Paper #3: Gearing up a post-COVID Global Economy: Policy Options and Strategies for Namibia - An international perspective

By

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A paper to be presented at the Bank of Namibia Annual Symposium to be hosted on 4 November 2021, Windhoek[1]

[1] The other two papers to be presented are; Paper 1 Overview of Digital Transformation in Namibia to Support Economic Growth, Paper 2: Improving Government service delivery through e-Service.

I. Introduction

1. **While it is still too early to fully assess the consequences of COVID, it is clear that to-morrow's world will be significantly different from the one we knew before the pandemic.** Inequalities have started to rise again and may grow rapidly between future-ready economies and the rest of the world. Digital transformation is central to that process.

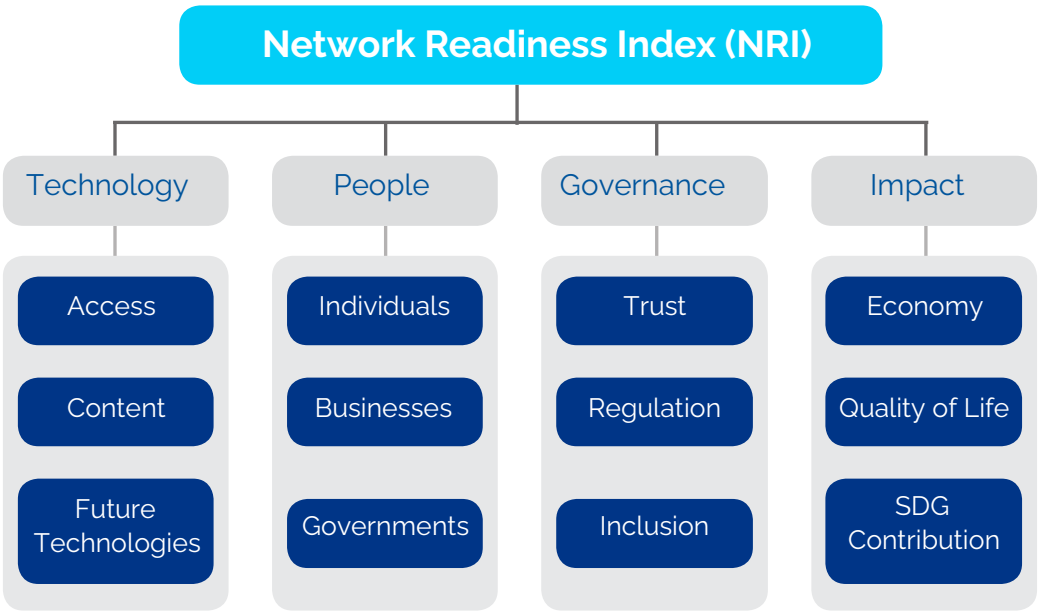
2. **The purpose of this paper is four-fold:** (1) stress the importance of technology in the current transformation of the world economy, (2) highlight the importance of benchmarking and measurement in designing a national digital transformation strategy, (3) describe the current status of Africa and Namibia in the emerging post-COVID global economy, and (4) offer possible avenues to make Namibia's economy better prepared for the future.

II. How to measure technology- and network-readiness, and why does it matter?

3. **It is critically important to keep in mind that you cannot improve what you cannot measure.** Therefore, benchmarking and measurement are so critically important in assessing and accelerating digital transformation in all types of economies. Regarding technology and digital transformation, one of the most largely recognized benchmarking tools is the Network Readiness Index (NRI), which is an annual report published over the last 20 years (initially by the World Economic Forum and currently by Portulans Institute). This report covers more than 130 economies and includes key metrics on the use of ICT for development and competitiveness. Redesigned in 2019 to make it more reflective of current ICT issues and make it more future-ready, the NRI is not about '*naming and shaming'*: it is meant to be an action tool for local decision makers.

4. **The model on which NRI is built relies on the fundamental underlying principle: the world's collective future will require a harmonious integration of people and technology.** The model itself is built around four pillars (technology, people, governance and impact) themselves based on a set of 12 sub-pillars, and some 60 indicators (see figure 1 below).

Figure 1 – The NRI model



5. **NRI is therefore a holistic model that attempts to consider technology not as an end in itself, but as a critical element of a national development strategy.** if we look at the 2020 NRI rankings, we see that rich countries constitute the top of the NRI on the 132 economies covered. The top three are Sweden, Denmark and Singapore. The domination of richer countries is quasi-total in the top 20 of the NRI rankings. If we consider the NRI pillars individually, the picture is not significantly different: on the 'technology' pillar for instance, Switzerland leads, followed by Sweden and the Netherlands. On the 'people' pillar, Denmark dominates, followed by Korea and Finland. On 'governance', Norway is the leader followed by Denmark and Netherlands, whereas on 'impact' it is Singapore that leads the world, followed by Switzerland and Sweden.

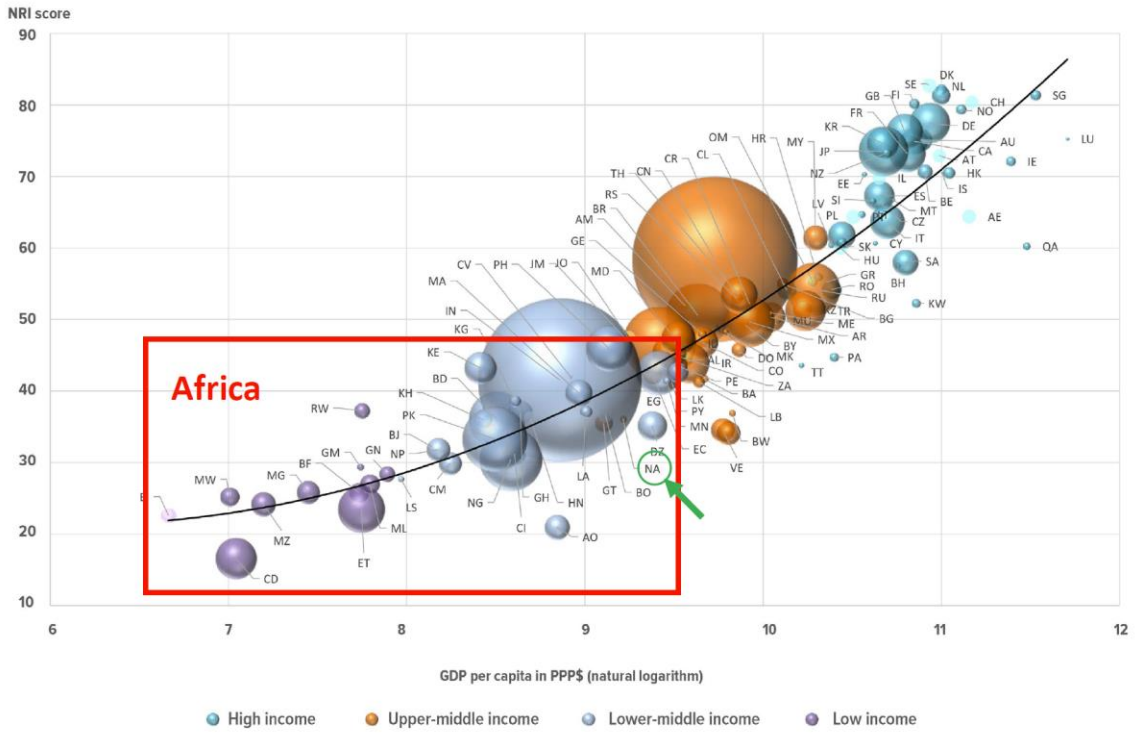
Figure 2 –Top ranking countries in NRI 2020

Country	Rank	Score
Sweden	1	82.75
Denmark	2	82.19
Singapore	3	81.39
Netherlands	4	81.37
Switzerland	5	80.41
Finland	6	80.16
Norway	7	79.39
United States	8	78.91
Germany	9	77.48
United Kingdom	10	76.27

III. How does Africa fare on the NRI scale?

6. **As in previous years, 2020 NRI data confirm the strong correlation between income per capita and network readiness.** The global digital divide has not been reduced as fast as one might have expected.

Figure 3 – Africa in NRI 2020



7. **Figure 3 above is quite clear: as a continent, Africa is situated as the lower end of the global NRI rankings.** Despite this worrisome performance, however there are many examples showing that Africa is ready to benefit from technology and accelerate its own digital transformation. For example, in Mauritius, in Kenya, in Ethiopia, as well as in Tanzania.

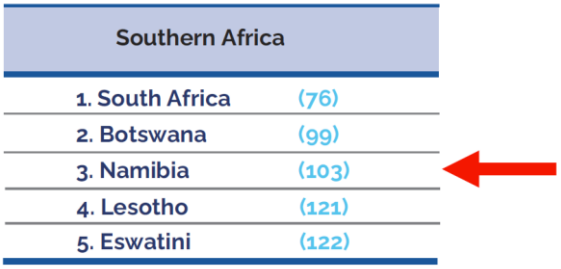
8. When comparing income per capita and network readiness (as in figure 3), one can see that Namibia is below the 'regression line' of the NRI, which means that the country's performance on NRI is somewhat lower than what its GDP per capita would suggest. By comparison, Kenya is in the opposite situation. There is hence room for improvement in Namibia's network readiness.

9. **It is also important to keep in mind that Africa is a highly diverse continent, and that what may work in North-Eastern Africa may not be applicable in Austral Africa, and vice versa.** A sub-regional approach is hence necessary to assess practical ways to accelerate digital transformation in Africa.

IV. Focusing on the Southern Africa sub-region, and Namibia

10. **NRI data indicate that Southern Africa is the best-performing African region with regard to leveraging ICTs to pursue SDGs;** it is also relatively strong in 'Content' and 'Trust'. In the sub-region, Namibia ranks 3rd overall, after South Africa and Botswana (see figure 4 below).

Figure 4 – Southern Africa in NRI 2020



11. **If we move to a higher level of detail, we can see that on the NRI pillar on which Namibia ranks comparatively the highest is that of 'People' (for which it ranks 103rd in 2021).** However, that performance is not evenly distributed, as it seems to be better for 'individuals' (97th) and 'government' (98th) than for 'businesses' (108th). 'Impact' is the area

where Namibia rates the lowest (117th), suggesting bthat it light be an area for priority action. (see figure 5 below).

Figure 5 – Namibia's Performance in NRI 2021

NRI	Technology	People	Governance	Impact
109	105	103	104	117

Technology

Access	Content	Future tech
92	123	94

People

Individuals	Business	Government
97	108	98

Governance

Trust	Regulation	Inclusion
99	121	91

Impact

Economy	Quality of life	SDGs
101	127	95

V. What can be done?

12. **As Vera Songwe, the Executive Secretary of UNECA Africa recently mentioned**, "Even though there is a lot of celebration around how far Africa has come, in terms of digitization, there still is a lot more that needs to be done, if we really want to deliver an inclusive Africa."

13. **For Namibia, as for many other African countries, this means that it remains important to consider technology as a means to an end, as opposed to an end in itself.** It is also critically important to consider digital transformation as a potential accelerator of Namibia's economic and social progress.

14. **In this context, benchmarking national efforts and comparing them to those of other countries (in Africa and beyond) should offer a solid basis for action.** Moreover, strategic priorities to consider include the following seven:
    1. digital transformation needs to be systemwide. In other words efforts and required in all of the four pillars of NRI
    2. digital transformation needs to be society-wide. Namibia is relatively well positioned in this regard, since its score on 'Inclusion' is comparatively good
    3. trust and security need to be enhanced, as they are central to successful digital transformation
    4. the COVID crisis has accelerated digital transformation, bringing its status from that of national priority to that of global imperative. For a country like Namibia, catching up

is hence urgently required if the country does not want to find itself on the wrong side of growing digital divides

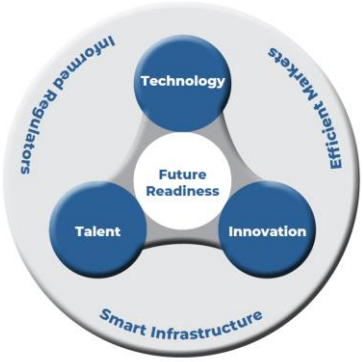
5. education and reskilling are critically important for successful and sustainable digital transformation
6. digital transformation can help the accelerated implementation of SDGs, which is another area where Namibia has proved that it could be ahead of many other countries in the continent and beyond, and
7. building on success while accepting to face and assess critical gaps remains a critical core principle of any successful digital transformation strategy. Identification of current strengths and weaknesses in network readiness is hence urgently required in Namibia.

VI. Beyond digital transformation: how can Namibia be more 'future ready'?

15. Ensuring that Namibia is better prepared for the future requires thinking beyond technology and assessing how to combine digital transformation with two other critical components of future development: namely innovation and talent competitiveness.

16. **Technology, Innovation and Talent are indeed the three core dimensions on which competitiveness will be built in the future.** They also happen to be areas in which powerful global benchmarking tools exist: the Network Readiness Index (NRI), the Global Innovation Index (GII), and the Global Talent Competitiveness Index (GTCI) offer decades of data and analyses, which can now be combined and used to assess a national economies' potential and priorities to face future challenges (see figure 6 below).

Figure 6 – A future readiness framework



17. **In addition, Portulans Institute has recently developed with Google a set of tools to allow countries to better assess their own degree of future readiness.** Such tools are

described in a separate report called ‘Are you ready for the future?’, which was recently launched on the occasion of the UN General Assembly in New York last September.

VII. Conclusion

18. **Much remains to be done to allow emerging countries to face the challenges of the post-COVID era, and to seize the many opportunities that it will yield.** However, by giving sufficient attention to benchmarking, measuring and assessing performance, and to identifying strong and weak points, Namibia can indeed increase significantly its own technology performance and be more future ready.