank Namibia, Bank Windhoek, First National Bank Namibia, and Namclear (the automated clearing house). Namclear underwent the assessment by virtue of it being a designated financial market infrastructure (FMI). In addition thereto, the Bank continued with its off-site activities by monitoring system participants through a combination of assessments based on information provided by the regulated institutions in the NPS.

During the period under review, the Bank revised the Determination on Issuing of Electronic Money in Namibia (PSD-3) as well as the Determination on the Standards for a Basic Bank Account and Cash Deposit Fees within the National Payment System (PSD-5). Due to the ever-evolving payments landscape, the Bank conducts periodic reviews of its legal and regulatory framework to ensure that the regulatory framework remains relevant and robust. As such, PSD-3, which serves as the medium through which the Bank authorises the issuance of electronic money (e-money) in Namibia, was subsequently updated and came into force on 28 November 2019. Additionally, PSD-5, which serves as a financial inclusion tool, was similarly updated with the revised determination coming into force on 18 December 2019. PSD-5, was initially issued in 2018 and it has introduced the Basic Bank Account (BBA), which is a bank account tailor-made for low income earners as defined in the regulation. PSD-5 also introduced zero rated cash deposit fees for all cash deposits on all individual accounts as well as business accounts that record credits of N$1.3 million or less per annum.

The banking industry, with the support of the Bank, successfully decommissioned cheques as a payment instrument in the National Payment System (NPS), whereby the last processing day for a cheque to be cleared by the cheque payment stream was 29 June 2019. The initiative to phase out cheques was conducted over a period of several years, notably through engagements with all relevant stakeholders, including the Ministry of Finance, to ensure a smooth transition for all parties that would be affected by this change. Additionally, the banking industry engaged with and sensitised their respective customers and the public at large throughout the process. The decision to phase out cheques was mainly attributable to the inefficiencies surrounding cheques as well as the declining use of this payment instrument. Consequently, the cheque payment stream had its last day of operation on 29 June and was fully decommissioned effective 4 November 2019.

MobiCash Payment Solutions (Pty) Ltd trading as Mobipay (Mobipay), which had been authorised by the Bank as an e-money issuer, exited the e-money stream with effect from 31 March 2019. Mobipay has returned its e-money license and ceased to participate in the e-money stream, but was authorised as a service provider by the Payments Association of Namibia (PAN) in terms of section 3(6) of the Payment System Management Act 2003, (Act No. 18 of 2003), which decision was endorsed by the Bank. Mobipay will therefore no longer issue e-money in its own name; however, it will be able to provide payment system services as defined in the Payment System Management Act to the payments industry.

In promoting financial sector development, the Bank conducted and concluded its third cost and income survey. The findings of the survey will assist the Bank to formulate a position on bank fees and charges. During the course of 2020, the Bank will commence with the drafting of standards for fees and charges, in line with the mandate given under sections 2(d) and 2(e) of the Payment System Management Act 2003, (Act No. 18 of 2003), as amended.

SETTLEMENT SERVICES

The Bank continued to provide interbank settlement services to authorised institutions through the Namibian Interbank Settlement System (NISS). Interbank transactions settled in NISS constitute retail payments, such as electronic funds transfers (EFTs), cards etc., that are cleared through Namclear, as well as single-item large-value transactions processed by the participants in NISS. During 2019, one announced disaster recovery test was conducted for NISS, which was unsuccessful because the two-hour recovery time objective (RTO) was not met. Furthermore, the Bank conducted two business continuity management exercises on its most critical systems, including NISS. All the tests with the NISS component within the business continuity management exercises conducted during 2019 were successful.

The Bank continued to provide collateralised lending to NISS participants through the overnight and intra-day lending facilities. Accessibility to intra-day and overnight credit facilities by NISS participants allows for the fulfilment of settlement obligations within NISS.

The year 2019 recorded a 6.9 percent increase in the value of payments and a 9.9 percent increase in transaction volume in NISS. The total value settled through NISS in 2019 amounted to N$975.7 billion, of which 69 percent resulted from single transactions settled in NISS and 31 percent from retail payment transactions cleared through Namclear. The total number of transactions settled in 2019 was 66 148, at an average of 220 transactions per settlement day.

TABLE A.5 NISS TRANSACTION VALUES AND VOLUMES

Year	Number of settlement days	Values settled in N$ billion			Total number of settlement transactions
		Total value settled	Real-time transactions	Retail payment transactions	
2014	301	611.7	370.4	241.2	52 658
2015	301	727.2	416.6	266.8	61 702
2016	301	738.0	450.7	287.2	69 579
2017	301	852.7	565.3	287.4	65 983
2018	301	913.1	618.7	294.4	60 189
2019	300	975.7	672.4	303.3	66 148

CLEARING SYSTEM

The Bank continued to oversee clearing operations in the NPS. During the review period, Namclear was the only service provider that provided clearing services within the NPS. It clears inter-bank EFT and card transactions which are submitted to NISS for settlement.

During 2019, cheque volumes and values processed by Namclear continued to decrease. The volume of cheques processed was 18 139, with a total value of N$212 million. The value and volume of cheques processed decreased by 93.1 percent and 93.8 percent, respectively, in 2019 relative to 2018 (Table A.6). The downward trend in the volume and value has been a result of the phasing out of cheques as a payment instrument.

EFT transactions processed by Namclear increased in 2019 to N$ 289.4 billion. This represents a 3.5 percent and 19.4 percent increase in value and volume, respectively, over the 2018 figures. EFT transactions have been increasing steadily over the last five years (2015–2019). The increased EFT usage reflects the efficiency and reliability of this payment instrument and affirms the public's confidence therein.

Payment card transactions continue to increase significantly year-on-year. In 2019, Namclear processed card transactions with a total value of N$22.9 billion. The value and volume processed by Namclear increased by 28.5 percent and 27.2 percent, respectively over the 2018 figures.

TABLE A.6 NAMCLEAR TRANSACTION VALUES AND VOLUMES

Year	Cheque transactions		EFT transactions		Card transactions		Total value cleared (N$ million)
	Value (N$ million)	Volume ('000)	Value (N$ million)	Volume ('000)	Value (N$ million)	Volume ('000)	
2015	26 783	1 607	236 055	15 641	8 038	15 324	270 876
2016	10 670	1 078	260 356	17 250	9 668	17 922	280 706
2017	6 238	660	269 556	18 279	13 270	25 205	289 064
2018	3 057	292	279 698	19 395	17 844	33 730	300 599
2019	212	18	289 402	23 159	22 937	42 901	312 550
Annual percent change							
2015	-4.8	-11.8	13.8	3.7	38.2	39.1	12.2
2016	-60.2	-32.9	10.3	10.3	20.3	17.0	3.6
2017	-41.5	-38.8	3.5	6.0	37.3	40.6	3.0
2018	-51.0	-55.8	3.8	6.1	34.5	33.8	4.0
2019	-93.1	-93.8	3.5	19.4	28.5	27.2	4.0

REGIONAL PAYMENT SYSTEMS

The Bank remained a participant in the SADC Real-Time Gross Settlement System (SADC RTGS). The SADC RTGS is a regional settlement system that processes time-critical or high-value payments between participating SADC countries. In 2019, there were 83 SADC Integrated Regional Settlement System (SIRESS) participants (i.e. registered banking institutions, as well as central banks within the respective SADC jurisdictions) of which five, including the central bank, were Namibian at the end of the reporting period. During 2019, the total value of payments processed in the SADC RTGS amounted to R1.2 trillion. Namibian banks accounted for R393 billion, which is 32 percent of the SADC RTGS total. This reflects the optimal usage of Namibian banks of the SADC RTGS in support of regional payments integration in accordance with the Finance and Investment Protocol.

The Common Monetary Area (CMA) Payment System Oversight Committee issued an Amendment Notice Directive which aims to provide guidance on the implementation for the Directive (Directive 1 of 2018) on Cross-border Low-Value EFT transactions within the CMA. Following the implementation of the interim solution by member countries on 20 October 2019, member countries processed cross-border low-value credit EFT transactions, as prescribed by relevant Financial Action Task Force (FATF) Recommendations.

The SADC Bankers Association (SADC BA) launched the Transaction Cleared on an Immediate Basis (TCIB) initiative for low value cross-border transfers. During July 2019, the SADC BA officially launched the TCIB initiative. The overall objective of this initiative is to promote regional integration; sustainable economic growth and social development; and the eradication of poverty and improvements in the quality of life of the people within the SADC community. This will be achieved through the integration of payment systems and infrastructure of the various countries within the SADC to enable cross-border payments to be cleared instantaneously at a regional level. The Bank facilitated sensitisation and awareness sessions on the initiative with the Bankers Association of Namibia, participants within the National Payment Systems and other stakeholders during October 2019.

INDUSTRY FRAUD STATISTICS

The total value of fraudulent[5] transactions perpetrated within the NPS has decreased over a five-year period. For the period under review, however, the total value of fraudulent transactions increased in comparison with 2018. The industry recorded an increase of N$5.4 million in EFT payments fraud from

5 Within the context of the NPS, this represents the amount of money lost when any of the payment instruments the Bank oversees is compromised.

2018. This increase was primarily due to phishing incidents perpetrated via internet banking platforms and mobile applications. Card and cheque payments fraud decreased by 40.1 percent and 53.0 percent, respectively. The total value of fraud attributable to Card, EFT and Cheque streams amounted to N$3.1 million, N$5.6 million and N$320 000, respectively. Despite the increase in 2019, the total fraud perpetrated within the NPS remained within the fraud safety index indicator of 0.05 percent as per the Bank's Strategic Goal, resulting in an actual figure of 0.00089 percent.

TABLE A.7 INDUSTRY FRAUD STATISTICS (NPS)

Year	Card Fraud Value (N$ '000)	EFT Fraud Value (N$ '000)	Cheque Fraud Value (N$ '000)	Total Fraud Value (N$ '000)
2015	7 017	0 565	3 175	10 757
2016	13 440	0 768	3 315	17 523
2017	4 555	528	2 071	7 850
2018	5 216	194	677	6 087
2019	3 126	5 648	320	9 093

FINANCIAL STABILITY ASSESSMENT AND SURVEILLANCE

On a regular basis, the Bank assesses risks and vulnerabilities in the financial system to ascertain the resilience of the sector with respect to its capacity to withstand both internal and external shocks. Such assessments are published in the Financial Stability Report (FSR), once a year. The FSR analyses developments in the global and domestic economic environments, household and corporate indebtedness, the banking sector, the non-bank financial sector (NBFS), and the payment and settlement systems, and recommends policies to mitigate inherent risks to which they are subject. The 2019 FSR, published in April, revealed that the banking sector remained sound, profitable and well capitalised amidst sluggish economic conditions and growing concerns regarding the deterioration of asset quality measured in the form of the ratio of non-performing loans to total loans (NPL ratio). Moreover, it was established that the NBFS was financially stable and continued to grow its assets.

The financial system remained sound, solvent and profitable in 2019, albeit within subdued economic conditions. The capital adequacy ratio of the banking sector declined to 14.7 percent in 2019 from 16.8 percent in 2018, but remained above the statutory minimum benchmark of 11.0 percent. The decline in the capital adequacy ratio was mainly ascribed to the switch from Basel II to Basel III Capital Adequacy standards for Domestic Systemically Important Banks (DSIBs), which caused some items to no longer be eligible for inclusion in capital. On the liquidity front, a slight improvement was recorded in the period under review, with the banking sector maintaining liquidity levels of 16.1 percent in 2019, compared to 15.6 percent in 2018, which is well above the prudential requirement of 10.0 percent of average total liabilities to the public. The overall NPL ratio increased to 4.8 percent in 2019 from 3.6 percent in the preceding year due to recessionary economic conditions. The deterioration was largely a consequence of worsening NPLs in the loan categories of mortgages, personal loans, and other loans and advances. Despite recessionary economic conditions, the funding and solvency levels of the NBFS were above prudential benchmarks, as is evident in the risk rating indicators, demonstrating its financial soundness and stability during the period under review.

Activities in the residential property market were sluggish during 2019, as reflected in a deeper contraction in prices. In this regard, house prices contracted on average at a faster rate of 6.2 percent in 2019 compared to 3.1 percent in 2018, mainly resulting from the subdued economy. Mindful that the risk of an overheated property market had dissipated, the loan-to-value regulation for non-primary residential properties was revised and gazetted on 7 November 2019. The revised loan-to-value ratios reduced the required deposit when purchasing a second property to 10 percent, from 20 percent previously. Moreover, the deposit on a third and subsequent properties is capped at 20 percent.

STRATEGIC OBJECTIVE 2: PROMOTE PRICE STABILITY[6]

INITIATIVES AND STRATEGIES	STRATEGIC OUTCOMES	ACTUAL OUTCOMES	STRATEGIC OBJECTIVE ACHIEVED (YES/NO)
2.1 Ensure reliability of economic data to support economic policy	Timely and reliable balance of payments (BOP) data and monetary and financial statistics (MFS) that meet international standards are provided; timely and reliable other economic data provided to relevant stakeholders	MFS data were provided to the public on a monthly basis. Both BOP and MFS data were provided to the public on a quarterly and annual basis. All macroeconomic data were provided to the MPC every two months and to external stakeholders on time.	Yes
2.2 Pursue monetary policy in accordance with the Monetary Policy Framework	Headline inflation below 7 percent is maintained without compromising economic growth	Average annual consumer price inflation was 3.7 percent in 2019.	Yes

MONETARY POLICY STANCE DURING 2019

The Bank of Namibia's Monetary Policy Committee (MPC) pursued a moderately accommodative but cautious monetary policy stance in 2019, reducing the policy interest rate once during the course of the year. This decision was taken in order to support domestic economic activity while maintaining the one-to-one link to the South African Rand (ZAR). The monetary policy stance taken was mindful of the slowdown in the global economy as well as the rather weak performance of the domestic economy during 2019. The lacklustre performance was particularly reflected in key sectors such as *mining*, *wholesale and retail trade*, and *agriculture*. Annual inflation levels declined and remained subdued, registering an average of 3.7 percent, compared to 4.3 percent in 2018. With regard to the conduct of its monetary policy, the Bank of Namibia kept its repo rate at 6.75 percent at its February, April and June 2019 meetings. Being mindful of the sluggish economy, absence of inflation pressure and slightly lower interest rate levels in South Africa, the MPC cut the repo rate at its August meeting by 25 basis points to 6.50 percent. This lower level was maintained at its subsequent meetings in October and December. A slight further easing of policy in the form of raising the maximum loan-to-value ratios for non-primary residential properties was also announced in August.

The monetary policy stances adopted were considered appropriate to continue supporting domestic economic activity and safeguarding the one-to-one link between the Namibia Dollar and the South African Rand. The level of foreign reserves fluctuated broadly sideways during the year. In terms of import cover and relative to currency in circulation, it remained adequate to maintain the peg, but a cautious approach was deemed necessary so as not to compromise the gains made. Therefore, the MPC in its assessment of developments in both the global and domestic economy only saw scope to ease its monetary policy stance once during 2019.

A significantly more accommodative monetary policy stance was introduced in early 2020. Although falling beyond the year 2019 that is the focal point of this report, significant adjustments to monetary policy were made in the first quarter of 2020. In February 2020 the MPC lowered the repo rate by 25 basis points to 6.25 percent, mindful of the need to support the economy amidst a lower inflation trajectory, and confident that the reserves remained adequate to continue supporting the currency peg. As the COVID-19 pandemic worsened and more and more damage to the global, regional and local economy became apparent, the MPC in a special meeting on 20 March 2020 reduced the repo rate by a full 100 basis points to 5.25 percent so as to provide some relief to the economy. Events will continue to be closely monitored going forward.

6 Developments under this strategy are further discussed in Part C of this report.

STRATEGIC OBJECTIVE 3: MANAGE RESERVES PRUDENTLY[7]

INITIATIVES AND STRATEGIES	STRATEGIC OUTCOMES	ACTUAL OUTCOMES	STRATEGIC OBJECTIVE ACHIEVED (YES/NO)
Manage foreign reserves prudently in accordance with the Investment Policy	Foreign reserves are safe and easily convertible assets which produce risk-adjusted returns in line with the approved strategic benchmarks	All internally and externally managed sub-portfolios met their respective objectives over the review period.	Yes
	Foreign reserves shall meet the international 3-months import coverage ratio benchmark	The import coverage ratio remained above the international benchmark and stood at 4.1 months at the end of December 2019.	Yes
Enforce exchange control in accordance with the Currency and Exchanges Act (No. 9 of 1933), as amended	All foreign exchange transactions are authorised in line with the relevant law	The onsite examinations and the offsite monitoring of foreign exchange payments indicate that all Authorised Dealers (ADs) and Authorised Dealers with Limited Authority (ADLAs) have authorised foreign payments in terms of the law.	Yes
	All confiscated currencies are recommended to the Minister for forfeiture after all due processes	The Bank conducted the required processes and thereafter recommended to the Minister the exercising its power in respect of forfeiting confiscated currencies.	Yes
	Examinations cycle to be completed within three months and identified weaknesses addressed within the agreed time frame	The Bank conducted (17) supervisory onsite inspections compared to (6) initially planned in the Examination Plan of 2019 within the stipulated three months. (3) were thematic reviews while (14) were system certification on-site inspections.	Yes
	All illegal forex activities are investigated and dealt with in line with the Currencies and Exchanges Act and reported to law enforcement within 30 days	During 2019, one case was investigated within the stipulated timelines. The matter is pending before court.	Yes
Manage liquidity in the banking system proactively to support reserves	100 percent compliance with reserve adequacy threshold as stated in the Market Intervention Framework	The level of foreign exchange reserves remained adequate and well above currency in circulation plus a buffer equal to three months of average commercial bank outflows by a ratio of 3.7 times.	Yes

7 A detailed description of the developments under this strategy is provided in Part C of this report.

As stipulated in Section 27 of the Bank of Namibia Act 1997 (Act No. 15 of 1997), as amended, the Bank is entrusted with prudently managing Namibia's foreign exchange reserves. As such, the reserve assets are held to provide support for the issue of domestic currency, as required in terms of the Bilateral Monetary Agreement between the Government of the Republic of Namibia and the Government of the Republic of South Africa. Reserve assets are also held to enable funding of international transactions and to serve other strategic objectives like maintaining confidence in the country's monetary and exchange rate policies, providing confidence to the international community that the country can service its external debt when due, and ensuring resilience to external shocks.

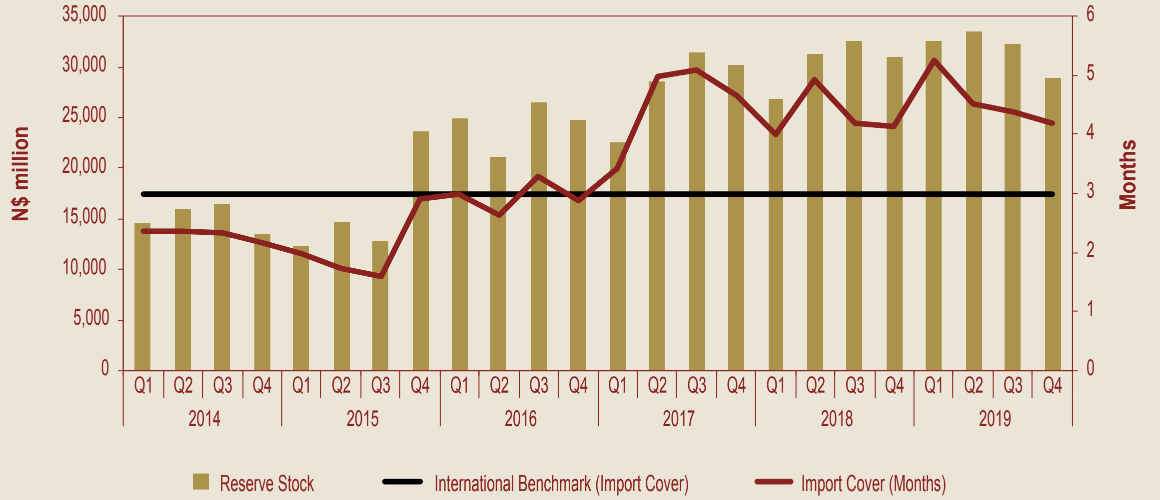
To uphold the purposes of holding foreign reserves, the Bank needs to ensure that the primary objectives of capital preservation and liquidity management are met. Subject to meeting the former objectives, excess reserves shall be managed to pursue and maximise investment returns. These objectives are achieved through exposure to a range of eligible foreign assets set within limits which are informed by the Bank's annual strategic asset allocation exercise and Investment Policy and Guidelines.

The stock of international reserves decreased in 2019 due to higher outflows through commercial banks. Foreign reserves declined by 6.7 percent year-on-year, closing off 2019 at a level of N$28.9 billion. The decline in foreign reserves is partly attributed to higher commercial bank outflows, on the back of higher imports from the South African market. Another notable driver of the decline in reserves is higher foreign payments on behalf of the Government, which were recorded at N$4.8 billion in 2019 compared to N$4.3 billion in 2018. The 2.13 percent year-on-year appreciation of the Namibia Dollar against the United States Dollar (USD) also contributed to the decline in foreign reserves when expressed in Namibia Dollar terms. The impact of these outflows was somewhat cushioned by the relatively higher SACU revenue, which was recorded at N$18.5 billion in 2019 compared to N$17.9 billion the previous year.

In terms of reserve adequacy, foreign reserves remained adequate when measured in terms of import coverage as well as currency in circulation (CIC) plus a buffer of three times the monthly commercial bank outflows. Despite reporting a weaker estimated import coverage ratio of 4.1 months at the end of 2019 (2018: 4.5 months) due to the lower reserve level, the ratio remains above the international benchmark of 3 months (see Figure A.1). The second measure sufficiently covered the CIC plus the *buffer* by a ratio of 3.7 times.

FIGURE A.1 OFFICIAL FOREIGN EXCHANGE RESERVE STOCK AND IMPORT COVER

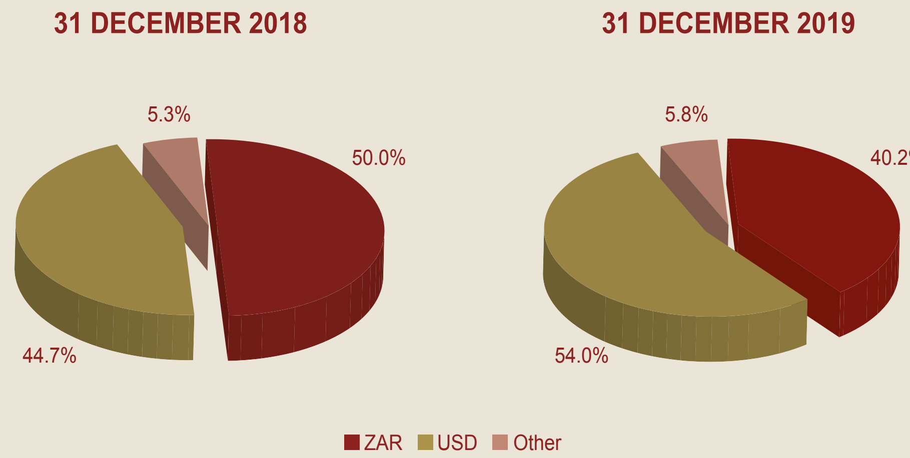
The stock of international reserves decreased by 6.7 percent year-on-year but remained above the benchmark international import coverage ratio of 3 months.



The USD and ZAR currencies continued to constitute the biggest share of the Bank's overall foreign exchange reserves. As at 31st December 2019, the USD and ZAR currencies accounted for 54.0 percent and 40.2 percent of overall foreign exchange reserves, respectively (2018: 44.7 percent and 50.0 percent, respectively). The aforementioned can be ascribed to relatively higher ZAR cross-border outflows during 2019 and a 2 percent switch in allocation of ZAR assets towards USD assets. The remaining portion of 5.8 percent foreign reserves was made up of the Special Drawing Rights basket of currencies, namely the Euro (EUR), British Pound Sterling (GBP), Japanese Yen (JPY) and Chinese Yuan/Renminbi (CNY), up from 5.3 percent in 2018 (Figure A.2).

FIGURE A.2 CURRENCY MIX OF FOREIGN EXCHANGE RESERVES

The largest currency allocation of the overall reserves was apportioned among the USD and ZAR in both 2018 and 2019.



LIQUIDITY MANAGEMENT

The Bank employs various liquidity management tools to safeguard the level of international reserves. Accordingly, the Bank intervenes in the market by temporarily absorbing funds destined to leave the country in search of alternative investment opportunities. The common interventions include the issuance of Bank of Namibia Bills, as well as appropriate adjustments to the Settlement Account rate[8].

ADMINISTRATION OF EXCHANGE CONTROL

In accordance with the powers delegated to it by the Minister of Finance as provided for by the Currency and Exchanges Act (Act No. 9 of 1933) and the Exchange Control Regulations of 1961, as amended, the Bank is mandated to administer exchange controls in support of the country's foreign reserves management objectives. The Bank conducted the Exchange Control activities during the year through a risk-based regulatory oversight of the regulated populace. The department leveraged data analytics to enhance the monitoring of transactions as the Bank continued with the phased liberalisation of controls. The objective was to enforce compliance with the Regulations, Rules and Orders in order to enhance surveillance and supervision, thereby fostering a sound and stable foreign exchange market.

During the period under review, the Bank successfully implemented Version 3 of the Electronic Reporting System for cross-border foreign transactions. With effect from 12 May 2019, the Bank implemented Version 3 of the Cross Border Foreign Exchange Transaction Reporting (also known as the BoPCus Version 3 System). The system is modelled on the International Monetary Fund IMF's Manual 6 for Balance of Payments categorisation of foreign exchange transactions. The implementation of version 3 of the Reporting System was conducted on a phased approach from 30 April to September 2019. Fourteen reporting entities consisting of the six ADs and eight ADLAs now successfully report data on the reporting system. The reporting system enhances the Bank's capacity to collect all the cross-border foreign exchange transactions to assist in Exchange Control policy formulation, enhance the collection of data for

8 The Settlement Account rate refers to the interest rate paid on commercial banks' deposits at the Bank.

Balance of Payment statistical purposes, and assist with economic research used for economic policy and monetary policy development. Additionally, the system will improve the Department's statistical compilation and reporting to other stakeholders such as the IMF, the Ministry of Finance and the Financial Intelligence Centre, and the Bank's Research and Financial Stability Department.

The Bank continued to play a coordinating role for the Task team responsible for mitigating illicit financial flows. The Task team held bi-monthly meetings to share information and to enforce mitigation measures and strategies to contain this risk. The exchange of information and ideas enhanced collaborative efforts to close the loopholes that are used to circumvent the country's laws by illegally externalising funds, and to commit other financial crimes.

The Bank continued to shape the compliance environment of the regulated populace. This included ADs and ADLAs through onsite inspections and regular industry engagements in various forums, all geared toward instilling a compliance culture across the entire industry.

The Bank recognises that the skills and competencies of the staff of the ADs and ADLAs tasked with the responsibility to manage the foreign exchange function are critical. Staff capacity in these institutions is a critically important factor for attaining effective compliance with the Regulations and Rules of Exchange Control which aims for the preservation and utilisation of foreign reserves in the best interest of the country. The Bank therefore carried out skills audits to assess the staff complement, academic qualifications, training and the years of experience of Exchange Control staff in ADs and ADLAs. The assessment found that the staff members are adequately skilled and trained to perform the Exchange Control function at these institutions. However, despite the investment made in training, this area still needs re-enforcement due to the complexity and evolving nature of capital transfers and the potential for illicit financial flows.

The Bank has commenced with a project to reconcile import and export data (payments) between the Research and Financial Stability Department data and the BOPCUS data, to determine any discrepancies and the extent thereof. Focusing on data for the first quarter of 2019, the preliminary results indicated that there were significant data discrepancies. The second phase of the project will entail resource mobilisation between the Bank and Ministry of Finance's Customs and Excise Department to sample companies for detailed inspection. This entails obtaining data on the movement of goods, comparing the values with the instructed payments made by the commercial banks, and valuation audits on the prices of the goods and services, to isolate cases of abusive transfer pricing, mis-invoicing, fraud and tax evasion.

The reconciliation project also triggered the Bank in conducting three risk-based thematic onsite inspections. These inspections focused on assessing compliance with the Exchange Control laws and identifying any forms of potentially illicit flows. The onsite inspections were conducted on two ADs and one ADLA. The examination revealed that although there was an improvement in general compliance, improvement was still needed in some areas, specifically the accurate Balance of Payment classification of transactions.

The Bank further conducted 14 on-site system certifications during the year. The objective was to verify that the ADs and ADLAs have developed their BOPCUS Version 3 systems in compliance with the technical specifications and business requirements. All the systems were pre-certified before go-live date, with some participants given certain conditions which will be reviewed during a post-implementation review in 2020.

During the period under review, the Bank issued a license to one Authorised Dealer. TrustCo Bank Namibia Ltd was approval by the Minister of Finance as an AD, and the Bank will do all pre-opening inspections to ensure compliance with license conditions, as determined by the Bank.

The Bank continued to make concerted efforts to arrest the problem of illegal dealings in foreign currency. This was done through close collaboration with the law enforcement agencies. An amount of approximately N$189 000 was forfeited to the Criminal Assets Recovery Fund established under the Prevention of Organised Crime Act (Act No. 29 of 2004). During the period under review, two persons were arrested for illegal forex dealings worth N$1.2 million, and a preservation order was issued for two apartments out of which the illegal forex dealings were conducted. One person was also arrested for attempting to export foreign currency to the value of N$3 million. The Department has also made recommendations to the Ministry of Finance to consider forfeiting confiscated foreign currencies totalling almost N$2 million.

The Bank investigated potential violations of the single discretionary allowance limits. The permissible single discretionary allowance threshold is N$1 million per individual in a calendar year. An amount of N$129 million has been detected on individual accounts where the limit was exceeded in violation of Exchange Control Rules.

As an integral part of the international system, the Bank continued to fulfil its multilateral obligations. In keeping with the tenets governing the Common Monetary Area (CMA), the country's Exchange Control matrix remains aligned with the rest of the CMA member countries. Furthermore, the Bank has been an active participant in the CMA review to enhance the measurements used in ECLI (the Exchange Control Liberalisation Index), which aims to chart the way for exchange control liberalisation in the SADC. The reviewed matrix will be submitted to the SADC Exchange Control Committee in 2020 as a joint contribution by all the CMA countries.

STRATEGIC OBJECTIVE 4: PROVIDE CURRENCY, GOVERNMENT DEBT ISSUANCE AND BANKING SERVICES

INITIATIVES AND STRATEGIES	STRATEGIC OUTCOMES	ACTUAL OUTCOMES	STRATEGIC OBJECTIVE ACHIEVED (YES/NO)
4.1 Effective and efficient provision of banking services	All (100 percent) Government payments and deposits are correctly effected and recorded within 3 days.	All Government payments processed and recorded within the stipulated timeframe of 3 days.	Yes
	BoN complies with anti-money laundering laws	All Government payments, both local and foreign, screened against the UN sanctioned list. No suspicious transactions were detected.	Yes
	Previous day State Account balance made available to the Ministry of Finance (MoF) the next day before 12h00 noon	State Account balances were provided to the MoF daily by the stipulated time (12h00).	Yes
4.2 Issue and manage Government securities	Meet funding requirements of Government in line with the approved Borrowing Plan	The Bank succeeded in raising the required funding for the Government as per the Borrowing Plan.	Yes
4.3. Provide effective lending facilities to the banking institutions	Meet 100 percent of banking institutions' borrowing needs in line with BoN's conditions	All banking institutions' liquidity needs were met.	Yes
4.4. Manage and issue currency	Quality, cost-effective and sufficient currency supplied to commercial banks as per demand and in line with BoN's approved denomination mix	The Bank supplied the commercial banks with sufficient and good quality currency as per the Bank's approved denomination mix.	Yes
	Counterfeits detected and in circulation do not exceed the threshold of 10 pieces per 1 million notes in circulation	The ratio of counterfeits recorded in 2019 was 7 pieces per million banknotes in circulation and was thus below the Bank's threshold.	Yes
	All commercial banks' deposits and withdrawals to be processed on the system within one hour of conclusion of the said transaction	The Bank managed to process all commercials banks' deposits and withdrawals within the stipulated time frame of one hour.	Yes

BANKING SERVICES

The Bank, in executing its mandate of being the Banker to the Government, ensured the timely processing of domestic EFT transactions during 2019. During 2019, the Bank noted a decrease in EFT payments[9] effected by the Government. The total volume of EFT payments effected amounted to 2 190 972, in comparison to 2 430 757 in 2018 (see Table A.8), which equates to a decline of 9.9 percent.

TABLE A.8 GOVERNMENT EFT PAYMENTS

Calendar year	EFT transfers (volume)	EFT transfers (value N$)
2015	2 395 920	27 332 351 655
2016	2 545 720	31 365 656 013
2017	2 321 348	26 465 988 529
2018	2 430 757	23 298 805 112
2019	2 190 972	25 096 469 490

The Bank ensured timely and accurate processing of the local and foreign payments on behalf of the Government. A marginal reduction of 0.7 percent was recorded in the number of foreign transfers effected on behalf of the Government compared to the preceding financial year. The total number of foreign transfers[10] processed in 2019 amounted to 1 603 in comparison to 1 614 in 2018, as shown in Table A.9. Equally, a decline was noted with the number of local transfers[11] processed in 2019, down to 884 from 1 009 in 2018, which translates to a reduction of 12.4 percent.

TABLE A.9 VOLUME OF LOCAL AND FOREIGN TRANSFERS BY THE GOVERNMENT

Calendar year	Local transfers (Volume)	Foreign transfers (Volume)
2015	978	2 366
2016	1 153	2 173
2017	1 052	1 720
2018	1 009	1 614
2019	884	1 474

The Bank recorded a 100 percent reduction in the volume of cheque transactions in 2019, in comparison to the preceding year. The Government complied with the industry cheque phasing out strategy by already discontinuing the use of cheques in 2018 (Table A.10). No cheques were therefore processed during the 2019 financial year.

TABLE A.10 GOVERNMENT CHEQUES PROCESSED

Calendar year	Volume	Change (% decrease)/% increase
2015	229 050	-1.1%
2016	219 675	-4.1%
2017	88 707	-59.6%
2018	423	-99.5%
2019	0	-100.0%

9 The electronic transfer of low-value payments to and from the Government via the Bank of Namibia's EFT System.

10 These are electronic transactions effected by the Bank on behalf of the Government to foreign beneficiaries using the Swift system.

11 Local transfers are electronic payments effected by the Bank on behalf of the Government to local beneficiaries using the Namibian Interbank Settlement System (NISS).

During the 2019 financial year, the Bank continued to ensure that all the Government's payments processed were in compliance with the anti-money laundering and counter terrorism financing laws as outlined in the Financial Intelligence Act (Act No. 13 of 2012), as amended. No suspicious transactions were noted during the period under review.

ISSUANCE OF GOVERNMENT DEBT

As an agent for issuing Government debt securities, the Bank continued to offer both short and long-dated debt instruments at primary auctions. This is intended to assist the Government to finance the deficit from the National Budget in an orderly manner and simultaneously to support its efforts and commitment towards financial market development. During 2019, the Bank of Namibia held several auctions for both short-term and long-term Government debt instruments. The Government also introduced an additional Inflation-Linked Bond (GI36) and two longer-dated Fixed-Income Bonds (GC43 and GC50) which will mature in 2036, 2043 and 2050, respectively. The Government managed to switch N$2.3 billion of the N$3.1 billion outstanding on the GC20 into longer dated instruments during 2019. As at 31 December 2019, the outstanding balance in the GC20 amounted to N$773.15 million. The GC20 is due to mature on 15 April 2020.

CURRENCY OPERATIONS

During the period under review, the Bank continued to supply the Namibian market with sufficient, good quality currency of all denominations at all times. One of the main strategic objectives of the Bank is to ensure that banknotes in circulation continue to meet the needs of the Namibian market and that the national currency is resilient to counterfeiting. The Bank oversaw the complete life cycle of the national currency, which includes the production, quality control, distribution and destruction thereof. All unfit, soiled or mutilated banknotes are deposited by the commercial banks with the Bank for destruction.

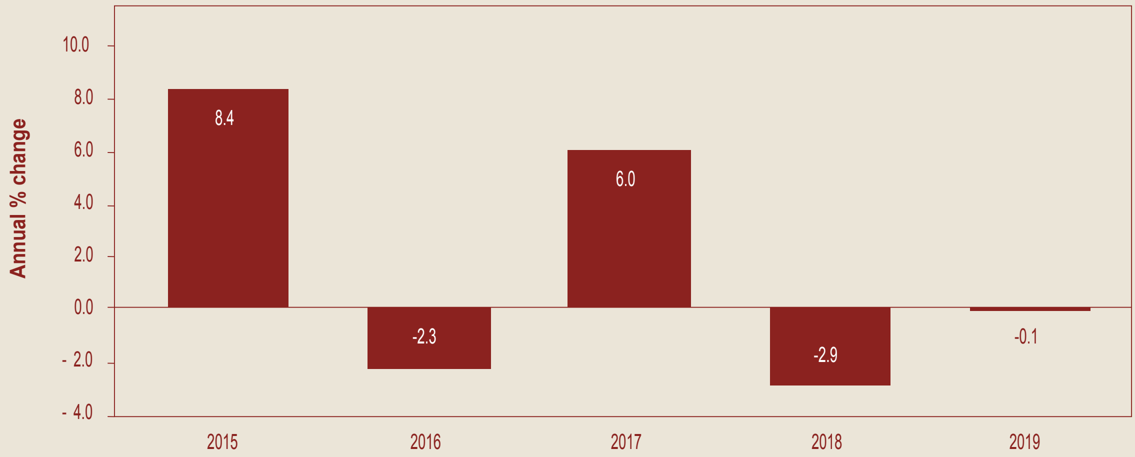
During the review period, a slight decrease was noted in the volume of total currency in circulation. The total volume of banknotes in circulation decreased by 0.2 percent in 2019, to 50.1 million pieces, compared to the increase of 3.3 percent to a level of 50.7 million pieces recorded in 2018. The volume of coins in circulation in 2019 increased by 1.7 percent over the year, compared to the 2.9 percent increase recorded for 2018. Overall growth was observed for all coin denominations during the 2019 year (see Figure A.3 and Table A.11).

The value of currency in circulation in 2019 remained almost at the same level as in 2018. The total value of currency in circulation stood at N$4.5 billion at the end of 2019, essentially unchanged from that recorded at the end of 2018.

The N$200 banknote denomination was the most issued in 2019, with an outstanding stock of 13.4 million notes. The aforesaid banknote denomination recorded a 3.4 percent increase in the value of notes in circulation in 2019, whereas 2018 recorded negative growth of 2.2 percentage. Moreover, the N$20, N$50 and N$100 banknote denominations all recorded negative growth in value of notes in circulation, with percentage changes of -5.5 percent, -2.7 percent and -7.7 percent, respectively. The N$10 banknote denomination displayed a 4.5 percentage growth in value of notes in circulation.

FIGURE A.3 GROWTH OF CURRENCY IN CIRCULATION

A reduction was noted in the total currency in circulation during the review period compared to the previous financial year.



The Bank discontinued the minting of the five-cent coin during the 2019 financial year as its production cost exceeded its face value. The five-cent coin denomination will remain legal tender and will continue to be used as a medium of exchange for goods and services in Namibia.

TABLE A.11 COMPOSITION OF CURRENCY IN CIRCULATION (31 DECEMBER)

Denomination	2018		2019		% change in value
	Value (N$ million)	Volume (million)	Value (N$ million)	Volume (million)	
5c coin	13.4	267.8	13.9	277.7	3.7
10c coin	19.8	197.6	20.4	204.4	3.4
50c coin	15.8	31.6	16.1	32.1	1.8
N$1 coin	112.3	112.3	113.3	113.3	0.9
N$5 coin	64.3	12.9	65.9	13.2	2.5
N$10 coin	16.8	1.7	16.8	1.7	0.3
TOTAL - COINS	**242.3**	**623.9**	**246.4**	**642.4**	**1.7**
N$10 notes	103.7	10.4	108.4	10.8	4.5
N$20 notes	198.6	9.9	187.6	9.4	-5.5
N$50 notes	365.0	7.3	355.1	7.1	-2.7
N$100 notes	1 014.1	10.1	936.0	9.4	-7.7
N$200 notes	2 597.4	13.0	2 684.6	13.4	3.4
TOTAL - NOTES	**4 278.8**	**50.7**	**4 271.8**	**50.1**	**-0.2**
GRAND TOTAL	**4 521.2**	**674.6**	**4 518.2**	**692.5**	**-0.1**

The quality of currency in circulation remained a key strategic area for the Bank during 2019. The value of new banknotes issued during the 2019 financial year amounted to N$2.6 billion, compared to the N$1.7 billion issued in 2018. The 52.9 percent increase in the issuance of new banknotes is directly correlated to the withdrawal of unfit banknotes from circulation. Furthermore, the Bank checked the authenticity and fitness of banknotes for recirculation, which subsequently resulted in the withdrawal of 41.8 million banknote pieces with a face value of N$2.5 billion in 2019, compared to 29.2 million pieces with a face value of N$1.6 billion in 2018.

In 2019, an increase was recorded in the value of Rand notes repatriated to South Africa compared to

2018. In accordance with the Bilateral Common Monetary Agreement between Namibia and South Africa dated 14 September 1993, the Bank of Namibia is required to repatriate to the South African Reserve Bank any Rand banknotes that are deposited in Namibia. The commercial banks continue to repatriate the South African rand coins on behalf of the Bank of Namibia to South Africa. The Bank repatriated a total of R225 million rand notes to South Africa, compared to R150 million in 2018, which equated to an increase of 50.0 percent. Rand repatriation values and the value of Namibia Dollars in circulation over the past five reporting years are presented in Table A.12.

TABLE A.12 REPATRIATION OF SOUTH AFRICAN RAND BANKNOTES AND NAMIBIA DOLLAR BANKNOTES IN CIRCULATION

Calendar Year	Value of Rand repatriation		N$ in Circulation	
	Rand (million)	Change in value (percent)	N$ (million)	Change (percent)
2015	450.0	-53.8	4 495.8	8.4
2016	600.0	33.3	4 394.5	-2.3
2017	225.0	-62.5	4 658.5	6.0
2018	150.0	-33.3	4 521.2	-2.9
2019	225.0	50.0	4 518.2	-0.1

The Bank noted a decrease in the number of counterfeit banknotes detected in 2019 compared to 2018. The total number of counterfeit Namibia Dollar banknotes detected in 2019 decreased to 339 pieces, compared to 602 pieces recorded in 2018 (Table A.13). The N$200 banknote was the most targeted denomination by the counterfeiters, accounting for 37.4 percent of total counterfeits detected in 2019.

In 2019, a significant reduction was recorded in the number of counterfeits per million in respect of all Namibia Dollar banknote denominations in circulation, which stood at seven pieces of counterfeit per million banknotes. This number is far below the international benchmark of 70 banknote pieces per million banknotes in circulation. The Bank continued the implementation of its Counterfeit Management Framework by carrying out counterfeit awareness and deterrence activities with key stakeholders such as retailers and law enforcement agencies.

TABLE A.13 COUNTERFEIT NAMIBIA DOLLAR BANKNOTES

Denomination	Number of counterfeit banknotes detected					Counterfeits per single denomination per million notes in 2018	Counterfeits per single denomination per million notes in 2019
	2015	2016	2017	2018	2019		
N$10	4	0	2	5	1	0.5	0.1
N$20	7	11	24	64	21	6	2
N$50	33	29	74	214	97	29	14
N$100	169	38	81	130	92	13	10
N$200	252	199	259	189	128	15	10
TOTAL	**465**	**277**	**440**	**602**	**339**	**12**	**7**
Total counterfeits per million notes for all denominations	9	6	9	12	7		

STRATEGIC OBJECTIVE 5: PROMOTE A POSITIVE REPUTATION

INITIATIVES AND STRATEGIES	STRATEGIC OUTCOMES	ACTUAL OUTCOMES	STRATEGIC OBJECTIVE ACHIEVED (YES/NO)
5.1 Enhanced corporate image	Positive media tone of more than 80 percent based on systematic media analysis	The Bank achieved a positive media tonality of 97 percent for the period under review.	Yes
	Achieve 70 percent attendance of targeted audience at Bank events	The events hosted by the Bank continued to be well subscribed with attendance above the 70 percent audience target.	Yes
	Stakeholder confidence in the Bank measured by satisfaction of > 80 percent based on minimum response rate of 70 percent	The average stakeholder satisfaction rate was 83.5 percent, based on a response rate of 72 percent, as measured through the 2019 External Stakeholder Perception Survey.	Yes

ENHANCED CORPORATE IMAGE

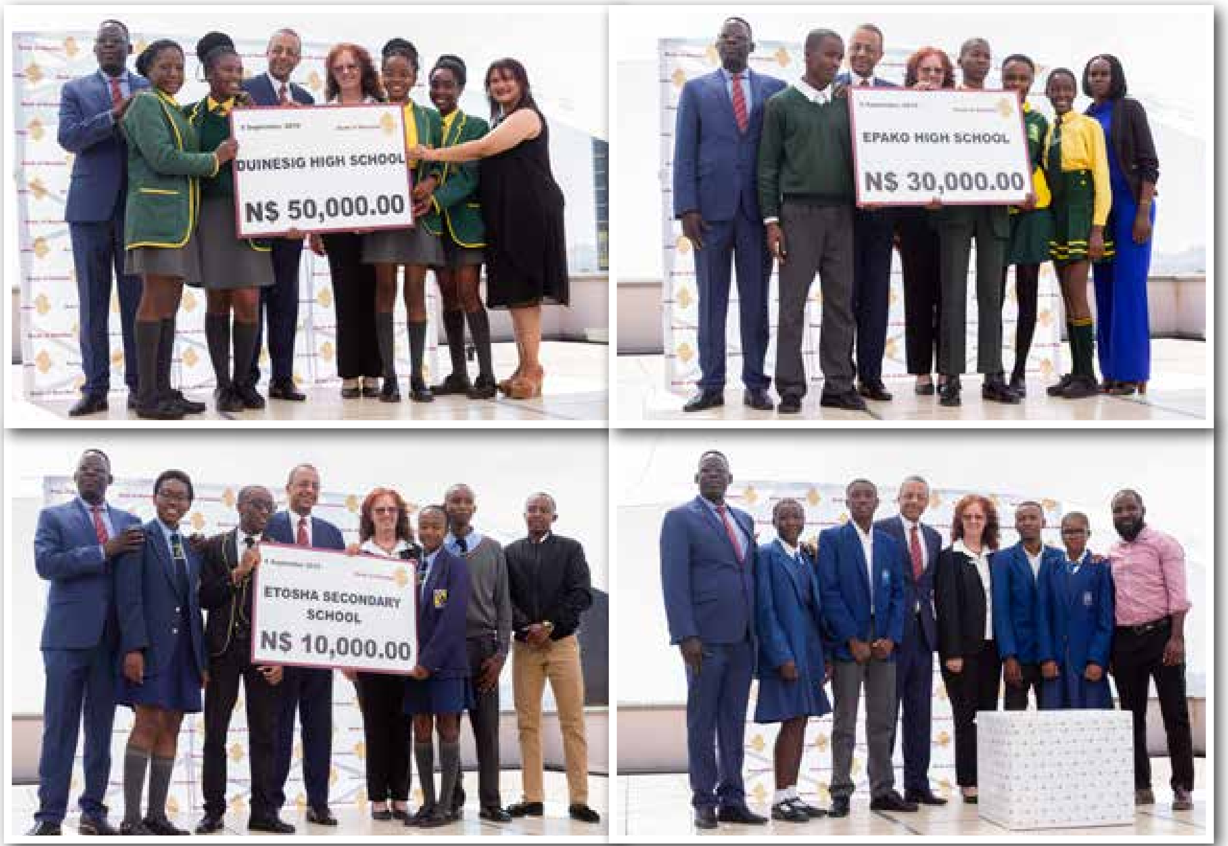
The Bank of Namibia maintained its positive corporate image by building and maintaining long-term relationships with various stakeholders, policymakers and opinion leaders. During the year under review, the Bank recorded 97 percent positive media tonality based on a systematic media analysis of news articles featuring the Bank and its activities. Events organised by the Bank continued to attract stakeholders. During the year, the Bank undertook an externally-run Stakeholder and Customer Satisfaction Survey to assess the strength of the Bank's relationship with its stakeholders. The overall perception performance rating improved to 84 percent from 78 percent recorded in the last Survey, which was conducted in 2015.

PUBLIC EDUCATION

The Bank has undertaken to raise its profile amongst the general public by creating awareness of its role. The Bank's Public Education Programme continued to educate various stakeholders on issues relating to its functions, role and operational activities. To fulfil this role in 2019, the Bank carried out the activities outlined below.

The Bank hosted its biennial National High School Competition, which is held in view of the need to educate learners on the functions of the Bank, the economy and financial literacy matters. The competition is jointly organised with the Ministry of Education, Arts and Culture, and attracts the participation of schools from all 14 regions of Namibia, with regional competitions proving to be popular according to an evaluation conducted among learners and teachers. The competition brings together learners in teams of four who participate in a quiz on topics ranging from economics and finance to central banking functions. An impressive 716 learners from 179 schools located in all 14 regions of the country participated in the competition in 2019.

In 2019, Duinesig High School from the Erongo region emerged as the overall winner of the Competition, taking home N$50 000. The first runner-up, Epako High School from Omaheke Region, was awarded N$30 000. Etosha Secondary School, from Oshikoto Region, took the third place and received a cash prize of N$10 000, while Dr. Romanus Kampungu Senior Secondary School from Kavango East came in the fourth place and was awarded a printer for the school. A recording of the competition was broadcast on One Africa Television.



Deputy Governor Ebson Uanguta, Dr. Postrick Mushendami (Head Judge), and Acting Deputy Executive Director: Ministry of Education, Arts and Culture, Ms Eda Bohn (centre), photographed with the winning teams of the 2019 Bank of Namibia National High School Competition

During the year, staff members participated in the inaugural Bank of Namibia Ambassador Programme. The initiative aims to inspire social investment and responsibility among staff members of the Bank by volunteering to deliver talks at schools countrywide, while boosting the Bank's public education efforts to foster a better understanding of the central bank. With the exception of those who choose economics as a school subject or participate in the National High School Competition, many learners have no contact with or knowledge of the central bank, despite the significant role that it plays in the economy. The Ambassador Programme therefore aims to reach learners and their communities by encouraging staff members of the Bank to give talks at a secondary school of their choice. In addition to sharing information about the role of the Bank, the talks would also focus on opportunities offered by the Bank such as the bursary and scholarship schemes, the Graduate Accelerated Programme, and internships. Lastly, the talks seek to uplift learners and motivate them to consider a career in central banking and become productive citizens. The Programme reached learners in Kunene, Khomas and Hardap regions in 2019.

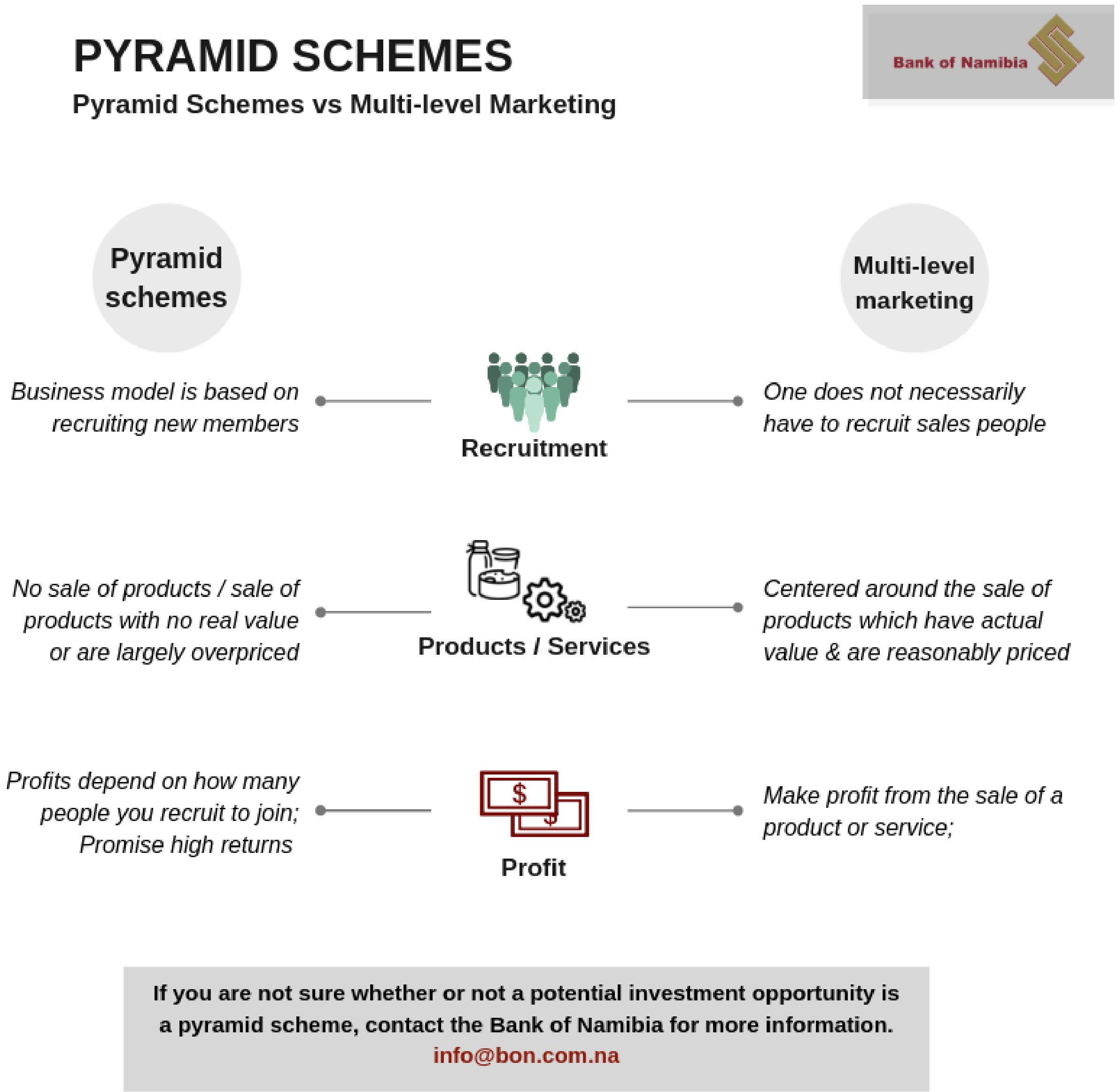
Learners at the Goreangab Junior Secondary School in Khomas Region listening attentively to a talk delivered by an Ambassador of BoN

The annual Media Economic Reporting Workshop was hosted in July 2019. The Bank continued to refresh media practitioners on reporting about business and economic topics and on the role of the central bank in the economy, through an intensive two-day workshop. The 2019 workshop was restructured with the objective of fostering a better understanding of the central bank functions, while providing journalistic tools for accurate reporting and interpretation of publications released by the Bank. The workshop was conducted over two days in July 2019 with 20 participants, including journalists from both print and broadcast media institutions, and journalism and media students from local tertiary institutions.

Deputy Governor Ebson Uanguta (centre) and Director of Exchange Control and Legal Services, Bryan Eiseb (far left), photographed with participants at the 2019 Media Economic Reporting Workshop

In an effort to comprehensively cater for all readers of the Bank's publications, a method was introduced to simplify the content of selected publications. This method, referred to as "the layering of messages", aims to provide the reader with information that is simplified, clear and easy to comprehend. This is done by providing infographic representations of key messages. This approach is demonstrated in messages on Pyramid Schemes and on economic and financial developments as covered in the Quarterly Bulletin and

Economic Outlook, as well as the Money and Banking Statistics Reports. These messages were appropriately packaged for and disseminated through the Bank's corporate social media platforms during the year.



An infographic designed to make information easily accessible to the general public

CORPORATE SOCIAL RESPONSIBILITY AND INVESTMENT

As a responsible corporate citizen, the Bank places Corporate Social Responsibility and Investment at the heart of its interactions with stakeholders. With the aim of creating sustainable development opportunities for the greater good of society, the Bank has identified general education and the Technical and Vocational Education Training sector as focal areas of its Corporate Social Responsibility and Investment programme. In 2019, the Bank signed a Memorandum of Understanding with the Namibia Training Authority (NTA) providing for assistance of N$4.5 million to support the apprenticeship programme of the NTA over a three-year period (2019–2021). The 50 apprentices who will benefit from the programme will undergo intensive, on-the-job training incorporating theoretical training in the areas of agriculture, tourism and auto-mechanics.

Deputy Governor Ebson Uanguta and Chief Executive Officer: Namibia Training Authority, Mr Jerry Beukes, at the signing ceremony of the apprenticeship programme Memorandum of Understanding

The Bank granted bursaries to deserving Namibian students, enabling them to pursue undergraduate and postgraduate degrees in areas relevant to the operations of the Bank.

Deputy Governor Ebson Uanguta (middle) and Director of Human Resources, Lea Namoloh (far left) with the 2019 undergraduate bursary recipients

Eleven new undergraduate bursaries and one post-graduate scholarship were awarded to Namibian students to study at recognised institutions within the SADC region in the fields of Accounting/Finance, Economics, Actuarial Science, and Education (Accounting and Science), which brought the total number of undergraduate bursaries to 31 for the 2019 financial year (Table A.14). As part of its corporate social responsibility, the Bank took a deliberate policy decision to sponsor two students every year from marginalised communities. In fulfilment of this commitment, the Bank sought out two deserving students from the San community who were offered bursaries to study at the University of Namibia.

TABLE A.14 NAMIBIAN STUDENTS SPONSORED BY THE BANK'S BURSARY SCHEME

Field of study	Number of students: 2016	Number of students: 2017	Number of students: 2018	Number of Students: 2019
Accounting/Finance	13	10	11	7
Computer Science/IT	2	1	0	2
Economics	8	11	12	16
Actuarial Science	1	2	2	1
Education (Accounting and Science)	4	4	4	3
Environmental Biology	-	-	-	2
Total	**28**	**28**	**29**	**31**

During the year under review, the Bank also sponsored various activities. The sponsorships were targeted at various institutions and efforts that demonstrated the potential to contribute to the attainment of Namibia's developmental, economic and social empowerment goals. Below are some of the major projects and activities that benefited from the sponsorship:

- **A donation of N$100 000 towards the Namibia Economic Growth Summit: In July 2019, the Bank donated N$100 000 towards the hosting of the 2019 Economic Growth Summit, organised by the High-Level Panel on the Namibian Economy appointed by the President.** The Summit was hosted from 31 July to 1 August 2019, under the theme "Economic Revival for Inclusive Growth – Strengthening the Namibian House".

Dr Emma Haiyambo, (Director of Strategic Communications and Financial Sector Development: Bank of Namibia) pictured with Mr. Johannes !Gawaxab (Chairperson: High Level Panel on the Namibian Economy)

- **A Contribution of N$5 Million Towards Drought Relief Efforts: In July 2019, the Bank heeded the call by the Government for institutions and individuals to make contributions towards drought relief efforts after the declaration of a State of Emergency by the President.** The Bank's contribution of N$5 million towards the National Emergency Disaster Fund was in recognition of the fact that the drought conditions affect and threaten the livelihoods of many Namibians and their livestock.

Governor Iipumbu Shiimi hands over a donation to R. H. Dr Saara Kuugongelwa-Amadhila (Prime Minister of the Republic of Namibia) and Mr Japhet Haitenge (Director of Disaster Risk Management: Office of the Prime Minister)

As part of the Nationhood and National Pride Campaign, staff members of the Bank lived up to the Bank's value of CARE by voluntarily donating blood to the Namibia Blood Transfusion Service twice during the year under review. Led by the Governor, staff members participated in the blood donation campaign on 20 May 2019 and 28 November 2019, in order to contribute to efforts to bolster the country's limited supply of blood and thereby help to save lives. On these two occasions staff were further encouraged to become regular blood donors, as only about 1% of the Namibian population donate blood on a regular basis.

Governor Iipumbu Shiimi cheerfully donating blood to the Namibia Blood Transfusion Service in November 2019

STRATEGIC OBJECTIVE 6: PROMOTE FINANCIAL SECTOR DEVELOPMENT

INITIATIVES AND STRATEGIES	STRATEGIC OUTCOMES	ACTUAL OUTCOMES	STRATEGIC OBJECTIVE ACHIEVED (YES/NO)
6.1 Promote financial sector development	Namibia Financial Sector Strategy (NFSS) implementation coordinated in line with agreed implementation action plan	The Bank continued to coordinate and execute initiatives aimed at improving access to finance not only for individuals earning a low income, but also for small and medium enterprises.	Yes

FINANCIAL SECTOR DEVELOPMENT

As Secretariat to the Namibia Financial Sector Strategy (NFSS), the Bank of Namibia remained committed to the effective coordination of the implementation of the NFSS during 2019. The 10-year strategy provides a guide for the achievement of the financial sector reform areas as set out in the various National Development Plans. The Bank continued to play a key role in the coordination and execution of the NFSS during the period under review. The Bank's execution role entails carrying out projects that are in line with the NFSS and the mandate of the Bank, while the coordination role involves the harmonisation of activities of relevant stakeholders as per the action plan, as well as the provision of secretariat services to the governance structure of the NFSS.

Following approval by the Cabinet, the SME Financing Strategy was launched on 6 November 2019 by the Minister of Finance. The Strategy, which is under the stewardship of the Ministry of Finance, comprises three complementary facilities, namely the Credit Guarantee Scheme, the Catalytic First Loss Venture Capital Fund, and the Mentoring and Coaching Programme. The hosting and administration will be facilitated by the Development Bank of Namibia, as delegated by the Ministry of Finance. During the year under review, the Board of Directors of the Bank of Namibia made an additional N$50 million available for the operationalisation of the SME Financing Strategy, bringing the Bank's contribution toward this Strategy to N$70 million. The donated funds will capitalise the Credit Guarantee Schemes and the Venture Capital Fund. The revised Memorandum of Agreement was signed on 6 December 2019 between the Development Bank of Namibia and the Bank of Namibia.

Governor Iipumbu Shiimi and Ms Hanri Jacobs (Chief Financial Officer, Development Bank of Namibia) at the official signing of the Memorandum of Agreement

As part of its executive role, the Bank made remarkable progress in the establishment of the Namibia Deposit Guarantee Authority (NDGA). The NDGA is established in terms of the Namibia Deposit Guarantee Act (Act No. 16 of 2018). Following the promulgation of the Act and the related preparatory work, the Board of Directors for the Authority were appointed for a period of five years, effective 4 September 2019. The mandate of the NDGA is to ensure that most depositors are protected and fully compensated in the event of the failure of a commercial bank, up to a maximum limit, in an efficient, transparent and speedy manner. The Board of Directors held their inception meeting on 5 November 2019. All determinations and regulations to enable the Deposit Guarantee Scheme to become fully operational were adopted by the Board of Directors of the NDGA and will be gazetted early in 2020.

Bank of Namibia staff with the Board of Directors of the Namibia Deposit Guarantee Authority during their inception meeting: (standing, from the left): Mr Petrus Shifotoka (Principal Economist: BoN), Mr. Festus Nghifenwa (Board member: NDGA), Mr Ulrich Eiseb (Board member: NDGA), Mr. Iipumbu Shiimi (Governor: BoN), Mr Ebson Uanguta (Deputy Governor: BoN and Chairperson: NDGA Board), Mr Emile Van Zyl (Technical Advisor to the Governor: BoN); (seated, from the left): Ms Linda Dumba Chicalu (Board member: NDGA) and Dr Emma Haiyambo (Director of Strategic Communication and Financial Sector Development: BoN and Head of the NDGA)

One of the initiatives advocated by the NFSS is to conduct a skills-needs assessment for the financial sector of Namibia and implement a skills development plan. The skills assessment is deemed necessary to assist with the identification of current skills gaps and future needs of the sector, with a view to establishing a skills development plan. The findings and recommendations of a study undertaken by the Bank, including the skills development plan, were approved by the Financial Inclusion Council. As a coordinator, the Bank further requested that the various industries within the financial sector provide a set of critical skills-needs, which were submitted to a number of key institutions of higher learning for incorporation in their curricula and programme development. The Bank will continue to coordinate engagements between the financial sector and the institutions of higher learning in pursuit of the goals of this important undertaking.

As part of its coordination role, the Bank continued to serve on both the Executive Committee and the Tender Committee of the National Financial Literacy Initiative in 2019. Furthermore, the Bank served on a working group that was specifically set up for the drafting of the National Policy on Financial Education. This Policy will outline a clear vision focused on the identification, planning, and coordination of national financial education programmes countrywide, as well as on the necessary institutional arrangements to implement financial literacy programmes. It will further direct all stakeholders to align their financial initiatives and take full responsibility for the achievement of the targeted outcomes of the NFSS. Additionally, the policy will hold all stakeholders equally accountable for their responsibilities regarding financial education. The draft policy has been developed and is currently being reviewed in stakeholder consultations.

The Bank and other relevant institutions supported NAMFISA in drafting the Consumer Credit Policy, which will inform the drafting of the Consumer Credit Bill. The drafting of the Policy, and thereafter the Bill, is under the stewardship of NAMFISA, in collaboration with representatives from the Bank of Namibia, the Ministry of Finance and the Ministry of Industrialisation, Trade and SME Development. During the review period, background research work was concluded, and the draft policy paper was submitted to the Steering Committee for approval and public consultation. The Consumer Credit Bill will consolidate outdated laws regulating consumer credit, such as the Credit Agreements Act (Act No. 75 of 1980), as amended, and the Usury Act (Act No.73 of 1968), as amended, and once enacted, it will regulate all consumer credit-related issues in Namibia.

STRATEGIC OBJECTIVE 7: ENHANCE CONTRIBUTION TOWARDS SUSTAINABLE ECONOMIC GROWTH

INITIATIVES AND STRATEGIES	STRATEGIC OUTCOMES	ACTUAL OUTCOMES	STRATEGIC OBJECTIVE ACHIEVED (YES/NO)
7.1 Deliver and assist with implementation of relevant and high-quality policy advice	>80% of national economic policy advice accepted and 60% implemented within a period of five years	88 percent of national economic policy advice was accepted and implemented during the period under review.	Yes
7.2 Deliver innovative and quality research output	At least one of the working and occasional papers per year should be published in a peer reviewed journal and presented at conferences in Namibia	Two research papers were published in peer reviewed journals: *Macroeconomic variables and the current account balance in an open economy: evidence from Namibia* (2019). Journal for Studies in Economics & Econometrics (SEE), Volume 43, No. 2. *The Output Gap and Potential Output in Namibia*. Journal of Economics and Behavioral Studies, 11(5(J)), 69-75.	Yes
7.3 Promote regional integration	Advice on regional integration matters accepted and implemented	The Bank has been made responsible for implementing seven of the eleven annexes of the SADC Finance and Investment Protocol; the implementation progress was monitored in 2019.	Yes

POLICY RESEARCH AND ADVICE

As part of its statutory mandate, the Bank is required to provide policy advice to the Government. In this regard, the Bank conducts economic and financial research, as well as other research of strategic importance. The main aim of the research undertaken by the Bank is to inform specific policy direction and actions. The following is a summary of activities and research carried out in 2019:

On 19 September 2019, the Bank held its 20th Annual Symposium, under the theme "Escaping the middle-income trap: A perspective from Namibia". Several policy recommendations emanated from the symposium:

(i) If Namibia wishes to be an industrialised nation by 2030, the country will have to invest heavily in niche manufacturing of complex goods.

(ii) Rising capability to introduce new and improved technologies will enable Namibia to sustain productivity growth over time.

(iii) Namibia needs to prioritise its development undertakings, by focusing on activities with the most developmental impact. Despite the many challenges that face the country, disbursing resources to fix everything will spread resources too thinly. Namibia should decide on what is most important that will effectively transform the economy and focus resources on those.

(iv) The private sector plays a vital role in any economy, and as such the Government should ensure an environment that is conducive to the efficient functioning of the private sector. This inherently implies creating a business-friendly environment for private sector activities, which is free of distortions and underpinned by efficient public institutions and transparent regulatory frameworks, thereby enhancing the competitiveness of the Namibian economy.

Furthermore, on an annual basis the Bank provides the Ministry of Finance with technical advice on Government debt sustainability. Debt sustainability analysis is an important element in the macroeconomic analysis of fiscal policy. A careful analysis of Namibia's macroeconomic and fiscal indicators confirms the need for the Government to stick to its fiscal consolidation plans and to minimise further borrowing. The recommendations include that overall government expenditure be set on a stable path, aligned with expected smoothed government revenue; and that future borrowing should be strictly for growth-enhancing projects with high economic returns.

ESCAPING THE MIDDLE-INCOME TRAP – A PERSPECTIVE FROM NAMIBIA

INTRODUCTION

The Bank of Namibia held its 20th annual symposium at the Safari Court Hotel on 19 September 2019 under the theme: "Escaping the Middle-Income Trap – A Perspective from Namibia". The selection of the theme stemmed from the disappointing growth record in Namibia since 2016 that has given rise to the notion that Namibia might be in a middle-income trap. GDP growth rates had been on an upward trajectory over a number of years, averaging 3.5 percent between 1990 and 1999, then increasing to 4.3 percent between 2000 and 2009. Between 2010 and 2015, the average growth rate picked up further to 5.7 percent, mainly due to an expansionary fiscal policy and the development of large mines. However, since 2016, real GDP has contracted as the temporary stimulus from the construction of mines and public sector infrastructure dissipated, and the Government undertook significant fiscal adjustments to stabilise public debt dynamics. It is against this backdrop that the symposium was organised under this theme, in the hope of finding solutions on how to avoid the middle-income trap, and to become a high-income economy through sustained economic growth.

The 20th annual symposium aimed to achieve the following objectives:

(i) to ascertain if Namibia is indeed in a middle-income trap;

(i) to determine what kind of activities or sectors Namibia should target, as the understanding is that the country needs to be focused, and cannot be good at everything; and

(i) to learn from countries that have successfully moved to higher income levels and significantly improved the living standards of their citizens.

These issues were addressed through presentations given by local and international speakers, supplemented by a discussion by a panel comprised of representatives from international organisations, the private sector and the Government. The papers and discussions raised several options with regards to increasing growth in Namibia. Below is a summary of the key policy issues that emerged from the symposium.

KEY POLICY ISSUES EMANATING FROM THE SYMPOSIUM

(i) Develop niches in complex products in manufacturing

If Namibia wishes to be an industrialised nation by 2030, the country will have to invest heavily in the niche manufacturing of complex goods. What a country produces and exports determines its wages (income): therefore, Namibia needs to become involved in the manufacturing of complex products that have a high income elasticity of demand. Policies to enhance industrialisation should be deliberate and relentless, supported by political will and capabilities.

ii) Attract foreign direct investment (FDI) inflow that will increase technological progress in the country

A rising capacity to introduce new and improved technologies will enable Namibia to sustain productivity growth over time. For example, the Republic of Korea and Taiwan Province of China, the technological leaders in the developing world, adopted highly interventionist strategies on trade and domestic resource allocation, with a clear preference for promoting indigenous enterprises and deepening local capabilities.

iii) Increase modern tradable services

Modern services have high wages as they have high elasticity of demand. In order to transform the economy, there is a need to increase the amount of money to be spent in the country, and since modern services have high wages, it is important to invest in modern tradable services which increase employment in the country, and can also be exported.

iv) Focus on fixing only a few objectives and not everything at once

Namibia needs to prioritise its development undertakings, by focusing on activities with the most developmental impact. Despite the many challenges that face the country, disbursing resources to fix everything will spread resources too thinly. Namibia should decide on what activities are most important because they will effectively transform the economy, and focus resources on these. The Asian economies picked only a few activities that offered significant technological benefits and linkages, and these helped transform their economies.

v) Enhance the private sector to be an engine of future growth

The private sector plays a vital role in any economy, and as such the government should ensure an environment that is conducive to the efficient functioning of the private sector. This will require creating a business-friendly environment for private sector activities which is free of distortions and is underpinned by efficient public institutions and transparent regulatory frameworks. Doing so will certainly enhance the competitiveness of the Namibian economy.

vi) Enhance laws that enable the importation of skilled labour

Introduce and enforce the implementation of enabling laws that attract foreign labour with critical skills. In instances of critical skills shortages in Namibia, the laws should be conducive to enable obtaining the necessary critical skills from abroad. As such, focus should be on foreign skills that complement rather than substitute local labour. This will enable knowledge spill-overs, i.e. the desire to obtain knowledge on key technologies that are not yet nationally available. Immigration policies should therefore be accommodating to enable the country to import the needed skills.

POLICY RECOMMENDATIONS

Several options with regards to increasing growth in Namibia were proposed:

(i) The private sector plays a vital role in any economy, and the Government should therefore ensure an environment that provides certainty and is conducive to the efficient functioning of the private sector.

(i) In instances of critical skills shortages in Namibia, laws, regulations and practices should be conducive to the obtaining of the necessary critical skills from abroad.

(i) Namibia's education system needs to be linked with industrial targets: The public and private sectors, as well as academia, should have open and honest dialogue on how to take the country forward.

INTERNATIONAL AND REGIONAL COOPERATION

The Bank continued to collaborate with international and regional stakeholders during 2019. The Bank collaborated with other central banks, the IMF and the World Bank Group (WBG), and the Alliance for Financial Inclusion at an international level. At the continental level, the Bank, as a member of the Association of African Central Banks (AACB), participated in the meetings and symposium of the AACB. Furthermore, the Bank continued to participate in SADC activities through the Committee of Central Bank Governors (CCBG) and the Macroeconomic and Financial Management Institute of Eastern and Southern Africa (MEFMI). As has become the norm, the Bank also actively participated in CMA and SACU activities. The details of each cooperation arrangement are presented below.

COOPERATION WITH THE INTERNATIONAL MONETARY FUND AND THE WORLD BANK GROUP (WBG)

The Bank took part in the annual meetings of the Boards of Governors of the IMF and the WBG in 2019. The annual meetings were held in Washington, DC, 14–20 October 2019. The annual meetings bring together central bankers, ministers of finance and development, parliamentarians, private sector executives, representatives from civil society organisations and academics to discuss issues of global concern, including the world economic outlook, poverty eradication, economic development, and aid effectiveness. In 2019, it was noted that the WBG, in cooperation with the IMF, considered how they could help emerging and low-income countries bolster potential growth, increase their resilience to shocks, boost domestic revenues and continue building policy buffers. In order to strengthen its existing bilateral agreements, the Bank also used the opportunity to engage with its counterparts in central banking, as well as relevant departments at the two Bretton Woods institutions.

INTERNATIONAL MONETARY FUND

As part of its annual engagements with the IMF, in 2019 the Bank again participated in the annual surveillance activities of the IMF Article IV mission under the Articles of Agreement. The IMF Article IV mission engaged the Bank, parastatals and relevant Government institutions on issues pertaining to financial stability, real sector developments, the economic outlook, monetary policy and the financial sector, the anti-money laundering and combating of terrorism financing regime, and balance of payments (BOP) developments. Through its surveillance activities, the IMF monitors economies and provides policy advice to its member states in order to identify weaknesses that are causing or could lead to financial or economic instability.

The Regional Technical Assistance Center in Southern Africa (AFRITAC South – AFS) offered specialised training to the Bank in 2019. The IMF offers training through AFRITAC South, and Bank staff members attended training on fiscal policy analysis, monetary policy and exchange rate regimes, and macroeconomic diagnostics. Several staff members have attended these training sessions that are usually hosted by Mauritius, where the AFRITAC South – AFS is based. In-country technical assistance was afforded to Namclear as a financial market infrastructure (FMI), and the Bank in its capacity as a regulator. The technical assistance focused on Principles for Financial Market Infrastructure, particularly on FMI Risk Management and Oversight, and was provided by AFRITAC South, in conjunction with the World Bank.

WORLD BANK GROUP

The WBG's Reserves Advisory and Management Program offered specialised training to staff of the Bank in 2019. The Bank has had an investment management and consulting agreement with the Reserves Advisory and Management Program since May 2008. In terms of the Program, the Bank receives certain technical advisory and asset management services. For the year under review, the staff members of the Bank received on-site training on Credit Risk Management, Fundamentals of Asset Allocation, Investing in Chinese Financial Markets, and Risk Budgeting and Operational Risk Management. In addition, staff members attended a workshop on the Portfolio Analytics Tool as well as in-house training on Strategic Asset Allocation.

COOPERATION WITH THE ALLIANCE FOR FINANCIAL INCLUSION

As a member of the Alliance for Financial Inclusion (AFI), the Bank continued to participate in relevant AFI activities and programmes during the year under review. The AFI is a member-owned global network that promotes and develops evidence-based policy solutions to challenges faced by member countries. The Bank participates in the Alliance's activities as a primary member. The highlight for 2019 was the Bank's participation at the 2019 AFI Global Policy Forum (GPF) from 11–13 September 2019 in Kigali, Rwanda. Hailed for its gender equality policies and equal participation of women in all spheres of life, the 2019 GPF showcased the experience of Rwanda and highlighted how the use of technology has brought progress in financial inclusion for the most vulnerable groups, especially women and the youth. The GPF adopted two model policies, namely a model policy on electronic money (E-money) and a model policy on core datasets. Since the adoption of the Denarau Action Plan at the 2016 GPF, AFI member countries have pledged to cut the gender gap in half by 2021 within their respective jurisdictions. The 2019 GPF was thus an occasion to take stock of the progress made and set out steps ahead to reach the goal of halving the financial inclusion gender gap.

COOPERATION WITH THE ASSOCIATION OF AFRICAN CENTRAL BANKS (AACB)

The Bank actively participated in the activities of the AACB in 2019. As has become the norm, officials from the Bank attended the 42nd ordinary meeting of the AACB Assembly of Governors held in August 2019 in Kigali, Rwanda. The AACB hosted its annual symposium under the theme: "'Rising African Sovereign Debt: Implications for Monetary Policy and Financial Stability". In addition, the Bank took part in the activities of the Community of African Banking Supervisors (CABS) and attended meetings of the CABS Working Group on Cross-border Banking Supervision.

COOPERATION WITH THE MACROECONOMIC AND FINANCIAL MANAGEMENT INSTITUTE OF EASTERN AND SOUTHERN AFRICA

The Bank attended the annual meetings of the Board of Governors of the Macroeconomic and Financial Management Institute of Eastern and Southern Africa (MEFMI) during the IMF/WBG annual meeting in 2019. As has become tradition, the MEFMI meetings preceded the IMF and WBG annual meetings in Washington DC in October 2019. The three institutions, namely MEFMI, the IMF and the WBG, collaborate in providing training in the areas of debt management, macroeconomic management and financial sector management.

COOPERATION WITH THE COMMITTEE OF CENTRAL BANK GOVERNORS IN THE SADC

As a member central bank, the Bank continued to participate in activities of the Committee of Central Bank Governors in SADC (CCBG) in 2019. Staff members of the Bank attended two CCBG meetings that were held in South Africa and Madagascar in 2019. At these meetings, the governors discussed economic and financial developments in the SADC region, as well as the SADC's progress towards monetary integration. The CCBG also discussed other important issues, such as SIRESS, settlement currencies for SIRESS, and a clearing house for low-value electronic EFTs.

COOPERATION WITH COMMON MONETARY AREA STRUCTURES

The Bank continued its active participation in CMA activities and related issues. The purpose of the CMA central bank governors' meetings was to assess recent economic developments in member countries as well as global economic developments and their potential impact on the CMA economies. In addition, the meetings discussed issues related to payment systems, exchange control, banking regulation and supervision, and financial stability. Moreover, common risks and challenges confronting CMA countries and policy options to address these risks and challenges were also part of the discussions. The three meetings that were held in 2019 were hosted by the central banks of South Africa, Eswatini and Lesotho, in February, July and November, respectively.

COOPERATION WITH THE SOUTHERN AFRICAN CUSTOMS UNION

The Bank continued to provide its technical support to the Namibian Government on SACU-related matters during 2019. The Bank participated in meetings of Finance and Audit Committee, and Senior Trade Officials during 2019.

BILATERAL COOPERATION WITH OTHER CENTRAL BANKS

The Bank of Namibia and Banco Naçional de Angola strengthened relations through a Memorandum of Agreement regarding areas of central banking. The two banks signed the agreement on 20 November 2019. The agreement provides for cooperation in the areas of exchange control administration; financial market and foreign reserve management; economic research; banking supervision and regulation; payment systems management; financial sector development; and other areas which the sister institutions consider to be important.

STRATEGIC OBJECTIVE 8: OPTIMISE ORGANISATIONAL EFFICIENCY AND COST-EFFECTIVENESS

INITIATIVES AND STRATEGIES	STRATEGIC OUTCOMES	ACTUAL OUTCOMES	STRATEGIC OBJECTIVE ACHIEVED (YES/NO)
8.1 Manage risk effectively	All gaps identified and mitigating strategies for medium and high risks implemented within the agreed time frame	The 2019 Audit Plan was executed. Sufficient audit coverage was obtained, areas of improvement were highlighted, and an action plan is in place. As at 31 December 2019, the cure rate for the audit findings was 99.4 percent, and 100 percent for the risk actions. 21 operational risk incidents were reported, vs. 22 in 2018.	Yes
8.2 Ensure that the Bank can function in the event of a disaster (business continuity (BC))	A tested Crisis Management Plan is in place	Two BC plan exercises were conducted at the Disaster Recovery Site and the 2-hour recovery time targets were met. The first ever Unannounced BC plan exercise to validate that the Bank's business continuity planning process remains viable was carried out in 2019.	Yes
8.3 Enhance a high-performance-driven culture which lives the Values of the Bank and strategic talent management	The Bank achieves all (100 percent) of its goals	99 percent of the stated goals were achieved.	No
	100 percent of staff members live the Bank's Values	100 percent of the Bank's staff were found to be living its Values.	Yes
	95 percent of the critical talent of the Bank are retained	The Bank retained 100 percent of its critical staff in 2019.	Yes
8.4 Manage the Bank's financial resources and affairs in a prudent manner	Annual Financial Statements in compliance with BoN Act and IFRS.	The Bank consistently obtained an unqualified Audit Report, in compliance with International Financial Reporting Standards.	Yes

INITIATIVES AND STRATEGIES	STRATEGIC OUTCOMES	ACTUAL OUTCOMES	STRATEGIC OBJECTIVE ACHIEVED (YES/NO)
8.5 Ensure functionality, security and availability of facilities, other assets and infrastructure that support its operations in an environmentally friendly manner	Buildings and other infrastructure that are environmentally friendly so that the Bank contributes in reducing carbon emissions and embarks on the journey to achieve 4-star rating by the Green Building Council of Namibia	The Bank continued to invest in various green initiative projects during 2019 and they are envisaged to contribute significantly to the reduction in energy consumption once successfully implemented in 2020.	No
	Security systems and equipment are functional and maintain 97 percent availability to provide maximum protection to employees and the Bank's assets	Security systems have been functional at more than 97 percent and provide maximum protection to employees and Bank assets.	Yes
	97 percent availability and functionality of all facilities, other assets and infrastructure that supports its operations in an environmentally friendly manner	98.5 percent facilities availability was achieved during the period under review.	Yes
8.6 Manage technology to optimise Bank operations	Relevant and secure IT systems that are 99.9 percent available (8 hours off-time).	The Bank realised an overall availability of 99.12 percent for critical systems and infrastructure during 2019.	No
	5 Priority IT processes at agreed COBIT-5 targets	Of the 5 technology governance processes, 3 have met their respective targets, with 2 still requiring attention at the end of 2019.	No
8.7 Ensure efficient procurement practices	Procurement practices that result in cost savings of 1.0 percent and maintain procurement cycle time of 2 days, and travel management cycle of 1 day	The Bank continued to employ effective and efficient procurement practices during 2019, in line with its procurement policy, and oversight from the Tender Committee, and achieved its objectives for the year.	Yes
8.8 Manage the legal affairs of the Bank	All court matters handled in terms of the timelines set out in legislation, court rules and practice directives.	All litigation matters in the courts handled by either the Bank or instructed law firms are adhering to the strict rules of the courts.	Yes
	All contracts managed as per Contract Management Guidelines	The Bank has implemented a new Contract Management System; migration is underway; contracts are not fully managed as per Contract Management Guidelines.	No

INITIATIVES AND STRATEGIES	STRATEGIC OUTCOMES	ACTUAL OUTCOMES	STRATEGIC OBJECTIVE ACHIEVED (YES/NO)
	Legal opinions provided within 7 days of request	At times due to the complexity of legal opinions, the Bank could not provide the opinions within 7 days.	No
8.9 Ensure knowledge and information management of the Bank	Knowledge (e-library services, e-resources collection, and picture/video management) managed in line with the agreed guidelines and procedures	The Bank's explicit knowledge has been documented through video recordings and pictures and effectively managed.	Yes

RISK MANAGEMENT AND ASSURANCE

The Bank of Namibia's risk management function facilitates enterprise risk management practices across the board, in order to manage risks in a proactive, coordinated, prioritised and cost-effective manner. The top strategic and operational risks and their identified response strategies continued to be monitored at the Bank's quarterly Risk Management and Audit Committee meetings. Enterprise risk management activities are designed to increase the probability of success and reduce uncertainty relating to the achievement of the Bank's objectives. In 2019, 21 operational risk incidents were reported, down from 22 in 2018. These were risk events resulting from a failure of people, processes, systems or external events that could bring about losses or near misses. The actual financial losses incurred as a result of these incidents amounted to N$163 343.63, compared to N$23 972.00 in 2018. Remedial actions to address, wherever possible, the root causes of the incidents in question were identified and appropriate measures were introduced. The Bank is in the process of updating its risk universe, which is a central repository of all the risks that could affect the Bank, to provide a better understanding of inherent risks.

The Bank-wide compliance management process continues to be embedded in the Bank. Scanning of the current legal and regulatory environment was carried out to update the current regulatory universe. An assessment against the newly approved Whistle Blowing Act (Act No. 10 of 2017) was completed. The Bank will review the Code of Ethics and Conduct to include a high-level whistle-blowing principle and to define a separate detailed whistle-blowing procedure to ensure alignment with the approved Act.

Compliance monitoring was carried out by the various departments during the period under review. This monitoring process is to ascertain the compliance status and ensure adequate compliance with the relevant laws, regulations, policies and procedures; gaps were highlighted. Corrective actions were subsequently identified, and their implementation was monitored by the Bank's Risk Management function.

Business continuity management at the Bank has continued to improve from year to year. One unannounced business continuity (BC) plan test limited to testing the availability of critical resources suppliers/vendors, infrastructure, facilities, security restrictions, and the crisis communication plan, and two planned BC management exercises were conducted in 2019. These included all departments, and the Maximum Allowable Outage time of two hours was met. Various issues identified during the 2018 exercise were successfully addressed before executing the 2019 plan. In the event of a major disruption, the Bank would, at the least, be able to recover and continue its key business environments within the determined Maximum Allowable Outage timeline at the disaster recovery site.

The approved risk-based Internal Audit Plan for 2019 provided comprehensive assurance over the processes which manage key risks. This was undertaken as planned, and all material issues that arose were reported to the appropriate level of management and to the Board's Audit Committee. As per the completed assignments, sufficient audit coverage was achieved that enabled the Bank to state that it had adequate and effective risk management practices, and that controls and governance processes were in place for the achievement of the objective of the Strategic Plan of the Bank.

The tracking and accountability for corrective actions on issues raised during audits were prioritised by way of quarterly reporting to the Audit Committee in respect of the Bank-wide cure (resolution) rate. The cure rate result for December 2019 was 99.4 percent (2018: 94 percent), which is still below the required target of 100 percent.

HUMAN RESOURCE DEVELOPMENTS

ORGANISATIONAL DEVELOPMENT AND WORKPLACE CULTURE

During 2019, staff performance was managed and tracked on an ongoing basis to ensure that employees remained optimally engaged. As a means of establishing a shared vision amongst all staff members, the performance management process at the Bank was aimed at aligning the organisational objectives with the employees' agreed measures, skills, competency requirements, developmental plans and delivery of results to achieve the overall business strategy.

During the year under review the Bank embarked upon targeted interventions with the aim of strengthening the Bank's Vision of being a centre of excellence. Through these interventions, the Bank continued to inculcate the Vision, Mission and Values of the Bank by focusing on interpersonal and intergroup communication, as well as on relationships through emotional intelligence awareness sessions. The Bank staff members were assessed, and they seemed to exhibit the desired behaviour and align themselves with the Values of the Bank.

STAFFING

The Bank maintained an adequate staff complement throughout 2019 to meet its objectives. The staff complement as at 31 December 2019 stood at 290 employees, 21 less than the approved establishment of 311. The decline was attributed to vacancies resulting from retirements, promotions and resignations during the year under review (Table A.15). Despite the vacancies, the operations of the Bank were not impacted as the Bank managed to retain 100% of its critical skills.

TABLE A.15 NUMBER OF STAFF AS AT 31 DECEMBER

Staff category	2015	2016	2017	2018	2019*
General staff	269	265	253	263	254
Management	21	22	21	21	22
Senior management	11	11	11	12	12
Executive management	2	2	2	2	2
Total employed	303	300	287	298	290

* The numbers for the year under review exclude FIC numbers, as it has been an independent reporting entity since 2015.

EMPLOYMENT EQUITY

As part of embracing its value of diversity, the Bank continued to comply with the requirements of the Affirmative Action (Employment) Act (Act No. 29 of 1998). In this regard, the Bank ensured that all its policies and practices were aligned with affirmative action requirements and guidelines. The Bank consistently implemented the current three-year Employment Equity Plan it had set itself, which runs from 2019 to 2021. During the current year, the Bank met and, in some instances, exceeded its employment equity targets.

TABLE A.16 EMPLOYMENT EQUITY DATA, 2015–2019

Workforce	2015	2016	2017	2018	2019
Male	144	136	127	133	129
Female	159	164	160	161	161
Racially disadvantaged	291	288	276	289	286
Racially advantaged	6	6	5	4	4
Persons with disabilities	6	6	5	4	4
Non-Namibians	0	0	1	1	1

CAPACITY DEVELOPMENT

In order to enable employees to accomplish the Bank's mandate as articulated in its Strategic Plan, the Bank continued to invest in various capacity-building initiatives. In 2019, 99 employees were provided with both technical and soft-skills training in various aspects of central banking and related fields. Of this group, 39 were male and 60 were female. In addition, loans and bursaries were granted to deserving staff members who consistently met their performance goals, enabling them to pursue undergraduate and postgraduate degrees in areas relevant to the operations of the Bank. Seventeen staff members were awarded study loans, while six staff received fully funded bursaries for undergraduate and postgraduate studies to study locally and internationally. One staff member was funded to attend an IFC Milken Fellowship Program at the George Washington University in the United States of America.

As part of its contribution to capacity building and to offer experiential learning to young graduates in the Namibian labour market, the Bank has a Graduate Accelerated Training Programme that provides on-the-job exposure to graduates. The programme aims to provide graduates in the areas of banking, economics and finance with the opportunity to gain relevant work experience in various aspects of central banking over a period of 18 months. During 2019, five out of the six Graduate Accelerated Programme trainees completed their 18-month programme, which ended in August 2019, while one trainee exited the programme early to take up full time employment at another organisation. Of the five trainees who completed the programme, two have been offered permanent employment at the Bank, while three are employed at the Bank on a temporary basis.

EMPLOYEE WELLNESS

To ensure the physical and mental wellbeing of the staff, an appropriate Wellness Programme remains an important component within the Bank. During the period under review, the Bank's staff benefited from various wellness interventions which were focused on preventative measures to deal with potential health and safety risks. The Bank's wellness programme continues to have a positive impact on the Bank staff's work life balance through awareness and knowledge sessions on issues related to lifestyle diseases. Physical training and financial coaching were also used as strategies to provide physical fitness and financial prudence. The Bank has a general duty to ensure that all aspects of the safety of staff members while at work are taken care of. To this end, during the period under review a safety risk assessment was carried out at the Banks' Head Office in Windhoek to enable the Bank to determine possible safety risks to which staff may be exposed, and to take necessary measures to address and contain them.

FINANCIAL MANAGEMENT

The Bank manages its financial affairs in a prudent manner. The Bank continues to publish unqualified financial statements which comply with all appropriate regulations and prescribed standards. The Bank maintains adequate controls to mitigate all potential transaction processing risks. There are defined limits within the accounting system to ensure adherence to the approved budget. On a quarterly basis, variance analysis reports for both income and expenditure are presented to the Management Committee.

FACILITIES MANAGEMENT

The Bank ensures the availability and functionality of the facilities that support the Bank in achieving its strategic objectives. The facilities management function includes infrastructure development, general repairs and maintenance, fire safety, utility services and business continuity.

As a responsible institution, the Bank continued to invest in systems such as the Building Management System (BMS) to assist in the proper management of its infrastructure. In an effort to have the Bank buildings certified by the Green Building Council, the BMS will contribute towards this ultimate objective. BMS is a solution which contributes to the Bank's objective of providing an environment that is safe, secure, comfortable and energy efficient. Another project that commenced in 2019 aimed at contributing towards a green building rating is the solar-photovoltaic system installation at both Head Office and the Oshakati branch. By investing in green energy generation such as the solar photovoltaic system installation, the Bank contributes to a safer environment as well as the country's own energy generation capacity. It is envisaged that the project will be completed during 2020.

SECURITY AND SAFETY MANAGEMENT

The Bank has an efficient and effective security system in place. During the period under review, the Bank ensured that all its assets and personnel were duly protected.

INFORMATION TECHNOLOGY

TECHNOLOGY GOVERNANCE

The Bank made progress on the IT Master Plan towards achieving its technology-related objectives. The plan commenced in 2017 and will run till 2021, in line with the Bank's strategic plan. The Bank reduced inefficiencies in various business operations, enhanced IT security, implemented numerous approved business systems and better managed general IT controls through technology governance.

The IT Master Plan is supported by a three-year plan to implement five priority IT Governance processes. The plan included IT risk management, business continuity, IT security, benefits delivery, and capacity planning and availability management. The plan concluded in 2019 with three of the five processes achieving acceptable targets set by the Board. Two processes, namely benefits delivery and IT security, did not achieve acceptable standards according to the set plan. Both are ongoing activities that will continue to receive attention in years to come. The Bank planned a new priority list with five processes that will be executed from 2020 till 2022. This would form part of the Board's enterprise technology governance agenda.

IT INFRASTRUCTURE AND SECURITY

The Bank's IT Infrastructure maintained high availability during the year under review. The Bank has a target availability of 99.9 percent in its strategic plan. In 2019, 99.12 percent was achieved across all critical infrastructure and business systems. Having experienced considerable availability challenges in 2016, the Bank prioritised the Availability and Capacity Management governance process. The Bank improved its capabilities within this governance process.

Cyber security was one of the Bank's focus areas in 2019. Some progress was made in mitigating much of the risk. The Bank's Governance controls remained sound, while aiming for compliance with higher global standards of cyber security capability.

IT BUSINESS SYSTEM INVESTMENTS

The Bank committed resources to improve technological operational efficiency in various business units. The EFT project continued with the aim to achieve the objectives of the Payment Systems Determination 7. The Balance of Payments Cross Border Customer Reporting solution was successfully upgraded to Version 3. The project went live in May and by September, all the regulated entities reported balance of payments (BOP) data adequately via the system. In anticipation of the planned Centralised Securities Depository (CSD) for the country, the Bank partially tested its SAP enterprise resource planning (ERP) tool for collateral management functionality. The CSD will only become operational after the promulgation of the Financial Markets Bill.

The Bank engaged in several innovative technology initiatives during the year under review. As a maturing platform, Cloud Computing was tested in 2018 and it was used in production in 2019. The Bank uses this technology in operational areas such as email, file services and team collaboration. A cloud computing framework was drafted for consideration before other areas of the Bank could be considered. Testing and thorough risk management were also required prior to considering its use in the Banking industry, facilitated through the Banking Supervision Department. The Bank completed a feasibility study into upgrading its ERP solution to a more modern platform. The initiative was considered favourably for the coming years. Similarly, the Bank also completed a feasibility study on Robotics which was also considered favourably. However, this initiative was postponed until the Bank could complete a comprehensive digital transformation strategy.

PROCUREMENT PRACTICES

The Bank strives for efficient procurement practices. Every financial year, the Bank sets a target of 1% cost savings on the procurement budget. Without compromising on quality of goods or services, the Bank seeks out suppliers/service providers that are competitive in their pricing. The Bank has an internal Tender Committee which ensures that as a public institution, procurement processes are always transparent, fair and competitive.

KNOWLEDGE AND INFORMATION MANAGEMENT

Explicit knowledge management relies on the effective management of the Bank's databases, documents and processes in the various departments, as well as on the documentation of relevant events. The Bank continued to capture events of relevance through still pictures and videos, and to make these media accessible to staff while preserving them as part of institutional memory. These included high-level visits to the Bank, monetary policy announcements, corporate events, vision-building activities, and other memorable events.

During the period under review, the Bank continued to embed a culture of effective and efficient management of records. The records management programme of the Bank aims to support the Bank's core functions, by accounting for actions, facilitating overall governance, and complying with legal and regulatory obligations. The approved new File Plan was implemented in September 2019 to enforce a common understanding across the Bank on how records should be stored and retrieved. Interventions aimed at implementing the comprehensive Records Management Improvement Strategy adopted in 2018 included several training and awareness-raising sessions in departments to orient staff members to the proper protection of both physical and electronic records.

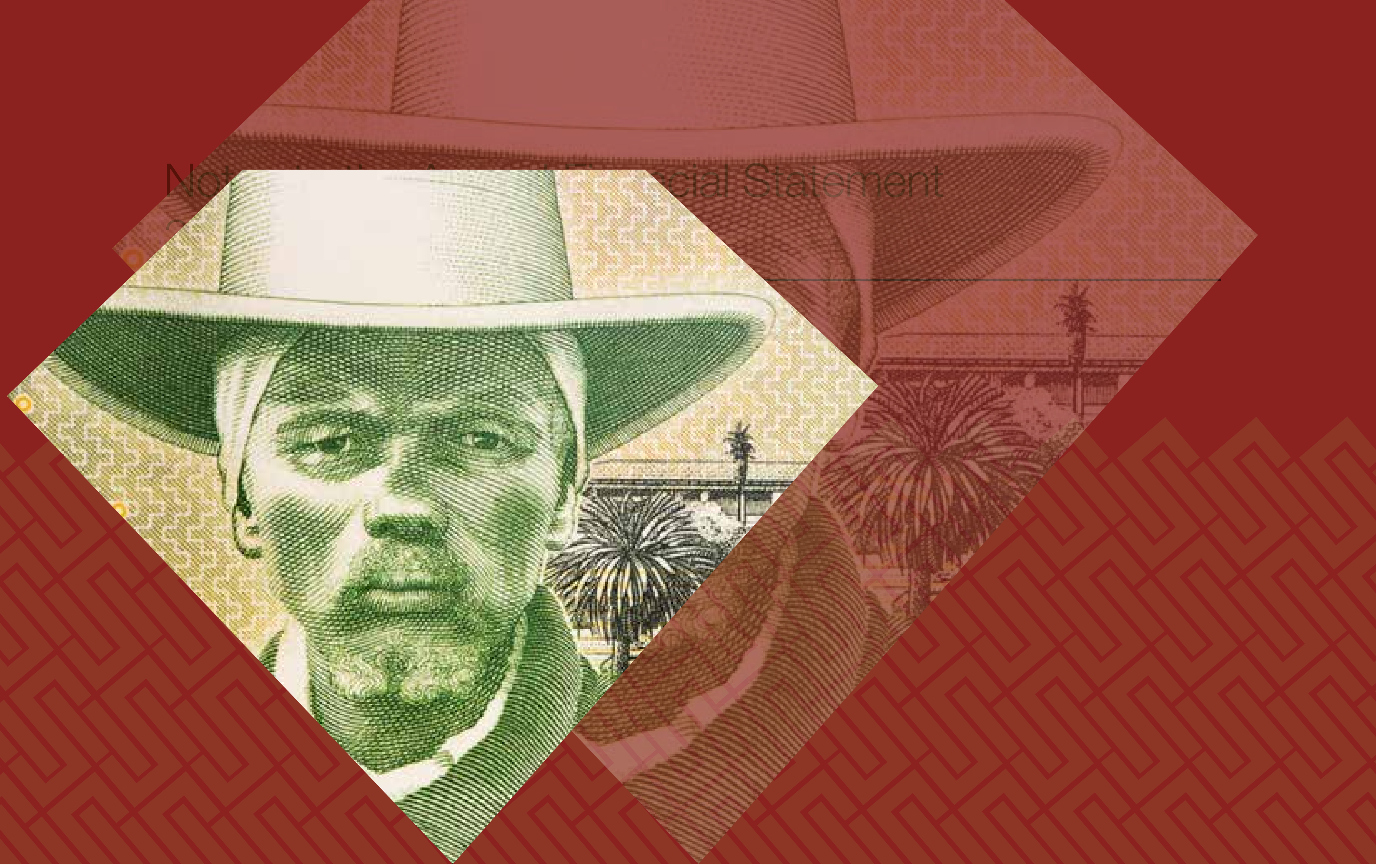
FIVE YEAR HISTORICAL FINANCIAL OVERVIEW

Table A. 16: Balance Sheet comparisons, 2019-2015 - N$'000

ASSETS	31-Dec-19	31-Dec-18	31-Dec-17	31-Dec-16	31-Dec-15
Non-current assets	**530,035**	**470,605**	**440,506**	**1,868,010**	**491,689**
Property, plant and equipment	288,584	299,150	313,802	312,109	308,534
Intangible assets - computer software	10,177	3,697	5,092	6,093	7,551
Currency inventory - notes and coins	98,646	43,870	66,958	106,759	123,450
Loans and advances	132,628	123,888	54,654	1,443,049	52,154
Investment in Associate	-	-	-	-	-
Current assets	**35,030,106**	**36,757,445**	**36,094,757**	**32,346,126**	**32,303,401**
Investments	28,905,678	30,951,757	30,067,296	24,599,948	23,557,196
Loans and Advances	18,502	-	-	-	-
Loans and advances - Local Banks	1,746,376	1,839,118	721,737	716,038	784,338
Rand cash	89,727	68,526	79,631	59,212	37,779
Other inventory - stationery and spares	4,584	4,337	4,396	1,947	1,926
Other receivables	4,265,239	3,893,707	5,221,697	6,968,981	7,922,162
TOTAL ASSETS	**35,560,141**	**37,228,050**	**36,535,263**	**34,214,136**	**32,795,090**
EQUITY AND LIABILITIES					
Capital and reserves	**9,030,266**	**8,514,171**	**6,910,922**	**7,279,815**	**7,874,483**
Share capital	40,000	40,000	40,000	40,000	40,000
General Reserve	2,160,111	1,800,506	1,473,023	1,277,053	1,197,333
Foreign Currency revaluation reserve	6,112,300	6,271,690	5,020,131	5,851,617	6,574,092
State Revenue Fund	399,941	294,237	213,140	68,119	76,476
Training Fund Reserve	13,479	12,764	14,024	15,000	15,000
Building Reserve	85,000	65,000	45,000	20,000	-
Development Fund Reserve	166,702	97,402	49,970	43,789	43,789
Investment revaluation Reserve	52,733	-67,428	55,634	32,356	4,269
Non-Current Liabilities	**57,985**	**66,498**	**60,564**	**55,175**	**68,535**
Provision for post-employment benefits	57,985	66,498	60,564	55,175	68,535
Current Liabilities	**26,471,890**	**28,647,381**	**29,563,777**	**26,879,146**	**24,852,072**
Notes and coins in circulation	4,518,207	4,521,178	4,658,471	4,394,547	4,510,774
Deposits	21,822,910	23,946,257	24,867,329	22,384,592	20,218,057
Provision for post-employment benefits	2,584	1,697	1,570	1,453	1,470
Trade and other payables	128,189	178,249	36,402	30,435	45,295
TOTAL EQUITY AND LIABILITIES	**35,560,141**	**37,228,050**	**36,535,263**	**34,214,136**	**32,795,090**

Table A.17: Income Statement comparisons, 2019–2015 – N$'000

	31-Dec-19	31-Dec-18	31-Dec-17	31-Dec-16	31-Dec-15
Interest income	850,862	828,371	739,892	435,251	324,608
Interest expense	(208,193)	(283,372)	(262,995)	(174,245)	(88,956)
Net interest income	**642,669**	**544,999**	**476,897**	**261,006**	**235,652**
Rand compensation	407,594	401,963	326,107	296,463	260,288
Other income	37,849	53,116	31,809	33,598	42,391
Total income	**1,088,112**	**1,000,078**	**834,813**	**591,067**	**538,331**
Operating expenses	(359,023)	(449,414)	(358,802)	(407,925)	(342,736)
Net gains/(loss) on investment portfolio	106,174	19,688	(13,418)	12,784	(33,914)
Profit for the year before net foreign exchange translation gain/(loss)	**835,263**	**570,352**	**462,593**	**195,926**	**161,681**
Net foreign exchange translation gains/(losses)	(159,390)	1,251,559	(831,486)	(722,475)	3,263,472
Profit/(Loss) for the year	**675,873**	**1,821,911**	**(368,893)**	**(526,549)**	**3,425,153**
Other comprehensive income	**134,459**	**(55 123)**	**-**	**-**	**-**
Unrealised Gains/(Losses) on investment portfolio	115,836	(56 766)			
Allowance for credit losses - FVTOCI	4,325	1,643	-	-	-
Actuarial gain on post-employment benefits	14,298	-	-	-	-
Total comprehensive income	**810,332**	**1,823,554**	**(368,893)**	**(526,549)**	**3,425,153**
Revaluation Reserve	159,390	(1,251,559)	831,486	722,475	(3,263,472)
Investment revaluation Reserve	(115,836)	56,766	(23,278)	(28,087)	(1,729)
Allowance for credit losses	(4,325)	(1,643)	-	-	-
Net income available for distribution	**849,561**	**627,118**	**439,315**	**167,839**	**159,952**
Appropriations:	**849,561**	**627,118**	**439,315**	**167,839**	**159,952**
General Reserve	357,463	262,881	191,175	79,720	68,476
Building Reserve	20,000	20,000	25,000	20,000	-
Training Fund Reserve	2,157	-	-	-	5,000
Development Fund Reserve	70,000	50,000	10,000	-	10,000
State Revenue Fund	399,941	294,237	213,140	68,119	76,476



Part B

Annual Financial Statements

Contents

Financial Statements Overview

As at 31 December 2019

KEY POINTS		2019 N$'000	2018 N$'000
→ Net Interest Income increased to N$642.67 million in 2019, from N$545.00 million in 2018. The main contributing factor to the increase observed in 2019 is higher average interest rates and higher average investment balances.	Net Interest Income	642 669	544 999
→ Total operating expenses decreased by N$90.39 million from N$449.41 million in 2018 to N$359.02 million in 2019.	Operating expenses	359 023	449 414
→ Amount available for distribution improved significantly from N$627.12 million in 2018 to N$849.56 million in 2019.	Amount available for distribution	849 561	627 118
→ An amount of N$399.94 million will be paid to the Government as Dividend for the 2019 financial year compared to N$294.24 million paid in 2018.	Distribution to the State	399 941	294 237
→ The Bank's assets decreased slightly from N$37.23 billion in 2018 to N$35.56 billion in 2019 due to decreases in our Investments balances.	Total Assets	35 560 141	37 228 050
→ Currency in circulation slightly decreased from N$4.521 billion in 2018 to N$4.518 billion in 2019 due to the lower demand for cash.	Currency in Circulation	4 518 207	4 521 178

Board's Statements 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, 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, 1997.

4. The Board members confirm that they are satisfied that the Bank has adequate resources to continue in business for the foreseeable future. The Board has further assessed the impact of COVID-19 on the Bank's assets, liquidity and access to capital, and has concluded that the impact is not considered to be significant and the Bank has adequate reserves to continue supporting its operations. 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 79 to 123 were approved by the Board and are signed on its behalf by:

____
Deputy Chairman
27 March 2020

____
Board Member
27 March 2020

Independent Auditor's Report to the Members of the Bank of Namibia

Opinion

We have audited the annual financial statements of Bank of Namibia set out on pages 79 to 123, which comprise the statement of financial position as at 31 December 2019 and the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the annual financial statements, including a summary of significant accounting policies.

In our opinion, the annual financial statements present fairly, in all material respects, the financial position of Bank of Namibia as at 31 December 2019 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and in the manner required by the Bank of Namibia Act, 1997.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of the Financial Statements section of our report. We are independent of the Bank in accordance with sections 290 and 291 of the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Revised July 2016), parts 1 and 3 of the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) (Revised July 2018) and other independence requirements applicable to performing audits of financial statements in Namibia. We have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The Board members are responsible for the other information. The other information comprises the Message from the Governor, Part A (Operations and Affairs of the Bank), Financial Statement Overview, Board's Statement of Responsibilities, Part C (Economic and Financial Developments in 2019 and Theme Chapter), Part D (Banking Supervision) and Part E (Statistical Appendix and List of Abbreviations) which we obtained prior to the date of this auditors' report. The other information does not include the annual financial statements and our auditor's report thereon.

Our opinion on the annual financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the annual financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the annual financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board members' Financial Statements

The Board members are responsible for the preparation and fair presentation of the annual financial statements in accordance with International Financial Reporting Standards and in the manner required by the Bank of Namibia Act, 1997 and for such internal control as the Board members determine is necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the Board members are responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board members either intend to liquidate the Bank or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Annual Financial Statements

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a

Independent Auditor's Report to the Members of the Bank of Namibia

whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board members.
- Conclude on the appropriateness of the Board members' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Deloitte + Touche

Deloitte & Touche
Registered Accountants and Auditors
Chartered Accountants (Namibia)
PO Box 47, Windhoek
Per: Helen de Bruin (Partner)
Partners:
RH Mc Donald (Managing Partner), H de Bruin, J Cronjé, A Akayombokwa, AT Matenda, J Nghikevali, G Brand*, M Harrison*
*Director
Associate of Deloitte Africa, a member of Deloitte Touche Tohmatsu Limited

Grand Namibia

Grand Namibia
Registered Accountants and Auditors
Chartered Accountants (Namibia)
PO Box 24304, Windhoek
Per: Richard Theron (Partner)
Partners:
R Theron (Managing Partner), RN Beukes

27 March 2020

Statement of Comprehensive Income for the Year ended 31 December 2019

	Notes	2019 N$'000	2018 N$'000
Net interest income		**642 669**	**544 999**
Interest income	2	850 862	828 371
Interest expense	2	(208 193)	(283 372)
		445 443	**455 079**
Rand compensation income	2	407 594	401 963
Other income	2	37 849	53 116
Total income		**1 088 112**	**1 000 078**
		(252 849)	**(429 726)**
Operating expenses	2	(359 023)	(449 414)
Net gain on investment portfolio		106 174	19 688
Profit for the year before net foreign exchange translation (loss)/gain		**835 263**	**570 352**
Net foreign exchange translation (loss)/gain	16	(159 390)	1 251 559
Profit/(Loss) for the Year		**675 873**	**1 821 911**
Other Comprehensive Income		**134 459**	**1 643**
Unrealised gains/(losses) on investment portfolio		115 836	-
Allowance for credit losses - FVTOCI	9.1	4 325	1 643
Actuarial gain on Post-employment benefits	21	14 298	-
Total Comprehensive income		**810 332**	**1 823 554**
Profit/(loss) attributable to:			
Revaluation reserve	16	(159 390)	1 251 559
Investment revaluation reserve	20	115 836	(56 766)
Allowance for credit losses	9.1	4 325	1 643
Amount available for distribution	3	849 561	627 118
		810 332	**1 823 554**

Statement of Financial Position as at 31 December 2019

	Notes	2019 N$'000	2018 N$'000
ASSETS			
Non-current Assets		**530 035**	**470 605**
Property and equipment	4	288 584	299 150
Intangible assets – computer software	5	10 177	3 697
Currency inventory	6	98 646	43 870
Loans and advances	7	132 628	123 888
Investment in Associate	8	-	-
Current Assets		**35 030 106**	**36 757 445**
Investments	9	28 905 678	30 951 757
Loans and advances	7	18 502	-
Loans and advances – Local Banks	10	1 746 376	1 839 118
Rand deposits	11	89 727	68 526
Other inventory – stationery and spares	12	4 584	4 337
Other receivables	13	4 265 239	3 893 707
TOTAL ASSETS		**35 560 141**	**37 228 050**
EQUITY AND LIABILITIES			
Capital and Reserves		**9 030 266**	**8 514 171**
Share capital	14	40 000	40 000
General reserve	15	2 160 111	1 800 506
Foreign currency revaluation reserve	16	6 112 300	6 271 690
State Revenue Fund	3	399 941	294 237
Development Fund reserve	17	166 702	97 402
Building Fund reserve	18	85 000	65 000
Training Fund reserve	19	13 479	12 764
Investment revaluation reserve	20	52 733	(67 428)
Non-Current Liabilities		**57 985**	**66 498**
Provision for post-employment benefits	21	57 985	66 498
Current Liabilities		**26 471 890**	**28 647 381**
Notes and coins in circulation	22	4 518 207	4 521 178
Deposits	23	21 822 910	23 946 257
Provision for post-employment benefits	21	2 584	1 697
Trade and other payables	24	128 189	178 249
TOTAL EQUITY AND LIABILITIES		**35 560 141**	**37 228 050**

Statement of Changes in Equity for the Year ended 31 December 2019

	Share Capital N$'000	Accumulated Profit & loss account N$'000	Training Fund Reserve N$'000	General Reserve N$'000	Foreign currency Revaluation Reserve N$'000	Investment revaluation Reserve Fund N$'000	Distribution State Revenue Fund N$'000	Development Fund Reserve N$'000	Building Fund Reserve N$'000	Total N$'000
Balance at 1 January 2018	**40 000**	**-**	**14 024**	**1 473 023**	**5 020 131**	**55 634**	**213 140**	**49 970**	**45 000**	**6 910 922**
IFRS 9 Transition adjustment – Impairment Loss	-	-	-	(7 165)	-	-	-	-	-	(7 165)
Reclassification adjustment – Unrealised Losses	-	-	-	67 939	-	(67 939)	-	-	-	-
Restated balance at 1 January 2018	**40 000**	**-**	**14 024**	**1 533 797**	**5 020 131**	**(12 305)**	**213 140**	**49 970**	**45 000**	**6 903 757**
(Loss)/Profit for the year	-	1 823 554	-	-	-	-	-	-	-	1 823 554
Transfer to Revaluation reserve	-	(1 251 559)	-	-	1 251 559	-	-	-	-	-
Transfers	-	-	(1 260)	3 828	-	-	-	(2 568)	-	-
Transfers to Unrealised Gain reserve	-	56 766	-	-	-	(56 766)	-	-	-	-
Transfers to Investment revaluation reserve							-	-	-	-
Allowance for credit losses -FVTOCI	-	(1 643)	-	-	-	1 643	-	-	-	-
Dividend distribution	-	-	-	-	-	-	(213 140)	-	-	(213 140)
Appropriation of net profit for the year	-	(627 118)	-	262 881	-	-	294 237	50 000	20 000	-
Balance at 31 December 2018	**40 000**	**-**	**12 764**	**1 800 506**	**6 271 690**	**(67 428)**	**294 237**	**97 402**	**65 000**	**8 514 171**
(Loss)/Profit for the year	-	810 332								810 332
Transfer to Revaluation reserve	-	159 390	-	-	(159 390)	-	-	-	-	-
Transfers	-	-	(1 442)	2 142	-	-	-	(700)	-	-
Transfers to Investment revaluation reserve	-	(115 836)	-	-	-	115 836	-	-	-	-
Allowance for credit losses -FVTOCI	-	(4 325)	-	-	-	4 325	-	-	-	-
Dividend distribution	-	-	-	-	-	-	(294 237)	-	-	(294 237)
Appropriation of net profit for the year	-	(849 561)	2 157	357 463	-	-	399 941	70 000	20 000	-
Balance at 31 December 2019	**40 000**	**-**	**13 479**	**2 160 111**	**6 112 300**	**52 733**	**399 941**	**166 702**	**85 000**	**9 030 266**

Statement of Cash Flows
for the Year ended 31 December 2019

	Notes	2019 N$'000	2018 N$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated by operations	A	340 846	429 792
CASH FLOWS FROM INVESTING ACTIVITIES		**(43 638)**	**(79 359)**
Proceeds on disposals of property & equipment and intangible assets		315	21
Purchase of property & equipment		(12 654)	(7 616)
Purchase of intangible asset – computer software		(3 120)	(1 007)
(Increase)/Decrease in Non-current loans and advances		(27 316)	(69 234)
Interest acquired in Associate		(863)	(1 523)
CASH FLOWS FROM FINANCING ACTIVITIES		**(297 208)**	**(350 433)**
Distribution to the State revenue fund	B	(294 237)	(213 140)
(Decrease) in Notes and coins in circulation		(2 971)	(137 293)
		-	-

NOTES:

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

	2019	2018
Profit for the year before net foreign exchange translation gain(loss)	835 263	570 352
Adjusted for:		
Depreciation	16 254	22 017
Adjustments of PPE	1 334	-
National Bank of Angola (BNA) fair value adjustment	-	(12 244)
Provision post-employment benefits	6 672	6 061
Amortisation of computer software	2 244	2 404
Loss/(Profit) on disposal of property & equipment	(288)	230
Net gains on Investment Portfolio	(106 174)	(19 688)
Impairment Loss -ECL	968	3 063
Impairment of Investment in Associate	863	1 523
Operating cash flows before movements in working capital	**757 136**	**573 718**
(Increase)/Decrease in currency inventory*	(54 776)	23 088
(Increase)/Decrease in other inventory*	(247)	59
Decrease/ (Increase) in Current loans and advances	92 742	(1 117 381)
(Increase)/Decrease in Rand cash	(21 201)	11 105
(Increase)/Decrease in other receivables and receivable from FIC	(371 458)	1 360 101
(Decrease) in deposits	(2 123 347)	(921 077)
(Decrease)/ Increase in trade and other payables	(50 060)	141 847
Decrease in investments	2 112 057	358 334
	340 846	**429 794**

B. DISTRIBUTION TO STATE REVENUE FUND

	2019	2018
Opening balance	(294 237)	(213 140)
Appropriations of net profit for the year	849 561	294 237
Closing balance in reserves	(849 561)	(294 237)
Paid for the year	**(294 237)**	**(213 140)**

*Items were moved from cash flows from investing activities to cash flows from operating activities.

Notes to the Annual Financial Statement 31 December 2019

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 International Financial Reporting Standards (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).

1.1. NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

International Financial Reporting Standards and amendments issued but not effective for 31st December 2019 year-end:

Number	Effective date	Executive summary

IFRS 3
Business Combinations
	1 January 2020	Definition of a Business: The amendments:
		• *confirmed that a business must include inputs and a process, and clarified that:*
		  – *the process must be substantive; and*
		  – *the inputs and process must together significantly contribute to creating outputs.*
		• *narrowed the definitions of a business by focusing the definition of outputs on goods and services provided to customers and other income from ordinary activities, rather than on providing dividends or other economic benefits directly to investors or lowering costs; and*
		• *added a test that makes it easier to conclude that a company has acquired a group of assets, rather than a business, if the value of the assets acquired is substantially all concentrated in a single asset or group of similar assets.*
		No impact expected on the Bank's financial statements.

IFRS 10 *Consolidated Financial Statements*	The effective date of this amendment has been deferred indefinitely until further notice	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28): Narrow scope amendment address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28 (2011), in dealing with the sale or contribution of assets between an investor and its associate or joint venture. No impact expected on the Bank's financial statements.
IAS 1 *Presentation of Financial Statements*	1 January 2020	Disclosure Initiative: The amendments clarify and align the definition of 'material' and provide guidance to help improve consistency in the application of that concept whenever it is used in IFRS Standards. The Bank is assessing the impact on the financial statements.

Notes to the Annual Financial Statement 31 December 2019

1 ACCOUNTING POLICIES (CONTINUED)

1.1 NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONTINUED)

Number	Effective date	Executive summary
IFRS 17 *Insurance contracts*	1 January 2021	• *IFRS 17 creates one accounting model for all insurance contracts in all jurisdictions that apply IFRS.* • *IFRS 17 requires an entity to measure insurance contracts using updated estimates and assumptions that reflect the timing of cash flows and take into account any uncertainty relating to insurance contracts.* • *The financial statements of an entity will reflect the time value of money in estimated payments required to settle incurred claims.* • *Insurance contracts are required to be measured based only on the obligations created by the contracts. • An entity will be required to recognise profits as an insurance service is delivered, rather than on receipt of premiums.* • *This standard replaces IFRS 4 – Insurance contracts.* No impact expected on the Bank's financial statements.
IAS 8 *Presentation of Financial Statements*	1 January 2019	Disclosure Initiative: The amendments clarify and align the definition of 'material' and provide guidance to help improve consistency in the application of that concept whenever it is used in IFRS Standards. The Bank is assessing the impact on the financial statements.

Notes to the Annual Financial Statement
31 December 2019

1. ACCOUNTING POLICIES (CONTINUED)

1.2. ADOPTION OF NEW AND REVISED STANDARDS

New and amended IFRS Standards effective from the year ended 31 December 2019.

1.2.1 APPLICATION OF IFRS 16

The Bank has considered the implications of IFRS 16 on the recognition of Leases in the preparation of the financial statements with no significant impact.

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. Impairment of Financial Assets

IFRS 9 requires that financial instruments be tested for impairments on a forward-looking basis. The main aim is to determine whether the credit risk of an instrument has changed materially since the previous reporting period. In order to make this calculation, the IASB requires entities to develop and use an Expected Credit Loss (ECL) model. Generally, it can be summarised that the ECL model aims to anticipate shortfalls of contractual cash flows of financial instruments in the event of a default.

2. Provision for post-employment benefits disclosed under note 21

An Actuarial valuation is performed once every three years 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 considering the prevailing and anticipated future economic conditions.

3. Evaluation of useful lives and residual values

The residual value and useful life evaluation exercise is performed by internal staff members who have technical knowledge of specific classes of assets. Market information with regards to pricing is also obtained to ensure the required level of objectivity is maintained in the whole evaluation process.

4. Accounting for off-market loans as disclosed under note 7

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.

Notes to the Annual Financial Statement 31 December 2019

1 ACCOUNTING POLICIES (CONTINUED)

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.

Other income consists of rental received, bank supervision fees and charges as well as sundry income. Other income is recognised to the extent that it is probable that the economic benefit will flow to the Bank and revenue can be reliably measured.

1.5 FINANCIAL INSTRUMENTS

Financial instruments as reflected on the Bank's Statement of financial position 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 or amortised cost as described below.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. 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.

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 as 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 Statement of financial position items.

Notes to the Annual Financial Statement
31 December 2019

1. ACCOUNTING POLICIES (CONTINUED)

1.5 FINANCIAL INSTRUMENTS (CONTINUED)

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.

Recognition

The Bank recognises financial instruments including, “regular way” purchases and sales on settlement date and thus applies settlement date accounting to these transactions.

Financial assets and financial liabilities are recognised in the Bank’s statement of financial position when the Bank becomes a party to the contractual provisions of the instrument.

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 assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Subsequent to initial measurement financial instruments are measured at fair value or amortised cost depending on their classification.

Reclassification

It is a requirement that institutions should disclose when it has reclassified a financial asset between one measured at amortised cost, FVTOCI or FVTPL. The Bank has not reclassified any of its financial assets during the year under review.

Financial assets

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Notes to the Annual Financial Statement 31 December 2019

1. ACCOUNTING POLICIES (CONTINUED)

1.5 FINANCIAL INSTRUMENTS (CONTINUED)

1. Classification of financial assets

Financial assets that meet the following conditions are measured subsequently at **amortised cost**:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are measured subsequently at fair value through other comprehensive income **(FVTOCI)**:

- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss **(FVTPL)**.

Despite the foregoing, the Bank may make the following irrevocable election/designation at initial recognition of a financial asset:

the Bank may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

2. Impairment of financial assets

The Bank recognises a loss allowance for expected credit losses (ECL) on investments in financial assets that are measured at amortised cost or at FVTOCI, lease receivables, trade receivables and contract assets. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Bank always recognises lifetime expected credit losses ECL for trade receivables, contract assets and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Bank's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Bank recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Bank measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Notes to the Annual Financial Statement 31 December 2019

1. ACCOUNTING POLICIES (CONTINUED)

1.5 FINANCIAL INSTRUMENTS (CONTINUED)

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

2.1 Definitions

(i) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Bank compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Bank considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is considered when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Bank presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Bank has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Bank assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

(1) The financial instrument has a low risk of default,
(2) The debtor has a strong capacity to meet its contractual cash flow obligations in the near term, and
(3) Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

Notes to the Annual Financial Statement 31 December 2019

1. ACCOUNTING POLICIES (CONTINUED)

1.5 FINANCIAL INSTRUMENTS (CONTINUED)

The Bank considers a financial asset to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there is no past due amount.

The Bank regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria can identify significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

The Bank considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Bank, in full (without considering any collateral held by the Bank).

Irrespective of the above analysis, the Bank considers that default has occurred when a financial asset is more than 90 days past due unless the Bank has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;
(b) a breach of contract, such as a default or past due event (see (ii) above);
(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
(d) it is becoming probable that the borrower will enter bankruptcy or other financial re-organisation; or
(e) the disappearance of an active market for that financial asset because of financial difficulties.

3. Write-off policy

The Bank writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Banks's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Notes to the Annual Financial Statement 31 December 2019

1. ACCOUNTING POLICIES (CONTINUED)

1.5 FINANCIAL INSTRUMENTS (CONTINUED)

4. Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above.

As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Bank in accordance with the contract and all the cash flows that the Bank expects to receive, discounted at the original effective interest rate.

If the Bank has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Bank measures the loss allowance at an amount equal to 12-month ECL at the current reporting date.

The Bank recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in financial assets that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

5. De-recognition of financial assets

The Bank derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

If the Bank neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Bank recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Bank retains substantially all the risks and rewards of ownership of a transferred financial asset, the Bank continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On de-recognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on de-recognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investment's revaluation reserve is reclassified to profit or loss.

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

Notes to the Annual Financial Statement 31 December 2019

1. ACCOUNTING POLICIES (CONTINUED)

1.5 FINANCIAL INSTRUMENTS (CONTINUED)

Financial Liabilities

These are measured at amortised cost. 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.

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 25% 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/unrealised 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.

1.8. BUILDING FUND RESERVE

This reserve was reactivated in the financial year 2016 to set aside funds for the construction of a Currency Museum and to extend the parking facilities at the Bank premises. Annual profits appropriated will be credited to the reserve and on completion of the construction, the reserve so created will be released to the General Reserve.

Notes to the Annual Financial Statement 31 December 2019

1. ACCOUNTING POLICIES (CONTINUED)

1.9. PROPERTY AND EQUIPMENT

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 every third year, 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 every third year 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 Statement of Comprehensive income 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 amortisation 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.

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.

Notes to the Annual Financial Statement 31 December 2019

1. ACCOUNTING POLICIES (CONTINUED)

1.12. PENSION FUND

It is the policy of the Bank to contribute to the retirement benefits for employees. The Bank operates a Defined Contribution pension fund; contributions to the Bank of Namibia 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 Statement of financial position 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 statement of comprehensive income 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-Statement of financial position 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 in other comprehensive income.

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 Statement of financial position.

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, payments and receipts, 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 Statement 31 December 2019

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. 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 International Monetary Fund (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 organisations. The SDR is defined in terms of a basket of currencies. Its value is determined as the weighted sum of exchange rates of the five major currencies (Euro, Japanese yen, Pound sterling, US dollar and Chinese renminbi). In as far as Namibia is concerned the total allocation of SDR by the IMF is recorded in the books of the Bank as an asset under “SDR and Other Receivables” classification and as a liability under “Deposits” classification.

1.20 NOTES AND COINS IN CIRCULATION

One of the primary functions of the Bank is the printing and minting of Namibia Dollar currency and issuance thereof into circulation. Costs of printing and minting the currency are capitalised and amortised based on issuance of the currency into circulation. New currency notes and coins are issued to the Commercial Banks at face value which then flows into circulation through the monetary and financial systems operational in the country. Once issued into circulation the notes and coins are reflected in the books of the Bank as a liability and the liability is only extinguished when the currency is no longer in circulation.

1.21. LENT OUT SECURITIES

The Bank derives income from securities lending activity. The counterparties involved in these transactions are highly rated institutions and a cash collateral is deposited by the counterparty with the custodians as guarantee for the lent out securities. Our custodians are responsible for the administration and management of this activity. The income generated from the lent out securities activities, are recorded in the books of the Bank accordingly.

1.22. INVESTMENT REVALUATION RESERVE

The Reserve has been created to retain unrealised gains and losses on the Bank’s portfolio investments that are measured at fair value through other comprehensive income (FVTOCI) as per IFRS 9, until they are realised. Unrealised gains when realised become available for distribution and unrealised losses when realised are charged to the Statement of Comprehensive Income.

Notes to the Annual Financial Statement
31 December 2019

2. RESULTS FOR THE YEAR

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

	2019 N$'000	2018 N$'000
Interest Income		
Namibia Dollar & Rand Currency	**637 652**	**596 079**
Debt Securities and Money Market instruments	637 652	596 079
Other Currency	**207 305**	**215 251**
Debt securities	200 841	207 815
Money market instruments	6 464	7 436
Unwinding of present value adjustments (BNA Receivable)	-	12 244
Unwinding of present value adjustments (Staff Loans)	5 905	4 797
	850 862	828 371
Interest Paid		
Government	-	15 561
Commercial Banks	181 438	244 064
Other	26 755	23 747
	208 193	**283 372**
Other Income		
Rand compensation income	407 594	401 963
Sundry income	37 561	53 116
Profit on disposal of property, equipment and intangible assets	288	-
	445 443	**455 079**
Operating Expenses		
Depreciation	16 254	22 017
Amortisation of computer software	2 244	2 404
Currency inventory amortisation costs	33 840	21 182
Salaries and related personnel costs	242 458	235 024
Staff training and development	5 017	4 878
Social responsibility	8 264	641
Board members' fees - for services as board members	1 377	876
Auditors' remuneration - audit fees	1 118	1 561
Membership fees	6 855	3 090
Building, IT and other maintenance costs	(38 427)	74 731
Loss on disposal of property, equipment and intangible assets	-	456
Amortisation of pre-paid long-term employee benefit	5 905	4 797
Impairment of Investment in Associate	863	1 523
Credit losses on Investments – IFRS 9	968	3 063
Other expenditure	72 287	73 171
Total operational expenditure	**359 023**	**449 414**
Number of employees	**290**	**298**

Interest income relates to interest earned on investments which are invested in the Rand, EURO and USD money and capital markets as well as interest earned in NAD on the Commercial banks settlement accounts, Repurchase agreements and staff loans.

Interest expense mainly relates to interest paid to the Government of the Republic of Namibia, BON Bills issued, Commercial Banks settlement accounts and Special Drawing Rights allocations by the IMF.

Notes to the Annual Financial Statement
31 December 2019

3. APPROPRIATION OF PROFITS IN TERMS OF THE BANK OF NAMIBIA ACT, 1997

	Notes	2019 N$'000	2018 N$'000
Total Comprehensive income for the year		**810 332**	**1 823 554**
Unrealised (Gains)/Losses transferred to the Investment Revaluation Reserve		(115 836)	56 766
Exchange Rate (Gains)/Losses transferred to the Revaluation Reserve		159 390	(1 251 559)
Allowance for credit losses - FVTOCI		(4 325)	(1 643)
Net Profit for the Year		**849 561**	**627 118**
Appropriation of Profits		**849 561**	**627 118**
General Reserve	15	357 463	262 881
Building Fund Reserve	18	20 000	20 000
Development Fund Reserve	17	70 000	50 000
Training Fund Reserve	19	2 157	-
State Revenue Fund		399 941	294 237

The foreign exchange gain reflected on the Statement of Comprehensive Income includes translation gains for the year that has been charged to the Statement of Comprehensive Income to comply with the requirements of IAS 21 – Effect of changes in Foreign Exchange Rates. In terms of section 31 of the Bank of Namibia Act, 1997, gains and losses arising based on changes in the book or realised value of assets or liabilities, denominated in currencies other than the domestic currency, are to be transferred to the Revaluation Reserve. The Net Profit for the year in line with the compliance requirements of the Bank of Namibia Act, 1997 would therefore amount to N$849.56 million (2018: N$627.12 million). Appropriations of profits are based on this Net Profit figure.

Notes to the Annual Financial Statement 31 December 2019

4. PROPERTY AND EQUIPMENT

2019 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 2019	334 394	24 241	117 148	9 133	484 916
Additions	2 640	1 171	4 385	4 458	12 654
Disposals	(1 460)	(3)	(722)	(637)	(2 822)
Transfer	(3 181)	-	(2 423)	-	(5 604)
At 31 December 2019	**332 393**	**25 409**	**118 388**	**12 954**	**489 144**
Accumulated depreciation					
At 1 January 2019	71 353	20 927	85 401	8 085	185 766
Current year charge	6 478	2 902	5 676	1 198	16 254
Disposals	(348)	-	(475)	(637)	(1 460)
At 31 December 2019	**77 483**	**23 829**	**90 602**	**8 646**	**200 560**
Carrying value					
At 1 January 2019	**263 041**	**3 314**	**31 747**	**1 048**	**299 150**
At 31 December 2019	**254 910**	**1 580**	**27 786**	**4 308**	**288 584**
2018					
Cost					
At 1 January 2018	329 305	29 330	116 754	8 518	483 907
Additions	5 090	994	917	615	7 616
Disposals	(1)	(6 083)	(523)	-	(6 607)
At 31 December 2018	**334 394**	**24 241**	**117 148**	**9 133**	**484 916**
Accumulated depreciation					
At 1 January 2018	64 912	20 858	76 823	7 512	170 105
Current year charge	6 441	5 857	9 146	573	22 017
Disposals	-	(5 788)	(568)	-	(6 356)
At 31 December 2018	**71 353**	**20 927**	**85 401**	**8 085**	**185 766**
Carrying value					
At 1 January 2018	**264 393**	**8 472**	**39 931**	**1 006**	**313 802**
At 31 December 2018	**263 041**	**3 314**	**31 747**	**1 048**	**299 150**

In line with the requirements of IAS 16: Property, Plant & Equipment the Bank is required to perform a brief overview of the residual value and useful life of all classes of Assets. The useful life of assets was revised during the current year.

Impact of change in accounting estimates is summarised below	
Depreciation based on new useful life estimates	749
Depreciation based on previous estimates	(1,548)
Reduction in current year depreciation	**(799)**
Increase in depreciation for future periods	**799**

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

Notes to the Annual Financial Statement 31 December 2019

5. INTANGIBLE ASSETS - COMPUTER SOFTWARE

	N$'000
2019	
Cost	
At 1 January 2019	53 229
Additions	3 120
Transfers	5 604
At 31 December 2019	**61 953**
Amortisation	
At 1 January 2019	49 532
Current year charge	2 244
At 31 December 2019	**51 776**
Carrying value	
At 1 January 2019	**3 697**
At 31 December 2019	**10 177**
2018	
Cost	
At 1 January 2018	52 220
Additions	1 009
At 31 December 2018	**53 229**
Amortisation	
At 1 January 2018	47 128
Current year charge	2 404
At 31 December 2018	**49 532**
Carrying value	
At 1 January 2018	**5 092**
At 31 December 2018	**3 697**

Notes to the Annual Financial Statement 31 December 2019

	2019 N$'000	2018 N$'000

6. CURRENCY INVENTORY

	2019 N$'000	2018 N$'000
Opening Balance	43 870	66 958
Purchases current year	88 636	3 736
Currency revaluation	(20)	(5 642)
Amortisation current year	(33 840)	(21 182)
Closing Balance	**98 646**	**43 870**

7. LOANS AND ADVANCES

	2019 N$'000	2018 N$'000
Staff loans	86 541	62 830
Less: Present value adjustment for off-market loans	**(33 379)**	**(17 364)**
Opening balance – 1 January	(7 770)	(5 387)
Current year fair value adjustment of new loans	(19 704)	(7 180)
Amortisation of pre-paid long-term employee benefit	(5 905)	(4 797)
Add: Staff Long-term benefit	**33 379**	**17 364**
Opening balance – 1 January	7 770	5 387
Current year Fair value adjustment of new loans	19 704	7 180
Amortisation of pre-paid long-term employee benefit	5 905	4 797
Net staff loans	**86 541**	**62 830**
Lifetime credit loss allowance	(74)	-
Other loans	64 663	61 058
Current portion of staff loans	(18 502)	-
Closing Balance	**132 628**	**123 888**

8. INVESTMENT IN ASSOCIATE

The Bank holds a 49% interest in the Central Securities Depository (Pty) Ltd. The company is incorporated in Namibia and the interest is equity accounted for.

	2019 N$'000	2018 N$'000
Increase in Investment	863	1 523
Impairment of Investment	(863)	(1 523)
Total Investment in Associate – 31 December 2019	**-**	**-**

The company incurred a loss of N$ 871 000 in the current year (2018: N$865 000) and generated no income.

Notes to the Annual Financial Statement 31 December 2019

9. INVESTMENTS

	2019 N$'000	2018 N$'000
Rand currency		
Fair value through profit or loss		
Debt securities & Money Market Investments	7 174 824	7 176 679
Fair value through other comprehensive income		
Debt securities	902 561	26 198
Amortised Cost		
Debt securities & Money Market Investments	3 650 537	8 322 198
	11 727 922	15 525 074
Other currencies		
Fair value through profit or loss		
Debt Securities & Money Market Investments	5 593 454	4 383 083
Fair value through other comprehensive income		
Debt securities	6 958 899	7 241 514
Amortised Cost		
Debt securities & Money Market Investments	4 630 631	3 810 671
	17 182 984	15 435 268
Total Gross Investments	**28 910 906**	**30 960 342**
Less: Allowance for credit losses – Amortised Cost (refer to 9.1)	(5 228)	(8 585)
Total Net Investments	**28 905 678**	**30 951 757**

Notes to the Annual Financial Statement 31 December 2019

9. INVESTMENTS (CONTINUED)

9.1 IMPAIRMENT OF FINANCIAL ASSETS

The following table shows the movement in expected credit losses that has been recognised for the respective investments.

Classification	Measured at FVTOCI			Measured at Amortised Cost	
	Internally Managed Bonds	Externally managed	Total Impairment Loss on assets measured at FVTOCI	Internally Managed Money Market Instruments	Total
	N$'000	N$'000	N$'000	N$'000	N$'000
Balance at 1 January 2019	**611**	**1 032**	**1 643**	**8 585**	**10 228**
Increase/(Decrease) in 12 Month ECL	4 087	341	4 428	(3 357)	1 071
Increase/(Decrease) in Lifetime ECL	(100)	(3)	(103)	-	(103)
				-	
Balance at 31 December 2019	**4 598**	**1 370**	**5 968**	**5 228**	**11 196**

IFRS 9.5.5.2 prescribes that the Allowance for credit losses for Financial Assets measured at FVTOCI of N$4.325 million (2018: N$1.643 million) shall be recognised in Other comprehensive income and shall not reduce the carrying amount of the Financial asset in the statement of financial position. The movement in the loss allowance is included in the Investment revaluation reserve.

9.2 LENT OUT SECURITIES

As at 31st December 2019, the value of lent out securities from our Investment Portfolio, managed by our custodians, nominal value amounted to Euro 3.09 million; NAD equivalent 48.89 million (2018: US Dollar 17.63 million; NAD equivalent 254.39 million). The counterparties involved in these transactions are rated investment grade and 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 accounts of the Bank accordingly.

Notes to the Annual Financial Statement 31 December 2019

9. INVESTMENTS (CONTINUED)

9.3 FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The levels of hierarchy used to determine the fair value of financial instruments is as detailed below: 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.

Level 1
The fair value of the Bank's financial instruments traded in active markets are based on the quoted prices obtained from the custodians at the statement of financial position date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer broker or pricing services, and the prices represent actual and regularly occurring market transactions on an arm's length basis.

Level 2
The Fair value of financial instruments not traded in an active market is determined using available observable market data and rely as little as possible on entity specific estimates. Some of the techniques used include market prices for similar instruments and discounted cash flows were future cashflows are discounted using a market related interest rate.

As at 31st December 2019, the fair value of financial instruments that were classified under the various hierarchies is detailed in the tables below:

As at 31st December 2019

	Level 1 N$'000	Level 2 N$'000	Total N$'000
Rand and Other currencies Investments	2 142 742	18 486 996	20 629 738
	2 142 742	**18 486 996**	**20 629 738**

As at 31st December 2018

	Level 1 N$'000	Level 2 N$'000	Total N$'000
Rand and Other currencies Investments	2 995 783	15 831 691	18 827 474
	2 995 783	**15 831 691**	**18 827 474**

The fair value for the amotised cost instruments not included above amounts to N$8,281,168 (2018: N$12,132,869).

Notes to the Annual Financial Statement 31 December 2019

10. LOANS AND ADVANCES - LOCAL BANKS

	2019 N$'000	2018 N$'000
Repurchase agreements – local banks	1 746 376	1 839 118
	1 746 376	**1 839 118**

Repurchase agreements are overnight and seven-day loan facilities granted to the commercial banks to cover for temporary liquidity shortages. The overnight 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.

11. RAND DEPOSITS

	2019 N$'000	2018 N$'000
Closing Balance	89 727	68 526
	89 727	**68 526**

Rand deposits is the value of Rand bank notes 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.

12. OTHER INVENTORY - STATIONERY AND SPARES

	2019 N$'000	2018 N$'000
Opening Balance	4 337	4 396
Purchases current year	725	374
Issues current year	(473)	(417)
Adjustments	(5)	(16)
Closing Balance	**4 584**	**4 337**

13. OTHER RECEIVABLES

	2019 N$'000	2018 N$'000
Accounts receivable	37 267	46 584
Rand compensation receivable - SARB	407 594	389 771
Receivable – Financial Intelligence Centre (FIC)	-	25 291
IMF Quota	3 786 064	3 369 939
IMF – Special Drawing Rights	34 314	62 122
	4 265 239	**3 893 707**

Notes to the Annual Financial Statement 31 December 2019

14. SHARE CAPITAL & CAPITAL MANAGEMENT

	2019 N$'000	2018 N$'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, 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 percentage of the annual profits is transferred to the general reserve which forms part of the Bank's capital.

15. GENERAL RESERVE

	2019 N$'000	2018 N$'000
Opening Balance	1 800 506	1 473 023
IFRS 9 Transition Adjustments – Impairment Loss	-	(7 165)
Reclassification Adjustment – Unrealised Losses	-	67 939
Restated opening balance	**1 800 506**	**1 533 797**
Transfers	2 142	3 828
Appropriation of net profit for the year	357 463	262 881
Closing Balance	**2 160 111**	**1 800 506**

The General Reserve is a Statutory Reserve that can be utilised for increasing the paid-up Capital of the Bank, offset losses incurred, fund a Development Reserve and redeem any securities issued by the Bank.

16. FOREIGN CURRENCY REVALUATION RESERVE

	2019 N$'000	2018 N$'000
Opening Balance	6 271 690	5 020 131
Net foreign exchange gains/(losses)	(159 390)	1 251 559
Closing Balance	**6 112 300**	**6 271 690**

The Revaluation reserve has been created in accordance with Section 31 of the Bank of Namibia Act, 1997. The Act requires that both realised and unrealised gains and losses be transferred to the Revaluation Reserve account.

Notes to the Annual Financial Statement 31 December 2019

17. DEVELOPMENT FUND RESERVE

	2019 N$'000	2018 N$'000
Opening Balance	97 402	49 970
Transfer to general reserves	(700)	(2 568)
Appropriation of net profit for the year	70 000	50 000
Closing Balance	**166 702**	**97 402**

This reserve was established under section 53(1)(a) of the Bank of Namibia Act, 1997 for the purpose of promoting or financing economic development in Namibia.

18. BUILDING FUND RESERVE

	2019 N$'000	2018 N$'000
Opening Balance	65 000	45 000
Appropriation of net profit for the year	20 000	20 000
Closing Balance	**85 000**	**65 000**

This reserve was established under section 53(1)(a) of the Bank of Namibia Act, 1997 for the purpose of accumulating funds for building projects that the Bank intends to embark upon in the future.

19. TRAINING FUND RESERVE

	2019 N$'000	2018 N$'000
Opening Balance	12 764	14 024
Transfer to general reserves	(1 442)	(1 260)
Appropriation of net profit for the year	2 157	
Closing Balance	**13 479**	**12 764**

The training fund reserve has been created to provide funds to up-skill the Bank's human capacity in order to meet challenges of a rapidly changing and complex financial environment under which the Bank operates.

20. INVESTMENT REVALUATION RESERVE

	2019 N$'000	2018 N$'000
Opening Balance	(67 428)	55 634
Transfers to Investment revaluation reserve for the year	115 836	(56 766)
Reclassification adjustment – unrealised losses	-	(67 939)
Allowance for credit losses	4 325	1 643
Closing Balance	**52 733**	**(67 428)**

Notes to the Annual Financial Statement 31 December 2019

21. PROVISION FOR POST-EMPLOYMENT BENEFITS

The Bank provides post-employment medical benefits to retired staff members. A provision for the Liability has been determined based on the Projected Unit Credit Method. The valuation was performed for the year ended 31 December 2019. The Actuarial valuation was performed by ARCH Actuarial consulting, a member of the Actuarial Society of South Africa ("ASSA") with 20 years' experience in performing similar valuations.

	2019 N$'000	2018 N$'000
Opening Liability	68 195	62 134
Interest costs	6 296	5 735
Current service costs	2 073	1 896
Benefit payments	(1 697)	(1 570)
Actuarial loss/(gain)	(14 298)	-
Closing Liability	60 569	68 195
Current portion of post-employment benefits obligation	(2 584)	(1 697)
Non-current portion of post-employment benefits obligation	**57 985**	**66 498**

Key assumptions	2019	2018
Discount rate	9.79% p.a.	9.35 % p.a.
Medical inflation	6.71% p.a.	8.06 % p.a.
Valuation date	31 December 2019	31 December 2016

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	1 564	1 301
Effect on the defined benefit obligation	**62 133**	**69 496**

At 31 December	2019 N$'000	2018 N$'000	2017 N$'000	2016 N$'000	2015 N$'000
Present value of post-retirement benefit obligation	60 569	68 195	62 134	56 628	70 005

The Bank's post-retirement plan is unfunded.

Notes to the Annual Financial Statement
31 December 2019

22. NOTES AND COINS IN CIRCULATION

	2019 N$'000	2018 N$'000
Notes	4 271 821	4 278 836
Coins	246 386	242 342
	4 518 207	**4 521 178**

Currency in Circulation represents Namibia banknotes and coins in the hands of the commercial banks and the public at large. The commercial banks are the conduit by which the public have access to currency.

23. DEPOSITS

	2019 N$'000	2018 N$'000
Government of the Republic of Namibia	4 497 372	7 183 247
Domestic bankers' reserve account	1 251 355	1 155 302
Domestic bankers' settlement account	1 310 605	2 558 792
SDR Allocation account	2 546 627	2 618 219
IMF Securities account	3 786 064	3 369 939
GIPF BoN Asset Swap Investment	5 945 667	5 897 748
NAMPOWER BoN Asset Swap Investment	985 704	1 091 359
Other Deposits	1 476 537	22 497
Other – Pre-funded donor funds at cost	22 979	49 154
	21 822 910	**23 946 257**

Banker's reserve account balances have no fixed maturity and attract no interest. The Settlement 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 at the 91-day Treasury Bill rate less a discount of 4.5%.

Pursuant to Section 45 and 47 of the Bank of Namibia Act, the Government may take up short-term loans from the Bank, which shall have a maturity of less than six months. The government may without prior notification utilise an overdraft facility from the Bank not exceeding N$2.5 billion. The Government shall pay interest to the Bank on debit balances at a rate equivalent to the 91-day Treasury bill rate plus 50 basis points. Any request by Government for credit from the Bank in excess of N$2.5 billion shall be referred to the Board of the Bank for consideration.

The GIPF and NAMPOWER BoN Asset Swap arrangements were entered into to enhance Namibia's foreign reserve stocks.

Other Deposits are mainly made up of foreign currency denominated call deposit facilities provided to commercial banks and call account facilities extended to specific local institutions.

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.

Notes to the Annual Financial Statement 31 December 2019

24. TRADE AND OTHER PAYABLES

	2019 N$'000	2018 N$'000
Other payables	56 165	52 581
Sundry creditors	60 488	125 668
Payable – Financial Intelligence Centre (FIC)	11 536	-
	128 189	**178 249**

25. 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 Pension Fund Act, 1956 (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 2019 amounted to N$23,825,308 (2018: N$23 002 550).

26. 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, 1997.

27. FINANCIAL INTELLIGENCE CENTRE (FIC)

The Bank continues to render administrative support to the Financial Intelligence Centre (FIC). The FIC was established in terms of the Financial Intelligence Act, 2007 (No 3 of 2007). This Act was repealed in 2012 and replaced by the Financial Intelligence Act of 2012 which came into effect in December 2012. 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. During 2016, the FIC financials were separated from those of the Bank. The intercompany accounts are used to determine and settle transactions between the FIC and the Bank. As at 31 December 2019, the Bank owes the FIC N$11,536,295 (2018: N$25,290,541 owed to the Bank by FIC) which is reflected on the intercompany account and disclosed under Note 24 (2018: Note 13).

Notes to the Annual Financial Statement 31 December 2019

28. 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 foreign reserves management within the governance structures of the Bank. Foreign reserves are managed in a three-tier governance structure consisting of the Board of Directors, the Investment Committee and the Financial Markets Department (FMD). The Board defines the investment policy of the Bank, which guides the management and risk appetite of the foreign exchange reserves. The Board authority is delegated to the Investment Committee to ensure compliance with the investment mandate. The FMD is responsible for managing the reserves and, within the FMD there is a Risk & Analytics section that proactively monitors compliance of investments to assigned risk parameters daily. The different types of risk that the foreign exchange reserves are exposed to and the Bank's risk management approaches are stated below:

28.1 MARKET RISK

Market risk is the risk of loss or decline in the value of foreign reserve assets resulting from changes in market conditions and macroeconomic variables such as interest rates, exchange rate and inflation. Bank of Namibia employs duration management, diversification, correlation analysis and risk budgeting to mitigate market risk. In managing the foreign exchange reserves, the Bank follows an enhanced indexation approach which aims to outperform traditional passive portfolio management techniques by investing in a defined benchmark as well as employing an active management strategy to enhance returns.

<u>Sensitivity analysis on Interest rate risk</u>

This has been considered under the interest rate risk below. Refer to Note 28.2.

<u>Sensitivity Analysis on Currency risk</u>

The Bank of Namibia follows an Asset-Liability Management Approach to determine its currency composition (an exercise which is undertaken annually during the Strategic Asset Allocation review).

The Bank has a currency risk exposure arising from Investments and Bank accounts held in foreign currency as well as foreign currency denominated Liabilities. An analysis was done on the impact a 10% depreciation in the Namibian dollar against other currencies would have on the Profit/Loss of the Bank. There is no impact on the balances denominated in ZAR due to the currency peg between the NAD and ZAR.

Notes to the Annual Financial Statement 31 December 2019

28. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

28.1 MARKET RISK (CONTINUED)

	2019		2018	
	Total Assets	(Increase)/ Decrease profit/Loss	Total Assets	(Increase)/ Decrease profit/Loss
Assets				
USD	15 609 660	(1 560 971)	13 864 054	(1 386 405)
EUR	840 663	(73 361)	840 204	(84 021)
OTHER CURRENCIES	760 672	(74 609)	785 475	(78 548)
	17 210 995	(1 708 941)	15 489 734	(1 548 974)
% Impact on Investments		6%		5%
Liabilities				
USD	(7 069 533)	706 930	(4 406 321)	440 632
EUR	(11 359)	1 118	(6 989 125)	-
	(7 080 892)	708 048	(11 395 446)	442 313
% Impact on Liabilities		5%		4%

28.2 INTEREST RATE RISK

Foreign exchange reserve assets are sensitive to the interest rate movement path. Changes in interest rates impacts the value of these assets as well the potential interest income. A commonly used measure for interest rate risk on a bond or money market portfolio is the Dollar Value (DV01) approach. This approach considers the weighted average cash flows and represents the change in value of an asset or portfolio in value terms due to a 0.01 percent change in yield. The following table summarises the Bank's interest rate exposure using this methodology and also applies a 1 percent interest rate shock. The table can therefore be used as a basis for an assessment of the sensitivity of the Bank's net income to interest rate movements.

Notes to the Annual Financial Statement 31 December 2019

28. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

28.2 INTEREST RATE RISK (CONTINUED)

IMPACT OF INTEREST RATE CHANGE ON EUR PORTFOLIO - 2019

Instrument	Amount invested €'000	Actual Portfolio Weight	Interest Rate	Duration (Yrs)	Estimated Loss/Gain Assuming 1 bps Change ('000)	Estimated Loss/Gain Assuming 1% Change ('000)	Amount invested NAD '000	Estimated Loss/Gain Assuming 1% Change (NAD '000)
Working Capital	3,703	100%	-0.500%	0.003	0.00	0.10	58,606	1.63
Liquidity Tranche	-	0%	0.000%	-	-	-	-	-
Investment Tranche	-	0%	0.000%	-	-	-	-	-
	3,703	100%	-0.500%		0.00	0.10	58,606	1.63

IMPACT OF INTEREST RATE CHANGE ON USD PORTFOLIO - 2019

Instrument	Amount invested US$'000	Actual Portfolio Weight	Interest Rate	Duration (Yrs)	Estimated Loss/Gain Assuming 1 bps Change ('000)	Estimated Loss/Gain Assuming 1% Change ('000)	Amount invested NAD '000	Estimated Loss/Gain Assuming 1% Change (NAD '000)
Working Capital	10,407	2%	1.443%	0.003	0.00	0.29	146,980	4.08
Liquidity Tranche	52,136	8%	1.956%	0.003	0.01	1.45	736,346	20.45
Investment Tranche	38,891	6%	1.690%	2.490	9.68	968.23	549,282	13,674.77
Externally Managed Portfolios	425,020	68%	1.469%	3.547	150.74	15,074.34	6,002,751	212,901.64
Endowment Fund	-	0%	2.620%	0.058	-	-	-	-
CFC	100,062	16%	1.641%	0.003	0.03	2.78	1,413,220	39.26
	626,516	100%	1.550%		160	16,047.09	8,848,579	226,640.20

IMPACT OF INTEREST RATE CHANGE ON ZAR PORTFOLIO - 2019

Instrument	Amount invested R'000	Actual Portfolio Weight	Interest Rate	Duration (Yrs)	Estimated Loss/Gain Assuming 1 bps Change ('000)	Estimated Loss/Gain Assuming 1% Change ('000)	Amount invested NAD '000	Estimated Loss/Gain Assuming 1% Change (NAD '000)
Working Capital	1,023,388	22%	7.190%	0.003	0.28	28.04	1,023,388	28.04
Liquidity Tranche	2,052,396	45%	7.289%	0.003	0.56	56.23	2,052,396	56.23
Investment Tranche	1,473,687	32%	7.670%	0.229	33.73	3,372.72	1,473,687	3,372.72
	4,549,471	100.0%	7.390%		34.57	3,456.99	4,549,471	3,456.99

IMPACT OF INTEREST RATE CHANGE ON SDR PORTFOLIO - 2019

Instrument	Amount invested Respective Currency '000	Actual Portfolio Weight	Interest Rate	Duration (Yrs)	Estimated Loss/Gain Assuming 1 bps Change ('000)	Estimated Loss/Gain Assuming 1% Change ('000)	Amount invested NAD '000	Estimated Loss/Gain Assuming 1% Change (NAD '000)
USD	78,531	42%	2.045%	0.003	0.02	2.15	1,109,129	30.39
EUR	49,393	30%	-0.212%	0.003	0.01	1.35	781,630	21.41
GBP	11,720	8%	0.900%	0.378	0.44	44.27	217,083	820.04
JPY	1,600,959	8%	0.000%	0.003	0.44	43.86	208,093	5.70
CNY	149,036	12%	2.600%	0.178	2.65	264.95	301,754	536.45
		100.00%	1.180%		3.57	356.59	2,617,689	1,414.00

Notes to the Annual Financial Statement 31 December 2019

28. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

28.2 INTEREST RATE RISK (CONTINUED)

IMPACT OF INTEREST RATE CHANGE ON THE EUR PORTFOLIO - 2018

Instrument	Amount invested €'000	Actual Portfolio Weight	Interest Rate	Duration (Yrs)	Estimated Loss/Gain Assuming 1 bps Change ('000)	Estimated Loss/Gain Assuming 1% Change ('000)
Working Capital	1,264	100%	-0.480%	0.003	0.00	0.04
Liquidity Tranche	-	0%	0.000%	-	-	-
Investment Tranche	-	0%	0.000%	-	-	-
	1,264	100%	-0.480%		0.00	0.04

IMPACT OF INTEREST RATE CHANGE ON THE USD PORTFOLIO - 2018

Instrument	Amount invested US$'000	Actual Portfolio Weight	Interest Rate	Duration (Yrs)	Estimated Loss/Gain Assuming 1 bps Change ('000)	Estimated Loss/Gain Assuming 1% Change ('000)
Working Capital	7 975	1%	2.450%	0.003	0.00	0.00
Liquidity Tranche	66 780	8%	2.450%	0.003	0.02	1.85
Investment Tranche	97 612	12%	2.597%	2.490	24.30	2 430.11
Externally Managed Portfolios	400 416	50%	2.142%	3.386	47.90	4 790.46
Endowment Fund	1 366	1%	2.620%	0.058	0.01	0.80
CFC	4	0%	2.450%	0.003	0.00	0.00
SDR	228 464	28%	1.690%	1.530	34.95	3 495.35
	802 617	100%	2.108%		107.19	10 718.57

IMPACT OF INTEREST RATE CHANGE ON THE ZAR PORTFOLIO - 2018

Instrument	Amount invested R'000	Actual Portfolio Weight	Interest Rate	Duration (Yrs)	Estimated Loss/Gain Assuming 1 bps Change ('000)	Estimated Loss/Gain Assuming 1% Change ('000)
Working Capital	1,141,368	21%	7.660%	0.003	0.31	31.27
Liquidity Tranche	503,280	10%	7.660%	0.003	0.14	13.79
Investment Tranche	3,683,270	69%	7.669%	0.184	67.76	6,775.91
BoN Bill	-	0%	-	-	-	-
	5,327,918	**100.0%**	**7.667%**		**68.21**	**6,820.97**

Notes to the Annual Financial Statement 31 December 2019

28. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

28.2 INTEREST RATE RISK (CONTINUED)

INTEREST RATE REPRICING PROFILE

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 based on the various maturities. 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 2019

N$'000	0 – 3 Months	3 – 12 Months	1 – 5 Years	5 – 10 Years	Non-Interest Bearing	Total
Assets						
Loans and advances	-	-	151 204	-	-	151 204
Investment	7 049 466	6 938 707	6 260 672	8 448 568	208 265	28 905 678
Loans and advances – Local banks	1 746 376	-	-	-	-	1 746 376
Rand deposits	-	-	-	-	89 727	89 727
Other receivables	4 265 165	-	-	-	-	4 265 165
Total Financial Assets	**13 061 007**	**6 938 707**	**6 411 876**	**8 448 568**	**297 992**	**35 158 150**
Liabilities						
Deposits	20 548 575	-	-	-	1 274 335	21 822 910
Trade and other payables	128 189	-	-	-	-	128 189
Total Financial Liabilities	**20 676 764**	**-**	**-**	**-**	**1 274 335**	**21 951 099**
Interest rate repricing gap	**(7 615 757)**	**6 938 707**	**6 411 876**	**8 448 568**	**(976 343)**	**13 207 051**

AS AT YEAR ENDED 31 DECEMBER 2018

N$'000	0 – 3 Months	3 – 12 Months	1 – 10 Years	Non-Interest Bearing	Total
Assets					
Loans and advances - non-current	-	-	123 888	-	123 888
Investment	8 502 054	3 759 688	18 551 003	147 597	30 960 342
Loans and advances - current	1 839 118	-	-	-	1 839 118
Rand deposits	-	-	-	68 526	68 526
Other receivables	3 893 707	-	-	-	3 893 707
Total Financial Assets	**14 234 879**	**3 759 688**	**18 674 891**	**216 123**	**36 885 581**
Liabilities					
Deposits	8 170 702	-	14 571 099	1 204 456	23 946 257
Trade and other payables	178 249	-	-	-	178 249
Total Financial Liabilities	**8 348 951**	**-**	**14 571 099**	**1 204 456**	**24 124 506**
Interest rate repricing gap	**5 885 928**	**3 759 688**	**4 103 792**	**(988 333)**	**12 761 075**

Notes to the Annual Financial Statement 31 December 2019

28. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

28.3 CURRENCY RISK

In terms of the Investment Policy and Guidelines, foreign exchange risk is managed on risk neutral basis through a currency composition (benchmark) that provides a natural hedge against potential liabilities. The currency composition of the foreign exchange reserves reflects the currency distribution of the country's short-term external debt, imports and other contingent liabilities. The Bank's foreign reserves are divided into three tranches, namely: Working Capital, Liquidity and Investment Tranche which are further composed of its various reserve currencies. The currency composition of reserves is determined using a liability approach whereby the potential calls on the reserves form the basis for the respective currency allocations. For the year 2019, the following portfolios (tranches) was managed in-line with the stipulated currency exposure limits.

Instruments	ZAR Portfolio	USD Portfolio	EUR Portfolio	Other Portfolio
Working Capital	500mil – 2.5bn	0mil – 10mil	0mil – 5mil	0
Liquidity Tranche	500mil ≤	0mil – 125mil	0mil – 50mil	0
Investment Tranche (%)	88	12	0	0

Risk-return preferences per tranche

Tranche	Horizon	Objective
Working Capital	0-3 Months	Provide Liquidity, no negative returns allowed on any period (100% Cash)
Liquidity	1 Year	Maximize returns subject to avoiding negative returns at 99% confidence (as measured on an annual basis)
Investment	1 Year	Maximize returns subject to a negative return of 100 bps with 95% probability (as measured on an annual basis)

The effect of Namibia dollar exchange rates against the foreign currencies can have an impact on the level of foreign currency reserves in terms of the reporting currency. The weakening of the NAD against the USD as well as other major currencies, will favourably affect the reserve position when reported in the local currency. The opposite effect holds when the NAD appreciates against these currencies. The Namibia Dollar is pegged to the South African Rand at one to one parity, and hence there is no currency risk on the portion of foreign reserves invested in that currency.

Notes to the Annual Financial Statement 31 December 2019

28. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

28.3 CURRENCY RISK (CONTINUED)

AT 31 DECEMBER 2019 THE BANK HAD THE FOLLOWING CURRENCY POSITION EXPOSURES

	N$ '000	ZAR '000	Euro '000	US$ '000	Other '000	Total N$'000
Assets						
Loans and advances	151 204	-	-	-	-	151 204
Investment	-	11 860 985	840 236	15 600 146	604 311	28 905 678
Loans and advances – Local banks	1 746 376	-	-	-	-	1 746 376
Rand deposits	-	89 727	-	-	-	89 727
Other receivables	37 193	407 594	-	-	3 820 378	4 265 165
Total Financial Assets	**1 934 773**	**12 358 306**	**840 236**	**15 600 146**	**4 424 689**	**35 158 150**
Liabilities						
Deposits	7 083 033	6 931 372	-	1 475 814	6 332 691	21 822 910
Trade and other payables	128 189	-	-	-	-	128 189
Total Financial Liabilities	**7 211 222**	**6 931 372**	**-**	**1 475 814**	**6 332 691**	**21 951 099**
Net Financial Instruments	**(5 276 449)**	**5 426 934**	**840 236**	**14 124 332**	**(1 908 002)**	**13 207 051**

AT 31 DECEMBER 2018 THE BANK HAD THE FOLLOWING CURRENCY POSITION EXPOSURES

	N$ '000	ZAR '000	Euro '000	US$ '000	Other '000	Total N$'000
Assets						
Loans and advances - non-current	123 888	-	-	-	-	123 888
Investment	-	15 532 401	840 224	11 797 821	2 789 896	30 960 342
Loans and advances - current	1 839 118	-	-	-	-	1 839 118
Rand deposits	-	68 526	-	-	-	68 526
Other receivables	71 875	389 771	-	-	3 432 061	3 893 707
Total Financial Assets	**2 034 881**	**15 990 698**	**840 224**	**11 797 821**	**6 221 957**	**37 885 581**
Liabilities						
Deposits	9 913 337	6 989 125	16 753	4 408 823	2 618 219	23 946 257
Trade and other payables	178 249	-	-	-	-	178 249
Total Financial Liabilities	**10 091 586**	**6 989 125**	**16 753**	**4 408 823**	**2 618 219**	**24 124 506**
Net Financial Instruments	**(8 056 705)**	**9 001 573**	**823 471**	**7 388 998**	**(3 603 738)**	**12 761 075**

Notes to the Annual Financial Statement 31 December 2019

28. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

28.4 LIQUIDITY RISK

Liquidity risk is the risk that the Bank will be unable to meet its financial obligations as they fall due or the possibility that the Bank will incur substantial capital losses when it disposes its securities in the secondary market. Liquidity is the second most important foreign exchange reserves management objective after capital preservation. The Bank seeks to maintain enough liquidity by investing in securities with an active secondary market. As at 31 December 2019, 49 percent (2018: 40 percent) of investments could be liquidated within two working days, reflecting the highly liquid nature of the portfolio.

LIQUIDITY/OBLIGATIONS RISK ANALYSIS STATEMENT AS AT 31 DECEMBER 2019

N$'000	0 – 3 Months	4 – 12 Months	1–10 Years	No maturity	Total
Assets					
Loans and advances	-	-	151 204	-	151 204
Investment	7 257 785	6 938 707	6 259 833	8 449 353	28 905 678
Loans and advances – Local banks	1 746 376	-	-	-	1 746 376
SDR Holdings -IMF	-	-	-	34 314	34 314
SDR Quota	-	-	-	3 786 064	3 786 064
Rand deposits	89 727	-	-		89 727
Other receivables	37 193	407 594	-	-	444 787
Total Financial Assets	**9 131 081**	**7 346 301**	**6 411 037**	**12 269 731**	**35 158 150**
Liabilities					
Deposits	5 807 977	-	-	9 682 242	15 490 219
SDR Allocation - IMF*	-	-	-	2 546 627	2 546 627
IMF Securities Account*	-	-	-	3 786 064	3 786 064
Trade and other payables	128 189	-	-	-	128 189
Total Financial Liabilities	**5 936 166**	**-**	**-**	**16 014 933**	**21 951 099**
Liquidity sensitivity gap	**3 194 915**	**7 346 301**	**6 411 037**	**(3 745 202)**	**13 207 051**
Cumulative liquidity sensitivity gap	**3 194 915**	**10 541 216**	**16 952 253**	**13 207 051**	**-**

*Relates to reserves that are held as a result of the Bank's IMF membership. Refer to Note 1.19

LIQUIDITY/OBLIGATIONS RISK ANALYSIS STATEMENT AS AT 31 DECEMBER 2018

N$'000	0 – 3 Months	4 – 12 Months	1–10 Years	No maturity	Total
Assets					
Loans and advances - non-current	-	-	123 888	-	123 888
Investment	8 711 466	3 759 688	18 489 188	-	30 960 342
Loans and advances - current	1 839 118	-	-	-	1 839 118
SDR Holdings -IMF	-	-	-	62 122	62 122
SDR Quota	-	-	-	3 369 939	3 369 939
Rand deposits	68 526	-	-	-	68 526
Other receivables	461 646	-	-	-	461 646
Total Financial Assets	**11 080 756**	**3 759 688**	**18 613 076**	**3 432 061**	**36 885 581**
Liabilities					
Deposits	2 160 047	-	14 571 099	1 226 954	17 958 100
SDR Allocation - IMF	-	-	-	2 618 219	2 618 219
IMF Securities Account	-	-	-	3 369 939	3 369 939
Trade and other payables	178 249	-	-	-	178 249
Total Financial Liabilities	**2 338 296**	**-**	**14 571 099**	**7 215 112**	**24 124 507**
Liquidity sensitivity gap	**8 742 460**	**3 759 688**	**4 041 977**	**(3 783 051)**	**12 761 075**
Cumulative liquidity sensitivity gap	**8 742 460**	**12 502 148**	**16 544 125**	**12 761 075**	**-**

Notes to the Annual Financial Statement
31 December 2019

28. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

28.5 LIQUIDITY RISK (CONTINUED)

28.5 CREDIT RISK

This is the risk that the Bank's counterparties will default on their contractual obligations resulting in a financial loss to the Bank. The risk of default of counterparties as well as the spread widening of bonds held by the Bank are both influenced by the probability of default of the concerned counterparties.

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 F1 by Fitch or the equivalent rating by Standard & Poor and Moody's rating agencies. Longer-dated fixed income instruments are limited to issues by members of the Group of 7 Nations (G7), Organisation for Economic Cooperation and Development (OECD), and the People's Republic of China with a minimum credit rating of BBB- by Fitch Rating Agency or equivalent. In light of the downgrade of South Africa to non-investment grade, a special provision has been made to allow short-term exposure (maximum one year) to South African Issuers with a minimum short-term rating of F3 and a minimum long-term rating of BB by Fitch or equivalent. This is of strategic importance given the peg of the Namibian Dollar to the South African Rand.

Detailed below is a table which presents the Bank's total financial asset exposure over various regions as well as their credit ratings:

CREDIT RISK RATING ANALYSIS AS AT 31 DECEMBER 2019

REGIONAL EXPOSURE	CREDIT RATING 2019	N$'m
United States	AA+	4 923 145
North America (excl USA)	AAA	518 072
Euro Area	AA-	4 347 861
United Kingdom	AA	438 154
Japan	A	3 632 123
Other Advanced Economies	AA	486 734
China	A+	11 717 238
South Africa	BB	1 706 221
Other Emerging Market & Developing Economies	BBB+	339 057
Multilaterals	AAA	797 072
Namibia	BB	6 252 473
TOTAL ASSETS		**35 158 150**

Notes to the Annual Financial Statement 31 December 2019

28. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

28.5 CREDIT RISK (CONTINUED)

CREDIT RISK RATING ANALYSIS AS AT 31 DECEMBER 2018

REGIONAL EXPOSURE	CREDIT RATING 2018	N$'m
United States	AA+	6 501 675
North America (excl. USA)	AAA	491 075
Euro Area	AA	3 105 158
United Kingdom	AA	325 936
Japan	A	1 459 444
Other Advanced Economies	AAA	414 762
China	A+	1 808 756
South Africa	BB	15 281 976
Other Emerging Market & Developing Economies	A	758 748
Multilaterals	AAA	812 812
Namibia	BB+	5 925 239
TOTAL ASSETS		**36 885 581**

The Bank invests/buys securities in reputable institutions who are rated by Fitch, Moody's and Standard & Poor rating agencies. The Bank's credit risk exposure 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.

28.6 SETTLEMENT RISK

The Bank is exposed to settlement risk when settling or clearing transactions. This type of risk occurs in an event that the Bank or 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 this could result in penalties, interest forgone and consequently affect the reputation of the Bank. In order to control this risk, the Bank has imposed counterparty and dealer limits so as to limit the bank's exposure to a counterparty at any given time in the deal cycle.

28.7 OPERATIONAL RISK

Like any other institution, the Bank is exposed to operational risk, which 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 detail 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.

Notes to the Annual Financial Statement 31 December 2019

28. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

28.7 OPERATIONAL RISK (CONTINUED)

- **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 organisational 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 state effective disaster recovery plans are currently being developed.

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.

28.8 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.

28.9 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 2019 the Repo's to Commercial Banks were to the tune of N$1.75 billion (2018: N$1.8 billion).

28.10 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.

28.11 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 Statement
31 December 2019

29. CAPITAL COMMITMENTS

	2019 N$' 000	2018 N$' 000
Contracted	39 215	42 718

30. RELATED PARTY INFORMATION

During the year the Bank, in its ordinary course of business, entered into various transactions. These transactions were undertaken on commercial terms and conditions. The Bank of Namibia Act, 1997 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 are all inclusive packages 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 is the sole shareholder of the institution are detailed in note 1.17 of this report. Note 27 provides more information on the Financial Intelligence Centre.

Gross Emoluments	Salaries N$'000	Retirement Benefit N$'000	Medical Aid Benefit N$'000	Total 2019 N$' 000	Total 2018 N$'000
Executive Management					
Governors	4 446	805	164	5 415	5 154
Senior Management	22 243	2 790	813	25 846	23 396
Non-Executive Board					
Ms S T Haipinge				152	126
Ms A S I Angula				-	158
Mr V Malango				-	155
Dr O Kakujaha- Matundu				-	155
Ms E B Shafudah				-	-
Ms C v/d Westhuizen				202	185
Mr E I Meroro				296	-
Mr C A Baisako				207	-
Mr F Tjivau				246	-
				1 103	779

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

Notes to the Annual Financial Statement 31 December 2019

31. APPROVAL OF FINANCIAL STATEMENTS

The Annual Financial Statements have been approved by the Board of Directors at the Board meeting held on 13 March 2020.

32. SUBSEQUENT EVENTS

On the 23rd March 2020, The Governor of the Bank, Mr. Iipumbu Shiimi was appointed as Minister of Finance and the Deputy Governor Mr. Ebson Uanguta has assumed executive responsibilities in conjunction with the Board of the Bank and he will be supported by the senior management team.

There are no other material events subsequent to the reporting date other than the declaration of Dividends to the State of N$ 399.94 million.

Statement of Comprehensive Income for the Year ended 31 December 2019 (In compliance with the Bank of Namibia Act, 1997)

	Notes	2019 N$'000	2018 N$'000
Net interest income		**642 669**	**544 999**
Interest income	2	850 862	828 371
Interest expense	2	(208 193)	(283 372)
		445 443	455 079
Rand Compensation Income	2	407 594	401 963
Other income	2	37 849	53 116
Total income		**1 088 112**	**1000 078**
		(252 849)	(429 726)
Operating expenses	2	(359 023)	(449 414)
Net gain/(loss) on investment portfolio		106 174	19 688
Profit for the year before net foreign exchange translation gain/(loss)		**835 263**	**570 352**
Net foreign exchange translation gain/(loss)*	16	(159 390)	1 251 559
Profit/(Loss) for the Year		**675 873**	**1 821 911**
Other Comprehensive Income		**134 459**	**1 643**
Unrealised (Loss)/Gain reserve		115 836	-
Allowance for credit losses - FVTOCI	9.1	4 325	1 643
Auctuarial gain on Post-employment benefits	21	14 298	-
Total Comprehensive Profit for the Year		**810 332**	**1 823 554**
Profit/(Loss) Profit attributable to:			
Foreign currency revaluation reserve	16	(159 390)	1 251 559
Investment revaluation reserve	20	115 836	(56 766)
Allowance for credit losses	9.1	4 325	1 643
Amount available for distribution	3	849 561	627 118
		810 332	**1 823 554**
Profits available for Distribution		**849 561**	**627 118**
State Revenue Fund		399 941	294 237
General reserve	15	357 463	262 881
Building fund reserve	18	20 000	20 000
Development fund reserve	17	70 000	50 000
Training fund reserve	19	2 157	-

Part C
Economic and Financial Developments

Contents

SELECTED FINANCIAL AND ECONOMIC INDICATORS

	2015	2016	2017	2018	2019
		Actual			Estimates
(Annual percentage change)					
Real GDP growth	4.5	-0.3	-0.3	0.7	-1.1
GDP deflator	3.7	8.5	8.3	4.3	1.5
Consumer price inflation (period average)	3.4	6.7	6.2	4.3	3.7
Consumer price inflation (end-of-period)	3.7	7.3	5.2	5.1	2.6
Exports of goods	-0.9	13.8	6.5	11.5	0.8
Imports of goods	11.2	0.6	-10.4	3.4	-0.9
Real effective exchange rate[12] (period average)	-2.1	-1.3	5.2	1.1	-0.9
Private sector credit extension (period average)	15.3	11.4	6.6	6.3	6.8
Broad money supply (end-of-period)	10.2	4.9	14.1	6.4	10.5
Repo rate (end-of-period)	6.50	7.00	6.75	6.75	6.50
10-year Government bond yield (period average, percent)	9.32	10.40	10.54	10.21	9.96
In percent of GDP, unless otherwise stated					
Investment	30.5	21.9	17.5	14.6	12.7
Public	4.7	3.4	2.7	3.0	3.5
Private	25.8	18.5	14.8	11.6	9.3
Savings	30.5	21.9	17.5	14.6	12.7
External	13.7	15.9	4.0	2.8	2.3
Domestic	16.8	6.1	13.5	11.7	10.4
Public	-1.6	-5.5	-2.9	-3.7	-0.9
Private	18.4	11.6	16.4	15.5	11.4
Public Finance					
Overall Government deficit[13]	-8.4	-7.1	-5.3	-5.2	-4.5
Public debt outstanding	38.1	40.2	42.4	48.6	51.2
Public guaranteed debt outstanding	5.0	5.6	6.0	6.1	6.1
External Sector					
Current account balance	-13.7	-15.9	-4.0	-2.8	-2.3
Excluding official transfers	-26.1	-25.8	-15.3	-13.3	-13.1
Gross official reserves (end-of-period)					
In millions of Namibia Dollar	23 577	24 720	30 177	31 024	28 941
In millions of US Dollar	1 516	1 814	2 435	2 150	2 049
In months of imports	3.1	3.2	4.4	4.5	4.1
External debt[14]	59.6	56.0	62.1	68.0	66.8
Exchange rate to US Dollar (end-of-period)	15.5553	13.6240	12.3930	14.4309	14.1235
Exchange rate to US Dollar (period average)	12.7507	14.7088	13.3129	13.2339	14.4484
GDP at current market prices (N$ million)	**145 207**	**156 879**	**169 529**	**178 052**	**178 677**

12 A decrease in the Real Effective Exchange Rate index means that the national currency depreciated, reflecting a gain in the competitiveness of the Namibian products on the international market. An increase in the index, on the other hand, represents an effective appreciation of the national currency, indicating a loss in competitiveness of the local products on the international market.

13 These are fiscal year data starting, 2015/16, ending 2019/20.

14 Includes government, parastatal and private sector debt.

SUMMARY OF ECONOMIC AND FINANCIAL DEVELOPMENTS

Global economic growth is estimated to have slowed in 2019 across both advanced economies (AEs) and Emerging Markets and Developing Economies (EMDEs). Global GDP for 2019 slowed in most of the monitored AEs and EMDEs, relative to 2018. The decline was generally due to weak business investment as a result of rising trade barriers; elevated uncertainty surrounding trade and geopolitics; unique factors causing macroeconomic strain; and structural factors, such as low productivity growth and aging demographics.

World economic growth for 2020 is likely to weaken further on account of the COVID-19 pandemic. Global growth was in January 2020 still projected to rise from an estimated 2.9 percent in 2019 to 3.3 percent in 2020, according to the IMF's World Economic Outlook (WEO) Update. The rapidly escalating impact of the current COVID-19 pandemic has however made it clear that global growth in 2020 will be much worse than in 2019. Some further risks remain in the background, and include rising geopolitical tensions, notably between the US and Iran, renewed worsening of US-China trade relations, weather-related disasters and social unrest.

Global financial market sentiments and confidence were negatively affected by the escalating trade tensions and uncertainties around Brexit in 2019. Against this background, the financial conditions were accommodative, as central banks in both the AEs and EMDEs adopted accomodative monetary policy stances to counterbalance the negative impacts. Global stock markets performed solidly in 2019, partly due to monetary policy easing by the US and the European Central Bank (ECB). EMDE currencies depreciated in 2019 fuelled by the strong US dollar and the capital outflows from the EMDE economies as investors reassessed their risk appetite. Prices of most metal and energy commodities fell in 2019 amid mounting concerns about slowing global growth and a stronger US dollar. The exception was gold, the price of which increased notably in 2019 on safe-haven demand pressures, renewed monetary policy easing and purchases by central banks around the world.

Average inflation was subdued in both monitored AEs and EMDEs in 2019, prompting most central banks to reduce their benchmark rates. Inflation in most of the monitored AEs and EMDEs slowed in 2019 compared to 2018, due to lower energy prices and weaker economic growth. The exceptions were India and China, where inflation increased. Several of the monitored central banks adopted accommodative monetary policy stances in 2019.

In Namibia, real GDP is estimated to have contracted in 2019, after registering mild growth in 2018, mainly due to slower activity in the primary and tertiary industries. Real GDP is estimated to have contracted by 1.1 percent in 2019, from positive low growth rate of 0.7 percent in 2018. The dismal performance in 2019 is mainly ascribed to the declines in the *agriculture*, *mining*, *hotels and restaurants*, *wholesale and retail trade*, *construction*, and *public* sectors. Some growth in the *manufacturing* sector, led by beverage and animal feed products, sustained the activity in the secondary industry during 2019.

Namibia's inflation rate slowed in 2019 compared to 2018, mainly due to a decline in inflation for transport and housing. The inflation rate averaged 3.7 percent in 2019, lower than the 4.3 percent recorded in 2018. The lower inflation was largely reflected in housing and transport during the period under review. This was mainly on account of weak economic activity coupled with a switch in the demand-supply situation in the rental market. Inflation for food rose on average during the period under review, reflected in higher inflation in most sub-categories of food, but the monthly rate has been on a declining trend since January 2019.

In 2019, the Bank's Monetary Policy Committee (MPC) relaxed its monetary policy stance in the August MPC meeting to support domestic growth. Following a review of global, regional and domestic economic and financial developments, in its August 2019 meeting, the MPC cut the repo rate by 25 basis points to 6.50 percent, down from 6.75 percent in August 2017. During the February 2020 MPC meeting, the repo rate was further reduced by 25 basis points to 6.25 percent. Most recently, the MPC at a special meeting held on 20 March 2020 reduced the repo rate by a further 100 basis points to 5.25 percent. This was done to provide support to the economy in the wake of the intensification of the coronavirus pandemic with its associated disruptions of economic activity.

Developments in the monetary and credit aggregates in 2019 were characterised by a decline in growth in the broad money supply (M2), while growth in private sector credit extension (PSCE) rose marginally. Growth in M2 declined to 8.5 percent in 2019, compared to 9.1 percent in 2018. The slower growth in M2 during the period under review was consistent with the weak economy and decline in inflation, dampening the transactions demand for money. Growth in PSCE rose on average during 2019, due to a higher uptake of credit by business in the form of other loans and advances, and overdraft credit in the manufacturing, services, construction and fishing sectors during the year under review.

In 2019, the overall liquidity position of the Namibian banking industry declined substantially. The liquid balances of the banking industry averaged N$2.9 billion during 2019, notably lower than the average of N$3.5 billion recorded during 2018. The annual decrease was largely on account of higher ZAR outflows, coupled with lower diamond export earnings in comparison with the previous year. Despite the decline in liquidity levels in the banking sector, the overall banking industry has maintained its ratio of liquid assets to outstanding liabilities significantly above the minimum prudential requirement.

During 2019/20, the Government's overall deficit is estimated to have narrowed both in nominal terms and as a ratio to GDP. The 2019/20 Central Government deficit as a percentage of GDP was estimated at 4.5 percent, lower than the 5.2 percent deficit recorded in 2018/19. This was due to an increase in revenue, which grew at a faster pace than expenditure due to higher SACU receipts. Total Government debt as a percentage of GDP increased to 51.2 percent at the end of December 2019, thus remaining above the ceiling set by the Government of 35 percent.

During 2019, Namibia's current account deficit narrowed further, mainly due to an improvement in the merchandise trade deficit, lower outflows on the primary income account, and a higher surplus on the secondary income account. The current account deficit narrowed by 18.3 percent to N$4.1 billion during 2019, compared to 2018. The improvement is mainly ascribed to the shrinking merchandise trade deficit that reflected a bigger decline in the import bill and a slight increase in export earnings. This was supported by lower net outflows in the primary income account, coupled with increased inflows in the secondary income account as a result of increased SACU receipts. Namibia's international investment position recorded a lower net liability position in 2019 compared with 2018 due to an increase in foreign assets. In addition, the nominal effective exchange rate (NEER) appreciated while the real effective exchange rate (REER) displayed a moderate depreciation during 2019 compared to 2018. The depreciation of the REER implies that Namibia's external competitiveness improved during the year.

GLOBAL ECONOMIC AND FINANCIAL DEVELOPMENTS

OUTPUT GROWTH AND OUTLOOK BY MAIN REGION AND ECONOMIC BLOCK

Global economic growth is estimated to have slowed in 2019 compared to the previous year, deteriorating in both Advanced Economies (AEs) and Emerging Market and Developing Economies (EMDEs). Growth in the global economy is estimated to have slowed to 2.9 percent in 2019, from 3.6 percent in 2018, and well below its ten-year average of 3.8 percent. The subdued growth was mainly attributed to trade policy uncertainty, geopolitical tensions, social unrests in several countries, and weather-related disasters. Going forward, the IMF in its January 2020 World Economic Outlook Update expected a recovery in 2020 as the effects of substantial monetary easing across AEs and EMDEs in 2019 would continue to filter through to the global economy. The realisation of the higher projected growth rate however has subsequently been severely compromised by the escalation of the COVID-19 outbreak and its economic consequences. It is clear that growth in 2020 will be lower than in 2019, with a significant probability that global GDP may in fact contract. This is not even factoring in the risk of renewed escalation in US-China trade disputes, social unrest and geopolitical tensions.

TABLE C.1 WORLD ECONOMIC OUTPUT (ANNUAL PERCENTAGE CHANGE)

	2017	2018	2019 (estimated)
World Output	**3.8**	**3.6**	**2.9**
AEs	**2.4**	**2.2**	**1.7**
USA	2.2	2.9	2.3
Eurozone	2.4	1.9	1.2
Germany	2.2	1.5	0.5
France	2.3	1.7	1.4
Italy	1.7	0.8	0.2
Spain	3.0	2.4	2.0
Japan	1.9	0.3	1.0
UK	1.8	1.3	1.4
Other AEs	2.9	2.6	1.5
EMDEs	**4.8**	**4.5**	**3.7**
China	6.8	6.6	6.1
Russia	1.6	2.3	1.1
India	7.2	6.8	4.8
Brazil	1.1	1.3	1.2
Sub-Saharan Africa	**2.9**	**3.2**	**3.3**
Angola	-0.1	-1.2	-0.3
South Africa	1.4	0.8	0.2
Nigeria	0.8	1.9	2.3

Source: IMF World Economic Outlook Update (WEO) January 2020, Statistics SA, Office of National Statistics (UK)

Economic growth in the monitored AEs is estimated to have weakened in 2019 compared to 2018, except in Japan, where growth was marginally firmer, and the UK, where it was flat. US GDP growth slowed to 2.3 percent in 2019 compared to 2.9 percent in 2018, which reflects trade-related policy uncertainty (Table C.1). The Euro area registered growth of 1.2 percent in 2019, lower than the 1.9 percent recorded in 2018, on the back of weaker growth in foreign demand and a drawdown of inventories. Similarly, economic growth in the UK is estimated to have recorded a growth rate of 1.4 percent in 2019, slightly higher than that of 2018, as fears of a hard Brexit diminished, thereby supporting investors' risk appetite. Japan's economy registered a growth rate of 1.0 percent in 2019 compared to 0.3 percent in 2018, backed by firm private consumption and public spending.

GDP growth for EMDEs is estimated to have slowed in 2019, partly due to weak domestic demand in major economies. EMDE economic growth is estimated to be slower at 3.7 percent in 2019, from 4.5 percent in 2018, as country-specific shocks weighed on domestic demand (Table C.1). China's growth rate is estimated at 6.1 percent in 2019, down from 6.6 percent in 2018, mainly because of escalating tariffs and weakening external demand. India's economy is estimated to have slowed to 4.8 percent growth in 2019, down from 6.8 percent in 2018, as concerns about the health of the Non-Bank Financial Sector (NBFS) and a decline in credit growth weighed on demand. Brazil's economic growth rate is estimated to have slowed to 1.2 percent in 2019, down from 1.3 percent in 2018, as the impact of mining supply disruptions continued to hamper economic activity. Similarly, growth in the economy of Russia slowed to 1.1 percent in 2019, down from 2.3 percent in 2018, mainly because of industrial output growth that declined on the back of a downturn in mining activity. Angola's economy is estimated to have registered a smaller contraction of 0.3 percent in 2019, lower than the contraction of 1.2 percent in 2018, because of a decline in oil production. Furthermore, South Africa's estimated economic growth rate slowed to 0.2 percent in 2019, down from 0.8 percent in 2018, reflecting structural constraints and deteriorating public finances that negatively affected business confidence and private investment.

ECONOMIC OUTLOOK FOR 2020

The global economy was initially projected to improve in 2020 compared to 2019, but is now set to suffer a severe setback induced by the COVID-19 pandemic. Growth in the global economy was in January 2020 forecast to increase to 3.3 percent in 2020 from 2.9 percent in 2019, as the effects of substantial monetary easing across AEs and EMDEs in 2019 were expected to continue working their way through the global economy. The impact of the recent COVID-19 outbreak is however so strong that global growth in 2020 is now expected to be very weak. Other downside risks such as rising geopolitical tensions between the US and Iran, higher tariff barriers between the US and its trading partners (notably China), and weather-related disasters are now seen as of secondary importance.

GDP growth in the AEs is now likely to be very disappointing in 2020. According to the IMF WEO for January 2020, growth in AEs was projected to moderate to 1.6 percent in 2020, from 1.7 percent in 2019. The disruptions to travel, tourism, and normal patterns of production and consumption brought about by the COVID-19 pandemic will detract considerably from this projected growth rate.

Growth in EMDEs now faces extreme headwinds. EMDE economic growth was initially expected to increase to 4.4 percent in 2020, compared to 3.7 percent in 2019. The impact of the COVID-19 pandemic is now expected to affect growth negatively to a severe extent as prices of export commodities collapse, tourism and travel activity shrinks, and production, employment, income and expenditure spiral downward.

Economic growth in Sub-Saharan Africa is likely to turn negative in 2020. Regional growth was initially expected to pick up to 3.5 percent in 2020, up from 3.3 percent in 2019. However, the consequences of the collapse in the prices of key export products in the wake of the pandemic are harsh. Angola and Nigeria face a halving in the price of oil, their main export product. Severe setbacks to export earnings extend to all countries in the region. On top of that, the weakened reliability of electricity supply remains a significant impediment to growth in South Africa. Financial systems in the region will also face strain as cash flows deteriorate and bad debts accumulate. Fiscal challenges are similarly set to escalate.

INFLATION AND INTEREST RATE DEVELOPMENTS

Inflation in the monitored AEs declined in 2019 due to weaker global growth and lower oil prices. Inflation in the US declined to an average of 1.8 percent in 2019 from 2.5 percent in 2018 as the prices of energy, food and transportation declined. Similarly, the average annual inflation rate in the UK fell to 1.8 percent in 2019 from 2.5 percent in 2018 amid a slowdown in the cost of *transport*, and *clothing and footwear*. Japan's consumer price inflation rate fell to 0.4 percent in 2019 compared to 1.0 percent in 2018 as the cost of *food*, *utilities*, *medical care*, *transport* and *communication* declined. Furthermore, the Euro area registered an average inflation rate of 1.2 percent, compared to 1.7 percent in 2018, amid a slowdown in the cost of food, alcohol and tobacco, and a further fall in energy prices.

The central banks of the US and the Euro area adopted accommodative monetary policy stances, while the UK and Japan maintained theirs in 2019. The US Federal Open Market Committee lowered the target range for the Federal funds rate by a total of 75 basis points to a range of 1.50 – 1.75 percent at the end of 2019, citing weaker global growth and uncertainty regarding trade policy, as well as muted inflation pressures (Table C.2). The European Central Bank (ECB) lowered the deposit interest rate by 10 basis points to -0.50 percent but maintained the main refinancing operations rate in 2019. The ECB also approved a new round of bond purchases at a monthly pace of €20 billion as from 1 November 2019, to boost growth and inflation amid global trade tensions and Brexit uncertainty. On the other hand, the Bank of England's Monetary Policy Committee left the Bank Rate at 0.75 percent in 2019. The Bank also reaffirmed its pledge to gradual and limited rate increases in the event of greater clarity that the economy is on a path to a smooth Brexit, and assuming some recovery in global growth. Similarly, the Bank of Japan left its key short-term interest rate unchanged at -0.10 percent and the target for the 10-year Japanese government bond yield at around zero percent in 2019.

TABLE C. 2 LATEST POLICY RATES OF SELECTED ECONOMIES

Country or grouping	Policy rate name	Policy rates at end of 2019 (%)	Month of last meeting in 2019	Policy rate change in 2019 (percentage points)	Inflation rate at end of 2019 (%)	Real interest rate at end of 2019 (%)
AEs						
USA	Federal funds rate	1.50-1.75	Dec	-0.75	2.1	-0.4
UK	Bank rate	0.75	Dec	0.00	1.3	-0.6
Euro area	Refinancing rate	0.00	Dec	0.00	1.3	-1.3
Japan	Call rate	-0.10	Dec	0.00	0.2	-0.3
EMDEs						
Brazil	SELIC rate	4.50	Dec	-2.00	4.3	0.2
Russia	Key rate	6.25	Dec	-1.50	3.0	3.3
India	Repo rate	5.15	Dec	-1.35	7.4	-2.2
China	Lending rate	4.35	Dec	0.00	4.5	-0.2
SA	Repo rate	6.50	Nov	-0.25	4.0	2.5
Angola	Basic interest rate	15.50	Nov	-1.00	16.9	-1.4

Source: Trading Economics and Respective Central Banks

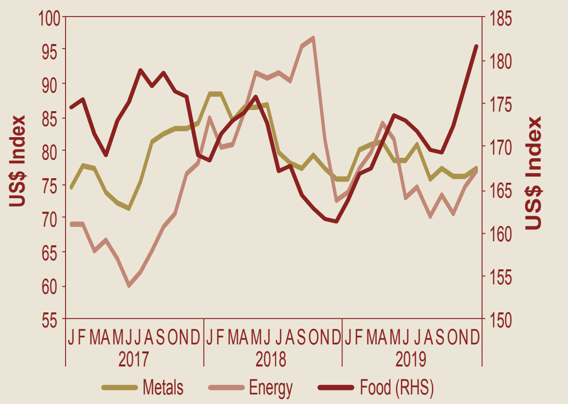
Average inflation rates in most of the monitored EMDEs declined in 2019 compared to 2018, except for Russia and China, where they increased. Brazil recorded an average inflation rate of 3.6 percent in 2019, down from 3.7 percent in 2018, mainly as a result of a slowdown in the cost of food, transport and housing. Similarly, average inflation in India declined to 3.5 percent in 2019, compared to 4.0 percent in 2018. In addition, South Africa's inflation declined to 4.1 percent in 2019, down from 4.6 percent in 2018 driven mostly by lower costs for housing and utilities, and transport. Similarly, inflation for Angola was lower at an average of 17.0 percent in 2019, down from 19.7 percent in 2018. Average inflation in Russia was higher at 4.5 percent in 2019 compared to 2.9 percent over the previous year. China's inflation also increased to 2.9 percent in 2019, from 2.1 percent in 2018, mainly reflecting higher prices for food, particularly owing to a continued surge in pork prices as African swine fever damaged the country's pig farm industry.

Most of the central banks in the monitored EMDEs reduced their benchmark interest rates in 2019. The central bank of Brazil cut its benchmark rate by a total of 200 basis points to 4.50 percent in 2019 against the background of the global economic slowdown and continuation of key domestic reforms (Table C.2). Similarly, the Central Bank of Russia cut its benchmark one-week repo rate by 150 basis points to 6.25 percent in 2019 on the back of slowing inflation, although inflation expectations remained elevated. Furthermore, the Reserve Bank of India lowered its benchmark repo rate by 135 basis points to 5.15 percent in 2019 to boost slowing economic growth. The South African Reserve Bank reduced the repo rate by 25 basis points to 6.50 percent in 2019, on the back of lower inflation forecasts and concerns about economic growth. Furthermore, the National Bank of Angola cut its benchmark interest rate by 100 basis points to 15.75 percent in 2019, mainly due to slowing inflation and the sustained weakness of the economy. The People's Bank of China left its benchmark interest rate at 4.35 percent in 2019 but cut the loan prime rate by 5 basis points to 4.20 percent, partly to soften the impact of the trade war with the US.

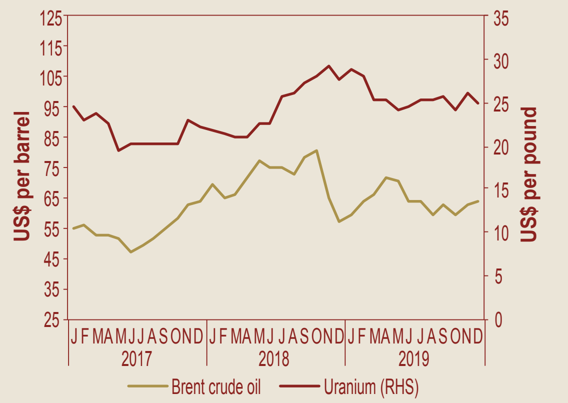
COMMODITY PRICE DEVELOPMENTS AND PROSPECTS

FIGURE C.1 (A–D) SELECTED COMMODITY PRICES AND PRICE INDICES

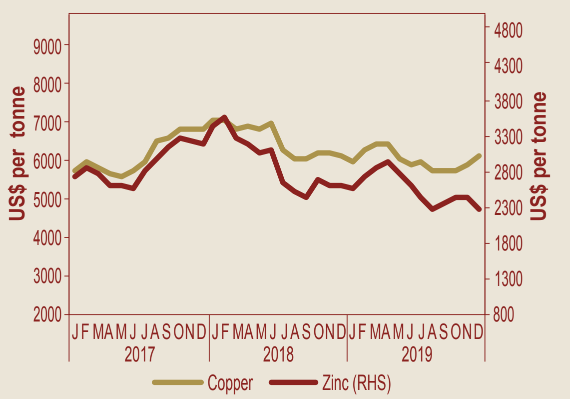
a. Energy and metal prices declined in 2019, while those of food increased.



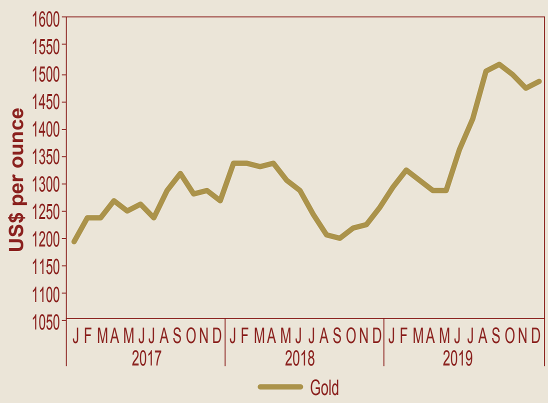
b. The price of Brent crude oil declined, while uranium prices increased on average during 2019.



c. On average, the international prices of copper and zinc declined in 2019.



d. The average price of gold increased in 2019 compared to 2018 on the back of safe-haven considerations and accommodative monetary policies.



Source: IMF

Energy and metal prices declined following weak global demand, while food prices increased moderately in 2019. The World Bank metals and energy price indices declined by 12.7 percent to 75.9 index points, and by 5.0 percent to 78.4 index points in 2019, respectively (Figure C.1a). The decline in both indices could mainly be attributed to US-China trade tensions and fears of a global economic slowdown. However, the UN Food and Agricultural Organization food price index increased by 1.8 percent to 171.5 index points in 2019, which can mainly be attributed to increases in the prices of sugar, cereals and vegetable oils.

Crude oil prices declined, while uranium prices increased on average during 2019. The spot price of uranium recorded a gain of 5.0 percent to an average of U$25.82 per pound in 2019 on account of reduced global supply following a decision by Kazatomprom, the world's largest uranium producer by volume, to cut production through 2021 (Figure C.1b). The price of Brent crude oil declined by 9.9 percent to average U$64.03 per barrel in 2019, which can mainly be ascribed to increased global economy uncertainty, coupled with trade tensions between the US and China which sparked concerns about a potential fall in demand for oil.

On average the international prices of copper and zinc declined in 2019, mainly due to weak global demand. Copper prices declined by 8.0 percent to average US$6 010 per metric tonne in 2019. This too can mainly be ascribed to the US-China trade tensions that reinforced fears about the world economy (Figure C.1c). In addition, the bearish views of investors on the economic growth of China, the largest consumer of copper, also resulted in a lower copper price. Similarly, the price of zinc declined by 12.7 percent to an average of US$2 550 per metric tonne in 2019, mainly attributable to relatively lower demand from end-use sectors such as housing and autos, notably in China.

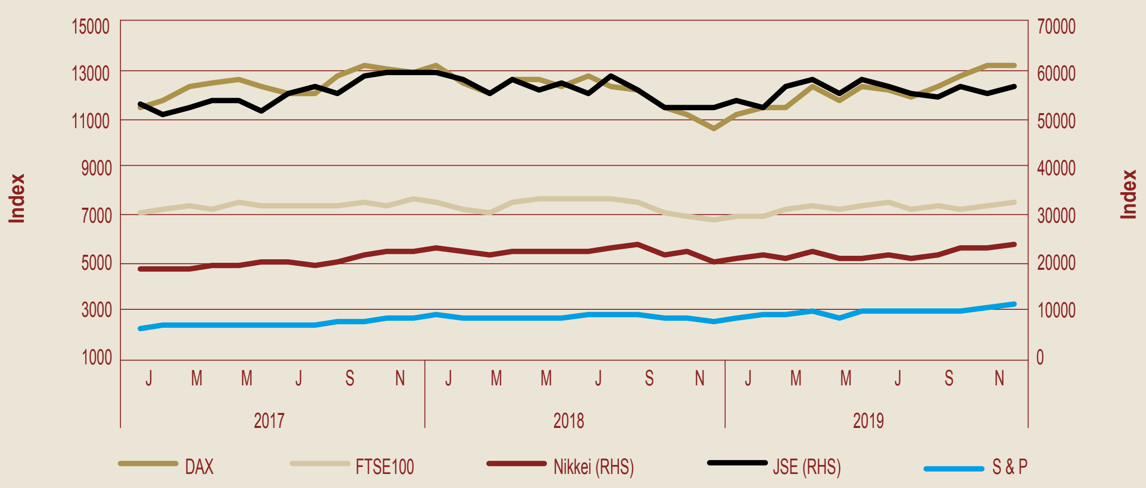
The average price of gold increased in 2019 compared to 2018 amid safe-haven demand. The price of gold increased by 9.7 percent to reach an average of U$1 393 per ounce in 2019 (Figure C.1d). The increase was partly on the back of flight-to-safety considerations amid trade tensions and weaker global growth prospects. In addition, a turn in many parts of the world towards a somewhat more accommodative monetary policy, as demonstrated by the lowering of US interest rates, as well as active buying of gold by central banks, contributed to higher demand.

DEVELOPMENTS IN FINANCIAL MARKETS

All the monitored share price indices rose in 2019, mainly due to monetary policy easing by major central banks. The US Standard & Poor's 500 rose by 28.9 percent to end 2019 at 3 231 index points (Figure C.2). In addition, the Nikkei recorded gains of 18.1 percent to 23 640 index points. Similarly, the German DAX generated gains of 25.5 percent to end at 13 249 index points in 2019. London's FTSE100 generated gains 12.1 percent to end 2019 at 7 542 index points. The South African JSE also generated gains of 8.2 percent to 57 084 index points. The gains recorded on these stock indices were aided by the US-China Phase 1 trade agreement and the UK Prime Minister's victory towards the end of the year in passing a Brexit deal through Parliament, thereby reducing uncertainty around Brexit. In addition, accomodative monetary policies adopted by major central banks and low interest rates, especially in AEs, helped to improve investor sentiment towards stocks.

FIGURE C.2 STOCK PRICE INDICES: END OF MONTH

The monitored stock price indices generated positive returns in 2019 partly due to a turn towards more accommodative monetary policies boosting demand for the asset class.



Source: Bloomberg

WORLD TRADE DEVELOPMENTS

The volume of world trade in goods and services rose at a very slow pace in 2019 compared to 2018, facing headwinds in both AEs and EMDEs. The volume of world trade in goods and services expanded by only 1.1 percent in 2019, from 3.6 percent in 2018 (Table C.3). The slowdown in trade volumes was mainly due to heightened trade tensions, along with temporary shocks such as the Federal government shutdown in the US and production problems in the automotive sector in Germany. These developments caused consumers and businesses to postpone purchases and production decisions rather than cancelling them outright. The volume is projected to increase by 3.2 percent in 2020, although the recent Wuhan coronavirus outbreak presents a risk to this outcome.

TABLE C.3 PERCENTAGE GROWTH IN THE VOLUME OF WORLD TRADE (GOODS AND SERVICES) 2017–2019 (ANNUAL PERCENTAGE CHANGE)

	2017	2018	2019 (est.)	2020 (F)
World trade volume (goods and services)	5.3	3.6	1.1	3.2
Average growth rates of export and import volumes				
AEs	4.3	3.1	1.1	2.6
EMDEs	7.1	4.5	1.3	4.2

Source: IMF WEO

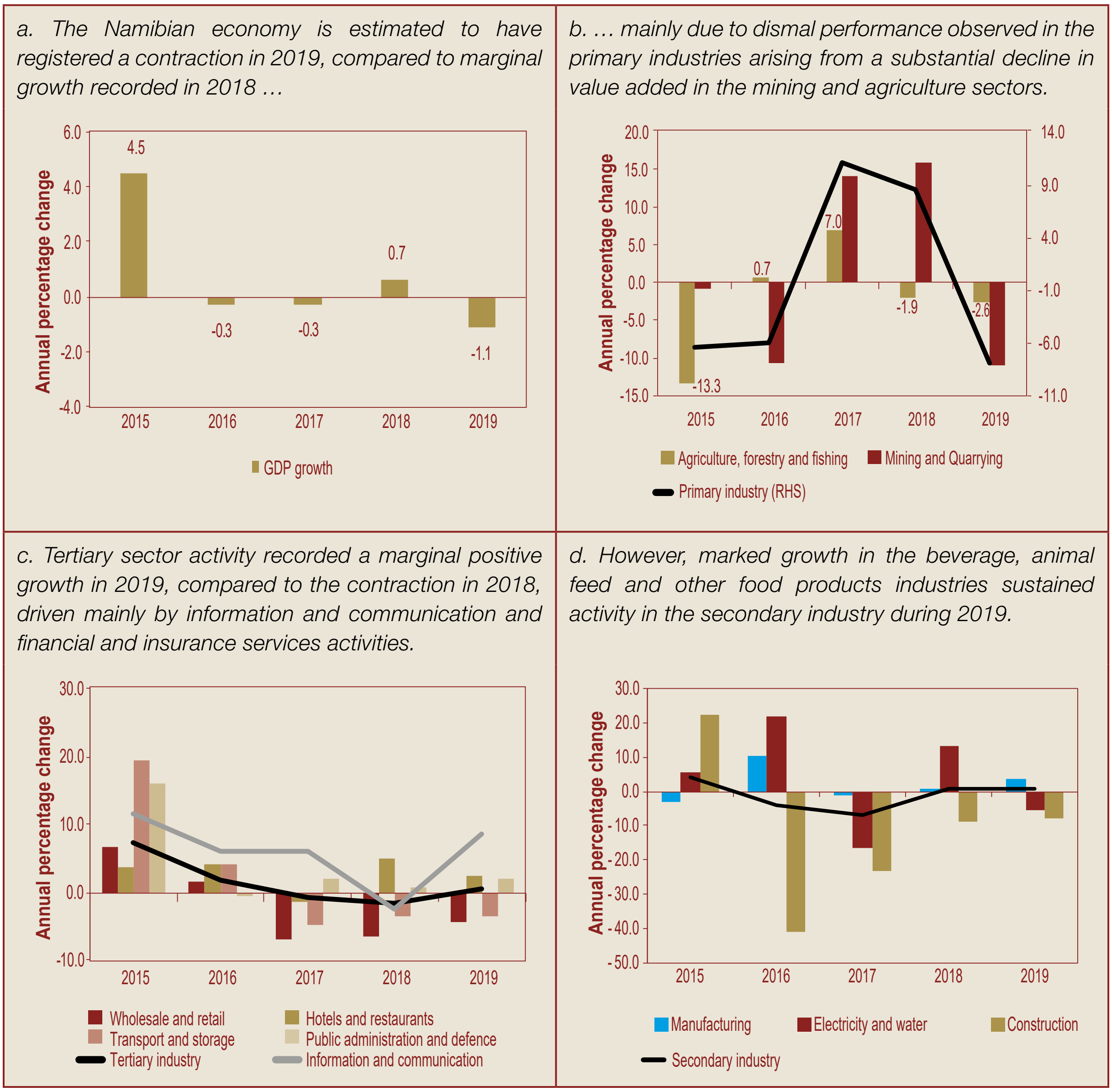
IMPLICATIONS OF GLOBAL DEVELOPMENTS

The slowing global economy presented a strong headwind to the Namibian economy in 2019. The slower global growth was a result of rising trade barriers, increased uncertainty surrounding trade and geopolitics, unique factors causing macroeconomic strain in several EMDEs, and low productivity growth and aging demographics in some AEs. These factors restrained export volume growth in Namibia. Global inflation remained subdued overall, due to low oil prices and mild growth, which prompted most monitored central banks to adopt more accommodative monetary policies in 2019. Prices of commodities generally declined in 2019, which was a further negative factor for Namibia's export revenue. The US Dollar was stronger, while conversely, the Euro and most EMDE currencies were weaker in 2019. Stock markets were stronger in 2019 partly due to monetary easing by the US and the ECB. Overall, the developments in the global economy were negative for the performance of the Namibian economy, particularly in terms of export earnings. On a positive note, the moderation in the price of Brent crude oil could bring some relief to consumers of fuel. Renewed uncertainty has recently been added by the COVID-19 pandemic and electricity constraints in South Africa.

DOMESTIC ECONOMIC AND FINANCIAL DEVELOPMENTS

REAL SECTOR DEVELOPMENTS

FIGURE C.3 (A–D) REAL SECTOR DEVELOPMENTS



a. The Namibian economy is estimated to have registered a contraction in 2019, compared to marginal growth recorded in 2018 …

b. … mainly due to dismal performance observed in the primary industries arising from a substantial decline in value added in the mining and agriculture sectors.

c. Tertiary sector activity recorded a marginal positive growth in 2019, compared to the contraction in 2018, driven mainly by information and communication and financial and insurance services activities.

d. However, marked growth in the beverage, animal feed and other food products industries sustained activity in the secondary industry during 2019.

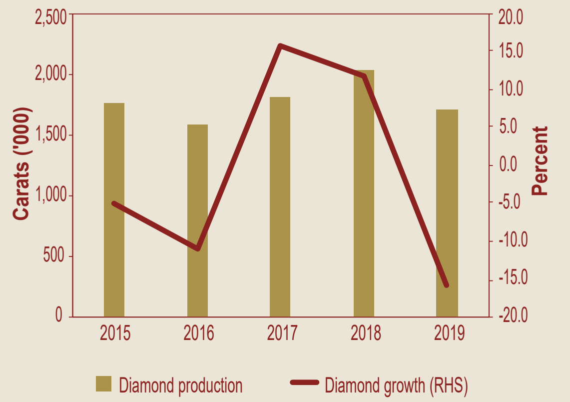
Sources: NSA for 2015-2018 figures, BoN 2019 estimates

Namibia's economy is estimated to have contracted in 2019, mainly due to slow activity in the primary industry, amid marginal positive output growth in the secondary and tertiary industries. Real GDP is estimated to have contracted by 1.1 percent in 2019, following a mild positive growth rate of 0.7 percent registered during the previous year (Figure C.3a). The contraction was mainly ascribed to declines in the *agriculture*, *mining*, *hotels and restaurants*, *wholesale and retail trade* and *construction* sectors, as well as the *public* sector. Some growth in the *manufacturing* sector, led by *beverages* and *animal feed products*, sustained the activity in the secondary industry during 2019.

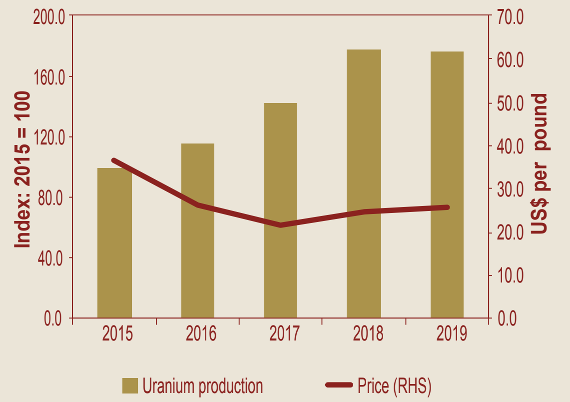
PRIMARY INDUSTRY DEVELOPMENTS

FIGURE C.4 (A–F) PRIMARY INDUSTRY

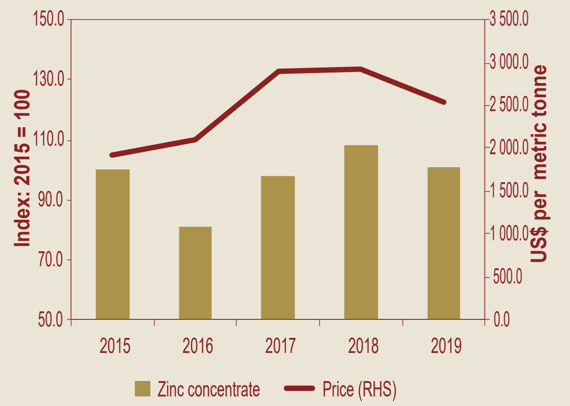
a. The primary industry contracted in 2019, driven in part by a decline in the production of rough diamonds during the year under review.



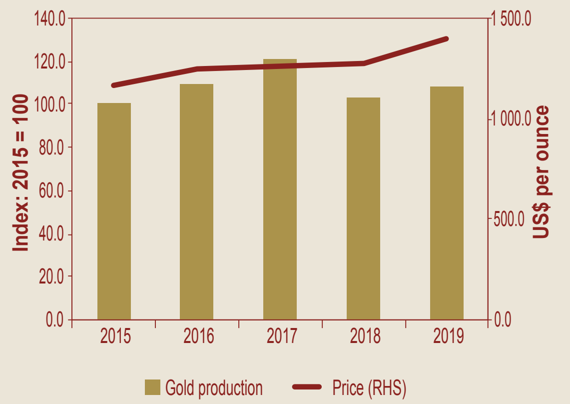
b. Uranium production also declined during 2019, compared to the previous year, owing to high base effects, as one of the mines was placed under care and maintenance in August 2018.



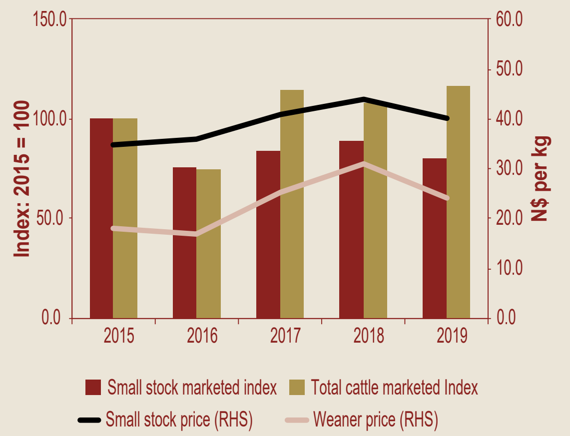
c. Production of zinc concentrate declined during the period under review, as a result of low-grade ore mined.



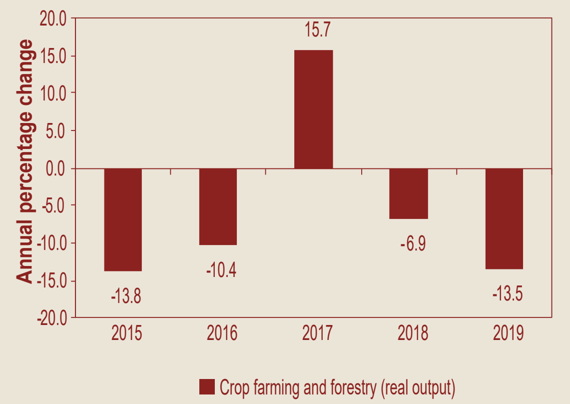
d. Meanwhile, production of gold rose during the year under review, as a result of high-grade ore mined during the period under review.



e. Farmers' marketing activity for cattle rose while that of small stock declined during the year under review.



f. Crop farming output declined significantly during 2019 due to the drought conditions.



Source: Various companies

Mining

The mining sector is estimated to have contracted in 2019, due to a decline in production of rough diamonds, uranium and zinc concentrate. Value added in the mining sector is estimated to have contracted by 11.1 percent in 2019 compared to a growth of 16.1 percent in 2018. The contraction in the mining sector was attributed to fewer diamond carats mined onshore as a result of the closure of one of the mines. In addition, fewer diamonds being recovered offshore contributed to the contraction, as a result of the scheduled maintenance of one of the mining vessels during the year under review. Diamond production decreased by 15.5 percent to 1 713 044 carats during the period under review (Figure C.4a). Uranium production declined by 1.4 percent to 6 529 tonnes during the period under review (Figure C.4b). The decrease was attributed to high base effects, as one of the mines was placed under care and maintenance coupled with operational challenges experienced by the current producers. Global excess supply exerted downward pressure on spot prices of uranium to decline by 1.2 percent to an average of US$24.23 per pound in 2019. Zinc concentrate production declined by 6.7 percent due to low grade ore being mined (Figure C.4c). Zinc spot prices declined by 12.6 percent to US$2 553 per metric tonne due to weaker demand from China. However, gold production rose by 5.7 percent to 6 527 kg owing to high grade ore mined during the period under review (Figure C.4d). Gold spot prices rose by 9.7 percent to an average of US$1 393 per fine ounce as investors moved to safe assets as a result of the weak global prospects coupled with persistent trade tensions and lower interest rates in a number of key economies.

Agriculture, forestry and fishing

Agricultural output is estimated to have registered a deeper contraction during 2019, compared to a smaller contraction registered during 2018. Real value addition in the *agricultural, forestry and fishing* sector is estimated to have contracted by 2.6 percent in 2019, compared to a smaller contraction of 1.9 percent in 2018. This was reflected in a deeper contraction in livestock farming and crop production output during 2019, owing mainly to the drought conditions. Real value addition in livestock farming is estimated to have contracted by 21.8 percent in 2019, from a small decline of 0.8 percent in the previous year. This resulted in farmers marketing more animals during the period under review. Total cattle marketed rose by 4.9 percent to 462 646 heads. The rise was mirrored in the number of cattle slaughtered for export due to drought-induced sales during the review period (Figure C.4e). However, the number of live weaners exported as well as the number of cattle slaughtered for local consumption declined by 9.2 percent and 7.7 percent, to 289 580 heads and 43 331 heads, respectively. The decline in live exports was mainly due to excess supply of animals in South Africa coupled with the higher cost of animal feed experienced by the feedlots. Furthermore, cattle slaughtered by the abattoirs to cater for the local market declined. The average price of beef rose by 3.4 percent to N$42.20 per kilogram during the period under review. Meanwhile, the average price of weaners declined by 22.2 percent to N$24.04 per kilogramme mainly owing to the excess supply that emanated from a foot and mouth disease outbreak in South Africa and higher yellow maize prices causing increases in costs borne by feedlots.

The total number of small stock marketed declined during 2019. Small stock (sheep and goats) marketed declined by 8.9 percent to 886,799 heads during 2019, in contrast to the positive growth rate of 4.9 percent registered in 2018 (Figure C.4e). This was reflected in the number of small stock slaughtered for both export and local consumption as well as the number of small stock exported live during the period under review. The decline was due to the drought conditions over a number of years, which led to a significant reduction in the population of small stock. The average price of small stock declined by 11.1 percent to N$39.05 per kilogramme.

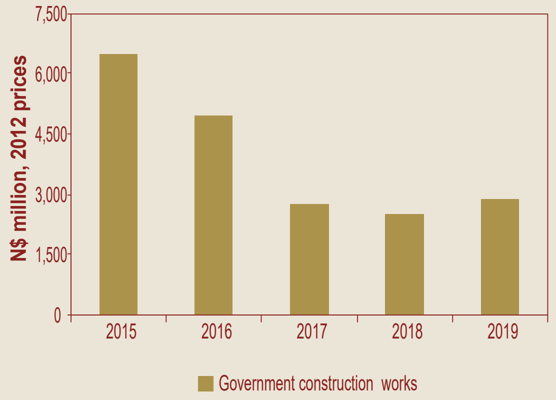
Production of milk declined during 2018, compared to the previous year. Milk production declined by 8.1 percent to 22.0 million litres during the year under review. This resulted from unfavourable grazing conditions and reduced availability of affordable animal feed.

***Fishing sector* output is estimated to have risen at a higher rate in 2019 than in the previous year.** Real value addition in the *fishing* sector is estimated to have risen by 6.1 percent during the year under review, compared to a lower growth rate of 0.1 percent in 2018.

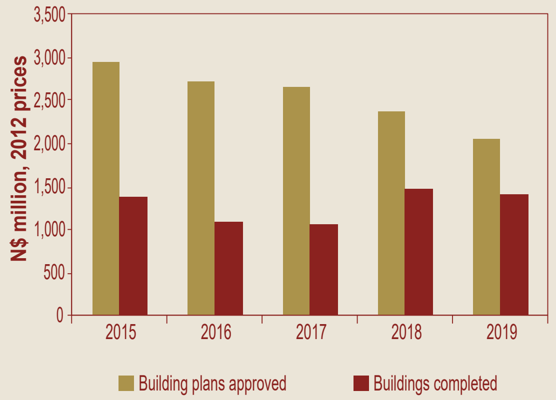
SECONDARY INDUSTRY DEVELOPMENTS

FIGURE C.5 (A–F) SECONDARY INDUSTRY

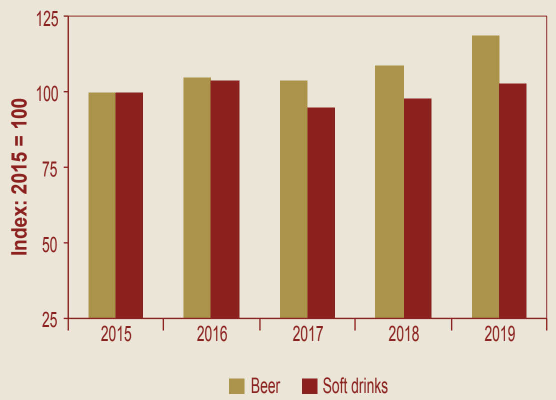
a. The real value of Government construction works picked up in 2019, in relation to the previous year's level.



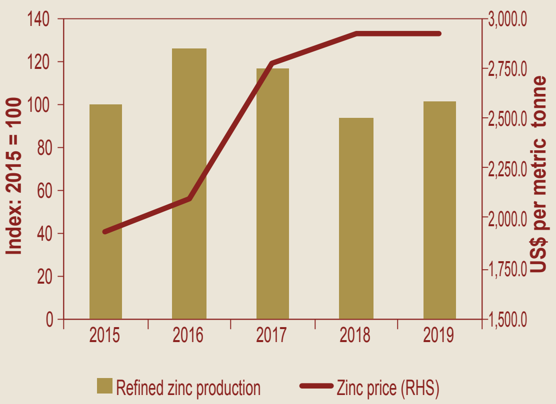
b. However, the real value of building plans approved and buildings completed decreased during the year under review.



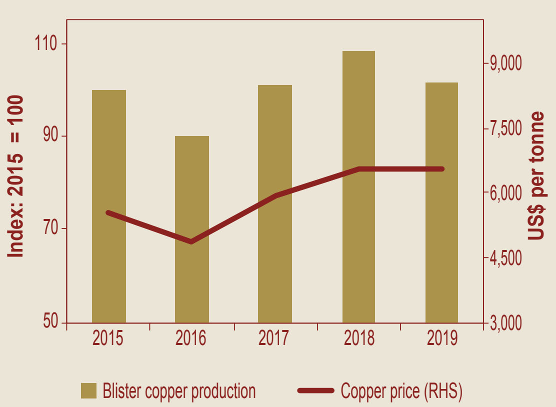
c. The production of both beer and soft drinks increased during 2019.



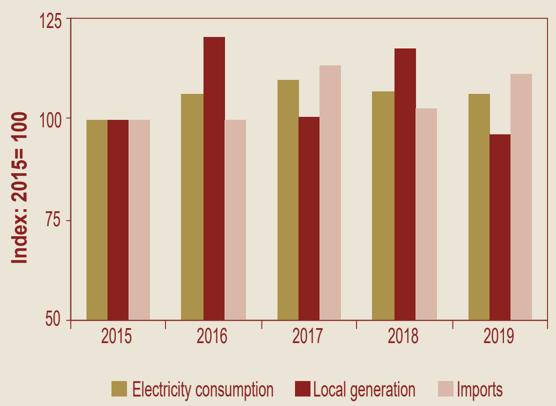
d. Refined zinc production rose markedly during the year under review.



e. However, the production of blister copper declined during 2019.



f. Similarly, electricity generation registered a decline during 2019, mainly owing to the lower water inflow at the Ruacana hydroelectric power plant.



Source: Municipalities, MOF and various companies

Construction

During 2019 the *construction* sector is estimated to have contracted, albeit less steeply than the contraction registered in 2018. Real value added in the *construction* sector is estimated to have contracted by 7.9 percent in 2019, compared to a steeper contraction of 8.7 percent in 2018. A decline in the real value of private construction drove the contraction in the sector. In this regard, the real value of buildings completed declined by 6.0 percent in 2019, compared to a substantial increase of 40.0 percent registered in 2018 (Figure C.5b). Similarly, the real value of building plans approved, which is a leading indicator for construction activity, decreased by 13.9 percent to N$2.0 billion over the same period. However, the real value of the Government's expenses for construction works increased by 13.8 percent in 2019, compared to a decline of 8.2 percent registered in 2018 (Figure C.5a).

Manufacturing

The *manufacturing* sector is estimated to have registered an improved growth in 2019. The sector is estimated to have recorded growth of 3.5 percent in 2019, compared to a slight growth of 1.0 percent in 2018. The growth was mainly attributed to the rise in the production of both beer and soft drinks that continued to sustain activity in secondary industry, increasing by 9.1 percent and 4.8 percent, respectively (Figure C.5c). The production of animal feed and other food products also registered a noticeable increase. Furthermore, production of refined zinc rose by 8.7 percent in 2019 compared with the preceding year (Figure C.5f). However, production of both blister copper (Figure C.5d) and diamond processing decreased by 6.4 percent and 2.6 percent, respectively, over the same period.

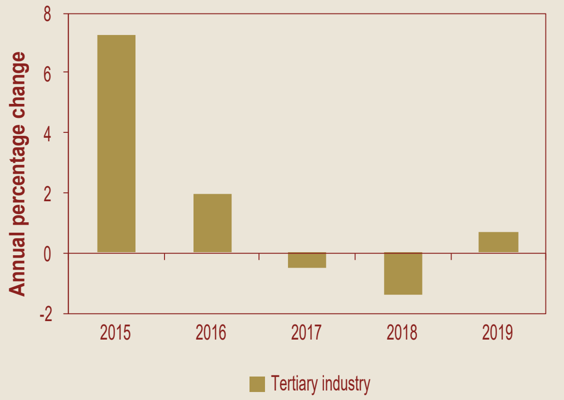
Electricity and water

The *electricity and water* sector is estimated to have recorded a decline in 2019 compared to 2018. The sector is estimated to have registered a decline of 5.4 percent in 2019, compared to a strong positive growth rate of 13.2 percent in 2018. The contraction in 2019 was largely due to base effects, as the previous year was marked by higher water inflow at the Ruacana hydroelectric power plant, refurbishment of the Van Eck coal power station and commissioning of some additional local solar power generation plants. As a result of the low rainfall in the year under review, local electricity generation decreased by 18.2 percent, compared to an increase of 16.5 percent in 2018 (Figure C.5e). This, in turn, gave rise to higher imports of electricity, which rose by 8.1 percent over the same period.

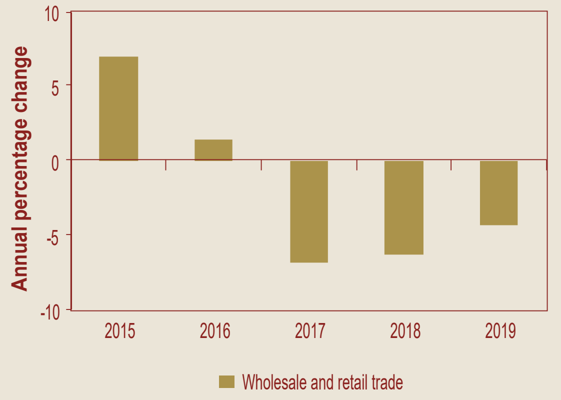
TERTIARY SECTOR DEVELOPMENTS

FIGURE C.6 (A–F) TERTIARY INDUSTRY

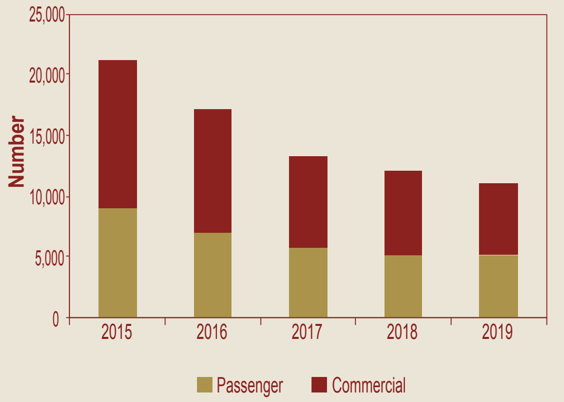
a. The tertiary industry is estimated to have registered a positive growth in 2019, after contracting in 2018 …



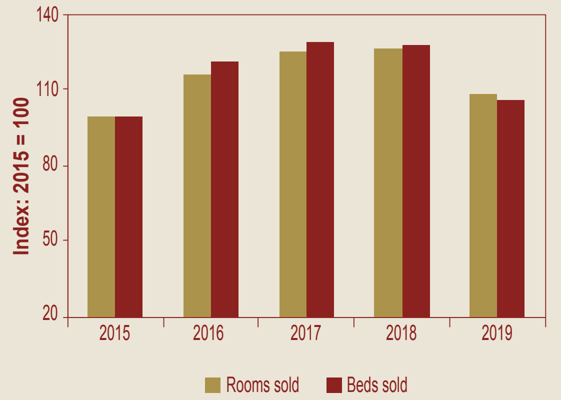
b. … driven largely by less negative growth in wholesale and retail activity and a rebound in information and communication, and financial services output.



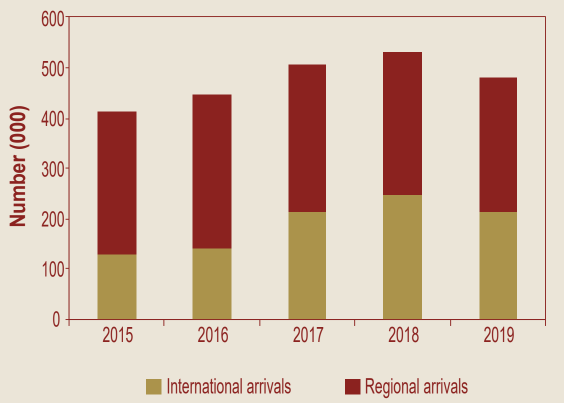
c. The decrease in the wholesale and retail trade sector sales was partly mirrored in the decline in the number of the new vehicles sold over the same period, owing to subdued demand.



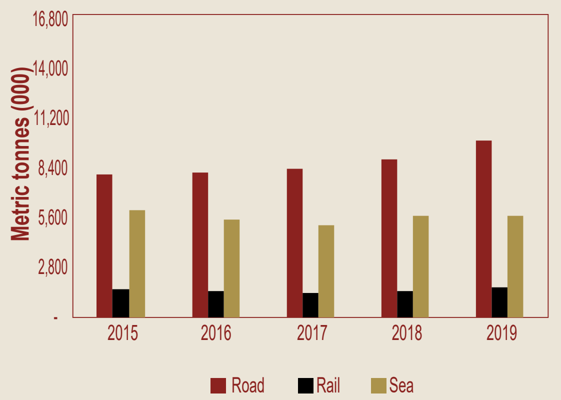
d. Tourism activity also remained weak during 2019, as reflected in fewer room and bed nights sold.



e. The number of visitor arrivals decreased, across both international and regional arrivals.



f. In the transport sector, the sea cargo volumes declined, while those of road and rail rose.



Source: NSA, NAAMSA, Namport, TransNamib, Road Authority and other transport operators, Namibia Airports Company and Hospitality Association of Namibia

Wholesale and retail trade

The *wholesale and retail trade* sector is estimated to have declined in 2019, although less steeply than in the previous year. The real value addition in the *wholesale and retail trade* sector is estimated to have contracted by 4.4 percent in 2019, thereby displaying less downward momentum than in 2018 when it contracted by 6.2 percent (Figure C.6b). This nevertheless demonstrates continued weak demand due to subdued local economic activity. The real turnover of the *wholesale and retail trade* sector decreased, year-on-year, by 2.5 percent to N$23.0 billion in 2019. The decrease was reflected in virtually all subsectors, but more pronounced in the *vehicles*, *furniture* and *clothing* subsectors. The total number of new vehicles sold declined substantially by 9.5 percent in 2019, reflected in commercial and passenger vehicles sold that decreased by 14.7 percent and 11.8 percent, respectively, over the same period. The decline in sales of new vehicles was in line with a contraction in instalment credit, coupled with reduced Government procurement of vehicles.

Tourism

The growth of the *tourism* sector, which is measured by the real value added by hotels and restaurants, is estimated to have remained weak in 2019, as reflected in the lower level of room and bed nights sold and of arrivals. The sector is estimated to have recorded a positive growth of 2.7 percent in 2019, after registering a higher growth rate of 4.9 percent in 2018. The lower growth momentum was evident in declines in the number of bed and room nights sold, as well as regional and international arrivals (Figure C.6e).

Transport and storage

Growth in the *transport and storage* sector is estimated to have contracted in 2019, compared to 2018. The real value added in the *transport and storage* sector is estimated to have contracted by 3.4 percent in 2019, compared to a contraction of 3.5 percent recorded during 2018. The decrease in the value addition of this sector was reflected in the decline of sea transport cargo (Figure C.6f). However, road and rail transport cargo volumes increased over the same period.

Information and communication

Growth in the *information and communication* sector is estimated to have improved significantly in 2019 compared to contraction registered in 2018. The value addition in the *information and communication* sector is estimated to have registered a higher growth of 8.6 percent in 2019, following a contraction of 2.2 percent in 2018.

Public administration and defence

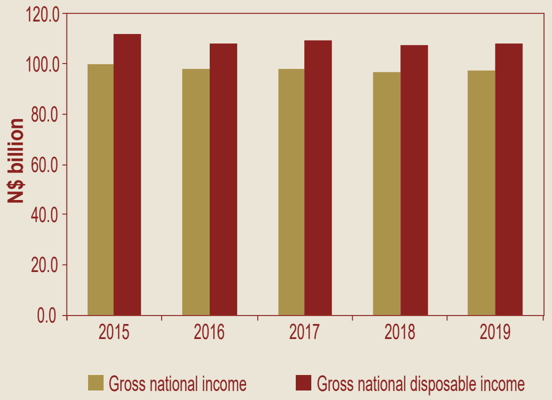
The *public administration and defence* sector is estimated to have improved during 2019. The sector is estimated to have recorded a growth of 2.2 percent in 2019, compared to the marginally growth rate of 0.7 percent recorded during the previous year.

Gross national income and gross national disposable income

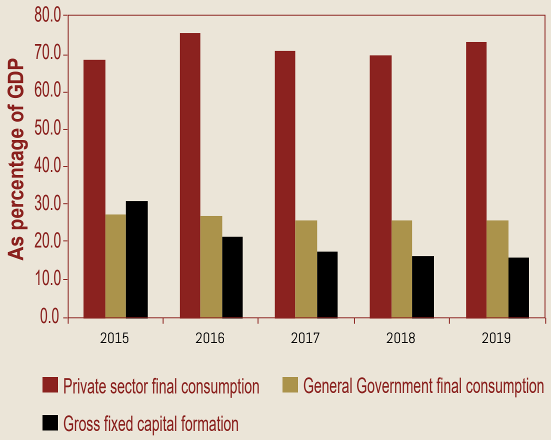
Namibia's gross national income (GNI) and gross national disposable income (GNDI) are estimated to have increased moderately during 2019. GNI at current prices is estimated to have risen to N$173.7 billion in 2019, up from N$172.6 billion in 2018, an increase of 0.6 percent (Figure C.7). Similarly, GNDI is estimated to have risen by 0.9 percent to N$192.9 billion in 2019, from N$191.2 billion in the preceding year. Moreover, GNDI remained higher than GNI in 2019, indicating that Namibians continued to receive more income transfers from the rest of the world than they sent abroad. During the period from 2013 to 2019, GNDI has been higher than the GNI because of net inflows in current transfers, which are largely made up of SACU receipts.

FIGURE C.7 (A–C) GNI, GNDI AND SAVINGS

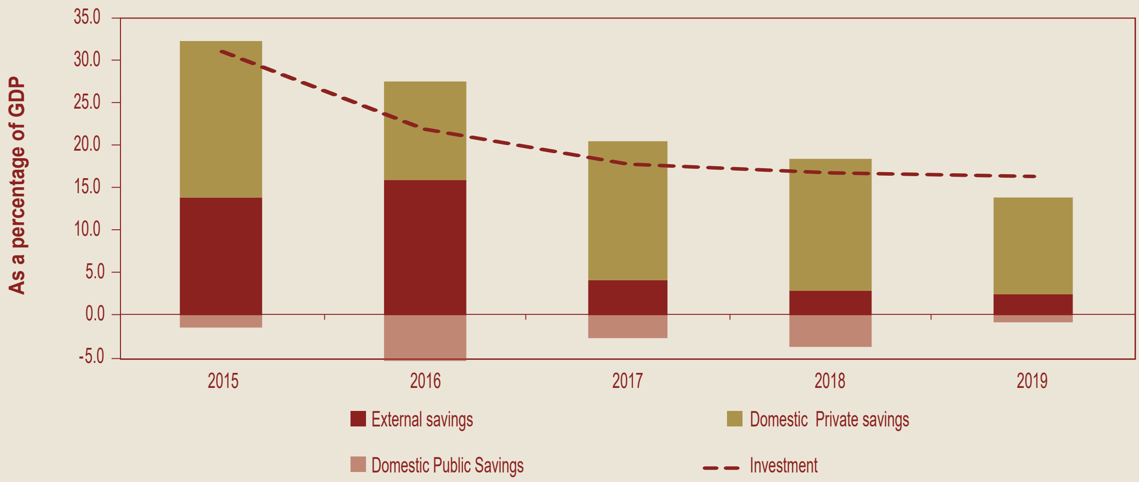
a. GNDI continued to be higher than GNI, indicating that Namibia is a net recipient of current transfers.



b. Gross domestic expenditure as a ratio of GDP is estimated to have increased marginaly in 2019, due to an increase in final consumption.



c. As ratios of GDP, both domestic savings and external savings are estimated to have declined during 2019.



Source: NSA for 2015 – 2018, Bank of Namibia estimates for 2019

Gross domestic expenditure

Gross domestic expenditure (GDE) as a ratio of GDP is estimated to have increased slightly in 2019 largely driven by an increase in private final consumption. GDE at current prices is estimated to have increased slightly to N$199.9 billion in 2019, from N$196.0 billion in the previous year, representing a 2.0 percent rise. As a ratio of GDP, GDE increased to 111.9 percent in 2019, from 111.1 percent in 2018. This increase was attributed to an improvement in Government final consumption expenditure during 2019. As ratios of GDP, private sector consumption expenditure increased significantly, while government consumption expenditure increased marginally during 2019 (Figure C.7b) .

Savings and investment balance

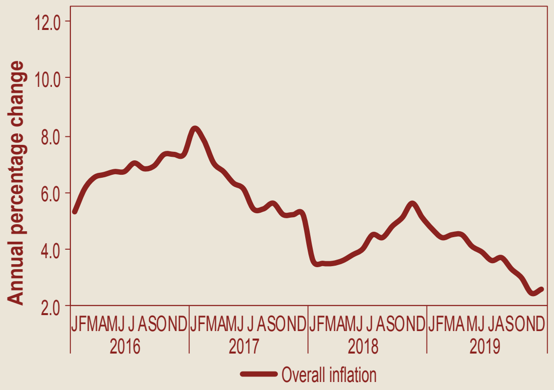
Namibia's total domestic savings as percentage of GDP is estimated to have decreased in 2019. Total domestic savings as a ratio of GDP is estimated to have decreased to 10.4 percent in 2019, from 11.7 percent in the preceding year. National savings are critical in any economy as they contribute to investment funding, which in turn stimulates economic growth. The decrease in the overall domestic savings was attributed to a fall in domestic private savings during the same period. Domestic private savings as a percentage of

GDP declined from 15.5 percent in 2018 to 11.4 percent in 2019, which is very low for a developing country like Namibia (Figure C.7c). During 2019, Namibia's gross capital formation (investment) was equivalent to 12.7 percent of GDP, while domestic saving was 10.4 percent of GDP, leaving a savings-investment gap equivalent to 2.3 percent of GDP. This gap was financed by savings from abroad.

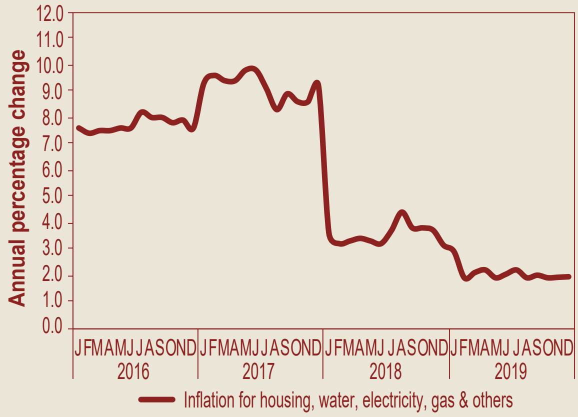
PRICE DEVELOPMENTS[15]

FIGURE C.8 (A–F) PRICE DEVELOPMENTS

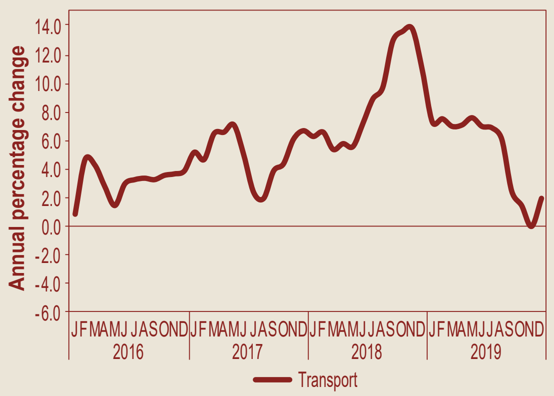
a. Annual inflation in Namibia was lower during 2019, when compared to the previous year.



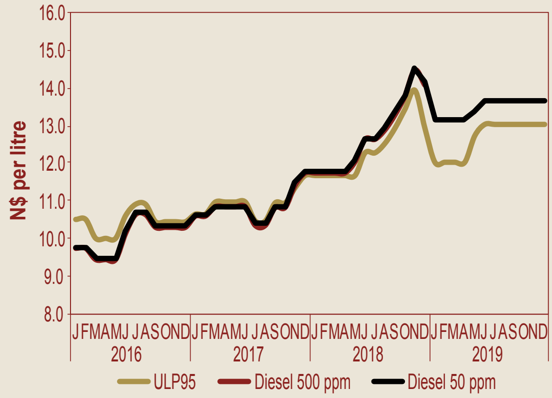
b. The decline was mainly driven by lower inflation in housing …



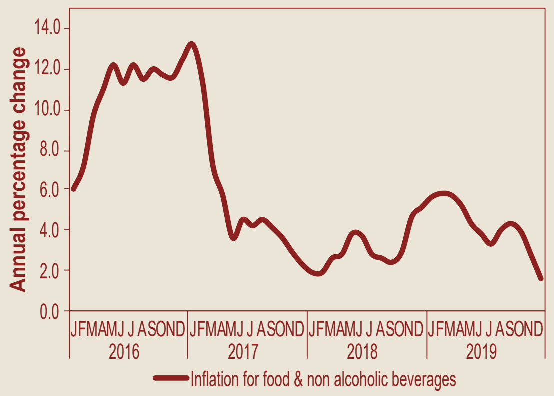
c. … coupled with a deceleration in inflation for transport.



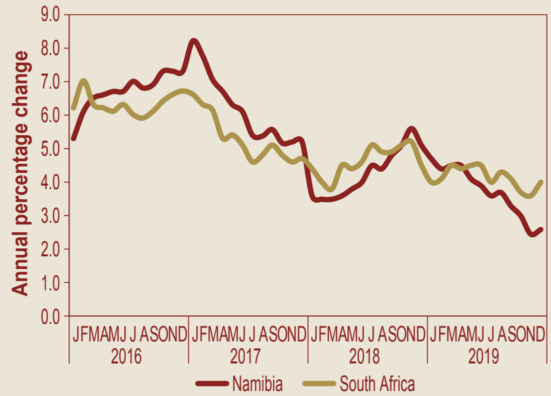
d. Pump prices for petrol and diesel[16] remained flat for most of 2019 and had limited impact on transport inflation.



e. Furthermore, inflation for food rose during the period under review on an annual average basis, as reflected in most sub-categories of food, but shows a declining trend during 2019.



f. Namibia's inflation was lower than that of South Africa during 2019, owing to lower electricity and rental inflation in Namibia.



Source: NSA and Stats SA

15 The analyses in this section are based on the National Consumer Price Index (NCPI) series based on the 2009/2010 Namibia Household Income and Expenditure Survey (NHIES), as released by the NSA in November 2014.

16 During March 2019, the Ministry of Mines and Energy discontinued the sales of diesel 500ppm in the Namibian market, in line with Government's policy on cleaner fuels.

Namibia's inflation declined during 2019, driven mainly by a decline in inflation for *transport* and *housing*. Namibia's inflation declined by 0.6 percentage points to an annual average rate of 3.7 percent during 2019 (Figure C.8a). The decline was largely reflected in a decrease in inflation for the categories of *housing* and *transport* during the period under review. This was mainly on account of weak economic activity coupled with a switch to a situation of excess supply in the rental market. Meanwhile, inflation for *food* rose on average during the period under review, reflected in higher inflation in most sub-categories of *food*.

The inflation rate for *housing*, *water*, *electricity*, *gas and other fuels* declined during 2019, compared to the previous year. The inflation rate for this category slowed by 1.5 percentage points to 2.1 percent during the period under review (Figure C.8c). The slowdown was on account of a decline in most inflation sub-categories, particularly *electricity, gas and other fuels*, which declined by 7.5 percentage points to 0.0 percent. This is explained by the Electricity Control Board approval of a 2.5 percent electricity tariff decrease for electricity supplied by NamPower. Furthermore, the demand-supply situation in the rental market resulted in excess supply, leading to lower rental prices. Meanwhile, inflation for the *regular maintenance and repairs* sub-category rose by 0.5 percentage points to 3.5 percent.

Transport inflation declined during the period under review. Transport inflation declined by 3.7 percentage points to 5.2 percent during 2019 (Figure C.8b). This was reflected in the lower inflation for sub-categories such as o*peration of personal transport equipment* (which includes fuel) and *purchases of vehicles.* These subcategories declined by 6.8 percentage points and 3.0 percentage points, respectively, to 3.3 percent and 4.1 percent during the period under review. The decrease was attributed to the somewhat lower international oil prices in 2019 alongside the current weak economic activity in the country. Meanwhile, the p*ublic transport services* sub-category rose by 7.0 percentage points to 14.2 percent, partially offsetting the decline in other components of transport inflation.

Petrol and diesel pump prices rose during 2019, compared to 2018, owing to a rise in the landed cost of fuel and in the fuel levy. The average pump prices for petrol and diesel rose somewhat during 2019, mainly as a result of exchange rate depreciation. Pump prices for petrol and diesel 50 ppm rose to N$12.69 and N$13.44 per litre, respectively, during the period under review, up from N$12.41 and N$12.78 per litre registered during 2018. This mainly reflected movements in international fuel prices and the exchange rate, prompting the Ministry of Mines and Energy to approve price increases in June 2019, whereafter the prices remained unchanged. Furthermore, an upward adjustment in the fuel levy in May 2019 also partly contributed to the increase in fuel prices.

Annual inflation for *food and non-alcoholic beverages* increased during 2019 compared to the previous year. The inflation rate for this category rose by 1.1 percentage points, to 4.3 percent during 2019 (Figure C.8e). The rise was reflected in most sub-categories, particularly *vegetables including potatoes and other tubers*; *bread and cereal*; *sugar, jam, honey, syrups, chocolate and confectionery*; *milk, cheese and eggs*; and *coffee, tea and cocoa.* These inflation subcategories rose by 7.3 percentage points, 4.8 percentage points, 3.0 percentage points, 3.1 percentage points and 0.9 percentage point to 13.1 percent, 6.4 percent, 4.2 percent, 3.8 percent and 4.0 percent, respectively. This rise was partly due to the poor harvests in Namibia and South Africa during the period under review.

TABLE C.4 INFLATION FOR FOOD AND NON-ALCOHOLIC BEVERAGES

Percent	2015	2016	2017	2018	2019
All items	**3.4**	**6.7**	**6.2**	**4.3**	**3.7**
Food and non-alcoholic beverages	**5.6**	**10.8**	**5.7**	**3.2**	**4.3**
Food	5.8	11.1	5.3	3.3	4.5
Bread and cereals	3.9	13.4	0.5	1.6	6.4
Meat	7.0	5.0	8.9	6.3	0.8
Fish	7.2	14.0	15.4	2.8	2.0
Milk, cheese and eggs	7.6	7.8	4.4	0.7	3.8
Oils and fats	3.2	15.0	2.6	2.6	0.5
Fruit	8.5	15.6	5.2	9.5	10.6
Vegetables including potatoes and other tubers	6.3	15.6	1.3	5.7	13.1
Sugar, jam, honey, syrups, chocolate and confectionery	7.2	13.9	11.8	1.2	4.2
Food products n.e.c.[17]	5.6	10.2	8.6	2.5	1.6
Non-alcoholic beverages	**4.2**	**7.4**	**9.3**	**2.4**	**2.5**
Coffee, tea and cocoa	8.1	15.3	15.0	3.1	4.0
Mineral waters, soft drinks and juices	3.3	5.4	7.8	2.2	2.0

Source: NSA

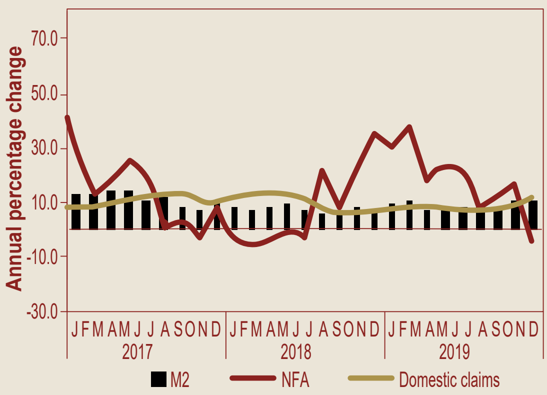
Inflation in South Africa remained higher than in Namibia for the most part of 2019, owing to higher housing inflation in the former. At 4.1 percent during the year under review, South Africa's inflation rate remained above that of Namibia from May 2019, which stood at 3.7 percent. This was mainly due to higher inflation for electricity registered in South Africa which averaged 9.5 percent during the period under review, compared to 0.0 percent electricity inflation registered in Namibia and to higher rental inflation in South Africa than in Namibia.

17 Food Product (n.e.c) is a United Nation statistical classification to help clarify individual consumption expenditures incurred by households, non-profit institutions serving households and general government according to their purpose. It includes food items such as spices (pepper, pimento, ginger, etc.), culinary herbs (parsley, rosemary, thyme, etc.), sauces, condiments, seasonings (mustard, mayonnaise, ketchup, soy sauce, etc.), vinegar; – prepared baking powders, baker's yeast, dessert preparations, soups, broths, stocks, culinary ingredients, etc.; – homogenized baby food and dietary preparations irrespective of the composition. Furthermore, the classification excludes food items such as milk-based desserts, soya milk, artificial sugar substitutes and cocoa-based dessert preparation.

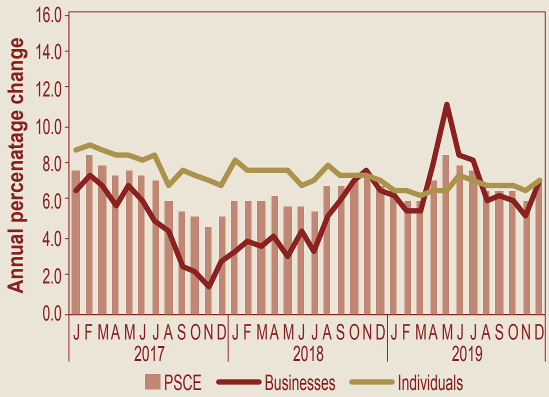
MONETARY AND FINANCIAL MARKET DEVELOPMENTS

FIGURE C.9 (A-E) MONETARY AND FINANCIAL MARKET DEVELOPMENTS

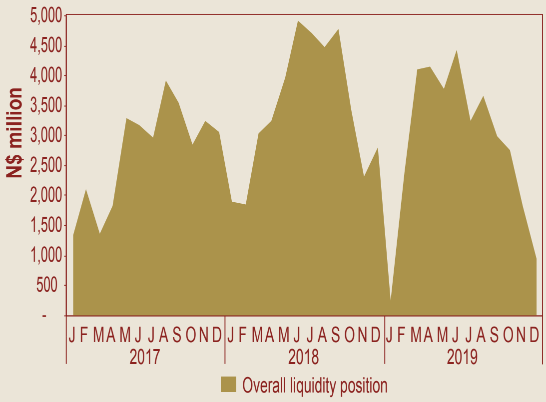
a. The annual growth in broad money supply (M2) slowed during 2019.



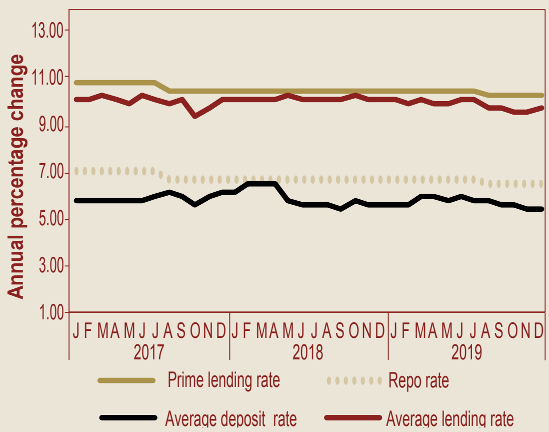
b. Growth in private sector credit extension (PSCE) rose marginally on average during 2019 compared to growth in 2018.



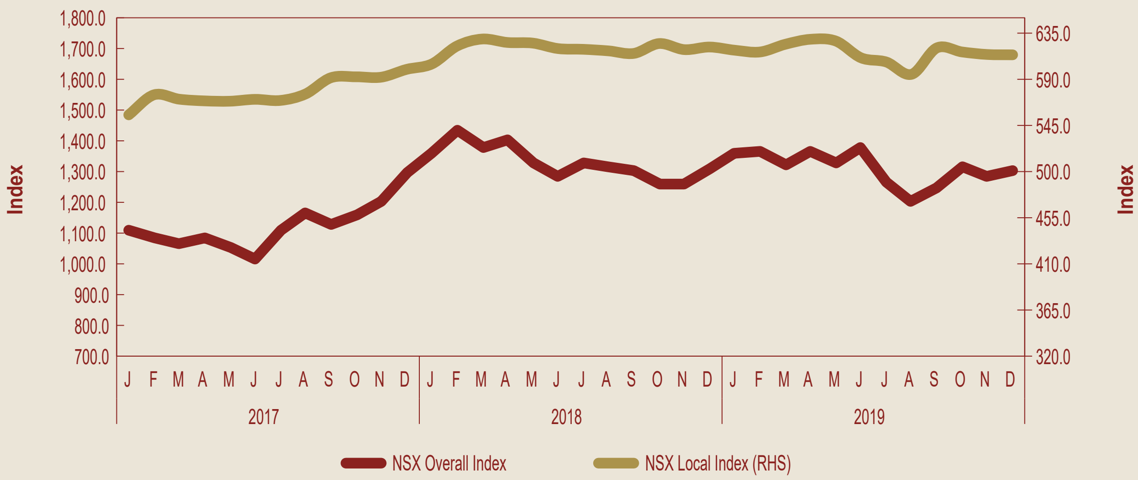
c. The overall liquidity position of the Namibian banking industry declined during 2019 to levels generally well below those of the preceding year.



d. During 2019, the repo and banks' prime lending rates declined after the August 2019 Monetary Policy Committee meeting, while the other money market rates varied.



e. The overall and local share price indices of the Namibian Stock Exchange fluctuated sideways and on balance declined slightly in 2019.



MONETARY AGGREGATES

Developments in the monetary and credit aggregates in 2019 were characterised by a decline in growth in the broad money supply (M2), while growth in credit extended to the private sector rose marginally. Growth in M2 was subdued, which was consistent with the recessionary conditions and low inflation in 2019. The slower growth in M2 was from an accounting perspective driven by the subdued growth in total claims on other sectors[18] and was further concentrated in short-term deposits (i.e. transferable deposits) which declined over the review period. A contraction in the currency in circulation during 2019 also contributed to the subdued growth in M2. Domestic demand as reflected in PSCE rose marginally in 2019 due to an increase in the uptake of credit by businesses.

TABLE C.5 MONETARY AND CREDIT AGGREGATES, AVERAGE BASIS

(N$ million, average)	2015	2016	2017	2018	2019
Net Foreign Assets	22,853	30,296	33,461	34,845	41,344
Net Domestic Assets	82,178	90,288	99,702	111,348	118,628
Total Claims on Private Sector	79,252	87,960	93,824	100,518	106,783
of which: claims on individuals	41,193	47848	51,591	56,796	58,986
: claims on businesses	30,757	34,419	35,949	38,849	40,554
Net claims on Central Government	2,926	2,328	5,878	10,829	12,553
Claims on Central Government	9,639	11,309	13,376	18,030	21,742
less Government deposits	6,713	7,909	7,499	7,201	9,189
Other Items, net	-25,283	-34,942	-40,471	-45,093	-50,275
Broad Money	79,748	85,642	92,692	101,100	109,697
(Change during period, N$ million)					
Net Foreign Assets	-917	-7,443	3,165	1,384	6,499
Net Domestic Assets	12,777	8,110	9,414	11,646	7,280
Total Claims on Private Sector	11,355	8,708	5,864	3,981	6,265
of which: claims on individuals	2,911	6,655	3,743	6,694	2,190
: claims on businesses	4,959	3,662	1,530	5,205	1,706
Net claims on Central Government	1,422	-598	3,550	2,900	1,724
Claims on Central Government	2,543	1,670	2,067	4,941	3,712
less Government deposits	1,121	1,196	-410	-298	1,988
Other Items, net	-3,598	-9,659	-5,529	-4,622	-5,182
Broad Money	8,262	5,894	7,050	8,408	8,597
(Annual percentage growth rates)					
Net Foreign Assets	3.9	32.6	10.4	4.1	18.7
Total Claims on Private Sector	16.7	11.0	6.7	7.1	6.2
of which: claims on individuals	7.6	16.2	7.8	10.1	3.9
: claims on businesses	19.2	11.9	4.4	8.1	4.4
Broad Money	11.6	7.4	8.2	9.1	8.5

18 Other sectors category is comprised of the following sectors, Non-banking financial institutions, Regional and local authorities, State-owned enterprises, Businesses and Individuals.

MONEY SUPPLY

The annual growth in M2 slowed in 2019, compared to 2018. M2 growth slowed, on average, to 8.5 percent during 2019, from 9.1 percent during 2018 (Figure C.9a). This slowdown was consistent with the weak economy and the decline in inflation, which dampened the transactions demand for money. In terms of accounting counterparts, the slower growth in M2 was largely underpinned by a marked slowdown in net claims on Central Government in 2019, coupled with claims on other sectors, particularly loans extended to individuals. By contrast, net foreign assets rose significantly in 2019 relative to previous year, as reflected in Table C.5. In terms of maturity composition of M2, growth in transferable deposits (i.e. short-term deposits) slowed to 10.2 percent, on average, during 2019, from a growth rate of 15.6 percent in 2018. This was reflected in the slower growth in short-term deposit holdings of individuals and non-banking financial institutions during 2019. On the other hand, the annual growth in non-transferable deposits (i.e. longer-term deposits), the largest component of M2, rose, whereas currency in circulation trended downwards during the year under review. Non-transferable deposits rose by 7.3 percent, on average, year-on-year to reach N$58.7 billion at the end of 2019. Currency in circulation, the most liquid form of money, contracted further by 1.7 percent over the year to the end of 2019, from a contraction of 1.6 percent in 2018. The negative growth in currency in circulation can partly be explained by generally weaker demand due to the slowdown in economic activity, alongside changing payment habits.

SOURCES OF FUNDS OF OTHER DEPOSITORY CORPORATIONS

Total deposits with other depository corporations (ODCs) rose in 2019, driven by increased deposit holdings of businesses. During 2019, total deposit holdings of businesses and individuals accounted for 40.6 percent and 39.4 percent of total deposits, respectively. The remaining 20.0 percent stemmed from non-banking financial institutions, regional and local governments, and state-owned enterprises. In the previous year, deposits of individuals were the main source of ODCs funds, accounting for 40.6 percent, followed by businesses, accounting for 39.2 percent (Figure C.10).

FIGURE C.10 SOURCES OF FUNDS OF ODCS

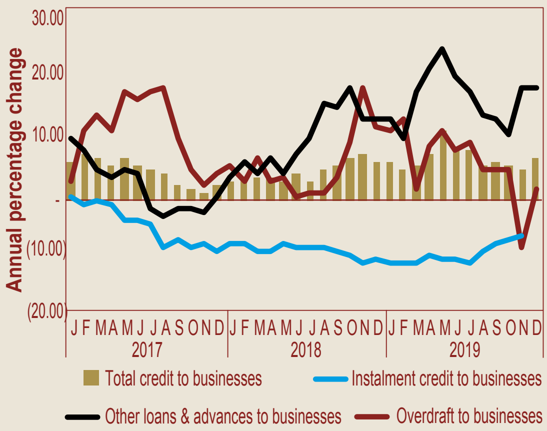
Businesses became the main source of funds for the ODCs in 2019.

EXTENSION OF BANK CREDIT TO THE PRIVATE SECTOR

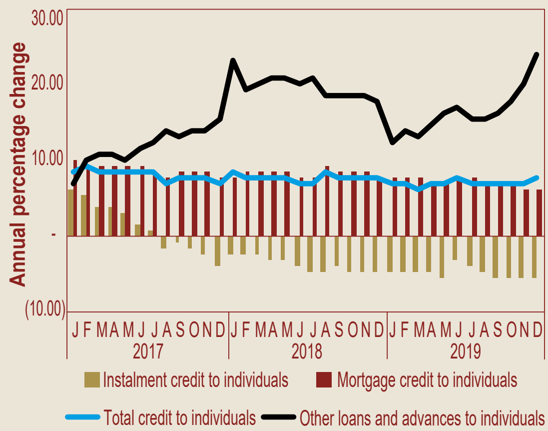
Growth in total credit extended to the private sector rose on average during 2019, though the growth remained in single digits. On an annual basis, growth in PSCE rose to 6.8 percent, on average, during 2019, from 6.3 percent recorded during 2018. The increase in the growth in PSCE stemmed from a higher uptake of credit by businesses, specifically in the form of other loans and advances and overdraft credit in the *manufacturing*, *services*, *construction* and *fishing* sectors during the year under review. The increase in the growth of credit to businesses which was the main driver of PSCE peaked in May, when it recorded a growth rate of 11.2 percent before levelling out to end the year at 7.1 percent. However, household sector credit growth slowed during 2019, in line with a decline in the level of domestic economic activity in relation to 2018

FIGURE C.11 (A-C) CREDIT DEVELOPMENTS

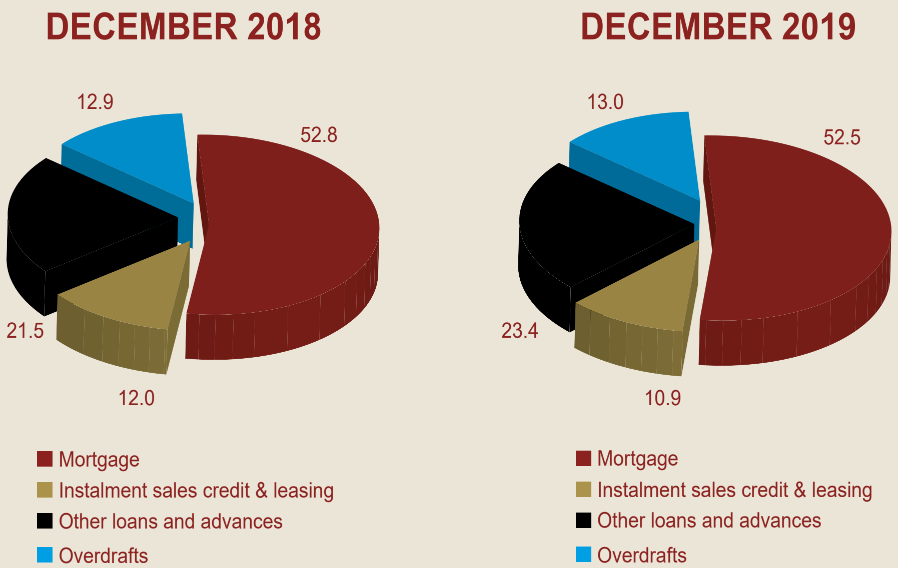
a. Growth in credit extended to businesses rose on average in 2019 when compared to the preceding year …



b. … whereas the pace of growth in total credit extended to individuals slowed on average during 2019.



c. Mortgage loans continued to be the main contributor to total PSCE in 2019, followed by other loans and advances and overdrafts in the second and third places, respectively.



Growth in total credit extended to businesses rose on average in 2019 and sustained the growth in PSCE during the year. The annual growth in total credit extended to businesses stood at 7.1 percent on average during 2019, higher than the 4.8 percent average registered a year earlier (Figure C.11a). The growth observed in credit extended to businesses was reflected mainly in other loans and advances[19] and overdraft credit. The stronger growth in credit extended to businesses, especially in the middle months of the year, was a result of higher uptake of credit by corporates in the *fishing*, *manufacturing*, *retail trade*, *commercial property development*, and *mining services* sectors.

Growth in total credit extended to individuals slowed moderately during 2019, in line with the recessionary conditions in the domestic economy. On an annual basis, average growth in total credit extended to individuals slowed to 6.7 percent during 2019, compared to 7.4 percent in 2018 and 7.9 percent in 2017. The slower growth in credit extended to individuals was more evident in the category of instalment credit, in which growth has persistently remained in negative territory since mid-2017. The contraction in the growth in instalment credit was due to a lower uptake of credit and major repayments made during 2019. This could partly be a sign that household disposable income is overstretched due to the tough

19 The category other loans and advances is comprised of personal/commercial loans and credit card advances; in terms of methodological compilation it is different from the category other loans and advances under Section D of this report.

economic conditions, with only a marginal easing of interest rates when the repo rate was reduced in August 2019. The growth in the other loans and advances was robust during 2019 (Figure C.11b).

In 2019, mortgage credit continued to account for more than half of the total credit extended to the private sector. Mortgage credit remained the largest contributor to total PSCE, representing 52.5 percent of the total, followed by other loans and advances and overdrafts in the second and third places, with contributions of 23.4 percent and 13.1 percent, respectively. Instalment sales and leasing contributed 11.2 percent over the same period, respectively (Figure C.11c).

OTHER/NON-BANK FINANCIAL CORPORATIONS

In 2019 the total assets of other/non-bank financial corporations (OFCs) rose on an annual basis. The total asset value of OFCs stood at N$188.7 billion at the end of 2019, representing an increase of 6.6 percent when compared to 2018. The increase primarily stemmed from pension fund contributions received and higher insurance premiums collected, coupled with reasonable market performance experienced during the period under review. In terms of absolute size, the pension funds continued to dominate the OFC sector, with N$123.0 billion of net equity of households, while net equity of households in life assurance amounted to N$22.2 billion at the end of 2019 (Table C.6).

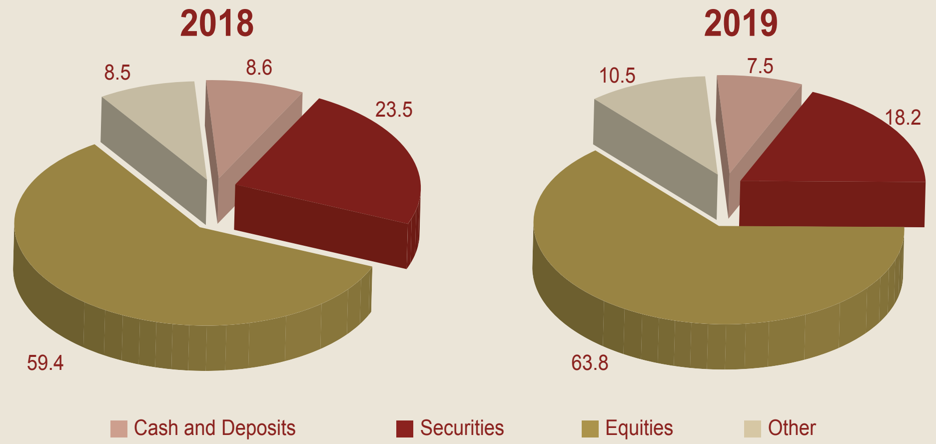
TABLE C.6 KEY FINANCIAL AGGREGATES

(N$ million end of period)	2017	2018	2019
1. Central Bank survey			
Central Bank total asset value	30 381	34 337	31 854
Net foreign assets	26 122	28 114	24 746
Claims on other sectors	46	63	87
2. Other depository corporations			
Other depository corporations' total asset value	159 011	176 732	189 041
Net foreign assets	4 942	9 861	11 695
Claims on other sectors	96 490	103 517	110 190
of which: individuals	53 460	57 255	61 425
businesses	36 396	38 656	41 698
3. Depository corporations survey (1+2)			
Depository corporations' total asset value	189 392	211 069	220 899
Net foreign assets	31 063	37 975	36 440
Net domestic assets	106 201	113 610	127 622
of which: claims on individuals	53 506	57 318	61 513
claims on businesses	36 396	39 068	41 698
Broad money supply	98 078	104 345	115 336
4. Other financial corporations survey			
Other financial corporations' total asset value	159 669	176 978	188 742
Net foreign assets	81 625	93 834	86 019
Claims on other sectors	23 629	24 089	27 151
Insurance technical reserves	126 021	130 627	157 422
5. Financial corporations survey (3+4)			
Financial corporations' total asset value	349 061	388 047	409 641
Net foreign assets	112 688	131 809	122 459
Net domestic assets	138 212	148 632	165 198
Insurance technical reserves	126 021	130 627	157 422
Net equity of households in life insurance	20 452	21 971	22 241
Net equity of households in pension funds	95 261	96 528	123 016
Prepayments of premiums	10 308	12 123	12 164

The net foreign assets of OFCs declined on an annual basis at the end of 2019. Net foreign assets slowed in 2019 compared to earlier years, partly in response to higher domestic asset requirements for institutional investors. Net foreign assets of OFCs stood at N$86.0 billion at the end 2019, nevertheless far higher than the N$36.4 billion of the depository corporations (Table C.6). This brought the total net foreign assets for the Financial Corporations Survey to N$122.5 billion at the end of 2019, a further indication of the significance of the non-banking financial institutions in the Namibian financial sector.

FIGURE C.12 ASSET HOLDINGS OF NON-BANK FINANCIAL INSTITUTIONS AT 31 DECEMBER

With regards to asset allocation, equities remained the most preferred asset class in which OFCs funds were channelled during 2019.



With regards to asset allocation, equities remained the most preferred asset class in which OFC funds were channelled during 2019. Figure C.12 shows that almost two thirds of OFC funds were placed into equities, which is commensurate with the long-term nature of pension funds, followed by interest-bearing securities with a share of 18.2 percent. Equities normally provide higher long-term growth despite being highly volatile and are therefore a preferred investment instrument for OFCs. These were followed by cash and deposits, and by other[20] assets, comprising 7.5 percent and 10.5 percent of OFCs funds, respectively.

Banking system liquidity[21]

The cash balances of the Namibian banking industry declined markedly in 2019 in comparison to the preceding year. The liquidity of the domestic banking sector averaged N$2.9 billion during 2019, 20.7 percent lower than the average balance of N$3.5 billion observed in 2018 (Figure C.9). The lower liquidity levels were mostly observed at the beginning and end of the year, with January and December recording average balances of N$256 million and N$948 million, respectively. As shown in Figure C.9 above, the highest liquidity levels were recorded in June 2019. The decline in the liquidity levels during 2019 was largely on the account of higher ZAR outflows, coupled with lower diamond export earnings relative to the previous year. In term of liquid assets, the overall banking industry has maintained its liquid assets at an average ratio of 15.3 percent of its outstanding liabilities, significantly higher than the 10.0 percent prudential requirement.

Money market developments

Money market rates declined during 2019 and were lower on average than in 2018 in line with the cut in the repo rate. In this regard, the average interbank market call rate declined from 6.74 percent in 2018 to an average of 6.67 percent during 2019. Similarly, the average three-month Windhoek Interbank Agreed Rate (WIBAR) declined by 23 basis points to 7.26 percent in 2019, while the average six-month, nine-month

20 The category “other” is comprised of non-financial assets, loans, receivables and financial derivatives.

21 The liquidity position of the Namibian banking system is influenced mainly by Government spending, the level of required reserves, currency in circulation, corporate tax payments, inflows and outflows of funds to South Africa, and mineral sale proceeds.

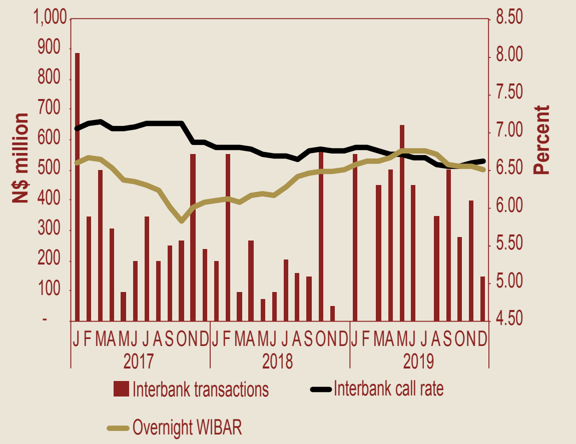
and 12-month WIBAR dropped to 7.51 percent, 7.51 percent, and 8.02 percent, respectively. Meanwhile, the average overnight WIBAR increased by 35 basis points to an average of 6.64 percent in 2019, coming from a low base following the very high excess liquidity levels in 2018. Similarly, the average lending rate declined to 9.93 percent in 2019, from 10.19 percent in 2018, in line with the downward adjustment in the repo rate (Figure C.9d).

Interbank market activities

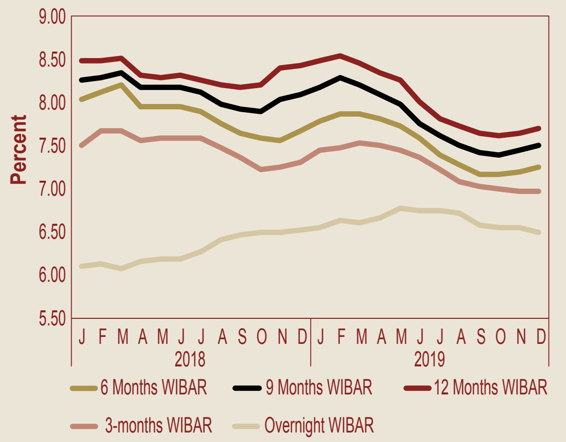
In line with the lower level of liquidity in the banking industry, the value of transactions in the interbank market increased during 2019 in comparison to 2018. As indicated in Figure C.13a, the total local interbank transactions amounted to N$4.3 billion during 2019, higher than the total of N$2.8 billion observed during the preceding year. The highest monthly value of interbank transactions was recorded in May, with a value of N$650 million, while no interbank transactions were recorded in February and July 2019, and only N$150 million worth of transactions were recorded in December.

FIGURE C.13 (A–B) INTERBANK TRADING ACTIVITIES AND THE WIBAR

a. *Interbank transactions increased during 2019 relative to 2018.*



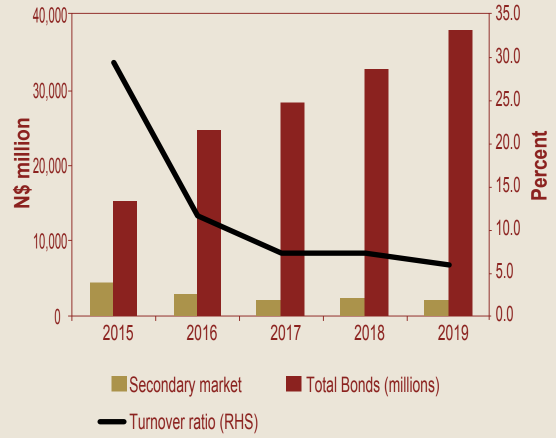
b. *Money market rates followed a down-ward trend during 2019.*



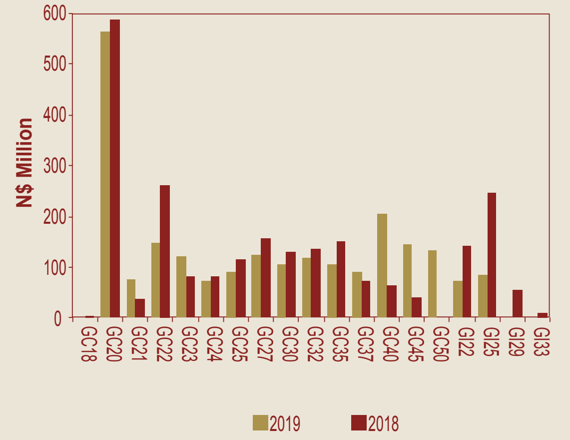
Bond market developments

FIGURE C.14 (A–F) BOND MARKET DEVELOPMENTS

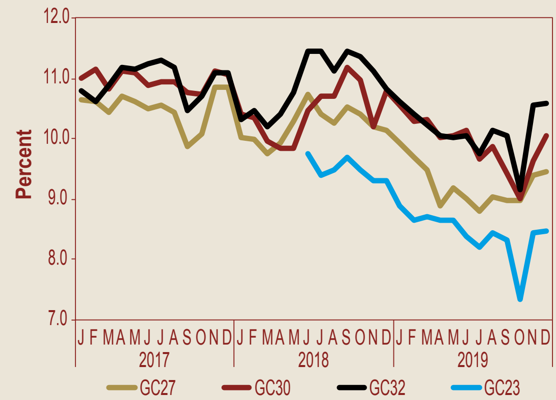
a. The trading of Government bonds in the secondary market remained weak during 2019.



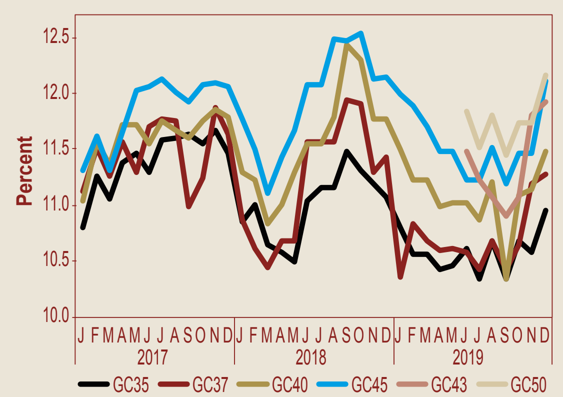
b. The GC20, GC22, GC40 and GI25 were the most traded bonds in 2019.



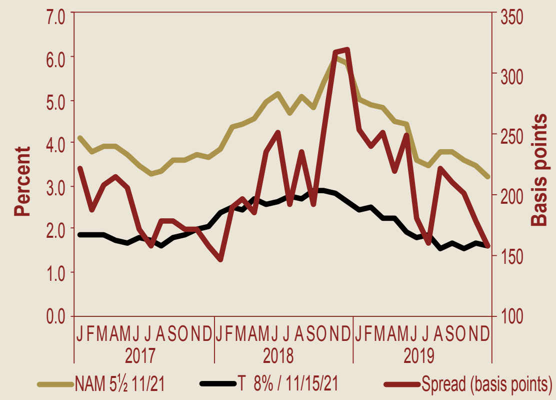
c. On average, yields on shorter- and medium-term Government bonds declined during 2019, before picking up towards the end of the year.



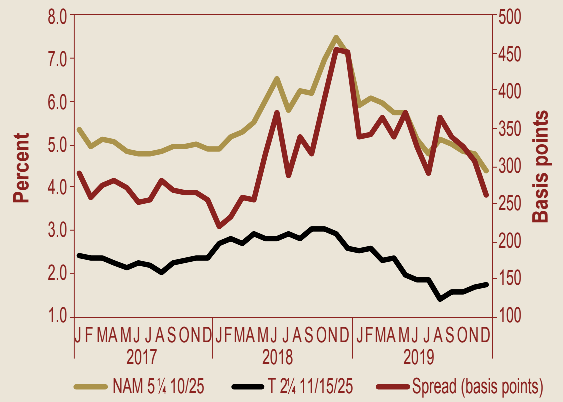
d. Similarly, yields on longer-dated Government bonds trended downward but also edged up in the last few months of the year.



e. The spread between the Namibian 2021 Eurobond and the US benchmark (T 8% / 11/15/21)[22] varied during 2019.



f. Similarly, the spread between the Namibian 2025 Eurobond and the US benchmark (T 2 ¼ 11/15/25)[23] remained volatile in 2019.



Source: NSX, Bloomberg and JSE

22 US fixed rate (8%) Treasury bond, maturing on 15 November 2021

23 US fixed rate (2.25%) Treasury bond, maturing on 15 November 2025

Government domestic bonds

In line with the 2019/20 fiscal year financing requirements, the value of outstanding Government domestic bonds increased during 2019. The nominal amount of outstanding domestic Government bonds increased from N$32.7 billion at the end of 2018 to a total of N$38.1 billion by the end of December 2019. Fixed-rate bonds constituted 84.7 percent of this amount, while 15.3 per cent was made up of inflation-linked bonds.

As part of domestic market development, the Government continued to introduce various instruments across the yield curve in 2019. In this regard, two fixed-rate bonds (GC43, GC50), maturing in 2043 and 2050, respectively, and one inflation-linked bond (GI36) maturing in 2036, were introduced during 2019. This brings the total number of outstanding domestic Government bonds to 20.

TABLE C.7 DOMESTIC GRN BONDS

Bonds	Coupon rate (percent)	Coupon Dates	Maturity Date	Outstanding Amount 31 December 2019 (N$)
Fixed rate bonds				**32,230,185,000**
GC20	8.25	15 April, 15 October	15-Apr-20	773,150,000
GC21	7.75	15 April, 15 October	15-Oct-21	1,424,240,000
GC22	8.75	15 January, 15 July	15-Jan-22	2,830,290,000
GC23	8.85	15 April, 15 October	15-Oct-23	1,783,910,000
GC24	10.50	15 April, 15 October	15-Oct-24	3,524,000,000
GC25	8.50	15 April, 15 October	15-Apr-25	3,396,440,000
GC27	8.00	15 January, 15 July	15-Jan-27	3,753,180,000
GC30	8.00	15 January, 15 July	15-Jan-30	3,169,760,000
GC32	9.00	15 April, 15 October	15-Apr-32	2,619,650,000
GC35	9.50	15 January, 15 July	15-Jul-35	2,278,525,000
GC37	9.50	15 January, 15 July	15-Jul-37	2,010,690,000
GC40	9.80	15 April, 15 October	15-Oct-40	2,226,710,000
GC43	10.00	15 January, 15 July	15-Jul-43	289,790,000
GC45	9.85	15 January, 15 July	15-Jul-45	1,853,910,000
GC50	10.25	15 January, 15 July	15-Jul-50	295,940,000
Inflation linked bonds				**5,822,610,000**
GI22	3.55	15 April, 15 October	15-Oct-22	2,300,330,000
GI25	3.80	15 April, 15 October	15-Jul-25	1,962,710,000
GI29	3.80	15 January, 15 July	15-Jan-29	829,520,000
GI33	4.50	15 April, 15 October	15-Apr-33	500,050,000
GI36	4.80	15 January, 15 July	15-Jul-36	230,000,000
Total domestic bonds				**38,052,795,000**

Secondary market activities

The value of Government bonds traded in the secondary market remained largely unchanged during 2019, in comparison to 2018. As depicted in Figure C.14, the value of Government bonds traded on the secondary market during the year under review was about N$2.3 billion, compared to N$2.4 billion recorded in 2018. As a result of this, coupled with an increase in the value of government bonds, the turnover ratio dropped to 5.93 percent in 2019 from the ratio of 7.25 percent in 2018. As it was nearing its maturity, the GC20 was the most traded bond during the year, accounting for 25.0 percent of total trades, followed by the GC40 and the GC22 with 9.0 percent and 7.0 percent of total trades, respectively (Figure C.14).

Government bond yields

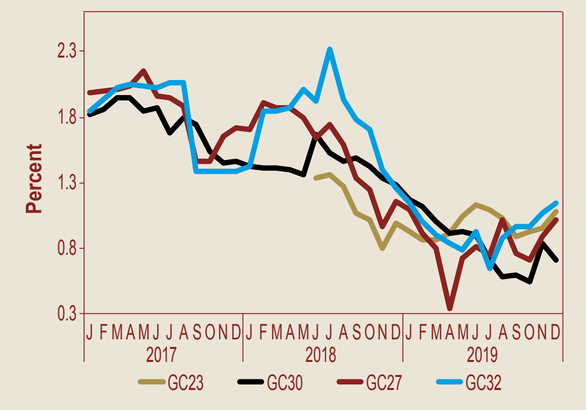
Yields on Government bonds dropped during most of 2019 before picking up again towards the end of the year. In this regard, the GC23 and the GC27 recorded the largest drop in yields, declining by 100 basis points on an annual average basis, while the GC35 had the lowest drop in yield of 40 basis points. Similarly, the yields on the longer-dated bonds (GC37, GC40 and GC45) decreased by an average of 50 basis points (Figure C.14). The movements in bond yields reflect the movements in the benchmark South African bonds, as well as buoyant demand conditions for Namibian government debt securities.

Yield spreads

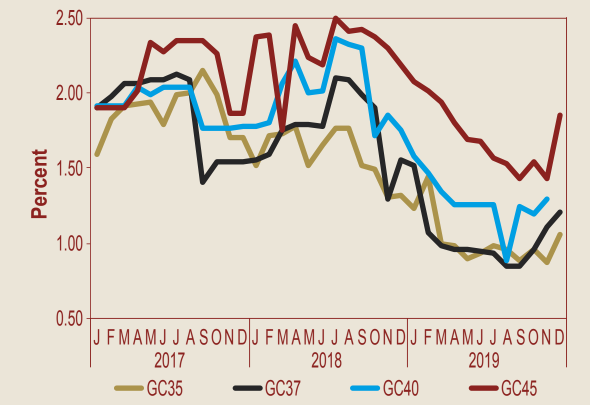
The difference between the yields on the South African and Namibian Government bonds, commonly known as yield spread, narrowed during 2019. The spread on the GC23 against the R208 averaged 98 basis points, dropping from an average spread of 105 basis points in 2018. Meanwhile, the spreads on the medium-term bonds (the GC27 and the GC30) were 82 basis points and 88 basis points, respectively. A similar trend was observed with the GC32, the GC35 and the GC37, with their spreads dropping by 60 basis points, on average, while the average spread on the GC40 and the GC45 declined by 65 and 35 basis points, respectively. The narrowing spreads for domestic bonds reflect improved demand for Government bonds in the domestic market relative to the previous year, following the introduction of higher domestic asset requirements for Namibian institutional investors.

FIGURE C.15 (A–B) SPREADS BETWEEN NAMIBIAN GOVERNMENT BONDS AND SOUTH AFRICAN BENCHMARK BONDS

a. On average, yield spreads between the short-to-medium term Namibian Government bonds and their respective South African benchmarks narrowed during 2019.



b. Longer term bonds also recorded declines in the yield spreads against their corresponding SA benchmarks, with minor pick-ups towards the end of the year.



Corporate bonds

The value of corporate bonds outstanding dropped during 2019. In this regard, the stock of bonds issued by Namibian corporates listed on both the Namibian Stock Exchange (NSX) and the Johannesburg Stock Exchange (JSE) declined to N$8.3 billion from the total of N$9.2 billion seen in the preceding year. Of the N$8.3 billion, a total of N$5.6 billion was listed on the NSX, while N$2.7 billion was listed through issuance on the JSE. The value of corporate bonds declined due to several bonds maturing during 2019. In addition, there were fewer bond issuances during 2019 in comparison to the preceding year. Meanwhile, N$6.5 billion of the total outstanding corporate bonds in 2019 were issued by commercial banks, and N$1.5 billion by SOEs, while non-bank entities were responsible for the remaining N$263.7 million.

The domestic bond market continued to be dominated by Government bond issuances. Corporate bonds represented only 17.9 per cent of total outstanding listed bonds at the end of 2019.

Namibian Eurobonds

In line with the US Federal Reserve policy rate trajectory and inverted yield curve, yields on the Namibian Eurobonds dropped during 2019. In this context, the yield on Namibia's 2021 Eurobond declined from an average of 4.9 percent in 2018 to an average of 4.0 percent in 2019. Consequently, the spread between the said Eurobond and its US benchmark narrowed during the period under review to an average of 210 basis points, from the average of 226 basis points observed in 2018 (Figure C.14f). This is, in part, a reflection of the phenomenon that with the passage of time, bond spreads tend to narrow as an instrument nears maturity.

The yield on the Namibian 2025 Eurobond also fell during 2019 in line with the US yield curve. The 2025 Eurobond recorded an average yield drop of 81 basis points to 5.28 percent in 2019, from an average yield of 6.09 percent seen in 2018. On the other hand, its average spread to the US benchmark bond increased slightly by 7 basis points to 331 basis points from 324 basis points observed in 2018. As expected, yield movements on the Namibian Eurobonds during 2019 were influenced by the interest rates developments in the US, as well as changing investor sentiments. The Fed cut the policy rate three times during 2019, with the last cut leaving the policy rate in the range of 1.50 percent to 1.75 percent. Nonetheless, yields on the Namibian Eurobonds remained relatively neutral despite the deterioration in Namibia's credit rating assigned in 2019. Low and even negative yields on many AE sovereign bonds encourage investors, searching for higher yields, to invest in bonds issued by EMDEs.

TABLE C.8 EUROBONDS

Bonds	Coupon rate	Coupon dates	Maturity date	Outstanding amount (USD) – December 2019
Eurobond1	5.5	03 May, 03 November	03-Nov-21	500,000,000
Eurobond2	5.25	29 April, 29 October	29-Oct-25	750,000,000
Total				**1,250,000,000**

Namibia's JSE-listed bonds

Yields on the Namibian JSE-listed bonds declined during 2019 relative to the levels seen in 2018. The movements in the yields were in line with those of their respective South African benchmark bonds. In particular, the yield on the NAM01 declined to an average of 8.67 percent from an average of 9.59 percent recorded in the previous year. Also, the NAM02 tracked the same trend, recording an average yield of 7.66 percent, 52 basis points lower than the yield observed in 2018. Similarly, the average yields on the NAM03 and NAM04 declined by 52 and 14 basis points, respectively.

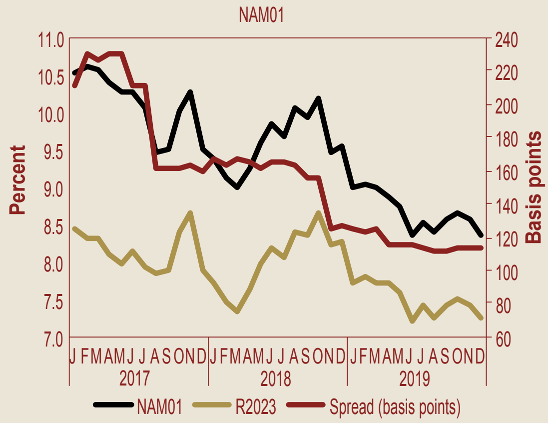
The spreads between the JSE-listed bonds and their respective benchmarks narrowed during 2019. In this regard, the spread on the NAM01 and the NAM02 averaged 116 basis points and 94 basis points in 2019, lower than the average spreads of 157 basis points and 131 basis points in 2018, respectively. Similarly, the spread on the NAM03 remained stable at 160 basis points, while that on the NAM04 remained relatively unchanged around 180 basis points. The narrowed spreads were also a result of increased demand for Namibian assets as a result of the increase in domestic asset requirements from 35 percent previously to 45 percent by the end of March 2019.

TABLE C.9 JSE (ZAR) BONDS

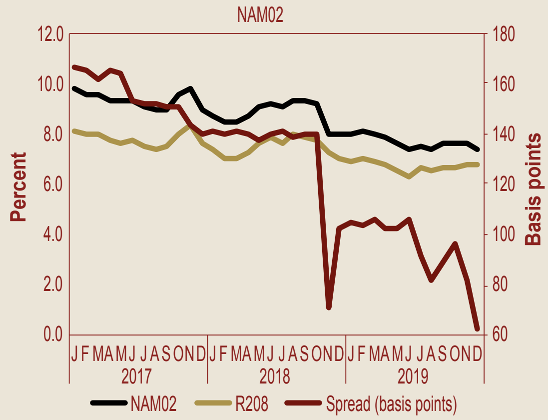
Bonds	Coupon rate	Coupon dates	Maturity date	Outstanding amount (ZAR) – 31 December 2019
JSE (NAM01)	8.26	19 May, 19 November	19-Nov-22	1,560,000,000
JSE (NAM02)	9.6	29 June, 29 December	29-Jun-20	840,000,000
JSE (NAM03)	10.06	01 February, 01 August	01-Aug-23	157,000,000
JSE (NAM04)	10.51	01 February, 01 August	01-Aug-26	335 000 000
Total				**2 892 000 000**

FIGURE C.16 (A–D) JSE BONDS PERFORMANCE

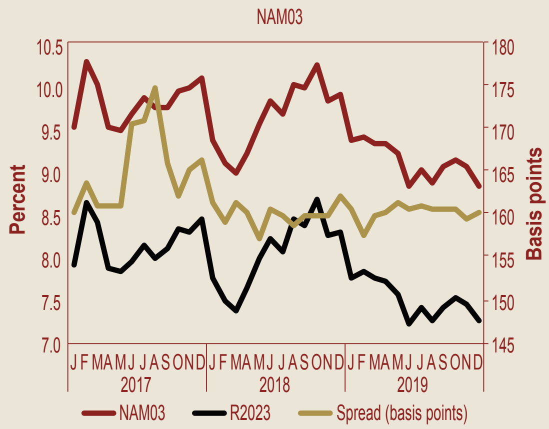
a. The spread between the NAM01 and the R2023 JSE-listed bond dropped by an average of 40 basis points.



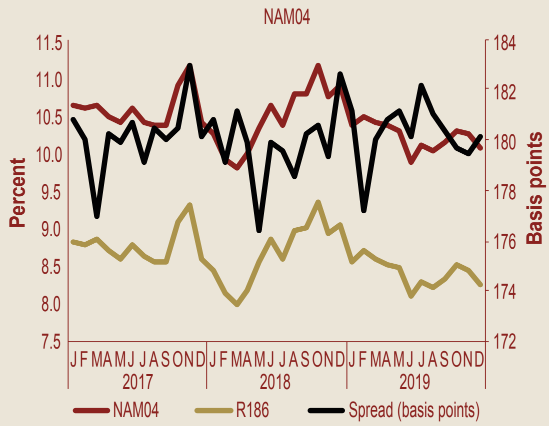
b. The spread on the NAM02 against the R186 declined by 37 basis points.



c. Similarly, the spread between the NAM03 and the R2023 remained stable at 160 basis points …



d. … whereas the NAM04 recorded the lowest spread decline of less than one basis point, against the R186.



Source: Bloomberg

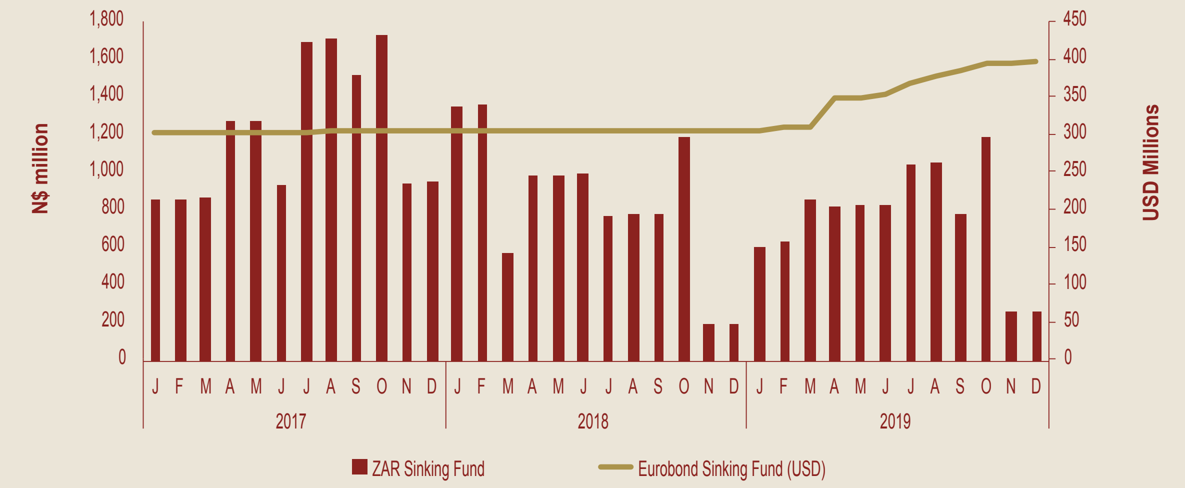
Internal registered stock redemption account

The balance on the Internal Registered Stock (IRS) Redemption Account decreased during 2019 (Figure C.17). The IRS balance declined as the Government made cash withdrawals for cash-flow management purposes. The IRS Redemption Account nevertheless closed off the year with a balance of NAD256.6 million, higher than the balance of NAD198.8 million at the end of 2018. Notwithstanding this, the Government remains committed to a speedy replenishment of the IRS Account to ensure the smooth redemption of the maturing bonds.

Meanwhile, the balance on the Eurobond sinking fund increased during 2019. In this regard, the Eurobond sinking fund increased to USD396.0 million from a total of USD303.7 million at the end of 2018. The Government employed a strategy to build up the fund in preparation for the Eurobonds' maturities.

FIGURE C.17 INTERNAL REGISTERED STOCK REDEMPTION ACCOUNT

The balance on the IRS Redemption Account declined during 2019, while the Eurobond sinking fund increased.



Sovereign credit ratings

Fitch Ratings downgraded Namibia's Long-Term Foreign-Currency Issuer Default Rating to 'BB' from 'BB+' with a stable outlook, on 1 October 2019. According to Fitch, the downgrade of Namibia's credit rating reflects the deterioration in economic growth and fiscal metrics. According to the agency, the worsened macroeconomic environment presents lower growth prospects over the short- to medium-term. The assessment also highlighted that the subdued economic activity, coupled with elevated inequality and high unemployment, could pose significant challenges for the Government's plan to stabilise its debt. Amongst other issues emphasised is the lack of sufficient measures to achieve fiscal consolidation; high SOE debt; the high wage bill; the volatility of SACU transfers; and the rapid depletion of onshore diamond mining reserves that raises downside risks for public finances.

Correspondingly, Moody's Investor Service also downgraded Namibia's long-term issuer and senior unsecured ratings from Ba1 to a Ba2 sub-investment grade, with a stable outlook in December 2019. The decision was underpinned by several factors such as the Government's reduced ability to stabilise growth in the public debt through cutting back on spending; and in particular, the Government's inability to reduce the high wage bill costs in a low growth environment. Moody's also pointed out the negative impact of the severe drought in the agricultural sector and the weak growth in the mining sector, as well as the declining national competitiveness relative to global rankings.

Nevertheless, the agency pointed out several catalysts to the country's economic recovery and growth prospect. Among these are a relatively robust institutional framework, strong governance standards, national capacity to respond to shocks, the liquidity capacity of the domestic financial sector, and monetary and price stability.

In line with these credit rating downgrades, the government reiterated its commitment to growth-friendly fiscal consolidation. This means employing a structural policy reforms package that supports domestic economic activity, thereby bringing about economic recovery, while at the same time holding the public debt within sustainable levels. This includes the implementation of SME and youth entrepreneurship financing facilities at the Development Bank of Namibia, execution of the recommendations of the 2019 Economic Growth Summit in the broad areas of structural policy reforms, and the implementation of public-sector-wide wage bill reforms to reduce the wage bill.

TABLE C.10 NSX SUMMARY STATISTICS

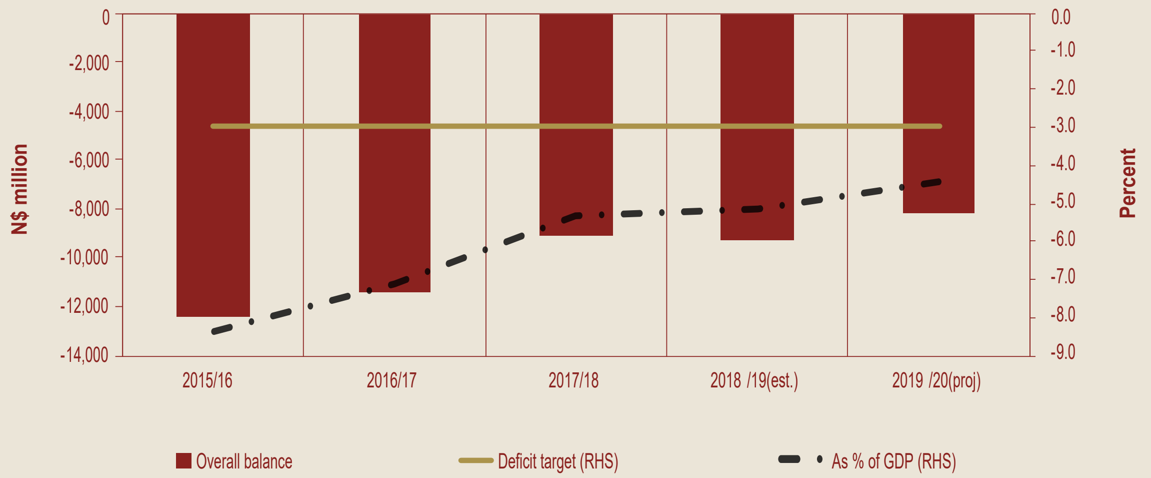
Category	2018	2019	Percentage change
Overall			
Index (end of year)	1,307	1,306	(0.0)
Market capitalisation (N$ million) (end of year)	1,965,664	1,943,009	(1.2)
Free-float market capitalisation (N$ million) (end of year)	1,238,615	1,483,778	19.8
Volume traded (‘000)	183,209	203,205	10.9
Value traded (N$ million)	11,949	8,607	(28.0)
Number of deals	4,921	4,839	(1.7)
Number of new listings	1	6	500.0
Number of de-listings	1	2	100.0
Local			
Index (end of year)	621	614	(1.2)
Market capitalisation (N$ million) (end of year)	35,406	36,339	2.6
Volume traded (‘000)	34,589	92,117	166.3
Value traded (N$ ‘000)	886,134	1,372,838	54.9
Number of deals	1,031	861	(16.5)
Number of new listings	-	-	
Number of de-listings	-	-	

The Overall Index dropped slightly at the end of 2019, to close at 1 306.30 points, compared to 1 307.76 at the end of 2018. Consequently, market capitalisation at the end of 2019 declined to N$1.94 trillion. This represents a decline of 1.2 percent when compared to the closing amount at the end of 2018. The decline in the market capitalisation was partly due to the delisting of Bidvest Namibia Ltd on 11 June 2019 coupled with the decline in the share price of Old Mutual Ltd among others which declined by 12.2 percent to close at N$19.66 in December 2019 partly due to the legal battle between the former CEO and the board chairperson. The Local Index similarly declined by 1.2 percent during the period under review to close at 613.87 index points (Table C.10).

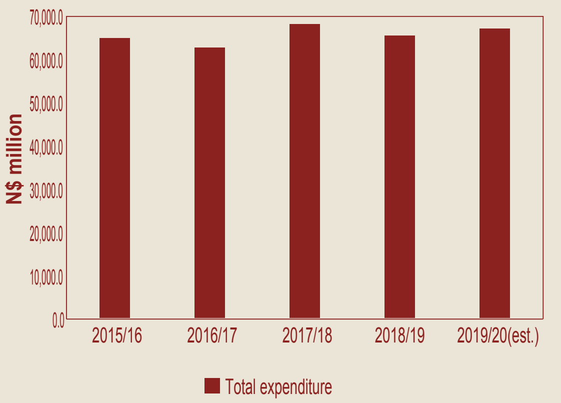
PUBLIC FINANCE

FIGURE C.18 (A–E) PUBLIC FINANCE

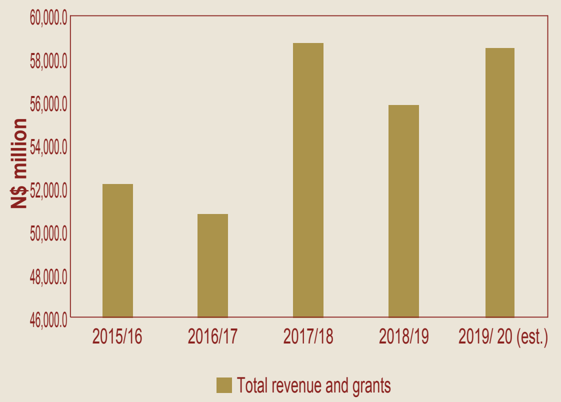
a. The Central Government deficit is expected to narrow during the Fiscal Year (FY) 2019/20 compared to the preceding fiscal year, and to decline further over the Medium-term Expenditure Framework (MTEF) period, as revenue rises faster than expenditure.



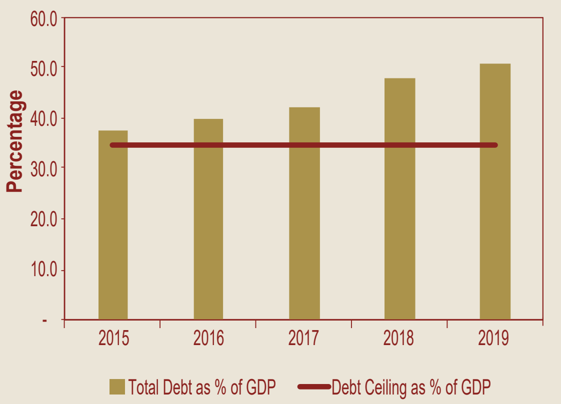
b. Central Government's expenditure is expected to rise during FY2019/20 and gradually pick-up over the MTEF period.



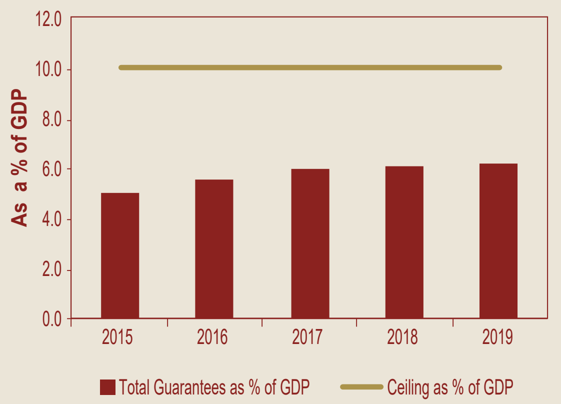
c. Revenue collection is also expected to rise during FY2019/20 and further over the MTEF period.



d. Central Government total debt as a percentage of GDP rose at the end of 2019 when compared to the previous year and continued to trend above the debt ceiling.



e. Central Government loan guarantees as a percentage of GDP declined marginally during 2019 and continued to trend below the ceiling.



Source: MoF

THE NATIONAL GOVERNMENT BUDGET

Budget balance

TABLE C.11 CENTRAL GOVERNMENT REVENUE AND EXPENDITURE OUTTURN AND PROJECTION (N$ MILLION/PERCENT)

	2015/16	2016/17	2017/18	2018/19	2019-20	
	Actual	Actual	Actual	Actual	Budget	Revised
Fiscal GDP	**148,125**	**160,041**	**171,660**	**178,208**	**182,022**	**182,022**
Revenue	**52,215**	**50,865**	**58,659**	**55,882**	**58,397**	**58,406**
% of GDP	35.3	31.8	34.2	31.4	32.1	29.7
Expenditure	**64,638**	**62,228**	**67,523**	**67,766**	**66,550**	**66,550**
% of GDP	43.6	38.9	39.5	36.5	36.6	33.8
Budget Balance	**-12,423**	**-11,363**	**-8,864**	**-9,107**	**-8,153**	**-8,144**
% of GDP	-8.4	-7.1	-5.3	-5.2	-4.5	-4.5
Debt	**59,789**	**62,865**	**74,468**	**87,533**	**96,271**	**96,934**
% of GDP	40.4	39.3	43.4	49.1	52.9	53.3
Interest payments	**2,630**	**4,192**	**5,430**	**6,308**	**6,404**	**6,404**
% of Revenue	5.0	8.2	9.3	11.3	11.0	11.0
Guarantees	**6,457**	**8,774**	**11,036**	**10,889**	**11,107**	**11,107**
% of GDP	4.4	5.5	6.4	6.1	6.1	6.1

Sources: MoF, BoN and NSA

The Central Government's budget deficit is expected to narrow during FY2019/20 compared to the preceding fiscal year and to decline further over the MTEF period. The Central Government deficit as a percentage of GDP for FY2019/20 is estimated at 4.5 percent, the same as the earlier estimate in the main budget in March 2019 (Figure 18a). However, this is lower than the deficit for FY2018/19, which was estimated at 5.2 percent. The lower deficit was due to an increase in revenue, which grew at a faster pace than expenditure as a result of higher SACU receipts.

Expenditure

TABLE C.12 CURRENT AND CAPITAL EXPENDITURE (N$ MILLION)

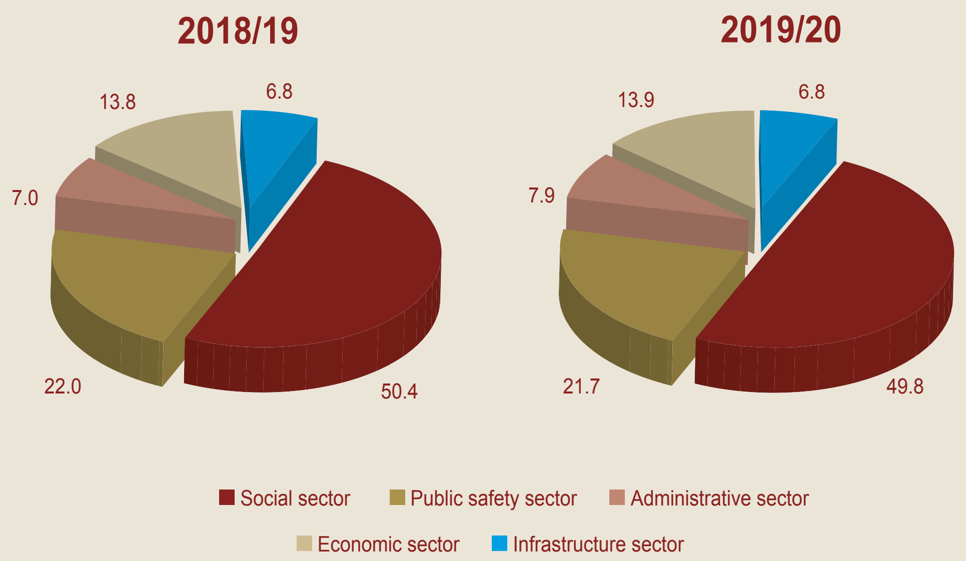
	2015/16	2016/17	2017/18	2018/19	2019/20
Current Expenditure					
Personnel expenditure	23 849	26 753	29 171	28 927	29 969
Expenditure on goods and other services	7 915	10 362	8 421	6 171	6 562
Interest and borrowing related charges	2 623	4 310	5 430	5 783	6 404
Subsidies and other current transfers	17 834	13 105	18 838	15 781	15 540
Total Current Expenditure	**52 221**	**54 530**	**61 860**	**56 662**	**58 475**
Capital Expenditure	**2015/16**	**2016/17**	**2017/18**	**2018/19**	**2019/20**
Acquisition of capital goods	6 913	6 687	4 556	6 790	6 822
Goods and other services	658	261	229	230	-
Capital transfers	1 565	1 024	1 025	975	1 253
Total Capital Expenditure	**9 135**	**7 972**	**5 810**	**7 995**	**8 075**

Sources: MoF

Central Government expenditure is estimated to have risen during FY 2019/20, from a slightly lower level registered during the previous fiscal year, mainly due to a rise in interest- and borrowing-related charges. During the recent mid-year budget review, Central Government expenditure was estimated at N$66.6 billion, which is similar to the estimate in the 2019 main budget (Figure C.18b). This was a slight increase from the N$65.1 billion registered during FY2018/19. The rise in expenditure was the result of personnel expenditure, which rose by 4.0 percent to N$30.0 billion during the period under review. This was mainly due to an increase in remuneration as a result of increased recruitment of teachers and police officers. The increase in expenditure on interest- and borrowing-related charges, as well as capital transfers, also contributed to the increase in total Central Government expenditure.

FIGURE C.19 BUDGET ALLOCATION BY SECTOR EXCLUDING INTEREST PAYMENTS (PERCENTAGE)

The social sector continued to take up the highest share of the budgetary allocation during FY2019/20, similar to the previous year.



The social sector continued to take up the biggest share of the total budget allocation during the period under review. In FY2019/20, the portion of the total budgetary allocation allocated to the social sector, which comprises health, education, poverty eradication and social welfare, amounted to 49.8 percent. These funds supported the procurement of pharmaceuticals, clinical suppliers, the recruitment of health professionals, teachers and police officers, purchases of textbooks and school feeding programmes. In addition, budgetary provision was made to fund the old age and disability social grants. The share allocated to the social sector declined slightly, however, by 0.7 percentage points, as a result of increased allocations to the *administrative* and *economic* sectors. The *public safety* and *economic* sectors were the second and third biggest recipients of the total budget allocation during FY2019/20.

Revenue

Central Government revenue is expected to rise during FY2019/20, compared to the previous fiscal year, as a result of higher SACU receipts. Central Government revenue is expected to rise by 4.5 percent to N$58.4 billion during FY2019/20. This is mainly due to higher SACU receipts, which rose by 8.9 percent to N$18.9 billion during FY2019/20, compared to the previous fiscal year.

Central Government debt

Central Government's debt stock rose over the year to the end of 2019 on account of increased domestic borrowing. The total Government debt stock stood at N$93.2 billion at the end of 2019, representing an increase of 7.5 percent over the debt stock registered at the end of 2018. The increase was mostly reflected in domestic debt as a result of the further allotments of treasury bills (TBs) and IRS in order to finance the budget deficit. Meanwhile, external debt declined by 4.1 percent owing to exchange rate appreciation[24] of the local currency against major trading currencies, particularly the USD and the RMB. Total debt as a percentage of GDP stood at 51.2 percent at the end of 2019, reflecting an increase of 2.6 percentage points over its level at the end of 2018 (Table C.13). The debt-to-GDP ratio remains higher than the Central Government debt ceiling of 35.0 percent of GDP.

TABLE C.13 CENTRAL GOVERNMENT DEBT AS AT 31 DECEMBER (N$ MILLION)

Value (N$ million) / Percent	2015	2016	2017	2018	2019
Fiscal year GDP	**148,125**	**160,041**	**171,660**	**178,208**	**182,022**
Foreign debt stock	**28,332**	**25,262**	**26,426**	**32,156**	**30,852**
Bilateral	3,549	2,997	2,879	3,027	2,723
As % of total	12.5	11.9	10.9	9.4	8.8
Multilateral	2,939	2,342	5,164	8,198	7,583
As % of total	10.4	9.3	19.5	25.5	24.6
Eurobond	19,444	17,030	15,491	18,039	17,654
As % of total	68.6	67.4	58.6	56.1	57.2
JSE Listed bond	2,400	2,892	2,892	2,892	2,892
As % of total	8.5	11.4	10.9	9.0	9.4
Foreign debt service	**976**	**1,865**	**1,952**	**2,194**	**2,373**
Domestic debt stock	**28,045**	**39,119**	**46,337**	**54,492**	**62,300**
Treasury bills	12,716	14,328	17,937	21,789	24,247
As % of total	45.3	36.6	39	40.0	38.9
Internal registered stock	15,330	24,791	28,400	32,703	38,053
As % of total	54.7	63.4	61.3	60.0	61.1
Total Central Government debt	**56,377**	**64,381**	**72,763**	**86,647**	**93,151**
End of Period Exchange rate in terms of N$ per foreign currency unit					
US Dollar	15.5553	13.6240	12.3930	14.4309	14.1235
EUR	16.9997	14.3403	14.8063	16.4917	15.8247
RMB	2.3961	1.9610	1.9013	2.0982	2.0247
CHF	15.7356	13.3511	12.6743	14.6520	14.5985
JPY	0.1292	0.1167	0.1100	0.1308	0.1300
KWD	50.6476	44.7096	41.0204	47.4078	46.0937
Proportion of total debt					
Foreign debt stock	50.3	39.2	36.3	37.1	33.1
Domestic debt stock	49.7	60.8	63.7	62.9	66.9
As % of GDP					
Foreign debt stock	19.1	15.8	15.4	18.0	17.0
Domestic debt stock	18.9	24.4	27.0	30.6	34.2
Total debt	**38.1**	**40.2**	**42.4**	**48.6**	**51.2**

Sources: MoF, BoN and NSA

24 The exchange rate used in this section is the end-of-period exchange rate.

Domestic debt

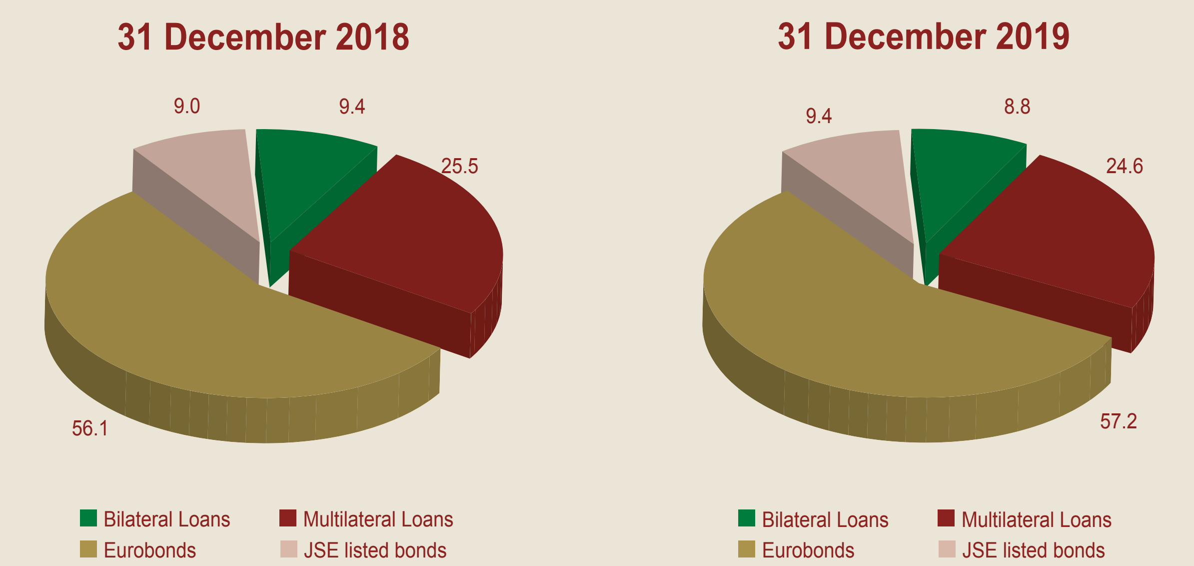
Total domestic debt rose during the year under review, as reflected in the issuance of TBs and IRS. The Government's total domestic debt rose by 14.3 percent to N$62.3 billion at the end of 2019 (Table C.13). The increase was reflected in both TBs and IRS, which rose by 11.3 percent and 16.4 percent, respectively, on account of increased borrowing to meet the Government's financing requirements. Most of the TBs were allotted to the banking sector, while the IRS were mainly allotted to non-banking financial institutions. As a percentage of GDP, domestic debt rose by 3.7 percentage points, to 34.2 percent at the end of 2019.

Foreign debt

The stock of external debt declined during 2019, compared to the previous year, as a result of exchange rate appreciation. Central Government's external debt stock declined by 4.1 percent to N$31.0 billion during the period under review (Table C.13). The decline was attributed to revaluation changes arising from the appreciation of the local currency against major trading currencies, particularly the USD and the RMB. As a ratio of GDP, external debt declined from 18.0 percent in 2018 to 17.0 percent in 2019. External debt servicing rose to N$2.4 billion during the year under review, from N$2.2 billion in 2018. As a percentage of total revenue, external debt servicing rose by 0.1 percentage points to 4.0 percent.

FIGURE C.20 EXTERNAL DEBT BY TYPE (PERCENT)

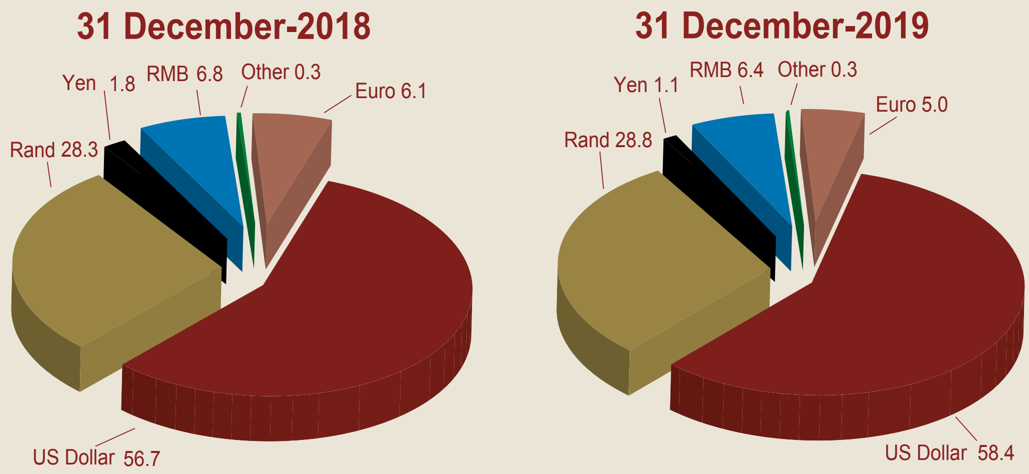
The Eurobonds continued to be the major contributor to the Government's external debt portfolio.



The Eurobonds remained the major contributor to the Government's external debt stock during the year under review. At the end of 2019, Eurobonds accounted for 57.2 percent of the Government's external debt stock, which was 1.1 percentage points higher than at the end of 2018 (Figure C.20). This was mainly due to principal repayments of some multilateral and bilateral loans during the period under review. In this regard, the share of both multilateral and bilateral loans to the Central Government debt portfolio declined by 0.9 percentage points and 0.6 percentage points to 24.6 percent and 8.8 percent, respectively, which was lower than the previous year. The share of the JSE-listed bonds rose by 0.4 percentage points to stand at 9.4 percent at the end of 2019.

FIGURE C.21 EXTERNAL DEBT CURRENCY COMPOSITION (PERCENTAGE SHARE)

The US Dollar continued to be the leading currency in the Government external debt portfolio.



Source: MoF

Currency composition

The US Dollar continued to be the dominant currency in the Government's total external debt portfolio during the period under review. The Government's external debt stock was largely denominated in US Dollars, which accounted for 58.4 percent of the external debt during the year under review (Figure C.21). This represents an increase of 1.8 percentage points compared to the previous year. The share of the Rand, which is the second-most dominant currency in the Central Government external debt portfolio, rose by 0.5 percentage points to 28.8 percent during the year under review. The Renminbi and the Euro were the third and fourth highest currencies in the Government's external debt portfolio during the period under review, accounting for 6.4 percent and 5.0 percent, respectively.

Central Government loan guarantees

Total Central Government loan guarantees rose during 2019, compared to the previous year. Central Government total loan guarantees rose by 2.7 percent to N$11.2 billion during the period under review, reflecting a rise in foreign guarantees (Table C.14). Domestic loan guarantees declined during the period under review. As a percentage of GDP, Central Government loan guarantees remained unchanged at 6.1 percent during 2019. At this ratio, total loan guarantees remained well below the ceiling set by the Government of 10.0 percent of GDP, thus signifying a lower Government contingency liability risk.

TABLE C.14 CENTRAL GOVERNMENT LOAN GUARANTEES AS AT 31 DECEMBER (N$ MILLION)

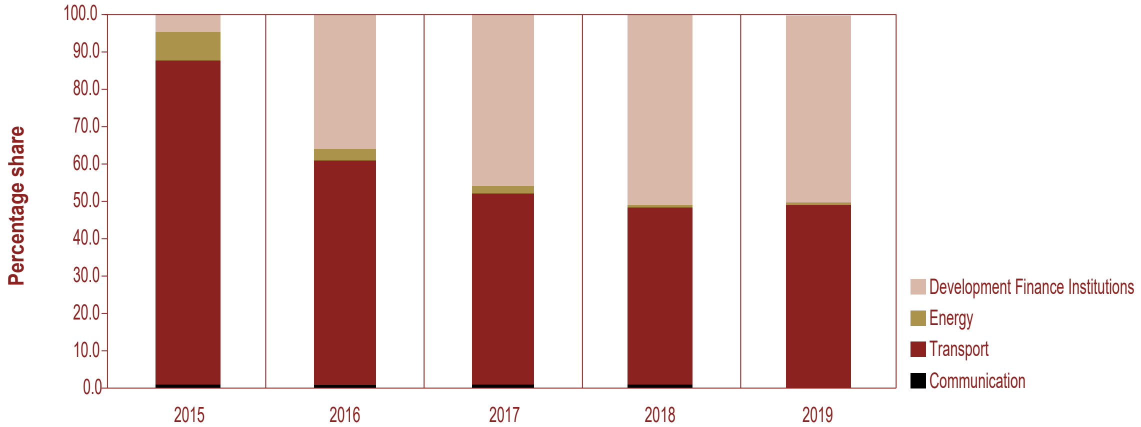
	2015	2016	2017	2018	2019
Fiscal GDP	**148,125**	**160,041**	**171,660**	**178,208**	**182,022**
Domestic Guarantees	**1,452**	**1,214**	**1,745**	**1,750**	**1,537**
As % of GDP	1.0	0.8	1.0	1.0	0.8
As % of Total Guarantees	19.7	13.6	16.9	16.1	13.8
Foreign Guarantees	**5,914**	**7,742**	**8,595**	**9,129**	**9,630**
As % of GDP	4.0	4.8	5.0	5.1	5.3
As % of Total Guarantees	80.3	86.4	83.1	83.9	86.2
Total Guarantees	**7,366**	**8,956**	**10,340**	**10,879**	**11,168**
As % of GDP	5.0	5.6	6.0	6.1	6.1

Sources: MoF, BoN and NSA

Foreign loan guarantees

Total foreign loan guarantees increased during the year under review. Total foreign loan guarantees increased by 5.5 percent to N$9.6 billion over the course of 2019. The rise was due to more foreign loan guarantees being issued to the *transport* sector. As a percentage of GDP, total foreign loan guarantees rose by 0.2 percentage point to 5.3 percent during the year under review (Table C.14).

FIGURE C.22 FOREIGN LOAN GUARANTEES BY SECTOR

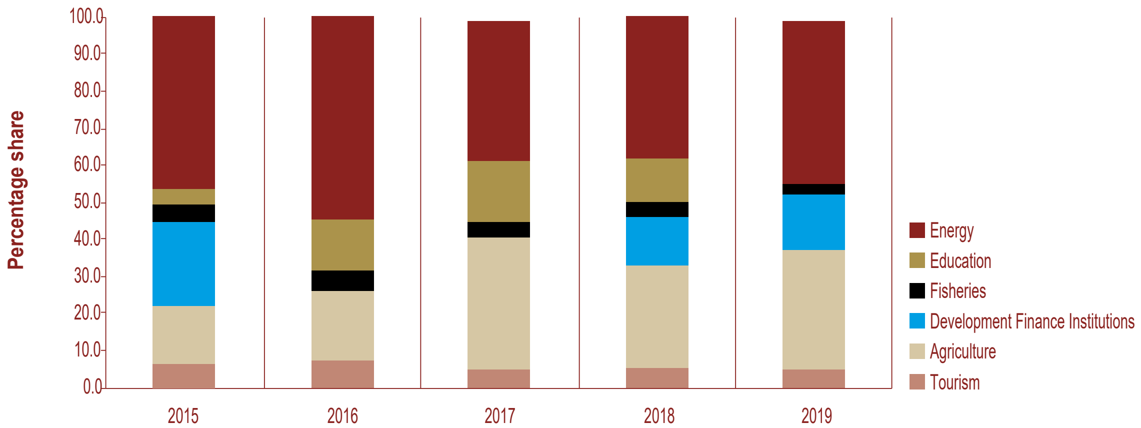


Regarding sectoral allocations, the *development finance institutions* sector remained the dominant sector in the foreign loan guarantee portfolio during the year under review. *Development finance institutions* which is the dominant sector in terms of the total share of foreign loan guarantees issued, stood at 50.2 percent of total foreign loan guarantees at the end of 2019. This was a decline of 0.6 percentage point, compared to the share registered during the previous year. The share of the *transport sector* stood at 48.7 percent of the total foreign loan guarantees; the remaining portion belongs both to the *energy* and *communication* sectors, at 0.6 percent and 0.5 percent, respectively.

Domestic loan guarantees

Domestic loan guarantees declined over the year to the end of 2019. Total domestic loan guarantees declined by 12.2 percent compared to 2018 to stand at N$1.5 billion at the end of 2019 (Table C.14). The rise was due to principal repayment of loans in the *education* and *fisheries* sectors during the year under review. As a percentage of GDP, domestic loan guarantees declined by 0.1 percentage points to 0.8 percent over the same period.

FIGURE C.23 DOMESTIC LOAN GUARANTEES BY SECTOR

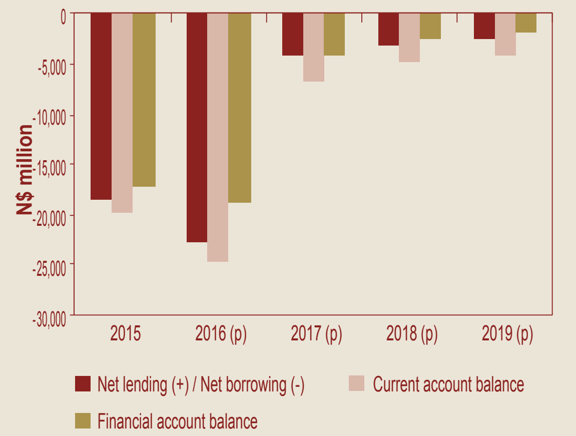


The energy sector continued to dominate the total domestic loan guarantees during the year under review. The share of total domestic loan guarantees issued to the *energy* sector, which is the dominant sector with respect to total domestic loan guarantees, stood at 43.7 percent, which is a increased of 5.4 percentage points compared to the previous year. The *agriculture* sector was the second-most dominant sector, with a share of 31.5 percent (Figure C.23). The *development finance institutions* were the third-most dominant sector, with a share of 15.3 percent, while the *tourism*, *fisheries* and *transport* sectors accounted for the remaining shares of 5.3 percent, 3.1 percent and 1.1 percent, respectively.

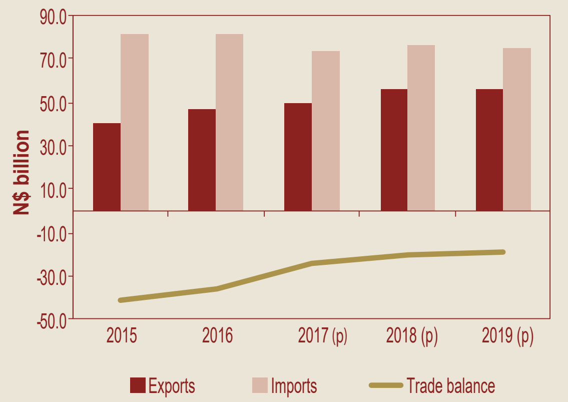
FOREIGN TRADE AND PAYMENTS[25]

FIGURE C.24 (A–F) EXTERNAL DEVELOPMENTS

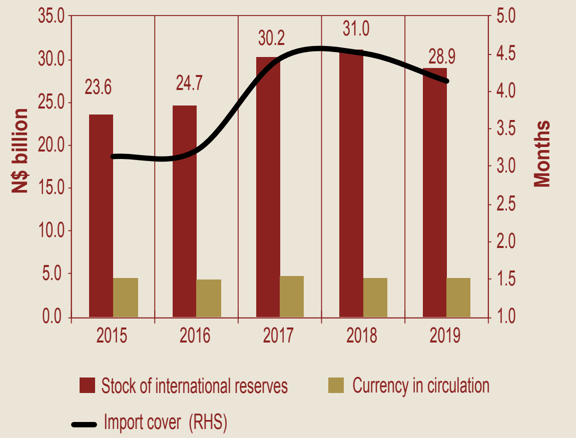
a. During 2019, Namibia's net borrowing[26] from the rest of the world declined, due to an improvement in the current account deficit.



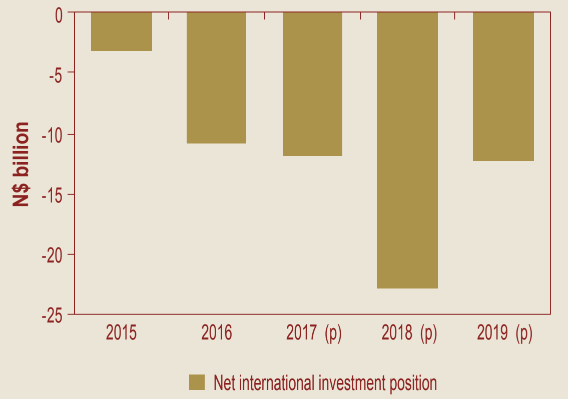
b. Namibia's merchandise trade deficit narrowed during 2019, reflecting a moderate decline in imports and slightly higher exports.



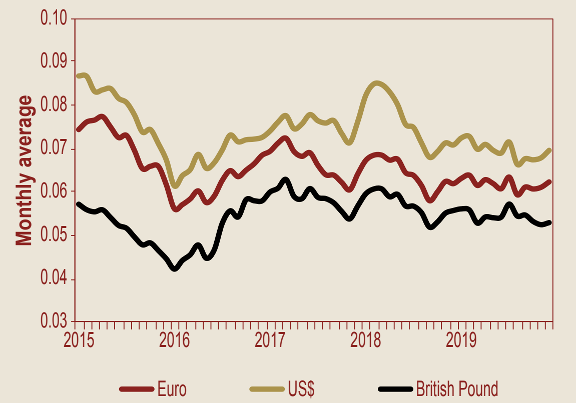
c. The stock of international reserves declined in 2019, mainly due to banks purchasing foreign currency from the Bank of Namibia.



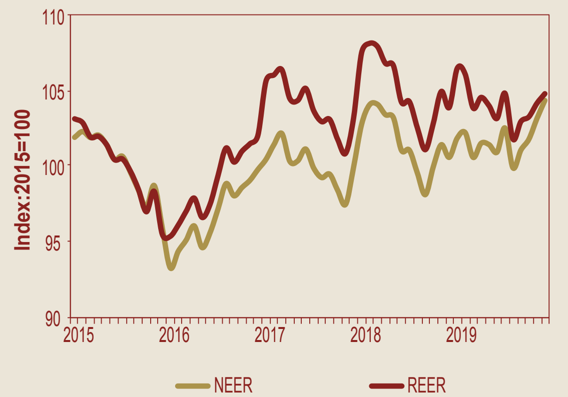
d. Namibia's international investment position recorded a reduced net liability position in comparison with 2018, due to an increase in foreign assets.



e. On average, the Namibia Dollar depreciated against all major currencies during 2019 in comparison with 2018.



f. The nominal effective exchange rate (NEER) appreciated slightly while the real effective exchange rate (REER) depreciated marginally during 2019 in comparison with 2018 on an annual average basis.



25 p in this section stands for provisional.

26 The sum of the balances on the current and capital accounts represents the net lending (surplus) or net borrowing (deficit) by the economy with the rest of the world.

TABLE C.15 EXTERNAL VULNERABILITY INDICATORS

	2015	2016	2017	2018	2019
i. Solvency (percentages)					
Gross External Debt/GDP	59.6	56.0	62.1	68.0	66.8
Gross External Debt/Exports of Goods and Services	164.5	158.2	176.4	185.4	181.7
External Debt Service/Exports of Goods and Services	42.9	44.7	27.1	31.0	36.3
Current account/GDP	-13.7	-15.9	-4.0	-2.8	-2.3
ii. Reserves Adequacy					
Reserves/Imports of Goods and Services (months)	3.1	3.2	4.4	4.5	4.1
Reserves/Broad Money Liabilities (percent)	28.8	28.8	30.8	29.7	26.3
Reserves/Short-term External Debt (Ratio)	2.5	2.6	2.4	2.1	2.0

CURRENT ACCOUNT

Namibia's current account deficit narrowed during 2019, primarily due to an improvement in the merchandise trade deficit, lower outflows on the primary income account, and a higher surplus on the secondary income account. The current account deficit narrowed by 18.2 percent to N$4.1 billion during 2019, compared to 2018 (Figure C.24a). The reduction in the current account deficit emanated from the shrinking merchandise trade deficit that reflected a moderate decline in the import bill and slightly higher export earnings. Moreover, lower net outflows on the primary income account, coupled with increased inflows on the secondary income account as a result of increased SACU receipts, contributed to this development. As a percentage of GDP, the current account deficit stood at 2.3 percent during 2019, compared to a deficit of 2.8 percent during the previous year (Table C.15).

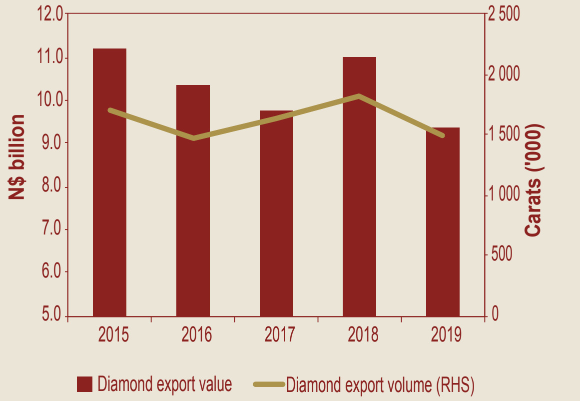
Merchandise trade balance

The merchandise trade deficit narrowed in 2019, driven by a moderate decline in import payments and slightly higher exports. Namibia's trade deficit narrowed by 5.2 percent to N$19.4 billion during 2019 (Figure C.24b). This was partly due to an increase in merchandise exports, which rose by 0.8 percent to N$56.0 billion in 2019 as earnings from *manufactured exports*, *uranium* and *gold* increased. Earnings from exports were significantly weighed down by a substantial decline in foreign earnings from *rough diamonds* and *food and live animals* in 2019. Furthermore, a contraction in the value of merchandise imports contributed to the narrowing trade deficit. In this regard, imports declined marginally by 0.9 percent to N$75.4 billion during 2019, reflecting the weak demand for goods and services as mirrored in depressed wholesale and retail trade activity, weak construction activity, and a contraction in instalment credit extended to the domestic private sector.

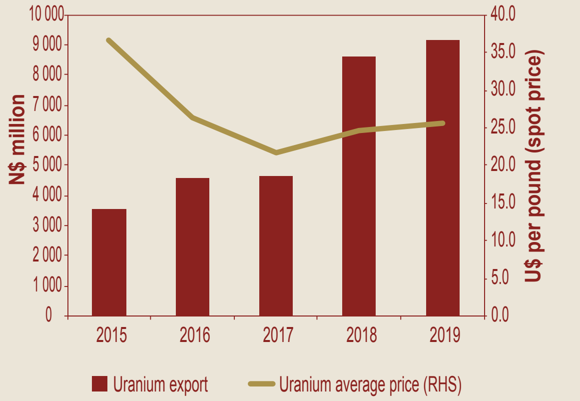
Exports

FIGURE C.25 (A–F) EXPORTS [27]

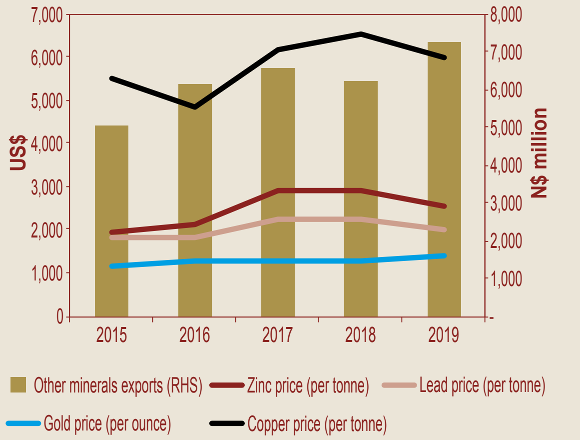
a. Export earnings from rough diamonds declined, as fewer diamonds were recovered from both onshore and offshore operations during 2019.



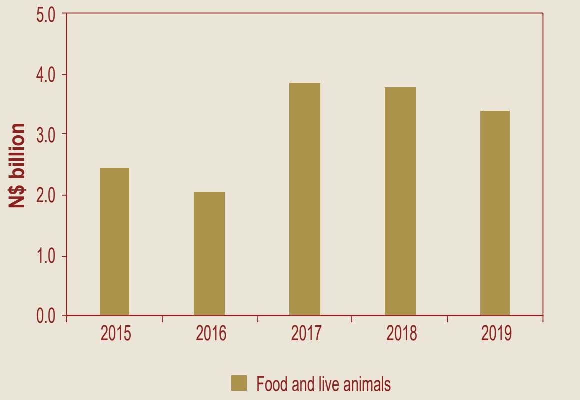
b. Foreign earnings from uranium rose during 2019, which was mainly attributed to the depreciation of the Namibia Dollar against major trading currencies.



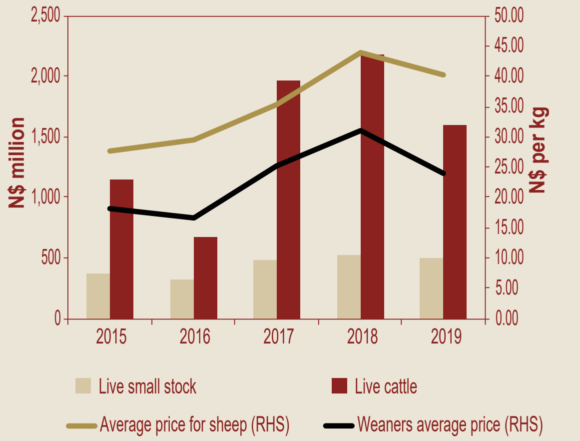
c. Export receipts from other minerals[6] increased, primarily due to higher earnings from gold.



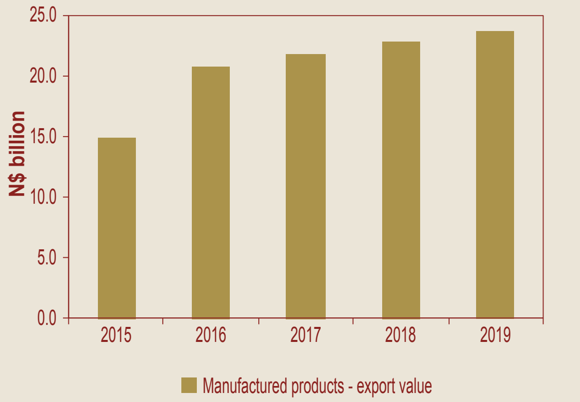
d. Export earnings from food and live animals decreased, mainly as a result of a decline in earnings from live animals exported to South Africa.



e. Export earnings from live animals as well as average prices of weaners and sheep declined during 2019.



f. The value of manufactured exports increased in 2018, mainly on account of higher earnings from processed meat, refined zinc, and beverages.



Source: BoN surveys

27 This category includes gold, zinc concentrate, copper concentrates, lead, salt, manganese and dimension stone

Mineral exports

Rough diamonds

Export earnings from *rough diamonds* declined during 2019, mainly due to fewer diamonds recovered from both onshore and offshore operations. The volume of *rough diamonds* exported declined substantially by 17.6 percent to 1.5 million carats, resulting in a decrease in export earnings of 15.0 percent, to N$9.4 billion during 2019 compared to 2018 (Figure C.25a). The decline in the volume exported was mainly due to the decrease in the number of diamonds recovered from land operations following the closure of one of the mines, coupled with fewer diamonds recovered offshore due to the scheduled maintenance of one of the mining vessels. Moreover, these developments coincided with a weakening in the global market for diamonds, which negatively affected prices during 2019.

Uranium

Uranium export earnings increased in 2019 compared to 2018, primarily due to a favourable exchange rate. Export earnings from uranium rose by 6.7 percent to N$9.2 billion during 2019 (Figure C.25b). The increase in uranium export earnings was largely driven by the favourable exchange rate and higher realised prices, offsetting the lower volume that was exported due to operational challenges and the discontinued production from a large mine that was placed under care and maintenance. On the spot market, the average international price of uranium increased by 4.3 percent to US$25.64 per pound, mainly due to lower global production since 2018, coupled with the removal of restrictions based on section 232 of the US Trade Expansion Act of 1962.

Other mineral exports

The *other minerals* category recorded higher export earnings in 2019, mainly due to increased earnings from *gold* and the subcategory *other*[28]. Export earnings from *other minerals* increased significantly by 17.1 percent to N$7.3 billion during 2019 (Figure C.25c). The increase was mainly reflected in higher earnings from *gold* and the subcategory *other*. The increase in earnings for the subcategory *other* was mainly underpinned by the favourable exchange rate, while earnings from gold increased substantially by 26.5 percent to N$4.5 billion during 2019, largely supported by a rise in the gold price, increased volumes exported and the favourable exchange rate. On average, the international price of gold increased by 9.7 percent to US$ 1 392 per ounce, mainly due to increased demand for safe-haven assets amid weaker global growth prospects, intensifying trade tensions and monetary policy easing by the US Federal Reserve Bank. In contrast, commodity prices of *zinc concentrate*, *copper concentrate* and *lead* declined during 2019 as a result of weaker global demand.

Non-mineral exports

Food and live animals

During 2019, export earnings for *food and live animals* decreased, mainly as a result of a drop in earnings from *live animals* exported to South Africa. Foreign earnings for the *food and live animals'* category declined by 10.4 percent to N$3.4 billion in 2019, when compared to the previous year. This was mainly due to a decline in foreign earnings from live animals, which fell by 22.4 percent to N$2.1 billion during 2019. This was mainly underpinned by the decline in weaner prices, as well as a reduction in the number of live weaners exported. On the contrary, there was an increase in earnings from *other food products*, particularly grapes destined for European markets, mainly supported by the depreciation of the Namibia Dollar against major trading currencies.

The average prices of weaners and sheep declined during 2019. Average prices of live weaners decreased significantly by 22.2 percent to N$24.04 per kilogramme during 2019, when compared to 2018 (Figure C.25e). This was largely due to the outbreak of foot-and-mouth disease in certain areas of South Africa during the first part of the year, which led to excess supply, consequently resulting in depressed weaner prices.This was exacerbated by a higher cost of yellow maize, which increased the costs of South African feedlots. Similarly, average prices of sheep declined by 8.6 percent to N$40.13 per kilogramme, mainly owing to the drought conditions experienced.

28 This includes dimension stones, marble stones, fluorspar, cement and manganese.

Manufactured exports

Export earnings from *manufactured products* increased during 2019, mainly on account of increases in proceeds from *processed meat*, *refined zinc* and *beverages*. During 2019, the value of manufactured exports rose by 3.2 percent to N$23.7 billion (Figure C.25f). This was underpinned by increases in receipts from *processed meat*, *refined zinc* and *beverages*. Proceeds from *processed meat* increased by 24.1 percent to N$1.5 billion, mainly on account of a significant increase in the number of cattle slaughtered for export at the local export abattoirs, as well as the weakening of the local currency against major trading currencies. Moreover, the increase in earnings from *refined zinc* was largely driven by higher volumes exported as well as the favourable exchange rate, while the increase in exports for *beverages* was due to increased production from a local brewery.

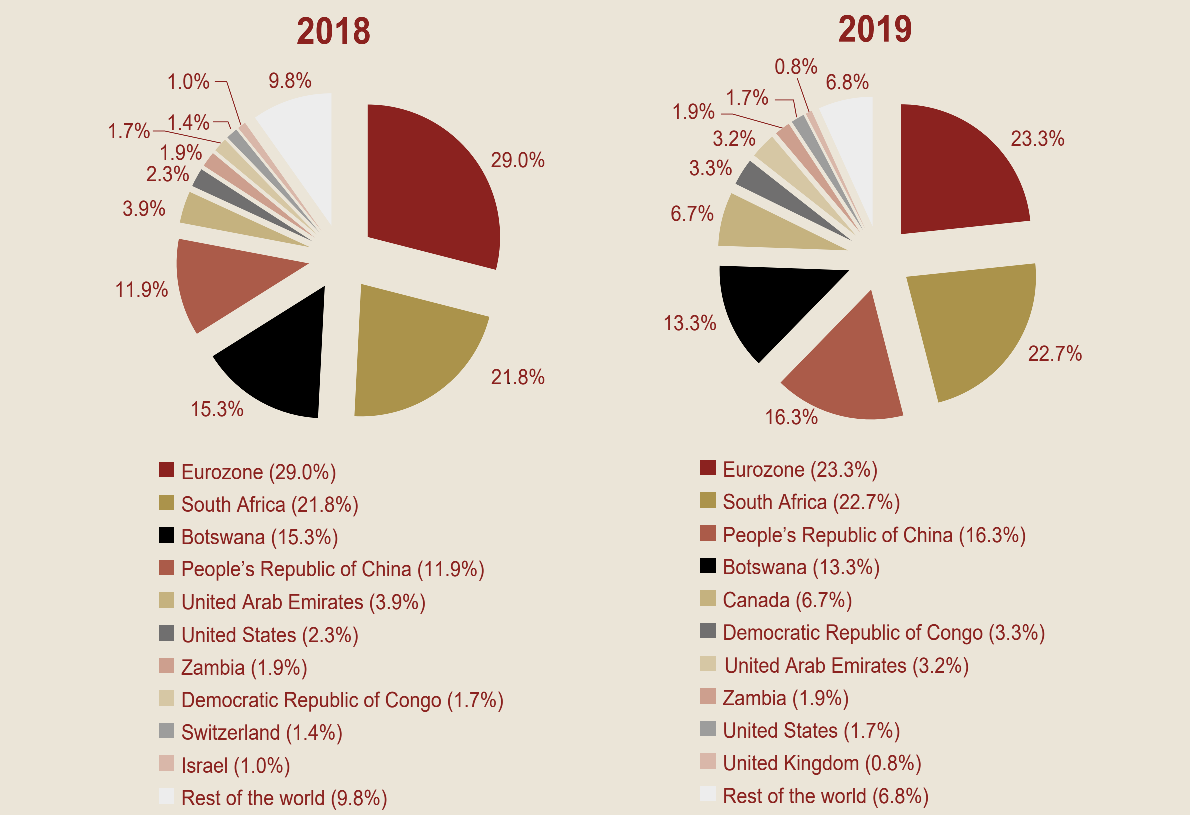
Imports of goods

During 2019, the value of merchandise imports edged lower, as reflected in decreases across most major categories of merchandise imports. Expenditure on merchandise imports fell by 0.9 percent to N$75.4 billion in 2019, when compared to 2018. The decline in the value of imports reflected decreases in major import categories such as *machinery and mechanical appliances*, *products of the chemical industries*, and *base metals*. The sluggish behaviour of merchandise imports was in line with the weak demand for goods and services, as reflected in depressed wholesale and retail activity, coupled with the decline in construction activity, weak demand for vehicles and negative growth in instalment credit extended to the domestic private sector.

Direction of trade

FIGURE C.26 (A) EXPORTS BY DESTINATION

In 2019, the Eurozone remained the leading destination for Namibia's merchandise exports, followed by South Africa, China and Botswana.

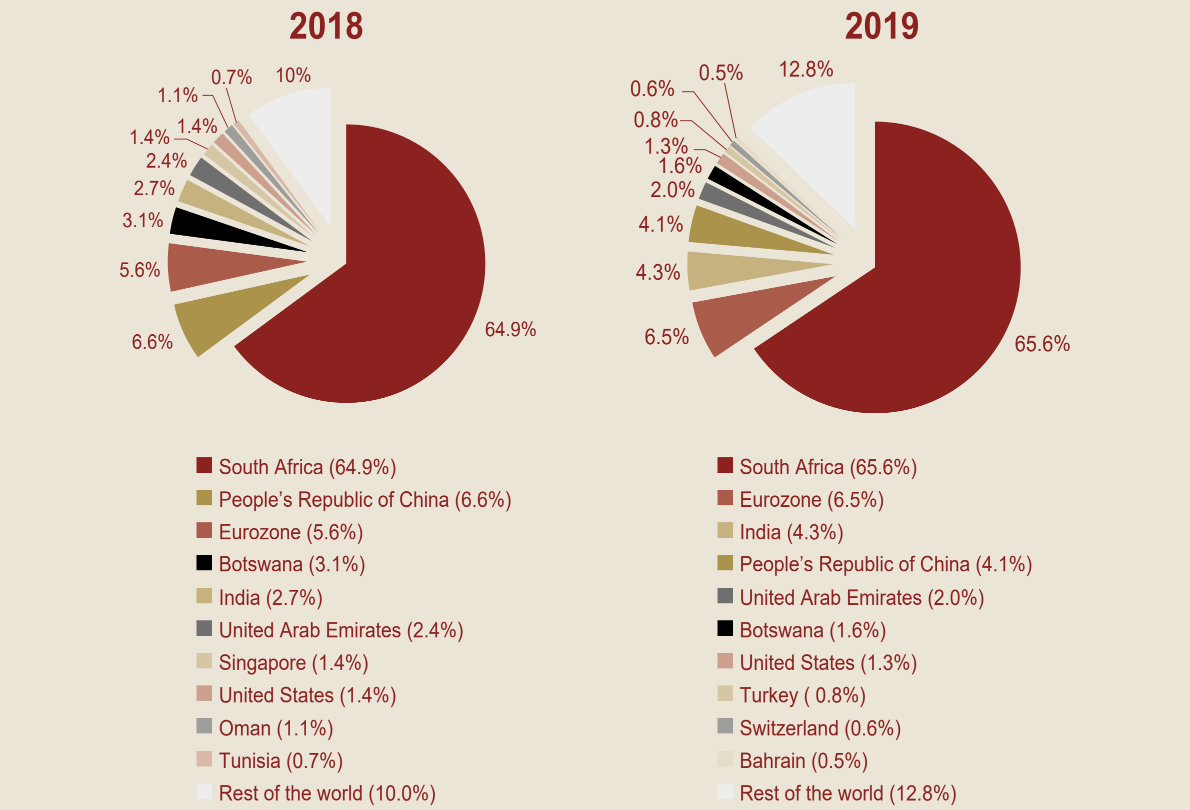


Source: NSA

The Eurozone remained the leading destination for Namibia's merchandise exports during 2019, followed by South Africa, China and Botswana. The Eurozone absorbed 23.3 percent of Namibia's total exports and remained the top export partner, although its share declined during 2019, mainly due to a reduction in the exports of *uranium oxide.* Exports to South Africa accounted for 22.7 percent of total export, largely consisting of *gold*, *live animals* and *beverages*. China's share increased to 16.3 percent of total exports, consisting mainly of *uranium oxide*, while Botswana's share declined from 15.3 percent in 2018 to 13.3 percent during 2019, reflecting a decline in the exports of *rough diamonds*. The United Arab Emirates accounted for 3.2 percent of the merchandise exports, mainly consisting of rough diamonds. Other major export destinations in 2019 included Canada, with a share of 6.7 percent, and the Democratic Republic of Congo accounting for 3.3 percent of Namibia's exports (Figure C.26a).

FIGURE C.26 (B) IMPORTS BY ORIGIN

Namibia's imports were mainly sourced from South Africa, the Eurozone and China during 2019.



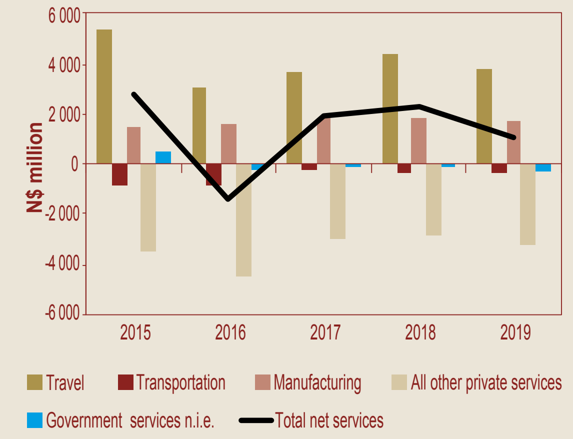
Source: NSA

South Africa continued to be Namibia's main source of merchandise imports during 2019, followed by the Eurozone and India. The bulk of Namibia's merchandise imports were sourced from South Africa, with the share increasing to 65.6 percent of total imports during 2019. The increase in South Africa's share was mainly supported by increased imports of *consumer goods* and *mineral fuels*. The Eurozone ranked second with 6.5 percent of the merchandise imports, mainly consisting of *mineral fuel*, *ships*, *boats and floating structures, machinery* and *mechanical appliances.* India ranked third, accounting for 4.3 percent of the merchandise imports largely comprised of *mineral fuel*. A reduction was recorded in China's share, which decreased to 4.1 percent of total imports. The decline in China's share was reflected in weak domestic demand for *machinery* and *base metals*. Other major sources of imports were the United Arab Emirates (2.0 percent), Botswana (1.6 percent), and the United States (1.3 percent) (Figure C.26b).

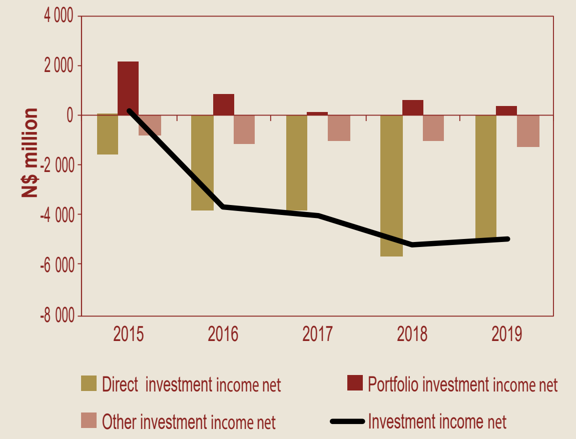
Services, investment income and current transfers

FIGURE C.27 (A–C) SERVICES, PRIMARY INCOME AND SECONDARY INCOME

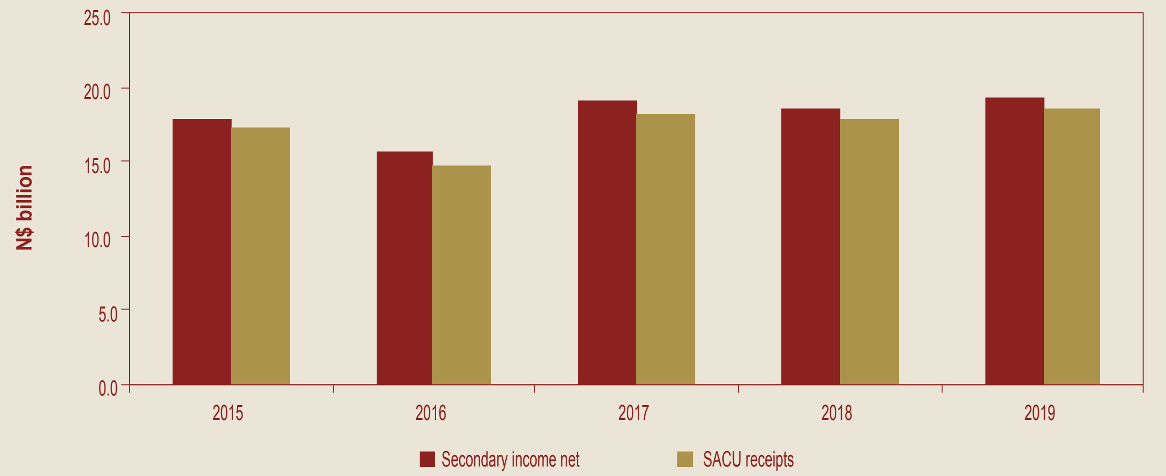
a. The services account registered lower net inflows during 2019, mainly due to decreased receipts from travel and manufacturing services.



b. Net outflows on the primary income account decreased, mainly supported by lower net investment income outflows.



c. Namibia's net secondary income receipts increased during 2019 compared to 2018, largely as a result of higher SACU receipts.



Source: Various companies and BoN surveys

Services balance

Namibia's services account registered lower net inflows in 2019, mainly on account of decreased receipts from *travel* and *manufacturing* services. The net services balance recorded a lower inflow of N$1.0 billion in 2019, compared to an inflow of N$2.3 billion in 2018 (Figure C.27a). This was due to the decrease in net inflows of travel and manufacturing services, which declined by 13.8 percent and 5.1 percent to N$3.7 billion and N$1.7 billion, respectively. The decline in travel receipts was driven by the significant reduction in international and regional tourist arrivals in 2019 whereas the fall in volumes of copper blister processed resulted in lower earnings for manufacturing services.

Net primary income

The primary income account recorded lower net outflows during 2019, largely due to reduced net investment income outflows. Net outflows on the primary income account declined by 8.2 percent to

N$5.0 billion in 2019 (Figure C.27b). The decreased outflows were mainly underpinned by reductions in investment income payments to foreign direct investors, particularly in the form of retained earnings that declined substantially as foreign direct investment enterprises (FDIE) made lower profits in 2019.

Net secondary income

During 2019, Namibia's net secondary income receipts increased, primarily due to higher SACU receipts. Inflows on the secondary income account rose by 3.5 percent to N$19.3 billion during 2019 (Figure C.27c). This was mainly due to moderately higher SACU receipts, which increased by 3.4 percent to N$18.5 billion during the year under review.

CAPITAL ACCOUNT

Namibia's capital account surplus decreased during 2019, largely as a result of lower capital transfers from non-residents. The capital account surplus shrank in 2019 from 2018 by 4.8 percent to N$1.6 billion. The lower inflows reflected the decrease in capital transfers from foreign governments and private institutions.

NET LENDING (+) AND NET BORROWING (-)

Given the developments on both the current and capital accounts during 2019, Namibia's net borrowing from the rest of the world declined, when compared to the preceding year. Net borrowing from the rest of the world declined by 23.5 percent to N$2.5 billion during 2019, mainly supported by an improvement in the current account.

FINANCIAL ACCOUNT[29]

Based on the developments in the direct and other investment accounts during 2019, the financial account balance registered reduced net borrowing from the rest of the world, when compared to 2018. Namibia's net borrowing from the rest of the world declined to N$1.9 billion from N$2.5 billion recorded in 2018; the decline was mainly related to direct and other investment outflows. Moreover, some of the net borrowing from the rest of the world took the form of a drawdown of foreign reserves.

29 BPM6, the interpretation of the financial account particularly on the assets, denotes an increase as positive and a decrease as negative. The interpretation on the liabilities remains unchanged from BPM5, where an increase or decrease implies just that. Furthermore, the net balances are interpreted in terms of net lending (if positive (denoting outflows)) or net borrowing (if negative (inflows)). The financial account balance is now presented inclusive of reserve assets according to BPM6 and implies that the financing of the net lending/borrowing position (current account) is fully accounted for above the line (i.e. above the financial account balance).

FIGURE C.28 (A–C) FINANCIAL ACCOUNT COMPONENTS

Direct investment

During 2019, Namibia's direct investment liabilities registered an outflow due to repayments made by enterprises in the mining sector, switching around from an inflow in 2018. Namibia's foreign direct investment liabilities registered an outflow of N$251 million, following an inflow of N$2.1 billion recorded in 2018 (Figure C.28a). The outflow in direct investment liabilities was mainly due to debt repayments made by direct investment enterprises in the mining sector. Enterprises (mainly in the mining sector) made repayments worth N$317 million on their debt compared to the borrowing of N$1.5 billion observed in 2018. In addition, the losses made by foreign direct investment enterprises leading to some instances of negative reinvestment earnings contributed to the outflow, and thus to the reduction of foreign direct investment liabilities.

Portfolio investment

On a net basis, Namibia's portfolio investment recorded an inflow during 2019 due to reduced investment abroad in the form of equity and debt. Namibia's portfolio investment recorded a net capital inflow of N$985 million compared to the outflow of N$2.8 billion during 2018 (Figure C.28b). This development was mainly due to institutional investors reducing their purchases of foreign assets abroad in the form of equity and debt securities, following the increase in domestic asset requirements to 45 percent by the end of March 2019. Hence, investment abroad by local institutional investors in the form of equity switched to an inflow worth N$999 million in 2019, compared to a N$1.5 billion outflow captured in 2018. Investment in debt instruments abroad declined by N$1.0 billion to N$99 million.

Other investment

During 2019, other investment registered a net capital outflow partly due to repayments made on foreign loans as well as acquisition of assets abroad in the form of currency and deposits. Namibia's other investment category recorded a net outflow of N$1.7 billion compared to an inflow of N$5.6 billion in 2018 (Figure C.28c). The net capital outflow was supported by repayments made on foreign loans by companies in the mining sector and the General Government through multilateral and bilateral loans, during 2019. The decline in short term credit extended to local enterprises and parastatals also contributed to the net capital outflow in other investment. Part of the net capital outflow under other investment in 2019 also consisted of an increase in currency and deposits held abroad by the Namibian banking sector.

INTERNATIONAL RESERVES

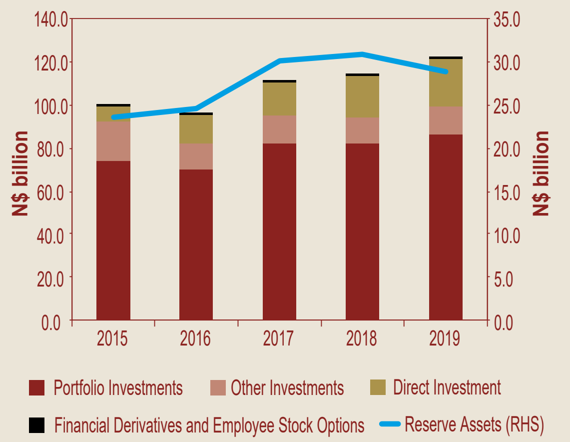
During 2019, the stock of international reserves held by the Bank of Namibia decreased. The stock of foreign reserves declined by 6.7 percent over the year to N$28.9 billion at the end of December 2019 (Figure C.24c). The reduction in foreign reserves was partly driven by higher Government foreign payments during 2019 coupled with net sales of rand to commercial banks by the Bank of Namibia. In this regard, at the end of December 2019, the international reserves were 6.4 times as much as the currency in circulation, thereby remaining sufficient to readily sustain the currency peg between the Namibia Dollar and South African Rand. During the review period the import cover of goods and services was 4.1 months, above the international minimum benchmark of 3.0 months.

INTERNATIONAL INVESTMENT POSITION

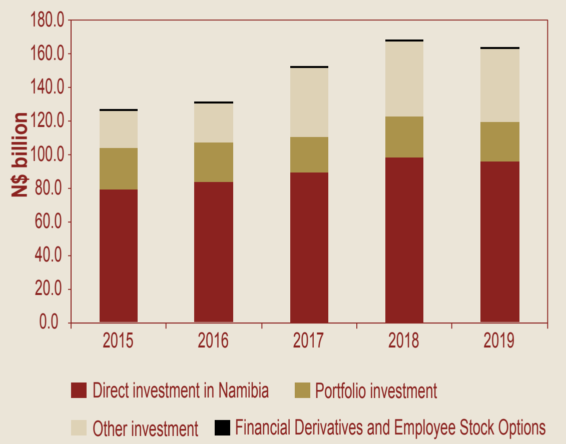
At the end of 2019, Namibia's external balance sheet recorded a lower net liability position in comparison with 2018 due to an increase in foreign assets. Namibia registered a net liability position of N$12.1 billion, decreasing from N$22.9 billion a year earlier, due to a rise in foreign assets, across categories of portfolio, direct and other investment.

FIGURE C.29 (A–B) INTERNATIONAL INVESTMENT POSITION – FOREIGN ASSETS AND LIABILITIES

a. The value of Namibia's foreign assets increased in 2019, mainly due to a rise in portfolio, direct and other investment.



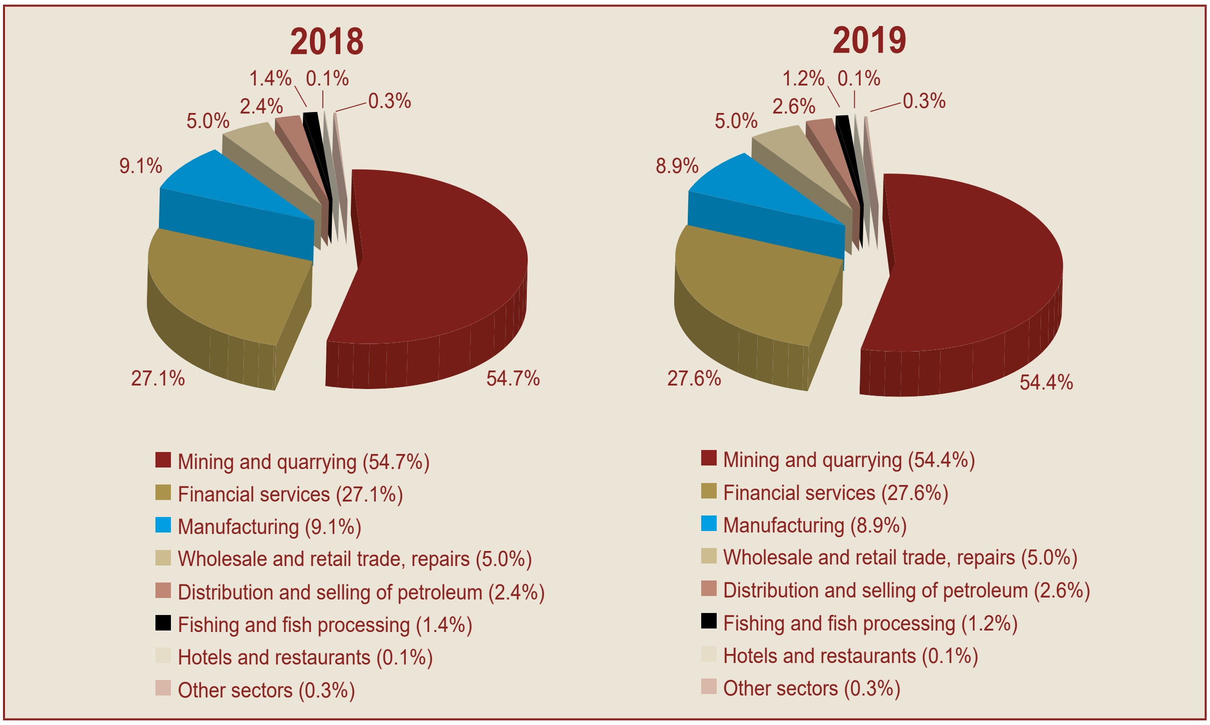
b. At the end of 2019, the value of Namibia's foreign liabilities decllined when compared to the previous year, mainly due to a decrease in direct and other investment.



The value of Namibia's foreign assets increased in 2019, reflecting increases in portfolio, direct and other investment. On an annual basis, Namibia's foreign assets increased by 4.2 percent to N$151.0 billion by the end of 2019 (Figure C.29a). The rise in foreign assets was mostly reflected in portfolio investment, which rose by 4.6 percent to N$86.1 billion. The increase in portfolio investment was due to increases in the valuation of equity of Namibian institutional investors abroad. This was due to capital appreciation observed particularly for money market instruments during 2019. Direct investment assets rose by N$3.7 billion to N$22.2 billion, on account of favourable performances by Namibian companies abroad in the *financial* sector. Other investment assets also rose by 5.9 percent to N$13.3 billion due to increases in currency and deposits of local banks abroad.

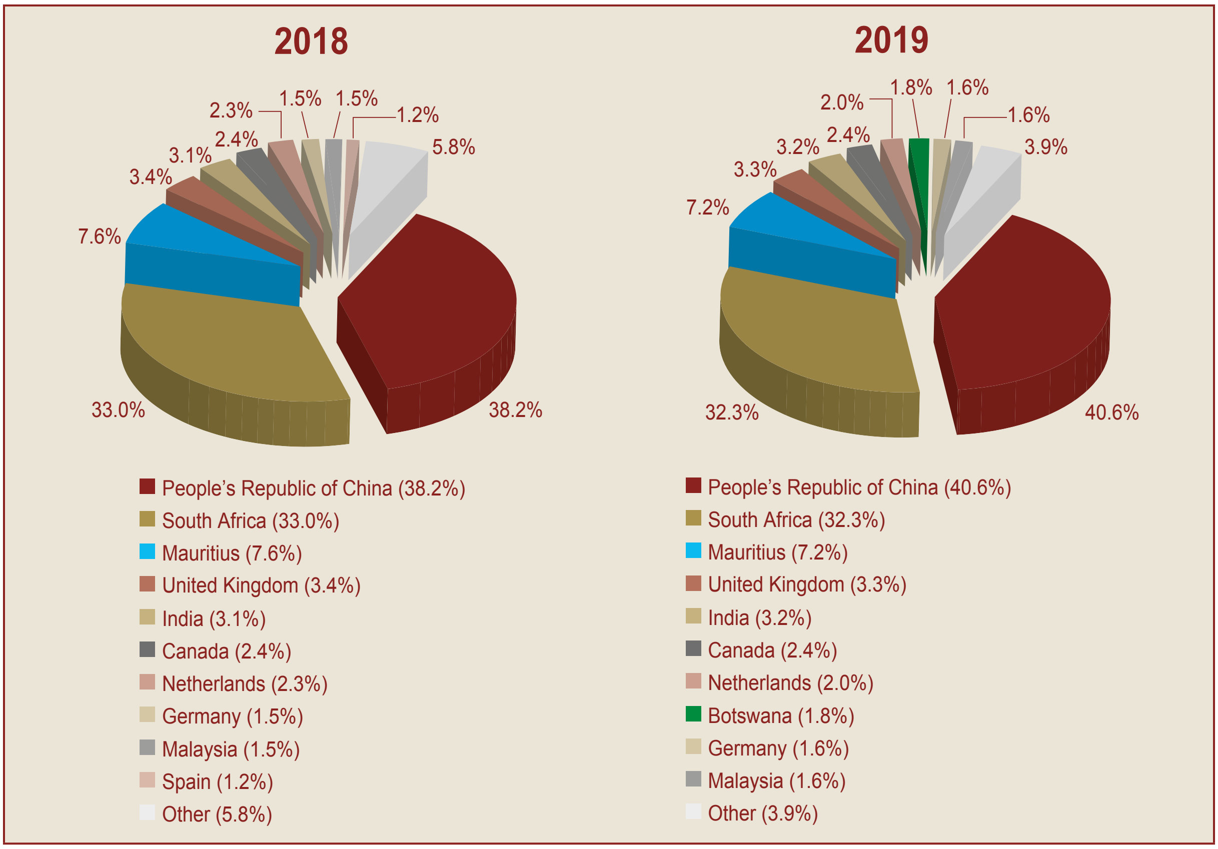
By the end of 2019, the value of Namibia's foreign liabilities declined when compared to a year earlier, mainly due to a decrease in direct investment and other investment. During 2019, Namibia's foreign liabilities declined by 2.8 percent to N$163.1 billion compared to the previous year (Figure C.29b). The decrease was mainly due to direct investment liabilities that declined by N$2.3 billion, as a result of repayments made by companies in the mining sector as well as the exchange rate appreciation at the end of the period. In addition, other investment liabilities declined by 3.7 percent to N$43.4 billion mainly due to principal repayments made on some multilateral and bilateral loans.

FIGURE C.30 (A) DIRECT INVESTMENT BY SECTOR (PERCENTAGE SHARE AT YEAR END)



Namibia's FDI liabilities by sector remained concentrated in mining and quarrying. Namibia's FDI liabilities by sector at the end of 2019 were dominated by *mining and quarrying*, with N$50.8 billion worth of investment which accounted for a share of 54.4 percent of the total stock (Figure C.30a). The share however, decreased on account of repayments made by direct investment enterprises in the mining sector during 2019. This was followed by the *financial* sector, with a share of 27.6 percent, and *manufacturing*, with a share of 8.9 percent, having declined by 0.2 percentage points due to a decrease in equity on account of losses reported during 2019 by manufacturing companies. *Wholesale and retail trade* completed the top four with a share of 5.0 percent.

FIGURE C.30 (B) DIRECT INVESTMENT LIABILITIES BY COUNTRY (PERCENTAGE SHARE)



Namibia's Foreign Direct Investment liabilities by source country registered relatively small movements during the course of 2019. The stock of FDI liabilities by source country showed that China and South Africa collectively accounted for 72.9 percent at the end of 2019, compared to 71.2 percent registered a year earlier (Figure C.30b). The increase in the share of FDI for these countries is a result of increased borrowing emanating from some companies in the *mining* sector. However, the share of FDI by Mauritius declined by 0.4 percentage points due to debt repayments by companies in the mining sector.

EXTERNAL DEBT

As at end of December 2019, the total external debt stock of Namibia declined compared to the previous year mainly due to a decline in the debt of the Central Government. The stock of external debt declined by 1.5 percent over the previous year to stand at N$119.4 billion. The decrease was mainly reflected in lower debt of Central Government and other sectors.

TABLE C.16 NAMIBIA'S EXTERNAL DEBT

	2015	2016	2017	2018	2019
GROSS EXTERNAL DEBT POSITION (N$ MILLION)	**86,582**	**87,861**	**105,286**	**121,145**	**119,381**
1. Central Government	28,331	25,262	26,426	32,156	30,852
2. State Owned Enterprises/Parastatals	4,650	4,751	9,190	10,075	10,047
3. Central Bank[30]	3,084	2,715	2,469	2,870	2,814
4. Deposit-Taking Corporations, except the Central Bank	7,817	10,126	12,807	10,433	10,400
5. Other Sectors[31]	2,410	4,101	11,230	12,647	11,776
6. Direct Investment: Intercompany Lending[32]	40,291	40,907	43,163	52,965	53,492
GROSS EXTERNAL DEBT PAYMENTS	**22,564**	**24,850**	**16,156**	**20,259**	**23,831**
1. Central Government	976	1,865	1,952	2,194	2,373
2. State-owned enterprises/parastatals	416	999	1,077	719	1,421
3. Central Bank	2	7	55	104	157
4. Deposit-taking corporations, except the Central Bank	3,075	4,753	3,049	3,621	3,523
5. Other sectors	9,097	4,638	4,209	3,586	4,653
6. Direct investment: intercompany lending	8,998	12,589	5,812	10,036	11,705
Outstanding debt Y-on-Y (percentage change)	36.3	1.5	19.8	15.1	-1.5
Debt servicing Y-on-Y (percentage change)	210.5	10.1	-35.0	25.4	17.6
Exchange rate (end of period) US Dollar	15.5553	13.6240	12.3930	14.4309	14.1235

By the end of 2019, Namibia's stock of external debt had declined, mainly due to a lower debt position of the Central Government and other sectors. The Central Government's total outstanding foreign debt declined by 4.1 percent, year-on-year, to N$30.9 billion, mainly due to revaluation changes arising from the appreciation of the local currency against major trading currencies. Similarly, external debt of other sectors decreased by 6.9 percent to N$11.8 billion. The decline in debt position of other sectors was mainly due to repayment of debt by enterprises in the mining and manufacturing sector. In contrast, foreign borrowing from the *direct investors through intercompany lending* rose by 1.0 percent to N$53.5 billion, mainly driven by other changes in debt position through interest accrued not yet paid.

At the end of 2019, Namibia's official reserves relative to its short-term debt declined compared to 2018. The ratio of official reserves to short-term debt declined from 2.1 to a ratio of 2.0 over the period (Table C.15). The reduction was as a result of a decline in the stock of foreign reserves.

Namibia's foreign debt servicing rose during 2019, mainly due to increased payments by direct investment enterprises and other sectors. The total value of repayments on Namibia's foreign debt increased by 17.6 percent to N$23.8 billion in 2019 compared to the previous year (Table C.16). This was mainly due to higher repayments made by enterprises in the *mining* sector on intercompany lending, as such repayments increased by 16.6 percent to N$11.7 billion in 2019. In addition, state owned enterprises also increased their debt servicing by N$702 million to N$1.4 billion, mainly due to repayments made by companies in the energy and transport sectors. Similarly, other sectors increased their foreign debt servicing mainly due to repayments made by some enterprises in the manufacturing sector.

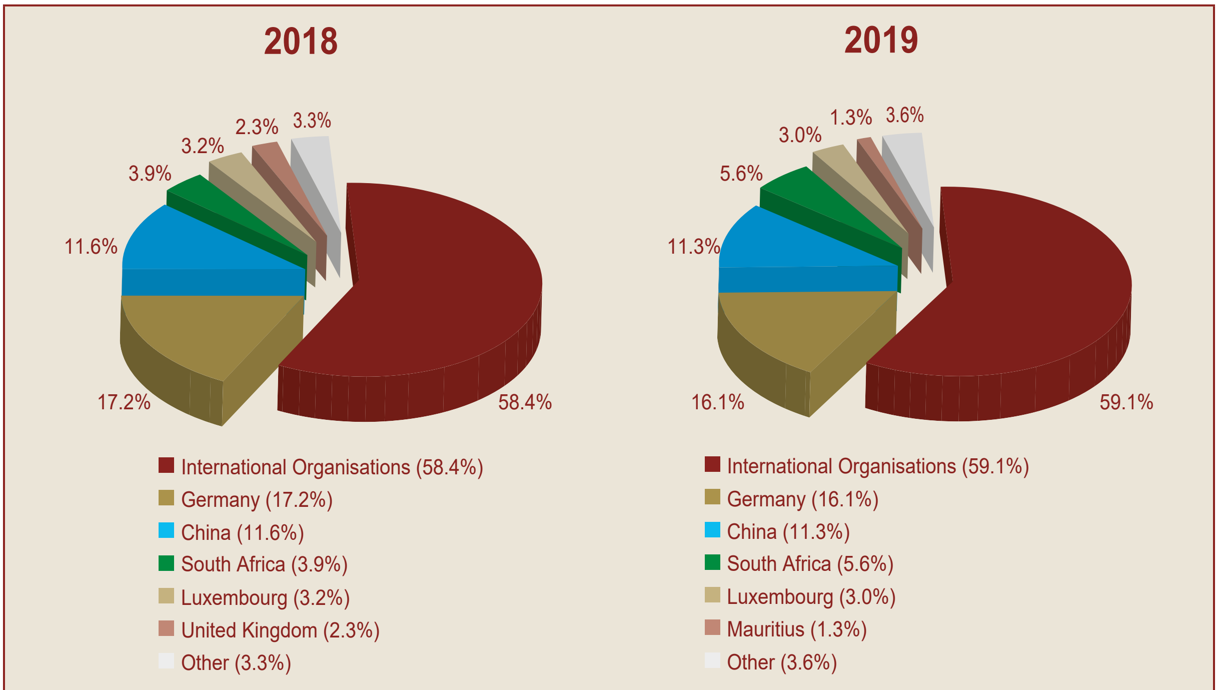
30 The central bank debt comprises special drawing right (SDR) allocations received from the IMF.

31 The category other sectors consist of Enterprises, Namibian owned companies and EPZ companies.

32 Intercompany lending includes loan transaction (and transactions in other debt securities) between parent companies and their subsidiaries or investee companies and between subsidiaries of the same group, unless the latter are deposit-taking corporations (banks)

In 2019, the ratio of debt servicing to exports[33] increased in comparison with 2018. The ratio increased to 36.3 percent in 2019 from 31.0 percent in the preceding year (Table C.15). This increase was mainly due to the increase in foreign debt servicing, alongside a relatively smaller increase in exports of goods and services during 2019. The latest ratio falls above the international benchmark[34] of 15–25 percent.

FIGURE C.31 (A): EXTERNAL LONG-TERM LOANS BY COUNTRY (PERCENTAGE SHARE)

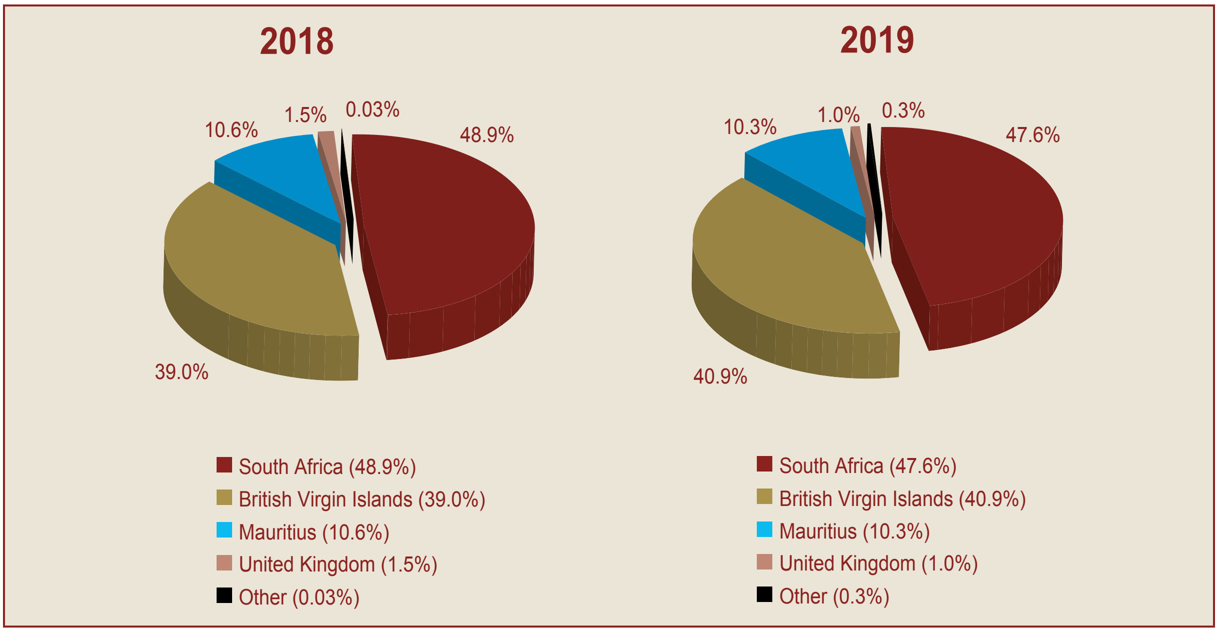


Loans from international organisations continued to dominate Namibia's total long-term external borrowing, during 2019. During the review period, external loans were dominated by international organisations with a share of 59.1 percent of the total (Figure 31.A). The share increased by 0.7 percentage points due to the long-term borrowing by companies in the financial sector as reflected in long-term loans from South Africa. This was followed by Germany and China with a share of 16.1 percent and 11.3 percent, respectively. The share of loans from Germany and China declined due to principal repayments made on their long-term loans. Furthermore, South Africa, Luxemburg and Mauritius jointly accounted for 9.9 percent of the total external loans.

33 Debt service as a percentage of merchandise exports is a good measure of how readily serviceable the debt is. This is due to the fact that higher growth rates in exports build up international reserves, which in turn are used to service foreign debt. Therefore, the lower the percentage, the better.

34 The international benchmark values give an assessment of the country's risk of debt distress. If the ratio falls below the threshold of 15–25 percent, then the country is seen to meet its debt service obligations and is at low risk. Should the country's debt burden fall within the threshold, but stress tests indicate a possible breach in the presence of external shocks or abrupt changes in macroeconomic policies, then it would be at a moderate risk. Finally, if the country's debt burden falls above the threshold, then the country would be considered to be in debt distress and stringent policy interventions would need to be taken.

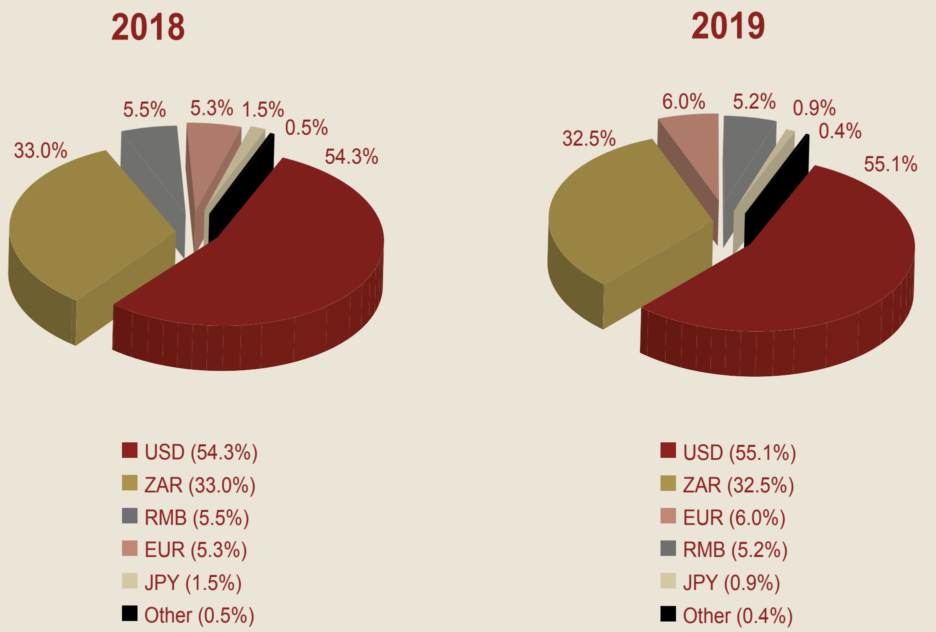
FIGURE C.31(B): EXTERNAL SHORT-TERM LOANS BY COUNTRY (PERCENTAGE SHARE)



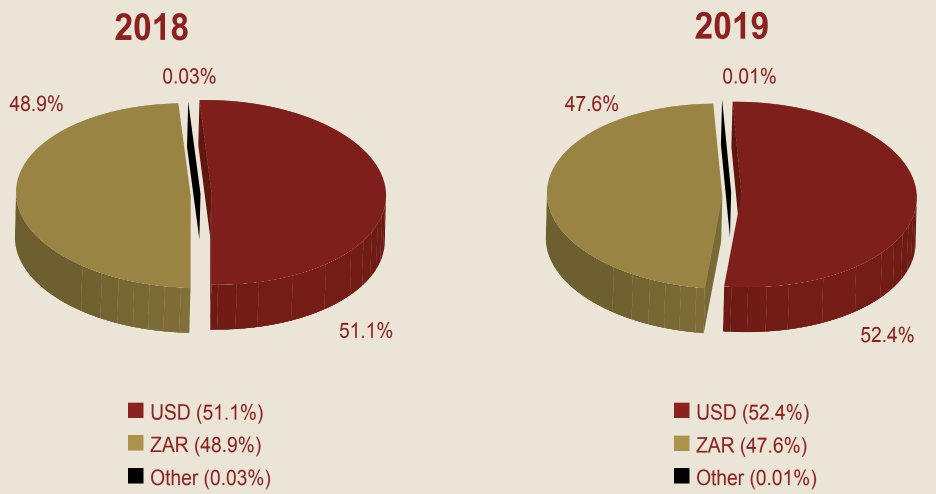
During 2019, Namibia's total short-term external loans were dominated by South Africa. During 2019, Namibia's total short-term external loans mostly originated from South Africa with a share of 47.6 percent (Figure C.31B). The increase in the share was due to short-term loans extended to some enterprises and parastatals. This was followed by British Virgin Islands with an increased share of 40.9 percent due to the uptake of short-term loans by companies in the manufacturing sector. Mauritius completed the top three with a share of 10.3 percent.

FIGURE C.32(A-B): EXTERNAL LONG-TERM AND SHORT-TERM LOANS BY CURRENCY (PERCENTAGE SHARE)

a. During 2019, Namibia's long-term external debt by currency continued to be mainly in US Dollar.



b. During the review period, Namibia's short-term external debt by currency was dominated by the US Dollar.



During the review period, the US Dollar dominated both Namibia's long-term and short-term external debt by currency. Namibia's total long-term external debt by currency composition was mostly denominated in US Dollar with a share of 55.1 percent. This represents a yearly increase of 0.8 percentage points due to the decrease in the share of Rand-denominated debt which declined by 0.5 percentage points. The rise in the debt denominated in Rand was owing to a principal repayment made by the financial sector. Similarly, the US Dollar accounted for 52.4 percent of the total short-term external debt by currency during 2019.

EXCHANGE RATE DEVELOPMENTS[35]

The Namibia Dollar depreciated on average against all major currencies during 2019 compared to 2018. During 2019, the Namibia Dollar depreciated against the US Dollar by 9.2 percent to an annual average of N$14.45 per US Dollar (Figure C.24e). Similarly, against the Pound Sterling and the Euro the Namibia Dollar depreciated by 4.6 percent and 3.6 percent to annual averages of N$18.44 per Pound Sterling and N$16.17 per Euro, respectively. The depreciation of the Namibia Dollar against these currencies was partly due to slower global growth alongside intensified trade tensions between the US and China that stunted the growth in global trade volumes and reduced the appetite for emerging market commodity exports. This comes after the USA announced additional tariffs for imports from China during 2019, with the Chinese retaliating swiftly. Uncertainties related to the Brexit process also continued to linger, weighing down confidence. Furthermore, the South African economy remained weak during 2019 and this, together with unresolved political issues related to property rights and problems with electricity supply, remained a concern for investors and thus reduced the appetite for the Rand.

Trade-weighted index

The nominal effective exchange rate (NEER) appreciated while the real effective exchange rate (REER) index depicted a moderate depreciation during 2019 compared to 2018. During 2019, the NEER appreciated marginally by 0.2 percent to an annual average index level of 101.7 (with a base level of 100.0 in 2015), while the REER index depreciated by 0.9 percent to 104.0 (Figure C.24f). The slight appreciation of the NEER can be attributed to the Angolan Kwanza and Zambian Kwacha that depreciated significantly against the Namibia Dollar. During the year the Angolan Kwanza particularly registered a sharp depreciation against the Namibia Dollar as the National Bank of Angola opted for a free-floating exchange rate and thus abandoned the trading band regime that was previously in place. The annual depreciation of the REER implies that Namibia's external competitiveness improved during the year, albeit slightly. Overall volatility of especially the NEER was quite limited in 2019, as larger movement against individual currencies cancelled in the basket.

35 The Namibia Dollar (NAD) trades one-to-one against the South African Rand (ZAR) and is therefore referred to interchangeably. This section uses middle exchange rates against foreign currency units, unless otherwise mentioned; period averages are used for the respective exchanges rates.

THEME CHAPTER

LEVERAGING THE POTENTIAL OF THE SERVICE SECTOR TO SUPPORT ACCELERATED GROWTH IN NAMIBIA

CONTENTS: THEME CHAPTER

I. INTRODUCTION

1. **Economies around the world have seen the service sector emerge as the stronghold for economic growth.** Today, it is estimated that about two-thirds of economic activity worldwide consists of services. In high-income countries, services have accounted for more than two-thirds of gross domestic product (GDP) since the turn of the millennium; however, this share has been increasing at a slower pace. Meanwhile, in low- and middle-income countries the transformation towards services is happening rapidly, with services as a share of the economy increasing from an average of 48.5 percent in 2007 to 54.3 percent in 2017 (World Bank, 2018).

2. **The services sector comprises of a wide range of services such as infrastructure services, tourism, business, as well as social services.** The services sector is highly diverse, ranging from infrastructure services such as telecommunications and transportation to financial services, tourism, business services (such as real estate, professional, scientific and technical services and wholesale and

retail trade, repairs) that directly affect firm competitiveness, and social services such as health and education. Infrastructure services are cross-cutting in that they support all types of enterprises. Education, health, and recreational services influence the quality of labour available to enterprises. Business and professional services provide specialised expertise to increase enterprise competitiveness.

3. **Services are not only increasingly responsible for value addition, but also for job creation.** About half of the world's workforce is active in the services sector. This share has increased most rapidly in low- and middle-income countries, from an average of 28.5 percent in 1995 to 44.8 percent in 2015 (World Employment Social Outlook, 2019). Similarly, Namibia's employment in the service sector grew from 58.8 percent in 2012 to 61.7 percent in 2018 (NSA, 2018).

4. **In Namibia, the services sector is the biggest contributor to GDP, contributing over half of the country's GDP in 2018.** The services sector contributed 63.3 percent to Namibia's GDP in 2018, compared to 19.4 percent and 17.3 percent of the secondary and primary industries, respectively. Of the 63.3 percent contribution by the services sector, private services contributed over 30 percent to GDP, while the remaining contribution was from public services (Namibia Statistics Agency (NSA), 2018).

5. **Growth in international trade in services offers the prospect of large economic benefits.** International trade can help countries by strengthening their respective comparative advantage in services. Moreover, stronger competition associated with international trade can reduce production costs and hence prices, increase efficiency and innovation, and broaden the range of services being offered. It can also reduce the fragmentation of services markets. Several studies by the Organisation for Economic Cooperation and Development (OECD) (2003; 2005) demonstrates that the growth of trade in services benefits both developed and developing countries. In addition, a reduction in trade barriers for services also benefits goods- and services-producing industries that use services in the production process.

6. **Technological advancement has led to improved services delivery and enhanced innovation.** Recent advances in information technology (IT) and global connectivity have drastically changed how services can be provided and consumed, both within countries and across borders. In addition, technological advances have opened new areas for service providers. The growth potential for services is very promising and its limits are still unknown.

7. **The aim of this theme chapter is to examine the potential to leverage the service sector growth in the Namibian economy.** The theme chapter aims to study several key services subsectors and offer some policy options to leverage the potential of the services sector to support accelerated growth in Namibia. It points to opportunities and challenges to expand the scale and scope of the tourism, financial, transport and logistics and information and communications technology.

II. SERVICE SECTOR DEVELOPMENT IN NAMIBIA

8. **Namibia recorded steady growth in the services sector between 2014 and 2018.** The average growth rate of the service sector in Namibia between 2014 and 2018 was 2.9 percent per annum. The service sector outperformed the primary industries, which grew by 1.2 percent, as well as the secondary industries, which grew by 0.9 percent per annum over the same period. Despite this positive average growth rate, the service sector has shown negative growth figures in recent years. Growth in services slowed drastically in 2016, before moving into negative territory in 2017 (-0.5 percent) and 2018 (-1.4 percent). This is despite impressive growth rates that the sector experienced in 2014 (7.1 percent) and 2015 (7.3 percent). This was caused mainly by lower government activities due to the fiscal

consolidation; a reduction in trade between Namibia and Angola which drove down activities in the retail and trade services; car sale volumes reduced due to the low economic growth rates.

TABLE TC.1: GDP BY SECTOR 2014-2018 (ANNUAL GROWTH RATE % CHANGE CONSTANT PRICES)

Industry	2014	2015	2016	2017	2018
Primary industries	**-1.1**	**-6.3**	**-6.0**	**11.0**	**8.5**
Secondary industries	**10.5**	**4.2**	**-4.0**	**-6.9**	**0.9**
Tertiary industries	**7.1**	**7.3**	**1.9**	**-0.5**	**-1.4**
Wholesale and retail trade, repairs	12.5	6.9	1.5	-6.9	-6.2
Hotels and restaurants	11.1	4.0	4.3	-1.4	4.9
Transport and storage	9.9	19.5	4.3	-4.8	-3.5
Transport	11.3	25.1	7.4	-4.0	-5.0
Storage	5.8	3.2	-6.6	-8.0	2.6
Information and communication	2.9	11.6	6.0	6.0	-2.2
Financial and insurance service activities	10.7	2.1	1.1	3.6	0.0
Real estate activities	3.1	3.5	2.7	2.6	2.7
Professional, scientific and technical services	5.0	15.8	-5.1	-2.8	-1.1
Administrative and support services	-0.4	6.6	-16.1	-2.2	0.9
Arts, entertainment & other service activities	8.0	0.6	3.0	-0.4	0.4
Public administration and defence	-0.1	16.1	-0.1	2.2	0.7
Education	8.3	-2.5	3.4	-1.7	0.5
Health	11.2	19.5	9.8	4.4	-8.9
Private households with employed persons	5.5	1.7	1.4	1.0	-2.5

Source: Namibia Statistics Agency (NSA)

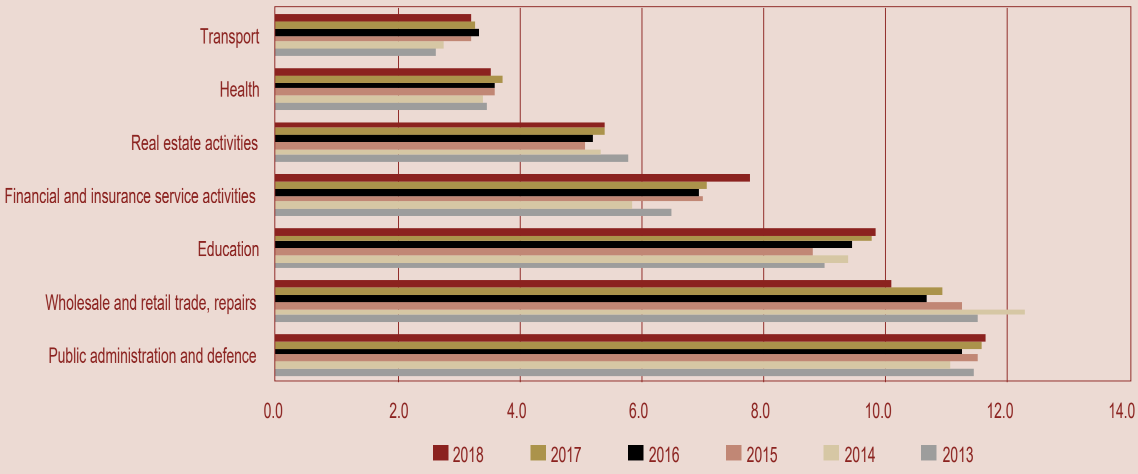
9. **The contribution of the services sector to GDP in Namibia has increased since 2013.** The services sector's contribution to GDP increased from 62.9 percent in 2013 to 63.3 percent in 2018. The service subsector with the highest contribution to GDP is the public administration and defence subsector, with an average of 12.4 percent of GDP between 2013 and 2018. The second largest contributor to GDP is the wholesale and retail trade and repairs subsector, with an average of 12.1 percent of GDP. Figure TC.1 shows the biggest contributors to GDP from 2013 to 2018.

TABLE TC.2: GDP BY SECTOR 2013 -2018 (% OF GDP CURRENT PRICES)

Industry	2013	2014	2015	2016	2017	2018
Primary industries	**19.2**	**18.7**	**16.4**	**17.1**	**16.6**	**17.3**
Secondary industries	**17.9**	**18.4**	**20.3**	**19.7**	**19.2**	**19.4**
Tertiary industries	**62.9**	**62.9**	**63.3**	**63.2**	**64.2**	**63.3**
Wholesale and retail trade, repairs	12.5	13.3	12.3	11.6	11.9	10.9
Hotels and restaurants	1.7	1.9	2.1	2	1.9	1.8
Transport	2.8	3	3.5	3.6	3.5	3.5
Transport	2.1	2.3	2.7	2.9	2.8	2.7
Storage	0.7	0.7	0.8	0.7	0.7	0.7
Information and communication	1.6	2	1.6	1.6	1.7	1.5
Financial and insurance service activities	7.1	6.4	7.6	7.5	7.7	8.4
Real estate activities	6.3	5.8	5.5	5.6	5.8	5.8
Professional, scientific and technical services	0.8	0.8	0.9	0.8	0.7	0.7
Administrative and support services	1.6	1.4	1.4	1.2	1.1	1.2
Arts, entertainment & other service activities	1.7	1.8	1.8	1.8	1.8	1.9
Public administration and defence	12.5	11.9	12.5	12.2	12.5	12.6
Education	9.8	10.2	9.6	10.3	10.6	10.6
Health	3.7	3.7	3.9	3.9	4.1	3.7
Private households with employed persons	0.8	0.8	0.8	0.8	0.7	0.7

Source: Namibia Statistics Agency (NSA)

FIGURE TC.1: PERCENTAGE CONTRIBUTION TO GDP PER SERVICE SUBSECTOR



Source: Namibia Statistics Agency (NSA)

10. **Namibia's export of services is highly concentrated in travel services.** In 2018, the biggest share in exports of services in Namibia was travel services, recording N$5,066 million, an annual increase of 47 percent from N$3,438 million in 2009. The manufacturing services increased significantly since 2009 to become the second largest export in services, from N$ 231 million in 2009 to N$1,829 million in 2018. Manufacturing services in Namibia are primarily made up of copper ore which is received from abroad and turned into copper blister. Namibia then receives service fees for the service rendered.

FIGURE TC.2: TOP 3 EXPORT OF SERVICES 2009 – 2018 (N$ MILLION)

Source: BON

11. There is a net inflow of services in the financial services subsector, except for insurance and pension services. The export of financial services in Namibia has increased over the years, almost quadrupling in value from N$ 94 million in 2009 to N$ 452 million in 2018. This is a net inflow reflected on the balance of payments of an average of N$ 292.4 million between 2014 and 2018 (Bank of Namibia 2018). However, insurance and pension services reflected a net outflow of services, recording zero inflow of services in certain years.

12. Employment in the service sector has increased since 2012. Employment in the service sector increased from 58.8 percent of total employment in 2012 to 61.7 percent in 2018, with the highest improvement seen in the accommodation and food service activities. The wholesale and retail trade sector was the biggest employer in 2012, employing 11.9 percent of total employment in Namibia. This figure decreased slightly to 11.1 percent in 2018. It was surpassed by the accommodation and food service activities in 2018 which employed 11.4 percent of the total employment. This was a major improvement in the accommodation and food service activities as it employed only 6.6 percent of the population in 2012. It has been argued that employment growth has not kept pace with income growth in the sector (Bosworth and Maertens, 2010) or with the rise in its share of GDP (Kochhar et al. 2006).

TABLE TC.3: EMPLOYMENT BY INDUSTRY (%)

Industrial Classification	2012	2013	2014	2016	2018
Primary industries	**29.2**	**33.4**	**31.5**	**22.3**	**24.7**
Agriculture, forestry and fishing	27.4	31.4	29.5	20.1	23.0
Mining & quarrying	1.8	2.0	2.0	2.2	1.7
Secondary industries	**12.0**	**12.5**	**12.7**	**17.3**	**13.5**
Manufacturing	4.5	4.8	4.0	6.6	6.2
Electricity, Gas & water / Utilities / Electricity and related industries	0.3	0.7	0.4	0.7	0.5
Water supply and related industries	0.4		0.3	0.7	0.6
Construction	6.8	7.0	8.0	9.3	6.2
Tertiary industries	**58.9**	**54.2**	**55.6**	**60.6**	**61.7**
Wholesale & Retail Trade, Repair of motor vehicles	11.9	15.3	13.6	9.7	11.1
Transport and storage	**3.6**		**3.7**	**3.3**	**3.4**
Accommodation and food services	**6.6**	**5.4**	**4.1**	**7.1**	**11.4**
Information and communication	**1.0**	**0.8**	**0.6**	**0.9**	**1.0**
Financial and insurance activities	**2.0**	**2.1**	**1.9**	**2.3**	**1.9**
Real Estate, Renting & Business Activities	0.3	0.2	0.1	0.2	0.1
Professional, scientific and technical services	1.2	1.8	0.9	1.8	1.2
Administrative and support services	4.7	4.3	4.4	6.0	4.1
Public Administration, Defence & Social Security	5.1	4.7	5.9	4.5	4.7
Education	6.0	6.1	5.8	6.1	6.5
Health & Social Work	3.2	2.4	3.0	2.8	2.7
Arts, entertainment and recreation	0.5		0.3	0.6	0.7
Other Community, Social & Personal Services / other service work	1.6	2.6	1.8	6.4	2.9
Private households with employed persons	11.0	8.4	9.4	8.7	9.9
Extra-territorial organizations & bodies	0.1	0.1		0.2	0.1
Not reported / don't know	0.1		0.1	0.0	0.0

Source: Namibia Statistics Agency (NSA)36

I. TRANSPORT AND LOGISTICS

A. GROWTH, TRENDS AND IMPACT

13. **The transport and logistics sector is important for economic development and has been prioritised by the government as articulated in its various development plans.** Investment in transport infrastructure development has focused on roads, rail, maritime ports, and aviation. The Fifth National Development Plan (NDP5) and the Harambee Prosperity Plan (HPP) have identified the sector as a strategic sector in achieving Namibia's social-economic transformation.

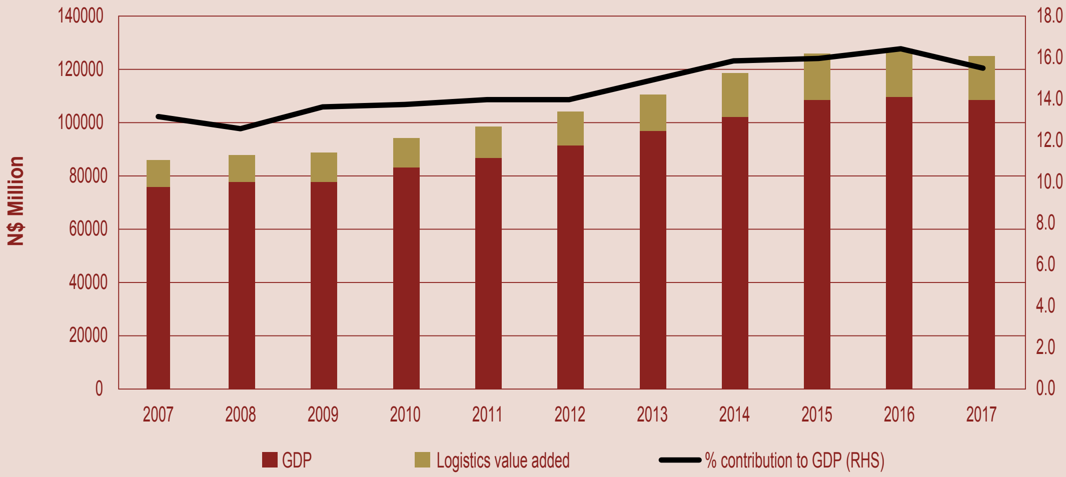
14. **Namibia is ranked among the top five in SADC in the World Bank Logistics Performance Index (LPI).** The World Bank LPI ranks Namibia 4th in SADC in terms of the

36 A reclassification of certain sectors may lead to numbers which are bigger in one year than in the previous year/s (eg *Other Community, Social & Personal Services* to *other service work*).

logistics performance index (LPI), with a score of 2.73, and 80th out of 160 countries (World Bank, 2018). It was outperformed by South Africa, Botswana and Tanzania, in order of highest to lowest ranking. The LPI overall score reflects perceptions of a country's logistics performance based on the efficiency of the customs clearance process, quality of trade and transport-related infrastructure, ease of arranging competitively priced international shipments, quality of logistics services, ability to track and trace consignments and frequency with which shipments reach the consignee within the scheduled time.

15. **The logistics sector in Namibia has generally grown during the period 2014 to 2018.** The logistics sector grew on average at 5.32 percent per annum between 2014 and 2018; however, the sector recorded negative growth rates in 2017 and 2018. The negative growth was due to reduced freight transport by road, air transportation and port services, which posted negative growth rates in real value added since 2016 (Namibia Planning Commission, 2018). The sector's contribution to GDP has increased slightly over the last few years averaging 3.05 percent of GDP between 2013 - 2018. The average share of employment in the transport and logistics sector is 3.5 percent of total employment between 2012 - 2018. The sector provided a total of 24,711 jobs or 3.4 percent of total employment in 2018.

FIGURE TC.3: LOGISTICS VALUE ADDED AS A PROPORTION OF GDP (MILLIONS N$)



Source: Namibia state of Logistics Report, 2018

B. DRIVERS, OPPORTUNITIES AND CHALLENGES

16. **Transport and logistics costs have increased slightly from 2017 to 2018.** Transport and logistics costs have increased from N$ 6,436 million in 2017 to N$ 6,163 million in 2018, averaging N$ 6,135 million between 2013 – 2018. This is an average of 5.75 percent growth over this period. The fuel price is one of the main drivers of logistics costs. An increase in fuel costs subsequently pushes transport costs upwards resulting in transport inflation, which remains the leading driver of higher inflation month-on-month.

17. **Namibia recognizes the need for a fully functional logistics and transport services sector and thus developed a master plan in 2015 which outlines Namibia's plans to develop an international logistics hub for SADC countries.** The Logistics Hub Project is an ambitious initiative to exploit the country's latent advantage, its strategic location, to transform Namibia into the preferred logistics and distribution centre for landlocked SADC countries. Namibia has a key position on the west coast of southern Africa and has the potential to service land-locked countries such as Botswana, Zambia, Malawi, Zimbabwe and the Democratic Republic of Congo (DRC). Efficient road transport and improved customs procedures between landlocked and developing

countries can transform their trade potential and overall sustainable development.

18. **Well-functioning domestic and international logistics is a precondition for national competitiveness.** Products travel huge distances in Africa and cross multiple borders to reach their end markets. It is thus crucial for Namibia to employ proper logistics management, which includes the planning, implementation and effective forward and reverse flow of goods from origin to recipient, in order to positively influence economic growth. According to the Namibia State of Logistics Report for 2018, the logistics industry has the potential to contribute 4.6 percent to Namibia's GDP, if properly developed.

19. **Namibia has a total of 2,682 km of rail, of which 207 km is non-operational.** The railway network and rail services provide strategic links between mines, production hubs, distribution centres and ports; and connects with the over-border railways of the region. The transportation of bulk freight on rail primarily consists of bulk fuel, bulk liquid, mining, agriculture, building material and containers. There are currently 1,533 wagons, 49 coaches and a total fleet of 79 locomotives (36 are staged, leaving 43 active locomotives) in the TransNamib fleet (TransNamib, 2018). The previously non-operational rail of Aus-Lüderitz line was completed in January 2018. The rail was then tested in August 2019 by commissioning a train carrying heavy objects to ascertain the durability of the railway line up to the harbour. It is now functional, carrying ore for shipping from Lüderitz

20. **There is limited capacity in the existing railway system which can only manage to haul 15-20 percent of the total freight market.** The limited capacity has driven many users and passengers to road transport. Namibia has an opportunity to increase the current 1.6 million metric tons to 3 million metric tons by improving the railway service (Namibia State of the Logistics Report, 2018). This will require significantly increasing railway percentage share of various cargos for which rail has a distinct advantage, such as liquid bulk, dry bulk, containers, and construction material and project cargo. Increasing capacity will also absorb more traffic generated from seaports, cross-border traffic, mines, agricultural and manufacturing centres.

21. **Namibia has two ports, namely, the port of Walvis Bay and the port of Luderitz, south of Namibia.** The old container terminal at the Port of Walvis Bay has a throughput capacity of 350,000 TEUs (twenty foot-equivalent unit) per annum. A new container terminal, which was completed and inaugurated in August 2019, has increased that capacity to 750,000 TEUs per annum. Containers handled at the port amount to an average of 281,706 TEUs per annum. Salt is the biggest export commodity handled by the Port of Walvis Bay. Other commodities the port processes include fish and fish products, copper, lead and its concentrates, marble and granite. Total containers handled at the port of Lüderitz for the financial year 2016/2017 is 6,320 TEUs, an increase from a yearly average of 2,280 TEUs. The increase, which translated into the port's first profit, was primarily due to increased project cargo and repair activities from Debmarine (Namport, 2018). Commodities handled at the port include fish & bait, ice, zinc/zinc concentrates, and lead and lead concentrates, with the biggest export being zinc/zinc concentrates.

22. **The port of Lüderitz has the opportunity to serve as a catalyst towards SADC Regional economic integration by positioning itself as a mineral resource gateway port for the Northern Cape Mining Houses of South Africa.** Since August 2019, mining houses in the Northern Cape have been transporting minerals cargo along the Trans Oranje Corridor Route via the port of Lüderitz. However, the dilapidation of the 42 kilometres from Sandverhaar to Buchholtzbrunn is hindering the port of Lüderitz to utilize its optimal cargo handling capacity of more than 1 million TEU throughput per annum. The improvement of this railway would translate into an estimated revenue of about N$700 million per annum to logistics companies in Namibia. The rehabilitation of the railway between Sandverhaar and Buchholtzbrunn has huge positive financial and economic benefit for Namibia.

23. Namibia is ranked at the top position on quality roads in Africa by the Global Competitiveness Index. Namibian road infrastructure is one of the best in Africa, ranking at number 21 out of 141 countries with a score of 5.3. It is followed by Mauritius and South Africa with ranks of 43 and 47, respectively. The quality of roads infrastructure is any country's economic pillar which enhances mobility of goods and people thus increasing trade. It is therefore important that Namibia utilizes this position to increase trade with neighbouring countries.

24. When trading across Namibian borders, the time and cost for documentary compliance and border compliance is much higher for exports than for imports. According to the World Bank Doing Business report of 2019, to clear export consignments, it takes approximately 90 hours (estimated cost of US$ 348) to complete documentary compliance[37][1] with clearing agencies required by customs authorities and another 120 hours (estimated cost of US$ 745) for border compliance procedures[38][2] with customs authorities. The higher fees might be caused by the presence of clearing agencies other than customs who handle and clear documents on behalf of the exporters. By contrast, it takes approximately 3 hours (estimated cost of US$ 63) for documentary compliance and another 6 hours (at a cost of US$ 145) for border compliance to process import consignments. Reducing the time and cost associated with border compliance is imperative to increase Namibia's competitiveness in world logistics markets.

IV. TOURISM SERVICE SECTOR

A. GROWTH, TRENDS AND IMPACT

25. The Namibian accommodation landscape is made up of diverse hospitality businesses. There are approximately 3,100 hospitality businesses that occupy a range of segments, including hotels, pensions, lodges, tented lodges, backpackers, B&Bs, campsites and guest farms (PWC, 2019). Of registered accommodation businesses, approximately 580 relate to hunting farms, which are considered to be a separate niche market. The average room number ranges between six and 15 rooms, while only a very few hotels have more than 100 rooms.

26. The tourism sector, which is often proxied by the value added by hotels and restaurants, saw consistent growth between 2008 and 2016, before the deceleration recorded in 2017. The tourism sector measured in this way grew by an average of 6.5 percent during the period from 2008 to 2016, consistent with sustained growth in the number of tourists arriving in Namibia. Growth, however, slumped in 2017 to a negative 1.4 percent, while in 2018 the tourism sector recovered, posing a slight positive growth rate of 0.4 percent. The majority of tourism is made up of domestic and regional tourists. With the low economic growth in the country, growth in this group of tourists slowed.

37 [1] Covers all documents required by law and in practice, including electronic submissions of information.

38 [2] Handling and inspections that take place at the economy's port or border.

TABLE TC.4 – SELECTED INDICATORS FOR TOURISM DEVELOPMENT IN NAMIBIA, 2012 -2018

					Total tourist arrivals			Tourism receipts
Year	Tourism, % of GDP	Tourism Employment, % of National employment	Number of domestic & regional tourists	International tourist arrivals	Number of tourists	Growth rate (%)	Share of Global arrivals (%)	Growth rate (%)
2012	1.7	6.6	826,688	252,247	1,078,935		0.10%	116%
2013	1.6	5.4	1,056,882	263,180	1,320,062	22.35%	0.12%	-43%
2014	1.8	4.1	1,097,185	290,588	1,387,773	5.13%	0.12%	106%
2015	1.9	-	1,164,769	304,489	1,469,258	5.87%	0.12%	26%
2016	1.9	7.1	1,124,043	375,399	1,499,442	2.05%	0.12%	-33%
2017	1.8	-	1,148,386	408,893	1,557,279	3.86%	0.12%	10%
2018	1.6	11.4	1,264,648	356,590	1,621,238	4.11%	0.00%	12%

Sources: Bank of Namibia, NSA and MET, various reports.

27. **Tourism's share of GDP and of total employment remained relatively stable from 2012 to 2016, with some notable increases in total contribution to employment between 2016 and 2018.** Tourism's share of GDP at 1.8 percent remained fairly constant from 2012 to 2018, while its share of total employment is, however, significantly more than its share of GDP. The Namibian travel & tourism industry (direct impact) generated 83,056 jobs or 11.4 percent of total employment in 2018, making it the second largest employer in Namibia. As at 2012, the number of workers employed in the tourism industry stood at 41,853 people, which shows that the pace of job creation in the travel and tourism sector rose strongly between 2012 and 2018.

28. **In 2018, Namibia attracted a total of 1,621,238 tourists, compared to 1,078,935 in 2012.** The total number of tourists increased to 1,621,238 in 2018 compared to 1,078,935 in 2012 The number of domestic and regional tourist reached 1,264,648 in 2018 compared to 826,688 in 2012 (Ministry of Environment and Tourism, 2018). The average annual growth rate from 2012 to 2018 is 7.2 percent per annum. While tourism continues to grow in Namibia, it fares far behind its peers, the top performers, Mauritius and South Africa (World Economic Forum, 2019).

29. **Travel and tourism remain a major exporter of services with international visitors injecting foreign exchange directly into the economy.** In 2018, travel and tourism was the biggest foreign exchange earner in the services sector, recording N$ 5,066 million in foreign earnings (Bank of Namibia, 2019). Production of travel and tourism goods for export purposes, by contrast, remains relatively low in Namibia.

30. **Namibia encouragingly is already rated relatively high in the World Economic Forum's Travel and Tourism Competitiveness Index.** In 2019 it was ranked fourth most competitive tourism destination among the Sub-Saharan Africa countries, behind Mauritius, South Africa and the Seychelles. Namibia is ranked 81 out of 140 countries, with a score of 3.7 in 2019, an improvement from 3.6 in 2017.

B. DRIVERS AND CONSTRAINTS

31. **Although Namibia's roads are ranked among the best in the world, at times the type of roads leading to some of Namibia's tourist centres and attractions are one of the biggest challenges in the sector.** This is especially true for road connections to

Sossusvlei, Waterberg and the Cape Cross areas. If the road network to go to these areas is not good enough or upgraded when necessary, the road network becomes a factor that limits tourists visiting some of these areas. Lack of road marks to the tourist attractions have often been quoted by the industry to be one of the factors affecting easy mobility of tourists, especially international tourists, an aspect that needs to be addressed.

32. **Mismanagement and poor infrastructure of resorts and lodges are challenges hindering growth in the tourism sector.** Some of the resorts and lodges in the country do not have proper infrastructures or are poorly managed. Limited infrastructures and/or facilities at these resorts and lodges have a bearing on the performance of the sector, since the performance of the sector is measured by how the resorts and lodges look.

33. **Poor customer service and a lack of qualified chefs also contribute to hindering growth in the tourism sector.** There is a general lack of customer service amongst workers whilst at the same time there is not enough qualified chefs. This implies that there is a need to promote training in the hospitality industry at vocational training centres, a need to invest in specialised education and skills development for the tourism industry and promote careers in this industry though careers fairs, career guidance in schools in order to enhance passion for the industry.

C. OPPORTUNITIES AND CHALLENGES

34. **Tourism has long been a high priority for the government and is considered central for social and economic development and employment in Namibia.** Plans to develop the tourism sector are contained in the 5th National Development Plan (NDP5). Namibian hospitality and tourism businesses need to collaborate and invest in a digital transformation strategy in order to gain back control of visibility, reputation and distribution in order to sustain and grow the industry.

35. **Namibia ranks higher than all other Southern African countries besides South Africa for both safety and security and tourist service infrastructure.** It is third behind Mauritius and South Africa. Further improvements in these areas will help Namibia boost its tourism market, while greater efficiency in its tax regime could help improve the contribution of the sector to the economy.

36. **Other factors also need to be addressed to increase Namibia's attractiveness as a tourist destination.** These include safety & security and water supply, together with the overall value for money that the country offers visitors. Roads that are in extremely delipidated state should be improved, while noting that not all roads require upgrading as certain tourist prefer the roughness of roads.

37. **Notwithstanding Namibia's excellent hotel schools, education and training for the tourism sector still requires focused attention.** As the world continues to become smaller (better connected) and more competitive, the quality of the service delivered by the industry becomes increasingly important. It is critical to focus on delivery of quality of experience that is on par with competing destinations.

38. **With every thirteen new tourists it is estimated that one new job is created.** An increase of 10 percent in tourists (based on current government statistics of 1.6 million annual tourists) would accordingly result in an additional 10 000 jobs (Annual Symposium, 2016). In simplest terms therefore, growth in the number of tourists visiting Namibia can have an immediate and significant impact on the country's employment. Given that tourism activity tends to primarily take place outside of urban centres, enhanced rural employment would furthermore be a positive consequence of tourism growth.

V. FINANCIAL SERVICES

A. GROWTH, TRENDS AND IMPACT

39. Namibia has a stable, concentrated, and complex financial system. The banking sector in Namibia consisted of 7 commercial banks by December 2019. The banking sector is dominated by the big four banks, namely First National Bank, Standard Bank, Bank Windhoek and Nedbank. The four large banking groups (three of them subsidiaries of South African banks) hold about 98 percent of total bank assets (International Monetary Fund, 2018). More than one-half of bank loans are directed to residential and commercial mortgages, making banks vulnerable to housing price corrections. Counterparty concentration of their loan portfolios is high.

40. The non-banking financial institutions (NBFI) sector is large. The NBFI sector has assets of N$ 287.5 billion recorded in 2017 (Namfisa, 2018), reflecting a pre-funded Government Institutions Pension Fund (GIPF), with the assets of about 70 percent of GDP. Accounting for this phenomenon, NBFI net assets amount to approximately 138 percent of GDP. State-Owned Financial Institutions (SOFIs) account for 2.4 percent of total assets of the financial sector or around 8 percent of GDP. Institutional investors are required to hold 45 percent of their assets in Namibia, they hold about a third in South Africa, and the rest in advanced economies (International Monetary Fund, 2018).

41. The largest segment of the NBFI sector, the pension system, consisting of a universal, non-contributory pension, and private, occupational schemes, covers approximately 30 percent of the labour force, including Government Institutions Pension Fund (GIPF). Pension funds have traditionally held well-diversified portfolios compared to global peers but are likely to change because of the increase in the domestic asset requirements.

42. The insurance market is concentrated and dominated by subsidiaries of South African financial groups. The sector consists of 14 general insurers, 16 life insurers and one state-owned reinsurer. Insurance sector assets include insured pension fund products that provide an explicit capital guarantee. These pension assets are held on the balance sheet of the life insurance companies. Medical aid funds are a small but growing element of the sector.

B. DRIVERS AND CONSTRAINTS

43. An assessment of the status of Namibia's financial system through the Namibia Financial Sector Strategy report showed that although the system is sound and well-functioning, there are a few weaknesses that need to be addressed. The report showed several weaknesses in the financial system that needed to be addressed to enable the financial sector to contribute more meaningfully to the overall performance of the country's economy. Key weaknesses identified included: limited competition, limited financial safety nets, under-developed capital market; limited access to financial services; low financial literacy and lack of consumer protection; absence of effective consumer activism, limited financial management skills; and low participation by Namibians and thus dominance of foreign ownership of financial institutions (Namibia Financial Sector Strategy, 2011).

44. To address the weaknesses in the Namibian financial system, a ten-year Strategy covering the period 2011-2021 has been developed. The strategy is geared towards enabling the country's financial sector to transform and contribute more meaningfully to the socio-economic objectives as contained in the various development plans (NDPs and Vision 2030).

45. Cyber risk is also an important emerging risk factor. According to the World Bank Financial System Stability Assessment report, Namibia is one of the top cyber-attack targets in Africa, and cyber risk has been singled out as the most significant risk by big banks. The report corresponds with an earlier one done by Deloitte which states that Namibia is one of the top most vulnerable countries in the world to cybercrime. Currently, the banks' main cyber risk management tool is to build a stronger IT system, but the authorities should promote banks' financial risk management framework on cyber and closer inter-bank collaboration.

46. Domestic financial markets suffer from a shortage of supply and low liquidity. While the market capitalization of the Namibian Stock Exchange (NSX) is sizeable at 10 times GDP, there are only 8 domestic equities with a primary listing on the NSX, accounting for 1.85 percent of market capitalization. The rest are dual-listed stocks, most with a primary listing on the Johannesburg Stock Exchange. The secondary market for Treasury Bills (T-Bill) and bonds is illiquid. Institutional investors' large capital pool has benefitted Namibia's development needs, but the shortage of assets increases the chances of developing asset bubbles.

C. OPPORTUNITIES AND CHALLENGES

47. Namibia ranks third (after Mauritius and South Africa) among African countries with FinScope surveys in terms of the level of financial inclusion and banked individuals. In fact, the levels of financial inclusion and banked individuals are very similar in Namibia and South Africa. Importantly, the increase in the banked population during 2007-2011 has largely emerged from low income earners who tend to live in rural areas (World Bank, 2016). Despite recent progress, there is still low-income and rural individuals, and micro, small, and medium enterprises (MSMEs) that are not well served by a highly-concentrated and high-cost banking system. There is a trend towards greater market diversity and innovation, yet new entrants have thus far not achieved scale or reached underserved consumers, mostly targeting customers with existing banking relationships.

48. About 40 percent of pension fund assets are invested domestically, with the remainder split between South Africa/CMA and overseas investments. With the announced increase in the minimum domestic investment requirement to 45 percent of assets, this diversification would decrease. The government should support the partial listing of State-Owned Enterprises (SOEs), public-private partnerships in infrastructure, and other market instruments to provide additional investible assets inside Namibia.

49. Tax incentives for the pension industry are limited and could be improved. The preservation of pension benefits is an issue as members can access their funds when changing employer, which allows for early access and leads to leakage from the system. This should be addressed to ensure the pension system meet its strategic objectives.

VI. INFORMATION AND COMMUNICATION TECHNOLOGY

A. GROWTH AND NEW DEVELOPMENTS

50. The telecommunication services improved rapidly since the introduction of mobile phones in the 1990s. Penetration of telecommunication services improved rapidly with the introduction of mobile cell phone services during the mid-1990s in Namibia. Mobile phones have made life much easier for citizens as the related technology contains features that offer a variety of services such as internet, through which people can send and receive email, do internet payments or transfers, cell phone banking, make use of social media platforms and access educational material.

51. The West Africa Cable System (WACS) was introduced in Namibia in May 2012. The WACS is a 16 000km long submarine cable system connecting 15 countries from Europe to

Southern Africa. WACS is the most important conduit for the west coast of Africa and is an essential artery for the digital connectivity and economic development of countries that connect to the cable. The initial capacity of the WACS cable system is about 5.12Tbits/s, with an amplification capacity of up to 30Tbits/s. Such infrastructure should make it possible for the implementation of e-government and facilitate decentralisation of services.

52. **Namibia launched the 4G Long Term Evolution-LTE and established 26 Multi-Purpose Community Centers.** The launching of the 4G Long Term Evolution-LTE technologies enables the downloading and uploading of data at a speed almost ten times faster than the previous generation. The Ministry of Information, Communication and Technology (MICT) established a total of 26 Multi-Purpose Community Centers (MPCCs) in all 14 regions which are equipped with basic ICT equipment to ensure that the digital divide is reduced through the introduction of ICT services to rural communities

53. **Namibia has two dominant national telecommunications operators which are currently entirely owned by the state.** While smaller operators (MTN mobile, Bidvest, SALT and Paratus Telecom) gained market share in terms of assets and revenues, the sector remains highly concentrated with MTC and Telecom Namibia controlling 91% of the assets and 88% of the revenues in the market (Communications Regulatory Authority of Namibia (CRAN), 2018).

54. **Despite the increased share in assets and revenue of smaller licensees, there is still insufficient competition.** While smaller licensees have increased their share in assets and revenues, the high market concentration raises the concern of insufficient competition with higher consumer prices and lower quality of service as a result. This is because MTC is dominant for mobile telephony and Telecom Namibia for fixed-lines and national data connectivity. The smaller licensees mainly resell Telecom Namibia's services and thus are only competing with Telecom Namibia on retail level, not on wholesale level. In 2013 MTC bypassed Telecom in terms of value of total assets, mainly due to their investment in towers to roll out their services on a national level with their 081Every1 campaign.

55. **GDP contribution by the information communication sector has remained constant over the years, while employment in the sector has been below 1 percent.** The average contribution to GDP is 1.55 percent from 2013 to 2018. Employment in the sector is relatively low. Average employment has been below 1 percent of the national employment from 2012 to 2018. This partly reflects the high level of automation in the industry, since traffic volumes have grown in leaps and bounds.

56. **According to the Global ICT ranking index, Namibia ranked number 118th out of 176 countries in 2017, an improvement from 2016, in which it was ranked 123 out of 176 countries.** On top of that, the other major players in the Namibian economy, whether the financial services sector, mining or any of the other sectors would not be able to function without ICT. ICT does not contribute to the Namibian economy in the same way that the fishing or mining sectors do; however, indirectly the ICT sector contributes a great deal through knowledge and skills development.

B. DRIVERS AND CONSTRAINTS

57. **Fixed-line subscriptions showed a significant decrease, caused by a drop in business connections, which can be partially attributed to recent lower economic growth and wider use of mobile phones.** Although fixed lines bring in the most money as per the profit margins, Telecom did not invest anything in 2017 to widen the customer base (CRAN, 2018). Residential fixed-line subscription still increased, which can partially be a reclassification of a business line into residential line since asymmetric digital subscriber line (ADSL) subscription did not grow in 2018.

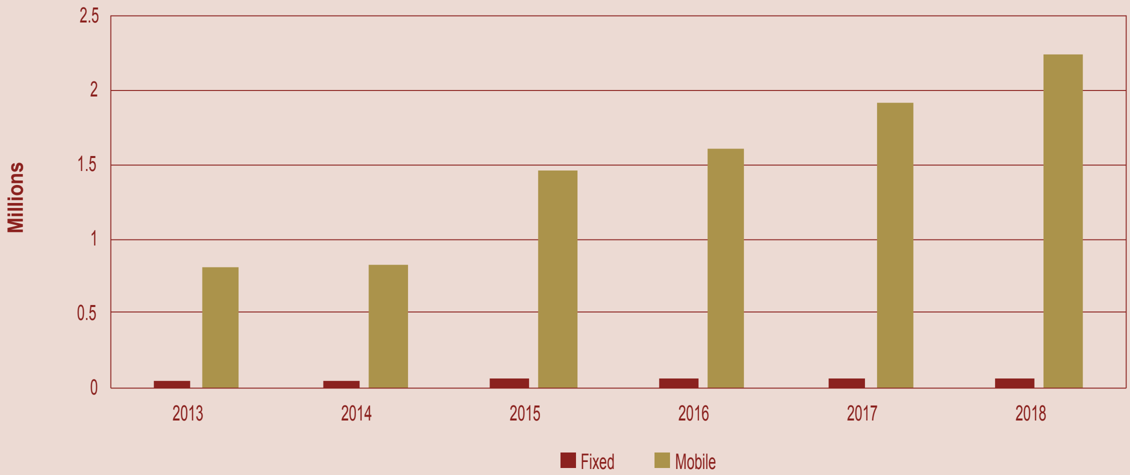
TABLE TC.5: FIXED-LINE SUBSCRIPTION

Fixed-line subscription		2013	2014	2015	2016	2017	2018
Business	Number	99,107	121,871	119,976	121,517	123,530	90,050
	Change		22.97%	-1.55%	1.28%	1.66%	-27.10%
Residential	Number	84,425	60,722	62,532	66,336	69,213	79,759
	Change		-28.08%	2.98%	6.08%	4.34%	15.24%
Total	Number	183,532	182,593	182,508	187,853	192,743	169,809
	Change		-0.51%	-0.05%	2.93%	2.60%	-11.90%

Source: CRAN, 2018

58. **Telecom Namibia faces declining voice revenue due to wider use of mobile phones and Voice Over Internet Protocol (VoIP) applications such as Skype, WhatsApp and Facetime.** Telecom Namibia, as Namibia's only national fixed-line operator, faces declining voice revenues, which is a global trend due to wider use of mobile phones and the use of VoIP applications such as Skype WhatsApp and Facetime. Fixed-to-mobile and voice-to-data substitutions happen at the residential and business level. While fixed-lines are not necessarily disconnected by businesses, business communication traffic has been shifted to mobile and VoIP. This is an international trend which is also reflected in Namibia.

FIGURE TC.4: NUMBER OF BROADBAND SUBSCRIBERS IN MILLIONS



Source: CRAN

59. **Fixed and mobile broadband have shown growth since 2013 but the growth for mobile subscriptions increased by 59 percent over the past year.** This could be due to the 081everyone campaign of MTC to ensure 100 percent broadband population coverage. Currently, almost 83 percent of the population has 3G coverage but 4G coverage lags behind at only 36 percent of the population (CRAN, 2019).

C. OPPORTUNITIES AND CHALLENGES

60. **One of the challenges in the development of the information technology is the lack of suitable electricity and telecommunication infrastructure.** The unavailability of electricity infrastructure in semi-urban and remote rural areas hinders both the provision and uptake of ICT services. There are also insufficient telecommunication backhaul infrastructure to very remote rural areas. The unit cost of rolling out infrastructure is high, which negatively influences the affordability and price points of key services. Yet most areas where population is concentrated nowadays have basis infrastructure facilitating the use of ICT services.

61. **Another challenge is the lack of ICT literacy in the country.** ICT literacy is relatively low in Namibia, which inhibits the uptake of e-commerce and Internet access ICT skills are essential for every day functioning in the world of work and leisure. There is a lack of understanding of the relevance of ICT in Namibia, which results in low resource provision, and usage of available ICT capacity (Harambee Prosperity Plan, 2016).

62. **Namibia recently finalised the broadband policy which aims to reach a greater network of customers by 2024.** The Government aims to achieve 95 percent broadband coverage by 2024, with a 100 percent coverage in broadband connections and usage to all primary and secondary schools in the country to enable e-learning. Similarly, the government also intends to have 90 percent broadband connection and usage to 70 percent of the health facilities in the country to ensure e-health by 2024.

VII. CONCLUSION AND POLICY OPTIONS

63. **Reducing the cost of doing business through infrastructure investment and regulatory reform would accelerate the growth of services.** Electricity and transportation are key components of economy-wide development, but they are especially critical to the services sector. Completing the implementation of new procedures for allocating electricity contracts based on competitive bidding would be a major step toward improving the reliability of the energy supply.

64. **Infrastructure improvements could be complemented by legal and administrative reforms targeting property registration, obtaining construction permits and protecting minority investors, areas in which Namibia is currently making progress, although still lags behind many comparable countries.** Investment in real estate and factories enabled by these changes would strengthen the base of demand for services.

65. **There is a need for further reduction in public monopoly in competitive industries to create new job opportunities and foster innovation and productivity.** Further regulatory reform of services markets will create fresh opportunities for firms to develop new services, meet emerging global demands and increase employment. It will also increase the incentives for companies to innovate and improve productivity growth. While much progress has been made in opening services markets, further steps are needed, e.g. in reducing the degree of public ownership in competitive industries such as telecommunications, in addressing anti-competitive practices in professional services, and in reducing barriers to entrepreneurship.

66. **One of the underdeveloped pillars is the education sector.** The growing complexity of the information economy requires it to be complemented by a population that is adequately sophisticated. Human capital indices are currently poor, particularly in areas of disease prevention and eradication, and higher education. Development of the human capital necessary for further improvement of the services sector will require a technical, vocational and entrepreneurship training strategy based on private sector leadership. Policy makers must accurately identify mismatches between workforce skills and employer demand and create effective and sustainable strategies to address them.

67. **Adapt education and training policies to rapidly changing requirements for new skills.** Since most services involve direct contact with customers, human resources are key to services sector performance. Education policies are important to help workers adjust to globalisation and structural change and should help provide the qualifications that are needed in services. However, they need to be supplemented with actions, partnerships and

co-financing by firms, workers and governments to foster life-long learning. This will require improved incentives for private financing of life-long learning and actions to ensure equitable access to formal and on-the-job learning.

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Part D
Bank Supervision

Contents

INTRODUCTION

The *banking* sector performed reasonably well, amidst the weakened domestic economy. Capital of banks remained strong during 2019 and supported balance sheet expansion and risk coverage. The liquid asset holdings remained adequate to meet near-term obligations, while cashflows from other assets, specifically loans and advances and trading and investment securities, were used to cover longer-term needs. The liquidity position improved, due to a slowdown in the demand for credit, coupled with the non-banking institutions' local asset requirement changes that caused repatriation of funds by institutional investors back into Namibia. On the downside, asset quality deteriorated, due to an increase in non-performing loans (NPLs) from 3.6 percent of total loans in 2018 to 4.8 percent in 2019. The increase in NPLs was observed in mortgages, overdrafts and other loans and advances, due to unfavourable market conditions.

PERFORMANCE OF THE BANKING SECTOR

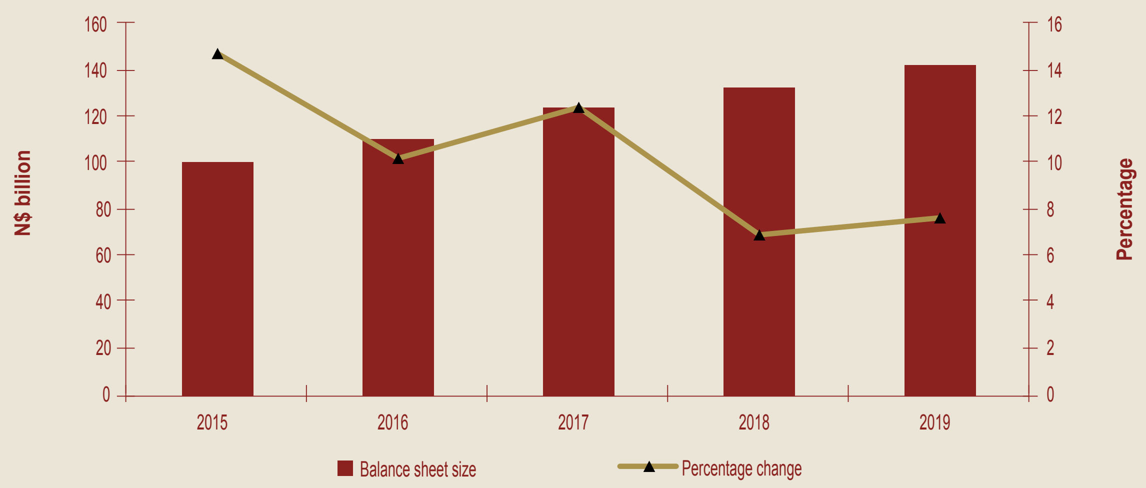
The earnings of the banking sector continued to increase, although only moderately, during the period under review, amidst weaker credit appetite among bank customers. Although the banking sector is navigating a severe economic downturn, it continued to generate healthy earnings. The banking sector also recorded an improvement in the efficiency ratio. Despite the banking sector recording a decline in total qualifying capital, all Domestic Systemically Important Banks (DSIBs)[39] remained well capitalised. The Basel III capital requirements are limited to the four DSIBs, which also have the largest share of the asset base in the banking sector. Jointly, these banking institutions held a total share of 98.8 percent of the total banking assets in 2019, almost unchanged from the previous year.

BALANCE SHEET STRUCTURE

The banking industry balance sheet continued to grow during 2019. Year-on-year, total assets of the banking sector grew from N$132.2 billion to N$142.2 billion, as depicted in Figure D.1. This represents overall growth of 7.6 percent for the year 2019, well above concurrent inflation. Assets grew as a result of increases in net loans and advances, cash and balances with banks, and trading and investment securities, with the asset growth mostly funded by non-bank funding.

FIGURE D.1 TOTAL ASSETS

Balance sheets showed slightly higher growth during 2019, relative to 2018.



39 First National Bank of Namibia Limited, Bank Windhoek Limited, Standard Bank Namibia Limited and Nedbank Namibia Limited are considered as DSIBs.

ASSET STRUCTURE

The balance sheet recorded growth in most asset categories of which net loans and advances was the largest contributor to asset growth. The categories of net loans and advances, cash and balances with banks, and trading and investment securities all contributed to the increase in assets. During the review period, net loans and advances increased by 6.7 percent to N$101.2 billion, while cash and balances increased by 10.9 percent to N$13.7 billion. Trading and investment securities increased significantly by 24.5 percent and stood at N$6.5 billion in 2019.

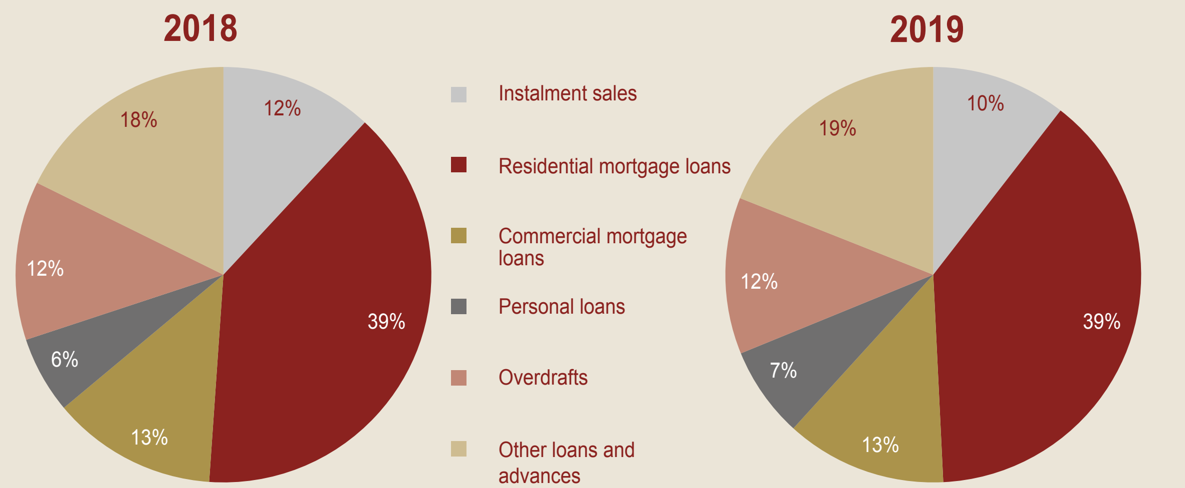
Net loans and advances constituted the largest portion of total banking sector assets in 2019. The composition of total banking sector assets was spearheaded by net loans and advances, with a 71.2 percent share in 2019, a decline from 71.7 percent in 2018. Short-term negotiable instruments were held to the tune of N$15.7 billion, which constituted 11.0 percent of assets, recording a slight decline from 11.7 percent in 2018. Cash and balances accounted for the third largest portion of banking sector assets with a 9.6 percent share in 2019, an increase from the 9.3 percent share held the previous year. The increase in the share of cash and balances with banks could be attributable to the repatriation of funds by institutional investors to Namibia, due to the increase in the domestic asset requirement to the level of 45 percent. These funds partly remained idle in the banking sector, while institutional investors were indentifying suitable investment avenues. The improved cash position also resulted from a lower demand for credit or borrowing appetite from both households and businesses, given the prevailing adverse economic conditions and high household indebtedness. The categories of trading and investments portfolio, fixed assets and other assets together comprised the remaining 8.3 percent of banking sector assets.

Mortgage loans still dominated the loan book of banks. Mortgage loans grew by 4.6 percent from N$50.4 billion in 2018 to N$53.2 billion in 2019, which constituted 51.3 percent (2018: 51.9 percent) of the total loan book. The residential mortgages constituted 75.6 percent of mortgages, with commercial mortgages responsible for the remaining share of 24.4 percent. The concentration risk is managed through higher capital risk-weighted charges for residential mortgages held in Namibia compared to international standards, and through the Regulation on maximum loan-to-value ratios for non-primary residential properties.

Amongst the other loan categories, personal loans and other loans and advances recorded notable growth. Personal loans increased by 26.4 percent to N$7.3 billion and captured a 7.1 percent share of the loan book in 2019, relative to 5.9 percent in 2018. Other loans and advances recorded an increase of 15.0 percent to N$19.7 billion, having a 19.0 percent share of the loan book. Amongst other loan categories, fixed-term loans and preference shares recorded notable growth. Fixed-term loans increased by 10.9 percent to N$16.7 billion, and preference shares increased by N$0.9 million to N$1.3 billion.

FIGURE D. 2 COMPOSITION OF TOTAL LOANS AND ADVANCES AT YEAR-END

Mortgage loans remained the most important component of loans and advances.



FUNDING STRUCTURE

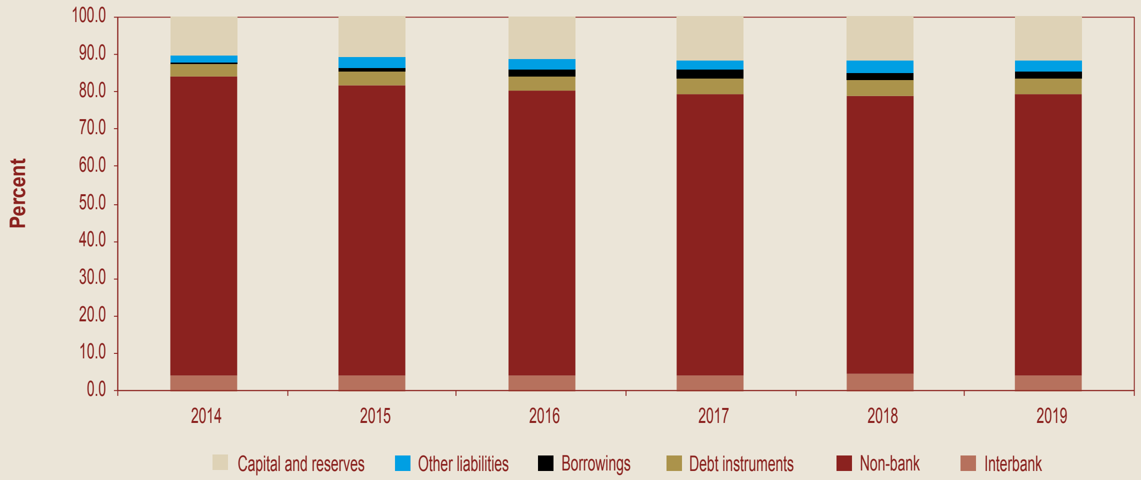
Non-bank funding and capital and reserves drove the increase in funding sources. Non-bank funding remained the dominant source of funding for the banking sector, with total funding emanating mainly from the mobilisation of demand deposits, fixed and notice deposits, and negotiable certificates of deposit. Non-bank funding grew year-on-year by 9.4 percent to N$107.5 billion in 2019, constituting 75.6 percent of total funding.

Bank funding in turn decreased by 3.2 percent year-on-year to N$5.7 billion and constituted 4.0 percent of total funding in 2019. Capital and reserves increased by 7.7 percent to N$16.4 billion and constituted 11.5 percent of total funding, due to an increase in general reserves (Figure D.3). The remaining 8.9 percent of total funding was comprised of all other liabilities.

FIGURE D.3 (a–b) FUNDING STRUCTURE AT YEAR-END

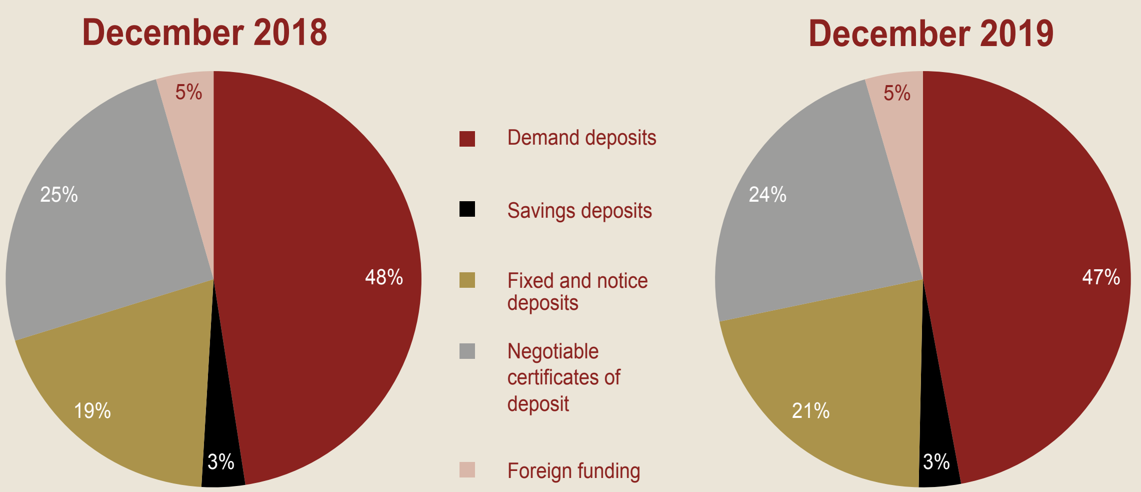
Sources of funding were mainly supported by non-bank funding and capital and reserves.

a. Composition of funding



Non-bank funding was mainly sourced from demand deposits and negotiable certificates of deposit.

b. Composition of non-bank deposits



Demand deposits remained the most attractive non-bank funding source for banking institutions. Demand deposits increased year-on year by 8.3 percent from N$46.7 billion to N$50.6 billion and constituted 47.1 percent of total non-bank funding. Demand deposits were largely comprised of wholesale deposits, which tend to be volatile as they can be withdrawn at short notice. Negotiable certificates of deposit increased by

2.8 percent from N$24.9 billion in 2018 to N$25.5 billion and represented 23.8 percent of non-bank funding. Fixed and notice deposits increased by 21.4 percent from N$19.0 billion to N$23.0 billion and accounted for 23.8 percent of total deposits. Compared to 2018, the funding portfolio of banks shifted slightly from demand deposits to fixed and notice deposits.

The Bank has made progress in implementing a new liquidity framework that is based on Basel III standards. The draft Basel III liquidity framework would require banking institutions to diversify their funding sources and is currently undergoing industry consultation. The banking sector's current funding sources are largely comprised of wholesale deposits that constitutes 65 percent of total funding and tends to be volatile and short-term in nature, which may cause funding mismatches in maturities between assets and liabilities. The Bank has implemented regulatory limits for maturity mismatches of cash flows for the 0–7 days and 8–31 days' time buckets, effective September 2019, and these should be calculated on a behavioural[40] adjusted basis.

CAPITAL ADEQUACY

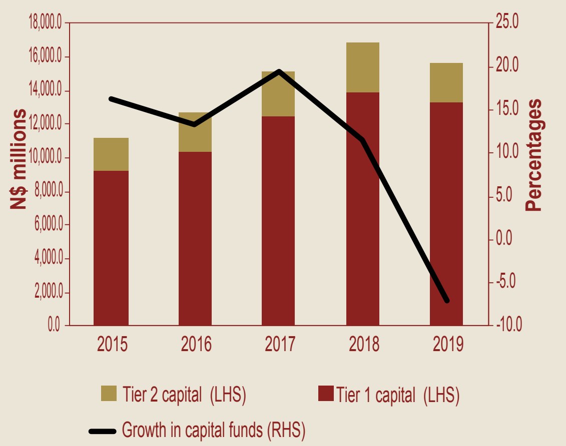
The capital levels of the industry remained strong during 2019 to cover the risks associated with banking business to insulate banks against potential losses. During the year under review, all DSIBs reported on the Basel III Capital Adequacy Framework, which will be phased in over a five-year period ending in 2022. All capital ratios stood well above the minimum regulatory requirements. The Common Equity Tier 1 (CET1), Tier 1 and total eligible capital ratios stood well above their minimum regulatory requirements of 6.0 percent, 8.5 percent and 11.0 percent, respectively. The Tier 1 leverage ratio was also well above the regulatory limit of 6.0 percent, indicating that banking institutions are already managing the risk of excessive leveraging in a prudent manner.

Total qualifying capital was slightly lower for the period under review than in 2018, mainly because of dividend pay-outs and the switch in Tier 2 instruments. The four DSIBs collectively paid out dividends to the value of N$1.6 billion in 2019, compared to N$0.8 billion in 2018, causing a decline in the industry's qualifying capital level. The transitioning to the Basel III Capital Adequacy standards for DSIBs resulted in Tier 2 capital items (being unaudited profits and revaluation reserves) no longer being eligible for inclusion in capital after a phase-in period of five years. Total qualifying capital decreased by 7.0 percent to N$15.7 billion during 2019. This decrease was largely attributed to Tier 1 capital, which declined by 4.4 percent to N$13.3 billion due to a decrease in retained earnings. In addition, the 19.5 percent decrease in Tier 2 capital to N$2.4 billion also contributed to the contraction in total qualifying capital owing to decreases in subordinated term debt, unaudited profits, loan loss provisions and revaluation reserves (Figure D.4).

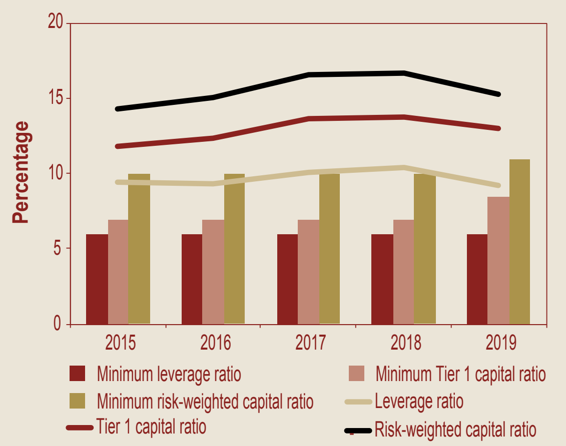
FIGURE D.4 (a–b) CAPITAL ADEQUACY ELEMENTS AND RATIOS

The banking industry remained adequately capitalised in 2019 despite the decrease in overall capital levels.

a. Elements of capital funds



b. Capital adequacy ratios



40 Behavioural adjustment means the modification made to the contractual maturity of assets and liabilities in determining cash inflows, cash outflows and ultimately liquidity mismatches in each successive maturity band, in line with the behaviour of assets.

While capital levels decreased during the year, risk-weighted assets increased, resulting in a lower risk-weighted capital ratio for the banking sector. Total qualifying capital recorded a 7.0 percent decrease in 2019, in contrast to the 11.5 percent increase recorded during 2018, while risk-weighted assets increased by 1.4 percent.

The Basel II capital adequacy standards remained applicable to banking institutions that do not qualify for designation as DSIBs. These banking institutions also remained adequately capitalised, as demonstrated by their average total risk-weighted capital ratio, which stood at 80.5 percent in 2019, well above the regulatory minimum of 10.0 percent. Similarly, the Tier 1 capital ratio and the Tier 1 leverage ratio stood at 76.2 percent and 52.3 percent, respectively, exceeding their corresponding regulatory minima of 7.0 percent and 6.0 percent by a large margin.

CREDIT RISK

Analysis of non-performing loans

The banking sector's asset quality worsened in 2019, due to the slowdown in general economic conditions. This led to a year-on-year increase in non-performing loans (NPLs)[41] of 44.0 percent, to N$5.0 billion, as some clients were unable to meet repayment obligations, owing to unfavourable market conditions and cash flow constraints (Figure D.5). Overdue loans[42] also increased by 26.1 percent to N$9.1 billion in 2019, up from N$7.2 billion in 2018. The surge in NPLs stemmed mainly from mortgages that increased from N$2.0 billion in 2018 to N$3.3 billion in 2019. Non-performing overdrafts followed, with an increase from N$0.5 billion in 2018 to N$0.6 billion in 2019. The third largest contributor was personal loans, which increased from N$0.1 billion to N$0.2 billion.

Mortgages were the leading component of non-performing loans. Non-performing mortgages increased and accounted for 66.3 percent of NPLs, which is the largest portion of total NPLs. The remaining categories of non-performing loans were represented by overdrafts at 12.9 percent, other loans and advances at 11.1 percent, instalment sales at 5.4 percent, personal loans at 3.6 percent, and credit cards at 0.7 percent. Non-performing loans across all loan product categories increased in 2019, in comparison to 2018.

The *corporate* sector constituted the largest share of NPLs, an indication that businesses were the most affected by the downturn in the economy. In terms of sectoral NPLs distributions, corporates had the largest share of N$2.9 billion, whilst individuals recorded NPLs to the value of N$2.1 billion. A further breakdown of NPLs per sectors indicated that the *real estate and business services* sector recorded N$1.2 billion of NPLs, followed by *trade and accommodation* with N$0.4 billion and *construction* with N$0.4 billion. The rest of the sectors that include *mining*, *fishing*, *manufacturing*, *agriculture and forestry*, *transport and communication*, *finance and insurance*, *government*, *electricity*, *oil and gas* and *other* sectors made up the remaining share of N$0.9 billion.

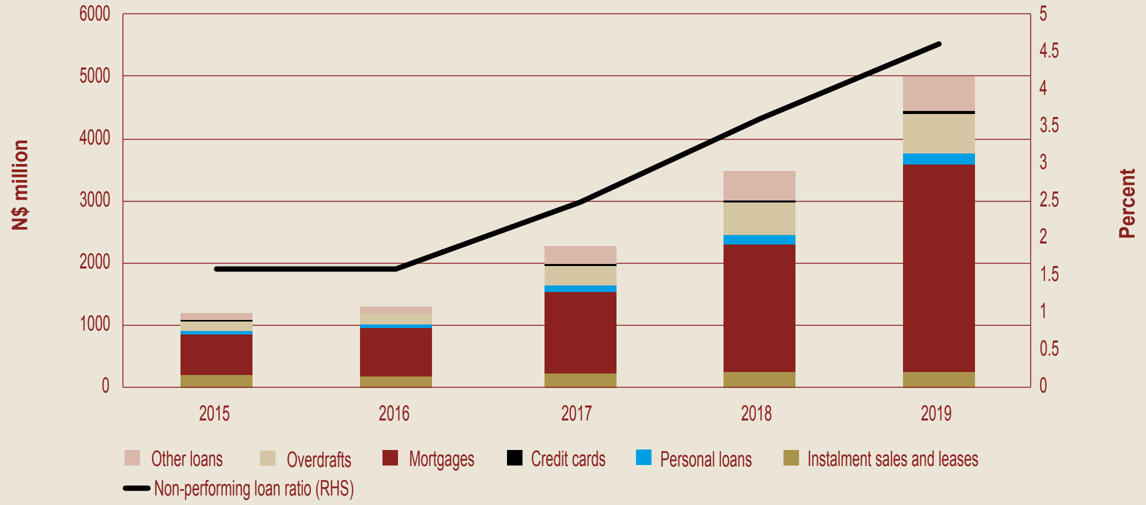
The worsened repayment capability of customers caused the ratio of NPLs to total loans and advances to escalate in 2019. The trigger point of 4.0 percent for the NPL ratio was breached as the NPL ratio increased from 3.6 percent in 2018 to 4.8 percent in 2019. This indicates a deterioration in the asset quality on the loan book of the banking sector, with values above 4.0 percent in practice triggering more rigorous scrutiny of the loan book by both banking institutions and banking supervisors. Despite the worsening repayment by customers, in order to evaluate the impact of the negative NPLs ratio trend, various interventions such as stress testing were carried out on the loan books of banking institutions, as early stress detection to enable proactive credit risk management. These showed that the banking industry is still sound.

41 A non-performing loan is a loan (capital and/or interest) overdue or unpaid for 90 days or longer.

42 Overdue loans mean any asset for which any portion of the principal and/or interest is due and unpaid for 30 days or more; or interest due equal to 30 days' interest or more has been capitalised, refinanced or rolled over.

FIGURE D.5 NON-PERFORMING LOANS

The increase in NPLs stemmed mainly from the non-performing mortgages category.



Adequacy of provisions

In 2019, specific provisions were adequate to absorb expected credit losses from NPLs. Specific provisions[43] are considered adequate if banks hold minimum specific provisions for the loans classified in the substandard, doubtful and loss categories, to the minimum requirement of 10 percent, 50 percent and 100 percent of the total outstanding loan balances after considering collateral values, respectively. Specific provisions increased year-on-year by 47.0 percent from N$662.6 million to N$974.1 million, a lower increase than the 52.9 percent recorded in 2018. The ratio of specific provisions to non-performing loans increased slightly from 19.1 percent in 2018 to 20.5 percent in 2019.

The purpose of holding specific provisions is to ring-fence part of the banking institutions capital and reserves to bridge the gap between the amount owing to the bank by the non-performing borrower and the realisable value of collateral supporting that loan. The realisable value of collateral increased by 41.4 percent from N$2.4 billion in 2018 to N$3.4 billion in 2019 due to additional collateral provided by customers. The increase in collateral value, supplemented by adequate specific provisions coupled with capital buffers, counteracted the 36.7 percent growth in NPLs.

Loan diversification and statutory large exposures

A consequence of weakened economic conditions was a change in the composition of loans and advances across different sectors and counterparties. The concentration of loans to individuals as a share of sectoral loan distributions declined from 49.3 percent in 2018 to 45.9 percent in 2019. Smaller shares were held by the *real estate and business services* sector with 10.8 percent, *finance and insurance* trailed with a share of 7.0 percent, *trade and accommodation* with 6.6 percent, *government services* with 5.6 percent and *agriculture, hunting and forestry* with 4.1 percent. The remaining sectors of *fishing*, *mining*, *manufacturing*, *construction*, *electricity*, *gas and water*, and *transport and communication* each had shares of less than 4.0 percent, but together making up the residual shares of 20.0 percent.

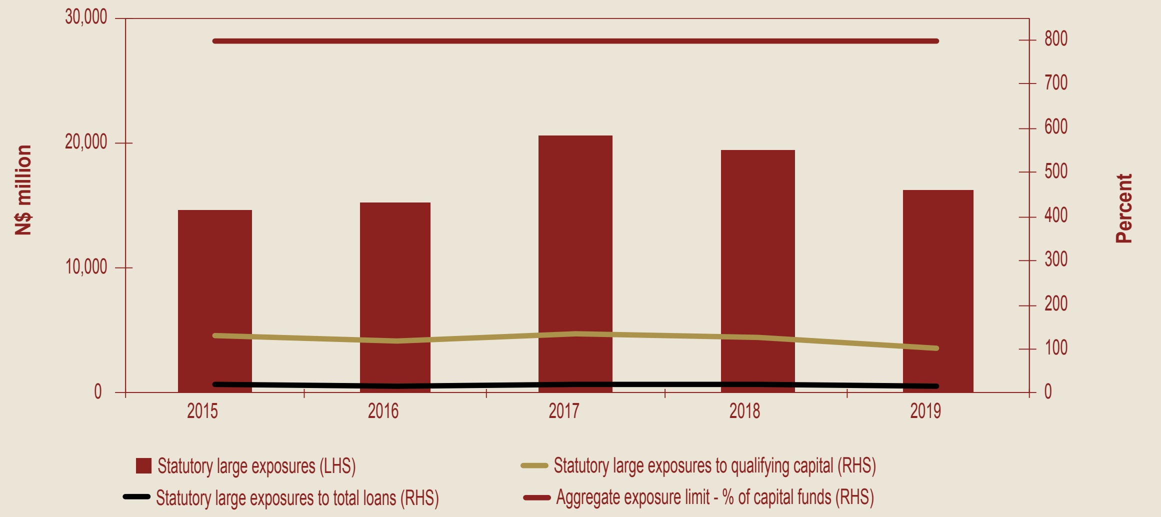
The value of large exposures for the banking industry remained within the regulatory capital limits. In terms of the Determination on Limits on Exposures to Single Borrowers, Large Exposures and Concentration Risk (BID-4), a large exposure means any exposure to a single person or group of related persons which, in the aggregate, equals or exceeds 10% of a banking institution's eligible capital funds. The value of large exposures decreased by 16.3 percent year-on-

43 Specific provisions apply to loans graded substandard, doubtful and loss, the net realisable value of collateral shall be deducted from the loan balance before applying provisioning percentages.

year from N$19.4 billion to N$16.2 billion. Therefore, the industry recorded a decline in the ratio of large exposures to total loans from a level of 20.0 percent to 15.6 percent. Relative to capital, aggregate large exposures fell from 125.8 percent to 103.5 percent. This ratio was well within the prudential limit of 800 percent of capital funds (Figure D.6).

FIGURE D.6 STATUTORY LARGE EXPOSURES RELATIVE TO TOTAL LOANS AND CAPITAL FUNDS

Large exposures in absolute terms decreased and remained compliant with the prescribed capital limits.



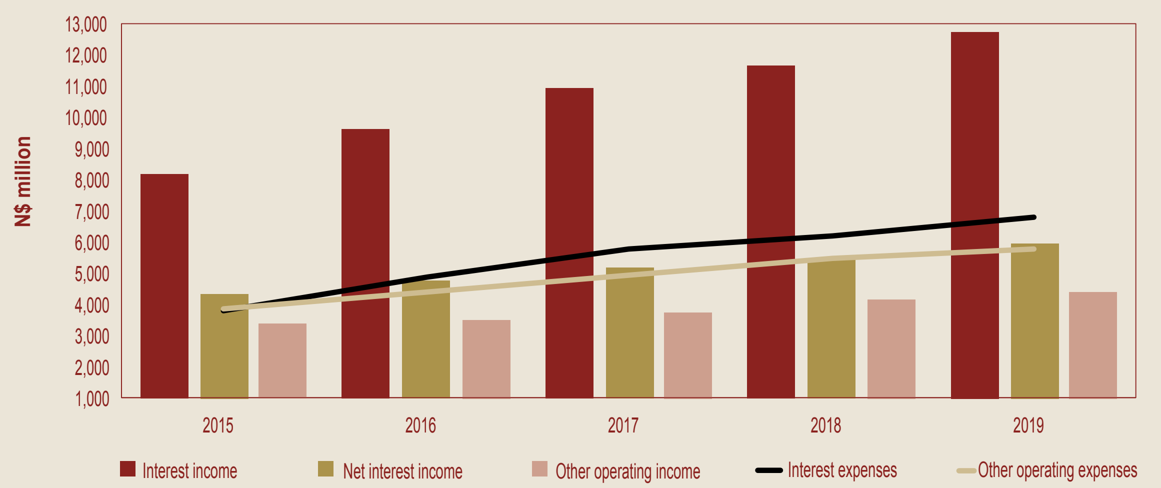
PROFITABILITY AND EARNINGS

The banking sector continued to generate healthy earnings despite navigating a severe economic downturn that was accompanied by slow growth in bank customers' credit appetite and an increase in non-performing loans. The banking industry's total income growth remained positive, as the banking institutions recorded an increase of N$0.7 billion year-on year from N$9.6 billion to N$10.4 billion in 2019. This represents an increase of 7.7 percent, slightly below the 8.1 percent recorded in 2018. Both net interest income and other operating income contributed to the increase in total income. Net interest income increased by N$0.5 billion to N$5.9 billion during 2019.

On the other hand, other operating (non-interest) income also increased, at a lower absolute value of N$0.2 billion, to stand at N$4.4 billion in 2019 (Figure D.7a). Net interest income captured the largest share of 57.4 percent of total income, while operating income held the remaining share of 42.6 percent.

FIGURE D.7(a) KEY INCOME STATEMENT INDICATORS

The banking sector's income increased in 2019, although at a slower growth rate when compared to 2018.

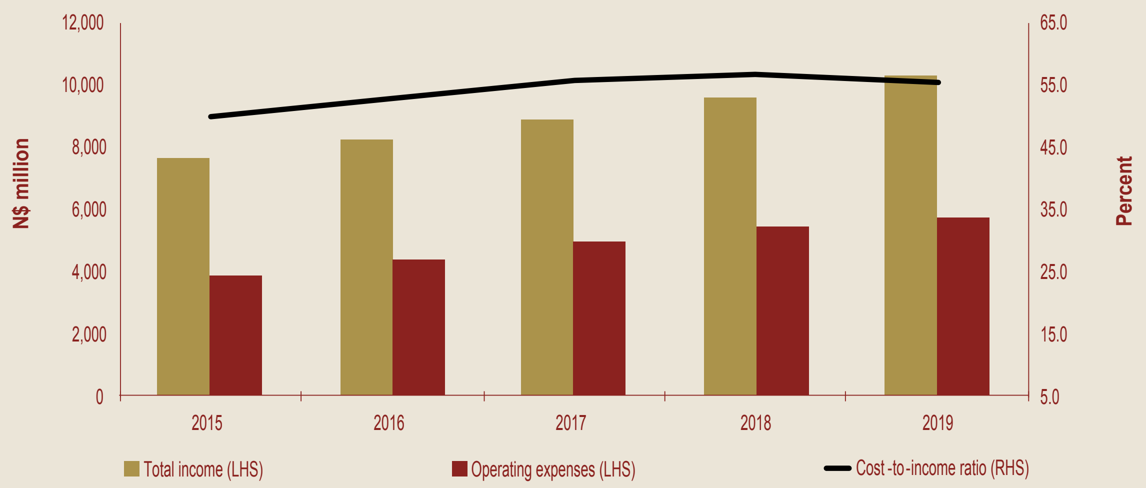


During 2019, the banking sector managed to keep increases in operating expenses below income growth, and thereby improved the cost-to-income ratio. The operating expenses of banking institutions increased by 4.9 percent to N$5.7 billion in 2019, lower than the increase of 10.3 percent recorded in 2018. The higher operating expenses in 2019 were fuelled by escalating staff costs through annual salary increments and increased leave pay-outs, and depreciation and amortisation through new equipment and systems acquired by banks in line with their digitisation drives.

Staff costs increased by 7.9 percent, while depreciation and amortisation increased by 22.1 percent. Staff costs remained the largest expenditure component, representing 53.7 percent of total operating expenses, followed by administration and overheads at 23.5 percent and depreciation and amortisation at 7.2 percent. Notably, provision charges increased from N$439 million in 2018 to N$727 million in 2019, which is attributed to higher specific provisions relative to the non-performing loan book.

FIGURE D.7(b) EFFICIENCY INDICATORS OF THE BANKING SECTOR

Operating expenses increased less than growth in income, implying improving efficiencies.



The increase in total income improved the cost efficiency indicators. Despite difficult circumstances, banks managed to decrease the cost-to-income ratio (operating expenses/total income) from 56.9 percent to 55.5 percent owing to a relatively sharper increase in total income (Figure D.7b). However, despite the improved ratio, it remained above the international benchmark of 50.0 percent, but below the Bank's internal regulatory threshold of 65.0 percent.

During 2019, the after-tax profits improved despite a challenging economic environment. The banking industry recorded after-tax profits of N$2.7 billion in 2019, an increase of 5.9 percent year-on-year. Notwithstanding the improvement in earnings of the banking sector, both the Return on Assets (ROA) and the Return on Equity (ROE) ratios declined, due to the faster growth in average assets and equity, respectively, compared to earnings or profits. The ROA ratio decreased from 2.02 percent to 1.99 percent, while the ROE ratio declined from 18.5 percent to 17.3 percent (Table D.1).

TABLE D.1 ROA AND ROE

Description	2015	2016	2017	2018	2019
Return on Assets	2.5	2.3	2.1	2.0	2.0
Return on Equity	24.5	24.1	18.6	18.5	17.3

The banking sector expanded their agency network, while the number of branches contracted. The number of agencies increased from 64 in 2018 to 82 in 2019, whereas the number of branches in the network decreased by 18 to 149 in 2019 (Table D.2). The reason for this is that one of the newer banking institutions had to reclassify their representative points, as these points did not meet the description of branches as per the Bank's Circular BIA4/07: Definition of Branches, Agencies, Specialised units and Head office support units, while some major banking institutions closed a few branches to manage costs and maximise electronic channels.

TABLE D.2 BANK BRANCH NETWORK

Description	2015	2016	2017	2018	2019
Branches	126	139	163	167	149
Agencies	68	61	62	64	82
Total	194	200	225	231	231

The staff complement decreased year-on-year, as reflected most clearly in the number of permanent personnel. The total number of personnel employed by the banking industry decreased from 6 563 to 6 468 in 2019, which represented a decrease of 1.5 percent over the previous year. The permanent personnel in the banking sector declined by 103 to 6 268 staff members, while the temporary personnel increased by 8 to 200 staff members (Table D.3).

TABLE D.3 BANK STAFF LEVEL

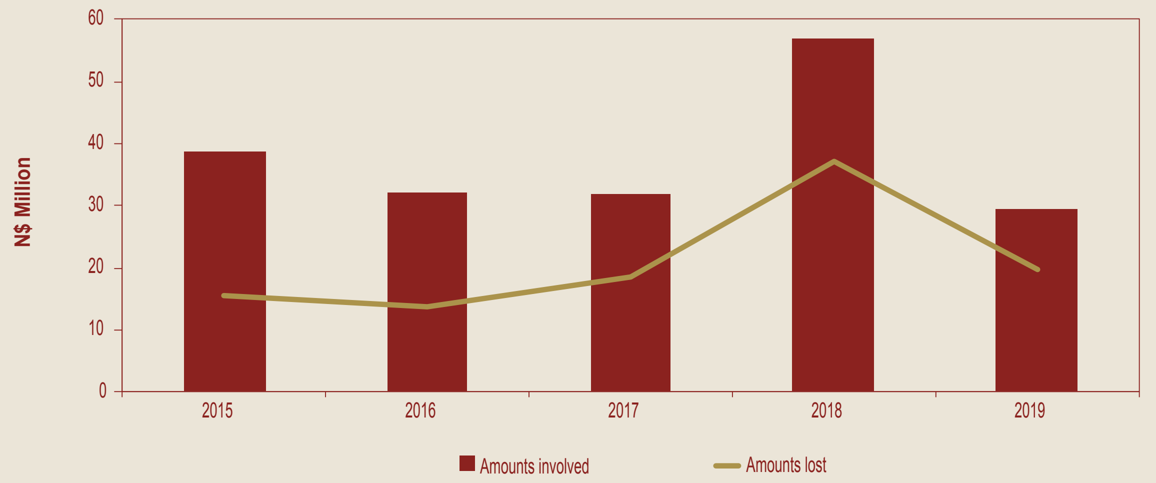
Description	2015	2016	2017	2018	2019
Permanent personnel	5 524	5 902	6 284	6 371	6 268
Temporary personnel	375	331	179	192	200
Total	5 899	6 233	6 463	6 563	6 468

FRAUD AND OTHER ECONOMIC CRIME

The volumes of fraud and other economic crime in the banking sector decreased in 2019, while the amounts involved also declined. The number of fraud cases reported decreased from 251 in 2018 to 238 in 2019. The amount involved in the fraudulent activities decreased significantly from N$56.7 million in 2018 to N$29.4 million in 2019. The actual financial loss also decreased from N$37.0 million in 2018, to N$19.8 million in 2019 (Figure D.8). The banking sector reported that N$1.5 million was recovered, with further recoveries of N$1.0 million anticipated pending the successful conclusion of investigations. As a control measure, banks put in place systems and operational risk limits, and operational loss thresholds according to their risk appetite. Further losses are covered through insurance cover that is a requirement in terms of the Determination on Minimum Insurance for Banking Institutions (BID-14).

FIGURE D.8 FRAUD AND OTHER ECONOMIC CRIME

The incidence of fraud, the amounts involved, and the amounts lost all decreased during the period under review.



Credit card fraud, computer fraud, theft of cash, treasury operation fraud and manipulation of Automated Teller Machines (ATMs) fraud are the most prevalent categories of fraud. The features of fraud included fraud committed by outsiders, forgery of authorised signatures, manipulation of accounting and other bank records, and fraudulent proof of payments. Notably, banking institutions have increased public education and instituted stronger operational risk management systems to strengthen internal controls and fraud monitoring.

LIQUIDITY

The banking industry maintained adequate liquid assets during 2019 owing to excess liquidity sourced from institutional investors. The liquid asset holdings improved slightly during 2019, from N$18.1 billion at the end of 2018 to N$19.1 billion a year later, and stood well above the prudential minimum required of N$12.5 billion (Figure D.9). The average liquid assets held by the banking sector thus increased by 5.7 percent, while the average total liabilities to the public increased at a faster rate of 8.3 percent, to N$125.1 billion. The banking sector therefore recorded a slight deterioration in the liquidity ratio from 15.6 percent to 15.3 percent, but still comfortably exceeding the statutory minimum of 10.0 percent by 5.3 percent.

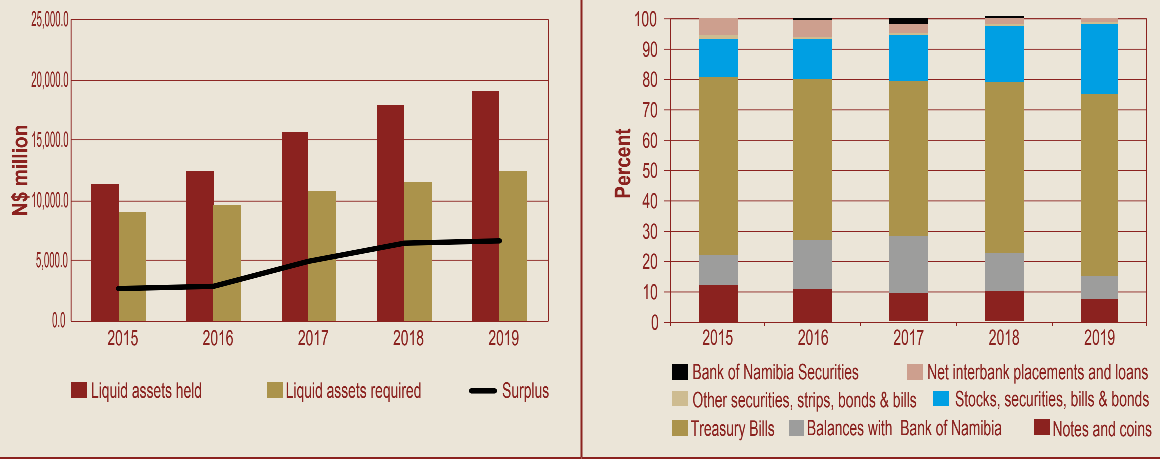
The excess of liquid assets held remained due to the repatriation of funds by institutional investors to Namibia, coupled with a slowdown in the demand for credit. Due to the undesirable economic conditions and credit risk environment, banking institutions adopted rigorous credit risk assessments and more defensive lending mechanisms to protect the banking sector balance sheet against default events. The unfavourable economic conditions and high household indebtedness also resulted in a slowdown in the demand for credit from households and businesses. In addition, the return of funds by institutional investors also contributed to the increase in liquid asset holdings. Pension fund institutions are required by law to hold 45 percent of their assets locally, up from 35 percent in the past, and this caused institutional investors to repatriate funds into Namibia. The banking sector held liquid assets in the form of cash balances with other banking institutions and the Bank, Government securities, and Bills issued by the Bank.

Other liquidity indicators, such as the loan-to-asset ratio, declined during 2019, alongside the increase in liquid asset holdings. The loan-to-asset ratio decreased from 72.1 percent to 71.6 percent and stood below the international benchmark of 75.0 percent. While it is desirable to maintain the loan-to-asset ratio within this benchmark, a ratio that is excessively lower is an indicator that banking institutions are deviating from their primary function of extending loans and advances, and opting to invest in safer assets such as Government bonds and bills. This tends to occur during unfavourable economic conditions.

FIGURE D.9 (a &b) LIQUIDITY

Liquidity holdings mostly held in Treasury bills were sufficient to meet the statutory minimum levels in 2019.

a. Statutory liquid assets *b. Composition of liquid assets*



The banking sector managed to effectively mobilise more deposits rather than grow their loan portfolio, on the back of low credit appetite. The loan-to-deposit ratio declined from 94.6 percent in 2018 to 92.9 percent in 2019, supported by current market funding conditions. The loan-to-deposit ratio, at the level below 100 percent, signifies that the banking industry's lending activities are fully funded by the deposit base.

The banking sector increased its holdings of Treasury bills and Government bonds, owing to the relatively high interest offered by these safe-haven instruments. Treasury bills stood at 59.9 percent of total liquid assets, followed by Government bonds, and notes and coins at 23.0 percent and 7.8 percent, respectively. Balances with the Bank stood at 7.4 percent of liquid assets, while net interbank placements stood at 1.4 percent of liquid assets. The residual portion of liquid assets was in the form of other securities, strips, bonds and bills that accounted for a 0.5 percent share (Figure D.9).

The banking industry's funding and concentration risk in the top ten depositors decreased during 2019. The share of the top ten depositors in total funding-related liabilities decreased from 27.2 percent to 25.7 percent, year-on-year.

The primary source of funding was from investment management and insurance companies, with shares of 43.4 percent and 30.3 percent, respectively. Funding from the ten largest depositors in the 1–7 days' time bucket accounted for funding to the tune of N$7.4 billion and represented 5.9 percent of the average total liabilities to the public during 2019, an improvement from the 10.3 percent recorded in 2018.

INTEREST RATE RISK

The banking industry recorded an increase in the net asset sensitive position, which could impact negatively on interest rate margins if interest rates decrease. Liabilities repricing in 30 days increased from N$66.1 billion in 2018 to N$72.5 billion in 2019, while assets repricing in 30 days increased from N$103.7 billion in the previous reporting period to N$111.5 billion for 2019. This resulted in a positive net repricing gap in the 30 days' time bucket, which increased from N$38.2 billion in 2018 to N$39.9 billion in 2019, indicating an asset-sensitive position. The net repricing gap over 1 year increased from N$2.2 billion in 2018 to N$3.7 billion in 2019. If interest rates decrease due to factors such as low inflationary pressures and depressed economic conditions, an asset-sensitive position could negatively impact interest rate margins of banking institutions.

Liabilities subjected to variable interest rates continued to dominate the funding side of the balance sheet with even more variable interest rate dominance on the asset side. These variable-rate liabilities constituted 50.1 percent of funding compared to 50.8 percent in 2018, followed by fixed-rate liabilities, which constituted 29.8 percent in 2019 and 27.3 percent in 2018. The remainder was shared between capital and non-rate-sensitive liabilities.

Following the strong growth in liquid assets relative to loans and advances, the share of variable-rate-sensitive assets declined relative to non-rate-sensitive assets in 2019, but still dominated the asset side of the balance sheet. Assets subjected to variable interest rates declined marginally from 78.9 percent recorded in 2018 to 78.6 percent in 2019, while the share of fixed rate assets constituted 13.2 percent in 2019, unchanged from 2018. Non-rate earning assets constituted 6.3 percent in 2019, compared to 6.2 percent in 2018.

ON-SITE EXAMINATIONS

During 2019, several supervisory activities were conducted to promote banking sector stability and bolster confidence in the banking sector. Targeted risk-based on-site examinations were carried out to determine the effectiveness of risk management practices, compliance with relevant laws, adequacy of capital, and compliance with supervisory recommendations. Examinations were carried out at two of the smaller banking institutions and one Domestic Systematically Important Bank (DSIB). The examination covered an assessment of the degree of risk and the adequacy of risk management systems for key risk areas such as strategic, credit, liquidity and operational risk. The examination findings determined that the examined institutions were in sound condition and that weaknesses identified in the risk management systems can be addressed in the normal course of business. As part of the supervisory process, examined institutions are required to implement corrective actions and provide quarterly progress reports to the Bank.

The Bank continues to keep pace with emerging risks such as cyber risks and challenges presented by disruptive innovations and technologies. The Bank carried out thematic reviews on the maturity levels at the DSIBs, including the automated clearing house (Namclear), with specific focus on information and cyber security. The purpose of the reviews was to determine the cyber security maturity levels and resilience to cyber threats of the DSIBs and the clearing house. The weaknesses and vulnerabilities identified during these reviews inform the ongoing supervision of cyber risk and future enhancements to the supervisory framework.

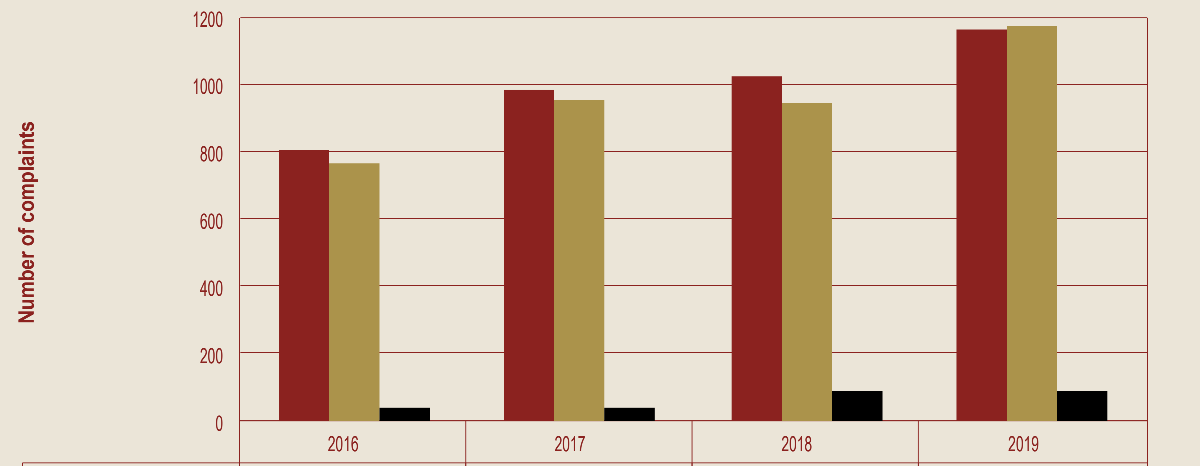
Supervision of cross-border banking groups were conducted during the period under review. The Bank participated in supervisory colleges for coordination, collaboration and sharing of information for effective supervision of components of cross-border banking groups. Supervisory colleges provide a platform for interaction between the banking institutions and regulators which allows the Bank to craft a comprehensive consolidated supervision approach.

Supervisory priority areas identified for 2020 will focus on consolidated supervision and credit risk. The Bank will conduct on-site examinations in line with its consolidated supervision framework to evaluate the strength of three of the banking groups, which will include two DSIBs and one non-DSIB. Thematic reviews on credit risk will also be carried out at two of the DSIBs as part of the ongoing assessment of banking institutions' compliance with the Determination on Asset Classification, Suspension of Interest and Provisioning (BID-2) to determine the asset quality and adequacy of the credit risk management practices, given the challenging economic environment.

CUSTOMER COMPLAINTS

More customer complaints were lodged against banking institutions during 2019. The total number of complaints represented an increase of 18.4 percent from 1 024 complaints in 2018 to a total of 1 212 complaints during the year 2019. The increase can generally be attributed to the complexity of the banking products and services that are now offered, as these are not always fully understood. In terms of composition, 95.5 percent of complaints were directly lodged at the respective banking institutions, while 4.5 percent were lodged at the Bank for recourse. In terms of resolution of the complaints, 91.1 percent were resolved, whilst the remaining 8.9 percent remained as work in progress for finalisation during 2020 (Figure D.10). In addition to the complaints received, the Bank also attended to 187 customers' enquiries during the year through telephone calls, the email platform and physical visits at the Bank's headquarters.

FIGURE D 10 TOTAL NUMBER OF COMPLAINTS



	2016	2017	2018	2019
Total Complaints	806	986	1,024	1,157
Closed	767	951	939	1,170
Pending	39	35	85	85

No consistent trend could be observed regarding the types of complaints reported during 2019 as compared to 2018. The majority of the complaints related to concerns regarding bank charges and fees. In addition, the complaints reported also included poor service delivery, disputes related to repossession procedures, credit applications declined by the banking institutions, lack of adequate feedback and communication from the banking institutions, and listing of customers with the credit bureaus.

The Bank's mediating role between banking institutions and the customers resulted in two complaints being resolved with monetary refunds. Amongst other resolved cases, these refunds by the banking institution to customers involved a total of N$156 447.49.

LICENSING OF BANKING INSTITUTIONS

The Bank did not receive any new banking license applications during 2019. The number of banking institutions authorised to conduct banking business in Namibia remained at seven, with one branch of a foreign bank and one representative office. During the period under review the Bank revisited the procedures for bank license applications and took it through the governance processes to ready it for publication on the Bank's website.

PYRAMID SCHEMES/ILLEGAL BANKING BUSINESS

In terms of section 55A of the Banking Institutions Act (Act No. 2 of 1998), as amended, the Bank investigated several suspected pyramid and illegal financial schemes. These schemes include Longrich Bioscience, Karatbars, Onyx Lifestyle and JamaLife, which were found to be in contravention of section 55A of the Act. The Bank directed the promoters of the above-mentioned schemes to cease operations in Namibia and to repay money obtained from members of the public in contravention of section 55A of the Act. If these schemes and their promoters fail or refuse to repay money as directed, the Bank may, in terms of section 7(2) of the Act, apply to the High Court to have their assets sequestrated to raise money to repay members of the public who participated in the schemes.

DEVELOPMENTS RELATING TO THE CREDIT BUREAUS

During 2019, the Bank placed much focus on the effective sharing of credit information by credit information providers, as well as on improving the quality of data submitted to the credit bureaus. The Bank continued to observe the efforts of credit information providers when engaging with the credit bureaus, which is evident in the growth of the number of institutions and the number of records submitted to the credit bureaus. The number of institutions that are submitting credit performance information to credit bureaus increased by 29 institutions, from 328 institutions in 2018 to 357 institutions in 2019. The records submitted to the credit bureaus also increased from 1.5 million records to 1.6 million records year-on-year. The sectors that submit data to credit bureaus are made up of banking institutions, retailers, microlenders, insurance services and debt collectors. Table 4 illustrates the submission load of credit records year-on-year.

TABLE D.4 CREDIT INFORMATION SUBMISSIONS LOAD

Details	Dec 2016	Dec 2017	Dec 2018	Dec 2019
Number of Institutions	183	286	328	357
Number of records submitted	427 461	1 409 314	1 498 726	1 580 448
Percentage of records rejected	2.2%	7.9%	2.6%	0.7%

Moreover, the credit bureaus have succeeded in improving the quality of data submissions to the Bank, since the commencement of the submission process in 2016. The data submission rejection rate, which measures the overall quality of data, stood at 0.7 percent, which is an improvement in the quality of data submitted from a rejection rate of 2.6 percent recorded in 2018. The current rejection rate of 0.7 percent is far below the industry's benchmark of 5.0 percent. The quality of data has improved over time due to ongoing refinement and validation of data being submitted by credit information providers to credit bureaus.

The Bank continued to achieve a market coverage of 83 percent against a threshold of 80 percent of institutions submitting data to the credit bureaus. Market coverage is vital for the lending institutions as assurance that a complete credit record of an individual is available at bureaus to inform their credit decisions. Credit information sharing from all credit information providers continues to be a focus area for the Bank. The *banking institutions*, *microlenders* and *retail* sectors made up 83 percent of the market against a measurement target of 80 percent, as outlined in Annexure 3 of the Credit Bureau Regulations. The Bank will therefore continue to engage the other sectors in the industry, such as *utilities, state agencies and local authorities*, to ensure full participation of all parties with credit performance information in the sharing of such information with credit bureaus.

The Bank hosted its 2nd Credit Information Day during the year under review. The theme for this year was "Effective Sharing of Credit Information", which served as a forum to provide feedback to the industry, from the statistics received from credit bureaus. The day also served as a platform to discuss challenges faced by industry regarding the effective sharing of credit information.

DEVELOPMENTS RELATING TO BANKING LEGISLATION

The Bank continued to review laws, regulations and policies, and to implement new measures to strengthen its oversight role over institutions under its supervisory ambit. In line with best practices, the Bank revised its licensing procedures. Notable developments that took place in the banking regulatory landscape are outlined below:

PRIMARY LEGISLATIVE CHANGES

The revision of the Banking Institutions Act (Act No. 2 of 1998) continued to ensure that the regulatory framework for the regulation and supervision of banking institutions in Namibia remains effective and relevant. The Banking Institutions Bill was approved by the Cabinet Committee on Legislation and is expected to be tabled in Parliament during 2020.

SECONDARY LEGISLATIVE CHANGES

During the period under review, the Bank revised some secondary legislation in line with standards for effective prudential regulation and supervision for banks. The following Determinations were issued by the Bank during 2018:

a) **Determination on Limits on Exposures to Single Borrowers, Large Exposures and Concentration Risk (BID-4)**
This Determination was revised and published in the Government Gazette on 14 March 2019. The Determination sets out conditions and limitations on the borrowing of excessive amounts of a bank's funds by one person or a group of related persons or group of counterparties, whose performance is determined by common or correlated underlying factors. The Determination was revised to adjust the level of the total of all exposures outstanding at any time to a single person, or a group of related persons, from 30 percent to 25 percent of a bank's capital funds. The revision is in line with a standard set by international standard-setting bodies on banking regulation.

b) **Determination on Liquidity Risk Management (BID-6)**
This Determination is intended to ensure that banking institutions maintain effective liquidity management systems. It was published in the Government Gazette on 28 August 2019. The Determination was revised in order to strengthen the quantitative liquidity risk framework of banking institutions. Its revision is in line with section 31(1) of the Banking Institutions Act of 1998 (Act No. 2 of 1998), as amended, which requires the Bank to determine the minimum liquid assets which a banking institution shall hold at any time, or over the required period.

CYBERSECURITY AND CYBER RISK

INTRODUCTION

The importance of cybersecurity and cyber risk has come to the forefront of all sectors of industry, where unprecedented amounts of information are collected, processed and stored. Various institutions, including financial institutions, house large amounts of sensitive company information and the personal information of their employees and clients, which has made them attractive targets for information theft. The value of information has heightened the probability of attacks, and the first line of defence against cyber risk therefore rests with these institutions.

The rise in the use of the internet, computers and electronic devices has created a more connected global network, but this has also created a new wave of cybercrimes. Cybercrime has become increasingly common over the past years due to the increase in the use of digital technologies. Globally, there has been a rise in the number of incidents of cybercrime and their complexity, as cyber criminals adapt and change in an attempt to gain access to information with the aim of generating a profit.

The nature of financial services and large-value transaction flows make banking institutions particularly vulnerable to cybercrimes. Cybersecurity has become even more important over time as banks need to manage the associated risks and protect this information from unauthorised access and use. This is attributed to increases in the cost of dealing with breaches which are suggested to be at USD 3.92 million on average, which equates to N$57 million, as stated by the 2019 IBM report on the cost of a breach. Other factors include the complexity of the cyberattacks, which is brought about by externally exposed systems such as websites that provide new entry points for possible attacks.

There are several reasons why banking institutions should have cybersecurity at the top of their priority list, chief among them being the financial loss and damage to the reputation of the institution that often results from a failure to prevent cyber incidents. Furthermore, cyber incidents can also result in the banking institution receiving hefty fines from the regulatory authority for non-compliance. A large-scale loss of data integrity or prolonged disruption in financial services for large banks may also have systemic consequences.

CYBERSECURITY: WHY IS IT IMPORTANT?

Cybersecurity is the practice of protecting digital data, systems, networks, and programmes from digital attacks. There are a number of definitions for cybersecurity, but it can be defined as the body of technologies, processes, controls, and practices designed to protect networks, devices, programmes, and data from attack, damage, or unauthorised access. Cybersecurity may also be referred to as information technology security and is a subset of information security. Information security generally focuses on maintaining and protecting confidentiality, integrity and availability of information. Cyber risk is defined as the risk of financial loss, disruption or damage to the reputation of an organisation resulting from the failure of its information technology systems.

Although most cyber-crimes are committed by individuals or small groups, in recent years there has been a rise organised crime groups. Cybercriminal individuals or groups share strategies and technologies and combine forces to launch coordinated attacks targeting digital systems or networks with the intention of stealing sensitive company information or personally identifiable information (information that can be used to identify, locate, or contact a specific individual, and in the hands of cybercriminals can have catastrophic consequences for an individual or an institution). Other attacks may cause prolonged major disruption of financial services, leaving banks unable to operate and clients unable to transact.

Cyber risk could originate internally from within the institution or from an external source. Threats may originate from within the institution itself from an unhappy employee or a disgruntled third-party with legitimate access to the institution's systems. Other attack methods that are common among cybercriminals are the various social engineering attacks such as phishing, whereby an attacker uses email, social media, instant messaging and SMSs to trick victims into providing personal information or visiting a malicious website in an attempt to compromise their system.

An example of an external source is Formjacking. This uses malicious code to steal credit card details and other information from payment forms on the checkout web pages of e-commerce sites. Formjacking saw an upward trajectory in 2018. Symantec data shows that 4 818 unique websites were compromised with Formjacking code every month in 2018.

REGULATING CYBER RISK IN THE FINANCIAL SECTOR

Financial institutions have become leading targets of cyber attacks. Banks are where the money is, and for cybercriminals, attacking banks offers multiple avenues for profit through extortion, theft, and fraud. Early attacks facing banks by hackers were unsophisticated and aimed at building a reputation within the hacker community. However, cybercriminals became aware of the potential rewards of successfully gaining access to sensitive information, and this has led to more technically savvy cybercriminals and more organised cybercriminal organisations.

High-profile cyber-attacks on financial institutions have focused attention on the need to strengthen cybersecurity regulation and supervision. The Bank of Namibia as the regulatory and supervisory authority for banking institutions has made strides in implementing a framework which includes specific regulation and guidelines to address information and cyber risk in banks. In 2016 the Bank issued the Determination on Information Security (BID-30), which became effective on 1 March 2018. BID-30 outlines principles of effective information security management which banks are required to adhere to in managing information and cyber risk. Subsequently, the Bank issued the Circular on Information Security (BIA 1/30) in 2019, which provided further guidelines on the principles in the Determination BID-30.

Supervision of cyber risk is significantly enhanced by incorporating regulatory expectations for reporting and information sharing. Supervisory reporting provides a view of timeliness of incident detection and response, and also of cyber risk exposure and emerging trends. As the threat landscape is so vast and ever-evolving, information sharing helps institutions to better prepare and defend themselves against attackers and emerging methods of attacks. The Bank has implemented a three-tier reporting and information sharing framework which includes regulatory reporting requirements for banks, an industry information-sharing platform, and information-sharing among regulators across jurisdictions. More recently, as part of its supervisory activities, the Bank partnered with a service provider to conduct maturity assessments to determine the cyber posture of the industry and identify gaps with the aim of improving industry resilience and the regulatory framework.

At the national level, jurisdictions are updating regulatory requirements and developing supervisory practices to promote cyber resilience. With the Circular on Information Security (BIA 1/30), the Bank highlighted the importance of acquiring the relevant skills and cybersecurity education. This is aimed at ensuring that the Bank's frameworks are aligned towards plugging this gap.

CONCLUSION

Cybersecurity must be understood as an ongoing process rather than something that can be done once and then forgotten. Understanding that cybersecurity is not a once-off task, but rather an ongoing strategy, is critical for the security and continued existence of an organisation.

As information technology becomes more integrated into society, the incentive to compromise the security of deployed IT systems grows. As innovation produces new information technology applications, new avenues for criminals, terrorists, and other hostile parties also emerge, along with new vulnerabilities that cybercriminals can exploit. As the number of people with access to cyberspace multiplies, so too does the number of possible victims, and also the number of potential cybercriminals.

Table D.5 Composition of the balance sheet - N$ '000

	2015	2016	2017	2018	2019
Interbank Funding	4,073,676	4,708,167	4,928,891	5,859,932	5,670,078
Non-bank Funding:	**77,762,133**	**83,855,085**	**93,538,828**	**98,228,237**	**107,498,106**
Demand	39,164,503	40,200,591	43,119,820	46,710,146	50,589,762
Savings	3,501,871	3,383,305	3,390,385	3,322,830	3,514,505
Fixed & notice deposits	11,198,142	16,379,879	18,472,485	18,951,116	23,013,478
Negotiable Certificates of Deposit	20,566,976	21,171,093	23,397,628	24,850,867	25,534,926
Foreign Funding	3,330,641	2,720,217	5,158,509	4,393,278	4,845,435
Loans under repurchase agreement	-	-	-	-	-
Debt Instruments issued	3,437,993	4,189,830	5,028,350	6,050,339	5,702,393
Other borrowings	1,180,719	1,721,937	2,802,767	2,640,763	2,741,366
Other liabilities	2,852,231	3,418,723	3,012,262	4,199,039	4,185,509
Capital & Reserves	10,626,209	12,166,369	14,376,078	15,219,709	16,397,663
TOTAL FUNDING	**99,932,962**	**110,060,112**	**123,687,176**	**132,198,019**	**142,195,116**
Cash and Balances	8,030,748	8,759,938	12,027,513	12,335,401	13,683,533
Short term negotiable securities	7,842,418	8,910,467	11,811,872	15,427,531	15,655,669
Interbank loans and advances	-	-	37,325	-	-
Foreign currency loans and advances	1,194,043	726,207	478,635	183,122	201,641
Instalment debtors and leases	12,476,395	13,123,858	12,409,417	11,535,307	10,895,376
Mortgage loans	40,065,538	43,696,678	47,486,896	50,415,702	53,240,043
Other fixed term loans	8,375,449	9,939,039	12,534,536	15,093,974	16,744,372
Personal loans	3,940,908	4,569,454	5,448,681	5,809,423	7,344,641
Overdraft	9,955,822	10,831,391	11,299,722	11,988,932	12,662,267
Credit card debtors	462,956	522,564	646,978	709,985	728,822
Acknowledgement of debts discounted	-	-	-	198,983	235,195
Loans granted under resale agreement	32,933	43,796	15,511	-	61,075
Investment in Preference Shares	652,219	569,685	554,312	417,910	1,346,814
Other loans and advances	1,016,296	1,041,241	739,344	550,787	406,122
Total loans and advances	78,172,558	85,063,912	91,651,359	96,904,126	103,866,369
Less: Specific provisions	354,359	271,444	399,383	662,610	974,136
Less: General provisions	627,835	657,545	699,492	962,336	1,089,074
Less: Interest-in-suspense	113,372	159,695	269,889	437,229	579,181
Investment portfolio	3,781,590	4,348,061	4,201,077	5,216,581	6,494,533
Trading securities	2,244,822	2,827,188	2,314,082	3,130,939	3,658,952
Available for sale securities	1,520,885	1,500,512	1,863,565	2,056,957	2,798,750
Held to maturity securities	-	-	-	-	-
Unconsolidated subsidiaries, associates	15,883	20,361	23,430	28,684	36,831
Property, plant and equipment	1,720,398	1,848,851	2,095,836	2,109,830	2,346,834
Other assets	1,480,816	2,217,567	3,268,284	2,266,724	2,790,569
TOTAL ASSETS	**99,932,961**	**110,060,112**	**123,687,176**	**132,198,018**	**142,195,116**
Average Assets	**84,604,076**	**104,996,537**	**116,873,644**	**127,942,597**	**137,196,567**
Average Equity	**9,794,400**	**11,396,289**	**13,271,224**	**14,797,893**	**15,808,686**
Interest earning assets	80,842,698	88,302,927	94,460,242	82,930,932	82,930,933
Average interest earning assets	75,243,801	84,572,813	91,381,585	88,695,587	82,930,933

Table D.6 Capital adequacy - N$ '000

	2015	2016	2017	2018	2019
Common Equity Tier 1 capital	**9,269,847**	**10,320,048**	**12,478,149**	**13,918,355**	**13,304,267**
Paid up equity capital(ordinary shares) issued by the bank	23,860	23,861	728,046	808,046	23,861
Share premium resulting from the issue of Ordinary shares included included in Common Equity Tier 1 capital	2,262,554	2,262,554	2,322,078	2,322,078	2,462,553
Retained profits after deducting any interim audited loss or final dividend declared	3,733,820	3,705,283	4,449,877	5,017,541	11,279,103
Accumulated other comprehensive income and other disclosed reserves , excluding revaluation of surplus on land and building assets	3,382,818	4,449,763	5,129,071	5,869,213	10,325
Current Interim profits	-	-	-	-	-
Ordinary shares issued by consolidated subsidiaries of the bank and held by the third parties	-	-	-	-	-
Less: Regulatory deductions	133,205	121,413	150,923	98,521	471,575
Goodwill and other intangibles	133,205	121,413	150,923	98,521	334,027
Deferred tax assets	-	-	-	-	89,989
Defined benefit pension fund assets and liabilities	-	-	-	-	47,559
Additional Tier 1 Capital	-	-	-	-	-
Total Tier 1 Capital	9,269,847	10,320,048	12,478,149	13,918,355	13,304,267
Tier 2 capital	**1,893,492**	**2,327,928**	**2,627,261**	**2,928,511**	**2,357,284**
Instruments issued by banks that meet the criteria for inclusion in Tier 2 capital*	-	-	-	-	761,600
Share premium (stock surplus) resulting from the issuance of instruments included in Tier 2 capital	-	-	-	-	-
Instruments issued by consolidated subsidiaries of banks	-	-	-	-	-
Subordinated-term Debt**	782,419	783,169	1,000,256	1,103,375	-
Current Unaudited profits**	281,548	657,702	685,199	799,180	584,098
General Provisions	809,943	867,475	922,225	979,972	989,240
Revaluation Reserves**	19,582	19,582	19,582	45,985	22,346
Less: Investment in unconsolidated subsidiaries	-	-	-	-	-
Total Qualifying capital	**11,163,339**	**12,647,976**	**15,105,410**	**16,846,866**	**15,661,551**
Aggregated Risk-weighted Assets	**78,321,755**	**83,507,641**	**91,102,229**	**100,791,271**	**102,466,062**
Total Risk-weighted amount for Credit Risk	68,421,031	73,011,286	79,067,022	87,150,482	88,744,621
Calibrated Risk-weighted amount for Operational Risk	9,146,259	9,850,340	11,152,167	11,861,507	12,465,695
Calibrated Risk-weighted amount for Market Risk	754,464	646,015	883,040	1,779,281	1,255,746
Gross Assets	**98,620,998**	**110,867,690**	**124,625,108**	**133,720,754**	**144,978,776**

* Instruments issued by banks that meet the criteria for inclusion in Tier 2 capital is an addition under the new Basel III Capital accord (previously subordinated term debt).

** Subordinated-term debt, Current unaudited profits and Revaluation reserves will phase out over a four year period as per Basel III capital accord.

Table D.7 Analysis of overdue and non-performing loans - N$ '000

		2015	2016	2017	2018	2019
Overdue loans		**2,798,418**	**2,493,720**	**3,741,637**	**7,227,315**	**9,116,039**
Amounts overdue:	1 to <2 months	708,559	359,286	561,831	2,798,721	2,959,769
Amounts overdue:	2 to < 3 months	879,935	823,363	888,123	960,703	1,160,120
Amounts overdue:	3 to < 6 months	331,466	363,027	825,003	1,097,144	1,042,062
Amounts overdue:	6 to <12 months	150,113	167,687	401,307	621,068	631,019
Amounts overdue:	12 to <18 months	728,346	780,356	1,065,373	1,749,680	3,323,069
Amounts overdue:	18 months and above	0	0	0	0	0
Total Non-performing loans		**1,209,772**	**1,311,071**	**2,270,009**	**3,467,892**	**4,994,204**
Instalment sales		193,930	183,381	228,827.5	268,272	268,265
Mortgages		654,651	775,291	1,302,277.3	2,037,825	3,311,363
Personal loans/ Other fixed loans		73,350	70,916	112,034.0	140,768	182,120
Overdrafts		148,971	160,145	317,304.0	525,736	646,301
Other loans & advances		124,092	105,774	290,737.9	472,744	554,692
Credit cards		14,779	15,565	18,828.5	22,547	31,463
Realizable Security		849,150	1,009,911	1,610,865.1	2,382,495	3,369,223
Specific Provisions		368,217	288,106	433,454.6	662,610	974,136

Table D.8 Sectoral distribution of loans and advances - N$ ‘000

	2015	2016	2017	2018	2019
Total loans and advances	**78,172,557**	**85,063,910**	**91,651,359**	**96,906,666**	**103,866,369**
Agriculture and Forestry	2,967,529	3,168,669	2,383,368	5,116,113	4,266,864
Fishing	633,924	528,978	495,496	994,897	1,416,122
Mining	1,717,518	1,280,165	1,396,899	2,038,453	1,884,363
Manufacturing	1,974,747	1,891,542	1,429,850	2,244,615	2,816,203
Construction	3,737,230	3,477,639	2,845,316	3,975,097	3,492,510
Electricity, Gas and Water	822,624	758,748	1,198,279	1,477,039	2,643,425
Trade and Accommodation	15,175,448	15,804,622	8,797,065	9,532,382	6,892,056
Transport and Communication	1,191,558	1,287,591	1,056,241	1,547,058	2,262,561
Finance and Insurance	2,491,898	3,834,884	2,328,622	5,584,176	7,234,303
Real Estate and Business Services	9,751,112	10,631,763	8,861,649	12,463,469	11,229,191
Government Services	5,508,926	2,293,339	2,427,380	1,621,711	5,809,435
Individuals	30,178,869	37,886,843	56,245,697	47,806,728	47,649,781
Other	2,021,174	2,219,127	2,185,498	2,504,928	6,269,554

Table D.9 Composition of income statement - N$ '000

	2015	2016	2017	2018	2019
Interest Income	**8,174,383**	**9,636,017**	**10,951,772**	**11,656,782**	**12,705,368**
Balances with banks	231,535	203,797	324,054	361,829	534,855
Installment debtors, hire purchase, etc	1,206,936	1,355,517	1,355,904	1,247,620	1,184,155
Mortgage loans: Residential	2,860,417	3,380,145	3,677,013	3,832,544	4,256,462
Mortgage Loans: Commercial	943,188	1,086,612	1,181,567	1,247,651	1,248,493
Personal loans	524,721	624,088	746,206	907,486	984,239
Fixed term loans	746,005	968,009	1,251,986	1,356,036	1,587,031
Overdraft	1,010,026	1,122,997	1,264,730	1,272,635	1,324,901
Other interest related income	651,555	894,852	1,150,311	1,430,980	1,585,232
Interest Expenses	**3,811,683**	**4,856,556**	**5,771,638**	**6,207,392**	**6,765,912**
Demand deposits	761,385	773,669	844,915	954,574	1,195,881
Current Accounts	464,088	597,664	636,266	616,459	635,312
Savings deposits	58,065	78,653	97,200	105,585	78,944
Fixed and notice deposits	660,475	927,884	1,328,870	1,457,357	1,537,209
Negotiable certificates of deposits	1,388,620	1,769,524	1,986,816	1,979,177	2,220,380
Debt instruments issued	217,058	327,471	410,341	491,053	536,141
Other interest related expenses	261,993	381,691	467,230	603,186	562,045
Interest Margin	**4,362,700**	**4,779,461**	**5,180,134**	**5,449,390**	**5,939,456**
Less: Provisions*	279,858	226,371	361,215	438,850	726,709
Total operating Income	3,352,068	3,515,867	3,720,234	4,168,290	4,416,057
Trading Income	628,392	580,268	406,319	517,021	523,035
Investment Income	158,320	132,593	168,319	183,824	227,124
Transaction-based Fee Income	2,333,504	2,561,890	2,786,720	3,097,543	3,325,586
Knowledge-based Fee Income	158,320	146,029	194,324	178,776	194,657
Other income	73,533	95,088	164,552	191,126	145,655
Total Income	**7,714,768**	**8,295,328**	**8,900,369**	**9,617,680**	**10,355,514**
Total Operating Expenses	3,871,719	4,395,144	4,965,781	5,476,774	5,747,584
Staff costs	2,000,350	2,271,230	2,621,600	2,859,971	3,084,773
Administration & Overheads	935,376	1,087,884	1,183,180	1,383,737	1,347,640
Depreciation and amortisation	194,854	232,308	287,049	339,122	414,010
Occupancy expenses	268,758	291,762	323,707	342,043	282,133
Other operating expenses	472,381	511,960	550,244	551,901	619,028
Net Income Before Tax	3,563,192	3,673,813	3,573,373	3,702,056	3,881,221
Taxation	1,094,835	1,145,423	1,105,296	1,119,283	1,144,903
Net Income After Tax	**2,468,356**	**2,528,390**	**2,468,077**	**2,582,773**	**2,736,319**

*Excluded in Total Income figures, and deducted from the Net Income before Tax.

Table D.10 Selected key ratios

	2015	2016	2017	2018	2019
Capital					
Tier 1 Leverage	9.4%	9.3%	10.0%	10.4%	9.2%
Tier 1 Risk-weighted Capital	11.8%	12.4%	13.7%	13.8%	13.0%
Total Risk-weighted Capital	14.3%	15.1%	16.6%	15.6%	15.3%
Asset Quality					
Non-performing loans to Total loans	1.6%	1.5%	2.5%	3.6%	4.8%
Overdue loans to Total loans	3.6%	2.9%	4.1%	7.5%	8.8%
Total Provisions to Total loans	1.1%	1.0%	1.1%	1.3%	1.3%
Specific Provisions to Non-performing loans	29.3%	20.7%	17.3%	19.1%	19.5%
Earnings					
Return on Assets	2.5%	2.3%	2.1%	2.0%	2.0%
Return on Equity	24.5%	24.1%	18.6%	18.5%	17.3%
Net Interest Margin	6.1%	5.9%	5.7%	4.3%	6.0%
Other Operating Income: Total Assets	3.4%	2.4%	3.0%	3.2%	3.1%
Other Operating Income: Total Income	36.1%	39.5%	41.8%	43.3%	42.6%
Other Exp: Total Income	51.6%	51.0%	55.8%	56.9%	56.2%
Liquidity					
Liquid Assets / Total Assets	11.3%	11.4%	12.9%	13.7%	13.4%
Liquid Assets / Average total liabilities	13.1%	13.3%	14.6%	15.6%	15.3%
Total Loans / Total Assets	77.4%	76.5%	73.5%	72.1%	71.6%
Total Loans / Total Deposits	97.3%	97.6%	93.5%	94.6%	92.9%
Growth Rates					
Total Assets	14.6%	10.1%	12.4%	6.9%	7.6%
Total Qualifying Capital	16.4%	13.3%	19.4%	10.7%	-7.0%
Tier 1 Capital	19.1%	11.3%	20.9%	11.3%	-4.4%
Total Loans	15.0%	8.8%	7.7%	5.7%	7.2%
Total Deposits	11.6%	7.8%	11.5%	5.0%	9.4%
Overdue loans	20.0%	-10.9%	50.0%	93.2%	26.1%
Non-performing loans	22.5%	8.4%	73.1%	52.8%	44.0%
Liquid Assets	13.0%	10.5%	25.5%	14.9%	5.7%
Large Exposures	3.9%	1.9%	22.6%	-24.8%	-16.3%
Off-Balance Sheet Items	9.2%	8.6%	15.3%	24.8%	-10.8%

Part E
Statistical Tables

Contents

METHODS AND CONCEPTS

BALANCE OF PAYMENTS

Accrual accounting basis

This applies when 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.

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.

Balance of Payments

The balance of payments (BOP) is a statistical statement that systematically summarises transactions between residents and non-residents during a period. It consists of the goods and services account, the primary income, the secondary income, the capital account, and the financial account 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 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.

Residency

In the balance of payments, the concept of residency is based on a sectoral transactor's center of economic interest. Country boundaries recognised for political purposes may not always be appropriate for economic interest purposes. Therefore, it is necessary to recognise 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.

Current Account

The current account balance shows flows of real resources or financial in the goods, services, primary income, secondary income and capital transfers between residents and non-residents. The current account balance shows the difference between the sum of exports and income receivable and the sum of imports and income payable (exports and imports refer to both goods and services, while income refers to both primary and secondary income).

Merchandise Trade Balance

This is the net balance of the total export and import of goods excluding transactions in services between residents and non-residents.

Goods

These are real transactions with change in the ownership of physical products and include consumer and capital goods.

Primary 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 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 a tangible asset e.g., car rental by a non-resident is excluded from income and is classified under services such as travel.

Secondary Income

The secondary income account shows current transfers between residents and non-residents. Various types of current transfers are recorded in this account to show their role in the process of income distributions between the economies. Transfers may be made in cash or in kind.

Capital Account

The capital account shows credit and debit entries for non-produced non-financial assets and capital transfers between residents and non-residents. It records acquisitions and disposals of non-produced non-financial assets, such as land sold to embassies and sales of leases and licenses, as well as capital transfers, that use the provision of resources for capital purposes by one party without anything of economic value being supplied as a direct return to that party.

Net Lending /Net borrowing

The sum of the balances on the current and capital accounts represents the net lending (surplus) or net borrowing (deficit) by the economy with the rest of the world. This is conceptually equal to the net balance of the financial account. In other words, the financial account (net change in financial assets minus net incurrence of liabilities) measures how the net lending to or borrowing from non-residents is financed.

Financial Account

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 financial liabilities of an economy consist of claims of non-residents on residents. The primary basis for classification of the financial account is by functional category in the following order; direct, portfolio, other investment and reserve assets.

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).

Portfolio Investment

Portfolio investment is defined as cross border transactions and positions involving debt or equity securities, other than those included in direct investment or reserve assets.

Other Investment

Other investment covers all financial instruments other than those classified as direct investment, portfolio investment or reserve assets.

Reserve Assets

Reserve assets consist of those external assets that are readily available to and controlled by 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.

Net Errors and Omissions

Theoretically, balance of payment accounts are in principle "balanced", however, practically, imbalances will arise due to imperfections in the source of data and its quality. This will usually necessitate a balancing item to measure the difference between recorded credits and or debits and omissions. This is what is referred to as net errors and omissions.

MONETARY AND FINANCIAL STATISTICS

Repo rate

The rate charged by the Bank of Namibia on advances on specific collateral to Commercial banks. 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 narrow and 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 eighteen financial intermediaries classified as ODCs in Namibia, i.e. First National Bank of Namibia, Standard Bank of Namibia, Nedbank Namibia, Bank Windhoek, Letshego Bank, Banco Atlantico, Trustco Bank Namibia, Agribank of Namibia, National Housing Enterprise, Namibia Post Office Savings Bank, Trustco Bank, Bank BIC, Stanlib Unit Trust, Ashburton, Prudential, Sanlam Unit Trust, Old Mutual Unit Trust, Capricorn Unit Trust and Investec.

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.

Other Financial Corporations (OFCs)
The OFC sub-sector at this stage consists of a sample of resident pension funds, insurance corporations and development finance institutions.

Deposit rate
The deposit rate refers to the weighted average deposit rate of the Commercial banks i.e. the rate that ODCs 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 ODCs 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.

Free-float Market Capitalisation
Free-float market capitalisation is the value of shares held by investors who are likely to be willing to trade. It is a measure of how many shares are reasonably liquid.

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 ODCs extend credit to each other.

Money Market Unit Trust (MMU)
The MMU sub-sector consists of all resident unit trust companies that have money market funds. There are currently seven of those companies in Namibia: Ashburton, Stanlib Unit Trust, Prudential, Sanlam Unit Trust, Old Mutual Unit Trust, Capricorn Unit Trust and Investec.

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.

PUBLIC FINANCE

Social sector
The social sector is composed of the following sub-sectors:

- Education, arts and culture
- Gender equality and child welfare
- Health and social services
- Sports, Youth and National services
- Veterans Affairs
- Poverty eradication and social welfare
- Higher education, training and innovation

Public safety sector
The public safety sector is composed of the following sub-sectors:

- Home affairs and immigration
- Safety and Security
- Defense
- Justice
- Judiciary
- Anti-corruption commission
- Attorney General

Infrastructural Sector
The infrastructural sector is composed of the following sub-sectors:

- Works
- Transport
- Information and communication technology

Administration Sector
The administration sector is composed of the following sub-sectors:

- Office of the President
- Office of the Prime Minister
- National Assembly
- Auditor General
- International Relations and Cooperation
- National Council
- Labour, industrial relations and employment creation
- Urban and rural development
- Electoral commission

Economic Sector
The economic sector is composed of the following sub-sectors:

- Finance
- Mines and energy
- Environment and tourism
- Industrialisation, trade and SME development
- Agriculture, water and forestry
- Fisheries and marine resources
- Land reform
- National planning commission
- Public Enterprises

STATISTICAL TABLES

Table 1.1 Aggregate economic indicators

Current prices	2015	2016	2017	2018	2019
GDP (N$ mil.)	145,207	156,879	169,529	178,052	178,677
% Change	8.4	8.0	8.1	5.0	0.4
GNI (N$ mil.)	144,973	153,779	166,420	172,575	173,650
% Change	8.8	6.1	8.2	3.7	0.6
GDP per capita (N$)	63,667	67,492	71,569	73,769	72,664
% Change	6.3	6.0	6.0	3.1	-1.5
GNI per capita (N$)	63,565	66,159	70,257	71,500	70,620
% Change	6.8	4.1	6.2	1.8	-1.2
Constant 2015 prices					
GDP (N$ mil.)	145,207	144,799	144,428	145,437	143,787
% Change	4.5	-0.3	-0.3	0.7	-1.1
GNI (N$ mil.)	144,973	143,571	147,278	146,573	146,025
% Change	7.8	-1.0	2.6	-0.5	-0.4
GDP per capita (N$)	63,667	62,296	60,972	60,256	58,475
% Change	2.6	-2.2	-2.1	-1.2	-3.0
GNI per capita (N$)	63,565	61,767	62,175	60,727	59,386
% Change	5.8	-2.8	0.7	-2.3	-2.2

Source: NSA

Table I.2 Gross Domestic Product and Gross National Income

Current prices - N$ million	2015	2016	2017	2018	2019
Compensation of employees	63,562	70,297	75,526	79,944	81,437
Consumption of fixed capital	16,024	17,522	18,052	19,512	20,835
Net operating surplus	54,503	56,896	62,785	64,330	61,946
Gross domestic product at factor cost	**134,089**	**144,716**	**156,363**	**163,787**	**164,218**
Taxes on production and imports	11,118	12,163	13,166	14,265	14,459
Gross domestic product at market prices	**145,207**	**156,879**	**169,529**	**178,052**	**178,677**
Primary incomes					
- receivable from the rest of the world	3,926	3,874	3,827	4,535	4,249
- payable to rest of the world	-4,159	-6,974	-6,936	-10,012	-9,276
Gross national income at market prices	**144,973**	**153,779**	**166,420**	**172,575**	**173,650**
Current transfers					
- receivable from the rest of the world	19,934	17,563	20,997	20,541	21,411
- payable to rest of the world	-1,990	-1,906	-1,867	-1,931	-2,149
Gross national disposable income	**162,917**	**169,436**	**185,551**	**191,186**	**192,911**
Current prices - N$ per capita					
Gross domestic product at market prices	**63,667**	**67,492**	**71,569**	**73,769**	**72,664**
Gross national income at market prices	63,565	66,159	70,257	71,500	70,620
Constant 2015 prices - N$ millions					
Gross domestic product at market prices	**145,207**	**144,799**	**144,428**	**145,437**	**143,787**
- Annual percentage change	4.5	-0.3	-0.3	0.7	-1.1
Real gross national income	144,973	143,571	147,278	146,573	146,025
- Annual percentage change	7.8	-1.0	2.6	-0.5	-0.4
Constant 2015 prices - N$ per capita					
Gross domestic product at market prices	63,667	62,296	60,972	60,256	58,475
- Annual percentage change	2.6	-2.2	-2.1	-1.2	-3.0
Real gross national income	63,565	61,767	62,175	60,727	59,386
- Annual percentage change	5.8	-2.8	0.7	-2.3	-2.2

Source: NSA

Table I.3 NATIONAL DISPOSABLE INCOME AND SAVINGS

Current prices - N$ million

Current prices - N$ million	2015	2016	2017	2018	2019
Disposable income and saving					
Gross national disposable income	**162,917**	**169,436**	**185,551**	**191,186**	**192,911**
Consumption of fixed capital	16,024	17,522	18,052	19,512	20,835
Net national disposable income	**146,893**	**151,914**	**167,499**	**171,674**	**172,077**
All other sectors	114,692	118,666	131,686	130,538	129,824
General government	32,201	33,248	35,813	41,136	42,252
Final consumption expenditure	**139,243**	**160,987**	**163,795**	**169,984**	**177,087**
Private	99,484	118,426	119,867	123,979	130,787
General government	39,759	42,561	43,929	46,005	46,300
Saving, net	**7,650**	**-9,073**	**3,704**	**1,689**	**-5,010**
All other sectors	15,207	241	11,819	6,559	-962
General government	-7,558	-9,314	-8,116	-4,870	-4,048
Financing of capital formation					
Saving, net	7,650	-9,073	3,704	1,689	-5,010
Capital transfers receivable from abroad	1,772	2,104	2,482	1,908	1,783
Capital transfers payable to foreign countries	-399	-162	-60	-182	-161
Total	**9,022**	**-7,131**	**6,125**	**3,416**	**-3,388**
Capital formation					
Gross fixed capital formation	**45,020**	**34,075**	**30,047**	**29,702**	**28,858**
All other sectors	38,144	28,774	25,436	24,391	22,614
General government	6,876	5,301	4,611	5,311	6,244
Consumption of fixed capital	**-16,024**	**-17,522**	**-18,052**	**-19,512**	**-20,835**
All other sectors	-14,701	-16,135	-16,559	-17,766	-18,801
General government	-1,324	-1,387	-1,493	-1,746	-2,034
Changes in inventories	**-660**	**293**	**-331**	**-3,724**	**-6,086**
Net lending (+) / Net borrowing(–)	**-19,314**	**-23,977**	**-5,538**	**-3,051**	**-5,326**
All other sectors	-3,578	-7,969	7,542	8,346	4,830
General government	-15,736	-16,008	-13,080	-11,397	-10,156
Discrepancy on GDP 1)	**0**	**0**	**1**	**1**	**0**
Net lending/borrowing in external transactions 2)	**-19,314**	**-23,977**	**-5,539**	**-3,051**	**-5,327**
Total	**9,022**	**-7,131**	**6,125**	**3,416**	**-3,388**

Source: NSA

Table I.4 (a) GROSS DOMESTIC PRODUCT BY ACTIVITY

Current prices - N$ Million

Industry	2015	2016	2017	2018	2019
Agriculture, forestry and fishing	8,967	9,805	11,965	12,397	11,816
Livestock farming	2,613	2,575	3,894	4,213	3,893
Crop farming and forestry	2,489	2,711	3,577	3,664	2,953
Fishing and fish processing on board	3,864	4,519	4,494	4,521	4,970
Mining and quarrying	12,965	14,839	14,007	16,008	16,599
Diamond mining	7,902	7,238	6,717	7,912	7,042
Uranium	1,367	1,429	1,690	2,215	2,539
Metal Ores	2,769	5,161	4,573	4,550	5,608
Other mining and quarrying	928	1,012	1,027	1,332	1,410
Primary industries	**21,932**	**24,645**	**25,973**	**28,405**	**28,415**
Manufacturing	16,524	18,333	20,216	21,407	20,982
Meat processing	574	637	536	541	582
Grain Mill products	1,890	1,704	2,308	2,244	2,503
Other food products	3,542	4,247	4,722	5,948	5,252
Beverages	2,498	2,290	2,620	2,723	2,882
Textile and wearing apparel	417	266	463	427	378
Leather and related products	315	298	314	322	309
Wood and wood products	500	505	582	541	538
Publishing and Printing	355	319	399	359	356
Chemical and related products	1,285	1,088	996	1,007	1,021
Rubber and Plastic products	387	352	347	351	347
Non-metallic mineral products	705	603	579	613	590
Basic non-ferrous metals	2,032	2,985	3,069	2,711	2,560
Fabricated Metals	726	631	514	578	605
Diamond processing	784	1,851	2,160	2,421	2,354
Other manufacturing	515	560	604	621	706
Electricity and water	2,545	5,162	5,773	6,667	6,118
Construction	8,061	4,947	3,994	3,828	3,819
Secondary industries	**27,130**	**28,442**	**29,983**	**31,902**	**30,918**
Wholesale and retail trade, repairs	16,394	16,759	18,542	17,918	18,182
Hotels and restaurants	2,764	2,956	3,035	2,966	3,893
Transport and Storage	4,626	5,245	5,534	5,709	5,433
Transport	3,614	4,249	4,366	4,493	4,081
Storage	1,012	996	1,169	1,216	1,352
Information Communication	2,107	2,348	2,622	2,459	2,580
Financial and insurance service activities	10,174	10,886	12,094	13,845	12,474
Real estate activities	7,408	8,134	9,136	9,557	10,213
Professional, scientific and techical services	1,197	1,184	1,170	1,214	1,276
Administrative and support services	1,933	1,742	1,799	1,896	1,829
Arts, Entertainment & Other Service activities	2,384	2,637	2,869	3,061	3,109
Public administration and defence	16,707	17,645	19,622	20,777	20,945
Education	12,808	14,884	16,538	17,441	18,839
Health	5,183	5,635	6,353	6,160	6,007
Private households with employed persons	1,007	1,090	1,168	1,188	1,202
Tertiary industries	**84,692**	**91,145**	**100,485**	**104,192**	**105,982**
All industries at basic prices	**133,754**	**144,232**	**156,441**	**164,499**	**165,315**
Taxes less subsidies on products	11,452	12,647	13,088	13,552	13,362
GDP at market prices	**145,207**	**156,879**	**169,529**	**178,052**	**178,677**

Source: NSA

Table I.4 (b) GROSS DOMESTIC PRODUCT BY ACTIVITY

Current Prices - Percentage Contribution

Industry	2015	2016	2017	2018	2019
Agriculture, forestry and fishing	6.2	6.3	7.1	7.0	6.6
Livestock farming	1.8	1.6	2.3	2.4	2.2
Crop farming and forestry	1.7	1.7	2.1	2.1	1.7
Fishing and fish processing on board	2.7	2.9	2.7	2.5	2.8
Mining and quarrying	8.9	9.5	8.3	9.0	9.3
Diamond mining	5.4	4.6	4.0	4.4	3.9
Uranium	0.9	0.9	1.0	1.2	1.4
Metal Ores	1.9	3.3	2.7	2.6	3.1
Other mining and quarrying	0.6	0.6	0.6	0.7	0.8
Primary industries	**15.1**	**15.7**	**15.3**	**16.0**	**15.9**
Manufacturing	11.4	11.7	11.9	12.0	11.7
Meat processing	0.4	0.4	0.3	0.3	0.3
Grain Mill products	1.3	1.1	1.4	1.3	1.4
Other food products	2.4	2.7	2.8	3.3	2.9
Beverages	1.7	1.5	1.5	1.5	1.6
Textile and wearing apparel	0.3	0.2	0.3	0.2	0.2
Leather and related products	0.2	0.2	0.2	0.2	0.2
Wood and wood products	0.3	0.3	0.3	0.3	0.3
Publishing and Printing	0.2	0.2	0.2	0.2	0.2
Chemical and related products	0.9	0.7	0.6	0.6	0.6
Rubber and Plastic products	0.3	0.2	0.2	0.2	0.2
Non-metallic mineral products	0.5	0.4	0.3	0.3	0.3
Basic non-ferrous metals	1.4	1.9	1.8	1.5	1.4
Fabricated Metals	0.5	0.4	0.3	0.3	0.3
Diamond processing	0.5	1.2	1.3	1.4	1.3
Other manufacturing	0.4	0.4	0.4	0.3	0.4
Electricity and water	1.8	3.3	3.4	3.7	3.4
Construction	5.6	3.2	2.4	2.1	2.1
Secondary industries	**18.7**	**18.1**	**17.7**	**17.9**	**17.3**
Wholesale and retail trade, repairs	11.3	10.7	10.9	10.1	10.2
Hotels and restaurants	1.9	1.9	1.8	1.7	2.2
Transport and Storage	3.2	3.3	3.3	3.2	3.0
Transport	2.5	2.7	2.6	2.5	2.3
Storage	0.7	0.6	0.7	0.7	0.8
Information Communication	1.5	1.5	1.5	1.4	1.4
Financial and insurance service activities	7.0	6.9	7.1	7.8	7.0
Real estate activities	5.1	5.2	5.4	5.4	5.7
Professional, scientific and techical services	0.8	0.8	0.7	0.7	0.7
Administrative and support services	1.3	1.1	1.1	1.1	1.0
Arts, Entertainment & Other Service activities	1.6	1.7	1.7	1.7	1.7
Public administration and defence	11.5	11.2	11.6	11.7	11.7
Education	8.8	9.5	9.8	9.8	10.5
Health	3.6	3.6	3.7	3.5	3.4
Private households with employed persons	0.7	0.7	0.7	0.7	0.7
Tertiary industries	**58.3**	**58.1**	**59.3**	**58.5**	**59.3**
All industries at basic prices	**92.1**	**91.9**	**92.3**	**92.4**	**92.5**
Taxes less subsidies on products	7.9	8.1	7.7	7.6	7.5
GDP at market prices	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

Source: NSA

Table I.5 (a) GROSS DOMESTIC PRODUCT BY ACTIVITY

Constant 2015 Prices - N$ million

Industry	2015	2016	2017	2018	2019
Agriculture, forestry and fishing	**8,967**	**9,030**	**9,659**	**9,474**	**9,232**
Livestock farming	2,613	2,483	2,727	2,713	2,531
Crop farming and forestry	2,489	2,231	2,581	2,403	2,078
Fishing and fish processing on board	3,864	4,316	4,352	4,358	4,623
Mining and quarrying	12,965	11,576	13,224	15,349	13,649
Diamond mining	7,902	7,044	8,066	9,283	7,643
Uranium	1,367	1,553	1,919	2,559	2,447
Metal Ores	2,769	1,820	1,342	1,352	1,351
Other mining and quarrying	928	1,159	1,897	2,155	2,208
Primary industries	**21,932**	**20,606**	**22,883**	**24,823**	**22,881**
Manufacturing	16,524	18,207	18,025	18,210	18,852
Meat processing	574	594	668	767	906
Grain Mill products	1,890	1,956	2,115	2,156	2,100
Other food products	3,542	3,916	3,713	3,753	3,791
Beverages	2,498	2,622	2,513	2,639	2,968
Textile and wearing apparel	417	409	455	459	449
Leather and related products	315	291	287	300	293
Wood and wood products	500	476	517	453	459
Publishing and Printing	355	324	364	316	294
Chemical and related products	1,285	1,122	910	845	832
Rubber and Plastic products	387	372	327	350	342
Non-metallic mineral products	705	662	545	517	537
Basic non-ferrous metals	2,032	2,554	2,658	2,553	2,867
Fabricated Metals	726	669	505	532	538
Diamond processing	784	1,725	1,921	2,045	1,901
Other manufacturing	515	513	526	527	575
Electricity and water	2,545	3,099	2,590	2,933	2,774
Construction	8,061	4,748	3,652	3,333	3,069
Secondary industries	**27,130**	**26,053**	**24,267**	**24,477**	**24,695**
Wholesale and retail trade, repairs	16,394	16,638	15,494	14,526	13,851
Hotels and restaurants	2,764	2,882	2,843	2,983	3,063
Transport and Storage	**4,626**	**4,825**	**4,592**	**4,430**	**4,279**
Transport	3,614	3,880	3,723	3,537	3,346
Storage	1,012	945	870	893	932
Information Communication	2,107	2,233	2,367	2,315	2,513
Financial and insurance service activities	10,174	10,288	10,654	10,653	11,295
Real estate activities	7,408	7,609	7,807	8,015	8,228
Professional, scientific and techical services	1,197	1,137	1,105	1,093	1,015
Administrative and support services	1,933	1,622	1,586	1,599	1,501
Arts, Entertainment & Other Service activities	2,384	2,454	2,444	2,453	2,406
Public administration and defence	16,707	16,684	17,046	17,160	17,537
Education	12,808	13,248	13,022	13,089	13,443
Health	5,183	5,689	5,941	5,412	5,154
Private households with employed persons	1,007	1,021	1,031	1,006	980
Tertiary industries	**84,692**	**86,332**	**85,934**	**84,736**	**85,265**
All industries at basic prices	**133,754**	**132,991**	**133,083**	**134,036**	**132,841**
Taxes less subsidies on products	11,452	11,808	11,345	11,401	10,946
GDP at market prices	**145,207**	**144,799**	**144,428**	**145,437**	**143,787**

Source: NSA

Table I.5 (b) GROSS DOMESTIC PRODUCT BY ACTIVITY

Constant 2015 Prices - Annual Percentage Changes

Industry	2015	2016	2017	2018	2019
Agriculture, forestry and fishing	-13.3	0.7	7.0	-1.9	-2.6
Livestock farming	-18.2	-5.0	9.8	-0.5	-6.7
Crop farming and forestry	-13.8	-10.4	15.7	-6.9	-13.5
Fishing and fish processing on board	-9.2	11.7	0.8	0.1	6.1
Mining and quarrying	-0.9	-10.7	14.2	16.1	-11.1
Diamond mining	-6.5	-10.9	14.5	15.1	-17.7
Uranium	-18.1	13.6	23.5	33.4	-4.4
Metal Ores	157.1	-34.3	-26.3	0.8	-0.1
Other mining and quarrying	-50.7	25.0	63.7	13.6	2.5
Primary industries	**-6.3**	**-6.0**	**11.0**	**8.5**	**-7.8**
Manufacturing	-3.1	10.2	-1.0	1.0	3.5
Meat processing	10.7	3.4	12.5	14.7	18.1
Grain Mill products	25.4	3.5	8.1	1.9	-2.6
Other food products	-14.7	10.6	-5.2	1.1	1.0
Beverages	7.0	5.0	-4.2	5.0	12.5
Textile and wearing apparel	8.0	-1.9	11.3	0.9	-2.3
Leather and related products	21.3	-7.6	-1.6	4.5	-2.1
Wood and wood products	-1.2	-4.8	8.6	-12.5	1.3
Publishing and Printing	13.7	-8.6	12.1	-13.2	-6.9
Chemical and related products	-4.4	-12.7	-18.9	-7.2	-1.6
Rubber and Plastic products	12.6	-3.8	-12.1	7.0	-2.3
Non-metallic mineral products	10.6	-6.1	-17.7	-5.1	3.8
Basic non-ferrous metals	-31.6	25.7	4.1	-4.0	12.3
Fabricated Metals	3.4	-7.8	-24.6	5.5	1.1
Diamond processing	35.3	119.9	11.4	6.4	-7.0
Other manufacturing	5.2	-0.4	2.6	0.1	9.2
Electricity and water	5.6	21.8	-16.4	13.2	-5.4
Construction	22.7	-41.1	-23.1	-8.7	-7.9
Secondary industries	**4.2**	**-4.0**	**-6.9**	**0.9**	**0.9**
Wholesale and retail trade, repairs	6.9	1.5	-6.9	-6.2	-4.7
Hotels and restaurants	4.0	4.3	-1.4	4.9	2.7
Transport and Storage	19.5	4.3	-4.8	-3.5	-3.4
Transport	25.1	7.4	-4.0	-5.0	-5.4
Storage	3.2	-6.6	-8.0	2.6	4.4
Information Communication	11.6	6.0	6.0	-2.2	8.6
Financial and insurance service activities	2.1	1.1	3.6	-0.0	6.0
Real estate activities	3.5	2.7	2.6	2.7	2.7
Professional, scientific and techical services	15.8	-5.1	-2.8	-1.1	-7.2
Administrative and support services	6.6	-16.1	-2.2	0.9	-6.2
Arts, Entertainment & Other Service activities	0.6	3.0	-0.4	0.4	-1.9
Public administration and defence	16.1	-0.1	2.2	0.7	2.2
Education	-2.5	3.4	-1.7	0.5	2.7
Health	19.5	9.8	4.4	-8.9	-4.8
Private households with employed persons	1.7	1.4	1.0	-2.5	-2.5
Tertiary industries	**7.3**	**1.9**	**-0.5**	**-1.4**	**0.6**
All industries at basic prices	**4.2**	**-0.6**	**0.1**	**0.7**	**-0.9**
Taxes less subsidies on products	8.8	3.1	-3.9	0.5	-4.0
GDP at market prices	**4.5**	**-0.3**	**-0.3**	**0.7**	**-1.1**

Source: NSA

Table I.6 (a) EXPENDITURE ON GROSS DOMESTIC PRODUCT

Current prices - N$ million

Expenditure category	2015	2016	2017	2018	2019
Final consumption expenditure	139,243	160,987	163,795	169,984	177,087
Private	99,484	118,426	119,867	123,979	130,787
General government	39,759	42,561	43,929	46,005	46,300
Gross fixed capital formation	45,020	34,075	30,047	29,702	28,858
Changes in inventories	-660.0	293.2	-331.5	-3723.6	-6085.6
Gross domestic expenditure	**183,604**	**195,355**	**193,511**	**195,963**	**199,859**
Exports of goods and services	51,631	55,180	57,683	64,712	63,984
Imports of goods and services	90,028	93,657	81,665	82,624	85,167
Discrepancy	0	0	1	1	0
Gross domestic product at market prices	**145,207**	**156,879**	**169,529**	**178,052**	**178,677**

Source: NSA

Table I.6 (b) EXPENDITURE ON GROSS DOMESTIC PRODUCT

Percentage shares of GDP

Expenditure category	2015	2016	2017	2018	2019
Final consumption expenditure	95.9	102.6	96.6	95.5	99.1
Private	68.5	75.5	70.7	69.6	73.2
General government	27.4	27.1	25.9	25.8	25.9
Gross fixed capital formation	31.0	21.7	17.7	16.7	16.2
Changes in inventories	-0.5	0.2	-0.2	-2.1	-3.4
Gross domestic expenditure	**126.4**	**124.5**	**114.1**	**110.1**	**111.9**
Exports of goods and services	35.6	35.2	34.0	36.3	35.8
Imports of goods and services	62.0	59.7	48.2	46.4	47.7
Discrepancy	0.0	0.0	0.0	0.0	0.0
Gross domestic product at market prices	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

Source: NSA

Table I.7 (a) EXPENDITURE ON GROSS DOMESTIC PRODUCT
Constant 2015 prices - N$ million

Expenditure category	2015	2016	2017	2018	2019
Final consumption expenditure	139,243	150,943	144,063	142,668	147,227
Private	99,484	110,757	104,714	103,344	107,747
General government	39,759	40,186	39,349	39,324	39,480
Gross fixed capital formation	45,020	32,944	29,445	30,334	30,278
Changes in inventories	-660	-491	700	-3,171	-5,225
Gross domestic expenditure	**183,604**	**183,396**	**174,208**	**169,831**	**172,281**
Exports of goods and services	51,631	51,260	52,394	60,995	59,647
Imports of goods and services	90,028	89,857	82,174	85,389	88,140
Discrepancy	0	-0	-0	-0	-0
Gross domestic product at market prices	**145,207**	**144,799**	**144,428**	**145,437**	**143,787**

Source: NSA

Table I.7 (b) EXPENDITURE ON GROSS DOMESTIC PRODUCT
Constant 2015 Prices - Annual Percentage change

Expenditure category	2015	2016	2017	2018	2019
Final consumption expenditure	13.3	8.4	-4.6	-1.0	3.2
Private	13.7	11.3	-5.5	-1.3	4.3
General government	12.1	1.1	-2.1	-0.1	0.4
Gross fixed capital formation	-5.6	-26.8	-10.6	3.0	-0.2
Changes in inventories	-0.5	0.1	0.8	-2.7	-1.4
Gross domestic expenditure	**7.6**	**-0.1**	**-5.0**	**-2.5**	**1.4**
Exports of goods and services	-12.0	-0.7	2.2	16.4	-2.2
Imports of goods and services	-0.4	-0.2	-8.6	3.9	3.2
Discrepancy	0.0	-0.0	-0.0	0.0	-0.0
Gross domestic product at market prices	**4.5**	**-0.3**	**-0.3**	**0.7**	**-1.1**

Source: NSA

Table I.8 GROSS FIXED CAPITAL FORMATION BY ACTIVITY

Current prices - N$ Million

Industry	2014	2015	2016	2017	2018
Agriculture	2,334	2,183	1,762	1,887	1,924
Fishing	404	1,141	735	1,123	1,512
Mining and quarrying	21,465	17,381	9,260	5,838	5,787
Manufacturing	4,441	4,675	4,330	4,691	4,614
Electricity and water	592	530	1,324	1,177	761
Construction	669	552	500	907	823
Wholesale and retail trade; hotels, restaurants	1,235	1,596	923	1,224	664
Transport, and communication	6,067	5,368	5,842	4,326	4,297
Finance, real estate, professional, administrative	3,050	3,974	3,579	3,832	4,022
Arts, entertainment, other services; private households	219	235	233	260	284
Producers of government services	6,965	7,383	5,587	5,132	5,853
Total	**47,441**	**45,020**	**34,075**	**30,397**	**30,540**
Percentage of GDP	35.4	31.0	21.7	17.9	17.3

Source: NSA

Table I.9 GROSS FIXED CAPITAL FORMATION BY ACTIVTY

Constant 2015 prices - N$ million

Industry	2014	2015	2016	2017	2018
Agriculture	2,410	2,183	1,655	1,836	1,978
Fishing	415	1,141	694	1,090	1,517
Mining and quarrying	21,719	17,381	9,182	6,202	6,887
Manufacturing	4,538	4,675	4,260	4,739	4,910
Electricity and water	589	530	1,276	1,132	750
Construction	695	552	500	975	1,036
Wholesale and retail trade; hotels, restaurants	1,250	1,596	913	1,207	694
Transport, and communication	6,105	5,368	5,402	3,968	3,750
Finance, real estate, professional, administrative	3,062	3,974	3,548	3,715	3,877
Arts, entertainment, other services; private households	222	235	221	248	269
Producers of government services	6,706	7,383	5,293	4,643	5,213
Total	**47,710**	**45,020**	**32,944**	**29,755**	**30,881**
Annual change, per cent	22.4	-5.6	-26.8	-9.7	3.8

Source: NSA

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

Current prices - N$ million

Type of Asset	2014	2015	2016	2017	2018
Buildings	7,730	7,957	7,180	7,744	7,610
Construction works	15,116	17,759	10,542	7,328	7,453
Transport equipment	8,498	7,262	6,366	6,218	5,168
Machinery and other equipment	14,207	11,193	9,336	8,522	9,101
Mineral exploration	1,890	851	650	585	1,209
Total	**47,441**	**45,020**	**34,075**	**30,397**	**30,540**

Source: NSA

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

Constant 2015 prices - N$ million

Type of Asset	2014	2015	2016	2017	2018
Buildings	7,786	7,957	6,938	7,255	6,752
Construction works	14,334	17,759	9,926	6,309	5,985
Transport equipment	8,863	7,262	6,064	5,954	4,486
Machinery and other equipment	14,769	11,193	9,389	9,650	12,468
Mineral exploration	1,959	851	627	588	1,191
Total	**47,710**	**45,020**	**32,944**	**29,755**	**30,881**

Source: NSA

Table I.12 GROSS FIXED CAPITAL FORMATION BY OWNERSHIP

Current prices - N$ million

Ownership	2014	2015	2016	2017	2018
Public	9,817	10,744	9,590	9,209	9,696
Producers of government services	6,965	7,383	5,587	5,132	5,853
Public corporations and enterprises	2,852	3,361	4,003	4,077	3,842
Private	37,624	34,276	24,485	21,188	20,845
Total	**47,441**	**45,020**	**34,075**	**30,397**	**30,540**

Source: NSA

Table I.13 GROSS FIXED CAPITAL FORMATION BY OWNERSHIP

Constant 2015 prices - N$ million

Ownership	2014	2015	2016	2017	2018
Public	9,117	10,744	8,992	8,242	8,290
Producers of government services	6,706	7,383	5,293	4,643	5,213
Public corporations and enterprises	2,410	3,361	3,699	3,599	3,077
Private	38,594	34,276	23,952	21,513	22,591
Total	**47,710**	**45,020**	**32,944**	**29,755**	**30,881**

Source: NSA

Table I.14 FIXED CAPITAL STOCK BY ACTIVITY

Current prices - N$ million

Industry	2014	2015	2016	2017	2018
Agriculture	9,584	9,883	10,541	10,449	10,872
Fishing	51,824	61,042	64,977	64,443	65,412
Mining and quarrying	35,357	36,801	38,048	38,499	40,155
Manufacturing	3,930	4,771	5,633	6,373	7,937
Electricity and water	14,915	14,137	15,474	17,287	18,428
Construction	2,981	2,654	2,348	2,243	2,152
Wholesale and retail trade; hotels, restaurants	9,805	10,328	10,293	10,806	10,797
Transport, and communication	28,584	30,716	35,829	38,131	43,322
Finance, real estate, professional, administrative	47,407	49,622	51,903	55,818	59,375
Arts, entertainment, other services; private households	1,314	1,347	1,461	1,594	1,765
Producers of government services	51,769	55,289	62,156	70,366	78,516
Total	**257,470**	**276,590**	**298,664**	**316,009**	**338,731**

Source: NSA

Table I.15 FIXED CAPITAL STOCK BY ACTIVITY

Constant 2015 prices - N$ million

Industry	2014	2015	2016	2017	2018
Agriculture	9,944	9,883	9,766	9,665	9,554
Fishing	52,500	61,042	62,647	61,340	59,984
Mining and quarrying	36,009	36,801	37,180	37,388	37,956
Manufacturing	4,076	4,771	5,259	5,949	7,048
Electricity and water	14,360	14,137	14,582	14,840	14,819
Construction	3,048	2,654	2,320	2,183	2,066
Wholesale and retail trade; hotels, restaurants	9,917	10,328	10,150	10,340	10,021
Transport, and communication	28,419	30,716	32,852	34,021	34,832
Finance, real estate, professional, administrative	47,567	49,622	51,283	52,988	54,736
Arts, entertainment, other services; private households	1,299	1,347	1,400	1,458	1,516
Producers of government services	49,737	55,289	58,964	61,666	64,575
Total	**256,877**	**276,590**	**286,404**	**291,838**	**297,106**

Source: NSA

Table 1.16 (a) NATIONAL CONSUMER PRICE INDEX (December 2012 = 100)

	Food & non-alcoholic beverages	Alcoholic beverages & tabacco	Clothing and foot dwear	Housing,water, electricity, gas & others	Furniture, household equipment & maintenance	Health	Transport	Communications	Recreation & culture	Education	Hotels, cafes & restaurands	Miscellaneous goods & services	All items	All Items Annual percentage changes
weights	**16.45**	**12.59**	**3.05**	**28.36**	**5.47**	**2.01**	**14.28**	**3.81**	**3.55**	**3.65**	**1.39**	**5.39**	**100.0**	
2015	**117.6**	**121.5**	**106.8**	**108.3**	**111.4**	**110.5**	**108.7**	**100.6**	**113.1**	**117.3**	**117.8**	**112.2**	**112.3**	**3.4**
2016	**130.2**	**129.6**	**107.0**	**116.7**	**117.8**	**118.3**	**112.2**	**103.2**	**119.6**	**126.1**	**127.0**	**117.5**	**119.8**	**6.7**
2017														
Jan-17	137.4	132.6	107.6	126.7	124.4	123.6	115.1	106.9	121.4	135.9	132.7	123.2	126.1	8.2
Feb-17	137.6	133.0	107.9	127.0	123.7	123.6	115.5	106.9	122.0	135.9	132.2	123.1	126.3	7.8
Mar-17	136.8	133.6	107.9	126.9	123.4	124.0	117.1	106.7	122.2	135.9	134.3	123.2	126.4	7.0
Apr-17	137.0	134.1	108.4	126.9	123.2	124.6	117.4	106.8	126.0	135.9	136.7	123.6	126.8	6.7
May-17	136.3	134.2	108.4	127.3	123.4	124.7	118.1	106.8	126.0	135.9	136.9	123.8	126.9	6.3
Jun-17	136.5	134.6	108.7	127.3	123.7	125.1	118.1	106.6	126.2	135.9	137.9	124.2	127.1	6.1
Jul-17	137.5	135.0	107.6	127.7	123.5	125.4	117.0	106.5	126.0	135.9	134.2	124.1	127.1	5.4
Aug-17	137.7	136.4	107.3	127.0	124.0	125.4	117.2	107.3	125.8	135.9	136.8	124.4	127.3	5.4
Sep-17	138.4	137.3	106.0	127.8	124.0	125.7	118.0	107.5	124.8	135.9	138.2	124.1	127.8	5.6
Oct-17	138.5	138.6	103.0	127.7	122.9	126.0	118.6	106.8	124.7	135.9	139.6	124.6	127.9	5.2
Nov-17	138.3	139.0	103.0	127.9	121.7	126.1	120.7	106.9	124.7	135.9	139.5	124.9	128.2	5.2
Dec-17	138.5	138.0	103.3	128.6	121.6	126.1	121.6	106.9	124.7	135.9	137.0	125.0	128.4	5.2
An. Av	**137.5**	**135.5**	**106.6**	**127.4**	**123.3**	**125.0**	**117.9**	**106.9**	**124.5**	**135.9**	**136.3**	**124.0**	**127.2**	**6.2**
2018														
Jan-18	140.1	138.2	104.0	131.3	123.2	131.2	122.4	106.9	124.5	149.5	138.9	129.0	130.5	3.6
Feb-18	140.4	138.9	103.4	131.1	123.8	131.3	123.1	106.9	124.8	149.5	138.9	128.8	130.7	3.5
Mar-18	140.5	139.3	101.8	131.1	124.5	131.5	123.5	107.1	125.6	149.5	139.4	128.4	130.9	3.5
Apr-18	140.9	140.5	102.1	131.1	124.5	131.6	124.1	106.7	127.9	149.5	140.1	129.0	131.3	3.6
May-18	141.6	141.5	102.5	131.5	124.6	131.8	124.7	106.8	129.1	149.5	141.3	128.9	131.8	3.8
Jun-18	141.8	141.5	102.3	131.4	125.0	131.8	126.7	106.9	129.3	149.5	140.6	129.3	132.1	4.0
Jul-18	141.5	144.2	102.2	132.4	124.2	131.7	127.5	106.7	129.9	149.5	142.4	129.2	132.8	4.5
Aug-18	141.3	143.7	101.8	132.5	124.1	131.7	128.5	105.8	130.0	149.5	143.0	129.2	132.9	4.4
Sep-18	141.8	144.9	102.6	132.6	124.4	131.9	133.2	106.1	131.0	149.5	143.2	129.0	133.9	4.8
Oct-18	142.5	145.4	103.3	132.6	124.0	132.0	134.8	108.0	130.7	149.5	144.5	130.1	134.4	5.1
Nov-18	144.8	146.9	102.5	132.6	124.7	132.2	137.3	108.3	131.1	149.5	143.5	129.4	135.4	5.6
Dec-18	145.6	146.1	103.1	132.6	124.1	132.2	134.8	108.2	131.5	149.5	143.0	130.1	135.0	5.1
An. Av	**141.9**	**142.6**	**102.6**	**131.9**	**124.3**	**131.7**	**128.4**	**107.0**	**128.8**	**149.5**	**141.6**	**129.2**	**132.6**	**4.3**
2019														
Jan-19	148.1	147.1	103.3	135.1	125.2	133.9	131.3	108.2	131.4	167.4	145.9	131.1	136.6	4.7
Feb-19	148.7	147.4	102.7	133.6	125.3	134.4	132.3	108.3	132.8	166.4	146.5	131.1	136.5	4.4
Mar-19	148.7	148.7	102.7	133.9	125.2	135.5	132.0	108.1	133.4	166.4	146.7	131.4	136.8	4.5
Apr-19	148.4	151.0	102.7	133.9	125.8	134.9	133.0	108.1	133.7	167.3	147.5	131.8	137.2	4.5
May-19	147.9	149.3	102.5	134.0	125.9	135.2	134.1	108.2	134.9	167.3	148.0	131.7	137.2	4.1
Jun-19	147.3	149.2	103.3	134.1	126.4	135.3	135.6	108.1	134.5	167.3	148.2	131.7	137.3	3.9
Jul-19	146.4	149.1	103.4	135.3	126.4	135.6	136.2	108.1	134.1	167.3	148.0	132.1	137.7	3.6
Aug-19	147.1	149.3	103.4	135.0	127.8	135.9	136.3	107.6	134.6	167.3	147.8	132.2	137.8	3.7
Sep-19	148.0	149.7	104.0	135.1	128.2	136.1	136.6	108.8	136.2	167.3	147.2	132.5	138.2	3.3
Oct-19	148.4	151.0	104.2	135.1	127.7	136.2	136.9	108.8	136.7	167.3	148.6	132.3	138.5	3.0
Nov-19	149.0	150.9	104.4	135.2	127.9	135.9	137.4	108.3	137.5	167.3	148.5	132.4	138.7	2.5
Dec-19	148.2	150.7	103.6	135.2	127.9	136.4	137.5	108.5	138.3	167.3	148.9	131.7	138.5	2.6
An. Av	**148.0**	**149.5**	**103.4**	**134.6**	**126.7**	**135.4**	**134.9**	**108.2**	**134.8**	**167.2**	**147.6**	**131.8**	**137.6**	**3.7**

Source: NSA

Table 1.16 (b) NATIONAL CONSUMER PRICE INDEX (December 2012=100)

	Services			Goods		
	Index	Monthly Infl. Rate	Annual infl. rate	Index	Monthly infl. rate	Annual infl. rate
2015	**109.0**	**0.3**	**3.1**	**114.8**	**0.3**	**3.5**
2016	**115.9**	**0.5**	**6.3**	**122.8**	**0.6**	**7.0**
2017						
Jan-17	124.5	6.6	8.3	127.3	0.8	8.1
Feb-17	124.6	0.1	8.1	127.6	0.3	7.5
Mar-17	124.6	-0.0	8.1	127.9	0.2	6.3
Apr-17	124.9	0.3	8.2	128.2	0.3	5.6
May-17	125.1	0.2	8.2	128.3	0.1	4.9
Jun-17	125.1	0.0	8.2	128.6	0.2	4.5
Jul-17	125.5	0.3	8.1	128.4	-0.1	3.5
Aug-17	125.7	0.2	8.1	128.4	-0.0	3.4
Sep-17	126.1	0.3	8.4	129.0	0.4	3.6
Oct-17	126.1	0.0	8.0	129.2	0.2	3.1
Nov-16	126.2	0.0	8.0	129.8	0.4	3.1
Dec-16	126.1	-0.0	8.0	130.2	0.3	3.1
An. Av	**125.4**	**0.7**	**8.2**	**128.6**	**0.3**	**4.7**
2018						
Jan-18	129.9	3.0	4.4	131.0	0.6	2.9
Feb-18	130.0	0.1	4.4	131.3	0.2	2.9
Mar-18	130.1	0.0	4.4	131.5	0.2	2.8
Apr-18	130.2	0.1	4.3	132.1	0.5	3.1
May-18	130.3	0.0	4.2	132.9	0.6	3.6
Jun-18	130.3	0.0	4.2	133.5	0.4	3.8
Jul-18	130.8	0.4	4.3	134.4	0.6	4.6
Aug-18	130.9	0.1	4.1	134.4	0.0	4.6
Sep-18	132.0	0.9	4.7	135.3	0.7	4.9
Oct-18	132.2	0.2	4.8	136.1	0.6	5.3
Nov-18	132.2	0.0	4.8	137.7	1.2	6.1
Dec-18	132.3	0.0	4.9	137.1	-0.4	5.3
An. Av	**130.9**	**0.4**	**4.5**	**133.9**	**0.4**	**4.2**
2019						
Jan-19	135.8	2.7	4.5	137.2	0.1	4.8
Feb-19	136.0	0.1	4.6	136.9	-0.3	4.3
Mar-19	136.1	0.0	4.6	137.3	0.3	4.4
Apr-19	136.3	0.2	4.7	138.0	0.5	4.4
May-19	136.3	0.0	4.6	137.8	-0.1	3.7
Jun-19	136.4	0.1	4.7	138.0	0.2	3.4
Jul-19	136.5	0.1	4.4	138.5	0.4	3.1
Aug-19	136.6	0.1	4.4	138.7	0.1	3.2
Sep-19	136.7	0.0	3.5	139.4	0.5	3.0
Oct-19	136.7	0.0	3.4	139.8	0.3	2.7
Nov-19	136.8	0.0	3.4	140.1	0.2	1.7
Dec-19	136.8	0.0	3.4	139.9	-0.2	2.0
An. Av	**136.4**	**0.3**	**4.2**	**138.5**	**0.2**	**3.4**

Source: NSA

Table II.1(a) Central bank survey (end of period in N$ million)

	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16
Assets												
Net foreign assets	25,531	25,439	27,055	27,452	27,730	23,639	24,664	23,025	20,247	24,394	27,181	24,028
Claims on nonresidents	28,740	28,654	30,033	30,282	30,878	26,608	27,487	25,908	23,015	27,132	29,954	26,743
Monetary gold and SDR holdings	137	138	129	124	137	128	121	124	120	116	116	112
Foreign currency	995	984	960	132	171	100	170	69	126	90	116	58
Deposits	11,850	14,040	11,068	9,758	11,443	7,818	7,855	8,076	6,881	6,702	5,527	5,129
Securities other than shares	13,304	11,039	13,713	14,780	13,339	13,103	14,149	12,337	13,862	18,250	19,654	19,220
Loans	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
Other Foreign Assets	2,453	2,453	4,164	5,488	5,789	5,460	5,191	5,302	2,026	1,974	4,541	2,223
less: Liabilities to nonresidents	3,208	3,215	2,978	2,830	3,148	2,969	2,823	2,883	2,769	2,738	2,772	2,715
Deposits	0	0	0	0	0	0	0	0	0	0	0	0
Securities othe than shares	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
Financial derivatives	0	0	0	0	0	0	0	0	0	0	0	0
Other Foreign Liabilities	3,208	3,215	2,978	2,830	3,148	2,969	2,823	2,883	2,769	2,738	2,772	2,715
Claims on other depository corporations	504	52	52	52	228	725	208	101	776	487	392	773
Net claims on central government	-11,363	-9,197	-6,009	-8,570	-7,158	-6,731	-6,706	-5,168	-5,619	-5,265	-3,473	-4,556
Claims on central government	0	83	1,897	0	0	0	0	257	0	231	1,330	170
Securities	0	0	0	0	0	0	0	0	0	0	0	0
Other claims	0	83	1,897	0	0	0	0	257	0	231	1,330	170
less: Liabilities to central government	11,363	9,280	7,905	8,570	7,158	6,731	6,706	5,425	5,619	5,495	4,803	4,726
Deposits	11,363	9,280	7,905	8,570	7,158	6,731	6,706	5,425	5,619	5,495	4,803	4,726
Other liabilities	0	0	0	0	0	0	0	0	0	0	0	0
Claims on other sectors	43	41	41	42	40	40	40	41	42	42	43	43
Other financial corporations	2	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
Public nonfinancial corporations	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
Other resident sectors	42	41	41	42	40	40	40	41	42	42	43	43

	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17
Assets												
Net foreign assets	25,786	24,164	22,901	26,252	25,148	25,986	31,116	29,816	29,739	28,383	25,702	26,122
Claims on nonresidents	28,479	26,754	25,595	28,905	27,759	28,584	33,744	32,411	32,440	31,182	28,426	28,591
Monetary gold and SDR holdings	113	108	113	112	111	112	115	114	118	122	119	109
Foreign currency	114	72	18	29	49	80	24	43	60	69	75	79
Deposits	5,479	4,772	6,173	5,309	5,486	7,341	6,822	8,077	8,236	9,997	8,716	8,470
Securities other than shares	18,632	17,819	15,849	20,054	18,767	19,482	25,887	21,516	21,948	20,779	19,300	18,666
Loans	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
Other Foreign Assets	4,141	3,983	3,442	3,400	3,345	1,569	896	2,661	2,077	216	215	1,267
less: Liabilities to nonresidents	2,693	2,590	2,695	2,653	2,610	2,598	2,629	2,595	2,700	2,800	2,724	2,469
Deposits	0	0	0	0	0	0	0	0	0	0	0	0
Securities othe than shares	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
Financial derivatives	0	0	0	0	0	0	0	0	0	0	0	0
Other Foreign Liabilities	2,693	2,590	2,695	2,653	2,610	2,598	2,629	2,595	2,700	2,800	2,724	2,469
Claims on other depository corporations	957	793	1,293	778	208	741	200	202	95	64	57	779
Net claims on central government	-6,325	-5,883	-3,168	-6,817	-4,397	-5,144	-7,596	-6,530	-5,548	-6,587	-5,053	-4,749
Claims on central government	0	0	1,795	0	857	0	0	0	95	0	63	6
Securities	0	0	0	0	0	0	0	0	0	0	0	0
Other claims	0	0	1,795	0	857	0	0	0	95	0	63	6
less: Liabilities to central government	6,325	5,883	4,964	6,817	5,254	5,144	7,596	6,530	5,643	6,587	5,116	4,755
Deposits	6,325	5,883	4,964	6,817	5,254	5,144	7,596	6,530	5,643	6,587	5,116	4,755
Other liabilities	0	0	0	0	0	0	0	0	0	0	0	0
Claims on other sectors	43	44	45	46	45	45	45	45	46	46	46	46
Other financial corporations	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
Public nonfinancial corporations	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
Other resident sectors	43	44	45	46	45	45	45	45	46	46	46	46

	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18
Assets												
Net foreign assets	27,278	25,767	22,167	29,860	27,363	28,192	29,927	29,283	28,971	28,916	25,818	28,114
Claims on nonresidents	29,660	28,104	24,509	32,312	29,856	30,926	32,549	32,214	32,102	31,835	28,541	30,985
Monetary gold and SDR holdings	107	105	106	109	109	95	88	99	95	97	94	62
Foreign currency	105	34	35	43	44	52	65	80	17	42	68	68
Deposits	8,094	8,282	8,424	9,101	8,726	9,983	8,966	9,994	9,978	9,725	8,474	9,526
Securities other than shares	20,132	18,484	16,951	22,430	20,337	20,794	23,428	22,040	22,011	21,970	19,904	21,327
Loans	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
Other Foreign Assets	1,222	1,199	-1,006	629	640	1	1	1	1	1	1	1
less: Liabilities to nonresidents	2,382	2,337	2,342	2,452	2,493	2,733	2,621	2,931	3,130	2,919	2,723	2,870
Deposits	0	0	0	0	0	0	0	0	0	0	0	0
Securities othe than shares	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
Financial derivatives	0	0	0	0	0	0	0	0	0	0	0	0
Other Foreign Liabilities	2,382	2,337	2,342	2,452	2,493	2,733	2,621	2,931	3,130	2,919	2,723	2,870
Claims on other depository corporations	923	768	298	203	59	236	304	446	207	494	442	1,898
Net claims on central government	-7,626	-6,875	-3,026	-6,363	-4,730	-5,807	-6,966	-6,038	-4,862	-5,079	-3,747	-7,225
Claims on central government	0	0	1,159	0	77	0	0	0	235	583	634	411
Securities	0	0	0	0	0	0	0	0	0	0	0	0
Other claims	0	0	1,159	0	77	0	0	0	235	583	634	411
less: Liabilities to central government	7,626	6,875	4,185	6,363	4,807	5,807	6,966	6,038	5,097	5,662	4,381	7,636
Deposits	7,626	6,875	4,185	6,363	4,807	5,807	6,966	6,038	5,097	5,662	4,381	7,636
Other liabilities	0	0	0	0	0	0	0	0	0	0	0	0
Claims on other sectors	47	48	49	50	50	54	55	55	56	58	58	63
Other financial corporations	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
Public nonfinancial corporations	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
Other resident sectors	47	48	49	50	50	54	55	55	56	58	58	63

	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19
Assets												
Net foreign assets	28,132	28,965	29,330	31,372	31,169	29,170	32,420	30,461	28,232	29,556	26,721	24,746
Claims on nonresidents	30,792	31,743	32,239	34,231	34,117	31,993	35,246	33,514	31,253	32,541	29,657	27,560
Monetary gold and SDR holdings	58	53	56	54	49	47	47	50	49	49	36	34
Foreign currency	112	137	138	72	88	36	62	82	31	54	77	89
Deposits	9,282	9,549	11,109	11,966	12,203	11,272	10,961	12,010	11,835	11,723	11,313	10,765
Securities other than shares	21,339	22,003	20,935	22,137	21,775	20,637	24,175	21,371	19,337	20,714	18,230	16,670
Loans	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
Other Foreign Assets	1	1	1	1	1	1	1	1	1	1	1	1
less: Liabilities to nonresidents	2,660	2,778	2,908	2,859	2,948	2,824	2,827	3,053	3,022	2,985	2,936	2,814
Deposits	0	0	0	0	0	0	0	0	0	0	0	0
Securities othe than shares	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
Financial derivatives	0	0	0	0	0	0	0	0	0	0	0	0
Other Foreign Liabilities	2,660	2,778	2,908	2,859	2,948	2,824	2,827	3,053	3,022	2,985	2,936	2,814
Claims on other depository corporations	2,348	707	541	448	470	451	459	515	269	64	349	1,811
Net claims on central government	-8,843	-7,367	-4,469	-7,996	-6,266	-6,676	-8,807	-7,075	-5,386	-6,550	-4,617	-4,513
Claims on central government	0	0	927	0	0	0	0	0	1,536	662	1,476	1,365
Securities	0	0	0	0	0	0	0	0	0	0	0	0
Other claims	0	0	927	0	0	0	0	0	1,536	662	1,476	1,365
less: Liabilities to central government	8,843	7,367	5,396	7,996	6,266	6,676	8,807	7,075	6,923	7,213	6,093	5,878
Deposits	8,843	7,367	5,396	7,996	6,266	6,676	8,807	7,075	6,923	7,213	6,093	5,878
Other liabilities	0	0	0	0	0	0	0	0	0	0	0	0
Claims on other sectors	63	66	66	65	70	70	75	81	80	82	83	87
Other financial corporations	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
Public nonfinancial corporations	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
Other resident sectors	63	66	66	65	70	70	75	81	80	82	83	87

Table II.1(b) Central bank survey (end of period in N$ million)

Liabilities	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17
Monetary base	6,195	7,662	11,104	8,090	8,385	6,888	7,168	6,755	7,021	6,814	8,528	7,945	6,371	6,110	7,681	7,059	7,412	6,581	8,613	7,592	7,625	7,062	7,728	8,761
Currency in circulation	4,032	3,798	4,016	3,975	4,000	3,922	3,975	4,123	3,960	4,003	4,318	4,394	3,977	3,929	4,005	4,093	4,091	4,056	4,048	4,186	4,173	4,228	4,440	4,658
Liabilities to other depository corporations	**2,163**	**3,864**	**7,089**	**4,115**	**4,386**	**2,967**	**3,193**	**2,631**	**3,061**	**2,811**	**4,210**	**3,551**	**2,394**	**2,181**	**3,677**	**2,966**	**3,321**	**2,525**	**4,565**	**3,406**	**3,453**	**2,834**	**3,288**	**4,103**
Reserve deposits	2,163	3,864	7,089	4,115	4,386	2,967	3,193	2,631	3,061	2,811	4,210	3,551	2,394	2,181	3,677	2,966	3,321	2,525	4,565	3,406	3,453	2,834	3,288	4,103
Other liabilities	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 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**
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
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
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**
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
Of which: Other f inancial 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
Securities other than shares, excluded from broad money	2,911	2,911	2,911	2,911	3,061	3,164	3,918	3,897	3,922	8,864	8,796	7,772	7,593	6,888	6,592	6,572	6,606	9,722	8,356	6,742	6,724	6,847	6,877	7,036
Of which: Other financial corporations	2,911	2,911	2,911	2,911	3,061	3,164	3,185	3,158	3,203	8,139	8,146	7,106	6,927	6,222	5,915	5,887	5,911	8,895	7,530	5,909	5,885	5,951	5,876	6,034
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**
Of which: Other f inancial 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
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**
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
Shares and other equity	**6,402**	**6,430**	**7,740**	**7,819**	**8,999**	**8,340**	**7,867**	**8,105**	**7,703**	**7,611**	**7,740**	**5,511**	**7,345**	**7,009**	**7,403**	**7,237**	**7,116**	**5,353**	**5,468**	**7,190**	**7,620**	**6,143**	**5,875**	**6,960**
Funds contributed by owners	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40
Retained earnings	160	160	160	0	0	0	0	0	0	0	0	0	-2,054	-2,054	-2,054	0	0	0	0	0	0	0	0	-0
General and special reserves	6,112	6,084	7,349	7,571	8,715	8,040	7,499	7,709	7,295	7,192	7,335	5,163	9,277	8,898	9,277	7,007	6,856	5,055	5,121	6,796	7,172	5,673	5,379	6,408
Valuation adjustment	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Current year result	89	146	191	209	244	260	328	356	368	380	365	308	82	124	140	189	220	257	308	354	409	430	456	512
Other items (net)	905	676	625	651	707	728	756	767	3,569	3,642	927	950	943	984	699	701	718	734	731	742	785	825	830	814
Unclassified Assets	920	699	731	751	773	801	808	829	3,643	3,671	911	926	940	987	714	741	775	800	830	864	890	919	944	960
Unclassified Liabilities	15	23	106	100	66	72	53	62	74	29	-15	-24	-4	4	15	39	57	66	99	122	105	94	114	146

Liabilities	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19
Monetary base	7,419	6,725	7,354	8,712	8,753	7,656	8,038	7,310	8,603	7,647	7,188	8,256	7,596	7,199	9,943	8,002	8,241	6,838	8,021	7,252	7,066	7,043	7,121	7,081
Currency in circulation	4,095	3,932	4,126	3,998	3,955	3,946	4,047	4,244	4,197	4,119	4,361	4,521	4,095	3,953	3,980	4,082	4,132	4,014	4,048	4,214	4,048	4,149	4,413	4,518
Liabilities to other depository corporations	**3,324**	**2,793**	**3,228**	**4,713**	**4,798**	**3,710**	**3,991**	**3,066**	**4,407**	**3,528**	**2,828**	**3,735**	**3,502**	**3,246**	**5,963**	**3,920**	**4,109**	**2,824**	**3,973**	**3,037**	**3,018**	**2,894**	**2,708**	**2,563**
Reserve deposits	3,324	2,793	3,228	4,713	4,798	3,710	3,991	3,066	4,407	3,528	2,828	3,735	3,502	3,246	5,963	3,920	4,109	2,824	3,973	3,037	3,018	2,894	2,708	2,563
Other liabilities	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 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**
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
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
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**
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	1
Of which: Other f inancial 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
Securities other than shares, excluded from broad money	7,036	6,881	6,967	7,083	7,112	7,059	6,920	6,986	6,958	6,987	7,006	6,917	6,989	7,125	7,114	7,060	7,304	7,201	7,230	7,203	7,211	7,211	6,930	6,932
Of which: Other financial corporations	6,034	5,869	5,948	6,064	6,079	6,020	5,875	5,932	5,897	5,919	5,929	5,833	5,898	6,025	6,006	5,945	6,181	6,069	6,091	6,055	6,048	6,039	5,952	5,946
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**
Of which: Other f inancial 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
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**
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
Shares and other equity	**6,718**	**6,577**	**4,807**	**6,832**	**7,004**	**7,823**	**7,515**	**8,490**	**8,164**	**8,491**	**8,001**	**8,492**	**8,037**	**8,391**	**8,531**	**8,513**	**8,866**	**8,588**	**8,709**	**9,407**	**9,416**	**9,361**	**9,273**	**9,051**
Funds contributed by owners	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40
Retained earnings	439	439	0	0	0	0	0	0	0	0	4	4	666	620	-7	-7	-7	-7	-7	-7	-0	-0	-0	-0
General and special reserves	6,141	5,981	4,613	6,587	6,724	7,486	7,125	8,087	7,644	7,899	7,322	7,778	7,230	7,599	8,315	8,221	8,539	8,156	8,208	8,846	8,798	8,700	8,522	8,141
Valuation adjustment	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Current year result	98	117	153	205	239	297	350	363	480	552	635	670	101	131	183	259	295	399	468	528	578	620	710	870
Other items (net)	775	519	455	520	593	678	705	751	1,074	795	835	873	935	553	330	691	773	715	769	835	862	868	894	971
Unclassified Assets	983	723	692	722	754	783	813	838	883	886	942	982	1,021	711	761	819	817	864	894	920	947	974	1,007	1,033
Unclassified Liabilities	209	204	237	202	161	105	108	87	-191	91	108	108	87	158	431	128	44	149	125	85	85	106	113	63

Table II.2(a) Other depository corporations survey (end of period in N$ million)

Assets	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16
Net foreign assets	**3,946**	**5,939**	**5,758**	**7,526**	**7,158**	**5,999**	**5,131**	**5,768**	**3,910**	**5,229**	**4,630**	**2,173**
Claims on nonresidents	9,758	11,345	10,754	12,371	12,597	11,344	10,807	11,212	9,438	10,303	10,476	8,453
Foreign currency	225	207	224	151	177	168	175	151	121	162	149	124
Deposits	5,969	7,338	6,362	8,407	8,223	6,777	6,479	6,459	4,955	5,837	6,262	4,673
Securities othe than shares	2,886	2,936	3,104	3,124	3,059	3,285	3,282	3,302	3,237	3,243	3,324	3,126
Loans	436	446	462	464	700	642	660	742	585	586	601	403
Financial derivatives	72	59	36	36	83	39	38	97	74	81	73	62
Other	170	359	566	189	355	433	174	461	467	393	67	65
less: Liabilities to nonresidents	**5,812**	**5,406**	**4,996**	**4,845**	**5,438**	**5,345**	**5,676**	**5,444**	**5,528**	**5,074**	**5,846**	**6,280**
Deposits	3,736	3,643	3,110	2,998	2,502	2,411	2,701	2,213	2,438	2,247	3,057	2,906
Securities other than shares	102	101	102	103	101	102	103	101	102	100	202	1,057
Loans	10	10	10	10	850	767	724	758	688	1,051	945	695
Financial derivatives	455	359	292	245	223	247	177	167	158	163	133	135
Other	1,509	1,293	1,483	1,490	1,763	1,819	1,971	2,205	2,142	1,513	1,509	1,487
Claims on central bank	**4,649**	**4,745**	**8,551**	**5,726**	**6,727**	**6,108**	**6,133**	**4,997**	**5,944**	**5,038**	**7,126**	**6,905**
Currency	1,024	907	1,251	1,054	1,161	1,082	1,022	1,244	1,055	1,039	1,309	1,510
Reserve deposits	2,153	2,335	5,782	2,956	3,059	3,507	3,577	2,450	3,524	2,637	4,546	4,081
Other claims	1,472	1,503	1,518	1,716	2,508	1,519	1,535	1,302	1,365	1,363	1,271	1,315
Net claims on central government	**8,169**	**8,252**	**8,296**	**8,795**	**8,992**	**9,445**	**9,551**	**9,732**	**10,099**	**9,674**	**8,280**	**8,461**
Claims on central government	9,965	10,102	10,192	10,895	10,768	11,042	11,068	11,362	11,786	11,365	11,549	11,645
Securities other than Shares	9,965	10,102	10,192	10,895	10,768	11,042	11,068	11,362	11,786	11,365	11,549	11,645
less: Liabilities to central government	1,796	1,850	1,896	2,100	1,777	1,597	1,517	1,630	1,686	1,691	3,269	3,183
Deposits	1,796	1,850	1,896	2,100	1,777	1,597	1,517	1,630	1,686	1,691	3,269	3,183
Claims on other sectors	**85,390**	**85,816**	**85,863**	**86,308**	**86,417**	**86,887**	**87,493**	**88,505**	**89,630**	**89,784**	**91,006**	**91,931**
Other financial corporations	3,377	3,332	3,279	3,306	3,225	3,220	3,296	3,302	3,325	3,342	3,521	3,579
State and local government	259	221	241	239	267	266	268	271	244	240	249	495
Public nonfinancial corporations	2,215	2,308	2,080	2,054	2,122	1,974	1,911	1,895	2,090	1,934	2,081	2,294
Other nonfinancial corporations	33,391	33,615	33,631	33,808	33,713	33,940	34,323	34,716	35,403	35,318	35,676	35,490
Other resident sectors	46,148	46,340	46,631	46,901	47,090	47,487	47,693	48,322	48,568	48,951	49,479	50,073

Assets	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17
Net foreign assets	**2,867**	**2,953**	**5,174**	**6,649**	**8,229**	**5,666**	**5,911**	**8,894**	**8,348**	**10,429**	**10,358**	**4,942**
Claims on nonresidents	8,936	9,207	11,476	12,743	14,276	12,368	13,558	14,779	14,702	16,704	17,359	11,819
Foreign currency	112	109	108	154	146	100	101	139	116	126	111	92
Deposits	4,875	5,251	6,868	8,192	9,577	7,843	9,025	9,985	8,722	10,345	10,978	5,885
Securities othe than shares	3,260	3,169	3,789	3,537	3,567	3,548	3,586	3,678	4,881	5,241	5,423	4,949
Loans	412	403	435	430	549	436	405	517	496	531	509	516
Financial derivatives	44	33	32	21	16	13	12	24	24	147	30	57
Other	233	242	244	410	421	428	429	436	463	314	309	320
less: Liabilities to nonresidents	**6,069**	**6,254**	**6,302**	**6,094**	**6,047**	**6,702**	**7,647**	**5,885**	**6,354**	**6,275**	**7,002**	**6,878**
Deposits	2,778	2,813	2,930	2,634	2,570	3,348	3,878	2,097	2,716	2,945	3,583	3,817
Securities other than shares	1,063	1,070	1,059	1,063	1,068	1,063	1,062	1,071	1,059	1,060	1,061	709
Loans	634	727	698	598	585	559	958	985	847	650	625	569
Financial derivatives	121	126	115	118	116	116	126	115	125	142	108	128
Other	1,473	1,518	1,499	1,681	1,707	1,615	1,622	1,618	1,607	1,478	1,625	1,655
Claims on central bank	**5,179**	**4,599**	**5,854**	**5,036**	**6,334**	**6,083**	**8,446**	**8,104**	**9,214**	**7,098**	**6,845**	**9,715**
Currency	1,178	1,100	1,128	1,113	1,221	1,134	1,094	1,155	1,052	1,220	1,252	1,562
Reserve deposits	2,744	2,305	3,474	2,723	3,808	3,637	4,996	3,895	4,808	3,192	3,589	6,778
Other claims	1,256	1,194	1,252	1,200	1,304	1,311	2,357	3,053	3,354	2,686	2,004	1,375
Net claims on central government	**8,667**	**9,812**	**10,197**	**10,714**	**11,042**	**10,841**	**11,619**	**12,032**	**12,228**	**13,475**	**13,289**	**14,414**
Claims on central government	11,798	12,079	11,960	12,074	12,343	12,241	12,880	13,334	13,627	14,964	14,797	15,605
Securities other than Shares	11,798	12,079	11,960	12,074	12,343	12,241	12,880	13,334	13,627	14,964	14,797	15,605
less: Liabilities to central government	3,132	2,267	1,763	1,360	1,301	1,400	1,261	1,302	1,398	1,489	1,507	1,191
Deposits	3,132	2,267	1,763	1,360	1,301	1,400	1,261	1,302	1,398	1,489	1,507	1,191
Claims on other sectors	**91,698**	**92,697**	**91,807**	**92,083**	**92,990**	**93,563**	**93,612**	**94,107**	**95,029**	**95,337**	**95,937**	**96,490**
Other financial corporations	3,620	3,648	2,948	2,784	2,945	3,148	3,036	3,466	3,638	3,601	3,577	3,628
State and local government	471	474	380	439	404	405	374	428	421	410	410	399
Public nonfinancial corporations	2,244	2,249	2,192	2,454	2,769	2,819	2,586	2,376	2,529	2,707	2,822	2,607
Other nonfinancial corporations	35,372	35,920	35,774	35,623	35,875	35,837	35,985	36,203	36,230	36,062	36,115	36,396
Other resident sectors	49,991	50,406	50,514	50,783	50,998	51,356	51,631	51,635	52,212	52,557	53,013	53,460

Assets	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18
Net foreign assets	**8,594**	**6,635**	**6,295**	**4,235**	**5,124**	**6,006**	**6,135**	**6,887**	**7,622**	**9,827**	**9,259**	**9,861**
Claims on nonresidents	15,154	13,546	12,715	10,682	11,564	12,597	13,179	13,942	15,005	17,617	15,735	16,868
Foreign currency	117	123	108	137	115	134	132	176	175	151	108	141
Deposits	9,096	7,710	7,603	5,826	6,778	7,816	8,115	8,512	9,085	10,264	7,750	8,043
Securities othe than shares	4,948	4,756	3,376	2,967	2,918	2,865	3,172	3,458	3,986	5,716	6,361	6,787
Loans	522	542	1,262	1,273	1,261	1,250	1,229	1,265	1,202	1,194	1,172	1,136
Financial derivatives	140	84	25	22	23	51	37	58	85	65	97	400
Other	331	331	341	458	469	481	495	473	472	227	246	361
less: Liabilities to nonresidents	**6,560**	**6,910**	**6,420**	**6,447**	**6,440**	**6,591**	**7,043**	**7,055**	**7,384**	**7,789**	**6,476**	**7,008**
Deposits	3,426	3,557	3,288	3,224	3,514	3,741	3,657	3,570	3,961	4,015	3,344	3,936
Securities other than shares	557	561	557	554	202	203	556	561	557	554	558	555
Loans	772	997	818	782	784	820	1,022	1,079	1,052	1,369	760	561
Financial derivatives	126	119	94	83	92	113	86	132	99	106	42	337
Other	1,679	1,676	1,662	1,804	1,848	1,713	1,721	1,714	1,714	1,746	1,772	1,619
Claims on central bank	**5,936**	**5,084**	**7,467**	**8,048**	**7,112**	**6,945**	**8,901**	**6,998**	**8,249**	**7,694**	**6,450**	**6,973**
Currency	1,273	1,128	1,270	1,180	1,206	969	1,160	1,217	1,059	1,164	1,236	1,585
Reserve deposits	3,327	2,603	4,140	4,825	4,140	3,799	4,961	2,987	4,366	3,500	2,804	3,706
Other claims	1,336	1,353	2,057	2,043	1,767	2,176	2,780	2,795	2,823	3,030	2,410	1,682
Net claims on central government	**14,410**	**15,139**	**15,427**	**15,576**	**16,043**	**16,272**	**17,237**	**17,527**	**17,682**	**17,385**	**17,819**	**17,780**
Claims on central government	15,555	16,328	16,753	16,914	17,448	17,708	18,465	18,739	18,903	18,597	18,928	18,927
Securities other than Shares	15,555	16,328	16,753	16,914	17,448	17,708	18,465	18,739	18,903	18,597	18,928	18,927
less: Liabilities to central government	1,145	1,189	1,326	1,338	1,405	1,436	1,228	1,212	1,220	1,212	1,108	1,147
Deposits	1,145	1,189	1,326	1,338	1,405	1,436	1,228	1,212	1,220	1,212	1,108	1,147
Claims on other sectors	**98,349**	**99,349**	**98,412**	**99,305**	**99,117**	**99,310**	**99,811**	**101,282**	**101,844**	**102,576**	**102,704**	**103,517**
Other financial corporations	4,373	4,374	4,937	5,265	5,152	4,686	4,917	5,041	5,097	5,488	4,898	4,999
State and local government	419	402	381	412	385	374	328	443	432	442	414	420
Public nonfinancial corporations	3,036	3,069	1,638	1,953	1,740	2,005	2,049	1,892	1,724	1,628	1,669	1,775
Other nonfinancial corporations	36,493	37,201	37,053	37,067	36,911	37,412	37,240	38,154	38,453	38,649	38,862	39,068
Other resident sectors	54,028	54,304	54,403	54,608	54,928	54,833	55,277	55,752	56,138	56,370	56,862	57,255

Assets	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19
Net foreign assets	**10,755**	**10,895**	**9,314**	**13,023**	**13,443**	**11,034**	**12,098**	**14,014**	**11,224**	**14,024**	**14,418**	**11,695**
Claims on nonresidents	18,177	17,909	17,205	19,654	19,935	17,350	18,302	20,493	19,063	19,690	20,969	18,663
Foreign currency	128	129	167	142	115	122	115	170	182	219	115	119
Deposits	8,279	8,504	7,861	10,452	10,703	8,750	9,720	10,871	9,954	10,372	9,594	7,792
Securities othe than shares	7,340	7,215	7,245	7,551	7,718	7,075	7,087	8,124	7,649	7,841	9,778	9,148
Loans	1,121	1,129	1,149	1,074	1,076	1,017	1,018	1,053	1,000	1,000	961	965
Financial derivatives	958	579	377	401	286	346	326	243	243	215	267	379
Other	351	353	406	36	36	39	35	31	34	44	254	259
less: Liabilities to nonresidents	**7,421**	**7,014**	**7,891**	**6,631**	**6,492**	**6,316**	**6,204**	**6,480**	**7,839**	**5,667**	**6,551**	**6,968**
Deposits	4,207	3,917	4,484	4,050	4,045	3,707	3,888	3,879	5,156	3,612	3,812	4,363
Securities other than shares	557	561	557	554	558	555	557	561	557	100	457	453
Loans	472	465	859	524	465	830	606	735	753	524	774	482
Financial derivatives	558	379	307	291	260	207	193	363	327	258	196	175
Other	1,628	1,692	1,683	1,212	1,163	1,018	960	942	1,046	1,172	1,312	1,494
Claims on central bank	**6,424**	**6,056**	**8,933**	**7,300**	**7,992**	**7,763**	**7,110**	**6,491**	**5,545**	**4,599**	**4,021**	**5,617**
Currency	1,320	1,224	1,084	1,256	1,218	1,019	1,208	1,201	1,211	1,500	1,321	1,644
Reserve deposits	3,400	3,120	6,136	3,914	4,144	4,290	3,980	2,975	4,084	2,899	2,700	3,973
Other claims	1,703	1,712	1,713	2,130	2,630	2,454	1,922	2,315	250	200	0	0
Net claims on central government	**16,764**	**17,220**	**17,753**	**17,795**	**18,009**	**18,352**	**18,888**	**19,167**	**20,947**	**21,120**	**21,333**	**21,857**
Claims on central government	19,262	19,258	19,585	20,107	20,234	20,487	21,075	21,153	23,139	23,344	23,432	23,858
Securities other than Shares	19,262	19,258	19,585	20,107	20,234	20,487	21,075	21,153	23,139	23,344	23,432	23,858
less: Liabilities to central government	2,499	2,038	1,832	2,312	2,224	2,135	2,187	1,986	2,192	2,225	2,099	2,001
Deposits	2,499	2,038	1,832	2,312	2,224	2,135	2,187	1,986	2,192	2,225	2,099	2,001
Claims on other sectors	**104,087**	**104,620**	**104,422**	**105,500**	**106,715**	**106,705**	**107,106**	**107,174**	**108,496**	**109,442**	**109,550**	**110,191**
Other financial corporations	5,527	5,843	3,899	5,581	5,417	5,332	5,610	5,272	5,819	6,426	6,279	5,563
State and local government	393	418	375	399	385	399	396	340	372	415	385	383
Public nonfinancial corporations	1,376	1,002	2,836	1,069	1,141	1,401	1,431	1,362	1,441	1,289	1,196	1,121
Other nonfinancial corporations	41,932	39,550	39,521	40,257	41,306	40,706	40,489	40,662	41,017	41,110	41,028	41,698
Other resident sectors	54,859	57,808	57,790	58,194	58,466	58,866	59,179	59,538	59,847	60,201	60,663	61,426

Table II.2(b) Other depository corporations survey (end of period in N$ million)

Liabilities	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16
Liabilities to central bank	170	52	52	52	53	724	207	53	729	487	392	678
Deposits included in broad money	77,791	80,080	83,686	84,951	84,909	82,269	83,424	83,929	82,096	83,377	83,277	83,065
Transferable deposits	36,486	38,016	41,127	40,617	38,739	36,765	37,702	37,873	37,041	37,239	36,538	36,769
Other financial corporations	4,659	4,766	5,198	5,310	5,065	4,408	4,472	4,405	4,537	4,918	4,489	4,349
State and local government	1,011	1,107	1,392	1,048	1,007	876	873	846	746	828	710	670
Public nonfinancial corporations	1,972	2,721	2,877	2,841	2,447	2,055	2,366	2,193	2,248	2,524	2,429	2,634
Other nonfinancial corporations	19,885	20,416	22,397	22,387	21,388	20,431	20,921	21,637	21,010	20,169	19,911	20,542
Other resident sectors	8,958	9,005	9,263	9,031	8,833	8,996	9,070	8,792	8,501	8,800	8,999	8,574
Other deposits	41,305	42,064	42,559	44,334	46,169	45,504	45,722	46,056	45,055	46,138	46,739	46,297
Other financial corporations	3,964	4,155	4,010	4,232	2,549	4,865	4,127	4,076	4,021	4,099	3,871	3,930
State and local government	549	469	483	605	2,379	550	542	533	509	450	441	362
Public nonfinancial corporations	1,376	1,775	1,920	2,145	2,281	1,627	2,097	2,309	2,409	2,385	2,444	2,651
Other nonfinancial corporations	11,095	11,226	11,295	11,797	13,131	12,541	12,695	12,681	11,102	12,381	12,869	11,993
Other resident sectors	24,322	24,439	24,851	25,555	25,829	25,921	26,260	26,458	27,014	26,823	27,113	27,361
Securities other than shares, included in broad money	0	0	0	0	0	0	0	0	0	0	0	0
Deposits excluded from broad money	2,133	2,234	1,476	1,313	1,400	2,709	1,955	1,779	2,001	1,865	2,321	1,777
Securities other than shares, excluded from broad money	21,488	22,132	22,416	22,674	22,803	23,287	23,117	22,920	23,031	22,400	22,428	22,069
Of which: Other financial corporations	19,730	20,374	20,563	20,931	20,476	20,948	20,576	20,426	20,739	20,084	19,876	19,544
Loans	17	17	17	17	18	18	18	18	251	8	8	8
Financial derivatives	62	47	24	27	75	35	39	109	73	77	74	78
Shares and other equity	14,008	14,085	14,432	14,245	14,559	14,583	14,935	15,127	15,035	15,358	15,542	15,804
Funds contributed by owners	4,076	4,156	4,227	4,227	4,227	4,227	4,227	4,305	4,305	4,305	4,455	4,474
Retained earnings	6,018	5,992	6,000	5,749	5,747	5,810	6,448	6,385	6,440	6,609	6,493	6,890
General and special reserves	3,242	3,239	3,245	3,246	3,251	3,254	3,770	3,774	3,792	3,787	3,787	3,799
Valuation adjustment	14	18	30	34	34	49	55	49	45	35	33	35
Current Year Result	658	680	930	990	1,301	1,242	435	614	452	623	774	606
Other items (net)	-13,517	-13,895	-13,636	-14,924	-14,523	-15,186	-15,385	-14,934	-13,632	-13,846	-12,999	-14,009
Consolidation adjustment	15,007	15,252	15,379	15,677	15,854	16,241	15,873	15,961	14,847	14,991	14,675	15,039
Unclassified Assets	-3,292	-3,709	-3,896	-3,412	-3,528	-3,618	-3,919	-3,780	-3,828	-3,988	-3,945	-4,462
Unclassified liabilities	4,783	5,065	5,640	4,164	4,859	4,673	4,406	4,807	5,043	5,133	5,621	5,492

Liabilities	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17
Liabilities to central bank	955	791	1,285	757	208	712	200	202	57	57	57	779
Deposits included in broad money	81,569	82,818	84,907	87,045	89,684	87,831	91,187	93,165	93,656	94,844	94,947	94,981
Transferable deposits	36,045	36,951	38,037	39,919	40,433	37,570	40,002	41,474	41,310	42,010	42,056	41,432
Other financial corporations	5,132	4,935	4,262	4,126	4,320	4,505	4,514	4,801	4,681	5,106	4,989	6,057
State and local government	587	611	658	695	715	614	786	903	843	911	949	889
Public nonfinancial corporations	3,078	3,186	3,249	3,593	3,965	2,852	4,032	3,933	4,173	2,722	2,458	2,846
Other nonfinancial corporations	18,872	19,848	21,365	22,784	22,825	20,822	21,658	22,443	22,191	23,350	23,426	21,642
Other resident sectors	8,376	8,371	8,503	8,721	8,607	8,778	9,012	9,393	9,422	9,921	10,233	9,999
Other deposits	45,524	45,868	46,870	47,126	49,251	50,261	51,184	51,691	52,346	52,834	52,892	53,549
Other financial corporations	3,913	3,751	3,702	3,656	3,870	3,769	3,567	3,683	3,693	3,425	3,465	3,641
State and local government	350	336	275	245	291	189	209	203	216	216	220	226
Public nonfinancial corporations	2,712	2,764	2,919	2,856	2,746	2,928	2,982	3,557	3,411	3,357	3,306	3,146
Other nonfinancial corporations	11,232	11,293	11,727	12,143	12,991	13,411	14,617	14,640	15,135	15,869	16,328	16,214
Other resident sectors	27,316	27,724	28,248	28,226	29,352	29,965	29,809	29,609	29,890	29,967	29,573	30,322
Securities other than shares, included in broad money	0	0	0	0	0	0	0	0	0	0	0	0
Deposits excluded from broad money	1,652	1,915	2,056	2,118	2,300	2,168	2,023	2,186	3,009	2,213	2,594	2,837
Securities other than shares, excluded from broad money	21,700	22,140	22,620	22,716	23,240	24,754	25,095	25,502	25,399	25,610	25,565	25,439
Of which: Other financial corporations	18,861	19,301	18,873	18,760	19,284	21,485	21,464	22,214	21,512	21,680	21,837	21,382
Loans	6	6	6	6	6	6	6	3	3	3	3	3
Financial derivatives	54	61	31	26	17	11	13	28	24	147	26	48
Shares and other equity	15,477	15,737	15,829	15,821	15,990	16,295	16,609	16,932	16,698	16,812	16,887	17,313
Funds contributed by owners	3,968	3,968	3,988	3,988	3,988	3,988	3,977	3,900	3,900	3,900	3,900	3,900
Retained earnings	7,412	7,455	7,441	7,381	7,421	7,385	7,903	7,722	7,730	7,911	7,909	7,954
General and special reserves	3,792	3,793	3,807	3,812	3,821	3,805	4,284	4,665	4,679	4,711	4,700	4,652
Valuation adjustment	-21	-14	-9	-11	-6	-3	3	6	8	1	-13	8
Current Year Result	327	535	602	651	767	1,121	441	639	382	290	391	798
Other items (net)	-13,003	-13,407	-13,702	-14,007	-12,850	-15,623	-15,545	-14,881	-14,026	-13,347	-13,651	-15,840
Consolidation adjustment	14,480	14,651	13,987	14,043	14,289	15,511	15,679	16,418	15,165	14,511	14,596	15,682
Unclassified Assets	-3,828	-4,130	-4,472	-4,635	-2,871	-5,855	-5,574	-5,003	-4,806	-5,317	-5,818	-5,989
Unclassified liabilities	5,305	5,374	4,757	4,671	4,310	5,744	5,708	6,540	5,945	6,482	6,762	5,831

Liabilities	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18
Liabilities to central bank	923	768	298	203	59	236	304	446	207	494	442	1,900
Deposits included in broad money	93,502	92,479	94,993	94,425	96,103	97,666	99,134	100,448	101,327	104,275	102,343	101,409
Transferable deposits	43,888	42,729	45,362	42,747	44,390	45,103	46,222	47,721	46,555	49,893	48,406	48,474
Other financial corporations	7,765	7,130	6,732	6,598	7,237	7,168	8,042	7,905	8,589	7,941	7,715	8,157
State and local government	900	945	1,033	969	921	869	900	907	944	987	846	856
Public nonfinancial corporations	3,917	3,181	3,863	3,032	3,257	2,837	3,174	3,763	3,548	4,230	3,790	2,984
Other nonfinancial corporations	20,558	20,519	22,754	21,089	22,062	23,023	22,655	23,703	21,716	24,857	23,702	24,391
Other resident sectors	10,747	10,953	10,981	11,060	10,912	11,206	11,451	11,442	11,758	11,879	12,352	12,086
Other deposits	49,614	49,750	49,631	51,678	51,713	52,563	52,911	52,727	54,772	54,382	53,938	52,935
Other financial corporations	3,602	3,860	3,731	4,058	3,735	3,997	3,997	3,693	3,506	3,387	3,462	3,306
State and local government	231	213	230	242	241	280	246	256	309	316	313	320
Public nonfinancial corporations	3,643	3,126	3,426	3,283	3,528	3,632	3,554	3,464	3,525	3,695	3,394	3,378
Other nonfinancial corporations	16,502	16,850	16,509	17,705	15,974	16,331	16,562	16,874	18,793	18,181	17,145	16,302
Other resident sectors	25,636	25,700	25,734	26,391	28,235	28,323	28,552	28,439	28,639	28,802	29,624	29,628
Securities other than shares, included in broad money	0	0	0	0	0	0	0	0	0	0	0	0
Deposits excluded from broad money	2,880	2,795	2,409	2,106	2,237	2,363	2,259	2,236	3,184	3,258	3,537	3,390
Securities other than shares, excluded from broad money	25,665	26,083	26,402	26,284	25,998	26,217	27,501	28,108	28,138	26,928	27,264	27,761
Of which: Other financial corporations	22,077	22,238	22,657	22,608	22,382	22,672	23,350	24,006	24,086	22,971	23,216	23,783
Loans	1	1	1	1	1	1	1	1	1	1	1	1
Financial derivatives	131	89	22	17	28	46	32	71	81	64	132	392
Shares and other equity	18,090	18,209	18,364	18,474	19,277	18,976	18,924	19,260	19,438	19,995	19,691	19,695
Funds contributed by owners	4,175	4,168	4,168	4,168	5,116	4,230	4,290	4,432	4,461	4,756	4,756	4,756
Retained earnings	8,796	8,735	8,747	8,637	8,360	8,675	8,936	9,123	9,174	9,127	9,424	9,251
General and special reserves	4,616	4,711	4,709	4,732	4,754	4,777	5,367	5,386	5,217	5,216	5,262	5,196
Valuation adjustment	14	19	23	13	5	-13	12	12	12	12	12	13
Current Year Result	488	576	718	923	1,042	1,308	319	309	574	883	236	479
Other items (net)	-13,905	-14,215	-14,888	-14,346	-16,306	-16,972	-16,070	-17,877	-16,979	-17,534	-17,178	-16,417
Consolidation adjustment	14,389	14,820	15,617	16,053	17,874	17,914	18,129	19,396	19,452	18,322	18,714	18,448
Unclassified Assets	-5,830	-5,762	-5,459	-4,866	-5,492	-5,418	-4,913	-5,826	-4,809	-6,156	-5,922	-5,144
Unclassified liabilities	6,314	6,367	6,188	6,573	7,060	6,360	6,972	7,345	7,282	6,944	7,458	7,174

Liabilities	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19
Liabilities to central bank	2,348	709	542	448	460	451	454	449	267	62	62	937
Deposits included in broad money	100,869	100,796	101,692	104,033	106,764	105,024	105,918	108,779	110,287	111,744	113,559	112,463
Transferable deposits	47,748	48,920	48,771	49,172	50,879	49,233	49,508	50,317	51,535	53,119	54,676	54,093
Other financial corporations	7,984	8,144	8,026	6,975	6,866	6,604	6,716	6,605	6,931	7,424	7,407	7,715
State and local government	849	849	865	762	785	736	760	783	739	786	800	759
Public nonfinancial corporations	3,877	4,434	4,131	4,919	4,721	4,028	4,405	4,181	3,941	4,114	4,566	4,620
Other nonfinancial corporations	23,191	23,279	23,660	24,752	26,441	25,523	25,387	26,341	27,491	28,188	28,944	28,075
Other resident sectors	11,847	12,215	12,089	11,764	12,066	12,342	12,241	12,408	12,434	12,607	12,959	12,924
Other deposits	53,121	51,876	52,922	54,861	55,885	55,790	56,410	58,462	58,752	58,625	58,883	58,370
Other financial corporations	3,358	3,562	3,544	3,889	3,961	4,495	4,886	5,165	5,600	5,518	5,701	5,300
State and local government	353	361	354	435	455	475	479	478	514	516	523	545
Public nonfinancial corporations	3,328	3,637	3,288	3,666	3,822	3,078	3,214	3,716	4,009	4,263	4,075	4,197
Other nonfinancial corporations	16,685	16,740	17,834	18,658	18,735	18,695	18,790	19,334	19,508	19,149	19,129	19,400
Other resident sectors	29,397	27,576	27,902	28,213	28,911	29,047	29,040	29,770	29,121	29,179	29,455	28,929
Securities other than shares, included in broad money	0	0	0	0	0	0	0	0	0	0	0	0
Deposits excluded from broad money	2,950	2,929	3,568	3,318	3,174	3,112	3,143	3,482	3,359	2,947	2,740	2,831
Securities other than shares, excluded from broad money	27,087	28,117	30,154	30,321	31,632	31,562	31,399	30,698	30,026	30,851	28,522	27,673
Of which: Other financial corporations	23,112	24,139	26,125	26,361	27,893	27,816	27,659	27,052	26,182	27,001	25,057	24,209
Loans	1	1	1	83	83	83	91	32	32	8	8	8
Financial derivatives	949	562	356	389	257	316	317	182	175	163	213	336
Shares and other equity	19,888	19,414	19,533	19,888	20,183	20,376	21,267	20,625	20,603	20,871	20,874	21,411
Funds contributed by owners	4,655	4,289	4,605	4,618	4,628	4,628	4,691	4,691	4,721	4,721	4,721	5,073
Retained earnings	9,921	9,530	9,462	9,429	9,668	9,550	10,934	10,946	10,940	10,818	11,068	11,210
General and special reserves	5,087	5,019	5,092	5,122	4,974	5,142	5,175	5,213	5,196	5,206	5,197	5,184
Valuation adjustment	13	13	13	13	14	6	6	6	6	6	6	6
Current Year Result	211	562	361	705	900	1,051	462	-230	-261	119	-118	-62
Other items (net)	-16,062	-13,738	-15,424	-14,862	-16,394	-17,069	-17,388	-17,402	-18,537	-17,462	-16,657	-16,300
Consolidation adjustment	17,213	16,033	17,431	16,729	18,082	18,966	18,649	19,444	19,206	19,065	18,335	17,525
Unclassified Assets	-6,223	-6,053	-5,783	-6,652	-6,087	-5,571	-5,763	-5,579	-7,383	-5,698	-5,736	-6,069
Unclassified liabilities	7,374	8,348	7,790	8,519	7,776	7,468	7,024	7,621	8,053	7,300	7,413	7,294

Table II.3 Depository corporations survey (end of period in N$ million)

Description	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17
Net foreign assets	29,478	31,379	32,813	34,978	34,889	29,639	29,795	28,793	24,157	29,623	31,812	26,201	28,653	27,117	28,074	32,901	33,377	31,652	37,027	38,710	38,087	38,812	36,060	31,063
Claims on nonresidents	38,497	39,999	40,787	42,653	43,475	37,953	38,293	37,120	32,453	37,435	40,430	35,195	37,414	35,961	37,071	41,648	42,035	40,952	47,302	47,190	47,142	47,886	45,785	40,410
less: Liabilities to nonresidents	9,020	8,620	7,975	7,676	8,587	8,314	8,499	8,328	8,296	7,812	8,618	8,995	8,762	8,844	8,997	8,747	8,658	9,300	10,276	8,480	9,055	9,074	9,725	9,347
Domestic claims	82,239	84,911	88,191	86,575	88,291	89,640	90,378	93,110	94,152	94,235	95,856	95,879	94,083	96,669	98,880	96,026	99,681	99,306	97,681	99,654	101,755	102,272	104,219	106,201
Net claims on central government	-3,194	-945	2,288	226	1,834	2,714	2,845	4,564	4,480	4,409	4,807	3,905	2,342	3,929	7,029	3,897	6,645	5,698	4,023	5,502	6,680	6,888	8,237	9,665
Claims on central government	9,965	10,185	12,089	10,895	10,768	11,042	11,068	11,619	11,786	11,595	12,879	11,814	11,798	12,079	13,755	12,074	13,199	12,241	12,880	13,334	13,721	14,964	14,860	15,611
less: Liabilities to central government	13,159	11,130	9,801	10,670	8,935	8,328	8,223	7,055	7,305	7,186	8,072	7,909	9,456	8,150	6,727	8,177	6,554	6,544	8,857	7,832	7,041	8,075	6,623	5,947
Claims on other sectors	85,433	85,857	85,903	86,350	86,457	86,927	87,533	88,546	89,672	89,826	91,049	91,974	91,741	92,741	91,852	92,129	93,036	93,609	93,657	94,153	95,075	95,384	95,982	96,537
Other financial corporations	3,379	3,332	3,279	3,306	3,225	3,220	3,296	3,302	3,325	3,342	3,521	3,579	3,620	3,648	2,948	2,784	2,945	3,148	3,036	3,466	3,638	3,601	3,577	3,628
State and local government	259	221	241	239	267	266	268	271	244	240	249	495	471	474	380	439	404	405	374	428	421	410	410	399
Public nonfinancial corporations	2,215	2,308	2,080	2,054	2,122	1,974	1,911	1,895	2,090	1,934	2,081	2,294	2,244	2,249	2,192	2,454	2,769	2,819	2,586	2,376	2,529	2,707	2,822	2,607
Other nonfinancial corporations	33,391	33,615	33,631	33,808	33,713	33,940	34,323	34,716	35,403	35,318	35,676	35,490	35,372	35,920	35,774	35,623	35,875	35,837	35,985	36,203	36,230	36,062	36,115	36,396
Other resident sectors	46,190	46,382	46,672	46,942	47,130	47,527	47,733	48,363	48,609	48,992	49,522	50,116	50,034	50,450	50,558	50,829	51,043	51,401	51,676	51,680	52,257	52,603	53,058	53,506
Broad money liabilities	80,799	82,970	86,450	87,872	87,748	85,109	86,377	86,808	85,001	86,341	86,286	85,949	84,368	85,648	87,783	90,025	92,554	90,753	94,141	96,196	96,777	97,853	98,135	98,078
Currency outside depository corporations	3,008	2,890	2,765	2,921	2,839	2,840	2,953	2,879	2,905	2,964	3,009	2,884	2,799	2,829	2,876	2,980	2,870	2,922	2,954	3,031	3,120	3,009	3,188	3,096
Transferable deposits	36,486	38,016	41,127	40,617	38,739	36,765	37,702	37,873	37,041	37,239	36,538	36,769	36,045	36,951	38,037	39,919	40,433	37,570	40,002	41,474	41,310	42,010	42,056	41,432
Other financial corporations	4,659	4,766	5,198	5,310	5,065	4,408	4,472	4,405	4,537	4,918	4,489	4,349	5,132	4,935	4,262	4,126	4,320	4,505	4,514	4,801	4,681	5,106	4,989	6,057
State and local government	1,011	1,107	1,392	1,048	1,007	876	873	846	746	828	710	670	587	611	658	695	715	614	786	903	843	911	949	889
Public nonfinancial corporations	1,972	2,721	2,877	2,841	2,447	2,055	2,366	2,193	2,248	2,524	2,429	2,634	3,078	3,186	3,249	3,593	3,965	2,852	4,032	3,933	4,173	2,722	2,458	2,846
Other nonfinancial corporations	19,885	20,416	22,397	22,387	21,388	20,431	20,921	21,637	21,010	20,169	19,911	20,542	18,872	19,848	21,365	22,784	22,825	20,822	21,658	22,443	22,191	23,350	23,426	21,642
Other resident sectors	8,958	9,005	9,263	9,031	8,833	8,996	9,070	8,792	8,501	8,800	8,999	8,574	8,376	8,371	8,503	8,721	8,607	8,778	9,012	9,393	9,422	9,921	10,233	9,999
Less: Central bank float	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	41,305	42,064	42,559	44,334	46,169	45,504	45,722	46,056	45,055	46,138	46,739	46,297	45,524	45,868	46,870	47,126	49,251	50,261	51,184	51,691	52,346	52,834	52,892	53,549
Other financial corporations	3,964	4,155	4,010	4,232	2,549	4,865	4,127	4,076	4,021	4,099	3,871	3,930	3,913	3,751	3,702	3,656	3,870	3,769	3,567	3,683	3,693	3,425	3,465	3,641
State and local government	549	469	483	605	2,379	550	542	533	509	450	441	362	350	336	275	245	291	189	209	203	216	216	220	226
Public nonfinancial corporations	1,376	1,775	1,920	2,145	2,281	1,627	2,097	2,309	2,409	2,385	2,444	2,651	2,712	2,764	2,919	2,856	2,746	2,928	2,982	3,557	3,411	3,357	3,306	3,146
Other nonfinancial corporations	11,095	11,226	11,295	11,797	13,131	12,541	12,695	12,681	11,102	12,381	12,869	11,993	11,232	11,293	11,727	12,143	12,991	13,411	14,617	14,640	15,135	15,869	16,328	16,214
Other resident sectors	24,322	24,439	24,851	25,555	25,829	25,921	26,260	26,458	27,014	26,823	27,113	27,361	27,316	27,724	28,248	28,226	29,352	29,965	29,809	29,609	29,890	29,967	29,573	30,322
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
Deposits excluded from broad money	2,133	2,234	1,476	1,313	1,400	2,709	1,955	1,779	2,001	1,865	2,321	1,777	1,652	1,915	2,056	2,118	2,300	2,168	2,023	2,186	3,009	2,213	2,594	2,837
Securities other than shares, excluded from broad money	24,399	25,042	25,327	25,584	25,864	26,451	27,034	26,817	26,953	31,264	31,224	29,842	29,293	29,027	29,212	29,288	29,846	34,476	33,451	32,244	32,123	32,457	32,442	32,475
Loans	17	17	17	17	18	18	18	18	251	8	8	8	6	6	6	6	6	6	6	3	3	3	3	3
Financial derivatives	62	47	24	27	75	35	39	109	73	77	74	78	54	61	31	26	17	11	13	28	24	147	26	48
Shares and other equity	20,410	20,515	22,172	22,064	23,558	22,922	22,802	23,233	22,738	22,969	23,283	21,315	22,823	22,746	23,232	23,058	23,106	21,648	22,077	24,122	24,318	22,955	22,762	24,273
Other items (net)	-16,104	-14,537	-14,463	-15,325	-15,483	-17,965	-18,052	-16,860	-18,708	-18,665	-15,529	-16,889	-15,460	-15,616	-15,366	-15,594	-14,771	-18,101	-17,004	-16,414	-16,412	-14,544	-15,684	-20,450
Consolidation adjustment	-1,693	26	-210	243	-263	-2,060	-1,920	-1,168	-1,514	-1,185	-1,608	-1,939	-1,608	-1,320	-1,057	-978	-1,292	-1,833	-816	-882	-1,690	-463	-1,293	-3,818
OIN	-895	-668	-617	-643	-698	-719	-747	-758	-3,561	-3,634	-921	-941	-849	-889	-607	-609	-629	-645	-642	-651	-696	-734	-740	-791
OIN	-13,517	-13,895	-13,636	-14,924	-14,523	-15,186	-15,385	-14,934	-13,632	-13,846	-12,999	-14,009	-13,003	-13,407	-13,702	-14,007	-12,850	-15,623	-15,545	-14,881	-14,026	-13,347	-13,651	-15,840

Description	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19
Net foreign assets	35,871	32,402	28,463	34,096	32,488	34,198	36,063	36,170	36,593	38,743	35,076	37,975	38,887	39,860	38,645	44,395	44,612	40,204	44,517	44,475	39,456	43,580	41,139	36,440
Claims on nonresidents	44,814	41,650	37,225	42,995	41,421	43,522	45,727	46,156	47,107	49,451	44,276	47,853	48,969	49,652	49,443	53,885	54,051	49,343	53,548	54,008	50,316	52,232	50,626	46,223
less: Liabilities to nonresidents	8,942	9,247	8,762	8,899	8,933	9,324	9,665	9,986	10,514	10,708	9,200	9,878	10,081	9,792	10,799	9,490	9,440	9,140	9,031	9,532	10,860	8,651	9,487	9,782
Domestic claims	105,180	107,662	110,862	108,567	110,480	109,829	110,137	112,826	114,720	114,940	116,835	114,134	112,070	114,539	117,771	115,365	118,528	118,452	117,261	119,346	124,136	124,093	126,348	127,622
Net claims on central government	6,784	8,264	12,401	9,213	11,313	10,465	10,271	11,489	12,821	12,306	14,072	10,555	7,920	9,853	13,284	9,799	11,744	11,676	10,081	12,092	15,560	14,569	16,715	17,344
Claims on central government	15,555	16,328	17,912	16,914	17,525	17,708	18,465	18,739	19,138	19,180	19,562	19,338	19,262	19,258	20,512	20,107	20,234	20,487	21,075	21,153	24,675	24,007	24,907	25,223
less: Liabilities to central government	8,771	8,064	5,511	7,701	6,211	7,243	8,194	7,250	6,317	6,874	5,489	8,783	11,342	9,405	7,228	10,308	8,490	8,811	10,995	9,061	9,115	9,437	8,192	7,879
Claims on other sectors	98,396	99,397	98,461	99,354	99,167	99,364	99,866	101,337	101,899	102,634	102,762	103,580	104,150	104,686	104,487	105,565	106,785	106,775	107,181	107,255	108,576	109,523	109,633	110,278
Other financial corporations	4,373	4,374	4,937	5,265	5,152	4,686	4,917	5,041	5,097	5,488	4,898	4,999	5,527	5,843	3,899	5,581	5,417	5,332	5,610	5,272	5,819	6,426	6,279	5,563
State and local government	419	402	381	412	385	374	328	443	432	442	414	420	393	418	375	399	385	399	396	340	372	415	385	383
Public nonfinancial corporations	3,036	3,069	1,638	1,953	1,740	2,005	2,049	1,892	1,724	1,628	1,669	1,775	1,376	1,002	2,836	1,069	1,141	1,401	1,431	1,362	1,441	1,289	1,196	1,121
Other nonfinancial corporations	36,493	37,201	37,053	37,067	36,911	37,412	37,240	38,154	38,453	38,649	38,862	39,068	41,932	39,550	39,521	40,257	41,306	40,706	40,489	40,662	41,017	41,110	41,028	41,698
Other resident sectors	54,075	54,352	54,452	54,658	54,978	54,887	55,332	55,807	56,193	56,427	56,920	57,318	54,922	57,874	57,856	58,260	58,536	58,936	59,254	59,618	59,927	60,283	60,745	61,513
Broad money liabilities	96,324	95,284	97,849	97,243	98,852	100,643	102,020	103,475	104,464	107,231	105,468	104,345	103,643	103,525	104,588	106,858	109,678	108,019	108,758	111,792	113,124	114,393	116,651	115,336
Currency outside depository corporations	2,823	2,805	2,856	2,818	2,749	2,976	2,887	3,027	3,137	2,955	3,125	2,936	2,774	2,729	2,896	2,825	2,914	2,995	2,840	3,013	2,836	2,649	3,092	2,873
Transferable deposits	43,888	42,729	45,362	42,747	44,390	45,103	46,222	47,721	46,555	49,893	48,406	48,474	47,748	48,920	48,771	49,172	50,879	49,233	49,508	50,317	51,535	53,119	54,676	54,093
Other financial corporations	7,765	7,130	6,732	6,598	7,237	7,168	8,042	7,905	8,589	7,941	7,715	8,157	7,984	8,144	8,026	6,975	6,866	6,604	6,716	6,605	6,931	7,424	7,407	7,715
State and local government	900	945	1,033	969	921	869	900	907	944	987	846	856	849	849	865	762	785	736	760	783	739	786	800	759
Public nonfinancial corporations	3,917	3,181	3,863	3,032	3,257	2,837	3,174	3,763	3,548	4,230	3,790	2,984	3,877	4,434	4,131	4,919	4,721	4,028	4,405	4,181	3,941	4,114	4,566	4,620
Other nonfinancial corporations	20,558	20,519	22,754	21,089	22,062	23,023	22,655	23,703	21,716	24,857	23,702	24,391	23,191	23,279	23,660	24,752	26,441	25,523	25,387	26,341	27,491	28,188	28,944	28,075
Other resident sectors	10,747	10,953	10,981	11,060	10,912	11,206	11,451	11,442	11,758	11,879	12,352	12,086	11,847	12,215	12,089	11,764	12,066	12,342	12,241	12,408	12,434	12,607	12,959	12,924
Less: Central bank float	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	49,614	49,750	49,631	51,678	51,713	52,563	52,911	52,727	54,772	54,382	53,938	52,935	53,121	51,876	52,922	54,861	55,885	55,790	56,410	58,462	58,752	58,625	58,883	58,370
Other financial corporations	3,602	3,860	3,731	4,058	3,735	3,997	3,997	3,693	3,506	3,387	3,462	3,306	3,358	3,562	3,544	3,889	3,961	4,495	4,886	5,165	5,600	5,518	5,701	5,300
State and local government	231	213	230	242	241	280	246	256	309	316	313	320	353	361	354	435	455	475	479	478	514	516	523	545
Public nonfinancial corporations	3,643	3,126	3,426	3,283	3,528	3,632	3,554	3,464	3,525	3,695	3,394	3,378	3,328	3,637	3,288	3,666	3,822	3,078	3,214	3,716	4,009	4,263	4,075	4,197
Other nonfinancial corporations	16,502	16,850	16,509	17,705	15,974	16,331	16,562	16,874	18,793	18,181	17,145	16,302	16,685	16,740	17,834	18,658	18,735	18,695	18,790	19,334	19,508	19,149	19,129	19,400
Other resident sectors	25,636	25,700	25,734	26,391	28,235	28,323	28,552	28,439	28,639	28,802	29,624	29,628	29,397	27,576	27,902	28,213	28,911	29,047	29,040	29,770	29,121	29,179	29,455	28,929
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
Deposits excluded from broad money	2,880	2,795	2,409	2,106	2,237	2,363	2,259	2,236	3,184	3,258	3,537	3,390	2,950	2,929	3,568	3,318	3,174	3,112	3,143	3,482	3,359	2,947	2,740	2,832
Securities other than shares, excluded from broad money	32,701	32,964	33,368	33,367	33,110	33,276	34,421	35,094	35,096	33,915	34,270	34,678	34,077	35,242	37,268	37,381	38,936	38,763	38,629	37,901	37,237	38,062	35,452	34,605
Loans	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	83	83	83	91	32	32	8	8	8
Financial derivatives	131	89	22	17	28	46	32	71	81	64	132	392	949	562	356	389	257	316	317	182	175	163	213	336
Shares and other equity	24,808	24,786	23,171	25,306	26,280	26,799	26,438	27,750	27,602	28,486	27,692	28,187	27,925	27,805	28,064	28,400	29,050	28,964	29,976	30,032	30,019	30,232	30,147	30,461
Other items (net)	-15,794	-15,854	-17,496	-15,377	-17,541	-19,101	-18,972	-19,631	-19,115	-19,273	-19,189	-18,884	-18,586	-15,665	-17,428	-16,670	-18,037	-20,601	-19,137	-19,600	-20,353	-18,131	-17,724	-19,517
Consolidation adjustment	-1,138	-1,143	-2,171	-528	-660	-1,468	-2,216	-1,021	-1,080	-963	-1,193	-1,601	-1,601	-1,385	-1,685	-1,125	-881	-2,825	-988	-1,371	-964	192	-178	-2,283
OIN	-752	-495	-437	-502	-575	-660	-687	-733	-1,056	-777	-817	-866	-923	-543	-320	-683	-762	-707	-761	-827	-852	-861	-889	-934
OIN	-13,905	-14,215	-14,888	-14,346	-16,306	-16,972	-16,070	-17,877	-16,979	-17,534	-17,178	-16,417	-16,062	-13,738	-15,424	-14,862	-16,394	-17,069	-17,388	-17,402	-18,537	-17,462	-16,657	-16,300

Table II.4 Other depository corporations' claims on private sectors (end of period in N$ million)

Description	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16
Loans	**82,140**	**82,607**	**82,853**	**83,578**	**84,158**	**84,512**	**85,124**	**86,369**	**87,326**	**87,507**	**88,813**	**89,430**
Central bank	0	0	0	0	0	0	0	0	0	0	0	0
Other depository corporations	26	27	27	27	27	27	30	28	26	25	37	27
Other financial corporations	687	631	699	767	861	875	857	1,019	1,014	1,061	1,252	1,248
Central government	7	6	7	7	7	6	6	10	5	5	5	5
State and local government	258	221	241	239	267	266	268	271	244	240	249	495
Public non-financial corporations	1,612	1,712	1,482	1,636	1,746	1,539	1,489	1,441	1,646	1,494	1,644	1,855
Other non-financial corporations (Businesses)	**33,086**	**33,340**	**33,422**	**33,632**	**33,495**	**33,738**	**34,166**	**34,561**	**35,265**	**35,174**	**35,559**	**35,343**
Loans and Advances	22,325	22,255	22,004	22,421	22,158	22,353	22,249	22,341	22,974	22,947	23,222	23,175
Farm mortgage loans	22	30	22	22	22	19	19	19	20	20	20	20
Other mortgage loans	9,836	9,884	10,011	10,043	10,280	10,281	10,357	10,370	10,412	10,416	10,379	10,433
Dwellings	1,204	1,225	1,253	1,239	1,289	1,294	1,305	1,303	1,312	1,296	1,347	1,415
Other	8,632	8,658	8,758	8,804	8,991	8,987	9,052	9,066	9,100	9,120	9,032	9,018
Overdrafts	7,931	7,719	7,468	7,713	7,344	7,560	7,284	7,336	7,901	7,731	7,998	7,898
Other loans and advances	4,536	4,623	4,503	4,642	4,511	4,493	4,588	4,616	4,641	4,781	4,825	4,824
Leasing	285	287	305	296	290	288	275	281	302	304	327	354
Instalment credit	5,045	5,073	5,057	5,003	5,008	5,078	5,134	5,159	5,283	5,224	5,210	5,162
Other	5,430	5,725	6,056	5,912	6,039	6,019	6,509	6,780	6,706	6,699	6,801	6,652
Other resident sectors (Individuals)	**46,027**	**46,224**	**46,514**	**46,807**	**47,055**	**47,419**	**47,648**	**48,298**	**48,540**	**48,922**	**49,467**	**50,054**
Loans and Advances	37,365	37,560	37,889	38,200	38,397	38,748	38,944	39,412	39,813	40,080	40,597	41,121
Farm mortgage loans	1,360	1,371	1,436	1,418	1,486	1,488	1,489	1,540	1,540	1,490	1,477	1,495
Other mortgage loans	29,320	29,559	29,719	29,961	30,046	30,350	30,546	30,852	31,149	31,356	31,717	32,073
Dwellings	29,297	29,536	29,697	29,942	30,026	30,335	30,530	30,837	31,133	31,340	31,699	32,055
Other	23	23	23	19	20	15	15	15	16	16	18	18
Overdrafts	2,732	2,634	2,715	2,743	2,739	2,708	2,640	2,694	2,734	2,766	2,824	2,915
Other loans and advances	3,952	3,997	4,019	4,078	4,126	4,201	4,269	4,326	4,390	4,467	4,579	4,637
Leasing	16	18	26	26	26	20	20	20	21	22	22	22
Instalment credit	6,943	6,950	6,979	6,975	7,047	7,112	7,203	7,379	7,206	7,343	7,392	7,462
Other	1,703	1,696	1,619	1,606	1,586	1,539	1,481	1,487	1,500	1,476	1,455	1,449
Nonresidents	**436**	**446**	**462**	**464**	**700**	**642**	**660**	**742**	**585**	**586**	**601**	**403**
Loans and Advances	407	410	424	427	436	436	443	346	350	353	367	359
Farm mortgage loans	0	0	0	0	0	0	0	0	0	0	0	0
Other mortgage loans	259	261	273	276	285	286	289	250	257	255	257	255
Dwellings	259	261	273	276	285	286	289	250	257	255	257	255
Other	0	0	0	0	0	0	0	0	0	0	0	0
Overdrafts	130	130	132	133	132	133	137	70	67	69	78	77
Other loans and advances	18	19	19	18	19	17	18	26	26	29	32	27
Leasing	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
Other	30	36	38	36	265	206	216	396	235	233	234	44

Description	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17
Loans	**89,244**	**90,129**	**89,346**	**89,612**	**90,586**	**90,903**	**91,098**	**91,625**	**92,285**	**92,700**	**93,395**	**94,433**
Central bank	0	0	0	0	0	0	0	0	0	0	0	0
Other depository corporations	27	27	28	28	27	27	27	27	28	25	27	27
Other financial corporations	1,312	1,254	587	423	527	585	657	911	863	930	949	1,091
Central government	6	6	5	4	5	6	7	5	5	4	4	408
State and local government	471	474	380	439	404	405	374	428	415	404	404	393
Public non-financial corporations	1,790	1,794	1,737	1,995	2,315	2,362	2,127	2,007	2,159	2,340	2,493	2,277
Other non-financial corporations (Businesses)	**35,255**	**35,793**	**35,674**	**35,521**	**35,773**	**35,739**	**35,883**	**36,105**	**36,124**	**35,940**	**36,015**	**36,300**
Loans and Advances	22,997	23,839	23,814	23,886	23,988	24,157	24,250	24,461	24,500	24,137	24,246	24,582
Farm mortgage loans	22	20	20	20	20	20	19	19	20	20	20	20
Other mortgage loans	10,564	10,597	10,692	10,654	10,779	10,740	11,087	11,056	11,021	11,291	11,264	11,321
Dwellings	1,440	1,446	1,450	1,434	1,492	1,434	1,651	1,585	1,573	1,846	1,833	1,955
Other	9,124	9,150	9,242	9,221	9,288	9,307	9,436	9,471	9,448	9,446	9,431	9,366
Overdrafts	8,183	8,583	8,497	8,606	8,628	8,799	8,567	8,670	8,680	8,121	8,197	8,232
Other loans and advances	4,228	4,639	4,605	4,606	4,561	4,597	4,577	4,715	4,779	4,706	4,765	5,009
Leasing	333	327	316	308	316	311	309	302	291	305	299	294
Instalment credit	5,153	5,063	5,034	4,994	4,959	4,883	4,924	4,924	4,892	4,871	4,837	4,845
Other	6,772	6,564	6,510	6,333	6,509	6,388	6,400	6,418	6,441	6,627	6,633	6,580
Other resident sectors (Individuals)	**49,971**	**50,379**	**50,500**	**50,772**	**50,987**	**51,343**	**51,617**	**51,626**	**52,196**	**52,525**	**52,994**	**53,420**
Loans and Advances	41,173	41,583	41,774	42,059	42,296	42,648	42,898	42,892	43,510	43,757	44,181	44,636
Farm mortgage loans	1,555	1,419	1,494	1,495	1,504	1,478	1,504	1,499	1,499	1,464	1,519	1,556
Other mortgage loans	32,107	32,346	32,462	32,681	32,812	33,135	33,304	33,236	33,811	34,037	34,340	34,648
Dwellings	32,088	32,327	32,441	32,662	32,795	33,118	33,293	33,226	33,800	34,026	34,336	34,645
Other	18	19	21	19	17	17	11	11	11	11	4	2
Overdrafts	2,925	3,033	3,012	3,041	3,113	3,120	3,115	3,050	3,050	3,069	3,064	3,019
Other loans and advances	4,587	4,784	4,806	4,841	4,867	4,915	4,975	5,106	5,150	5,187	5,259	5,414
Leasing	21	20	19	18	18	18	17	18	20	19	19	19
Instalment credit	7,334	7,320	7,261	7,244	7,258	7,217	7,235	7,232	7,165	7,200	7,197	7,174
Other	1,442	1,456	1,446	1,451	1,415	1,459	1,467	1,484	1,502	1,550	1,597	1,590
Nonresidents	**412**	**403**	**435**	**430**	**549**	**436**	**405**	**517**	**496**	**531**	**509**	**516**
Loans and Advances	367	375	385	380	484	396	399	498	490	491	494	499
Farm mortgage loans	0	0	0	0	0	0	0	0	0	0	0	0
Other mortgage loans	255	262	274	274	303	212	210	309	305	305	304	312
Dwellings	255	262	274	274	303	212	210	309	305	305	304	312
Other	0	0	0	0	0	0	0	0	0	0	0	0
Overdrafts	83	83	83	78	165	168	170	171	168	169	173	169
Other loans and advances	29	29	28	29	17	16	19	18	18	18	17	18
Leasing	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
Other	45	28	50	50	65	40	6	20	6	40	15	17

Description	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18
Loans	**95,188**	**96,286**	**96,389**	**96,909**	**96,665**	**96,860**	**97,355**	**98,587**	**98,950**	**99,550**	**99,580**	**100,185**
Central bank	0	0	0	0	0	0	0	0	0	0	0	0
Other depository corporations	28	27	27	27	26	34	21	21	20	33	22	25
Other financial corporations	1,155	1,294	2,144	2,016	1,880	1,556	1,818	1,727	1,776	1,875	1,146	1,361
Central government	4	3	3	53	55	3	4	3	3	4	4	11
State and local government	403	387	368	400	375	357	314	428	416	431	405	412
Public non-financial corporations	2,704	2,657	1,227	1,547	1,339	1,599	1,615	1,459	1,291	1,195	1,236	1,343
Other non-financial corporations (Businesses)	**36,397**	**37,107**	**36,978**	**36,987**	**36,828**	**37,252**	**37,093**	**37,979**	**38,287**	**38,474**	**38,761**	**38,656**
Loans and Advances	24,778	25,063	25,529	25,528	25,593	25,818	25,652	26,036	26,425	26,439	27,275	27,172
Farm mortgage loans	20	20	18	18	18	19	16	16	18	18	18	18
Other mortgage loans	11,219	11,277	11,282	11,496	11,384	11,686	11,467	11,465	11,568	11,387	11,442	11,618
Dwellings	1,939	1,913	1,894	1,913	1,924	2,116	2,111	2,006	2,027	1,919	1,954	2,031
Other	9,280	9,364	9,388	9,583	9,460	9,570	9,355	9,459	9,542	9,468	9,487	9,587
Overdrafts	8,665	8,857	9,077	8,893	8,979	8,851	8,702	8,799	8,990	8,914	9,706	9,240
Other loans and advances	4,874	4,910	5,152	5,121	5,211	5,262	5,467	5,756	5,849	6,120	6,109	6,296
Leasing	307	294	286	285	300	299	299	288	283	267	259	252
Instalment credit	4,748	4,739	4,698	4,598	4,569	4,555	4,532	4,558	4,504	4,479	4,430	4,390
Other	6,563	7,011	6,464	6,576	6,365	6,580	6,610	7,097	7,075	7,289	6,797	6,841
Other resident sectors (Individuals)	**53,975**	**54,268**	**54,380**	**54,607**	**54,901**	**54,810**	**55,263**	**55,703**	**55,955**	**56,345**	**56,833**	**57,242**
Loans and Advances	45,138	45,409	45,586	45,851	46,116	46,080	46,521	47,141	47,388	47,769	48,277	48,660
Farm mortgage loans	1,564	1,581	1,599	1,598	1,602	1,613	1,605	1,614	1,623	1,638	1,701	1,667
Other mortgage loans	34,706	34,962	35,117	35,322	35,514	35,514	35,897	36,307	36,478	36,775	37,092	37,327
Dwellings	34,703	34,959	35,113	35,315	35,507	35,504	35,886	36,295	36,465	36,762	37,079	37,314
Other	3	3	3	7	7	10	12	12	12	12	13	13
Overdrafts	3,135	3,145	3,092	3,082	3,175	3,139	3,062	3,074	3,075	3,079	3,090	3,147
Other loans and advances	5,732	5,722	5,779	5,849	5,826	5,814	5,957	6,146	6,213	6,277	6,393	6,519
Leasing	19	19	19	20	19	19	19	18	22	23	30	33
Instalment credit	7,148	7,118	7,063	7,008	6,981	6,893	6,894	6,862	6,859	6,861	6,807	6,816
Other	1,670	1,723	1,711	1,728	1,784	1,818	1,828	1,682	1,686	1,692	1,720	1,732
Nonresidents	**522**	**542**	**1,262**	**1,273**	**1,261**	**1,250**	**1,229**	**1,265**	**1,202**	**1,194**	**1,172**	**1,136**
Loans and Advances	506	511	506	507	502	496	506	498	495	489	483	480
Farm mortgage loans	0	0	0	0	0	0	0	0	0	0	0	0
Other mortgage loans	320	320	317	315	312	306	307	307	303	297	294	295
Dwellings	320	320	317	315	312	306	307	307	303	297	294	295
Other	0	0	0	0	0	0	0	0	0	0	0	0
Overdrafts	168	173	169	173	171	171	172	175	175	175	172	169
Other loans and advances	18	18	21	19	19	19	28	17	17	17	16	16
Leasing	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
Other	17	31	756	766	759	754	722	767	707	705	690	656

Description	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19
Loans	**100,818**	**101,454**	**101,182**	**102,222**	**103,524**	**103,531**	**103,857**	**103,982**	**104,876**	**105,782**	**106,002**	**107,150**
Central bank	0	0	0	0	0	0	0	0	0	0	0	0
Other depository corporations	21	23	18	22	14	48	4	96	35	4	4	4
Other financial corporations	2,077	2,314	303	1,965	1,853	1,773	2,028	1,755	1,954	2,485	2,358	2,163
Central government	9	10	10	10	11	14	16	16	14	15	17	12
State and local government	388	414	371	396	382	389	386	333	368	411	379	372
Public non-financial corporations	1,051	668	2,502	736	810	1,069	1,099	1,029	1,108	960	936	860
Other non-financial corporations (Businesses)	**41,338**	**39,101**	**39,027**	**39,851**	**40,953**	**40,389**	**40,162**	**40,260**	**40,643**	**40,775**	**40,753**	**41,419**
Loans and Advances	30,307	27,679	27,178	27,692	28,757	28,375	28,237	28,002	28,389	28,337	28,110	28,819
Farm mortgage loans	609	18	16	16	16	15	16	16	15	15	15	15
Other mortgage loans	12,243	11,419	11,607	11,515	12,079	12,127	12,064	12,045	12,139	12,057	12,118	12,033
Dwellings	2,714	1,979	2,110	2,030	2,059	2,112	2,077	1,981	2,122	2,107	2,156	2,173
Other	9,529	9,439	9,497	9,485	10,020	10,015	9,987	10,065	10,017	9,950	9,962	9,860
Overdrafts	10,321	10,015	9,259	9,697	9,980	9,584	9,511	9,227	9,449	9,392	8,982	9,419
Other loans and advances	7,135	6,227	6,296	6,463	6,681	6,649	6,646	6,714	6,785	6,874	6,994	7,352
Leasing	357	238	228	211	208	204	190	189	184	175	173	172
Instalment credit	3,966	4,298	4,271	4,200	4,229	4,212	4,181	4,169	4,225	4,247	4,223	4,210
Other	6,709	6,885	7,350	7,748	7,759	7,598	7,555	7,899	7,845	8,016	8,247	8,218
Other resident sectors (Individuals)	**54,813**	**57,795**	**57,801**	**58,168**	**58,424**	**58,831**	**59,143**	**59,440**	**59,754**	**60,133**	**60,593**	**61,354**
Loans and Advances	46,035	49,304	49,572	49,903	50,185	50,549	50,915	51,332	51,723	52,060	52,585	53,317
Farm mortgage loans	2,095	1,699	1,694	1,692	1,696	1,711	1,722	1,736	1,743	1,746	1,769	1,785
Other mortgage loans	35,656	37,556	37,677	37,844	37,980	38,222	38,502	38,766	38,916	39,170	39,310	39,521
Dwellings	35,643	37,540	37,662	37,828	37,965	38,206	38,485	38,749	38,899	39,153	39,293	39,504
Other	13	15	15	15	16	16	17	17	17	17	17	17
Overdrafts	2,553	3,291	3,247	3,276	3,293	3,295	3,327	3,351	3,412	3,343	3,369	3,405
Other loans and advances	5,732	6,759	6,955	7,091	7,216	7,320	7,364	7,479	7,652	7,801	8,137	8,606
Leasing	49	32	34	48	47	51	51	50	49	48	47	47
Instalment credit	7,018	6,736	6,693	6,610	6,571	6,608	6,585	6,492	6,445	6,441	6,377	6,408
Other	1,711	1,722	1,503	1,608	1,621	1,624	1,592	1,566	1,537	1,585	1,584	1,582
Nonresidents	**1,121**	**1,129**	**1,149**	**1,074**	**1,076**	**1,017**	**1,018**	**1,053**	**1,000**	**1,000**	**961**	**965**
Loans and Advances	482	481	470	466	463	459	458	455	453	454	447	448
Farm mortgage loans	0	0	0	0	0	0	0	0	0	0	0	0
Other mortgage loans	291	291	285	280	278	277	272	271	269	268	261	261
Dwellings	291	291	285	280	278	277	272	271	269	268	261	261
Other	0	0	0	0	0	0	0	0	0	0	0	0
Overdrafts	174	174	169	170	169	165	168	167	166	167	166	166
Other loans and advances	16	17	16	16	16	17	18	18	18	19	20	20
Leasing	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
Other	639	648	679	608	613	557	560	598	546	546	515	518

*Other loans and advances comprises personal loans for businesses and individuals and nonresidents.

Table II.5 Deposits with other depository corporations (end period in N$ million)

Description	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16
Total Deposits	**86,786**	**88,762**	**91,539**	**92,544**	**91,926**	**90,268**	**90,921**	**90,806**	**90,936**	**91,502**	**94,018**	**93,700**
Deposits included in broad money	**77,791**	**80,080**	**83,686**	**84,951**	**84,909**	**82,269**	**83,424**	**83,929**	**82,096**	**83,377**	**83,277**	**83,065**
Transferable deposits	36,486	38,016	41,127	40,617	38,739	36,765	37,702	37,873	37,041	37,239	36,538	36,769
In national currency	35,653	37,292	40,230	39,982	37,806	36,016	36,931	37,197	36,244	36,252	35,716	36,057
Other financial corporations	4,659	4,766	5,198	5,310	5,065	4,408	4,472	4,405	4,537	4,918	4,489	4,349
State and local government	1,011	1,107	1,392	1,048	1,007	876	873	846	746	828	710	670
Public non-financial corporations	1,972	2,721	2,877	2,841	2,447	2,055	2,366	2,193	2,248	2,524	2,429	2,634
Other non-financial corporations	19,052	19,693	21,500	21,753	20,454	19,682	20,150	20,962	20,213	19,182	19,089	19,830
Other resident sectors	8,958	9,005	9,263	9,031	8,833	8,996	9,070	8,792	8,501	8,800	8,999	8,574
In foreign currency	**834**	**724**	**897**	**635**	**934**	**749**	**771**	**675**	**797**	**987**	**822**	**712**
Other deposits	41,305	42,064	42,559	44,334	46,169	45,504	45,722	46,056	45,055	46,138	46,739	46,297
In national currency	41,305	42,064	42,559	44,334	46,169	45,504	45,722	46,056	45,055	46,138	46,739	46,297
Other financial corporations	3,964	4,155	4,010	4,232	2,549	4,865	4,127	4,076	4,021	4,099	3,871	3,930
State and local government	549	469	483	605	2,379	550	542	533	509	450	441	362
Public nonfinancial corporations	1,376	1,775	1,920	2,145	2,281	1,627	2,097	2,309	2,409	2,385	2,444	2,651
Other nonfinancial corporations	11,095	11,226	11,295	11,797	13,131	12,541	12,695	12,681	11,102	12,381	12,869	11,993
Other resident sectors	24,322	24,439	24,851	25,555	25,829	25,921	26,260	26,458	27,014	26,823	27,113	27,361
In foreign currency	0	0	0	0	0	0	0	0	0	0	0	0
Deposits excluded from broad money	**8,995**	**8,682**	**7,853**	**7,593**	**7,017**	**7,999**	**7,497**	**6,877**	**8,840**	**8,125**	**10,741**	**10,634**
Transferable deposits	5,225	5,001	4,699	4,515	4,776	4,772	5,004	4,317	4,983	4,243	6,447	5,528
In national currency	2,089	2,028	2,646	2,279	2,337	2,147	2,143	2,223	2,555	2,102	3,535	3,710
In foreign currency	3,136	2,973	2,053	2,236	2,439	2,625	2,861	2,094	2,429	2,141	2,912	1,818
Other deposits	3,770	3,681	3,155	3,078	2,241	3,227	2,493	2,560	3,857	3,882	4,294	5,106
In national currency	1,701	1,432	1,508	1,658	1,603	1,510	1,431	1,425	2,506	2,577	2,512	3,224
In foreign currency	2,069	2,249	1,646	1,420	638	1,717	1,062	1,135	1,351	1,306	1,782	1,882

Description	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17
Total Deposits	**91,670**	**92,392**	**94,116**	**95,704**	**98,099**	**97,341**	**100,724**	**101,045**	**103,544**	**104,262**	**105,482**	**105,670**
Deposits included in broad money	**81,569**	**82,818**	**84,907**	**87,045**	**89,684**	**87,831**	**91,187**	**93,165**	**93,656**	**94,844**	**94,947**	**94,981**
Transferable deposits	36,045	36,951	38,037	39,919	40,433	37,570	40,002	41,474	41,310	42,010	42,056	41,432
In national currency	34,688	35,616	36,133	37,425	38,594	35,540	37,840	39,559	39,195	39,209	38,474	38,749
Other financial corporations	5,132	4,935	4,262	4,126	4,320	4,505	4,514	4,801	4,681	5,106	4,989	6,057
State and local government	587	611	658	695	715	614	786	903	843	911	949	889
Public non-financial corporations	3,078	3,186	3,249	3,593	3,965	2,852	4,032	3,933	4,173	2,722	2,458	2,846
Other non-financial corporations	17,515	18,513	19,461	20,290	20,986	18,792	19,496	20,528	20,077	20,549	19,844	18,958
Other resident sectors	8,376	8,371	8,503	8,721	8,607	8,778	9,012	9,393	9,422	9,921	10,233	9,999
In foreign currency	**1,357**	**1,334**	**1,904**	**2,495**	**1,839**	**2,030**	**2,162**	**1,915**	**2,115**	**2,801**	**3,582**	**2,683**
Other deposits	45,524	45,868	46,870	47,126	49,251	50,261	51,184	51,691	52,346	52,834	52,892	53,549
In national currency	45,524	45,868	46,870	47,126	49,251	50,261	51,184	51,691	52,346	52,834	52,892	53,549
Other financial corporations	3,913	3,751	3,702	3,656	3,870	3,769	3,567	3,683	3,693	3,425	3,465	3,641
State and local government	350	336	275	245	291	189	209	203	216	216	220	226
Public nonfinancial corporations	2,712	2,764	2,919	2,856	2,746	2,928	2,982	3,557	3,411	3,357	3,306	3,146
Other nonfinancial corporations	11,232	11,293	11,727	12,143	12,991	13,411	14,617	14,640	15,135	15,869	16,328	16,214
Other resident sectors	27,316	27,724	28,248	28,226	29,352	29,965	29,809	29,609	29,890	29,967	29,573	30,322
In foreign currency	0	0	0	0	0	0	0	0	0	0	0	0
Deposits excluded from broad money	**10,101**	**9,574**	**9,209**	**8,659**	**8,415**	**9,510**	**9,537**	**7,880**	**9,888**	**9,418**	**10,534**	**10,689**
Transferable deposits	6,027	5,775	4,857	4,208	3,943	4,971	5,184	3,629	4,650	4,511	4,955	4,409
In national currency	3,755	3,316	2,470	1,944	1,705	2,056	1,780	1,727	2,414	2,303	2,057	2,215
In foreign currency	2,272	2,459	2,387	2,264	2,237	2,915	3,404	1,902	2,237	2,208	2,898	2,194
Other deposits	4,074	3,799	4,352	4,451	4,472	4,539	4,353	4,251	5,238	4,907	5,579	6,280
In national currency	2,964	2,790	3,021	3,180	3,111	3,243	3,231	3,224	3,142	3,633	3,759	4,479
In foreign currency	1,110	1,009	1,331	1,271	1,361	1,296	1,122	1,027	2,095	1,273	1,820	1,802

Description	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18
Total Deposits	**106,105**	**104,526**	**106,829**	**105,773**	**108,336**	**110,000**	**111,809**	**112,712**	**115,487**	**118,718**	**115,532**	**115,936**
Deposits included in broad money	**93,502**	**92,479**	**94,993**	**94,425**	**96,103**	**97,666**	**99,134**	**100,448**	**101,327**	**104,275**	**102,343**	**101,409**
Transferable deposits	43,888	42,729	45,362	42,747	44,390	45,103	46,222	47,721	46,555	49,893	48,406	48,474
In national currency	41,278	40,259	42,721	41,295	43,133	43,955	45,011	46,294	45,286	47,581	47,016	47,098
Other financial corporations	7,765	7,130	6,732	6,598	7,237	7,168	8,042	7,905	8,589	7,941	7,715	8,157
State and local government	900	945	1,033	969	921	869	900	907	944	987	846	856
Public non-financial corporations	3,917	3,181	3,863	3,032	3,257	2,837	3,174	3,763	3,548	4,230	3,790	2,984
Other non-financial corporations	17,949	18,050	20,112	19,637	20,806	21,874	21,443	22,276	20,447	22,545	22,314	23,016
Other resident sectors	10,747	10,953	10,981	11,060	10,912	11,206	11,451	11,442	11,758	11,878	12,351	12,084
In foreign currency	**2,610**	**2,470**	**2,642**	**1,452**	**1,256**	**1,149**	**1,211**	**1,427**	**1,269**	**2,313**	**1,390**	**1,377**
Other deposits	49,614	49,750	49,631	51,678	51,713	52,563	52,911	52,727	54,772	54,382	53,938	52,935
In national currency	49,614	49,750	49,631	51,678	51,713	52,563	52,911	52,727	54,772	54,382	53,938	52,935
Other financial corporations	3,602	3,860	3,731	4,058	3,735	3,997	3,997	3,693	3,506	3,387	3,462	3,306
State and local government	231	213	230	242	241	280	246	256	309	316	313	320
Public nonfinancial corporations	3,643	3,126	3,426	3,283	3,528	3,632	3,554	3,464	3,525	3,695	3,394	3,378
Other nonfinancial corporations	16,502	16,850	16,509	17,705	15,974	16,331	16,562	16,874	18,793	18,181	17,145	16,302
Other resident sectors	25,636	25,700	25,734	26,391	28,235	28,323	28,552	28,439	28,639	28,802	29,624	29,628
In foreign currency	0	0	0	0	0	0	0	0	0	0	0	0
Deposits excluded from broad money	**12,603**	**12,047**	**11,836**	**11,348**	**12,233**	**12,334**	**12,675**	**12,264**	**14,160**	**14,442**	**13,188**	**14,527**
Transferable deposits	6,782	6,370	5,899	5,891	6,445	6,804	6,846	6,459	7,635	7,392	6,704	7,060
In national currency	4,244	3,806	4,038	4,159	4,175	4,733	4,641	4,423	4,955	4,839	4,351	5,196
In foreign currency	2,537	2,565	1,862	1,732	2,269	2,072	2,205	2,036	2,680	2,554	2,353	1,864
Other deposits	5,822	5,677	5,937	5,457	5,788	5,530	5,830	5,805	6,525	7,050	6,484	7,467
In national currency	4,275	4,233	4,635	4,385	4,868	4,347	4,690	4,568	4,614	5,043	4,192	5,058
In foreign currency	1,547	1,444	1,302	1,072	920	1,183	1,140	1,236	1,911	2,007	2,292	2,408

Description	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19
Total Deposits	**116,099**	**115,690**	**117,299**	**120,254**	**122,886**	**119,981**	**121,653**	**124,515**	**126,981**	**126,749**	**128,526**	**128,455**
Deposits included in broad money	**100,869**	**100,796**	**101,692**	**104,033**	**106,764**	**105,024**	**105,918**	**108,779**	**110,287**	**111,744**	**113,559**	**112,463**
Transferable deposits	47,748	48,920	48,771	49,172	50,879	49,233	49,508	50,317	51,535	53,119	54,676	54,093
In national currency	46,195	47,519	47,363	47,579	49,050	46,929	47,611	48,365	49,377	51,339	52,636	52,339
Other financial corporations	7,984	8,144	8,026	6,975	6,866	6,604	6,716	6,605	6,931	7,424	7,407	7,715
State and local government	849	849	865	761	785	736	760	783	739	786	800	759
Public non-financial corporations	3,877	4,434	4,131	4,919	4,721	4,028	4,405	4,181	3,941	4,114	4,566	4,620
Other non-financial corporations	21,639	21,879	22,253	23,161	24,614	23,220	23,491	24,390	25,334	26,410	26,905	26,322
Other resident sectors	11,845	12,213	12,088	11,762	12,064	12,341	12,240	12,407	12,433	12,606	12,958	12,923
In foreign currency	**1,553**	**1,401**	**1,408**	**1,593**	**1,829**	**2,304**	**1,897**	**1,952**	**2,159**	**1,780**	**2,040**	**1,754**
Other deposits	53,121	51,876	52,922	54,861	55,885	55,790	56,410	58,462	58,752	58,625	58,883	58,370
In national currency	53,121	51,876	52,922	54,861	55,885	55,790	56,410	58,462	58,752	58,625	58,883	58,370
Other financial corporations	3,358	3,562	3,544	3,889	3,961	4,495	4,886	5,165	5,600	5,518	5,701	5,300
State and local government	353	361	354	435	455	475	479	478	514	516	523	545
Public nonfinancial corporations	3,328	3,637	3,288	3,666	3,822	3,078	3,214	3,716	4,009	4,263	4,075	4,197
Other nonfinancial corporations	16,685	16,740	17,834	18,658	18,735	18,695	18,790	19,334	19,508	19,149	19,129	19,400
Other resident sectors	29,397	27,576	27,902	28,213	28,911	29,047	29,040	29,770	29,121	29,179	29,455	28,929
In foreign currency	0	0	0	0	0	0	0	0	0	0	0	0
Deposits excluded from broad money	**15,231**	**14,894**	**15,607**	**16,221**	**16,122**	**14,957**	**15,735**	**15,736**	**16,693**	**15,005**	**14,967**	**15,992**
Transferable deposits	8,710	8,158	7,748	7,848	9,123	8,290	8,700	9,128	9,809	8,209	8,634	9,879
In national currency	5,616	4,989	4,796	5,029	5,814	5,493	5,765	6,139	5,621	5,597	6,002	6,626
In foreign currency	3,094	3,169	2,952	2,820	3,309	2,798	2,936	2,989	4,188	2,613	2,632	3,253
Other deposits	6,521	6,737	7,859	8,373	6,999	6,667	7,034	6,608	6,884	6,796	6,333	6,113
In national currency	4,194	4,708	5,071	5,854	4,672	4,275	4,552	3,963	4,278	4,632	4,314	3,963
In foreign currency	2,327	2,029	2,788	2,519	2,326	2,392	2,482	2,645	2,606	2,164	2,019	2,150

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	1+2 = 3	4	5	3+4+5=6
2016	**Jan**	**3,008**	**36,486**	**39,494**	**41,305**	**0**	**80,799**
	Feb	2,890	38,016	40,906	42,064	0	82,970
	Mar	2,765	41,127	43,892	42,559	0	86,450
	Apr	2,921	40,617	43,537	44,334	0	87,872
	May	2,839	38,739	41,578	46,169	0	87,748
	Jun	2,840	36,765	39,606	45,504	0	85,109
	Jul	2,953	37,702	40,655	45,722	0	86,377
	Aug	2,879	37,873	40,752	46,056	0	86,808
	Sep	2,905	37,041	39,946	45,055	0	85,001
	Oct	2,964	37,239	40,203	46,138	0	86,341
	Nov	3,009	36,538	39,548	46,739	0	86,286
	Dec	2,884	36,769	39,653	46,297	0	85,949
2017	**Jan**	**2,799**	**36,045**	**38,844**	**45,524**	**0**	**84,368**
	Feb	2,829	36,951	39,780	45,868	0	85,648
	Mar	2,876	38,037	40,913	46,870	0	87,783
	Apr	2,980	39,919	42,900	47,126	0	90,025
	May	2,870	40,433	43,303	49,251	0	92,554
	Jun	2,922	37,570	40,492	50,261	0	90,753
	Jul	2,954	40,002	42,956	51,184	0	94,141
	Aug	3,031	41,474	44,505	51,691	0	96,196
	Sep	3,120	41,310	44,431	52,346	0	96,777
	Oct	3,009	42,010	45,019	52,834	0	97,853
	Nov	3,188	42,056	45,243	52,892	0	98,135
	Dec	3,096	41,432	44,528	53,549	0	98,078
2018	**Jan**	**2,823**	**43,888**	**46,711**	**49,614**	**0**	**96,324**
	Feb	2,805	42,729	45,534	49,750	0	95,284
	Mar	2,856	45,362	48,219	49,631	0	97,849
	Apr	2,818	42,747	45,565	51,678	0	97,243
	May	2,749	44,390	47,139	51,713	0	98,852
	Jun	2,976	45,103	48,080	52,563	0	100,643
	Jul	2,887	46,222	49,109	52,911	0	102,020
	Aug	3,027	47,721	50,748	52,727	0	103,475
	Sep	3,137	46,555	49,692	54,772	0	104,464
	Oct	2,955	49,893	52,849	54,382	0	107,231
	Nov	3,125	48,406	51,531	53,938	0	105,468
	Dec	2,936	48,474	51,411	52,935	0	104,345
2019	**Jan**	**2,774**	**47,748**	**50,522**	**53,121**	**0**	**103,643**
	Feb	2,729	48,920	51,649	51,876	0	103,525
	Mar	2,896	48,771	51,666	52,922	0	104,588
	Apr	2,825	49,172	51,998	54,861	0	106,858
	May	2,914	50,879	53,793	55,885	0	109,678
	Jun	2,995	49,233	52,229	55,790	0	108,019
	Jul	2,840	49,508	52,349	56,410	0	108,758
	Aug	3,013	50,317	53,330	58,462	0	111,792
	Sep	2,836	51,535	54,372	58,752	0	113,124
	Oct	2,649	53,119	55,768	58,625	0	114,393
	Nov	3,092	54,676	57,768	58,883	0	116,651
	Dec	2,873	54,093	56,966	58,370	0	115,336

Table II.7 Monetary analysis (end of period in N$ million)

			Determinants of money supply						
		Broad money supply (M2)	Net foreign assets	Claims on the Central Government				Claims on private sectors	Other items net
				Gross claims	Government deposits	Other liabilities	Net claims on Government		
2016	**Jan**	**80,799**	**29,478**	**9,965**	**13,159**	**0**	**-3,194**	**85,433**	**-30,917**
	Feb	82,970	31,379	10,185	11,130	0	-945	85,857	-33,320
	Mar	86,450	32,813	12,089	9,801	0	2,288	85,903	-34,553
	Apr	87,872	34,978	10,895	10,670	0	226	86,350	-33,681
	May	87,748	34,889	10,768	8,935	0	1,834	86,457	-35,432
	Jun	85,109	29,639	11,042	8,328	0	2,714	86,927	-34,170
	Jul	86,377	29,795	11,068	8,223	0	2,845	87,533	-33,795
	Aug	86,808	28,793	11,619	7,055	0	4,564	88,546	-35,095
	Sep	85,001	24,157	11,786	7,305	0	4,480	89,672	-33,308
	Oct	86,341	29,623	11,595	7,186	0	4,409	89,826	-37,518
	Nov	86,286	31,812	12,879	8,072	0	4,807	91,049	-41,381
	Dec	85,949	26,201	11,814	7,909	0	3,905	91,974	-36,130
2017	**Jan**	**84,368**	**28,653**	**11,798**	**9,456**	**0**	**2,342**	**91,741**	**-38,367**
	Feb	85,648	27,117	12,079	8,150	0	3,929	92,741	-38,138
	Mar	87,783	28,074	13,755	6,727	0	7,029	91,852	-39,172
	Apr	90,025	32,901	12,074	8,177	0	3,897	92,129	-38,901
	May	92,554	33,377	13,199	6,554	0	6,645	93,036	-40,504
	Jun	90,753	31,652	12,241	6,544	0	5,698	93,609	-40,206
	Jul	94,141	37,027	12,880	8,857	0	4,023	93,657	-40,567
	Aug	96,196	38,710	13,334	7,832	0	5,502	94,153	-42,169
	Sep	96,777	38,087	13,721	7,041	0	6,680	95,075	-43,065
	Oct	97,853	38,812	14,964	8,075	0	6,888	95,384	-43,231
	Nov	98,135	36,060	14,860	6,623	0	8,237	95,982	-42,144
	Dec	98,078	31,063	15,611	5,947	0	9,665	96,537	-39,187
2018	**Jan**	**96,324**	**35,871**	**15,555**	**8,771**	**0**	**6,784**	**98,396**	**-44,727**
	Feb	95,284	32,402	16,328	8,064	0	8,264	99,397	-44,780
	Mar	97,849	28,463	17,912	5,511	0	12,401	98,461	-41,476
	Apr	97,243	34,096	16,914	7,701	0	9,213	99,354	-45,420
	May	98,852	32,488	17,525	6,211	0	11,313	99,167	-44,116
	Jun	100,643	34,198	17,708	7,243	0	10,465	99,364	-43,384
	Jul	102,020	36,063	18,465	8,194	0	10,271	99,866	-44,180
	Aug	103,475	36,170	18,739	7,250	0	11,489	101,337	-45,521
	Sep	104,464	36,593	19,138	6,317	0	12,821	101,899	-46,849
	Oct	107,231	38,743	19,180	6,874	0	12,306	102,634	-46,452
	Nov	105,468	35,076	19,562	5,489	0	14,072	102,762	-46,443
	Dec	104,345	37,975	19,338	8,783	0	10,555	103,580	-47,764
2019	**Jan**	**103,643**	**38,887**	**19,262**	**11,342**	**0**	**7,920**	**104,150**	**-47,315**
	Feb	103,525	39,860	19,258	9,405	0	9,853	104,686	-50,874
	Mar	104,588	38,645	20,512	7,228	0	13,284	104,487	-51,828
	Apr	106,858	44,395	20,107	10,308	0	9,799	105,565	-52,901
	May	109,678	44,612	20,234	8,490	0	11,744	106,785	-53,462
	Jun	108,019	40,204	20,487	8,811	0	11,676	106,775	-50,637
	Jul	108,758	44,517	21,075	10,995	0	10,081	107,181	-53,020
	Aug	111,792	44,475	21,153	9,061	0	12,092	107,255	-52,029
	Sep	113,124	39,456	24,675	9,115	0	15,560	108,576	-50,468
	Oct	114,393	43,580	24,007	9,437	0	14,569	109,523	-53,280
	Nov	116,651	41,139	24,907	8,192	0	16,715	109,633	-50,836
	Dec	115,336	36,440	25,223	7,879	0	17,344	110,278	-48,726

Table II.8 Changes in determinants of money supply (monthly in N$ million)

			Determinants of money supply						
		Broad money supply (M2)	Net foreign assets	Claims on the Central Government				Claims on other sectors	Other items net
				Gross claims	Government deposits	Other liabilities	Net claims on Government		
2016	**Jan**	**-1,134**	**-54**	**-205**	**1,381**	**0**	**-1,586**	**509**	**-3**
	Feb	2,170	1,901	219	-2,030	0	2,249	424	-2,403
	Mar	3,480	1,434	1,904	-1,329	0	3,233	47	-1,233
	Apr	1,421	2,165	-1,193	869	0	-2,062	446	872
	May	-124	-89	-127	-1,735	0	1,608	108	-1,751
	Jun	-2,638	-5,250	273	-607	0	880	470	1,262
	Jul	1,268	156	26	-105	0	131	606	374
	Aug	430	-1,002	551	-1,168	0	1,719	1,013	-1,300
	Sep	-1,807	-4,636	167	250	0	-84	1,125	1,787
	Oct	1,340	5,467	-191	-119	0	-71	154	-4,209
	Nov	-54	2,188	1,284	886	0	398	1,223	-3,863
	Dec	-337	-5,611	-1,064	-162	0	-902	925	5,251
2017	**Jan**	**-1,582**	**2,452**	**-16**	**1,547**	**0**	**-1,563**	**-234**	**-2,237**
	Feb	1,280	-1,536	280	-1,306	0	1,586	1,000	229
	Mar	2,135	958	1,677	-1,423	0	3,100	-889	-1,033
	Apr	2,243	4,827	-1,681	1,450	0	-3,132	277	270
	May	2,528	476	1,125	-1,623	0	2,748	907	-1,603
	Jun	-1,801	-1,725	-958	-10	0	-948	573	298
	Jul	3,388	5,374	639	2,313	0	-1,675	49	-360
	Aug	2,055	1,683	454	-1,025	0	1,479	495	-1,602
	Sep	581	-623	388	-791	0	1,178	922	-896
	Oct	1,076	725	1,242	1,034	0	208	309	-166
	Nov	282	-2,752	-104	-1,452	0	1,348	599	1,087
	Dec	-57	-4,996	752	-676	0	1,428	554	2,957
2018	**Jan**	**-1,753**	**4,808**	**-56**	**2,824**	**0**	**-2,881**	**1,859**	**-5,540**
	Feb	-1,040	-3,469	774	-707	0	1,480	1,001	-53
	Mar	2,565	-3,940	1,584	-2,553	0	4,137	-936	3,304
	Apr	-606	5,633	-998	2,191	0	-3,188	893	-3,944
	May	1,609	-1,608	610	-1,490	0	2,101	-187	1,304
	Jun	1,790	1,710	183	1,032	0	-848	197	732
	Jul	1,378	1,864	757	951	0	-194	503	-795
	Aug	1,455	107	274	-944	0	1,218	1,471	-1,341
	Sep	989	423	399	-933	0	1,332	562	-1,328
	Oct	2,767	2,150	42	557	0	-515	735	398
	Nov	-1,763	-3,667	382	-1,385	0	1,767	128	9
	Dec	-1,123	2,899	-224	3,294	0	-3,518	817	-1,321
2019	**Jan**	**-702**	**912**	**-75**	**2,559**	**0**	**-2,634**	**570**	**449**
	Feb	-118	973	-4	-1,937	0	1,932	536	-3,559
	Mar	1,063	-1,215	1,254	-2,177	0	3,431	-199	-954
	Apr	2,271	5,750	-405	3,080	0	-3,485	1,078	-1,073
	May	2,820	217	127	-1,818	0	1,944	1,219	-561
	Jun	-1,659	-4,408	253	320	0	-67	-10	2,826
	Jul	739	4,313	588	2,184	0	-1,596	405	-2,383
	Aug	3,034	-42	77	-1,933	0	2,011	74	991
	Sep	1,331	-5,019	3,523	54	0	3,469	1,321	1,560
	Oct	1,269	4,125	-669	323	0	-991	948	-2,812
	Nov	2,258	-2,442	901	-1,245	0	2,146	110	2,444
	Dec	-1,314	-4,698	315	-313	0	629	645	2,111

Table II.9 Selected interest rates: Namibia and South Africa

		Repo rate		Prime lending rate		Average lending rate		Treasury bill rate (3 month)		Average deposit rate	
		Namibia	SA	Namibia	SA	Namibia	SA	Namibia	SA	Namibia	SA
2016	**Jan**	**6.50**	**6.75**	**10.25**	**10.25**	**9.52**	**10.06**	**7.92**	**6.86**	**4.80**	**6.62**
	Feb	6.75	6.75	10.50	10.25	9.36	10.18		6.93	5.09	6.90
	Mar	6.75	7.00	10.50	10.50	9.74	10.36	8.18	7.04	5.00	7.09
	Apr	7.00	7.00	10.75	10.50	9.76	10.41	7.94	7.18	5.20	7.25
	May	7.00	7.00	10.75	10.50	10.20	10.49		7.16	5.43	7.17
	Jun	7.00	7.00	10.75	10.50	10.01	10.49	7.76	7.20	5.41	7.23
	Jul	7.00	7.00	10.75	10.50	10.11	10.51	8.00	7.35	5.35	7.20
	Aug	7.00	7.00	10.75	10.50	10.12	10.55		7.30	5.53	7.28
	Sep	7.00	7.00	10.75	10.50	10.22	10.55	8.08	7.29	5.64	7.33
	Oct	7.00	7.00	10.75	10.50	10.19	10.48	8.39	7.35	5.60	7.32
	Nov	7.00	7.00	10.75	10.50	10.06	10.45		7.60	5.62	7.38
	Dec	7.00	7.00	10.75	10.50	9.87	10.48	8.61	7.64	5.69	7.40
2017	**Jan**	**7.00**	**7.00**	**10.75**	**10.50**	**10.19**	**10.47**	**8.79**	**7.36**	**5.86**	**7.37**
	Feb	7.00	7.00	10.75	10.50	10.02	10.52		7.19	5.82	7.37
	Mar	7.00	7.00	10.75	10.50	10.22	10.50	8.87	7.29	5.78	7.40
	Apr	7.00	7.00	10.75	10.50	10.11	10.47	8.77	7.43	5.75	7.34
	May	7.00	7.00	10.75	10.50	10.00	10.54		7.39	5.74	7.42
	June	7.00	7.00	10.75	10.50	10.21	10.72	7.74	7.44	5.80	7.41
	July	7.00	6.75	10.75	10.50	10.18	10.66	7.72	7.15	6.04	7.23
	Aug	6.75	6.75	10.50	10.25	9.99	10.64		7.16	6.16	7.13
	Sep	6.75	6.75	10.50	10.25	10.04	10.45	7.52	7.11	5.90	7.14
	Oct	6.75	6.75	10.50	10.25	9.46	10.60	7.51	7.40	5.69	7.05
	Nov	6.75	6.75	10.50	10.25	9.77	10.54		7.56	5.98	7.09
	Dec	6.75	6.75	10.50	10.25	10.12	10.55	7.69	7.49	6.11	7.15
2018	**Jan**	**6.75**	**6.75**	**10.50**	**10.25**	**10.17**	**10.70**	**7.42**	**7.21**	**6.21**	**7.16**
	Feb	6.75	6.75	10.50	10.25	10.14	10.65	7.82	7.04	6.45	7.11
	Mar	6.75	6.50	10.50	10.00	10.04	10.61	7.87	6.87	6.45	7.05
	Apr	6.75	6.50	10.50	10.00	10.07	10.47	7.96	6.99	6.60	6.95
	May	6.75	6.50	10.50	10.00	10.27	10.49	8.02	7.03	5.73	6.91
	June	6.75	6.50	10.50	10.00	10.12	10.50	7.94	7.07	5.68	6.92
	July	6.75	6.50	10.50	10.00	10.19	10.50	7.70	7.09	5.70	6.95
	Aug	6.75	6.50	10.50	10.00	10.11	10.49	7.68	7.16	5.58	6.96
	Sep	6.75	6.50	10.50	10.00	10.09	10.46	7.68	7.12	5.52	6.86
	Oct	6.75	6.50	10.50	10.00	10.23	10.66	7.67	7.27	5.73	6.89
	Nov	6.75	6.75	10.50	10.25	10.09	10.61	7.72	7.43	5.56	7.09
	Dec	6.75	6.75	10.50	10.25	10.19	10.64	7.69	7.61	5.57	7.13
2019	**Jan**	**6.75**	**6.75**	**10.50**	**10.25**	**10.11**	**10.66**	**7.68**	**7.39**	**5.63**	**7.16**
	Feb	6.75	6.75	10.50	10.25	10.01	10.57	7.65	7.13	5.61	7.12
	Mar	6.75	6.75	10.50	10.25	10.08	10.63	7.65	6.98	5.93	7.15
	Apr	6.75	6.75	10.50	10.25	9.91	10.63	7.55	7.23	5.98	7.17
	May	6.75	6.75	10.50	10.25	9.91	10.62		7.13	5.75	7.03
	June	6.75	6.75	10.50	10.25	10.04	10.63	7.46	7.10	5.95	7.15
	July	6.75	6.50	10.50	10.00	10.06	10.53	7.35	6.99	5.81	7.00
	Aug	6.50	6.50	10.25	10.00	9.77	10.45	7.19	6.94	5.77	6.98
	Sep	6.50	6.50	10.25	10.00	9.74	10.49	7.11	6.74	5.55	6.92
	Oct	6.50	6.50	10.25	10.00	9.65	10.53	7.07	6.90	5.54	6.76
	Nov	6.50	6.50	10.25	10.00	9.53	10.55	7.21	7.06	5.49	6.88
	Dec	6.50	6.50	10.25	10.00	9.70	10.60	7.43	7.16	5.45	6.78

Table III.1(a) Treasury Bill auctions - N$ million

	Period	Offer	Tendered	Surplus(+) Deficit (-)	Effective Yield %
91 days	**2019**				
	Jan	450.0	807.4	357.4	7.94
	Jan	450.0	642.0	192.0	7.86
	Feb	450.0	577.9	127.9	7.88
	Mar	450.0	745.0	295.0	7.88
	Apr	450.0	1,282	831.8	7.76
	Apr	450.0	484	34.1	7.77
	May	450.0	746	296.4	7.76
	Jun	450.0	1,303	853.3	7.67
	Jul	450.0	662	211.9	7.57
	Jul	450.0	674	224.2	7.54
	Aug	450.0	1,167	717.0	7.39
	Sep	450.0	1,002	551.6	7.30
	Oct	450.0	845	394.6	7.22
	Oct	450.0	598	148.0	7.29
	Nov	450.0	579	129.3	7.41
	Dec	450.0	352	-98.1	7.50
	Dec	450.0	517	67.2	7.78
182 days	**2019**				
	Jan	450.0	1055.4	605.4	8.28
	Jan	450.0	1109.1	659.1	8.18
	Feb	450.0	912.3	462.3	8.16
	Feb	450.0	1025.7	575.7	8.14
	Mar	450.0	1022.4	572.4	8.09
	Apr	450.0	508.5	58.5	7.97
	Apr	450.0	736.1	286.1	7.96
	May	450.0	716	265.7	7.93
	Jun	620.0	1,468	848.5	7.81
	Jul	450.0	688	238.2	7.67
	Jul	450.0	674	224.2	7.57
	Aug	450.0	535	85.3	7.43
	Aug	450.0	1,199	748.8	7.48
	Sep	450.0	935	485.5	7.36
	Oct	450.0	462	11.6	7.36
	Oct	450.0	830	379.6	7.39
	Nov	450.0	530	80.3	7.53
	Dec	620.0	694	73.5	7.72
273 days	**2019**				
	Jan	450.0	1035.5	585.5	8.34
	Feb	450.0	1025.8	575.8	8.34
	Feb	400.0	680.2	280.2	8.34
	Mar	450.0	740.5	290.5	8.34
	Mar	450.0	1249.6	799.6	8.27
	Apr	450.0	709	259.1	8.15
	May	450.0	1,087	637.2	8.13
	May	465.0	957	491.9	8.09
	May	460.0	1,192	731.7	7.99
	Jun	450.0	754	304.0	7.88
	Jul	450.0	949	499.3	7.74
	Aug	450.0	934	483.8	7.67
	Aug	450.0	1,229	778.9	7.55
	Aug	450.0	993	542.7	7.46
	Sep	450.0	663	212.8	7.40
	Sep	500.0	1,043	542.9	7.38
	Oct	450.0	458	7.7	7.42
	Nov	460.0	980	519.6	7.50
	Nov	500.0	804	304.4	7.50
	Nov	500.0	583	83.0	7.72
	Dec	450.0	537	87.4	7.86
	Dec	450.0	937	487.3	7.89
365 days	**2019**				
	Jan	400.0	1409.3	1009.3	8.43
	Jan	400.0	702.6	302.6	8.42
	Feb	500.0	1269.5	769.5	8.41
	Feb	500.0	1257.5	757.47	8.39
	Mar	530.0	909.7	379.69	8.37
	Apr	450.0	1,660	1,210.15	8.26
	Apr	450.0	942	492.12	8.21
	May	460.0	1,000	539.85	8.19
	May	450.0	1,121	671.02	8.14
	Jun	450.0	989	538.88	7.96
	Jul	500.0	1,511	1,011.21	7.86
	Jul	450.0	1,127	677.06	7.71
	Aug	500.0	1,187	686.74	7.67
	Aug	450.0	941	491.20	7.54
	Sep	500.0	767	266.68	7.46
	Oct	500.0	978	478.09	7.46
	Nov	460.0	115	(345.46)	7.49
	Nov	400.0	793	393.00	7.57
	Nov	500.0	675	175.10	7.68
	Dec	450.0	1,176	725.79	7.75
	Dec	690.0	1,131	440.77	7.84

Table III.1 (b) Allotment of Government of Namibia Treasury Bills - N$ '000

Date issued 2019	Date due	Deposit Money Banks	Other Banking Institutions	Banking Sector	Financial Institutions	Other Public Enterprises	Private Sector	TOTAL	Amount Outstanding
Jan	04/19	401,220	0	401,220	42,150	0	6,630	450,000	21,788,860
Jan	04/19	450,000	0	450,000	0	0	0	450,000	21,981,650
Jan*	07/19	399,600	0	399,600	47,000	0	3,400	450,000	21,981,650
Jan*	07/19	450,000	0	450,000	0	0	0	450,000	21,981,650
Jan***	10/19	382,470	0	382,470	46,530	0	21,000	450,000	21,981,650
Jan**	01/19	225,890	0	225,890	174,110	0	0	400,000	21,981,650
Jan**	01/20	298,200	0	298,200	100,990	0	810	400,000	21,981,650
Feb	05/19	413,630	0	413,630	36,370	0	0	450,000	21,981,650
Feb*	08/19	294,710	0	294,710	5,290	0	150,000	450,000	21,981,650
Feb*	08/19	420,500	15,000	435,500	14,500	0	0	450,000	21,981,650
Feb***	08/19	399,300	0	399,300	20,100	30,000	600	450,000	21,981,650
Feb***	11/19	373,940	5,000	378,940	20,000	0	1,060	400,000	21,981,650
Feb**	02/20	347,230	65,440	412,670	78,670	8,660	0	500,000	21,981,650
Feb**	02/20	427,530	0	427,530	72,470	0	0	500,000	21,981,650
Mar	06/19	437,620	0	437,620	11,380	0	1,000	450,000	21,981,650
Mar*	09/19	440,000	0	440,000	10,000	0	0	450,000	21,981,650
Mar***	12/19	432,500	0	432,500	11,700	5,700	100	450,000	21,981,650
Mar***	12/19	440,040	0	440,040	0	0	9,960	450,000	21,981,650
Mar**	03/20	422,640	0	422,640	107,360	0	0	530,000	21,981,650
Apr	07/19	443,310	0	443,310	0	0	6,690	450,000	21,981,650
Apr	07/19	448,000	0	448,000	2,000	0	0	450,000	21,981,650
Apr*	10/19	432,030	0	432,030	17,970	0	0	450,000	22,055,980
Apr*	10/19	441,540	0	441,540	8,460	0	0	450,000	22,105,980
Apr***	01/20	418,230	0	418,230	31,770	0	0	450,000	22,105,980
Apr**	04/20	450,000	0	450,000	0	0	0	450,000	22,105,980
Apr**	04/20	356,131	0	356,131	92,939	0	930	450,000	22,105,980
May	08/19	438,670	0	438,670	11,300	0	30	450,000	22,105,980
May*	11/19	449,470	0	449,470	0	0	530	450,000	22,105,980
May***	01/20	395,380	0	395,380	16,710	37,910	0	450,000	22,105,980
May***	02/20	390,330	0	390,330	37,180	35,950	1,540	465,000	22,120,980
May***	02/20	418,250	0	418,250	16,750	25,000	0	460,000	22,130,980
May**	05/20	345,820	0	345,820	46,710	67,470	0	460,000	22,140,980
May**	05/20	377,250	0	377,250	72,650	0	100	450,000	22,140,980
Jun	09/19	444,000	0	444,000	6,000	0	0	450,000	22,140,980
Jun*	12/19	620,000	0	620,000	0	0	0	620,000	22,140,980
Jun***	03/20	450,000	0	450,000	0	0	0	450,000	22,190,980
Jun**	06/20	300,000	0	300,000	144,080		5,920	450,000	22,190,980
Jul	10/19	433,200	0	433,200	3,020	0	13,780	450,000	22,190,980
Jul	10/19	394,830	10,000	404,830	2,170	40,000	3,000	450,000	22,190,980
Jul*	01/20	362,660	65,000	427,660	21,620	0	720	450,000	22,190,980
Jul*	01/20	408,600	29,810	438,410	11,590	0	0	450,000	22,190,980
Jul***	04/20	450,000	0	450,000	0	0	0	450,000	22,240,980
Jul**	07/20	498,870	0	498,870	1,130	0	0	500,000	22,290,980
Jul**	07/20	388,780	0	388,780	61,220	0	0	450,000	22,740,980
Aug	11/19	450,000	0	450,000	0	0	0	450,000	22,740,980
Aug*	01/20	350,020	30,000	380,020	65,980	4,000	0	450,000	22,740,980
Aug*	02/20	450,000	0	450,000	0	0	0	450,000	22,740,980
Aug***	04/20	431,200	0	431,200	18,800	0	0	450,000	22,790,980
Aug***	05/20	450,000	0	450,000	0	0	0	450,000	22,840,980
Aug***	05/20	448,000	0	448,000	2,000	0	0	450,000	22,840,980
Aug**	07/20	435,230	0	435,230	64,770	0	0	500,000	22,890,980
Aug**	08/20	413,570	0	413,570	11,700	24,730	0	450,000	22,835,000
Sep	12/19	443,930	0	443,930	6,000	0	70	450,000	22,835,000
Sep*	03/20	436,530	0	436,530	13,470	0	0	450,000	22,835,000
Sep***	06/20	422,510	0	422,510	27,490	0	0	450,000	22,935,000
Sep***	06/20	493,140	0	493,140	6,200	0	660	500,000	23,035,000
Sep**	09/20	423,930	0	423,930	76,070	0	0	500,000	23,085,000
Oct	01/20	441,860	0	441,860	0	0	8,140	450,000	23,085,000
Oct	01/20	442,000	5,000	447,000	3,000	0	0	450,000	23,085,000
Oct*	04/20	393,620	5,000	398,620	51,380	0	0	450,000	23,085,000
Oct*	04/20	415,790	0	415,790	34,210	0	0	450,000	23,085,000
Oct***	07/20	409,530	5,000	414,530	35,470	0	0	450,000	23,085,000
Oct**	10/20	463,010	0	463,010	35,950	0	1,040	500,000	23,135,000
Nov	02/20	410,840	0	410,840	30,000	0	9,160	450,000	23,135,000
Nov*	05/20	425,000	0	425,000	25,000	0	0	450,000	23,135,000
Nov***	08/20	379,400	0	379,400	80,000	0	600	460,000	23,145,000
Nov***	08/20	428,640	0	428,640	70,250	0	1,110	500,000	23,245,000
Nov***	08/20	453,000	0	453,000	47,000	0	0	500,000	23,745,000
Nov**	11/20	390,550	0	390,550	69,450	0	0	460,000	23,795,000
Nov**	11/20	347,300	0	347,300	52,700	0	0	400,000	23,745,000
Nov**	11/20	417,900	0	417,900	82,100	0	0	500,000	23,845,000
Dec	03/20	351,750	0	351,750	100	0	0	351,850	23,746,850
Dec	03/20	484,760	0	484,760	5,000	0	10,240	500,000	24,246,850
Dec*	06/20	588,450	0	588,450	31,550	0	0	620,000	24,246,850
Dec***	09/20	363,650	0	363,650	86,350	0	0	450,000	24,246,850
Dec***	09/20	427,800	0	427,800	22,200	0	0	450,000	24,246,850
Dec**	12/20	408,210	0	408,210	41,790	0	0	450,000	24,246,850
Dec**	12/20	599,370	0	599,370	90,630	0	0	690,000	24,246,850

91 days
*182 days
***274 days
**365 days

Table III. 2 (a) Internal Registered Stock auctions - N$ million

Bond (coupon rate)	Period	Offer	Amount Tendered	Surplus (+) Deficit (-)	Weighted YTM %
GC20 (8.25%)	2019				
	Jan	15.0	78.3	63.3	8.46
	Feb	15.0	100.0	85.0	8.62
	Mar	15.0	126.0	111.0	8.34
GI22 (3.55%)	2019				
	Jan	30.0	25.5	-4.5	4.82
	Feb	15.0	48.1	33.1	4.79
	Mar	15.0	49.6	34.6	4.66
	Apr	30.0	76.6	46.6	4.54
	May	30.0	70.4	40.4	4.34
GC23 (8.85%)	2019				
	Jan	30.0	148.8	118.8	8.89
	Feb	30.0	134.6	104.6	8.66
	Mar	30.0	96.7	66.7	8.70
	Apr	55.0	36	-19.1	8.66
	May	55.0	115	59.5	8.64
	Jun	55.0	168	113.0	8.40
	Jul	55.0	227	172.0	8.21
	Aug	55.0	281	226.1	8.45
	Sep	55.0	135	80.3	8.31
	Oct	55.0	291	236.0	8.27
	Nov	60.0	155	95.2	8.45
	Dec	150.0	171	21.0	8.48
GC24 (10.50%)	2018				
	Jul	80.0	293.3	213.3	9.97
	Nov	50.0	316.6	266.6	10.34
	Dec	50.0	151.5	101.5	9.66
GC25 (8.50%)	2019				
	Feb	25.0	152.0	127.0	9.34
	Mar	25.0	101.0	76.0	9.30
GI25 (3.80%)	2019				
	Jan	15.0	17.4	2.4	5.30
	Feb	15.0	77.3	62.3	5.21
	Mar	15.0	73.0	58.0	5.11
	Apr	30.0	40.0	10.0	5.11
	May	30.0	90.0	60.0	4.90
GC27 (8.00%)	2019				
	Jan	25.0	169.0	144.0	9.94
	Feb	25.0	267.0	242.0	9.68
	Mar	25.0	96.0	71.0	9.49
	Apr	45.0	149.5	104.5	8.89
	May	45.0	135.0	90.0	9.19
	Jun	45.0	85.0	40.0	9.02
	Jul	45.0	225.0	180.0	8.79
	Aug	45.0	95.6	50.6	9.05
	Sep	45.0	66.7	21.7	8.98
	Oct	45.0	243.0	198.0	8.99
	Nov	50.0	116.0	66.0	9.40
	Dec	135.0	174.5	39.5	9.45
GI29 (4.5%)	2019				
	Jan	10.0	13.0	3.0	5.85
	Feb	10.0	30.1	20.1	5.77
	Mar	10.0	25.0	15.0	5.73
	Apr	35.0	30.0	-5.0	5.73
	May	35.0	0.0	-35.0	6.29
	Jun	35.0	55.0	20.0	5.89
	Jul	35.0	96.1	61.1	5.83
	Aug	35.0	77.5	42.5	5.74
	Sep	35.0	121.8	86.8	5.61
	Oct	35.0	101.5	66.5	5.61
	Nov	40.0	139.0	99.0	5.55
	Dec	110.0	33.0	-77.0	5.72
GC30 (8.00%)	2019				
	Jan	15.0	44.9	29.9	10.56
	Feb	15.0	66.0	51.0	10.28
	Mar	15.0	7.2	-7.8	10.32
	Apr	40.0	59.5	19.5	10.02
	May	40.0	76.0	36.0	10.04
	Jun	40.0	65.0	25.0	10.14
	Jul	40.0	50.0	10.0	9.65
	Aug	40.0	179.7	139.7	9.82
	Sep	40.0	70.7	30.7	9.42
	Oct	40.0	107.1	67.1	9.59
	Nov	35.0	177.3	142.3	9.64
	Dec	130.0	109.6	-20.4	10.04
GC32 (9.00%)	2019				
	Jan	10.0	36.8	26.8	10.61
	Feb	10.0	42.0	32.0	10.42
	Mar	10.0	15.0	5.0	10.24
	Apr	35.0	90.0	55.0	10.05
	May	35.0	80.0	45.0	10.01
	Jun	35.0	95.0	60.0	10.04
	Jul	35.0	90.0	55.0	9.76
	Aug	35.0	67.0	32.0	9.76
	Sep	35.0	22.0	-13.0	10.06
	Oct	35.0	98.0	63.0	10.14
	Nov	40.0	93.5	53.5	10.56
	Dec	130.0	169.7	39.7	10.59
GI33 (4.50%)	2019				
	Jan	10.0	22.0	12.0	6.49
	Feb	10.0	45.0	35.0	6.39
	Mar	10.0	25.0	15.0	6.33
	Apr	35.0	31.7	-3.4	6.39
	May	35.0	20.0	-15.0	6.29
	Jun	35.0	25.0	-10.0	6.37
	Jul	35.0	40.0	5.0	6.38
	Aug	35.0	64.0	29.0	6.35
	Sep	35.0	114.7	79.7	6.19
	Oct	35.0	101.0	66.0	6.21
	Nov	40.0	94.0	54.0	6.15
	Dec	110.0	110.6	0.6	6.25
GC35 (9.50%)	2019				
	Jan	10.0	35.0	25.0	10.79
	Feb	10.0	69.0	59.0	10.56
	Mar	10.0	31.0	21.0	10.56
	Apr	35.0	79.7	44.7	10.41
	May	35.0	65.0	30.0	10.45
	Jun	35.0	25.2	-9.8	10.62
	Jul	35.0	58.1	23.1	10.33
	Aug	35.0	132.6	97.6	10.68
	Sep	35.0	40.4	5.4	10.34
	Oct	35.0	36.3	1.3	10.68
	Nov	40.0	91.4	51.4	10.58
	Dec	120.0	114.4	-5.6	10.95
GI36 (4.8%)	2019				
	Jun	30.0	65.0	35.0	6.75
	Jul	30.0	50.0	20.0	6.74
	Aug	30.0	84.3	54.3	6.70
	Sep	30.0	107.0	77.0	6.54
	Oct	30.0	91.5	61.5	6.55
	Nov	40.0	151.5	111.5	6.39
	Dec	110.0	40.0	-70.0	6.46
GC37 (9.50%)	2019				
	Jan	10.0	55.0	45.0	10.35
	Feb	10.0	42.0	32.0	10.83
	Mar	10.0	23.0	13.0	10.69
	Apr	30.0	70.8	40.8	10.58
	May	30.0	57.4	27.4	10.62
	Jun	30.0	80.0	50.0	10.57
	Jul	30.0	82.1	52.1	10.42
	Aug	30.0	106.4	76.4	10.67
	Oct	30.0	50.0	20.0	10.65
	Nov	40.0	90.5	50.5	11.19
	Dec	120.0	95.6	-24.4	11.27
GC40 (9.80%)	2019				
	Jan	10.0	50.5	40.5	11.50
	Feb	10.0	67.0	57.0	11.23
	Mar	10.0	35.5	25.5	11.22
	Apr	30.0	73.5	43.5	10.98
	May	30.0	47.6	17.6	11.02
	Jun	30.0	80.0	50.0	11.02
	Jul	30.0	30.0	0.0	10.87
	Aug	30.0	120.8	90.8	11.20
	Sep	30.0	40.4	10.4	10.34
	Oct	30.0	46.7	16.7	11.09
	Nov	40.0	64.6	24.6	11.14
	Dec	110.0	74.7	-35.3	11.47
GC43 (10.0%)	2019				
	Jun	25.0	56.3	31.3	11.22
	Jul	25.0	97.0	72.0	11.22
	Aug	25.0	107.6	82.6	11.07
	Sep	25.0	10.0	-15.0	10.90
	Oct	25.0	45.0	20.0	11.06
	Nov	40.0	15.5	-24.5	11.80
	Dec	110.0	52.0	-58.0	11.92
GC45 (9.85%)	2019				
	Jan	10.0	45.0	35.0	12.00
	Feb	10.0	46.0	36.0	11.88
	Mar	10.0	26.5	16.5	11.71
	Apr	25.0	96.4	71.4	11.47
	May	25.0	93.1	68.1	11.49
	Jun	25.0	58.0	33.0	11.60
	Jul	25.0	91.1	66.1	11.23
	Aug	25.0	115.0	90.0	11.51
	Sep	25.0	79.0	54.0	11.20
	Oct	25.0	36.3	11.3	11.46
	Nov	30.0	57.2	27.2	11.47
	Dec	100.0	60.4	-39.6	12.11
GC50 (10.25%)					
	Jun	20.0	55.8	35.8	11.83
	Jul	20.0	62.2	42.2	11.52
	Aug	20.0	125.5	105.5	11.81
	Sep	20.0	92.0	72.0	11.44
	Oct	20.0	41.4	21.4	11.73
	Nov	30.0	118.2	88.2	11.74
	Dec	100.0	152.7	52.7	12.16
	Dec	10.0	30.5	20.5	11.77

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 Outstanding
2019										
Jan	04/20	8.25	2,000	0	2,000	13,000	0	0	15,000	32,717,710
Jan	10/22	3.55	4,500	0	4,500	10,000	0	500	15,000	32,732,710
Jan	10/23	8.85	20,000	0	20,000	10,000	0	0	30,000	32,762,710
Jan	07/25	3.80	9,560	0	9,560	5,440	0	0	15,000	32,777,710
Jan	04/25	8.50	5,000	0	5,000	20,000	0	0	25,000	32,802,710
Jan	01/27	8.00	5,000	0	5,000	20,000	0	0	25,000	32,827,710
Jan	01/29	3.80	10,000	0	10,000	0	0	0	10,000	32,837,710
Jan	01/30	8.00	0	0	0	15,000	0	0	15,000	32,852,710
Jan	04/32	9.00	0	0	0	10,000	0	0	10,000	32,862,710
Jan	04/33	4.50	10,000	0	10,000	0	0	0	10,000	32,872,710
Jan	07/35	9.50	10,000	0	10,000	0	0	0	10,000	32,882,710
Jan	07/37	9.50	10,000	0	10,000	0	0	0	10,000	32,892,710
Jan	10/40	9.85	10,000	0	10,000	0	0	0	10,000	32,902,710
Jan	07/45	9.85	0	0	0	10,000	0	0	10,000	32,912,710
Feb	04/20	8.25	10,000	0	10,000	5,000	0	0	15,000	32,927,710
Feb	10/22	3.55	6,920	0	6,920	5,000	0	3,080	15,000	32,942,710
Feb	10/23	8.85	30,000	0	30,000	0	0	0	30,000	32,972,710
Feb	07/25	3.80	5,000	0	5,000	10,000	0	0	15,000	32,987,710
Feb	04/25	8.50	5,000	0	5,000	20,000	0	0	25,000	33,012,710
Feb	01/27	8.00	8,000	0	8,000	17,000	0	0	25,000	33,037,710
Feb	01/29	3.80	0	0	0	10,000	0	0	10,000	33,047,710
Feb	01/30	8.00	0	0	0	15,000	0	0	15,000	33,062,710
Feb	04/32	9.00	0	0	0	10,000	0	0	10,000	33,072,710
Feb	04/33	4.50	10,000	0	10,000	0	0	0	10,000	33,082,710
Feb	07/35	9.50	0	0	0	10,000	0	0	10,000	33,092,710
Feb	07/37	9.50	1,880	0	1,880	8,120	0	0	10,000	33,102,710
Feb	10/40	9.85	0	0	0	10,000	0	0	10,000	33,112,710
Feb	07/45	9.85	0	0	0	10,000	0	0	10,000	33,122,710
Mar	04/20	8.25	15,000	0	15,000	0	0	0	15,000	33,137,710
Mar	10/22	3.55	10,690	0	10,690	4,310	0	0	15,000	33,152,710
Mar	10/23	8.85	12,400	0	12,400	200	17,400	0	30,000	33,182,710
Mar	07/25	3.80	5,000	0	5,000	10,000	0	0	15,000	33,197,710
Mar	04/25	8.50	25,000	0	25,000	0	0	0	25,000	33,222,710
Mar	01/27	8.00	25,000	0	25,000	0	0	0	25,000	33,247,710
Mar	01/29	3.80	4,000	0	4,000	6,000	0	0	10,000	33,257,710
Mar	01/30	8.00	2,000	0	2,000	0	5,200	0	7,200	33,264,910
Mar	04/32	9.00	0	0	0	10,000	0	0	10,000	33,274,910
Mar	04/33	4.50	10,000	0	10,000	0	0	0	10,000	33,284,910
Mar	07/35	9.50	0	0	0	10,000	0	0	10,000	33,294,910
Mar	07/37	9.50	0	0	0	10,000	0	0	10,000	33,304,910
Mar	10/40	9.85	0	0	0	10,000	0	0	10,000	33,314,910
Mar	07/45	9.85	0	0	0	10,000	0	0	10,000	33,324,910
Apr	10/22	3.55	0	0	0	30,000	0	0	30,000	33,354,910
Apr	10/23	8.85	5,000	0	5,000	430	20,000	0	25,430	33,380,340
Apr	07/25	3.80	15,000	0	15,000	15,000	0	0	30,000	33,410,340
Apr	01/27	8.00	20,000	0	20,000	0	25,000	0	45,000	33,455,340
Apr	01/29	3.80	5,000	0	5,000	15,000	10,000	0	30,000	33,485,340
Apr	01/30	8.00	0	0	0	20,000	20,000	0	40,000	33,525,340
Apr	04/32	9.00	0	0	0	35,000	0	0	35,000	33,560,340
Apr	04/33	4.50	20,000	0	20,000	1,650	10,000	0	31,650	33,591,990
Apr	07/35	9.50	300	0	300	34,700	0	0	35,000	33,626,990
Apr	07/37	9.50	0	0	0	29,230	0	770	30,000	33,656,990
Apr	10/40	9.85	0	0	0	30,000	0	0	30,000	33,686,990
Apr	07/45	9.85	1,500	0	1,500	23,500	0	0	25,000	33,711,990
May	04/20	8.25	14,000	0	0	0	0	0	(973,000)	32,738,990
May	10/22	3.55	30,000	0	30,000	0	0	0	30,000	32,768,990
May	10/23	8.85	0	0	0	15,000	40,000	0	55,000	32,823,990
May*	10/23	8.85	72,820	0	72,820	0	49,620	0	122,440	32,946,430
May	07/25	3.80	30,000	0	30,000	0	0	0	30,000	32,976,430
May	01/27	8.00	45,000	0	45,000	0	0	0	45,000	33,021,430
May*	01/27	8.00	13,630	0	13,630	41,940	52,360	0	107,930	33,129,360
May	01/30	8.00	32,000	0	32,000	8,000	0	0	40,000	33,169,360
May*	01/30	8.00	85,920	0	85,920	4,480	56,250	0	146,650	33,316,010
May	04/32	9.00	17,500	0	17,500	17,500	0	0	35,000	33,351,010
May*	04/32	9.00	54,500	0	54,500	0	54,200	0	108,700	33,459,710
May	04/33	4.50	20,000	0	20,000	0	0	0	20,000	33,479,710
May	07/35	9.50	20,000	0	20,000	15,000	0	0	35,000	33,514,710
May*	07/35	9.50	105,740	0	105,740	10,620	42,090	0	158,450	33,673,160
May	07/37	9.50	10,000	0	10,000	19,000	1,000	0	30,000	33,703,160
May*	07/37	9.50	107,410	0	107,410	32,180	0	0	139,590	33,842,750
May	10/40	9.85	8,020	0	8,020	21,980	0	0	30,000	33,872,750
May*	10/40	9.85	0	0	0	33,630	22,100	0	55,730	33,928,480
May	10/45	9.85	1,950	0	1,950	23,050	0	0	25,000	33,953,480
May*	07/45	9.85	0	0	0	187,720	22,460	0	210,180	34,163,660
Jun	10/23	8.85	8,330	0	8,330	10,000	36,670	0	55,000	34,218,660
Jun	01/27	8.00	5,000	10,720	15,720	10,000	19,280	0	45,000	34,263,660
Jun	01/29	3.80	0	0	0	35,000	0	0	35,000	34,298,660
Jun	01/30	8.00	30,000	0	30,000	10,000	0	0	40,000	34,338,660
Jun	04/32	9.00	25,000	0	25,000	10,000	0	0	35,000	34,373,660
Jun	04/33	4.50	0	0	0	25,000	0	0	25,000	34,398,660
Jun	07/35	9.50	0	0	0	25,200	0	0	25,200	34,423,860
Jul	07/36	4.80	0	0	0	10,000	20,000	0	30,000	34,453,860
Jun	07/37	9.50	0	0	0	30,000	0	0	30,000	34,483,860
Jun	10/40	9.85	0	0	0	30,000	0	0	30,000	34,513,860
Jun	07/43	10.00	0	0	0	25,000	0	0	25,000	34,538,860
Jun	07/45	9.85	0	0	0	25,000	0	0	25,000	34,563,860
Jun	07/50	9.85	5,000	0	5,000	14,250	0	750	20,000	34,583,860
Jul	10/23	8.85	30,000	14,200	44,200	1,550	4,250	5,000	55,000	34,638,860
Jul	01/27	8.00	12,230	0	12,230	22,770	10,000	0	45,000	34,683,860
Jul	01/29	3.80	35,000	0	35,000	0	0	0	35,000	34,718,860
Jul	01/30	8.00	0	0	0	40,000	0	0	40,000	34,758,860
Jul	04/32	9.00	0	0	0	35,000	0	0	35,000	34,793,860

Table III.2 (b) Allotment of Government of Namibia Internal Registered Stock - N$ '000 (cont...)

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 Outstanding
2019										
Jul	04/33	4.50	35,000	0	35,000	0	0	0	35,000	34,828,860
Jul	07/35	9.50	0	0	0	34,950	0	50	35,000	34,863,860
Jul	07/36	4.80	30,000	0	30,000	0	0	0	30,000	34,893,860
Jul	07/37	9.50	0	0	0	28,540	0	1,460	30,000	34,923,860
Jul	10/40	9.85	0	0	0	30,000	0	0	30,000	34,953,860
Jul	07/43	10.00	0	0	0	13,340	11,660	0	25,000	34,978,860
Jul	07/45	9.85	0	0	0	25,000	0	0	25,000	35,003,860
Jul	07/50	9.85	0	0	0	17,800	0	2,200	20,000	35,023,860
Aug	04/20	8.25	0	0	0				(704,170)	34,319,690
Aug	10/23	8.85	45,000	0	45,000	9,800	0	200	55,000	34,374,690
Aug*	10/23	8.85	48,690	0	48,690	1,980	79,530	2,970	133,170	34,507,860
Aug	01/27	8.00	5,000	0	5,000	40,000	0	0	45,000	34,552,860
Aug*	01/27	8.00	10,910	0	10,910	77,250	32,760	0	120,920	34,673,780
Aug	01/29	3.80	4,440	0	4,440	16,120	14,440	0	35,000	34,708,780
Aug	01/30	8.00	35,000	0	35,000	0	5,000	0	40,000	34,748,780
Aug*	01/30	8.00	2,970	0	2,970	73,180	34,860	0	111,010	34,859,790
Aug	04/32	9.00	0	0	0	35,000	0	0	35,000	34,894,790
Aug*	04/32	9.00	26,870	0	26,870	43,340	0	0	70,210	34,965,000
Aug	04/33	4.50	14,000	0	14,000	0	21,000	0	35,000	35,000,000
Aug	07/35	9.50	20,500	0	20,500	0	14,500	0	35,000	35,035,000
Aug*	07/35	9.50	12,680	0	12,680	33,650	0	0	46,330	35,081,330
Aug	07/36	4.80	10,530	0	10,530	19,300	170	0	30,000	35,111,330
Aug	07/37	9.50	0	0	0	30,000	0	0	30,000	35,141,330
Aug*	07/37	9.50	40,420	0	40,420	33,790	0	0	74,210	35,215,540
Aug	10/40	9.85	0	0	0	30,000	0	0	30,000	35,245,540
Aug*	10/40	9.85	0	0	0	34,310	33,560	0	67,870	35,313,410
Aug	07/43	10.00	11,660	0	11,660	13,340	0	0	25,000	35,338,410
Aug*	07/43	10.00	11,320	0	11,320	22,780	56,550	0	90,650	35,429,060
Aug	07/45	9.85	8,840	0	8,840	16,160	0	0	25,000	35,454,060
Aug*	07/45	9.85	0	0	0	36,730	0	0	36,730	35,490,790
Aug	07/50	9.85	10,000	0	10,000	10,000	0	0	20,000	35,510,790
Aug*	07/50	9.85	10,000	0	10,000	10,000	0	0	23,380	35,534,170
Sep	10/23	8.85	53,700	0	53,700	1,300	0	0	55,000	35,589,170
Sep	01/27	8.00	44,320	0	44,320	680	0	0	45,000	35,634,170
Sep	01/29	3.80	10,000	0	10,000	25,000	0	0	35,000	35,669,170
Sep	01/30	8.00	0	0	0	40,000	0	0	40,000	35,709,170
Sep	04/32	9.00	10,000	0	10,000	12,000	0	0	22,000	35,731,170
Sep	04/33	4.50	0	0	0	35,000	0	0	35,000	35,766,170
Sep	07/35	9.50	5,000	0	5,000	30,000	0	0	35,000	35,801,170
Sep	07/36	4.80	30,000	0	30,000	0	0	0	30,000	35,831,170
Sep	10/40	9.85	10,000	0	10,000	20,000	0	0	30,000	35,861,170
Sep	07/43	10.00	0	0	0	10,000	0	0	10,000	35,871,170
Sep	07/45	9.85	0	0	0	25,000	0	0	25,000	35,896,170
Sep	07/50	9.85	6,800	0	6,800	13,200	0	0	20,000	35,916,170
Oct	10/23	8.85	34,000	0	34,000	18,670	0	2,330	55,000	35,971,170
Oct	01/27	8.00	0	0	0	45,000	0	0	45,000	36,016,170
Oct	01/29	3.80	23,500	0	23,500	11,500	0	0	35,000	36,051,170
Oct	01/30	8.00	40,000	0	40,000	0	0	0	40,000	36,091,170
Oct	04/32	9.00	20,000	0	20,000	0	15,000	0	35,000	36,126,170
Oct	04/33	4.50	35,000	0	35,000	0	0	0	35,000	36,161,170
Oct	07/35	9.50	0	0	0	35,000	0	0	35,000	36,196,170
Oct	07/36	4.80	28,500	0	28,500	1,500	0	0	30,000	36,226,170
Oct	07/37	9.50	0	0	0	30,000	0	0	30,000	36,256,170
Oct	10/40	9.85	0	0	0	30,000	0	0	30,000	36,286,170
Oct	07/43	10.00	0	0	0	25,000	0	0	25,000	36,311,170
Oct	07/45	9.85	5,000	0	5,000	20,000	0	0	25,000	36,336,170
Oct	07/50	9.85	5,000	0	5,000	14,940	0	60	20,000	36,356,170
Nov *	04/20	8.25	0	0	0	0	0	0	(647,530)	35,708,640
Nov	10/23	8.85	60,000	0	60,000	0	0	0	60,000	35,768,640
Nov *	10/23	8.85	241,500	0	241,500	26,940	0	6,880	275,320	36,043,960
Nov	01/27	8.00	0	0	0	50,000	0	0	50,000	36,093,960
Nov *	01/27	8.00	96,760	0	96,760	49,980	5,220	0	151,960	36,245,920
Nov	01/29	3.80	17,500	0	17,500	22,500	0	0	40,000	36,285,920
Nov	01/30	8.00	30,000	0	30,000	15,000	0	0	45,000	36,330,920
Nov *	01/30	9.00	70,760	0	70,760	6,720	0	0	77,480	36,408,400
Nov	04/32	9.00	0	0	0	40,000	0	0	40,000	36,448,400
Nov *	04/32	9.00	0	0	0	38,710	0	0	38,710	36,487,110
Nov	04/33	4.50	11,000	0	11,000	29,000	0	0	40,000	36,527,110
Nov	07/35	9.50	0	0	0	40,000	0	0	40,000	36,567,110
Nov *	07/35	9.50	0	0	0	10,750	0	0	10,750	36,577,860
Nov	07/36	4.80	40,000	0	40,000	0	0	0	40,000	36,617,860
Nov	07/37	9.50	0	0	0	40,000	0	0	40,000	36,657,860
Nov *	07/37	9.50	0	0	0	32,850	0	0	32,850	36,690,710
Nov	10/40	9.85	0	0	0	40,000	0	0	40,000	36,730,710
Nov	07/43	10.00	0	0	0	15,000	0	0	15,000	36,745,710
Nov *	07/43	10.00	0	0	0	22,140	0	0	22,140	36,767,850
Nov	07/45	9.85	0	0	0	30,000	0	0	30,000	36,797,850
Nov *	07/45	9.85	0	0	0	0	0	0	22,970	36,820,820
Nov	07/50	9.85	0	0	0	30,000	0	0	30,000	36,850,820
Nov *	07/50	9.85	3,390	0	3,390	39,170	0	0	42,560	36,893,380
Dec	10/23	8.85	110,160	0	110,160	30,440	0	9,400	150,000	37,043,380
Dec	01/27	8.00	18,200	0	18,200	116,800	0	0	135,000	37,178,380
Dec	01/29	3.80	25,000	0	25,000	8,000	0	0	33,000	37,211,380
Dec	01/30	8.00	43,230	0	43,230	66,380	0	0	109,610	37,320,990
Dec	04/32	9.00	113,220	0	113,220	16,780	0	0	130,000	37,450,990
Dec	04/33	4.50	34,910	0	34,910	75,090	0	0	110,000	37,560,990
Dec	07/35	9.50	49,640	0	49,640	40,810	0	0	90,455	37,651,440
Dec	07/36	4.80	40,000	0	40,000	0	0	0	40,000	37,691,440
Dec	07/37	9.50	27,880	0	27,880	66,400	0	0	94,280	37,785,720
Dec	10/40	9.85	21,550	0	21,550	33,120	0	0	54,670	37,840,390
Dec	07/43	10.00	27,000	0	27,000	25,000	0	0	52,000	37,892,390
Dec	07/45	9.85	15,640	0	15,640	44,760	0	0	60,400	37,952,790
Dec	07/50	9.85	0	0	0	99,300	0	700	100,000	38,052,790

Table III.3 Government Foreign Debt by Type and Currency (N$ million)

End of period	2015	2016	2017	2018	2019
Multilateral	**2,938.9**	**2,342.2**	**5,163.6**	**8,198.0**	**7,582.7**
Euro	1,400.4	1,118.9	1,065.8	1,116.9	739.7
US Dollar	254.4	205.7	174.6	191.1	166.9
Pound	0.0	0.0	0.0	0.0	0.0
Rand	320.7	277.5	3,234.2	6,205.2	6,253.3
Franc	48.6	39.2	35.0	39.6	37.3
Dinar	26.1	9.6	55.6	57.1	48.6
SDR	0.0	0.0	0.0	0.0	0.0
Yen	888.5	691.3	598.4	588.1	336.9
Billateral	**3,549.2**	**2,997.5**	**2,879.0**	**3,027.0**	**2,722.7**
Euro	1,098.3	866.7	832.6	852.7	746.5
Yuan	2,450.9	2,130.8	2,046.5	2,174.4	1,976.2
Eurobonds	**19,444.1**	**17,029.9**	**15,491.3**	**18,038.6**	**17,654.3**
US Dollar	19,444.1	17,029.9	15,491.3	18,038.6	17,654.3
JSE listed bonds	**2,400.0**	**2,892.0**	**2,892.0**	**2,892.0**	**2,892.0**
ZAR	2,400.0	2,892.0	2,892.0	2,892.0	2,892.0
Foreign debt stock	**28,332.1**	**25,261.6**	**26,425.9**	**32,155.6**	**30,851.7**
Euro	2,498.7	1,985.6	1,898.4	1,969.6	1,486.2
US Dollar	19,698.5	17,235.6	15,665.8	18,229.6	17,821.2
Pound	0.0	0.0	0.0	0.0	0.0
Rand	2,720.7	3,169.5	6,126.2	9,097.2	9,145.3
Franc	48.6	39.2	35.0	39.6	37.3
Dinar	26.1	9.6	55.6	57.1	48.6
SDR	0.0	0.0	0.0	0.0	0.0
Yen	888.5	691.3	598.4	588.1	336.9
Yuan	2450.9	2130.8	2046.5	2174.4	1976.2
Exchange Rates (End of period) - Namibia Dollar per foreign currency unit					
Euro	16.9997	14.3403	14.8063	16.4917	15.8247
US Dollar	15.5553	13.6240	12.3930	14.4309	14.1235
Pound	23.0652	16.7264	16.6789	18.3087	18.5220
Rand	1.0000	1.0000	1.0000	1.0000	1.0000
Franc	15.7356	13.3511	12.6743	14.6520	14.5985
Dinar	50.6476	44.7096	41.0204	47.4078	46.0937
SDR	21.5729	18.2482	17.6056	20.0803	19.5313
Yen	0.1292	0.1167	0.1100	0.1308	0.1300
Yuan	2.3961	1.9602	1.9013	2.0982	2.0247

Source: BoN and MoF

Table III.4 (a) Government Domestic Loan Guarantees by Sector (N$ million)

End of period	2015	2016	2017	2018	2019
Sectoral allocation					
Mining & Quarrying	0.0	0.0	0.0	0.0	0.0
Tourism	94.1	91.1	91.1	91.3	82.1
Agriculture	224.0	223.2	623.2	484.0	484.0
Finance	330.0	0.0	0.0	234.8	234.8
Transport	0.0	0.0	0.0	0.0	16.4
Communication	0.0	0.0	0.0	0.0	0.0
Fisheries	69.7	69.2	65.2	66.3	47.6
Education	64.5	166.2	294.5	202.5	0.0
Energy	670.0	664.3	671.0	671.6	672.6
Total domestic loan guarantees	**1,452.3**	**1,213.9**	**1,744.9**	**1,750.4**	**1,537.4**
Proportion of domestic guarantees by sector (percent)					
Mining & Quarrying	0.0	0.0	0.0	0.0	0.0
Tourism	6.5	7.5	5.2	5.2	5.3
Agriculture	15.4	18.4	35.7	27.6	31.5
Finance	22.7	0.0	0.0	13.4	15.3
Transport	0.0	0.0	0.0	0.0	1.1
Communication	0.0	0.0	0.0	0.0	0.0
Fisheries	4.8	5.7	3.7	3.8	3.1
Education	4.4	13.7	16.9	11.6	0.0
Energy	46.1	54.7	38.5	38.4	43.7
Total domestic loan guarantees	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

Source: MoF

Table III.4 (b) Government Foreign Loan Guarantees by Sector and Currency (N$ million)

Sectoral allocation, end of period	2015	2016	2017	2018	2019
Energy	**435.0**	**248.8**	**168.8**	**86.1**	**54.6**
NAD and ZAR	435.0	248.8	168.8	86.1	54.6
USD	0.0	0.0	0.0	0.0	0.0
Agriculture	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
NAD and ZAR	0.0	0.0	0.0	0.0	0.0
USD	0.0	0.0	0.0	0.0	0.0
Transport	**5,433.2**	**4,954.8**	**4,881.3**	**4,351.5**	**4,693.0**
NAD and ZAR	1,681.4	2,085.0	2,643.7	2,196.3	3,019.4
USD	3,751.8	2,869.8	2,237.6	2,155.2	1,673.6
Communication	**45.9**	**38.7**	**44.8**	**49.9**	**47.9**
NAD and ZAR	0.0	0.0	0.0	0.0	0.0
USD	0.0	0.0	0.0	0.0	0.0
EUR	45.9	38.7	44.8	49.9	47.9
Finance		**2,500.0**	**3,500.0**	**4,641.2**	**4,834.9**
NAD and ZAR		2,500.0	3,500.0	4,641.2	4,834.9
Total foreign loan guarantees	**5,914.1**	**7,742.3**	**8,594.9**	**9,128.7**	**9,630.4**
Proportion of foreign loan guarantees by sector					
Energy	**7.4**	**3.2**	**2.0**	**0.9**	**0.6**
NAD and ZAR	7.4	3.2	2.0	0.9	0.6
USD	0.0	0.0	0.0	0.0	0.0
Agriculture	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
NAD and ZAR	0.0	0.0	0.0	0.0	0.0
USD	0.0	0.0	0.0	0.0	0.0
Transport	**91.9**	**64.0**	**56.8**	**47.7**	**48.7**
NAD and ZAR	28.4	26.9	30.8	24.1	31.4
USD	63.4	37.1	26.0	23.6	17.4
Communication	**0.8**	**0.5**	**0.5**	**0.5**	**0.5**
NAD and ZAR	0.0	0.0	0.0	0.0	0.0
USD	0.0	0.0	0.0	0.0	0.0
EUR	0.8	0.5	0.5	0.5	0.5
Finance		**32.3**	**40.7**	**50.8**	**50.2**
NAD and ZAR		32.3	40.7	50.8	50.2
Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**
Foreign loan guarantees per currency					
NAD and ZAR	2,116.4	4,833.8	6,312.5	6,923.6	7,908.9
USD	3,751.8	2,869.8	2,237.6	2,155.2	1,673.6
EUR	45.9	38.7	44.8	49.9	47.9
Total foreign loan guarantees	**5,914.1**	**7,742.3**	**8,594.9**	**9128.7**	**9630.4**
Currency composition of foreign loan guarantees					
NAD and ZAR	35.8	62.1	73.4	75.8	82.1
USD	63.4	37.4	26.0	23.6	17.4
EUR	0.8	0.5	0.5	0.5	0.5
Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

Source: MoF

Table IV.A1 Balance of Payments aggregates [1] (N$ million)

	2015	2016	2017 (p)	2018 (p)	2019 (p)
CURRENT ACCOUNT	**-19,922**	**-24,868**	**-6,832**	**-5,055**	**-4,137**
GOODS AND SERVICES	**-37,633**	**-36,679**	**-21,771**	**-18,196**	**-18,372**
Total credit	52,638	55,547	59,675	65,652	65,391
Total debit	90,271	92,225	81,446	83,848	83,763
Goods (Trade balance)	**-40,452**	**-35,260**	**-23,673**	**-20,447**	**-19,379**
Export (fob) [2]	**41,150**	**46,837**	**49,865**	**55,575**	**55,994**
Diamonds	11,195	10,357	9,744	11,014	9,364
Other mineral products	8,569	10,744	11,209	14,784	16,421
Food and live animals	2,447	2,055	3,858	3,774	3,382
Manufactured products	14,917	20,769	21,886	22,931	23,672
of which Processed fish	7,529	9,109	9,234	10,055	10,154
Other commodities	1,761	1,572	1,524	1,679	1,911
Re-exports	2,261	1,341	1,645	1,394	1,243
Imports (fob) [2]	**81,603**	**82,096**	**73,538**	**76,023**	**75,373**
Consumer goods	18,765	19,659	19,203	19,118	20,282
Mineral fuels, oils and products of their distillation	14,136	11,959	8,894	11,961	12,747
Vehicles, aircraft, vessels	10,579	11,716	8,746	8,726	8,857
Machinery, mechanical, electrical appliances	13,189	12,362	11,455	11,903	10,378
Base metals and articles of base Metal	6,949	5,409	4,614	4,600	4,412
Products of the chemical industries	6,361	7,288	7,018	7,514	6,976
Other imports	11,622	13,703	13,609	12,202	11,721
Services	**2,819**	**-1,419**	**1,902**	**2,258**	**1,007**
Total credit	11,488	8,710	9,810	10,084	9,397
Total debit	8,668	10,129	7,908	7,826	8,390
Manufacturing services (net)	1,458	1,516	1,769	1,824	1,731
Maintenance and repair services (net)	187	-57	24	-162	-189
Transportation (net)	-970	-936	-252	-467	-404
Travel (net)	5,375	3,065	3,597	4,325	3,729
Insurance and pension (net)	-262	-224	-221	-197	-292
Other private services* (net)	-3,440	-4,489	-2,988	-2,848	-3,273
Government services, n.i.e. (net)	470	-294	-28	-217	-295
PRIMARY INCOME	**-233**	**-3,846**	**-4,192**	**-5,477**	**-5,027**
Compensation of employees (net)	-142	-22	-117	-10	-28
Investment income (net)	158	-3,714	-3,972	-5,352	-4,957
Other primary income (net)	-250	-110	-102	-115	-42
SECONDARY INCOME	**17,944**	**15,657**	**19,131**	**18,611**	**19,261**
General government (net)	17,774	15,084	18,349	17,938	18,674
Current taxes on income, wealth etc.	148	225	224	180	309
Current international cooperation (Include: SACU)	17,627	14,859	18,126	17,758	18,365
of which SACU receipts	17,374	14,835	18,216	17,931	18,535
of which SACU pool payments	1,127	1,158	1,257	1,381	1,485
Financial corporations, non-financial corporations, households and NPISHs (net)	170	573	782	673	587
Personal transfers	-167	247	-154	-51	48
Other current transfers	337	326	935	724	540
CAPITAL ACCOUNT	**1,378**	**1,943**	**2,428**	**1,732**	**1,649**
Gross acuisitions/ disposals of non-produced nonfinancial assets (net)	6	1	7	5	27
Capital transfers (net)	1,372	1,942	2,422	1,727	1,622
Net lending to (+)/borrowing from (-) rest of world	**-18,544**	**-22,925**	**-4,404**	**-3,323**	**-2,489**

[1] Data for the previous three years are provisional and subject to revision.
[2] Published merchandise trade data from NSA adjusted for BOP purposes.

Table IV.A2 Balance of Payments aggregates (N$ million) [1]

	2015	2016	2017 (p)	2018 (p)	2019 (p)
FINANCIAL ACCOUNT [inflow (-)/ Outflow (+)]	**-17,208**	**-19,121**	**-4,202**	**-2,504**	**-1,942**
NET DIRECT INVESTMENT [inflow (-)/ Outflow (+)]	**-9,728**	**-5,483**	**-5,848**	**-773**	**401**
Net acquisition of financial assets [2]	**1,317**	**-70**	**-874**	**1,303**	**149**
Equity and investment fund shares	718	172	-357	724	-48
Equity other than reinvestment of earnings	742	96	-469	762	3
Reinvestment of earnings	-24	76	112	-38	-51
Debt instruments	599	-242	-517	579	197
Net incurrence of financial liabilities [3]	**11,045**	**5,413**	**4,974**	**2,076**	**-251**
Equity and investment fund shares	10,949	1,277	1,013	564	66
Equity other than reinvestment of earnings	11,023	474	709	-1,572	94
Reinvestment of earnings	-74	802	304	2,136	-28
Debt instruments	96	4,136	3,961	1,512	-317
NET PORTFOLIO INVESTMENT [inflow (-)/ Outflow (+)]	**-14,786**	**-1,263**	**5,793**	**2,787**	**-985**
Net acquisition of financial liabilities [2]	**-2,809**	**383**	**5,172**	**2,532**	**-1,098**
Equity and investment fund shares	-3,106	-363	3,838	1,482	-999
Debt securities	296	746	1,335	1,050	-99
Net incurrence of financial liabilities [3]	**11,976**	**1,645**	**-621**	**-255**	**-113**
Equity and investment fund shares	27	-37	28	29	139
Debt securities	11,950	1,682	-649	-283	-252
Net FINANCIAL DERIVATIVES & EMPLOYEE STOCK OPTION [inflow (-)/ Outflow (+)]	**-251**	**271**	**3**	**133**	**140**
Net acquisition of financial assets [2]	**75**	**-48**	**-5**	**343**	**-21**
Net incurrence of financial liabilities [3]	**327**	**-319**	**-7**	**209**	**-162**
NET OTHER INVESTMENT [inflow (-)/ Outflow (+)]	**-2,456**	**-14,606**	**-9,115**	**-5,672**	**1,670**
Net acquisition of financial assets [2]	**1,617**	**-5,144**	**1,649**	**-6**	**867**
Other Equity	-	-	-	-	-
Currency and Deposits	1,282	-5,097	932	-2,398	812
Loans	268	-475	498	1,758	281
Insurance, pension,standardised guarantees	-	-	-	-	-
Trade Credits and Advances	-141	586	358	371	-47
Other Accounts Receivable	207	-158	-139	264	-180
Net incurrence of liabilities[3]	**4,073**	**9,461**	**10,764**	**5,667**	**-803**
Other equity	-	-	-	-	-
Currency and deposits	1,266	2,268	1,209	1,170	240
Loans	2,051	4,993	8,479	1,975	-121
Insurance, pension,standardised guarantees	-	-	-	-	-
Trade Credits and Advances	544	457	1,235	1,831	-382
Other Accounts Payable	212	1,744	-159	690	-541
Special Drawing Rights	-	-	-	-	-
RESERVE ASSETS (Increase (+)/decrease (-))	**10,013**	**1,959**	**4,965**	**1,020**	**-3,169**
NET ERRORS AND OMISSIONS	**1,336**	**3,803**	**202**	**819**	**546**

[1] Data for the previous three years are provisional and subject to revision

[2] A net acquisition of assets (outflow of capital) is indicated by a positive (+) sign. A net disposal of assests (inflow of capital) is indicated by a negative (-) sign.

[3] A net incurrence of liabilities (inflow of capital) is indicated by a positive (+) sign. A net disposal of liabilities (outflow of capital) is indicated by a negative (-) sign.

Table IV.B Supplementary table: balance of payments - services (N$ million)

	2015	2016	2017	2018	2019
SERVICES, NET	**2,819**	**-1,419**	**1,902**	**2,258**	**1,007**
Credit	**11,488**	**8,710**	**9,810**	**10,084**	**9,397**
Manufacturing services	1,461	1,523	1,775	1,829	1,737
Maintenance & repair services	426	247	309	289	197
Transport services	1,077	1,172	1,540	1,530	1,532
Passenger	969	1,036	1,432	1,428	1,438
Other	108	135	109	102	94
Travel Services	6,174	4,118	4,540	5,066	4,891
Business	284	59	84	110	296
Personal	5,891	4,059	4,456	4,956	4,595
Construction services	181	89	56	124	84
Insurance and pension services	0	0	0	0	0
Financial services	314	367	363	452	345
Charges for the use of intellectual property	4	5	4	18	8
Telecommunications, computer & information	286	236	495	237	125
Other business services	359	208	95	70	69
Personal, cultural & recreational services	23	36	53	67	25
Government services, n.i.e.	1,182	710	580	402	383
Debit	**8,668**	**10,129**	**7,908**	**7,826**	**8,390**
Manufacturing services	3	5	6	5	6
Maintenance & repair services	239	304	284	451	386
Transport services	2,046	2,107	1,792	1,996	1,936
Passenger	97	145	28	176	134
Other	1,949	1,962	1,765	1,820	1,802
Travel services	799	1,053	943	741	1,162
Business	273	348	188	170	188
Personal	526	706	755	571	974
Construction services	447	1,175	867	880	268
Insurance and pension services	262	226	221	197	292
Financial services	82	26	84	92	100
Charges for the use of intellectual property	87	42	32	18	37
Telecommunications, computer & information	1,018	704	626	658	451
Other business services	2,968	3,476	2,439	2,165	3,069
Personal, cultural & recreational services	3	6	5	3	5
Government services, n.i.e.	712	1,004	608	619	678

Table IV.C Supplementary table: balance of payments - primary income (N$ million)

	2015	2016	2017	2018	2019
PRIMARY INCOME, NET	**-233**	**-3,846**	**-4,192**	**-5,477**	**-5,027**
Credit	3,926	3,874	3,827	4,535	4,249
Debit	4,159	7,720	8,019	10,012	9,276
Compensation of employees, net	**-142**	**-22**	**-117**	**-10**	**-28**
Credit	327	339	365	402	253
Debit	469	361	482	412	281
Investment income, net	**158**	**-3,714**	**-3,972**	**-5,352**	**-4,957**
Credit	**3,599**	**3,535**	**3,462**	**4,133**	**3,996**
Direct investment	24	80	120	-24	-19
Dividends	2	4	6	6	6
Reinvested earnngs	-24	76	112	-38	-51
Interest	46	0	2	8	26
Portfolio investment	3,049	2,784	2,450	2,945	2,804
Dividends	2,078	1,822	1,667	2,056	1,870
Interest	972	962	783	889	934
Other investment	208	254	263	438	378
Reserve assets	318	417	629	774	834
Debit	**3,441**	**7,249**	**7,434**	**9,484**	**8,953**
Direct investment	1,651	3,924	3,916	5,632	5,021
Dividends	1,516	2,293	2,275	1,841	3,126
Reinvested earnngs	-74	802	304	2,136	-28
Interest	209	829	1,337	1,655	1,923
Portfolio investment	859	1,923	2,310	2,345	2,355
Dividends	11	11	11	11	11
Interest	848	1,912	2,299	2,334	2,344
Other investment	930	1,403	1,208	1,508	1,577
Other primary income, net	**-250**	**-110**	**-102**	**-115**	**-42**
Credit	0	0	0	0	0
Debit	250	110	102	115	42

Table IV.D Supplementary table: balance of payments - secondary income (N$ million)

Secondary income, net	2015 17,944	2016 15,657	2017(p) 19,131	2018(p) 18,611	2019(p) 19,261
Credit	**19,934**	**17,563**	**20,997**	**20,541**	**21,411**
General government	19,285	16,311	19,714	19,412	20,247
Current taxes on income, wealth etc.	152	229	228	184	313
Social contributions	-	-	-	-	-
Social benefits	-	-	-	-	-
Current international cooperation (include:SACU)	19,134	16,082	19,486	19,228	19,935
of which receipts from SACU	17,374	14,835	18,216	17,931	18,535
Financial corporations, nonfinancial corporations, households, and NPISHs	648.4	1,251.7	1,283.3	1,129.0	1,163.4
Personal transfers (current transfers between resident and nonresident households)	274	625	277	306	482
Other current transfers	373.9	627.1	1,006.5	823.0	680.9
Debit	**1,990**	**1,906**	**1,867**	**1,931**	**2,149**
General government	1,511	1,227	1,365	1,474	1,573
Current taxes on income, wealth etc.	4.0	4.0	4.0	4.0	4.0
Social contributions	-	-	-	-	-
Social benefits	-	-	-	-	-
Current international cooperation (include:SACU)	1,507	1,223	1,361	1,470	1,569
of which SACU pool payments	1,127	1,158	1,257	1,381	1,485
Financial corporations, nonfinancial corporation, households and NPISHs	479	678	502	456	576
Personal transfers (current transfers between resident and nonresident households)	442	378	430	357	435
Other current transfers	37	301	71	99	141

Table IV.E Supplementary table: balance of payments - capital account (N$ million)

Capital account balance	2015 1,378	2016 1,943	2017(p) 2,428	2018(p) 1,732	2019(p) 1,649
Credit	**1,779**	**2,106**	**2,489**	**1,913**	**1,810**
Gross disposals of nonproduced nonfinancial assets	**7**	**2**	**7**	**5**	**27**
Capital transfers	**1,772**	**2,104**	**2,482**	**1,908**	**1,783**
General government	1,126	1,552	1,541	1,532	1,698
Debt forgiveness	-	-	-	-	-
Other capital transfers	1,126	1,552	1,541	1,532	1,698
Financial corporations, nonfinancial corporations, households, and NPISHs	646	552	941	377	86
Debt forgiveness	-	-	477	-	-
Other capital transfers	646	552	464	377	86
Debit	**400**	**163**	**60**	**182**	**161**
Gross acquisitions of nonproduced nonfinancial assets	**1**	**0**	**0**	**0**	**-**
Capital transfers	**399**	**162**	**60**	**182**	**161**
General government	365	30	17	26	66
Debt forgiveness	-	-	-	-	-
Other capital transfers	365	30	17	26	66
Financial corporations, nonfinancial corporations, households, and NPISHs	35	133	43	155	95
Debt forgiveness	-	-	-	-	-
Other capital transfers	35	133	43	155	95

Table IV.F Supplementary table: balance of payments -direct investment (N$ million)

	2015	2016	2017(p)	2018(p)	2019(p)
DIRECT INVESTMENT, NET	**-9,728**	**-5,483**	**-5,848**	**-773**	**401**
Net acquisition of financial assets	**1,317**	**-70**	**-874**	**1,303**	**149**
Equity and investment fund shares	**718**	**172**	**-357**	**724**	**-48**
Equity other than reinvestment of earnings	742	96	-469	762	3
Direct investor in Direct investment enterprise	742	16	-469	762	3
Direct investment enterprise in direct investor (reverse investment)	0	80	0	0	0
Between fellow enterprises	0	0	0	0	0
Reinvestment of earnings	**-24**	**76**	**112**	**-38**	**-51**
Debt instruments	**599**	**-242**	**-517**	**579**	**197**
Short-term	**-94**	**23**	**-190**	**443**	**197**
Direct investor in Direct investment enterprise	-94	23	-192	423	201
Direct investment enterprise in direct investor (reverse investment)	0	-0	0	0	10
Between fellow enterprises	0	0	2	20	-14
Long-term	**694**	**-265**	**-327**	**136**	**0**
Direct investor in Direct investment enterprise	745	-211	-327	1	0
Direct investment enterprise in direct investor (reverse investment)	-51	0	0	105	0
Between fellow enterprises	0	-54	0	29	0
Net incurrence of liabilities	11,045	5,413	4,974	2,076	-251
Equity and investment fund shares	10,949	1,277	1,013	564	66
Equity other than reinvestment of earnings	11,023	474	709	-1,572	94
Direct investor in Direct investment enterprise	11,023	474	710	-1,570	94
Direct investment enterprise in direct investor (reverse investment)	0	0	0	0	0
Between fellow enterprises	0	0	-0	-2	0
Reinvestment of earnings	-74	802	304	2,136	-28
Debt instruments	96	4,136	3,961	1,512	-317
Short-term	449	-393	275	688	-103
Direct investor in Direct investment enterprise	362	-393	319	647	-109
Direct investment enterprise in direct investor (reverse investment)	0	0	0	0	0
Between fellow enterprises	87	-0	-43	42	6
Long-term	**-353**	**4,529**	**3,685**	**824**	**-214**
Direct investor in Direct investment enterprise	1,904	-2,492	327	1,092	-172
Direct investment enterprise in direct investor (reverse investment)	0	0	0	-48	-7
Between fellow enterprises	-2,257	7,021	3,358	-220	-35

Table IV.G Supplementary table: balance of payments - portfolio investment (N$ million)

	2015	2016	2017(p)	2018(p)	2019(p)
PORTFOLIO INVESTMENT, NET	**-14,786**	**-1,263**	**5,793**	**2,787**	**-985**
Net acquisition of financial assets	**-2,809**	**383**	**5,172**	**2,532**	**-1,098**
Equity and investment fund shares	**-3,106**	**-363**	**3,838**	**1,482**	**-999**
Central Bank	0	0	0	0	0
General government	0	0	0	0	0
Deposit-taking corporations except central bank	0	0	0	0	0
Other sectors	-3,106	-363	3,838	1,482	-999
Debt Securities	**296**	**746**	**1,335**	**1,050**	**-99**
Short-term	**-353**	**481**	**-105**	**80**	**89**
Central Bank	0	0	0	0	0
General government	0	0	0	0	0
Deposit-taking corporations except central bank	-353	481	-105	80	89
Other sectors	0	0	0	0	0
Long-term	**649**	**265**	**1,440**	**970**	**-188**
Central Bank	0	0	0	0	0
General government	0	0	0	0	0
Deposit-taking corporations except central bank	393	156	-168	-69	-0
Other sectors	256	109	1,607	1,039	-188
Net incurrence of liabilities	**11,976**	**1,645**	**-621**	**-255**	**-113**
Equity and investment fund shares	**27**	**-37**	**28**	**29**	**139**
Central Bank	0	0	0	0	0
General government	0	0	0	0	0
Deposit-taking corporations except central bank	0	0	0	0	0
Other sectors	27	-37	28	29	139
Debt Securities	**11,950**	**1,682**	**-649**	**-283**	**-252**
Short-term	**-93**	**0**	**0**	**0**	**0**
Central Bank	0	0	0	0	0
General government	0	0	0	0	0
Deposit-taking corporations except central bank	-93	0	0	0	0
Other sectors	0	0	0	0	0
Long-term	**12,043**	**1,682**	**-649**	**-283**	**-252**
Central Bank	0	0	0	0	0
General government	11,941	502	10	10	10
Deposit-taking corporations except central bank	102	1,180	-660	-294	-262
Other sectors	0	0	0	0	0
Financial derivatives and employee stock options, net	**-251**	**271**	**3**	**133**	**140**
Net acquisition of assets	75	-48	-5	343	-21
Net incurrence of liabilities	327	-319	-7	209	-162

Table IV.H Supplementary table: balance of payments - other investment (N$ million)

	2015	2016	2017	2018	2019
OTHER INVESTMENT, NET	**-2,456**	**-14,606**	**-9,115**	**-5,672**	**1,670**
Net acquisition of financial assets	**1,617**	**-5,144**	**1,649**	**-6**	**867**
Other equity	**0**	**0**	**0**	**0**	**0**
Currency and Deposits	**1,282**	**-5,097**	**932**	**-2,398**	**812**
Deposit taking except Central Bank	1,435	-2,000	-567	2,411	45
Other sectors	-153	-3,097	1,499	-4,808	767
Loans	**268**	**-475**	**498**	**1,758**	**281**
Loans - long term	**-354**	**489**	**123**	**1,491**	**-12**
General Government	40	40	40	40	40
Deposit taking except Central Bank	-396	457	84	1,452	-52
Other sectors	2	-8	0	0	0
Loans - short term	**623**	**-964**	**374**	**267**	**294**
General Government	0	0	0	0	0
Deposit taking except Central Bank	770	-921	374	267	294
Other sectors	-148	-42	0	0	0
Insurance, pension,standardised guarantees	**0**	**0**	**0**	**0**	**0**
Trade Credits and Advances	**-141**	**586**	**358**	**371**	**-47**
Central Bank	0	0	0	0	0
Deposit taking except Central Bank	-6	-1	0	0	0
General Government	0	0	0	0	0
Other sectors	-135	586	358	371	-47
Other Accounts Receivable	**207**	**-158**	**-139**	**264**	**-180**
Net incurrence of liabilities	**4,073**	**9,461**	**10,764**	**5,667**	**-803**
Other Equity	**0**	**0**	**0**	**0**	**0**
Currency and Deposits	**1,266**	**2,268**	**1,209**	**1,170**	**240**
Deposit taking except Central Bank	1,266	2,268	1,209	1,170	240
Other sectors	0	0	0	0	0
Loans	**2,051**	**4,993**	**8,479**	**1,975**	**-121**
Loans - long term	**37**	**5,389**	**7,702**	**2,045**	**-468**
General Government	388	248	-305	2,692	-249
Deposit taking except Central Bank	1,296	-579	2,623	-2,914	499
Other sectors	-1,647	5,720	5,384	2,267	-718
Loans - short term	**2,014**	**-396**	**777**	**-70**	**347**
General Government	0	0	0	0	0
Deposit taking except Central Bank	503	-517	-32	-86	123
Other sectors	1,511	121	809	16	224
Insurance, pension,standardised guarantees	**0**	**0**	**0**	**0**	**0**
Trade Credits and Advances	**544**	**457**	**1,235**	**1,831**	**-382**
Central Bank	0	0	0	0	0
Deposit taking except Central Bank	0	2	-1	-1	-5
General Government	0	0	0	0	0
Other sectors	544	455	1,236	1,832	-376
Other Accounts Payable	**212**	**1,744**	**-159**	**690**	**-541**
Special Drawing Rights	**0**	**0**	**0**	**0**	**0**

Table IV.I International foreign exchange reserves stock (including valuation adjustments) (N$ million)

End of	2015	2016	2017	2018	2019
January	16,465	25,292	24,631	28,334	30,667
February	14,925	25,216	22,711	26,872	31,638
March	12,302	24,910	22,576	26,778	32,574
April	15,354	24,662	25,676	30,680	34,158
May	13,659	24,769	25,413	28,168	34,125
June	14,784	21,049	28,510	29,626	33,434
July	14,333	22,834	33,674	30,843	35,179
August	14,066	20,538	30,621	32,196	33,425
September	12,830	26,449	31,463	32,517	32,266
October	22,667	25,068	31,602	31,111	32,470
November	24,795	25,857	28,546	29,543	29,752
December	23,577	24,720	30,177	31,024	28,941

Table IV.J (a) International investment position - N$ million

	2015	2016	2017(p)	2018 (p)	2019(p)
FOREIGN ASSETS	**123,387**	**119,838**	**140,380**	**144,919**	**151,028**
1. Direct investment	**7,478**	**12,752**	**14,319**	**18,536**	**22,251**
1.1. Equity and investment fund shares	**5,576**	**10,892**	**11,833**	**16,103**	**19,324**
1.1.1. Direct investor in direct investment enterprises	5,576	10,892	11,833	16,103	19,324
1.1.2. Direct investment enterprise in direct investor (reverse)	-	-	-	-	-
1.1.3. Between fellow enterprises	-	-	-	-	-
1.2. Debt instruments	**1,902**	**1,861**	**2,485**	**2,433**	**2,926**
1.2.1. Direct investor in direct investment enterprises	1,842	1,566	2,267	2,063	2,554
Short-term	455	225	1,136	628	794
Long-term	1,387	1,341	1,131	1,435	1,760
1.2.2. Direct investment enterprises in direct investor (reverse)	7	89	30	105	105
Short-term	7	89	30	0	-
Long-term	-	-	-	105	105
1.2.3. Between fellow enterprises	54	205	188	264	267
Short-term	-	-	2	33	19
Long-term	54	205	187	231	248
2. Portfolio investment	**74,687**	**69,976**	**82,542**	**82,332**	**86,086**
2.1. Equity and investment fund shares	**51,060**	**46,494**	**56,165**	**54,799**	**57,430**
i) Central bank	-	-	-	-	-
ii) Deposit-taking corporations, except the central bank	-	-	-	-	-
iii) General government	-	-	-	-	-
iv) Other sectors	51,060	46,494	56,165	54,799	57,430
2.2. Debt securities	**23,627**	**23,482**	**26,377**	**27,533**	**28,656**
i) Central bank	-	-	-	-	-
ii) Deposit-taking corporations, except the central bank	393	1,030	757	768	776
iii) General government	-	-	-	-	-
iv) Other sectors	23,234	22,451	25,619	26,765	27,880
3. Financial derivatives and employee stock options,net	**110**	**62**	**57**	**400**	**379**
4. Other investment	**17,534**	**12,328**	**13,285**	**12,627**	**13,371**
4.1. Other equity	**-**	**-**	**-**	**-**	**-**
4.2. Currency and deposits	**11,851**	**6,931**	**7,196**	**5,758**	**6,457**
i) Central bank	-	-	-	-	-
ii) Deposit-taking corporations, except the central bank	3,673	2,656	1,990	4,400	4,445
iii) General government	-	-	-	-	-
iv) Other sectors	8,178	4,275	5,206	1,358	2,011
4.3. Loans	**1,437**	**922**	**1,383**	**3,101**	**3,343**
Short-term	**1,156**	**193**	**570**	**836**	**1,130**
i) Central bank	-	-	-	-	-
ii) Deposit-taking corporations, except the central bank	1,114	193	570	836	1,130
iii) General government	-	-	-	-	-
iv) Other sectors	42	-	-	-	-
Long-term	**282**	**730**	**813**	**2,265**	**2,213**
i) Central bank	-	-	-	-	-
ii) Deposit-taking corporations, except the central bank	272	730	813	2,265	2,213
iii) General government	-	-	-	-	-
iv) Other sectors	9	-	-	-	-
4.4. Insurance, pension,standardised guarantees	**-**	**-**	**-**	**-**	**-**
4.5. Trade credit and advances	**337**	**379**	**725**	**1,077**	**1,030**
Short-term	**337**	**379**	**724**	**1,070**	**1,010**
i) Central bank	-	-	-	-	-
ii) Deposit-taking corporations, except the central bank	1	-	-	-	-
iii) General government	-	-	-	-	-
iv) Other sectors	336	379	724	1,070	1,010
Long-term	**-**	**-**	**1**	**8**	**20**
i) Central bank	-	-	-	-	-
ii) Deposit-taking corporations, except the central bank	-	-	-	-	-
iii) General government	-	-	-	-	-
iv) Other sectors	-	-	1	8	20
4.6. Other accounts receivable	**3,909**	**4,096**	**3,981**	**2,691**	**2,542**
5. Reserve assets	**23,577**	**24,720**	**30,177**	**31,024**	**28,941**
5.1. Monetary gold	-	-	-	-	-
5.2. Special drawing rights	102	124	112	62	34
5.3. Reserve position in the IMF	-	-	-	-	-
5.4. Other reserve assets	23,476	24,597	30,065	30,962	28,907

Table IV.J (b) International investment position - N$ million

FOREIGN LIABILITIES	2015 126,469	2016 130,720	2017(p) 152,215	2018 (p) 167,820	2019 (p) 163,138
1. Direct investment	**79,608**	**83,512**	**89,408**	**98,770**	**96,430**
1.1. Equity and investment fund shares	**39,318**	**42,606**	**46,244**	**45,805**	**42,938**
1.1.1. Direct investor in direct investment enterprises	39,316	42,603	46,243	45,805	42,938
1.1.2. Direct investment enterprises in direct investor (reverse)	0	0	0	0	0
1.1.3. Between fellow enterprises	2	2	2	0	0
1.2. Debt instruments	**40,291**	**40,907**	**43,163**	**52,965**	**53,492**
1.2.1. Direct investor in direct investment enterprises	17,851	12,127	12,607	15,699	15,481
Short-term	1,863	1,370	1,687	2,342	2,234
Long-term	15,988	10,757	10,920	13,357	13,247
1.2.2. Direct investment enterprises in direct investor (reverse)	0	0	0	45	33
Short-term	0	0	0	0	0
Long-term	0	0	0	45	33
1.2.3. Between fellow enterprises	22,440	28,780	30,556	37,221	37,978
Short-term	129	129	86	131	154
Long-term	22,310	28,650	30,471	37,090	37,825
2. Portfolio investment	**23,947**	**23,208**	**21,448**	**23,678**	**23,141**
2.1. Equity and investment fund shares	**115**	**119**	**557**	**533**	**643**
i) Central bank	0	0	0	0	0
ii) Deposit-taking corporations, except the central bank	0	0	0	0	0
iii) General government	0	0	0	0	0
iv) Other sectors	115	119	557	533	643
2.2. Debt securities	**23,832**	**23,089**	**20,891**	**23,145**	**22,498**
i) Central bank	0	0	0	0	0
ii) Deposit-taking corporations, except the central bank	1,488	2,668	2,008	1,714	1,452
iii) General government	21,844	19,922	18,383	20,931	20,546
iv) Other sectors	500	500	500	500	500
		0	0	0	0
3. Financial derivatives and employee stock options,net	**454**	**135**	**128**	**337**	**175**
4. Other investment	**22,459**	**23,864**	**41,231**	**45,035**	**43,391**
4.1. Other equity	**0**	**0**	**0**	**0**	**0**
4.2. Currency and deposits	**2,111**	**3,571**	**4,480**	**4,737**	**4,978**
i) Central bank	0	0	0	0	0
ii) Deposit-taking corporations, except the central bank	2,111	3,571	4,480	4,737	4,978
iii) General government	0	0	0	0	0
iv) Other sectors	0	0	0	0	0
4.3. Loans	**15,390**	**13,771**	**29,458**	**30,721**	**29,531**
Short-term	**3,391**	**557**	**1,360**	**1,134**	**1,329**
i) Central bank	0	0	0	0	0
ii) Deposit-taking corporations, except the central bank	1,945	116	86	0	123
iii) General government	0	0	0	0	0
iv) Other sectors	1,446	441	1,274	1,134	1,206
Long-term	**11,999**	**13,214**	**28,099**	**29,586**	**28,202**
i) Central bank	0	0	0	0	0
ii) Deposit-taking corporations, except the central bank	2,059	1,812	4,435	1,521	2,017
iii) General government	6,487	5,340	8,043	11,225	10,305
iv) Other sectors	3,453	6,062	15,622	16,841	15,879
4.4. Insurance, pension,standardised guarantees	**0**	**0**	**0**	**0**	**0**
4.5. Trade credit and advances	**1,661**	**1,851**	**3,025**	**4,246**	**4,239**
Short-term	**1,661**	**1,851**	**3,025**	**3,960**	**3,957**
i) Central bank	0	0	0	0	0
ii) Deposit-taking corporations, except the central bank	0	2	1	0	0
iii) General government	0	0	0	0	0
iv) Other sectors	1,661	1,849	3,024	3,960	3,957
Long-term	**0**	**0**	**0**	**287**	**281**
i) Central bank	0	0	0	0	0
ii) Deposit-taking corporations, except the central bank	0	0	0	0	0
iii) General government	0	0	0	0	0
iv) Other sectors	0	0	0	287	281
4.6. Other accounts payable	**213**	**1,957**	**1,798**	**2,461**	**1,830**
4.7. Special drawing rights	**3,084**	**2,715**	**2,469**	**2,870**	**2,814**
NET ASSET/LIABILITY POSITION	**-3,081**	**-10,882**	**-11,835**	**-22,901**	**-12,110**

Table IV.K Foreign exchange rates Namibia; Dollar per foreign currency unit

Period averages

Period		US Dollar	UK Pound	EU Euro	Botswana Pula	Switzerland Franc	Chinese Yuan	IMF SDR
2015	Jan	11.566	17.529	13.457	1.207	12.225	1.860	16.454
	Feb	11.576	17.921	13.150	1.205	12.379	1.852	16.388
	Mar	12.064	18.075	13.072	1.218	12.312	1.933	16.709
	Apr	12.011	17.933	12.940	1.214	12.474	1.937	16.615
	May	11.969	18.508	13.351	1.221	12.841	1.929	16.794
	Jun	12.302	19.139	13.797	1.238	13.206	1.982	17.284
	Jul	12.452	19.379	13.703	1.242	13.067	2.006	17.387
	Aug	12.912	20.150	14.389	1.268	13.133	2.035	18.096
	Sep	13.607	20.895	15.297	1.303	14.008	2.137	19.143
	Oct	13.500	20.705	15.171	1.623	13.947	2.126	18.983
	Nov	14.123	21.475	15.177	1.316	14.010	2.217	19.493
	Dec	14.926	22.381	16.226	1.357	14.978	2.314	20.774
2016	Jan	16.380	23.603	17.794	1.418	16.274	2.492	22.562
	Feb	15.769	22.565	17.503	1.397	15.881	2.408	21.990
	Mar	15.422	21.915	17.108	1.382	15.660	2.370	21.487
	Apr	14.632	20.908	16.589	1.354	15.181	2.259	21.573
	May	15.356	22.312	17.361	1.388	15.705	2.351	21.711
	Jun	15.056	21.409	16.921	1.374	15.519	2.284	21.224
	Jul	14.423	18.974	15.962	1.337	14.687	2.160	20.051
	Aug	13.735	18.003	15.405	1.309	14.162	2.066	19.265
	Sep	14.037	18.464	15.739	1.322	14.411	2.103	19.666
	Oct	13.944	17.219	15.377	1.311	14.131	2.072	19.258
	Nov	13.914	17.292	15.045	1.303	13.980	2.034	19.037
	Dec	13.836	17.300	14.614	1.291	13.586	2.000	18.658
2017	Jan	13.563	16.724	14.421	1.281	13.456	1.967	18.289
	Feb	13.196	16.484	14.043	1.263	13.171	1.920	17.964
	Mar	12.938	15.963	13.824	1.250	12.907	1.876	17.525
	Apr	13.466	17.003	14.429	1.281	13.456	1.954	18.375
	May	13.268	17.156	14.665	1.278	13.454	1.927	18.241
	Jun	12.897	16.506	14.490	1.263	13.326	1.895	17.846
	Jul	13.138	17.066	15.118	1.282	13.681	1.940	18.318
	Aug	13.231	17.153	15.634	1.296	13.713	1.983	18.688
	Sep	13.135	17.442	15.656	1.295	13.656	2.001	18.701
	Oct	13.676	18.053	16.078	1.318	13.935	2.064	19.324
	Nov	14.078	18.620	16.527	1.340	14.194	2.126	19.820
	Dec	13.170	17.658	15.592	1.295	13.342	1.997	18.636
2018	Jan	12.204	16.841	14.872	1.253	12.688	1.898	17.559
	Feb	11.822	16.536	14.611	1.238	12.657	1.870	17.187
	Mar	11.836	16.524	14.606	1.239	12.503	1.876	17.193
	Apr	12.084	17.032	14.854	1.251	12.499	1.919	17.579
	May	12.529	16.871	14.807	1.263	12.562	1.966	17.828
	Jun	13.286	17.654	15.517	1.299	13.426	2.055	18.802
	Jul	13.415	17.668	15.671	1.301	13.487	1.997	18.834
	Aug	14.089	18.143	16.264	1.331	14.251	2.069	19.657
	Sep	14.780	19.289	17.235	1.369	15.265	2.156	20.683
	Oct	14.496	18.860	16.653	1.350	14.592	2.094	20.142
	Nov	14.087	18.177	16.017	1.325	14.076	2.030	19.564
	Dec	14.181	17.980	16.146	1.328	14.294	2.060	19.676
2019	Jan	13.862	17.860	15.835	1.317	14.018	2.043	19.316
	Feb	13.796	17.941	15.656	1.313	13.775	2.047	19.237
	Mar	14.383	18.954	16.254	1.343	14.364	2.143	20.016
	Apr	14.154	18.462	15.911	1.330	14.064	2.107	19.638
	May	14.437	18.523	16.147	1.341	14.287	2.103	19.931
	Jun	14.567	18.473	16.455	1.351	14.740	2.111	20.200
	Jul	14.047	17.519	15.762	1.322	14.226	2.042	19.398
	Aug	15.142	18.392	16.841	1.374	15.455	2.144	20.793
	Sep	14.849	18.314	16.352	1.357	14.990	2.086	20.308
	Oct	14.907	18.817	16.471	1.362	15.000	2.101	20.462
	Nov	14.804	19.078	16.365	1.359	14.910	2.109	20.348
	Dec	14.436	18.911	16.042	1.343	14.680	2.057	19.914

Table IV.L Effective exchange rate indices[1]

		Nominal effective exchange rate 2015=100			Real effective exchange rate indices 2015=100		
		Import weighted	Export weighted	Total trade weighted	Import weighted	Export weighted	Total trade weighted
2015	Jan	99.8	102.5	101.9	101.2	103.0	103.0
	Feb	100.8	103.5	102.3	101.5	103.6	102.8
	Mar	101.1	103.4	101.9	101.1	103.1	101.8
	Apr	101.3	103.6	102.0	101.2	103.4	101.8
	May	101.0	102.3	101.4	100.9	102.2	101.3
	Jun	100.3	100.7	100.4	100.2	100.7	100.3
	Jul	100.7	101.1	100.6	100.2	101.3	100.4
	Aug	99.8	99.2	99.5	99.6	99.5	99.5
	Sep	99.1	97.2	98.4	99.0	97.4	98.4
	Oct	99.1	95.0	97.2	98.8	94.7	96.9
	Nov	99.5	98.5	98.6	99.1	97.9	98.2
	Dec	97.9	93.8	95.8	97.4	93.2	95.4
2016	Jan	94.2	86.4	93.1	95.7	89.0	95.2
	Feb	95.4	88.4	94.2	96.4	90.8	96.0
	Mar	95.7	89.6	95.0	96.8	92.1	96.9
	Apr	96.2	91.5	96.0	97.3	93.8	97.8
	May	95.1	89.1	94.5	96.4	91.4	96.5
	Jun	95.9	90.9	95.5	97.1	93.0	97.4
	Jul	96.6	93.3	97.1	97.9	95.7	99.3
	Aug	97.4	96.3	98.8	98.9	98.5	101.1
	Sep	97.0	95.2	98.0	98.5	97.1	100.1
	Oct	97.2	96.0	98.5	98.8	98.1	100.9
	Nov	97.5	97.0	99.0	99.1	98.9	101.4
	Dec	98.1	98.5	99.7	99.4	100.2	101.9
2017	Jan	95.9	96.9	100.4	99.8	101.3	105.5
	Feb	97.1	99.1	101.4	100.4	102.9	105.9
	Mar	97.9	100.9	102.1	100.8	104.2	106.2
	Apr	96.7	98.0	100.3	99.8	101.1	104.3
	May	96.9	98.3	100.3	99.8	101.1	104.2
	Jun	97.4	99.8	101.1	100.3	102.4	105.0
	Jul	96.9	97.9	99.8	99.6	100.2	103.5
	Aug	96.5	97.1	99.2	99.2	99.2	102.8
	Sep	96.7	97.8	99.4	99.3	99.6	103.0
	Oct	96.3	96.4	98.3	98.7	97.8	101.7
	Nov	95.7	94.9	97.4	98.1	96.2	100.7
	Dec	97.4	99.5	99.9	99.6	100.4	103.0
2018	Jan	97.3	104.2	102.7	101.0	105.6	107.3
	Feb	98.3	108.3	104.1	101.5	108.2	108.0
	Mar	98.4	109.1	104.1	101.4	108.4	107.8
	Apr	98.3	108.5	103.4	100.9	107.4	106.7
	May	97.9	108.8	103.2	100.6	107.3	106.5
	Jun	96.8	105.5	101.0	99.3	103.7	104.1
	Jul	96.8	105.7	101.0	99.3	103.8	104.1
	Aug	96.0	103.8	99.5	98.4	101.3	102.4
	Sep	94.9	102.2	98.0	97.5	98.9	101.0
	Oct	95.8	106.5	99.9	98.4	102.3	102.7
	Nov	95.9	109.3	101.4	99.1	105.0	104.8
	Dec	95.5	108.4	100.5	98.6	103.6	103.8
2019	Jan	95.0	109.8	101.8	99.3	105.8	106.3
	Feb	95.9	111.5	102.2	99.5	106.6	106.0
	Mar	95.6	109.1	100.5	98.5	103.7	103.7
	Apr	96.3	111.4	101.5	99.0	105.4	104.4
	May	96.7	112.0	101.4	99.0	105.2	103.9
	Jun	96.6	112.1	100.9	98.7	104.4	103.0
	Jul	97.3	116.0	102.5	99.5	107.4	104.7
	Aug	96.1	111.7	99.8	98.0	102.8	101.7
	Sep	96.7	114.7	101.0	98.6	105.0	102.8
	Oct	96.5	119.7	101.8	98.5	107.0	103.1
	Nov	96.8	125.9	103.1	98.8	110.1	104.0
	Dec	97.9	130.1	104.3	99.4	112.3	104.7

[1] The currencies included (with their respective weghts) in the total trade weighted basket are as follows: ZAR(0.54), Pula (0.12), Euro (0.11), Swiss Franc(0.07), Zambian Kwacha (0.04), Angolan Kwanza (0.02), Chinese Yuan (0.05) and USD (0.05).

Table IV.M Selected minerals' monthly average prices

		U$ Per Metric Tonne			US$ Per Ounce	US$ Per Pound
		Copper	Lead	Zinc	Gold	Uranium
2015	Jan	5,830.5	1,795.7	2,113.1	1,251.9	36.0
	Feb	5,729.3	1,843.1	2,097.8	1,227.2	38.1
	Mar	5,939.7	1,795.7	2,028.7	1,178.6	39.4
	Apr	6,042.1	1,792.5	2,212.7	1,197.9	38.7
	May	6,294.8	2,005.4	2,281.8	1,199.1	35.6
	Jun	5,833.0	1,991.8	2,082.1	1,181.5	36.1
	Jul	5,456.8	1,829.5	2,000.7	1,130.0	36.0
	Aug	5,127.3	1,763.0	1,807.6	1,117.5	36.1
	Sep	5,217.3	1,703.6	1,720.2	1,124.5	36.9
	Oct	5,216.1	1,684.3	1,724.3	1,159.3	37.0
	Nov	4,799.9	1,720.1	1,583.3	1,085.7	35.9
	Dec	4,638.8	1,618.3	1,527.8	1,068.3	35.1
2016	Jan	4,471.8	1,706.6	1,520.4	1,097.4	34.6
	Feb	4,598.6	1,646.2	1,709.8	1,199.9	33.6
	Mar	4,953.8	1,765.8	1,801.7	1,246.3	29.6
	Apr	4,872.7	1,802.2	1,855.4	1,242.3	27.6
	May	4,694.5	1,732.3	1,869.0	1,259.4	27.8
	Jun	4,642.0	1,707.8	2,026.2	1,276.4	27.2
	Jul	4,864.9	1,712.8	2,183.3	1,337.3	25.9
	Aug	4,751.7	1,834.8	2,279.1	1,341.1	25.9
	Sep	4,722.2	1,835.5	2,292.3	1,326.0	24.7
	Oct	4,731.3	1,947.6	2,311.5	1,266.6	21.2
	Nov	5,450.9	2,024.5	2,566.2	1,236.0	18.5
	Dec	5,660.4	2,180.6	2,664.8	1,151.4	19.1
2017	Jan	5,754.6	2,242.6	2,714.8	1,192.6	22.1
	Feb	5,940.9	2,311.5	2,845.6	1,234.4	24.0
	Mar	5,824.6	2,280.9	2,776.9	1,231.1	24.6
	Apr	5,683.9	2,220.6	2,614.9	1,265.6	23.2
	May	5,599.6	2,125.1	2,590.2	1,245.0	21.6
	Jun	5,719.8	2,132.9	2,573.4	1,260.3	19.7
	Jul	5,985.1	2,269.9	2,787.2	1,236.2	20.2
	Aug	6,485.6	2,348.5	2,980.7	1,282.3	20.1
	Sep	6,577.2	2,374.4	3,116.9	1,315.0	20.3
	Oct	6,807.6	2,498.2	3,264.6	1,279.5	20.1
	Nov	6,826.6	2,461.4	3,229.3	1,282.3	22.0
	Dec	6,833.9	2,509.9	3,196.0	1,261.3	23.8
2018	Jan	7,065.9	2,584.1	3,441.5	1,331.3	21.9
	Feb	7,006.5	2,581.1	3,532.9	1,330.7	21.4
	Mar	6,799.2	2,390.0	3,269.2	1,324.7	21.1
	Apr	6,851.5	2,352.4	3,188.1	1,334.8	21.0
	May	6,825.3	2,360.9	3,059.9	1,303.5	22.7
	Jun	6,965.9	2,436.3	3,088.6	1,281.6	22.7
	Jul	6,250.8	2,207.0	2,656.1	1,237.7	25.8
	Aug	6,051.1	2,053.5	2,512.0	1,201.7	26.3
	Sep	6,050.8	2,022.9	2,434.7	1,198.4	27.5
	Oct	6,219.6	1,987.6	2,673.7	1,215.4	28.0
	Nov	6,195.9	1,937.1	2,595.7	1,220.7	29.1
	Dec	6,075.3	1,972.3	2,616.3	1,250.4	27.8
2019	Jan	5,939.1	1,997.1	2,569.7	1,291.8	28.9
	Feb	6,300.5	2,062.8	2,707.2	1,320.1	28.0
	Mar	6,439.5	2,046.5	2,850.6	1,300.9	25.3
	Apr	6,438.4	1,939.0	2,932.7	1,285.9	25.2
	May	6,017.9	1,815.2	2,742.8	1,283.7	24.1
	Jun	5,882.2	1,899.7	2,601.2	1,359.0	24.6
	Jul	5,941.2	1,975.6	2,446.5	1,412.9	25.4
	Aug	5,709.4	2,044.6	2,273.0	1,500.4	25.3
	Sep	5,759.3	2,071.9	2,331.6	1,510.6	25.7
	Oct	5,757.3	2,184.1	2,451.7	1,494.8	24.3
	Nov	5,860.0	2,021.2	2,425.5	1,470.8	26.1
	Dec	6,077.1	1,900.5	2,272.5	1,479.1	24.9

Source: The Word bank and Cameco

Table IV.N Selected minerals' export volumes

		Diamonds Carat '000	Gold Kg	Copper Tonnes	Zinc Tonnes
2015	Q1	352	1,384	10,249	31,741
	Q2	481	1,568	13,134	48,108
	Q3	435	1,526	9,682	52,012
	Q4	443	1,422	11,558	34,617
2016	Q1	371	1,546	9,842	56,976
	Q2	311	1,423	9,209	27,843
	Q3	339	1,727	7,884	36,989
	Q4	450	2,004	13,099	49,906
2017	Q1	380	1,589	7,808	42,777
	Q2	322	1,755	14,821	31,855
	Q3	353	1,885	11,505	57,843
	Q4	336	1,888	10,655	47,810
2018	Q1	439	1,549	11,940	53,000
	Q2	418	1,430	8,851	29,803
	Q3	570	1,523	14,112	22,493
	Q4	397	1,682	13,736	61,121
2019	Q1	387	1,446	13,508	66,958
	Q2	301	1,406	12,485	38,029
	Q3	364	1,780	9,252	53,413
	Q4	451	1,820	9,664	35,296

Source:BoN surveys

LIST OF ABBREVIATIONS

AACB	Association of African Central Banks
AD	Authorised Dealer
ADLA	Authorised Dealer with Limited Authority
AEs	Advanced Economies
AFI	Alliance for Financial Inclusion
AFRITAC South	Regional Technical Assistance Center in Southern Africa
BC	business continuity
BMS	Building Management System
BOP	balance of payments
CABS	Community of African Banking Supervisors
CCBG	Committee of Central Bank Governors
CMA	Common Monetary Area
CNY	Chinese Yuan/Renminbi
CSD	Centralised Securities Depository
DR	Disaster Recovery
DSIB	Domestic Systemically Important Bank
ECB	European Central Bank
EFT	electronic funds transfer
ELF	Employee Liaison Forum
EMDEs	Emerging Market and Developing Economies
ERP	enterprise resource planning
EUR	Euro
FDI	foreign direct investment
FMI	financial market infrastructure
FSR	Financial Stability Report
FY	Fiscal Year
GBP	British Pound Sterling
GDE	gross domestic expenditure
GDP	gross domestic product
GNDI	gross national disposable income
GNI	gross national income
GPF	Global Policy Forum
IMF	International Monetary Fund
IRS	Internal Registered Stock
IT	information technology
JPY	Japanese Yen
JSE	Johannesburg Stock Exchange

M2	broad money supply
MEFMI	Macroeconomic and Financial Management Institute of Eastern and Southern Africa
MoF	Ministry of Finance
MPC	Monetary Policy Committee
MPs	Members of Parliament
MTEF	Medium-term Expenditure Framework
NAMFISA	Namibia Financial Institutions Supervisory Authority
NBFS	Non-Bank Financial Sector
NDGA	Namibia Deposit Guarantee Authority
NDP5	Fifth National Development Plan
NEER	nominal effective exchange rate
NFSS	Namibia Financial Sector Strategy
NISS	Namibia Inter-Bank Settlement System
NPL	non-performing loan
NPS	National Payments System
NSX	Namibian Stock Exchange
NTA	Namibia Training Authority
ODCs	other depository corporations
OECD	Organisation for Economic Cooperation and Development
OFCs	other/non-bank financial corporations
PAN	Payments Association of Namibia
PSCE	private sector credit extension
PSD-3	Determination on Issuing of Electronic Money in Namibia
PSD-5	Determination on the Standards for a Basic Bank Account and Cash Deposit Fees
REER	real effective exchange rate
RTGS	Real-Time Gross Settlement System
RTO	recovery time objective
SADC	Southern African Development Community
SADC RTGS	SADC Real-Time Gross Settlement System
SBA	SADC Bankers Association
SIRESS	SADC Integrated Regional Settlement System
TBs	Treasury Bills
TCIB	Transaction Cleared on an Immediate Basis
USD	United States Dollar
WBG	World Bank Group
WIBAR	Windhoek Interbank Agreed Rate
ZAR	South African Rand

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