FY2025/26 Mid-Year Budget Review Statement

Presented

by

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Honourable Speaker,
Honourable Members of Parliament,
Fellow Namibians,

Good afternoon,

1. I am honoured to present the Mid-Year Budget Review for the Fiscal Year 2025/26, along with the Fiscal Policy Statement for the 2026/27–2028/29 Medium-Term Expenditure Framework (MTEF) under the theme "***Beyond 35: For a Prosperous Future***". The mid-year budget review aims to provide a comprehensive update on the performance of the economy and public finances management, while outlining the key policy adjustments needed to ensure fiscal sustainability and advance national development agenda over the next MTEF period.

2. The launch of the National Development Plan 6 (NDP6) in July 2025, has established a framework for OMAs to realign their expenditures with the key pillars, thereby fostering government's commitment to achieving Vision 2030. Among these four critical pillars, the human development pillar necessitates an urgent mid-year adjustment to FY2025/26 funding allocations. Concurrently, OMAs are conducting comprehensive reviews to ensure their expenditures align with national development strategic objectives.

3. The FY 2025/26 mid-year budget and medium-term budget policy statement were developed against a persistent slowdown in economic growth projections and fiscal challenges, including revenue shortfalls, rising public debt and debt servicing costs, and increasing demands for priority funding in line with NDP6.

4. As Namibia navigates the complex and evolving global and regional economic landscape, this Mid-Year Budget Review reaffirms Governments' dedication to prudent macroeconomic management, financial stability, inclusive growth, and fiscal sustainability. The government has committed to keep intact the global appropriation amount of N$89.4billion for the FY2025/26 and only increase and decrease certain amounts of money allocated to Votes by reallocating potential savings and funds from low-performing projects to support the most urgent priorities.

5. It is in this context, Honourable Speaker, that I am humbled, in terms of Article 126 of the Namibian Constitution, read with Section 1(1) of the State Finance Act, to table the Appropriation Amendment Bill for the Financial Year 2025/26 and the revised Estimates of Revenue, Income and Expenditure for the same financial year, for the favourable consideration and approval by this August House.

Honourable Speaker,
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Global economic and fiscal context

6. **In October 2025 World Economic Outlook update, the International Monetary Fund estimated global economic growth to decrease from 3.3 percent in 2024 to 3.2 percent in 2025, and further down to 3.1 percent in 2026**. The forecast indicates that advanced economies are likely to expand at around 1.5 percent, while emerging and developing markets are expected to see slightly better growth at just over 4 percent. These projections are bolstered by ongoing global disinflation, although variations among countries persist. Looking ahead, prolonged uncertainties, rising protectionism, and disruptions in labor supply could stifle growth. Additionally, fiscal vulnerabilities, potential corrections in financial markets, and weakening institutions could pose significant risks to overall stability.

7. **Growth in the Sub-Saharan Africa region is estimated at 4.1 percent in 2025, before picking up to 4.4 percent in 2026.** The upward revision was driven by relatively improved output in Nigeria, which is expected to grow by 3.9 percent and 4.2 percent in 2025 and 2026 respectively, owing to higher oil production and improved investor confidence. The South African economy maintains a stable momentum, with projected growth of 1.1 percent for 2025 and 1.2 percent in 2026.

8. **On the fiscal policy front**, the IMF's Fiscal Monitor of October 2025 projects global public debt to exceed 100% of GDP by 2029, with a risk scenario pushing it to 124%. Governments are encouraged to adopt a more strategic approach to spending, focusing on enhancing efficiency rather than simply increasing budgets in response to rising global public debt and fiscal challenges. By redirecting funds towards growth-enhancing sectors such as education and infrastructure, it is possible to foster

sustainable growth. The report emphasises that improving the efficiency of public spending could positively influence overall output while further underscoring the importance of strengthening institutional capacity for effective implementation of these reforms.

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Domestic Economic Performance

9. On the domestic front, year-to-date, activity in the domestic economy has expanded during the first six months of 2025, although at a slower rate than in 2024, held back by contractions in output for diamonds, zinc concentrate, cement and blister copper. In the **primary industry**, overall mineral output increased, driven by a significant increase in uranium production as well as an increase in the production of gold. Meanwhile, activity in the agricultural sector diverged, as livestock marketing decreased, whereas local crop production rose amid investment in irrigation schemes as well as better rainfall received. Within the **secondary industry**, electricity generation increased, while manufacturing contracted due to lower diamond processing, cement and blister copper production. The **tertiary industry** sustained a positive trajectory, spearheaded by activity in the tourism, wholesale and retail trade, transport, and communication sectors.

10. Going forward, ***the economic growth is expected to slow down to 3.3 percent in 2025 compared to the initial estimates of 4.5 percent in the 2025/26 main budget***. The downward revision is due to lower output in the secondary industries (slowing to 1.9 percent from 3 percent in 2024), owing to an expected contraction in the manufacturing sector. The primary industry is estimated to grow to 2.5 percent in 2025, relative to 1.8 percent in 2024, supported by increased activities in the uranium mining and other mining and quarrying subsectors. The tertiary industry is estimated to moderate to 3.7 percent in 2025 from a strong 4.9 percent growth in 2024. Overall, growth has been revised downwards for the remainder of the MTEF period, projected at an average economic growth of 3.6 percent, in contrast to a projected MTEF growth average of 4.3 percent in the 2025/2026.

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11. **On the monetary and external sectors: The Bank of Namibia, through its Monetary Policy Committee, lowered the repo rate by 25 basis points to 6.5 percent in October 2025.** This is due to subdued domestic economic activity and well-contained inflation, which exhibits a favourable medium-term outlook. The decision was made to support economic activity in the domestic economy and to continue safeguarding the peg between the Namibia Dollar and the South African Rand**.**

12. **On the external sector, the merchandise trade deficit narrowed on an annual basis during the second quarter of 2025, attributed to robust growth in export earnings and a stabilisation of import payments.** The merchandise trade deficit contracted by 49.0 percent year-on-year to N$4.5 billion. The annual improvement in the merchandise trade balance was ascribed to an increase in export receipts, which rose by 25.4 percent to N$25.6 billion driven mainly by *gold* and *uranium* export receipts. In contrast, merchandise imports rose modestly, increasing by 2.8 percent year-on-year to N$30.1 billion. This increase was primarily due to higher imports of vehicles, machinery, electrical and mechanical appliances, and chemical products.

13. Annually, the Nominal Effective Exchange Rate appreciated by 0.2 percent during Q2 2025, driven by a weaker U.S. dollar due to concerns over the U.S. fiscal policy, central bank independence, erratic policy changes, a temporary tariff pause, and easing geopolitical tensions. This appreciation helped lower import costs, reducing inflationary pressures. Meanwhile, the Real Effective Exchange Rate rose by 1.5 percent annually, driven by higher domestic inflation relative to trading partners. As a result, Namibia's trade competitiveness declined moderately, making exports more expensive and imports relatively cheaper.

Fiscal Developments (FY2024/25)

14. The government's revenue streams have shown resilience despite economic slowdowns. Personal income tax projections were initially optimistic due to robust economic development, but global commerce has changed. Personal income tax growth is modest compared to FY2024/2025. VAT refunds have increased, resulting in decreased net

collections. However, other areas, like taxes on non-mining companies, have seen improvements. To increase total tax collections, sustainable economic growth and more advancements in tax administration and compliance remain crucial.

15. **Actual revenue for FY2024/25:** Total government revenue and grants in the 2024/25 fiscal year amounted to N$89.1 billion, a notable increase of 9.3 percent from N$81.4 billion collected in FY2023/24. This growth was primarily driven by a robust recovery in the SACU revenue, which expanded by 15 percent. While VAT and diamond royalties also contributed positively, rising by 14 percent and 26 percent respectively, other revenue streams slowed during the 2024/25 fiscal year.

16. **Actual expenditure for FY 2024/25:** Total expenditure in FY 2024/25 amounted to N$100.1billion including grants funding, a 14.3 percent increase from the N$87.1 billion recorded in FY2023/24. This growth was driven by increases across various expenditure categories such as personnel expenditure, which rose by 9.5 percent, while spending on goods and other services grew by 15.7 percent. Furthermore, subsidies and other current transfers increased by a notable 22.3 percent.

17. **Actual Deficit, Debt Stock and Interest Payments for the FY2024/25:** Consequently, the budget deficit for FY2024/25 increased to 4.0 percent of GDP compared to 2.0 percent of GDP recorded in 2023/24. The increase in deficit stemmed from a higher increase in operational expenditure due to an additional request of N$3.2 billion that was appropriated through the Appropriation Amendment Bill for the FY2024/25, targeted towards addressing emergencies, pressing social needs, and elections. Public debt as a percentage of GDP, grew by 1.3 percent to N$167.2 billion in FY2024/25 from N$153.7 billion in FY2023/24. Total guarantees as a percentage of GDP remained at around 3.4 percent.

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2025/26-MID-YEAR revised projections

18. During the mid-year fiscal assessment for FY2025/26, the revenue outturn reached N$36.6 billion, constituting 40 percent of the total budget estimates by end of

September 2025. While this figure is significant, it is essential to recognize that the revenue collection rate has slowed, falling 10 percentage points below the performance seen in the corresponding period of FY2024/25.

19. As of September 2025, the total expenditure and commitments excluding statutory had reached N$41 billion, which accounts for 39 percent of the budgeted spending for the fiscal year. This execution rate reflects a decrease of 4 percentage points compared to the 43.0 percent rate recorded during the same period in FY2024/25.

20. The government's balance sheet, total cumulative public debt reached N$176.3 billion by the end of September 2025. This rising debt stock is compounded by a significant increase in debt servicing costs, with interest payments totalling N$6.8 billion, a substantial 6.4 percentage point increase compared to the interest expenditure as of September 2024. In contrast, contingent liabilities showed a marginal improvement, as the stock of government guarantees decreased to N$8.1 billion in FY2025/26 from N$9.3 billion in FY 2024/25. This represents a modest reduction of 0.6 percent when compared to the corresponding period in FY2024/25.

21. The Baseline scenario if left unattended is highly undesirable and will lead to serious deterioration of key fiscal anchors such as the debt-to GDP ratio levels. Urgent pressing actions as espoused under Economic Policy measures as well as restraining the expenditure envelopes in the mid-term period will lead to a much more viable and manageable scenario.

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Progress on the implementation of the priority projects

22. I would like to take a moment to highlight some notable progress some of priority projects for the fiscal year 2025/26, by the end of September 2025.

Agriculture, Land Reform and Water Management

23. Her Excellency Dr. Netumbo Nandi-Ndaitwah, President of the Republic of Namibia, stressed the importance of Namibia achieving food self-sufficiency through state-

controlled Green Schemes Namibia made significant progress in advancing food security during the 2025 financial year, in line with the strategic goals of NDP6, which prioritizes sustainable agricultural development, enhanced productivity, and resilience against climate shocks.

24. The Ministry of Agriculture, Water and Land Reform intensified efforts to scale up production across national green schemes, targeting over 80% land utilization during the 2025 summer cropping season. These schemes are instrumental in reducing hunger, improving household nutrition, and strengthening national self-sufficiency.

Etunda Green Scheme – Omusati Region

* Maize: 3,600 tonnes harvested from 450 hectares
* Wheat: 480 tonnes from 120 hectares
* Potatoes: 600 tonnes from 22 hectares
* Onions: 660 tonnes from 15 hectares

Sikondo Green Scheme – Kavango West Region

* Wheat Yield: Achieved 6 tonnes per hectare from 120 hectares harvested in October
* Summer 2025 Plan: 300 hectares scheduled for diversified crop production

Ndonga Linena Green Scheme – Kavango East Region

* Maize: 4,320 tonnes from 480 hectares
* Wheat: 2,520 tonnes from 420 hectares.

Livestock Vaccine Procurement and Its Impact on Food Security

25. In parallel, the Ministry implemented a robust livestock vaccination campaign to safeguard animal health and stabilize protein supply, directly contributing to national food security.

26. The installation of boreholes at Arbeidsloon and Kaitzub Post is now complete. We have successfully established a total of 63 boreholes across various communal areas, specifically: Khomas (6), Oshikoto (6), Omusati (3), Ohangwena (6), Hardap (10), Omaheke (10), //Kharas (2), Kunene (7), Erongo (2), Otjozondjupa (1), Zambezi (7),

Kavango West (7), and Kavango East (6). This initiative marks a significant step in improving access to water in these regions.

27. Ongoing works on the construction of earth dams, 1 each in Ohangwena, Oshikoto, Omusati, //Kharas Regions, and 2 in both Kavango East and Kavango West are set to complete towards of the current financial year. These projects are set to be completed by the end of the current fiscal year.

Housing and Land Servicing

28. Government has declared the formalization of informal settlements a basic human right, emphasizing dignity, decency, and access to essential services such as water, sanitation, and affordable housing. In this regard, during the review period, nine (9) new townships were approved and gazetted. These include, among others, Brukharos in Keetmanshop; Mariental Extension 5, Plaatjiesheuwel Extension 4,5,6,7 and 8 in Koes, Oniipa and Extension 20 in Outapi.

29. The construction of new houses, the Shack dwellers Federation of Namibia constructed 2160 houses in all 14 regions with the highest concentration in the being in the Erongo (392), Oshikoto (349) and Kunene (269) regions with the support Ministry of Urban and Rural Development and private sector partners.

30. Furthermore, 2,160 households were provided with proper sanitation during the period under review.

Health infrastructure development

31. **Upgrading and renovation of Onandjokwe Referral Hospital:** The activities planned for phase A of this project, being the construction of the maternity ward and the Pediatric ward are ongoing and are currently at 85% and all the specialist sub-contractors are on site. The expected completion date was earmarked for 20 October 2025 but there is a delay in the supply of air conditioning ducting. Design and documentation for the renovation of the main entrance and parking ongoing.

32. Upgrading and renovation of Oshakati Intermediate Hospital: The construction of the ICU Unit, electrical and electronics installation, and renovations to ward 2 - Ophthalmology have been completed.

33. **Upgrading and Renovation of Katutura Intermediate Hospital:** The renovations are ongoing, and the installation of an oxygen-generating system is in progress.

34. **Construction of the Khomas District Hospital:** The 500-bed Khomas District Hospital in the Havana Constituency, Khomas Region, will form a key part of the national healthcare infrastructure, helping to meet the increasing demand for quality healthcare services in the capital city and surrounding areas, in line with the NDP6 objectives. Activity for Phase I of this project commenced in April 2025 for the bulk access roads and water infrastructure, and the electrical services works commenced in July 2025.To date, 40 percent progress completion is achieved, and this phase is on track for completion by December 2025.

35. **Upgrading and renovation of Oshakati Intermediate Hospital:** Construction of the ICU Unit ongoing at is at 78% completion, completion set for December 2025. Renovations to Ward 2 - ophthalmology completed and site handed over to the end user was on 16 July 2025. Confirmation of Consultants for Phase 2 Theatre and CSSD being prepared for PC.

Education infrastructure

36. **Construction of Keetmanshoop VTC**: The project is 99% complete. The facility is set to open for academic activities in January, welcoming its first students for the 2026 academic intake.

Youth Development

37. **The National Youth Development Fund** was launched in September 2025 in Gobabis, Omaheke region. 11,475 applications were received from all 14 regions. Of these application 6,111 projects were submitted through Development Bank of Namibia, 5,070 agricultural applications by Agribank, and 294 eco-friendly projects by the Environmental Investment Fund. From these, 42 successful projects, 3 from each of the 14 regions valued at N$14.8 million were awarded and presented at the launch. The

three implementing institutions will continue to appraise the remaining applications and call for further applications, The Programme is ongoing.

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Fiscal Policy Priorities for FY2026/27–2028/29

38. The Medium-Term Expenditure Framework (MTEF) for 2026/27 to 2028/29 prioritizes three pillars: economic growth through state-owned enterprises for job creation, a coordinated tax reform via the Medium-Term Revenue Strategy and maintaining a positive primary balance to manage debt. In pursuing these essential pillars, the process will be guided by a thoughtful array of actions and commitments:

i. **Boosting Economic Growth:** The budget will focus on sectors like agriculture, youth employment, and creative industries, incorporating initiatives from SOEs. An economy diversification strategy will be introduced in February 2026 to promote growth in the non-resource sector.

ii. **Diversified Financing Strategy:** The government plans to transition from bond issuance to a diversified strategy that utilizes guarantees, aiming to enhance public investment through commercially viable SOEs.

iii. **Optimising Public Expenditure**: The Ministry of Finance will conduct public expenditure reviews and digitise budget management to improve efficiency and service delivery.

iv. **Robust Revenue Mobilization:** The MTRS will outline revenue mobilization objectives aligned with national ambitions and Sustainable Development Goals, integrating with existing financing frameworks.

v. **Effective Debt Management:** The MOF aims to stabilize debt levels while ensuring a positive primary balance and implements the Meridian Debt Management Platform for enhanced fiscal planning.

Tax Policy Reforms

39. The Namibian Government is poised to implement a series of tax reforms designed to bolster both competitiveness and fairness within the economy. These initiatives align

with global trends that advocate for increased tax-to-GDP ratios to facilitate economic growth and promote reduced inequality through a progressive taxation framework.

40. The Income Tax Amendment Bill 2025, which includes ten proposals previously announced, has been presented for legislative consideration and is anticipated to be passed into law by the end of this financial year. Among the key proposed changes are enhancements to the lump sum retirement benefit, the introduction of caps on housing benefits tax structures, and adjustments to the taxation of dividend income from preference shares. Corporate tax reforms are also slated to feature a 20% rate for small and medium-sized enterprises. A rate reduction to 28% for non-mining businesses, and the establishment of a 20% rate for Special Economic Zone enterprises. The alignment of taxation of long-term insures to other non-mining business forms part of the reforms.

41. In conjunction with these reforms, the Ministry is developing a comprehensive Medium-Term Revenue Strategy (MTRS) aimed at guiding the tax reform process. This strategy will address policy, administrative, and legal considerations, while also focusing on mobilizing resources for development. Further tax proposals are expected to be revealed in the Main Budget announcement scheduled for February 2026.

42. We continue to review the ease of tax compliance. Good standing certificates are a necessary tool in tax compliance, to reduce the cost of compliance to taxpayers and tax administration, the validity period of good standing certificates will be revised to one year for individuals and small and medium enterprises, and to six months for other taxpayers.

43. The Income Tax Act provides for powers to freeze and appointment of agents to collect outstanding taxes. This is used only for businesses and individuals who can afford to pay what they owe but are choosing not to. The order can be given to banks and employers when taxpayers refuse to pay acknowledged tax debt. We are reviewing the criteria to be met and the stringent safeguards to be in place when accounts are to be frozen or agents ordered to collect tax debt.

44. For SMEs the use of clearing agents for imports is not mandatory, but optional. NamRA will issue public notices on how SME importers can register to self-clear, within a defined threshold for straightforward imports were no special permits are required.

Honourable Speakers,
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FY2025/26 Appropriation Amendment Bill

45. At the beginning of this year, on 27 March 2025, I stood before this August house and tabled a budget of N$89.4 billion, consisting of N$79.8 billion in operational expenditure, N$9.6 billion in development expenditure. In addition, I announced an amount of N$3.2 billion for projects to be funded outside of the State Revenue Fund and N$13.7 billion in interest payments, bringing the total expenditure for FY 2025/26 to N$106.1billion.

46. The Mid-Year Budget Review process provides us with an opportunity to improve the effectiveness of resource allocations by taking stock of the collective implementation of the National Budget so far, making the requisite adjustments, and ensuring that government remains on course to achieve planned annual development priorities.

47. During consultations for the Mid-Year Budget Review in September 2025, additional expenditure requests to the tune of N$11.1 billion comprising of N$8.2 billion for operational and N$2.9 billion for development budget were proposed for consideration. The requests were carefully reviewed in accordance with a defined set of criteria for unforeseen and unavoidable expenditures. The expenditure analysis reveals that certain OMA funding plans are progressing as expected, while others may face the possibility of under- or overspending. In addressing these concerns within the revised revenue constraints, prioritisation of activities was considered and implemented a reallocation of funds within and between the appropriated votes 'ceilings.

48. As I have indicated earlier, **Honourable Speaker**, we are projecting to realise a shortfall in revenues to the tune of **N$3.2 billion** for FY2025/26 as per the current projections. In addition, given the low execution rates on capital projects, a total of

N$826.4 million has been identified for reallocation, with potential realised savings from vacant positions across OMAs of N$378.6 million for the FY2025/26.

49. Therefore, in keeping with the fiscal sustainability narrative, we balanced these expenditure requests against the available resource envelope. As a result, the FY2025/26 Appropriation Amendment Bill provides for the reallocation of N$1.20 billion, as follows:

- An amount of **N$814 million is proposed for consideration to the Ministry of Education, Innovation, Youth, Sports, Arts and Culture;** of which **N$663 million** is to cater for registration fees and tuition fees for the first quarter (January-March 2026) in line with the approved stance on Subsidised Free Tertiary Education. The other N$151 million is for the recruitment of 665 teachers.
- A **total of N$185 million was added to the Ministry of Health and Social Services'** recruitment for 1537 health personnel
- An amount of **N$61 million** is availed to the Ministry of Finance under Contingency Provision.
- **An additional N$50 million** to Vote: President to cater for personnel expenditure and related goods and services for the oil and gas unit, security equipment, and maintenance
- The replenishment of the National Emergency Disaster Fund under the Office of the Prime Minister is recommended to receive **an additional N$50 million** to cater for the increased turnout of beneficiaries in the concluded drought relief programme.
- The Electoral Commission is to receive an amount of **N$30 million** to cater for the shortfall caused by additional by-elections during the FY2025/26.
- National Assembly is to receive additional **N$15million** to cater for a shortfall on personnel expenditure and Parliamentary Committees' oversight and a further **N$30million** to purchase a building for Members of Parliament Office accommodation.

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50. In being consistent with the spirit of the Mid-Year Budget Review process, the global total Appropriation Amendment Bill for 2025/26 remains unchanged at **N$89.4 billion,**

51. In summary, we have increased the operational budget for FY2025/26 by N$826 million to a total of N$80.6 billion, while the development budget has decreased from N$9.6 billion to N$8.8 billion, representing a 9.38 percent reduction. Debt servicing cost is revised upwards from N$13.7 billion (14.8% of revenue) to N$14.3 billion (16.1% of revenue).

52. Before I conclude, allow me to quote the World Bank Group President, Ajay Banga, at the recently concluded 2025 Annual Meetings Plenary. And he stated "*A job is what happens when a school leads to a skill, when a road leads to a market, when a clinic keeps someone healthy enough to work, when energy powers a business.* We remain committed to funding education and healthcare, and that is how we turn investment into impact and I end with Her Excellency Netumbo Nandi-Ndaitwah`s call for speedy, effective and efficient execution of projects to bring about much needed jobs for our people, particularly the youth.

Honourable Speaker,
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Conclusion

53. In conclusion, I want to acknowledge my colleagues at the Ministry of Finance, the National Planning Commission, and the Bank of Namibia for their unwavering dedication during the compilation of the Mid-Year Budget Review. I also commend the team at NamRA for their relentless efforts in mobilising the critical revenues we need.

I thank you.