

NAMIBIA

WORLD RANK:

95

REGIONAL RANK:

11

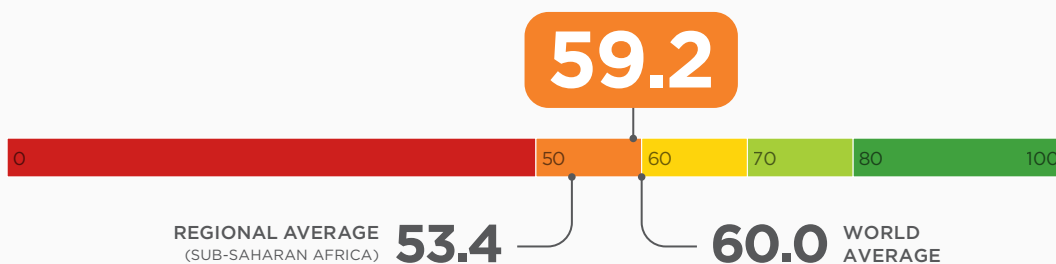
ECONOMIC FREEDOM STATUS:
MOSTLY UNFREE

Namibia's economic freedom score is 59.2, making its economy the 95th freest in the 2022 *Index*. Namibia is ranked 11th among 47 countries in the Sub-Saharan Africa region, and its overall score is above the regional average but below the world average.

Namibia's economic growth over the past five years has ebbed and flowed: negative in 2017, positive in 2018, negative in 2019 and 2020, and back to positive in 2021. Economic freedom has vacillated similarly during those years. With strong upswings in scores for rule of law overshadowed by a steep decline in **fiscal health**, Namibia has recorded a 3.3-point overall loss of economic freedom since 2017 and has fallen from the "Moderately Free" category to the "Mostly Unfree" category. Monetary freedom is relatively strong, but **financial freedom** is weak.

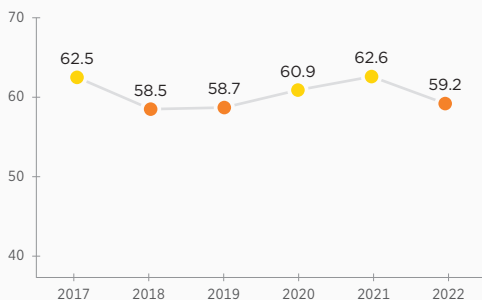
IMPACT OF COVID-19: As of December 1, 2021, 3,573 deaths had been attributed to the pandemic in Namibia, and the government's response to the crisis ranked 149th among the countries included in this *Index* in terms of its stringency. The economy contracted by 7.2 percent in 2020.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1997): -2.4

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
2.5 million

GDP (PPP):
\$23.8 billion
-7.2% growth
in 2020
5-year compound
annual growth -1.8%
\$9,397 per capita

UNEMPLOYMENT:
20.4%

INFLATION (CPI):
2.6%

FDI INFLOW:
-\$75.0 million

PUBLIC DEBT:
65.7% of GDP

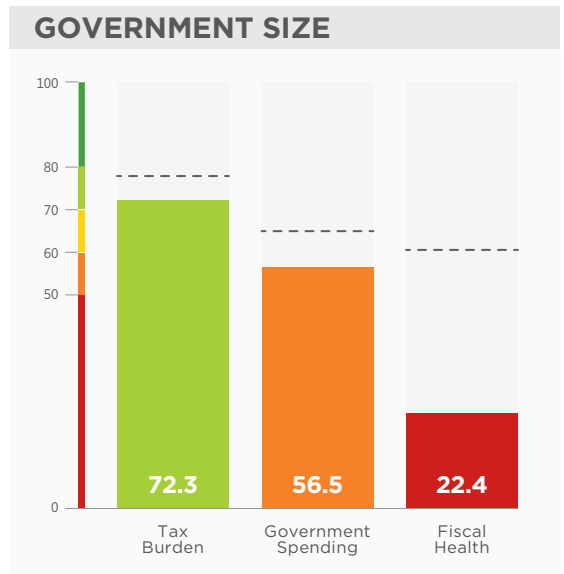
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: Namibia gained its independence from South Africa in 1990 and since then has been politically stable. President Hage Geingob was elected to a second five-year term in 2019 but by a much narrower margin than he earned in 2014. The ruling SWAPO Party of Namibia, which has won every election by large majorities since 1990, lost its parliamentary supermajority in the 2019 election. The mining sector, especially uranium, brings in more than 50 percent of foreign exchange earnings. Namibia's economy is closely linked to South Africa's, and its credit rating is one of the highest in the region. Land reforms being considered by the government include expropriation of land with "fair compensation" for redistribution to the black majority.

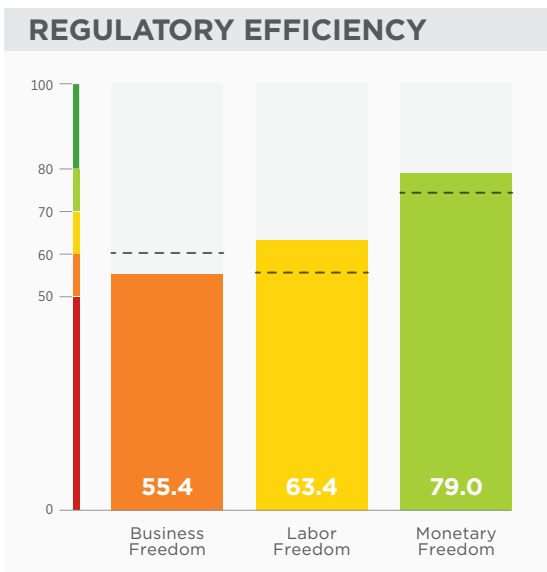
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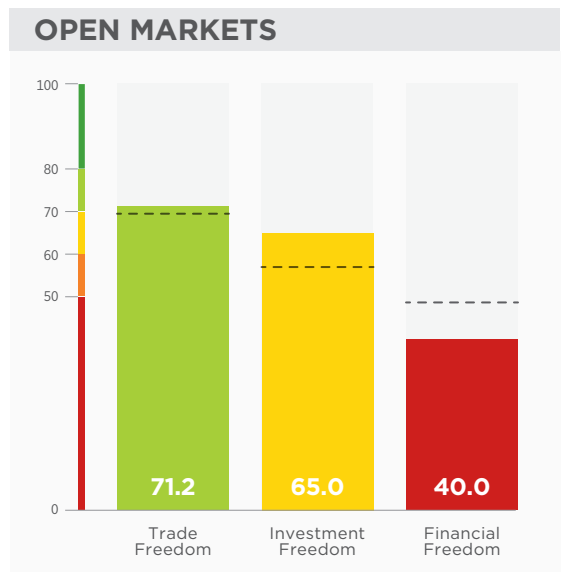
Property rights and contractual rights are guaranteed by law and enforceable by the judicial system, but the judiciary lacks adequate resources and technical capacity. Land rights are contentious, and property registration can be difficult and time-consuming. Officials sometimes engage in corrupt practices, and demands for bribes are not uncommon in the public sector. Enforcement of anticorruption laws is inconsistent.



The top individual income tax rate is 37 percent, and the top corporate tax rate is 32 percent. Other taxes include a value-added tax. The overall tax burden equals 19.4 percent of total domestic income. Government spending has amounted to 38.1 percent of total output (GDP) over the past three years, and budget deficits have averaged 6.6 percent of GDP. Public debt is equivalent to 65.7 percent of GDP.



Business infrastructure is good, and roads are the best on the African continent, but the overall regulatory environment is less facilitative than those of many other countries. The labor market is characterized by low productivity and a shortage of skilled labor. There is no plan for the privatization of state-owned enterprises, and the government continues to subsidize education, medical care, and agriculture.



Namibia has seven preferential trade agreements in force. The trade-weighted average tariff rate is 6.9 percent, and one formal nontariff measure is in effect. However, other barriers, exacerbated by regulatory shortcomings, undermine overall trade freedom. There are no formal limits on foreign ownership, but some sectors are subject to a joint local ownership requirement. Despite some progress, financial intermediation is uneven across the country.