



WELCOMING REMARKS BY MR. JOHANNES !GAWAXAB, GOVERNOR OF THE BANK OF NAMIBIA, AT THE BANK OF NAMIBIA'S 25th ANNUAL SYMPOSIUM, THURSDAY, 19 SEPTEMBER 2024, MERCURE (SAFARI) HOTEL, WINDHOEK, NAMIBIA "AGRICULTURAL GLOBAL VALUE CHAINS FOR INCLUSIVE DEVELOPMENT: HOW CAN NAMIBIA POSITION ITS AGRICULTURE SECTOR?".

Director of Ceremonies

Honourable Calle Schlettwein - Minister of Agriculture, Water and Land Reform

Honourable Ministers and Deputy Ministers Present,

Members of Parliament,

Members of the Diplomatic Corps,

Executive Directors of Government Offices/Ministries and Agencies,

Deputy Governors and Board Members of the Bank of Namibia,

Distinguished Speakers,

Distinguished Panelists,

Captains of Industry,

Members of the Media,

All invited guests,

Ladies and Gentlemen,

Good morning!

- 1. It is my profound honour and pleasure to welcome you to the 25th anniversary of the Bank of Namibia's Annual Symposium.** On a yearly basis, the Bank identifies a contemporary development and economic issue pertinent to Namibia, to which valuable contributions can provide evidence-based solutions. Before I deliver my welcoming remarks, I want to thank Dr Emma Haiyambo and her team for organising yet another impressive annual symposium. This year's commemorative edition of the symposium is hosted under the theme ***Agricultural Global Value Chains for Inclusive Development: How can Namibia Position its Agriculture Sector?*** In summary, Global Value Chains

entail the various stages of bringing an agricultural product from production to the final consumer. The entire production process, from raw materials to finished products, is carried out wherever skills and materials are available at competitive cost and quality. What this simply means is that, if a country can source raw materials or intermediate goods cheaply from one or more countries, as compared to producing domestically, it would then be beneficial to import.

2. As is widely recognized, healthy, sustainable, and inclusive food systems are critical to achieving development goals, and thus, agricultural development is one of the most powerful tools to end extreme poverty and boost shared prosperity. For instance, a recent World Bank study, published in March 2024, estimated that growth in the agriculture sector is two to four times more effective in raising incomes among the poorest compared to other sectors. For Namibia specifically, agriculture is crucial for economic growth.

Ladies and gentlemen,

3. **All developing countries strive to attain high-income status as a crucial milestone for their advancement.** Agriculture plays a critical role in transforming economies to reach that goal, along with achieving other essential development goals like ensuring food security and improving nutrition. As a leading sector of many economies, agriculture helps facilitate industrial growth and structural economic transformation. Agriculture plays a multi-dimensional role in the development process, including eliciting economic growth, generating employment opportunities, contributing to value chains, reducing poverty, lowering income disparities, ensuring food security, delivering environmental services, and providing foreign exchange earnings.
4. **Therefore, in order to end hunger and malnutrition while accelerating economic growth, agricultural transformation must become a reality.** One way we can transform the agriculture sector is through Agricultural Global Value Chains (AGVCs). Literature has shown that there is an immense benefit to integrating agriculture into the global value chains. Integration into GVCs could be in the form of exporting products, importing inputs for production, and backward and forward linkages with foreign-invested firms to optimize international business strategies and enhance productivity. It has been shown that nations that adopt AGVCs experience accelerated economic growth, gain access to expertise and technology, and improve employment opportunities. Through AGVC-driven development, countries grow by transitioning to more advanced tasks and incorporating more significant levels of technology and expertise across different sectors.

- 5. However, price shocks and the Covid-19 pandemic which constrained access to key agricultural inputs coupled with growing geopolitical tension has further worsened food insecurity, while also underscoring the risks associated with globalization.** GVC participation thus presents countries with challenges, which include more income inequality and heightened exposure to imported shocks and risks (due to dependencies on foreign partners, sourcing challenges, market concentration of critical inputs or stages of production, and new types of technology and intellectual property vulnerabilities). The resilience of smallholder farmers and small and medium enterprises had already been put to the test by the COVID-19 pandemic, coupled with the elevated fertilizer prices observed in the last few years.
- 6. It is essential that policies for responsible global value chains consider challenges faced by vulnerable farmers, including through adequate support measures.** Otherwise, smallholders and small and medium enterprises, particularly in developing countries, may face difficulties meeting GVC participation requirements and maintaining their access to traditional export markets. *So, the question becomes, how do we become resilient to these shocks and vulnerabilities while integrating further into GVCs?* Because, as highlighted and as you will see during today's deliberation, the benefits of integration outweigh the costs. And as a semi-arid country, it would be beneficial for Namibia to supplement its produce with raw materials or intermediate goods from other countries and to build local industries.
- 7. An OECD (2021) study on jobs for rural youth explores the extent to which local food economies could respond to the employment needs of youth in seven developing countries at different stages of development, including Namibia.** The study finds that the food economy makes up an important share of total employment, especially in low- and lower middle-income countries, where it ranges from around 50% to 90%. Young people (aged 15-29) make up 45% of the labour force on average and mostly work in the agricultural production segment. In middle-income countries, however, the food service segment represents a large share of youth employment in the food economy. In Namibia, 24% of total employment are in the food economy, with 41% of these jobs held by youth between the age of 15 and 29. Among employed youth, 28.3% work in the food economy as their primary job. Agriculture production still constitutes the largest share (49%) of jobs for youth in Namibia within the food economy sector, followed by the food-service sector (26%).

- 8. Agriculture has always been seen as something to fall back on when life doesn't go your way.** If we want to solve the high youth unemployment in the country, we need to change this mindset. But that also means that we need to empower the youth to want to go into Agriculture; the biggest stumbling block here becomes productive land on which to farm. There should also be training available as well as support in value addition, packaging, marketing, and sales. So, the question that begs the answer is, how do we make agriculture “glamorous” for the youth to want to venture into?
- 9. Furthermore, the importance of trade cannot be overstated.** According to the World Bank, trade is an engine of growth that creates jobs, reduces poverty, and increases economic opportunity. According to a report published by the African Export-Import Bank in June 2024, intra-African trade increased by 7.2% in 2023, reaching \$192 billion. The report, titled “*African Trade Report 2024: Climate Implications of the AfCFTA Implementation*,” highlighted that intra-regional trade accounted for 15% of Africa’s total trade in 2023, up from 13.6% in 2022. We, therefore, as a country have an opportunity to increase this trade by using the opportunities offered by AfCFTA – in fact, we feel that intra-Africa trade is so important that we had a symposium on it in 2021 and various options to expand trade within the region were offered.

Ladies and gentlemen,

- 10. In a country where more than 70 percent of the population’s livelihood depends on agriculture, there is a need to make sweeping reforms to support growth in the agricultural sector.** Part of these reforms is empowering farmers through access to finance and providing support through infrastructure development for storage, processing, quality testing, and value-addition. Financial Inclusion provides farmers with economic empowerment, enabling participation in the market, growing and upscaling their businesses, increasing income and savings, coping with emergencies, and meeting their obligations, both socially and economically. These translate into greater participation and contribution to the economy in terms of value addition, output/Gross Domestic Product (GDP), as well as reducing the government’s social welfare support and fiscal burden. With increasing climatic conditions, the financial sector should be able to support and buttress our agri-sector, including ensuring its reliance and the adoption of smart technology.

11. A closer look at the importance of AGVC underpins several factors, and there are three things I want us to reflect on. Firstly, we need to increase the **speed and quality of innovation**. Agri-tech services are reshaping the agriculture and food sector by enabling sustainable farm operations and efficient supply chains. While adoption of genetic science and water- and soil-management technologies may continue to grow on larger farms, adoption by smallholders in emerging economies remains a challenge. The world is changing, and innovation is the fastest way to fast-track these changes. The agricultural sector has the potential to undergo a rapid and positive transformation into a sustainable, climate-resilient industry. By embracing regenerative agriculture systems, we can significantly enhance productivity, decrease carbon emissions, promote adaptation, and safeguard our land resources by improving soil health, nurturing biodiversity, and optimizing water retention.
12. Secondly, the **quality of partnerships** is a critical aspect as well. Our agri-food value chains are complex; be it from the field to the farmgate or from the factory and market to our plate. We do not need partners that are providing us with their lowest-quality materials, while keeping the best for themselves. But rather, we need trustworthy and consistent partners that will supply Namibia with A-grade products that will put Namibian products on the map.
13. Thirdly, and a very important one: **farmer-centricity**. All these ultimately start with our farmers. We can't fix anything without them. Our farmers need a favourable environment that allows for innovation and increased collaboration. That is, our role as policy makers – working with farmers to balance their position in the value chain and allow for better impact. For instance, *how do we move from a seller to farmer business model to effective new business models where farmers are in a position to spearhead the change?* This will and should disrupt our value chains' way of doing business and involve farmers to help drive sustainable consumption and production.
14. It goes without saying that these three aspects require financial backing, especially for smallholder farmers who have limited resources to allow for choice of crops and livestock, as well as links to markets and other key dimensions to sustainably integrate into the value chain. As such, **solutions regarding access to finance need to better understand the various profiles of participants and the conditions and market context in which they operate**. To this end, the Bank of Namibia see merit in an ecosystems approach to agricultural development through holistic investment, including tailor-made financing tools

considering the variability and or vulnerability of the sector, is critical to better support participation in AGVC.

Director of ceremonies, ladies and gentlemen,

15. My remarks are not aimed at preempting the discussions and ideas that will flow from the discussions during this Symposium. They are not to create an impression that the Bank knows and has all the solutions. But rather, this platform offers all of us the opportunity to collectively reflect, scrutinise and deliberate on this important topic, particularly around identifying ways of greater integration into the world. In this regard, I would like to suggest a few reflections for the consideration of the experts on this subject, as well as those of us who are policymakers or practitioners with impact in this sector, and all participants in this Symposium.

- ✓ What measures are needed to increase agricultural productivity in Namibia?
- ✓ What are the key stumbling blocks to getting us where we want to be, and how do we scale technologies for their benefits to trickle across the entire agri-food chain all the way to the consumer?
- ✓ We need to identify major constraints for value chain upgrading such as market access restrictions, weak infrastructures, lacking resources and institutional voids.
- ✓ What can the Government do to devise clear implementable plans to support physical infrastructure development and achieve a smoother flow of products through the value chain (better roads and distribution facilities such as storage of products and better communication infrastructures)?
- ✓ How should policymakers and producers sustainably address the reality of the ever-increasing temperatures in the country caused by climate change which affects agricultural production?
- ✓ We need to clearly define upgrading options related to value addition.
- ✓ Also, key is to identify the most suitable partnerships for upgrading the agriculture value chain in Namibia.
- ✓ How do we expand entrepreneurship opportunities for increased skills in the rural areas for agro-industry development?
- ✓ Finally, and importantly, how can we facilitate a thriving agricultural industry in Namibia?

Director of ceremonies, ladies and gentlemen,

- 16.** Of course, we remain cognisant of externalities that are sometimes not of our own doing. In as much as agricultural reliability and sustainability are of long-term importance for economic development, **challenges raised by climate change require accelerated adoption of practices and technologies to improve agriculture sustainability and climate resilience**, especially those that can simultaneously deliver multiple benefits, such as diversification and integrated soil fertility management. For Namibia specifically, climate change is forecasted to intensify water stress, droughts, and agricultural insecurity. As we deliberate on increasing GVC participation in the agriculture sector, it is imperative that we improve our understanding of these barriers with the view to ultimately come up with innovative policy interventions to overcome them, even more so as our population is now twice as large as at independence.

Director of ceremonies, ladies and gentlemen,

- 17. The Annual Symposium of the Bank of Namibia aims to contribute to Namibia's development and economic policy discourse.** As customary, the lineup of our symposium brings together a wide and impressive range of distinguished experts, decision-makers, and representatives from the private sector, all of whom I would like to thank for availing themselves to make this event a success. This forum is designed to bring together policy experts, academics, and economic development stakeholders to discuss pertinent economic and policy issues.
- 18.** In closing, I would like to leave you with the words of Dr. Posh Raj Pandey, a trade and development expert: *“To realize the full potential of global value chains for inclusive development, governments, businesses, and international organizations must collaborate. By fostering diversification, upgrading, sustainability, regional cooperation, and sound domestic policies, we can harness the power of GVCs to create a more equitable and prosperous world for all.”*

With those few remarks, ladies and gentlemen, I thank you and welcome you all to the 25th instalment of the Bank of Namibia Annual Symposium!