



Republic of Namibia
Ministry of Finance and Public Enterprises

MOTIVATION FOR BUDGET ALLOCATION
TO VOTE 09: MINISTRY OF FINANCE AND PUBLIC ENTERPRISES IN THE APPROPRIATION BILL,
2024

PRESENTED BY
BY

HONOURABLE MAUREEN HINDA-MBUENDE, MP
DEPUTY MINISTER OF FINANCE AND PUBLIC ENTERPRISES

05 April 2024

Honourable Speaker, Honourable Chairperson of the Whole House Committee,
esteemed Members of Parliament,

I rise today with a profound sense of duty and purpose as I present the budget motivation statement for Vote 09: Ministry of Finance and Public Enterprises for appropriation.

As we embark on the crucial task of allocating resources and shaping policies that will guide Namibia's economic trajectory, it is imperative to underscore the pivotal role of Vote 09.

Responsible for the oversight of central government finances, coordination of the national budget, management of financial markets, formulation of consumer legislation, and crafting tax policies, Vote 09 serves as the linchpin of our nation's fiscal framework.

Furthermore, Vote 09 plays a crucial role in positioning Namibia's Public Enterprises as engines of economic growth and drivers of national development. By providing strategic guidance, including good governance, financial prudence, and sound human resource capital management. Indeed, we also over financial support and regulatory oversight. We are bringing our side to empower these entities to fulfill their respective mandates effectively, stimulate innovation, create much-needed job opportunities, and contribute significantly to the country's economic prosperity.

As we navigate the challenges and opportunities on the horizon, the decisions made within Vote 09 will shape the trajectory of our nation's economic future. It is incumbent upon us to exercise prudence, foresight, and a steadfast commitment to the public good as we strive to realize Namibia's full potential and create a brighter, more prosperous future for all its citizens.

Before delving into the specifics of the budget allocation for the 17 Main Divisions under Vote 09, it's essential to underscore some key highlights regarding the Ministry's budget.

1. An amount of N\$ 1 billion, is proposed to be allocated to the Namibia Revenue Agency (NamRA). This allocation is pivotal in ensuring the effective collection of state tax and customs revenue, which plays a vital role in financing government operations and funding key public services.

The significant allocation to NamRA underscores the Ministry's commitment to strengthening revenue mobilization efforts and enhancing tax compliance mechanisms. By providing adequate resources to NamRA, we aim to bolster its capacity to enforce tax laws, combat tax evasion and avoidance, and streamline customs procedures.

2. An amount of N\$ 50 million is allocated to the Central Procurement Board of Namibia (CPBN). This allocation is essential to enable the CPBN to undertake critical public procurement processes efficiently and effectively.

The allocation to the CPBN signifies the Ministry's commitment to ensuring transparency, fairness, and efficiency in the procurement of goods, services, and works for public projects and programs. By providing adequate resources to the CPBN, we aim to enhance its capacity to oversee and manage procurement activities across various government agencies and entities.

Public procurement plays a crucial role in the efficient utilization of public funds and the delivery of quality services to citizens. With this allocation, the CPBN will be empowered to conduct procurement processes by best practices, regulations, and ethical standards, thereby promoting value for money and minimizing the risk of corruption and mismanagement.

3. An allocation of N\$ 6.5 million is proposed for activities of the Public Procurement Review Panel (Review Panel). This allocation is crucial to support the functions and operations of the Review Panel in ensuring fairness, transparency, and accountability in the public procurement process.

The allocation to the Review Panel underscores the Ministry's commitment to upholding the integrity of the procurement system and providing recourse for aggrieved parties in procurement disputes.

The Review Panel serves as an independent body responsible for reviewing complaints, disputes, and challenges related to public procurement decisions, thus safeguarding the interests of both government entities and suppliers.

4. An allocation of N\$ 2.9 billion has been earmarked for the Public Service Medical Aid Scheme (PSEMAS). This allocation is deemed critical as reforms are underway to enhance the management of the fund and ensure its long-term sustainability.

The allocation to PSEMAS underscores the Ministry's commitment to providing quality healthcare benefits to public service employees and their dependents. PSEMAS plays a vital role in ensuring access to essential medical services for government workers, contributing to their overall well-being and productivity.

Furthermore, the significant allocation to PSEMAS comes at a pivotal time when reforms are being implemented to improve the management and financial sustainability of the scheme. These reforms are aimed at enhancing efficiency, reducing operational costs, and strengthening governance mechanisms to safeguard the integrity of the fund.

5. An allocation of N\$ 181 million has been earmarked for Political Parties. This allocation serves several important purposes within the democratic framework of Namibia.

Firstly, the allocation supports the functioning of political parties as essential components of a vibrant democracy. Political parties play a crucial role in representing diverse interests, articulating policy positions, and engaging citizens in the political process. The allocation ensures that political parties have the resources necessary to carry out their activities, including organizing campaigns, conducting outreach, and participating in electoral processes.

Secondly, the allocation promotes inclusivity and participation in the political landscape by providing support to a range of political parties. In a pluralistic democracy like Namibia, where multiple parties compete for representation, it is essential to provide equitable support to ensure fair competition and representation of diverse viewpoints.

6. An amount of N\$ 4 million is allocated towards the undertaking of extensive national consultations on the Public Finance Management Bill (PFM Bill) and the amendments to the Regulations of the Public Procurement Act.

The envisaged Public Finance Management Act will repeal the current State Finance Act once signed into law, while the amendments to the Regulations of the Public Procurement Act is a crucial step towards enhancing transparency, efficiency, and accountability in public procurement practices. It provides an opportunity to address emerging challenges, streamline procedures, and incorporate best practices to ensure optimal utilization of public funds.

Moreover, this allocation signifies the Ministry's commitment to continuously improve the legal framework governing public financial management and public procurement processes in Namibia.

7. N\$692 million has been allocated for subsidy payments to several Commercial Public Enterprises (PEs), underscoring the Ministry's dedication to bolstering vital sectors of the economy and fostering the growth and efficacy of PEs in fulfilling their mandates. Below are the significant subsidy allocations.

TransNamib: N\$ 300 million

Roads Contractor Company (RCC): N\$ 55 million

Namibia Industrial Development Agency (NiDA): N\$ 30 million

Namibia Institute of Pathology (NIP): N\$ 107 million

MEATCO: N\$ 100 million

Agro-Marketing and Trade Agency (AMTA): N\$ 72 million

These subsidy payments are aimed at providing financial support to PEs for various purposes such as infrastructure development, capacity building, and operational expenses.

Each allocation is tailored to address the specific needs and priorities of the respective PEs, ensuring that they have the necessary resources to fulfill their mandates and contribute to the socio-economic development of Namibia.

8. An amount of N\$ 77 million is allocated to Agribank as a dedicated subsidy program for Farmers whose operations have been adversely affected. This allocation underscores the Ministry's recognition of the challenges faced by farmers and its commitment to addressing their needs.

Furthermore, the sentiment expressed by the Minister of Finance and Public Enterprises during the national budget statement, "Dear Farmers, we have heard your cry," reflects a genuine acknowledgment of the challenges faced by farmers and a commitment to addressing their concerns. It signifies the Ministry's responsiveness to the needs of the agricultural community and its determination to support farmers in overcoming challenges and realizing their potential.

9. In concluding the operational budget highlights for Vote 09, it is crucial to underscore the allocation of N\$ 1.4 billion designated as a once-off tax legacy liability assistance to selected State-Owned Enterprises (SOEs).

This allocation represents a significant commitment by the Ministry to address tax liabilities that may impede the operations, financial stability and going concern of these selected SOEs.

10. Allow me esteemed members, to further share Vote 09s development budget highlights for your consideration,

The development budget highlights underscore our commitment to strategic investments aimed at promoting economic growth, enhancing infrastructure, and improving public service delivery.

Firstly, an allocation of N\$ 58 million has been earmarked towards the establishment of a one-stop border post at the Trans Kalahari border post, alongside the construction of an administration block at the Katima Mulilo Border Post. This investment is crucial in facilitating smoother trade movement, reducing clearance times, and enhancing efficiency at key border crossings, ultimately fostering regional integration and economic development.

Furthermore, Nampower has been allocated N\$ 200 million for the construction of a biomass power plant in the Oshikoto Region. This initiative underscores our commitment to sustainable energy development, reducing reliance on fossil fuels, and promoting environmental stewardship while meeting the growing energy demands of our nation.

The Luderitz waterfront project receives a significant allocation of N\$ 88 million to support its completion. This investment aims to unlock the tourism potential of the Luderitz waterfront, stimulate economic activity, and create job opportunities in the region, thereby contributing to local economic development and enhancing the quality of life for residents.

Additionally, the Public Accountants and Auditors Board is allocated N\$ 11 million for the acquisition of an office complex, ensuring adequate facilities to support its regulatory functions and promote professional standards in the accounting and auditing profession.

Lastly, recognizing the evolving needs of the Ministry of Finance and Public Enterprises, an allocation of N\$ 67 million is dedicated to the acquisition of additional office buildings. This investment is essential to accommodate the increasing number of staff resulting from the envisaged structural adjustment of the Ministry, ensuring operational efficiency and effective service delivery.

11. *Honourable Members of this August House,*

I am pleased to present to you the seventeen (17) Main Divisions of Vote 09: Ministry of Finance and Public Enterprises, along with the corresponding figures allocated to each division for the 2024/2025 financial year.

These allocations, totaling N\$ 7.7 billion as Operational budget expenditure and N\$ 430 million as Development budget expenditure, excluding interest payments of N\$ 12.8 billion, reflect the Ministry's commitment to fiscal responsibility, economic development, and effective public enterprise management:

1. Office of the Minister and Deputy Minister: N\$ 5.3 million
2. Administration: N\$ 1.4 billion for operational budget, as well as N\$ 67 million for development expenditure
3. Internal Audit: N\$ 4.5 million
4. Inland Revenue: N\$ 80 million
5. Economic Policy Services: N\$ 23 million
6. Customs and Excise: N\$ 120 million for the operational budget as well N\$ 58 million for development budget expenditure.
7. Public-Private Partnership Management: N\$ 6.3 million.
8. Medical Aid (PSEMAS): N\$ 2.9 billion.
9. Procurement Policy Unit: N\$ 15 million.
10. Budget Management and Control: N\$ 514 million.
11. Expenditure and Financial Management: N\$ 45 million.
12. Asset, Cash and Debt Management: N\$ 676 million for operational budget, as well as N\$ 11 million for development budget expenditure.
13. Information Technology: N\$ 71 million.
14. Public Debt Transactions: N\$ 12.8 billion (deemed appropriated in terms of the State Finance Act, therefore, not part of the 7.7 billion)
15. Government Internal Audit and Policy Coordination: N\$ 6.6 million.

16. Legal, Economic, and Advisory Services: N\$ 9.4 million.

17. Governance and Financial Advisory Services: N\$ 2.3 billion for operational budget as well as N\$ 288 million for development budget expenditure.

12. These allocations are meticulously designed to support various programs and initiatives aimed at promoting fiscal sustainability, economic growth, and efficient public enterprise management.

Each Main Division plays a crucial role in advancing the objectives of the Ministry of Finance and Public Enterprises, as outlined in the Medium-Term Expenditure Framework (MTEF).

The MTEF provides comprehensive insights into the past performance and planned activities of all programs of the Ministry of Finance and Public Enterprises, ensuring transparency, accountability, and effective resource allocation.

In conclusion, the allocations presented here reflect the Ministry's unwavering commitment to sound fiscal management, economic development, and public enterprise governance.

As we embark on the implementation of these programs, I trust that they will contribute significantly to the prosperity and well-being of all Namibians.

13. Honorable Speaker, Honorable Chairperson of the Whole House Committee, and esteemed Members,

With gratitude for your attention and consideration, I stand before this August House to humbly request the approval of the expenditure request of N\$ 8.1 billion for Vote 09: Ministry of Finance & Public Enterprises for the financial year 2024/2025.

I Thank you.