



REPUBLIC OF NAMIBIA

KEYNOTE ADDRESS AND OFFICIAL OPENING

BY

HON. ERASTUS UUTONI, MP

MINISTER OF URBAN AND RURAL DEVELOPMENT

ON THE OCCASION OF THE

**BANK OF NAMIBIA' 24TH ANNUAL SYMPOSIUM ON THE
TRANSFORMATION OF THE RURAL ECONOMY IN NAMIBIA**

WINDHOEK

5 October 2023

Director of Ceremonies
Honourable Ministers and Deputy Ministers Present,
Members of Parliament,
Members of the Diplomatic Corps,
Governor of the Bank of Namibia
Deputy Governors and Board Members of the Bank of Namibia
Executive Directors of Ministries and Agencies,
Distinguished Speakers,
Distinguished Panelists,
Members of the Media,
All invited Guests,
Ladies and Gentlemen,

I wish to express my sincere pleasure and support to the Bank of Namibia for organising this important symposium on the “**Transformation of the Rural Economy in Namibia**”. Cde, Governor !Gawaxab, I highly commend you and your team for this initiative. I would also like to extend to international experts from ILO, OECD, UN Systems and the Ministry of Local Government and Rural Development in the Republic of Botswana a warm welcome to Namibia and to this symposium. This seminar is timely as it comes at a time when our Ministry is in the final stage of commencing a review of the National Rural Development Policy and Strategy. I am confident that our discussions this morning will be fruitful and will be of benefit not only to Namibia but also to other countries.

Director of ceremonies
Esteemed participants

Many of us gathered here perhaps grew up in rural areas or have connections to rural areas. So, we will be exchanging topics on the challenges and opportunities we are familiar with.

The rural economy plays a crucial role in the growth of Namibia's overall economy. Our Government, therefore, recognises the importance of transforming rural economies, leading to accelerated and diversified economic growth, reduced poverty and inequalities, and greater environmental sustainability. Namibia has a young population, which represents an opportunity for a demographic dividend. Therefore, supporting rural youth through skills development and creating an enabling environment is vital for their participation in rural development while leveraging the potential of Technical and Vocational Education and Training (TVET) graduates.

These visionary plans are enshrined in the Namibian Vision 2030 and Harambee Prosperity Plan II, and we must orient ourselves to use TVET.

Despite Namibia's great strides in improving the rural areas through a number of cross-cutting policies and strategies and also given the positive economic growth realised over the past decades, our country continues to face challenges such as extreme poverty and inequalities, with 17.4% of the population remains poor, unemployment at 33.4%, with youth unemployment at 46.1% across all regions. Over 650,000 people (30% of the population) are regarded as food insecure. About 70% of the population depends on agriculture for income and livelihoods. Smallholder Farmers, many of which depend on rainfed agriculture, are vulnerable to the impacts of climate change. The situation has now been exacerbated by the post-COVID-19 knockdown effects, as well as the slow economic recovery. Our Government continues to set ambitious plans to transform the rural economy and address vexing challenges, including limited financial resources. Therefore, we must be creative and use all of our resources to leverage much-needed private-sector investment to alleviate poverty and create jobs.

Director of ceremonies

Rural development is a multi-faceted matter. As such, the transformation of the rural economy requires a comprehensive political, socioeconomic and cultural process to sustainably diversify the livelihood activities of rural communities while ensuring social equity. There is a need to reduce heavy reliance on agriculture and increase rural income from other economic streams. Namibia's rural economy is mainly characterised by agriculture. However, the agricultural sector faces growing domestic competition from the urban areas for labour, land and water. Market access, financing, land ownership and lack of agro-inputs are distinctive challenges amongst rural entrepreneurs. The agricultural sector is, therefore, constrained and underperforming, with only a 5% contribution to the GDP. However, it remains a crucial sector to promote economic growth, food security and poverty alleviation.

It is also important to note that the share of the Namibian population residing in rural areas has dropped from 72% during the first decades of independence (in 1990) to 51% at the present, bringing challenges to rural and urban areas. Our rural population mainly comprises young and older people and women, while the productive, male working-age population has migrated to urban areas. Furthermore, the urban population, on average, has better access to electricity, schools, clinics and mobile communications than the rural people. These factors influence the labour productivity in rural areas and the absorption capacity of innovation and new technologies. It is therefore necessary to ensure balanced development, especially

investment in basic infrastructure, such as roads to improve rural connectivity, electricity and mobile communication to attract investment and young people to rural areas.

Director of ceremonies

For the rural economic transformation to happen, the infrastructure in rural areas needs to be further improved to facilitate better market access. As I have mentioned earlier, rural electrification is an important enabler for the economic transformation of rural areas. In this regard, the Government continues to roll out the Rural Electrification Programme to expand the electricity supply infrastructure to improve the socio-economic conditions of people residing in rural areas and create the necessary incentives for economic development. However, due to sparsely populated rural areas, extending the national grid is too costly and may affect the price of power to the end user. Therefore, decentralised electricity generation solutions based on available renewable energy sources such as solar and biomasses in rural areas are the definite way to go.

Technology is advancing, which is an important element of entrepreneurship in rural areas. Therefore, digital connectivity cannot be overemphasised. I wish to caution here that these products and services must be provided at an affordable cost. It might be futile if the price of electricity and data is not affordable for rural people.

Director of Ceremonies

Making financial services available to rural people and leveraging digital solutions is critical for rural economic transformation. About 27% of our rural population has no access to financial services. Financial inclusion is, therefore, essential to transforming the rural economy by providing financial products for poor households and rural entrepreneurs. Therefore, I am encouraging financial institutions to continue exploring more ways of enhancing financial inclusion in rural areas. Existing microfinance institutions only cater for a particular segment of the population, particularly salaried individuals; as I have mentioned earlier, there is a need for more services to cater for the excluded segment of the population, mainly people with meagre incomes and small-scale entrepreneurs.

In conclusion,

As we contemplate ways of transforming the rural economy, we must recognise effective coordination because not a single institution and programme can accomplish the desired goal of rural transformation. All forward-looking issues to be embarked upon to transform the rural economy, such as social sectors' policy

reforms and investment in basic infrastructures, including digital connectivity and financial services, must be inclusive so that no one is left behind.

I am hoping that at the end of this symposium, we will have enough on our plate to deal with the multifaceted and cross-cutting issues of rural economic transformation. Going forward, we must have a consensus on a broad strategy that captures all essential matters but narrow enough to ensure focus.

It is now my pleasure to declare the **“Bank of Namibia’s 24th Annual Symposium on Transformation of the Rural Economy in Namibia”** officially opened. And I thank you all for your attention.