



## MINISTRY OF FINANCE

# *BUDGET HIGHLIGHTS*

*“REIMAGING, A BETTER FUTURE FOR THE YOUTH”*

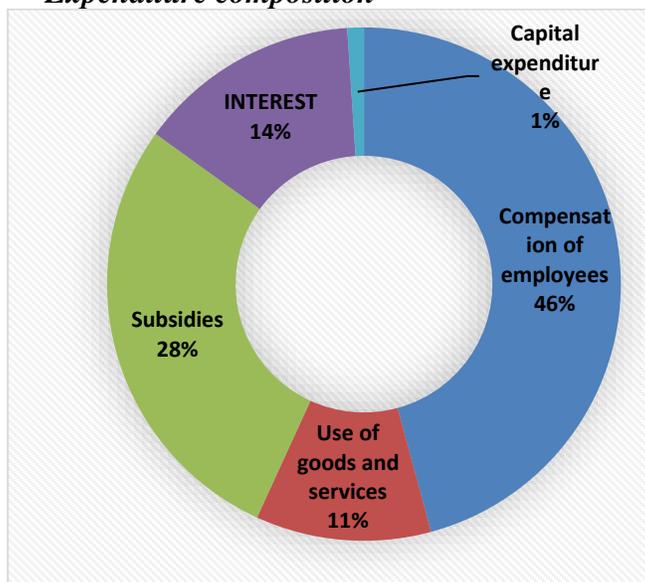
Volume 1, Issue 1

24 February 2022

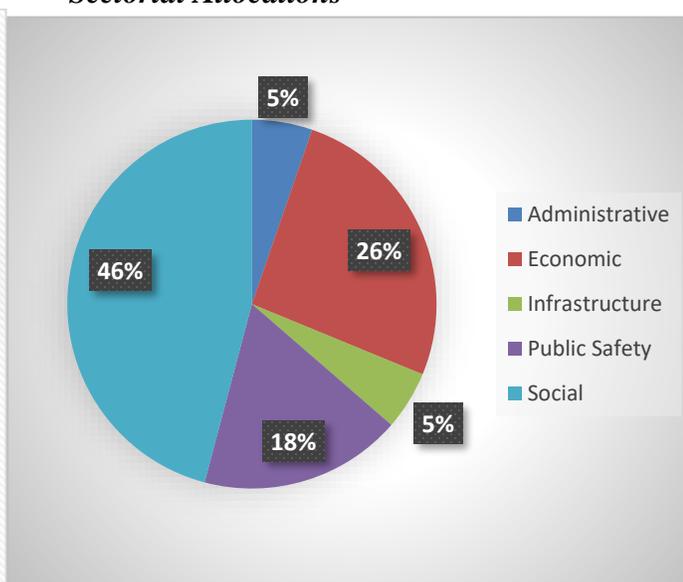
*Economic recovery is expected to be anchored by growth in the primary industries, particularly the rebound in mining activities, thanks to the expansion in the production capacity supported by recuperation in external demand and commodity prices.*

	2020a	2021e	2022p	2023p
Primary Industries	-5.9	1.3	8.1	8.7
Secondary Industries	-13.0	-2.5	0.6	2.6
Tertiary Industries	-5.7	1.8	2.0	2.6
GDP at market prices	-8.5	1.2	2.9	3.7

*Expenditure composition*



*Sectorial Allocations*



### Expenditure priorities

- **Youth empowerment:** N\$45 million allocated to **DBN** to support youth entrepreneurship, preferential treatment in Public Procurement Code of Good Practices, N\$50 million to Ministry of Sports, Youth and National Service will support the renovation of the Independence stadiums,
- *Maintaining allocation for the provision of key social services*
- *Preserving funding for priority and ongoing national projects with contractual obligations*
- *maintained the provision of resources to programmes aimed at combating and mitigating the socio-economic impacts of COVID-19*

## Tax Administration reforms

Namibia Revenue Agency (NamRA) officially launched on the 7 April 2021

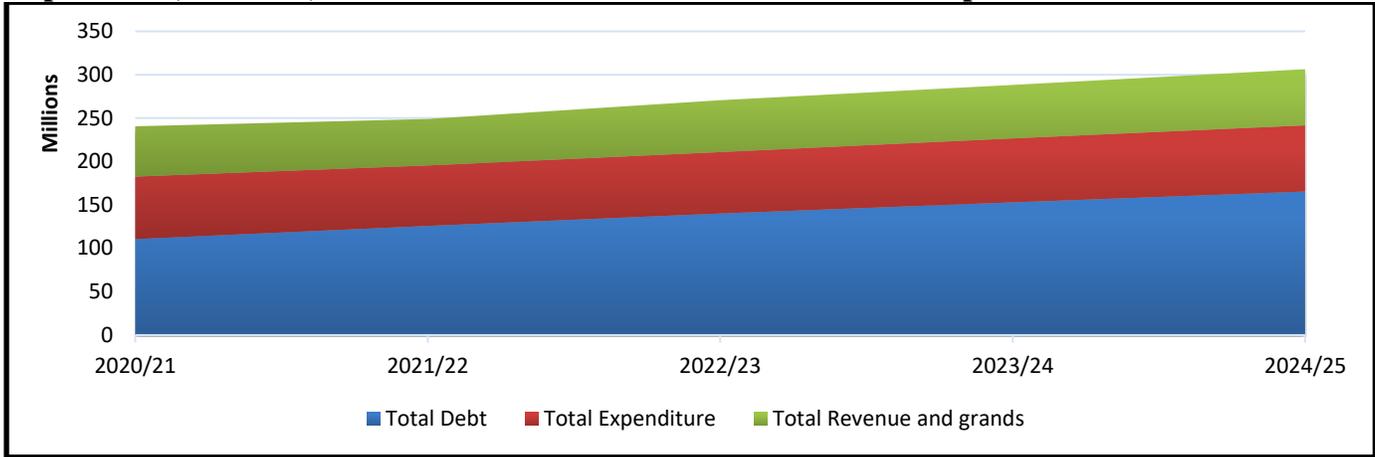
## Tax Policy

- I. *Increase the deductibility on pension fund contributions, educational policy deductions to a maximum of N\$150 000.00 in FY2022/23;*
- II. *VAT Act Amendment Bill to zero rate sanitary pads;*
- III. Tax Policy Unit in the Ministry of Finance has commenced and the recruitment process to capacitate the structure has started
- IV. *Introduction of the modified Electronic Filing Tax Relief Programme for another period of twelve months in place of the tax relief programme which ended 31 March 2022 Government is exploring options to reduce the non-mining company tax, with consideration to effect in the outer years of the MTEF*

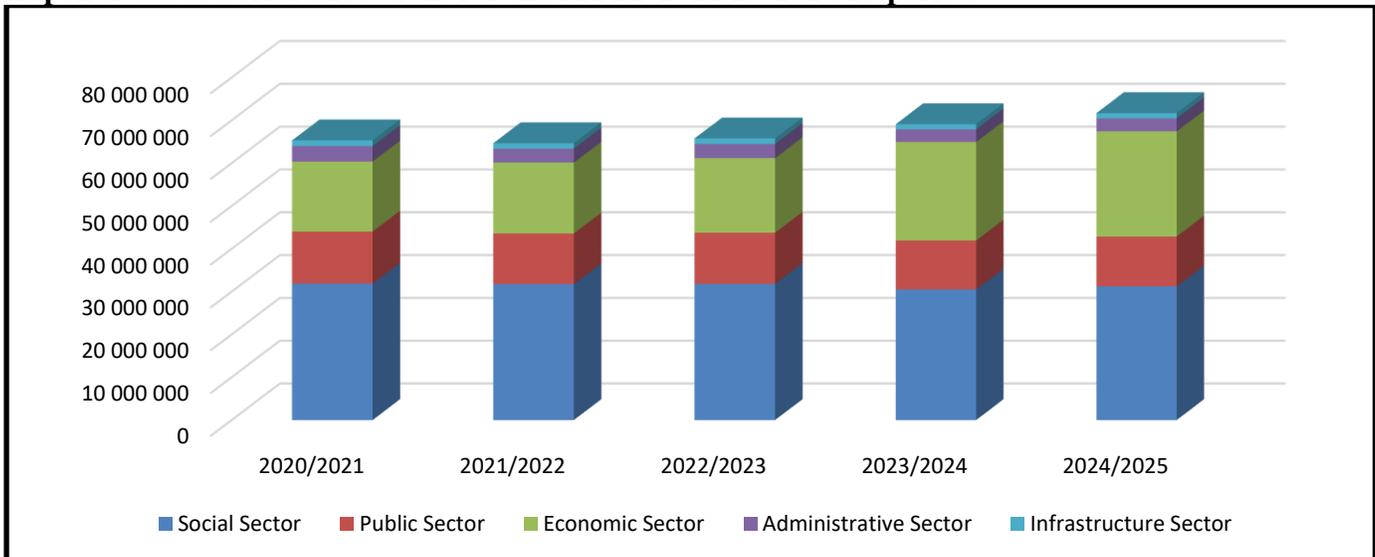
## Expenditure Breakdown

- Expenditure for FY2022/23 is estimated at N\$70.8 billion.
- Of which is **92.9 percent** is operational expenditure, while 7.1 percent is development expenditure,
- **Budget deficit** is estimated at about **5.6 percent of GDP**, lower than 8.7 percent estimated for FY2021/22,
- total **debt** is estimated at **71 percent of GDP**, 11.4 percent higher than the balance in the previous year,
- **Interest payments** is estimated at **N\$9.2 billion** or 15.4 percent of revenue, reflecting the hitherto elevated cost of borrowing, and
- **Government guarantee** is estimated at **N\$12.0 billion** or **6.1 percent of GDP**, which is a 1.0 percentage point lower than in the previous year

**Expenditure, Revenue, and Debt stock for the 2022/23-2024/25 MTEF period**



**Expenditure sectorial allocations for the MTEF 2022/23-2024/25 period**



**SECTOR ALLOCATIONS**

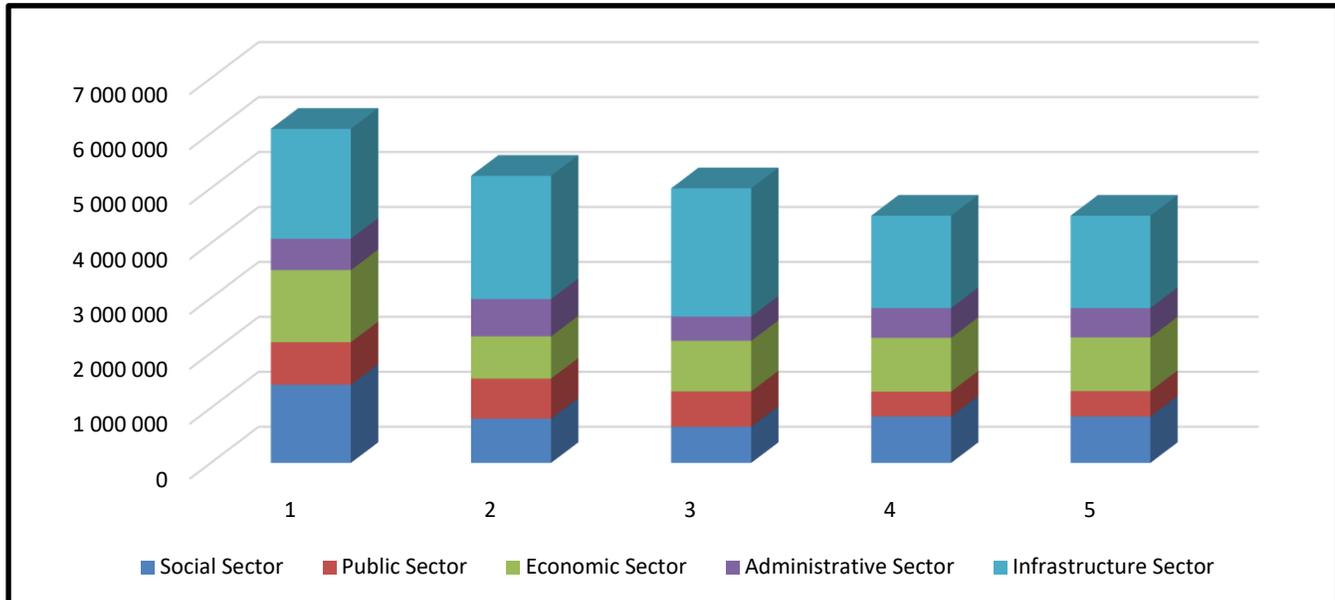
**Higher Education, Training and Innovation** is allocated **N\$3.3 billion** or 4.7 percent of the total allocation of which N\$840 million is for UNAM, N\$455 million for NUST and N\$1.4 billion for NSFAP, Ministry of **Gender Equality, Poverty Eradication** and Social Welfare is allocated **N\$5.5 billion** social safety net programs and also to support the fight against gender-based violence

Ministry of **Basic Education, Arts and Culture** receives **N\$14.1 billion**, equivalent to 19.9 percent of the total allocation

The **Public Safety Sector** takes up the third highest allocation, amounting to **N\$12.6 billion** or 17.8 percent of the total allocation, supporting the maintenance of law and order and continued investment in peace and stability.

The **Administrative Sector** receives the least allocation of **N\$2.4 billion**, equivalent to 3.4 percent of the total allocation

## Development Budget sectorial allocations for the MTEF 2022/23-2024/25 period



**Transport** receives N\$2.6 billion, some 3.7 percent of the total appropriation mainly for capital projects in the **rail, road and water sectors**. This allocation is supported by over N\$700 million from the **Road Fund Administration** in FY2022/23 for road maintenance. A total of N\$140 million and N\$350 million for road and rail infrastructure, respectively, will be disbursed under the AfDB infrastructure financing arrangement. Ministry of Agriculture, Water and Land Reform receives N\$1.9 billion or 3 percent of the appropriation for investment in the sector, of which N\$662.8 million is for the development budget of the water sub-sector.

Nampower is rolling out investment in energy generation and transmission with investment commitments estimated at about N\$10 billion over the MTEF period,

### Reigniting economic growth by supporting;

- Private sector driven *economic recovery* objectives,
- through sector-specific Productivity Taskforces,
- leasing green scheme to the private sector,
- and aggressive investment promotion

### SIN TAXES

- 340ml can of beer or cider now costs an extra 11c
- a 750ml bottle of wine costs an extra 17c
- a 750ml bottle of sparkling wine attracts an extra 76c
- a bottle of 750 ml spirits, including whisky, gin or vodka, has increased by N\$4.83
- a packet of 20 cigarettes costs an extra N\$1.03c
- 25 grams of piped tobacco now costs 37c more, and
- a 23 gram cigar is now N\$7.71 more expensive