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Global Competitiveness Report – Namibia ranked 100 out of 140

The World Economic Forum has released its Global Competitiveness Report (GCR) 2018 on 17 October 2018. The GCR 2018 **uses a new approach** to capture the countries' **readiness for the 4th Industrial Revolution**. The new Global Competitiveness Index 4.0 (GCI 4.0) therefore focuses on factors that are relevant for being at the forefront of the new industrial revolution, namely “human capital, innovation, resilience and agility”. The GCI is based on 12 pillars: Institutions, Infrastructure, ICT adoption, Macroeconomic stability, Health, Skills, Product markets, Labour market, Financial system, Market size, Business dynamics and Innovation capacity, which are similar to the previous sub-pillars under the three main pillars. The GCI 4.0 introduces **new scores ranging from 0 to 100**. Therefore, the results – the rankings and scores – of **the new GCR 2018 cannot be compared** to the results of the previous Global Competitiveness Reports.

- **Namibia is ranked 100** out of 140 countries, one rank down compared to 2017.
- **Namibia is the 6th most competitive economy in Sub-Saharan Africa** behind Mauritius (49), South Africa (67), Seychelles (74), Botswana (90) and Kenya (93).
- Except for Seychelles that moved up 10 places compared to 2017, all other of these **countries lost ground in competitiveness**: South Africa (-5), Botswana (-5), Namibia (-1). There are no results for Mauritius and Kenya for 2017.
- **Namibia is the tenth most competitive country on the African continent**, since four North African countries are ranked better: Morocco (75), Tunisia (87), Algeria (92) and Egypt (94).
- **Namibia scored 52.7 out of 100** representing a slight improvement of 0.3 compared 2017. Seychelles improved the most in terms of the scores that went up from 55.2 to 58.5 resulting in a much better ranking, while Mauritius improved the score by 0.8 to 63.7. Botswana's score dropped by 0.5 to 54.5 and South Africa's by 0.1 to 60.8. Mozambique also lost ground in terms of scores – down by 2.1 to 39.8 – and ranking – down by eight ranks to place 133. All other African countries improved their scores.
- The decline in ranking for most of the African countries despite an improvement in the scores indicates that **other countries improved faster** resulting in the African countries being left behind.
- **Namibia ranked best** in the pillar ‘labour market’ (39), followed ‘financial system’ (47) and ‘institutions’ (51).
- However, **the country is lagging behind** in terms of ‘business dynamics’ and ‘market size’ (both 121), ‘health’ (117) and ‘ICT adoption’ (105).

- Namibia's good ranking in the 'labour market' pillar is supported by the **labour tax rate** (rank 8), **redundancy costs** (rank 29) and **workers' rights** (rank 32), while insurance premiums as % of GDP (rank 13) and **non-performing loans** (rank 19) **support the positive ranking** of the country's financial system.
- **Namibia performs well** in the pillar 'institutions' regarding the **efficiency of the legal framework and press freedom** (both rank 24), **budget transparency and judicial independence** (both rank 27) as well as **property rights** (rank 31), while the homicide rate (rank 128), e-participation (116) and quality of land administration (110) are dragging the ranking down.
- **Namibia ranks low in terms of life expectancy** (rank 116), **time to start a business** (135), quality of research institutions (111), insolvency regulatory framework (110), as well as in **indicators related to internet uses** (between 101 and 103).

The Harambee Prosperity Plan envisages Namibia to be the most competitive country in Africa by 2020. Although Namibia improved her scores, while better ranked countries such as South Africa and Botswana lost some ground, and slipped only one place compared to other African countries that ended up much lower, much more efforts are needed to turn around the loss of competitiveness and catch up with other countries on the continent. Despite the launch of the NamBizOne portal and the establishment of the Business and Intellectual Property Authority (BIPA), business registration remains cumbersome and time consuming. New technologies are hardly applied and business persons have to drop hard copies of application and registration forms still at various institutions instead of emailing soft copies including proof of payment to a one-window institution.

More also needs to be done to improve ICT skills and access to fast ICT services in the country that are vital for businesses to compete on a regional and global scale and to attract domestic and foreign direct investment. New technologies, such as renewable energy sources, provide an opportunity to accelerate access to electricity and hence to ICT services, which will open new business opportunities. Private investment into these sectors should therefore receive much stronger support, which would in turn reduce the reliance on public funds.

Some of Namibia's weaknesses are relatively low hanging fruits that have been discussed since quite some time and could be turned around in a short period of time, including the hiring of foreign labour, while others in the area of health and education in particular need longer-term, implementable strategies. Overall, Namibia needs to introduce and embrace new technologies and the use thereof more aggressively.