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Enabling Environment for Sustainable Enterprises

International Labour Organization

# Enabling Environment for Sustainable Enterprises in Namibia

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# The enabling environment for sustainable enterprises in Namibia

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## Foreword

In June 2007, the International Labour Conference (ILC) discussed the promotion of sustainable enterprises. The conclusions of this discussion provided an important contribution agreed by the ILO's tripartite constituency of governments, employers' and workers' organizations on how to promote enterprise development in a manner that aligns enterprise growth with sustainable development objectives and the creation of productive employment and decent work.

The ILC Sustainable Enterprise conclusions called for the strengthening of the institutions and governance systems, which nurture enterprises. Strong and efficient markets need strong and effective institutions. Promoting sustainable enterprises is also about ensuring that human, financial and natural resources are combined equitably and efficiently in order to spur innovation and increase productivity. In the past years the ILO has developed and refined a methodology on how to assess the Enabling Environment for Sustainable Enterprises (EESE).

Subsequently, in line with its mandate to contribute to the development of a conducive environment for enterprises in Namibia, the Namibian Employers Federation (NEF) requested the ILO to assist NEF in assessing the current environment for sustainable enterprises, based on the ILO methodology, and to identify areas for improvement. The report is designed to stimulate debate and to provide an evidence base for policy reforms for an environment more conducive to the promotion of sustainable enterprises in Namibia. In particular, the report has been used to identify priority areas of policy reform to support the dialogue, advocacy and public policy work of organised business and organised labour.

A Business Agenda was subsequently developed by NEF and its members based on the findings of the EESE assessment to ensure the advocacy of specific measures aimed to improve the enabling environment for sustainable enterprises in Namibia. The EESE assessment and the final report has greatly benefited from inputs from tripartite participants in two national workshops held in October 2016 and May 2017, respectively.

The EESE assessment was carried out under the technical supervision of Maria Sabrina De Gobbi, Small and Medium Enterprises (SME) Unit, ILO Geneva and in-country technical support and facilitation of the process were provided by Maria Machailo-Ellis, Senior Specialist for Employers' Activities and Jens Dyring Christensen, Senior Specialist for Enterprise Development & Job Creation both of the Decent Work Team for Eastern & Southern Africa in Pretoria. Mr Adolphus Chinomwe, programme officer of the Country Office for Namibia and Zimbabwe provided invaluable additional support. Special appreciation is due to Saumya Premchander for literature review and drafting the final report and to Farid Hegazy and Judith van Doorn of the SME Unit for the technical review of the final report.

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## Contents

## Abbreviations and Acronyms

| | |
|---|---|
| AfDB | African Development Bank |
| BIPA | Business and Intellectual Property Authority |
| BoN | Bank of Namibia |
| CPI | Corruption Perceptions Index |
| CSO | Civil Society Organisation |
| DBN | Development Bank of Namibia |
| DEA | Directorate of Environmental Affairs |
| EESE | Enabling Environment for Sustainable Enterprises |
| EISA | Electoral Institute for Sustainable Democracy in Africa |
| ESI | Environmental Sustainability Index |
| EPZ | Export Processing Zone |
| FAO | Food and Agriculture Organization of the United Nations |
| FDI | Foreign Direct Investment |
| FIA | Foreign Investment Act |
| GDP | Gross Domestic Product |
| GRN | Government of the Republic of Namibia |
| ICT | Information and Communications Technology |
| ILC | International Labour Conference |
| ILO | International Labour Organization |
| ILS | International Labour Standards |
| ITC | International Trade Centre |
| IMF | International Monetary Fund |
| LFPR | Labour Force Participation Rate |
| MDG | Millennium Development Goal |
| MITSD | Ministry of Industrialization, Trade and SME Development |
| N$ | Namibian Dollar |
| NaCC | Namibia Competition Commission |
| NCCP | National Climate Change Policy |
| NCCSAP | National Climate Change Strategy and Action Plan |
| NDP | National Development Plan |
| NEEEF | New Equitable Economic Empowerment Framework |

| | |
|---|---|
| NEF | Namibia Employers' Federation |
| NGO | Non-Governmental Organisation |
| NIC | Namibia Investment Centre |
| NLFS | Namibia Labour Force Survey |
| NUNW | National Union of Namibian Workers |
| OECD | Organization for Economic Cooperation and Development |
| PPP | Public Private Partnership |
| PWC | Pricewaterhouse Coopers |
| SACU | South African Customs Union |
| SADC | South African Development Community |
| SEZ | Special Economic Zone |
| SME | Small and Medium Enterprises |
| SOE | State Owned Enterprise |
| SWAPO | South West Africa People's Organisation |
| TUCNA | Trade Union Congress of Namibia |
| UNCTAD | United Nations Conference on Trade and Development |
| UNDP | United National Development Programme |
| UNICEF | United Nations Children's Fund |
| UNIDO | United Nations Industrial Development Organization |
| USD | United States Dollar |
| WEF | World Economic Forum |
| WHO | World Health Organization |
| WIPO | World Intellectual Property Organization |

## Executive summary

In June 2007, the International Labour Conference (ILC) discussed the promotion of sustainable enterprises. This calls for the strengthening of the institutions and governance systems that nurture enterprises. Strong and efficient markets need strong and effective institutions. Promoting sustainable enterprises is also about ensuring that human, financial and natural resources are combined equitably and efficiently in order to achieve innovation and enhanced productivity.

The conclusions reached at the 2007 ILC discussion identified 17 pillars for an environment conducive to the promotion of sustainable enterprises. This report is based on these conclusions. It analyses how Namibia performs with respect to each pillar, with the aim of assessing the relative strengths and weaknesses of the enabling environment for sustainable enterprises and employment in the country. The assessment described in this report is based on a perceptions survey conducted in Namibia, secondary data, a literature review, and technical inputs provided by representatives of tripartite stakeholders.

To further enhance the readability of the report, summaries have been included at the beginning of each chapter (see page 5 for Political Elements, page 20 for Economic Elements, page 58 for Social Elements, and page 76 for Environmental Elements) with a graphical presentation of the most relevant indicators for the respective chapter comparing Namibia to the neighbouring countries of Botswana, Malawi and South Africa.

## Political elements

Namibia gained independence from South African rule in 1990, after a protracted independence struggle. Having formerly been under apartheid rule, with racial segregation rigorously enforced, social, racial and income inequalities are stark in the country. The struggle against apartheid rule was led by the South West Africa People's Organisation (SWAPO), and in independence they have dominated parliamentary politics and the public sphere in Namibia.

Despite relatively high rates of investment in public education, public health, and a generally peaceful and functioning democratic process extreme poverty persists in Namibia. Policy goals are outlined in five-year National Development Plans (NDPs). In 2004 the Government of the Republic of Namibia (GRN) adopted Vision 2030, which offers a long-term perspective, and is meant to integrate already ongoing NDP processes institutionally and procedurally into the work on sustainable development.

Namibia performs relatively well when it comes to many aspects of good governance; corruption however is a significant hindrance to progress. In 2016 Namibia ranked 53rd out of 175 countries on Transparency International's Corruption Perceptions Index, where 1 is the most corrupt. Procurement mechanisms are often irregular, and state resources, in the form of contracts, licenses and concessions are often not allocated through competitive official processes. The courts in Namibia tend to be relatively independent of the ruling party, but the system is stymied by inefficiency and a lack of resources.

The EESE Namibia Survey showed that most respondents were not convinced that the GRN actively promotes social dialogue and makes use of the process to decide policy. 33 percent did not have enough knowledge, 31 percent though tripartite social dialogue was promoted to a limited extent, and only a relatively low 6 percent agreed that the government actively promotes social dialogue. The right to form trade unions and to strike are protected by the Constitution but participation in social dialogue processes tends to be low, as most of the economy is informal.

Namibia faces challenges to securing human rights for all its citizens. Some of these include discrimination and violence against women and children, including rape, child abuse, and child labour. Discrimination against ethnic minorities, indigenous people and disabled people is also unfortunately common. The social stigmatization of persons with HIV/AIDS continues.

### Economic elements

Despite relatively high rates of investment in public education, public health, and a generally peaceful and functioning democratic process, extreme poverty persists in Namibia. A significant portion of the population relies on subsistence agriculture, health indicators are very poor, and gender-based social exclusion and violence are endemic. The long period of armed struggle for independence, and decades of apartheid rule, have left institutional and infrastructural challenges to inclusive development. Technically Namibia is a middle income country, but income inequalities are stark despite the political stability and steady economic growth following independence from South Africa.

Medium-term national development priorities are laid out in National Development Plans, the fourth of which was introduced in 2012, placing a renewed emphasis on high and sustainable growth, employment creation and reducing income inequality. NDP4 focuses on the four priority sectors of logistics, tourism, manufacturing and agriculture in order to stimulate private sector-led industrialization, greater export orientation and economic diversification.

The GRN has displayed a strong commitment to promoting economic growth and employment through foreign investment and trade. Following the independence of Namibia and the imminent collapse of apartheid rule in South Africa the South African Development Community (SADC) was formed to facilitate regional cooperation to address problems of national development- this cooperation may be along political lines, defence agreements, or economic cooperation. The management of shared watercourses, transport corridors, and access to low cost energy through the South African Power Pool are some of the joint economic efforts Namibia participates in and benefits from as a member of the SADC.

In 2013 the Ministry of Industrialization, Trade and SME Development (MITSD) launched an initiative to promote job creation through the manufacture of products with added value. Greater emphasis is placed on the importance of commodity-based industrialization by strengthening local and national value chains and creating more efficient linkages in order to increase the ease of doing business. Namibia's shortcomings in the legal framework for investment are echoed in the low Ease of Doing Business rankings. Namibia's dropping in rank between 2011 and 2016 from 74 to 108 reflects a worsening of the business environment.

The Trans-Kalahari Highway is part of the infrastructure developed to create linkages with the Port of Walvis Bay, which has become an important point for commercial traffic to or from the landlocked countries in the region all year round. Namibia is a large but sparsely populated country, and aside from the main transport routes for traded goods road networks are inadequately developed, leaving some areas quite isolated and making participation in economic activities difficult. The absence of rural transport infrastructure stifles economic participation, and contributed to the isolation of the rural population.

The Namibian constitution protects the right to private property, but allows the state to expropriate property in the interest of the public. By and large the GRN has followed a "willing seller/willing buyer" policy as a crucial feature of land reforms, though land reforms have often been criticised as being implemented too slowly.  A few farms have been expropriated but success with these efforts has been limited. Land reform is an imperative for socio-economic progress and is a politically charged issue in a country where the vast majority of land and other resources continue to be concentrated in the hands of a small white minority. Efforts to empower black people who have historically not had access or the right to property include proposals to recognise flexible land tenure, and other property-rights based approaches to poverty alleviation.

The EESE Survey found that there is concern that the overall environment is not conducive for entrepreneurship and business development. Most respondents agree that formal and informal businesses alike do not understand labour legislation, or labour laws well enough to implement them, or if they do they are seen as obstacles to business. Lack of information appears to be the biggest barrier to formalization of businesses in Namibia. Lack of collateral was the leading obstacle for entrepreneurs.

## Social elements

Doing business can be difficult in Namibia and there are many barriers to entrepreneurship, some in terms of skills and training, and others in terms of a challenging environment. There are, however, certain concerted efforts to support entrepreneurship, innovation, creativity, as is as is reflected in policies that promote SME development, business linkages and SME financing. The survey results highlighted the need for more efforts to be made towards entrepreneurship development, tertiary and vocational education and general human resource development.

The education profile of the labour force has improved over the years though highly qualified human capital remains limited. There continues to be a shortage of skilled labour, and a lack of tertiary education. The education system needs to respond to the demands of the labour market, because if not, the demand will be met by qualified professionals from neighbouring countries. Persons with vocational training are likely to find permanent employment, but the mismatch between existing training and the availability of related jobs, has led to calls for policies to improve the relevance of training, and assisting graduates in finding employment. Primary and secondary education have been made free by the government in Namibia, which is improving levels of literacy, but skills and entrepreneurship training is required to prepare individuals to enter the market as economic agents.

Despite progressive policies, reforms, and the adoption of international human rights instruments women continue to face discrimination in Namibia, as well as gender based violence in many forms. In many parts of the country, marriage, divorce and land rights are dictated by customary law, and there is variance between communities in terms of their traditional governance structures. Child poverty remains a serious issue, and other development indicators such as HIV prevalence, and maternal mortality rates, which have a direct impact on overall social well-being and economic progress, require attention.

Serious efforts have been made to provide a strong social protection framework. Despite the grants to various vulnerable groups, and high social spending, a large proportion of the population in the informal economy is left out of the social safety net, leaving them vulnerable, particularly those dependent on subsistence agriculture in rural areas.

## Environmental elements

The development of sustainable enterprises and the protection of the environment require sustainable production and consumption patterns. Environmental and natural resources management has focused on addressing biodiversity conservation, while also improving livelihoods. The 2011 National Climate Change Policy outlines a framework for climate risk management. A National Climate Change Strategy and Action Plan addressing national and international funding mechanisms for adaptation and mitigation projects.

Climate change impacts different groups of society differently, and in Namibia the consequences also have a gendered dimension. Women are more vulnerable to the impacts of climate change. Perhaps the most striking impact of climate change is the interference with food security. Agriculture is the source of livelihood for a large section of the population, and it is dependent on rainfall, which is increasingly unpredictable. Livestock herders are affected by climate variability in the form of droughts. Food insecurity leads to the working population becoming weak, the inability to work has income effects that compound health problems, and the malnutrition leads to a higher susceptibility to disease. Unreliable water availability has an effect on the crops, and prices, but also impacts the outbreak of diseases like malaria, cholera, diarrhoea, and typhoid.

## Assessment results and ways forward

The final results of the assessment of the enabling environment for sustainable enterprises in Namibia indicate that there is scope for improving the situation in all of the 17 conditions.
The action plan will be finalised and adopted at a dissemination workshop to be held in 2017, in the presence of high-level policy makers.

## 1. Introduction

The important role that the private sector plays in social and economic development led the International Labour Conference (ILC) to discuss the concept of sustainable enterprises in June 2007. The promotion of sustainable enterprises ensures that human, financial and natural resources are combined equitably. An environment conducive to the creation and growth of enterprises on a sustainable basis must take into account the three dimensions of sustainable development – economic, social and environmental – as interdependent and mutually reinforcing pillars.

The 2007 ILC adopted conclusions for the promotion of sustainable enterprises and identified 17 conditions for an enabling environment. An environment conducive to the creation and growth of sustainable enterprises combines the legitimate quest for profit with the need for development that respects human dignity, environmental sustainability and decent work. It underscores the principle that sustainable enterprises need sustainable societies and that business tends to thrive where societies thrive and vice versa.

The same conclusions invite the ILO to focus its interventions on practical responses, including tools, methodologies and knowledge sharing, which are relevant to the social partners in their activities. This is why the ILO has developed a methodology to assess the degree to which the 17 conditions for an enabling environment for sustainable enterprises are met in different countries. This report describes the implementation of such an assessment in Republic of Namibia (hereafter Namibia) and is part of a series of country reports on the same topic. The report covers the political, economic, social, and environmental situation of the enabling business environment in Namibia. The political area comprises 4 of the 17 conditions, the economic includes 8, the social 4, and the environmental dimension consists of 1 condition.

An assessment of the enabling environment for sustainable enterprises in Namibia meets the existing need in the country to implement policies and strategies for national development. Namibia's overall development framework is guided by its Vision 2030, which outlines the development framework, priorities and strategies to transform the political and economic landscape with the aim of becoming a prosperous industrialised nation. Medium term objectives are laid out in the National Development Plans (NDPs), the fourth of which runs from 2012/2013- 2016/2017. NDP4 has adopted three overall goals: high and sustained economic growth, increased income equality, and employment creation. It marks four economic sectors out for priority status in order to achieve optimal impact and results: these are logistics, tourism, manufacturing and agriculture. SMEs play a key role on fostering job creation and employment generation, and their growth is central to achieving national development goals. The GRN has recognised this and introduced a National SME Policy and Programme, as a framework to create an enabling regulatory environment to promote the development of SMEs.

The enabling environment for sustainable enterprises in Namibia was assessed through a careful review of secondary data and findings from a national perception survey of workers and employers (including owners and managers of companies). The survey examined the perception of workers and employers with regard to the business environment in Namibia that would enable the promotion of sustainable enterprises in the country. This included the perceptions of economic agents in the informal economy which is important because the informal economy is growing in Namibia.

The perception survey was conducted in December 2016 by Business Intelligence Africa and focused on 8 of the 17 conditions. The conditions covered by the questionnaire are social dialogue, enabling legal and regulatory environment, fair competition, access to financial services, physical infrastructure, entrepreneurial culture, education, training and lifelong learning and adequate social protection.

The survey was conducted with a total of 683 participants, 404 owners or partners, 155 managers and 124 employees. Of the respondents 263 were from SMEs, 206 from large enterprises, 103 were employees, 100 from informal enterprises and a further 11 for whom the sector was not specified. The EESE survey found that informal enterprise respondents tended to be slightly younger than those from SMEs and large enterprises. 83 percent of the respondents from informal enterprises were between 18 and 44 years of age, while 57 percent of respondents from large enterprises were in the same age range, as were 46 percent of respondents from SMEs. The remainder were above the age of 44.

The Namibian Ministry of Trade and Industry defines SMEs in the following fashion. This is the definition employed for the purposes of this study. It is important to mention that the survey tests the perceptions of respondents, which may not cohere with these exact numbers.

| Sector | Employment | Turnover (N$) | Capital Employed (N$) |
|---|---|---|---|
| **Manufacturing** | Fewer than 10 persons | 1,000,000 | 500,000 |
| **Service** | Fewer than 5 persons | 250,000 | 100,000 |

The survey was conducted in the regions of Khomas, Erongo, Omusati, Oshana, Kavango East and Oshikoto. The sample was distributed according to official figures from the Namibian Statistics Agency and interviews were carried out in business hubs within these regions. The regional distribution of respondents is given below:

| Region | Major town in this region | % of respondents |
|---|---|---|
| Khomas | Windhoek | 36% |
| Omusati | Outapi and Otjikuku | 19% |
| Oshana | Oshakati, Ondanwa and Ongwediva | 16% |
| Erongo | Swakopmund and Walfish Bay | 12% |
| Oshikoto | Tsumeb | 9% |
| Kavango East | Rundu | 7% |
| Hardap & Karas | Keetmanshoop and Mariental | <1% |
| Others | Includes Otjiwarongo and Gobabis | <1% |

The sample for informal enterprises was collected through interviews in open markets in different towns, though some local small farmers and producers were reached in villages in these regions. SME incubation centres were also visited to recruit respondents. 600 of the total 683 questionnaires were completed in person, face to face.

Face to face interviews were conducted with respondents from agriculture, manufacturing, retail, mining and tourism sectors. Online survey responses were elicited from respondents in financial services, health industry, business services and others. The distribution of respondents among different economic sectors was as follows:

| | % of respondents | | % of respondents |
|---|---|---|---|
| Agriculture and Forestry | 37% | Financial services | 2% |
| Wholesale and Retail Trade | 25% | Health Industry | 1% |
| Manufacturing | 17% | Business services/ Consulting/Marketing | 1% |
| Tourism, Hotels, Restaurants, Hunting | 12% | Diverse areas/ other | 2% |
| Mining | 2% | Sector not provided | 1% |

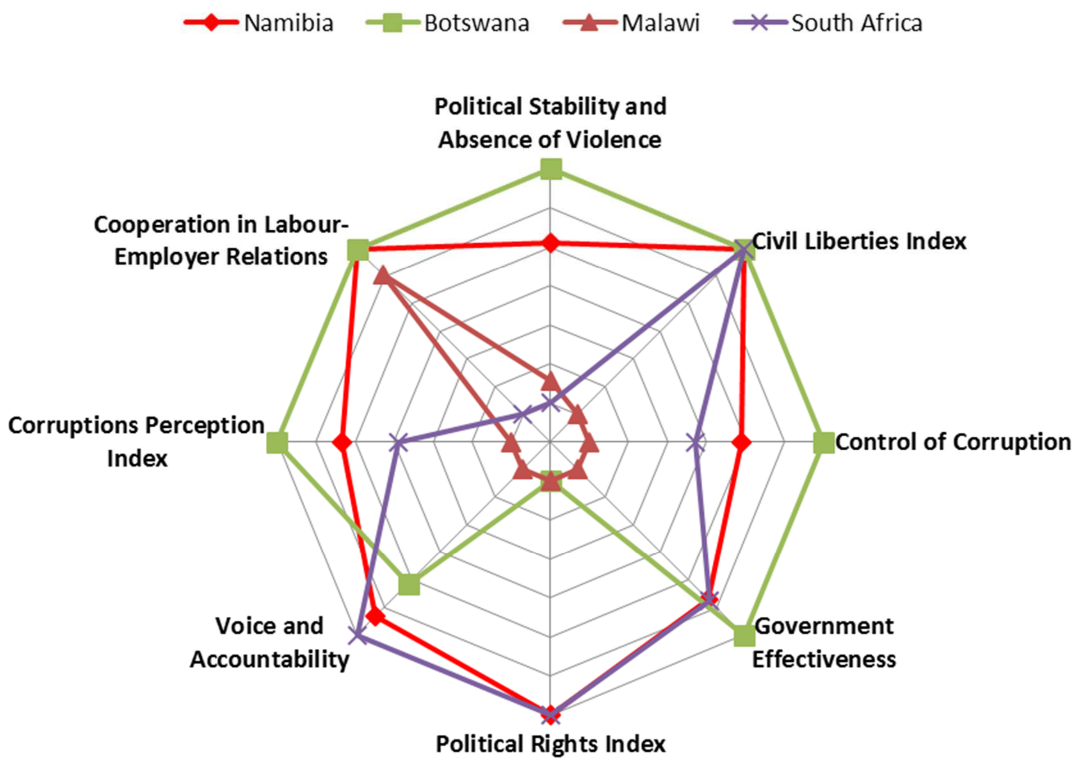
The assessment described in the present report has certain shortcomings, which should be kept in mind. Secondary data is not available for some indicators, or if available only for a few years. Indicators derived from the World Bank's Doing Business Project have seen the methodology change in recent years, making comparisons over time difficult. Primary data also presents some limitations. As with any perception survey, caution is needed in drawing general conclusions, since some questions may have been interpreted in different ways, and key notions used in questions may have been given alternative meanings by respondents.

A stratified three-stage cluster sample design was used, stratified along geographical area, sector and the type of respondent (SME, manager of large enterprises, employee). This sampling frame was adhered to for face-to-face interviews, but the consultants had no influence on the sample cluster specifics for questionnaires received via Survey Monkey or by interactive pdf, both of which the NEF, Chamber of Commerce, and other sector associations sent to their members for data collection. Additionally, it is possible that in cases where an enterprise was being run by one employee who performed the duties of a manager without the title, they might have self-identified as an employee, resulting in some overlapping of categories.

For a survey to be considered national the National Statistics Agency, in Namibia, must be applied to for approval of the methodology, sampling and data collection. This survey did not cover all the regions in Namibia, so it is not to be considered nationally representative. The survey was conducted over the Christmas period, a time of the year when many businesses remain shut, or operate with reduced capacity.

An effort was made to include informal businesses and SMEs. These enterprises are often less structured, with overlapping roles of employee and manager. They were also more likely to have insufficient knowledge of aspects of their environment involving regulatory or strategic elements, having less direct contact with formalised systems of business.

## 2. Political elements




Note: the values for the individual indicators have been harmonized for better presentation and formatted so that the further from the centre a data point is, the better the country's performance in that regard. The original indicator values are included in the chapters.

- Namibia gained independence from South Africa in 1990, after a long armed struggle, having been under apartheid rule since 1915. Prior to this it was under German control.
- Namibia is a constitutional multiparty democracy with a bicameral legislature. Elections were last held in 2014, with SWAPO's Hage Geingob elected President. Elections tend to be generally free and fair, though politics and the public realm are largely dominated by SWAPO.
- The Namibian Constitution was adopted in 1990 and is widely regarded as democratic and liberal with a strong commitment to the respect for fundamental human rights, and mechanisms for checks and balances between the different branches of government.
- Corruption is one of the more prominent obstacles to good governance in Namibia. There have been several high profile cases of political graft, but despite being well covered in the press the judiciary in faces major challenges, and convictions of government officials are rare.
- Labour law in Namibia is guided by the Labour Act of 2007 but labour standards are infrequently enforced.
- The right to form trade unions and to strike are protected by the Constitution but participation in social dialogue processes tends to be low, as most of the economy is informal.
- Human rights violations can be brought to the Office of the Ombudsman, an autonomous body, for investigation. It has the power to make recommendations to the government, and also supports individuals without means to pursue legal recourse.
- A legal assistance centre supports the public on legal issues, and with litigation.

## 2.1. Peace and political stability

Namibia, which had been under German control from the late 1880s until South Africa seized it during the First World War, won independence in 1990 after a protracted struggle and intermittent war. South Africa took over the territory in 1915, and was granted a mandate to govern the region in 1920 by the League of Nations. In 1946 South Africa formally refused to let South West Africa (as it was known then), be placed under UN trusteeship. The South West Africa People's Organisation (SWAPO) launched an armed struggle against South African cooperation in 1966. In 1990 Namibia won independence, with Sam Nujoma as the first President.

The country's present international boundaries were established between 1886 and 1890 through German treaties with Portugal and Britain. Namibia shares borders with Angola, Zambia, Zimbabwe, Botswana and South Africa. Its geography is dominated by the Kalahari desert in the east, the Namib desert in the west along the coast, and a Central Plateau with its Great Escarpment lying in the Namib plains between the two[1].

Namibia has a land area of 824,268 square kilometres (318,261 square miles) and is the most sparsely populated country in the world after Mongolia, Namibia having a population density of 2.9 people per square km[2]. Approximately 44 percent of the country, mainly in the south and centre, is commercial farmland with freehold tenure, communal lands, located primarily in the north account for 41 percent of the country and 15 percent is state land, including conservation areas[3]. The apartheid policies of the South African government exacerbated the inequities of resource distribution between white and indigenous residents of Namibia. Land reform policies and redistribution for economic, and socio-political reasons are important steps towards poverty alleviation and development; they are also central to political discourse in Namibia.

Despite relatively high rates of investment in public education, public health, and a generally peaceful and functioning democratic process, extreme poverty persists in Namibia. A significant portion of the population relies on subsistence agriculture and gender-based social exclusion and violence are endemic. The long period of armed struggle for independence, and decades of apartheid rule, have left institutional and infrastructural challenges to inclusive development. Technically Namibia is a middle income country, but income inequalities are stark despite the political stability and steady economic growth following independence from South Africa.

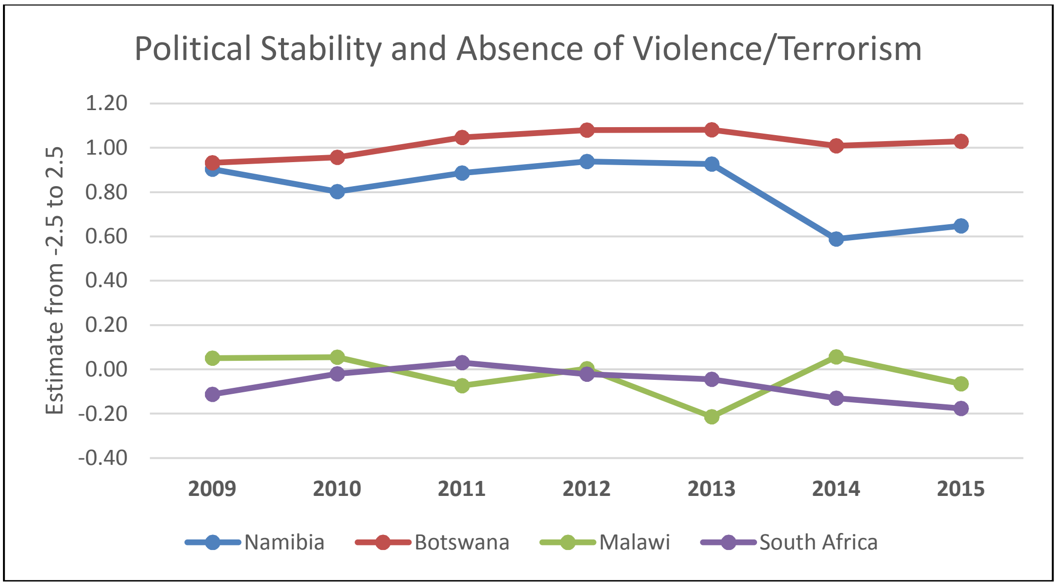
Namibia is a constitutional multiparty democracy with a bicameral legislature. Elections were last held in 2014, which saw Hage Geingob elected President. SWAPO retained its large parliamentary majority, as it has done since independence. The Namibian Constitution was adopted in 1990, and is generally recognized as democratic and liberal, with a strong commitment to the rule of law, respect for fundamental human rights, and mechanisms for checks and balances between the executive, legislative and judicial branches of government[4].

Policy goals are outlined in five-year National Development Plans (NDPs). In 2004 the GRN adopted Vision 2030, which offers a long-term perspective, and is meant to integrate already ongoing

[1] Ruppel- Schlichting, 2011.
[2] The Telegraph, 15 October 2016.
[3] Ruppel- Schlichting, 2011.
[4] Ruppel, 2011.

NDP processes institutionally and procedurally into the work on sustainable development. Vision 2030 focuses on eight themes i) inequality and social welfare, ii) human resources development and institutional capacity building, iii) peace and political stability, iv) macroeconomic issues, v) population, health and development, vi) natural resources sector vii) knowledge, information and technology, and viii) factors of the external environment[5]. Vision 2030 recognizes that for long-term sustainable development Namibia must diversify its sources of revenue, moving from natural resource exploitation to other economic and livelihoods strategies.

Peace and political stability are key conditions for the creation and development of sustainable enterprises. Data on "Political Stability and Absence of Violence" assesses countries' political stability on a scale from -2.5 to 2.5, where higher values correspond to higher levels of political stability. Among the four countries used in this report for comparison, Namibia has shown relatively high levels of political stability and absence of violence over the years, though the score has deteriorated from 0.90 in 2009 to 0.65 in 2015, possibly due to elections. Botswana recorded the most stability at 1.03 in 2015. South Africa recorded the least stability in 2015 with an indicator of -0.18, followed by Malawi with -0.07.




Source: The World Bank Databank, Worldwide Governance Indicators

## Key Indicators

| **Political Stability and Absence of Violence/Terrorism** | | **2009** | **2010** | **2011** | **2012** | **2013** | **2014** | **2015** |
|---|---|---|---|---|---|---|---|---|
| Capturing perceptions of the likelihood of political instability and/or politically-motivated violence including terrorism | **Namibia** | 0.90 | 0.80 | 0.89 | 0.94 | 0.93 | 0.59 | 0.65 |
| | **Botswana** | 0.93 | 0.96 | 1.05 | 1.08 | 1.08 | 1.01 | 1.03 |
| | **Malawi** | 0.05 | 0.05 | -0.07 | 0.00 | -0.21 | 0.06 | -0.07 |
| | **South Africa** | -0.11 | -0.02 | 0.03 | -0.02 | -0.04 | -0.13 | -0.18 |
| **Source:** **Worldwide Governance Indicators, The World Bank Databank[6]** | Estimate of governance measured on a scale from approximately -2.5 to 2.5. Higher values correspond to better governance. | | | | | | | |

[5] GRN, 2004.
[6] http://info.worldbank.org/governance/wgi/index.aspx#home

## 2.2. Good governance

Key components of good governance are the absence of corruption, and efficient institutions that foster entrepreneurship, promoting private sector growth and development. In general, Namibia performs relatively well when it comes to many aspects of good governance; corruption however is a significant hindrance to progress.

In 2016 Namibia ranked 53rd out of 175 countries on Transparency International's Corruption Perceptions Index[7]. There are several entities tasked with combating corruption, including the Prosecutor General's Office, the Auditor General's Office, the Public Service Commission and so on. The Anti-Corruption Commission (ACC) of Namibia was created under the 2003 Anti-Corruption Law, as an agency of the executive branch of the GRN. It was inaugurated in 2006 by former President Hifikepunye Pohamba and in 2016 Paulus Noa was reappointed for a third term as Director of the ACC. The ACC has been criticised for its failure to deal with high-profile cases, and even though the infrastructure to fight corruption exists in Namibia political will is limited[8]. The ACC and the Ombudsman's Office receive and investigate complaints about corruption, often from concerned individuals of the public. A 2016 National Corruption Perception Survey conducted by the ACC showed that 78 percent of respondents thought corruption was very high in Namibia[9].

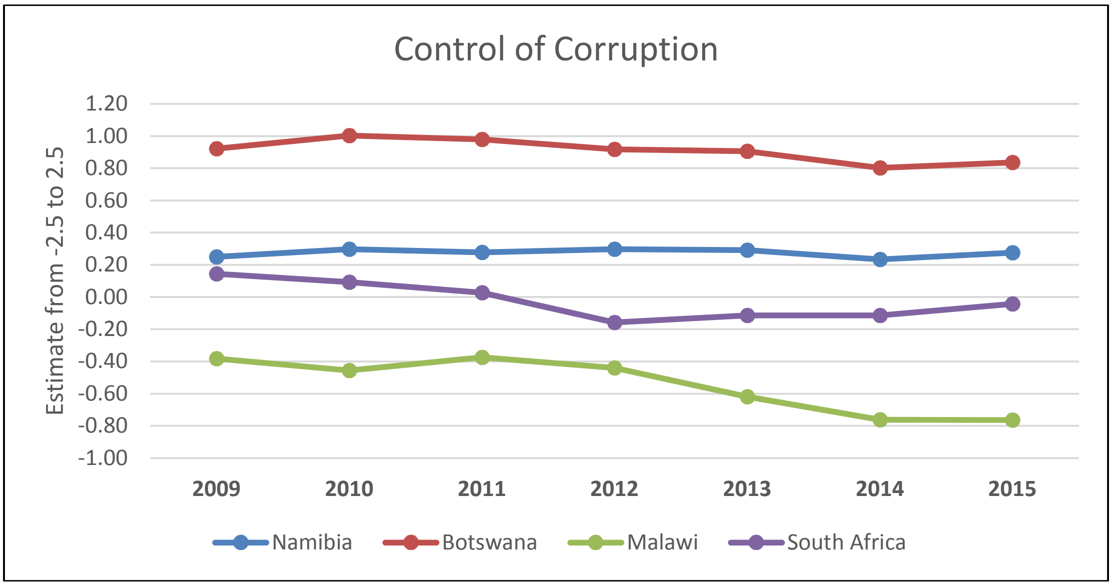
Procurement mechanisms are often irregular, and state resources, in the form of contracts, licenses and concessions are often not allocated through competitive official processes[10]. Additionally, a very large percentage of Namibia's senior civil servants are prominent members of SWAPO, which leads to conflicts of interest, and the preferential distribution of lucrative tenders, among other questionable results.

Post-independence electoral politics have been dominated by SWAPO, and though opposition parties exist they have a very small presence. International observers characterise elections in Namibia as being generally free and fair, and the 2014 elections were carried out in an orderly manner. The institutionalisation of Namibia's viable multiparty political system is threatened by a drift towards the monopoly of one party[11]. Related to this is the concentration of power in the executive branch of government, to the detriment of the legislative and judicial arms.

A functioning legal framework is key to the success of efforts to reduce corruption. The constitution provides for an independent judiciary. The courts in Namibia tend to be relatively independent of the ruling party, but the system is stymied by inefficiency and a lack of resources[12]. Legal processes can take very long. The constitution also provides for freedom of speech and freedom of the press. There were some allegations of violence and harassment of journalists in 2014, but not since then, and while there is no evidence of state censorship there are reports of some journalists practicing self-censorship when it comes to writing about SWAPO and the GRN[13].

[7] Transparency International, 25 January 2017.
[8] All Africa, 6 May, 2016.
[9] Anti-Corruption Commission Namibia, 2016.
[10] Al Jazeera, 2 September 2014.
[11] Kaapama et al, 2007.
[12] U.S. Department of State, 2015.
[13] U.S. Department of State, 2015.

Namibia's Medium-Term Strategic Development Framework for 2000-2005 formalises the roles and functions of civil society actors in national governance and development processes[14]. Some government agencies work alongside civil society organisations (CSOs), particularly at the local level, in order to do things like implement development programmes. CSOs participate in policy discussions, and are active partners in campaigns such as that to end corruption. In general, however, it appears as if citizen engagement can be challenging: the momentum of mass mobilisation of resistance against authoritarian apartheid rule helped to build progressive democratic institutions but has dissipated in the years following independence.

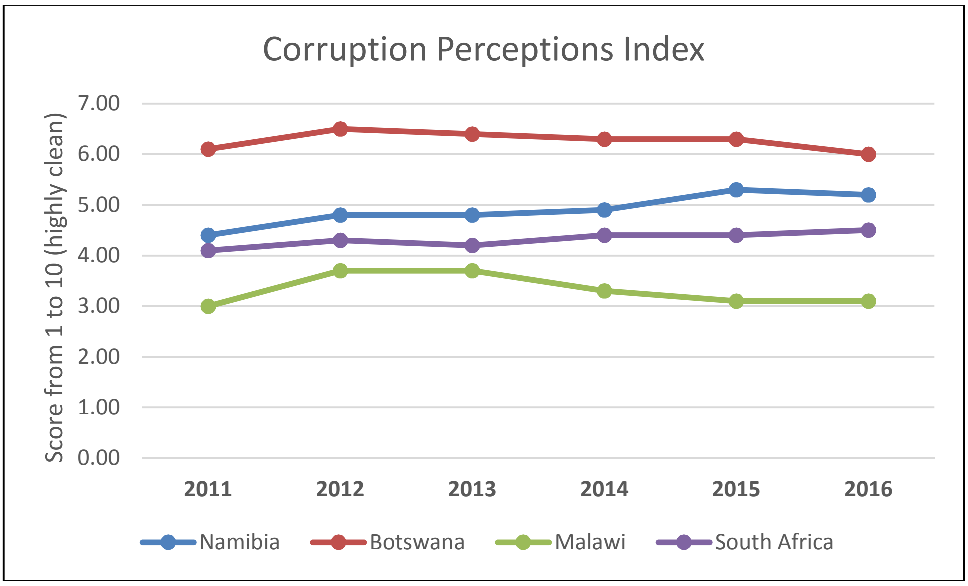



Source: The World Bank Databank, Worldwide Governance Indicators

"Control of Corruption" measures the extent to which public power is exercised for private gain and the extent to which the state is captured by elites and private interests. This indicator is measured on a scale from -2.5 to 2.5 where higher values reflect better governance. Namibia's estimated control of corruption improved slightly from 0.25 in 2009 to 0.28 in 2015. This is better than Malawi and South Africa, which were at -0.76 and -0.04 in 2015. Botswana does better than the other three at 0.84 for 2015.

Namibia's score on the "Corruption Perceptions Index" (CPI), is better than that of Malawi and South Africa, but not of Botswana. On a scale from 0 ("highly corrupt") to 10 ("highly clean"), Namibia's score increased from 4.4 in 2011 to 5.2 in 2016. Botswana registered a score of 6 in the same year, while South Africa and Malawi had scores of 4.5 and 3.1, both seeing improvement over the last few years.

[14] Kaapama et al, 2007.



Source: Transparency International

"Government Effectiveness" measures the quality of public services, the capacity of the civil service and its independence from political pressures, the quality of policy formulation and implementation, and the credibility of the Government's commitment to such policies. In a range of values from -2.5 to 2.5 with higher values indicating better performance, Namibia's estimated government effectiveness gradually improved from 0.13 in 2009 to 0.26 in 2015. Out of the three comparison countries, Botswana registered an improvement from 0.48 in 2009 to 0.51 in 2015. Malawi went from -0.47 in 2009 to -0.67, and while South Africa started off better at 0.48 in 2009 it went to 0.27 in 2015.

"Voice and Accountability" measures the extent to which citizens participate in selecting their government, as well as freedom of expression, freedom of association and a free media. Unlike with other 'good governance' indicators, here South Africa outperforms all three neighbouring countries used for comparison in this report, even Botswana, by scoring 0.63 in 2015, on a scale from -2.5 to 2.5 with higher values indicating better governance. Namibia scored 0.56 in 2015, which was up from 0.37 in 2009. Botswana was at 0.43 in 2015, and Malawi at -0.01.

### Key Indicators

| Control of Corruption | | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|---|---|---|---|---|---|---|---|---|
| The extent to which public power is exercised for private gain, including both petty and grand forms of corruption, as well as "capture" of the state by elites and private interests.<br><br>Source: Worldwide Governance Indicators, The World Bank Databank[15] | **Namibia** | 0.25 | 0.30 | 0.28 | 0.30 | 0.29 | 0.23 | 0.28 |
| | **Botswana** | 0.92 | 1.00 | 0.98 | 0.92 | 0.91 | 0.80 | 0.84 |
| | **Malawi** | -0.38 | -0.46 | -0.37 | -0.44 | -0.62 | -0.76 | -0.76 |
| | **South Africa** | 0.14 | 0.09 | 0.03 | -0.16 | -0.11 | -0.11 | -0.04 |

[15] http://databank.worldbank.org/data/views/variableselection/selectvariables.aspx?source=worldwide-governance-indicators

| Corruption Perceptions Index (CPI) | | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|---|---|---|---|---|---|---|---|
| The Transparency International CPI measures the perceived levels of public-sector corruption as seen by business people and country analysts in a given country and is a composite index, drawing on different expert and business surveys. **Source: Transparency International**[16] ***In 2012, Transparency International changed the CPI scale from 0-10 to 0-100. In the interest of comparison, the numbers reflected here for 2012 are thus altered, where the original score given is divided by 10.** | **Namibia** | 4.4 | 4.8 | 4.8 | 4.9 | 5.3 | 5.2 |
| | **Botswana** | 6.1 | 6.5 | 6.4 | 6.3 | 6.3 | 6 |
| | **Malawi** | 3 | 3.7 | 3.7 | 3.3 | 3.1 | 3.1 |
| | **South Africa** | 4.1 | 4.3 | 4.2 | 4.4 | 4.4 | 4.5 |

| Government Effectiveness | | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|---|---|---|---|---|---|---|---|---|
| The quality of public services, the capacity of the civil service and its independence from political pressures, the quality of policy formulation and implementation, and the credibility of the government's commitment to such policies. **Source: Worldwide Governance Indicators, The World Bank Databank**[17] | **Namibia** | 0.13 | 0.08 | 0.07 | 0.14 | 0.19 | 0.12 | 0.26 |
| | **Botswana** | 0.48 | 0.47 | 0.48 | 0.50 | 0.43 | 0.36 | 0.51 |
| | **Malawi** | -0.47 | -0.42 | -0.44 | -0.48 | -0.48 | -0.64 | -0.67 |
| | **South Africa** | 0.48 | 0.39 | 0.41 | 0.35 | 0.44 | 0.34 | 0.27 |
| | Estimate of governance measured on a scale from approximately -2.5 to 2.5. Higher values correspond to better governance. | | | | | | | |

| Voice & Accountability | | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|---|---|---|---|---|---|---|---|---|
| The extent to which a country's citizens are able to participate in selecting their government, as well as freedom of expression, freedom of association, and a free media. **Source: Worldwide Governance Indicators, The World Bank Databank**[18] | **Namibia** | 0.37 | 0.35 | 0.34 | 0.38 | 0.39 | 0.54 | 0.56 |
| | **Botswana** | 0.42 | 0.44 | 0.40 | 0.51 | 0.47 | 0.41 | 0.43 |
| | **Malawi** | -0.16 | -0.21 | -0.26 | -0.22 | -0.19 | -0.07 | -0.01 |
| | **South Africa** | 0.55 | 0.58 | 0.57 | 0.56 | 0.59 | 0.63 | 0.63 |
| | Estimate of governance measured on a scale from approximately -2.5 to 2.5. Higher values correspond to better governance. | | | | | | | |

[16] www.transparency.org

[17] http://databank.worldbank.org/data/views/variableselection/selectvariables.aspx?source=worldwide-governance-indicators

[18] http://databank.worldbank.org/data/views/variableselection/selectvariables.aspx?source=worldwide-governance-indicators

## 2.3. Social dialogue

Social dialogue with the freedom of association and the right to collective bargaining is fundamental for the achievement of effective, equitable and mutually beneficial outcomes for ILO constituents and society at large. Namibia has ratified the main ILO instruments relevant to social dialogue and workers' and employers' representation. These include: the Freedom of Association and Protection of the Right to Organise and Convention, 1948 (No. 87), the Right to Organise and Collective Bargaining and Convention, 1949 (No. 98), and the Tripartite Consultation (International Labour Standards) Convention, 1976 (No. 144). Chapter 3 of the Namibian constitution protects the right to freedom of association, including the right to form a trade union and the right to withhold labour without criminal penalties. The Constitution explicitly mentions fair employment practices and adherence to international conventions and the recommendations of the ILO. The Ministry of Labour, Industrial Relations and Employment Creation mandates labour related issues, including occupational safety and health standards; the law empowers the President to enforce these standards through inspections and penalties. Labour laws are infrequently and erratically enforced, and particularly given the size of the informal sector, monitoring the adherence to the letter and spirit of existing laws is limited.

Social dialogue exists largely within the realm of the formal economy, and presupposes the organization of labour into interest groups. Results from the Namibia Labour Force Surveys (NLFS) of 2000 and 2004 show that about 0.21 percent of the population was employed in the formal sector in 2004, the number having shrunk a little bit from 2001[19]. A 2008 NLFS found that there were about 175,000 people employed in the formal economy in agriculture and otherwise, which was a very small percentage of the population (1.8 million) and of the working age population (1.1 million)[20].

There are two main trade union federation in Namibia: the National Union of Namibian Workers (NUNW) is affiliated with SWAPO, and the Trade Union Congress of Namibia (TUCNA) which is unaffiliated with any political party. NUNW was created in 1971 in the context of the national liberation movement, to operate closely with SWAPO in the struggle for independence from the apartheid system[21]. Unions of workers in different sectors are affiliated with NUNW or TUCNA:

The Namibian Employers' Federation (NEF) was founded in 1994 and is the largest and oldest employers' association in Namibia- membership is open to any employer in compliance with Namibian legislation[22]. The NEF participates in advisory committees at the government level, and is represented on many statutory bodies[23].

The Labour Act of 2007 guides Namibia's labour law, and governs employment contracts. Improving on the Labour Act of 1992, the 2007 version provides for comprehensive alternative dispute resolution mechanisms such as conciliation, mediation and arbitration procedures[24]. A Labour Court was created to address labour matters under the new law, which went into effect at the end of 2008.

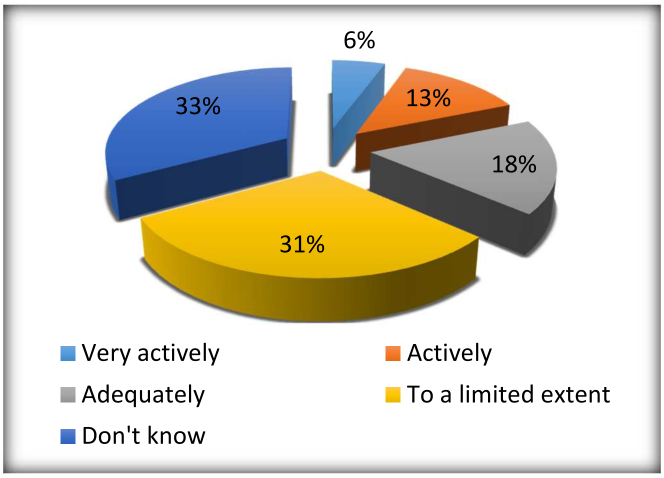
There is no generally applicable minimum wage law in Namibia, but there are some rules regulating working conditions and wages for certain sectors such as agriculture, construction and

[19] ILO, 2010.
[20] ILO, 2011.
[21] South African History Online, 20 January 2016.
[22] Namibian Employers' Federation.
[23] ILO, 2010.
[24] Parker, 2012.

security, which have been arrived at through collective bargaining[25]. A law relating to working conditions and minimum wages for domestic workers was passed in 2016[26], with the minimum wage set to increase annually at the rate of the consumer price index plus 5 percent[27].

The EESE Namibia Survey showed that most respondents were not convinced that the GRN actively promotes social dialogue and makes use of the process to decide on policy. 33 percent did not have enough knowledge, 31 percent thought tripartite social dialogue was promoted to a limited extent, and only a relatively low 6 percent agreed that the government actively promotes social dialogue. Employees from the mining, tourism and hotel sectors were somewhat more convinced of the government's efforts to promote tripartism.

**Extent to Which Government Actively Promotes Tripartite Social Dialogue and Utilizes the Process in Policy Decision Making**




Source: EESE Namibia Survey

When asked about the effectiveness of labour or legal institutions and regulations in dealing with conflicts and dispute resolution between employers and workers 37 percent of the respondents of large enterprises found that these were very effective, while 26 percent thought they were sometimes effective. In contrast 51 percent of respondents from informal enterprises did not know, or volunteer a response, while 29 percent of respondents from informal enterprises thought that existing official dispute resolution mechanisms were sometimes effective.

In practice, the extent to which workers have the right to collective bargaining was differentiated between large enterprises and informal enterprises. 27 percent of respondents from large enterprises found the right to collective bargaining generally easy, while a further 27 percent found it sometimes difficult. In comparison, 37 percent of respondents from SMEs didn't know or say, 25 percent found it sometimes difficult and 14 percent of respondents from SMEs found it generally easy. Of informal enterprises 54 percent of respondents didn't know or say, and 32 percent found collective bargaining sometimes difficult with only 7 percent saying it was generally easy.

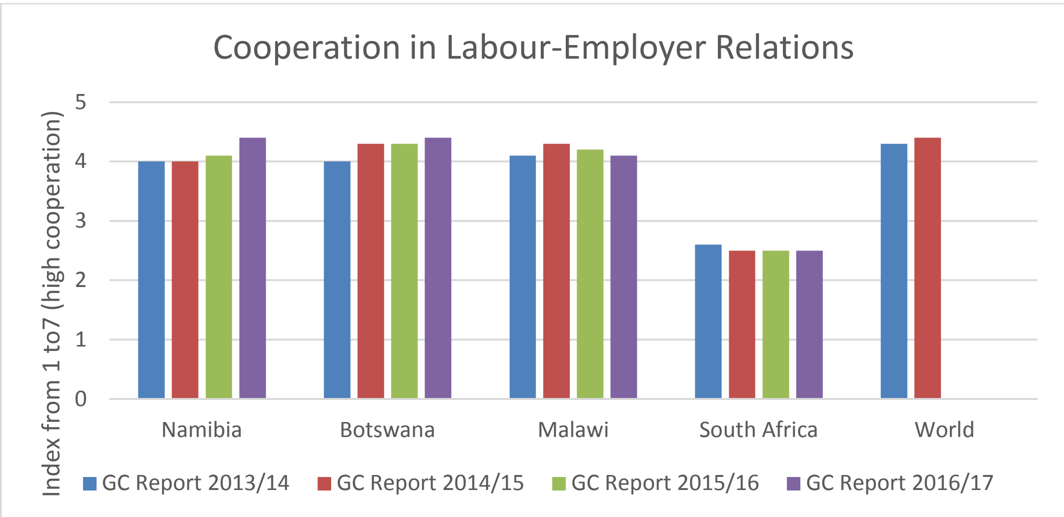
Respondents were surveyed on whether they thought trade unions adequately represented

[25] U.S Department of State, 2015.
[26] ITUC, 6 June 2016.
[27] U.S. Department of State, 2015.

the concerns of employees on matters concerning business and the economy. 31 percent of respondents from large enterprises agreed to a limited extent, and 29 percent did not agree, with 13 percent just agreeing and 10 percent strongly agreeing. 58 percent of respondents from informal enterprises did not know or say, while 21 percent agreed to a limited extent, only 16 percent were more in agreement than this. In general, the survey found that representation of employees was inadequate but that were was also a widespread lack of awareness on the subject. As might be expected, respondents from larger enterprises had more defined views, and better information on the functioning of trade unions.

When asked about whether employers' associations adequately represented the interests of business at the local, regional and national levels, respondents from informal enterprises either didn't know or declined to answer. 28 percent of respondents from large enterprises agreed, 27 percent saying they did so to a limited extent with 12 percent strongly agreeing that employers' associations adequately represented business interests.

"Cooperation in Labour-Employer Relations" determines whether labour-employer relations are confrontational or cooperative on a scale from 1 to 7 with higher values indicating higher levels of cooperation. The existing data indicates increasing levels of cooperation in Namibia, going from 4 in 2013 to 4.4 in 2016. Namibia's levels of cooperation are the same as Botswana's and higher than the levels in Malawi and South Africa; South Africa scored the lowest at 2.5 in 2016.




Source: World Economic Forum, Global Competitiveness Reports

**Key Indicators**

| **Cooperation in Labour-Employer Relations** | **Report** | **2013/14** | **2014/15** | **2015/16** | **2016/17** |
|---|---|---|---|---|---|
| The World Economic Forum (WEF) Survey asked business leaders to provide their expert opinions on the following: "Labour-employer relations in your country are". **Source: World Economic Forum Executive Opinion Survey**[28] | **Namibia** | 4 | 4 | 4.1 | 4.4 |
| | **Botswana** | 4 | 4.3 | 4.3 | 4.4 |
| | **Malawi** | 4.1 | 4.3 | 4.2 | 4.1 |
| | **South Africa** | 2.6 | 2.5 | 2.5 | 2.5 |
| | **World** | 4.3 | 4.4 | | |
| | 1 = generally confrontational, 7 = generally cooperative | | | | |

[28] http://www.weforum.org/issues/global-competitiveness

## 2.4. Respect for universal human rights and international labour standards

Respect for universal human rights and International Labour Standards (ILS) is a distinctive feature of societies that have successfully integrated sustainability and decent work into their economies. Fundamental human rights and freedoms, in Namibia, are enshrined in chapter three of the Constitution, which contains the Bill of Rights detailing 15 fundamental human rights and 10 fundamental human freedoms. There is a growing collection of national laws that gives domestic force to international human rights conventions, as these are not self-executing.

Namibia has adopted 8 of the 9 main international human rights conventions. Namibia has yet to ratify the Convention for the Protection of All Persons from Enforced Disappearance. South Africa has also adopted 8 of the 9 main human rights conventions, while Malawi has ratified 7 and Botswana 5. All four countries have ratified the 8 ILO core conventions on freedom of association and collective bargaining, and the abolition of child labour, forced labour and all forms of discrimination.

Respect for Freedom of Association (Conventions No. 87 and No. 98) should strengthen respect for human rights, thus contributing to the goals of the Commission on Human Rights and Good Governance. Freedom of association will contribute to better labour relations, industrial and social peace, productivity growth and a more stable environment for domestic and foreign investment needed for accelerated economic growth and poverty reduction.

Abolition of the worst forms of child labour arising from the application of Conventions No. 138 and No. 182 will liberate children from the drudgery and damage of hazardous work, which deprive them of education, and adversely affect them mentally and physically. With the Namibian Government's current policy of providing free primary and secondary education, children can be sent to school. The benefits of a more educated work force for accelerated economic growth are incontestable.

The abolition of forced and compulsory labour required by Conventions No. 29 and No. 105 similarly should contribute to good governance and respect for human rights. If workers are free to choose where they work rather than be forced into some occupations, they are more likely to be more productive and earn higher wages which will contribute more effectively to the growth of sustainable enterprises.

Namibia faces many challenges to securing human rights for all its citizens. Some of these include discrimination and violence against women and children, including rape, child abuse, and child labour. Discrimination against ethnic minorities, indigenous people and disabled people is also unfortunately common. The social stigmatization of persons with HIV/AIDS continues. Allegations of police brutality continue to emerge[29]. Judicial delays and lengthy detentions prior to trial make the enforcement of human rights difficult.

The Ombudsman's Office is an autonomous body, established by chapter 10 of the Namibian Constitution which investigates credible complaints about human rights violations, corruption and the protection of the environment. It has the power to make recommendations, and take direct action by initiating court proceedings or referring matters to the Prosecutor General or Auditor General[30]. The Ombudsman cannot investigate the judicial branch but they have the discretionary power to provide

[29] Freedom House, 2016.

[30] EISA, December 2009.

legal assistance to people engaged in legal proceedings to uphold their human rights[31]. In 2006 the function of investigating corruption was moved to the ACC[32]. The Office of the Ombudsman lacks resources, both financial and human, to function more effectively.

The constitution provides for the freedom of speech and the freedom of the press. Access to the internet is not restricted by the government and there are no reports of the censorship of online content[33]. Many private publications and websites are critical of the government, though this sometimes results in party leaders issuing criticism and threats in return[34]. The largest media outlet is the state-owned Namibian Broadcasting Corporation, about which concerns of excessive government influence have emerged. A bill to protect whistle-blowers was tabled in early 2017 though concerns have been raised about the lack of independence of various bodies provided for in the bill and some of its other clauses[35].

Additional indicators can help better assess the human rights situation in Namibia. For instance, the "Political Rights Index" measures the level of freedom in the electoral process, political pluralism and participation, and functioning of government. The index ranges from 1 to 7 with higher values indicating a lower degree of freedom. In 2014, Namibia scored an index of 2 performing as well as South Africa in the 2012-2016 period. Botswana and Malawi were slightly higher at an index of 3 in the same years.

The "Civil Liberties Index" measures freedom of expression, assembly, association, and religion on a scale from 1 to 7 with lower values corresponding to better performance. Namibia scores the same as its neighbours, with a sustained index of 2 over the 2012-2016 period. Malawi, in comparison, started a 4 in 2012 and went down to 3 in 2016.

**Key Indicators**

| **Ratification of Human Rights Conventions** | | **As of March 2017** |
|---|---|---|
| It shows the status of human rights referring to ratification of following 9 conventions: Convention against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment; Convention on the Rights of the Child; Convention on the Elimination of All Forms of Discrimination against Women; International Convention on the Elimination of All Forms of Racial Discrimination; Convention on the Prevention and Punishment of the Crime of Genocide; International Covenant on Civil and Political Rights; International Covenant on Economic, Social and Cultural Rights; International Convention for the Protection of All Persons from Enforced Disappearance; Convention on the Rights of Persons with Disabilities.<br><br>**Source: United Nations Treaty Collection Multilateral Treaties Deposited with the Secretary General (UNTC)[36]** | **Namibia** | 8 |
| | **Botswana** | 5 |
| | **Malawi** | 7 |
| | **South Africa** | 8 |
| | Number of ratified Conventions out of 9. | |

[31] EISA, December 2009.
[32] EISA, 2009.
[33] U.S. Department of State, 2015.
[34] Freedom House, 2016.
[35] IPPR, February 2017.
[36] http://treaties.un.org/

| Ratification of fundamental ILO Convention | | As of March 2017 |
|---|---|---|
| It shows the status of labour rights conventions. It refers to ratification of following 8 conventions: Freedom of association and collective bargaining (Convention 87, 98), Elimination of forced and compulsory labour (29, 105), Elimination of discrimination in respect of employment and occupation (Convention 100, 111), Abolition of child labour (Convention 138, 182)<br><br>**Source: ILO**[37] | **Namibia** | 8 |
| | **Botswana** | 5 |
| | **Malawi** | 7 |
| | **South Africa** | 8 |
| | Number of ratified Conventions (out of 8) | |

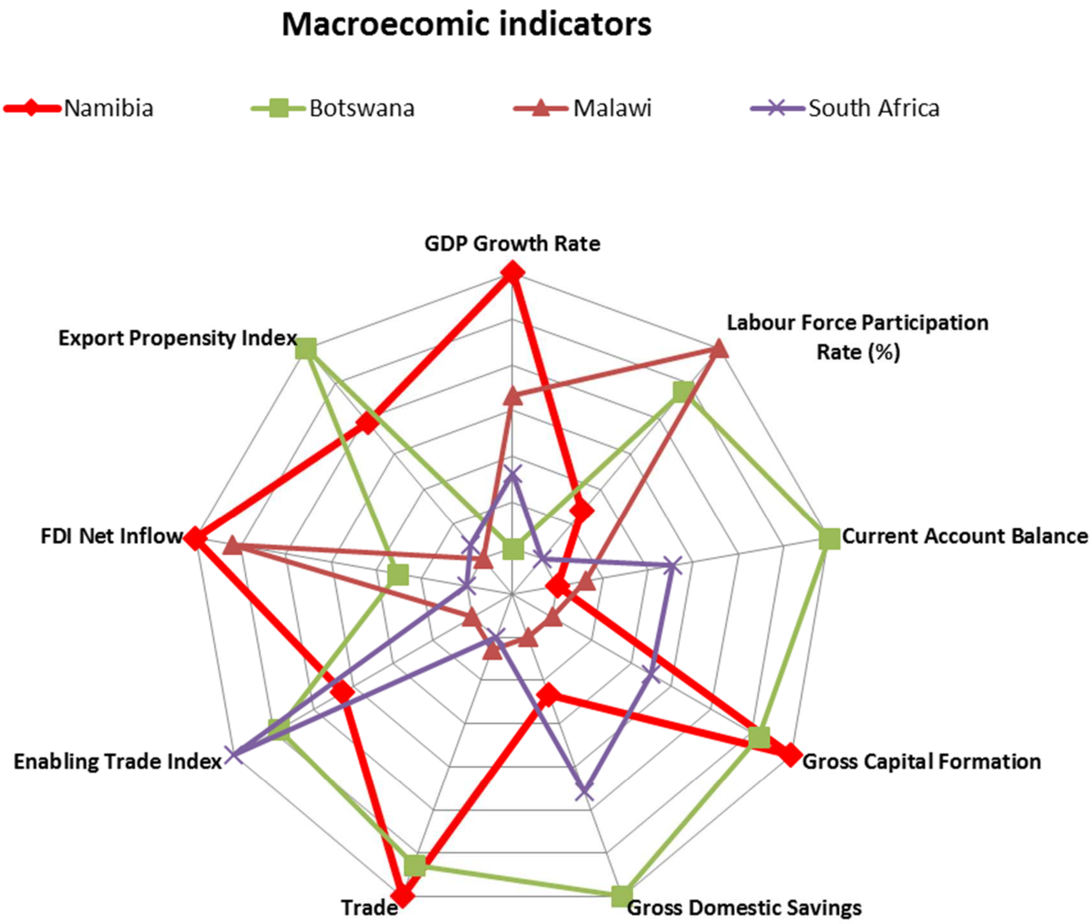
## Other Useful Indicators

| Political Rights Index | | 2012 | 2013 | 2014 | 2015 | 2016 |
|---|---|---|---|---|---|---|
| The Political Rights index measures the degree of freedom in the electoral process, political pluralism and participation, and functioning of government.<br><br>**Source: Freedom House, The Freedom in the World Survey**[38] | **Namibia** | 2 | 2 | 2 | 2 | 2 |
| | **Botswana** | 3 | 3 | 3 | 3 | 3 |
| | **Malawi** | 3 | 3 | 3 | 3 | 3 |
| | **South Africa** | 2 | 2 | 2 | 2 | 2 |
| | Freedom House rates political rights on a scale of 1 to 7, with 1 representing the most free and 7 representing the least free. | | | | | |

| Civil Liberties Index | | 2012 | 2013 | 2014 | 2015 | 2016 |
|---|---|---|---|---|---|---|
| The Civil Liberties index measures freedom of expression, assembly, association, and religion.<br><br>**Source: Freedom House, The Freedom in the World Survey**[39] | **Namibia** | 2 | 2 | 2 | 2 | 2 |
| | **Botswana** | 2 | 2 | 2 | 2 | 2 |
| | **Malawi** | 4 | 4 | 4 | 4 | 3 |
| | **South Africa** | 2 | 2 | 2 | 2 | 2 |
| | Freedom House rates civil liberties on a scale of 1 to 7, with 1 representing the most free and 7 representing the least free. | | | | | |

[37] http://www.ilo.org/ilolex/english/docs/declworld.htm
[38] http://www.freedomhouse.org/report-types/freedom-world
[39] http://www.freedomhouse.org/

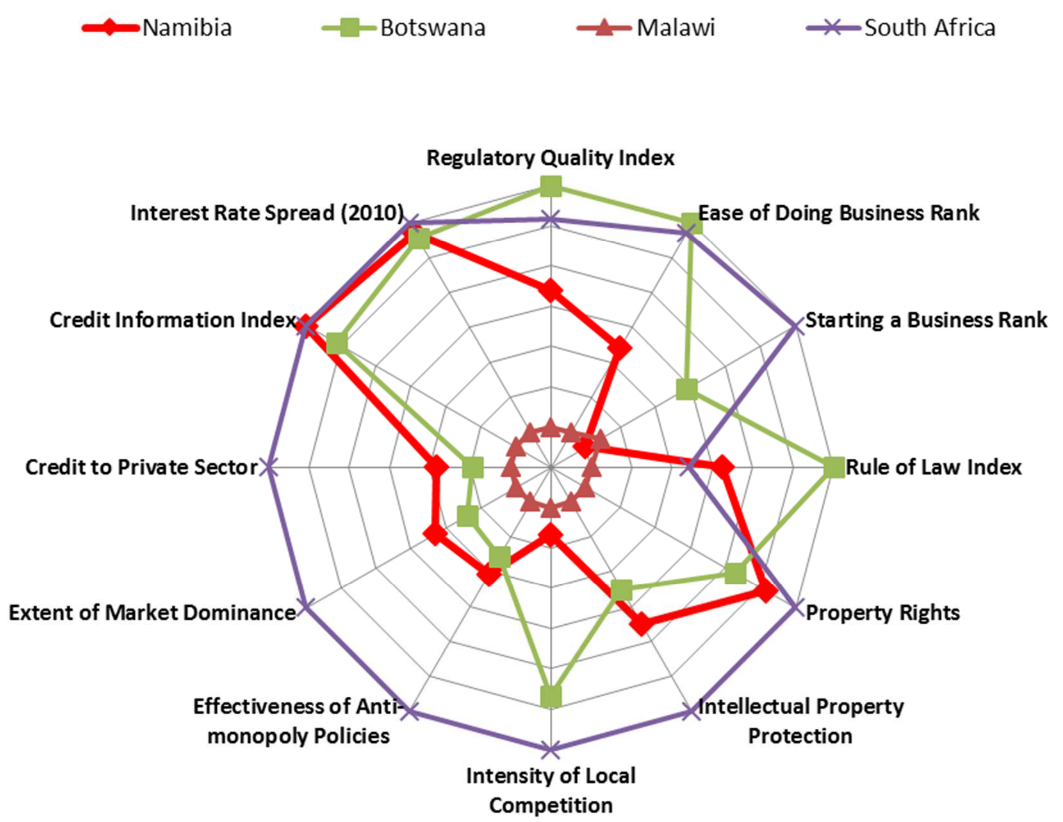
## 3. Economic elements




Note: the values for the individual indicators have been harmonized for better presentation and formatted so that the further from the centre a data point is, the better the country's performance in that regard. The original indicator values are included in the chapters.

- Namibia was classified as an upper-middle income country by the World Bank in 2009 based on the estimated per capita income. Despite this, income inequality is very high and a large proportion of the population live in poverty.
- The economy is largely dependent on revenues from natural resource extraction, mining of precious stones, tourism and agriculture. Trade is a high proportion of GDP.
- A large proportion of the population is engaged in agriculture, and roughly two thirds of rural Namibians survive on subsistence agriculture, so the improvement of agricultural productivity is necessary for incomes to in the lowest quartile to rise.
- South Africa is the most important trading partner; the Namibia dollar is pegged to the Rand.
- National development priorities in the medium-term are laid out in National Development Plans; NDPs are formulated under the overarching framework of Vision2030.
- Namibia is a member of the South African Development Community and of the South African Customs Union.
- Many policies exist to promote foreign investment in manufacturing.

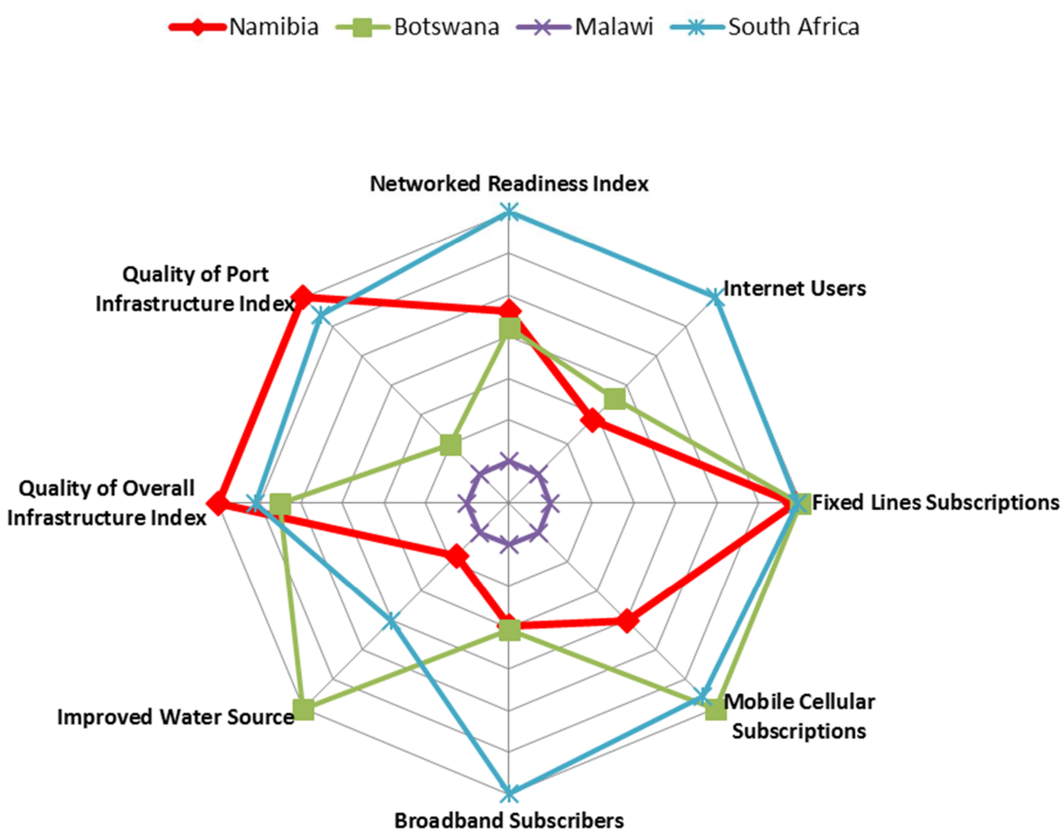
## Access to credit, property rights and competition indicators




Note: the values for the individual indicators have been harmonized for better presentation and formatted so that the further from the centre a data point is, the better the country's performance in that regard. The original indicator values are included in the chapters.

- The Ministry of Industrialization, Trade and SME Development is primarily responsible for the basic legal framework for the regulation of industry and commerce.
- A new Public Procurement Act was passed in 2015, and came into effect in April 2017, to bring greater transparency to the process.
- Namibia's regulatory quality index has deteriorated since 2009, and the Ease of Doing Business rank has fallen from 74 in 2011 to 108 in 2016.
- Employees of large enterprises tend to find the regulatory business environment in Namibia more supportive than SME owners and employees.
- Less than half of the respondents were aware of services and incentives provided by the GRN for SMEs.
- New business density data is available for Namibia for 2012 when it was 0.85 newly registered companies per 1000 people, while the Sub-Saharan average was 2.06 in the same year.
- Competition is legally protected by the Competition Act of 2003 but only 6 percent of survey respondents thought that competition policy was effective.

## ICT and infrastructure indicators




Note: the values for the individual indicators have been harmonized for better presentation and formatted so that the further from the centre a data point is, the better the country's performance in that regard. The original indicator values are included in the chapters.

- In 2008 the Ministry of Information and Communication Technology was created to help accelerate the use and development of ICTs in Namibia.
- The widespread of mobile technology makes mobile banking possible, promoting financial inclusion, particularly in rural areas.
- The commercial banking sector is well developed, but SMEs require greater access to credit. To meet this the need, the SME Bank was established in 2012.
- The EESE Survey found that access to finance presented a challenge for businesses in Namibia across all sectors but particularly for SMEs and enterprises in the informal economy.
- Good road connections exist between Namibia and the rest of the SADC region; the Port of Walvis Bay has been developed as an important transit point for commercial traffic in the region.
- Namibian rail infrastructure is inadequate and requires investment.
- The absence of rural transport infrastructure, has left some areas quite isolated making participation in economic activities difficult.

## 3.1. Sound and stable macroeconomic policy and good management of the economy

Macroeconomic policies ought to guarantee stable and predictable economic conditions. Sound economic management should combine the objectives of creating more and better jobs, combating inflation, and implementing policies and regulations that stimulate long-term productive investment. Political stability and seemingly genuine efforts at sound macroeconomic management exist in Namibia, but poverty remains endemic, and challenges to inclusive growth persist.

Namibia was classified as an upper-middle income country by the World Bank in 2009, based on an estimated per capita income of USD 4310[40]. Between 2009 and 2013 the Namibian economy grew at 4.3 percent on average[41]. The economy is largely dependent on revenues from natural resource extraction, mining of precious stones, tourism and agriculture. Severe socio-economic disparities exist, many of which have persisted since the end of apartheid, such as those in income distribution, standard of living and quality of life. In 2014 the unemployment rate was 28.1 percent[42] and in 2013 the incidence of poverty was 26.9 percent[43]. In 2016 unemployment had increased to 34 percent of the working population, according to the Namibia Statistics Agency[44]. According to the 2014 Labour Force Survey overall youth unemployment was at 39.2 percent in 2014, though this was a reduction from previous years[45]. In 2010 about half the population lived below the international poverty line, on less than USD 1.25 a day[46].

Manufacturing as a percentage of GDP was 12.1 percent in 2013 and manufactured goods were 16.5 percent of total exports in 2013[47]. Estimates for 2016 were that agriculture contributed to 5.5 percent of the GDP, with industry being 29 percent and services being the origin of 65.6 percent[48]. In comparison 31 percent of the labour force is engaged in agriculture, 14 percent in industry and 54 percent in services, though about half of the overall population is unemployed, two thirds of the population live in rural areas, and roughly two thirds of rural dwellers survive on subsistence agriculture[49]. Namibia's main exports are diamonds, uranium and gold; the extraction and processing of minerals remain the main driver of growth despite an increasing share of GDP coming from services and manufacturing[50]. The Namibian dollar (N$) is pegged to the South African rand, and both are accepted legal tender in the country. The health of the Namibian economy is closely tied to that of South Africa, being Namibia's most proximate and important trading partner by volume[51].

Medium-term national development priorities are laid out in National Development Plans (NDP), the fourth of which was introduced in 2012, placing a renewed emphasis on high and

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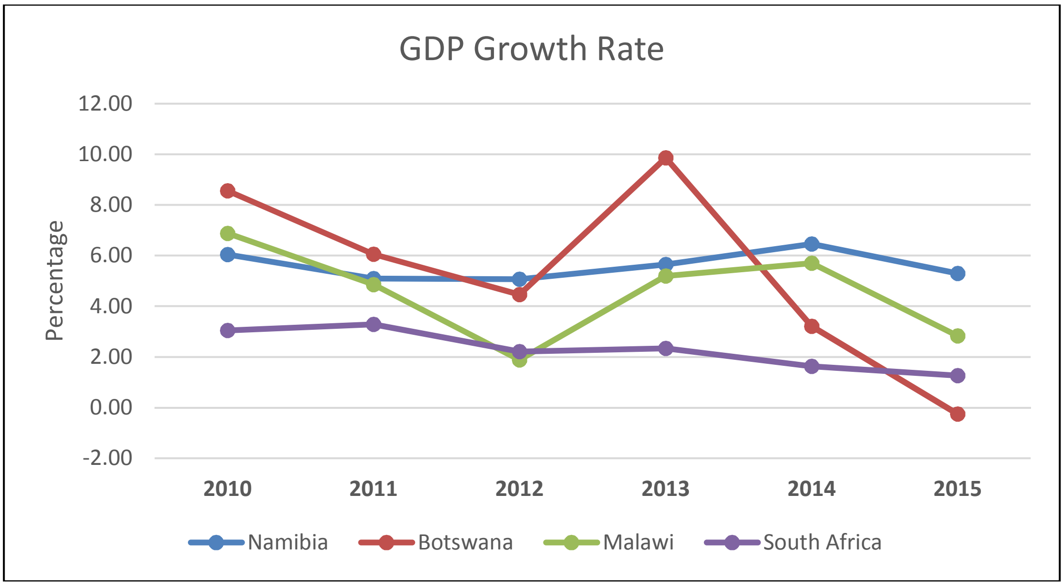
[40] WHO, 2017.
[41] UNDP, 2015.
[42] ILO, 2015.
[43] UNDP, 2015.
[44] Reuters, 24 May 2017.
[45] ILO, 2015.
[46] ILO, 2010.
[47] UNDP, 2015.
[48] CIA, 2017.
[49] CIA, 2017.
[50] AfDB, 2014.
[51] Global Edge, 2017.

sustainable growth, employment creation and reducing income inequality[52]. The NDPs are formulated under the overarching framework of the country's Vision 2030. NDP4 focuses on the four priority sectors of logistics, tourism, manufacturing and agriculture in order to stimulate private sector-led industrialization, greater export orientation and economic diversification[53].

Figures from the Namibia Statistics Agency based on their household income and expenditure survey showed that poverty rates had fallen over the last 13 years; this may be attributed to a combination of economic growth and an expansion of the social safety net.[54] Economic growth was supported by fiscal stimulus, low interest rates, and an upward trend in the global economy[55]. In order to promote greater resilience from global and regional shocks, efforts to diversify the economy need to be supported[56]. Overall the rate of industrialisation has been lower than desired led by a small local market, a partially state-led mixed economy, limited credit availability, and limited human resource availability[57].

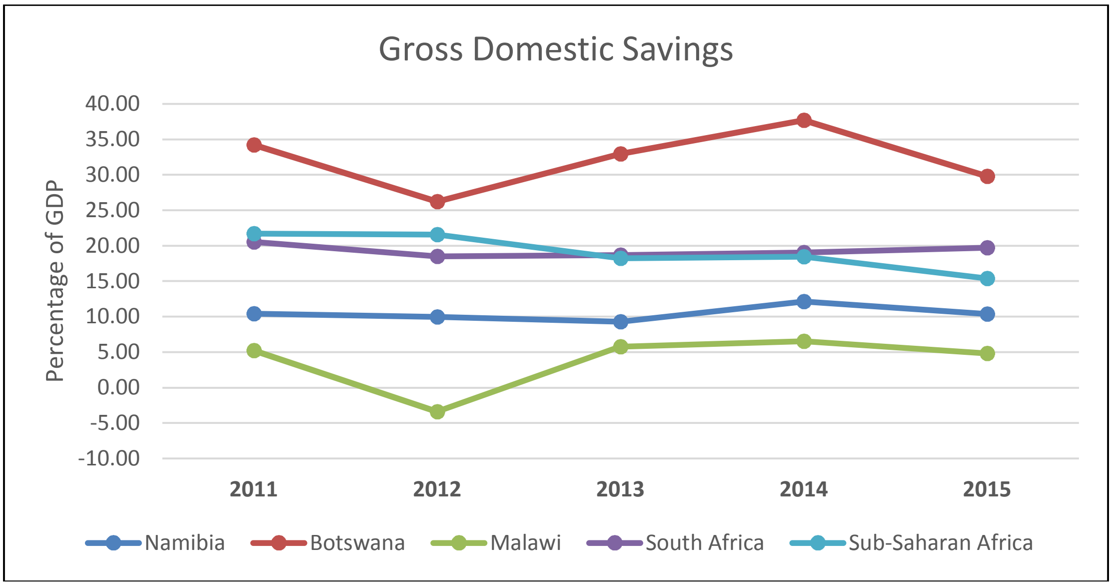



Source: World Bank Databank, World Development Indicators Online

Productivity in the agricultural sector remains low, and more than half the population depends on forestry and agriculture for their livelihoods though it accounts for, proportionally, a much smaller fraction of the GDP[58]. Low rainfall and persistent drought conditions in recent years have led to a drop in agricultural productivity, and reduced crop production that have an impact on the reduced GDP in recent years[59]. The mining sector provides about 25 percent of Namibia's revenue but as the GRN recognizes in-country processing activities need to be increased to result in the employment of more people, increasing productivity levels, and more robust GDP growth[60].

52 AfDB, 2014.
53 AfDB, 2014.
54 IPPR, December 2016.
55 IPPR, December 2016.
56 AfDB, 2014.
57 EEAS, April 2014.
58 GRN, March 2015.
59 GRN, March 2015.
60 GRN, March 2015.

The depreciation of the Namibian dollar, and high food prices have led to inflation though private consumption and investment continue to drive growth[61]. Namibia's fiscal position is fairly healthy, as the government manages expenditure and keeps the fiscal deficit within limits[62]. The stimulus environment promotes private consumption, which has grown in recent years, as has domestic fixed capital formation driven by private investment in mining[63]. The fiscal stimulus environment has led to an increase in public sector debt but the fiscal risk limit is within SADC limits, and the deficit is thought to be financed in a sustainable manner, with the increased spending going largely to education (18% of the budget), then defence (12 percent of the budget) and health (10 percent of the budget)[64].



Source: World Bank Databank, World Development Indicators Online

According to World Bank data, the "Labour Force Participation Rate" (LFPR) in Namibia was at 59.50 in 2014, having reduced slightly from 61.20 percent in 2010. South Africa is at 52 percent, while Botswana and Malawi do better at 76.80 and 83 percent respectively.

**Key Indicators**

| **GDP Growth (%)** | | **2010** | **2011** | **2012** | **2013** | **2014** | **2015** |
|---|---|---|---|---|---|---|---|
| Annual percentage growth rate of Gross Domestic Product (GDP) at market prices based on constant local currency. GDP is the sum of gross value added by all resident producers in the economy plus any product taxes and minus any subsidies not included in the value of the products. It is calculated without making deductions for depreciation of fabricated assets or for depletion and degradation of natural resources. **Source: World Bank Databank(World Development Indicators Online)**[65] | **Namibia** | 6.04 | 5.09 | 5.06 | 5.65 | 6.46 | 5.30 |
| | **Botswana** | 8.56 | 6.05 | 4.46 | 9.86 | 3.20 | -0.25 |
| | **Malawi** | 6.87 | 4.85 | 1.89 | 5.20 | 5.70 | 2.83 |
| | **South Africa** | 3.04 | 3.28 | 2.21 | 2.33 | 1.63 | 1.26 |
| | **Sub-Saharan Africa** | 5.39 | 4.32 | 3.72 | 4.76 | 4.59 | 3.01 |
| | Annual percentage growth rate of GDP | | | | | | |

[61] AfDB, 2016.
[62] IMF, December 2016.
[63] AfDB, 2016.
[64] AfDB, 2016.
[65] http://databank.worldbank.org/data/home.aspx

| Labour Force Participation Rate | | 2010 | 2011 | 2012 | 2013 | 2014 |
|---|---|---|---|---|---|---|
| The labour force participation rate is the proportion of the population ages 15-64 that is economically active: all people who supply labour for the production of goods and services during a specified period. The labour force participation rate is calculated by expressing the number of persons in the labour force as a percentage of the working-age population. The labour force is the sum of the number of persons employed and the number of unemployed. The working-age population is the population above a certain age, prescribed for the measurement of economic characteristics. | **Namibia** | 61.20 | 59.90 | 58.5 | 59.00 | 59.50 |
| | **Botswana** | 76.50 | 76.60 | 76.7 | 76.70 | 76.80 |
| | **Malawi** | 83.10 | 83.10 | 83.0 | 83.00 | 83.00 |
| | **South Africa** | 51.30 | 51.30 | 51.8 | 52.1 | 52.50 |
| | **Source:** World Bank, World Development Indicators online[66] | | | | | |

| Current Account Balance (% of GDP) | | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|---|---|---|---|---|---|---|---|---|
| Current account balance (also called 'current account surplus/deficit') is the sum of net exports of goods and services, net income, and net current transfers. It is a record of a country's transactions with the rest of the world. It shows whether a country is 'living within its means'. If a country is spending more abroad than it earns from the rest of the world then corrective action will be necessary, e.g. to maintain the value of the country's currency in relation to other countries' currency. The balance of payments is a double-entry accounting system that shows all flows of goods and services into and out of an economy. All transactions are recorded twice - once as a credit and once as a debit. In principle the net balance should be zero, but in practice the accounts often do not balance, requiring inclusion of a balancing item, net errors and omissions. Positive current account (surplus) balance is associated with positive net exports. If the current account balance is negative, it measures the portion of domestic investment financed by foreigners' savings. | **Namibia** | -1.48 | -3.46 | -3.05 | -5.70 | -4.06 | -7.46 | -13.30 |
| | **Botswana** | -6.31 | -2.76 | 3.08 | -1.08 | 9.37 | 15.63 | 7.79 |
| | **Malawi** | -8.77 | -13.93 | -14.24 | -12.45 | -22.76 | -18.64 | -11.09 |
| | **South Africa** | -2.67 | -1.46 | -2.24 | -5.13 | -5.89 | -5.30 | -4.34 |
| | % of GDP<br>**Source**: International Monetary Fund, World Economic Outlook Database[67] | | | | | | | |

[66] http://databank.worldbank.org/data/home.aspx

[67] http://www.imf.org/external/pubs/ft/weo/2010/01/weodata/index.aspx

| **Gross Capital Formation (% of GDP)** | | **2011** | **2012** | **2013** | **2014** | **2015** |
|---|---|---|---|---|---|---|
| Gross capital formation consists of outlays on additions to the fixed assets of the economy plus net changes in the level of inventories. Fixed assets include land improvements (fences, ditches, drains, and so on); plant, machinery, and equipment purchases; and the construction of roads, railways, and the like, including schools, offices, hospitals, private residential dwellings, and commercial and industrial buildings. Inventories are stocks of goods held by firms to meet temporary or unexpected fluctuations in production or sales, and "work in progress." Gross capital formation (also called investment rate or gross domestic investment), along with foreign direct investment, is critical to economic growth and economic development. High level of gross capital formation in a period of time refers to increase in the value of inventories. High level of gross capital formation or investment is conducive to economic growth. **Source: World Bank Databank, World Development Indicators Online[68].** | **Namibia** | 22.38 | 26.72 | 25.21 | 32.98 | 34.19 |
| | **Botswana** | 37.76 | 38.14 | 32.88 | 30.63 | 31.13 |
| | **Malawi** | 12.43 | 12.06 | 12.72 | 12.01 | 11.28 |
| | **South Africa** | 19.72 | 19.97 | 21.05 | 20.75 | 20.73 |
| | **Sub-Saharan Africa** | 20.43 | 21.03 | 21.27 | 21.59 | 20.54 |

## 3.2. Trade and sustainable economic integration

Trade can lead to positive employment effects through efficiency gains. However, as trade integration can also lead to job dislocation, increased informality and growing income inequality, the employment and decent work impact of trade policies must be carefully considered.

Trade is a high percentage of the GDP in Namibia, as in addition to the exports, Namibia imports several key goods and services. The largest number of imports originates in South Africa, followed by the UK, China, Germany and other countries[69]. Namibian exports are primarily natural resource-based though agricultural products and services such as tourism also make up some share. The dependence on mining makes the economy susceptible to external shocks in the form of fluctuating global commodity prices. In 2016 an estimated USD 4.185 billion worth of goods were exported from Namibia, comprising primarily of diamonds, copper, gold, zinc, lead, uranium, cattle, white fish and molluscs[70]. Imports of approximately USD 6.888 billion were made including machinery and equipment, food stuffs, petroleum products, and chemicals[71].

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[68] http://databank.worldbank.org/data/home.aspx
[69] UNDP, 2011.
[70] CIA, 2017.
[71] CIA, 2017.

Namibia is a member of the Southern African Development Community (SADC). The SADC is the reconstituted SADCC- South African Development Coordination Conference, originally set up in 1980 to reduce the economic dependence in the region, on apartheid South Africa[72]. Following the independence of Namibia and the imminent collapse of apartheid rule in South Africa, the SADC was formed to facilitate regional cooperation to address problems of national development- this cooperation may be along political lines, defence agreements, or economic cooperation[73]. The management of shared watercourses, transport corridors, and access to low cost energy through the South African Power Pool are some of the joint economic efforts Namibia participates in and benefits from[74]. All SADC countries are members of the World Bank Multilateral Investments Guarantee Agency, which provides political risk insurance guarantees against political acts such as expropriation in order to promote foreign direct investment[75]. Trade agreements facilitate the flow of goods and services across the SADC.

Namibia is also part of the Southern African Customs Union (SACU), which consists of Botswana, Lesotho, Namibia, Swaziland and South Africa. This allows Namibia preferential access to a dynamic regional market[76]. The SACU harmonises tariffs, bordered taxes and other customs related technicalities while also creating a common revenue pool and sharing mechanism, which has supported Namibian exports in the region[77]. A large percentage of government spending is derived from SACU; member states are dependent on the revenues generated primarily by South African customs which are then redistributed[78]. The SACU agreement does not provide for a coordination of macroeconomic policies, and while South Africa has a highly diversified economy, Namibia does not.

The GRN has displayed a strong commitment to promoting economic growth and employment through foreign investment and trade. The Ministry of Industrialization, Trade and SME Development (MITSD) is the governmental authority primarily in charge of implementing the Foreign Investment Act (FIA) of 1990, which governs foreign direct investment (FDI) in Namibia. Under the FIA the Namibia Investment Centre (NIC) was established, to serve as the official investment promotion and facilitation hub. The NIC often serves as the first contact point for potential investors providing information about opportunities and incentives to invest. It is also responsible for screening potential investors, and assessing their credibility as well as the potential economic benefit to the country, though final decisions are made by the Minister of Industrialization, Trade and SME Development[79].

“Trade” as an indicator measures the sum of exports and imports of goods and services as a share of GDP. Namibia’s trade as a percentage of GDP has been increasing at a healthy pace in the last few years with a drop in 2013. In 2015 trade as a percentage of GDP was 112.04 percent, with Botswana at 105.95 percent, Malawi at 64.85 percent and South Africa at 62.45 percent in the same year.

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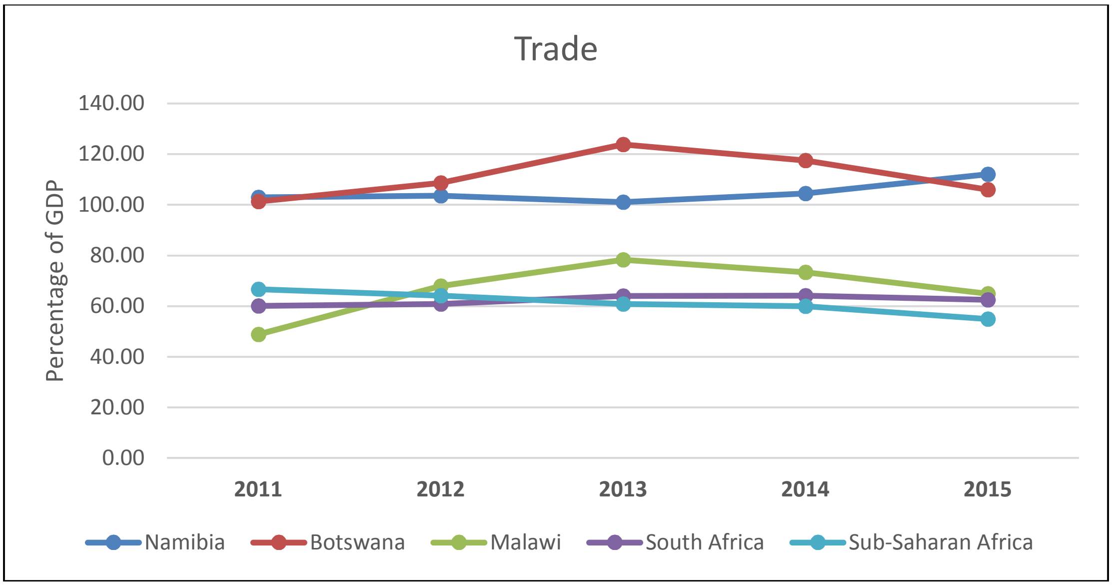
[72] Mbuende, 2014.
[73] Mbuende, 2014.
[74] Mbuende, 2014.
[75] Mbuende, 2014.
[76] UNDP, 2011.
[77] WTO, 2015.
[78] IRIN, 2010.
[79] U.S. Department of State, 2016.



Source: World Bank Databank, World Development Indicators Online.

The "Enabling Trade Index" measures the factors, policies and services that facilitate the free flow of goods over borders and to final destination. On a scale from 1 to 7 where the highest value indicates that a country is successful at enabling the free flow of trade, in 2016 Namibia scored an index of 4.25. This was a little lower than Botswana at 4.41 and South Africa at 4.52, but better than Malawi at 3.93.

According to World Bank's 2017 Doing Business data, 7 documents were required in order to import to Namibia in 2015 and 8 documents required for exports. Data on this indicator is not available after 2015; in 2015 the number of documents required in order to export from Botswana was 6, from Malawi 11, and from South Africa 5. The number of documents required to import into the country was 6 in Botswana, 12 in Malawi and 6 in South Africa[80].

"Foreign Direct Investment" (FDI) measures the net inflows of investment to acquire lasting management of an enterprise operating in a country different from that of the investor. The rates of FDI relative to GDP recorded for Namibia are higher than those of comparison countries.

Namibia's net inflow of FDI as a percentage of GDP has fluctuated over the last few years, increasing from 6.80 percent in 2010 to 8.28 percent in 2012, then going as low as 3.15 percent in 2014, before rising again to 9.22 percent in 2015. The numbers for Botswana and Malawi also fluctuate a great deal, while South Africa has remained relatively more stable, going from 0.98 percent in 2010 to 0.50 in 2015. In Sub-Saharan Africa as a whole average FDI net inflow was about 2.61 percent of GDP in 2015, while Botswana was at 2.74 percent and Malawi at 8.05 percent for the same year.

Many policies exist to promote foreign investment in manufacturing, and to add value to local resources. Chief among these is the fact that Export Processing Zones (EPZs) and Special Economic Zones (SEZs) in Namibia are incentivised by the Export Processing Zone Act of 1995[81]. Potential foreign investors are offered exemptions from corporate tax, exemptions from VAT, as well as assistance with the procurement of suitable locations[82]. There are no geographical restrictions in place as to where EPZs may be set up in Namibia, and they are allowed in all industrial sectors as long as the exports are

[80] World Bank Doing Business Project, http://www.doingbusiness.org/custom-query.
[81] UNDP, 2011.
[82] UNDP, 2011.

meant for markets outside the SACU region, earn foreign exchange, and employ Namibian labour[83]. The GRN makes grants available to EPZ companies in order to enhance the skills and productivity of Namibian workers[84]. At the end of 2013 there were about 20 EPZ companies in Namibia, most operating in the area of minerals beneficiation[85].

Consultations are being carried out over a Public Private Partnership (PPP) bill which provides guidelines and procedures for PPP projects, creating a framework for governance and oversight in order to ensure transparency and fair competition. The bill allows for the establishment of a committee within the finance ministry to oversee contracts for projects that are expected to help develop infrastructure and public service delivery within the country[86]. The Ministry of Finance is tasked with implementing the PPP policy, which is to be integrated into the national planning progress to advance the goals of NDPs and Vision 20130.[87] Previous PPP deals in Namibia have been controversial as state entities have entered contracts as long as 100 years with companies run by well-connected businessmen and a criticism of the new PPP policy is that clauses to protect transparency could be strengthened.[88]

The “Export Propensity Index” measures the export of goods and services as a percentage of GDP. In 2015 Namibia registered an export propensity index of 44.12 percent, which is a higher percentage than Malawi (29.19 per cent), South Africa (30.72 percent) and Sub-Saharan Africa (24.88 percent) but not Botswana (52.31).

## Key Indicators

| **Trade (% of GDP)** | | 2011 | 2012 | 2013 | 2014 | 2015 |
|---|---|---|---|---|---|---|
| Trade is the sum of exports and imports of goods and services measured as a share of gross domestic product. It takes values between 0 and +∞. Please note that the trade-to-GDP ratio refers to the sum of the imports and exports and could therefore exceed 100%.<br><br>**Source: World Bank Databank, World Development Indicators Online[89]** | **Namibia** | 103.00 | 103.57 | 101.06 | 104.50 | 112.04 |
| | **Botswana** | 101.36 | 108.65 | 123.79 | 117.51 | 105.95 |
| | **Malawi** | 48.79 | 67.88 | 78.27 | 73.40 | 64.85 |
| | **South Africa** | 60.11 | 60.90 | 63.98 | 64.09 | 62.45 |
| | **Sub-Saharan Africa** | 66.65 | 64.11 | 60.80 | 59.94 | 54.95 |
| | Trade share (%) in GDP. | | | | | |

[83] U.S. Dept of State, 2016.
[84] U.S. Dept of State, 2016.
[85] U.S. Dept. Of State, 2016.
[86] GRN, September 2015.
[87] GRN, September 2015.
[88] Tha Namibian, 14 November 2016.
[89] http://databank.worldbank.org/data/home.aspx

| Enabling Trade Index (ETI) | | Report 2009 | Report 2010 | Report 2012 | Report 2014 | Report 2016 |
|---|---|---|---|---|---|---|
| The Enabling Trade Index measures the factors, policies and services facilitating the free flow of goods over borders and to destination. The index breaks the enablers into four overall issue areas: (1) market access, (2) border administration, (3) transport and communications infrastructure and (4) the business environment. Note: As a result of methodological changes introduced in the 2014 report, the results are not strictly comparable over time. **Source: Global Enabling Trade Reports World Economic Forum**[90] | **Namibia** | 3.93 | 3.96 | 3.92 | 4.12 | 4.25 |
| | **Botswana** | | 4.21 | 4.31 | 4.27 | 4.41 |
| | **Malawi** | 3.77 | 3.82 | 3.79 | 3.88 | 3.93 |
| | **South Africa** | 3.92 | 3.95 | 4.10 | 4.41 | 4.52 |
| | On a scale from 1 to 7, a high score in the overall ETI indicates that a country is relatively successful at enabling the free flow of trade. | | | | | |

| FDI net inflow (% of GDP) | | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|---|---|---|---|---|---|---|---|
| Foreign direct investment are the net inflows of investment to acquire a lasting management interest (10 per cent or more of voting stock) in an enterprise operating in an economy other than that of the investor. It is the sum of equity capital, reinvestment of earnings, other long-term capital, and short-term capital as shown in the balance of payments. This series shows net inflows in the reporting economy and is divided by GDP. **Source: World Bank Databank, World Development Indicators Online**[91] | **Namibia** | 6.80 | 6.00 | 8.28 | 6.71 | 3.15 | 9.22 |
| | **Botswana** | 1.71 | 8.74 | 3.32 | 2.69 | 3.24 | 2.74 |
| | **Malawi** | 1.39 | 10.18 | -0.15 | 8.31 | 9.88 | 8.05 |
| | **South Africa** | 0.98 | 0.99 | 1.17 | 2.24 | 1.65 | 0.50 |
| | **Sub-Saharan Africa** | 2.10 | 2.68 | 2.28 | 2.27 | 2.51 | 2.61 |
| | FDI net inflow (in current US$ as % of GDP). | | | | | | |

[90] http://www3.weforum.org/docs/
[91] http://databank.worldbank.org/data/home.aspx

**Other Useful Indicators**

| Export Propensity Index = Exports of goods and services (% of GDP) | | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|---|---|---|---|---|---|---|---|
| Exports of goods and services represent the value of all goods and other market services provided to the rest of the world. They include the value of merchandise, freight, insurance, transport, travel, royalties, license fees, and other services, such as communication, construction, financial, information, business, personal, and government services. They exclude labour and property income (formerly called factor services) as well as transfer payments.<br><br>**Source: World Bank Databank, World Development Indicators Online**[92] | **Namibia** | 47.76 | 45.53 | 43.41 | 42.56 | 41.82 | 44.12 |
| | **Botswana** | 43.64 | 48.90 | 48.36 | 61.93 | 62.28 | 52.31 |
| | **Malawi** | 22.79 | 20.78 | 26.20 | 35.66 | 33.96 | 29.19 |
| | **South Africa** | 28.62 | 30.46 | 29.72 | 30.80 | 31.18 | 30.72 |
| | **Sub-Saharan Africa** | 31.74 | 33.97 | 32.33 | 28.86 | 28.37 | 24.88 |
| | It ranges from 0 (with no exports) to 100 (with all domestic production exported). | | | | | | |

## 3.3. Enabling legal and regulatory environment

Well-designed and well-implemented clear regulations, including those that uphold labour and safety standards, are good for the promotion of start-ups and enterprise development. They facilitate formalisation and boost systemic competitiveness. The MITSD is primarily responsible for the basic legal framework for the regulation of industry and commerce[93]. While a broader reform of government and public administration to improve efficiency might be necessary, certain specific coordinated changes might vastly improve the existing state of affairs in Namibia.

Business in the formal economy in Namibia may be conducted as a public company, private company, a branch of a foreign company, closed corporation, partnership, joint venture or as a sole trader[94]. The Companies Act of 2004 regulates domestic companies and those incorporated outside of Namibia but which trade through local branches[95]. There is no legal requirement that foreign companies must have a local partner or presence in order to do commerce in Namibia. Many do, however, find that a local presence is helpful. The increased rate of urbanisation has led to an expansion of the urban informal economy, which engages a significant percentage of low income and unskilled or semiskilled labour in the country[96]. The vast majority of the informal economy remains beyond the scope of much of the existing regulatory and legal environment as set up and administered by the GRN.

In 2013 the MITSD launched an initiative to promote job creation through the manufacture of products with added value[97]. Greater emphasis is placed on the importance of commodity-based

[92] http://databank.worldbank.org/data/home.aspx
[93] PWC, 2014.
[94] U.S. Department of State, 2016.
[95] U.S. Department of State, 2016.
[96] AfDB, 2016.
[97] U.S. Department of State, 2016.

industrialization by strengthening local and national value chains and creating more efficient linkages in order to increase the ease of doing business. One complaint that investors often have is that the process of obtaining work permits for foreigners in Namibia is lengthy and administratively taxing, which affects FDI[98]. The GRN cites the high unemployment rate within the country as a reason for the strict enforcement of policy on work permits, but the skills and enhanced human resources can be scarce in the Namibian labour force, and the labour market requires more skilled personnel than are locally available.

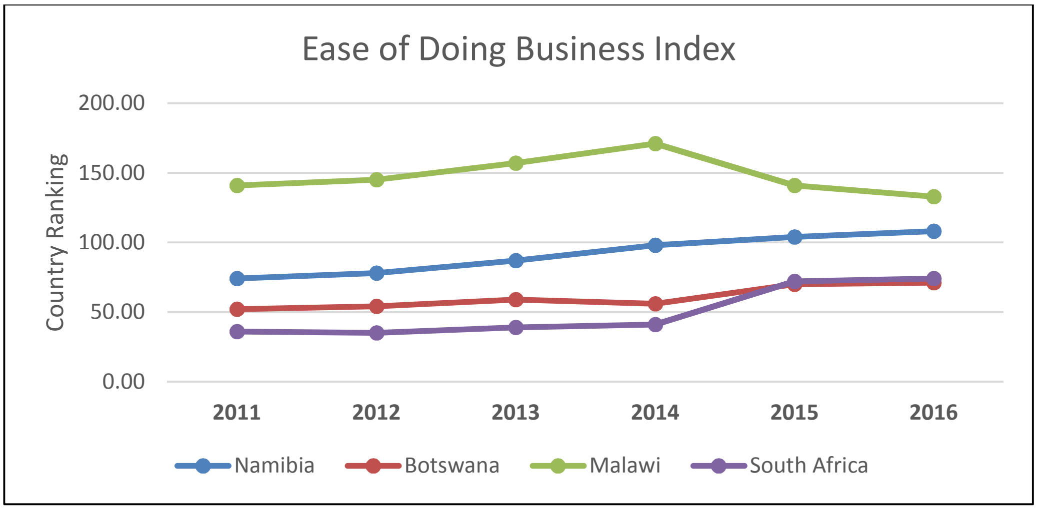
A new Public Procurement Act was passed in 2015 which is more in line with international standards and brings greater transparency to the process of public procurement[99]. Work on a Public Finance Management Bill, which would amend and modernize the current State Finance Act is ongoing- these two together would greatly improve the clarity of the legal and regulatory environment for economic governance in terms of public financial obligations[100]. Anti-corruption and improved transparency efforts need to be redoubled in addition to the new legislation relating to economic management to improve overall governance.

A draft bill on the New Equitable Economic Empowerment Framework (NEEEF), which is likely to be tabled in late 2017, has led to apprehensions over investment, and the business environment in general. NEEEF according to the GRN, when tabled, will "supersede all other transformation and empowerment policies of the GRN, as well as provide the framework within which all private sector initiatives, past and future, are expected to conform to"[101]. A compulsory divestment clause relating to white-owned companies, is one of the chief causes for concern[102].

The "Regulatory Quality Index" measures the ability of a government to provide sound policies and regulations for the promotion of the private sector. Namibia's regulatory quality index has deteriorated since 2009, dropping from 0.10 to -0.08 in 2015, on a scale from -2.5 to 2.5 with higher values indicating a better performance. Namibia scores lower on this indicator than Botswana and South Arica, though Malawi has a lower value at -0.82 in 2015. South Africa has deteriorated slightly from 0.40 in 2009 to 0.30 in 2015.

Namibia's shortcomings in the legal framework for investment are echoed in the low Ease of Doing Business rankings. The "Ease of Doing Business Index" ranks economies from 1 to 190, where the first place reflects a regulatory environment conducive to business operations. This index comprises averages for 10 different topics. Namibia's dropping in rank between 2011 and 2016 from 74 to 108 reflects a worsening of the business environment. In the same period Botswana moved down from 52 to 71, while South Africa moved from 36 to 74. Malawi marginally improved, going from 141 in 2011 to 133 in 2016.

[98] U.S. Department of State, 2016.
[99] U.S. Department of State, 2016.
[100] GRN, 2017.
[101] GRN, http://www.opm.gov.na/neeef.
[102] The Namibian, 25 April 2017.



Source: World Bank, Doing Business Project

The “Starting a Business Index” records the officially required procedures to start and operate an enterprise. Economies are ranked from 1 to 190, with first place indicating more favourable conditions for starting a business. Namibia’s ranking has declined over time, sinking from 125th place in 2012 to 164th place in 2016. Botswana went from 90$^{th}$ place in 2012 to 143$^{rd}$ in 2016, while Malawi went from rank 139 to 161, and South Africa from rank 44 to 120. The number of days required to start a business in Namibia stayed the same over the last five years, at 66 though the ranking went from 125 in 2012 to 164 in 2016. In terms of the number of days required to start a business Namibia performs the worst of the comparison countries, as Botswana was at 48 in 2016, Malawi at 38 and South Africa at 46.

Understanding legal and regulatory measures is critical to enable adaptation to the existing business environment, and in general the EESE Survey noted that a large number of respondents were not aware of regulatory measures that might pertain to them.

EESE Survey respondents were asked where they were registered, and how they rated the business registration process. 41 percent of all respondents did not know about registration with the tax office, and another 40 percent were not aware of registering employees with the social security office though it is a mandatory statutory requirement that all employees be registered. 339 of the 400 formal enterprise respondents surveyed indicated that they were registered with the tax office. An informal sector registration card exists but only 3 of the 100 informal enterprises had procured one.

When asked about the effect of the regulatory environment on small businesses in Namibia 34 percent of large enterprises indicated that it was sometimes a hindrance while 39 percent of SMEs surveyed said they did not know, as did 57 percent of the informal enterprises. 19 percent of SME employees found the regulatory environment to be relatively supportive, while 3 percent of SME employees found it to be very supportive. 33 percent of employees of large enterprises found the effect of the regulatory environment on large business in Namibia to be relatively supportive, with a further 19 percent finding it very supportive. 57 percent of informal enterprise respondents, 47 percent of employees, and 43 percent of SME respondents, when asked the same question about the effect of the regulatory environment on large businesses in Namibia did not know or volunteer an answer. In general, it was found that younger respondents, between the ages of 18 and 34 were more optimistic about the regulatory environment and its relative support, than respondents above the age of 35.

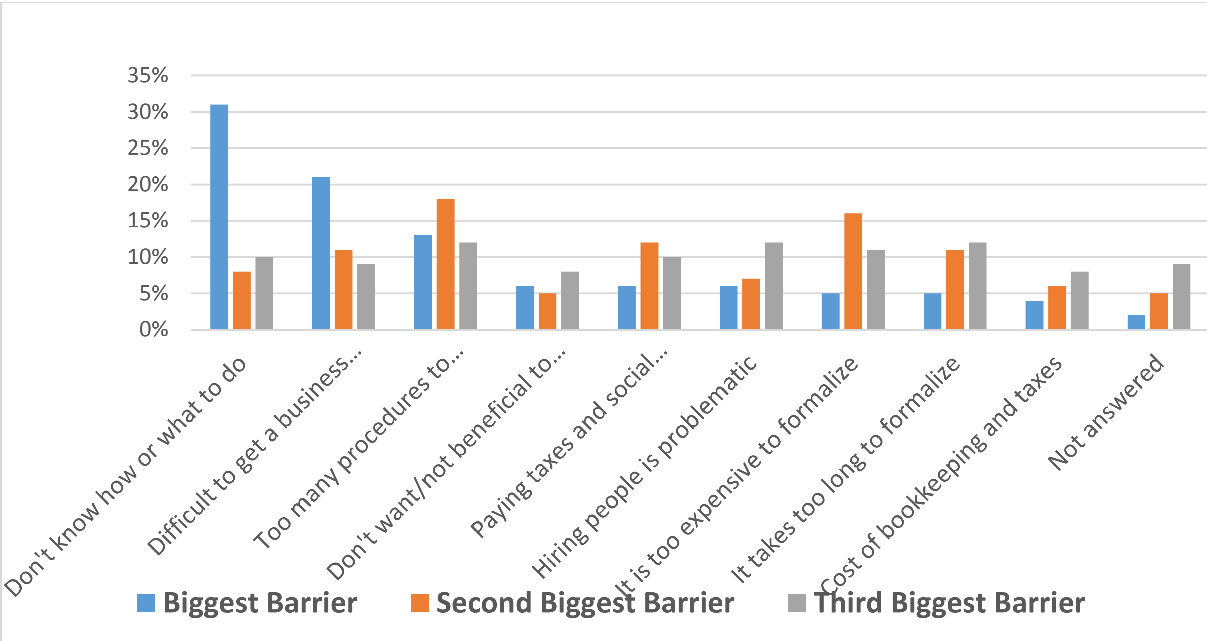
The EESE Survey in Namibia found that there was relatively strong agreement among respondents that the formal and informal business community did not understand labour legislation, and that labour law was not always respected.

45 percent of respondents from large enterprises found that an inclusive process was partially followed when new policies or regulation were being proposed, amended or enacted. Again large proportions, 55 percent for informal enterprises, 48 percent of employees surveyed and 40 percent of respondents from SMEs, stated they did not know.

35 percent of employees of large enterprises felt that workers in Namibia understand labour law partially as did 31 percent of SME employees. 44 percent of informal enterprise respondents and 43 percent of employees said they did not know if workers understood the labour law, as did 31 percent of SME employees. 20 percent of respondents overall felt that most small businesses were aware of, but ignored provisions of the labour law while 31 percent were of the opinion that most small businesses find it difficult to comply with the labour law.

Low market demand and the cost of inputs were perceived as the factors affecting businesses most negatively, while the limited access to affordable and relevant financial services was also seen as a major constraint to the running of a business. When asked if the GRN provided any services or incentives for small enterprises less than half of the respondents were aware of these. Less than half were aware or believe that the GRN provides any services or incentives for small enterprises. When it came to rating the support system for individuals looking to establish a new business between 20 percent and one third gave a negative rating which implies that these systems are not supportive enough.

**Biggest Barriers to Formalizing a Business**




Source: EESE Namibia Survey

When asked about the greatest barriers to formalizing a business in Namibia not knowing how or what to do was marked most often, and by respondents from all types of businesses followed by there being too many procedures to register a business, and it being difficult to get a business license.

**Key Indicators**

| Regulatory Quality Index | | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|---|---|---|---|---|---|---|---|---|
| The ability of the government to provide sound policies and regulations that enable and promote private sector development. Estimate of governance measured on a scale from approximately -2.5 to 2.5. Higher values correspond to better governance. <br><br> **Source: World Bank, Worldwide Governance Indicators**[103] | **Namibia** | 0.10 | 0.08 | 0.04 | 0.08 | 0.09 | -0.01 | -0.08 |
| | **Botswana** | 0.48 | 0.46 | 0.50 | 0.62 | 0.58 | 0.58 | 0.49 |
| | **Malawi** | -0.44 | -0.57 | -0.70 | -0.70 | -0.68 | -0.78 | -0.82 |
| | **South Africa** | 0.40 | 0.36 | 0.40 | 0.38 | 0.42 | 0.30 | 0.30 |
| | Estimate of governance measured on a scale from approximately -2.5 to 2.5. Higher values correspond to better governance. | | | | | | | |

| Starting a Business (rank) | | 2012 | 2013 | 2014 | 2015 | 2016 |
|---|---|---|---|---|---|---|
| Starting a Business Index records all procedures that are officially required for an entrepreneur to start up and formally operate an industrial or commercial business. These include obtaining all necessary licenses and permits and completing any required notifications, verifications or inscriptions for the company and employees with relevant authorities. <br><br> **Source: World Bank, Doing Business project**[104]**.** | **Namibia** | 125 | 133 | 132 | 154 | 164 |
| | **Botswana** | 90 | 99 | 56 | 135 | 143 |
| | **Malawi** | 139 | 141 | 149 | 158 | 161 |
| | **South Africa** | 44 | 53 | 64 | 113 | 120 |
| | The index ranks economies from 1 to 189, with first place being the best. | | | | | |

## 3.4. Rule of law and secure property rights

A formal and effective legal system, which guarantees that contracts are honoured and upheld, the rule of law is respected, and property rights are secure, is a key condition for attracting investment, as well as for nurturing trust and fairness in a society.

The Constitution of Namibia is the supreme law of the land, and it establishes the division of powers between the executive, legislative and judiciary branches. The judiciary operates with a fair degree of independence, and the Auditor-General's office maintains the oversight of financial governance in the country[105]. The legal system generally operated as an effective means to protect property and contractual obligations though legal proceedings can sometimes be very long drawn. The

[103] http://databank.worldbank.org/data/views/variableselection/selectvariables.aspx?source=worldwide-governance-indicators#c_s
[104] http://www.doingbusiness.org/EconomyRankings/
[105] PWC, 2014.

Office of the Ombudsman and Anti-Corruption Commission are also operational though their success at checking corruption at higher levels seems limited.

For historical reasons Namibian law is rooted in South African legal principles and legislation, founded on a system that is known as Roman-Dutch law[106]. Judicial power is vested in the Supreme Court, a High Court, Lower Courts and Special Courts such as the Income Tax Court and the Lands Tribunal. At present there is no court for arbitration in Namibia, and no formal structure for arbitration though the FIA allows for the settlement of disputes by international arbitration for investors under certain conditions[107].

A system of customary law also exists and from 2011 the GRN started to implement the Community Courts Act, which creates linkages between the customary and state legal systems, formally recognizing the traditional courts in the administration of justice[108]. Customary justice systems are characterized by their more flexible nature, and are generally the primary point of access to the legal system, particularly in rural areas[109]. They are also characterized by barriers to access for traditionally disempowered groups, such as women, for whom participation in traditional courts is difficult given the multiplicity of cultural and economic obstacles. Customary laws are valid if they do not conflict with the constitution, or other statutory laws.

The Namibian constitution protects the right to private property, but allows the state to expropriate property in the interest of the public under the Agricultural (Commercial) Land Reform Act of 1995[110]. By and large the GRN has followed a “willing seller/willing buyer” policy as a crucial feature of land reforms, though they have often been criticised as being implemented too slowly[111]. A few farms have been expropriated but success with these efforts has been limited. Land reform is an imperative for socio-economic progress and is a politically charged issue in a country where the vast majority of land and other resources continue to be concentrated in the hands of a small white minority. Efforts to empower people who have historically not had access or the right to property include proposals to recognise flexible land tenure, and other property-rights based approaches to poverty alleviation[112].

The constitution lays forth the principle that the ownership of natural resources is vested in the Namibian state[113]. Section 11 of the FIA underlines a commitment to compensation at market rates in the event of expropriation of property[114]. All Namibian citizens have the right to acquire, own and dispose of property across Namibia, though the constitution reserves for parliament the right to draft new laws concerning the expropriation of property and to regulate the right of foreign national to own or purchase property in the country[115].

Namibia is a signatory to the World Intellectual Property Organization (WIPO) Convention and the WIPO Copyright Treaty, among other international conventions relating to the protection of

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[106] PWC, 2014.
[107] U.S. Department of State, 2016.
[108] Peters and Ubink, 2015.
[109] Canada : Immigration and Refugee Board, 2012.
[110] U.S. Department of State, 2016.
[111] U.S. Department of State, 2016.
[112] Mooya and Cloete, 2010.
[113] U.S. Department of State, 2016.
[114] U.S. Department of State, 2016.
[115] U.S. Department of State, 2016.

intellectual property rights[116]. No national intellectual protection framework exists and there is a need for more effective coordination between public and private bodies to exchange information on issues that might affect different sectors[117]. Intellectual property right protection generally falls under the mandate of the MITSD, which oversees industrial property and in responsible for registering companies, patents, trademarks and so on through the Business and Intellectual Property Authority (BIPA). BIPA is set up as a non-profit SOE, though a bill to make it an autonomous government body and redefine its mandate and structure had been drafted[118]. The Ministry of Information and Communication Technology manages copyright protection while the Ministry of Environment and Tourism protects indigenous knowledge related to plant varieties and traditional uses.

Namibia performs well relative to the comparison countries in the "Rule of Law Index" with Malawi and South Africa scoring poorly, and Botswana scoring the highest of the four. Namibia's score has worsened slightly over time, going from 0.22 in 2009 to 0.19 in 2015 on a scale from -2.5 to 2.5 where higher values correspond to better governance. Botswana, Malawi and South Africa have also registered a slide in values.

The "Property Rights index" estimates how well property rights are defined and protected by law on a scale of 1 to 7, where higher values indicate that property laws are clearly defined and well protected by law. In this regard Namibia scored a value of 5.2 in 2016, having remained at 5.1 for some years prior. South Africa outperformed the rest at 5.4, while Botswana was at 5 and Malawi at 4 for 2016.

The "Intellectual Property Protection" index assesses whether the protection of intellectual property in a country is weak and not enforced, or strong and enforced, on a scale from 1 to 7 with higher values corresponding to better performance. In 2016, Namibia scored an above average value of 4.7, having improved from 4.3 in 2013. South Africa consistently scored better, with a 5.7 in 2016, but both Botswana and Malawi do not do as well at 4.3 and 3.3 respectively for 2016.

### Key Indicators

| **Rule of Law Index** | | **2009** | **2010** | **2011** | **2012** | **2013** | **2014** | **2015** |
|---|---|---|---|---|---|---|---|---|
| The extent to which agents have confidence in and abide by the rules of society, including the quality of contract enforcement and property rights, the police, and the courts, as well as the likelihood of crime and violence.<br><br>**Source: Worldwide Governance Indicators, The World Bank Databank[119]** | **Namibia** | 0.22 | 0.18 | 0.16 | 0.25 | 0.26 | 0.14 | 0.19 |
| | **Botswana** | 0.65 | 0.67 | 0.66 | 0.66 | 0.59 | 0.63 | 0.63 |
| | **Malawi** | -0.12 | -0.14 | -0.17 | -0.23 | -0.18 | -0.30 | -0.33 |
| | **South Africa** | 0.09 | 0.11 | 0.12 | 0.09 | 0.14 | 0.17 | 0.06 |
| | Estimate of governance measured on a scale from approximately -2.5 to 2.5. Higher values correspond to better governance. | | | | | | | |

[116] WIPO, 2017.
[117] WIPO and GRN, 2016.
[118] WIPO and GRN, 2016.
[119] http://databank.worldbank.org/data/views/variableselection/selectvariables.aspx?source=worldwide-governance-indicators

| Property Rights | | GC Report 2013/14 | GC Report 2014/15 | GC Report 2015/16 | GC Report 2016/17 |
|---|---|---|---|---|---|
| The World Economic Forum (WEF) Survey asked the business leaders to provide their expert opinions on the following: "Property rights in your country, including over financial assets, are 1= poorly defined and not protected by law, 7=clearly defined and well protected by law". **Source: World Economic Forum, The Global Competitiveness Report[120].** | **Namibia** | 5.1 | 5.1 | 5.1 | 5.2 |
| | **Botswana** | 4.9 | 4.9 | 4.9 | 5 |
| | **Malawi** | 3.8 | 3.9 | 4.2 | 4 |
| | **South Africa** | 5.6 | 5.6 | 5.5 | 5.4 |
| | 1= poorly defined and not protected by law, 7=clearly defined and well protected by law. | | | | |

| Intellectual Property Protection | | GC Report 2013/14 | GC Report 2014/15 | GC Report 2015/16 | GC Report 2016/17 |
|---|---|---|---|---|---|
| The World Economic Forum (WEF) Survey asked the business leaders to provide their expert opinions on the following: "Intellectual property protection and anti-counterfeiting measures in your country are 1= weak and not enforced, 7=strong and enforced" **Source: World Economic Forum, The Global Competitiveness Report[121].** | **Namibia** | 4.3 | 4.3 | 4.6 | 4.7 |
| | **Botswana** | 4.1 | 4.2 | 4.3 | 4.3 |
| | **Malawi** | 3.4 | 3.1 | 3.1 | 3.3 |
| | **South Africa** | 5.5 | 5.3 | 5.4 | 5.7 |
| | 1= weak and not enforced, 7=strong and enforced. | | | | |

### 3.5. Fair competition

In order for the private sector and sustainable enterprises to develop and grow, it is important to have regulation to ensure competition, including rules for ensuring continued respect for labour and social standards. In addition, anti-competitive practices at the national level must be eliminated.

Competition in the Namibian market is legally protected under the Competition Act of 2003. The Act promotes efficiency, adaptability and development of the Namibian economy by protecting competitive prices and product choices for customers[122]. The Act is also meant to enable the participation of small enterprises in the economy, by ensuring a level playing field. The Namibia Competition Commission (NaCC) was established under the Competition act, with the mandate to review potential mergers and acquisitions that might distort or substantially reduce competition in a certain market[123]. Appeals against NaCC decisions can be filed with the Minister of Industrialization, Trade and SME development, who has the power to accept or reject NaCC recommendations[124]. In the 7 years between its establishment and 2016, the NaCC had handled over 450 mergers and 40 restrictive business practice cases[125].

[120] http://www.weforum.org/issues/global-competitiveness
[121] http://www.weforum.org/issues/global-competitiveness
[122] NaCC, 2017.
[123] U.S. Department of State, 2016.
[124] U.S. Department of State, 2016.
[125] The Namibian, 19 May 2016.

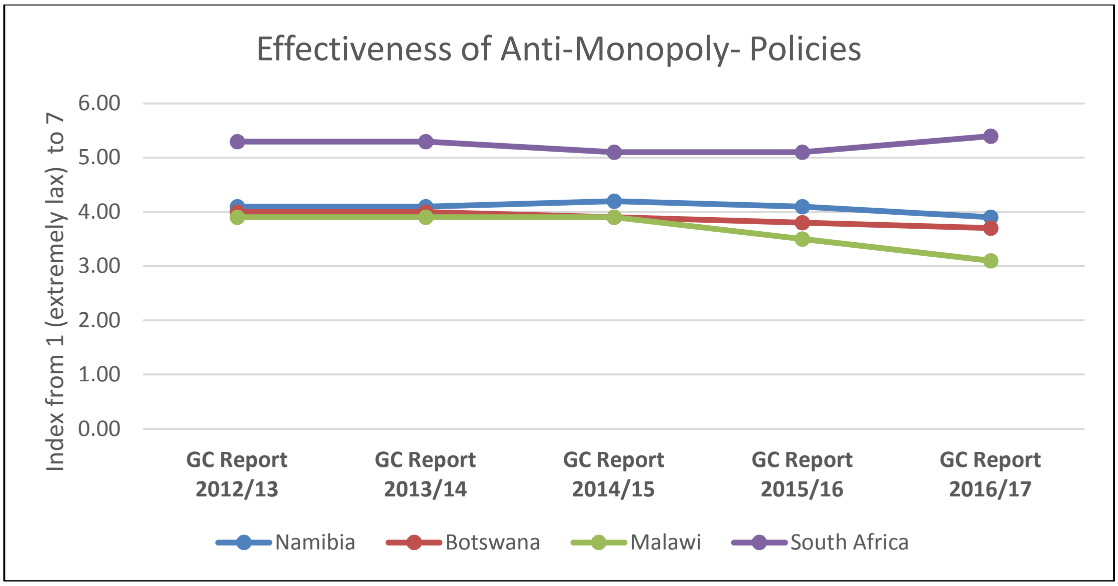
Namibia has a number of State Owned Enterprises (SOEs) also known as parastatals which include commercial companies, financial institutions, educational institutions and agencies in different sectors[126]. These receive benefits and subsidies from the government, and operate under a set of pressures different from those that private companies encounter, many operating as monopolies. Telecommunications, transport, water and electricity are areas dominated by SOEs. In some industries, such as tourism and fishing, where private enterprises compete with SOEs the SOEs are sometimes seen as having received preferential treatment from the GRN[127]. The management and performance of SOEs is overseen by the Ministry of Public Enterprises as established in 2015. There have been repeated demands for greater accountability to the public and transparency in the management of parastatals[128].

"New Business Density" indicates the number of newly registered, limited liability companies per 1000 working age people (15 to 64 years old) in a given year. There is no data available for Namibia after 2012, when the number was 0.85 newly registered companies per 1000 people. In 2007, the figure was 0.63, after which there were some years of fluctuation. Botswana performs the best with 12.30 in 2012, and 13.33 in 2014 moving up from 5.87 in 2007. Data for Malawi is not available after 2009, when it was 0.08, and significantly lower than all the other countries used for comparison. The Sub-Saharan average in 2012 was 2.06 while South Africa was at 6.54. In comparison we see that Namibia performs poorly on this indicator.

The "Intensity of Local Competition" indicator measures the level of competition in local markets from 1 to 7, 1 being limited and 7 referring to intense competition in most industries. Namibia's "intensity of local competition index" was estimated at 4.7 in 2016, a slight improvement from the previous years. Only Malawi scores lower at 4.6 for 2016. Botswana it at 5.3, and South Africa at 5.5 for the same year. All four countries have demonstrated an improvement over time, although to varying degrees.

The "Effectiveness of Anti-Monopoly Policy" indicator reflects the level of efficiency of anti-monopoly policy in promoting competition, on a scale from 1 to 7 with higher values corresponding to better performance. Namibia's score slightly declined over time, dropping from 4.1 in 2012 to 3.9 in 2016. Botswana and Malawi also slid a little in the same time period, with scores lower than Namibia in 2016 at 3.7 and 3.1 respectively. South Africa started at 5.3 in 2012 and moved up slightly to 5.4 in 2016.

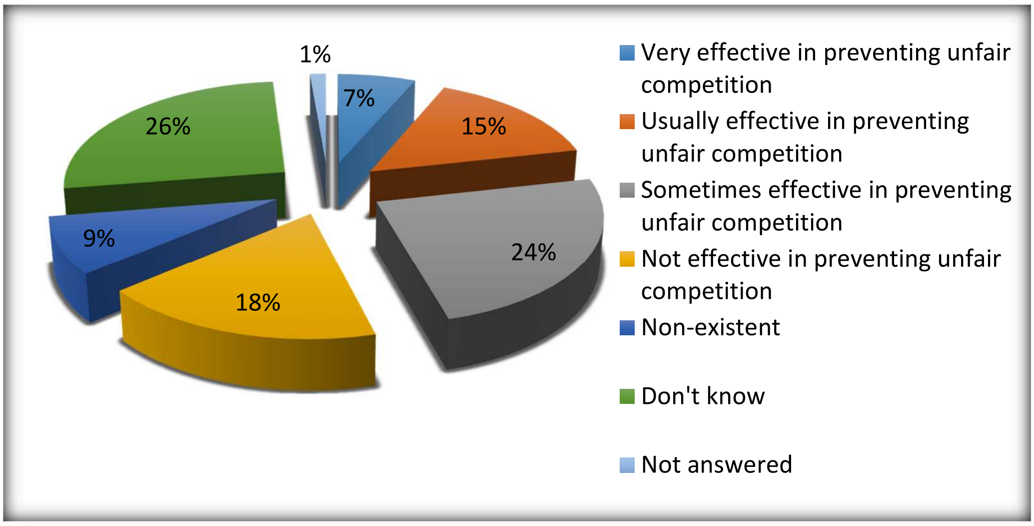
[126] U.S. Department of State, 7 December 2016.
[127] U.S. Department of State, 7 December 2016.
[128] The Namibian, 12 March 2004.




Source: World Economic Forum Executive Opinion Survey, The Global Competitiveness Report.

The "Extent of Market Dominance" indicator examines whether corporate activity is dominated by only a few business groups or is spread among many firms, in a range of values from 1 to 7 with higher values corresponding to more firms. In 2014, Namibia scored 3.4, outperforming Botswana and Malawi which were at 3.2 and 2.9 for 2016. South Africa meanwhile was at 4.2 for the same year.

**How do respondents describe "competition" policy and legislation in Namibia?**

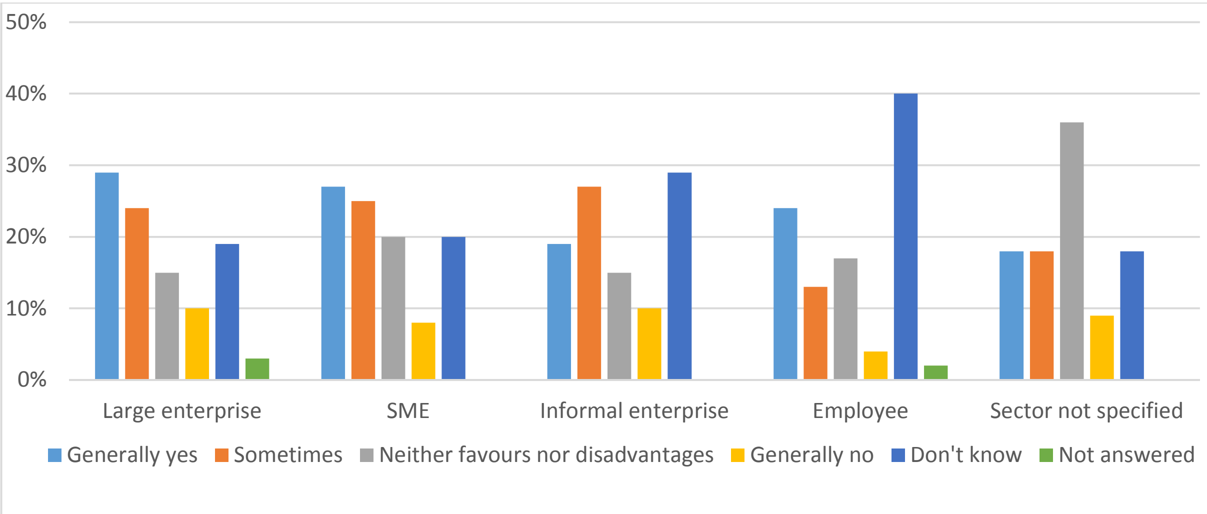



Source: EESE Namibia Survey

When asked how they would describe competition policy and legislation in Namibia 26 percent of respondents said they didn't know, with 24 percent saying it was sometimes effective, and a further 18 percent indicating the policies were not effective in preventing unfair business practices. Respondents from large enterprises were more likely to have a favourable view of existing legislation. Only a total of 6 percent of respondents thought that competition policy was very effective.

Respondents were asked about the extent to which they felt the GRN favoured foreign investors over domestic ones by offering better incentives and conditions. 29 percent of respondents from large companies generally agreed with this, with a further 24 percent saying this was sometimes the same. Similarly, 24 percent of respondents from SMEs thought this was generally the case and 25 percent more thought this was sometimes the case. Overall 26 percent of respondents across all sizes of enterprises felt that government generally favoured foreign investors, with another 23 percent feeling that this was sometimes the case.

**Perception that the Government Favours Foreign Investors by Size and Type of Enterprise**




Source: EESE Namibia Survey

The EESE Survey also asked about the extent to which respondents were affected by competition from informal enterprises. 41 percent of respondents from SMEs (formal and informal) felt sometimes affected by competition from informal enterprises and 38 percent of respondents from large companies felt that they were relatively unaffected. In total 33 percent of respondents were sometimes affected, 12 percent of respondents felt that they were very much affected and a further 12 percent felt much affected.

In terms of whether competition from informal enterprises impeded business growth 31 percent of all respondents felt this to be moderately true while 15 percent found there to be a significant effect. 50 percent of respondents in agriculture and forestry felt that their business growth was at least moderately affected, as did 51 percent of respondents in wholesale and retail trade, and 51 percent of respondents in the tourism sector.

## Key indicators

| New Business Density | | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
|---|---|---|---|---|---|---|---|---|
| The number of newly registered limited liability companies per 1,000 working-age people (those ages 15-64) in that year. | **Namibia** | 0.86 | 0.76 | 0.64 | 0.68 | 0.85 | | |
| | **Botswana** | 6.73 | 8.96 | 9.49 | 9.84 | 12.30 | | 13.11 |
| | **Malawi** | 0.11 | 0.08 | | | | | |
| | **South Africa** | 9.18 | 7.89 | 6.14 | 1.82 | 6.54 | | |
| | **Sub-Saharan Africa** | 1.87 | 1.80 | 1.80 | 1.65 | 2.06 | | 2.28 |
| **Source: World Bank, World Development Indicators Online**[129] | The number of newly registered limited liability companies per 1,000 working-age people. | | | | | | | |

[129] http://databank.worldbank.org/data/home.aspx

| Intensity of Local Competition | | GC Report 2013/14 | GC Report 2014/15 | GC Report 2015/16 | GC Report 2016/17 |
|---|---|---|---|---|---|
| Intensity of local competition indicator is based on survey data drawn from the following question: “Competition in the local markets is (1=limited in most industries and price-cutting is rare, 7=intense in most industries as market leadership)”. **Source: World Economic Forum Executive Opinion Survey, The Global Competitiveness Report[130].** | **Namibia** | 4.6 | 4.6 | 4.6 | 4.7 |
| | **Botswana** | 4.7 | 4.7 | 5 | 5.3 |
| | **Malawi** | 4.3 | 4.9 | 5.1 | 4.6 |
| | **South Africa** | 5.3 | 5.5 | 5.4 | 5.5 |
| | 1=limited in most industries and price-cutting is rare, 7=intense in most industries as market leadership. | | | | |

| Effectiveness of Anti-Monopoly Policies | | GC Report 2013/14 | GC Report 2014/15 | GC Report 2015/16 | GC Report 2016/17 |
|---|---|---|---|---|---|
| Effectiveness of anti-monopoly policy indicator is based on annual survey data. The respondents were asked to rate the effectiveness of anti-monopoly policy in their country: “Antimonopoly policy in your country is (1=lax and not effective at promoting competition, 7=effective and promotes competition)”. **Source: World Economic Forum Executive Opinion Survey, The Global Competitiveness Report[131].** | **Namibia** | 4.1 | 4.2 | 4.1 | 3.9 |
| | **Botswana** | 4 | 3.9 | 3.8 | 3.7 |
| | **Malawi** | 3.9 | 3.9 | 3.5 | 3.1 |
| | **South Africa** | 5.3 | 5.1 | 5.1 | 5.4 |
| | 1=lax and not effective at promoting competition, 7=effective and promotes competition. | | | | |

| Extent of Market Dominance | | GC Report 2013/14 | GC Report 2014/15 | GC Report 2015/2016 | GC Report 2016/17 |
|---|---|---|---|---|---|
| Extent of market dominance indicator is based on annual survey data. The respondents were asked to rate the corporate activity in their country: “Corporate activity in your country is (1=dominated by a few business groups, 7=spread among many firms)”. **Source: World Economic Forum Executive Opinion Survey, The Global Competitiveness Report[132].** | **Namibia** | 3.5 | 3.5 | 3.4 | 3.4 |
| | **Botswana** | 3.4 | 3.1 | 3.2 | 3.2 |
| | **Malawi** | 3.2 | 3.1 | 3 | 2.9 |
| | **South Africa** | 4.3 | 4 | 3.9 | 4.2 |
| | 1=dominated by a few business groups, 7=spread among many firms. | | | | |

130 http://www.weforum.org/issues/global-competitiveness
131 http://www.weforum.org/issues/global-competitiveness
132 http://www.weforum.org/issues/global-competitiveness

## 3.6. Information and communication technologies

In the era of the knowledge economy, the use of information and communication technologies (ICTs) is fundamental to achieving development goals, particularly the growth of sustainable enterprises. They promote citizen participation, and Namibia is among several countries in the Southern African region that have included ICTs in their national development plans.

To fully harness the potential of ICTs an adequate technical infrastructure is required, as well as human skills to use the existing networks and services. The GRN has recognized that to effectively reach the ICT objectives laid out in NDP4 and Vision 2030 there is a need to partner with the private sector[133]. Digital technology and national development objectives have been integrated in planning processes, for example one of NDP 4's desired outcomes is the improved delivery of public services through the increased use of ICTs[134]. In 2008 the Ministry of Information and Communication Technology was created to help accelerate the use and development of ICTs in Namibia. In 2014 the GRN announced an e-Government Strategic Action Plan for the Public Service of Namibia (GSAP) which is meant to serve as a comprehensive road map of how to use ICT to improve governance and improve the efficiency of the GRN at all levels[135].

In 2009 the Communications Act was passed, aimed at improving competition among telecommunications providers in Namibia, though many of the regulations required for its implementation are not yet in place[136]. As with other essential services in Namibia telecommunications services are largely provided by parastatals such as Telecom Namibia which offers fixed-line services and Mobile Telecommunications Limited (MTC) for mobile communications[137]. Foreign investors may participate in joint ventures with the government in the telecommunications sector and in recent years there have been some new players in the mobile market.

The wide spread of mobile technology, and the relatively low cost of using it makes messaging services a vehicle for development and information services. Weather reports with implications for agricultural production, health care reminders and financial transactions may all be conveyed through the use of mobile technology. Mobile banking and mobile payment platforms such as Mobicash allow for financial transactions between persons all over the country. They enable those who do not have access to bank branches and those who do not have bank accounts.

In 2010 the Bank of Namibia (BoN) allowed mobile payment services to be offered all over the country in an effort to promote financial inclusion among under banked sections of the population, particularly in rural areas[138]. The low population density, and prevalent poverty outside of urban areas make providing traditional banking services expensive and logistically challenging. The digital divide, between those who have access to electricity and ICTs, and those who do not, though reducing remains an obstacle to widespread gains from the increased use of ICTs[139]. Educational barriers also exist to the use of the internet though services are available countrywide from various providers.

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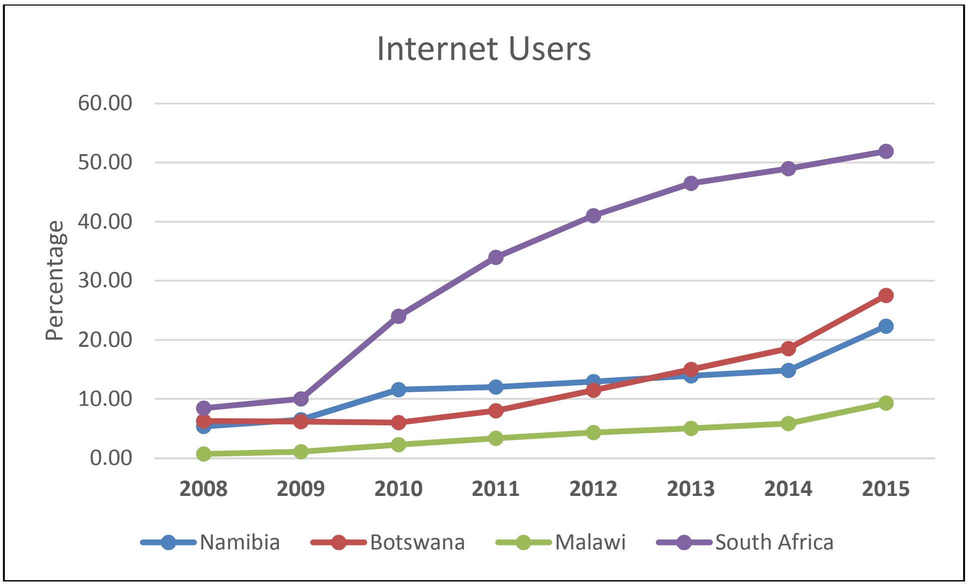
133 UNESCO, 2015.
134 UNESCO, 2015.
135 GRN, April 2014.
136 U.S. Department of State, 2016.
137 U.S. Department of State, 2016.
138 The Namibian, 8 September 2010.
139 IPPR, 2010.

The "ICT Development Index" (IDI) is a composite index combining 11 indicators into a single measure that can be used as a benchmarking tool globally, regionally and at the country level. It absorbs several indicators, such as households with a computer, number of Internet users, literacy levels, etc. On a scale from 1 to 10 with higher values indicating better performance, Namibia's IDI has increased steadily from 2.36 in 2010 to 3.64 in 2016. This is lower than Botswana and South Africa, but better than Malawi, which was at 1.62 in 2016.

The "Network Readiness Index" measures the extent to which a country leverages ICTs for enhanced competitiveness. On a scale from 1 to 7 with higher values corresponding to better performance, Namibia's score moved up slightly from 3.35 in 2011 to 3.6 in 2015. South Africa performed best at 4.2 in 2016, while Botswana was at 3.5 and Malawi at 2.7.

The number of "Internet Users" per 100 people in Namibia grew from 5.33 in 2008 to 22.31 in 2015. Only Malawi has lower numbers among the comparison countries, with 9.30 percent in 2015. Botswana had 27.50 percent internet users and South Africa was at 51.92 in 2015.




Source: World Bank, World Development Indicators

The number of telephone lines in Namibia has increased marginally from 6.89 percent in 2008 to 7.63 percent in 2015. The numbers for Botswana and South Africa are higher but only marginally so, at 7.80 percent for Botswana in 2015, and 7.72 for South Africa in 2015, having gone down from 9.70 in 2008. Malawi has the lowest number with 0.79 in 2008 and 0.26 percent in 2015.

The number of "Mobile Telephone Subscriptions" in Namibia in 2015 was 102.10 percent, having reached a high of 118.43 percent in 2013 and moving up from 76.12 percent in 2009. Botswana and South Africa both have high mobile phone subscription rates at 169 percent and 159.27 percent in 2015 respectively. Malawi was at 17.06 percent in 2009 and has moved up to 35.34 percent in 2015.

Affordable broadband technology is also very important and should be facilitated. The number of "Fixed Broadband Internet Subscribers" per 100 people in Namibia has shown strong growth, going from 6.5 in 2009 to 22.31 percent of the population in 2015. Botswana, Malawi and South Africa have also increased the number of subscribers over the same period. Botswana went from 6.15 per 100 people in 2009 to 27.50 in 2015, Malawi went from 1.07 in 2009 to 9.30 in 2015 and South Africa went from 10.00 to 51.92 percent in 2015.

## Key Indicators

| ICT Development Index (IDI) | | 2010 | 2011 | 2012 | 2013 | 2015 | 2016 |
|---|---|---|---|---|---|---|---|
| The ICT Development Index (IDI) is a composite index combining 11 indicators into one benchmark measure that serves to monitor and compare developments in information and communication technology (ICT) across countries. The Index combines 11 indicators into a single measure that can be used as a benchmarking tool globally, regionally and at the country level. These are related to ICT access, use and skills, such as households with a computer the number of Internet users; and literacy levels. **Source: Measuring the Information Society Reports, International Telecommunication Union[140].** | **Namibia** | 2.36 | 2.51 | 3.08 | 3.24 | 3.2 | 3.64 |
| | **Botswana** | 2.59 | 2.67 | 3.92 | 4.01 | 3.79 | 4.17 |
| | **Malawi** | | 1.42 | 1.50 | 1.52 | 1.49 | 1.62 |
| | **South Africa** | 3 | 3.42 | 4.19 | 4.42 | 4.70 | 5.03 |
| | Scale from 1 to 10, with lower scores reflecting lower development levels. | | | | | | |

| Networked Readiness Index | | GITR 2012 | GITR 2013 | GITR 2014 | GITR 2015 | GITR 2016 |
|---|---|---|---|---|---|---|
| | | **2011-2012** | **2012-2013** | **2013-2014** | **2014-2015** | **2015-2016** |
| The NRI measures the degree to which developed and developing countries across the world leverage information and communication technologies (ICT) for enhanced competitiveness. The Index comprises three sub-indexes that measure the environment for ICT, together with the main stakeholders' readiness and usage, with a total of nine pillars and 71 variables. **Source: World Economic Forum, The Global Information Technology Report[141].** | **Namibia** | 3.35 | 3.29 | 3.41 | 3.5 | 3.6 |
| | **Botswana** | 3.6 | 3.5 | 3.4 | 3.4 | 3.5 |
| | **Malawi** | 3.1 | 2.8 | 2.9 | 2.8 | 2.7 |
| | **South Africa** | 3.9 | 3.9 | 4.0 | 4 | 4.2 |
| | Scale of 1 to 7, with higher scores reflecting a better readiness to utilise the opportunities created by ICT. | | | | | |

[140] http://www.itu.int/pub/D-IND, http://www.itu.int/en/ITU-D/Statistics/Documents/publications/mis2014/MIS2014_without_Annex_4.pdf
[141] http://www.weforum.org/issues/global-information-technology

### Other Useful Indicators

| Internet Users (per 100 people) | | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|---|---|---|---|---|---|---|---|---|---|
| Internet users are individuals who have used the Internet (from any location in the last 12 months. Internet can be used via a computer, mobile phone, personal digital assistant, games machine, digital TV etc. Source: World Bank Databank, World Development Indicators[142]. | Namibia | 5.33 | 6.50 | 11.60 | 12.00 | 12.94 | 13.90 | 14.84 | 22.31 |
| | Botswana | 6.25 | 6.15 | 6.00 | 8.00 | 11.50 | 15.00 | 18.50 | 27.50 |
| | Malawi | 0.70 | 1.07 | 2.26 | 3.33 | 4.35 | 5.05 | 5.83 | 9.30 |
| | South Africa | 8.43 | 10.00 | 24.00 | 33.97 | 41.00 | 46.50 | 49.00 | 51.92 |
| | Number of users per 100 people. | | | | | | | | |

| Telephone lines (per 100 people) | | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|---|---|---|---|---|---|---|---|---|---|
| Telephone lines are fixed telephone lines that connect a subscriber's terminal equipment to the public switched telephone network and that have a port on a telephone exchange. Integrated services digital network channels and fixed wireless subscribers are included. Source: World Bank Databank, World Development Indicators [143]. | Namibia | 6.89 | 6.94 | 7.21 | 7.17 | 7.58 | 7.97 | 7.78 | 7.63 |
| | Botswana | 7.36 | 7.04 | 6.98 | 7.53 | 8.01 | 8.62 | 8.30 | 7.80 |
| | Malawi | 0.79 | 0.76 | 1.01 | 1.12 | 1.43 | 0.21 | 0.38 | 0.26 |
| | South Africa | 9.70 | 9.57 | 9.45 | 9.34 | 9.25 | 7.34 | 6.86 | 7.72 |
| | Number of subscribers per 100 people | | | | | | | | |

| Mobile Cellular Subscriptions (per 100 people) | | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|---|---|---|---|---|---|---|---|---|
| Mobile cellular telephone subscriptions are subscriptions to a public mobile telephone service using cellular technology, which provide access to the public switched telephone network. Post-paid and prepaid subscriptions are included. Source: World Bank Databank, World Development Indicators [144] | Namibia | 76.12 | 89.50 | 98.96 | 95.02 | 118.43 | 113.76 | 102.10 |
| | Botswana | 96.02 | 120.01 | 145.98 | 153.79 | 160.64 | 167.30 | 169.00 |
| | Malawi | 17.06 | 20.76 | 25.56 | 29.21 | 32.33 | 33.47 | 35.34 |
| | South Africa | 91.25 | 97.90 | 123.20 | 130.56 | 145.64 | 149.19 | 159.27 |
| | Number of subscribers per 100 people | | | | | | | |

[142] http://databank.worldbank.org/data/views/reports/tableview.aspx
[143] http://databank.worldbank.org/data/views/reports/tableview.aspx
[144] http://databank.worldbank.org/data/views/reports/tableview.aspx

| Fixed broadband Internet subscribers (per 100 people) | | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|---|---|---|---|---|---|---|---|---|
| Fixed broadband Internet subscribers are the number of broadband subscribers with a digital subscriber line, cable modem, or other high-speed technology. | **Namibia** | 6.50 | 11.60 | 12.00 | 12.94 | 13.90 | 14.84 | 22.31 |
| | **Botswana** | 6.15 | 6.00 | 8.00 | 11.50 | 15.00 | 18.50 | 27.50 |
| | **Malawi** | 1.07 | 2.26 | 3.33 | 4.35 | 5.05 | 5.83 | 9.30 |
| | **South Africa** | 10.00 | 24.00 | 33.97 | 41.00 | 46.50 | 49.00 | 51.92 |
| **Source:** World Bank Databank, World Development Indicators[145]. | Number of subscribers per 100 people | | | | | | | |

## 3.7. Access to financial services

The creation and expansion of sustainable enterprises require access to financial resources. SMEs are an important part of developing economies as they help to address the challenges of employment growth and income distribution. They are a key source of dynamism and innovation but face difficulties due to high transaction costs, and the lack of instruments with which to manage risk. Access to microfinance has been identified as a determinant of the sustainability and growth of SMEs. The informality of most SMEs contributes to their difficulty in accessing finance, their assets remain undocumented and cannot be used as collateral in formal financial institutions.

Credit to the private sector continues to expand, in line with GDP growth in Namibia. Financial inclusion refers to improving the access to financial resources for vulnerable groups, and low income sections of the population, including timely and adequate credit at an affordable cost. Among a series of other measures to promote financial inclusion and poverty reduction the BoN introduced the Namibia Financial Sector Strategy to run from 2011-2021. This introduces reforms to the financial sector in order to improve regulatory frameworks for banks and non-banking financial institutions, savings mobilization, and increasing the access to credit for SMEs and the general public[146]. As part of its efforts the SME Bank was established in 2012.

The Bank of Namibia, is the national central bank and is responsible for regulating the banking sector and maintaining the overall health of the banking infrastructure in Namibia. The commercial banking sector is well developed, and has weathered the financial crises of recent years well. Most commercial banks operating in Namibia are South African-owned. The Development Bank of Namibia (DBN) provides credit lines for start-ups and expansions of private sector interests. Funding for SMEs and bulk finance to microfinance providers is also managed by the DBN. In 2012 the SME Bank, previously a government-owned financial services institution, was given a license to operate as a bank with a focus on providing finance to SMEs.[147] The SME Bank is owned by Namibia and Zimbabwe.[148]

According to a survey cited by the AfDB the proportion of financially excluded persons in Namibia fell from 51.7 percent of the population in 2007 to 31 percent in 2011[149]. Savings mechanisms and other financial services are provided by institutions other than banks, such as the post office

[145] http://databank.worldbank.org/data/views/reports/tableview.aspx
[146] AfDB, 2014.
[147] PWC, 2014.
[148] U.S. Department of State, 2016.
[149] AfDB, 2014.

system. Growth in mobile telephony has led to increased transactions over the phone and greater financial inclusivity. However low financial literacy, lack of collateral and limited demand for financial services due to low incomes continue to result in poor access to finance. Small businesses in rural areas still tend to be excluded from financial services and a WEF report in 2014 estimated that the funding gap for SMEs seeking credit was approximately USD 2 trillion in Namibia[150].

The EESE Survey findings also provide evidence that access to finance presents a challenge for businesses in Namibia, across all sectors but particularly for SMEs and enterprises in the informal economy. When asked about whether financial sector policies were conducive to the growth of small enterprises, 31 percent said they did not know while 30 percent thought they were hardly or not conducive; 7 percent stated they were conducive and 1 percent thought they were very conducive.

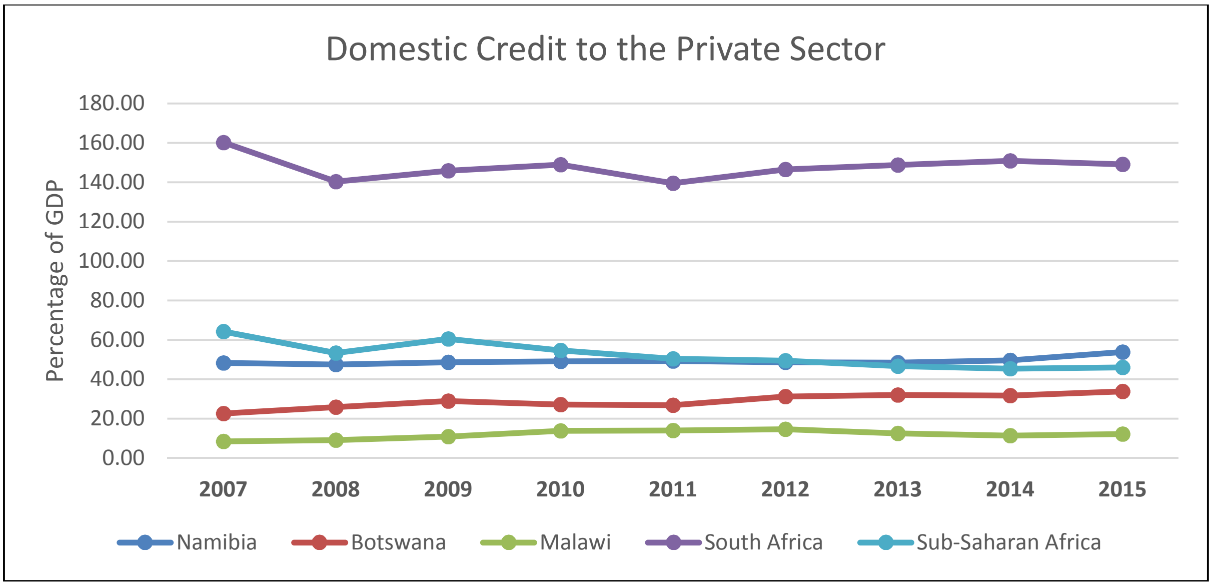
In general business loans were thought to be hard to obtain for a small formal business, though business insurance was easy for 25 percent. Most respondents answered that they did not know when asked about equity capital and lease financing. For a small business in the informal economy 31 percent said it was impossible to get a business loan, while a further 28 percent found it difficult and 35 percent said they did not know. Only 4 percent described the access to finance for small informal businesses as easy or very easy. There was little variation in these results according to the type of business the respondent belonged to.

When asked about the kind of enterprise that was less likely to have access to formal finance the results were mixed, with 37 percent stated that they would find no difference between the likelihood of accessing credit between men and women, either young or above the age of 30 and 32 percent overall saying they didn't know. In general, there seemed to be the belief that youth were more likely to access formal finance.

Respondents were asked about their preferred source for a loan for a new business idea and 35 percent stated that they preferred to use their own savings, with another 25 percent naming the bank as their first choice. Only 2 percent named micro-lenders as their first choice. Large enterprises preferred to seek funding from a bank while SMEs and informal enterprises preferred the use of their own savings. Insufficient collateral was identified as the biggest problem for entrepreneurs, alongside the inability to provide the required information. Having their business plan rejected or insufficiently prepared was also found to be a recurring problem.

The share of "Domestic Credit to Private Sector" in Namibia's GDP has shown a gradual growth between 2009 and 2015, going from 48.65 percent to 53.79. Malawi is low at 12.20 for 2015, while Botswana is also lower than Namibia at 33.85 for the same year. The Sub-Saharan average was 45.98 for 2015, and South Africa was far above this at 149.18, surpassing the world average at 128.85 percent in 2015.

[150] Namibia Economist, 3 November 2015.




Source: World Bank Databank, World Development Indicators Online.

The "Depth of Credit Information Index" measures rules affecting the scope, accessibility, and quality of credit information available through either public or private credit registries. On a scale from 0 to 8 where higher values indicate better performance, Namibia performs very well moving from 6 in 2013 to 7 in 2016. Botswana has remained steady at 6, while South Africa was at 8 in 2013 and moved to a value of 7 for 2016. Malawi has a value of 0 for these years.

The "Interest Rate Spread" indicator measures the difference between lending rate and deposit rate. In 2015, Namibia's interest rate spread was estimated at 4.61 percent compared with 5.45 for Botswana, 3.26 for South Africa, a Sub-Saharan average of 6.77 and 32.79 percent for Malawi.

### Key Indicators

| **Domestic Credit to Private Sector (% of GDP)** | | **2009** | **2010** | **2011** | **2012** | **2013** | **2014** | **2015** |
|---|---|---|---|---|---|---|---|---|
| Domestic credit to private sector refers to financial resources provided to the private sector, such as through loans, purchases of nonequity securities, and trade credits and other accounts receivable that establish a claim for repayment. For some countries these claims include credit to public enterprises.<br><br>**Source: World Bank Databank World Development Indicators Online**[151] | **Namibia** | 48.65 | 49.14 | 49.32 | 48.63 | 48.46 | 49.66 | 53.79 |
| | **Botswana** | 28.93 | 27.19 | 26.84 | 31.25 | 32.01 | 31.76 | 33.85 |
| | **Malawi** | 10.87 | 13.83 | 13.93 | 14.57 | 12.45 | 11.40 | 12.20 |
| | **South Africa** | 145.94 | 148.98 | 139.60 | 146.47 | 148.85 | 150.87 | 149.18 |
| | **Sub-Saharan Africa** | 60.42 | 54.70 | 50.40 | 49.44 | 46.74 | 45.44 | 45.98 |
| | Credit to private sector (% of GDP). | | | | | | | |

[151] http://databank.worldbank.org/data/home.aspx

### Other Useful Indicators

| Depth of credit Information Index | | 2013 | 2014 | 2015 | 2016 |
|---|---|---|---|---|---|
| The depth of credit information index measures rules affecting the scope, accessibility, and quality of credit information available through either public or private credit registries. The index ranges from 0 to 8, with higher values indicating the availability of more credit information to facilitate lending decisions. Specifically, a score of 0 indicates that the registry is not operational or that it covers less than 0.1% of the adult population. At the other end of the scale, a score of 6 indicates that regulations guarantee borrowers the right to access their data in the largest registry in the economy and that the following information is distributed as part of a report: (1) both positive and negative credit information; (2) data on both firms and individuals; (3) data from retailers and utility companies; (4) more than 2 years of historical data; and (5) data on loans below 1% of income per capita. **Source: World Bank, Doing Business project[152].** | **Namibia** | 6 | 6 | 7 | 7 |
| | **Botswana** | 6 | 6 | 6 | 6 |
| | **Malawi** | 0 | 0 | 0 | 0 |
| | **South Africa** | 8 | 7 | 7 | 7 |
| | 0=less information to 8=more information. | | | | |

| Interest Rate Spread | | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|---|---|---|---|---|---|---|---|
| Interest rate spread (lending rate minus deposit rate) is the interest rate charged by banks on loans to prime customers minus the interest rate paid by commercial or similar banks for demand, time, or savings deposits. **Source: World Bank Databank, World Development Indicators Online[153].** | **Namibia** | 4.72 | 4.45 | 4.44 | 4.31 | 4.45 | 4.61 |
| | **Botswana** | 5.86 | 5.85 | 7.39 | 7.08 | 6.47 | 5.45 |
| | **Malawi** | 21.02 | 19.64 | 21.25 | 27.60 | 31.12 | 32.79 |
| | **South Africa** | 3.37 | 3.33 | 3.31 | 3.35 | 3.32 | 3.26 |
| | **Sub-Saharan Africa** | 7.98 | 8.18 | 6.86 | 7.07 | 7.21 | 6.77 |
| | Interest rate spread (lending rate minus deposit rate, %). | | | | | | |

## 3.8. Physical infrastructure

The development of sustainable enterprises critically depends on the quality and quantity of the physical infrastructure available. Public investment in infrastructure is central to reducing bottlenecks to growth. Access to water and energy also plays a pivotal role. Recognising that poor

[152] http://www.doingbusiness.org/ExploreTopics/GettingCredit
[153] http://databank.worldbank.org/data/home.aspx

transport and energy infrastructure are constraints to better economic growth, as they keep companies from investing and make operations difficult, the government has increased its focus on infrastructure development in the last few years. Results from this will only be visible in the medium term.

The Ministry of Works and Transport is tasked with sectoral policy and regulations to ensure infrastructure development and the maintenance of transport facilities. The 2017-2018 Budget Statement prioritised infrastructure development through public sector investment, the PPP approach and direct investments under the economic diversification and social development objective[154]. Namibia is also eager to exploit trade and development opportunities stemming from regional economic integration by becoming a logistics hub for the Southern African Sub-region[155]. Key projects include the rehabilitation of the national railway system, ongoing expansions to the Port of Walvis Bay, national roads, water and storage infrastructure.

Namibia is a net importer of power, with about half its supply coming from its neighbours, particularly South Africa. Hydro-electric projects are being undertaken, and gas-fired power projects are being developed in order to reduce this dependence. In 2000 the Electricity Control Board was set up to regulate electricity generation, transmission, distribution, supply, import and export within Namibia[156]. The provision of electricity is managed by NamPower, a parastatal which has a monopoly over the market. Other parastatals in the infrastructure and transport sector include Air Namibia, the Namibia Airports Company (airport management), Namport (maritime port authority), Namwater (water sanitation and provisioning) and TransNamib (rail services).

Namibia's road infrastructure is generally regarded as good, though it is deteriorating due to overuse caused by the poor state of the rail system which has led to a high rate of accidents. Most towns and communities can be reached by tarred or high quality gravel road; the road network consists of about 7000km of tarred roads, 37,000 km of gravel roads and 280 km of salt roads[157]. Good road linkages with Angola, Zambia, Zimbabwe, Botswana and South Africa exist. Good road linkages from Walvis Bay exist in the form of the Trans-Kalahari and Trans-Caprivi highways which connect the port to Botswana, the Gauteng province, Zambia, Zimbabwe and the Democratic Republic of Congo. The Trans-Kalahari highway in particular has made Namibia a much more attractive trading location, and enabled a new phase of development for the entire SADC region[158].

The Trans-Kalahari Highway is part of the infrastructure developed to create linkages with the Port of Walvis Bay, which has become an important point for commercial traffic to or from the landlocked countries in the region all year round. It handles over five million tonnes of cargo annually, and has relatively modern facilities as well as fast transit times[159]. Projects to expand its facilities have been planned and are being managed by a PPP, the Walvis Bay Corridor Group (WBCG) established in 2000, including the Namibian Transport Association, Air Namibia, the ministries of Finance, Home Affairs, Trade and Industry, Works and Transport, the Roads Authority and Namport among others[160]. Namibia also has a second Port of Luderitz, which though primarily a fishing port also has a cargo and container quay.

[154] GRN, March 2017.
[155] GRN, 2017.
[156] U. S. Department of State, 2016.
[157] PWC, 2014.
[158] PWC, 2014.
[159] PWC, 2014.
[160] Transport World, 27 June 2016.

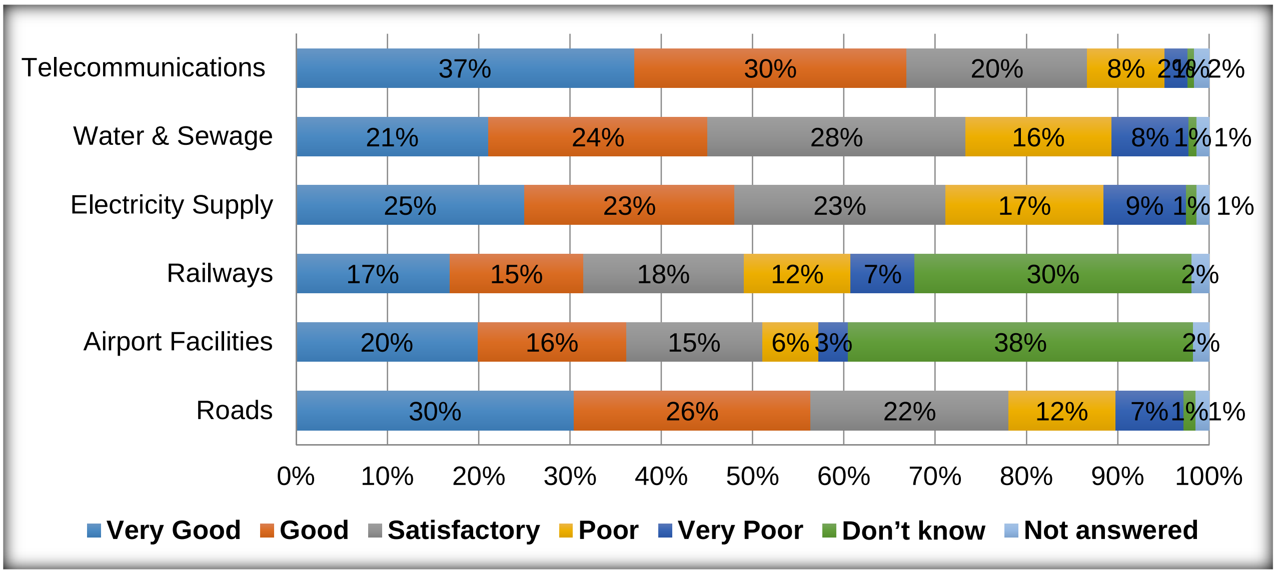
Namibian rail infrastructure was established in the early 1900s and though many lines have been refurbished since then the infrastructure needs strengthening[161]. Direct air links to major cities in Sub-Saharan Africa are available, and international flights are available from Windhoek and Walvis Bay. Namibia has numerous smaller aerodromes and landing strips across the country.

Namibia is a large but sparsely populated country, and aside from the main transport routes for traded goods road networks are inadequately developed, leaving some areas quite isolated and making participation in economic activities difficult. The absence of rural transport infrastructure stifles economic participation, and contributed to the isolation of the rural population[162]. Access to clean drinking water is another area where the disparity between urban and rural areas is stark.

The mining industry consumes a substantial amount of Namibia's already scarce water resources, and desalination facilities will need to be expanded in order to meet the country's growing water needs.[163] Additionally, given the proportion of the population that draw their livelihood from agriculture substantial irritation development is required to achieve poverty reduction and crop production targets.

The EESE Survey in Namibia surveyed respondents about the quality of infrastructure from the point of view of enabling businesses to operate effectively and efficiently. Poor infrastructure is an impediment to the operation of any businesses, regardless of its size. Namibia is generally seen as having fairly good infrastructure with rural electrification, good road networks and a well-developed telecommunications system.

**How do respondents assess the quality of infrastructure?**




Source: EESE Namibia Survey

Telecommunications and roads were seen as being operated efficiently by 67 percent and 56 percent of respondents respectively. 55 percent of respondents rated electricity supply positively. 32 percent of respondents didn't know or wouldn't answer about railway services, similarly 38 percent didn't know about airport facilities. Respondents from SMEs and informal enterprises felt that roads,

[161] Transport World, 27 june 2016.
[162] KfW, June 2016.
[163] UK Foreign and Commonwealth Office, 2013.

electricity, water and sewage disposal were not operated efficiently while those from large enterprises indicated that the railways were also a problem. In comments to the interviewers, respondents from SMEs and informal settlements and townships indicated that poor connections to urban centres, and insufficient public transport were serious issues. Respondents from the Khomas region, which includes the capital Windhoek, were the most satisfied with the condition of infrastructure, among the regions surveyed. Respondents from Kavango East seemed to face the most challenges, based on the results of the survey when relating to infrastructure.

The percentage of Namibia’s population with access to an improved water source improved slightly from 87.30 in 2010 to 91 in 2015. Botswana went from 95.90 in 2010 to 96.20 in 2015, and Malawi improved by 10 percent to 90.20 in 2015. South Africa went from 91.10 in 2010 to 93.20 in 2015. Numbers for all four countries are higher than the Sub-Saharan Africa average of 67.50 in 2015 and comparable to the world average of 90.97 in 2015.

The “Quality of Overall Infrastructure Index” attempts to assess whether a country's infrastructure is underdeveloped or extensive and efficient on a scale from 1 to 7, with higher values indicating better performance. Namibia’s index deteriorated from 5.2 in 2013 to 4.5 in 2016. In the same period, Botswana went from 4.2 to 4 and Malawi from 3.2 in 2013 to 2.5 in 2016. South Africa was at 4.2 in 2016 having slipped from 4.5 in 2013.

The “Quality of Port Infrastructure Index” is meant to represent how accessible port facilities are, on a scale from 1 to 7 with higher values indicating better performance. Namibia’s quality of port infrastructure index was at 5.3 in 2013, but went down to 5.2 for the subsequent years. Botswana was at 2.7 in 2016, Malawi at 2.2 and South Africa at 4.9 in 2016.

### Key indicators

| **Improved Water Source (% of population with access)** | | **2010** | **2011** | **2012** | **2013** | **2014** | **2015** |
|---|---|---|---|---|---|---|---|
| Access to an improved water source refers to the percentage of the population with reasonable access to an adequate amount of water from an improved source, such as a household connection, public standpipe, borehole, protected well or spring, and rainwater collection. Unimproved sources include vendors, tanker trucks, and unprotected wells and springs. Reasonable access is defined as the availability of at least 20 liters a person a day from a source within one kilometer of the dwelling<br><br>**Source: World Bank Databank, World Development Indicators Online**[164] | **Namibia** | 87.30 | 88.00 | 88.80 | 89.60 | 90.30 | 91.00 |
| | **Botswana** | 95.90 | 96.00 | 96.10 | 96.20 | 96.20 | 96.20 |
| | **Malawi** | 81.00 | 82.90 | 84.70 | 86.50 | 88.40 | 90.20 |
| | **South Africa** | 91.10 | 91.60 | 92.00 | 92.40 | 92.80 | 93.20 |
| | **Sub-Saharan Africa** | 62.93 | 63.77 | 64.96 | 65.76 | 66.50 | 67.59 |
| | **World** | 88.39 | 88.90 | 89.49 | 90.06 | 90.55 | 90.97 |
| | % of population with access | | | | | | |

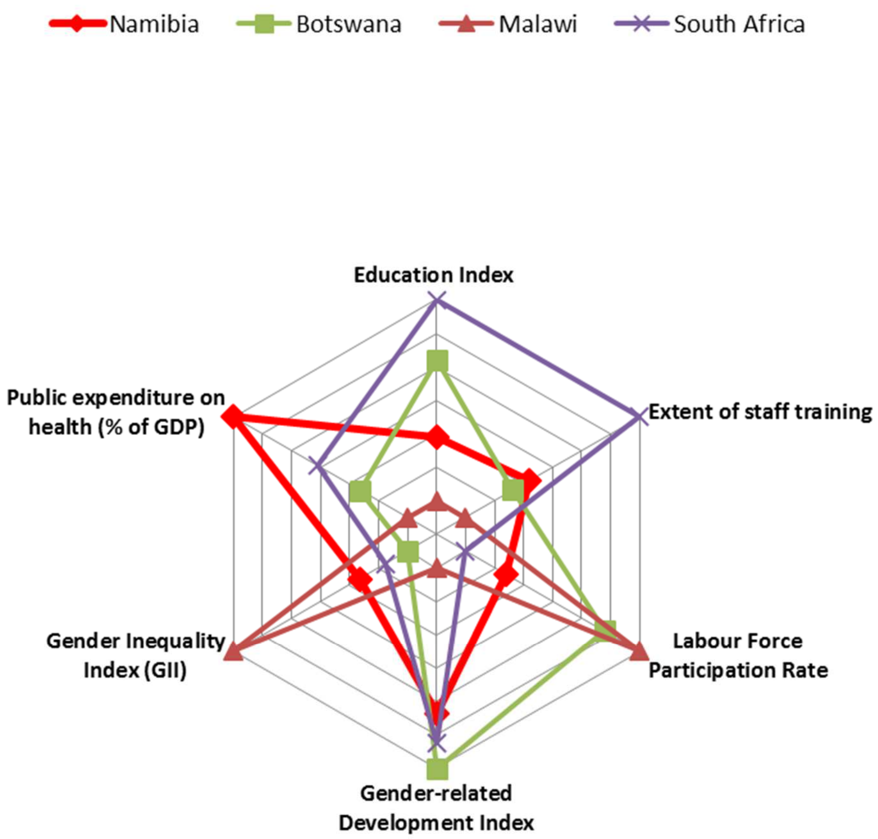
[164] http://databank.worldbank.org/data/home.aspx

| Quality of Overall Infrastructure Index | | GC Report 2013/14 | GC Report 2014/15 | GC Report 2015/16 | GC Report 2016/17 |
|---|---|---|---|---|---|
| Survey data: "General infrastructure in your country is: 1 = underdeveloped, 7= as extensive and efficient as the world's best". **Source: World Economic Forum, The Global Competitiveness Report[165].** | **Namibia** | 5.2 | 5 | 4.7 | 4.5 |
| | **Botswana** | 4.2 | 3.8 | 3.8 | 4 |
| | **Malawi** | 3.2 | 3.1 | 2.8 | 2.5 |
| | **South Africa** | 4.5 | 4.5 | 4.3 | 4.2 |
| | **World** | 4.3 | 4.2 | | |
| | 1 = underdeveloped, 7= as extensive and efficient as the world's best. | | | | |

| Quality of Port Infrastructure Index | | 2013 | 2014 | 2015 | 2016 |
|---|---|---|---|---|---|
| Survey data: "Port facilities and inland waterways in your country are: 1=underdeveloped, 7= as developed as the world's best. For landlocked countries this measures the ease of access to port facilities and inland waterways". **Source: World Economic Forum, The Global Competitiveness Report[166].** | **Namibia** | 5.3 | 5.2 | 5.2 | 5.2 |
| | **Botswana** | 3.6 | 3.0 | 2.7 | 2.7 |
| | **Malawi** | 3.3 | 2.6 | 2.2 | 2.2 |
| | **South Africa** | 4.7 | 4.9 | 4.9 | 4.9 |
| | 1= underdeveloped, 7= as developed as the world's best | | | | |

165 http://www.weforum.org/issues/global-competitiveness
166 http://www.weforum.org/issues/global-competitiveness

## 4. Social Elements




Note: the values for the individual indicators have been harmonized for better presentation and formatted so that the further from the centre a data point is, the better the country's performance in that regard. The original indicator values are included in the chapters.

- Entrepreneurship education is part of school curricula in public schools in Namibia.
- The largest section of respondents, 27 percent, thought that there was not much difference between the skills and competencies of men and women, in terms of starting and running a business.
- Namibia has relatively high spending on social protection.
- Primary and secondary education have been made completely free in Namibia, leading to a surge in enrolment, but infrastructure and teaching resources have not been able to keep pace with demand.
- Vocational and educational training is being invested in, though more programmes and centres of instruction are required.
- Gender discrimination persists in many forms, and key development indicators remain poor in Namibia, such as child nutrition, HIV prevalence, and maternal mortality rates.

## 4.1. Entrepreneurial culture

The general recognition of the key role of enterprises in development is a fundamental element for a conducive business environment. Strong public and private support to entrepreneurship, innovation, creativity, and the concept of mentorship are other important determinants of an enabling environment for sustainable enterprises. The SME sector in Namibia engages in a range of activities including crafts, subsistence farming, small-scale manufacturing, small-scale mining, construction, informal services and informal trade[167]. SMEs make up about 12 percent of the GDP, and employ about a fifth of the workforce[168].

Namibia has introduced several policies to support the development of SMEs but these have had varying degrees of success. Programs have included business training for improving access to finance, small business loan schemes, SME business linkage programmes and the provision of better market sites for small retails and small-scale manufacturers[169]. Better policies to promote business development services in combination with a greater variety of financial products aimed at entrepreneurs would probably result in better development indicators, as would continued support to entrepreneurs through the early years of having set up an enterprise, to help SMEs start but also survive and grow.

There are sound economic arguments for focusing on entrepreneurship education. The Namibian economy is dominated by the mining sector, and a few large companies generally owned by previously advantaged groups. Individuals with higher education tend to seek jobs in these companies, or posts with the GRN. Teaching entrepreneurship is an effort to promote innovation and creativity with the purpose of preparing young Namibians for entering the economy and creating SMEs that will contribute to more inclusive social and economic development.

In 1999, a Presidential Commission of Enquiry into Education recommended that entrepreneurship education be included in school curricula across Namibia, and this has been implemented since 2004 with the Ministry of Education introducing it as a subject in secondary schools[170]. Primary schools include social science courses that have a strong entrepreneurial slant[171]. As part of the inclusive growth, economic diversification and social development agenda the budget for 2017-2018 mentions a SME Financing Strategy "providing for the establishment of a Venture Capital Fund, a Credit Guarantee Fund and a Mentoring and Coaching Programme developed to improve support for SME development and job creation"[172].

A 2011 World Bank Survey found that formal microenterprises were relatively more productive than informal microenterprises- registered businesses were more likely to have better access to markets and services while the informality of enterprises reduced their opportunities to access potentially useful business support programmes[173].

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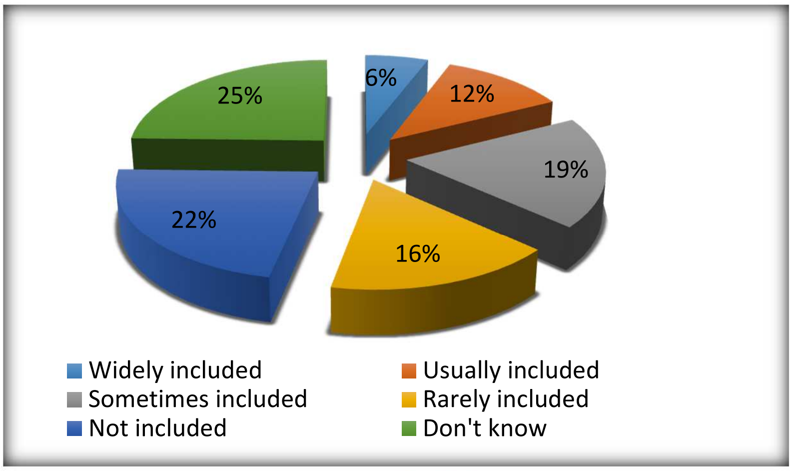
[167] U.S. Department of State, 2016.
[168] April, 2015.
[169] World Bank, 2011.
[170] ENRI, January 2016.
[171] April, 2015.
[172] GRN, March 2017.
[173] World Bank, June 2011.

The ILO EESE Survey asked respondents about programmes which support the growth of entrepreneurial culture, referring to governmental and societal recognition of the importance of enterprises in development. Overall 39 percent of respondents thought that there were few or no programmes which supported the growth of entrepreneurial culture in Namibia. 25 percent did not know, while only 4 percent thought programme widely included this support. 49 percent of respondents from SMEs felt that there was a lack of programmes, compared with 33 percent of respondents from large enterprises.

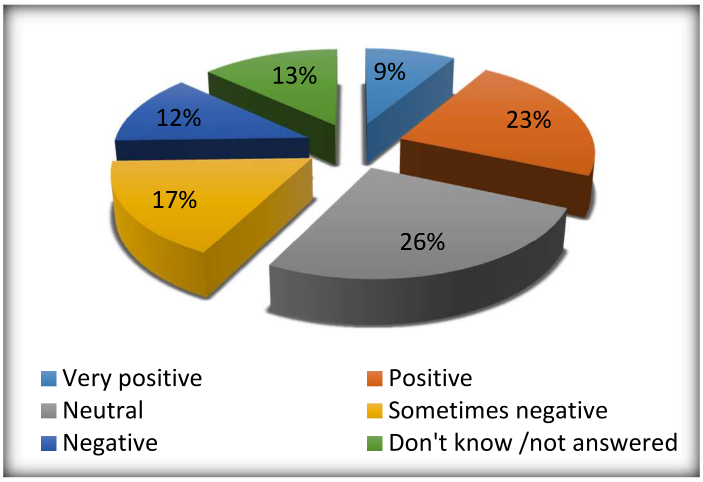
**Programmes which support the growth of entrepreneurial culture**




Source: ILO Namibia EESE Survey

When asked if they had become entrepreneurs by choice or if they had been forced by circumstances 45 percent of respondents from formal enterprises had chosen to become entrepreneurs. In contrast 41 percent of those in informal enterprises indicated a lack of choice in the matter.

**The general attitude amongst young people towards entrepreneurship in Namibia**



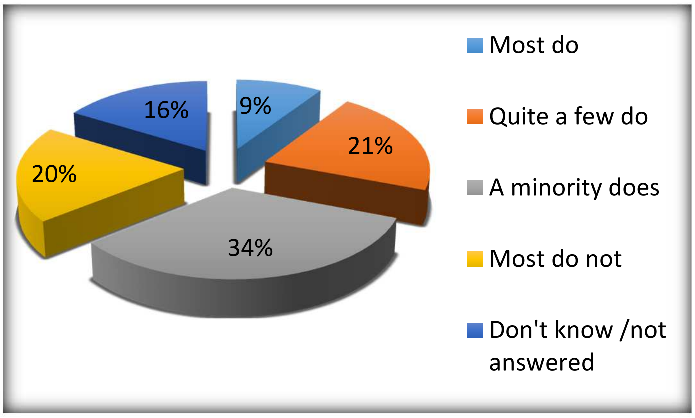

Source: ILO Namibia EESE Survey.

32 percent of respondents said young people were positive on the subject of entrepreneurship while 29 percent of respondent said that young people in Namibia have a generally negative attitude to entrepreneurship. 13 percent did not have an opinion or refused to answer. 30 percent of respondents from large enterprises, 26 percent from informal enterprises and 25 percent of

respondents from SMEs were neutral on the subject of entrepreneurship, though overall respondents from large enterprises were slightly more positive than those from SMEs and the informal sector. There was relatively strong agreement among respondents of different age groups that the general attitude among young people towards entrepreneurship in Namibia varies between neutral and slightly positive.

When asked about the extent to which attitudes to entrepreneurship differed between young men and young women, 35 percent of respondents felt women were more positive about entrepreneurship, 26 percent thought young men were more positive about entrepreneurship, and 23 percent of respondents overall felt that they had similar attitudes.

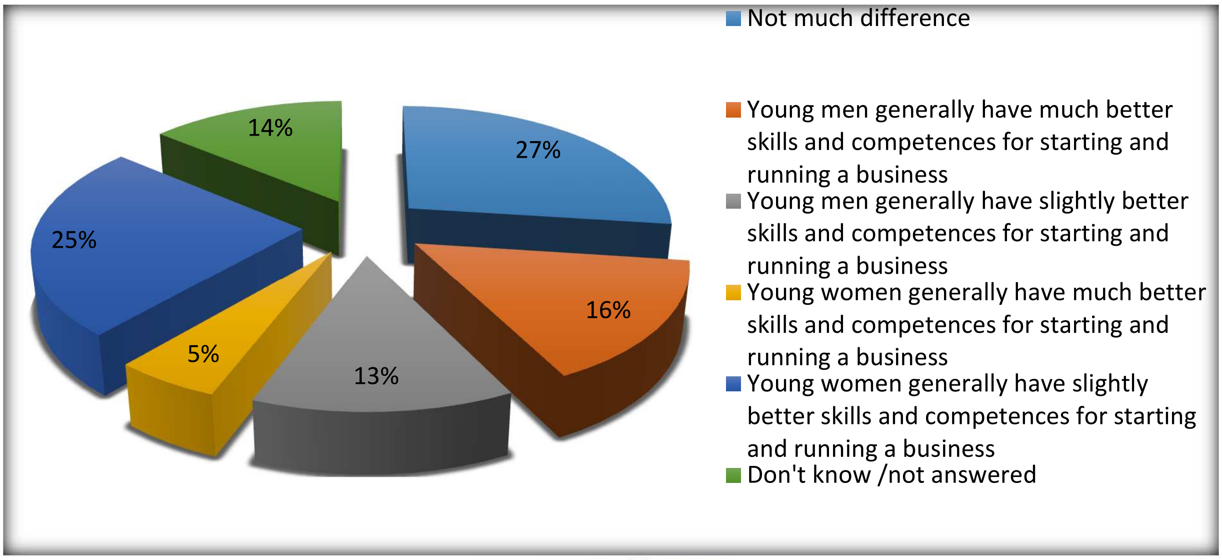
**The extent to which young people in Namibia have the necessary skills and competencies needed for starting and running their own businesses**




Source: ILO Namibia EESE Survey.

34 percent of respondents thought that a minority of young people in Namibia had the necessary skills and competencies to start and run their own businesses. 21 percent felt that quite a few young persons had the required skills and 20 percent felt that most young people did not have these skills. 9 percent felt that most young people have sufficient skills. Respondents from the health industry, business services, and financial services sector were more likely to think that most young people do not have the necessary skills and competencies for starting and running their own businesses.

Gender difference when it comes to having the necessary skills and competences needed




Source: ILO Namibia EESE Survey.

30 percent of respondents thought women had better skills to start a business, 29 percent thought men had better skills and 27 percent of respondents believed that there was not much difference between the men and women when it came to having the necessary skills and competencies to start a business. 39 percent of respondents from large businesses thought there was not much difference between the skills of men and women, while this number was 23 percent for employees, 22 percent for respondents from SMEs and 19 percent for respondents in the informal economy.

When asked about the most important factor that prevented young people from starting a business 17 percent identified financial risk, and 16 percent identified a lack of funding. The lack of skills and training, as well as an education system that does not teach young people how to be entrepreneurs were selected by 14 percent each as the primary cause.

"New Business Density" indicates the number of newly registered limited liability companies per 1000 working age people in a year. The most recent data we have for Namibia comes from 2012, when the figure was .85 newly registered companies for 1000 people. It was an improvement over the .68 in 2011, but in 2008 the figure had been 0.86. In the same year Botswana saw a figure of 12.30, and South Africa of 6.54. Malawi was at 0.08 in 2009, performing the worst of the comparison countries. The Sub-Saharan average was 2.06 in 2012.

### Key Indicators

| New Business Density | | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
|---|---|---|---|---|---|---|---|---|
| The number of newly registered limited liability companies per 1,000 working-age people (those ages 15-64) in that year. Source: World Bank Databank, World Development Indicators.[174] | **Namibia** | 0.86 | 0.76 | 0.64 | 0.68 | 0.85 | | |
| | **Botswana** | 6.73 | 8.96 | 9.49 | 9.84 | 12.30 | | 13.11 |
| | **Malawi** | 0.11 | 0.08 | | | | | |
| | **South Africa** | 9.18 | 7.89 | 6.14 | 1.82 | 6.54 | | |
| | **Sub-Saharan Africa** | 1.87 | 1.80 | 1.80 | 1.65 | 2.06 | | 2.28 |
| | The number of newly registered limited liability companies per 1,000 working-age people. | | | | | | | |

[174] http://databank.worldbank.org/data/home.aspx

## 4.2. Education, training and lifelong learning

Expanding people's capabilities through high-quality education, training and life-long learning and cultivating a skilled workforce are important elements in ensuring high levels of productivity for enterprises and the labour force. Investments in physical infrastructure, as well as developments in other economic sectors require an educated and skilled workforce to yield high returns. One of Namibia's obstacles to growth is the shortage of specialized skilled labour in Namibia. Higher education, technological readiness, innovation and market size are drivers of development that require more attention.

There is a disparity in Namibia, in the unemployment rates for those with or without higher education, indicating that better education might lead to greater engagement in economic activities[175]. Additionally, there is a disconnect between the types of skills imparted by skills improvement centres and vocational colleges, and those demanded by industries in Namibia. In order to address this mismatch the Ministry of Education introduced the Education and Training Sector Improvement Programme, the major focus of which is to improve the development of relevant and oft-demanded skills through the vocational education system[176].

Under apartheid rule there were severe disparities in the quality of education available to different racial and ethnic groups in Namibia. After independence, in 1990, the Ministry of Education undertook a comprehensive reform process, to make education more accessible for all of its citizens[177].

Until 1992 there was no established higher education system in Namibia; at present there are three universities, two public and one private, and vocational training centres[178]. In 1990 the National Institute for Educational Development (NIED) was established within the Ministry of Education and tasked with ensuring that curricula were periodically evaluated and updated in order to reflect the latest developments and needs[179]. Improving the quality of education is a key element of Vision 2030.

In 2014 there were approximately 1700 primary and secondary schools across Namibia, the majority of which were managed by the Ministry of Education[180]. At the beginning of the school year in 2013 primary education was made free across public schools in Namibia, up to the 7$^{th}$ grade[181]. From 2016 secondary education was also made free in public schools. Secondary school runs from grades 8 to 12. School enrolment rates have increased after making public education free, and the benefits of public schooling are likely to be felt in the medium to long-term. In addition to free schooling teachers have pointed out that more educational materials need to be provided, and better facilities for the increased numbers of students[182].

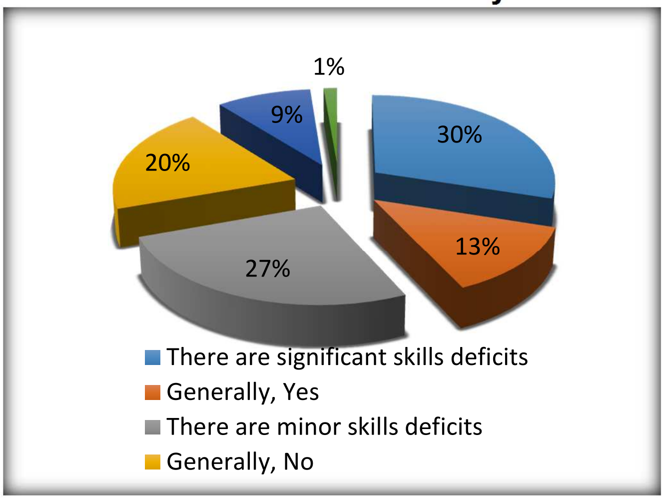
Differences between urban and rural school systems are stark. Most rural schools lack qualified staff, have poor managerial systems due to a lack of human resources, and often have students who perform poorly on standardised tests compared to students from urban schools[183]. Part of this is due

[175] ILO, April 2010.
[176] ILO, April 2010.
[177] Consedine, 2017.
[178] Feehrer, et al, 2017.
[179] PWC, 2014.
[180] PWC, 2014.
[181] PWC, 2014.
[182] African Independent, 6 April 2016.
[183] Consedine, 2017.

to historical factors as well, as most urban schools were established during South African rule, received more investment, and have had a longer period to build infrastructure. When public education was made completely free there was an acute shortage of teachers which then had to be recruited from the SADC region; in addition to boosting the numbers of teachers underqualified teachers need to have their skills improved, particularly at the secondary school level[184].

In 2014 the Vocational Education and Training levy was introduced to facilitate vocational training and education. This is paid to the Namibia Training Authority (NTA) and is imposed on every employer with an annual payroll of at least NAD 1,000,000, to the rate of 1 percent of the total annual payroll[185]. The introduction of distance learning has increased enrolment of students, and as communications technologies have improved the quality of education in Namibia has as well. Loans and scholarships exist for students enrolled in vocational studies or tertiary education programs, but they are not free of charge. The GRN offers manufacturing companies incentives to invest in technical training of their employees, such as a tax deduction of up to 25 percent[186].

**Overall, do workers have the skills demanded by businesses in Namibia?**




Source: EESE Namibia Survey

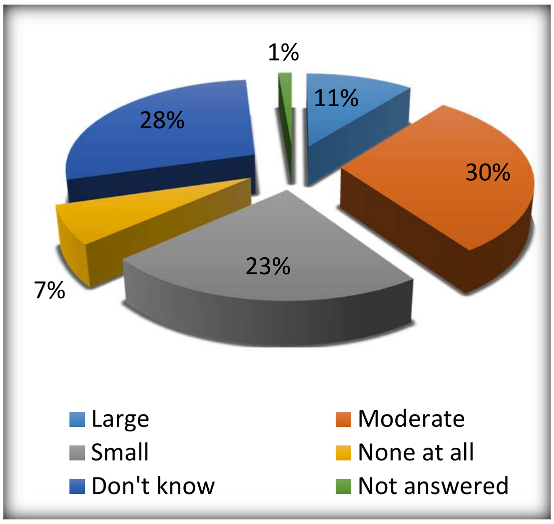
30 percent of respondents believed there were significant skills deficits, while a further 20 percent though that generally workers did not have the skills demanded by businesses. 27 percent of respondents believed that there were only minor skills deficits, while 13 percent thought generally workers have the skills demanded by businesses in Namibia. This is concerning and reveals that skills development is crucial in Namibia. 37 percent of respondents from large enterprises thought there were significant skills gaps, while 24 percent of SMEs, 27 percent of informal enterprises and 32 percent of employees also felt this way. Skills deficits were most acutely felt by respondents in the health industry and in financial services. There was relatively agreement among respondents from all regions that there were significant skills shortages except in Oshikoto where 54 percent believes that skill deficits are minor or generally not present.

36 percent of respondents felt that vocational training was generally not sufficient and 21 percent of respondents felt that there were significant deficits in vocational training in Namibia. Only 12 percent thought it was generally sufficient. 67 percent of respondents from large enterprises thought vocational and tertiary education in Namibia does not meet the needs of the business

[184] African Independent, 6 April 2016.
[185] U.S. Department of State, 2016.
[186] U.S. Department of State, 2016.

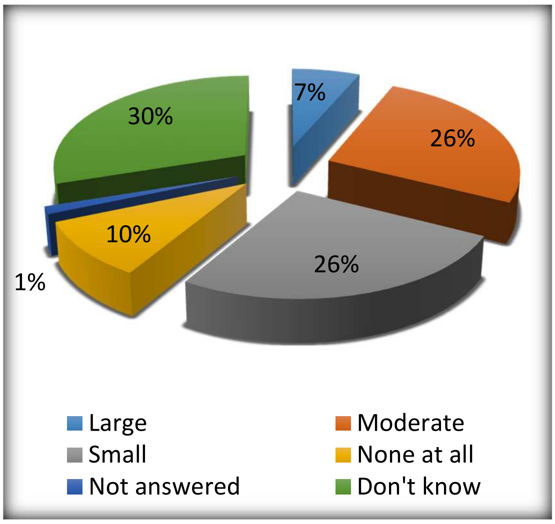
community, and in terms of sectors the financial services industry, health, and business services were more concerned about the skills mismatch than others.

**Investment that businesses in Namibia contribute towards human resource development through internal training**




Source: EESE Namibia Survey

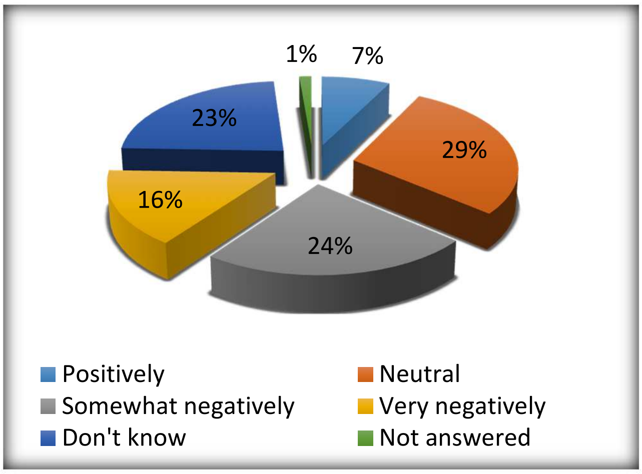
**Investment that businesses in Namibia contribute towards human resource development through external training**




Source: EESE Namibia Survey

Generally, respondents believe that there is a higher investment contribution from businesses towards human resource development in terms of internal training than through external training. There was also a high degree of uncertainty, as 30 percent surveyed did not have an opinion or didn't know.

**Many talented Namibians live abroad. Overall, how does this affect business in the country?**




Source: EESE Namibia Survey

When asked about whether business in Namibia was negatively affected by talented Namibians living and working abroad 29 percent were neutral, 24 percent believed business in the country was somewhat affected, while 16 percent of respondents indicated that business in Namibia was very negatively affected.

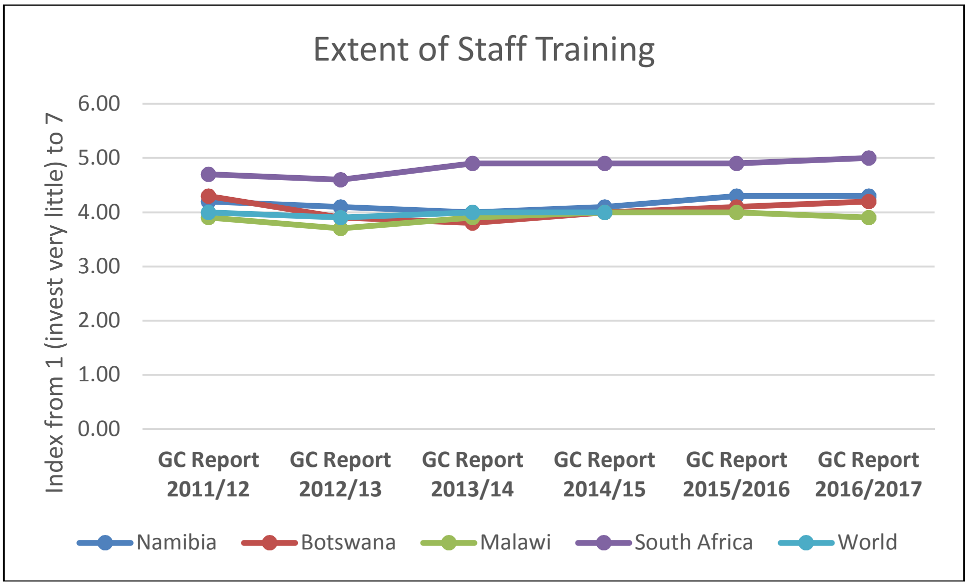
When asked about recognition of Prior Learning, the process of identifying knowledge and skills against a qualification or part thereof, only 10 percent thought this was well recognised in Namibia. 32 percent felt it was to some extent, 31 percent felt it was not well recognised and 7 percent felt it was not recognised at all. Additionally, 50 percent of respondents indicated that they have received some kind of relevant training in their field of business, and 48 percent had apparently never received any training pertinent to their field. Respondents from large enterprises seemed to be the best trained, with 80 percent having received some manner of training. Only 23 percent of respondents from informal enterprises had received training relevant to their field, though the number was higher for employees, at 43 percent and also 39 percent of respondents from SMEs. As might be expected respondents in forestry and agriculture received the least training, with 71 percent indicating they had none. 56 percent of respondents in wholesale and retail trade also had not received training.

Data on “Public Spending on Education” is uneven and not available for a lot of years. In 2010 Namibia spent 8.35 percent of its GDP on education. Botswana spent 9.63 percent in 2009, while Malawi spent 4.36 in 2010, and 6.88 percent in 2014. South Africa spent 5.72 percent in 2010 and 6.06 percent in 2014, with figures closest to Malawi.

The “Education Index” measures educational attainment based on the adult literacy rate and the combined primary, secondary, and tertiary gross enrolment ratio on a scale from 0 to 1 with higher values indicating better performance. Over the period 2008-2013, Namibia has shown no improvement, staying at 0.52. In the same period Botswana improved slightly from 0.61 to 0.62 in 2013. Malawi and South Africa have shown more improvement, South Africa having the best values of all four countries, going from 0.40 to 0.44 and 0.67 to 0.70 respectively.

The data on “Youth Literacy Rate” for Namibia is available for 2011 (94.42 percent of people aged 15-24 who can be counted as literate, and for 2015, when it went up slightly to 94.88. In 2015

Botswana did slightly better at 97.81 percent, as did South Africa at 99.03 percent. Malawi was at 75.08, and had the lowest percentage in 2015.




Source: World Economic Forum, The Global Competitiveness Report.

The "Extent of Staff Training" indicates whether companies in a country invest little or heavily in training and employee development to attract, train and retain staff, on a scale from 1 to 7 with higher values indicating more investments. In 2016, Namibia registered a value of 4.3 which is better than Botswana and Malawi, which were at 4.2 and 3.9 respectively. South Africa performed the best of the comparison countries with a value of 5 in 2016.

### Key indicators

| Public Spending on Education, total (% of GDP) | | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
|---|---|---|---|---|---|---|---|
| Public expenditure on education consists of current and capital public expenditure on education plus subsidies to private education at the primary, secondary, and tertiary levels. | **Namibia** | | 8.35 | | | | |
| | **Botswana** | 9.63 | | | | | |
| | **Malawi** | | 4.36 | 5.35 | | 7.70 | 6.88 |
| | **South Africa** | 5.25 | 5.72 | 5.96 | 6.37 | 6.00 | 6.06 |
| | **Sub-Saharan Africa** | 4.08 | 4.05 | 3.90 | | 3.97 | |
| **Source: World Bank Databank, World Development Indicators Online[187].** | **World** | 4.87 | 4.63 | 4.62 | 4.42 | | |
| | Public spending on education as share (%) of GDP | | | | | | |

[187] http://databank.worldbank.org/data/home.aspx

| Education Index | | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|---|---|---|---|---|---|---|---|
| It measures the educational attainment. The Education Index is measured by the adult literacy rate and the combined primary, secondary, and tertiary gross enrolment ratio. The adult literacy rate gives an indication of the ability to read and write, while the gross enrolment ratio gives an indication of the level of education from kindergarten to postgraduate education. It is a weighted average of Adult literacy index (with two-thirds weighting) and the combined primary, secondary, and tertiary gross enrolment ratio (Gross enrolment index [0, 100]) (with one-third weighting). **Source: UNDP, Human Development Report[188].** | **Namibia** | 0.52 | 0.52 | 0.52 | 0.52 | 0.52 | 0.52 |
| | **Botswana** | 0.61 | 0.62 | 0.62 | 0.62 | 0.62 | 0.62 |
| | **Malawi** | 0.40 | 0.42 | 0.43 | 0.44 | 0.44 | 0.44 |
| | **South Africa** | 0.67 | 0.68 | 0.68 | 0.69 | 0.70 | 0.70 |
| | On a scale from 0 to 1. Higher values correspond to better performance. | | | | | | |

| Extent of Staff Training | | GC Report 2013/14 | GC Report 2014/15 | GC Report 2015/16 | GC Report 2016/17 |
|---|---|---|---|---|---|
| The World Economic Forum (WEF) Survey asked the business leaders to provide their expert opinions on the following: "The general approach of companies in your country to human resources is: (1=to invest little in training and employee development, 7=to invest heavily to attract, train, and retain employees)". **Source: World Economic Forum, The Global Competitiveness Report[189].** | **Namibia** | 4 | 4.1 | 4.3 | 4.3 |
| | **Botswana** | 3.8 | 4.0 | 4.1 | 4.2 |
| | **Malawi** | 3.9 | 4 | 4 | 3.9 |
| | **South Africa** | 4.9 | 4.9 | 4.9 | 5 |
| | **World** | 4.00 | 4.00 | | |
| | 1= to invest little in training and employee development, 7= to invest heavily to attract, train, and retain employees. | | | | |

| Literacy Rate, youth total (% of people ages 15-24) | | 2011 | 2012 | 2013 | 2014 | 2015 |
|---|---|---|---|---|---|---|
| Youth literacy rate is the percentage of people ages 15-24 who can, with understanding, read and write a short, simple statement on their everyday life. **Source: World Bank Databank, World Development Indicators Online[190].** | **Namibia** | 94.42 | | | | 94.88 |
| | **Botswana** | | | | 97.68 | 97.81 |
| | **Malawi** | | | | | 75.08 |
| | **South Africa** | 98.79 | 98.88 | | 98.88 | 99.03 |
| | **Sub-Saharan Africa** | | | | | |
| | **World** | | | | | |
| | % of people | | | | | |

188 http://hdrstats.undp.org/en/indicators/default.html
189 http://www.weforum.org/issues/global-competitiveness
190 http://databank.worldbank.org/data/home.aspx

### 4.3. Social justice and social inclusion

Namibia is one of just eight African countries classified as upper middle income by the World Bank[191]. The GDP growth rate has been between 5% and 6.5% between 2010 and 2015, but poverty and unemployment rates are also high[192]. The economy is heavily based on mining, which has led to income inequalities. Poverty in Namibia is largely a rural issue, though increasing urbanization has led to large concentration of the population in urban areas, where poverty rates are growing.

Food security is an issue in rural areas, and in 2014 approximately 30 percent of children were affected by stunting[193]. Child poverty remains a serious issue in Namibia. The narrow targeting of welfare plans such as the child grant plan has meant that an impoverished section of the population that could benefit, but is just above the threshold, or which does not have access to the required identity documents, is left unsupported. The increasing preference for cash transfers alone has failed to show significantly reduced poverty and social exclusion[194]. Child labour is common in agriculture, as livestock herding is primarily conducted by boys[195].

Namibia's National Gender Policy, for 2010-2020, aims to address some of the challenges facing women[196]. In 2013 SWAPO committed to filling half its seats in parliament with women, and to ensure that ministers and deputy ministers worked in teams where one was a male and the other a female, in a "zebra system". Despite this, there are questions about the ruling party's commitment to gender equality, as many of the policies meant to promote female leadership also result in senior female SWAPO members taking over positions previously held by male SWAPO members[197].

Despite progressive policies, reforms, and the adoption of international human rights instruments, women continue to face discrimination in Namibia, as well as gender based violence in many forms. In many parts of the country marriage, divorce and land rights and dictated by customary law, and there is variance between communities in terms of their traditional governance structures[198]. Many sources suggest that customary law continues to enforce discriminatory practices, such as widows being dispossessed of land, allegations of witchcraft against women, stigmatization of persons with HIV and so on.

A 2014 national survey found that overall HIV prevalence in Namibia was 16.9 percent in 2014, having dropped from a previous rate of 18.2 percent (year not given)[199]. This remains a significant barrier to progress, and though prevalence is declining it is declining slower for women than for men. Many firms have HIV/AIDS education programs and integration programs. Sometimes companies also have anti-retro viral programs for employees.

Many large companies, as well as parastatals have well defined social responsibility initiatives to provide support in areas such as health, education, sports, SME development and so on. Black Economic Empowerment programs (BEE) are part of the CSR programs at many firms. CSR initiatives

[191] http://data.worldbank.org/income-level/upper-middle-income
[192] World Bank Databank, World Development Indicators Online.
[193] EEAS, April 2014.
[194] UNICEF, 2015.
[195] U.S. Dept. Of State, 2016.
[196] EEAS, 2014.
[197] The Guardian, 8 July 2014.
[198] Canada : Immigration and Refugee Board of Canada, 2012.
[199] New Era, 6 July 2016.

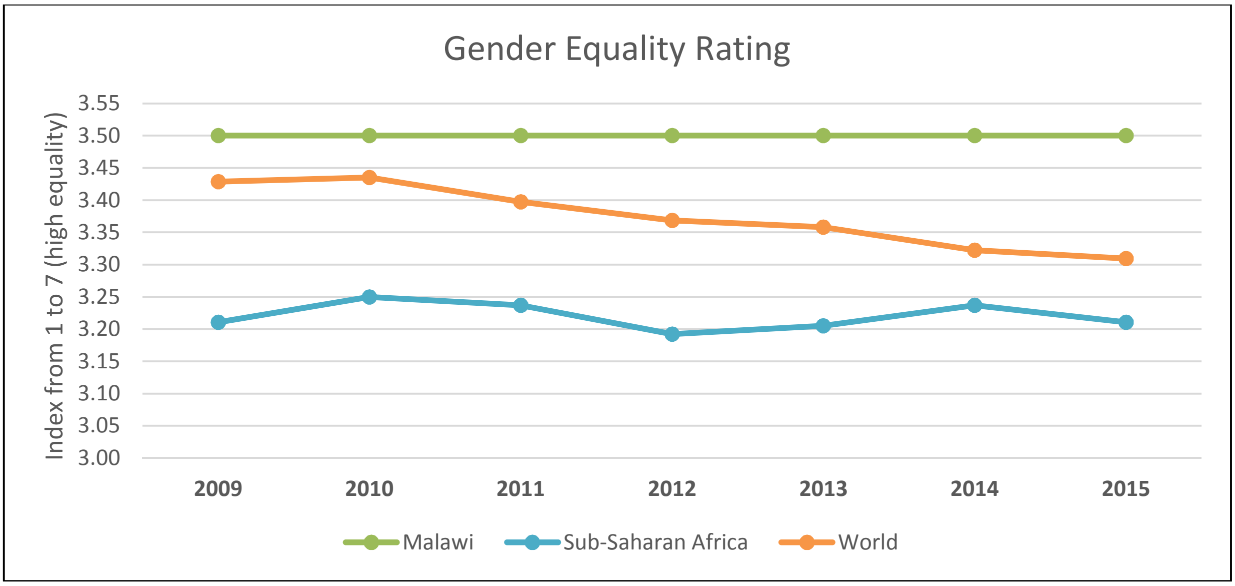
aside, policies advancing BEE, which promote inclusion into the mainstream economy for previously excluded groups, are mainstreamed into planning processes at many levels. Companies in the mining sector often have more visible CSR programs focusing on education and community development, health and environmental sustainability, and BEE[200]. The GRN promotes the inclusion of traditionally disadvantaged or socially marginalized groups. The Equity Commission of the GRN requires that all firms have an affirmative action plan for management positions.

The "GINI Coefficient" measures the extent to which the distribution of income among individuals or households within an economy is equal. Absolute equality corresponds to a value of 0, whereas absolute inequality is represented by 100. Data for Namibia is available for 2009 where it ranks at 60.97, among the highest in the world. Botswana and South Africa fare poorly as well, at 60.46 and 63.01. Malawi does somewhat better at 46.12.

The "Gender-related Development Index" measures average achievements in a long and healthy life, knowledge and a decent standard of living, adjusted to account for inequalities between men and women. Higher values indicate a better situation. Namibia performs poorly compared to Botswana and South Africa, but significantly better than Malawi. In 2014 Namibia recorded an index of 0.63, having remained at the same level for the last few years. South Africa was at 0.67, Botswana at 0.70 and Malawi at 0.45.

The "Gender Empowerment Measure" (GEM) is an index measuring gender inequality in economic participation and decision-making, political participation, and decision-making and power over economic resources. The lower the value, the more heavily a society is penalized for having inequalities. Namibia's GEM increased from 0.50 in 2005 to 0.62 from 2006-2009. Botswana scores poorly in comparison at 0.55 in 2009.

The "Gender Equality Rating" measures the extent to which a country has implemented institutions and programmes to enforce laws and policies aimed at promoting equal access for men and women to education, health, the economy, and legal protection. The rating is done on a scale from 1 to 6 with higher values indicating better performance. Data is not available for Namibia, Botswana and South Africa. Malawi, however performs somewhat better than Sub-Saharan Africa and the World.




Source: World Bank Databank, World Development Indicators

200 U.S. Department of State, 2016.

The “Gender Inequality Index” (GII) measures the loss due to inequality in achievements in health, empowerment and the labour market. Values range from 0, reflecting perfect equality, to 1, reflecting total inequality. Namibia’s GII has declined slightly between 2011 and 2014, with a 2014 level of 0.63. Levels of gender inequality were worse in South Africa and Botswana, but much better in Malawi, at 0.45.

### Key Indicators

| GINI Coefficient | | 2007 | 2008 | 2009 | 2010 | 2011 |
|---|---|---|---|---|---|---|
| Gini index measures the extent to which the distribution of income (or, in some cases, consumption expenditure) among individuals or households within an economy deviates from a perfectly equal distribution. A value of 0 represents absolute equality, a value of 100 absolute inequality. | **Namibia** | | | 60.97 | | |
| | **Botswana** | | | 60.46 | | |
| | **Malawi** | | | | 46.12 | |
| | **South Africa** | | 63.01 | | | 63.38 |
| **Source:** **World Bank, World Development Indicators Online**[201] | 0= perfect equality, 100= perfect inequality | | | | | |

| Gender-related Development Index (GDI) | | 2011 | 2012 | 2013 | 2014 |
|---|---|---|---|---|---|
| A composite index measuring average achievement in the three basic dimensions captured in the human development index – a long and healthy life, knowledge and a decent standard of living- adjusted to account for inequalities between men and women. | **Namibia** | 0.62 | 0.62 | 0.63 | 0.63 |
| | **Botswana** | 0.69 | 0.69 | 0.70 | 0.70 |
| | **Malawi** | 0.43 | 0.43 | 0.44 | 0.45 |
| | **South Africa** | 0.65 | 0.66 | 0.66 | 0.67 |
| **Source:** **UNDP Human Development Report**[202]**.** | The lower the value, the more heavily a society is penalized for having inequalities. | | | | |

| Gender Empowerment Measure (GEM) | | 2005 | 2006 | 2007 | 2009 |
|---|---|---|---|---|---|
| A composite index measuring gender inequality in three basic dimensions of empowerment – economic participation and decision-making, political participation, and decision-making and power over economic resources. | **Namibia** | 0.50 | 0.62 | 0.62 | 0.62 |
| | **Botswana** | 0.51 | 0.50 | 0.52 | 0.55 |
| | **Malawi** | | | | |
| | **South Africa** | | | | |
| **Source:** **UNDP Human Development Report**[203]**.** | The lower the value, the more heavily a society is penalized for having inequalities. | | | | |

| Gender Inequality Index (GII) | | 2011 | 2012 | 2013 | 2014 |
|---|---|---|---|---|---|
| The Gender Inequality Index is a composite index measuring loss in achievements in three dimensions of human development—reproductive health, empowerment and labour market, due to inequality between genders. | **Namibia** | 0.616 | 0.62 | 0.625 | 0.628 |
| | **Botswana** | 0.688 | 0.691 | 0.696 | 0.698 |
| | **Malawi** | 0.429 | 0.433 | 0.439 | 0.445 |
| | **South Africa** | 0.651 | 0.659 | 0.663 | 0.666 |
| **Source:** **UNDP, Human Development Report**[204]**.** | Values range from 0 (perfect equality) to 1 (total inequality). | | | | |

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[201] http://databank.worldbank.org/data/home.aspx
[202] http://hdr.undp.org/en/reports/
[203] http://hdr.undp.org/en/reports/
[204] http://hdr.undp.org/en/reports/

## 4.4. Adequate social protection

Providing citizens with access to key services, such as quality health care, unemployment benefits, maternity protection, and a basic pension, is key to improving productivity. Protecting workers' health and safety at the workplace is also vital for sustainable enterprise development and productivity gains.

Namibia is one of the few African countries to maintain a basic social safety net, which is playing a crucial role in alleviating poverty. Namibia has a comprehensive and government-funded social grant system aimed at improving social protection; this comprises of Basic State Grants (universal old age pensions and disability grants), Child Welfare Grants and War Veteran Grants. Pensioners, orphans, war veterans and the disabled benefit from financial state aid[205]. The Ministry of Poverty Eradication and Social Welfare, established in 2015 by the GRN, helps to coordinate national social protection efforts[206].

The social protection system, in addition to the social assistance schemes mentioned above also consists of social insurance and occupational and private pension provision[207]. Insurance in the form of maternity leave, sick leave, and compensation for victims of accidents are among the protections offered. For employees in the formal sector, the Namibian Financial Services Authority regulates private retirement funds, health insurance funds and medical aid programmes[208].

At independence, health services were based on racial segregation, and concentrated in urban areas. Since independence there has been an expansion of the public health system, but there is an acute shortage of qualified personnel, as well as adequate rural coverage[209]. The primary challenges are HIV/AIDS, tuberculosis, malaria, and other communicable diseases, though serious efforts have been made to address their incidence. Health spending is high with significant donor contributions to the promotion of better health systems[210]. Malaria deaths reduced by 88 percent between 2000 and 2010[211]. Other areas of concern include neonatal mortality and maternal mortality, services for which receive less than 1 percent of the spending of the health budget[212]. Outreach services are poor, covering less than 1 percent of households, which makes the provision of health services difficult, particularly in rural areas[213]. Children, in particular, remain inadequately covered in terms of medical care.

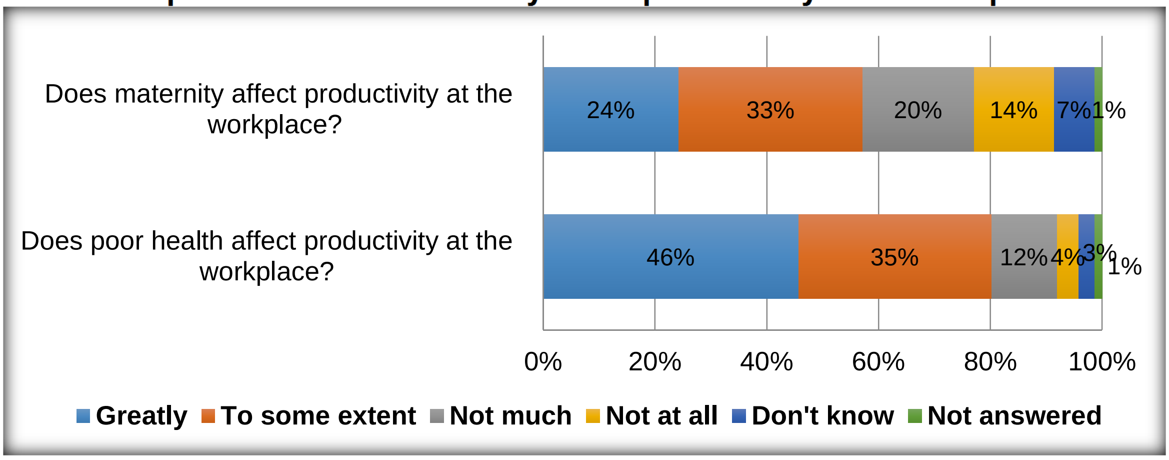
The relatively high spending on social protection, and on public education is made possible by revenues from SACU, and taxes and royalties from the mining sector[214]. Namibia does not have a sovereign wealth fund. The Government Institution Pension Fund has been established to provide retirement and benefits to GRN employees and employees of institutions established by an act of Namibian Parliament. Structural limitations, such as high barriers to market entry and economic inequality, keep the Namibian economy from creating enough formal sector jobs, and the majority of the population is in the informal economy, where despite the broad-based social protection schemes

[205] EEAS, April 2014.
[206] UNICEF, 2015.
[207] ILO, 2014.
[208] ILO, 2014.
[209] Brockmeer, 2012.
[210] UNICEF, 2011.
[211] UNICEF, 2011.
[212] UNICEF, 2011.
[213] UNICEF, 2011.
[214] ILO, 2016.

in place, they do not benefit enough from public spending[215]. Vulnerability is greater in the informal economy, and to more effectively address poverty alleviation and inclusive growth ways to address the health and other deficits of Namibians in the informal economy will have to be found.

The ILO EESE survey respondents generally indicated that poor health has a negative effect on productivity, while about one quarter also felt that statutory social security contributions affected businesses in Namibia negatively. 46 percent of respondents thought that poor health did affect productivity negatively. In comparison 34 percent said poor health didn't affect productivity much, or not at all, though 24 percent felt that maternity affected productivity in the workplace greatly.

**Does poor health and maternity affect productivity at the workplace?**




Source: EESE Namibia Survey

In terms of assessing maternity protection in Namibia, about 40 percent of respondents from SMEs and informal enterprises thought they were satisfactory. 29 percent of employees felt that maternity protections were underdeveloped, while only 16 percent of all respondents thought women were well protected.

In general respondents from larger enterprises were more positive about the existence and role of social protection, confirming that these enterprises have clearer policies and structures relating to health care in place. When asked about statutory social security contributions 49 percent of respondents from large enterprises said their effect was positive, while 24 percent of respondents from SMEs and 24 percent of employees thought this was negative. 29 percent of informal enterprises also viewed these social security contributions negatively.

The survey found that training and awareness about occupational safety and health was generally low. Occupational safety and health (OSH) practices are not well known or implemented by enterprises in Namibia, according to most of the respondents. Overall, 40 percent said they did not know about them, and lack of information appears to be common. 29 percent of respondents from large enterprises felt they were implemented fairly well. Only 21 percent of all respondents indicated that they received training on OSH fairly regularly.

Namibia's "General Government Final Consumption Expenditure" as a percentage of GDP has increased from 23.86 percent in 2009 to 27.04 percent in 2015. This is higher than then comparison countries, Sub-Saharan Africa (14.67 percent in 2015) and the world aggregate of 17.20 percent in 2015. Malawi spent the smallest portion out of the four countries totalling 13.87 percent of its GDP.

[215] Shinondola-Mote and Ohlson, 2013.

Data on “Public Expenditure on Health” as a percentage of GDP revealed a slight increase in Namibia’s spending, from 4.42 percent in 2009 to 5.36 percent in 2014. Namibia’s public expenditure on health was higher than that of Botswana (3.9 percent) and South Africa (4.24 percent) but lower than that of Malawi (6 percent) in the same year. It was higher than the Sub-Saharan Africa regional average of 2.32 per cent for 2014 but lower than the world mean of 5.99 per cent.

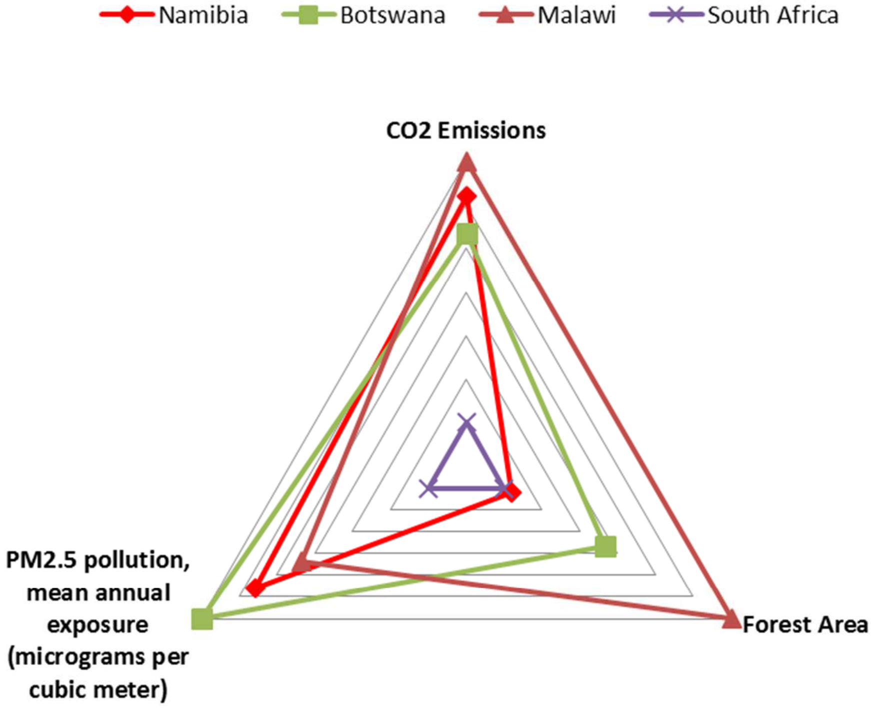
## Key Indicators

| **General Government Final Consumption Expenditure (% GDP)** | | **2009** | **2010** | **2011** | **2012** | **2013** | **2014** | **2015** |
|---|---|---|---|---|---|---|---|---|
| General government final consumption expenditure includes all government current expenditures for purchases of goods and services (including compensation of employees). It also includes most expenditures on national defense and security, but excludes government military expenditures that are part of government capital formation. **Source: World Bank Databank, World development Indicators**[216]. | **Namibia** | 23.86 | 25.55 | 23.19 | 24.97 | 25.97 | 26.16 | 27.04 |
| | **Botswana** | 21.09 | 19.76 | 18.10 | 18.94 | 18.87 | 16.42 | 17.42 |
| | **Malawi** | 15.95 | 14.02 | 13.40 | 14.38 | 16.37 | 12.54 | 13.87 |
| | **South Africa** | 19.86 | 20.23 | 19.86 | 20.26 | 20.64 | 20.65 | 20.66 |
| | **Sub-Saharan Africa** | 15.84 | 14.64 | 14.69 | 14.98 | 14.90 | 16.06 | 14.67 |
| | **World** | 17.88 | 17.52 | 17.28 | 17.24 | 17.22 | 17.15 | 17.20 |
| | Government Expenditure excluding military as a % of GDP | | | | | | | |

| **Health expenditure, public (% of GDP)** | | **2009** | **2010** | **2011** | **2012** | **2013** | **2014** |
|---|---|---|---|---|---|---|---|
| Public health expenditure consists of recurrent and capital spending from government (central and local) budgets, external borrowings and grants (including donations from international agencies and nongovernmental organizations), and social (or compulsory) health insurance funds. **Source: World Bank Databank, World Development Indicators**[217]. | **Namibia** | 4.42 | 4.59 | 5.32 | 4.85 | 5.03 | 5.36 |
| | **Botswana** | 4.49 | 3.54 | 3.24 | 3.96 | 3.51 | 3.19 |
| | **Malawi** | 6.19 | 6.34 | 6.93 | 6.77 | 5.79 | 6.00 |
| | **South Africa** | 3.95 | 3.99 | 4.13 | 4.28 | 4.20 | 4.24 |
| | **Sub-Saharan Africa** | 2.72 | 2.49 | 2.63 | 2.54 | 2.46 | 2.32 |
| | **World** | 6.32 | 6.07 | 5.97 | 5.94 | 5.92 | 5.99 |
| | Data as a % of GDP | | | | | | |

216 http://data.worldbank.org/data-catalog/world-development-indicators
217 http://databank.worldbank.org/data/home.aspx

## 5. Environmental elements




Note: the values for the individual indicators have been harmonized for better presentation and formatted so that the further from the centre a data point is, the better the country's performance in that regard. The original indicator values are included in the chapters.

- The Namibian Constitution explicitly provides for various environmental protections.
- A number of progressive laws have been enacted addressing various environmental concerns, and aimed at promoting sustainable development.
- The 2011 National Policy on Climate Change outlines a framework for climate risk management.
- A National Climate Change Strategy and Action Plan addressing national and international funding mechanisms for adaptation and mitigation projects was launched in 2014.
- Climate change has a disproportionately large impact on vulnerable groups.
- Water stewardship is crucial.

## 5.1. Responsible stewardship of the environment

Namibia has progressive environmental protection laws, and since 1990 the GRN has adopted a number of policies aimed at promoting sustainable development. Environmental protection measures are written into the Constitution. Article 95 of the Constitution of Namibia mandates the "maintenance of ecosystems, essential ecological processes and biological diversity of Namibia and utilization of living natural resources in a sustainable basis for the benefit of the Namibians, both present and future". The Office of the Ombudsman, as created by Article 10 of the Constitution, investigates, among other things, complaints concerning the over-utilization of natural resources, non-renewable resources, and destruction of the ecosystem.

In addition to these protections, over 30 laws addressing conservation and the environment have been enacted in Namibia since 1990[218]. Namibia is rich in diverse wildlife, which is the basis for a growing tourism industry, the third largest contributor to the economy after mining and fishing[219]. The Ministry of Environment and Tourism (MET), is responsible for matters relating to environmental protection and resources. The Directorate of Environmental Affairs (DEA), one of five directorates of the MET, is responsible for overseeing Namibia's compliance with various UN conventions, and the implementation of programs related to them[220]. Human resources, and funds for the activities of the MET, however, are limited.

Vision 2030, provides direction to ministries of the GRN, private sector entities, NGOs and other authorities, on embracing sustainable development, stating that strategies need to be adopted to promote the sustainable, equitable and efficient use of natural resources.
Namibia is vulnerable to global environmental problems such as pollution of the seas, ozone layer depletion, reduction in biodiversity; particularly given the high rates of poverty, the dependence on subsistence farming, the arid climate, shortage of drinking water, prevalence of disease, and inadequacies in infrastructure[221]. It also lacks the financial resources to fully address environmental problems on the scale required.

Some environmental concerns are particularly crucial in Namibia. Subsistence farming is common, and particularly in rural areas unsustainable environmental management practices are driven by poverty[222]. Land degradation poses a significant challenge particularly that caused by overstocking and overgrazing, though climatic variations are also an increasing threat. Clearing of forests for farming, or harvesting plant and game resources causes further negative effects on the land. This is linked with increasing food insecurity, and increasingly precarious rural livelihoods. Forest resources are crucial in many ways, including to stabilise the soil and prevent desertification, support biological diversity, and as a continuing source of resources in rural areas.

Water management is another serious problem, and the security of continued water supply especially for the central regions is critically important. Namibia is one of the most arid countries in southern Africa, with over 22 percent of it being classified as desert and a further 33 and 37 percent

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[218] Snively, 2012.
[219] Snively, 2012.
[220] SAIEA, 2012.
[221] Snively, 2012.
[222] Ruppel-Schlichting, 2011.

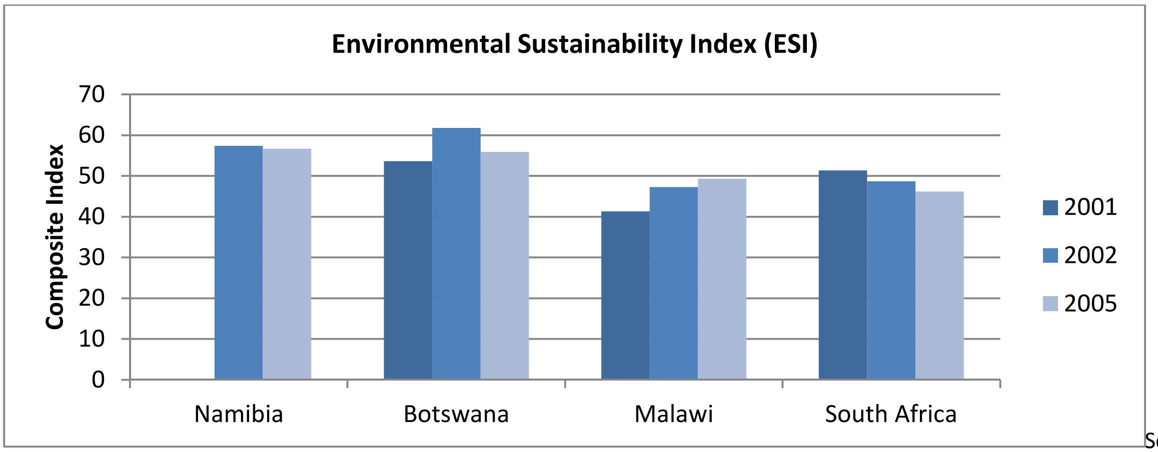
as arid and semi-arid[223]. Population pressure and industrial development have contributed to surface and ground water pollution. It is imperative that the negative effects from thus, on health and water availability, be controlled by sound water management.

Climate change is expected to result in temperature increases that will further reduce the availability of water resources[224]. Severe floods and droughts in recent years have highlighted the need for adaptive strategies. In 2011 Parliament approved a National Policy on Climate Change for Namibia (NCCP). The NCCP outlines a framework for climate risk management in accordance with Vision 2030. A National Climate Change Strategy and Action Plan (NCCSAP) for 2013-2020 was launched in 2014, which identified priority areas for action. The NCCSAP, importantly, outlines different funding mechanisms for adaptation and mitigation projects[225].

Climate change impacts different groups of society differently, and in Namibia the consequences also have a gendered dimension. Women are more vulnerable to the impacts of climate change. Perhaps the most striking impact of climate change is the interference with food security. Agriculture is the source of livelihood for a large section of the population, and it is dependent on rainfall, which is increasingly unpredictable. Livestock herders are affected by climate variability in the form of droughts. Food insecurity leads to the working population becoming weak, the inability to work has income effects that compound health problems, and the malnutrition leads to a higher susceptibility to disease. Unreliable water availability has an effect on the crops, and prices, but also impacts the outbreak of diseases like malaria, cholera, diarrhoea, and typhoid.

The effects of general environmental degradation are most severely felt by the most vulnerable sections of society, which have limited adaptive ability. Successful long-term poverty alleviation strategies must include sustainable environmental management as a component.

The "Environmental Sustainability Index" (ESI) indicates the ability of nations to protect the environment over the coming decades. The higher a country's ESI score, the better positioned it is to maintain favourable environmental conditions into the future. Although the available data is out-dated, it shows a positive performance by Namibia, Botswana and Malawi, compared with South Africa, where the results did not improve over the given years.

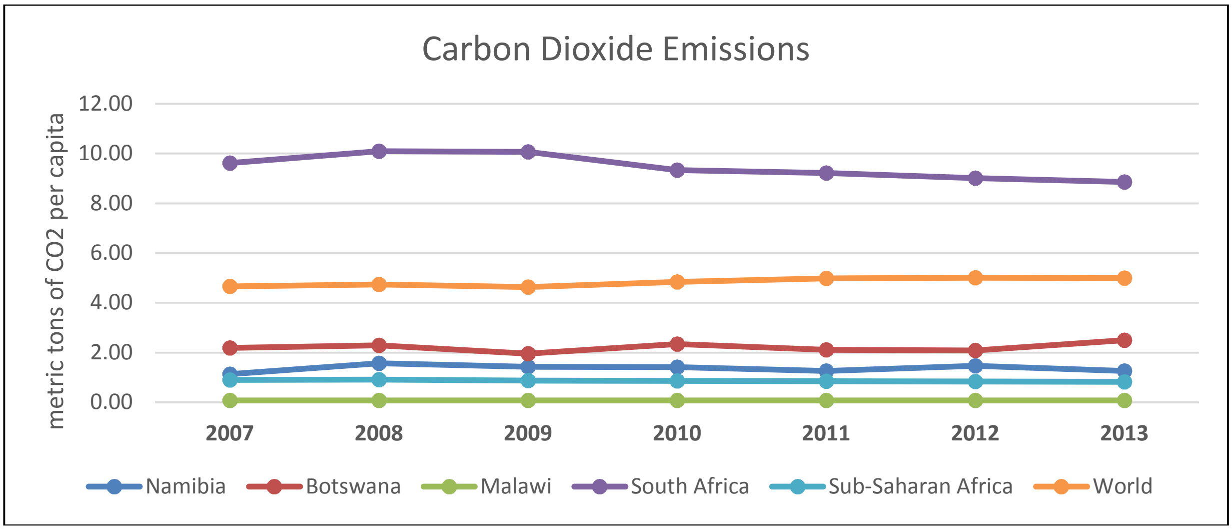



Source: Environmental Sustainability Reports 2001, 2002, 2005

[223] Ruppel-Schlichting, 2011.
[224] GRN, July 2011.
[225] Hans Seidel Foundation, 2015.

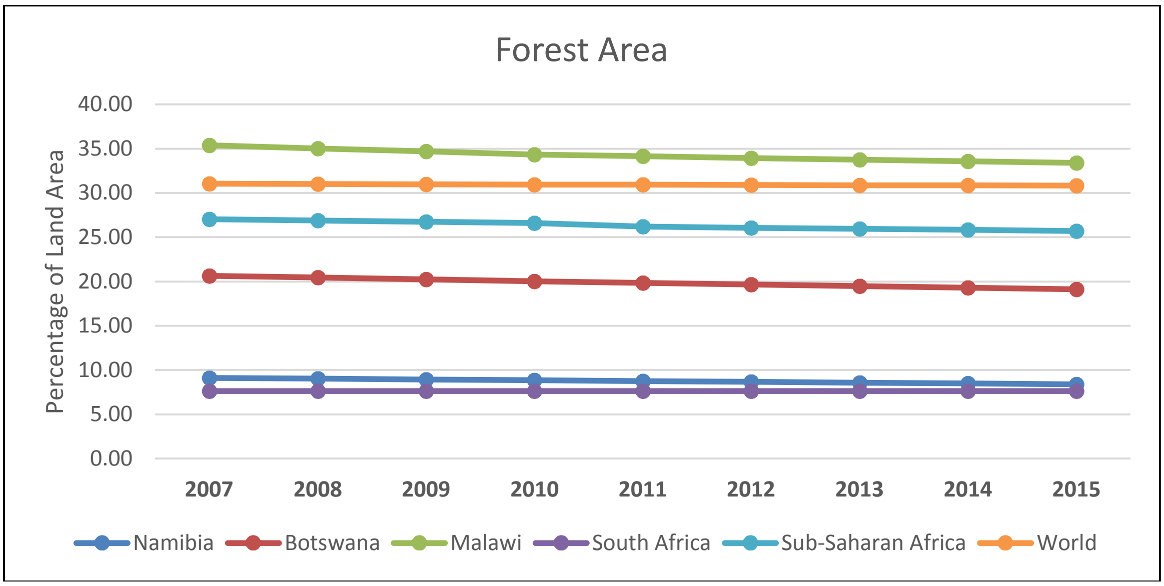
Namibia's "Total Ecological Footprint" increased from 3.84 in 2005 to 4.25 in 2009. All three of the comparison countries do better than this- Malawi was at 0.75 hectares per capita, while Botswana and South Africa were at 2.50 and 3.05 respectively. The world mean was 2.70 for 2009.

Additional information on responsible stewardship of the environment can be obtained by considering other indicators. For example, Namibia emitted 1.26 metric tons of CO2 per capita in 2013, which means that the negative environmental impact of the country in this regard is rather low, especially if compared to the world average of 5.0 in the same year, or South Africa's at 8.86. Out of the comparison countries the lowest emissions were registered by Malawi amounting to 0.08 metric tons of CO2 in 2013. Sub-Saharan Africa's aggregate metric tons of CO2 per capita emissions were also low at 0.83 in 2013.




Source: World Bank Databank, World Development Indicators

Malawi boasts the largest forest area of all four countries used for comparison in this report. Namibia's forest area, as a percentage of land area was 8.40 percent in 2015, having declined steadily from 9.13 in 2007. Anthropogenic factors for deforestation include overgrazing, the high demand for wood energy, and clearing or agriculture or settlement.




Source: World Bank Databank, World Development Indicators

The “Environmental Performance Index” ranks 178 countries based on 20 indicators. The higher the score, the better is the environmental performance of the country. In 2016 Namibia scored 70.84, while Botswana and South Africa scored 70.72 and 70.52 respectively. This is up from 59.3 in 2010, and 43.7 in 2014, for Namibia. Malawi scored less favourably at 49.69 in 2016.Table 1 Key environmental indicators, selected countries, 2010-2016, 2006-2011 and 2010-2015.

**Key Indicators**

| **Total Ecological Footprint (EFP) (global hectares per capita)** | | **2005** | **2007** | **2009** |
|---|---|---|---|---|
| The Ecological Footprint (global hectares per capita) measures the amount of biologically productive land and sea area an individual, a region, all of humanity, or a human activity requires to produce the resources it consumes and absorb the waste it generates, and compares this measurement to how much land and sea area is available. | **Namibia** | 3.84 | 5.21 | 4.25 |
| | **Botswana** | 2.85 | 2.87 | 2.50 |
| | **Malawi** | 0.41 | | 0.75 |
| | **South Africa** | 3.06 | 3.36 | 3.05 |
| | **World Mean** | 2.69 | 2.59 | 2.70 |
| | Global hectares per capita, lower value= better performance. | | | |

| **Environmental Performance Index (EPI)** | | **2010** | **2014** | **2016** |
|---|---|---|---|---|
| The Environmental Performance Index (EPI) is constructed through the calculation and aggregation of 20 indicators reflecting national-level environmental data. These indicators are combined into nine issue categories, each of which fit under one of two overarching objectives.<br>Owing to changes in methodologies and underlying data, 2010 EPI scores and ranks cannot be directly compared to 2006 and 2008 scores and ranks and therefore are not considered in the present analysis.<br>**Source: Environmental Performance Index, Yale University.[226]** | **Namibia** | 59.3 | 43.7 | 70.84 |
| | **Botswana** | 41.3 | 47.6 | 70.72 |
| | **Malawi** | 51.4 | 40.06 | 49.69 |
| | **South Africa** | 50.8 | 53.51 | 70.52 |
| | The higher the score the better the environmental performance of the country (range of 0-100) | | | |

[226] http://epi.yale.edu//epi/country-rankings

## 6. Assessment results and ways forward

The final results of the overall assessment on an enabling environment for sustainable enterprises in Namibia based on primary and secondary data, workshop discussions, and a thorough literature review indicate that there is space for improving the situation in all of the 17 conditions listed by the ILC.

In order to focus attention and concentrate efforts toward a deep analysis of emerging issues, some of the 17 conditions were prioritized by tripartite constituents at the consultative workshop held in October 2016 in Windhoek. These areas were perceived as those where interventions for improvement are most needed. The selected conditions are as follows:

- Access to financial services;
- Trade and sustainable economic integration;
- Enabling legal and regulatory environment;
- Social dialogue;
- Entrepreneurial culture;
- Education, training and lifelong learning;
- Fair competition;
- Physical infrastructure; and
- Social protection.

The collection of primary data focused only on these nine priority conditions, in order to make it possible to obtain a thorough perception of respondents throughout the country on issues pertaining to those priority areas.

The preliminary findings of the overall evaluation were presented, discussed and validated at a tripartite workshop held in Windhoek in May 2017. There it was agreed that efforts should be concentrated on areas which are key for the ILO and its constituents, and which are not the focus of actions already being undertaken by national stakeholders and international donors. Emphasis for future action toward improvement was hence placed on only three of the priority conditions listed above:

- Enabling legal and regulatory environment (with an emphasis on formalization);
- Education, training and lifelong learning; and
- Entrepreneurial culture.

In general, it was considered that entrepreneurial culture ought to be fostered in the country and that this should be done primarily through education and skills development. Consensus was reached on the need to introduce secondary school curricula focusing on entrepreneurial culture. In addition, it was suggested that vocational training programmes be strengthened to better target adults' education.

On the enabling legal and regulatory environment, the need to simplify burdensome regulation to start and formalize a business was expressed. It is necessary to share and disseminate information on how to formalize an enterprise. In addition, it was found that municipalities and local authorities should be the primary actors involved in addressing these constraints, in particular because local languages should be used for communication and to convey key messages.

An action plan with specific outputs stemming from outcomes linked to priority areas and key players for action has been drafted by tripartite participants at the May 2017 workshop. The action plan will be finalized and adopted at a dissemination workshop to be held in late 2017 in the presence of high-level policy makers. The implementation of the action plan will address some of the main issues emerging from this assessment and will contribute to the improvement of the enabling environment for sustainable enterprises in Namibia.

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