



REPUBLIC OF NAMIBIA

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For Immediate Release

MEDIA STATEMENT

NAMIBIA ONE OF THE COUNTRIES WITH THE HIGHEST DEFAULT RISK IN 2022

The Ministry of Finance has noted with concern several publications, in both local print and online media outlets, regarding Namibia's ranking on a Sovereign Debt Vulnerability Index published by Visual Capitalist and further distributed on Bloomberg. We have reviewed the various indicators that constitutes the abovementioned index, namely, Government bond yield, Credit Default Swap (CDS) Spread, interest expense and Government debt. We find the methodology utilized by the author to rank the countries incoherent and misleading. It is also unclear to us the weights applied to each indicator, and subsequently the impact of each indicator on the ultimate country ranking in the index. We therefore do not concur that Namibia is one of the countries ranked high on default risk in 2022.

The Ministry of Finance acknowledges the increase in the ratio of public debt in recent years stemming from significant shocks to the economy over the period. Nonetheless, we would like to highlight that our current public debt levels do not pose a default risk in the near to medium term. We would further like to provide assurance that, as we

have always done, the Government will continuously institute measures to ensure that we are able to meet our debt obligations as they come due.

As we have consistently reiterated in several Budget Statements, there is no substitute for fiscal sustainability. As a result, ensuring the sustainability of our public finances is one of the highest policy priorities of the Government. Accordingly, Government will continue to roll-out policy measures aimed at diversifying the domestic economy and engendering a sustainable economic recovery. Moreover, we continue to invest in strengthening our domestic resource mobilization capacity while entrenching fiscal and structural reforms. We believe that the combination of such measures will improve our fiscal position and thus improve our debt servicing capacity, going forward.

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