



Republic of Namibia
Ministry of Finance

MOTIVATION FOR BUDGET ALLOCATION
TO VOTE 09: FINANCE IN THE APPROPRIATION BILL, 2021

PRESENTED BY

BY

IPUMBU SHIIMI, MP
MINISTER OF FINANCE

21 April 2021

*Honourable Chairperson of the Whole House Committee,
Honourable Members*

1. It is my distinct honour to introduce to this August House the expenditure proposals for Vote 09: Finance for appropriation, to meet the financial requirements of the Vote during the financial year ending March 2022.
2. The Constitution of the Republic of Namibia and the financial laws bestow upon the Ministry of Finance to carry out the following mandate of being responsible for managing the State Revenue Fund through prudent public finance management; oversee the Government assets and liabilities and to see to it that the financial sector is sound, stable and aligned to meet the needs of the domestic economy.
3. Allow me *Honourable Chairperson of the Whole House Committee, Honourable Members* from the onset to clarify the composition of Vote 9: Finance expenditure proposals. It comprises of:
 - a) expenditure ceiling to be appropriated as part of the 2021/22 Appropriation Bill, and
 - b) Expenditure (debt servicing or commonly known as interest payments) that is deemed to have been appropriated as per section 10 (1) (b) (iii) read together with section 10 (2) of the State Finance Act, 1991. The section makes reference to other charges to the State Revenue Fund under the same deemed provision. It thus suffices to say that the amounts that I am about to introduce for various programs of the Ministry, exclude a total amount of N\$8.5 billion estimated for 2021/22 financial year for debt servicing.

Honourable Chairperson of the Whole Committee, Honourable Members,

4. The Ministry of Finance is motivating for the total allocations of N\$4.7 billion in 2021/22 financial year. The greater part of the Vote's proposed ceilings is earmarked for cross-cutting expenditure items, namely: PSEMAS and procurement of COVID-19 Vaccines, Contingency Provision, Political Parties funding and government institutions falling under Finance. I shall now turn to the details of the various programmes under the Vote as follows:

Programme 1: Economic Policy Advice

5. This Programme is to provide advice on economic policy aimed at fostering macro-economic stability, advancing economic development and addressing socio-economic challenges.
6. During the past financial year, the programme produced the Macroeconomic Framework for the 2020/21 Mid-term Review and Policy Statement for the 2021/22-2023/24 MTEF.
7. An amount of N\$13.5 million is being requested for 2021/2022 financial year to carry out the following main activities: assess the Macro-fiscal economic developments and continuously update the projections, undertake economic research activities and produce the 2021/2022 Mid-Year Budget Review and Policy Statement for the 2022/2023-2024/25 MTEF. The Programme shall further oversee the implementation of the Financial Sector Strategy as well as the coordination of Article IV Consultations and Credit ratings.

Programme 2: Revenue Management

8. During the past financial year, the Programme focused on revenue collections and the estimated target was achieved. Further achievements were the Income Tax Amendment Act that was passed by Parliament in July 2020 and gazetted in December 2020, giving effect to elimination of preferential tax regimes. i.e the manufacturing incentives as well as the tax holiday provided for in the Export Processing Zones Act and enabling Namibia to be delisted from the infamous tax haven list by the European Union. Export Levy was also amended from percentage rate to charge per kilograms to avoid undervaluation.
9. With the launch of the Namibia Revenue Agency (NamRA), activities under this Programme are divided into two components, namely: the revenue policy formulation under the Ministry of Finance and the revenue administration under NamRA. The Ministry has earmarked N\$538.7 million for 2021/2022 financial year. Of this amount, N\$79 million is allocated as additional amount to the baseline programme activities to bring NamRA into operation.
10. The programme will oversee the drafting of amendments to the Customs and Excise Act, development of Regulations to the Customs and Excise Act and amendments to the tax laws

to bring into operation the announced tax policy and administration measures. The administration component for optimal collection of revenue will be performed by NamRA.

Programme 3: Government Expenditure Management

11. During the 2020/21 financial year, the programme facilitated the tabling of the Mid-Year Budget Review documents. In addition, the Central Government Consolidated Financial Statements for 2019/2020 financial year were compiled and transmitted to the Office of the Auditor-General by the statutory date. The programme facilitated to a greater extent timely payments to foreign and local suppliers for goods and services provided to the central government.
12. An amount of N\$554.4 million is allocated for 2021/2022 financial year for the execution of the following activities: compilation of the 2020/21 Government Accounts and Financial Statements for submission to the Auditor-General within the prescribed timeframe; review of the various Votes' spending results which will inform the formulation of 2021/22 Mid-Year Budget Review documents; coordination of stakeholders' consultations for the 2022/23 budget and the corresponding MTEF documents; and drafting the Public Finance Management Bill and continue to update the State Asset Register.
13. Under this Programme, an amount of N\$200 million is earmarked for the Contingency Provision for 2021/22 financial year. An amount of N\$103.8 million is allocated for Political Parties funding for 2021/22 financial year; an amount of N\$213 million is earmarked to State Entities under its stewardship, in order to contribute to the attainment of the national development objectives as follows: Agribank is to receive N\$90 million, Namfisa Appeal Board N\$1.5 million, Development Bank an amount of N\$45 million, Financial Intelligence Centre is allocated N\$39 million, Public Accountants and Auditors Board is allocated N\$2.5million and the Central Procurement Board is allocated an amount of N\$32 million.

Programme 4: Government Procurement Management

14. During the past financial year, the process to decongest the public procurement commenced with the draft amendments to the Public Procurement Act as well as the drafting of the Codes

of Good Practice that will give effect to the provisions of the Act on preferences. The Amended Directive on Local Sourcing was published in December 2020.

15. The programme conducted 43 trainings on the implementation of, and compliance with the Public Procurement Act 15 of 2015. It further facilitated the finalization and signing of the MOU between and among MOF, UNAM, NUST and NIPAM for the development of an accredited training programs on Public Procurement for targeting Public Entities.
16. An amount of N\$9.8million is proposed under this Programme for 2021/22 financial year to enhance efficiency of the Public Procurement System and compliance with the Public Procurement Act, 2015 (Act 15 of 2015). The Programme will further promote integrity, transparency, competitive supply and value for money in the procurement of assets, works and services. The amended Public Procurement Bill and the Codes of Good Practice will be submitted to Cabinet during the 2021/22 financial year.

Programme 5: Civil Servant Managed Health Care

17. During the 2020/21 financial year, re-registration of PSEMAS members and dependants was carried out and some members' membership was deactivated as per the outcome of the re-registration process. Those members who were behind with their monthly contributions were also identified and the payment process for their dues commenced during that period. Amounts were also recovered from some Health Care service Providers who were found to have over-claimed.
18. An amount of N\$3.2 billion is proposed for allocation for the 2021/22 under the Programme to ensure effective coordination and management of PSEMAS through the undertaking of various reforms, the registration of members and coordination of members' services as well as the timely payment of Health Service Providers' claims. Included in the allocation to this Programme, is an amount of N\$484million which is earmarked for the procurement of COVID-19 vaccines, a Government effort that will be complimented by the private sector as per the ongoing stakeholder consultations.

Programme 6: Public Private Partnership (PPP)

19. The main objective of this programme to promote an enabling environment for facilitate private sector investments in the provision of public infrastructure assets/services. An amount of N\$20.3 million is allocated in 2021/22 for personnel and other operational expenses.
20. The programme is planning to establish a PPP Project Preparation Facility to be hosted by the Development Bank of Namibia and mobilize funds from regional and international Development Finance Institutions as well as Multilateral organizations.
21. Furthermore, the programme is planning to continue expanding the capacity building and outreach programme in order to ensure that Public Entities are familiar with PPP concepts and implementation framework. In collaboration with several stakeholders, PPP Conference is held annually to profile potential PPP projects and investment opportunities.

22. Programme 7: Policy Coordination and Support Services

Honourable Chairperson of the Whole House Committee, Honourable Members

23. The objective of the Programme is to provide policy supervision and administrative support to the activities of the Ministry. The program entails the strategic guidance and oversight towards the achievement of established goals as per the Strategic Plan of the Ministry.
24. An amount of N\$395.6 million is earmarked for 2021/22 financial year. The programme will ensure the implementation of the Performance Management System for effective delivery on the goals in the Strategic Plan of the Ministry. It shall ensure that all relevant systems of the Vote are secure and available. The programme will provide regular maintenance to its IT infrastructure and review the Service Level Agreements.
25. The programme will continue to manage operational risks through enhancement of its internal audit function and Enterprise Risk Management processes. The Government Internal Audit and Policy Coordination will implement the cure rate system for government Internal Audit as well as establish functional audit committees in OMAs. The programme will ensure proper

management of its human resources, financial resources, other assets and contracts management.

Honourable Chairperson of the Whole House Committee Honourable Members,

33. With this short introduction and with an anticipation that members have read all the budget documents, I now move to request this August House to consider and approve the expenditure request of **N\$4.7billion** for Vote 09: Finance to meet its financial requirements for 2021/2022 financial year.

I thank you.