

## **Contribution to the Appropriation Bill - Second Reading - Hon. Inna K. Hengari**

Honourable Speaker, esteemed Members of this House,

When we go into Committee Stages later on, it is important that we delve into the pillars set forth by the Minister in the Budget and scrutinize how they will propel growth within our nation. The budget, while not the sole instrument driving economic growth, plays a pivotal role in fostering development across key sectors of our economy.

In the backdrop of a global election year, we are witnessing increased expenditure, a phenomenon often observed during such periods. It is also no surprise that governments resort to fiscal expansionary budgets to sway voters, given the intricate nexus between politics and economics. However, we must exercise caution against overindulgence in such practices, as they may impede economic recovery in the post-election years.

Entering into elections provides us with insights into the market's reception towards our fiscal and economic policies, shedding light on investments essential for achieving governmental objectives. Notably, our Budget underscores a substantial shift towards social transfers, resembling what economists term the 'Nanny-State' characteristic. While social grants have their merits, ideally, we aim for a higher proportion of taxpayers compared to grant recipients.

Examining economies post-industrialization, we find exemplars like Norway, which have successfully reorganized their economic landscape.

Norway's prudent management of oil wealth and the establishment of the Government Pension Fund Global serve as paradigms of fiscal discipline and long-term planning. Their investment strategies, coupled with investments in infrastructure, education, renewable energy, and innovation, have facilitated economic diversification and sustainability.

However, juxtaposing Norway's success with our current scenario paints a stark contrast, particularly evident in government shareholdings in various mines.

Rossing Mine: Rio Tinto 69%, GRN 3%, Iranians 15%, South Africa 10%, others 3%

Skorpion Zinc Mine: Vendata 100%, GRN 0%

Navachab Gold Mine- QKR 92.5%, GRN 7.5%

Etango Uranium Mine - Bannerman Resources 100%, GRN 0%

Rosh Pinah Zinc Mine - Glencore 80%, GRN 0%, Others 20%

**The disparity in ownership raises questions about our economic sovereignty and the direction of our economic policies.**

Moreover, the size and trajectory of our debt remains a pressing concern. It is imperative to scrutinize the utilization of debt—whether it fuels productive endeavors or wasteful expenditures. Investment in productive sectors means well for debt servicing, whereas wasteful expenditure exacerbates the debt burden, outpacing our repayment capacity.

It is imperative to acknowledge that Namibia has never truly grappled with a growth problem per se. Our challenges lie more in the realm of insufficient economic participation. This assertion is grounded in the fact

that when we gauge economic growth, we often overlook those on the fringes of economic activity. As we pivot towards inclusive growth, our aim should be to integrate more individuals into the economic mainstream, thereby expanding the metaphorical economic cake. This expansion leads to domestic linkages proliferating, consequently driving up demand.

Reflecting on the year 2004, an election year, and the subsequent years following it marked by programs like the Targeted Intervention Program for Employment and Economic Growth (TIPEEG) and Mass Housing initiatives, we observe a missed opportunity to foster the growth of sub-industries. During periods of substantial government expenditure, the strategic imperative lies in nurturing secondary industries. Take, for instance, the Mass Housing program—a chance squandered to incubate construction-related industries. Had we capitalized on this opportunity, the ripple effects on the economy would have been profound, as we would have birthed one or more industries.

Curiously, the structure of the Namibian economy has remained largely stagnant since the 1980s. The disproportionate emphasis on the tertiary sector has stifled the growth of sectors pivotal for job creation and value addition. Ideally, a robust primary sector, such as mining, should catalyze the growth of a thriving secondary sector. Yet, our secondary sector languishes, depriving our economy of its potential to generate employment and add value. Consequently, the participation of individuals in the Namibian economy remains limited, impeding the realization of inclusive economic growth.

Therefore, it is imperative that we challenge the status quo and chart a new course. We must harness our fiscal policies to foster the growth of industries that create sustainable employment opportunities and drive value addition.

The implementation of a robust local content policy upon the discovery of oil and gas resources is paramount. While the construction sector has faced challenges in recent years, the projected growth of the development budget by nearly 58% presents an opportune moment. Honourable Minister, such an increase ideally should significantly contribute to alleviating youth unemployment and addressing other societal inequalities. N\$700 million has been allocated for infrastructure financing, including the development of railways and the improvement of informal settlements. This presents a promising opportunity to foster the growth of subsidiary industries. I commend the Minister, Hon. Wendelinus Shiimi.

### **Budget Execution**

It is one thing to have an expansionary fiscal budget, but it is a completely different ball game to ensure that the money is spent.

Development Budget: 2 months to the close of the previous financial year, the execution rate stood at 65%

While Operational Budget stood at around 75%. The point is where commitments are made, money must be spent.

I also commend the Minister who addressed the issue of undercollection and underreporting of insurance companies. We of course owe it to NAMRA.

On the issue of NAMRA, our young people who run OrderWithMe businesses, where they import goods for sale have been struggling due to stringent operations of NAMRA. But I also recognize that the delay has been caused by possible tax evasion by companies like Aramex etc. It is however my humble plea, that when employing measures we also consider the delays they may have on businesses run, especially youth run businesses.

Honourable Members, as custodians of our nation's economic future, we bear the responsibility to steer our fiscal policies towards sustainable growth and development. Let us heed the lessons from global exemplars and chart a course that ensures prosperity for present and future generations.

I look forward to engaging sector by sector during our Committee Stages.

I so submit.

