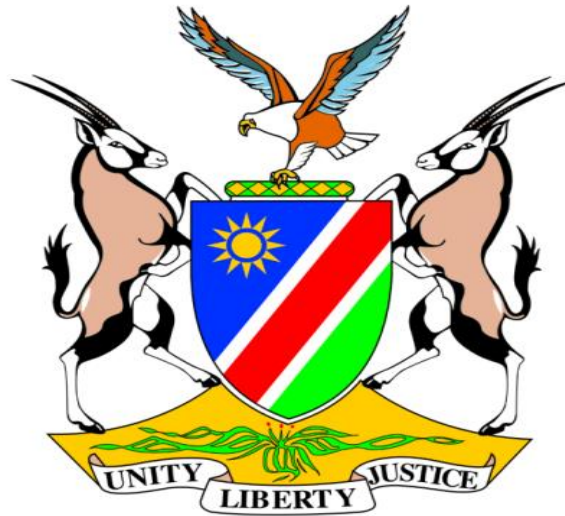


REPUBLIC OF NAMIBIA



**KEYNOTE ADDRESS BY
HER EXCELLENCY MADAME MONICA
GEINGOS
FIRST LADY OF THE REPUBLIC OF NAMIBIA
ON THE OCCASION OF THE
OFFICIAL OPENING OF THE 2ND NATIONAL ICT
SUMMIT 2015**

**OCTOBER 7, 2015
WINDHOEK COUNTRY CLUB, WINDHOEK**

Check against delivery

DIRECTOR OF CEREMONIES;

**HONOURABLE MINISTER OF INFORMATION &
COMMUNICATION TECHNOLOGY TJEKERO
TWEYA;**

**HONOURABLE DEPUTY MINISTER OF
INFORMATION & COMMUNICATION
TECHNOLOGY STANLEY SIMATAA;**

**PERMANENT SECRETARIES AND OTHER
PUBLIC SERVANTS;**

MEMBERS OF THE DIPLOMATIC CORPS;

CRAN REPRESENTATIVES;

**REPRESENTATIVES OF VARIOUS ICT
COMPANIES AND EXHIBITORS;**

DISTINGUISHED INVITED GUESTS;

MEMBERS OF THE MEDIA;

LADIES AND GENTLEMEN;

GOOD MORNING

Our Minister of Information and Communication Technology is a brave man. He has joined twitter and did so under his own name. Many are lurking under aliases and even more do not dare to swim in the murky waters of social media. The increasing usage of social media by the President and many other Ministers is indicative of leaders who are increasingly aware of the importance of direct engagement with people whose views you may otherwise not have had the opportunity to hear.

I fully appreciate how it may be confusing what a First Lady has to talk about at an ICT conference. Each and every aspect of our lives is affected by ICT. My focus areas of Communicable and Non-

Communicable diseases, Early Childhood development, Gender Based Violence and Enterprise Development are all enabled by technology. I however want to lean on my experience as the Former Managing Director of a Private Equity fund and the Chairperson of a telecommunications enabled Bank to address the role of ICT from a business and personal perspective.

Business Perspective

I would like to start my discussion by discussing online payment channels. Not because I am a shareholder in a business focused on this very issue but because of the global explosion of online and mobile payments. The way we pay for goods and services has been revolutionised.

According to McKinsey, two clear international trends are identified in the alternative payment space. Ewallets are forecast to increase from 40% of total alternative transaction volume to 70% in 2017. Proximity mobile payment services are forecast to see explosive growth over the coming years.

The electronic interface in the financial sector has minimised the need to walk into a branch, it has destroyed cheque and has reduced the carrying of cash. These are the cannibalising effects of technology. If you want a classic example of the cannibalising effect of technology, let me use the VHS and Betamax example. VHS and BetaMax were engaged in a bitter struggle for market dominance in the 80's. VHS won, within a few years, DVD came along and cannibalised VHS.

Investors hate to hear this but technology is disruptive and it eats its young. It's great for the consumer, not so good for the long term investor who doesn't know if his/her investment will be bankrupted by a new technology which is cheaper and more effective than the one invested in.

The financial sector is one of the many sectors which have been completely transformed by technology. From a banking perspective, technology enables services but legacy systems cripple agility. Due to legacy systems, focus in banking is around core banking system and how other systems interact with it. IT systems are the highest expenditure after HR but they are notoriously difficult to adapt to new technology. It sounds counter intuitive that a sector which relies

on technology is harmed by new technology; is strange but true. There are so many risks in a business but insufficient understanding of IT risk has become the most material risk to many of the businesses we operate.

IT people who are supposed to help us understand ICT risk are not very helpful. It's not that they dress badly, as a matter of fact, many IT professionals dress better than ten years ago. Their problem is that they don't speak English. IT language is the equivalent of Greek and this compromises the ability of executive management to adequately understand and assess risk. If I may give free advice to IT professionals sitting here today: It won't be long before Executive Management roles and Board positions will require strong understanding of IT

so do a course in commerce or accounting. Opportunities for business-minded IT professional will be immense as ICT is a fragmented space which is rapidly evolving and those who understand it will be highly sought after.

Some business models are being made obsolete due to ICT developments and even the manufacturing industry is seeing more and more machinery reliant on mechanical technicians to repair but IT technicians to operate.

This is good news for those skilled in IT or seeking to study IT but very bad news for the blue collar worker. I was the Chairman of the DMH Group when a decision was taken not to buy a

new piece of equipment as it would result in job losses. This is not a sustainable trade off and relies heavily on the social consciousness of the private sector. Nothing which has a negative social impact should ever be left to the social consciousness of the private sector. We are, quite rightly, encouraging the onset of the digital divide but we must pause and evaluate the consequences. The only long term solution to poverty eradication is the expansion of the economy which creates jobs. The question we have to ask is what impact does the narrowing of the digital divide have on job creation? I am not talking for the future where children are increasingly exposed to internet at school. I am talking about today. Today's workers. Today's unemployed youth. I want to leave that question there while I answer a totally different question.

IT Costs

Namibia is a geographically large country with a disproportionately low population density. This poses significant trade and infrastructural challenges due to the high cost of establishing a national footprint in order to service a small market. According to the Treasury in South Africa, the construction of a 1km stretch of road costs R3.5 million per kilometer. Namibian costs are likely to be in this range and that is why the tarring of certain roads have been deemed uneconomical as the cost-benefit ratio simply doesn't add up. From a manufacturing perspective, let me use the example of a manufacturing machine that has the capacity to manufacture 5 000 bottles per day. That machine in A bottling plant operating in Johannesburg, South Africa can buy that machine and sell those

5 000 bottles per day while a bottler in Windhoek will take a month to sell those bottles. Same machine. Same cost. Different market. Different returns. In order for Namibian manufacturers to compete, we need to find ways to significantly reduce operational, distribution and manufacturing costs. Given our unemployment rate, this is a difficult discussion.

ICT Enables Inclusive Economy

What is not a difficult discussion is the immense potential buried in a country where we fully empower the largest source of potential consumers. Women. Not because we like to buy but because we are the majority of the population. By giving women equal opportunity, we automatically expand our consumer base. By

opening up the economy and giving more black people economic opportunities, we immediately increase our consumer base. By giving the youth access to quality education, skills opportunities and enterprise development, we increase the consumer base. The notion of no Namibian should be left out is not political mantra, it is economic necessity for the expansion of our consumer base. We simply cannot afford to exclude any Namibian from economic activity.

In addition to the obvious ways to expand our domestic consumer base, we have another sector with huge potential to change our fortunes and that is the services sector. The ease of online payments provides us with the ability to provide services and be paid for it. We generally think of Tourism when we talk of services but it is more than just hospitality. Paypal has 143 million active

users in 203 markets. There are service sectors where technology is insensitive to borders. I am closely exposed to a business called Way with Words. It is based in Cape Town and due to good IT infrastructure, an English speaking country and a convenient time zone, way with words has become an international typing agency which services clients all over the world. You load recordings of minutes, books, journals or any voice recorded file and a team of typists based in Cape Town download the files and transcribe into written form and place the typed out documents on cloud or send via email. The client list includes the likes of City of London and large American corporates. These entities either don't know or don't care where these documents are downloaded and typed. All they care about is professional and efficient service, a network where their information can't be hacked and a

payment solution that is secure. What prevents a Namibian business from doing something similar? What prevents Namibia from becoming a global call Centre? We have the IT infrastructure, English is the official language and the time zone allows us to deal with Europe during their working hours, deal with the East while sleeps and deal with the West as the East sleeps.

We must dream big. This is the type of dream that can only be driven by Government and this is how we actualise job creation, improve our balance of payments due to inflow of foreign currency and mushrooming of downstream services. Our policy focus and framework on Universal access and narrowing the digital divide is in the right place. We must however also focus on the industries that can be created through

technology to offset job losses that will result from automation.

Anti-Corruption

Enough has been written about how ecommerce can streamline government services so I would like to accept that as a fact and briefly reflect on the corruption busting potential of corruption. Imagine a tender which is advertised online and applications are submitted and evaluated by a algorithm built to assess tender applications and thereby removing the human interface. A computer does not favour relatives, friends or families. A computer doesn't ask for a ten percent comission. A computer will ensure that the best service provider, regardless of connections, secures the tender. Just imagine. Public

procurement awarded purely on merit. This is not unachievable. With the help of ICT, this can be done. Anecdotal evidence suggests that the paying of bribes for expediting the administrative process of issuing a passport was prevalent. Said differently, members of the public were paying civil servants to do their jobs. The automation of the Ministry of Home Affairs has resulted in efficient passport issuances. Corruption breeds in environments which lack transparency and efficiency. ICT assists with both aspects.

Digital Revolution

In the US, it took the telephone 76 years to reach half the population. The smartphone did it in under ten years. I remember clearly in 1993 when cellphones came to Namibia. It was chaos. People

were seen walking down the streets of Windhoek pretending to speak on their phone and then exposed when it rang! There were the jokes of people answering their phones and asking the caller “how did you know where I am”. I remember in 1996 when a MTC employee was explaining to me that they were going to introduce something called SMS where you could type a message and send it to another phone. It didn’t sound possible in 1996. It feels like we have always had cellphones. It feels like a lifetime ago but the truth is that the Digital revolution is young enough for many of us to have witnessed its birth. It has however grown so fast that it left even more people behind and it is the new generation who never experienced life without cellphones who are fully utilising it for good and for bad. The revolution will no longer be televised. The revolution has been digitalised!

Social media has improved social connectivity and access to information and has often brought out the best in humanity. Social media posts can help you find or lose a job with the click of a button. Social media can build or break your reputation within a second. As it's a public platform, posting anything on social media, whether you are the author or not is deemed to be publication. This makes you liable for defamation but it also makes people subject to malicious attacks from anonymous individuals. Dear Honourable Minister. Welcome to the digital jungle where you can live peacefully one day and be eaten the next day. There are no places to hide and they will find you and you have the option to engage or to deactivate. I hope you choose to engage.

Social media has become as much of a social network as it has become an information network. More and more people are sourcing their news from social media. If you don't tell your story on social media, somebody else will tell it. What this means is you don't have a choice – you must be on social media. I have heard arguments that social media is irrelevant as it represents less than 8% of the country's population. The statistics are probably correct but the reality is that news generated on social media doesn't just stay there. Those who are on social media share the information they get with their friends and relatives be it gossip or news, be it truth or lies. Even journalists are increasingly sourcing their stories and photos from social media. As data

usage increases, so will the usage of social media.

The dark side of the internet has brought the thieves, the liars and the malicious straight into your home. The rotten apples who violate privacy rights, online fraudsters, the pedophiles and the bullies. They are all there. Darkness is always driven out by light and even in this age of negativity, there are more good people and positive aspects to social media than there are bad.

This is a marketplace where news is shared, contacts are made and services are sold. The question should be why you are NOT on social media.

Regulation

I believe strongly that ICT is a key enabler for socio-economic growth. I also believe that ICT is the change agent that will compel businesses to innovate. Regulation of ICT gateways is vitally important. For the same reason we need police officers in real life, we need regulation on the internet. To be clear, the regulation is not to stifle the voices of the people but more to ensure that the internet doesn't become the gateway for fraudsters, pedophiles and liars.

Given the opportunities provided by technology, regulation that is applied correctly is an effective to maintain financial stability and confidence in the market. When regulations have unintended consequences of discouraging or prohibiting

long term investment, these need to be identified and eliminated.

Regulators must always resist knee jerk reaction to isolated incidences. Another regulatory temptation to resist is not to import rules from jurisdictions whose economy and developmental cycle is different from ours. Regulators must understand present and future risks and mitigate them. Copy and paste regulation with no sensitivity or understanding of domestic risk has the potential to strangle new industries before they grow and disincentivise investment.

ICT is fast changing so regulation needs to keep up with the market it regulates. Regulators must keep up with market changes and industry skills levels.

Another reality is regulatory arbitrage. ICT is a growth enabler but has also enabled the collision and merging of industries. If I may, please allow me to use the example of ebank. Ebank is a commercial bank regulated by the Bank of Namibia, which has a money market based saving facility that is regulated by Namfisa. Transactions are enabled within the retail sector and facilitated by the telecommunications sector. There is an interest in CRAN and how it regulates telecommunications companies. There is a reliance on the Competitions Commission for protection against anti-competitive behaviour. There is Bank of Namibia and Namfisa as regulators. It is a complicated compliance environment and there are cost implications for each regulator. Technology has integrated industries, very soon, it will necessitate the integration of market regulators. It has

implications for cross shareholdings as it may increasingly result in associate companies finding themselves conflicted by competing interests.

Another example is cellphone banking and telecommunications. Cellphone banking is effectively free from a banking perspective, the only cost implication is the USSD, sms or data cost from the telecommunications service provider. On the other hand, market penetration of financial services is reliant on the reach of the telecommunications coverage network. ICT is a key enabler and key risk for the banking sector. These relationships requires cross sectoral skill levels at both operational and regulatory levels.

In conclusion, ICT is the glue that binds the economy together. It also has the potential to be the catalyst for the high-growth projections envisaged by Vision 2030. We have no choice but to succeed in fully harnessing the full potential of ICT for the benefit of all Namibians.

From a service and payments perspective, concerns for the safety of personal information and fraudulent transactions remains high. It is up to the affected sectors to do more in terms of consumer education and protection.

Businesses can have protection expectations. ICT brings massive opportunities. With great opportunity come great risk. We accept that some businesses will become obsolete. We accept that

some jobs may become obsolete. What we also accept is that the benefits of embracing technology from a personal and business perspective far outweigh the negatives.

Impact of regulation

We need right incentives and also remove barriers that constrain long term investment. One of these long term barriers is regulation.

The global reach of ICT enabled business models tells me that countries like Namibia with low population density have an opportunity to increase market size through a digitalised and inclusive economic growth model.