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PRESS RELEASE

STATEMENTS REPORTED TO BE MADE BY THE OFFICE OF THE PRESIDENT AND THE OFFICE OF THE PRIME MINISTER ON UNPACKING THE HARAMBEE PROSPERITY PLAN AND THE NEW EQUITABLE ECONOMIC EMPOWERMENT BILL

In a recent media supplement following the 2022 bi-annual cabinet retreat various claims were reportedly made by the Office of the President and the Office of the Prime Minister in relation to the Harambee Prosperity Plan (HPP) and the New Equitable Economic Empowerment Bill (NEEEB) – (see supplement to NMH newspapers, “Unpacking the Harambee Prosperity Plan” & “Unpacking the New Equitable Economic Empowerment Bill”, 15 March 2022, pages 8 and 15). These claims were casually presented as facts. It is worth having a closer look at them.

“Unpacking the Harambee Prosperity Plan” – Office of the President - Page 8

The Claim: *“Significant gains have been made to strengthen our governance architecture during HPP I as affirmed by regional and international indices including amongst others, the Ibrahim Index on African Governance, Press Freedom Index, Corruption Perception Index and the Afrobarometer Survey”*

The Facts: This claim is misleading or incomplete. It cherry picks certain indicators where progress has been made and omit other indicators where Namibia’s governance architecture is in decline. The reality is that all the international indexes mentioned by the Office of the President registered a decline in recent years in terms of certain key indicators, as detailed below:

Afrobarometer Survey - the latest published Afrobarometer SDG scorecard (May 2021) shows that the majority of Namibians perceive Namibia is doing worse over the previous 5 years when it comes to

- (i) No poverty (SDG 1);
- (ii) Zero hunger (SDG 2);
- (iii) Good health and wellbeing (SDG 3);
- (iv) Clean water and sanitation (SDG 6);

- (v) Reduced unemployment (SDG 8);
- (vi) Reduced inequalities (SDG 10); and crucially
- (vii) Trust in police, judiciary and parliament (SDG 16).

Source:

https://afrobarometer.org/sites/default/files/publications/SDG%20scorecards/namibia_sdg_scorecard_2021-afrobarometer-20may21_1.pdf

Ibrahim Index of African Governance (IIAG) – the latest published IIAG index (2020) shows Namibia rapidly declining in key governance architecture trends over the period 2010 to 2019 notably

- (viii) rule of law & justice (minus .4);
- (ix) accountability and transparency (minus 3.8); and
- (x) anti-corruption (minus 4.6).

Of the four main overall governance subcategories, Namibia declined in Security & Rule of Law (minus 2) and Participation, Rights & Inclusion (minus 1.8). Foundations for Economic Opportunity and Human Development illustrated an improvement over the last decade.

Source - <https://mo.ibrahim.foundation/iiag/downloads>

Press Freedom Index – Namibia declined in the latest World Press Freedom Index by 8 positions, from 16th out of 180 countries in 2016 to ranking 24th in 2021.

Source - <https://rsf.org/en/namibia>

Corruption Perception Index – Namibia’s ranking declined by 4 positions in the latest Corruption Perception Index, from 53rd out of 180 countries in 2016 to 57th in 2021. In terms of Namibia’s country score (with 0 being highly corrupt and 100 being clean), a marked decline is recorded from a high of 53 in 2018 to a low of 49 in 2021. Clearly, the trend is downwards.

Source - <https://www.transparency.org/en/cpi/2020/index/nam>

The Institute for Public Policy Research

The Institute for Public Policy Research (IPPR) in its November 2020 Namibian Governance Report made the following observations (quoting verbatim):-

“This report sets out to assess the governance record of President Geingob’s first five years in office with reference to two themes that he has proclaimed as core to his intentions to promote good governance:

- *The installing of “robust governance architecture”; and*
- *Improving systems, processes and institutions.*

In summary, the paper makes the following observations: On installing “robust governance architecture”:

- The National Anti-Corruption Strategy and Action Plan (2016 – 2019), which was supposed to deliver much of the strengthened or new governance architecture on the anticorruption landscape had only completed 15 out of 75 actions by 2020;*
- Both the Whistleblower Protection Act (No. 10 of 2017) and the Witness Protection Act (No. 11 of 2017), which were passed in late 2017, remained unimplemented by the end of the first Geingob administration term;*
- Despite repeatedly stating over the years that an access to information bill would be tabled in parliament and a law passed in his first term, by the end of the term no bill had made it to parliament;*

Namibian Governance Report

Systems, Processes and Institutions

- Indications are that assets and interest declaration or disclosure systems do not function effectively within the state sector. Namibia does not have a comprehensive, standalone law dealing with assets and interests disclosure and conflicts of interest by political office bearers or senior civil servants. Rather such measures are scattered across various laws and regulatory mechanisms, the implementation and enforcement of which remained highly questionable;*
- Despite the enabling law (Electoral Act of 2014) having been passed, an entire five-year electoral cycle period – April 2015 to March 2020 – passed before regulations were fully implemented to enable transparency around political party funding and finances.*

On improving systems, processes and institutions:

- The Anti-Corruption Commission (ACC) is the tip of Namibia’s anti-corruption spear, but over the five years from 2015 the law enforcement agency has faced significant challenges, especially of a reputational kind;*
- The Office of the Prosecutor General (PG) plays a critical role in Namibia’s anti corruption fight, but the PG’s office has also become an increasingly problematic institution;*
- The Namibian courts system is in a decades-long struggle to clear backlogs and bottle necks that have become a threat to the entire criminal justice system as judicial authorities have failed to get to grips with the issues undermining the efficient functioning of the courts.”*

Source - <https://ippr.org/na/wp-content/uploads/2020/11/Namibian-Governance-Report-web.pdf>

The Claim: *“Implementation of social progression programmes during HPP I reached a 90% target compliance, with nine out of 10 desired outcomes achieved”*

The Facts: In April 2019, *The Namibian* reported that 54 out of 92 economic and infrastructure targets under HPP1 were not achieved or are behind schedule.

Source - <https://www.namibian.com.na/187827/archive-read/Harambee-fails-economy>

This claim is also not evident from the official, undated implementation report on HPP1 (<https://drive.google.com/file/d/1HRktglui2y9zwyR9fDR6eqBBy0APfUTv/view>) which report itself contains many dubious and unfalsifiable claims to success, such as, that Namibia became more transparent, increased capacity in the vocational educational training system, ensured energy and water supply security, that Namibia continues to be a respectable and trusted member of the international community, and many more.

The Claim: *“No Namibian was reported to have died from hunger during the period (2016-2020), despite the country enduring the worst recurrent droughts in recent history”*

The Facts: It is tragic if the marker for success is that *“no one died from not having enough food”*. In 2013 it was reported that: *“Taken over the past four years where the total number of malnutrition deaths are 772, this year's figures look better. In 2010, the ministry recorded 367 deaths, and the figure dropped slightly in 2011 to 316 and then massively to 51 last year. that 38 Namibians died of hunger”*.¹ Given the fact that these substantial number of deaths occurred during rainy seasons, and that a severe drought followed thereafter, during the time of HPP1, it is inconceivable that *“no Namibia died of hunger”* from 2016 to 2019. Even if this claim is true, this should in any event not be the benchmark or any cause for political celebration. The benchmark should be far higher: because the recent draught is not the hardest thing Namibia had to endure. It does however play into the Government's narrative to blame difficulties on any number of (external) factors, rather than its own (internal) failures. We suggest that Government would be well advised to focus on how many Namibians have adequate and affordable food security and nutrition, rather than trumpeting *“no death from hunger during HPP 1”* as an achievement.

The sad reality is that Namibia ranks 80th out of 116 countries in the 2021 Global Hunger Index. This means an unacceptably large percentage of the populations remains malnourished or undernourished.

Source - <https://www.globalhungerindex.org/namibia.html>

The bottom line is that Namibia is further removed from hunger and food security than the Office of the President suggests. For example, ACAPS states that *“for the current period of analysis (October – November 2021), approximately 659,000 people (26% of the population) are estimated to be facing high levels of acute food insecurity (Integrated Phased Security Classification (IPC) Phase 3 or above) and are requiring urgent humanitarian assistance. Of this population, 557,000 people are classified in Crisis (IPC Phase 3), representing 22% of the population analysed, and 102,000 (4% of the population analysed) are in Emergency (IPC*

¹ <https://www.namibian.com.na/111416/archive-read/38-die-of-starvation#:~:text=HUNGER%20and%20lack%20of%20proper,of%20Health%20and%20Social%20Services.>

Phase 4). An additional 896,000 people (35 % of the population) are in Stressed (IPC Phase 2).”.

Source: https://www.acaps.org/sites/acaps/files/key-documents/files/ipc_namibia_acutefoodinsecurity_2021oct2022march_report.pdf

The Claim: “HPP 1 delivered on significant goals including zero load shedding; increased electricity generation capacity by more than 50%; established the Cabinet Committee on Water Supply Security, which secured uninterrupted water supply to consumers; completed the construction of the Neckartal Dam; upgraded the national road network by 819km of bitumen standard; expanded gravel roads with an additional 373 km and provided 100% broadband connectivity for public sector agencies”

The Facts: We had “zero load shedding” because we (read: the Namibian consumer) paid our bills to Eskom, not because HPP 1 was so successful. The *Neckartal Dam* was monumentally overpriced, and we still do not have any viable plan to develop and monetize downstream agriculture. Furthermore, anyone who has ever dealt with Government will know that “100% broadband connectivity” for public sector agencies is simply not true.

“Unpacking the New Equitable Economic Empowerment Bill” – Office of the Prime Minister - page 15

The Claim: “The economic situation currently in Namibia is such that a lion’s share of 95% of the socio-economic power still primarily resorts with 5% of the previously advantaged Namibia population”

The Facts: This is a grossly misleading and inflammatory statement.

Socioeconomic power is an exceptionally wide concept, and one not even defined by the Office of the Prime Minister. It is sometimes measured as a combination of education, income and occupation². Making claims about percentages in this context is misguided.

If the focus is on education and occupation, the claim only alludes to Governments’ failure in the public education system, both at school and tertiary levels. If the intention was to allude to income and perhaps ownership of the Namibian economy, it is important to note that no data exists in Namibia on business ownership based on skin colour (or historical status), and thus this the statement can only be conjecture, and speculation.

Economic power is largely a factor of education and productivity. Low levels of economic power for much of the population continue to prevail off the back of a failing education

² <https://www.apa.org/topics/socioeconomic-status#:~:text=Socioeconomic%20status%20is%20the%20social,to%20privilege%2C%20power%20and%20control.>

system, a major failure on the part of Government. Many Namibians are successful or survive despite Government, not because of Government.

The Prime Minister's statement could also suggest that 95% of Namibia's economic assets are owned, or production is generated, by previously advantaged persons. If so, then this would be a gross insult to the vast majority of the Namibian population.

These types of statements are political clickbait which get recycled every time Government policies fail or more votes are required. We have never seen any evidence by the Office of Prime Minister to even remotely support this claim.

If we dissect the Namibian economy, then it becomes abundantly clear that the statement by the Office of the Prime Minister has no basis in fact or in logic:

Government

In 2021 government expenditure was 38.1% of GDP.

Source: <https://www.statista.com/statistics/510139/ratio-of-government-expenditure-to-gross-domestic-product-gdp-in-namibia/>.

GIPF (i.e. government employees) own 136 billion Namibian dollars (slightly less than Namibia's total annual GDP). As Namibia's largest institutional investor, it holds a substantial stake in Namibian listed and unlisted companies.

Government owns a major part of the Namibian economy through public enterprises (some of which operate as *de facto* monopolies such as the Namibian Airports Company, Namport, TransNamib, NWR and others). In fact, several public enterprises actively compete with, and crowd out, private sector.

Quite frankly, if Government, despite all the public enterprises and land it owns, controls less than 5% of the socio- economic power in Namibia, then it is not very efficient.

Land

The Namibian Government owns approximately 66% of all land in Namibia (including communal land). The rest (being mostly commercial land) is owned by previously disadvantaged and previously advantaged Namibians as well as foreigners and, again, also Government itself. Government has been wholly unable to resolve issues of urban land ownership for the majority of the population, as well as wholly incapable of improving the land tenure for persons currently living in communal areas – one of the key contributing factors to food insecurity, inequality and poverty. If Government is unable to generate more than 5% of socio-economic power from owning 66% of Namibia's land (as well as a portion of Namibia's commercial land) then it has failed dismally.

Mining

Mining contributes approximately 10% to Namibia's GDP. It is an open secret that Exclusive Prospecting Licences (EPL's) are seldom if ever given to previously advantaged Namibians. Mining is capital intensive and as such are mostly owned by foreigners and in some instances co-owned by Government (not previously advantaged Namibians). It is true however that Government owns a substantial share of the most lucrative mining company in Namibia, Namdeb (including Debmarine). Various other empowerment groups and previously disadvantaged persons own stakes in many other mining projects, including the likes of B2Gold, various oil blocks and many more.

Informal Sector

It is estimated that the (non-taxpaying) informal sector contributes approximately 25% to Namibia's annual GDP.

Source: <http://dev.worldbank.org/National-Statistics/Informal-Economy/Namibia.aspx>.

Again, this logically means that 95% of the socio-economic power in Namibia cannot be controlled by "5% previously advantaged Namibians" if that was suggested by the Office of the Prime Minister.

Listed Companies

The Namibian Stock Exchange (NSX) hosts 42 listed companies of which 8 are local. The shares are publicly traded and mostly subscribed to by institutional investors such as GIPF and other pension funds, medical aid funds and similar. It is obvious that 95% of the socio-economic power of the NSX cannot reside with previously advantaged Namibians if that was suggested by the Office of the Prime Minister.

Services

Services contribute 59% to Namibia's GDP (O'Neill, A. 15 February 2022, Statista). Some of the largest financial services companies in Namibia are majority foreign owned. These include Sanlam, Old Mutual, Standard Bank Namibia, Momentum, RMB, and many others. Previously advantaged Namibians certainly do not own 95% of the socio-economic power leveraged by these companies, as suggested by the Office of the Prime Minister.

The Claim: *"Currently, most businesses in Namibia are either foreign owned companies with franchises or partnerships in Namibia, or with full Namibian ownership but with 100% non-compliance to any existing Affirmative Action Compliance Regulations"*

The Facts: This is a grossly inaccurate statement, but even if we assume it is true, is enabled by and entrenched by public policy and legislation. Namibian businesses struggle to grow to content with competition from the region and world, due to a deeply unfriendly business environment and tax regime. Bureaucratic red tape and expensive compliance costs favour

large multinationals over smaller local businesses, and Government's misguided economic and investment policies severely handicap small businesses before they are able to compete.

According to the (previous) Minister of Labour, in 2019 only 60 employers in Namibia were reported for non-compliance with the Employment Equity Act, which non-compliance included non-submission of reports and false information provided.

Source: <https://neweralive.na/posts/apartheid-legacy-still-haunts-workplace-nghimtina>

EPRA previously estimated that there are approximately 20,000 active private sector businesses³ in Namibia. Even if all 60 of the abovementioned alleged non-compliant businesses were proven to be non-compliant (which they were not at the time of the 2019 report), then it would be 0.3%, and not close to the 100% suggested by the Office of the Prime Minister.

Conclusion

It is evident that Government operates in a data vacuum when it comes to promoting and implementing toxic and destructive policies such as NEEEB, or alternatively prefers to rely on unsubstantiated emotional arguments (rather than facts) to hide their lack of proper policy research and policy implementation. This is dangerous, especially for the most vulnerable Namibians.

Nobody denies that socio-economic inequality exists in Namibia. Every sensible Namibian also agrees that inequality can only be reduced by growing Namibia's economy (not by destroying it) and by improving human development. EPRA therefore strongly urges Government to adopt a pro-business, best practice, evidence-based approach when it comes to policy formulation and implementation, rather than recycling half-truths and disinformation for political expediency - which can only lead to economic ruin.

It is of course always easy to find a scapegoat for our economic problems. The sad reality however is that 30 years after independence, the lack of post-independence new business success stories is a catastrophic failure of Government, who have succeeded only in creating a business environment so toxic that little can be born or grow in it. To only blame the pre-independence period for this, while prescribing further toxic medication to a broken business environment, thinking it will resolve any issues, is wishful thinking.

EPRA's aim is to have a positive impact on policy, and advocate for pro-business legislation, so that all Namibians can benefit and have a fair chance at being prosperous. We will continue to do so and thank our members for their continued support.

Yours faithfully

EPRA Management Committee

³ According to the 2018 Namibia Labour Force Survey, there are only 214,693 people employed in private companies, enterprises or co-operatives in Namibia and it is assumed that each have 10 employees.

To the editor:

EPRA was established as a voluntary association in 2017. EPRA's objectives are to advocate for pragmatic, sustainable, pro-growth and investment friendly economic policy. By extension, EPRA advocates for pragmatic job creation and equality improvement. EPRA published several reports on proposed legislation which we believe are unconstitutional and toxic to economic growth.

For more on past reports by EPRA visit www.epra.cc/downloads

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