Namibia Agricultural Union: 67th Annual Congress

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Key Themes in Agriculture today

- The Africa Story
- The Africa Growth Model
- Namibia as an Investment Destination
- The faster Agriculture grows, the faster its relative size declines
- Bigger, better or busted
- Recommendation to business owners and government

- John Deere Financial & Standard Bank Alliance
Africa Story

- $1.4 Trillion
  - Africa’s Consumer spending in 2020

- 128 Million households with discretionary income in 2020

- 1.1 billion Africans of working age in 2040
GDP Growth

In 2013, 8 of World’s Fastest Growing Economies = African Drivers for Growth

Growth Hinderers
Population Demographics

Current urban population growth rate > total population growth rate = “urbanization”

- Growth in “Economic Active Population” > Growth in Population
Population Demographics

The middle class in Sub-Saharan Africa is set to double in 8 years – increasing consumer spending as well as assisting to grow the economies of the region by 5.4% this year, higher than the projected world average of 3.5%.

The middle class population is set to hit 626 million by 2020 and 1.232 billion by 2030.
Africa Growth Model

Phase 1: Single Market
- Establish a competitive position: grow, defend and unlock potential

Phase 2: Proximate Regional expansion
- Geographical expansion from core market, leveraging core capabilities

Phase 3: Multiregional “hub & spoke”
- Multiple hubs, leverage growth capabilities & develop scalable infrastructure

Phase 4: Integrated pan-Africa
- Integrated pan-African management, infrastructure and risk management
Agribusiness as “Hub”

Vertical Integrated Production Areas
Large Farmers
Network of emerging farmers
Cooperatives

Agribusiness

Export Trader
National Wholesalers
Distributor
National Retailers

Consumer
The faster agriculture grows, the faster its relative size declines

“The Economics of Agricultural development – Mellor 1966”

• To achieve structural transformation in developing economies, it is necessary to increase agricultural income and expenditure and rapidly increase labor productivity in agriculture;

• Growth in agriculture can not be achieved without strong support from public policy: physical investment, technology upgrade and Credit
Relative share of Agriculture and Agri-business in GDP
Industrialization of Agriculture

• Free people from the task of farming;

• Free up income and other resources spent on food & clothing so people could buy other goods & services

• Thus making agriculture more efficient: fewer farmers to feed more people better at lower real cost.
Namibia as an Investment Destination

Country Risk - Lower Risk (5th)
✓ Quality of governance
✓ Levels of democracy
✓ Corruption
✓ Ease of doing business
✓ Strength of the financial- and capital market

Market Opportunity - Moderate Opportunity (31st)
✓ Population size
✓ Population size in largest city
✓ GDP
✓ GDP growth trends
✓ Gross capital formation

Source: African Development Bank, World Bank, United Nations Statistic Division
Produce more with less

Cutting edge technology

Cutting edge management
Bigger, better or busted

- Sufficient Scale will be essential to success
- Leadership structure and business acumen
- Operational efficiency and productivity (Precision farming?)
- Capital Investment decisions
- Market led versus Product led
- Information era
- Corporate & social responsibility
- Corporate governance and discipline
- Labor practices
- Build credibility, respect and transparency
Recommendation for Business owners / investors

1. Choose your perspective on a future growth market – glass half full or half empty
2. Build up a portfolio of investment
3. Invest to get the best quality human resources
4. Expand from strategic economics hubs and think about non-conventional market groupings
5. Make your broader socioeconomic impact a cornerstone of your growth strategy
Recommendation for Government

1. Prioritizing Regional integration
2. Bridge the infrastructure deficit
3. Improve Governance
4. Productive partnering with business / private sector
5. Raising and smoothing revenues
John Deere Financial / Standard Bank Alliance