

**REMARKS BY TOM ALWEENDO AT
BANK WINDHEK BUDGET BREAKFAST,
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That we have challenges that can no longer wait to be faced head-on is no longer in dispute. That the level of unemployment is at unacceptable level is no longer something to be said in whispering voices. That the economy is not growing at the level that will ensure that we achieve V2030 is no longer a theoretical debate.

Where we still do not have unanimity is precisely how to resolve the problem. That is why today you have a number of views as to whether the budget that was tabled by the Minister of Finance last week is likely to address the unemployment problem or not. I am however glad that we have moved to the stage where we are debating on the best strategy to address the problem and not on whether we are having a problem or not. That kind of debate is necessary, especially if it is likely to enhance our effectiveness as a Government, as an economy and as a country.

The Government continue to make concerted efforts in addressing economic development that is geared towards creating more employment opportunities. For the last few fiscal years the Government has been running budgets that are in many ways expansionary. That has been the case for a good reason. We know that all over the world Government budgets are used not only as a government spending plans but also as instruments to develop economies. And this happen in all economies; developed or developing. I would argue that in developing economies it is even more necessary for Governments to be more involved in economic development; given that in these economies the private sector is more often than not, not robust enough to generate the necessary economic growth.

I must also hasten in saying that when the Government intervene in the economy, it must do so with the objective of nurturing a future economy that is eventually led by private sector businesses. And in this respect, I am happy to state that our Government has on numerous occasions said that whatever economic intervention is undertaken, it is not to replace the private sector. We have been saying in Government that the private sector should continue to be the engine of economic growth. What is needed is for the private sector to embrace the Government's call and be bold in identifying investment opportunities.

The strongest criticism of the current budget so far has been that it is too much (spending as if there is no tomorrow); and that the jobs that are likely to be created through the budget are temporary; and that it is only the private sector that can (and may be also must) create sustainable jobs; and that it is not affordable; and is the Government able to spend all the money or will it simply be waste of money.

I will be the first one to acknowledge that a 55% (N\$5.2bn – N\$8.1bn) increase in the capital budget is by any measure a large increase. The good thing though is that the

money is to be invested in the real sectors of the economy. And this is the kind of investment you need in order to generate future sustainable growth. In the four sectors that have been identified as growth targets, on average we have doubled the budgetary allocation in the 2011/12 fiscal year. If the argument was that there are sectors that have better potential for faster economic growth or employment opportunities than the ones that have been identified, that argument should deserve our further attention.

What about the criticism that says that the jobs that are likely to be created by the Government will be temporary and that it is only the private sector that can create sustainable jobs? I am in agreement with this view and we have said so ourselves. We have admitted that the majority of the jobs that will be created through public works will be of the temporary nature. If you take for example a railway rehabilitation project of 200 km, it is likely that such a project may last three to four years; a port upgrade may take up to three or four years and therefore construction workers will be employed for three or four years. But this is not the complete picture; and this is a big but.

The central point we make for the Government to invest in the economy through public works is that in order for the private sector to invest more in the economy and in the process create more sustainable jobs, the Government needs to make certain investments in the economy without which it will be difficult for the private sector to play its role. We need a modern railway transport that can reduce business costs and enhance private sector profitability; we need an efficient harbour with the shortest turn-around time that will encourage more ships to offload their cargoes at the Walvisbay port thereby creating more sustainable jobs; given the availability of arable land, we need to invest in the agriculture sector not only for food self-sufficiency, but to strengthen our agricultural products exports and therefore long-term employment opportunities. Thus the Government is investing in the real sectors of the economy to ensure that tomorrow the economy is able to offer investment opportunities for the private sector. I therefore see no contradiction in our approach to ensure that sustainable jobs are being created by the private sector.

The question of affordability is very important. The last thing anyone wants to see is a situation where we spend far too much than what we have; that will be certainly unsustainable and we should avoid that as much as possible. However, if we look at the number of fiscal rules as announced by the Minister of Finance during her budget speech, the Government is keenly aware of the need to maintain macroeconomic stability, without which all our efforts to create more employment opportunities will be in vain. A debt ratio of 35% and an average deficit ratio of 7% over a three-year period are in my view still manageable. This is especially so given that we are investing more in the real sector of the economy. To me what is not sustainable is the status quo. The truth is that we cannot maintain a 3% deficit or 25% debt ratio and still hope to reduce unemployment; to make the necessary expenditure on education and health. If we do nothing today, it is only a matter of time before we find

ourselves in an unsustainable macroeconomic situation. The better option will be to make timely investment in the economy and generate more growth.

Value for money is equally important for us. We do not want to see public resources being wasted and President Pohamba has on numerous occasions warned against wasteful spending of public resources. That is why the National Planning Commission will be paying more attention to the monitoring and evaluation of the execution of the development budget to enhance value-for-money.

As I said earlier, we have a number of challenges. I am also convinced that we can overcome the challenges and we have started to do so. And when I say we in this instance I mean we as Namibians regardless of where I come from, what I do, what political party I support, what church I belong to, and many other artificial dividing walls we might have created around ourselves. We all need to believe that it is possible to create a robust economy that is able to provide us with the employment opportunities that we are all looking for. We all need to accept that we have specific role to play in finding a solution; that we are part of the solution instead of thinking that it is someone else who must find the solution for me. We need to have a true partnership between the Government (as policy maker); the private sector (as provider of capital); and the organised labour (as provider of labour). True partnership dictates that I cannot always get what I want from my partners; that there are times when I need to make some compromises in order for the partnership to continue.

There are equally important issues that we need to continue to address that are crucial for long-term economic development. First, we need to resolve the question around the kind of an economy we would like to have in say 15 or 20 years. What is that what we want to be known for as an economy? If we do not answer this question clearly the risk is that we are likely to channel our efforts and resources into too many directions with minimal impact. We have started to answer this question but I believe that we still need to delve a little deeper.

Second, once we have decided on the direction we then need to prepare ourselves for the journey. It will be of no use to know where we want to go but we neglect to prepare ourselves for the journey. This preparation could be in terms of skills that are required; the kind of attitude necessary to overcome all the challenges we certainly will meet on our journey; it could be about the legal framework or other procedural policies that need to be enabling instead of being constraining; it could be about the innovation that is needed in order to become competitive. Without good preparation for the journey ahead, we will struggle to reach our destination.

I am convinced that we have what it takes to achieve V2030. All what is needed is for all of us to recognise the immense potential residing in all of us and accept personal responsibility to be part of the solution by channelling our positive energies

in what unite us as opposed to what divide us. We owe this much to ourselves and more to the future generations of Namibians.