



# **Outlook for the Namibian economy and strategies for recovery**

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- Overview of Namibia's growth performance
- Namibia's Economic Outlook
- Lessons from other countries
- Strategies for post-Covid recovery
- Summary



# NAMIBIA'S GROWTH PERFORMANCE SINCE 1990



# Where we are coming from – (GDP Growth)

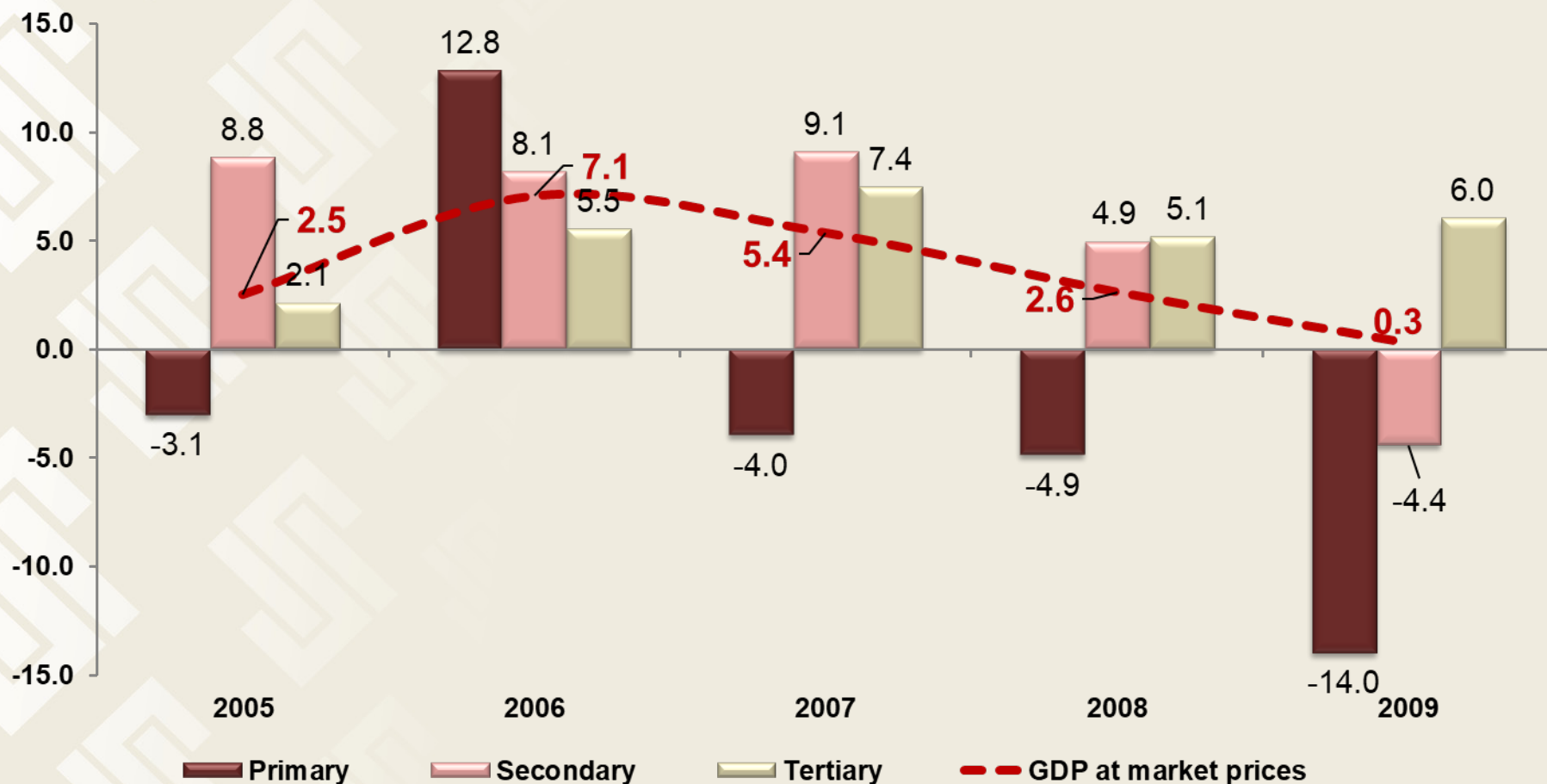


	1990-1999	2000-2009	2010-2015	2016-2020
<b>Primary</b>	3.9	2.3	2.3	0.4
<b>Secondary</b>	2.8	4.9	6.0	-4.6
<b>Tertiary</b>	3.6	5.2	6.3	-0.8
<b>Net Taxes</b>	6.2	5.4	5.9	-7.7
<b>Overall GDP</b>	3.6	4.4	5.4	-1.9

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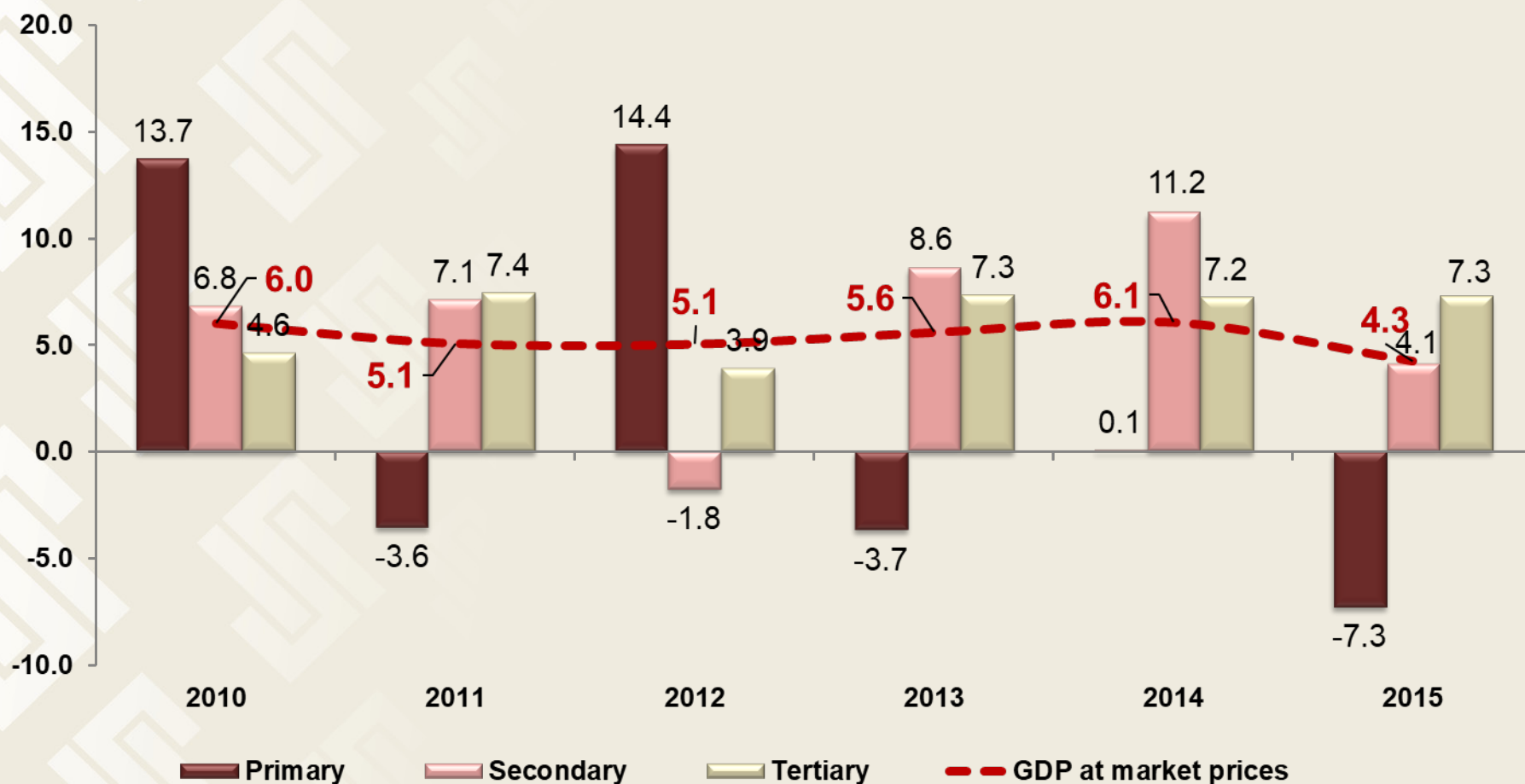
# GDP growth during 2005 - 2009

Growth averaged 3.6 percent, supported by secondary and tertiary industries, despite ending with a global economic crisis



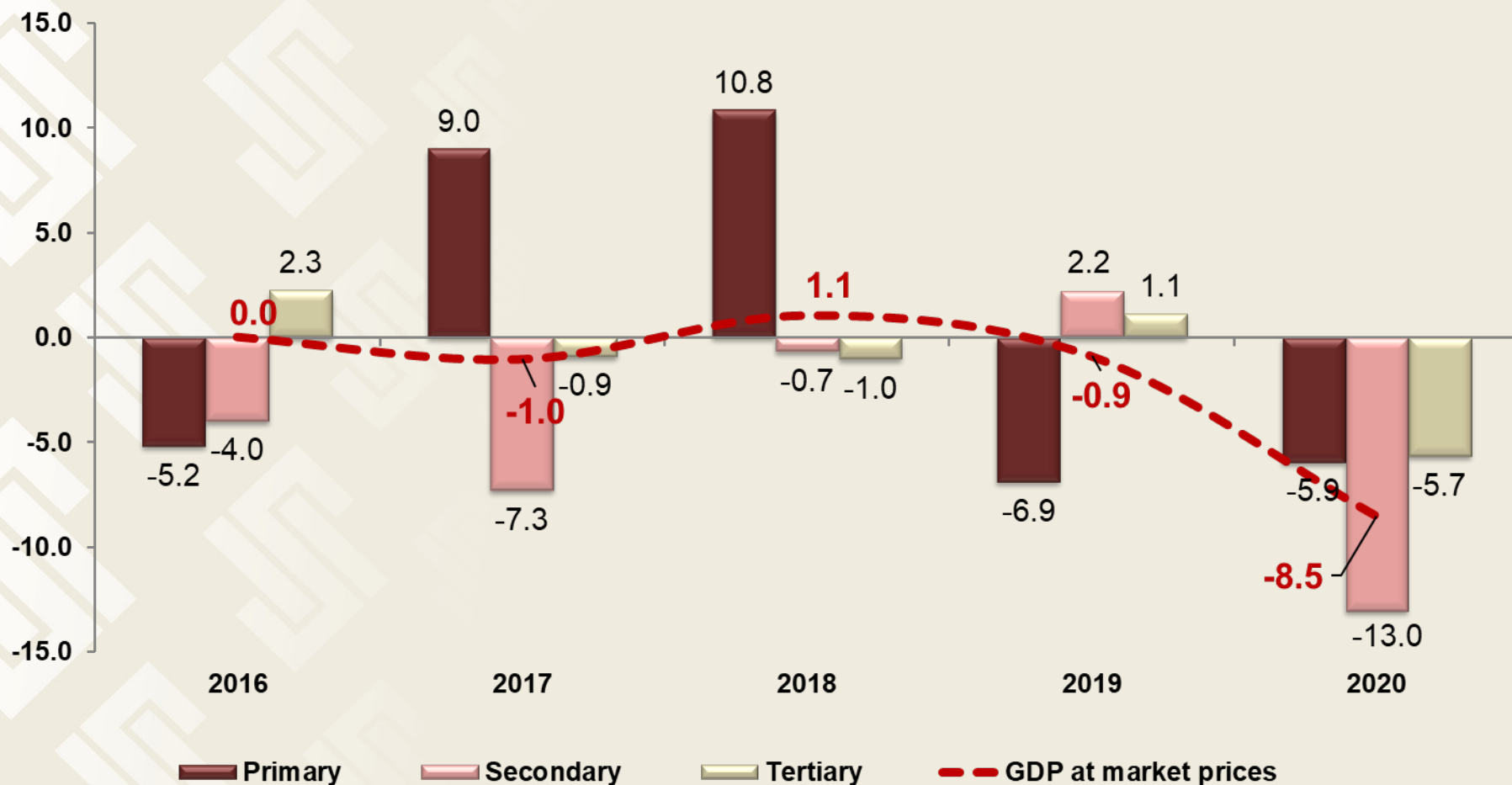
# GDP growth during 2010 - 2015

Growth averaged 5.4 percent, supported by secondary and tertiary industries



# GDP growth during 2016 - 2020

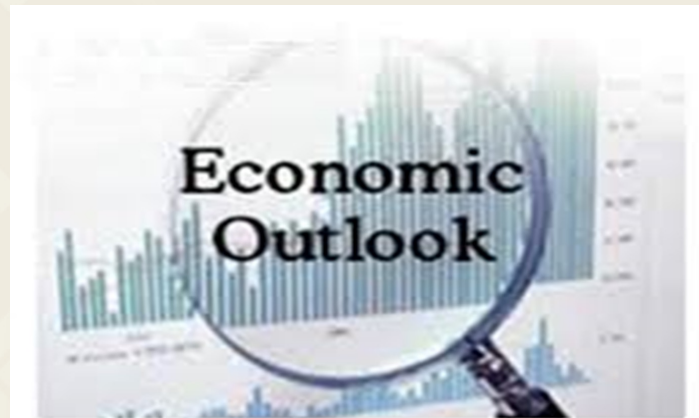
Growth averaged -1.9 percent, characterised by a correction in construction, wholesale & retail, and worsened by Covid-19 in 2020







# NAMIBIA'S ECONOMIC OUTLOOK: 2021 - 2023



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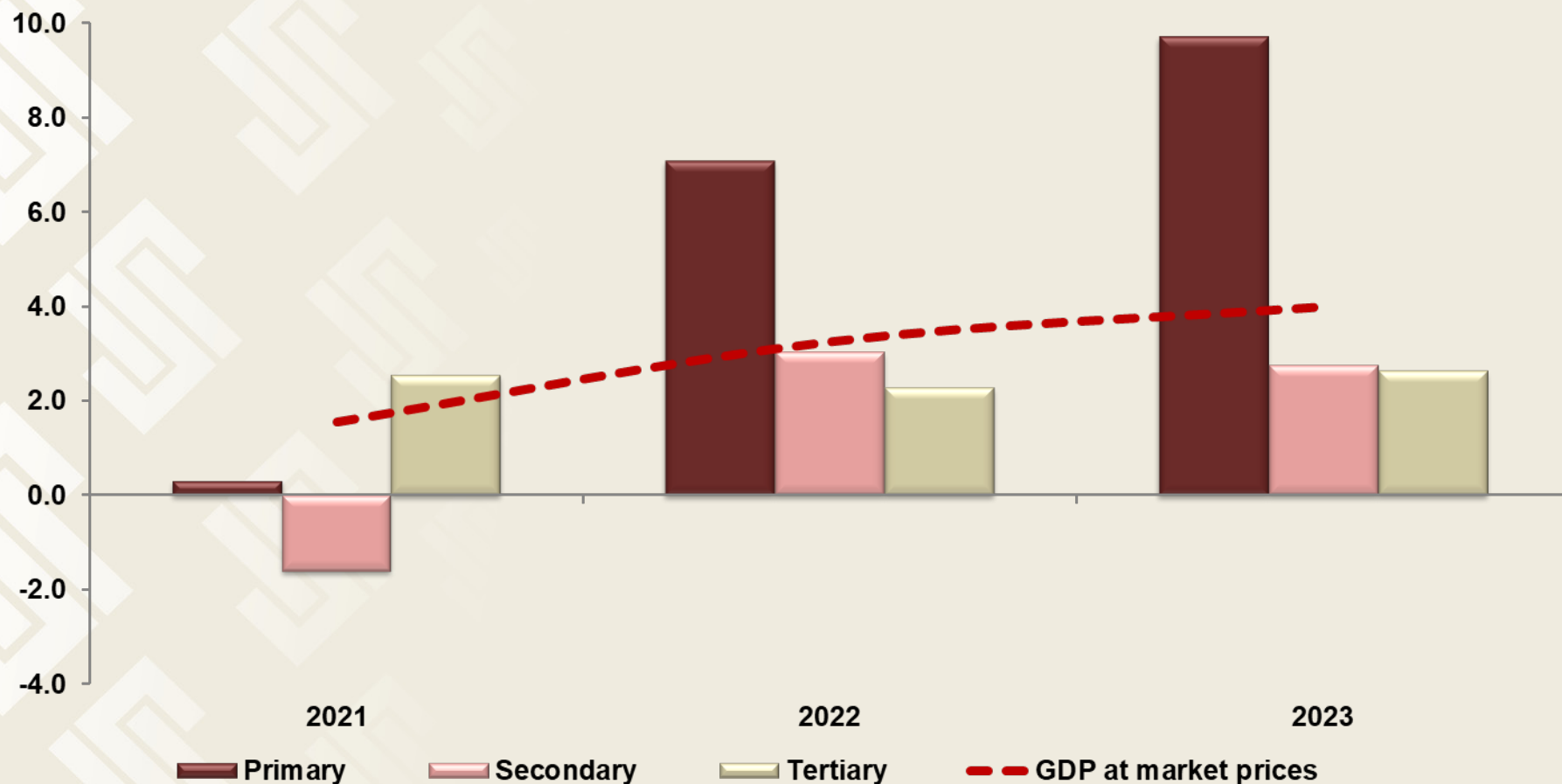


- **Growth in Agriculture, forestry and fishing** is expected to turn positive in 2022 but remain low due to depressed livestock marketing activity & broadly unchanged fishing quotas
- **The diamond mining sector** to register robust growth rates during 2022 and 2023 boosted by Debmarine Namibia's new mining vessel
- **Uranium mining** to register healthy growth rates during 2022 and 2023, as challenges in form of low prices and water supply constraints are eased.

- Moderate growth for **Metal ores** supported by the gold sub-sector
- **Overall**, the domestic growth is anticipated to improve from 2022 onwards, largely boosted by diamonds and recoveries for some tertiary industries.
- **Covid-19** is expected to remain a health problem.

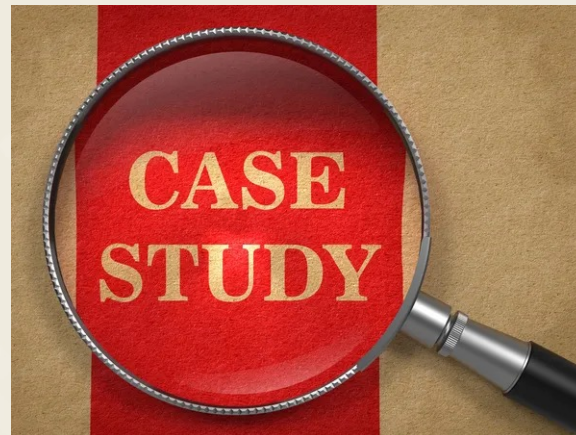
# Growth projections: 2021-2023

Growth is expected to average 2.7 percent, with improvements expected in 2022 and 2023





# LESSONS FROM OTHER COUNTRIES



# Lessons from other countries

- As a case study the paper used China, Brazil, South Africa and Botswana.
- Apart from Botswana, the countries were selected given that they are members of the BRICS, which have put in place Post Covid-19 Recovery Plans,
- In particular China was considered given its record of early return to positive growth in Q2, 2020 following a contraction in Q1.
- Botswana on the other hand was included given its similar economic structure to Namibia and the relative size of its economy.

## China

- Devised a programme to provide **biomedical products and medical supplies** to developing countries - increasing exports
- Adopted a **domestic demand-led growth strategy** to counter the disruption to world trade brought about by Covid-19 pandemic
- **Incentives to the Manufacturing sector** to adapt and devote more of their production capacities to the emerging demands for pandemic-related supplies e.g., textile manufacturers to produce more masks and protective clothing
- Following just one quarter of Y-O-Y contraction in Q1-2020, China returned to positive growth from Q2, 2020, much faster than the rest of the world.

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## South Africa

- **A reconstruction and recovery plan** - where government aims to invest in infrastructure to boost demand, revive construction and increase employment. This is to be done through **PPPs**.
- **Energy security** and **reducing the cost of doing business** are identified as enablers, and are targeted in the plan,
- A more **diversified economic structure** helped with a fast recovery,
- Though Government debt is ballooning, yields on bonds have increased and public finances are on an unsustainable path.



## Brazil

- An emergency income protection programme, which pays over half of a minimum wage for up to 3 months for **uncovered workers who become unemployed**, mostly in the informal and self-employed sectors
- The **Programme to support Micro and Small Enterprises**, in form of tax cuts and employment incentives
- Government initiatives to reduce gaps in uptake of **digital technologies and competencies** among firms to engage in digital trade.
- A programme to support **agriculture** in order to preserve food security and support economic recovery

## Botswana

- A plan to address the needs of **informal sector**, to address current needs and to make the sector resilient against future shocks, with a **dedicated agency** established for this purpose.
- The same agency is also tasked to manage a sectoral **business intelligence database**, providing the information required for vulnerability-reducing strategies
- A strategy to enhance **agricultural productivity** and the development of **Agro-food systems**.



# STRATEGIES FOR POST- COVID-19 RECOVERY



# Strategies for post-Covid recovery...

Before suggesting recommendation for Covid-19 recovery:

- Acknowledge the intervention by Namibian authorities to mitigate the impact of Covid-19 on the economy through a combination of fiscal stimulus package, monetary policy, macroprudential and other measures as well as others by other stakeholders and players in the economy.
- These measures to a great extent cushioned the economy from the worst effects of the crisis.
- Moreover, acknowledge ongoing efforts by the Government directed at diversifying the economy – with Harvard Growth Lab.
- Key question is whether these initiatives are sufficient to take us out of the woods caused by the pandemic – if not what then?

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# Strategies for post-Covid recovery...

- From the case studies lessons, it is recommended that Namibia devise measures to **diversify the economy** and to adopt the **PPP arrangements** to help reviving growth
- Many economic recovery strategies in other countries are Government led, which is not feasible in Namibia given the **fiscal consolidation drive**.
- Government may drive policy, but recovery related activities should be led by the private sector.
- Following are some suggestions:

## Intensify Resource Mobilization



- Covid 19 had a severe strain on **government revenue** sources
- **NAMRA** is encouraged to fasttrack increasing efficiency in revenue collection and enhancing compliance
- The post Covid-19 strategy to accord high priority on enhanced resource mobilization from both **traditional** and **alternative sources**.

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## Increase Investment in ICT and Digital Infrastructure



- The pandemic has increased the use of ICT, making it a necessity
- Enhanced use of digital platforms has also increased efficiency and cost effectiveness of service delivery.
- Further investment in ICT is necessary to facilitate **e-commerce** and efficient **delivery of public services**



## Enhancing the Role of the Private Sector



- The sector to play a pertinent role in driving **innovation in production, exports, and creating employment** opportunities.
- The sector is to take advantage of opportunities arising from **investment in ICT and digital infrastructure, health, education, and other social sectors** to complement government efforts in fighting the pandemic – and beyond.
- Regular consultation between Government and Private sector is crucial to facilitate this drive.

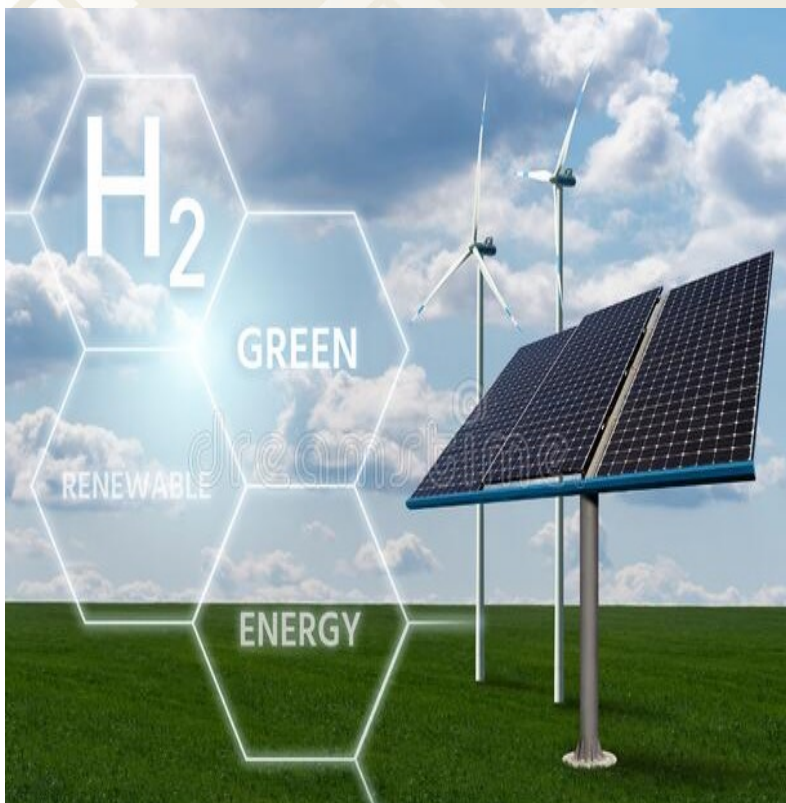
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## Supporting Small and Medium Enterprises



- The sector is severely impacted by measures to contain the spread of the pandemic, which led to loss of business, jobs, etc.
- The post Covid-19 strategy needs to allocate priority to renewed growth in the sector

## Investing in a Clean, Green and Resilient Growth



- Namibia has abundant sunlight throughout the year and proximity to billions of cubic meters of seawater
- A green recovery will significantly enhance the resilience of the economy and local communities in the face of both economic and environmental challenges
- Time frames vary from weeks for rooftop solar electricity to several years for green hydrogen.

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## Intensify Investment in Housing



- Namibia has an acute shortage of **affordable housing**, which is negatively impacting on house and rental prices, estimated at 300,000 units in 2022.
- The housing backlog is high in the **lowest income categories**.
- **Municipalities and financial institutions are encouraged to increase housing through PPPs.**



# SUMMARY





- Namibia's **economic structure** has not changed significantly over the last decades. Growth is still dependent on extractive industries – and that needs to change – **Question is how & what exactly should change?**
- GDP growth is expected to average **2.7%** between 2021 & 2023, largely supported by the diamond mining sector – This is a low recovery given the drop during 2020
- Government had fiscal space to support the economy during the global economic crisis, which is not the case now. Hence, **the private sector needs to drive the recovery.** *Centre of Excellence*

# Summary...

- Namibia needs to take advantage of high demand **for ICT and digital infrastructure** – the need was enhanced by the pandemic
- It is critical to devise strategies to make sectors such as **agriculture & SMEs** resilient to shocks - these are important for food security and employment.
- The lowest hanging fruit is in tourism - Replacing negative PCR test requirement for tourists entering the country with only a proof of vaccination..
- **Green hydrogen** is expected to alter the structure of the Namibian economy in outer years.
- Reduce/ eliminate the digital divide between small & big businesses as well as urban –rural to ensure inclusive growth.





Thank you.