



# GDP Outlook 2023

## 1. Executive summary

Namibia's economic performance in 2023 maintained growth, albeit at a slower pace, with a growth rate of 4.2%, down from the notable 5.3% recorded in 2022. This slowdown was particularly evident in the primary and secondary industries, which experienced decreased growth rates from 13.7% to 9.7% and from 3.4% to 2.0%, respectively. However, there was a slight improvement in the tertiary industry, with growth edging up from 2.2% to 2.7%. Sectors such as agriculture, forestry, fishing, manufacturing, and construction recorded declines during this period.

In terms of monetary figures, the Real Gross Domestic Product (RGDP) saw an increase to N\$ 151.4 billion from the N\$ 145.3 billion recorded in 2022. Similarly, the Nominal Gross Domestic Product (NGDP) rose to N\$ 227.8 billion from N\$ 205.6 billion in 2022. Consumer spending accounted for 73.3%, government spending for 21.8%, investment for 27.7%, and net exports contributed -22.9% to the total Nominal Gross Domestic Product (NGDP).

## 2. Analysis

**The slower growth in economic performance was primarily driven by contractions in several sectors:**

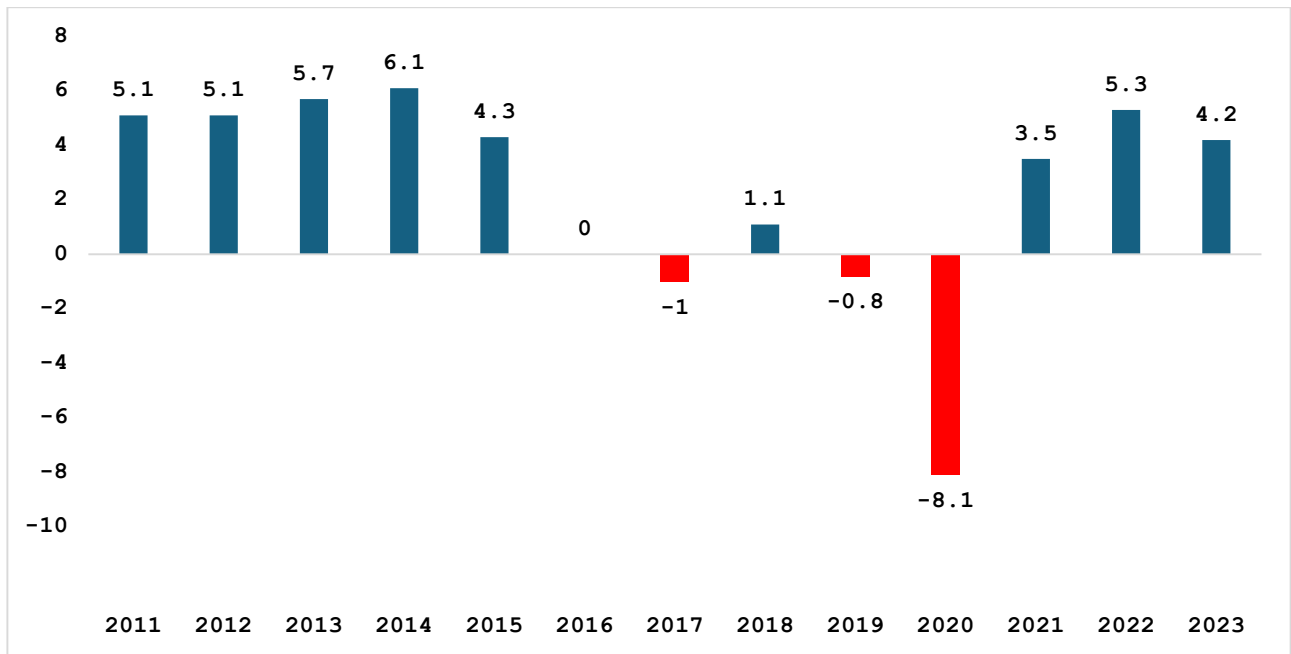
- The agriculture, forestry, and fishing sector declined by 3.4% compared to a 1.7% growth the previous year. This decline was mainly due to a 31.7% decrease in crop farming and forestry, caused by lower production of cereal crops during 2023. The unpredictable and inadequate rainfall experienced during the 2022/23 rainy season posed a threat to the productivity of local crops
- The manufacturing sector saw a significant 3.2% decline, a stark contrast from the 5.2% growth in 2022. The subdued performance was primarily because the beverage and diamond processing subsectors experienced contractions of 29.2% and 12.4% respectively in 2023, compared to growths of 5.5% and 33.7% in 2022. This decline can be attributed to a decrease in beverage production and processed diamond output.

- The construction sector remains challenged, experiencing a contraction for the eighth year in a row, primarily due to reduced construction activities recording a marginal decline of 0.2% compared to a decline of 18.4% that was recorded in 2022

**On the upside, certain sectors experienced growth:**

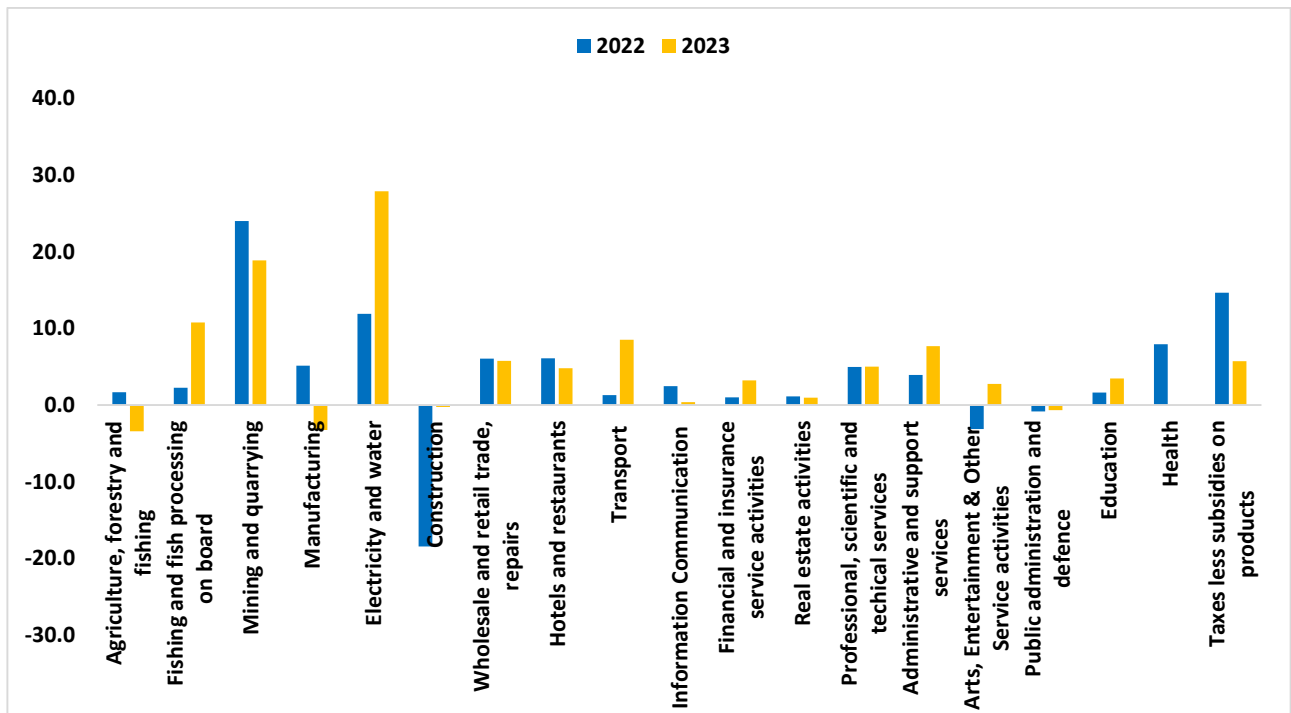
- During 2023, fishing and fish processing on board and livestock farming subsectors grew by 10.8% and 9.1% respectively, compared to 2.3% growth and a 1.9% decline in 2022. The growth in fishing is attributed to more fish being landed, while the increase in livestock farming is due to more livestock being marketed.
- The mining and quarrying sector continues with a positive performance. Uranium mining bounced back to a positive trajectory, witnessing a 24.5% increase when compared to a contraction of 2.5% observed in 2022. The performance is attributed to the increase in uranium production. In addition, other metal ores subsector that includes zinc, gold, and other metal ores recorded an increase of 28.9% relative to a growth of 1.5% reported in the preceding year.
- The electricity and water sector posted a growth of 27.9% compared to the 11.9% that was recorded in 2022. The performance is ascribed to the increase in local electricity generation.
- The transport and storage sector exhibited a significant growth of 8.5% from a growth of 1.3% recorded in the previous year. The accelerated growth stems from enhanced performances in both the transport and storage subsectors owed to increased air travel capacities coupled with a surge in tourism and exploration activities in 2023.
- The administrative and support services sector recorded a robust growth of 7.7% during the period under review when compared to the 3.9% that was noted in the previous year; contributing 1.0% to the nominal GDP of 2023. The growth in the sector is owed to increased demand from both international and domestic travelers.

**Figure 1: Namibia annual GDP growth rates (2011 – 2023)**



Source: NSA & HEI RESEARCH

**Figure 2: GDP growth rates per sector (2022 & 2023)**



Source: NSA & HEI RESEARCH

### **3. GDP Outlook**

Mining activities, including uranium production and exploration of hydrocarbons, are expected to drive growth in the primary sector. Value addition and beneficiation should be prioritized to create job opportunities. Fiscal discipline, policy implementation, and inclusive growth strategies are crucial for sustained economic growth. We project that there will be broader spill-over effects from current geopolitical tension ongoing in the Red Sea and this could lead to increased shipping activity through the Namibia ports. However, a weaker external demand compounded by inflation, currency depreciation, a looming energy crisis, and other domestic headwinds including poor rainfall continues to shape economic developments.



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