



Welcoming Remarks by Mr. Iipumbu Shiimi, Governor of the Bank of Namibia,

at the Bank of Namibia's 20th Annual Symposium

19 September 2019, Safari Hotel and Conference Centre

Director of Ceremonies

Right Honourable Dr Saara Kuugongelwa-Amadhila, Prime Minister of the Republic of Namibia;

Honourable Ministers and Deputy Ministers Present;

Members of Parliament;

Honourable Regional Governors and Councilors;

Members of the Diplomatic Corps

Executive Directors of Government Offices/Ministries and Agencies;

Board Members of the Bank of Namibia;

Distinguished Speakers and Panelists;

Captains of Industry;

Members of the Media;

All invited guests;

Ladies and Gentlemen,

1. **Good morning! It is my great honour to welcome you to the Bank of Namibia 20th Annual Symposium.** This year 2019, marks two decades of the Bank of Namibia Annual Symposia in promoting policy dialogues that are supportive of sustainable economic development in Namibia. Since its inception in 1999, the symposium developed into a structured investigation of specific themes and economic issues of a theoretical, applied or policy nature. It continues to attract participants from the public and private sector, academics, researchers and policy makers nationally and internationally.

2. Allow me, to express my gratitude and appreciation to our 2019, invited guests and discussants for availing time to be with us on this occasion and share their views and knowledge on this important topic. **I wish to extend a special welcome to our international speakers, Dr. Jesus Felipe and Dr. Mathew Verghis - welcome to Namibia!** I wish to encourage you to make time to experience our beautiful country and the warmth of its hospitality during your stay.

3. **This year's symposium theme is focusing on the so-called middle-income trap, is there such a trap, and if so, is Namibia in the trap, and how can we escape it.** Namibia achieved upper middle-income status in 2008. This caused confusion among the citizens of the country because socio-economic conditions do not show the country as an upper middle-income. However, being an upper-middle income country should not be perceived as bad, especially if Namibia wishes to be a high-income country by 2030 as articulated in Vision 2030. Vision 2030 states that for Namibia to be a prosperous nation “***there is a condition of sustained high economic growth, that places Namibia in the ‘high income’ category of nations, eliminates duality in the economy and ensures equity in the pattern of economic growth.***” Therefore, we should embrace the income category we are placed in, and work towards improving poverty levels and income distribution. It is important, however, that donors and development multilateral organisations such as the World Bank and IMF develop particular programs and financing products that are designed to help countries with unique circumstances such as Namibia.

4. **Namibia has recorded good growth over the last few years, however, ever since 2016, growth has stagnated significantly, which brought on the notion that Namibia might be in a middle-income trap.** GDP growth rates had been on an upward trajectory over a number of years, averaging 3.5 percent between 1990 and 1999, then increasing to 4.3 percent between 2000 and 2009. During 2010 - 2015, average growth rate was 5.7 percent, mainly due to an expansionary fiscal policy and the construction of large mines. However, since 2016, real GDP contracted as the temporary stimulus from the construction of mines and public sector infrastructure dissipated, and government undertook a significant fiscal adjustment to stabilize public debt dynamics.

5. **According to Kharas and Kohli (2011), countries fall into the MIT if they “cannot make a timely transition from resource-driven growth, with low-cost labour and capital, to productivity-driven growth.”** In this sense, middle-income traps reflect the difficulty middle-income countries like Namibia have in competing with either low-wage economies or highly skilled advanced economies. Namibia has already begun to show signs that it is growing past the mining-led growth model that has fueled rapid economic growth since independence. Namibia have, by definition, exhausted much if not most of the potential to get growth by exploiting its natural resources.

6. **The question in our mind should then be “how differently should we do things to sustain economic growth so as to move to a higher income category”.** This is the focus of the symposium this year; how to move out of the middle-income trap and become a high-income economy through sustained economic growth. Most of the countries that find themselves in the middle-income category struggle to implement good policies and only a few succeed in reaching high-income status and sustaining growth, hence are known as being trapped in that category. *My job here is not to go into the details of how to improve growth in Namibia, because there are experts here who will address that.*

7. This symposium offers an opportunity for us to reflect and deliberate on this important topic, particularly the following questions, which I believe are crucial to transforming the Namibian economy, and converting challenges into opportunities:

- i.** How can the country improve its business environment and make it more investor friendly?
- ii.** What kind of businesses should Namibia target, we need to be focused, we cannot be good at everything?
- iii.** What can we learn from countries that have successfully moved to higher income levels and significantly improved the living standards of its citizens?

8. In conclusion, I believe we have an opportunity to transform the Namibian economy through sustained growth. We must use the current challenges to transform our economy to create shared prosperity for all our people.

I look forward to discussions on possible solutions. I thank you for your attention and welcome you to this event!