

DEMOCRACY REPORT

November 2011

Special Briefing Paper No. 2

NAMIBIA LABOUR FORCE SURVEY 2008 -

AN ATTEMPT TO UNRAVEL THE MYSTERY OF STATISTICS



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Besides sustainable economic growth, poverty alleviation and reduction of inequality, the creation of employment opportunities has always been one of the main objectives of Government's National Development Plans. The latest National Labour Force Survey conducted in 2008 suggests that the country has failed in reaching these objectives. Not only has the unemployment rate increased steadily over time, the number of jobs has actually declined by 17 per cent between 1997 and 2008. The situation today might even be worse, since the latest Labour Force Survey

was conducted before Namibia felt the full brunt of the global economic crisis. The unemployment rate in the broad sense rose to 51.2 per cent, while total employment dropped to 331,445 persons. According to the Labour Force Survey, the agricultural sector shed the largest number of jobs, while wholesale and retail trade and repair services was the main job creator. The steep decline in particular in agricultural employment over the years, however, raises questions about the methodology used, since the data is not consistent with other data sources.

The paper focuses on sectors that are particularly affected by fluctuations in employment and compares population data used in the Labour Force report to other official sources. It describes the trends in employment and unemployment since 1997 with a focus on characteristics such as educational attainment, sex and age. It attempts to offer some explanations for these trends and provides recommendations to address the challenge of unemployment.

Methodology

The 1997 Labour Force Survey was conducted during June / July 1997 while the following three surveys were carried out between August and October. In particular employment in the subsistence agricultural sector is characterised by seasonality. More workers are needed during sowing, weeding and harvesting times than during other times of the year. May and June are the months of harvesting for most communal areas, while August and especially September can be classified as low season since harvesting and threshing are completed and the preparation of the fields for the next crop season has not yet started. This could explain fluctuations in agricultural employment between the 1997 and the following three surveys.

The number of households interviewed during the surveys declined steadily from 9,170 (1997) to 5,975 in 2008. While the number of Primary Sampling Units was increased over time from 228 (107 in rural and 121 in urban areas) to 239 (114 and 125 respectively), the number of households per Primary Sampling Unit was reduced from 40 to 25. The share of households in rural areas increased slightly from 46.9 per cent to 47.7 per cent, although the majority of the Namibian population lives in rural areas.

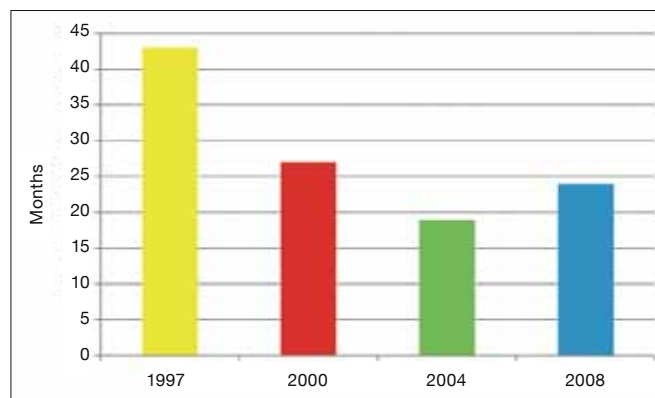
Release of survey results

First indications about the surging unemployment rate emerged after the draft report on the Namibia Labour Force Survey 2008 was compiled and circulated for comments in mid 2009. From there it took a year before the official report was released. As the graph below illustrates, the time span that lapsed between conducting the survey and officially releasing the results was cut substantially over the years from three and a half years in 1997 to about one and a half years in 2004. It took, however, again almost two years to officially publish the 2008 Labour Force report, although the first draft was circulated after about a year already. The long time span that passed before the data was released prevented timely intervention to address the increasing challenge of unemployment in the country.

Furthermore, since the unemployment rate has reached alarming levels, surveys need to be conducted on a more frequent basis in order to assess whether government programmes achieve the intended objectives, such as creating

employment. Since the Labour Force Survey was conducted before the global economic crisis started to affect the Namibian economy it has not captured the job losses in particular in the mining sector and related industries that shed labour between the last quarter of 2008 and the middle of 2009. The unemployment situation has therefore most likely worsened since the survey was conducted in September 2008. Government has responded with expansionary budgets in 2009 and 2010 and with the launch of the Targeted Intervention Programme for Employment and Economic Growth in order to stimulate the domestic economy and create jobs. However, it is not possible to evaluate the effectiveness of government spending without regular, timely and accurate data.

Figure 1: Time elapsed between labour force survey conducted and release of report, in months



Labour Force

According to the international definition of the International Labour Organisation (ILO) that is applied by Namibia, a person is regarded as being employed if (s)he has worked for at least one hour over the past seven days for profit, pay or family gain. But how is the employment and unemployment rate calculated? It starts with the definition of the Labour Force.

The Labour Force refers to the number of persons that constitute the working age group population of 15 years of age and older and that are economically active. The Labour Force consists of both employed and unemployed persons. The unemployment rate is calculated based on the number of unemployed (either in the strict or broad sense) over the total number of persons forming the Labour Force. The unemployment rate does therefore not refer to the unemployed as a share of the total population.

In addition to the economically active persons, there are persons who fall within the working age population but who are economically inactive and who therefore, do not form part of the Labour Force. The economically inactive population includes learners and students, homemakers (people solely involved in household duties) and ill and retired persons since

they are not available for work. In Namibia, ten years of schooling is compulsory and therefore most children of the age of 15 should still be attending school and not be part of the Labour Force. They are regarded as economically inactive. On the other hand, if a student is available for work because (s)he does not study full time or due to other reasons, the student counts as an economically active person and forms part of the Labour Force. The Labour Force Participation Rate (LFPR) refers to the share of the economically active population within the working age group (15 to 64 years of age) over the total population. The LFPR depends furthermore on the definition of unemployment that is applied. The strict definition of unemployment refers to persons being without work, being available for work and seeking work. The broad definition includes persons who are without work and available for work but not actively looking for work. The broad definition could include persons who will be classified for instance as homemakers, if the strict definition is applied, since they are not looking actively for work. The Labour Force is therefore largely based on the broad definition of unemployment and subsequently the LFPR is higher than in the case of the strict definition of unemployment. The strict definition of unemployment excludes people not actively looking for work from the category of economically active persons and increases the number of economically inactive persons.

The Namibian Labour Force Participation Rate in the strict sense increased slightly from 53.5 per cent in 1997 to 55.4 per cent in 2008 of the total working-age population. The increase indicates that a larger share of the working-age population was economically active in 2008 compared to 1997. However, since the government uses the broad definition of unemployment to calculate the unemployment rate, it is appropriate to use the broad definition for the calculation of the Labour Force Participation Rate as well. Based on the broad definition, the LFPR increased from 65.8 per cent (1997) to 70.8 per cent (2008). In absolute number, the Labour Force grew on average one per cent per annum between 1997 and 2008 from 612,618 to 678,680 persons. However, it displayed considerable fluctuations with a high of 652,483 in 2000 and a low of 608,612 economically active persons in 2004. These fluctuations imply that the number of economically inactive persons changed substantially as well during this period reaching a high of 307,530 (1997) and a low in 2000 with 235,526. Based on the Labour Force Survey 2008, 280,507 people were economically inactive in 2008.

Although the government uses the broad definition for the official unemployment rate, the Labour Force reports do not provide a breakdown of the current status of the economically inactive population based on the broad definition. The Ministry of Labour could in future provide this breakdown since it would shed light on the current status of persons who are available for work, but not actively looking for a job.



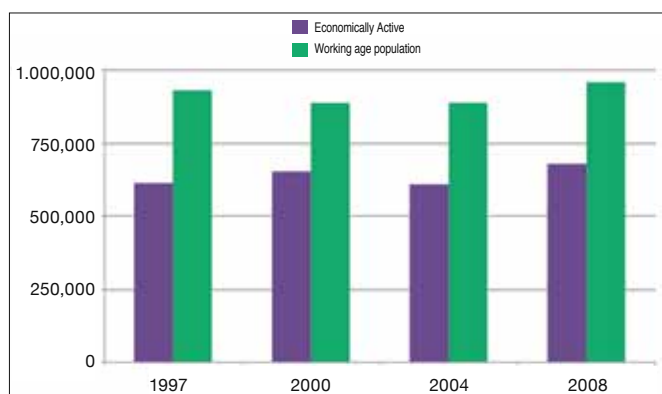
The following description is therefore based on the strict definition; hence including people not seeking actively work in the economically inactive population. The number of retired and old age persons more than doubled over the period from 61,198 to 128,024; two thirds of those are women. The number of economically inactive persons due to illness increased by 45 per cent from 23,372 to 33,826, whereas the number of homemakers and students grew by 19 per cent. The growing number of ill persons – despite substantial investment in the health sector – could be a result of the HIV/AIDS pandemic. Although the prevalence rate dropped in 2008 back to its 1998 levels; the Sentinel Reports of 1998 and 2008 recorded prevalence rates of 17.4 per cent and 17.6 per cent respectively¹; the actual number of people infected has increased because of the growing population. In spite of the roll out of Anti Retroviral Treatment to all state hospitals, access to treatment in rural areas is not as easy as in urban areas and affect the health status of the population.

Students accounted for the largest share of the economically inactive population although their share decreased from 54 per cent or 166,066 (1997) to 46.1 per cent or 197,388 (2008). These figures correspond with information from the Ministry of Education provided in the Education Management Information System (EMIS) for 2008. Their records show that 187,190 learners enrolled at primary and secondary schools were 15 years of age and older. Adding the number of students enrolled at tertiary education institutions will result in some 200,000 learners and student, which is relatively close to the data in the Labour Force Survey.

As stated above, the economically active population grew by only one per cent annually from 1997 to 2008. This is substantially higher than the increase in the number of the working age population that increased only marginally by 0.3 per cent per annum from 931,384 (1997) to 959,187 in 2008. These growth rates differ substantially from the population

¹ Ministry of Health and Social Services, Sentinel Reports for various years

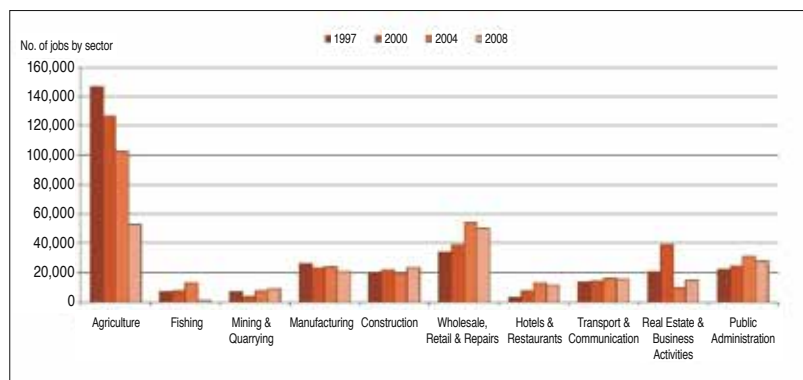
Figure 2: Economically active population (based on the broad definition) and the working age population for the years 1997, 2000, 2004 and 2008



growth rate of 2.6 per cent between 1991 and 2001 (based on the Population Census conducted in these years) and the projected population growth rate of 1.7 per cent between 2001 and 2008 as estimated by the Population Projections². One would expect the working age population to grow at a similar rate as the total population.

Not only are the numbers in the Labour Force Surveys not in line with other official documents on population growth rates and population numbers, numbers are also varying within the reports. For instance, the working age population of 959,187 used to calculate the LFPR in 2008 differs from the working age population of 1,002,036 provided in the summary table at the beginning of the same report. In comparison, the Population Census report put the working age population at 991,868 for 2001 and the Population Projections projected the working age population at 1,163,496 already for 2006³, which is more than 20 per cent higher than the number of the working age population used in the Labour Force Survey report 2008. The figure for the total population differs between the Labour Force Survey report and the Population projections as well. While the Labour Force Survey estimates the total population at 1,789,933, the Central Bureau of Statistics projected the population for 2008 at

Figure 3: Employment by economic sector from 1997 to 2008



2,065,224⁴ – some 275,000 more people. The exclusion of the population living in institutions such as barracks and prisons from the Labour Force Survey cannot explain these discrepancies since their population was estimated at 57,000 in 2001⁵.

Since the Primary Sampling Units (PSUs) were allocated to the regions proportionally to their population size, any variation of population figures in the Labour Force Survey from actual population data could result in disproportionality of allocation of PSUs to the regions and hence an under- or overestimation of employment in these regions.

Employment by economic sector

The agricultural sector; commercial and subsistence farming, used to be the largest employer in the country. However, employment in this sector dropped sharply from 146,899 (1997) to 52,788 in 2008 according to the Labour Force Surveys. While the agricultural sector shed some 6,000 workers annually between 1997 and 2004, employment almost halved between 2004 and 2008 leading to job losses of almost 12,500 per annum. In addition, a substantial number of jobs were lost in the fishing sector between 2004 and 2008 where employment declined by 90 per cent from 12,720 to 1,318.

Employment in the manufacturing sector declined by 19 per cent or 5,022 jobs indicating that government initiatives to add value to Namibia's raw materials as well as to attract manufacturing companies through various incentive schemes to the country have not fulfilled expectations of job creation. Other sectors that have cut jobs include real estate, renting and business services as well as other community, social and personal services. Both sectors suffered job losses of 62.5 per cent and 77.7 per cent respectively between 2000 and 2004.

However, job creation in other economic sectors has mitigated job losses in the sectors mentioned above. Hotels and restaurants showed the strongest relative increase in jobs since 1997 stressing the importance of the tourism sector (which covers more economic activities than hotels and restaurants) for job creation in the country. Employment by hotels and restaurants increased by 278 per cent or 8,329 jobs. The wholesale and retail trade and car repair sector leads in number of new jobs created and comes second in terms of relative increase with 16,348 new jobs representing an increase by 48 per cent.

The public sector (combining public administration & defence, education and health)

2 Republic of Namibia, 2006, Population Projections 2001 – 2031, page 3 (using the medium variant)

3 Republic of Namibia, 2006, Population Projections 2001 – 2031, page 24 (using the medium variant)

4 Ibid. page 6 based on the Medium Variant (most likely scenario). According to the Low Variant, the population was projected at 1,985,538 in 2006.

5 Republic of Namibia, 2008, Namibia Labour Force Survey 2008 – Report of Analysis, p. 1

also played an important role as job provider increasing its employment by 23 per cent or 13,192 employees⁶. The opening of new mines, such as Skorpion Zinc, is reflected in the increase of employment by the mining sector by 35 per cent or 2,302 jobs over the years. The so-called uranium rush will provide a further push for employment despite the capital intensity of the sector. Another sector that has contributed to job creation, but has recently received more attention by labour unions because of reportedly poor working conditions, is private households with employees (in particular domestic workers, but also gardeners and others). Employment rose by 26 per cent from 28,547 to 35,971. Other sectors that have created jobs include construction, water and electricity, transport and communication and financial services.

Overall, while some 30,000 jobs were created between 1997 and 2000 Namibia's economy cut over 100,000 jobs within the following eight years resulting in a drop of total employment to 331,445 in 2008. Given a population of roughly two million Namibians, each income earner has to support on average 6.3 persons. It is important to keep in mind that according to the ILO definition someone is regarded as being employed if (s)he has worked one hour over the past seven days which could include unpaid work for family gains. It is obvious that these jobs cannot sustain 6.3 persons.

However, some of these figures raise questions. Namibia recorded economic growth of 4.7 per cent annually on average during the period 1997 to 2008. Agriculture grew by 3.5 per cent and mining by 7.3 per cent, while fisheries contracted by 1.1 per cent. In particular the job losses in the agricultural sector are puzzling. Although the sector contracted for four years during this period, these were fluctuations rather than longer periods of declines in agricultural output and the negative growth rates were levelled out by above average growth rates in the following year. Hence, the economic performance of the sector does not support the job losses recorded by the Labour Force Survey. Furthermore, horticultural production has increased substantially during this period and is assumed to have contributed to job creation. Additionally, seasonality cannot be used as the explanatory factor for job losses since the 2000 and 2008 surveys were conducted during the month of September, while the 2004 survey was conducted in August. These are usually the months of low agricultural activities in the communal areas because the harvest is completed and preparation of the fields for the new season has not yet started, which could result in underestimating total employment in the – at least subsistence – agricultural sector. This holds for the three surveys since they were carried out in August and September. Seasonality can, however, explain the drop in employment between 1997 and 2000 since the 1997 survey was conducted during June and

July, which is usually the time of harvesting and threshing in the communal areas.

According to the Agricultural Employers' Association, commercial farmers employed on average 6.6 farm workers on their farms in 1998 and some 6.5 in 2008. Based on some 3,500 commercial farms in Namibia, the agricultural sector employed roughly 23,000 farm workers. This figure does not tally with the Labour Force Surveys. For instance; the 1997 survey reported 146,899 persons working in agriculture of which 55,871 were subsistence farmers with or without paid employees. Adding the total number of unpaid family workers of 38,125 people in the communal areas the subsistence sector would have provided 93,996 jobs, implying that more than 53,000 farm workers were employed in commercial agriculture. There is obviously a challenge to estimate agricultural employment accurately, which could be caused by the number of Primary Sampling Units (PSUs) and or the selection of PSUs in rural areas and the training of enumerators.

The 1997 Labour Force Survey raised the issue of accuracy already, when it compared the number of persons employed in the agricultural sector as estimated by the Labour Force Survey to the First National Development Plan. Estimated total employment at that time for the agricultural sector amounted to 146,899 while NDP1 projected about 207,000. The report concluded, that "the main underestimation is thus likely to be in the number of those working in subsistence agriculture"⁷.

Since employment in the commercial agricultural sector did not decline between 1998 and 2008 according to the Agricultural Employers' Association, the sharp decline in employment needs to be attributed to the subsistence sector. Again the figures do not really match. Deducting some 23,000 commercial farm workers from total agricultural employment of 52,788 in 2008 left almost 30,000 jobs for the subsistence sector. However, the 2008 survey records only a total of 14,576 jobs for subsistence farmers with and without paid employees and for unpaid family workers in the communal areas. A gap of some 16,000 jobs remains.

The significant and continuous decline in the number of subsistence farmers from 55,871 (1997) to just 11,365 (2008) – excluding the 3,211 unpaid family workers - could be influenced by two factors: The migration of the younger generation to urban and industrial areas leaves the older generation behind in charge of the subsistence farms. Due to the increased coverage of the old age grant this generation might regard themselves as pensioners and no longer as subsistence farmers – the number of pensioners and retired people increased by 67,000 between 1997 and 2008 according to the Labour Force Surveys, while the number of

⁶ It should be noted that the Labour Force Survey covers only private households and not institutions such as barracks. Hence, for instance, soldiers living in barracks are not included in the survey.

⁷ Republic of Namibia, 2001, The Namibia Labour Force Survey 1997 Final Report of Analysis, page 53

subsistence farmers decreased by 44,000 during the same period. According to the Labour Force Survey 1997, 111,548 persons were 60 years of age and older compared to 140,519 in 2008. This is an increase of less than 30,000. It is therefore likely, that the increase of pensioners in the latest Labour Force Survey is to some extent attributed to a re-classification of persons who earlier might have been regarded as subsistence farmers even though they were more than 60 years of age. However, even adding the pensioners to the recorded number of subsistence farmers would not match the estimated number of subsistence households in rural areas of about 230,000 mentioned in the National Household Income and Expenditure Survey 2003/04. Even if subsistence farmers do not work for pay, they do work for family gain and therefore classify as employed. The mismatch of numbers suggests that a review of the sampling and weighting in the Labour Force Survey is needed in order to reflect the number of subsistence farmers accurately. Furthermore, the ministry needs to review the definition used for classifying subsistence farmers, since they are apparently classified as economically inactive persons, such as pensioners and homemakers, or not covered by the survey at all.

The drastic drop in employment in the fishing industry from 12,720 jobs in 2004 to 1,318 jobs in 2008 raises questions as well. Although the sector's output contracted on average by almost ten per cent annually within this period, this cannot be the cause of a decline in employment by about 90 per cent. Like with agriculture, seasonality cannot explain this phenomenon either since fishing seasons have not changed. Since workers in the fishing sector are concentrated mainly in two places in the country, namely Lüderitz and Walvis Bay, and not equally distributed across the country, the sampling and

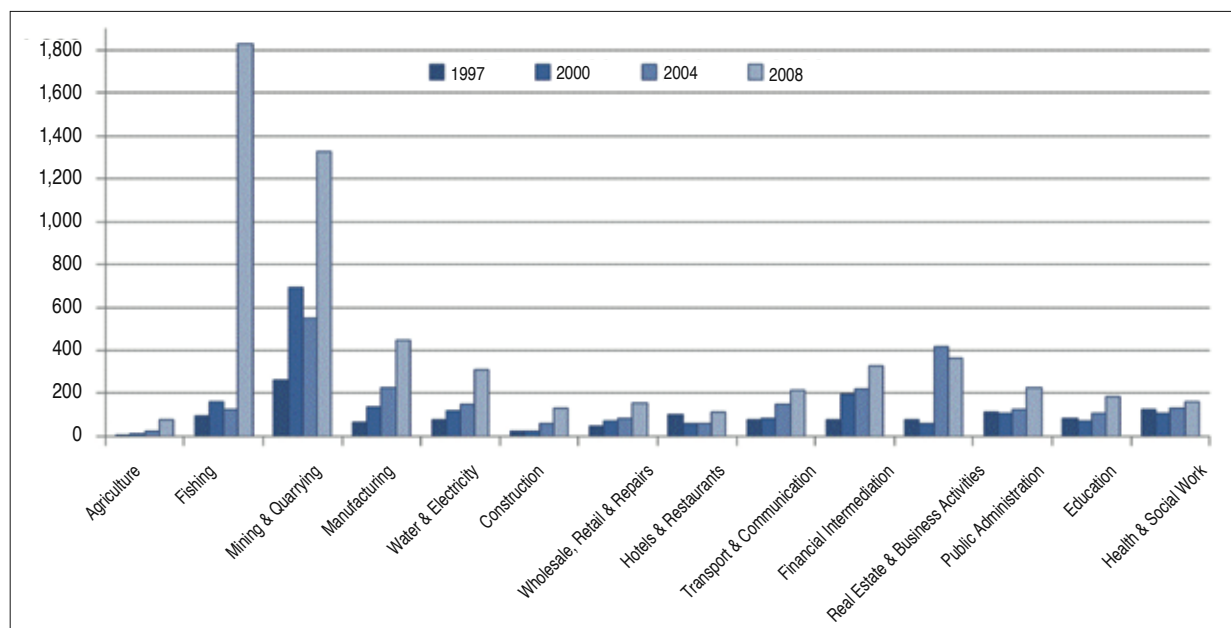
weighting should be reviewed as well in order to accurately estimate the employment in the fishing industry. Because of opposing trends in employment and value addition in these two sectors, the value added per employee (see Figure 4) would have increased considerably implying a huge push of productivity. This is however, not backed by any evidence on the ground and therefore suggests that the employment figures are underestimated.

Substantial fluctuations in other economic sectors could perhaps be explained by re-classification of activities or a different interpretation of the activities. For instance, employment in the category of 'Other Community, Social and Personal Services' dropped by 54 per cent or 13,000, while employment in private households (domestic workers, gardeners, etc.) increased by 26 per cent or 7,500. But some other data remains obscure as well. The demand for business services usually increases with economic growth, since more legal advice, accounting services etc. are required. The Labour Force Survey however, recorded a decline in employment by 27 per cent over the period with huge variations between the surveys, although the sector's GDP grew on average by four per cent annually during the period.

Unemployment trends

Namibia uses two definitions of unemployment, the strict and the broad definition. The strict definition refers to persons without a job, but who are actively seeking employment. The broad definition includes persons who are available for employment, but who are not actively looking for work. The broad definition fits the situation in Namibia better, since most of the unemployed live in rural areas where it is hard to find a

Figure 4: Value added per employee, 1997 to 2008



job outside agriculture. Subsequently, it would require quite some efforts and financial resources to move to the next town or industrial area in order to actively looking for work.

Figure 5: Unemployment rate in the strict and broad sense, Labour Force Participation Rate 1997 to 2008

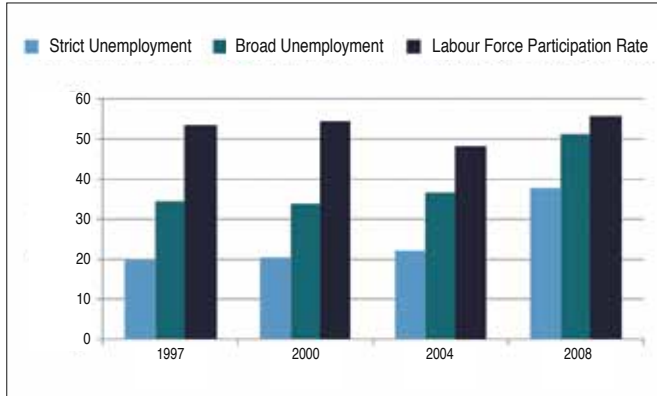


Table 1: Unemployment rates in 2008 by area

	rural	urban	total
Broad	64.9	36.4	51.2
Strict	46.6	30.6	37.6
Share of jobless looking actively for work	71.8%	84.1%	73.4%

Unemployment in the strict and broad sense has increased continuously over the years from 19.5 and 34.5 per cent respectively in 1997 to 37.6 and 51.2 per cent in 2008. The increase of the unemployment rate in the strict sense is even more pronounced than in the broad definition. Using the strict definition the unemployment rate almost doubled (increased by 93 per cent) compared to an increase in the unemployment rate in the broad sense by 48 per cent. Hence, more people are actively looking for work, but cannot find any, since the economy is not producing enough jobs.

The data also underlines that it is much easier to seek work actively in urban areas than in rural areas as the table below indicates. 84 per cent of the unemployed in urban areas are looking for jobs, while this is the case for only 72 per cent in rural areas. Given the limited economic opportunities in rural areas this is still a high share and illustrates the willingness of the jobless to find employment.

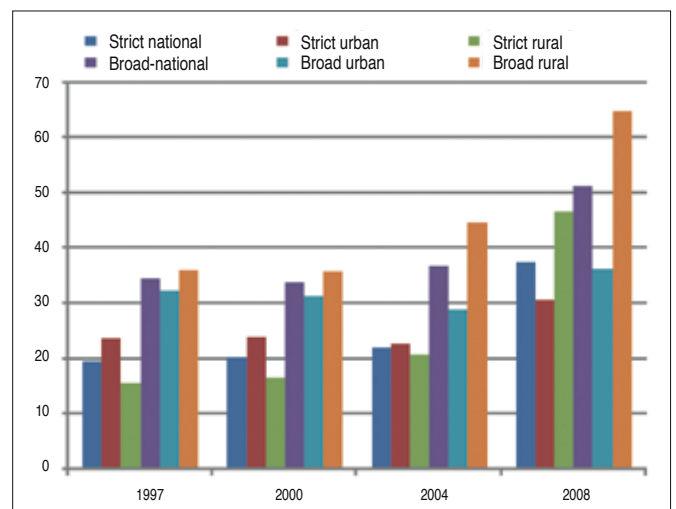
The number of unemployed persons more than doubled from 97,121 to 199,570 between 1997 and 2008. Based on an

average household size of five people, almost a million people or half of the Namibian population are directly affected by unemployment.

Unemployment by area

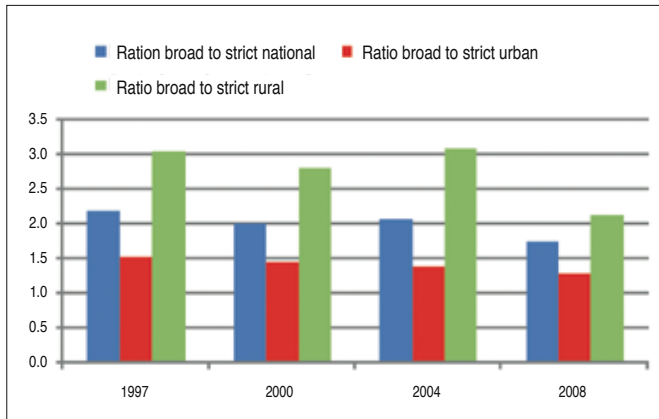
Unemployment in the broad sense remained a rural phenomenon with rates always exceeding urban areas, whereas before 2008 unemployment in the strict sense characterised urban areas. This changed, however, in 2008 when the unemployment rate in the strict sense in rural areas surpassed the one for urban areas. As reasoned above, this trend also supports the use of the broad definition since actively looking for work in rural areas was just not an option. In 1997 the unemployment rate in the broad sense in rural areas stood at 36.1 per cent compared to 32.4 per cent in urban areas. The gap remained fairly closed in 2000 (35.3 per cent compared to 31.3 per cent) but started to widen in 2004, when urban unemployment in the broad sense dropped to 29.0 per cent. At the same time, rural unemployment rose to 44.7 per cent and continued to rise to 64.9 per cent in 2008 – an increase of almost 50 per cent. Unemployment in the strict definition more than doubled in rural areas from 20.7 per cent to 46.6 per cent. These two trends are a strong reflection of the job losses experienced in the agricultural sector and of a change in behaviour of the rural unemployed; many more of them are now looking actively for work and hence increasing the unemployment rate in the strict sense.

Figure 6: Unemployment rates in the strict and broad sense by area, 1997 to 2008



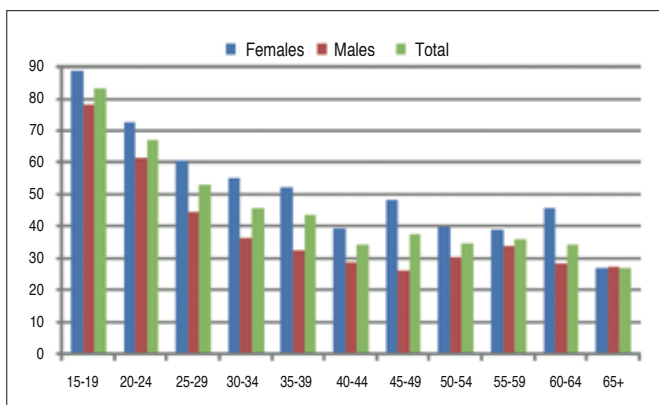
In 1997, for every person looking actively for work in rural areas, more than two people were not actively looking for work. In 2008 however, this ratio dropped significantly and now for every person actively seeking a job just another person is not actively seeking a job. The ratio of persons actively looking for a job to those not actively looking for a job was always lower in urban areas. But the trend over time was the same as in rural

Figure 7: Ratio of unemployment in the strict to the broad sense by area, 1997 to 2008



areas as it declined from 0.5 in 1997 to 0.3 additional unemployed person in 2008 not looking for work for every one person looking for a job. As the graph below indicates, the ratio between unemployment in the broad and strict definition narrowed between the rural and urban areas substantially over time. It is a clear indication that more people in particular in rural areas are looking actively for jobs – or are forced to look for work in order to make ends meet. The trend could also indicate that more paid jobs are available in rural areas within and outside the agricultural sector. Among others, spreading retail outlets including shebeens and construction of houses made of bricks offer non-agricultural employment opportunities. However, despite the reported decline in employment in the subsistence agricultural sector, the sector offers job opportunities that are to some degree reportedly taken up by foreigners. Since young people migrate to urban areas, the elderly and children of school-going age are left behind. These households need assistance during peak seasons such as ploughing, weeding and harvesting as well as with cattle herding. Since more cash flows to rural areas in form of social transfers (old age grants, war veteran grants) more households can afford to pay for work done – even if these are meagre wages and do not comply with the minimum wages for the agricultural sector. These trends could encourage more rural dwellers to look actively for work in rural areas.

Figure 8: Unemployment in the broad sense by age and sex, 2008

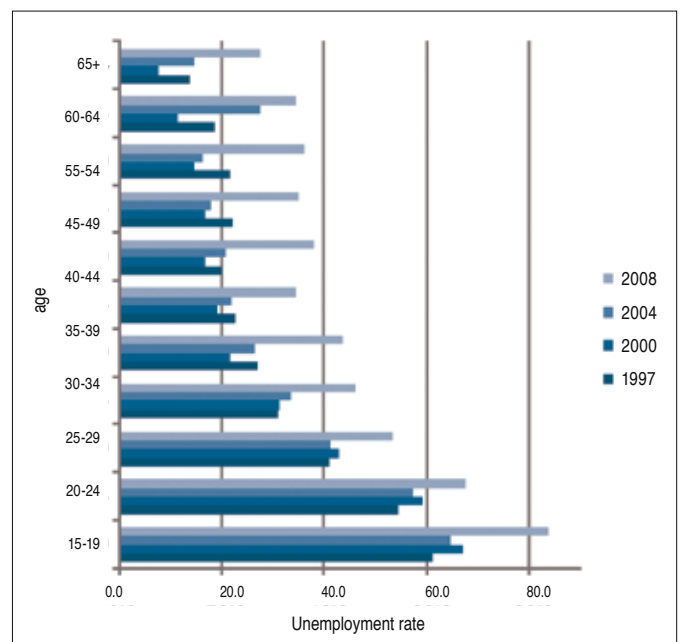


Unemployment by age

Unemployment has a strong age component. 83.6 per cent of the 15 to 19 years of age are unemployed based on the broad definition, meaning that less than two out of ten in this age group are employed. The rate declined continuously up to the age category of 40 to 44 years of age (34.5 per cent). Thereafter it hovered about 36 per cent before dropping to 27.3 per cent for persons of 65 years of age and older. 89.1 per cent of all women in the category of 15 to 19 years of age were unemployed, implying just one out of ten young women have a job. There is a high risk that this level of youth unemployment will discourage in particular young women from looking for work at later stages. Since women often have to bear the – sole – responsibility of bringing up children it will be challenging for them to enter the labour market thereafter and find adequate jobs since they lack work experience. They might end up staying at home as homemakers.

Older persons are harder hit by the rise in unemployment than the youth. The unemployment rate for the age category of 45 to 50 years of age almost doubled while it increased above average for the age categories above 50 years between 1997 and 2008 (see graph below). The unemployment rates for the younger people (below the age of 30 years) increased between 24 per cent (20 to 24 years of age) and 37 per cent (15 to 19 years of age). However, it should be noted that youth unemployment rose from an already high level, while unemployment for the older generation increased from a relatively low level of 20 per cent in 1997. The increase in the unemployment rates of older people affected in particular women whose unemployment rate now exceeds the one for their male counterparts for all but the last age category (+65 years of age).

Figure 9: Unemployment in the broad sense by age, 1997 to 2008





Gender aspects of employment and unemployment

It is interesting to note that women were more affected than men by changes in employment. They benefited relatively more from job creation, but at the same time bore the brunt of job losses in the economy (see Table 1 in the Appendix). Overall, 20 per cent of women lost their jobs compared to 15 per cent of men during the period 1997 to 2008. In absolute terms, 36,405 women lost their jobs compared to 33,354 men. Although women accounted for 53 per cent of the working age population, they represented only 43.8 per cent of the employed in 2008 compared to 45.3 per cent in 1997.

Job losses hit in particular the agricultural and fisheries sectors hard. Only 11,652 out of 69,069 women in 1997 remained employed in the agricultural sector in 2008. In the fishing sector only 251 women kept their job compared to 2,083 twelve years ago, while employment in the manufacturing sector dropped by 3,268. Some 30 per cent or 3,165 of the women employed in the sector 'real estate and business services' lost their jobs during the 12-year period. A total of 6,524 women lost their jobs in the sector 'other community, social and personal services' while 6,724 women found employment in private households. The similarity of numbers and of sectors could suggest that the changes are due to re-classification or re-interpretation of activities.

Women experienced the largest employment gains in the wholesale and retail trade sector, where an additional 11,218 of them found employment, followed by hotels and restaurants (plus 5,514). Women also made inroads into sectors that are

otherwise perceived as male domains, namely mining, construction and electricity and water. Female employment in these sectors increased by 234, 129 and 25 per cent respectively.

Employment of men followed more or less the same trends described above for women. Most job losses were recorded in the agricultural, fisheries and real estate and business services sectors where 36,695, 3,621 and 2,310 jobs were shed. The largest job gains occurred in the sectors wholesale and retail trade (5,130), construction (3,110), and hotels and restaurants (2,815). The public sector contributed substantially to job creation and provided 7,978 and 5,214 additional jobs for women and men respectively.

Educational attainment of the population

The education sector has received a lot of criticism in recent times because the output has neither met the expectations nor the demand for skilled labour. The Labour Force Survey reveals that the educational attainment of the population has been improving since 1997 although at a slow pace. The share of the population with some kind of tertiary education increased from 3.3 per cent in 1997 to 4.0 per cent in 2008, while the share of the population with basic education (no formal education and primary education) dropped from 68.8 per cent to 58.9 per cent respectively. Men are overrepresented at both ends of the spectrum. In 1997, 70.1 per cent of men attained only basic education levels compared to 67.5 per cent of women. The share dropped for both groups by ten percentage points to 60.7 per cent and 57.2 per cent respectively in 2008. But more men than women completed tertiary education in 1997, namely 3.7 per cent compared to 3.3 per cent. This gap hardly closed by 2008 when 4.2 per cent of men completed tertiary education and 3.9 per cent of women.

In 2008, employees were better educated than the population in general. A total of 13.3 per cent of the employed completed tertiary education compared to 8.7 per cent in 1997. On the other hand, during the same period the unemployment rate for well educated persons doubled from 0.8 per cent to 1.6 per cent (2008), while the share of the unemployed with only basic education dropped from 56.7 to 41.6 per cent.

The fact that education attainment affects the employment status is also reflected in the occupations the unemployed hold previously. Two-thirds of them fall into the categories of elementary occupations, craft & trade workers and services, shops & market sales workers. Although agriculture and fisheries were hard hit by job losses, skilled workers in these sectors were hardly represented among the unemployed in 2008 (5.5 per cent or 6,578). Holding senior management positions or being a professional is almost a guarantee for job

Table 2: Ratio of unemployed to employed persons by occupation, 2008

Occupation	Unemployed persons by occupation of previous employment	Employed persons by occupation	Ratio of unemployed to employed by occupation
Legislators, senior officials & managers	1,400	16,861	8.3%
Professionals	2,283	28,692	8.0%
Technicians & Associate professionals	4,928	21,639	22.8%
Clerks	8,611	22,877	37.6%
Services, shops & market sales workers	23,287	61,144	38.1%
Skilled agricultural & fishery workers	6,578	29,185	22.5%
Craft & Trade workers	23,432	52,617	44.5%
Plant & Machine operators & Assemblers	6,168	18,040	34.2%
Elementary occupations	41,933	77,571	54.1%
Armed forces	1,062	2,435	43.6%
Not recorded	187	83	48.8%
Total	119,870	331,444	

security – like having some kind of tertiary education. Less than 3,700 previous legislators and professionals are unemployed representing some 8 per cent of people employed in these occupations. The ratio of unemployed to employed skilled agricultural and fisheries workers is also relatively low (22.5 per cent) compared to ratios of other occupations as the following table illustrates.

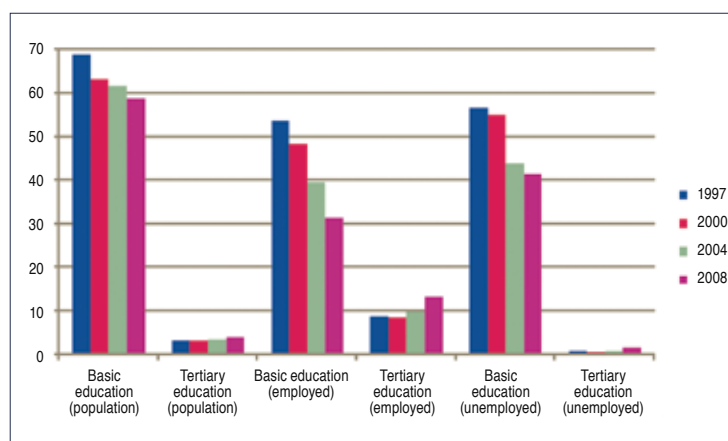
Again, the numbers of unemployed previously employed in elementary occupations (41,933) and previously employed as skilled agricultural and fisheries workers do not add up to the 61,250 jobs lost in these two sectors between 2004 and 2008. Let alone that elementary occupations include more than just unskilled agricultural and fisheries workers.

Unemployment by occupation has a gender aspect. More than twice as many women than men occupying elementary jobs ended up being jobless – 28,552 compared to 13,381. The same can be observed for service and sales workers, while craft and trade appears to be a male domain and subsequently male unemployment dominates this sector. On the other hand, male and female professionals and senior managers share the burden of unemployment equally. This could be an indication that unemployment among these occupations is

voluntarily and due to job fluctuation rather than a structural phenomenon.

Still, the lack of skilled labour remains a major concern for the private sector as the Namibian Business and Investment Climate Survey of 2011 and the Namibia Skills Deficit Survey of 2010 revealed⁸. While it is encouraging that growing numbers of Namibian employees have completed tertiary education, the

Figure 10: Educational profile of the population, the employed and the unemployed, 1997 to 2008



⁸ Namibia Chamber of Commerce and Industry, Namibian Manufacturing Association, 2011, Namibian Business and Investment Climate Survey 2011. Institute for Public Policy Research, 2010, Namibia's Skills Deficits: Cross-Sectoral Perceptions and Experiences.

tertiary institutions have not met the demand of the labour market. The country needs more graduates from tertiary institutions including Vocational Training Centres and the right skills in order to elevate to a knowledge society.

Conclusions and recommendations

The Labour Force Surveys contain a few striking features: the overall drop in absolute employment between 1997 and 2008, the steep rise in the unemployment rate and drastic job losses in particular in the agricultural and fisheries sectors. These trends are not supported by the performance of the economy at large; the economy grew by 4.6 per cent annually between 1997 and 2008; and of the agricultural and fisheries sectors. Even after taking into account that some persons classified as subsistence farmers in earlier surveys are now regarded as pensioners this does not explain the huge difference between the number of subsistence farmers in the Labour Force Surveys and the estimates for subsistence farming households in other reports. It is therefore recommended that the Ministry of Labour and Social Welfare reviews the sampling and weighting in particular for subsistence farmers and fishery workers and compares its employment data with employment data collected for instance by the Ministry of Fisheries and Marine Resources and agricultural organisations. There is also a need to review the classification used for subsistence farmers since they are apparently classified as economically inactive persons – or they are not included in the survey at all. Finally, since the accuracy and reliability of data collected through surveys hinges to a great extent on the enumerators and their supervisors, extensive training needs to be provided in order to ensure that the concepts and definitions used in the survey are well understood – and well translated into indigenous languages.

The Labour Force Survey is conducted every three to four years and the results are published almost two years later. In order to monitor the labour market closely and provide policy makers with reliable data in time, the ministry needs to conduct surveys more frequently (at least annually) and release results much closer to the completion of the survey. Otherwise government does not have the necessary evidence to review and adjust current policies or design additional interventions.

After leaving school, the youth has hardly any chance of gaining work experience and applying the knowledge they acquired at school. The return to society from the investment in education is therefore sub-optimal, to say the least. It needs combined efforts by Government, trade unions and the private sector to increase job opportunities for school leavers. The parties can consider introducing apprenticeship programmes for a period

of two to three years for school leavers at a special entry-level salary. School leavers will acquire basic skills and competencies that will improve their chances on the job market afterwards if the company does not retain them at the end of the programme. All participants who successfully complete the apprenticeship programme will receive a certificate. Since the apprenticeship programme puts an additional administrative and financial burden on micro- and small enterprises, the training levy could be used to co-finance salaries for certain businesses. In addition, Tender Board regulations can be an effective tool to promote the employment of Namibians in general, but could also be used to support apprenticeship programmes by granting preferences to companies that exceed a to be determined threshold for apprentices.



There is also a need to review existing policies and implement programmes that can contribute to attracting domestic and foreign investment in order to create sustainable and decent jobs. For instance, the Investors Road Map of 2005 identified labour-market related issues that need to be addressed as a matter of urgency in order to reduce barriers for investment and job creation. Although two workshops were organised in the following two years not many of the recommendations have been implemented so far. Furthermore, government released its Labour Based Works Policy in 1997. After more than 13 years, it would be appropriate to evaluate and review the policy in order to adjust it where necessary to new developments. However, one needs to be mindful not to increase the bureaucratic burden on the private sector through new policies and regulations, but rather create a more enabling environment for economic growth and job creation. Too much red tape can drive in particular micro and small enterprises into the informal sector with less protection of labour. The recently ratified Employment Service Bill aims among others at establishing the details of the workforce and setting up a data base of

vacancies and unemployed persons. While this could close an information gap between job seekers and employers it will increase the red tape for the employer and might negatively affect in particular micro, small and medium-sized companies that often do not have a fully established administration to comply with all these requirements. It remains to be seen whether government has the administrative capacity to effectively use the information provided and to enforce the regulations. Offering the data base services on a voluntary basis to the private sector would have been an alternative option. Furthermore, unemployed persons in the rural areas often do not have access to government offices, let alone the internet and hence not to the data base.

Furthermore, recent strikes have been, among others, attributed to the existing distrust between employers and employees and their representatives. Better communication at the company level between both parties will contribute to an improved relationship, but also at the broader, national level. The Labour Advisory Council could provide an opportune forum to not only deal with labour disputes, but discuss labour market matters at large in an open and frank manner. Regular and structured meetings at in particular company level will also help increasing the motivation of employees, their work attitude that is often rated poorly in surveys and eventually increase the productivity and competitiveness of the company. This, in turn, will have a positive impact on employment creation in the country.

Moreover, both parties – employers and trade unions - need to consider more innovative ways of creating employment, such as job-sharing and part-time jobs that meet the needs of potential

employees. This could be in particular attractive for women (but also men, who take responsibility for their children), who would like to work for a few hours every day and then attend to small or school-going children.

The unemployed usually do not benefit from any of the social grants in place in Namibia, since they are too young for the old age grant or too old for Orphans and Vulnerable Children grants. Unless they have managed to save part of their earnings, they depend on the support from the (extended) family. Not only the three parties involved in labour market matters (government, employers and trade unions), but society at large needs to discuss innovative ways of providing financial support to people who lost their job, be it in the formal or informal sector. Society needs to get involved in these discussions, since such an unemployment benefit will most likely rely to a certain extent on taxpayers' contributions in order to supplement contributions from employers and employees.

Finally, even though employment in some economic sectors is not accurately covered by the Labour Force Surveys and the actual unemployment rate might be lower, one needs to be cognisant of the definition of unemployment according to the ILO: A person who worked for at least one hour over the past seven days is regarded as being employed. Employment at this level is not sufficient to sustain the person's own livelihood let alone the livelihoods of on average 6.3 people that (s)he has to support. It is not only the increasing number of unemployed, but also the employed with marginal jobs who feel the pinch of poverty and destitution.

Appendix – Employment by sector and by sex, 1997 to 2008

Industrial Classification	Namibia (1997)			Namibia (2000)			Namibia (2004)			Namibia (2008)		
	Female	Male	Total	Female	Male	Total	Female	Male	Total	Female	Male	Total
Agriculture	69,069	77,830	146,899	56,677	69,782	126,459	37,645	64,991	102,636	11,652	41,135	52,788
Fishing	2,083	4,688	6,771	3,075	4,725	7,800	4,787	7,933	12,720	251	1,067	1,318
Mining and Quarrying	501	6,091	6,592	713	3,154	3,868	1,653	5,909	7,563	1,672	7,222	8,894
Manufacturing	11,693	14,290	25,983	11,548	11,375	22,922	11,673	12,082	23,755	8,425	12,536	20,961
Electricity, Gas & Water	464	4,112	4,576	484	3,709	4,193	1,120	5,031	6,151	1,062	4,322	5,384
Construction	1,647	18,154	19,801	1,048	20,740	21,788	1,309	18,296	19,605	2,052	21,264	23,316
Wholesale and Retail Trade, Repair of motor vehicles	14,952	18,863	33,815	21,683	17,220	38,902	26,891	27,004	53,895	26,170	23,993	50,163
Hotels and Restaurants	1,603	1,385	2,988	4,671	3,006	7,677	7,243	5,889	13,132	7,117	4,200	11,317
Transport, Storage and Communication	1,642	11,838	13,480	2,065	12,243	14,308	3,117	12,744	15,861	3,012	12,586	15,598
Financial Intermediation	3,535	4,282	7,817	2,444	2,489	4,933	4,076	3,506	7,582	5,292	3,547	8,838
Real Estate, Renting and Business Activities	10,736	9,509	20,244	21,437	17,880	39,318	4,095	5,280	9,374	7,571	7,179	14,751
Public Administration, Defence & Social Security	6,513	15,516	22,029	9,047	15,372	24,419	10,469	20,216	30,685	9,024	18,690	27,714
Education	15,153	8,870	24,023	18,797	11,742	30,538	18,855	12,313	31,168	19,637	8,875	28,512
Health and Social Work	7,804	3,118	10,922	10,143	2,993	13,135	10,477	3,533	14,010	8,787	5,153	13,940
Other Community, Social & Personal Services	11,728	12,790	24,518	21,965	24,324	46,289	5,152	7,480	12,632	5,204	6,192	11,396
Private Households with employed persons	21,476	7,071	28,547	17,456	4,754	22,209	20,014	4,067	24,081	28,200	7,771	35,971
Extra-territorial Organizations & Bodies	135	93	229	172	155	327	72	72	72	222	73	73
Not recorded	877	743	1,620	1,599	1,166	2,765	102	305	407	222	288	511

Glossary

Labour Force – The Labour Force refers to the number of persons who fall within the working age group of 15 years of age and above, who are economically active - whether employed or unemployed.

Labour Force Participation Rate – is the proportion of the working age population (15 years and above) which is economically active, i.e. either employed or unemployed.

Unemployed – refers to those persons aged 15 years and above who meet the three criteria as spelt out by international statistical standards, which are, (i) being without work (ii) being available for work, (iii) seeking or not seeking work

Employed – refers to people of working age (15 years and above) who are working for gain (financial or in kind) or profit.

Economically active population – refers to people of working age (15 and above) both employed and unemployed.

Economically inactive population – refers people below school going age, learners and students, homemakers (people solely involved in household duties) and ill and retired persons since they are not available for work.

Homemakers - refers to persons, male and female, who during the reference period were wholly engaged in household duties and were neither engaged in any form of paid or self employment nor worked for family gain, and who were also not available for work.

Unemployment in the broad sense – refers to persons aged 15 years and above who do not have jobs, who are available for work and have or have not actively looked for work. It is inclusive of all unemployed, whether they made attempts to look for work or not.

Unemployment in the strict sense – refers to those without jobs, who are available for work and are actively looking for work. It is in accordance with the international statistical standards.

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Democracy Report will observe, analyse and disseminate information about the debates and activities of both the National Council and National Assembly. The project will produce specialist research papers aimed at enhancing wider understanding of issues that on the legislative agenda.

The objectives of Democracy Report are:

- To promote a better understanding of the tenets of democracy throughout Namibia.
- To encourage participation in national debates on policy issues through the creation of a variety of forums.
- To create a greater awareness and discourse among the general public about the role of parliament.
- To enable stakeholders to have a better understanding of the legislation and other issues before parliament and, in so doing, contributed to informed public and parliamentary discourse.
- To review the performance of parliament in terms of its capacity to deliver legislation as well as its functioning in terms of its committee systems; accountability; and administration.

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