

Namibia QER Q4 2019

Namibia Quarterly Economic Review

October-December 2019

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Quarter Summary

Macroeconomic Situation – remains depressed

Macroeconomic performance has been in a depressed state since Q2 2016 and has shown no sign of any significant upswing. The Namibia Statistics Agency published a full set of national accounts for 2018 showing growth in 2018 had been revised up to +0.3% from the previous estimate of -0.1%. The release of these statistics was delayed until 12 December to give time to do “quality checks and finalise technical reviews”. The slight revision upwards and the delay of the release until conveniently after the elections raise suspicions of political interference. It is to be hoped that this is not the case. Estimates for quarterly changes in GDP for the first three quarters of 2019 were -3.6%, -2.9% and -0.8% for Q1, Q2 and Q3 respectively. The Bank of Namibia has forecast a contraction of -1.7% for the year 2019. In his mid-year budget review on 22 October, Finance Minister Calle Schlettwein forecast a contraction of -1.5% for 2019 but modest growth of +0.8% in 2020 and +1.3% in 2021. Given this subdued economic picture and the fiscal situation, both Fitch and Moody’s downgraded Namibia’s sovereign credit rating while the Bank of Namibia held the repo rate at 6.5% to “support the domestic economy” and maintain the current peg to the Rand as inflation dropped to its lowest level in almost four years. The substantial revisions downwards to nominal GDP contained in the latest national accounts are likely to mean important ratios such as debt-to-GDP change significantly. There are a number of other problematic issues which will be taken up in more detail in future QERs.

		2013	2014	2015	2016	2017	2018
GDP current prices (12 December 2019)	N\$m	117,110	133,980	145,207	156,879	169,475	177,020
GDP current prices (28 March 2019)	N\$m	122,792	138,763	150,083	166,006	180,605	192,138

Presidential and Parliamentary Elections – remarkable in many ways

Presidential and Parliamentary elections took place on 27 November 2019 as they have done every five years since 1989. These elections were remarkable in a number of ways. For the first time an independent candidate Panduleni Itula stood in the presidential elections, despite being a paid-up member of SWAPO. Itula has spent over 20 years working as a dentist in the UK. There was also the first female candidate - Esther Muinjangu from National Unity Democratic Organisation (NUDO). The elections made use of Electronic Voting Machines (EVMs) for the second national election in a row. The elections took place in the middle of a prolonged economic downturn and even higher than usual high youth unemployment and the campaign was interrupted by the biggest corruption scandal since Independence (see below).

Table 1: Presidential Election Results

Candidate	Party	Votes	Share
Hage Geingob	SWAPO	464,703	56.25%
Panduleni Itula	Independent	249,153	30.16%
McHenry Venaani	Popular Democratic Movement	45,080	5.46%
Bernadus Swartbooi	Landless People's Movement	23,313	2.82%
Apius Auchab	United Democratic Front	15,004	1.82%
Other candidates		28,928	3.51%

Table 2: National Assembly Election Results

Party	Votes	Share	Seats
SWAPO	536,861	65.45%	63
Popular Democratic Movement	136,576	16.65%	16
Landless People's Movement	38,956	4.75%	4
National Unity Democratic Organisation	16,066	1.96%	2
All People's Party	14,664	1.79%	2
United Democratic Front	14,644	1.79%	2
Republican Party	14,546	1.77%	2
Namibian Economic Freedom Fighters	13,580	1.66%	2
Rally for Democracy and Progress	8,953	1.09%	1
Christian Democratic Voice	5,841	0.71%	1
SWANU	5,330	0.65%	1
Congress of Democrats	4,654	0.57%	0
National Democratic Party	4,559	0.56%	0
Workers Revolutionary Party	3,212	0.39%	0
National Patriotic Front	1,785	0.22%	0

Source: elections.na

The presidential election saw Hage Geingob re-elected as President but with 56.3% of the vote compared to 86.7% in 2014. Panduleni Itula received 30.2% attracting urban votes especially from Windhoek and the coast. The parliamentary election saw SWAPO's share of the vote cut from 80.0% to 65.4% which means it holds 63 seats in the 96 seat National Assembly compared to the previous 77. This means SWAPO has lost its two-thirds majority and therefore the ability to change the Constitution. Turnout was 60.82% in the Presidential election and 60.38% in the National Assembly elections which is calculated on the basis registered voters not the number of eligible members of the population. SWAPO therefore has a mandate from only one-third of all registered voters. The election result has undoubtedly dealt a blow to the credibility of President Geingob and his administration and it will be interesting to see what changes he will make in his new Cabinet due to be sworn in on 21 March 2020. His diminished authority may well make it harder for him to take the difficult decisions required.

Fishrot – Namibia's institutions are being tested

On 12 November 2019, WikiLeaks began publishing what it called the Fishrot Files, a collection of thousands of documents and email communications by employees of one of Iceland's largest fish industry companies, Samherji, that indicated that the company had paid hundreds of millions ISK to high ranking politicians and officials in Namibia with the objective of acquiring a highly coveted fishing quota. That same day, Jóhannes Stefánsson, the former general manager of Samherji in Namibia and a whistleblower working with anti-corruption authorities in Namibia and other countries, stated on the investigative TV-programme Kveikur on RÚV that Samherji's CEO and biggest shareholder, Þorsteinn Már Baldvinsson, authorised the bribe payments.

In response to the allegations, Samherji published a statement on 12 November where Stefánsson was accused of solely being behind the alleged bribes and that other high ranking staff members were unaware of his actions. Although Jóhannes did admit to being part of the scheme, further records showed that he never had control of the company's bank accounts in Cyprus, where the money flowed through, and that the alleged bribes continued for three years after he left the company. On 13 November, Namibia's Minister of Fisheries since 2010, Bernhard Esau, and Minister of Justice, Sacky Shanghala, were forced to resign due to their involvement in the scandal. On 14 November, the board of Samherji announced that Þorsteinn Már Baldvinsson had temporarily stepped aside as CEO and would be replaced by Björgólfur Jóhannsson while the company conducted an internal investigation on the allegations. James Hatuikulipi, Namibian Investec MD (who was also chair of the board of Fishcor since 2014 and a cousin to Esau's son-in-law), resigned on the very same day and public enterprise minister Leon Jooste announced further action within the public fishing industry. On 1 December, Al Jazeera, which had been working on the story in collaboration with The Namibian newspaper, broadcast a documentary "Anatomy of a Bribe" ([https://www.youtube.com/watch?v= FJ1TB0nwHs](https://www.youtube.com/watch?v=FJ1TB0nwHs)) showing footage of Esau, Shanghala and others discussing the deal at the heart of the scandal. From what is known so far, the Ministry of Fisheries granted a horse mackerel fishing quota to the Angolan government. In exchange for a bribe to a group of Namibians including Esau, Shanghala and Hatuikulipi of several million US dollars, Samherji was to be

allocated this quota. The deal allegedly began in 2011 and over the years possibly involved N\$2.5bn worth of fish and US\$10m in bribes. The “Fishrot Six” – Esau, Shangala, Hatuikulipi plus Ricardo Gustavo, Tamson “Fitty” Hatuikulipi and Pius Taxa Mwatelulo – were taken into custody on 27 November and currently await trial planned for 20 February. The case will test Namibia’s institutions – its courts, the Prosecutor General and the Anti-Corruption Commission. President Geingob’s lawyer Sisa Namandje has been implicated in the scandal but has denied any impropriety. More widely, it remains to be seen whether the case will change the opaque and secretive nature of the fishing industry and Government’s policies towards it and licencing in other sectors too. There is also a danger of a backlash against foreign investors which Namibia desperately needs. Hopefully the right lesson will be learnt, that the wrong policy environment attracts the wrong investors and also the converse. If Namibian institutions prove their worth, the Fishrot scandal might yet bring about some good.

News Highlights

Date	Highlight	Commentary
24 December	Government agrees to Air Namibia loan guarantee (The Namibian)	The Government has agreed to a N\$578m loan guarantee for Air Namibia to allow it to continue operations in the first quarter of 2020. Public Enterprises Minister Leon Jooste said this should not be seen as a bailout plan. Air Namibia requires between N\$4.3 and N\$5bn to restore solvency and implement a new business plan.
20 December	Economy contracts in Q3 (Bank of Namibia)	In its latest Quarterly Bulletin, the Bank of Namibia estimated that the economy contracted in Q3 due to weak performances in the mining and retail trade sectors.
19 December	Presidential runner up challenges election result (The Namibian)	The runner-up in the presidential election Panduleni Itula has lodged a legal challenge to his loss alleging gross irregularities with the electoral voting machines.
18 December	ECN Technical Director accused of stealing laptops (The Namibian)	The Electoral Commission of Namibia has accused its technical director Milton Louw of stealing five laptops in order to pawn them for cash. Louw admitted he had taken the laptops but did so because they had been hacked by someone who “stole the votes”. It turned out the laptops had not been used in the election but only for voter education.
16 December	GDP growth in 2018 revised up (NSA)	The Chief Statistician of the NSA released the latest full set of national accounts for 2018 which showed the economy experienced marginal growth of +0.3% rather than a contraction of -0.1% as previously estimated.
14 December	Rhino poaching declines in 2019 (Reuters)	The Ministry of Environment and Tourism released figures showing 41 rhinos had been poached in 2019 compared to 72 over the same period in 2018.
13 December	Finance Minister calls for ceasefire with insurance industry (The Namibian)	In response to a ruling by the Supreme Court which ruled in favour of the Government, Finance Minister Calle Schlettwein said it was not in the interest of the

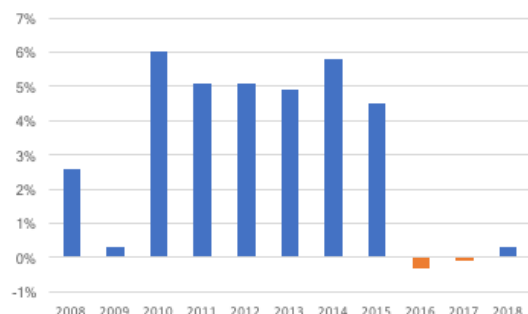
		public or the insurance industry that the dispute between the Ministry and members of the insurance industry regarding mandated payments to NamibRe continue.
6 December	Moody's downgrades Namibia credit rating (Moody's)	Moody's Investor Services downgraded Namibia from a Ba1 sub-investment grade to a Ba2 sub-investment grade and changed the outlook from negative to stable.
4 December	Bank of Namibia holds repo rate at 6.50% (Bank of Namibia)	The Bank of Namibia's Monetary Policy Committee maintained the repo rate at 6.50%.
3 December	South African GDP contracts in Q3 2019 by -0.6% (StatsSA)	Following quarter-on-quarter growth in Q2, South African GDP contracted by -0.6% in Q3 2019.
30 November	ECN announces election results	After several days of counting, the Electoral Commission of Namibia announced the election results (see box).
27 November	Namibians vote in Presidential and Parliamentary elections	Namibians voted in the sixth national elections since 1989 (see box). The Commonwealth Observer Group called them "largely peaceful and orderly".
21 November	Namdeb in talks with Government over diamond royalties (Reuters)	Government-De Beers partnership Namdeb announced it was in talks with the Government about tax breaks in order to extend its land-based operations beyond 2023.
19 November	Standard Bank Namibia lists on NSX (New Era)	In a long-awaited move, Standard Bank Namibia Holdings listed on the NSX at N\$8.90 per share.
15 November	Investec MD resigns (The Namibian)	The MD of Investec in Namibia James Hatuikulipi resigned in the wake of the Fishrot scandal (see above).
14 November	President Geingob announces five-year visas for South African business people (Xinhua)	Addressing the Namibia Chamber of Commerce and Industry, President Geingob announced that South African business people would be granted five-year visas rather than the current two-year visas in a move designed to facilitate investment and growth.
13 November	Two ministers resign over Fishrot scandal (Reuters)	Justice Minister Sakeus Shangala and Fisheries Minister Bernhard Esau resigned in the wake of the Fishrot scandal (see above).
13 November	DP World signs MoU for Free Economic Zone (Container Management)	DP World signed an MoU with Nara Namib Free Economic Industrial Zone to develop a free economic zone for industry and logistics in Walvis Bay with a definitive agreement targeted for Q2 2020.
11 November	Namibia voted one of top 30 emerging travel destinations (New Era)	Namibia was voted one of the top 30 emerging travel destinations by 30 of the most popular travel bloggers with a combined following of 12 million people. The results were published on the TravelLemming.com website.
6 November	Trevali targets expansion at Rosh Pinah (Creamer Media)	Canada-listed Trevali Mining launched a Transformative Improvement Program involving USD60-80m to boost production at Rosh Pinah by 60-80%.
6 November	Denmark's VMS opens workshop in Walvis Bay (Undercurrent News)	Danish maritime services company VMS opened a workshop facility in Walvis Bay to service marine traffic along the east coast of Africa.

6 November	Government launches new SME financing facility (The Namibian)	Finance Minister Calle Schlettwein launched an SME financing strategy and joint financing framework as well as a skills-based lending facility for the youth and a funding facility for 121 constituency youth enterprises. The facility is a partnership between government, the Development Bank of Namibia, the commercial banks and other finance institutions and was due to become operational on 1 December.
5 November	Otjikoto exceeds production target for Q3 2019 (B2Gold)	B2Gold reported that its Otjikoto gold mine produced 49,411 ounces of gold in Q3 2019, 6% above budget.
1 November	Peugeot threatens to pull out of Namibia (The Namibian)	The Namibian reported that Peugeot has threatened to pull out of Namibia ten months after its plant in Walvis Bay, a partnership with Namibia's National Development Corporation, was inaugurated by President Geingob due to problems with tariffs when exporting vehicles to the rest of SACU and other African markets.
1 November	Ministry sets hake and lobster fishing quotas (Undercurrent news)	The Ministry of Fisheries and Marine Resources set a hake quota of 154,000 tonnes and a lobster quota of 180 tonnes for the 2019/20 fishing seasons.
31 October	Penalties waived for e-filing of taxes (Xinua)	Finance Minister Calle Schlettwein announced that penalties on tax accounts would be waived if taxpayers registered with the new Integrated Tax Administration System (ITAS). This applies until 30 June 2020.
25 October	Air Namibia reintroduces Windhoek-Luanda flight (The Namibian)	Air Namibia announced it would reintroduce its Windhoek-Luanda flight after a three-month suspension following the economic downturn in Angola.
24 October	World Bank improves Namibia's Doing Business ranking (World Bank)	Namibia modestly improved its ranking from 107 th to 104 th in the latest World Bank Doing Business 2020 due to slight improvements in starting a business, construction permits and getting electricity.
23 October	Bank of Namibia holds repo rate at 6.50% (Bank of Namibia)	The Bank of Namibia's Monetary Policy Committee maintained the repo rate at 6.50%.
23 October	NSA announces delay to national accounts (NSA)	The Namibia Statistics Agency announced that the release of the country's full GDP statistics for 2018 would be delayed until 12 December due to technical problems with trade data and to allow time for more quality checks.
23 October	NamPower issues EPC tender for 20MW PV plan (pv magazine)	Namibia's Central Procurement Board issued an Engineering, Procurement and Construction (EPC) tender for a 20MW solar PV plant at Omburu, the first of two tenders it announced would take place in August 2019. Namibia has 79MW of installed solar PV capacity according to the International Renewable Energy Agency.
23 October	Government turns down request for Air Namibia bailout (Xinhua)	Finance Minister Calle Schlettwein confirmed he had turned down a N\$2bn bail-out request from Air Namibia.

22 October	Namdeb produces 426,000 carats in Q3 (AA)	Anglo American reported that Namdeb Holdings produced 426,000 carats in Q3 2019 compared to 385,000 carats in Q2.
22 October	Namibian economy set to shrink in 2019 (The Namibian)	As part of a mid-term budget review which contained little new, Finance Minister Calle Schlettwein predicted the economy would shrink by 1.5% in 2019 after contracting 0.1% in 2018 but would grow by 0.8% in 2020 and 1.3% in 2021.
17 October	President Geingob inaugurates Chinese-funded Staff College (Xinhua)	President Hage Geingob inaugurated a new Namibia Command and Staff military college in Okahandja which was partly funded by the Chinese government.
16 October	Airports Company of South Africa suspends Air Namibia flights (The Namibian)	The Airports Company of South Africa suspended Air Namibia from its airports citing outstanding bills. Payments were subsequently made later that day which allowed Air Namibia to continue to operate.
14 October	Sertum Energy inaugurates 5MW PV Plant (Afrik21)	Sertum Energy opened a 5MW PV Plant at Trekkopje mine. Sertum Energy is an IPP with a 25-year PPA with NamPower. It is a collaboration between Italy's Enertronica and local businessman Elton Katangolo.
15 October	Namibian inflation fall to almost four year low (NSA)	Namibia's Consumer Price Index fell to 3.3% in September, the lowest rate since November 2015.
14 October	Namibia improves Global Competitiveness ranking (The Namibian)	The World Economic Forum ranked Namibia 94 th out of 141 countries in its latest Global Competitiveness Report representing an improvement of six places since 2018. Namibia is now the fifth highest ranked country in Sub-Saharan Africa.
12 October	Namibia launches Infrastructure Development and Investment Fund (Xinhua)	Eos Capital launched its Infrastructure Development and Investment Fund. Eos is chaired by its co-founding partner Johannes Gawaxab who is also head of the President's High Level Panel and has so far raised N\$550m.
10 October	Vedanta announces Skorpion will close for four months (Reuters)	Vedanta Resources announced it would close its Skorpion zinc mine for the four months to the end of February 2020 due to technical problems which had led to reduced ore production.
1 October	Fitch downgrades Namibia (Fitch Ratings)	Fitch Ratings downgraded Namibia's Long-Term Foreign Currency Issuer Default Rating from BB+ to BB citing low growth and a difficult fiscal situation leading Finance Minister Calle Schwettwein to emphasise government would implement structural reforms, improve business confidence and policy certainty and facilitate the recovery of the domestic economy.

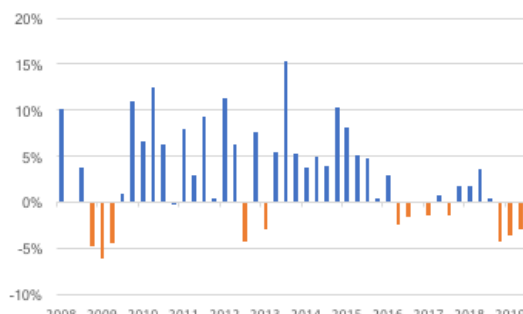
Key Economic Variables

GDP Growth (%)



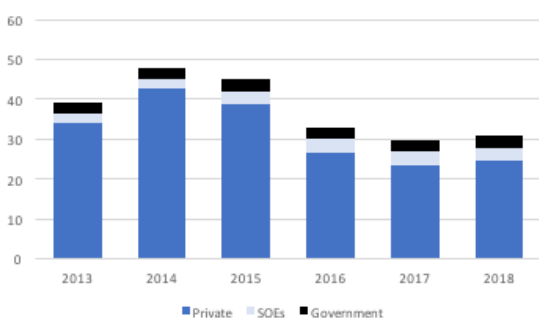
The full set of national accounts for 2018 have been rebased from 2010 to 2015 prices. The latest revisions suggest that in 2018 the economy grew by +0.3% rather than contracting by -0.1%. Growth has been revised down to -0.3% (from +1.1%) for 2016 and revised up to -0.1% (from -0.9%) for 2017. These are relatively minor revisions which do not change the overall picture in any material way.

GDP Quarterly Growth (%)



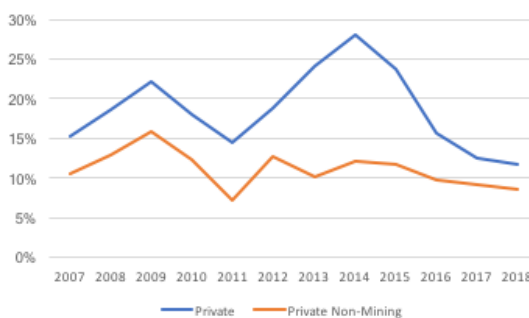
The latest revisions show GDP contracted by sharply in the three quarters of 2019 for which estimates have been made: -3.6% in Q1, -2.9% in Q2 and -0.8% in Q3.

Fixed Investment (N\$bn in 2015 prices)



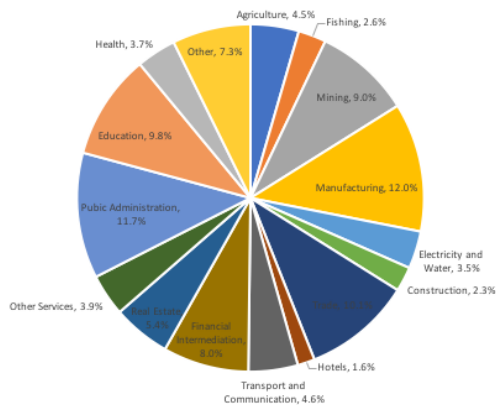
Investment, driven by strong private investment peaked in 2014 and has for the past three years stabilised at much lower levels.

Private Fixed Investment (% of GDP)



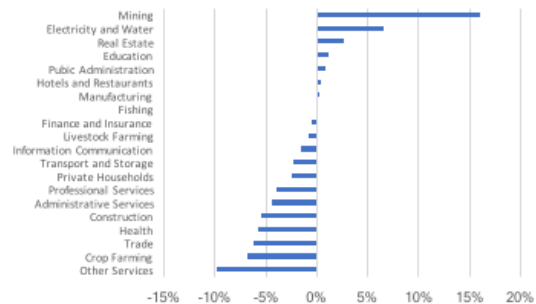
Since 2012 strong private investment has been driven by investment in mining but this has disguised weaker private investment outside the mining sector. At 8.5% of GDP, non-mining private investment in 2018 was at its second lowest level since 2007.

Sectoral Breakdown of GDP in 2018 (%)



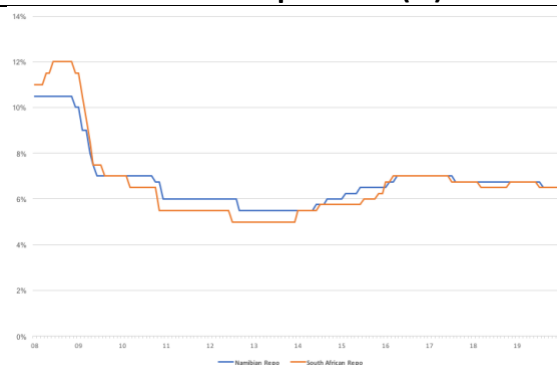
The chart shows the contributions made to overall economic activity in 2018 by the different sectors of the economy. The NSA has provided a more disaggregated sectoral breakdown which is welcome. Service sectors contributed 58.7% while primary and secondary sectors contributed 16.0% and 17.7% respectively.

Sectoral Growth in 2018 (%)



While output from the Mining and Electricity & Water sectors grew strongly in 2018, output declined significantly across a wide range of sectors with Agriculture, Construction and Trade being particularly hard hit.

Namibian and SA Repo Rates (%)



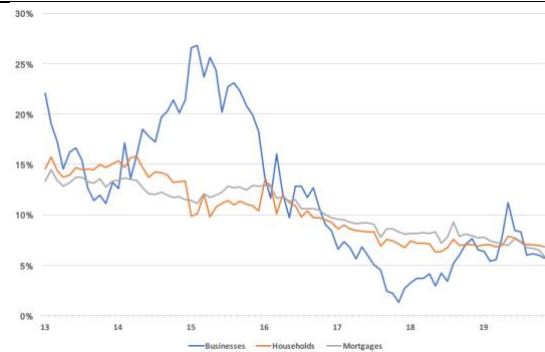
The Bank of Namibia reduced the repo rate to 6.50% in August 2019 and has held it steady since then in line with South Africa. The first MPC meeting of 2020 is due on 19 February 2020.

Namibian and SA Inflation (% y-o-y)



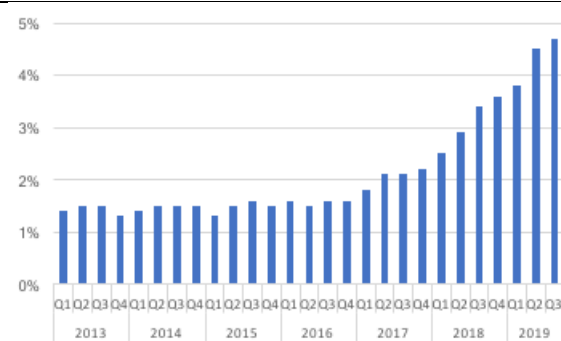
Namibian consumer inflation continued to fall throughout the quarter reaching a historical low of just 2.5% in November and 2.6% in December, a reflection of the extremely weak state of the economy.

Private Sector Credit Extension (% y-o-y)



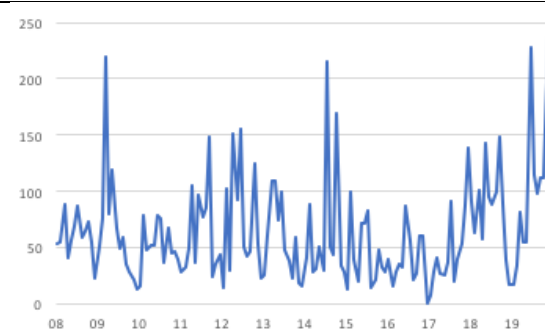
Credit growth to domestic businesses fell steadily from a peak in 2015 to a trough towards the end of 2017 but recovery has been unsteady. At the same time credit growth to households and residential mortgage lending has fallen steadily to year-on-year increases of just 6.8% and 5.8% respectively at the end of November 2019.

Non-Performing Loans



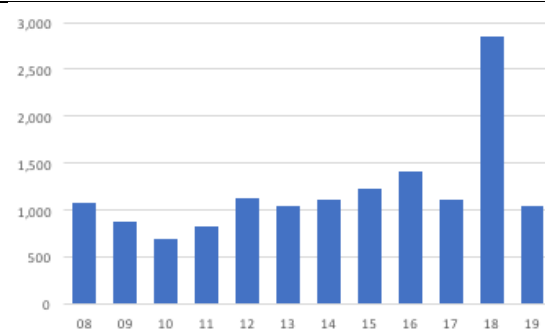
The ratio of Non-Performing Loans (NPLs) reported by the banks to the Bank of Namibia reached 4.7% in Q3, the highest level since we began tracking NPLs.

Windhoek Building Plans



The value of building plans completed in Windhoek has risen in nominal terms since the beginning of 2017 and this rise continued throughout 2018 and resumed again in 2019 peaking sharply in June and November.

Company Registrations



Registrations of Pty (Ltd) companies dipped in 2017 as the economy weakened but spiked in 2018, primarily due to the registration of new companies in advance of fishing rights being allocated. Registrations up to the first week of December 2019 suggest they have returned to roughly the level of 2017.

Data Trends

	Unit	2013	2014	2015	2016	2017	2018
Annual Economic Growth							
GDP	%	4.9%	5.8%	4.5%	-0.3%	-0.1%	0.3%
GDP current prices	N\$m	117,110	133,980	145,207	156,879	169,475	177,020
Change in Mining Value Added	%	1.7%	-5.2%	-0.9%	-10.7%	14.2%	16.0%
Change in Manufacturing Value Added	%	4.4%	2.7%	-3.1%	10.2%	-1.5%	0.3%
Fixed Investment							
Fixed Investment	% of GDP	30.9%	35.4%	31.0%	21.7%	17.9%	17.3%
Change in Fixed Investment	%	13.5%	22.4%	-5.6%	-26.8%	-9.7%	3.8%
Fixed Investment - Government	'000 N\$m	4,972	6,965	7,383	5,587	5,132	5,853
Fixed Investment - SOEs	'000 N\$m	2,955	2,852	3,361	4,003	4,077	3,842
Fixed Investment - Private	'000 N\$m	28,243	37,624	34,276	24,485	21,188	20,845
Prices and Interest Rates							
Average Inflation	%	5.6%	5.4%	3.4%	6.7%	6.2%	4.3%
Year End Prime Lending Rate	%	9.25%	9.75%	10.25%	10.75%	10.50%	10.50%
Year End Repo Rate	%	5.50%	6.00%	6.50%	7.00%	6.75%	6.75%
Trade and Balance of Payments							
Exports - total goods	N\$bn	39.1	42.9	41.6	48.0	49.8	55.6
Exports - total services	N\$bn	4.9	9.7	10.0	7.2	7.9	8.2
Imports - total goods	N\$bn	63.5	76.8	81.4	82.2	72.9	74.8
Imports - total services	N\$bn	7.2	9.6	8.7	11.4	9.1	9.0
Trade Balance	N\$bn	-26.7	-33.8	-38.4	-38.5	-24.3	-19.9
Balance of Payments	N\$bn	-9.1	-14.4	-19.3	-24.0	-5.8	-3.5
as % of GDP	%	-7.8%	-10.8%	-13.3%	-15.3%	-3.4%	-2.0%
Foreign Exchange							
Year End Exchange Rate (N\$ to USD)	N\$	10.4499	11.5616	15.5553	13.6240	12.3930	14.4116
Year End Exchange Rate (N\$ to EUR)	N\$	14.4208	14.0532	16.9997	14.3403	14.8063	16.4848
Year End Exchange Rate (N\$ to GBP)	N\$	17.2366	17.9932	23.0652	16.7264	16.6789	18.3424
Foreign Exchange Reserves	N\$bn	15.7	13.5	23.6	24.7	30.2	31.0
Fitch credit rating (at year end)		BBB- (stable)	BBB- (stable)	BBB-	BBB- (-ve)	BB+ (stable)	BB+ (stable)
Moody's credit rating (at year end)		Baa3 (stable)	Baa3 (stable)	Baa3 (stable)	Baa3 (-ve)	Ba1 (-ve)	Ba1 (-ve)
Financial Sector							
Private Sector Credit Extension Growth	%	14.3%	16.4%	13.5%	8.9%	5.1%	6.6%
Non-Performing Loans	% of total loans	1.3%	2.1%	2.2%	2.5%	2.9%	3.6%
NSX Overall Index	Index	997	1,098	865	1,069	1,206	1,303
NSX Local Index	Index	332	389	498	547	591	621
New Local Listings		1	0	0	0	1	0
Business Indicators							
Namdeb Diamond Production	'000 carats	n/a	1,886	1,764	1,573	1,805	2,008
Uranium Production	tonnes	4,327	3,255	2,994	3,654	4,224	5,525
Gold Production	kg	1,795	2,140	6,009	6,604	7,272	6,171
Mining Licences Granted	number	0	3	0	1	2	3
Exploration Licences Granted	number	395	138	56	142	174	259
Number of Companies Formed	number	1,043	1,112	1,226	1,409	1,110	2,851
New Vehicle Sales	number	15,922	21,718	21,224	17,038	13,352	11,998
Tourist Arrivals	'000	1176	1320	1388	1469	1499	n/a
- From Africa	'000	913	1029	1083	1094	1091	n/a
- From Europe	'000	200	222	234	295	312	n/a
- From RoW	'000	64	69	71	81	97	n/a
International Arrivals at HKIA	'000	118	125	128	143	213	247
Regional Arrivals at HKIA	'000	245	249	239	248	242	239

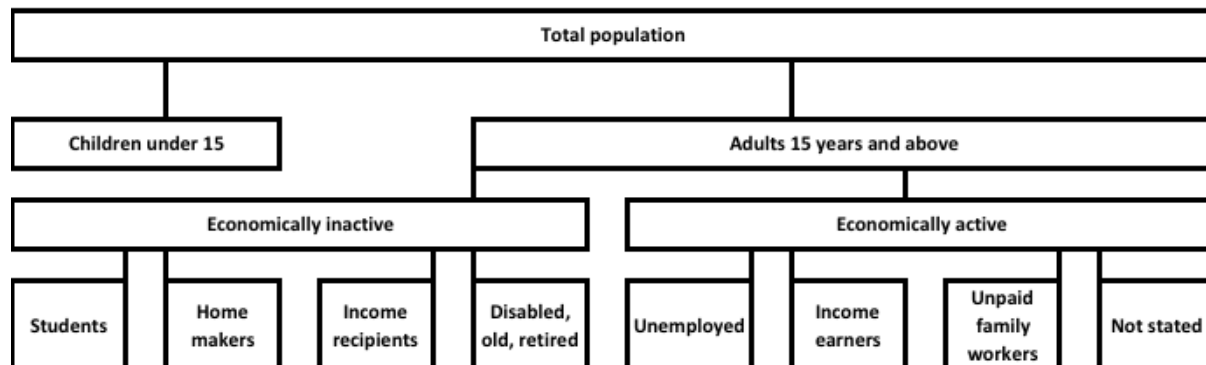
		2013	2014	2015	2016	2017	2018	
Employment								
Government		82,844	95,873	n/a	88,421	n/a	86,587	
Parastatals		30,253	32,983	n/a	25,558	n/a	30,654	
Private Companies		231,703	245,437	n/a	235,877	n/a	214,693	
Private Households		92,555	105,460	n/a	136,417	n/a	70,036	
Total		437,355	479,753	n/a	486,273	n/a	401,970	
Government Finances								
		FY 13/14	FY 14/15	FY 15/16	FY 16/17	FY 17/18	FY 18/19	FY 19/20
Revenue	N\$bn	41.9	49.9	52.2	50.9	58.7	55.9	58.4
Expenditure	N\$bn	46.7	58.7	64.6	62.2	67.5	65.1	66.6
Balance	N\$bn	-4.8	-8.8	-12.4	-11.4	-8.9	-9.2	-8.1
Public Debt	N\$bn	30.9	35.9	59.8	69.9	74.5	87.5	96.9
Interest Payments	N\$bn	1.8	2.1	2.6	4.3	5.4	6.3	7.0
Public Guarantees	N\$bn	7.4	6.4	6.5	6.4	11.0	10.9	11.1
Revenue	% of GDP	33.0%	35.4%	34.6%	30.2%	32.0%	28.9%	31.5%
Expenditure	% of GDP	36.8%	41.6%	42.8%	36.9%	36.8%	33.6%	33.6%
Balance	% of GDP	-3.8%	-6.2%	-8.2%	-6.7%	-4.8%	-4.4%	-4.1%
Public Debt	% of GDP	24.3%	25.5%	39.6%	41.5%	40.6%	45.2%	49.0%
Interest Payments	% of GDP	4.3%	4.1%	5.0%	8.5%	9.3%	11.3%	11.9%
Public Guarantees	% of GDP	5.8%	4.5%	4.3%	3.8%	6.0%	5.6%	5.6%
International Rankings								
		2013	2014	2015	2016	2017	2018	2019
Global Competitiveness Index Ranking		90/148	88/144	85/140	84/135	99/135	100/140	94/141
Global Competitiveness Index		3.9	4.0	4.0	4.0	4.0	4.0	54.5
Ease of Doing Business Ranking		87/185	98/189	88/189	104/189	108/190	106/190	107/190
Ease of Doing Business Index		n/a	61.15	57.16	59.61	59.57	60.29	60.53
Corruption Perceptions Index Ranking				45/168		53/180	52/180	
Corruption Perceptions Index		48	49	53	52	51	53	
Ibrahim Index of African Governance		69.5	70.3	70.4	69.3	71.2	68.6	
Ibrahim Index of African Governance Ranking		6/52	6/52	5/54	5/54	5/54	4/54	
Investment Attractiveness Index		68.97	76.37	69.78	66.11	60.67	56.66	
Investment Attractiveness Index Ranking		35/112	21/122	33/109	53/104	54/91	60/83	
Open Budget Index (out of 100)		55*	n/a	46	n/a	50	n/a	n/a
World Press Freedom Index - Ranking		19/180	22/180	17/180	17/180	24/180	26/180	23/180

Sources: Anglo American, Bank of Namibia, Business and Intellectual Property Authority, Chamber of Mines of Namibia, Fitch Ratings, Fraser Institute, International Budget Partnership, Ministry of Environment and Tourism, Ministry of Finance, Mo Ibrahim Foundation, Moody's Investor Services, Namibia Airports Company, Namibia Statistics Agency, Namibian Stock Exchange, Reporters Without Frontiers, Transparency International, World Bank, World Economic Forum, World Nuclear Association

Just for the Record – better statistics suggest Namibia has only 190,000 formally employed people in the private sector out of a population of 2.4 million people

This short feature aims to briefly highlight Namibia's overall record on employment creation. It is not a comprehensive analysis which would look into a wide range of important issues such as underemployment, female employment, wage growth, trade union membership and whether workers enjoy sick leave or social security benefits which recent improvements in data coverage would allow. These belong in a paper with a much more ambitious scope than this quarterly review. Nonetheless, as Namibia approaches the 30th anniversary of its Independence, policy-makers and the general public should be aware of what official statistics say about the country's record in generating employment for its growing population since this has been one of Namibia's principal development objectives. It is hard to see substantial and sustained reductions in poverty and inequality coming about without equally substantial and sustained increases in employment.

Before examining the numbers on employment and unemployment, it is important to understand how they are calculated and what they mean. Namibia's employment statistics are calculated according to internationally accepted definitions and methodologies. The entire population of residents is broken down into those under 15 years of age and those 15 years old and more. The latter group is then divided between economically inactive people who are those not available for work. They include students, home makers, retired people, disabled people who cannot work, and other income recipients who are not in paid employment but who receive income from rents and other investments. These economically inactive people are not counted as part of the country's labour force. The term economically active then applies to the remaining group of people 15 years and older who are available for work. This is also known as the labour force. These include employed people (those who worked for at least one hour for pay, profit or family gain during the previous seven days), contributing family workers (formerly referred to as unpaid family workers i.e. those who worked without pay on the family farm or in the family enterprise) and unemployed people (those who were not in any paid employment or self-employment during the previous seven days). All these categories are mutually exclusive meaning that individuals cannot be placed in more than one category. Subcategories therefore add up to the categories they belong to. Within the category of unemployed will be two groups of people: those who are unemployed but who are actively looking for work and those who are unemployed but who are not actively looking for work ("discouraged workers") and this gives rise to two definitions of unemployment: the strict rate of unemployment (which is the ratio of those unemployed people actively looking for work to the entire labour force) and the broad rate of unemployment (which is the ratio of those unemployed people who may or may not be actively looking for work to the entire labour force). Because in any economy there are always likely to be discouraged workers, there are always two rates of unemployment and the broad rate will always be higher than the strict rate.



Namibia produces a range of statistics that yield information on employment. The main set of statistics on employment is the Namibia Labour Force Survey (NLFS) which is a sample survey and which, since 2012, has been conducted at least once every two years the latest being for 2018. The Namibia Household Income and Expenditure Survey (NHIES) is another survey containing useful information on employment and this is conducted every five years the latest being for 2015/16. However, due to its proximity with the 2016 NLFS it was decided not to present information on the labour force in the summary report. The Population and Housing Census (PHC) is a census and counts every resident in the country rather than being based on a sample and is conducted every ten years the last one being for 2011. The NLFS, NHIES and PHC all use the same international definitions laid down by the International Labour Organisation (ILO) which is a UN agency.

Key employment statistics have been extracted from all past NLFSs, NHIESs and PHCs since 1991 and are presented in the tables below.

Table1: Key Employment Statistics 1991-2018

	'91	'93/94	'97	'00	'01	'04	'08
	PHC	NHIES	NLFS	NLFS	PHC	NLFS	NLFS
Population	1,409,920	1,389,017	1,560,419	1,669,640	1,830,330	1,727,697	1,789,933
15 years and over	821,533	795,471	931,384	888,009	1,100,425	888,348	1,107,647
Economically active	479,779	434,678	498,324	541,447	594,849	493,448	531,014
Economically inactive	340,965	353,802	421,824	346,157	432,883	393,880	428,173
Employed	387,254	350,280	401,203	431,849	409,591	385,329	331,444
Unemployed	91,765	84,398	97,121	109,598	185,258	108,119	199,570
Unemployment rate (broad)			34.5%	33.8%		36.7%	51.2%
Unemployment rate (strict)	19.1%	19.4%	19.5%	20.2%	31.1%	21.9%	37.6%

	09/10	'11	'12	'13	'14	15/16	'16	'18
	NHIES	PHC	NLFS	NLFS	NLFS	NHIES	NLFS	NLFS
Population	2,066,398	2,113,077	2,085,927	2,127,013	2,237,894	2,280,716	2,324,388	2,413,643
15 years and over	1,297,841	1,324,234	1,315,662	1,384,054	1,422,600	1,450,652	1,478,193	1,531,967
Economically active	918,450	847,415	868,268	980,781	983,843		1,026,268	1,090,153
Economically inactive	374,171	379,370	403,103	403,273	438,757		451,925	441,814
Employed	608,003	534,912	630,094	690,019	708,895		676,885	725,742
Unemployed	310,447	312,503	238,174	290,762	274,948		349,383	364,411
Unemployment rate (broad)	33.8%	36.9%	27.4%	29.6%	27.9%		34.0%	33.4%
Unemployment rate (strict)	22.1%	26.8%	16.7%	19.0%	18.4%		23.4%	19.8%

It can be seen that Namibia's population has grown from approximately 1.4 million people in 1991 (which excluded Walvis Bay which had not yet been returned to Namibia) to an estimated 2.4 million people in 2018. The labour force (the economically active population) has grown from 479,779 people in 1991 to an estimated 1,090,153 people in 2018. In other words, whereas the population has increased by over 71%, the economically active population has grown by 127%. Interestingly, the strict rate of unemployment (i.e. excluding discouraged workers) in 2018 was almost the same as in 1991: 19.8% compared to 19.1%. The broad rate of unemployment (i.e. including discouraged workers) in 2018 was almost the same as in the first year the figure was calculated in 1997: 33.4% compared to 34.5%.

Table 2: Employment by Sector 2012-2018

	'12 NLFS	'13 NLFS	'14 NLFS	'16 NLFS	'18 NLFS
Agriculture, forestry and fishing	172,530	215,311	209,906	135,832	167,242
Mining and quarrying	11,240	13,558	14,539	14,825	12,087
Manufacturing	28,409	32,769	28,706	44,419	45,057
Electricity and related industries	2,161	2,385	3,053	5,018	3,278
Water supply and related industries	2,775	2,359	2,344	4,512	4,095
Construction	42,577	47,859	56,747	63,005	45,057
Wholesale and retail trade	74,805	79,391	97,099	65,492	80,852
Transport and storage	41,853	25,659	26,565	22,175	24,710
Accommodation and food service	22,680	36,767	29,179	47,840	83,056
Information and communication	6,073	5,591	4,081	5,973	7,141
Financial and insurance activities	12,645	14,609	13,896	15,525	13,861
Real estate activities	1,583	617	677	1,163	1,050
Professional, scientific and technical activities	7,265	7,164	6,626	12,140	8,648
Administrative and support service activities	29,861	35,160	31,572	40,499	29,951
Public administration and defence, compulsory social security	32,313	31,943	41,889	30,260	34,174
Education	37,535	41,797	41,510	41,422	46,923
Human health and social work activities	20,242	16,580	21,706	19,058	19,527
Arts, entertainment and recreation	3,218	3,932	2,342	4,143	4,910
Other service activities	9,972	14,020	12,480	43,211	20,865
Private households	69,124	57,668	67,057	59,113	72,185
Extraterritorial organisations and bodies	589	511	135	1,232	1,035
Don't know	642	-	601	28	37
Employed population	630,092	685,650	712,710	676,885	725,741

The table above provides information from the last five NLFs on employment by sector and the data for these last five surveys use consistent definitions of sectors although there are some surprising differences in sectoral employment from year to year which cannot be explained by developments in the economy. For example, it is hard to understand how employment in manufacturing rose from 28,409 in 2012 to 45,057 in 2018. The five largest

sectors by employment in 2018 were Agriculture, Forestry and Fishing, Accommodation and Food Service, Wholesale and Retail Trade, Private Households and Education. These figures suggest employment grew from 630,092 in 2012 to 725,741 in 2018, a rise of some 95,649.

This is fine as far as it goes but in fact this does not say very much about employment and unemployment since the definition used of employment (those over the age of 15 who worked for at least one hour for pay, profit or family gain during the previous seven days) is a rather limited definition and says little about the quality of the employment which has been generated or the number of hours worked. Thankfully, the NSA has responded to past feedback and now produces more detailed statistics on the nature of this employment providing information on how many of these employed people receive paid leave and also paid sick leave. It also provides information on how many of the employed can be considered to be informally employed. The criterion chosen by the NLFS to distinguish between formally and informally employed people is based on “the provision of some form of social protection”. By subtracting the number of informally employed people by sector from the total number of employed people by sector, a clearer idea can be gained of the amount of formal employment the economy has created and this is presented in the table below. Unfortunately, this additional information has only been included since the 2013 NLFS and 2012 is therefore excluded.

Table 3: Formal Employment by Sector 2013-2018

	'13 NLFS	'14 NLFS	'16 NLFS	'18 NLFS
Agriculture, forestry and fishing	35,771	148,875	14,191	20,705
Mining and quarrying	13,558	2,512	7,786	10,057
Manufacturing	25,077	4,082	15,628	24,013
Electricity and related industries	2,385	1,534	2,482	2,870
Water supply and related industries	2,359	1,785	2,407	3,055
Construction	36,788	6,276	15,590	15,619
Wholesale and retail trade	38,426	13,575	21,806	41,900
Transport and storage	25,659	8,806	10,212	13,961
Accommodation and food service	22,162	4,474	14,918	26,100
Information and communication	5,591	2,711	3,959	5,238
Financial and insurance activities	14,609	4,500	10,597	12,325
Real estate activities	- 3,204	285	412	475
Professional, scientific and technical activities	7,164	2,763	8,880	7,160
Administrative and support service activities	35,160	9,312	15,394	20,492
Public administration and defence, compulsory social security	31,943	34,766	21,573	31,066
Education	41,797	35,890	27,078	39,772
Human health and social work activities	16,580	15,087	12,494	16,026
Arts, entertainment and recreation	3,932	662	1,780	2,113
Other service activities	5,408	914	12,979	6,882
Private households	4,027	5,079	6,051	6,511
Extraterritorial organisations and bodies	511	81	595	707
Don't know	-	601	-	20
Employed population	365,703	304,570	226,812	307,067

Again, there are some surprising numbers and changes in sectoral totals from year to year. The overall picture suggests that the number of formally employed people declined from 365,703 in 2013 to 307,067 in 2018. If government employment of 86,864 people is excluded (adding together those in Public Administration and Defence, Compulsory Social Security, Education and Human Health and Social Work Activities) in 2018, the number of formally employed drops to 220,203. If State-Owned Enterprises and Parastatal employment of 30,654 is excluded, it looks like just 189,549 people are formally employed outside the government and parastatal sector. This is an exceedingly small number of people in an economy of 2.4 million people and suggests Government has dramatically failed to create a business environment that incentivises the private sector to deliver the decent jobs that people so desire.