

**Remarks by Mr. Tom K Alweendo, Minister of Economic Planning and  
Director General of the National Planning Commission  
“Prevention of Corruption – A Key to the realization of Namibia’s Vision 2030”  
National Anti-Corruption Conference, 22 -24 June 2015**

I would like to thank the Director of the Anti-Corruption Commission for having invited me to address the National Anti-Corruption Conference. I am requested to talk about how the prevention of corruption can influence our ability to achieve our V2030 goals and ideals. The main idea behind V2030 is for us to grow our economy in such a manner that the majority, if not all, of our people have sufficient disposable income to enjoy a decent life.

Corruption is one of the widely discussed topics, not only in Namibia but also in the world over. Like any topical issue, there are various views as to how corruption affects development in general, and economic development in particular. Some researchers have concluded that there is no empirical evidence that corruption matters much for economic development. They go as far as suggesting that in certain contexts, corruption can have a positive impact on economic development.

You also have some anti-corruption extremists who argue that corruption is the only impediment towards economic development, especially in developing countries. However, there is a large consensus on the negative impact of corruption on economic development. We should therefore be concerned about corruption and its effects on development.

Indeed, the Namibian Government acknowledges that corruption can have a negative effect on national development. It is for this reason we signed and ratified the United Nations Convention against Corruption (UNAC) in 2003. We went as far as enacting several laws aimed at creating an enabling environment for the prevention of corruption and promotion of ethics and integrity.

The Anti-Corruption Act (Act No 8 of 2003) is the key legislation dealing with the prevention and combating of corruption in Namibia. I am informed that this conference will adopt the National Anti-Corruption Strategy in fulfillment of the United Nations Convention against corruption that requires States Parties to develop and implement National Anti-Corruption Strategies.

I need also point out that the Government’s effort to create an enabling environment for the prevention of corruption is not because of our ratification of the UN Convention against corruption in 2003. We are doing so because we have understood the negative consequences of corruption that has the ability to derail our development agenda.

In fact, our supreme law, the Namibian Constitution, recognizes the negative impact of corruption. For example, Article 42 prohibits members of the Cabinet and Ministers from taking up any other paid employment, engaging in activities inconsistent with their positions as Ministers, or exposing themselves to any situation, which carries with it the risk of conflict developing between their interests as Ministers and their private interests. In addition, it forbids Cabinet members from using their positions or information entrusted to them confidentially as members of the Cabinet, directly or indirectly, to enrich themselves.

Initiatives to deal with corruption in general in Namibia also started much earlier before the signing and ratification of the UN Convention. For example, in 1996 the then Prime Minister and current President, His Excellency Dr. Hage Geingob, established a Technical Committee on the Promotion of Ethics and Combating of Corruption. Recently the President has gone further by taking an unparalleled step to lead by example when he publicly declared his assets and those of his spouse, the First Lady. This he did to promote transparency and ethical behavior.

This is important in ensuring that in our quest to achieve Vision 2030, we do so transparently and ethically - as a Government and as a Nation - and that doing so will contribute directly to the achievements of the objectives of Vision 2030.

Not only does corruption affects economic development in terms of economic efficiency and growth, it also affects equitable distribution of resources and thereby increasing the income inequality. Let us look at various ways in which corruption affects economic development.

There is empirical evidence that corruption negatively affects not only the quantity and quality of investments in the economy but also the profitability of such investments. This in the end adds to the cost of doing business and thus making the economy less competitive. Corruption can also lead to misallocation of investment, both public and private, where resources are allocated not because of what is good for society or shareholders, but rather on the opportunity for self-enrichment. This is especially so when it comes to large investments in public infrastructure where costs tend to be inflated – adding an inefficiency tax on the economy. It is also likely to discourage quality foreign direct investment and encourages investment that is not in the best interest of public welfare.

Corruption has the potential to undermine our ability and capacity to collect tax revenue. When taxpayers evade their responsibilities to pay taxes, this is a form of corruption and it has an adverse effect on the budget. There are known economies where tax evasion takes place on a large scale and as a result creating a large underground economy thereby causing long-term damage to such economies. There are also cases where, because of corruption, unnecessary official red tape in the collection of taxes is put in place. This is usually done with the purpose to extract bribes from taxpayers. Here again, the consequence is that taxpayers, especially

companies, will join the underground or unofficial economy where it is impossible for the Government to collect taxes. This in turn further undermines the tax revenue of a country and hampers economic development.

It is also the case that corruption has an eroding long-term effect on economic growth at the company level. We all know that all successful and dynamic economies have one feature in common – strong and competitive companies. It is companies – whether publicly or privately owned – that create wealth for society. Companies are therefore at the center of economic growth. In highly corrupt economies, companies find it difficult to grow and prosper; they are less competitive and highly inefficient. More often than not, such companies tend to spend an inordinate managerial time on negotiating unhelpful regulations and red tape with bureaucrats, instead of growing the company.

Corruption is not only bad for economic growth and companies. It is also bad for ordinary citizens, especially the poor and the most vulnerable. When the investment cost in large public infrastructure is highly inflated, it reduces the Government's capacity to fund social welfare. When companies and individuals evade their responsibility to pay the required taxes, it diminishes the Government's ability to fund programs aimed at poverty alleviation – thereby perpetuating existing income inequality.

One of the important enablers in achieving NDP4 goals is that of institutional environment. We have understood that without an enabling institutional environment and effective governance structures, development cannot take place. It has also been proven that corruption has a long-term negative impact on the institutional environment. There are known cases where, because of corruption, officials deliberately manipulate the institutional environment. For example, they will create more onerous regulations and procedures and in the process create an opportunity for extorting bribes from individuals and companies. When this type of corruption is taken to the extreme, it undermines the citizens' trust in public institutions. It can also weaken the legitimacy of public institutions and even the rule of law.

It is therefore of vital importance that we all get involved in fighting corruption. It is in our best interest as a Nation; and it is important for our long-term socio-economic development. Let it start with me as an individual, as a family, as communities and as companies.

Before I conclude, I wish to point out that when engaging in the fight against corruption, let us also be aware that there is corruption and there is perception of corruption. Most of the indexes on corruption that are being compiled by certain organizations are not always about corruption but about the perception of being corrupt. However, we also know that people's perception becomes their reality. It is worse when one is perceived to be corrupt without any

evidence to substantiate the corruption label. It is therefore required of us not only to fight corruption but also the perception of corruption.

Speaking of perception – there is a growing perception that suggests that the Anti-Corruption Commission is only interested in corruption committed by “small fishes” while it ignores corruption committed by “big fishes”. Before this become the people’s reality, the ACC will do well to address this perception.

I call upon all Namibians to support the ACC in carrying out its functions. I also look forward to a corruption-free Namibia; an environment where corruption in any form is detested by every Namibian.

I thank you