REPUBLIC OF NAMIBIA

MINISTRY OF FINANCE

BUDGET STATEMENT FOR THE YEAR 2026/2027 FINANCIAL YEAR

PEOPLE
Human capital investment

PRODUCTIVITY
High impact investment

PRUDENCE
Long-term fiscal sustainability

BUDGET STATEMENT FOR THE FISCAL YEAR 2026/27

"PEOPLE, PRODUCTIVITY, PRUDENCE."

PRESENTED

BY

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MINISTER OF FINANCE

AVAILABLE ONLINE: www.mof.gov.na

26 FEBRUARY 2026

I. INTRODUCTION

Honourable Speaker,
Honourable Members of Parliament,
Fellow Namibians,

1. I rise today to present this Budget at a time when Namibia faces constrained fiscal space, elevated debt levels, and a moderate but fragile economic recovery. *This Budget is not merely a record of Namibian Dollars; it is an unbreakable contract between the State and its people.* It reflects both our development ambitions and the discipline required to safeguard macroeconomic stability, ensuring that today's choices protect tomorrow's opportunities.

2. The theme for this budget focuses on "**People, Productivity, and Prudence."** This is a call to action to nurture human potential, boost growth drivers, and ensure fiscal sustainability.

3. Government's policy direction remains firmly anchored in the 2025/26 -2029/2030 Sixth National Development Plan (NDP6) and operationalised through the OMAs Strategic Plans, which guide the prioritisation of public resources within the Medium-Term Expenditure Framework (MTEF).

    - This year's budget introduces the **9th MTEF three-year-cycle (2026/27-2028/29),** following the introduction of MTEF in 2002/03 fiscal year. The MTEF is firmly grounded in three essential principles that will significantly enhance fiscal sustainability and optimise public investment efficiency, while prioritising increased allocations to the social sector.
    - **First, the Government will entrench fiscal prudence as a norm**—anchoring the budget decisions on affordability, long-term sustainability, and macroeconomic stability. **Second**, **the Government is committed to ensuring that every Namibian dollar delivers** value and measurable results. **Third**, **enhance the roles of state-owned enterprises** and the private sector in supporting the

developmental agenda, thereby enabling the government to focus more effectively on policy formulation.

4. I plan to elaborate on these principles in detail during my speech today.

II. Delivering Measurable Progress on National Priorities

Honourable Members,

5. Before I proceed with the budget, I would like to take a moment to highlight some notable progress and outcomes on the critical priority projects for the fiscal year 2025/26 as at end of January 2026. Despite fiscal pressures, the Government continues to deliver tangible outcomes.

6. In **housing and sanitation**, the Mass Housing Development Programme delivered 58 units in Windhoek, with a further 24 units nearing completion in Opuwo. Additionally, 1059 housing units were built by the Shack Dwellers Federation of Namibia, and 112 housing units were built by the National Housing Enterprise (NHE) and handed over to the homeowners. Through the Basic Sanitation Programme, over 2,100 latrines and communal facilities were constructed using a budget of N$37 million.

7. **The Mass Formalisation of the Informal Sector Programme** invested N$721 million, resulting in the construction of more than 2,100 houses and the creation of 17,421 jobs. In addition, nine land servicing capital projects were completed at a cost of nearly N$160 million, preparing land for future urban development.

8. **In Education,** during the FY2025/26 Government allocated N$663 million to cater for registration fees and tuition fees for the first quarter (January-March 2026), in line with the approved stance on subsidised tertiary education at both private and public institutions to ease the financial burden on households. The projected number of students expected to register for the 2026 academic year is approximately 134,079. Institutions are still enrolling students, and the final figures are available only once the registration period closes.

9. **In addition,** during the Mid-term budget of October 2025, N$151 million was allocated to recruit 665 teachers, and to date, 2772 teachers have been recruited for the FY2025/26.

10. **In agriculture:** during 2025, a total of 1,290.9 hectares were planted, primarily focusing on wheat, with additional crops like rice and horticulture. Wheat cultivation dominated at 617.2 hectares, projected to yield about 3,357.5 tonnes, mainly in Uvhungu Vungu, Ndonga Linena, Shadikongolo, and Sikondo Green schemes, with contributions from small-scale farming at Musese Green scheme. Additionally, 673.7 hectares were dedicated to rice and horticultural crops, expecting an output of 808 tonnes, including potatoes, watermelons, onions, cabbage, and tomatoes from Sikondo Green scheme.

11. In addition, the Government continues to advance food security through the productive use of public land. The Defence sector utilises 31 hectares for the cultivation of maize, mahangu and vegetables. The Namibian Correctional Service have 5,424.06 hectares under cultivation across Divundu, Evaristus Shikongo and Hardap Correctional Facilities, producing maize, wheat, lucerne, vegetables and orchard crops, supported by centre pivot, drip and sprinkler irrigation systems

12. **Targeted agricultural programmes**, including Small Stock Distribution and Conservation Agriculture, have supported over 2,000 farmers, directly contributing to food security and rural incomes.

13. **Under Water management**, major water infrastructure projects continue to advance. The Ogongo–Oshakati Pipeline has reached 81 percent completion, while the Bulk Water Project stands at 76 percent completion.

Honourable Speaker,
Honourable Members of Parliament,
Fellow Namibians,

14. **On the youth fund**: For the 2025/26 financial year, the Government has appropriated a total of N$257 million to the National Youth Development Fund (NYDF), reaffirming its commitment to youth empowerment, entrepreneurship, and job creation. Furthermore, the Government receives financial backing of N$28 million from public enterprises,

comprising N$5 million from Namibre, N$ 5 million from Namport, and N$18 million from the Development Bank of Namibia. I would like to take this opportunity to express my heartfelt gratitude to these institutions for their support.

15. Of this amount, 50 percent has been allocated to direct project disbursement, 35 percent to the endowment fund, and 15 percent to coaching, mentoring, and related support services. For the first phase of the direct project disbursement, the following amounts are earmarked as follows:
    - ✓ N**$64.25 million** for the **Development Bank of Namibia** to support industrialisation, SMEs, value addition, and productive sectors.
    - ✓ **N$44.975 million** for the **Agricultural Bank of Namibia** for agricultural development and land-based production; and
    - ✓ **N$19.275 million** for the **Environmental Investment Fund** to finance environmental sustainability and green-economy initiatives.

16. In terms of implementation,
    - ✓ the Development Bank of Namibia approved **65 projects** valued at **N$20.3 million**, with **N$2 million** disbursed and **161 jobs** expected
    - ✓ Agribank approved **53 projects** amounting to **N$25.5 million**, with disbursements of **N$475,467**, and an estimated **292 jobs** projected.
    - ✓ The Environmental Investment Fund approved **45 projects** valued at **N$24.9 million**, with **N$11.3 million** disbursed and approximately **270 jobs** anticipated.

17. In conclusion, while project approvals demonstrate strong uptake, continued focus is required to accelerate disbursements so that allocated resources translate into tangible economic and employment outcomes for young Namibians. Let me take a moment to emphasize that there is no collateral necessary for NYDF loans. However, recipients are expected to show both commitment and patience as they embark on their business journeys.

18. **In the energy sector**, electrification efforts continue to reduce inequality in access to services. Rural Electrification has already connected 62 schools across eight regions. Peri-urban electrification projects are 80 per cent complete in Windhoek and 45 per cent complete in NORED serviced areas. Off-grid projects, including the Puros Project and

Electrification of Public Institutions, are each approximately 80 per cent complete, expanding access to energy in remote areas.

19. These are just accounts of a few activities funded through budget allocations for the FY2025/26, and a full report will be made available once the fiscal year has been completed.

Honourable Speaker,
Honourable Members of Parliament,

20. Allow me to brief this August House on some notable developments in the financial landscape, aiming to transform the Namibian economy.

Progress on the Instant Payment Solution to facilitate Government-to-person payments

21. I wish to update this August House on the progress in implementing Namibia's first fast and instant payment solution to support Government-to-Person payments.

22. The Ministry of Finance, the Bank of Namibia, and payment service providers are working together to improve financial inclusion through affordable digital payment services, focusing on rural communities and the informal sector. This initiative will facilitate quick, secure government payments, reducing travel distances and queues for pensioners. The transition from cash disbursements via NamPost to digital channels will occur under the Instant Payment System, which is set to launch in the third quarter of this year.

23. **Namibia is poised to exit the FATF Grey list.** Namibia has remediated 13 strategic deficiencies ahead of the May 2026 deadline, and the country will now be subject to an on-site assessment, the next step to ensure it exits the grey list. The FIC will, in due course, update the nation.

24. **The Namibia Deposit Guarantee Authority** also increased its deposit cover limit upward to N$50,000 from N$25,000 during 2025/26. At this cover limit, the deposit protection scheme covers more than 90% of current depositors, ensuring that depositors have access to all or a portion of their funds within a specified time in the event of a bank failure.

25. **In February 2026, the Government gazetted the Regulations Relating to Citizenship and Place of Residence of Board of Directors and Executive Officers of Banking Institutions,** issued under the Banking Institutions Act, 2023. These regulations require that key leadership positions and at least seventy (70) percent of board and executive roles in banking institutions be held by Namibians. This ensures that critical decision-making roles remain aligned with national development priorities.

III. Economic Performance and Outlook

Honourable Speaker,

26. Let me now turn to the economic performance and outlook of the Namibian economy, starting with the global economy.

Global Outlook

27. The global economy remains uncertain. According to the IMF World Economic Outlook (January 2026), global growth is estimated at 3.3 percent in 2025, with growth expected to remain at 3.3 percent in 2026 before moderating slightly to 3.2 percent in 2027. Growth in advanced economies is projected to be 1.8 percent in 2026 and 1.7 percent in 2027.

28. In emerging market and developing economies, growth is expected to continue to hover just above 4.0 percent in 2026 and 2027, while economic activities in sub-Saharan Africa are projected to grow by 4.4 percent in 2025, increasing to 4.6 percent in 2026 and 2027. This upward revision reflects macroeconomic stabilization and reform efforts in key regional economies.

Domestic Performance and Outlook

Honourable members,

Economic Growth

29. Domestically, GDP growth for 2025 has been revised downward to 2.9 percent, from 3.3 percent estimated at the time of the Mid-Year Budget Review, and from 3.7 percent growth

recorded in 2024. Growth in 2025 was driven mainly by uranium and gold mining, wholesale and retail trade, and transport and storage.

Real sector performance

30. **Primary industries** grew by 2.8 percent in 2025, rebounding from a 1.8 percent contraction in 2024, largely due to increased mining output. **Secondary industries** slowed sharply to 0.8 percent growth, down from 3.0 percent in 2024, reflecting a 0.8 percent contraction in manufacturing. Finally, **tertiary industries** grew by 3.3 percent, compared to 4.9 percent in 2024, supported mainly by wholesale trade.

31. Going forward, **economic growth** is projected to recover to 3.1 percent in 2026, with medium-term growth expected to average approximately 3.3 percent.

Inflation

32. Namibia's annual inflation rate dropped to 2.9% in January 2026, down from 3.2% in January 2025, driven by easing food prices but still pressured by rising housing and utility costs. The Bank of Namibia expects inflation to average around 3.5% in 2026, supported by lower global oil and food prices.

External and Financial Sector Development

33. The Bank of Namibia's international reserves fell to N$51.6 billion at the end of December 2025, down from N$63.0 billion in December 2024. This decline was mainly due to foreign debt repayments by the Government, including the redemption of Eurobonds, along with lower SACU receipts and net ZAR outflows from banks, compounded by the strengthening of the NAD/ZAR against major currencies.

34. In 2025, the Bank of Namibia lowered the repo rate by 50 basis points to 6.50% to support the economy and maintain the peg with the South African Rand. In February 2026, the policy rate was kept unchanged. The central bank also mandated a 25-basis-point reduction in commercial banks' lending rates by December 2025, narrowing the Namibian prime-repo spread from 3.75% to 3.50%. This initiative offers major benefits to all borrowers, with annual savings of at least N$314 million.

IV. Fiscal Performance in 2025/26

Honourable Members,

Revenue performance for FY2025/26

35. During the FY2025/26 Mid-Year Budget Review, we gave an account of the actual fiscal outturns in respect of the previous fiscal year 2024/25. Furthermore, we presented the revised estimates for FY2025/26.

36. Due to intensifying fiscal pressures in the 2025/26 fiscal year, total revenue and grants reached N$76.6 billion by January 2026, making up 86% of revised targets from the Mid-Year Budget Policy Statement. The aggregate revenue forecast has been lowered to N$87.4 billion, down from the previously projected N$89.4 billion and below the actual N$89.1 billion collected in FY2024.

37. Consequently, the revenue to GDP ratio is expected to decrease from 35.9 per cent in 2024/25 to 31.3 per cent in 2025/26, due to lower SACU receipts, a persistent decline in diamond revenue, which is partly offset by stronger gold production.

Expenditure Performance

38. As at the end of January 2026, the expenditure preliminary outturn stood at N$ 63.9 billion, representing 79 percent of the revised expenditure projections as outlined during the FY2025/26 Mid-Year Budget Review(MYBR).

39. The operational expenditure execution rate was recorded at 87 percent during the period, while the implementation rate for the development budget, which includes expenditure commitments, stood at 71 percent.

40. Total expenditure is expected to remain broadly stable at N$105.9 billion, equivalent to 39.5 percent of GDP by end of March 2026, reflecting expenditure discipline despite revenue shortfalls.

Overall Budget Balance

41. Consequently, the budget deficit for 2025/26 has been revised upward to 6.6 percent of GDP, compared to 6.0 percent projected in the FY2025/26 MYBR.

Financing Requirement

42. The gross financing requirement slightly increased from N$14.4 billion in FY2024/25 to N$14.5 billion in FY2025/26.
43. As of January 2026, total government debt stood at N$174.5 billion, equivalent to 65.2 percent of GDP. The debt portfolio is now 88 percent domestic and 12 percent foreign, reflecting a strategic shift toward domestic financing. However, interest payments are projected to consume 16.4 percent of total revenue, amounting to N$14.3 billion, up from 14.7 percent in 2024/25.

Honourable Speaker
Honourable Members,

44. In terms of Article 126(1) of the Namibian Constitution, it gives me pleasure to table, for the favourable consideration and approval of the House:

    a) the FY2026/27 Appropriation Bill,
    b) the FY2026/27 – 2028/29 Medium-Term Expenditure Framework,
    c) the Estimates of Revenue, Income and Expenditure for the MTEF,
    d) the Development Programmes over the MTEF; and
    e) the Fiscal Strategy for the FY2026/27 – 2028/29 MTEF.

FY2026/27 Budget, Medium-Term Outlook and Fiscal Policy Stance

Honourable Speaker,
Honourable Members,

Revenue Outlook for FY2026/27

45. The revenue for FY 2026/27 is estimated at N$89,8 billion, an increase of 2.5 percent from the revised preliminary outturn of N$ 87.4 billion for the FY2025/26. A positive boost to

revenue stems from the increase in SACU receipts, estimated at N$24.3 billion, up from the revised preliminary outturn of N$21.8 billion in FY2025/26.

46. Fiscal pressure arises from the mining sector, where revenue from other mining is expected to decrease. This decline is primarily due to a temporary dip in gold output as operations shift to underground mining and processing lower-grade ore. Domestic tax categories are projected to increase slightly in line with economic projections.

Expenditure Outlook

47. Total government expenditure (including statutory payments) is projected to undergo a sustained contraction over the MTEF, driven by fiscal sustainability efforts. For FY2026/27, expenditure is estimated at N$106.0 billion, representing a marginal increase of 0.11 percent from FY2025/26.

48. The operational budget is estimated at N$81.3 billion for the FY2026/27, representing an increase of N$746 million from the revised preliminary outturn of N$80.6 billion FY2025/26. This was accomplished through a focused effort to examine major cost drivers, with the aim of eliminating waste and reducing inefficient spending across all OMAs. As a result, we achieved total savings of N$2.3 billion. In addition, adjustments were made to one-time expenditures from previous years, repurposing them to support essential new priority projects.

49. Despite the overarching objective of expenditure rationalisation, the budget remains cognizant of essential social and developmental commitments. For the FY2026/27, the key priorities underscoring the operational budget are estimated to be around N$5.9 billion to cover the following activities:
    - Additional funding to support the government's obligations to subsidise tertiary education to the tune of N$2.8 billion.
    - A budget of N$1.7 billion has been designated for the fiscal year 2026/27 to enhance the salary structure for civil servants and the implementation is set to proceed as follows:

- For the fiscal year 2026/27, all staff members in Grades 15 and 14 will receive a standardised monthly increase of N$700.00. Furthermore, employees in Grades 13 to 1 will have a 5 percent increase in their basic salaries, effective from April 1, 2026.
- Transitioning to the fiscal year 2027/28, every staff member from Grades 15 to 1 will receive a 5 percent boost in their basic salaries, while those in non-management positions will experience a 7 percent increase in their transport allowance, starting April 1, 2027.
- An allocation of N$78 million is earmarked to address a shortfall in personnel for Judges and Magistrates.
- Recruitment of Health Professionals is budgeted an amount of N$259 million, ensuring that fiscal prudence does not compromise the delivery of vital public services.
- An amount of N$108 million is budgeted for the recruitment of the National Correctional Service.
- An amount of N$58 million is earmarked for the improvements to the basic pay and benefits of the Public Office Bearers (POBs).

50. The development budget for FY2026/27 is set at N$6.5 billion for the state-funded developmental projects, as guided by the execution capacity of ongoing projects in the FY2025/26. It is worth noting that this budget is also expected to receive N$4 billion in grant- and loan-funded projects to improve infrastructure across various ministries. For the following two fiscal years, FY2027/28 and FY2028/29, the ceilings are set at N$7 billion and N$7.7 billion, respectively.

51. Furthermore, to mitigate the significant reduction in the development budget ceiling, which may adversely affect the implementation of capital projects and government priority initiatives, several projects are proposed to be funded by State-Owned Enterprises and other non-budgetary state revenue sources. These include housing, road, and water infrastructure projects.

Primary Balance

52. The primary balance is estimated at N$438 million (which is 0.2 percent of GDP) for the FY2026/27 signalling, the Government's commitment to fiscal prudence. Over the MTEF

period, the primary balance is projected to improve further to an average of 1.9 percent of GDP.

Overall Budget Balance

53. The overall budget deficit is expected to decrease to 5.5 percent of GDP in FY2026/27, gradually narrowing to 3.8 percent in FY2027/28 and reaching 3.3 percent by FY2028/29.

Honourable Speaker,

Honourable Members,

Government's total financing requirement outlook

54. To this effect, the Government's total financing requirement is projected to peak at N$19.2 billion in 2026/27, from N$14.5 billion estimated for the FY2025/26, before moderating to N$12.9 billion in FY2027/28 and N$10.6 billion in FY2028/29, respectively.

55. Total interest payments are projected to rise from N$14.3 billion in FY2025/26 to N$16.2 billion in FY2026/27, and further to N$17.1 billion in FY2027/28 and N$17.8 billion in FY2028/29. As a percentage of GDP, interest payments will average about 4.5%, while as a share of total revenue, they are expected to increase to 18.1% in FY2026/27, stabilizing at around 17.8% in later MTEF years. These figures highlight the need for effective debt management to reduce interest costs and support development priorities.

56. The total government debt is projected to increase from N$174.6 billion (which constituted 65.2 percent of GDP) in FY2025/26 to N$217.3 billion by FY2028/29. Total debt as a percentage of GDP is projected to stabilise around 67.5 per cent throughout the Medium-Term Expenditure Framework (MTEF) period. Domestic debt constitutes the majority, bolstering financial stability, while foreign debt, though moderate, plays a crucial role in diversifying funding sources.

57. Government guarantees, which support strategic investments and public entities, are projected to increase from N$7.6 billion in FY2025/26 to N$11.8 billion in FY2026/27, before moderating to N$10.6 billion in FY2027/28 and rising again to N$14.1 billion in FY2028/29, equivalent to between 2.8% and 4.3% of GDP.

58. The Ministry has commenced the implementation of the Commonwealth Meridian debt management system to enhance efficiency and transparency in public debt management, analysis, and reporting.

59. In addition, the Government will embrace blended finance, public-private partnerships (PPPs), and private sector participation to deliver resource-intensive but strategically important infrastructure projects. This approach enables the Government to harness private sector efficiency and funding while protecting fiscal space.

Fiscal Reforms and Policy Priorities over the MTEF

Honourable Speaker,
Honourable Members,

60. Prior to finalising the 2026/27 Budget, the Ministry of Finance and the National Planning Commission engaged in targeted consultations with various stakeholders, including individuals, economic societies, SMEs, youth groups, State-Owned Enterprises, and OMAs, including the National Council and the National Assembly Budget and Finance Standing Committee, labour unions, business owners, civil society organisations and received valuable feedback. I would like to express my sincere gratitude to all Namibians who participated in this process. Please be assured that your contributions are highly valued and have made a significant impact.

Honourable speaker,

61. In our consultations, a clear message emerged: **policy certainty is essential**. Investors, entrepreneurs, and our development partners need clarity, predictability, and confidence in the rules that govern economic participation in Namibia.

62. Allow me, therefore, to provide clear assurance on three cornerstone policy instruments that are central to Namibia's industrialisation, investment, and enterprise development agenda. My executive colleagues will provide further insights during the commentary stage regarding the status and the way forward on these important policy instruments: **(i) the Namibia Investment Promotion and Facilitation Bill (NIPFA), (ii) the National**

Equitable Economic Empowerment Framework (NEEEF), and (iii) the Special Economic Zones (SEZ) regime.

63. During the 2025/26 fiscal year, the Ministry of International Relations and Trade concluded a national public consultation process on the Namibia Investment Promotion Bill and its Regulations. Inputs were received from the private sector, public institutions, civil society, professional bodies, and individual stakeholders. These submissions are currently under detailed review to strengthen the investment promotion and facilitation framework, with a focus on transparency, responsiveness, alignment with national development objectives, and adherence to international best practices. Further updates will be communicated as the legislative refinement process progresses.

64. The government reaffirms that Special Economic Zones (SEZs) are a key long-term strategy for industrial growth, value addition, and export competitiveness. While SEZ incentives will be periodically reviewed for global alignment and fiscal sustainability, protections will be in place for existing investors to ensure a stable, rules-based regime. The focus is on fostering economic activity, skills transfer, and technology development, contributing to national revenue. The SEZ Bill is currently under legal review and will be presented to the August House by year-end.

65. With respect to the **National Equitable Economic Empowerment Framework**, the Government remains steadfast in its objective of broadening meaningful participation in the economy while safeguarding economic competitiveness and investment growth. To this end, the Office of the Prime Minister is engaging the business community, and a meeting is scheduled for the 2nd March 2026, to solicit input and discuss viable options going forward.

Honourable Speaker,

66. Alongside the policies mentioned earlier, I would like to share some progress updates on the key public finance policies that we are in the process of reforming:

Public Procurement Amendment Bill

67. Public procurement in Namibia is crucial for national development, promoting transparency and responsible financial management. However, current challenges have delayed project execution. To address this, we established a special Inter-Ministerial

Technical Committee to review the Public Procurement Act and related regulations. After nationwide consultations, an Amendment Bill is undergoing legal drafting and will be introduced in the August House by mid- 2026.

68. Innovation remains at the heart of our reform agenda. In this regard, the Office of the Prime Minister (OPM) and the Ministry have successfully developed and launched the Electronic Government Procurement (e-GP) Website and Portal Phase I.

Honourable speaker,

The Code of Good Practice on Preferences:

69. The "Code" lays out the fundamental principles and regulations for Preferential Procurement in Namibia. The policy essentially allows for the application of national and exclusive preferences towards categories of Namibian Manufacturers as well as other categories, such as youth, SMEs, women, previously disadvantaged, suppliers promoting environmental protection and suppliers providing employment to Namibians.

70. The government urges all public entities to implement the Code of Good Practice to strengthen industrialisation policies and ensure public spending benefits our people. In this MTEF, the Government will ensure adherence to the code of good practice to support Namibian manufacturers and to promote opportunities for youth-led enterprises.

Public Finance Management Bill

Honourable Speaker,
Honourable Members,

71. The Government is advancing the reform of Namibia's **public financial management framework.** The upcoming Public Finance Management Bill, set to replace the 1991 State Finance Act, aims to align practices with modern standards of transparency and accountability and is among the priority bills planned for presentation to Parliament in 2026.

Income Tax Amendment Bill

72. Regarding tax policy, as outlined for fiscal year 2025/26, the government will maintain its commitment to implementing measures designed to stimulate economic growth. The Income Tax Amendment Bill is currently under legal review and is scheduled for presentation in the second quarter (Q2) of 2026.

Maintaining Fiscal Sustainability

73. Similarly, in line with the views expressed through stakeholders' consultation and as aligned with the objectives of NDP6, the Government is advocating for crucial fiscal policy reforms in this National Budget. As Her Excellency, the President of the Republic of Namibia, has clearly emphasized, *"it cannot be business as usual."* These reforms are crucial for transformation and recharting our fiscal path.

74. The nation stands at an important fiscal crossroads. The choices we make today will determine whether we secure long-term stability or allow rising obligations to constrain the aspirations of our people. It is for this reason that the Government, under the leadership of Her Excellency Dr Netumbo Nandi-Ndaitwah, the President, resolved that the Government should restore a *positive primary fiscal balance stance* for the FY2026/27 and MTEF period, after the negative primary balance recorded in the FY2025/26.

75. In doing so, we will stabilise public debt and place the debt-to-GDP ratio on a gradual downward path towards the SADC benchmark of 60 percent of GDP. At the same time, we are taking deliberate steps to reduce interest payments as a share of GDP, thereby creating much-needed fiscal space for priority development and social spending.

76. To further strengthen fiscal discipline and contain risks, we will ensure that contingent liabilities are used sparingly, particularly government guarantees to spur productive investments, and are maintained below 10 percent of GDP.

Honourable Speaker,

Honourable Members,

77. Let me circle back to share my insights on the three principles I referenced earlier at the start of my statement.

78. Returning to this positive primary balance position requires us to take decisive action and implement fiscal reform:

79. **To operationalise fiscal prudence and strengthen expenditure discipline, the Government will implement the following operational expenditure reforms:**

i. Government, through the Office of the Prime Minister, will undertake a comprehensive review of personnel establishments and workload analysis, skills mix, and deployment with service delivery priorities and fiscal sustainability objectives.

ii. This will be supplemented by the Public Finance Review to be undertaken by the Ministry of Finance on key selected OMAs, with a focus on finding efficiency savings.

iii. Implementation of employment conditions across the public service, including fully funded public entities, will be harmonised, through coordinated reforms across relevant commissions, to strengthen coherence in remuneration decisions and contain long-term fiscal pressures.

iv. Eliminating undefined expenditure classifications (especially disclosure under vote 027) will improve transparency by centralizing contingency provisions under a specific vote.

v. Information and communication technology (ICT) systems development will be centrally coordinated by the Office of the Prime Minister, to ensure system compatibility, reduce duplication, and prioritise the development of local technical capacity.

vi. Manage pricing for goods and services by leveraging market research and NSA data to ensure cost-effectiveness in government procurement. The holiday is over for the overpricing of goods, works and services acquired by the Government.

80. **Furthermore, it emerges that the Namibian nation holds strong views about the implementation of capital projects. To strengthen public investment efficiency**, the government is implementing targeted reforms to improve project preparation and execution. The National Planning Commission and the Ministry of Finance will introduce **minimum project-readiness requirements** before any project enters the Development Budget, including feasibility assessments, verified costing, procurement readiness, and clear implementation timelines.

81. To address persistent capacity gaps, the Government will **reinforce a central technical support function** within the Ministry of Works and Transport to assist line ministries with project preparation, feasibility studies, and credible costing methodologies.

82. **Honourable Speaker,** strengthening fiscal discipline requires more than sound laws; it requires strong institutions and an agile workforce to implement them. In this regard, the Government will reinforce the roles of accounting officers, financial advisors, and internal auditors across the public service as a critical pillar of the State Finance Act framework and will implement reforms to strengthen accountability and oversight. In doing so, we are reinforcing the credibility of our budget, safeguarding value for money, and ensuring that fiscal discipline is embedded not only in policy, but in daily financial management across Government.

Honourable Speaker,
Honourable Members,

Enhancing the role of the SOEs in the country's developmental agenda.

83. Enhancing the role of State-Owned Enterprises (SOEs) is crucial for advancing the country's developmental agenda. To this end, some key strategic projects will be assigned to SOEs with the necessary technical expertise and implementation capacity to improve execution, shorten delivery times, and enhance efficiency and value for money. This strategy directly fosters economic growth by easing infrastructure bottlenecks. The strategic plans of State-Owned Enterprises (SOEs) must align with NDP6.

84. We will commence with two state-owned enterprises, namely the NHE and RFA. To boost the provision of affordable housing, NHE has secured a N$1.5 billion in loan financing over the MTEF period. This funding will facilitate the expansion of housing development by delivering approximately 2,300 houses.

85. The Government will allocate fuel levy revenues to the Road Fund Administration to finance the construction and rehabilitation of priority road infrastructure, ensuring sustained investment in transport networks while preserving fiscal discipline.

86. Finally, the Government will **enforce stronger development-budget execution** and the National Planning Commission and the Ministry of Finance were directed to **prohibit virements from development to operational spending** to safeguard capital allocations and ensure funds serve their intended purpose.

Adoption of Outcome-Based Budgeting (OBB) across the Government

Honourable Speaker,
Honourable Members,

87. In order to strengthen fiscal discipline and improve the effectiveness of public spending, the Government will pilot in selected Ministries the Outcome-Based Budgeting (OBB).

88. We shall continue to modernise our budget framework to ensure that every dollar delivers maximum impact. Outcome-Based Budgeting shifts the focus from what we spend to **what we achieve**. Under this reform, OMAs will define clear, measurable outcomes aligned to national priorities.
89. This reform will strengthen service delivery, improve value for money, and enhance transparency in Government operations. It will help ensure that national resources directly support the development outcomes our citizens expect and deserve.

Tax Policy and Administration Reforms
Honourable Speaker,

90. The budget proposes new tax proposals to cover the 9th Medium-Term Expenditure Framework (MTEF) covering the period from 2026/27 to 2028/29, which are summarized below:
    i. Review and update depreciation allowance (capital allowance) rules to support business investment and economic growth. Accelerated capital depreciation allows businesses to deduct the cost of qualifying capital assets faster than under normal depreciation rules.
    ii. To improve transparency and reduce tax avoidance, mandatory disclosure for aggressive tax planning should align with the OECD/G20 Base Erosion and Profit Shifting Action 12.

iii. Adjust the Income Tax brackets to reduce fiscal drag and improve fairness. Update personal income tax rates and thresholds to ensure continued progressivity and adequacy of revenue over two financial years.

iv. Special Economic Zones (SEZ) – Review and update the introduction of tax incentives to ensure they deliver on intended investment and job creations. Incentive design is sensitive to international commitments and circumstances, and with an openness to mutually beneficial cooperation.

v. Amend the Petroleum Income Act to address new developments in the sector.

vi. Amend the VAT legislation in Namibia to bolster key priority sectors, such as agriculture input imports and the creative industry

vii. Modernize the VAT Act and implement e-invoicing to improve legislative clarity, enhance compliance, and reduce fraud.

viii. Review the introduction of the Corporate Social Responsibility (CSR) contribution tax deduction/incentive

ix. Streamline taxation of revenues from international sporting events

x. Modernizing the VAT Act and e-invoicing by updating VAT legislation for clarity and compliance and to introduce e-invoicing to improve efficiency, reduce fraud and strengthen revenue collection.

xi. Corporate restructuring property, further, to clarify the treatment of properties within group structures, to allow for "group relief" that allow for neutral mergers, acquisitions and restructuring under certain conditions.

Tax administration

Honourable Members

Order With Me initiative

91. The rapid growth of e-commerce poses challenges for Small and Medium Enterprises (SMEs) in the Order With Me initiative, including high transaction costs and reliance on multiple intermediaries. In response, the Namibia Revenue Agency (NamRA) is establishing a Centralised E-Commerce Clearance Centre to streamline clearance processes, reduce costs, and minimize the risk of lost goods. This centre is expected to be operational by April 30, 2026.

Tax refunds

92. Between March 2025 and January 2026, NamRA processed tax refunds totalling **N$9.8 billion**, reaffirming the Government's commitment to ensuring taxpayers receive refunds that are rightfully due. Recognizing that timeliness is essential to taxpayer confidence, NamRA is improving operational efficiency by reducing refund turnaround times from 90 days to between 30 and 60 days.

Tax Amnesty Programme

93. Namibia launched a Tax Amnesty Programme in 2017, which was later extended at various stages, with a deadline of 31 October 2026. This program offers a unique chance for taxpayers with outstanding debts to settle their obligations, as extensions will not be granted. Taxpayers are encouraged to take action before the deadline to ensure their tax matters are resolved.

Sin tax increases in conformity with the SACU Agreement

94. Lastly, in conformity with Article 21 of the SACU Agreement, the following excise duties on the consumption of alcohol and tobacco took effect on 25 February 2026*:*

Tobacco and related products

95. It is proposed that excise duties be increased by N$3.39 cents for all tobacco products, i.e. cigarettes, cigarette tobacco, electronic nicotine and non-nicotine delivery systems. As a result, tax on:
    - ✓ Cigarettes will increase from N$22.81 to N$23.58 per pack of 20
    - ✓ Pipe Tobacco will increase from N$321.37 to N$332.26 per kg net
    - ✓ Cigars will increase from N$5,843.68 to N$6,041.72 per kg net

Alcoholic beverages

96. It is proposed that excise duties on alcoholic beverages be increased by 3.39 percent for 2026/27. The proposed excise duties for alcoholic beverages will be as follows:
    - ✓ **Sparkling wine:** from N$19.03 to N$19.68 per litre
    - ✓ **Spirits:** from N$292.91 to N$302.84 per litre of absolute alcohol
    - ✓ **Clear (Malt) beer:** from N$145.07 to N$149.98 per litre of absolute alcohol
    - ✓ **Ciders and alcoholic fruit beverages:** from N$145.07 to N$149.98 per litre of absolute alcohol

FY2026/27 Appropriation Bill

Honourable Speaker,
Honourable Members,

97. Allow me to provide a synopsis of the main budgetary provisions across the different sectors and programmes in the FY2026/27 Appropriation Bill.

Social Sector

98. The Social Sector, encompassing education, health, social safety nets, and youth empowerment, remains the largest area of government spending. For the 2026/27 FY, this sector is allocated N$54.3 billion, accounting for 61.7 percent of the total budget, excluding Interest Payments. The prioritisation of education and health in this Budget reflects the Government's firm commitment to the objectives of NDP6. These investments are strengthening human capital, improving productivity, and supporting inclusive growth.

- The Ministry of Gender Equality and Child Welfare has been allocated a total of N$417 million in FY2026/27 and N$1.3 billion over the MTEF

99. Education equips our youth with skills for a modern economy, while health spending safeguards workforce participation and reduces long term fiscal costs. Even in a constrained fiscal environment, the Government is protecting these sectors because they are strategic investments in sustainable growth, fiscal resilience, and intergenerational equity.
    - A total of N$28 billion has been earmarked for the vote Education, Innovation, Arts and Culture. Of this amount, N$2.8 billion is designated for subsidised tertiary education and for alleviating school congestion. A total of N$939 million has been earmarked for developmental projects. While the vote Sports, Youth and National Services N$750 million in the fiscal year 2026/27. Over the Medium-Term Expenditure Framework (MTEF) period, a total of N$83.6 billion has been allocated.

    - The Ministry of Health and Social Services has been allocated a total of N$13.1 billion, which includes N$259 million for the recruitment of health professionals. Over the MTEF period, the ministry will receive a total of N$38. 5 billion to upgrade public hospitals and clinics to match the private sector's standards.

- The Ministry of Veteran Affairs received N$1.5 billion in FY2026/27, and a total of N$ 4.6 billion over the MTEF.

Economic and Infrastructure Sector

100. The Economic and the Infrastructure sectors are allocated 8.0 percent and 4 percent of the total budget, excluding Interest Payments, respectively. The commitment represents the contribution towards supporting productive sectors and infrastructure development to stimulate economic activity and growth. Overall, the commitment to infrastructure development increases when the initiatives funded outside the budget are considered.

- The vote for Transport will receive a total budget of N$2,1 billion, which is geared towards road infrastructure funded from the state revenue fund. It's worth noting that the transportation sector is also funded through external loans and grants totalling N$1.6 billion, as well as fuel levies dedicated to the Road Fund Authority for the construction of critical roads amounting to N$2.4 billion.
- The vote for Works will receive N$593 million for the FY2026/27, and N$2.1 million over the MTEF.
- The Ministry of Information and Communications Technology has been allocated a total of N$682 million in FY2026/27.
- The Ministry of Finance received a N$12.9 billion allocation in FY2026/27, of which N$447 million is to cater for a N$100 increase in pension for the elderly effective from the 1st of April 2026, while N$58 million is for the improvement of the remuneration structure of political office bearers, and N$140 million for contingency provisions. Over the MTEF, the vote will receive a total allocation of N$39.2 billion.
- The vote Industries, Mines and Energy is allocated a total of N$826.7 million for the FY2026/27. Of which, the development budget for the vote is N$320 million, availed to fast-track rural electrification and improve access to electricity countrywide.
- Environment, Forestry and Tourism is allocated a total of N$736.8 million for the FY2026/27.
- National Planning Commission will receive N$283 million for the FY2026/27, and N$852 million over MTEF.
- The vote Agriculture and Land Reform will receive N$1.8 billion, which is made up of a development budget of N$478 million. Over MTEF, the vote will receive N$5.5 billion. Additionally, the vote has external funding of N$218 million for agricultural

mechanisation, seed improvement, and the development of land in communal areas for FY2026/27.

- Water and Marine Resources will receive N$1.0 billion in FY2026/27, of which N$579 million is from the developmental budget. External funding includes a N$257 million for rural water supply coverage and N$865 million for the construction of water supply security infrastructure.

Public Safety Sector

101. The Safety and Security sector receives the second largest allocation of N$17.0 billion, accounting for 19.5 percent of total expenditure excluding Interest Payments. This reflects Government's commitment to maintaining peace, security and stability as cornerstones for economic growth and national development.

- Defence is allocated N$7.5 billion of which N$587 is for development budget for the FY2026/27.
- Justice will receive N$460.8 million for the FY2026/27 over MTEF the vote will receive N$1.3 billion.
- Judiciary will receive N$512 million for the FY2026/27. Budgetary allocations to the tune of N$78 million has been allocated to the Judiciary vote on personnel expenditure for Judges and Magistrates. Over MTEF the vote will receive N$1.6 billion.
- Anti-Corruption Commission will receive a total allocation of N$109 million for the FY2026/27, of which N$10 million will fill critical positions, and a total of N$310 million over the MTEF period.
- Attorney General will receive a total of N$267 million for the FY2026/27, and N$814 million over the MTEF.
- A total of N$8.1 billion allocated to the **Ministry of Home Affairs, Immigration, Safety and Security**, of which N$108 million has been earmarked for the recruitment in the Namibia Correctional Services, N$158 million for the translation of 2033 NAMPOL cadets in Training, and the recruitment of 2000 NAMPOL cadets. The ministry will receive a total of N$25 billion over the MTEF period.

Administrative Sector

102. The administration sector received 7 percent of the total budget allocations and an amount of N$ 6.1 billion for FY2026/27.

- The Ministry of Rural and Urban Development has been allocated a total of N$1.9 billion for the FY2026/27, of which N$744 million is a developmental budget.
- President will receive N$1.2 billion for the FY2026/27 and N$3.7 billion over the MTEF
- Prime Minister will receive N$535 million for the FY2026/27 and N$1.5 billion over the MTEF
- National Assembly will receive N$416 million and N$1.2 billion over the MTEF.
- Auditor General will receive N$133 million for the FY2026/27 and N$406 million over the MTEF
- International Relations and Trade N$1.4 billion for the FY2026/27 and N$4.3 billion over the MTEF, of which N$94 million is to cover the operations of the Namibia Investment Promotion and Development Board (NIPDB).
- National Council will receive N$134 million for the FY2026/27 and N$409 million over the MTEF
- Labour and Industrial Relations will receive N$231 for the FY2026/27 and N$705 million over the MTEF
- Electoral Commission of Namibia will receive N$181 million for the FY2026/27 and N$553 million over the MTEF

103. A detailed breakdown of the expenditure allocations for the various votes is available in the Appropriation Bill before you.

Conclusion

Honourable Speaker,

104. This Budget is about restoring balance—between ambition and affordability, between growth and stability, and between today's needs and tomorrow's obligations. The choices before us are difficult, but they are necessary.

105. Therefore, this Budget prioritises macroeconomic stability, debt sustainability, and value for money, while protecting critical social and economic investments. Through disciplined budgeting, improved project selection, and outcome-based spending, the

government is laying the foundation for sustainable growth and job creation during the current MTEF period 2026/27 -2028/29.

106. Honourable Speaker, Honourable members, I am grateful to Her Excellency, the President, Dr Netumbo Nandi-Ndaitwah, for her leadership and for the trust she placed in me to manage the public finances. I further want to thank Her Excellency the Vice President, the Right Honourable Prime Minister, the Secretary General of SWAPO Party, and my colleagues in the Executive for their support.

107. Similarly, I wish to thank the National Assembly and the National Council, through the Committees on Budget and Finance, for their valuable input.

108. Allow me to thank the Director General of the National Planning Commission, Hon Kaire Mbuende. My sincere thanks to the Governor of the Bank of Namibia, the Commissioner of the Namibia Revenue Agency, and the CEO of the Namibia Financial Institutions Supervisory Authority.

109. Thank you to the Ministry of Finance and the National Planning Commission teams, under the capable leadership of the Executive Director.

110. Finally, I thank every Namibian taxpayer for their continued contributions to the Fiscus and to all stakeholders whom we met during the budget consultation meetings and those on social media. We appreciate you!

111. Honourable Speaker, I now move that the Appropriation Bill, 2026 (Bill No. 1 of 2026), be read a second time.

112. I thank you, Honourable Speaker.

Ministry of Finance

REPUBLIC OF NAMIBIA

ISBN : 978-99945-0-254-7
Title : Budget Statement for the 2026/2027 Financial Year