FY2024/25 Mid-Year Budget Review Statement

presented

by

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Honourable Speaker;
Honourable Members of Parliament;
Fellow Namibians;

1. It is my singular honour and privilege to table before you the 2024/25 Mid-Year Budget Review this afternoon. As customary, this review follows the 2024/25 National Budget which I tabled before this August House on 28 February 2024 under the theme "***Continuing the legacy of His Excellency Dr. Hage Geingob by caring for the Namibian child"***.

2. I table the FY2024/25 Mid-Year Budget Review against the backdrop of the ongoing drought that has weighed negatively against domestic economic activities and caused considerable hardship for many of our citizens. As a result, it has become necessary to make additional provisions to mitigate the impact of the drought on livelihoods and economic activities broadly. Going forward, it is imperative for Namibia, as a drought-prone arid country, to continuously invest in climate resilient infrastructure and pursue climate change mitigation measures and adaptation policies.

3. Meanwhile, although the Namibian economy continues on the recovery path, we have revised down our growth projections relative to our view in the main Budget. The revisions stem primarily from expected lower output from the mining and agriculture sectors which have been negatively affected by low global demand for diamonds as well as the ongoing drought.

4. Against this background, we still remain with the conviction that the macro-fiscal policy framework we tabled on 28 February 2024 still remains broadly appropriate. As reiterated previously, in the short to medium term, the budgetary framework is built on three reinforcing policy pillars, namely:

   (a) **stimulating domestic demand** through boosting household incomes and creating a conducive environment for businesses to thrive and expand investments;

   (b) **accelerating investments in productive public infrastructure** through upgrading dilapidated infrastructure, expanding social infrastructure to meet the needs of a growing and rapidly urbanising population and ensuring delivery of frontline public services; and

(c) **cultivating fiscal prudence** through maintaining a primary surplus over the MTEF.

5. Nonetheless, in this Mid-Year Budget Review, we have proposed the requisite short-term expenditure adjustments to meet the most urgent and pressing emergencies. This was done through allocating the additional revenues realised as well as reallocating funds from projects with low execution rates. We believe the adjustments proposed in the FY2024/25 Mid-Year Budget Review will greatly assist us to ward off potential adverse risks and enable us to stay the policy course to restore macroeconomic stability while supporting the social sectors.

6. It is in this context, *Honourable Speaker*, that I, in terms of Article 126 of the Namibian Constitution, read with Section 1(1) of the State Finance Act, have the honour to table, for the favourable consideration and approval by this August House, the FY2024/25 Appropriation Amendment Bill and the Adjusted Estimates of Revenue, Income and Expenditure for FY2024/25.

Global economic, fiscal, and financial context

Honourable Speaker,

7. In the recently released World Economic Outlook, the International Monetary Fund (IMF) projects global economic activities to grow by 3.2 percent in both 2024 and 2025, a mild moderation from 3.3 percent recorded in 2023. The projections are underpinned by continuing global disinflation and the subsequent recalibration of monetary policy. Going forward, near-term structural reforms remain necessary to lift the medium-term growth prospects in most economies, while maintaining support for the most vulnerable.

Honourable Speaker,
Honourable Members,

8. From a regional perspective, economic growth in sub-Saharan Africa is projected to remain steady at 3.3 percent for 2023 and 2024 before picking

up to 4.2 percent in 2025. The estimated improvement in growth prospects for the region in the coming year highlight the abating adverse impact of weather shocks and easing supply constraints.

9. Broadly, while global inflationary pressures have abated, there still remain pockets of significant potential downside risks to the economic outlook. These include volatility in international commodity prices, an escalation in regional conflicts, a deeper growth slowdown in the Chinese economy as well as a surge in protectionist policies.

10. Accordingly, on the fiscal policy front, it is imperative to rebuild fiscal buffers and stabilise public debt dynamics as measures to safeguard long term macroeconomic stability. In addition, necessary structural reforms to create more job opportunities, increase resilience and adaptability to climatic shocks as well as to protect the livelihoods of the most vulnerable remain critical, going forward.

Domestic economic developments and outlook

Honourable Speaker,
Honourable Members,

11. The domestic economy remains resilient despite vulnerabilities in the global economy as well as adverse weather shocks. In this context, growth in the Namibian economy is estimated at 3.6 percent in 2024, before improving to 5.4 percent in 2025. As stated prior, this is a revision of the initial forecasts presented in the main budget of 4.0 percent and 3.9 percent, for 2024 and 2025, respectively.

12. The revision of the growth forecasts considered, among others, the significant weaknesses in the diamond sector as well as the gravity of the drought and its subsequent impact on agricultural activities. Meanwhile, value addition in the secondary and tertiary industries is estimated to be strong underpinned by, among others, electricity and water generation as well as strong consumption activities anchored on improving domestic demand, slowing inflation and the downward trend in interest rates.

13. The key risk to domestic growth in the short-term remains weak global demand adversely impacting commodity prices, especially Namibia's key exports, primarily diamonds. This poses a potential threat to not only domestic output but also public revenues. Over the long term, contemporary climate related shocks remain a risk to livelihoods as well as domestic agricultural and electricity production.

14. Against this backdrop, it is imperative to implement targeted policy packages to boost resilience and guard the economy against climatic shocks. In this regard, the immediate focus of fiscal policy in the near term is to shield in particular the most vulnerable segments of society from the impact of the ongoing drought. Similarly, the medium-term fiscal framework will aim to implement further measures to improve climate resilience and adaptation while maintaining fiscal sustainability.

Honourable Speaker,

15. On the monetary and external sectors-:
    - aligned to global developments, especially in fuel prices, the annual inflation rate eased from an average of 5.9 percent in 2023 to 3.4 percent in September 2024. The easing inflationary pressures has provided much-needed relief to consumers with subsequent overall positive spillovers on general consumption levels. Over the medium term, inflation is expected to remain well contained within the 3.0 percent – 6.0 percent band;

    - in line with moderating inflation trends, the Repo rate was reduced by a cumulative 50 basis points during the year to 7.25 percent, to support domestic economic activities while still safeguarding the currency peg. Again, the downward trend in interest rates bodes well to ease the financial burden on both households and corporates budgets alike;

    - on the balance of payments front, the current account deficit is estimated to have widened during the first half of 2024, as import flows increased significantly relative to exports as well as higher outflow of payments on the services account. Nevertheless, we are happy to note continued Foreign Direct Investments (FDI) inflows stemming from ongoing exploration activities in the extractive sector, which finances the current account deficit and hold the potential for further boost in economic activities over the medium-term; and

- the stock of international reserves stood at N$57.1 billion at the end of September 2024, equivalent to 3.7 months of import cover and remains sufficient to meet short-term international obligations.

Honourable Speaker,
Honourable members,

16. Allow me, at this point, to shed more light on the latest developments from a fiscal policy perspective.

Fiscal Policy Developments

17. As the preceding financial year came to an end on 31 March 2024, the outturn on fiscal indicators were generally consistent with our projected fiscal position and maintained the envisaged fiscal sustainability imperative. In this context, we have recorded actual outcomes as follows-:

    - total revenue collections for FY2023/24 stood at N$81.5 billion, slightly outperforming our revised estimates of N$81.1 billion. This reflect overcollections in some tax categories including income tax on individuals and withholding taxes;

    - operational expenditure was recorded at N$67.9 billion in comparison to the estimates of N$68.6 billion. This is equivalent to an execution rate of 98.9 percent;

    - actual outturn on development expenditure stood at N$7.1 billion, against a revised budget of N$8.4 billion translating into an execution rate of 84.5 percent. We have noted concerning capacity, institutional and other operational constraints that impede timely execution of development projects. In this regard, the National Planning Commission is spearheading a process to identify the specific bottlenecks and make the necessary recommendations to improve the pace of project implementation, going forward;

- meanwhile, actual spending on interest payments amounted to N$12.5 billion, well in line with the revised budget;

- overall, total expenditure amounted to N$75.0 billion, lower than the revised budget estimates of N$77.0 billion;

- in line with the above, the actual budget deficit stood at N$5.6 billion, equivalent to 2.4 percent of GDP, significantly outperforming our revised projections of 3.2 percent and a major improvement from 5.2 percent recorded in the preceding financial year;

- the total debt stock as at the end of March 2024 stood at N$153.7 billion, equivalent to 65.1 percent of GDP, a moderation from 67.6 percent of GDP in the last financial year; and

- overall, the actual outturns for FY2023/24 demonstrate continued improvements in fiscal indicators driven by, among others, improving economic activities, strong revenue mobilization and contained public expenditures. These outcomes are well aligned with the fiscal sustainability policy imperative which we have adopted for implementation over the MTEF.

Honourable Speaker

18. In respect of the current financial year-:

- the preliminary revenue outturn at the half-year mark stood at N$45.7 billion, equivalent to 50.5 percent of the initial projections in the budget. At this rate, revenues are some 3.4 percentage points higher than the historical mid-year collection rate. We therefore broadly expect to outperform the initial budget projections;

- the execution rate on operational expenditure was 48.0 percent, while the development budget implementation rate including expenditure commitments stood at 37.4 percent by the end of September 2024, significantly below the desired levels;

- meanwhile, the half-year execution rate on statutory expenditure stood at 43.2 percent signalling potential underspending especially considering the downward trend in the interest rate cycle during the second half of the financial year; and

- at the half-year mark, the total debt stock stood at N$161.0 billion, equivalent to 60.0 percent of GDP.

Fiscal Outlook and Medium-Term Policy Stance

Honourable Speaker,
Honourable Members,

19. As I alluded to earlier, we have noted positive year-to-date performance in revenue collections for FY2024/25. As a result, total revenues are revised upwards by N$1.7 billion to N$92.1 billion. In comparison to the preceding financial year, we expect revenues to post a growth of 13.1 percent year-on-year.

20. The projected increase in revenues for FY2024/25 mirrors above average year-to-date collections, mainly on the categories of income tax on individuals, corporate tax on both other mining companies as well as non-mining companies, value added tax, withholding tax and stamp duties.

21. Meanwhile, owing to low international diamond prices and depressed demand, we have cut expected revenues from the diamond sector for FY2024/25 by more than N$2.3 billion. Consequently, sustained weaknesses in the diamond sector remains the most significant risk to the fiscus in the short to medium-term.

22. The revenue outlook over the remainder of the MTEF remains uncertain, especially taxes on international trade, which remains subject to trade and economic developments in the region which have a bearing on revenue flows into the customs revenue pool. In this regard, the volatility of SACU revenues

is yet another key risk to our fiscal position. Nevertheless, domestic revenue streams remain resilient and are estimated to gradually improve aligned to the positive economic growth outlook, as alluded to earlier. As a proportion of GDP, total revenue is projected to remain strong, averaging over 30.0 percent.

Honourable Speaker,

23. Consistent with the fiscal sustainability policy stance, aggregate expenditure over the next MTEF is anticipated to increase from a revised N$101.2 billion in FY2024/25 to N$106.1 billion by the end of the MTEF in FY2026/27. These indicative aggregate expenditure ceilings will guide the preparation for the next MTEF, subject to the updated revenue estimates, including the SACU receipts.

24. In this context, we will only commit to additional expenditure once we have confirmed the fiscal space to fund such undertakings. Accordingly, more substantive policy commitments will be announced with the tabling of the FY2025/26 Budget in February 2025.

Honourable Speaker,
Honourable Members,

25. Considering the revised expenditure levels, we still estimate the overall budget deficit for FY2024/25 to remain at 3.2 percent of GDP, with a moderate improvement in the primary surplus relative to the levels estimated in the main budget. Furthermore, in nominal terms, the deficit is revised downwards slightly by N$277.3 million.

26. Over the MTEF, we estimate the deficit to average about 3.5 percent of GDP, critically dependent on revenue outcomes over the two outer years. Nonetheless, as a fiscal policy stance, we aim to consistently maintain a primary budget surplus over the MTEF, as a measure to moderate the pace of debt accumulation and subsequently manage public debt levels.

Honourable Speaker,

27. With the revisions above, the total public debt stock expressed as a ratio of GDP is estimated to reduce from 65.1 percent in FY2023/24 to 62.1 percent

in FY2024/25. Going forward, we estimate the debt ratio to remain on a downward trend, reducing to 57.8 percent by the end of the MTEF. Accordingly, we remain committed to take advantage of the current growth momentum to drive the debt metrics in the right direction, while still making the necessary provisions to meet our most urgent social and developmental needs.

Progress on Economic Policy Priorities

Honourable Speaker,

28. From an economic policy perspective, the national priorities remain as enshrined in the second Harambee Prosperity Plan (HPP II). Going forward, the National Planning Commission is developing the sixth National Development Plan (NDP VI) which is scheduled to be launched in April 2025. NDP6 will, accordingly, outline the desired national macroeconomic policy pathway over the next five years.

29. Nevertheless, in the FY2024/25 National Budget, we have prioritised resource allocations under the three (3) policy pillars of (a) *stimulating domestic demand*, (b) *accelerating investments in productive public infrastructure*, and (c) *cultivating fiscal prudence*.

30. In this context, I am happy to report some progress on implementation achieved during the first half of the financial year, as follows:

    - to provide some measure of relief to taxpayers and stimulate domestic demand, we have enacted and subsequently implemented amendments to various tax legislations in September 2024. In this context, I would like to extend my sincere appreciation to the National Assembly for your support that enabled us to pass these bills during the first half of the financial year. With these amendments, we were able to provide much needed relief to taxpayers which will go a long way to boost domestic demand and support domestic economic activities;

    - in the area of Housing, the Ministry of Urban and Rural Development has commenced with the implementation of the 2023 National Housing

Policy. In this context, the Ministry is establishing coordination and implementation structures including the National Housing Policy Implementation Steering Committee (NHPISC) and the Project Implementation Unit. Furthermore, although implementation has been slow, the Ministry is seized with procurement for, among others, urban land servicing as well as prepaid water and electricity meters in various Local Authorities countrywide;

- the Ministry of Education, Arts and Culture has created a designated Implementation Unit to roll out the adopted recommendations from the 2022 National Conference on Education. In this context, the ministry is expected to construct 512 classrooms countrywide during FY2024/25, of which 296 classrooms were already completed by September 2024. The ongoing reform programme also encompasses improving digital infrastructure and professionalizing the teaching profession;

- the Ministry of Agriculture, Water and Land Reform has prioritized drilling boreholes and expanding rural water supply pipelines to improve access to water within communities, especially considering the increased drought incidences. In this regard, the ministry has so far completed 115 boreholes and 20 earth dams in rural communities, with another 83 boreholes and 34 earth dams in the pipeline. We are further pleased to note that procurement has been finalized and construction has commenced for the Rundu Water Treatment Plant as well as the 2nd Ohangwena Aquifer Well Field. Meanwhile, the procurement for the Oshakati Water Treatment Plant is at an advanced stage;

- furthermore, the Environmental Investment Fund of Namibia (EIF) has successfully drilled over 70 boreholes this year valued at N$40 million, funded through both public and donor resources, benefiting approximately 35,000 people and more than 30,000 livestock. Looking ahead, the Fund has a robust pipeline of projects related to water drilling, retrofitting, and the desalination of brackish water, with an estimated value of N$120 million. The government remains committed to allocating resources and mobilizing development partners to support these essential water infrastructure projects;

- the EIF is projecting a pipeline of projects valued at N$738 million for the upcoming financial year, primarily sourced from multilateral funding windows. These projects will focus on adaptation initiatives, including enhancing resilience in Namibia's peri-urban communities through sustainable agriculture and strengthening the adaptation capacity of artisanal fisheries;

- as a measure to improve food security in the face of the ongoing drought, the Ministry of Agriculture, Water and Land Reform has also expanded the area under cultivation for staple food production at various green schemes. Accordingly, we expect increased production thereof to reduce the deficit in local food production and subsequently improve domestic food security;

- the National Disaster Management Unit in Office of the Prime Minister continue to roll out the drought relief programme to affected regions and communities at a cost of N$129.8 million per month. In addition, through the Agricultural Bank of Namibia (Agribank), we have rolled out a dedicated subsidy program to support farmers whose operations have been adversely affected by drought conditions at a total cost of N$126.3 million during the current financial year;

- the Ministry of Mines and Energy continues to fast track rural electrification in line with the national ambitions to reach universal electrification by the year 2040. During the current financial year, 18 public institutions and 88 rural households have been added to the national grid with another 39 public institutions and about 1000 households still in the pipeline to be connected. Furthermore, government is engaging with all relevant stakeholders to map out measures to improve security of electricity supply and maximize the beneficiation of energy resources endowment through the ongoing national Productivity taskforce on the Electricity Supply Industry. The government is also finalizing the modalities to implement the 860MW Baynes Power project in line with the Cabinet resolution;

- the Ministry of Works and Transport continues with the programme to expand the national road network, especially through constructing access roads to schools and clinics in rural communities. In this regard, during the financial year, preparatory work and construction activities are currently underway on more than 15 stretches of access roads in rural areas. We believe improving road infrastructures in rural areas will go a long way not only to improve the living standards of such communities through easing access to services but also broadly to unlock economic opportunities;

- government continues to prioritize Small and Medium Enterprises (SMEs) as a catalyst for economic transformation and development with various impactful interventions. In this regard, the Small and Medium Enterprises (SMEs) Recovery Loan Scheme continues to gather momentum, with disbursements increasing to N$398.8 million by the end of September 2024 benefitting more than 360 SMEs;

- additionally, the EIF launched the Green Credit Facility, a concessional fund designed to support green SMEs and youth-led enterprises. So far, the facility has disbursed over N$70.0 million to 118 SMEs, and the government plans to inject another N$100 million to expand green entrepreneurship in Namibia;

- we continue to make progress on the implementation of the Venture Capital Fund (VCF) which is aimed at providing patient equity capital for growth-oriented SMEs to scale up their activities with the view to help create much-needed jobs in the economy. In this regard, we have appointed the Board of Trustees for the Fund and will formally launch the Fund before the end of the current financial year;

- the Ministry of Industrialisation and Trade continues to provide support to emerging SMEs through the Equipment Aid Scheme. In this context, the 2023 program assisted over 3,000 businesses and we urge all qualifying SMEs to participate in the program this year for which I understand applications are open until the end of this month; and

- we are happy to confirm that all big commercial banks have signed up as participants in the Credit Guarantee Scheme (CGS). Accordingly, all qualifying SMEs who do not have the required collateral when seeking financing from financial institutions are urged to make use of the CGS.

Tax Policy and Administration Reforms

Honourable Speaker,

31. In the area of tax policy and administration reforms, the policy focus remains on measures aimed at providing relief to taxpayers and supporting the economy in the near to medium term as committed to in the budget. These include, among others-:

    - on the non-mining corporate tax, we have reduced the rate to 31 percent effective in April 2024 and are committed to a further gradual reduction to 28 percent during FY2026/27;

    - we have increased the threshold for Income Tax on Individuals to N$100,000 and are committed to further adjust all tax brackets for inflation creep in the two outer years of the MTEF at a cost of N$712.9 million per annum;

    - with regard to the tax amnesty program, which is due to expire this Thursday, 31 October 2024, we have received numerous calls for an extension from various sectors. In line with our commitment to strike a balance between collecting revenue and boosting the investment climate, we hereby extend the tax amnesty program by another two (2) years until 31 October 2026. The extension has considered the two years of the COVID-19 pandemic which significantly reduced the income of many taxpayers. The relief value proposition remains unchanged, that is, interest and penalties will be fully written off if outstanding capital is fully settled before 31 October 2026. Again, I would like to reiterate that this is the final extension of this program, and we urge all concerned taxpayers to participate before the due date; and

- we are working with the Ministry of Mines and Energy as well as other relevant stakeholders to review and update the petroleum upstream fiscal regime to ensure clarity and simplicity for taxpayers in light of a surge in exploration activities in the sector.

32. Again, we will make more substantive tax policy commitments in future budget statements once we have some additional certainty on the medium-term revenue outlook.

FY2024/25 Appropriation Amendment Bill

Honourable Speaker,
Honourable Members,

33. Earlier this year on 28 February 2024, I stood before this August house and tabled a budget of N$100.1 billion, consisting of N$74.6 billion in operational expenditure, N$12.8 billion in development expenditure (of which N$3.2 billion was for projects to be funded outside of the State Revenue Fund) and N$12.8 billion in interest payments.

34. The Mid-Year Budget Review process accords us an opportunity to improve the effectiveness of resource allocations by taking stock of the collective implementation of the National Budget so far and make the requisite adjustments to meet unforeseen emergencies and ensure that we remain on course to attain our annual priorities.

35. As I have indicated earlier, *Honourable Speaker*, we are projecting to realise additional revenues to the tune of N$1.7 billion for FY2024/25. In addition, considering the low execution rates on capital projects, a total of N$2.1 billion has been identified for reallocation.

36. The projects affected by budget reallocations are primarily in the railway sector. Nevertheless, given the importance of the rail sector to unlock economic activities, we will ensure that sufficient funding is availed to the upgrading and development of the railway network, going forward. Furthermore, we will work closely with the Ministry of Works and Transport

and TransNamib to ensure that the upgrading of the national railway network is expedited.

37. During consultations for the Mid Year Budget Review, additional expenditure requests to the tune of N$8.3 billion were received for consideration. In keeping with the fiscal sustainability narrative, we balanced these expenditure requests against the available resource envelope cognisant of the imperative to manage the borrowing requirement. As a result, the FY2024/25 Appropriation Amendment Bill provides for additional spending of N$3.6 billion, as follows:

- we have availed an additional N$698.8 million for **drought relief** provisions under the Office of the Prime Minister primarily to extend the food distribution programme to eligible communities. This allocation provides for the drought relief programme to be expanded to cover 308,750 households until 30 June 2025. This allocation increases the total drought relief budget for FY2024/25 to well over N$1.4 billion. This is a significant resource envelope, which highlights the importance of instituting climate resilience policies and measures to minimise the impact of weather events on livelihoods, going forward;

- an additional N$139.0 million has been availed to extend the N$600 monthly Conditional Basic Income Grant (CBIG) to additional qualifying beneficiaries in urban localities countrywide. This is in addition to N$117.8 million allocated to the Ministry of Gender Equality, Poverty Eradication and Social Welfare to ensure sufficient coverage of the Old Age Social Grants to the elderly during the financial year;

- in total of N$1.1 billion has been added on the **goods and services** budgets of various votes including, among others, N$450 million for the Ministry of Health and Social Services to meet various emergencies in the sector, N$233.0 million for summer cropping at the various Green Schemes, N$200.0 million to supplement the budget of the Electoral Commission of Namibia (ECN), N$187.8 million for hostel catering and utilities bill for the Ministry of Education, Arts and Culture, N$140.0 million to cover utilities for the Ministry of Defence and Veteran Affairs, and N$86.8 million to cover foreign exchange rate fluctuations for the Ministry of International Relations and Cooperation cognisant of overspending in the preceding year;

- a sum of N$2.4 billion has been allocated to **subsidies and other transfers** to Government organisations inclusive of N$500 million to cover projected shortfalls on the Public Service Employees Medical Aid Scheme (PSEMAS), N$386.0 million for the University of Namibia to cover its operational expenses, N$187.8 million to supplement the contingency budget, N$88.0 million to cover shortfalls on student funding at the Namibia Student Financial Assistance Fund (NSFAF) and N$40.0 million to absorb the suspended electricity tariffs increase by the Electricity Control Board (ECB);

- considering the low execution rate, no additional allocations are made to the **development budget**; and

- we are satisfied that sufficient provisions were made for **personnel spending** in the main budget and subsequently, no significant additional allocations have been made to that expenditure category.

Honourable Speaker,

38. In being consistent with the spirit of the Mid-Year Budget Review process, these additional expenditure allocations met the criteria of unforeseeable and unavoidable emergency items which cannot be deferred until the tabling of the main budget in February 2025.

39. In summary, we have increased the operational budget for FY2024/25 by N$2.6 billion to a total of N$78.2 billion, while the development budget has decreased to N$10.4 billion and debt servicing costs remain unchanged at N$12.9 billion.

40. Despite these adjustments, *Honourable Speaker*, we have left the initial ceilings of most expenditure votes unchanged. Noting the low implementation rate during the first half of the year, we are comfortable that the different ministries have sufficient funding to deliver on their mandates and meet the

government policy priorities for the year. As such, we have encouraged the votes to reallocate funds within their existing ceilings to meet other urgent operational expenditure that could not benefit from additional allocations.

41. To sum up, with these changes, the nominal budget deficit will decline marginally by N$277.3 million to N$8.7 billion while remaining steady as a ratio of GDP at 3.2 percent. Accordingly, we will make the changes to the borrowing plan for the remaining months of the financial year as necessary. The detailed breakdown of the expenditure allocations and revised ceilings for the various Votes are available in the Appropriation Amendment Bill before you.

Conclusion

Honourable Speaker,
Honourable Members,

42. As I conclude my presentation this afternoon, I wish to underscore that domestic economic activities remain positive in the near term despite pronounced weaknesses in the diamond and agriculture sectors. Furthermore, we are happy to note signs of improving consumer sentiments stimulated in part by the broad economic recovery as well as easing inflationary pressures and the downward trend in interest rates.

43. The ongoing drought situation has far-reaching effects on the economy as well as the broader population, specifically the most vulnerable members of society. To mitigate the potential adverse impact thereof, we have made the requisite expenditure provisions both through drought relief for food distribution and support to farmers, providing funding for the green schemes as well as strengthening the relevant social protection schemes to minimise loss of livelihoods. We are confident that, in the short-term, such interventions will assist to improve food security at both household and national levels. Nevertheless, we will prioritise long term measures to improve fiscal resilience against climatic events.

44. Going forward, there still remain some uncertainty regarding the expected revenues from the customs pool. As such, we have deferred making

substantive expenditure commitments for FY2025/26 until we have improved visibility thereon. At the same time, we have and will continue to implement policy measures to strengthen domestic resource mobilisation, broaden the revenue base and create a conducive environment for businesses to thrive.

45. Lastly, our concerted efforts to maintain fiscal sustainability has begun to bear fruits as evidenced in a narrowing budget deficit, improving primary surplus and stabilising public debt ratios. We maintain the view that a foundation of macroeconomic stability and fiscal prudence is a prerequisite to building a Namibia in which we can all thrive. The Namibian government remains committed to improve the standard of living of all Namibians. As such, we will continue to prioritise social expenditures, rollout of critical infrastructure to improve access to critical services and pursue business-friendly policies to create a conducive environment for economic activities to thrive.

46. On that note, *Honourable Speaker*, may I conclude my statement by thanking our collective leadership championed by His Excellency President Nangolo Mbumba assisted by Her Excellency Vice President Netumbo Nandi-Ndaitwah. I would also like to thank the Right Honourable Prime Minister, Saara Kuugongelwa-Amadhila, Deputy Prime Minister Hon. John Mutorwa, members of Cabinet and indeed all of you, Honourable Members of Parliament, for your continued understanding and support on fiscal matters.

47. Lastly, I wish to appreciate my colleagues at the Ministry of Finance and Public Enterprises, the National Planning Commission for the usual dedication during the compilation of the Mid-Year Budget Review as well as team NamRA for their persistent drive to mobilise much needed revenues.

48. On that note, I thank you kindly for your attention.