

Namibia Mid Year Budget Review 2017/18

Standard Bank presentation by Ms Naufiku Hamunime,
Economist, Standard Bank



Standard Bank



LIBERTY



NAMIBIA
MEDIA
HOLDINGS



EMERGING OUT OF RECESSION: THE CASE FOR INDUSTRY

MID YEAR BUDGET REVIEW

November 2017

Naufiku Hamunime



Standard Moving Forward™



“

With primary commodities accounting for over 50 percent of exports, the Namibian economy remains at the bottom of the global value chain.

- Calle Schlettwein,

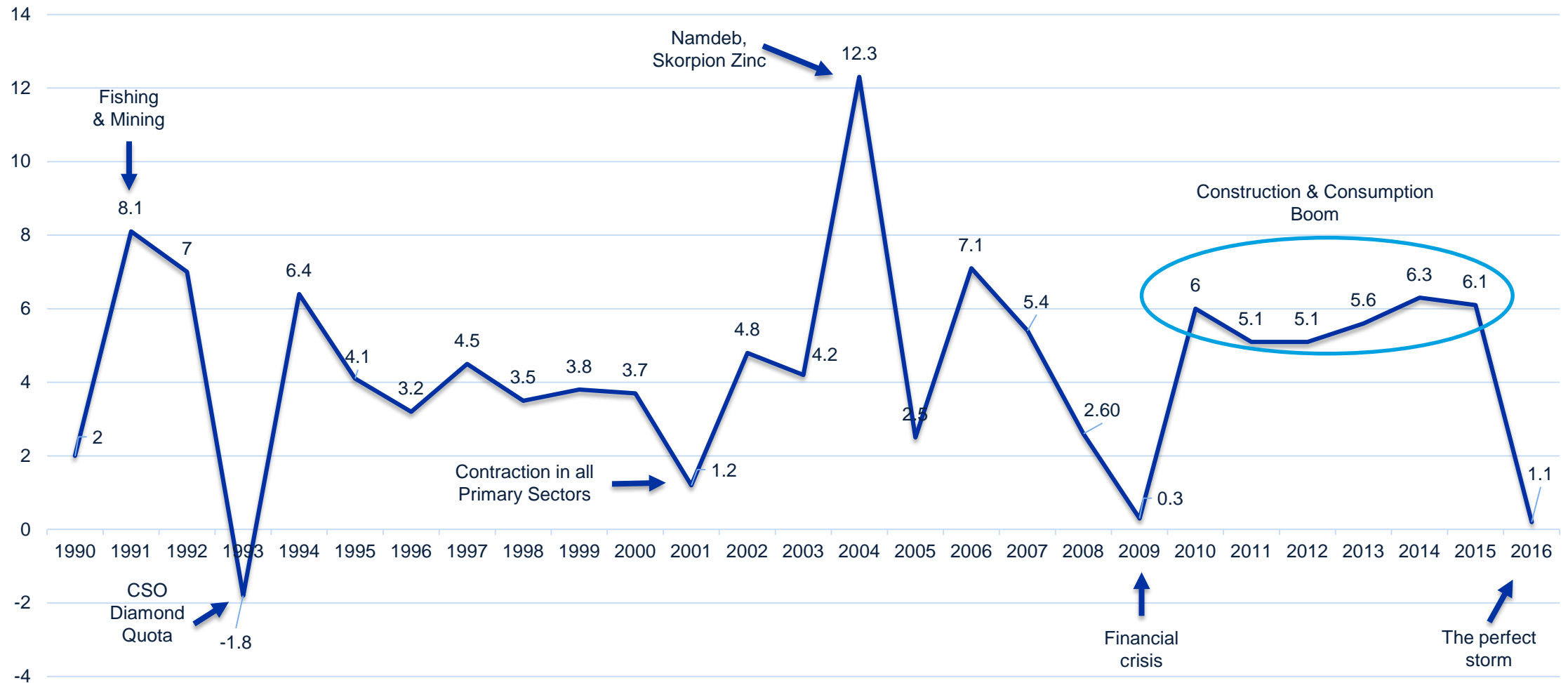
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Budget Speech, March 2017

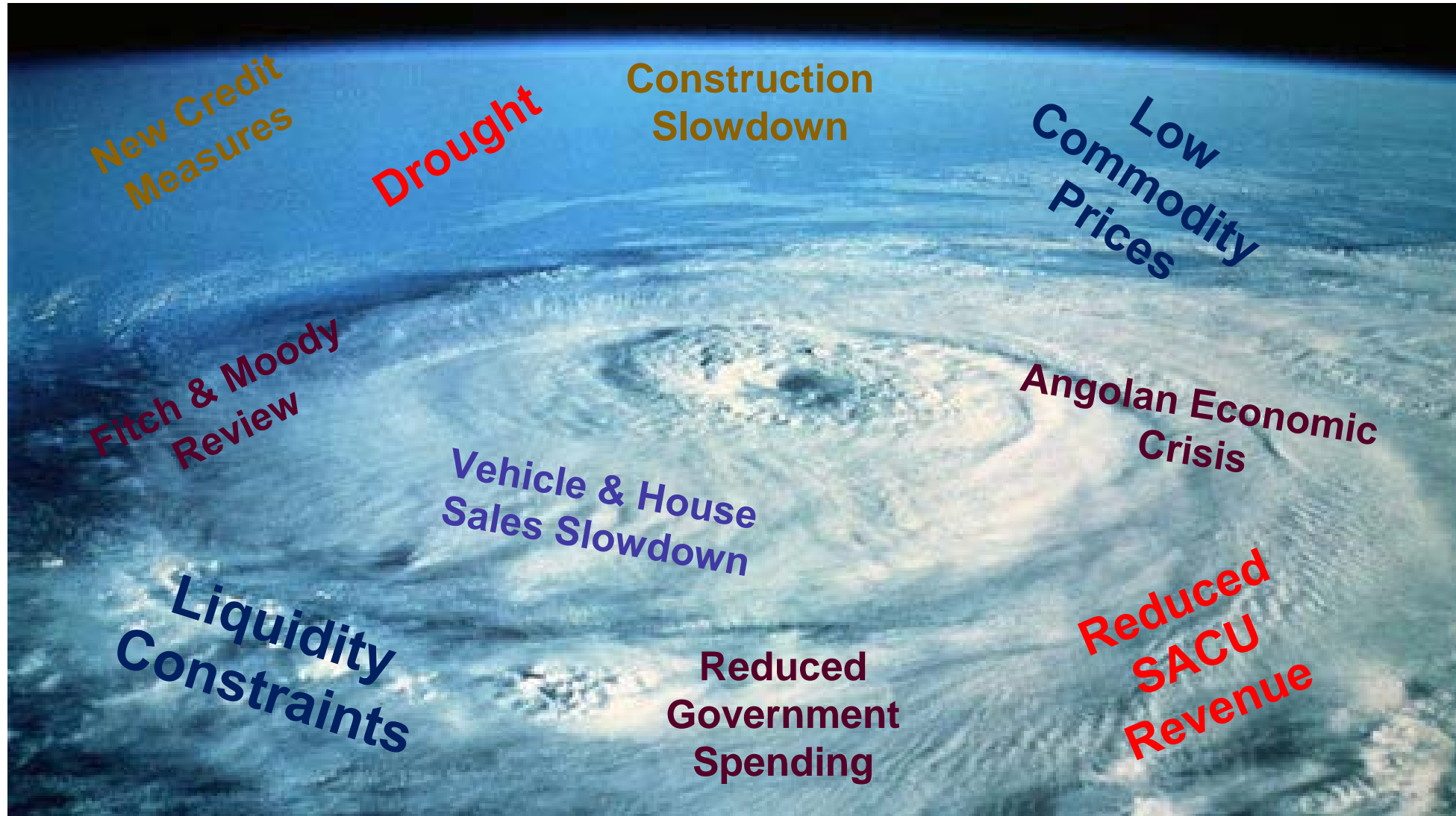
NAMIBIA'S MACROECONOMIC PERFORMANCE



Gross Domestic Product (%)



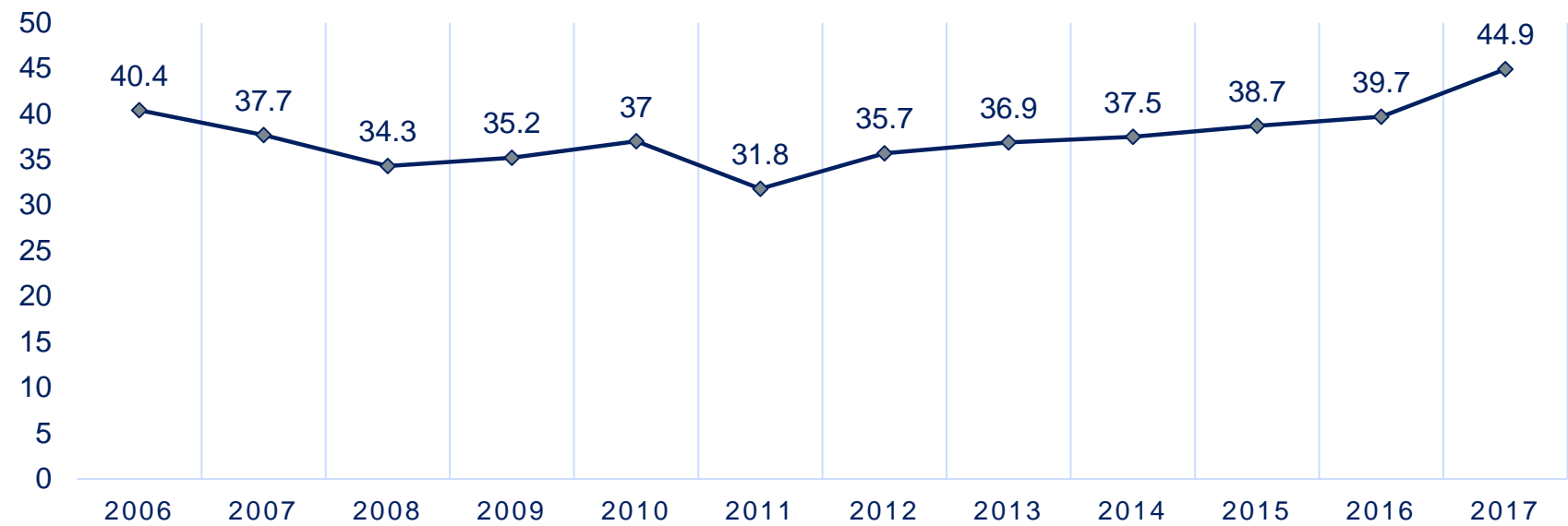
DRIVERS OF NAMIBIA'S RECESSION



HISTORICAL FISCAL TRENDS: WAGE BILL



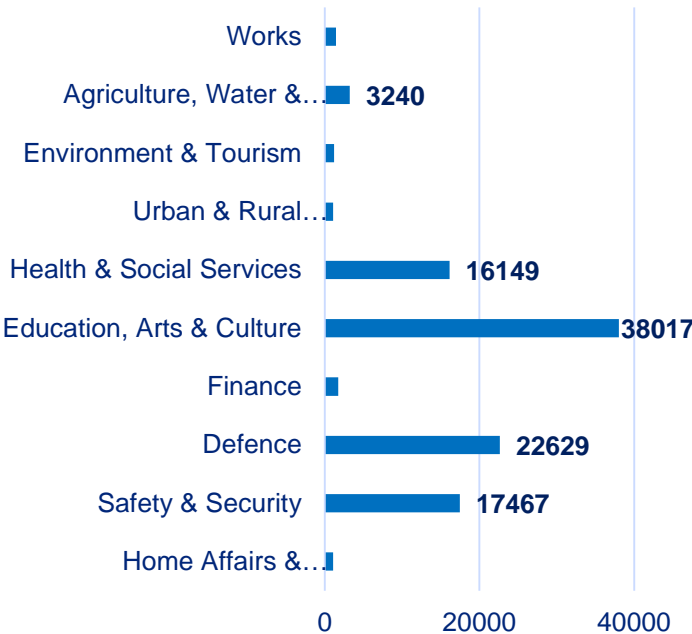
PERSONNEL EXPENDITURE AS A PERCENTAGE OF TOTAL
EXPENDITURE (%)



16.8%

Workforce Employed by
Government

Filled Staffing Positions by
Vote as at 2017



	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Personnel Expenditure (N\$ m)	6,129	6,725	7,708	8,920	10,693	11,987	14,346	17,535	21,988	24,000	24,442	28,095
Total Expenditure (N\$ m)	15,155	17,827	22,464	25,353	28,891	37,672	40,157	47,576	58,846	61,946	61,495	62,541

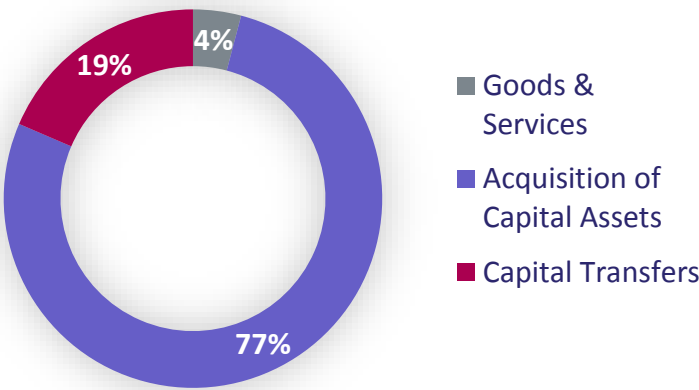
HISTORICAL FISCAL TRENDS: DEVELOPMENT VS. OPERATIONAL BUDGET



Budget Breakdown



2016 Development Budget by Subdivision



4.1bn of 6.9bn

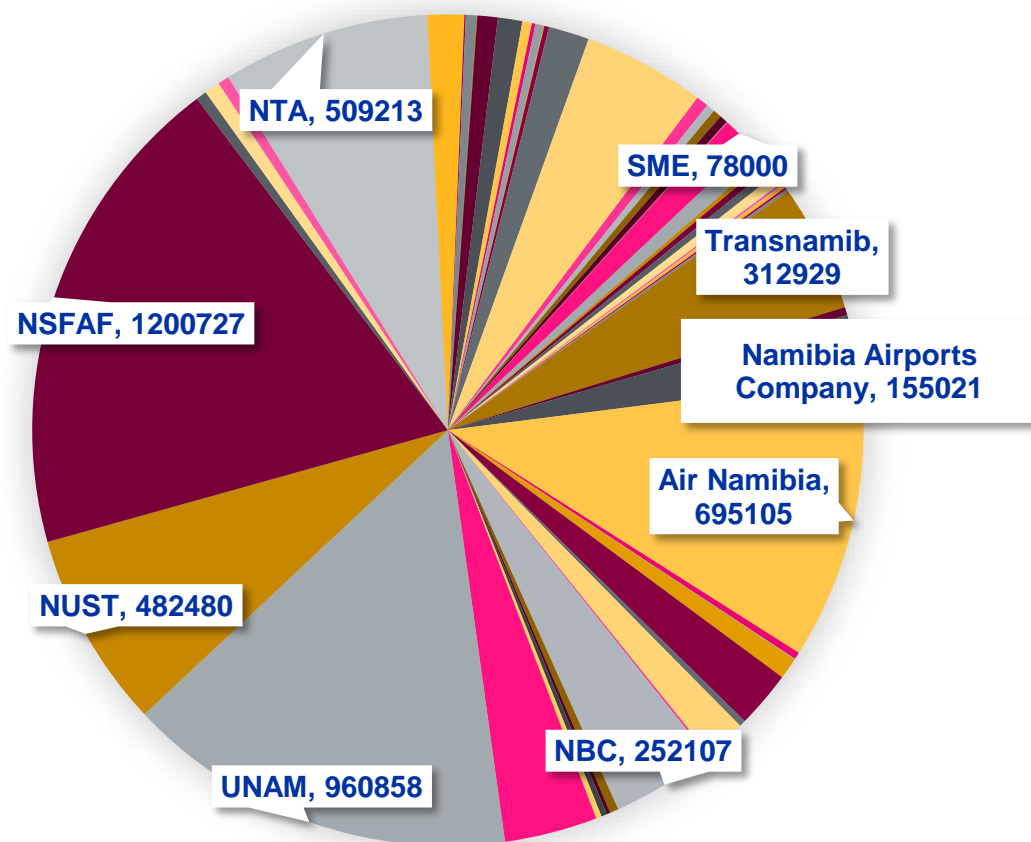
**Development Budget allocated to
Construction, Renovation and Improvement
of Capital Assets**

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Development (N\$ m)	1,876	2,075	2,966	4,472	5,221	8,070	6,715	8,146	8,691	9,812	6,933	6,306
Operational (N\$ m)	11,800	14,550	18,167	19,461	22,353	27,771	31,045	37,183	50,154	52,133	54,562	55,427

HISTORICAL FISCAL TRENDS: STATE OWNED ENTERPRISES



2016 Allocations to State Owned Enterprises (N\$'000)



N\$6.4bn or N\$20.8bn

2016/17 Budget

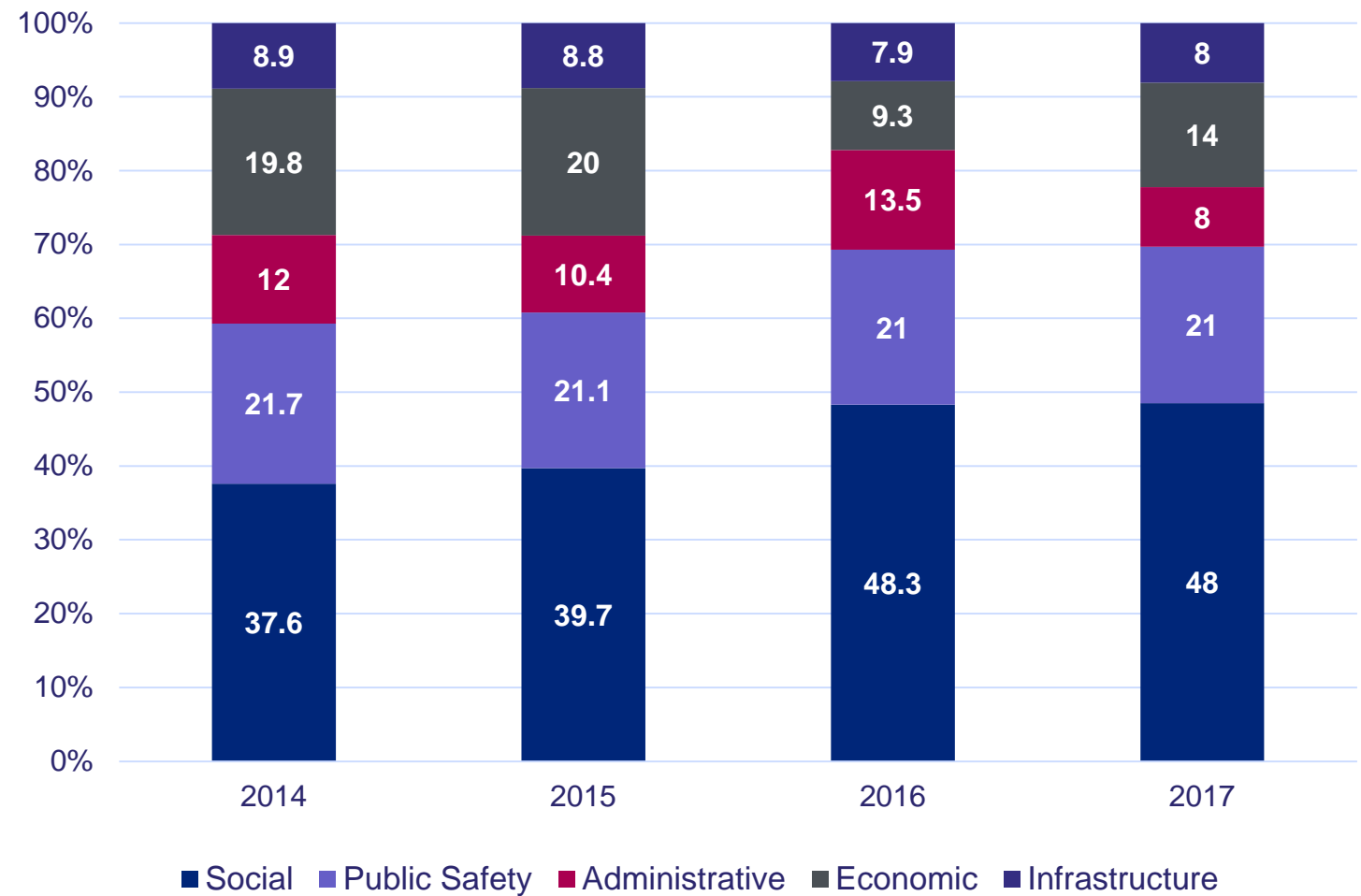
MTEF



HISTORICAL FISCAL TRENDS: SOCIAL SPENDING



Budget Share by Sector



Social Sector

- Education, Arts and Culture
- Gender Equality
- Health& Social Services
- Sport, Youth & National Services
- Veterans Affairs
- Poverty Eradication
- Higher Education, Training & Innovation

Economic Sector

- Finance
- Mines & Energy
- Environment & Tourism
- Industrialization & Trade
- Agriculture, Water & Forestry
- Fisheries
- Land Reform
- NPC
- Public Enterprise

Public Safety

- Home Affairs
- Safety & Security
- Defence
- Justice
- Judiciary
- ACC
- Attorney General

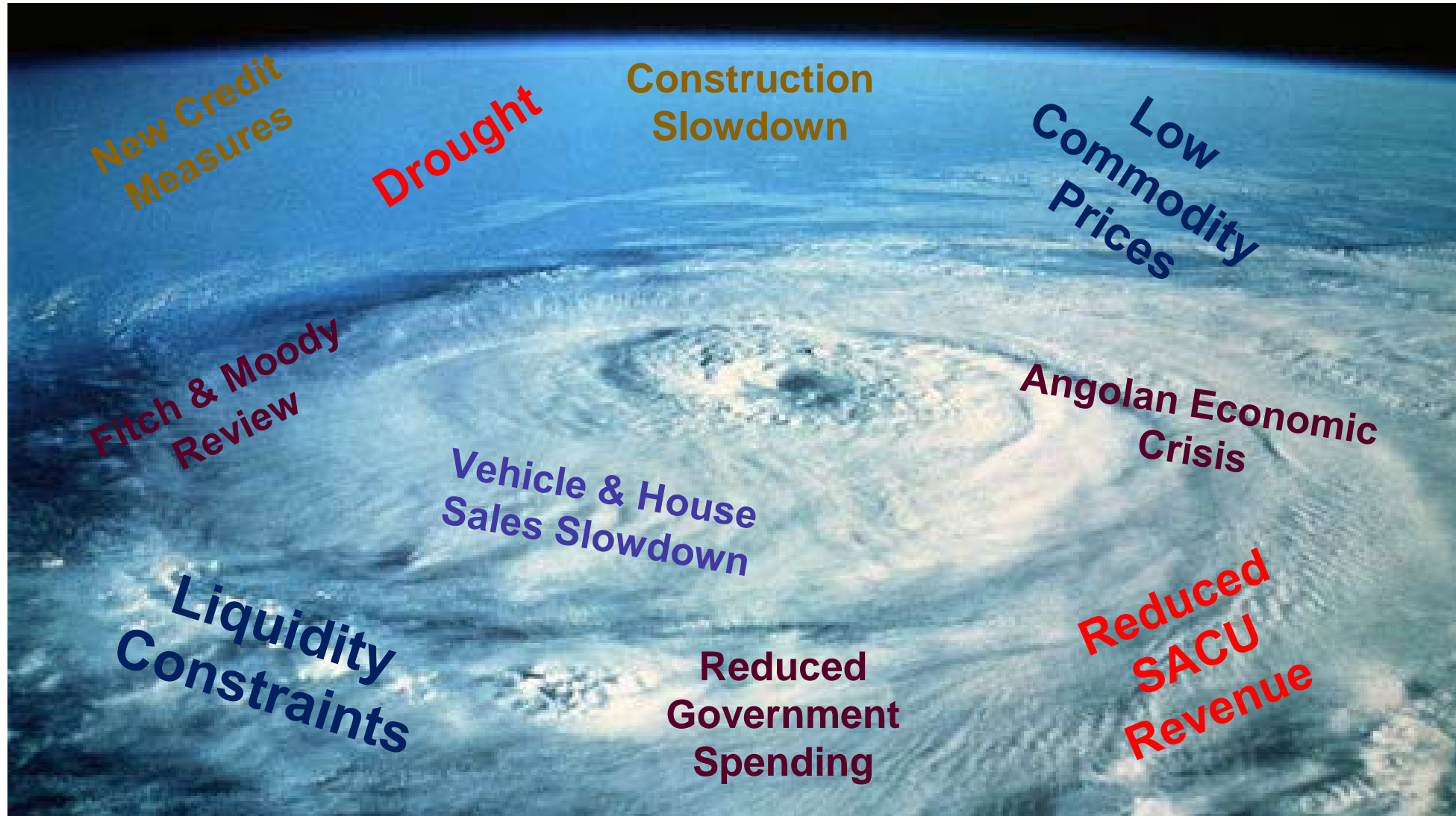
Administration

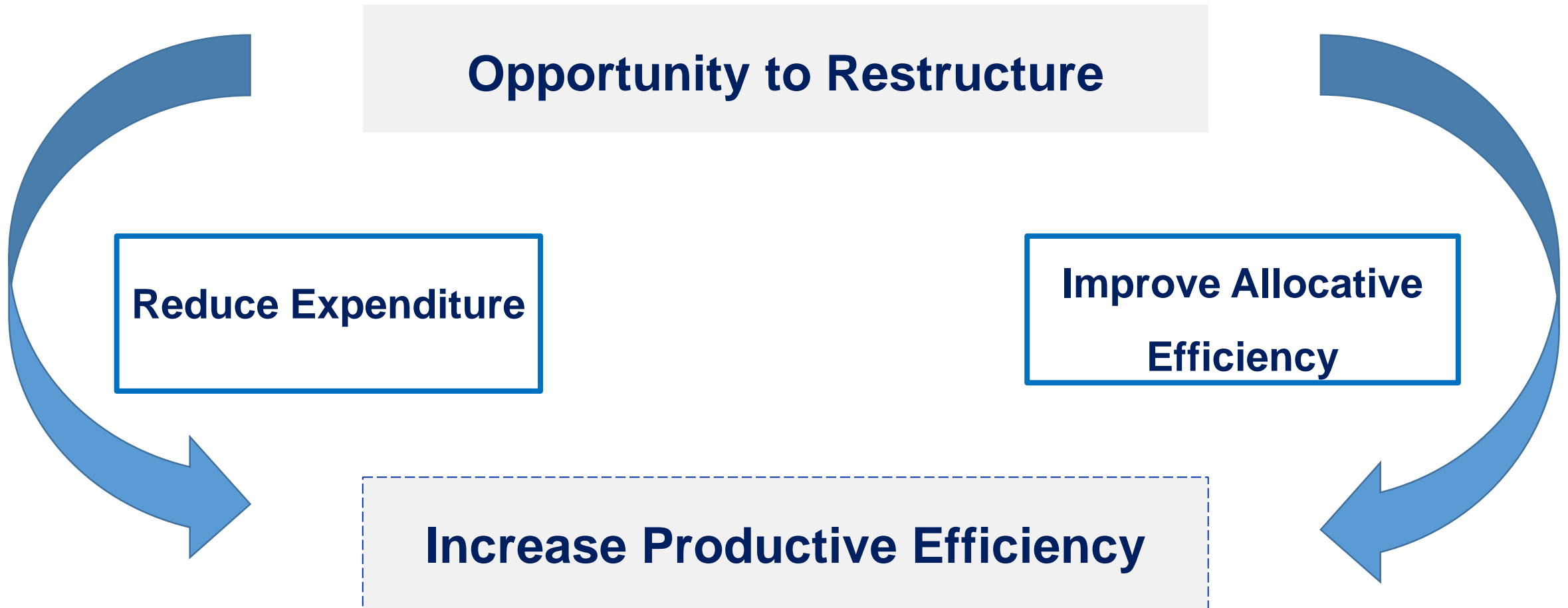
- Office of the President
- Office of the Prime Minister
- National Assembly
- Auditor General
- International Relations
- National Council
- Labour Relations
- Urban & Rural Dev
- Electoral Commission

Infrastructure Sector

- Works
- Transport
- ICT

DRIVERS OF NAMIBIA'S RECESSION

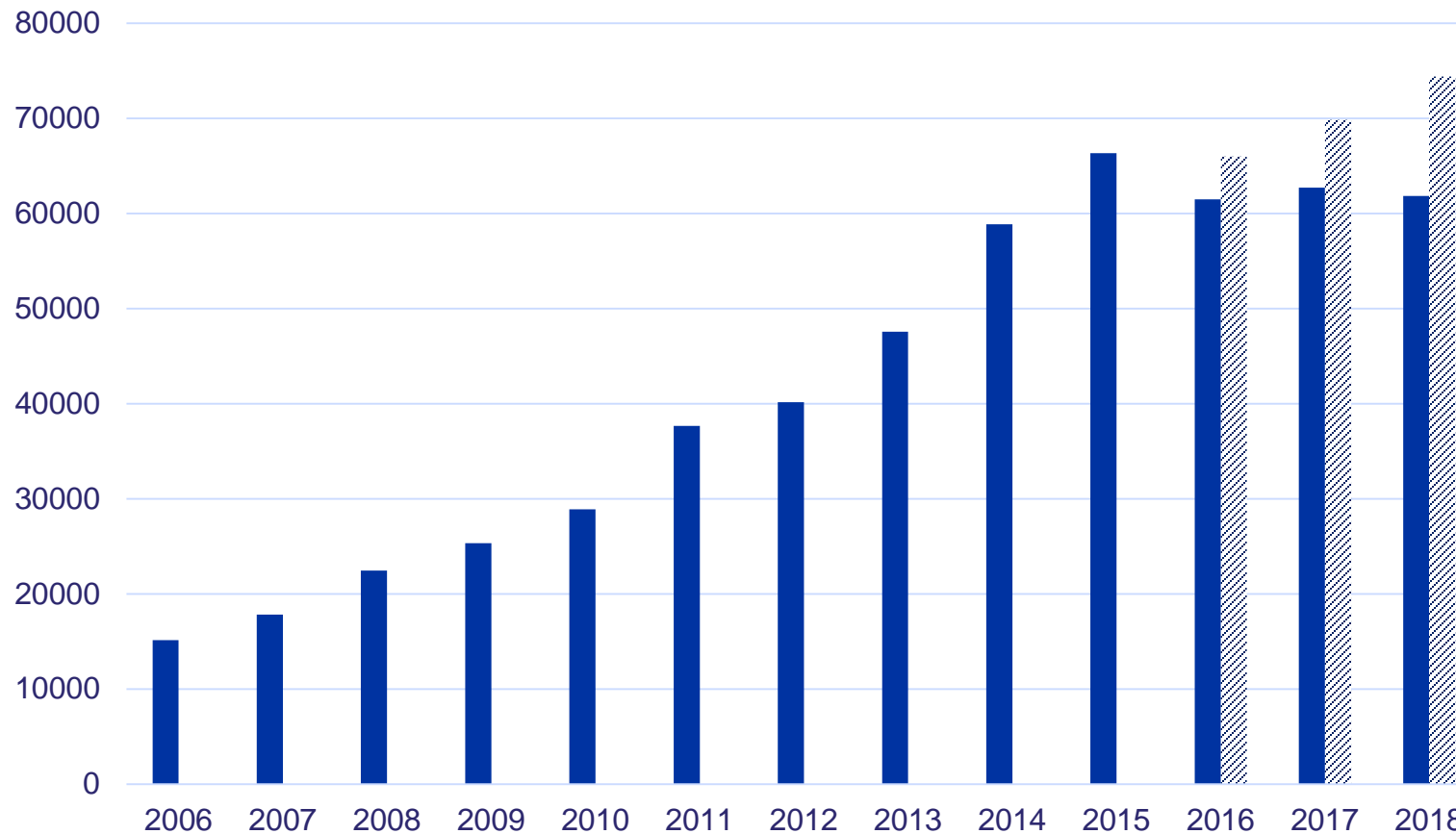




REDUCE EXPENDITURE



Total Expenditure (N\$ m)



N\$4.5bn

6.8% Reduction of Overall
Expenditure in **2016**



N\$3.3bn

Expenditure in **2017**
vs.
2016 Forecast



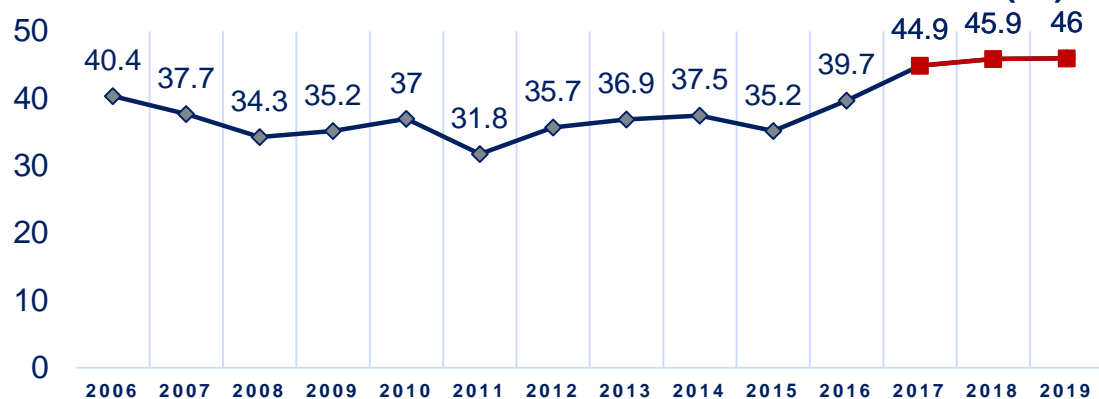
N\$12.5bn

Expenditure in **2018**
vs.
2016 Forecast

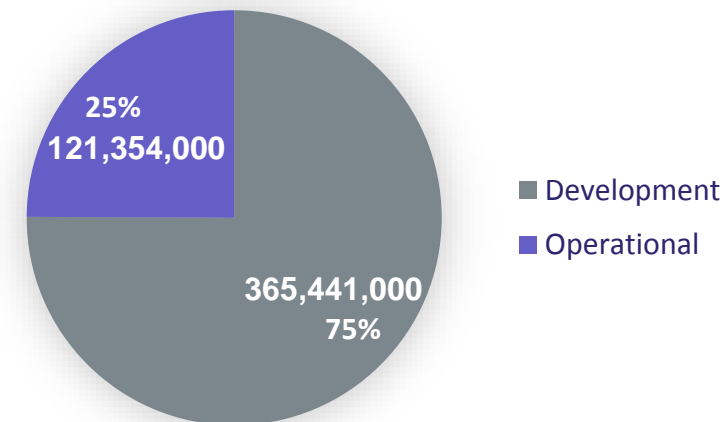
IMPROVE ALLOCATIVE EFFICIENCY



PERSONNEL EXPENDITURE AS A PERCENTAGE OF TOTAL EXPENDITURE (%)



2017/18 Share of Downward Revisions (N\$, %)



Allocations to State Owned Enterprises

↓ N\$1.8bn

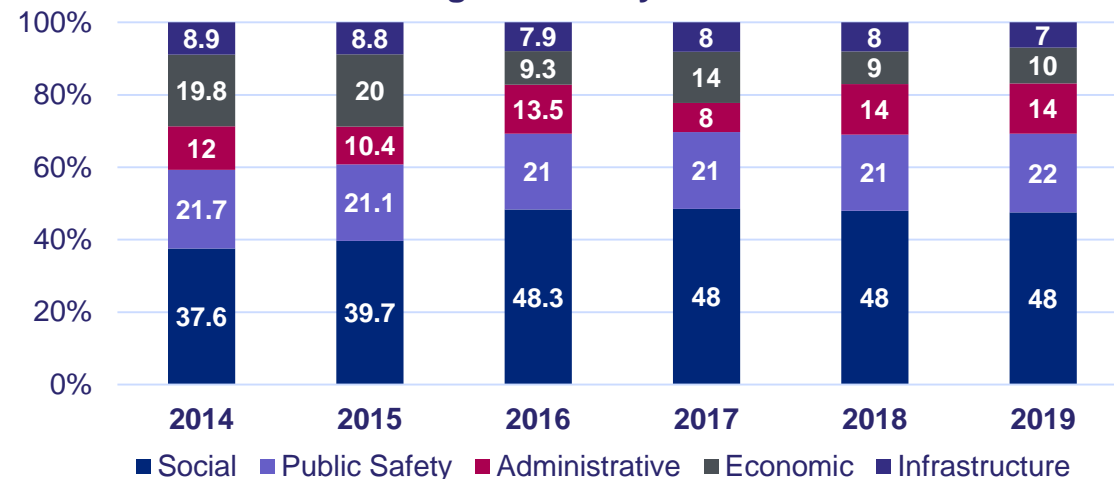
Allocated in 2017 vs 2016

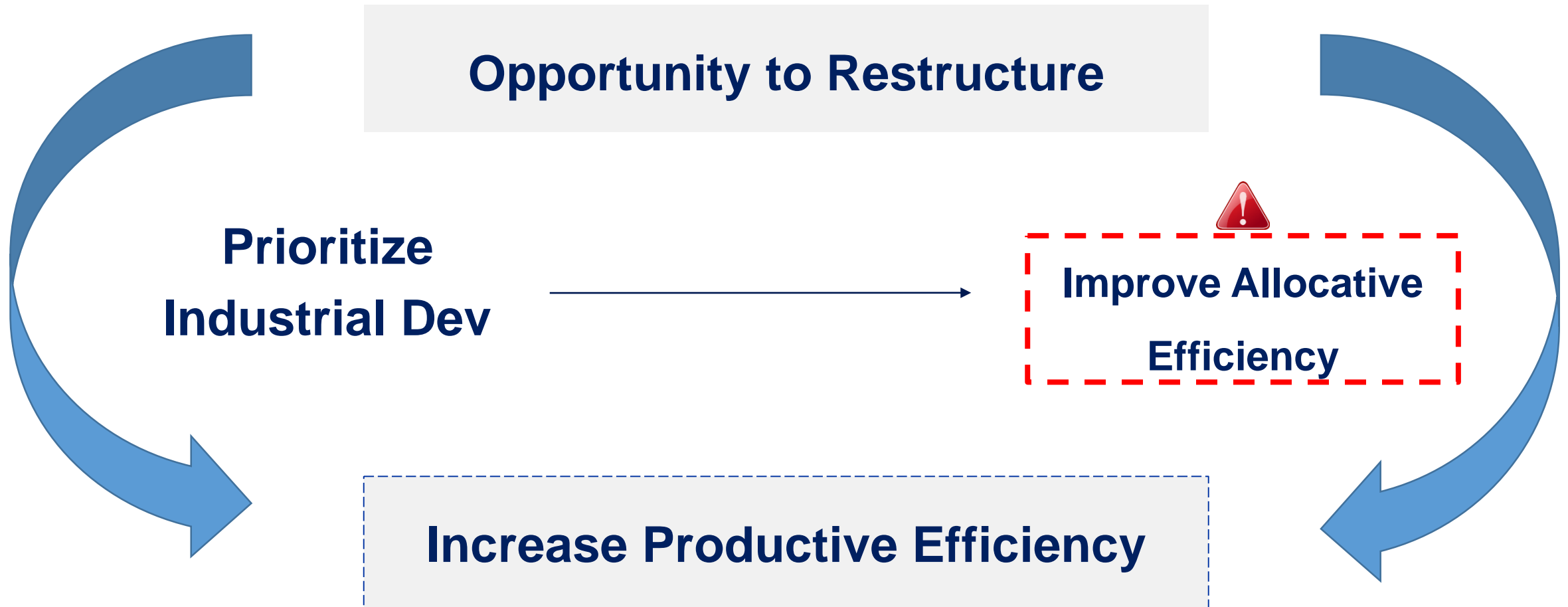


+ N\$13.9bn

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Budget Share by Sector





VISION 2030

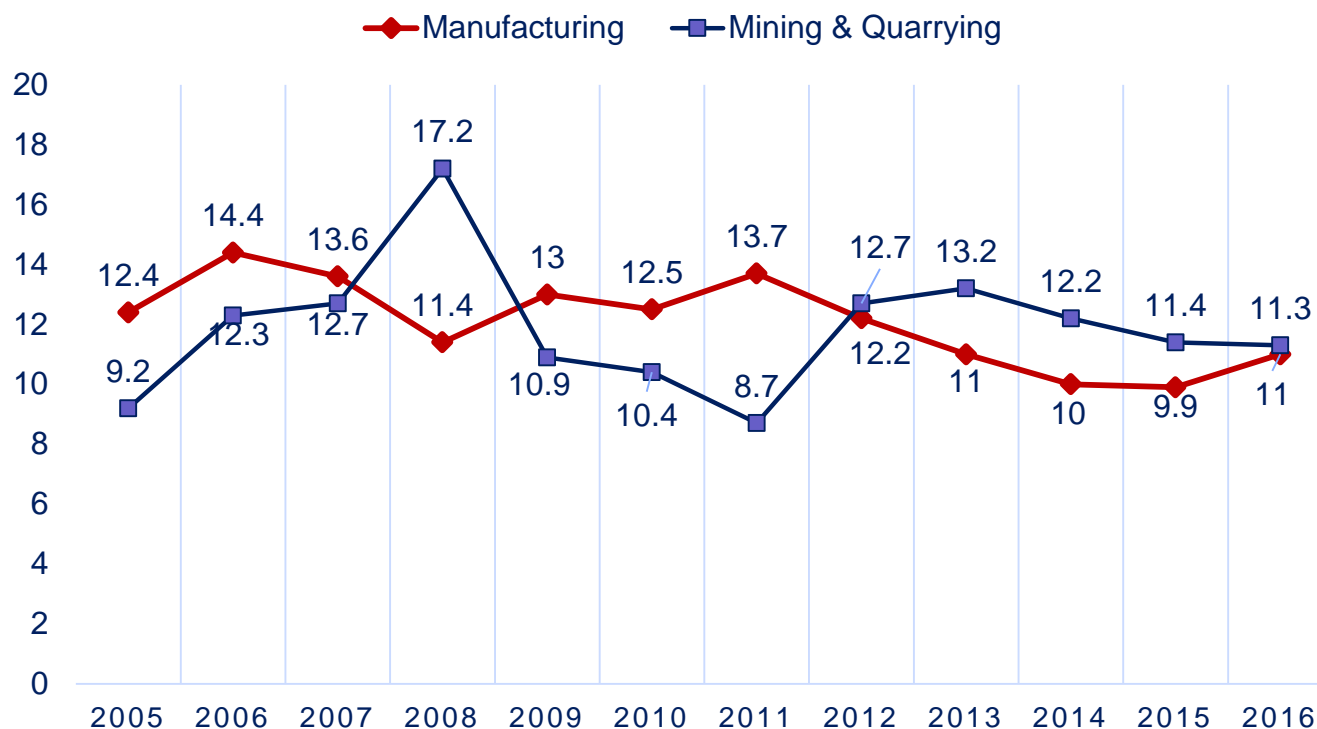


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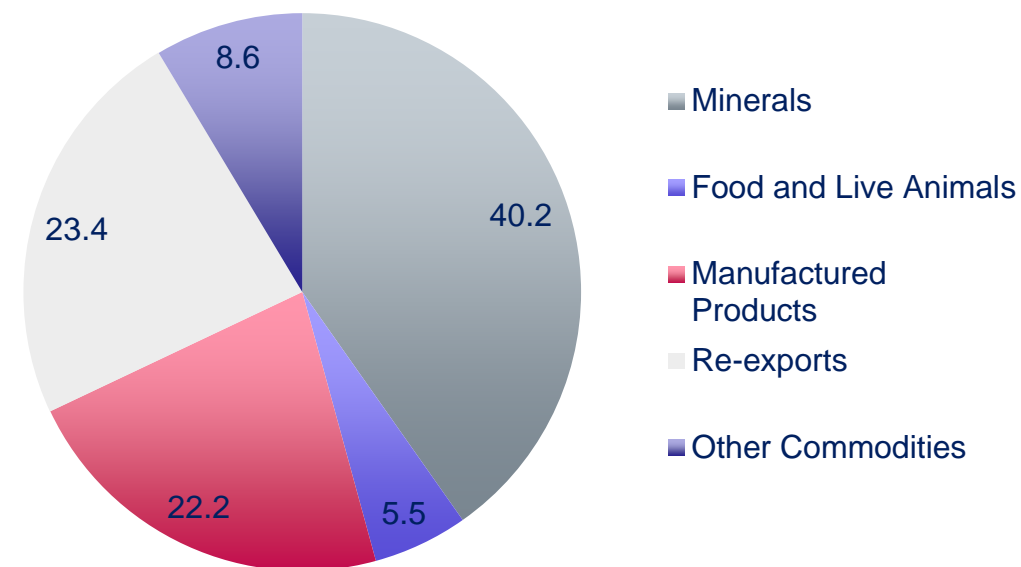
Namibia aims to be a knowledge-based industrialized country where manufactured goods and services constitute 80% of GDP, and processed goods account for at least 70% of total exports.

”

PERCENTAGE CONTRIBUTION TO GDP (%)



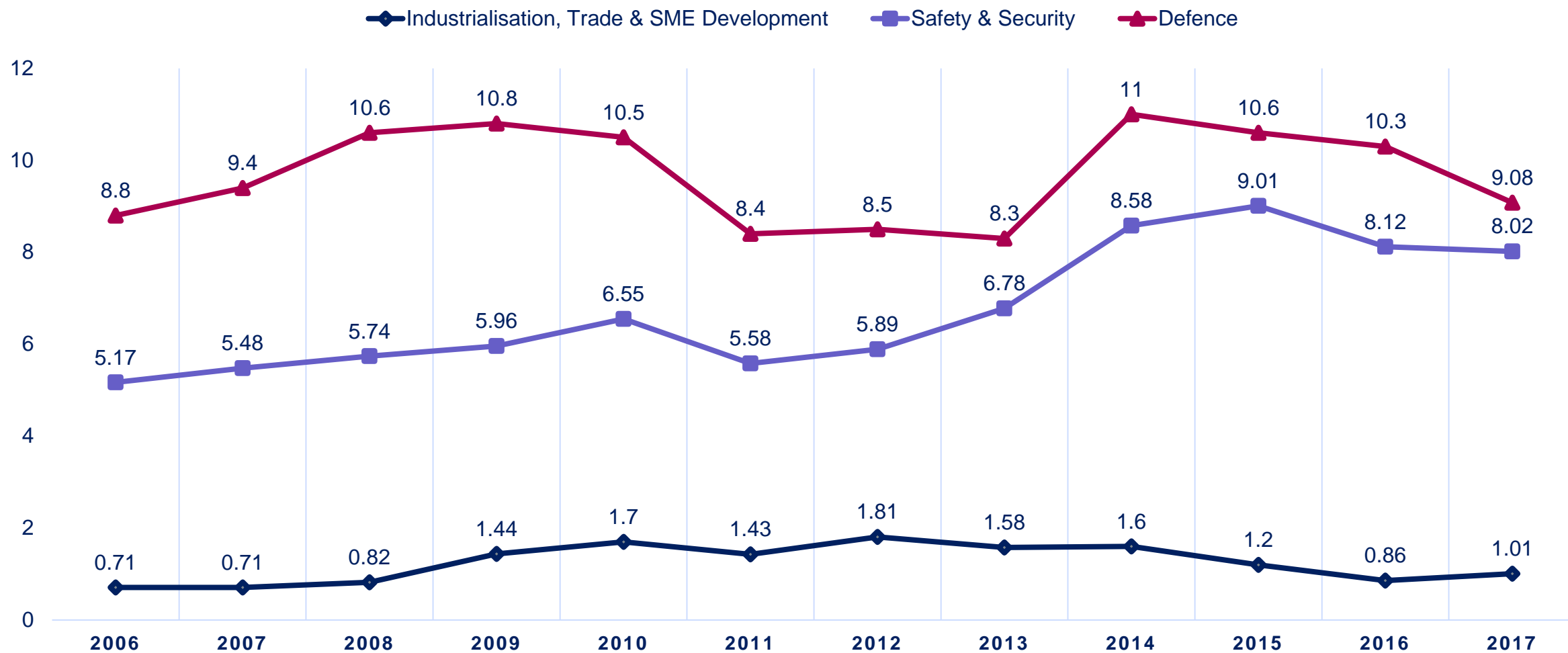
2016 TOTAL EXPORTS (%)



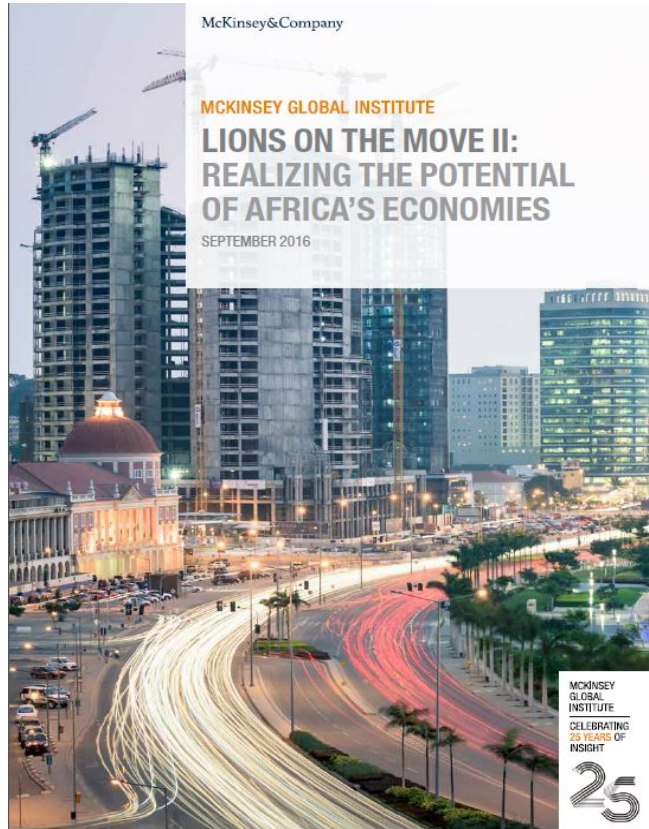
BUDGETING FOR INDUSTRIALISATION



BUDGET ALLOCATIONS AS A PERCENTAGE OF TOTAL EXPENDITURE (%)



NAMIBIA'S INDUSTRIAL POTENTIAL



Lions of the Move II:

Realizing The Potential of Africa's Economies

McKinsey Global Institute, September 2016

“

In line with Namibia's industrial policy, Growth at home advocates a targeted approach towards industrialization. In the first phase, sectors in which Namibia already has some sort of comparative advantage will be targeted. These sectors include agriculture and agro-processing, chemical industries, mineral processing and automotive industry.

”

- **Growth at Home Industrial Strategy**

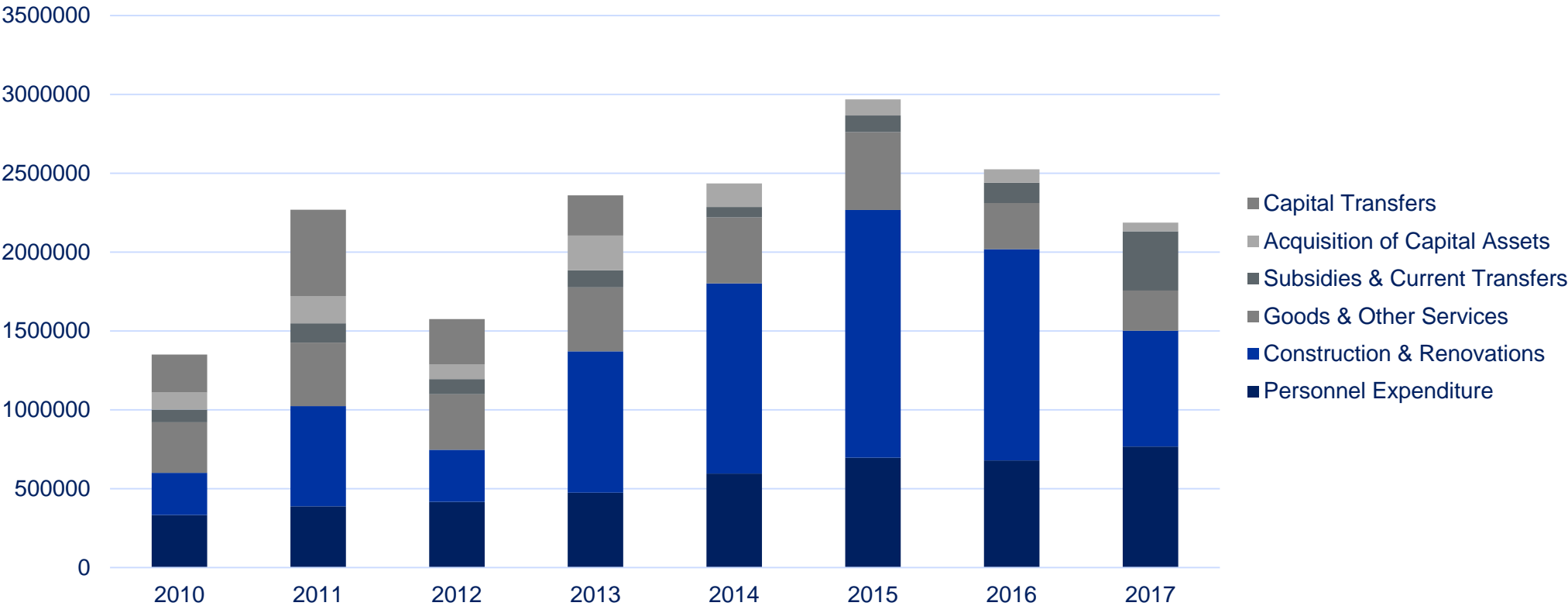
NAMIBIA'S INDUSTRIAL POTENTIAL



↑ 8.5%
2016 GDP contribution of Agriculture,
manufactured food and beverages

20.1%
Total workforce employed in
Agriculture & Fishing

Agriculture, Water & Forestry Expenditure by Major Category (N\$ '000)





Opportunity to Restructure



**Improve Allocative
Efficiency**

Reduce Expenditure

Increase Productive Efficiency



THANK YOU

Standard Bank Moving Forward™

5 Simmonds Street Johannesburg 2001 / P O Box 7725 Johannesburg 2000
Tel +27 (0)11 636 9112 / Fax +27 (0)11 636 6299 / Mobile +27 (0)00 000 000
standardbank.com