

Statement for the 2010/11 Budget
Presented by the Hon. Saara Kuugongelwa-Amadhila
Minister of Finance

30 March 2010

A. OPENING REMARKS

Honourable Speaker of the National Assembly,
Honourable Members of the National Assembly,

I am honoured to present to this House the Appropriation Bill for 2010/11, the first under the new SWAPO Party Government under the able leadership of President Pohamba, and the Medium Term Expenditure Framework for 2010/11 to 2012/13.

Further, I wish to congratulate SWAPO Party and President Hifikepunye Pohamba for an overwhelming election victory during the recent Presidential and National Assembly Elections. May I also congratulate all the members of Parliament for receiving the honour of being elected to represent our people in this August House. Our people have high expectations of us, more especially in the current circumstance where the global economic down turn has unfortunately rolled back some of the advances we have made in accelerating economic growth and development and therefore dampening prospects for greater advances in achieving the millennium development goals.

I have no doubt that we shall all make our maximum contribution to ensure that our country recovers the gains lost through the effects of this crisis, and to put our economy back on the high growth trajectory. Such commitment should reflect in the debate on the budget that I lay on the table in the House today if we are to live up to the expectations that our nation has of us.

May I also congratulate the Namibian people for having achieved two decades of peace, democracy and prosperity.

Honourable Speaker,
Honourable Members of the House,

Last year, I tabled an expansionary budget geared at weathering the economic storm created by the global economic crisis and consolidating the foundation for a long-term

sustainable growth in line with Vision 2030. Such an expansionary budget was made possible by the successive years of successful fiscal policy management. Alongside an expansionary budget, we also extended generous tax concessions to individuals and business. This maintained investments and welfare conditions of citizens, mitigating the impact of the crisis on the real economy and standard of living. Thanks, in part, to this counter-cyclical fiscal strategy of our government, our economy has managed to ride out the economic storm and the prospects over the MTEF are now more favourable.

However, the recovery is still fragile and it needs to be nurtured. We are therefore continuing with the expansion over the MTEF in order to sustain the recovery and to put the economy on a path of a higher and sustainable growth, a growth that can take our country closer to the Vision 2030 goals.

In the 2009 SWAPO Party Election Manifesto, SWAPO Party committed to and, I quote:

“Consolidate monetary and fiscal policies geared towards promoting growth and employment creation, and to ensure forward and backward economic linkages of economic sectors and regions. Further, we promise to maintain prudent macroeconomic policies that are responsive to domestic, regional and international economic developments.”

Our proposed budget is a balanced approach aimed at securing and consolidating our fragile recovery on the one hand, and on the other to stimulate the economy to higher growth rates which in turn must translate into employment creation, poverty reduction and equitable wealth distribution.

Honourable Speaker,
Honourable Members of Parliament,

I shall now give an outline of the economic developments and outlook.

B. MACROECONOMIC PERFORMANCE

I. Global and Regional Economy

The global economy has experienced a significant downturn in the past two years as a result of the global financial crisis. Most advanced economies went into a recession, causing a reduction in the global demand and a decrease in commodity prices. As a result, global output is estimated to have contracted by 0.8 percent in 2009. The outlook for 2010 is, however, positive with output growth projected to recover to 3.9 percent. Such recovery is, however, fragile as it is subject to many risk factors and a sustainable recovery may only be attainable over the medium term.

Although the impact of the crisis on the African economies was initially estimated to be limited, Sub-Saharan Africa's economy slowed down significantly to 1.5 percent in 2009 from a robust growth of 5.7 percent in 2008. For 2010, growth is projected to recover to 4.3 percent, lead by Angola which is projected to grow by 9.3 percent in 2010.

Within SADC, South Africa's economy contracted by 2.2 percent in 2009, largely due to the country's high level of integration with global financial markets and subdued external demand for its exports. A recovery is expected from 2010 with GDP projected to increase by 1.7 percent; both in 2010 and 2011 and further to 3.2 percent in 2012.

II. Domestic Economic Developments

Honourable Speaker,

Economic Output in 2009

Back on the home front, the Namibian economy recorded a negative growth of 1.1 percent in 2009. The hardest hit sectors were the primary industries which declined by an estimated 25.4 percent due to contraction in diamond mining and commensurate declined exports of diamonds. On the other hand, secondary industries grew by 4.6 percent, driven mainly by the construction sector. Tertiary industries recorded a moderate growth of 4 percent, mainly attributed to the decline in tourist visits.

Consumption and Investment

Consumption growth declined from 9.7 percent in 2008 to 2.3 percent in 2009, primarily as a result of the declined growth in private consumption which slowed from 10.7 percent to 1.8 percent in 2009. Due to government's policy of countercyclical spending, government consumption grew by 4 percent in 2009.

Investment recorded a robust growth of 13.2 percent in 2009, significantly up from 3.2 percent in 2008, mainly driven by government's expansionary development budget, while private investment in the mining and construction sector makes a sizable contribution. This trend in investment is forecast to continue in 2010, but private investment is expected to assume a more dominant role as global and domestic demand recovers and business confidence improves.

Balance of Payments

The balance of payments recorded a deficit during the second quarter of 2009. This was mainly driven by the appreciation of the Namibia Dollar against major currencies, notably the US Dollar, Euro and British Pound. Nonetheless, year-on-

year, the balance of payments remained in surplus on the back of strong current transfers, supported by foreign direct investment. This situation is expected to continue during 2010.

Balance of Trade

Resulting from the recession experienced in Namibia's traditional markets, exports contracted by 15.1 percent in 2009. The hardest hit sectors are mining and manufacturing, but the export-oriented tourism and fishing industries also recorded a decline. As an effect of slowed consumption, imports growth reduced to 1.5 percent in 2009, compared to a staggering 21 percent in 2008. This mitigated the impact of the export contraction on the balance of trade.

Inflation and Monetary Policy

Inflation averaged 8.8 percent in 2009. Due to easing inflation pressure since 2008, the Bank of Namibia relaxed its monetary policy stance. Inflation pressures are expected to further ease during 2010, but rising international energy prices may cause inflationary pressures during the second half of the year.

Honourable Speaker,
Honourable Members,

III. Domestic Economic Outlook

With the rebound in the global economy and government interventions, the medium term economic prospects are positive. Growth is projected at 3.8 percent for 2010 and at an average of 4.2 percent per annum for 2011–2013 period, driven by private and government investments and exports.

The primary and secondary industries are projected to grow on average by 4.4 and 5.0 percent respectively, while the tertiary industries are projected to grow on average by 4.2 percent.

C. FINANCIAL SECTOR DEVELOPMENTS

Honourable Speaker, I will now provide a brief update on the financial sector developments.

Second round effects from the financial crisis affected the output from the real economy leading to contraction in private credit growth and insurance premiums. However, our financial sector remains profitable and solvent. Both insurance companies and pension funds are adequately capitalised providing an adequate buffer against possible shocks.

IV. The Financial Sector Charter

The Financial Sector Charter was launched in October 2009 and consequently a Council was established to oversee the Charter implementation. This Charter will place the financial sector at the forefront of promoting broad-based economic growth, wealth creation and economic empowerment.

V. Managing the Budget on a Programme Basis

We have taken the process of managing the budget on a programme basis a step further. We are piloting outcomes and results based activity budgeting in four Votes this year. These votes present their MTPs on an activity based costing. Concurrent to this, the Chart of Accounts are aligned to represent the costing of the activity, both in terms of the budget planning and expenditure control measures.

VI. Public Finance Management

We are putting in place the necessary infrastructure to facilitate electronic payments in order to improve efficiency of payments system, reduce transaction costs, and curb the risk of fraud associated with the cheque payment system.

VII. Capital Market Development

To strengthen the domestic bond market and provide a home to portfolio investments, a Primary Bond Dealer system is being put in place for government bonds to be traded also by registered dealers other than the Bank of Namibia. We have invited and received bids from the market which are currently being evaluated.

VIII. Legislative Amendments

State Finance Bill and Audit Bill

The revision to the State Finance Act has been finalised. The two components of audit and state finance will henceforth constitute two separate Bills. The Audit Bill has been approved by Cabinet and is being subjected to legal scrutiny.

The layman's draft to the State Finance Bill has been finalised and is ready to be submitted to Cabinet for approval. Both Bills are envisaged to be tabled in Parliament in 2010.

Public Procurement

The Tender Board Act Amendment Bill was presented to stakeholders for inputs and further improvements were made to the bill. The main aim of the Bill is to optimise public procurement processes by removing obstacles which constrain SME participation, broad-based economic empowerment, and foster improved local content. Furthermore, bridging financing can henceforth be offered to SMEs through DBN. The Bill will be tabled in Parliament once it is scrutinised by legal experts, which we aim to achieve during the course of 2010/11.

Financial Intelligence Act

The Financial Intelligence Act of 2007 came into force on 5th May 2009. This means that money laundering is now a crime and will be prosecuted.

Financial Institutions and Markets Bill

The new **Financial Institutions and Markets Bill** has been finalised and is now undergoing legal scrutiny. The new Bill will provide for integrated regulation of financial institutions and will strengthen NAMFISA's financial supervisory authority and expand it to bring into its ambit hitherto unregulated operations. We are envisaging to table this Bill in Parliament once the legal review is finalised, hopefully this year.

Long-term Insurance and Pension Funds Act

We are suggesting amendments to Pension Funds Act and Long Term Insurance Act to, amongst others, provide for a minimum standard to be set by the Minister in terms of unlisted investments. This will pave the way for implementing amendments to Regulations 15 and 28 which are aimed at curbing the continued outflow of capital and promoting capital market development. The proposed amendments are due to be considered by Cabinet at its next meeting.

Honourable Speaker,
Honourable Members,

D. Economic Integration

In the next month, SACU will kick-start centenary celebrations by hosting a Heads of States and Governments Summit in Windhoek. At the core of this summit, is the regional integration agenda and SACU's long term vision. Aspect of this vision would include deeper economic integration within SACU, and SACU's relation with third parties.

Trade liberalisation within the region holds long term benefits in terms of industrialisation, skills and knowledge transfer and diversification of market opportunities for our products. I would thus like to call upon the private sector to

cooperate with government to capitalise on the greater gains obtainable through economic integration. Market penetration of Namibian products remains largely untapped. We must not only strengthen our industrial and knowledge base, but also build complementarities in the region in order to be more competitive vis-à-vis third parties.

E. FISCAL DEVELOPMENTS

Honourable Speaker, I will now turn to Fiscal Outturn and Outlook over the medium term.

IX. Revenue Outturn

Revenue outturn for the fiscal year 2009/10 is estimated at some N\$ 23.5 billion, 4.5 percent higher than estimates in the current MTEF and 0.1 percent higher than N\$ 23.4 billion revenue for 2008/09.

As a ratio of GDP, revenue constituted 29.2 percent in 2009/10, down from 31.4 percent in 2008/9. This trend will continue over the MTEF with a decline in receipts from SACU envisaged for the next two years.

Further, the global economic downturn poses medium-term risks to the sustainability of revenue growth. The fall in commodity prices has had a negative impact on growth in the mining sector, and on tax revenues from mining companies which will impact revenue performance.

X. Public Expenditure Outturn, Budget Balance, Debt Stock

Expenditure outlay for 2008/9 amounted to N\$21.9 billion or 29.5 percent of GDP. For 2009/10, **expenditure outturn** is estimated at N\$24.88 billion, compared to the N\$ 25.42 billion appropriated under the budget.

This expenditure level denotes a **budget implementation** rate of 98 percent. In deed the implementation rate of the budget has increased dramatically since the adoption of the programme budgeting. What this proves is that the government budget reforms are delivering results.

Stronger revenue performance and prudent expenditure control resulted in a **budget surplus** of about N\$ 1.5 billion during 2008/9, corresponding to 2 percent of GDP, exceeding the budget estimate of 1.1 percent.

For 2009/10, a **budget deficit** of N\$2.3 billion, or 2 percent of GDP is estimated. This brings an end to the three years of consecutive budget surpluses, but nonetheless, constitutes an improvement on the 5.2 percent budget deficit projected for the year in the current MTEF.

Total debt is estimated at N\$ 12.17 billion during 2009/10, or 15.1 percent of GDP, down from N\$ 13.39 billion recorded in 2008/09. Of this, 10.9 percent constituted domestic borrowings and 4.2 percent constituted foreign borrowing. **Debt servicing** costs stood at N\$ 1.28 billion or 1.6 percent of GDP.

XI. 2009/10 BUDGET ACHIEVEMENTS

Honourable Speaker, Honourable Members,

Some of the achievements realised with the 2009/10 expenditures are:

- Old-age grants increased by 21.6 percent to N\$450 per month and coverage reached out to 155,847 beneficiaries of the target group.
- Further, coverage for OVCs grants increased with an additional 10,489 children benefitting. The school feeding programme was also expanded now reaching some 160,000 OVCs in rural areas; this is to be boosted further under this MTEF to reach 200,000 OVCs by 2013.

- Additional allocations to education have boosted access to formal education; and catered for the building of additional 192 classrooms, 13 libraries and/or laboratories, as well as administrative and residential facilities for teachers in rural areas.
- More than 13,000 students are now assisted annually to undertake tertiary studies;
- We rolled out ARVs programme to 64,637 persons in 2009, with coverage expected to reach 100,000 by 2013.
- Anti-retroviral treatment is now offered at 62 health facilities, up from the former 34 hospitals; and it is expected that anti-retroviral treatment will be offered at 104 health facilities by 2013.
- 242 of the 256 antenatal care facilities offer prevention of mother-to-child HIV transmission treatments.
- Additional resources were provided to the Cardiac unit in order to provide cardiothoracic and cardiology services to patients who need heart surgery.
- In the energy, a total of 36 villages countrywide were connected to the grid in 2009/10 increasing possibilities for new investments and opportunities for employment in these areas.
- To promote access to credit, government public financing institutions advanced financing to private businesses and individuals. Through this, 113 SMEs have so far benefited to a value of N\$ 267 million from the DBN financial programmes. This created and retained more than 20,000 jobs of which 5,551 was in respect of 2009. The Bank received an additional capital injection of N\$ 50 million under the contingency provision for 2009/10 towards further pursuing this objective.
- Agribank spent N\$ 62.4 million in production loans, and post settlement mentorship and training.

XII. Performance of SOEs

Dividend receipts from SOEs increased in 2009/10 amounting to N\$295.7 million. This is N\$ 61.8 million above the projected N\$ 233.9 million for 2009/10. The expected returns in 2010/11 would amount to some N\$ 436.5 million. This will reduce to N\$ 77.5 million in 2011/12 and 2012/13 respectively.

The financial performance, however, varies among SOEs, with a number of them still making losses and depending on budget transfers. Progress is being made to establish mechanisms for enforcing accountability by SOEs. It is expected that performance agreements for SOEs will be phased in starting this year. This will enable government to hold SOEs' management accountable on their performance.

F. FISCAL OUTLOOK

XIII. Revenue Outlook

Although a positive economic outlook is projected, revenue growth is projected to follow a declining trend. Projections show revenue declining by 8.9 percent to N\$ 22.536 billion in 2010/11, and by a further 1.6 percent to N\$ 20.940 billion in 2011/12 before it picks up again in 2012/13 to N\$ 26.214 billion, a growth of 25 percent in nominal terms.

As a ratio of GDP, total revenue and grants will reduce to 25.2 percent in 2010/11 and further to 21.2 percent in 2011/12 before recovering to 23.8 percent in 2012/13.

This sharp decline is due to the SACU revenue shocks, with income from SACU set to decrease by 47 percent in 2010/11 and a further 45 percent in 2011/12. Other risks may exert pressure on revenue growth in the medium term, including impending tariff liberalisation under various free trade agreements, which may lead to possible fall out of taxes on international trade.

To this end, government has already put measures in place to optimise existing revenue streams and to identify new ones. We have so far introduced measures to strengthen tax laws compliance enforcement and this is yielding significant results as evidenced by the significant growth in revenue in the past years. We shall now extend our efforts to non-tax revenue, especially revenue from natural resources, in order to optimise benefits from these resources for Namibians.

We are also finalising the new environmental tax that was announced in 2009/10 budget statement. This tax is envisaged to take the form of a duty on environmental damaging substances in order to not only raise revenue, but also to protect our fragile environment.

Further, tariff liberalisation presents opportunities to increase trade and investment which in turn will broaden the economy and thus revenue base.

XIV. External Grants

Our development efforts continue to be supported by external grants, both inside the budget and through direct programme or project support. Support from our donor partners in 2010/11 will amount to N\$ 265 million through the State Revenue Fund and N\$ 2.2 billion outside the State Revenue Fund, constituting 9 percent of expenditure. Grants inside the budget will constitute N\$ 725 million over the MTEF.

This support is targeted at human resource development, social welfare, growth enhancement and public finance management. I thank our partners for their assistance. My hope is that this support is increasingly channelled through the budget in order to improve financial planning and accountability.

XV. Expenditure Focus

Honourable Speaker,

Honourable Members of Parliament,

In 2010 our budget interventions are focused on sustaining the economic rebound and following through the path for greater economic growth. Our expenditure focus for this MTEF will therefore be on:

- i. Sustaining the economic recovery path;
- ii. Consolidating the basis for long-term sustainable and equitable growth with jobs;
- iii. Addressing welfare needs of our people, and
- iv. Maintaining fiscal sustainability.

Infrastructure and Productive Sector

Investment in infrastructure development in the transport, energy, agriculture, fisheries, mines, trade and industry, and environment and tourism sectors are raised by an additional N\$ 1 billion, bringing the total MTEF allocation to N\$ 14.569 billion. This will expand the infrastructure network, and promote economic growth and job creation. These expenditures are further augmented by investments made through the respective SOEs and the afore mentioned off budget commitments.

SME and BEE development

SMEs' development and broad-based economic empowerment will be intensified by additional allocations to the DBN, AgriBank, and a SME banking facility. For these purposes, a total of N\$ 339 million has been committed over the MTEF.

Of the additional grants to public finance institutions, AgriBank will receive an additional N\$ 62 million over the MTEF to accelerate the land reform programme, and promote agricultural and aquaculture development, which in turn creates employment and reduces poverty. This additional allocation furthermore targets value addition to agricultural products. AgriBank has further partnered with the Land Acquisition Fund in order to provide financial assistance to resettled farmers. An amount of N\$ 20 million per annum for the next three years is earmarked for this.

Government is aware of the public concern about the difficulties experienced by SMEs and BEEs in accessing funding due to lack of collateral. Government has thus agreed to allow contractors awarded tenders to cede their contract income as a security for the loans advanced by DBN. A special bridging facility, at concessional rates especially targeted for this category, has been set up and an additional N\$ 100 million is allocated. This funding will further be augmented in the future MTEFs in order to build up a strong balance to enable the DBN to assist in a meaningful way.

Alongside these efforts, government will review the public payment system to ensure that it better supports the SMEs and BEEs and that it remains efficient so as to encourage the financial sector to support the new entrepreneurs.

The outsourcing policy for the DBN will also be reviewed to address expressed concerns, and attention will be given to microfinancing in order to optimise its potentials for grassroots' development. A policy in this regard is already in place.

Further support to SMEs and BEEs is provided under the Ministry of Trade and Industry through the sites and premises programme, and the transformation of the credit guarantee scheme into a "SME banking facility".

I want to urge the potential beneficiaries of these programmes to fully utilise these new facilities and to demonstrate responsibility by honouring their obligations as borrowers. The flexibility to be introduced by relaxing the collateral requirement should not be abused, as this will erode the sustainability of the DBN and indeed be a slap on the face of government who trusted to be them to be more responsible. Finally, I urge the potential beneficiaries to use these funds in a manner that ensures that their businesses maximally contribute to the economy and benefit greater society and not just themselves.

The **Social Sector** continues to receive the largest share of the total allocations, amounting to N\$ 31.454 billion over the MTEF period. Education will receive two-thirds of this allocation.

Education

Additional funding to education will cater for educational infrastructures, and expand the financial assistance to students, strengthen vocational training, and the upgrading of the skills of our teachers.

Further we seek to optimise the cooperation with non-state actors, especially churches who are active in education by strengthening funding to non-government schools and hostels.

In the tertiary field, two new facilities, namely the medicine and engineering schools will be established.

For this, an additional N\$ 1.25 billion is provided to education over the MTEF bringing the total MTEF allocation for the sector to N\$ 19.539 billion.

Youth development

The youth are the primary beneficiaries of the allocations to education, but over and above that, the vote for youth, culture and sport services receive an additional of N\$ 113 million, bringing the total MTEF allocations to N\$ 1.22 billion.

Health, Social Services and Rehabilitation

Health will receive an additional N\$ 366 million over the MTEF to strengthen the fight against HIV and Aids, TB and Malaria, as well as upgrade health infrastructure and equipments. The total allocation of health will increase to N\$ 8.171 billion over the MTEF.

Social Safety Nets

Additional allocations are made to increase old age grants to N\$ 500 per month, while OVC grants are increased with N\$ 30 per month. In addition, school feeding programmes are to be expanded to increase coverage to 200,000 Orphans and Vulnerable Children (OVCs) by 2013, from the current 160,000.

Housing, Sanitation and Rural Development

In line with the SWAPO-Party government's policy of promoting rural development an additional N\$ 257 million is proposed over the MTEF to accelerate the provision of proper sanitation infrastructures in rural areas and in small towns, villages and informal urban settlements. This will bring the total allocation to this sector to N\$ 2.869 billion over the MTEF.

NHE will receive N\$ 50 million over the MTEF to accelerate provision of low income housing. Further, it will cooperate with GIPF to expand housing schemes for civil servants especially in unproclaimed areas. This will not only give a boost to the housing provision programme, but it will also help attract skills to rural areas and

thus support quality health care and education service delivery in rural areas. It will also support the use of our local savings towards supporting local development.

Law and Order

As a commitment towards keeping law and order an additional N\$ 660 million is proposed to law enforcement agencies over the MTEF, bringing total funding for this sector to N\$ 7.887 billion over the MTEF period.

XVI. Expenditure Summary, Budget Balance and Debt

Honourable Speaker,
Honourable Members of Parliament,

The total expenditure envelope for the MTEF amounts to N\$85.668 billion, and consists of N\$ 68.802 billion operational expenditure, while N\$ 14.558 billion will be accorded to the development budget and off budget borrowing will total N\$ 2.308 billion over the MTEF which mainly towards capital projects.

The total expenditure, excluding statutory payments, will amount to N\$ 27.60 billion, N\$ 27.23 billion and N\$ 28.57 billion for 2010/11, 2011/12, and 2012/13 respectively. This translates into a total additional allocation of N\$ 5.352 billion for the last two years of the current MTEF of which N\$ 1.827 billion is dedicated to the development budget.

Over and above the central government expenditure envelope, significant investments are also to be made through the respective SOEs.

As a ratio of GDP and consistent with revenue outlook, the expected expenditure levels will translate into a budget deficit of 7.1 percent in 2010/11, 8.2 percent in 2011/12 and 4.5 percent in 2012/13, an average of 6.6 percent over the MTEF. Consequently, debt will increase to 29 percent by 2012/13 and average 25.3 percent

of GDP over the MTEF. Total debt will constitute on average 20 percent of GDP of domestic debt, while foreign debt will constitute 5.3 percent over the MTEF period. The financing costs associated with this deficit will amount to N\$ 5.66 billion over the MTEF, or an average of 8.1 percent of revenue.

G. TAXATION REFORMS AND EXCHANGE CONTROLS LIBERALISATION

XVII. Change in Excise Duties ('sin taxes' as per SACU agreement)

In terms of the SACU Agreement of 2002, the following increases in excise duties or 'sin taxes' are applicable with effect from 17 February 2010:

- Natural unfortified wine - increased by 16 cents to N\$ 2.14 per litre.
- Sparkling wine- increased by 51 cents to N\$ 6.67 per litre.
- Fortified wine - increased by 31cents to N\$ 4.03 per litre.
- Spirits - increased by N\$ 6.90 to N\$ 84.57 per litre of absolute alcohol.
- Clear (Malt) beer - increased by N\$ 3.79 to N\$ 50.2 per litre of absolute alcohol.
- Ciders and alcoholic fruit beverages- increased by 42 cents to N\$ 2.52 per litre.
- Cigarettes - increased by N\$ 1.24 to N\$ 8.94 per packet of 20.
- Cigarettes tobacco- increased by 58 cents to N\$ 9.73 per 50g or by N\$11.60 to N\$ 194.6 per kg.
- Pipe tobacco- increased by 20 cents to N\$ 2.70 per 25g or by N\$ 8.01 to N\$ 108.08 per kg.
- Cigars- increased by N\$ 2.78 to N\$ 47.66 per 23g or by N\$ 120.80 to N\$ 2072.31 per kg.

XVIII. Tax concessions

Given the revenue outlook and considering the generous tax concessions granted under the 2009/10 budget, no new tax concessions are proposed this year.

XIX. Foreign Exchange Liberalisation

We are also not introducing new amendments to exchange controls this year. This decision is based on the fact that our controls are already fairly liberal and the current turmoil in the financial markets does not warrant any further liberalisation at this stage. In fact, the controls that are in place have served us well in limiting our exposure to the risks from the global market.

H. USE OF CONTINGENCY PROVISIONS

As obliged by the State Finance Act, I will inform this House on the use of contingency provisions during 2009/10 financial year. A total of N\$ 265 million was appropriated for this of which N\$ 264 765 662 has been committed. Detailed information on the specific items funded under this programme is available for the Honourable Members who are interested.

I. CONCLUSIONS

Honourable Speaker,
Honourable Members,

In conclusion, our vision to become an industrialised nation by 2030 remains, and places the responsibility upon us to accelerate our developmental effort significantly.

Our Prime Minister, Right Honourable Nahas Angula, recently stated in the 2nd Millennium Development Goals Report/Namibia the following, and I quote: "... Namibia will have to achieve GDP growth up from 5 to 6 percent per annum or even higher as proposed in our NDP3, ensure continuity and sustainability of prudent policies, allocate additional resources and ensure their effective use, and above all increasingly involve communities in the development process."

Ten years earlier our SWAPO-Party Vice President and then Prime Minister, Right Honourable Hage Geingob said in A Decade of Peace and Democracy and Prosperity, and I quote again “Success of all the values we cherish, peace, human rights, and democracy, depends on our ability to deliver goods. At practical level, our ability to deliver goods depends largely on the strength of our economy. While we have not done so bad in macroeconomic terms, we need to do a great deal more.”

Honourable Speaker, it is clear that we must do a **great deal more**. This expansionary budget is the correct approach to utilise the available fiscal space without eroding economic fundamentals to secure the recovery and build on our achievements on the one hand, and enhance our developmental efforts on the other. This to me is the only appropriate response to persisting poverty, unemployment and a skewed wealth distribution.

As a small and open economy, we have managed to by and large escape the very worst of the financial crisis. We have been responsible in the past and have now the flexibility to be responsive to the developmental needs of our nation.

Lastly, but by no means the least, I wish to express my appreciations to H.E. the President for his renewed confidence in me to continue managing our public finances. Similarly, I thank my Cabinet Colleagues for their support and understanding during the budget formulation process. Our officials in the O/M/As also deserve to be applauded for their hard work and personal scarifices that have enabled us to finalise this budget.

Honourable Speaker, Honourable Members,

I now have the pleasure to table the Appropriation Bill for 2010/11 and the Medium Term Expenditure Framework for the Financial Years 2010/11 to 2012/13 before this August House for its consideration and approval.

I thank you