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NAMIBIA'S NATIONAL BUDGET 2023/24:

...And Breathe



Photo: IPPR

IN THE SPIRIT OF TRANSPARENCY ... Minister of Finance Iipumbu Shiimi (fourth from left) pictured with senior Ministry staff and representatives of civil society at a budget consultation meeting held on 22 July 2022.

Finance Minister ipumbu Shiimi tabled his fourth full budget in Parliament on 22 February 2023. As is his habit, he chose a theme. This year it was "Economic Revival and Caring for the Poor" chiming with the President's "Year of Revival" after previous years' "Together Defeating Covid-19, Together Thriving Again" in FY20/21, "Boosting Resilience and Recovery" in FY21/22, and "Reimagining a Better Future for the Youth" in FY22/23. And indeed, in a number of ways this year's budget moves away from the endless fiscal gloom as the economy further recovers from Covid. Interestingly, for the first time, the Minister actually mentions Namibia's "emerging oil exploration activities", something he has seemingly been at pains to avoid, presumably for fear of letting the forces of unbridled spending within government rip.

Table 1: Estimated Growth Rates and Forecasts over Covid Period

	2015	2016	2017	2018	2019	2020	2021	2022 (f)	2023 (f)	2024 (f)
Budget FY20/21 (27 May 2020)										
GDP growth	4.5%	-0.3%	-0.3%	0.7%	-1.1%	-6.6%	-1.1%	3.6%	2.2%	n/a
MYBR FY20/21 (20 October 2020)										
GDP growth	4.5%	-0.3%	-0.3%	1.1%	-1.6%	-7.9%	2.2%	3.9%	n/a	n/a
Budget FY21/22 (17 March 2021)										
GDP growth	4.3%	-0.0%	-1.0%	1.1%	-1.6%	-7.3%	2.1%	2.8%	n/a	n/a
MYBR FY21/22 (3 November 2021)										
GDP growth	4.3%	0.0%	-1.0%	1.1%	-0.9%	-8.5%	1.9%	2.8%	3.4%	2.7%
Budget FY22/23 (24 February 2022)										
GDP growth	4.3%	0.0%	-1.0%	1.1%	-0.9%	-8.5%	1.2%	2.9%	3.7%	2.5%
MYBR FY22/23 (25 October 2022)										
GDP growth	4.3%	0.0%	-1.0%	1.1%	-0.8%	-8.0%	2.7%	2.8%	3.4%	2.9%
Budget FY23/24 (22 February 2023)										
GDP growth	4.3%	0.0%	-1.0%	1.1%	-0.8%	-8.0%	2.7%	4.0%	3.2%	2.2%

Source: National Accounts and Budget Documents

Minister Shiimi presented growth forecasts for the calendar years 2023 and 2024. It is useful to compare these with forecasts made in the past three budgets going back to the onset of Covid. The huge knock to GDP in 2020 has stabilised at -8.0% after which the economy has recovered and is now thought to have grown by 4.0% in 2022, significantly higher than forecast in last year's Mid-Year Budget Review in October 2022 which means that he expects the economy to return to its pre-pandemic size sometime this year. To some this may appear a rather small number but this faster than expected recovery has implications for the amount of revenue he has available and therefore for what he can spend. The Ministry is to be congratulated for taking a realistic rather than overly optimistic view of developments in the economy over the course of the pandemic.

Revenue Highlights – Revenues Benefit from Economic Recovery, Better Tax Administration and a Windfall from SACU

Revenue and grants are estimated to total N\$74.7 billion in FY23/24 or 34.7% of forecast GDP, and more than 16.5% higher than the revised total of N\$64.1 billion in FY22/23. Given higher levels of inflation, this number is not as high as it first appears. The increase comes about as a result of improvements across all major revenue items but it is the rise in SACU revenues from just over N\$14 billion to well over N\$24 billion that really makes a difference. SACU provides one third of total revenue underlining yet again just how dependent Government is on the customs union. The Minister highlighted the role that greater tax compliance seems to be playing in generating higher levels of VAT and personal income tax revenues and singled out dividends from Namibia Post and Telecom Holdings (N\$600 million), Namibia Desert Diamonds (N\$300 million), the Bank of Namibia (N\$400 million) and Namdeb Holdings (over N\$1.2 billion) for special mention.

Table 2: Changes in Revenue Streams (N\$m)

Revenue Stream	FY18/19	FY19/20	FY20/21	FY21/22	FY22/23	FY23/24
	Actual	Actual	Actual	Actual	Revised	Budget
Income tax on individuals	13,588	14,147	13,768	14,569	15,302	16,726
Corporate income tax	7,325	7,257	7,559	7,485	8,140	8,837
VAT	11,461	11,515	8,326	11,431	14,287	14,859
SACU	17,375	18,922	22,252	14,751	14,190	24,348
Total tax revenue	51,813	54,816	54,575	51,249	55,727	68,046
Total other revenue and grants	4,069	3,720	3,263	4,120	8,434	6,697
Total revenue and grants	55,882	58,536	57,838	55,369	64,161	74,743

Source: Estimates of Revenue and Expenditure

Thankfully, Minister Shiiimi seems to have forsaken the previous Minister's approach of tinkering with the tax system which simply created uncertainty and brought very little in the way of benefits. The main announcement this year was making more concrete the commitment to bring down the corporate tax rate: from 32% to 31% from 1 April 2024 and then to 30% from 1 April 2025. This still leaves Namibia at the higher end of the international spectrum. He did not say how much this was likely to cost the fiscus, strengthening the impression that little detailed analysis lies behind such decisions.

A second major announcement was the raising of the income tax threshold on individuals from N\$50,000 to N\$100,000 "effective FY24/25". Again, this move is welcome but waiting years and then making big changes is second best to steadily raising thresholds to combat fiscal drag. With no tax data in the public domain, it is impossible to estimate how many people this could affect. NamRA's tax arrears relief programme will continue whereby interest and penalties will be written off if the outstanding capital is fully settled by 30 October 2024 which seems generous in the extreme. The Minister adds "afterwards there will be no mercy". As usual, excise duty rates or "sin taxes" will rise in line with immediate effect according to SACU agreement.

Expenditure Highlights – An Easing of Spending Restraint Across the Board

According to the Minister's speech, expenditure is estimated to total N\$84.6 billion in FY23/24 which includes N\$2.0 billion outside the State Revenue Fund and includes N\$10.0 billion in debt servicing costs. The total amounts to 39.3% of forecast GDP, higher than last year's revised 36.6%. This represents a nominal increase of over 13% over FY22/23 – a real term's increase and consists of N\$66.1 billion of operational expenditure (10% higher than last year), N\$6.5 billion in development expenditure (18.7% higher than last year) and N\$10.0 billion in debt servicing costs. Projected revenues are therefore more than enough to cover projected operational expenditure. Statutory expenditure on debt servicing represents 13.4% of projected revenues which means that once again Government breaches its own target of 10% of revenues on interest payments.

Table 3: Total Spending by Sub-Division (N\$m)

Sub-Division	FY18/19 Actual	FY19/20 Actual	FY20/21 Actual	FY21/22 Actual	FY22/23 Revised	FY23/24 Budget
Operational						
Personnel Expenditure	29,389	29,781	29,592	30,210	32,056	32,880
Good and Services	6,403	7,330	8,618	8,038	8,124	9,855
Subsidies and Other Current Transfers	12,815	12,907	19,080	18,075	19,092	22,289
Interest Payments and Guarantees	7,143	7,706	7,291	7,737	9,133	10,021
Acquisition of Capital Assets	4,689	5,868	6,109	619	789	1,064
Capital Transfers	4,801	4,322	1,345	3.0	3.0	3.0
Development						
Goods and Services				118	291	432
Acquisition of Capital Assets				3,334	4,492	3,258
Capital Transfers				1,241	712	2,817
Total	65,241	67,941	72,035	70,302	74,692	82,618

Source: Estimates of Revenue and Expenditure (Tables 7 and 8 Estimates of Revenue and Expenditure)

Total budgeted spending (operational plus development) in FY23/24 broken down by sub-division shown in the table above shows across the board increases over FY22/23. The public sector wage bill is projected to take up 39.8% of total budgeted spending. The Minister does not say what happened to Cabinet's decision last year to freeze the filling of all non-essential posts. Shortly after the budget was tabled President Geingob made a public statement to the effect that the number of public servants should be reduced by half. The Public Service Commission Chairperson Salmaan Jacobs said the civil service included 107,000 employees inclusive of the security cluster. Once again budget documents lack aggregate information about the size of the public sector. As is now usual, no numbers are presented on public sector employment.

Table 4 shows total Government spending by Vote divided into operational and development spending. As noted previously, following President Geingob's announcement of changes to ministries in 2020, some votes have changed. The Ministry of Gender Equality and Child Welfare (Vote 12) and the Ministry of Poverty Eradication and Welfare (Vote 33) have been absorbed into the Office of the President as Gender Equality, Poverty Eradication and Welfare (Vote 36). The former Ministry of Agriculture, Water and Forestry (Vote 20) and the Ministry of Lands and Resettlement (Vote 25) have been restructured into the Ministry of Agriculture, Water and Land Reform (Votes 37 and 38). Furthermore, last year saw the Ministry of Finance become the Ministry of Finance and Public Enterprises thus merging Vote 34 into Vote 09.

All Votes with the single exception of Vote 19 (Industrialisation and Trade) have been allocated more resources this year than last reflecting the looser fiscal conditions brought about by the revenue increases discussed above. The paragraphs below highlight the significant changes in this year's budget.

Table 4: Operational and Development Expenditure by Vote

Vote		Operational Expenditure				Development Expenditure				Total Expenditure			
		Actual 2020/21	Actual 2021/22	Revised 2022/23	Budget 2023/24	Actual 2020/21	Actual 2021/22	Revised 2022/23	Budget 2023/24	Actual 2020/21	Actual 2021/22	Revised 2022/23	Budget 2023/24
1	President	444	559	666	871	48	43	60	86	492	602	726	957
2	Prime Minister	401	385	384	469	1	3	16	10	401	388	400	479
3	National Assembly	119	110	167	168	7	4	0	15	126	114	167	183
4	Auditor General	105	107	117	120	0	0	0	0	105	107	117	120
5	Home Affairs and Immigration	408	0	0	0	86	0	0	0	494	0	0	0
6	Police	5,107	0	0	0	333	0	0	0	5,440	0	0	0
7	Foreign Affairs	882	757	854	859	107	81	71	74	988	0	828	928
8	Defence	5,804	5,605	5,775	5,992	296	246	295	300	6,101	5,851	6,070	6,292
9	Finance and Public Enterprises	13,861	13,471	14,328	15,872	2	4	0	2	13,862	13,475	14,328	15,874
10	Education	14,056	14,107	14,855	16,203	1,079	386	300	577	15,136	14,492	15,155	16,780
11	National Council	88	81	103	120	0	0	0	0	88	81	103	120
12	Gender Equality and Child Welfare	0	0	0	0	0	0	0	0	0	0	0	0
13	Health and Social Services	8,175	8,653	8,652	9,387	242	239	200	298	8,417	8,892	8,852	9,685
14	Labour and Social Welfare	155	157	185	201	0	2	5	7	156	159	190	208
15	Mines and Energy	139	137	146	161	67	49	53	90	206	185	199	251
16	Justice	412	432	430	549	57	51	28	50	469	484	458	599
17	Urban and Rural Development	1,094	1,036	1,064	1,264	407	484	375	596	1,501	1,521	1,439	1,860
18	Environment and Tourism	470	454	488	525	67	48	40	70	538	502	528	595
19	Trade and Industry	128	154	220	244	41	45	79	54	169	199	299	298
20	Agriculture, Water and Forestry	0	0	0	0	0	0	0	0	0	0	0	0
21	Prisons and Correctional Services	369	377	387	421	0	0	0	0	369	377	387	421
22	Fisheries and Marine Resources	191	169	169	271	1	13	22	20	192	182	191	291
23	Works	524	534	552	554	17	20	13	90	541	555	565	644
24	Transport	324	314	405	331	1,897	2,039	2,737	2,558	2,222	2,353	3,142	2,890
25	Lands and Resettlement	0	0	0	0	0	0	0	0	0	0	0	0
26	National Planning Commission	157	180	188	921	99	0	0	0	255	180	188	921
27	Youth, National Service, Sport and Culture	255	266	312	403	12	11	23	70	267	277	335	473
28	Electoral Commission	332	69	97	422	0	0	0	0	332	69	97	422
29	Information and Communication Technology	487	484	525	551	22	10	35	100	509	494	560	651
30	Anti-Corruption Commission	58	62	74	81	0	0	0	1	59	62	74	82
31	Veterans Affairs	864	883	1,029	1,169	6	5	3	6	870	888	1,032	1,174
32	Higher Education	3,142	3,244	3,409	3,703	80	65	87	135	3,222	3,309	3,496	3,838
33	Poverty Eradication and Social Welfare	0	0	0	0	0	0	0	0	0	0	0	0
34	Public Enterprises	901	954	894	0	0	0	0	0	901	954	894	0
35	Office of the Attorney-General	0	0	0	0	0	0	0	0	0	0	0	0
36	Gender Equality, Poverty Eradication and Social Welfare	5,358	5,411	5,513	6,464	3	4	11	18	5,361	5,415	5,524	6,482
37	Agriculture and Land Reform	936	889	1,045	1,282	357	235	340	470	1,293	1,124	1,385	1,752
38	Water	273	194	224	235	680	239	347	400	953	432	571	635
39	Home Affairs, Immigration, Safety and Security	0	5,373	5,942	6,298	0	365	355	411	0	5,738	6,296	6,709
Total		66,020	65,609	69,197	76,111	6,015	4,693	5,495	6,507	72,035	70,835	74,194	82,618

Source: Estimates of Revenue and Expenditure

There is a significant 46% reduction in the allocation to Public Enterprises (the old Vote 34 now part of Vote 09) from the N\$791 million budgeted last year to N\$425 million this year, something the Minister made great play of. Subsidies and Transfers to public enterprises now fall under Vote 09 Main Division 17 (Corporate Governance and Financial Advice) which provides details of N\$425 million of support to selected commercial public enterprises. Most of the public enterprises receiving transfers this year are the same as last year (AGRIBUSDEV no longer exists) and receive the same transfers but TransNamib receives nothing after last year's N\$175 million and the announcement that it was to receive N\$523.6 million over the MTEF period for recapitalisation with support from the Development Bank of Southern Africa and the Development Bank of Namibia. The Minister says that a N\$2.6 billion financing facility with these banks is being finalised. Meatco comes onto the list of commercial Public Enterprises requiring subsidies for the first time.

Remember Government itself categorises these as *commercial* public enterprises. The fact that so many "old friends" (yes the RCC is still there) continue to appear on this list suggests Government is not serious about public enterprise reform since creating the Ministry of Public Enterprises in 2015 (eight years ago). Last year the Minister reported that the State Asset Ownership Policy was before Cabinet and once approved would allow for reform to take place. This year he gave no hint about reforms that were to take place. He made no mention of the recent SWAPO Congress resolution to resurrect Air Namibia. Subsidies and Current Transfers to all State-Owned Enterprises (Annex 1 of Estimates of Revenue and Expenditure) are projected to total N\$1.069 billion compared to last year's N\$2.356 billion. Nampa and *New Era* come out the big winners here both seeing their subsidy rise from N\$14.5 million and N\$10 million respectively to a N\$27.5 million each.

Table 5: Subsidies and Transfers to Commercial Public Enterprises in FY23/24

Public Enterprise	Allocation (N\$m)
Zambezi Waterfront	4.461
TransNamib	0
Roads Contractor Company	55.920
Namibia Wildlife Resorts	50.000
Namibia Institute of Pathology	107.000
Namibia Airports Company (NAC)	47.520
Meatco	66.700
Luderitz Waterfront	9.800
Epangelo Mining Company	12.000
Agro-Marketing and Trade Agency (AMTA)	72.000
Total	425.401

As far as development spending is concerned (mainly capital expenditure), the main spenders (receiving N\$100 million or more) are presented in Table 6 in descending order. Together the eight Votes listed receive N\$5.9 billion or 90% of all development spending. What is never clear is whether any of this development spending is subject to cost-benefit analysis so that Government can be reasonably confident that it adds to the productive capacity of the economy. How much more does a country like Namibia really need to spend on roads when there are such pressing needs in water and electricity for example? It is also worth noting that the development budget allocation to Vote 27 (Youth, National Service, Sport and Culture) of N\$66 million as part of last year's "Reimagining a Better Future for the Youth" turns out to have been "reimagined" down to N\$23 million.

The Development Budget document contains 470 development projects over the MTEF period of which 439 are ongoing projects and 31 are new ones. In FY23/24 a total of N\$6.5 billion will be allocated to development projects through the State Revenue Fund and N\$2.4 billion will be allocated outside. The document contains a list of execution rates by Vote (page ix), projects completed during the last financial year (pages x and xi), and development spending by region (pages xiv and xv). Khomas, Erongo and //Karas are set to receive far higher percentages than other regions.

Table 6: Votes receiving Development Allocations greater than N\$100 million in FY23/24

Vote	Allocation (N\$m)
Transport (Vote 24)	2,558
Urban and Rural Development (Vote 17)	596
Education (Vote 10)	577
Agriculture and Land Reform (Vote 37)	470
Home Affairs, Immigration, Safety and Security (Vote 39)	411
Water (Vote 38)	400
Defence (Vote 08)	300
Health and Social Services (Vote 13)	298
Higher Education (Vote 32)	135
Information and Communication Technology	100
Total	5,854

Other noteworthy expenditures include:

- The raising of the monthly Old Age Grant (pension) and Disability Grant by N\$100 to N\$1,400 per month as well as the Orphan and Vulnerable Children Grant by N\$100 to N\$350 per month. The Disability Grant for beneficiaries under the age of 18 has also been increased to N\$1,400 from 1 April 2023. These increases will help reduce the impact of inflation experienced by key vulnerable groups in society.
- N\$706 million has been allocated to the Population and Housing Census. The NSA will make an announcement on this “in due course” but Namibia has had a census in 1991, 2001, and 2011 so this one will be years late.
- N\$295 million has been made available to the Electoral Commission of Namibia to conduct the mandatory General Registration of Voters as well as voter education in FY23/24.

The Minister made no mention of reforming the costly Public Service Medical Aid Scheme (PSEMAS) after reporting last year that a first report had been received by the consultant hired to examine the issue. Likewise, there was no mention of the implementation of the resolutions of the Second Land Conference which he raised in last year’s speech. He did mention that the DBN’s Business Rescue Fund had been launched on 9 November to help viable businesses damaged by Covid.

Deficit and Debt – Slowing but not Reversing the Build-up of Debt

The revenue and expenditure estimates described above yield a budget deficit of N\$9.1 billion or 4.2% of estimated GDP implying that Namibia’s total debt stock continues to climb albeit at a slower rate to reach an unprecedented 70.1% of GDP by the end of FY23/24. As we have repeatedly pointed out, this level of public debt takes Namibia further into uncharted territory and provides little room to address emergencies if they occur. As the Minister points out, “the debt stock is still growing marginally above the growth in nominal GDP” but he seems more relaxed about this than in recent years saying simply that “maintaining fiscal sustainability while attending to the most pressing societal challenges is the organising principle of this budget”. He also notes that interest payments are due to increase to N\$10.0 billion in FY23/24 well above the Government’s own benchmark of 10% of revenues.

The accompanying Fiscal Strategy document makes it clear that provision must be made for a number of bond redemptions including the Eurobond redemption in 2025 and he plans to put aside N\$1.6 billion in the coming two years and then N\$4.5 billion in the third year in the sinking fund for these. The African Development Bank will lend N\$1.153 billion and Germany’s KfW will lend N\$1.553 billion this year but these will not be channelled through the State Revenue Fund.

Table 7: Key Fiscal Aggregates (as % of GDP)

	FY16/17 actual	FY17/18 actual	FY18/19 actual	FY19/20 actual	FY20/21 actual	FY21/22 actual	FY22/23 revised	FY23/24 budget
Revenue	31.8%	34.2%	30.9%	32.6%	32.8%	29.6%	31.4%	34.7%
Expenditure	38.9%	39.3%	36.0%	37.6%	40.9%	37.5%	36.6%	39.3%
Budget Balance	-7.1%	-5.2%	-5.1%	-5.0%	-8.1%	-8.0%	-5.2%	-4.2%
Debt	43.7%	43.4%	48.4%	56.0%	62.7%	67.2%	68.9%	70.1%
Interest*	8.5%	9.3%	11.3%	11.9%	12.8%	13.9%	14.4%	13.4%
Guarantees	4.0%	6.4%	6.0%	6.2%	5.8%	5.5%	4.9%	5.9%

* as % of revenue

Source: Fiscal Strategy Documents

Chart 1: Key Fiscal Aggregates (as % of GDP)

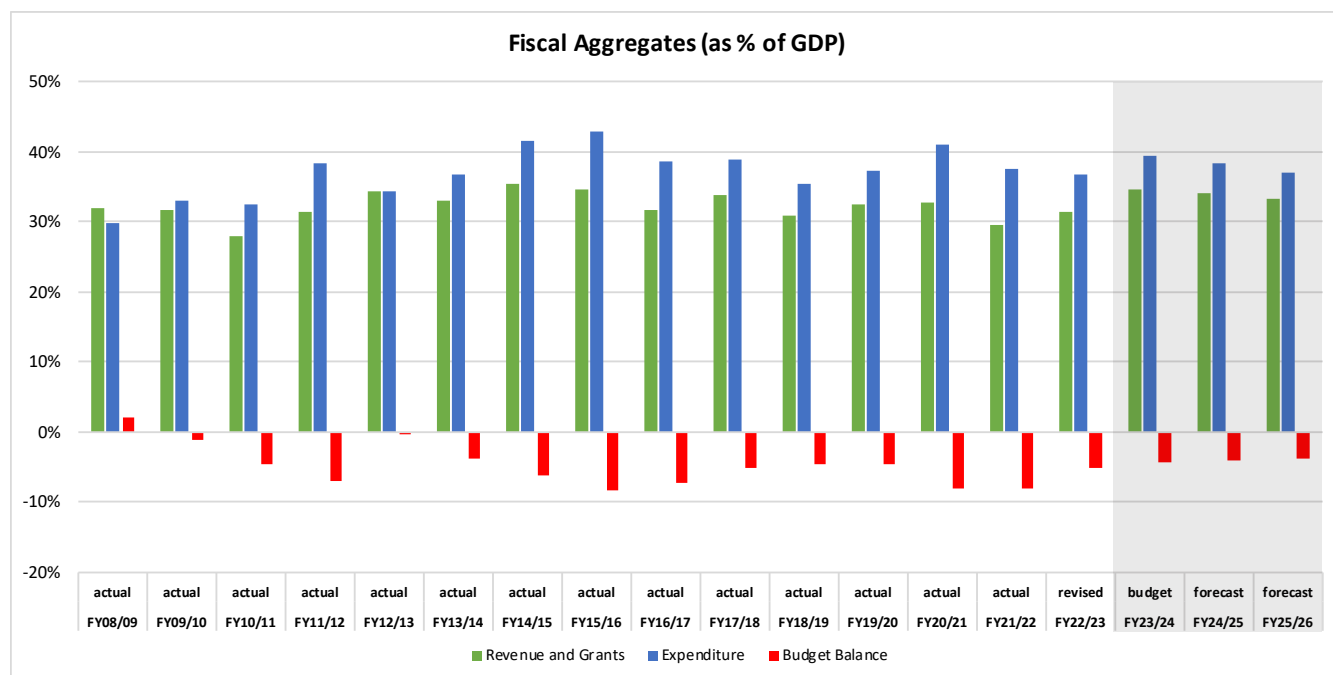
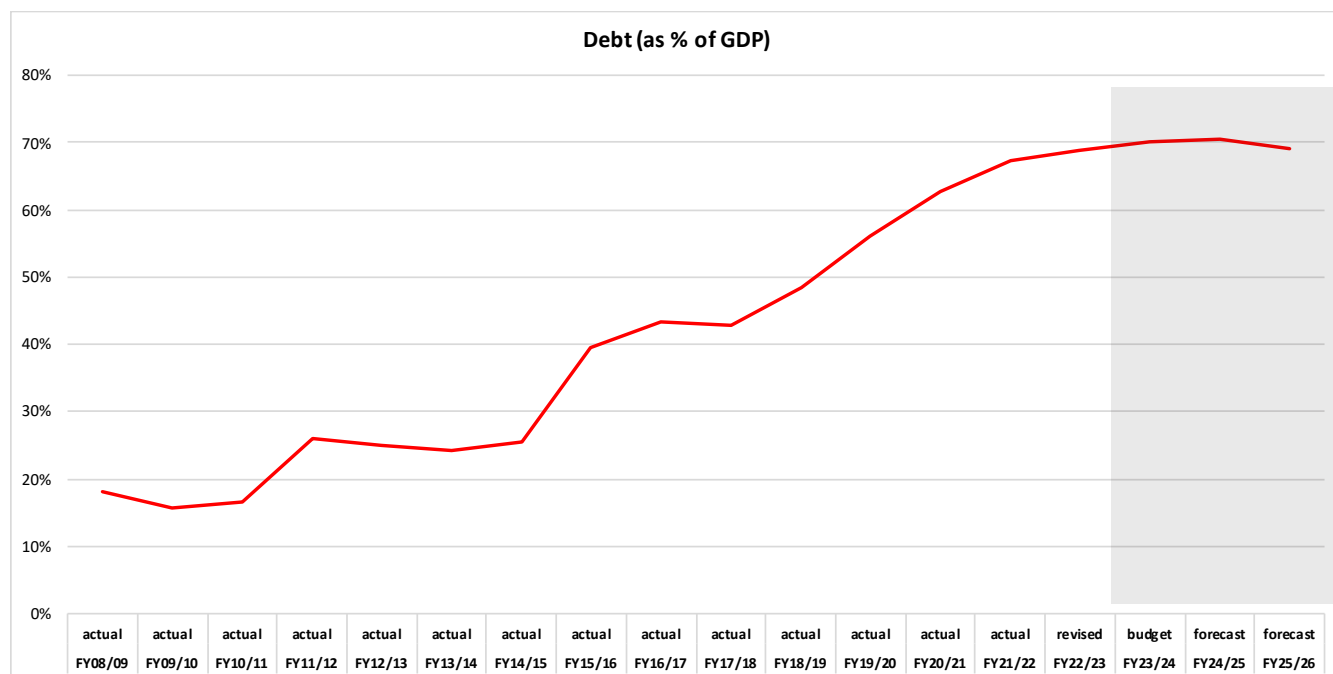


Chart 2: Ratio of Debt to GDP



Budget transactions are summarised in the Fiscal Strategy document on page 23: Fiscal Stance for FY2018/19-2025/26 which is reproduced below. There are no contingent liabilities to finance since the Air Namibia leases of N\$1.5 billion were paid off in FY21/22.

Table 8: Summary of Central Government Operations

Item in FY23/24	N\$m
GDP (estimated)	215,280
1. Total Revenue and Grants	74,743
2. Total Expenditure excluding Statutory	74,558
Development Expenditure Outside Budget (Grant-funded)	698
Development Expenditure Outside Budget (Loan-funded)	1,263
3. Total Expenditure including Statutory (2+4)	84,580
4. Total Statutory Payments	10,021
Domestic Interest Payments	8,088
Foreign Interest Payments	1,933
Total Interest Payments	10,021
Other Statutory Payments	0
Primary Balance (1-2+698)	883
Budget Balance (1-2-4+698)	9,138
Total Financing Requirement	10,075
Cash Requirement	1,000
Project Financing	0
Foreign Loan Principal Repayment	1,537
Bond Redemption (Sinking Fund)	1,600
Contingent Liabilities	0
Foreign Financing	2,706
African Development Bank	1,153
International Monetary Fund	0
Kreditanstalt für Wiederaufbau	1,553
Domestic Financing (Total Financing – Foreign Financing)	7,369
Public and guaranteed debt	150,869
Total debt as % of GDP	70.1%

Transparency and Access to Information

The IPPR regularly comments on the transparency of budget documentation. This year the Budget Speech, Estimates of Revenue and Expenditure, the Fiscal Strategy and the MTEF documents were available on the Ministry of Finance website on the day the budget was tabled. The Development Budget appeared on the National Planning Commission website some days after the tabling of the budget. The Development Budget document is generally well-produced and contains a wealth of information about Government's development spending but receives little attention, possibly because it is not published together with the main budget documents on the Ministry of Finance website on the day the budget is tabled in parliament. It is remarkable how little scrutiny Government's capital programme receives and it is perhaps not surprising that so many white elephants slip into it. Nothing much seems to have changed on this front for at least a decade.

The Estimates of Revenue and Expenditure is a large and complex document, made more complicated by the restructuring of expenditure by Classifications of the Functions of Government (COFOG) in line with the IMF's Government Finance Statistics Manual 2014 some years ago. While in principle this is a good thing, in practice it makes an already complex document even more confusing. The restructuring of Government ministries announced in February 2020 added to the confusion and makes comparison of this year with previous years difficult.

Past Estimates documents contained information on the subsidies and transfers to public enterprises. Details on Subsidies and Current Transfer to State-Owned Enterprises are available in Annex 1 (from page 451) of the main Estimates of Revenue and Expenditure document and contains detailed information about recipients of Government transfers to all State-Owned Enterprises not just commercial ones. Once again there is no aggregate information on the size of the public service or the number of posts filled on the establishment.

All in all, budget documentation is generally better than in previous years and generally consistent although as far as we could see the Development Budget was not available online until some time after the budget had been tabled. Documentation is only available as PDFs implying anyone wanting to do serious analysis has to retype numbers in the documents into spreadsheets. Only specialists with time on their hands – and MPs with good research staff – can really expect to understand what is being proposed.

Conclusions – Government Can Start Breathing Again

This year's budget was a relatively simple affair. With the economy continuing to recover from the blow inflicted by Covid in 2020, revenues have continued to rise and were supplemented by a huge N\$10 billion increase in revenues from SACU. The Minister chose to use this fiscal space to allow spending to rise across the board including both operational and development spending. Importantly he raised cash transfers to the poorest and most vulnerable. He emphasised the reduction in bailouts to so-called commercial public enterprises but on closer inspection this is not as impressive as it looks and we may be back where we were several years ago if the SWAPO Party gets its way and resurrects Air Namibia. The Minister's strategy has consisted of holding down spending as far as politically possible to spare the public sector while allowing the economy to recover and sustain the higher levels of debt that persistent deficits give rise to. The Minister recognises that we are at the outer edge of fiscal sustainability but debt looks to be peaking. With somewhat healthier public finances, Government may be in a better position to splurge in advance of elections due at the end of 2024.



Namibia Can Improve On Open Budget Rankings

In 2022 Namibia dropped in the global rankings on budget transparency and accountability published by the International Budget Partnership.

The Open Budget Survey is the world's only comparative, independent and regular assessment of transparency, oversight, and public participation in public budgets in 120 countries.

Namibia's transparency score decreased from 51 in 2019 to 42 last year. A score of 61 is considered the minimum threshold to foster an informed public debate on budgets. The global average transparency score in the last OBS was 45.

Namibia published 6 of the 8 required public documents within the timeframe set by the survey. The dip in Namibia's transparency score comes mainly because government did not publish its Accountability Report on time in 2020 while the Auditor General's report on government finances was published so late it could not be considered. The onset of the COVID-19 pandemic in 2020 was a mitigating factor in the late publication of the Accountability Report.

The drop in score in Namibia comes against a backdrop of progress in other parts of the world. Most countries were able to maintain, and in some cases build on earlier gains in accountable spending practices despite the pandemic - thanks to increased digitalisation of information and the institutionalisation of accountability practices.

Namibia's score on the budget oversight element of the Survey increased from 46 in 2019 to 48 in 2021. Namibia's parliament and the Office of the Auditor General are considered to provide limited oversight during the budget process.

Namibia continued to perform poorly on the public participation part of the survey – registering a 0 score – as there were no formal opportunities for meaningful public participation afforded by the government, parliament or the Auditor-General's office.

The Ministry of Finance and the National Planning Commission have held budget consultations with civil society and other sectors since 2021 but these were outside the time period for the last Open Budget Survey, which had a cut-off date of December 2020. As a result, the public participation score should increase in future surveys.

"Namibia could make strides in budget transparency by improving the timing of audit reporting and making sure the Accountability Report is published within 12 months of the year under consideration," said Graham Hopwood, Executive Director of the Institute for Public Policy Research (IPPR), which conducted the research for Namibia.

"Setting up formal opportunities for different sectors of society to give their input and comments during the budget cycle would also ensure Namibia's public participation score is boosted," Hopwood said.

Namibia could also improve its ranking by submitting its budget proposal to parliament at least two months before the start of the budget year and allowing a Standing Committee to scrutinise the proposal, Hopwood added.

Further details are available in the country report on Namibia to be found here: <https://internationalbudget.org/open-budget-survey/country-results/2021/namibia>

About the HSF

Present in more than 60 countries world-wide, the Hanns Seidel Foundation (HSF) is a German non-profit organisation promoting democracy, good governance and the rule of law across the African continent. Cooperating with its Namibian partners, such as IPPR, HSF also seeks to contribute to sustainable development by strengthening peace, human security, and environmental protection. The contents of this publication do not necessarily reflect the views and opinions of the HSF.



About IPPR

The Institute for Public Policy Research (IPPR) is a not-for-profit organisation with a mission to deliver independent, analytical, critical yet constructive research into social, political and economic issues that affect development in Namibia. The IPPR was established in the belief that free and critical debate informed by quality research promotes development.

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