



THE RALLY FOR DEMOCRACY AND PROGRESS (RDP)



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Statement by Hon. Steve Bezuidenhout, Member of Parliament on the 2011 / 2012 Budget.

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Hon Speaker, Hon Members of the National Assembly,

Vision 2030 is summarized as: By the year 2030, Namibia **should be** an industrialised nation, enjoying high per capita income, a highly educated nation, abundant prosperity, and interpersonal harmony, peace and political stability.

Let us keep this in mind when we evaluate the expenditure proposals from Government in the Medium Term Expenditure Framework. The questions in our minds should be: Is this budget a support structure as we work towards our vision; Are the Ministries, Agencies and Offices adequately funded to carry out its mandate; Are the serious challenges of the nation adequately addressed? To me it does not appear as if the 2011 / 2012 National Budget supports this vision as our development investments display little or no support for its objectives.

Hon Speaker; Hon Members, allow me spend a very short time highlighting some of the major **OBJECTIVES** of Vision 2030. Some of these objectives are **to**:

- (i) Transform Namibia into an industrialised country of equal opportunities, which is globally competitive, realising its maximum growth potential in a sustainable manner, with improved quality of life for all Namibians.
- (ii) The transformation from an aid-recipient country to one that is a provider of development assistance.
- (iii) Ensure that Namibia is a fair, gender-responsive, caring and committed nation, in which all citizens are able to realise their full potential, in a safe and decent living environment.
- (iv) Develop a diversified, competent and highly productive human resources and institutions, fully utilising human potential, and achieving efficient and effective delivery of customer-focused services which are competitive not only nationally, but also regionally and internationally.

Achieving Vision 2030 is, as Hon Geingob is quoted, rightly or wrongly by local media during June 2010, a tall order (The Namibian. Christof Malletsky's column titled "Deliver us from Vision 2030"). Our collective view should be that even if it is a tall order it is not necessarily insurmountable provided we have the focus, the will, synergies, implementable plans, financial resources and resource allocation to achieve what one we set out to achieve.

Surely this budget must reflect this tall order of a vision unless the Government has quietly abandoned Vision 2030 altogether.

On the 2011 / 2012 budget I have two sections namely 1) what worries me about this Budget and 2) some practical suggestions.

In the part "What Worries Me" the following:

LEVEL OF BORROWING

In the Brundland Report as published by Oxford University Press in 1987, the United Nations defines sustainable development as "development which meets the needs of the present without compromising the ability of future generations to meet their own needs".

The level of borrowing is frightening to say the least. If two or more factors that will help us repay our commitments fail, our future generations have a massive problem. Let me draw from recent history.

In many economic crises from the late 1990s to date were financial situations that severely affected the country's economy growth and the lives of citizens. As in South America (Argentina) and Europe (Greece, Ireland and the latest casualty the Prime Minister of Portugal), governments invariably ruled out restructuring debts that looked unmanageable. In 2001 Hon. Domingo Cavallo, Argentina's respected finance minister, even took to the pages of newspapers to call the idea of debt restructuring "ludicrous" and promise that "Argentina will not be alarmed by calls from arm chair critics. IMF loans, short-for-long securities "megaswap" and finally zero-deficit budgeting did not do the trick and unfortunately the inevitable happened. During the last year we know what happened in Greece (demonstrations) and Ireland (fall of a government) and the bad news for citizens is that the financial instability is still not over. Citizens in Portugal, Spain and the United Kingdom are holding their collective breath and hope that their governments can out-manuever public debt and the pressures it creates.

IMPLEMENTATION

The intention of Government as expressed in paragraph 10 of the Hon Finance Minister's statement, and I quote, "starting this financial year, the Government will **implement** a targeted intervention programme for employment and economic growth." The operative word is "**will implement.**" Unquote. The intended target of 104,000 jobs over the MTEF period, or about 2,898 direct and indirect jobs **per month** will be the Achilles heel of the Targeted Intervention Programme for Employment and Economic Growth (TIPEEG).

GOVERNANCE OF TIPEEG.

The importance of governance in economic development has been understood by more and more institutions and countries in recent years. Personally, I regard **Good governance** as one of the decisive factors in the modern economy. Overstaffed organizations, poor administrative efficiency, rampant corruption and the inability to deliver the required standard of service, greatly hamper economic growth, development and job creation. Countries have paid a high price for the absence of good governance, which is one of the fundamental criteria of serious investors.

INADEQUATE ALLOCATIONS.

As indicated earlier, the budget strategy from 2001 to date should have been to support for the ideas and ideals of Vision 2030. In this budget there are still ministries that have not received adequate allocation of funds to carry out their mandate. Here I think specifically of the Ministry of Information, Communication and Technology, the Ministry of Trade and Industry and, to a slightly lesser extend, the Ministry of Home Affairs. Unless I misunderstand the contribution these Ministries should make in

support of Vision 2030 I would argue that their budgetary allocations are inadequate. I will elaborate during the motivation stage of the various votes.

I now come to the second part of my contribution. If we have to proceed with the 2011/2012 Appropriation against all odds I want to make some suggestions to the Government.

On the issue of unprecedented levels of borrowing, Mr. Everett M. Dirksen, a US senator from 1951 to 1969, is attributed with the phrase and I quote "A billion here, a billion there, and pretty soon you're talking about real money." Unquote. Real money needs to be paid back. In Namibia we will have the biggest borrowing since independence. The Hon Minister of Finance has adequately explained the level of debt we will incur. If any of the repayment factors do not materialize we can run the risk of a financial and economic nightmare. How and when will we or future generations pay back this money? We need to re-think this level of borrowing. As advised by Hon Nyamu, and I support him in that, we can spread the borrowing over a longer period as there is also sufficient uncertainty on the capacity to absorb this level of borrowing. We cannot borrow ourselves out of trouble. It does not work for a household, or a company and it certainly cannot work for a country. Let us not ignore good advice from various fronts and be blinded by stubbornness, intransigents and negative pride only pay the heavy price in future.

As governance approaches change to be more transparent and accountable, I suggest to Government the following to achieve the noble goals of this Budget:

As the saying goes "You cannot manage what you cannot measure." As I said earlier the implementation of action plans will be the Achilles heel of TIPEEG. Here I will strongly request implementation plans, quarterly progress and accountability reports. Such management tools will strengthen the National Assembly to fulfil its constitutional responsibility of oversight and, when necessary, to adjust, accelerate, propose remedies if and when we see early warning signs that the aims of TIPEEG cannot be fulfilled during the 2011/2012 financial year. I will later deal with the issue of possible amendments.

On the unemployment front, I offer some examples of how we can address in the short term the unemployment and poverty situation in Namibia:

- Apply the national budget as a stimulus tool for the private sector to create sustainable jobs;
- The regional spread of unemployment was captured in the 2008 Labour Survey. We have schools, hostels, police stations, hospitals and other public buildings all over the country that need maintenance and or upgrading and we have a development budget. Let us marry these three components the unemployed, the public building infrastructure and our development budget to ensure the creation of the necessary employment opportunities.
- We need to rethink, relook and balance our work permit policies of allowing non-Namibians in areas where Namibians can supply the required skills.

In the longer term we need to be patient and innovative. The answers and choices are not going to be easy, but as a country we need to forge ahead with addressing the challenges of unemployment, hunger, sustainable social safety nets and poverty.

Hon Speaker, Hon Member of the National Assembly, I want to touch on a few areas of focus in the longer term. These are by no means exhaustive or comprehensive.

HUMAN RESOURCE DEVELOPMENT

The importance of human resources in economic development is self-evident as economic activities are carried out by people and for people. Since their independence many African countries experienced a rapid population growth on the one hand and slow development of human resources on the other. In tandem there was also sluggish economic growth. Over years these factors have moved in different directions, resulting in serious and negative impacts on the various countries on our continent. According to information on the Tunisian and Egyptian revolutions and the ongoing situations in other Arab States the core challenges of those governments is a disjoint of a developed human resource with no or limited job opportunities.

Education is a major component of human resource development. His Excellency President Abdou Diout of Senegal told an October 1997 meeting of the Association for the Development of Education in Africa that, and I quote "only through education, will the continent and its sons and daughters be able to meet the demands and challenges of the 21st century".

Similarly, in a speech, former UN Secretary General Kofi Annan argued that the university must become a primary tool for Africa's development in the new century. Universities can help develop African expertise; they can enhance the analysis of African problems; strengthen domestic institutions; serve as a model environment for the practice of good governance, enhance conflict resolution and respect for human rights, and enable African academics to play an active part in the global community of scholars.

The Kigali Institute of Science, Technology and Management (KIST) in Rwanda have produced more technology graduates for the country since the Rwandan Government's strong focus on ICT. When the institute opened in 1997, the country had fewer than 50 technology-trained professionals. KIST is now graduating over 200 technology-trained professionals a year.

Closer to home we need to raise the bar of our education excellence to produce the necessary human capital to support our economic growth. Our own institutions of higher learning namely UNAM and Polytechnic must be supported, encouraged and empowered to do the similar interventions to support our future growth path, but we need to allocate more financial resources to support innovation.

In Namibia like in the rest of Africa, **women** constitute a major chunk of the population and a significant percentage of the rural and urban labor force. Women are producing food and provide enormous social services to families and communities. They spend many hours a day doing manual labor, domestic work, raising children and fending for their families. They play the role of "holding up half the sky" and as a country Namibia, both public and private sectors need to invest more in women empowerment for the benefit of the nation. In the absence of any publicized detail action plans I would argue that this strong force, the women, is also left behind.

DOMESTIC SAVINGS FOR ECONOMIC DEVELOPMENT

China's economic growth is found to have a long-running relationship between household savings, enterprise savings and economic development. A distinct and clear domestic savings policy can sustain our national desire to use local savings to support economic growth in the medium to long term.

Hon Speaker, I will not dwell on the issue of domestic savings as the Hon Minister of Finance has indicated that we will deal with the relevant financial sector issues in the foreseeable future and I hope domestic savings for economic development will be one such issue.

The desire and the will to attain the ideals of Vision 2030 alone should allow this august House to, if and when needed to have the ability to adjust the Appropriation Bill. If we refuse to, against common

sense and sound advice, allow adjustments to the Budget Parliament will in real terms abandon its mandate of oversight and its power and functions as contained in Article 63 of the Namibian Constitution. The possibility of amendments should not arise to a question of us and them, but what is in the best interest of Government's ability to execute its plans and programmes. Stubbornness, negative pride and intransigents will, in the long run, hamper our collective responsibility to address issues of great concern to our nation.

In summary, Hon Speaker, Hon Members of Parliament, the task at hand to effectively address unemployment and widespread poverty via our budgetary instrument is enormous but, as I said earlier, it is not insurmountable. The virtues and subsequent benefits of innovative short term job creation, the long term development of our human capital through our education sector to support our economic expansion, growth and the ideals of Vision 2030, the investment in women as agents for development, good governance and application of domestic savings for economic development are unquestionable.

We need to follow the same route taken by many industrialized and emerging economies. We also need to be bold, courageous, innovative and work as a collective and we will overcome these challenges.

I thank you.