

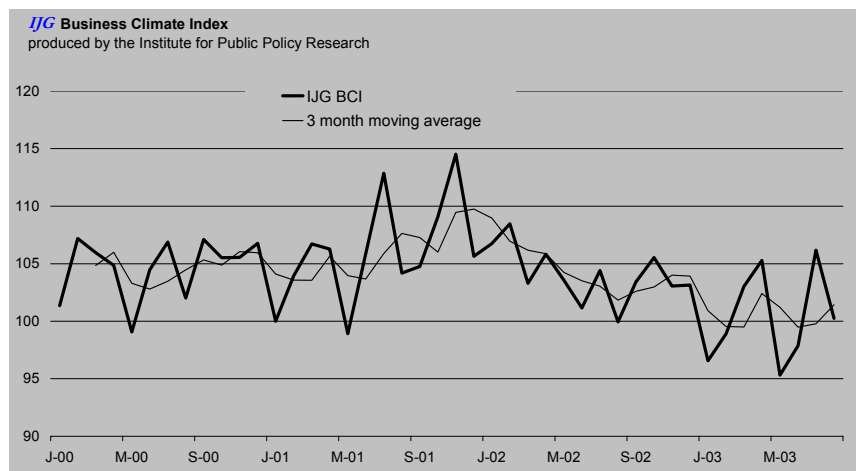


The *IYG* Business Climate Monitor for August 2003

produced by the Institute for Public Policy Research

- The *IYG* Business Climate Index fell back to 100.2 in August following the sharp rise to 106.2 in July.
- The *IYG* Business Climate Survey suggests businesses are more likely to invest in new plant and equipment as a result of the fall in interest rates.
- The latest 2001 Population and Housing Census suggests employment grew by less than 30,000 people in the ten years between 1991 and 2001.

The *IYG* Business Climate Index for August 2003



After the sharp jump in July, the *IYG Business Climate Index* fell back to 100.2 in August. Improvements in the outlook for OECD economies were outweighed by the drop in company registrations and the rise in oil prices which combined to push the BCI down. The relative strength of the Rand and Namibia dollar continues to negatively impact on exports.

		August	July
Business Climate Index	▼	100.2	106.2
Investment Index	▼	109.9	124.3
Consumption Index	▲	103.2	102.3
Export Index	▼	90.1	91.0
Leading Indicator	▼	114.3	121.7
Coincident Indicator	▲	93.3	92.9

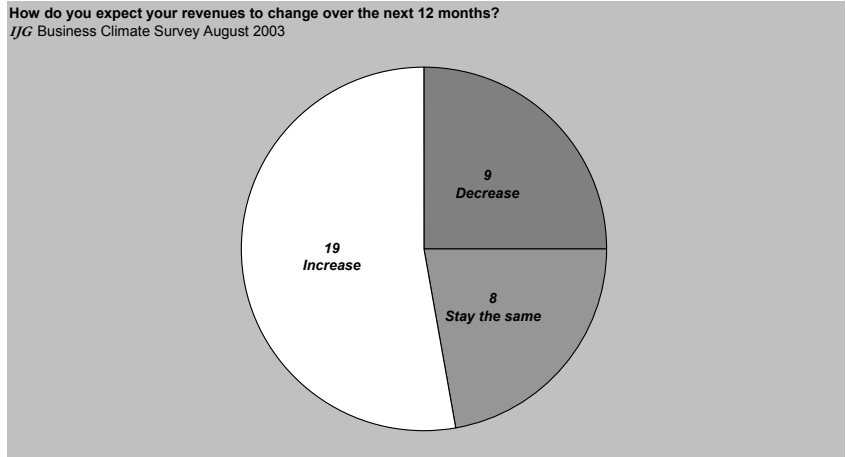
The *IYG* Business Climate Survey for August 2003

The *IYG* Business Climate Survey asks 50 top businesses in Namibia across all major sectors of the economy to reply to four questions on revenues, employment, investment and prevailing business conditions. In addition to this sample, members of the Namibian Manufacturers Association (NMA) are also surveyed. Since September 2002 members of the Namibia Chamber of Commerce and Industry (NCCI) have taken part in the survey. This month we received a total of

36 responses but no responses from the NCCI. As usual we report the results of our survey for the whole sample and for manufacturers.

Q1: How do you expect your revenues to change over the next 12 months?

Over half of responding businesses expect revenues to increase.

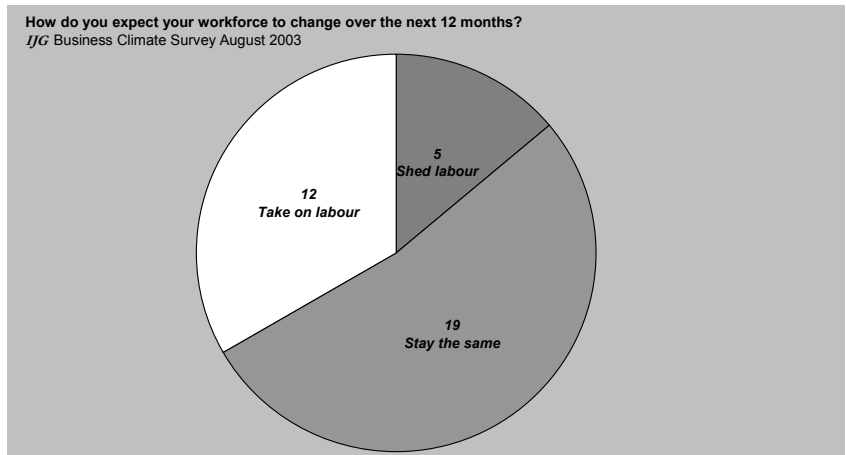


Firms were given a choice of three responses to the question on revenues: revenues could decrease, stay the same or increase.

Respondents expecting revenues to increase rose as did the number expecting revenues to fall. More than half of responding businesses now expect revenues to increase with manufacturers slightly less positive.

Q2: How do you expect your workforce to change over the next 12 months?

A majority of businesses expect their workforces to remain the same.



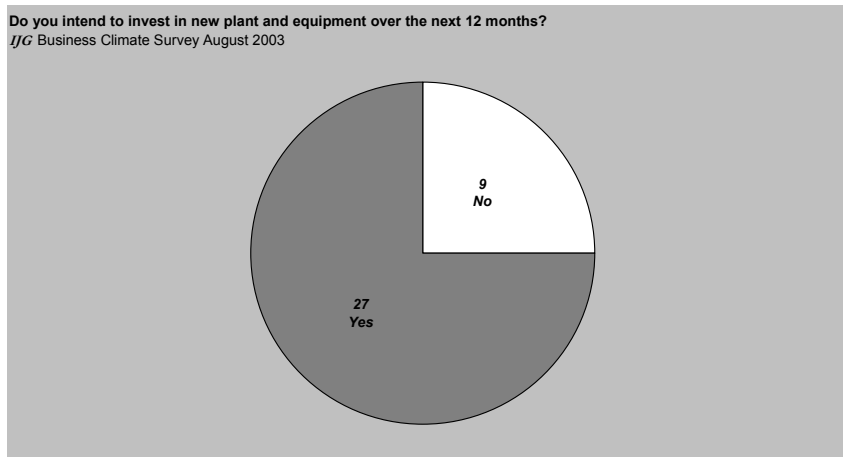
Firms were given a choice of three responses to the question on employment: either they expected to shed labour, or their workforces were expected to remain the same, or they expected to take on labour.

This month's results were almost identical to last month's. Manufacturers did not differ significantly from the overall sample.

Q3: Do you intend to invest in new plant and equipment (excluding inventories) over the next 12 months?

Three-quarters of all respondents expect to invest in new plant and equipment.





Firms could respond either that they intended to invest in new plant and equipment or that they did not intend to invest.

Three-quarters of responding businesses expect to invest in new plant and equipment, the most positive response since January 2002. Manufacturers were equally positive.

Q4: How do you find prevailing business conditions for your business?

More than half of all firms perceive prevailing business conditions as positive.



Firms were given a choice of four responses to the question on prevailing business conditions: very negative, negative, positive or very positive.

Out of 36 responses, 21 now perceive prevailing business conditions as positive or very positive.

Overall, August's survey responses were more diverse than last month although investment expectations have clearly improved following the cut in interest rates and expectations of further cuts this year.

IPPR commentary for August 2003

IPPR commentary presents the views of the IPPR alone and not the sponsor.

The **2001 Population and Housing Census** (PHC) was published by the Central Bureau of Statistics in the National Planning Commission. The report shows that, if unpaid family workers are excluded, employment has risen to 340,480 in 2001 from 305,861 in 1991 as laid out in Table 1. These figures include employers, own account workers (including those making a living from communal or subsistence farming), as well as government and private sector employees. The figure from the 2001 PHC is lower than the estimates from both the 1997 and 2000 Namibia Labour Force Surveys. It is important to bear in mind, however, that the 1991 PHC excluded



Walvis Bay which had not yet been reintegrated into independent Namibia. For the first time the 1993/94 Household Income and Expenditure Survey estimated that some 7,132 people aged 15 years and over were employed in Walvis Bay. If it is assumed that little new employment took place in Walvis Bay between 1991 and 1994 then it looks as if employment in Namibia rose by less than 30,000 in ten years. If census results are considered to be more accurate than survey results (since they attempt to count everyone rather than a small sample of the population), the estimates for employment from the 1997 and 2000 NLFS now look far too high. The IPPR will shortly be publishing a more detailed briefing paper on employment trends since 1991.

Table 1: Employed population aged 15 years and above excluding unpaid workers

	1991	1993/94	1997	2000	2001
Employed population	388,014	350,280	401,203	431,849	409,591
Unpaid family workers (subsistence)	82,153*	78,587*	38,125	9,892	50,671
Other unpaid family workers	n/a	n/a	8,982	4,450	18,440
Excluding unpaid family workers	305,861	271,693	354,096	417,507	340,480

*includes other unpaid family workers

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