BANK OF NAMIBIA

ANNUAL REPORT

1992

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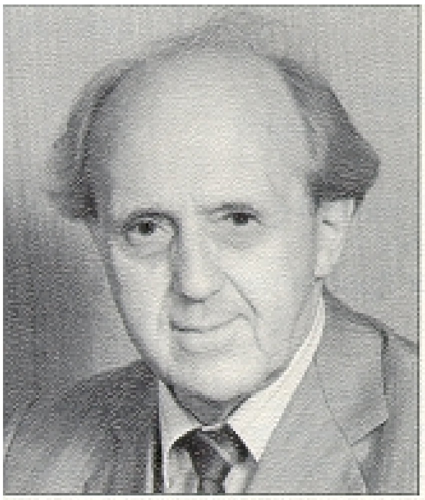
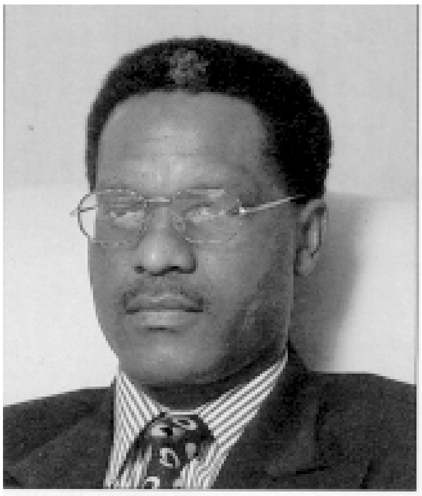
CONTENTS

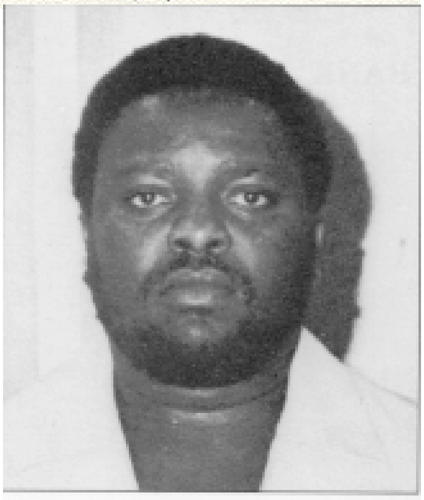
BOARD OF DIRECTORS



Mr E Karlsson
Deputy - Governor

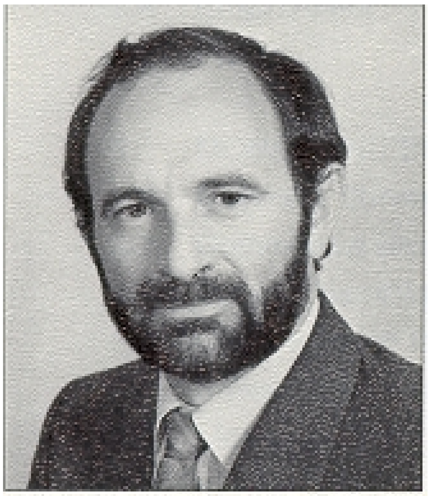


Mr T K Alweendo

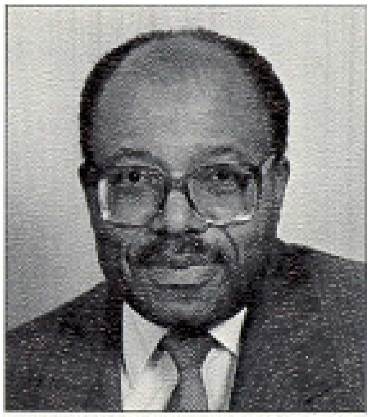


Mr P Damaseb

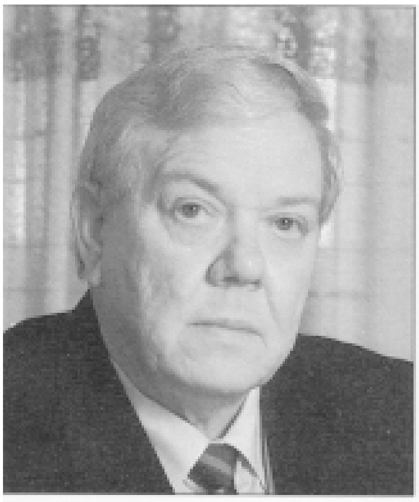
Miss B Gawanas



Mr P W Hartmann



Mr E Lule
Secretary to the Board



Mr A Botes

BOARD OF DIRECTORS

Directors

Mr E Karlsson	
Governor	
Date of Appointment	25 November 1992
Mr T K Alweendo	
Deputy Governor	
Date of Appointment	01 January 1993
Mr P Damaseb	
Date of Appointment	16 July 1990
Miss B Gawanas	
Date of Appointment	16 July 1990
Mr P W Hartmann	
Date of Appointment	16 July 1990
Mr J S Kirkpatrick	(until 15 December 1992)
Date of Appointment	16 July 1990
Mr A Botes	
Date of Appointment	16 December 1992

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WINDHOEK

PART A

STATE OF THE ECONOMY IN 1992

1. OVERVIEW

1.1 International Background

During 1992 world economic growth recovered mildly after a continuous slowdown since the late 1980s. However, behind this slight improvement in growth there were immense regional differences in economic performance. With the world economy performing below its potential, inflation in the industrial economies was contained.

In the industrial countries economic developments continued to be diverse. Economic recovery was consolidated in the United States. Of the European Community countries Germany was still experiencing positive integration effects on economic growth, although towards the end of 1992 economic conditions in the country started to deteriorate rapidly. In the United Kingdom and France economic performance was improving slowly after an economic downturn since 1990. However, in Japan there was a sharp reduction in the sustained growth pattern. In the autumn the Exchange Rate Mechanism of the EC countries was exposed to unprecedented speculation pressures leading some countries to devalue or float their currencies. The former Soviet Union republics continued to experience declines of production in the transition process, while the Eastern European countries improved somewhat their economic performance in 1992 over the previous year.

Towards the end of 1992 Germany started to ease its monetary policy in order to revitalise the slackening economy. In the United States and Japan interest rates continued to decline modestly throughout the year. The US dollar weakened against other major currencies during the first three quarters of 1992 but strengthened thereafter.

Economic developments were also diverse among the developing countries. On a regional basis, Asian countries experienced increased rates of growth, while production in Sub-Saharan Africa was almost stagnant.

In South Africa real Gross Domestic Product (GDP) fell by 2 per cent in 1992 being the third consecutive annual decrease. Consequently, inflation decelerated considerably. While the twelve-month increase in consumer prices was 16.0 per cent in December 1991 a year later it was only 9.5 per cent reaching a single digit figure for the first time since June 1978. As interest rates declined, but more moderately than inflation, real interest rates increased considerably.

Of the Southern African Customs Union countries Botswana was affected by diminished diamond exports and the regional drought conditions in 1992. According to preliminary estimates economic growth stagnated in Lesotho because of the drought and a fall in the number of migrant mine workers, while Swaziland was also hard hit by the weather conditions and the deepening recession in South Africa, its main trading partner.

1.2 The Namibian Economy

The Namibian economy continued to be adversely affected by the lack of well-balanced and sustained growth in the world economy. Consequently, developments in many sectors of the economy were still unsatisfactory. In spite of the drought conditions a slight increase in commercial agriculture was recorded. Although crops were severely affected the level of agricultural production was sustained by increased marketing of cattle. However, fishing grew nearly one third. According to preliminary estimates the mining sector, which is the backbone of the Namibian economy, experienced a slight increase in production boosted by a growth rate of more than 20 per cent in diamond production overweighing a fall of one third in uranium production. Consequently, according to preliminary estimates, real GDP increased by 3.5 per cent in 1992 which is a slightly lower growth figure than in 1991. Economic growth prospects for 1993 are somewhat clouded by expected cuts in diamond mining and envisaged sustained low production levels in uranium mining.

The inflation rate, as measured by the twelve-month rise of consumer prices in Windhoek, decreased steeply during 1992 in line with developments in South Africa. While the inflation rate was 18.1 in December 1991, and at its highest 20.5 in April and June 1992, it dropped to 10.8 per cent in December 1992.

Total assets of the monetary system increased by 26 per cent in 1992. The major contributory factor was the sharp expansion in domestic credit, while net foreign assets contracted. Both money (demand deposits) and quasi-money (time and savings deposits) supply expanded considerably in 1992.

The budget deficit (with grants regarded as income) for the fiscal year 1992/93 widened somewhat to 9 per cent of GDP from 8 per cent envisaged budget. This reflected unexpected drought-related expenditure and poor performance of some sectors of the economy. However, estimated revenue was also higher by a nearly similar amount than revenue originally envisaged.

The budget proposal for the fiscal year 1993/94 foresees a 5 per cent increase in total revenue. As total expenditure is set to decrease 7 per cent, the projected budget deficit to GDP ratio is halved to 4.5

percent from the previous year. The deficit is to be financed mostly from domestic sources.

Detailed balance of payments figures for Namibia are released for the first time covering, in most cases, the period 1990 to 1992. These statistics comprise current account, with a commodity dissection of exports and imports, capital account and the international investment position. According to the statistics both the merchandise trade account and the current were substantially positive in 1991 and 1992, while in 1990 small deficits were recorded. On the capital account there were negative balances in 1991 and 1992 financed by the current account surpluses. The international investment position shows total foreign assets amounting to R6.9 billion and foreign liabilities R8.2 billion as at the end of 1992.

It should be noted that the statistical data on which this report is based is still currently rather weak, although much improvement has been achieved. Collection and compilation of accurate money and banking statistics as well as balance of payments statistics is now being undertaken on a regular and timely basis. However, much remains to be done in improving existing systems and implementing new ones for the collection of reliable and timely real sector and price statistics for Namibia.

2. REAL SECTOR AND PRICE DEVELOPMENTS

2.1 Structural Features

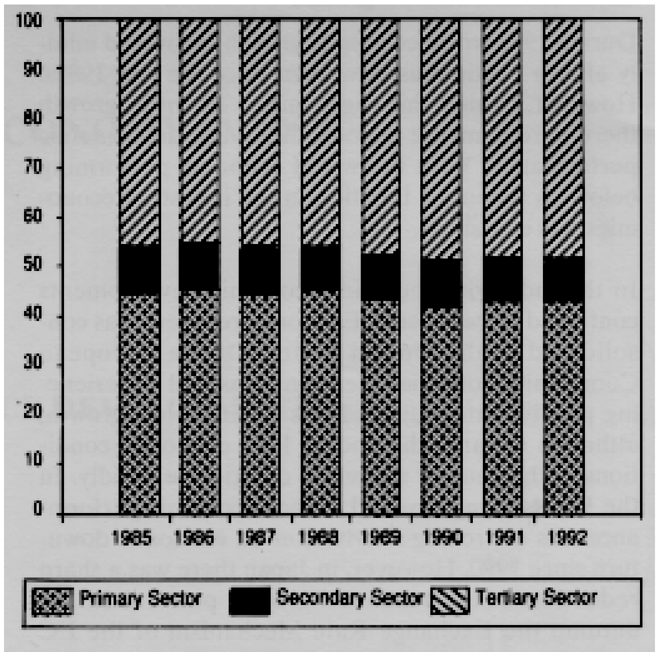
According to Chart 2.1, the shares of the primary and tertiary sectors in the real GDP have changed somewhat, whereas the share of the secondary sector has remained almost unchanged since the mid 1980s. As a result of the declining mining production and stagnant agricultural production, the share of the primary sector in the GDP has declined, while the share of the tertiary sector has increased almost proportionately. This was principally attributed to the gradual growth in general government services.

As depicted in Chart 2.2, the ratio of real consumption to real GDP fell from 1987 to 1992 whereas that of real gross domestic investment declined sharply in 1991 and increased marginally in1992.

Considerable initiatives have been undertaken since independence in policy issues. The Government faces long-term challenges in dealing with the problem of socio-economic imbalances, most notably the extreme inequality of income, and large disparities in employment opportunities and in access to social amenities, as well as land ownership.

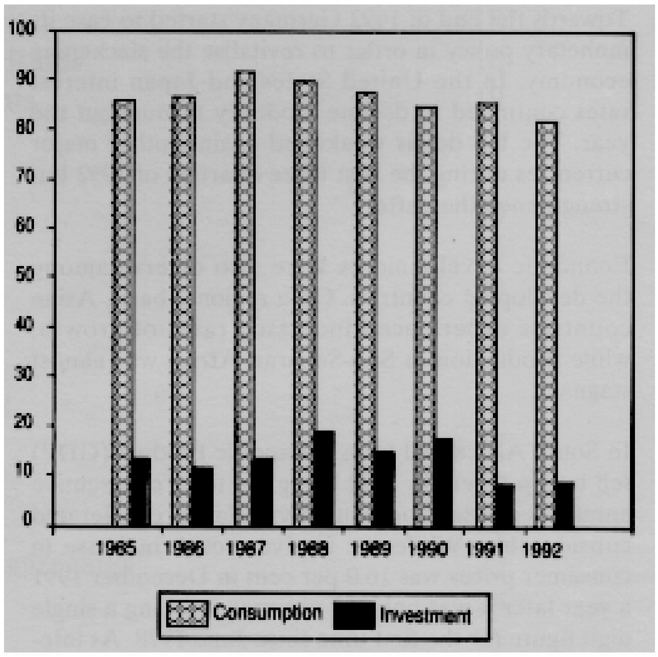
The Government prepared a Transitional Development Plan for the period 1991/92 to 1993/94.

CHART 2.1 SHARES OF PRINCIPLE SECTORS IN REAL GDP



With the aim of alleviating poverty in the long-term and increasing employment and growth, the Government established a new set of priorities focusing on agriculture, rural development, health, education and housing.

CHART 2.2 RATIOS OF CONSUMPTION AND INVESTMENT TO REAL GDP



The Government underlined the overall economic objectives as sustained economic growth, creation of productive employment opportunities, the reduction of income disparities and poverty, and environmentally sustainable development.

In this connection, the Government also prepared a White Paper on Industrial Development, which was presented to the National Assembly in August 1992. The main aim of the document is to provide a framework for encouraging industrialisation at a faster pace.

2.2 National Output

Notwithstanding the continued adverse economic situation in the industrial countries and, in particular, the decline in real GDP in South Africa, the Namibian economy achieved a real GDP growth of 3.5 per cent in 1992, slightly lower than the last year's revised figure of 3.8 per cent. The growth was mainly attributable to the significant growth rates in the fishing, diamond and general government sub-sectors. In addition, the growth rates recorded in the manufacturing and transport and communications sub sectors also contributed to real GDP growth. In nominal terms, the GDP increased by 13.3 per cent in 1992, slightly higher than the 12.6 per cent a year ago.

On a sectoral basis, all the three sectors registered increases in growth but the tertiary sector, which includes general government, recorded the highest growth rate of 3.9 per cent, higher than the growth rate of 2.8 per cent a year earlier. The primary sector output rose by 3.4 per cent in 1992, which was lower than the rate of S.9 per cent in 1991 while the secondary sector recorded growth of 2.2 per cent.

TABLE 2.1 SECTORAL GROWTH RATES (IN PER CENT)*

	1985	**1986**	**1987**	**1988**	**1989**	**1990**	**1991**	**1992**
PRIMARY SECTOR	1.3	4.5	1.2	2.8	-4.5	-2.4	5.9	**3.4**
SECONDARY SECTOR	0.3	-3.6	3.6	1	1.7	4.9	-0.5	**2.2**
TERTIARY SECTOR	1.2	2.6	2.7	2.1	3.3	2.2	2.8	**3.9**
TOTAL GDP GROWTH	0.0	2.9	2.1	2.3	0.4	0.5	3.8	**3.5**

** Derived from Table 10 in the Statistical Appendix*

Despite the sharp increase in net factor receipts and the rise in real GDP, the Gross National Product (GNP) in 1992 decreased marginally by 0.5 per cent due to the deterioration in the terms of trade. In the preceding year, real GNP growth was 0.3 per cent.

Per capita real GDP rose marginally by 0.4 per cent in 1992, as the population growth rate of 3.0 per cent was slightly lower than the GDP growth rate. In 1991, improvement in the real per capita income was more notable being 2.0 per cent. Per capita nominal GDP increased by 10 per cent to R4 866 (US$1 707) in 1992 from the level of R4 425 (US$1 603) last year.

2.2.1 Expenditure on GDP

In the demand (expenditure) side of real GDP, consumption and investment components are dominant. During 1992, the ratio of total consumption to GDP declined to 82 per cent from 85 per cent in 1991, largely owing to the slackness in private consumption expenditure. With the sharp rise in current government expenditure, the ratio of public consumption to GDP went up to 25.5 per cent in 1992. The ratio of gross domestic fixed investment to GDP rose to 9.3 per cent in 1992 with a rise in public and private fixed investment. Despite the decline in capital expenditure of the government, public fixed investment increased mainly because of the substantial increment in fixed investment of public business enterprises, while the downward revisions of the interest rates in March, June, and November 1992 contributed to the increase in private sector fixed investment.

The remaining component on the expenditure side of GDP is net exports of goods and non-factor services. Due to better performance of the exports sector resulting from the rise in the production of exportable goods, the ratio of real net exports of goods and non-factor services to GDP rose notably in 1992 and reached 9.5 per cent as compared with 6.8 per cent in 1991.

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

2.3 Sectoral Developments

2.3.1 Agriculture

From an employment point of view, agriculture is the most important and largest sector in the economy, providing a livelihood to more than two thirds of the Namibian population. The sector's contribution to real GDP at factor cost is about 9 per cent and it is the second most important contributor to total merchandise exports. Despite the drought, which prevailed in the country in 1992, agricultural output increased by 3.3 per cent compared with a decline of 2.3 per cent in the previous year. Such an increase in the overall agricultural production was caused mainly by the increased meat production in the commercial agriculture sub-sector. The drought had a depressing impact on arable production and also to some extent on livestock population during the year. Livestock population (especially sheep and goats), declined sharply respectively by 13 per cent and 12 per cent during 1992. The stock of cattle, which rose significantly by 7.4 per cent in 1991, declined by 0.2 per cent to 2.2 million in 1992.

by 11 per cent to 85 000 tons in 1992. In addition, the meat output of small stock (sheep and goats) increased markedly by 18 per cent. The contraction in the production of pork and game meat observed in 1991 continued into 1992. The production of these items declined by 52 per cent and 13 per cent during 1992. The drought, which started at the beginning of the 1991/1992 agricultural seasons, contributed to the increase in the number of livestock marketed during 1992 as many farmers sold a large number of their herds rather than losing them to drought.

TABLE 2.2 PRINCIPAL AGRICULTURAL PRODUCTION (Commercial sector)

					Percentage change	
	Unit	**1990**	**1991**	**1992**	**1991**	**1992**
A. Livestock:						
1. Meat	Ton	89954	96677	107782	7.5	11.5
Cattle	Ton	70052	76371	84864	9.0	11.1
Small stock	Ton	17985	18542	21943	3.1	18.3
Pigs	Ton	1575	1443	695	-8.4	-51.8
Game	Ton	342	321	280	-6.1	-12.8
2. Hides and skins:						
Hides*	'000 Pieces	179	199	208	11.0	4.7
Skins	'000 Pieces	745	673	640	-9.6	-5.0
Small stock skins*	'000 Pieces	235	250	304	6.6	21.5
Karakul pelts	'000 Pieces	510	423	335	-17.1	-20.7
3. Wool:	Ton	1838	1250	345	-32.0	-72.4
Karakul	Ton	1587	1064	196	-32.9	-81.6
Other wool	Ton	251	186	150	-25.7	-19.5
4. Fresh milk	hl	64680	125733	132000**	94.4	5.0
B. Cereals and other						
1. Cereals:	Ton	34609	41465	11116	19.8	-73.2
Maize	Ton	30644	35065	8000	14.4	77.2
Wheat	Ton	3965	6400	3116	61.4	51.3
2. Other crop:						
Sunflower	Ton	614.0	108.0	58.0	-82.4	-46.3

** Based on the number of small stock and cattle slaughtered in the country*

*** Estimated by the Bank of Namibia*

Source:Meat Board, Agronomic Board, Karakul Board, Ministry of Agriculture and Rural Development etc.

2.3.1.1 Commercial Agriculture

Although this sub-sector supports a relatively smaller population compared with the subsistence agriculture, at least three quarters of the agricultural output and almost all the agricultural exports come from the commercial sub-sector.

Table 2.2 depicts the principal agricultural products produced by the commercial agricultural sub-sector. Beef accounts for about 80 per cent of total meat production while the major crop is maize, representing 70 per cent of total cereal production. Notwithstanding the notable decline in production of pork and game, total meat production went up by 11 per cent to 108 000 tons during 1992 as compared with an increase of 7 per cent in the previous year. Beef production rose

Production of raw hides and skins rose 5 per cent, while the production of karakul pelts declined sharply by 21 per cent in 1992. The stock of karakul sheep shrank nearly by half from 655 000 in 1989 to 335 000 in 1992. The reason behind this was the unattractive prices of pelts resulting from the recession in the industrialised countries and the availability of cheaper substitutes such as mink. Similarly, karakul wool production decreased from 1 064 tons in 1991 to 196 tons in 1992 registering a substantial decline of 82 per cent as the farmers reduced the number of karakul sheep and switched to other varieties of sheep and goats. Likewise, the production of other wool consisting of mohair, merino, coloured and others also declined by 21 per cent to 335 tons in 1992. Milk production increased by 5 per cent to 132 000 hectolitres in 1992, boosted by the opening of new dairy, the Namibian Dairy, which began operations in the third quarter of 1992.

The severe drought badly affected crop production during the 1992/93 seasons. Maize and wheat declined considerably by 77 per cent and 51 per cent to 11 000 tons and 3 000 tons, respectively, in 1992. Similarly, the output of sunflower seed declined almost by half to 58 tons in 1992 from a figure of 108 tons in the previous year.

2.3.1.2 Subsistence Agriculture

Despite this sector's low contribution to GDP, subsistence agriculture generates employment for most of the rural population. Millet (Mahango), which is the staple food in the northern parts of Namibia, is the major crop produced by this sub-sector. As a result of the drought, millet production is estimated to have declined by 70 per cent to 20 000 tons in 1992 from normal production of about 65 000 tons in the previous year. Full production data for this sub-sector is not available. However, output is estimated to have decreased by 1 per cent in 1992. Large numbers of cattle, especially in the Erongo region and small stock in the Karas region, died due to lack of grazing.

2.3.2 Fishing

After independence, when Namibia introduced the 200 nautical mile Exclusive Economic Zone, this sector's contribution to real GDP has increased substantially. This is the sector with substantial potential for the development of the Namibian economy. During 1992, value-added by fishing increased notably by 38 per cent compared with 5 per cent in 1991.

Physical volume of fish catches is affected by the quota system determined by the Ministry of Fisheries and Marine Resources. During 1992, the total volume of fish catches rose by 6 per cent to about 624 000 tons as shown in Table 2.3. In terms of types of fish catches, the volume of fish catches under the purse-seine net fishing rose sharply by 40 per cent, in contrast to the steep decline of 30 per cent in 1991. The volume of fish catches under trawling and other coastal fishing declined 8 per cent while catch volume under line fishing increased by 15 per cent in 1992. Similarly, volumes under the ring and bow net fishing decreased markedly during 1992.

TABLE 2.3 PHYSICAL VOLUMES OF FISH CATCHES (IN TONS)

	1985	1986	1987	1988	1989	1990	1991	1992*
1. Purse-seine Net Fishing	135812	152790	477245	351118	187434	247017	172435	238731
Pilchards	55936	53087	66578	62162	75996	92408	68854	80874
Anchovy	50702	15511	376122	116934	78746	50505	17097	38821
Horse Mackerel	26233	82951	33542	168885	30820	85175	83156	115874
Other	2941	1241	1003	3137	1872	18929	3328	3162
2. Trawling and Other								
Coastal fishing	36389	27723	26119	40081	23850	153364	411876	379400
Hake	31595	19970	19626	30333	13856	53345	53164	84400
Horse Mackerel	166	280	288	1629	1202	93283	352568	290000
Other	4628	7473	6205	8119	8792	6736	6144	5000
3. Ring and Bow Net Fishing	1788	1817	1436	1354	1321	3078	1180	700
Rock lobster	1772	1757	1360	1320	829	516	375	100
Crab	16	60	76	34	492	2562	805	600
4. Line fishing	1321	880	427	843	1651	767	4353	5000
Total	175310	183210	505227	393396	214256	404226	589844	623831

** Provisional.*

Source: Ministry of Fisheries and Marine Resource.

Regarding to the composition of volume of fish catches under different fishing methods, the share of purse seine net fishing has increased from 29 per cent in 1991 to 38 per cent in 1992, whereas that of trawling and other coastal fishing has declined proportionately from 70 per cent to 61 per cent in the same period. The shares for line, and ring and bow fishing were insignificant. The volumes of high valued fish like pilchard and hake rose markedly by 18 per cent and 59 per cent, respectively, in 1992. As these growth rates were higher than the growth in the total volume of fish catches, value-added from fishing sector increased sharply.

To date, only a small portion of the fish catches are processed in the country. This sector is expected to contribute in the coming years more to the growth of GNP and employment generation with the promotion of Namibianisation of the sector, and increased processing of fish catches in the country.

2.3.3 Mining

Mining is and will remain for a long time the major contributor to the real GDP of Namibia despite its declining production trend in recent years. The mining sector has experienced a continued decline in its contribution to real GDP from 37 per cent in 1986 to 33 per cent in 1992. Compared with 1991, its contribution to real GDP remained almost unchanged.

During 1992, real mining GDP increased by 1.6 per cent, after having recorded a strong growth of 8 per cent in 1991. The substantial decline of 32 per cent in uranium production obscured the 22 per cent rise in diamond and 2 per cent increase in other mining and quarrying, thus resulting in low overall growth of the mining sector in the 1992 national accounts.

TABLE 2.4 PRODUCTIONS OF MAJOR MINERALS

Products:	Unit	1985	1986	1987	1988	1989	1990	1991	1992*
1. Diamonds	000 ct	910.5	1011.2	1030.1	974.6	931.7	761.3	1186.9	1548.1
2. Uraniums	ton	4391.2	4502.3	4391.2	4554.0	3991.9	4 174.2	3185.3	2174.7
3. Copper	ton	47611.0	50145.0	37653.0	42163.0	37978.0	33190.0	31928.0	37656.0
4. Zinc	ton	57495.0	65518.0	75977.0	71655.0	79805.0	72411.0	68099.0	71897.0
5. Gold	kg	200.7	184.0	172.0	239.6	335.6	1605.0	1851.2	1964.0
6. Lead	ton	38511.0	40047.0	40634.0	44447.0	44183.0	35129.0	33367.0	31656.0
7. Silver	ton	98.0	105.1	95.4	108.5	108.2	91.6	91.3	88.0

Provisional

Source:- Ministry of Mines and Energy, Diamond Board and Rössing Uranium (Ltd)

2.3.3.1 Diamonds

Despite the retrenchments of employees in late 1992 within the diamond production industry, diamond production increased significantly to 1.5 million carats in 1992, representing an increase of 30 per cent over the year as shown in Table 2.4. In 1991 diamond production rose even more sharply by 56 per cent. This increase in output is attributed to the first full year of mining at Elizabeth Bay and the offshore operations together with higher grades obtained. The sea-mining activities have become more significant over the last years accounting for nearly 20 per cent of carats recovered in 1992. Late in 1992 the Central Selling Organisation imposed a 25 per cent cut on all production due to the overstock of diamonds and the slump in diamond prices. If this quota is not lifted diamond production is expected to fall in 1993. As a positive sign of improved conditions the quota was increased to 80 per cent from May 1993. Also prices of rough diamonds were increased by 1.5 per cent in February 1993.

2.3.3.2 Uranium

Since 1988, output of uranium has shown a steady declining trend, which continued in 1992. Uranium output declined significantly by 32 per cent in the review year after decreasing by 24 per cent in 1991. As a result, uranium output in 1992 fell to its lowest level since 1985 of 2 175 short tons, utilizing only 43 per cent of the Rössing Uranium mine's capacity. The main reason for this decline was the continuing slump in world uranium prices, which fell by 48 per cent during 1987-1991, although since the last quarter of 1992 the prices have firmed somewhat. Because of its declining production, uranium's contribution to real GDP has declined from 17 per cent in 1988 to only 7 per cent in 1992.

Since the current production is supported by long-term contracts, much improvement in uranium output is not expected in the short-term, unless new contracts are signed. The increase in uranium production in Russia and the possible introduction of an already enriched uranium oxide might present new competition for Namibian uranium.

2.2.3.3 Other Minerals

In addition to the two major minerals some other important minerals are also produced in Namibia and their contribution to mining value-added has remained stable at 11 per cent for 1991 and 1992. These minerals include copper, zinc, gold, lead, and silver. The output of copper increased by 18 per cent to 37 000 tonnes in 1992. This increase in production was mainly attributed to the increase in the London Metal Exchange copper prices which reached about £1 500 per metric ton by the end of 1992. Zinc production in 1992 increased by nearly 6 per cent compared with a decrease of almost 6 per cent in 1991. Gold registered an increase of 6 per cent in its production in 1992 compared with the 15 per cent increase in 1991. Lead and silver declined by 5 per cent and about 4 per cent, respectively, during 1992. Until 1990, tin output of 1 400 tons had remained one of the important minerals produced in Namibia, but since 1991 its output of a mere 17 tons has become insignificant.

The prospects of the mining sector might be better in the future given the conference on mining in Namibia in March 1993, which attracted some 300 potential investors from various countries around the world. Improvement in technology could lead to more profitable extraction of diamonds from the sea. Also, the investment incentives announced in April 1993 could attract more investors to explore for new discoveries.

2.3.4 Manufacturing

Industrial development in Namibia is in its infant stage with a share of manufacturing of only 5 per cent of real GDP. After independence, the Government initiated policies to stimulate industrial development. To attract foreign investment, the Foreign Investment Act was passed in 1990. An Investment Centre was established in 1991 as a one stop service for both Namibian and foreign investors. In addition, a decision has already been taken to set up an Industrial Development Corporation.

In 1992, a White Paper on Industrial Development as a policy framework for long-term industrial development was presented to the National Assembly. In the context of the overall economic objectives of sustained economic growth, creation of productive employment opportunities, the reduction of income disparities and poverty, and environmentally sustainable development, the White Paper mentioned the objectives of developing an industrial sector as follows:

i) to increase manufacturing value-added by stimulating productivity, increase exports and import substitution;

ii) to diversify and integrate the economy through the accelerated growth of the industrial sector;

ii') to generate productive employment opportunities and income for Namibians, especially the disadvantaged groups such as women;

iv) to improve the geographical distribution of industry in relation to the location of raw material, markets, population and employment demand.

In early 1992, the Government commissioned a feasibility study on the implementation of Export Processing Zones policies. The concept of EPZ as a development strategy was endorsed. In this connection, Arandis, located about 100 km from the port of Walvis Bay, was declared an EPZ, and a special package of industrial development incentives usually associated with EPZs were extended to prospective investors. Since its inception, the EPZ has attracted a great deal of interest both from local and foreign investors.

During 1992, the manufacturing sector experienced a satisfactory performance. Manufacturing output increased by 3.9 per cent in 1992 compared with a corresponding decline in 1991. The growth in the fish-processing sub-sector, which is still small, was 10 per cent, while other manufacturing sub-sectors increased by 3 per cent.

Lack of comprehensive industrial production data is a major problem limiting a thorough analysis of the sector. In this connection, the Bank of Namibia conducted a production survey of major organized industries in the country and collected production information directly from the factories and respective sources since 1991. A summary of the data collected is depicted in table 2.5.

TABLE 2.5 OUTPUT OF SOME IMPORTANT INDUSTRIAL PRODUCTS

Products	*Unit*	*1991*	*1992*	*% Change*
1 Meat Products:	Ton	3029	4172	37.7
Processed meat*	Ton	2541	2538	-0.1
Canned meat	Ton	487	1634	234.9
2 Fish Products:				
Canned fish	'000 Cartons	3500	4600	31.4
Fish meal	Ton	28676	45823	59.8
Fish oil	Ton	3244	8860	173.1
3 Beer	Hl	565092	599763	6.1
4 Cold drinks	Hl	328669	452561	37.7
5 Leather shoes	Pairs	28000	32000	14.3
6 Cement	Ton	5000	5000	0.0
7 Liquor	Litre	18085	30962	71.2

**Fiscal year data* *Source: Various industries and other sources*

Although the mining sector is the highest contributor to GDP, no important manufacturing industries based on mining exist in the country. Next to mining, the economy is based on livestock and fishing. Accordingly, meat and fish processing industries dominate industrial production of Namibia. Pertaining to meat products, two items are important: processed meat and canned meat. The biggest factory producing processed meat is Hartslief Continental Meat Products (Pty) Ltd, which produced a total of 2 500 tons of processed meat in 1992 sustaining the previous year's production, whereas the canned meat is produced by Meat Corporation of Namibia (Meatco) which has factories in Windhoek and Oshakati. The production of canned meat rose substantially to 1 600 tons in 1992. One of the major factors that led to this increase is the takeover of the Oshakati factory by Meatco, whose beef production is entirely canned. On the whole, processed meat products surged by nearly 38 per cent to 4 172 tons during 1992.

There are eight factories processing fish that produce canned fish (pilchard), fishmeal and fish oil. In 1992, the production of canned fish increased by 31 per cent and total output reached 4.6 million cartons. Similarly, the production of fishmeal and fish oil went up sharply by 60 per cent and 170 per cent to 46 000 and 9 000 tons, respectively. The increase in the production of fish products was attributed to the marked rise in the catch of fish available for processing.

Apart from the processed meat and fish products, beer and cold drinks are the other important industrial products, produced by two factories each. In 1992, beer experienced a moderate increase of 6 per cent in its production and the total production amounted to 600 000 hectolitres, while the cold drinks rose notably by 38 per cent to 450 000 hectolitres. Similarly, liquor production also increased sharply by 70 per cent. With regard to shoes, there were two shoe factories, but one shoe factory has ceased operation since July 1992, due to shortage of imported processed leather. Production from the other factory, whose product is based on local kudu leather, increased by 14 per cent to 32 000 pairs of shoes in 1992.

There is one cement plant in Namibia. This factory has the capacity of producing 60 000 tons of cement, estimated to be one third of the domestic requirement. The plant began its trial production in the second half of 1991 and commercial production in October 1992. As the factory produces high quality cement, it was awarded the South African Bureau of Standard mark. With the normal annual production level attained, this commodity would be one of the major industrial products in Namibia. In addition to the above products, the other important industrial products are wet blue leather, juice, paints, animal feed, soap and detergents, carpets etc., for which comprehensive production data is not yet available.

Until now, no protectionist measures have been taken for the domestic industries and these industries have to compete with the broad based industrial country South Africa, as Namibia and South Africa are treated as a common market under the Southern African Customs Union (SACU) agreement. While providing substantial short-term budgetary benefits, this is a major obstacle for the industrial development of Namibia.

2.3.5 Construction

The construction sector, which includes both private and public construction activities, contributes about 2 per cent to real GDP. This sector experienced slackness in its output in 1992. Since the government construction activities slowed due mainly to the decline in real capital expenditure of the government, value-added from construction declined in 1992 by 2 per cent in contrast to a corresponding rise in 1991.

However, in the private sector construction, as a result of the increase in the construction activities in residential buildings, both the number and the value of buildings completed increased by 7 per cent and 27 per cent to 2 046 houses and R161 million in 1992, respectively in contrast to the sharp decline in the previous year. Likewise, the number and value of building plans passed rose sharply by 23 per cent and 38 per cent to 4 091 houses and R319 million, respectively during 1992. Total gross mortgage loans disbursed by the building societies and National Housing Enterprise (NHE) rose substantially by 19 per cent to R701 million in 1992 compared with 23 per cent increase in 1991 (see Table 17 in the Statistical Appendix). Based on these indicators the private sector construction increased somewhat during 1992 witnessing increased confidence in the Namibian economy.

2.3.6 Tourism

Tourism is another sector that has a potential for growth as well as generation of employment and foreign exchange earnings. Although this sector is not recorded separately in the national accounts, it does directly affect the performance of the wholesale and retail trade, catering and accommodation sector and indirectly affects the activities of most of the sectors.

To evaluate the performance of the tourism industry, detailed information (number of tourists visiting the country, average duration of stay, per capita expenditure, etc.) is not available. However, available statistics indicate that the sector has experienced better performance during 1992. A significant rise has been noticed in all the indicators except the total number of accommodation establishments. The total number of foreign tourists visiting rest camps and game reserves rose by 31 per cent and reached 250 000 in 1992. The number of tourists from South Africa increased 25 per cent, while tourists from other countries surged 35 per cent. This trend indicates that foreign tourists have been attracted to Namibia since independence. In 1992, 38 per cent of tourists came from South Africa and the rest from other countries.

Although the number of accommodation establishments has declined due to the closure of some guest farms, tourists' accommodation capacity increased in 1992. Both the number of rooms and beds rose by 3 to 4 per cent and the total number reached 3 300 and 8 000, respectively. The other indicator of the tourism sector's performance, that is, the occupancy rate, also recorded a 7 per cent rise in 1992 more than twice the growth in 1991.

2.4 Employment

There is no up-to-date annual information on the employment situation in Namibia. Later on, detailed results of the 1991 census are expected to provide data on the employment and unemployment situation of the country. With the moderate rise in economic activities, the employment situation can be assessed to have improved during 1991 and 1992. However, towards the end of 1992 retrenchments of employees in CDM, the largest private employer, and the government decision to freeze all vacant posts in the public sector, might have adversely affected the employment situation in the country. The drought also had a disastrous effect on employment as large numbers of rural dwellers and those retrenched by the commercial farming sub sector lost their only means of survival, therefore joining the ranks of the unemployed.

A sample survey on the state of labour force and its employment patterns was carried out by the Ministry of Labour and Manpower Development with assistance from the International Labour Organisation (ILO) in August 1991. The report was published in September 1992. According to the survey, out of the total labour force, almost the same shares, i.e. about 41 per cent, were recorded as employed and underemployed while the rest nearly 18 per cent was found unemployed. Male employment was 52 per cent while female employment was 30 per cent. The unemployment rate was 35 per cent for the urban area while the rates for rural commercial and rural communal areas were only 10 per cent and 4 per cent, respectively. Underemployment was lower for urban areas than the rural areas, whereas the employment rate was higher in rural commercial area than the urban and rural communal areas. According to the survey, the majority of the unemployed and underemployed were found in the age groups of 20-29 and 30-39.

About 58 per cent of the population aged 15 and above was economically active. Male labour force participation rate was 63 per cent and the female rate was 53 per cent. Nearly 60 per cent of the economically active population was registered in rural areas and the rest in urban areas.

By occupational category, farmers recorded the highest share of 39 per cent followed by crafts and related workers with 14 per cent and the sales/services category with 13 per cent. The technical and professional category registered 10 per cent while the rest were unskilled, clerical and others.

On an industry basis, the agriculture sector provided 42 per cent employment whereas 14 per cent and 12 per cent employment were rendered by private service and commerce and trade sectors, respectively. Public administration and education sectors each provided more than 6 per cent employment while mining, manufacturing and construction sectors each rendered 2 per cent employment. Transport, health and municipality, hotels, financial services and others provided the rest of the employment.

2.5 Population Census

A population and housing census, the first census after the country's independence was carried out in 1991. Data collection under the census had been concentrated on demographic, social, economic, and migration areas. In addition, the census collected data on housing conditions.

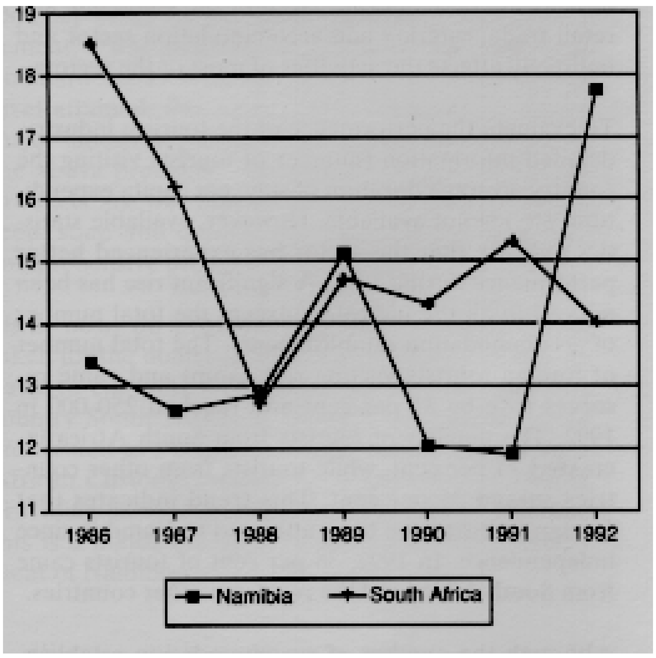
The preliminary report on the census was published in September 1992. According to the report:

i) total population of Namibia increased to 1 401 711 in 1991 from 1 033 196 in 1981 recording an average population growth of 3.0 per cent per annum;
ii) in the total population, females (720 784) outnumber males (680 927), registering the composition of population as 51.4 per cent of females and 48.6 per cent of males.
iii) population density is very low in Namibia being less than two persons per square kilometre;
iv) 60 per cent of the population lives in the northern region, and 33 per cent in central while only 7 per cent live in the southern region;
v) 67 per cent live in rural and the rest live in urban areas;
vi) population growth for the urban areas is 5.5 per cent, much higher than the 2 per cent for the rural areas.

2.6 Price Developments

No overall consumer price index covering major areas of the country has been developed so far in Namibia. The Consumer Price Index (CPI) of the capital city, Windhoek, available since 1972, has been taken as a proxy for the overall CPI of Namibia.
According to the CPI of Windhoek inflation was exceptionally high in 1992, averaging an annual rate of 17.9 per cent as compared with the annual average of 11.6 per cent in 1991. This was the highest recorded annual inflation rate in Namibia since 1972. On a monthly basis, the sharpest twelve-month rise of consumer prices was 20.5 per cent in June 1992, compared with 8.8 per cent in the same month of the previous year. Following a continuing monthly downward trend since June 1992, the twelve-month rate finally settled at 10.8 per cent in December. On a quarterly basis, the second quarter of 1992 recorded highest increase of 20.5 per cent, while the last quarter experienced the lowest increase of 13.2 per cent. The main reasons for the sharp annual increase were among others: a substantial decline in the production of cereal crops both in the country and in South Africa, the main food supplier to Namibia and; about 12 per cent rise in prices of petroleum products. Inflation was also fuelled by a substantial rise of 22 per cent in money supply.

CHART 2.3 CHANGES IN CPI FOR NAMIBIA AND SOUTH AFRICA



As illustrated in Chart 2.3, inflation in Namibia in 1992 was higher by nearly 4 percentage points than in South Africa whereas in the previous year, the South African inflation was higher by almost the same percentage.

Commodity-wise, the index of furniture and equipment registered the highest increase of 35 per cent among all the commodities' indices in 1992. This was followed by the cigarettes and tobacco index, which rose by 30 per cent. The index of food commodities, which has a higher weight in the overall index of all items, increased by nearly 20 per cent in 1992 compared with only 6 per cent in 1991. The housing index decreased from 5.6 per cent growth in 1991 to 2.6 per cent in 1992, while alcoholic drinks, and cigarettes and tobacco indices decreased from 21.4 per cent to 8.5 per cent and 40.6 to 30.4 per cent, respectively. Compared with a 12.8 per cent increase in 1991, the index of the transport item rose steeply by 19 per cent mainly due to the increase in petroleum prices.

The GDP deflator provides a broader measure of price changes in the economy than the CPI which only records price changes of goods and services consumed by households in Windhoek. The change in GDP deflator in 1992 was 9.4 per cent, which was about half of the 1992 CPI increase. The overall GDP deflator has been influenced by the higher than average changes in the sectoral deflators of mining, manufacturing, wholesale and retail trade, accommodation and catering, transport and communication, and general government.

3. MONEY AND BANKING

The compilation of money and banking statistics continued in 1992 to be based on the new report forms introduced in December 1991. These statistics are being published on a monthly basis. Historical data from the old report forms have been compiled on a quarterly basis from 1983 to 1989.

The statistics cover the monetary authorities (Bank of Namibia and the monetary authority functions of the Treasury), five commercial banks (deposit money banks) and five other banking institutions. The statistics are consolidated into a monetary survey and banking survey.

Money and banking statistics are also reported to the Statistics Department of the International Monetary Fund on a monthly basis, according to the International Financial Statistics reporting format.

3.1 Monetary Survey

A monetary survey shows the financial relationship between the monetary system, which provides the economy's means of payment, and the rest of the economy. Thus in Namibia, the monetary survey consolidates the assets/liabilities of the Bank of Namibia and the five commercial banks. The monetary survey is of use in studies of liquidity preferences of the monetary system and, broadly speaking, can be used as a tool to assess the underlying soundness of the monetary system.

1992. As portrayed in Table 3.2, the main contributory factors were an increase in foreign liabilities of the Bank of Namibia and a decline in foreign assets of the commercial banks. In December 1991, foreign liabilities of the Bank of Namibia were less than one million Rand, representing the accounts of the International Monetary Fund and the Multilateral International Guarantee Agency. At the end of 1992, foreign liabilities of the Bank of Namibia had increased significantly to R510 million, including largely liabilities to foreign monetary authorities. Details regarding changes in foreign liabilities and the corresponding increase in the Bank's claims on the Central Government are discussed below under Bank of Namibia.

TABLE 3.1 MONETARY SURVEY (END OF PERIOD IN R MILLION)

	1991	**1992**	**Change over one year**
Assets:			
Net Foreign Assets	618.5	-91.1	-709.6
Domestic Credit	1357.4	2586.3	1228.9
Claims on Central Government (net)	-314.9	428.5	743.4
Claims on Private Sector	1599.9	2079.2	479.3
Other Claims	72.4	78.6	6.2
Total Assets	1975.9	2495.2	519.3
Liabilities:			
Money (demand deposits)	822.0	1103.1	180.4
Quasi-Money	1103.1	1420.1	317.0
Other Items (net)	50.8	72.7	21.9
Total Liabilities	1975.9	2495.2	519.3

*Source: Bank **of** Namibia*

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

Year-on-year total assets of the monetary system increased by 26 per cent to R2 495 million in 1992. The growth was slightly lower than the 30 per cent recorded in the previous year witnessing the continued relatively good economic performance in 1992. The major contributing factor to this high growth was the expansion in domestic credit, as net foreign assets experienced a decline during the period under review. Details of the monetary survey are shown in Table 3.1.

Net foreign assets declined from R618 million in December 1991 to a negative R91 million in December

In 1992 foreign assets of the commercial banks diminished by R210 million to R376 million, representing a decline of 36 per cent. During 1992 the Government decided to transfer a larger part of its deposits at the commercial banks to the Bank of Namibia. Prior to this arrangement, commercial banks held about three-quarters of total Government deposits, while the rest were deposited at the Bank of

TABLE 3.2 FACTORS AFFECTING NET FOREIGN ASSETS (END OF PERIOD IN R MILLION)

	1991	**1992**	**Change over one year**
NET FOREIGN ASSETS	618.5	-91.1	-709.5
Assets:			
Monetary Authorities	160.1	142.4	-17.6
Commercial Banks	585.5	375.7	-209.8
Liabilities:			
Monetary Authorities	0.7	509.9	509.2
Commercial Banks	126.4	99.3	-27.1

Source: Bank of Namibia

Namibia. The surplus deposits at the commercial banks were redeposited at their affiliated banks in South Africa. The transfer of Government deposits from the commercial banks to the Bank of Namibia resulted in commercial banks withdrawing their surplus deposits invested in South Africa. This in turn contributed significantly to the decline in foreign assets of the commercial banks during 1992. The substitution of South African Treasury bills by Namibian Treasury bills in the commercial banks' portfolios was also a contributory factor in the contraction of the commercial banks foreign assets.

Signalling, perhaps, an improvement in economic activity, but largely reflecting the high inflation expectations, credit to the domestic sector by the monetary system rose at an exceptionally high rate in 1992, despite the high real cost of domestic borrowing. At the end of 1992 domestic credit stood at R2 586 million compared with R 1357 million the previous year. On a year-on-year basis, the rate of growth was 90 per cent. The largest increase came from claims on the Central Government, followed by claims on the private sector.

Net claims on the Central Government by the monetary system, stood at R315 million at the end of 1991. Instead of being a major source of financing to the monetary system, Central Government became a net debtor during 1992, with a debit balance of R428 million at the end of the year. This reflected the recorded counterpart item of the credit arrangement between the Government and the Bank of Namibia and the deterioration in Central Government cash balances. Adjusting for this exceptional counterpart increase in the Bank of Namibia's claims on the Central Government, domestic credit rose by about 50 per cent. Thus, in 1992 the Central Government's financing by the monetary system originated largely from the Bank of Namibia and to a lesser degree from the commercial banks.

During 1992, the rate of growth in credit extension to the private sector continued to outstrip inflation. Lending to the private sector had already accelerated sharply in 1988 and 1989, rising at annual rates of 53 and 45 per cent, respectively. Largely as a result of the restrictive monetary policy stance in 1990, the annual rate of increase slowed substantially to 12 per cent, before it accelerated again to 17 per cent in 19.91. During 1992, credit expansion accelerated further, rising at an annual rate of 30 per cent. The main factor contributing to the expansion of credit to the private sector was the gradual easing of monetary policy. Consequently, the prime rate, which reached a peak of 21 per cent in 1990, declined by one percentage point during the fourth quarter of 1991 and has gradually come down to the level of 16.5 per cent at the end of March 1993. Also, further consolidation of the economic climate and sustained confidence were contributory factors.

The expansionary impact of domestic credit on money supply was partially offset by the contraction in net foreign assets, resulting in a moderation in money supply growth during 1992. The growth in money supply, or M2 (narrow money and quasi money) showed a modest slowdown, albeit still at a higher

TABLE 3.3 BANK OF NAMIBIA: ASSETS AND LIABILITIES (END OF PERIOD IN R MILLION)

	1991	1992	Change over previous year
Assets:			
Foreign Assets	160.1	142.4	-17.7
Convertible Foreign Exchange	159.4	141.3	-18.1
Other	0.7	1.1	0.4
Domestic Assets	0.1	510.6	510.5
Total Assets:	160.2	653.0	492.8
Liabilities:			
Reserve Money	18.1	16.4	-1.7
Other Deposits	135.6	143.4	7.8
Central Government	123.1	143.4	20.3
Other Public Entity	12.5	0.0	-12.5
Foreign Liabilities	-.7	509.0	509.2
Capital Accounts	21.8	31.9	10.1
Other Items (net)	-16.0	-48.6	-32.6
Total Liabilities:	160.2	653.0	492.8

Source: Bank of Namibia

TABLE 3.4 COMMERCIAL BANKS (END OF PERIOD IN R MILLION)

	1991	1992	Change over previous year
Assets:			
Currency Holdings	66.5	66.9	0.4
Deposits with Bank of Namibia	18.1	16.4	-1.7
Foreign Assets	585.5	375.7	-209.8
Claims on Government	40.8	171.6	130.8
Claims on Private Sector	1599.9	2079.2	479.3
Other Assets	72.4	78.3	5.9
Total Assets	2383.2	2788.1	404.9
Liabilities:			
Demand Deposits	809.5	1002.4	192.9
Time and Savings Deposits	1103.1	1420.1	317.0
Foreign Liabilities	126.4	99.3	-27.1
Government Deposits	232.6	109.9	-122.7
Other Liabilities	107.6	156.4	48.8
Total Liabilities	2383.2	2788.1	404.9

Source: Bank of Namibia

level, during 1992, rising at an annual rate of 26 per cent compared with 30 per cent during the previous year. Narrow money consists only of demand deposits since an estimate for currency in circulation is not yet available. Quasi money is defined as the sum of savings and time deposits. It should be noted that the deposits of Central Government and non-residents with the monetary system are not counted as part of money supply.

The higher growth rates in 1991 and 1992 followed an overall decline of 6.4 per cent in money supply during 1990. Since 1991 interest rates have gradually eased, thus resulting in increased demand for credit. The components of money supply displayed similar upward growth trends, although at relatively slower rates than in the preceding year. The rate of growth in demand deposits decelerated in 1992, rising by 22 per cent compared with 34 per cent in 1991. Meanwhile, growth in quasi-money remained relatively stable, about the same as the previous year. As a share of money stock, demand deposits and quasi money represented about 40 and 60 per cent of total money stock, respectively. The gradually increasing share of quasi money in money supply, which commenced at the beginning of 1991, implies that there has been a shifting of deposits from non-interest bearing demand deposits to fixed term deposits. This shift of deposits to longer maturities can be attributed to the increased confidence in the economy. Furthermore, although nominal interest rates have generally declined, the real rates of interest have increased because inflation, as measured by the consumer price index, has declined much faster towards the end of 1992.

In 1992, nominal GDP growth expanded at an annual rate of 13 per cent. Reflecting these developments, the income velocity of money fell from 3.2 per cent in 1991 to 2.7 per cent in 1992.

3.2 Bank of Namibia

The operations of the Bank of Namibia are summarised in Table 3.3. During 1992 total assets/ liabilities of the Bank of Namibia expanded tremendously, increasing from R160 million to R653 million, i.e. more than fourfold compared with the 17 per cent decrease recorded in the previous year. The increase was almost wholly reflected in domestic assets and foreign liabilities.

At the end of 1992 domestic assets, representing about 80 per cent of total assets, in contrast to past years when practically all assets were foreign, dominated the assets of the Bank of Namibia. The increase in domestic assets reflected the transfer to the Bank of Namibia of the administration of old debt negotiated with the South African Government.

Of the other items in the balance sheet, foreign assets decreased by R18 million from R160 million to R142 million in 1992. Government deposits at the Bank rose to R143 million in December 1992, representing an increase of 16 per cent over the twelve-month period. The Bankers' reserves at the Bank of Namibia decreased by R2 million over the year. The reserve money consists of only the banks' deposits with the Bank of Namibia. During the year 1992 the capital accounts increased by 46 per cent, i.e. from R22 million to R32 million compared with a growth rate of 118 per cent in the previous year.

3.3 Commercial Banks

Total assets/liabilities of the commercial bank rose by R405 million over the twelve months period to R2 788 million.

CHART 3.1 COMMERCIAL BANKS: ASSETS

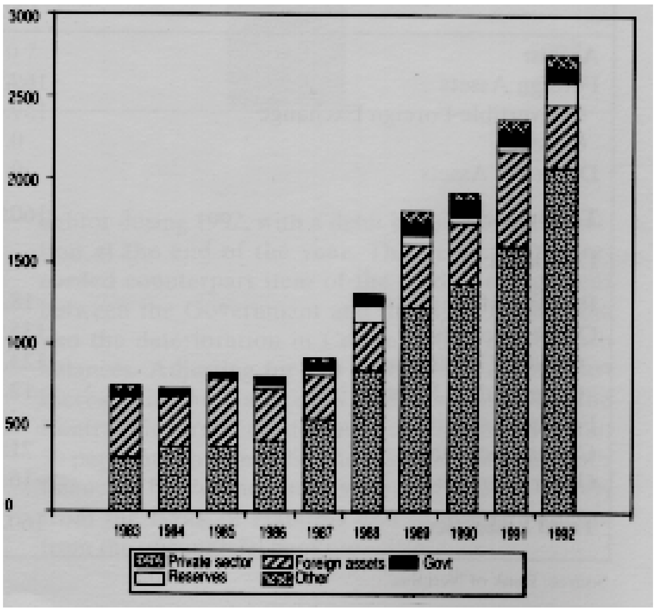
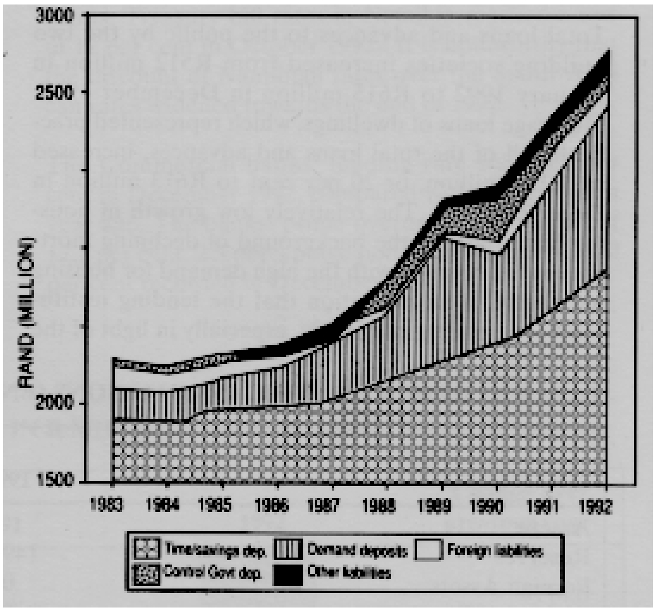


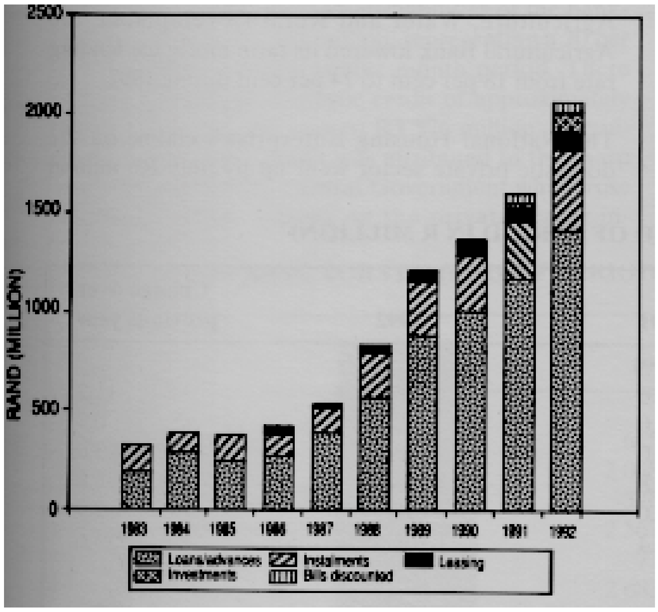
Chart 3.1 shows that commercial banks' assets continued to be dominated by credit to the private sector. The share of claims on the private sector represented 75 per cent of the total assets at the end of 1992, compared with 67 per cent a year ago.

CHART 3.2 COMMERCIAL BANKS: CLAIMS ON PRIVATE SECTOR



Foreign assets, mainly consisting of deposits or balances with the banks' affiliates in South Africa declined by R210 million in 1992, i.e. 36 per cent. Credit to the Central Government, which had averaged R40 million over the past three years, increased significantly during 1992, reaching R172 million in December. At the end of 1992, the commercial banks were in a net-creditor position vis-à-vis the Central Government, reflecting their active involvement the Treasury bills and Government stocks.

CHART 3.3 COMMERCIAL BANKS: LIABILITIES



As noted earlier, credit to the private sector exhibited a sharp upward growth of 30 per cent in 1992 Loans and advances, largely in the form of over drafts, represented about 70 per cent of total claims on the private sector. Loans and advances stood at Rl 434 million at the end of 1992, i.e. an increase of 22 per cent from the preceding year. About 70 per cent of total loans and advances went to individual households, with a large part of this being used to finance consumption expenditure, although there was also a marked increase in mortgage advances from the commercial banks during 1992. Instalment credit represents the second important way in which 3000 banks advance credit to the private sector.

Further breakdown of the components of credit shows that bills discounted, which rose steeply over 100 per cent in 1991, registered growth of only 6 per cent in 1992. Banks' holdings of private sector investments, continued to show a strong growth momentum. Rising to R120 million in 1992 from a low base of R30 million recorded at the end of the previous year. Signalling perhaps that the recovery in economic activity was gaining momentum, leasing finance, which is closely associated with sales of investment goods, showed a distinct improvement, rising by 24 per cent in 1992, after having risen only half a percentage point in 1991. Owing largely to the high inflation, as there was no improvement in real consumer spending, instalment credit, which is associated with sales of durable consumer goods, increased by 37 per cent in 1992.

In terms of maturity, most of the credit operations of- the banks displayed a balance between short-term and long-term lending in 1992. The ratio of short-term and long-term loans of total credit to the private sector was 48 per cent and 52 per cent, respectively.

Total deposits held by the commercial banks amounted to R2 532 million in December 1992, up R387 million or 18 per cent over the year. Reflecting an increase in the domestic financing needs of the budget deficit during 1992, the proportion of Central Government deposits in total deposits of the commercial banks contracted to 4 per cent, compared with a share of 12 per cent a year ago. Personal deposits represented the largest share of deposit holdings with 51 per cent, followed by business entities with- 25 per cent at the end of 1992. Foreign liabilities decreased from R126 to R99 million over the period.

3.4 Other Banking Institutions

Other banking institutions in Namibia consist of the two building societies (South West Africa Building Society and Namib Building Society), the Agricultural Bank of Namibia, the Post Office Savings Bank and the National Housing Enterprise. The release of monthly monetary statistics including the other banking institutions and the banking survey commenced in February 1993.

Over the twelve-month period to December 1992, total assets of the other banking institutions rose by R226 million, or 24 per cent to RI 161 million. The increase was wholly reflected in the 31 per cent increase in the claims on the private sector, which rose from R768 million to RI 004 million. Foreign assets stood at RO.7 million at the end of the year, while claims on the Central Government rose by R3 million. Reserves and other assets recorded declines of 7 per cent and 16 per cent respectively. Except for Government deposits, all the major liabilities components displayed an upward growth trend in 1992.

Total loans and advances to the public by the two building societies increased from R512 million in January 1992 to R615 million in December 1992. Mortgage loans of dwellings, which represented practically all of the total loans and advances, increased by R103 million, or 20 per cent to R613 million in December 1992. The relatively low growth in housing loans, against the background of declining mortgage rates, coupled with the high demand for housing nationally, is an indication that the lending institutions are treading cautiously, especially in light of the high default rates currently being experienced. The largest increase was in foreign indebtedness, although from a low base, which rose by R6 million in January 1992 to R9 million at the end of December 1992. Other liabilities, representing largely capital accounts, increased by 46 per cent to R508 million, followed by time and savings deposits, which rose by 27 per cent to R480 million during the review period.

The Agricultural Bank of Namibia whose principal aim is to provide loans to farmers and prospective farmers is a wholly owned government institution. Its total claims on the domestic private sector increased by R127 million to R302 million at the end of December 1992. Total loans for farm mortgages amounted to R266 million at the end of December 1992, representing an increase of 75 per cent over the year.

The Government subsidy scheme, aimed at helping those farmers who did not originally have access to the Agricultural Bank to obtain loans at subsidized rates,

TABLE 3.5 OTHER BANKING INSTITUTIONS (END OF PERIOD IN R MILLION)

	1991	1992	Change over previous year
Assets:			
Reserves	149.6	138.4	-11.2
Foreign Assets	0.0	0.7	0.7
Claims on Government	0.0	3.0	3.0
Claims on Private Sector	767.8	1003.8	236.0
Other Claims	18.0	15.1	-2.9
Total Assets:	**935.4**	**1161.0**	**225.6**
Liabilities:			
Time and Savings Deposits	376.4	479.8	103.4
Money Market Instruments	147.0	153.1	6.1
Foreign Liabilities	2.8	8.6	5.8
Government Deposits	62.0	10.9	-51.1
Other Liabilities	347.1	508.3	161.2

Source: Bank of Namibia

contributed significantly to the increase in new farm mortgage loans granted during 1992.

Another factor influencing this overwhelming growth in loans and advances to the farming community was the reduction in interest rates. In consultation with the Ministry of Finance and the Ministry of Agriculture, Water and Rural Development, the Agricultural Bank lowered its farm mortgage-lending rate from 18 per cent to 14 per cent during 1992.

The National Housing Enterprise's claims on the domestic private sector went up by only R6 million over the year to December 1992. This small increase all went to the funding of houses for the lower income group.

The Post Office Savings Bank's liabilities to the public are in the form of savings deposits and tax-exempt savings certificates. Savings deposits rose by 29 per cent to R12 million, while savings certificates recorded an overall growth of 22 per cent to R19 million in 1992.

3.5 Banking Survey

The banking survey consolidates the assets/liabilities of the banking system, i.e. the Bank of Namibia, the five commercial banks and the five other banking institutions in Namibia, vis-à-vis the other sectors of the economy.

The banking survey is inherently superior to the monetary survey as a source of information on inter-sector financial transactions. Since it combines the accounts of monetary and non-monetary institutions, it necessarily provides a complete picture of developments in the claims and obligations of the transactor.

At the end of 1992 total assets/liabilities of the banking system were R3 477 million, representing a 30 per cent increase over the twelve-month period. There was an increase in domestic credit of approximately 73 per cent over the year to R3 576 million. The increase in domestic credit was attributed to the sharp rise in net claims on Central Government, which rose, to R421 million. Claims on the private sector increased during the year from R2 368 million to R3 083 million. Meanwhile, net foreign assets declined substantially over the period.

On the liabilities side, quasi-monetary liabilities and monetary liabilities increased by 28 per cent each to Rl 900 and R864 million, respectively.

3.6 Interest Rates and Exchange Rates

Without a national currency and using the rand as legal tender, interest rates, exchange rates, exchange control, liquidity and other controls over the financial institutions in Namibia are to a great extent influenced by developments in the South African money and capital markets. Both short and long term interest rates in South Africa, reinforced by lower inflation expectations, continued the downward trend in 1992, which had commenced at the beginning of 1990. Chart 3.4 highlights the downward trend in monthly Treasury bill rates in South Africa and Namibia since May 1991. Reflecting these developments, Treasury bill rates in Namibia reached a low of 12 per cent in October 1992. It is noteworthy that the discount of Namibian rates over the South African rates widened towards the end of 1992.

TABLE 3.6 BANKING SURVEY (END OF PERIOD IN R MILLION)

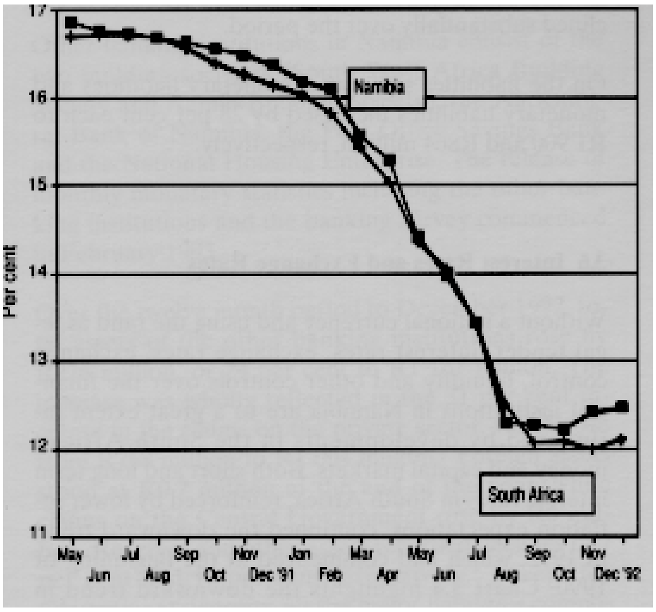
	1991	1992	Change over previous year
Assets:			
Net Foreign Assets	615.6	-99.0	-714.6
Domestic Credit	2068.1	3576.0	1507.9
Claims on Central Government (net)	-376.9	420.6	797.5
Claims on Private Sector	2367.6	3083.0	715.3
Other Claims	77.4	72.4	5.0
Total Assets:	**2683.7**	**3477.0**	**793.3**
Liabilities:			
Monetary Liabilities	672.4	864.0	190.6
Quasi-Monetary Liabilities	1479.4	1900.0	420.5
Other Items (net)	531.9	713.0	181.2

Source: Bank of Namibia

The Commercial banks' lending rate was 18.5 per cent in December 1992, compared with 22 per cent a year ago. The banks' prime overdraft rate was set at 17.5 per cent, 2.5 percentage points down from the 20 per cent recorded in December 1991.

Exchange rate policy in South Africa is based on a basket peg of its most important trading partners' currencies. The weighted average exchange rate (nominal effective exchange rate) of the rand weakened by 4.3 per cent, compared with a depreciation of 6.3 per cent a year ago. The real effective exchange rate, which takes into account inflation rate differentials between South Africa and its main trading partners, remained stable, rising only 0.3 per cent during 1992.

CHART 3.4 TREASURY BILL RATES



Regarding major currencies, the rand weakened by 11 per cent against the Japanese yen, 10 per cent against the US dollar and 4 per cent against the German mark. The rand however, appreciated significantly by 11 per cent against the British pound during 1992. Reflecting increasing uncertainty among foreign investors concerning political and economic developments in South Africa, the financial rand, depreciated sharply by 35 per cent during 1992.

3.7 Monetary Policy Developments

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

Preparatory work to introduce a national currency, the Namibia dollar as decided by the Government in January 1991, continued during 1992. Contracts to produce the Namibia dollar notes and coins were awarded to AB Tumba Bruk of Sweden and the Mint of Finland, respectively. The notes are scheduled to arrive in August 1993, while the coins will arrive thereafter in December. Thus, technically it will be possible to issue the Namibia dollar notes in September 1993, while the coins could be issued in. early 1994. In this connection, a Bank Currency Committee was formed to work out details regarding the technical issues and more importantly to launch an education and publicity campaign for the introduction of the national currency.

In the Budget Speech tabled in June 1992, the Minister of Finance reiterated that the introduction of the Namibia dollar does not imply that Namibia will withdraw from the Common Monetary Area, or that the rand will be withdrawn from Namibia, or that foreign exchange controls between South Africa and Namibia will be instituted. Steps to withdraw from the Common Monetary Area and to terminate the legal tender status for the rand would require separate decisions based on circumstances at the time, circumstances which do not exist and are not foreseen at the present time.

Measures aimed at further developing Namibian financial markets were taken during 1992. Following the successful introduction of the monthly Treasury bills auctions in May 1991, Government Internal Registered stock with maturities of 2-3 years were issued since October 1992. The amounts offered on Treasury bills, which ranged between R5 million and R10 million per month initially, were subsequently increased to R20 million or higher during 1992. Maturities on Treasury bills have also been lengthened with the issue of 182-day bills in December 1992. The outstanding balances on Treasury bills and Government stock were R344 million and R132 million, respectively, at the end of March 1993. Treasury bills and Government stock attracted the bulk of investments from the banks. Of the total amount of Treasury bills and the Government stock allotted so far, commercial banks purchased about two thirds, while the rest were held by businesses and individuals.

The Namibia Stock Exchange (NSE) started its operations in October 1992, with a listing of only one firm. By the end of February 1993, four firms were listed, and the total turnover was R840 million. The NSE price index rose by about 15 per cent at the end of February 1993. The level of dealings since its inception has been very low.

4. PUBLIC FINANCE

4.1 Fiscal Year 1991192

The budget proposal presented for the fiscal year 1991/92 was the second budget since the independence of Namibia. The proposal was characterised by an increase in capital expenditure in order to develop the Namibian economy as fast as possible in line with the Government policy. Also, current expenditure was envisaged to increase significantly as compared with the previous fiscal year.

Instead of the sizeable budget deficit originally expected, the actual budget deficit for fiscal year 1991/92 was relatively low. A contributory factor in trimming the budget deficit was an increase in non-tax revenue. The budget deficit with grants regarded, as income was R88 million, i.e. 1.4 per cent of GDP. This deficit was financed mainly by running down cash balances. Also, in May 1991 Treasury bills were introduced and a small part of the deficit was financed using these instruments.

4.2 Fiscal Year 1992193

The budget for the fiscal year 1992/93 continued to be characterised by a considerable increase in capital expenditure. Also, a sizeable growth in current expenditure was envisaged. As noted in Chapter 2, the budget had an expansionary effect on economic growth in 1992. Accordingly, the budget deficit was expected to widen considerably.

The budget deficit with grants regarded as income for fiscal year 1992/93 was envisaged to be R569 million which is 8 per cent of GDP. According to the latest available estimates of the outcome for fiscal year 1992/93 a somewhat higher budget deficit of 9 per cent of GDP was recorded. The widening of the budget deficit was linked to unexpected drought related expenditure and poor performance of mining sector due to sluggishness in the international economy. Pressures for further increases of current expenditure were contained by the government decision in December 1992 to freeze all vacant posts in the public sector.

The budget deficit for fiscal year 1992/93 was financed through net borrowing of about R300 million and drawing of cash balances of R220 million and incurring of supplier's credit of R107 million.

4.3 Budget Speech 1993194

The budget for the fiscal year 1993/94 is the most difficult budget since independence against the background of expected sluggishness of economic developments abroad and in Namibia. However, it is also a step in the right direction of sounder financial management with the budget deficit to be reduced in half from the estimated deficit in the fiscal year 1992/93.

Total estimated revenue for 1993/94 fiscal year is expected to increase by 5 per cent from R2 719 million to R2 851 million. The bulk of the increase of R132 million is envisaged to be from tax revenue. Of the tax proposals the most important is the cut in the general sales tax from 11 per cent to 8 per cent. However, the sales duty system is re-introduced, which will be levied at the wholesale point, import or manufacture and is in addition and prior to the sales tax levied at the point of sale. The sales duty rate is 15 per cent for designated luxury goods, so that together with sales tax the minimum effective tax rate on these goods amounts to about 24 per cent. Other goods are subject to a sales duty of 10 or 5 per cent and basic necessities are exempt from this duty. Effectively, the minimum average tax rate on these goods is between 19 per cent and 8 per cent.

The top marginal rate for income tax on individuals is to be lowered by 2 percentage points to 38 per cent for taxable amounts exceeding R100 000. The minimum rate of tax is reduced from 14 per cent to 12 per cent on all taxable amounts not exceeding R15 000. Likewise, in line with the lowering of the top marginal rate for individuals the company tax rate is also to be reduced to 38 per cent. Furthermore, in addition to the tax incentives for manufacturing enterprises announced earlier, the Minister of Finance will be empowered to negotiate, in consultation with a Minister concerned, with extremely deserving manufacturing enterprises the rate of tax payable, which could even be zero, and the period or term for which rate will apply.

Total expected expenditure amounts to R3 335 million, which represents a decrease of 7 per cent over the revised expenditure of the fiscal year 1992/93. Current expenditure is envisaged to decrease by 8 per cent, while capital expenditure is expected to increase by 3 per cent from the previous fiscal year.

The resulting budget deficit, with grants regarded as income, is set to be R347 million. The deficit to GDP ratio is estimated to be 4.5 per cent, which is nearly half of what was recorded in 1992/93. The envisaged deficit is financed mostly from domestic sources by issuing of Treasury bills and Government stock.

4.4 Government Debt

At independence, the total outstanding debt was R714 million which was 13.7 per cent of GDP. This was the lowest figure since mid 1980s and reflected the budget surpluses recorded at that time period. However, after independence when the new Government started to address immediate economic and social imbalances, and as a result of the capitalisation of interest on the rescheduled debt, the ratio of public debt to GDP increased to 14.3 per cent in fiscal year 1990/91 and further to 14.4 per cent in 1991/92. Reflecting the sharp increase in the budget deficit in the fiscal year 1992/93 total outstanding debt rose to 16.1 per cent of GDP at the end of March 1993. In perspective, after independence total outstanding debt has been increasing steadily albeit at a fairly slow pace. Recently, budget deficits have been financed increasingly from domestic sources.

TABLE 4.1 REVENUE, EXPENDITURE AND FINANCING OF CENTRAL GOVERNMENT OPERATIONS (IN R MILLIONS)

	1990/91	1991/92	1992/93 BUDGET	1992/93 OUTCOME	1993/94 BUDGET
TOTAL REVENUE	1999.0	2666.9	2548.9	2718.7	2851.4
TAX REVENUE	1644.8	2065.5	2224.4	2315.8	2549.2
NONTAX REVENUE	354.2	601.4	324.5	402.9	302.2
TOTAL EXPENDITURE	2083.1	2822.0	3387.0	3587.5	3335.2
CURRENT	1829.1	2455.2	2747.6	2989.3	2764.5
CAPITAL	254.0	366.8	609.7	552.9	570.7
NET LENDING			29.7	45.3	
BUDGET DEFICIT (excluding grants)	-84.1	*-155.1*	-838.1	-868.8	-483.8
GRANTS	102.0	67.1	269.0	229.0	136.7
BUDGET DEFICIT	17.9	-88.0	-569.1	-639.8	-347.1
FINANCING	-17.9	88.0	569.1	639.8	347.1
NET BORROWING	-166.9	-61.0	338.7	297.7	329.0
LOANS RAISED		16.9	347.8	490.7	339.4
LOANS REPAID	166.9	77.9	9.1	193.0	10.4
LOAN RECOVERIES			10.4	15.0	18.1
SUPPLIER'S CREDIT				107.0	
CASH BALANCES (decrease+)	149.0	149.0	220.0	220.0	
FISCAL YEAR GDP	5685.0	6412.0	7100.0	7100.0	7800.0
		(in percent of GDP)			
TOTALREVENUE	35.2	41.6	35.9	38.3	36.6
TOTAL EXPENDITURE	36.6	44.0	47.7	50.5	42.8
BUDGET DEFICIT (excluding grants)	*-1.5*	-2.4	-11.8	-12.2	-6.2
BUDGET DEFICIT	0.3	-1.4	-8.0	-9.0	-4.5

**estimates*

Source: Ministry of Finance

In the fiscal year 1989/90, 5 per cent of the total debt represented direct loans from South Africa, and in periods immediately thereafter, as a result of debt rescheduling, direct loans from South Africa increased sharply representing 36 per cent in fiscal year 1990/91, and 41 per cent in 1991/92. However, this ratio declined to 34 per cent in 1992/93. For a review of Government foreign debt, see section 5.10.

5. BALANCE OF PAYMENTS AND INTERNATIONAL INVESTMENT POSITION

5.1 Previous Data

The Ministry of Finance has for many years provided some data on the balance of payments, as part of Namibia's national accounts statistics. These were limited mainly to details of exports and some aggregate current account information. No capital account data has been available. Also, no international investment position data (i.e. foreign assets and liabilities) have been released.

5.2 Bank of Namibia Project

The Bank initiated in late 1990 a project designed to provide more comprehensive and accurate balance of payments and related statistics.

Details of the development of a wide range of balance of payments surveys and various research studies were given in the Bank's 1991 Annual Report. Initial current account data for 1990, together with detailed export data for 1990 and 1991, derived from those surveys and studies was released in the 1991 Report.

Since then, the statistical infrastructure has been further improved, and surveys and other studies for 1991, and in some cases also covering 1992, have

TABLE 4.3 OUTSTANDING PUBLIC DEBT (END OF MARCH IN R MILLIONS)

END OF MARCH	**1990**	**1991**	**1992**	**1993**
RAND LOANS				
STOCK	549.5	497.5	466.5	439.6
RSA	39.0	296.0	398.3	398.8
LOCAL	35.6	1.0	25.6	25.0
FOREIGN CURRENCY (in Rand)	71.0	20.4	19.2	18.8
	695.1	814.9	909.6	882.2
TREASURY BILLS AND STOCK	19.0	0.0	19.2	265.0
TOTAL	714.1	814.9	928.8	1147.2
MEMORANDUM ITEM:				

Source: Ministry of Finance

been undertaken. There was generally a high response rate from the larger businesses and other organisations surveyed, and the Bank appreciates the co-operation it received.

5.3 Presently Available Data

Below, the following information is presented: summaries of key balance of payments and investment position aggregates, current account data, for the first time capital account data, and commodity dissections of exports, all for 1990 to 1992. Disaggregated imports data cover the years 1990 and 1991, and the international investment position is recorded as at 31 December 1989 to 1992.

Supplementary information is provided on selected important areas in the balance of payments, namely foreign pension funds, life assurance and unit trust business of Namibian residents; foreign development assistance to Namibia; foreign direct investment in Namibia; and government foreign debt.

The external sector data in the Ministry of Finance national accounts estimates is now conceptually fully consistent with the Bank's balance of payments estimates for 1990 to 1992 and provides aggregate data for earlier years.

Statistics for 1990 have, in some cases, been revised since first published last year. All data below, especially that relating to 1992, is subject to revision. A more detailed publication on balance of payments statistics is available from the Balance of Payments Division, Research Department, Bank of Namibia.

5.4 Main Balance of Payments Aggregates

TABLE 5.1 BALANCE OF PAYMENTS MAIN AGGREGATES 1990 TO 1992 (a)

	CALENDAR YEARS			**PERCENTAGE (b) CHANGE**
	1990	**1991**	**1992**	**1991 TO 1992**
		-R MILLION-		**-PER CENT-**
Balance on current account	**-107**	**687**	**398**	**-42.1**
Balance on goods and services	-774	-561	-667	-18.9
Balance on merchandise trade	-41	398	315	-20.9
Merchandise exports fob	2849	3457	3673	+6.2
Merchandise imports fob	-2890	-3059	-3358	-9.8
Net services	-733	-959	-982	-2.4
Net income	106	323	196	-39.3
Net transfers	561	925	869	-6.1
Balance on capital account, excl. reserves (c)	**-511**	**-584**	-329	**+43.7**
Direct investment, net	92	275	156	-43.3
Portfolio investment, net	-520	-925	-732	+20.9
Pension funds	-22	-429	-522	-21.7
Life assurance	-527	425	-249	+41.4
Other	29	-71	39	+154.9
Other long term capital, net	78	131	-11	-108.4
Official	96	102	397.1	
Banks	-15	-19	-39	-105.3
Other sectors	-3	48	25	-47.9
Other short term capital, net	-161	-65	258	+496.9
Official	*-155*	155	-1	-100.6
Monetary authorities	-	-	58	
Banks	9	-308	176	+157.1
Other sectors	*-15*	88	25	-71.6
Balancing item (net errors & omissions)	***516***	***-143***	***-88***	***+38.5***
Overall balance (d)	**-102**	**-40**	**-19**	***+52.5***
Change in reserves	**102**	**40**	19	***-52.5***
		(In per cent of GDP		
Current account balance	**-1.9**	**10.9**	**5.1**	**-53.2**
Overall balance	**-1.9**	**-0.6**	**-0.3**	***+50.0***

- Indicates nil or less than R500 000.

(a) For the current account, a minus sign (debit) means a deficit, imports of goods and services, or income and transfers payable. A plus sign (credit) means a surplus, exports of goods and services, or income and transfers receivable. For the capital account (including reserves), a minus sign (debit) means a capital outflow (deficit), an increase in foreign financial assets, or a decrease in foreign liabilities. A plus sign (credit) means a capital inflow (surplus), an increase in foreign liabilities, or a decrease in foreign financial assets.

(b) For the current account aggregates, a minus sign means an increase in a deficit, a decrease in a surplus, a decrease in exports or an increase in imports; and a plus sign means an increase in a deficit, an increase in a surplus an increase in exports or a decrease in imports. For the capital account aggregates, a minus sign means a decrease in a deficit or a decrease in a surplus; and a plus sign means a decrease in a deficit or an increase in a surplus. For the balancing item, a minus sign means an increase and a plus sign a decrease.

(c) Represents net identified capital transactions, other than in reserves.

(d) Overall balance is equal to the current account balance, plus all identified capital transactions, excluding changes in reserves, plus net errors and omissions.

The merchandise trade balance turned around from a small deficit in 1990 to a surplus, though somewhat smaller in 1992 than in 1991. Also, the balance of payments current account has been in surplus for the past two years. However, the capital account balance has been consistently in deficit throughout the period, reflecting in particular capital outflows in the build up of pension fund and life assurance assets in South Africa.

At this stage of Namibia's development and prior to the forthcoming introduction of Namibia's national currency reserve assets are relatively small, representing about two weeks of imports.

TABLE 5.2 INVESTMENT POSITION MAIN AGGREGATES 1990 TO 1992

	1990	1991	1992
	(R Million)		
Reserve assets at end of year	211	171	152
Foreign assets at end of year	5318	6347	6893
Foreign liabilities at end of year	7193	7635	8211
Net foreign liabilities at end of year	1875	1288	1318

As shown in Table 5.2 above, total foreign assets of Namibia, at market values, are quite substantial, representing 98 per cent of GDP in 1992 and averaging about R4 920 per capita at the end of 1992. This reflects especially the investment of most of Namibia's pension fund and life assurance assets in South Africa. Total foreign liabilities, at market values, exceed foreign assets, and mainly reflect the substantial foreign direct investment in Namibia, especially in the mining industry; the central government's foreign debt accounts for a relatively small share (6 per cent) of foreign liabilities.

Since 1990, the level of net foreign liabilities at market values has declined, again reflecting particularly the growth in life assurance and pension fund assets.

5.5 Current Account

According to Table 5.1 and Table 16 in the Statistical Appendix, both the merchandise trade balance and the overall current account balance were in surplus for 1991 and 1992. This reflects such factors as substantial growth in diamond exports and exports of manufactured products; a considerable rise in income on portfolio investment, mainly from pension fund and life assurance assets; and a significant rise in government transfer receipts especially in foreign development assistance to Namibia and receipts from the Southern African Customs Union.

A substantial and growing deficit in services items was recorded, especially in transportation (which includes charter fees paid to foreign fishing boat owners) and in services such as business, administrative and technical services (which includes technical assistance received by Namibia from foreign governments and international organisations - the offset is recorded as transfer receipts). However, a small but growing surplus on international travel was experienced.

A modest level of income was paid on foreign direct investment in Namibia. In 1992, this represented a return of fewer than 4 per cent on the market value of foreign direct investment in Namibia (though a much higher return - over 10 per cent - on the book value of that investment). Foreign development assistance to Namibia grew from R282 million in 1990 to R421 million in 1992 (section 5.8 provides more details on this item).

According to Table 17 in the Appendix, which provides a commodity dissection of exports, there was an overall 6 per cent rise in the value of exports to R3 673 million in 1992. Exports of food and live animals were almost unchanged in value, reflecting a growth in live animals and meat exports offset by declines in unprocessed fish, lobsters and crabs; game animal exports (mainly ostriches), while still very small in total, grew at a relatively fast rate and the producers expect further substantial growth in 1993. The decline in lobster and crab exports over the three years from 1990 mainly reflected lower catches.

Total mineral exports rose by 4 per cent in 1992, with diamond, copper and zinc exports rising, offset by declines in some other minerals. The increase in diamond exports, which accounted for about 36 per cent of all exports in 1992 compared with 30 per cent in 1990, was notable in the face of a 25 per cent reduction in the export quota for diamonds in the last quarter of 1992 (relaxed to 20 per cent from May 1993).

Exports of processed fish, fish meal and fish oil continued to grow significantly in 1992. ' With increasing processing facilities and replenishing fish stocks, longer term growth prospects for exports of fish and fish products are favourable.

As regards the country dissection of the value of imports as recorded in the balance of payments surveys and shown in Table 18 in the Appendix, for about 90 per cent of imports the country of immediate origin was South Africa. This differs somewhat from the amount and valuation basis of imports shown in the current account, as the latter reflects various adjustments for which a country dissection is not available. Nevertheless, the 90 per cent share of imports from South Africa is an indication of the close linkages between the two countries.

Table 19 in the Appendix presents a commodity dissection for merchandise imports, again on the basis recorded in the surveys. With both private and general government consumption surging in 1991, imports of consumption related goods increased considerably, while in the depressed investment climate imports of investment related commodities increased little or even decreased.

5.6 Capital Account

As shown in Table 20 in the Statistical Appendix there were deficits on the capital account (i.e. net outflows of capital), financed mainly by surpluses in the current account balances in 1991 and 1992. An inflow throughout the period was recorded for new foreign direct investment equity capital, reinvestment of earnings (except in 1990 when a small number of large mining enterprises maintained their dividends in the face of falling profits) and borrowing from affiliated companies.

in Table 21 in the Statistical Appendix. Total foreign assets have increased by R2 587 million or 60 per cent from the level of R4 306 million at the end of 1989 to an estimated R6 893 million at the end of 1992, reflecting particularly the substantial rise in pension fund and life assurance assets abroad, as noted earlier. On the other hand, total foreign liabilities rose by a much smaller amount of RI 637 million or 25 per cent over the same period.

The main components of Namibia's foreign assets are pension fund and life assurance policies of Namibian residents, accounting for over three-quarters of the total. Foreign direct investment in Namibia, by far the largest share of which is in the mining industry, accounts for a similar proportion of foreign liabilities.

TABLE 5.3 NAMIBIAN EMPLOYEES'MEMBERSHIP OF PENSION FUNDS AND OTHER RETIRING ALLOWANCE SCHEMES: FOREIGN TRANSACTIONS AND ASSETS
(R 000)

BALANCE OF PAYMENTS		1990	1991	1992(a)
Current account				
Investment income received		180 238	164 899	188 951
Administration fees		-7 579	-10 601	-13 143
Capital account				
Portfolio investment, assets, Equity securities, other sectors:		-22 498	-428 615	-521 925
Contributions paid less service charges		-356 456	354 308	-422 109
Pensions/lump sums received		249 525	88 079	89 135
Reinvested income		-180 238	-164 899	-188 951
Transfers to retirement annuities		264 671	2 513	--
INVESTMENT POSITION	**31/12/89**	**31/12/90**	**31/12/91**	**31/12/92(a)**
Portfolio investment, equity securities, Other sectors - Pension funds:				

- Indicates nil
(a) Provisional

There was relatively small foreign borrowing by the government, mainly to finance capitalised interest on rescheduled debt. Substantial outward investment occurred, including by reinvestment of income, amounting to over R2 billion during the three years 1990 to 1992, to finance the build up of life assurance and pension fund assets of Namibian residents. Small reductions occurred in official reserve assets, reflecting, as noted earlier, the low level of such assets at this time.

5.7 International Investment Position

The main components of Namibia's foreign assets and liabilities for the period end 1989 to end 1992 are given

Further details of the financial transactions and foreign assets associated with pension fund and life assurance business, most of which is conducted with life assurance companies in South Africa, are given below. These tables are followed by some details on the transactions and assets associated with investment by Namibian residents in unit trusts in South Africa.

The information contained in Table 5.3 on the previous page and the commentary below refer to Namibian resident employees' membership of pension funds, provident funds, employee benefit schemes and other group retirement allowance schemes. These may be separately constituted Namibian funds or funds run by South African parent companies.

Life offices and other organisations in South Africa administrate the bulk of Namibian pension funds. Most of the assets of these funds are also invested in South Africa. A small number of South African life offices handle almost all-Namibian pension fund business.

The total market value of Namibian pension funds invested in South Africa has increased from Rl 676 million at the end of 1989 to an estimated R3 044 million at the end of 1992, equivalent to about 43 per cent of Namibia's Gross Domestic Product. This represents an 82 per cent increase over the period or a compound growth rate of 22 per cent per annum. The totals include both Namibian pension funds and Namibian employees' share of South African pension schemes.

businesses whose employees are covered by South African pension schemes.

It might be noted that the investment managers with other pension fund investments, which they manage, pool most of the Namibian pension fund assets managed in South Africa for Namibian employees. While some of these overall pooled funds may be invested in Namibia (and for which data is recorded in Namibia's balance of payments), it is not possible, because of the pooled nature of the funds, to identify which part of the investments made in Namibia is derived from Namibian pension fund assets.

TABLE 5.4 NAMIBIAN LIFE ASSURANCE BUSINESSES: FOREIGN TRANSACTIONS AND ASSETS (R 000)

BALANCE OF PAYMENTS		**1990**	**1991**	**1992(a)**
Current account				
Investment income/bonuses received		158 782	328 518	230 148
Insurance services		-32 309	-35 657	-45 146
Capital account				
Portfolio investment, assets,				
Equity securities, other sectors:		527 330	-425 159	-249 459
Premiums paid less service charges		-415 004	-460 472	-512 206
Benefits/withdrawals received		311 127	366 344	492 895
Reinvested income/bonuses		-158 782	-328 518	-230 148
Transfers from pension funds		-264 671	-2 513	--
INVESTMENT POSITION				
	31/12/89	**31/12/90**	**31/12/91**	**31/12/92(a)**
Portfolio investment, equity securities,				
Other sectors – Life assurance policies:				
Market value of assets	1 552 486	2 070 007	2 483 683	2 610 718

- Indicates nil
(a) Provisional

Outflows from pension funds, shown as pensions/ lump sums received in the table above, were high in 1990 compared to subsequent years. This reflects in particular the substantial payments of some large pension funds to their members prior to independence. There was also a significant transfer of pension fund rights in Namibian pension funds to retirement annuities domiciled in South Africa (classified under life assurance) during 1990.

The income from pension fund investments, averaging about R178 million per annum over the period, is fully reinvested in the assets of the funds.

All information in Table 5.3 and the commentary above is derived from balance of payments surveys of South African life assurance companies and Namibian

As with pension funds, almost all the life assurance business transacted by Namibian residents is conducted through South African life offices, with a few offices handling most of that business. Some of these policies are denominated in Namibian currency and others are denominated in South African currency. However, for both types of policy, the bulk of the premiums paid by Namibian residents on life assurance policies are invested in South Africa.

For the purpose of these statistics, "life assurance" comprises life policies, fixed term annuities, and retirement annuities.

As shown in Table 5.4 on the previous page, premiums paid by Namibian residents on life assurance policies have increased steadily over the 3-year period to 1992. By contrast, benefits received and withdrawals by

Namibians increased sharply in 1992. Premiums paid less service charges exceeded benefits and withdrawals by only R19 million in 1992 compared to R94 million in 1991 and R104 million in 1990. Income/bonuses have averaged about R239 million per annum over the period, though there were significant fluctuations from year to year. All income is treated, for balance of payments purposes, as income earned by Namibian residents and reinvested in those policies.

The market value of life assurance policies held by Namibian residents (which is usually taken as equivalent to the surrender value of policies), has increased from Rl 552 million at the end of 1989 to an estimated R2 611 million at the end of 1992. This represents a 68 per cent increase over the period or an average compound growth rate of 19 per cent per annum. The market value of these policies as at the end of 1992 is equal to about 37 per cent of Namibia's gross domestic product.

As noted above in relation to pension funds, there was a substantial transfer of pension rights to retirement annuities in 1990. This contributed to the large increase in market value of life assurance policies in that year. The comment regarding the investment of pooled funds in Namibia, under pension funds above, also applies to life assurance assets.

Table 5.5 indicates that unit trusts are an increasingly popular form of investment among Namibian residents. There are no unit trusts managed in Namibia and investment takes place in funds domiciled in South Africa. The large life assurance offices in South Africa manage the majority of unit trust investment, although other investment managers account for approximately 30 per cent of the business.

TABLE 5.5 NAMIBIAN INVESTMENTS IN UNIT TRUSTS IN SOUTH AFRICA: TRANSACTIONS AND ASSETS

(R 000)

BALANCE OF PAYMENTS		**1990**	**1991**	**1992(a)**
Current account				
Investment income received		3 566	4 390	5 416
Capital account				
Portfolio investment, equity assets:		-19 662	-31 648	-23 690
Subscriptions paid		-21 684	-35 405	-33 371
Redemptions received		4 817	7 264	14 175
Reinvested income		-2 795	-3 507	-4 494
INVESTMENT POSITION	**31/12/89**	**31/12/90**	**31/12/91**	**31/12/92(a)**
Portfolio investment, unit trusts:				
Other sectors – Life assurance policies:				
Market value of assets	43 294	58 284	105 298	110 448

(a) Provisional

The market value of assets of Namibian investment in South African unit trusts increased from R43 million at the end of 1989 to an estimated R110 million at the end of 1992. This represents a 155 per cent increase over the period, or an average compound growth of 36 per cent per annum. The market value of unit trusts is defined as the unit selling price at the given date multiplied by the number of units held by Namibian residents.

Subscriptions to unit trusts have averaged about R30 million per annum over the last 3 years, with a slightly lower level in 1992 than 1991. Redemptions were relatively low but are estimated to have increased significantly in 1992. The increase in market value of assets during 1992 does not fully reflect the net increase in investment, because of the decline in the selling price of some units.

Income on unit trust investments has increased slowly over the 1990-1992 period. On average, 19 per cent of income has been distributed to unit holders in Namibia, the rest being reinvested in further units.

All information in Table 5.5 and the commentary above is derived from balance of payments surveys, with some estimation of outstanding entities using other sources.

5.8 Foreign Development Assistance

Aggregate amounts of foreign development assistance to Namibia are included in the current account. "Development assistance" comprises the flow of foreign development assistance, or foreign "aid" as it is sometimes called, in any form from foreign governments, international and multilateral organisations, and non-governmental organisations, to the Government of Namibia and to non-government organisations within Namibia.

Table 22 in the Statistical Appendix gives summary information on total development assistance to Namibia for 1990, 1991 and 1992. Two categories of recipients of development assistance are shown: the Namibian Government and all other Namibian organisations. Development assistance shown in the table comprises grants or donations, not loans.

The statistics are divided into two kinds of development assistance: grants in cash and grants in kind. Cash grants represent an actual flow of cash to the Namibian recipient of such assistance. In kind grants, on the other hand, refer to grants in any form other than cash. Both cash and in kind grants relate to the actual disbursement of assistance to Namibia rather than to commitments of assistance.

Cash and in kind grants are further subdivided. Cash grants received by the Government are split into budget support channelled through the State Revenue Fund and non-budget support. Budget support is further classified into three categories shown in the table. Cash grants received by non-governmental organisations are recorded in the single category Grants to Namibian non-governmental organisations.

In kind grants are also subdivided into the following categories: goods, educational scholarships and other services. In 1990 the donation of UNTAG equipment constituted the bulk of the goods component. More recently food aid has accounted for most of this component. Services other than educational scholarships include, in particular, technical assistance to Namibia such as through the provision of foreign experts.

The main features of the development assistance estimates below also draw on more detailed data, by donor type, which was released earlier.

In 1992 R421 million in foreign development assistance was provided to Namibia. This represents an increase of R57 million or 16 per cent over the 1991 total of R364 million. This in turn was an increase of R82 million (29 per cent) over assistance received in 1990.

The increase in foreign development assistance since 1990 has been channelled to the Namibian Government, with a total of R348 million in 1992, increasing from R282 million in 1991 and R202 million in 1990. Assistance to NGO'S, which receive most of their aid from NGO's abroad, was relatively stable in 1990 and 1991 at R81 million and R82 million respectively and then fell to R73 million in 1992.

The balance between cash and in kind assistance to Government has varied substantially during the period, the in kind component being over 60 per cent of the total in 1990 and 1992 but less than 40 per cent in 1991. The high share in 1990 was influenced by the donation of UNTAG equipment in 1990 and in 1992 by food aid.

In kind assistance to non-governmental organisations has increased steadily over the period from R11 million in 1990 to R19 million in 1992, while cash grants have fallen.

Turning to the donor categories, official development assistance (i.e. from governments and international/multilateral organisations) has increased from R208 million in 1990 to R302 million in 1991 and R373 million in 1992. This represents an increase from 74 per cent of total assistance in 1990 to 89 per cent in 1992. Assistance from non-governmental organisations has fallen over the same period, from R74 million (26 per cent) in 1990 to R48 million (11 per cent) in 1992.

In 1992, R167 million (40 per cent) of development assistance came from international/multilateral organisations and R206 million (49 per cent) from foreign governments. This compares with the 1991 figures of R109 million (30 per cent) from international/multilateral organisations and R193 million (53 per cent) from foreign governments.

5.9 Foreign Direct Investment: Transactions and Assets

Three main categories of foreign investment are distinguished in the balance of payments and international investment position: direct investment, portfolio investment and other investment.

Direct investment is the category of international investment that reflects the objective of obtaining a lasting interest by a resident entity of one economy in an enterprise resident in another economy. The resident entity is termed the direct investor and the enterprise is called the direct investment enterprise.

The lasting interest implies the existence of a long-term relationship between the direct investor and the enterprise, together with a significant degree of influence by the investor in the management of the enterprise. Direct investment comprises not only the initial transaction establishing the relationship between the investor and the enterprise but also all subsequent transactions between them and among related enterprises.

A direct investment relationship is defined to exist when a direct investor in one country owns 10 per cent or more of the ordinary shares or voting power of an enterprise in another economy.

TABLE 5.6 FOREIGN DIRECT INVESTMENTS IN ENTERPRISES IN NAMIBIA: SELECTED TRANSACTIONS AND LIABILITIES

		(R million)		
BALANCE OF PAYMENTS		**1990**	**1991**	**1992(a)**
Current account				
Income paid on direct investment:		**-184**	**-190**	**-238**
Dividends		-282	-127	-178
Retained earnings		105	-57	-55
Interest		-7	-6	-5
Capital account				
Direct investment in Namibia:		**96**	**291**	**159**
Equity capital		108	80	29
Reinvested earnings		-105	57	55
Other capital (net borrowing)		93	154	75
INVESTMENT POSITION	**31.12.89**	**31.12.90**	**31.12.91**	**31.12.92**
Direct investment in Namibia, market value of liabilities to foreign direct investors:	**4 965**	**5 280**	**5 839**	**6 293**
Equity	3 923	4 249	4 600	4 924
Reinvested earnings	757	652	708	763
Net debt due to direct investors	285	379	531	606
Direct investment in Namibia, book value of liabilities to foreign direct investors (including reinvested earnings)	**1 615**	**1 739**	**2 018**	**2 205**
Direct investment in Namibia, market value of total liabilities, by industry sector or category:	**4 965**	**5 280**	**5 839**	**6 293**
Banks (b)	182	212	247	289
Direct holdings of property in Namibia by SA life offices	78	157	189	217
Mining	3 560	3 755	4 138	4 503
All other	1 145	1 156	1 265	1 284
Profits, taxes, dividends and retained earnings of direct investment enterprises in Namibia		**1990**	**1991**	**1992**
Operating profits earned		464	448	(c)
Less Taxes paid during year		-292	-270	(c)
Total dividends paid to residents and non-residents and branch profits remitted		-290	-127	(c)
Equals Total retained earnings		**-118**	**51**	**52**
Return on direct investment				
Income paid on direct investment as a proportion of **market value** of direct investment liability (average of levels at beginning and end of year)		3.6%	3.4%	3.9%
Income paid on direct investment as a proportion of **book value** of direct investment liability (average of levels at beginning and end of year)		11.0%	10.1%	11.3%

(a) Provisional
(b) Short term liabilities of banks to their foreign direct investors are included in Other capital, not in Direct investment
(c) Not yet available

Total direct investment in Namibia is classified into the three categories: equity capital, reinvested earnings, and other direct investment. Equity capital comprises the paid up value of ordinary shares and share premium reserves. Reinvested earnings represents total operating profit of direct investment enterprises in Namibia less taxes and dividends paid, less that share of reinvested earnings attributable to shareholders other than direct investors. Other direct investment consists of amounts borrowed from the foreign direct investor less any amounts lent by the direct investment enterprise in Namibia to its foreign direct investor.

The value of outward direct investment by Namibian residents in enterprises abroad is relatively small, estimated to total R180 million at the end of 1992. On the other hand, the estimated market value of foreign direct investment in enterprises in Namibia at the same date totalled R6 293 million. The remainder of these comments and the table below concentrate on inward direct investment.

Some statistics on foreign direct investment in Namibia are given in Table 5.6 below. However it might be noted that there are many other balance of payments transactions of foreign direct investment enterprises in Namibia that are not dealt with in the table. For example, such enterprises account for the bulk of mining exports for Namibia, for substantial amounts of imports, and for significant amounts of business service payments abroad. Other transactions of these sorts need to be considered in any complete study of the impact of foreign direct investment on Namibia's balance of payments.

As shown in Table 5.6, the total income paid by direct investment enterprises in Namibia to their foreign direct investors has grown steadily from R184 million in 1990 to R238 million in 1992. The main component of income paid is dividends, which also comprises profits remitted by branches in Namibia of foreign companies. Retained earnings is also regarded as a source of income for direct investors and is shown as income in the current account and as capital inflow in the capital account; total retained income attributed to foreign direct investors varied from a negative R105 million (in other words, a net reduction in accumulated retained earnings) in 1990 to a positive R55 million in 1992.

The flow of direct investment in Namibia changed considerably from year to year: from a low of R96 million in 1990 (influenced by the negative reinvested earnings in that year) to a peak of R291 million in 1991. The market value of direct investment in Namibia rose by Rl 328 million or 27 per cent from R4 965 million at the end of 1989 to an estimated R6 293 million at the end of 1992. The bulk of the total market value of direct investment consists of equity capital: this accounted for nearly 80 per cent at the end of 1992.

In terms of book value, the total amount of direct investment in Namibia was much lower than market value. At the end of 1992, total book value was only 35 per cent of total market value. In other words, market value on average was nearly three times book value. This relationship is to be expected as book value essentially reflects historical costs whereas market value reflects current values of the enterprises concerned.

By far the largest proportion of total direct investment in Namibia is in the mining industry: some 72 per cent of the total at the end of 1992. However, the most rapid relative growth in direct investment for the categories shown in Table 5.6 was in direct holdings of property in Namibia by South African life offices: a growth of 178 per cent over the three year period. It might be noted that South African life offices also hold property in Namibia through subsidiary companies but this component is included in the category "All other".

The overall return to foreign direct investors on their capital invested when valued at market value varied from 3.4 per cent in 1991 to 3.9 per cent in 1992. The return on book value was much higher, ranging from 10.1 per cent to 11.3 per cent between 1990 and 1992. Foreign investors may also receive other forms of financial benefits from their investment such as access to Namibian markets for their products, access to raw materials for processing abroad, revenue from management charges levied on their direct investment enterprises in Namibia, and capital gains on their equity investments.

5.10 Government Foreign Debt

The foreign debt transactions of the central government are recorded in various items of the balance of payments. Similarly, the levels of liability are not included in a single item but shown in several different items. Also, in 1992, the bulk of the debt was rescheduled and this involved, inter alia, the progressive transfer of liability for the foreign debt from the central government to the Bank of Namibia. The rescheduled debt will be redeemed in full by the Bank of Namibia to the SA Reserve Bank in seventeen equal annual instalments of R78.5 million each, beginning on 30 April 1995, with a final payment on 30 April 2012 to settle the balance outstanding.

In Table 5.7 below the outstanding foreign debt of the central government is shown for the period 1990 to 1992. For 1992, that part of the debt that was, in effect, transferred to the Bank of Namibia is also included for comparison, even though the Bank is classified, for balance of payments purposes, as the Monetary Authorities sector, separate from the General Government sector.

The statistics include all forms of foreign debt of the general government and Bank of Namibia. The main component of debt until 1992 represented the borrowings prior to independence plus interest capitalised under the rescheduling agreement. In 1991, a small amount (R3 million) of Treasury Bills issued in that year was acquired by non-residents and so added to foreign debt. From 1992, the debt also includes a more substantial amount (R57 million) of Treasury Bills and Internal Registered Stock issued in that year and taken up by non-residents of Namibia.

It should also be noted that purchases and sales of existing government debt of any type between residents of Namibia and non-residents also affect the level of outstanding foreign debt as recorded in the international investment position. For example during 1990, residents sold existing government stock that had been issued in South Africa to non-residents to the amount of R92 million. This transaction adds, in international investment position terms, to the level of foreign debt even if no new government debt was issued in the period. However, such purchases or sales of existing government debt are not recorded in the balance of payments.

The total debt of the Government of Namibia and the Bank of Namibia to non-residents rose by R358 million or 53 per cent from the level at the beginning of 1990 to Rl 031 million at the end of 1992. A small amount of this increase (R60 million or 17 per cent) represented net issues (i.e. new issues less redemptions) of Treasury Bills and Government stock; another small amount resulted from the repayment of non-Rand foreign loans at exchange rates less favourable than at the beginning of the period; but the bulk was due to the capitalisation of interest on rescheduled debt.

Most of interest paid, as shown in the current account, represents interest capitalised but a small amount reflects the actual repayment of interest on some loans not covered by the rescheduling arrangements and on new issues of Treasury Bills. The total interest paid and capitalised represents a relatively small burden to Namibia's balance of payments e.g. equivalent to an average of only 2.4 per cent of total merchandise exports over the three years to 1992.

A shift occurred in the first half of 1992 from foreign debt being wholly a liability of the Government of Namibia to the situation at the end of 1992 when over a half of the debt became a liability of the Bank of Namibia, following the rescheduling arrangements.

All non-Rand foreign debt of the Government of Namibia existing at independence was repaid by 1992 and all remaining loans are denominated in Rand.

TABLE 5.7 FOREIGN DEBT OF GENERAL GOVERNMENT AND BANK OF NAMIBIA: TRANSACTIONS AND LIABILITIES

(R million)

BALANCE OF PAYMENTS		1990	1991	1992
Current account				
Portfolio investment - interest paid (including interest paid on Namibia's behalf and capitalised)				
General Government Rand stock, Treasury Bills and facility with SA Reserve Bank		-45	-94	-12
Bank of Namibia facility with SA Reserve Bank		-	-	-51
Other investment - interest paid or capitalised				
General Government Rand and non-Rand loans		-20	-4	-2
Bank of Namibia capitalised interest		-	-	-8
Capital account				
Portfolio investment, General Government, long-term debt, net changes in liabilities		40	-32	29
Portfolio investment, General Government, short-term debt, net changes in liabilities		-	3	28
Other capital, General Government, long term loans, net changes in liabilities		99	110	9
Other capital, Monetary Authorities, long term loans, net changes in liabilities		-	-	58
INVESTMENT POSITION	**1989**	**1990**	**1991**	**1992**
Total foreign debt outstanding at 31 December at exchange rates on the dates shown:	**673**	**817**	**905**	**1 031**
Portfolio investment, General Government, long term	457	497	464	466
Portfolio investment, General Government, short term	-	-	3	30
Other capital, General Government, long term:				
Rand loans issued in South Africa	47	40	33	26
Government facility with SA Reserve Bank	-	187	356	-
Foreign loans other than in Rand	169	93	49	-
Other capital, Monetary Authorities, long term:				
Bank of Namibia facility with SA Reserve Bank	-	-	-	509

- Indicates nil or less than R500 000

PART B

REPORT ON OPERATIONS AND AFFAIRS OF THE BANK OF NAMIBIA

1. GENERAL

1.1 The Board of Directors

During the year under review the Board held fourteen meetings. From the date Dr W.L. Benard, the Bank's first Governor, left his position on 30 August 1991, the Deputy Governor, Mr E.L. Karlsson, functioned as Acting Governor. On 25 November 1992 Mr E.L. Karlsson was appointed Governor with immediate effect. On the same date Mr T.K. Alweendo was appointed Deputy Governor as from 1 January 1993.

On 16 November 1992, the Board Member, Mr J.S. Kirkpatrick, delivered to the President of Namibia his letter of resignation. His resignation was accepted, and Mr Kirkpatrick left the Board one month thereafter. In his place the President appointed Mr A.J. Botes with effect from 16 December 1992.

1.2 Organisation

The number of departments remained the same during the year, but an Inspection Division was added to the Exchange Control Department and the Research Department was reorganised into two divisions, namely, the Economics and the Balance of Payments Divisions. Because of the growth in staff complement, additional offices were rented in the Sanlam Centre building and the Supervision Department was transferred from the Capital Centre Building to the Sanlam Centre in March 1992.

Now the Bank operates from four separate buildings in the city. The Board and the Management realise that this is only a short to medium-term arrangement and that the long-term solution to office accommodation problems lies in building a new headquarters with adequate facilities to accommodate all of the Bank's staff. A building reserve account has been created to provide funds needed to finance such a project.

2. DEPARTMENTAL REPORTS

2.1 Operations Department

The South African rand continued to be legal tender in Namibia and the Bank remained as the agent of the South African Reserve Bank for issuing and receiving South African currency. The total value of rand currency issued and received on behalf of the South African Reserve Bank during the period under review amounted to R967 million and R1,015 million respectively, compared with R750 million issued and R830 million received in the previous financial year.

The Bank continued to provide a clearinghouse facility for cheques and inter-bank clearance settlements. The number of cheques processed through the clearing system on behalf of the clearing banks was 1,337,338 with a total value of R43 037 million.

During the twelve months ended 31 January 1993, the Bank, on behalf of the Government, issued Treasury bills and Internal registered stocks to the value of R370 million:

2.2 Administration Department

During the year 25 additional staff were recruited, of whom 23 were Namibians and 2 UN volunteers; but 7 staff, including two expatriates, left the Bank. As at 31 January 1993, the staff complement consisted of 143 members, excluding the Governor and the Deputy Governor who are members of the Board of Directors. Namibianisation of the management progressed well. Of the seven Heads of Departments, five are now Namibians.

Training continued to be a priority for the Bank in 1992. During the course of the year, staff received a total of 877 days off-the-job training. This equates to an average of nearly seven days per person. Technical training accounted for 50 per cent of the total number of days; attachments 16 per cent; computer training 12 per cent; communication skills 9 per cent; management training 7 per cent and orientation 6 per cent. Five staff members attended technical training courses organised by the World Bank and two by the IMF. In addition, twenty-one staff made familiarisation visits to central banks and/or regulatory bodies in Botswana, Canada, England, South Africa, Sweden, United States of America and Zimbabwe. These visits served to increase the staff's awareness of policies and procedures in more established countries and to gain valuable international exposure. More emphasis has been placed on offering opportunities in-house, particularly computer training. The Bank has been fortunate to receive financial support for its training activities from the Swedish International Development Authority.

During the year, the Bank has made significant improvements in upgrading the security facilities and procedures in the Bank and improved working stations.

2.3 Research Department

2.3.1 Policy Initiatives

The Department prepared various background papers on current policy issues and initiated a Real Sector Statistics Project with a view to compiling relevant statistics for the production side of the Namibian economy. It also produced a report on the annual budget of the Government, as required under Section 40(3) of the Bank of Namibia Act 1990.

2.3.2 Balance of Payments Statistics

Considerable effort continues to be devoted to the development of balance of payments statistics for Namibia. Two main areas of activity have been undertaken. First, work continued on developing the statistical infrastructure for balance of payments surveys and other studies. This included further extending and updating a register of most businesses and other organisations in Namibia and the refinement of computer systems. Second, comprehensive surveys have been conducted for 1991 and, in some cases, for 1992. Statistics based on the latest surveys and specialised studies have been prepared, including capital account data for the first time in Namibia, together with revised statistics for 1990.

2.3.3 Money and Banking Statistics

The UNDP/IMF project on money and banking statistics was completed in June 1992. Systems for the compilation of money and banking statistics were established. National staff were trained in various compilation procedures and are now able to compile the monthly statistics based on the new report forms for the commercial banks and other banking institutions. These statistics cover the Monetary Authorities (Bank of Namibia and the Treasury) and the banking institutions and include information on selected interest rates in Namibia and South Africa and exchange rates.

2.4 Supervision Department

The Supervision Department is responsible for the supervision of the activities of banks and building societies. A detailed description of the activities performed by the Department during 1992 is given in the Statutory Report of the Registrar of Banks and Building Societies in Part C of the Annual Report.

2.5 Exchange Control Department

The Minister of Finance has delegated most of the powers and functions to the Bank of Namibia for the purpose of administering Exchange Control.

In terms of the present Bilateral Agreement between the Government of Namibia and the Government of South Africa, as well as Namibia's acceptance of the Multilateral Monetary Agreement, the Exchange Control Policy of Namibia has to be consistent with that of the Common Monetary Area (CMA) countries, namely Lesotho, South Africa and Swaziland.

All countries outside the CMA constitute the non-resident area. Presently the South African rand is the legal tender in Namibia. The Rand accounts of non-residents are divided into non-resident accounts, financial rand accounts and Emigrant Blocked accounts. The regulations that apply to these accounts are similar to those applicable in South Africa.

The five commercial banks have been appointed as authorised dealers in foreign exchange and they function as agents on the Bank's behalf.

The volume of applications received, from the authorised dealers has increased nearly 30 per cent in 1992.

To cope with this increasing volume of work the number of employees in the Department has also grown from six to eight with anticipated increases up to eleven by the end of the 1993/94 financial year.

The processing and recording of applications are currently done manually and it is envisaged to computerise the system during 1993.

2.6 Information Systems Department

In the course of the year attention was devoted to the development of administrative and accounting systems to replace the manual systems in the Bank. Budgetary, Purchase Order Processing, Accounts Payable, Training Records and Computer Inventory Systems were developed and implemented, thereby improving the efficiency of transaction processing.

The implementation of information systems strategy has progressed to an advanced stage since the inception of the Bank. Further investment in computer hardware, software and networking facilities was made to increase the Bank's data processing capacity and to cater for the growing number of computer users and information needs in the Bank. -

The level of skills of technical staff acquired through intensive training programmes has reduced the dependency on external consultative and development support. The Department is at present adequately staffed by trained nationals to provide information services of a high standard to the various functions in the Bank.

Integration of the network systems across the four sites to provide for a cross-functional flow of information has become a necessity. The implementation of this project will result in increased benefits to the Bank in the form of improved access to, and retrieval of, information required for management and operational purposes. It will also provide for an efficient backup and disaster recovery system. After unforeseen delay it is now expected that this project will be completed towards the end of 1993.

Further expansion and development of information systems will continue in accordance with predetermined priorities set by the Information Systems Committee. The needs of the Supervision and Exchange Control Departments and the Foreign Exchange Division, for computerised information systems will be addressed in the forthcoming year.

The success achieved by the Bank in implementing an information systems strategy was made possible by the continued support given by the Swedish International Development Authority, for which the, Bank is most grateful.

2.7 Internal Audit Department

The Department has been in operation since October 1991 and its main tasks are to focus on the adequacy and effectiveness of the Bank's internal control arrangements and to evaluate the Bank's compliance with the law and its own internal policies and operational instructions. This involves undertaking audit assignments within the Bank's operating and service departments as part of an overall audit programme approved by the Governor. The Department also carries out internal investigations and special reviews deemed necessary by the Governor. In the fulfilment of its responsibilities and duties, it provides a service to the Governor and all departments within the Bank.

3. UNDERTAKINGS WHERE THE BANK IS INVOLVED

3.1 Namibia's Membership in the Common Monetary Area

In 1974 South Africa, Swaziland and Lesotho signed a Trilateral Monetary Agreement. By amendments in 1992 the name of this Agreement was changed to the Multilateral Monetary Agreement and provisions were made for Namibia to accede to this Agreement.

In March 1992 Namibia acceded to the Multilateral Monetary Agreement and by that became a member of the Common Monetary Area. A new Bilateral Monetary Agreement between the Government of Namibia and the Government of South Africa, linked to the Multilateral Monetary Agreement, was signed in April 1992. According to that Agreement rand is legal tender in Namibia.

As a consequence of the proposed issue of Namibia's national currency a new Bilateral Monetary Agreement will be concluded.

3.2 Developments of Financial Markets

Less than a year after the Bank of Namibia commenced operations, the Bank started to issue Treasury bills in May 1991, functioning as an agent for the Government. Initially only small amounts of Government securities were issued, but as the domestic money market developed, the volumes were increased. Treasury bills of 91 days maturity have been issued monthly since the commencement of the issuing in 1991. In December 1992 Treasury bills of 182 days maturity were introduced.

In October 1992 a still bigger step was taken - Internal registered stocks were introduced. This stock loan had a maturity of two years. In December 1992 a three-year Internal Registered stock loan was issued.

A Stock Exchange was also formed in 1992. It was inaugurated on 1 October 1992 and commenced its operations immediately thereafter.

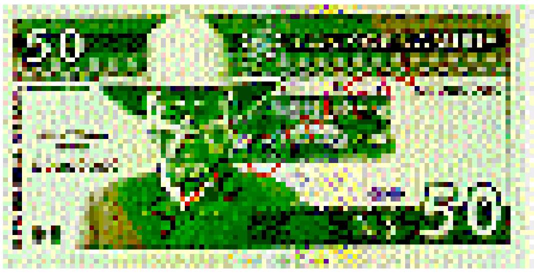
4. NATIONAL CURRENCY

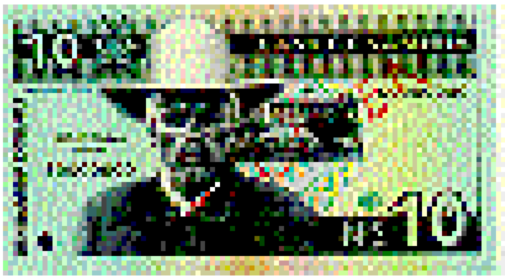
4.1 Notes

Before the end of April 1992, twelve internationally well-known note-printing companies submitted designs and quotations for the Namibian banknotes to the Bank of Namibia. After checking by professional artists, the designs were handed over to the Cabinet for decision. The Cabinet, in May 1992, awarded the tender contract to AB Tumba Bruk of Sweden.

As described above, much preparatory work was done in 1992, which continued during 1993. The banknotes have already been produced and will be issued on 15 September 1993.

The Namibia dollar notes are depicted hereunder:





The Main Motif
The front side of all three notes features the famous portrait of Kaptein Hendrik Witbooi, a pioneer in the Namibian struggle for independence.

Namibia's Parliament Building
Situated in the capital city, Windhoek, Namibia's Parliament Building is featured on the front of all three banknotes.

The Coat of Arms
The Namibian Coat of Arms is featured on the front of all three banknotes.

The Flag
The Namibian national flag is featured on the back of all three banknotes.

Intaglio Printing
The main motif and various other features are intaglio printed. As this printing is raised above the surface of the paper you can feel the texture and this should help to establish the authenticity of the note. The special raised dots will help blind people to determine the value of the note.

The Watermark
With the main motif facing you, the watermark is on the right. To improve invisibility, very little is printed over it. The watermark is slightly smaller than the main motif, but appears as its mirror image.. It becomes visible when held up to the light.

Security Thread
All three denominations have a special metallic, magnetic security thread incorporated into the note. On the front it appears as a solid dark line to the right of the main motif and becomes clearly visible when held up to direct light.

Namibian Antelope as a theme
The Oryx (Oryx Gazelle) features on the reverse side of the N$100 banknote. Indigenous specifically to the semi-arid areas of Namibia and is well known for its elegance and bravery since even a lion would hesitate to attack it.

The Kudu (Tragelaphus Stepsiceros) features on the reverse side of the N$50 banknote. This antelope, well known for its camouflage abilities is found in the Namibian bush areas. Each banknote features a different antelope as a theme.

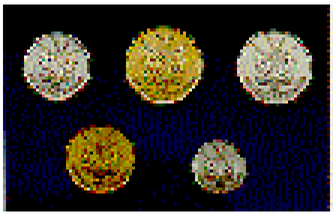
The Springbok (Antidorcas Marsupialis) features on the reverse side of the N$10 banknote. This graceful gazelle-like antelope is often found in our Namibian desert plains.

Size
All denominations of the Namibian banknotes will have the same width of 7Omm. The length of the N$10 is 128mm, the N$50 note is 140 mm and the N$100 note is 146 mm.

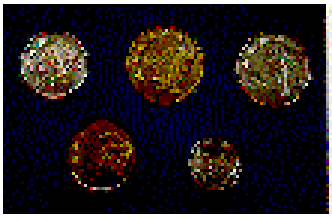
4.2 Coins

Designs of coins were delivered to the Bank of Namibia before the end of March 1992. However, none of those were accepted, and in June 1992 the Cabinet decided to announce a competition for coin designs. More than 140 sets of designs were received.

A competition for coin designs was held after which Cabinet awarded the contract for the minting of the coins to the Mint of Finland.



The production of the coins are in the final stages and are depicted hereunder:



A Bank Committee on the National Currency has been appointed to pursue an awareness campaign in Namibia for the introduction of the national currency and to do all the practical work in connection with the issuing of the currency.

PART C

ANNUAL REPORT OF THE REGISTRAR OF BANKS AND BUILDING SOCIETIES

1. INTRODUCTION

In terms of section 47 of the Banks Act, 1965 (Act No 23 of 1965) and section 77 of the Building Societies Act, 1986 (Act No 2 of 1986), the Registrar of Banks and Building Societies submits this report for the period 1 January 1992 through 31 December 1992.

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

2. GOALS, PURPOSE AND FUNCTION OF THE SUPERVISION DEPARTMENT

The Bank of Namibia remains in its organisational phase and will not be a fully functioning central bank until Namibia's national currency is introduced. However, the development of the Supervision Department can be achieved independently of the currency issue. International lenders, donors and investors look at the strength of a nation's banking system as a part of their analysis when considering the prospects of success of various projects. An important factor of a sound banking system is a strong supervision function. Against this background it is important that the Bank of Namibia have a supervisory function that will foster confidence in the banking system and promote banking activity consistent with the needs of the country.

In order to achieve this objective, the following functions must be accomplished:

i) the organisation of the Department,

ii) development of the legal and regulatory framework for prudential control,

iii) development of a system for "off-site" supervision,

iv) development of a system for "on-site" supervision,

v) the training and development of staff.

Once the above functions have been sufficiently accomplished, the developmental phase of the Department would be complete. It must be realised, however, that the functions would continue to be enhanced/refined to keep pace with change, and would form part of any objectives over a longer time.

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

However, it should be stressed that no supervisory function can be a guarantee against failures. The main responsibility is with the directors and managing directors in conjunction with the internal and external auditors of each financial institution to ensure that an institution adopts such policies and measures that it can control the various risks involved.

The function of any supervision department is to oversee the management of risk by those responsible and to ensure that the policies and measures taken are adequate and followed by the institution. This demands a legal and regulatory framework that enables the department to carry out this function.

3. ORGANIZATIONAL MATTERS

The Supervision Department has nine staff members, eight Namibians and one expatriate. In October the Registrar resigned and a new Registrar, an expatriate under contractual arrangement with IMF/UNDP, was appointed.

In order to achieve its goals, the Department has been organised into three Divisions.

3.1 Law, Enforcement and Corporate Practices Division

The Division's main responsibilities are development and interpretation of the Department's policies and guidelines, to draft regulations and processing of applications from the banks and the building societies concerning amongst other things alteration of memorandum and articles of association, establishment of representative offices by foreign banks, establishment of new institutions and general legal inquiries.

3.2 Analysis and Surveillance Division

The primary task for the Division is compilation and analysis "off-site" of the various returns and reports the institutions submit on a regular basis to the Department. The Division compiles on a quarterly basis a report to the Board in respect of trends in the banking industry and the building societies.

3.3 Examination and Follow-up Division

The Division will perform "on-site" examinations of the banks and the building societies. Together with the "off-site" analysis of the institutions, the two Divisions are the main tools for the Department to enable it to determine that the institutions comply with the various requirements in the Acts concerned and that they conduct their activities in a sound and prudent manner. The "on-site" examinations of banks and building societies have not yet commenced, but it is anticipated that the Division can start small-scale examinations towards the end of 1993.

4. LEGAL AND REGULATORY MATTERS

The Banks Act of 1965 regulates the activities of banking institutions, bank controlling companies and discount houses and empowers the Registrar to supervise these institutions. Regarding the building societies, it is the Building Societies Act of 1986.

In September 1991 the Minister of Finance appointed a technical committee to draft a proposal for a new banking law that would replace the present one. It is anticipated that the Committee will present a draft to the Minister of Finance during 1993. The Committee will propose a completely new law. The proposal will contain more prudential standards than currently exist, and will include internationally accepted practices. Further on, the proposal will enhance the independence and authority of the central bank for supervisory issues in respect of banking institutions and bank controlling companies.

During 1992 the Building Societies Act was amended. Through the promulgation of the Building Societies Amendment Act, the provision in section 38(1)(d) of the Act was deleted, which restricted societies to grant mortgage loans on residential property in excess of R200 000.

The Building Societies Act does not permit a society to conduct any other business than what is set out in the Act. In order to enable a society to undertake other business than the said Act permits, the Supervision Department proposed an amendment to the Building Societies Act, which would enable a society to transfer its assets and liabilities to a bank or to amalgamate with another society. The proposal, which was submitted to the Minister of Finance, is still pending.

In terms of section 1(e)(1) in the Banking Institutions Amendment Act of 1991, the Minister of Finance, after recommendation by the Board of the Bank, designated debentures and notes with maturity not exceeding three years from the commencement of the above Act issued by the Agricultural Bank of Namibia and National Housing Enterprise as liquid assets. This served to provide the banks with additional domestic instruments in which they can invest in order to comply with the minimum liquid assets requirement in the Banks Act, and at the same time to promote the development of money and capital markets in Namibia and also to encourage banks to invest in institutions involved in the economic development in Namibia. The Registrar in compliance with section 1(xx) (k) in the Building Societies Act made a similar designation in respect of building societies.

The Department received in May 1992 an application to establish a new bank and a bank controlling company in Namibia. The shareholding in the bank and controlling company will, according to the application, consist of both Namibians and foreigners including a foreign bank. The application to establish a bank was considered to be in the public interest and accordingly the Board of the Bank approved it in November. The applicant has now, among other things, to incorporate the entities concerned in Namibia and, depending on the final shareholding in the companies, to receive the approval from the Minister of Finance for the shareholding. Thereupon the applicant has to apply for a provisional registration. The applicant cannot start its business until it has been granted a provisional registration.

5. BANKS AND BUILDING SOCIETIES

5.1 Structure

The banking industry was unchanged during 1992 and consists of the following banks:

- Bank Windhoek Limited
- The Commercial Bank of Namibia Limited
- First National Bank of Namibia Limited
- Namibian Banking Corporation Limited
- Standard Bank Namibia Limited

At the end of 1992 the total number of branch offices in Namibia amounted to 66 out of which 51 were situated outside Windhoek.

The building societies are as the preceding year

- Namib Building Society
- South West Africa Building Society (SWABOU)

The societies operated through 6 branch offices and 19 accredited agencies in Namibia at year-end 1992.

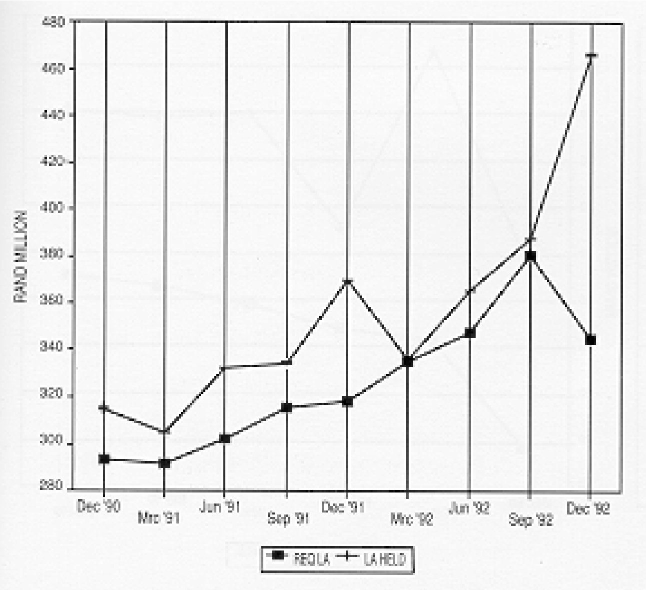
5.2 Performances and Condition in the Banking Industry

All banks recorded a continued positive trend of profits and with in general good interest rate margins.

Total assets in the commercial banks were R2.9 billion in December 1992 compared to R2.5 billion a year ago. This significant increase since December 1990 is R861 million, i.e. almost 42 per cent. The two large banks, First National Bank and Standard Bank, continue to dominate in terms of market shares both in respect of lending as well as deposits and together their market share in the two categories exceed 60 per cent.

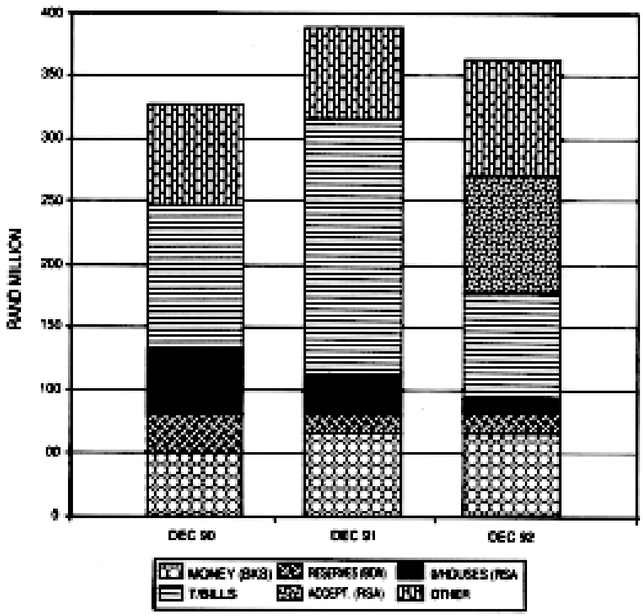
Liquid assets held amount to R466 million and represent 12,5 per cent of total assets. The margin between liquid assets held and the amount required has been squeezed during the year, but eased significantly in December. This could be explained by the need for the banks to keep more cash to meet the demand during the festive season.

COMMERCIAL BANKS LIQUID ASSETS



The liquid asset mix has changed during the year under review towards increased investments in Namibian instruments due to the introduction of Government stocks and increased interest in Treasury bills. In a longer perspective it is more likely to have a positive effect on the local money and capital market.

COMMERCIAL BANKS LIQUID ASSET MIX

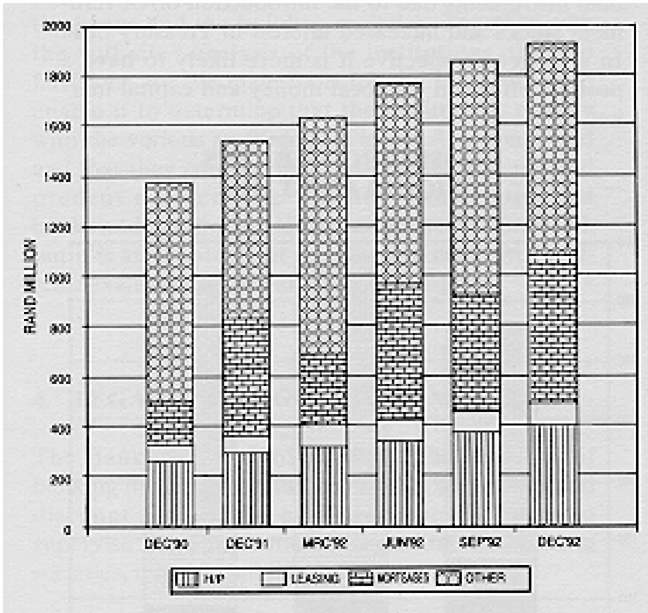


Required reserves stood at R71 million. Cash continues to make the bulk of the reserves or 78 per cent of the required amount while the remaining part consequently is maintained with the Bank of Namibia.

The high amount of cash is necessitated by an increasing number of Automatic Teller Machines and the remote branch network.

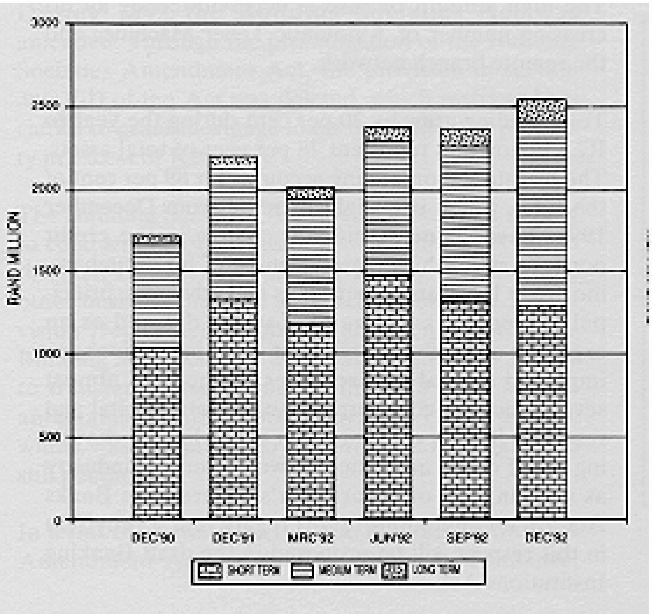
Total lending grew by 20 per cent during the year to R2.3 billion and represent 78 per cent of total assets. The private sector lending accounts for 89 per cent of the total, which is a slight increase from December 1991. There is no significant change in the credit portfolio mix, which mainly consist of hire purchase, mortgage loans and other loans and advances, principally overdrafts. Large exposures, defined as an exposure exceeding 25 per cent of an institutions unimpaired capital and reserves, amount to almost seven times the commercial bank's total capital and reserves. Such a concentration could have a devasting effect on an institution as well as on the industry as such in case of a borrower's failure. The Banks Act has no limitations in this regard, but a provision in this respect will be proposed in the draft Banking Institutions Act.

COMMERCIAL BANKS LOAN MIX



The growth in loans and advances outpaced the deposit growth having the effect that the ratio loans to deposits showed an upturn over the year to 90 per cent. After reduction of the liquid asset requirement, the ratio exceeds 100 per cent, indicating that the institutions have to find funding elsewhere for their lending. However, the main source of funding remains deposits or 87 per cent of total liabilities including capital and reserves. Out of total deposits fixed and notice make 40 per cent of total liabilities and demand deposits 34 per cent. A year ago it was the other way around. Saving deposits make 12 per cent, a slight decrease during the year. A positive trend during the year, from a supervisory viewpoint, was that the maturity structure has shifted somewhat from short-term to medium-term. However, the maturity mismatch between liabilities, mainly short- and medium-term and loans and advances, mainly long-term, is a potential risk for liquidity problems, which cannot be absorbed by the liquid asset requirement. In the new banking act, the Basle Settlement on International Convergence of Capital Measurement and Capital Standards will be proposed to be incorporated. An approximate calculation points out that, in general, the banks have achieved or is close to the required ratio of eight per cent of total risk weighted assets.

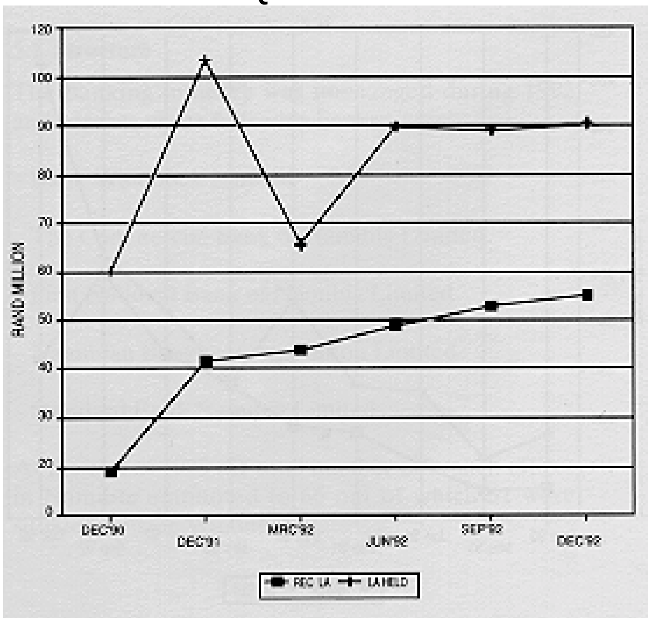
COMMERCIAL BANKS LIABILITIES MATURITY STRUCTURE



5.3 Performance and Condition Regarding the Building Societies

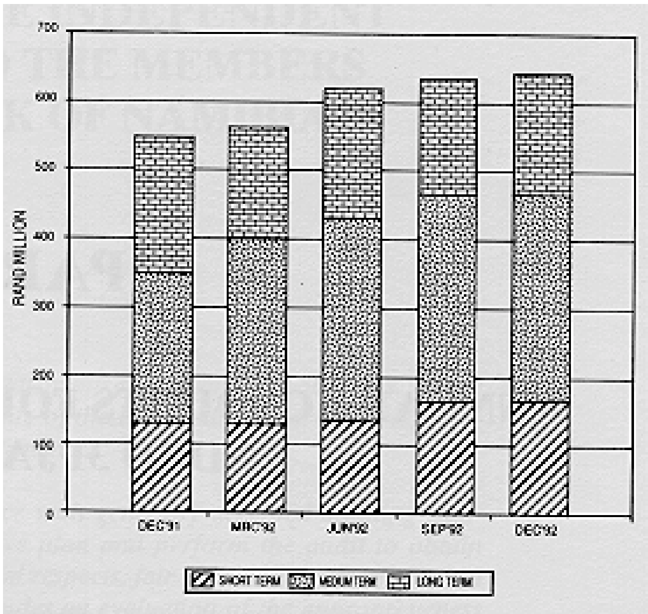
In absolute terms, profits recorded by the two building societies continue to show a positive trend. Total assets for the societies stand at R799 million representing an increase of 15 per cent during the year. The growth in loans and advances, 22 per cent, outpaced that of deposits and negotiable certificates of deposits (NCD's), giving that the societies had to liquidate part of their "excess" liquidity to finance the lending and also resulting in a somewhat more squeezed lending ratio or 108 per cent compared to105 per cent the foregoing year, (loans and advances to deposits and borrowings). However, the ratio required liquid assets to total liabilities has improved slightly during the year meaning that the liquidity risk cover was on a positive trend.

BUILDING SOCIETIES LIQUID ASSETS



Due to the legislation governing the societies, the maturity structure on their liabilities is mainly focused on medium- and long-term in contrast to the banks. Despite this, also the building societies have a significant liquidity mismatch due to the type of lending, i.e. mortgage lending, which is on a long-term.

BUILDING SOCIETIES LIABILITIES MATURITY STRUCTURE



The "surplus" of capital and reserves is from a supervisory viewpoint satisfactory, but the amount held compared to the required amount has decreased to 20 per cent, while a year ago the amount held exceeded the required amount with one third.

PART D

ANNUAL ACCOUNTS ON THE FINANCIAL YEAR

ENDED 31 JANUARY 1993

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

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

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

In our opinion these financial statements fairly present the financial position of the Bank at 31 January 1993, and the results of its operations the year then ended in conformity with applicable generally accepted accounting practice.

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

Deloitte Touche
Price Waterhouse Meyernel
Chartered Accountants
WINDHOEK

26 February 1993

BANK OF NAMIBIA

APPROPRIATION ACCOUNT
FOR THE YEAR ENDED
31 JANUARY 1993

		1993 R	1992 R
Net profit from operations after meeting all current expenditure and making provisions as required by Section 6 of the Bank of Namibia Act, 1990.		2 448 738	1 243 186
Less:	Transfer to General Reserve under Section 7(1) of the Bank of Namibia Act, 1990.	244 874	310 796
	Net profit after Transfer to General Reserve	2 203 864	932 390
Less:	Transfer under Section 7(2) of the Act to:		
	- Building Reserve	2 203 864	----
	- Special Reserve	-----	932 390
	Net profit due to Government under Section 7(3) of the Act	Nil	Nil

BANK OF NAMIBIA

BALANCE SHEET AT 31 JANUARY 1993

		Notes	1993 Rands	1992 Rands
CAPITAL EMPLOYED				
Capital		2	30 000 000	20,000,000
General Reserve		3	703 370	458,496
Revaluation Reserve		4	201 796	519,058
Special Reserve		5	7 167 646	1 375,458
Building Reserve		6	2 203 864	---
Deposits				
Government			222 335 378	100,875,200
Domestic Bankers	-Current		1 366 368	1,958
	-Reserve		15 510 000	13,037,000
Other			1 673 549	715,597
Long-Term Loan Facility			502 048 204	---
Other Liabilities			7 735 238	3,200,304
			790 945 413	140,183,098
EMPLOYMENT OF CAPITAL				
Rand Coin			71 655	218,384
Rand balances with foreign banks			799	958
IMF	- Special Drawing Rights		44 757	37,885
	- Rand Subscription		1 066 292	657,634
Investments	-Rand Currency		233 221 917	118,088,972
	-Other Currencies		30 575 900	7,517,472
Loans and advances	- Government		511 469 029	---
	- Other		1 307 781	---
Fixed assets		7	9 971 405	9,109,094
Accounts receivable			3 215 878	4,552,699
			790 945 413	140,183,098

E KARLSSON
GOVERNOR

V.T. KAVARI
CHIEF FINANCIAL OFFICER

BANK OF NAMIBIA
NOTES TO THE FINANCIAL STATEMENTS
31 JANUARY 1992

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

1.1 **Fixed assets**

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

1.2 **Investments**

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

Interest from investments is accounted for on the accrual basis.

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

	R 1993	R 1992
2. CAPITAL		
Authorised capital of the Bank is	40 000 000	40 000 000
Issued capital of Bank is	30 000 000	20 000 000
3. GENERAL RESERVE		
Opening Balance	458 496	147 700
Transfer from appropriation account	244 874	310 796
Closing Balance	703 370	458 496
4. REVALUATION RESERVE		
Opening Balance	519 058	63 198
Revaluation of foreign balances	(317 262)	455 860
Closing Balance	201 796	519 058
5. SPECIAL RESERVE		
From own resources	1 375 485	1 375 485
From a Foreign Donor	5 792 161	-----
	7 167 646	1 375 485

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

6. BUILDING RESERVE	2 203 864	-----

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

7. FIXED ASSETS	6 834 542	6 166 601
Immovable property, at cost	3 136 863	2 942 493
Movable assets, at book value	9 971 405	9 109 094

BANK OF NAMIBIA
NOTES TO THE FINANCIAL STATEMENTS
31 JANUARY 1992

8. COMMITMENTS

8.1 Capital expenditure

Contracted	---	---
Authorised but not yet contracted	3 510 006	2 697 871

8.2 Issue of Namibian Currency

Contracted	12 461 175	
Authorised but not yet contracted	6 038 825	10 000 000
Total commitments	22 010 006	12 697 871

These commitments are to be financed from internal resources, an increase in capital and foreign donations.

9. PENSION FUND

A separate Pension Fund to which the Bank contributes provides pensions for employees. The Pension Fund is governed by the Pension Fund act. The Pension Fund is in the nature of a defined benefit plan where the retirement benefits are determined with reference to the employee's pensionable remuneration and years of service. All employees contribute to the pension fund. The Fund is subject to an actuarial valuation every three years. Any shortfall will be made good by the Bank as recommended by the actuaries.

PART E

STATISTICAL TABLES

TABLE 1. MAIN ECONOMIC INDICATORS OF THE NAMIBIAN ECONOMY

					Percentage change		
	Unit	**1990**	**1991**	**1992**	**1991**	**1992**	
1 National Income and Price:							
Real GDP at factor cost at 1985 prices	R million	2852.0	2961.0	3065.5	3.8	3.5	
Per capita real GDP (at 1985 prices)	Rand	2425.0	2472.0	2483.0	1.9	0.4	
Real Gross Domestic Investment (GDI)							
(At 1985 prices)	R million	579.2	284.4	307.2	-50.9	8.0	
Ratio of GDI to real GDP	%	17.6	8.2	8.6	-	-	
Real consumption (at 1985 prices)	R million	2794.0	2946.4	2936.4	5.5	-0.3	
Ratio of consumption to real GDP	%	84.7	85.0	81.9	-	-	
CPI (base year 1980)		337.1	377.2	444.1	11.9	17.7	
2 Money and Credit:							
(a) Money aggregates							
Money	R million	614.3	822.0	1002.5	33.8	22.0	
Quasi money	R million	863.1	1103.1	1420.1	27.8	28.7	
Net foreign assets		R million	291.2	618.5	-91.1	112.4	-
Domestic credit	R million	1233.6	1357.5	2588.3	10.0	90.5	
(b) Interest Rates (end of period):							
Treasury bill rate (Namibia)		%	-	16.4	12.6	-	-23.8
Treasury bill rate (South Africa)	%	17.4	16.1	12.1	-7.5	-24.8	
Bank rate (South Africa)	%	18.0	17.0	14.0	-5.6	-17.6	
3 Public Finance:							
Total expenditure	R million	2083.1	2822.0	3587.5	35.5	27.1	
Current	R million	1829.1	2455.2	2989.3	34.2	21.8	
Capital	R million	254.0	366.8	552.9	44.4	50.7	
Net lending	R million	-	-	45.3	-	-	
Total revenue	R million	1999.0	2666.9	2718.7	33.4	1.9	
Tax	R million	1644.8	2065.5	2315.8	25.6	12.1	
Non-tax	R Million	354.2	601.4	402.9	69.8	-33.0	
Budget deficit including grants (-)	R million	17.9	-88.0	-639.8	-	-	
4 External Sector:							
Exports of goods	R million	2849.0	3457.0	3673.0	21.3	6.3	
Imports of goods	R million	2890.0	3059.0	3358.0	5.8	9.8	
Current account balance	R million	-107.0	687.0	398.0	-	-42.1	
Capital account balance excl reserves	R million	*-511.0*	-584.0	-329.0	-	-	
Overall BOP	R million	-102.0	-40.0	-19.0	-	-	

Source: Ministry of Finance and Bank of Namibia

TABLE 2. GROSS DOMESTIC AND NATIONAL PRODUCT, AT CURRENT MARKET PRICES
At current market prises (except where otherwise indicated)
Rand million (except where otherwise indicated)

	1985	1986	1987	1988	1989	1990	1991	1992 Preliminary
Remuneration of employees	1366.9	1539.0	1812.1	2027.8	2329.5	2710.3	3119.7	3545.6
Net operating surplus	1123.9	1362.5	1313.5	1771.8	2039.2	1780.5	1891.8	2143.0
Net domestic product at factor cost	2490.8	2901.5	3125.6	3799.6	4368.7	4490.8	5011.5	5688.6
Provision for depreciation	162.3	174.5	189.8	209.9	235.2	271.5	289.1	318.2
GDP at factor cost	2653.1	3076.0	3315.4	4009.5	4603.9	4762.3	5300.6	6006.8
Indirect taxes	279.3	343.7	361.7	573.9	632.8	806.5	967.8	1100.0
Less subsidies	78.2	85.2	76.0	62.5	45.9	61.1	65.0	80.0
GDP at market prices	2854.2	3334.5	3601.1	4520.9	5190.8	5507.7	6203.4	7026.8
Plus Net factor receipts from the rest of the world	-628.7	-562.2	-217.9	-594.7	-341.6	140.0	197.0	252.0
GNP at market prices	2225.5	2772.3	3383.2	3926.2	4849.2	5647.7	6400.4	7278.0
Real GNP (at constant 1985 prices)	2225.5	2424.5	2594.9	2719.6	2920.7	3073.1	3083.7	3067.0
Real GDP (at constant 1985 prices)	2854.2	2958.9	3025.9	3214.1	3201.7	3298.4	3465.3	3586.0
Real GDP per capita (At constant 1985 prices) (Rand)	2446.0	2458.0	2438.0	2513.0	2427.0	2425.0	2472.0	2483.0

Source: Ministry of Finance

TABLE 3. GROSS DOMESTIC PRODUCT BY KIND OF ECONOMIC ACTIVITY, AT CONSTANT 1985 PRICES

Rand million

At constant 1985 prices	1985	1986	1987	1988	1989	1990	1991	1992
						Preliminary		
PRIMARY SECTOR:	1191.8	1245.7	1260.3	1295.2	1236.5	1206.6	1278.0	1321.5
Agriculture	197.2	182.8	190.4	208.1	238.9	255.4	249.5	257.8
Agriculture (commercial)	162.9	147.4	153.9	170.7	200.4	215.7	208.7	217.4
Agriculture (subsistence)	34.3	35.4	36.5	37.4	38.5	39.7	40.8	40.4
Fishing	65.1	59.5	62.2	63.4	43.9	48.0	50.4	69.6
Mining	929.5	1003.4	1007.7	1023.7	953.7	903.2	978.1	994.1
Diamond mining	351.9	409.2	437.4	424.3	416.3	351.3	538.5	656.4
Other mining and quarrying	577.6	594.2	570.3	599.4	537.4	551.9	439.6	337.7
SECONDARY SECTOR:	242.5	233.8	242.3	244.6	248.8	260.9	259.7	265.5
Manufacturing	121.7	123.8	129.8	128.2	134.5	149.6	145.0	150.7
Fish processing	16.1	18.5	25.1	21.1	17.3	28.1	17.2	18.9
Other manufacturing	105.6	105.3	104.7	107.1	117.2	121.5	127.8	131.8
Electricity and water	49.5	50.4	50.9	53.5	55.3	58.2	60.5	61.7
Construction (contractors)	71.3	59.6	61.6	62.9	59.0	53.1	54.2	53.1
TERTIARY SECTOR:	1218.8	1250.0	1283.2	1310.7	1354.4	1384.5	1423.3	1478.5
Wholesale and retail trade, catering and accommodation	282.8	289.5	299.7	311.7	321.2	322.8	323.4	313.7
Transport and Communications	139.5	147.0	*150.1*	149.5	165.1	171.7	176.9	182.2
Finance, Business services	176.9	181.3	187.4	189.6	192.7	192.5	193.4	196.3
Community, Personal services	46.9	47.4	48.5	49.6	50.3	50.8	51.9	52.9
Government	498.3	508.4	518.5	528.8	541.4	561.7	591.0	645.0
Other producers	74.4	76.4	79.0	81.5	83.7	85.0	86.7	88.4
GDP at constant factor cost	2653.1	2729.5	2785.8	2850.5	2839.7	2852.0	2961.0	3065.5
Plus: Indirect taxes	279.3	305.0	304.0	407.9	390.3	483.0	540.6	561.3
Minus: Subsidies	78.2	75.6	63.9	44.3	28.3	36.6	36.3	40.8
GDP (at constant 1985 prices)	2854.2	2958.9	3025.9	3214.1	3201.7	3298.4	3465.3	3586.0

Source: Ministry of Finance

TABLE 4. GROSS DOMESTIC PRODUCT BY KIND OF ECONOMIC ACTIVITY, AT CURRENT PRICES

Rand million

At constant 1985 prices	**1985**	**1986**	**1987**	**1988**	**1989**	**1990**	**1991**	**1992 Preliminary**
PRIMARY SECTOR:	1191.8	1400.3	1272.7	1702.0	1965.6	1700.3	1779.0	1899.3
Agriculture	197.2	233.9	380.0	445.3	498.3	514.6	557.3	554.2
Agriculture (commercial)	162.9	193.8	333.5	391.4	434.4	440.9	472.4	466.3
Agriculture (subsistence)	34.3	40.1	46.5	53.9	63.9	73.7	84.9	87.9
Fishing	65.1	69.0	87.4	115.3	88.0	105.0	122.8	137.5
Mining	929.5	1097.4	805.3	1141.4	1379.3	1080.7	1098.9	1207.6
Diamond mining	351.9	500.0	350.2	609.4	713.3	552.1	720.0	795.8
Other mining and quarrying	577.6	597.4	455.1	532.0	666.0	528.6	378.9	411.8
SECONDARY SECTOR:	242.5	272.8	341.5	393.1	434.6	501.5	539.6	625.0
Manufacturing	121.7	149.8	204.8	218.0	246.1	292.8	303.3	365.6
Fish processing	16.1	28.3	65.1	55.5	44.4	62.4	33.5	59.7
Other manufacturing	105.6	121.5	139.7	162.5	201.7	230.4	269.8	305.9
Electricity and water	49.5	53.9	53.0	75.7	77.2	95.5	109.3	122.4
Construction (contractors)	71.3	69.1	83.7	99.4	111.3	113.2	127.0	137.0
TERTIARY SECTOR:	1218.8	1402.9	17012	1914.4	2203.7	2560.5	2982.0	3482.5
Wholesale and retail trade, catering and accommodation	282.8	328.4	382.7	449.4	532.8	604.6	673.3	731.5
Transport and Communications	139.5	175.2	204.1	299.7	265.0	318.3	363.7	419.5
Finance, Business services	176.9	184.8	217.3	263.7	311.2	365.3	422.1	492.7
Community, Personal services	46.9	54.1	62.7	72.5	85.1	98.3	112.5	128.4
Government	498.3	576.7	736.7	787.3	880.2	1023.0	1237.9	1513.2
Other producers	74.4	83.7	97.7	111.8	129.4	151.0	172.5	197.2
GDP at constant factor cost	2653.1	3076.0	3315.4	4009.5	4603.9	4762.3	5300.6	6006.8
Plus: Indirect taxes	279.3	343.7	361.7	573.9	632.8	806.5	967.8	1100.0
Minus: Subsidies	78.2	85.2	76.0	62.5	45.9	61.1	65.0	80.0
GDP (at constant 1985 prices)	2854.2	3334.5	3601.1	4520.9	5190.8	5507.7	6203.4	7026.8

Source: Ministry of Finance

TABLE 5. EXPENDITURE ON GROSS DOMESTIC PRODUCT, AT CONSTANT 1985 PRICES

Rand million

At constant 1985 prices	1985	1986	1987	1988	1989	1990	1991	1992 Preliminary
Consumption	2123.5	2278.2	2631.4	2581.1	2751.9	2794.0	2946.4	2936.4
Government	795.1	815.7	813.8	843.1	818.4	810.3	829.5	914.8
Private	1328.4	1462.5	1817.6	1738.0	1933.5	1983.7	2116.9	2021.6
Gross Domestic Investment	385.5	341.6	407.7	608.7	480.2	579.2	284.4	307.2
Gross Domestic Fixed Investment	380.1	357.4	374.1	426.9	455.2	448.2	303.5	333.5
Government	259.0	218.6	213.7	206.8	174.7	159.6	159.4	175.8
Private	121.1	138.8	160.4	220.1	280.1	288.6	144.1	157.7
Change in inventories	5.4	-15.8	33.6	181.8	25.0	131.0	-19.1	-26.3
Gross domestic expenditure	2509.0	2619.8	3039.1	3189.8	3232.1	3373.2	3230.8	3243.6
Export of goods and non-factor services	1881.7	2064.6	1918.6	1834.6	1804.3	1791.4	2040.6	2226.8
Less Imports of goods and non-factor services	1536.5	1725.5	1931.8	1810.3	1834.7	1866.2	1806.1	1884.4
Expenditure on GDP (At constant market prices)	2854.2	2958.9	3025.9	3214.1	3201.7	3298.4	3465.3	3586.0

Source: Ministry of Finance

TABLE 6. EXPENDITURE ON GROSS DOMESTIC PRODUCT, AT CURRENT MARKET PRICES

Rand million

At current prices	1985	1986	1987	1988	1989	1990	1991	1992 Preliminary
Consumption	2123.5	2594.4	3441.5	3788.6	4559.4	5143.3	6078.8	6912.6
Government	795.1	959.1	1164.2	1330.2	1441.5	1560.6	1804.4	2218.2
Private	1328.4	1635.3	2277.3	2458.4	3117.9	3582.7	4274.4	4694.4
Gross Domestic Investment	385.5	408.9	542.6	872.9	889.0	1138.4	675.6	809.2
Gross Domestic Fixed Investment	380.1	425.6	504.2	658.5	828.6	930.0	692.0	870.3
Government	259.0	253.8	282.3	315.9	311.6	322.9	361.8	464.6
Private	121.1	171.8	221.9	342.6	517.0	607.1	330.2	405.7
Change in inventories	5.4	-16.7	38.4	214.4	60.4	208.4	-16.4	-61.1
Gross domestic expenditure	2509.0	3003.3	3984.1	4661.5	5448.4	6281.7	6754.4	7721.8
Export of goods and non-factor services	1881.7	2371.9	2230.4	2690.2	3272.5	3168.1	3794.0	4032.7
Less Imports of goods and non-factor services	1536.5	2040.7	2613.4	2830.8	3530.1	3942.1	4345.0	4727.7
Expenditure on GDP (At constant market prices)	2854.2	3334.5	3601.1	4520.9	5190.8	5507.7	6203.4	7026.8

Source: Ministry of Finance

TABLE 7. INDICATORS OF OTHER ECONOMIC ACTIVITIES

		Unit	1990	1991	1992
1.	**Private Sector Construction**				
a.	No. of buildings completed	No.	2588.0	1905.0	2046.0
	Value of buildings completed	R million	154.0	127.0	161.0
b.	No. of building plans passed	No.	2810.0	3322.0	4091.0
	Value of building plans passed	R million	242.0	232.0	319.0
c.	Total gross mortgage loans disbursed by building societies and NHE	R million	479.0	591.0	701.0
2.	**Tourism**				
a.	No. of tourist visiting rest camps, Game reserves etc.	1000	160.0	190.0	250.0
	i) From South Africa	1000	na	76.0	95.0
	ii) From other countries	1000	na	114.0	154.0
b.	No. of accommodation establishments	No.	190*	194.0	168.0
	i) No. of rooms	1000	2634.0	3165.0	3277.0
	ii) No. of beds	1000	6475.0	7692.0	8014.0
c.	Average occupancy rate**	%	28.7	27.7	29.6
3.	**Public Transport**				
a.	Rail:				
	Carriage of goods	net tonkm (million)	1262.2	1190.5	1154.6
	Pax No. (No. of passengers)	1000	169.8	157.0	106.4
b.	Road:				
	Carriage of goods	ton	371961.0	444768.0	536772.0
	Pax No. (No. of passengers)	1000	77.2	82.8	89.8
c.	Air:				
	Pax no. (No. of passengers)	1000	151.6	140.6	161.6
	- International	1000	23.4	35.2	46.8
	- Regional	1000	112.5	83.9	91.3
	- Domestic	1000	15.7	21.5	23.5
	Carriage of goods	ton	1850.0	1969.0	2342.0
	- International	ton	690.1	787.1	1170.9
	- Regional	ton	940.1	999.5	994.4
	- Domestic	ton	219.8	182.4	176.7
d.	Harbour:	ton	11011.0	26996.0	53376.0
	Tonnage landed	ton	7865.0	14682.0	27935.0
	Tonnage shipped	ton	2434.0	3724.0	12909.0
	Tonnage transhipped	ton	712.0	8590.0	12532.0
4.	**Electricity and Water Consumption**				
	Electricity	Mil. kwh	1488.0	1508.0	1520.0
	Water	Mil. klt	59316.9	64148.4	--
5.	**Company Registration, Deregistration, and Liquidation**				
	No. of new registrations	No.	656	551	544
	No. of deregistrations	No.	54	87	173
	No. of liquidations	No.	-	--	--

* Due to the unavailability of data, the 1989 figure has been used as a proxy for 1990
** Refers to the occupancy rate of beds for private sector establishments only

Source: TransNamib, Ministry of Tourism, Central Statistics Office, Ministry of Trade and Industry and Bank of Namibia

TABLE 8. CONSUMER PRICE INDEX (Windhoek)

Base year 1980=100

		Food	Alcoholics Drinks	Cigarettes and Tobacco	Clothing and Footwear	Furniture and Housing	Equip	Transport	All items
1980									100.0
1981									114.8
1982									132.6
1983									148.5
1984									162.0
1985									181.4
1986									205.7
1987									231.6
1988									261.4
1989		356.3	245.6	345.6	286.2	309.5	328.4	238.4	300.9
1990		418.0	276.2	430.1	349.1	332.5	368.1	248.0	337.1
1991		442.8	335.2	604.7	431.5	351.1	407.3	279.8	377.2
1992		630.1	363.7	788.2	544.6	360.2	550.4	333.0	444.1
1990	I	398.8	258.1	397.9	338.0	326.1	349.4	244.8	325.5
	II	406.1	260.5	431.2	347.1	330.4	367.6	245.4	333.9
	III	426.3	287.5	430.2	350.2	334.5	373.3	248.4	340.3
	IV	440.7	298.5	461.1	360.9	339.7	382.0	253.3	348.7
1991	I	435.2	336.1	474.8	373.9	343.5	397.9	275.0	356.8
	II	427.3	336.3	604.8	408.7	350.8	409.2	268.6	365.9
	III	435.7	339.8	632.9	542.2	355.6	445.4	276.4	380.7
	IV	472.9	328.5	706.4	491.1	357.1	509.4	299.2	405.6
1992	I	501.4	333.0	729.9	536.7	359.9	537.6	314.3	426.8
	II	526.3	369.9	769.9	543.5	363.6	547.4	326.8	440.6
	III	538.9	376.1	785.8	452.2	358.6	553.3	242.8	451.0
	IV	553.9	376.8	867.3	551.0	358.8	563.3	347.9	469.1

Source: Central Statistics Office

TABLE 9. INFLATION (NAMIBIA AND SOUTH AFRICA)

	NAMIBIA	SOUTH AFRICA	DIFFERENTIALS
1990 Jan.	13.8	15.1	1.3
Feb.	13.4	14.9	1.5
Mar.	13.5	14.9	*1.5*
Apr.	13.2	14.6	1.4
May	12.7	13.9	1.2
June	11.3	13.6	2.3
July	11.1	13.3	2.2
Aug.	11.9	13.6	1.7
Sep.	11.1	14.3	3.2
Oct.	11.7	14.0	2.3
Nov.	10.9	15.3	4.4
Dec.	10.1	14.6	4.5
Annual avg.	12.0	14.3	2.3
1991 Jan.	9.8	14.2	4.4
Feb.	10.4	15.2	4.8
Mar.	8.7	14.1	5.4
Apr.	8.8	14.7	5.9
May	9.7	15.2	5.5
June	10.2	15.1	4.9
July	*10.5*	15.9	5.4
Aug.	*11.5*	15.7	4.2
Sep.	13.5	15.4	1.9
Oct.	14.2	16.9	2.7
Nov.	16.7	15.7	-1.0
Dec.	18.1	16.0	-2.1
Annual avg.	11.9	15.3	3.4
1991 Jan.	19.2	16.1	-3.1
Feb.	18.4	16.0	-2.4
Mar.	20.4	15.6	-4.8
Apr.	20.5	15.6	-4.9
May	20.3	14.8	-5.5
June	20.5	15.1	-5.4
July	19.6	13.5	-6.1
Aug.	18.7	13.4	-5.3
Sep.	17.1	13.0	-4.1
Oct.	16.0	11.2	-4.8
Nov.	12.8	10.3	-2.5
Dec.	10.8	9.5	-1.3
Annual avg.	17.7	14.0	-3.7

Source: Central Statistics Office and South African Reserve

TABLE 10. BANK OF NAMIBIA: DETAILED ACCOUNT (end of period in R million)

ASSETS

	FOREIGN ASSETS					CLAIMS ON DOMESTIC SECTOR					TOTAL ASSETS
	Banks	Nonbanks	SDRs	Fund Accounts	Sub-Total	Central Government	Deposit Money Banks DMBs	Other Banking Institutions	Other	Sub-Total	
1990	192.8	0.0	0.0	0.0	192.8	0.0	0.0	0.0	0.0	0.0	192.8
1991											
I	125.9	0.0	0.0	0.7	126.6	0.0	0.0	0.0	0.0	0.0	126.6
II	136.5	0.0	0.0	0.7	137.2	0.0	0.0	0.0	0.0	0.0	137.2
III	99.6	0.0	0.0	0.7	100.3	0.0	0.0	0.1	0.0	0.1	100.4
IV	159.4	0.0	0.0	0.7	160.1	0.0	0.0	0.1	0.0	0.1	160.2
1992											
I	207.0	0.1	0.0	0.7	207.8	0.0	0.0	0.2	0.0	0.2	208.0
II	113.4	0.1	0.0	0.7	114.2	479.3	3.1	0.2	0.0	482.6	596.8
III	97.3	0.1	0.0	0.7	98.1	482.4	0.0	0.3	0.0	482.7	580.8
IV	141.2	0.1	0.0	1.1	142.4	510.3	0.0	0.3	0.0	510.6	653.0

LIABILITIES

	Currency Outside DMBs (a)	Bankers, Reserves (b)	Reserve Money a+b	Central Govt. dep,	Other Deposits	Foreign Liabilities	Capital Accounts	Other Items (net)	TOTAL LIABILITIES
1990	0.0	31.1	31.1	150.4	8.7	0.1	10.0	-7,5	192.8
1991									
I	0.0	24.2	24.2	93,9	1.7	0,7	13.1	-6.9	126.6
II	0.0	24.0	24.0	101.2	9.2	0.7	13.5	-11.6	137.2
III	0.0	22.9	22.9	65.6	11.4	0.7	12.9	-14.1	100.4
IV	0.0	18.1	18.1	123.1	12.5	0.7	21.8	-16.1	160.2
1992									
I	0.0	23.8	23.8	148.2	17.3	0.7	21.6	-3.7	208.0
II	0.0	22.2	22.2	82.0	16.3	478.1	22.4	-24.2	596.8
III	0.0	19.1	19.1	46.5	33.0	478.6	33.4	-29.8	580.8
IV	0.0	16.4	16.4	143.5	0.0	509.9	31.9	-48.6	653.0

Source: Bank Of Namibia

TABLE 11. DEPOSIT MONEY BANKS: DETAILED ACCOUNT (end of period in R million)

ASSETS	1985	1986	1987	1988	1989	1990	1991	1992
1. RESERVES	29.3	30.5	30.0	46.5	61.5	81.3	84.7	83.3
(a) Currency (Namibian currency)	-	-	-	-	-	-	-	-
(b) Currency (rands)	23.7	27.4	27.0	36.5	44.9	50.2	66.5	66.9
(c) Deposits with central bank	5.6	3.1	3.0	10.0	16.6	31.1	18.2	16.4
2. FOREIGN ASSETS	427.2	320.5	279.2	313.1	397.8	374.1	585.5	375.7
(a) Claims on non-resident banks	410.8	266.7	238.6	283.0	332.5	285.9	425.6	296.2
(b) Claims on non-resident non-banks	16.4	53.8	40.6	30.1	65.3	88.2	159.9	79.5
3. CLAIMS ON CENTRAL GOVERNMENT	1.2	32.4	48.8	100.6	60.0	40.0	40.8	171.6
(a) Treasury bills	0.0	0.0	0.0	0.0	0.0	0.0	12.2	72.1
(b) Government securities	1.2	4.4	1.9	3.4	3.4	1.2	1.2	59.7
(c) Loans and advances	0.0	28.0	46.9	97.2	56.6	38.8	25.6	26.1
(d) Other claims on central government	0.0	0.0	0.0	0.0	0.0	0.0	1.8	13.7
4. CLAIMS ON REG. COUNCILS AND LOCAL AUTHORITIES	1.0	1.4	1.9	3.5	5.6	2.2	9.3	15.2
(a) Securities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
(b) Other	1.0	1.4	1.9	3.5	5.6	2.2	9.3	15.2
5. CLAIMS ON NON-FINANCIAL PUBLIC ENTERPRISES	1.4	1.4	0.9	0.5	33.9	4.0	50.1	42.1
(a) Securities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
(b) Loans and advances	1.4	1.4	0.9	0.5	31.3	0.0	42.1	42.1
(c) Leasing transactions	0.0	0.0	0.0	0.0	2.6	4.0	8.0	0.0
(d) Bills rediscounted at BON (added back)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
7. CLAIMS ON OTHER BANKING INSTITUTIONS	0.0	8.8	32.0	10.9	41.8	47.6	13.0	21.0
(a) Bills	0.0	8.8	31.9	10.0	10.2	14.9	3.9	0.0
(b) Loans and advances	0.0	0.0	0.1	0.0	31.6	23.6	7.1	16.0
(c) Deposits	0.0	0.0	0.0	0.9	0.0	9.1	2.0	5.0
8. CLAIMS ON NONBANK FINANCIAL INSTITUTIONS	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
9. CLAIMS ON PRIVATE SECTOR	372.8	417.2	548.9	841.0	1219.9	1372.5	1599.8	2079.2
(a) Bills discounted or purchased	5.2	6.1	10.9	9.6	14.1	19.8	44.5	47.3
(b) Loans and advances	251.4	298.7	387.1	595.5	888.7	1035.8	1171.2	1434.6
(c) Leasing transactions	22.1	23.8	24.5	34.9	54.7	60.2	60.5	75.4
(d) Instalment credit	94.1	88.5	126.1	200.8	261.7	256.5	293.6	402.3
(e) Investments	0.0	0.1	0.3	0.2	0.7	0.2	30.0	119.6
(f) Paper rediscounted at BON (added back)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
10. TOTAL ASSETS	**832.9**	**812.2**	**941.7**	**1316.1**	**1820.5**	**1921.7**	**2383.2**	**2788.1**

Source: Bank of Namibia

TABLE 11. DEPOSIT MONEY BANKS: DETAILED ACCOUNT (end of period in R million)

LIABILITIES		**1985**	**1986**	**1987**	**1988**	**1989**	**1990**	**1991**	**1992**
1.	DEMAND DEPOSITS	182.0	247.2	329.1	418.3	771.2	605.6	809.5	1002.4
2.	TIME, SAVINGS AND FOREIGN CURRENCY DEPOSITS	482.7	481.8	565.6	671.4	808.0	863.1	1103.1	1420.1
	(a) Foreign currency deposits	-	-	-	-	-	-	-	-
	(b) Time deposits	325.9	174.5	363.4	447.5	560.7	616.6	794.0	1082.3
	(c) Savings deposits	156.8	307.3	202.2	223.9	247.3	246.5	309.1	337.8
3.	MONEY MARKET INSTRUMENTS	2.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
4.	BONDS	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
5.	FOREIGN LIABILITIES	46.3	49.4	43.3	176.4	164.0	275.6	126.5	99.3
	(a) Non-resident banks	23.6	37.1	35.0	168.2	148.6	213.4	71.7	56.0
	(b) Non-resident non-banks	22.7	12.3	8.3	8.2	15.4	62.2	54.8	43.3
6.	CENTRAL GOVERNMENT DEPOSITS	111.4	99.9	96.8	47.7	41.9	82.3	183.0	44.6
	OTHER LIABILITIES TO CENTRAL GOVERNMENT	0.0	0.0	0.0	0.0	0.0	0.0	49.6	65.3
8.	RESTRICTED DEPOSITS	-	-	-	-	-	-	-	-
9.	CREDIT FROM CENTRAL BANK	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
10.	CAPITAL ACCOUNTS	22.2	23.6	25.6	58.3	61.0	87.9	162.7	204.5
	(a) Share capital	9.5	9.2	7.7	10.6	11.2	17.8	19.1	23.9
	(b) Reserves	12.7	14.4	17.9	47.7	49.8	70.1	143.6	180.6
11.	OTHER ITEMS (NET)	13.7	-89.7	-118.7	-56.0	-25.6	7.2	-55.2	-50.5
	(a) Unclassified liabilities	13.7	11.8	13.5	44.4	57.7	80.0	35.8	133.6
	(b) Less: Unclassified assets	27.4	101.5	132.2	100.4	83.3	72.8	90.9	184.1
12.	**TOTAL LIABILITIES**	**832.9**	**812.2**	**941.7**	**1316.1**	**1820.5**	**1921.7**	**2383.2**	**2788.1**

Source: Bank of Namibia

TABLE 12. MONETARY SURVEY (end of period in R million)

	1990				1991				**1992**
		I	II	III	**IV**	I	II	III	IV
NET FOREIGN ASSETS	291.2	490.5	628.6	518.4	618.5	428.1	15.1	-62.0	-91.1
DOMESTIC CREDIT	1233.6	1077.6	1024.7	1267.4	1357.4	1511.9	2107.9	2399.1	2586.3
Claims on Central Government (net)	-192.7	-375.2	-508.5	-363.4	-314.9	-341.4	90.4	316.7	428.5
Claims on private sector	1372.6	1418.3	1495.5	1549.8	1599.9	1793.6	1950.5	2023.7	2079.2
Claims on Local Authorities and Regional Councils	2.1	2.1	1.2	1.3	9.2	8.6	12.3	13.6	15.2
Claims on Non-Financial Pub Enterprises	4.0	5.9	7.0	47.5	50.1	40.8	42.1	40.8	42.1
Claims on Other Banking Institutions	47.6	26.5	29.5	32.2	13.1	10.3	12.6	4.3	21.3
Claims on Non-bank Financial Institutions	-	-	-	-	-	-	-	-	-
OTHER ITEMS (NET)	-47.4	-94.6	-104.2	-93.0	-50.9	-151.9	-60.5	-134.5	-72.7
BROAD MONEY	1477.4	1473.5	1549.1	1692.8	1925.0	1788.1	2062.4	2202.6	2422.5
Money (demand deposits)	614.3	524.5	635.2	710.8	821.9	840.6	1028.7	948.7	1002.4
Quasi-money	863.1	949.0	913.9	982.0	1103.1	947.5	1033.7	1253.9	1420.1
	(Twelve month increase in per cent of opening broad money)								
Net foreign assets	-	-	-	15.0	22.2	-4.2	-39.6	-34.3	-36.8
Domestic credit	-	-	-	-1.2	8.3	29.5	69.9	66.9	63.8
Other items (net)	-	-	-	-2.2	-0.2	-3.9	2.8	-2.5	-1.1
Broad money	**-**	**-**	**-**	**11.6**	**30.3**	**20.4**	**33.1**	**30.1**	**25.9**
Money (demand deposits)	-	-	-	8.6	14.1	21.4	25.4	14.0	9.4
Quasi-money	-	-	-	3.0	16.2	-1.0	7.7	16.1	16.5

Source: Bank of Namibia

TABLE 13. OTHER BANKING INSTITUTIONS: DETAILED ACCOUNT (end of period in R million)

		1991			**1992**	
ASSETS			**I**	**II**	**III**	IV
1.	RESERVES	149.6	104.6	124.1	113.1	138.4
2.	FOREIGN ASSETS	0.0	0.0	5.0	11.0	0.7
	(a) Banks	0.0	0.0	5.0	11.0	0.0
	(b) Non-banks	0.0	0.0	0.0	0.0	0.7
3.	CLAIMS ON CENTRAL GOVERNMENT	0.0	0.0	0.0	0.0	3.0
	(a) Treasury bills	0.0	0.0	0.0	0.0	0.0
	(b) Government securities	0.0	0.0	0.0	0.0	0.0
	(c) Other	0.0	0.0	0.0	0.0	3.0
4.	CLAIMS ON LOCAL AUTHORITIES & REGIONAL COUNCILS	5.6	5.7	5.6	5.6	5.8
5.	CLAIMS ON NON-FINANCIAL PUBLIC ENTERPRISES	5.4	2.4	1.7	0.9	2.4
	(a) Securities					
	(b) Loans and advances	0.0	0.0	0.0	0.0	0.0
	(c) Leasing transactions	0.0	0.0	0.0	0.0	0.0
	(d) Other	5.4	2.4	1.7	0.9	2.4
6.	CLAIMS ON NONBANK FINANCIAL INSTITUTIONS	7.0	7.0	7.0	7.0	7.0
7.	CLAIMS ON PRIVATE SECTOR	767.8	913.2	934.3	964.7	1003.7
	(a) Individuals	729.4	878.0	897.2	927.3	970.8
	(b) Business	38.4	35.2	37.1	37.4	32.9
8.	CLAIMS ON DEPOSIT MONEY BANKS	0.0	0.0	0.0	0.0	0.0
9.	TOTAL ASSETS	935.4	1032.9	1077.7	1102.3	1161.0

Source: Bank of Namibia

TABLE 13. OTHER BANKING INSTITUTIONS: DETAILED ACCOUNT (end of period in R million)

	1991	1992			
LIABILITIES		**I**	**II**	**III**	**IV**
1. TIME, SAVINGS AND FOREIGN CURRENCY DEPOSITS	376.4	447.8	442.0	472.2	479.8
(a) Time Deposits	294.2	321.1	304.8	314.3	316.9
(b) Savings Deposits	82.2	126.7	137.2	157.9	162.9
(c) Foreign Currency Deposits	-	-	-	-	-
2. MONEY MARKET INSTRUMENTS	147.0	60.2	93.0	129.7	153.1
3. BONDS	-	-	-	-	-
4. FOREIGN LIABILITIES	2.8	8.2	8.2	8.4	8.6
(a) Banks	0.0	0.0	0.0	0.0	0.0
(b) Non-banks	2.8	8.2	8.2	8.4	8.6
5. CENTRAL GOVERNMENT DEPOSITS	62.0	26.8	54.9	7.1	10.9
6. CREDIT FROM CENTRAL BANK	0.0	0.0	0.0	0.3	0.3
7. CREDIT FROM DEPOSIT MONEY BANKS	4.0	5.1	1.9	3.0	21.0
8. CAPITAL ACCOUNTS	401.7	520.8	532.8	541.7	563.2
9. OTHER ITEMS (NET)	-58.5	-36.0	-55.0	-60.1	-75.9
(a) Unclassified liabilities	20.2	55.0	51.2	49.0	46.6
(b) Less: Unclassified assets	78.7	91.0	106.2	109.1	122.5
10. TOTAL LIABILITIES	**935.4**	**1032.9**	**1077.8**	**1102.3**	**1161.0**

Source: Bank of Namibia

TABLE 14. BANKING SURVEY (end of period R million)

ASSETS	1991	**1992** I	II	III	IV
1. FOREIGN ASSETS (NET)	615.7	419.9	12.0	-59.4	-99.0
(a) Foreign assets (net)(MS)	618.5	428.1	16.1	-62.0	-91.1
(b) Foreign assets (OBI)	0.0	0.0	6.0	11.0	0.7
(c) Less: Foreign liabilities (OBI)	2.8	8.2	8.1	8.4	8.6
2. DOMESTIC CREDIT	2068.0	2403.1	2989.0	3366.9	3676.0
A. CLAIMS ON CENTRAL GOVERNMENT (NET)	-376.9	-368.0	36.5	309.6	420.6
(a) Claims on Central Government (net)(MS)	-314.9	-341.4	90.4	316.7	428.5
(b) Claims on Central Government (OBI)	0.0	0.0	0.0	0.0	3.0
(c) Less: Central Government deposits (OBI)	62.0	26.6	54.9	7.1	10.9
B. CLAIMS ON LOCAL AUTHORITIES AND REGIONAL COUNCILS	14.8	14.1	17.9	19.2	20.9
(a) Claims on Local Authorities & Regional Councils (MS)	9.3	8.5	12.3	13.6	15.2
(b) Claims on Local Authorities & Regional Councils (OBI)	5.5	5.6	5.6	5.6	6.7
C. CLAIMS ON NON-FINANCIAL PUBLIC ENTERPRISES	55.5	43.2	43.8	41.7	44.5
(a) Claims on non-financial public enterprises (MS)	50.1	40.8	42.1	40.8	42.1
(b) Claims on non-financial public enterprises (OBI)	5.4	2.4	1.7	0.9	2.4
D. CLAIMS ON NONBANK FINANCIAL INSTITUTIONS	7.0	7.0	7.0	7.0	7.0
(a) Claims on non-bank financial institutions (MS)	-	-	-	-	-
(b) Claims on non-bank financial institutions (OBI)	7.0	7.0	7.0	7.0	7.0
E. CLAIMS ON PRIVATE SECTOR	2367.6	2706.8	2884.8	2988.4	3083.0
(a) Claims on private sector (MS)	1599.9	1793.6	1960.5	2023.7	2079.2
(b) Claims on private sector (OBI)	767.7	913.2	934.3	964.7	1003.8
3. TOTAL ASSETS	**2683.7**	**2823.0**	**3001.0**	**3306.5**	**3477.0**

Source: Bank of Namibia

TABLE 14. BANKING SURVEY (end of period R million)

LIABILITIES	1991	1992 I	II	III	IV
1. MONETARY LIABILITIES	672.3	736.0	904.6	836.6	864.0
(a) Money (MS)	821.9	840.6	1028.7	948.7	1002.5
(b) Less: Reserves (OBI)	149.6	104.6	124.1	113.1	138.5
2. QUASI-MONETARY LIABILITIES	1479.5	1396.2	1476.7	1726.2	1899.9
(a) Quasi-money (MS)	1103.1	947.5	1033.7	1263.9	1420.1
(c) Time, savings and foreign currency deposits (OBI)	376.4	447.7	442.0	472.3	479.8
3. BONDS AND MONEY MARKET INSTRUMENTS	151.0	64.2	93.4	134.5	166.5
(a) Bonds and money market instruments (MS)	4.0	4.0	0.4	4.8	2.4
(b) Bonds and money market instruments (OB 1)	147.0	60.2	93.0	129.7	163.1
4. RESTRICTED DEPOSITS	-	-	-	-	-
(a) Restricted deposits (MS)	-	-	-	-	-
5. CAPITAL ACCOUNTS	586.3	707.9	731.3	761.1	799.6
(a) Capital accounts (MS)	184.6	187.0	198.5	219.4	236.4
(b) Capital accounts (OBI)	401.7	620.9	632.8	541.7	663.2
6. OTHER ITEMS (NET)	-205.4	-80.3	-204.0	-150.9	-242.0
(a) Other items (net) (MS)	-137.7	-39.1	-138.2	-89.7	-166.1
(b) Other items (net) (OBI)	-58.6	-36.0	-66.1	-60.2	-76.9
(c) Credit from central bank (OBI)	0.0	0.0	0.0	0.3	0.3
(d) Credit from deposit money banks (OBI)	4.0	5.1	1.9	3.0	21.0
(e) Less: Claims on deposit money banks (OBI)	-	-	-	-	-
(f) Less: Claims on other banking institutions (MS)	13.1	10.3	12.6	4.3	21.3
7. TOTAL LIABILITIES	**2683.7**	**2823.0**	**3001.0**	**3306.5**	**3477.0**

Source: Bank of Namibia

TABLE 15. INTEREST RATES

SELECTED INTEREST RATES	1990 I	II	III	IV	1991 I	II	III	IV	1992 I	II	III	IV
Prime rate 1)	21.0	21.0	21.0	21.0	21.0	21.0	21.0	20.0	20.0	19.0	18.5	17.5
Treasury bills rate 1)	-	-	-	-	-	16.8	16.6	16.4	15.6	14.0	12.3	12.5
Bankers acceptances rate 2)	18.4	18.3	17.7	17.8	17.3	16.8	16.7	16.4	15.8	14.4	12.5	12.4
Banks deposit rate 1)	13.5	13.9	13.6	13.0	13.2	12.8	12.3	12.5	12.0	11.7	10.7	10.4
Banks lending rate 1)	21.8	21.3	21.4	21.1	21.9	22.1	22.1	21.8	20.8	21.2	20.3	18.5
Money market rate 2)	18.7	19.2	17.9	17.9	17.7	16.8	16.7	16.0	15.0	13.8	12.8	12.3

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

TABLE 16. BALANCE OF PAYMENTS CURRENT ACCOUNT (a)
(R million)

		1990	1991	1992 (b)
1.	***Merchandise trade balance (2-3)***	***-43***	***371***	***250***
2.	**Exports fob**	**2849**	**3457**	**3673**
	Diamonds	849	1222	1292
	Other mineral products	943	808	820
	Food and live animals	748	1016	1051
	Manufactured products	258	363	468
	Other commodities	51	48	42
3.	**Imports fob (excluding duty) (c)**	**-2890**	**-3059**	**-3358**
4.	**Services (net)**	**-733**	**-959**	**-982**
	Transportation (net)	-468	-600	-604
	Travel (net)	-11	1	20
	Insurance (net)	-44	-56	-71
	Business, administrative, financial and communications services (net)	-245	-319	-335
	Foreign development assistance	-59	-86	-102
	Other	-186	-233	-233
	Other government services (net)	35	15	8
	Foreign missions in Namibia	68	56	55
	Namibian missions abroad	-33	-41	-47
5.	**Compensation of employees (net)**	**-34**	**-26**	**-25**
6.	**Investment income (net)**	**140**	**349**	**221**
	Income received - direct investment	5	8	7
	- portfolio investment	389	531	453
	- other investment	87	129	113
	Income paid - direct investment	-184	-190	-238
	- dividends	-282	-127	-178
	- retained earnings	105	-57	-55
	- interest	-7	-6	-5
	- portfolio investment	-62	-94	-63
	- other investment	-95	-35	-51
7.	***Total goods, services and income balance (2 to 6)***	***-668***	***-238***	***-471***
8.	**Transfers in cash and kind (net)**	**561**	**925**	**869**
	Gov't - grants from foreign governments, international organisations and non-governmental organisations	253	341	401
	- from SACU	490	827	735
	- withholding taxes	40	16	23
	- other transfers received	8	-	15
	- transfer debits (mainly SACU)	-291	-326	-378
	Private - grants received by NGO's	82	82	73
	- other transfers (net)	-21	-15	-
9.	***Total current account balance (7+8)***	***-107***	***687***	***398***

- Indicates nil or less than R500 000

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

(b) Provisional

(c) Represents imports after adjustments made to place imports by SACU countries on a similar basis to imports by non-SACU countries. Estimated imports before adjustment were: 1990 R3 132 million, 1991 R3 326 million, 1992 R3 651 million.

Source: Bank Of Namibia

TABLE 17. MERCHANDISE EXPORTS FOB BY COMMODITY GROUP

	1990	1991	1992
FOOD AND LIVE ANIMALS	**748**	**1016**	**1051**
LIVE ANIMALS	**227**	**238**	**267**
Cattle	*115*	116	107
Sheep and goats	109	117	144
Game	3	3	7
Other	0	2	9
MEAT AND MEAT PREPARATIONS	**175**	**277**	**299**
Meat - cattle	127	239	253
Meat - other	22	10	13
Meat products	26	28	33
FISH, LOBSTER, CRABS	**320**	**473**	**455**
Unprocessed and semi-processed fish	210	397	399
Lobsters and crabs	110	76	56
OTHER FOOD PRODUCTS	**26**	**28**	**30**
HIDES, SKINS AND WOOL	**41**	**44**	**36**
Karakul pelts and wool	17	17	13
Other	24	27	23
MINERAL PRODUCTS	1792	2030	2112
Diamonds	849	1222	1292
Copper	208	192	222
Zinc	99	82	102
Gold	*50*	60	64
Lead	78	54	49
Silver	38	33	33
Other	470	387	350
MANUFACTURED PRODUCTS	**258**	**363**	**468**
Canned fish, fish meal and fish oil	141	200	268
Other	117	163	200
ELECTRICITY	**10**	**4**	**6**
TOTAL MERCHANDISE EXPORTS FOB	**2849**	**3457**	**3673**

Source: *Bank Of Namibia*

TABLE 18. RECORDED MERCHANDISE IMPORTS CIF BY COUNTRY OF IMMEDIATE ORIGIN
(Rand million)

COUNTRY	1990 R Million	Per cent	1991 R Million	Per cent
South Africa	2698	89.9	2885	89.7
Botswana, Lesotho, Swaziland	11	0.4	10	0.3
Other countries	291	9.7	322	10.0
Total	3000	100.0	3217	100.0

Source: Bank Of Namibia

TABLE 19. RECORDED MERCHANDISE IMPORTS CIF BY COMMODITY GROUP

		1990		1991
	R Million	Per cent	R Million	Per cent
1. Food, live animals, beverages and tobacco	590	19.7	775	24.1
2. Mineral fuels and lubricants	330	11.0	299	9.3
3. Chemical, plastic, medical, pharmaceutical and rubber products and plastics	238	7.9	254	7.9
4. Wood, paper and paper products (includes furniture)	120	4.0	187	5.8
5. Textiles, clothing and footwear	170	5.7	212	6.6
6. Machinery, office and communications equipment, and other electrical goods	494	16.5	415	12.9
7. Vehicles and transport equipment	465	15.5	502	15.6
8. Metal and metal products not included above	220	7.3	193	6.0
9. All other goods	373	12.4	380	11.8
Total	**3 000**	**100.0**	**3217**	**100.0**

Source: Bank Of Namibia

TABLE 20. BALANCE OF PAYMENTS CAPITAL ACCOUNT (a)
(R million)

	1990	1991	1992 (b)
Direct investment abroad	**-4**	**-16**	**-3**
Equity capital	-1	-1	-
Reinvested earnings	1	-6	1
Other capital	-4	-9	-4
Direct investment in Namibia	**96**	**291**	**159**
Equity capital	108	80	29
Reinvested earnings	*-105*	57	55
Other capital	93	154	75
Portfolio investment	**-520**	**-925**	**-732**
Equity - assets	-571	-889	-797
- liabilities	-	-11	-3
Debt - assets	11	5	11
- liabilities	40	-30	57
Other capital - long term	**78**	**131**	**-11**
Resident official sector	**96**	**102**	**3**
Assets	-3	-8	-5
Drawings on loans received	187	169	16
Repayments on loans received	-88	-59	-8
Banks	***-15***	**-19**	**-39**
Liabilities	*-15*	-19	-39
Other sectors	**-3**	**48**	**25**
Liabilities	-3	48	25
Other capital - short term	***-161***	***-65***	***258***
Resident official sector	***-155***	***155***	***-1***
Assets	-155	*155*	*-1*
Monetary authorities	**-**	**-**	**58**
Liabilities	-	-	58
Banks	**9**	**-308**	**176**
Assets	-129	-106	210
Liabilities	138	-202	-34
Other sectors	***-15***	**88**	**25**
Assets	-48	43	-
Liabilities	33	45	25
CAPITAL ACCOUNT BALANCE EXCLUDING RESERVES (c)	***-511***	**-584**	**-329**
Net errors and omissions (d)	**516**	**-143**	**-88**
OVERALL BALANCE (e)	**-102**	**-40**	**-19**
RESERVES	**102**	**40**	**19**
Foreign exchange assets	102	40	19

- Indicates nil or less than R500 000

(a) Debit (negative) entries record a capital outflow (deficit), an increase in foreign financial assets, a decrease in foreign financial liabilities or a capital outflow (deficit). Credit (positive) entries involve a capital inflow (surplus), a reduction in foreign financial assets, an increase in foreign financial liabilities or a capital inflow (surplus).

(b) Provisional

(c) Represents net identified capital transactions other than in reserves.

(d) Represents the net errors and omissions in the current and capital account.

(e) Overall balance is equal to the current account balance, plus all identified capital transactions, excluding changes in reserves, plus net errors and omissions.

TABLE 21. INTERNATIONAL INVESTMENT POSITION (MARKET VALUES)

(R million)

	31.12.89	31.12.90	31.12.91	31.12.92 (a)
A. ASSETS	**4306**	**5318**	**6347**	**6893**
1 **Direct investment abroad**	**163**	**167**	**177**	**180**
1.1 Equity capital	134	135	130	128
1.2 Reinvested earnings	10	9	15	16
1.3 Claims on affiliated enterprises	19	23	32	36
2. Portfolio investment	3636	**4207**	5354	6119
2.1 Unit trusts	43	58	105	110
2.2 Life assurance policies	1552	2070	2484	2611
2.3 Pension fund assets	1676	1722	2406	3044
2.4 Other equity securities	17	20	24	24
2.5 Debt securities	348	337	335	330
3. Other assets	**397**	**733**	**645**	**442**
3.1 Currency & deposits of banks	118	247	353	150
3.2 Other assets	279	486	292	292
4. Reserve assets	**110**	**211**	**171**	**152**
4.1 Currency and deposits	98	199	159	141
4.2 Securities	12	12	12	11
B. LIABILITIES	6574	7193	7635	8211
1. Direct investment in Namibia	**4965**	5280	5839	6293
1.1 Equity	3923	4249	4600	4924
1.2 Reinvested earnings	757	652	708	763
1.3 Debt due to affiliated enterprises	285	379	531	606
2. Portfolio investment	**541**	**572**	**507**	**541**
2.1 Equity securities	84	75	40	45
2.2 Debt securities - General government	457	497	467	496
3. Other liabilities	1068	1341	**1289**	**1377**
3.1 General government	216	320	437	26
3.2 Monetary authorities	-	-	-	509
3.3 Banks	158	281	60	-
3.4 Other sectors	694	740	792	842

\- *Indicates nil or less than R500 000*

(a) Provisional

Source: Bank Of Namibia

TABLE 22. FOREIGN DEVELOPMENT ASSISTANCE TO NAMIBIA
(R 000)

	1990			1991			1992		
	Assistance provided to:			Assistance provided to:			Assistance provided to:		
	Nam Gov't	Other	Total	Nam Gov't	Other	Total	Nam Gov't	Other	Total
1. ALL GRANTS – CASH AND IN KIND (1+2)	**201539**	**80857**	**282396**	**281812**	**82352**	**364164**	**347961**	**73003**	**420964**
1.1 CASH GRANTS	**70052**	**69917**	**139969**	**172462**	**66885**	**239347**	**135005**	**53917**	**188922**
1.1.1 Budget Support to Government (i.e. channelled through State Revenue Fund)	61912	0	61912	155767	0	155767	74862	0	74862
1.1.1.1 For capital projects	39804	0	39804	83823	0	83823	38316	0	38316
1.1.1.2 Recurrent expenditure	10401	0	10401	71944	0	71944	36518	0	36518
1.1.1.3 Other purpose (not specified)	11707	0	11707	0	0	0	28	0	28
1.1.2 Non-budget support to Government: projects (i.e. financed outside of (budget)	8140	0	8140	16695	0	16695	60143	0	60143
1.1.3 Grants to Namibian Non-Government Organisations	0	69917	69917	0	66885	66885	0	53917	53917
1.2 IN KIND GRANTS	**131487**	**10940**	**142427**	**109350**	**15467**	**124817**	**212956**	**19086**	**232042**
1.2.1 Goods	73772[(a)]	1708	75480	20754	1501	22255	108648	3417	112065
1.2.2 Services (including technical assistance)	50073	8102	58175	74226	11813	86039	88430	13190	101620
1.2.3 Educational scholarships	7642	1130	8772	14370	2153	16523	15878	2479	18357

NOTE: (a) Includes R64 886 thousand of UNTAG vehicles and equipment.
Source: Bank Of Namibia

TABLE 23 FOREIGN EXCHANGE RATES

	1990				1991				I992			
FIVE MAJOR CURRENCIES	**I**	**II**	**III**	**IV**	**I**	**II**	**III**	**IV**	**I**	**II**	**III**	**IV**
US dollar	2.571	2,655	2.591	2.533	2.648	2.865	2.836	2.768	2.881	2.810	2.798	3.014
German mark	1.520	1,583	1.627	1.688	1.657	1.608	1.671	1.767	1.734	1.783	1.929	1.905
Pound sterling	4.259	4,443	4.825	4.927	4.852	4.728	4.888	5.045	4.968	5.203	5.176	4.673
Japanese yen	0.017	0,017	0.018	0.019	0.019	0.020	0.021	0.022	0.022	0.022	0.023	0.024
Swiss franc	1.729	1,869	1.969	1.983	1.917	1.873	1.911	1.995	1.910	1.967	2.189	2.119

Source: South African Reserve Bank