

RESPONSE OF THE NAMIBIAN CATHOLIC BISHOPS' CONFERENCE (NCBC) TO THE 2023/24 NATIONAL BUDGET

1. Introduction

The Namibian Catholic Bishops' Conference (NCBC) noted the tabling of the 2023/24 National Budget and the Medium Term Expenditure Framework for the FY2023/24 - FY 2025/26 by Honourable Ipumbu Shiimi, Minister of Finance, on 22 February 2023. As all might recall, the theme of the Honourable Minister's Budget Statement was: ***'Economic Revival and Caring for the Poor.'***

The NCBC once again, congratulates the Honourable Minister for expeditiously tabling the National Budget in February as it was the case with the 2022/23 National Budget. The NCBC restates, as we have stated in our previous responses to the National Budgets, that the Church does not, and has no wish to possess political power over the temporal order. In other words, the Church has no jurisdiction over the political realm, although the Church possesses the plenitude of teaching authority in the sphere of religion and morals.

Against the above background, the Roman Catholic Church does not wish to prevail in public life or intend to seek power over the State, but simply wishes to contribute to the acknowledgement and attainment of what is just, collaborate with the State to eliminate poverty, speak out against injustices, and wishes to contribute to shape a moral and ethical society based on the principles of fairness and social justice especially with regard to the distribution of public available resources and goods.

As it was the case previously, the NCBC's response to the National Budget continues to be informed by the belief that both the Church and State though independent from each other, serve the same person created in the image and likeness of God, hence the need to collaborate in order to promote the common good, build a just society, and promote life and dignity of the human person.

2. Contextualizing the NCBC response

The response of the NCBC to the 2023/24 National Budget in particular and to public policies of interest to the Church in general, are at all material times informed by major principles of Catholic Social Teaching. Specifically, in this context:

- Protection of all human life.
- Promotion of human dignity.
- Preferential option for the poor and vulnerable.

- Building of global solidarity, subsidiarity and the common good.
- Stewardship of God's creation.
- Universal destination of goods.

3. Context of the 2023/24 National Budget

The Church is conscious of the fact that the Honourable Minister tabled the 2023/24 National Budget against the backdrop of recovering from the devastating impact of COVID -19 on the economy and livelihoods, low economic growth, high inflation rate, and escalating cost of living, and therefore, economic hardships being experienced by the majority of the citizens to sustain decent standard of living. The tabling of the 2023/24 National Budget was also against the background of the high failure rate of learners in exit external General Education examinations amidst lack of job opportunities and an already high youth unemployment rate in Namibia.

4. Positives of the 2023/24 National Budget

4.1 Social and Public Safety Sectors allocations

The NCBC applauds Government for continuing to prioritize Social Sector Ministries and Ministries responsible for public safety in financial resources allocation. The total allocation to the Social Sector during the 2023/24 Financial Year amounts to N\$ 34.4 billion or 52.9% of the National Budget. The allocation during the 2023/24 National Budget prioritizes the Ministry of Education, Arts and Culture with an allocation of N\$ 16.8 billion, the Ministry of Health and Social Services with N\$9.7 billion, the Ministry of Gender, Poverty Eradication and Social Welfare with N\$ 6.5 billion mostly to cater for social grants(Old Age, Disability and Orphan and Vulnerable Children Grants), the Ministry of Higher Education, Training and Innovation, an allocation of N\$3.8 billion, and Ministry of Home Affairs, Immigration, Safety and Security, N\$ 6.7 billion.

The NCBC supports these allocations. However, despite the high budgetary allocation to the Social and Public Safety Sectors, the Church is deeply concerned that the implementation, performance and outcomes of the General Education system as well as the public health and police services remain generally poor. The concern is brought about by the fact that the majority of the people especially the poor cannot afford private services, thus they rely on the public sector for basic human needs such as education, health and public safety. It is imperative therefore, that the relevant ministries in particular, and the Government in general, devise concrete and implementable strategies and action plans to ensure that resources allocation is spent prudently,

and is commensurate with learning and teaching outcomes, and effective services. The normalization of poor public services affecting the poor and vulnerable cannot be accepted, hence our call for action to improve the desperate conditions of the needy, poor, and socially and economically disadvantaged consistent with Catholic Social Teaching of the Church on preferential option for the poor and vulnerable. If resources are mostly on personnel expenditure, then officials in their commitment to work and public service should at least render efficient and effective services to demonstrate value for the allocated financial resources.

4.2 Administration Sector

The Bishops' Conference supports the allocation of N\$ 1.9 billion to the Ministry of Urban and Rural Development, especially the N\$ 96 million targeted at upgrading informal settlements. The conditions in the informal settlements that His Excellency the President has described as a "humanitarian crisis" in his last SONA requires adequate resources allocation to restore the human dignity of persons who find themselves living under this condition. The budgetary allocation for this purpose in the 2023/24 National Budget in our view is inadequate. It is against this background that the NCBC calls upon the Ministry of Urban and Rural Development to partner with other stakeholders and mobilize extra - budgetary financial and other resources to address this humanitarian crisis. There is also a need to review the housing delivery model and developmental frameworks that focus on developing remote and rural areas to address rural-urban migration, as people migrate to urban areas for job opportunities and better public services. In effect, the investment possibilities are decentralized to benefit those on the peripheries of the country.

4.3 Allocation to the Namibia Statistics Agency (NSA)

The NCBC applauds Government for allocating budgetary resources to the NSA to conduct the National Census. Our support is informed by the need for up-to-date and reliable data to inform evidence-based policymaking in responding to economic and social matters, hence our support for the allocation.

5. Matters of concern to the NCBC

5.1 Development Budget

Notwithstanding the difficult balancing act in resources allocation, the Bishops' Conference remains deeply concerned about the N\$6.5 billion allocation to the Development Budget compared to N\$ 66.1 billion allocated to the Operational Budget. The deep concern is in the context

of high unemployment rates and the correlation between unemployment and level of education. Higher allocation to the Development Budget is likely to create jobs for unskilled workers through capital projects and public works programmes. Low allocation to the Development Budget is likely to exacerbate the unemployment and hopelessness among unskilled Namibians, and likely contribute to increased rural-urban migration with all its implications on housing and other service delivery challenges. The NCBC is deeply concerned that *Economic Revival and Caring for the Poor* without targeted strategies for restarting the economy and economic growth will remain symbolic. The NCBC continues to note with concern the continuing tendency of diverting funds allocated to the Development Budget, and with the potential to create jobs, to Operational Budget during Mid-Term Budget Reviews. This practice is unfortunate, as it denies the citizenry access to services, goods, and employment opportunities. Government ministries should spend allocated Development Budget resources timely to avoid resources being diverted to the Operational Budget or returned to the Treasury. Equally Government should address the bottlenecks in the procurement processes to avoid delays in capital project execution and delivery of services and goods.

5.2 Revenue and expenditure

The NCBC noted the increased estimated revenue of N\$74.7 billion attributed to SACU revenue and dividends from public enterprises and expenditure of N\$ 84.6 billion representing 4.6% of GDP. The need for prioritizing and prudent utilization of financial resources in the context of unpredictable difficult economic times cannot be overemphasized. Corruption and embezzlement of public resources must be genuinely addressed at all costs and at all levels of Government and other institutions.

5.3 Personnel Expenditure / Wage Bill

The NCBC continues to be deeply concerned about the ballooning personnel expenditure and its impact on the National Budget. As stated previously, the personnel expenditure is not sustainable, and possesses high risks for the future, hence our deep concern about lack of concrete policy intervention and strategies in the Budget Statement to curtail personnel expenditure. The actions of Government to address the personnel expenditure seems not to produce tangible results to reduce the costs. The size of both the Legislature and Executive in relation to the population should be reviewed and looked into as means to contain expenditure.

5.4 Budget Deficit and Government Debt

The NCBC remains concerned in addition to personnel expenditure to increasing and too high budget deficit and Government debt servicing costs estimated at N\$10 billion. Government debt is growing at a much faster pace, hence our concern about implications thereof on the future of the country and implications on future generations.

6. Allocations of concerns

The NCBC further remains concerned about the allocation to the Ministry of Defense and Veterans Affairs compared to Agriculture, Water and Land Reform for example, where COVID -19 has taught us lessons about self-reliance and local food security provision. Agriculture through the various value chains, if properly planned, has the potential to employ many people, hence our concern that financial resources are not being adequately allocated to the Sector consistent with international declarations and recommendations that Namibia has supported. The Green Schemes intended to contribute to food security has almost collapsed due to policy, administrative deficiencies and inefficiencies or owing to unnecessary bureaucratic hiccups. This situation is so alarming that it needs immediate attention.

7. Conclusion

Namibia finds herself in unprecedented and uncertain times characterized by increasing cost of goods and services, and by implication, cost of living. Against this background, NCBC's wish is that the preparation and development of the National Budget prioritizes basic needs of the people, and that different budgeting scenarios should be applied instead of continuing with a historical budgeting scenario. Values and principles of good governance, transparency, accountability, and ethical conduct ought to be the norm in public office to help our Nation become prudent in the utilization of public resources. The NCBC would be ready to assist the government in implementing projects which are within her ability/area of expertise, provided that the state makes the financial resources available. It is our hope that the Honourable Minister and other Public Office-bearers would find the NCBC response to the 2023/24 National Budget useful, and we look forward to receiving official feedback on our response from your respectful Offices.

+ Archbishop Nashenda OMI

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NCBC President

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