FY2016/17 Mid-Year Budget Review Policy Statement

Presented
By

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INTRODUCTION

Honourable Speaker;
Honourable Members of the National Assembly;
Fellow Namibians;

1. I rise to table before you the 2016/17 Mid-Year Budget Review and the Medium-Term Budget Policy Statement for the next MTEF. This is the second presentation of the Mid-Year Budget Review and it happens at a time when the global, regional and our domestic economy are experiencing stiff headwinds. However the Namibian economy is in several ways outperforming some of its peers whilst at the same time, as a small and open economy, it is facing risks.

2. *Honourable Speaker;* Often, in the words of William Feather *"A budget tells us what we can't afford, but it doesn't keep us from buying it".* To avoid this situation this Mid-Year Budget Review aims to achieve four objectives, namely:-
   - *providing a half-year review of the budget execution and the freeing-up of resources to enhance fiscal sustainability and allocative efficiency,*
   - *proposing the Appropriation Amendment Bill to give effect to expenditure changes and realignments,*
   - *providing the macroeconomic and fiscal context for the Budget Review and the preparation for the next budget and MTEF; and*
   - *making advance announcement of the budgetary framework and the government spending priorities for the next MTEF, thereby enhancing transparency and openness of the budget process to the legislature and the public.*

3. Therefore, in terms of Article 126 of the Namibian Constitution, read with Section 1(1) of the State Finance Act, I have the honour to table, for the favourable consideration and approval by this House, the FY2016/17 Appropriation Amendment Bill and the Adjusted Estimates of Revenue, Income and Expenditure for FY2016/17.
4. Simultaneously, I present the Medium-Term Budget Policy Statement, providing the macroeconomic and fiscal context underpinning the Budget Review, policy

priorities and aggregate expenditure ceilings for the next budget and the MTEF consistent with the revised macroeconomic and fiscal conditions.

Honourable Speaker,

5. During the presentation of the Mid-Year Budget Review last year and the Budget for the 2016/17 financial year in February this year, I emphasized that the fiscal policy stance of the current MTEF is “to bring the medium-term expenditure outlook in line with the significant reduction in public revenue, support the rebuilding of macro-fiscal accounts and aim to lift tomorrow’s growth potential and social welfare through a pro-poor and growth-friendly fiscal consolidation programme”.

6. A year later, as we review the Mid-year Budget implementation in the context of the current economic and financial conditions, the urgency to achieve this policy objective cannot be overemphasized. Enhancing macroeconomic stability and placing public finance on a sustainable trajectory are of paramount importance in this Review and in the coming MTEF.

Economic, fiscal and financial context

7. This Mid-Year-Budget Review is being presented against the backdrop of the historical expansionary fiscal stance and its consequences as well as the significant negative developments in the global and regional economy, a challenging macroeconomic environment and the resultant unprecedented shocks to the domestic economy. The Namibian economy has never before been in such a precarious situation. This calls for a well-conceived, timely, resolute and consistent policy response.

Honourable Speaker,
Honourable Members,

8. In the aftermath of the financial crisis, our economy benefited from a prolonged countercyclical expansionary fiscal stance, supported by a commodity boom cycle. The result was robust growth over a seven year period. To maintain this expansionary intervention, growth in debt surpassed growth in GDP, with the result that total debt levels breached sustainability thresholds. Fiscal space, which

is the only effective shield for a small and open economy to mitigate against externally induced risks, had been used up when the commodity boom cycle switched to a bust and the global economy entered into a slowdown.

9. At the global level, economic growth in 2016 has been reduced significantly. After first being projected at 3.4 percent, the International Monetary Fund (IMF), in its third consecutive downward revision, has now estimated global growth for 2016 at 3.1 percent.

10. This slowdown reflects downward revisions in growth prospects for the world's largest economy, the United States, which is now estimated at 1.6 percent, from 2.6 percent the previous year and continued slowdown in China and in much of the Advanced Economies, particularly those of the Eurozone.

11. The Sub-Saharan African region has not escaped from the headwinds emanating from the fall-out and negative spill-overs from global economic, financial and trading developments, especially the low for longer commodity prices.

12. Economic growth for the Sub-Saharan African region is significantly marked down to 1.4 percent, putting to test the "Africa rising" growth narrative of the past decades, which saw GDP growth of over 5 five percent.

13. Closer to home, the South African economy, to which the Namibian economy is closely linked, is estimated to have a flat growth of 0.1 percent this year, marking a further slowdown from 1.3 percent in 2015. Its medium-term growth progression is dependent on improvements in external demand conditions and domestic policy reform agenda.

14. In addition, the Angolan economy, which is a major source of demand for Namibia is still contending with the enormous negative effects of low oil prices, with the growth estimates for 2016 now put at zero percent, dowm from 3 percent in 2015. The repercussions for Namibia from this collection of negative factors are significant. They significantly impact on domestic growth and government revenue.

Domestic economic developments and macroeconomic impacts

Honourable Speaker,

15. In our domestic economy, a convergence of contributing factors, ranging from low commodity prices, the prolonged drought condition as well as currency and exchange rate shocks have diminished short-term growth prospects. These external shocks have led to large upward adjustments in fiscal balances and debt metrics for most Sub-Saharan African countries, including Namibia.

16. As a small and open economy, the domestic economy is not spared from the negative impact emanating from the global and regional developments. Domestic economic growth is estimated to have slowed to about 2.5 percent in 2016, a significant deceleration from the 4.3 percent projected in the budget and a marked slowdown from the robust growth rate of 5.3 percent recorded in 2015.

17. The major constraint on 2016 growth, is due, in part, to the low external demand and fall-out from lower growth and domestic developments in the large regional economies of Angola and South Africa, the impact of the severe drought on the agricultural sector, the completion of large investment projects, constrained water supply for industries such as construction and beverage industry and the depressed commodity prices impacting on the mining sector.

18. As a result, nominal GDP for FY2015/16 is revised downward by 9.4 percent or some N$15.45 billion, while for the current 2016/17 financial year; the downward revision in GDP amounted to 16.1 percent or some N$30.54 billion.

19. As a result of these gaps between projected and actual output, the corresponding revenue is lower than anticipated. In respect of FY2015/16, while the year-on-year growth in revenue amounted to 4.6 percent, total revenue fell short of expectation by N$6.21 billion, equivalent to 10.6 percent of budgeted revenue. A key challenge to the realisation of the fiscal stance for the current MTEF is to bring the medium-term expenditure outlook harmonized with the significant reduction in revenue.

20. For the current fiscal year, the revenue is expected to fall short of forecast levels by approximately 9.0 percent or some N$6.23 billion due to the sharp reduction in economic activity.

Honourable Speaker,

21. As a result of these significant shortfalls in GDP and revenue, the fiscal targets have weakened relative to the budget and the national sustainability thresholds.

- *The budget deficit for FY2015/16 has changed from the budgeted 5.3 percent to 8.3 percent, above the 5 percent target. For FY2016/17 the deficit would change from 4.3 percent to an estimated 7.8 percent, if no timely action is taken to contain current expenditure.*
- *The financing needs had increased as a result of the widening budget deficit. As such, public debt for FY2015/16 has increased from the budgeted 36.7 percent to 40.1 percent of GDP. Absent timely action, this would rise to 42.4 percent of GDP by the end of this financial year, seen against the threshold of 35 percent.*
- *Deficit financing for FY2015/16 benefited from the issuance of the US$750 million Eurobond, with US$300 million supporting the reserve position and US$150 million was utilized to finance the FY2016/17 budget deficit.*
- *Interest payments will constitute approximately 7.5 percent of revenue by FY2016/17 and, this has risen, in part, due to exchange rate movements. During the 2015 calendar year, the Namibia Dollar depreciated by over 30 percent against the US$, resulting in an increase in the cost of debt servicing. To mitigate against exchange rate risks, hedging arrangements have been made against coupon payments for the Eurobonds and we have established a US$ denominated sinking fund facility for covering the principal debt redemption.*

- *Liquidity constraints are an emerging challenge that we are contending with in the domestic market. Financing for the high budget deficits for the past years increasingly led to the mopping up of liquidity and erosion of market confidence in Government bonds and bills. To restore sustainable debt levels and market confidence Government must cut-back expenditure and contain* *significant growth in public debt. Front-loading of the fiscal consolidation in this Mid-Year Review is the first step on this commitment.*

21. In respect to the current year budget execution rate, the Mid-Year revenue collection amounted to N$24.71 billion, equivalent to 42.7 percent of the budgeted revenue of N$57.85 billion, compared to 44.2 percent collection rate achieved in the previous corresponding period. The budget execution rate by the end of September 2016 stood at 40.4 percent, compared to 42.3 percent execution rate for the corresponding period.

22. These outcomes underpin the need for timely expenditure adjustment to bring spending levels in line with the revised macroeconomic outlook, given the potentially large financing requirements if we leave budgeted expenditure as it currently is.

Merchandize trade balance, Overall Balance of Payments and Official Reserves

Honourabe Speaker,

23. Another macro-critical development is increasing vulnerability in Namibia's external position and specifically the trade and current account balances. Strong investments, especially in the mining sector as well as the unintended consequences of historical expansionary budgets have led to increased inflow of imports over exports. As a result, the current account deficit has widened to 13.7 percent of GDP in 2015, compared to 7.6 percent in 2014. We derive confidence from the fact that recent investment activities to improve productive capacity are paying off. With most of the large investment projects having entered the production stage, the current account deficit is expected to improve to about 7.5 percent in 2016.

24. And, the overall balance of payments remained in surplus, thanks to stronger capital and financial accounts.

25. Additionally, Namibia continues to be a net creditor nation, with well-established institutional investor assets. As an example of this, the total assets of the pension funds is around 120 percent of GDP.

26. The official foreign reserves position has increased to 2.9 months of import cover by October this year, which is close to the international benchmark of 3 months of import coverage. The reserves position remains an important area for domestic policy action. We have only been able to achieve the current position as a result of support measures through utilizing a portion of the Eurobond proceeds in 2015 and Rand asset swaps. Long-term sustainable means of reserve accumulation are important.

Sovereign Ratings Assessments

27. While reaffirming Namibia's credit ratings investment grade at BBB-, Fitch Credit Ratings, in its latest assessment for Namibia, has revised Namibia's credit ratings outlook from stable to negative. The revision in the credit outlook was based on, among others, the rise in the budget deficit, public debt, current account deficit and weakening international reserves coverage. The same set of areas for policy action has been reiterated by the International Monetary Fund in its 2016 Article IV Consultation undertaken in September 2016.

28. This is a testimony that things have changed materially for Namibia and the whole region, and thus, timely interventions are required to maintain fiscal sustainability and cushion macroeconomic stability. As a small and open economy, we must be mindful of what William Feather said and I quote: "if we don't discipline ourselves, the World will do it for us". Retaining national sovereignty over policy space and, more importantly, fiscal policy is a virtue that we cherish and should protect at all times.

Deepening fiscal consolidation

Honourable Speaker,

29. The 2016/17 Mid-Year Budget Review aims to deepen the fiscal consolidation measures contemplated in the FY2016/17 budget and the MTEF. The Review and accompanying Budget Policy Statement further anchor the next budget and the MTEF in a macro-fiscal framework which strengthens macroeconomic stability, places public finance on a sustainable path, inspires market confidence and addresses Namibia's rating concerns.

30. In this sense, the Review introduces stronger fiscal consolidation measures and discounts against short-term unsustainable gains in favour of long-term sustainable outcomes as well as intergenerational equity. Such deeper fiscal consolidation will be accompanied by a package of supportive policy interventions to smoothen the impact of the adjustment on growth and social welfare. We believe that budget consolidation and economic growth are two sides of the same coin.

Fiscal Outlook and fiscal stance for the next MTEF

Honourable Speaker,

31. In regard to the medium-term outlook, the medium-term fiscal framework revises revenue for FY2017/18 downwards, from the indicative N$63.92 billion contemplated in the current MTEF to N$54.60 billion. This is about 4.6 percent year-on-year growth in revenue from the previous year. Over the MTEF period, revenue is forecast to grow by an average of 8.3 percent to reach about N$65.47 billion by FY2019/20.

32. The key policy objective over the next MTEF is the strengthening of hard-won macroeconomic stability and placing public finance on a sustainable path through stabilization of public debt. To achieve this objective and ensure that we live within our means, the Mid-Year Review and fiscal stance for the remainder of the FY2016/17 and the next MTEF is to:-

- *undertake expenditure reduction and suspend 2.8 percent of GDP from the current FY2016/17 budget,*
- *undertake cumulative expenditure reduction of about 6 percent of budgeted GDP, to be phased over the next MTEF to achieve a primary budget balance by FY2018/19 and overall stabilization of growth in public debt by the end of the MTEF*
- *reduce expenditure-to-GDP ratio from 40 percent of GDP to below 35 percent of GDP and gradually reduce the budget deficit threshold from 5 percent of GDP to below 3 percent of GDP.*

- *accelerate implementation of measures to improve the quality of spending, tax administration and tax policy reforms, curbing the erosion of revenue base and introduction of alternative forms of revenue and an increased tax collection effort, and*

- *implement measures to contain growth of the wage bill within acceptable levels and in line with international benchmarks.*

Composition of Fiscal Consolidation and the Medium-Term Expenditure Framework

33. The fiscal stance is to further deepen the consolidation framework announced in the FY2016/17 MTEF, based on expenditure cuts on both operational and development budgets. On the operational budget, spending cuts are made on freezing of vacancies, materials and supplies, subsistence and travel allowance, transport, overtime, other services and expenses, operational equipment and machinery; vehicles, office furniture and equipment as well as transfers to Public Enterprises.

34. On the development budget, the consolidation is concentrated on budgeted projects that are not yet implemented or those that have a low implementation rate. Projects that are not yet implemented are deferred over the MTEF, while projects with slow implementation rate are paced over the MTEF. As such, Cabinet has place a moratorium on the construction of new office buildings and, as such, major office buildings such as the new Parliament Building and Office of the Prime Minister are prime examples of this measure.

35. In reality, new development projects will only enter the expenditure framework as fiscal space that is consistent with the fiscal stance and adjustment path emerge.

36. To realise the intended objectives of balancing growth and fiscal sustainability, the fiscal policy framework for the MTEF will be anchored on three mutually-reinforcing objectives to cushion the effects of the consolidation to growth and social welfare, namely:-

- *Implementing expenditure consolidation measures in line with the adjustment path of the fiscal stance,*
- *Implementing measures to raise additional revenue through tax base broadening and deepening of existing revenue streams, eliminating revenue-eroding tax exemptions, implementing presumptive tax on small units and general improvement in tax administration and collection effort,*
- *Assessing options to leverage public assets to drive the development agenda, and*
- *Implementing supportive structural policy reform agenda to alleviate reliance on the national budget, mobilize domestic resources, improve overall business environment, engaging with the private sector through Public Private Partnerships (PPP), and promote access to finance especially for SMEs.*

37. In the framework of this policy stance, the reduction in the FY2016/17 budget would reduce the revised budget deficit from the estimated 7.8 percent to about 6.3 percent.

38. The indicative expenditure ceilings for the next two years as announced in the current MTEF are reduced by a cumulative 6.0 percent of GDP, with the maximum ceiling for FY2017/18 revised from N$69.86 billion to N$59.85 billion and, for FY2018/19 the ceiling is revised to N$62.29 billion and by the end of the MTEF, reach N$64.42 billion.

39. Within this framework, total expenditure as a percent of GDP would average around 33 percent. The budget deficit would reduce to about 3 percent of GDP in FY2017/18 and average around 2.5 percent of GDP over the MTEF.

40. Growth in public debt is projected to stabilize at about 42 percent of GDP in FY2018/19 before it starts gradually reducing by the end of the MTEF.

Measures to anchor the medium-term consolidation adjustment path

Honourable Speaker,

41. To ensure that the fiscal adjustment delivers the intended policy objectives, Government will implement the following measures, alongside the consolidation framework:-

- implementing an integrated and sound macro-fiscal framework for macrofiscal projections and assessment of various policy scenarios,
- effective expenditure control measures and fiscal risk management framework to ensure that public expenditure is contained within the budgetary and financing framework and the quality of expenditure is improved,
- undertaking research to identify bankable investment opportunities through a sustained consultative forum with the financial services industry and other role players as a catalyst for private sector-led growth,
- promoting efficiency in public investment and procurement through implementation of objective criteria for project appraisal, PPPs and Government procurement costs,
- Implementing credible reforms for the public sector wage bill through vacancy freeze, selective filling of vacancies to reduce the ratio of wage bill to GDP and indexing wage rise to levels not higher than inflation
- Revenue-raising, deepening existing revenue sources and strengthening tax administration for increased revenue collection and diversification of revenue sources,
- implementing Public Enterprises reforms and undertake research in regard to achieve the partial listing of some of the Public Enterprises,
- utilize Public, Private Partnership arrangements and creating a conducive environment for leveraging private capital in the development of infrastructure and the provision of services, and
- implementing structural reforms aimed at promoting economic growth and social development

Tax Policy, Revenue enhancement and Tax Administration Reforms

Honourable Speaker,

42. The fiscal consolidation is not only focused on cutting expenditure, but also the improved mobilisation of domestic revenue sources. Fiscal consolidation should be supported by tax policy and tax administration measures to enhance the contribution of revenue on smoothing the fiscal adjustment path. Joseph E.

Stiglitz said "We were not rich, but my parents had adjusted their lifestyle to their incomes—and in the end that is a big part of the battle." We must make choices between "must have" and "nice to have".

43. We agree, whether at household level or at national level, to align expenditure to revenue when developmental and social needs far outstrip resource availability is "a big part of the battle".

44. During the current fiscal year, I have introduced the following new taxes for additional revenue generation:

- *environmental taxes on carbon dioxide emission on motor vehicles, incandescent light bulbs and motor vehicle tyres,*
- *the Export levy on taxation to promote domestic value-addition and processing of raw materials in the primary commodity and natural resources sectors,*
- *increase in the fuel levy for domestic revenue purposes, and*
- *expanding the tax regime to the Exclusive Economic Zone of the territorial waters,*
- *scaling-up the programme for targeted recovery of tax arrears for different categories of tax and non-tax revenues,*

44. I will also by, February 2017, table the Namibia Revenue Agency Bill to transform the Inland Revenue Department and Customs and Excise Directorate of the Ministry of Finance into an autonomous Revenue Agency.

45. During the coming budget, it is my intention to table:-

- *the tax proposal for the introduction of the presumptive tax on small units*
- *proposals to eliminate various categories of tax exemptions, both of VAT and income taxes as well as tax deductibility of some of items not related to cost of production such as the resource rent,*

- *redesign the proposals for Solidarity Wealth Tax into a high income-based Wealth Tax, coupled with further expansion and strengthening the provisions of Capital Gains Tax,*

46. In regard to the broader agenda for domestic resources mobilization, Regulation 28 will be amended to lift the threshold for local asset requirement from the current 35 percent of total assets to about 50 percent through a phased process. This will be undertaken in line with the initiatives in the Financial Sector Strategy to develop the domestic market alongside actions to grow bankable asset classes to accommodate the inflow of funds.

47. As Government, transparency and accountability, is very important to us and thus, incorporation of that virtue in the **Harambee Prosperity Plan (HPP),** under the Pillar of Effective Governance. We will therefore continue to engage the market participants on our journey in developing the Namibia financial markets. I am glad to announce that the engagement with the market has commenced to develop how best the domestic resources can be mobilized, improve liquidity in the market and increasingly invest in infrastructure needs.

48. The private sector and the financial services industry is called upon to leverage opportunities for project financing as a result of the ongoing consultation and partnership process.

Policy Interventions and Spending Priorities for the next MTEF

Honourable Speaker,

49. For Namibia, as a developmental state, the fiscal consolidation measure should not obscure the economic and social development objectives. The broader economic and fiscal policy priorities for the next budget and MTEF will be targeted at supporting the fiscal consolidation framework, while supporting the broader national development objectives enshrined in Vision 2030, the **Harambee Prosperity Plan** and the envisaged Fifth National Development Plan (NDP V).

50. The key spending priorities for the FY2017/18 and MTEF are to fund development interventions established in the national development policy frameworks within the constraints of available resources. Among others matters, Government will:-

- *safeguard macroeconomic stability and address sovereign ratings weaknesses by ensuring fiscal prudence, policy coordination and implementing a much deeper but balanced fiscal adjustment path, based on reinforced reduction of non-priority recurrent spending,*
- *leverage alternative sources of financing to reduce over-reliance on the national budget through a balanced approach to utilization of domestic asset requirements, Public, Private Partnerships and engaging the private sector in projects with potential revenue and profit generation,*
- *promoting inclusive economic growth and job creation by increasing investment in public infrastructure in the priority sectors of the economy through off-budget financing of priority projects,*
- *promoting industrial development and optimizing the value obtained from natural resources,*
- *protecting productive expenditure in the social sectors of education, health and skills development, and*
- *Mobilizing domestic resources and implementing supportive policies and structural reforms to bolster the competitiveness of the national economy and attracting investment.*

Honourable Speaker,
Honourable Members,

51. Let me now turn to the FY2016/17 Appropriation Amendment Bill.

The FY2016/17 Appropriation Amendment Bill

52. In regard to the FY2016/17 Appropriation Amendment Bill, a total of N$5.50 billion was identified as expenditure cuts during the Mid-Year Budget Review.

The expenditure cuts are urgently needed due to the downward revision in budget revenue estimates of about N$6.23 billion and the limited scope for further increasing public debt through borrowing. This is a necessary collective course of action and each and every single Budget Vote has contributed to this objective.

53. There is no substitute for protecting our hard-won macroeconomic stability and fiscal sustainability and therefore the bulk of the cuts in expenditure are not being reallocated, but are suspended to compensate for the revenue shortfalls.

54. On the operational budget, the total operation budget is cut by N$2.82 billion. Non-interest expenditure is cut by N$1.82 billion, with cuts made on the following budget items:

- *Spending related to personnel expenditure and unfilled vacancies is cut by 2.5 percent, or N$633.39 million,*
- *Goods and other services, mainly comprising Subsistence and Travel Allowance, material supplies and transport are cut by 6.1 percent, or N$527.87 million,*
- *Subsidies and Other Current transfers are cut by 2.2 percent or N$379.57 million, and*
- *Acquisition of capital assets is cut by 25.7 percent or some N$278.01 million.*

55. To support the consolidation effort, N$1 billion will be suspended from savings on the statutory expenditure. Total statutory expenditure is budgeted at N$4.88 billion, for which N$2.42 billion is spent by October 2016. Statutory payments spending is estimated at N$3.87 by the end of the financial year.

56. The development budget expenditure is cut by N$2.7 billion, with about 11 percent of the cut due from projects that have not been implemented, and others from projects that have to be phased over the MTEF. The cuts mainly concentrated on the construction of office blocks or extensions, with a more bias towards administrative sector than social sectors. Defense was affected the most in this case.

57. Out of the N$5.5 billion freed-up funds, the following is proposed for your favourable consideration and approval:-

- An amount of N$4.5 billion expenditure, equivalent to 81.8 percent of the total budget cut is to be suspended,
- The remaining N$1 billion is to be reallocated to urgent funding needs and priorities as follows:-

58. Internal reallocation to funding needs and priorities are allocated as follows:-

- An amount of N$350 million is allocated to the Ministry of Agriculture Water and Forestry to fund the completion of Neckartal Dam,
- An amount of N$150 million is allocated the Drought Relief Programme under the Office of the Prime Minister;
- A total of N$150 million is allocated to the Orphans and Vulnerable Children programme under the Ministry of Gender Equality and Child Welfare to cater expanded coverage,
- N$50 million is allocated to the Ministry of Home Affairs and Immigration for the Visa Stickers project
- N$100 million is allocated to the settlement of Mass Housing contracts under the Ministry of Urban and Rural Development.
- A N$100 million is allocated to the University of Namibia (UNAM)
- A N$100 million is allocated to the Namibia University of Science Technology (NUST)

59. The details of the reallocation are contained in the Appropriation Amendment Bill and the Adjusted Estimate of Revenue and Expenditure provided for in the Policy Statement.

Conclusion

60. To conclude, Honourable Speaker, Honourable Members; the economic and fiscal environment has changed and remains dynamic. Our economy, small as it is, remains resilient amidst current challenging times. Current and medium-term economic growth are still in the positive growth territory, setting a firm basis for the recalibration of fiscal policy.

61. This Mid-Year Budget Review proposes a fundamental, but balanced alignment of the Government fiscal operations to the new macroeconomic and fiscal framework.

62. The consolidation framework has the objective of placing our public finances on a sound, prudent and sustainable path. It is balanced consolidation adjustment, with a supportive policy package to enhance efficiencies and quality of spending and cushion the adverse impact of expenditure cuts on growth and service delivery.

63. Achieving shared goals and fiscal sustainability is a collective responsibility. At this juncture, we can make it or break it. Retaining fiscal sovereignty is not a matter of choice. We have collectively chosen build the Namibian house together. We have chosen to make it.

64. We are reasserting our time-tested national commitment that sustainability is at the core of our fiscal policy. And sustainable development outcomes obtain from resilient policy frameworks. This is the policy course of action which we have acceded to when we set out our long-term aspirations in Vision 2030. This is what we aim to achieve as we pull together to achieve the goals of the Harambee Prosperity Plan. This is what we aspire to achieve in the envisaged Fifth National Development Plan (NDP V).

65. May I conclude my statement by expressing my profound gratitude to His Excellency President Hage Geingob for his understanding and support.

66. Equally, His Excellency Vice President Nicky Iyambo, Right Honorable Prime Minister Kuugongelwa-Amadhila, the Hon. Deputy Prime Minister Netumbo Nandi Ndaitwah and my Honourable Cabinet Colleagues have stood by our

proposals in the face of the pain that these measures will cause. We are however unanimous in our conviction that we are on the right path. And that the long-term gains far outweigh short-term pain.

67. I thank Hon. Tom Alweendo, Minister of Economic Planning and Director General of the National Planning Commission and his entire staff for the joint work and usual support. I thank Bank of Namibia for all-round support.

68. My gratitude also extends to my Permanent Secretary, Madam Ericah Shafudah, my officials who put in late hours in preparing the documentation and all senior officials in all M/O/As for the hard work and understanding for the necessity of the fiscal stance.

69. I also wish to thank the financial services industry players, the Bankers Association of Namibia, Asset Managers, Insurance industry, Economic Association of Namibia for collaboration and support.

70. Allow me to end the statement with a quotation from King Oscar II of Sweden. He said "*I would rather have people laugh at my economies than weep for my extravagances*"

Hon Speaker,
Hon Members,

I appeal for your support and thank you for your attention.