Namibia’s Growth Drivers…and
…thinking aloud about diversifying the economy

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Growth pattern show signs of trend reversal but...boom bust

Chart 1: Real GDP Growth, 1990 - 2005

Source: IPPR Database
Comments on growth pattern

- Growth has been respectable and necessary but not sufficient
- Started from a low base around 1990
- Accelerated thanks to independence dividend but acceleration short-lived
- Period 1995 to 2000 signal deceleration and presence of a boom-bust “cycle” ever since
Structure of economic growth

Chart 2: Economic structure favour services

Chart 3: Sectoral contribution to GDP (%)...
Economic structure promotes imports

Chart 4: Export performance disappointing...

Chart 5: Need to deepen domestic capacity...
Salient points on growth trajectory

- Indications of growth upswing but…
- Services and govt dominates structure
- Levels of investment coming of a low base
- Export base limited with signs of shrinkage
- Productivity (TFP) modest (IMF, 2007)
- Production capacity constraint limiting future growth
- Modest job creation due to low growth-employment responsiveness (Tutalife and Motinga, 2007)
The case for diversification

- Move away from narrow trade and growth base?
- Hinges on competitiveness and investment growth
- Need for substantive employment generating growth
- Broadening the tax base for social programmes
Routes towards diversification

- High risk, high return projects (e.g. solar energy & Kudu gas, oil exploration, leather industry)
- Aggressively support the creation and expansion of small and medium business in non-retail sectors (Rethink BEE or empowerment?)
- Make fiscal policy counter-cyclical and growth inducing