

**NATIONAL ASSEMBLY
REPUBLIC OF NAMIBIA
2024/2025 APPROPRIATION
BILL**

**CONTRIBUTION BY
HONOURABLE EDSON E
ISAAKS, MP**

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Contribution by Honourable Edson Isaaks during the second reading of the Appropriation Bill 2024/2025

Honourable Speaker, Honourable Members

As our nation's fiscal blueprint for the upcoming financial year is unveiled, it is crucial to critically examine the proposed national budget and its implications for our society, economy, and future trajectory. The national budget serves as more than just a financial plan; it reflects our government's priorities, values, and commitments to its citizens.

The Minister of Finance, Honourable Ipumbu Shiimi, presented an expansionary budget, where the expansion of the social net is a key feature. What is important to note is the year in which this expansionary budget is presented. Namibians will go to the polls in November.

In an election year, the unveiling of an expansionary budget by the incumbent government often serves as a strategic maneuver to sway voters and bolster electoral prospects. From the perspective of the LPM, such a budget is perceived as a calculated attempt by the ruling party to curry favor with the electorate through short-term gains, rather than prioritizing long-term sustainable development.

An expansionary budget introduced in an election year typically emphasizes increased government spending, tax cuts, and other stimulative measures aimed at boosting economic activity and appeasing constituents. However, this could be viewed as a politically motivated ploy that neglects fiscal prudence with the potential to jeopardize the nation's financial stability for the sake of electoral gain.

Honourable Speaker, honourable members.....

Looking at the budget statement of Hon. Shiimi, it appears that estimated and projected growth in GDP and revenue relied on the growth in the extractive resources sector.

However, overreliance on growth in the extractive resources sector for GDP growth poses several dangers, particularly when little attention is paid to diversifying the domestic economy and harnessing new engines of growth:

1. Vulnerability to commodity price fluctuations: The extractive resources sector is highly susceptible to fluctuations in global commodity prices. Reliance on this sector means that the economy becomes heavily dependent on the price movements of these commodities. A sudden drop in prices can lead to significant revenue losses, budgetary deficits, and economic instability.

2. Limited job creation and skills development: Extractive industries often require specialized skills and employ relatively fewer people compared to other sectors such as manufacturing and services. Overreliance on these sectors can result in limited job creation opportunities and hinder the development of a skilled workforce in diverse fields, which is essential for long-term economic growth and competitiveness. Hon Shiimi acknowledges this in his budget statement.

4. Social inequality and resource curse: Overreliance on the extractive resources sector can exacerbate social inequality, as benefits from resource extraction often accrue to a few individuals or companies, while the broader population may not see significant improvements in living standards. Moreover, the "resource curse" phenomenon, where resource-rich countries experience slower economic growth, increased corruption, and social unrest, can further undermine sustainable development efforts. In this regard, the nation must start preparing for the day that green hydrogen and oil and gas become fully operational.

Honorable Speaker, hon members.....

The Minister makes a passing mention of an important alternative to resource extraction, which from our perspective is critical for sustainable economic growth, which is green industrialization.

Green industrialization typically encompasses a broad spectrum of sectors, including renewable energy, sustainable agriculture, eco-friendly manufacturing, and other environmentally conscious industries. Both food production and green energy are integral components of green industrialization, as they contribute to reducing carbon emissions, promoting resource efficiency, and mitigating the adverse effects of climate change.

1. Food Production: Sustainable agriculture practices are essential for green industrialization. This involves reducing chemical inputs, minimizing waste, conserving water resources, promoting biodiversity, and adopting regenerative farming techniques. By investing in sustainable food production, we can enhance food security, improve soil health, preserve ecosystems, and mitigate greenhouse gas emissions from agriculture.

2. Green Energy: Renewable energy sources such as solar, wind, hydroelectric, and geothermal power are central to green industrialization efforts. Transitioning away from fossil fuels toward clean energy sources not only reduces carbon emissions and air pollution but also enhances energy security, creates jobs in the renewable energy sector, and fosters innovation in clean technologies.

Moreover, investing in green energy infrastructure can drive economic growth by attracting investment, stimulating local manufacturing, and reducing reliance on imported fossil fuels.

In positioning green industrialization for sustainable long-term economic growth and greater GDP growth, several key factors come into play:

1. Job Creation: Investment in green industrialization can create a significant number of jobs across various sectors, including renewable energy installation and maintenance, sustainable agriculture, green construction, and manufacturing of clean technologies. These jobs tend to be

local and diverse, contributing to inclusive economic growth and reducing unemployment rates.

2. Innovation and Technological Advancement: Green industrialization fosters innovation in clean technologies, renewable energy systems, sustainable agriculture practices, and energy-efficient manufacturing processes. By investing in research and development in these areas, Namibia can enhance its technological competitiveness, attract investment, and drive economic growth through the creation of new industries and market opportunities.

3. Resource Efficiency and Cost Savings: Green industrialization promotes resource efficiency by reducing waste, minimizing energy consumption, and optimizing resource use in production processes. This not only helps to mitigate environmental impacts but also generates cost savings for businesses over the long term, improving their competitiveness and profitability.

4. Resilience to Climate Change: Investing in green industrialization enhances a country's resilience to climate change by reducing carbon emissions, increasing energy independence, and building adaptive capacity in vulnerable sectors such as agriculture and water management. By mitigating the risks associated with climate change, Namibia can safeguard its economy and ensure sustainable long-term growth.

5. Market Opportunities and Export Growth: Green technologies and products are increasingly in demand globally as countries seek to meet their climate targets and transition to low-carbon economies. By positioning itself as a leader in green industrialization, Namibia can capitalize on growing market opportunities for sustainable goods and services, leading to increased exports, trade competitiveness, and GDP growth.

Therefore, green industrialization, encompassing both food production and green energy, is positioned to drive sustainable long-term economic growth by creating jobs, fostering innovation, enhancing resource efficiency, promoting resilience to climate change, and capitalizing on market opportunities for sustainable products and services. By prioritizing investment in green industries and transitioning toward a more sustainable economic model, we can achieve greater GDP growth while addressing pressing environmental and social challenges.

Honourable Speaker, hon members.....

Despite the obvious benefits of investment in diversification, to secure sustainable growth the allocations are not reflected in this and past budgets.

Inadequate investment in the agriculture sector can have far-reaching consequences, impacting food security, rural livelihoods, economic stability, environmental sustainability, and public health. Therefore, prioritizing investment in agriculture is essential for fostering inclusive and sustainable development.

In conclusion, I wish to point out that prioritizing green industrialization and investment in agriculture yields numerous benefits:

1. Environmental Sustainability: Both green industrialization and sustainable agriculture promote practices that minimize environmental impact, such as reducing greenhouse gas emissions, conserving natural resources, and preserving biodiversity.

2. Climate Resilience: Investments in climate-resilient agriculture and renewable energy enhance resilience to climate change, helping communities adapt to extreme weather events and shifting environmental conditions.

3. Economic Growth: Green industrialization creates jobs, fosters innovation, and stimulates economic growth by tapping into renewable energy, clean technologies, and sustainable agriculture, thus driving forward-looking industries and boosting GDP.

4. Food Security: Investment in agriculture increases food production, improves food distribution systems, and enhances food access.

5. Rural Development: Prioritizing agriculture investment supports rural development by providing livelihood opportunities, empowering smallholder farmers, and revitalizing rural economies.

6. Public Health: Sustainable agriculture practices promote food safety, reduce exposure to harmful chemicals, and improve nutritional quality, thus safeguarding public health and reducing the prevalence of food-related illnesses.

7. Energy Independence: Investments in renewable energy reduce dependency on fossil fuels, enhance energy security, and promote energy independence, mitigating risks associated with volatile energy markets and geopolitical tensions.

8. Innovation and Technology: Green industrialization fosters innovation and technological advancement, driving breakthroughs in clean energy, precision agriculture, and sustainable manufacturing, thus positioning countries at the forefront of emerging industries.

9. Social Equity: Prioritizing green industrialization and agriculture investment promotes social equity by ensuring equitable access to resources, empowering marginalized communities, and reducing disparities in income and opportunity.

Overall, prioritizing green industrialization and investment in agriculture offers a multifaceted approach to addressing pressing environmental challenges, promoting sustainable development, and fostering inclusive economic growth.

Honourable Speaker, awaiting the Committee Stage let me thank you for your time.