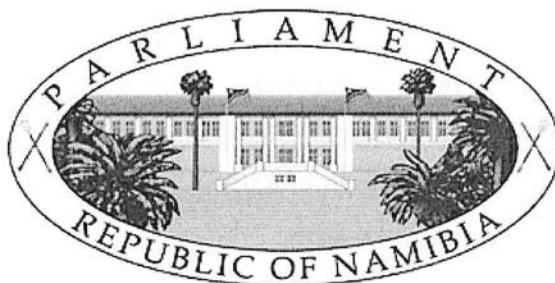


7th NATIONAL ASSEMBLY



Parliamentary Standing Committee on Economics and Public Administration

REPORT

ON THE

**STAKEHOLDER CONSULTATION
WORKSHOP**

(10 – 14 MAY 2021)

**CEST SI BON HOTEL,
OTJIWARONGO**

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ACRONYMS AND ABBREVIATIONS

AFCAC	African Civil Aviation Commission
AFTN	Aeronautical Fixed Telecoms Network
AgriBank	Agricultural Bank of Namibia
ANS	Air Navigation Service
ATC	Air Traffic Control
CART	ICAO's Council Aviation Recovery Task Force
CEO	Chief Executive Officer
Comair	Comair Airways Limited
COVID 19	Corona Virus Disease and Pandemic of 2019
DOW	Department of Works in the Ministry of Works and Transport
DRC	Democratic Republic of the Congo
EPZ	Export Processing Zone
FY	Financial Year
GDP	Gross Domestic Product
HC	Human capital
HKIA	Hosea Kutako International Airport
ICAO	International Civil Aviation Organisation
KLM	Royal Dutch Airlines
LNG	Liquefied natural gas
MIT	Ministry of Industrialization and SME Development
MPE	Ministry of Public enterprises
MTC	Mobile Telecommunications Company
NAC	Namibia Airports Company
Namcis	Namibia Courts Information System
NAMCOR	National Petroleum Corporation of Namibia
Namport	Namibia Ports Authority
NamRa	Namibia Revenue Agency
Natis	Namibia Traffic Information System
NCAA	Namibia Civil Aviation Authority
NDC	Namibia Development Corporation
NDP	National Development Plans
NHE	National Housing Enterprises
NIDA	Namibia Industrial Development Agency
NIPDB	Namibia Investment Promotion and Development Board
NPC	National Planning Commission
NRSC	National Road Safety Council
NSA	Namibia Statistics Agency
NSX	Namibia Stock Exchange
O/M/As	Offices, Ministries and Agencies
PEs	Public Enterprises
PMS	Performance management system
PSEMAS	Public Service Employee Medical Aid Scheme
PWC	PricewaterhouseCoopers
RA	Roads Authority

RSA	Republic of South Africa
SAA	South African Airways
SADC	Southern African Development Community
SME	Small and Medium Enterprises
SME Bank	Small and Medium Enterprise Bank Namibia
SOEs	State-Owned Enterprises
TIPEEG	Targeted Intervention Program for Employment and Economic Growth
VAT	Value Added Tax
VIP	Very important person
WDH	Windhoek

EXECUTIVE SUMMARY

During the Stakeholder Consultation Workshop, representatives of O/M/As and SOEs within the Standing Committee's category of affairs presented their mandates, including projects, strategies and past achievements. O/M/As and SOEs also highlighted challenges that require urgent and immediate attention of Government. This report mainly focus on those challenges and **plans to revive the Namibian economy amidst the COVID-19 pandemic.**

The difficult and gloomy financial and economic outlook of our country in the past few years has been aggravated by the **COVID-19 pandemic**, resulting in real GDP contracting by 8% in 2020. Commodity prices are still unpredictable despite signs of recovery. Domestic production disrupted by the pandemic is yet to recover and unemployment and vulnerability among the poor are rising.

Sustained budget cuts since the 2016/2017 Financial Year have resulted in an acute cry for funding in almost all stakeholders to meet some of their operational, infrastructural and development functions. The impact on the development budget is telling that less than 10% of the national budget is allocated to development projects.

On the expenditure side, the Committee urge Ministry of Finance to remain vigilant with monitoring of expenditure reports and implement the Auditor-General's recommendations, thereby minimising wasteful and fruitless public expenditure and reducing irregularities, corruption and mismanagement in public spending.

Tax Revenue to GDP ratio shows that the Government is not able to mobilise additional revenues effectively despite suggestions that sections of the population and business community are failing to file tax returns and thus not paying income tax. Accordingly, the Committee encourages the Ministry of Finance to objectively re-examine policies towards revenue mobilisation and rejuvenation of growth, while entrenching fiscal consolidation. The Committee values the establishment of NamRa at this critical time to boost revenue collection.

Efforts to produce a harmonised legal framework for public enterprises is workable with some flexibility as each SOE faces a unique challenge in its niche market. Effective governance is key to reforming SOEs. The asset base of SOEs currently reflect progressive improvement in their performance. To this end, the Committee calls upon the Ministry of Public Enterprises to compel SOEs to comply with statutory audit, accountability, and fiduciary obligations, including submitting their annual reports to Parliament in accordance with the Law.

The diverse efforts in the transport sector have produced many worthy results but the returns to the investment in the ports will be higher and contribute more to the life of road and rail infrastructure and the economy as a whole, if there is more coordination of the sector.

Reduction in international airlines flying to Namibia has adversely impacted on Namibia Airports Company and the economy as a whole. Operations of the aviation sector also require significant upgrade and maintenance of surveillance equipment to ensure aviation security and safety. Obsolete and outdated Air Traffic Equipment at Namibia Civil Aviation Authority are matters of grave concern to the civil aviation authority and the Committee.

1. INTRODUCTION

The Parliamentary Standing Committee on Economics and Public Administration was established in accordance with Article 59 of the Constitution of the Republic of Namibia.

The Standing Committee has a mandate to exercise parliamentary oversight on the Namibian economy and the activities and programmes of O/M/As and SOE's responsible for the category of affairs: Finance, National Planning, Industrialization, Trade and SME Development, Public Enterprises, Works and Transport. The Committee is also mandated to operate with a vision to promote infrastructure development and economic planning.

With the inauguration of the 7th Parliament (National Assembly) in March 2020 and due to the outbreak of the COVID-19 pandemic, the Standing Committee could only be constituted in October 2020 and started with its meetings in February 2021. To make up for the delayed action and quickly get to grips with the challenges facing the economy and efforts to rectify the decline and restart dynamic growth that an interactive session was planned with all stakeholders in the economic sector, in particular O/M/As and SOEs within the Committee's category of affairs.

As a result, a workshop with stakeholders was held from 10 to 14 May 2021 in Otjiwarongo. The workshop programme, list of institutions and participants, and presentations by the different stakeholder can be obtained from the Committee Secretariat. The following OMAs and SOEs made presentations:

- Ministry of Finance
- National Planning Commission
- Ministry of Public Enterprises
- Ministry of Industrialisation and Trade
- Ministry of Works and Transport
- TransNamib Limited
- National Road Safety Council
- Namibia Airports Company
- Roads Authority
- Namibia Industrial Development Agency
- Namibia Civil Aviation Authority
- Namibia Ports Authority

The interactive sessions were envisioned to provide an overview of the legal framework, operations, financial and human resource management, achievements and challenges faced in delivering much-needed services to the public and the country at large, and an **update on plans to revive the Namibian economy amidst the COVID-19 pandemic**. The sessions also served as a platform for various stakeholders to interact with Committee and identify pertinent areas and issues of collaboration.

The Stakeholders Workshop was an information and education platform for newly elected Members of the Standing Committee. The presentations contained abundance of information on the various Offices/Ministries/Agencies and institutions that attended the workshop.

The workshop was informative for the Members in attendance, which improved their knowledge with regards to their duties and functions, thereby equipping them with appropriate skills to

execute their parliamentary duties. Furthermore, the workshop gave a platform to those in attendance to share ideas for the betterment of their respective Ministries and Agencies.

The presentations made by senior officials of respective Ministries, Agencies and State-Owned Enterprises highlighted aspects of success and those requiring attention as outlined in the report. The projects, strategies and past achievements of Offices, Ministries and Agencies and State-Owned Enterprises notwithstanding, OMA and SOEs highlighted challenges that require urgent and immediate attention of Government. The report will mainly focus on these challenges.

This report also provides a summary of the economic and fiscal position presented by the Ministry of Finance, the strategies to revive the economy outlined by the Ministry of Finance and what the other OMA and SOEs are doing to augment the strategy, the mandate of these institutions and challenges that may adversely affect the achievements of their plans. These are followed by observations by the Committee, understanding collaboration with the Committee, conclusions, and recommendations.

MEMBERS AND SECRETARIAT IN ATTENDANCE

Hon. Natangue Ithete -	Chairperson
Hon. Mathias Mbundu -	Deputy Chairperson
Hon. Dr. Tobie Aupindi	
Hon. Gotthard Kasuto	
Hon. Apius !Auchab	
Hon. Fennie Nanyeni	
Hon. Jan Mukwiilongo	
Mr. Willem H Isaak	Secretariat
Mr. Ivan Skrywer	Secretariat
Dr. Anthony Tsekpo -	EPDN Programme Key expert

2. ECONOMIC AND FISCAL POSITION

The preliminary national accounts published by NSA shows the Namibian economy is estimated to have contracted by 8.0 percent during 2020 and by 6.9 percent in the fourth quarter of 2020. The annual contraction of 8.0 percent is the highest contraction ever recorded by Namibia both pre- and post-independence (see the growth performance of key sectors and revenue of the country from 2014 to 2020 in **Annexure A**).

The poor growth performance is also reflected in the negative fiscal balance. The budget balance to GDP ratio which was recovering gradually from -7.1% 2015/2016 to -5.0% in 2019/20 suddenly nosedived to -9.5% in the 2020/21 financial year (Fiscal Position on the graph in **Annexure B**). Real sector projections are reflected on the graph in **Annexure D**.

The contraction induced by the COVID-19 pandemic and its effect on the global, regional and domestic economy has exacerbated the woes of an economy that was already weak due to recession in the past 4 years. The impact of the COVID-19 was mainly attributed to lockdowns, travel bans, and subsequent health regulations that were imposed to help reduce the spread of the pandemic.

Unfortunately, there is no recovery in sight. Uncertainty around the evolution of new variants of the virus causing the pandemic is a key factor shaping the economic outlook. Thus, the financial conditions may tighten again, exposing vulnerabilities among borrowing countries like Namibia. The uncertainty around the trade tension between USA and China, although appeared to have been eased remain a challenge to all nations in the multilateral trade arrangements.

Delays in widespread availability of the COVID19 vaccines may also affect the expected economic recovery in Namibia and the economies of our trading partners. Incidentally, the non-inclusive growth of the past has been reinforced by poor growth induced by COVID-19 and the situation has produced a deepened inequality that may reinforce widespread geopolitical and social unrest on governance issues.

3. PLANS AND STRATEGIES TO REVIVE AND RECOVER THE ECONOMY

Namibia's economic recovery plan is work in progress. It is well-known that the economy was declining even before COVID19 pandemic, mainly as a result of drop in commodity prices, continued drought and dramatic fall in investment.

The breakout of COVID-19 brought to halt many economic activities while slowing down many others. However, the **Ministry of Finance** which is the principal agency for managing the economy has instituted measures to revive and recover the national economy. The Ministry of Finance is pursuing the following programmes while simultaneously working on a comprehensive recovery plan to be announced later in the year:

- Establishment of NamRA
- Fiscal stimulus
- Monetary policy easing
- Harvard Growth Lab project, British HC/PWC project

Other short-term measures being implemented by the Ministry of Finance include creating awareness on the importance of public performance management systems (PMS) with regular staff engagement, promoting regular engagements with OMA's on the importance of effective budgeting, prudent fiscal policy, and the objective of fiscal consolidation. As part of the measure to improve budgeting and budget outcomes, the Ministry of Finance is also engaged in promoting and encouraging compliance with Public Procurement Act among OMAs.

In addition, the move towards fiscal sustainability through both fiscal consolidation and enhanced revenue collection by the newly established NamRa are expected to improve fiscal balance going into the future.

The recovery efforts of the Ministry of Finance is supplemented by the National Planning Commission, Ministry of Public Enterprises, Ministry of Industrialization and Trade, Ministry of Works and Transport and real sector SOEs who were represented at the Stakeholder Workshop. Some of the notable efforts towards post pandemic recovery are detailed below:

NPC continues to support the Ministry of Finance at different levels of planning including the preparation and monitoring of the Development Budget. (see graph in **Annexure C**)

To contribute to the post-Covid-19 recovery efforts the **Ministry of Works and Transport** has outlined a 4-step approach to effective capital projects delivery:

1. Consultative meetings with OMAs to be convened to review the implementation of the projects and to carefully consider all possible implications and consequences.
2. Ensure 85% capital projects are implemented through the Ministry of Works and Transport while 15% to be outsourced to private sectors where possible.
3. Ensure all abandoned government capital projects with the value between N\$1million to N\$15 million be completed by the vocational graduates at negotiable labour cost under the supervision of the qualified technical personnel of the DOW.
4. Ensure the rest of the abandoned capital projects with the value between N\$16million to N\$60 million be put on hold and only be implemented after the completion of small projects.

The **Ministry of Public Enterprises** in its effort to revamp SOEs post-Covid-19 will focus on the Public Enterprises restructuring/reform and development of Electronic Performance Monitoring and Evaluation System Framework leading to a long-term PEs transformation strategy and as well as a real-time Integrated Electronic Performance Monitoring and Evaluation System. Other plans include transforming the Ministry into a Holding Company and establishment of Service Commission for PEs.

Major strategic policies of the **Ministry of Industrialisation and Trade** towards revival of the economy focused on policy reviews and development interventions. Policies under review includes, the Namibia Trade Policy, regulating and promoting domestic and international trade (at final stage) and the Namibia Industrialization Policy. The review of the Industrialization Policy is comprehensive, covering Industrial Policy (review at initial stage), the SME Policy (review at initial stage) and the Informal Traders Policy (at final stage).

Development Interventions initiated by the Ministry are as follows:

- Northern Tannery / Oshana
- Kavango Cattle Range / K-W/ Mangetti (approximately 12 000 cattle)
- Charcoal value chain development / Omaheke & Otjizondjupa
- Animal fodder processing with UNIDO/ Otjozondjupa
- Gem Stone & Jewellery production Centres //Karas & Erongo
- Kavango Cattle Range and Wildlife Reserve
- School Uniforms all regions
- Ongoing industrial and SME Parks under NIDA
- Regional Offices as interface between MIT and regional settings

The programme of the Ministry of Industrialisation and Trade is complemented by those of **NIDA** such as:

- 1) Site & Premises

- The objective of this programme is to construct multi-purpose SME Modules, Industrial Parks, and special built-export oriented industrial infrastructure (EPZ facilities) in order allow SMMEs to easily establish sustainable businesses.
- 2) Agro-processing
- NIDA operates agri-business projects at Naute and Eersbegin for dates and grapes production; as well as the cattle breeding at Kavango Cattle Ranch.
- 3) Investment promotion
- This programme is responsible for acquiring and servicing of industrial land to promote and facilitate investor-led business and Joint ventures
 - The programme further administers the EPZ Regime, which is currently being phased out.

Namibia Airports Company is involved in a number of initiatives to stimulate the economic recovery including:

- Tourism Task Force
- New Airline negotiations including Bilateral Air Services Agreements
- Post Covid-19 recovery programmes
- Public Relations campaigns
- Financial services engagements

Namibia Civil Aviation Authority will focus on the implementation of the ICAO CART Phase III recommendations and guidance.

Namibian Ports Authority intends to revive the economy through the following strategies and programmes:

- Complete the Port Automation Programme to enhance efficiencies
- Implement, in partnership with key stakeholders, the National Single Window
- Engage public and private partners to improve tariff and non-tariff barriers to trade

Namibia Industrial Development Agency is in the process of implementing the following projects and initiatives:

- Expansion of date production projects at Naute & Eersbegin in order to create more jobs and increase our export value.
- Initiated investor-led citrus production project at Kavango Cattle Ranch to diversify our activities and create about 1600 direct jobs.
- Furthermore, the agency is currently promoting 10 major investor-led Joint ventures in various sectors in collaboration with the newly established Namibia Investment Promotion and Development Board.

National Road Safety Council is strategizing to reduce road traffic deaths and injuries and thereby boost income growth. Deaths and injuries from road traffic crashes affect medium-and long-term growth prospects by removing prime age adults. However, World Bank data shows that on average, a 10% reduction in road traffic deaths raises per capita real GDP by 3.6% over a

24 year horizon. Over the period 2014-38, halving deaths and injuries due to road traffic could potentially add 5% to GDP per capita in Namibia.

TransNamib Limited proposed the following strategies to grow business in the immediate to long term post pandemic era:

- Partnership with Railway companies and Logistics companies
- Intermodal linkage & Logistics Hub (e.g. Grootfontein, Gobabis)
- Build capacity in country to remanufacture locomotives (re-manufacturing project if funding is secured)
- Technology & Innovation projects to support business operations in the long term (Alternative Propulsion technology i.e. Green hydrogen, battery and LNG operated locomotives).

4. LEGAL FRAMEWORK AND MANDATE

In terms of Chapter 16 of the Namibian Constitution, the **Ministry of Finance** is amongst other functions, responsible for managing the State Revenue Fund, oversee Government assets and liabilities and oversight over public financial institutions and the financial sector.

National Planning Commission is established by Article 129 of the Namibian Constitution to plan and spearhead the course of national development in Namibia. The task of the Commission is to plan the priorities and direction of national development.

NPC also has the mandate and functions to spearhead the identification of Namibia's socio-economic development priorities; formulate short-term, medium-term and long-term national development plans; develop monitoring and evaluation mechanisms to ensure effective implementation of the national development plans; evaluate the effectiveness of Government socio-economic policies; coordinate the development of government socio-economic policies to ensure consistency; and mobilize, manage and coordinate international development cooperation.

Ministry of Public Enterprises legal framework is guided by the Public Enterprises Governance Act, 2019 (Act No 1 of 2019). The Ministry has been established to position Namibia's key public enterprises to play their meaningful role in the country's development agenda and ensure that public enterprises are well managed to reduce the financial burden on the State.

Ministry of Works and Transport does not have an Act establishing the Ministry, however, in terms of Article 32 (3) (i), the President of the Republic appoints Ministers and Deputy Ministers as part of the Executive. Thus, the Ministry of Works and Transport was established by the President within the framework of this Constitutional mandate.

The mandate of the Ministry is to develop, implement and regulate sectorial policies and ensure infrastructure development and management of transport and assets of the State.

TransNamib Limited has the mandate and function to provide and promote, either by itself or through any subsidiary company, transport services in Namibia or elsewhere by managing, developing and utilizing the resources and assets at its disposal. To manage and develop, either by itself or through any subsidiary company, immovable property, including such property as may be transferred; and to conduct, either by itself or through any subsidiary company, and with the consent of the Shareholder Minister, any other business, on a commercial basis.

National Road Safety Council is a statutory body established in 1996 in terms of Article 2 of the National Road Safety Act, 1972. The Act became applicable to independent Namibia by virtue of Article 140 (1) of the Namibian Constitution. The object of the National Road Safety Council is provided under section 5 of the Act is: "To promote road safety in the Republic."

Namibia Airports Company was established by an Act of Parliament – Namibia Airports Act (Act 25 of 1998). Its mandate is to develop, manage and operate aerodromes in line with national and international civil aviation regulations (international standards and recommended practices).

The Republic of Namibia is a Contracting State of the International Civil Aviation Organisation (ICAO). Contracting States shall certify aerodromes used for international operations in accordance with the specifications provided by ICAO through an appropriate regulatory framework.

Other legislation governing the airports company are Namibia Civil Aviation Act, 2016 (Act No. 6 of 2016), Namibia Airports Act, 1998 (Act 25 of 1988 and Namibia Civil Aviation Regulations (NAMCARS).

Namibia Civil Aviation Authority operates within the framework of the Civil Aviation Act of 2016 and the Chicago Convention. Namibia's membership of the Chicago Convention was ratified by the Namibia National Assembly 1991 and subsequent deposition of the instrument with ICAO, Montreal, at end May 1991 by the Founding Father President Nujoma, making Namibia a Member State of ICAO.

The Civil Aviation Act requires of the Minister of Works and Transport to "administer the participation of Namibia in the Chicago Convention" (Annexed as Schedule 1 to the Civil Aviation Act of 2016.)

Namibian Ports Authority, is a state owned enterprise established by Namibian Port Authority Act, 1994 (Act No 2 of 1994) as the national ports authority of Namibia and to manage and exercise control over operation of ports, lighthouses, and other navigation aids in Namibia and territorial waters; and to provide facilities and services related to a port.

Namibia Industrial Development Agency has been established by Act 16 of 2016. NIDA is the amalgamation of the former NDC and ODC which includes the transfer of assets, liabilities, rights and staff. Its mandate is to promote the industrialization agenda of Namibia by focusing on: Employment creation and entrepreneurship development; Investment facilitation & attraction; and Export oriented industrial growth.

Roads Authority is established in terms of the Roads Authority Act (Act 17 of 1999), and the statutory objective of Roads Authority is "To manage the national road network so that it is safe and efficient." Its mandate is the management of national Road Network with a view to achieve a safe and efficient road sector.

5. IMPLEMENTATION CHALLENGES

The projected plans and strategies and past achievements notwithstanding, the OMAs highlighted **challenges that require immediate attention of government**. The nature of these challenges is such that they are beyond that which have been triggered by the pandemic although some may be attributed to the negative or gloomy economic outlook before the pandemic. As the Standing Committee responsible for oversight of these institutions we are obliged to bring these to Parliament for deliberation and recommendations to the Ministers responsible.

Ministry of Finance though not explicit on challenges, it is apparent that Revenue mobilization will remain number one challenge during this period of a pandemic that requires expensive equipment to manage.

NPC planned to implement a total of 80 programmes covering 178 projects during NDP5 estimated to cost approximately N\$ 164 billion. The Commission identified various obstacles that have plagued the successful delivery of these projects, namely:

- Less than 10% of the national budget allocated to development budget;
- Lack of coordination in the implementation, monitoring and reporting;
- Delays in submission of required information by O/M/As;
- Continuous virement requests from the development to operational budget;
- Poor data quality hampering effective monitoring and evaluation of development plans;
- Lack of alignment between NDP Goals and interventions adopted at implementation level; and
- Limited capacity on project preparations and designs among OMAs

Ministry of Works and Transport has a myriad of challenges associated with the supervision and implementation of capital projects. As a result of the verification exercise conducted by the Department of Works in the Ministry of Works and Transport, it was established that Forty-one (41) projects were abandoned of/in which 7 have resumed and 3 have been completed. Eighty (82) projects were ongoing of/in which 29 projects have been completed. 313 projects were put on hold. Some of the projects have resumed and 51 are currently ongoing.

The principal challenge is the shortage of qualified supervisory staff as result of the outdated staff establishment and the inability of the Ministry to retain qualified, skilled and experienced workforce. Beyond the limited staff, there is the problem of high mobility/turnover, affecting accumulation of experience required for high workload. In addition, there is a mismatch between the Work Manual and the New Procurement Act.

There are also challenges outside the control of the Ministry including inadequate funding, disappearing contractors, ineffective communication between the Ministry and OMAs, undefined role of the Ministry in the New Procurement Act, technical capacity of contractors and consultants, unilateral or uncoordinated decisions by OMAs, Cabinet decision such as TIPEEG and Mass Housing, unresponsive regulatory frameworks, poor stakeholder cooperation; and bureaucratic delays occasioned by legal disputes and delayed advice from the Office of the Attorney General.

The challenges identified by the **Ministry of Public Enterprises** amongst others are:

- Historical debt of Pes;
- Lack of funds;

- Different legal instruments regulating PEs, requiring immediate and on-going harmonization;
- PEs deviating from their core mandate;
- Lack of technical capacity and of an organizational structure that supports the Ministry's mandate; and
- Absence of real-time PE performance monitoring system, and [some] corruption and mismanagement in PEs.

Ministry of Industrialization and Trade named acute funding shortage as the main challenge impeding the rapid policy and law review process which constitutes its focus towards the support post-Covid-19 revival.

The **NRSC** identified challenges in road safety management as follows:

- Outdated legal framework - Road Safety Act, Act 9 of 1972;
- Incompatible organizational setup i.e. 8 staff members considering the national mandate;
- Non-correlation of strategy versus resources;
- Inadequate funding;
- Lack of resources for empirical research; and
- Lack of political commitment.

TransNamib is faced with a myriad of challenges which include:

- Poor public perception;
- Limited locomotive and wagon capacity;
- Cumbersome procurement processes;
- Short term cash flow challenge;
- Infrastructure development deficit;
- Outdated technology;
- Backlog in maintenance,
- Poor organizational culture; and
- Cost of not running passenger service as result of high risk associated with use of run-down equipment for passenger service.

Namibia Civil Aviation Authority also enumerated a myriad challenges including economic regulatory and financial bottlenecks:

- There are internal challenges faced by NCAA i.e. in appointing the necessary skills and competencies to meet its statutory objectives, while significant uncertainty remains around industry recovery and future Government support;
- An increasing need for high level skills not available in Namibia, such as experienced Communications and Navigations Services, Flight Operations inspectors, etc;
- In the absence of any major restructuring, it has been forecast in the budget that the NCAA will require approximately N\$90 million per year for the next four years to remain a going concern;
- Airspace delegated to neighbouring States: RSA and Botswana
 - Loss of revenue
 - Challenges in providing safety oversight.
 - Unclosed ICAO findings due to lack of documented evidence on the delegations.
 - Economic and financial impact of the COVID-19 impact pandemic;
 - Approximately Thirty (30) Aircraft deregistered from National Aircraft Register by their owners and exported to other states to make up for operation business income losses;

- Two (2) approved Aircraft Maintenance Organizations surrender their approvals due to loss in operation business income; and
- Inability to conduct surveillance obligations.

Economic Regulatory Challenges

- Obsolete Air Traffic Equipment – system to ensure aircraft separation - ANS equipment - outdated (capital requests of approximately N\$22m made by NCAA declined)
- Replacement / (end-of-life) AFTN system (serviced by Thales)
- Capital investment of Eros ATC system/software by 2010 (approximately €30m)
- The Aeronautical Fixed Telecoms Network (AFTN) has to be replaced after about 12-15 years. (It is already 17 years old.)
- The Radar and Surveillance system installed in 2020 needs a midlife upgrade to get the maximum lifetime out of the Radar at the minimum cost.
- Funding requests made by NCAA during the past two years have been denied

Other Challenges include:

- Carriage by Air Act no. 17 of 1946;
- Air Services Act of 1949 – air transport services licenses;
- GRN Notice 58 of 1998 – ad hoc international transport authorisations (foreign operator permits);
- Insolvency Act of 1936 – not aligned with Cape Town Convention & Protocol of 2001 (registrable interests in aircraft – i.e. engines, hull, insurance, leasing etcetera);
- International treaties / protocols not updated (Beijing/Unruly passengers/Marking of dangerous goods/ICAO Council composition, AFCAC Constitution etcetera); and
- Cybercrime legislation required.

Namibia Airport Company is also faced with a myriad of challenges, amongst others:

- Material funding shortfalls due to non-payment by major customers (Air Namibia and SAA);
- Limited flight activity in Africa due to the pandemic;
- Personnel and skills shortage due to unique nature of aviation operations;
- High cost of training as skills pool is limited due to being sole provider;
- Highly regulated industry with high cost of entry – all skills are internationally transferrable due to standard and homogenous training required;
- High cost of funding for infrastructure projects – with limited return on investment due to low volumes;
- Investments to be undertaken for strategic purposes rather than economic purposes necessary to build the capacity to stimulate the economic demand;
- Constant, expensive investment in both personnel training and infrastructure to maintain compliance with international standards which are continuously changing to adapt to threats/challenges as they appear;
- Drawn out procurement processes that inhibit adherence to statutory obligations;
- Ageing infrastructure coupled with resource constraints impacts the timeous execution of plans to achieving targets and mandate;
- Reduction in international airlines flying to Namibia (Air Namibia, SAA, Qatar, KLM, Comair – no longer operating to WDH);
- Obligation to maintain a level of operational capacity (including safety and security) and readiness at all airports irrespective of aeronautical activity. The cost and organisational structure of the company are, therefore, aligned with regulatory compliance.

Namibia Port Authority also faces many challenges and obstacles including:

- Declining volumes and trade uncertainties -The depressed local and regional economies continue to negatively impact the volumes of cargo throughput through the Ports;
- High reliance on one Shipping Line;
- Limited rail network;
- Limited capacity to source funding and loan service obligations – high gearing, limited capacity for shareholder funding and risk of failure to honour project capital contribution;
- Aging infrastructure and equipment – increased down times of yard equipment and old infrastructure hindering productivity and efficiency of operations;
- Low port operational productivity – inconsistent compliance with client productivity requirements;
- High fixed costs – labour costs punitive especially given the low volumes of business and contribute to uncompetitive pricing;
- Proposed Maritime Legislation may encroach on and erode Namport's sphere of control, cannibalize revenue and increase cost of doing business;
- Shortage of Namibians with specialized maritime skills – limited specialist skills, high competition for available skills and steep premiums on cost of employment;
- Downward pressure on tariffs – increased competition and demands for lower port costs;
- Increased competitive rivalry – regional ports are competing for the same hinterland markets to complement domestic markets;
- Bargaining power of customers/port users – shipping lines capitalizing on steep competition amongst ports to negotiate and secure highly favorable offering;
- Bargaining power of suppliers – limited diversity of suppliers leading to high premiums on supplies; and
- Threats of substitution – ports maintain a stronghold on movement of global trade but road transportation remains an alternative.

Namport further identified numerous challenges facing the rail sector, from their perspective including hinterland connectivity and border post services:

- Poor and insufficient rail infrastructure poses threat to hinterland cargo as it not only causes congestion on roads, but that hinterland cargo can be relocated to ports within the regions.
- Walvis Bay's ability to continue to attract cargo from Zambia Copper Belt as it connects Zambia and DRC directly to the port of Lobito.
- Urgent need to prioritize rail connection to SADC Markets.
 - o Priority Rail connectivity requiring urgent attention:
 - Windhoek – Botswana/ The Trans Kalahari Railway Line
 - Grootfontein – Katima Mulilo Railway Line
 - Ariamsvlei – Lüderitz Railway Line
- Slow and inefficient border crossing procedures and processes at busy posts such as with neighboring Zambia at Katima Mulilo.

Challenges of the **Roads Authority** are as follows:

- Insufficient funding, affecting the implementation of contracted projects;
- Ageing road network due to lack of funds for rehabilitation;
- Lack of funding for implementation of road projects as per the road master plan;

- Government moratorium on new projects;
- Deterioration of the gravel road network due to limited funding;
- Procurement delays; and
- Suspension of works due to Covid-19.

Namibia Industrial Development Agency is faced with a number of challenges including:

- Delayed transition process from NDC to NIDA;
- Inadequate human and financial resources to carry out the expanded mandate;
- Lack of budgetary allocation to conclude eight ongoing capital projects across the country;
- Aging properties especial those built before and during early independence days;
- Rental rate to the SME is not market or cost recovery rate (operational cost is higher than income due lack of subsidies);
- Legal challenges as a result of all the commitments that were entered into by the former ODC/NDC on behalf of the Ministry to implement capital projects that are on hold due to budgetary constraints;
- Human wildlife conflict at Kavango Cattle Ranch whereby the elephants continue to destroy infrastructure, causing serious threat to employees and communities;
- Lack of incentives to attract and retain investments (after phasing out EPZ and manufacturer's incentives); and
- Limited access to affordable funding as well as collateral requirements.

6. OBSERVATIONS

All presentations to the Committee were extensively discussed with the objective of identifying the core issues for review and further recommendations for finding workable solutions to the challenges enumerated.

6.1 Finance and the National Treasury

The main issues identified from the presentation by the Ministry of Finance are as follows:

- (a) It was observed that the negative growth of the economy since 2016 is a testimony that Namibia was in recession prior to the onset of the pandemic. Incidentally, the revenue sources of the country are predictable. Thus, in the absence of new revenue stream, the expenditure programme which was unduly expanded because of COVID-19 must be quickly streamlined to bring back the fiscal consolidation agenda on track.
- (b) The new Namibia Revenue Agency must be adequately resourced to boost revenue collection. The Agency will require sufficient human resource in research to identify and simulate new tax revenue paths as well as expanding the tax net. In this regard MPs took note of allegations that some sections of the economically active population and businesses do not submit their tax returns, thus do not pay Income Tax as required under the Income Tax Act, 1981 (Act No 24 of 1981 as amended)
- (c) It was noted that sluggish processing of VAT refunds to businesses and the private sector have also affected the morale of the business sector and has the potential of depressing collections further. This practice must be addressed quickly to inject efficiency in the indirect tax collection.
- (d) The Committee further observed references to allegations of tax evasion and/or tax avoidance on the part of some foreign business (foreign nationals) who often sidestep

the banking sector in Namibia. Some are said to avoid doing business with domestic commercial banks in disregard for Namibian tax and finance laws, adversely impacting on the country's economy.

- (e) On the expenditure side, the Committee noted with concern the allegations of fraudulent activities resulting in the depletion of PSEMAS and caution that the situation must be reversed urgently. It was suggested that the findings of the forensic audit on the medical aid scheme must be implemented without delay.
- (f) It was observed and advanced that reviving public health in Namibia for all Namibians will be a more thoughtful action than pumping huge amounts (approximately N\$2.6 billion) into PSEMAS.
- (g) The Committee observed that to aid the rapid revival of the economy adequate COVID-19 vaccines must be acquired and urgently rolled out to cover at least 70% of the population in the quickest possible time frame. On 14th September 2021, during the 34th COVID-19 Public Briefing, His Excellency President Dr. Hage G. Geingob stated that *"national vaccination coverage currently stands at 15.1 percent of [the] population for those who have received the first dose, while 9 percent of the population, today, are fully vaccinated. This is a long shot from the requisite 60 percent total population coverage target to achieve Herd Immunity by March 2022. I implore all eligible Namibians to come forward and get vaccinated..."*¹

6.2 National Planning

- (a) The practice of benchmarking development outcomes particularly with other countries which are facing challenges with their development indicators. It was suggested that efforts must be made to measure progress with domestic trends or at the least with countries that are performing better.
- (b) Planning must focus on targeted interventions capable of stimulating growth. This is based on the realisation that the current development path which is based on export of commodities is not sustainable and to achieve real growth, the plan must be steady and follow the market.
- (c) The national development budget is indeed small, however, it needs to be prioritized based on critical needs of the economy. Consequently, it was agreed that virementation of funds allocated for capital projects in favour of recurrent expenditure is 'suicidal'. Therefore, NPC should be more stringent to discontinue the practice which amounts to the country borrowing to pay expenses.
- (d) To identify new income generating activities, **Ministry of Mines and Energy** should be resourced to embark on new exploration as there are known potential for new ore bodies new minerals and natural and energy resources in Namibia. The minerals and natural resources of the country should benefit the national economy and create **prosperity for the people of Namibia**.
- (e) There is a disconnect between the planning structures, hence the demand for a more effective coordination between regional planning structures including the constituency offices on the one hand and the Ministries and National Planning Commission on the other, in the identification of capital projects.

¹ Statement by His Excellency Dr. Hage G. Geingob on the occasion of the 34rd COVID-19 Public Briefing, 14 September 2021

- (f) The Committee observed that while the participation of the private sector and other stakeholders in the economy is important to a small market economy like Namibia, there is an urgent demand to reassess the participation of foreign nationals in Namibia in some sectors of the economy, such as small retail trade and artisanal small business.

6.3 Public Enterprises

- (a) When appointing CEOs and Board Directors, other skills and experiences should be considered in addition to the basic academic and professional qualifications only. It would be extremely challenging for unqualified people to exercise their fiduciary duties with due diligence, hence the need to minimize political considerations in the appointment of board members. Appointing people with the right-mix of academic/professional qualifications and experience is likely to reduce the perpetual reference to political interference being advanced as the reasons for the poor performance' state-owned enterprises. MPE is also encouraged to start its planned programme of training board members as quickly as time will permit.
- (b) Although the asset base of some State-Owned Enterprises looks good, they are unable to leverage them for purposes of business development due to some toxic items on the balance sheets, making them to produce business plans that are not bankable. The Committee encourages SOEs with good assets to clean up their balance sheets and use them to leverage resources as Government cannot continue to fund non-bankable entities in this era of fiscal consolidation. SOEs must be innovative if they want to survive in the market.
- (c) As part of the drive to clean SOE balance sheets, the Committee observed that some public enterprises e.g. NHE have not submitted financial statements or annual reports to Parliament for the past 6 years. These SOEs must be guided to correct the situation quickly. The efforts to establish a committee to unpack the developments at NHE including alleged mismanagement are therefore welcomed.
- (d) The Committee agrees with the MPE that the Covid-19 impact assessment has revealed the extent of wasteful remuneration and incentives in some SOEs and public companies, making the institution of a new management culture in these institutions a requirement.
- (e) While endorsing the proposal of the MPE for a separate service commission for public enterprises as a plausible proposition towards harmonizing the regulatory frameworks for SOE activities, the Committee observed that overregulation could constitute a new challenge for SOEs as each enterprise faces a unique market condition. Getting governance right at SOEs is daunting because of the added complexity of their operating model.
- (f) The Committee also commented on other issues currently in the purview of the MPE including the on-going plans to list MTC on the Namibian Stock Exchange, strategic position of National Petroleum Corporation of Namibia (NAMCOR), the legal tussle on Swakopmund Hotel and Entertainment Centre, the challenges facing AgriBank in

providing services to rural communities (communal farmers), request by some SME Bank employees to be absorbed into the Public Service, liquidation of Air Namibia among others.

- (g) A specific concern to the Committee on the listing of MTC is the distributive effects of the State divesting itself of the assets of MTC whereby earning will accrue to shareholders instead contributing to the public purse. Looking at the Fiscal Strategy for 2021/22 to 2023/2024 Medium Term Expenditure Framework MTC is valued between N\$6 billion and N\$7, 2 billion and any returns to such an asset will make significant contribution to National revenue. However, the MPE representative was of the view that MTC can be more profitable if listed and it is global trend to liberalize the economy, hence listing on the stock-exchange is more beneficial to the national economy. It is important to attract foreign investment. There should be no fear as there are strict regulations on listing in terms of the Stock Exchanges Control Amendment Act 29 of 2000. Approval was granted in August 2021 by the board of the NSX for public listing of MTC.

6.3 Railway services

- (a) The Committee observed from the presentations and discussions that TransNamib Limited requires more than N\$2 billion to revive the national railway system. However, mobilizing the needed resources is hampered by the fact that the company does not have an attractive balance sheet. TransNamib does not own the fixed property and assets of the company as these are under the ownership of the Ministry of Works and Transport and. As a result, the company cannot mobilise financial resources from the market based on its balance sheet. This perhaps explains the company's recommended course of action based on the outsourcing options.
- (b) Rehabilitating the dilapidated railway infrastructure is key to taking heavy cargo off the road and reducing maintenance cost on roads while increasing the lifespan of Namibian roads. Currently, the rail system is plagued with frequent train accidents due to the dilapidated rail system. Concerns were raised that the railway service is painfully slow, thereby impacting negatively on the speedy transportation of goods and passengers from one location to another. It remains clear that TansNamib is unable to significantly improve its options even with new locomotives as these cannot run on the current dilapidated and narrow-gauge infrastructure.
- (c) Another observation is the lack of proper planning and coordination on rail, road and sea transport amongst the Ministry of Works and Transport, TransNamib Limited and Namibia Ports Authority. The country needs an integrated transport master plan for rail, road, aviation and maritime.
- (d) There is need for a national rail fund, alternatively the national rail utility should be added to the current **National Road Fund Administration**. Beyond the funds, the rail sector may also need a regulator. If the option of liberalizing the railway system to accelerate investment in rail infrastructure development in the country is the recommended model, then effective regulation is required to provide an efficient, economical, and effective railway service to the people of Namibia.

- (e) The request of TransNamib to Government to write-off a N\$500 million loan against Chinese locomotives that have never been functional and operational as a way improving its balance sheet, must be investigated. This against the backdrop of TransNamib projected investment to an amount of N\$71, 840,000 to modify the locomotives for use.

6.4 Road Safety Management

- (a) Road accidents in Namibia is a matter for serious concern having both social and economic impact on society. It was observed that the causes of road accidents and fatalities are varied and diverse but excessive speed is a major factor. Members of the Committee expect a speedy development of the Road Safety Management Bill to address the road safety hazard in the country. The proposed Bill provides for the establishment of a Road Safety Agency; for the development and the implementation of a national road safety management plan and an integrated road safety management system; provide for the establishment of the Road Safety Fund; repeal the obsolete National Road Safety Act, 1972 (Act No. 9 of 1972); and provide for matters connected therewith.
- (b) It was observed that the yellow speed cameras on the B1 road installed by the Namibian Police “to curtail the increasing number of road accidents” are not functional and basically white elephants. Furthermore, the Namcis and Natis systems are not synchronized, making it easier for traffic offenders to escape or delay the onset of sanctions which could serve as deterrent to their bad behaviour on the road.

6.5 Industrialization and Trade

- (a) There is a notion that products from other countries are better than Namibian products and this has implication for the pressure on the currency and import bill as well as effective demand for Namibian products; Thus, the “*Buy Local, Grow Namibia*” strategy should be promoted to add value to the local and national economy. “*Growth at Home*” is the theme chosen by the Ministry of Industrialisation, Trade to reinforce the importance of accelerating economic growth, reducing income inequality and increasing employment. MIT's programmes are geared at removing supply side constraints, increase productive capacity, and increase the competitiveness of Namibian industry in the domestic, regional and international markets.
- (b) The Committee observed that some citizens have raised serious concerns regarding foreign nationals engaged in small and artisanal business; and trading in basic commodities e.g. home shop daily needs. As a result, the Committee recommends the enforcement of existing guidelines on retail trade with emphasis on financial thresholds for participating in the retail trade by foreign nationals and list of items permitted for trading by foreign nationals in order to protect local traders. The challenges that the Ministry have includes lack of enforcement mechanisms and lack of or no trade inspectors to inspect licences and business premises.
- (c) To further the goals of national development there is need to reassess the Vision 2030 policy. The Committee observed that Ministry of Industrialisation and Trade is in the process to review most policies and laws but require financial assistance to conclude the process.

- (d) SME centres and industrial parks in some villages and towns are not used optimally and not economical viable. Some of the infrastructure has become white elephants and dilapidated and/or vandalised.

6.6 Airports management

- (a) The Committee was briefed that Hosea Kutako International Airport (HKIA) was originally not built to be an international airport, hence the continuous adjustment and additional works to make it conform to requirements for international airport. For instance, ICAO regulations stipulates that international passengers should not be mixed with local passengers, hence the recent redesign of the terminal building. The building for VIP guests at HKIA is part of the renovation and upgrading capital project;
- (b) Walvis Bay Airport is an international airport and strategically located closer to South and North American airports;
- (c) Airlines currently flying in Namibia are West Air, Airlink, Ethiopian Airlines and Eurowings. NAC is in discussion with KLM, Qatar Airways, SAA, British Airways, Comair and SA Express to fly to Namibia. NAC will be in a much challenged situation if some of the major airlines do not return quickly enough to boost the revenue stream of the company;
- (d) The Committee also welcomes the discussions underway with the Finish Government to convert Keetmanshoop airport into an aviation training center;
- (e) Plans to separate the military facility and landing strips from that of civilians at Katima Mulilo and Rundu Airports. Due to security reasons the Grootfontein Military airport is a no-go zone for NAC.
- (f) Government support to the NAC is required during the COVID-19 pandemic to keep the company going, as observed in many other countries around the world.
- (g) The Committee was assured that the NAC annual report is work in progress and will be tabled in Parliament soon. NAC is required by the shareholder (Government) to make commercial decisions.
- (h) Furthermore, the Committee was assured by NAC representatives that some of the recommendations contained in a previous report on "safety and security situation at airports" of the Parliamentary Standing Committee on Foreign Affairs, Defence and Security of the 6th National Assembly, have been considered and implemented.

7. COLLABORATION WITH PARLIAMENT AND THE STANDING COMMITTEE

Stakeholders generally agreed that there is a need for regular consultation and collaboration with the Standing Committee on Economics and Public Administration. Some stakeholders have indicated their intention to bring new bills to Parliament, appealing to Members of Parliament for the speedy passage of these bills to enable them to revamp their respective operations. The Committee pledged its preparedness to support these bills when they are tabled in the National Assembly and to facilitate expedited processing according to the rules and procedures of the National Assembly.

The Committee, however, advised stakeholders to ensure that their respective supervisory Ministries and the Ministry of Justice perform an excellent drafting job to ensure that the bills do not encounter legal and technical challenges when tabled in Parliament.

Other stakeholders invited the Committee to undertake oversight visits to their organisations to have a clearer appreciation of the challenges faced in their operations. NCAA invited the Committee to urgently visit their headquarters to inspect the facilities and aviation equipment.

Given the magnitude of the task and other responsibilities in the Chamber as well as other duties that may arise during the Session, the Committee will embark on careful planning based on time and resource availability to fix and execute targeted oversight visits to these institutions sometime during the year.

8. CONCLUSIONS AND RECOMMENDATIONS

After detailed consideration of the submissions and discussions during and immediately after the Stakeholder Consultation Workshop, the Committee draws the following **conclusions** and **recommendations**:

- 8.1 The Committee **recommends** that the National Assembly consider/discuss and adopt this report and that line Ministries i.e. Ministry of Finance, Ministry of Public Enterprises, Ministry of Works and Transport, Ministry of Industrialisation and Trade and the National Planning Commission in collaboration with the relevant State-Owned Enterprises address and find solutions to the challenges, shortcomings and obstacles identified and outlined in the report.
- 8.2 The difficult and gloomy financial and economic outlook of our country in the past few years has been aggravated by the COVID-19 pandemic, resulting in real GDP contracting by 8% in 2020. Unfortunately, there is no end of the country's economic challenges in sight. The commodity prices are still unpredictable despite signs of recovery. Domestic production disrupted by the pandemic is yet to recover and unemployment and vulnerability among the poor are rising. The Committee, therefore, **recommends** that Government, in particular the Ministry of Health and Social Services in collaboration with the Ministry of Finance (to avail funds) and key stakeholders; intensify the campaign on COVID-19 vaccination of our citizens. The Ministry of Health and Social Services and Ministry of Finance should consider incentives to encourage the public to vaccinate.
- 8.3 It is further **recommended** that once adopted by the National Assembly, the report should be transmitted via the Office of the President to the High Level Panel on the Namibian Economy responsible for advising His Excellency, the President on the revival of the economy, for implementation within its mandate, having due consideration for presentations, observations, findings and recommendations of the Standing Committee.

- 8.4 Stakeholders generally agreed that there is a need for regular consultation and collaboration with the Standing Committee on Economics and Public Administration. Some stakeholders have indicated their intention to bring new bills to Parliament, urging speedy passage to these bills to enable them to revamp their respective operations. Other stakeholders invited the Committee to undertake oversight visits to their institutions and organisations to have a clearer appreciation of the challenges faced in their operations. It is therefore **recommended** that the Standing Committee intensify the implementation of its functions and duties outlined in Rule 64 of the Standing Rules and Orders of the National Assembly.
- 8.5 To apply the letter and spirit of parliamentary oversight, the Committee must within its resources and capacity, review and scrutinise annual reports of O/M/As and SOEs in its category of affairs which are tabled in the National Assembly by Ministers and Deputy Ministers.
- 8.6 The fiscal stimulus, monetary policy easing as well as other short-term measures implemented by the Ministry of Finance towards sustained fiscal consolidation require effective implementation and discipline. The Committee, however, **recommends** that the Ministry of Finance bring on board the promised long-term recovery plan urgently to complement the short-term measures. The Committee urge that the plan must be home grown and must embrace local sensitivities and indigenous knowledge.
- 8.7 Sustained budget cuts since the 2016/2017 Financial Year have resulted in an acute cry for funding in almost all stakeholders to meet some of their operational, infrastructural and development functions. The impact on the development budget is telling that less than 10% of the national budget is allocated to development projects. In light of the acute funding situation, the Committee **recommends** to the Ministry of Finance and the National Planning Commission in collaboration with the Ministry of Works and Transport for effective prioritisation of the development budget to ensure speedy completion of abandoned capital projects. The Committee **urges** the Government in general and the Ministry of Finance and National Planning Commission in particular, to do everything possible to discourage verimentation of development budget towards operational and recurrent budget activities.
- 8.8 On the expenditure side, the Committee **recommends** and **appeal** to the Ministry of Finance and all O/M/As to remain vigilant with monitoring of expenditure reports and implement the Auditor-General's recommendations, thereby minimising wasteful public expenditure and reducing corruption and mismanagement in public spending.
- 8.9 Tax Revenue to GDP ratio show that the Government is not able to mobilise additional revenues effectively despite suggestions that sections of the population and business community are failing to file tax returns and thus not paying income tax. Accordingly, the Committee **recommends** that the Ministry of Finance objectively re-examine policies

towards revenue mobilisation and rejuvenation of growth, while entrenching fiscal consolidation.

- 8.10 The Committee welcomes the establishment of Namibia Revenue Agency at this critical time to boost revenue collection and **recommends** that the Ministry of Finance ensure that sufficient resources are made available to NamRA to hire competent staff to undertake not only collection but also conduct systematic research and simulation of new revenue paths; and awareness. NamRA must be sufficiently motivated to cover loopholes in tax administration and minimise tax avoidance and tax evasion.
- 8.11 Efforts to produce a harmonised legal framework for public enterprises is workable with some flexibility as each SOE faces a unique challenge in its niche market. Effective governance is key to reforming SOEs. The asset base of SOEs currently reflect progressive improvement in their performance. To this end, the Committee **recommends** that the Ministry of Public Enterprises in collaboration with the Ministry of Finance; and the Office of the Auditor-General to compel SOEs to comply with statutory audit, accountability, and fiduciary obligations, including submitting their annual reports to Parliament in accordance with the Law.
- 8.12 In addition, the Committee **recommends** that SOEs with good assets to clean up their balance sheets and use them to leverage resources as Government cannot continue to fund non-bankable entities in this era of fiscal consolidation. There is need for effective innovation for SOEs to survive in the market.
- 8.13 The diverse efforts in the transport sector have produced many worthy results but the returns to the investment in the ports will be higher and contribute more to life of road and rail infrastructure and the economy as a whole, if there is more coordination of the sector. The Committee therefore **recommends** that the Ministry of Works and Transport in collaboration with Namibia Ports Authority, TransNamib Limited, Roads Authority, Road Fund Administration and Namibia Airports Company consider the introduction and implementation of a harmonised legal framework towards a transportation masterplan integrating air, road, rail and maritime transportation modes in order to maximise returns to investment.
- 8.14 Reduction in international airlines flying to Namibia (Windhoek) has adversely impacted on the revenue of Namibia Airports Company and the economy as whole. Furthermore, the operations of the aviation sectors require significant upgrade and maintenance of surveillance equipment to ensure aviation security and safety. Obsolete and outdated Air Traffic Equipment at Namibia Civil Aviation Authority are matters of grave concern to the civil aviation authority and the Committee. Thus, the Committee **recommends** that the Ministry of Works and Transport and in particular Ministry of Finance provide the needed financial support to the aviation sector to avoid further disruption as the whole world works towards effective reopening of the travel and tourism industry.

8.15 The Committee, further **recommends** that the Ministry of Industrialisation and Trade and NIDA coordinate their efforts to improve the operations for various business units in support of SMEs to contribute to the revival of the economy.

8.16 The Committee finally **recommends** that the Ministry of Industrialisation and Trade enforce existing guidelines on retail trade with emphasis on financial thresholds for participating in the retail trade by foreign nationals and list of items permitted for trading by foreign nationals in order to protect local traders. The challenges that the Ministry have includes lack of enforcement mechanisms and lack of or no trade inspectors to inspect licences and business premises.

SIGNATURES



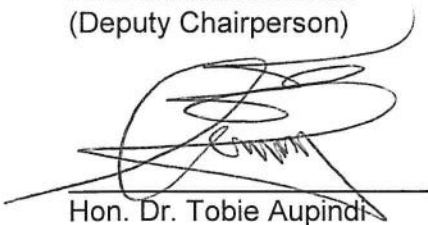
Hon. Natangue Ithete
(Chairperson)

16/09/2021
Date



Hon. Mathias Mbundu
(Deputy Chairperson)

16/09/2021
Date



Hon. Dr. Tobie Aupindi

16/09/2021
Date

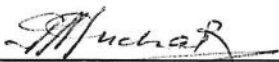


Hon. Gotthard Kasuto

16/09/2021
Date

Hon. Fennie Nanyeni

Date



Hon. Apus !Auchab

16/09/2021

Date



Hon. Jan Mukwii longo

16/09/2021

Date

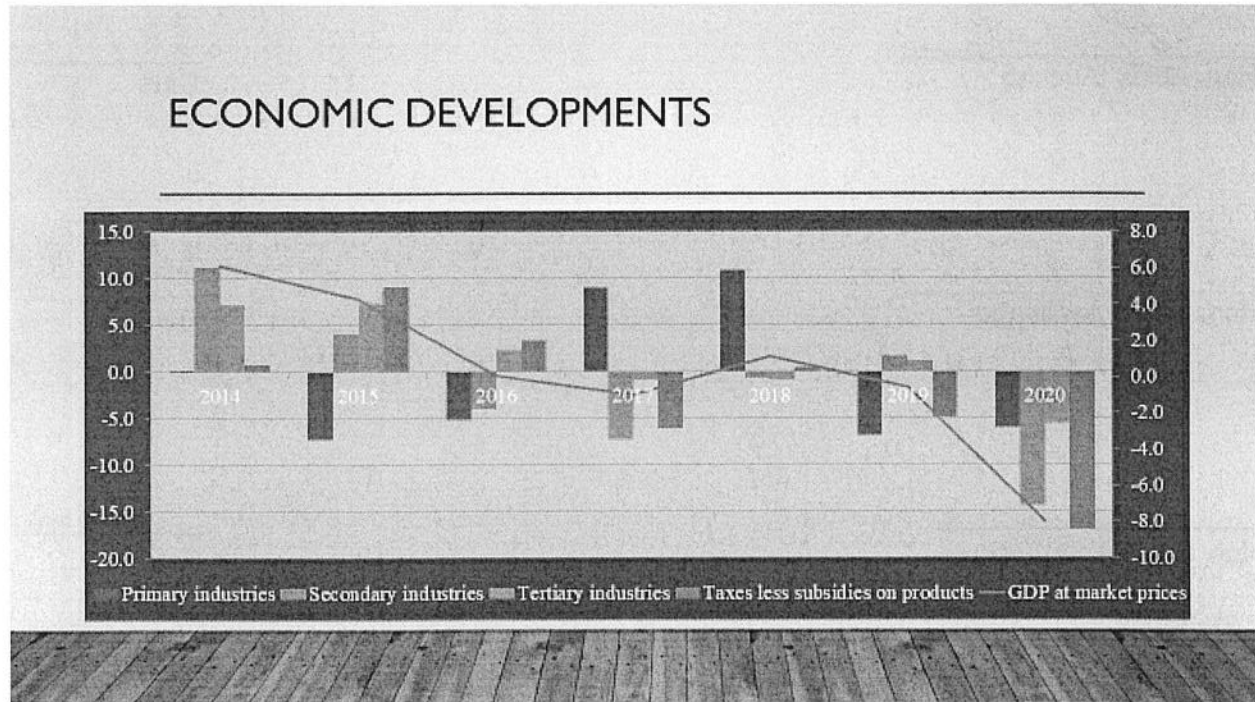
Hon. Erastus Shuumbwa

Date

Hon. Joseph Kauandenge

Date

Annexure A – ECONOMIC DEVELOPMENTS



Annexure B – FISCAL POSITION

ITEM	2016-17	2017-18	2018-19	2019-20	2020-21
	Actual	Actual	Actual	Actual	REV Estimates
GDP	160,028	171,660	178,208	178,940	174,979
Revenue	50,865	58,659	55,882	58,425	55,457
% of GDP	31.8%	34.2%	31.4%	32.7%	31.7%
Expenditure	62,228	67,523	65,108	67,343	72,105
% of GDP	38.9%	39.3%	36.5%	37.6%	41.2%
Budget Balance	-11,363	-8,864	-9,226	-8,919	-16,649
% of GDP	-7.1%	-5.2%	-5.2%	-5.0%	-9.5%
Debt	69,896	74,468	87,533	100,400	119,756
% of GDP	43.7%	43.4%	49.1%	56.1%	68.4%
Interest payments	4,310	5,430	6,308	6,951	7,737
% of Revenue	8.5%	9.3%	11.3%	11.9%	14.0%
Guarantees	6,351	11,036	10,889	11,207	12,700
% of GDP	4.0%	6.4%	6.1%	6.2%	7.3%

Annexure C – NPC – PLANS TO REVIVE THE ECONOMY NATIONAL PLANNING COMMISSION

PLANS TO REVIVE THE ECONOMY

KEY ECONOMIC INDICATORS

Indicator	1981	1988	1995	2002	2009	2016	2017	2018	2019	2020	
• Post independence growth until 2015 on average has been high than pre-independence growth;	GDP growth (%) – constant 2015 prices	1.0	0.8	3.9	4.8	0.3	0.0	-1.0	1.1	-0.6	-8.0
• NDP5 period has experienced worst case economic growth, high budget deficit and high debt levels	Inflation – consumer prices (%)	14.8	12.9	10.0	11.3	9.5	6.7	6.2	4.3	3.7	2.2
	Revenue (% of GDP)	18.3	28.5	28.5	30.6	32.0	31.8	34.2	31.4	32.7	31.7
	Expenditure (% of GDP)	26.8	31.0	31.9	33.0	33.1	38.9	39.3	36.5	37.6	41.2
	Budget balance (% of GDP)	-8.6	-2.5	-3.3	-2.4	-1.2	-7.1	-5.2	-5.2	-5.0	-9.5
	Public Debt (% of GDP)	7.2	12.2	18.5	26.0	15.4	43.7	43.4	49.1	56.1	68.4

Annexure D – REAL SECTOR PROJECTIONS

REAL SECTOR PROJECTIONS

	2018a	2019a	February 2021 Update		
			2020e	2021p	2022p
Primary Industries	10.5	-8.9	-8.8	2.6	5.9
Secondary Industries	1.0	1.7	-12.7	1.5	3.6
Tertiary Industries	-1.2	-0.1	-5.5	2.2	1.9
GDP at market prices	1.1	-1.6	-8.0	2.1	2.8

