



Deloitte Commentary on the Namibian Mid-Year Budget Review - 2026/2027



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Foreword

The Namibian Minister of Finance, Honourable Ericah B. Shafudah, tabled her mid-year budget on the 22nd of October 2026, under the theme: "People, Productivity and Prudence."

The Mid-Year Budget Review is aimed to provide feedback on the actual budget figures for FY2025/2026 and to report on the progress of the current year and any revisions required.

The main sentiments of the Budget Review are that growth and revenue are below initial predictions, and debt costs are rising.

Economic growth has been revised to 2.3% from the earlier projected 3.1% and a predicted budget deficit of N\$16.3 billion, equating to 5.5% of GDP. Inflation is projected at 4% for FY2026/2027.

Spending at mid-year was 53.5%, with development spending at 42.0%.

The Minister highlighted the main economic risks, not surprisingly so, to be the Foot-and-Mouth Disease (FMD) outbreak, El Niño, the continued weak diamond demand and high fuel prices.

Total spending has, for the most part, been kept flat by moving funds between Votes and cutting ceilings by 2%. The largest reallocations of the budget went to the Ministries of Agriculture, Finance, Defence and Urban and Rural Development as well as the President's Office.

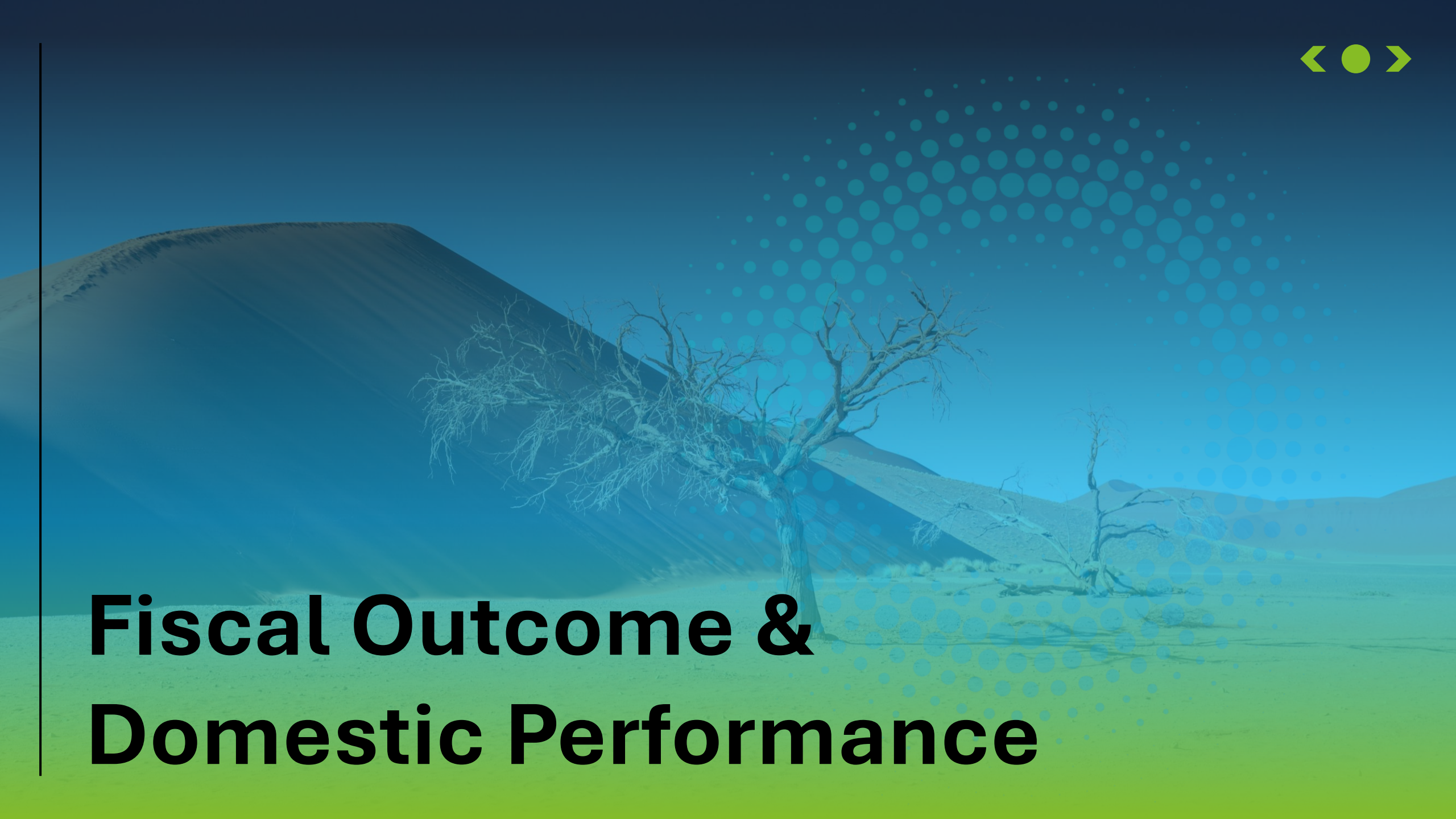
Ending weeks of speculation, the Minister announced that the Tax Amnesty Programme will indeed end on 31 October 2026. She noted that 28 157 taxpayers have regularised their affairs, but did not provide any further details of the type of taxes and the total revenue collected under the programme.

There was no mention of the tax amendments that were proposed in 2025 and in the main budget earlier in the year. On the cards for potential amendments are the standard-rating of sugar and the zero-rating of import VAT on agricultural inputs and equipment.

This newsletter summarises the Minister's statement on fiscal developments, highlights priority projects, and examines revised budget projections and allocations.



GERDA BRAND
Tax Director



Fiscal Outcome & Domestic Performance

Growth outlook for 2026 to 2029

Real GDP growth for 2026 is now projected at **2.3%**: 1.7% higher than in 2025, but 0.8 percentage points short of the 3.1% forecast in the main budget. A gradual medium-term recovery is anticipated, with growth of **2.6%** in 2027, **3.0%** in 2028 and **3.3%** in 2029, underpinned by pipeline mining projects, robust uranium and gold prices, and stronger household spending as inflation and interest rates decline.

Inflation and monetary policy

After averaging **3.5%** in 2025, inflation is forecast by the Bank of Namibia to reach **4.0%** in 2026 and **3.9%** in 2027, owing to higher projected oil prices.

In August 2026, the repo rate was maintained at **6.75%** to support domestic economic activity.

Fiscal outcomes FY2025/2026

Government revenue fell by 2% to N\$87.4 billion in FY2025/2026, down from N\$89.1 billion in FY2024/2025.

Expenditure, by contrast, grew by roughly 4.8%, from N\$99.8 billion to N\$104.6 billion.

The budget deficit widened from 4.1% to 5.9% of GDP year on year. Nonetheless, strong nominal GDP growth was the main factor behind a 1.9 percentage point decline in the debt-to-GDP ratio, from 67.3% to 65.4%.

Interest costs increased from 14.7% to 16.2% of revenue, while government guarantees dropped from 3.4% to 2.7% of GDP, reducing Government's contingent liability exposure.

Key risks

Key downside risks include subdued global demand, commodity price volatility (especially for diamonds), sustained high fuel prices, the anticipated El Niño and the FMD outbreak.

Implications and near-term focus

Although the economy is recovering modestly, the outlook remains dependent on commodity markets and external shocks. Near-term priorities are ongoing monitoring of commodity and fuel prices, targeted support for mining investment, and fiscal discipline to contain deficits while safeguarding essential spending.



Revised Budget Overview

2026/2027

Revised Fiscal Projections & Outlook



The FY2026/2027 **revenue forecast** of February 2026 has been revised downward from N\$89.6 billion to N\$88.1 billion, mainly due to lower mining tax collections, reduced fuel levy receipts, and lower administrative fees.

Mining company income tax and royalties have been reduced from N\$6.1 billion to N\$5.2 billion, while diamond taxes and royalties have declined sharply from N\$5.8 billion in FY2023/2024 to a projected N\$414 million in FY2026/2027.

Non-tax revenue is projected at N\$5.0 billion, an 18% decrease, largely driven by lower mineral royalties and public enterprise dividends. These developments reinforce the need to accelerate economic diversification through agriculture, value addition, services, and renewable energy industries.

As at September 2026, **expenditure commitments** and spending amounted to N\$47.0 billion against a budget of N\$87.9 billion, representing an execution rate of 53.5%.

At mid-year, the budget recorded an execution rate of 42.0%, while operational expenditure reached 53.0%, reflecting the implementation of approved programmes and activities. The fiscal outlook for FY2026/2027 remains under pressure, with the overall budget deficit projected at 5.5% of GDP and the primary deficit at 0.3% of GDP.

Public debt is expected to rise to 68.7% of GDP, while the interest-to-revenue ratio is projected at 17.5%. The guarantee-to-GDP ratio is anticipated to decline marginally by 1%.

A summarised revised fiscal outlook for FY2026/27 is as below:

- A decrease to N\$ 105.0 billion in total expenditure
- Non-interest expenditure – N\$ 89.6 billion
- N\$ 88.6 billion - Non-interest expenditure inside the revenue fund
- An estimate of N\$ 15.4 billion of interest payments
- An estimate of N\$ 16.3 billion, representing 5.5 percent of GDP
- A projection of 0.3 percent of GDP
- A projection of total public debt at N\$ 201.7 billion, equivalent to 68.7% of GDP
- An estimate of N\$ 11.8 billion, or 4.0 percent of GDP.

Revenue

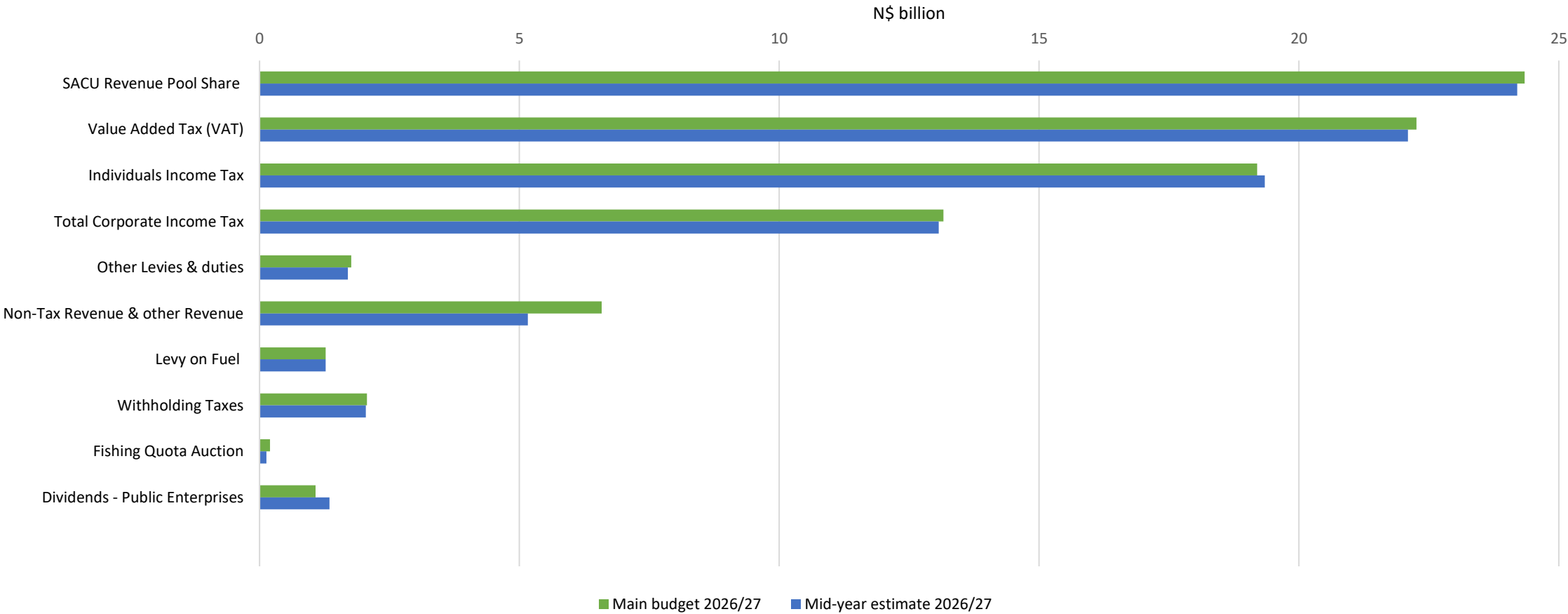
The Mid-Year Budget Review indicates that the total revenue for FY2026/2027 has been revised downwards by N\$1.5 billion, from the main budget estimate of the N\$89.6 billion to N\$88.1 billion. While the adjustment is relatively modest, it highlights variations in performance across major revenue streams.

Key revenue collection points noted include the following:

- **SACU Revenue Pool receipts** are expected to amount to **N\$24.2 billion**, slightly below the original projection of **N\$24.3 billion**.
- **Value Added Tax (VAT)** collections remain resilient, with revised estimates of **N\$22.1 billion** compared to the projected **N\$22.3 billion**.
- **Individuals Income Tax** is projected to outperform initial expectations, increasing from **N\$19.2 billion** to **N\$19.3 billion**.
- **Total Corporate Income Tax** has been revised upwards significantly from **N\$9.2 billion** to **N\$10.1 billion**.
- **Fishing Quota Auction** revenue is projected to decline from **N\$201 million** to **N\$134 million**, a reduction of **N\$67 million**. This represents the largest percentage decrease among the revenue streams reviewed and indicates weaker-than-anticipated auction receipts.
- **Dividends from Public Enterprises** are expected to increase from **N\$1.077 billion** to **N\$1.344 billion**, an improvement of **N\$267 million**. This strong performance partially offsets the decline in fishing quota auction revenue and other non-tax receipts.
- **Levy on Fuel** and **Withholding Taxes** remain unchanged at **N\$1.3 billion** and **N\$1.2 billion** respectively, indicating that these revenue streams are performing broadly in line with expectations.

Overall, the revised revenue outlook reflects a shift in the composition of revenue rather than a significant deterioration in collections. The stronger performance in direct tax collections has helped offset weaker non-tax revenues, resulting in only a marginal downward revision to total revenue estimates. Continued efforts to strengthen tax administration, enhance compliance, and support economic growth will remain critical to sustaining revenue performance over the remainder of the fiscal year.

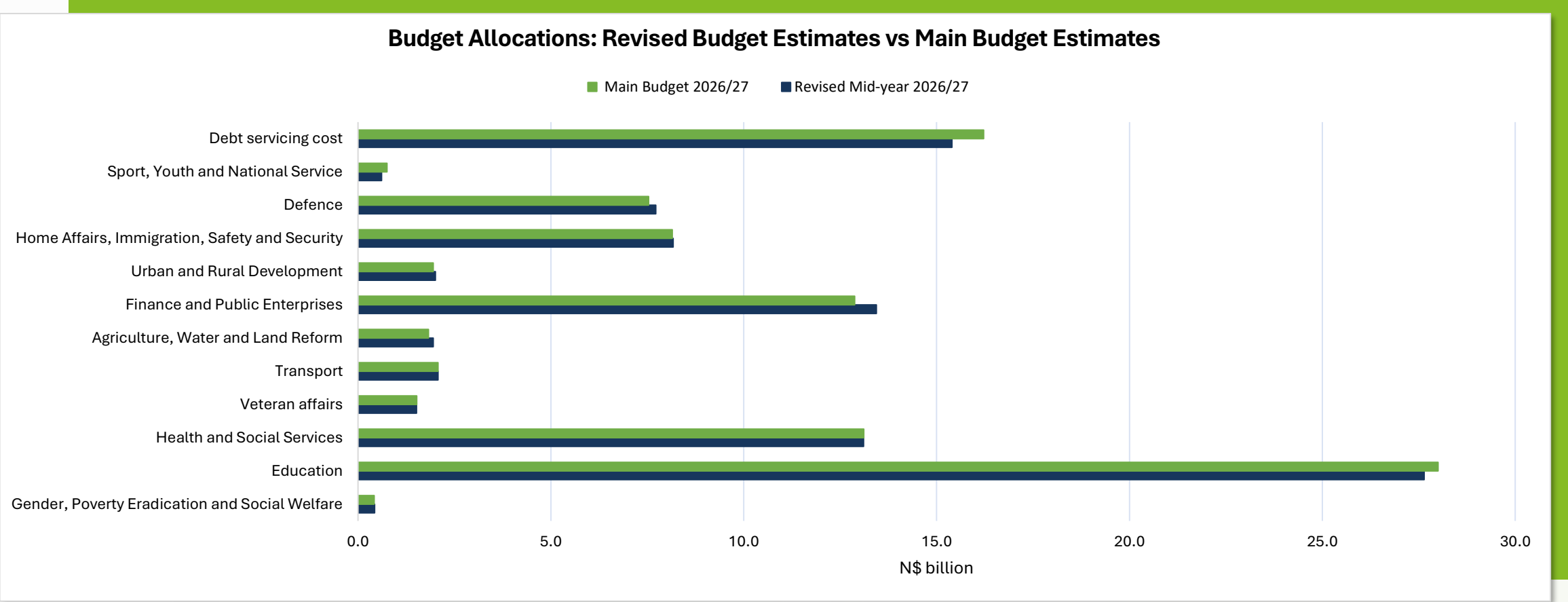
FY2026/27 Revenue: Main Budget vs Mid-Year Estimate



Revised Budget Allocations



The revised 2026/2027 budget increased by approximately N\$635 million (0.7%), from the N\$87.93 billion estimated in February 2026 to N\$88.56 billion. The graph below sets out selected allocations from the main budget alongside those in the mid-year budget review:



The revised appropriation shifts funding towards agriculture, finance, security, defence, and urban and rural development, and away from education, sports, electoral administration, and certain economic sectors. Although its allocation has been reduced, education still accounts for the largest share of the operational budget.

Priority Projects



The Minister reported on progress across the following priority projects:

Agriculture and Food Security

In anticipation of El Niño, the Government set aside N\$40 million for strategic grain reserves to bolster food security. Between April and August 2026, Agribank extended N\$366.9 million in agricultural finance to 544 clients, including women, youth and communal farmers, sustaining approximately 1,550 jobs.

A range of measures were implemented and are being executed towards the containment of the FMD outbreak in September 2026.

Approximately 51,000 farmers benefited from the seed component of the Namibia Agricultural Mechanisation and Seed Improvement Project.

Youth Empowerment and Employment Creation

Total investment in the National Youth Development Fund has reached N\$317 million. A total of 373 youth-owned projects have been approved across all regions and N\$110.2 million has been disbursed, with financing from development partners supporting an estimated 7,110 jobs.

Quality Education and Training

Subsidised tertiary education has benefited approximately 87,000 students. Access to quality education was further improved through the recruitment of 3,634 education staff and the construction of 130 new classrooms and other educational facilities in seven regions.

Quality Health and Social Welfare

Government bolstered the health sector by mobilising N\$1 billion for the planned 500-bed Windhoek District Hospital, recruiting 1,537 health workers and 456 medical and dental interns, commissioning an MRI scanner and equipping public hospitals with medical equipment worth N\$19 million.

Transport

Government is progressing major transport infrastructure projects, including the Gobabis-Aminuis-Aranos, Swakopmund-Walvis Bay and Swakopmund-Uis-Kamanjab roads, and the upgrade of the Kranzberg-Otjiwarongo railway line. In addition, N\$1.5 billion has been mobilised to finance 11 priority road projects across the country.

Energy

Between April and July 2026, Government extended close to N\$740 million in fuel price relief as credit through fuel levy reductions and price stability measures, easing cost pressures on households and businesses.

Inflation and the external sector

To diversify its reserve assets, the Bank of Namibia progressed its Gold Acquisition Programme, acquiring domestically produced gold worth approximately N\$878 million and strengthening the country's financial resilience to external shocks.

Financial Sector Performance

Having successfully completed its Action Plan, Namibia was removed from the Financial Action Task Force's list of jurisdictions under increased monitoring on 19 June 2026. The Financial Stability Report published in April 2026 confirmed that the country's financial system remained stable, sound and resilient.

Since its inception in November 2022, the Welwitschia Fund has grown from approximately N\$293.6 million to a market value of approximately N\$514.6 million as at 30 June 2026. The Sovereign Wealth Fund Bill, aimed at formally establishing and regulating the Welwitschia Fund is at an advanced stage and is expected to be tabled in the National Assembly during the current fiscal year.

The Minister noted progress in several key areas, with a number of important regulations enacted or brought into operation during the first half of the fiscal year.

Notable developments include:

- Operationalisation of the long-awaited Financial Institutions and Markets Act (FIMA), modernising the regulation of the non-banking financial sector.
- New regulations under the Public Procurement Act, introducing procurement thresholds and a special category for high-spending public entities.
- A directive to reinforce implementation of the preferential procurement policy.
- Passage of the Public Enterprises Governance Amendment (PEGA) Bill.
- Phase 1 of the reform programme for the Public Service Employees Medical Aid Scheme (PSEMAS).

Revenue mobilisation and tax administration

The Minister reaffirmed Government's commitment to comprehensive tax policy and administration reform, signalling that new taxes and incentives may be introduced in the coming years to boost domestic revenue and curb rising debt. Proposed measures include:

- A review of export levies, currently under consultation.
- Applying the standard VAT rate to sugar, which is currently zero-rated.
- Zero-rating import VAT on agricultural inputs and equipment.
- A review of anti-dumping duties on selected imported commodities to promote fair competition and protect local industries.
- Stronger institutional and analytical frameworks to address illicit financial flows.

Key measures remain outstanding, including passage of the Income Tax Act Amendment Bill, which would establish a tax court to give taxpayers recourse on tax matters.

The Minister gave no update on the previously proposed income tax amendments, which include, among others, a lower non-mining corporate tax rate, a local dividend withholding tax, the taxation of hybrid financial instruments, a cap on housing allowances, a new tax regime for long-term insurers and a reduced corporate tax rate for small businesses.

Earlier this year, the Minister indicated that the Income Tax Amendment Bill would be tabled in Parliament between July and September 2026.

No reduction to the individual income tax rates was announced.

The Minister also confirmed that Government is preparing a Medium-Term Revenue Strategy and a Debt Management Strategy, both expected to be finalised before February 2027.

Ending of the tax amnesty programme

The Minister announced that the tax amnesty programme, which has run in various forms for almost seven years, will end on 31 October 2026, having “achieved its objective”.

Since the programme's introduction, the Namibia Revenue Agency has collected more than N\$3 billion, with over 28,000 taxpayers participating. A more detailed analysis of the programme would be valuable, for example, which tax types accounted for the bulk of collections, which categories of taxpayers participated, and the total penalties and interest waived.

Taxpayers with existing payment arrangements are expected to continue honouring them.

Tax Amnesty (cont.)

The decision is likely to concern taxpayers, given the ongoing administrative challenges in tax administration. Once the amnesty ends, many taxpayers may have to rely on applications for the waiver of penalties and interest as their main avenue of relief.

Strategic expenditure proposals

In the February 2026 main budget, the Minister announced minimum project-readiness requirements designed to make public investment more efficient by strengthening project preparation and delivery.

The framework has since taken clearer shape: the Minister announced that high-impact projects that are ready for implementation and directly support NDP6 priorities will take precedence.

Project appraisal guidelines will be introduced and project preparation standardised. A national construction cost guide will also be developed to underpin realistic costing, budgeting and value-for-money assessments.

Further, project preparation costs, including feasibility studies and designs, will be limited to a fixed percentage of total project value.

Wage bill and expenditure control

Controlling personnel costs remains a cornerstone of Government's fiscal consolidation strategy. The Minister confirmed that payroll audits and reviews of organisational structures will continue, to improve efficiency and service delivery.

Social safety net programmes will undergo further review to sharpen targeting and limit leakages.

No increases to social grants were announced

Investment promotion and growth

The Minister pointed to ongoing legislative and administrative reforms to strengthen Namibia's investment climate. The Investment Promotion and Facilitation Bill is advancing, and Government is seeking to accelerate approvals for environmental clearances, exploration permits and mining licences.

BIPA's One-Stop Centre will be strengthened to improve the investor experience and reduce administrative delays.

While the oil and gas sector was not specifically mentioned, the Minister said Government will keep engaging the private sector on extractive industry agreements, so that the exploitation of non-renewable resources serves the national interest and Namibia secures a “fair share” of the value generated.

A full-page background image of a desert landscape. It features a large, smooth sand dune on the left, a dead, gnarled tree in the center, and another smaller dead tree to the right. The sky is a clear, bright blue. A semi-transparent blue overlay with a pattern of white dots is positioned in the upper right quadrant. A thin vertical black line is on the far left edge.

Contacts

CONTACTS



GERDA BRAND
Tax Director
✉ gbrand@deloitte.com.na



LAHYA SHAPWA
Senior Manager
✉ lshapwa@deloitte.com.na



TABITHA MUGANDIWA
Manager
✉ tmugandiwa@deloitte.com.na



LAZARUS AMUKESHE
Manager
✉ lamukeshe@deloitte.com.na



MARIKKA NEKWAYA
Consultant
✉ mnekwaya@deloitte.com.na



NICOLA TJARONDA
Consultant
✉ ntjaronda@deloitte.com.na



ANALON !NANUSES
Consultant
✉ ananuses@deloitte.com.na



MELODY TJIHOREKO
Consultant
✉ mtjihoreko@deloitte.com.na



DIANA HAMALWA
Senior Administrator
✉ dhamalwa@deloitte.com.na



JESSE KABOOY
Administrator
✉ jkabooy@deloitte.com.na



MARIA NALUWE
Intern
✉ mnaluwe@deloitte.com.na



ROSALIA UUGULU
Intern
✉ ruugulu@deloitte.com.na



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