



MINISTRY OF FINANCE

BUDGET HIGHLIGHTS

“BOOSTING RESILIENCE AND RECOVERY”

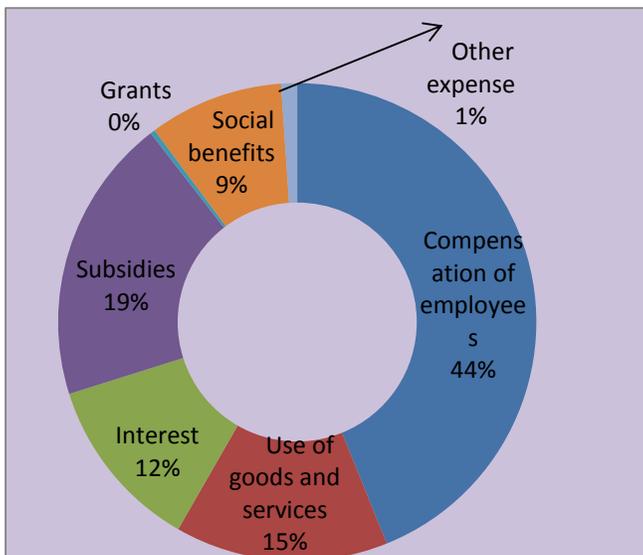
Volume 1, Issue 1

17 March 2021

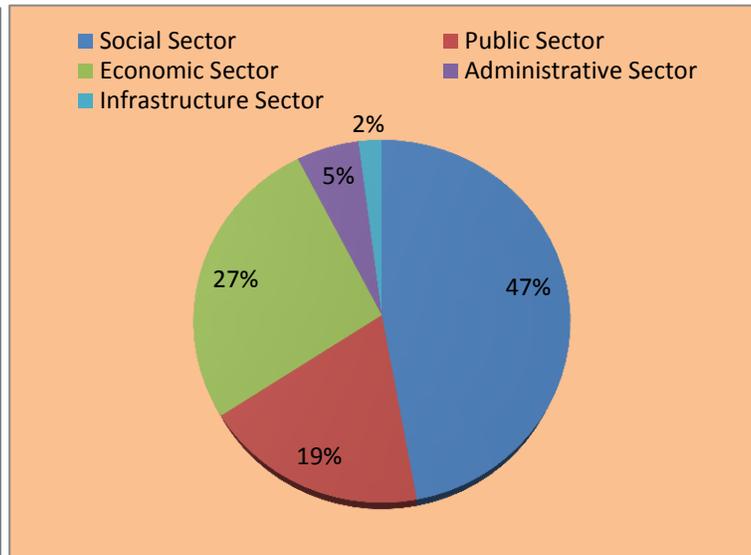
Economic recovery is expected to be anchored by growth in the primary industries, particularly the rebound in mining activities, thanks to the recuperation in external demand and commodity prices.

	2019a	2020e	2021p	2022p
Primary Industries	-8.9	-8.8	2.6	5.9
Secondary Industries	1.7	-12.7	1.5	3.6
Tertiary Industries	-0.1	-5.5	2.2	1.9
GDP at market prices	-1.6	-7.3	2.1	2.8

Expenditure composition



Sectorial Allocations



Expenditure priorities

- **Vaccine acquisition** and distribution needs in the health sector, without relaxing our guard on prevention, **N\$8.1 billion**
- Supporting *economic recovery* objectives, and
- Ensuring the continued provision of *essential public services* and *shielding our communities* against drought spells in some Regions, especially in Kunene Region, *albeit* in a tight fiscal environment.
- **Youth empowerment:** N\$450million allocated to **DBN** and the Ministry of Sports, Youth and National Service will, among others, support this strategic objective,

Tax Administration reforms

Namibia Revenue Agency (NamRA) is diarized for the 7 April 2021

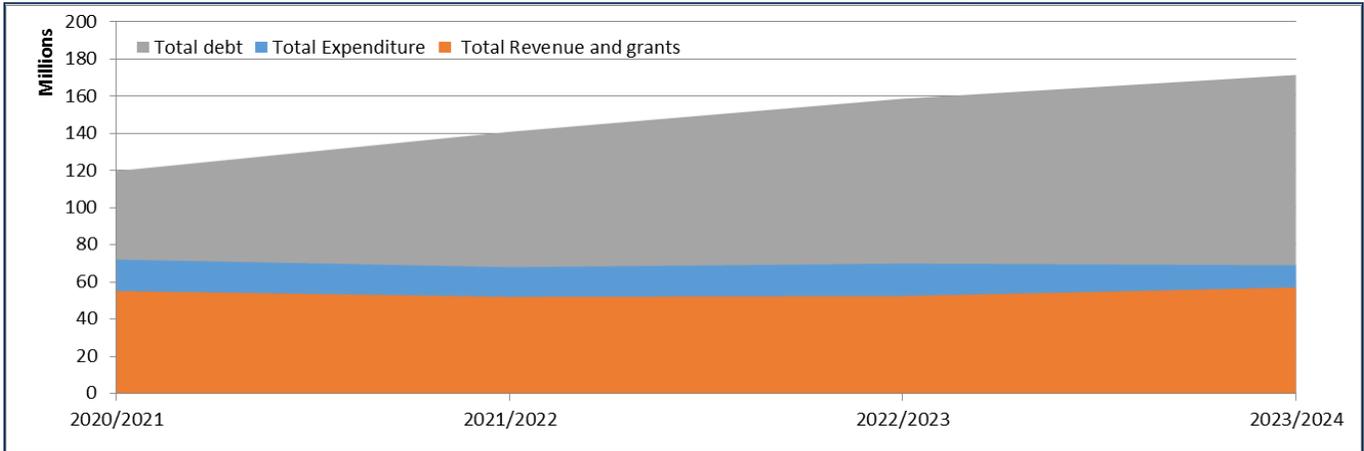
Tax Policy

- i. *Increase the deductibility on pension fund contributions, educational policy deductions to a maximum of N\$150 000.00, in FY2021/22;*
- ii. *An announcement will be made to review the introduction of zero rating the supply of the sanitary pad*
- iii. *Introduction of 15 % VAT on the fees of all asset managers to ensure fairness of the VAT System, in FY2021/22;*
- iv. *Enforce the administration of withholding tax on services, by requiring tax payers to provide proof of actual tax withheld from payments, in FY2021/22; and*
- v. *Strengthen the administration of freight tax provision in the law.*
- vi. *Review withholding tax on interest in unit trust fund as it relates to Namibian Companies for implementation in the next MTEF.*
- vii. *Start discussions and consultations on the introduction of a withholding tax at a rate of 10% on dividends paid to Namibians and consider reducing the corporate income tax in the next MTEF.*

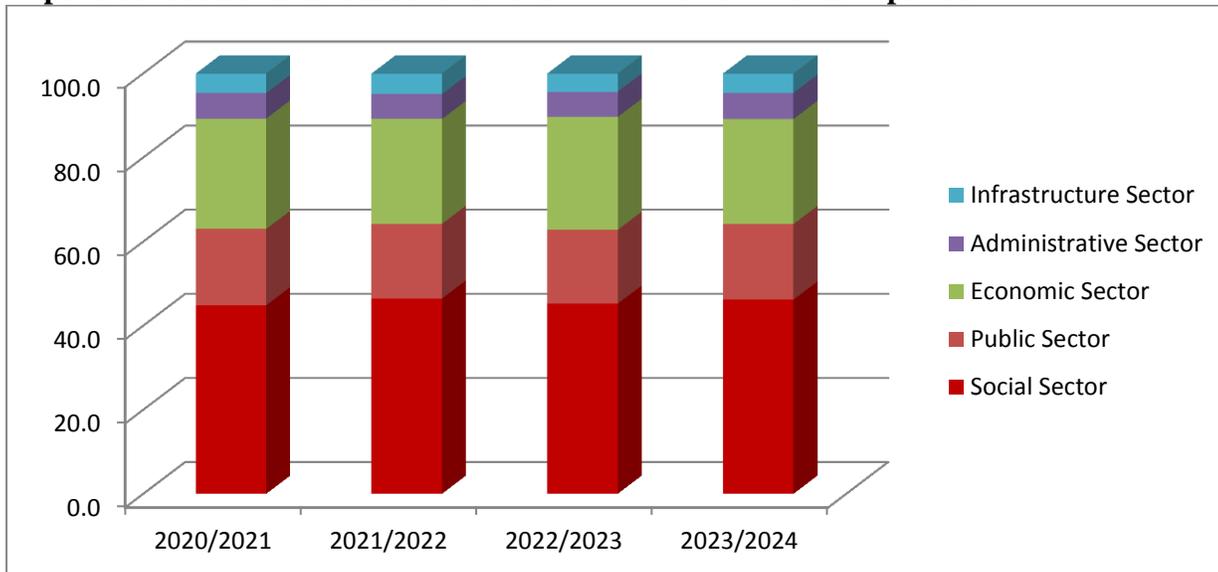
Expenditure Breakdown

- Preliminary expenditure outturn, including expenditure commitments by mid-March 2021 stood at **N\$65.2 billion** and it is anticipated to approximate the N\$72.1 billion appropriation and taking into account the unintended consequences of the lockdown measures.
- Which is **91.3 percent** operational expenditure execution rate and 8.2 percent development budget spending rate,
- **Budget deficit** is estimated at about **9.7 percent of GDP**, lower than the budgeted deficit of 12.5 percent due to better year-to-date outturn on GDP and revenue,
- total **debt** is estimated at **68.8 percent**, moderately lower than the budget,
- **debt servicing** is estimated at **N\$7.7 billion** or 14.0 percent of revenue, reflecting the hitherto elevated cost of borrowing, and
- Contingency liabilities are estimated at **7.3 percent of GDP** in relation to the 10 percent threshold.

Expenditure, Revenue, and Debt stock for the 2021/22-2023/24 MTEF period



Expenditure sectorial allocations for the MTEF 2021/22-2023/24 period



SECTOR ALLOCATIONS

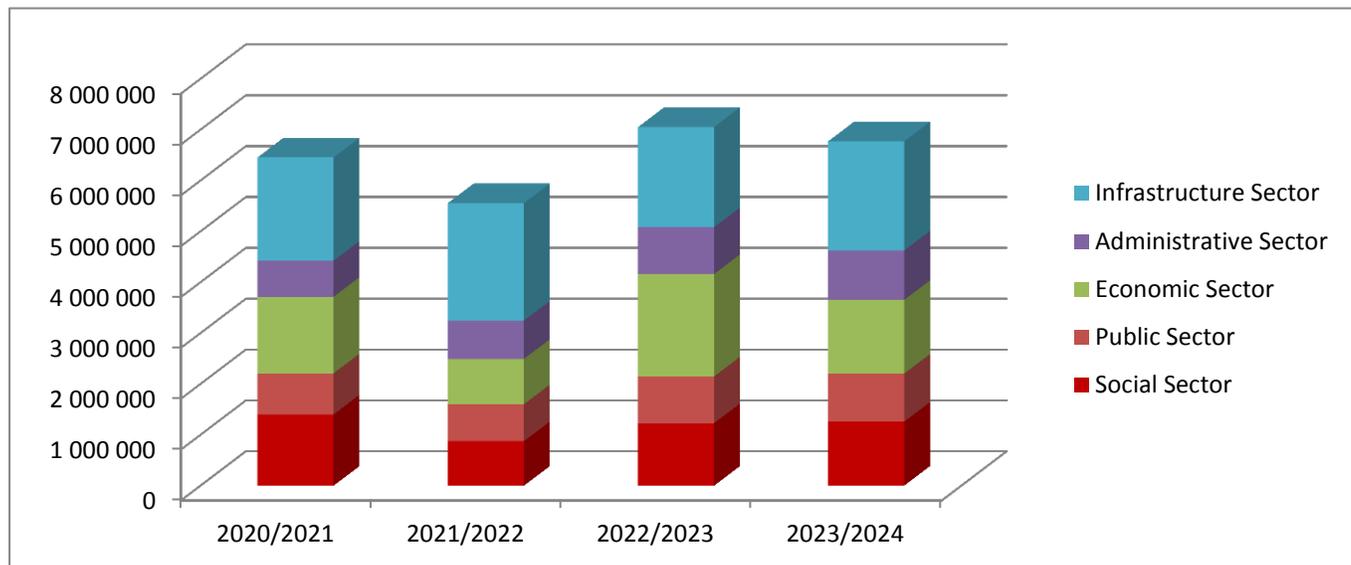
Higher Education, Training and Innovation is allocated **N\$3.1 billion** or 5.3 percent of the total allocation of which N\$851 million is for UNAM, N\$488 million for NUST and N\$1.2 billion for NSFAF, Ministry of **Gender Equality, Poverty Eradication** and Social Welfare is allocated **N\$5.4 billion** social safety net programs and also to support the fight against gender-based violence

Ministry of **Basic Education, Arts and Culture** receives **N\$13.8 billion**, equivalent to 23.2 percent of the total allocation

The **Public Safety Sector** takes up the third highest allocation, amounting to **N\$12.1 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\$4.0 billion**, equivalent to 5.9 percent of the total allocation

Development Budget sectorial allocations for the MTEF 2021/22-2023/24 period



- **Transport** receives N\$2.5 billion, some 4.2 percent of the total appropriation mainly for capital projects in the **rail, road and water sectors**. This allocation is supported by up to N\$1.2 billion from the **Road Fund** in FY2021/22 and N\$644.94 million for road project financing under the AfDB loan arrangement during the budget year, with the remainder of N\$1.7 billion to be disbursed over the next two years for **road and rail infrastructure**.
- Nampower is rolling out **investment in energy generation and transmission** with investment commitments estimated at about **N\$10 billion over the next three years**,
- Ministry of Agriculture, Water and Land Reform receives **N\$1.7 billion** or 2.9 percent of the appropriation for investment in the sector, of which N\$465.3 million is for the **water sub-sector**. In addition, N\$90 million is earmarked for a targeted budgetary transfer to **AgriBank**,

SIN TAXES

- 340ml can of beer or cider now costs an extra 14c
- a 750ml bottle of wine costs an extra 26c
- a 750ml bottle of sparkling wine attracts an extra 86c
- a bottle of 750 ml spirits, including whisky, gin or vodka, has increased by N\$5.50
- a packet of 20 cigarettes costs an extra N\$1.39c
- 25 grams of piped tobacco now costs 47c more, and
- a 23 gram cigar is now N\$7.71 more expensive