



MINISTRY OF MINES AND ENERGY

BUDGET MOTIVATION

VOTE 15

FOR THE 2021/2022 FINANCIAL YEAR

BY

Hon. TOM K ALWEENDO

MINISTER

23 April 2021

NATIONAL ASSEMBLY

**Honourable Chairperson of the Whole House Committee,
Honourable Members,**

A budget is an important socio-economic development tool, especially when realistically crafted - as this one is. It is an understatement to say that this budget is being presented at the most difficult time in our recent history. For this reason, I congratulate the Minister of Finance and his entire team for a job well done.

It is undeniable that the economy is not in a healthy state, that the state revenue has been static while at the same time the pressure to increase expenditure is mounting and that our debt is reaching intolerable levels.

To turn the ship around, it is for us as elected leaders, to put shoulder to the wheel. To do so with grit, agility and a focus of an eagle. It is for us to recognize that the economy needs a strong shot in the arm. Now is not the time to engage in unhelpful debates while those who elected us continue to endure socio-economic hardships.

The good thing though is that the Namibian people refuse to give up on the idea that life can be better tomorrow. We have single mothers who, daily, continue to defy the odds in making sure that their children are fed; an unemployed father who ekes out a living by sitting by the roadsides waiting to be picked up for an odd job; or a small business owner trying so hard to keep afloat.

It is said that leaders are dealers in hope and hope in turn is the oxygen of the soul. It is our duty therefore to assure the Namibian people that their hope for a better future is not misplaced; that a better future is achievable and that we are doing everything in our power to accelerate the dawn of that future.

Chairperson of the Wholehouse Committee, Hon Members

The Ministry of Mines and Energy has the mandate to manage our mining sector while at the same time ensuring that the exploitation of our mineral resources is carried out in the best interest of the country. It is also our responsibility to guarantee the availability of energy needed to power the economy. That being our mandate, we are well alive to the fact that we need to do more. We, and in collaboration with all our stakeholders, will continue to do everything necessary to live up to our mandate.

During the 2020/21 financial year, the Ministry carried out a number of activities. Among the important activities that we undertook is the amendment of both the Mining and Diamond Acts with the view to align them to current and best international practices. The legislative review is further aimed at enhancing transparency and accountability in the management and award of mineral rights.

In this regard, we were able to identify areas that needed a review and managed to conduct various stakeholders engagement. Some of the substantive changes considered in the review include the introduction of compulsory local ownership in mineral licences, mineral beneficiation and mine closure plans.

With regards to local ownership, we have introduced some administrative changes to make it happen. Starting April this year, Namibians who have been awarded minerals exploration and prospecting licenses (EPLs) and wishes to dilute their ownership to foreign investors, they can do so provided that they retain at least 15% ownership.

With regards to the provision of electricity, within the budget that was appropriated the Ministry managed to electrify 33 rural public institutions, such as schools and clinics at a cost of N\$42m. We were also able to electrify more than 500 rural households at a cost of N\$10m.

The National Oil Storage Facility project in Walvis Bay has been completed and handed over to our National Oil Company, Namcor, to operate it on behalf of the State. Namcor received their first shipment of fuel last December. The investment in this facility has significantly increased the national fuel storage capacity by 75 million litres, boosting stock holding capacity from 10 to 45 days.

Honorable Chairperson of the Wholehouse Committee,

For the 2021/22 financial year the Ministry of Mines and Energy is requesting a budget allocation of N\$212,441,000 only. The requested amount is to be distributed amongst the following programmes:

PROGRAMME 1: PROMOTION OF INVESTMENT IN EXPLORATION – N\$24.6m

This programme aims to regulate the mining industry, promote mineral resources potential and attract investors. Through this programme, the Ministry will finalise the re-drafting of both the Mining and Diamond Acts. It is planned to table both Bills in Parliament during the financial year.

To further enhance transparency and efficient service delivery, the Ministry is exploring the introduction of on-line mineral rights application system. More efforts will be geared towards enforcement of laws and conditions of licences to ensure that operations are conducted under safe conditions.

PROGRAMME 2: CREATION OF KNOWLEDGE OF GEOLOGICAL RESOURCES - N\$54.1m

The objective of this programme is to generate baseline geoscience data and information and carry out scientific research. Geoscience information enhances knowledge and create awareness of Namibia's geological system.

For the current financial year, the Ministry aims to better understand the geological character and mineral potential of the //Karas and Kunene Regions. This will be achieved by acquiring and interpreting multi-disciplinary geophysical, geochemical and geological data. This work is expected to provide the mineral exploration industry with data and knowledge that reduce risk and encourage mineral exploration in the targeted regions.

PROGRAMME 3: PROTECTION OF THE DIAMOND INDUSTRY - N\$10.9m

This program is mainly dedicated to protecting our diamond resources through sound regulatory oversight. We intend to enhance beneficiation of locally produced diamonds in support of the growth at home strategy.

The Ministry will also revise diamond licenses application criteria and conditions; intensify inspection and monitoring of the diamond value chain activities. In addition, the Ministry will continue to build the necessary skills and expertise in-house, in the areas of diamond sorting and valuation.

PROGRAMME 4: ENERGY SECURITY OF SUPPLY – N\$62.7m

This programme is focused on securing sufficient and reliable supply of sustainable electricity and to reduce dependence on imports. The Ministry will oversee the implementation of three new Solar PV powerplants with a production capacity of 45MW.

The Ministry also envisages to electrify about 36 rural schools with the N\$44 million which is allocated towards the rural electrification program.

PROGRAMME 5: PETROLEUM SECURITY OF SUPPLY – N\$11.2m

Through this programme, the Ministry ensures the security of petroleum supply and provides a conducive environment for the exploration of hydrocarbons in the country. The Ministry will do further work aimed at providing a conducive environment to attract and retain investors in the petroleum upstream sector.

Additionally, the Ministry will continue to regulate the downstream petroleum industry. In this regard there has been a concern about the proliferation of retail fuel stations that has the potential to threaten the sustainability of the sector. To address this concern, Ministry

has reviewed its licensing guidelines and conditions. The sector is also threatened by the illegal importation of fuel from the Republic of Angola. We are busy addressing this matter with the collaboration of all the relevant stakeholders.

PROGRAMME 6: POLICY COORDINATION AND SUPPORT SERVICES – N\$48.9m

This programme provides support services to the core functions of the Ministry and enables efficient operation for the entire Ministry. Part of the allocation will go towards the upgrade and expansion of the ICT infrastructure.

Honourable Chairperson of the Whole House Committee,

I herewith submit the Budget for Vote 15, the amount of **N\$212,441,000** only for your consideration and approval.

I thank you.