BANK OF NAMIBIA

ANNUAL REPORT 1998

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1998

Registered Office

10 Daniel Munamava Street
PO Box 2882
Windhoek
Namibia

BANK OF NAMIBIA
CORPORATE CHARTER

MISSION

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

VISION

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

VALUES

We are committed to service excellence.

We uphold integrity, impartiality, open communication and transparency.

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

We value team work.

MEMBERS OF THE BOARD

Mr T K Alweendo
Governor
Appointed - 01 January 1997

Mr L S Ipangelwa
Deputy Governor
Appointed - 01 January 1997

Dr O Herrigel
Appointed - 14 July 1998

Ms P M Elago
Appointed - 16 July 1996

Mr U Maamberua
Appointed - 11 December 1996

Mr P T Damaseb
Appointed - 16 July 1990

Mr R Ritter
Appointed - 03 September 1997

Mr F G Kisting
Appointed - 14 July 1998

ABBREVIATIONS AND ACRONYMS

BON	Bank of Namibia
CBS	Central Bureau of Statistics
CMA	Common Monetary Area of Southern Africa
COMESA	Common Market of Eastern and Southern Africa
CPI	Consumer Price Index
CSO	Central Selling Organisation
DRC	Democratic Republic of Congo
EC	European Commission
EPZ	Export Processing Zone
ESAF	Executive Committee of the East and Southern Africa Banking Supervision Group
EU	European Union
FTA	Free Trade Area
GC02	Consolidated Government Bond maturing in 2002
GC05	Consolidated Government Bond maturing in 2005
GC10	Consolidated Government Bond maturing in 2010
GDP	Gross Domestic Product
GEAR	Growth, Employment and Redistribution Plan
GFCF	Gross Fixed Capital Formation
GFSA	Gold Fields of South Africa
GNI	Gross National Income
IBC	Interbank Call Rate
ICBS	International Conference of Banking Supervision
IMF	International Monetary Fund
IRS	Internal Registered Stock
JSE	Johannesburg Stock Exchange
MEFMI	Macroeconomic and Financial Management Institute
MOF	Ministry of Finance
M1	Narrow Money Supply
M2	Broad Money Supply
NAMAC	Namibia Macroeconomic Model
NCD	Negotiable Certificate of Deposits

NDC	Namibia Development Corporation
NDP1	First National Development Plan 1995/1996 - 1999/2000
NEER	Nominal Effective Exchange Rate
NSX	Namibia Stock Exchange
REER	Real Effective Exchange Rate
REPO	Repurchase Operations
ROA	Return on Assets
ROE	Return on Equity
SACU	Southern African Customs Union
SADC	Southern African Development Community
SA-EU FTA	South Africa-European Union Free Trade Area
SARB	South African Reserve Bank
TAC	Total Allowable Catch
TB	Treasury Bill
TCL	Tsumeb Corporation Limited
TFP	Total Factor Productivity
UNAM	University of Namibia
USA	United States of America
WASCOM	Wages and Salaries Commission

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CONTENTS

1. ECONOMIC OVERVIEW

At the beginning of 1998, global economic growth and increasing demand for Namibia's commodity exports, coupled with declining inflationary pressures and lower interest rates, suggested the domestic economy would grow at some 3 - 4 per cent. Countries in the region, such as South Africa, also expected improved growth for 1998. The outcome for the year, however, was very different from that envisaged, due mainly to external influences.

Expectations were shattered by developments in South East-Asia. As the Thai financial crisis that started in mid-1997 spread to Malaysia, the Phillipines, South Korea and Indonesia, the combined effects of a sharp contraction in equity prices, speculative attacks and subsequent abandoning of fixed exchange rate regimes led to large falls in the external values of the currencies in the affected countries. A result was that unhedged foreign debt exposures rose sharply, causing bankruptcies, lay-offs, food shortages and riots.

The fall in the equity prices of multi-listed companies had an adverse effect on stock exchanges around the world. Earnings of listed companies fell as a result of reduced exports to Asia while many businesses could not fulfill margin calls on securities, including futures, due to the unforeseen changes in interest rates. These concerns had to sell off some of their equity investments to enable them to fulfill their obligations, thereby depressing share values. Unstable world markets made investors more risk averse. A result was discrimination against emerging market countries. The recession in Japan did not help and soon speculators were looking at emerging market countries that might not have sound economic or political fundamentals in place. In May 1998, the focus of these economic agents shifted to South Africa.

Analysis of South Africa's economic fundamentals at the time shows the main features that led to the currency crisis in Mexico (1994) and in South East-Asia (1997) were absent. There was no rising and unsustainable current account deficit; there was no fixed or overvalued exchange rate; there was no unsustainable level of unhedged short-term foreign debt; monetary and fiscal policies were tight; crony capitalism and political instability were absent while the banking sector was sound and relatively well supervised. However, foreign investors pointed to the low levels of official reserves; the high level of forward cover provided by the South African Reserve Bank (SARB); the relatively low levels of domestic savings; the slow implementation of the Growth, Employment and Redistribution (GEAR) Strategy as well as labour market inflexibility and unrest as causes for concern.

Due to the fixed parity between the currencies of Namibia and South Africa, the policy responses in both countries to the speculator onslaught were the same on the monetary front. The newly introduced repurchase (repo) rate in South Africa was raised from 14.8 per cent in May to peak at 24 per cent in June, before it settled between 19 and 20 per cent in December. Namibia's Bank rate followed, moving a few basis points below the South African repo rate. Other short term interest rates, including the interbank call rate and treasury bill rates, mirrored these developments, as did lending and deposit rates.

The Namibian Stock Exchange (NSX) was also affected by the financial turmoil. This was through price arbitrage of companies dual-listed in Namibia and South Africa. The overall index fell substantially while overall market capitalization had fallen by some 40 per cent by July. Due to low levels of trading and liquidity, the local index was relatively unaffected.

The negative impact of the global crisis on the Namibian economy was substantial. A decline in the demand for commodity exports, more competitive exports from South East-Asian countries, and higher domestic interest rates impacted negatively on the prices and volumes of some export commodities while investment and consumption were reduced. This is seen in the slower growth of bank credit to the corporate sector and of the money supply. Due to the factors mentioned above, as well as global deflationary pressures and a relatively strong currency during 1997, the annual inflation rate declined from 10.3 per cent in May 1997 to 4.3 per cent in May 1998. From June 1998, however, the annual rate of inflation began to rise, due to domestic factors such as the increase in the additional sales levy, as well as imported inflation, following the sharp depreciation of the rand between May and October.

Although mineral production and exports in Namibia were affected by the closure of Tsumeb Corporation Limited (TCL), a large mining concern, as well as adverse demand conditions on international markets, a notable exception was the performance of zinc. The fishing sector performed well due to a recovery in fish stocks. This led to an increased allocation of Total Allowable Catches (TACs) which bolstered overall production in the manufacturing sector, employment and exports. Agricultural production was below average although the livestock and meat processing industry benefitted from increased marketing of animals to South Africa by commercial farmers, as well as a doubling of exports of meat and meat products. Overall, the real economy is provisionally estimated to have grown by between 1 and 2 per cent in 1998, as against the 3 - 4 per cent initially forecasted.

The global crisis had a minimal impact on Namibia's fiscal budget. During the fiscal year 1998/99, it became apparent that the overall budget deficit target of 3.8 per cent of Gross Domestic Product (GDP) could not be achieved due to increased expenditures on defence and security, drought relief, and some minor outlays due to the depreciation of the national currency. The actual budget deficit is estimated at 4.3 per cent of GDP. The authorities also moved to remove some of the negative effects of the global financial crisis on Namibia by committing themselves to reduced levels of individual and corporate tax rates in the 1999/2000 fiscal budget.

The positive influences of the trade balance, tourism receipts and increased transfers from the Southern African Customs Union (SACU) underlined a record performance in the external sector. Exporters benefitted from the depreciated currency as well as from increased output of live animals, meat and meat products, and manufactured products from beef and fish. Importers were constrained by higher financing costs, the depreciation of the Namibia dollar and weak domestic demand. The resultant current account surplus was 5.8 per cent of GDP. However, the structural deficit on the capital and financial account continued and stood at 4.1 per cent of GDP. Namibia's external transactions resulted in an overall surplus of N$308 million which increased the official foreign reserves to N$1.5 billion at the end of 1998. These reserves represented 8.5 weeks of import cover and were about three times the size of the domestic currency issue.

The overall economic prospects for 1999 are balanced and will once again be mostly dictated by external factors. On the positive side, the United States of America (USA) and most of Western Europe will continue to propel global real growth to around 2 - 3 per cent. Asian countries severely affected by the crisis in the region are expected to show real gains in 1999 due to the early implementation of structural adjustment programmes in some of these countries and to export competitiveness caused by their sharply depreciated currencies.

Concerted efforts by most of the major central banks of the world during the third and fourth quarter of 1998 to reduce short-term interest rates should set the stage for renewed economic growth in investment and consumption expenditures. Conditions in international capital markets have been slowly returning to normal. On the downside, possible currency devaluations in China and Hong Kong may trigger renewed contagion and financial turmoil. Also, the continuing recession in Japan is weighing down heavily on Asia and beyond. Lastly, equities in the USA are considered overvalued and a sharp correction may occur. This could stir more volatility and uncertainty in international markets. On balance, overall real global growth is expected to be at around 2 per cent for 1999, similar to that for Namibia.

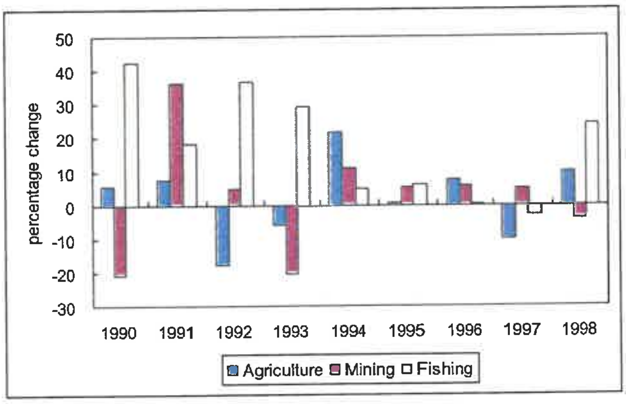
(Chart 2.2). As explained below, the major contributing reasons were adverse external factors and the closure of the TCL mines.

Owing to their nature as a luxury item, the demand for gem-quality diamonds is generally vulnerable to changing economic conditions in the developed countries. In times of recession expenditure on such items is the first to be cut. This was especially evident with the virtual collapse of the Japanese market in the first half of 1998. The consequences for the diamond mining industry in Namibia were severe. However, due to an increasing number of diamond mining companies in operation and the discovery of some rich marine deposits, diamond output increased by 3.6 per cent in 1998.

The production of uranium almost recovered to its 1997 level, partly due to the industry's strategy of selling on long-term contracts in order to protect itself, to a certain extent, from the impact of sharp fluctuations in prices on the spot market. While gold production saw a sharp decline due to strategic considerations within the long-term mining plan, the zinc industry increased production and market share by improving on product throughput and quality. All commodities were affected by a strong decline in prices in US dollar terms. The price of copper stood at an eleven year low and dropped by 25.8 per cent from the previous year. The price of lead declined by 13.5 per cent and that of zinc by 20.3 per cent. The depreciation of the Namibia dollar helped partially offset some of the hardships caused by declining commodity prices as it boosted export revenues in Namibia dollar terms. However, the depreciation came too late to prevent the closure of three important mines[1].

The fishing sector in 1998 recorded an estimated growth of 18.6 per cent, its best performance since 1993 (Chart 2.2). This performance was partly due to the TAC for most species being higher in 1998 than it was in 1997. Due to the high quality of Namibia's fish, demand was good while the depreciation of the Namibia dollar boosted exports, after operational difficulties in recent years. However, a negative development, already observed in the last quarter of 1998, was that Namibian hake experienced much greater competition from countries formerly active in South East-Asian markets and now shifting their attention to Europe. Also, the war in the Democratic Republic of Congo (DRC) disrupted the supply of hake and horse mackerel to that country. The demand for orange roughy is, however, still strong in the USA market.

Chart 2.2: Real Growth Rates, Primary Sectors



Source: CBS and BON

The manufacturing sector, as a whole, performed strongly in 1998 (Chart 2.3). However, the various sub-sectors of this industry showed divergent trends. Fish processing was undoubtedly on an upward swing, as high-value fish also entered the processing chain. High-value products are also a growing focus in the meat processing industry where one major producer has already started to adjust a marketing strategy to better face increasing competition in the South African market. Although this may not provide immediate returns, it is a necessary long-term step for the continuing expansion of the industry.

[1]The economic implications of the closure of the TCL group of mines are presented in Box Article A.

2. Real Sector, Price, Employment and Wage Developments

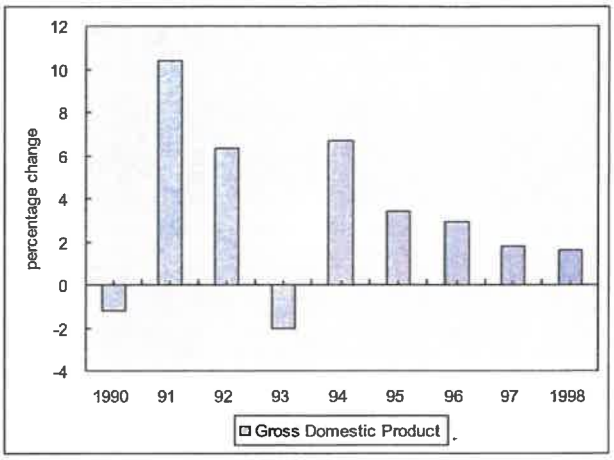
2.1 Domestic Output

Namibia's economic growth in 1998 has to be seen against the background of the much deeper than expected South East-Asian crisis which created difficult conditions for primary commodity dependent economies and the world economy in general. For developing countries, the effects of the crisis were largely in three areas. Firstly, the contraction in real per capita income in many of the crisis-stricken countries in Asia led to a decline in the demand for commodities from other developing countries and consequently a decline in commodity prices. Secondly, substantial depreciation of the currencies of the South East-Asian countries improved the competitiveness of their exports against those of other developing countries. Thirdly, the resultant worsening in sentiment against all emerging markets around the world led to the withdrawal of foreign capital from these markets. This in turn resulted in increased interest spreads on foreign borrowing, lower stock market prices and the adoption of more restrictive economic policies to reduce vulnerability.

These influences had adverse effects on Namibia's mining, trade and construction sectors. On the other hand, the country's increasingly diversifying agricultural sector showed satisfying results while earnings from tourism increased and the fishing sector performed strongly. Real growth in domestic output in 1998 is provisionally estimated to have been in the range of 1 to 2 per cent (Chart 2.1), marking a decline in per capita income.

Rainfall in the 1997/1998 agricultural production year was below average. It was enough to support the livestock and meat industries but not the growing of crops. The increased number of cattle and small stock marketed in the year under review indicated that the livestock sub-sector was approaching pre-drought output levels. The core cattle herd is currently estimated at near the long term average of 2 million, indicating the completion of restocking.

Chart 2.1: Real Gross Domestic Product



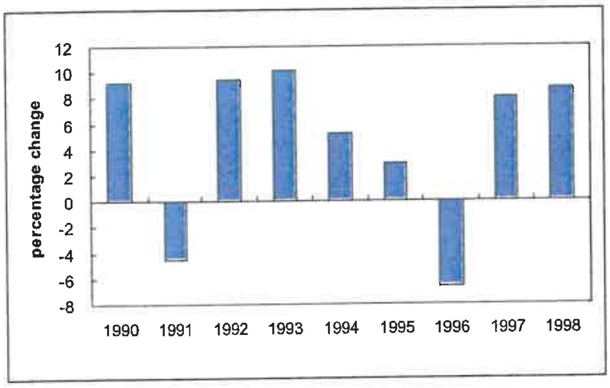
Source: Central Bureau of Statistics (CBS) and Bank of Namibia (BON)

Rain-fed areas planted for crops were reduced by 22.8 per cent between October 1997 and May 1998, although areas under irrigation remained relatively unchanged from the previous year. Apart from low rainfall, the reduction in planted areas could also be attributed to the introduction of early warning weather forecasts enabling farmers to plan more efficiently. The cancellation of the summer support programme, a loan scheme launched by the Namibia Development Corporation (NDC) a few years ago, may also have been a factor. Consequently, the production of millet and white maize declined by 67.8 per cent and 71.9 per cent respectively, compared with the previous year's record output. This strongly affected subsistence agriculture.

For the first time since 1993, the mining sector recorded a decline in output. For the year under review, the sector's production declined by an estimated 4 per cent

Growth in the beverages industry was sound but involved a share of production for Angola which could end abruptly when that country expands its own soft drinks industry. Following the high number of cattle marketed, the leather processing industry also posted a positive growth in output. Overall, chemicals and gases, printing, painting, detergent and jewelry products recorded moderate growth rates.

Chart 2.3: Growth in the Manufacturing Sector



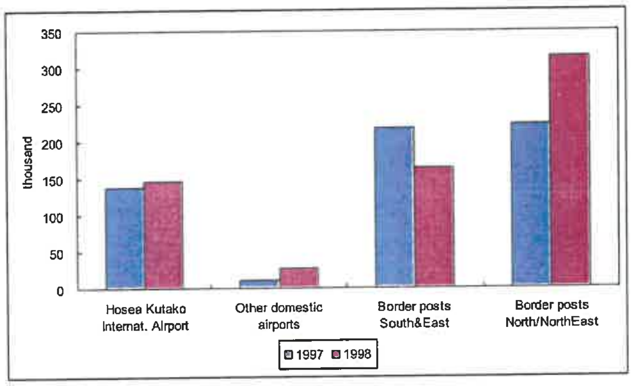
Source: CBS and BON

In the retail sector, real decline in per capita income put pressure on expenditure by consumers, mainly in the rural areas. For instance, the real per capita consumption of sugar in the country decreased by 8.2 per cent in 1998. The supermarkets and the clothing sector in the urban areas maintained the previous year's sales levels, although there are indications that the retail industry as a whole is experiencing a structural change. This is so as the establishment of large retailers creates stiff competition for the smaller firms.

The construction industry registered the strongest decline among all sectors during the year under review. Preliminary data indicate a significant decline in buildings completed as well as in building plans passed for the non-residential sector. While buildings completed, building plans and plans for additions and alterations passed in the residential sector increased significantly, these were not sufficient to offset the decline in the business and public sectors. However, the overall result might be misleading as activities in the prospering Northern Region are not yet included in the survey.

Tourism, currently the third largest sector in the Namibian economy, is estimated to have grown by about 8 per cent in 1998. Total tourist arrivals, including one-day-visitors from neighbouring countries, increased by 10.2 per cent in 1998. Arrivals at the Hosea Kutako International Airport, a good indication of high-budget tourists and business travellers from overseas, increased by 5.9 per cent (Chart 2.4). There was also an increase of 1.5 per cent in the number of tourism establishments registered and 2.5 per cent in the number of hotel and other rooms available in 1998.

Chart 2.4: Number of Tourist Arrivals by Port of Entry



Source: CBS and BON

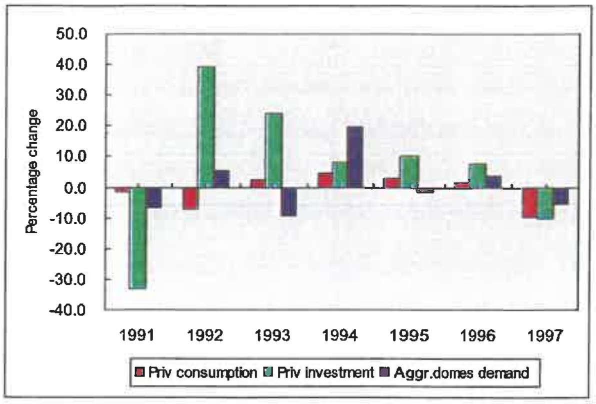
Government services showed a real growth of over 4 per cent up to December 1998, but could have been higher at the end of the fiscal year, as the employment of ex-combatánts took off. The 1998 growth came from a real increase of about 10 per cent in salaries for most civil servants. Owing to policy measures aimed at the reduction of inequality in income distribution, management staff in the civil service did not receive any real increase in 1998. It should be noted, however, that salaries at management levels in government were last adjusted in 1996 with the partial implementation of the recommendations of the Wages and Salaries Commission (WASCOM). Meanwhile, salaries at lower and mid-level positions have been adjusted upward. This could have several implications. It could gradually raise the implicit minimum wage for the country as a whole, as government is seen as a wage leader. Secondly, it could increase turn-over in government especially at management levels, thus depriving the public service of much needed skills.

2.2 Domestic Demand Conditions

Due to the unavailability of recent data on domestic expenditure, the analyses in this section will focus on 1997. Unlike in the previous year, when aggregate domestic demand grew, 1997 saw a strong contraction. In real terms, aggregate domestic demand contracted by about 5 per cent in 1997 compared with an increase of about 4 per cent in the preceding year. This contraction was brought about by a sharp decline in private domestic expenditure which fell by some 10 per cent, compared with an increase of 3 per cent in the previous year. Public expenditure, on the other hand, continued to increase moderately, albeit at a slower rate.

The decline in private domestic expenditure was on account of a fall in private consumption and investment expenditures, both of which declined by some 10 per cent in real terms (Chart 2.5). The fall in real consumption expenditure could be explained by a decline of 1.4 per cent in real gross national income per capita in 1996, which contracted by a further 0.5 per cent in 1997. Private consumption was further squeezed by high real interest payments which now take up a sizeable part of the income of consumers. The decline in private invest-ment was strongly felt in the fishing and mining and quarrying sectors. Prior to 1998, investment in the fishing sector was constrained by reduced TACs, intended to allow for the recovery of the fish stock which was declining as a result of over-fishing and adverse environmental conditions. Further, investment in the mining sector was constrained by declining international commodity prices. The strong declines in these two sectors fully offset the robust performances in the construction, finance, real estate, and business services sectors.

Chart 2.5: Domestic Demand



Source: CBS

Trends in private consumption in 1998 were uncertain, although the improvement in the terms of trade could have boosted consumption expenditure. Wholesale diamond prices in US dollar terms remained stable, in an environment of falling commodity prices, as the Central Selling Organisation (CSO) reduced sales to maintain price stability. Due to the sharp depreciation of the Namibia dollar, export prices in domestic currency terms increased strongly. However, Namibia's import prices would have risen only by about 6.9 per cent, in line with South Africa's annual inflation rate. This is because much of Namibia's imports come from South Africa. As a result, Namibia would have seen a strong improvement in the terms of trade and gross national income (GNI) would have grown faster than GDP. This, in turn, would positively benefit private consumption expenditure for 1998. The effects of high income could have more than off-set the negative effects that high taxes and interest rates had on consumption in 1998.

Real public expenditure expanded by 2 per cent in 1997, down from 3.5 per cent in the previous year. Both consumption and capital expenditures by the public sector registered real increases. Growth in public investment expenditure slowed down substantially from over 9 per cent in 1996 to 0.3 per cent in 1997. Growth in public consumption, however, remained stable at about 2 per cent, indicating that the restraint in overall public expenditure was achieved at the expense of real growth in public investment. In line with a moderate increase in government value added, public consumption was expected to rise in 1998.

2.3 Savings and Investment Balance

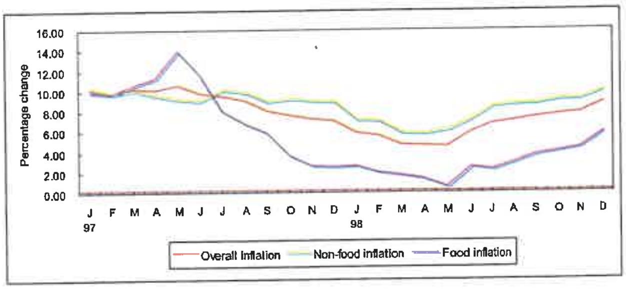
During 1996 and 1997, Namibia's gross savings remained relatively high at about 25 per cent of GDP. This rate could have risen slightly in 1998 due to positive terms of trade, despite rising interest rates and taxes during the year. However, the country's investment performance has been sluggish, declining from 23 per cent of GDP in 1994 to about 20 per cent in 1997. This disappointing performance in investment has resulted in an excess of savings over investment, reflected in continuos surpluses on the external current account and a constant outflow of capital to South Africa.

It would, therefore, seem that the failure of Namibia to achieve its First National Development Plan (NDP1[2]) growth target should not be blamed on insufficient domestic savings but rather on the country's poor investment performance. The country should thus not seek to restrict the outflow of savings but try to stimulate private investment. There is evidence that while current efforts to restrict the outflow of savings have resulted in greater development of the local financial sector and heightened awareness of and interest in local investment opportunities, they do not appear to have led, in any direct way, to increases in fixed investment.

2.4 Price Developments

The average annual inflation for the year 1998 was 6.2 per cent, the lowest since independence. The corresponding rate for 1997 was 8.9 per cent. The year 1998 was the third successive year to record a single digit increase in the index. The sharp decline in the average annual rate of inflation for the year 1998 was largely due to the weak domestic demand caused by the consistent application of tight monetary policy. The low inflation rate was also partly due to a marginal increase in the food sub-index, which accounts for 28.4 per cent of the total Consumer Price Index (CPI). The average annual increase of non-food inflation for the year under review stood at 7.6 per cent, 1.4 per cent higher than headline inflation. Disinflationary pressures became more pronounced during the fourth quarter of 1997 and continued further in the first five months of 1998 (Chart 2.6).

Chart 2.6: Consumer Price Index Over Twelve Months

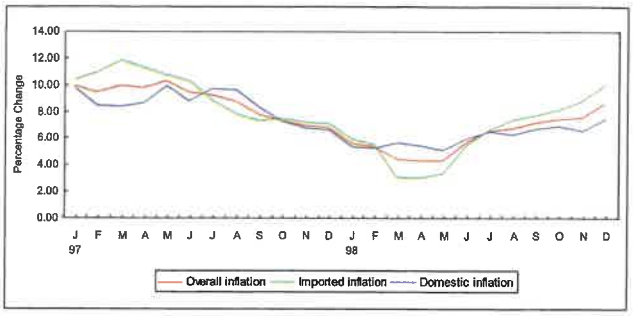


Source: CBS

However, inflation started picking up in June 1998, primarily due to the additional sales levy announced in the March budget statement for the Financial Year 1998/1999. This pressure was fueled by an increase in municipal charges in July when domestic inflation rose to 6.5 per cent from 5.9 per cent in June. It continued to rise further, reaching 7.5 per cent in December (Chart 2.7). In addition, imported inflation, especially from South Africa following the depreciation of the rand since May 1998, was also noticeably higher. Imported inflation was low during the first half of the year but subsequently rose to 7.3 per cent and 9.0 per cent in the third and fourth quarters, respectively.

[2]Namibia's first medium-term development plan covers the period 1995/96 to 1999/2000.

Chart 2.7: Consumer Price Index Over Twelve Months



Source: CBS

From a low of 5 per cent in May and June 1998, consumer price inflation in South Africa took an upward turn in July, reaching a high of 9.4 per cent in November, before stabilizing at 9.0 per cent at the end of December. The average annual inflation rate was 6.9 per cent, the lowest since 1973.

Producer inflation in South Africa, on the other hand, remained stable during 1998, despite the depreciation of the rand. The average annual producer inflation stood at 3.5 per cent, compared with the 7.1 per cent recorded during the corresponding period of 1997. This marked the lowest producer price increase since 1970 when South Africa recorded only 3.1 per cent. The indices for both locally and imported products were relatively low at 3.5 per cent and 3.1 per cent, respectively. This could be a reflection of, among others, the slowdown in domestic activity, stiff international and domestic competition, and the low prices of imported crude petroleum.

Considering the fact that Namibia's consumer inflation is largely influenced by South African inflation (as confirmed by a recent study by the Bank of Namibia[3]), the price effects of the recent strengthening of the currency could, in due course, result in weaker inflationary pressure. Furthermore, both countries are experiencing a slowdown in economic activity. This lowers domestic demand which could, in turn, lessen pressure on prices. In the light of reduced domestic economic activity and the reasonable stability in the exchange rate of the rand, ceteris paribus, it is widely expected that current high interest rates may come down.

2.5 Employment and Wages

The Labour Survey conducted in 1997 is the first comprehensive survey of Namibia's labour market since the 1991 Population and Household Census. The preliminary findings of the survey, released in January 1999, point to a high unemployment rate of 35 per cent of the active labour force in 1997. This estimate is, however, based on the broad definition of unemployment which does not require an active search for a job on the part of the unemployed. Applying the strict definition of unemployed (i.e. that considers the unemployed as those actively in search for a job) would reduce the rate of unemployment to 20 per cent of the labour force. This is marginally higher than the rate of 19 per cent established in the 1991 Population and Household Census, in which the strict definition of unemployment was applied.

Employment generation was largely constrained by the slowing down of economic activity that has characterized the country since 1995. The expansion in the private sector, which is widely believed to have the largest potential to generate employment, has been insignificant. The NDP1 expected sustainable employment to come from sectors that are labour intensive. These include fishing and fish processing, manufacturing, tourism and construction. Investment in some of these sectors, however, has been inadequate. Expansion in fishing and fish processing, for instance, has been hampered by declining fish stocks while high interest rates have adversely affected other sectors, particularly construction. The current Export Processing Zone (EPZ) initiative has achieved some positive results but is yet to make a significant impact on unemployment.

[3]Mihe Gaomab II (1998), *Modeling Inflation in Namibia.*

A recent report also suggests that productivity in Namibia's economy, as measured by Total Factor Productivity (TFP), seems to be falling[4]. The decline is attributed to the large share of GDP that government consumes, the inadequate skills level of the labour force, and the gradual shift to high-cost deposits in Namibia's mining industry. This is a cause for concern and the acute shortage of skills should be addressed as a matter of urgency.

Like for employment, the unavailability of data on wages does not allow for a comprehensive monitoring of wages and related developments. However, a study conducted by the Ministry of Trade and Industry in 1994 indicated that wage levels in Namibia are significantly higher than those of her neighbours, excluding South Africa. For example, a semi-skilled worker in Namibia earns almost three-times what a counterpart in Botswana earns. Since there is no evidence to suggest that Namibian workers are more productive than those in Botswana, the findings of this study are worrisome (Table 2.1).

Table 2.1: Wages in Southern Africa (US dollar per month)

Country	Semi-skilled	Skilled	Managers
Botswana	100	600	1,000
Lesotho	97	-	-
Kenya	40	90	160
Malawi	33	-	-
South Africa	350	-	-
Zimbabwe	65	500	1,000
Namibia	277	1,111	1,944

Source: Ministry of Trade and Industry

In addition, labour costs have tended to outpace inflation by a considerable margin. It is believed this is due to the disproportionate influence of the trade unions. Namibia's labour relations have occasionally been characterized as tense. To the extent that this situation has discouraged foreign investment, it could further worsen the already high rate of unemployment. The Labour Act of 1992 is currently under review and the first draft of the amendment bill could be finalised in early 1999. The revision will address issues of concern in the existing act. These include the absence of mediation procedures at times of labour conflict.

2.6 Future Prospects for the Namibian Economy

Starting with the crisis in South East-Asia, a number of events that started in 1998 have created a more difficult and gloomy outlook for developing countries, and the world economy in general, for the next three years. Japan has gone into outright recession, Russia has run into financial difficulties, capital flows to emerging markets have suddenly fallen, and a credit squeeze is evident in the face of heightened risk aversion in global financial markets.

As a result, a sharp slowdown in world output, trade and capital flows is clouding the near and medium-term prospects for Namibia and the world economy as a whole. Growth in global output in 1999 is expected to rise by only 0.1 percentage point above the estimated rate of 1.8 per cent in 1998, far below the robust growth rate of 3.2 registered in 1997. However, respectable growth for continental Europe and the USA (although slowing), which together account for some 60 per cent of world output, are positive elements. Average commodity prices are now at 1990 levels and prospects are for further price declines, for several commodities, in 1999. Metal and mineral prices are now at 65 per cent of their 1990 levels as the decline in Asian demand has coincided with a substantial increase in supply, particularly for copper.

[4]Findings of the 1998 report by the World Bank Mission and the NAMAC (Namibia Macroeconomic Model) Working Group.

The South African economy, to which the Namibian economy is closely linked, witnessed a series of events over the last few months of 1998 which created further uncertainty about the near-term prospects for economic growth: The depreciation of the rand, the concomitant rise in interest rates and the contraction this creates in domestic demand, will have adverse effects on the local economy over time. As a result, real GDP forecasts have been revised downward to around 1 per cent in 1998 and to some 2 per cent in 1999.

Rather than continuing with the sluggish growth described above, there is a substantial risk that the world economy will slip into a recession in 1999. This could arise from a set of interconnected and mutually reinforcing phenomena. These include a worsening recession in Japan, a loss of confidence in the international capital markets, leading to an extended shutdown in private capital flows to developing countries, and an equity market correction of 20 - 30 per cent that could depress growth in the USA and Europe. The results could be severe for developing countries as the lack of access to international capital could be aggravated by even sharper declines in exports and primary commodity prices than in the picture painted above.

In the light of these developments, only a marginal improvement in GDP growth for Namibia is expected in 1999. This growth will be far below the average growth rate of 5 per cent envisaged in the NDP1 and will be insufficient to bring about an improvement in the per capita income of Namibians. Most of the growth is expected to come from fishing and tourism as mining is expected to remain weak, reflecting continued depressed conditions in the international commodity markets. Fishing seems to have recovered fully and expectations are that the sector's growth will surpass the robust rate recorded in 1998. The tourism sector is expected to greatly benefit from the depreciation of the Namibia dollar during 1998. The industry is capable of attracting West European tourists who generally spend more in Namibia than tourists from South Africa. Namibia's tourism sector is expected to benefit tremendously from the recent economic recovery in Europe. Reduced inflationary pressures are likely to continue into 1999, given the weak domestic demand at home and in South Africa, global disinflation, and the recent strengthening of the rand.

Longer-term (2000 - 2005) growth prospects for the world economy and that of Namibia seem promising. The world economy could still grow by slightly more than 3 per cent a year if policies currently being undertaken at the global level are implemented quickly and developing countries continue with their financial reforms. With a supportive external environment, Namibia's mining sector should regain its strength. In addition, the planned opening of new mines, Skorpio for zinc and Haib for copper, with an estimated combined capital outlay of about N$4 billion, could further boost the sector's output. These mines are expected to be fully operational by 2001 and 2004, respectively. Further, the Kudu Gas project should transform Namibia from a net importer of electricity to a net exporter and will therefore greatly contribute to the recovery of the economy. It is not yet clear whether this project will take off soon, as discussions among interested parties are still continuing. Other sectors, including fishing, manufacturing and tourism, are also expected to see continued growth and, with the expanding EPZ sector taken into consideration, the overall economy is expected to grow by not less than three per cent a year. However, this projected long-term growth will not be enough to significantly improve per capita income and create employment for a large number of unemployed Namibians. More structural reform, that would increase investment and productivity and eventually propel the economy to higher growth, needs to be undertaken. There is also a need to improve the skills of the current labour force and potential job-seekers. This issue requires a review of the education system to ensure skills acquired match the demands of the labour market and the large investments in education pay reasonable returns.

A related concern is the apparent inflexibility of labour markets in Namibia. While data on employment and earnings are difficult to obtain, anecdotal evidence suggests that wage increases have been outstripping inflation and productivity gains. This does not create the needed jobs but instead destroys them. However, without appropriate data on wages and employment, it is difficult to recommend appropriate corrective policy measures. The authorities, especially the Ministry of Labour, need to intensify efforts to collect labour statistics. Furthermore, the absence of labour conflict mediation procedures gives rise to unnecessary work stoppages and strikes. This issue should be addressed as a priority.

On the whole, Namibia's future growth potential largely depends on the country's ability to transform itself into an economy that is able to compete regionally and globally. This demands greater efficiency in both the private and government sectors.

BOX A IMPLICATIONS OF TCL MINES CLOSURE

On 17 April 1998, Gold Fields Namibia Ltd[5] presented an application to the Namibian High Court in Windhoek for the liquidation of its wholly owned subsidiary and principal asset, TCL. On 29 April 1998, TCL was provisionally liquidated. This unexpected announcement came as a profound shock to the employees of TCL, the unions, the Government, and the public at large.

TCL was a subsidiary of Gold Fields Namibia, a mining investment company. The ultimate holding company, which took strategic decisions concerning TCL, was Gold Fields of South Africa (GFSA). The mining group operated mines at Khusib Springs and Kombat and a copper and lead smelter and refinery at Tsumeb. It also managed the Otjihase Mine, in which it held a 70 per cent joint venture interest. TCL employed some 1 930 people at its operations and was the largest employer in the towns of Tsumeb and Kombat. The ore mined at each mine contained different concentrations of copper, lead, silver, gold, zinc and other minerals.

From early 1996, TCL experienced a variety of technical problems and natural disasters which were further compounded by a fragmented organisational structure, labour conflicts and poor strategic management decisions. These problems were aggravated by the South East-Asian crisis, which led to a significant drop in the prices for base metals. In mid-1996, world copper prices dropped by 35 per cent in the aftermath of market manipulation but recovered by the end of that year. The average US dollar price for copper in 1996 was 22 per cent lower than the average for 1995, but only 8 per cent lower in Namibia dollar terms. However, with the start of the South East-Asian crisis in mid-1997 this recovery was reversed and world copper prices started to decline again. This trend continued in 1998 with the price of copper declining by 12.2 per cent. Prices of other base metals were also affected by the crisis, and as a result, the first six months of 1998 saw the strongest decline in metal prices in the past 11 years. Overall, the average price for copper dropped by 43.4 per cent and 13.6 per cent from that in 1995, in US dollar and in Namibia dollar terms, respectively.

Compared with a profit of N$24 million in 1995, TCL showed an operating loss of N$44 million in 1996. The result for 1997 was worse as the operating loss almost doubled. This situation continued in 1998, with the company recording an operating loss of N$16 million in the first three months.

Impact on the Economy of Namibia in 1998

The mining sector accounted for 17.3 per cent of total real GDP in 1997. TCL accounted for 11.6 per cent of the sectors' value added, representing a share of overall GDP of 2 per cent. Output figures suggest a good performance by the mines during the operational period of 1997/98. Copper output saw a 42.2 per cent real increase in the first quarter of 1998, compared with the corresponding quarter in 1997. Similarly, silver output saw a 31.9 per cent increase while lead production growth remained constant for the period under review.

For 1998, the direct impact of the closure of TCL resulted in a decline of 7.1 per cent in mineral mining output, representing a contraction of 1.2 per cent of real GDP. In addition, consumer expenditure decreased due to the retrenchment of TCL employees, in spite of the fact that the retrenchment packages were considered adequate.

[5]Goldfields Namibia was listed on the Namibian and Johannesburg Stock Exchanges, but is now suspended from trading.

Due to the fact that TCL did not generate any profits since 1991, no corporate taxes were paid after 1991. Corporate taxes paid for 1990 and 1991 amounted to N$3 million. However, TCL always paid the General Sales Tax and Additional Sales Duty as well as Personal Income Tax. In total, these tax payments amounted to N$137 million since independence in 1990, an average of around N$20 million per annum.

Conclusion

Although other factors, explained above, contributed to the closure of TCL, the general decline in commodity prices, precipitated by the South East-Asian crisis, had a major impact on the profitability of the company and led to its eventual provisional liquidation. The effects on the economy will be felt in terms of lower mining output, and therefore exports, reduced demand for utilities, goods and other services, and lower GST revenue for the central government. A major lesson to be learned from the closure of TCL is the need to strengthen the tripartite cooperation of government, mine management and labour.

Prospects

As soon as one of the prospective buyers finalize the acquisition of TCL assets, it is expected that 1997 production levels will be achieved within two to three years. The intention in the TCL revival plan is to focus on the core copper business while production of by-products such as lead, arsenic trioxide and cadmium will be resumed at a later stage. The plan foresees a workforce of 769, a significant decrease from the number employed prior to the provisional liquidation. Non-core businesses such as the running of workshops, recreation clubs and the hospital are likely to be out-sourced to smart-partnerships.

3. MONETARY AND FINANCIAL DEVELOPMENTS

3.1 Monetary Policy Developments During 1998

Following encouraging developments in monetary aggregates and inflation in the previous year, expectations of a relaxation of monetary policy were high at the start of 1998. Nevertheless, during the first quarter the Bank of Namibia maintained its Bank rate at 16 per cent, despite an effective reduction in the corresponding operational variable of the SARB by one percentage point in March.

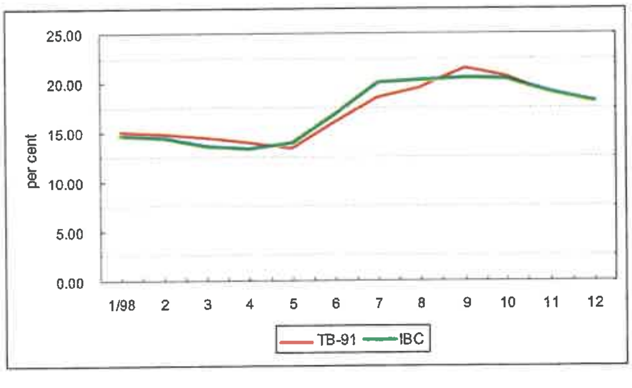
The SARB in March 1998 introduced new monetary policy procedures. These included repo's, a system under which banks tender, on a daily basis, for a fixed amount of central bank funds through repurchase arrangements, and a marginal lending facility through which overnight loans are provided to banks at the marginal lending rate. The Bank of Namibia continued to use the Bank rate as the main operational instrument of monetary management in Namibia.

The monetary environment in South Africa and Namibia changed dramatically in May 1998 when the contagion effect of the South East-Asian financial crisis spread to the South African financial market, to which Namibia is linked through the Common Monetary Area (CMA) Agreement. It began with a sudden reversal in capital flows (short term portfolio investment) that created pressure on the foreign exchange market. The South African rand, to which the Namibia dollar is linked, depreciated sharply, nearly 25 per cent from April to July 1998, against the US dollar. The immediate effect of the sudden switch in investor sentiment and risk perceptions was an increase in the yield on long-term government bonds. Other interest rates followed the upsurge on long-term bonds. The repo rate in South Africa rose from 14.8 per cent at the beginning of May to 24 per cent in June, before settling at around 21 per cent in early July. South African banks raised their prime overdraft rate from 18.3 per cent at the end of April to 25.5 per cent in August 1998.

The Bank rate in Namibia followed suit, as it was, since mid-1998, fixed on a daily basis in line with daily changes in the South African repo rate. However, it moved a few basis points below the South African repo rate. This reflects concerns about the negative impact of high interest rates on the domestic economy but remains consistent with the need to prevent interest rate arbitrage between the two markets. The Bank rate in Namibia reached 21 per cent in July, before falling to 19 per cent in December. The rise resulted in a sharp increase in overall interest rates. Local banks raised their prime rates to an average of 24.2 per cent in July, before it was lowered to 23.6 per cent in December.

Short-term money market rates also reflected these developments (Chart 3.1). The monthly average Interbank Call (IBC) rate declined from 14.7 per cent in January to 13.4 per cent in April, but rose sharply thereafter to reach 20.5 per cent in September. This rate, however, declined to 18.2 per cent in December. The average tender rate on Treasury Bills (TB's) of three months followed a similar path. It declined from 15.2 per cent in January and reached a low of 13.6 per cent in May before reaching a peak of 21.7 per cent in September. In December, it declined to 18.3 per cent.

Chart 3.1: Money Market Interest Rates



The nominal weighted average for lending and deposit rates of commercial banks followed the same upward trend but did not register the downward reversal of other rates. During the second quarter, the average weighted lending rate declined to 18.9 per cent from 19.5 per cent during the first quarter, before increasing to 22.6 per cent during the fourth quarter. In real terms, this rate declined to 13.5 per cent in the second quarter from 13.7 per cent in the first quarter, before rising to 13.6 per cent in the fourth quarter. On the funding side, the nominal (and real) quarterly weighted averages for deposit rates declined from 12.1 (6.6) per cent during the first quarter to 11.4 (6.3) per cent during the second quarter, before increasing to 14.1 (5.7) per cent during the fourth quarter.

The nominal spread between lending and deposit rates increased throughout 1998, from 7.4 percentage points in the first quarter to 8.5 percentage points in the fourth quarter. The spread in real terms increased from 7.0 to 7.9 percentage points. However, nominal spreads for the corporate and retail sectors displayed a diverse trend. The spread for corporate business declined from 6.1 percentage points during the first quarter to 6.0 percentage points during the second quarter, before increasing to 6.1 percentage points during the fourth quarter. The corresponding spread for the retail business remained more or less unchanged at 9.5 percentage points before rising to 11.7 percentage points. Unlike the spreads for the general corporate and retails sectors, those for prime customers were much smaller and fell consistently through the period under review. They declined from 2.2 percentage points during the first quarter to 1.5 percentage points in the second quarter and to 1.0 percentage point in the fourth quarter. The decline and the size of these spreads could be attributed to competition, in particular the possibility of respective client groups depositing and accessing funds in South Africa.

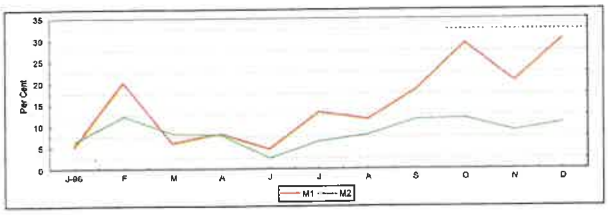
The Bank of Namibia changed the primary reserve requirements from a differentiated system to a uniform required reserve ratio of 1 per cent of total deposit liabilities. Prior to the change, the reserve requirement ratio stood at 5 per cent of short term liabilities and 3 per cent of medium and long term liabilities. The practice of counting currency held by banks as part of required reserves was abolished. Banks are instead allowed to comply with the reserve requirements on average over the maintenance period to increase the flexibility in management of liquidity. These revisions were intended to make reserve requirements a more effective instrument of monetary policy. They did not have any significant immediate effect on the liquidity of the banking system.

3.2 Money Supply

The monetary scene during the first half of 1998 was marked by a significant deceleration in the growth of Broad Money Supply (M2), in line with the slow-down in economic activity and the tight monetary policy that was pursued. The abatement was also helped by a significant improvement in government budgetary operations, with the government becoming a net creditor to the banking system for nearly the entire period under review. However, from the third quarter of 1998, money supply started to pick up again and at the end of December broad money stood at N$8.0 billion, representing an increase of 10.7 per cent over the year compared with the growth of 7.6 per cent in the previous year. Narrow Money Supply (M1), i.e. currency in circulation and demand deposits, rose by 30.1 per cent, while quasi-money, the other component of M2, remained more or less unchanged during the same period (Chart 3.2).

Time deposits, which accounted for the bulk of deposits at the end of December 1997, lost nearly two percentage points (44 per cent at the end of October 1998) in favour of demand deposits. This shift in the relative importance of demand as against time deposits seems to reflect the public's preference for liquidity, in the light of declining disposable income and rising inflation.

Chart 3.2: Twelve Month Growth Rates in M1 and M2



The expansion in the money supply during 1998 came mainly from changes in private sector credit and the net foreign assets of the banking system, which increased by N$797 million and N$455 million, respectively. Net credit to the Central Government increased by N$28 million. These expansionary influences were moderated by a change of N$511 million in "other items net" of the banking system (Table 3.1).

Table 3.1: Changes in the Determinants of Money Supply (N$ million)

	1997	1998
Claims on the Private Sector	939.6	797.1
Claims on Central Government	-47.0	27.6
Net Foreign Assets	-66.7	455.4
Other assets and liabilities (Net)	-317.0	-510.6
Money Supply (M2)	**508.9**	**769.5**

3.3 Credit to the Private Sector

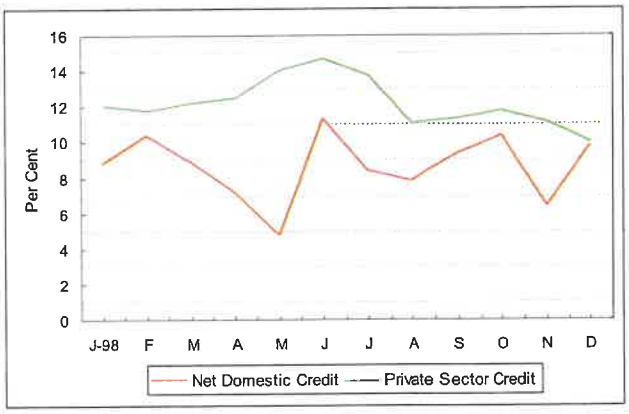
In the first six months of 1998, credit growth to the private sector declined marginally, on a year-on-year basis, from 14.8 per cent in December 1997 to 14.7 per cent in June. However, due to tight monetary policy, growth in credit to the private sector slackened considerably in the second half of 1998 to a year-on-year growth rate of 10 per cent in December (Chart 3.3). This slow growth was reflected mainly in the growth of credit to the corporate sector which declined, on an annual basis, from 20.9 per cent in June to 13 per cent in December, whereas growth of credit to individuals declined from 11.6 per cent in June to 9 per cent in December 1998 (Table 3.2).

Table 3.2: Twelve-Month Percentage Changes in Bank Credit to the Private Sector

	J-98	F	M	A	M	J	J	A	S	O	N	D
Individuals	10.7	11.4	10.9	11.3	11.0	11.6	10.6	9.3	9.3	11.3	7.9	8.9
Business	14.9	12.7	15.0	14.7	20.2	20.9	20.5	14.8	11.1	12.3	17.2	13.0

Mortgage loans continued to dominate credit to households and accounted for 55.9 per cent, followed by 26.0 per cent for other loans and advances and 17.2 per cent for instalment credit. As a share of total private sector credit, credit to individuals declined marginally from 65.8 per cent in June to account for 64.7 per cent in December 1998.

Chart 3.3: Net Domestic Credit and Private Sector Credit (Twelve-Month Percentage Changes)



During the period under review, mortgage loans accounted for 71.7 per cent of the increase in credit to the private sector, followed by other loans and advances with 18.3 per cent, while instalment credit and leasing accounted for 1.9 and 0.6 per cent, respectively. Despite the high interest rates, year-on-year growth in mortgage loans rose rapidly from 10.4 per cent in December 1997 to 15.8 per cent in June and to 20.2 per cent in December 1998. On the other hand, the increase in instalment credit and leasing slowed substantially from 5.0 per cent and 38.0 percent in December 1997 to 2.8 and 6.0 per cent, respectively, in December 1998. The growth in "other loans and advances" (including overdrafts on current account, the most popular form of bank lending), slowed from 22.2 per cent in December 1997 to 18.3 per cent in June and further to 3.9 per cent in December, clearly reflecting the effect of high interest rates.

3.4 Direction of Commercial Bank Credit

The allocation of credit to various sectors of the economy remained virtually unchanged with individuals absorbing the bulk of commercial bank credit. As a share of total credit, individuals accounted for 40.7 per cent compared with 42.4 per cent the previous year while that of the commercial and services sector grew slightly by 3.2 percentage points from 26.3 per cent in December 1997. Building and construction and fishing accounted for 12.9 per cent and 4.9 per cent, respectively, and manufacturing and mining for 4.7 per cent and 2.9 per cent.

The most notable increase was posted by the mining and quarrying sector, with an annual growth rate of 90.3 per cent compared with 165.1 per cent recorded in the previous year. Despite the high cost of borrowing during the most part of 1998, credit to the commercial and services sector rose substantially by 21.2 per cent in December 1998, largely reversing the slow growth rate of 10.5 per cent recorded in the previous year. Credit to the agricultural sector rose marginally by 4.5 per cent compared with 7.5 per cent the previous year. This slowdown reflects the sluggish performance of the agricultural sector due to adverse climatic conditions. Credit to individuals and the fishing sector rose marginally by 3.4 per cent and 1.7 per cent, respectively, compared with 23.3 per cent and 14.8 per cent the previous year. Credit to the manufacturing, building and construction sector declined by 7 per cent and 1 per cent, respectively, compared with increases of 31.9 per cent and 16.1 per cent the previous year. These declines could be attributed to high interest rates during the second and third quarter of 1998 as well as the overall sluggish performance of the economy during the larger part of the year (Table 3.3).

Table 3.3: Direction of Commercial Bank Credit (N$ million)

Industry	Dec 97	Mar 98	Jun 98	Sept 98	Dec 98
Agriculture and Forestry	301.0	306.2	288.1	299.1	317.3
Fishing	339.4	313.2	327.7	343.9	345.0
Mining and Quarrying	107.1	111.9	157.1	129.7	203.8
Manufacturing	360.5	350.7	328.7	346.2	335.1
Building and Construction	926.2	937.0	961.0	926.1	917.3
Commercial and Services	1724.0	1837.7	2010.7	1951.2	2089.9
Individuals and Others	2795.4	2832.8	2815.5	2945.6	2890.6
Total	**6553.6**	**6689.4**	**6888.8**	**6941.8**	**7099.1**

A detailed analysis of developments in commercial bank credit since 1993 is presented in Box Article B.

3.5 Capital Markets

3.5.1 Debt Securities Market

During the second quarter, government bonds were consolidated into three (GC02, GC05 and GC10) maturing in 2002, 2005 and 2010, respectively. The objectives of the exercise were to increase liquidity by benchmarking these stocks to the most liquid ones in South Africa and to lengthen their maturity structure. Pre-consolidation bonds were issued in maturities of 2, 3, 5, and 6 years, while consolidation bonds had maturities of 4, 7, and 12 years. All bonds were included in the consolidation offer but some holders of bonds nearing maturity did not wish to extend their investments and thus did not participate. The total value of the consolidation bonds amounted to N$1.6 billion, including a net nominal amount of N$477 million raised by the government during the consolidation exercise.

Due to low levels of liquidity in Namibian bonds, the yields on consolidation bonds were set above the yields at which the benchmark South African bonds were trading. The premium on GC02 increased in November in a primary auction to 166 basis points above its benchmark bond compared with the premium of 90 basis points at the time of consolidation. In another primary issue in October, the premium on the GC05 increased to 178 basis points above its benchmark South African bond from 110 basis points earlier, but dropped to 163 basis points in secondary trading in December. In contrast, the yield on the GC10 first rose in August to 208 basis points above its benchmark in an auction, but fell spectacularly to 88 basis points below the benchmark in another auction in December. The premium had been 130 basis points at the time of consolidation.

Consolidation was followed by changes in auction procedures in July 1998. The changes were intended to alleviate cash-flow concerns by investors and to improve transparency in government's debt management. The changes included increasing the frequency of auctions for treasury bills and bonds while the amount on offer was to be announced in advance.

3.5.2 Equity Securities Market

The NSX was also affected by the global financial crisis, because of the price arbitrage opportunities that exist on dual-listed companies on the NSX and the Johannesburg Stock Exchange (JSE). The overall price index declined from 301 at the end of April to 140 (the lowest point in the year) in September, before increasing to 176 at the end of December. The impact of the crisis on the overall market capitalization was substantial. Overall market capitalization declined from N$221.2 billion in April to N$131.9 billion in July. However, it improved to N$159.4 billion at the end of December. In contrast, due to low levels of trading and liquidity, the local index remained insensitive to changes in other financial markets. Local market capitalization remained at around N$3.0 billion throughout the year.

The number of listings on the NSX continued to increase. Eleven companies were listed in 1998 (five in the financial sector, four in the retail sector, and two in the fishing sector). Nine of these companies were dual-listed while the other two were primary listings. For merger and liquidation reasons, three companies were de-listed. This increased the number of local listings on the NSX in December 1998 to 15 and total listings to 41.

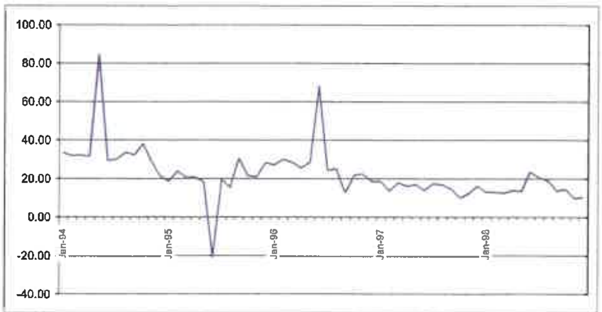
Two of the 11 listings during 1998 were special in that they did not meet all requirements but were allowed to list for developmental considerations. To fulfil future developmental needs of the Namibian economy, the NSX created a *Development Sector* on which companies that do not meet the three-year track record requirement could be listed on the NSX Committee's recommendation. This makes the raising of capital through NSX more accessible to smaller and more recently formed local companies. Confidence in the NSX listed companies could be affected but the creation of a separate development sector distinguishes companies by listing requirements.

BOX B DEVELOPMENTS IN BANK CREDIT

Banks' Lending Capacity

In Namibia the stock exchange is still a relatively unimportant source of financing to the private sector and domestic credit depends largely on the lending capacity of the banking system. Lending capacity is calculated as the sum of total deposits and banks' own capital and net foreign liabilities, less the legal reserve. Chart B.1 depicts year-on-year changes in bank lending capacity for the period January 1994 - December 1998. Notwithstanding the three spikes in the chart, bank lending capacity maintained a constant rate increase of about 20 per cent until August 1996, when it started to decelerate. The downward trend is evident throughout the rest of the period. The implication is that bank resources were flowing outside Namibia. However, these outflows were occasionally punctuated by capital inflows from the CMA, especially in the period following the currency crisis in May 1998.

Chart B.1: Commercial Banks' Lending Capacity (year-on-year percentage changes)



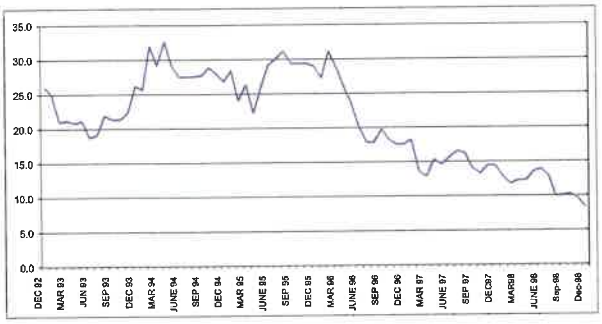
In the long-run, the supply of bank credit is a function of the lending capacity of the banking system and lending interest rates. Because lending risk increases with the level of interest rates, the supply of credit will not rise in line with interest rates. Banks will be reluctant to increase their exposure to certain borrowers, regardless of whether such borrowers are willing to increase their indebtedness at higher interest costs. In this case there is no interest rate that clears the market and such clients will be credit rationed. The supply curve in this case becomes inelastic once a certain interest rate threshold is reached. In addition, the banks' risk aversion increases with the share of problem loans in total credit. Furthermore, the increase in problem loans requires that banks increase provisioning, thus making it more costly to the private sector. Both these factors reduce profits derived from lending to the private sector (relative to lending to the government or increasing net foreign assets), thereby hindering actual credit to the sector.

Domestic Credit

Credit to the Private Sector

Credit to the private sector displays interesting patterns during the 6-year period from 1993 - 1998. From the time profile, displayed in Chart B.2, three distinct periods can be identified. 1993 represented a turning point from the previous years, which were characterised by higher rates of inflation and interest rates. Inflation fell drastically in 1993 to 8.5 per cent from 17.7 per cent a year earlier. Real GDP growth also declined on the back of an adverse shock to the diamond sector. Furthermore, the lagged effects of the tight monetary policy to contain inflation and excessive credit and money supply growth were beginning to be felt. Accordingly, the high rate of growth in credit to the private sector began to moderate, from an average of nearly 30 per cent in 1992 to an average of 22 per cent in 1993. The second period, from the first quarter of 1994 to the end of May 1996, was characterised by sustained high rates of growth in credit extended to the private sector. The average rate of growth for the period was 29 per cent. This impetus for the sustained growth in private sector credit can be attributed to several factors, mainly the political stability in South Africa. This consolidated further following the all-race elections in April 1994 and created favourable conditions for economic growth in the country and the region as a whole. On the domestic scene, real GDP growth in 1994 reached 6.7 per cent[6]. Economic activity was buoyant as evidenced by the strong demand for housing and consumer durables (as reflected in the 51 per cent growth of mortgage loans and 25 per cent growth in instalment credit, respectively). These factors had a positive effect on personal disposable income[7], an important variable in the demand for credit. The third period covers the second half of 1996 to December 1998, during which growth in private sector credit was declining (which is consistent with falling lending capacity shown in Chart B.1).

Chart B.2: Private Sector Credit (year-on-year percentage changes)



The relaxation of monetary policy in October 1997, characterised by a one per cent cut in the Bank rate, seems to have had no measurable impact on the demand for credit. The marginal increases in the month-on-month growth of 2.7 per cent and 1.5 per cent during November and December 1997 were certainly due to seasonal factors, rather than an indication that the slump in credit was reversed. The downward trend in private sector credit continued during the first four months of 1998, with the rate of growth reaching a low of 12 per cent in February. From there on, however, recovery in the demand for private sector credit seemed imminent, as the next four months to June saw sustained increases in such credit, although small. On 9 March 1998, SARB introduced new monetary policy procedures which resulted in a further relaxation of monetary policy by one percentage point, as the repo rate was pegged at 15 per cent. The marginal increases in the demand for private sector credit seen in March, April and May could well have been influenced by these developments.

It is noteworthy to mention that increases in the TACs for fish in recent months could also have had a positive effect on the demand for private sector credit. However, the budding recovery in the demand for private sector credit was dealt a heavy blow at the end of May 1998 when, in response to the currency crisis, SARB raised interest rates sharply. The rate of growth of private sector credit immediately dropped in response to the higher interest rates, with the month-on-month growth declining significantly in June-August.

Commercial Bank Credit to the Public Sector

Commercial bank lending to the central government (net of government deposits with the banks) increased nearly six-fold to about N$588 million at the end of December 1998, from a net creditor position of slightly over N$100 million at the end of 1991. The bulk of bank lending to the central government is in the form of treasury bills and, in recent years, in government securities (Table 3.3 in Chapter 3). From Table 3.3, it can also be observed that government funding was largely through short-term instruments, such as 91-days TB's, although there was also a sharp increase in the use of government bonds from 1997. Bank holdings of government bonds and treasury bills increased from N$13 million in May 1991 to N$690 million at the end of December 1998. In addition, bank credit to the non-financial public enterprises (parastatals) more than doubled from N$50 million at

[6]Although it fell to 3.4% and 2.9% in 1995 and 1996, respectively.

[7]Real GNI rose by 6.5%.

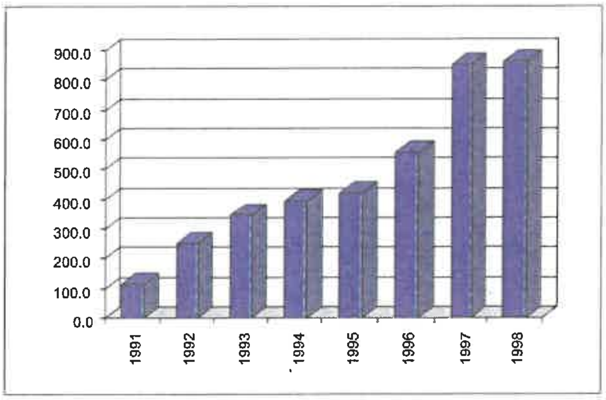
the end of 1991 to N$143 million at the end of December 1998.

Table B.1: Credit by Type (as percentage of total Central Government credit)

	Treasury Bills	Govt Bonds	Loans & Advances	Other
1991	29.8	2.9	62.8	4.4
1992	42.0	34.8	15.2	8.0
1993	51.3	28.9	10.5	9.3
1994	65.6	32.1	1.1	1.3
1995	78.8	19.7	0.0	1.4
1996	82.0	16.9	0.0	1.1
1997	68.5	30.1	0.4	1.0
1998	62.0	36.4	0.2	1.1

It is noted that bank lending to the public sector has risen substantially since 1996. In this context, it will be important to assess whether this has, to some extent, crowded out the private sector. Chart B.4 shows that a significant increase in bank net lending to the central government has led to a marked widening of the gap between total bank credit and credit to the private sector, suggesting that higher government borrowing may have contributed to some crowding out of bank credit to the private sector. Two transmission mechanisms are possible. One is the upward pressure on interest rates resulting from higher public sector borrowing requirements. The second transmission mechanism, which may be more relevant to Namibia, is the possible increase in the country risk. Although the CMA arrangement tends to link domestic interest rates to South Africa's, government borrowing may still crowd out the private sector through the interest rate effect. As higher government borrowing is generally associated with higher country risk, domestic interest rates tend to rise in line with the risk premium adjusted for uncovered interest parity condition. Accordingly, banks and large corporations that have access to international capital markets (including the CMA) will face a steeper supply curve for loanable funds resulting from a higher country risk.

Chart B.4: Gap Between Total Credit and Private Sector Credit (N$ million)



Lending Rates (Intermediation Spreads)

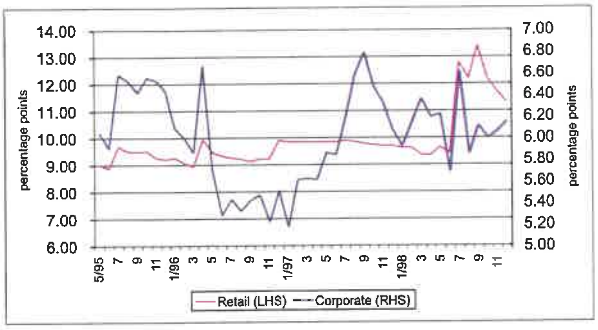
Chart B.5 shows the gap between average lending and deposit rates (intermediation spreads) for corporate businesses. The chart depicts a marked decline in the intermediation spread from August 1995 until it reaches the lowest level in February 1997. However, the spread assumes an upward trend from March 1997 onwards (except for a brief period in October 1997-January 1998), reaching the highest level of 6.8 per cent in September 1997. The downward trend and its subsequent reversal makes interpretation difficult. Generally, banking spreads are a good indicator of perceived lending risk. Thus, examining the chart above, it appears that the higher spread in the last few months could be attributed to the perceived increase in lending risk. This interpretation seems to be plausible, especially in view of rising indebtness on the back of sluggish economic growth, falling disposable incomes[8], and uncertainty in the international environment. In line with these developments, there was an increase in

[8]Real GNI fell from 6.5% in 1994 to 1.2% in 1997.

bad debts over the twelve months to June 1998, observed mainly in overdrafts (which account for nearly 60 per cent of total non-performing loans) and hire-purchase loans.

The spread saw a sustained decline between May 1996 and June 1997, reaching the lowest level in January 1997. The reason for this decline is that deposit rates started rising, perhaps reflecting a liquidity squeeze in the market. During the same period, banks were accumulating foreign assets, while their foreign liabilities were declining (which is consistent with the decline in lending capacity shown in Chart B.1). However, the prevailing high rates of interest and the depressed economic conditions suggest that demand for credit was not strong. In this respect, the banks could sacrifice their margins in order to maintain their corporate customers. This is especially so if they viewed the downturn in economic activity as temporary.

Chart B.5: Spread Between Lending and Deposit Rates for Corporate Business



The trends in intermediation spreads between different categories of borrowers display interesting behaviour. For retail borrowers, the spread remained virtually flat throughout the period under review. This contrasts sharply with the spread for corporate businesses depicted in Chart B.5. In fact, the difference between the two spreads, on average, was nearly 4 percentage points (an average spread of 6.0 per cent for corporate businesses against 9.6 per cent for retail customers). The relatively flat curve for the intermediation spread for retail businesses suggests that banks perceive these customers as potentially "bad borrowers". Higher interest rates thus serve as a mechanism for rationing credit to this category of borrowers.

Direction of Credit and industrial Production

Table 3.3 shows that the bulk of bank credit (about 70 per cent) is allocated to commercial services and individuals[9], leaving only a small portion for productive sectors such as agriculture and fishing. Although this data seems to underestimate the amount of financial flows to these sectors, important policy implications can be drawn. Generally, the flows of credit to the productive sectors should have positive effects on capital formation, leading to increased output and employment. In contrast, the increased flows of credit to the non-productive sectors (as Table 3.3 seems to suggest) may boost consumption spending on goods and services. In the case of Namibia, a significant part of that increased spending is directed to imports which, in turn, exerts pressure on the current account and hence on the country's official reserves.

Against this background, it is important to assess whether domestic credit has any important effects on various macroeconomic indicators, such as GDP, consumption, imports of goods and services and Gross Fixed Capital Formation (GFCF). Taking correlation coefficients between these variables and domestic credit, the results show close correlations between domestic credit and GFCF for construction (0.6); GFCF for the retail sector (0.4); and GFCF for financial services (0.5); imports (0.4), and real GDP

[9]Ideally, one should deduct mortgage loans from credit extended to individuals.

(0.3). These sectors are non-tradable and possibly rely significantly on domestic credit than would otherwise be the case for tradable sectors. In recent years, a considerable growth in the construction of town houses, usually developed by property developers, has been seen in Namibia.

Conclusions

In summary, it is important to highlight that the widening gap between total credit and private sector credit indicates that increased public sector borrowing may to some extent actually crowd out the private sector through the interest rate effect. This possibility exists if higher government borrowing leads to an increase in the country risk. Since domestic interest rates tend to rise in line with the risk premium, banks and large corporations that have access to international capital markets (including the CMA) will face a steeper supply curve for loanable funds resulting from the higher relative country risk. Another important point that needs further examination concerns the allocation of credit between productive sectors and consumption. The regression results show domestic credit has a positive effect on investment. This relationship is particularly strong in construction, financial services and to some extent in the retail sectors. In this context, the increased use of credit in the productive sectors will not only lead to increased investment but will also contribute to job creation. Hence, it may be important to examine options that will encourage banks to lend to productive sectors of the economy (or credit disincentives for consumption-related borrowing). For example, it may be important to look at growth targets[10] for key sectors such as tourism, fishing and manufacturing.

[10]As set out in the NDPI.

4. PUBLIC FINANCE

4.1 Fiscal Policy Measures

Fiscal policy for 1998/99 was formulated against the background of the high fiscal deficit inherited from the 1996/97 fiscal year and in line with the broad objectives and goals of NDP1. In his budget speech for 1998/99, the Minister of Finance emphasised the need for tough decisions to reduce unproductive government spending, in pursuit of a sustainable fiscal policy. Some of the objectives announced by the Minister were:

- To reconsider government's borrowing strategy in the light of rising interest rates;
- To use the budget as a development instrument that is to have a multiplier effect on the economy, and
- To broaden the tax base so as to avoid further increases in marginal tax rates.

In order to contain the fiscal deficit, the government budget policy in 1998/99 aimed at increasing government revenue through the increase of the marginal tax rate to 40 per cent. The policy also sought to contain current expenditure and to consolidate the growth and financial independence of public enterprises. The budget for the year projected an overall deficit of 3.9 per cent of GDP, a little higher than the actual deficit of 2.8 per cent of GDP in 1997/98, though substantially lower than that of 6.3 per cent of GDP in 1996/97.

Towards the end of the second fiscal quarter of 1998/99, there were clear indications that the fiscal year's budget targets would not be achieved, prompting a revision of the 1998/99 budget. The additional budget increased expenditure by 2 per cent, thus pushing up the fiscal deficit from 3.9 per cent to 4.3 per cent of GDP. The main reason for the deviation of the expenditure and deficits from the original target was the drought situation which required government subsidies, increased expenditure on defence and social services, and the depreciation of the Namibia dollar against the US dollar and major European currencies. In his additional budget speech, the Minister of Finance recognised the negative impact the increase in the marginal tax rate has on the economy and promised to review and reduce taxes in the 1999/2000 budget.

4.2 Revenue

The revised government revenue estimate for 1998/99 amounted to N$6.2 billion, an increase of 8.8 per cent over the actual revenue of N$5.7 billion in the previous year. As a ratio of gross domestic product, the estimated revenue was 35.9 per cent compared with 35.5 per cent in the original budget, and virtually unchanged from the ratio achieved in 1997/98.

Revenues from taxation made an important contribution to the increase in total revenue. In fact, tax revenue at N$5.5 billion was 89 per cent of total revenue, 17.6 per cent higher than in fiscal year 1997/98 (Table 4.1).

Table 4.1: Government Revenue (N$ millions)

	1997/98 original	1997/98 revised	1997/98 actual	1998/99 original	1998/99 revised
Total Revenue & Grants	5,198.2	5,389.5	5,689.6	6,107.8	6,179.4
Tax revenue	4,542.3	4,663.4	5,106.0	5,382.6	5,486.0
Direct Taxes	1,365.6	1,501.0	1,979.1	1,785.7	1,921.0
Indirect Taxes	3,176.7	3,162.4	3,126.9	3,596.9	3,565.0
Non-tax revenue	532.2	525.1	485.7	651.0	629.0
Return on Capital	59.7	98.7	43.9	28.6	39.1
Grants	64.0	102.3	54.0	45.6	64.6

Source: Ministry of Finance (MOF)

Direct tax receipts, comprising receipts from income and company taxes, were up by 3.0 per cent compared with the actual revenue of the previous fiscal year. Meanwhile, proceeds from indirect taxation amounted to N$3.6 billion, an increase of 14.0 per cent over the actual of 1997/98 fiscal year. Non-tax revenue contributed N$590 million, a rise of 13.9 per cent over the previous fiscal year.

4.3 Expenditure

The revised total government expenditure, at N$6.9 billion, was up by 17 per cent when compared with the previous fiscal year. This growth in government expenditure was attributable mainly to increases in current expenditure (Table 4.2). Table 4.2 shows that current expenditure increased by 19.4 per cent over the 1997/98 fiscal year while capital expenditure declined slightly, mainly due to the completion of major capital projects such as the trans-Caprivi and trans-Kalahari highways.

Table 4.2: Government Expenditure (N$ millions)

	1997/98	1997/98	1997/98	1998/99	1998/99
	original	revised	actual	original	revised
Total Expenditure	5,602.2	6,042.5	6,128.8	6,715.5	7,054.2
Current Expenditure	4,755.4	5,206.3	5,244.7	5,901.2	6,219.5
Capital Expenditure and net lending	846.8	836.2	884.1	814.3	834.7

Source: MOF

Total current expenditure during the period under review amounted to N$6.2 billion compared with the N$5.9 billion budgeted for. The increase in current expenditure was accounted for mainly by personnel expenditure, which registered an increase of 18.4 per cent over the 1997/98 level and accounted for 49 per cent of total expenditure, compared with 45 per cent in the previous fiscal year. Expenditure on goods and services procured by government, which amounted to N$1.3 billion in 1997/98, increased to N$1.4 billion in 1998/99, representing 19.4 per cent of total expenditure during 1998/99. Capital expenditure during the period under review remained virtually unchanged at N$835 million.

Debt-servicing costs (domestic interest payments) amounted to N$472 million, up by 45 per cent over the previous fiscal year. Debt servicing cost, as a share of total expenditure, rose from a low of only 1 per cent in 1990/91, to 5.3 per cent in 1997/98 and 7.0 per cent in 1998/99.

4.4 Financing the Budget Deficit

During the fiscal year 1998/99, treasury bills and government stocks continued to be the main instruments used to finance the government's borrowing requirements of N$948 million. This form of financing enabled the government to build enough deposits with the Bank of Namibia, which in turn lessened pressure on the country's foreign reserves.

During the year under review a total of N$6.2 billion in TB's were issued, of which N$5.3 billion were of 91-day maturity and N$917 million of 182-day maturity. During the same period, a total of N$6.0 billion was redeemed, making the government a net issuer of N$210 million in TB's.

The frequency of issue of 91-day and 182-day TB's was increased in July to facilitate the cash-flow management and investment needs of major investor groups. TB's of 91-day maturity were issued every second week instead of monthly and TB's of 182-day maturity were issued monthly instead of quarterly. Government has started to announce auction volumes in advance in order to remove among investors.

Bonds worth N$212 million were issued after the consolidation of government bonds in May 1998. This included two issues of GC10, maturing in 2010 and worth N$132 million, made in August and December. Other auctions were held for GC05 (N$60 million) and GC02 (N$20 million) in October and December, respectively. These two bonds mature in 2005 and 2002, respectively.

Namibia's deficits over the past 9 years have occasionally exceeded the target of 3 per cent of GDP projected in NDP1 and have reached a high of 6 per cent of GDP in 1996/97. As a result of these high deficits, the resulting public debt to GDP ratio has increased sharply from 8 per cent in 1990 to around 24 per in 1998. While the Minister of Finance has in several budget speeches indicated that measures to contain government expenditure would be implemented, this is not borne by the evidence. The government announced recently that 8777 unemployed former Plan fighters would be accommodated in the public sector while several new public enterprises were established in 1998. These measures will only add pressure on already limited government resources and it is likely that the 1998/99 budget deficit will exceed the revised deficit of 4.3 per cent of GDP. Rising budget deficits and government debt, while manageable in the short run, will eventually become unsustainable in the long run. To maintain a sustainable budget deficit and hence fiscal sustainability, the fiscal stance in future should reverse negative trends in key indicators such as the public debt-to-GDP ratio.

4.5 Debt

Central government debt, excluding interest on TB's, stood at N$3.9 billion at the end of December 1998 compared with N$3.0 billion in the preceding year. The bigger portion of this was in the form of TB's and bonds at a level of N$1.8 billion and N$1.6 billion, respectively. As a ratio of gross domestic product, public debt amounted to 24.0 per cent in 1998 compared with 18.8 per cent in 1997.

Foreign public debt increased by 54 per cent to N$545 million in 1998 compared with a 25 per cent decline a year earlier. This significant increase in 1998 was brought about mainly by disbursements on existing loans as well as new borrowing. Accordingly, the share of foreign debt in total public debt rose from 12 per cent in 1997 to 14 per cent in 1998, and, as a ratio of GDP, from 2.3 per cent to 3.3 per cent over the same period. Debt contracted on a multilateral basis accounted for 61.5 per cent of total foreign public debt outstanding as at the end of 1998 while the balance was accounted for by bilateral debt (Table 4.3).

The stock of domestic public debt, excluding interest on treasury bills, increased by 33.8 per cent to N$3.4 billion in 1998 compared with a 2.8 per cent decline in 1997. As a ratio of GDP, domestic debt amounted to 20.6 per cent at the end of 1998, compared with 16.6 per cent a year before.

Namibia's debt indicators remain low by international standards. However, the rate at which public debt has been rising over the past few years is of major concern, particularly in respect of the domestic debt component (Table 4.3). It is important to point out that the burden of debt on future generations largely depends on how the borrowed funds are spent. If the government borrows to expand the productive capacity of the economy then future generations will inherit a larger capital stock and higher output. But if the government borrows to finance current consumption as evidenced by higher rates of growth of recurrent expenditure, then future generations will bear a heavy burden. The burden of external debt is generally more severe than that of internal debt, as it entails a net outflow of funds, which exacerbates the balance of payment situation. In Namibia, however, the level of external debt is not too high, yet. The bigger problem is the domestic debt.

Table 4.3: Disbursed Outstanding Debt (N$ Million)

	1994	1995	1996	1997	1998
A. 1. Public External Debt	475.0	496.6	487.8	353.8	545.3
2. Bilateral Loans	146.9	138.9	133.8	199.6	335.4
3. Multilateral Loans	21.5	57.6	85.4	142.4	209.9
4. Financial Institutions	0.0	0.0	0.0	0.0	0.0
5. Other	306.6	300.1	268.6	11.8	0.0
B. 6. Public Domestic Debt	1,551.5	2,059.4	2,755.4	2,514.9	3,365.5
7. T-bills	254.7	405.2	946.9	1,393.6	1,764.8
8. I.R.S.	574.4	869.8	931.6	1,120.9	1,598.3
9. BON	721.6	783.7	876.5	0.0	0.0
10. Other	0.8	0.7	0.4	0.4	0.4
C. Total Public Debt (1+6)	**2,026.5**	**2,556.0**	**3,243.2**	**2,868.7**	**3,910.8**
D. Public debt as % of GDP	*18.6%*	*21.1%*	*23.7%*	*19.0%*	*24.0%*

Source: MOF

5. FOREIGN TRADE AND PAYMENTS

A narrowing trade deficit and increased transfers from SACU underpinned a record current account surplus of N$949 million, or 5.8 per cent of GDP, in 1998. This performance compares favorably with the current account surplus of N$419 million, or 2.8 per cent of GDP, in the previous year. However, it also reflects the excess of savings over investment and underlines the policy challenges facing the authorities in creating an enabling environment for further investment to stimulate economic growth and boost development for the population at large.

The capital and financial account deteriorated significantly in 1998 as the deficit rose to N$673 million from N$175 million in 1997. These outflows represented 4.1 per cent of GDP in 1998, as compared with 1.2 per cent in the previous year. The year-on-year increase was attributable mainly to a sharp reversal in the direction of external transactions of commercial banks. The deterioration in the financial account came about as weak credit demand caused banks to increase their foreign assets and reduce their foreign liabilities The combined outflow of N$169 million contrasted sharply with a net inflow of N$349 million during 1997. Substantial financial outflows in the form of pension fund and life assurance assets have been the predominant cause of the capital and financial account deficits in the 1990s. These outflows have slowed in recent years in response to the domestic asset requirement introduced in 1994/5.

The solid performance of the current account resulted in a N$308 million overall surplus on the balance of payments, compared with a surplus of N$312 million in 1997. This increased the level of Namibia's official reserve assets to N$1.5 billion at the end of 1998. The higher level of international reserves was about three times the size of the domestic currency issue and represented 8.5 weeks of imports, Namibia's highest import cover to date. Furthermore, the level of imports is in line with that envisaged under NDP1 (8.5 weeks versus 8.8 weeks). However, while the development plan aims for trade surpluses through the 1990s, the cause of the increase in official reserves is different from what was originally planned.

5.1 Current Account

The trade deficit improved significantly in 1998 as exports rose by 14.2 per cent against a modest growth of 7.8 per cent in imports. Importers had to contend with weak domestic demand, caused by high interest rate costs and higher import costs arising from the depreciation of the Namibia dollar. Weak foreign demand for Namibian goods and services constrained the performance of exporters. The global financial crisis resulted in tighter economic policies which caused contraction in many economies, while lower commodity prices (for example, those of diamonds, copper and lead) were another constraint. Further, the closure of TCL had a negative effect on the exports of copper and silver. However, the prices of some commodities, including beef and fish, and the depreciated Namibia dollar, boosted export earnings in Namibia dollar terms. The above factors contributed to a narrowing of the trade deficit, from N$1.3 billion in 1997 to N$1.0 billion in 1998.

Total *merchandise* exports grew by 14.2 per cent during 1998, to N$7.1 billion. This growth was primarily in food and live animals, as well as manufactured products. After the drought of 1997, the exports of live cattle and small stock recovered substantially in value and volume terms. Good rains from January to March 1997 set the stage for the rebuilding of stocks. The number of cattle exported to South Africa in the first eight months of 1998 increased by 50.0 per cent, compared with the same period in 1997, while the number of small stock exported increased by 12.4 per cent. In value terms, exports of food and live animals rose by 65.1 per cent from a low base in 1997. The major impetus came from meat and meat products, which doubled in value, cattle (up by 47.3 per cent) and small stock (up by 37.9 per cent).

In addition to the surge in manufactured exports in the form of meat and meat products, the exports of processed fish products also rose strongly. After a period in which over-fishing and adverse oceanic conditions had a negative effect on the output and exports of the fishing sector, scientific studies found the pilchard stock to have increased from 20,000 metric tonnes in 1996 to 320,000 metric tonnes in 1998. This led to the doubling of the TAC for pilchards from 20,000 metric tonnes in 1997 to 40,000 metric tonnes in 1998. Also, the TAC for horse mackerel increased by 20 per cent to 300,000 metric tonnes. These developments had positive effects on employment, production and exports in the fishing industry. The export of processed[11] and semi- processed fish products increased from N$1.5 billion in 1997 to N$2.1 billion in 1998 (Table 5.1). These exports accounted for 30.1 per cent of total exports and underline the increasing importance of the fishing industry to the Namibian economy. The 41.5 per cent rise in exports of processed fish products was mostly attributable to gains in pelagic, demersal and mid-water fish. The exports of processed pelagic fish, such as pilchards, increased by 62.0 per cent, that of demersal fish (horse mackerel) rose by 45.2 per cent, and that of midwater fish, such as hake and monk, increased by 41.5 per cent. Exports of other processed or semi-processed fish (tuna, linefish, rock lobster, crab) increased by 9.5 per cent. The forms of processing included canning, whose exports increased by 78.5 per cent year-on-year. Exports of processed white fish rose by 37.8 per cent and those of fish meal, fish oil and dried fish by 23.3 per cent.

Table 5.1: Fish Exports (N$ million)

Exports	1994	1995	1996	1997	1998
Unprocessed	*57.1*	*25.6*	*17.3*	*14.2*	*13.8*
Processed	*1,252.8*	*1,360.8*	*1,222.5*	*1,503.9*	*2,128.6*
Pelagic	457.6	423.0	97.1	272.3	441.2
Demersal	468.7	574.3	653.7	627.0	910.1
Midwater	248.4	223.7	231.8	359.8	509.2
Other	78.1	139.8	239.9	244.8	268.1
TOTAL	*1,309.9*	*1,386.4*	*1,239.8*	*1,518.1*	*2,142.4*
% of exports	27.9%	26.9%	20.5%	24.5%	30.3%

Source: Ministry of Fisheries and Marine Resources, CBS and BON.

The other major export category is diamonds and other mineral products. Deflationary pressures on commodity prices, the financial crisis and reduced demand in international markets, especially Japan and the rest of Asia, meant that mineral exports were constrained on many fronts. The closure of TCL during the second quarter of 1998 had a negative impact on the Namibian economy. This was manifest in reduced employment, production, exports and fiscal revenues. Another direct result was that the value of copper exports fell by 73.0 per cent, and that of silver by 41.1 per cent. However, it appears that the former TCL mines may be revived in 1999, which means that their contribution to the Namibian economy should be back to previous levels over the medium term.

Diamond exports declined by 3.0 per cent in nominal terms, to N$2.4 billion, due to a cut-back in supply as the CSO sought to maintain prices in a shrinking market (global sales by the CSO fell by 27.8 per cent between 1997 and 1998). A comparison of the first nine months

[11]Processed refers to fish catches exported as finished products, e.g. canned, fish meal or fish oil, while semi-processed means fish exports filleted, headed and gutted.

of 1998 with the same period in 1997 shows that the volume of Namibian diamond exports declined by 11.6 per cent. Although the retail price of diamonds declined in US dollar terms, the depreciation of the domestic currency meant a price increase of 9.8 per cent in Namibia dollar terms. It is encouraging to note that the third quarter of 1998 showed an improvement in exports over the same period in 1997, both in terms of volume and prices. Of note is that the recent entry of the Namibian Minerals Corporation into production boosted the share of small producers in total diamond exports from 2.4 per cent in 1997 to 4.7 per cent in 1998.

The exports of gold in Namibia dollars terms benefitted from exchange rate gains. However, reduced supply in response to declining foreign demand meant that export volumes declined. As a result, the value of gold exports decreased by 23.3 per cent. Zinc exports rose by 6.1 per cent to N$123 million, bolstered by price, in Namibia dollar terms, and quantity increases. The Imcor mine at Rosh Pinah was taken over by new management in 1996/7 and production at the mine was improved. Compared with 1997, product throughput, up from 7 per cent to 9 per cent, and product quality, up from 50 per cent to 54 per cent, increased, enabling the mine to expand the volume of its exports. Zinc is currently Namibia's third most important export mineral, behind diamonds and uranium.

Following an increase of 13.1 per cent in 1997, *merchandise imports* rose modestly by 7.8 per cent to reach N$8.0 billion in 1998. The delayed price-raising effect of the weakening Namibia dollar partly contributed to the decline in imports. Other reasons include the slowing down in aggregate demand in Namibia (real GDP growth falling from 6.7 per cent in 1994 to 1.8 per cent in 1997 and 1998), and higher interest rates from the middle of 1998.

Of interest is the shift away from imports from SACU countries during the first six months of 1998. Whereas imports from SACU represented some 87 per cent to 89 per cent of total imports in the 1995 - 1997 period, 1998 was marked by a significant shift in the import pattern. Non-SACU imports increased sharply to 20.7 per cent of total imports. Imports from countries such as the USA, Russia and Japan featured prominently. They included mainly scientific instruments and other manufactured articles. It is likely that the strength of the Namibia dollar during 1997 and early 1998 played a role in this shift.

The net *services* deficit deteriorated by 1.4 per cent in 1998, to N$718 million. As in 1997, the payments of charter fees declined in response to increasing Namibian ownership of fishing vessels. Only some Japanese long-line boats and Russian mid-water trawlers are currently in non-resident hands. The rest of the fishing fleet is owned by resident Namibian companies. Also, the tourism sector's sterling performance during 1997 was not repeated in the year under review, although 1998 tourist arrivals did increase by more than 10 per cent. Foreign exchange earnings from tourism have become a major contributor to Namibia's export earnings.

Net *investment income* increased by 7.4 per cent to N$390 million in 1998. Factors affecting the income account were broadly similar to those in 1997, although business profits were further squeezed by unfavorable economic conditions in the country, the region and beyond. This was reflected in lower dividend payments to foreign direct investors, which declined to N$547 million in 1998 from N$567 million in 1997. However, the confidence of the private sector was shown in increased retained earnings which will set the basis for future expansion should the economies of Namibia and its major trading partners take off in the second half of 1999. This export-led recovery is expected as a result of the currency depreciation during 1998 and the resulting competitive gains for exporters. An environment of lower interest rates is envisaged for 1999, which should stimulate investment and therefore the overall economy.

Net current transfers remain the backbone of the current account. This item has continued its good performance since independence, increasing by 9.0 per cent in 1998, to N$2.2 billion. The increase was due mainly to a rise in SACU transfers, in line with increased imports (Table 5.2). Customs receipts have increasingly supported both the balance of payments and government revenues and the outcome of the current SACU negotiations is of great significance for the sustainability of Namibia's balance of payments beyond the medium term. Possible policy measures that could alleviate future pressures on the balance of payments include broadening and enhancing the country's export base (in this regard, the EPZ initiative is a positive development), increasing productivity and flexibility in the labour market (thereby attracting foreign investment) and widening and deepening the local financial markets. Other measures could include aiming for a fiscal deficit, as given in NDP1, not exceeding 3 per cent of GDP (so as to avoid excessive increases in import demand), and maintaining the domestic asset requirement (one of the few instruments available to the authorities to affect the direction and composition of investment and to curb the continuing outflows on the financial account).

Table 5.2: Contribution of SACU and Aid Receipts to Namibia's Economy (N$ million)

	1994	1995	1996	1997	1998
SACU	868.2	1,092.4	1,300.5	1,560.4	1,805.2
as % of GDP	*8.0%*	*9.0%*	*9.5%*	*10.3%*	*11.1%*
Current Aid	267.0	361.0	488.8	449.1	392.9
Capital Aid	153.5	145.5	180.9	154.3	131.8
Total Aid	420.5	506.5	668.7	603.4	524.7
as % of GDP	*3.9%*	*4.2%*	*4.9%*	*4.0%*	*3.2%*

Source: MOF and BON

The other major contributor to current transfers is foreign development assistance (Table 5.2). Aid receipts peaked in 1996 and subsequently declined by 9.9 per cent in 1997 and 13.0 per cent in 1998 as donors reduced their levels of activity in Namibia. However, aid received in 1998 represented 3.2 per cent of GDP implying that global trends of declining development assistance have not affected Namibia as significantly as some other countries. Of concern, however, was the announcement by the European Commission (EC) that European Union (EU) aid would be reviewed for those countries involved in the war in DRC.

Table 5.3: Major Current Account Components (N$ million)

	1997	1998
Balance on merchandise trade	**-1,251.8**	**-954.4**
Merchandise exports FOB	6,189.9	7,066.8
Merchandise imports FOB	-7,441.7	-8,021.2
Net services	-707.8	-717.6
Net income	331.3	389.9
Net current transfers	2,046.8	2,230.6
Balance on current account	**418.9**	**948.5**
As a % of GDP	**2.8%**	**5.8%**

In summary, the net effect of all the transactions (in goods, services, income and current transfers) on the current account resulted in an increased surplus, which doubled to 5.8 per cent of GDP in 1998, from the previous year. Stronger current transfer receipts, a narrowing trade deficit and higher net income, supported this development (Table 5.3).

5.2 Capital and Financial Account, and International Reserves

During 1998, the capital and financial account of the balance of payments registered the largest outflow recorded since independence. The deficit was N$673 million (N$175 million in 1997), representing declines in capital transfers, portfolio investment, and other long and short term investment (Table 5.4). However, it is the reversal of short-term inflows in 1998 that was the major cause for the deterioration of the capital and financial account. These developments are explained in the section dealing with *other investment - short term.*

Table 5.4: Major Capital and Financial Account Components (N$ million)

	1997	1998
Net capital transfers	154.2	131.8
Direct investment, net	416.2	544.0
Portfolio investment, net	52.8	-85.1
Other long term investment, net	-959.0	-1,030.5
Other short term investment, net	161.1	-233.2
Capital and Financial Account Balance excluding Reserves	**-174.7**	**-673.1**
Capital and Financial Account Balance as % of GDP	**-1.2%**	**-4.1%**
Balancing item (net errors & omissions)	**68.0**	**33.0**
Overall balance	**312.3**	**308.5**

Net capital transfers, comprising mainly capital aid, which is linked to projects of a capital nature, declined in 1998 to N$132 million. This reflects the slow down in capital projects that are at least partly funded by aid money. Prime examples of major aid-supported infrastructure projects completed or nearing completion are the Trans-Kalahari and Trans-Caprivi highways.

Net direct investment increased by 30.7 per cent during 1998, to N$544 million. Two main reasons behind this encouraging development were higher formation of equity capital in new and existing businesses in Namibia, and a recovery in undistributed profits which adds to the capital of existing businesses and could lay the foundation for future expansion. The number of companies with EPZ status increased from 14 (of which 6 were in operation) at the end of 1996 to 61 by August 1998, of which 16 were in operation. The EPZ Act of 1995 introduced attractive incentives, including exemption from corporate income tax, custom duties, sales taxes, transfer taxes and stamp duties, for investors. The operational companies have committed investment outlays of N$194 million and created almost 2,000 new jobs.

The net balance on *portfolio investment* shifted from a small surplus of N$53 million in 1997, to an outflow of N$85 million in 1998. In addition to investments by non-residents in equity on the NSX, and Namibians investing in unit trusts in South Africa, the major portfolio component is foreign investment in government stocks and bonds. The main cause of the reversal in portfolio flows was the investment behavior of non-residents towards Namibian TB's and Internal Registered Stock (IRS) (Table 5.5). Very little interest is shown by non-residents in the country's TB's. This is probably due to their short-term nature. However, the outstanding level of long-term government bonds was N$636 million in 1996, N$643 million in 1997, declining to N$544 million in December 1998. As these investments matured, new investments lagged behind, with the result that a net outflow of N$99 million occurred in 1998, as opposed to a small net inflow of N$7 million in 1997. This turnaround could be explained by the fact that many investment concerns have now become Namibian companies. They are therefore classified as resident, thereby reducing the portion of investments in debt security by non-residents.

Table 5.5: Foreign Portfolio Investment in Namibian Debt Securities (N$ million)

	Level at 31.12.96	Invest-ments	Redemp-tions	Level at 31.12.97	Invest-ments	Redemp-tions	Level at 31.12.98
TB	0.0	9.6	-9.6	0.0	15.3	-15.3	0.0
IRS	635.9	90.3	-83.1	643.1	85.7	-184.8	544.0
TOTAL	635.9	99.9	-92.7	643.1	101.0	-200.1	544.0

Namibia's capital and financial account is dominated by transactions relating to pension fund and life assurance assets. These are included in the component *other investments - long term.* However, there are also other transactions in this category, namely long term external government debt and net long term liabilities of the private sector. In 1998, outflows on pension funds and life assurance assets slowed to N$940 million, 16.6 per cent lower than in 1997. As outflows in the form of institutional savings declined, and transactions of government relating to foreign debt were stable, the increase of 3.9 per cent in *other investments - long term* to N$1.0 billion is explained by the repayment by the private sector of a syndicated loan.

The final component of the capital and financial account is *other investment - short term.* This reflects short-term transactions between banks and their parent companies (an outflow of N$169 million in 1998), as well as short term transactions between the private sector and the rest of the world (an outflow of N$64 million in 1998). The main reason for the deterioration in this portion of the financial account was the reversal in other short term investment. This was due to subdued economic growth which reflected sluggish growth in aggregate demand. Where increased domestic credit demand in the second half of 1997 caused banks to sharply increase their foreign liabilities so as to intermediate loans to the private sector, the opposite situation held in 1998. Excess liquidity in the Namibian banking system was used by banks to increase their foreign assets (by N$11 million) and repay some of their foreign liabilities (N$158 million), thereby causing a net outflow of N$169 million in 1998 (1997: net inflow of N$349 million).

Table 5.6: International Reserves and Namibia's Import Cover

	1994	1995	1996	1997	1998
LEVEL OF RESERVES IN N$ MILLION (as at 31 Dec of each period)	719	808	906	1219	1527
IMPORTS COVER IN WEEKS (of merchandise goods and services)	5.9	5.5	5.5	7.3	8.5
IMPORTS COVER UNDER NDPI	8.4	8.8	8.8	8.8	8.8

The net summary of Namibia's external transactions is reflected in the overall balance which was N$308 million in 1998. The net addition to the international reserves was therefore of the same amount, so that the foreign reserve assets increased to N$1.5 billion as at the end of 1998, representing 8.5 weeks of import cover of goods and services, an increase over the 6 - 7 weeks level maintained since 1994 (Table 5.6). It seems developments in the external sector, although different from what was envisaged in NDP1, have finally resulted in an official reserves cover similar to that planned for in the first development plan. However, where NDP1 called for trade surpluses to bolster reserves, the actual out-turn was that current transfers in the form of SACU and aid receipts were the causes of this positive development.

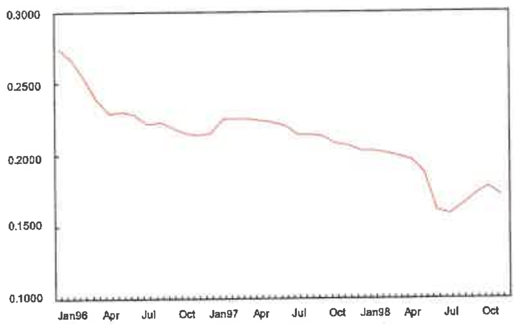
5.3 Exchange Rate Developments

During 1998, the global foreign exchange and capital markets were dominated by the South East-Asian crisis that started in mid-1997. The Namibian and South African economies and financial markets were also affected by this crisis. Due to the reassessment of emerging market risk and the consequent reduction of exposure to these economies, there was a significant outflow of capital from the South African bond market, especially from May 1998. This outflow of capital led to the depreciation of the rand, a decline in banking sector liquidity, higher interest rates, and higher inflation. In response to these developments, SARB adopted a very restrictive monetary policy, used foreign loans and the net open foreign exchange position to provide liquidity to the drained foreign exchange market. Namibia adopted a similar monetary policy.

However, as conditions in the global financial markets began to stabilise during the second half of 1998, capital outflows from South Africa started to slow down. As a result, money market shortages and interest rates declined, credit to the private sector and broad money supply growth slowed significantly while inflationary pressures eased. Most notably, the rand started to appreciate from August, despite a widening current account deficit, relatively low official foreign reserves, and a relatively large net open foreign exchange position.

Reflecting the fortunes of the rand, the Namibia dollar depreciated against the US dollar by 22.9 per cent between December 1997 and August 1998 (Chart 5.1). As capital outflows slowed and international market conditions improved, the currency appreciated to N$5.89 to the US dollar by December. This represented a year-on-year depreciation of 17.2 per cent.

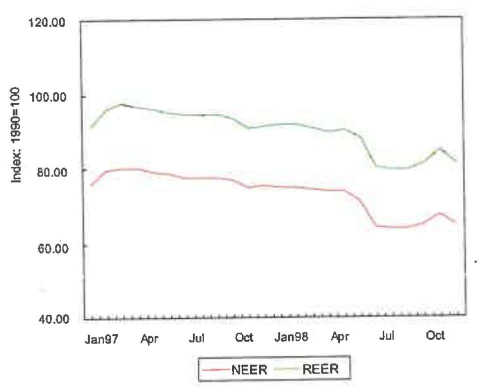
Chart 5.1: Namibia Dollar vs US Dollar



The Namibia dollar also depreciated by 18.6 per cent and 20.0 per cent to the German mark and Japanese yen, year-on-year, respectively. It weakened by 11.0 per cent against the British pound. In line with the depreciation, the Namibia dollar's Nominal Effective Exchange Rate (NEER) fell by 15.2 per cent over the first eight months of 1998 and by 14.0 per cent during the year (Chart 5.2). During the last four months of the year, the NEER appreciated, reflecting more stable conditions in the financial markets.

The currency's Real Effective Exchange Rate (REER) depreciated by 9.4 per cent over the year, compared with a 0.7 per cent appreciation in 1997 (Chart 5.2). The relative stability of the REER can be attributed to the narrowing gap in Namibia's prices relative to prices in its main trading partner countries. This relative improvement in Namibia's prices more than offset the falling nominal exchange rate value. The gain in external competitiveness that resulted from this stability was reflected in the rise in the value and volume of exports, leading to a narrowing trade deficit.

Chart 5.2: Namibia Dollar's NEER and REER



On balance, the fixed exchange rate regime linking Namibia's currency to that of South Africa has served the country well. As the benefits of this arrangement still outweigh the costs, even the financial turbulence of 1998 did not affect the current exchange rate arrangement.

5.4 Exchange Controls in Namibia

As in the past, the Bank of Namibia continued to liberalize the exchange control regime, in line with the liberalization measures underway in the CMA. Introduction of new measures, however, was to some degree delayed by a deterioration in the external position of CMA countries. In general, the measures introduced during the year under review were welcomed by Namibian industry and the public at large.

Releases from emigrants' blocked accounts, in respect of gifts to third parties resident in Namibia, increased from N$50 000 to N$100 000 per annum. Provision was also made for former Namibian residents who had emigrated on or before 1 April 1998 to transfer their blocked funds abroad, on application to the Bank of Namibia. Those who had emigrated after the above date would, however, be subject to normal emigration procedures. The emigrant's settling-in allowance, however, was increased from N$250 000 to N$400 000 per family and from N$125 000 to N$200 000 for a single person. Emigrants are allowed to export household goods, personal effects and motor vehicles with overall insured value not exceeding N$1 million per family unit or single person. They are also allowed up to N$100 000 per annum from their blocked accounts in Namibia for maintenance and alteration of their local properties.

Except in cases where limits were retained to make the remaining controls on capital outflows effective, changes in respect of current account transactions virtually abolished all controls on the external current account. Namibian residents studying full-time abroad are allowed an annual study allowance of N$100 000 per student (1997: N$80 000) and N$200 000 for a student accompanied by a spouse who is not studying (1997: N$160 000). In terms of travel allowances, Namibian residents travelling abroad are allowed a maximum of N$100 000 per person of 12 years or older, and N$30 000 per child , per calender year. Previously, the limits were N$80 000 and N$25 000, respectively. Further, the distinction between neighbouring and other countries has been dispensed with. In the past the traveling allowance to neighbouring countries (Angola, Botswana, Malawi, Mocambique, Zambia and Zimbabwe) was restricted to N$20 000 per adult per calendar year. To facilitate travelling within the region, residents of CMA countries traveling over land between Namibia and South Africa and through Botswana are now allowed to obtain up to the Pula equivalent of N$5000 per annum. Lastly, the administrative limits in respect of completing forms A (sales of foreign currency), E (purchases of foreign currency) and F178 (attestation of exports from Namibia) were increased from N$40 000 to N$50 000.

5.5 Regional Issues

The year under review witnessed a joint offer on tariff reduction by member countries of SACU to the rest of Southern African Development Community (SADC). SACU will begin to reduce its tariffs in line with its offer to members of SADC by 1999 or 2000 - ahead of the conclusion of current negotiations and thus taking the first step in the proposed free trade area. The deadline for the conclusion of the talks is June 1999. Zimbabwe, the most industrialized country in the region after South Africa, indicated that its offer would be ready before the end of the year. Angola and the DRC will join the agreement only when political conditions allow.

A Free Trade Agreement (FTA) between the EU and South Africa is reportedly on track after EU leaders agreed on a compromise to allow South Africa to continue using the trade marks 'port' and 'sherry' on their wines for the next 13 years when marketing them in Southern Africa. These names are exclusive to Portuguese and Spanish wine producers. The EU has also offered to allow more South African-produced wines on to the European market. South Africa is said to be reluctant to grant EU countries access to its textile and motor industries for fear of possible harm to its industries. The trade agreement, once in place, is expected to generate about N$120 billion a year for South Africa.

Meanwhile, SACU member states agreed to set up a full-time task force and a new secretariat to manage the SACU revenue pool as well as the union's common external tariff system, starting early in 1999. The proposed secretariat would be responsible for establishing tariffs, currently a prerogative of South Africa. Tariffs would be pre-determined mainly by taking into account the trade policy issues of all member states. The Council of Ministers of the new SACU would ultimately be responsible for setting a Common External Tariff. The ultimate location of the Secretariat would be determined by the Ministers. SACU revenue accounts for up to 30 percent of Namibia's fiscus.

The removal of excise duties from the pool is expected to shrink its size. This will have a negative effect on revenue and deal a severe blow to Namibia, Swaziland, Lesotho and Botswana. SACU revenue could see a further decline in the wake of a South Africa - European Union Free Trade Area (SA-EU FTA). This would see a large influx of EU exports entering the borders of South Africa free from tariffs. The third factor affecting SACU revenue is the SADC FTA proposal. This proposal will come into effect after being ratified by at least two-thirds of the member countries. It advocates a reduction of tariffs within SADC over the next eight years. However, growth in imports in response to falling tariffs resulting from the SADC FTA should compensate for reduction in SACU revenue. A decreasing customs pool also poses a challenge to SACU countries to diversify their revenue sources, while having control of excise duties should bolster their fiscal discretion.

BOX C METHODOLOGICAL CHANGES TO BOP COMPILATION

Two major methodological revisions were introduced in the latest set of BOP data, namely in the treatment of SACU transactions and the distinction between unprocessed and processed fish and fish products.

The first change to the BOP presentation was the harmonisation of the way the National Planning Commission, the Ministry of Fisheries and Marine Resources, and the Bank of Namibia treat the distinction between processed and unprocessed fish and fish products. The new definition that is currently followed by the above institutions is explained in footnote 2 in Chapter 5: Foreign Trade and Payments.

The second change is more profound. In the past, transactions relating to SACU were presented as if Namibia was not part of the customs union. This was done on advice from the IMF, and was designed to make the BOP statistics comparable to other countries which do not belong to a customs union. However, on closer inspection, it was found that no member of the EU or NAFTA follows this methodology. The decision was therefore taken, after consultations with other BOP and SNA compilers in the region and correspondence with the IMF, to revise all SACU transactions since 1990 so as to reflect actual transactions. In essence, this means that the imputed duties, previously shown as a SACU debit item, fell away. Also, certain adjustments to merchandise imports made earlier, to bring them to a non-SACU basis, were discontinued. The effect on the current account was two-fold. Firstly, merchandise imports increased (thereby widening the trade deficit) and, secondly, current transfers increased (thereby increasing the surplus on current transfers). The net effect on the current account is zero through the revision period, as the two changes (an increase in imports debit and an increase in current transfers credit) offset each other.

6. REPORT ON BANKING SUPERVISION AND THE REGISTRAR'S REPORT ON BUILDING SOCIETIES

SECTION I BANKING SUPERVISION

6.1 Overview

The introduction of the Banking Institution Act (No. 2 of 1998) has, finally, created an effective legal framework encapsulating internationally adopted supervisory practices and banking standards for the Namibian banking system. This Act heralds a momentous milestone in our mission to develop a sound, stable and progressive banking system.

Significant progress, in collaboration with the Bankers Association, has been made with the implementation of the various provisions of the Act. These include the introduction of essential prudential Determinations, Regulations and Guidelines, as well as a gradual phase in of an overhauled bank risk reporting system. An updated bank reporting system will significantly improve the quality of financial and other critical information required of banking institutions. This is crucial for effective supervision and the Bank is very encouraged by the cooperation and commitment of the banking industry to the process of reform of the financial system.

Volatility in the international financial markets, resulting in severe problems in banking systems throughout the world, inevitably filtered into the Namibian economy, through the South African financial system. Surging interest rates posed a significant threat to the country's banking system, mainly in the form of credit risk, interest rate risk, currency and counter party risks. The introduction of prudential requirements issued during the year proved well timed and strengthened the banking system against adverse risk. Banking institutions on the other hand responded decisively to address the risks arising from rising interest rates, particularly the escalating trend in non-performing loans and deteriorating asset quality which could ultimately harm the banks' capital.

On-site examinations at banking institutions intensified during the year. A full scope examination complimented by limited scope examinations focused on key risk areas, particularly credit risk and asset quality. Weaknesses and deficiencies in risk control measures identified during the examinations were immediately brought to the attention of the banks' management. On site examinations proved effective in serving a dual purpose. Firstly, for the supervisory authority to gain a better understanding of the banking industry, which could facilitate policy initiatives for an improved financial system. Secondly, to ensure that banking institutions apply the highest standards of governance and risk management practices. The role of the examiners is also to provide guidance and assistance to banking institutions in complying with statutory reporting requirements, provisions of the Act, and its by laws.

In order to enhance the effectiveness of on-site examinations, the Bank intends to adopt a risk-focused examination approach. The objective of a risk-focused examination is to effectively evaluate the safety and soundness of a bank, including the assessment of its risk management systems, financial condition, and compliance with applicable laws and regulations, while the main focus remains on the bank's highest risk.

The Y2K[12] problem has drawn widespread attention because of the uncertain risk implications it poses at the arrival of the millennium. Confidence in Namibia's financial system must prevail at all times. The country's banking institutions have thus been closely monitored to

[12] Y2K and its implications for the financial system are presented in Box Article D.

ensure that adequate progress and contingency planning has been made in anticipation of the effects of the Y2K on business continuity.

The Bank remains in contact with the Joint Year 2000 Council, set up by the Basle Committee to assist countries worldwide to deal with the Y2K problem, and has implemented its guidelines accordingly.

6.2 Industry and Regulatory Developments

The number of authorised banking institutions in Namibia remained unchanged during the year under review. Five commercial banks (Bank Windhoek Ltd, City Savings and Investment Bank Ltd, Commercial Bank of Namibia Ltd, First National Bank of Namibia Ltd and Standard Bank Namibia Ltd) account for the country's banking industry. No significant changes in shareholding interest were reported.

Although draft legislation for the establishment of offshore banking has progressed to an advanced stage, there are a number of issues relating to Namibia's proposed offshore financial centre yet to be finalised. Offshore banking constitutes a small but integral component of offshore financial business. A working committee composed of key role players has since been created to spearhead the development of the infrastructure for the offshore financial centre.

During the year, a number of Determinations and Guidelines came into effect after deliberations were held at a technical level with representatives of the banking industry. The most important were:

i) ***Determinations on the Classification of Loans and the Suspension of Interest on Non-performing Loans and the Provisions for Bad and Doubtful Debts.***

Every banking institution is required to make provision for bad and doubtful debts and before any profit is declared, ensure that the provision is adequate. The Bank requires a banking institution to maintain a general provision for bad and doubtful debts in addition to the specific provision already maintained by that banking institution. These Determinations also provide guidelines on the classification of loans, the treatment of interest on non-performing loans, and the writing-off of bad debts as a uniform minimum standard for the industry.

However, because of the likely adverse impact of provisioning on the earnings, and consequently on regulatory capital, a phase-in approach was taken for banking institutions to comply with the minimum general provision requirement of 1.0 per cent by 31 December 1999.

ii) ***Determinations on Large Exposures to a Single Person or Group of Related Persons.***

The Determinations limit a bank's large loans exposures (exposures of 10 per cent or more of capital funds) to 30 per cent and on aggregate 800 per cent of capital funds for single borrowers and total large loans respectively.

Excessive concentration of risk exposure to a single customer, or group of related persons, or industry, or economic sector, places a banking institution in a vulnerable position because the business failure of a large borrower, a slump in an industry, or an unexpected downturn in a particular economic sector, could have an adverse effect, including failure, on a banking institution.

iii) ***Determinations on Money Laundering and "Know Your Customer Policy".***

These Determinations require banking

institutions to report any suspicious transactions to the supervisory authority.

Money Laundering, in simple terms, is the "working of dirty money" into the financial system, thereby legitimising proceeds of illegal activities such as drug trafficking. Money laundering not only undermines public confidence in the financial system but also causes distortions in the economy through influence on key economic variables such as money supply.

iv) ***Determinations on Risk Weighted Capital Adequacy***

The Determinations establish minimum ratios of capital to risk-weighted assets of 8.0 per cent, in accordance with the guidelines of the Basle Committee. Banking institutions are expected to operate well above the minimum risk-based ratios.

Adequate capital is the foundation of any sound banking system. Its principal function is to serve as a reserve for unexpected losses. Generally, it provides protection to depositors, creditors, deposit insurance (if any), Central Banks and ultimately, Governments.

v) ***Determinations on Minimum Liquid Assets Requirement.***

Banking institutions are required to hold an average daily amount of assets in Namibia which should not be less than an amount equal to 10 per cent of their total liabilities to the public for the preceding month.

The Determinations lay down the minimum requirements on liquid assets to ensure that banking institutions maintain a given level of liquidity to meet anticipated and contingent cash needs. Banking institutions, however, are encouraged to assess their individual liquidity risk profile, and where deemed necessary, maintain liquid asset holdings in excess of the minimum statutory requirements.

Other Determinations issued are listed below.

1. ***Determinations on Minimum Local Assets.***
2. ***Determinations on fees payable in terms of section 64(6) of the Banking Institutions Act.***
3. ***Determinations on Appointment, Duties and Responsibilities of Directors and Principal Officers of Banking Institutions.***
4. ***General Determinations on Fraud and Other Economic Crime.***
5. ***Determinations on the Compulsory Suspension of Cheque Accounts by Banking Institutions.***
6. ***Determinations on the Disclosure of Bank Charges, Fees and Commissions.***

6.3 On-Site Examination Activities

During the year under review, the Bank Examinations Division carried out a series of limited scope examinations as well as a full scope examination to provide supervisory assurance on the financial condition and soundness of Namibia's banking system.

These examinations, which were carried out in collaboration with off-site surveillance operations, focused mainly on appraisal of lending portfolios, non performing loans, deposit concentrations, capital adequacy, management quality, banking risks and compliance with statutory requirements.

Significant weaknesses in risk management processes, internal systems and controls, and compliance with banking laws and regulations detected during the course of on-site examinations were brought to the attention of the management of the banking institution.

Issues of supervisory concern noted during the examinations are:

- Not all the banks are suspending interest on non-performing loans as prescribed in the Determinations for the Classification of Loans and the Suspension of Interest;
- In several instances, overdraft accounts were allowed to consistently operate in excess of approved limits. This can be attributed to infrequent loan reviews by the banks' management or customer indiscipline;
- Several instances were noted, where facilities were allowed to continue despite the frequent occurrence of refer to drawer cheques;
- In certain instances, weaknesses were revealed in the loan provisioning schedules and the valuation of securities; and
- Certain banks are double financing vehicles. In the absence of a central authority responsible for the registration of ownership claims on financed vehicles, banks only discover this situation when they initiate steps to repossess the asset.

Many of the above issues have since been addressed with the cooperation of the industry.

During the year banks did comply with the minimum liquidity requirements and often exceeded these limits and also adhered to the prescribed capital adequacy ratio of 8.0 per cent. Intensified examinations during the coming years will ensure that banks comply with the provisions of the Banking Institutions Act and its by laws.

With the new millennium fast approaching, it is anticipated that the examiners will be more active with respect to Year 2000 issues in the coming year. The Year 2000 compliance issue poses a threat to confidence in the banking system. The Bank Supervision Department will, as far as possible, ensure that banking institutions have effective business continuity plans in place to ensure uninterrupted operations after 1 January 2000.

Due to the volatility in interest rates that prevailed during the year, the number of non- performing loans in the industry are expected to increase. Strict monitoring of credit risk areas will be exercised by examiners to ensure that provisions are made prudently and that banking institutions manage their credit risk portfolios effectively.

On site examinations have provided supervisors with a valuable understanding of industry conditions. It is the intention of the department to move to a risk-based examination approach whereby banks will be evaluated according to the management of their respective risk portfolios. The scope of the examination will be determined by the nature and type of risks, and the effectiveness of risk control measures identified through a risk assessment process.

6.4 International Supervisory Cooperation

As a member of the Executive Committee of the East and Southern Africa Banking Supervision Group (ESAF), the Bank has committed itself to the development of regional cooperation and the initiatives taken by the ESAF group towards the establishment of harmonised standards in the areas of banking supervision.

The ESAF Group has played a prominent role in the development of supervisory capacity to address the acute shortage of skilled banking supervisors in the Region. During the year, numerous training courses were held for junior and senior bank supervisors under the auspices of ESAF. Because of the huge demand for training, additional training courses were held for junior officers at the South African Reserve Bank. These were attended by officers recently recruited to the department.

In June, the Bank hosted the Senior Bank Supervisors Workshop organised jointly with ESAF, the IMF and World Bank. This was well attended by representatives from the region and speakers from the IMF, World Bank, Bank for International Settlements and the Bankers Association of Namibia. The theme of the course, *Lessons to be Learned from the East Asian Crisis by Bank Supervisors*, was most relevant and coincided with the arrival of the East Asian contagion in the South African market.

Significant progress has been made towards the achievement of harmonised standards of banking supervision in the region. The ESAF Executive Committee has identified a number of key projects for implementation in member countries. These include overseeing full implementation of the Basle Committee's 25 Core Principles for Effective Banking Supervision which form the foundation for the harmonisation of supervisory standards, harmonisation of loan provisioning, accounting and auditing standards, and the development of a computerised management information system for banking supervision in the ESAF Region.

Namibia, being the youngest supervisory authority in the group, has accrued many benefits from the experience of others and will continue to subscribe to the work done by ESAF.

Training, to address the severe skills shortage in the region, is an area which will receive much attention in the forthcoming year. In this respect, the ESAF Executive Committee will solicit the support of other supervisory agencies and training institutes, such as the Macroeconomic and Financial Management Institute (MEFMI), to accelerate the pace of training, particularly at the intermediate level.

In its endeavor to develop a progressive banking system that conforms to international standards of supervisory practices, the Bank of Namibia has been keeping abreast with developments emanating from the Basle Committee on Banking Supervision. Guidelines and other principles designed to enhance the effectiveness of banking supervision will be adopted wherever practicable for the Namibian banking system. In this regard the Basle Committee has rendered valuable assistance to supervisory authorities worldwide to deal with the Year 2000 problem by setting up the Joint Year 2000 Council to address the potential risks to financial and payment systems.

Australia, in the year under review played host to the 10th International Conference of Banking Supervisors (ICBS), held every two years. This was attended by banking supervisory authorities from some one hundred and twenty countries, including Namibia, and representatives from several international organisations. The conference, organised jointly by the Basle Committee on Banking Supervision and the Australian hosts, had two main themes, *the Core Principles for Effective Banking Supervision, and Operational Risk.* In addition, a special panel session was devoted to issues relating to the risks to banks arising from the Year 2000 problem.

The Bank's relations with international supervisory agencies has grown substantially over the years. Agencies such as the Federal Reserve Bank, IMF, World Bank, as well as supervisory authorities in the region, have been instrumental in providing much needed technical assistance and training to the Bank Supervision Department. The Bank is particularly grateful for the generous assistance rendered by the Central Bank of Malaysia. Such opportunities will be continuously exploited to enhance the effectiveness of the Bank's supervisory function.

BOX D THE YEAR 2000 AND ITS IMPLICATIONS FOR THE FINANCIAL SYSTEM

The dawn of the new millennium is now only a few months away. The Information Technology Systems on which Namibia's entire business community now depends, will to a certain extent not be capable of recognising or responding predictably to dates beyond the end of this century. Without remedial action, institutions and key systems may be unable to operate or communicate with each other. The problem is not confined to the national level but takes on a worldwide dimension because of interdependencies with other systems.

For the financial sector, which is a major user of information technology and is heavily dependent on the smooth operation of computerized dealing, payment and settlement systems, the Y2K problem is a critical issue. Over the past few years, as the implications of the Y2K Bug emerged, businesses recognised the need to initiate programmes to address the operational risks associated with the problem. Many companies that rely on the extensive use of information technology embarked on strategic courses of action to address the problem. However, as the end of the millennium draws much nearer, there are still many policy makers and business executives throughout the world who have little understanding of the grave nature of the problem. They are yet to recognise the potentially severe consequences of their failure to have readiness programmes and contingency plans in place.

Scope of the Year 2000 Problem

Computer systems, which now permeate every facet of our lives, are increasingly driven by dates. Essentially, this is due to the fact that many computer-based programmes have not been designed to store or use more than two digits to identify a year and are incapable of handling years beyond 99 (that is, 1999). Thus, unless designed for this eventuality most systems will not be able to distinguish between the years 1900 and 2000.

The problem has the potential to affect both computers and the embedded processors built into all sorts of modern equipment. Mainframe systems are particularly vulnerable as individual components may be of widely different vintages and a single non-compliant component could affect an entire system due to the linkages between different systems components. Mini-computers and personal computers may also be affected. Additionally, telecommunications equipment often has built-in dating features that must be identified, tested and corrected where necessary.

It is a more complex task to correct the problem in embedded processors. Any operation that functions using date-sensitive technology may be affected. Embedded chips that are date-sensitive and non-Year 2000 compliant are installed in millions of systems and devices worldwide. These chips are not only in computers but also medical pacemakers, heating systems, plumbing, electricity, transportation and financial transmission systems. Embedded chips are also common to many other types of widely used equipment, such as telephones, facsimile machines, photocopiers as well as lifts, heating appliances, lighting and power supplies in buildings.

For financial market participants, the Year 2000 problem is especially acute. Financial institutions rely heavily on automation to manage information. Their business has become dependent on computer systems. Manual alternatives are no longer feasible because of the volume and speed of transactions. If automated systems fail to work properly, it becomes difficult, if not impossible, to conduct business. While an isolated non-Year 2000 compliant line of code should be relatively easy to repair, the number and complexity of date-dependent computer programmes in use means that the remediation effort is very often a highly resource intensive process.

Moreover, given the financial sector's reliance on various infrastructure providers such as water, power, telecommunications, payment systems, securities exchanges, the readiness of these systems has great implications for the continued functioning of the global financial system and the world economy at large. Operators of these systems are faced with significant Year 2000 challenges. Unfortunately, the readiness of many of these complex systems is less than certain.

Possible Impact on Financial Markets

The intensive use of technology by financial firms makes them particularly vulnerable to the Y2K Bug. The date-dependent calculations performed in a variety of financial transactions (e.g. ageing of information, and calculating interest rates) expose a financial organisation to serious business disruption should it fail to be ready for the millennium change. Applications vulnerable to the effects of the Year 2000 problem affect all areas of the business; the front office, the middle and back offices, customer delivery systems and management information as well as decision support systems.

The Year 2000 challenge is particularly daunting for financial firms because it is not just internal to any one organisation. Many organisations maintain automated linkages and interdependencies with correspondents and customers, both domestically and internationally. For larger institutions that provide a wide range of products in many countries around the world, many of these applications are interdependent and some are interactive in real time processing environments. If applications are not able to work together properly, significant problems could develop.

The interconnectedness of financial organisations is especially clear in the reliance on financial market infrastructure. Payment systems, settlement agents, clearing organisations, securities depositories, trading systems, exchanges and the various direct and indirect participants in these systems, as well as network providers, are intricately connected. An operational breakdown resulting from insufficient Year 2000 preparations by any one party in the interconnected system could have an impact on participants. For example, a Year 2000-induced operational breakdown that results in delayed funds payments may cause significant liquidity pressures in the financial market. To the extent that transactions with counterparties both within and outside that particular settlement arrangement are affected by these delays, there may be knock-on effects which, in extreme cases, could have systemic implications.

A possible overreaction by the public could precipitate market instability. Investors could decide to sell their securities, preferring to hold their assets in cash. Similarly, the public could withdraw significant portions of their liquid bank holdings due to concerns that banks' systems could experience severe Year 2000-related difficulties.

The Role of the Supervisors

It is the Supervisors' responsibility to maintain stability and to ensure confidence in the financial system. Furthermore, an efficient and effective financial services sector is of paramount importance to the smooth functioning of the economy. The financial system in Namibia is not entirely insulated from the effects of the Y2K Bug and the threat is being seriously addressed.

There are differing views on how to deal with banks who have failed to take steps to ensure Year 2000 compliance. In certain jurisdictions, banks that have failed to have proper testing programmes in place, are unable to assure their supervisory authority that their mission critical systems are compliant and are considered a major threat to the payments system, could have their licenses revoked. Other jurisdictions are considering the possibility of other enforcement actions, such as fines, on banking institutions that have not made satisfactory progress toward year 2000 compliance within a prescribed time frame. The Bank may also consider similar action if required to do so.

Regulators operate a risk based supervisory approach, focusing on situations which carry material risk to investors, depositors or policy holders.

With the Year 2000 issue, the Bank of Namibia's supervisory strategy has focused on the following:

- promoting public awareness of the importance to address the Year 2000 issue in a holistic manner;
- promoting the adoption and effective implementation by banking institutions of adequate compliance plans;
- tracking banking institutions' progress; and
- alerting banking institutions focus on contingency plans, as problems may still arise.

Supervisors have done this in a variety of ways including the regular publishing of newsletters prepared by the Joint Year 2000 Council as well as the distribution of circulars and questionnaires.

A year 2000 questionnaire was issued to Namibia's banking institutions in March 1998. The questionnaire, which was completed by all the registered banking institutions, was designed to stimulate thought in Namibia's banks about the possible impact of "Year 2000 non-compliance".

The responses to the questionnaire were summarised by the Bank, in order to obtain banking sector statistics and to help assess the risks to the banking institutions as a whole. The completed questionnaires and additional documentation furnished by the individual banks were also analyzed and used as agenda items for discussions at special meetings held with some of the institutions.

The supervisor's perception is that Year 2000 awareness in the financial services industry is high. The industry sees the need to attack the problem in a structured, determined way, under the responsibility of Bank's senior management. It will through 1999 become clearer which financial institutions have made good progress towards compliance and which have not. For most institutions, the testing phase will be critical. They are required to have completed their testing programmes and give assurance to the Bank of Namibia that their mission critical systems are Year 2000 compliant by June 1999.

The supervisors will in the usual way stand ready to intensify their supervisory communication with any institution whose systems give grounds for concern and, if necessary, use the powers available to them, such as prohibiting a bank from advancing any further loans, or increasing its minimum capital adequacy requirement of the banking institution.

The ultimate sanction of course would be that a banking institution may find that it is no longer able to do business with large corporates or is allowed to participate in the payment and clearing process. Revocation of an institution's banking licence may also not be ruled out.

However, no matter how successful the supervisors and banks are in their "prevention is better than cure" strategy, no one can guarantee a problem-free passage into 2000. Internal or third party systems may not work as promised or as tested. So whilst today's priority must be to put systems right, both financial institutions and supervisors will have to give careful thought to contingency planning as the Year 2000 approaches.

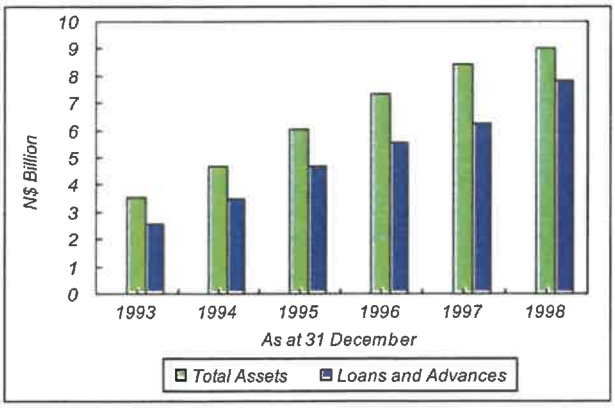
SECTION II PERFORMANCE OF BANKING INSTITUTIONS AND BUILDING SOCIETY[13]

6.5 Performance of Banking Institutions

6.5.1 Asset Growth

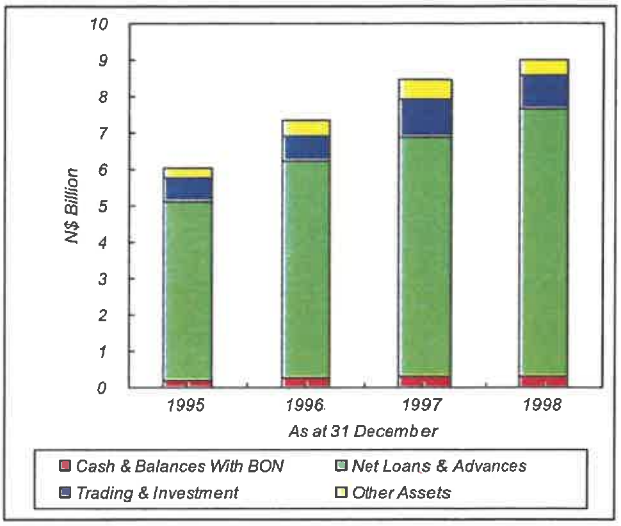
Total assets of the banking system grew to N$9.0 billion as at 31 December 1998 from N$8.4 billion a year earlier, representing an increase of 6.5 per cent. The growth was, however, less than the increases of 14.7 per cent, 29.3 per cent and 22.1 per cent recorded at the end of 1997, 1996 and 1995 respectively, indicating a relative slowdown in the growth in assets over the past four years. Net loans and advances, on the other hand, grew by 11.8 per cent from N$6.6 billion to N$7.4 billion. The excess liquid assets that were available on the reduction of the statutory liquid assets and minimum reserve requirements contributed to the increase in loans and advances but did not have a significant impact on the overall growth in assets (Chart 6.1).

Chart 6.1 Growth in assets



Loans and advances continued to be the major component of total assets, increasing from 73.8 per cent in December 1997 to 81.8 per cent as at 31 December 1998. This was due to the reallocation of the excess liquid assets mentioned above. Other components as a percentage of total assets were as follows: trading and investments at 10.3 per cent, cash on hand and balances with the Bank of Namibia at 3.2 per cent, and other assets comprising fixed assets, remittances in transit and others at 4.7 per cent (Chart 6.2).

Chart 6.2 Composition of assets*



Total deposits of the banking system grew by 6.7 per cent, from N$7.2 billion to N$7.7 billion during the period under review. The growth in various components of deposits were as follows: demand deposits increased by 25.2 per cent to N$3.4 billion, savings deposits increased by 10.1 per cent to N$633.4 million, whilst fixed deposits and other deposits decreased by 4.8 per cent to N$2.9 billion and 13.1 per cent to N$730.7 million respectively.

Other liabilities, comprising taxes payable, deferred tax payments, dividend payments, accrued expenses and others, decreased by 26.0 per cent from N$575.3 million to N$425.7 million during the period under review.

[13] All financial data contained in this report have yet to be audited.

Table 6.1 Key Balance Sheet Data As at 31 December

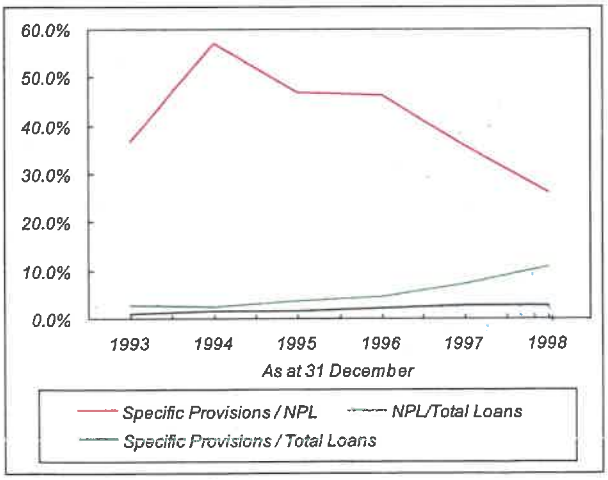
	1996 N$ Million	% Change	1997 N$ Million	% Change	1998 N$ Million	% Change
Total Assets*	7,363.6	22.1	8,445.7	14.7	8,996.8	6.5
Total Loans & Advances*	5,961.2	21.0	6,599.5	10.7	7,379.3	11.8
Total Deposits	6,408.4	17.4	7,234.0	12.9	7,716.0	6.7
- Demand	2,679.9	58.6	2,712.5	1.2	3,397.3	25.2
- Savings	558.0	20.9	575.3	3.1	633.4	10.1
- Fixed	2,678.5	10.6	3,105.1	15.9	2,954.5	-4.8
- Others	492.0	-44.4	841.1	71.0	730.7	-13.1
Total Capital & Reserves	579.3	29.7	696.5	20.2	855.2	22.8

***There was a change in the composition of assets in 1998 and therefore the prior year comparatives have been adjusted accordingly.**

6.5.2 Loan Quality

As a result of more stringent loan classification policies applied by some banking institutions, the levels of their overdue amounts appear to be higher than they would be if the Determinations on Classification of Loans and the Suspension of Interest on Non-performing Loans and the Provision for Bad and Doubtful Debts (BID-2) issued during 1998 under the Banking Institutions Act, 1998 (Act No. 2 of 1998), were strictly adhered to. Under the Determinations, the period of classification is six months whilst certain banking institutions apply a three or four month rule.

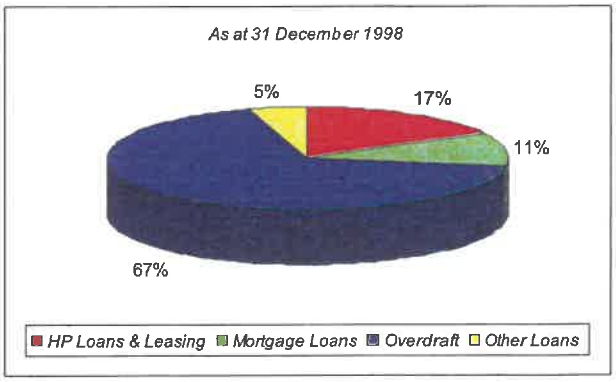
Chart 6.3 NPL Ratio and Provision cover



The gross amounts overdue in the banking system amounted to N$834.0 million compared with N$455.9 million reported a year earlier, representing an increase of 82.9 per cent since December 1997. Expressed as a percentage of total loans and advances, gross amounts overdue stood at 10.3 per cent as at the end of the period under review and is 3.0 percentage points higher than the ratio recorded a year earlier.

Gross amounts overdue by loan type comprised the following: overdrafts 67.0 per cent, HP loans & leasing 17.0 per cent, mortgage loans 11.0 per cent, and other fixed loans 5.0 per cent (Chart 6.4).

Chart 6.4 NPL Loan Type



Specific provision for bad and doubtful debts increased by 33.6 per cent to N$217.7 million as at December 1998 in response to the increase in gross amounts overdue. The specific provision for bad and doubtful debts as a percentage of gross amounts overdue at 26.1 per cent was lower than the 35.7 per cent reported at 31 December 1997.

As at 31 December 1998, all banking institutions complied with the minimum general provision requirement of 0.75 per cent of total loans net of interest in suspense and specific provision for bad and doubtful debts.

6.5.3 Large Exposures

According to the Determinations on Large Exposures to a Single Person or a Group of Related Persons (BID-4), large exposure means an exposure (credit facility) which equals to or exceeds 10 per cent of the banking institution's capital funds. The limit to any person or a group of related persons is 30 per cent of the capital funds, whereas the aggregate amount of exposures equal to, or in excess, of 10 per cent is limited to 800 per cent of capital funds.

Total large exposures in the banking system amounted to N$3.2 billion and accounted for 39.8 per cent of total loans and advances and 3.8 times of capital funds. Furthermore, about 18 accounts, totalling N$1.8 billion, exceeded the 30 per cent limit. Banking institutions were given a two year grace period to comply with the 30 per cent limit of capital funds by 1 July 2000, starting 1 July 1998, the date on which the above-mentioned Determinations became effective.

Namibian banking institutions, though adequately capitalised, need to increase their capital funds to the level that will enable them not only to comply with the prescribed limit but also allow them to undertake other large exposures without posing severe risks to their capital.

Amounts overdue in respect of large exposures amounted to N$ 257.2 million of which N$86.6 million was classified as bad and doubtful debts. The specific provision made against these loans amounted to N$27.3 million.

6.5.4 Profitability and Earnings

The banking institutions posted strong profitability, with net interest income increasing substantially by 23.3 per cent to N$583.7 million during the period under review, mainly as a result of the increase in loans and advances and increase in interest rates charged.

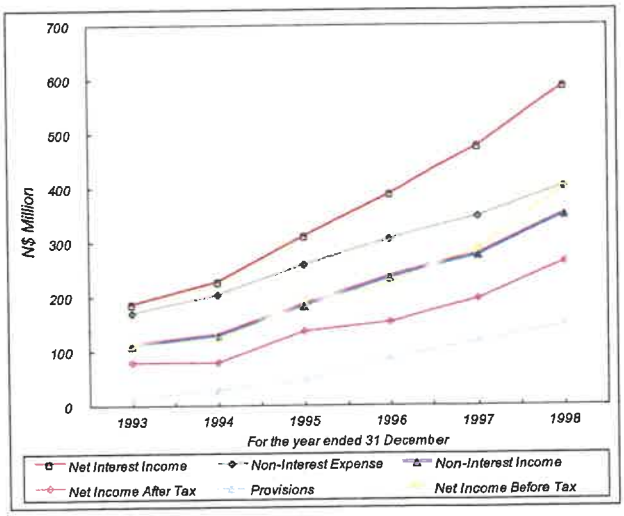
Other operating income showed a strong growth of 32.0 per cent to N$362.7 million which outpaced the growth of 16.6 per cent to N$403.6 million registered in other operating expenses.

Net provisioning for bad and doubtful debts increased significantly by 25.6 per cent to N$146.2 million, a reflection of the continued deterioration in the banking system's loan portfolio. The net operating income after tax also showed an improvement, increasing from N$191.2 million to N$265.6 million during the period under review.

Table 6.2 Key Earnings Indicators for the Year Ended 31 December

	1996 N$ Million	% Change	1997 N$ Million	% Change	1998 N$ Million	% Change
Interest Income	1,148.8	35.4	1,364.7	18.8	1,524.0	11.7
Interest Expense	763.6	41.4	891.2	16.7	940.3	5.5
Net Interest Income	385.2	25.0	473.5	22.9	583.4	23.2
Non-Interest Income	234.5	28.1	274.8	17.2	362.9	32.1
Non-Interest Expenses	307.0	18.3	346.1	12.7	403.7	16.6
Net Provision Charges	88.2	97.3	116.4	32.0	146.2	25.6
Income Before Taxation	224.5	20.0	285.8	27.3	396.5	38.7

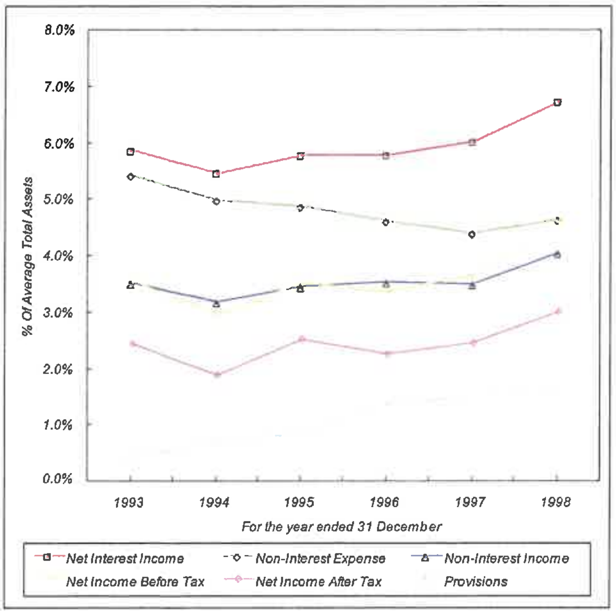
Chart 6.5 Key Earnings Indicators



The net interest margin increased by a slight 0.7 percentage points to 6.7 per cent over the previous year. The after tax return on assets (ROA) and return on equity (ROE) were highly attractive at 3.0 per cent and

30.3 per cent respectively, compared with 2.4 per cent and 27.4 per cent the previous year.

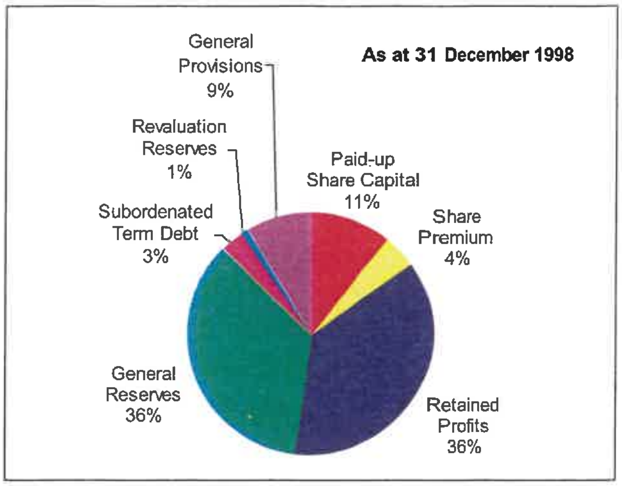
Chart 6.6 Key Earnings Ratios



6.5.5 Capital Adequacy

Total capital funds of the banking system at the end of December 1998 amounted to N$855.2 million, compared with N$696.5 million reported a year earlier, representing an increase of 22.8 per cent. Total qualifying capital, i.e. the amount of total capital funds eligible for inclusion in the capital base for the purpose of calculating the risk-based capital ratio, amounted to N$847.9 million. The qualifying capital in turn comprised N$742.9 million in primary capital and N$105.0 million in secondary capital.

Chart 6.7 Composition of Qualifying Capital



All banking institutions comfortably complied with the new capital adequacy requirement introduced during the year under review. The new requirement is in line with the Basle Accord on Risk Weighted Capital Adequacy. In this respect the system recorded a strong capital adequacy ratio of 13.4 per cent, comprising 11.7 per cent core capital and 1.7 per cent supplementary capital.

6.5.6 Liquidity

The liquid assets requirement was during the period under review reduced from an average of 17 per cent to 10 per cent in line with recently introduced Determinations on Minimum Liquid Assets. As a result the liquid asset holdings by banking institutions dropped accordingly. For the month of December 1998, the system's average daily liquid asset holdings decreased by some N$675.1 million (42.2 per cent) to N$924.9 million but still exceeded the statutory requirement by N$159.0 million (20.8 per cent).

Chart 6.8 Composition of Liquid Assets

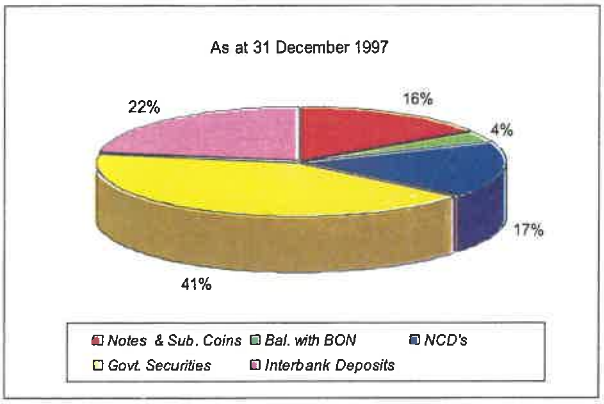
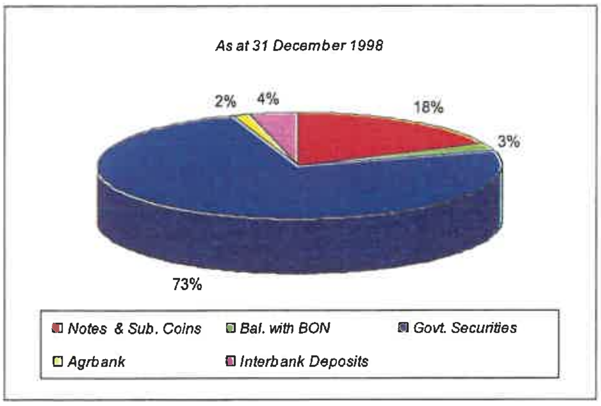
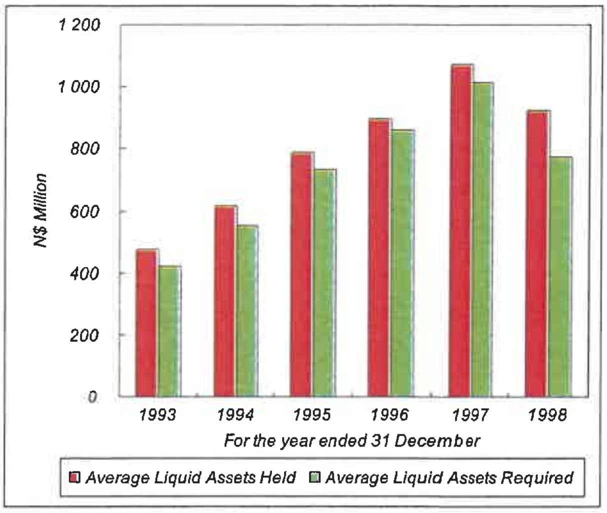


Chart 6.9 Composition of Liquid Assets



As can be seen from the two pie charts, Government securities, as a percentage of total liquid assets, increased substantially from 41.0 per cent as at 31 December 1997 to 73.0 per cent as at 31 December 1998. Furthermore, in terms of the Determinations on Minimum Liquid Assets, negotiable certificate of deposits (NCDs) no longer qualify as liquid assets and hence the omission from liquid asset holdings as at 31 December 1998 (Charts 6.8 and 6.9).

Chart 6.10 Statutory Liquid Assets



The growth in loans and advances outpaced the increase in total deposits, resulting in an increase in the loan to deposit ratio from 86.1 per cent as at 31 December 1997 to 95.3 per cent as at 31 December 1998.

6.6 Performance of Building Society

6.6.1 Asset Growth

For the building society, 1998 was a period of strengthening its position with a good asset growth of 6.9 per cent from N$1000.5 million as at 31 December 1997 to N$1069.7 million as at 31 December 1998. The growth was due largely to a growth in the loan portfolio of 9.2 per cent. The increase in the society's total assets was 1.6 percentage points above that achieved in the previous year (Table 6.3).

Table 6.3 Key Balance Sheet Data As at 31 December

	1996 N$ Million	% Change	1997 N$ Million	% Change	1998 N$ Million	% Change
Total Assets	950.0	2.5	1,000.5	5.3	1,069.7	6.9
Total Loans & Advances	717.4	-3.7	741.4	3.4	809.6	9.2
Total Deposits	577.5	1.2	663.6	14.9	722.3	8.9
Average Total Assets	938.3	5.7	975.2	3.9	1,035.1	6.1
Total Capital & Reserves	225.5	-8.0	244.1	8.3	246.5	1.0

Total loans and advances for the building society stood at N$809.6 million at the end of 1998, comprising 75.7 per cent of total assets, compared to 74.1 per cent at the end of the previous year.

On aggregate, funding through deposits increased by 8.9 per cent to reach N$722.3 million, compared with N$663.6 million the year before. Deposits, which made up 92.1 per cent of the society's total funding, were also its largest source of funding during the year. Transmission deposits constituted the biggest share of 71.4 per cent of total deposits followed by fixed deposits at 24.4 per cent. Savings deposits, which decreased by 12.7 per cent during the year, represented 3.1 per cent of total deposits (Tables 6.3 and 6.4).

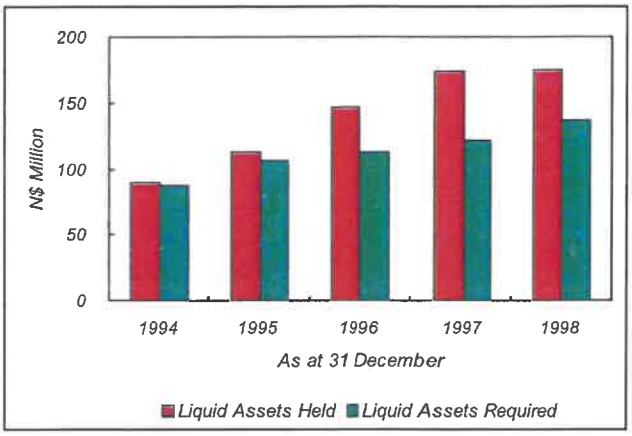
Table 6.4 Deposits by Type As at 31 December

	1996 N$ Million	% Change	1997 N$ Million	% Change	1998 N$ Million	% Change
Fixed	137.1	-23.2	153.5	12.0	176.6	15.0
Savings	25.7	-30.4	25.9	0.8	22.6	-12.7
Transmission	408.0	16.8	477.2	17.0	515.4	8.0
Collateral	6.7	11.7	7.0	4.5	7.7	10.0
Total	577.5	1.2	663.6	14.9	722.3	8.9

6.6.2 Liquidity

The building society's total liquid assets increased slightly by 1.0 per cent from N$173.6 million at the end of December 1997 to N$175.4 million as at 31 December 1998. However, the society continuously complied with the statutory liquid assets requirements during the period under review (Chart 6.11).

Chart 6.11 Statutory Liquid Assets



The loan to deposit ratio, which measures the ratio of loans funded through deposits, increased to 112.1 per cent at the end of December 1998, from 111.7 per cent in the preceding period. Growth in deposits was overshadowed by a 9.2 per cent growth in total loans and advances.

6.6.3 Capital and Earnings

The society's total capital funds increased marginally from N$244.1 million at the end of December 1997 to

N$246.5 million at the end of December 1998, being an increase of 1.0 per cent on the previous year. Despite the marginal increase, the building society still remained one of the most capitalised financial institutions in the country.

On average, the building society maintained its capital and reserves at N$224.7 million throughout the year, which was well above the statutory requirement. Its improved performance, with income before taxation increasing to N$20.3 million during the period under review, highlights a significant turnaround from the preceding three years.

7. OPERATIONS AND AFFAIRS OF THE BANK

7.1 Board Activities

During 1998, the membership of the Board changed with the appointment of two more Members in keeping with the Bank of Namibia Act No. 15 of 1997, Section 4, Subsection 2 (e). Dr Otto Herrigel, a former Minister of Finance, and Mr FG Kisting, a Chatered Accountant, were appointed Members of the Board with effect from 14 July 1998.

The Board met six times during 1998. Among the important decisions the Board took were the establishment of a Bank of Namibia branch in the northern part of the country and the formation of an Audit Committee. The Audit Committee, a sub-committee of the Board, is to serve as a channel of communication between the members of the board, management, internal auditors and the external auditors. Specifically, the Audit Committee will assist the board members in discharging their responsibility to safeguard the assets of the Bank, maintain adequate accounting records, and develop and maintain effective systems of internal control.

During the year under review, one Audit Committee meeting was held, the purpose of which was to approve the audit-planning memorandum for the year ending 31 December 1998 as well as to discuss the liaison between the committee and the Internal Audit function of the Bank.

During October 1998, members of the Board participated in a *Corporate Governance Workshop* in order to raise their awareness of recent government systems by which corporations are directed and controlled. In November 1998, the Board undertook a successful visit to the Central Banks of South Africa, Botswana and Malawi in order to acquaint itself with their functions and activities.

7.2 Staff Development

The Bank attaches the greatest importance to building capacity through the development of its human resources. The bank is committed to ensuring that all employees contribute their utmost towards its vision of becoming a Centre of Excellence. In line with this, it continued to support its staff in undertaking relevant courses of study during the year under review.

In addition to Bank-wide computer training, 111 employees attended a variety of short training courses, conferences and workshops over the year. Six staff members obtained Master's Degrees from various universities in the UK and the USA, while one obtained a Bachelors Degree in Marketing. An employee of the Bank was awarded a Gold Medal for achieving the highest marks in his examination for the Institute of Bankers' Advanced Diploma in Treasury Management and Trade Finance in Southern Africa. Another major achievement was the successful completion of the MEFMI fellowship programme on Reserve Management by a member of staff who was the first Namibian to be awarded the fellowship. Many employees continue to make use of the Bank's Staff Development opportunities to pursue advanced studies through part-time and distance learning at various local institutions and abroad.

During the year under review, the training function of the Bank was elevated to a Training and Development Division. This is in order to enhance the effectiveness of Bank-wide training and ensure that all training is needs oriented. The Division will also facilitate the evaluation of training provided and advise line managers and the Bank as a whole on training related matters.

7.3 Restructuring

7.3.1 International Economics

In an effort to run its affairs in a prudent manner, the Bank effected some changes to its organizational structure during the year under review. A new Department, the International Economics Department, was created to focus on the external sector, taking over some areas previously covered by the Research Department. In view of the increasing challenges in the international arena, the International Economics Department will monitor and report on international economic issues that have a direct bearing on the Namibian economy.

7.3.2 Information Technology Department

Information technology is considered of strategic importance in the Bank's efforts to ensure operational efficiency and timely delivery of information for both management and stakeholders. The intensive use of information technology in the Bank and the need for IT strategies to be integrated with organisational goals and strategies, necessitated a review of the Bank's Information Technology function.

This review covered all systems used in the Bank and highlighted the need to have an integrated, flexible and responsive information system. A Master Systems Plan in the first phase, has since been developed and addresses organisational and functional information needs. Implementation of the entire strategic plan is expected to run over a three year period. Completion of this project will result in a considerable improvement in the management of information and the provision of quality of information required for decision making in the Bank. The review also led to the elevation of the Information Systems Division to that of a department, the Information Technology Department.

7.3.3 Payment Systems Project

In recent years, countries all over the globe have given considerable attention to minimizing risks in and improving national payment systems. The increasing globalization of world economies, and efforts towards the formation of regional trading blocks, have put tremendous pressure on national governments and monetary authorities to improve efficiency and reduce risks in payment systems.

The existing Namibia payment system is interwoven with South Africa's payment system and largely reflects its historical legacy. This is especially discernible through the extension of electronic payment and related infrastructure, which coexist with an unsophisticated manual cheque clearing system. Although this arrangement provides a relatively efficient and effective payment service, it cannot in its present form and degree of sophistication adequately serve the needs of a growing financial sector, which is being increasingly integrated at the international level.

Participation in internationally integrated financial and economic systems brings new domestic obligations and disciplines in terms of clearing and settlements systems and risk management procedures. Accordingly, the Bank setup a team to devise a strategic plan and framework for the modernization of Namibia's national payment system. Considerable progress was made by the team, working in cooperation with representatives of the Banking industry, during the year.

7.3.4 Public Relations Office

The Public Relations Office was elevated to a division in the Governor's Office to ensure smooth and timely information dissemination.

The Division is charged with the responsibility of achieving and maintaining understanding among Bank employees, the Bank's clients and the public at large, through internal and external communications both reactive and pro-active. The Division's function includes the creation of greater awareness of the Bank and its monetary and economic responsibilities.

During the year under review, the Division gave the Bank's in-house journal a face-lift, starting with the acquisition of its name – ***The Eagle.*** Its contents has also been improved to include invaluable economic information readable even to non-Bank employees.

7.4 Social Responsibility

The Bank is conscious of the fact that historically skewed development of the country and its human resources have not levelled the ground for a meaningful contribution towards sustainable economic growth by all Namibians. It has, therefore, embarked on a Social Responsibility and Development programme through which it strives to contribute to the development and upliftment of the broader Namibian society.

Under this programme, the Bank of Namibia together with the University of Namibia (UNAM) has undertaken to address the shortage of professional expertise the country, especially in the area of economic research. In this regard, the Bank of Namibia entered into an agreement with the UNAM to enable it to sponsor an analytical research programme to be administered by the University. The Bank of Namibia Economic Research Fund was created to finance this programme. Being the major co-sponsor, the Bank of Namibia has sofar committed N$1 000 000 for a period of four years to the programme.

The Bank sponsored a number of other activities. Two bursaries were allocated to two needy yet deserving learners to study at the University of Namibia, bringing the total of students supported by the Bank to four. It is expected that two more bursaries will in the 1999 academic year be awarded for studies at institutions of higher learning in the Southern Africa sub-region. The Bank's Bursary Scheme came into effect in 1997 and the first group of beneficiaries are expected to graduate in the year 2000. The Bank during the year under review provided financial assistance for the execution of a number of other activities, including the Youth Expo 1998, the cancer and disabled fundraising charity sports, the Aids awareness campaign and the Indigenous People's Council fundraising dinners.

7.5 National and International Participation

The Bank participated actively in various meetings of SACU, SADC, and to a lesser extent the Common Market of Eastern and Southern Africa (COMESA). The Bank took active participation in issues including exchange control relaxation, macroeconomic convergence, and the creation of a SADC macroeconomic and financial database.

With regard to international supervisory cooperation, the Bank, as a member of the ESAF, has committed itself to the development of regional cooperation and the initiatives taken by the ESAF group towards the establishment of harmonised standards in the area of banking supervision. Details of this cooperation appear in the main supervision report.

The Bank was also engaged in consultations with key players on domestic front including the commercial banks, Namibian Stock Exchange, the Ministry of Finance, the National Planning Commission, and the Ministry of Trade and Industry. This engagement usually took place through committees and associations created for this purpose. For example, the Bank has regular contacts with the commercial banks through the

Bankers Association, while the Inter-Agency Committee, comprising the Bank, the Ministry of Finance and the National Planning Commission, provides an additional avenue for regular exchange of information and policy advice.

7.6 Other Activities

7.6.1 New Bank Building

Four years after the establishment of Namibia's own Central Bank, it became apparent that the current main bank building, formerly a branch of the South African Reserve Bank, did not have the capacity to accommodate the staff complement of an independent, fully-fledged Central Bank. Various departments were inconveniently housed throughout different buildings in the city. It is against this background that in 1994 the Board decided on a new building that befits the status of a Central Bank.

A professional team appointed to design and plan the new building, completed its work at the end of 1995. A 30-month construction contract to a value of N$96.9 million was awarded to a joint venture of two large local construction firms. For security reasons, the building required highly specialised features and systems which had to be incorporated in both the engineering and architectural designs.

The new Bank building, which is now a prominent landmark in Windhoek's city centre, will be completed and handed over to the Bank of Namibia during the first quarter of 1999. It is expected that the modern features with which the building is equipped will enhance staff efficiency. Running around from one building to the other will be something of the past and all staff Bank will be happily housed under one roof.

BOX E ORGANISATIONAL CULTURE CHANGE

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

In pursuit of its vision, the Bank agreed to give its Organizational Culture Change Project strategic priority. This organizational culture is defined as "the way we do things in the Bank". The Bank therefore agreed to look at its environment and improve those aspects that enhance excellent performance.

The main purpose of the project is to enhance organisational performance by aligning the corporate culture with the Corporate Charter. Thereafter the focus will be on improving and strengthening work, communication, leadership, management and supervisory skills. Other strategies of the project are directed towards vision building and improving employee performance and productivity. The benefits from the project are improved productivity and performance; improved moral, commitment and loyalty; as well as employee motivation. Successful attainment of these and other factors will facilitate meeting the Bank's objectives.

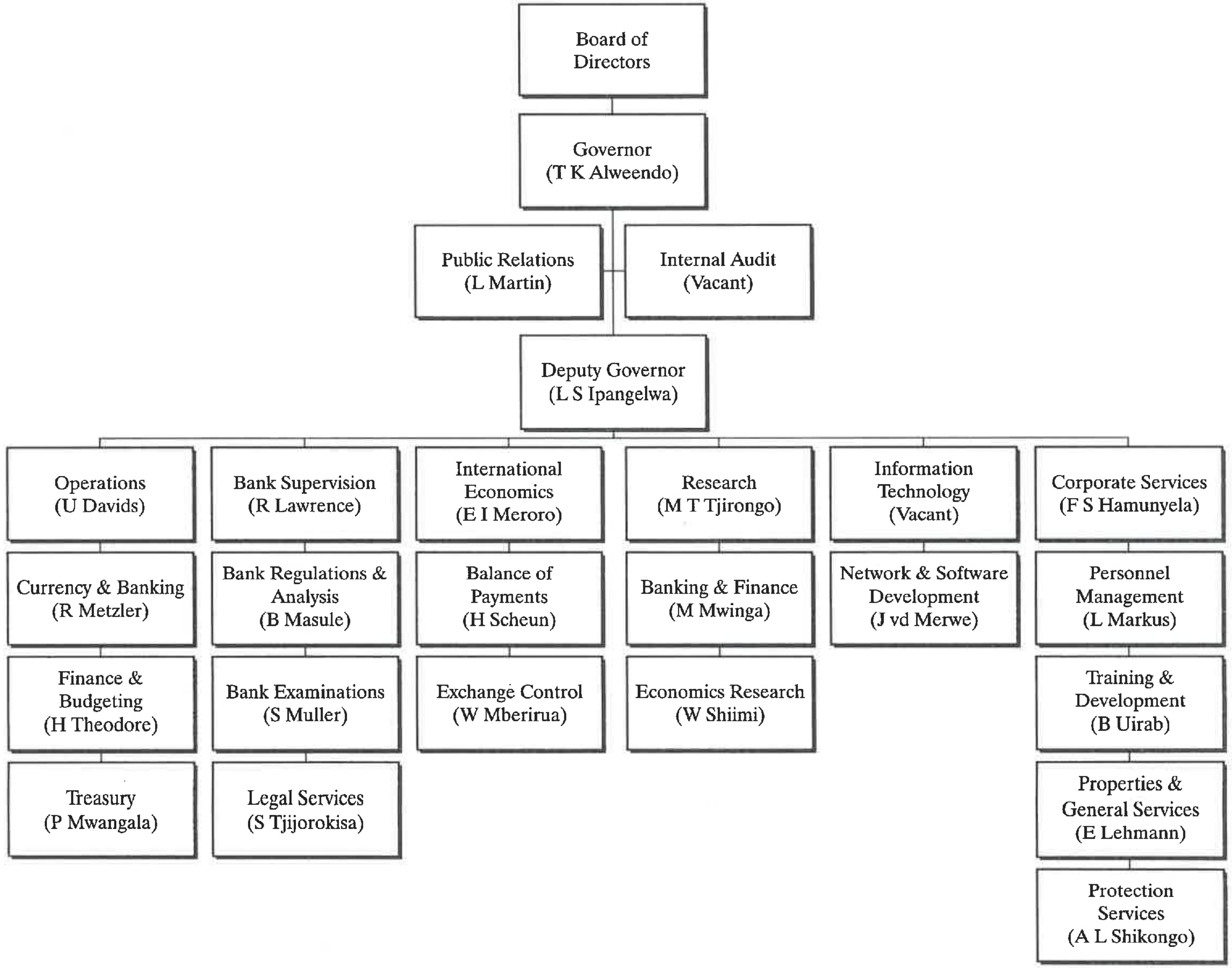
The Organizational Culture Change Project started in 1997 and its implementation involves all Bank employees. Clear monitoring criteria are provided in the implementation plan which has been structured in various phases to ensure that the project stays focussed and that there is ownership of the process.

As part of the project, a culture audit and a series of awareness raising workshops were held. These were followed by the finalisation of the Bank's Corporate Charter and the establishment of a cross-departmental committee called the "Eagle 2000" to drive the project. One of the highlights of the project was the first ever culture festival in the Bank, which was held in August 1998.

The Bank's organisational culture change is an ongoing, long-term project which requires continuous monitoring, evaluation, and review while the overall results can only be expected to become clearly visible in future. The project centres around the Bank's human resources and will therefore need to be regularly adapted to the changes prescribed by the dynamic environment in which the Bank operates.

The Bank intends to achieve the purpose of this project and complete all major activities by the end of the year 2000, whereafter any further activities will be aimed at reinforcing past achievements.

BANK OF NAMIBIA
ORGANISATION STRUCTURE
SEPTEMBER 1998



ANNUAL FINANCIAL STATEMENTS FOR THE ELEVEN MONTH PERIOD ENDED 31 DECEMBER 1998

Page

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

Introduction

We have audited the annual financial statements of the Bank of Namibia set out on pages 69 to 77 for the eleven month period ended 31 December 1998. These financial statements are the responsibility of the Board of Directors of the Bank. Our responsibility is to express an opinion on these financial statements based on our audit.

Scope

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

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

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

Audit opinion

In our opinion, the financial statements fairly present, in all material respects, the financial position of the Bank at 31 December 1998 and the results of its operations for the eleven month period then ended in accordance with generally accepted accounting practice and in the manner required by the Bank of Namibia Act, 1997.

Deloitte & Touche

Deloitte & Touche
Chartered Accountants (Namibia)
WINDHOEK
31 March 1999

DIRECTORS' STATEMENT

Pursuant to Section 8(1) of the Bank of Namibia Act, 1997, we confirm that:

1. We are responsible for the preparation of the annual financial statements and for the judgements used therein;

2. We are responsible for establishing and maintaining the systems of internal control designed to provide assurance as to the integrity and reliability of the Bank's financial reporting;

3. In our opinion, the attached annual financial statements for the eleven month financial period ended 31 December 1998 fairly present the financial position of the Bank and the results of its operations.

The annual financial statements on pages 70 to 77 were approved by the Board of Directors and are signed on its behalf by:

CHAIRMAN
31 March 1999

BOARD MEMBER
31 March 1999

INCOME STATEMENT
FOR THE ELEVEN MONTH PERIOD ENDED
31 DECEMBER 1998

	NOTES	11 Months ended 31 December 1998	12 Months ended 31 January 1998
		N$'000	N$'000
Net interest received		132 913	68 674
Interest received		133 794	68 788
Interest paid		(881)	(114)
Net foreign exchange gains		172 983	27 526
Net unrealised foreign exchange gains		169 940	24 962
Net realised foreign exchange gains		3 043	2 564
Other income		2 370	1 388
Total income		308 266	97 588
Operating expenses		41 086	33 678
Administration expenses		28 572	24 642
Currency expenses		4 017	3 157
Depreciation		1 641	1 683
Other operating costs		6 856	4 196
Net profit for the period before transfers to reserves	2	267 180	63 910
Transfers to reserves		218 560	49 706
General reserve	4	24 310	9 737
Revaluation reserve	5	169 940	24 962
Building reserve	6	24 310	15 007
Distribution to State Account		48 620	14 204

BALANCE SHEET AT
31 DECEMBER 1998

	NOTES	31 December 1998 N$'000	31 January 1998 N$'000
CAPITAL EMPLOYED			
Share capital	3	40 000	40 000
General reserve	4	76 397	52 087
Revaluation reserve	5	352 864	182 924
Building reserve	6	90 243	65 933
Special reserve	7	2 535	2 535
Capital and reserves		562 039	343 479
Notes and coins in circulation	8	522 562	459 208
Deposits	9	572 949	706 677
Other liabilities		12 565	8 155
		1 670 115	1 517 519
EMPLOYMENT CAPITAL			
Property, plant and equipment	10	112 433	93 214
Investments	11	1 506 387	1 378 546
Loans and advances		36 756	26 230
Rand cash		3 008	7 075
Other assets	12	11 531	12 454
		1 670 115	1 517 519

TOM K. ALWEENDO - GOVERNOR
31 March 1999

UBAIDULLAH DAVIDS - CHIEF FINANCIAL OFFICER
31 March 1999

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
31 DECEMBER 1998

1. ACCOUNTING POLICIES

The Bank's annual financial statements are prepared on the historical cost basis. The annual financial statements have also been prepared to comply with the requirements of the Bank of Namibia Act, 1997. The principal accounting policies, which have been consistently applied in all material respects, are set out below.

1.1 General reserve

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

1.2 Revaluation reserve

In terms of section 31 of the Bank of Namibia Act, 1997 foreign assets and liabilities are translated at year end exchange rates and any gains and losses are transferred to the Revaluation Reserve Account, until realised.

1.3 Property, plant and equipment

Property, plant and equipment are stated at cost and are depreciated on the straight line method over their estimated useful lives at the following rates:

Freehold buildings	4%	Computer hardware	50%
Furniture, fittings and equipment	20%	Motor vehicles	25%

1.4 Investments

Investments are stated at market value and include realised and unrealised capital appreciation, or depreciation, which is taken into account to reflect changes in market value. Unrealised gains and losses are credited to a revaluation reserve until realised.

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.

1.5 Currency inventory account

The costs of new Namibia bank notes and coins are capitalised and amortised on the earlier of issue of the currency or over five years.

1.6 Foreign currency transactions

Transactions in foreign currencies are accounted for at the rate of exchange ruling on the date of transaction. Where the transaction is covered by a forward exchange contract the rate specified in the contract is used.

1.7 Pension fund

It is the policy of the bank to provide retirement benefits for employees. Contributions to the pension fund are charged against income in the year in which they become payable.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Continued) 31 DECEMBER 1998

		11 Months ended 31 December 1998	12 Months ended 31 January 1998
		N$'000	N$'000

2. NET PROFIT FOR THE PERIOD

The net profit for the period is arrived at after taking the following items into account:

		11 Months ended 31 December 1998	12 Months ended 31 January 1998
Net foreign exchange gains		172 983	27 526
Auditor's remuneration	- audit fees	105	93
	- other fees	310	30
Depreciation		1 641	1 683
Profit / (loss) on disposal of property, plant and equipment		57	(165)

	31 December 1998	31 January 1998
	N$'000	N$'000

3. SHARE CAPITAL

	31 December 1998	31 January 1998
Authorised capital		
40 000 000 ordinary shares of N$1 each	40 000	40 000
Issued capital		
40 000 000 ordinary shares of N$1 each	40 000	40 000

4. GENERAL RESERVE

	31 December 1998	31 January 1998
Opening balance	52 087	42 350
Transfer from net profit	24 310	9 737
Closing balance	76 397	52 087

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Continued) 31 DECEMBER 1998

	31 December 1998	31 January 1998
	N$'000	N$'000
5. REVALUATION RESERVE		
Opening balance	182 924	157 962
Transfer from net profit	169 940	24 962
Closing balance	352 864	182 924
6. BUILDING RESERVE		
Opening balance	65 933	50 926
Transfer from net profit	24 310	15 007
Closing balance	90 243	65 933
This reserve has been created to meet the costs of building the new headquarters for the Bank of Namibia. (Note10).		
7. SPECIAL RESERVE		
Reserve established to meet the costs of replacing and producing the national currency.	2 535	2 535
8. NOTES AND COINS IN CIRCULATION		
Notes	487 963	427 503
Coins	34 599	31 705
	522 562	459 208
9. DEPOSITS		
Government	449 038	631 705
Domestic bankers' current account	1 641	–
Domestic bankers' reserve account	76 547	42 627
Domestic bankers' call account	8 326	95
Other	37 397	32 250
	572 949	706 677

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Continued) 31 DECEMBER 1998

10. PROPERTY, PLANT AND EQUIPMENT

	Freehold buildings N$'000	Computer hardware N$'000	Furniture fittings & equipment N$'000	Motor vehicles N$'000	Total N$'000
Cost					
At 31 January 1998	90 100	4 835	7 542	791	103 268
Additions	20 577	535	296	351	21 759
Disposals / write-off	–	(2 235)	(554)	(209)	(2 998)
At 31 December 1998	110 677	3 135	7 284	933	122 029
Depreciation					
At 31 January 1998	–	4 039	5 624	391	10 054
Current period charge	–	277	1 175	189	1 641
Disposals / write-off	–	(1 607)	(277)	(215)	(2 099)
At 31 December 1998	–	2 709	6 522	365	9 596
Book value					
At 31 January 1998	90 100	796	1 918	400	93 214
At 31 December 1998	110 677	426	762	568	112 433

Freehold buildings include capital work-in-progress relating to the new Bank of Namibia building. Depreciation will only be provided when the building is in use.

11. INVESTMENTS

	31 December 1998 N$'000	31 January 1998 N$'000
Rand currency	420 668	681 273
Other currencies	1 085 719	697 273
	1 506 387	1 378 546

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Continued) 31 DECEMBER 1998

	31 December 1998	31 January 1998
	N$'000	N$'000
12. OTHER ASSETS		
Currency inventory	4 161	6 001
Accounts receivable	7 256	4 909
IMF-Special drawing rights	114	87
Bankers current account	–	1 457
	11 531	12 454

13. COMMITMENTS

13.1 Capital Expenditure

	31 December 1998	31 January 1998
Contracted: Bank of Namibia building	3 409	24 336

These commitments will be financed from internal sources.

13.2 Guarantees

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

14. PENSION FUND

Pensions are provided for employees by a separate Pension Fund, known as the Bank of Namibia Pension Fund, to which the Bank contributes. The Pension Fund is governed by the Pension Fund Act. The Pension Fund is in the nature of a defined benefit plan where retirement benefits are determined by reference to the employee's pensionable remuneration and years of service. All employees contribute to the Pension Fund. Total Bank contributions for the period under review amounted to N$2 322 312 (31 January 1998: N$1 982 587).

The Fund is subject to an actuarial valuation every three years. Any shortfall will be made good by the Bank, as recommended by the actuaries. A valuation was undertaken in March 1996 and no adjustments were recommended. The next actuarial valuation is due during 1999.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Continued) 31 DECEMBER 1998

15. TAXATION

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

16. CASH FLOW STATEMENT

A cash flow statement has not been prepared because it is considered inappropriate in view of the Bank's role, as the Central Bank, in the creation and withdrawal of money.

17. CHANGE IN YEAR END

During the period Bank of Namibia's year end changed from 31 January to 31 December. These annual financial statements have, therefore, been prepared for an eleven month period.

18. COMPARATIVE FIGURES

Comparative figures have been restated where necessary to afford proper comparisons.

STATISTICAL APPENDIX

Table I.1 AGGREGATE ECONOMIC INDICATORS

	1990	1991	1992	1993	1994	1995	1996	1997
Current prices								
GDP (N$ mil.)	6323	7119	8358	8921	10919	12099	13712	15115
% change	3.4	12.6	17.4	6.7	22.4	10.8	13.3	10.2
GNI (N$ mil.)	6408	7377	8400	9131	11150	12573	14029	15362
% change	11.0	15.1	13.9	8.7	22.1	12.8	11.6	9.5
GDP per capita (N$)	4626	5049	5753	5951	7063	7591	8346	8923
% Change	0.2	9.1	13.9	3.4	18.7	7.5	9.9	6.9
GNI per capita (N$)	4689	5232	5781	6091	7212	7888	8539	9069
% Change	7.6	11.6	10.5	5.4	18.4	9.4	8.3	6.2
Constant 1990 prices								
GDP (N$ mil.)	6323	6980	7418	7271	7758	8021	8256	8401
% Change	-1.3	10.4	6.3	-2.0	6.7	3.4	2.9	1.8
GNI (N$ mil.)	6408	7210	7450	7418	7904	8293	8425	8522
% Change	-0.2	12.5	3.3	-0.4	6.6	4.9	1.6	1.2
GDP per capita (N$)	4626	4950	5105	4850	5018	5032	5025	4959
% Change	-4.3	7.0	3.1	-5.0	3.5	0.3	-0.1	-0.1
GNI per capita (N$)	4689	5114	5127	4949	5112	5202	5128	5031
% Change	-3.3	9.1	0.3	-3.5	3.3	1.8	-1.4	-0.1

Source: CBS

Table I.2 GROSS DOMESTIC PRODUCT AND NATIONAL INCOME

	1990	1991	1992	1993	1994	1995	1996	1997
A. Current prices- N$ million								
Compensation of employees	2654	3151	3747	4115	4599	5135	5727	6343
Consumption of fixed capital	959	1066	1183	1315	1475	1694	2093	2230
Gross operating surplus	3116	2998	2249	3381	4620	5094	6021	6559
Gross domestic product at factor cost	**5443**	**6149**	**7179**	**7495**	**9229**	**10230**	**11748**	**12902**
Taxes on production and imports	939	1038	1302	1529	1793	2025	2146	2377
Subsidies	-60	-68	-123	-103	-102	-156	-199	-164
Gross domestic product at market prices	**6323**	**7119**	**8358**	**8921**	**10919**	**12099**	**13712**	**15115**
Primary incomes								
receivable from the rest of the world	477	673	579	737	801	1370	1383	1192
payable to the rest of the world	-391	-415	-537	-527	-570	-869	-1066	-944
Gross national income at market prices	**6408**	**7377**	**8400**	**9131**	**11150**	**12573**	**14029**	**15362**
Current transfers								
receivable from the rest of the world	970	1099	1359	1219	1240	1548	1880	2047
payable to the rest of the world	-345	-362	-417	-459	-507	-512	-544	-565
Gross national disposable income	**7034**	**8113**	**9342**	**9892**	**11883**	**13610**	**15365**	**16844**
B. Current prices - N$ per capita								
Gross domestic product at market prices	4626	5049	5753	5951	7063	7591	8346	8923
Gross national income at market prices	4686	5232	5781	6091	7212	7888	8539	9069
C. Constant 1990 prices - N$ million								
Gross domestic product at market prices	6323	6980	7418	7271	7758	8021	8256	8401
-annual percentage change	-1.2	10.4	6.3	-2.0	6.7	3.4	2.9	2
Real gross national income	6408	7210	7450	7418	7904	8293	8425	8522
-annual percentage change	6.5	12.5	3.3	-0.4	6.5	4.9	1.6	1
D. Constant 1990 prices - N$ per capita								
Gross domestic product at market prices	4626	4950	5105	4850	5018	5032	5025	4959
-annual percentage change	-4.3	7.0	3.1	-5.0	3.5	0.3	-0.1	-1.30
Real gross national income	4689	5114	5127	4949	5112	5202	5128	5031
-annual percentage change	3.2	9.1	0.3	-3.5	3.3	1.8	-1.4	-1.90

Source: CBS

Table I.3 NATIONAL DISPOSABLE INCOME AND SAVING

Current prices - N$ million	1990	1991	1992	1993	1994	1995	1996	1997
Disposable income and saving								
Gross national disposable income	7034	8113	9342	9892	11883	13610	15365	16844
Consumption of fixed captal	959	1066	1183	1315	1475	1694	2093	2230
Net national disposable income	6075	7047	8159	8577	10407	11916	13273	14613
All other sectors	3580	4540	5183	5382	6679	7604	8333	9165
General government	2495	2508	2975	3195	3729	4312	4940	5448
Final consumption expenditure	5212	6462	7344	8068	9069	10548	11857	12968
Private	3351	4157	4476	5059	5762	6790	7565	8240
General government	1862	2305	2868	3009	3307	3758	4292	4728
Saving, net	862	586	815	510	1338	1368	1416	1645
Other sectors	233	393	718	343	935	840	810	987
General government	629	193	98	167	404	528	606	659
Financing of capital formation								
Saving, net	862	586	815	510	1338	1368	1416	1645
Capital transfers, receivable from abroad	121	92	94	90	156	148	183	112
Capital transfers, payable to foreign countries.	-12	-12	-2	-2	-2	-2	-2	-2
Total	971	666	907	598	1492	1513	1597	1755
Capital formation								
Gross fixed capital formation	1290	1107	1689	1923	2298	2619	3222	3126
All other sectors	906	728	1152	1347	1644	1910	2488	2369
General Government	384	380	537	575	654	709	734	757
Consumption of fixed capital	-959	-1066	-1183	-1315	-1475	-1694	-2093	-2230
All other sectors	-669	-730	-801	-887	-988	-1141	-1473	-1563
General Government	-290	-336	-383	-428	-487	-553	-619	-667
Changes in inventories	441	183	80	-486	227	-115	-137	-141
Net lending (+)/ Net borrowing(-)	200	442	321	476	442	703	604	1000
All other sectors	-415	284	386	413	83	233	25	424
General Government	615	158	-65	63	359	470	580	576
Total	971	666	907	598	1429	1513	1597	1755

Source: CBS

Table I.4 GROSS DOMESTIC PRODUCT BY ACTIVITY

Current Prices
N$ million

Industry	1990	1991	1992	1993	1994	1995	1996	1997
Agriculture	525	603	449	466	869	920	1029	981
Commercial	364	393	327	318	562	554	650	565
Subsistence	161	217	122	148	308	366	379	416
Fishing	128	168	232	281	340	365	391	435
Mining and quarrying	1084	1104	1112	851	1268	1146	1645	1764
Diamond mining	554	722	775	598	872	763	1169	1236
Other mining and quarrying	530	381	337	253	396	383	485	529
Primary industries	**1738**	**1875**	**1793**	**1598**	**2478**	**2430**	**3074**	**3180**
Manufacturing	748	796	983	1195	1441	1611	1552	1854
Meat processing	44	57	64	70	77	85	87	87
Fish processing	161	120	221	341	484	536	354	519
Other manufacturing	543	619	698	784	880	989	1111	1248
Electricity and water	106	105	160	110	192	279	373	405
Construction	139	145	215	259	304	346	405	392
Secondary industries	**993**	**1045**	**1358**	**1564**	**1937**	**2236**	**2330**	**2651**
Wholesale and retail trade, repairs	420	470	581	640	724	833	916	1054
Hotels and restaurants	78	96	123	129	178	223	226	271
Transport and communication	282	305	357	398	423	496	509	609
Transport and storage	164	190	215	245	230	283	252	288
Post and telecomunications	118	114	142	153	192	213	257	322
Finance, real estate, business services	495	570	692	779	871	979	1127	1275
Financial intermediation	181	255	289	341	314	385	535	596
Financial services indirectly measured	-158	-224	-254	-300	-280	-352	-457	-493
Real estate and business	473	539	657	737	837	946	1049	1173
Owner occupied dwellings	294	338	407	453	515	580	642	717
Other real estate and business services	179	202	249	284	323	366	407	456
Community, social and personal services	64	77	86	101	110	127	143	159
Producers of goverment services	1277	1617	2041	2182	2404	2755	3177	3521
Other producers	138	156	188	210	238	267	294	319
Tertiary industries	**2753**	**3291**	**4068**	**4439**	**4947**	**5680**	**6392**	**7207**
All industries at basic prices	**5484**	**6212**	**7219**	**7602**	**9362**	**10347**	**11796**	**13038**
Taxes on international trade	291	299	346	387	426	425	454	483
Other taxes on products	547	608	793	932	1131	1327	1462	1549
GDP at market prices	**6323**	**7119**	**8358**	**8921**	**10919**	**12099**	**13712**	**15115**

Source: CBS

Table I.5 GROSS DOMESTIC PRODUCT BY ACTIVITY

Constant 1990 Prices
N$ million

Industry	1990	1991	1992	1993	1994	1995	1996	1997
Agriculture	525	564	465	438	534	537	577	519
Commercial	364	371	366	337	335	319	355	301
Subsistence	161	193	99	102	199	218	221	218
Fishing	128	151	207	267	280	298	299	290
Mining and quarrying	1084	1477	1550	1234	1369	1440	1521	1596
Diamond mining	554	852	1045	762	845	904	940	933
Other mining and quarrying	530	625	505	472	525	535	582	663
Primary industries	**1738**	**2193**	**2221**	**1939**	**2184**	**2274**	**2397**	**2405**
Manufacturing	748	715	783	862	907	933	872	942
Meat processing	44	45	46	47	49	50	51	53
Fish processing	161	117	173	228	249	249	161	204
Other manufacturing	543	553	563	586	609	634	659	686
Electricity and water	106	98	136	67	83	103	112	86
Construction	139	129	177	197	215	221	237	211
Secondary industries	**993**	**942**	**1096**	**1126**	**1205**	**1257**	**1221**	**1239**
Wholesale and retail trade, repairs	420	420	441	448	457	478	487	515
Hotels and restaurants	78	86	94	91	113	128	120	132
Transport and communication	282	299	310	316	357	394	422	451
Transport and storage	164	168	172	176	210	238	240	234
Post and telecomunications	118	131	139	140	146	156	182	217
Finance, real estate, business services	495	510	525	545	550	562	599	623
Financial intermediation	181	221	216	223	223	230	261	285
Financial services indirectly measured	-158	-193	-190	-194	-202	-211	-220	-235
Real estate and business	473	482	499	516	529	543	558	573
Owner occupied dwellings	294	302	309	317	325	333	341	350
Other real estate and business services	179	180	189	199	204	210	216	223
Community, social and personal services	64	65	66	67	65	65	64	64
Producers of goverment services	1277	1466	1593	1658	1687	1699	1725	1778
Other producers	138	140	143	147	150	153	156	159
Tertiary industries	**2753**	**2985**	**3171**	**3271**	**3379**	**3479**	**3574**	**3720**
All industries at basic prices	**5484**	**6120**	**6488**	**6336**	**6768**	**7011**	**7192**	**7364**
Taxes on international trade	291	285	305	300	331	320	347	322
Other taxes on products	547	575	626	635	659	690	717	716
GDP at market prices	**6323**	**6980**	**7418**	**7271**	**7758**	**8021**	**8256**	**8401**

Source: CBS

Table I.6 EXPENDITURE ON GROSS DOMESTIC PRODUCT

Current Prices
N$ million

Expenditure Category	1990	1991	1992	1993	1994	1995	1996	1997
Final consumption expenditure	5212	6462	7344	8068	9069	10548	11857	12968
Private	3351	4157	4476	5059	5762	6790	7565	8240
General government	1862	2305	2868	3009	3307	3758	4292	4728
Gross fixed capital formation	1290	1107	1689	1923	2298	2619	3222	3126
Changes in inventories	441	183	80	-486	227	-115	-137	-141
Gross domestic expenditure	6943	7752	9113	9505	11594	13052	14942	15953
Exports of goods and services	3188	3787	4317	4972	5724	6244	7348	7954
Imports of goods and services	3808	4419	5071	5556	6398	7197	8578	8793
Gross domestic product at market prices	6323	7119	8358	8921	10919	12099	13712	15115

Source: CBS

Table I.7 EXPENDITURE ON GROSS DOMESTIC PRODUCT

Constant 1990 Prices
N$ million

Expenditure Category	1990	1991	1992	1993	1994	1995	1996	1997
Final consumption expenditure	5212	5384	5296	5390	5561	5667	5768	5485
Private	3351	3304	3076	3154	3304	3393	3450	3118
General government	1862	2081	2220	2236	2257	2274	2318	2367
Gross fixed capital formation	1290	998	1394	1471	1639	1694	1835	1717
Changes in inventories	441	86	127	-672	203	-67	-39	-47
Gross domestic expenditure	6943	6468	6818	6189	7403	7294	7564	7155
Exports of goods and services	3188	4521	4785	5234	4764	5087	5430	5570
Imports of goods and services	3808	4009	4185	4152	4409	4361	4738	4324
Gross domestic product at market prices	6323	6980	7418	7271	7758	8021	8256	8401

Source: CBS

Table I.8 GROSS FIXED CAPITAL FORMATION BY ACTIVITY

Current Prices
N$ million

Industry	1990	1991	1992	1993	1994	1995	1996	1997
Agriculture	72	77	83	79	114	126	139	153
Fishing	5	44	115	66	11	12	13	15
Mining and quarrying	380	142	234	262	219	304	569	342
Manufacturing	19	30	126	155	148	136	128	127
Fish processing	2	12	101	91	58	33	19	11
Other manufacturing	17	18	25	64	90	103	109	116
Electricity and water	49	61	72	63	80	67	165	151
Construction	16	16	26	57	113	124	135	144
Wholesale and retail trade; hotels, restaurants	59	33	38	71	173	331	227	199
Transport and communication	92	95	159	150	235	205	213	248
Finance, real estate, business services	204	221	290	426	518	583	868	967
Community, social and personal services	11	10	9	19	33	22	33	22
Producers of government services	384	380	537	575	654	709	734	757
Total	1291	1108	1689	1923	2298	2619	3224	3125

Source: CBS

Table I.9 GROSS FIXED CAPITAL FORMATION BY ACTIVITY

Constant 1990 Prices
N$ million

Industry	1990	1991	1992	1993	1994	1995	1996	1997
Agriculture	72	70	70	60	82	85	87	90
Fishing	5	39	91	46	7	7	7	8
Mining and quarrying	380	130	198	206	161	197	240	158
Manufacturing	19	27	105	121	108	93	84	79
Fish processing	2	11	84	71	42	22	12	6
Other manufacturing	17	16	21	50	67	71	72	73
Electricity and water	49	54	59	48	56	43	98	84
Construction	16	15	22	43	82	85	88	90
Wholesale and retail trade; hotels, restaurants	59	30	32	52	121	214	137	114
Transport and communication	92	85	127	110	162	128	123	134
Finance, real estate, business services	204	198	239	328	369	365	506	522
Community, social and personal services	11	9	7	15	25	15	22	14
Producers of government services	384	341	443	441	466	462	442	424
Total	1290	998	1393	1470	1639	1694	1834	1717

Source: CBS

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

Current Prices
N$ million

Type of Asset	1990	1991	1992	1993	1994	1995	1996	1997
Buildings	422	441	590	746	919	1103	1320	1392
Construction works	252	254	391	452	513	540	626	560
Transport equipment	206	173	370	325	316	330	394	475
Machinery and other equipment	338	197	313	358	509	549	762	697
Total exclusive of mineral exploration	1218	1065	1664	1881	2257	2522	3102	3124
Mineral exploration	72	42	25	42	40	97	120	2
Total	1290	1107	1689	1923	2297	2619	3222	3126

Source: CBS

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

Constant 1990 Prices
N$ million

Type of Asset	1990	1991	1992	1993	1994	1995	1996	1997
Buildings	422	395	487	575	656	702	776	755
Construction works	252	221	315	334	350	313	319	300
Transport equipment	206	156	293	225	196	196	209	226
Machinery and other equipment	338	183	274	296	397	387	411	435
Total exclusive of mineral exploration	1218	955	1369	1430	1599	1598	1715	1716
Mineral exploration	72	42	25	42	40	97	120	2
Total	1290	997	1394	1472	1639	1695	1835	1718

Source: CBS

Table I.12 GROSS CAPITAL FORMATION BY TYPE OF OWNERSHIP

Current Prices
N$ million

Industry	1990	1991	1992	1993	1994	1995	1996	1997
Public	498	521	812	726	911	922	1097	1181
Producers of government services	384	380	537	575	654	699	760	757
Public corporations and enterprises	114	141	275	151	257	213	340	424
Private	792	586	877	1197	1387	1697	2125	1945
Total	1290	1107	1689	1923	2298	2619	3222	3126

Source: CBS

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

Constant 1990 Prices
N$ million

Industry	1990	1991	1992	1993	1994	1995	1996	1997
Public	498	467	656	556	649	603	661	663
Producers of government services	384	341	443	441	466	462	442	424
Public corporations and enterprises	114	126	213	115	183	141	219	239
Private	792	530	738	916	991	1091	1174	1054
Total	1290	997	1394	1472	1640	1694	1835	1717

Source: Central Bureau of Statistics

Table I.14 FIXED CAPITAL STOCK BY ACTIVITY

Current Prices
N$ million

Industry	1990	1991	1992	1993	1994	1995	1996	1997
Agriculture	2350	2613	2805	3064	3296	3598	3901	4303
Fishing	30	72	187	266	292	311	324	339
Mining and quarrying	2547	2632	2773	2899	2976	3184	4510	3821
Manufacturing	418	463	589	736	880	1018	1130	1233
Fish processing	44	57	154	242	305	346	371	389
Other manufacturing	374	406	435	494	576	672	759	844
Electricity and water	1603	1808	1976	2118	2282	2489	2784	3076
Construction	91	93	107	151	237	331	424	516
Wholesale and retail trade; hotels, restaurants	660	709	742	791	933	1239	1433	1592
Transport and communication	1890	2108	2329	2514	2776	3067	3337	3636
Finance, real estate and business services	2177	2570	2983	3512	4185	5198	6253	7509
Community, social and personal services	143	157	169	187	220	247	277	300
General government	12080	13620	14974	16247	17697	19633	21522	23545
Total	23989	26845	29634	32485	35774	40315	45895	49870

Source: CBS

Table I.15 FIXED CAPITAL STOCK BY ACTIVITY

Constant 1990 Prices
N$ million

Industry	1990	1991	1992	1993	1994	1995	1996	1997
Agriculture	2350	2353	2355	2347	2360	2373	2387	2401
Fishing	30	65	148	184	181	178	176	174
Mining and quarrying	2547	2380	2312	2250	2155	2064	1999	1915
Manufacturing	418	416	489	572	634	674	699	711
Fish processing	44	52	128	189	219	227	226	218
Other manufacturing	374	364	360	383	415	447	473	493
Electricity and water	1603	1605	1612	1606	1608	1595	1634	1656
Construction	91	85	90	114	172	226	275	318
Wholesale and retail trade; hotels, restaurants	660	637	614	607	663	803	857	881
Transport and communication	1890	1877	1897	1897	1944	1953	1952	1954
Finance, real estate and business services	2177	2301	2463	2707	2984	3250	3646	4048
Community, social and personal services	143	141	139	145	159	163	172	172
General government	12080	12127	12263	12384	12514	12628	12708	12771
Total	**23989**	**23987**	**24382**	**24813**	**25374**	**25907**	**26505**	**27001**

Source: CBS

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

	All items	Food	Housing, fuel and power	Transport and Communications	Household Goods	Clothing & Footwear	Beverage & Tobacco	Recreation	Medical Health Care	Misc. Goods & Services	Inflation rate (%) Annual*
Weights	*100.00*	*28.36*	*19.94*	*20.67*	*10.22*	*4.33*	*4.10*	*4.14*	*1.35*	*6.88*	
1991	82.17	80.25	98.00	80.43	77.26	77.93	"	"	"	"	11.90
1992	96.74	96.09	100.65	95.71	96.53	98.56	8.33	"	8.33	8.33	17.87
1993	104.99	102.29	104.83	105.94	100.82	108.69	108.95	113.16	126.22	106.12	8.53
1994	116.29	115.78	118.77	112.38	104.95	117.37	120.07	131.07	127.25	125.75	10.76
1995	127.93	129.19	134.06	118.63	111.31	127.57	137.26	141.82	138.56	141.74	10.01
1996	138.17	137.84	143.44	129.28	118.44	132.82	153.17	159.98	149.22	159.39	8.01
1997											
Jan	146.16	146.99	152.85	136.61	119.87	136.68	164.22	174.67	156.44	167.13	9.95
Feb	147.00	147.87	152.85	137.55	120.22	137.93	165.38	175.95	159.14	169.54	9.51
Mar	148.54	147.51	151.92	141.05	120.98	148.36	169.01	178.85	170.46	171.78	9.98
Q1	**147.23**	**147.46**	**152.54**	**138.40**	**120.36**	**140.99**	**166.20**	**176.49**	**162.01**	**169.48**	**9.81**
Apr	148.76	147.10	152.06	139.89	121.28	150.04	179.73	179.55	170.93	171.32	9.85
May	150.07	149.83	152.16	139.89	122.16	153.39	180.73	179.55	176.68	173.66	10.31
Jun	150.08	148.24	153.41	140.06	123.42	152.52	182.85	180.06	175.27	173.65	9.49
Q2	**149.64**	**148.39**	**152.54**	**139.95**	**122.29**	**151.98**	**181.10**	**179.72**	**174.29**	**172.88**	**9.88**
Jul	151.44	147.72	162.38	139.05	122.58	152.52	182.74	179.93	180.24	172.98	9.29
Aug	151.88	148.38	162.87	139.05	122.87	153.48	184.55	179.80	180.65	173.17	8.77
Sep	152.35	148.85	161.22	141.03	122.63	156.24	188.86	179.77	180.92	172.87	7.86
Q3	**151.89**	**148.32**	**162.16**	**139.71**	**122.69**	**154.08**	**185.38**	**179.83**	**180.60**	**173.01**	**8.64**
Oct	152.48	149.28	161.37	141.03	122.32	157.03	187.02	179.31	181.01	173.86	7.36
Nov	152.86	149.91	161.38	141.38	122.34	157.38	188.18	179.69	181.53	174.55	6.97
Dec	152.71	149.57	159.46	140.91	123.81	157.33	191.97	179.82	182.87	175.87	6.87
Q4	**152.68**	**149.59**	**160.74**	**141.11**	**122.82**	**157.25**	**189.06**	**179.61**	**181.80**	**174.76**	**7.07**
Annual	**150.36**	**148.44**	**156.99**	**139.79**	**122.04**	**151.08**	**180.44**	**178.91**	**174.68**	**172.53**	**8.85**
1998											
Jan	154.42	150.6	191.81	161.42	157.54	124.37	141.02	184.43	187.21	186.09	5.65
Feb	154.92	150.49	190.57	161.79	158.31	124.67	141.48	185.9	186.56	190.38	5.39
Mar	155.24	149.78	196.31	163.36	159.7	125.23	141.52	185.29	188.47	188.13	4.51
Q1	**154.86**	**150.29**	**192.90**	**162.19**	**158.52**	**124.76**	**141.34**	**185.21**	**187.41**	**188.20**	**5.18**
Apr	155.24	148.76	201.06	163.36	159.75	125.80	141.44	185.91	189.17	188.38	4.36
May	156.57	150.40	214.34	163.36	159.94	126.93	141.53	186.91	190.74	190.10	4.34
Jun	158.64	151.65	221.21	164.20	169.69	131.09	141.83	188.44	198.32	192.87	5.71
Q2	**156.82**	**150.27**	**212.20**	**163.64**	**163.13**	**127.94**	**141.60**	**187.09**	**192.74**	**190.45**	**4.80**
Jul	161.37	150.72	218.49	177.00	172.60	131.18	143.88	188.95	199.07	192.54	6.56
Aug	162.23	152.33	217.74	177.08	173.15	131.40	144.29	192.80	199.63	193.96	6.81
Sep	163.29	154.10	215.04	177.15	173.35	131.22	147.55	192.19	194.31	195.26	7.18
Q3	**162.30**	**152.38**	**217.09**	**177.08**	**173.03**	**131.27**	**145.24**	**191.31**	**197.67**	**193.92**	**6.85**
Oct	163.90	155.12	217.70	177.09	174.06	131.78	147.96	192.13	193.57	196.17	7.49
Nov	164.55	156.24	221.06	176.92	173.14	131.87	147.99	193.65	193.79	198.57	7.65
Dec	165.94	158.19	220.91	178.92	173.14	132.51	150.25	193.80	194.01	197.47	8.67
Q4	**164.80**	**156.52**	**219.89**	**177.64**	**173.45**	**132.05**	**148.73**	**193.19**	**193.79**	**197.40**	**7.94**
Annual	**159.69**	**152.37**	**210.52**	**170.14**	**167.03**	**129.00**	**144.23**	**189.20**	**192.90**	**192.49**	**6.19**

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

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

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

	Monthly Index					Inflation Rate (%)*				
	Domestic			Imported	All	Domestic			Imported	All
	Non-Tradeables	Tradeables	Total	Tradeables	Items	Non-Tradeables	Tradeables	Total	Tradeables	Items
Weights	**32.00**	**20.11**	**52.11**	**47.89**	**100.00**	**32.00**	**20.11**	**52.11**	**47.89**	**100.00**
1995										
Jan	124.59	132.12	127.50	119.45	123.99	10.19	22.82	14.92	7.72	11.78
Feb	125.59	132.48	128.25	120.78	124.65	11.03	21.43	14.95	8.74	11.94
Mar	124.59	132.90	127.80	122.13	125.10	8.24	2.74	13.63	10.10	11.97
Q1	**124.92**	**132.50**	**127.85**	**120.79**	**124.58**	**9.82**	**15.66**	**14.50**	**8.85**	**11.90**
Apr	124.61	133.12	127.90	122.97	125.55	7.22	20.91	12.33	10.62	11.52
May	124.84	133.18	128.06	124.07	126.15	7.31	16.76	10.92	10.68	10.79
Jun	127.49	132.56	129.44	124.03	126.87	7.05	11.24	8.67	10.13	9.35
Q2	**125.65**	**132.95**	**128.47**	**123.69**	**126.19**	**7.19**	**16.30**	**10.64**	**10.48**	**10.55**
Jul	133.80	130.79	132.64	124.87	128.93	12.57	6.02	9.99	10.05	10.02
Aug	133.80	131.37	132.86	125.02	129.14	12.40	4.65	9.31	9.37	9.36
Sep	137.07	131.54	134.94	125.53	130.46	15.01	1.84	9.68	7.53	8.69
Q3	**134.89**	**131.23**	**133.48**	**125.14**	**129.51**	**13.33**	**4.17**	**9.66**	**8.98**	**9.36**
Oct	137.07	132.59	135.34	126.39	130.96	14.69	2.24	9.64	7.33	8.50
Nov	137.29	132.99	135.63	126.84	131.54	14.69	2.94	9.94	7.42	8.85
Dec	138.33	134.57	136.88	125.95	131.76	11.44	3.65	8.35	7.22	7.91
Q4	**137.56**	**133.38**	**135.95**	**126.39**	**131.42**	**13.61**	**2.94**	**9.31**	**7.32**	**8.42**
Annual ave.	**130.76**	**132.52**	**131.44**	**124.00**	**127.93**	**10.99**	**9.77**	**11.03**	**8.91**	**10.06**
1996										
Jan	139.80	136.60	138.56	126.55	132.93	12.20	3.39	8.68	5.94	7.21
Feb	142.28	138.18	140.70	126.97	134.24	13.29	4.30	9.71	5.13	7.69
Mar	142.67	137.42	140.65	128.99	135.06	14.51	3.40	10.05	5.61	7.96
Q1	**141.58**	**137.40**	**139.97**	**127.50**	**134.08**	**13.33**	**3.70**	**9.48**	**5.56**	**7.62**
Apr	142.96	135.95	140.25	130.15	135.42	14.72	2.12	9.66	5.84	7.86
May	143.00	134.62	139.77	131.99	136.04	14.54	1.08	9.14	6.39	7.84
Jun	142.97	137.65	140.92	132.88	137.07	12.15	3.84	8.86	7.13	8.04
Q2	**142.98**	**136.07**	**140.31**	**131.67**	**136.18**	**13.80**	**2.35**	**9.22**	**6.45**	**7.91**
Jul	143.06	131.96	142.64	134.11	138.55	6.92	8.54	7.54	7.40	7.46
Aug	143.12	144.09	143.49	135.44	138.60	6.96	9.68	8.00	8.33	8.13
Sep	145.48	145.19	145.37	136.76	141.25	6.14	10.38	7.73	13.95	8.27
Q3	**143.89**	**140.41**	**143.83**	**135.44**	**139.47**	**6.67**	**9.53**	**7.76**	**9.89**	**7.95**
Oct	145.48	148.20	146.53	137.11	142.02	6.14	11.78	8.27	8.48	8.44
Nov	145.66	151.43	147.89	137.48	142.90	6.09	13.86	9.03	8.39	8.64
Dec	145.75	150.87	147.73	137.63	142.89	5.36	12.12	7.93	9.28	8.45
Q4	**145.63**	**150.17**	**147.38**	**137.41**	**142.60**	**5.86**	**12.59**	**8.41**	**8.72**	**8.51**
Annual ave.	**143.52**	**141.01**	**142.88**	**133.01**	**138.08**	**9.92**	**7.04**	**8.72**	**7.66**	**8.00**
1997										
Jan	152.57	151.25	152.06	139.74	146.16	9.14	10.72	9.74	10.42	9.95
Feb	153.25	151.65	152.63	140.87	147.00	7.71	9.75	8.48	10.94	9.50
Mar	153.66	150.56	152.46	144.27	148.54	7.70	9.56	8.40	11.85	9.98
Q1	**153.16**	**151.15**	**152.38**	**141.63**	**147.23**	**8.18**	**10.01**	**8.87**	**11.07**	**9.81**
Apr	153.70	150.24	152.36	144.83	148.76	7.51	10.51	8.64	11.28	9.85
May	153.86	153.26	153.63	146.19	150.07	7.59	13.85	9.92	10.76	10.31
Jun	154.56	151.31	153.31	146.56	150.08	8.11	9.92	8.79	10.30	9.49
Q2	**154.04**	**151.60**	**153.10**	**145.86**	**149.64**	**7.74**	**11.43**	**9.12**	**10.78**	**9.88**
Jul	160.01	150.78	156.45	145.98	151.43	11.85	6.21	9.68	8.85	9.30
Aug	160.32	152.40	157.26	146.03	151.88	12.02	5.77	9.60	7.82	8.77
Sep	160.19	153.09	157.45	146.80	152.35	10.11	5.44	8.31	7.34	7.86
Q3	**160.17**	**152.09**	**157.05**	**146.27**	**151.89**	**11.33**	**5.81**	**9.20**	**8.00**	**8.64**
Oct	160.22	152.35	157.18	147.35	152.47	10.13	2.80	7.27	7.47	7.36
Nov	160.31	154.07	157.90	147.38	152.86	10.06	1.74	6.77	7.20	6.97
Dec	159.87	153.90	157.57	147.42	152.71	9.69	2.01	6.66	7.11	6.87
Q4	**160.13**	**153.44**	**157.55**	**147.38**	**152.68**	**9.96**	**2.18**	**6.90**	**7.26**	**7.07**
Annual ave.	**156.88**	**152.07**	**155.02**	**145.29**	**150.36**	**9.30**	**7.36**	**8.52**	**9.28**	**8.85**
1998										
Jan	163.77	154.80	160.31	148.03	154.43	7.34	2.35	5.42	5.93	5.66
Feb	164.89	153.84	160.63	148.72	154.92	7.60	1.44	5.24	5.57	5.39
Mar	165.42	154.40	161.17	148.79	155.24	7.65	2.53	5.71	3.13	4.51
Q1	**164.69**	**154.35**	**160.70**	**148.51**	**154.86**	**7.53**	**2.11**	**5.46**	**4.88**	**5.19**
Apr	165.72	152.82	160.74	149.26	155.24	7.82	1.72	5.50	3.06	4.36
May	165.87	154.59	161.52	151.20	156.58	7.81	0.87	5.15	3.43	4.34
Jun	166.29	156.24	162.41	154.55	158.65	7.59	3.26	5.94	5.45	5.71
Q2	**165.96**	**154.55**	**161.56**	**151.67**	**156.82**	**7.74**	**1.95**	**5.53**	**3.98**	**4.80**
Jul	174.47	154.10	166.61	155.66	161.36	9.04	2.30	6.49	6.63	6.56
Aug	174.47	155.48	167.14	156.88	162.23	8.83	2.02	6.28	7.43	6.81
Sep	174.97	156.91	168.00	158.17	163.29	9.23	2.50	6.70	7.75	7.18
Q3	**174.64**	**155.50**	**167.25**	**156.90**	**162.29**	**9.03**	**2.27**	**6.49**	**7.27**	**6.85**
Oct	174.99	156.99	168.04	159.40	163.90	9.22	3.05	6.91	8.18	7.50
Nov.	175.16	157.45	168.32	160.45	164.55	9.26	2.19	6.60	8.87	7.65
Dec.	176.32	158.22	169.33	162.25	165.94	10.29	2.81	7.47	10.06	8.67
Q4	**175.49**	**157.55**	**168.56**	**160.70**	**164.80**	**9.59**	**2.68**	**6.99**	**9.04**	**7.94**
Annual ave.	**170.20**	**155.49**	**164.52**	**154.45**	**159.69**	**8.47**	**2.25**	**6.12**	**6.29**	**6.20**

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

Source: CBS

TABLE II.1(a) BANK OF NAMIBIA: DETAILED ACCOUNT

(end of period in N$ million)

ASSETS

Period	Foreign Assets				Claims on Domestic Sector									TOTAL
					Claims on Central Govt.					DMB's	OBI's	Other	Sub-Total	ASSETS
	Banks	Non-banks	Fund Accounts	Sub-Total	Treasury Bills	Government Securities	Loans and Advances	Other	Sub-Total					
1990	192.8	0.0	0.0	192.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	192.8
1991	159.4	0.0	0.7	160.1	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.1	160.2
1992	141.2	0.1	1.1	142.4	0.0	0.0	0.0	510.3	510.3	0.0	0.0	0.0	510.3	652.7
1993	454.4	0.0	1.2	455.6	0.0	0.0	0.0	619.6	619.6	0.0	0.4	0.0	620.0	1075.6
1994	718.4	0.0	1.2	719.6	0.0	0.0	0.0	720.0	720.0	0.0	0.5	0.0	720.5	1440.1
1995 I	704.5	0.0	1.2	705.7	0.0	0.0	0.0	730.9	730.9	0.0	0.7	0.0	731.6	1437.3
II	657.3	0.0	1.2	658.5	0.0	0.0	0.0	755.6	755.6	0.0	0.7	0.0	756.3	1414.8
III	615.9	0.0	1.2	617.1	0.0	0.0	0.0	760.4	760.4	0.0	0.7	0.0	761.1	1378.2
IV	808.1	0.0	1.2	809.3	0.0	0.0	0.0	783.7	783.7	0.0	0.7	0.0	784.4	1593.7
1996 Jan	1013.1	0.0	1.2	1014.3	0.0	0.0	0.0	758.1	758.1	0.0	0.7	0.0	758.8	1773.1
Feb	908.0	0.0	1.2	909.2	0.0	0.0	0.0	764.6	764.6	0.0	0.7	0.0	765.3	1674.5
Mar	940.7	0.0	1.2	941.9	0.0	0.0	0.0	773.5	773.5	0.0	0.7	0.0	774.2	1716.1
Apr	1107.6	0.0	1.2	1108.8	0.0	0.0	0.0	773.5	773.5	0.0	0.7	0.0	774.2	1883.0
May	1088.6	0.0	1.2	1089.8	0.0	0.0	0.0	793.3	793.3	0.0	0.7	0.0	794.0	1883.8
Jun	946.0	0.0	1.2	947.2	0.0	0.0	0.0	812.0	812.0	0.0	0.7	0.0	812.7	1759.9
Jul	1064.4	0.0	1.2	1065.6	0.0	0.0	0.0	0.0	0.0	0.0	0.7	0.0	0.7	1066.3
Au	934.3	0.0	1.2	935.5	0.0	0.0	0.0	0.0	0.0	0.0	0.7	0.0	0.7	936.2
Sep	743.9	0.0	1.2	745.1	0.0	0.0	0.0	0.0	0.0	0.0	0.7	0.0	0.7	745.8
Oct	927.2	0.0	1.2	928.4	0.0	0.0	0.0	0.0	0.0	0.0	0.7	0.0	0.7	929.1
Nov	846.7	0.0	1.2	847.9	0.0	0.0	0.0	0.0	0.0	0.0	0.7	0.0	0.7	848.6
Dec	906.5	0.0	1.2	907.7	0.0	0.0	0.0	0.0	0.0	0.0	0.7	0.0	0.7	908.4
								0.0						
1997 Jan	1029.7	0.0	1.2	1030.9	0.0	0.0	0.0	0.0	0.0	0.0	0.7	0.0	0.7	1031.6
Feb	922.7	0.0	1.2	923.9	0.0	0.0	0.0	0.0	0.0	0.2	0.7	0.0	0.9	924.8
Mar	657.3	0.0	1.2	658.5	0.0	0.0	0.0	0.0	0.0	0.0	0.7	0.0	0.7	659.2
Apr	701.0	0.0	1.2	702.2	0.0	0.0	0.0	0.0	0.0	0.1	0.7	0.0	0.8	703.0
May	687.2	0.0	1.2	688.4	0.0	0.0	0.0	0.0	0.0	0.2	0.7	0.0	0.9	689.3
Jun	671.9	0.0	1.2	673.1	0.0	0.0	0.0	0.0	0.0	0.5	0.7	0.0	1.2	674.3
Jul	957.6	0.0	1.2	958.8	0.0	0.0	0.0	0.0	0.0	0.0	0.7	0.0	0.7	959.5
Au	989.9	0.0	1.2	991.1	0.0	0.0	0.0	0.0	0.0	0.0	0.7	0.0	0.7	991.8
Sep	811.6	0.0	1.2	812.8	0.0	0.0	0.0	0.0	0.0	0.0	0.7	0.0	0.7	813.5
Oct	1118.2	0.0	1.2	1119.4	0.0	0.0	0.0	0.0	0.0	0.0	0.7	0.0	0.7	1120.1
Nov	958.8	0.0	1.2	960.0	0.0	0.0	0.0	0.0	0.0	0.0	0.7	0.0	0.7	960.7
Dec	1217.8	0.0	1.2	1219.0	0.0	0.0	0.0	0.0	0.0	0.0	0.7	0.0	0.7	1219.7
1998 Jan	1404.9	0.0	1.2	1406.1	0.0	0.0	0.0	0.0	0.0	1.5	0.7	0.0	2.2	1408.3
Feb	1309.5	0.0	1.2	1310.7	0.0	0.0	0.0	0.0	0.0	0.4	0.7	0.0	1.1	1311.8
Mar	1293.1	0.0	1.2	1294.3	0.0	0.0	0.0	0.0	0.0	0.0	0.7	0.0	0.7	1295.0
Apr	1463.5	0.0	1.2	1464.7	0.0	0.0	0.0	0.0	0.0	0.0	0.7	0.0	0.7	1465.4
May	1650.9	0.0	1.2	1652.1	0.0	0.0	0.0	0.0	0.0	6.4	0.6	0.0	7.0	1659.0
June	1341.5	0.0	1.2	1342.7	0.0	0.0	0.0	0.0	0.0	0.0	0.6	0.0	0.6	1343.3
July	1714.1	0.0	1.2	1715.3	0.0	0.0	0.0	0.0	0.0	5.0	0.6	0.0	5.6	1720.8
Aug	1663.0	0.0	1.2	1664.2	0.0	0.0	0.0	0.0	0.0	0.0	0.6	0.0	0.6	1664.7
Sep	1375.0	0.0	1.2	1376.2	0.0	0.0	0.0	0.0	0.0	0.0	0.6	0.0	0.6	1376.8
Oct	1633.1	0.0	1.2	1634.2	0.0	0.0	0.0	0.0	0.0	5.2	0.5	0.0	5.7	1639.9
Nov	1693.8	0.0	1.2	1694.9	0.0	0.0	0.0	0.0	0.0	0.0	0.5	0.0	0.5	1695.5
Dec	1527.3	0.0	1.2	1528.4	0.0	0.0	0.0	0.0	0.0	0.0	0.5	0.0	0.5	1529.0

TABLE II.1(b) BANK OF NAMIBIA: DETAILED ACCOUNT

(end of period in N$ million)

LIABILITIES

Period		Currency outside DMBs (a)	Banker's Reserves (b)	Reserve money a+b	Other Deposits	Central Govt. dep.	Foreign Liabilities	Capital Accounts	Other items (net)	TOTAL
1990		0.0	31.1	**31.1**	8.7	150.4	0.1	10.0	-7.5	**192.8**
1991		0.0	18.1	**18.1**	12.5	123.1	0.7	21.8	-16.1	**160.2**
1992		0.0	16.4	**16.4**	0.0	143.3	509.8	31.8	-48.6	**652.7**
1993		133.8	88.1	**221.9**	0.0	221.7	612.4	40.6	-21.0	**1075.6**
1994		217.4	148.9	**366.3**	0.0	291.2	712.9	71.2	-1.5	**1440.1**
1995	I	218.6	108.6	**327.2**	0.0	294.5	721.8	118.3	-24.5	**1437.3**
	II	238.5	113.3	**351.9**	0.0	186.6	751.9	127.4	-2.9	**1414.8**
	III	252.2	111.1	**363.3**	0.0	131.5	751.8	123.5	8.1	**1378.2**
	IV	240.2	165.6	**405.8**	0.0	280.8	775.3	119.5	12.3	**1593.7**
1996	Jan	237.9	144.3	**382.2**	0.0	503.0	766.6	111.5	9.8	**1773.1**
	Feb	244.3	136.2	**380.5**	0.0	368.3	771.4	141.9	12.4	**1674.5**
	Mar	256.6	114.8	**371.4**	0.0	380.6	772.7	164.2	27.2	**1716.1**
	Apr	239.2	155.5	**394.7**	0.0	491.8	793.0	213.5	-10.0	**1883.0**
	May	257.8	154.2	**412.0**	0.0	505.9	790.5	248.1	-72.7	**1883.8**
	Jun	260.4	129.3	**389.7**	0.0	341.3	807.6	245.8	-24.5	**1759.9**
	Jul	247.2	153.6	**400.8**	0.0	416.3	13.3	275.6	-39.7	**1066.3**
	Aug	291.1	151.9	**443.0**	0.0	239.2	12.1	281.9	-40.0	**936.2**
	Sep	273.6	148.2	**421.8**	0.0	69.1	15.3	278.9	-39.3	**745.8**
	Oct	272.6	173.7	**446.3**	0.0	198.9	7.6	317.2	-40.9	**929.1**
	Nov	311.9	167.0	**478.9**	0.0	103.6	20.6	291.5	-46.0	**848.6**
	Dec	282.8	214.2	**497.0**	0.0	162.4	9.0	303.8	-63.8	**908.4**
1997	Jan	272.5	160.7	**433.2**	0.0	362.2	11.4	269.0	-44.2	**1031.6**
	Feb	297.5	137.8	**435.3**	0.0	272.2	11.8	247.1	-41.6	**924.8**
	Mar	311.7	152.5	**464.2**	0.0	15.0	13.6	243.1	-76.7	**659.2**
	Apr	299.9	201.9	**501.8**	0.0	15.2	31.3	238.8	-84.1	**703.0**
	May	307.7	168.6	**476.3**	0.0	23.8	25.6	269.6	-106.0	**689.3**
	Jun	292.4	170.4	**462.8**	0.0	14.6	49.2	272.8	-125.1	**674.3**
	Jul	313.0	176.4	**489.4**	0.0	243.5	25.4	274.5	-73.3	**959.5**
	Aug	328.3	183.3	**511.6**	0.0	237.6	34.9	289.7	-82.0	**991.8**
	Sep	305.4	189.4	**494.8**	0.0	86.7	32.5	288.3	-88.8	**813.5**
	Oct	329.4	158.5	**487.9**	0.0	364.1	37.1	320.9	-89.9	**1120.1**
	Nov	345.6	186.5	**532.1**	6.7	153.3	34.6	319.1	-85.1	**960.7**
	Dec	335.6	255.6	**591.2**	0.2	374.4	25.5	316.5	-88.1	**1219.7**
1998	Jan	331.3	170.5	**501.8**	0.1	633.0	32.5	318.7	-77.8	**1408.3**
	Feb	340.9	177.1	**518.0**	0.1	512.1	29.6	323.1	-71.2	**1311.8**
	Mar	316.3	237.5	**553.8**	13.6	418.4	35.2	333.4	-59.4	**1295.0**
	Apr	321.0	236.4	**557.4**	11.5	587.9	34.5	368.6	-94.4	**1465.4**
	May	349.7	202.1	**551.8**	0.1	791.2	32.3	388.6	-105.0	**1659.0**
	June	329.8	237.7	**567.5**	0.1	338.6	35.8	495.9	-94.4	**1343.4**
	July	353.1	234.3	**587.4**	0.1	649.7	34.7	531.6	-82.6	**1720.8**
	Aug	356.1	231.1	**587.2**	0.1	510.3	39.3	596.1	-68.3	**1664.7**
	Sep	348.5	234.4	**582.9**	6.0	299.1	35.9	521.4	-68.5	**1376.8**
	Oct	364.7	202.6	**567.3**	0.0	591.4	32.3	492.8	-43.8	**1640.0**
	Nov	383.6	194.3	**577.9**	32.8	609.0	46.3	482.5	-53.0	**1695.5**
	Dec	364.9	235.7	**600.6**	8.3	416.1	40.2	513.4	-49.7	**1529.0**

TABLE II.2(a) DEPOSIT MONEY BANKS: DETAILED ACCOUNT

(end of period in N$ million)

ASSETS

Period		Reserves				Foreign Assets			CLAIMS ON DOMESTIC SECTOR									
									Claims on Central Government					Regional Councils	Non-fin. Pub. Enterpr.	OBI's	Private Sector	TOTAL
		Namibian currency	Rands	Dep. with BoN	Sub-total	banks	Non-banks	Sub-total	Treasury bills	Government securities	Loans and advances	Other	Sub-total					
1990		0.0	50.2	31.1	81.3	285.9	88.2	374.1	0.0	1.2	38.8	0.0	40.0	2.2	4.0	47.6	1372.5	1921.7
1991		0.0	66.5	18.2	84.7	425.6	159.9	585.5	12.2	1.2	25.6	1.8	40.8	9.3	50.1	13.0	1599.8	2383.2
1992		0.0	66.9	16.4	83.3	296.2	79.5	375.7	72.1	59.7	26.1	13.7	171.6	15.2	42.1	21.0	2079.2	2788.1
1993		60.9	11.4	27.2	99.5	159.2	35.8	195.0	143.3	80.8	29.2	25.9	279.2	15.0	42.2	10.1	2705.5	3346.4
1994		115.3	7.3	33.6	156.2	193.0	1.5	194.5	156.6	76.5	2.6	3.0	238.7	17.2	42.1	95.1	3542.6	4286.4
1995	Jan	83.9	13.5	31.2	128.6	214.4	1.2	215.6	147.6	78.0	2.6	3.0	231.2	15.8	42.6	95.5	3681.3	4410.6
	Feb	75.5	12.7	30.5	118.7	143.9	1.7	145.6	161.8	77.8	2.7	3.0	245.3	16.0	40.8	89.0	3750.5	4405.9
	Mar	73.5	7.1	34.2	114.8	257.1	1.7	258.8	159.3	80.0	0.2	3.0	242.5	16.3	42.3	61.3	3880.2	4616.2
	Apr	79.5	8.0	35.4	122.9	291.1	0.9	292.0	98.8	80.8	0.1	3.0	182.7	17.1	41.6	84.0	3932.6	4672.9
	May	86.9	9.3	45.4	141.6	212.3	1.0	213.3	152.8	80.7	0.2	3.0	236.7	17.3	41.7	64.1	4064.5	4779.2
	Jun	71.2	8.8	42.2	122.2	328.9	1.3	330.2	115.4	76.8	0.1	3.0	195.3	19.2	42.5	72.5	4164.9	4946.7
	Jul	84.8	23.2	36.6	144.6	185.3	1.6	186.9	119.6	77.5	0.1	3.1	200.3	18.4	40.1	88.7	4257.8	4936.8
	Aug	103.9	21.5	36.1	161.5	215.8	1.5	217.3	141.6	63.1	0.2	3.1	208.0	17.5	40.4	89.5	4390.7	5124.9
	Sep	92.1	9.4	19.0	120.5	250.8	1.6	252.4	100.8	63.5	0.3	3.1	167.7	17.6	40.8	88.2	4453.6	5140.8
	Oct	127.1	10.7	33.9	171.7	202.0	2.6	204.6	201.6	62.6	0.0	3.1	267.3	17.8	41.3	124.5	4605.6	5432.8
	Nov	120.4	10.9	25.8	157.1	230.4	1.7	232.1	201.6	65.9	0.0	3.1	270.6	18.0	41.7	67.8	4670.4	5457.7
	Dec	140.3	9.8	25.3	175.4	137.6	3.1	140.7	201.9	50.6	0.0	3.6	256.1	19.2	72.1	74.6	4742.8	5480.9
1996	Jan	118.2	12.1	26.2	156.5	166.0	1.8	167.8	192.0	50.9	0.2	3.6	246.7	17.3	71.4	59.1	4841.4	5560.2
	Feb	112.1	15.4	23.9	151.4	61.0	3.3	64.3	229.2	50.6	0.0	3.6	283.4	18.0	70.4	56.8	5131.0	5775.3
	Mar	81.3	11.6	33.6	126.5	100.1	2.6	102.7	273.5	51.0	1.2	3.6	329.3	18.1	70.9	101.6	5184.7	5933.8
	Apr	109.9	10.6	45.6	166.1	101.5	3.1	104.6	288.3	51.4	0.2	3.6	343.5	18.3	71.3	51.2	5111.7	5866.7
	May	110.4	8.4	46.4	165.2	127.4	3.0	130.4	245.8	58.9	0.0	3.6	308.3	18.8	71.7	58.6	5161.9	5914.9
	Jun	91.2	10.7	38.2	140.1	94.5	1.1	95.6	264.4	57.8	0.1	3.6	325.9	19.2	72.1	51.9	5112.0	5816.8
	Jul	106.0	8.0	47.6	161.6	239.7	1.8	241.5	265.0	58.1	0.1	3.6	326.8	17.4	70.0	29.7	5112.0	5959.0
	Aug	102.9	9.5	48.9	161.3	167.1	2.0	169.0	259.4	45.9	0.0	3.6	309.0	17.5	70.4	20.4	5266.8	6014.5
	Sep	95.4	8.9	52.8	157.1	171.1	1.8	172.9	260.5	49.0	0.1	3.6	313.2	17.8	70.9	23.5	5446.1	6201.5
	Oct	120.1	9.3	52.0	181.4	187.6	2.5	190.1	321.0	47.7	0.1	3.8	372.6	17.9	71.3	13.3	5535.7	6382.3
	Nov	117.5	8.5	49.5	175.5	397.4	2.4	399.8	347.4	51.2	0.0	25.0	423.6	18.1	71.8	8.2	5587.0	6684.0
	Dec	169.6	11.2	45.5	226.3	346.5	3.2	349.7	377.8	77.9	0.0	5.2	460.9	18.6	72.2	7.0	5673.3	6808.0
1997	Jan	123.1	12.6	36.5	172.2	291.4	3.0	294.4	363.1	72.0	0.1	5.2	440.4	17.1	70.1	7.0	5831.4	6832.6
	Feb	95.1	8.7	42.7	146.5	255.4	2.6	258.0	398.5	67.4	0.2	5.2	471.3	17.4	70.8	3.1	5900.3	6867.4
	Mar	99.0	9.7	53.5	162.2	393.6	3.0	396.6	436.6	68.3	0.1	0.0	505.0	17.5	70.9	1.0	5917.5	7070.7
	Apr	137.4	8.6	64.5	210.5	569.6	3.5	573.1	382.3	64.5	0.1	5.2	452.1	17.7	72.0	3.0	5981.7	7310.1
	May	126.2	10.7	42.4	179.3	601.4	7.0	608.4	370.1	116.8	0.3	5.2	492.4	18.0	121.0	3.2	5995.4	7417.7
	Jun	128.0	10.5	42.1	180.6	841.2	3.2	844.4	356.0	162.6	0.4	5.2	524.2	19.0	123.3	1.0	6001.0	7693.5
	Jul	145.6	8.2	30.9	184.7	808.8	3.0	811.8	431.7	161.5	0.5	5.2	598.9	16.5	116.9	1.0	6041.7	7771.5
	Aug	144.3	8.6	39.0	191.9	800.4	3.4	803.8	399.3	183.1	0.0	5.2	587.6	16.7	115.6	1.1	6205.5	7922.2
	Sep	144.4	9.1	45.0	198.5	884.1	4.4	888.5	340.2	184.2	0.1	5.2	529.7	17.0	133.8	0.0	6278.1	8045.6
	Oct	113.7	8.7	45.4	167.8	724.0	4.5	728.5	352.6	184.6	0.2	5.2	542.6	16.8	133.2	0.0	6334.4	7923.3
	Nov	130.3	7.9	62.9	201.1	565.2	3.6	568.8	445.4	198.8	3.1	5.2	652.5	17.6	141.5	4.0	6466.9	8052.4
	Dec	193.7	17.8	64.2	275.7	533.3	3.7	537.0	452.2	198.7	2.6	6.4	659.8	17.4	148.8	23.6	6553.5	8215.9
1998	Jan	127.9	11.3	48.8	188.0	559.0	3.9	562.9	468.2	204.3	0.1	6.3	678.9	15.0	135.7	24.1	6627.0	8231.6
	Feb	122.9	7.5	54.3	184.8	460.0	4.4	464.4	492.1	247.0	0.2	6.4	745.7	14.9	138.8	28.2	6636.0	8212.8
	Mar	172.5	9.8	78.5	260.9	302.9	6.9	309.8	521.2	247.0	0.3	6.4	774.9	15.3	149.4	20.4	6689.4	8220.1
	Apr	173.5	8.9	74.4	256.8	478.4	6.9	485.3	432.3	247.4	0.4	6.4	686.5	15.4	141.7	20.4	6762.7	8368.8
	May	146.8	8.4	55.4	210.6	374.8	6.7	381.6	381.7	250.7	0.5	6.4	639.3	15.9	150.3	14.9	6863.1	8275.5
	June	177.7	9.9	60.2	247.8	447.2	11.2	458.3	423.1	251.1	9.2	7.3	690.8	16.2	155.0	14.9	6897.0	8479.9
	July	143.2	11.1	91.2	245.5	524.9	15.1	540.0	370.8	250.6	5.5	7.3	634.3	13.2	156.6	0.8	6873.3	8463.7
	Aug	156.3	7.7	75.1	239.2	645.3	5.6	650.8	422.6	253.2	5.0	7.3	688.1	13.3	160.5	0.0	6854.4	8606.2
	Sept	158.6	7.9	86.8	253.3	604.8	6.2	610.9	476.8	253.5	2.9	7.3	740.4	13.8	173.8	10.6	6941.8	8744.6
	Oct	127.5	6.3	80.3	214.1	675.9	8.6	684.5	496.8	252.7	3.2	7.3	760.0	13.7	196.2	14.1	7018.5	8901.1
	Nov	117.7	6.5	114.0	238.2	407.6	6.6	414.2	492.1	253.4	7.6	7.3	760.4	18.5	191.9	16.2	7119.3	8758.7
	Dec	157.6	22.4	85.7	265.7	538.2	10.2	548.4	435.1	255.2	1.7	9.7	701.7	18.8	142.7	14.6	7129.3	8821.1

TABLE II.2(b) DEPOSIT MONEY BANKS: DETAILED ACCOUNT

(end of period in N$ million)

LIABILITIES																
Period		Demand deposits	Time, Savings & For. curr. dep				Money market instruments	Bonds	Foreign liabilities			Central Govts deposits	Credit from BoN	Capital Accounts	Other items (Net)	TOTAL
			For. curr.	Time dep.	Savings	Sub-total			banks	non-banks	Sub-total					
1990		605.6	0.0	616.6	246.5	863.1	0.0	0.0	213.4	62.2	275.6	82.3	0.0	87.9	7.2	1921.7
1991		809.5	0.0	794.0	309.1	1103.1	0.0	4.0	71.7	54.8	126.5	232.6	0.0	162.8	-55.3	2383.2
1992		1002.4	0.0	1082.3	337.8	1420.1	0.0	2.4	56.1	43.3	99.4	109.9	0.0	204.5	-50.6	2788.1
1993		1333.1	0.0	1182.5	347.0	1529.5	0.0	3.9	145.7	15.2	160.9	113.3	0.0	273.2	-67.4	3346.4
1994		1465.3	0.0	1660.8	425.3	2086.1	0.0	4.1	291.5	100.0	391.5	83.1	0.0	293.8	-37.5	4286.4
1995	I	1594.2	0.0	1821.0	432.6	2253.6	0.0	8.3	235.4	91.2	326.6	84.2	0.0	325.5	23.8	4616.2
	II	1587.2	0.0	2042.5	439.2	2481.7	0.0	7.8	232.5	71.6	304.1	58.8	0.3	342.8	164.0	4946.7
	III	1697.3	0.0	2119.1	452.0	2571.1	0.0	5.6	274.4	130.4	404.8	63.8	0.0	381.9	16.3	5140.8
	IV	1581.9	0.0	2459.5	466.0	2925.5	0.0	4.1	382.0	118.6	500.6	73.5	0.0	432.4	-37.1	5480.9
1996	Jan	1652.7	0.0	2476.9	450.2	2927.1	0.0	3.5	370.4	123.1	493.5	78.8	0.0	435.3	-30.7	5560.2
	Feb	1648.7	0.0	2442.1	460.0	2902.1	0.0	4.8	498.7	135.4	634.1	71.5	0.0	448.3	65.8	5775.3
	Mar	1555.1	0.0	2493.5	472.7	2966.2	0.0	5.0	516.7	197.4	714.1	72.5	0.2	455.9	164.8	5933.8
	Apr	1625.8	0.0	2518.0	472.3	2990.3	0.0	4.4	390.4	203.7	594.1	71.7	0.0	460.0	120.4	5866.7
	May	1791.1	0.0	2483.6	466.0	2949.6	0.0	4.6	423.0	191.4	614.4	77.1	0.0	475.4	2.7	5914.9
	Jun	1800.1	0.0	2415.1	478.4	2893.5	0.0	4.7	342.9	248.7	591.6	79.5	0.0	485.0	-37.6	5816.8
	Jul	1920.6	0.0	2486.9	496.6	2983.5	0.0	4.7	240.8	209.3	450.1	102.2	0.0	500.2	-2.3	5959.0
	Aug	1969.1	0.0	2502.5	494.9	2997.4	0.0	4.5	272.7	203.1	475.8	90.8	0.0	513.4	-36.6	6014.5
	Sep	1914.3	0.0	2781.5	561.6	3343.1	0.0	4.2	204.8	187.7	392.5	125.2	0.0	531.0	-108.8	6201.5
	Oct	2109.2	0.0	2778.2	572.8	3351.0	0.0	8.4	211.0	136.8	347.8	142.9	0.0	542.3	-119.3	6382.3
	Nov	2305.2	0.0	2758.7	573.2	3331.9	0.0	12.4	267.8	87.7	355.5	57.2	0.0	637.1	-15.3	6684.0
	Dec	2516.7	0.0	2692.4	558.3	3250.7	0.0	8.9	201.8	93.2	295.0	77.9	0.0	644.0	14.8	6808.0
1997	Jan	2459.8	0.0	2785.3	547.1	3332.4	0.0	8.8	239.6	97.6	337.2	54.3	0.0	661.9	-21.8	6832.6
	Feb	2239.4	0.0	2779.0	540.3	3319.3	0.0	3.6	321.6	102.0	423.6	81.1	0.3	677.0	123.0	6867.3
	Mar	2439.4	0.0	2761.2	534.0	3295.2	0.0	7.8	291.3	90.1	381.4	71.4	0.0	670.0	205.5	7070.7
	Apr	2556.3	0.0	2857.2	547.1	3404.3	0.0	6.1	256.1	69.2	325.3	104.8	11.2	678.5	223.6	7310.1
	May	2614.1	0.0	2913.8	539.1	3452.9	0.0	5.0	240.0	60.0	300.0	170.2	0.0	694.8	180.7	7417.7
	Jun	2689.4	0.0	3092.5	548.9	3641.4	0.0	3.9	197.2	63.0	260.2	172.0	0.0	703.5	223.1	7693.5
	Jul	2704.6	0.0	3104.5	554.7	3659.2	0.0	5.4	185.5	64.0	249.5	203.7	0.0	720.8	228.3	7771.5
	Aug	2815.5	0.0	3006.6	564.9	3571.5	0.0	5.4	333.6	84.0	417.6	174.4	0.0	739.9	197.9	7922.2
	Sep	2652.1	0.0	2943.4	572.8	3516.2	0.0	5.9	626.9	84.6	711.5	212.8	0.0	735.1	212.0	8045.6
	Oct	2590.9	0.0	3031.3	594.0	3625.3	0.0	5.5	583.3	50.4	633.7	159.9	0.0	749.4	158.6	7923.3
	Nov	2801.7	0.0	2952.1	592.8	3544.9	0.0	6.2	496.6	57.9	554.5	190.4	0.0	769.3	185.4	8052.4
	Dec	2562.5	0.0	3026.5	576.5	3603.0	0.0	7.0	768.7	70.0	838.7	217.6	0.0	782.7	204.4	8215.9
1998	Jan	2578.6	0.0	2926.5	582.0	3508.5	0.0	6.5	638.2	72.1	710.3	365.0	0.0	806.1	256.6	8231.6
	Feb	2712.5	0.0	2887.9	588.8	3476.7	0.0	6.6	555.7	72.8	628.5	305.3	1.4	823.8	258.1	8212.8
	Mar	2556.5	0.0	3026.4	592.4	3618.8	0.0	6.3	694.3	79.5	773.7	250.1	0.0	827.2	187.6	8220.1
	Apr	2691.7	0.0	3091.9	596.4	3688.3	0.0	6.4	648.4	79.6	728.0	253.3	7.9	814.2	179.1	8368.8
	May	2626.3	0.0	2882.7	593.4	3476.1	0.0	6.5	902.1	101.9	1003.9	203.3	7.7	843.2	108.5	8275.5
	June	2843.0	0.0	2945.0	594.0	3539.0	0.0	4.4	806.3	81.1	887.4	182.0	7.7	846.3	170.1	8479.9
	July	2947.0	0.0	3118.0	608.1	3726.1	0.0	5.7	435.5	97.7	533.2	180.6	12.7	869.6	188.8	8463.7
	Aug	2996.3	0.0	3139.6	613.9	3753.5	0.0	5.1	421.8	100.4	522.2	247.3	8.5	897.8	175.6	8606.2
	Sept	2997.7	0.0	3121.6	628.2	3749.8	0.0	4.0	567.9	95.5	663.4	232.0	7.8	880.3	209.6	8744.6
	Oct	3254.4	0.0	2959.1	614.4	3573.6	0.0	5.7	651.2	92.8	744.0	210.0	13.0	891.6	208.8	8901.1
	Nov	3264.5	0.0	2897.1	640.2	3537.3	0.0	5.9	526.6	99.1	625.7	176.7	7.7	914.1	226.9	8758.7
	Dec	3315.9	0.0	2902.0	622.9	3524.9	0.0	5.5	579.9	101.0	680.9	173.2	7.7	919.0	194.0	8821.1

TABLE II.3 MONETARY SURVEY
(N$ million)

End of Period		Foreign Assets (Net) 1	Domestic Credit: Central Gov't (Net) 2	Domestic Credit: Financial Sector 3	Domestic Credit: Private Sector 4	Domestic Credit: Other 5	TOTAL (1+2+3+4+5)	Currency in Circulation	Demand Deposits	Savings Deposits	Time Deposits	Other Items (Net)	Money Supply M2	TOTAL
1990		291.2	-192.7	47.6	1372.6	6.1	**1524.9**	n/a	614.3	246.5	616.6	47.4	**1477.4**	**1524.9**
1991		618.5	-314.9	13.1	1599.9	59.4	**1975.9**	n/a	821.9	309.1	794.0	50.9	**1925.0**	**1975.9**
1992		-91.1	428.5	21.3	2079.2	57.3	**2495.2**	n/a	1002.4	337.8	1082.3	72.6	**2422.6**	**2495.2**
1993		-122.7	563.8	10.5	2705.5	57.1	**3214.2**	133.8	1333.1	347.0	1182.5	217.8	**2996.4**	**3214.2**
1994		-190.3	584.5	95.6	3542.6	59.3	**4091.7**	217.4	1465.3	425.3	1660.8	322.8	**3768.9**	**4091.7**
1995	I	-83.8	594.9	61.9	3880.2	58.6	**4511.8**	218.6	1594.2	432.6	1821.0	445.4	**4066.4**	**4511.8**
	II	-67.3	705.6	73.2	4164.9	61.7	**4938.1**	238.5	1587.3	439.2	2042.5	630.6	**4307.5**	**4938.1**
	III	-287.1	732.7	88.8	4453.6	58.5	**5046.5**	252.2	1697.3	451.9	2119.2	525.9	**4520.6**	**5046.5**
	IV	-325.9	685.6	75.2	4742.8	91.3	**5269.0**	240.2	1581.9	466.0	2459.5	521.4	**4747.6**	**5269.0**
1996	I	-442.2	649.7	102.3	5184.7	89.0	**5583.5**	256.5	1555.1	472.7	2493.6	805.6	**4777.9**	**5583.5**
	II	-356.3	717.2	52.6	5111.9	91.4	**5616.8**	260.4	1800.1	478.4	2415.1	662.8	**4954.0**	**5616.8**
	III	510.3	118.9	34.1	5436.1	88.7	**6188.1**	273.6	1914.3	561.6	2781.5	657.1	**5531.0**	**6188.1**
	IV	953.5	220.5	17.8	5663.2	90.8	**6945.8**	282.8	2516.7	558.4	2692.4	895.5	**6050.3**	**6945.8**
1997	Jan	976.8	23.8	17.9	5821.1	87.2	**6926.8**	272.5	2459.8	547.1	2785.3	862.3	**6064.7**	**6927.0**
	Feb	746.6	118.0	14.1	5889.9	88.2	**6856.8**	297.5	2239.4	540.3	2779.0	1000.6	**5856.2**	**6856.8**
	Mar	660.1	418.7	12.2	5906.9	88.5	**7086.4**	311.7	2439.4	534.0	2761.2	1040.0	**6046.3**	**7086.3**
	Apr	918.8	273.7	14.4	5970.9	89.7	**7267.5**	300.0	2556.3	547.1	2857.2	1006.9	**6260.6**	**7267.5**
	May	971.3	298.3	14.6	5984.7	139.0	**7407.9**	307.6	2614.1	539.1	2913.8	1033.3	**6374.6**	**7407.9**
	Jun	1208.2	337.5	12.6	5990.2	142.3	**7690.8**	292.4	2689.4	548.9	3092.5	1067.6	**6623.2**	**7690.8**
	Jul	1495.8	151.7	12.8	6030.7	133.4	**7824.4**	313.0	2704.6	554.7	3104.5	1147.6	**6676.8**	**7824.4**
	Aug	1342.5	175.6	1.8	6205.5	132.2	**7857.6**	328.3	2815.5	564.9	3006.6	1142.3	**6715.3**	**7857.6**
	Sep	957.3	230.3	0.7	6278.1	150.8	**7617.2**	305.4	2652.1	572.8	2943.4	1143.5	**6473.7**	**7617.2**
	Oct	1177.1	18.7	0.7	6334.4	150.0	**7681.0**	329.4	2591.0	594.1	3031.3	1135.3	**6545.7**	**7681.0**
	Nov	939.6	308.8	16.2	6455.4	159.2	**7879.2**	345.6	2801.7	592.8	2952.1	1187.0	**6692.2**	**7879.2**
	Dec	891.8	67.8	24.3	6553.5	166.3	**7703.7**	335.6	2562.5	576.5	3026.5	1202.6	**6501.1**	**7703.7**
1998	Jan	1226.2	-319.0	24.8	6627.0	150.7	**7709.7**	331.3	2578.6	582.0	2926.5	1291.3	**6418.4**	**7709.7**
	Feb	1117.0	-71.7	28.9	6636.0	153.7	**7864.0**	340.9	2712.5	588.8	2887.9	1333.9	**6530.1**	**7864.0**
	Mar	795.2	106.4	21.1	6689.4	164.7	**7776.8**	316.3	2556.5	592.4	3026.4	1287.4	**6491.5**	**7778.9**
	Apr	1187.6	-154.7	21.0	6762.7	157.1	**7973.7**	321.0	2691.7	596.4	3091.9	1272.8	**6700.9**	**7973.7**
	May	997.4	-355.3	15.4	6863.1	166.2	**7686.8**	349.7	2626.3	593.4	2882.7	1234.6	**6452.2**	**7686.8**
	June	877.9	170.2	15.4	6897.0	171.2	**8131.8**	329.8	2843.0	594.0	2945.0	1420.1	**6711.7**	**8131.8**
	July	1687.4	-196.0	1.4	6873.3	169.9	**8535.9**	353.2	2947.0	608.1	3118.0	1509.6	**7026.3**	**8535.9**
	Aug	1753.6	-69.5	0.6	6854.4	173.7	**8712.7**	356.1	2996.3	613.9	3139.6	1606.9	**7105.9**	**8712.7**
	Sept	1288.0	209.4	11.1	6941.8	187.6	**8637.9**	348.5	2997.7	633.1	3116.7	1541.8	**7096.1**	**8637.9**
	Oct	1541.9	-40.8	14.6	7018.5	209.9	**8744.1**	364.7	3254.4	614.4	2959.1	1551.5	**7192.6**	**8744.1**
	Nov	1437.3	-25.3	16.7	7119.3	210.4	**8758.5**	383.6	3264.5	640.2	2897.1	1573.1	**7185.4**	**8758.5**
	Dec	1355.8	112.3	15.1	7129.3	161.5	**8774.0**	364.9	3315.9	622.9	2902.0	1568.3	**7205.7**	**8774.0**

Note:
Financial Sector refers to:
- Other Banking Institutions
-Nonbank Financial institutions

Other refers to:
-Local authority and Regional councils

TABLE II.4(a) OTHER BANKING INSTITUTIONS: DETAILED ACCOUNT

(end of period N$ million)

ASSETS (1996)	Jan	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec
1. RESERVES	206.9	190.3	208.3	198.3	179.7	113.7	149.9	167.6	160.9	176.4	188.1	92.4
2. FOREIGN ASSETS	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.0	0.0	0.0	0.0
a. Banks	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
b. Nonbanks	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.0	0.0	0.0	0.0
3. CLAIM ON CENTRAL GOVERNMENT	5.0	5.0	5.0	5.0	5.0	5.0	5.0	30.0	30.0	30.0	33.0	140.0
a. Treasury bills	5.0	5.0	5.0	5.0	5.0	5.0	5.0	30.0	25.0	25.0	33.0	140.0
b. Government securities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
c. Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	5.0	5.0	0.0	0.0
4. CLAIMS ON LOCAL AUTHORITIES AND REGIONAL COUNCILS	5.3	5.3	5.5	5.3	5.4	5.4	5.4	5.3	5.3	5.2	5.3	5.3
5. CLAIMS ON NON-FIN.PUB. ENTERP.	7.9	6.1	6.2	6.6	6.7	6.7	6.4	6.4	5.9	5.3	5.1	4.5
a. Securities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
b. Loans and advances	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
c. Leasing transactions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
d. Other	7.9	6.1	6.2	6.6	6.7	6.7	6.4	6.4	5.9	5.3	5.1	4.5
6. CLAIMS ON NONBANK F. INST.	10.9	11.0	13.6	12.6	7.9	7.9	7.9	7.9	7.0	7.0	8.0	8.0
7. CLAIMS ON PRIVATE SECTOR	1528.0	1532.2	1549.2	1556.9	1553.3	1554.0	1550.6	1549.9	1352.6	1349.1	1357.0	1352.9
a. Individuals	1452.1	1452.2	1457.1	1274.3	1467.9	1467.2	1463.8	1469.7	1283.6	1283.6	1295.2	1291.0
b. Business	75.9	80.0	92.1	282.6	85.4	86.8	86.8	80.2	69.0	65.5	61.8	61.9
8. CLAIMS ON DMBs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
9. TOTAL ASSETS	1764.5	1750.4	1788.3	1785.2	1758.5	1693.3	1725.8	1767.6	1561.7	1573.0	1596.5	1603.1

ASSETS (1997)	Jan	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec
1. RESERVES	101.8	110.7	150.9	175.1	169.3	216.2	176.9	211.7	209.3	189.7	191.1	161.7
2. FOREIGN ASSETS	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
a. Banks	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
b. Nonbanks	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
3. CLAIM ON CENTRAL GOVERNMENT	120.0	120.0	120.0	120.0	150.0	133.2	154.5	126.5	136.5	164.9	167.1	166.4
a. Treasury bills	120.0	120.0	120.0	120.0	150.0	133.2	154.5	126.5	136.5	164.9	167.1	166.4
b. Government securities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
c. Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
4. CLAIMS ON LOCAL AUTHORITIES AND REGIONAL COUNCILS	5.2	5.2	5.3	5.2	5.2	5.2	5.1	5.2	5.2	5.1	5.2	5.2
5. CLAIMS ON NON-FIN.PUB. ENTERP.	5.5	7.9	8.6	9.0	9.2	9.2	9.2	8.9	7.5	4.9	4.7	4.7
a. Securities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
b. Loans and advances	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
c. Leasing transactions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
d. Other	5.5	7.9	8.6	9.0	9.2	9.2	9.2	8.9	7.5	4.9	4.7	4.7
6. CLAIMS ON NONBANK F. INST.	8.0	8.0	8.0	8.0	12.3	19.6	17.7	17.6	17.6	17.6	17.7	17.7
7. CLAIMS ON PRIVATE SECTOR	1346.2	1343.6	1356.2	1356.1	1339.6	1340.3	1352.8	1364.3	1367.1	1379.3	1386.6	1402.5
a. Individuals	1285.3	1284.9	1298.9	1300.7	1290.6	1293.2	1304.5	1310.4	1311.3	1323.7	1339.8	1356.2
b. Business	60.9	58.7	57.3	55.4	49.0	47.1	48.3	53.9	55.8	55.6	46.8	46.3
8. CLAIMS ON DMBs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
9. TOTAL ASSETS	1586.7	1595.4	1649.0	1673.4	1685.6	1723.7	1716.2	1734.2	1743.2	1761.5	1772.4	1758.3

ASSETS (1998)	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
1. RESERVES	149.6	145.4	121.6	111.6	102.0	97.0	87.9	90.2	96.7	97.4	94.0	120.2
2. FOREIGN ASSETS	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
a. Banks	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
b. Nonbanks	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
3. CLAIM ON CENTRAL GOVERNMENT	178.3	180.5	175.0	129.6	131.2	116.7	118.4	129.7	32.9	108.0	128.5	151.9
a. Treasury bills	178.3	180.5	175.0	129.6	131.2	116.7	118.4	129.7	32.9	108.0	128.5	151.9
b. Government securities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
c. Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
4. CLAIMS ON LOCAL AUTHORITIES AND REGIONAL COUNCILS	5.1	5.1	5.2	5.1	5.1	5.1	5.0	5.1	5.1	5.0	5.1	5.1
5. CLAIMS ON NON-FIN.PUB. ENTERP.	5.2	5.2	6.1	6.2	6.5	6.4	6.5	6.6	7.1	7.5	6.3	7.5
a. Securities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
b. Loans and advances	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
c. Leasing transactions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
d. Other	5.2	5.2	6.1	6.2	6.5	6.4	6.5	6.6	7.1	7.5	6.3	7.5
6. CLAIMS ON NONBANK F. INST.	17.7	17.7	17.2	19.3	18.5	17.7	17.7	17.9	17.9	17.9	17.9	18.1
7. CLAIMS ON PRIVATE SECTOR	1406.7	1406.7	1462.5	1478.6	1492.7	1509.3	1529.5	1544.1	1575.2	1590.3	1602.1	1623.6
a. Individuals	1360.7	1360.7	1419.4	1435.3	1449.3	1465.9	1486.6	1501.7	1533.4	1548.5	1560.5	1582.2
b. Business	46.0	46.0	43.2	43.3	43.4	43.4	42.9	42.4	41.8	41.8	41.6	41.4
8. CLAIMS ON DMBs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
9. TOTAL ASSETS	1762.5	1760.6	1787.6	1750.3	1756.0	1752.3	1765.0	1793.5	1734.9	1826.1	1853.8	1926.4

TABLE II.4(b) OTHER BANKING INSTITUTIONS: DETAILED ACCOUNT

(end of period in N$ million)

LIABILITIES (1996)	Jan	Feb	Mar	Apr	May	June	Jul	Aug	Sep	Oct	Nov	Dec
1. TIME, SAVINGS & FOREIGN C. DEP.	823.0	829.6	842.2	831.5	814.6	769.8	787.4	774.2	670.6	700.4	730.2	718.1
a. Time Deposits	245.4	247.1	239.2	215.7	214.7	204.5	202.7	195.7	146.3	126.8	135.7	140.8
b. Savings Deposits	577.6	582.5	603.0	615.8	599.9	565.2	584.7	578.5	524.3	573.6	594.5	577.3
c. Foreign Currency Deposits	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2. MONEY MARKET INSTRUMENTS	206.1	203.5	209.7	209.2	212.4	197.1	212.6	242.2	220.6	235.0	233.4	234.6
3. BONDS	-	-	-	-	-	-	-	-	-	-	-	-
4. FOREIGN LIABILITIES	13.3	10.8	12.3	11.8	12.0	11.0	11.2	11.3	10.5	10.7	9.6	9.9
a. Banks	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
b. Nonbanks	13.3	10.8	12.3	11.8	12.0	11.0	11.2	11.3	10.5	10.7	9.6	9.9
5. CENTRAL GOVERNMENT DEPOSITS	15.0	15.7	11.7	10.0	7.8	5.1	10.7	18.4	8.2	8.0	8.3	7.1
6. CREDIT FROM CENTRAL BANK	0.7	0.6	0.7	0.6	0.6	0.6	0.6	0.6	0.5	0.5	0.5	0.5
7. CREDIT FROM DMBs	68.3	56.8	65.8	84.2	78.0	82.6	46.9	42.1	42.3	32.6	32.8	35.6
8. CAPITAL ACCOUNTS	827.5	831.2	832.7	845.1	841.6	842.1	832.9	872.7	789.0	772.6	776.8	792.2
9. OTHER ITEMS (NET)	-189.4	-197.8	-186.8	-207.2	-208.5	-215.0	-176.6	-193.9	-179.9	-186.9	-195.1	-194.9
a. Unclassified liabilities	47.0	48.6	57.7	53.5	57.9	55.4	88.8	90.2	94.9	83.6	87.9	99.8
b. Less: Unclassified assets	236.4	246.4	244.5	260.7	266.4	270.5	265.4	284.1	274.8	270.5	283.0	294.7
10. TOTAL LIABILITIES	1764.5	1750.4	1788.3	1785.2	1758.5	1693.3	1725.8	1767.6	1561.8	1572.9	1596.5	1603.1

LIABILITIES (1997)	Jan	Feb	Mar	Apr	May	June	Jul	Aug	Sep	Oct	Nov	Dec
1. TIME, SAVINGS & FOREIGN C. DEP.	1920.9	742.0	760.9	784.3	792.6	813.8	788.4	792.5	794.5	784.6	817.7	845.4
a. Time Deposits	1334.2	142.1	157.2	141.8	164.7	177.7	171.6	171.2	175.5	174.1	187.8	182.1
b. Savings Deposits	586.7	599.9	603.7	642.5	627.9	636.1	616.8	621.3	619.0	610.5	629.9	663.3
c. Foreign Currency Deposits	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2. MONEY MARKET INSTRUMENTS	234.8	222.2	219.4	219.6	214.9	214.9	215.0	215.6	224.5	224.5	219.8	197.8
3. BONDS	-	-	-	-								
4. FOREIGN LIABILITIES	9.2	9.4	15.2	14.2	12.7	12.5	11.9	12.7	12.8	13.8	19.5	15.0
a. Banks	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
b. Nonbanks	9.2	9.4	15.2	14.2	12.7	12.5	11.9	12.7	12.8	13.8	19.5	15.0
5. CENTRAL GOVERNMENT DEPOSITS	5.5	4.6	4.9	4.9	4.0	4.2	4.1	4.2	4.2	5.2	3.9	3.4
6. CREDIT FROM CENTRAL BANK	0.5	0.5	0.6	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
7. CREDIT FROM DMBs	32.8	32.6	30.0	28.3	30.2	33.7	34.7	35.8	38.2	38.3	39.4	36.3
8. CAPITAL ACCOUNTS	805.8	816.9	823.9	835.4	843.7	856.2	867.8	876.9	876.7	882.3	888.8	894.7
9. OTHER ITEMS (NET)	-222.8	-232.8	-205.9	-213.8	-213.0	-212.1	-206.3	-204.0	-208.2	-187.7	-217.2	-234.8
a. Unclassified liabilities	79.9	80.1	83.6	74.1	83.7	91.7	92.1	94.3	106.2	118.1	110.6	103.3
b. Less: Unclassified assets	302.7	312.9	289.5	287.9	296.7	303.8	298.4	298.3	314.4	305.8	327.8	338.1
10. TOTAL LIABILITIES	2786.7	1595.4	1649.0	1673.4	1685.6	1723.7	1716.1	1734.2	1743.2	1761.5	1772.4	1758.3

LIABILITIES (1998)	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
1. TIME, SAVINGS & FOREIGN C. DEP.	836.6	901.2	841.1	831.3	831.0	818.7	818.9	863.6	870.8	888.4	882.0	868.8
a. Time Deposits	190.3	173.9	173.4	178.8	180.3	158.7	186.2	184.8	159.9	169.8	161.0	168.1
b. Savings Deposits	646.3	727.3	667.8	652.5	650.7	660.0	632.7	678.8	710.9	718.6	720.9	700.7
c. Foreign Currency Deposits	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2. MONEY MARKET INSTRUMENTS	197.5	197.9	198.9	199.6	200.1	200.2	200.8	201.4	200.5	180.8	181.1	182.5
3. BONDS												
4. FOREIGN LIABILITIES	15.1	57.4	19.6	24.9	24.8	33.5	29.4	32.0	32.3	30.4	27.1	23.5
a. Banks	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
b. Nonbanks	15.1	57.4	19.6	24.9	24.8	33.5	29.4	32.0	32.3	30.4	27.1	23.5
5. CENTRAL GOVERNMENT DEPOSITS	3.4	3.4	3.5	3.6	3.6	3.6	3.6	3.6	3.6	3.7	3.7	3.7
6. CREDIT FROM CENTRAL BANK	0.6	0.6	0.6	0.6	0.5	0.5	0.5	0.5	0.4	0.4	19.1	7.9
7. CREDIT FROM DMBs	39.3	34.9	34.8	34.8	35.2	29.1	37.2	37.0	30.6	59.4	36.4	41.0
8. CAPITAL ACCOUNTS	899.7	902.4	916.0	908.0	916.0	923.2	930.6	937.9	940.0	924.2	940.4	960.2
9. OTHER ITEMS (NET)	-229.7	-289.3	-226.9	-252.4	-255.1	-256.4	-255.9	-282.6	-343.2	-261.3	-235.9	-161.2
a. Unclassified liabilities	99.1	101.3	103.4	96.6	98.5	92.2	104.9	110.7	138.7	157.4	179.1	204.8
b. Less: Unclassified assets	328.8	390.6	330.3	349.0	353.6	348.6	360.8	393.3	482.0	418.6	415.1	365.9
10. TOTAL LIABILITIES	1762.5	1808.4	1787.6	1750.3	1756.0	1752.3	1765.0	1793.5	1734.9	1826.1	1853.8	1926.4

TABLE II.5 BANKING SURVEY
(end of period N$ milllion)

End of Period		Net Foreign Assets	Domestic Credit: To Gov't (Net)	Domestic Credit: Financial Sector	Domestic Credit: Private Sector	Domestic Credit: Other	TOTAL	Money Supply: Monetary Liabilities	Money Supply: Quasi-Monetary Liabilties	Money Supply: Total	Other Items (Net)	TOTAL
1991		615.6	-377.0	7.0	2367.6	70.4	2683.8	672.4	1479.5	2151.8	531.9	2683.8
1992												
1992		-99.0	420.6	7.0	3082.9	65.4	3477.0	864.0	1900.0	2764.0	713.1	3477.0
1993		-132.3	548.0	16.6	3854.2	70.9	4357.3	1328.0	2028.9	3356.9	1000.4	4357.3
1994		-208.0	599.0	8.7	4916.9	81.5	5398.1	1565.4	2787.8	4353.2	1044.9	5398.1
1995	I	-99.3	614.8	10.2	5299.0	74.8	5899.5	1681.7	3042.8	4724.5	1175.0	5899.5
	II	-84.3	708.4	10.4	5632.5	77.3	6344.3	1672.0	3289.1	4961.1	1383.2	6344.3
	III	-296.1	722.2	10.6	5941.9	72.0	6450.6	1748.3	3441.7	5190.0	1260.6	6450.6
	IV	-335.6	672.7	9.7	6262.3	104.4	6713.5	1651.1	3720.7	5371.8	1341.7	6713.5
1996	Jan	-91.3	413.5	10.9	6369.4	101.9	6804.4	1683.7	3750.2	5433.9	1370.5	6804.4
	Feb	-442.2	597.6	11.0	6663.1	99.8	6929.3	1702.7	3731.6	5434.3	1495.0	6929.3
	Mar	-454.0	643.0	13.6	6734.0	100.6	7037.2	1603.4	3808.5	5411.9	1625.3	7037.2
	Apr	-184.3	547.7	12.7	6668.6	101.4	7146.1	1666.8	3821.7	5488.5	1657.6	7146.1
	May	-195.4	515.0	8.0	6715.1	102.6	7145.3	1869.2	3764.3	5633.5	1511.8	7145.3
	Jun	-366.9	717.1	8.0	6666.0	103.5	7127.7	1946.8	3663.3	5610.1	1517.6	7127.7
	Jul	832.9	-197.3	18.9	6651.6	99.2	7405.3	2017.9	3771.0	5788.9	1616.4	7405.3
	Aug	605.8	-9.5	19.1	6805.6	99.6	7520.6	2092.5	3771.7	5864.2	1656.4	7520.6
	Sep	499.9	140.8	17.0	6788.7	99.8	7546.2	2027.0	4013.7	6040.7	1505.5	7546.2
	Oct	752.4	52.7	17.0	6874.8	99.7	7796.6	2205.4	4051.4	6256.8	1539.8	7796.6
	Nov	861.9	287.5	19.5	6932.7	100.2	8201.8	2428.9	4062.1	6491.0	1710.8	8201.8
	Dec	943.6	353.4	18.1	7016.2	100.6	8431.9	2707.1	3968.9	6676.0	1755.9	8431.9
1997	Jan	967.6	138.3	18.3	7167.3	97.9	8389.4	2630.5	4053.1	6683.6	1705.8	8389.4
	Feb	737.3	233.4	18.4	7233.4	101.3	8323.8	2426.2	4061.3	6487.5	1836.3	8323.8
	Mar	644.9	533.8	18.5	7263.1	102.3	8562.6	2600.3	4056.2	6656.5	1906.1	8562.6
	Apr	904.6	388.8	18.6	7327.1	103.9	8743.0	2681.2	4188.7	6869.9	1873.1	8743.0
	May	958.5	444.3	23.1	7324.3	153.4	8903.6	2752.5	4245.5	6998.0	1905.6	8903.6
	Jun	1195.6	466.5	30.4	7330.6	156.8	9179.9	2765.5	4455.3	7220.8	1959.1	9179.9
	Jul	1483.9	302.0	28.7	7383.5	147.7	9345.8	2840.6	4447.6	7288.2	2057.6	9345.8
	Aug	1329.8	297.9	28.7	7558.7	146.4	9361.5	2932.1	4364.0	7296.1	2065.4	9361.5
	Sep	944.6	362.5	28.9	7633.9	163.5	9133.4	2748.2	4310.7	7058.9	2074.5	9133.4
	Oct	1163.4	178.4	29.0	7702.3	160.0	9233.1	2730.7	4410.0	7140.7	2092.4	9233.1
	Nov	920.1	471.9	29.2	7842.1	169.1	9432.4	2956.1	4362.7	7318.8	2113.6	9432.4
	Dec	876.9	230.8	17.7	7956.1	176.2	9257.7	2736.3	4448.5	7184.8	2072.9	9257.7
1998	Jan	1211.1	-144.1	21.7	8033.7	161.0	9283.3	2760.4	4345.1	7105.4	2177.9	9283.3
	Feb	1059.6	105.3	17.6	8089.9	164.7	9437.2	2908.0	4377.9	7285.9	2151.4	9437.2
	Mar	775.6	277.8	17.2	8152.0	175.9	9398.6	2751.2	4459.9	7211.1	2187.5	9398.6
	Apr	1162.6	-28.6	19.3	8241.3	168.3	9563.0	2901.1	4519.5	7420.6	2142.4	9563.0
	May	972.0	-227.1	18.5	8355.8	177.7	9297.0	2874.1	4307.2	7181.2	2115.8	9297.0
	June	844.5	283.4	17.7	8406.3	182.7	9734.6	3075.7	4357.6	7433.3	2301.2	9734.6
	July	1658.0	-81.2	17.7	8402.8	181.4	10178.6	3212.3	4545.0	7757.3	2421.3	10178.6
	Aug	1721.6	56.5	17.9	8398.5	185.4	10379.9	3262.2	4617.1	7879.3	2500.5	10379.9
	Sept	1255.7	238.7	17.9	8517.0	199.8	10229.0	3249.6	4620.5	7870.1	2358.9	10229.0
	Oct	1511.5	63.5	17.9	8608.8	222.4	10424.1	3521.6	4462.0	7983.6	2440.5	10424.1
	Nov	1410.2	99.5	17.9	8721.4	221.8	10470.8	3554.1	4419.2	7973.4	2497.4	10470.8
	Dec	1332.3	260.5	18.1	8752.8	174.1	10537.8	3560.7	4393.6	7954.3	2583.5	10537.8

Note:
Other refers to claims on:
-Non-financial Public Enterprises
-Local authority and Regional councils by both DMBs and OBIs
Financial sector refers to:
- Other Banking Institutions
-Nonbank Financial Institutions

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

PERIOD		DEMAND DEPOSITS	SAVINGS DEPOSITS	TIME DEPOSITS				TOTAL
				Short term	Medium term	Long term	Sub-Total	
1994	I	1242.9	383.1	494.7	798.6	219.9	1513.2	3139.3
	II	1341.2	403.2	529.3	754.0	184.6	1467.8	3212.3
	III	1739.4	425.4	706.5	784.8	200.3	1691.6	3856.4
	IV	1552.5	425.3	495.7	867.1	295.0	1657.8	3635.6
1995	Jan	1526.2	416.3	670.5	677.6	324.8	1672.9	3615.4
	Feb	1532.0	427.5	494.3	833.0	340.9	1668.2	3627.7
	Mar	1717.3	432.6	574.5	911.1	319.9	1805.5	3955.4
	Apr	1763.1	435.3	511.1	1030.0	263.7	1804.8	4003.2
	May	1681.5	430.8	534.1	1144.2	247.7	1926.0	4038.3
	Jun	1669.0	439.2	489.7	1314.6	254.7	2059.0	4167.2
	Jul	1546.8	445.6	664.6	1176.7	214.4	2055.7	4048.1
	Aug	1709.4	450.7	591.1	1251.2	240.3	2082.6	4242.7
	Sep	1752.4	451.9	645.3	1233.6	274.3	2153.2	4357.5
	Oct	1585.1	455.9	675.9	1256.8	449.6	2382.3	4423.3
	Nov	1644.5	470.7	728.6	1261.1	464.7	2454.4	4569.6
	Dec	1641.6	466.0	673.8	1334.1	505.5	2513.4	4621.0
1996	Jan	1732.3	450.2	745.6	1351.6	440.8	2538.0	4720.5
	Feb	1709.4	459.8	664.5	1451.9	405.9	2522.3	4691.5
	Mar	1628.4	472.7	697.8	1538.4	319.4	2555.6	4656.7
	Apr	1731.3	472.3	708.4	1528.8	342.7	2579.9	4783.5
	May	1868.9	466.0	713.1	1435.2	395.4	2543.7	4878.6
	Jun	1881.0	478.4	771.6	1307.4	408.7	2487.7	4847.1
	Jul	2040.3	496.6	875.9	1219.8	432.7	2528.4	5065.3
	Aug	2049.2	494.9	844.2	1289.4	433.0	2566.6	5110.7
	Sep	1978.7	561.6	901.4	1465.2	522.2	2888.8	5429.1
	Oct	2210.3	574.1	889.1	1502.5	477.8	2869.4	5653.8
	Nov	2370.5	573.7	796.0	1594.5	483.1	2873.6	5817.8
	Dec	2617.7	559.0	722.4	1589.0	433.2	2744.6	5921.3
1997	Jan	2516.9	547.7	920.9	1423.5	480.9	2825.3	5889.9
	Feb	2338.6	540.3	807.6	1554.5	519.7	2881.8	5760.7
	Mar	2497.8	534.0	849.9	1431.4	568.2	2849.5	5881.3
	Apr	2706.2	547.1	846.0	1415.2	677.3	2938.5	6191.8
	May	2790.1	539.1	768.0	1380.0	819.4	2967.4	6296.6
	Jun	2844.5	549.0	752.6	1645.1	779.6	3177.3	6570.8
	Jul	2859.6	554.8	823.9	1637.0	770.2	3231.1	6645.5
	Aug	2967.1	564.9	941.2	1442.2	717.1	3100.5	6632.5
	Sep	2886.9	572.8	838.8	1545.6	734.5	3118.9	6578.6
	Oct	2698.7	594.1	749.6	1671.3	667.5	3088.4	6381.2
	Nov	2929.1	592.8	674.3	1762.5	557.7	2994.5	6516.5
	Dec	2929.1	592.8	674.3	1762.5	557.7	2994.5	6516.5
1998	Jan	2783.1	582.0	914.0	1726.8	516.4	3157.2	6522.3
	Feb	2854.4	588.8	941.1	1667.8	495.1	3104.0	6547.1
	Mar	2701.5	592.4	852.3	1624.5	707.7	3184.6	6478.6
	Apr	2824.8	596.4	918.2	1548.1	778.5	3244.7	6665.9
	May	2740.0	593.4	719.0	1432.8	859.0	3010.8	6344.2
	June	2937.5	594.0	589.3	1525.7	913.8	3028.8	6560.2
	July	3061.6	608.1	831.5	1471.8	880.8	3184.1	6853.8
	Aug	3116.6	613.9	737.9	1623.7	855.4	3216.9	6947.4
	Sept	3091.4	628.2	877.1	1633.6	715.1	3225.8	6945.4
	Oct	3308.2	614.4	835.2	1604.7	598.8	3038.7	6961.3
	Nov	3326.6	640.2	660.8	1807.7	479.9	2948.4	6915.2
	Dec	3376.7	622.9	696.2	1918.6	339.2	2954.0	6953.6

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

Period		PRIVATE SECTOR			Financial	Central		TOTAL
		Bussn.	Indiv.	Total	Sector	Government	Other	
1992	I	366.2	1165.6	1531.8	49.4	192.9	228.9	**2003.0**
	II	492.4	1249.0	1741.4	68.9	295.8	258.2	**2364.3**
	III	501.1	1307.9	1809.0	138.5	115.6	261.8	**2324.9**
	IV	629.8	1284.7	1914.5	130.2	46.2	412.2	**2503.1**
1993	I	539.5	1353.4	1892.9	200.0	67.9	380.1	**2540.9**
	II	771.1	1385.7	2156.8	170.6	41.6	381.4	**2750.4**
	III	706.1	1473.7	2179.8	119.0	34.2	388.3	**2721.3**
	IV	1036.8	1301.6	2338.4	116.5	40.1	452.0	**2947.0**
1994	I	668.7	1825.8	2494.4	96.6	64.7	483.5	**3139.3**
	II	811.7	1777.8	2589.5	84.2	77.6	461.0	**3212.3**
	III	1349.9	1823.7	3173.6	154.1	58.6	470.1	**3856.4**
	IV	1218.6	1720.8	2939.4	132.7	61.3	502.2	**3635.6**
1995	I	1191.2	1796.0	2987.2	363.4	61.7	543.1	**3955.4**
	II	1289.4	1858.7	3148.0	399.9	31.5	587.8	**4167.2**
	III	1241.2	1918.9	3160.1	442.7	30.9	723.8	**4357.5**
	IV	1289.4	1963.0	3252.4	550.1	38.6	779.9	**4621.0**
1996	Jan	1294.3	2001.5	3295.8	591.5	43.0	790.3	**4720.6**
	Feb	1205.1	2009.4	3214.5	577.2	35.1	864.7	**4691.5**
	Mar	1135.5	2032.3	3167.8	606.8	33.3	848.8	**4656.7**
	Apr	1113.3	2118.8	3232.1	653.6	30.7	867.1	**4783.5**
	May	1245.2	2153.6	3398.8	566.0	33.7	880.1	**4878.6**
	Jun	1273.9	2121.8	3395.7	493.5	38.0	919.9	**4847.1**
	Jul	1349.6	2205.2	3554.8	531.6	58.9	920.0	**5065.3**
	Aug	1264.0	2283.6	3547.7	623.3	34.8	904.9	**5110.7**
	Sep	1531.8	2335.3	3867.1	503.6	67.7	990.7	**5429.1**
	Oct	1695.1	2445.5	4140.6	444.3	83.2	985.7	**5653.8**
	Nov	1648.6	2520.6	4169.2	577.0	47.1	1024.5	**5817.8**
	Dec	1777.0	2568.8	4345.8	569.3	68.4	937.7	**5921.3**
1997	Jan	1645.5	2664.3	4309.8	572.8	43.3	964.0	**5889.9**
	Feb	1678.4	2412.8	4091.2	606.7	70.8	964.6	**5733.3**
	Mar	1798.1	2472.6	4270.7	551.5	61.2	997.9	**5881.3**
	Apr	1865.1	2675.6	4540.7	546.6	108.5	996.0	**6191.8**
	May	1859.5	2705.4	4564.9	658.3	91.7	981.7	**6296.6**
	June	1958.2	2661.3	4619.5	660.2	96.9	1194.2	**6570.8**
	Jul	2135.3	2658.2	4793.5	556.1	125.5	1170.4	**6645.5**
	Aug	1978.1	2793.5	4771.6	580.0	130.5	1150.4	**6632.5**
	Sep	1946.5	2667.5	4614.0	634.5	170.1	1160.0	**6578.6**
	Oct	1772.1	2643.8	4416.0	703.9	108.6	1152.7	**6381.2**
	Nov	2020.9	2615.6	4636.5	642.2	138.3	1099.5	**6516.5**
	Dec	1774.5	2707.6	4482.2	668.9	180.6	1037.2	**6368.8**
1998	Jan	1655.7	2699.7	4355.4	734.4	324.5	1107.9	**6522.2**
	Feb	1886.6	2869.6	4756.2	565.3	262.1	963.5	**6547.1**
	Mar	1789.3	2758.1	4547.4	590.5	240.6	976.5	**6354.9**
	Apr	1879.9	2784.1	4664.0	691.7	203.5	1106.6	**6665.9**
	May	1728.4	2752.3	4480.6	613.7	155.7	1094.2	**6344.2**
	June	1936.0	2752.2	4688.2	636.7	103.1	1132.2	**6560.2**
	July	2115.7	2736.6	4852.2	731.5	128.2	1142.0	**6853.9**
	Aug	2136.8	2778.7	4915.6	700.2	188.2	1143.4	**6947.4**
	Sept	1990.5	2752.5	4743.0	871.6	167.2	1163.6	**6945.4**
	Oct	1976.0	2849.2	4825.2	908.7	140.1	1087.3	**6961.3**
	Nov	2036.5	2810.7	4847.2	886.9	106.9	1074.2	**6915.2**
	Dec	2103.6	2843.0	4946.6	886.7	113.0	1007.3	**6953.6**

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

Period	DEMAND DEPOSITS						SAVINGS DEPOSITS						TIME DEPOSITS						TOTAL
	Private sector		Financial sector	Central Govt.	Other	Total	Private sector		Financial sector	Central Govt.	Other	Total	Private sector		Financial sector	Central Govt.	Other	Total	
	Busin.	Indiv.					Busin.	Indiv.					Busin.	Indiv.					
1992 I	323.2	450.2	13.1	131.3	76.2	994.0	4.0	320.0	0.0	0.0	0.2	324.2	39.0	395.4	36.3	61.6	152.5	684.8	2003.0
II	444.9	494.7	16.2	156.5	78.9	1191.2	4.0	326.9	0.0	0.0	0.1	331.0	43.5	427.4	52.7	139.3	179.2	842.1	2364.3
III	395.9	489.6	24.6	98.0	45.2	1053.3	1.3	346.4	0.0	0.0	0.1	347.8	103.9	471.9	113.9	17.6	216.5	923.8	2324.9
IV	438.6	468.2	54.8	31.1	71.7	1064.4	1.2	337.0	0.0	0.0	0.1	338.3	190.0	479.5	75.4	15.1	340.4	1100.4	2503.1
1993 I	348.1	527.2	98.7	37.6	82.6	1094.2	1.1	351.5	0.0	0.0	0.0	352.6	190.3	474.7	101.3	30.3	297.5	1094.1	2540.9
II	490.0	583.3	60.5	26.2	86.2	1246.2	1.1	344.9	0.0	0.0	0.0	346.0	280.0	457.4	110.1	15.4	295.2	1158.2	2750.4
III	452.0	638.1	45.4	24.1	58.6	1218.2	1.1	350.0	0.0	0.0	0.0	351.1	253.0	485.6	73.6	10.1	329.7	1152.0	2721.3
IV	697.1	490.4	75.9	25.1	114.0	1402.4	20.1	326.8	0.0	0.0	0.0	347.0	319.6	484.4	40.6	15.0	338.0	1197.5	2947.0
1994 I	391.9	619.2	95.0	36.7	100.0	1242.9	1.7	381.5	0.0	0.0	0.0	383.1	275.0	825.1	1.6	28.0	383.5	1513.2	3139.3
II	459.8	663.4	63.6	31.7	122.7	1341.2	3.6	399.6	0.0	0.0	0.0	403.2	348.2	714.8	20.7	45.9	338.2	1467.8	3212.3
III	806.1	721.8	89.8	24.0	97.8	1739.4	4.2	421.2	0.0	0.0	0.0	425.4	539.6	680.7	64.3	34.7	372.3	1691.6	3856.4
IV	616.1	635.0	88.2	41.4	151.8	1552.5	5.3	420.0	0.0	0.0	0.0	425.3	597.2	645.8	44.5	19.9	350.4	1657.8	3635.6
1995 I	654.0	661.1	220.7	49.6	131.9	1717.3	7.2	425.3	0.0	0.0	0.0	432.6	530.0	709.6	142.7	12.1	411.1	1805.5	3955.4
II	719.7	655.4	132.3	15.0	146.6	1669.0	4.2	435.0	0.0	0.0	0.0	439.2	565.5	768.2	267.5	16.5	441.2	2059.0	4167.2
III	762.7	665.5	132.4	23.9	167.9	1752.4	5.5	446.2	0.0	0.0	0.2	451.9	473.0	807.2	310.3	7.0	555.7	2153.2	4357.5
IV	713.5	651.4	119.1	34.6	123.0	1641.6	10.0	456.0	0.0	0.0	0.0	466.0	565.9	855.6	431.0	4.0	656.9	2513.4	4621.0
1996 Jan	753.0	690.8	136.1	37.0	115.4	1732.3	5.2	445.0	0.0	0.0	0.0	450.2	536.1	865.7	455.4	6.0	674.9	2538.1	4720.6
Feb	732.7	676.3	134.3	27.1	139.0	1709.4	5.2	454.6	0.0	0.0	0.0	459.8	467.2	878.5	442.9	8.0	725.7	2522.3	4691.5
Mar	661.3	673.2	153.7	20.2	120.0	1628.4	5.4	467.2	0.0	0.0	0.0	472.6	468.8	891.9	453.1	13.1	728.8	2555.7	4656.7
Apr	643.8	747.1	197.1	17.6	125.6	1731.2	5.2	467.1	0.0	0.0	0.0	472.3	464.3	904.6	456.5	13.1	741.5	2580.0	4783.5
May	801.3	757.2	165.0	22.6	122.8	1868.9	5.5	460.5	0.0	0.0	0.0	466.0	438.4	935.9	401.0	11.1	757.3	2543.7	4878.6
Jun	806.0	730.7	150.9	24.4	169.0	1881.0	5.1	473.3	0.0	0.0	0.0	478.4	462.8	917.8	342.6	13.6	750.9	2487.7	4847.1
Jul	842.4	751.8	216.8	46.3	183.0	2040.3	5.7	490.9	0.0	0.0	0.0	496.6	501.5	962.5	314.8	12.6	737.0	2528.4	5065.3
Aug	842.0	740.6	262.4	24.3	179.9	2049.2	5.4	489.4	0.0	0.0	0.0	494.9	416.6	1053.6	360.9	10.6	724.9	2566.6	5110.7
Sep	813.0	758.0	214.2	5.6	185.9	1978.7	9.8	535.0	9.8	0.0	7.0	561.6	707.0	1042.3	279.6	62.1	797.8	2888.8	5429.1
Oct	985.5	836.0	166.8	28.2	193.8	2210.3	8.9	554.2	4.0	0.6	6.4	574.1	700.7	1055.3	273.5	54.4	785.5	2869.4	5653.8
Nov	1033.5	866.4	227.7	15.7	225.2	2370.5	8.0	563.7	0.6	0.6	0.8	573.7	605.1	1090.5	348.7	30.8	798.5	2873.6	5817.8
Dec	1182.2	908.7	294.0	44.1	188.7	2617.7	12.6	545	0.6	0.6	0.1	559.0	582.2	1115.1	274.7	23.7	748.9	2744.6	5921.3
1997 Jan	1013.9	1047.1	223.1	28.7	204.1	2516.9	8.9	537.4	0.7	0.6	0.1	547.7	622.7	1079.8	349.0	14.0	759.8	2825.3	5889.9
Feb	1094.1	792	205.8	25.1	193.6	2310.6	6.6	528.5	5.2	0.6	0.0	540.9	577.7	1092.3	395.7	45.1	771	2881.8	5733.3
Mar	1212.2	784.4	261.3	27.1	212.6	2497.6	6.3	527.7	0.0	0.0	0.0	534.0	579.6	1160.5	290.2	34.1	785.3	2849.7	5881.3
Apr	1240.8	922.8	274.1	74.9	193.7	2706.3	8.5	538.7	0.0	0.0	0.0	547.2	615.8	1214.1	272.5	33.6	802.3	2938.3	6191.8
May	1215.0	1022.3	306.0	81.0	165.8	2790.1	5.8	528.2	5.0	0.1	0.0	539.1	638.7	1154.9	347.3	10.6	815.9	2967.4	6296.6
Jun	1293.0	959.1	324.3	73.0	195.1	2844.5	7.9	541.0	0.0	0.1	0.0	549.0	657.3	1161.2	335.9	23.9	999.1	3177.3	6570.8
Jul	1438.9	926.7	241.8	100.9	151.3	2859.6	5.9	548.8	0.0	0.1	0.0	554.8	690.5	1182.7	314.3	24.5	1019.1	3231.1	6645.5
Aug	1357.3	1019.4	281.4	107.5	201.5	2967.1	8.0	551.9	5.0	0.1	0.0	564.9	612.8	1222.2	293.6	23.0	948.9	3100.5	6632.5
Sep	1290.0	984.4	299.3	137.0	176.2	2886.9	8.3	564.4	0.0	0.1	0.0	572.8	648.1	1118.7	335.2	33.1	983.8	3118.9	6578.6
Oct	1168.7	942.3	326.9	84.4	176.2	2698.7	12.7	570.8	10.5	0.1	0.0	594.1	590.7	1130.7	366.5	24.1	976.5	3088.5	6381.2
Nov	1357.4	957.8	307.1	119.5	187.4	2929.1	9.4	583.3	0.0	0.0	0.1	592.8	654.1	1074.5	335.1	18.8	912.0	2994.5	6516.5
Dec	1091.3	992.8	329.7	116.9	171.7	2702.5	8.6	567.5	0.0	0.0	0.1	576.2	674.6	1147.3	339.2	63.6	865.4	3090.1	6368.8
1998 Jan	1067.2	1016.0	392.9	159.9	147.1	2783.1	7.0	563.0	12.0	0.0	0.0	582.0	581.5	1120.7	329.5	164.6	960.8	3157.1	6522.2
Feb	1137.6	1213.1	294.7	117.1	91.9	2854.4	8.6	575.1	5.0	0.0	0.1	588.8	740.4	1081.4	265.6	145.1	871.5	3104.0	6547.1
Mar	1040.3	1101.6	319.9	95.5	104.8	2662.1	8.6	575.1	5.0	0.0	0.1	588.8	740.4	1081.4	265.6	145.1	871.5	3104.0	6354.9
Apr	1127.6	1096.5	364.8	101.7	134.1	2824.8	7.8	588.5	0.0	0.0	0.1	596.4	744.5	1099.1	326.9	101.8	972.4	3244.7	6665.9
May	1098.7	1162.0	278.7	84.1	116.6	2740.0	8.9	584.4	0.0	0.0	0.1	593.4	620.7	1005.9	335.0	71.6	977.5	3010.8	6344.2
June	1262.1	1182.1	292.0	75.8	125.4	2937.5	8.7	585.2	0.0	0.0	0.1	594.0	665.2	985.0	344.6	27.3	1006.7	3028.8	6560.2
July	1391.8	1055.5	428.8	87.0	98.6	3061.6	7.2	600.8	0.0	0.0	0.1	608.1	716.6	1080.3	302.6	41.1	1043.4	3184.1	6853.9
Aug	1386.9	1114.5	387.0	111.1	117.0	3116.6	7.4	606.3	0.0	0.0	0.1	613.9	742.5	1057.8	313.3	77.1	1026.2	3216.9	6947.4
Sept	1289.3	1074.9	538.8	81.8	106.7	3091.4	6.7	621.4	0.0	0.0	0.1	628.2	694.5	1056.2	332.8	85.5	1056.8	3225.8	6945.4
Oct	1315.5	1197.0	622.5	60.6	112.5	3308.1	7.2	607.2	0.0	0.0	0.1	614.4	653.4	1045.0	286.2	79.5	974.7	3038.8	6961.3
Nov	1439.6	1124.3	599.9	57.2	105.7	3326.6	7.5	632.6	0.0	0.0	0.1	640.2	589.5	1053.8	287.0	49.7	968.4	2948.4	6915.2
Dec	1482.2	1160.2	577.7	61.6	95.1	3376.7	8.5	614.3	0.0	0.0	0.1	622.9	613.0	1068.6	309.0	51.4	912.1	2954.0	6953.6

- Nonbank Financial Institutions

Other refers to:

- Non-financial Public Enterprise
- Local authority and Regional councils

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

Period	Savings deposits: Private sector Busin.	Savings deposits: Private sector Indiv.	Savings deposits: Financial sector	Savings deposits: Central Govt.	Savings deposits: Other	Savings deposits: Total	Time deposits: Private sector Busin.	Time deposits: Private sector Indiv.	Time deposits: Financial sector	Time deposits: Central Govt.	Time deposits: Other	Time deposits: Total	TOTAL DEPOSITS
95 Jan	6.0	430.7	65.4	0.5	19.8	522.4	39.1	29.0	74.2	1.2	98.5	241.9	764.3
Feb	9.7	433.8	63.0	0.5	19.2	526.3	39.4	29.5	70.7	1.2	96.6	237.3	763.6
Mar	11.6	458.7	65.2	0.6	20.2	556.3	39.8	30.7	73.5	2.0	99.5	245.4	801.7
Apr	6.1	472.1	80.5	6.4	3.7	568.7	39.6	28.8	71.9	3.3	99.2	242.7	811.4
May	5.4	472.8	73.7	0.6	13.1	565.5	39.5	28.8	73.1	3.3	99.1	243.8	809.3
Jun	5.0	487.9	72.5	0.5	16.1	581.9	38.8	30.5	82.9	4.1	83.7	239.9	821.8
Jul	5.7	503.2	79.5	0.5	14.6	603.5	37.3	26.3	77.3	4.1	74.9	219.8	823.2
Aug	6.2	519.9	84.0	0.5	19.3	629.8	37.4	27.2	82.5	4.1	80.8	232.0	861.8
Sep	6.4	533.9	86.9	0.5	16.3	644.0	38.2	25.2	79.3	3.7	88.1	234.5	878.5
Oct	5.0	510.3	78.4	0.5	20.4	614.5	38.7	29.7	99.1	3.7	97.6	268.8	883.3
Nov	5.0	505.5	79.5	0.5	16.3	606.8	39.1	30.0	95.8	3.4	97.6	265.9	872.7
Dec	4.7	481.4	73.7	0.5	18.0	578.3	41.2	19.9	131.1	3.4	77.4	273.0	851.3
1996 Jan	4.7	509.3	49.8	0.5	13.9	578.2	41.7	21.1	141.4	3.2	96.2	303.6	881.8
Feb	4.8	492.7	75.0	0.5	9.5	582.5	41.1	23.3	140.1	3.2	94.0	301.7	884.2
Mar	6.0	506.3	76.8	0.5	13.9	603.5	42.6	24.2	131.7	2.1	91.3	291.9	895.4
Apr	6.1	518.1	76.4	0.5	13.9	615.0	44.1	25.1	123.8	0.8	71.4	265.2	880.2
May	5.4	502.4	76.1	0.5	15.9	600.4	43.2	25.2	124.3	0.8	68.8	262.3	862.7
Jun	6.2	474.0	67.2	0.5	17.9	565.8	33.8	23.8	119.6	0.8	65.4	243.4	809.2
Jul	5.5	486.5	74.8	1.5	17.9	586.2	43.7	25.5	112.4	1.5	63.1	246.1	832.3
Aug	5.8	485.2	71.6	1.6	15.9	580.1	41.4	25.3	103.8	1.5	57.3	229.3	809.4
Sep	1.8	461.1	61.4	0.0	0.1	524.4	4.4	17.1	103.4	0.0	53.7	178.6	702.9
Oct	1.9	503.1	68.5	0.0	0.1	573.6	3.8	14.6	88.1	0.0	47.8	154.3	727.9
Nov	1.9	523.7	68.8	0.0	0.1	594.5	4.0	15.2	91.7	0.0	53.6	164.5	759.0
Dec	1.9	509.5	65.8	0.0	0.1	577.3	4.4	14.5	93.4	0.0	60.1	172.4	749.7
1997 Jan	1.9	517.5	67.2	0.0	0.1	586.7	4.0	13.2	85.1	0.0	60.4	162.7	749.4
Feb	2.0	527.5	70.3	0.0	0.1	599.9	4.5	46.7	62.7	0.0	60.2	174.1	774.0
Mar	2.0	530.5	71.1	0.0	0.1	603.7	4.2	13.8	88.9	0.0	61.6	168.5	772.2
Apr	2.2	563.3	76.9	0.0	0.1	642.5	4.0	13.0	83.6	0.0	69.4	170.0	812.5
May	2.1	551.0	74.7	0.0	0.1	627.9	4.2	32.0	89.3	0.0	69.4	194.9	822.8
Jun	2.1	558.1	75.8	0.0	0.1	636.1	4.7	33.6	99.6	0.0	73.5	211.4	847.5
Jul	2.0	541.8	72.9	0.0	0.1	616.8	4.8	34.7	102.6	0.0	65.0	207.1	823.9
Aug	2.1	545.5	73.6	0.0	0.1	621.3	5.0	30.0	105.8	0.0	66.2	207.0	828.3
Sep	2.1	543.6	73.2	0.0	0.1	619.0	5.3	26.9	112.9	0.0	68.5	213.7	832.7
Oct	2.0	536.4	72.0	0.0	0.1	610.5	5.3	25.0	113.2	0.0	69.8	213.4	823.9
Nov	2.0	556.5	71.3	0.0	0.1	629.9	5.4	19.1	116.4	0.0	86.2	227.1	857.0
Dec	2.2	584.7	76.4	0.0	0.1	663.4	5.0	21.6	107.4	0.0	84.4	218.4	881.8
1998 Jan	2.0	571.9	74.1	0.0	0.1	648.1	5.4	22.8	116.4	0.0	85.1	229.6	877.7
Feb	2.5	638.0	86.7	0.0	0.1	727.3	4.8	20.5	103.2	0.0	80.3	208.8	936.1
Mar	2.2	587.1	78.4	0.0	0.1	667.8	4.8	20.3	102.9	0.0	80.2	208.2	875.9
Apr	2.1	574.3	75.9	0.0	0.1	652.5	4.8	19.5	102.9	0.0	86.4	213.6	866.1
May	2.1	573.1	75.4	0.0	0.1	650.7	4.8	19.4	104.0	0.0	87.3	215.5	866.2
June	2.2	581.4	76.3	0.0	0.1	660.0	4.0	16.2	86.1	0.0	81.4	187.8	847.8
July	2.0	558.8	71.8	0.0	0.1	632.7	5.1	19.7	110.0	0.0	88.6	223.4	856.1
Aug	2.2	597.2	79.2	0.0	0.1	678.8	5.1	19.2	109.5	0.0	88.1	221.8	900.6
Sept	2.3	625.5	82.9	0.0	0.1	710.9	4.2	16.1	90.4	0.0	79.8	190.4	901.3
Oct	2.4	631.9	84.2	0.0	0.1	718.6	4.9	18.4	106.0	0.0	76.3	205.6	924.3
Nov	2.4	634.1	84.3	0.0	0.1	720.9	5.0	18.4	107.8	0.0	66.3	197.5	918.4
Dec	2.3	615.9	81.4	0.0	0.1	699.7	5.6	20.5	202.6	0.0	61.7	290.4	990.1

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

(in N$ million)

Period		PRIVATE SECTOR Bussn.	Indiv.	Total	Financial Sector	Central Government	Other	TOTAL
1995	Jan	45.1	459.7	504.8	139.6	1.7	118.3	**764.3**
	Feb	49.2	463.3	512.4	133.7	1.7	115.7	**763.6**
	Mar	51.4	489.4	540.8	138.7	2.5	119.8	**801.7**
	Apr	45.7	500.9	546.5	152.4	9.6	102.9	**811.4**
	May	44.9	501.5	546.5	146.9	3.8	112.2	**809.3**
	Jun	43.7	518.4	562.1	155.4	4.5	99.8	**821.8**
	Jul	43.0	529.5	572.5	156.8	4.5	89.4	**823.2**
	Aug	43.6	547.1	590.7	166.5	4.6	100.1	**861.8**
	Sep	44.6	559.1	603.7	166.2	4.2	104.4	**878.5**
	Oct	43.7	540.0	583.7	177.5	4.2	118.0	**883.3**
	Nov	44.1	535.5	579.6	175.3	3.9	113.9	**872.7**
	Dec	45.9	501.3	547.2	204.8	3.9	95.4	**851.3**
1996	Jan	46.4	530.4	576.8	191.2	3.7	110.1	**881.8**
	Feb	45.9	516.0	561.9	215.1	3.7	103.5	**884.2**
	Mar	48.6	530.5	579.1	208.5	2.6	105.2	**895.4**
	Apr	50.2	543.2	593.4	200.2	1.3	85.3	**880.2**
	May	48.6	527.6	576.2	200.4	1.3	84.7	**862.7**
	Jun	40.0	497.8	537.8	186.8	1.3	83.3	**809.2**
	Jul	49.2	512.0	561.1	187.3	3.0	80.9	**832.3**
	Aug	47.2	510.6	557.8	175.4	3.1	73.2	**809.4**
	Sep	6.2	478.2	484.4	164.8	0.0	53.7	**702.9**
	Oct	5.7	517.7	523.4	156.6	0.0	47.9	**727.9**
	Nov	5.9	538.9	544.8	160.5	0.0	53.7	**759.0**
	Dec	6.3	524.0	530.3	159.2	0.0	60.2	**749.7**
1997	Jan	5.9	530.7	536.6	152.3	0.0	60.5	**749.4**
	Feb	6.5	574.2	580.7	133.0	0.0	60.3	**774.0**
	Mar	6.2	544.3	550.5	160.0	0.0	61.7	**772.2**
	Apr	6.2	576.3	582.5	160.5	0.0	69.5	**812.5**
	May	6.3	583.0	589.3	164.0	0.0	69.5	**822.8**
	Jun	6.8	591.7	598.5	175.4	0.0	73.6	**847.5**
	Jul	6.8	576.5	583.3	175.5	0.0	65.1	**823.9**
	Aug	7.1	575.5	582.6	179.4	0.0	66.3	**828.3**
	Sep	7.4	570.5	577.9	186.2	0.0	68.6	**832.7**
	Oct	7.4	561.4	568.8	185.2	0.0	69.9	**823.9**
	Nov	7.4	575.6	583.0	187.7	0.0	86.3	**857.0**
	Dec	7.2	606.3	613.5	183.8	0.0	84.5	**881.8**
1998	Jan	7.4	594.7	602.1	190.5	0.0	85.2	**877.7**
	Feb	7.3	658.5	665.8	189.9	0.0	80.4	**936.1**
	Mar	7.0	607.3	614.4	181.3	0.0	80.3	**875.9**
	Apr	6.9	593.8	600.8	178.8	0.0	86.5	**866.1**
	May	6.9	592.5	599.4	179.4	0.0	87.4	**866.2**
	June	6.2	597.6	603.8	162.4	0.0	81.5	**847.8**
	July	7.2	578.5	585.6	181.8	0.0	88.7	**856.1**
	Aug	7.3	616.4	623.7	188.7	0.0	88.2	**900.6**
	Sept	6.6	641.6	648.2	173.3	0.0	79.9	**901.3**
	Oct	7.3	650.3	657.6	190.3	0.0	76.4	**924.3**
	Nov	7.4	652.5	659.9	192.1	0.0	66.4	**918.4**
	Dec	7.9	636.4	644.3	283.9	0.0	61.8	**990.1**

TABLE II.11 COMMERCIAL BANKS CLAIMS ON PRIVATE SECTOR

(end of period in N$ million)

1996	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
1. Individuals	2826.3	2916.9	2939.7	2960.3	2991.8	3002.2	3033.0	3041.3	3266.9	3313.7	3364.8	3411.1
a) Loans and Advances	2049.5	2126.0	2133.9	2148.3	2167.5	2167.1	2188.4	2187.8	2399.6	2430.8	2471.0	2495.5
(i) Mortgage loans	1121.5	1145.5	1170.7	1186.8	1202.8	1217.9	1230.7	1245.9	1440.3	1454.2	1484.9	1493.8
(ii) Other loans & advances	928.0	980.5	963.2	961.5	964.7	949.2	957.7	941.9	959.3	976.6	986.1	1001.7
b) Instalment credit	753.5	766.9	780.5	788.7	801.4	812.6	822.4	837.7	845.0	860.0	868.6	889.8
c) Leasing transaction	19.6	19.3	19.2	19.0	18.4	18.1	17.7	14.7	18.0	18.6	20.0	21.0
d) Bills discounted or purchased	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
e) Other claims	3.7	4.7	6.1	4.3	4.5	4.4	4.5	1.0	4.3	4.3	5.2	4.8
2. Business	2015.1	2214.0	2245.0	2151.4	2170.0	2109.8	2067.9	2214.4	2169.1	2212.0	2210.7	2252.0
a) Loans and Advances	1597.8	1803.1	1805.7	1728.6	1738.5	1683.7	1645.3	1795.0	1739.3	1775.9	1764.9	1757.8
(i) Mortgage loans	36.0	37.3	39.5	40.1	40.3	48.3	50.4	53.9	56.8	59.5	53.2	65.7
(ii) Other loans & advances	1561.8	1765.8	1766.2	1688.5	1698.2	1635.4	1594.9	1741.2	1682.5	1716.4	1711.7	1692.1
b) Instalment credit	287.4	297.5	298.3	300.4	303.9	307.6	309.5	319.2	310.5	311.9	315.0	337.7
c) Leasing transaction	30.2	30.2	30.1	35.3	35.1	41.1	40.3	36.1	41.0	40.7	39.7	53.2
d) Bills discounted or purchased	94.7	77.8	105.5	81.7	87.1	72.0	67.4	64.0	74.0	79.2	85.7	97.8
e) Other claims	5.0	5.4	5.4	5.4	5.4	5.4	5.4	0.0	4.3	4.3	5.4	5.5
3. (1+2) TOTAL CLAIMS ON PRIVATE SECTOR												
a) Loans and advances	3647.3	3929.1	3939.6	3876.9	3906.0	3850.8	3833.7	3982.8	4138.9	4206.7	4235.9	4253.3
(i) Mortgage loans	1157.5	1182.8	1210.2	1226.9	1243.1	1266.2	1281.1	1299.8	1497.1	1513.7	1538.1	1559.5
(ii) Other loans and advances	2489.8	2746.3	2729.4	2650.0	2662.9	2584.6	2552.6	2683.1	2641.8	2693.0	2697.8	2693.8
b) Instalment credit	1040.9	1064.4	1078.8	1089.1	1105.3	1120.2	1131.9	1156.9	1155.5	1171.9	1183.6	1227.5
c) Leasing transaction	49.8	49.5	49.3	54.3	53.5	59.2	58.0	50.8	59.0	59.3	59.7	74.2
d) Bills discounted or purchased	94.7	77.8	105.5	81.7	87.1	72.0	67.4	64.0	74.0	79.2	85.7	97.8
e) Other claims	8.7	10.1	11.5	9.7	9.9	9.8	9.9	1.0	8.6	8.6	10.6	10.3
TOTAL	4841.4	5130.9	5184.7	5111.7	5161.8	5112.0	5100.9	5255.6	5436.0	5525.7	5575.5	5663.1

1997	Jan	Feb	Mar	Apr	May	June	Jul	Aug	Sept	Oct	Nov	Dec
1. Individuals	3456.1	3493.8	3543.2	3546.5	3591.8	3607.1	3687.5	3706.2	3725.5	3782.6	3849.6	3854.1
a) Loans and Advances	2537.0	2570.6	2605.3	2613.9	2644.1	2656.0	2731.5	2748.9	2773.7	2833.2	2891.3	2883.8
(i) Mortgage loans	1504.3	1513.8	1528.2	1546.8	1558.8	1573.8	1587.5	1606.3	1627.0	1643.1	1660.7	1665.2
(ii) Other loans & advances	1032.7	1056.8	1077.1	1067.1	1085.3	1082.2	1144.0	1142.6	1146.7	1190.1	1230.6	1218.6
b) Instalment credit	892.7	895.0	906.0	902.9	918.3	918.8	920.4	919.1	915.6	912.4	917.5	934.2
c) Leasing transaction	22.3	23.2	24.7	25.1	12.7	26.8	27.6	27.9	28.6	29.3	30.1	30.1
d) Bills discounted or purchased	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
e) Other claims	4.1	5.0	7.2	4.6	16.7	5.5	8.0	10.3	7.7	7.7	10.7	6.0
2. Business	2365.0	2396.1	2363.6	2424.3	2392.8	2383.0	2343.2	2488.2	2541.3	2540.3	2605.9	2699.4
a) Loans and Advances	1868.7	1896.6	1890.0	1920.2	1907.7	1919.2	1898.0	2050.8	2119.9	2117.7	2153.9	2239.3
(i) Mortgage loans	68.2	72.2	74.4	78.9	81.8	85.2	89.5	93.3	86.1	87.7	90.2	92.3
(ii) Other loans & advances	1800.5	1824.4	1815.6	1841.3	1825.9	1834.0	1808.5	1957.5	2033.8	2030.0	2063.7	2147.0
b) Instalment credit	335.8	340.5	341.7	374.4	368.2	369.9	368.1	361.2	355.3	355.1	350.2	355.2
c) Leasing transaction	53.9	54.0	53.0	54.6	51.6	51.7	51.7	51.8	51.0	50.4	50.6	50.0
d) Bills discounted or purchased	101.7	98.6	73.5	66.9	59.5	36.2	18.7	18.8	9.8	11.8	14.4	17.9
e) Other claims	4.9	6.4	5.4	8.2	5.8	6.0	6.7	5.6	5.3	5.3	36.8	37.0
3. (1+2) TOTAL CLAIMS ON PRIVATE SECTOR												
a) Loans and advances	4405.7	4467.2	4495.3	4534.1	4551.8	4575.2	4629.5	4799.7	4893.6	4951.0	5045.2	5123.1
(i) Mortgage loans	1572.5	1586.0	1602.6	1625.7	1640.6	1659.0	1677.0	1699.6	1713.1	1730.8	1750.9	1757.5
(ii) Other loans and advances	2833.2	2881.2	2892.7	2908.4	2911.2	2916.2	2952.5	3100.1	3180.5	3220.1	3294.3	3365.6
b) Instalment credit	1228.5	1235.5	1247.7	1277.3	1286.5	1288.7	1288.5	1280.3	1270.9	1267.5	1267.7	1289.4
c) Leasing transaction	76.2	77.2	77.7	79.7	64.3	78.5	79.3	79.7	79.6	79.7	80.7	80.1
d) Bills discounted or purchased	101.7	98.6	73.5	66.9	59.5	36.2	18.7	18.8	9.8	11.8	14.4	17.9
e) Other claims	9.0	11.4	12.6	12.8	22.5	11.5	14.7	15.9	13.0	13.0	47.5	43.0
TOTAL	5821.1	5889.9	5906.8	5970.8	5984.6	5990.1	6030.7	6194.4	6266.8	6323.0	6455.4	6553.5

1998	Jan	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec
1. Individuals	3886.4	3915.6	3949.2	3960.6	3971.3	4002.7	4034.7	3979.7	4019.2	4145.7	4041.7	4080.0
a) Loans and Advances	2916.6	2943.4	2959.5	2985.6	2981.2	3012.2	3039.7	2979.4	2995.9	3125.8	3035.4	3058.9
(i) Mortgage loans	1673.6	1680.7	1683.0	1699.4	1716.8	1715.7	1739.2	1799.3	1763.9	1775.3	1798.6	1815.7
(ii) Other loans & advances	1243.0	1262.7	1276.4	1286.3	1264.4	1296.5	1300.5	1180.1	1232.0	1350.6	1236.9	1243.3
b) Instalment credit	933.8	935.0	950.9	933.1	944.1	944.5	948.7	950.7	974.5	969.0	957.0	971.5
c) Leasing transaction	29.7	30.9	32.8	34.9	35.7	37.1	40.4	41.7	42.0	43.8	43.5	43.5
d) Bills discounted or purchased	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
e) Other claims	6.3	6.3	6.0	7.0	10.3	8.9	5.9	7.9	6.8	7.1	5.8	6.0
2. Business	2740.6	2720.4	2740.2	2802.1	2891.8	2894.2	2838.5	2874.7	2922.6	2872.8	3077.5	3049.3
a) Loans and Advances	2284.4	2262.0	2293.7	2338.9	2423.1	2410.9	2348.5	2414.7	2459.7	2423.9	2605.0	2567.4
(i) Mortgage loans	95.3	100.5	106.2	106.2	111.4	130.2	132.3	212.7	198.5	209.4	221.5	224.9
(ii) Other loans & advances	2189.1	2161.5	2187.5	2232.8	2311.7	2280.7	2216.2	2202.0	2261.2	2214.5	2383.4	2342.5
b) Instalment credit	355.2	356.1	351.1	366.3	371.6	377.4	377.4	380.3	338.2	335.7	368.2	353.5
c) Leasing transaction	48.2	48.3	47.6	47.8	48.7	47.8	47.2	48.0	50.7	49.7	43.7	41.4
d) Bills discounted or purchased	17.1	18.3	11.9	10.9	9.8	21.2	28.1	27.8	34.2	30.8	31.5	59.6
e) Other claims	35.7	35.6	35.8	38.2	38.6	37.0	37.3	4.0	39.9	32.7	29.1	27.3
3. (1+2) TOTAL CLAIMS ON PRIVATE SECTOR												
a) Loans and advances	5201.0	5205.5	5253.2	5324.5	5404.3	5423.1	5388.2	5394.0	5455.5	5549.8	5640.4	5626.4
(i) Mortgage loans	1768.9	1781.3	1789.2	1805.5	1828.2	1845.9	1871.4	2012.0	1962.4	1984.7	2020.1	2040.6
(ii) Other loans and advances	3432.1	3424.2	3464.0	3519.0	3576.1	3577.2	3516.7	3382.0	3493.1	3565.1	3620.3	3585.8
b) Instalment credit	1289.0	1291.1	1302.0	1299.4	1315.8	1321.8	1326.1	1331.0	1312.7	1304.6	1325.2	1325.0
c) Leasing transaction	77.9	79.2	80.4	82.7	84.4	85.0	87.6	89.6	92.7	93.5	87.2	84.9
d) Bills discounted or purchased	17.1	18.3	11.9	10.9	9.8	21.2	28.1	27.8	34.2	30.8	31.5	59.6
e) Other claims	42.0	41.9	41.9	45.2	48.9	45.9	43.2	11.9	46.6	39.8	34.9	33.3
TOTAL	6627.0	6636.0	6689.4	6762.7	6863.1	6897.0	6873.2	6854.4	6941.8	7018.5	7119.3	7129.3

TABLE II.12 OTHER BANKING INSTITUTIONS CLAIMS ON PRIVATE SECTOR

(end of period in N$ million)

	1997											
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
1. Individuals	1285.3	1285.0	1298.9	1300.7	1290.6	1293.2	1293.2	1310.4	1311.3	1323.7	1339.8	1356.2
a) Loans and Advances	1284.9	1284.6	1298.5	1300.3	1300.1	1302.7	1302.7	1320.0	1320.8	1333.3	1349.4	1365.4
(i) Mortgage loans	1048.2	989.5	1001.4	1002.8	1002.1	1005.2	1005.2	1023.8	1026.0	1037.4	1049.5	1062.3
(ii) Other loans & advances	236.7	295.1	297.1	297.5	298.0	297.5	297.5	296.2	294.8	295.9	299.8	303.1
b) Instalment credit	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
c) Leasing transaction	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
d) Bills discounted or purchased	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
e) Other claims	0.4	0.4	0.4	0.4	-9.5	-9.5	-9.5	-9.6	-9.5	-9.6	-9.6	-9.2
2. Business	60.9	58.7	57.4	55.4	49.0	47.1	47.1	53.9	55.7	55.6	55.6	46.3
a) Loans and Advances	45.7	45.8	44.6	44.6	39.0	38.9	38.9	38.6	38.6	38.3	38.3	38.3
(i) Mortgage loans	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
(ii) Other loans & advances	45.7	45.8	44.6	44.6	39.0	38.9	38.9	38.6	38.6	38.3	38.3	38.3
b) Instalment credit	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
c) Leasing transaction	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
d) Bills discounted or purchased	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
e) Other claims	15.2	12.9	12.8	10.8	10.0	8.2	8.2	15.3	17.1	17.3	17.3	8.0
3. (1+2) TOTAL CLAIMS ON PRIVATE SECTOR												
a) Loans and advances	1330.6	1330.4	1343.1	1344.9	1339.1	1341.6	1341.6	1358.6	1359.4	1371.6	1387.7	1403.7
(i) Mortgage loans	1048.2	989.5	1001.4	1002.8	1002.1	1005.2	1005.2	1023.8	1026.0	1037.4	1049.5	1062.3
(ii) Other loans and advances	282.4	340.9	341.7	342.1	337.0	336.4	336.4	334.8	333.4	334.2	338.2	341.4
b) Instalment credit	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
c) Leasing transaction	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
d) Bills discounted or purchased	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
e) Other claims	15.6	13.3	13.2	11.2	0.5	-1.3	-1.3	5.7	7.6	7.7	7.7	-1.2
TOTAL	1346.2	1343.7	1356.3	1356.1	1339.6	1340.3	1340.3	1364.3	1367.1	1379.3	1395.4	1402.5

	1998											
	Jan	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec
1. Individuals	1360.7	1407.9	1419.3	1435.4	1449.3	1465.9	1486.6	1501.7	1533.4	1548.5	1560.5	1582.2
a) Loans and Advances	1369.7	1416.1	1427.6	1443.9	1457.6	1474.3	1495.1	1510.7	1532.3	1547.5	1559.5	1581.2
(i) Mortgage loans	1065.9	1072.2	1082.4	1094.6	1109.1	1239.8	1258.8	1275.4	1297.7	1314.1	1326.4	1350.0
(ii) Other loans & advances	303.8	344.0	345.2	349.2	348.5	234.5	236.4	235.3	234.6	233.3	233.1	231.2
b) Instalment credit	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
c) Leasing transaction	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
d) Bills discounted or purchased	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
e) Other claims	-9.0	-8.3	-8.3	-8.5	-8.4	-8.4	-8.6	-9.0	1.1	1.0	1.0	1.0
2. Business	45.9	46.0	43.2	43.3	43.4	43.4	42.9	42.4	41.8	41.8	41.6	41.4
a) Loans and Advances	38.3	38.3	37.1	37.2	37.5	37.5	36.9	36.4	36.2	36.2	35.9	35.7
(i) Mortgage loans	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
(ii) Other loans & advances	38.3	38.3	37.1	37.2	37.5	37.5	36.9	36.4	36.2	36.2	35.9	35.7
b) Instalment credit	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
c) Leasing transaction	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
d) Bills discounted or purchased	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
e) Other claims	7.6	7.7	6.0	6.0	5.9	5.9	6.0	5.9	5.7	5.7	5.7	5.7
3. (1+2) TOTAL CLAIMS ON PRIVATE SECTOR												
a) Loans and advances	1408.0	1454.4	1464.8	1481.1	1495.1	1511.8	1532.0	1547.2	1568.5	1583.6	1595.4	1616.8
(i) Mortgage loans	1065.9	1072.2	1082.4	1094.6	1109.1	1239.8	1258.8	1275.4	1297.7	1314.1	1326.4	1350.0
(ii) Other loans and advances	342.1	382.3	382.3	386.4	386.0	272.0	273.2	271.8	270.8	269.5	269.0	266.9
b) Instalment credit	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
c) Leasing transaction	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
d) Bills discounted or purchased	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
e) Other claims	-1.4	-0.5	-2.2	-2.5	-2.4	-2.4	-2.5	-3.1	6.8	6.7	6.7	6.8
TOTAL	1406.6	1453.9	1462.5	1478.6	1492.7	1509.3	1529.5	1544.1	1575.2	1590.3	1602.1	1623.6

TABLE III.1 INTEREST RATES

Period		Prime rate	Bank rate	Treasury Bills	3-Months BA Rate (1)	Government Bonds (2)	Money Market Rates (3)	Deposit Rates	Lending Rates
1995	Jan	16.50	15.50	12.86	13.63	17.02	11.61	9.67	16.88
	Feb	16.50	16.50	13.42	13.05	16.82	11.66	9.65	17.50
	Mar	18.00	16.50	13.71	13.33	16.72	11.85	10.24	18.30
	Apr	18.00	16.50	13.71	13.64	16.82	12.48	10.33	18.16
	May	18.00	16.50	14.19	14.13	16.95	13.09	10.47	18.23
	Jun	18.00	16.50	14.19	14.48	16.78	12.86	10.73	18.31
	Jul	19.00	17.50	14.19	14.82	16.62	13.38	10.84	19.15
	Aug	19.00	17.50	14.20	14.78	15.96	13.54	10.73	19.09
	Sep	19.00	17.50	14.20	15.15	15.49	13.59	11.77	19.02
	Oct	19.00	17.50	14.10	15.11	15.15	13.91	11.69	19.20
	Nov	19.00	17.50	14.10	14.95	14.39	14.09	11.97	19.20
	Dec	19.00	17.50	14.10	15.11	14.56	14.84	11.98	19.03
1996	Jan	19.00	17.50	14.01	15.29	13.77	13.75	12.21	18.76
	Feb	19.00	17.50	13.98	15.34	14.10	13.75	12.35	18.85
	Mar	19.00	17.50	14.32	15.55	15.04	13.75	12.28	18.79
	Apr	20.00	17.50	14.24	15.72	15.78	13.75	12.17	18.33
	May	20.00	17.50	16.14	16.98	16.53	14.92	12.48	19.57
	Jun	20.00	17.50	15.84	17.09	15.78	16.08	12.77	19.79
	Jul	20.00	17.50	15.14	17.15	15.39	15.67	12.74	19.81
	Aug	20.00	17.50	16.11	17.15	15.82	15.96	12.51	20.05
	Sep	20.00	17.50	15.32	17.15	15.42	15.50	12.74	19.83
	Oct	20.00	17.50	15.26	17.15	15.80	15.33	12.69	19.83
	Nov	20.00	17.75	16.05	17.19	16.18	15.41	12.86	19.69
	Dec	20.70	17.75	16.52	17.67	16.19	16.08	12.91	19.92
1997	Jan	20.70	17.75	16.51	18.00	15.82	17.04	13.24	20.24
	Feb	20.70	17.75	15.97	17.96	15.03	16.42	13.23	20.33
	Mar	20.70	17.75	15.99	17.94	15.16	16.12	12.93	20.36
	Apr	20.70	17.75	15.90	17.96	15.24	16.05	12.69	20.93
	May	20.70	17.75	15.85	17.94	15.08	15.72	13.02	21.01
	Jun	20.70	17.75	15.74	17.86	14.72	15.43	13.15	20.14
	Jul	20.70	17.75	15.72	17.94	14.21	14.97	12.79	20.18
	Aug	20.70	17.75	15.63	17.94	14.24	15.04	12.40	20.46
	Sep	20.55	17.75	15.51	17.75	14.18	14.68	12.56	20.01
	Oct	20.00	16.00	14.97	17.19	14.05	14.45	12.31	19.64
	Nov	20.00	16.00	15.07	17.16	14.50	14.32	12.09	19.25
	Dec	20.00	16.00	15.31	17.17	14.14	14.72	12.00	19.60
1998	Jan	20.00	16.00	15.20	17.16	13.61	14.85	12.25	19.50
	Feb	20.00	16.00	14.97	17.04	13.49	14.52	12.23	19.59
	Mar	19.60	16.00	14.63	15.91	13.11	13.74	11.94	19.54
	Apr	19.20	16.00	14.20	15.40	12.92	13.37	11.05	17.92
	May	19.20	18.00	13.58	15.43	13.46	13.83	11.17	19.33
	Jun	19.70	18.00	16.24	16.63	14.60	17.21	11.88	19.56
	Jul	24.20	20.75	18.73	18.98	15.89	20.05	13.58	21.03
	Aug	24.20	21.25	19.60	20.19	16.95	20.26	14.21	22.93
	Sep	24.20	21.25	21.68	20.25	18.30	20.51	14.28	21.50
	Oct	24.20	20.25	20.87	19.88	16.51	20.29	14.65	23.12
	Nov	23.85	19.50	19.16	19.39	16.05	18.94	14.30	22.30
	Dec	23.55	18.75	18.32	19.17	16.36	18.12	13.34	22.31

Source:

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

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

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

TABLE IV.1 ALLOTMENT OF GOVERNMENT OF NAMIBIA TREASURY BILLS

N$'000

Date issued	Date due	Deposit Money Banks	Other Banking Institutions	Banking Sector	Non-banking Financial Instit.	Other Public Enterprises	Private Sector	TOTAL	Amount Outstanding
1996									
Jan	04/96	139,930.0	0.0	139,930.0	2,980.0	0.0	57,090.0	**200,000.0**	420,000.0
Feb	05/96	170,770.0	0.0	170,770.0	0.0	0.0	49,230.0	**220,000.0**	420,000.0
Mar	06/96	80,000.0	0.0	80,000.0	0.0	0.0	53,540.0	**133,540.0**	553,540.0
Apr	07/96	131,910.0	1,000.0	132,910.0	5,000.0	0.0	62,090.0	**200,000.0**	553,540.0
May	08/96	111,910.0	0.0	111,910.0	0.0	5,000.0	83,090.0	**200,000.0**	533,540.0
Jun	09/96	118,000.0	0.0	118,000.0	7,000.0	10,000.0	51,790.0	**186,790.0**	586,790.0
Jul	10/96	138,300.0	0.0	138,300.0	0.0	10,000.0	60,690.0	**208,990.0**	595,780.0
Aug	11/96	107,940.0	28,000.0	135,940.0	15,000.0	10,000.0	69,060.0	**230,000.0**	625,780.0
Sep	12/96	130,000.0	0.0	130,000.0	17,000.0	10,000.0	46,390.0	**203,390.0**	642,380.0
Oct	01/97	205,400.0	0.0	205,400.0	0.0	10,000.0	80,570.0	**295,970.0**	729,360.0
Nov	02/97	182,000.0	0.0	182,000.0	31,000.0	10,000.0	81,770.0	**304,770.0**	804,130.0
Dec*	06/97	42,000.0	80,000.0	122,000.0	19,300.0	0.0	30.0	**141,330.0**	742,070.0
Dec	03/97	110,120.0	43,000.0	153,120.0	0.0	10,000.0	86,880.0	**250,000.0**	992,070.0
Sub-total		**1,668,280.0**	**152,000.0**	**1,820,280.0**	**97,280.0**	**75,000.0**	**782,220.0**	**2,774,780.0**	
1997									
Jan	04/97	170,200.0	0.0	170,200.0	10,000.0	10,000.0	86,280.0	**276,480.0**	972,580.0
Feb	05/97	217,000.0	0.0	217,000.0	2,300.0	10,000.0	100,420.0	**329,720.0**	997,530.0
Mar	06/97	187,000.0	43,000.0	230,000.0	11,060.0	0.0	50,590.0	**291,650.0**	1,039,180.0
Apr	07/97	167,440.0	7,000.0	174,440.0	38,190.0	21,000.0	56,370.0	**290,000.0**	1,052,700.0
May	08/97	209,700.0	35,000.0	244,700.0	3,000.0	10,000.0	106,470.0	**364,170.0**	1,087,150.0
Jun*	12/97	45,000.0	75,000.0	120,000.0	22,300.0	0.0	34,150.0	**176,450.0**	1,122,270.0
Jun	09/97	205,000.0	25,000.0	230,000.0	24,100.0	0.0	87,750.0	**341,850.0**	1,172,470.0
Jul	10/97	60,600.0	20,000.0	80,600.0	11,560.0	0.0	29,610.0	**121,770.0**	1,004,240.0
Jul	10/97	212,000.0	0.0	212,000.0	31,420.0	10,000.0	73,810.0	**327,230.0**	1,331,470.0
Aug	11/97	293,040.0	5,000.0	298,040.0	9,170.0	10,000.0	114,620.0	**431,830.0**	1,399,130.0
Sep	12/97	161,140.0	63,000.0	224,140.0	34,000.0	10,000.0	131,860.0	**400,000.0**	1,457,280.0
Oct*	04/98	105,000.0	50,000.0	155,000.0	30,050.0	0.0	6,070.0	**191,120.0**	1,526,630.0
Oct	01/98	212,400.0	2,500.0	214,900.0	0.0	10,000.0	145,720.0	**370,620.0**	1,570,020.0
Nov	02/98	307,110.0	18,000.0	325,110.0	72,500.0	10,000.0	123,520.0	**531,130.0**	1,669,320.0
Dec*	06/98	50,000.0	85,000.0	135,000.0	200.0	0.0	63,410.0	**198,610.0**	1,691,480.0
Dec	03/98	183,300.0	55,050.0	238,350.0	20,000.0	10,000.0	118,330.0	**386,680.0**	1,678,160.0
Sub-total		**2,785,930.0**	**483,550.0**	**3,269,480.0**	**319,850.0**	**111,000.0**	**1,328,980.0**	**5,029,310.0**	
1998									
Jan	4/98	248,290.0	20,000.0	268,290.0	15,920.0	40,000.0	130,210.0	**454,420.0**	1,761,960
Feb	5/98	370,500.0	15,000.0	385,500.0	42,500.0	20,000.0	140,120.0	**588,120.0**	1,818,950
Mar*	9/98	85,000.0	20,000.0	105,000.0	1,000.0	10,000.0	3,000.0	**119,000.0**	1,937,950
Mar	6/98	209,500.0	56,000.0	265,500.0	0.0	10,000.0	169,080.0	**444,580.0**	1,995,850
Apr	7/98	319,420.0	12,000.0	331,420.0	33,770.0	10,000.0	74,810.0	**450,000.0**	1,800,310
Apr*	10/98	75,000.0	0.0	75,000.0	0.0	0.0	26,220.0	**101,220.0**	1,901,530
May	8/98	158,810.0	0.0	158,810.0	75,500.0	20,000.0	195,690.0	**450,000.0**	1,763,410
Jun*	12/98	70,000.0	2,000.0	72,000.0	17,500.0	0.0	10,500.0	**100,000.0**	1,220,220
Jun	9/98	177,890.0	124,000.0	301,890.0	0.0	10,000.0	88,110.0	**400,000.0**	1,620,220
Jul	10/98	100,000.0	0.0	100,000.0	0.0	0.0	100,000.0	**200,000.0**	1,370,220
Jul*	1/99	70,000.0	0.0	70,000.0	0.0	0.0	1,350.0	**71,350.0**	1,441,570
Jul	10/98	104,000.0	12,000.0	116,000.0	500.0	0.0	83,500.0	**200,000.0**	1,641,570
Aug	11/98	38,040.0	0.0	38,040.0	0.0	0.0	11,670.0	**49,710.0**	1,241,280
Aug*	2/99	73,000.0	0.0	73,000.0	0.0	0.0	4,850.0	**77,850.0**	1,319,130
Aug	11/98	126,760.0	0.0	126,760.0	5,000.0	20,000.0	198,240.0	**350,000.0**	1,669,130
Sep	12/98	65,000.0	0.0	65,000.0	600.0	1,000.0	14,180.0	**80,780.0**	1,230,910
Sep*	3/99	90,000.0	0.0	90,000.0	0.0	10,000.0	47,440.0	**147,440.0**	1,378,350
Sep	12/98	184,120.0	0.0	184,120.0	0.0	10,000.0	103,740.0	**297,860.0**	1,676,210
Oct	1/99	144,820.0	40,000.0	184,820.0	0.0	0.0	115,180.0	**300,000.0**	1,474,990
Oct*	4/99	60,000.0	40,000.0	100,000.0	0.0	0.0	0.0	**100,000.0**	1,574,990
Oct	1/99	130,480.0	0.0	130,480.0	500.0	0.0	119,020.0	**250,000.0**	1,824,990
Nov	2/99	71,000.0	26,000.0	97,000.0	7,000.0	0.0	19,530.0	**123,530.0**	1,548,810
Nov*	5/99	65,850.0	20,000.0	85,850.0	10,000.0	0.0	4,150.0	**100,000.0**	1,648,810
Nov	2/99	38,070.0	0.0	38,070.0	0.0	20,000.0	221,930.0	**280,000.0**	1,928,810
Dec	3/99	78,820.0	0.0	78,820.0	6,500.0	0.0	32,850.0	**118,170.0**	1,568,340
Dec*	6/99	37,800.0	24,000.0	61,800.0	28,500.0	0.0	9,700.0	**100,000.0**	1,668,340
Dec	3/99	178,360.0	0.0	178,360.0	0.0	0.0	41,640.0	**220,000.0**	1,888,340
Sub-total		**3,370,530.0**	**411,000.0**	**3,781,530.0**	**244,790.0**	**181,000.0**	**1,966,710.0**	**6,174,030.0**	

*means 182 day treasury bills

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

N$'000

Date issued	Date due	Coupon rate [%]	Deposit Money Banks	Other Banking Institutions	Banking Sector	Non-banking Financial Institut.	Other Public Enterprises	Private Sector	TOTAL	Amount Outstanding
1996										
May	05/99	12.00	120,000.0	1,000.0	121,000.0	27,000.0	10,000.0	330.0	**158,330.0**	1,100,353.0
Aug	08/02	12.00	145,000.0	0.0	145,000.0	5,000.0	0.0	0.0	**150,000.0**	1,020,053.0
Nov	11/99	12.00	40,000.0	0.0	40,000.0	24,100.0	0.0	31,470.0	**95,570.0**	1,044,623.0
Sub-total			**305,000.0**	**1,000.0**	**306,000.0**	**56,100.0**	**10,000.0**	**31,800.0**	**403,900.0**	
1997										
Feb	02/02	12.00	0.0	0.0	0.0	20,500.0	0.0	55,780.0	**76,280.0**	1,051,903.0
May	05/99	12.00	77,000.0	0.0	77,000.0	25,000.0	0.0	32,000.0	**134,000.0**	1,185,903.0
Jun	06/00	12.00	56,600.0	0.0	56,600.0	0.0	0.0	550.0	**57,150.0**	1,217,053.0
Aug	08/00	12.00	34,500.0	0.0	34,500.0	1,000.0	0.0	9,400.0	**44,900.0**	1,261,953.0
Sub-total			**168,100.0**	**0.0**	**168,100.0**	**46,500.0**	**0.0**	**97,730.0**	**312,330.0**	
1998*										
Aug	1/10	12.00	41,300.0	0.0	41,300.0	35,200.0	0.0	820.0	**77,320.0**	1,766,452.0
Oct	4/05	12.00	59,560.0	0.0	59,560.0	0.0	0.0	60.0	**59,620.0**	1,803,372.0
Nov	4/02	12.00	14,550.0	0.0	14,550.0	5,000.0	0.0	280.0	**19,830.0**	1,823,202.0
Nov	1/10	12.00	0.0	0.0	0.0	55,000.0	0.0	100.0	**55,100.0**	1,878,302.0

* In May 1998, consolidation of Government Internal Registered Stock was completed, including a total net additional issue of N$477.2 million.

TABLE IV .3 SUMMARY OF EXPENDITURE BY FUNCTION/ECONOMIC CLASSIFICATION

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

Source: MOF

TABLE IV.4 GOVERNMENT REVENUE AND EXPENDITURE

	1993/94	% of total	1994/95	% of total	1995/96	% of total	1996/97	% of total	1997/98 BUDGET	%of total	1997/98 REVISED	% of total	1998/99 BUDGET	% of total	1998/99 REVISED	% of total
Total Revenue & Grants	3116.20		3663.20		4069.70		4648.40		5198.20		5389.50		6107.80		6179.41	
Tax Revenue	2775.70	89.1	3104.70	84.8	3548.20	87.2	4113.40	86.2	4542.30	87.4	4663.40	86.5	5382.60	88.1	5486.00	88.8
Direct taxes	930.20	29.9	1016.00	27.7	1080.70	26.6	1353.80	28.4	1365.60	26.3	1501.00	27.9	1785.70	29.2	1921.00	31.1
Personal Taxes	518.50	16.6	561.70	15.3	625.00	15.4	846.90	17.8	790.00	15.2	805.00	53.6	998.70	55.9	1050.00	54.7
Company Taxes	369.20	11.8	424.80	11.6	427.00	10.5	416.30	8.7	510.00	9.8	635.00	78.9	708.00	70.9	801.00	76.3
Other Taxes on Income and Profit	42.50	1.4	29.50	0.8	28.70	0.7	90.60	1.9	65.60	1.3	61.00	9.6	79.00	11.2	70.00	8.7
														0.0		
Indirect Taxes	1845.50	59.2	2088.70	57.0	2467.50	60.6	2759.60	57.8	3176.70	61.1	3162.40	58.7	3596.90	58.9	3565.00	57.7
Domestic tax on goods and services	906.60	29.1	1115.80	30.5	1234.80	30.3	1342.30	28.1	1520.70	29.3	1516.40	48.0	1712.50	47.6	1675.80	47.0
Tax on property	27.70	0.9	38.00	1.0	40.00	1.0	32.90	0.7	50.00	1.0	44.00	2.9	39.00	2.3	39.00	2.3
Tax on int. trade & transactions	896.00	28.8	905.40	24.7	1156.70	28.4	1348.70	28.3	1564.00	30.1	1560.00	28.9	1805.20	29.6	1805.20	29.2
Others	15.20	0.5	29.50	0.8	36.00	0.9	35.70	0.7	42.00	0.8	42.00	2.7	40.20	0.7	45.00	0.7
		0.0														
Non-tax revenue	274.70	8.8	513.40	14.0	469.50	11.5	488.20	10.2	532.20	10.2	525.10	9.7	651.00	10.7	589.70	9.5
Enterpreneural & Property Income	74.60	2.4	199.30	5.4	220.20	5.4	303.50	6.4	308.70	5.9	308.80	58.8	384.00	59.0	341.40	57.9
Fines & Forfeitures	5.90	0.2	8.90	0.2	6.00	0.1	11.90	0.2	10.00	0.2	8.50	2.8	10.00	2.6	10.00	2.9
Administrative fees & charges	194.20	6.2	305.20	8.3	243.30	6.0	172.80	3.6	213.50	4.1	207.80	3.9	257.00	4.2	238.30	3.9
Return on capital	11.00	0.4	10.70	0.3	9.60	0.2	13.90	0.3	59.70	1.1	98.70	1.8	28.60	0.5	39.16	0.6
Grants	54.80	1.8	34.40	0.9	42.40	1.0	32.90	0.7	64.00	1.2	102.30	1.9	45.60	0.7	64.55	1.0
Total Expenditure & Net Lending	3366.30		3690.40		4339.80		5588.50		5754.00		6087.30		6783.80		7127.33	
Current Expenditure	2833.50	84.2	3151.40	85.4	3659.80	84.3	4918.80	90.7	4755.40	82.6	5206.30	85.5	5901.20	87.0	6219.53	91.7
Personnel	1621.80	48.2	1717.40	46.5	2027.20	46.7	2649.60	48.9	2633.90	45.8	2766.10	45.4	3109.70	45.8	3276.00	48.3
Goods and Other Services	746.30	22.2	827.70	22.4	984.60	22.7	1151.20	21.2	1186.30	20.6	1285.30	21.1	1329.20	19.6	1379.50	20.3
Subsidies and transfers	367.40	10.9	474.30	12.9	527.50	12.2	794.70	14.7	725.40	12.6	821.00	13.5	1020.60	15.0	1080.40	15.9
Domestic Interest Payments	54.20	1.6	81.90	2.2	103.80	2.4	241.80	4.5	204.30	3.6	325.40	5.3	431.40	6.4	472.70	7.0
Foreign Interest Payments	12.00	0.4	19.00	0.5	15.90	0.4	1.30	0.0	3.30	0.1	4.40	0.1	7.00	0.1	7.70	0.1
Other	31.80	0.9	31.10	0.8	0.80	0.0	80.20	1.5	2.20	0.0	4.10	0.1	3.30	0.0	3.23	0.0
Capital Expenditure	498.30	14.8	506.30	13.7	645.80	14.9	648.00	12.0	846.80	14.7	836.20	13.7	814.30	12.0	834.70	11.7
Lending & Equity Participation	34.50	1.0	32.70	0.9	34.20	0.8	21.70	0.4	151.80	2.6	44.80	0.7	68.30	1.0	73.10	1.0
Overall Deficit	-250.10		-27.20		-270.10		-940.10		-555.80		-697.80		-676.00		-947.92	
Revenue:																
Direct taxes	8.96		8.66		8.06		9.08		8.95		9.83		10.15		11.05	
Taxes on property	0.27		0.32		0.30		0.22		0.33		0.29		0.22		0.22	
Domestic taxes on goods and services	8.74		9.51		9.21		9.00		9.96		9.94		9.73		9.64	
Taxes on international trade	8.63		7.71		8.63		9.04		10.25		10.22		10.26		10.39	
Total tax revenue	26.75		26.45		26.46		27.58		29.76		30.55		30.58		31.57	
Non-tax revenue	2.65		4.37		3.50		3.27		3.49		3.44		3.70		3.39	
Total revenue and grants	30.03		31.21		30.35		31.16		34.06		35.31		34.70		35.55	
Expenditure:																
Current expenditure	27.31		26.85		27.29		32.98		31.16		34.11		33.53		35.78	
Personnell expenditure	15.63		14.63		15.12		17.76		17.26		18.12		17.67		18.84	
Goods and other services	7.19		7.05		7.34		7.72		7.77		8.42		7.55		7.93	
Subsidies and transfer	3.54		4.04		3.93		5.33		4.75		5.38		5.80		6.21	
Domestic interest payment	0.52		0.70		0.77		1.62		1.34		2.13		2.45		2.71	
Foreign interest payment	0.12		0.16		0.12		0.01		0.02		0.03		0.04		0.04	
Other	0.31		0.26		0.01		0.54		0.01		0.03		0.02		0.01	
Capital expenditure	4.80		4.31		4.82		4.34		5.55		5.48		4.63		4.80	
Total expenditure	32.44		31.44		32.36		37.47		37.70		39.88		38.54		41.00	
Overall deficit (-)/surplus (+)	-2.41		-0.23		-2.01		-6.30		-3.64		-4.57		-3.84		-5.45	
GDP at market prices (N$ million)	10376.70		11738.00		13411.00		14916.00		15263.00		15263.00		17600.00		17380.30	

Source: MOF

TABLE V.1 CURRENT ACCOUNT
N$ Million

	1990	1991	1992	1993	1994	1995	1996	1997	1998
1 Merchandise trade balance (2-3)	-367.0	-135.7	-221.9	-136.8	-304.7	-470.5	-546.7	-1251.8	-954.4
2 Exports fob	2816.0	3256.2	3739.8	4225.5	4688.7	5144.8	6035.0	6189.9	7066.8
Diamonds	849.0	1222.4	1349.8	1522.4	1489.2	1766.6	2318.2	2510.3	2436.2
Other mineral products	974.3	792.1	757.3	859.0	838.6	858.1	1069.2	1164.0	1026.9
Food and live animals	466.6	570.7	644.0	669.0	928.9	959.8	1114.8	732.3	1209.3
Manufactured products	474.8	625.0	939.9	1122.5	1357.3	1450.2	1412.5	1681.1	2283.8
Other commodities	51.3	46.0	48.8	52.6	74.7	110.1	120.3	102.2	110.5
3 Imports fob	-3183.0	-3391.9	-3961.7	-4362.3	-4993.4	-5615.3	-6581.7	-7441.7	-8021.2
4 Services (net)	-575.2	-877.2	-971.2	-840.5	-743.2	-856.2	-1047.2	-707.8	-717.9
Transportation (net)	-414.4	-588.6	-613.3	-649.4	-684.7	-712.4	-849.3	-821.3	-829.1
Travel (net)	63.6	95.8	166.0	398.1	528.5	683.0	878.0	1078.7	1105.0
Insurance (net)	-42.3	-47.3	-69.8	-75.7	-109.6	-172.9	-239.9	-330.2	-292.0
Other private services (b) (net)	-216.9	-355.9	-463.0	-521.9	-482.2	-656.4	-837.1	-641.3	-723.8
Other government services (net)	34.8	18.7	8.8	8.3	4.8	2.5	1.1	6.4	22.0
5 Compensation of employees (net)	-34.1	-24.6	-9.7	-3.5	0.9	0.5	-3.8	-31.8	-13.0
6 Investment income (net)	131.0	291.4	57.2	192.8	191.1	514.1	330.9	363.1	402.9
Income received	461.4	655.2	556.1	673.9	736.8	1343.7	1372.2	1136.0	1229.4
direct investment	9.0	22.1	26.1	3.5	-12.4	25.2	19.9	5.6	5.0
portfolio investment	48.7	35.2	41.7	39.6	33.0	46.0	48.4	45.4	39.4
other investment	403.7	597.9	488.3	630.8	716.2	1272.5	1303.9	1085.0	1185.0
Income paid	-330.4	-363.8	-498.9	-481.1	-545.7	-829.6	-1041.3	-772.9	-826.5
direct investment	-172.5	-208.5	-390.4	-374.5	-404.2	-676.3	-868.0	-628.8	-692.0
portfolio investment	-61.1	-94.1	-61.2	-68.2	-91.4	-74.1	-98.8	-75.8	-72.6
other investment	-96.8	-61.2	-47.3	-38.4	-50.1	-79.2	-74.5	-68.3	-61.9
7 Total goods, services and income balance (2 to 6)	-845.3	-746.1	-1145.5	-788.0	-855.9	-812.1	-1266.8	-1628.3	-1282.4
8 Transfers in cash and kind (net)	916.7	1036.4	1288.6	1147.8	1159.1	1461.7	1789.8	2046.8	2230.6
Government									
grants from foreign govts, intl & NGOs	88.0	194.5	359.3	279.7	203.0	266.0	365.5	343.1	325.0
SACU	605.2	716.0	747.5	762.3	868.2	1092.4	1300.5	1560.4	1805.2
withholding taxes	40.4	16.5	22.1	20.5	26.7	26.0	28.0	31.2	35.0
other transfers received	139.4	69.1	58.7	48.4	43.3	32.0	25.5	50.0	40.0
transfer debits (mainly SACU)	-21.6	-33.9	-42.9	-44.7	-51.7	-58.8	-62.4	-54.8	-53.5
Private									
grants received by NGOs	79.1	80.9	144.5	78.9	64.0	95.0	123.3	106.0	67.9
other transfers (net)	-13.8	-6.7	-0.7	2.8	5.7	9.1	9.4	10.8	11.0
9 CURRENT ACCOUNT BALANCE (7+8)	**71.4**	**290.2**	**143.0**	**359.8**	**303.2**	**649.6**	**523.0**	**418.5**	**948.2**

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

TABLE V.2 CAPITAL AND FINANCIAL ACCOUNT

N$ Million

	1990	1991	1992	1993	1994	1995	1996	1997	1998
Net capital transfers	109.3	79.8	91.5	88.3	153.6	145.5	180.8	154.2	131.8
Direct investment abroad	-3.5	-17.6	4.5	-28.4	21.7	12.9	93.2	-3.0	12.0
Equity capital	-0.3	-0.7	9.7	-3.8	2.5	1.0	0.0	0.0	0.0
Reinvested earnings	0.6	-5.9	-5.3	3.2	17.2	5.5	12.7	1.1	2.0
Other capital	-3.8	-11.0	0.1	-27.7	2.0	6.3	80.5	-4.1	10.0
Direct investment in Namibia	76.5	332.7	337.2	180.7	347.9	554.9	553.3	419.2	532.0
Equity capital	93.9	78.5	34.8	58.1	96.2	112.9	317.6	357.7	402.0
Reinvested earnings	-112.6	62.8	190.7	82.1	181.6	358.6	340.4	63.0	195.0
Other capital	95.2	191.3	111.7	40.4	70.1	83.5	-104.7	-1.5	-65.0
Portfolio investment	28.3	-70.9	45.3	246.6	168.0	279.7	99.0	52.8	-85.1
Equity									
Assets	-23.1	-34.2	-19.8	-15.9	-17.5	-13.7	-33.8	-67.2	-41.1
Liabilities	-0.0	-11.3	17.1	3.5	133.3	165.9	220.1	132.8	100.0
Debt									
Assets	11.4	4.6	22.2	66.5	-42.6	-4.8	-1.2	0.1	-20.0
Liabilities	40.0	-30.0	25.8	192.6	94.8	132.3	-86.0	-12.8	-124.1
Other investment - long term	-414.5	-679.3	-758.5	-730.7	-1146.4	-1602.0	-1327.0	-959.0	-1030.5
General Government	95.9	101.5	4.9	56.3	12.4	74.0	114.3	75.0	88.5
Assets	-3.5	-8.2	-5.0	-4.0	-5.0	-5.0	-5.0	-5.0	-5.0
Drawings on loans received	187.3	168.6	18.4	66.8	23.9	85.5	125.8	86.5	100.0
Repayments on loans received	-87.9	-58.8	-8.5	-6.5	-6.5	-6.5	-6.5	-6.5	-6.5
Monetary authorities: Liabilities	0.1	0.0	80.4	101.0	101.6	63.7	73.2	0.0	0.0
Banks: Liabilities	-15.0	-18.9	-10.5	-9.2	-13.4	-28.6	-5.0	0.0	0.0
Other sectors	-495.4	-761.9	-833.2	-878.8	-1247.1	-1711.1	-1509.5	-1034.0	-1119.0
Assets	-508.5	-803.5	-807.5	-721.0	-1055.4	-1612.7	-1529.8	-1127.5	-940.0
Liabilities	13.0	41.7	-25.7	-157.8	-191.7	-98.4	20.3	93.5	-179.0
Other investment - short term	-211.2	-39.3	106.1	230.0	348.1	73.5	-93.5	161.1	-233.3
General Government: Assets	-269.7	269.7	-12.1	-26.8	38.9	0.0	0.0	0.0	0.0
Banks	73.0	-360.4	187.1	254.1	250.9	100.2	-414.6	349.4	-169.2
Assets	-19.7	-208.4	217.9	184.6	0.5	53.8	-209.0	-187.3	-11.4
Liabilities	92.6	-152.0	-30.8	69.5	250.4	46.4	-205.6	536.7	-157.8
Other sectors	-14.4	51.4	-68.9	2.7	58.3	-26.7	321.1	-188.3	-64.0
Assets	-48.3	38.6	-54.6	-23.9	-47.8	11.5	-24.0	-16.0	-14.0
Liabilities	33.9	12.8	-14.3	26.6	106.1	-38.2	345.1	-172.3	-50.0
CAPITAL AND FINANCIAL ACCOUNT BALANCE, EXCLUDING RESERVES (b)	**-415.2**	**-394.6**	**-174.0**	**-13.5**	**-107.2**	**-535.5**	**-494.2**	**-174.6**	**-673.1**
Net errors and omissions (c)	439.1	70.0	12.3	-47.9	70.4	-26.2	69.8	68.0	33.0
OVERALL BALANCE (d)	95.2	-34.4	-18.7	298.4	266.3	87.3	98.5	312.3	308.5
RESERVES	-95.2	34.4	18.7	-298.4	-266.3	-87.3	-98.5	-312.3	-308.5

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

(b) Represents net identified capital transactions other than reserves.

(c) Represents net errors and omissions in the current and capital and financial accounts.

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

TABLE V.3 BALANCE OF PAYMENTS ESTIMATES 1994 TO 1998: FOREIGN DEVELOPMENT ASSISTANCE TO NAMIBIA

N$ Million

TYPE OF DEVELOPMENT ASSISTANCE	1994			1995			1996			1997			1998		
	ASSISTANCE PROVIDED TO:			ASSISTANCE PROVIDED TO:			ASSISTANCE PROVIDED TO:			ASSISTANCE PROVIDED TO:			ASSISTANCE PROVIDED TO:		
	NAM GOV'T	OTHER	TOTAL	NAM GOV'T	OTHER	TOTAL	NAM GOV'T	OTHER	TOTAL	NAM GOVT	OTHER	TOTAL	NAM GOVT	OTHER	TOTAL
1. ALL GRANTS - CASH AND KIND (1+2)	**350**	**71**	**421**	**411**	**88**	**507**	**562**	**127**	**689**	**493**	**112**	**605**	**454**	**72**	**526**
1.1 CASH GRANTS	**249**	**40**	**289**	**207**	**65**	**280**	**233**	**68**	**301**	**181**	**65**	**246**	**153**	**44**	**197**
1.1.1 Budget Support to Government (ie channelled through State Revenue Fund)	122	0	122	136	8	144	165	0	165	97	0	97	103	0	103
1.1.1.1 For capital projects	82	0	82	94	0	94	111	0	111	66	0	66	70	0	70
1.1.1.2 Recurrent expenditure	23	0	23	25	8	33	44	0	44	25	0	25	25	0	25
1.1.1.3 Other purpose (not specified)	17	0	17	17	0	17	10	0	10	6	0	6	8	0	8
1.1.2 Non-budget support to Government: projects (ie financed outside of budget)	127	0	127	61	0	61	58	0	58	72	0	72	45	0	45
1.1.2.1 For capital expenditure	53	0	53	25	0	25	36	0	36	42		42	14	0	14
1.1.2.2 Recurrent expenditure	27	0	27	20	0	20	10	0	10	5		5	3	0	3
1.1.2.3 Other purpose (not specified)	47	0	47	16	0	16	12	0	12	25		25	28	0	28
1.1.3 Grants to Namibian Non-Government Organisations	0	40	40	10	65	75	10	68	78	12	65	77	5	44	49
1.2 IN KIND GRANTS	**101**	**31**	**132**	**204**	**23**	**227**	**309**	**59**	**368**	**312**	**47**	**359**	**301**	**28**	**329**
1.2.1 Goods	12	7	19												
1.2.1.1 Capital Goods	0	0	0	26	1	27	30	3	33	41	6	47	44	4	48
1.2.1.2 Other Goods	0	0	0	11	6	17	14	4	18	8	5	13	9	5	14
1.2.2 Services (including technical assistance)	82	20	102	156	16	172	259	51	310	260	35	295	244	18	262
1.2.3 Educational scholarships	7	4	11	11	0	11	6	1	7	3	1	4	4	1	5
1.3 LOANS	0	0	0	0	0	0	20	0	20	0	0	0	0	0	0

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TABLE V.4 FOREIGN EXCHANGE RATES

Foreign currency per Namibia dollar
End of period averages

	US Dollar	German Mark	British Pound	Japanese Yen	Swiss Franc	Spanish Peseta
1990	0.3948	0.5924	0.2030	52.6316	0.5043	39.2157
1991	0.3613	0.5659	0.1982	45.4545	0.5013	37.5940
1992	0.3318	0.5249	0.2140	41.6667	0.4719	35.8423
1993	0.2963	0.5066	0.1987	32.2581	0.4338	38.7597
1994	0.2809	0.4417	0.1803	28.7356	0.3734	37.7358
1995	0.2742	0.3916	0.1744	25.8836	0.3213	34.3643
1996	0.2301	0.3484	0.1467	25.1732	0.2877	29.4985
1997	0.2163	0.3144	0.1325	26.0299	0.3127	31.7460
1998	0.1808	0.3171	0.1091	23.5849	0.2613	26.9542

Source: SARB