

**Bank of Namibia**



**ADDRESS BY THE GOVERNOR OF THE BANK OF NAMIBIA**

**JOHANNES !GAWAXAB**

**AT THE CELEBRATIONS OF THE 30<sup>TH</sup> ANNIVERSARY OF THE BANK OF NAMIBIA**

**16 JULY 2020**

**WINDHOEK**

**NAMIBIA**

**THEME: DELIVERING ON OUR MANDATE: MONETARY POLICY, FINANCIAL  
STABILITY, AND ECONOMIC DEVELOPMENT**

Directors of Ceremony;  
Honourable Professor Peter Katjavivi, Speaker of the National Assembly,  
Honourable Bernard Sibalatani, Chairperson of the National Council,  
Honourable McHenry Venaani, Leader of the official opposition,  
Honourable Members of Parliament and leaders of various political formations  
represented in Parliament;  
Members of the Diplomatic Corps and Development Partners;  
Deputy Governor and fellow Board members;  
Former Assistant Governors, Board members and Directors of the Bank;  
Management and Staff members of the Bank;  
Chairpersons of boards, and CEO's of regulated entities;  
Captains of Industries;  
Academicians;  
Members of the Media;  
Distinguished invited guests;  
Ladies and Gentlemen;  
Fellow Namibians.

Good Morning,

1. **I am deeply honoured and privileged to address you on this very historic and auspicious event marking the 30th anniversary of the Bank of Namibia.** I am personally humbled that my arrival at the Bank coincides with the 30th year milestone. Thank you for coming to celebrate the 30 years of central banking excellence with us under the appropriate and contemporary theme: “Delivering on our mandate: monetary policy, financial stability, and economic development”.
2. **In my view, every moment of celebration brings with it an opportunity to look back - reflect on the journey traveled so far, and introspect, like and ponder on the achievements attained thus far.** At the same time, an anniversary also calls on one to look forward – craft a plan for the journey ahead, visualize what the future could look like, ponder on what one could become. In this context, I would therefore like to use this occasion as an opportunity to reflect on how far the Bank has come since the dawn of democracy in our country, as well as to contemplate over how I see us navigating the days ahead during these challenging economic times.

3. **When we look back on the past 30 years, the Bank was founded at a time of great transition for our country.** The mandate of the Bank was set amidst vigorous debates and consideration over what the economic future of a new Namibia could and should look like. Our founding fathers opted to anchor the conduct of our monetary policy under a fixed exchange rate regime. In this regard, the role of the Bank had been to set an interest rate path that ensures the maintenance of the value of the Namibia Dollar *vis a vis* its anchor currency. I am happy to note that the Bank has thus far done relatively well on this front. Inflation has been largely under control over the past 30 years – despite considerable ups and downs along the way - bringing greater predictability for economic agents. It is my belief that the Bank has, in this context, safeguarded price stability in the interest of sustainable economic growth and development of Namibia.
4. **In the arena of financial stability and financial sector development, the Bank of Namibia has equally delivered on its mandate.** Namibia boast a stable, sound, well-regulated, and modern financial system as measured by global standards – one of the best in the African region. Over the past three decades, the central bank has dedicated its efforts towards reforming the Namibian financial sector. The goal has been to transform the sector into a more competitive, resilient, and inclusive instrument that will contribute to the economy at its highest potential. Thanks to the cooperation and collaboration from various stakeholders, the Namibian financial sector looks much different and more promising than it did 30 years ago. The sector has attracted more players, both in the banking and non-banking sphere. Our concerted efforts to ensure that more Namibians have access to reliable and affordable financial services and products, are bearing fruits. While this achievement is commendable, more still needs to be done to ensure that such services are available to the bulk of our rural population.
5. **The public mostly identify the Bank of Namibia with the function of currency issuance and management.** And they should. The Namibia Dollar has since its first issuance on 14 September 1993, become an important symbol of nationhood and value to Namibians. In 2003, the Bank of Namibia expanded its services to the north of Namibia by constructing the Oshakati branch. Through this expansion, there is a timely availability of the currency to a large share of the population in the Northern regions. This was one way of guaranteeing that our services are easily accessible and available to the masses.
6. **The Bank has also made meaningful progress in other areas.** In terms of modernizing the national payment system, the Bank's interventions ensured that payments and transfers of funds are done in a safe, cost effective and reasonably fast

manner. The Bank has also been committed to maintaining a healthy level of international reserves, as Namibia is an open economy and needs to ensure that it has adequate buffers in place to withstand financial headwinds. Overall, the Bank of Namibia has been critical in enhancing long-term macroeconomic stability in the country over the past 30 years.

7. **Ladies and gentlemen, there is no doubt that our 30-year journey as a central bank has not been without challenges.** One of the main challenges in the early 1990s was to find qualified and experienced Namibian central bankers to carry out the mandate of the Bank as enshrined in the constitution and other legislations. I am happy to note that over the past 30 years, the Bank has embarked on a successful capacity building and training programme that produced skilled personnel over the year, not only for the Bank itself but for the country at large. Several of the leading minds in the private sector, at State-Owned Enterprises and in Government, are products of this great institution. Educating Namibians has been and will continue to be a central part of the Bank's social responsibility. It is a source of great pride to see the central bank and other critical institutions in the country run by Namibians, a far cry from the situation of 30 years ago.
8. **It is worth pointing out that all these achievements over the last 3 decades were borne out of the dedication of those who came before us.** I will therefore fail in my duty if I do not acknowledge the hard work of my predecessors and the staff of the Bank of Namibia, past and present, who contributed to making the Bank what it is today. I would also like to applaud the continued support from the Government, the private sector, and all our esteemed stakeholders during this 30-year journey. I would also like to recognize the contributions of the international community in providing technical assistance to the Bank of Namibia during its formative years and thereafter. In this regard, the Bank is very grateful to the Government of Sweden, the United Nations, the IMF, the World Bank, and our colleagues in the Common Monetary Area for their support.
9. **Before I deliberate on the role I see the Bank focusing on in the future, we are currently preoccupied with the COVID-19 pandemic.** The pandemic has brought added challenges to an already fragile economy. We have been grappling with subdued economic activities and falling GDP per capita since 2016. The immediate policy challenge for the Bank of Namibia at this moment is the impact of COVID-19 on economic activities and consequently the financial sector. The Bank recently rolled out measures to preserve financial stability and smooth credit flows amidst the outbreak of

the pandemic. We deployed a combination of monetary, micro- and macroprudential policy actions that allowed banks to institute a loan repayment moratorium in the form of repayment holidays while ensuring uninterrupted lending to critical sectors in the economy. These measures epitomize the responsiveness of the central bank to prevailing macroeconomic conditions and economic cycles. These measures should remain broadly in force for as long as necessary and will be adjusted in line with the economic cycle. We will also continue to work together with the fiscal authorities to ensure that such policy effects are broadly optimized.

10. **Ladies and gentlemen, periods of economic and financial turmoil such as the one we are navigating today underline the need for strong central banks, to serve as beacons of stability.** The country at large is relying on us to deliver monetary stability, price stability and financial stability, during the unfolding pandemic and beyond. The key challenge is to navigate emerging risks that are surfacing in the global economic environment as we move forward with efforts to grow the economy more rapidly and create new jobs.
11. **Director of Ceremonies, the Namibian economy needs to transform and become competitive.** We need to vigorously pursue economic diversification, improve productivity, and enhance resource allocation to productive sectors. As fiscal advisor to Government, the Bank is committed to play its part in this exercise. Namibia desperately needs faster, sustained economic growth to make a dent in the critical socio-economic challenges of poverty and high unemployment, particularly among the youth and less skilled individuals. This area will be the preoccupation of the Bank in the coming years.
12. **Discharging the Bank's mandate in this regard calls for a close partnership with Government, and the private sector.** This Bank is ready to work with the Government, not in a subservient role, but rather in a complementary fashion to set the framework for accelerated economic development. As I have alluded to earlier, the Bank has continuously ensured a favourable macroeconomic environment for growth over the past 30 years. Going forward, however, monetary policy cannot be expected to be the driver of long run growth in the economy. The policy challenges we face now are complex, and they will require equally complex strategies. The Namibian economy needs structural interventions to achieve a sustained increase in our growth potential. We need to dedicate our time to dissecting the constraints to growth in our economy, devise and implement the necessary strategies to overcome them. Over the coming decades, the Bank needs to direct efforts towards supporting key players in the economy, as well as Government, to contribute effectively to economic development,

growth, accelerated investment and employment creation. Using our flagship annual symposium and other events, we will continue to address pertinent issues in the hope of addressing structural reforms and improving the long-term growth trajectory of our country.

**13. Looking towards the next 30 years and beyond, the ever-evolving global financial architecture presents a paradigm shift for the Bank in the regulatory space.**

As a central bank, we should undoubtedly prepare to embrace the imminent digital revolution and tackle technological change. Digital transformation offers both opportunities and threats, as it brings about fundamental changes in the working modes and business models in the financial sector. We will need to ensure that we have sound oversight over the digital architecture. As a regulator, it is incumbent upon us to make judgement calls on fintech risks, digital currencies, making the cloud safe, supervising Artificial Intelligence (AI) and defending the financial system against impending cyber security attacks. We also will need to be mindful of the manner in which we regulate new payment operators as we discharge our regulatory mandate in a gradually 'cashless' society.

**14. Going forward, Director of Ceremonies, Ladies and Gentlemen, the evolving role of central banks presents a paradigm-changing moment for the Bank.**

A notable opportunity in this regard is the assignment of the macroprudential oversight function to the Bank of Namibia in terms of the Bank of Namibia Act, 2020 (Act No.1 of 2020), operational since June 2020. The Bank will remain committed and determined towards fulfilling this mandate by identifying and mitigating systemic risks which impact the entire financial system. In this connection, the Bank has already prepared itself well to effectively deliver on its newly assigned mandate and has established the necessary institutional architecture and framework which principally involves:

- The establishment of the Financial System Stability Committee (FSSC) as legally constituted in terms of Chapter 3 of the Bank of Namibia Act, 2020 (Act No.1 of 2020) and its advisory role clearly defined. Presently, the Bank of Namibia, in conjunction with the Namibia Financial Institutions Supervisory Authority (NAMFISA) and the Ministry of Finance, is in the process of resourcing the FSSC.
- In addition, the Bank has recently drafted a macroprudential oversight and financial stability policy framework that will serve as a guide in implementing the macroprudential oversight mandate. The policy framework clearly outlines the

objectives of macroprudential regulation, legal and institutional framework, decision making process, consultations with NAMFISA, policy tools and implementation, crisis management framework, governance and macroprudential policy communication. The interface between macroprudential oversight and financial stability is also clearly defined in the Framework.

15. **Ladies and gentlemen, these are trying times and we are facing an uncertain future ahead of us.** However, as Abraham Lincoln once remarked, “the best thing about the future is that it comes one day at a time”. As a central bank, we are committed to meet this moment of great reckoning by undertaking the necessary transformation one day at a time. We will work to acquire the requisite skills to spearhead financial regulations in a digital world. We will work hand in hand with the Government to carry out economic research and craft policy interventions necessary to support economic growth. Embracing these challenges will require transforming and undergoing seismic changes – changes to our institutional, operational, and structural set up. It will require us shifting from our comfort zone and embracing the unknown. Given our expanding and evolving mandate, it is important that we listen to the music of the future more acutely and perceptibly, anticipate possible repercussions and dance to these tunes, today.
16. **I recently evoked Vladimir Lenin in remarks to the Bank’s staff, that “there are decades where nothing happens, and there are weeks where decades happen”.** The past few months have indeed been momentous and disrupted life as we knew it. COVID-19 changed the ways we operate, and the way we live. I firmly believe that the recent disruptions to the normal order and the past few years have taught us, as a nation, that we are a resilient and enduring people. What is needed now, is to marshal our best efforts to lay the foundation for a strong economic recovery in the years to come. The central bank is ready to join in that conversation, with an objective to realign the Namibian journey towards a ‘prosperous and industrialised nation’. The Bank of Namibia is a symbol of our unity and stability. Let us us preserve it, nurture it and continue to strengthen it for posterity and generations to come.
17. **As I conclude, in celebrating the 30<sup>th</sup> Anniversary of the Bank of Namibia, we recognise the contribution this institution can make to the future of our country.** I would like to reiterate the commitment of the Bank to remain at the forefront of leading change as we navigate these challenging economic times. The achievements of the Bank over the past 30 years, as I have outlined, did not come on a silver platter – they

were hard earned, they required sacrifice, they were driven by commitment, they were anchored on persistent efforts, they took time and dedication. The onus is now upon us to follow in the good example set over the past 30 years to ensure that the next 30 years are yet another success story worth celebrating.

**18. The prevailing economic challenges call on us to be brave.** As Veronica Roth once noted “there are many ways to be brave in this world. Sometimes bravery involves laying down your life for something bigger than yourself. Sometimes it involves giving up everything you have ever known for the sake of something greater. But other times bravery is nothing more than the everyday work. Sometimes bravery is the slow daily walk toward a better life.” That is the sort of bravery it took to make this institution what it is today. This is the sort of bravery we must call on as we navigate through these muddy waters. This is the sort of bravery we must have as we rise to face the challenges of our time. As we commit to ensuring that the strong foundations built over the last 30 years will be preserved. This sort of bravery will be essential for our success as we embark on the long road ahead, as an institution and as a country. Now is our turn to honour the legacy of the Bank by undertaking to be brave, as we face the next 30 years.

**I Thank you.**