



## CONCEPT NOTE

### **2018 ECONOMIC OUTLOOK: IN CONVERSATION WITH NAMIBIA'S ECONOMY MINISTERS**

9 February 2018, Windhoek, Namibia

#### **INTRODUCTION**

The Economic Association of Namibia in partnership with Standard Bank is hosting a constructive review of the performance of the Namibian economy in 2017 and the outlook for economic growth and development in 2018 with the country's two ministers of the economy, Finance Minister Calle Schlettwein and Minister of Economic Planning Tom Alweendo, titled "*2018 Economic Outlook: In Conversation with Namibia's Economy Ministers*" on Friday 9 February 2018, at the Hilton Hotel.

As a small and open economy, the performance of the Namibian economy is influenced by a multitude of factors. The deterioration in the health of the global economy has had a significant influence on our domestic economy, with spill-over effects on key factors shaping the Namibian economy's outlook and the risks around it in 2017. The sharp downturn in our major regional trading partners, in particular South Africa and Angola, added to the downside risk to the performance of the domestic economy. But while much can be ascribed to external factors, the biggest contributing factor were internal constraints and weaknesses in our economy.

After years of economic growth averaging above 5%, growth slowed sharply to 1.1% in 2016. The Bank of Namibia estimates that the domestic economy will grow by a meagre 0.6% in 2017, a downward revision from their July 2017 initial forecast of 2.1%. The downward revision mostly reflects continued contractions in the construction and wholesale and retail trade industry, as well as a slowdown in the public sector on the back of Government's current fiscal consolidation path. Equally, the slowdown in the South African economy had an adverse bearing on the SACU Revenue Pool, which consequently led to a fall in revenue receipts for the fiscus.

Namibia has made notable development achievements, with most social and economic indicators showing major improvement over the last 27 years. Furthermore, poverty levels have fallen, access to education and health services has improved, as has the living standard for many Namibians.

But it is also the case that the economic growth needs to be more inclusive, that economy needs to create more jobs to tackle the structural nature of unemployment in the country, and that income generated needs to be shared on a more equitable basis. Furthermore, while access to health and education has improved, the outcome has not met expectations. This in turn impacts on the labour market, productivity and economic development.

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What the country's economic challenges has done is bring to the fore the mounting social strain facing the average citizen. Namibians are increasingly becoming sceptical about prospects for economic growth and prospects for future employment and improvements in the labour market. For a country with a structural unemployment rate of 34% and a youth unemployment rate of 43%, this is worrying, to mention but a few. Due to policy and regulatory uncertainties, investor confidence has been waning, with many private sector participants opting to not invest in the economy.

When launching NDP5 in May 2017, the Minister of Economic Planning, Tom Alweendo noted that "it goes without saying that we are currently experiencing tough economic times. While the economic challenges we face cannot be underplayed, they are also not insurmountable." In his New Year's message, Finance Minister, Calle Schlettwein noted that "2017 was a tough year but we can say that we have faced the challenges and reacted with interventions that now allow us to look forward with optimism to 2018."

Although the challenges the country faces are not insurmountable, the downside risks to the outlook are mounting. We need to identify innovative ways of reducing the public wage bill and increase the efficiency of the public sector in order to provide a more conducive environment for the private sector to create jobs. Likewise, we need a private sector that is more pro-active and contributes to the creation of employment opportunities.

## **OBJECTIVES**

With growing scepticisms around prospects for economic growth, there exists thus a need to inform the broader public about plans afoot to arrest the economic challenges we face and set the scene for 2018.

By bringing together the Ministers of Finance and Economic Planning, together with members of the EAN who are key decision and policy makers from Government and the private sector members of the EAN, from this event will provide a platform to discuss and identify opportunities, gaps and challenges to addressing Namibia's economic slowdown and its impact on the development aspirations laid out in NDP5. In particular, the event will also consider the socio-economic development strategies and policies that will be pursued in 2018 and the institutional capacity of the economy, as well looking at some critical issues that the country faces, and possible ways to address them. Following media reports that Namibia is weighing the possibility of delinking from the South African rand, the event will also touch on the consequences of such a move.

## **EXPECTED OUTCOMES**

This event will contribute to informing the broader public about the current state of the economy and improv awareness on the strategies and plans in place to address the challenges. By providing access to the two ministers of the economy, the event will also contribute to clarifying the impact that the economic slowdown has had on economic growth and development, and the impact on Government's ability to deliver on the development agenda. In addition, participants will also discuss ways the private sector can contribute to addressing the structural constraints of the economy. As the first major economic event for the year, the objective is to contribute to the articulation of the state of the economy and highlight initiatives – both from the public and private sector – that would spur on growth and contribute to economic development.

## **EXPECTED PARTICIPANTS**

The event will target members of the EAN, senior key decision and policy makers from Government, the private sector, civil society and the wider public.