

THE PARLIAMENTARIAN'S HANDBOOK:

NATIONAL BUDGETING PROCESS IN NAMIBIA



TABLE OF CONTENTS

ACRONYMS/ABBREVIATIONS	iv
FOREWORD	v
BACKGROUND	vii
WHAT THIS HANDBOOK CONTAINS	vii
OBJECTIVES OF THE HANDBOOK	viii
ACKNOWLEDGEMENTS	ix
UNIT 1: INTRODUCTION TO THE BUDGET	1
1.1 The objective of this unit	1
1.2 Learning outcome of this unit	1
1.2.1 What is a budget?	2
1.2.3 What is a national budget?	2
1.2.4 What is budgeting?	2
1.2.5 The importance of a budget	3
1.2.6 Principles of a good budget	4
1.2.7 Components of the budget	5
1.2.8 Budget distribution	10
UNIT 2: KEY PLAYERS IN THE BUDGETING PROCESS	12
2.1 The objective of this unit	12
2.2 Learning outcome of this unit	12
2.2.1 Parliament	12
2.2.2 The ministry of finance	13
2.2.3 Office of the auditor general	13
2.2.4 Non-state players	13
2.2.5 Citizens	14
2.2.6 Development partners and aid agencies	14

UNIT 3: BUDGETS DEFICITS, SURPLUS AND PUBLIC DEBT	15
3.1 The objective of this unit	15
3.2 Learning outcome of this unit	15
3.2.1 What is a budget deficit?	15
3.2.2 What is a budget surplus?	16
3.2.3 What is public debt?	16
UNIT 4: BUDGETING PROCESS	21
4.1 The objective of this unit	21
4.2 Learning outcome of this unit	21
4.2.1 The budget process	21
4.2.2 The budget cycle	25
UNIT 5: THE ROLE OF PARLIAMENT IN THE BUDGET PROCESS	29
5.1 The objective of this unit	29
5.2 Learning outcome of this unit	29
5.2.1 The legal framework supporting the role of parliament	30
5.2.2 The role of parliament at various stages of the budget cycle	33
5.2.3 The rationale for strengthening the role of parliament	35
UNIT 6: BUDGET INFORMATION	37
6.1 the objective of this unit	37
6.2 learning outcome of this unit	37
6.2.1 The budget statement	38
6.2.2 Estimates of revenue and expenditure	38
6.2.3 The budget review	38
6.2.4 The medium-term expenditure framework (mtef)	39
6.2.5 The development budget	39
6.2.6 Government's accountability report	39
6.2.7 The appropriation bill	40
6.2.8 The citizen's guide	40

UNIT 7: BUDGET ANALYSIS	41
7.1 the objective of this unit	41
7.2 learning outcome of this unit	41
7.2.1 What is budget analysis?	41
7.2.2 Budget analysis - conclusion	46
7.2.3 Pre-requisite of budget analysis	47
7.2.4 Budget analysis tools and questions	48
7.2.5 Useful budget analysis equations	50
ANNEXURE	51
Annexe i: Glossary	51
Annexe ii: General rules	56
Annexe iii: Estimates of revenue	59
Annexe iv: Appropriation act	66
Annexe v: Example of a vote	69
Annexe vi: Parliament budget office (pbo)	71
BIBLIOGRAPHY	75

ACRONYMS & ABBREVIATIONS

ENE	Estimates of National Expenditure
FES	Friedrich Ebert Stiftung
GDP	Gross Domestic Product
HPP	Harambee Prosperity Plan
IMF	International Monetary Fund
MBCs	Ministerial Budget Committees
MOF	Ministry of Finance
MTEF	Medium Term Expenditure Framework
MPs	Members of Parliament
MWG	Macro Working Group
M&E	Monitoring and Evaluation
NDP5	Fifth National Development Plan
NPC	National Planning Commission
OMAs	Offices, Ministries and Agencies
SACU	Southern African Customs Union
SADC	Southern African Development Community
SOEs	State-Owned Enterprises
SRF	State Revenue Fund
PBO	Parliament Budget Committee
WB	The World Bank

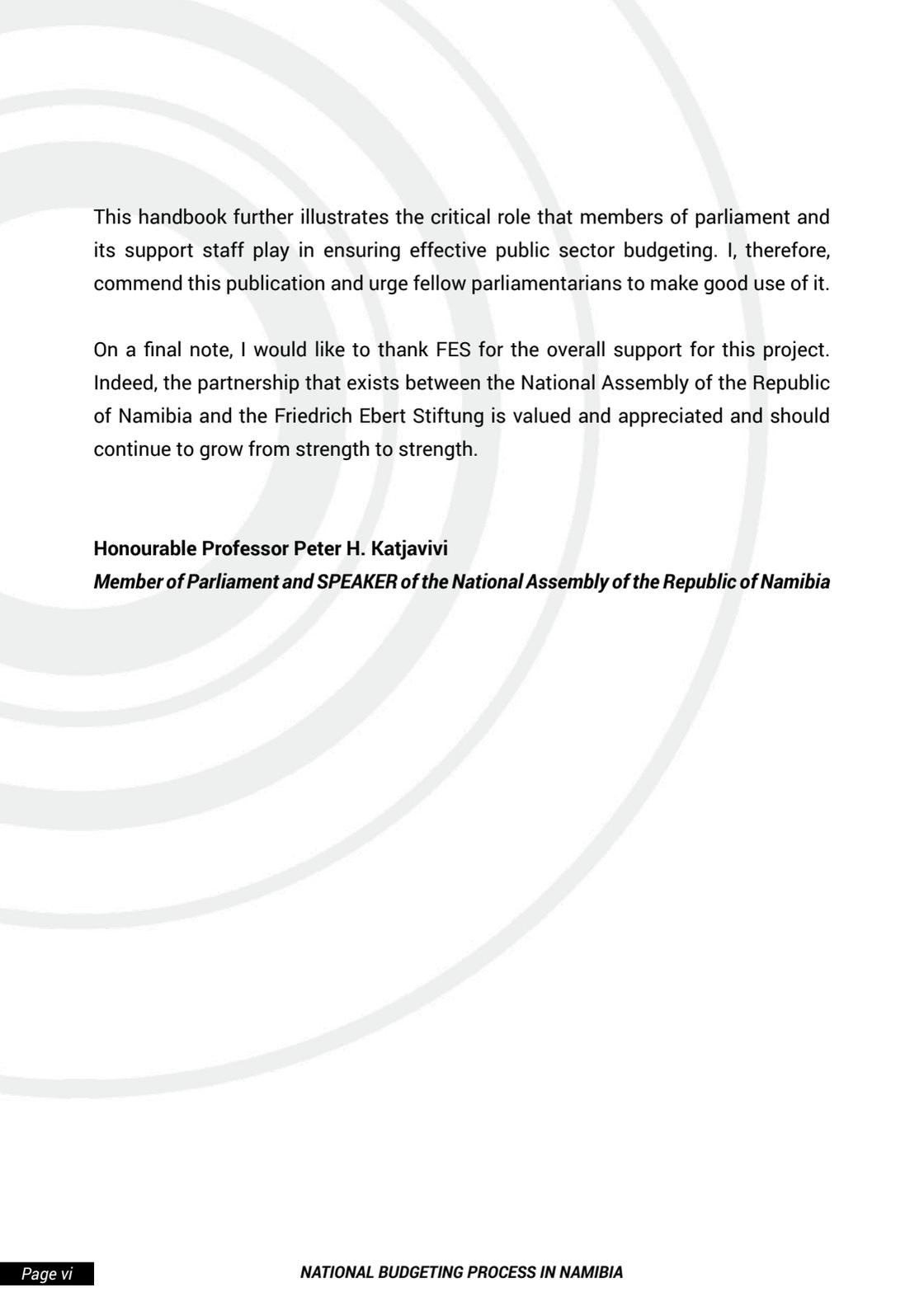
FOREWORD

A national budget is a planning tool that outlines the projected public revenue and planned expenditure and is passed by the legislature of any country. Parliamentarians need to acquaint themselves with the entire budget process in order to be able to exert the appropriate influence on the decisions made during its development. This is crucial as the ultimate decisions made within the budget affect the socio-economic aspects of the country.



The Namibia National Budget Handbook has been produced as a result of a series of workshops and public engagements by the Parliamentary Standing Committee on Economics and Public Administration in partnership with the Friedrich Ebert Stiftung (FES). This joint engagement was welcomed by members of the Parliamentary Standing Committee on Economics and Public Administration, and as a result, we are now witnessing the release of this user-friendly handbook which will serve as an important reference tool to enhance the capacity of Parliamentarians to debate the Namibia National Budget; before and after the budget is tabled in the National Assembly.

This handbook aims to provide a brief and succinct understanding of the process regarding the development of Namibia's National Budget, thus bringing into focus the importance of the budget as a significant policy tool which government can use to improve the well-being of all Namibians. It takes the reader through the major concepts and phases of the budget process, identifying key institutions and provisions. It is my sincere hope that this handbook will energize Parliament's role in the budget process, after all, this is the basis for the efficient management of public finances so as to ensure good governance.



This handbook further illustrates the critical role that members of parliament and its support staff play in ensuring effective public sector budgeting. I, therefore, commend this publication and urge fellow parliamentarians to make good use of it.

On a final note, I would like to thank FES for the overall support for this project. Indeed, the partnership that exists between the National Assembly of the Republic of Namibia and the Friedrich Ebert Stiftung is valued and appreciated and should continue to grow from strength to strength.

Honourable Professor Peter H. Katjavivi

Member of Parliament and SPEAKER of the National Assembly of the Republic of Namibia

BACKGROUND

During the past several years, parliaments around the world have taken on a more prominent role in the management of public affairs as a result of the drive towards democratization and good governance. Parliaments are increasingly being recognized as playing a crucial role in the management of the affairs of today's societies; from an expanded job scope of choosing the president, to provide a national forum for public considerations of issues, passing legislation and to scrutinizing and overseeing executive actions.

One of the most important roles of parliament is the provision of oversight¹ over the Executive, in particular, the scrutiny and analysis of the budget before and after its implementation. Being a critical element in the budgeting processes of government, this function plays a significant role in the socio-economic development of a country.

Thus, in order for parliamentarians to effectively execute this function and participate meaningfully in debates, they need to possess an adequate amount of understanding of matters pertaining to budgeting and public finance. Having a better understanding of issues and processes relating to the budget will help members of parliament in fulfilling their oversight responsibilities.

WHAT THIS HANDBOOK CONTAINS

This handbook consists of discussions on various aspects of the budgeting process, including definitions and basic conceptual information on the national budget, the budgeting process, the players and the role of parliament: how it functions and how it can increase its budget oversight function. While this handbook can be used as a standalone document, it can be used to its best advantage in conjunction with the key budget documents listed in Unit 6. To assist parliamentarians not fully acquainted with national budgets in particular or public finance in general, a

¹ Oversight is a function granted by the Constitution to Parliament to monitor and oversee government action by focusing on the following: implementation of laws; application of budgets; strict observance of laws of Parliament and the Constitution; and effective management of Offices, Ministries and Agencies (OMAs).

glossary explaining the many concepts and terms used in the handbook is attached in Annexe i.

OBJECTIVES OF THE HANDBOOK

Budgeting is getting increasingly complex: the demands on the Executive to meet its obligation with regards to the provision of goods and services are growing exponentially. Unfortunately, the increased difficulty of budgeting often leads to reduced accountability on the part of the Executive.

The overall objective of this handbook is to empower the Namibian Parliament with the ability to fulfil its responsibilities and develop a fiscally assertive legislature. Specifically, this handbook aims to:

- i. Provide a toolkit for the strengthening of the parliament in the performance of its mandate in terms of oversight.
- ii. Provide a comprehensive introduction to the concept, objectives and scope of the national budgeting process.
- iii. Serve as a reference and self-training manual for members of parliament and staff of the parliament on issues relevant to their specific functions.
- iv. Serve as a framework for the design of future capacity building interventions initiated by the parliament for both members and staff.

ACKNOWLEDGEMENTS

The National Assembly would like to extend gratitude to the Friedrich Ebert Stiftung (FES) for their support towards the compilation of the handbook. We will also like to extend our gratitude to Mr. Mally Likukela from Twilight Capital Consulting for coordinating and putting together this material. Further words of appreciation goes to the Members of Parliament from the Parliamentary Standing Committee on Economics and Public Administration who contributed to this handbook through their participation at the workshops and consultations held. Last but not least, to the able-minded staff of the Namibian National Assembly that were directly involved in this project.

UNIT 1: INTRODUCTION TO THE BUDGET

This unit introduces and defines the concepts mostly used in the discussion of national budgets. It outlines the objectives, explains the main components and shows the importance of national budgets. Parliamentarians will appreciate the scope and extent of national budgets as it relates to one of their key roles; oversight. Specifically, examination and passing of the annual national budget is one of the most important functions of parliament during the budget cycle and it is, therefore, important that parliamentarians develop an adequate level of understanding of the concepts around national budgets to adequately perform this function.

1.1 The Objective of this Unit

To provide members of parliament with:

- The necessary understanding of general concepts, the purpose, and the main structure of the national budget which they need to increase their effectiveness when performing budget oversight functions.



1.2 Learning Outcome of this Unit

Upon completion of this unit, members of parliament will have acquired the necessary understanding of the:

- Definition of the budget
- Components of the budget
- The legal framework of Namibia's National Budget
- Sources of government revenue

1.2.1 What is a budget?

A budget is a written document clearly indicating how much income will be received (coming in) and how (and on what) it will be spent within a given period of time. The main purpose of a budget is to ensure that the country's needs are prioritized in order of importance. This allows one to plan expenditure in such a way that priority areas (such as housing, education, healthcare etc.) can be met.

1.2.3 What is a national budget?

A national budget is a financial plan of a country for a specific time period. In the case of Namibia, this plan runs for the duration of its financial year which starts on the 1st of April of the year and ends on the 31st March of the next year. The budget sets out how resources will be generated and allocated to achieve the government's objectives over this time period. These expenditure proposals and revenue-raising intentions referred to above are set out in a collection of documents² for the budget period. As a key planning tool for allocating scarce resources, it is important that a budget forms a link between policy and delivery. Therefore, this is the reason why parliamentary oversight and accountability becomes a vital aspect of the budgetary process.

1.2.4 What is budgeting?

Broadly, budgeting is the process of estimating revenue and expenses during a specific period of time, however, in terms of national budgeting, budgeting reflects the process that precedes the parliament's legal authorization of the executive's power to collect revenues, incur expenditures and borrow money for the coming year. It is a complex process where the government sets out how it will collect the resources, how much it will collect and how such resources will be allocated to achieve the government's objectives.

² The key budget documents include the budget speech, the Appropriation Bill/Act, Estimates of National Expenditure, the Budget Review, and the Medium-Term Expenditure Framework (MTEF).

1.2.5 The importance of a budget

The government prepares the budget in order to fulfil certain national objectives. These objectives are the direct outcome of Government's economic, social and political policies. As a democratic tool, a budget shows the public how the Government intends to utilise public resources against which it will be held responsible. As a political tool, a budget is an expression of the Government's ideological commitment and political philosophy on how a country should move forward.

The various objectives of a national budget include the following:

1. Allocation of Resources

Through the budgetary policy, Government aims to allocate available resources in accordance with the economic (profit maximization) and social (public welfare) priorities of the country. Government can influence the allocation of resources through tax and direct production of goods and services.

2. Reducing Inequalities in Income and Wealth

Economic inequality is an inherent part of every economic system. Government aims to reduce such inequalities of income and wealth through its budgetary policy.

3. Economic Stability

Government's budget is used to smoothen fluctuations in the business sector caused by inflation or deflation, to achieve the objective of economic stability. The government aims to dampen the effects of these fluctuations through its budgetary policy.

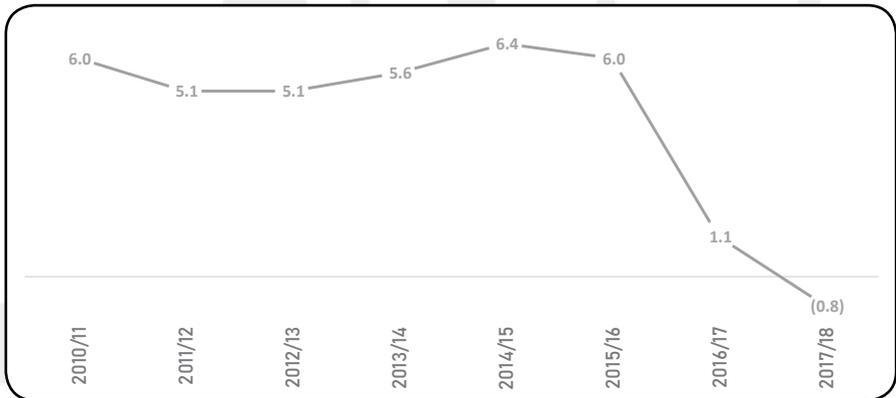
4. Management of Public Enterprises

There are large numbers of public sector industries (especially natural monopolies), which are established and managed for the social welfare of the public. The budget is prepared with the objective of making various provisions for managing such enterprises and providing them with adequate financial help.

5. Economic Growth

The growth rate of a country depends on the rate of saving and investment. For this purpose, budgetary policy aims to mobilize sufficient resources for investment in the public sector. Namibia's economic growth path over the past ten years can be seen in the graph below:

Graph 1: Annual Gross Domestic Product (GDP) Growth Rate for Namibia over the Past Ten Years



1.2.6 PRINCIPLES OF A GOOD BUDGET

Due to the importance of the national budget, economists have endeavoured to develop principles of a good budget. A good budget should have the following attributes:

1.2.6.1 *Comprehensiveness*

This means that the budget should show all fiscal operations relating to any income and expenditures; the principle of comprehensiveness states that all government agencies' activities and public funds should be accounted for in the budget, as this is key to promoting a sustainable macroeconomic framework.

1.2.6.2 Predictability

This means that the budget should be predictable within a medium-term³ horizon. This enables all related economic actors to plan ahead.

1.2.6.3 Contestability

This means that economic actors compete fairly for resources and can challenge or question Government on any of the budget items or its priorities.

1.2.6.4 Transparency

This means that the budget should be prepared and presented openly and information should be publicly available on a timely basis.

1.2.6.5 Reliability

The information contained within the budget ought to be reliable and sufficient enough to warrant decision-making. Moreover, budget information should be easily understood by stakeholders.

1.2.6.6 Periodicity

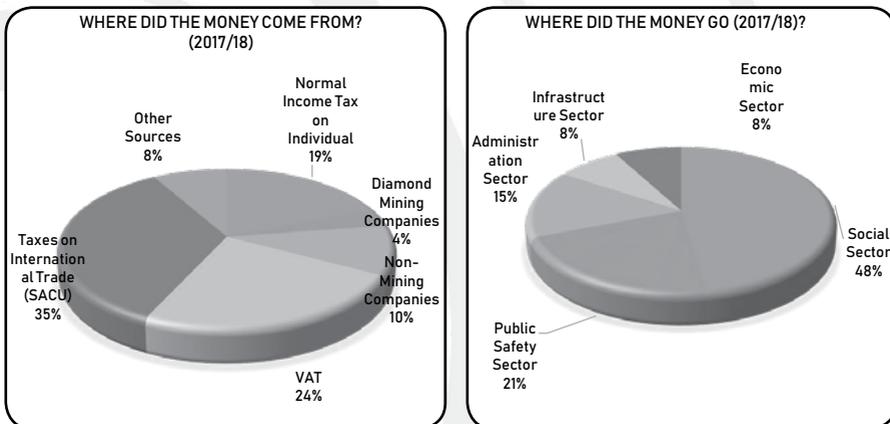
This means that that the budget should cover a specific period of time; in most cases, a year or three rolling years, so that the economic actors know when to expect results.

1.2.7 Components of the budget

A national budget is structured with two main components, namely, the revenue side (where the money comes from) and an expenditure side (where the money goes). Below is the 2017/18 budget structure that shows the main components of the budget:

³ Three year-rolling budget period.

1.2.7.1 Revenue – Where does government money come from?



The government mobilizes financial resources⁴ in different ways in order to attain the stated national development⁵ aspirations. Below is a description of the main sources of Government revenue. Graph 1 further below provides a 10 Year review of public revenue.

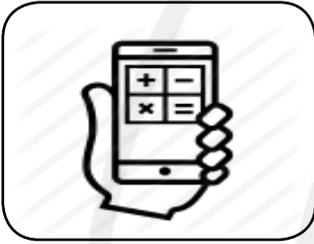


1. Taxes

Taxes are compulsory payments that the government collects and utilizes to fund its operations. Taxes are classified broadly into either direct or indirect taxes. Direct Taxes are income tax which is collected as 'Pay As You Earn' (PAYE), paid at various rates, on items like individual employment income, withholding taxes on interest and dividends, corporation tax (which is levied on the profits of public and private companies), and stamp duties. Indirect Taxes are import duties (also called customs tariff or duties), excise duties and Value Added Tax (VAT). These are taxes levied on production and consumption and are collected from traders and industry.

⁴ The majority of the Government's income (over 90%) comes from taxes on items such as the incomes of individuals, profits of companies, goods and services bought by consumers (Value Added Tax), property and trade (for example, taxes on goods imported into Namibia), as well as income from the Southern African Customs Union (SACU) – as receipts for international trade – of which Namibia is a Member State. The Government also collects revenue from sources such as dividends from State Owned Enterprises (SOEs), diamond and other mineral royalties and various administrative fees, fines and charges.

⁵ Namibia's current development agenda (plan) is articulated in Vision 2030, the 5th National Development Plan (NDP5) and the Harambee Prosperity Plan (HPP).



2. User Charges

These are fees charged to consumers of certain goods and services provided by the government. User charges differ from taxes in that they are only imposed on the consumption of particular goods and services provided by government. Services that attract user charges include the processing of a trade license or driving license, lodging of court cases and paying a court fine. These charges are only imposed on those who consume the specified goods or services.



3. Borrowing

When revenues do not cover all costs of government spending, Government borrows money to finance this deficit; this is commonly known as a budget deficit. There are two categories of borrowing; domestic and external. Domestic borrowing is done through the sale of government securities in the form of Treasury bonds or Treasury bills in the local money market. External borrowing is comprised of the portion of a country's debt that was borrowed from foreign lenders including commercial banks, governments or international financial institutions. These loans, including interest, must usually be paid in the currency in which the loan was made. The most popular external borrowing is from multilateral institutions, the International Monetary fund (IMF) and the World Bank (WB), which lend cheaply, or on concessionary terms, i.e. terms that have lower interest rates or longer maturity periods.



4. Grants (Aid)

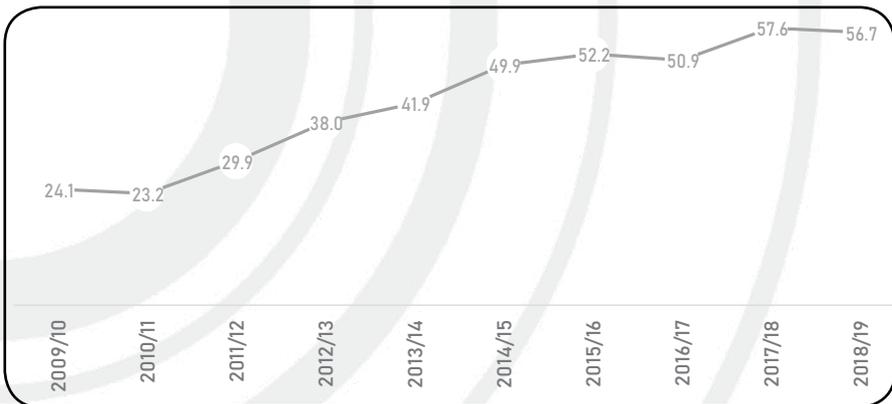
Grants popularly referred to as 'foreign aid' are nonrepayable finances given by foreign governments and other financing institutions. They can be subject to conditionalities and performance benchmarks just like loans. For instance, Namibia has benefited from substantial grants for health and education.



5. Investment Income

This source of public revenue includes dividends paid to government by other corporations where the Government is a shareholder. A large share of this income comes from dividends from SOEs, loan interest and repayments, and similar receipts.

Graph 2: Total Revenue - Ten Year Review



Source: Ministry of Finance (MOF)

1.2.7.2 Expenditure - Where does the money go?

1. Votes

Monies collected by Government through its various revenue collection methods are spent according to votes. A vote is one of the main segments into which a budget is divided for the allotment of funds regarding different OMAs; it also specifies the total amount that is appropriated for the purposes of the OMAs.

Government money (funds) is spent on either recurrent or development expenditures. The recurrent expenditures are those provisions made to meet government operations, such as compensation to employees (salaries and wages), transport operating expenses and repairs and maintenance of equipment, whereas development expenditures are provisions made for the creation of new assets.



2. Recurrent expenditure

Recurrent expenditure consists of two categories; non-discretionary and discretionary expenditures. Non-discretionary expenditures are those expenses that are pre-determined by the constitution or an act of parliament and which constitute a direct charge on revenues e.g. debt service payments (both principal and interest), pensions, salaries and wages for constitutional officers - these expenses are referred to as mandatory expenditures which must be paid. Since they are predetermined by law, they are the first charge on revenues, and thus, reduce the flexibility in budgeting for other needs. Discretionary expenditures are those expenses used by various agencies to produce goods and services for citizens (consumables such as office supplies, fuel, etc.). Since these are not pre-determined by law, they can be adjusted upwards and downwards depending on government's long-term policy and availability of revenue.



3. Development expenditures

These are provisions made for the creation of new assets. These include expenditures such as the construction of roads, the rehabilitation and construction of water installations and transfers from government to other agencies for capital expenditures. This category includes investments in public enterprises and private-public commercial enterprises. Sometimes, a ministry or department which collects revenues in the form of taxes, fines, fees, other charges, or receives donor funds for direct financing of a project, is allowed by the Treasury to apply or use the money received to finance its own operations, instead of waiting for disbursements from the Treasury. When this happens, the amount spent is deducted from the approved budget.

1.2.8 Budget Distribution

Money is distributed to various sectors of the economy through Line Ministries representing those sectors:



1. The Social Sector

The social sector is comprised of the Ministries of Education (Education, Arts and Culture and Higher Education, Training and Innovation); Gender Equality and Child Welfare; Health and Social Services; Sport, Youth, and National Service; Veterans Affairs, and Poverty Eradication and Social Welfare.



2. The Economic Sector

The economic sector is comprised of the Ministries of Finance; Mines and Energy; Environment and Tourism; Industrialization, Trade and Small Medium Enterprise (SME) Development; Agriculture, Water and Forestry; Fisheries and Marine Resources; Land Reform; Economic Development and National Planning and Public Enterprises.



3. The Public Safety Sector

The public safety sector is comprised of the Ministries of Home Affairs and Immigration; Police; Defense; Justice; Namibian Correctional Services; Anti-Corruption Commission; Judiciary and the Attorney General.



4. The Administration Sector

This sector is comprised of the Office of the President; the Office of the Prime Minister; National Assembly; Auditor General; International Relations and Cooperation; National Council; Labour, Industrial Relations and Employment Creation; Urban and Rural Development and the Electoral Commission.



5. The Infrastructure Sector

This sector is comprised of the Ministry of Works, Transport and Information and Communication Technology.

UNIT 2: KEY PLAYERS IN THE BUDGETING PROCESS

The national budgeting process involves a number of key players with different responsibilities and roles to play at the various stages of the budget cycle. It is important for parliament's oversight and monitoring of budgeting processes and performance that parliamentarians have a clear understanding of the division of roles and responsibilities between these players.

2.1 The Objective of this Unit

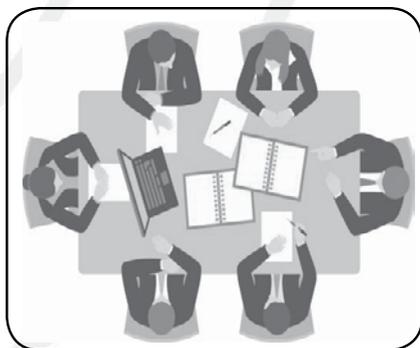
To provide members of parliament with:

- The basic background knowledge of the key players in the budget process and their respective roles.

2.2 Learning Outcomes of this Unit

Upon completion of this unit, members of parliament will have acquired the necessary information on:

- The roles of the various players in the budgeting process



2.2.1 Parliament

The budget is the most important economic policy tool of a government and provides a comprehensive statement of the priorities of a nation. As the representative institution of the people, parliament is the appropriate place to ensure that the budget optimally matches a nation's needs with available resources.

Effective parliamentary participation in the budget process establishes checks and balances that are crucial for transparent and accountable government and ensures the efficient delivery of public services.



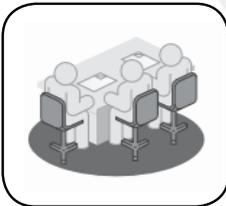
2.2.2 The Ministry of Finance

The Ministry of Finance is responsible for the formulation of economic development policies and the economic management of the affairs of Government. The Ministry is also the principal actor in policy formulation in respect of public finance and as such, is responsible for the financial soundness of Government's economic policies and for the proper control of revenue and expenditure.



2.2.3 Office of the Auditor General

In terms of the Constitution of Namibia, the role of the Office of the Auditor General⁶ is to audit the accounts of all institutions financed from the public funds. It conducts financial and performance (value for money) audits, including forensic audits and other types of audits in respect of projects that involve the use of public funds.



2.2.4 Non-State Players

Private business sector entities are among the key players in the budget process. These entities actively lobby Government for more favourable fiscal policies. They make submissions to the Finance Minister on various fiscal issues, i.e. on expenditure and taxation, mainly on matters that concern their business operations.

⁶ The Auditor-General ascertains that money appropriated by Parliament or raised by the Government has been applied for the purpose for which it was appropriated, expended in conformity with the authority that governs it and expended economically, efficiently and effectively.



2.2.5 Citizens

Citizens pay taxes and are the ultimate beneficiaries - the reason for the budget. Through various lobby groups, citizens have a direct duty to ensure (oversee) that all the other players in the budget process act in their best interest.

Citizens have the opportunity to participate and generate budget proposals. More importantly, they should ensure that budget implementation is monitored in accordance with their benefit.



2.2.6 Development Partners and Aid Agencies

Development partners or donors have a significant influence on the budget process. This is particularly true of the International Monetary Fund and the World Bank. Given their influence, these two multilateral bodies have become major stakeholders in national budgets worldwide and affect the structure, content and sometimes the timing of budget activities.

UNIT 3: BUDGETS DEFICITS, SURPLUS AND PUBLIC DEBT

Public budgets have a standard structure - the revenue side and the expenditure side. The two sides must balance each other out. However, in most cases, they do not balance. When a government is unable to raise sufficient resources to cover its expenditures (the shortfall is called a budget deficit), this may necessitate borrowing from either or both domestic and external sources.

3.1 The Objective of this Unit

To provide members of parliament with:

- The basic understanding of key concepts of a budget deficit and how it is related to public debt.



3.2 Learning Outcome of this Unit

Upon completion of this unit, members of parliament will have acquired the necessary information on the:

- Meaning of a budget deficit
- Meaning of a budget surplus
- Difference between a budget deficit and a budget surplus
- Long-term impacts of public debt

3.2.1 What is a budget deficit?

A budget deficit is the excess annual expenditure over annual receipts of revenue. Simply put, this means for the indicated particular year, Government will spend more than what it expects to raise in revenues. This difference is then financed through

borrowing. Ideally, government should strive for balanced budgets⁷. Although there is merit in balancing the budget, such a policy needs to be considered together with the need for equity between the current and future generations.

3.2.2 What is a budget surplus?

A budget surplus occurs when government revenue from all of its sources exceeds its spending during that particular financial year. When a surplus occurs, Government can either save money or pay off existing national debts. Although a budget surplus is an indicator of a healthy economy, it is not necessary for a government to maintain a surplus. Therefore, not having a budget surplus does not equate to the economy not being run efficiently.

3.2.3 What is public debt?

When revenues do not cover the costs of government spending, the government borrows money to finance this deficit. The total it has borrowed over the years, but not repaid, is the national or public debt. Public debt is broadly classified under two broad categories - external debt and domestic debt. Budget deficits are responsible for the growing debt obligations of the government.

3.2.3.1 The Components of public debt

1. External Debt

External debt denotes the external resources that are owed by the government to bi-lateral donor countries such as the United Kingdom (UK), China, Japan, Germany, the United States of America (USA), etc. as well as multilateral financial institutions such as the WB or other independent foreign financiers. External debt accrues through external financing, which may take the form of project or programme loans. Government may also receive grants which it is under no obligation to repay. For foreign loans, these are repayable with interest.

⁷ A budget is said to be balanced if expenditures are equal to revenues. In other words, a budget is considered balanced when the government is able to finance its outlays/expenditures using its own generated revenues from taxes or user charges.

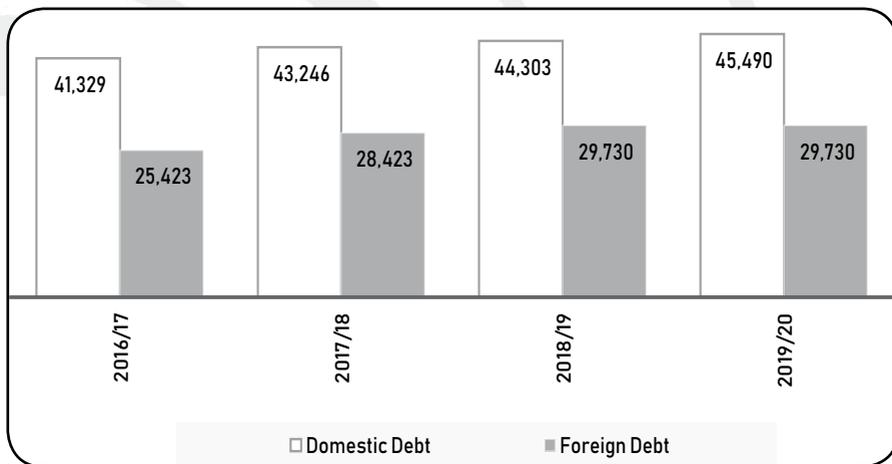
Generally, grants and loans can be either project specific (i.e. project grants and project loans) or programme specific (programme grants or loans), which are then applied to general budgetary support. There may also be commercial loans; these are credits which are usually offered on a short-term basis and are very expensive. When a loan is granted or borrowed on terms and conditions which are more favourable than commercial terms, it is classified as concessionary. For a long time, multilateral agencies such as the IMF have classified external loans that charge interest at less than 3.5% and provide a grace period in excess of five years as concessionary, while others are classified as commercial.

2. Domestic Debt

National domestic debt refers to government's borrowing from local individuals and institutions, usually in the local currency. Domestic debt can be classified as marketable or non-marketable debt. These debts are either short-term or long-term. Short-term debt is mainly in form of Treasury bills which are issued for either 91 or 182 days, while longer-term Treasury bonds vary from one year to as long as ten years.

Marketable debt is represented by both Treasury bills and bonds which are issued to local individuals, corporations or other institutions. They are called marketable because they can be traded in local money and financial markets. In other words, the initial buyer can sell the debt to another person.

Graph 3: Namibia's External and Domestic Debt Performance



Source: MOF

Non-marketable debt includes debt borrowed directly from commercial banks and overdrafts from the Bank of Namibia, which cannot be transferred to third parties. In the past, Government has also accrued expenditure arrears, some of which were converted into bonds. However, this represents fiscal indiscipline as ministries make expenditure commitments which are not provided for in the Budget.

3.2.3.2 How are public debts generated?

The origin of debt is the gap between expenditure and revenue, i.e. the deficit. Borrowing is one of the ways that the government uses to finance its deficits. The borrowing can be either from domestic or external sources. When deficit financing persists, this leads to debt accumulation. The concern in such a situation is the build-up of stock of debt together with its negative consequences. Normally, public (or national debt) falls into two categories: short-term and long-term debt.

Short-term debt is debt borrowing that matures within one year. In Namibia, the instruments used to borrow in less than 12 months are the 91- and 182-day Treasury Bills, which are normally issued for 91 to 182 days. In an ideal situation, short-term debt should be used to close revenue gaps caused by revenue collection

seasonality's, which means that in one season revenues may be less than expenditures, but in another, revenues exceed expenditures. In such cases, the short-term debt is liquidated when excess revenue flows in.

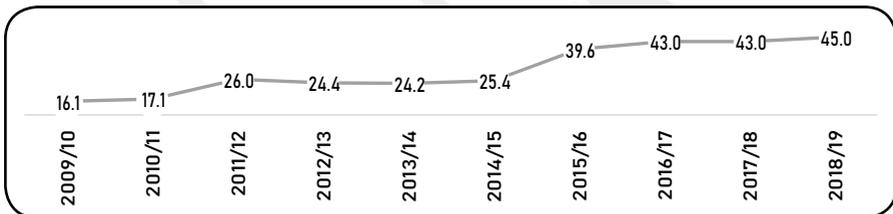
Long-term debt describes debt liabilities that go beyond one year and could be for as long as 40 years. Such debt obligations, whether domestic or external, should be used to finance costs and projects which generate benefits over a long term.

3.2.3.3 The long-term impacts of public debt

1. Constrained Economic Growth

Large public debt tends to compromise economic growth potential and reduces the range of economic choices available for economic planners, as debt cost is the first charge on revenues. Therefore, repayments of interest and principal take a large chunk of revenues, leaving less money to be used to finance other public needs (e.g. the construction of schools, provision of medical services and improvement of infrastructure etc.). The size of debt measured against the GDP for Namibia can be seen in the graph below.

Graph 4: Public Debt as a Percentage of GDP-Ten Year Review

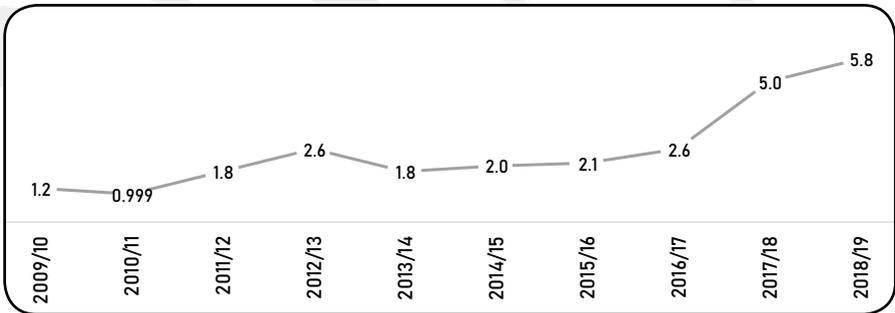


Source: MOF

2. The Burden on Future Taxpayers

Through high taxes, the repayment of the public debt burdens not only the current generation but also future generations of taxpayers. Namibia's interest payment development can be seen on the graph below:

Graph 5: Namibia's Interest Rate Payment on Public Debt - Ten Year Review



3. Reduced Competitiveness

For Namibia, increasing taxes means raising the cost of doing business since the country already has higher tax burdens than its partners in the common market (i.e. Southern African Development Community (SADC) and Southern African Customs Union (SACU)). A comparatively high tax would encourage relocation of business to Namibia's partner countries.

4. Crowds out the Private Sector

As the State continues to borrow from the domestic financial markets, it limits the amount of money that private sector (business people) can borrow, particularly in a country where access to funds from offshore (external) financial institutions is still limited.

UNIT 4: BUDGETING PROCESS

Essentially, the budgeting process is about events and activities in the budget cycle involving the determination of resources and their uses for the attainment of a government's goals. Therefore, understanding the way budgets are put together is a crucial first step in influencing decision making. The budget should be understood as a result of a process, instead of a one-time event marked by a speech delivered by the Minister for Finance as many people perceive it to be. The budget speech is merely the culmination of a year-long exercise involving a wide cross-section of actors from inside and outside the government.

4.1 The Objective of this Unit

To provide members of parliament with:

- Insights into the process of national budgeting.



4.2 Learning Outcomes of this Unit

Upon completion of this unit, members of parliament will have acquired the necessary information on:

- The process involved in the budget cycle
- Understand the crucial steps or phases of the budget cycle

4.2.1 The budget process

This section explains the budget process in Namibia in more detail, with the aim of helping MPs identify the principal actors during each stage of the budget process. Understanding the process and recognizing the relevant stakeholders, the motivations undergirding their lines of action and the implementation phase will enable Parliament to ask the appropriate questions at the right time.

Table 1: A Summary of the Key Steps, Objectives and the Role of the Stakeholder in the Budget Process at the National Level

Steps/Activities	Objectives(s)	Principal(s)	Agents(s)
Revision of Economic Assumptions, Fiscal Sensitivity Analysis and Strategy Framework Paper	To define the overall policy framework within which key macroeconomic variables, such as growth, inflation and other policy objectives, which influence the level and composition of public expenditure and revenue are determined.	Cabinet Minister of Finance	Bureaucrats at the Budget, Fiscal and Research Divisions of the Ministry of Finance
Executive Approval of Macroeconomic Framework	To review its consistency with national as well as political plans.	Cabinet	Ministry of Finance
Budget Circular/Memoranda to Sector Ministries	To provide guidelines and timelines to sector ministries to prepare their budgets.	Sector Ministers/ Heads of Line Ministries	Budget Division of the Ministry of Finance
Communication of Initial Budget Ceilings	To provide financial estimates within which sector ministries are expected to prepare their budgets.	Sector Ministers/ Heads of Line Ministries	Budget Division of the Ministry of Finance
Call for Citizens contribution to the Budget	To solicit information on public interest or views to ensure that the Budget addresses the needs of the public.	Budget Division of the Ministry of Finance	Public Relation Offices of Ministry of Finance Citizens Groups

Budget Hearings/ Negotiations	To enable sector Ministers to negotiate budget ceilings based on the cost of meeting sector objectives and contributions to GDP.	Ministry of Finance/ Line Ministries	Budget Division of Ministry of Finance
Draft Budget Preparation by Sector Working Groups	To prepare sector budgets based on sector plans for submission to the Ministry of Finance.	Ministry of Finance Sector Ministries	Sector Working Groups/ Sector Budget Committee in Line Ministries
Consolidation of Sector Draft Budget and Finalisation of Estimates	To aggregate Sectoral submissions, examine linkages to development objectives and reconcile revenue estimates with expenditure estimates.	Minister of Finance	Budget Committee Budget Division of Ministry of Finance
Cabinet Approval of Estimates and Draft Budget Speech	To seek political approval of the National Budget set forth.	President and Cabinet	Minister of Finance
Printing and Publication of Annual Budget Speech and Estimates	To be presented for approval, and disseminate information about public finance to the public.	President and Cabinet Minister of Finance Parliament and the Public	Minister of Finance

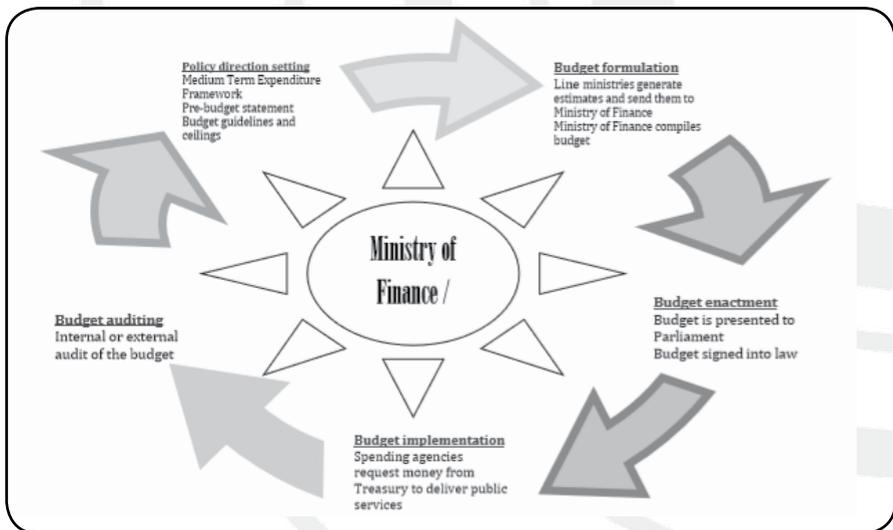
Budget Speech and Presentation of other Budget Documents	To present to the national assembly, parliament and the public, the government's policies and provide an indication of the direction of the economy in the coming year.	Parliament and the Public	Minister of Finance
Budget Committee Oversight and Recommendations for the issuance of the Appropriation Act	To review and analyse the budget in terms of its overall alignment to national objectives and strategic plans of Line Ministries, Department and Agencies (MDAs).	Parliament	Responsible Budget Committees of Parliament and the entire membership of Parliament
Execution and Implementation	To carry out the activity of revenue collection and spending on approved programmes, projects and operational activities.	Minister of Finance Heads of Sector Ministries	Comptroller and Accountant General's Office and Heads of Line MDAs
Accounting and Auditing	To produce the accounting and financial data for review and reconciliation of public finances. In addition, to ensure that public funds are not misapplied.	The Executive The National Assembly and the Judiciary	Comptrollers and Accountant General's Office Auditor General's Office Field and Operational staff of Line MDAs and Public Accounts Committees

Source: Adopted from Tsekpo, 2006

4.2.2 The Budget Cycle

The budget cycle in Namibia has four phases, namely, (i) **budget formulation** where the Executive drafts the budget, (ii) **budget enactment** where the Minister of Finance presents the budget to Parliament which will debate and approve it, (iii) **budget execution** where government agencies and departments implement programmes using the funds allocated, and lastly (iv) **auditing and assessment**, where agencies and departments report on expenditure and the Auditor General carries out audits and reports to Parliament.

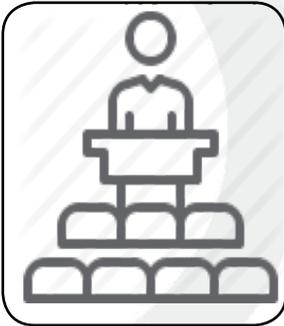
Graph 6: The Budgeting Process



4.2.2.1 Phase One: Budget Planning and Preparation

Government budgeting starts with the articulation of national development goals in the national development plan. In order to implement the national development plan, the Government develops a Medium-Term Expenditure Framework (MTEF), which shows fiscal policy direction as well as projected revenues and expenses, usually for a 3 to 5 year period.

This is usually done by the Ministry of Finance and the National Planning Commission (NPC), alongside other players. The Ministry of Finance will assist with information on the macroeconomic outlook to understand the ‘fiscal space’⁸ available. Based on the macroeconomic outlook, budget guidelines⁹ and ceilings are developed by the Ministry of Finance which are then shared with all Line Ministries.



4.2.2.2 Phase Two: Budget Proposal, Debate and Approval

Guided by the budget ceilings set by the Ministry of Finance, Line Ministries will develop their budget estimates. The Ministry of Finance will compile estimates from all ministries and agencies into a government budget, which will be guided by ceilings and priorities outlined by the government. In many cases, ministries submit estimates that exceed the ceilings provided.

The Ministry of Finance will then work with Line Ministries to agree on budget estimates. After compilation, the Ministry of Finance will present the budget estimates to parliament. The draft budget is then subjected to scrutiny by parliamentarians for a given period before it is approved by the entire parliament and signed into law by the president.

⁸ The term ‘fiscal space’ refers to the room that a Government has to increase public spending on issues, without compromising spending in other sectors or affecting existing financial commitments.

⁹ Articulates key government priorities, timelines and ceilings. A budget ceiling is a figure which shows the maximum amount that a particular ministry or department can budget for in a given period.

Best practices: Factors to be Considered when Debating and Amending the Fiscal Framework

- I. That the total amount of revenue raised is in line with the approved fiscal framework.
- II. Principles of equity, efficiency, certainty and ease of collection.
- III. The impact of the proposed change on the structure of the tax revenue - both direct and indirect taxes.
- IV. Regional and international tax trends.
- V. The impact on development, investment, employment and economic growth.



4.2.2.3 Phase Three: Budget Execution (Implementation)

Once approved by parliament and signed into law, the budget will be ready for implementation at the beginning of the financial year. During the year, spending agencies will request disbursements from the Treasury. These agencies are expected to periodically report expenditures to the Ministry of Finance before getting the next disbursement.

The Ministry of Finance will then compile quarterly or half-yearly reports. At the end of the year, each ministry or department is expected to produce an annual report. The Ministry of Finance will compile a consolidated annual budget report for the government.



4.2.2.4 Phase Four: Budget Monitoring and Evaluation

Good public finance management requires that government budgets be monitored, evaluated and audited. Parliaments can play a unique role in monitoring the implementation and impacts of the national budget and its programmes, particularly for capital projects.

In Namibia, the government has also created the Monitoring and Evaluation Department within the NPC. This department is tasked to develop and oversee the implementation of a national and regional Monitoring and Evaluation (M&E) system, which includes: the analysis of reports from central and local government structures and the preparation of national M&E reports in liaison with relevant stakeholders. In addition, the department oversees the M&E activities in all Line Ministries down to the district level.



Within phase four and as part of fiscal reforms, the Namibia government has recently started to implement Mid-term Budget Reviews. This process incorporates elements of budget monitoring and evaluation additionally aimed at providing a clearer budget path along the financial year. By providing for a half-year assessment of the budget execution, the Mid-Term Budget Review enhances transparency and accountability.

UNIT 5: THE ROLE OF PARLIAMENT IN THE BUDGET PROCESS

Parliament, as the legislative arm of the State, has an important role to play in the budget process. This unit will explain parliament's role throughout the budget cycle including the early stages of planning and budget preparation, budget scrutiny and approval and the monitoring of budget implementation.

5.1 The Objective of this Unit

To provide members of parliament with:

- Information on the role of parliament in the budget cycle.
- An overview of the legal framework for the role of the parliamentarian in the budgeting process.
- The rationale for strengthening the role of parliament in the budget cycle.



5.2 Learning Outcomes of this Unit

Upon completion of this unit, members of parliament will have been empowered with the necessary insight on how:

- To increase their effectiveness in performing their budget oversight function before and after the budget tabling
- Ensure that the revenue and spending measures it authorizes are fiscally sound, match the needs of the population and are implemented properly and efficiently.

5.2.1 The Legal Framework supporting the role of Parliament

1. The Constitution

The Constitution is the first law of the land which provides the framework for the entire budget process. It apportions mandates and responsibilities to each of the key players, namely the Executive, Parliament and Accounting Officers etc. Parliament is the supreme guardian of public finances, with an extensive constitutional role throughout the entire budget process.

2. Constitutional Mandate

The role of the parliament on budget oversight is enshrined in Namibia's supreme law, the Constitution of the Republic of Namibia. As a matter of fact, the whole of Chapter 16 of the Constitution deals with all matters related to state finance. In particular, Article 125, State Revenue Fund (SRF), states that all income shall be paid into the State Revenue Fund¹⁰ (Article 125 (2)); furthermore, no withdrawal from SRF is approved without an Act of Parliament (Article 125 (4)). Article 126, which deals with Appropriation matters, requires that the Minister of Finance has to present at least once a year an estimate of revenue and expenditure as the basis for the Appropriation Bill. Furthermore, Article 126 (2) also states that the National Assembly has to consider the Minister's submission and finally pass the Appropriation Act.

3. Legislative Powers, Duties and Functions

Duties pertaining to Cabinet are detailed in Article 40: Cabinet (c) and are to formulate, explain and assess the budget of the State and its economic development plans for the National Assembly.

Duties pertaining to the National Assembly are detailed in Article 63 (2) and are as follows: (a) to approve budgets for the effective governance and administration of the country, and (b) to provide for revenue and taxation. Powers and functions of the National Council are detailed in Article 74 and they include the following: (a)

¹⁰ Section 2: State Account should be held with the Bank of Namibia, but Ministries may open bank accounts with commercial banks after authorization by Treasury.

consider all bills passed by the National Assembly. Furthermore, in terms of Article 75 (8), the National Council shall report to the Speaker on all bills dealing with the levying of taxes or appropriations of public monies within 30 days.

The constitution then empowers the president in terms of Article 56 (1), to assent all the Bills so that they are in order to become an Act. The Act then has to be published in the 'Government Gazette'.

The president is also empowered in term of Article 127 (1) to appoint an Auditor General for five years unless removed (under strict conditions set forth in Article 127 (4)). The duties of the Auditor General as detailed in Article 127 (2) is to essentially audit the SRF. In addition to the appointment of the Auditor General, the State Finance Act (described below) makes provision in Section 14 for the appointment of an Internal Auditor, to carry out investigations at offices, ministries, agencies and statutory institutions in connection with any matter relating to the functions of the Treasury. In terms of Section 15 (i), the Internal Auditor is given access to all such accounts, documents, books and records of any office, ministry, agency or statutory institution as may be necessary for performing his or her functions.

4. The State Finance Act

The State Finance Act 31 of 1991 is the principal legal instrument which details processes and expected outcomes of the budget system, with regards to revenue, expenditure control and accountability. It is designed to ensure effective control, management, and regulation of the collection and use of the finances of Namibia, for enhancing parliamentary control and supervision of public funds and resources, as well as other related matters.

The Act details the duties and powers of the minister responsible for matters of finance and the Treasury, which is interpreted to include the minister and all such officers as may be deputed by the minister to exercise powers and to perform duties under the Act. The roles of the Permanent Secretary of Treasury, the Auditor General, and all Accounting officers are also detailed and they include control, management, and supervision of public finances.

The Role of Parliament in the Budget Process is Centred on:

Representation

Representation in the budget starts with pre-budget consultations, which afford Parliament an opportunity to exercise its consultative and advisory role. At this point, Parliament defines public interest and the public agenda.

Scrutiny

The role of Parliament involves scrutinizing the budget in terms of priorities and effectiveness. Parliament's scrutiny of the budget includes in-year and annual reporting as well as oversight visits by the committees. Parliament has the capacity to debate, influence and amend the budget.

Empowerment

Parliament provides authority and resources to government to achieve certain objectives in a certain manner. The power and authority serve as the control framework within which government operates.

Approval

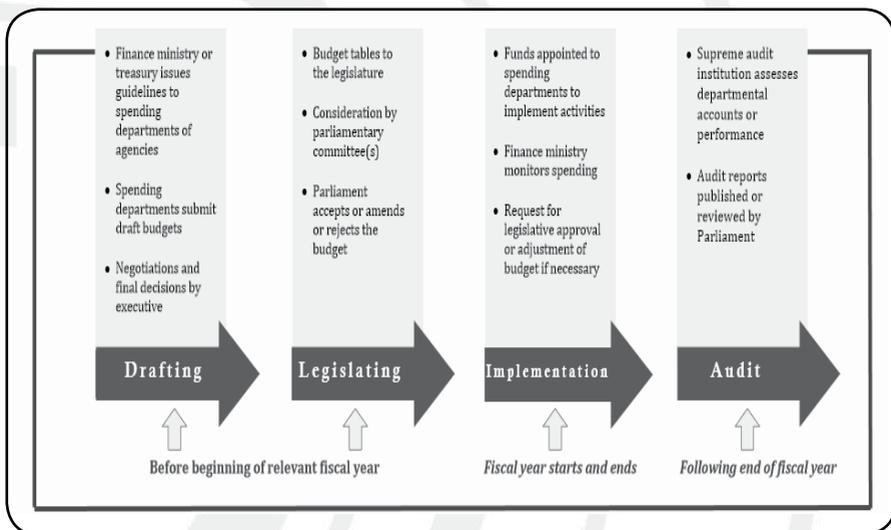
Parliament has a constitutional function through instruments of appropriate laws to pass the budget in the respective legislatures before money is authorised for expenditure. Therefore, Parliament assumes a salient role in the approval of the proposed budget

Best Practices: To Improve Oversight of the Budget the National Assembly:

- I. Review and expand the powers of the National Assembly to amend the proposed budget.
- II. Provide a meaningful opportunity for the National Assembly to make input to the medium-term budget policy formulation.
- III. Establish and enhance budget research and analysis capacity in the National Assembly.
- IV. Improve skills of MPs to enhance their understanding of economic policy and the budget-making process.
- V. Broaden MPs' access to relevant and high-quality information on the budget.
- VI. Revise the budget calendar to allow sufficient time for tabling the budget in advance of the beginning of the fiscal year.
- VII. Ensure the National Assembly has sufficient time, at least two to three months, for legislative scrutiny of the annual draft budget.
- VIII. Institutionalize new and complementary frameworks for the scrutiny of the proposed budget with respect to the issues of citizen participation in the budget process.

5.2.2 The Role of Parliament at various stages of The Budget Cycle

The budget preparation stage precedes the presentation of the budget to parliament. At this stage, the Ministry of Finance asks for input on the Medium-Term Expenditure Framework from various stakeholders, including members of parliament through various committees. Despite this process not being supported by law, it is an important exercise because it gives parliament an opportunity to ascertain if the budget proposal corresponds to the three-year budgetary forecasts in the MTEF.



5.2.2.1 Phase 1: Budget Planning and Preparation

Government budgeting starts with the articulation of national development goals in the national development plan. Parliament, with its representative and consultative function, assists in the articulation and definition of the national development aspirations of citizens. Following an extensive consultative exercise involving parliament and citizens through public hearings, the Executive consolidates the budgetary inputs into the national budget proposal and then submits it to parliament.

5.2.2.2 Phase 2: Budget Proposal, Debate and Approval Stage

The budget proposal is then presented to parliament by the Minister of Finance for examination, debate and approval. The budget proposal is then subjected to a more detailed examination by the Committees. The Committees invite various stakeholders to assist with the unpacking of the national budget before approval. The approval of the budget is one of the core functions of parliament.

5.2.2.3 Phase 3: Budget Execution and Implementation

Parliament's role during the implementation stage is provided for in Article 126 of the Constitution; the Standing Orders of the National Assembly and the State Finance Act. The legal provisions for the parliament's role in budget follow-up are laid out in the State Finance Act. Parliament examines half yearly performance

reports and its role in the monitoring of budget implementation is further provided for in the National Assembly Standing Order No.

5.2.2.4 Phase 4: Budget Monitoring and Evaluation

Parliament's role during the post-implementation stage can be explained by Section 27 of the State Finance Act, "which states that the Minister of Finance shall within 30 days upon receipt of the Auditor General's report, present it to the National Assembly (if not in session, 14 days after commencement of session)."

Factors challenging the Role of MPs in the Budget Process

- I. Budget preparation is quite **technical**, involving bureaucrats from MOF and other sector ministries.
- II. Limitations on budget **authority**, particularly with respect to proposing amendments that would either increase or decrease spending (due to resulting consequences of the amendment as well as the lack of capacity to analyse budget documents).
- III. Limited **time** allocated to MPs to analyse and discuss the budget.
- IV. Inadequate financial **resources** to support budgetary activities leading to fewer meetings.

5.2.3 The Rationale for strengthening the Role of Parliament

1. Governance

Documented experiences worldwide suggest that parliamentarians can contribute to good financial governance by expanding their oversight role throughout the budget cycle. Parliaments ensure good governance through regular approval of the annual budget and oversight of government spending. Through these reviews, they hold the Executive accountable for the use of public funds.

2. Ownership

Involving parliament more in the budget cycle can create a greater sense of public ownership of economic policies and spending priorities and at the same time enhance members' insights into budget processes and accountability measures.

3. Transparency

Transparency can strengthen a parliament's oversight performance and lead to greater accountability in Government's financial operations. International experience shows, however, that this involves enhanced technical support to parliament members by highly qualified and motivated staff.

Best Practices: Recommendations to Strengthen Budget Oversight of Parliamentarians

1. Establishment of the Parliamentary Service Commission

In order to strengthen the legislature's human resource capacity and professionalize all its support services, Parliament should establish a parliamentary service authority, known as the Parliamentary Service Commission, which is separate from the Public Service Commission. The Parliamentary Service Commission would serve to ensure that Parliament in Namibia has highly competent and professional staff that is competitively remunerated and given appropriate support to serve Parliament and its Committees. This entity would also be charged with determining the terms and conditions of service for members and staff, consistent with the principle of separation of powers between the legislative and executive branches.

2. Establishment of a Standalone Budget Committee

In order to strengthen the budgetary oversight framework in Namibia, Parliament should establish a Budget Standing Committee, separate and distinct from the Standing Committee on Economics and Public Administration. The Budget Committee's role would be to review the draft annual budget (or estimates) and report to Parliament accordingly. Having a separate Standing Committee dealing with the budget has distinct advantages, including the fact that since it would have no other jurisdiction, it would therefore not be overburdened by other responsibilities; such as natural resources, public administration and broad economic matters as is currently the case in Namibia.

3. Establishment of a Parliamentary Budget Office

In order to strengthen the budget analysis and research support given to parliamentarians and staff of Parliament in Namibia, Parliament should establish by law a Parliamentary Budget Office, to assist in budget analysis and monitoring budget implementation and advise Parliament on a regular basis. The Parliamentary Budget Office should be manned by qualified technical staff. Independent and dedicated budget offices and research departments within the parliamentary structures have proven to be an effective way to build this capacity. Budget offices can directly provide technical support to enhance the quality of oversight work of parliamentary committees and individual members (See Annex v).

UNIT 6: BUDGET INFORMATION

Availability of information is critical for parliamentarians to conduct effective oversight and scrutiny of the budget. Therefore, access and understanding of budget information is critical. Parliamentarians need the opportunity to study and examine budget documents before it is finalized, as well as soon after the Minister for Finance tables them in parliament. They need information on both areas of the budget, i.e. revenue and expenditure.

6.1 The Objective of this Unit

To provide members of parliament with:

- A high-level description of the main source of budget information.



6.2 Learning Outcome of this Unit

Upon completion of this unit, members of parliament will have been empowered with:

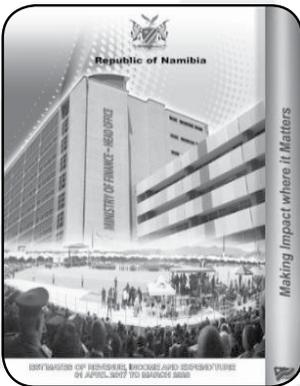
- Background knowledge of the main source of budget information that can give them a balanced view of the national budget.
- Ability to understand the contents of such documents so that they can confidently participate in discussions on the budget debate.



6.2.1 The Budget Statement

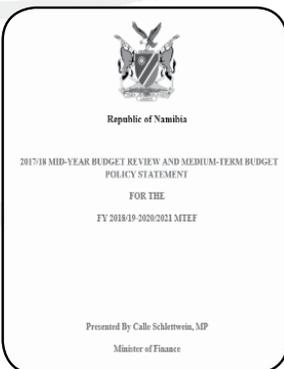
The National Budget Speech delivered by the Minister of Finance to Parliament on the budget presentation day is the most common source of budget information. The Speech provides an easily accessible version of the budget, indicating major policy shifts (or shifts in funding priorities) and any changes that may have been made in compiling the new budget. The Speech also includes the Government's future financial strategy, economic forecast and reviews the level of taxation. The speech is usually accompanied by

additional budget documentation.



6.2.2 Estimates of Revenue and Expenditure

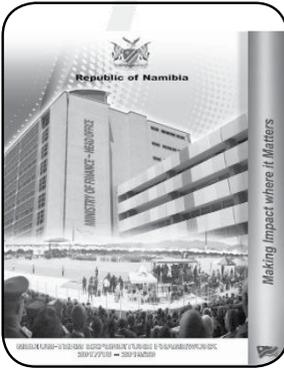
The Estimates of Revenue refer to the national revenue projections before and after tax, while the Estimates of National Expenditure (ENE) details the spending plans of all votes (ministries and agencies). The ENE provides relevant public sector financial information in a timely and systematic manner, linking performance targets to budgeted expenditure. The information outlined in the ENE ensures transparency and accountability, as it provides an opportunity for public scrutiny and legislative oversight.



6.2.3 The Budget Review

The Budget Review provides a detailed explanation of the underlying policies that inform the budget. The Budget Review includes an overview of the state of the economy, outlines the fiscal policy framework, shows revenue trends, sets out the tax proposals, provides a briefing on assets and liability management, informs on social security, informs on health care financing and outlines outcome targets like the Medium-term

spending priorities. It also explains issues raised in the Division of Revenue Bill and intergovernmental transfers in more detail.



6.2.4 The Medium-Term Expenditure Framework (MTEF)

The Medium-Term Expenditure Framework contains the macroeconomic assumptions underpinning the government’s fiscal policy and the overall aims and objectives for the outer three years. Furthermore, it details projected revenue and expenditure, the division of revenue among the spheres of government, the proposed substantial adjustments to conditional grants and the review of actual spending by each national department.



6.2.5 The Development Budget

The Development Budget contains expenditure estimates of government’s capital projects.¹¹ These expenditures and investments include projects such as building new offices, roads, railways and or hospitals.



6.2.6 Government’s Accountability Report

Government’s Accountability Report provides an overview of how OMAs that have received appropriated funds, have utilized these funds and to what extent they have attained the intended results. This report is the standard that citizens, oversight bodies and other stakeholders use to judge government’s efficiency, effectiveness, and overall financial management.

¹¹ A Capital Project is a long-term, capital-intensive investment project with a purpose to build upon, add to, or improve a capital asset. Capital Projects are defined by their large scale and large cost relative to other investments that involve less planning and resources.



6.2.7 The Appropriation Bill

The Constitution of the Republic of Namibia provides that money may be withdrawn from the State account only in terms of an appropriation by an Act of Parliament. An Appropriation Bill is a legislative Act proposing to authorise the expenditure of public funds for a specified purpose. The Appropriation Bill gives departments the authority to spend the money allocated in their votes once it is enacted.



6.2.8 The Citizen's Guide

This guide provides a simplified summary of budget highlights. It is published in English and four vernacular languages. The guide was introduced by the Ministry of Finance to enhance transparency and understanding of the budget by ordinary citizens.

UNIT 7: BUDGET ANALYSIS

Parliamentarians need to be equipped with a basic understanding of the various tools for budget analysis as well as how to apply these tools. Budget analysis will provide crucial information to parliamentarians about resource allocation and utilization. Members of parliament need to be equipped with skills on how to conduct both the qualitative and quantitative analysis of budgets so as to be able to track and monitor the allocation and application of resources.

7.1 The Objective of this Unit

To provide members of parliament with:

- Basic conceptual understanding of budget analysis and tools.
- An introduction to the Budget Analysis Report Template.



7.2 Learning Outcome of this Unit

Upon completion of this unit, members of parliament will have been empowered with:

- Essential skills of conducting basic budget analysis
- Skills to monitor and interpret financial and non-financial information contained in budget documents

7.2.1 What is Budget Analysis?

Budget analysis is a thorough and detailed review of the budget. It involves the collection, study and interpretation of budget data and the correlation of budget data to other relevant information, such as state policies and programmes and the establishment of findings and results. Its aim is to provide information that is credible, accessible and makes a vital contribution to debates, with the purpose of affecting the manner in which budget issues are decided and decisions are made.

7.2.1.1 Objectives of Budget Analysis

Budget analysis is a key component of parliamentary budget oversight work as it examines the extent to which a budget has positive developmental outcomes and how likely it is to respond to the needs of all citizens. Thus, parliamentarians need to understand the techniques of budget analysis. The main purpose of budget analysis is to identify trends so that parliamentarians can ask informed questions during budget debates. This fosters accountability when scarce resources need to be allocated efficiently.

7.2.1.2 Budget Analysis Report Template

Essentially, a Budget Analysis Report should provide a summary overview of the most significant aspects of a vote (see Annex v). In addition to the actual analysis, the report should also raise questions in order to clarify budgetary decisions. These questions are important as they guide parliamentarians in performing their oversight role.

The Budget Analysis Report consists of the following sections which are discussed in more detail below:

1. Introduction and background.
2. Mandate (Aim) of the vote.
3. Policy priorities of the department.

Quantitative analysis of the vote, inclusive of:

- i) Analysis at vote level
- ii) Analysis at programme level
- iii) Analysis by economic classification

1. Introduction and Background

This section provides an example of a practical budget analysis exercise of a specific ministry. A good starting point would be to examine the ministry's strategic plan, annual performance plan and annual report, to gain a thorough understanding of the purpose (i.e. the aim of the vote and its programmes) and past performance (i.e. service delivery objectives and outcomes) in order to conduct a budget analysis.

Budget analysis goes beyond just a mere analysis of numbers; a greater part of budget analysis is to review strategic priorities and past performance (i.e. assess alignment of performance indicators and targets to the vote and programme objectives) and link it to the budget allocations to assess whether the budget was effective in realizing the strategic priorities and or outcomes of the relevant department.

The examples that follow in the text boxes below are based on Vote No: 15, Ministry of Mines and Energy.

2.Mandate (Aim) of the Vote

The aim of the vote can be established from the ENE as well as the MTEF, whereby a statement captures the social and economic policy objective and management outcome that the department aims to achieve. The aim of the vote must also correspond with the vision and mission statements as reflected in the ministries latest Strategic Plan and Annual Report. Since the ENE covers a period of 3 years, the analyst should also establish how the aim of the vote changed over the last 3 years, that is, highlight changes in policy direction or policy priorities. Any significant changes in the way the aim of the vote is stated should be mentioned.

Best Practices: The mandate of the Ministry of Mines and Energy is to take custody of the diverse geological, mineral and energy resources and to ensure their contribution to the country's socioeconomic development. In terms of the HPP, this mandate falls under the Economic Transformation and Social Progression pillar, whereas, in terms of the 5th National Development Plan (NDP5), this mandate falls under the Economic Progression and Economic Infrastructure pillar.

3.Policy Priorities of the Department

The ENE also contains a section that provides the strategic overview of the ministry. The strategic overview covers the department's strategic priorities over the medium-term. The Strategic Plan provides a more detailed description of the ministry's priorities by expanding on the situational context in which the priorities

are based and identifies the key activities and outcomes to be achieved within each priority area. The analyst should also assess the alignment between policy priorities identified in the ministry's Strategic Plan and national priorities.

Best Practices: The Government, through the MTEF, has identified six strategic priority areas.

- 1 - Promotion of local and foreign investment in exploration (20,760,000)
- 2 - Creation of knowledge of Namibia's geological resources (33,243,000)
- 3 - Energy supply and security
- 4 - Protection of Namibia's diamond industry
- 5 - Petroleum supply and security
- 6 - Policy co-ordination and support services (37,339,000)

4. Quantitative Analysis of the Vote

i) Analysis at Vote level

An analysis at vote level should focus on the allocation to the vote, vis-à-vis the total national budget and cluster classification. This will allow the analyst to draw conclusions on what priority the specific vote takes within the national budget and cluster classification. An analysis of the proportion of the vote to the national budget and within the cluster over a number of years will help the analyst deduce government's level of commitment to specific strategic outcomes, vis-à-vis the specific vote.

The analyst should indicate the year-on-year change in monetary and percentage terms. The change should be reflected in nominal as well as real terms. An expression of a value or a percentage in real terms considers the effects of inflation and therefore reflects the real purchasing power of money and the real growth in budget allocations.

The ENE provides explanations for some of the changes in budget allocations. However, if the analyst has a good understanding of their sector of interest, they would ideally be informed of documented and non-documented reasons why changes occurred. Changes over the MTEF would be found in the ENE. Prior changes

would be found, in amongst others, the Adjusted Estimates of National Expenditure, Annual Report, and other financial policy documents.

Best Practices: The Ministry has received an overall budget allocation of Namibian Dollar (NAD) 264,321,000, which is distributed among seven programmes. This amount is higher than NAD212,183.000 in the previous financial year. This increase reflects similar growth, mainly in funding, towards capital development projects.

ii) Analysis at Programme Level

This section should be introduced with a statement of the purpose of the different programmes and include a summary of the key performance indicators and targets for each programme. The analyst should first establish what the proportion of each programme is to the overall vote allocation. Through this, the analyst will be able to draw conclusions on the priority of the programme, vis-à-vis the vote. The analyst should express monetary or percentage changes in the programme's budget in both nominal and real terms over the period under review. Furthermore, reasons should be provided for any significant changes in the programme's budget. In conclusion, the analyst should make a statement regarding the programme's performance in relation to its budget allocation.

Best Practices: Programme 1: Promotion of Local and Foreign Investment in Exploration

This programme endeavours to promote the optimal exploration of Namibia's mineral resources and integrate the Mining industry with other sectors of the economy for the socio-economic development of the country. The main programme activities include the following: regulation, monitoring of mining operations, production and exports and revenue collection.

iii) Analysis by Economic Classification

An analysis of the economic classification of expenditure should focus on current payments, transfers and subsidies, and payments for capital assets at the vote level as well as at the programme level. The focus should be two-fold. Firstly, it should

express the expenditure level items (i.e. current payments, transfers and subsidies, payments for capital assets and payments for financial assets) as a proportion of the total budget vote. Secondly, it should establish what the trends are with respect to the expenditure level item previously apportioned over a number of years.

An important aspect of the analysis of the expenditure level items relates to transfers and subsidies. Transfers and subsidies include all unrequited payments made by a government unit. When referring to transfers and subsidies, emphasis should be placed on those specific agencies and their relevant departments.

The analysis by economic classification would include an in-depth analysis of expenditure patterns by each economic classification category, as well as a summary of expenditure on agencies (this specifically refers to departmental transfers to agencies). However, it does not include an analysis of agency expenditure.

Best Practices: The largest expenditure components in the goods and services budget of 2018/19 includes:

- Consultants and professional services: business and advisory services – NAD145.1 million (20.9%).
- Inventory: mineral exploration supplies – NAD 110.7 million (16%).
- Travel and subsistence – NAD125.3 million (18.1%). (Hypothetical example, to be refined).

7.2.2 Budget Analysis - Conclusion

Budget analysis is an effective tool for detecting irregularities in government spending. Discrepancies in revenue and expenditure can be brought to the notice of parliament, and in this way, it becomes easy to monitor government expenditure. The timing of budget analysis is critical when it comes to engaging with policymakers. Budget analysis further holds government, elected and appointed officials accountable to their stated policy priorities. Budget analysis has an immediate and measurable impact on the lives of the citizenry by changing the power relations between the different sectors of society, thereby creating a long-term societal vision. This handbook serves to assist MPs and researchers in analysing the annual

government budget and seeks to communicate to members and researchers that they require specific analytical skills to conduct a budget analysis. What is needed is a thorough understanding of budget concepts, principles and logic.

Best Practice: Checklist Beneficial in Budget Analysis:

- I. Acquiring budget documents.
- II. Understanding the budget documents.
- III. Reviewing total and departmental allocations.
- IV. Reviewing programme-wide expenditures.
- V. Identifying beneficiary-wide average cost or allocation.
- VI. Highlighting the difference between actual spending and proposed allocations, and
- VII. Understanding and preparing for budget preparations, presentation, and the debate on the budget.

7.2.3 Pre-requisite of Budget Analysis

1. Learn the budget preparation process

Firstly, it is important to become familiar with national budgeting processes and identify the key players in the process. This involves securing copies of relevant state financial legislation, Treasury regulations, and other guidelines on budget preparation. By studying these documents, one can gain the initial information and knowledge needed to begin analysing the budget.

2. Learn the terminology

It is important to become familiar with the various terms used in the budget. The use of an accounting dictionary or consulting with finance researchers would be helpful. This handbook has included definitions of the most used concepts in the processes of preparing national budgets.

3. Learn how to read the budget

It is also important to learn how to read the budget, as well as to know how the budget is classified and what each classification entails. It is essential to understand how to read the figures in order to determine their implications. By consulting experts in

the field and others who are already engaged in the work of analysing budgets (i.e. analysts, economists, etc.) one would be in a better position to start their own analysis.

4. Analyse the government’s development plans

As the budget is - or should be - tied to the government’s national development plans, it is important to assess these plans. This involves securing copies of such plans and programmes and carefully analysing them in order to determine their impact on the country.

7.2.4 Budget Analysis Tools and Questions

Focus	Key question	Outcome of analysis
Priority	How does the budget for this purpose compare to resources spent in other areas?	Assess whether these budget priorities are in line with government’s policy promises and commitments.
Progress	Is government’s budgeting on this issue improving over time?	Monitor whether the government is shifting its priorities over time.
Equity	Are resources being allocated or spent fairly?	Evaluate whether government budgets discriminate unfairly.
Adequacy	How much is being allocated to this issue?	See whether the government’s allocation is sufficient. Consider whether the government allocation is keeping up with inflation.

7.2.4.1 Priority Calculation

The analysis of priority does not tell us anything about how many resources have been allocated to a particular function. It only compares functions to each other. One way to find out priority is to work out the share of a ministry or a programme's allocation in the total allocation. The percentage share is calculated as:

$$\frac{\text{Amount Allocated}}{\text{Total Budget}} \times 100$$

7.2.4.2 Progress Calculation

The progress analysis looks at trends in resources allocated to programmes, ministries or functions over time.

This formula works out the percentage change from one year to the next, in an allocation for a particular use:

$$\frac{(\text{Allocation Year 2} - \text{Allocation Year 1})}{\text{Allocation Year 1}} \times 100$$

7.2.4.3 Equity Analysis

Budgetary equity is the analysis of who benefits from the budgetary expenditure and who contributes towards budgetary revenue (resources). Equity generally refers to a sense of justice and fairness. The budget can play a key role in promoting a fair society. A redistribution budget is a budget that favours the poor over the wealthy, making overall personal income more equal once the effects of the budget are considered.

7.2.4.4 Adequacy Analysis

An adequacy analysis looks at whether the inputs are enough to achieve the intended goals. To determine this, you will need to know how much is needed for success. This makes assessing adequacy more difficult than assessing progress, priority and equity. However, effective costing methods can help solve the problem. Costing means working out the expenditure required to achieve an activity or strategy. When

doing a costing, all input and outputs are identified and measured. The costs related to the outcomes they produce are calculated.

7.2.5 Useful Budget Analysis Equations

CALCULATION	EQUATION
1. To work out budget share	$\text{Budget section} \div \text{Total Budget} = \text{Budget Share}$
2. To adjust for inflation by inflating an earlier year's data to a later year's values	$\text{Nominal Value} \times \text{Current Year Inflation Index} \div \text{Later Year Inflation Index} = \text{Adjusted Value}$
3. To adjust for inflation by deflating a later year's data to an earlier year's values	$\text{Nominal Value} \times \text{Prior Year Inflation Index} \div \text{Later Year Inflation Index} = \text{Adjusted Value}$
4. To work out the inflation rate over several years	$(\text{Later Year Price Index} - \text{Prior Year Price Index}) \div \text{Prior Year Price Index} = \text{Inflation Rate}$
5. To work out an inflation index using a base year	$\text{Base Year Index} + \text{Later Year Inflation Rate} = \text{Inflation Index for Later year}$
6. To calculate the growth rate	$(\text{Later Year \%} - \text{Prior Year \%}) \div \text{Prior Year Percentage} = \text{Percentage Increase in Budget Share}$
7. To work out the rate of growth required to reach a desired level of spending	$(\text{Desired Amount} - \text{Current Year Amount}) \div \text{Current Year Amount Required} = \text{Required Rate of Increase}$
8. To calculate an increase in budget share over time	$(\text{Later Year Percentage} - \text{Prior Year Percentage}) \div \text{Prior Year Percentage} = \text{Percentage Increase in Budget Share}$
9. To work out an annual average growth rate in Excel	$\text{Rate} (\text{Number of years} - \text{Prior Year Amount, Current Amount})$
10. To calculate per capita spending	$\text{Spending} \div \text{Population Number} = \text{Per Capita Spending}$
11. To calculate spending as a share of the economy	$\text{Spending} \div \text{GDP} = \text{Spending as a Share of the Economy}$

ANNEXURE

Annexe i: Glossary

Allocative Efficiency: The capacity to establish priorities within the budget and to distribute resources on the basis of government's priorities and programme effectiveness.

Annual Estimates: The whole annual proposals of expenditure and taxation presented to Parliament, for approval by the Minister for Finance as part of the annual budget. They are presented to Parliament in form of Printed Estimates and the Financial Bill.

Appropriation: The act of setting apart something for its application to a particular usage, to the exclusion of all other uses. It typically refers to the legislative designation of money for particular uses, in the context of a budget or spending bill.

Appropriations Act: Once the Appropriation Bill is approved by Parliament and given Presidential Assent, it becomes the Appropriations Act. It provides legal authority for spending money in Printed Estimates, including money authorized and spent as Votes on Account.

Appropriations Bill: This is a Bill tabled in Parliament soon after Parliament approves the Printed Estimates. It outlines all expenditure proposals covering various votes for government goods and services, such as the payment of salaries and other operational expenditures for each ministry. The Bill contains both Estimates of recurrent and development expenditures. It seeks the legal authority to spend funds in the Printed Estimates.

Balanced Budget: A balanced budget occurs when total revenues equal total outlays for a fiscal year.

Budget Amendments: These are changes to the budget. Changes to the budget must be laid before Parliament. Amendments in Printed Estimates of Finance Bill may seek to increase or decrease the amount proposed for one vote.

Budget Deficit: In the context of public finance, a deficit is the excess annual expenditure over annual receipts of revenue. This means for that year, Government will spend more than what it expects to raise in revenues. This difference is financed through borrowing.

Budget Process or Budgeting: Refers to the process by which governments create and approve a budget.

Budget: The Budget is the total annual expenditure comprising estimates of annual revenue receipts and expenditures as presented and approved by Parliament in the Finance Act and Appropriation Act. The Constitution requires the budget be approved by Parliament before it takes full effect.

Capital Expenditures: Expenditure on capital items or fixed assets such as land, buildings, roads, equipment etc. that are projected to generate income in the future.

Capital Projects: These are projects which involve expenditure with long-term benefits that last longer than one financial year, such as computerization, the building of schools and installation of water supply systems or road construction. They are financed through the development expenditure.

Current Expenditures: Daily operating expenses or those expenses usually incurred in the conduct of normal State operations, such as wages and salaries, administration, purchase of goods and services for current consumption, acquisition of furniture and equipment, inputs used in service delivery etc.

Deficit: Refers to total outflow exceeding total inflow. If a deficit is incurred, the government generally incurs expenditures that are in excess of revenues. Deficit spending usually indicates an unbalanced budget, and is generally financed by borrowed funds - its major objective is to stimulate economic activity by increasing purchasing power within an economy.

Development Expenditure: These are expenditures that relate to long-term investments such as roads, schools and hospitals. It is also known as capital expenditure.

Discretionary Spending: Discretionary spending is what the President and Congress must decide to spend for the next fiscal year through annual appropriations bills.

Estimates of National Expenditure: This document sets out the detailed spending plans of each government department for the coming year. The document serves as background to the Appropriation Act that makes these spending plans legally binding.

Excise Taxes: Excise taxes apply to various products, including alcohol, tobacco, transportation fuels and telephone services.

Expenditure Estimates: These are the expenditure proposals covering both recurrent and development for the financial year. They are usually presented to Parliament as Printed Estimates but once approved, an Appropriations Bill file is tabled for formal approval.

Fiscal year: Sometimes called the financial year, this is the period covering a complete government fiscal year. In Namibia, the fiscal or financial year begins on the 1st April and ends on the 30th of March the following year.

Grant: Monies, goods and services advanced to the Government mainly by other Government and multilateral financial institutions as a gift, for which no repayment is expected.

Gross Domestic Product (GDP): GDP is the standard measurement of the size of the economy. It is the total production of goods and services within the United States.

Line Ministries: These are Ministries other than the Ministry of Finance which are charged with the responsibility of implementing budgeted and planned activities related to a particular service, sector or sub-sector. Each of the Line Ministries presents budget proposals for consideration to the Ministry of Finance.

Macro-working group: The members of the Macroeconomic Working Group (MWG) include such key agencies (as departments of the Ministry of Finance, Ministry of Economic Planning), which are involved in various aspects to determine the aggregate level and composition of governments revenues and expenditures.

Mandatory Spending (Non-discretionary Spending): Mandatory spending (also called Non-Discretionary Spending) is authorized by permanent law. An example is Social Security. The president and Parliament can change the law to change the level of spending on mandatory programs - but they do not have to do so.

Medium-Term Expenditure Framework (MTEF): A budgetary system that seeks to link policy-making, planning and budgeting to a three-year rolling plan. MTEF is implemented through the annual budgets, which are aligned to the 5th National Development Plan.

Ministerial Budget Committees (MBCs): Committees established by every Line Ministry to coordinate, collect and collate budgetary proposals and facilitate preparation of the ministry budget.

National (Public) Debt: When revenues do not cover the costs of government spending, the government borrows money to finance this deficit. The total it has borrowed over the years, but not repaid is referred to as the national debt.

Operational Efficiency: The capacity to deliver services at the lowest possible cost (minimum cost per unit of output).

Public Borrowings: Proceeds of repayable obligations, generally with interest, from domestic and foreign creditors of the government. These generally refer to authorised and negotiated loans secured by the government from internal and external financial institutions and other sources.

Public Expenditures: Refers to payments made by the State, including current operating expenditures, capital outlays and the retirement of the public debt.

Public Revenues: These are all income or receipts to the government's revenue fund that are used to support public expenditures.

Recurrent Expenditure: These are expenditures that relate to the operations of a ministry. It includes expenditures such as compensation to employees in the form of salaries, stationery, transport and other related expenditures.

Revenue: Revenues include the collections that result from government activity, such as taxes. They do not include collections that result from the government's business-like activities, such as the entrance fees at national parks. Business-like collections are subtracted from total spending to calculate outlays for the year.

State Account: This is a bank account maintained for the government at the Bank of Namibia from where all withdrawals and deposits in the name of the government are managed.

Surplus: A surplus is the amount by which revenues exceed outlays.

Taxation Revenues: These are compulsory contributions to finance government activities. Taxes are computed at rates established by law without any direct relation to the benefits enjoyed by the taxpayer. Taxes are the primary source of government income.

Transfer Payments: These are State funds that are directly transferred to other organizations or individuals and are not payments for productive work. For example, Social Security Grants.

Treasury: The Minister of Finance and officers are assigned to perform functions assigned to Treasury by law. This includes those organs in the Ministry of Finance that are responsible for the management of public finance, property and the formulation of economic policies. Treasury presides over the preparation and execution of the budget. It supervises the implementation of the approved budget and other policies and is responsible for reporting and accounting for all public money and property.

Annexe ii: General Rules

Introduction

One of the significant oversight functions of Parliament is the examination of the Auditor-General's Annual Report, which provides a picture of the state of affairs of government institutions' financial performance and level of compliance with the country's financial legislative and regulatory framework.

While the Parliamentary Standing Committees on economics and Public Administrations and Public Accounts Committee plays a key role in this stage of the budget cycle, it is important that all other committees are able to link the funds appropriated by Parliament (Appropriation Act) to the funds utilized and accounted for, as well as the impact on the provision of public goods and service delivery.

Members of such committees should eventually be able to synchronize the findings of the Auditor-General with the responses of the Executive in order to direct the Parliament's oversight function of ensuring adherence to various regulations and policies; including the Constitution of Namibia and the State Finance Act.

Rule 64 - Standing Rules and Orders of the National Assembly

General Terms of Reference

In line with the provisions of the Constitution, particularly Article 63(2)(f) thereof, Standing Committees will perform the functions, tasks, and duties relating to Parliamentary supervision of such Offices, Ministries, Agencies and State-Owned Enterprises as prescribed by or under an Act of Parliament, a resolution of this House or in these Rules, and shall as their general terms of reference, have the duty to:

- a) receive and consider Bills referred to the Committee and make appropriate recommendations to the Assembly;
- b) exercise oversight of the Executive by securing attendance from officials of Offices, Ministries, Agencies and State-Owned Enterprises in order to receive reports on the performance of the respective Offices, Ministries, Agencies and State-Owned Enterprises;

- c) receive and consider policy documents and statements from the Offices, Ministries, Agencies and State-Owned Enterprises;
- d) receive submissions from individuals and groups, regarding the operations of the various Offices, Ministries, Agencies and State-Owned Enterprises;
- e) organise meetings between citizens, community groups, sectoral organisations, members of parliament and representatives of Offices, Ministries, Agencies and State-Owned Enterprises as may be necessary to facilitate an exchange of views regarding the operations of Government Offices, Ministries, Agencies and State-Owned Enterprises and their effects on communities and groups in the society;
- f) conduct investigative or oversight hearings and make recommendations to Offices, Ministries, Agencies and State-Owned Enterprises for the enhancement of their policies, functions and administrative operations;
- g) monitor, enquire and make recommendations relating to any aspect of the legislative programme, budget, rationalization, functioning, organization, structure, personnel, policy formulation or any other matter it may consider relevant; and
- h) consider treaties under Rule 65.

Rule 72 - Terms of Reference for Standing Committee on Economics and Public Administration

- (1) The Standing Committee on Economics and Public Administration has the duty to -
- (a) consider any matter they deem relevant with regard to the Offices, Ministries, Agencies, and all State-owned Enterprises and Parastatals responsible for the following category of affairs which shall, inter alia, include:
 - Finance
 - National Planning Commission
 - Industrialisation, Trade and SME Development
 - Public Enterprises
 - Works and Transport
- and may for that purpose consult and liaise with the relevant institutions;

- (b) monitor, enquire into, and make recommendations to the Assembly on matters that may directly or indirectly affect the economy of the country.
- (c) operate with a vision to promote infrastructure development, economic planning and development and public administration in Namibia;
- (d) review and advise the National Assembly on the activities and matters related to the Parastatals;
- (e) enquire into and monitor international protocols, conventions and agreements that may affect the Namibian economy and public administration and where necessary make recommendations to the National Assembly; and
- (f) receive directives to facilitate the implementation and administration of laws administered by Offices, Ministries, Agencies and State Owned Enterprises in Namibia;
- (g) perform such other functions, tasks, and duties relating to Parliamentary supervision of such Offices, Ministries and Agencies as may be prescribed by the Assembly or in terms of an Act of Parliament.

Rule 69 - Standing Committee on Public Accounts

1. The Committee has the duty to examine, consider and report on:
 - a. the accounts showing the appropriation of the sums granted by Parliament to meet public expenditure of the Republic;
 - b. such other accounts, reports and any other matter or task as may be referred to the Committee by the House, or under any other law;
 - c. all reports of the Auditor General on any such accounts;
 - d. all accounts and reports of accounts where the State has interests; and
 - e. all State-owned enterprises and parastatals.
2. The Committee reports on its findings and makes its recommendations to the Assembly for consideration and debate.
3. Upon adoption of the report and recommendations by the Assembly, the Committee has a duty to report on the implementation of the recommendations within six months of their adoption.

Annexe iii: Estimates of Revenue

Table 2. ESTIMATES OF REVENUE TO BE RECEIVED ON THE STATE						
REVENUE FUND HEAD OF REVENUE				Estimate 2017-18 N\$	Estimate 2018-19 N\$	Estimate 2019-20 N\$
90. TAX REVENUE				53,500,016,602	54,040,222,995	57,416,840,868
01. TAXES ON INCOME AND PROFITS				19,161,120,398	19,976,875,422	21,464,303,330
01.	Income Tax on Individuals			10,715,425,264	10,851,250,494	11,652,556,251
001.	Normal Income Tax on Individuals			10715425264	10,851,250,494	11,652,556,251
02.	Company Taxes			7,833,371,596	8,454,305,416	9,085,392,665
001.	Diamond Mining Companies			2,055,839,492	2,268,465,423	2,465,821,915
002.	Other Mining Companies			122,272,027	155,723,752	169,271,719
003.	Non-Mining Companies			5,655,260,076	6,030,116,240	6,450,299,031
03.	Other Taxes on Income and Profits			260,363,595	285,162,012	308,797,471
001.	Non-Resident Shareholders Tax			173,197,693	190,026,136	205,477,642
002.	Tax on Royalty			63,354,954	69,510,724	75,162,817
003.	Annual Levy on Gambling Income			23,810,949	25,625,152	28,157,012
04	WITHHOLDING TAX ON INTERESTS			351,959,944	386,157,500	417,556,944
001	Withholding tax on companies & individuals			115,296,130	126,498,672	136,784,599
002	Withholding Tax on Unit Trusts			99,556,106	109,229,297	118,111,007
003	Withhold Tax on Services			137,107,707	150,429,532	162,661,337
02. TAXES ON PROPERTY				292,195,884	312,733,848	336,815,354
01-001	Transfer Duties			292,195,884	312,733,848	336,815,354
03. DOMESTIC TAXES ON GOODS AND SERVICES				14,150,277,319	15,468,966,556	16,421,169,398
01-000	Value Added Tax			13,740,940,396	15,040,966,044	15,997,583,259
02-000	Additional Sales Levy			0	0	0
03-000	Levy on Fuel			109,136,644	104,122,357	97,903,312
	Fishing Quota Levies			122,875,000	122,875,000	122,875,000
12-000	Gambling Licence (Business)			2,200,000	2,200,000	2,200,000
15-001	Other taxes on goods and services			17,625,279	17,678,155	10,426,578
	Environmental levies and Carbon Emission taxes			157,500,000	181,125,000	190,181,250
04. TAXES ON INTERNATIONAL TRADE AND TRANSACTIONS				19,597,423,000	17,977,647,169	18,890,552,785
02-000	Levy on Export of Game and Game Products			0	0	0
001	Customs Revenue Pool Share			19,597,423,000	17,977,647,169	18,890,552,785
002	Customs Revenue Formula Adjustments			0	0	0
05. OTHER TAXES				299,000,000	304,000,000	304,000,000
01-000	Stamp Duties and Fees			299,000,000	304,000,000	304,000,000
91. NON - TAX REVENUE				2,754,247,228	2,976,954,010	3,203,307,603
01. ENTREPRENEURIAL AND PROPERTY INCOME				1,844,809,774	2,007,052,052	2,167,999,148
01	Interest Receipts for Loans Extended to -			8,842,973	8,842,973	27,803,566
02-000	Interest on Investments			83,323,113	83,323,113	89,085,960
03	Dividends and Profit Share from:			745,033,927	856,789,016	985,307,369
04-000	Interest on State Account Balances with Bank of Namibia			31,427,467	47,748,275	20,091,375

Table 2. ESTIMATES OF REVENUE TO BE RECEIVED ON THE STATE REVENUE FUND				
HEAD OF REVENUE		Estimate 2017-18 N\$	Estimate 2018-19 N\$	Estimate 2019-20 N\$
07-000	Diamond Royalties	976,182,294	1,010,348,674	1,045,710,878
08-000	Other Mineral Royalties	199,115,383	362,927,609	465,527,244
02-01-000	FINES AND FORFEITURES	98,432,289	98,629,154	105,450,608
03.	ADMINISTRATIVE FEES AND CHARGES AND INCIDENTAL SALES	811,005,165	871,272,805	929,857,847
01.	OFFICE OF THE PRESIDENT	50,000	50,000	50,000
003.	Miscellaneous	50,000	50,000	50,000
02.	PRIME MINISTER	3,338,000	4,614,500	3,988,225
003.	Miscellaneous	50,000	50,000	50,000
003.	IT services	500,000	500,000	500,000
	Hire of facilities	275,000	302,500	347,875
	Cafeteria	990,000	1,089,000	1,252,350
	Team Building	0	1,000,000	0
	Interest Received	1,500,000	1,650,000	1,815,000
	Other (library fees, tenders sales)	23,000	23,000	23,000
03.	NATIONAL ASSEMBLY	7,000	7,000	7,000
	Parliament gardens and restaurant	7,000	7,000	7,000
04.	AUDITOR GENERAL	1,375,000	1,540,000	8,150,000
001.	Audit Fees	1,355,000	1,520,000	8,130,000
002.	Private telephone calls	15,000	15,000	15,000
003.	Miscellaneous	5,000	5,000	5,000
05.	HOME AFFAIRS AND IMMIGRATION	78,035,180	81,355,269	84,815,522
003	Passport Control	13,400,000	13,600,000	13,800,000
005.	Miscellaneous	3,800,000	4,000,000	4,200,000
006	Visas and Permit	60,835,180	63,755,269	66,815,522
007				
06.	POLICE	10,059,500	10,699,000	10,809,000
001.	Reimbursement from RFA for Control of Road Traffic	0	0	0
002.	Departmental fines	200,000	220,000	220,000
003.	Unclaimed cheques	0	0	0
005.	Lost equipment and stores	120,000	130,000	130,000
006.	Traffic Control	7,200,000	7,200,000	7,300,000
007.	Commission on stop orders	0	0	0
008.	Private telephone calls	0	0	0
009.	Copies of plans	1,010,000	1,100,000	1,100,000
010.	Miscellaneous	1,100,000	1,610,000	1,610,000
011.	Mortuary fees	19,500	19,000	19,000
	Sale of found property	200,000	200,000	210,000
	Obsolete, worn-out and su	110,000	120,000	120,000
	Water and electricity	100,000	100,000	100,000
07.	FOREIGN AFFAIRS	80,000	80,000	80,000
001.	Private telephone calls	0	0	0
002.	Interest on Investments	30,000	30,000	30,000
003	Miscellaneous	50,000	50,000	50,000

ETable 2.STIMATES OF REVENUE TO BE RECEIVED ON THE STATE REVENUE FUND				
HEAD OF REVENUE		Estimate 2017-18 N\$	Estimate 2018-19 N\$	Estimate 2019-20 N\$
004	House Rent foreign Mission	0	0	
08.	DEFENCE	2,100,444	2,242,743	2,385,294
001	Ministerial fines	500,000	550,000	600,000
002	Sale of serviceable stores and equipment	120,000	125,000	130,000
003	Lost equipment and stores	70,000	80,000	85,000
004	Private telephone calls	5,000	5,000	6,000
005	Miscellaneous	1,405,444	1,482,743	1,564,294
09.	FINANCE	386,631,788	389,986,283	403,561,495
002	Members contributions to Medical Aid	355,387,880	357,164,820	358,950,644
004	Administrative fee on medical claims	0		
005	Sale of tender documents	3,650,644	3,928,093	4,320,903
006	Private telephone calls			
009	Warehouse Rent (Customs)	97,154	104,538	114,991
010	Collateral Losses	179,397	188,367	197,785
011	Special Attendance	746,629	750,362	754,114
012	Export Levy (customs)	603,941	615,816	618,895
013	Additional Duty (customs)	686,315	689,746	693,195
014	Licence Fees (Customs)	27,732	29,840	32,824
017	Guarantee Levy Payment	25,252,096	26,514,701	37,878,145
10.	EDUCATION	41,716,695	49,332,953	60,409,479
001.	Class and examination fees	13,042,000	13,694,000	14,378,000
002.	Hostel fees	14,601,500	14,703,711	14,806,636
004.	Lost equipment and stores	500	500	500
005.	Services rendered by archives and museums	0	0	0
006.	Letting of housing	350,000	357,000	364,000
007.	Library registration fees	4,000	4,000	4,000
008.	Private telephone calls	8,800	8,900	9,078
010.	Unclaimed Cheques	0	0	0
011.	Miscellaneous	13,709,895	20,564,843	30,847,264
012.	Trade test monies for apprentices	0	0	0
12.	GENDER EQUALITY AND CHILD WELFARE	191,000	191,000	191,000
001.	Renting of Halls	91,000	91,000	91,000
002.	Unclaimed Cheques	0	0	0
003.	Miscellaneous	100,000	100,000	100,000
	Private telephone calls	0	0	0
13.	HEALTH, SOCIAL SERVICES AND REHABILITATION	71,128,066	72,840,350	73,154,038
001.	Health services	41,546,500	51,473,000	51,473,000
002.	Board and lodging	5,600,000	5,880,000	6,174,000
007.	Inspection fees	750,074	750,100	750,100
008.	Mortuary fees	245,812	227,000	227,000
009.	Sale of electricity	375,000	393,750	413,438
010.	Ambulance fees	43,962	44,000	44,000
011.	005. Contribution orders	0	0	0
012.	Private telephone calls	12,100	12,100	12,100
013.	Unclaimed Cheques	0	0	0
014.	Miscellaneous	14,439,800	5,900,000	5,900,000
015.	Vehicle Sales	900,000	945,000	945,000
016.	Insineration	1,849,568	1,850,000	1,850,000
017.	Medical Reports	787,533	787,600	787,600
018.	Registration	1,247,960	1,248,000	1,248,000
019.	Application	15,200	15,200	15,200
020.	Tender Documents	324,000	324,000	324,000
021.	Registration of medicines	0	0	0
022.	Retention	2,916,057	2,916,100	2,916,100
023.	Tuition	74,500	74,500	74,500

Table 2. ESTIMATES OF REVENUE TO BE RECEIVED ON THE STATE REVENUE FUND				
HEAD OF REVENUE		Estimate 2017-18 N\$	Estimate 2018-19 N\$	Estimate 2019-20 N\$
14. LABOUR AND SOCIAL WELFARE		120,000	126,000	132,000
003.	Unclaimed Cheques			
004.	Miscellaneous	120,000	126,000	132,000
15. MINES AND ENERGY		11,200,000	18,720,000	31,453,000
001.	Geological Services	300,000	300,000	300,000
002.	Private telephone calls	0	0	0
003.	Oil Exploration - Rental Fees	10,700,000	18,190,000	30,923,000
004.	Unclaimed Cheques	0	0	0
005.	Miscellaneous	200,000	230,000	230,000
16. JUSTICE AND ATTORNEY GENERAL		705,000	705,000	705,000
001.	Legal fees	5,000	5,000	5,000
002.	Private telephone calls	0	0	0
003.	Unclaimed Cheques	0	0	0
004.	Miscellaneous	200,000	200,000	200,000
005.	Bail	0	0	0
006.	Government Gazette	500,000	500,000	500,000
007.	Photocopies	0	0	0
008.	Unclaimed money	0	0	0
17. REGIONAL AND LOCAL GOVERNMENT, HOUSING AND RURAL DEVELOPMENT		2,571,800	2,865,000	4,404,000
001.	Private telephone calls	0	0	0
002.	Municipal services	0	0	0
003.	Subdivision, consolidation and extension fees	450,000	510,000	1,000,000
009.	Permission to occupy fees	0	0	0
010.	Unclaimed Cheques	1,800	5,000	4,000
011.	Miscellaneous	120,000	150,000	400,000
	Low cost housing	2,000,000	2,200,000	3,000,000
18. ENVIRONMENT AND TOURISM		7,577,500	7,877,500	8,271,375
002.	Services rendered to Ministries	0	0	0
004.	Registration of professional hunters	150,000	150,000	157,500
005.	Registration of culling team	25,000	25,000	26,250
006.	Private telephone calls	0	0	0
007.	Film Fees	250,000	250,000	262,500
008.	Unclaimed Cheques	0	0	0
009.	Miscellaneous	450,000	450,000	472,500
010.	Departmental Fines	2,500	2,500	2,625
012.	Tourists concessions	2,200,000	2,500,000	2,625,000
013.	Application fees for gambling licences	50,000	50,000	52,500
014.	Wildlife registration and licences	450,000	450,000	472,500
015.	Wildlife utilization permits	4,000,000	4,000,000	4,200,000
20. AGRICULTURE, WATER AND FORESTRY		25,151,000	31,841,000	31,261,000
001.	Sale of stock and farm produce	6,050,000	7,050,000	7,050,000
002.	Commission Fees	0	0	0
003.	Veterinary and clinical services	1,600,000	1,600,000	1,600,000
004.	Services rendered to Ministries	1,000	1,000	1,000
005.	Performance testing fees	2,000	1,000	1,000
006.	Sale of furs and wool	550,000	600,000	600,000
007.	Grazing fees	4,000	4,000	4,000
008.	Private telephone calls	1,500	1,000	1,000
009.	Meat Hygienic Services	2,600,000	2,800,000	2,800,000
010.	Registration fees on remedies, feeds and fertilizers	750,000	800,000	800,000
011.	Miscellaneous	500,000	550,000	550,000
012.	Game and game produce	10,000	5,000	5,000
013.	Hides and skins	13,000	800,000	14,000
014.	College fees	0	0	0
015.	Ploughing services	400,000	14,000	1,800,000
016.	Planting services	500	1,800,000	2,000

Table 2. ESTIMATES OF REVENUE TO BE RECEIVED ON THE STATE REVENUE FUND				
HEAD OF REVENUE		Estimate 2017-18 N\$	Estimate 2018-19 N\$	Estimate 2019-20 N\$
017.	Seeds and fertilizers	1,000,000	2,000	1,000,000
018.	Auction Fees	3,000,000	1,000,000	3,000,000
019.	Unclaimed Cheques	0	0	0
020.	Ministerial fines	2,000	3,000	3,000
021.	Lease/ Letting State land/buildings	167,000	250,000	250,000
022.	Lost equipment and stores	50,000	60,000	60,000
023.	Sale water & electricity: employees	220,000	3,000,000	220,000
024.	Sale of water	0	0	0
025.	Laboratory Testing Fees	1,450,000	2,000,000	2,000,000
026.	Meter Linkage and Rental Fees	3,000,000	4,000,000	4,000,000
027.	Permit Fees	3,300,000	5,000,000	5,000,000
028.	Sale of Forestry Products	480,000	500,000	500,000
029.	Feeds/Fertilizer	0	0	0
21.	OFFICE OF JUDICIARY	2,606,500	2,662,000	2,717,000
001	Private Telephone Calls	1,500	2,000	2,000
002	Miscellaneous	350,000	350,000	350,000
003	Ball	2,000,000	2,000,000	2,000,000
004	Photocopies	55,000	60,000	65,000
005	Unclaimed Money	200,000	250,000	300,000
22.	FISHERIES AND MARINE RESOURCES	131,701,000	139,352,000	147,587,000
001.	Private telephone calls	1,000	2,000	2,000
002.	Unclaimed Cheques	0	0	0
003.	Miscellaneous	200,000	300,000	330,000
004	Fishing Boat Licenses	200,000	250,000	275,000
005	Quota Fees	130,000,000	137,000,000	145,000,000
006	Hunting and Fishing License	1,300,000	1,800,000	1,980,000
23.	WORKS	22,479,608	43,753,994	45,066,614
001.	Lease/Letting of State land and buildings	15,847,710	36,923,141	38,030,835
002.	Lease of parking	123,911	127,628	131,457
004.	Sale of Government Houses	0	0	0
005.	Testing of building and related materials	0	0	0
006.	Obsolete, worn-out and surplus equipment	6,115,526	6,298,991	6,487,961
007.	Private telephone calls	5,575	5,742	5,914
008.	Unclaimed cheques	0	0	0
009.	Miscellaneous	386,886	398,492	410,447
24.	TRANSPORT	770,894	812,019	836,380
001	Aeronautical fees, charges for DCA and non-eronautical fees	383,547	395,053	406,905
002	Aeronautical fees, charges for DCA and non-eronautical fees	0	0	0
003		0	0	0
004	Road Transportation Board	250,000	275,500	283,765
005	Lost equipment and stores			
006	Validation of Licenses (Non-Aeronautical-DCA)	13,049	13,440	13,843
007	Private telephone calls	0	0	0
008	Services rendered to Ministries	2,598	2,675	2,755
009	Examination fees for seamen	1,500	1,545	1,591
013	Miscellaneous	120,200	123,806	127,520
25.	LANDS AND RESETTLEMENT	7,430,000	7,360,000	7,380,000
002.	Sale of maps	210,000	210,000	210,000
003.	Survey Fees	0	0	0
004.	Deeds Fees	6,000,000	6,000,000	6,000,000
005.	Investigation Fees: Surveyor-General	620,000	650,000	670,000
009.	Miscellaneous	600,000	500,000	500,000
26.	NATIONAL PLANNING COMMISSION	25,000	46,350	47,700
001.	Sale of planning reports	5,000	25,750	26,500
005.	Miscellaneous	20,000	20,600	21,200

Table 2. STIMATES OF REVENUE TO BE RECEIVED ON THE STATE REVENUE FUND				
HEAD OF REVENUE		Estimate 2017-18 N\$	Estimate 2018-19 N\$	Estimate 2019-20 N\$
006.	Unclaimed Cheques	0	0	0
27.	YOUTH, NATIONAL SERVICE, SPORT AND CULTURE	2,970,000	1,177,653	1,236,536
001.	Sport Stadiums	300,000	20,737	21,774
005.	Miscellaneous	170,000	38,619	40,550
006.	Youth Centres	2,500,000	1,118,297	1,174,212
28.	ELECTORAL COMMISSION	3,000	3,000	61,000
001.	Deposits made by Political Parties	2,000	2,000	60,000
002.	Private Telephone Calls	0	0	0
003.	Miscellaneous	1,000	1,000	1,000
29.	INFORMATION & COMMUNICATION TECHNOLOGY	715,000	726,000	737,000
002	Sale of Constitution	30,000	35,000	40,000
003	Registration of newspapers	0	0	0
004	Sale of Photos	200,000	200,000	200,000
005	Radio and TV Transmitter Licence Fee	0	0	0
006	Sale of Namibia Review	20,000	21,000	22,000
007	Miscellaneous	65,000	70,000	75,000
008	Sale of New Era	0	0	0
012	Public Address System	400,000	400,000	400,000
30.	ANTI-CORRUPTION COMMISSION	20,000	20,000	20,000
003.	Miscellaneous	20,000	20,000	20,000
31.	VETERAN AFFAIRS	36,190	36,190	31,190
002.	Miscellaneous	3,550	3,550	3,550
003.	Private telephone call	30,000	30,000	25,000
004.	Parking fees	2,640	2,640	2,640
33.	POVERTY ERADICATION	120,000	150,000	200,000
	Miscellaneous	120,000	150,000	200,000
34.	PUBLIC ENTERPRISE	2,000	2,000	2,000
	Miscellaneous	2,000	2,000	2,000
35.	ATTORNEY GENERAL	90,000	100,000	110,000
001	Legal Fees	40,000	45,000	50,000
	Miscellaneous	50,000	55,000	60,000
92.	RETURN OF CAPITAL FROM LENDING AND EQUITY PARTICIPATION	8,259,660	8,259,660	8,259,660
01.	RECEIPTS OF PRINCIPAL OF LOANS FROM:	8,842,973	8,842,973	27,803,566
01-000	Government Organizations, Public Enterprises and Non-Profit Organizations	132,448	132,448	416,437
		0	0	0
02-000	Hotels and Guest Houses	0	0	0
		0	0	0
	02-000 Hotels and Guest Houses	0	0	0
	03-000 Municipalities and Regional Authorities	1,914,631	1,914,631	6,019,873

Table 2. ESTIMATES OF REVENUE TO BE RECEIVED ON THE STATE REVENUE FUND				
HEAD OF REVENUE		Estimate 2017-18 N\$	Estimate 2018-19 N\$	Estimate 2019-20 N\$
	09-000 On-Lending Arrangements	6,795,894	6,795,894	21,367,257
	03 Dividends and Profit Share from:	745,033,927	856,789,016	985,307,369
	04-000 Interest on State Account Balances with Bank of Namibia	19,395,446	20,985,873	22,077,138
	07-000 Diamond Royalties	976,182,294	1,010,348,674	1,045,710,878
	08-000 Other Mineral Royalties	199,115,383	362,927,609	465,527,244
TOTAL REVENUE FROM OWN SOURCES		56,262,523,491	57,025,436,666	60,628,408,132
93. EXTERNAL GRANTS		162,718,000	166,566,000	166,899,132
	02-00-000 RECURRENT ACTIVITY - TIED GRANTS	162,718,000	166,566,000	166,899,132
TOTAL REVENUE		56,425,241,491	57,192,002,666	60,795,307,264

Annexe iv: Appropriation Act



GOVERNMENT GAZETTE OF THE REPUBLIC OF NAMIBIA

N\$6.00

WINDHOEK - 8 June 2018

No. 6623

CONTENTS

Page

GOVERNMENT NOTICE

No. 116 Promulgation of Appropriation Act, 2018 (Act No. 4 of 2018), of the Parliament 1

Government Notice

OFFICE OF THE PRIME MINISTER

No. 116

2018

PROMULGATION OF ACT OF PARLIAMENT

The following Act which has been passed by the Parliament and signed by the President in terms of the Namibian Constitution is hereby published in terms of Article 56 of that Constitution.

No. 4 of 2018: Appropriation Act, 2018.

Act No. 4, 2018

APPROPRIATION ACT, 2018

ACT

To appropriate amounts of money to meet the financial requirements of the State during the financial year ending 31 March 2019.

(Signed by the President on 31 May 2018)

BE IT ENACTED as passed by the Parliament, and assented to by the President, of the Republic of Namibia as follows:

Appropriation of amounts for money for financial requirements of State

1. Subject to the State Finance Act 1991 (Act No. 31 of 1991) the amounts of money shown in the Schedule are appropriated for the financial requirements of the State during the financial year ending 31 March 2019 as a charge to the State Revenue Fund.

Short title

2. This Act is called the Appropriation Act, 2018.

Act No. 4, 2018

APPROPRIATION ACT, 2018

SCHEDULE

VOTE	TITLE	AMOUNTS in N\$000
01	President	411 510
02	Prime Minister	365 007
03	National Assembly	112 538
04	Auditor General	106 399
05	Home Affairs and Immigration	609 359
06	Safety and Security	5 171 800
07	International Relations and Cooperation	884 175
08	Defence	5 959 615
09	Finance	4 045 554
10	Education, Arts and Culture	13 483 065
11	National Council	100 381
12	Gender Equality and Child Welfare	1 212 373
13	Health and Social Services	6 537 102
14	Labour, Industrial Relations and Employment Creation	194 763
15	Mines and Energy	264 321
16	Justice	304 829
17	Urban and Rural Development	2 151 702
18	Environment and Tourism	402 064
19	Industrialisation, Trade and SME Development	347 778
20	Agriculture, Water and Forestry	2 137 075
21	Judiciary	366 348
22	Fisheries and Marine Resources	258 606
23	Works	662 237
24	Transport	3 474 598
25	Land Reform	476 186
26	National Planning Commission	160 995
27	Sport, Youth and National Service	288 287
28	Electoral Commission	68 968
29	Information and Communication Technology	345 897
30	Anti-Corruption Commission	60 955
31	Veterans Affairs	608 626
32	Higher Education, Training and Innovation	3 232 858
33	Poverty Eradication and Social Welfare	3 439 013
34	Public Enterprises	42 280
35	Office of the Attorney General	201 747
	TOTAL	58 489 011

Annexe v: Example of a Vote

Budget Estimates FY2017/2018

Vote 15 Mines and Energy



Vote Past and Planned Expenditures by Major Category

Expenditure Sub Divisions	2015-16 Actual	2016-17 Revised	2017-18 Budget	2018-19 Projection	2019-20 Projection
300 Operational					
010 Personnel Expenditure					
001 Remuneration	81,008,000	73,618,000	92,179,000	92,760,000	100,688,000
002 Employers Contribution to the G.I.P.F. and M.P.O.O.B.P.F.	9,103,000	8,677,000	7,617,000	7,825,000	7,840,000
003 Other Conditions of Service	589,000	834,000	748,000	797,000	809,000
005 Employers Contribution to the Social Security	0	237,000	244,000	258,000	267,000
010 Personnel Expenditure Total	90,700,000	83,366,000	100,788,000	101,640,000	109,604,000
030 Goods and Other Services					
021 Travel and Subsistence Allowance	9,926,000	5,434,000	1,420,000	1,850,000	2,700,000
022 Materials and Supplies	1,893,000	675,000	1,000,000	1,452,000	1,700,000
023 Transport	4,618,000	3,272,000	1,595,000	3,574,000	3,500,000
024 Utilities	5,102,000	7,373,000	2,500,000	3,300,000	4,000,000
025 Maintenance Expenses	1,629,000	1,800,000	200,000	300,000	500,000
027-1 Training Courses, Symposiums and Workshops	6,304,000	837,000	0	0	0
027-2 Printing and Advertisements	0	349,000	0	0	0
027-3 Security Contracts	0	268,000	350,000	312,000	512,000
027-4 Entertainment-Politicians	0	48,000	48,000	48,000	48,000
027-5 Office Refreshment	0	158,000	0	0	0
027-6 Official Entertainment/Corporate Gifts	0	190,000	0	0	0
027-7 Others	0	2,679,000	1,000,000	2,000,000	2,000,000
030 Goods and Other Services Total	29,472,000	23,083,000	8,113,000	12,836,000	14,960,000
080 Subsidies and other current transfers					
041 Membership Fees And Subscriptions: International	4,764,000	2,350,000	2,533,000	3,888,000	3,088,000
042 Membership Fees And Subscriptions: Domestic	0	9,000	10,000	0	0
043-1 Sub National Bodies	34,584,000	0	0	0	0
044-2 Support to N.P.O	0	0	6,538,000	0	0
045-1 S.O.E.	0	9,782,000	10,000,000	12,434,000	5,262,000
080 Subsidies and other current transfers Total	39,348,000	12,141,000	19,081,000	16,322,000	8,350,000
110 Acquisition of capital assets					
101 Furniture And Office Equipment	1,487,000	37,000	0	0	500,000
110 Acquisition of capital assets Total	1,487,000	37,000	0	0	500,000
300 Operational Budget Total	161,007,000	118,627,000	127,982,000	130,798,000	133,414,000
200 Development					
030 Goods and Other Services					
032 Materials and Supplies	4,269,000	950,000	5,300,000	8,123,000	14,000,000

Vote 15 Mines and Energy



Expenditure Sub Divisions	2015-16 Actual	2016-17 Revised	2017-18 Budget	2018-19 Projection	2019-20 Projection
037 Other Services and Expenses	15,574,555	7,609,000	13,500,000	24,500,000	27,500,000
030 Goods and Other Services Total	19,843,555	8,559,000	18,800,000	32,623,000	41,500,000
110 Acquisition of capital assets					
111 Furniture and Office Equipment	45,805	50,000	0	0	0
112 Vehicles	2,225,000	0	0	0	0
113 Operational Equipment, Machinery and Plants	0	400,000	3,250,000	8,200,000	5,500,000
115 Feasibility Studies, Design and Supervision	9,000,000	9,635,000	8,893,000	12,000,000	23,000,000
117 Construction, Renovation and Improvement	75,122,569	37,414,000	47,000,000	49,000,000	69,559,000
110 Acquisition of capital assets Total	86,393,374	47,499,000	59,143,000	69,200,000	98,059,000
130 Capital Transfers					
131 Government Organisations	5,780,000	3,000,000	2,000,000	4,000,000	8,000,000
130 Capital Transfers Total	5,780,000	3,000,000	2,000,000	4,000,000	8,000,000
200 Development Budget Total	112,016,929	59,058,000	79,943,000	105,823,000	147,559,000
GRAND TOTAL	273,023,929	177,685,000	207,925,000	236,621,000	280,973,000

Annexe vi: Parliament Budget Office (PBO)

Introduction

Emerging trends indicate that legislatures worldwide are becoming more assertive, tending towards a transformative legislature with the result that they are reclaiming their power of the purse and are playing a more active role in the budget process. This is as a result of the fact that in many developing and transitional countries, parliaments are moving in the direction of greater budget activism occasioned by democratization and constitutional reforms, thereby creating opportunities for legislatures to redefine the contribution to public budgeting.

However, since national budgets often tend to be large, complex and difficult to understand by parliamentarians given their apparent lack of budgetary expertise, the need to build budget expertise within the parliament cannot be overemphasized. It is against this background that most parliaments deem it fit and proper to establish their own Budget Offices¹² to assist them, amongst other things, in fiscal oversight of the Executive.

It is instructive to bear in mind that Parliamentary Budget Offices are specialized units within the legislative branch that are supposed to produce objective budgetary, fiscal and programmatic information for the legislators. The case for a non – partisan budget office rests on the assumption that legislatures need a source of information and analysis independent from the Executive to effectively execute its legislative and oversight functions. Also, there is a significant potential for these units (PBOs) to assist members of parliament in understanding the budget process, the broad fiscal challenges facing government and expenditure control and budgetary trade-offs that affect present and future spending.

¹² Examples of Parliamentary Budget Offices include, to mention a few, the United States of America's Congressional Budget Office (CBO) established in 1974, Korea's National Assembly Budget Office (NABO), Uganda's Parliamentary Budget Office, South Africa's Parliamentary Budget Office and Nigeria's National Assembly Budget and Research Office (NABRO).

Key features of a PBO

Establishing and maintaining an independent PBO that provides objective budgeting information to the legislature is not easy. It is an important challenge that requires a step-by-step development process combined with a medium- and long-term plan. Certain fundamental characteristics must be present if the unit is to be successful. Foremost is that it must be independent i.e. independent from government control and manipulation in the discharge of its duties. Therefore, the unit must be free to analyse available data and come to their own conclusions without deference to the methods used by ministries, departments and agencies. Similarly, the PBO's work must be authoritative because of its reputable wealth of knowledge and technical expertise. This explains why most PBO employees are economists or financial analysts with advanced degrees and years of experience in the public service. In addition is the non-partisan nature of the unit. Note that 'non-partisan' is different from 'bi-partisan': the former connotes lack of political affiliation, while the latter connotes affiliation with both (or all) political parties. A unit that is bi-partisan would attempt to present its analysis from the perspective of both (or all) political parties, whereas a unit that is non-partisan would not present its analysis from a political perspective at all. Clearly, a non-partisan PBO would be superior in presenting objective information. Operating in a non-partisan nature would require, among other things, that the same information be provided to majority and minority parties.

Functions and Objectives of a PBO

The following are the typical functions of a PBO:

- a) To provide budget-related information to all Committees in relation to their jurisdiction;
- b) To submit reports, but not limited to economic forecasts, budget projections and options for reducing the budget deficit;
- c) To identify and recommend on Bills that provide an increase or decrease in revenue and the budget;
- d) To prepare analytic studies of specific subjects, and;
- e) Generally give advice to parliament and its committees on the budget and the national economy.

The objectives of a PBO include but are not limited to:

- a) Ensure that provisions of the constitution and the Finance Act are sufficiently implemented and complied with.
- b) To establish a mechanism for parliament and its committees to have timely access to budgetary and economic data and information.
- c) To provide a non-partisan critique to the Executive's revenue and expenditure proposals and their economic assumptions. This presents an opportunity for parliament to reflect on some alternative forecasts and policy options, before taking an appropriate policy decision on the Executive's proposals.
- d) To design and prepare analytical policy studies of specific subjects of public interest and concerns, such as financial risks posed by government-sponsored enterprises and financial policy.
- e) To produce reports on spending patterns of Government programmes for a multi-year period, which enables parliament to analyse Ministerial Policy Statements. This helps in examining and assessing the relative proportions of budgetary allocations within and across various sectors in line with national objectives and goals.
- f) To produce quarterly performance reports for parliament, summarizing the budget and economic data trends, in order to advise parliament and its committees on their budget legislative and oversight responsibilities.
- g) To examine and assess performance measurement indicators for Government programmes, in order to ensure efficiency and effectiveness in service delivery.
- h) To strengthen the link between civil society and parliament on budgetary issues with a view to reinforcing and improving consultations and civil debate on the national budget. The link should gradually act as a means to ensure that the budget reflects the wishes and aspirations of civil society and the general public.

How PBOs support the Parliament

The budget process in Uganda is a highly involving cycle, with Parliament as an active participant. PBOs continuously and proactively provide technical support, advice and information to members of parliament and Committees in the following areas of the budget cycle:

- a) **Staff Deployment.** Each Standing and Sectoral Committee of Parliament is supported with a staff member from the PBO. The staff member is part of the Committee Secretariat, but with a specific role to advise the Committee on budget and economic issues. The PBO staff members regularly attend Committee sittings and also support the Committees when they travel outside parliament, for fiscal oversight visits to Government projects.
- b) **Induction and Dissemination Workshops.** At the beginning of each parliament, the PBO conducts induction workshops for members of parliament as a capacity building effort for members to appreciate the budget laws, the budget process itself and the role of parliament in ensuring budget openness, transparency and accountability. In addition, periodic dissemination workshops are conducted for Committees to receive the analytical reports from the PBO on topics of interest in their jurisdictions.
- c) **Budgeting Manual.** The PBO produces a Budgeting Manual. The manual is a practical toolkit on the key concepts of budgeting and offers simple tools for budget scrutiny. The budget manual acts as a quick reference for members of parliament, as they perform their legislative and oversight role and for all staff who support the Committees of Parliament.
- d) **Research Support.** Any member of parliament is free to place a research request to the PBO on issues of the budget and the economy. As a matter of fact, the PBO proactively carries out topical studies on thematic areas of interest to parliament.
- e) **Analytical Reports.** Generally, during the budget cycle, PBO staff members continuously scrutinize Government policy, actions and statistical documents, review legal frameworks, search for literature and principles of best budget practices; in order to produce analytical economic and budget reports for parliament.

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