THIS WEEK IN NAMIBIA
February 13 - 20, 1990

(A report filed by the Lawyers' Committee for Civil Rights
Southern Africa Project staff in Namibia)

1. **Sam Nujoma Elected President**

   SWAPO President Sam Nujoma was unanimously appointed
   President-elect of Namibia on February 16th. The election,
   originally scheduled for March 16, was brought forward for
   protocol reasons relating to the coming Independence celebra-
   tions. There were no other nominees and the Assembly greeted Mr.
   Nujoma's election with a standing ovation. In his acceptance
   speech, the President-elect pledged to uphold the constitution
   and to execute his duties in the spirit of "national reconcilia-
   tion, unity, peace and stability." Mr. Nujoma will be formally
   sworn in as President by the U.N. Secretary General on March
   21st. He will serve for five years and will be eligible for one
   more five year term if re-elected.

   Reverend Jesse Jackson, visiting Namibia after witnessing
   ANC leader Nelson Mandela's release on February 11, in South
   Africa, attended Nujoma's election and became the first non-
   member to address the Constituent Assembly. Following on
   Assembly Chairperson Hage Geingob's reference to the "paltry"
   proposed U.S. aid package to Namibia (an approximate $8.5 million
   in the next two years, only $2 million of which is development
   aid), Jackson said it was "beneath the dignity of the United
   States" to give such a small amount to Namibia while channeling
   at least "$50 million in assistance to UNITA rebels in Angola."

2. **The Budget**

   Shadow Minister of Finance Otto Herrigel addressed the
   Assembly on February 9 on the issue of Namibia's budget, finan-
   cial institutions, currency and foreign aid and loans. Dr.
   Herrigel's speech roughly coincided with the release of an
   extensive United Nations Development Program report on the state
   of Namibia's economy. Due to unexpected claims on Namibia's
   budget as a result of the implementation of U.N. Resolution 435,
likely reductions in Namibia's support from South Africa and a failure of the outgoing government to institute long term financial planning, Dr. Herrigel predicts a R500 million deficit in the first year after independence. (UNDP indicates a much smaller amount of R225 million.) In Herrigel's view, it will take at least the first year for the new country "to get proper control of its finances," and he hopes for international grants to offset this initial shortfall.

In the following years, Herrigel will seek a combination of internal financial resources and foreign investments to stabilize the economy, with foreign aid and loans playing a lesser role. The most important goal will be deficit reduction and "balancing" the budget by paring down the cumbersome government structure resulting from the 11 separate ethnic administrations which helped cause a rise in government expenditures from 46% of GDP in 1980-81 to 60% in 1986-87.

Another key budget balancing measure will be the review of financial agreements with South Africa. In the past South Africa, either through direct budget support or through guaranteed loans, has made up Namibia's budget deficit. From 1983-87, however, South Africa reduced its budgetary support from 12-15% of GDP to 3%. Though a corresponding increase in mining revenue averted a budget crisis, it is clear that financial negotiations with South Africa will play a key role in assessing Namibia's potential economic stability. One focus of these negotiations will be Namibia's membership in the South African Customs Union (SACU) out of which it receives regular payment from the revenue pool. This membership is likely to continue, though Namibia will immediately begin to set up its own customs and excise department in order to establish independent trade figures.

In general, prospects for economic stability appear favorable, but the volatile nature of Namibia's economy is underscored by the fact that changes in the world mineral market or an appreciation of the Rand could result in an increased deficit.

3. **Financial Institutions**

A key to cultivating internal financial resources and investment opportunities is Namibia's existing financial institutions, which fall into four main categories: (a) a branch of the Reserve Bank of South Africa; (b) commercial banks (two major South African banks hold 75% of all commercial banks' assets); (c) the building societies; and (d) parastatal financial institutions like the First National Development Bank (FNDC) and the land bank. Until now the land bank has essentially been giving subsidies for land transfers and the FNDC has failed "in its objectives to give major development impetus on the economy." The government proposes a greater emphasis on land development and technical and managerial assistance in the respective
organizations and proposes transferring FNDC's lending operations to a Development Bank of Namibia, which would channel and control all of the foreign aid Namibia receives.

According to Herrigel, the commercial banks "are well placed to contribute to the economic challenge ahead." In an independent Namibia, the banks will be encouraged to be involved in medium and long term financing and in seeking local funding sources through long term deposits and bond sales to local institutions and insurance companies. They are likely to be asked to become involved in aid-funded projects as well.

At present, in Herrigel's view, Namibia is "simply a monetary province of South Africa." Currency flows freely between the two countries (see below). The South African Reserve Bank (SARB) and South African government determine exchange rates, exchange control, interest rates and liquidity. Because of Namibia's membership in the Common Monetary Area (see below), all foreign exchange earned by Namibia, including major expenses paid by UNTAG and foreign observer missions and all foreign aid, accrues to the SARB. According to UNDP, it appears likely that Namibia is a net provider of financial resources to South Africa, balancing if not overcompensating for South Africa's budgetary support. While it is unlikely that this situation will change anytime in the very near future, Herrigel pinpoints the establishment of a central bank and independent monetary system as top priorities in initiating Namibia's economic independence from South Africa. Herrigel is seeking foreign technical assistance for this effort.

4. **Currency/Capital Flight**

Namibia is a member of the Common Monetary Area (South Africa, Lesotho and Swaziland), which is comprised of countries where "the Rand is accepted as legal tender with absolute freedom for capital transfers to and from South Africa." According to Herrigel, Namibia will retain the Rand and CMA membership for at least another two years. During this time "very little influence" can be exerted over the flow of capital between the two countries. Fear of capital flight has been largely unwarranted (not including the flight of R700 million resulting from the privatization of the Civil Service Pension Fund).

5. **Foreign Aid and Loans**

According to Herrigel, "a lot of muddled thinking" is taking place concerning the role of foreign aid and loans in Namibia's developing economy. While Herrigel prefers investment and internal financing, he recognizes the key role of foreign aid in, among other areas, education, training, the development of a central bank and customs and excise department and agricultural development. Aid in the form of technical and managerial
assistance is already "flooding in" and is "most welcome and appreciated." Budgetary support "should only be required for the first year," in Herrigel's view, but UNDP anticipates that longer term commitments to such assistance will be needed during Namibia's transition to an independent, stable economy. This transition will be eased by the new country's likely membership in SADCC, the Commonwealth, the Lome Convention and the OAU. They are also likely to seek membership in the IMF, World Bank, African Development Bank and various UN agencies.

6. **Lubowski Killing Linked to SADF**

On Saturday, February 9th, the South African Defense Force (SADF) acknowledged that the Civil Cooperation Bureau (CCB), now being linked with the assassination of SWAPO leader Anton Lubowski and human rights activist David Webster, is a front organization for military intelligence. The SADF's admission followed the detention of Lt. Abraham "Slang" Van Zyl, one of three detectives from the Brixton Murder and Robbery Squad who resigned in 1988 and reportedly joined the CCB. Van Zyl's wife confirmed that since his resignation from the police force Van Zyl had been working for the SADF. Another team member, Sgt. Calla Botha, was detained for questioning in the Lubowski case last November, but was released after an urgent application to the Rand Supreme Court. A third member, believed to be the leader of CCB cell, Lt. Col. Staal Burger, is being sought by police but has not been seen for two weeks. A fourth man, Leon Marre, is also being sought. Reportedly, CCB was comprised of small, separate cells of former policemen and defense force members who carried out surveillance of "aggressive activities."

The CCB/SADF revelations follow months of investigation into the Lubowski killing, which occurred on September 12th, and pave the way for a showdown between the South African Army and the police. Police investigator Brigadier Floris Mosteret has established that the SADF secret organization is responsible for "various incidents of murder, arson, bomb explosions and intimidation." He believes it is connected to the Lubowski murder. On February 19th, however, Minister of Defense Magnus Malan, in his first ever statement on "hit squad" allegations, hotly denied that any instructions had ever been given to the CCB to assassinate Lubowski or Webster, but promised to cooperate with investigations. Donald Acheson, who has already been charged with the Lubowski murder, is scheduled to appear in court on April 18th and arrest warrants have been issued for Burger, Botha and Marre.

7. **Administrator General Declares SWATF/SADF Amnesty**

When the Amnesty Proclamation required by UN Resolution 435 was issued on 7 June 1989 (AG 13 1989), many local and international commentators feared that the AG might use the discretion
granted to him under the law to extend the amnesty to members of SWATF, the SADF or Koevoet. On February 9, 1990, immediately following the South African government's welcome release of the Walvis Bay Five, the AG issued AG 16, 1990 granting just such an extension. AG 16 directs that amnesty be extended to "members of the South African Police, South West African Police, South African Defense Force, including SWATF, who in the performance of their duties 'performed or failed to perform any act which amounts to a criminal offense'."

Debate is now raging over whether six SADF members accused of the November 30, 1986 murder of SWAPO veteran Immanuel Shifidi will be pardoned. Not long after AG 16 was issued, the South African government withdrew its appeal application against a 1988 Namibian Supreme Court decision ruling that six SADF members had to be prosecuted and were not protected by a certificate issued by then President P.W. Botha granting them immunity. The withdrawal raised questions as to whether the six will be pardoned or will stand trial for Shifidi's murder.

In a separate but related matter, the general SWATF/SADF amnesty and the possible amnesty for the SADF six, have fueled speculation regarding the release of SWAPO fighter Leonard Sheehama, sentenced to death in South Africa for a bombing in Walvis Bay which killed five people. South Africa appears unlikely to consider Sheehama for amnesty, since Sheehama was denied political prisoner status following deliberation by the UN independent jurist Carl Norgaard last year.

8. SWAPOL and PLAN Join Forces

Sixty-eight former PLAN fighters and 90 members of the counter-insurgency unit Koevoet have together joined the South West African Police force and will be trained "in the spirit of national reconciliation" as part of the new Namibian police force. The recruitment of the former PLAN and Koevoet members reportedly arises in part from an acute manpower shortage in Namibia's northern area. The new recruits, all of whom have some experience, will be given a three week crash course and immediately deployed.

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