



**Permanent Mission of the Republic of Namibia to the United Nations**  
360 Lexington Avenue, Suite 1502, New York, NY 10017  
Tel: (212) 685-2003 • Fax: (212) 685-1561 • E-mail: namibia@un.int

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# **Statement**

**By**

**H.E. Mr Kaire M. Mbuende**

**Ambassador & Permanent Representative**

**United Nations Conference on the  
World Financial and Economic Crisis  
and Its Impact on Development**

**New York**

**24-26 June 2009**

Mr President

Heads of Delegations

Distinguished delegates

Ladies and gentlemen

I would like to express my gratitude to the President of the General Assembly for organizing this important meeting. I would also like to thank all the Member States for viewing the current world financial and economic crisis in a serious light and above all, for coming together in common purpose to address this challenge. This Conference offers the international community through the United Nations an opportunity to exchange views and share experiences not only on how the crisis has affected us but also what measures we can severally and collectively take to mitigate its impact on development and to ensure that its impact on the real economy, and I quote the Secretary-General "is not matched by an extensive humanitarian disaster for the world's most vulnerable", end of quote.

Namibia attaches great importance to this conference. The President of the Republic of Namibia regrets that he could not be here personally due to prior commitments. *He wishes the Conference a successful outcome.*

Mr. President

This Conference is taking place at a critical time in our history when the world is faced with a number of unprecedented challenges, which if not addressed in earnest may result in substantial regression. The current world financial and economic crisis, the biggest since the Great Depression, has affected us all though its severity varies from country to country and from one sector of the economy to the other.

The financial crisis came in the middle of the food and energy crises. Skyrocketing prices of basic foodstuffs, though said to have stabilized now, have left many households unable to place food on the table. Net food importing countries, like Namibia, had to divert resources from development to emergency relief while the importation of high priced food has a destabilizing effect on national budgets. The situation was also worsened by high fuel prices. Oil-importing developing countries, like ours, have been negatively affected by the volatility in oil prices, which have also led to price increases in other sectors, as suppliers of goods and services raise prices to make up for production and transport costs.

The combination of this crisis and climate change and its adverse impact on sustainable development is cause for great concern. Namibia, like many other developing countries, is an insignificant contributor to the emission of greenhouse gases. However, the country is one of the most vulnerable to the effects of climate change. We just hope that this crisis will not result in climate change issues being placed on the backburner. That will be an unfortunate development. Major emitters should not only make drastic reductions in their green house gas emissions but also avail substantial financial resources to support the efforts of developing countries to adapt to the adverse effects of climate change.

Mr. President

The world financial and economic crisis has once again demonstrated the imbalances that exist in the global economic and financial system and architecture. It has further confirmed our long held view that the current international financial and economic institutions are not in a position to effectively carry out the mandates for which they were created. They have been virtually reduced to spectators to the unfolding global catastrophe as they are suffering from both structural and operational paralysis. The crisis has therefore, demonstrated the need for effective surveillance and warning systems at the global level. This in turn makes the reform of our international financial and economic institutions more urgent than ever before if the recurrence of similar crises is to be prevented in the future. Furthermore, the financial and economic meltdown we are witnessing today has quashed the perceived capability of the free market to regulate itself. It reaffirmed the indispensable regulatory role of government over the financial and economic sectors at the national levels.

Mr. President

Namibia has not been spared the impact of this crisis. Our economy is vulnerable and growth prospects are less optimistic due to low demand for our commodities, including our minerals. Potential balance of payment shocks due to the deteriorating exchange rate and reduced revenue collection caused by low economic growth is another challenge that we face. We are also witnessing slower growth in the service sector, in particular tourism, due to reduced disposable incomes in the developed countries whose citizens are scaling down on overseas travelling. Lower economic growth due to the international financial crisis can impact our overall fiscal position adversely through reduced

revenue collection from domestic tax sources and tax receipts from international trade due to the recession in the economies of our major trading partners.

### Distinguished Delegates

Namibia had a real GDP growth of 4.1% in 2007. However, analyses project our economic growth to have declined to 2.4% in 2008, mainly due to the reduction in mining activity as a result of the global economic crisis. The decline continues in 2009 and the growth rate is projected to decline to a mere 1% or even less, as the real impact of the crisis continues to unfold. These negative growth projections when measured against the 7.0% growth required to achieve the Millennium Development Goals (MDGs), raises concern as to whether we will be on target to achieve many of the MDGs by 2015.

As a Government, we have not been watching the crisis with folded arms. Our response is broad-based and largely avoids bailouts. We have taken a number of countercyclical measures in order to stimulate domestic demand and growth. The Government has implemented both fiscal and monetary policies to ensure that shocks from the crisis are absorbed. The Bank of Namibia, our central bank, has for instance deliberately kept interest rate low, a measure that has kept the cost of servicing housing mortgages and other loans also low. When the oil price skyrocketed to more than US\$ 100 a barrel justifying a substantial increase in domestic fuel prices, the Government used its Energy Fund reserves to subsidize the price of petrol and diesel to stabilise fuel prices and to ensure that they remained affordable to consumers and manufacturers.

In addition, the Government introduced legislation that requires pension and insurance companies to invest at least 2% of their total assets in local unlisted companies and to increase these local investments to 5% by 2010. This measure is aimed at availing financing for on-lending. We have also increased the deficit of our national budget in order to increase our expenditure on development, particularly on the development of new physical infrastructure and the rehabilitation of those that were destroyed by the floods that our country has experience recently, human resources development, support for the development of small- and medium-sized enterprises and the diversification of the economy in general.

As we did at the height of the food crisis when the Government scrapped Value Added Tax on many of the basic food items and thereby forego much-needed revenue, a range of tax concessions aimed at stimulating businesses and

providing relief to individuals at this difficult time have also been introduced. The taxable threshold on incomes has been raised while corporate tax for non-mining companies has been lowered. We have also increased tax-free amounts for retrenchment payouts in order to provide relief to retrenched workers and their families. We have further extended our coverage for social grants to orphans and other vulnerable children while the number of veterans of our war of liberation covered under the veteran's grant scheme has also been increased. All these interventions are aimed at strengthening the provision of social safety nets and to cushion the impact of poverty on the most vulnerable.

Our expenditure on health and education sectors has also been increased. This has enabled many more of our youth to enter tertiary education while the Health Ministry has expanded its roll out of anti-retroviral drugs to HIV/AIDS sufferers.

Our fiscal strategy is aimed at promoting optimal income distribution, social welfare, private sector growth and regional integration. We are committed to continue to maintain a rather low debt stock and live within our means even in these difficult times.

Mr President

The challenges we are facing as a country are daunting and cannot be addressed without the support of the international community. The crisis has worsened the already high level of unemployment situation in the country. In this regard, we appeal for foreign direct investments so as to create much needed employment opportunities, which is one of the effective ways to fight poverty and hunger.

Mr. President

Namibia is facing serious challenges to meet the targets with regard to MDGs 4 and 5 on maternal health and child mortality. This requires additional resources from both the Government and the donor community in order to strengthen our capacity for service delivery and also in view of the recent floods in parts of the country that have destroyed transport and sanitation infrastructures thereby exposing the populations in those areas to health hazards. Addressing these challenges requires concerted efforts for both reconstruction and disaster risk reduction and preparedness. I wish at this juncture to express the appreciation of our Government to those development partners that continue to extend

official development assistance and emergency relief to us despite our status as a middle-income country. We require continued external support in the form of grants and concessional loans as well as technical assistance to build and strengthen our capacities.

Mr. President

We have taken note of the commitments made by the G20 at the London Summit and call for the immediate fulfillment of these commitments to help bring the world economy back on the growth path. Regional and sub-regional development banks need to be recapitalized in order for them to respond to requests for development financing. On the other hand, world trade needs to be resuscitated in order to contribute to development. In this regard, my delegation remains deeply concerned with the continued impasse in the Doha Round of trade negotiations. The impasse has a negative impact on development and the fight against poverty and hunger. The World Trade Organization (WTO) Doha Round of negotiations needs to deliver on its development promise, including through substantial market access for developing countries in order to boost the global economy.

In conclusion, I wish to state that the crisis we are facing today is a global one that requires concerted efforts and coordinated actions in order to find a global solution. We are all affected by this crisis and we should all be involved in finding a solution to it. The United Nations can and should play a crucial role given its universal membership, its legitimacy and its presence on the ground in many, if not all, of our countries. Time is however, not on our side and the people of our countries are looking up to us to overcome this crisis. Let us not fail them.

I thank you for your kind attention.