



REPUBLIC OF NAMIBIA

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**NATIONAL ASSEMBLY  
APPROPRIATION BILL 2011/12****TOWARD A HUMAN CENTRED BUDGET  
BY RIGHT HONOURABLE NAHAS ANGULA  
PRIME MINISTER**

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**Hard choices**

A budget is a tool for planning. Planning implies making hard choices. Choices have to be made because of scarcity. This means that the available resources put limitation on a range of choices to be made. A budget is, therefore, not an open-ended affair. It has parameters.

The Minister of Finance in her fiscal policy for the Medium Term Expenditure, Framework, (MTEF) 2011-2014, has set fiscal benchmarks which shall determine the size of the cake. These benchmarks are:

- Maintenance of average debt within the limits of 30 percent of the Gross Domestic Product (GDP);
- Keeping the average budget deficit within 7 percent of the Gross Domestic Product;

- Ensuring that public expenditure levels are below 30 percent of the Gross Domestic Products, on annual basis;
- Keeping the interest rate payments as a ratio of Revenue within the limit of 10 percent annually;
- and maintaining contingent liability of the State below the target of 10 percent of the Gross Domestic Product, annually.

These benchmarks form the bedrock of a sustainable macro-economic framework. Public revenue has to be generated within these parameters. There is, therefore, limitations to revenue generation. This is the first huddle any Minister of Finance has to face.

The second challenge is how to allocate the resources generated from the public. This is a serious responsibility. The Minister exercises this responsibility in Cabinet. At Independence, Cabinet identified priority sectors for Government investment. These were: Education, Agriculture, Health and Housing . These still remain priorities of Government. In the current Budget these Sectors collectively are allocated N\$ 15.3 billions. This is more than one third of the Budget.

Cabinet recently added another priority. That is the Employment Creation Programme. The Targeted Intervention Programme for Employment and Economic Growth (TIPEEG) is being developed to be the anchor for employment creation. Four Sectors have been identified as having high potential for employment creation. These are Agriculture, Tourism, Transport, Housing and Sanitation. An amount of N\$ 9.1 billions has been allocated to these Sectors for this purpose during this financial year.

The choices of Government are clearly to address the human needs. This is a human centred Budget. Unfortunately the social deficit we have inherited is enormous. This historical social deficit cannot be smoothed out in a single Medium Term Expenditure Framework. Poverty, both absolute and relative, shall continue to haunt us for some time. No wonder some citizens are pushing for the Basic Income Grant (BIG).

### **We are a caring nation**

Proponents of the Basic Income Grant tend to paint a picture that of an uncaring Government. That picture is wrong. What the Government is saying is that poverty eradication should be tackled in a sustainable manner. Furthermore, poverty reduction should be empowering.

Sustainability is the key consideration in the Brazilian law on Basic Income Grant. Article 2 of the Brazilian Law on Basic Income Grant reads:

**“The basic income grant will be distributed equally and will be sufficient to cover all the basic needs such as food, education and health, **taking into account the country’s level of economic development**”.**

The underlined caveat is conveniently ignored by the proponents of the Basic Income Grant. Equally, the figure of N\$ 100 will not be able to cover “the basic needs such as food, education and health”.

Moreover, whatever measures are adopted to fight poverty, such measures should empower the beneficiaries. Empowerment restores the dignity of a person. A healthy, fit and strong person shall feel more dignified if his or her independence is restored through empowerment social interventions. Such a person will feel offended if treated like a child by a benign benevolent State. BIG is a paternalistic way of fighting poverty.

For the elderly, the disabled, the vulnerable and the war veterans, Government has created extensive safety nets to take care of their needs.

The table below captures the allocations to these safety nets. In the current Budget a sum of N\$ 3, 749, 301 is earmarked for the social safety nets. If the

#### **Expenditure on the Safatynet for the MTEF**

Programme (N\$ 000)	Actual 200/10	Actual 2010/11	MTEF Projection		
			2011/12	2012/13	2012/14
Early Childhood Development Support Subsidies	400 000	400 000	700 000		Not available
Grants to Women's Projects for Capacity Building	842 000	773 000	1 000 000		Not available
Maintenance grants, Foster parent allowances (OVC)	202 061	369 000	375 196	372 780	Not available
Allowance for War Orphans	0	400 000	400 000	270 000	Not available
Social Pensions	878 433	950 877	960 160	1 031 842	Not available
Funeral Plan	34 251	40 000	44 145	48 413	Not available
Namibia emergency Disaster Funds	129 400	20 000	20 000	20 000	Not available
Veterans (Subvention)	221 800	221 800	246 800	246 800	Not available
Food for work, Cash for Work	1 000	3 000	3 000	5 000	Not available
School feeding Programmes					Not available
<b>Subtotal</b>	<b>2 708 945</b>	<b>3 177 677</b>	<b>3 749 301</b>	<b>1 994 835</b>	
<b>PSEMAS</b>	<b>909 181</b>	<b>902 500</b>	<b>1 041 497</b>	<b>1 550 800</b>	Not available
<b>Total</b>	<b>3 618 126</b>	<b>4 080 177</b>	<b>4 790 798</b>	<b>3 545 635</b>	

amount allocated to the health and well-being of public servants through PSEMAS is added the total allocation to social safety nets shall be N\$ 4,790,798 benefiting some N\$ 1,058,965 citizens. In addition allocations to anti-retroviral therapies, the Students Financial Support Scheme and the San Development Programmes further benefit large sections of our population.

Undoubtly our Budget is people centred. It is not only pro-poor but pro-vulnerable members of our society. This is a demonstration that our Government cares.

Furthermore, serious attempts are made in the Development Budget to equitably allocate resources to Regions.

### **Development Equity**

The total Development envelope for 2011/2012 is N\$8.6 billion. How is this amount distributed per Region?

The Khomas Region received the highest allocation. An amount of N\$ 1.4 billion has been allocated to this Region. The largest allocation of N\$ 120 millions is for the School of Medicine of the University of Namibia. The other allocation of N\$ 35million is for the expansion of the Hotel School of the Polytechnic of Namibia. Other notable allocations are to the construction of Otjomuise Primary School, New Cimbabesia Primary School, University of Namibia Students Resource Centre, construction of the National Genetically Modified Organism Testing Centre, improvement to Neudamm Agriculture College, etc. Other large allocations are for the construction of Government Office Blocks and other Public Physical Facilities.

The Kavango Region received the second largest allocation of N\$ 852 million. This amount will cater among others, for the construction of Ncaute Secondary School (N\$20 millions), Rundu Vocational School (N\$ 17 millions), construction of water sewerage and roads in Rundu (20 million); development of Katwitwi EPZ Industrial Park (N\$ 20 millions), Rural Electrification (N\$ 9 millions, ect.

The Omusati; Karas; and Ohangwena Regions received N\$ 719 millions, N\$652 millions and N\$ 641 millions, respectively. Whereas the Oshikoto, Erongo, Oshana and Caprivi Regions received N\$593 millions, N\$ 476 millions, N\$573 million and N\$ 423 million, respectively. Otjozondjupa Region is also in this class. It was allocated N\$ 523 million. Whereas Hardap and Kunene Regions received N\$ 247 millions and N\$ 198,831 millions respectively.

An amount of N\$ 257 millions is allocated to maintain and acquire Government Properties abroad.

In terms of the allocation per person in the Regions, the Karas Region received the highest. The Caprivi and Khomas Regions received the second highest per capita allocation. The Omusati and Ohangwena Regions received the lowest per capita allocation. The Erongo, Hardap, Kavango and Omaheke Regions received more or less the same allocation per capita. Similarly, Oshikoto and Otjozondjupa are at par in terms of per capita allocations.

There is therefore no denying that the development cake is being shared equitably. The challenge is however, who determines the priority of Regions in terms of which projects to be funded by the Development Budget. One hopes that the

appointment of Regional Governors shall enhance wider stakeholder participation in the allocation of the Development Budget.

## **Conclusion**

The Honourable Minister of Finance and the Honourable Director-General of the National Planning Commission and their staff should be commended for making the right choices in the allocation of the Public resources. The choice of allocations of the national demonstrates that the Namibian Government is human centred, caring, fair and empowering. These are the qualities of a “People’s Government” and a of Developmental State.

I thank you!