



Sending Support Home: Unpacking Namibia's International Remittance Flows

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SENDING SUPPORT HOME: UNPACKING NAMIBIA'S INTERNATIONAL REMITTANCE FLOWS

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The note examined the trends in Namibia's international remittance flows using insights from Namibia's derived statistical model following international standards. Over the last five years, total remittance inflows have consistently exceeded outflows despite Namibia hosting more migrant workers than emigrants, reflecting relatively higher income and a stronger exchange rate for Namibians in the diaspora. Additionally, remittance flows are mostly transacted through the formal channel, whereas informal remittances predominantly among low skilled workers from neighbouring countries, were estimated to be minimal.

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1. Introduction

This note examines the trends in Namibia's international remittance¹ flows between 2020 and 2025, applying Namibia's remittances data model, and provided further insights on the key remittance channels and migrant-destination countries. The note aimed to unpack the trends in Namibia's remittance flows over the period 2020 to 2025, utilising the Bank of Namibia remittance model, with a focus on the main components of remittances as per the *Sixth Edition of the Balance of Payments and International Investment Position Manual* (BPM6). It further provided insights into the remittance channels and migrant-destination countries. The note strived to offer practical approaches to support accessibility of data on international remittances by consolidating all components into a single figure without requiring users to derive it from the various components of the balance of payments accounts.

Over the past few decades, international remittance flows to developing countries have increased in line with trends in migration. According to the World Bank (2023), international remittance flows to developing countries were estimated to have increased by 3.8 percent in 2023 and 3.1 percent in 2024 to US\$669 billion and US\$690 billion, respectively. These flows, across both magnitude and uses, have largely been influenced by the economic conditions of both the host and recipient countries, i.e. pull and push factors. For developing countries, push factors include high unemployment, population growth, war, conflicts, along with persistent poverty and inequality, whereas pull factors include employment opportunities, higher wages, better living standards and working conditions.

International remittances can be a significant source of income and may play a crucial role in reducing poverty and enhancing consumption among low-income households. According to Schmidt (2009), a significant portion of households experiencing the highest poverty levels rely on remittances as a primary source of income. In poorer households, remittances are often used to meet basic needs, whereas remittances in higher-income households may provide capital injection for small businesses and entrepreneurial activities. Moreover, remittances typically act countercyclically, providing a buffer against economic shocks in countries of origin, unlike most private flows that are usually procyclical. This is mainly because remittances often occur at the household level and mostly not profit-driven. However, in middle-income countries, remittances can become procyclical when motivated by investment purposes (Mohapatra & Ratha, 2011).

Remittances or grants are a significant source of income for households in rural Namibia. The Namibia Household Income and Expenditure Survey (NHIES) for 2015/2016 indicated that 9.6 percent of the 544,655 households surveyed reported remittances or grants as the main source of income. A significant proportion of these households reside in rural areas, predominantly in traditional dwellings or structures. Furthermore, the data indicated that over 70 percent of the remittances and grants received were allocated to essential needs, specifically food and beverages, as well as housing as part of annual household consumption. Given the prevailing trends in unemployment, migration and poverty, the reliance on remittances is likely to have further increased over the years. Additionally, socio-economic challenges in the Southern African Development Countries (SADC) region have prompted immigration into Namibia in pursuit of better opportunities, thereby contributing to the repatriation of remittances, hence, the importance of monitoring trends in remittances.

2. Namibia's international remittances data model

At present, data on remittances forms part the balance of payments statistics, although not explicitly from a single data line item in the BOP. No single item in the balance of payments (BOP) framework comprehensively captures transactions in remittances. Only personal transfers

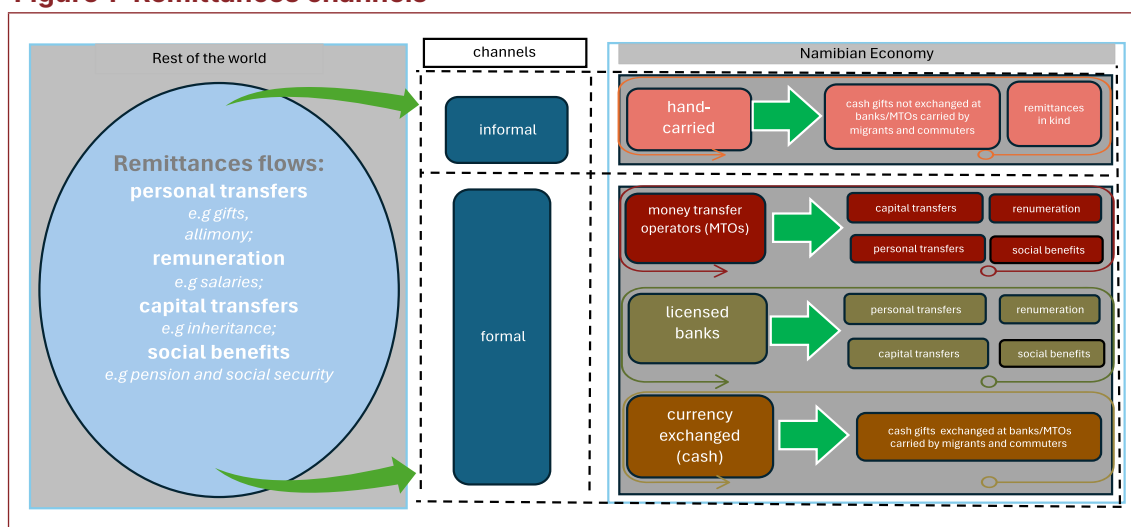
¹ Remittances are broadly classified into domestic and international categories. Domestic remittances refer to transfers within a country for instance, between family members residing in different cities and are not captured in the Balance of Payments (BoP). In contrast, international remittances involve cross-border transfers, typically from migrants to their home countries, and are recorded under the secondary income component of the BoP. This note focuses on the analysis of international remittances.

are a standard component in the BOP, whereas all the other components are supplementary items. Personal remittances are recorded under various sub-accounts in the BOP and require the summation of personal transfers, net compensation of employees² and capital transfers between households. Total remittances then become personal remittances plus social benefits.

The components of total remittances are currently compiled using data sourced from various sources. The primary source remains the International Transactions Reporting System (ITRS), also referred to as the Balance of Payments Customer Reporting System (BOPCUS), supplemented with data from enterprise surveys as well as administrative records. Further, the note took into account informal remittances, which do not pass through the formal channels, but were estimated as per the model below. Data sources for compiling informal remittances include population censuses, labour force surveys, and Banking Services Department data on rand repatriation.

International remittances are compiled following the BPM6 and the International Transactions in Remittances Guide for Compilers (RCG). According to the manual and the compilation guide, remittances represent household income from foreign economies arising from the temporary or permanent movement of people to and from those economies. This means that remittances are mainly sent or given by households that have migrated to new countries and have become residents in those countries (long-term workers). It is also sent by short-term workers who are temporarily employed in other countries (cross-border and seasonal workers) as well as workers employed by nonresident entities while still residing in the home country. Remittances largely go through both the formal and informal channels. Figure 1 below illustrates the flow of international remittances through various channels in the country. These flows are further detailed in the accompanying Namibia's international remittance statistical model, guided by the BPM6, explaining the computation of its various components.

Figure 1: Remittances channels



The Bank of Namibia international remittances statistical model follows the RCG manual recommended accounting identity, where total remittances (TR_t) is represented by the sum of personal remittances (PR_t) and social benefits (SB_t) as simplified in the equation (i).

$$TR_t = PR_t + SB_t \quad (i)$$

where t is the reference period in terms of quarters SB_t shows social benefits, which include pension and non-pension benefits payable under social security schemes or other social schemes. PR_t which captures personal remittances is obtained by aggregating personal transfers (PT_t), net compensation of employees (R_t^n) and capital transfers between households (CT_t) as simplified in equation (ii).

$$PR_t = PT_t + R_t^n + CT_t \quad (ii)$$

² Compensation of employees less taxes, social contributions, transport, and travel.

2.1 Personal transfers

Personal transfers consist of all current transfers³ in cash or in kind⁴ between residents' and nonresidents' households remitted through both the formal (PT_t^f) and informal (PT_t^i) channels as summarized by equation (iii).

$$PT_t = PT_t^i + PT_t^f \quad (\text{iii})$$

The formal channel of personal transfers consists of all transactions that pass through Authorised Dealers (ADs) which are the seven licensed commercial banks and ten Authorised Dealers with Limited Authority (ADLAs), commonly known as Money Transfer Operators (MTOs) such as foreign exchange bureaus, MoneyGrams and Western Unions. These transfers are represented by $PT_t^f = g_t^{(s)}$ where $g_t^{(s)}$ denotes alimony, which are transfers intended for spousal and child support based on the order of courts. Furthermore, $g_t^{(s)}$ captures the usual workers' remittances of current nature between households to help cover basic living expenses. $g_t^{(s)}$ is based on a threshold to reflect the frequent low-value transactions of current nature. The current threshold of less than N\$150,000 was adopted in line with recommendations from the IMF and simplified by equation (iv).

$$g_t^{(s)} \in \{x \in \mathbb{R} | x \leq 150,000\} \quad (\text{iv})$$

To supplement data from the formal channel, the model also captures transactions on informal personal remittances PT_t^i which includes workers remittances in kind ($g_t^{(k)}$) as well as cash carried in pockets ($c_t^{(i)}$). Unlike formal personal transfers, informal transfers entail all transactions that circumvent ADs and ADLAs. In the case of Namibia, this includes cash carried by migrants returning home or entrusted to commuters and transport operators, not exchanged at banks or MTOs or exchanged informally (black market exchanges). This is prevalent among low-skilled workers from neighbouring countries such as Angola and Zambia working in the informal agricultural sector.

$$PT_t^i = g_t^{(k)} + c_t^{(i)} \quad (\text{vii})$$

$c_t^{(i)}$ represents cash carried in pockets and remitted by employed non-Namibians staying for longer than a year to support families back home. Given that most of these non-residents are employed in informal sectors such as agriculture and services, a significant portion of these non-residents were estimated to earn approximately N\$1,000 in 2020, adjusted for inflation in the later years. This is below the minimum wage in those sectors, as employers tend to take advantage of undocumented workers. Moreover, it is estimated that approximately 50 percent of gross monthly earnings are remitted to countries of origin.

To obtain the cash remitted $c_t^{(i)}$, the income earned by non-residents (minus all local expenditure and savings) is multiplied by the coefficient of foreign persons employed informally staying for longer than a year, which is assumed to be 60 per cent, as shown by equation (viii). The remaining 40 percent accounts for cross-border or seasonal workers employed informally, which falls under compensation of employees in equation (ix):

$$c_t^{(i)} = 0.6 fe_t^{(i)} w_t + re_t \quad (\text{viii})$$

In addition, an estimate is made on the currency repatriation data to account for the amount of foreign currencies carried in the pockets of visitors. These estimates are shown by (re_t) in equation (viii) and it is assumed that the foreign currency brought to the country as "money in pocket" by Namibians

³ Current transfers are unrequited transactions between two parties where one party provides a good, service or cash to the other party, with no expectation of anything of economic value in exchange. Unlike capital transfers, they are not linked to the acquisition or disposal of an asset, either financial or nonfinancial (other than cash and inventories).

⁴ In kind is exchange of resources or transfer in a form other than monetary funds such food, clothing, blankets and medicines.

working or living abroad (informal remittances) is 10 percent of the foreign currency repatriation data. The remaining 90 percent is attributed to the travel services category.

The population of foreign people employed informally is denoted as ($fe_t^{(i)}$) and was estimated at 88 percent in line with the informal employment patterns in the agriculture sector as per the 2018 Labour Force Survey. The foreign population was estimated at 145,395 according to the 2023 population and housing census. Foreign employed persons (fe_t) in Namibia was estimated at 42 percent of foreign population ($p_t^{(f)}$) as illustrated by equation (viii)

$$fe_t^{(i)} = 0.88 (0.42 p_t^{(f)}) \quad (\text{viii})$$

2.2 Compensation of employees

Compensation of employees applies mainly to seasonal, cross-border and short-term workers⁵ who are not residents in an economy. In the balance of payments, it is recorded on a gross basis, whereas for the purpose of remittances statistics, it is recorded on a net basis. Net compensation for employees as represented by R_t^n is obtained by equation (ix) below.

$$R_t^n = r_t^{(i)} + R_t^g - (T + sc + v + \Phi) \quad (\text{ix})$$

Where $r_t^{(i)}$ shows net informal compensation paid to seasonal and cross-border workers supplemented by “money in pocket” carried by Namibians working in South Africa through the informal channel; (R_t^g) represent gross compensation of employees less taxes (T), social contributions (sc) travel (v) and transport (Φ). In addition, the distinction between formal and informal employee compensation is similar to that of personal transfers explained above.

$$R_t^g = 0.4 fe_t^{(i)} W_t \quad (\text{ix})$$

Where ($0.4 fe_t^{(i)}$) denotes the population of seasonal cross-border workers and short-term non-resident informal employees as explained above in relation to equation (viii) whereas (W_t) denotes salaries and wages.

2.3 Capital transfers

CT_t from equation (ii) captures data on capital transfers between households. It is represented by $i_t + g_t^{(l)}$ where shows inheritances and $g_t^{(l)}$ represent workers’ remittances of capital nature, which are obtained from equation (v) below. It captures the treatment applied to all workers’ remittances transactions greater than N\$150,000 and less than or equal to N\$1,000,000. This captures high-value worker remittances transactions of a capital nature and tends to contribute to capital formation.

$$g_t^{(l)} \in \{x \in \mathbb{Z} \mid 150\,000 < x \leq 1,000,000\} \quad (\text{v})$$

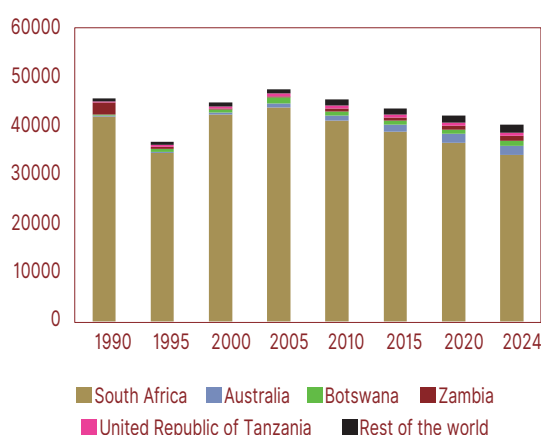
⁵ A short-term worker refers to a person who moves to another economy for the purpose of employment on a short-term (less than one year) basis.

3. Trends in total remittance flows

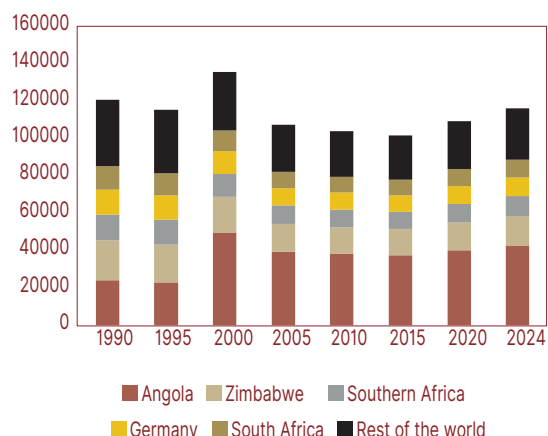
3.1 Namibia migration patterns

Figure 2 (a-c): Migration stock statistics

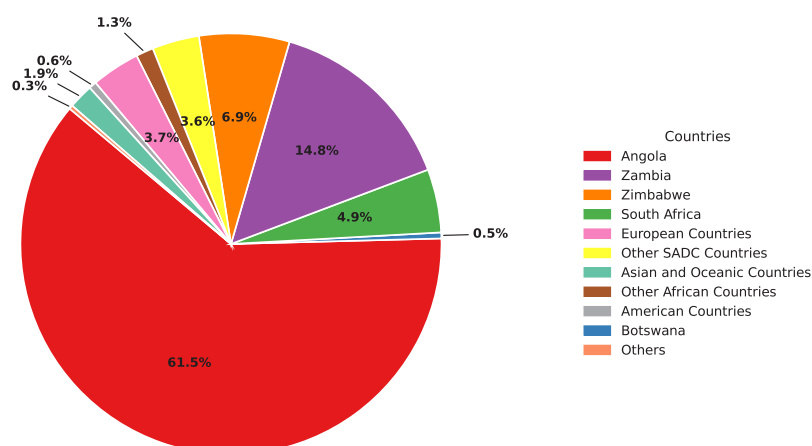
a. The number of Namibians living abroad has gradually declined since 2005.



b. Since 2015, Namibia has seen a rise in the number of foreign nationals residing in the country, predominantly from Angola and Zimbabwe.



c. During 2023, a bulk of non-Namibians residing locally were largely from neighbouring Angola, Zambia, Zimbabwe and South Africa.



Source: United Nations and NSA

The estimated total number of immigrants into Namibia as well as remittances outflows increased between 2005 to 2024, while Namibians living abroad gradually declined during the same period. According to estimates from the United Nations, the estimated number of Namibians living abroad peaked in 2005 at 44,041 persons but declined to 34,273 by the end of 2024, with the majority residing in neighbouring South Africa (Figure 2a). In contrast, the number of foreign nationals residing in Namibia has increased from 107,347 in 2005 to 116,035 in 2024. According to the 2023 Housing and Population Census, the majority of foreign nationals living in Namibia are predominantly from Angola, reflecting deep-rooted historical, cultural, and economic ties between the two countries (Figure 2c). The influx of nationals from Angola, Zambia and Zimbabwe has largely been driven by the prospects of improved economic opportunities in Namibia, as well as economic challenges in their home economies. Although Namibia has a higher number of immigrants compared to emigrants, this has not resulted in significant net remittance outflows, primarily since most immigrants are employed in the informal sector with relatively lower wages.

3.2 Remittance inflows

Remittance inflows have demonstrated a steady upward trajectory over the review period. Inbound remittances reached approximately N\$2.0 billion in 2024, an increase from N\$1.8 billion in 2023 and N\$1.3 billion in 2022. The increase was reflected across all the components of remittances. The largest contributor to the increase remained personal transfers, which rose by 18.9 percent to N\$915 million in 2024, particularly in the form of workers' remittances to support family members in Namibia (Figure 3). The increase in personal transfers was primarily volume-driven, reflecting broader improvements in global labour markets and migrant income levels. The second largest component was net compensation of employees, which rose to N\$718 million in 2024 from N\$657 million in 2023, reflecting inflows from Namibians working temporarily abroad, primarily in the mining, logistics, engineering and marine services industries as well as for international organisations.

Figure 3: Remittance inflows by component

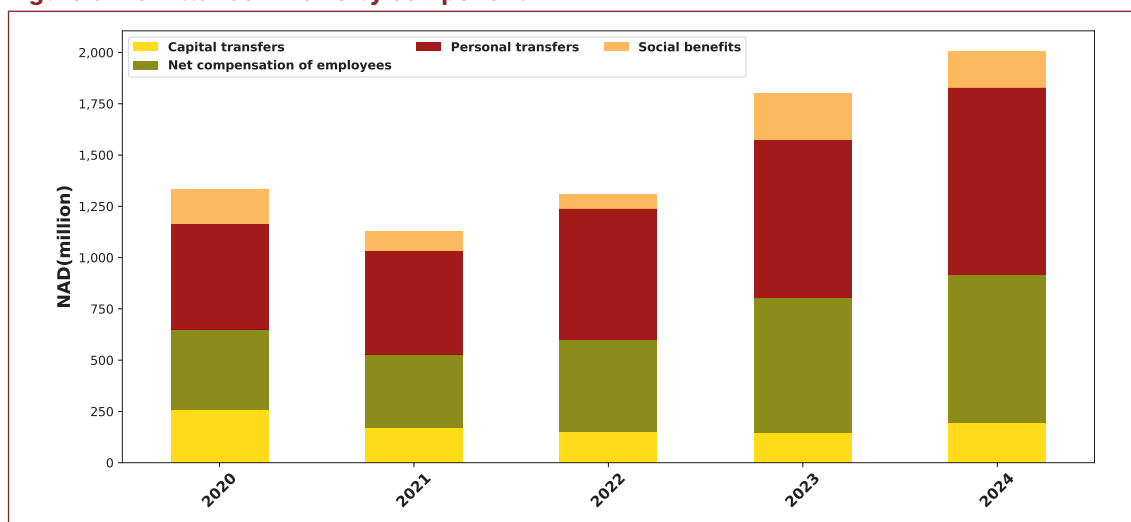
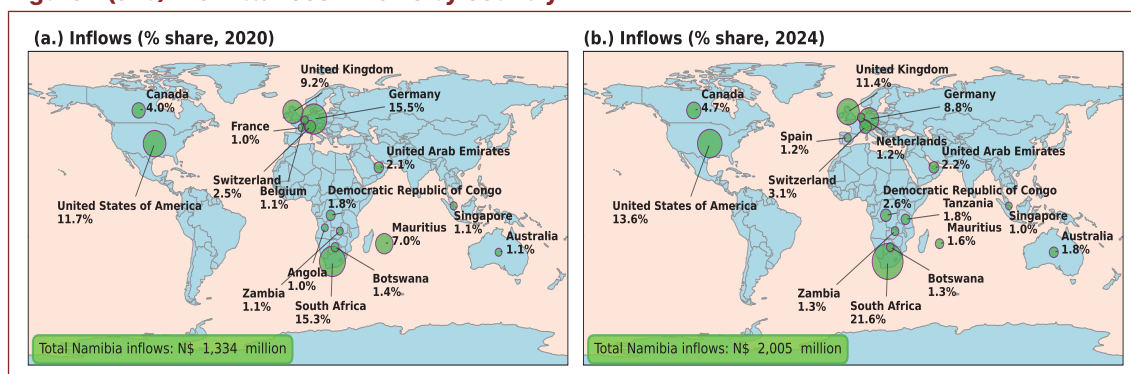


Figure 4(a-b): Remittances inflows by country



In both 2020 and 2024, the main sources of total remittance inflows to Namibia were South Africa, the United Kingdom, Germany and the United States. In 2024, South Africa emerged as the largest contributor, accounting for 21.6 percent of total inflows. This reflects the country's status as a major destination for Namibians living abroad, largely due to its geographic proximity and strong economic as well as historical ties. The United State's share rose to 13.6 percent, while the United Kingdom ranked third, contributing 11.4 percent. The ease of obtaining short-stay tourist visas⁶ to the UK prior to 2023, coupled with domestic economic challenges, partly contributed to many Namibians seeking greener pastures in that country, ultimately leading to an increase in remittance inflows. Germany followed with a share of 8.8 percent, while Canada's share remained stable at 4.7 percent, similarly reflecting the high number of emigrants to those economies. Switzerland contributed 3.1 percent (Figure 4a-b).

⁶ The UK started requiring visas for Namibian nationals (including for short visits) on 19 July 2023.

3.3 Remittance outflows

Remittance outflows have shown a notable upward trend over the past few years, due to an increase in the employment levels of nonresident workers. In 2024, remittance outflows reached N\$1.9 billion, rising from N\$1.3 billion in 2023 and N\$1.1 billion in 2022 (Figure 6). A significant portion of this increase was attributed to *personal transfers*, particularly *workers' remittances* sent to family members. In addition, the net compensation of employees' outflows has increased over the last five years to N\$606 million in 2024, which could be in line with the increase in the employment of foreign professionals and seasonal workers, particularly in the extractive and resource-based sectors.

Since 2022, oil and gas discoveries in the Orange Basin have attracted multinational companies, creating a demand for foreign technical expertise in areas like rig operations and geophysical surveys. Simultaneously, the mining sector has experienced a rebound in exploration activities amidst the higher global prices for uranium and gold, resulting in increased demand for foreign skilled labour and contractors. Moreover, the fishing industry remains a key employer of non-resident seasonal workers, further contributing to outflows of total remittances. In addition to net compensation of employees, capital transfers outflows have also played a key role increasing by 48.6 percent to N\$606 million during 2024. This largely includes inheritance-related payments to foreign nationals and remittances of capital nature sent to households abroad.

Figure 5: Remittance outflows by component

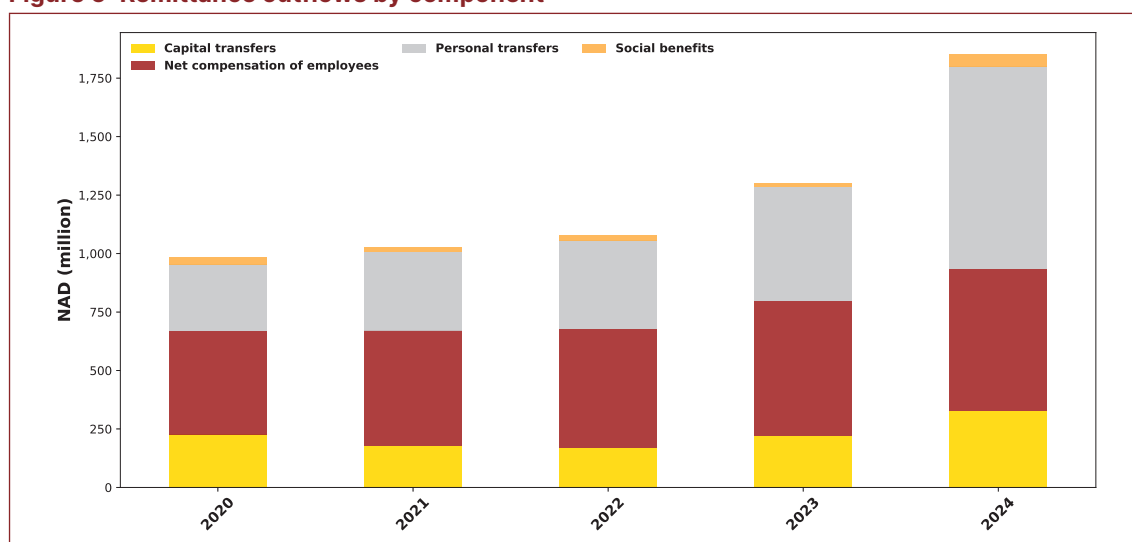
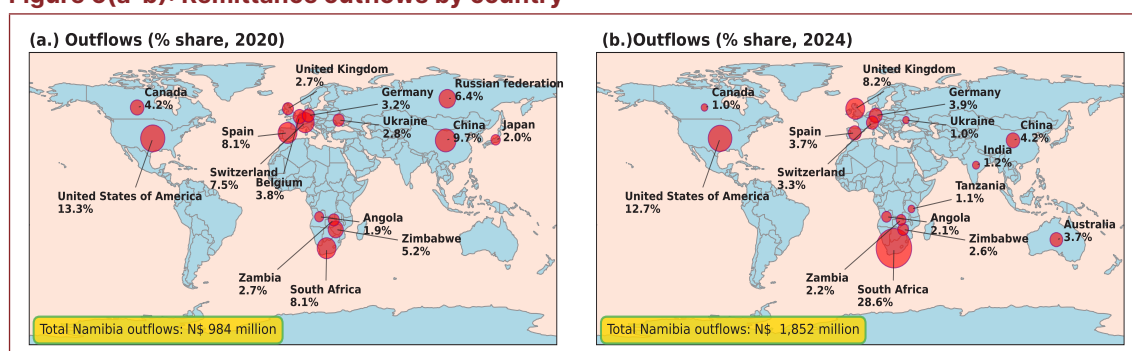


Figure 6(a-b): Remittance outflows by country



Between 2020 and 2024, the main destinations of remittances outflows were South Africa, the United States, the United Kingdom, and China. The major recipient of remittances outflows from Namibia was South Africa, with the share increasing to 28.6 percent in 2024 from 8.1 percent in 2020. These reflect increases in both personal transfers and compensation of employees as most South African nationals employed locally tend to have relatively higher-paying jobs in the formal market, with some owning large businesses locally. The United States share reduced to 12.7 percent of remittances outflows, largely in the form of compensation of employees made to short-term workers

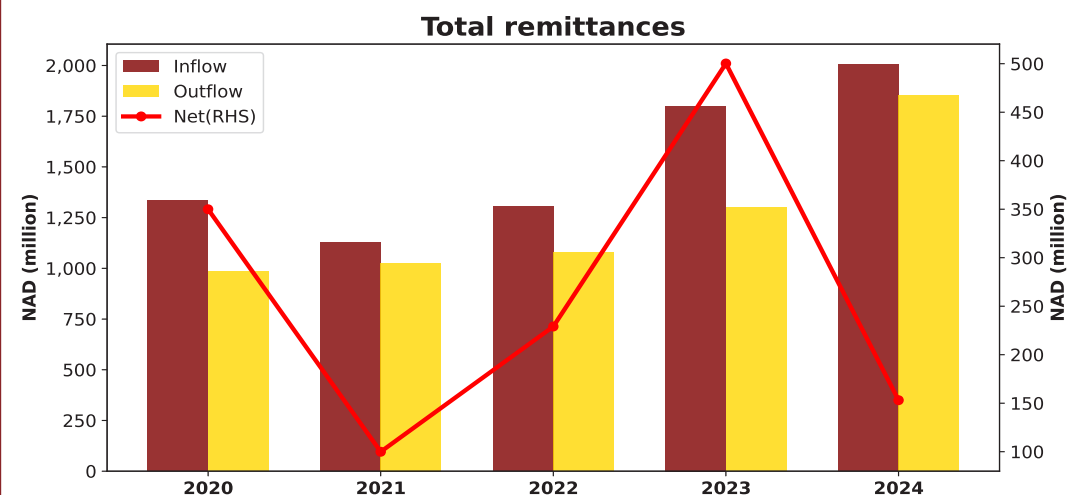
in the oil and gas and fisheries sectors. The United Kingdom ranked third with an increasing share of 8.2 percent, followed by China (4.2 percent), Germany (3.9 percent), Spain and Australia at 3.7 percent each, Switzerland (3.3 percent) and Zimbabwe (2.6 percent) (Figure 6(a-b)).

3.4 Net Remittance flows

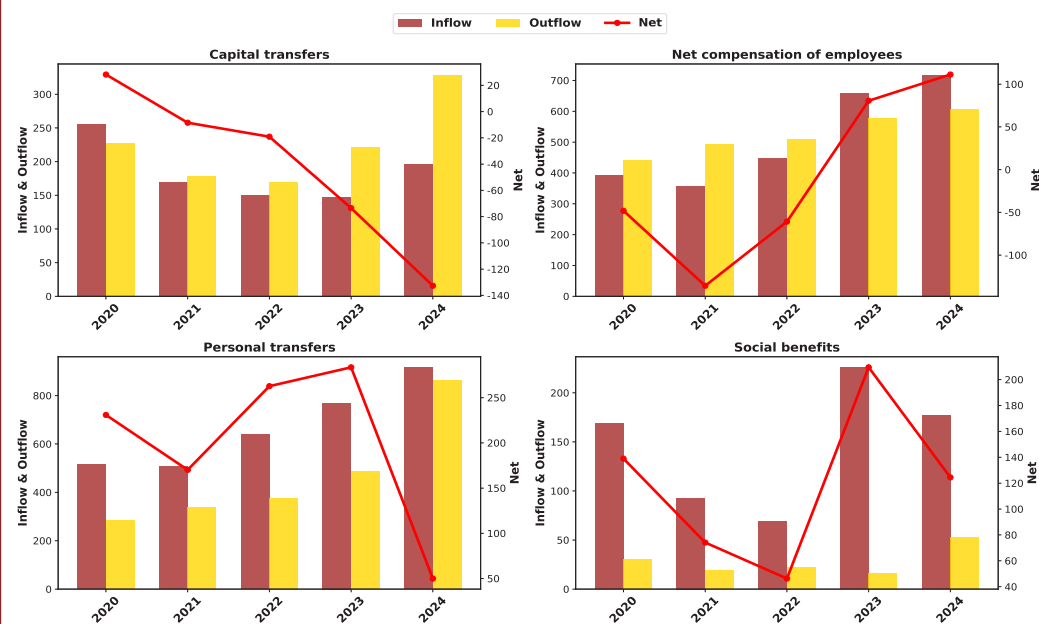
Namibia continues to be a net recipient of international remittance flows despite having more immigrants than emigrants. Total remittances inflows have consistently exceeded remittance outflows over the last five years, as Namibian emigrants tend to earn relatively higher income and benefit from a stronger exchange rate compared to immigrants. In 2024, net remittances inflows were recorded at N\$153 million, reflecting a decline compared to N\$500 million in 2023 and N\$229 million in 2022 (Figure 7). Notably, a decline was observed in 2021, with net inflows dropping to N\$100 million, from N\$350 million in 2020, which was reflected in net compensation of employees as inflows decreased while outflows increased, largely due to the relative impact of the COVID-19 pandemic. The pandemic negatively impacted remittances due to widespread job losses, business closures, and mobility restrictions affecting migrant workers in host countries. As a share of GDP, net remittance equaled 0.2 percent in 2023 and 0.1 percent in 2024.

Figure 7(a-b): Net Remittance flows by components

a. Namibia has been a net recipient of total remittances sustained by larger net personal transfer inflows.

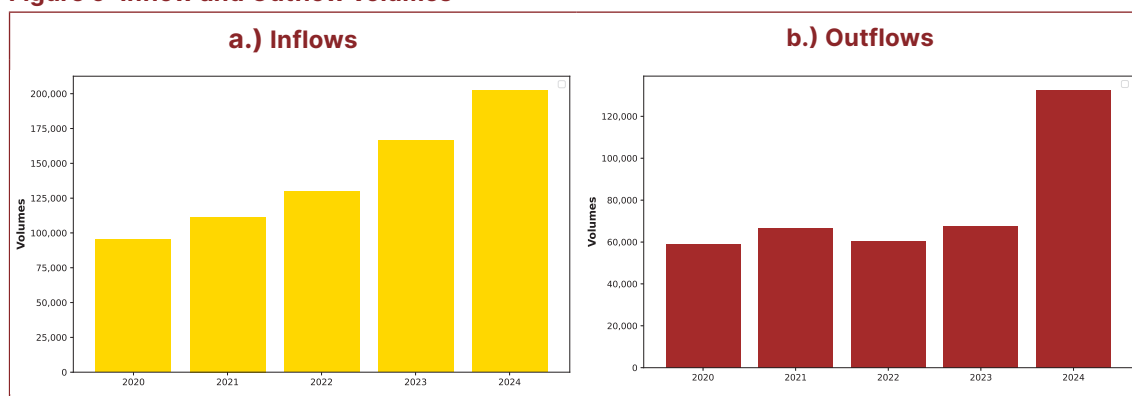


b. Components of remittance flows



3.5 Volume of Remittances

Figure 9: Inflow and Outflow volumes



The volume of remittances has grown significantly, with inbound remittances exceeding outflows across all measured years. The volume of incoming remittances has consistently exceeded outflows, largely driven by personal transfers facilitated through Money Transfer Operators (MTOs), which accounted for approximately 60 percent of the total volume of both inflows and outflows. These were followed by other current transfers between households in the form of workers' remittances and, to a lesser extent, compensation of employees. Volumes for inflow remittances amounted to 130 million, 167 million and 202 million in 2022, 2023 and 2024, respectively. Outflow volumes for remittances reached 60 million in 2022, 67 million in 2023 and 132 million in 2024. The significant increase in remittance volumes in 2024 is partly attributed to the inclusion of low value cross-border payments between Namibia and other Common Monetary Area (CMA) countries. The increase in the volume of remittances highlights the importance of regional economic integration and ease of financial transfer among these nations. As more individuals engage in small-scale financial exchanges for personal reasons, such as family support or trade, the total volume of remittances has seen a substantial rise.

4. The utilisation of informal channels for money transfers

Over the years, both the number of informally employed non-residents in Namibia and the volume of informal remittances are estimated to have increased significantly, reflecting growing cross-border economic activity. Informal remittances have increased over the years, linked to rising migration, with approximately 89 percent of migrants to Namibia originating from neighbouring countries (2023 Population and Housing Census). The short geographical distance facilitates the physical transfer of remittances both in cash and in kind through informal channels. The prevalence of undocumented workers, particularly in the northern regions of the country, who often avoid formal systems out of fear of detection and financially excluded families on the receiving side, further encourages the use of informal remittance channels. As such, net informal remittances outflows were estimated to have increased to N\$97 million in 2024, from N\$35 million in 2023 partly reflecting the increase in the use of informal short-term cross-border workers in the agricultural sector in northern and north-eastern Namibia. Moreover, bank transaction fees and complex documentation requirements, particularly for small-value transactions, often drive individuals toward informal remittance channels. However, the overall volume of informal remittances remains relatively low compared to those processed through formal financial channels. Moreover, Namibia's informal economy, where most foreign informal workers are employed, is relatively small.

Table 1: Informal remittances estimates

N\$ million	2020	2021	2022	2023	2024
Total informal remittances inflow	23	45	100	138	127
Total informal remittances outflow	22	26	57	173	224
Net informal remittances	1	19	43	-35	-97

5. Conclusion

The note unpacked the model for measuring remittances in Namibia and concludes that the country continues to register net remittances inflows. The net remittance inflows are driven by relatively higher income and a stronger exchange rate for Namibian emigrants compared to immigrants. The trend for cross-border remittances in Namibia has been on an upward trajectory, though characterized by a low degree of informality. Although there was a sharp decline during the COVID-19 period, remittance net inflows have since recovered, primarily due to the easing of restrictions and the resumption of migrant employment in host countries. Personal transfers constitute the largest portion of inflows, suggesting that remittances are largely used to support household consumption. Meanwhile, remittance outflows from Namibia have risen steadily, reflecting growing payments to foreign workers and personal transfers sent abroad. This upward trend in outflows is closely linked to the growing presence of foreign labour in resource-intensive sectors such as oil, gas, mining, and fishing, where specialized skills are often sought from international sources/markets.

6. References

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