

REPUBLIC OF NAMIBIA



**HPP MID TERM PERFORMANCE REVIEW BY
HIS EXCELLENCY DR. HAGE G GEINGOB, PRESIDENT OF THE
REPUBLIC OF NAMIBIA**

13 DECEMBER, 2016

STATE HOUSE

Director of Ceremonies,

Comrade Nickey Iyambo, Vice President of the Republic of Namibia,

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

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

Ministers present,

Members of the Media,

Ladies and Gentlemen

Welcome to the first mid term performance review of HPP.

As you are aware, we have declared 2016, the year of implementation. The main focus of this press conference is to provide feedback to the Nation on some of the key undertakings of Government, during the year under review. It is also to underscore Government's commitment to transparency and accountability. In terms of our supreme law, the President is obliged to account to Parliament only once a year, during the State of the Nation Address. We believe this is insufficient and have purposefully created opportunities to account to the Nation throughout the year. This is yet another such opportunity.

The year 2016 has been an eventful one. It is the year we shifted gear, from planning to implementation. It is the year that we launched our Harambee Prosperity Plan. In the same vein, this year was also characterized by a some headwinds such as a slowdown in the global appetite for our commodities and a protracted drought, that adversely impacted our development plans and objectives. This notwithstanding, we have managed to steer our economy through what can be described as turbulent weather. Contrary to the pessimists who predicted a downgrading of our international investment rating and continue to suggest that Namibia is broke, the Namibian House remains politically and economically stable. Our social bonds continue to strengthen and the process of moulding the nation should never be disrupted by ethnic differences. We are consolidating the fiscal position, whilst at the same

time, extending the reach of crucial social support services, including health services, education and food aid, as you will later evidence in this statement. The Namibia Statistics Agency (NSA) recently confirmed that our poverty rate is declining at a rate faster than predicted.

Without any doubt, the highlight for this year, has been the fact that the Namibian narrative has gained momentum. Locally, Namibians from all walks of life are rallying behind the Harambee Prosperity Plan, in the spirit of One Namibia, One Nation. I thank you all for this display of collective ownership and partnership. Internationally, people have taken note of the Namibian story and are in awe of what we have achieved in a relatively short period of time. Scholars and political social commentators have written extensively about the Namibian success story. According to Joseph Stiglitz, the Namibian story is particularly impressive, given the severe income and racial segregation which was not present in other successful Nations.

In line with the effective governance pillar under the Harambee Prosperity Plan, we continue to strengthen our governance architecture. Not only did we retain our rating as the freest press in Africa as measured by Reporters Without Borders, we also moved up one place to the number 5 position in Africa on the Mo-Ibrahim Governance index. We continue to promote transparency through annual declaration of assets and income by all Ministers. This year all Ministers declared their assets and income and have done so, on time. One Minister even publicly shared his declaration and I

commend him for taking that initiative. The practice of asset and income declaration has been emulated by Members of Parliament and Civil Servants.

Furthermore, the National Anti-Corruption Strategy, which is a horizontal and crosscutting effort to enhance accountability and deepen public trust, was successfully launched during 2016. It is expected that successful implementation of this strategy will lead to improved investor confidence, attraction of foreign direct investment and improved ranking on transparency and governance indices. In the spirit of transparency, the Anti-corruption Action Plan is accessible to the public on the website of the Office of the Prime Minister.

Significant progress with the rolling out of e-governance to all OMAs has been made. In this connection some of the e-services worth mentioning, that are expected to go live before the end of March 2017 are:

- ✓ The Integrated Tax Management System by the Ministry of Finance, a solution that will streamline tax administration;
- ✓ The payroll system which will amongst others, assist Government to eliminate down on ghost employees;
- ✓ On-line application for leave of absence by civil servants, which will improve management of leave gratuity; and
- ✓ On-line applications for legal aid which will reduce the waiting period from 7 to 2 days, thereby making access to justice easier; after all

the saying goes that justice delayed is justice denied. With this electronic solution, justice will no longer be delayed.

These solutions are all aimed at bringing Government services closer to the people and improving the efficiency of public service delivery. We are also happy to report that all Government Ministry websites have been revamped and are being actively monitored against uptime and updating of latest information.

We are pleased with progress made on performance management at a ministerial level and within the civil service in general. All Ministers, Deputy Ministers and Permanent Secretaries have signed performance agreements. Moreover, in the spirit of transparency, all ministerial performance agreements have been released on the website of the Office of the Prime Minister, as well as on individual websites of ministries. This development demonstrates Governments responsiveness to public feedback, who raised the issue of the public release of performance agreements. It is pleasing to note that a number of media houses have welcomed this move and published the key targets of Ministers in their publications.

It is important to note that Ministries submit their quarterly performance reports. Although there are expected teething problems, analysis of these reports indicates that we are on course to achieving 80 percent of agreed performance targets as set out in the HPP. I would like to commend

Ministers for the positive manner in which they have embraced performance management.

We are also pleased to report that most Ministries have developed citizen service charters as their delivery promise to the public. To build on this, the process of soliticing citizens feedback on Government performance is at an advanced stage. To this point, the first comprehensive citizen satisfaction survey will be conducted before the end of this fiscal year, March 2017. The survey methodology has already been developed and an expression of interest issued. In the meantime, feedback boxes have been dispatched to all OMAs.

With regard to the pillar on economic advancement, our pre-occupation has been the safeguarding of macroeconomic stability. As you are all aware, economic conditions globally have been tested to the limit. Global growth has slowed drastically, putting downward pressure on commodity prices. This, together with one of the worst droughts in recent history, negatively affected our economic output and consequently fiscal position. This notwithstanding, we have solidly achieved two of the three outcomes, targeted under the macroeconomic stability sub-pillar.

One, we have maintained our import coverage of at least 3 months of imports, with the latest reserve level standing at N\$25 billion. This reserve level is more than sufficient to maintain our currency peg to the South African rand. This has allowed scope for our central bank to keep the lead

lending rate at 7 percent to promote economic growth going forward. Related to this is the fact that we have been able to contain price pressures within a single digit level throughout 2016.

Secondly, we maintained our international credit rating of BBB- according to Fitch. Recently, Moody's also affirmed its credit rating of Baa. Unfortunately, both agencies changed their outlook from positive to negative. We have however, instituted measures to consolidate the fiscal position and improve on our credit ratings.

Contrary to our expectation, we overshot our debt to GDP target. Our target was to stabilize debt at 37 percent as a ratio to GDP, however it is likely to come in at 42 percent comparing the SADC sustainability benchmark of 60 percent. Our debt remains however, within manageable levels when compared to regional and international benchmarks. In addition, our debt is predominantly denominated in local currency. Moreover, if we factor out the sharp unexpected depreciation of the exchange rate, our debt would be closer to the targeted ratio of 37 percentge.

To demonstrate that we mean business when it comes to the preservation of macroeconomic stability and fiscal sustainability, we have introduced severe budget cuts, which in relative terms, have been the biggest since independence. The budget, in nominal terms, was reduced by some ten percentage points, meaning that in real terms the cuts were much deeper.

Moreover, non essential spending such as travelling and subsistence allowances have been halved by close to 50 percent.

Under the sub pillar economic transformation, we set four goals with specified strategic activities to be implemented during year one of the Harambee period.

With respect to investment promotion, we have done well. In this year we gave practical meaning to the term economic diplomacy. A number of high level investment promotion missions, as well as our locally hosted Invest in Namibia International Conference, were oversubscribed with memoranda of understanding and letters of intent having been signed. We are hopeful that before the end of this fiscal year, at least two, if not more concrete investment decisions would be realised.

We are also pleased to report that the Retail Charter has been finalized and signed into force on schedule and that the economic empowerment initiative, namely NEEEF is close to being finalized. As a responsive Government, we have extended the deadline for NEEEF stakeholder contributions, several times. We are therefore confident, that we are closer to achieving a win-win outcome, in the spirit of Harambee. What is certain, is that we must do more to reduce inequality in Namibia, as the stakes of not doing so are simply too high. Despite recently highlighted successes in reducing poverty, by the NSA, our gini coefficient remains high. I therefore, urge all of us to hold hands to redress the inequalities that may threaten

the very existence of our democracy. Let us be reminded by the words of Nobel Prize winner Dr. Joseph Stiglitz, that the only sustained prosperity is shared prosperity.

Some activities aimed at stimulating local production and jobs in the manufacturing sector include:

- ✓ The reintroduction of the equipment aid scheme;
- ✓ The servicing of industrial land at Brakwater has been started;
- ✓ The construction of the Keetmanshoop furniture factory which is nearing completion. It is envisaged that in future this factory will play a key role in producing essential furniture for schools and hospitals, thereby substituting imports and strengthening our balance of payments position;
- ✓ The construction of a garment factory at Outapi is nearing completion. This factory, along with another garment factory planned to be constructed in Otjiwarongo, will play a key role in producing school uniforms and uniforms for the army and police; while
- ✓ the plan to operationalize the Northern Tannery is also near completion. This factory once completed, will unlock significant value in the agricultural sector in the northern communal areas.

During the Harambee period, the Government has committed itself to spearhead reforms aiming to ensure the Namibian economy becomes more competitive and in turn, improves its global competitiveness rankings.

In the spirit of Harambee, Competitiveness Agenda 2020 has been jointly mapped out with the private sector. This Agenda highlights crucial areas, that are integral to the creation of rapid and sustainable pro-poor growth.

Some of the factors hampering our competitiveness include: an inadequately educated workforce; access to finance; restrictive labour regulations; poor work ethic; corruption and inefficient government bureaucracy.

In light of the global economic slowdown and associated headwinds affecting our economic growth, Namibia must compete for scarce capital. As Dr. Carlos Lopez, Former Executive Secretary of UNECA aptly reminded us during the concluded Invest in Namibia International Conference, the size of a market is still an attractive proposition for an investor. It goes without saying, therefore, that in the absence of a sizeable domestic market; Namibia has to position herself as a competitive gateway into SADC and the Sub-Saharan African region.

Economic competitiveness must be viewed as a significant strategy in our multi faceted war against poverty. In this regard, we concur with Nick Godfrey who said, "Competition is central to the operation of markets and fosters innovation, productivity and growth, all of which create wealth and reduce poverty. However, markets do not always work well and

uncompetitive markets are often those that matter the most for the poor.”
(OECD Global Forum)

Some key reforms required to improve our economic competitiveness include the harmonization and integration of various business registration processes, currently fragmented across various OMAs, into an Integrated Client Service Facility (ICSF).

This process has started and is on course. A number of workshops have been conducted for key stakeholders to understand the required reforms, the Operating Model to be adopted, Implementation Roadmap and associated timelines.

In order to expedite reforms, the establishment of an Electronic One-Stop-Shop will form part of this process. The One-Stop-Shop will provide an online platform for the delivery of 13 e-Services which include but not limited to:

- ✓ Registration of Close Corporations,
- ✓ Registration of Companies,
- ✓ Registration of Sole Proprietorships,
- ✓ Registration for Employer Social Security Numbers,
- ✓ Registration for Employee Social Security Numbers,

- ✓ Issuance of Tax Certificates,
- ✓ Registration for Value Added Tax Certificate,
- ✓ Registration for Pay-As-You-Earn,
- ✓ Trademark Registrations,
- ✓ Import Permits,
- ✓ Export Permits,
- ✓ Application for Work Permit, and
- ✓ Application for In-Principle-Approval for Work Permits.

Progress has also been made with regard to the promulgation of relevant laws that will enhance the country's competitiveness and provide clarity on the policy and regulatory environments. These include the Investment Promotion and Business Intellectual Property Acts.

These are all important reforms which will reduce barriers to competition that stem from inappropriate policy and thereby enhance Namibia's economic competitiveness and attractiveness as an investment destination of choice. These reforms alone, however, will not suffice if not accompanied by strong governance architecture and necessary conditions of peace and stability.

As Dr. Douglas Van der Berge pointed out during the Investment Conference "companies making location and investment decisions also view

talent, skills and the quality and stability of investment policies affecting their investment, as important considerations. While political and other risks are viewed to be more of a salient driver in location decisions, than they have been in the recent past.” (AIM FDI Report for 2016)

Regarding social architecture, the HPP prioritizes:

- ✓ Elimination of hunger poverty;
- ✓ Servicing of residential land and provision of low income houses;
- ✓ Reduction in infant and maternal mortality; and
- ✓ Strengthening of vocational skills development.

Our progress on the social architecture during the year under review has been encouraging. Some notable achievements include:

- ✓ The provision of drought relief assistance to more than half a million affected Namibians. Drought relief was one of the few votes that received an additional allocation during the mid-year budget review. This demonstrates the commitment of Government, to zero deaths as a result of hunger during the Harambee period.
- ✓ The successful introduction of the Foodbank in the Khomas region. The latest available statistic shows that 22,000 Khomas based households, or close to 100,000 Namibians benefit from urban food aid through the foodbank, each month. This programme will be replicated in qualifying urban and peri-urban areas during the Harambee period and will go a long way in stemming hunger

poverty, which is estimated to affect 5.8 percent of Namibians as per latest official statistics.

- ✓ This year we also kept our promise to increase the old age social grant by an additional N\$100 to N\$1,100. Together with the Foodbank and other initiatives, this will go a long way in stemming hunger poverty.
- ✓ To assist with hunger poverty in rural areas, 100 tractors will provide subsidized ploughing services, fertilizers and seeds to communal farmers during the current rainy season.

Regarding residential land servicing and housing, a number of projects are underway, not only driven by central government, but also supplemented by Harambee partners. Notable highlights under this programme include:

- ✓ One, with regard to Land Servicing and Delivery, year to date 2,240 plots have been delivered by Government alone (Windhoek, Oshakati, Walvis Bay) while another 1,624 have been delivered or are near delivery through PPP agreements between local authorities and developers. In summary this totals 3,864 out of a targeted 5000 ervens under Year 1 of Harambee, ending 31 March 2017.
- ✓ Two, an amount of N\$367.9 million has been allocated in subsidy, to qualifying local authorities to expedite urban land servicing, of which N\$151.8 million has been utilized.
- ✓ Three, with regard to Housing Delivery, 2,172 houses have been completed to date, against the annual target of 6,000 (Mariental,

Rehoboth, Otavi, Karibib, Okombahe, Omatjete, Khorixas and Rundu). Of these, 494 houses were constructed and delivered through PPPs (Eenhana, Henties Bay, Grootfontein, Ondangwa, Outapi and Ruacana). While 1,500 houses are under construction.

- ✓ In addition, the Government Institutions Pension Fund [GIPF] has introduced a housing scheme for uniformed personnel which will be rolled out country wide. Other HPP private sector partners have also come up with attractive home ownership schemes to enable their employees to acquire affordable housing.
- ✓ Four, an amount of N\$30 million has been set aside for the construction of toilets in the Hardap and //Karas regions. Tenders for the construction of 780 toilets for the two regions are close to being awarded.

With regards to the reduction of infant and maternal mortality, the following progress is worth noting:

- ✓ A total of 1,646 community health workers have been trained and deployed in all 14 regions to provide basic health promotion activities, such as health education in the community and at household level. These health workers have been trained to pay special attention to expectant mothers who need to be referred to a health centre or hospital to prevent maternal deaths;
- ✓ Sixty new ambulances with maternal functionality have been procured and distributed to hospitals around the country. Emergency

care practitioners have been trained specifically for ambulance services;

- ✓ Upgrades of various maternity wards to improve accessibility are underway, with the Rundu hospital maternity ward nearing completion;
- ✓ Development of guidelines on maternity waiting shelters were finalized and tenders for the construction of maternity wards by the Social Security Commission have been finalized (Aussenkehr, Outapi, Rundu and Katima Mulilo);
- ✓ Seventy maternal delivery beds have been procured and distributed to regions as required country wide; and
- ✓ Introduction of new vaccines to protect children against measles, rubella and poliomyelitis, as well as an oral polio vaccine campaign. In total, more than 100 percent vaccination coverage has been achieved.

On strengthening on vocational skills development, progress under year one of Harambee is as follows.

- ✓ A fully-costed Technical and Vocational Education and Training (TVET) Expansion Strategy has been developed with special emphasis on programme diversification, fit-for-purpose equipment and refurbishment/expansion of physical infrastructure and capacity-building for trainers.

- ✓ To date, 24,937 trainees are enrolled for TVET programmes country-wide at both public and private training institutions. This number includes 16,463 trainees funded directly by the Namibia Training Authority (NTA).
- ✓ With regard to recognition of prior learning, to date 1,100 applications out of a target of 2,000 have been received and are being processed.
- ✓ To capacitate, attract and retain VET trainers, 469 trainers out of a year one target of 200, from public, SoE and private TVET providers, have already undergone training both in-country and outside the country, between March - September 2016.
- ✓ A draft Apprenticeship Policy Framework (including an incentive scheme for employers taking trainees and trainers on attachment) was presented to stakeholders on 14 September 2016. The draft policy framework has been submitted to the Ministry of Higher Education, Training and Innovation during October 2016 for consultation.
- ✓ Entrepreneurship support for TVET graduates and current Level 3 trainees has commenced. This includes coaching and mentoring, as well as incubation at VTCs as far as practically possible.

We continue to make progress with the expansion of our physical infrastructure. Four sectors have been prioritized under Harambee: energy, water, transport and ICT. Progress under each of these items is recorded as follows.

Regarding energy, four key desired outcomes are:

- ✓ No incidence of load shedding;
- ✓ Increased local electricity generation capacity;
- ✓ All schools and health facilities to have access to electricity by 2020;
and
- ✓ Increase in rural electrification to 36 percent by 2016/17 and 50 percent by 2020.

Progress on these outcomes is as follow:

- ✓ There was no incidence of loadshedding reported this year to date. There were incidences of temporary power failures, but these are not the result of loadshedding and were restored within a relatively quick period of time.
- ✓ On increased local generation capacity, good progress has been made with development of the National Integrated Resource Plan (NIRP). A key focus of the NIRP is to level the playing field for the entrance of Independent Power Producers (IPP) and the diversification of sources of supply to include renewable energy solutions. The NIRP is in the final stages of approval.
- ✓ The review of the Single Buyer Model to facilitate distribution of power supply generated by the IPP, through the national grid has also commenced but more work is required.

- ✓ Tenders for the construction of a 200MW renewable energy plant have been issued and are being evaluated. Most of these have passed the financial closure stage.
- ✓ The electrification of rural schools has also commenced with 66 schools electrified this year to date.

Regarding water infrastructure, the goals and outcomes are:

- ✓ To increase water access for human consumption; and
- ✓ To ensure sufficient water supply reserves for business activity during the Harambee period.

Namibia however finds herself in the grip of a devastating drought. Apart from the serious impact that it has had on all aspects of the agricultural sector, the drought has also resulted in declining water reserves. The below average rainfall received over the past number of years, has resulted in insufficient inflows into both surface water reservoirs and aquifers. Water supply especially to the central areas of Namibia has been under serious pressure.

It was for this reason that a Cabinet Committee on Water Supply and Security was appointed to address the matter. Supported by a technical team, the CCWSS started with their work in July 2016. Emergency plans were devised, set into motion and completed. We are glad and confident to report that with all initiatives undertaken over the past months, we will be

able to now meet the demand for water in the central areas up to at least the end of 2017. Consumers are nevertheless, implored to adhere to prudent water usage and saving measures.

The CCWSS is at the same time continuing with its work to also put the necessary action plans into place, to assure adequate long term water supply, should drought conditions continue beyond 2017.

The prevailing drought has also had negative impact on water supply to the central coastal areas. A lack of recharge to the coastal groundwater aquifers of the Omaruru and Kuiseb, rivers has resulted in these reserves being drawn down to unsustainable levels. A reliance on the desalination of seawater, as the only alternative source, is growing by the day and more and more water is being sourced from the existing desalination plant at Wlotzkasbaken. It is expected that we can meet water demand for the central region until mid 2017. The medium to long term solutions are being prepared to ensure sustainability beyond this period.

Currently, the CCWSS is paying urgent attention to the expected water supply shortfall and measures are being investigated to alleviate the situation. In parallel, the Ministry of Agriculture, Water and Forestry continues to fulfill its mandate of delivering water to the whole nation.

With regards to transport infrastructure, we are pleased to report that some key projects are on track. These include the deepening and expansion of the port of Walvis Bay; the expansion of key roads, such as the Windhoek-Okahandja dual carriageway; the Windhoek-Hosea Kutako International Airport road; and the upgrading of the Swakopmund-Walvis Bay road to a dual carriageway.

Unfortunately, due to budgetary constraints, the expansion of the railway line is behind schedule. However, worth noting is that Government has purchased 6 refurbished locomotives and 90 wagons for the transport of sulphuric acid to mines. This will enable Trans Namib to enter into agreements with mines that will put it in a more sustainable financial situation. Government has also submitted a bulk order for the importation of rails that will make it possible to fast track rail rehabilitation and/or construction in latter years of the Harambee period. Finally, under transport infrastructure, Namibia's national air safety security continues to be of international standard.

Namibia does not exist in a vacuum. International cooperation remains a key pillar central to our programmes. Moreover, the HPP states that:

- ✓ Namibia will continue to be a respected and trusted member of the international community by honouring her obligations;
- ✓ The international community to support Namibia translate her political independence into economic independence; and
- ✓ For Namibia to benefit from the AU Agenda 2063.

We are happy to note that Namibia's standing in the international community remains impeccable. We continue to participate in key international fora such as the United Nations, African Union, SADC and others, where Namibia's contributions are valued. This year we revised our foreign policy to shift emphasis to international cooperation and economic diplomacy. We are very proud that we continue to be active in environmental matters and are one of the first countries to ratify the new Climate Accord. We continue to lobby to benefit from the Green Climate Fund and have been fortunate to secure grant funding of N\$300 million this year, for agricultural irrigation projects.

In conclusion, the above stated progress demonstrates that it is not business as usual and 2016 has indeed been the year of implementation. We would like to thank all stakeholders, internal and external, who have worked tirelessly to ensure such exceptional progress within such a short period of time. You are often crucified by the media and public, for appearing not to be doing enough, but we hope that through this report it has become clear, that the spirit of Harambee has taken hold and that we are a Nation on the move.

However, there is one serious matter that worries me greatly, one that keeps me awake at night and that is the number of road accidents on our national roads, that rob us of productive family members and citizens. I, therefore, take this opportunity to urge all road users to drive responsibly

this festive season. Namibia has the highest deaths in the world, due to road crashes. This is an undesirable statistic, for a small population. It is common knowledge that most of the road crashes are caused by reckless driving and driving at night. We must all take personal responsibility for our own and the safety of all road users. Should this trend continue, I challenge those responsible for road and transport regulation, to consider imposing a curfew against driving at night.

Finally allow me to wish all of you a very blessed and safe festive season. Let us not forget the less fortunate during this time of happiness. Let us not forget what Christmas is about – caring and treating others with respect and neighbourly kindness.

I thank you for your attention.