



**STATEMENT BY HIS EXCELLENCY DR HAGE G. GEINGOB,
PRESIDENT OF THE REPUBLIC OF NAMIBIA,**

AT

THE THIRD INTERNATIONAL CONFERENCE ON FINANCING FOR DEVELOPMENT

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ADDIS ABABA, ETHIOPIA

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Your Excellency Mr Hailemariam Desalegn - Prime Minister of the Federal Republic of Ethiopia,

Your Excellency Mr Ban Ki-Moon - Secretary General of the United Nations,

Excellencies, Heads of State and Government,

Distinguished guests,

Ladies and gentlemen

I am honoured to be here to join this August gathering, in the historic city of Addis Ababa, meaning new flower in Amharic, where my delegation and I have received a warm welcome and excellent hospitality since our arrival. I thank my brother and friend, Haile Mariam Dessalegn, Prime Minister of the Federal Republic of Ethiopia for making us feel at home in Ethiopia.

We are gathered here today to assess the progress made in the implementation of the Monterrey Consensus and the Doha Declaration and to deliberate, as members of the United Nations, on how to finance the post Millennium Development Goals agenda.

Over the past three decades the political and economic landscape of Africa has changed fundamentally. Gone are the days when reports of coups d'état dominated African news. Today we are witnessing the emergence of a new Africa, an Africa, which is the second fastest growing region on the planet. We have turned a new page and begun a new chapter in the African story. This is why we say, Africa has risen, and Africa's time is now.

In Namibia, which I often refer to as a Child of International Solidarity, we are celebrating this year, 25 years of peace and stability. This is thanks to the United Nations, which midwifed the birth of our country.

Over the past two and a half decades, we have put in place robust governance fundamentals, which include respect for the rule of law, protection of individual freedoms and freedom of the press. We are a mature democracy.

Our commitment to effective governance has helped our citizens to progress in terms of meeting their basic needs. There is no doubt that today, Namibians are better off economically, socially and politically than they were before Independence. Indicators such as life expectancy, literacy and per capita income all indicate this improvement in the quality of life. It is for this reason, that our own African Governance authority, the Mo Ibrahim Foundation bestowed the Prize for African Leadership on my Predecessor, President Hifikepunye Pohamba.

Namibia, like most of our fellow African Nations, has strong macroeconomic fundamentals. For the past five years we have had strong economic growth averaging 5 percent per annum. Our debt is well contained at 25 percent as a ratio of GDP, and we are able to fund current Government operations and a significant part of our capital budget entirely from domestic resource mobilization. We minimally borrow externally and when we do so, it is only to

fund some developmental projects. Our financial system is well developed, our banks are well capitalized, and we enjoy investment rate gradings of BBB+ from rating agencies such as Standard and Poor's as well as Moody's.

What has proven to be a burden to our economic development is the classification of Namibia as a so-called upper middle-income country. This flawed definition and the calculation thereof, simply takes the GDP of a country and divides it by the population of the country. Because Namibia has a small population, this approach results in a higher per capita income without considering how that income is distributed, and without considering the structural imbalances of our economy, especially income distribution. This is an unfair definition, which deprives Namibia from accessing concessional funding which the country needs to pursue its developmental objectives.

Although we have made tremendous progress in terms of governance, I hope you can forgive my fellow Namibians and I, for thinking that instead of being supported for these achievements, we are now being punished and our developmental aspirations are being stifled.

Given our current World Bank classification as an upper-middle income country, we do not have access to soft loans and grants. One of the few exceptions was former U.S. President Bush and his administration, which waived our status and opened the door for Namibia to access funding through the Millennium Challenge Account. This timely and supportive gesture went a long way in helping us

achieve several of our developmental objectives. We are grateful for this humble gesture by the Bush administration.

The social development deficit in Namibia remains high for a so-called upper middle-income country. For example, as per our latest census count, 30% of our population remain below the poverty line. However like the calculation of a country's status using GDP, the poverty statistic should be subject to more scrutiny. For example, the World Bank figure of US\$ 2 per day does not factor in the fact that in our rural areas, people maintain a subsistence lifestyle, in which they have access to organic products and better quality of life with regard to air pollution. In fact their diet is often more balanced than many citizens in the Western World. Now if the average price of organic chicken in the USA is \$ 20, how can these people be considered as living below \$ 2 per day?

Ladies and gentlemen,

You will agree with me that inequality is one of the greatest challenges developing nations are facing at present. Inequality has the potential to undermine our efforts to promote sustainable development not only on the domestic front but also around the world in general.

In Namibia, despite our significant achievements in improving the economy of our country, the income gap between the majority of our people and the few with access to economic resources is increasing. It is for this reason that we, in Namibia, have declared all-out war on poverty. In order for us to win this war, we will need to accelerate our rate of economic growth through trade and investment. However, there can be no growth without financing.

We have concluded that the war on poverty must be multifaceted. In addition to targeted social safety nets, we have to create wealth-generating opportunities for our people. This means that we must grow the economy at a rate higher than 5 percent. However, to do this we need significant investment in various sectors of our economy. These include investment in critical growth supporting infrastructure, such as energy, road and rail and telecommunications. Without these supporting infrastructure, our firms cannot be competitive. Without it, our people cannot bring their products to markets, and as a nation we cannot connect smoothly and efficiently to international markets. We therefore, need significant financing in order to develop our critical infrastructure as a step towards taking Namibia to the next level of development.

Just like most countries on the continent, Namibia has also witnessed rapid urbanization. We project that by the year 2030 close to 70 percent of our population will reside in urban centres. This brings pressure on urban housing

and other amenities. However, income levels of the majority of the population are low, making it difficult for them to afford housing. This is, therefore another area that is in serious need of development finance.

The question is how, can we finance this development. Although we are asking for financing from our friends and development partners in the international community, we are not sitting idly. As Government we are committed to taking the lead in financing development. We have introduced measures to broaden the tax base, and enhanced revenue collection. One such measure will be the establishment of an independent revenue authority. While another one would be to extend the tax net to the informal sector.

We believe that we must safeguard our financial sovereignty by borrowing responsibly, first by tapping into our domestic savings, before accessing international capital markets. However, as I have already alluded to, our classification as an upper middle-income country limits our access to soft loans. I, therefore, call upon this conference to take as one of its resolutions, that concessional funding; including grant funding should be extended to upper middle-income countries. We need access to funding at better conditions. Without a change in approach, our efforts to develop will be curtailed. This is why I have come to Addis Ababa with a full team of our experts in order to engage the international community and discuss the matters I have just

highlighted. We are here to solicit your support in order to keep us on the path of continued development.

Ladies and gentlemen,

Like many of the countries on the continent, Namibia has significant natural resources. Our people, however, do not eat natural resources. They want food, and access to basic services, quality health and quality education. We therefore need to unlock the wealth in Namibia for the benefit of all our people.

Trade is another important tool to finance development. I would like to urge the international community, especially more developed nations, to provide better market access conditions to lesser-developed countries. Assist us to be able to trade with you to create revenue from international trade. I believe such an approach may be more effective than official development aid that is often counter-cyclical and dries up when most needed. This does not mean that developed nations should reduce their official development aid.

Ladies and gentlemen

I am aware that one of the topics, which will be discussed during the upcoming days, will be that of the current evolving development cooperation landscape. The times are changing and the dynamics of development are becoming

increasingly complex. Development financing and the mechanisms that govern it should also change and become relevant to the realities of our time. We need a different approach in the partnership between the developed and developing world. We need new partnerships where everyone is considered as equal. We need a partnership based on equality, transparency and mutual trust. Let us relegate to the dustbin of history, those partnerships where people sitting in boardrooms in the developed world dictate terms that are forced on us such as what transpired during the Economic Partnership Agreement (EPA) negotiations.

Joseph Stiglitz once said and I quote, "*The only true and sustainable prosperity is shared prosperity.*" I believe, it is possible that, if we pull together as humanity, under the umbrella of the United Nations, we will be able to arrest the increase of poverty in developing countries and open the doors towards a future of shared prosperity, a global prosperity, where no country or citizen thereof shall feel left out.

I thank you.