

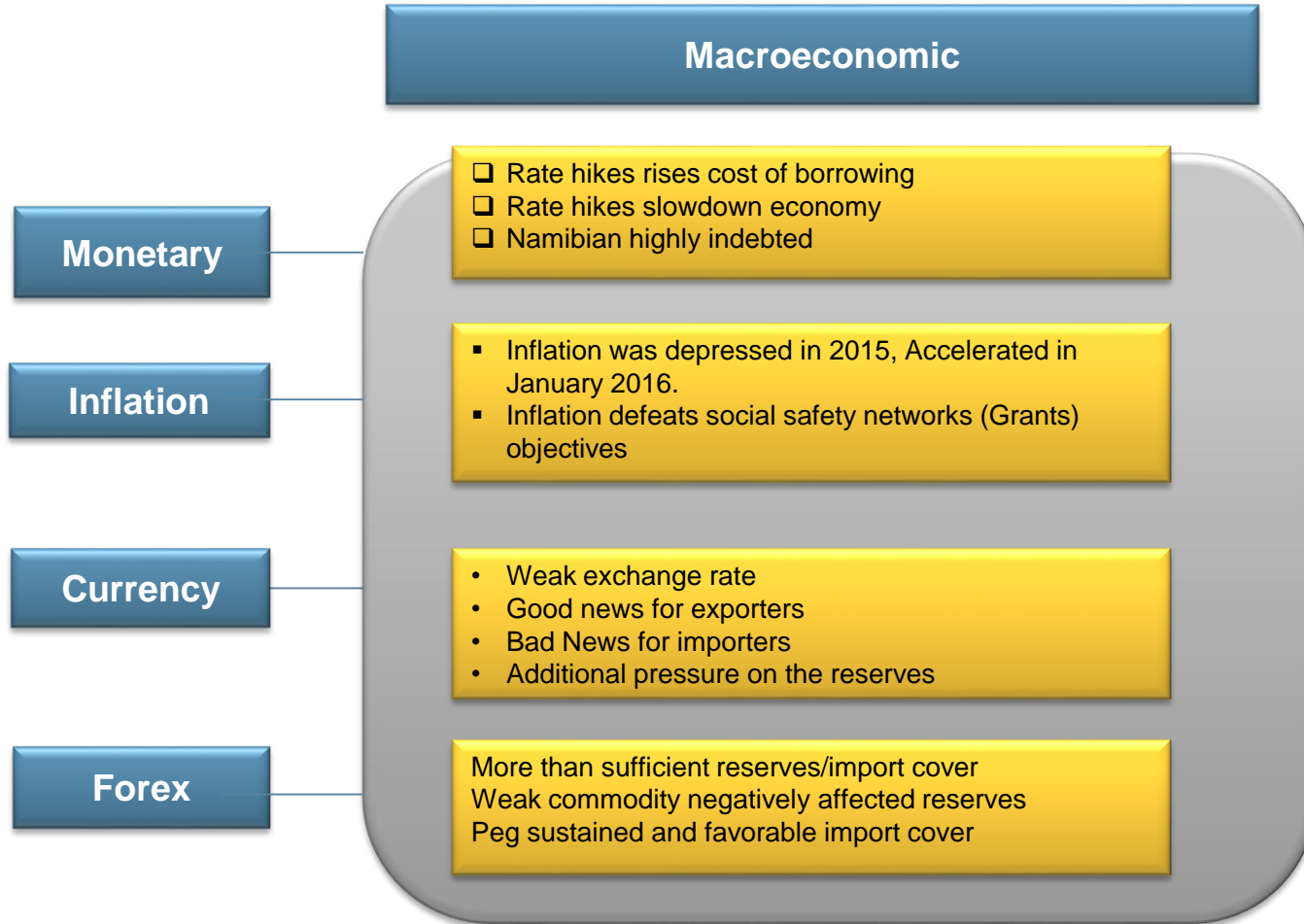


2016/17 BUDGET HIGHLIGHTS

“Growth friendly pro-poor fiscal consolidation”

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Standard Bank Moving Forward™

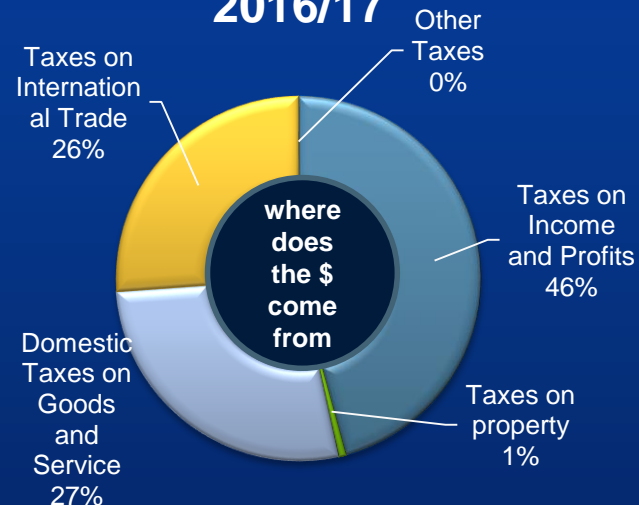


GOVERNMENT REVENUE HAVE SHOWN IMPRESSIVE INCREASE OVER THE PAST DECADE BUT LOST STEEM...

- Fast expanding economy (VAT collections, personal income tax and corporate tax)
- Improvements in Tax Administration (Tax base increase, reduction in tax evasions)



2016/17



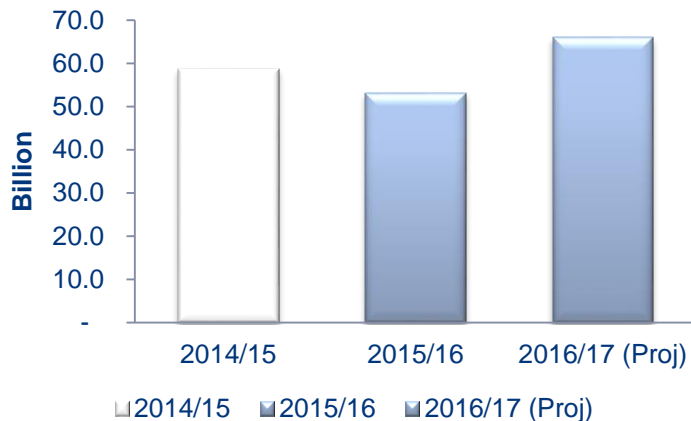
GOVERNMENT REVENUE TO COME UNDER PRESSURE...

- Economic slowdown (income tax to come down)
- Commodity price weakening (Profits to come down)
- Production slowdown (Turnover, royalties to fall)
- SACU Over-payments (Trade slowdown)

EXPENDITURE

GOVERNMENT EXPENDITURES HAVE EXPANDED.... (SIZABLE RECURRENT EXPENDITURE ENVELOP)

- Fiscal consolidation necessary
- Low execution rate affects development budget



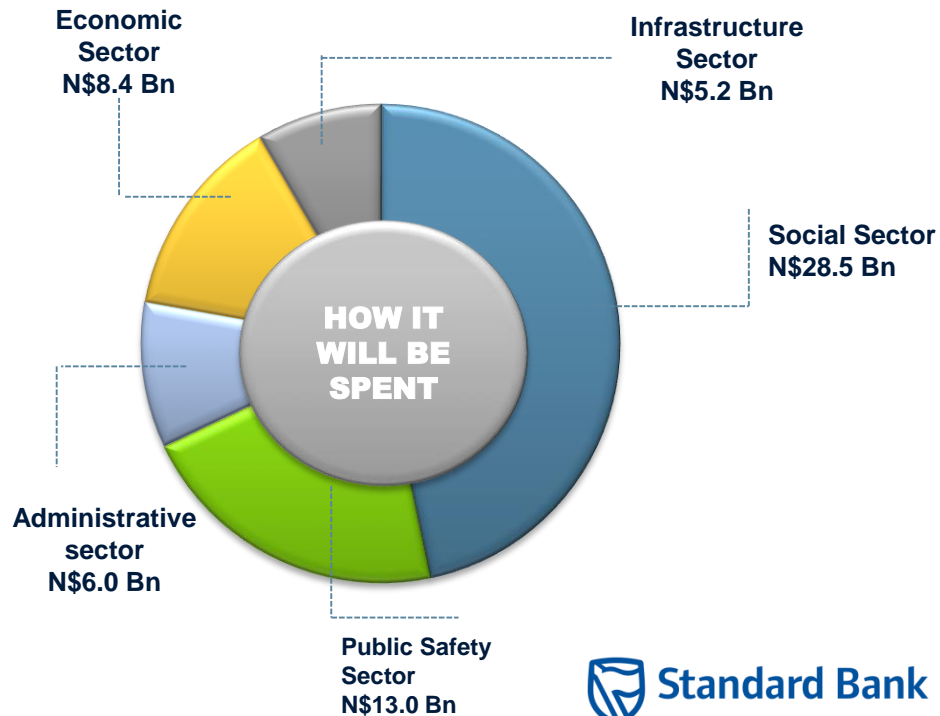
SKEWEDNESS OF GOVERNMENT EXPENDITURES ON THE OPERATIONAL AND DEVELOPMENT BUDGET...

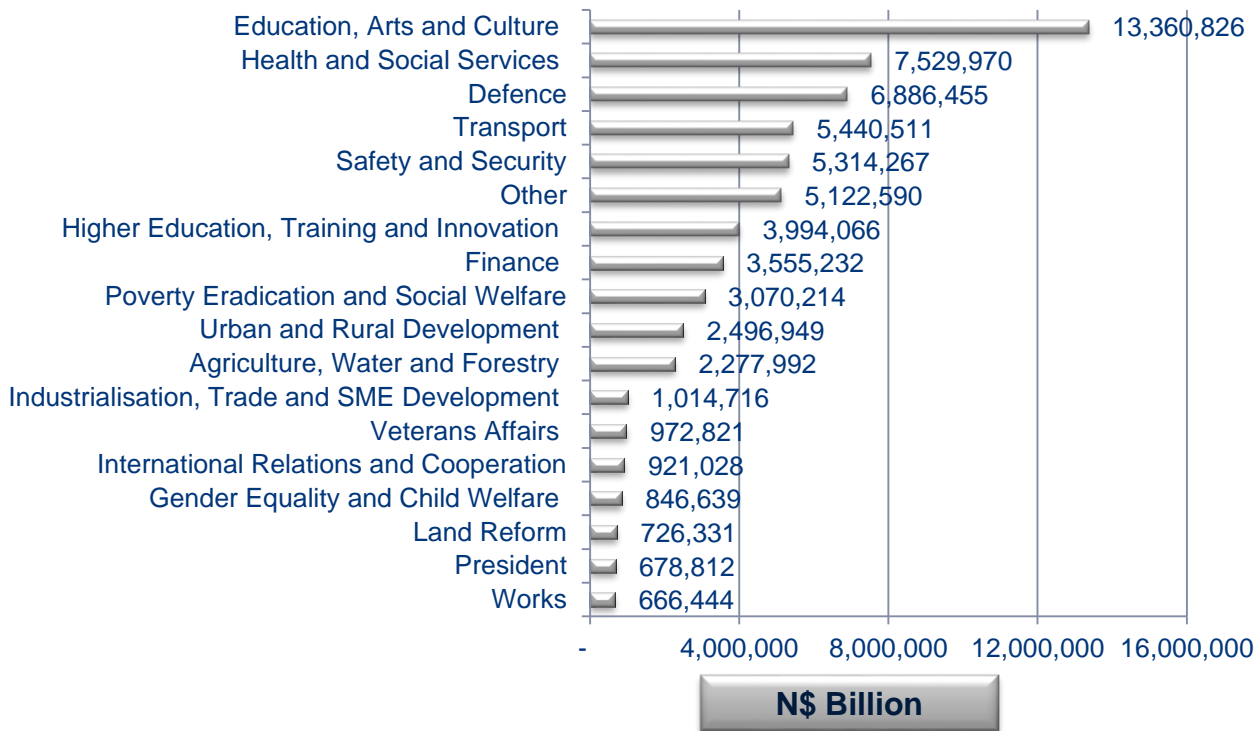
- Major government spending since 2012/13
- Strong nominal GDP hides the real size of deficit
- Deficit figures do not capture investment losses due to devaluation of the currency

SECTORAL ALLOCATION

GOVERNMENT EXPENDITURES HAVE EXPANDED.... (SIZABLE RECURRENT EXPENDITURE ENVELOP)

- Fiscal consolidation necessary
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BUDGET DEFICIT

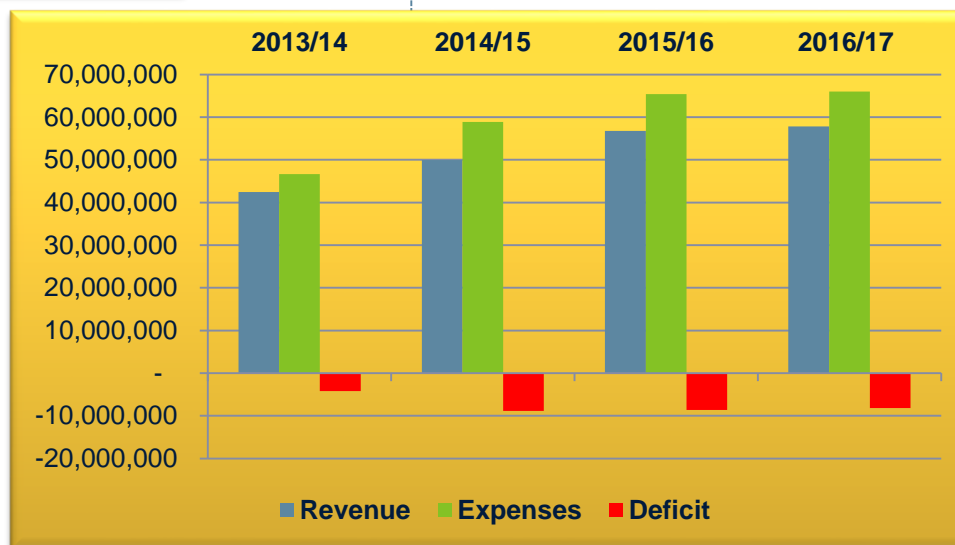
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GOVERNMENT EXPENDITURES HAVE EXPANDED WHILE REVENUE HAVE LAGGED BEHIND....

- Sizable recurrent expenditure envelop
- Fiscal consolidation necessary
- Low execution rate affects development budget

SKEWEDNESS OF GOVERNMENT EXPENDITURES ON THE OPERATIONAL AND DEVELOPMENT BUDGET...

- Major government spending since 2012/13
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Namibia's debt to GDP ratio surpassed 35% of GDP for the first time in 2015....

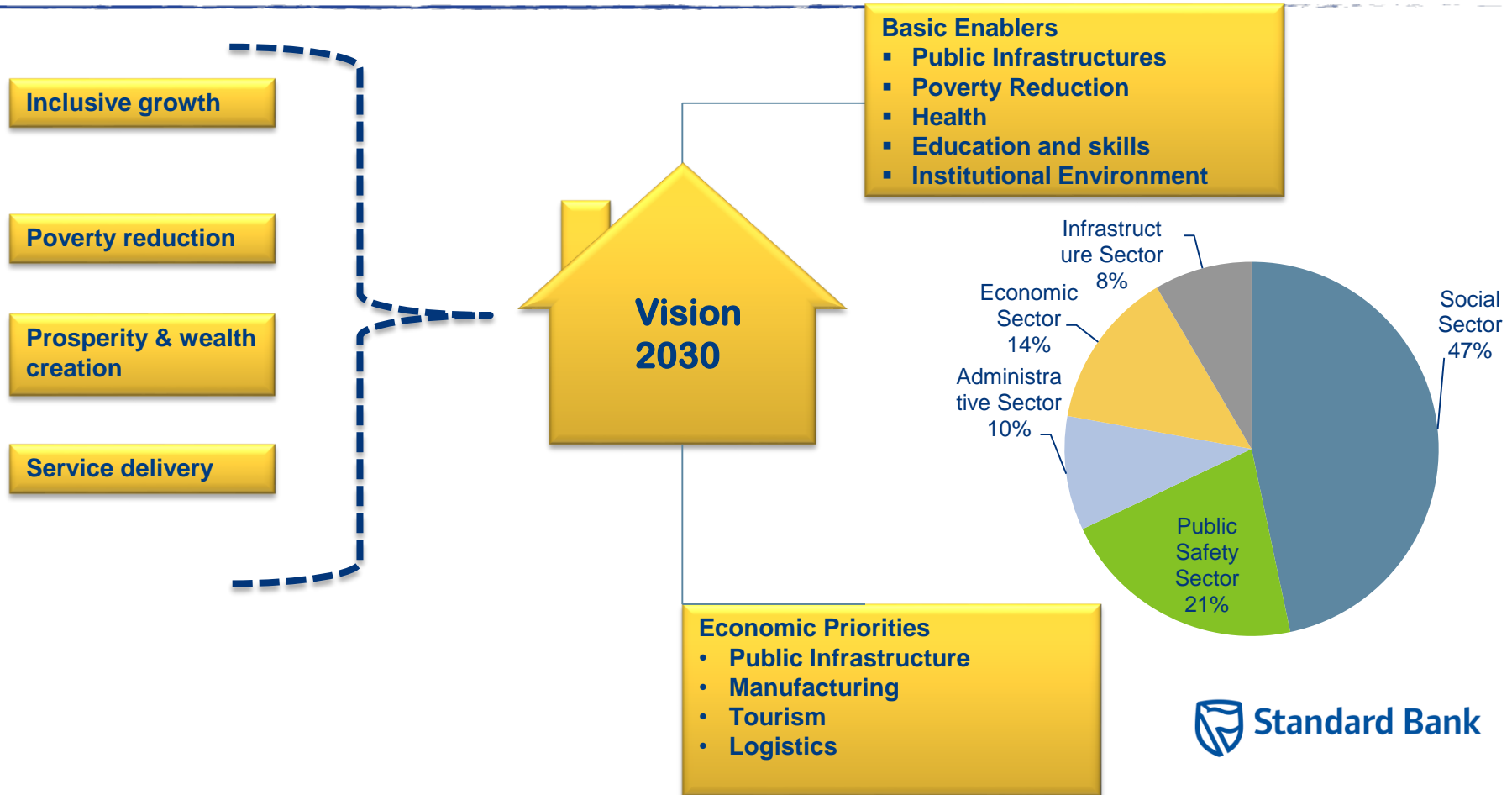
- Lower than expected revenue collection
- Depreciation of the rand vis-à-vis the US dollar and major currency
- Large amount of debt issued over the past years are made up of euro bonds
- Although the debt stock is relatively low, the cost of servicing it has risen compared to other nations

Fiscal position is poised to deteriorate and fiscal consolidation is critically needed...

- MOF signaled the start of Fiscal consolidation already
- Reprioritize certain expenditure/projects
- Privatizing certain SOEs could free up some liquidity
- Encouraging private investment would relieve infrastructure pressure on the government
- PPP and NEEF optimization could be a good start

National Development Themes----- (Alignment) ----- Vision 2030

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ANY QUESTIONS?