



**MINISTER OF MINES AND ENERGY**

THE 2023/2024 BUDGET STATEMENT

Delivered in the

NATIONAL ASSEMBLY OF THE REPUBLIC OF NAMIBIA

By

DEPUTY MINISTER OF MINES AND ENERGY HONOURABLE KORNELIA

SHILUNGA, M.P.

at

The Parliament Building, Windhoek

on

Tuesday, 28th March 2023

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

I hereby take the floor to motivate the budget for **Vote 15**.

The Ministry of Mines and Energy has had a momentous year of new and promising undertakings as the custodian of mineral resources and energy affairs of the Republic of Namibia.

Among these, are the discovery of light oil and the exploration for minerals such as Lithium and other Rare Earth minerals which are becoming in high global demand. These developments have sparked considerable interest from global and domestic investors and stakeholders.

These activities and developments have provided us with important learning opportunities. They require a competitive and comprehensive understanding, to enable a rational and pragmatic national response. Our response must be underpinned by sound regulatory environment, balancing various interest whilst at the same time ensuring maximization of the value of our natural resource endowments for Namibians.

The mining and energy sectors must continue to serve catalysts for our development agenda. This is reflected by the contribution of the mining sector to our Gross Domestic Product, contribution to our human capital development and training and, technology and innovation. As the Ministry, we are alive to our responsibility to ensure that these sectors perform optimally whilst adhering to the importance of the Environment, Social and Governance (ESG) demands that must be observed in the sector.

Honorable members, last year, the Ministry embarked on achieving our strategic objectives set out in line with our mandate which

include, inter alia the implementation of sound and sustainable policies desirous of the expectations of the Namibian nation.

I will briefly summarize on how the Ministry have performed, the challenges we've experienced and what critical thinking the ministry applied, to overcome these challenges.

I am delighted to inform this august House that our overall ministerial performance for the year, is recorded at a score of 80%. This is an indicator that we maintained focus on our vision and managed to meet our short-, medium- and long-term objectives, this is despite the financial constraints facing the Ministry. We are also conscious of the many areas in which challenges are experienced, such as certain licensing processes and we are set to improve on it.

Investment in mining sector stimulates several innovative projects and we are consistent in the pursuit of better positioning our country's brand reputation while producing dialogue which can translate to tangible results.

In terms of geoscientific data and information generation and management, during the 2022/2023 financial year the Ministry focused on accelerating the ongoing detailed geoscience mapping in the //Karas Region at a scale of One to fifty thousand (1:50,000) and diligently provided access to geoscience data and information in its custody, availed to stakeholders and clients. During the period under review, the Ministry observed an increased demand for geoscience data and information from both domestic and international clients.

This can be attributed not only to the global demand and exploration for minerals required for future technologies, but also mainly to the Ministry's concerted efforts to disseminate geoscience knowledge to local communities through information sharing seminars held around the country. The Ministry did also carry

out the promotion of the geoscience data, information, and products at the various international platforms such as the Mining Indaba and Prospectus, Developers Association of Canada (PDAC) and South African Geophysical Association (SAGA). We are also busy looking at how to monetize this data to ensure that serious investors are attracted rather than speculative ones.

Notably in the electricity supply sector, we are consistently working to improve energy security and access to electricity to households and institutions. In this regard cabinet approved the updated National Integrated Resource Plan (NIRP 2022). The plan provides a roadmap to reach a minimum of 80% of our electricity requirements to be supplied locally by 2028. For the year 2022, a 20 Mega Watt power plant was commissioned, in Omaruru, Erongo Region. Several other projects amounting to 224 Mega Watts are the pipeline to be commissioned before end of 2025. ✓

Additionally, the Ministry have made significant progress in coordinating the electrification of the 213 schools and 19,000 (nineteen thousand) rural and peri-urban households as targeted in HPPII. Although some projects were delayed due to material supply disruptions as a result of geopolitical tensions and other external factors, a total of 21 schools were electrified in the 2022/23 FY with a further 57 under construction. Furthermore, the Ministry is developing an electrification support mechanism, which will guide the country to reach universal access to electricity by 2040.

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

For the 2023/24 financial year the Ministry of Mines and Energy is requesting a budget allocation of **N\$250,674,000 (Two hundred and fifty million, six hundred and seventy-four thousand Namibian dollars)**. The requested amount is to be distributed amongst the following programmes:

## **PROGRAMME 1: PROMOTION OF INVESTMENT IN EXPLORATION – N\$23,3 MILLION**

This programme aims to regulate the mining industry, promote mineral resources potential, and attract investors. Through this programme, the Ministry continues to embrace innovation to stimulate investment in the mining sector. The Ministry is in the process of developing an online mineral rights application system to improve transparency and deepen public trust. The project is envisaged to be completed during the 2023/2024 financial year. The finalization of the Minerals Bill remains a priority and this project is at an advance stage.

The Ministry has secured a legal person from the Attorney General's office to assist with the process of stakeholder engagement. The Ministry continues to assist Small-Scale miners to be part of the mainstream economy.

A facility for processing of semi-precious stones in Khorixas, Kunene region was completed and handed over to the Ministry of Mines and Energy in December 2022. A budget is available in the 2023/2024 FY to operationalize the facility. Once operational, the facility will contribute towards employment creation and skills development in the region.

## **PROGRAMME 2: CREATION OF KNOWLEDGE OF NAMIBIA'S GEOLOGICAL RESOURCES - N\$57,7 MILLION**

Through this programme, the Ministry purposely undertakes integrated and multidisciplinary mineral and energy resources potential mapping. This is expected to encourage and provide innovative and responsive geoscience solutions to support National Initiatives towards economic growth, affordable clean energy, optimal land-use (including engineering geology and geo-hazards), among others. The programme continues to deliver

requisite high-resolution to the scale of One to Fifty thousand (1:50,000 scale) baseline geoscience data that may be used to target various applied and innovative geoscience solutions addressing societal challenges; and produce value-added outputs in the minerals and energy, health, groundwater, and the environment as well as infrastructure development sectors.

For the 2023/2024 financial year, the focus for this programme is to accelerate the geoscience research outputs, for an improved geoscientific repository through knowledge management. All datasets, information and products derived through this programme is property of the government and forms a critical input to attracting investment in exploration of mineral and energy resources. This is particularly so for minerals that are deemed critical for future technologies, and support for new energy generation sources.

### **PROGRAMME 3: ENERGY SUPPLY AND SECURITY N\$79 MILLION**

Although this year has experienced high volatility in fuel prices, the Ministry has maintained stability in the supply of petroleum products in the country. Through, the National Energy Fund the Ministry continues to subsidize energy prices as per its mandate, and levies imposed on controlled petroleum products and electricity.

During 2022/2023 Financial Year, the international prices of petroleum products have been unfavourable, especially for net-importing countries like Namibia. Although this has been a challenge, the Ministry was able to support the fuel industry and economy in general by ensuring the security of supply and accessibility of petroleum products.

Besides fuel price increases that were imposed on the pump prices and electricity tariffs, equally the Ministry, through the National Energy Fund, subsidised fuel prices at a total amount of N\$328 million and N\$100 million paid for electricity tariff under-recoveries. The Ministry will continue to improve sector compliance and monitor the international and local markets, to ensure that

petroleum products imported into the country are competitive and reflect the actual cost incurred. Alternative ways are being explored to ensure fuel security of supply at affordable prices.

### **Electrification:**

The Ministry aim to improve access to electricity at various levels, at the household level, the Solar Revolving Fund financed the electrification of 400 households with solar systems at a cost of N\$12 million.

In order to ensure security of electricity supply, the Ministry received a capital budget of N\$54 million allocation for the financial year 2023/2024. With this allocation the Ministry envisages to electrify about 78 rural public institutions, such as schools, clinics and at least 180 households.

### **PROGRAMME 4: PROTECTION OF NAMIBIA'S DIAMOND INDUSTRY - N\$17.4 MILLION**

This program is mainly dedicated to protecting and promoting the diamond resources through sound regulatory oversight. The diamond industry is growing fast and the Ministry needs to respond appropriately by filling of all positions approved in the structure to mitigate the potential risk of loss of the diamonds during production. Training for Inspectors will intensify, to cope with industry developments and enhance competitiveness. We will continue intensified inspection and monitoring of the diamond value chain activities. In addition, the Ministry will honour the African Diamond Producers Association, Kimberly Process Certification obligations and focus on the promotion of the Namibian Diamonds to the international market.

### **PROGRAMME 5: PETROLEUM SUPPLY AND SECURITY N\$12.6 MILLION**

In order to undertake the mandate of ensuring security of petroleum supply in Namibia, the Petroleum Affairs Directorate has

an operational budget of N\$12,6 million allocation for the financial year 2023/2024.

Although the entire budget is earmarked for operations, the Ministry will fully utilise it to attain its objective of by ensuring that the country is fully supplied with petroleum products. With petroleum products being the highest energy source by occupying 65% of Namibia total energy consumed, the Ministry is committed to ensuring the security of energy supply through effective administration of the petroleum products importations, adequate mechanism for petroleum products distributions through effective licencing systems and ensuring that the products are sold at market related pump prices. The Ministry will also aggressively regulate the petroleum sector to guard against market instability risks, a threat that is currently posed by illegal fuelling. All these activities will be conducted with an objective of ensuring that we create value for society from petroleum related activities.

As we are all aware, petroleum products are amongst the highest flammable products known, the Ministry substantial portion of the budget will be spent on ensuring that the health and safety requirements legislated are adhered to by all players involved in the sector for the safety of the Namibian people, properties and the environment.

Whilst supplying the petroleum products from international markets, the Ministry is also busy exploring for oil and gas on the Namibian continental shelf to enable Namibia to be self-reliant in terms of domestic energy supply through becoming a petroleum producing nation. As you are aware, together with Shell, Total Energies, Namcor and Qatar Energy, we have discovered large accumulation of light oil in the Orange basin in three separate discoveries. While this is exiting results, additional works need to be conducted in the form of the currently undergoing appraisal campaign. At the moment and for the next 6-8 months the Ministry together with the JV partners will be drilling up to 4 wells in the Orange basin to appraise these discoveries and establish commerciality. In addition to the appraisal works being undertaken, the new finds have also amplified the outlook on



natural gas developments in the country. To that effect, plans are also currently underway to finalise the new Field Development Plan (FDP) for the development of the Kudu Gas Field.

At same time, a large portion of our efforts will be focused towards ensuring that the country is prepared for meaningful participation in this upcoming industry and that all elements are in place to ensure that value is captured which will contribute meaningfully to the Namibian economy. Whilst various training endeavours for the industry are being undertaken through the Petrofund, the Ministry has also commenced programs to build internal capacity for effectively administration and regulation of the industry. To this end, the Ministry sent young Namibians to Equatorial Guinea for skills development and capacity building. Through these interventions of reliance on our bilateral engagements and memoranda of understanding (MOUs), the Ministry will continue to build the desired capacity needed for the sector.

Additionally, more energy will be spent on ensuring that we drive more exploration activities to other basins both onshore and offshore to ensure that the success we have achieved in the Orange Basin is replicated in other sedimentary basins.

In delivering on the objective of regulating and retaining the current exploration investors and creating a conducive environment for new investments in the upstream sector, the Ministry will facilitate the fruition of the investment decisions that have been firmed during this financial year.

The current operational mode has created a window of opportunity for internal research and development that will ensure that the industry continue to benefit.

Creating a legal framework that enables building the economy, the workforce and building industry capacity is also amongst the focus that the Ministry is trying to achieve for the oil industry during this financial year.

## **PROGRAMME 6: POLICY COORDINATION AND SUPPORT SERVICES – N\$60 MILLION**

This programme provides administrative support to the core functions of the Ministry and maintains effective internal control systems for the Ministry. Part of the allocation will go towards the risk assessment of the Ministry and the upgrade of the Ministry's Regional Offices and the expansion of IT infrastructure.

### **HONOURABLE CHAIRPERSON OF THE WHOLE HOUSE COMMITTEE, HONOURABLE MEMBERS**

As people's representatives, we must always strive to foster unity of purpose in advancing our country's agenda and the well-being of the people we serve. Let me assure this August House that our future is bright and secure under the able leadership of His Excellency, Dr. Hage Geingob, the President of the Republic of Namibia.

The Ministry of Mines and Energy is aware that for its objectives to be met, some challenges need to be overcome. This calls for everyone within the Ministry to maintain fiscal discipline and execute our mandate at an accelerated pace, free from corruption in the interest of current and future generations.

It is possible to have a Namibia where everyone is accountable for their actions; where the leadership governs justly, invests in its citizens, and creates opportunities for all; and citizens rise to the occasion to perform their civic duties and responsibilities.

I would like to conclude my statement by thanking the Honorable Tom Alweendo, Minister of Mines and Energy, the former Executive Director, Mr. Simeon Negumbo, who retired last year November;

the acting Executive Director, Mr. Bryan Eiseb, and all the hard-working employees at the Ministry.

With these words, Hon. Chairperson of the Whole House Committee, I thus respectfully request this august House to approve the budget allocation for Vote 15, Ministry of Mines and Energy, in the amount of N\$250,674, 000 (Two hundred and fifty million, six hundred and seventy-four thousand Namibia dollar).

I thank you.