

**CONTRIBUTION TO THE GENERAL DEBATE ON THE
APPROPRIATION BILL, B 3 OF 2019 (BUDGET)
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**National Assembly, Windhoek
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Honourable Deputy Speaker
Honourable Members

I raise to contribute to the General Debate on the Appropriation Bill.

The Ministry of Finance should be commended for the efforts that it has been making in collecting revenue over the past years. Generally, revenue collection in developing countries are low due to inefficiencies and malpractices in tax administrations. For example, in their publication titled *Why do developing countries tax so little*, published in the *Journal of Economic Perspective*,¹ Timothy Besley and Torsten Persson state that on average tax-to-Gross Domestic Product (GDP) ratio among developing countries stands at between 10 to 20%, whereas for developed countries it stands at about 40%. It is pleasing to note that the trends in Namibia's revenue collection illustrate a 27.4% tax-to-GDP ratio for the 2019 to 2020 fiscal year, with the previous fiscal year's tax-to-GDP ratio standing at 28.3. It is a fact that tax revenue represents 89.73% of the Budget in the current fiscal year and 91% in the previous fiscal year. Given the tax's significant effect on the overall budget, I support the proposed increase in sin taxes and the broadening of tax base by way of collecting revenue from all incomes earned from foreign sources and from business entities of charitable and religious institutions. There is logic in taxing these business entities as they are distinct legal personalities, that pay dividends to their shareholders, who are then exempted from tax.

Honourable Deputy Speaker

Some Honourable Members in this august House criticised the budget, giving an impression that there is no light at the end of the tunnel. Their arguments are, however, not backed by any statistic data or empirical evidence from researches. I would like to submit that with the downturn of the economy, it is important that there is capital injection into the economy by giving lifeline to economic sectors. Accordingly, I support the allocation of N\$ 12 billion to the economic and infrastructure sector. This amount includes railway network rehabilitation, which I believe will facilitate easing the burden of cargo transport on the road network. Wim Naudé and Marianne Matthee² put forth in their paper titled *The Significance of Transport Costs in Africa*, punished in the *United Nations University Policy Brief* that transport costs faced by African countries are almost twice as high as the world average. They maintain that:

Lack of adequate transport infrastructure makes it difficult for firms to distribute their products and to obtain economies of scale. The type of goods produced also affects a country's ability to reap economies of scale and achieve reductions in per unit transport costs.

Accordingly, I applaud provisions in the current budget for the allocation of N\$ 116 million in the current financial year and a total of N\$ 319 million in the Medium Expenditure Framework (MTEF) period, for the upgrading roads between Gobabis to Otjinene and from Gobabis to Aminus and from Aminus to Aranos to bitumen standard.

¹ Besley, T. and Persson, T., 2014, Why do developing countries tax so little? in *Journal of Economic Perspectives*, 28 (4). pp. 99-120.

² Naudé W. And Matthew M., 2007, The significance of transport costs in Africa, in *United Nations University Policy Brief*, No. 5.

This will enhance the transportation of goods and, thus, increase economic activities within Omaheke and Hardap regions. Similarly, I support the allocation of N\$ 313 million in the current financial year and a total allocation of N\$ 468 million in the current MTEF period for the upgrading of Swakopmund to Kamanjab road, which will eventually facilitate trade between Namibia and her northern neighbour Angola. These projects will boost the construction industry and provide employment during the construction phase. This industry is too important to fail as most of our SMEs from the previous disadvantaged groups are found in this sector. It is further important to mention that a number of entrepreneurs in this category are the youth – the backbone of our nation!

Honourable Deputy Speaker

Urbanisation has been on the increase over the past years, a trend that is not only common in Namibia, but also in the sub-Saharan Africa region. This makes it imperative for the parallel development of both urban and rural areas, the sectors which Yours truly is responsible for. Rapid urbanisation places strains on the infrastructure in the local authorities. Accordingly, it is very important that local authorities should prioritise on their capital projects allocation, to ensure that there is service delivery to the public. The importance of our infrastructure to meet the need of our rapid growing population and ever evolving technology cannot be understated. In this respect, I support the allocation in the current financial year of N\$ 561 million for construction and services in urban areas and the allocation of N\$ 99.3 million to rural infrastructure development and sanitation infrastructure development in rural areas.

Infrastructure development cannot be realised to the full in our local authorities, if there is no involvement of various stakeholders. Accordingly, smart partnerships like Public Private Partnerships (PPPs) are necessary to address infrastructure development programmes. A study conducted in three sub-Saharan Africa countries, by the Africa Capacity Building Foundation³ about three years ago too, recommended the adoption of this strategy, when it concluded that there are limitations on the capacity of governments to mobilise resources for infrastructure development.

Honourable Deputy Speaker

Let me turn to my area of academic expertise – international relations. Recently, SADC convened a solidarity conference in support of the cause of the Sahrawi Arab Democratic Republic, which Namibia attended. I commend the declaration of the Conference which called for, among others, the Kingdom of Morocco to fully adhere to the principles and goals enshrined in the African Union Constitutive Act, especially the need to respect colonial borders as they existed at the time of independence. The delay in implementing the United Nations and African Union resolutions on the question of Western Sahara is deliberate and primitive disregard of international law that has no

³ Africa Capacity Building Foundation, 2016, Building Capacity for Domestic Resource Mobilization: The Role of the Government, in *Policy Brief 2*, available at https://www.africaportal.org/documents/16997/policy_brief_2_eng.pdf

place in the world that upholds the principles of the right to self-determination and demonstrates political maturity that brings decency to humankind. Those that are folding their arm and turning blind eyes on the question of Western Sahara will be judged by history for committing sins of omission. The same is applicable to the question of Palestine, which for many years has remained unresolved, despite numerous decisions taken at various fora of the UN, particularly the General Assembly. The double-standard behaviours of known powerful forces in the international political systems are not doing good to advancing our universe to a greater destiny. Instead, they are furthering the illegal occupation of the Palestinian territories. May self-introspection and consciousness prevail among them to eventually follow an appropriate course in the world history of our contemporary times.

Honourable Deputy Speaker

During the 60th celebrations of the Cuban revolution this year, the leader of the Communist Party, Raul Castro bemoaned the confrontational posture that has been adopted in the current US-Cuba relations, marking a drawback in the programme that had been built in the past years. This is further confirmed by the New York-based independent think tank institution, the Council on Foreign Relation. In its discourse on US-Cuba relations, authored by Claire Felter, Danielle Renwick and Rocio Cara Labrator,⁴ the authors highlighted the setbacks by the current administration, following the adoption of the June 2017 Memorandum which prohibited business transactions with Cuban owned entities. They further pointed out that Cuba is the country which had been subjected to embargoes by the US for a longest period in world history. I continue to express my unequivocal support to the people of Cuba and denounce any attempt by any to patronise them in their quest for chartering the course that best suit their aspirations.

With these words, I support the Appropriation Bill, No. 3 of 2019!

⁴ Felter C., Renwick D. and Labrator R. C., 2019, *US-Cuba Relations*, <https://www.cfr.org/backgrounder/us-cuba-relations>.