

**Probable Date of Presentation to the Boards**

**Lapse-of-time Procedure**

**26 November 2025**

**FOR INFORMATION**

## **MEMORANDUM**

**TO : THE BOARDS OF DIRECTORS**

**FROM : Vincent O. NMEHIELLE**  
**Secretary General**

**SUBJECT : NAMIBIA: COUNTRY STRATEGY PAPER 2025-2030 - REVISED**  
**VERSION\***

The revised version of the above-mentioned document was submitted for your **consideration on a lapse-of-time basis** on 12 November 2025.

**Since no objection was recorded by 5 p.m. on 26 November 2025**, the said revised version is considered approved.

**Attach:**

**Cc.: The President**

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**AFRICAN DEVELOPMENT BANK GROUP**



**GOVERNMENT OF THE REPUBLIC OF NAMIBIA**

**SOUTHERN AFRICA REGIONAL DEVELOPMENT AND BUSINESS DELIVERY OFFICE (RDGS)**

**COUNTRY ECONOMICS DEPARTMENT (ECCE)**

**September 2025**

**COUNTRY STRATEGY PAPER (2025–2030)**

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# **AFRICAN DEVELOPMENT BANK GROUP**



## **REPUBLIC OF NAMIBIA**

### **BANK GROUP COUNTRY STRATEGY PAPER (2025-2030)**

**REVISED**

**SOUTHERN AFRICA DEVELOPMENT AND BUSINESS DELIVERY  
OFFICE**

November 2025

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## ACRONYMS AND ABBREVIATIONS

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ACCF	Africa Climate Change Fund	IPSAS	International Public Sector Accounting Standards
ADB	African Development Bank		
AEO	African Economic Outlook	IPU	International Parliamentary Union
AfCFTA	African Continental Free Trade Area	ISS	Integrated Safeguards System
AGOA	African Growth and Opportunity Act	M&E	Monitoring and Evaluation
AWF	African Water Facility	MIC	Middle-Income Country
CDN	Country Diagnostic Note	MTC	Mobile Telecommunications Company
CFR	Country Focus Report	MTR	Mid-Term Review
CFRA	Country Fiduciary Risk Assessment	MVA	Manufacturing Value Added
CIF	Climate Investment Fund	MW	Mega Watt
CMA	Common Monetary Area	NAD	Namibia Dollar
CODE	Committee on Operations and Development Effectiveness	NamRA	Namibia Revenue Authority
CPIA	Country Policy and Institutional Assessment	NAMSIP	Namibia Agricultural Mechanization and Seed Improvement Project
CPPI	Country Portfolio Improvement Plan	NBFI	Non-Bank Financial Institutions
CPPR	Country Portfolio Performance Review	NDC	Nationally Determined Contributions
CRAN	Communications Regulatory Authority of Namibia	NDP	National Development Plan
CRFA	Country Resilience and Fragility Assessment	NPL	Non-Performing Loans
CSOs	Civil Society Organizations	NSO	Non-Sovereign Operation
CSP	Country Strategy Paper	PBO	Policy-Based Operation
DPs	Development Partners	PCR	Project Completion Report
DRM	Domestic Resource Mobilization	PHC	Primary Health Care
DSA	Debt Sustainability Analysis	PIU	Project Implementation Unit
ECRSP	Economic Competitiveness Reform Support Program	PPP	Public-Private Partnership
EEZ	Exclusive Economic Zone	PRDM	Policy Reform Dialogue Matrix
ERSP	Economic Reform Support Program	SACU	Southern African Customs Union
EUR	Euro	SADC	Southern African Development Community
FDI	Foreign Direct Investment	SEZ	Special Economic Zones
GCF	Global Climate Fund	SDG	Sustainable Development Goals
GCI	Global Competitiveness Index	SMEs	Small and Medium Enterprises
GDP	Gross Domestic Product	SO	Sovereign Operation
GERSP	Governance and Economic Reform Support Program	SOEs	State-Owned Enterprises
GHG	Green House Gases	SWAPO	South-West Africa People's Organization
ICT	Information and Communications Technology	TVET	Technical Vocational Education Training
IDEV	Independent Development Evaluation	TYS	Ten-Year Strategy
IMF	International Monetary Fund	UA	Unit of Account
IOP	Indicative Operational Program	UNDP	United Nations Development Program
		USD	United States Dollar
		ZAR	South African Rand

**CURRENCY EQUIVALENTS, WEIGHTS AND MEASURES, FISCAL YEAR**

**CURRENCY EQUIVALENTS**

As of 30<sup>th</sup> October 2025

Namibia currency unit	=	Namibian Dollar (NAD)
UA 1.00	=	1.37097 USD
UA 1.00	=	1.16768 EUR
UA 1.00	=	23.69301 NAD
USD 1.00	=	17.28193 NAD
ZAR 1.00	=	1.00000 NAD

**WEIGHTS AND MEASURES**

Metric System

**GOVERNMENT FISCAL YEAR**

1 April – 31 March

## EXECUTIVE SUMMARY

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1. **This report presents the African Development Bank Group's Country Strategy Paper (CSP) 2025-2030 for the Republic of Namibia.** It presents recent political and socio-economic developments and prospects, highlights of portfolio performance and lessons learned, and defines the strategy that will guide the Bank's support to Namibia for 2025-2030. The Committee on Operations and Development Effectiveness (CODE) endorsed the strategic direction of this CSP on 6<sup>th</sup> May 2025, during its review of the CSP 2020-2024 Completion Report. The CSP is informed by Namibia's Vision 2030, the sixth Namibia Development Plan (NDP6) 2025/26-2030/31, the Bank's 2024 Namibia Country Diagnostic Note (CDN), Africa's Agenda 2063, the Sustainable Development Goals (SDGs), the Bank's 2021 Selectivity Paper and the Independent Development Evaluation (IDEV's) evaluation of the Bank's CSPs covering 2014-2023 ([Namibia CSP Evaluation](#)), which recommended that Bank support should strengthen its internal coherence, and enhance synergies and complementarities in the Bank's programs to promote inclusive and resilient development. The CSP is also informed by extensive consultations with the government, private sector, civil society and development partners. The CSP is aligned with the Bank's 2024-2033 Ten Year Strategy (TYS), the High-5 priorities, the Southern African Regional Integration Strategy Paper (SA-RISP) 2022-2026, and other corporate strategies.

2. **Namibia was reclassified in June 2025 as a lower-middle-income country with a per capita income of USD 4,240 in 2024 from an upper-middle income with a per capita income of USD 4,870 in 2023** due to slower real GDP growth amid high population growth as per the 2023 Namibia Housing and Population Census. Namibia enjoys political stability with multiparty democracy and continues to be one of Africa's top performers in political governance and gender empowerment. The country has many potential levers to drive growth such as access to the sea, mineral resources, fishing, and tourism, and an established rule of law. These endowments support the country's vision of transforming into a prosperous and industrialized country by 2030. However, the fluctuations in global demand and prices for diamonds as well as El Nino induced drought have slowed down real GDP growth from 5.4% in 2022 to 4.4% in 2023 and 3.7% in 2024. GDP further slowed to 2.7% during the first quarter of 2025, decelerating from 4.8% in the same quarter of 2024. GDP is projected to grow by 3.8% and 3.9% in 2025 and 2026, respectively. Overall, real GDP growth has shifted to a lower trajectory when compared to the 2010-2015 period, resulting in declining per capita income and a slower pace of poverty reduction. Over the last decade, per capita income declined from a peak of USD 5,942 in 2012 to USD 4,240 in 2024, an indication that Namibia has fallen into a Middle-Income trap, which calls for sustained investment, innovation, and technological infusion. Despite its lower-middle income status, Namibia is the second most unequal country globally, in part due to the legacy of the apartheid system and frequent shocks to the economy.

3. **Namibia's overarching development challenge remains the limited diversification of its economy, which is holding back progress towards jobs creation, reduction of the high inequality, and realization of inclusive growth.** Underlying development challenges include skills deficits stemming from structural weaknesses in the education system and infrastructure deficiencies notably in energy, transport, and water sectors, all contributing to low productivity and continued reliance on commodity exports. These development challenges have been aggravated by the recent ODA cuts and tariffs imposed by the U.S., which could cost Namibia up to USD 810 million in annual export earnings (about 1% of total export earnings). Emerging investment opportunities in water, agriculture, transport, energy, and skills development offer a pathway for Namibia to further diversify its economy and exports and accelerate per capita income growth. Additionally, Namibia's ambition to become a regional transportation and logistics hub presents opportunities for further diversification within key sectors and deepen regional integration.

4. **The Bank's CSP 2025-2030 for Namibia emphasizes greater selectivity and innovation, including multisectoral operations to respond to the country's diverse development needs.** Focus will be on the integration of SMEs into domestic and regional value chains through the

provision of agricultural support services, increased access to finance, and enabling infrastructure to foster growth and inclusive development. Diversification and development of regional value chains is urgent given the 15% reciprocal tariff on Namibia by the United States of America.

5. **The main objective of the Bank Group’s CSP 2025-2030 is to improve the enabling environment for private sector development and economic diversification to support resilient, inclusive and sustainable structural transformation.** To achieve this objective, the CSP proposes two mutually reinforcing Priority Areas: **(I) *Investing in quality and sustainable infrastructure to support resilient, inclusive and green growth***, and **(II) *Boosting human capital development through skills development and entrepreneurship to accelerate job creation and reduce inequality***. Bank support under the CSP’s priority areas will be provided selectively in four sectors: transport, energy, and water under Priority Area I, and skills development under Priority Area II. Priority Area I and the three sectors covered (transport, energy, and water) were endorsed by CODE when considering the Completion Report of the previous CSP 2020-2024 in May 2025. However, subsequent consultations with the authorities following CODE’s endorsement of the Priority Areas led to a change of Priority Area II from economic and financial governance to address a key impediment to inclusive growth and better align Bank support with the new Government’s emphasis on human capital development via skills development as espoused in the recently launched NDP6 (2025/26-2030/31). Under Priority Area I, the Bank will focus on reducing the costs of doing business by supporting resilient infrastructure development to catalyze private sector development, support Namibia’s ambition of becoming a logistics hub and accelerate economic diversification. Under Priority Area II, the Bank will consolidate its previous and ongoing investments to strengthen the ecosystem for entrepreneurship through holistic responses to labour market constraints and thereby complement Bank support under Priority Area I. The Bank will support skills development on the supply side of the labor market and entrepreneurship and enterprise development on the demand side. Overall, CSP 2025-2030 is more selective as Bank assistance will be delivered in only four sectors (energy, transport, water, and skills development) compared to the six sectors of the previous CSP (energy, transport, water, agriculture, finance, and economic governance).

6. **Crosscutting themes will be mainstreamed in all new Bank operations.** These include climate change and green-growth, environmental and social safeguards, health and nutrition, gender equality and women’s economic empowerment, fragility and resilience considerations and regional integration. Furthermore, the envisaged integrated projects in regions with the highest poverty levels are expected to catalyze local economic development and reduce persistent inequalities. Support to infrastructure development under Priority Area I will contribute to improved connectivity to regional markets, thereby promoting regional integration.

7. **The Indicative Operational Program (IOP) 2025–2027** consists of six Sovereign Operations (SOs) estimated at UA 1,260.5 million (USD 1.74 billion), and two Non-Sovereign Operations (NSOs) estimated at UA28.5 million (USD 39.3 million). The non-lending program comprises nine technical assistance projects estimated at UA3.06 million.

8. **As of 31 July 2025, the active portfolio comprised 10 operations with net commitments of UA 600.8 million (USD 870.7 million).** In terms of sector distribution, the finance sector dominates (40.9%), followed by transport (38.8%), water (13.5%), agriculture (6.9%), and governance (0.04%). Public sector operations account for 59% and NSO for 41%, and there are no multinational projects. Notably, 33% of Namibia’s portfolio projects are red flagged. Key portfolio implementation challenges relate to slow procurement, slow disbursement and limited government capacity to implement Bank procedures in procurement ([Annex A.6](#)).

9. **The Boards of Directors are invited to consider and approve Namibia’s CSP 2025-2030.**

## 1. INTRODUCTION

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1. **This report presents the African Development Bank Group's Country Strategy Paper (CSP) 2025-2030 for the Republic of Namibia (RN).** During the approval of the CSP 2020-2024 Completion Report (ADB/BD/WP/2025/60-ADF/BD/WP/2025/42) on 6 May 2025, the Committee on Operations and Development Effectiveness (CODE) underscored the need to consider the lessons from the Independent Development Evaluation (IDEV) evaluation, adopt an integrated operational approach, strengthen support for domestic micro, small, and medium enterprises (MSMEs), address inequality, and foster skills development and employment creation.

2. **Building on the achievements of the previous CSP 2020-2024, the main objective of the Bank Group's CSP 2025-2030 is to improve the enabling environment for private sector development and economic diversification to support resilient, inclusive and sustainable structural transformation.** To achieve this objective, the strategy is anchored on two Priority Areas: (I) *“Investing in quality and sustainable infrastructure to support resilient, inclusive and green growth”* and (II) *“Boosting human capital development through skills development and entrepreneurship to accelerate job creation and reduce inequality”*<sup>i</sup>. This strategic focus is expected to accelerate reductions in inequality.

3. **The report draws on extensive consultations with the Government, private sector, civil society, and development partners, conducted from 12 to 16 May 2025.** Additionally, it reflects guidance from CODE, lessons learned from the CSP 2020-2024 Completion Report and the 2025 Country Portfolio Performance Review, insights from the 2024 Namibia Country Diagnostic Note ([Namibia CDN](#)), and recommendations from the IDEV evaluation of the Bank's strategies for Namibia over the 2014-2023 period ([Namibia CSP Evaluation](#)). The Strategy is aligned with Namibia's Vision 2030, the Sixth National Development Plan (NDP6, 2025/26-2030/31), as well as the Bank's Ten-Year Strategy (TYS, 2024-2033), the High-5 priorities, and the Southern African Regional Integration Strategy Paper (SA-RISP) 2022-2026 ([Annex A.3.4](#)).

## 2. COUNTRY CONTEXT AND PROSPECTS

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### 2.1 Political Context and Prospects

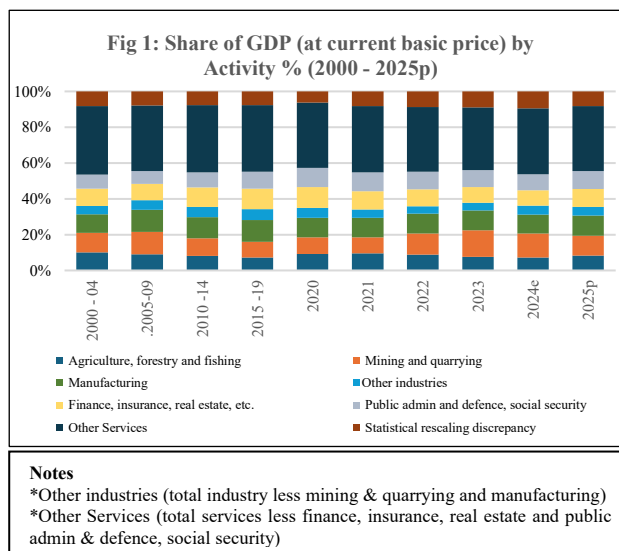
4. **Multiparty democracy is entrenched, with political stability playing an important role in Namibia's development.** Democratic elections have been held every five years, since independence in 1990, and the constitution provides for a two-term presidential limit. Her Excellency Netumbo Nandi-Ndaitwah was officially declared the winner of the November 2024 elections and sworn in as Namibia's first female president on 21 March 2025. She got 58.7% of the vote, defeating her closet challenger, who won 26% of the votes.

5. **Namibia continues to rank among one of Africa's top performers in political governance.** The country ranked 6<sup>th</sup> out of 54 countries on the 2023 Ibrahim Index of African Governance, with a score of 63.9 out of 100, above the continental and Southern African regional averages of 49.3 and 54.6, respectively. Transparency International's 2024 Corruption Perception Index ranked Namibia ranked 59<sup>th</sup> out of 180 countries globally, with the 49% score unchanged from 2023, indicating a continued need for strengthened anti-corruption efforts<sup>ii</sup>. Namibia scored 4.06 out of 6 in the Governance cluster of the Bank's 2023 Country Policy and Institutional Assessment (CPIA), representing a slight improvement over the score of 4.0 in 2021. Namibia is expected to remain a politically stable country over the medium term. The Bank's 2024 Country Fragility and Resilience Assessment recommended further strengthening of accountability mechanisms ([Annex A.15](#)).

### 2.2 Economic Context and Prospects

6. **Namibia was reclassified in June 2025 to a lower-middle-income country,** with per capita income declining to USD 4,240 in 2024 from USD 4,870 in 2023, when the country held upper-middle income status. The reclassification reflects slower real GDP growth amid

high population growth as per the 2023 Namibia Housing and Population Census. The mining sector, which is dominated by diamond, uranium, and gold mining, remains Namibia's economic backbone in terms of contribution to government revenue and foreign exchange earnings. Since it is a very capital-intensive industry, its direct employment effect (2.6% of total employment in 2023) is relatively low compared to the monetary value of its output. This contrasts with the low-productivity labor-intensive agricultural sector that provides livelihood for most of the rural population ([Annex A.12, Figure 1](#)).



Per capita real GDP growth was negative in five of the last ten years, indicating less inclusive growth. Consequently, income reclassification could further slow the progress towards addressing inequality, which calls for urgent actions to diversify the sources of growth. The country faces several challenges in achieving structural transformation and economic diversification, including dominance of state-owned enterprises (SOEs), infrastructure deficits<sup>iii</sup>, low population density, and a shortage of specialized skills that limit research and development and industrial diversification<sup>iv</sup>.

7. **Namibia experienced some industry/manufacturing-led transformation, creating higher value-added formal wage employment although at a smaller scale.** Industry's share of GDP increased from 25.8% over 2000-2004 to 27% over 2015-2019, driven by manufacturing, which increased from 10.4% to 12% during the same period. The share of industry in GDP is estimated to increase to 27.6% over 2021-2025, led by mining and quarrying, whose GDP share is projected to increase from 8.9% to 12%. Services' share of GDP rose from 55.9% to 58.1% over the same period, driven mainly by finance, insurance and real estate (9.7% to 11.4%) and public administration, defense, and social security (7.9% to 9.5%). The share of agriculture, forestry and fishery in GDP decreased from 10.1% to 7.2% over the same period on account of reduced production in livestock farming. Employment share of manufacturing rose from 4.5% in 2012 to 9.8% in 2023 while it decreased in agriculture from 24.7% to 16.1% during the same period.

8. **The sectoral trends underscore the urgent need for strategic interventions to boost productivity, diversify the economy, and accelerate wealth creation.** In addition to investments in infrastructure and skills and enterprise development, other key imperatives comprise improvements in the investment promotion policy and legislation<sup>v</sup>, harmonization of the corporate tax regime with SADC standards<sup>vi</sup>, and updating the 2012 industrial policy, among others<sup>vii</sup>. These investments will also complement Namibia's macroeconomic stability, including the competitive interest rates<sup>viii</sup>, and lay the foundation for wealth creation. Enabling value addition, including in manufacturing will facilitate a shift from low-productivity, low-wage activities towards higher-productivity sectors and improved economies of scale that generate better-paying employment. This structural shift will improve labor incomes and expand the domestic supply of goods and services, increasing domestic consumption and export potential. As disposable incomes rise, aggregate demand increases, stimulating further private investment and employment creation. This dynamic demand-led growth reinforces a cycle of income generation, market expansion, and inclusive economic transformation.

9. **Real GDP growth is on an upward trend although it slowed to 3.7% in 2024 from 4.4% in 2023, due to weak global demand for diamonds and a contraction in agriculture caused by drought.** GDP grew by 2.7% during the first quarter of 2025, decelerating from the 4.8% recorded in the same quarter of 2024. The period between 2019 and 2024 was

characterized by significant growth volatility, including recession due to the COVID-19 pandemic, collapse in the price of diamonds and other mineral exports, and lower industrial and agricultural production due to low competitiveness and drought. Overall, real GDP growth has shifted to a lower trajectory when compared to the 2010 to 2015 period, resulting in declining per capita income and a slower pace of poverty reduction. Over the last decade, per capita income declined from a peak of USD 5,942 in 2012 to USD 4,240 in 2024, an indication that Namibia has fallen into a Middle-Income Country trap, which calls for sustained investment, innovation, and technological infusion to accelerate economic diversification. Namibia has many potential levers to drive growth such as access to the sea, mineral resources, fishing, and tourism, and established rule of law, which should be harnessed to support economic diversification, inclusive and resilient growth<sup>ix</sup>.

10. **Namibia's economy faced consecutive shocks, including the COVID-19 pandemic, which caused the fiscal deficit to rise sharply from 5.6% of GDP in 2019 to over 8% in 2020.** In response, the government's Medium-Term Fiscal Framework (MTFF) aimed at fiscal consolidation, supported by increased Southern African Customs Union (SACU) revenues, which helped to narrow the fiscal deficit to 5.2% in 2022 and 2.4% in 2023. The fiscal consolidation strategy, launched in October 2020, focused on reforms stated in Box 1 ([Annex A.16](#)), but public sector salaries and healthcare costs remain high, with wages accounting for about 40% of total public expenditure, the highest amongst SACU countries.

11. **Reducing informality would enhance tax revenue collections.** Although improved tax administration offers potential revenue gains, Namibia's five-year average (2020-2024) tax-to-GDP ratio of 19.7%, higher than the emerging market average of 18%, in 2024 highlights the importance of fiscal consolidation. Higher than expected expenditure growth compared to revenue growth increased the fiscal deficit to 3.9% of GDP in 2024 (Box 1), a likely scenario in 2025 as the government responds to U.S. aid cuts and new tariffs.

**Box 1: Domestic Resource Mobilization (DRM) in Namibia.** Compared with other African countries, Namibia performs well in terms of revenue mobilization, with the tax/GDP ratio averaging 19.7% over the past 5 years compared to the 18% average for emerging economies, but the uncertainty and lack of predictability of SACU revenues remains a key risk to fiscal sustainability. Projections for 2025 point to declining revenue performance at 29.9% to a low of 27.4% of GDP by 2027. This situation is compounded by the uncertainty in the dominant diamond sector due to reduced global demand. Namibia has embarked on reforms to diversify the revenue base, including reducing informality of the economy and improve tax administration and enhancing collections on tax arrears. Notable reforms include (i) Implementation of the Integrated Tax Administration System (ITAS) and (ii) the establishment of the Namibia Revenue Authority (NamRA) with support from the Bank in 2017 and 2024, (iii) the Economic Diversification Strategy and (iv) aligning taxes to regional and international standards to promote competitiveness as outlined in the 2024 Fiscal Strategy, closing tax avoidance loopholes for multinational companies and the extractive industry.

12. **The rising debt trend following years of increasing fiscal deficits is expected to be reversed by the end of 2025.** Namibia's sovereign debt risk is classified as moderate under the IMF/WB Debt Sustainability Analysis (DSA). Between 2020 and 2022, public debt rose from 56.0% to 66.2% of GDP but fell to 62.3% in 2023 and on trend to reach the 60% threshold by end-2028 ([Annex A.12.1: Figure 5](#))<sup>x</sup>. More than 73% of Namibia's debt is owed to domestic creditors, which could potentially crowd-out the private sector. The USD 750 million Euro bond was redeemed in October 2025, marking the largest single debt maturity in Namibia's history.<sup>xi</sup> The 2024 SACU revenue windfall has eased potential pressures on government finances arising from the Eurobond<sup>xii</sup>.

13. **Monetary policy is designed within the context of the Common Monetary Area (CMA) and as guided by the Bank of Namibia Act of 2020.** The Bank of Namibia has some degree of monetary policy independence, but no large divergences with the South African Reserve Bank exist.<sup>xiii</sup> When annual inflation surpassed the 4.5% threshold in October 2021, the Bank of Namibia gradually increased the repo rate from 3.5% in December 2021 to 7.75% by July 2023 and has since reduced to 6.75 % in February 2025<sup>xiv</sup>. Annual inflation decreased to 3.70% in June 2025, from 4.6% in June 2024 driven by key factors such as easing global oil and fuel price pressures, and a relatively stable rand. The Namibian dollar (NAD), pegged at

par to the South African rand, reached its lowest value of NAD 19.42 per USD in April 2025 and its strongest value of NAD 16.99 per USD in September 2024. Foreign currency reserves remained stable at approximately 3.9 months of import cover by end of quarter 1 of 2025, providing a buffer against external shocks.

**14. Namibia's current account position widened to 16.5% of GDP in 2024 from 11.2% in 2021, reflecting a high import-content of the oil exploration** and non-mining sectors. The structural trade deficit reflects the limited progress towards economic diversification. The current account deficit is financed by foreign direct investment (FDI) and, therefore, does not pose a threat to reserves sustainability. Sustaining FDI inflows remains a critical part of ensuring adequate cover for imports, especially as import requirements have increased due to the drought experienced in the country.<sup>xv</sup>

**15. Namibia's economic growth outlook is positive, but higher growth rates are required to tackle unemployment and inequality.** Real GDP is projected to recover moderately to 3.8% in 2025 and 3.9% in 2026 due to less extreme weather conditions and robust activity in the natural resources sector, particularly petroleum exploration and a surge in uranium production, supported by rising global commodity prices. A recovery is also evident in tourism, transport and storage, financial services, and electricity generation. Growth prospects are expected to be bolstered by developments in the green hydrogen industry, increased investment in oil and gas, and infrastructure expansion.<sup>xvi</sup> The downside risks include global trade disruptions such as the U.S. tariffs (Box 2 and [Annex A.21](#)), persisting depressed diamond prices, climate shocks, and uncertainty in the green hydrogen initiatives.

**Box 2: Impact of the U.S.'s 'reciprocal tariffs' on Namibia's trade.** The U.S. imposition of a 15% tariff on Namibian exports had a notable impact on Namibia's trade balance with the US. While the U.S. accounts for less than 1% of Namibia's total exports (about USD 810 million), Namibia's trade surplus with the U.S. reduced to US\$ 17.5 million during the first half of 2025, down from US\$ 22 million during the same period in 2024, reflecting the impact of the U.S. tariffs. Key sectors like diamonds, marble, and salt were most affected, with diamonds—previously duty-free under AGOA—now facing reduced competitiveness in addition to depressed global demand and prices. Uranium exports are exempted from the U.S. tariffs. Diversion of South Africa's exports to Namibia, as South Africa searches for new markets, could result in lower prices for Namibian consumers. For instance, Namibia's exports to South Africa increased by 10.8% (USD10.4million) during the first half of 2025 whereas imports grew by 4.1% (USD10.8 million), reflecting resilience in bilateral trade. However, loss of income by the stakeholder's affected sectors are likely to worsen unemployment and income inequality. Consequently, Namibia should prioritize export and economic diversification, with emphasis on regional markets. Namibia could expand to other EU countries, Middle east and Asia.

**16. The government is making efforts to rationalize public spending to ensure debt sustainability and improve enabling environment for enterprise growth.** The fiscal deficit is expected to weaken slightly to 3.2% of GDP due to higher expenditure growth compared to revenue growth. The external position is expected to remain strong with net FDI inflows, although the current account deficit will remain elevated at 15.1% of GDP in 2025. Furthermore, ongoing efforts to improve the regulatory environment for entrepreneurship and MSME growth, diversifying the economy through value addition and investment in new growth sectors are expected to generate benefits for most of the population.

**17. Faced with moderate risks in economic and financial governance, efforts to address the challenges are continuing ([Annex A.14](#)).** The adoption of the Medium-Term Expenditure Framework has improved public financial management (PFM). The Bank's 2022 Country Fiduciary Risk Assessment (CFRA) assessed the overall fiduciary risk as moderate and called for a review of the core PFM legislation that remains outstanding. The Bank is also assisting Namibia to enhance its environmental and social safeguards, given the increasing investments in infrastructure. Implementation of the International Public Sector Accounting Standards (IPSAS) is yet to be undertaken ([Annex A.14](#)). Professionalization and certification of public accountants is underway as required under the new PFM Act and regulations to enable implementation of the IPSAS. Capacity building in the Office of the Auditor General (OAG) on audit of information systems, extractive industries, green hydrogen projects and public-

private partnerships (PPPs) is ongoing. Several reforms aimed at improving the business environment are on-going including the 2023 Public Enterprise Ownership Policy, which seeks to enhance transparency, efficiency, and financial sustainability of SOEs ([Annex A.16](#)).

### 2.3 Sector Context

18. **Natural Resources: Namibia is a natural resource rich country,<sup>xvii</sup> where forestry and fishing and mining and quarrying accounted for about 20.6% of GDP in 2024.** Minerals include diamonds, uranium, zinc, gold, copper, magnesium, silver, lead, and semi-precious stones, with diamonds contributing 70% of total mineral exports and accounting for 29% of overall exports in 2023. Most of these minerals are exported in their raw form as the quality and quantities are minimal, with no economies of scale required for cost-effective domestic beneficiation. Fisheries represent the third-largest economic sector, complemented by a diverse blue economy that includes tourism, offshore diamond and phosphorite mining, salt extraction, desalination projects, and maritime transport. Potential blue economy activities are tidal and wave power, green hydrogen, oil and gas, hydropower, marine biotechnology and bioprospecting, carbon sequestration and carbon trading.<sup>xviii</sup>

19. **Industrialization:** The government has many strategic frameworks focused on economic and industrial development, including the 2012 Industrial Policy, the 2021 Mineral Beneficiation Strategy and the SACU Strategic Plan on Regional Value Chains. A National Policy on Special Economic Zones (SEZs) was approved in August 2022 to enable Namibia to attract mega industrial projects. Development of the manufacturing and industrial private sectors, especially the beef value chain, metal fabrication, chemical and salt products, semi-precious stones and jewelry<sup>xix</sup>, including MSMEs (Box 3), remains inhibited by several constraints, including limited access to credit, technology, skills, markets, and land. Additional challenges comprise disruptions in electricity and water supply, a small and fragmented domestic market and poor transport infrastructure, and skills mismatch<sup>xx</sup>.

**Box 3: Integration of domestic SME into regional value chains and creation of wealth.** More than 70,000 Micro, Small and Medium Enterprises (MSMEs) operate in Namibia, contributing to around 12% of GDP and offering income and employment to over 200,000 people. These enterprises have an opportunity to consolidate and scale up by integrating into regional value chains. The SADC Industrialization Strategy focuses on key value chains including agro-processing, minerals beneficiation, and industry, and service-driven sectors. The Strategy emphasizes regional integration through linkages between MSMEs and larger firms, targeting both upstream (inputs, intermediate goods) and downstream (processing, distribution) segments of production. The Bank is supporting the development of MSMEs in Namibia through the sovereign-guaranteed line of credit provided to the Development Bank of Namibia (DBN). This funding helps DBN to provide medium and long-term financing to enterprises, including MSMEs.

20. **Agriculture: The agriculture sector is characterized by duality, with a commercial and capital-intensive subsector juxtaposed against a subsistence-based subsector.** The sector employed around 16.1% of the labor force in 2023. However, productivity in crop production has stagnated since the 1960s. While irrigation farming has relatively stable yields, yields for crops reliant on rain-fed agriculture are highly susceptible to climatic fluctuations. With around 1.0% of total land being arable and frequent droughts, enhancing productivity and diversification is crucial to the sector's transformation.<sup>xxi</sup> Investments in infrastructure, human capital, heat-tolerant seed varieties, mechanization, access to land, and stronger institutional support for extension services are required to boost productivity. Furthermore, the high cost of financing continues to hinder investment and growth in the sector<sup>xxii</sup>. To reduce food imports, various initiatives to boost production are under way, including the expansion of the Green Scheme irrigation projects and the Dry Land Crop Production Program.<sup>xxiii</sup>

21. **Private Sector:** The sector exhibits a dual structure, comprising a formal segment with medium to large enterprises and an informal segment dominated by micro-enterprises. The formal -private sector is highly capital-intensive and largely driven by FDI and commodity exports, while MSMEs are heavily reliant on public sector demand. Despite an improvement in Namibia's Global Competitiveness Score from 52.4 in 2017 to 54.5 in 2019, it still lags

nearly 10 points behind the global average, ranking 94<sup>th</sup> out of 141 economies. The sector faces multiple challenges, including limited skills, weak market penetration, expensive financing, restricted land access, and low levels of technological adoption. Additionally, infrastructural deficiencies, inadequate business support services, and low entrepreneurship rates hinder growth<sup>xxiv</sup>. To respond to these constraints, NDP6 has launched a private sector-led growth initiative (Box 4).

**Box 4: National Development Plan 6 (NDP6 - 2025/26-2030/31) and the Private Sector-Led Growth Initiative (PSLGI).** Namibia's NDP6 places emphasis on empowering the private sector, to elevate its contribution to GDP from 78% in 2024 to 85% by 2030. In addition to the infrastructure enablers, NDP6 through the PSLGI prioritizes a conducive business environment through policy and institutional reforms, coherent policy frameworks, and strengthened partnerships, among others. Furthermore, the PSLGI focuses on enhancing skills availability within the workforce and improving the capacity of enterprises to absorb skilled talent, fostering a direct link between education/ skills development and employment. NDP6, via the PSLGI, also prioritizes boosting innovation and incubation capabilities to encourage new ideas and technologies, while reinforcing existing institutional and policy frameworks and continuously improving the business legislation to ensure clarity, fairness, and predictability for all economic actors. Key among these is the need to finalize the Investment Promotion legislation, align the corporate tax regime with SADC standards, update the 2015 Industrial Policy, the Growth at Home Strategy to support the formalization of MSMEs, and develop the one-stop-shop business registration policy. This multi-faceted approach aims to unlock Namibia's full economic potential for shared and sustained prosperity.

22. **Financial Sector: Namibia has a diversified financial sector.**<sup>xxv</sup> Non-bank financial institutions (NBFIs) held 71.8% of total assets compared to 28.2% for the banking sector in 2024. Three of the four large banks have close ties to South Africa. Private sector credit rose to a peak of 60.6% of total credit in 2020 but has continually declined to 50.1% in 2023 due to high costs of borrowing and affordability. Households account for about 60% of the private sector credit on average. Non-performing loans (NPL) hovered around the statutory threshold of 6% at end of 2024 and remain adequately provisioned.<sup>xxvi</sup> Namibia was grey listed by the Financial Action Task Force (FATF) in February 2024.<sup>xxvii</sup> Although Namibia is making progress in implementing the FATF recommendations, more needs to be done before it can exist the grey list<sup>xxviii</sup>. Namibia ranks high in terms of overall financial inclusion and gender parity for access to financial services, with 78.1% of the adult population having access to financial services although about 59.3% of the rural population is excluded.

23. **Energy: Improving the security of power supply for higher productivity is critical to Namibia's industrialization efforts.** National electricity access rates increased from 49% in 2019 to 59.5% in 2025 due to rural-urban migration and growing peri-urban settlements. Namibia generates 35% of its electricity domestically and imports 65%, mainly from the Southern Africa Power Pool, with about 40% from South Africa's utility, Eskom.<sup>xxix</sup> In 2024, Namibia's installed power capacity was 695MW,<sup>xxx</sup> while peak demand stood at 637 MW in 2023<sup>xxxi</sup> and is expected to increase to 1,243 MW by 2040,<sup>xxxii</sup> The country relies heavily on the Ruacana Hydro Dam, which accounts for 50% of domestic power generation, but its utilization rate fluctuates between 31% and 50%, depending on rainfall variability and extreme weather events. With regional energy supply shortfalls, Namibia's high energy dependence on imports heightens energy insecurity. To address these challenges, the Government is preparing the National Electrification Policy to expand access in rural and peri-urban areas. Namibia is in the process of preparing its National Energy Compact (Mission 300) to accelerate electricity access and renewable energy development. Meeting the targets of this Compact is estimated to cost USD 1.76 billion, with USD 411 million expected from the private sector.<sup>xxxiii</sup>

24. **Water and Sanitation: Access to basic water and sanitation services is improving although disparities between rural and urban areas persist.** While overall access has increased significantly, rural areas still lag urban regions with 87% access compared to 98.6% in urban areas.<sup>xxxiv</sup> The water and sanitation sector in Namibia faces several challenges, including water scarcity, inadequate financing for infrastructure development, aging infrastructure, and limited human resource capacity within sector institutions. These challenges hamper developments in the water sector especially efforts to improve sanitation, as outlined

in the 2022-2027 National Sanitation and Hygiene Strategy. Namibia has one of the highest open defecation rates globally at 47%, ranking 10<sup>th</sup> out of 192 countries, contributing significantly to diarrheal diseases, child mortality and loss of learning hours. A study by UNICEF in 2023 estimated that Namibia loses up to USD 252 million annually due to inadequate water sanitation and hygiene services.

**25. Transport: Namibia aspires to become a transport logistics hub in Southern Africa.**<sup>xxxv</sup> The sector comprises four subsectors: road (48,900 km), railway (2,687 km), aviation (eight airports), and maritime, with Walvis Bay and Lüderitz on the Atlantic Ocean as the main commercial ports, handling 21.2 million tons per annum and the latter serving mainly South Africa and Southern Namibia.<sup>xxxvi</sup> Revenues from the fuel levy are inadequate for road development and maintenance and other challenges include aging rail network, skills shortages, and gaps in legal and regulatory frameworks.<sup>xxxvii</sup> A shift in government focus from road to rail transport is reflected in financing allocations.<sup>xxxviii</sup> An interministerial committee is working on the rail network development program, prioritizing rail and road connectivity with Angola and Zambia. Unlocking the logistics opportunities along the Walvis Bay-Ndola-Lubumbashi Corridor will require increased cooperation with neighboring countries, improved logistics services, and addressing infrastructure gaps, especially rail to facilitate the movement of bulk cargo, like copper and other minerals from DRC and Zambia.<sup>xxxix</sup>

**26. Information and Communication Technology (ICT): Private sector participation in the ICT industry is very limited.** Namibia's Communications Act No. 8 of 2009 encourages private investment in the telecommunications sector, but public entities continue to dominate the market. According to the Communications Regulatory Authority of Namibia (CRAN) 2023 report, 89.4% of ICT sector assets were under public control.<sup>xl</sup> Spectrum allocation remains a key barrier to entry, with the Mobile Telecommunication Company (MTC) holding 32%, followed by Telecom Namibia at 27% and Paratus at 17%.<sup>xli</sup> In 2024, 4G mobile cellular penetration stood at 91.6%, compared to internet penetration rate of 72.5%, due to the sparse population. To harness technology for service delivery in sparsely populated areas, the Government is digitalizing business registration procedures, with the roll-out of the integrated client service facility for investors<sup>xlii</sup>.

**27. Namibia is a small-open economy whose strategic location provides opportunities for regional integration.** The country ranked 6<sup>th</sup> on the Africa Regional Integration Index of 2022 and was rated an average performer among SADC countries with an overall score of 0.34<sup>xliii</sup>. Under the SACU arrangement, Namibia enjoys duty free movement of goods, a common external tariff regime, and substantially harmonized trade policies<sup>xliv</sup>. Having signed and ratified the African Continental Free Trade Area (AfCFTA) Treaty in 2018, Namibia launched its first shipment under the AfCFTA in June 2025, signaling implementation of the agreement and underscoring the opportunities for diversification into new and larger markets. Namibia is strategically positioning itself to leverage the opportunities presented by the AfCFTA to drive export diversification and its integration in regional value chains. Infrastructure development is playing a critical role in deepening Namibia's economic integration and boosting its trade competitiveness, with aspirations to establish itself as a regional logistics hub and facilitating access to global markets for her landlocked neighboring countries.<sup>xlv</sup>

**28. Namibia's key exports are largely raw or semi- processed products.** These include diamonds (90% rough and 10% cut), beef, gold, uranium oxide, copper (cathodes and concentrate), and grapes and dates. Namibia's intra-African trade has increased by 6.26% in 2023 from 5.94% in 2022 ([Annex A.19](#)).<sup>xlvi</sup> Key export destinations in Africa include Botswana (19.3%), South Africa (18.6%), and Zambia (5.6%), while China (12.5%) and Belgium (5.3%) remain significant markets outside the continent. Namibia's imports largely came from South Africa (35.7%)<sup>xlvii</sup>, followed by China (8.9%), India (6.7%) and United Arab Emirates (4.3%). Manufactured goods represent 29% of merchandise exports in 2024.

## 2.4 Social Context and Cross-Cutting Themes

29. **Poverty, Inequality, and Human Development: Namibia is the world's second most unequal country.** Its Gini coefficient was 0.572 in 2015/2016, showing a slight decline from 0.597 in 2009/2010. Despite its middle-income status, 43.3% of the population is multidimensionally poor. High unemployment, informality, and low productivity in agriculture contribute to persistent high poverty levels, with rural areas disproportionately affected as 25% of the poor reside in rural areas compared to 8.6% in urban centers.<sup>xlviii</sup> The government's pro-poor programs and social safety nets contributed (Box 5) to a decline in the upper-bound poverty rate from 37.5% in 2003/2004 to 17.4% in 2015/2016, while extreme poverty dropped from 13.8% to 10.7% over the same period. Limited access to basic social services such as education and healthcare hinders social mobility and perpetuates spatial inequality. Despite efforts to improve social welfare, regional disparities persist in access to socioeconomic opportunities,<sup>xlix</sup>. Children in sparsely populated areas travel long distances to schools, contributing to low transition rates from primary to secondary school (62%). Addressing structural challenges in the education system is critical to improving enrolment and reducing inequalities in access to education, with a long-term positive effect on youth employment and poverty.

**Box 5: Drivers of inequality and Government's responses.** Namibia's high inequality is rooted in a complex interplay of historical, structural, and economic factors. A key driver is the historical legacy, which entrenched disparities in land ownership, education, and access to services. This has been compounded by a dual economy, which comprises of a capital-intensive mining sector that produces high-value output but generates limited employment, alongside an informal sector that is highly labor-intensive with very low productivity and no growth potential. Additionally, persistent gaps in relevant skills across the population and a relatively underdeveloped private sector have constrained job creation and limited access to economic opportunities for most of the population, further reinforcing inequality. The government is actively working to reduce and ultimately eradicate poverty and inequality by fostering inclusive economic growth across various sectors. Namibia is heavily investing in human capital development, ensuring its workforce gains the necessary skills through quality and relevance of education and training. Furthermore, Namibia is committed to bolstering its social safety nets to provide direct relief for the most vulnerable, while simultaneously striving to create opportunities for most of the population. Namibia invests about 2.7% of GDP towards its 12 social protection programmes, which cover 74% of all the poor and vulnerable members of society. Namibia aims to nurture entrepreneurship by responding to key constraints notably access to finance and business development services, including establishment of the National Youth Development Fund. Investments in human capital development to equip young men and women with employable skills is another key Government priority.

30. **Youth.** Youth aged 15–34 make up 34.1% of Namibia's population and bear the brunt of the country's unemployment crisis. The overall unemployment rate rose from 27.9% in 2014 to 36.9% in 2023<sup>1</sup>. Youth unemployment is even more severe, ranging from 40.6–44.4%, with young women disproportionately affected at 48.5%. Additionally, 41.9% of youth are not in education, employment, or training (NEET), with a female youth NEET rate of 44.1 % against 39.7 % for male youth, indicating widespread exclusion from economic opportunities. Namibia's youth unemployment crisis is multifaceted, driven by supply-side factors such as skills mismatches, limited training opportunities for specialized and middle-level technical skills, and lack of experience, as well as demand-side barriers, including slow job creation, capital-intensive industries, and struggling MSMEs.

31. **Employable skills are urgently needed.** Education level significantly influences employment prospects<sup>li</sup>. Low transition rates from primary to secondary (62%), TVET (30%), and higher education (19%), as well as low completion rates in TVET (55%) and higher education (44%), disproportionately affect poor students. Inadequate learning spaces, teacher capacity, long distances to schools and lack of boarding facilities, and aging infrastructure are among the key challenges. Despite the sector receiving the largest budget share (more than 26%), only 4% is allocated to development expenditure, limiting investment in system enhancement, access and quality education and training for employability.

The government introduced the National Youth Policy (2020-2030) to address skills development and youth unemployment.

32. **Job opportunities are limited.** Namibia's largest overall employment source remains the informal sector, which engages over 56% of the labor force. In the formal economy, the public sector is the largest employer, accounting for an estimated 25-30% of total employment.<sup>lii</sup> Formal sector MSMEs, though numbering around 15,000, support approximately 200,000 jobs and contribute 12% of GDP, yet around 90% fail within five years due to limited access to finance, markets, and business development services. With youth comprising approximately 71% of the population and facing high unemployment rates, Namibia urgently needs further expand the role of the private sector in its economy, with emphasis on a youth focused MSME development strategy, driven by coordinated policy, targeted investment, and reliable data systems.

33. **Health and Nutrition: progress has been made in terms of health indicators.** The Government adopted a Primary Health Care (PHC) system that has led to improved access to health services, currently standing at 85%, and declining rates of communicable diseases, such as HIV-AIDS. The Maternal mortality rate was at 195 per 100,000 live births in 2021, unchanged from 2020. Malnutrition is high, characterized by high rates of stunting (23.7%), wasting (7.1%), anemia in children (46%) and girls and women (25%), and obesity (4%) among children under five<sup>liii</sup>. According to the 2022 Global Health Report, Namibia is not on track to meet key targets in maternal, infant, and young child nutrition.<sup>liv</sup> Key constraints affecting delivery of quality health care include capacity constraints, aging infrastructure due to limited fiscal space for capital expenditure, and inefficiencies in the procurement and distribution of nutraceuticals and pharmaceuticals<sup>lv</sup>. Under NDP6 the government plans to increase access to quality healthcare services and thereby improve the service coverage index from 63% in 2024 to 75% by 2030<sup>lvi</sup>.

34. **Gender Equality and Inclusion.** Namibia has closed at least 80.2% of its gender gap and ranked 8<sup>th</sup> globally and 1<sup>st</sup> in Sub-Saharan Africa on the 2024 Global Gender Gap Index in terms of progress towards gender equality. Improvements in gender equality are in education, economic participation and opportunity, political empowerment and health. Namibia has achieved gains in both the health and survival and educational attainment sub-indexes, with 56.0% of technical workers and 43.6% of senior officers being women. On women's economic participation and opportunity, Namibia scored 78.4% and ranked 19<sup>th</sup> globally. Namibia scored 44.3% on political empowerment, with women accounting for 44.2% of parliamentarians and 31.6% of ministers. The President, Vice President, and National Assembly Speaker are all females.

35. **Progress on Sustainable Development Goals (SDGs).** Namibia has achieved or is on track to achieve 39.3% of its targets, with limited progress on 44.3% and regression in 16.4% of the targets. The 2024 Sustainable Development Report ranked Namibia 98<sup>th</sup> out of 166 countries, scoring 66.54 ([Annex A.13](#)). Namibia scores 0.615 on the Human Development Index (HDI).

36. **Climate change and Green Growth.** Namibia contributes less than 0.01% to global greenhouse gas emissions and is presently a net carbon sink, although as an arid and water-scarce country, it is experiencing the impacts of climate change. The 2021-2030 Nationally Determined Contribution (NDC) Implementation Strategy and Action Plan outlines adaptation priorities in key sectors such as water resources, agriculture, forestry, tourism, health, and disaster risk management. While mitigation priority sectors are energy, industrial processes and product use, agriculture, forestry and land-use, and waste. The total estimated cost to implement the NDC measures is USD15,065 million; with 90% contingent on international support. Namibia continues to make progress in securing the means for implementation but strengthening institutional capacity and fostering stakeholder collaboration remain critical to achieving the NDC goals.

37. **Fragility and Resilience. Namibia continues to face socio-economic fragilities that undermine efforts to achieve sustainable development**, including structural fragility challenges, including infrastructure deficits, unresolved land rights issues, and climate variability. Emerging vulnerabilities such as inadequate service provision in townships, transnational crime, illicit financial flows, and illegal immigration further exacerbate these challenges. These fragility drivers pose regional spill-over risks and could deter both domestic and foreign investments, potentially slowing socio-economic transformation. Addressing these issues is crucial to reducing poverty and fostering resilience. Spatial inequality is largely driven by employment and income disparities, as well as limited access to transportation, sanitation, energy, and housing. Consequently, enhancing fragility responsiveness requires the integration of disaster risk management into infrastructure to ensure inclusive, climate-resilient public services<sup>lvii</sup>. Leveraging fourth industrial revolution (4IR) technologies and AI in TVET and MSME support can build a future-ready workforce, while AI-driven e-government solutions will strengthen institutional capacity.

38. **Civil Society Engagement. Over 200 active Civil Society Organizations (CSOs) in Namibia are involved in strengthening development cooperation and influencing policy and legislative reforms.**<sup>lviii</sup> The FHI 360 Civil Society Sustainability Index for Namibia was unchanged from 2019 to 2021, with a score of 4.3. Despite their increasing role in advocacy, CSOs face weakening organizational capacity and financial viability, along with a more restrictive legal environment. The Civil Society Partnership and Engagement Policy (2024)<sup>lix</sup>, is expected to bolster a strong and strategic partnership between the government and CSOs and promote a shared commitment to democratic governance, human rights, and sustainable development. It will contribute to the achievement of the national development goals as outlined in NDP6 and Vision 2030. Establishing structured policy dialogue engagements for key development stakeholders (Government, CSOs, and private sector) will enhance governance and accountability and provide a platform for identifying collective development solutions.

## 2.5 Country Strategic Framework

39. **Namibia's long-term development Vision 2030 launched in 2004 aims to achieve high income status by 2030.** Vision 2030 is implemented through five-year medium-term National Development Plans (NDPs). The government launched NDP6 (2025/26 - 2030/31) in July 2025 to consolidate government actions and ensure continuity of the agenda set under NDP5. NDP6 has four pillars (Annex A.9): (i) economic recovery, transformation and resilience; (ii) human development and community resilience; (iii) sustainable development and environmental sustainability; and (iv) effective governance and public service delivery.

## 2.6 Aid Coordination Mechanisms, Bank Positioning and Comparative Advantage

40. **Namibia's aid framework is defined in NDP6, with the National Planning Commission playing a coordination role that brings together all Development Partners (DPs) (Annex A.6).** Overall, donor coordination is weak. Given Namibia's status as a lower middle-income country, the number of DPs is small (10) and their average contribution to total public revenues over the 2019-2024 period is about 8.5%<sup>lx</sup>. During the CSP 2025-2030 period, the Bank will continue chairing the Transport Sector Coordinating Group, with KfW as co-chair. The Bank will enhance its collaboration with other DPs to strengthen the DP cooperation framework to improve aid effectiveness and to identify co-financing opportunities.

41. **Bank's Comparative Advantage.** The Bank has a comparative advantage in infrastructure development, notably transport and water for production given its prior support to large infrastructure projects. Infrastructure (transport and water) accounted for 34% (UA 480 million) of the Bank's total support over the past 10 years. This includes support to transformative operations such as the Namibia Walvis Bay Port expansion project, upgrading of the 210km railway line between Walvis Bay and Kransberg, and the Hosea Kutako airport highway. Sustained Bank investments in infrastructure will enable the Bank to build on and consolidate gains from its previous support and enhance its collaboration with other key

infrastructure financiers such as the European Union (EU), Germany, Japan, and Spain, among others (Annex A.8). In addition, the Bank has been a key financier of TVET and higher education in Namibia over the past 10 years, alongside the EU, Japan, Spain, and USA, among others. Through the recently completed UA 50 million Education Quality Improvement Project (2018-2024), the Bank supported the Government to construct/ rehabilitate 27 education and training institutions in all 14 regions across all education levels<sup>lxi</sup>. Currently only the Bank and KfW are supporting education and training infrastructure development. Furthermore, the Bank will leverage its continental expertise to enhance the quality and relevance of skills development to improve youth employability, while also promoting entrepreneurship and enterprise development to stimulate the local private sector and drive job creation. The Bank's track record in supporting infrastructure development, especially in the transport sector, has strengthened the alignment of Bank support with the country's goal of becoming an international logistic hub.

## **2.7 Strengths, Weaknesses, Opportunities, and Challenges**

42. **Namibia enjoys several strengths notably political stability, good governance, and macroeconomic stability.** However, the country's overarching development challenge remains the limited economic diversification, which is holding back progress towards jobs creation, reduction of the high inequality, and realization of inclusive growth. Underlying development challenges include skills deficits stemming from structural weaknesses in the education system and infrastructure deficiencies notably in energy, transport, and water sectors, all contributing to low productivity and continued reliance on commodity exports. These development challenges have been aggravated by the recent ODA cuts and tariffs imposed by the U.S. ([Annex A.21](#)).

## **3. HIGHLIGHTS OF PERFORMANCE AND PORTFOLIO IMPROVEMENT PLAN**

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### **3.1 Bank Portfolio Overview**

43. **As of July 2025, the Bank's active portfolio in Namibia comprised 10 operations with a total commitment of UA 600.8 million** (USD 870.7 million) reflecting a reduction from UA 792.9 million in December 2024. The portfolio consisted of eight sovereign operations (four investment and four technical assistance projects), and two non-sovereign operations, both of which are Lines of Credit. Most of the portfolio's funding (99.2%) comes from ADB loans complemented by four MIC TAF grants, one African Water Facility (AWF) grant, and one Rural Water and Sanitation Initiative (RWSSI) grant. Sector-wise, the finance sector held the largest share at 40.9%, followed by transport (38.8%), water and sanitation (13.5%), agriculture (6.9%) and multisector (0.04%)<sup>lxiii</sup> ([Annex A.6.1](#)).

### **3.2 Portfolio Performance**

44. **As of 31 July 2025, the portfolio had 10 operations with 12 instruments.** Of these, 58% (7 out of 12 instruments) were in 'green zone', four (33%) were 'flagged red', and one (8%) was under 'close watch'. The most noticeable challenge is slow disbursement, followed by slow procurement, due to limited knowledge of Bank procedures. However, there have been notable improvements in performance indicators between June 2024 and May 2025 such as a reduction in ageing operations from 3 to 2; projects facing signature delays reduced from 1 to zero; there has been no project commitments at risk over the period; and reduction in signature delays from 5.4 months to 4.8 months. The Implementation Progress and Results (IPR) ratings have been highly satisfactory, scoring 3.5 in 80% of the operations, while the remaining 20% has been to projects facing contract clearance delays and audit compliance<sup>lxiii</sup> ([Annex A6.3](#)).

### 3.3 Country Portfolio Improvement Plan

**Box 6: Bank support to capacity building in procurement to accelerate implementation.** The root cause of delays in implementation across projects in Namibia is multifaceted but a significant factor is the lack of procurement capacity/lack of qualified procurement personnel. None of the active projects in Namibia currently have qualified procurement professionals fully dedicated to the Projects. Based on the MAPS Assessment findings and recommendations, discussions with EAs and the Bank’s Fiduciary Department, a focus on procurement capacity building and professionalization support to the country will more holistically address procurement issues that currently cause implementation delays.

45. **Portfolio challenges faced during implementation include:** (i) delays in signing grant agreements caused by delayed clearance of Letters of Agreement by the Attorney General’s Office (AGO); (ii) poor quality at entry due to lack of feasibility studies; (iii) delays in the submission of three project audit reports (1 in water and 2 in transport) handled by the Office of the Auditor General (OAG)<sup>lxiv</sup>, despite sustained engagement with the OAG, relevant ministries, and the Ministry of Finance; (iv) lack of adequate knowledge of Bank procurement rules and procedures by Project Implementation Units (PIUs) and bid evaluation committees; (v) limited familiarity with the Bank’s Safeguards Policies, environmental and social (E&S) capacity constraints within Executing Agencies, which impacted project implementation and compliance with E&S reporting requirements (only 36% of periodic reports submitted in 2025), and no independent Annual E&S Performance Audit (ESPA) reports were received; and (vi) delays at the AGO to clear contracts for signature ([Annex A.14](#)). The Ministry of Finance will engage with the AGO to dedicate staff who will familiarize themselves with DPs’ requirements regarding Letters of Agreement and contract clearance. Projects lacking comprehensive feasibility studies will no longer be considered for funding. Furthermore, the Bank will continue to provide training in procurement and financial management through hands-on coaching and fiduciary clinics<sup>lxv</sup>.

46. **Updates of the Country Portfolio Improvement Plan (CPIP) were made during the standalone CPPR held in March 2025.** The CPIP workshop was held in the context of challenges to portfolio implementation ([Annex A.6.3](#)). During the review it transpired that 6 targets would have to be re-examined, and one target was recommended for removal, two to be added, and three to be modified as we go forward. Reviews and follow-ups on the agreements reached will be continuous as part of the quarterly portfolio review sessions. Monitoring has been enhanced with the launch of the RASME tool and coordination between Government agencies will also be enhanced.

#### 4. LESSONS LEARNED

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47. **At the strategic level,** although Namibia’s development model and challenges have **remained** largely unchanged since the approval of the last CSP, external competition, shifting population dynamics, especially with the expanding youth cohort, and climate shocks require urgent attention. In this context: (i) building greater resilience to climate shocks requires strategic actions including investments in water for production and climate proofing of infrastructure investments; (ii) knowledge-driven policy dialogue with government helps to inform resource allocation and safeguards the alignment between the Strategy and the indicative operational programme; (iii) consistent with the findings and recommendations from the IDEV evaluation of the Bank’s Country Strategies and Programs for Namibia (2014-2023) ([Annex A.4](#)), responding to Namibia’s diverse development challenges calls for multisectoral operations to bolster community resilience and promote inclusive growth; and (iv) investing in relevant skills, decent jobs, and entrepreneurship has the potential to spur resilient and inclusive economic growth.

48. **At the operational level, the key lessons comprise:** (i) ensure project readiness by ascertaining availability of full feasibility studies before project is considered for financing; (ii) implementation arrangements should be agreed upon to before Board approval of the project to improve quality at entry; (iii) encourage advance procurement for project activities to expedite implementation; (iv) contract clearance by Office of Attorney General needs to be streamlined to expedite contract award; (v) close collaboration with the Ministry of Finance in undertaking joint quarterly portfolio reviews helps to resolve implementation challenges in

a timely manner; and (vi) Bank to organize specific and targeted training sessions for EAs and PIUs on Bank's fiduciary<sup>lxvi</sup>, E&S requirements, and the Integrated Safeguards System (ISS) to help overcome capacity challenges and enhance compliance; (vii) a better appreciation of the differences between government's Procurement Act and Bank procurement policies will help to reduce delays in completing bid evaluations; and (viii) lack of the Bank's physical presence impedes effective dialogue with the Government, and constraints opportunities for Bank support (see CPIP 2025/26 for some recommended mitigation measures ([Annex A.7.2](#))).

49. **For the Government:** (i) delays in submitting procurement plans impede project implementation progress resulting in slow disbursements, thereby affecting contractor performance; (ii) active participation of senior Government officials in project management facilitates prompt resolution of implementation challenges; and (iii) timely submission of audit reports by the Auditor General are essential to avoid non-compliance penalties.

50. **For the Development Partners:** (i) consistent dialogue with the government ensures that the benefits of co-financing are fully understood and supported by the authorities; In this context, the Bank has recruited a Senior Country Economist (based in Windhoek) and a Principal Country Program Officer (based in Pretoria) to support the Country Manager's engagement in country policy dialogue, monitoring, and implementation of Bank operations. Close collaboration with other DPs will also help in identifying opportunities for co-financing and building synergies<sup>lxvii</sup>.

## 5. BANK GROUP STRATEGY 2025-2030

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### 5.1 Strategy Rationale, Selectivity, Objective and Priority Areas for Bank Support

51. **Strategy Rationale:** The analysis in preceding chapters confirmed that Namibia's overarching development challenge remains the limited economic diversification, which is holding back progress towards jobs creation, reduction of the high inequality, and realization of inclusive growth. Despite Namibia's lower middle-income status, development challenges that manifest in the form of an underdeveloped private sector, high multi-dimensional poverty, and inequality persist. The underlying development challenges include skills deficits stemming from structural weaknesses in the education system and infrastructure deficiencies notably in energy, transport, and water sectors, all contributing to low productivity and continued reliance on commodity exports. These development challenges have been aggravated by the recent ODA cuts and tariffs imposed by the U.S. ([Annex A.21](#)). Responding to these challenges provides the rationale for the CSP as presented in section 5.2.

52. **Selectivity:** To maximize the developmental impact of Bank support under this CSP, selectivity is essential to ensure that the Bank Group's interventions are efficient, effective, and sustainable. Consequently, the CSP 2025-2030 deploys several selectivity criteria to ensure that Bank Group support is provided through a prioritized and well-targeted approach. The selectivity criteria comprise: (i) Government's development priorities and alignment with the outcomes of country stakeholder consultations; (ii) ensuring continuity, building on and consolidating previous Bank Group support and achievements; (iii) leveraging the Bank Group's comparative advantage in key sectors notably energy, transport, and water; (iv) maximizing opportunities for partnerships with other DPs including the European Union, GIZ, the World Bank, and the UNDP for co-financing, harnessing complementarity and synergies for maximum developmental impact through better coordination; (v) integrating cross-cutting themes in the programmed Bank Group operations, especially resilience, gender equality, climate action, and youth employment; and (vi) incorporating lessons learned, and recommendations and guidance provided by CODE ([Annex A.5](#)). By applying these selectivity criteria, the Bank will ensure that the CSP 2025-2030 aligns with its strategic direction as articulated in the policy paper "Sharpening the Bank's Strategic Focus: A Proposal to Increase the Bank's Selectivity," approved in May 2021.

53. **CSP Main Objective and Priority Areas for Bank Support:** Based on the selectivity criteria, findings of the CDN, and consultations with the Government. The main objective of

the Bank Group’s CSP 2025-2030 is to improve the enabling environment for private sector development and economic diversification to support resilient, inclusive and sustainable structural transformation. To achieve this objective, the CSP is anchored on two Priority Areas for Bank support: **(I) Investing in quality and sustainable infrastructure to support resilient, inclusive, and green growth;** and **(II) Boosting human capital development through skills development and entrepreneurship to accelerate job creation and reduce inequality.** Bank support under the CSP’s priority areas will be provided selectively in four sectors: transport, energy, and water under Priority Area I, and skills development under Priority Area II. The two Priority Areas and sectors for Bank support are complementary. Bank support under Priority Area I will focus on reducing the costs of doing business by developing resilient infrastructure to catalyze private sector development, supporting Namibia’s ambition of becoming a logistics hub, and accelerating economic diversification. Under Priority Area II, the Bank will consolidate its previous and ongoing investments to strengthen the ecosystem for entrepreneurship through holistic responses to labour market constraints and thereby complement Bank support under Priority Area I. The Bank will support skills development on the supply side of the labor market and entrepreneurship and enterprise development on the demand side. Demand-side interventions will include improving the enabling environment for women and youth-led businesses and enhancing public sector efficiency to enhance the coordination of public and private actions to develop the private sector. The following sections present the Bank’s strategy for 2025-2030 in detail.

## 5.2 Bank Strategy and Main Expected Outcomes

**54. What the Bank will do differently.** This CSP is designed and will be implemented differently to maximize the developmental impact of Bank support (Box 7).

### **Box 7: What the Bank will do differently**

**At the strategic level,** the CSP 2025-2030 is **more selective** as Bank assistance will be delivered in only four sectors (energy, transport, water, and skills development) compared to the six sectors of the previous CSP (energy, transport, water, agriculture, finance, and economic governance). The selection of the four sectors under this Strategy ensures continuity, as three (energy, transport, and water) of the previous six sectors have been carried forward, which allows the Bank to build on and consolidate gains from its previous support<sup>lxviii</sup>. Furthermore, the adjusted sectoral focus under this CSP **strengthens the alignment of Bank support** with the Government’s newly launched NDP6 (2025/26-2030/31), notably its emphasis on addressing the cost of doing business by improving the quality of infrastructure services and building human capital via skills development to equip the workforce with employable skills to catalyze employment and economic opportunities. Consequently, the more selective and narrower sectoral scope of this Strategy will contribute to a greater developmental impact of Bank support. Moreover, the CSP 2025-2030 seeks to address Namibia’s **constraints to development the private sector beyond infrastructure bottlenecks.** In particular, the CSP will support Namibia to accelerate the implementation of its private sector-led growth initiative (Box 4) by boosting innovation and incubation capabilities, strengthening institutional, policy, and legal frameworks to improve the business regulatory environment. For instance, the Bank will provide TA to assist Namibia in finalizing the Investment Promotion legislation, align the corporate tax regime with SADC standards, update the 2015 Industrial Policy and the Growth at Home Strategy to support the formalization of MSMEs, and develop the one-stop-shop business registration policy. Building on its ongoing and planned interventions in economic governance (e.g., the MIC-TAF funded public procurement and PFM technical assistance – Annex A.3.3) the Bank will **enhance its dialogue and partnerships with other development partners** including the IMF and World Bank to strengthen PFM, DRM, and debt management, and support **Government reforms to sustain macroeconomic stability.** This will improve the enabling environment for private sector development. Consistent with the Management Response to the IDEV evaluation of Namibia’s CSPs for the period 2014-2023, emphasis has been placed on delivering integrated development solutions. The CSP will adopt a multi-sectoral approach via holistic supply- (skills development and training) and demand- (development and entrepreneurship) side labor market interventions to address youth unemployment, poverty, and inequality in Namibia. The Bank will also explore options to support the **development of a local content policy** to enhance the inclusion of local MSMEs in business opportunities, particularly in the mining, telecommunications, tourism, manufacturing, and agriculture sectors, among others. These integrated efforts aim to create a better enabling environment for the private sector.

**Operationally,** the **number of projects in the IOP has been reduced to six compared to nine** in the previous CSP, reflecting the emphasis on fewer but larger and more transformative operations. Emphasis will also be placed on **developing multisectoral operations, notably in water and sanitation to provide water for**

**household use as well as agricultural production and industrial use.** This approach will build community resilience to diverse shocks and support inclusive growth. **Readiness will be reinforced for all projects** (Transport Infrastructure Improvement Phase III and the Water Sector Support Program II) scheduled for 2026. For instance, a feasibility study will be mandatory before operations are submitted to the Board. **All projects will have fully dedicated skilled personnel** in procurement, financial management, and other technical skills instead of relying on government line staff who either do not have expertise in Bank financed operations and/or are too busy to devote adequate time to the projects. **Timely resolution of project implementation challenges will improve portfolio performance and accelerate the delivery of programmed results.**

### **Priority Area I: Investing In Quality and Sustainable Infrastructure to Support Resilient, Inclusive and Green Growth**

55. **Objective: The objective of the Bank’s assistance under Priority Area 1 is to support Namibia’s ambition to expand access to quality, sustainable infrastructure as a catalyst for enhanced productivity and competitiveness.** To this end, the Bank will focus on transformative investments in energy generation, transmission, and distribution, railway transport, and water infrastructure for both household and productive use, which are critical enablers for unlocking human development and accelerating value chain growth in manufacturing and agriculture. Continued Bank support in these three sectors will enable the Bank to build on and consolidate the achievements from previous and ongoing support. Bank-financed operations will systematically embed components on skills development and community resilience to support inclusive and resilient growth. Furthermore, Bank support will contribute to reducing the cost of doing business by expanding access to reliable and affordable infrastructure services, thereby fostering private sector development and inclusive economic growth. Emphasis will be placed on regional connectivity to facilitate intra-regional trade and economic cooperation and better integrate Namibia into regional and global value chains. All Bank operations will be delivered with due consideration of environmental and social safeguards, with priority given to designs that enhance resilience to climate and other shocks. Bank support under Priority Area I will be delivered through a mix of investment operations, technical assistance, and advisory services. Possibilities for support include PPP arrangements for upcoming renewable energy projects that have been earmarked by the government’s PPP unit for private sector participation ([Annex A16](#)). The Bank will consider financing a Technical Advisor to conduct the requisite due diligence studies (legal, technical and financial) to assess the viability of these potential PPP projects, especially the City of Windhoek 25MW solar PV. Other potential areas of interest include the country’s rail network, the Windhoek-Hosea Kutako International Freeway, and bulk terminal upgrades at Walvis Bay.

56. **Strategic Outcome 1: Increased access to electricity supply and energy security.** Bank Group investments in energy transmission and distribution will focus on network expansion to improve reliability and availability of electricity supply to enable increased access. The Bank will also support utility-scale renewable energy operations to expand generation capacity. This will boost higher value-added production, including in agro-industry and manufacturing. Bank investments will focus on national and regional transmission and distribution infrastructure, including cross-border connections with Angola and South Africa to enhance energy trade via the Southern African Power Pool. Bank support to strengthen institutional frameworks and capacities in the energy sector will contribute to the gradual transition to cost-reflective electricity tariffs, thereby improving sector efficiency, financial viability, and catalyze private investment in the sector. **Specific outcomes** include number of people connected to electricity in the Khomas region increased from 415,885 in 2024 to 615,885 by 2030.

57. **Strategic Outcome 2: Increased rail transport market share.** Bank Group support to the transport sector will strengthen regional infrastructure connectivity, notably through the upgrading of the existing railway line along the Walvis Bay-Ndola-Lubumbashi corridor to SADC standards. Emphasis will be placed on integrating the rail line with new and existing roads under an economic corridor approach to enhance efficiency. Support to the one-stop border post (OSBP) at Katima Mulilo-Sesheke Border and trade facilitation will enable the

free movement of goods and people. Increased access to efficient and affordable transport will spur economic activities including agriculture, manufacturing, and SME development in the northern green belt of the country, which is also among the regions experiencing high inequalities. *Specific outcomes* will include: (i) average train speed for freight between Walvis Bay and Tsumeb increased from 40-50 kms/hour in 2024 to 60-70km/hour by 2030; (ii) cargo transported by rail between Walvis Bay and Tsumeb increased from 0.1 million tons/month in 2024 to 0.2 million tons/month by 2030.

58. **Strategic Outcome 3: Increased access to water resources for production and household use.** Bank investments will expand water infrastructure to increase access for households, agriculture, and industry, among others. Enhanced water supply through the proposed Namibia Water Sector Infrastructure Support Program II and the Integrated Water Security and Sanitation Development Program will prioritize investments in bulk water infrastructure, such as water canals and supply systems, to productive regions to expand opportunities for downstream private sector investment in agriculture value chains notably meat, dairy, and leather. The envisaged support will facilitate the expansion of the ongoing Bank supported Namibia Agricultural Mechanization and Seed Improvement Project and complement the Water Sector Support Program. Bank support to the water sector will deliver integrated development solutions by embedding relevant components, notably on water resource management and the development of relevant sector skills, to support the implementation of Bank projects and prepare young men and women for careers in the water sector once Bank operations are completed. Components on expanding water supply to socioeconomic establishments such as schools and health facilities will be embedded. Complementing this, water and sanitation infrastructure will be developed in schools and health facilities, with gender-sensitive designs promoting inclusive and health-conscious environments. Through the ongoing water sector support program, the Bank will also support sanitation programs at community level including sensitization and outreach activities, digital data management by supporting the development of the Water Supply, Sanitation and Hygiene Information System, which will centralize water-related data to enhance access, analysis, and reporting. This system is expected to improve decision-making through dashboards and analytics tools and will include training for staff in digital platforms and technologies. *Specific outcomes* include: (i) the number of people with access to an improved water source in the project region increased from 1 million in 2024 to 1.6 million by 2030; and (ii) the number of people with access to an improved sanitation facility in project region increased from 360,000 in 2024 to 500,000 by 2030.

59. **Results from ongoing Bank support:** Bank support via the ongoing Namibia Agricultural Mechanization and Seed Improvement Project aims to support value chain improvements in agricultural mechanization and certified seed systems as well as build capacity in seed systems development and environmental and social competencies. These interventions are expected to bolster agricultural productivity and reduce the importation of staple cereals crops/ grains. This will contribute to job creation, boost household incomes, and subsequently improve livelihoods in the project region. *Specific outcomes* include an increase in the share of value addition in strategic agricultural commodities (notably cereals) from 35% in 2024 to 40% by 2030.

## **Priority Area II: Boosting Human Capital Development through Skills Development and Entrepreneurship to Accelerate Job Creation and Reduce Inequality**

60. **Objective: The objective of the Bank's support under Priority Area II is to equip Namibia's youth and women with quality, relevant and market-driven skills** that enhance their employability and entrepreneurial potential, while also supporting local enterprises to create more jobs and drive growth. This will expand sustainable economic and job opportunities for youth women across key economic sectors including agriculture, creatives industry, manufacturing, emerging green industries, and digital services, among others. Recognizing the increasing importance of future-ready skills, the Bank will support the

development and deployment of digital technologies by developing skills in AI, robotics and automation, the Internet of Things, cybersecurity and data protection, among others, to prepare Namibia's workforce for the demands of a modern economy. This will not only address the digital divide, but also bridge inequalities in access to education, healthcare, and public services, particularly in underserved and sparsely populated regions. The Bank's support will prioritize building partnerships with national institutions of learning, regional innovation hubs, and private sector actors. The Bank will also provide technical assistance to strengthen e-government platforms and digital service delivery systems, thereby enhancing public sector efficiency and accessibility. A holistic approach will be adopted to respond to challenges on the supply and demand sides of the labor market, consistent with the ambitions of Namibia's NDP6, notably enhancing the contribution of human capital development via skills development and entrepreneurship to support resilient, inclusive and transformative economic diversification. Bank support under Priority Area 2 will be delivered through Policy-Based Operations (PBOs) to support reforms for unlocking labor market constraints, Results-Based Financing (RBF) to maximize the impact of public investment in human development, institutional support projects, TA and advisory services.

61. ***Strategic Outcome 4: Increased access to quality and relevant education, skills development, and training for improved learning outcomes and youth employment.*** Bank investment will increase access to quality, inclusive and future-ready skills. This support will modernize TVET systems by expanding enrolment, upgrading Vocational Training Centers (VTCs) to Technical Colleges, and expanding university satellite campuses and medical schools. Consistent with NDP6, emphasis will be placed on equipping learners with skills aligned to the Fourth Industrial Revolution including digital skills, AI, robotics, green technologies and entrepreneurship to ensure greater employability and adaptability in a rapidly changing labor market. Bank interventions will also support the construction of new digitally enabled VTCs, expansion of digital and Open Distance e-Learning platforms in low population density regions, and the revision of TVET curriculum to improve relevance of skills and ensure alignment with labor market demands. Enhanced collaboration with the private sector, including via the Industry Skills Committees<sup>lxix</sup>, will support jointly designed and collaboratively delivered training programs, laying the foundation for a more responsive and inclusive skills development and entrepreneurship ecosystem. This will ensure that Bank support for skills development is well aligned with market demand. Special attention will be given to marginalized groups, including young men and women in both urban and rural areas, and persons with disabilities including through supporting the expansion of TVET and higher education institutions in rural and underserved communities such as Omuthiya and Valombola VTCs and Southern University of Namibia Campus; and supporting start-ups for vulnerable groups (youth, women, and people with disabilities) through incubation/innovation centres, mobile business outreach units, and grant from the Youth Development Fund. ***Specific outcomes*** include: (i) average enrolment in TVET institutions per cohort increased from 42,000 in 2024 to 52,000 (30% women) by 2030; and (ii) number of VTCs upgraded to TVET centers increased from zero in 2024 to 4 by 2030.

62. ***Strategic Outcome 5: Increased decent job creation for youth and women through entrepreneurship and enterprise development.*** Consistent with the objective of providing holistic support to labor market challenges (Box 7), the Bank will provide support to youth and women-led enterprises to foster self-employment deliver private sector-led incubation and acceleration services across high-potential sectors including digital/AI/robotics, digital health, green and creative industries, tourism, and light manufacturing. Complementary efforts will support the development of digital platforms and back-end systems that improve access to services, markets, and real-time data, while also promoting business climate and financial inclusion reforms (Box 8). The Bank will provide technical assistance to operationalize the recently approved Youth Fund and will leverage the Fund as a platform to crowd in additional resources, including from the private sector, to expand access to finance and support for youth-led businesses including small-scale processing facilities in key value-chains of meat, dairy,

and leather. *Specific outcomes* include: (i) 200 youth-led enterprises established and supported to access finance, incubation, and business development services in the project regions by

**Box 8: Strengthening the link between skills development and entrepreneurship to enhance employability and job creation:** Addressing the youth unemployment challenge in Namibia will require a holistic and systemic ecosystem approach. This involves improving the quality and relevance of the education curriculum, as well as developing demand-driven TVET and future-ready skills programs that align with labour market needs. In parallel, the promotion of self-employment will be supported through enterprise acceleration initiatives, including the establishment and operationalization of regional digital innovation and incubation hubs in underserved areas. These hubs will serve as decentralized platforms providing business development services, mentorship, and access to markets and finance for youth-led businesses and MSMEs. To ensure adequate financial support, the CSP interventions will leverage existing resources such as the newly approved Youth Fund and the Development Bank of Namibia, thereby increasing the pool of flexible financing instruments including credit guarantees, equity, and grants available to youth and women enterprises. These integrated efforts are expected to create a more enabling environment for youth employment and entrepreneurship across the country.

2030; and (ii) 25,000 jobs (50% for females) created for youth in the project regions by 2030.

63. **Cross-cutting themes:** The Bank will integrate components on economic and financial governance building resilience to shocks and fragility, strengthening gender equality, climate change and climate action responses, investments in young people, health and nutrition into its new interventions across the two priority areas. All projects will be screened using the updated ISS to ensure compliance with the Bank Group’s environmental and social safeguards standards. The Bank Group will enhance its engagements with CSOs to support monitoring and reporting of results from Bank interventions.

64. **Economic and financial governance:** Guided by the Strategy for Economic Governance in Africa 2021-2025, governance interventions under Priority Area I will focus on strengthening sector governance in energy, transport, and water sectors, thereby contributing to improved sector outcomes. Upstream support to PPPs in these sectors, based on Pillar 1 of the Bank Group PPP Strategic Framework 2021-2031 – *Strengthening the PPP Enabling Environment* - will be prioritised to enhance private sector participation in the sectors. Under Priority Area II, governance will be integrated in planned operations to address governance challenges in the education and training systems, support the implementation of reforms to address labor market constraints, strengthen e-government platforms and digital service delivery systems, further consolidating DRM.

65. **Youth:** In line with the Bank’s Skills for Employability and Productivity in Africa (SEPA) Action Plan 2022-2025, which supports investments in skills development, the Bank will integrate job creation and skills development components across its operations, to equip the youth with employable skills for public and private sector employment or to create own employment. Complementary investments on the demand side of the labour market will boost entrepreneurship to unlock the potential MSMEs to create economic and employment opportunities for young men and women. Opportunities for apprenticeships and training in Bank supported operations will also be explored.

66. **Gender:** Women will benefit from Bank support to skills and enterprise development and entrepreneurship. Furthermore, the Bank has developed a Gender Marker System that categorizes every project and sets out expectations for gender mainstreaming. Over the next five years, the Bank aims to achieve up to 100% of all new projects in Namibia being categorized as GEN 1 or GEN 2 using the Gender Marker System, with the required resourced gender action plans to close the gender inequality gap in Namibia.

67. **Climate change and environment:** The Bank will align its operations with the objectives of the Paris Agreement and leverage resources from external climate funds to support climate adaptation and mitigation actions and capacity building interventions and prioritize low-carbon and resilient interventions, consistent with the NDC ambitions. Bank operations will integrate climate and disaster risk management into infrastructure to ensure inclusive, climate-resilient public services. Furthermore, Bank support will ensure that the

share of Bank financing identified as climate finance continues to exceed the Bank target of 40%. Namibia will also be supported to mobilize climate finance from the Climate Investment Fund's Nature, People and Climate and Industry Decarbonization Programmes<sup>lxx</sup>. The Bank will also carry out an assessment of Namibia's policy, legal and institutional frameworks to help determine the areas that need strengthening and the required capacity-building support.<sup>lxxi</sup>

68. **Regional integration:** The Bank will support Namibia to better integrate with other countries in the region via its support to regional integration operations, notably: (i) the Walvis Bay-Ndola-Lubumbashi Corridor, including the establishment of a permanent corridor secretariat, (ii) OSBP at Katima Mulilo-Sesheke Border, and (iii) trade facilitation for free movement of goods and people by streamlining border procedures and improving infrastructure associated with cross-border trade. In addition, the planned construction of the Baynes Hydro Power Plant and associated interconnectors between Angola and Namibia will bolster energy trade under the Southern Africa Power Pool. TA will be mobilized including through MIC-TAF grants to support Namibia's participation in the AfCFTA, with emphasis on aligning customs and border procedures with international standards, improving efficiency of the transit system, and developing a cost-effective method for managing transit bond guarantees.

69. **Private sector:** Consistent with the Government's private sector-led growth initiative (Box 4), a market-oriented strategy aimed at addressing structural, institutional, and policy barriers to private sector development will be adopted. First, Bank support to the enablers notably energy, transport and water will reduce costs of doing business. Second, Bank's support to skills development, incubation and enterprise development and entrepreneurship for job creation via the envisaged Results-Based Financing (RBF) will reinforce upstream policy reforms. Key reforms include the restructuring and selective privatization of underperforming SOEs in sectors like energy, logistics, and agribusiness. Complementary TA will be provided to finalize the Investment Promotion legislation, support the implementation of the 2023 Public Enterprise Ownership Policy -- which seeks to enhance transparency, efficiency, and financial sustainability of SOEs ([Annex A.16](#)), align the corporate tax regime with SADC standards, update the 2015 Industrial Policy, the Growth at Home Strategy to support the formalization of MSMEs, and develop the one-stop-shop business registration policy. The PPP framework will be strengthened<sup>lxxii</sup> and institutional capacities enhanced through technical assistance, project preparation support, and policy dialogue. Third, direct support to the private sector via the Bank's NSO window, leveraging PPPs, will be provided to bankable operations in renewable energy, transport corridors (Walvis Bay and Trans-Kalahari), water desalination, logistics, healthcare<sup>lxxiii</sup>, manufacturing, agro-processing, and tourism, among others. Building on the Bank's experience with the Development Bank of Namibia, complementary interventions will be delivered to promote inclusive growth, for instance, through the Youth Fund, targeted support to local value chain development, and co-investment with and/or via local financial institutions (FIs). Suitable financing options including tailored lines of credit and risk-sharing instruments to FIs for on-lending<sup>lxxiv</sup> to youth and women-led MSMEs will also be explored. In collaboration with the Affirmative Finance Action for Women in Africa, the Bank will build on its ZAR 1.5 billion (USD 84.1 million) sovereign-backed loan to the Development Bank of Namibia (DBN) to catalyze growth in priority sectors including clean energy, manufacturing, agriculture, and social welfare, with emphasis on the empowerment of women and youth entrepreneurs. This support is expected to enable over 2,000 women-led SMEs to access affordable credit through the blended loan and grant facility and thereby expand the Bank's NSO footprint<sup>lxxv</sup>.

70. **Opportunities to Build Resilience:** The Bank will support resilience-building by aligning resilience interventions with the priorities of the CSP. Key entry points include: (i) promoting climate-smart infrastructure to enhance resilience to climate related shocks; (ii) improving skills development and job creation in underserved regions to reduce inequality, poverty and reduce urban migration; and (iii) boosting private sector competitiveness through trade facilitation and regional integration. The Bank will also explore the use of TSF Pillar IV

as a financing mechanism for targeted, resilience-oriented interventions. These interventions will promote inclusive growth, sustainability, and long-term resilience.

71. **Alignment. Bank support under the CSP aligns with national, regional, continental, and global agendas (Box 9).**

**Box 9: Alignment with national and Bank Strategies.** The CSP’s strategic focus is aligned with Namibia’s NDP6 (2025/26 - 2030/31) especially its economic growth transformation and resilience pillar with the thematic areas “Develop economic infrastructure for the future” and its Human development and resilience pillar with the thematic areas “Education for development”, Africa’s Agenda 2063, the SDGs, the Bank’s 2021 Selectivity Paper, the TYS (2024-2033) operational priorities and cross-cutting themes. The CSP contributes to all the High 5s, namely Light up and power Africa, Feed Africa, Integrate Africa, Industrialize Africa, and Improve the quality of life for the people of Africa. In addition, the Bank Group will invest in TYS’s cross-cutting themes of promoting gender equality, climate resilience, and investing in young people, among others. The CSP is also aligned with the Private Sector Development Strategy (PSDS 2021-2025), notably the ambition to support private sector led growth to foster job creation, advance green growth, and augment socioeconomic inclusion. The CSP is also aligned with the SA-RISP 2022-2026, whose aim is to foster an integrated, diversified region and promoting structural transformation and inclusive and green growth, and the Strategy for Addressing Fragility and Building Resilience in Africa (2022-2026), and other Corporate Strategies.

### 5.3 Indicative Lending and Non-Lending Program

72. The CSP’s rolling three-year Indicative Operational Program (IOP) 2025–2027 proposes six Sovereign Operations (SOs) estimated at UA 1,260.5 million (USD 1.74 billion) – five under Priority Area I and one under Priority Area II ([Annex A.3.1](#)). In addition, the IOP proposes two Non-Sovereign Operations (NSOs) estimated at UA28.5 million ([Annex A.3.2](#)). The non-lending program proposes nine technical assistance projects estimated at UA 3.06 million. Five of these are under Priority Area I and the rest are under Priority Area II.

### 5.4 Policy Reforms and Dialogue

73. The Bank will support the following policy reforms: (i) consolidating the ecosystem for enterprise development and entrepreneurship to expand job creation for the youth and women and reduce inequalities; (ii) strengthening sector governance in the energy, transport, and water sectors; (iii) improving data and monitoring systems for evidence-based policy making; (iv) PFM, DRM, and debt management; (v) improving efficiency in public procurement; and (vi) portfolio management. The Bank’s Policy Reform and Dialogue Matrix (PRDM) will be used to monitor the implementation of these reforms ([Annex A.2](#)).

### 5.5 Financing the Strategy

74. The financing strategy for the Namibia CSP 2025-2030 will take into consideration three primary funding streams: i) domestic resource mobilization; ii) internal Bank resources; and iii) external funding mobilized through the Bank. Annex A.3.5 presents the Namibia Country Financing Parameters. The Bank will adopt a programmatic approach to co-financing, including via securing early commitments from development finance institutions, commercial banks, and institutional investors.

75. ***Domestic resource mobilization:*** Namibia continues to improve its revenue mobilization efforts through enhanced tax administration strategies. Bank support to DRM via the ongoing tax administration MIC-TAF grant will expand the fiscal space for public investment.

76. ***Internal Bank Resources:*** Bank financing during 2025-2027 indicatively amounts to UA 1,260.5 million for SOs and UA 28.5 million for NSOs. The full suite of the Bank’s financial instruments will be explored including partial credit guarantees, partial risk guarantees, and results-based financing. Other internal resources will be used to fund activities under the NSO lending program. For example, the Hyphen Green Hydrogen NSO is funded by the Sustainable Energy for Africa (SEFA) Trust Fund for UA7.5m and has attracted interest from some private sector financiers<sup>lxxvi</sup>. Potential financing for the non-lending programme will be sourced from MIC-TAF rants, KOAFEC Trust Fund, Fund for African Private Sector

Assistance (FAPA) and Africa Water Facility (AWF) (see [Annex A.3.3](#)). TSF Pillar IV financing mechanism will also be explored for targeted, resilience-oriented interventions.

77. **External funding mobilized through the Bank:** Co-financing of UA 1,143 million is anchored on the Banks' SOs funding. This includes the envisaged USD 32 million concessional loan and a USD 4 million grant from the Nature, People, and Climate program to develop an Investment Plan for the agriculture and water sectors, and potential concessional resources of USD 250 million in Clean Technology Fund for industry decarbonization, with at least 50% of the allocation to be channeled through private sector entities<sup>lxxvii</sup>.

## 5.6 Implementation Arrangements, Monitoring and Evaluation (M&E)

78. **Implementation of the CSP will follow the 'One Bank' approach with sector experts playing a leading role and drawing from the Monitoring framework of the NDP6.** The Namibia Household Income and Expenditure Survey is currently underway and will support the CSP's and NDP6's M&E. Regular missions for project identification and design, and monitoring of portfolio performance will ensure delivery of the envisaged results. The Performance Matrix ([Annex A.1.2](#)) will be used for monitoring and evaluating the results achieved from the Bank's program in Namibia. In addition to the CSP mid-term review and completion report, annual portfolio reviews, the PRDM, project supervision and completion reports will support M&E of progress, and the results envisaged under the CSP<sup>lxxviii</sup>.

## 5.7 Potential Risks and Mitigating Measures

79. **Potential risks that could hamper the implementation of the CSP include political, macroeconomic, institutional capacity, fiduciary, environmental and social factors.** Specifically, weather-related shocks, and fiduciary risks pose significant challenges ([Annexes A.12 & A.14](#)). To mitigate these risks, the Bank will ensure flexibility in the implementation of the IOP to accommodate emerging development needs to build economic and social resilience. Regular fiduciary clinics will be conducted to address fiduciary risks and ongoing and planned support to PFM, including debt management and DRM, will mitigate the macroeconomic risks.

## 6. CONCLUSION AND RECOMMENDATION

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80. **Conclusion:** This report has presented the Bank Group's CSP 2025-2030 for Namibia. It responds to Namibia's longstanding and emerging challenges as articulated in Vision 2030 and NDP6, while building on the Bank's previous support and comparative advantage in infrastructure development. The Strategy seeks to support national development priorities aimed at promoting resilient, inclusive, and private sector driven economic diversification.

81. **Recommendation:** The Boards of Directors are invited to consider and approve Namibia's CSP 2025-2030.

## ANNEXES

### A.1: Results Measurement Framework

#### A.1.1: Strategic Alignment Matrix

This matrix demonstrates alignment of the CSP's Priority Areas with both the Government's National Development Plan and the Bank's own priorities. It is not intended to assess the performance of the Bank's support.

Priority Area 1: Investing in quality and sustainable infrastructure to support resilient, inclusive and green growth	
Namibia 6 <sup>th</sup> National Development Plan (2025/26-2030/31) Priorities	AfDB Corporate Policies
Pillar 1: Economic Transformation, Inclusiveness and Resilience <ul style="list-style-type: none"> <li>• Goal 1: Achieve Sustainable Economic Growth and Prosperity for all Namibians</li> </ul> Pillar 3: Sustainable Development and Environmental Sustainability <ul style="list-style-type: none"> <li>• Goal: Achieve sustainable development through improved resilience, adaptability, and new (green) growth opportunities</li> </ul>	<b>Ten Year Strategy (2024-2033)</b> <ul style="list-style-type: none"> <li>• <b>Operational Priorities:</b> Private sector development, governance and accountability, Skills and Technology</li> <li>• <b>Areas of Special Emphasis: Gender, Green Growth &amp; Climate Change</b></li> </ul> <b>High 5 Priorities</b> <ul style="list-style-type: none"> <li>• Light and power Africa</li> <li>• Integrate Africa</li> <li>• Improve the Quality of Life</li> </ul>
Country Sector Strategies	Bank Sector Strategies
<b>Priority Area 1: Investing in Quality and Sustainable Infrastructure to Support Resilient, Inclusive and Green Growth</b> <ul style="list-style-type: none"> <li>• <b>Energy:</b> National Energy Policy (2017)</li> <li>• <b>Transport:</b> Transport Policy (2018); Transport &amp; Logistics Master Plan, 2017</li> <li>• <b>Water and Sanitation:</b> Integrated Water Resource Management Plan, 2010</li> <li>• The 2022-2027 National Sanitation and Hygiene Strategy,</li> <li>• <b>Cross-Cutting Issues:</b> National Policy on Climate Change (2011); Nationally Determined Contribution to the Paris Agreement (2023, being updated at time of drafting), NDC Implementation Strategy and Action Plan (2023 -2030).</li> </ul>	<b>Priority Area: 1 Support Infrastructure and Promote Value Addition</b> <ul style="list-style-type: none"> <li>• <b>Bank Group Strategy for the New Deal on Energy for Africa (2016-25)</b></li> <li>• <b>Regional Integration Strategy (2014-2023) – Pillar I: support to projects that foster regional integration.</b></li> <li>• <b>SA RISP (2022-2026): Infrastructure Connectivity &amp; Market Integration &amp; Industrialization</b></li> <li>• <b>Integrated Water Resource Management Strategy (2000): focus areas: Sections 3.3 (technical Strategies), Section 3.5 (Social Strategies)</b></li> <li>• <b>Strategy for Economic Governance in Africa: Pillar 1 (Public Sector Effectiveness at National and Sub-national levels</b></li> <li>• <b>Water Strategy 2021-2025: Towards a Water Secure Africa.</b> Pillar 1: Achieve integrated and sustainable water resources management, Pillar 2: Strengthen the delivery of water supply, sanitation, and hygiene (WASH) services, Pillar 3: Increase the availability of sustainable water resources for food production and improved nutrition, including improved agricultural water</li> </ul>



Priority Area II: Boosting Human Capital Development through Skills Development and Entrepreneurship to Accelerate Job Creation and Reduce Inequality			
Namibia 6 <sup>th</sup> National Development Plan Priorities		AfDB Corporate Policies	
<p><b>6<sup>th</sup> National Development Plan (2025/26 – 2030/31): The Pathway towards Attaining High Income Status by 2030</b></p> <ul style="list-style-type: none"> <li>• <b>Strategic Pillar 2: Human Development and Community Resilience</b></li> </ul>		<p><b>Ten Year Strategy (2024-2033)</b></p> <ul style="list-style-type: none"> <li>• <b>Operational Priorities:</b> Infrastructure Development &amp; Regional Integration; Skills and Technology</li> </ul> <p><b>High 5s</b></p> <ul style="list-style-type: none"> <li>• Improve the Quality of Life of the People of Africa</li> </ul>	
Country Sector Strategies		Bank Sector Strategies	
<p><b>Priority Area 2: Boosting Human Capital Development through Skills Development and Entrepreneurship to Accelerate Job Creation and Reduce Inequality</b></p> <ul style="list-style-type: none"> <li>• Growth at Home Strategy (Industrialization) (2015 – 2030):</li> <li>• Sixth National Development Plan (NDP6), Pillars 1 and 2</li> <li>• TVET Transformation Project (2024-2025).</li> <li>• MHETI Strategic Plan (2023-2027).</li> <li>• Social Protection Policy (2021-2030)</li> <li>• NSFAF Reform Agenda; Human Resources Development Strategy (2023-2030).</li> <li>• SME funding Strategy 2021</li> <li>• <b>Cross-Cutting Issues:</b> NDC Implementation Strategy and Action Plan (2023-2030)</li> </ul>		<p><b>Priority Area II: Boosting Human Capital Development through Skills Development and Entrepreneurship to Accelerate Job Creation and Reduce Inequality</b></p> <ul style="list-style-type: none"> <li>• Skills for Employability and Productivity for Africa (2022-2025) action Plan</li> <li>• Strategy for Jobs for Youth in Africa 2016-2025</li> <li>• Gender Policy (2020 – 2025)</li> <li>• Climate Change and Green Growth Strategic Framework (2021 – 2030)</li> <li>• Strategy for Quality Health Infrastructure for Africa (2022-2030).</li> <li>• Bank Group Industrialization Strategy for Africa (2016 – 2025): Focus areas: Flagship One: Foster successful industrial policies, Flagship Two: Attract and channel funding into infrastructure and industry projects.</li> </ul>	
Country Development Results/Indicators		Bank interventions/Resources	
Indicator	Baseline (2024) *	Target (2030)	Generic Area of Intervention by Instrument
Youth Unemployment Rate (%) (by gender)	44.6	40	<b>Investment</b>
Male	34.6	30	-Sovereign Operations (Results-Based Financing)
Female	39.6	35	-Non-Sovereign Operations
TVET competence-based Curriculum implemented	No	Yes	Knowledge Work
SMEs Funded annually via Youth Fund and related interventions (SME financing Strategy, National Youth Service credit scheme, etc.) number	360	1,360	<b>Grant Total</b>
			<b>(UA m)</b>
			<b>230</b>
			230.0
			0
			1.26
			<b>231.26</b>

\* Or latest available data at the time

### A.1.2: Performance Matrix

The performance matrix measures a wide range of results that should be regularly tracked during the CSP period. This does not only include operational results that will be delivered by the projects approved in the previous period, but also other essential elements of the CSP including cross-cutting issues, financial leveraging, harmonization, portfolio performance, including MTR, etc.

Performance Area	Monitoring Indicators	Baseline 2024	Target 2030	Data Source
<b>CSP Priority Area I: Developing sustainable and quality infrastructure to support resilient and inclusive growth</b>				
<b>OUTCOMES</b>	<b>Water Sector</b>			
	Access to an improved water source in project region (number of people, millions)	1	1.6 (50% women)	Ministry of Agriculture Fisheries Water & Land Reform
	Access to an improved sanitation facility in project region (number of people)	360 000	500 000 (50% women)	Ministry of Agriculture Fisheries Water & Land Reform
	<b>Energy Sector</b>			
	Number of people connected to electricity in the Khomas Region	415 885	595,000 (50% women)	Ministry of Industry, Mines and Energy
	<b>Transport Sector</b>			
	Average train speed for freight between Walvis Bay and Tsumeb [Km/hr]	40-50	60-70	Rail Operator Train speed Surveys
	Cargo transported by rail between Walvis Bay and Tsumeb [million Tons/ month]	0.125	0.2	Rail Operator (TransNamib) Reports
	<b>Results from ongoing operations - Agriculture</b>			
	Share of value addition in strategic agricultural commodities (notably cereals) (%)	35	40	Ministry of Agriculture, Fisheries, Water and Land Reform
<b>OUTPUTS</b>	<b>Water Sector</b>			
	Water networks upgraded, augmented and extended (KMs)	0	500	Ministry of Agriculture, Fisheries, Water and Land Reform
	Number of sanitation facilities constructed	0	1,000	Ministry of Agriculture, Fisheries, Water and Land Reform
	<b>Energy Sector</b>			
	Renewable Generation Capacity (MW)	498.5	548.5	Ministry of Industry, Mines and Energy
	<b>Transport Sector</b>			
	Length of Upgraded Railway to SADC Standards (Walvis Bay-Ndola-Lubumbashi Corridor) in Kms	210	500	Ministry of Works and Transport
	Number of youth trained and/ or retooled in skills for railway operations and maintenance	0	300 (50% female)	Ministry of Works and Transport
	<b>Agriculture (results from ongoing</b>			

	<b>operations)</b>			
	Volume of cereals produced (metric tons)	50,000	70,000	Ministry of Agriculture, Fisheries, Water and Land Reform
<b>CSP Priority Area II: Boosting Human Capital Development through Skills Development and Entrepreneurship to Accelerate Job Creation and Reduce Inequality</b>				
<b>OUTCOMES</b>	<b>Economic Governance—(results from ongoing operations)</b>			
	Non-mining corporate tax (N\$) billion	7.08	8.86	Ministry of Finance
	<b>Skills Development</b>			
	Number of jobs created for youth because of targeted Investments	0	25, 000	Labour Force Surveys
	Number of youth-led MSMEs established or expanded with access to finance, incubation, or market support	0	200 (50 women-led MSMEs)	Labour Force Surveys
	Average Enrolment in TVET Institutions per cohort	42 000	52 000 (30% women)	NTA Annual Report
	Number of Vocational Training Centers Upgraded to TVET Centers	0	4	EMIS reports
<b>OUTPUTS</b>	<b>Economic Governance (results from ongoing operations)</b>			
	Tax administration reforms implemented (tax audits, digital transformation, e-invoicing)	No	Yes	Namibia Revenue Agency
	<b>Skills Development</b>			
	Regional skilling, business innovation, and incubation hubs operational, funded and delivering services to youth enterprises (number)	0	3	Ministry of Youth Annual Reports
	Youth skilled and supported in entrepreneurship, digital, creative, or green sectors through project-supported programs (number)	0	10,000 (40% women)	Ministry of Youth Annual Reports
	Curricula revised for NQF levels 4–6 to enhance technical skills and self-employment readiness (number)	0	3	Ministry of Education annual reports
	TVET and higher education institutions rehabilitated or expanded to increase access (number)	27	47	Ministry of Education annual reports
	-Healthcare professionals trained in special fields (number)	11	70 (30% women)	MoHSS annual report

<b>CROSS-CUTTING ISSUES: <i>Climate change, gender, youth skills development, nutrition, and job creation</i></b>				
<b>Climate Change, Gender, Fragility and Resilience, health and nutrition</b>	<b>Climate Change</b>			
	% Projects Paris Agreement Aligned (tracked since 2024)	100	100	PECG Reporting
	% Bank financing identified as climate finance (Bank target is 40%)	49	> 40	PECG Reporting
	External climate finance mobilized (USD million)	0	> 25	Project PAR/PCR & PECG reporting
	Share of category 1 or 2 new projects with Gender Action Plans (%)	60	100	Project PAR/PCR
	Full-Fledged Fragility Assessment	0	1	RDTs Database
	Improvements foreseen in CRFA indicator on Capacities of Economic and Social Inclusiveness	No	Yes	RDTs database/ report
	<b>Health and nutrition</b>			
	Children under five who are stunted in underserved regions (number) such as Kavango east and west, Karas, Kunene etc.)	26,303	6,576	Project reports
	Population with access to improved health services because of Bank-financed interventions	0	1,000 (50% women)	Project reports
	Health facilities constructed/rehabilitated along infrastructure corridors and equipped (number)	0	3	Project reports
<b>Policy Advice and Knowledge</b>	Knowledge products produced (1 per year)	0	1	ECCE Dashboard
	PFM Training workshops - Budget, Internal Audit, External Oversight (number)	0	2	PPU Annual Reports
<b>Financial leveraging</b>	Amount of co-financing (UA million) Green Climate Funds (UA million)/CIF UA150 million (energy) UA 80 million (Water)	10 50	30 230	Ministry of Finance
	Workshop on PPP and Industrial Policy (number)	0	2	Ministry of Finance
	PPP transactions () (1 for new railway transport) (1 for water)	0	2	Ministry of Finance
<b>Sustainability and Capacity Building</b>	Budget allocated for infrastructure maintenance (USD million) per year (N\$ 2 billion water)	30	111	Annual budget statement
	<b>Environmental and Social Safeguards</b>			
	Capacity building training conducted on environmental and social safeguards (number)	0	1	Training Reports

	Projects delivering safeguards reports within designated timelines (%)	83	100	Periodic Project Implementation Progress Reports
	Projects with timely compensation and resettlement (%)	100	100	Periodic Project Implementation Progress Reports
	Allocation for Railway network regular maintenance (USD million/year)	5.2	7	Annual budget statement
<b>Portfolio Performance and Monitoring</b>	Projects flagged for implementation challenges (%)	39	25	PPU Annual Reports Quarterly Progress Reports Delivery Dashboard
	Timely PCRs posting (average % of projects)	70	100	
<b>Development Coordination and Harmonization</b>	Working Groups in which AfDB participates ()	2	4	Meeting minutes
	Joint donor missions per year () (0 and 1 for water)	0	1	Periodic Project Implementation Progress Reports,

## A. 2 : Policy Reform Dialogue Matrix (PRDM)

Reform(s) /Activity supported	High 5 (s) supported	Bank dept in charge	Expected completion timeline	Key expected results	Support instrument	ESW required? Timeline & cost	Status/progress & key milestones achieved to date	Comments
Update of the Integrated Water Resources Management Plan and development of the water master plan	Improve the Quality of Life of the People of Africa	AHWS2	Q3 2026	Support sustainable development and effective management of the country's water resources	Through Namibia Water Sector Support program	Activity under component 3 of the Namibia Water Sector Support program	Procurements of Consultants to commence from 1 August 2025.	Act as a strategic planning tool, guiding the identification, categorization, and prioritization of both soft and hard interventions, projects, and programs aimed at improving water resource management.
Review/Enhance Water Sector Regulatory Framework	Improve the Quality of Life of the People of Africa	AHWS2	Q3 2026	Enhance sector performance through effective regulation and oversight.	Review/Enhance Water Sector Regulatory Framework	Improve the Quality of Life of the People of Africa	AHWS2	Q3 2026
Railway sub-sector institutional set-up to establish a Railway Fund	Integrate Africa	PICU	Q2 2027	Restructured railway sector with a Railway Fund established as a mechanism to enhance sustainability of the railways sector	Technical Assistance	N/A – Study done.	Study on the Railway Sub-sector institutional setup review completed in 2022	Review done – what is key now is for government to draw out the roadmap for the regulatory and legal instruments required to actualize the recommendations to establish the Railway Fund. The Bank would use as leverage Financing Conditions under the pipeline projects to incentive this and support any Technical Assistance that would be required to realize the expected output.

Policy Reform to Redesign the National Youth Development Fund	Improve the quality of life of People of Africa, Industrialize Africa	AHHD	Q2 2027	Revised Youth Development Fund Management model, Eligibility criteria and revolving arrangements	Technical Assistance ESW, PBO/ RBF	N/A – Study done. Yes, UA 500,000	Planned	
Support the development of Digital, green skills and Innovation Skills Policy	Improve the Quality of Life for the People of Africa	AHHD	Q2 2027	- National digital skills policy for digital and green skills- Frameworks to align TVET with 4IR skills - Strengthened integration of digital skills in curricula	PBO/ RBF/Investment Operation	Yes	Planned	Planned
Development of Creative Industry Policy and Strategy	Industrialize Africa; Integrate Africa	AHHD	Q2 2027	- National strategy for creative economy developed - Support framework for youth-led creative enterprises - Improved sector data and value chain mapping	PBO/ RBF/ Investment operation	Yes	Planned	Planned
Data and monitoring systems/frameworks for evidence policy making	Improve the Quality of Life for the People of Africa	AHHD	Q2 2027	Strengthened labor market information systems	PBO/ RBF/ Investment Operation	Yes	Planned	Planned
Enhancing domestic revenue mobilization	Improve the Quality of Life of the People of Africa	ECGF	Q4 2027	Increased tax revenues through improved tax administration	Technical Assistance	Activity supported by the ongoing Tax Administration Technical Assistance Project	Procurement of consulting firm to conduct specialized audits; strengthen data analytics function and training NamRA staff in progress	In addition to the ongoing TA, any potential PBO will also address domestic revenue mobilization, building on previous reforms that led to the creation of NamRA.
Enhancing public procurement	Improve the Quality of Life of the People of Africa	SNFI/ECGF	Q4 2027	Enhanced procurement outcomes through professionalization of the procurement cadre	Technical Assistance	Activity supported by the planned Public Procurement and PFM Technical Assistance Project	Awaiting approval of the MIC TAF Grant	The dialogue will contribute to alleviating persistent procurement challenges faced by ongoing and future Bank-funded projects in Namibia

### A.3 Lending and Non-Lending Program and Contribution to the High 5s

#### A.3.1: Indicative Lending Program (Sovereign Operations) 2025 – 2027

No.	Project Name	Approval Year	Sector	ADB (UA million)	Sector Dept.	Cofinancing** (UA million)	Alignment with High 5s	Contributing to Building Resilience
<b>CSP Priority Area I: Developing sustainable and quality infrastructure to support resilient and inclusive growth</b>								
1	Namibia Water Sector Infrastructure Support Program II	2026	Water	295	AHWS	60 (KFW)*	Improve the Quality of Life for the People of Africa	Transformative investment in Namibia's water security, bridging infrastructure gaps and laying the foundation for a more equitable and building climate-resilient future for its people.
2	Baynes Hydropower Plant	2027	Energy	325	PESD	775	Light Up and Power Africa	Financial and economic and climate resilience: the project will turn Namibia into an exporter of electricity instead of being an importer. Resource variability in solar and wind energy will be balanced by the Baynes HPP.
3	Transport Infrastructure Improvement Project Phase III	2026	Transport	120	PICU	60 (Government of Namibia)	Integrate Africa	Investments in railway transport will offer bulk haulage transport options, thereby contributing to reductions in greenhouse gas emissions.
4	M300 Electrification	2027	Energy	62	PESD	238	Light Up and Power Africa	Increasing the access rate from 59.5% to 70% in a climate adaptation manner will build social cohesion and provide direct and indirect job opportunities
5	Integrated Water Security and Sanitation Development Program	2027	Water	200	AHWS	40	Improve the Quality of Life for the People of Africa	Benefits of Resilience Building: will be through Improved Health and Community Resilience by ensuring access to reliable and safe water and sanitation services, contribution to increased Food Security and Climate-resilient infrastructure and improved water management leading to cost savings, increased productivity, and enhanced livelihoods.

CSP Priority Area II: Boosting Human Capital Development through Skills Development and Entrepreneurship to Accelerate Job Creation and Reduce Inequality							
6	Skills For Youth Employability and Entrepreneurship Project (RBF)	2026	Skills Development	230	AHHD	-	<p>Improve the Quality of Life for the People of Africa</p> <p>Market driven skills development contributes to resilience building by equipping individuals with relevant skills that match labor market demands. This increases their chances of securing decent jobs, adapting to economic shifts, and creating sustainable livelihoods. It also empowers youth, women and other marginalized groups to participate in the economy, reducing vulnerability to poverty and social exclusion. By strengthening institutional capacity and promoting private sector engagement, the project supports long term economic stability, social cohesion, and the ability to recover from future shocks.</p> <p>This project will contribute to resilience building by enabling youth and women to create their own employment, reducing reliance on limited formal jobs. It will support innovation, income diversification, and local value addition, strengthening the economy. Furthermore, improving access to youth-flexible, innovative and affordable finance, skills, and markets, the project will move enterprises beyond subsistence. This will gradually enhance the ability of young entrepreneurs to adjust to changing conditions, absorb shocks, and reduce vulnerability. A stronger MSME ecosystem promotes inclusive growth, self-reliance, and long-term adaptability.</p>
<b>Grand Total</b>				<b>1,232</b>		<b>1,143</b>	

\* NWSSP is a program with other DPs mainly KfW who are parallel financing with AfDB in the same northern areas.

### A.3.2 Indicative Lending Program (Non-Sovereign Operations) 2025 – 2027

No	Project Name	Approval Year	Sector Dept	Amount (UA million)
1	Hyphen Green Hydrogen	2025	PESD	7.5 (Sustainable Energy for Africa Trust Fund – SEFA)
2.	50 MW Ludertiz Wind Project	2026	PESR	21
<b>Total</b>				<b>28.5</b>

### A.3.3 Indicative Non-lending Program 2025-2027

No	Project Name	Approval Year	Sector Dept	Amount (UA)	Financing Source	Alignment with the TYS Operational Priorities
<b>Priority Area I: Investing in Quality and Sustainable Infrastructure to Support Resilient, Inclusive and Green Growth</b>						
1.	Technical Studies, Environmental Reports and Designs for the Water Desalination Plant for Northern Namibia	2025	Water and Sanitation	500,000	MIC -TAF	<b>High 5s:</b> Improve the Quality of Life for the People of Africa <b>TYS cross-cutting themes:</b> Promoting gender equality, investing in young people; responding to climate change and investing in climate action; building resilience to shocks; and strengthening economic governance
2.	Namibia Diagnostic study under the Africa Urban Sanitation Investment Initiative (AUSII)	2025	Water and Sanitation	50,000	AWF/	<b>High 5s:</b> Improve the Quality of Life for the People of Africa <b>TYS cross-cutting themes:</b> Promoting gender equality, investing in young people; responding to climate change and investing in climate action; building resilience to shocks; and strengthening economic governance
3.	Technical Assistance Preparation of GCF co-Financing Proposal for Baynes Hydropower Complex	2025	Energy	250,000	MIC-TAF	<b>High 5s:</b> Light up and Power Africa <b>TYS cross-cutting themes:</b> Promoting gender equality, investing in young people; responding to climate change and investing in climate action; building resilience to shocks; and strengthening economic governance

4.	Feasibility study of the Botswana - Namibia interconnector (Namibia's portion)	2026	Energy	500,000	MIC-TAF	<b>High 5s:</b> Light up and Power Africa <b>TYS cross-cutting themes:</b> Promoting gender equality, investing in young people; responding to climate change and investing in climate action; building resilience to shocks; and strengthening economic governance
5.	Feasibility Studies, Environmental Reports and Designs for the rural water supply schemes, rainwater harvesting and irrigation systems	2026	Water and Sanitation	500,000	MICTAF	<b>High 5s:</b> Improve the Quality of Life for the People of Africa <b>TYS cross-cutting themes:</b> Promoting gender equality, investing in young people; responding to climate change and investing in climate action; building resilience to shocks; and strengthening economic governance
<b>Priority Area II: Boosting Human Capital Development through Skills Development to Accelerate Job Creation and Reduce Inequality</b>						
1.	Public Procurement and PFM Technical Assistance	2025	Economic and Financial Governance	500,000	MIC-TAF	<b>High 5s:</b> Improve the Quality of Life for the People of Africa <b>TYS cross-cutting themes:</b> Promoting gender equality, investing in young people; responding to climate change and investing in climate action; building resilience to shocks; and strengthening economic governance
2.	Study on Enhancing Productivity in Namibia's Key Sectors to support Private Sector Development for Job Creation and Economic Diversification	2026	Multisectoral	19,230	KOAFEC Trust Fund	<b>High 5s:</b> Improve the Quality of Life for the People of Africa <b>TYS cross-cutting themes:</b> Promoting gender equality, investing in young people; responding to climate change and investing in climate action; building resilience to shocks; and

						strengthening economic governance
3.	Assessment of Skills Needs, Enterprise and Value Chains for youth employability in emerging sectors	2027	Social	400,000	MIC-TAF	<b>High 5s:</b> Improve the Quality of Life for the People of Africa <b>TYS cross-cutting themes:</b> Promoting gender equality, investing in young people; responding to climate change and investing in climate action; building resilience to shocks; and strengthening economic governance
4.	Technical Studies and Architectural designs for three district hospitals (Ondangwa, Nkurekuru, Otjiwarongo)	2025	Social	340,000	MICTAF	<b>High 5s:</b> Improve the Quality of Life for the People of Africa <b>TYS cross-cutting themes:</b> Promoting gender equality, investing in young people; responding to climate change and investing in climate action; building resilience to shocks; and strengthening economic governance
<b>Total</b>				<b>3,059,230</b>		

### A.3.4: Alignment with TYS 2024-2033 operational priorities

No	Indicative Operation	Indicative Year	Sector	Sector Department	ADB (UA m)	Co-Financing UA m	Alignment with the TYS Operational Priorities
<b>Priority Area I: Investing in Quality and Sustainable Infrastructure to Support Resilient, Inclusive and Green Growth</b>							
1.	Namibia Water Sector Infrastructure Support Program II	2026	Water & Sanitation	AHWS	295	90	<p><b>High 5s:</b> Improve the Quality of Life for the People of Africa</p> <p><b>TYS cross-cutting themes:</b> Promoting gender equality, investing in young people; responding to climate change and investing in climate action; building resilience to shocks; and strengthening economic governance</p> <p><b>Readiness:</b> Financing request received in 2024. Preparation mission planned for Q2 2025.</p>
2.	Baynes Hydropower Plant	2027	Energy	PESD	325	775	<p><b>High 5s:</b> Light up and Power Africa</p> <p><b>TYS cross-cutting themes:</b> Promoting gender equality, investing in young people; responding to climate change and investing in climate action; building resilience to shocks; and strengthening economic governance</p> <p><b>Readiness:</b> <b>Awaiting</b> formal letter of request upon completion of feasibility studies. Preparation to commence in Q2-2027</p>
3.	Transport Infrastructure Improvement Project III	2026	Transport	PICU	120.0	TBD	<p><b>High 5s:</b> Integrate Africa</p> <p><b>TYS cross-cutting themes:</b> Responding to climate change and investing in climate action; and building resilience to shocks.</p> <p><b>Readiness:</b> Financing request received in 2023. Feasibility Studies are being prepared using MIC-TAF Grant to be completed at end of 2025 with project preparation in Q2 -2026.</p>
4.	M300 Electrification	2027	Energy	PESD	62	238	<p><b>High 5s:</b> Light up and Power Africa</p> <p><b>TYS cross-cutting themes:</b> Promoting gender equality, investing in young people; responding to climate change and investing in climate action; building resilience to shocks; and strengthening economic governance</p> <p><b>Readiness:</b> <b>Awaiting</b> formal letter of request.</p>

5.	Integrated Water Security and Sanitation Development Program	2027	Water & Sanitation	AHWS	200	40	<p><b>High 5s:</b> Improve the Quality of Life for the People of Africa</p> <p><b>TYS cross-cutting themes:</b> Promoting gender equality, investing in young people; responding to climate change and investing in climate action; building resilience to shocks; and strengthening economic governance</p> <p><b>Readiness:</b> Awaiting formal letter of request.</p>
<b>Priority Area II: Boosting Human Capital Development through Skills Development and Entrepreneurship to Accelerate Job Creation and Reduce Inequality</b>							
6.	Skills for Youth Employability and Entrepreneurship Project (RBF)	2026	Skills Development	AHHD	230	TBD	<p><b>High 5s:</b> Improve the Quality of Life for the People of Africa</p> <p><b>TYS cross-cutting themes:</b> Promoting gender equality, investing in young people; responding to climate change and investing in climate action; building resilience to shocks; and strengthening economic governance</p> <p><b>Readiness:</b> Government letter of request received, and preparation planned for 2026.</p>
<b>Total</b>					<b>1,232</b>	<b>1,143</b>	

### A.3.5: Namibia Country Financing Parameters

Items	Parameters	Remarks
<p><b>Counterpart funding</b> Limit on the proportion of individual project costs that the Bank may finance.</p>	Up to 100%	The Bank may finance up to 100% of the costs of individual projects, on case-by-case basis, given the sustained macroeconomic imbalances that Namibia is facing. In general, the Bank financing is expected to be below 100% to ensure Government ownership and commitment to achieve the desired development impact of the projects. On the ADB window, the Bank may finance more than 90% of total project or program costs. The Bank may also finance 100% of projects aimed at policy reforms and capacity building.
<p><b>Taxes and Duties</b> Are there any taxes and duties that the Bank would not finance?</p>	None	The Bank considers the Namibian tax system as reasonable, and the taxes and duties not to constitute significantly high proportion of the project costs. In addition, none of Namibia's taxes and duties are in anyway specifically directed at the Bank-financed projects, activities or expenses. If Namibia's tax and customs regime changes significantly during project implementation, the CFP will be reviewed and adjusted accordingly.
<p><b>Recurrent Costs</b> Any limits that would apply to the overall number of recurrent expenditures that the Bank may finance</p>	No country level limit	The Bank may finance 100% of recurrent costs on case-by-case basis. The recurrent costs should be temporary in nature and sustainable at the project/sector level in the medium- to long-term. The Bank will continue to monitor the overall fiscal situation, and the Government's continued commitment to sound fiscal management, and its implications for recurrent cost financing. In addition, the Bank will continue to calculate the estimated recurrent costs and clearly indicate ways and means of ensuring

		sustainable financing.
<b>Local Currency Costs</b> Are the requirements for Bank financing of local expenditures met, namely that: <i>i.</i> financing requirements for the country’s development program would exceed the public sector’s own resources (e.g., from taxation and other revenues) and expected domestic borrowing; and <i>ii.</i> the financing of foreign expenditures alone would not enable the Bank to assist in the financing of individual projects.	Yes	Namibia meets the requirements for local cost financing. The Bank can finance local costs in any proportions required by individual projects.
<b>Provisional expenditures of infrastructure projects</b>	Up to 100%	The Bank may finance provisional expenditures on income-generating socio-economic infrastructure projects up to 100% on a project/program upon government’s request, and on a case-by-case basis for a period of up to 3 years.

Extracted from Namibia Country Financing Parameters: [Namibia - Country Strategy Paper 2020-2024 Mid-Term Review and 2022 Country Portfolio Performance Review | African Development Bank Group](#)

#### A.4: Lessons learned from IDEV Evaluation and how they have informed the new CSP

N°	LESSONS	RESPONSES AND REFERENCES
1	<p><b>Lesson 1: The demand-driven dynamic between the Bank’s CSP programs and evolving GRN needs, if not well managed, is likely to negatively affect the internal coherence of the Bank’s programs and lead to portfolio dispersion</b></p> <p>The evaluation found that coherence and alignment with the GRN needs remained robust, but the internal coherence among portfolio sectors, including synergies and complementarities in CSP programs, was a challenge. It was hard to build pipelines that mirrored CSP strategic orientations, and the causal pathways between sector and intersectoral interventions were diluted, while sector contributions remained untraceable to higher-level development results, such as from MSME support, energy, value chain approach, private sector development, and job creation. Lack of country presence also contributed to this dispersion, loss of internal and external coherence, dilution of direct</p>	<p>This has been considered in the new CSP where alignment with GRN as well as synergies and internal complementarity of Bank operations have been ensured (Alignment matrix A1.1 p. I Box 6 p.16 and Box 7 p.18)</p>

N°	LESSONS	RESPONSES AND REFERENCES
	<p>attributed effects, and absence of clear synergies that are required to drive sectoral outcomes into wider impact at pillar level</p>	
2	<p><b>Lesson 2: Aligning education and skills development programs to job market needs is instrumental to inclusive growth</b></p> <p>The Bank’s support was found to mainly focus on infrastructure and equipment without tackling the softer aspects of TVET, such as curriculum development and training modalities (dual training, for instance) that directly connect trainees with employers (apprenticeships, on-the-job training, etc.). Shortcomings were particularly noted in the lack of linkages between the TVET centers and potential employers in related professional fields.</p>	<p>This has been considered (para 52, 53 and Box 7 p.18, ).</p>
3	<p><b>Lesson 3: Knowledge management and institutional capacity building, including monitoring and evaluation, are necessary to maximize project results and sustainability</b></p> <p>The evaluation found that current M&amp;E frameworks, results measurement and reporting were clear at the operations level, but challenges existed at the CSP pillar level. This limited the Bank’s capacity to steer its interventions effectively in terms of achieving higher-level development results or impact. More specifically, areas such as socio-economic development, skills development, private sector development, job creation and value addition, were not monitored in a rigorous and comprehensive way.</p> <p>Strong M&amp;E frameworks aimed at tracking project progress and program results, measuring impact, and identifying areas for improvement facilitate evidence-based decision-making, support accountability, and help to ensure that expected development results (impacts and outcomes) are tracked throughout project lifecycles and achieved</p>	<p>Considered. A system of monitoring has been proposed in the CPIP which includes launching of the RASME tool, enhancing coordination between MoF and NPC on joint progress monitoring. Furthermore, a senior Country Economist based in Namibia will help improving the follow up actions. (para 42 &amp; 49 p. 14)</p>

4	<p><b>Lesson 4: Improving quality at entry and project preparation contributes to smooth project implementation and avoids efficiency losses</b></p> <p>Persistently weak quality at entry (mainly issues related to planning and capacity of Project Implementation Units) can be anticipated and addressed by building capacity at the outset, thereby avoiding future delays. However, in several instances, project preparation did not ensure that key documents, including full feasibility studies, were in place prior to project approval.</p>	<p>Bank will focus on project readiness to improve quality at entry (para 47, p.14)</p>
5	<p><b>Lesson 5: Lack of synergies and complementarities between sectors and projects limit the ability of the Bank's country program to tackle the barriers to business development, value addition, MSME support and job creation in an integrated way.</b></p> <p>Unlike the two CSPs, the portfolio was found to be limited in complementarities and synergies between sectors and projects, leading to an absence of structure and strategic orientation between sector work, PSD, entrepreneurship, and job creation. Challenges such as access to finance, high energy and transport costs, access to markets, the enabling environment, and economic governance were not addressed in a cohesive and strategic manner. A successful integrated approach demands a detailed systemic assessment of sectoral and thematic contexts, key stakeholders, and context dynamics, and design and deliver highly tailored programs by consulting national partners, beneficiary groups, and CSOs.</p>	<p>Considered (Box 6 p.16 and Box 7, p.18)</p>

## A.5 Engagement with CODE

### A.5.1 CODE's Comments on CSP 2020-2024 Completion Report

N°	COMMENTS	RESPONSES AND REFERENCES
1	<p><b>Procurement challenges, high level of red flag projects, low level of execution achievement than planned</b></p> <p>CODE is concerned by persistent challenges in implementation, weak alignment between programmed and delivered operations and underperformance in achieving planned outcomes. What are the root causes of the lending under execution? And how will they be addressed in the next CSP? How can the bank better tailor, its financial products to match Namibia's needs and financing preferences.</p>	<p>The factors contributing to poor portfolio performance including procurement challenge, quality at entry, and execution capacity are outlined in Section 3.3 p.14. Going forward the Bank will carry out focused capacity building in procurement and ensure better quality at entry of operations. These measures and others will be implemented through the Country Performance Improvement Plan (Box 5 p.14; Annex 7, p. XXXI).</p>

N°	COMMENTS	RESPONSES AND REFERENCES
2	<p><b>High unemployment, poverty and inequality</b></p> <p>In Namibia, a very rich country, almost 50% of youth still be unemployed and unemployed remains a major concern. The next CSP must find some solutions or present some vision for youth unemployment and women. There is a need to focus on skills development as a way of contributing to reducing inequality even if the Bank cannot completely change the framework of the whole country with its limited intervention.</p>	<p>Following the dialogue with the new Government the 2<sup>nd</sup> priority area has been entirely dedicated to skills development and Job creation for youth and women. Moreover, better service delivery in water, energy and transport should also contribute to reducing inequality poverty and unemployment (Box 4 p.9, Section 5.2 para 61 &amp; 62 p.19).</p>
3	<p><b>Weak private sector even with the presence of a PPP Unit in the Country</b></p> <p>There is no or Private sector operation. The private sector is weak with a lot of informality in the Country but a country with weak private sector can never grow any faster. We need to ensure that all our sector interventions contribute to developing the private sector in a comprehensive and multi-sector approach. In addition, we need to strengthen the capacity of local SMEs</p>	<p>The sector exhibits a dual structure, comprising a formal segment with medium to large enterprises and an informal segment dominated by micro-enterprises. The sector faces multiple challenges, including limited skills, weak market penetration, expensive financing, restricted land access, and low levels of digital adoption. Additionally, infrastructural deficiencies, inadequate business support services, and low entrepreneurship rates (para 22, p.7)</p> <p>In the new CSP the bank would strengthen the capacity of SME, organize a workshop on derisking for all public and private sector stakeholders to raise awareness of PPP and NSO. More importantly the Bank would use it to support the development of SMEs in Namibia, notably through the sovereign-guaranteed line of credit provided to the Development Bank of Namibia (DBN) to scale up its support to SME and build a quality network of SME for private sector operations. This funding helps DBN to provide medium and long-term financing to enterprises, including SMEs, with a focus on inclusive growth and infrastructure support. In the coming years, the Bank will aim to increase its support to SMEs and create wealth and increase disposable income. Moreover, the skills development will be tailored to SME and private sector development (Box 3 p.7, section 5.2, para 62).</p>
4	<p><b>Lessons learned and recommendations from the IDEV Evaluation and how to do things differently</b></p> <p>There is a need to fully reflect on the lessons learned and recommendations from the IDEV Evaluation including better dialogue as well as how to overcome the problems in project implementation.</p>	<p>Lessons from IDEV evaluations have been taken into account in the new CSP including: (i) Harnessing the youth demographics through relevant skills and decent jobs to spur economic growth and achieve a demographic dividend; (ii) encourage advance procurement for project activities to improve project implementation progress; (iii) focusing on project readiness to improve quality at entry; (iv) consistent training on</p>

N°	COMMENTS	RESPONSES AND REFERENCES
		fiduciary issues at Project Implementation Units (PIUs) improves the identification of opportunities for the participation of local contractors (v) improve monitoring of projects through quarterly reports to the MoF and establish modalities for joint MoF - Bank Teams quarterly project reviews. (section4, para 48, p.14 and Annex 4 on Lessons from IDEV evaluation)
5	<p><b>Regional dimension</b></p> <p>Need of supporting SME and their integration into regional value chain</p>	Bank interventions in the new CSP will leverage the regional dimension including in rail transport and cargo, energy with the possibility of transaction with south African power pool, support to SME for their integration in regional value chains (Section 5,2 para 48 p.16 para 55, 56 & 57 p.17)
6	<p><b>Lack of country office and strategic operational stakeholder engagement</b></p> <p>The Bank's lack of in country presence clearly weakened visibility (a longstanding issue). How will the bank engage with stakeholders in operational and strategic dialogue</p>	<p>The Bank has a County Economist in place awaiting a full decentralization scheme where Namibia could get full Office. In the meantime, the Bank is mainly operating from Pretoria regional Hub where it conducts its operations and conducts virtual oversights of the portfolio including through RASME.</p> <p>Moreover, the Bank would work to create a formal Donor cooperation framework starting from water sector coordination including joint mission that would be extended later to the whole community of Donors (para 50 p.15)</p>

#### A.5.2 CODE's Comments on CSP 2025-2030

N°	COMMENT	ACTION TAKEN
	<b>Country Presence</b>	
1.	<p><b>Donor Coordination:</b> Donor coordination is weak, despite there being only 10 development partners. What is the Bank doing to help the government enhance donor coordination. Revisit the issue of coordination with other financial and technical partners to ensure higher complementarity in CSP implementation.</p>	<p>As discussed in paragraph 50 and Box 7; (i) The presence of a Senior National Country Economist based in Windhoek will facilitate more effective participation by the African Development Bank in donor coordination activities.</p> <p>(ii) The Deputy Director General for the Southern Africa Development and Business Delivery Office, who's also the Country Manager for Namibia, will continue to actively engage in the National Planning</p>

		Commission’s Annual Development Partners forum and UN-led donor coordination activities.
2.	<b>Decentralization:</b> The absence of an in-country office weakens project implementation and supervision, development partner coordination, and policy dialogue. Provide an update on increasing the Bank's presence in the country.	While awaiting the opening of a Country Office, supervision missions will continue to provide handholding and coaching on procurement and financial management (Section 3.3, paragraph 45). Furthermore, discussions are underway to deploy procurement and disbursement officers to operate from Namibia.  Roll out of Remote Appraisal, Supervision, Monitoring and Evaluation (RASME) -- an IT based system -- to Namibia is expected to enhance monitoring of portfolio implementation (Section 3.3, paragraph 46).
	<b>Inequality</b>	
3.	Inequality and vulnerability: Namibia is one of the most unequal countries globally, presenting a critical opportunity for the Bank to make a difference. What specific innovations or mechanisms are being considered to ensure interventions reach the most vulnerable and that the benefits of growth are broadly shared.	Noted. The new CSP discusses the key drivers of inequality in Namibia (notably historical legacies, which have perpetuated inequalities in access to factors of production, notably land; education and other services) and actions being taken by the authorities (Box 5) to provide entry points for Bank support. As discussed in Chapter 5, the objective of the CSP is to support Government in improving the conditions for inclusive growth and thereby reduce inequality, via a multipronged comprising reducing the costs of doing business (by investing in key enabling infrastructure) and direct support to entrepreneurship and enterprise development.
	<b>Diversification</b>	
4.	<b>Middle-Income Trap:</b> How does the CSP ensure that interventions move beyond physical infrastructure to actual productivity gains, enterprise scale-up, and job creation to address the core challenge of the middle-income trap, which is rooted in productivity and structural rigidity.	The CSP takes the view that Namibia’s principal development challenge is overreliance on mineral resources and limited economic diversification (section 2.7 and section 5.1), despite the country’s enormous potential (sections 2.2 and 2.3) in blue economy (tidal and wave power, green hydrogen, oil and gas, marine biotechnology, carbon sequestration and carbon trading), agriculture, tourism, and manufacturing, digitization, and logistics, among others . Consequently, unlocking these opportunities requires reducing the cost of doing business (via investments in key infrastructure enablers notably transport, energy, and water for production) and improving the business environment (including through upstream policy interventions and direct investments in employable/future-ready skills, digitization, entrepreneurship, and enterprise development) – section 5.2. Unlocking these opportunities calls for sustained investment, innovation, and technological infusion, which will help Namibia to overcome the middle-income trap. Further, the Bank will undertake a study on <i>Enhancing Productivity in Namibia’s Key Sectors to</i>
5.	<b>Economic Diversification:</b> There is need for a transformational vision to help the country diversify away from heavy reliance on the mining sector (diamonds and uranium) and to better capitalize on tourism, oil, gas, and green hydrogen projects.	

		<p><i>support Private Sector Development for Job Creation and Economic Diversification in Namibia</i> (Annex A.3.3). Findings of this study will further inform the Bank’s approach to translating its physical infrastructure investments into productivity gains, enterprise scale-up, and job creation, thereby ensuring that the benefits of growth are broadly shared.</p>
	<p><b>Debt</b></p>	
<p>6.</p>	<p><b>Debt:</b> What is the Bank doing to help reduce exposure in the context of public debt growth and fiscal adjustments? How will the Bank sequence financing to avoid debt distress while maximizing reform impact given rising domestic debt.</p>	<p>As indicated in Box 7 (section 5.2), the Bank will build on its ongoing and planned interventions in economic governance. (e.g., the proposed MIC-TAF funded public procurement and PFM technical assistance – Annex A.3.3.) to enhance its dialogue and partnerships with other development partners including the IMF and World Bank to strengthen PFM, DRM, and debt management, and support Government reforms to sustain macroeconomic stability. Section 5.7 also reiterates the Bank’s approach of using its ongoing and planned support to PFM, including debt management and DRM, to mitigate the macroeconomic risks. Furthermore, the Bank will provide complementary TA to support the implementation of the 2023 Public Enterprise Ownership Policy, which seeks to enhance transparency, efficiency, and financial sustainability of state-owned enterprises (section 5.2 and Annex A.16), thereby expanding the fiscal space for transformative investments for maximum developmental impact.</p> <p>Namibia’s Medium-Term Debt Management Strategy aims to ensure fiscal and debt sustainability by maintaining a primary budget surplus and gradually reducing the debt-to-GDP ratio, projected to decline from 67.0% to below 60.0% by FY2027/28. The strategy prioritizes efficient debt servicing, with significant allocations to manage existing obligations, including the redemption of the US\$750 million Eurobond through a combination of a sinking fund and domestic refinancing. It also emphasizes minimizing exchange rate risks by increasing the share of domestic currency-denominated debt. Consequently, Namibia’s MTDS ensures that borrowing from development partners such as the African Development Bank remains aligned its fiscal consolidation goals, ensuring that external borrowing supports strategic investments without compromising long-term debt sustainability. This has is now clarified in paragraph 12 – endnote xii.</p>

	<b>Fiducial Risk and Disbursement</b>	
7.	<b>Disbursement:</b> Which specific measures are planned to accelerate disbursement, given that cumulative disbursement under the previous CSP stood at only 51%.	The Bank will conduct extensive training on disbursement procedures including utilization of the Client Connection system.
8.	<b>Fiduciary Risk:</b> What mechanisms are proposed to improve audit follow-up and address moderate fiduciary risk caused by internal control weaknesses and limited procurement oversight.	Technical assistance will be provided under the MIC-TAF Grant to strengthen internal and external audit by developing and institutionalizing a risk-based internal audit framework and establishing a system for tracking and implementing audit recommendations to enhance accountability. This clarification has been added through an endnote to paragraph 48.
9.	<b>Implementation &amp; Capacity constraints:</b> How does the Bank plan to address perennial challenges like slow procurement, slow disbursements, and limited government capacity?	As discussed in Box 7, project readiness will be enhanced by ensuring that all projects submitted for Board consideration have completed feasibility studies and detailed designs (for infrastructure projects), and that all stakeholders involved in project preparation and approval processes are engaged at preparatory stage. As applicable, advance procurement for work and consultants will be utilized.
10.	<b>Risk:</b> Which actions are proposed to strengthen project readiness, procurement efficiency, and execution capacity, especially given red-flagged projects. How will climate resilient safeguards be integrated and monitored.	Regarding climate resilience, project designs for railway and road projects will incorporate climate adaptation measures including enhanced drainage systems. Furthermore, the Bank has partnered with Global Center on Adaptation to develop climate resilient water infrastructure projects. An endnote has been added to paragraph 67 (section 5.2) with these details.
11.	<b>Procurement:</b> Would Management consider use of national procurement systems where they meet international standards to enhance ownership and reduce delays?	Regarding procurement, Management has undertaken a Methodology for Assessing Procurement Systems (MAPS) in Namibia and recommended key areas for institutional strengthening and capacity development. A MIC-TAF grant has been secured (Public Procurement and PFM – Technical Assistance) to strengthen public procurement and fiduciary safeguards (section 3.3, Box 6; and Annexes A3.3 and A.14).
12.	<b>Flagged Projects:</b> the share of flagged projects is very high at 33%, due to recurring challenges including procurement processes. How does Management plan to address these challenges?	As discussed in chapter 3 (paragraphs 46, and Box 6) and chapter 4 (paragraph 48), Management will enhance a system of project filtering and screening to ensure that no projects are presented for funding in the absence of feasibility studies and detailed designs. In addition, implementation readiness will be improved by involving other stakeholders at project preparation such as staff of Attorney General, in addition to the Executing Agencies. As mentioned in section 5.2 (Box 7), all projects will have fully dedicated skilled personnel in procurement, financial

		management, and other technical skills instead of relying on government line staff who either do not have expertise in Bank financed operations and/or are too busy to devote adequate time to the projects.
	<b>Private Sector</b>	
13.	<b>Private Sector/ Non-Sovereign Operations (NSOs):</b> The NSO Indicative Operation Program (IOP) is quite small (USD40 million) compared to the sovereign operations (USD1.7 billion). Please provide clarification on the plans to expand the NSO IOP and the envisaged risk sharing mechanisms.	<p>The indicative Non-Sovereign Operations (NSO) envelope of UA 28.5 million (≈ USD 40 million) reflects a pragmatic and sequenced approach aligned with Namibia’s current private-sector landscape. As indicated in section 2.3 (paragraph 21) and section 5.2 (paragraph 69), Namibia’s investment climate is stable but highly concentrated, with limited pipeline maturity, high cost of capital, and evolving PPP and regulatory frameworks. In this context, the Bank’s NSO pipeline focuses on a few high-impact, catalytic transactions, namely the Hyphen Green Hydrogen and Lüderitz Wind projects, which anchor the country’s transition to renewable energy and are expected to crowd in substantial private and concessional co-financing.</p> <p>Consistent with Government’s private sector–led growth agenda (section 5.2, paragraph 69) and Annex A.16 (Namibia – Country PPP Context and State-Owned Enterprises Reforms), the Bank will pursue a market-oriented strategy that addresses structural and institutional barriers while positioning the NSO window to scale up as bankable opportunities emerge.</p> <p>Once bankable PPP projects come to market, the NSO window will play a catalytic role through direct project finance, equity or quasi-equity investments, syndicated loans, and credit-enhancement instruments such as partial risk and partial credit guarantees. The Bank will also leverage blended-finance platforms and partnerships with the Development Bank of Namibia, IFC, and commercial banks to mobilize private capital and expand NSO reach, including for MSMEs and women- and youth-led enterprises. However, at this stage, it is not possible to specify the exact NSO envelope that will materialize, as this will depend on the timing and readiness of PPP transactions. For instance, ongoing feasibility studies are expected to inform potential NSOs in the energy sector (Baynes Hydropower Plant); water sector (City of Otjiwarongo Wastewater and Waste Management Project); and transport sector (investments in the rail sector), which are expected to be implemented as PPPs or NSOs. Therefore, the CSP maintains a flexible approach, ensuring that the Bank is positioned to respond swiftly when viable PPPs and private-sector</p>

		<p>projects achieve bankability. This clarification has been added via an endnote to paragraph 69 (Section 5.2).</p> <p>Regarding risk-sharing mechanisms, section 5.2 paragraph 68 indicates that the Bank will expand its NSO engagement progressively by partnering with other Development Finance Institutions and local financial institutions (FI's) to jointly structure and co-finance operations, thereby distributing and mitigating risk. Through these partnerships, the Bank will deploy blended-finance instruments, credit-enhancement facilities, and risk-sharing arrangements to support bankable projects in renewable energy, logistics, and value-added sectors. This collaborative approach enables the Bank to leverage complementary FI's resources to de-risk investments while gradually deepening its NSO footprint as market readiness improves.</p>
14.	<b>Private Sector/MSMEs:</b> How will the CSP operationalize private sector growth beyond lines of credit, particularly for struggling MSMEs.	<p>See also response to comment #13.</p> <p>As stated in Box 7, the Bank will provide TA for the government to update the 2015 Industrial Policy and the Growth at Home Strategy to support the formalization of MSMEs and develop the one-stop-shop business registration policy. The Bank will also explore options to support the development of a local content policy to enhance the inclusion of local MSMEs in business opportunities. Box 3 also highlights how the Bank will assist with unlocking the regional value chains for MSME development to expand market access.</p>
	<b>CSP Priority Areas</b>	
15.	<b>Skills development:</b> It is important to ensure that the skills program is well aligned to market demand. How will the Bank build partnerships with local actors and the predominantly informal private sector.	<p>Bank support under Priority Area II will strengthen the Industry Skills Committees to facilitate interactions between training institutions and employers on sector skills needs, standards and qualifications, and integration of employers' inputs into training curriculum. Furthermore, Bank support will augment the delivery of competency-based education and training programmes, curriculum reviews, work-integrated learning, and internships/apprenticeships, among others. This will ensure that skills programmes respond to labor market demand and focus on niches with strong industry linkages such as green economy, ICT, logistics, and tourism. Section 5.2, paragraph 61 has been updated accordingly.</p>

16.	<p><b>Economic and Financial Governance:</b> Clarify why economic and financial governance and public sector reforms were deprioritized in favour of skills development.</p>	<p>Subsequent consultations with the authorities following CODE’s endorsement of the Priority Areas in May 2025 informed the change of Priority Area II from economic and financial governance to address a key impediment to inclusive growth and better align Bank support with the new Government’s emphasis on human capital development via skills development as espoused in the new National Development Plan (2025/26-2030/31) – Executive Summary. As indicated in sections 5.1 and 5.2, the focus on skills development on the supply side of the labor market and entrepreneurship and enterprise development on the demand side under Priority Area II consolidates the Bank’s previous and ongoing investments that aim to strengthen the ecosystem for entrepreneurship, and thereby complement Bank support under Priority Area I, which places emphasis on reducing the costs of doing business by supporting resilient infrastructure development to catalyze private sector development. This holistic approach will accelerate economic diversification. Additionally, the skills and enterprise development was identified as one of the transmission paths to reducing unemployment and poverty by the 2023 World Bank Country Diagnostic Report</p> <p>Economic and financial governance will be mainstreamed across Bank interventions, as clarified in the new paragraph 64 in section 5.2. Furthermore, as indicated in Box 7, the Bank will build on its ongoing and planned interventions in economic governance to enhance its dialogue and partnerships with other development partners to strengthen PFM, DRM, and debt management. Furthermore, Bank support to policy reforms and engagement in dialogue will place emphasis on strengthening sector governance in the key sectors such as energy, transport, and water (section 5.4 and Annex A.2).</p>
17.	<p><b>External Shocks:</b> What contingency measures are in place to mitigate the 15% reciprocal tariff on Namibia’s exports to the US (potentially costing \$810 million annually)</p>	<p>As stated in Box 2 whereas the U.S. accounts for less than 1% of Namibia’s total exports (about USD 810 million), Namibia’s trade surplus with the U.S. reduced to US\$ 17.5 million during the first half of 2025, down from US\$ 22 million during the same period in 2024, reflecting the impact of the U.S. tariffs. Key sectors like diamonds, marble, and salt were most affected, with diamonds—previously duty-free under AGOA—now facing reduced competitiveness in addition to depressed global demand and prices. Uranium exports are exempted from the U.S. tariffs.</p> <p>As indicated in section 2.3 (paragraph 27), Namibia is keen to leverage</p>

		<p>the opportunities presented by the AfCFTA to drive export diversification and integration in regional value chains. In this context, the Government launched its National AfCFTA Strategy in November 2022 to develop tariff offers and service schedules, establish a National Implementation Committee, expand trade, attract investment, revamp industrial policies, and create opportunities for women, youth, and MSMEs. The Bank will complement these efforts by mobilizing technical assistance including through MIC-TAF grants to support Namibia’s participation in the AfCFTA, with emphasis on aligning customs and border procedures with international standards, improving efficiency of the transit system, and developing a cost-effective method for managing transit bond guarantees (section 5.2, paragraph 68). This targeted support to the implementation of the AfCFTA will augment the Bank’s broader support to accelerate economic diversification as discussed in section 5.2.</p>
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**A.6 Portfolio Performance Review:**

Lessons Learned from the 2025 CPPR Workshop

Strategic Level	<p>The Bank’s portfolio in Namibia has been growing, which calls for strengthening the partnership with the country. While development model and the development challenges have largely remained the same, external competition, population dynamics and climate shocks are shaping the dynamics of the country. In this context, (i) responding to international trade competition, rural-urban migration and the pressures it brings on urban infrastructure requires urgent attention; (ii) Building greater resilience to climate shocks and providing equal opportunities to the country’s population must be at the center of the development process; (iii) dialogue with government must be knowledge driven to influence resource allocation, with a focus on fostering structural transformation while also addressing the dualistic nature of the economy; (iv) Lack of the Bank’s physical presence visa-a-vis the required intensity of such dialogue the Bank needs to respond appropriately; (v) The spatial and cross-cutting nature of the challenges facing the country, integrated program development could be critical to holistically address emerging issues; (vi) Furthermore, the government’s capacity to finance development without risking fiscal sustainability is remote. The country’s authorities have already acknowledged that SOEs dominance may have reached the end of its usefulness hence the adoption of the “Growth at Home Strategy” that seeks to enhance local competition, through greater and dynamic private sector participation; (vii) To better serve Namibia, the One Bank approach, will need to be enhanced, from business development, program design and implementation levels.</p>
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Operational Level	(i) Improve project identification to avoid a supply driven bias while maintaining flexibility based on the broad priority areas identified for Bank interventions; (ii) To improve quality at entry, the Bank should focus on readiness for implementation and the likelihood of achieving the expected outcomes; (iii) Ensure consistent awareness training of fiduciary staff at Project Implementation Units (PIUs) with a focus on opportunities for the local construction industry's participation; (iv) The Government's approval processes tend to be long and sufficient time should be allowed to avoid imposing unrealistic deadlines; (v) Improve monitoring of projects through quarterly reports to the Ministry of Finance and establish modalities for joint Ministry of Finance - Bank Teams quarterly project reviews; (vi) Flexibility is also essential to accommodate evolving needs of the project beneficiaries; and to ensure that projects remain relevant.
Government	(i) There are delays in submitting procurement plans, slow disbursements and challenges with contractor performance; (ii) Participation of higher-level officials facilitates prompt resolution of project implementation challenges; and (iii) Focused support on economic diversification and value chain development to reduce the country's vulnerability to climate change and external economic shocks.
Development Partners	While Namibia is currently averse to project and program co-financing by DPs', structured dialogue that promotes and facilitates joint planning will be key to better coordination, complementarities of DPs' programs and projects and avoidance of duplication while also enhancing the impact of their support.

#### A.6.1 Ongoing Operations in Namibia as of JULY 31, 2025

Flashlight	Project Name	Window	Approval date	Effective 1 <sup>st</sup> Disb.	Completion date	Window Amount (UA)	Disb Ratio (%)	Age	E & S No.	E&S Categorization
1	Namibia Agricultural Mechanization and Seed Improvement Project	ADB Loan	4-Dec-2017	4-May-2018	31-Dec-2026	40,907,408	58.8	8	2	Moderate E&S risks and impacts
2	MIC TAF Grant Proposal - Feasibility Studies on Feed Africa Agriculture	MIC-TAF Grant	2-Mar-2019	22-May-2019	31-Mar-2026	723,000	27.6	6	3	Low E&S risks and impacts
<b>Subtotal for Agriculture Sector</b>						<b>41,630,408</b>				
3	Development Bank of Namibia	ADB Loan	9-July-2015	7-Nov-2016	1-Jan-2028	184,083,34479,163,664	100	10	4	FI-A: Significant E&S risks and impacts
4	ZAR 1.5 billion Line of Credit to Development Bank of Namibia	ADB Loan	18-Dec-2024		15-Jan-2028	61,361,112	0	0	2	Moderate E&S risks and impacts

<b>Subtotal for Finance Sector</b>							<b>245,444,456</b>					
<b>5</b>	Namibia Transport Infrastructure Improvement Project	ADB Loan		13-Dec-2017	7-Jun-2018	31-Dec-2025	81,814,816	94.5	8	1	Significant E&S risk and impact	
<b>6</b>	Namibia Transport Infrastructure Improvement Project – Phase II	ADB Loan		31-Oct-2023	19-Mar-2024	31-Dec-2028	150,171,088	1.0	2	1	Significant E&S risk and impact	
<b>7</b>	Transport Infrastructure Improvement Project - Phase II (GR)	MIC-TAF Grant		05-Feb-2024	11-Jul-2024	31-Dec-2028	278,261	0	1	1	Significant E&S risk and impact	
<b>Subtotal Transport Sector</b>							<b>232,264,165</b>					
<b>8</b>	City of Otjiwarongo Wastewater Treatment and Solid Waste Management	MIC-TAF Grant		7-Dec-2022	12_Feb-2024	30-Sep-2026	118,636	2	2	1	Significant E&S risk and impact	
<b>9</b>	City of Otjiwarongo Wastewater Treatment and Solid Waste Management	AWF Grant		22-Mar-2023	12-Feb-2024	30-Sep-2025	1,100,743	3.4	2	1	Significant E&S risk and impact	
<b>10</b>	Water Sector Support Programme	ADB Loan		11-Mar-2020	18-Nov-2020	31-Dec-2026	77,438,704	24.0	5	1	Significant E&S risk and impact Significant E&S risk and impact	
<b>11</b>	Water Sector Support Programme	RWSSI Grant		11-Mar-2020	18-Nov-2020	31-Dec-2026	2,540,177	33.1	5	1	Significant E&S risk and impact	

<b>Subtotal for Water and Sanitation Sector</b>						<b>81,198,260</b>				
<b>12</b>	Tax Administration Technical Assistance (TA-TAP)	MIC-TAF Grant	17-Dec-2024		31-Dec-2027	250,000	0	0	3	Low E&S risks and impacts
<b>Subtotal for Multisector</b>						<b>250,000</b>				
<b>GRAND TOTAL</b>						<b>600,787,290</b>	<b>51</b>	<b>3.6</b>		

## A6.2 Key Portfolio Performance Indicators

performance Indicator	CSP Approval Year June 2020	June 2022	June 2024	CSP Completion November 2024	New CSP July 2025
Active Project ( )	10	9	11	8	10
Total Portfolio Amount (UA Million)	527.0	562.3	593.3	552.3	600.8.4
Average portfolio size (UA million)	52.7	56.2	53.9	69	50.0
Cumulative Disbursement Ratio (%)	51.2	51.4	56.4	54.3	51.0
Average age of Portfolio (years)	2.3	4.0	5.0	4.6	3.6
Sovereign Operations ( )	9	9	9	7	8
Aging Operations (#)	0	3	3	3	2
Aging Operations (% of portfolio)	0	16	28	22.8	20
Flagged (Red) (%)	36	30	46	27	33
Close Watch (Yellow) (%)	9	10	8	9	8
Satisfactory (green) (%)	55	60	46	64	58
Signature delays (# of operations)	0	0	1	0	0
First Disbursement Delays (# of operations)	0	0	1	0	1
Projects-at-Risk (PAR) (% of portfolio)	0	11	0	0	0

Commitments-at-Risk (CAR) (% of portfolio)	0	0	0	0	0
Time Lapse: Approval to Signature (months)	4.2	4.5	5.4	4.8	4.8
Time Lapse: Approval to First Disbursement (months)	10.4	10.4	9	13.6	14.3

### A6.3(a) IPR Ratings for Active Sovereign Operations Portfolio

Criteria/ Projects	Dashboard Lights	IPR date	Outcome rating	Output rating	Compliance with			Project systems and procedures			Project execution and financing				Rating on Development Objective (DO)	Rating on Implementation Progress (IP)	Overall Rating	
					Compliance with covenants	Compliance with E&S	Audit compliance	Procurement	Financial management	Monitoring and evaluation	Disbursement	Budget commitments	Counterpart funding disburs.	Co-financing disbursement				
<b>Social Sector</b>																		
NAMIBIA EDUCATION TRAINING AND ENHANCEMENT PROJECT		June-24	3	4	4	3	3	4	4	4	4	4	4	n/a	n/a	highly satisfactory	highly satisfactory	NPPP
		November-23	4	4	4	4	1	3	3	4	3	3	n/a	n/a	highly satisfactory	highly satisfactory	NPPP	
<b>Water Sector</b>																		
WATER SECTOR SUPPORT PROGRAM		December-24	4	4	4	4	3	4	4	4	1	4	4	n/a	n/a	highly satisfactory	highly satisfactory	NPPP
		June-24	4	4	4	4	4	3	3	4	4	3	n/a	n/a	highly satisfactory	highly satisfactory	NPPP	
<b>Multisector</b>																		
GOVERNANCE AND ECONOMIC RECOVERY SUPPORT PROGRAM (GERSP) – PHASE II		November-23	4	4	4	4	4	4	2	3	4	4	n/a	n/a	highly satisfactory	highly satisfactory	NPPP	
		May-23	4	4	4	4	4	3	4	3	4	4	n/a	n/a	highly satisfactory	highly satisfactory	NPPP	
<b>Agriculture Sector</b>																		
NAMIBIA AGRICULTURAL MECHANISATION		October-24	4	4	4	4	4	3	3	3	2	2	3	n/a	Satisfactory	Satisfactory	NPP	

AND SEED IMPROVEMENT PROJECT (NAMSIP)		May-24	4	4	4	4	4	4	4	4	3	1	3	3	n/a	highly satisfactory	highly satisfactory	NPPP
<b>Transport Sector</b>																		
NAMIBIA TRANSPORT INFRASTRUCTURE PROJECT		April-24	4	4	4	3	4	2	3	3	4	4	2	n/a	Satisfactory	Satisfactory	NPPP	
		December-24	3	4	4	3	3	2	3	3	4	4	2	n/a	Satisfactory	Satisfactory	NPPP	

### A6.3(b) ASR Rating for the Active NSO Portfolio

Project Name	Delivery Dashboard Lights	Development objectives		Compliance with conditions.			Procurement Performance.		Financial Performance					Activities and Works				Do Rating	IPR/ASR	Overall Rating
		Likelihood of development	Likelihood that benefits are attained	compliance with condition prior to loan effectiveness	Compliance with general condition	Compliance with other conditions	Procurement of Consultancy service	Procurement of good and service	Availability of foreign exchange	Availability of local currency	Disbursement flows	Cost management recovery	performance of cofinances	Adherence to the implementation schedule	Performance of consultant or technical assistant	performance of contractors	Performance of Project management			
Line of Credit to Development Bank of Namibia	Satisfactory	3.5	3.5	3.5	3.0	3.0	3.0	3.0	3.5	3.5	2.5	2.5	3.0	3.0	3.0	3.0	3.0			NPPP
ZAR1.5 billion Line of Credit to Development Bank of Namibia	Satisfactory																			NPPP
% of Ratings 3 and 4		100%	100%	100%	100%	100%			100%	100%	100%	100%	100%					100%	100%	

## A.7 Portfolio Improvement Plan

### A.7.1 Progress in the Implementation of the 2023/2024 Country Portfolio Improvement Plan

Issue	Action required	Responsible	Measurable Indicators	Baseline (2019)	Timeline	Status of Implementation
Delays in Project Effectiveness and Start-up	Ensure adequate preparation for the project including consultations with all key stakeholders	MOFPE/Ministry/AfDB	% of projects experiencing start-up delays because of lack of readiness.	30%	Ongoing <i>(Immediately for new projects)</i>	Partially achieved (75%). Of the 4 operations (loans) approved during the CSP period, 3 were adequately prepared.
	Advance preparation of key project documents including complete set of tender documents, safeguard documents, etc. before project approval by the Board	Ministry/AfDB				
	Ensure skill mix during preparation and appraisal of projects	Ministry/AfDB	% of experts with adequate required skills involved during preparation and appraisal.	70%	Immediately for new projects	Achieved
	Establish Project Implementation Unit (PIU) with required expertise before project approval by the Board	Ministry/MOFPE	% of new projects with PIU established before project starts.	0%	Ongoing <i>(Immediately for new projects)</i>	Partially achieved, the two PBOs and the Transport projects were well staffed during preparation, but not for the Water Sector Support Program (75%).
Limited oversight from the Ministry of Finance	Increase the oversight role of the Ministry of Finance (MoF) on the implementation of projects			-	On-going	The Ministry of Finance and Public Enterprises has enhanced its involvement in portfolio implementation and is bound to get better.
	All Executing Agencies (EAs) to timely submit quarterly reports (technical and financial) to the MoF for review and guidance	EA/PIU	% of project reports reviewed by MoF and guidance provided	60%	Immediately	Partially achieved, all projects are submitting quarterly reports and timeliness is improving especially after Quarterly Reviews (80%).
	Conduct joint regular Portfolio Performance Review meetings with all EAs	MOFPE/AfDB	No. of Portfolio Performance Review meetings organized	0	Start in 2 <sup>nd</sup> semester of 2019	Achieved

Issue	Action required	Responsible	Measurable Indicators	Baseline (2019)	Timeline	Status of Implementation
Weak Project Management and Coordination	Adequate staffing and build capacity of staff in PIU	Ministry	No. of technical assistance programs to improve staff capacity and project management and implementation	0	Once every year in 5 years – to start in 2019	Achieved through fiduciary clinic, E&S training and quarterly portfolio review sessions.
	Strengthening capacity in the Department of Works (Quantity Surveyors)	Ministry of Education	Quantity Surveyors increased	1	3 months from May 2019	Achieved, by recruitment of quantity surveyors under the Education Project.
Limited experience and knowledge of Bank rules and procedures	Organize training programmes, fiduciary training that include project management and contract management aspects	AfDB/MOFPE	No. of training programs / fiduciary training organized.	0	Once each year for 5 years	Achieved
	Training and orientation of Senior Management in Government on Bank rules and procedures	AfDB/MOFPE	No. of training sessions per year	0	Once each year for 5 years	Since this was introduced, it hasn't been discussed fully with government and with the on-set of COVID, focus was diverted. Efforts will be made to ensure its implementation.
	Coaching of EAs on Bank rules and procedures during supervision missions	AfDB	% of missions including coaching sessions	0	Ongoing	Achieved. During supervision missions, fiducially officers are spending time to deal with any other matters across the projects since all missions are planned at the same time.
Delays in Project Reporting	EAs to ensure quarterly reports are timely submitted to the Bank within the required time	EA/PIU	% of quarterly progress reports timely submitted	75%	Within 45 days of end or quarter	Partially achieved, still grappling with timely delivery of the reports, but they all get delivered.
Delays in Bank response	Ensure timely response to Government submission	AfDB	No. of days for Bank response	>10 days	Immediately	Achieved: Av. 5 days (100%)
	Minimize disruption during change of Task Managers	Ministry/MOFPE				No gap in replacing Task Manager (100%)

Delays in start-up of procurement activities after project approval	Assign qualified Procurement Experts to carry out procurement activities before project approval	Ministry/EA	% of projects with qualified Procurement Experts	75%	Immediately	Partially Achieved: 75% (3 of the 4 operations complied).
	1 <sup>st</sup> Draft detailed Procurement Plan to be prepared for Bank review and clearance at time of project launch	EA/PIU	EA presents detailed PP at each launch for new projects	-	Immediately for new projects	Achieved
	Procurement Plan must be cleared by the Bank within one month at beginning of calendar year	EA/AfDB	% of projects with PP cleared within the month of January each year	0%	Immediately	Not achieved, 60% of projects submitted Procurement Plans in February, and none in January. The process may have to begin in November of the preceding year to achieve the target.
	Streamline / Improve internal processes of approval and strengthen Procurement Management Units in line ministries	MoF and Sector Ministry	Improved internal approval processes	Slow	Immediately	On-going process: Bank has engaged the government on improving performance of Ministerial Procurement Committees and expedite decision making at sector ministry level (Ed level).
Delays in the provision of counterpart funds	Line ministries through the MoF to ensure funds requirements are included in the National Budget	MOFPE and Ministry	% of funds disbursement from MoF	20%	Immediately	100%
	Timely disbursement from the MoF upon requests by EAs					100%
Lack of compliance with the Bank's quarterly financial reporting requirements	EAs to ensure quarterly financial reports are sent to the Bank within 45 days of end of the quarter	EA/PIU	% of acceptable quarterly performance reports submitted to the Bank within 45 days of the end of the quarter	50%	Within 45 days of the end of the quarter	80%
Delays in timely submission of Annual Audit reports	EAs to ensure annual audit reports are submitted to the Bank within 6 months of the end of the reporting period	EA/PIU	Acceptable annual audit reports submitted to the Bank within 6 months of end of the reporting period	70%	Within 6 months from the end of the reporting period	Achieved after delays had occurred during 19 lockdowns)
Delays in timely submission of	Regularly submit the justification of funds	EA/PIU	All funds justified within the required time	55%	Immediately	Challenges persisted in 2 projects in water and education projects.

justification of funds' use in the Special Accounts	disbursed in Special Accounts (6 monthly, or when attained 50% utilization)					Disbursement experts have continued to support the PIUs to get rid of the problem.
	EAs to improve the quality of justification documents, specially Form A2 and supporting documents		% of justifications improved	50%	Immediately	Among projects utilizing Special Account, challenges persist (60%).

Key:  Recommend to removed

Recommend modification

Recommend new action

### A.7.2 Namibia 2025/26 CPIP

Major Issues	Recommendation	Objective Indicators	Baseline (2025)	Target (2026)	Responsible Institution	Timeline	Remarks
<b>Poor Quality at Entry</b>							
Delays in Project Effectiveness and Start-up	Ensure adequate preparation for the project including consultations with all key stakeholders	% of projects experiencing start-up delays because of lack of readiness.	30%	0%	MOFPE/AfDB/ Line Ministry	Ongoing <i>(Immediately for new projects)</i>	At Project Identification, Preparation and Appraisal, the Ministry should ensure that the Project Implementation Modalities are in Place and that all Stakeholders (at National and Regional Level) are engaged before Loan Signature and commencement of actual project implementation
	Advance preparation of key project documents including complete set of tender documents, safeguard documents, etc. before project approval by the Board						EA to identify and appoint key Project Personnel to familiarize themselves with key documents before project implementation
	Ensure skill mix during preparation and appraisal of projects	% of experts with adequate required skills involved during preparation and appraisal.	70%	100%	AfDB/ Line Ministry	Immediately for new projects	It is important that EAs institute a team comprising of professionals with different specializations/expertise
	Establish Project Implementation Unit (PIU) with required expertise before project approval by the Board	% of new projects with PIU established before project starts.	50%	100%	MOFPE/ Line Ministry	Ongoing <i>(Immediately for new projects)</i>	The EA should ensure that PIUs have the required expertise at all-times and

Major Issues	Recommendation	Objective Indicators	Baseline (2025)	Target (2026)	Responsible Institution	Timeline	Remarks
<b>Poor Quality at Entry</b>							
							ensure that any vacancy should be filled in a shortest possible time
<b>Oversight and Project Management</b>							
Limited oversight from the Ministry of Finance	Increase the oversight role of the Ministry of Finance (MoF) on the implementation of projects	No. of quarterly portfolio performance review sessions jointly done with the Bank	1	4	MOFPE/AfDB	On-going, starting Q1-2025	It is crucial that the EAs are involved in oversight of projects under their jurisdiction and participate in the performance review sessions. This will enable the EAs to better understand the challenges being experienced by the PIUs during the project implementation
	All Executing Agencies (EAs) to submit quarterly reports (technical and financial) to the MoF and AfDB for review and guidance	% of project reports reviewed by MoF and guidance provided	0%	80%	MOFPE	Immediately	Agree with the recommendation
	Conduct joint regular Portfolio Performance Review meetings with all EAs	No. of Portfolio Performance Review meetings organized	0	2	MOFPE/AfDB	Start in 2 <sup>nd</sup> semester of 2025	Very critical as during the process EAs will learn from other EAs and other stakeholders how to better improve on performance of projects
Weak Project Management and Coordination	Adequate staffing and build capacity of staff in PIU/EA	(i) % of projects with adequate staffing (ii) No. of capacity building technical assistance programs PIU to improve project management and implementation	70%  0%	100%  2	Sector/AfDB	On-going  Once every year to start in 2025	Training budget to be provided in project design. AfDB should identify institutions for capacity building and/or exposure visits for PIU staff in line with identified training needs/gaps. Future projects should make budgetary provision for qualifying training for EA staff and in particular PIU staff who are involved in

Major Issues	Recommendation	Objective Indicators	Baseline (2025)	Target (2026)	Responsible Institution	Timeline	Remarks
<b>Poor Quality at Entry</b>							
							implementation and management of the projects
Limited experience and knowledge of Bank rules and procedures	Organize training programmes, fiduciary training that include project management and contract management aspects	No. of training programmes / fiduciary training organized.	2	4 training sessions in two years	AfDB	Once each year for 5 years	
	Training and orientation of Senior Management in Government on Bank rules and procedures	No. of training sessions per year	0	1	AfDB/MoF/Line Ministry	Once each year for 5 years	Senior management will have a better understanding of the Bank rules and procedures that will enable the EAs to expedite implementation of project activities
	Coaching of EAs on Bank rules and procedures during supervision missions	% of relevant missions including coaching sessions	80%	100%	AfDB/PIUs	Ongoing	
Delays in submitting audit reports	Office of Auditor General to accept use of consultants to undertake audits	% of delayed audit reports.	30%	0%	Auditor General/AfDB	Immediately	Projects to include components and budget for hiring private auditors
Delays in Bank response	Ensure timely response to Government submission	(i) No. of days for Bank substantive response (ii) No. of days to provide preliminary review	>10 days	=< 21 days	AfDB	Immediately	No additional remarks
			>10 days	=< 14 days		Immediately	
<b>Fiduciary Management – Procurement and Financial Management</b>							
Delays in start-up of procurement activities after project approval	Assign qualified Procurement Experts to carry out procurement activities before project approval	% of projects with qualified Procurement Experts	75%	100%	Line Ministry/AfDB	Immediately	All required personnel should be appointed before project commences
	1 <sup>st</sup> Draft detailed Procurement Plan to be prepared for Bank review and clearance at time of project launch	EA presents detailed PP at each launch for new projects	50%	100%	Line Ministry/PIs	Immediately for new projects	Critical to ensure that project activities are implemented timeously without delay
	Procurement Plan must be cleared by the Bank within one month at beginning of calendar year	% of projects with PP cleared within the month of January each year	0%	100%	PIUs/AfDB	Immediately	Implementation of projects including the PP should be aligned to Financial Year which commences in April, and the PP should be cleared one month before that start of new Financial Year instead of calendar year. The submission


Major Issues	Recommendation	Objective Indicators	Baseline (2025)	Target (2026)	Responsible Institution	Timeline	Remarks
<b>Poor Quality at Entry</b>							
							of PP should therefore be aligned with an institutional financial year.
	Streamline / Improve internal processes of approval and strengthen Procurement Management Units in line ministries	Improved internal approval processes (not efficient)	Slow	Efficient	PIUs/ Line Ministry Management	Immediately	Bank to provide guidance on how to improve process
Confusion between country procurement act and Bank procurement procedures and policies	Provide training to Executing Agencies on Bank Procurement Procedures	No. of ABEC/Ministry Procurement Committees trained/oriented in Bank procedures within Loan Agreement stipulations	0	2 per year to accommodate new projects	AfDB/Executing Agency	Immediately	No additional comments
Delays in tender evaluation process	Review composition of Ad-hoc Bid Evaluation Committees and provide incentive them	Identify dedicated staff to be in ABEC and incentivize their meetings	Slow	Efficient	Executing Agency/MoF	Immediately	Dedicated members to be more committed and provide resources to facilitate meetings outside duty station for concentration
Enhance and strengthen procurement capacity of Namibians at country level	Ministry of Finance to review in-country procurement training facilities and aim for professionalization of procurement function	Formulate a program for professional development with PPU	0	1 x TA provided to PPU	MoF	2027	Bank to identify Grant resources to support initiative
Delays in clearing contracts by Attorney General's Office	Assign officer(s) to handle AfDB contracts	Reduced turn-round period	Long	Short	Executing Agency/OAG	Immediately	EA should submit a standardized draft contract for procurements of goods and works using the Bank procurement Method to the Office of Attorney General for once off clearance to accelerate signing of contracts based on the signed Loan Agreements

Lack of compliance with the Bank's quarterly progress reporting requirements	EAs to ensure quarterly progress reports are sent to the Bank within 45 days of the end of the quarter	% of acceptable quarterly progress reports submitted to the Bank within 45 days of the end of the quarter	50%	100%	PIUs/Line Ministry	Within 45 days of the end of the quarter	No further remarks
Delays in timely submission of Annual Audit reports	EAs to ensure annual audit reports are submitted to the Bank within 6 months of the end of the reporting period	Acceptable annual audit reports submitted to the Bank within 6 months of end of the reporting period	70%	100%	PIUs/Line Ministry	Within 6 months from the end of the reporting period	MoF to engage Office of Accountant General (OAG) for timely issuance of Audit Reports and the associated Management Letters. Where audits are not currently conducted by the OAG, the OAG being a key stakeholder, should be involved in both the recruitment of the auditors, and approval of the privately conducted audits.
Delays in timely submission of justification of funds use in the Special Accounts	Regularly submit the justification of funds disbursed in Special Accounts (6 monthly, or when attained 50% utilization)	All funds justified within the required time	0%	100%	PIUs/Line Ministry	Immediately	Disbursement Team conducting judiciary clinics to PIUs to create awareness on the use and justification of funds in the Special Accounts
	EAs to improve the quality of justification documents, specially Form A2 and supporting documents	% of justifications improved	30%	100%	PIUs/AfDB	Immediately	PIUs to improve quality of justifications
<b>Monitoring and Evaluation</b>							
Use of RASME (Remote Appraisal, Supervision, Monitoring and Evaluation)	Launch and roll-out RASME in Namibia	PIU staff trained in creating tools for collection of site-specific data	0	30	AfDB/MoF/EA	4 in 2025, 4 in 2026	Training to be provided both physically and virtually
Inadequate reporting on gender matters	Gender reporting in all projects	% of quarterly reports including gender output/outcomes	0%	60%	PIU/AfDB	On-going starting Q3-2025	Reporting on gender output/outcomes is important to ensure gender balance participation and inclusion in all project activities

Inadequate reporting on results	Quality monitoring results officer to provide one-on-one engagement/training to PIUs	No. of trained PIUs	0	8	AfDB/PIU	4 in 2025, 4 in 2026	Training to be provided both physically and virtually
Lack of systematic progress results reporting at government level	Enhance M&E system in National Planning Commission in liaison with MoF	Working Group/Task Force created	0	1	MoF/NPC/AfDB	2025	Quarterly progress reports generated by projects should be shared with both the MoF and NPC to form basis for monitoring progress

#### A.8: Development Partners in Namibia and Focus Areas 2024

Engagement Areas	AfDB	China	European Union	Germany (GIZ, KfW)	Japan	Spain	Turkey	USA	UN agencies	World Bank
Environment, Natural Resource, Climate Change										
Poverty										
Governance										
Agriculture, Water, Rural Development										
Trade and Industry										
Health										
Education										
Social Protection										
Economic Development										
Mines and Energy										
Infrastructure										

 *Main area of focus/lead development partner*

### A.8.1 Findings of Stakeholder Consultations

Stakeholder consultations were conducted as part of the preparation process for the Namibia Country Strategy Paper (CSP) 2025–2030 both during the July 2024 CSP 2020 – 2024 Completion Report preparation and the May 2025 consultations. During these periods, the African Development Bank (AfDB) conducted technical meetings with the Government officials, development partners (DPs), civil society organizations (CSOs), and private sector.

The Stakeholders generally concurred with the Bank’s diagnosis of the Namibia’s overarching development challenge that remains the limited economic diversification, which has held back progress towards jobs creation, high inequality, and realization of inclusive growth. The need for structural transformation to move away from persisting underlying challenges which include skills deficits, and infrastructure deficiencies notably in energy, transport, and water, all contributing to low productivity levels and reliance on primary exports. Infrastructure deficits, notably in areas with low population density, shortage of specialized skills that place limits on the development of new industries; and the limited regional and global economic linkages that have impeded the development of value chains and exacerbate vulnerability to fluctuations in global commodity price. Culminating from these findings, the Bank shared with the Stakeholders the proposed Priority Areas which were generally endorsed:

**I: Investing in quality and sustainable infrastructure to support resilient, inclusive, and green growth**, by focusing on the transport sector, energy sector and water sector development.

**II: Boosting Human Capital Development through Skills Development and Entrepreneurship to Accelerate Job Creation and Reduce Inequality**, by focusing on education and skills development.

The Stakeholders emphasized on the importance of engaging all players in dealing with the systemic challenges faced by the country including persisting inequalities. While agreeing with the priority areas, civil society was quick to remind the Bank not to side-line social demands that would bring about inclusiveness in the development agenda going forward. The role of the private sector was emphasized and so was keeping an eye on the growing debt.

The Bank maintained contact and collaboration with other DPs during the implementation of the CSP 2020-2024 and is committed to deepening the development partner dialogue in support of the Government’s national priorities in the new CSP 2025 – 2030. Overall, common areas of support have included infrastructure development (water, transport, energy), agriculture, social sector and capacity building in public institutions.

The Stakeholders, which included MDAs, development partners, private sector and civil society organizations expressed their appreciation for the useful and constructive engagements and valuable insights rendered. The Government on its part was grateful for the collaboration and excellent deliberations during the consultations. The Bank appreciated the Government for its cooperation, particularly the Ministry of Finance, for their excellent coordination and support during the consultations and technical meetings. The Bank also thanked the Civil society for being invaluable partners in nation-building, bringing community voices, diverse perspectives, and grassroots insights to enrich decision-making and ensure responsive policies, especially for the marginalized communities.

### A.9: Sixth National Development Plan (NDP6)

Namibia’s overarching national development objectives and strategies are anchored on a long-term vision- Vision 2030 that is implemented through the medium-term plans- the National Development Plans NDPs. Vision 2030’s main goal is for Namibia to become an industrialized nation that is driven by a well capacitated human capital by 2030. The vision aims to improve the quality of life of all Namibians, diversify the economic landscape that is inclusive and to develop a prosperous, healthy and confident society. Vision 2030 is implemented through the

medium-term plans- the National Development Plans NDPs. Consistent with the NDP6, the new government's developmental agenda is based on the principle of "Unity in Diversity" with emphasis on natural resources beneficiation, arresting rural-urban migration through inclusive development and women and youth empowerment.

The NDP 6 (2025/26-2030/31) is the final NDP before the year 2030 and was launched on the 21<sup>st</sup> of July 2025.

NDP6 is aimed at accelerating and fostering the achievement of Vision 2030 and builds on NDP 5 which ran from 2017/18 FY to 2022/23 and extended to end in 2024/25FY). The formulation process of the 6th National Development Plan (NDP6) embraced comprehensive consultation, with the aim to gather perspectives, insights, and priorities directly from the grassroots level. This will ensure that the development plan accurately reflects the aspirations of the people at constituency level across all regions. The wider consultation and involvement of different stakeholders in the NDP6 formulation is motivated by the principles of inclusivity and partnership in development planning.

The theme for NDP6 is: ***"Fostering Recovery, Inclusiveness and Resilience for quality and Sustainable development."*** This theme is premised on the fact that, though concerted efforts were made before during previous NDPs to achieve the goals and aspirations of V2030, Namibia continues to grapple with three main development challenges of high levels of: poverty, unemployment and income inequality.

The NDP6 Policy has four pillars:

i. ***Economic Recovery, Transformation and Resilience,***

The pillar aims to achieve sustainable and inclusive prosperity for Namibia through the exploration of the current economic background to ensure recovery while identifying new sources to boost economic growth and to promote economic diversification for resilience building.

Exploring new opportunities in the form of emerging industries, i.e. green hydrogen, oil, gas, have emerged in the 2020s, including the use and adoption of technologies for innovation. These are the new growth pathways that would promote diversification in addition to the promoting value addition of the existing primary sectors is crucial for the achievement of structural transformation.

ii. ***Human Development and Community Resilience,***

The pillar aims to achieve accelerated human development for realizing self-actualization of the communities and people. The dynamics of our population and the accompanying demographic characteristics is one of the major determining factors in shaping the development of Namibia. The promotion of cultural and creative Industries which are unique sectors that are meant to enhance heritage and support maintaining identity for the communities and people. These sectors also serve as key sources of tourism attraction, employment creation, and livelihoods for a significant number of people globally, leveraging their talents, creative skills, and cultural preservation.

iii. ***Sustainable Development and Environmental Sustainability,***

The pillar aims to achieve sustainable development through improved resilience, adaptability and new growth opportunities. The concept of green economies is centered on sustainability, reducing environmental risks, and addressing ecological scarcities. The ongoing climate crisis, which exacerbates global warming, has heightened the need to maintain the ecosystems to ensure they continue to provide and maintain the current benefits. Sustainable agriculture, for instance, plays a crucial role in this approach.

NDP6 embraces the principle of sustainable development, underscoring the importance of transitioning to green economies. As a nation, it is vital that these goals are actively pursued to protect the environment while promoting economic growth. To explore Namibia's mineral wealth, economic contributions, environmental challenges, and the pathways toward a more sustainable resource-based economy. Namibia's non-renewable resources are key drivers of economic development.

iv. ***Effective Governance and Public Service Delivery.***

The pillar aims to Achieve and maintain competitive development environment and improved citizen. The pillar is centered on Upscaling Public Service Coordination, covering Statistical Coordination and Management, Governance, Transparency and Accountability, Private Sector Development, Peace and Order, and International Relations. While issues on Efficient and Effective Public Service Delivery, emphasizing Decentralization are not to be forgotten.

**The NDP6 documents include a Monitoring and Evaluation (M&E) Plan and an Implementation Plan (IP).**

**A.10: CSP Alignment with Bank's New Ten-Year Strategy 2024-2033**

The African Development Bank Group (the Bank) Ten-Year Strategy (TYS) 2024-2033 acknowledges the multiple challenges facing Africa. Africa's strong economic performance in the last decade had been achieved despite the shocks, hence showing the continent's great resilience. Responding to the interlocking crises – global and those originating within the continent – that threaten the hard-won gains is a priority. Africa must focus on building transformative, sustainable and resilient growth that delivers jobs and equity.

The theme of Namibia's NDP6, is ***“Fostering Recovery, Inclusiveness and Resilience for quality and Sustainable development.”*** NDP6's theme largely resonates with the objectives of the Bank's TYS. Under this theme, Namibia identified four pillars that will enable it to deliver its objectives (see Annex A.3.4):

- i. ***Economic Recovery, Transformation and Resilience***, which aims to achieve sustainable and inclusive prosperity for Namibia by exploring new opportunities in the form of emerging industries, i.e. green hydrogen, oil, gas, have emerged in the 2020s - the new growth pathways.
- ii. ***Human Development and Community Resilience*** will be achieved by accelerated human development for realizing self-actualization of the communities and people through the promotion of cultural and creative industries which are unique to the country and help sustain the heritage and identity of its people. Central in this is the acknowledgement of the importance of human capital development.
- iii. ***Sustainable Development and Environmental Sustainability*** has at its core the need for improved resilience, adaptability and the creation of new growth opportunities subject to changing contexts. Critical in this is Namibia's exploration and implementation of actions for promoting a green economy and thus respond to the climate shocks.
- iv. ***Effective Governance and Public Service Delivery*** aims to achieve and maintain a competitive development environment by capacitating its citizens, enhancing institutional capacity to deliver public services to ensure peace and order, coordination, transparency and accountability and the creation of an environment conducive to private sector activities and growth.

The Bank's Strategy for Namibia aligns itself with the national objectives aimed at exploiting the country's unique assets, including a young and dynamic workforce, growing urban consumer markets, regional competitive advantages, huge potential for clean energy and extensive natural resource wealth. Drawing on the Bank's strong record of results under the High 5s over the past decade, there is need for accelerating and scaling up delivery to maximize impact through supporting more transformative investments. Based on the selectivity criteria and the findings of the CDN, the main objective of the Bank's CSP for Namibia is to ***improve the environment for private sector dynamism and economic diversification for resilient, inclusive and sustainable structural transformation.*** To achieve this objective, the CSP 2025-2030 proposes two mutually reinforcing Priority Areas for Bank support: **Priority Area 1 – Investing in infrastructure to support resilient, inclusive and green growth**, and **Priority Area 2 – Boosting human capital development through skills development to accelerate job creation and reduce inequality** Delivering Bank support through these Priority Areas, will ensure continuity by building on and consolidating achievements made under the previous strategy. This will also enable the Bank to seize opportunities while managing risks by adapting its operational model to respond to new challenges as learned from the implementation of the last strategy.

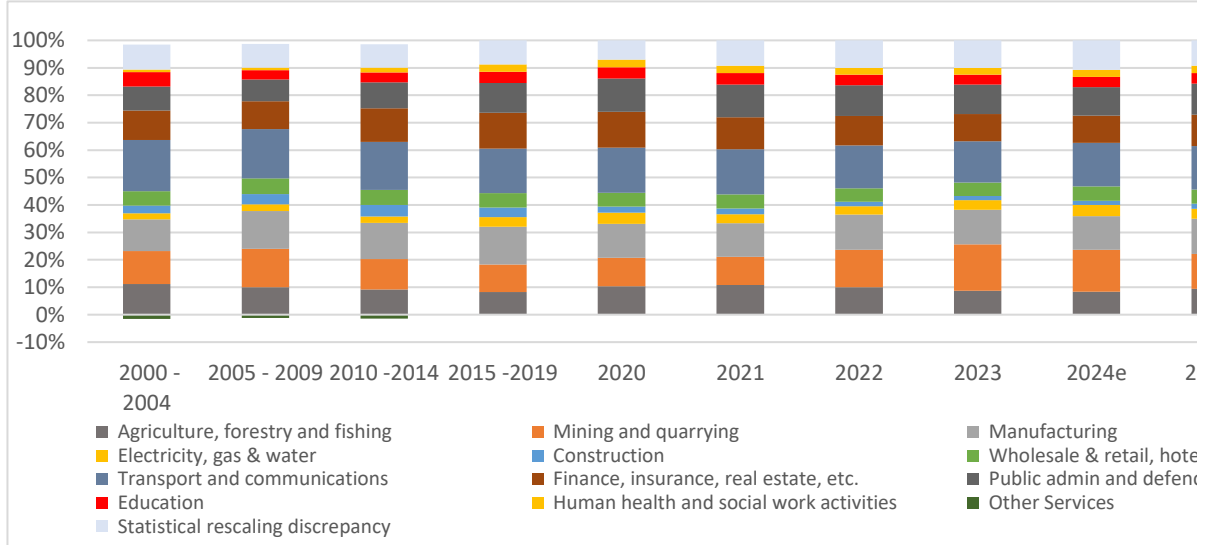
## A.11: Lessons Learned

Strategic Level	<p>The Bank’s portfolio in Namibia has been growing, which calls for strengthening the partnership with the country. While development model and the development challenges have largely remained the same, external competition, population dynamics and climate shocks are shaping the dynamics of the country. In this context, (i) responding to international trade competition, rural-urban migration and the pressures it brings on urban infrastructure requires urgent attention; (ii) Building greater resilience to climate shocks and providing equal opportunities to the country’s population must be at the center of the development process; (iii) dialogue with government must be knowledge driven to influence resource allocation, with a focus on fostering structural transformation while also addressing the dualistic nature of the economy; (ii) Lack of the Bank’s physical presence visa-a-vis the required intensity of such dialogue the Bank needs to respond appropriately; (iv) The spatial and cross-cutting nature of the challenges facing the country, integrated program development could be critical to holistically address emerging issues; (v) Furthermore, the government’s capacity to finance development without risking fiscal sustainability is remote. The country’s authorities have already acknowledged that SOEs dominance may have reached the end of its usefulness hence the adoption of the “Growth at Home Strategy” that seeks to enhance local competition, through greater and dynamic private sector participation; (vi) To better serve Namibia, the One Bank approach, will need to be enhanced, from business development, program design and implementation levels.</p>
Operational Level	<p>(i) Improve project identification to avoid a demand driven bias while maintaining flexibility based on the broad priority areas identified for Bank interventions; (ii) To improve quality at entry, the Bank should focus on readiness for implementation and the likelihood of achieving the expected outcomes; (iii) Ensure consistent awareness training of fiduciary staff at Project Implementation Units (PIUs) with a focus on opportunities for the local construction industry’s participation; (iv) The Government’s approval processes tend to be long and sufficient time should be allowed to avoid imposing unrealistic deadlines; (v) Improve monitoring of projects through quarterly reports to the Ministry of Finance and establish modalities for joint Ministry of Finance - Bank Teams quarterly project reviews; (vi) Flexibility is also essential to accommodate evolving needs of the project beneficiaries; and to ensure that projects remain relevant.</p>
Government	<p>(i) There are delays in submitting procurement plans, slow disbursements and challenges with contractor performance; (ii) Participation of higher-level officials facilitates prompt resolution of project implementation challenges; and (iii) Focused support on economic diversification and value chain development to reduce the country’s vulnerability to climate change and external economic shocks.</p>
Development Partners	<p>While Namibia is currently averse to project and program co-financing by DPs’, structured dialogue that promotes and facilitate joint planning will be key to better coordination, complementarities of DPs’ programs and projects and avoidance of duplication while also enhancing the impact of their support.</p>

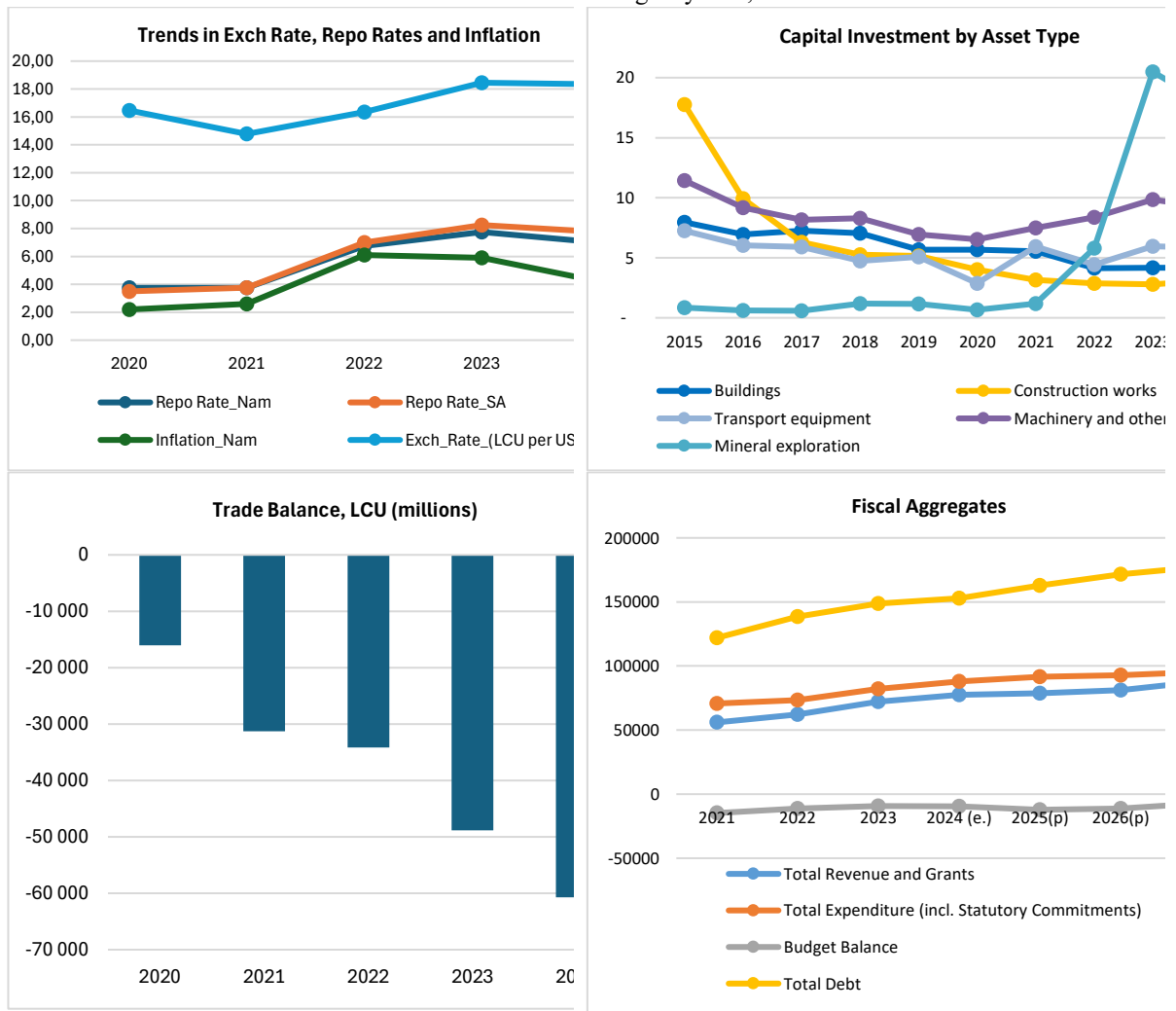
## A.12: Key Economic and Social Trends

### A.12.1: Key Economic indicators

Figure 1: Share of GDP (at current basic price) by Activity % (2000 - 2026)



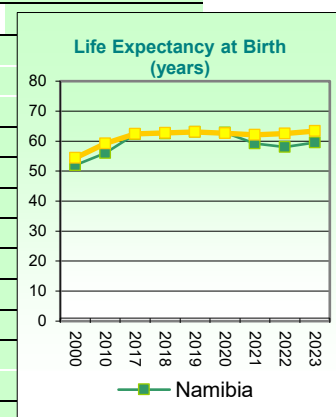
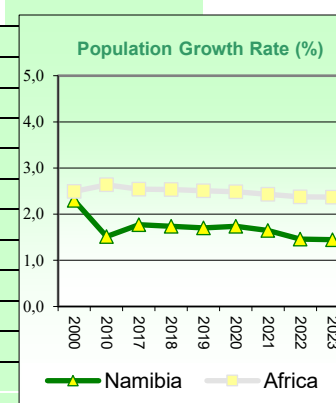
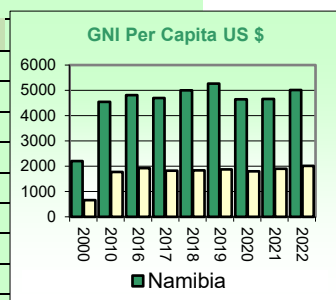
Source: Author's calculations based on Namibia Statistics Agency data, 2025



Source: Author based on Bank of Namibia, Reserve Bank of South Africa, Namibia Statistical Agency (Various years)

## A.12.2: Comparative Socio-Economic Indicator

	Year	Namibia	Southern Africa	Africa	Developing Countries
<b>Basic Indicators</b>					
Surface Area (*000 Km <sup>2</sup> )	2024	824	6,571	30,064	96,105
Total Population (millions)	2023	3.0	229.81	1,458.6	6,678.3
Urban Population (% of Total)	2023	60.3	50.9	44.6	52.2
Population Density (per Km <sup>2</sup> )	2022	3.1	35.4	49.6	70.7
GNI per Capita (US \$)	2024	4240	2 756	2 005	5 680
Labor Force Participation *- Total (%)	2024	46.2	69.0	62.9	60.8
Labor Force Participation **- Female (%)	2024	41.7	64.4	53.8	47.5
Sex Ratio (per 100 female)	2024	93.2	96.2	99.8	105.9
Human Develop. Index (Rank among 194 countries)	2022	142	...	...	...
Popul. Living Below \$ 1.90 a Day (% of Population)	2010-19	15.6	46.5	30.2	6.1
<b>Demographic Indicators</b>					
Population Growth Rate - Total (%)	2023	2.5	2.1	2.4	0.9
Population Growth Rate - Urban (%)	2023	4.2	3.2	3.5	1.9
Population < 15 years (%)	2023	36.2	38.1	39.9	27.0
Population 15-24 years (%)	2023	18.4	19.0	19.3	16.2
Population >= 65 years (%)	2023	3.9	3.6	3.5	8.1
Dependency Ratio (%)	2023	69.1	71.6	76.7	55.2
Female Population 15-49 years (% of total population)	2023	26.2	25.3	24.3	24.9
Life Expectancy at Birth - Total (years)	2023	59.5	63.3	63.4	70.4
Life Expectancy at Birth - Female (years)	2023	63.1	66.0	65.4	72.9
Crude Birth Rate (per 1,000)	2023	26.6	29.4	31.8	18.0
Crude Death Rate (per 1,000)	2023	10.2	8.1	8.0	8.1
Infant Mortality Rate (per 1,000)	2022	28.6	39.6	45.2	30.3
Child Mortality Rate (per 1,000)	2022	37.9	54.6	64.6	40.4
Total Fertility Rate (per woman)	2023	3.2	3.6	4.2	2.4
Maternal Mortality Rate (per 100,000)	2020	215.0	229.9	459.4	232.0
Women Using Contraception (%)	2023	61.6	49.2	38.9	62.5
<b>Health &amp; Nutrition Indicators</b>					
Medical doctors (per 100,000 people)	2011-21	60.1	37.7	36.1	134.3
Nurses and midwives (per 100,000 people)	2011-21	198.9	213.5	136.8	247.6
Births attended by Trained Health Personnel (%)	2011-21	88.2	74.4	67.6	81.9
Peop. Using at least basic drinking water services (% of Population)	2022	85.9	71.5	69.7	89.6
Peop. Using at least basic sanitation services (% of Population)	2022	35.8	49.1	43.8	77.1
Percent. of adults (aged 15-49) Living with HIV/AIDS	2022	11.0	10.1	3.0	1.0
Incidence of Tuberculosis (per 100,000)	2022	450.0	329.6	182.7	157.0
Child Immunization Against Tuberculosis (%)	2022	93.0	76.8	80.3	88.0
Child Immunization Against Measles (%)	2022	91.0	70.5	70.9	82.6
Underweight Children (% of children under 5 years)	2012-22	13.2	12.9	16.6	13.6
Prevalence of stunting	2012-22	22.7	31.0	31.5	...
Prevalence of undemourishment (% of pop.)	2021	17.1	24.7	19.2	11.2
Current health expenditure (% of GDP)	2021	9.4	7.1	5.1	5.5
<b>Education Indicators</b>					
Gross Enrolment Ratio (%)					
Primary School - Female	2013-23	130.1	108.0	95.9	100.6
Secondary School - Total	2013-23	...	63.1	51.6	73.7
Secondary School - Female	2013-23	...	62.5	50.7	73.1
Primary School Female Teaching Staff (% of Total)	2013-23	70.2	60.5	52.0	64.9
Adult literacy Rate - Total (%)	2012-22	92.3	80.0	69.2	84.8
Adult literacy Rate - Male (%)	2012-22	92.2	73.1	73.2	88.7
Adult literacy Rate - Female (%)	2012-22	92.3	76.5	63.0	81.0
Government expenditure on Education (% of GDP)	2013-23	9.0	5.5	4.6	3.5
<b>Environmental Indicators</b>					
Land Use (Arable Land as % of Total Land Area)	2021	1.0	6.1	8.6	11.2
Agricultural Land (as % of land area)	2021	47.1	52.2	39.1	37.7
Forest (As % of Land Area)	2021	8.0	33.7	21.3	31.5
Per Capita CO2 Emissions (metric tons)	2020	1.6	2.1	0.9	3.3



### A.13: Namibia SDG performance



**Dashboards:** ● SDG achieved ● Challenges remain ● Significant challenges remain ● Major challenges remain ● Information unavailable

**Trends:** ↑ On track or maintaining SDG achievement ↗ Moderately improving → Stagnating ↓ Decreasing ●● Trend information unavailable

Rank: 98/166; Score: 66.54%; Only 2 of the 17 SDG have been achieved so far (Sustainable Development Report 2023)

Namibia has achieved or is on track to achieve 39.3% of its target, with limited progress on 44.3% and regression in 16.4% of the cases. In the 2024 Sustainable Development Report, Namibia ranked 98th out of 166 countries with a score of 66.54. The country has fully achieved two Sustainable Development Goals: SDG 5 (Gender Equality) and SDG 15 (Life on Land) and is making good progress on SDG 4 (Quality Education). However, significant challenges persist in seven SDGs, notably SDG 16 (Peace, Justice, and Strong Institutions), where regression has been observed. These challenges hinder the country’s development efforts and impact poverty reduction prospects. Namibia’s Human Development Index (HDI) score of 0.615 classifies it as a “medium” development country, ranking 139th globally in 2021—down from 130th out of 189 countries in 2019 and below the middle-income country average of 0.750

## A.14: Country Fiduciary Risk Assessment

### 1. Overview and Objectives

The Country Fiduciary Risk Assessment (CFRA) for Namibia evaluates the reliability and performance of the Public Financial Management (PFM) and procurement systems. It aims to determine whether Bank-financed operations can use country systems and identifies areas for capacity development. The assessment draws on multiple diagnostics including the 2015 PEFA (now outdated), the 2024 CPIA, the 2025 MAPS report, and stakeholder consultations.

### 2 Overall Fiduciary Risk

The overall fiduciary risk for the Government is assessed as Moderate. However, some risks were identified, key of which were:

- i) Outdated Legal Framework, as most key areas, from budgeting to reporting and accounting are still governed by the State Finance Act (1991), due to delays in finalizing the proposed successor Public Financial Management Bill.
- ii) Lack of formally adopted Accounting Standards, there is no adoption of either IPSAS or other acceptable accounting standards which militates against consistency, transparency, and comparability of financial reports.
- iii) Weak internal audit function and absence of risk-based reviews of OMA's.
- iv) The existence of some OMA bank accounts is still operating outside treasury control.
- v) Accounting for donor resources outside the IFMIS.
- vi) Lack of integration between personnel and payroll records, and the risks to payroll integrity that this pose.
- vii) Low supreme auditor independence and increase in the number of OMA's with qualified audit opinions.
- viii) Absence of follow up on audit recommendations, and the associated limited executive action to implement the recommended improvements on both internal and external audit recommendations.
- ix) Procurement Planning is not detailed enough and has inherent weakness.
- x) Even though the PPU is mandated to provide oversight on procurement, in effect procurement oversight is currently non-existent due to capacity shortcomings in the PPU.

The government is, however, taking steps to address several of the identified shortcomings, as is discussed in the detail below.

**Table 1 – Summary of Overall Risk**

<b>Risk Pillars</b>	<b>Risk rating</b>
Governance	Moderate
Budget	Moderate
Treasury	Moderate
Accounting, Recording and Reporting	Moderate
Internal Control	Substantial
External Scrutiny and Audit	Substantial
Procurement	Substantial
<b>OVERALL RATING</b>	<b>Moderate</b>

### 3. Pillar-Specific Performance and Risks

#### Governance

#### Moderate Risk

Namibia has maintained political stability and democratic governance since independence in 1990, with regular elections and a constitution that guarantees fundamental rights and freedoms. The current administration under President Netumbo Nandi-Ndaitwah has continued the reform agenda, particularly in fiscal management and governance. While Namibia scores relatively high on African governance indices, key challenges persist in the efficiency of state-owned enterprises, judicial capacity, and implementation of anti-corruption measures. The country is actively pursuing tax reforms, digitalization of revenue collection through systems like VAT e-invoicing, and expenditure controls aimed at improving fiscal sustainability and public sector efficiency.

Efforts to improve the business and investment climate are ongoing, including the establishment of Special Economic Zones, development of demand-led education to bridge the skills gap, and simplification of business registration procedures. Namibia is leveraging its strategic trade partnerships and improving its public-private partnership (PPP) framework to attract private investment in infrastructure. Although a PPP Act and Unit are in place, institutional capacity remains weak, and staff turnover poses a challenge. Reforms to strengthen transparency, accountability, and procurement frameworks are also underway, while the government is reviewing key legislation to enhance anticorruption efforts and promote greater access to information and media freedom.

## **4 Performance of the PFM systems and Risk Ratings**

### **4.1 Budgeting - Moderate Risk**

4.1.1 Budget credibility is strong at the aggregate level, supported by a Medium-Term Expenditure Framework (MTEF) and performance budgeting. However, issues include:

- Lack of costing in medium-term plans.
- Weak linkages between planning and budgeting in some sectors.
- Incomplete reconciliation of tax revenue and budget allocations across subnational entities.
- Budget execution challenges due to procurement delays and cash constraints.

#### 4.1.2 Mitigation

- a) Although the Government is seeking to revise the State Finance Act and replace it with a Public Financial Management Act which will incorporate a raft of improvements to current practices, this process has taken an extended period, and it is still not clear when the new Act will be passed
- b) The government is also seeking ways to automate the budgeting system to enhance accuracy, efficiency, transparency, and decision-making by integrating data, reducing errors, and enabling real-time performance monitoring
- c) d strategic planning.

### **4.2 Treasury - Moderate Risk**

4.2.1 The TSA is operational and supports effective cash management. However:

- Some OMAs still hold accounts outside Treasury control.
- Donor-financed project accounts remain outside the TSA.
- The system is constrained by the outdated State Finance Act.

#### 4.2.3 Mitigation

- a) Planned improvements to the sub system will also be captured and codified within the new PFM Bill under consideration which will enforce greater links between the currently independent accounts with the TSA

### **4.3 Accounting and Reporting Moderate Risk**

4.3.1 The IFMIS is robust and widely used across government, covering commitment control, payments, and reporting. It significantly supports expenditure controls and prevents accumulation of arrears. Bank reconciliations for Treasury managed accounts are regular, but the reconciliation of OMAs' commercial bank accounts is lagging, and the quality and integrity of financial information is negatively impacted. Challenges include:

- Lack of integration of accounting for donor projects.
- Lack of personnel-payroll integration, risking ghost workers.
- Delayed reconciliation of suspense accounts and bank accounts.
- Exclusion of statutory obligations from financial statements.

#### 4.3.2 Mitigation

- a) Donor project accounting practices are being standardized through capacity development efforts, internal audit upgrades, and training for ministry and line-agency staff to enforce compliance and consistency. Ongoing reform includes integrated tax systems and the rollout of e-invoicing for VAT (by April 2026), as well as strengthened compliance risk management, which enhances

data integrity and reconciliation of collections against receipts.

- b) Enhancements to the prevailing practices that are proposed for the new PFM Bill will help address the identified weakness.

#### **4.4 Internal Controls Substantial Risk**

4.4.1 Namibia has a sound legal framework for internal controls through the State Finance Act and Treasury Instructions, with clear roles and segregation of duties, but enforcement and accountability remain weak. Commitment controls are in place within IFMIS, yet they are often bypassed, and payroll integrity is undermined by lack of integration with HR data and delayed updates. The internal audit function is operational in most ministries, supported by a charter and manuals, but suffers from limited capacity, inconsistent implementation, and lack of a risk-based approach. Overall, weak follow-up on audit findings and absence of enforcement mechanisms contribute to persistent fiduciary risks across government systems. Challenges include:

- Delayed executive follow-up on audit findings is common.
- Payroll changes are slow, and controls are bypassed for urgent transactions.
- Lack of centralized enforcement for audit recommendations increases residual risk.

#### **4.4.2 Mitigation Measures**

- a) Within the confines of the new PFM Bill, discussions on how best to position Internal Audit are ongoing.
- b) Government has introduced ERM with a few ministries piloting implementation of Risk Registers.

#### **4.5 External Audit Substantial Risk**

4.5.1 The Office of the Auditor General (OAG) operates under constitutional and State Finance Act provisions but lacks a standalone Audit Act and financial independence, as its budget is subject to ceilings set by the Ministry of Finance. While the Auditor General is constitutionally protected in terms of tenure, the staff are public servants governed by the Public Service Act, limiting full institutional independence. The OAG generally complies with international audit standards (ISSAIs), achieving full annual coverage of OMAs and timely completion of audits, although performance across Bank-financed projects is inconsistent. Despite issuing valuable recommendations, there is limited evidence of systematic follow-up or timely executive action to address audit findings. Key issues include:

- Limited follow-up on audit recommendations.
- Unequal audit quality across projects.
- Audit reports show increasing instances of qualified opinions.

#### **4.5.3 Mitigation**

- a) Together with the PFM Bill, a new Audit Bill is under discussion which is meant to address especially the issue of auditor independence, as well as formalizing ministry-based Audit Committees that will champion the implementation of auditor recommendations.

### **5 Procurement Substantial Risk**

The MAPS assessment, jointly undertaken by the African Development Bank, World Bank, and the Government of Namibia, evaluated the country's public procurement system across four pillars. It highlighted strong legal foundations but identified significant implementation and capacity challenges.

#### **5.1 Pillar I: Legal, Regulatory, and Policy Framework Low Risk**

Namibia has a solid legal foundation for procurement governed by the Public Procurement Act (2015), complemented by regulations, directives, and guidelines. The Act promotes open bidding as the default method, outlines clear rules on eligibility, debarment, and bid evaluation, and provides for administrative reviews. However, gaps remain in integrating sustainability considerations, applying non-price evaluation criteria, and ensuring universal access to e-Procurement. The legal framework does not yet support a comprehensive strategy for Sustainable Public Procurement (SPP), and discretionary exemptions by the Minister pose potential risks.

## **5.2 Pillar II: Institutional Framework and Management Capacity Substantial Risk**

The Procurement Policy Unit (PPU), under the Ministry of Finance and Public Enterprises, is responsible for regulation and capacity building but lacks authority, resources, and visibility to function effectively. Though an e-procurement strategy exists, adoption is low, and the current portal is limited in scope. There is no centralized procurement body for consolidated purchases or framework agreements. Procurement is not yet professionalized; most officials working in procurement roles lack formal qualifications, and the function remains compliance-focused rather than strategic.

## **5.3 Pillar III: Procurement Operations and Market Practices Substantial Risk**

Procurement operations show compliance with documented procedures, and private sector participation is encouraged. However, weaknesses include poor market analysis in procurement planning, limited publication of tenders, confidentiality breaches, and delayed contract execution. Practices such as disqualifying bids based on price comparisons may encourage collusion. The lack of sector-specific procurement strategies and mechanisms to measure market access and competitiveness remains a concern. Although dialogue with the private sector exists, there is limited capacity-building support, especially for small businesses.

## **5.4 Pillar IV: Accountability, Integrity, and Transparency Substantial Risk**

Oversight is shared by the Auditor General, Internal Audit, and the PPU, but all face staffing and capacity constraints, limiting their effectiveness. Procurement audits are conducted as part of financial audits, with very few standalone compliance audits. Civil society participation in procurement oversight is minimal due to a lack of legal provisions and limited capacity-building efforts. While Namibia has ratified the UNCAC and implemented anti-corruption measures, more rigorous enforcement, disclosure requirements, and systematic follow-up are needed to bolster transparency and accountability.

## **5.5 Key Priority Areas for Reform**

- a) Tighten rules on non-competitive procurement to encourage competition.
- b) Clarify institutional responsibilities across PPU, CPBN, and Accounting Officers.
- c) Develop and implement a national Sustainable Public Procurement (SPP) policy.
- d) Elevate the PPU's status and resources to function as a procurement authority.
- e) Professionalize procurement through training, qualifications, and regulation.
- f) Enforce mandatory and full use of the e-Procurement portal.
- g) Roll out an end-to-end e-GP system to strengthen transparency and analytics.
- h) Strengthen contract management and implementation monitoring.
- i) Accelerate enactment of the PFM and Audit Bills to enhance control frameworks.
- j) Review and improve the procurement review and appeals system.
- k) Mandate asset and financial disclosure by procurement-related officials.

## **6. Fiduciary Strategy for CSP 2025–2030**

The Bank will:

- Continue to **ring-fence FM arrangements** for investment projects pending IFMIS improvements.
- Use **country procurement systems** on a case-by-case basis based on transaction risk.
- Support Namibia in **implementing MAPS 2025 recommendations**, including capacity building and digitization.
- Provide **technical assistance and oversight** in key areas such as procurement reform and FM reporting.

## A.15: The African Development Bank Group's Fragility Note on Namibia

### INTRODUCTION

The 2023 Country Resilience and Fragility Assessment (CRFA)<sup>[1]</sup> for Namibia evaluates the country's pressures and institutional capacities across seven dimensions and fifty-four subdimensions. While the CRFA data highlights the State's excellent capacity to address these pressures, the section below sheds light on persistent vulnerabilities and Namibia's challenges in translating economic growth into poverty reduction, stemming from limited economic diversification, infrastructure deficits, climate change impacts, and persistent inequality.

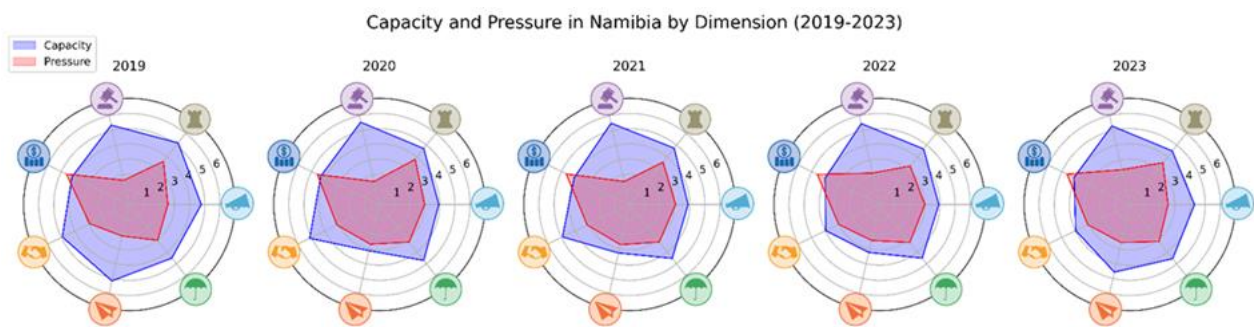


Figure 1: 5-year CRFA trend in Namibia highlighting the enhanced overall capacity of the State to withstand pressure while acknowledging the need to improve capacity to withstand pressures related to Economic and Social inclusiveness

### KEY CHALLENGES AND DRIVERS OF VULNERABILITY IN NAMIBIA

- **Economic Diversification:** The mining sector in Namibia continues to play a pivotal role in the country's economic landscape. Mining contributes over 12% to Namibia's GDP, making it a significant driver of economic growth<sup>[2][3]</sup>. Additionally, mining accounts for about two-thirds of Namibia's merchandise trade exports annually, underscoring its importance in international trade. Due to the large share of mining in GDP, domestic revenues, export earnings and on employment and livelihoods, it poses significant risk in times of global demand shocks and drought conditions. Opportunities for diversification are often distant due to the country's reliance on traditional mining activities and the lack of infrastructure in sectors outside mining industries<sup>[4]</sup>.
- **Urbanization Pressures and Infrastructure Deficits:** Namibia has a large infrastructure deficit and reliance on externally generated energy. Limited access to reliable energy and water supply poses significant obstacles to developing new industries, particularly in renewable energy, which requires substantial infrastructure investments<sup>[5]</sup>. Presently, 61% of Namibia's energy is imported. Namibia's total electricity demand is currently estimated at 600 MW per annum and is expected to grow at about 5% per annum<sup>[6]</sup>. The country's water supply is under pressure, with most dams operating below 50% capacity, leading to significant water shortages that require immediate and long-term solutions<sup>[7][8]</sup>. The National Housing Policy of Namibia [2023] highlights how informal settlements in Namibia house a significant portion of the population, with residents comprising about 67% of the urban population. These settlements face numerous challenges, including inadequate sanitation, non-compliance with regulatory frameworks, and poor living conditions due to geographical and environmental risks.
- **Climate Change and Environmental Risks:** The country's reliance on agriculture and mining makes it vulnerable to climate-related risks<sup>[9]</sup>. Climate-induced displacement in Namibia indicates that in 2023, there were 650 new cases of internal displacement associated with disasters<sup>[10]</sup>. Severe weather events like the 2011 floods displaced over 60,000 people, with 19,000 placed in relocation camps<sup>[11]</sup>. Climate-related events, such as droughts and floods, continue to impact livelihoods and food security, affecting a significant portion of the population. The 2021-2030 NDC Strategy focuses on climate adaptation, aiming to reduce GHG emissions by 14% unconditionally and 77% with international support by 2030.
- **Inequality and Poverty:** Despite its upper-middle-income status, Namibia is the second most unequal country globally, a feature which is the legacy of the apartheid system during South African

rule and exacerbated by recent shocks to the economy. Namibia faces significant challenges related to poverty and inequality, with about 18% of the population living in poverty (based on 2015 data). The Gini coefficient, a measure of inequality, rose to 63.3 in 2022, underscoring Namibia's status as one of the most unequal countries globally. Poverty is more prevalent in rural areas, where 37% of the population lives below the poverty line compared to 15% in urban areas. These disparities are exacerbated by limited access to basic services and high unemployment rates, which only marginally improved from 23.35% in 2020 to 19.63% in 2023<sup>[12]</sup>.

## **OPPORTUNITIES TO BUILD RESILIENCE IN NAMIBIA THROUGH BANK RESPONSES**

This section offers entry points to address the identified vulnerabilities in Namibia and aligns them with the strategic priorities of the CSP [2025-2030]. Given the interconnected nature of the challenges highlighted above, a holistic approach is essential to effectively strengthen institutional capacity, drive digitalization, promote employment, especially among the youth, enhance service delivery in remote areas and informal settlements, and support private sector growth. Integrating these considerations into Bank programs will enable a more targeted and impactful approach to resilience-building in Namibia. This approach is fully aligned with the *Bank's Strategy on Addressing Fragility and Building Resilience in Africa, particularly through its three key pillars: (1) Strengthening institutional capacity, (2) Building resilient societies, and (3) Catalyzing private investments*. Based on the Namibia 2023 CRFA, the main sources of pressure arise from the 'Economic and Social Inclusion' dimension. Over the years, the CRFA also shows limited institutional capacity to address this challenge. This section proposes entry points for the Bank, in addressing key vulnerabilities linked to this pressure dimension and the related root causes such as limited economic diversification, infrastructure deficits, climate change impacts, and persistent inequality. The entry points for the Bank may include:

1. Given the Bank's ongoing investments in the finance sector, particularly through its investments in the Development Bank of Namibia [DBN], the Bank could target MSMEs in underserved regions, including rural areas and urban informal settlements. This can be complemented with support for capacity building of the DBN to offer targeted, concessional lending terms and essential business advisory services to such marginalized groups. Such a line of credit could also include policy measures in support of formalization and women empowerment.
2. Transport, energy and the water sector account for a significant share of the Bank's active portfolio in Namibia. Leveraging the Bank's comparative advantage in infrastructure investments, its interventions could help reduce inequalities by adopting integrated infrastructure development. This approach would combine transport investments with essential services such as access to basic social services, livelihood enhancement, and MSME support programs. These interventions could be tailored for specific regions and the needs of the most vulnerable communities.
3. Namibia has a sparsely populated geography, posing a challenge of attaining inclusive development. The Bank funded interventions, especially in agriculture, should deliberately consider population distribution to ensure impacts are realized for larger number of people. Adopting a value chain approach to agriculture sector interventions may result in larger and more distributed impacts.
4. In regions where persistent poverty is linked to climate related shocks, the Bank may strengthen support for disaster risk management, risk mitigation measures and the development of early warning systems to address climate change threats, particularly in rural areas, and promote climate-resilient infrastructure in informal settlements. Such initiatives would minimize economic losses during disasters and help the most vulnerable populations recover more effectively.
5. Furthermore, leveraging Namibia's membership in SADC, SACU and the AfCFTA, a regional approach to addressing vulnerabilities and building resilience is crucial for improving livelihoods. Increased trade with SADC and within the wider AfCFTA could further open opportunities for addressing the countries' persistent inequalities.

## RECOMMENDATIONS:

During the implementation of the new Country Strategy Paper (CSP), the Bank will continue to integrate strong considerations of fragility and resilience across all its programming in Namibia, directly

sing the key drivers of vulnerability. To enhance the effectiveness and impact of the Bank's interventions, the following recommendations are proposed:

- **Integrate disaster risk management into infrastructure investments** to ensure the development of inclusive, accessible, and climate-smart public infrastructure that remains functional under adverse climate conditions.
- **Address the legacy of apartheid and spatial segregation**, particularly the underdevelopment of informal settlements (formerly homelands), by conducting fragility assessments. This will help ensure that project designs are inclusive and effectively target marginalized groups, thereby promoting equity and improving the quality of life in these communities.
- **Leverage Fourth Industrial Revolution (4IR) technologies**, including digital literacy and artificial intelligence (AI), within Technical and Vocational Education and Training (TVET) and other training or SME support programs. This will strengthen human capital development and resilience by equipping youth and the workforce with the skills needed for the future of work.
- **Embed AI-driven e-government and institutional support solutions** to enhance public sector capacities in governing and sustaining Bank-financed investments with greater efficiency and accountability.
- **Explore the use of the Transition Support Facility (TSF) Pillar IV** as a potential financing mechanism to support targeted, resilience-oriented interventions in Namibia in the coming years.

<sup>[1]</sup> CRFA 2023 was based on data collected by end of 2023 and CRFA analysis completed in 2024.

<sup>[2]</sup> [https://vcda.afdb.org/en/system/files/report/namibia\\_final\\_2024.pdf](https://vcda.afdb.org/en/system/files/report/namibia_final_2024.pdf)

<sup>[3]</sup> [https://www.mme.gov.na/files/publications/779\\_Budget%20Motivation%20Statement%20April%202024.pdf](https://www.mme.gov.na/files/publications/779_Budget%20Motivation%20Statement%20April%202024.pdf)

<sup>[4]</sup> <https://growthlab.hks.harvard.edu/publications/economic-complexity-namibia-roadmap-productive-diversification>

<sup>[5]</sup> <https://thebrief.com.na/2024/09/why-namibia-must-diversify-its-economy/>

<sup>[6]</sup> <https://mit.gov.na/energy-sector#:~:text=Rising%20domestic%20consumption%2C%20dependency%20on,gas%20as%20a%20power%20source.>

<sup>[7]</sup> [https://www.afdb.org/sites/default/files/documents/environmental-and-social-assessments/namibia\\_water\\_sector\\_support\\_program\\_nwssp\\_phase\\_1\\_esmf\\_p-na-e00-005.pdf](https://www.afdb.org/sites/default/files/documents/environmental-and-social-assessments/namibia_water_sector_support_program_nwssp_phase_1_esmf_p-na-e00-005.pdf)

<sup>[8]</sup> <https://ewsdata.rightsindevelopment.org/files/documents/05/AFDB-P-NA-E00-005.pdf>

<sup>[9]</sup> [https://www.afdb.org/sites/default/files/documents/publications/namibia\\_cfr\\_2023.pdf](https://www.afdb.org/sites/default/files/documents/publications/namibia_cfr_2023.pdf)

<sup>[10]</sup> <https://tradingeconomics.com/namibia/internally-displaced-persons-new-displacement-associated-with-disasters-number-of-cases-wb-data.html>

<sup>[11]</sup> <https://www.unicef.org/media/152276/file/Namibia-2023-COAR.pdf>

<sup>[12]</sup> [https://vcda.afdb.org/en/system/files/report/namibia\\_final\\_2024.pdf](https://vcda.afdb.org/en/system/files/report/namibia_final_2024.pdf)

### A.16: Namibia - Country PPP Context and State-Owned Enterprises Reforms PPP Policy

Namibia's PPP Policy provides and outlines Government's intent for private sector participation in infrastructure service delivery. The objective of the PPP Policy is to encourage private sector investment, encourage innovation, ensure rigorous oversight and governance, provide the principles, framework and guiding procedures to assist agencies in applying PPPs, identify responsibility centers and enunciate accountability, achieve capacity development and skills transfer, encourage service delivery, poverty reduction, employment creation and inequality reduction focus to be woven into the PPP project design and evaluation.

#### PPP Act

The Government of Namibia enacted a PPP Act in 2017. The Act provides a legal framework for public private partnership projects in Namibia. It provides for the establishment of the Public Private Partnership Committee as well as to regulate public private partnership projects through the stages of initiation, preparation, procurement, conclusion of public private partnership agreement and implementation, and to provide for incidental matters. The main objectives of the PPP Act are to:

- Promote private sector participation in the provision of public services through public private partnership projects.
- enable private sector investment in the provision of public infrastructure assets or services.
- to create frameworks and ensure oversight and governance on projects selected for development through the public private partnership mode.
- enable the creation of adequate institutional capacity for processing and regulating public private partnership projects.
- ensure fairness, transparency, equity and competition in the process of awarding public private partnership projects; and
- provide for principles, framework and guiding procedures to assist public entities during the initiation, preparation, procurement, management and implementation of public private partnership projects.

### **PPP Guidelines**

The Ministry of Finance and Public Enterprises, through the PPP Unit, has developed PPP Screening Framework and Appraisal Guidelines which defines modalities for PPP project identification, appraisal and selection. It has also developed Guidelines for Unsolicited Proposal for Public Private Partnership projects: Public Private Partnership Act, 2017 (USP) and was gazette on 17 May 2023, Government Notice No. 8091. The objective of the USP is to guide the implementation of Government Infrastructure projects initiated by the private sector, while ensuring value for money and optimal risk allocation among others through an open and competitive bidding process. To date, only one USP PPP project has been submitted officially to the PPP Unit, while few enquiries have been received. USP project proponents hardly ever return as soon as they are informed of the competitive process that a USP project must follow as per the legal provisions.

### **PPP Unit**

The Ministry of Finance and Public Enterprises (MFPE) is responsible for central government finances, including coordination of the national budget, financial markets, consumer legislation and tax policies. The Ministry therefore plays an important role in positioning Namibia's infrastructure development to play a significant role in the country's economic developmental agenda. The Public Private Partnership (PPP) Unit, created within MFPE, plays a critical role in ensuring implementation of the PPP Act. The key functions of the PPP Unit are:

- Provide analytical support to the MFPE and PPP Committee in undertaking the analysis necessary to advise the Committee/Minister in administering the PPP Act.
- Assist the PPP Committee/MFPE in issuing regulations, circulars and guidance notes, pertaining to PPPs.
- Assist Public Entities in Namibia, by preparing and taking to market PPP projects.
- Ensure consistency in the project preparation and the evaluation processes, and act as gatekeeper in ensuring that every progression in the PPP process meets the principles and requirements of the PPP Act.
- Promote PPPs within the Government and coordinate PPP capacity development at Public Entities that are involved in planning and investment in terms of infrastructure or those that are likely to play a substantial role.

The PPP Unit has developed a PPP pipeline of 4 projects: (i) Wastewater and waste to energy (recruiting transaction adviser); (ii) Affordable housing (feasibility study completed); (iii) City of Windhoek 25MW solar PV (in the process of selecting preferred bidder); and (iv) Student accommodation (feasibility study identified need for viability gap funding). A fifth project, the 1500km trans-Kalahari railway project, is not yet registered.

## PPP Implementation

Despite putting in place a fully-fledged PPP framework, the uptake of infrastructure development projects through the PPP legal framework has been very slow. Limited fiscal space constrains the government's ability to adequately cater for major development projects in recent years, while the country's infrastructure funding gap is currently estimated at above NAD30 billion. Namibia is yet to complete a single PPP project using the established legal framework. This continues to place the burden on the Treasury, as the Ministry tries to navigate around the allocation of limited budgetary funds to many pressing needs of the country.

Over the years, Development Finance Institutions such as African Development Bank (AfDB), International Finance Corporation (IFC), the African Legal Support Facility (ALSF), have provided wide ranging Technical and Financial Support for the development of Namibia's PPP program. Such support includes grant funding from the African Development Bank (AfDB) towards the Institutional Strengthening for Public Private Partnerships (ISPPP) project which financed a capacity needs assessment, roll out of the Government-wide PPP capacity development program and a PPP Resident Advisor, among others.

Despite all the efforts of the Government and support provided by Development partners, there are no tangible results to show, as the country is yet to reach a financial closure for a PPP project.

## State Owned Enterprises (SOE) Reform

Namibia has more than 80 State Owned Enterprises (SOEs) performing regulatory and commercial activities across various sectors and are an important source of employment. Several SOEs are characterized by deficient management, corruption, and are financially unsustainable. Ongoing reforms promote efficiency of SOEs are contained in the Public Enterprises Governance Act (PEGA) of 2017. The PEGA regulates the governance and operations of the SOEs in conjunction with the establishing Acts and the focus of PEGA. SOEs are being classified into functional units, while also establishing governance and management structures and holding company relationships. Regulations regarding the classification of the SOEs by function are being developed and implementation will follow cabinet endorsement of the regulations. The implementation of the public ownership policy (together with the asset register) has not yet commenced due to pending regulations. The procurement process for the SOEs holding company has commenced but has not yet finalized. Implementation of these reforms has been slow. The PEGA has sometimes been challenged in court due to its conflicts with the functional Acts of SOEs, while the classification and implementation of public assets reforms is hindered by compliance issues. Full implementation of these reforms is crucial for the SOEs to function properly and to promote better governance and effectiveness of service delivery.

## A.17: Namibia - Strengths, Opportunities, Weaknesses and Threats

Strengths	Weaknesses
<ul style="list-style-type: none"> <li>• <b>Peace and political stability:</b> Since the attainment of its independence in 1990, Namibia's South-West Africa People's Organization has remained in power and has pursued a mixed economic model.</li> <li>• <b>Good governance and macroeconomic stability:</b> Namibia performs well on governance indicators relative to other African countries, helping in achieving macroeconomic stability and attracting private capital.</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Infrastructure deficits:</b> The country's vastness and small population make provision of infrastructure services a lot more difficult.</li> <li>• <b>Skills shortages,</b> combined with infrastructure deficiencies, impact growth in productivity and structural transformation.</li> <li>• <b>SOEs are dominant,</b> while high costs of transport and finance, along with limited private sector dynamism, hinder the latter's growth.</li> </ul>
Opportunities	Challenges
<ul style="list-style-type: none"> <li>• <b>Potential for value chain development and access to AfCFTA market:</b> Abundant mineral deposits and fisheries provide opportunities for Namibia to benefit its products and exploit the continental and world markets.</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Limited access to arable land and harsh climatic conditions:</b> The semi-arid climate conditions and limited irrigation for rural populations affect nutrition and food security.</li> <li>• <b>Small population and high inequalities:</b> High-income</li> </ul>

- **Renewable energy:** Investments in renewable energy could attract further investments in products such as green steel and hydrogen.
  - **Potential regional logistics hub:** The development of Walvis Bay port has enhanced the country’s capacity to serve its lank-linked neighbors.
- inequalities and a small population limit market size, necessitating greater export competitiveness, which has been limited due to low productivity and economic transformation.

### A.18: Risks and Mitigation Measures

Risk category	Risk description	Rating	Mitigation measure	Risk owner
<b>Country’s political and governance context</b>	<ul style="list-style-type: none"> <li>• National political processes such as elections that may delay ratification and signing of loan agreements, and hence delayed project startup.</li> <li>• Inadequate high-level commitment to oversee the implementation of the Bank’s ongoing projects leading to cancellation.</li> </ul>	Low	<ul style="list-style-type: none"> <li>• Programming of new operations will be preceded by consideration of the political calendar, especially around elections.</li> <li>• Bank to ensure that there is constant engagement and dialogue at a high level to oversee project implementation progress.</li> </ul>	Government  Government, and Bank
<b>Macroeconomic</b>	<ul style="list-style-type: none"> <li>• Heightened vulnerability to macroeconomic shocks due to an undiversified economy and export base/markets.</li> <li>• Volatility of SACU receipts, limited capacity to mobilize public revenues, and increasing public debt.</li> <li>• Macroeconomic instability arising from unsustainable fiscal deficits and rising debt levels.</li> </ul>	Low  Medium  Low	<ul style="list-style-type: none"> <li>• Government is committed to macroeconomic stability as reflected in the MTEF, Growth at Home Strategy and other policies, including efforts to diversify the economy by investing in new sectors like renewable energy.</li> <li>• The government established NamRA in 2021 and is continuing implementation reform to improve tax administration.</li> <li>• Government implemented fiscal consolidation measures to reduce government spending, including a freeze on public employment and this has moderated the fiscal deficits with positive outcomes on debt trends.</li> </ul>	Government  Government/AfDB/DPs  Government/AfDB/DPs
<b>Sector strategies and policies</b>	<ul style="list-style-type: none"> <li>• Some key sectoral policies, legal instruments, and strategies, notably for promoting public private partnerships among others</li> </ul>	Low	<ul style="list-style-type: none"> <li>• The Bank supported the government in establishing the PPP Unit in the Ministry of Finance and Public</li> </ul>	AfDB/DPs/Government

	still have gaps		<p>Enterprises, including the development of the legal and regulatory frameworks. Follow on support is to ensure the effectiveness of the PPP Units. The government is also reforming the SOE framework to ensure their dependency on public support is reduced.</p> <ul style="list-style-type: none"> <li>• The Bank will continue to address institutional weaknesses as part of the capacity development</li> </ul>	
<b>Environmental and social safeguards</b>	<ul style="list-style-type: none"> <li>• Namibia is vulnerable to climate and environmental risks. Climate change induced disasters especially drought and general water scarcity have an impact on agricultural activities where most of the Namibians are employed.</li> <li>• Programmed large and complex projects may necessitate resettlement, environmental and social safeguards complaints</li> </ul>	High	<ul style="list-style-type: none"> <li>• The Bank will mainstream climate adaptation and mitigation and environmental protection actions in all its projects.</li> <li>• Consistent with Namibia's NDC, the Bank will build on existing Environmental and Social Safeguards, to ensure strict adherence to E&amp;S requirements. This includes upholding the Grievance Redress Mechanism for timely resolution of complaints.</li> </ul>	AfDB /Government
<b>Fiduciary and value for money</b>	<ul style="list-style-type: none"> <li>• The Bank rated the overall Government fiduciary risk institutions and systems as moderate.</li> </ul>	Moderate	<ul style="list-style-type: none"> <li>• Through the PBO, the Bank is supporting Namibia to continue improving financial management and procurement functions.</li> <li>• All Bank funded operational risks are assessed on a project-by-project basis to determine the level of risk and inform the choice on whether Bank systems and procedures or Country systems will be applied.</li> </ul>	AfDB /Government
<b>Capacity of implementing entity</b>	<ul style="list-style-type: none"> <li>• Institutional and human capacity to implement development programs are limited. This includes</li> </ul>	Low	<ul style="list-style-type: none"> <li>• The Bank includes capacity development activities in its operations, including</li> </ul>	AfDB /Government

	weaknesses in legal and regulatory frameworks and shortfalls in project management skills, which reduces the pace and efficiency of project implementation.		embedding skills development in infrastructure projects where learning-by-doing is encouraged.	
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## **A.19: Diagnostic of Regional Integration Constraints by the High-5s**

### **1 Introduction**

In this section, we address the constraints/gaps in regional integration and trade development in Namibia. The analysis is focused on institutional framework of regional integration, the structure and flow of trade, the barriers to regional integration and the state of external competitiveness.

### **2 Institutional frameworks for regional integration and trade in Namibia**

The gaining of independence in 1990 ushered a new era on the stage of regional cooperation and in global engagements for Namibia as a sovereign state. An open economy and advocate of deeper regional integration, Namibia is signatory to various international and regional agreements seeking to enhance cooperation and deeper economic integration. The Ministry of International Relations and Cooperation is responsible for formulating, promoting and executing Namibia's foreign policy and the conduct of Namibia's international relations including regional economic communities and the African Union. The Ministry of Industrialization and Trade on the other hand is a focal point and national coordinator of Namibia's membership to regional and multilateral trade arrangements and economic groupings in particular the Southern Africa Customs Union (SACU) and the Southern Africa Development Community (SADC) as well as the country's trade policy. Therefore, as a focal point for trade policy, the ministry has the responsibility for the formulation and implementation of trade policies in the context of multilateral, regional, and bilateral trade relations.

#### **Southern Africa Customs Union**

Namibia became a fifth Member of SACU after gaining independence from South Africa in 1990. This also coincided with the end of apartheid in South Africa Which also led to renegotiation of the SACU Agreement<sup>lxxix</sup> of 2002. The agreement which provides for joint decision making among the five Member States of SACU, a revised revenue sharing formula and a framework guiding relationship between SACU and third parties as well as the basis for the development of common policies in industry, trade and competition entered into force in 2004. Within SACU, the Council of Ministers consisting of Ministers of Finance and Ministers of Trade is the highest decision-making body making recommendations to Summit of Heads of States and Governments (HoSG). Although internal borders are still maintained between SACU countries, all customs duties have been eliminated within the union and a common external tariff is applicable to trade with third parties thus giving Namibia's export duty free access to all SACU countries. In addition, as a customs union, SACU negotiation of trade agreements with third parties are undertaken as a block with the support of the SACU Secretariat and in line with the provision of the World Trade organization.

#### **Southern Africa Development Community**

Like with SACU, Namibia joined SADC in 1990 after independence becoming 10<sup>th</sup> Member of the bloc. SADC embarked on a journey of deepening trade integration among its members with the adoption of the SADC protocol on trade which entered into force in 2000, and Namibia has been party to the protocol since its adoption in 1996. The protocol provides a framework for liberalization of trade between Namibia and SADC countries. Alongside five other SADC countries<sup>lxxx</sup>, Namibia signed the Economic Partnership (EPA)<sup>lxxxi</sup> with the European Union under SADC-EU EPA which entered into force in 2016 following the deposit of ratification instruments by Mozambique as the last country to ratify the agreement. In 2022, Namibia launched an EPA Implementation Plan aimed at ensuring adequate utilizations of the EPA benefits by exporters and importers.

As a member of SADC, Namibia is also a member of the Tripartite Free Trade Area consisting of three Regional Economic Communities (RECs) the East Africa Community (EAC), the Common Market of Eastern and Southern Africa (COMESA) and SADC. This represents a potential market of 29 countries with a

combined population and GDP of over 800 million and USD1.6 trillion respectively. In 2020, Namibia became the 8<sup>th</sup> country to ratify the TFTA agreement. The TFTA was established with the objective of helping member countries tackle challenges presented by overlapping memberships of countries to different RECs and their attendant different requirements for implementation. The TFTA was also established as a building block to the Africa Continental Free Trade Area (AfCFTA).

### **African Union**

As a member of the African Union (AU), Namibia participates actively in key continental initiatives and is implementing the AU agenda 2063. These include the AfCFTA and the Single Africa Air Transport Market (SAATM) under the Yamoussoukro decision on open skies and is one of the countries selected to implement the SAATM.

The AfCFTA entered into force on 30<sup>th</sup> May 2019, following the deposit of the instrument of ratification with the African Union (AU) Commission by 22 countries. Namibia is a contracting party of the Continental Free Trade Agreement (CFTA). Subsequently the national AfCFTA Strategy was launched in November 2022 although the country has yet to record her first shipment under AfCFTA.

### **Policy framework**

Vision 2030 provides the framework for long term development planning for the country. Under the fifth (5<sup>th</sup>) National Development Plan (NDP5), the government of Namibia has committed to growth and enhancing diversification while addressing challenges such as skills mismatch in the country. The NDP5 pillar on Economic Progression is closely aligned to the goals of the AU agenda 2063 in promoting deeper regional integration. In addition, the Harambee Prosperity Plan seeks to among others position Namibia as a regional logistics hub for the Southern Africa region especially for the landlocked neighboring countries, placing Namibia at the center of the regional transport and logistics supply chain by enhancing connectivity in the SADC region and facilitating trade and access to international and regional markets. The NDP5 also recognizes the need for structural transformation through value addition, expansion of physical infrastructure and strengthening export capacity to enhance regional integration, while the Growth at Home Strategy advocates establishing regional and global value chains. All of these are aligned to continental and regional objectives and if achieved, Namibia stands to benefit more from participation in the regional economic integration.

Namibia's policies on regional integration and trade draw largely from the frameworks of both AU, SADC and SACU among others. In particular, the SADC Protocol on Trade in goods and Services as well as the Protocol on Finance and Investment are among key blueprints on the country's trade policy. Namibia's key trade policy objectives are to secure preferential access into regional and global markets, expand and diversify exports and attract foreign investment. Notably, the country's industrial policy framework and the International Trade Act (2013), place great emphasis on import substitution policies including the use of import/export restrictions. The country has been involved in negotiations of the SADC Trade in Services Protocol that was concluded in 2014 and entered into force in 2022. This protocol will create a single market for services trade in the region and eliminate non-tariff barriers to trade and discriminatory practices among member states. Priority areas agreed at SADC level are communication, energy, finance, tourism and transport. In line with the country's plans to position itself as a regional logistics hub in the SADC region, liberalization of the transport sector will foster an enabling policy environment for the country's trade development and industrialization plans.

### **3 Namibia's performance on regional integration**

Namibia ranks 6<sup>th</sup> on the Africa Regional Integration Index of 2022 and rated average performer among SADC countries with overall score of 0.34. The country's performance on two indicators (Trade Integration 0.59 and productive integration 0.36) indicating significant potential for the country to enhance participation in intra-regional trade. However, infrastructure which is critical for connecting the country to the neighboring countries and for facilitation of intra-regional trade remains a challenge alongside strict visa policies hindering free movement of people. This is also evident in the low ratings of the infrastructure integration and movement of people, both of which are below the regional averages at 0.21 and 0.24 respectively.

Demonstrating strong commitment to regional integration Namibia has either signed and or ratified several protocols both at SADC level and at continental level. In particular, the SADC Protocol on Industry, Protocol on Trade, Protocol on Transport, Communication and Meteorology, SADC Protocol on Trade in Services all of which are critical for deepening regional integration with neighboring countries. However, that notwithstanding, implementation of the provisions of these protocols remains a challenge for Namibia due to several reasons including the lack adequate capacity for implementation, slow process of domesticating these protocols to enable implementation among others. Implementation of these protocols presents opportunities and significant benefits for Namibia and neighboring countries. These include access to larger regional and continental markets, economies of scale, increased share of manufactured exports as well as global trade as well as industrial development creating more employment opportunities.

South Africa and Botswana are the major regional trading partners for Namibia with Botswana being the largest importer of diamonds from Namibia while. While South Africa remains the largest source of imports for Namibia, the period 2018 to 2022 has seen significant decline in the country's imports from South Africa in particular, during the pandemic in 2020 and has not seen recovery to pre-pandemic levels. The country's exports to DRC and Zambia on the other hand have both almost doubled the pre-pandemic levels with 115% and 74% respectively.

In efforts to further deepen regional integration with neighboring countries, Namibia signed an agreement on the movement of persons with Botswana. The agreement is also aligned with the SADC Protocol on the facilitation of people even though the protocol is not in force<sup>lxxxii</sup>. The agreement allows citizens of the two countries to travel between the two countries using only a national identity card. This will facilitate the movement of people between the two countries thereby contributing to improved cross border conditions for facilitating trade.

#### **4 Trade Performance**

Services imports grew by 41% from 603715 USD to 853562 in 2022, compared to 0.61% growth for Africa and 6.2% for SADC while exports grew by 18.6% over the same period. Merchandise trade on the other hand, imports declined 3% (globally) while exports grew by 7% in 2022. Although over 50% of Namibia's exports are destined to SADC region, this accounts for only 1.2% of what SADC buys from the rest of the world. At 17.3% South Africa is the leading export destination for Namibia goods followed by Botswana (17.1%), China (12.3%), Zambia (7.7%) and the Democratic Republic of Congo (DRC) at (5.5%). The main export products include non-industrial diamonds unworked or simply sawn, cleaved or bruted (excl. industrial diamonds), Uranium ores and concentrates, Gold, incl. gold plated with platinum, unwrought, for non-monetary purposes (excl. gold in powder form). Fish and meat are among the biggest agricultural exports for Namibia. Over 55% of Namibia's diamonds are exported to Botswana followed by UAE at 13.7%, Belgium at 9.4%, Hong Kong at 7% and Israel at 4.5%. four of the top five countries importing fish and fish products from Namibia are in the SADC region with Spain the only non-SADC country and largest importer.

In 2022, Namibia imported goods to the value of USD7,957,768 and recorded a deficit of USD1,952,965. Like with her exports, Namibia's major source of imports is the neighboring South Africa (39%) followed by China (7.6%), India (4.7%) and United Arab Emirates (3.8%). Principal import products include Light oils and preparations, of petroleum or bituminous minerals which  $\geq$  90% by volume, followed by copper ores and concentrates, non-industrial diamonds unworked or simply sawn, cleaved or bruted (excl. industrial diamonds), Vessels and other floating structures for breaking up, Precious-metal ores and concentrates (excluding silver ores and concentrates).

#### **5 Facilitators and barriers to trade and regional integration**

**Infrastructure Connectivity:** Although Namibia has relatively good connectivity in terms of road transport infrastructure, gaps remain in terms of rail connectivity with neighboring countries. For instance, currently Namibia has no railway infrastructure connectivity with neighboring Zambia, Angola and Botswana. The country is mainly connected to South Africa in the South. Therefore, more investment in the rail sector is required, particularly in view of the country's goals of becoming regional logistics hubs targeting countries on the Walvis-Bay-Ndola Lubumbashi Corridor and north of the country. This will help in preserving the road network infrastructure and bringing down the transportation costs that have made the country less

competitive compared to other coastal countries in the SADC region, such as Mozambique, Tanzania and South Africa. Currently, Namibia's rail haulage capacity stands at about 20 percent of total freight traffic with the bulk of transportation on the road.

**Supply sides constraints:** SADC member states including Namibia have since 2000 reduced tariffs significantly. However, intra-regional trade has remained subdued, and Namibia is no exception. This may be attributed to mostly similar rather than complementary goods being produced, inadequate infrastructure necessary to support trade development and facilitation. Prolific use of non-tariff barriers to trade is another obstacle to the optimal participation in intra-regional trade. Although Namibia is a relatively open economy, to boost domestic production in some sectors, the government has recently been putting in place policy measures that have protectionist effect. These include the ban on importation of certain agricultural products from the neighboring South Africa although meant to support domestic production. While these may be celebrated by domestic producers, the policy measures have not been proven to be effective in improving production, quality, or competitiveness. Competitiveness is more critical for Namibia as the country's domestic market is relatively small and could benefit from economies of scale through accessing regional markets. These may distort supply chains leading to increased costs in higher value products that depend on such imports as intermediary products. Therefore, for these policies to be more effective and achieve desired outcomes they will need to be complimented by initiatives and policies aimed at strengthening productive capacities and tackling other supply side constraints related to the agriculture sector. This also considering that Namibia is a semi-arid country with small portion for arable land.

**Customs and Border Management:** Namibia Revenue Authority established in 2022 is critical in improving customs and border management for facilitation of trade. In 2023, Namibia alongside other SACU Member States signed a Mutual Recognition Arrangement as part of enhancing benefits for under the Authorized Economic Operator Programme (AEO). The Port of Walvis Bay is on the other hand leading efforts for the operationalization of National Single Window at the port. This initiative is expected to be a steppingstone to a broader NSW programme that will include other ports of entry including land borders. However, despite these notable trade facilitation initiatives, transporters still experience long waiting times at border posts especially at the country's busiest land border, Katima Mulilo bordering Zambia on the Walvis Bay Ndola Lubumbashi corridor. The WBNL Corridor is a major corridor linking landlocked countries such as Zambia, DRRC to the port of Walvis Bay and access to international markets. Contributory factors include poor performance by border agencies and poor border infrastructure leading to high transportation costs on the corridor and impacting the competitiveness of the port of Walvis Bay negatively.

## **6 Policy actions necessary to deepen trade and regional integration in Namibia.**

With her small market size and the need to tackle existing socio-economic challenges such as inequality, unemployment, regional integration is an imperative for Namibia. Therefore, the following policy considerations are key for deepening regional integration for Namibia:

- Focus on integrating into regional value chains as a strategy to leverage a larger regional or continental market. This includes identifying areas to build synergies with neighboring countries to enhance utilization of preferential trade arrangements.
- For Namibia to achieve the aims of being a regional logistics hub, there is need for the government to consider streamlining customs and border management procedures and documentation requirement in line with international practices and standards, as well as establishing a seamless transit management regime in collaboration with neighboring countries including a cost-effective mechanism for the management of transit bond guarantees.

## A.20: CSP Alignment with the Seven NDP 6 Priority Areas

NDP6 Focus Area	Objectives Key Results	Proposed Bank Support	NDP6 Outcomes/Outputs
<p><b>Food and nutrition security</b></p> <p><i>Ensure food security and reduce malnutrition through sustainable agricultural production and productivity</i></p>	<p><b>Agriculture:</b> Enhance food security through sustainable agricultural practices and create jobs through value addition</p> <p>Increased food production and reduced imports.</p> <p>Strengthened agricultural food chains and improved value addition</p>	<p>Proposed integrated program focuses on water as the key enabler for agriculture development, with complementary investments in transport (focus on railway and rural feeder roads) and energy.</p> <p>Approach to the program:</p> <ul style="list-style-type: none"> <li>• Water infrastructure development</li> <li>• TAAT – soil fertility management, water management, capacity development, policy support (including land tenure), attracting African youth in agribusiness, and the fall armyworm response, seed improvement.</li> <li>• Value addition – SEZ/EPZ/Industrial parks</li> <li>• Enhanced access to credit</li> <li>• Regional market development</li> <li>• Women/youth empowerment</li> </ul>	<p>By 2031 the production of agricultural foods (cereal, horticulture meat) for local consumption has increased on aggregate from 40% to 60%, and the food insecure people has reduced from 56% in 2024 to 30% in 2031.</p>
<p><b>Sports development</b></p> <p><i>To promote the Professionalization and commercialization of sports to promote employment</i></p>	<p><b>Sports:</b> Develop essential sports infrastructure to support growth and professionalization of sport.</p> <p>Basic infrastructure is built in all 121 constituencies. Stadiums and sports centers of excellence that meet CAF standards</p>		<p>By 2031, Namibians' professional sports participation opportunities have improved, with employment contribution increasing from 1% to 4%.</p>
<p><b>Youth development</b></p> <p><i>To reduce youth unemployment through the provision of alternative skills development and innovation</i></p>	<p><b>Youth Empowerment:</b> Empower youth to drive economic growth and reduce unemployment.</p> <p>Provide access to funding, mentorship and business preparation services, apprentice skills and formal employment</p>	<p>Focus on skills development and increased economic opportunities through infrastructure development and enhanced access to credit by SMEs.</p> <p>The approach:</p> <ul style="list-style-type: none"> <li>• Skills development (including apprenticeship/mentorship programs) and enhanced economic opportunities through infrastructure development</li> <li>• Access to credit – Youth Fund</li> <li>• Business development activities/business incubation</li> <li>• Market development</li> </ul>	<p>By 2031, the livelihoods of youth improved, resulting in youth unemployment rate reduced from 44.4% to 32.03%</p>

<p><b>Education and development</b></p> <p><i>To ensure the Namibian child has access to an established a robust education system that responds to societal and evolving industrial needs</i></p>	<p><b>Quality Education &amp; Training:</b> Ensure universal access to quality and free higher and vocational education at public institutions</p> <p>Free Higher Education,</p> <p>Expanded infrastructure development and reduced regional disparities in access to education</p>	<p>Upstream work to address some of the policy and regulatory aspects in education to enhance efficiency of investments.</p> <ul style="list-style-type: none"> <li>• Previous PBOs have assisted in improving sector governance and competitiveness, and quality of skills developed, including for agriculture (Section 3.7, Paragraph 47).</li> </ul> <p>Consider the potential for multi-track education and skills development programs.</p>	<p>By 2031, Namibia has a robust education system responding to societal and evolving industrial needs.</p>
<p><b>Arts and creative industries</b></p> <p><i>For the promotion of creative sectors and ensuring the industries are formalized and commercialized</i></p>	<p><b>Creative Industries:</b> Promote and support growth of national arts and creative industry</p> <p>Recognition &amp; empowerment of talents,</p> <p>Enhanced industry infrastructure,</p> <p>Career and industry development</p>	<p>Support to youth and women activities as part of interventions for women and youth empowerment in project areas through the development of community markets, etc. (Section 6.1, Paragraph 60) women and youth are important for building resilience.</p> <p>(Note that the objective of the Bank’s support to Namibia is to support Namibia improve the environment for private sector development and economic diversification to support resilient, inclusive and sustainable structural transformation.)</p> <ul style="list-style-type: none"> <li>• Benefits from the skills and education interventions.</li> <li>• Youth centers approach that provides opportunities for self-discovery.</li> <li>• Draw from the youth empowerment activities.</li> </ul>	<p>By 2031, the contribution of Arts and Creative Industries to total employment has increased from 0% to 2%. The creative industries are formalized and commercialized</p>
<p><b>Health</b></p> <p><i>To ensure equitable access to value-based health services and products to provide universal health coverage for the population while minimizing financial hardship</i></p>	<p><b>Quality Health &amp; Social Welfare:</b> Expand access to primary healthcare and quality healthcare to all with a focus on rural areas</p> <p>Primary healthcare services to all; Universal healthcare coverage; High quality infrastructure</p>	<p>PBO support for upstream policy and regulatory elements, including the support to PPP Unit and financial sector lines of credit or social bonds to enhance opportunities for private sector participation. (Section 6.2, Paragraph 69 states “strengthening capacities of institutions in charge of designing and implementing policies and strategies to improve the business regulatory environment. Emphasis will be placed on strengthening the capacity of the PPP unit to enhance its effectiveness in mobilizing private sector participation and diversify the sources of development financing”).</p>	<p>By 2031, Namibia will have improved Health outcomes by providing accessible and equitable health services without any financial hardship through the attainment of Universal Health Coverage and Improved Health Outcomes</p>
<p><b>Human settlement</b></p> <p><i>To create inclusive and sustainable human settlements, by mainly unlocking housing opportunities for both urban and</i></p>	<p><b>Land Housing &amp; Sanitation:</b> Address affordable/low-cost housing and sanitation needs for low-income earners</p>	<ul style="list-style-type: none"> <li>• Consideration for Bank/Shelter Afrique collaboration for the provision of low-cost housing.</li> <li>• Urban development with special attention on informal settings to provide basic services such as energy and water/sanitation.</li> <li>• Explore opportunities for financing</li> </ul>	<p>By 2031, Namibia has unlocked housing opportunities at scale for urban and rural residents’ by increasing serviced plots by double the volume and houses</p>

<i>rural residents</i>	nationwide.  Provide access to funding, mentorship and business preparation services, apprentice skills and formal employment	at municipal level, integrated urban development programs. (The aim is to increase access to basic services and improve the quality of life and positively contribute to better health outcomes.) Section 6.4, Paragraph 73 refers to dialogue issues, Section 2, Paragraph 4 also points out that limited credit access contributes to informality.	constructed As well as households living in informal settlements have reduced by half from 29.3% in 2023
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**A.21: Impact of the U.S.’s ‘reciprocal tariffs’ on Namibia.**

The Namibian economy faces potential shocks due to the 15% reciprocal tariff on its exports to the United States of America. Namibia exports beef, fish diamond and uranium. The value of Namibia’s exports to the USA is less than 1% of total exports and likely to result in a loss of up to USD 810 million in annual export earnings. This will negatively affect the current account deficit. In the **short term**, this could cause export disruptions as the country is trying to seek alternative markets, but it is not expected to affect production of the said products. The **medium-term** impacts will depend on the speed at which Namibia can diversify markets. However, this shouldn’t prove any difficulty as the US market was at an exploration phase for most products. Caution should be exercised to ensure full diversification efforts to be employed as delays and indecisiveness could lead to declines in investment, due to lower investor confidence. As the country continues to foster growth in the manufacturing sector, it would be prudent to enter into trade agreements that harness this agenda and should not be counterintuitive. **Long-term** risks included limited export destination markets, limited expansion potential and consequently unemployment and poverty levels would remain high — currently around 36.4%. Conversely, with appropriate investment and support, Namibia could target its production towards regional markets, and the full implementation of the African Continental Free Trade Area (AfCFTA) would gradually reduce its exposure to U.S. policy shocks

Going forward, Namibia is planning to prioritize export diversification, including targeting regional markets through the African Continental Free Trade Area (AfCFTA). Exploring bilateral agreements and upgrading logistics chains to reduce costs is equally essential. The government should invest in competitiveness in the sector, particularly quality assurance, skills development, and logistics efficiency—to maintain to ensure that those products remain viable exports even under less favorable trade terms. At the same time, diplomatic engagement with the United States of America should be strengthened, although reciprocal visa restrictions have been imposed on US nationals. In coordination with other AGOA beneficiaries, Namibia should seek relief or exemptions and maintain the country’s eligibility for preferential access. In parallel, policies to support entrepreneurship and SME development in other sectors will help to reduce structural dependence on primary industry exports.

## Endnotes

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<sup>i</sup> Priority Area II was changed from the previous focus on economic and financial governance, which was endorsed by CODE in May 2025 during the consideration of the 2020-2024 CSP Completion Report. This adjustment was informed by further consultations with the authorities and aims to better align with the new Government's emphasis on building human capital via skills development and expanding economic and employment opportunities for youth and women, as espoused in the recently launched NDP6 (2025/26-2030/31). This is expected to accelerate reductions in inequality.

<sup>ii</sup> The 2024 World Press Freedom Index ranks Namibia 34<sup>th</sup> out of 180 countries, having dropped from its previous position of 22<sup>nd</sup>, signifying two consecutive years of decline and a drop to second position in Africa, after maintaining first position for many years.

<sup>iii</sup> Agriculture, a key subsector within the primary sector, saw its highest contribution to GDP at 9.4% during the 2000-2009 period, before declining to an average of 7.2% between 2015 and 2019.

<sup>iv</sup> The desired structural transformation requires a shift from lower value-added activities such as subsistence agriculture in favor of higher activities including manufacturing, ICT, and financial services. The agricultural and forestry sector decreased to 5.1% of GDP in 2000-2020 from 5.6% in 1990-2000, due to reduced total animal stock, and is projected to fall further to 4.1% over 2025-2026 driven by reduction in total animals and fish marketed. The industrial sector rose to 16.9% of GDP in 2000-2020 up from 13.8% in 1990-2000 on account of expansion in manufacturing. Industry's share in GDP is projected to stabilize at 13.9% during 2025-2026 on account of projected drop in manufacturing and mining and quarrying. The services sector eased slightly to 56.6% of GDP in 2000-2020 from 58.3% in 1990-2000 driven by slower growth in transport and storage but is projected to rise to 58.5% in 2025-2026 on account of expansion in wholesale and retail trade and repairs.

<sup>v</sup> The Namibia Investment Promotion Act of 2016 primarily aimed to attract foreign and domestic investment by establishing a coherent investment code for investors. However, the private sector in Namibia observed that the Act largely focused on large-scale foreign investment, leaving domestic entrepreneurs to deal with complex and burdensome regulatory processes, which created major administrative barriers for small businesses. This shortfall contributes to the high failure rate of MSMEs and aggravates informality.

<sup>vi</sup> Government has embarked on a gradual reduction of the statutory corporate tax rate from 32% in 2023 to 28% by 2026, to align with SADC standards.

<sup>vii</sup> Investments in these key enablers will allow Namibia to harness its potential for structural transformation and private sector growth in beef value chains, metal fabrication, chemical and salt products, semi-precious stones and jewelry, manufacturing, tourism, and the blue economy.

<sup>viii</sup> Monetary policy is designed within the context of the Common Monetary Area (CMA) and as guided by the Bank of Namibia Act of 2020. The Bank of Namibia has some degree of monetary policy independence, but no large divergences with the South African Reserve Bank exist. Monetary policy alignment with South Africa provides an anchor for inflation and exchange rate expectations and thus help maintain macroeconomic stability.

<sup>ix</sup> On the demand-side, private consumption and exports, supported by gross fixed capital formation, have had the greatest impact on growth in Namibia (Annex 10: Figure 3). Low government expenditure, coupled with a decline in capital formation, has significantly hindered economic growth over 2016-2023 (Annex 12: Figure 1). On the supply-side, tax reforms and improvements in the business environment are encouraging new investments that support growth. High cost of credit and skills shortages is impeding enterprise development, which exacerbates poverty and inequality, especially among young men and women.

<sup>x</sup> When publicly guaranteed debt is included, the debt-to-GDP ratio reached 74.7% in 2022, which is 2.6 percentage points higher than its 2023 level.

<sup>xi</sup> The Eurobond, which carried a 5.25% coupon rate, was used to finance transport infrastructure, energy, education, and healthcare projects. To prepare for this repayment, the government accumulated US\$444 million in a sinking fund and raised the remaining US\$306 million through domestic borrowing. Foreign exchange reserves are estimated to have decreased from four to three months of import cover and Government is considering options to buttress the reserves including currency swap lines to bolster liquidity and financial stability.

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<sup>xii</sup> Namibia’s Medium-Debt Management Strategy aims to ensure fiscal and debt sustainability by maintaining a primary budget surplus and gradually reducing the debt-to-GDP ratio, projected to decline from 67.0% to below 60.0% by FY2027/28. The strategy prioritizes efficient debt servicing, with significant allocations to manage existing obligations, including the redemption of the US\$750 million Eurobond through a combination of a sinking fund and domestic refinancing. It also emphasizes minimizing exchange rate risks by increasing the share of domestic currency-denominated debt. When borrowing from development partners such as the African Development Bank (AfDB), Namibia remains committed to aligning financing with its fiscal consolidation goals and ensuring that external borrowing supports strategic investments without compromising long-term debt sustainability.

<sup>xiii</sup> Monetary policy alignment with South Africa provides an anchor for inflation and exchange rate expectations and thus help maintain stability.

<sup>xiv</sup> Three 25 basis point cuts brought Namibia’s repo rate to 75 basis points below South Africa’s.

<sup>xv</sup> Namibia is promoting its natural resource wealth, ensuring a stable political environment, and easing conditions for doing business, including investments in infrastructure as part of its efforts to attract FDI.

<sup>xvi</sup> These emerging opportunities may stimulate economic diversification and resilience, positioning Namibia for stronger and more sustainable growth.

<sup>xvii</sup> Namibia spans a total land area of 824,292 km<sup>2</sup>, approximately 8% of the land is covered by forests, primarily in the northern regions. However, the country experienced a significant loss of 16.8% of its forest cover between 1990 and 2010. The country’s exclusive economic zone (EEZ) extends over 580,000 km<sup>2</sup>, with a coastline stretching 1,570 km.

<sup>xviii</sup> The new investments in green hydrogen are integrating blue water desalination to supply portable water. Increased exploitation of the blue economy resources has the potential to also attract investments in green steel production. Namibia’s Blue Economy Policy of 2022 was developed to ensure sustainable exploitation of the blue economy. To fully exploit the blue economy’s potential, Namibia needs investment into research and development, building technical capacity, and creating linkages with other sectors with significant benefits to the green economy.

<sup>xix</sup> Growth at Home Strategy 2015, and Harvard Growth Lab: The Economic Complexity of Namibia (2022)

<sup>xx</sup> Addressing these constraints requires targeted investments in enabling infrastructure, improvements in the business regulatory environment, fostering innovation, and enhancing skills development.

<sup>xxi</sup> Livestock farming accounts for 57% of agricultural output and presents further opportunities for new value chains given it dominates in the sector.

<sup>xxii</sup> According to the 2024 Global Hunger Index, Namibia was ranked 86<sup>th</sup> out of 127 countries and the country imports up to 80% of its food requirements.

<sup>xxiii</sup> These include the Green Scheme irrigation projects and the Feed Africa Initiative, updating the National Drought Policy, the National Agriculture Investment Plan, the new Smart Agriculture-Climate Adaptation Practices Strategy, and the Dry Land Crop Production Program. The Bank is currently supporting the sector through the Namibia Agricultural Mechanization and Seed Improvement Project (NAMSIP), which aims to enhance agricultural mechanization and develop certified seed systems.

<sup>xxiv</sup> To respond to these constraints, the government adopted the National Competition Policy (2020-2025), guided by the “Growth at Home Strategy,” which seeks to enhance local competition and reduce state-owned enterprise (SOE) dominance.

<sup>xxv</sup> There are seven full-fledged commercial banks, three development finance institutions, and various providers for pension and retirement, and medical aid and insurance.

<sup>xxvi</sup> The construction sector had the highest NPL at 14.7%, followed by agriculture, hunting and forestry at 8.9%, manufacturing at 7.7% and individuals at 7.1%, indicating the pressures arising from the high interest environment leading to the amendment of the macroprudential policy.

<sup>xxvii</sup> Government is addressing the identified weaknesses related to processing, monitoring, and reporting of financial sector transactions resulting in higher compliance costs. The grey listing could potentially reduce foreign investment, a critical component of the country’s financial and external sector stability.

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<sup>xxviii</sup> Namibia has so far, implemented 90 % of the recommendations from the FATF, however, it continues to struggle with the implementation of adequate capacity of the Judicial system especially with capacitating Anti-Corruption Commission and streamlining the process of persecution of investigated cases. Although this might require time, the government needs to apply deliberate pressure to ensure that the necessary vacancies are filled even if it means getting services from foreign experts.

<sup>xxix</sup> National Integrated Resource Plan (2022). Available at: [https://www.mme.gov.na/files/publications/611\\_NIRP\\_2022for\\_theElectricitySupplyIndustry\\_NamibiaSigned.pdf](https://www.mme.gov.na/files/publications/611_NIRP_2022for_theElectricitySupplyIndustry_NamibiaSigned.pdf)

<sup>xxx</sup> Electricity Control Board Annual Report, 2023. Not considering rooftop solar PV of approximately 80 MW. Available at <https://www.ecb.org.na/wp-content/uploads/2023/11/ECB-Annual-Report-2023-web.pdf>.

<sup>xxxi</sup> NamPower, Annual Report 2023. Not considering Skorpion Mine.

<sup>xxxiii</sup> The government has approved the New Market Framework for electricity supply, allowing Independent Power Producers (IPPs) to generate up to 30% of the country's electricity, with the mining sector expected to be a major off taker. A major step in harnessing this potential is the NAD3.1 billion (USD163.2 million) green hydrogen power plant by French IPP HDF Energy, Africa's first, which is set to commence clean electricity production in 2024.

<sup>xxxiv</sup> While access to basic sanitation increased from 24% in 1990 to 35% in 2021, high open defecation remains, with 47% of the population still practicing it. Access to basic sanitation stands at 50% for urban populations, compared to only 20% for rural populations.

<sup>xxxv</sup> The Government has approached the Bank to widen its ongoing support in upgrading the railway line from the Walvis Port to Kranzberg, and further to Tsumeb, along the Trans-Zambezi/Walvis Bay-Ndola-Lubumbashi Corridor. Anchoring regional hub aspirations requires complementary policy and regulatory reforms aimed at improving efficiency and enhancing trade facilitation at major border posts. For example, the Construction Industry Bill remains unapproved, several years after its development. Currently, the Transport Policy of 2018 and the Integrated Transport Masterplan of 2013 guide planning and investments.

<sup>xxxvi</sup> Investments in Walvis Bay and Lüderitz ports on the Atlantic Ocean have increased Namibia's handling capacity to serve the Southern Africa region, especially, Angola, Botswana, Zambia and Zimbabwe and this fits well with the country's ambition of becoming a regional logistics hub. The latest Global Competitiveness Index (2019) ranked Namibia at 76<sup>th</sup> out of 141 countries in transport infrastructure, compared to Botswana at 103 and South Africa at 45.

<sup>xxxviii</sup> The Development Bank of Southern Africa and Namibian Development Bank recently signed a NAD2.6 billion with the Namibian National Railway Company for procurement of rolling stock and workshop equipment.

<sup>xxxix</sup> To improve logistical services, in 2022 NamRA launched a revised Authorized Economic Operator Program, amending the associated legislation and requirements for the licensing of clearing agents to improve the quality of customs declarations.

<sup>xl</sup> Although private ownership, led by Paratus, has grown from 4.1% in 2016 to 8.6% in 2021, major players like Mobile Telecommunications Company (MTC) and Telecom Namibia still hold the largest market shares.

<sup>xli</sup> The government acknowledges that limited private sector participation may hinder competition, innovation, and service quality, potentially leading to higher consumer costs.

<sup>xlii</sup> Budgetary allocation for ICT increased from 0.7% of total expenditures in 2021/2022 to 0.9% in 2022/2023. However, challenges have been encountered during system operationalization of Government's digitalization business registration procedures, including reluctance by some institutions to integrate their services. In the 2019 Global Competitiveness Report, Namibia ranked 91st out of 141 countries on the ICT Adoption Pillar with a score of 48.1, pointing to the need for an even higher digital capacity to take advantage of the Fourth Industrial Revolution (4IR).

<sup>xliii</sup> As a Member of the Southern Africa Development Community (SADC), the country enjoys preferential access to the regional market under the SADC Free Trade Area (FTA).

<sup>xliv</sup> However, in 2021 Namibia imposed restrictions on horticultural imports from South Africa, adding to existing non-tariff barriers to trade among SACU member states.

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<sup>xlv</sup> To capitalize on these opportunities, the Government, with support from the United Nations Economic Commission for Africa (UNECA), launched its National AfCFTA Strategy in November 2022. The strategy aims to develop tariff offers and service schedules, establish a National Implementation Committee, expand trade, attract investment, revamp industrial policies, and create opportunities for women, youth, and Micro, Small and Medium Enterprises (MSMEs).

<sup>xlvi</sup> Growing intra-African trade is now important, especially given the USA tariff regime and the uncertain global trading environment.

<sup>xlvii</sup> In 2025, trade between Namibia and South Africa has remained strong and even grown slightly despite global tariff disruptions. Compared to August 2024, exports rose by 10.8% while imports increased by 4.1%, showing resilience in bilateral trade. Key Namibian exports include gold, live animals, and fish, while South Africa supplies delivery trucks, electricity, ships, and machinery. Overall, South Africa continues to account for over 60% of Namibia's imports and remains its second-largest export destination, indicating that U.S. tariffs have had no direct negative impact on Namibia–South Africa trade flows.

<sup>xlviii</sup> Poverty is most concentrated in the Kunene, Kavango East, Zambezi, and Omaheke regions that also have the highest unemployment rates.

<sup>xlix</sup> Regions with low population density have inadequate access to essential services such as education and health due to associated operational costs, further widening inequality. Approximately 17% of schools in 2023 had fewer than 100 learners.

<sup>1</sup> The 2023 Population and Housing Census had a comprehensive Labour Force Survey (LFS) module to expedite the generation of labour market insights updating the 2018 LFS. As done previously, data collection was done at a particular point in time – *from 18 September 2023 to 06 October 2023, with a further extension to 05 November 2023.*

<sup>ii</sup> University graduates and postgraduates are experiencing the lowest unemployment rates at 16.3% and 9.5%, respectively, higher for TVET graduates at 25.8%, while those with primary and junior secondary education face rates of 33.3% and 40.1%, respectively.

<sup>iii</sup> This heavy reliance on government jobs reflects limited private sector absorption and presents a structural challenge. It places pressure on the public wage bill, constrains fiscal space, and limits the government's ability to invest in sectors that can drive inclusive growth.

<sup>iiii</sup> The economic consequences of malnutrition are substantial, with estimated annual economic losses of \$312 million due to stunting, \$83 million due to anemia in children, and \$29 million due to anemia in adolescent girls and women. The cost of Inaction Tool, <https://www.nutritionintl.org/learning-resource/cost-inaction-tool/>

<sup>liv</sup> A notable concern is anaemia among women of reproductive age, affecting 25.2% of women aged 15 to 49 years. Additionally, 15.5% of infants are born being underweight, underscoring the need for targeted interventions to address malnutrition and improve maternal and child health outcomes.

<sup>lv</sup> In addition, the suspension of U.S aid largely impacts the health sector, especially HIV-AIDS programs that were the main beneficiary.

<sup>lvi</sup> To achieve this, the country seeks to invest in health infrastructure, equipment and pharmaceuticals, particularly by expanding district hospitals from the current 30 to cover all the 34 districts and reduce congestion in tertiary hospitals; implement e-health initiatives to modernize service delivery especially to rural populations; upgrade the Pharmaceutical Management Information System to improve end-to-end visibility of stocks; strengthen continuous professional development and retention of health workers; and establish health equity fund to ensure sustainability in health financing.

<sup>lvii</sup> Addressing the legacy of apartheid and challenges linked to spatial segregation will help design inclusive projects that uplift informal settlements.

<sup>lviii</sup> CSOs contributed to the African Peer Review Mechanism (APRM) for Namibia and served on a commission looking at ancestral land claims. The Civil Society Partnership and Engagement Policy (2024) seeks to create a framework for engagement with CSOs in advancing the country's national development agenda

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<sup>lix</sup> CSOs are recognized as invaluable partners in nation-building efforts as they bring community voice, diverse perspectives, expertise, solutions and grassroots insights to the table, enriching decision-making processes and ensuring that policies and programs are responsive to the needs of all Namibians, particularly the marginalized and vulnerable communities.

<sup>lx</sup> DPs operating in the country including the KfW, European Union (EU), the World Bank, the United Nations, and the African Development Bank.

<sup>lxi</sup> These included 22 basic and secondary schools, 3 vocational training institutions, 1 National library and 1 university. Among the facilities constructed/rehabilitated included 235 classroom blocks, 64 science laboratories, 75 hostels, 55 teachers houses and 50 ablution blocks among others.

<sup>lxii</sup> Portfolio distribution in line with the Bank's High 5 priorities has Industrialize Africa (40.9%), Integrate Africa (38.8%), Improve the Quality of Life for the People of Africa (13.5%), and Feed Africa (6.9)

<sup>lxiii</sup> The Annual Supervision Reports (ASRs) have shown 88%, scoring at least 3.5 with the remaining 12% facing challenges with disbursements and cost recovery management.

<sup>lxiv</sup> The project audit reports for FY2024 for the two transport projects TIIP phase I and II due for submission by September 2024 are now ten months overdue, while the audit report for the Namibia Water Sector Project.

<sup>lxv</sup> Thirteen environmental and social technical assistance (TA) meetings were held with PIUs in 2025, in addition to 29 E&S TA meetings in 2024, to bolster relevant capacities and improve portfolio performance.

<sup>lxvi</sup> The Bank will conduct extensive training on disbursement procedures including utilization of the Client Connection system. Technical assistance will be provided under the MIC-TAF grant to strengthen internal and external audit by developing and institutionalizing a risk-based internal audit framework and establishing a system for tracking and implementing audit recommendations to enhance accountability.

<sup>lxvii</sup> The Deputy Director General for the Southern Africa Development and Business Delivery Office, who's also the Country Manager for Namibia, will continue to actively engage in the National Planning Commission's Annual Development Partners forum and UN-led donor coordination activities.

<sup>lxviii</sup> The strategic shift away from economic governance under this CSP is not expected to affect the Bank's overall lending targets as diverse instruments such as Results-Based Financing and sector/ thematic Policy-Based Operations will continue to be utilized in the delivery of Bank support to Namibia.

<sup>lxix</sup> Bank support under Priority Area II will strengthen the Industry Skills Committees to facilitate interactions between training institutions and employers on sector skills needs, standards and qualifications, and integration of employers' inputs into training curriculum. Furthermore, Bank support will augment the delivery of competency-based education and training programmes, curriculum reviews, work-integrated learning, and internships/apprenticeships, among others. This will ensure that skills programmes respond to labor market demand and focus on niches with strong industry linkages such as green economy, ICT, logistics, and tourism.

<sup>lxx</sup> The Bank will support Namibia to build capacity in implementing climate safeguards, consistent with the Bank's emphasis on climate proofing of its infrastructure investments. Additionally, strengthening the Borrower's capacity for E&S risk management is a formal commitment under the Bank's E&S Policy.

<sup>lxxi</sup> To enhance resilience, project designs for railway and road projects will incorporate climate adaptation measures including enhanced drainage systems. Furthermore, the Bank has partnered with Global Center on Adaptation to develop climate resilient water infrastructure projects.

<sup>lxxii</sup> The national PPP Unit will be capacitated to focus on high-impact projects, with technical support being provided to line ministries to handle smaller PPP initiatives. The Bank will reinforce its role in PPP preparation by providing upstream transaction advisory, feasibility financing, and capacity building for Namibia's PPP Unit and line ministries. Priority PPP opportunities identified include utility-scale renewable energy, desalination and bulk water supply for industrial and urban demand, and modernization of Walvis Bay and Trans-Kalahari transport corridors.

<sup>lxxiii</sup> To expand access to social services and further to reduce inequality.

<sup>lxxiv</sup> Complementary advisory services for SMEs will be supported through lines of credit to domestic banks, incubation hubs, and a Youth Entrepreneurship Facility.

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<sup>lxxv</sup> Once bankable PPP projects come to market, the NSO window will play a catalytic role through direct project finance, equity or quasi-equity investments, syndicated loans, and credit-enhancement instruments such as partial risk and partial credit guarantees. The Bank will also leverage blended-finance platforms and partnerships with the Development Bank of Namibia, IFC, and commercial banks to mobilize private capital and expand NSO reach, including for MSMEs and women- and youth-led enterprises. However, at this stage, it is not possible to specify the exact NSO envelope that will materialize, as this will depend on the timing and readiness of PPP transactions. For instance, ongoing feasibility studies are expected to inform potential NSOs in the energy sector (Baynes Hydropower Plant); water sector (City of Otjiwarongo Wastewater and Waste Management Project); and transport sector (investments in the rail sector), which are expected to be implemented as PPPs or NSOs.

<sup>lxxvi</sup> The non-lending program will draw resources from the MIC-TAF, Africa Water Facility (AWF) and the Korea-Africa Economic Cooperation (KOAPEC) Trust Fund.

<sup>lxxvii</sup> The Bank will ensure that the Government is fully aware of the availability and benefits of co-financing arrangements through the Bank's existing partnerships including the European Commission, the French Development Agency, the European Investment Bank, JICA and the OPEC Fund who are all present in Namibia and share similar priority sectors. In addition, opportunities to access climate finance will be explored (e.g. Climate Investment Funds, Green Climate Fund, Global Environment Facility).

<sup>lxxviii</sup> Partnerships with CSOs will be strengthened to leverage their experience in community outreach, engagement in broader public policy, and program processes.

<sup>lxxix</sup> This resulted in the 2002 SACU Agreement:

<sup>lxxx</sup> SADC-EU EPA consists of Botswana, Eswatini, Lesotho, Namibia, Mozambique and South Africa.

<sup>lxxxi</sup> The EPA provides reciprocal duty-free, quota-free market access into the EU for exports from partner states like Namibia, subject to rules of origin and adherence to international and regional quality standards.

<sup>lxxxii</sup> For the protocol to enter into force it requires signature and ratification by at least 9 Member State of SADC.