

**The Hon Usutuaije Maamberua, SWANU MP,
Contribution to the Budget 2018/2019
on 29 March 2018**

INTRODUCTION

Honorable Speaker and Honorable Members of Parliament I rise to make my budget speech in this august house.

Comrade Speaker I can understand the logic behind the following Travel and Subsistence allocations: Attorney General N\$8mln annually for this and the next three years; Safety and Security N\$14 mln this year but reducing to N\$6mln after two years; International Relations N\$10mln; Justice only N\$3mln,

BUDGET THEME: SHARED PROSPERITY

Comrade Speaker the theme of this year's budget is : SHARED PROSPERITY. But what exactly does it mean and what are the fundamentals that could lead to its realization.

Comrade speaker this concept in my view is contextual. Thus it can be possible outside a specific context. Namibia being a natural resource and agricultural dependent economy has Land as its main factor of production.

Therefore it stand to reason that shared prosperity will be realized by means of fair and equitable distribution of land with obvious imperative of efficient utilization and maximization thereof. This view is shared in '**Securing Africa's Land for Shared Prosperity**', by Frank F. K. BYAMUGISHA, World Bank, Washington DC has observed that: **The continent has abundant land and mineral resources to meet the challenge, but only if land governance can be improved within a ten-point programme to improve land governance.**

Comrade Speaker the question to ponder is how do we begin to share in the *prosperity* ~~property~~ if today's racial and class wealth divide is an economic archeological marker, embedded within the multigenerational story of dispossession, racial plunder, genocide, and discrimination?.

I quote a readers' letter in the Namibian of 24 November 2000 : "We have been fighting for the land, but we still have only pieces of it. Most of the land is still occupied by those who enjoyed a long period of prosperity by exploiting Namibians. These people become more prosperous while people such as us, who live in informal settlements, feel hopeless. The land must be divided equally."

Similarly Comrade Speaker, Werner (2000:9) cautions that, as an obvious projection area of potential social conflicts, the complex and emotional land question has the potential to create or even deepen racial mistrust and hatred. Some 13 years after Namibia achieved independence; the existing land distribution remains an obvious expression of expropriation, oppression and extermination of the African people by German and South African colonists, settlers and members of the occupation forces.

To repair this breach, it's becoming increasingly clear that internal reparations for the legacy of racism must be part of the equation.

China and Vietnam provide relevant examples. China in 1978 and Vietnam in 1988 dismantled their collective farms and used long-term leases to allocate land rights to farming households. These efforts led to China, achieving a decline in the percentage of people living in extreme poverty from about 80 percent of the population in 1981, the highest in the world at that time, to only 13 percent in 2008. Similarly, Vietnam's land reform helped in reducing extreme poverty there from 58 percent in the early 1990s to 14.5 percent in 2008.

In Africa, land administration reform programs, combined with other agricultural and economic interventions, have done wonders for the economies of Ethiopia and Rwanda. Both economies have grown at 8-10 percent per year in the last half decade. As a result, Ethiopia reduced extreme poverty from over 40 percent to 30 percent in the last 10 years, while Rwanda reduced it from 55 percent to 40 percent in the same period.

To dovetail and knit all these together, allow me to bring in the expression of the Land Reform Minister who was quoted in *The New Era* of March 23, 2018, where he said, in view of the reduction in funds appropriated for land acquisition the Ministry has revised its targets to 224123 hectares for the strategic plan period, in order to match the appropriated amount of N\$718 milion.

He further lamented when he said: "*This translates into 136 previously disadvantaged being resettled over the next five years which is a drop in the ocean*".

Diop () Cautioned that few development challenges in Africa are as pressing and controversial as land ownership and its persistent gap between rich and poor communities, that in some countries in the region, these gaps—allied as they are with high poverty rates and large-scale unemployment—have become sufficiently wide to undermine shared growth and social cohesion.

Comrade Speaker in this context, Namibia is no exception and therefore our budget must find allocation to the resolution of the Land question in all its facets as a top priority.

Comrade Speaker and Members of the August House, clearly there is a disconnect between the budget vision of Shared Prosperity and what obtains on the ground.

SOVEREIGN WEALTH FUND PROPOSED FOR NAMIBIA

A Sovereign Wealth Fund (SWF) gives Governments access to liquid assets they can draw on in times of need, which is crucial for resource-dependant countries, vulnerable to commodity price shocks. A fund of this nature also meant for future generations' wellbeing.

Comrade Speaker with this topic I had many thoughts and reflections over several months. I therefore feel obliged during this budget discussion to make a proposal for Namibia to consider to establish one. Obviously not for the reasons as advanced by Andrew Bauer who said that : These days, everyone wants a sovereign wealth fund (SWF). “The label sovereign wealth fund sounds sexy. ‘Norway has one, Chile has one, Qatar has one, we want one too,’ is what we are hearing a lot” from African leaders.

In contrast my proposal is informed by other considerations including benefits that could be had over the years, such as: to put aside and invest surplus revenues, so they can be used when finite resources such as diamonds, uranium, copper and gold run out; to act as fiscal stabilization mechanisms in giving government access to liquid assets as referred to above; a well-managed SWF boosts credit ratings and lowers borrowing costs; it also raises a country's profile: where there is money to invest, bankers and financial institutions will queue up to know more.

Comrade Speaker, just this week Christine Lagarde (Managing Director of the IMF) urged for a ‘rainy day fund’ for eurozone.

A local sentiment that found expression in an opinion piece by Alfredo Tjiurimo Hengari, stated recently that with the benefit of historical hindsight, we did not prepare ourselves adequately during the commodity boom, which marked a period of sustained economic growth up until 2012. In part, it is why we are where we are today. It is why President Hage Geingob is pulling the Namibian wagon in the direction of bold reforms and actions to set our country on a path of sustainable development and shared prosperity.

Countries that have had successes include Singapore, Botswana, Norway and so forth (see attached list of African countries having a SWF). As far as the foreign reserves of Singapore are concerned, they are being invested by three entities: GIC is the largest, followed by Temasek Holdings, bearing in mind that Temasek Holdings has both domestic as well as foreign assets whereas the GIC invests only overseas. The central bank itself holds foreign assets as part of its liquidity reserves.

GENOCIDE SOVEREIGN 100-YEARS-PLUS WEALTH FUND

Comrade Speaker this is another wealth fund that need to be explored. This is in the context of the ongoing Genocide Reparations Negotiations. The bottom line is that people of our generation should never be guilty of having squandered the proceeds of the reparations money to the detriment of the future generations of the victims of Genocide a hundred or more years to come.

My idea has benefited from works of The Intergenerational Justice which I am happy to paraphrase as it broadly states that depending on the understanding of the relevant principles of distributive justice to be applied, if there is an intergenerational conflict of interests, present generations may be obliged by considerations of justice not to pursue policies that may impose an unfair intergenerational distribution of costs and benefits. Present generations stand under obligations of intergenerational justice: They are obliged not to violate the rights of future generations.

Much as this might be a new innovation in the Namibian context, I view this as an idea worth exploring taking the twin concepts of redistributive and intergenerational justice into account.

Dr Esther Stanford-Xosei during her public lecture delivered recently in Namibia opined that if reparations benefits are not structured in ways that will positively and meaningfully impact the seventh generation (about hundred and fifty years from now), then we can as well be regarded as having stolen from the future generations.

This is an idea that naturally should find acceptance particularly amongst the communities affected by genocide and dispossessed, as much as Government will need to develop interest, as broad benefits will impact society at large.

GENOCIDE REPARATIONS NEGOTIATIONS FUND

If my proposal of 2012/13 to establish this Fund was acted upon, we could have avoided the current embarrassment of the so-called British lawyers exorbitant legal fees (N\$50mln) now under investigation by the Public Accounts Committee. The haphazard payment methods and the multiple funding sources could have been avoided. This indicates that proper budgetary planning was not in place and the expenses were not anticipated or coordinated.

Parliamentary resolution exists for government to take this process further. Resources to enable Government and the concerned communities to engage the Germans should have been put aside. Negotiations for genocide reparations could still prove to be expensive, more especially if you engage an unwilling partner. DNA tests are necessary to confirm certain facts and research to ascertain historical information also need to be funded.

Since reparations demand is the State of Namibia's obligation in the interest of its citizens, such costs should come from the State Revenue Fund. Once again in this budget, provision in this respect does not seem to have been adequately made, to meet this State obligation, hence it falls short of meeting state requirements.

FUNDING FOR CONSTRUCTION OF GENOCIDE MEMORIAL CENTRES

Following my introduction of the motion to rename the Independence Memorial Museum to Genocide Remembrance Centre, an understanding was reached between Government and SWANU MP, and noted by this August House, that government was to budget for, in the 2012/2013 Budget and in subsequent budgets for the construction of memorial centers at all genocide sites in the country.

Memorials are a way of acknowledging past individuals as victims of egregious wrongs even though we cannot affect their well-being. Also, such acknowledgement cannot be expressed face to face with the dead victims. However, memorials may be in form of a public speech, a day in the official calendar, a conference, a public space or a monument—for example, a sculpture or an installation. To my recollection Government has done none of these memorials in honour of the Genocide victims but selectively in honour of the victims of the Swapo liberation struggle victims.

Let the Government honour its promise before non-performance embarrasses the State of Namibia.

OPTIMAL REVENUE FROM MINERAL RESOURCES-AN INVESTIGATION NEEDED

The ‘Market Watch’ of 30 October 2017 carried an article “*Govt wants maximum benefits from natural resources*”, had me thinking – it was quite late!

This has been my call since 2012, where in my budget debate contribution, I expressed the need for an independent study to determine the optional contribution that mining ought to make to State revenue. The then-Ministers of Finance and Mines and Energy did not take me seriously.

Again in 2014, I made the call in my budget statement contribution for the study, as I stated the following: “*It has been revealed that there are vast benefits Namibia can derive from mining. However, over the decades the main beneficiaries of the vast mineral resources have been private corporations and other economies other than Namibians. As I have re-emphasised during last year’s budget statement, an independent study to be conducted to determine the optimal contribution mining ought to make to the State Revenue is necessary. I make the call once again here.*

Mineral resources have the potential for social and economic development of Namibia.”

The same goes for my Budget Contribution in 2015. I even went further to point out specific areas of investigation, this study should interrogate. This is what I had to say then:

“Even in the midst of vast economic and resources cum endowment, Namibia is not only technologically backward but wallow in neck-deep poverty and joblessness. This is what has come to be known as the ‘paradox of plenty’.

The study could specifically focus on the following areas of investigation:

- *Transfer, Pricing, Royalty Payments, Leading and Lagging Payments, Financing Structure, Parallel Inter Company Loans, Re-Invoicing, Counter or Barter Trade.”*

ALLOCATION TO THE MINISTRY OF DEFENCE

I refer you to page 112 of document; unreliable figures, loopholes, how did the Ministry of Finance rely on these gaps? This is what we call in Otjiherero ‘tjitanga kaorere ngo’

Since the Ministry of Defense is not in the ordinary business of buying farms, how did the Tender Board or Procurement Board give exemption to the Ministry to acquire the farms Oropoko and Otjizemba without a Cabinet Resolution. If indeed they had one how was it then possible that the Chairman of Cabinet was not aware of this procurement?

Recently some three years or so ago the budget of Defense was increased significantly following a recommendation by a Parliamentary Standing Committee, in order to renovate and upgrade dilapidated barracks. Now that we know that the objective has not been achieved why should we not regard the clandestine purchase of the farms as fruitless and also wasteful expenditure?

This is a scandal of embarrassing proportions to the State for which a Presidential Commission of Enquiry is needed urgently. This is also aggravated by the fact the Defense subsidiaries have never rendered any report to the National Assembly creating suspicion as to whether tax payers’ money has been put to good use or not.

REFERENCES

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2. ***Makhtar Diop: is the World Bank Group's Vice President for Africa Scaled-up land registration and legal recognition of the rights of squatters on public lands, would improve lives***
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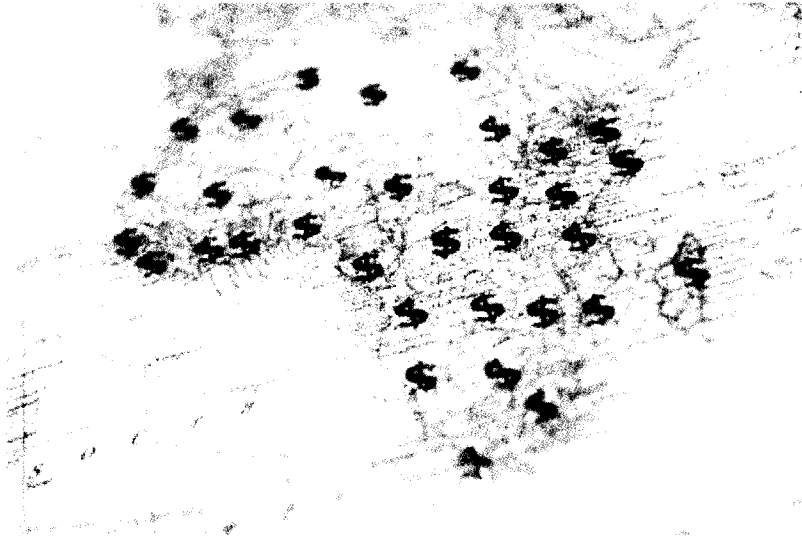
APPENDICES

African Sovereign Wealth Funds 2013

By
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Dec 20, 2013



African sovereign wealth funds and national investment funds have been gaining in prominence over the past few years. The FT this week did a special feature on finance and banking in Africa, which you can find [here](#). All the articles are well worth a read but one centered on SWFs in Africa; despite their size lagging SWFs in Asia and the Middle East, national investment funds in Africa have been growing steadily thanks to the development of primary industries (mostly oil) and better fiscal discipline.

While these types of funds normally look to make international investments like Nigeria's foray into US fixed income this year, they can also be a big player in local equity markets. More developed Asian countries have shown that these national investment funds can be used to prop up local equity markets in times of need, such as Hong Kong during the Asian financial crisis in 1998. More recently, we have seen the impact that government investment funds can have in Rwanda, where Crystal Ventures, the investment fund owned by the ruling political party, recently announced they would unload their stake in MTN, the largest telecom company in the country.

We've compiled an up-to-date list of African sovereign wealth and investment funds. The ones we saw online were incomplete, and we've listed several countries that have proposed sovereign wealth funds but have not seeded them with capital yet (Kenya, Sao Tome & Principe, South Sudan, and Tanzania).

Here's the complete list of African sovereign wealth funds: (Updated as of Dec 2013)

Country	Fund Name	Assets (\$ Mio)	Since	Notes
Algeria	Fund for the Regulation of Receipts (FRR)	77,200.0	2000	Funded by oil & gas profits
Angola	Fundo Soberano de Angola (FSDEA)	5,000.0	2012	7.5% of fund to social projects
Botswana	Pula Fund	6,900.0	1994	Funded by diamond profits
Chad	Oil Revenue Management Plan	–	2003	Created with World Bank, scrapped in 2008
Equatorial Guinea	Fund for Future Generations (FFG)	80.0	2002	Funded by 0.5% of all oil revenues
Gabon	Fonds Souverain de la Republique Gabonaise (FSRG)	380.0		Funded by oil profits
Ghana	Petroleum Holding Fund	72.0	2012	Funded by oil profits, flows to Ghana Heritage Fund and Stabilisation Fund

Kenya		120.0	2014	Mining Bill 2013 proposed, Sh10 billion initial start-up expected, funded by minerals
Libya	Libyan Investment Authority (LIA)	65,000.0	2006	Funded by oil & gas profits
Mauritania	Fonds National des Revenus des Hydrocarbures (FNRH)	300.0	2006	Funded by oil & gas profits
Nigeria	Nigeria Sovereign Investment Authority	1,000.0	2011	Funded by oil profits, flows to 3 funds: Stabilisation, Future Generations, Infrastructure Fund
Rwanda	Crystal Ventures	500.0	2009	Owned by Rwanda Patriotic Front (RPF)
Sao Tome and Principe	National Oil Account	–	2004	If oil discoveries are made, profits will go towards this account
South Sudan	Oil Revenue Stabilization Account, Future Generations Fund	–	2013	15% of oil profits go to Stabilization Account, 10% to the Future Generations Fund
Tanzania	Natural Gas Reserve Fund	–	2013	Funded by gas