

**CONTRIBUTION TO THE DEBATE ON THE
APPROPRIATION BILL
BY HON PEYA MUSHELENGA, MP
DEPUTY MINISTER OF FOREIGN AFFAIRS**

**National Assembly, Windhoek
23 March 2011**

Honourable Speaker
Honourable Members

This year started on a wet note as heavy rainfall resulting from climate change clouded and covered most of the parts of our country. The floods brought both good and bad news. Good news that there ~~are~~ ^{is} plenty of fresh water fish, frogs and *omagungu*. Thus, the communities that live on these traditional cuisines will enjoy these delicacies for a relatively longer period. The bad news is that heavy rainfall has destroyed crops and there is likely to be poor harvests in some areas. The negative impact of heavy rainfall in agricultural production regions puts another responsibility of the state to intervene to ensure that our people continue to sustain their lives, in the post-flooding season. The government has positively come to the rescue of many affected residents and relocated those whose residences are inhabitable due to rain. I, therefore support the total allocation of N\$ 57 million in the 2011/12 financial year for disaster recovery and emergency services, split as N\$35 million for disasters and emergencies, N\$ 20 million for the capitalization of the National Emergency and Disaster Fund and N\$ 7.1 million for the provision of goods and services during emergencies.

Most communities are separated by floods, leading to urgent need for infrastructure development such as bridges and roads. I am just returning from Ohangwena and Omusati Regions, where roads are badly damaged, with some bridges for gravel roads collapsing. In this connection, new needs are arising urgently and which justify the expenditure levels proposed by this budget. This budget proposes an amount of N\$6.5 billion over MTEF period for roads and railway infrastructures. Through this intervention, Government not only ensures economic development through infrastructure development, but also creates much need employment for our people and promotes social uplifting, and increases mobility.

Honourable Speaker

Appropriation Bills world over serves the purpose of, among others, allocating resources for government expenditure. Expenditures are identified to meet the demands of the nation. Accordingly, responsible governments focus on areas that would bring improved value to life, foster development and create prosperity. Our government, too, is very much considerate of the current challenges for our society, namely unemployment. Thus, the budget seeks to address this state of affairs to bring brightness amidst bleakness and despondency.

Unemployment figure at 51% is a challenge which we must demonstrate to address. The impacts of unemployment have far larger effects on society, which if not addressed, can be passed on from generation, and include poverty, hopelessness and deprivation. As a government, we need to instil hope in the lives of our people, so that they are able to send their children to schools, feed their families, and contribute to nation-building, amongst others. The “answers” to unemployment are a Government preoccupation, as His Excellency the President pointed out. I salute him for his vigour and determination to provide guidance to address this matter. A university of Amsterdam economist, Peter Rodenburg, states in his discourse *Multiple causation and the measurement of unemployment*, that curbing unemployment includes targeting specific sectors in the economy that experience high unemployment and treating these sectors with specific policies. It further includes measures such as subsidies or employment projects for the unemployed in the construction industry. And the Namibian Government has lived up to that

challenge, when it adopted the Targeted Intervention Program for Employment and Economic Growth (TIPEEG). This budget is another testimony to that determination. I, therefore, support the allocation of N\$14.6 billion during the MTEF period.

While government has in good faith sought to curb unemployment, some quarters of the society launched an attack on the budget as a spending spree. Such a description amount to imply that government is on extravagant expenditure and lavish disbursements. This budget is prepared under brave consideration, and with clear objectives as outlined by the Hon Minister of Finance in her Budget Statement. These include clear objectives of sustaining the growth of the economy and curb unemployment, amongst others. In pursuit of those noble objectives, we have thus seen a budget with expenditure levels rising from N\$27.1 billion in 2010/11 to N\$35.8 billion in 2011/12 against a revenue increase from N\$22.5 billion in 2010/11 to N\$28.0 billion in 2011/12.

Among those who took out knives and forks against the budget are two honourable members of the opposition who spoke on the budget last week, namely Honourables Usutuaaie Maamberua and Jesaya Nyamu. Some of the statements that they made here cannot go unchallenged. I will start with Honourable Maamberua. The Honourable Member, a former Permanent Secretary in the Ministry of Finance, alleges that in creating employment, government is shifting money from one sector of economy to the other, thus creating additional jobs after abandoning others. He mentioned some of the things such as job creation and economic growth. It is a pity that such a statement is made by an economist whom I suppose ought to have read the budget documents thoroughly. To start with, there is a rise in the expenditure and a larger portion of the money has been allocated to infrastructure development. No job cuts in other sectors, as there is no reduction in expenditures of those sectors.

Let me, for Honourable Maamberua's satisfaction just cite even the youth programmes. The Ministry of Youth, National Service, Sport and Culture is allocated over N\$800 million for youth development programmes in addition to appropriation to sports (N\$291.5 million) and culture (N\$232.9 million) over MTEF period. The N\$800 million will "empower, encourage and support the full and effective constructive participation of youth in the process of national development and decision-making". Hence the involvement of the youth in economic activities and empowerment schemes will help to address the issues of unemployment. I applaud activities relating to youth development, including activities of NYC, NYS, Youth Expo activities, Youth empowerment programme at Berg Aukas, Youth Credit Scheme and Rural youth development which is aimed to "empower rural youth by providing facilities, services and education opportunities ...".

In this connection, government has introduced additional programs aimed at containing unemployment, including programs for youth development such as Namibia Youth Credit Scheme aimed at supporting young entrepreneurs who want to start their businesses. This is a noble initiative, which needs to provide a paradigm shift in the way we utilize skills at our disposal. Therefore, efforts by the National Youth Service (NYS) to impart skills on our youth are commendable. David Begg in his 3rd edition of *Economics* confirmed that in 1983, the Thatcher government "introduced youth training schemes" to help curb the impact of

unemployment. I wish to demonstrate here that, youth empowerment can help us to address unemployment.

In tackling unemployment, Begg (1991: 484) pointed that as a nation we also need to be cognizant of the fact that unemployment can be structural in nature, driven by changing patterns of demand and production. This can be due to specialization, automation and technological advancement of economies. And this provides a mismatch of skills and job opportunities. Therefore, we need to ensure that skills development initiatives are supported, if we are to stay competitive. Thus, our vote on Education has to diversify the learning and skills methods imparted on our learners, and pay equally greater attention on vocational education and training schemes and community skills development centers; and encourage innovation and research, amongst others. These initiatives, I believe can propel our economy to provide entrepreneurs, and strengthen the private sector, which is the engine of the economy. With right skills for the economy, the issue of skills import is minimized, and unemployment is further curbed.

Honourable Speaker

Let me now come to Honourable Jesaya Nghunduluki Nyamu. In his contribution, the former Minister of Trade and Industry talked about “ego-based projects that turn out to be white elephants such as the Northern Railway Line”. Before I respond to this contention, I would like to help the honourable member by first defining the meaning and implication of his phrase. The eleventh edition of the *Oxford English Dictionary* defines ego as a ‘sense of self-esteem and self-importance’, and further defines ‘white elephant’ as ‘a possession that is useless or troublesome, especially one that is expensive to maintain or difficult to dispose of’. I would now like to share some statistic information with regard to the use of the railway from Tsumeb to Ondangwa during the period of February 2010 – February 2011. A number of commodities were transported in the nett tons as follows:

Bricks	128
Cement	37 928
Earth, ash, gravel	28 938
Fuel	13 913
Motor Vehicles	67
Pipes	34
Stock fed	191
Wood: wooden poles	38
TNX sundries	481
TNX mini	355
TNX 3M	227
TNX 6M	1 159
TNX 12m	190
CXO - MINI	1 132
CXO - 3M	1 802
CXO - 6M	11 961
CXO - 12M	241
GRAND TOTAL	99 785

Ondangwa
 Tsumeb

The followings are commodities that were transported in the nett tons from ~~Tsumeb~~ to Ondangwa for the same period:

Cement Palette	352
Motor vehicle	2
TNX MINI	3
CXO - MINI	86
CXO - 3M	171
CXO - 6M	712
CXO - 12M	32
GRAND TOTAL	1 414

I have given these statistics for the public to know and appreciate the utilisation of the Northern Railway Line. It should be borne in mind that the figures will even increase, once the Ondangwa - Oshikango Line has been completed. Whether such a project with such a record is an 'ego-based white elephant' as Honourable Nyamu alleges, it is for the nation to judge him in a court of public opinion. As for me, I cannot help but only to say - *Akutu hewa*, poor Honourable Nyamu!

Honourable Speaker

This budget is drafted to achieve tangible results and make a difference in the lives of our people. The economy recovering from sluggish performance which was affected by the global financial crisis of 2008 need to be propelled if we are to sustain the growth statistics and hope to achieve objectives of Vision 2030, we so much yearn to reach. If we do not stimulate the economy, Begg (1991: 484) points that the results would be fall in aggregate demand leading to lower output and lower employment.

The expansion of our fiscal policy and fiscal stimulus introduced in earlier years can help to ensure sustainable economic development. And sustainable economic development is factored through the development of infrastructures, creating necessary demand in the economy, empowering the people to ensure they have the right skills needed to move the economy and addressing poverty, amongst other things. The outcome of these initiatives brings relief to our recovery efforts and need to be supported.

While the global economic recovery is proceeding better than expected, we note slow recovery in many advanced economies the recovery has been slow, compared to more solid recovery in most emerging and developing economies. We also hear from the Minister that risks to the global economic recovery remain, and the Namibian economy slid into recession in 2009. Government took efforts in 2010 to stimulate the economy, preserve jobs and create demand for the economy. And the economy recovered in 2010, with an estimated GDP growth rate of 4.8 percent.

The above-mentioned developments are gains for our economy. And against the challenges facing our economy, prompted by (1) external factors such as imminent global unrest which also affect our import markets such as oil, and (2) global financial crisis which impacted our mining commodities with low demand, it is vital that an accelerator is maintained on our economy to prevent it from sliding back into contraction, and to ensure domestic demand for goods and services and maintain the levels of employment and national output. Dornbusch (1992: 394) points that an increase in government spending is ideal to stabilize aggregate demand and national output. Hence, the expansionary fiscal policy is ideal when uncertainty is threatening our economic recovery plans.

Honourable Speaker

Let me focus on international relations. Last year President Pohamba assumed the chairmanship of the Southern Africa Development Community (SADC). In fulfilling his duties, the Head of State need support and co-operations of all institutions of government. The President has indicated that he want the region to address barriers to intra-regional trade and boost economic ties within SADC member-states. This will create a strong regional economy, and is further boosted by the tripartite agreement between SADC, SACU and COMESA which the President signed last year. A tripartite Summit will be held in the near future.

The emerging economies are of great essence to Namibia. Namibia stands to gain from trade and investments, as well as technology transfer from countries like India, China and Brazil. Many other countries elsewhere in the world offers other meaningful opportunity to boost the growth of the Namibian economy. Thus, bilateral cooperation through the Joint Commission of Cooperation remains central to our foreign-policy making. This, after all is a fulfilling our constitutional policy principle of maintaining mutually beneficial relations. The state visits by our Heads of State and visiting Heads of States, too, are effective mechanisms through which we would create prosperous opportunities for the Namibian nation. Our business community, who forms part of the delegations during engagement of this nature, bears testimony to this acknowledgement. The sum of N\$ 137.2 allocated to the bilateral cooperation for the MTEF is, therefore, in order.

Honourable Speaker

This world witnessed unprecedented protests and uprisings in the Arab world, resulting in the Presidents of Tunisia and Egypt handing over power. Fights continue in Libya. There are also similar developments in other territories in the Middle East, such as Yemen. Japan, one of the world's biggest economies was recently affected by the worst Tsunami and earthquake, which caused many deaths, considerable damage to properties and disruptions to productive economic activities. Not to be ignored is the political stand-off in Ivory Coast. The budget is, thus, presented under challenging developments in the global arena which poses risks to global economic recovery. All these are challenges which will impact on the economy, including Namibia, as we roll this budget towards implementation. We have already started to witness increasing cost in crude oil, which is passed on to our people, and the impact of these developments will continue to unfold in near times.

Our constitution espouses shared values of democracy and the rule of law and at the same times directs our foreign policy to promote international peace and security. It is within the framework of these constitutional principles that developments I alluded to need to be contextualised. It is in that letter and spirit, too, that the Honourable Minister of Foreign Affairs addressed this august house and stated our position with regard to the issues, namely to seek peace, secure and mutually beneficial co-existence; and to strive for a global village where people live in peace and harmony.

It creates a predicament when the behaviour and actions through which demands, complains and disagreement are expressed defeats the desires and aspirations of the United Nations Charter, *i.e.* the maintenance of world peace. It becomes difficult to distinguish between a popular uprising and mutiny when civilians become armed by the dark forces and are joined by members of military establishments. People should adopt unflustered approaches, such as dialogues to resolve differences among themselves. Concerns, contentions and grievances should be expressed appositely, avoiding measures that foster chaos and mobocracy. Emotions and excitements can sometimes carry people away that they conduct themselves in manners as if there are no next days to live. It is critical to decide on course of actions after at least some judicious reflection.

Hans Morgenthau, a renowned Professor of Political Science opined in his book *Politics among nations*, that power struggle characterises global politics. As a student of history, I know very well that such power struggle had not served the world well. We should learn from the mistakes of the past. Therefore, amidst developments in North Africa, the international community should endeavour to pacify the bumpy waves of political turmoil and avoid adopting measures that exacerbates volatility. It should further maintain a consistency in approach and temperate response to crisis in the world. Needless to mention that there is a need to win the confidence and address fear for those, in one way or another, surrounded by apprehensions of extra-ordinary circumstances. I am saying this, fully subscribing to the cardinal norm of our foreign policy, namely settling of international disputes by peaceful means. We would continue to promote this noble value in the multilateral fora where Namibia participates to safeguard against the international politics becoming the tussle for power and prejudicial adjudications.

Global unrest fields uncertainty in production and supply and demand mechanisms. Therefore, efforts must be employed to ensure that diplomatic efforts are preferred to resolve matters of misunderstandings. Thus, our diplomats need to be skilled to chart this course. Thus we will continue to send our officers for diplomatic training course both at home and abroad.

Honourable Speaker

Honourable Members

With these words, I support the Appropriation Bill and MTEF 2011/12 – 2013/14.

I thank you.

