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NAMIBIA'S NATIONAL BUDGET 2024/25:

Benefitting from the Fruits of Growth



Photo: The Namibian

Minister of Finance and Public Enterprises Ipumbu Shiimi tabled his fifth full budget in the National Assembly on 28 February 2024.

BY ROBIN SHERBOURNE

Introduction

Finance Minister ipumbu Shiimi tabled his fifth full budget in Parliament on 28 February 2024. Although this was slightly delayed from the original date, the event went off impressively smoothly considering unprecedented recent events: the untimely passing of President Geingob on 4 February and the transition to President Mbumba on the same day, the mini-Cabinet reshuffle which took place on 9 February, and the memorial service and burial of former President Geingob on 24 and 25 February. The Minister's chosen theme this year was "Continuing the Legacy of HE Dr Hage G Geingob by Caring for the Namibian Child". This follows previous years' "Together Defeating Covid-19, Together Thriving Again" in FY20/21, "Boosting Resilience and Recovery" in FY21/22, "Reimagining a Better Future for the Youth" in FY22/23, and "Economic Revival and Caring for the Poor" in FY23/24. With modest growth in GDP and revenues, this budget represents a return to relative normality.

Table 1: Estimated Growth Rates and Forecasts over Covid Period

	2015	2016	2017	2018	2019	2020	2021	2022	2023 (f)	2024 (f)	2025 (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	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	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	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%	n/a
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%	n/a
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%	n/a
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%	n/a
MYBR FY23/24 (31 October 2023)											
GDP growth	4.3%	0.0%	-1.0%	-1.1%	-0.8%	-8.1%	3.5%	4.6%	3.5%	2.9%	3.4%
Budget FY24/25 (28 February 2024)											
GDP Growth	4.3%	0.0%	-1.0%	1.1%	-0.8%	-8.1%	3.5%	6.4%	5.6%	4.0%	3.9%

Source: National Accounts and Budget Documents

Minister Shiimi presented a growth estimate of 6.4% for 2022 and growth forecasts for the calendar years 2023 (6.4%), 2024 (4.0%) and 2025 (3.9%) all of which represented upward revisions compared to the forecasts contained in the last Mid-Year Budget Review in October. 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 -8.1% after which the economy has recovered and is now thought to have grown by 3.5% in 2021, 6.4% in 2022 and 5.6% in 2023. Overall, Covid resulted in the economy taking a more significant hit than originally expected but of shorter duration and the recovery has been stronger than initially forecast. The Minister, having been dealt a very poor hand by his predecessor going into the Covid pandemic, has successfully steered the economy and the public finances through the most challenging period since Independence. It also says something about the late President's ability to pick the right man for the job and indeed Cabinet's willingness to go along with the tough decisions that have had to be taken over the past four years.

Revenue Highlights – Revenues Benefit from the Broad Economic Recovery and Better than Expected Revenues from SACU

Total revenue and grants are estimated to amount to N\$90.4 billion in FY24/25 or 32.8% of forecast GDP, and more than 11.5% higher than the revised total of N\$81.1 billion in FY23/24. Given current 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 reflecting the broad economic recovery that has taken place. The Minister highlighted the N\$28 billion in SACU revenues and singled out dividend payments following the expected dissolution of Namibia Post and Telecom Holdings (N\$1.2 billion) as well as from the Bank of Namibia (N\$550 million), Namibia Desert Diamonds (N\$200 million), and Namport (N\$100 million) as well as an expected N\$500 million from the sale of the remaining 9% in MTC.

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

Revenue Stream	FY19/20	FY20/21	FY21/22	FY22/23	FY23/24	FY24/25
	Actual	Actual	Actual	Actual	Revised	Budget
Income tax on individuals	14,147	13,768	14,629	16,137	17,563	19,739
Corporate income tax	7,257	7,559	7,485	8,161	11,523	11,450
VAT	11,515	8,326	11,431	14,176	17,373	19,469
SACU	18,922	22,252	14,751	14,190	24,349	28,045
Total tax revenue	54,816	54,575	51,249	55,465	74,652	82,746
Total other revenue	3,720	3,263	4,120	8,885	6,444	7,681
Total revenue and grants	58,536	57,838	55,369	64,350	81,096	90,427

Source: Estimates of Revenue and Expenditure

Tax Policy Highlights – the Minister Follows Through on His Promises

Minister Shiimi stressed his intention to stick with his policy of not considering new tax policy proposals, especially those “with the potential to stifle economic recovery and compromise emerging growth prospects”. He kept his promise to raise the income tax threshold from N\$50,000 to N\$100,000 from 1 March 2024 and added that he intended to adjust all tax brackets to take into account inflation. He pressed ahead with the lowering of non-mining corporate tax to 31% from 1 January 2024 and 30% from 1 January 2025 and went further by announcing his intention to reduce the rate to 28% during FY2026/27. These will be complemented by a change to thin capitalisation rules, capping the carrying forward of assessed losses, and introduction of a 10% dividend tax from 1 January 2026 to address the disparity in between resident and non-resident dividend recipients. The long-awaited Special Economic Zones (SEZs) regime gets a mention and companies in SEZs will be subject to 20% corporate income tax. The SEZ Bill is expected to be tabled in the National Assembly during FY24/25 in advance to the expiration of the Export Processing Zone regime in 2025. Interestingly, the Minister announced that the 20% rate will also be applied to SMEs with a turnover below a yet-to-be-determined threshold. This will be a popular measure. The VAT threshold will be raised from N\$500,000 to N\$1,000,000 which the Minister says will relieve 23,000 SMEs from VAT administration and allow NamRA to focus on large taxpayers. An Internship Tax Incentive Programme will be introduced to incentivise employers to enrol more interns while a capital depreciation allowance of 10% will help to maintain infrastructure and encourage investment. Brackets for transfer duties and stamp duties will be adjusted for inflation and the threshold lifted from N\$600,000 to N\$1.1 million and the 8% rate applied to N\$3.15 million and a supertax transfer duty and stamp duty bracket will be brought in for luxury properties costing more than N\$12 million. Finally, NamRA will explore introducing a VAT e-invoicing system to reduce the costs of compliance and enhance tax enforcement and will complete the final part of its Tax Amnesty Programme by 30 October 2024. The Minister stated that the total tax arrears (excluding interest and penalties) stood at a whopping N\$17.3 billion at the end of January. As usual excise duties were raised in line with the SACU Agreement. These measures all suggest that the Minister is approaching tax policy with an eye on the investment environment and with greater economic rationality than has sometimes been the case.

Expenditure Highlights – A Step Change in Public Investment Spending and Higher Debt Costs

According to the Minister's speech, expenditure is estimated to total N\$100.1 billion in FY24/25 which includes N\$3.2 billion project funding outside the State Revenue Fund and includes N\$12.8 billion in debt servicing costs. The total amounts to 36.3% of forecast GDP, exactly the same as last year's revised figure. This represents a nominal increase of 11.9% over FY23/24 – a real term's increase and consists of N\$74.6 billion of operational expenditure (8.8% higher than last year), N\$12.6 billion in development expenditure (a massive 50.7% higher than last year) and N\$12.8 billion in debt servicing costs. Projected revenues are therefore more than enough to cover projected operational expenditure and the Minister forecasts a primary budget surplus (revenues exceed total spending minus debt service payments). Statutory expenditure on debt servicing represents 14.2% of projected revenues which means that Government once again breaches its own target of 10% of revenues on interest payments.

Table 3: Total Spending by Sub-Division through State Revenue Fund (N\$m)

Sub-Division	FY18/19 Actual	FY19/20 Actual	FY20/21 Actual	FY21/22 Actual	FY22/23 Actual	FY23/24 Revised	FY24/25 Budget
Operational							
Personnel Expenditure	29,389	29,781	29,592	30,210	31,472	32,797	35,438
Good and Services	6,403	7,330	8,618	8,038	8,369	10,335	11,094
Subsidies and Other Current Transfers	12,815	12,907	19,080	18,075	19,501	24,307	26,961
Interest Payments and Guarantees	7,143	7,706	7,291	7,737	9,466	11,765	12,834
Acquisition of Capital Assets	4,689	5,868	6,109	619	701	1,141	1,085
Capital Transfers	4,801	4,322	1,345	3.0	2.7	2.8	55.0
Development							
Goods and Services				118	187	430	1,256
Acquisition of Capital Assets				3,334	4,026	3,109	4,265
Capital Transfers				1,241	698	2,947	3,950
Total	65,241	67,941	72,035	70,302	74,533	86,835	96,937

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

Total budgeted spending (operational plus development) through the State Revenue Fund in FY24/25 broken down by sub-division shown in the table above shows across the board increases over FY23/24. The public sector wage bill is projected to take up 35.0% of total budgeted spending. The Minister does not say what happened to Cabinet's decision two years ago to freeze the filling of all non-essential posts. Shortly after last year's budget was tabled President Geingob made a public statement to the effect that the number of public servants should be reduced by half. At the time the Public Service Commission Chair said the civil service included 107,000 employees inclusive of the security cluster but it was not clear where this number comes from. This year the table on staffing has been included in the budget document. This shows that out of the 91,225 funded posts (excluding Vote 08 Defence), 86,731 are currently filled. Interestingly, of these 50,758 (58.5%) are filled by women and 35,973 by men. These numbers imply that there are approximately 20,000 people employed in Vote 08 Defence.

Table 4 shows total Government spending by Vote divided into operational and development spending. All Votes with the single exception of Vote 26 (National Planning Commission) have been allocated more resources this year than last reflecting the fiscal loosening. The reduction in Vote 26 is due to the fact that the major expenditures associated with the Population and Housing Census have been incurred in FY23/24. 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 2021/22	Actual 2022/23	Revised 2023/24	Budget 2024/25	Actual 2021/22	Actual 2022/23	Revised 2023/24	Budget 2024/25	Actual 2021/22	Actual 2022/23	Revised 2023/24	Budget 2024/25
1	President	559	648	891	859	43	56	80	108	602	704	971	967
2	Prime Minister	385	382	1,114	1,063	3	0	6	41	388	382	1,120	1,104
3	National Assembly	110	147	168	186	4	1	0	10	114	148	168	196
4	Auditor General	107	115	120	125	0	0	0	0	107	115	120	125
5	Home Affairs and Immigration	0	0	0	0	0	0	0	0	0	0	0	0
6	Police	0	0	0	0	0	0	0	0	0	0	0	0
7	International Relations and Cooperation	757	869	888	895	81	41	68	70	838	910	956	965
8	Defence	5,605	5,734	6,022	6,344	246	293	313	400	5,851	6,027	6,335	6,744
9	Finance and Public Enterprises	13,471	14,677	18,484	20,535	4	0	2	426	13,475	14,677	18,485	20,961
10	Education, Arts and Culture	14,107	14,863	16,203	17,411	386	300	707	970	14,492	15,163	16,910	18,381
11	National Council	81	96	120	127	0	0	0	10	81	96	120	137
12	Gender Equality and Child Welfare	0	0	0	0	0	0	0	0	0	0	0	0
13	Health and Social Services	8,653	8,841	9,687	10,434	239	162	288	457	8,892	9,003	9,975	10,891
14	Labour, Industrial Relations and Employment	157	172	214	216	2	3	5	6	159	174	218	222
15	Mines and Energy	137	144	161	205	49	51	80	177	185	195	241	382
16	Justice	432	427	574	603	51	27	47	71	484	455	621	674
17	Urban and Rural Development	1,036	1,090	1,267	1,388	484	336	617	1,203	1,521	1,426	1,883	2,591
18	Environment and Tourism	454	493	542	625	48	37	65	100	502	529	607	726
19	Industrialisation and Trade	154	218	244	315	45	75	34	50	199	292	278	365
20	Agriculture, Water and Forestry	0	0	0	0	0	0	0	0	0	0	0	0
21	Judiciary	377	385	421	445	0	0	0	0	377	385	421	445
22	Fisheries and Marine Resources	169	166	271	291	13	13	16	30	182	179	287	321
23	Works	534	541	554	640	20	12	76	150	555	553	630	790
24	Transport	314	403	331	300	2,039	2,486	2,558	2,950	2,353	2,889	2,890	3,250
25	Lands and Resettlement	0	0	0	0	0	0	0	0	0	0	0	0
26	National Planning Commission	180	187	923	222	0	0	0	10	180	187	923	232
27	Sport, Youth and National Services	266	318	418	555	11	14	50	124	277	332	468	679
28	Electoral Commission	69	96	422	438	0	0	0	0	69	96	422	438
29	Information and Communication Technology	484	525	542	563	10	29	72	140	494	554	614	703
30	Anti-Corruption Commission	62	66	81	96	0	0	1	10	62	66	82	106
31	Veterans Affairs	883	1,030	1,250	1,404	5	2	4	6	888	1,032	1,254	1,410
32	Higher Education, Technology and Innovation	3,244	3,416	4,079	4,540	65	73	125	210	3,309	3,489	4,204	4,750
33	Poverty Eradication and Social Welfare	0	0	0	0	0	0	0	0	0	0	0	0
34	Public Enterprises	954	891	0	0	0	0	0	0	954	891	0	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	5,411	5,477	6,466	7,979	4	9	18	12	5,415	5,486	6,484	7,991
37	Agriculture and Land Reform	889	998	1,302	1,387	235	277	465	550	1,124	1,275	1,767	1,937
38	Water	194	261	247	249	239	275	388	790	432	536	635	1,039
39	Home Affairs, Immigration, Safety and Security	5,373	5,946	6,342	7,024	365	340	405	390	5,738	6,286	6,746	7,414
Total		65,609	69,622	80,348	87,466	4,693	4,911	6,487	9,471	70,302	74,533	86,834	96,937

Source: Estimates of Revenue and Expenditure

The Ministry of Finance and Public Enterprises receives N\$8.1 billion in FY24/25 including N\$3 billion for PSEMAS and more than N\$700 million in transfers to public enterprises. A significant N\$1.4 billion was provided to a range of public enterprises to clear their tax liabilities. This, the Minister says, is a once off measure that came about due to the fiscal consolidation of previous years and includes the University of Namibia, TransNamib, the Namibian Broadcasting Corporation, New Era Corporation, the National Fishing Corporation, and the Roads Contractor Company. This is recorded as both revenue and expenditure in the Ministry's books and is therefore neutral from a fiscal perspective.

Subsidies and Current Transfers to all State-Owned Enterprises (Annex 1 of Estimates of Revenue and Expenditure) are projected to total N\$3.162 billion compared to last year's N\$1.379 billion. This includes the settlement for tax liabilities mentioned above but also transfers to commercial and non-commercial public enterprises. Table 5 below shows the transfers to commercial public enterprises. The reasons for transfers vary from public enterprise to public enterprise. The Minister highlighted a N\$77 million subsidy to Agribank for drought-affected farmers ("Dear farmers we have heard your cries!"). These are mostly the usual suspects although some are conspicuous by their absence. Namibia Wildlife Resorts, for example, has reportedly cleared all its debts from its own cash flow after receiving an allocation of N\$50 million last year. No mention is made of Namcor whose financial difficulties have been much in the news recently. In addition to these, the Namibia Tourism Board receives N\$3.2 million and the Walvis Bay Corridor Group is allocated N\$5.5 million. Nampa receives N\$27.5 million whilst New Era receives N\$27 million. The merger between the two appears to have been dropped. The transfer to the Namibia Investment Promotion and Development Board receives an allocation of N\$125.1 million, slightly less than last year.

Table 5: Subsidies and Transfers to Commercial Public Enterprises in FY24/25

Public Enterprise	Allocation (N\$m)
Agribank	176.3
Agricultural Marketing and Trade Agency (AMTA)	72.0
Development Bank of Namibia	49.7
Epangelo Mining Company	12.0
Lüderitz Waterfront Company	9.8
Meatco	100.0
Meatco (servicing of loan facility at DBN)	112.0
Namibia Institute of Pathology	107.0
Namibia Industrial Development Agency	30.0
Roads Contractor Company	55.9
TransNamib	300.0
Zambezi Waterfront	5.0
Total	1,029.7
SOE tax liabilities	1,358.5

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 16 Votes listed receive N\$9.1 billion or 96.5% of all development spending whereas only eight Votes received N\$100 million or more in the last budget. 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.

The Development Budget document contains 480 development projects over the Medium Term Expenditure Framework (MTEF) of which 461 are ongoing projects and 29 are new ones. In FY24/25 a total of N\$9.5 billion will be allocated to development projects through the State Revenue Fund and N\$3.0 billion will be allocated outside giving a total of N\$12.5 billion. The document contains a list of execution rates by Vote (page vi), projects completed during the last financial year (pages x and xi), and development spending by region (pages vii and viii). Over the MTEF Khomas (23%), Erongo (14%), //Karas (10%) and Otjozondjupa (10%) are set to receive the highest shares of expenditure (page xi).

Table 6: Votes receiving Development Allocations greater than N\$100 million in FY24/25

Vote	Allocation (N\$m)
Transport (Vote 24)	2,950
Urban and Rural Development (Vote 17)	1,203
Education, Arts and Culture (Vote 10)	970
Water (Vote 38)	970
Agriculture and Land Reform (Vote 37)	550
Health and Social Services (Vote 13)	457
Finance and Public Enterprises (Vote 09)	426
Defence (Vote 08)	400
Home Affairs, Immigration, Safety and Security (Vote 39)	390
Higher Education, Technology and Innovation (Vote 32)	210
Mines and Energy (Vote 15)	177
Works (Vote 23)	150

Information and Communication Technology (Vote 29)	140
Sport, Youth and National Services (Vote 27)	124
President (Vote 01)	108
Environment and Tourism (Vote 18)	100
Total	9,145

Other noteworthy expenditures include:

- The raising of the monthly Old Age Grant (pension) and Disability Grant by N\$200 to N\$1,600 per month. The Minister was a little vaguer about other grants stating simply that money had been allocated to ensure full coverage of the Orphan and Vulnerable Children grant and also to maintain the real value of social safety nets.
- N\$438 million has been made available to the Electoral Commission of Namibia to ensure smooth and timely voter registration in the run up to Presidential and National Assembly elections in November.
- N\$106 million is allocated to the Anti-Corruption Commission, a significant increase over last year's N\$82 million.

The Minister gave no details on progress in reforming the costly Public Servants Medical Aid Scheme (PSEMAS) after reporting two years ago that a first report had been received by the consultant hired to examine the issue. PSEMAS receives an allocation of N\$3 billion. Likewise, there was no mention of the implementation of the resolutions of the Second Land Conference which he also raised two years ago although N\$50 million is allocated for land purchases to "address the plight of generational farm workers".

Deficit and Debt – Debt Levels Off as Growth Resumes More Strongly than Expected

The revenue and expenditure estimates described above yield a budget deficit of N\$8.9 billion or 3.2% of estimated GDP implying that Namibia's total debt stock continues to climb in nominal terms but, because the economy is growing faster, starts to decline as a ratio of GDP, from an estimated 62.5% of GDP in FY23/24 to 60.1% in FY24/25. The Minister states that "public debt growth has stabilised and the debt metrics have started declining primarily driven by strong growth in nominal GDP, which outpaced the increase in the nominal debt stock". He also notes that interest payments are due to increase to N\$12.8 billion in FY24/25 well above the Government's own benchmark of 10% of revenues and higher than public investment.

The Minister went into some detail on how he intends to tackle the repayment of the US\$750 million (N\$14.3 billion) Eurobond2 which matures on 29 October 2025. As he points out, this is the largest single day debt maturity in Namibia's history. At least N\$3.5 billion will be directed to the sinking fund in FY24/25 and another N\$2.0 billion set aside from SACU receipts next year and this adds to the already accumulated N\$4.2 billion which should allow Government to retire two-thirds of the Eurobond with the remaining one third being refinanced through the most cost-effective instrument available at the time. This year the African Development Bank will lend a further N\$1.751 billion (for railway upgrading and water projects) and Germany's KfW will lend N\$683 million (for water projects) but as always these will not be channelled through the State Revenue Fund.

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

	FY17/18 actual	FY18/19 actual	FY19/20 actual	FY20/21 actual	FY21/22 actual	FY22/23 actual	FY23/24 revised	FY24/25 budget
Revenue	34.2%	30.9%	32.6%	32.8%	29.6%	29.8%	32.9%	32.8%
Expenditure	39.3%	36.0%	37.6%	41.9%	38.1%	35.0%	36.3%	36.3%
Budget Balance	-5.2%	-5.1%	-5.0%	-8.7%	-7.9%	-5.1%	-3.2%	-3.2%
Debt	43.4%	48.4%	56.0%	62.7%	67.2%	66.2%	62.5%	60.1%
Interest*	9.3%	11.3%	11.9%	12.8%	13.9%	14.7%	14.6%	14.2%
Guarantees	6.4%	6.0%	6.2%	5.8%	5.5%	4.4%	3.7%	3.4%

* as % of revenue

Source: Fiscal Strategy Documents

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

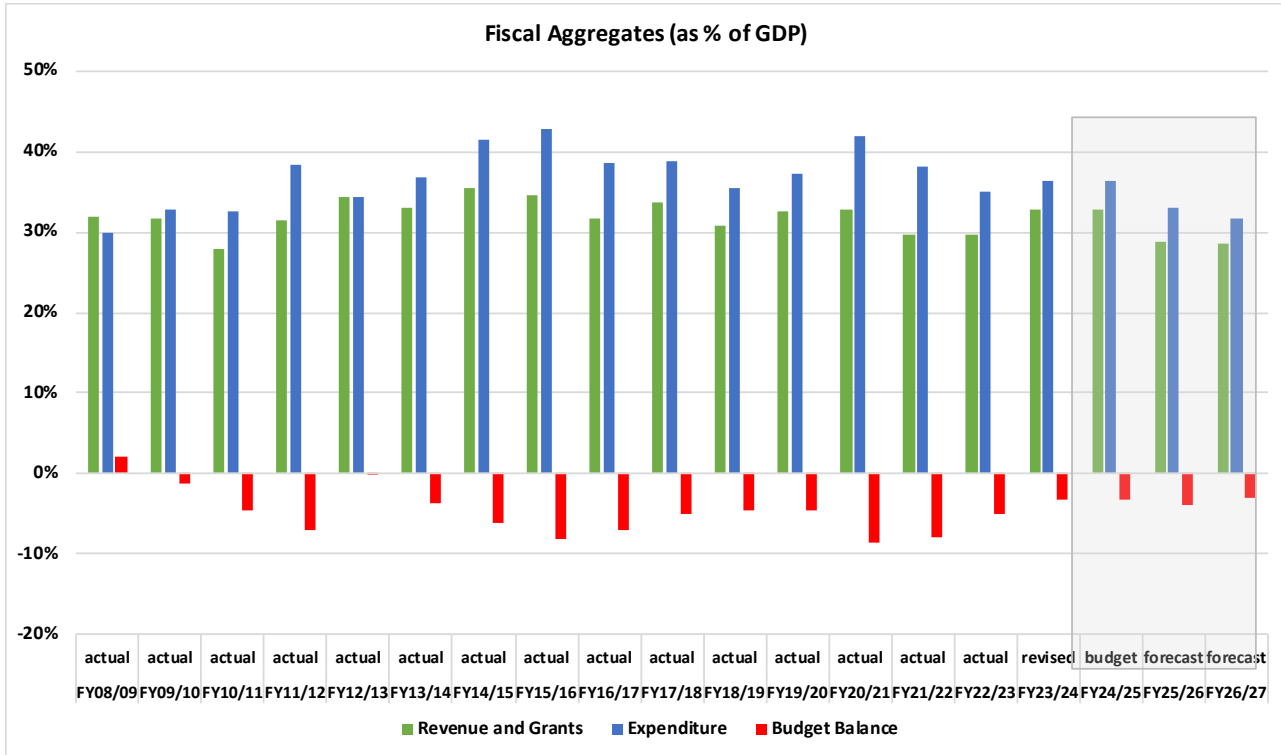
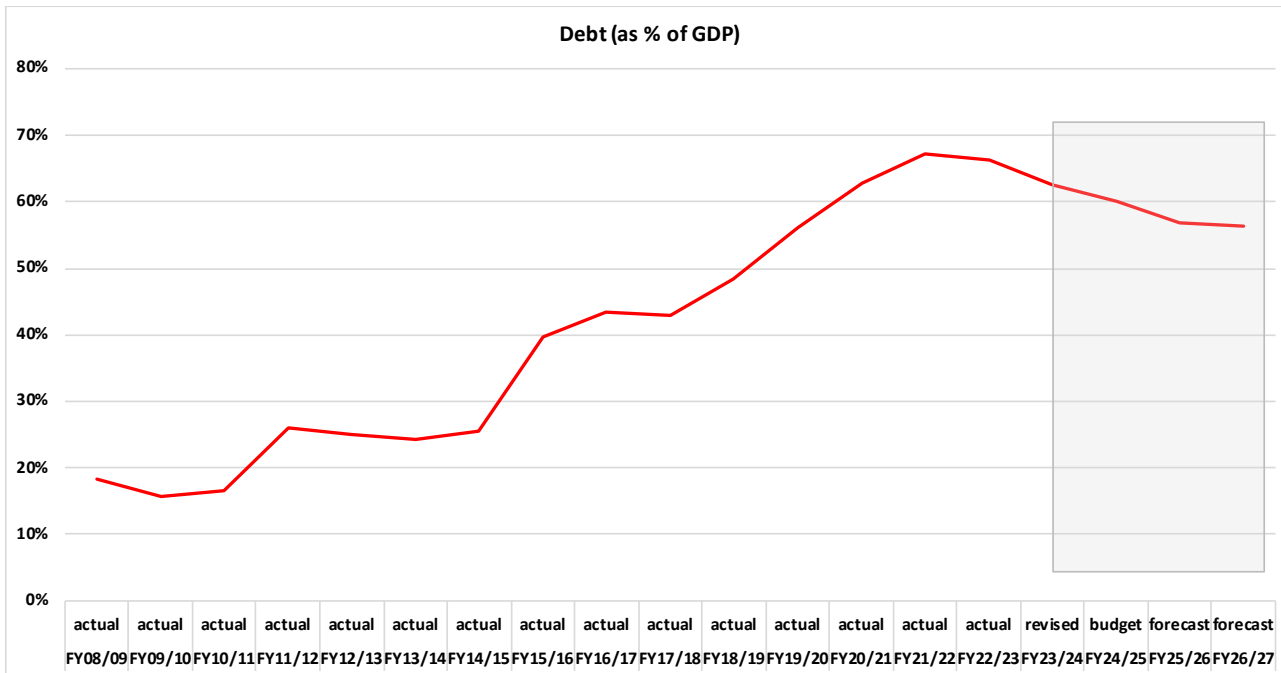


Chart 2: Ratio of Debt to GDP



Budget transactions are summarised in the Fiscal Strategy document on page 26: Fiscal Stance for FY2020/21-2026/27 which is reproduced below.

Table 8: Summary of Central Government Operations

Item in FY24/25	N\$m
GDP (estimated)	275,837
1. Total Revenue and Grants	90,427
2. Total Expenditure excluding Statutory	87,267
Development Expenditure Outside Budget (Grant-funded)	730
Development Expenditure Outside Budget (Loan-funded)	2,434
3. Total Expenditure including Statutory (2+4)	100.101
4. Total Statutory Payments	10,021
Domestic Interest Payments	10,328
Foreign Interest Payments	2,505
Total Interest Payments	12,834
Other Statutory Payments	0
Primary Balance (1-2+698)	3,890
Budget Balance (1-2-4+698)	-8,944
Total Financing Requirement	11,666
Cash Requirement	0
Project Financing	0
Foreign Loan Principal Repayment	2,722
Bond Redemption (Sinking Fund)	1,600
Contingent Liabilities	0
Foreign Financing	2,706
African Development Bank	1,751
International Monetary Fund	0
Kreditanstalt für Wiederaufbau	683
Domestic Financing (Total Financing – Foreign Financing)	9,232
Public and guaranteed debt	165,822
Total debt as % of GDP	60.1%

Transparency and Access to Information

Some years ago we commented on the transparency of budget documentation. This year the Budget Speech, Estimates of Revenue and Expenditure, the Fiscal Strategy, the MTEF and the Appropriation Bill documents were available on the day the budget was tabled. The Development Budget was available on the NPC website. The latter document is generally well-produced and contains a wealth of information about Government's development spending but generally receives little attention, possibly because it is often published some time after the Budget has been tabled which was not the case this year. 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 since Independence.

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 516) 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. A table on the overall establishment and staffing of the public sector (page 27 of the Estimates) made a welcome return although staff under Vote 08 Defence were excluded.

All in all, budget documentation is generally better than in previous years and generally consistent. The Development Budget was available from the National Planning Commission website soon after the budget was 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 – Back to Business as Usual

This year's budget saw a continued return to steady economic growth and growth in revenues giving the Minister more fiscal headroom to raise spending whilst at the same time making important changes to corporate and individual income tax, and gradually reducing the size of public debt as a proportion of the economy. Given Presidential and National Assembly elections are due to take place at the end of the year, the budget was surprisingly restrained with few if any outright bribes to the electorate. Tough decisions – on public enterprises, the size and efficiency of the public sector, the quality of public services, on PSE-MAS – were conspicuous by their absence and there continue to be questions about the quality of public spending, especially on infrastructure. The Minister admitted the recovery will not be nearly sufficient to address the country's high unemployment. Namibia has not measured employment and unemployment since 2018 but the creation of sustainable jobs and employment opportunities remains the central economic challenge. Nonetheless, the Minister has successfully steered the economy and the public finances through their most challenging period since Independence, and for that he deserves the country's thanks.

About the Author

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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.

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