

REPUBLIC OF NAMIBIA



STATE OF THE NATION ADDRESS 2017 HIS EXCELLENCY DR. HAGE G. GEINGOB PRESIDENT OF THE REPUBLIC OF NAMIBIA

12 April 2017

WINDHOEK

**Check Against Delivery*

Honourable Professor Katjavivi, Speaker of the National Assembly and Mrs Katjavivi,

Honourable Mensah-Williams, Chairperson of the National Council and Mr. Williams,

Right Honourable Kuugongelwa-Amadhila Prime Minister and Leader of Government Business in Parliament;

Honourable Venaani, Leader of the Official Opposition;

Honourable Mbumba, Secretary General of the Governing Party and Member of Parliament;

Honourable Members of Parliament;

Special Guests:

- **Comrade Iyambo, Vice President of the Republic of Namibia,**
- **Comrade Nujoma, Founding President of the Republic of Namibia and Father of the Namibian Nation,**
- **Madam Geingos, First Lady of the Republic of Namibia,**
- **Former First Lady, Madam Nujoma,**

- **Your Lordship Chief Justice Shivute,**
- **Veterans of the Liberation Struggle,**
- **Your Excellencies, Members of the Diplomatic Corps,**
- **Distinguished Invited Guests,**
- **Members of the Media,**
- **Fellow Namibians,**

I was humbled to watch the build up to this State of Nation Address, where Namibians from all walks of life gave guidance on what they believed should be included in my third State of the Nation Address. This reminded me that we are all invested in a shared destiny and I sincerely thank all of you for your input.

My maiden State of the Nation Address on the 21st of April 2015 focused on the central theme of my dream for Namibia. Inspired by my predecessors – one of whom is in this Chamber with us as a Special Guest - I envision a strong, resilient and inclusive Namibian House where no Namibian feels left out. I truly believe that inclusivity spells peace and harmony, while exclusivity spells discord and conflict. Inclusivity, therefore, is the most important ingredient in the task of nation building.

My second State of the Nation Address, delivered on the 3rd of April, 2016, during which we launched the Harambee Prosperity

Plan (HPP), was preceded by a full year of nationwide consultations and intense planning. In implementing HPP, we remain guided by Vision 2030 which is our overarching, long-term developmental goal.

Leading up to this Address, many Namibians have expressed expectation that we should account on the implementation of the HPP. As a responsive Government, this State of the Nation Address will, therefore, primarily focus on the latest status of implementation of the HPP targets.

We issued a mid-year review of Year One in December 2016. Some mistook this review with the mid-term review of the Budget that took place in October. In the interest of transparency, it was broadcast live for all Namibians to see what we have achieved.

**Honourable Speaker
Honourable Chairperson**

We have been immensely encouraged by the various ways in which Namibians, from all walks of life, have rallied behind the call to 'hold hands and pull in the same direction'. The word Harambee has entered the "Namlish" lexicon as a verb and call for co-operation. The number of taxis, cuca shops and food vendors which are named Harambee confirms that the concept of Harambee is interwoven into the Namibian narrative.

It is encouraging to observe how ordinary Namibians have internalized Harambee and have assumed their personal responsibility in contributing towards our shared prosperity. The response of young Armando Pieters is a personified example. This 12-year-old boy from Katutura, together with young friends, started the 'Poverty Eradication Warriors' group, leading a community cleanup campaign as their contribution towards the HPP. *(Armando is here in the Chamber today. Please stand up Armando.)* When asked what support they would like to receive from Government, his simple response

was, “ we do not want money. We only need tools and refuse bags to clean up our neighbourhood.” What this young leader and his friends did is a demonstration of the spirit of Harambee and I am proud of them.

I believe this is what President John F Kennedy meant when he said “ask not what your country can do for you, but ask what you can do for your country”. I would like to borrow from that concept and say “...ask not always what your Government can do for you...”. Like Armando and his young peers, it could be helpful to say, 'this is what we are doing, now how can Government meet us half way'.

The first year of implementation of any new programme inevitably has teething problems. The valuable lessons learnt have been incorporated into our approaches and processes. After all, Government is and must remain adaptable to change and responsive to new ideas. In order to reap the full potential of our country, each of us needs to sow with hard work. There is a need for all of us to rededicate

ourselves to more responsive implementation. It is for this reason that I have declared the year 2017 as the Year of Rededication.

**Honourable Speaker,
Honourable Chairperson**

Please allow me to speak about each of the Harambee Pillars, starting with Effective Governance and Service Delivery.

At the centre of effective Governance is accountability and transparency. I truly believe in my mathematical formula that 'Transparency plus Accountability equals Trust'. We are undoubtedly all observing the high levels of global and local distrust towards political leaders. Diminishing levels of trust are also evident amongst different stakeholders, not only between the public and government institutions, but also between boards, management and employees in both the public and private sector. The only sure way to restore trust is to be transparent and to hold people to account.

We can be proud as Namibians of the strong Governance Architecture we have in place, which is internationally recognised. We continue to be rated by Transparency International, as one of the least corrupt countries on the continent. Similarly, we continue to score high in the Mo-Ibrahim Governance ratings, as well as in the Governance sub-indices of the World Economic Forum and the World Bank's Ease of Doing Business reports. Another important component of our Governance Architecture, the Media or the Fourth Estate continue to be rated as the freest press on the African continent. We must preserve and improve upon these achievements at all cost.

Over the past two years, we have taken concrete actions to improve transparency and accountability and thereby strengthen our Governance Architecture.

- ✓ My wife and I have publicly and voluntarily declared our assets and income and lodged same declarations with the Anti Corruption Commission. In addition, I addressed the**

secrecy that surrounds the health of leaders by publicly releasing my health report.

- ✓ **On his own accord, the Minister of Finance also publicly declared his assets. I commend him for that. Other Ministers have declared their assets to me as Appointing Authority, for evaluation against potential conflicts of interest. They have also declared, as required, to the Parliament;**
- ✓ **Management cadre in the civil service have also declared their interest;**
- ✓ **As promised, we have publicly released the Remuneration of all Public Office Bearers. The negative short-term trend of sensationalising information obtained due to these and other disclosures will hopefully translate into a positive, long-term trend of a culture of transparency.**

Light has a sanitizing effect on everything it touches and our drive for accountability is to ensure that shared prosperity happens in the bright light of accountability, and not in the dark shadows of corruption.

- ✓ **Numerous media conferences were held. For example, for our mission to the United Nations General Assembly in New York, we hosted both pre and post-mission media conferences, to brief the Nation on the scope and outcomes of that mission;**

We continue to tackle cases of perceived and alleged corruption, head on. Concrete actions taken to demonstrate the resolve of Government to fight corruption include:

Cancellation of the N\$7 billion Hosea Kutako International Airport upgrading tender: Despite the urgent need to upgrade the airport, we did not hesitate to seek the cancellation of the tender due to irregularities. The Supreme Court's decision to set the tender award aside enabled us to re-start a transparent, cost-sensitive procurement process.

- ✓ **Lodging an investigation into the National Oil Storage Facility to contain increasing costs: If Government were not serious about fighting corruption; investigations**

into alleged irregularities at the oil storage facility would not have been initiated.

- ✓ **Action taken against the SME Bank:** While we cannot comment in detail on this matter, because it is *sub-judice*, Government did not intervene to stop actions taken by the Bank of Namibia against the SME Bank.

- ✓ **Investigations into tax evasion and money laundering:** The Ministry of Finance initiated an investigation into alleged tax evasion, where a “friend” of the President is implicated. If the President were not serious about fighting corruption, why did he not intervene to protect his so-called “friend” from arrest? We believe that the law must be allowed to take its course without fear or favour, and;

- ✓ **Ongoing cases of alleged corruption:** When we ask people to report cases of corruption, the classic cases such as the Avid Social Security Case, Offshore Development Company and Development

Capital Portfolio of the GIPF are mentioned. Recently, the KORA Music Awards case has been added.

All these cases have been investigated or are in the hands of the Courts. Corruption and complicity to corruption would be when Government closes its eyes or looks the other way. However, we have taken bold actions, as demonstrated. This means the proverbial 'bull' that is corruption is being taken by the 'horns'.

Another concrete action taken to strengthen our Governance Architecture is the promulgation of the new Public Procurement Act, effective from the 1st of April 2017. The regulations and guidelines to the Act have been finalised, and the members of the Central Procurement Board and Review Panel, appointed.

The Act extends to all public entities and will promote greater accountability and transparency. It was further enhanced by the Supreme Court ruling in the "Airport Upgrade" case that all public procurement, including that

of State Owned Enterprises, require the approval of the Treasury. We believe this to be a game-changer in ensuring fair, transparent and accountable usage of public funds in procurement processes. The Act is also transformational as it promotes inclusivity and economic development through local content sourcing.

Unfortunately, the Whistleblower's Protection and Access to Information Bills were not finalised timeously. We anticipate their enactment this year. The Honourable Ministers of Justice, and Information and Communication Technology are enjoined to take the necessary action.

To improve accountability, we have introduced a performance management system at the highest level in Government. In the interest of transparency, Ministerial performance contracts are available on the website of the Office of the Prime Minister. Apart from quarterly performance reports by OMAs, we have also introduced one-on-one performance

discussions between myself, as President, and individual Cabinet Ministers.

I can assure the Nation that Ministers have taken performance management very seriously. At times, we do not achieve targets as planned. In some instances, we operate in silos. However, what is of importance is that we are progressing in the right direction and ironing out identified challenges as they manifest.

To further improve service delivery, we have introduced e-Services in critical sectors, such as e-Birth notifications at the Ministry of Home Affairs and Immigration. The business registration process is partly digitised, while applications for funding from the Namibia Student Financial Assistance Fund can now be completed online. These reforms have brought about efficiency gains. Government will continue to roll out the e-Governance services in other sectors such as health, education, finance and Inland Revenue.

A feedback mechanism has been initiated through the provision of a feedback box system at all OMAs. One key feedback initiative on service delivery is the annual Citizen Satisfaction Survey. While the survey for Year One was delayed, a Tool has been designed and a contract awarded to conduct the survey during the first quarter of this Financial Year.

**Honourable Speaker,
Honourable Chairperson**

Let me now turn to the *Economic Advancement* Pillar.

A critical success factor under this Pillar is to “safeguard our macro-economic stability.” This is because stability is a pre-condition for sustained economic development.

As with Governance, we have a good story to tell about our Economic Architecture. The size of our economy and per capita income has expanded exponentially since Independence. Total GDP in nominal terms increased from

about N\$5.5 billion in 1990 to N\$159 billion in 2016, a 28-fold increase. Per capita income in nominal terms increased from N\$2,400 to N\$68 thousand during the same period. The size of our national budget increased from N\$2.1 billion in 1990/91 to the current budget size of N\$62 billion.

We have contained Government debt, with a good domestic versus foreign debt mix and we continue to enjoy investment grade ratings by Fitch and Moody. We have worked very hard over the past 18 months to avoid being downgraded, despite the fact that some variables that impact grading decisions of rating agencies, are outside of our control.

The year 2016 was characterized by unexpected global headwinds, which negatively affected our fiscal position and the general performance of our economy. Most African countries recorded subdued or negative growth. Namibia was no exception. Due to a slump in commodity prices, low SACU receipts, adverse currency movements and a near

collapse of cross border trade with our northern neighbour; combined output of domestic economic activities had to be revised downwards.

Whereas we expected the economy to expand above 4 percent at the beginning of 2016, we realised during the mid-term budget review that that projection was unattainable. Consequently, we had to effect the deepest cuts to the budget since Independence to ensure fiscal sustainability and put the economy on a sustainable long-term growth trajectory. Today, the fiscal position has stabilised. We expect modest growth for 2017, while the longer-term growth outlook has improved considerably.

**Honourable Speaker,
Honourable Chairperson**

In the words of Winston Churchill, 'you should never let a good crisis go to waste'. Thus, we used the opportunity to stabilize our fiscal position and also instituted measures aimed at

making our economy more resilient and better poised to absorb exogenous shocks. If there is one thing that we can be certain of, it is that exogenous shocks will occur again, perhaps even sooner than anticipated. For example, the recent downgrade of South Africa's foreign debt instruments by rating agencies may have an impact on our own debt ratings and costs of capital. At the moment however, we do not see any reason to delink our currency from the South African Rand. We will carefully monitor macroeconomic conditions and if need be, attune policy accordingly to ensure a stable environment for business and households to operate in.

In line with one of our Harambee targets, we have retained our international credit ratings in 2016, which means international investors continue to have confidence in the Namibian economy. According to Bloomberg, Namibia is the only sub-Saharan African country to remain an investment grade issuer of Eurobonds. To quote our Minister of Finance on twitter, "it took effort to get there, it needs more effort to stay there." We will put in our best efforts to

ensure that we manage the factors within our control which affect our investment rating.

Our own domestic investors also remain confident in the economy as demonstrated by re-investments into existing business enterprises and ongoing expansions into various economic sectors. We value the contribution of Namibian investors to the economy. It is for this reason that, last year, we repealed the Foreign Investment Act and replaced it with the Investment Promotion Act, which places local investors on the same footing as international investors.

We have used the economic downturn as an opportunity to re-prioritise and realign spending to national developmental priorities. Most budget cuts have been effected in non-priority votes, such as daily subsistence allowances and overtime, which have been cut by more than 50 percent compared to previous outlays.

We are painfully aware that the civil service wage bill, both in relation to GDP and total expenditure, is high.

Let us also be reminded that there is historical context to the current size of the civil service. One such contributing factor was the reconciliatory approach that Government adopted at independence. I was paraphrased by some news publications to have said, "Colonialism was to blame for the wage bill". Putting these words into my mouth intentionally overlooked the fact that most Namibians were excluded from the civil service at Independence.

In addition, having been administered from Pretoria, some state functions, such as International Relations, Security and Defense did not exist in Namibia. Services in which we are currently heavily invested like health and education were grossly underfunded in a deliberate attempt to deny the majority of the population decent services and a dignified life. In a reconciliatory manner, we came together and held hands. There is, therefore, one may

argue, an invaluable peace dividend in the current size of the civil service.

It has been alleged that the reason for the high wage bill was the creation of new Ministries and appointment of too many presidential advisors. This cannot be true, as the remuneration of all Public Office Bearers constitutes only 0.42 percent of the total budget. In other words, one can do away with every single Public Office Bearer, from President, Vice President, Ministers, Governors and Advisors and still remain with a high wage bill.

Despite the current size of the civil service, we continue to face acute shortages of skills and experience in some areas. This represents a mismatch between the size and the skills required. For example, in the public health sector, our per capita ratio is one doctor to every 5,092 people and one registered nurse to 914 people. In contrast, the World Health Organisation's benchmark is one doctor or one nurse per 435 people, respectively. The Medical School at the University of Namibia is one of

many investments in ensuring the provision of critical skills.

This underscores the point that we have to be more scientific and methodical in addressing the size of the civil service. Last year, the Prime Minister compiled a Report on how best to stabilise the wage bill in an orderly and sustainable manner. That Report has been finalised and the recommendations which are deemed feasible will be implemented.

The high unemployment rate, especially among the youth, which is estimated at 39.2 percent, is a source of concern. It is not that our economy does not have the ability to create jobs, it is the rate of job creation that is problematic. According to the Namibia Statistics Agency, there were seven-hundred and twelve thousand people employed in 2014. This was almost double the number of people employed in 1997, when the first Labour Force Survey was conducted. This insufficient job creation is attributable to investment flows that are largely concentrated in the resource sector and capital-intensive industries.

Youth unemployment has the potential to undermine the peace and stability in our country. We must summon the urgency and energy to implement transformational solutions.

One key strategy we are deploying to arrest youth unemployment is the promotion of high quality vocational education and skills training. Preliminary results are very encouraging. Under HPP, we have targeted to increase Technical, Vocational Education and Training (TVET) enrollments to 16 thousand students in 2016. We have significantly exceeded this target as more than 24 thousand students were enrolled in 2016. Moreover, all of the students benefit from highly subsidised fees, while 80 percent of all students also benefit from scholarships from the Namibia Training Authority or the Student Financial Assistance Fund.

Youth development and empowerment remain central to Government's development agenda. In the current financial year, we allocated

significant resources, which will predominantly benefit this important demographic group:

- ✓ University of Namibia: N\$926 million which amounts to 80 percent of UNAM's budget. This does not include the tuition fees paid by students who are sponsored through Namibia Student Financial Assistance Fund (NSFAF);**
- ✓ Namibia Student Financial Assistance Fund: N\$962 million;**
- ✓ Namibia University of Science and Technology: N\$534 million. This amounts to 74 percent of NUST's total budget, but excludes tuition fees paid by students who are sponsored through Namibia Student Financial Assistance Fund (NSFAF);**
- ✓ Namibia Training Authority: N\$382 million.**

Furthermore, by the 3rd quarter of this year, we will commence with the establishment of a multi-disciplinary Youth Training Center in Kavango East, while construction of a new Vocational Training Center in Nkurenkuru, Kavango West, will commence in September 2017.

We have observed that many graduates from Technical, Vocational Education and Training (TVET) centers have started their own businesses and provide gainful employment to fellow Namibians. We will therefore continue to promote the expansion and improvement of the quality of training and cooperative education through industry attachment, coaching and mentorship programmes.

One such example is the recent launch of nine constituency based Youth Enterprises, owned and managed by graduates of the National Youth Service. Similarly, through the equipment aid scheme, Government has supported local entrepreneurs, such as Mr Robbie Amadhila of Roama Gates to establish successful manufacturing businesses. *(Mr Amadhila is with us here today. Could you please stand up).*

A crucial aspect in the war against poverty is growing the economy. Ultimately, it is the entrepreneurs who are at the center of economic growth and job creation. The private sector remains the “engine of growth” and

ultimate creator of wealth and jobs. Over the years, Government has become a key player in the Namibian economy. An economic model that is overly reliant on Government consumption and investment is not sustainable. In times of economic downturn, Government may not have the fiscal space to drive investment, causing economic activities to slow down. It is imperative that business people use their entrepreneurial flare to devise ways of injecting new capital into the economy as opposed to depending on the circulation of old capital.

We recognise the need for a stronger private sector. We made concerted efforts to engage private sector stakeholders and through these engagements we are mindful what government can do better to ensure a competitive enabling environment needed for job creation. As it is important to strengthen economic activities in all the regions of the country, we have engaged the Namibian Chamber of Commerce and Industry to lead regional business delegations from all regions for consultations at State House regarding their challenges. As a matter

of fact, today we will be consulting with the business community of the NCCI Northern Branch. To further improve the business environment, a number of new laws were enacted last year, namely:

- ✓ The Namibia Industrial Development Agency Act;**
- ✓ The Business Intellectual Property Authority Act; and**
- ✓ The Investment Promotion Act.**

During the course of last year, we embarked upon targeted investment promotion missions, to attract more private investment into the economy. The idea was not to solely secure foreign investment, but also to create networking opportunities between the local and international business communities. These marketing efforts were highly successful, resulting in oversubscribed attendance at venues abroad and at home. A number of Memoranda of Understanding and Letters of Intent have been signed. Other investment proposals have been tabled and are being actively followed up by line Ministries.

These investment promotion activities by Government had the additional benefit of increasing Namibia's visibility in global markets, as evident from positive coverage of the country by reputable media houses such as CNN, BBC, New York Times, Wall Street Journal, Bloomberg, CNBC Africa and others. Valuable links have also been established with renowned institutions such Harvard, Columbia University, Chatham House and future business leaders from the Massachusetts Institute of Technology.

An enabling legislation with the potential to attract more private investment is the Public Private Partnership Bill, which was recently passed in the National Assembly. Once promulgated, the Act will facilitate much required private investment, giving the economy an additional boost at a time of fiscal consolidation.

Despite progress made, Namibia remains one of the most unequal societies in the world and it is for this reason that we have proposed the

introduction of an economic empowerment framework. Public consultations on the Framework have been completed and the Office of the Prime Minister has consolidated the report, which will soon be tabled in Cabinet.

However, I have followed public discussions on this matter and have observed that while NEEEF maybe imperfect, most commentators are avoiding the inequality question wherein NEEEF is located. Despite the self-regulation approach adopted in some key economic sectors, such as the mining, financial services and tourism, we have not seen significant transformation in the last 27 years of Namibia's independence. The majority of Namibians remain structurally excluded from meaningful participation in the economy and as we established earlier, inclusivity ensures harmony and exclusivity brings discord.

Our economy is not immune to our social realities and therefore reflects and perpetuates the lack of inclusivity and social disparity at shareholding, board and senior management

levels. Without deliberate policies, the economy on its own will not be able to correct for structural imbalances. This underscores the notion by Joseph Stiglitz that inequality is a choice. This is not our choice and we require the support of all Namibians to fix the obvious, and dangerous, flaws in our social structure.

There are similarities between the redistribution of land and wealth, which have both become emotive but topical issues. I therefore believe that just as we have decided to engage in a second national dialogue on the land question, we may consider doing the same on inequality, where we can better examine the market place of ideas. Namibia has the advantage of enjoying positive race relations which lends itself for a frank, difficult and necessary conversation on the solutions to reduce inequality.

Namibia has the opportunity to lead and set the model on how to redress wealth redistribution in a pragmatic, sustainable and orderly manner and I have no doubt that we will rise to this challenge.

I would like to once again call on the private sector to – as a minimum contribution – consider Employee Share and Home Ownership Schemes. It is disheartening when workers, some of whom may have worked for as much as 40 years for the same employer, only receive a long-service award upon retirement.

The plight of farm workers is an issue close to my heart and the deplorable conditions that many of them face compels all farm owners to take a moment and re-examine their sense of humanity. Many farm workers are working under slave like conditions. This is not acceptable in a free Namibia, which prides itself on upholding the values of human dignity and decency.

**Honourable Speaker,
Honourable Chairperson
Fellow Namibians**

The third Pillar of Social Progression, addresses the pertinent twin challenge of poverty and

income inequality, complementing our efforts to drive economic transformation as outlined in Pillar Two. We simply cannot build a society where poverty and inequality are growing.

For this reason, we have taken drastic steps to reduce poverty and have made significant progress to date. According to the Namibia Statistics Agency (NSA), within a period of 22 years we have reduced poverty from a baseline of 70 percent in 1994 to 18 percent in 2016. Moreover, the food poverty rate declined to 5.8 percent in 2016. The rapid reduction in poverty over 22 years gives confidence that we will be able to eradicate poverty in Namibia by 2025, as envisaged in our poverty eradication blueprint.

Namibia is a semi-arid country and one of the driest countries in the world. With climate change, rainfall is expected to become increasingly unpredictable. Rainfall has been significantly below the annual average over the past four years, resulting in one of the worst droughts in recent history. Most of our people derive their livelihood from subsistence and

communal agriculture and the consequences of sustained water shortages will have devastating effects on our economy.

This year, we were fortunate to receive good rainfall in most parts of the country. We are grateful and thank the Almighty for showering us with His blessings. We are however, required to dramatically reduce our usage of water and optimise agricultural outputs.

The Namibian Government has always been responsive to the needs of our citizens during emergency situations. Last year was no exception. In total, N\$495 million was allocated towards drought and emergency relief, of which N\$402 million was spent on food provision and N\$93 million on water provision, seed and livestock marketing incentive claims. In total, 560 thousand Namibians benefitted from drought relief assistance through the distribution of the following items:

- 6.3 million bags of maize meal;**
- 50 thousand bags of rice;**
- 63 thousand bags of Mahangu; and**

- **2 million cans of tinned fish.**

We can also be proud of the fact that despite being a developing country, we managed to fully fund these drought relief activities from domestic resources. Some development partners supplemented our efforts and we thank them for their kind assistance.

Namibia is not referred to as the 'land of contrasts' for nothing. This year, we are confronted with an unprecedented flood situation affecting many parts of the country. In addition, commando worms have decimated many maize and millet fields. That crop fields were ravaged even before the crops were ripe for harvest, is disheartening. Let us, however not become discouraged but instead display the resilience that led to us to being called 'the land of the brave'. The Government stands ready to provide necessary assistance to flood victims, as has been the case in the past. As ordinary citizens, let us also assist wherever we can to ensure that we overcome another difficult agricultural year.

We will work hard this year to accelerate food security at a household level, especially through subsistence and communal agriculture. To achieve this, we will:

- ✓ Gradually increase provision of tractor and ploughing services during rainy seasons;**
- ✓ Increase provision of seeds and other farming implements required to enhance productivity; and**
- ✓ Aggressively promote controlled farming.**

Namibians should be able to produce food throughout the year and not only during the rainy season. Some countries that are drier than ours export food, through the use of controlled farming. We do have young Namibian entrepreneurs like Peter Kawana and Ally Angula who have ventured into this critical area. We commend them and others like them for their contribution towards food security in Namibia. If we aim to become self-sufficient and drought resilient, we have to move with the times and embrace technology and innovation in agriculture.

The food bank initiative, which is being piloted in 7 constituencies in the Khomas region, is one of the key measures that were rolled out to arrest hunger poverty. About 19 thousand households or roughly 80 thousand Namibians receive monthly food parcels. The testimonies we receive from some of these beneficiaries are simultaneously heart wrenching and heartwarming. In some instances, as many as 18 individuals in one household benefit from the food parcels. Kuku Lavinnia Johannes (68 years old) and Kaikaria Tjuine (56 years old) (*who are seated in the gallery*) testify that this support has saved their families from starvation, as without it, they would not have had sufficient food to last to the end of the month. Nutritional support is particularly important for the health of the elderly, school going and the chronically ill. The urban food aid initiative is making a real difference in the daily lives of fellow Namibians.

Pending the outcome of the Impact Assessment Report in piloted areas, we plan to extend the food bank programme to other urban and peri-urban centers outside the

Khomas region, later in the year. We are very conscious that in the long run, the food bank cannot be rolled out to all regions and constituencies. For this reason, we will explore other methods of food distribution, including subsidized farming inputs, as well as the revised Basic Income Grant, with the primary aim of reducing transactional costs.

Another immediate action taken to arrest poverty was the increase in the old age social grant, which was increased for the second time last year, to reach N\$1,100 per month. As promised, it was further increased to N\$1,200 this year, representing a 100 percent increase over the past three years. This increase has had a huge and positive impact on poor families across Namibia, as is evident from the outpouring of positive testimonies that we continue to receive. Grandparents can now afford to buy school shoes for their grandchildren to walk to school in dignity. Elderly people can now meet their basic needs and afford modest luxuries like airtime and basic mobile phones which help them to be accessible to family and friends.

Over and above the old-age social grant, where coverage increased from 159 thousand in 2015 to 164 thousand beneficiaries in 2016, Government administers other equally important grants, which play a huge role in stemming poverty. These include:

- ✓ Grants to people with disabilities, where coverage increased from 35 thousand in 2015 to 39 thousand in 2016;**
- ✓ Grants to orphans where coverage increased from 204 thousand in 2015 to 285 thousand in 2016; and**
- ✓ Grants to war veterans benefitting 15 thousand veterans;**

Another strategy to arrest hunger poverty is the school-feeding programme. Last year alone, Government spent N\$104 million on the school feeding programme, reaching 320 thousand school going children. This initiative will continue this year. After all, our children are Namibia's future and we must do everything in our power to prevent

malnutrition, which contributes to stunted growth.

For this year, we have allocated a total of N\$6.3 billion or 10 percent of the total budget, towards various social grants. This naturally presents a long-term challenge, as it will not be sustainable for so many of our people to depend on Government support for their livelihood. That is why we continue to hold the view that the fight against poverty requires multifaceted strategies and tactics.

In the longer-term, we believe a high quality education with strong technical component will empower our people to become economically emancipated and break free from the poverty trap. It will also entail reforms in the economic sectors, such as intensified efforts to expand the manufacturing capacity of the economy, by improving the business environment and availability of risk capital.

**Honourable Speaker,
Honourable Chairperson,**

Fellow Namibians

One of the main challenges facing Namibia is income disparity. According to the Namibia Statistics Agency, the income of the top 1 percent Namibians, is equal to the combined income of the bottom 50 percentile. This situation is not sustainable and underscores the need for the introduction of a Wealth Tax.

As alluded to, related to this disparity is skewed land distribution in our country. During the third quarter of this year, we plan to engage in dialogue on land at the second national land conference. The emotive and complex issues surrounding land reform require a sincere but difficult conversation. As we prepare for this important dialogue, I urge stakeholders to prepare and submit considered and evidenced based proposals to enrich the discussions.

Land should be one of our most productive assets. The land question should therefore not be confined to redistribution, but also take into account the need to increase agricultural

productivity. As such, the underlying concerns regarding under-utilisation of agricultural land must be addressed. As we approach the second land conference, the question of how to unleash the full potential of land, should be central to the discussion. Other issues that require thorough attention and consideration should include:

- ✓ The implementation status of the resolutions of the first land conference;**
- ✓ What has worked and what has not?**
- ✓ Where and how we should improve?**
- ✓ Emerging issues and how we shall resolve them.**

Similarly, we must also not shy away from talking about sensitive topics such as:

- ✓ The willing-seller, willing-buyer principle;**
- ✓ Ancestral land claims and restitution;**
- ✓ Land expropriation in the public interest, as provided for in our Constitution;**
- ✓ Urban land reform, and**
- ✓ The Veterinary Cordon Fence/Red Line.**

We are aware that the current resettlement process has many challenges. It is for this

reason that I have, for a long time, been advocating for cooperation between retired commercial and emerging farmers. More specifically, it is my vision that these two groups will team up in partnerships where, the former will teach the latter about all technical aspects of farming, including management techniques. This could be done in the form of a management company, where both the retired and resettled farmers are shareholders. Agribank's mentoring program for emerging farmers operates within the spirit of this vision and I encourage all established farmers to consider participating in formal or informal mentoring initiatives.

Armed with valuable skills and knowledge, resettled farmers could be encouraged to gradually assume management control while the retired farmers exit the company. Resettled farmers could then form cooperatives to better participate in the agricultural supply chain. This will be highly beneficial for our country and a significant step towards our shared prosperity.

As far as the land question is concerned, let me make it clear that we do not have to fight each other. I honestly believe that we are on the same page as far as the objective of land reform is concerned. We may however disagree on the modalities of how to achieve this objective. How can anyone think that the SWAPO led Government will be against Namibians owning land? SWAPO fought for the Independence of Namibia in order for Namibians to decide on our own destiny, including issues around land.

Nations go to war when dialogue fails. In our democracy, we have sufficient room for frank and open dialogue. There is no reason for us to compromise our hard fought for Independence by fighting one another over issues that can be resolved through constructive dialogue.

Finally on the land question, let us be reminded that we are enjoined by our Constitution to be fair. All those born in Namibia are Namibians, irrespective of race or colour and are entitled to own land legally.

When approaching the land issue, we will not condone lawlessness. Settling on any land without permission is against the law and land grabbing will certainly not be tolerated. This includes those who erect illegal structures on un-serviced land and then demand for municipal services. This derails development plans, diverts resources and prejudices those who have been waiting patiently on formal waiting lists. The reality is that cities are planned and while we are cognizant of rapid urbanization which affects all African countries, we need to approach this topic within the realities of our limited national budgets.

Another Government priority is the delivery of serviced urban land, housing and sanitation. I am pleased to report that we have made good progress with servicing residential land, especially in Walvis Bay, Swakopmund, Outapi and Oshakati. In Windhoek, we are also making progress, albeit at a slower pace. In total, 7,754 plots have been serviced countrywide, surpassing the annual target of 6,000.

Similarly, 5,554 houses were completed nationwide, in Year One of Harambee, exceeding the annual target of 5,000 houses. Unfortunately, some houses remain unoccupied for too long due to the bureaucratic process involved in the transfer of ownership of land. We are following up on those cases and working with the partners to expedite the process.

The good progress recorded with respect to the delivery of serviced residential land and housing would not have been possible, without the involvement of Harambee partners such as the municipalities, GIPF, Development Bank of Namibia, Namibia Housing Enterprise, Shack Dwellers Federation, with support from its partners, the Built Together Programme and private property developers. I thank them all. This is the Spirit of Harambee, alive and at work.

On the other hand, progress with regard to the elimination of the bucket system has been less than satisfactory. However, we now have a better understanding of the scope of the

problem. An assessment this year shows that 2,367 households are still using this system. 780 households have been identified in the Hardap and //Kharas regions where construction work has already commenced to replace this system. I have directed the implementing OMAs to step up delivery of this essential social need and ensure that by the end of this year, we eliminate this demeaning system from Namibia.

**Honourable Speaker
Honourable Chairperson
Fellow Namibians**

Our efforts aimed at increasing access to education are paying off. Enrollment numbers at pre-primary, primary and secondary levels have increased significantly, in part due to the full abolition of school development fund fees, textbook costs and the amendment to the Grade 10 repetition policy.

Going forward, we will continue to focus on improving the quality of teaching and renovating dilapidated education facilities. With regard to the latter, the Ministries of Education, Arts and Culture and Finance are directed to investigate feasibility of an Accelerated Schools Infrastructure Improvement Programme, to be funded through project finance, for Cabinet approval within the next 90 days.

This year, we will also pay more attention to the importance of sport in creating opportunities for young people. As a first step, the Minister is directed to conclude the amendment of the Sports Act and review of the Sport Policy, with the aim to define and prioritise the national sport codes to guide funding and development. This is to be done within the second quarter of this year.

**Honourable Speaker
Honourable Chairperson**

I would like to commend the Minister of Health for the significant improvements that have

taken place in the health sector during the past two years. The number of service related complaints at public health facilities have generally decreased, waiting times have reduced and there is a widespread public appreciation that the health sector is moving in the right direction. The story of community health workers walking door-to-door to assist with the early detection of health complications is commendable. To amplify, I would like to allude to the experience of Sesilia Hausiku from the Kilimanjaro informal settlement in Windhoek, who started to receive visits from community health worker Martha Kambiru, since she was six months pregnant.

As a result of this intervention, Sesilia was referred to the hospital on time and gave birth to healthy twins, without complications. *[I am pleased that Mrs. Hausiku is here with us today. Could you please stand up. I thank you for being here.]*. This speaks to our target of reducing maternal and infant mortality as envisaged in HPP.

The improved turnaround times at the Ministry of Health and Social Services indicate that Government entities can develop a culture of high performance. Our expectation for the health sector is to gradually shift focus to quality of care and attitude of health workers. To further improve delivery, we also expect e-Health services with online patient-records and pharmaceutical-dispensing systems to go live in September 2017. In the same vein, we commend the Ministry of Home Affairs and Immigration for the improved turnaround times and service delivery, in the issuance of national documents.

**Honourable Speaker
Honourable Chairperson**

Let me now turn to the Fourth Pillar which deals with *Infrastructure Development*.

Competitive infrastructure is the backbone of our economic development. One of our key value propositions to investors has always been the quality of Namibia's physical

infrastructure. Investors look for reliable and affordable water, electricity and functional distribution networks. Infrastructure is also a crucial catalyst in uplifting the living standard of our people. Our dream is that each and every household and community in Namibia should have access to potable water, electricity, modern roads, telephony and banking services.

To avert a full-scale water shortage in the central areas of the country, a Cabinet Committee on Water Supply Security was established. Key responses included among others:

- ✓ The drilling and equipping of 16 diameter wide and deep boreholes in the Windhoek area and linking them to the supply network.**
- ✓ The acquisition and installation of emergency pumping equipment at both Von Bach and Swakoppoort Dams, to be able to extract water from below the normal dead storage levels.**

- ✓ **The installation of pumps in the old Kombat and Berg Aukas Mine shafts near Grootfontein and linking them, over a distance of 500 kilometers, to the Von Bach Dam.**
- ✓ **Large volumes of water were transferred in this manner to central areas, since August last year, ensuring that taps did not run dry in the Nation's capital.**
- ✓ **A water saving target of up to 40 percent was achieved through Demand Management campaigns and behavioural change among consumers.**

Going forward, focus will shift to securing long-term water supply, by way of:

- ✓ **Upgrading and expanding existing national water carriers;**
- ✓ **Tapping of perennial water sources;**
- ✓ **Improved desalination capabilities and capacity; and**
- ✓ **The completion of the Neckartal dam.**

Honourable Speaker

Honourable Chairperson

When we targeted zero load shedding under HPP, it seemed a tall order. Today the electricity supply situation in Namibia has improved significantly, owing to the inclusion of renewable sources into the national energy mix. We have also gazetted net-metering rules and are delighted to see that a number of bigger firms have already invested in rooftop solar installations, to generate power and benefit from this initiative.

With regard to port development, the Walvis Bay Port expansion project is on track.

The expansion of our bitumen road network is also progressing well, with a total of 463kms added to the national road network.

The HPP has set a target of 526kms of specific roads to be upgraded to dual carriageway, '2 plus 1' or bitumen over the Harambee period. In Year One a total of 159kms were completed, which represents a completion rate of 30

percent and suggests this target is attainable over the remaining period of three years.

Progress was also made with the rehabilitation of our national railway system. 6 new locomotives and 90 fuel tankers have been commissioned. Going forward, focus will be on upgrading the railway tracks on the basis of PPPs.

**Honourable Speaker
Honourable Chairperson
Fellow Namibians**

Before I turn to the fifth Pillar on international relations and co-operation, I would like to re-emphasise that Peace and stability are the *condio sine qua non* for development and progress. For this reason, we must continue to place the highest premium on maintaining a strong social fabric where all our people live in harmony.

We must combat the rising level of crime and lawlessness, because they have no place in our society. Our law enforcement agencies,

parents, schools, church and community leaders must do their part to shield our young people from the social evils of substance abuse and vagrancy.

We must do all that we can to educate our people in order to defeat the scourge of gender-based violence by addressing the root causes. All vulnerable members of our society deserve protection.

**Honourable Speaker
Honourable Chairperson**

Now I turn to the fifth and final Pillar, of *International Relations and Cooperation.*

Namibia does not exist in a vacuum. We occupy a distinct position and assume our role in matters affecting the global village, in which we all co-exist. Our very existence as a nation came about because of our own struggle, supported by the world under the auspices of the United Nations, which midwifed a free and sovereign Namibia. We therefore are and will remain, a child of international solidarity.

Accordingly, one of the strategic priorities undertaken during 2016 was the review of our foreign policy, with intent to develop a new policy titled the international relations and cooperation policy. As I had said at the time, “we are together on this planet as human beings”.

The challenges we face are not nation specific but rather species specific. These challenges include how to deal with the potentially devastating effects of climate change, conservation of endangered plant and animal species and the attainment of our common sustainable development goals. It is for this reason that Namibia is amongst the first few countries to ratify the new Climate Accord.

Namibia stands ready to work with all the Nations of the world, in the pursuit of our lofty ideals of a world free of poverty, a world where we all live together in peace and a world characterised by equity, equality and harmonious coexistence, between human beings and nature.

One of the central tenets of our International Relations is that we are a friend to all and an enemy to none. I have taken oath to defend the sovereignty of our Nation and her borders, which we will defend and protect unequivocally.

Testament to the principle of friend to all enemy to none, is the number of bilateral and multilateral relationships we have developed since Independence. We are well represented at our Diplomatic Missions around the world. Similarly there are many countries that have established Diplomatic Missions in Namibia. Further evidence of our excellent standing in the international community is the number of congratulatory messages we received during the recent celebration of our 27th Independence Anniversary.

These included those from the Secretary General of the United Nations and countries in Africa (Angola and Zimbabwe); Asia (China and India); the European Union Commission and Russia; Central America (Cuba and Mexico) and

North America (Canada and the United States) and the United Arab Emirates, to name but a few.

As I have said before, no country can exist in isolation. Genuine globalisation is good for small states and economies like Namibia. We are therefore concerned about protectionist tendencies that have started to reemerge following the global economic downturn. We are not in favour of a uni-polar, bi-polar or even a tri-polar world. Just like one requires checks and balances at national level, we equally require countervailing forces at the global level to keep the world stable. The only way this can happen is if nation States truly embrace multi-lateralism like Namibia has done.

However, even in the context of a multilateral system it is important to foster higher levels of trust. This cannot happen when most members of the global community sit on the periphery, while only a few sit at the main table. It is not right that only a few members are permanently

represented at the United Nations Security Council and on top of that have veto rights.

We therefore continue to call for the urgent reform of the United Nations, to make it more democratic and transparent. In particular and in line with the Common Africa Position, Africa should have at least two permanent seats at the United Nations Security Council with veto power.

Namibia and Africa share a common destiny. The Frontline States and our African brothers and sisters from other parts of the continent stood by us in true solidarity during our national liberation struggle. We will continue to work together to overcome the common challenges with a shared commitment to achieve Agenda 2063. Furthermore, Namibia has joined the African Union Peer Review Mechanism, through which we will be able to share experiences and draw valuable governance lessons from fellow African states.

Allow me to single out the enormous contribution made by two of Namibia's closest

allies, namely the Republic of Angola and the Republic of Cuba towards Namibia's freedom and independence. For many years, Angola was not only home to thousands of Namibians in exile, it was the main rear base from where our armed struggle was planned and waged.

As for Cuba, no other country outside Africa has contributed as selflessly as Cuba has, to the attainment of our freedom. We will forever cherish this true solidarity. The Cubans never came to plunder and take away our resources. They only came to assist and requested nothing in return. I was deeply honoured last year to pay tribute to their fallen hero Comandante En Jefe Fidel Castro Ruz.

We are pleased by the steps taken by former President Obama to normalise Cuban American relations. We hope that the new US Administration will build on those efforts and abolish all vestiges of the blockade against Cuba.

Our relationship with Germany remains cordial and Germany is one of our biggest

development cooperation partners. Through our Special Envoy Dr. Ngavirue, the Namibian Government continues to engage the Federal Republic of Germany in order to resolve the long outstanding issue of the genocide.

I would like to use this opportunity to say something about Namibia's relationship with China, which has dominated media coverage in recent months. Our relationship with China is not built on personalities. It is a State-to-State relationship spanning many decades and based on the principles of mutual respect and trust. Namibia and China are "all weather friends" and we subscribe to their characterization that our relationship must be "win-win".

Just like Namibia does not condone illegal behaviour of her citizens in other countries, Chinese authorities have assured us that they too do not condone the illegal conduct of their citizens abroad and have made it clear that Namibian laws must take their course for those who make themselves guilty of legal transgressions. The two countries stand together in fighting corruption and criminal activities as well as condemning xenophobia

and intolerance. We would also like to reiterate that we fully support the one China policy.

Our relationship with other countries, including the United States of America, the European Union and respective members, Russia, India and South Africa, have been equally outstanding. Just recently we witnessed the visit of former President George W. Bush, who visited Namibia in his private capacity. We hope our relationship will continue to strengthen with the new Administration.

We are mindful that there are still people in the world who do not enjoy their full rights. According to the United Nations, rights denied to anyone undermine the rights accorded to everyone. As a people that have been fully supported by the whole world during our liberation struggle, except for Portugal under the Salazar dictatorship, Israel and apartheid South Africa, we cannot keep quiet when human rights are denied to some. In the words of Kwame Nkrumah, a Nation has to be sovereign to determine its own future. Freedom is therefore non-negotiable. Namibia

sympathises with nations denied their right to self-determination.

The Kingdom of Morocco has been one of the countries which supported Namibia's quest for freedom and self-determination. We thank them for that. In the same vein, Independence should not be divisible and we insist that the same rights be extended to the people of Western Sahara.

We welcome the admission of the Kingdom of Morocco to the African Union. We expect the Kingdom to fully abide by the provisions of the AU Constitutive Act, in particular with regard to the principle of self-determination and not to use their influence to oust Western Sahara from the African Union.

The Palestinian question falls into the same category. We understand and sympathise with the people of Palestine, because we have been in the same position. I vividly recall how the PLO and SWAPO sat together at the United Nations, as observers. Today, Namibia is a full

member. We want to see the day when the State of Palestine will also be accorded full status to the United Nations.

In this regard, we fully support a two state solution, as we believe that Palestinians and Israelis can co-exist in peace and security. At the same time, all parties in the regions should guard against what I call 'discontinuity of the revolution'. We would like to see a situation where these liberation movements extend their engagements beyond diplomatic efforts alone and reach out to the broader civil society and progressive forces around the world.

**Honourable Speaker
Honourable Chairperson
Fellow Namibians**

The foundation of the Namibian House is secure with prospects for economic recovery and increased growth. This will place Namibia on a trajectory to meet our Prosperity goals.

During the past year, we faced a number of challenges as a nation. These include the

devastating drought and adverse global economic headwinds, diminishing levels of public trust and the impact of unemployment. We understand your anxieties. We have, however not succumbed, but stayed on course.

Today our fiscal situation has stabilised and although there are uncertainties, the future is promising. We continue to make inroads against the scourge of poverty as reflected in improved social indicators. We continue to wage war against corruption. We continue to channel the bulk of our resources into the social sectors of education, health and housing.

Progress reviews confirm that our Plan is working. Going forward, into this year and beyond, we must rededicate ourselves to the implementation of our Plans. We must do this with a sense of urgency and in a 'business unusual' manner.

We will continue with implementation of HPP and in addition, we will launch the Fifth National Development Plan, which will outline

additional policies, strategies and actions to propel the nation closer to Vision 2030.

Our goals and aspirations are attainable. We see a brighter and prosperous future for Namibia. Therefore, we will not, we shall not, and we must not relent in the pursuit of our goals.

In peroration, I would like to remove my hat as the Head of State and address you as a fellow Namibian. The son of a farm worker. The father of an unemployed graduate. A responsible family man. My love for this country is what drove me into exile. It is what keeps me awake at night agonizing about challenges. It is what drives me during the day, to find solutions to these challenges. I represent the sum total of our collective hopes and fears. I see the threats and savour the opportunities. Let me assure you as a fellow Namibian, our problems will never exceed our immense potential.

Putting back my hat as the Head of State, I would like to affirm that the Namibian House is

**stable. The Namibian House is resilient. The
Namibian House is secure.**

Long live the Republic of Namibia

Long live the People of Namibia

I thank you.