

## IPPR Interview No.2, June 2001

### **John Walenga, President of the Indigenous People's Business Council, on Black Economic Empowerment**

Robin Sherbourne



**“If the majority are suffering it is just a matter of time before they start fighting back.”**

**IPPR:** Thank you Mr Walenga for agreeing to give this interview. The IPPR believes such interviews are an important way of creating honest dialogue between those holding different views on economic policy. The IPPR also intends to take a special interest in black economic empowerment. What is the Indigenous People's Business Council (IPBC), who does it consist of and what is its programme of action?

**Walenga:** Thank you for the invitation. The Indigenous People's Business Council was established four years ago as a result of demand by indigenous business people who felt they did not have a voice to represent their interests directly. It's true there was the Chamber of Commerce, which is a platform all of us could belong to, but then we must come together and form a common position before approaching the Chamber on issues like other business groups. We blacks thought of not operating under cover but to come out clearly to express our dissatisfaction and anguish in this economic sector of our country. We are not a political organisation but we are mindful of the fact that our members belong to different political parties. That is why we do not represent the interests of any political party. We have been able so far to work with everybody. IPBC membership falls into two categories. You have direct membership and associate members. We have about 680 businesses which are direct members. Through our associate members we are standing at something like 2,400 members. Our associate members are currently the Shebeen Association, the Hawkers Association, and the Namibian Lawyers Association.

**IPPR:** How does the IPBC fund itself?

**Walenga:** At the moment we survive through membership fees but we also receive donations from the private sector. Some members also give further donations. I must also mention that for the first two years we were sponsored by Namibia Breweries and Coca Cola. As a matter of fact, Coca Cola continue to support us. Castle Brewing Namibia also funded us but, given the war between Namibia

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Breweries and Castle Brewing, we decided not to rely on sponsorship from breweries otherwise we would end up being used as a pawn to advance their own ends.

**IPPR:** Why do you use the term “indigenous”? Why not call it the Black People’s Business Council?

**Walenga:** It depends where you stand on what you mean by indigenous. When our white compatriots make enquiries about whether they can join IPBC or not, we always tell them they are welcome as long as they regard themselves as indigenous. It’s not for me or the IPBC to impose the concept of indigeneity on anybody. If you are white and regard yourself as indigenous and you’re patriotic, you live here and you bank all your proceeds here in Namibia, you are welcome to join the IPBC.

**IPPR:** Do you have white members?

**Walenga:** Yes we do.

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***“Our private sector at the moment is being commanded from elsewhere. It’s not Namibian.”***

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**IPPR:** From what you have said, it sounds as if you feel certain business people have special needs. What are those special needs – are they finance, training, lobbying needs, or the needs of small business?

**Walenga:** That’s exactly the case. I don’t know what you mean by small business because the IPBC is not synonymous with small business. That’s a mistake many people make. Small businesses in Namibia are handled by the Joint Consultative Committee with whom we have a good relationship. IPBC is a lobby group to push for the interests of indigenous business people. Why was this necessary? Our private sector at the moment is being commanded from elsewhere. It’s not Namibian. While they operate here, their headquarters are actually elsewhere not in Namibia. Their founders look at Namibia not as a country but as one of their branches. We are saying that this is dangerous, not just to us as indigenous business people but to the economy of our country. It means that our economy is being commanded from elsewhere. The IPBC serves as a platform for indigenous business people who also want to be the giants in the economy, to be the De Beers of this world one day. Nobody can tell me that De Beers will assist you to be where they are today. The only thing they will try to do is to keep you where you are and then look down on you. If you look at the Chamber of Commerce, it is mainly dominated by foreign companies. We needed our own platform to speak with one voice as indigenous business people.

**IPPR:** How would you regard something like Namibia Breweries now which has a major foreign shareholder?

**Walenga:** We would most definitely accept them in the IPBC. The IPBC has a constitution with aims and objectives. Any company which adheres to these can be a member of IPBC. Employing Namibians and operating from Namibia does not make you indigenous. You have to do more than that. The fact that Becks bought a large chunk of shares in Namibia Breweries does not change the fact that it is Namibian controlled in terms of shareholding and management. The fact that there is now a major foreign shareholder is not an issue.

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**IPPR:** What have been the greatest successes of the IPBC to date and what are those areas where progress has not been as rapid as you would hope?

**Walenga:** In four years the IPBC has really achieved a lot. When we started the Chamber of Commerce was in the process of being restructured. We awoke the chamber to restructure seriously. That's one achievement. The other has been to constantly keep the interests of indigenous business people in the foreground. From the beginning, government has taken us seriously. We have pushed black economic empowerment. If you listen to MPs in both houses of Parliament, you hear them talking about black economic empowerment. There's still a lot of work to be done. One MP recently got up to denounce black economic empowerment by the tender board because it is only promoting elites. Maybe he had a point but people are using the prevailing situation to their own benefit just like anybody else. That was a pity. When whites benefit from tender board decisions, that is normal. When blacks start to make use of the very same laws, that is a crime. The problem is not people but the system. It is the tender board that has to be changed so that it can benefit the ordinary men and women on the street. What blacks are currently doing is simply what laws demand you to do.

**IPPR:** What do you mean by black economic empowerment?

**Walenga:** It's a partnership which all stakeholders in the economy are asked to embrace for the sake of Namibia. The end product is that the means of production are in the hands of the majority in this country. Once this has happened it will have a trickle down effect. Black economic empowerment doesn't mean black owned, it means Namibian controlled. Today we have some companies floating around who call themselves black economic empowerment companies because they are owned by two black Namibians. But this doesn't make you a black economic empowerment company. We are saying that there should be at least a trickle down effect in the equity of the company so that men and women on the street should benefit. A good example are those that have been started by trade unions or political parties. These companies are not benefiting one individual. They are benefiting the broader membership of the trade union or political party.

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***“When whites benefit from tender board decisions, that is normal. When blacks start to make use of the very same laws, that is a crime.”***

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**IPPR:** So something like Ongopolo would be a good example?

**Walenga:** That's a classic example of a black economic empowerment company.

**IPPR:** Are there conflicts between black economic empowerment and national reconciliation? Should whites see black economic empowerment as a threat?

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***“If you look elsewhere in the world, and I can use the classic example of Malaysia and indigenisation, you can see successful examples of what I mean.”***

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**Walenga:** It shouldn't be a threat at all. It should be an opportunity which white Namibians should embrace. It is a problem that the economy is controlled by one segment of the population. They should ask themselves why they continue to benefit as they were benefiting before Independence from the economy of our country and blacks are not benefiting. To them it should be a problem because it is a threat to peace



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and stability. They must face the fact that they are a minority in this country. If the majority are suffering it is just a matter of time before they start fighting back. I don't think they would want to see that day because it would mean chaos and what they have today can easily be lost. Some of our white compatriots see black economic empowerment as a threat because they don't travel. If you look elsewhere in the world, and I can use the classic example of Malaysia and indigenisation, you can see successful examples of what I mean. The economy used to be controlled by the Chinese who were very sceptical about indigenisation. Today the Chinese are happy because they didn't lose anything. If anything they are benefiting more now because their companies are recognised by the Malaysian government as Malaysian companies which benefit from government contracts. The major consumer in our country is the government but white companies do not want to open up. Whether they like it or not, this is a black government, we are in power here. All we are saying is that we want to benefit from that cake. We don't want to push our government to enact a law which states that no company can benefit from government contracts if it isn't a black economic empowerment company. That's why we say that whites should see it as an opportunity to voluntarily open up by themselves and take on board fellow Namibians. In that way we can guarantee peace and stability. As things stand now, however, I see more incentive for chaos than anything else.

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***“We don't want to push our government to enact a law which states that no company can benefit from government contracts if it isn't a black economic empowerment company.”***

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**IPPR:** So things are not progressing?

**Walenga:** We are not seeing that. You see, once government enacts a law they will be forced to marry someone they do not know and that's not good. You just have to look at what the government did when it allocated fishing quotas. They grouped companies together, newcomers with established companies. The established

companies were very much opposed to this. But I can tell you now they are happy because they are no longer being called all sorts of names.

**IPPR:** So you think government was right to do that?

**Walenga:** Definitely. We commend our government for that.

**IPPR:** Why shouldn't it apply the same rule to the rest of the economy?

**Walenga:** You see these are natural resources and the government is there as the custodian of national wealth. The fishing industry is one of those sectors where you can make quick money sometimes. When you make quick money people buy a nice big house in town. But people should reinvest their money in other sectors in order to create jobs.

**IPPR:** Is there any evidence of that happening? My understanding of what happened in the fishing sector was that certain people were chosen to become owners of existing companies which had invested and created jobs without investing or taking risks in what was not an open and transparent process. Those companies felt that, although they had delivered the goods, the rules had suddenly been changed without them being consulted.

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**Walenga:** You see by creating jobs you are not doing anyone a favour. You are not employing people because you have been requested to do so by government. It's because you need those workers to make profits. I beg to differ with you on the issue of transparency. It was very transparent. What happened is that fishing rights expired and the government invited new applicants. It so happened that there was a lot of interest from indigenous Namibians. Clearly it would have been suicidal if the Minister had picked only newcomers to the industry. Existing companies would have suffered because it would have meant them receiving lower quotas. Government chose not to do that but to summon those applicants that had a lot in common and partner them up with established companies. Some companies got bigger quotas than they used to get. Anybody who is not happy is not serious. This wealth belongs to Namibians and our people must be the first in line to exploit these resources.

**IPPR:** So even foreigners who have come here and delivered the goods shouldn't complain. If you look at the white fish industry, for example, it's been brought on shore because of foreign investors.

**Walenga:** Why should it be a problem to have indigenous Namibians on board? I can only agree with you if they had signed a contract with government saying exactly what is expected of you. But there is no such contract. I can see you want to bank on public sympathy but who is the public in this country? Is it a few minority whites who are commanding this economy? It is just a matter of time if the white private sector does not wake up. The principle applied in the fishing sector can be extended to all other sectors. We cannot continue controlling just the politics eleven years into Independence and not the economy. If you look at who controls our economy – the Germans, the British, the Americans, the Canadians – but it was the Afrikaners who were ruling this country. We are saying to the ruling party that we are there to assist you to avoid making the mistakes the Afrikaners made of leaving the economy in the hands of foreigners.

**IPPR:** Shouldn't we make that clear to foreign investors in our foreign investment policy?

***“Any sensible foreign investor should know that, for you to invest without hassle from local people, the right thing to do is to have local people on board.”***

**Walenga:** I don't see any reason for that. These companies come from countries where there are rules governing foreign investment. I can tell you there is no country in the world which allows you to come in and invest as you wish. Just look at the African Growth and Opportunity Act. A Namibian company cannot just go and put up a factory in the US to start processing your fish. Why should our government not also insist on having local people on board? Any sensible investor should know that for you to invest without hassle from local people, the right thing to do is to have local people on

board.

**IPPR:** How would you encourage the white business community to be more progressive?

**Walenga:** They say you can take a student to college but you can never force knowledge on him. What we – the IPBC, the government and everybody else - have done is already enough. You are talking to people who are not prepared to listen. The other problem is that the white establishment in Namibia is not Namibian controlled. Local representatives of foreign companies are afraid of losing their jobs if they open up. That's not true. Those companies that have opened up have not lost a single cent of their investment. They are happy. Blacks who have come in are also conscious of their



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responsibilities. Just yesterday I was present at the handover of thirty thousand dollars for the malaria outbreak in the north by an indigenous fishing company which was just given quotas recently. Where are the established companies ploughing their money?

**IPPR:** Are there other examples from the rest of the economy that represent successful black economic empowerment?

**Walenga:** At the moment there are not that many. You have companies like Kumwe and Pamwe but I do not really know what they are up to at the moment. They are black empowerment companies because they have trade union and local NGO shareholders. However, information on deals is under wraps.

**IPPR:** Who has benefited most from black economic empowerment so far?

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***“Black economic empowerment has not really taken off yet so only few have benefited.”***

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**Walenga:** Black economic empowerment has not really taken off yet so only few have benefited. Those who have done so more by luck. What we are seeing is just initiatives by individuals here and there. But at the moment there is not mechanism for scrutinising who is and who is not a black economic empowerment company.

**IPPR:** Does that mean you would like to see a clearer policy with measurable targets and objectives?

**Walenga:** Very much so. It should be part of Vision 2030. If that fails to tackle the subject of ownership it will not do justice to a critical economic issue. Within Vision 2030 there should be steps which we can use to measure our success. There must be targets to 2030.

**IPPR:** What sort of targets do you have in mind?

**Walenga:** We should have targets for ownership and equity as they have in South Africa with the Black Economic Empowerment Commission.

**IPPR:** Do you think we need a similar Commission?

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***“We need a Black Economic Empowerment Commission.”***

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**Walenga:** Very much so and we are working towards this already. But this is something you have to do as a country, not as the IPBC. Everybody must buy into this idea for the sake of Namibia. We are sensitising MPs at the moment. We believe it will happen sooner rather than later.

**IPPR:** Why don't we have a policy already? Surely it should have been one of the first things Government should have tackled?

**Walenga:** I don't want to speak for government but from what I can tell, when we took over at Independence, there was a lot of animosity, especially from the West, thinking this was a communist party taking over. Had the government moved at an early stage it would have been interpreted wrongly. What we needed to do was to stabilise the situation first. Unfortunately, the policy of national



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reconciliation has worked politically but not economically. Reconciliation has to be two ways. As a result we are now pressing for indigenisation. Government is now preparing to act because it has given the private sector enough time to act voluntarily. In our African culture, if a man is over the age of thirty and still not married, the parents come together and start looking for a partner. I guess that's the stage we're at now. Government will only do that where the company is benefiting from government contracts or natural resources. If you are, say, an EPZ company manufacturing for foreign markets, I'm sure the government or the IPBC will not bother you because you are not benefiting from our natural resources or national budget. That happens everywhere in the world.

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***“Government should act where a company is benefiting from government contracts or natural resources.”***

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**IPPR:** What about problems of corruption? Isn't it friends of politically powerful people who benefit from policy?

**Walenga:** I have a problem with what you are saying. I don't understand why it is that it is interpreted as corruption when a black person is empowered by the government.

**IPPR:** But isn't the point that the contract should go to the person most able to do something with it – the most able blacks rather than just well connected ones?

**Walenga:** I haven't seen that happen. Does that mean anyone connected to a politician should suffer? We are a small country and most people know or are connected to politicians in one way or another. Do you complain when De Beers receives rights?

**IPPR:** Only if they are not the best company for the job.

**Walenga:** Who determines who is the best? I don't work for government so it's not for me to judge whether the best applicants get the contracts or the rights.

**IPPR:** You're happy that the process in government for allocating licences and contracts are working properly?

**Walenga:** I'm not saying I'm happy or unhappy. All I'm saying is that as things stand those who are smart can benefit whether you're white or black. It's very sad when our white compatriots complain when they lose out to a black company. And our press here also dances to that tune. If a white-owned or multinational company wins a tender it's normal but for a black person it's abnormal. Why do you not complain about De Beers winning a tender?

**IPPR:** De Beers has a reputation for running mines all over the world.

**Walenga:** Yes, but even De Beers had to start somewhere so other people must be given a chance to prove themselves!

**IPPR:** So you wouldn't say corruption is a problem in Namibia?

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***“I’m sure government gives the deals to the right companies.”***

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**Walenga:** No, I wouldn’t say it is a problem simply because black companies are benefitting!

**IPPR:** But are the right blacks benefitting? Do blacks themselves feel that these processes are clear and competitive? That’s all I’m asking.

**Walenga:** I’m sure that they give the deals to the best companies.

**IPPR:** Does the IPBC see trade liberalisation as a threat ?

**Walenga:** It is not something we can shy away from. It is a worldwide phenomenon. I understand people’s concerns about globalisation. It could lead to economic colonialism which can be achieved without sacrificing a single life. That’s why we have to be extra careful in embracing this concept. We see it as an opportunity. You cannot talk about trade liberalisation without talking about privatisation because the two go hand in hand these days. As far as trade liberalisation is concerned we believe we should start with regional blocs. We should strengthen our position in SADC but we cannot go into SADC to do everything. We have to look at where we are stronger than the rest of the region. In my opinion that means looking at the fishing sector, the mining sector, our port facilities which can serve other countries instead of us putting up factories to serve other countries. I’m just mentioning these three areas as examples. At the moment we are there as consumers which is not healthy.

**IPPR:** So you see trade barriers coming down as a good thing.

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***“The IPBC is for trade liberalisation and privatisation, but under certain conditions.”***

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**Walenga:** Yes, but at the moment only some countries are benefiting from this. Our industrialisation programme is just a document not a policy. South Africa is the major beneficiary.

**IPPR:** Surely trade barriers coming down mean more competition for Namibian companies. Isn’t that a threat?

**Walenga:** No. But no country in SADC can be allowed to produce almost everything. This should be a point of concern for individual SADC countries.

**IPPR:** But then who decides who produces what?

**Walenga:** That is supposed to be decided at the government level.

**IPPR:** Not at the business level?

**Walenga:** No, at the government level. Of course business has to make an input in that. The SADC Trade Protocol deals with this issue. On the issue of privatisation we are very much in favour under certain conditions. The companies to be privatised should be the ones that are making a profit at the moment. Loss-making companies should be turned around before they are privatised. Privatisation should be biased towards indigenous business people and give them a grace period of five years before further privatisation can be considered. Privatisation means opening up but not necessarily to foreigners. Companies like Nampower should open up for the first five years to Namibians and its





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monopoly should be protected for that period for us indigenous people to benefit. The IPBC has a policy on this.

**IPPR:** Mr Walenga, thank you for this interview.

This is the transcript from an electronically recorded interview between John Walenga, the President of the Indigenous People's Business Council, and the IPPR conducted on Tuesday 22 May 2001. While every attempt has been made to reproduce the interview word for word, it has been shortened in parts and minor language changes have been made.

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