

REPUBLIC OF NAMIBIA



**MEDIA STATEMENT
HIS EXCELLENCY DR. HAGE G. GEINGOB PRESIDENT OF THE REPUBLIC
OF NAMIBIA**

31 July 2017

STATE HOUSE

Comrade Nicky Iyambo, Vice President of the Republic of Namibia

Comrade Saara Kuugongelwa-Amadhila, Prime Minister of the Republic of Namibia

Comrade Netumbo Nandi-Ndaitwa, Deputy Prime Minister and Minister of International Relations & Cooperation

Comrade Nangolo Mbumba, Secretary General of the Swapo Party

Ministers Present

Members of the Media

Fellow Namibians

Welcome to this press conference.

The Government of the Republic of Namibia remains committed to the principles of Transparency and Accountability. Many of you may be aware, that one of my personal mantras is that 'Transparency plus Accountability equals Trust'. I have stated on previous occasions that we are all observing an increased level of distrust towards political leaders, both locally and globally. The only sure way to restore trust is, therefore, to remain transparent and to be accountable.

Since assuming office on the 21st of March 2015, we have endeavored to keep communication channels open, as is attested to by the

numerous media conferences hosted here at the State House and media statements issued over the 28-month period. In addition, I personally interact with the public through my Facebook and Twitter accounts. Moreover, the media is invited to all public engagements held here at the State House – of which there have been many – as well as other engagements at different locations.

There has literally not been a single day gone by, without some form of engagement between State House and media actors, through the mentioned channels of engagement. These engagements form part of our unwavering commitment towards transparency and keeping the Nation informed, in what has been described by Matthew D’Ancona to be a *post-truth era*. We have passed the era of truth and now we are sitting in another era. In this era, *fake news* or simply put, the spreading of lies to create disharmony and speculation, has become the order of the day. It is therefore, very necessary and important for citizens to critically analyze what is being given to them, by consulting the original source.

Today’s media conference is intended to provide additional clarity on some of the issues that have been preoccupying the minds of citizens, who are the ultimate sovereigns. These are:

- 1. The state of the Namibian House;**
- 2. The state of the economy;**
- 3. The closure of the SME Bank;**
- 4. Alleged cases of corruption, such as the Avid Social Security case, the Development Capital Portfolio of the GIPF, the Offshore Development Company and recently the Kora music awards and NAMDIA;**
- 5. Update on land reform matters; and**
- 6. Utterances of tribalism by some National leaders.**

Some of these matters have been comprehensively addressed in the State of Nation Address and at other public engagements, to which the media was invited. Nevertheless, there is a need to refresh the minds of the sovereigns about these matters, through this media briefing.

Let me now go into the details of issues and begin with the state of the Namibian House. I have cautioned on previous occasions that Peace and Stability may seem boring to some, but let us not forget that without them, any form of sustained development will simply not be possible. Peace and Stability are also the cornerstones of our Democracy.

I am delighted that our democracy is vibrant and alive, as attested to by the unhindered expression of views by all Namibians. Political leaders in particular are under the spotlight, sometimes rightly so and at other times, not. In politics that is the nature of the game. Let us however be reminded that politicians have been elected into office by those we refer to as the ultimate sovereigns, to fulfill a specific mandate. In our case, the SWAPO Party received over 80 percent of the popular vote in the last general election, while Yours Truly, I received 87 percent of all votes in the Presidential election. We, therefore, have a strong mandate to govern. Moreover, we value our bosses who have put us in power and we are committed in remaining in touch with them through various feedback mechanisms. We observe that those who are most vocal in expressing views do not have such a clear mandate and represent a small minority, yet use the media as the conveyor belt to influence the public. We are, therefore, happy also, using the same media to account to our electorate, our bosses.

The most important point here however, is that democracy is at work:

- It is democracy that gives people freedom of expression;**
- It is democracy that allows the press freedom to publish freely;**
- It is democracy that allows citizens the freedom to move freely across the country; and**

- **It is the very same democracy that was fought for and for which blood was shed. It did not just come on a silver platter. Our democracy has been gained through sacrifice and bitter struggle and it is for these reasons, we cherish and uphold it. Because we fought for it.**

The vibrancy of our democracy is further buttressed by the fact that we remain the country on the continent with the freest press. As stated during press freedom day, as long as I am President, the freedom of the press is guaranteed. This includes the emergence of social media, as a large and fast growing online medium of communication. Indeed social and digital media provide us the platform to swiftly and effectively engage online communities. We are, therefore, committed to protect these freedoms and we see no reason why Namibia cannot be the country with the freest press in the world. Not only Africa, in the world.

In this regard, legislation such as the Access to Information Bill and Whistle Blower's Protection Act, are at advanced stages. These freedoms, should, however, be used responsibly. We know that even in the game of football, the whistle may be blown in an unfair manner. As an ardent fan of football and having experienced unfair punishment of

my favourite team by referees, who are for instance given unfair penalties which determine the outcome of the game. This is not good and I would not like to see this happening in our society.

Fellow Namibians,

Leaders are essentially there to dream and cast their vision. Therefore, as a leader I have dreamt about the Namibian House and started a narrative of a strong, united, inclusive Namibian House, where no one must feel left out, with all stakeholders holding hands in the spirit of Harambee. This narrative was informed by our past achievements and extensive town-hall consultations conducted throughout the country and ultimately culminated into the adoption of the Harambee Prosperity Plan in 2016.

It is now up to the technocrats, the bureaucrats, the business sector and public at large, to ensure that the leader's vision is implemented. As stated by Advocate Thuli Madonsela "the burden of leadership must be borne by all members with each playing differentiated, but complementary leadership roles." At this stage we are satisfied that Namibians have bought into this Plan and that a conversation about our common aspirations has begun.

We have not only dreamt during the past two years, we have also taken bold decisions to demonstrate that we mean business. These decisions, some of which, were taken even before the Harambee Prosperity Plan include the following:

- **The cancellation of the Hosea Kutako International Airport upgrade tender;**
- **The reevaluation of the Xaris Power Plant;**
- **Investigation into the oil storage facility;**
- **Cancellation of crude oil purchase from Angola, for further scrutiny;**
- **Drastic action to reign in wasteful public expenditure;**
- **The immediate increase in old age social grants by 66 percent in year one and subsequent doubling over the next two years; That is a big. Go and ask the old people. Bold decision.**
- **Meeting with land activists to avert a potentially eruptive turn of events which could have destabilized Namibia. A big, brave decision; and**
- **Mediation with the National Teachers Union to avert a prolonged and potentially devastating industrial action, that would have negatively impacted our children, Namibia's most important**

national asset. Moreover, such action could have led to the disruption of our society and affected all of us.

Next, let me turn to the state of the Namibian economy. While there is a lot of public discourse on the state of the economy, the actual state of our economy is better than currently portrayed in the public domain. As a matter of fact, the underpinning fundamentals of the economy are stronger today, than they were a year ago. Opinions and perceptions on the state of the Namibian economy are in wide circulation. It is our view that the Minister of Finance and the Economic Advisor to the President have tried their level best to provide clarity on the state of the economy and to project a positive trajectory and narrative of economic recovery. I thank them both for that. You have been struggling really during a difficult situation. Thank you very much. Following my statement, the Minister of Finance will, once again in detail explain the evolution of the country's economic and financial situation over the past few years.

We have realized that one key factor fueling discontent and opinion is the occurrence of unsettled invoices. We deeply regret the accumulation of unsettled invoices that came about as a result of weak revenue collection, due to the economic downturn. We understand the

serious impact this has on business operations, in particular, on small and medium sized enterprises. We empathize with those businesses that had to close down as a result of the economic downturn and those employees who lost jobs as a result of such foreclosures.

The Minister of Finance, will inform in detail how we intend to settle outstanding invoices. At this stage, I just want to provide personal assurance to all affected stakeholders that Government has resolved to settle all outstanding invoices by the end of August 2017.

We believe the economy has been through the brunt of the downturn and is now on a recovery path. This view is supported by the facts, such as that:

- Namibia received good rainfalls during the just ended rainy season. We observe recovery in the agricultural sectors, both crop production where a bumper harvest is expected and in livestock farming, where there has been an uptick in meat prices.**
- Consumer price inflation has been on a downward trajectory during the past six months and hit a low of 6.1 percent in June 2017. Most important is the fact that food price inflation is much lower than it was during the same period, last year. This means low-income earners who spend relatively more of their income**

on food items, are relatively shielded from the full impact of inflation compared to the same period last year.

- The Central Areas of Namibia have water supply security, even in a “no-rain” scenario up to the end of 2018. This is a significant improvement compared to the same period last year, where citizens of Windhoek faced the possibility of taps running dry by August of 2016. We were accused of not taking adequate remedial action at the time, however the undesirable situation was successfully averted in the end and taps in the capital city remained open, because of our intervention. We have experts, many experts. I had to call on Pedro Maritz to come back from retirement to assist.**

Moreover, a medium term plan to secure water supply up to the year 2020 is also in place. There is also electricity supply security in the medium term, with the number of independent renewable energy producers increasing.

- Some demand indicators such as monthly credit extension by commercial banks, monthly motor vehicle sales and monthly statistics on building plans approved and completed are starting to show and confirm a modest recovery.**

- **Liquidity conditions have improved remarkably. A credit facility with the African Development Bank, denominated in South African Rand and at favourable terms has immensely contributed to the improved liquidity situation in the country.**
- **There has been notable improvement in the trade deficit. Our international reserve position remains strong enough to support the currency peg to the South African Rand.**
- **The exchange rate of the Namibian dollar has been fairly strong and stable during the first 6 months of 2017 compared to the corresponding period last year. As a result, recently, pump prices have been adjusted downwardly by 50 cents, which provides additional boost to citizen's consumption during a period when Government resources are stretched.**
- **There are encouraging signs of economic recovery in Sub-Saharan Africa, in particular in South Africa and Angola, two key trading partners. South Africa has reduced its lead interest rate by 25 basis points, citing an improved inflationary outlook and the need to stimulate economic activities. Similarly the Angolan authorities are cautiously optimistic about recovery and have been serving their outstanding loan obligations to Namibia.**

It is true that 2016 was one of the most challenging years for Namibia from an economic growth point of view. However, it was also one of the hardest years globally and with the exception of eastern Africa, most other countries in Sub-Saharan Africa experienced flat or negative growth. This notwithstanding, Namibia's consolidation plan is deemed to be credible and is acknowledged by independent observers such as rating agencies. We instituted some of the deepest fiscal cuts since independence to rescue the economy and put it on a sustainable long-term growth trajectory. These include the shelving of big expenditure items such as:

- The Kudu Gas to Power project;**
- The construction of the Hosea Kutako International Airport; and we need to do something about that but we had to stop it;**
- The construction of a new Parliament; and**
- The construction of a second office building for the Office of Prime Minister.**

Had these projects proceeded as planned, the cost incurred could have crippled the economy. Some of these projects were also shelved as a result of poor governance in the tender awarding process.

Furthermore, we have significantly reduced the travel and subsistence allowance budget. In my own office, I have travelled only twice this year, to two other African countries and no travel has been undertaken outside Africa.

Structural reforms have also been carried out post economic downturn, to make the economy more resilient and vibrant. These include:

- The passing of a new Public Procurement Act with high local content requirement to support SME development;**
- The passing of the Business Intellectual Property Authority (BIPA) Act to enable easier business registration; and**
- The passing of the Public Private Partnership Act to attract more private investment into the economy.**

Legislation to establish an Independent Revenue Agency was recently passed in the National Assembly and has been forwarded to the House of Review before finalization and before I sign it into law towards the end of this year. This new Body, once fully operational will further strengthen our macro-economic architecture and should result in improved tax administration and revenue collection. We believe that going forward, we have the opportunity to build a vibrant and resilient economy on lean muscle. Eg: float the currency and it will find its

equilibrium. These hard times give us the opportunity to cut wastage. Sometimes they say, there is opportunity in crisis.

Despite low growth in 2016, such growth was more shared than in previous years. This is owing to our strong commitment to eradicate poverty. This shared growth observed during the period also affirms the fact that inequality is a choice, as confirmed by the recently published '*Commitment to Reducing Inequality Index*' by Oxfam, which rates Namibia number 2 on the continent with respect to 'commitment to reducing inequalities and poverty'. Earlier this year, the World Bank also confirmed that Namibia's fiscal policy is indeed pro-poor and supportive of reducing inequalities. Further evidence to support the fact that we are committed to reducing poverty, even in a slow growth period are the following:

- The significant increase both in value and coverage of old age social grants. In 2014 the old age pension was only N\$600 per month. Last year it increased to N\$1100 per month. The coverage of other social safety nets has also increased over the past two years.**
- The introduction of the food bank in the Khomas region benefiting close to 80 thousand vulnerable Namibians.**

- **The number of enrollments at Vocational Education Centers increased significantly from 16 thousand in 2015 to 25 thousand in 2016.**
- **The school going population increased by 77 thousand scholars in 2016, compared to 2015.**

These statistics are proof of our commitment to fighting poverty, income inequality and to attain more shared economic development. Unfortunately, the voices of beneficiaries of this shared growth during 2016 are not adequately heard and only the voices of those that are complaining are heard. That is their right of course. There are two sides to a story.

Let me now turn to perceptions that the President has been quiet on some cases of perceived and alleged corruption and has not taken concrete corrective action. I wish to categorically state that this cannot be further from the truth. As articulated in my State of the Nation Address, decisive action has been taken, demonstrating the Government's resolve to fight corruption. These include:

- **Cancellation of the N\$7 billion Hosea Kutako International Airport upgrading tender, despite the urgent need to upgrade the airport.**

- **The lodging of investigation into the National Oil Storage Facility and proposed action being taken against implicated officials. Furthermore, civil and criminal action is being considered against those suspected to have knowingly misled the Government.**
- **Investigations into tax evasion and money laundering are ongoing. I ask again "if the President was not serious about fighting corruption, why did he not intervene to protect his "friend". I reiterate that the law must be allowed to take its course without fear or favour and that was done in this case and many other cases. That is done and the records are there.**
- **Regarding the SME Bank and as mentioned during the State of the Nation Address, we could not comment in detail on the matter because it was sub-judice. However, Government did not intervene to stop actions taken by the Bank of Namibia against the SME Bank, although we asked them for more time to allow us to take up the matter with our political counterparts in South Africa and Zimbabwe.**

- **It is regrettable that since then, the bank has been put under provisional liquidation and that ordinary Namibians have lost their employment. Their loss directly and indirectly affects us all. We encourage all concerned stakeholders to contact the liquidators that are now in charge of the process.**
- **Let me make use of this opportunity to clarify that the SME Bank was never a "Hage" project as portrayed by some. The formation of the SME Bank came about as a result of a Cabinet resolution to convert the former credit guarantee scheme into an SME Bank. Since the matter resorted under the then Ministry of Trade and Industry and I was the Minister, I attended to the execution of the resolution.**
- **Whenever I am thrown onto the frontline, I dedicate myself fully to executing the assignment entrusted to me. This happened when I was sent to the United Nations at the tender age of 22 years and had to, petition at the UN and actively engage with communities in the United States, in particular the university communities, black power movement and others to present Namibia's case. The same happened when I was tasked to establish the United Nations Institute for Namibia in Lusaka,**

Zambia. It happened once more when I was appointed to Chair the drafting of our Constitution under the Constituent Assembly and again when establishing the new Administration as first Prime Minister in an independent Namibia. It is, therefore, no wonder my dear friend and Comrade Hidipo Hamutenya (may his soul rest in peace) in a CV he wrote for my appointment to UNIN said *"it is because of Hage's hard work that SWAPO was recognized as the sole and authentic representative of Namibia at the UN"*. So I am quiet now because Bank of Namibia took action on the SME Bank and the courts are now dealing with the issue.

- **Other ongoing and new cases of alleged corruption or wrong doing that have been cited include old cases such as the Avid Social Security case, the Offshore Development Company and Development Capital Portfolio of the GIPF, the KORA music awards case and allegations pertaining to NAMDIA. The Ministry of Public Owned Enterprises was tasked to investigate allegations regarding wrong doings at NAMDIA and other SOEs. All these cases have been investigated or are under investigation, so action has been taken and therefore I am not quiet.**

- **Sitting silently and turning a blind eye to wrong doings is tantamounts to corruption. The Namibian Government has never turned a blind eye to wrong doings. All these cases are attended to and will follow due process of the law. I do agree with the saying that justice delayed is justice denied and we must therefore do more to strengthen and streamline our processes, systems and institutions to ensure that justice is meted out in a timely fashion. In this regard, we are committed to ensuring that our judicial system is adequately resourced to expeditiously attend to matters of wrong-doing.**

During the past two years and four months we have devoted much time and energy to reignite the notion of a "One Namibia, One Nation". It has culminated – as previously mentioned - in the release of the Harambee Prosperity Plan, one year ago. We believe that good progress was made in bolstering the psyche of all Namibians and that the Namibian narrative has been entrenched and embraced, both locally and globally.

One year into the implementation of the Harambee Prosperity Plan, we are confident that we will achieve our objectives and that the Plan is on track. We do anticipate headwinds and unforeseen challenges that

will make it difficult to achieve some of our targets. However, at this stage, we are moving in the right direction. We continue to monitor the Plan and will, where necessary, adjust our approach to ensure a higher success rate by the end of the four-year period.

The manner in which Cabinet members have embraced performance contracting and performance management is worth noting. I am also pleased that Cabinet members continue to manage perceived conflicts of interest through asset and income declarations. The psyche of Cabinet has changed. Keeping time is one such matter. Our decision-making Cabinet meetings do not last longer than one hour unless there are unexpected issues of national interest we may discuss. What is pleasing is that this new paradigm has been cascaded to some Offices, Ministries and Agencies.

Before I conclude, let me say a few words about land reform matters. As you are all aware, Government is planning to hold a national land conference later this year and to that end, regional consultations have already begun. I have also made it clear in the SONA that the land conference must not shy away from debating difficult issues, such as ancestral land claims and the willing-buyer-willing-seller principle. I was, however, recently approached by the Namibian Non-

Governmental Organization Forum (NANGOF) raising concerns about the consultative process towards the land conference and in particular, the time constraints which may undermine adequate consultation. In addition, we have noted that the so-called "Landless People's Movement" intend to have a parallel conference during the month of September 2017, where they will deliberate on the land situation in Namibia. It may therefore be more effective for all consultations to precede the National conference. Therefore, we may have to revisit this matter after consultation with stakeholders and particularly NANGOF who wrote me a long letter.

In conclusion, let me return to the fundamentals of Nation building. Our Vision is to build a strong and resilient Namibian House. A House where all citizens belong and no one feels left out, in the spirit of One Namibia One Nation. This is because inclusivity spells harmony, whereas exclusivity spells discord and conflict. Equally, Transparency and Accountability equals Trust. In this Namibian House we must learn to be tolerant and respectful of our diverse cultures and beliefs. I am deeply concerned about the increase in tribal and racist remarks. Namibia is large enough for all of us to reside together in harmony and unity. Before all else, we are first and foremost Namibian. It is now imperative, more than ever before, that all of us; black or white, male

or female, young, old or whatever tribal affiliation; let's hold hands. This is a serious clarion call, to hold hands. It is difficult to build but easy to destroy. We have an obligation to safeguard and preserve the peace and unity that we enjoy.

I thank you