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**Growth, employment and decent
work in Namibia:**

A situation analysis

Godfrey Kanyenze
Frédéric Lapeyre

Employment
Policy
Department

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Preface

The primary goal of the ILO is to contribute, with member States, to achieve full and productive employment and decent work for all, including women and young people, a goal embedded in the ILO Declaration 2008 on *Social Justice for a Fair Globalization*, and¹ which has now been widely adopted by the international community.

In order to support member States and the social partners to reach the goal, the ILO pursues a Decent Work Agenda which comprises four interrelated areas: Respect for fundamental worker's rights and international labour standards, employment promotion, social protection and social dialogue. Explanations of this integrated approach and related challenges are contained in a number of key documents: in those explaining and elaborating the concept of decent work², in the Employment Policy Convention, 1964 (No. 122), and in the Global Employment Agenda.

The Global Employment Agenda was developed by the ILO through tripartite consensus of its Governing Body's Employment and Social Policy Committee. Since its adoption in 2003 it has been further articulated and made more operational and today it constitutes the basic framework through which the ILO pursues the objective of placing employment at the centre of economic and social policies.³

The Employment Sector is fully engaged in the implementation of the Global Employment Agenda, and is doing so through a large range of technical support and capacity building activities, advisory services and policy research. As part of its research and publications programme, the Employment Sector promotes knowledge-generation around key policy issues and topics conforming to the core elements of the Global Employment Agenda and the Decent Work Agenda. The Sector's publications consist of books, monographs, working papers, employment reports and policy briefs.⁴

The *Employment Working Papers* series is designed to disseminate the main findings of research initiatives undertaken by the various departments and programmes of the Sector. The working papers are intended to encourage exchange of ideas and to stimulate debate. The views expressed are the responsibility of the author(s) and do not necessarily represent those of the ILO.

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¹ See http://www.ilo.org/public/english/bureau/dgo/download/dg_announce_en.pdf

² See the successive Reports of the Director-General to the International Labour Conference: *Decent work* (1999); *Reducing the decent work deficit: A global challenge* (2001); *Working out of poverty* (2003).

³ See <http://www.ilo.org/gea>. And in particular: *Implementing the Global Employment Agenda: Employment strategies in support of decent work*, "Vision" document, ILO, 2006.

⁴ See <http://www.ilo.org/employment>.

Foreword

Most African countries have experienced accelerated growth in the new millennium, partly attributed to the implementation of economic reforms, and partly reflecting the favorable external market conditions that saw a firming up of commodity prices. Regrettably, the strengthening of growth was not accompanied by employment creation. In fact, four out of every five new jobs in Africa were in the informal economy, where decent work deficits abound. The onset of the global financial crisis and recession during 2007-09 exacerbated what was already a difficult situation on the continent.

The ILO is playing a leading role in promoting a job-rich recovery and transition to a more sustainable pattern of growth through the Global Jobs Pact (GJP) adopted at the 98th Session of the International Labour Conference in June 2009. The GJP seeks to place employment and poverty alleviation at the centre of national and indeed global economic strategies. A key issue is to ensure that employment and social policies are integrated with international and national macroeconomic policy strategies to avoid the fragmentation and treatment of social issues as residuals of economic policies.

Given the complexity of the issues, GJP also emphasizes the importance of effective social dialogue in tackling the crisis and ensuring that its social consequences are fully accounted for. The importance of social dialogue in building the necessary consensus on priorities and ensuring policy coherence at all levels is also a critical element of GJP. Far from being passé, the goal of achieving full and productive decent work is as important as it ever has been, and its mainstreaming across all policy frameworks is the more urgent to promote decent employment-creating growth and recovery.

Namibia is facing a daunting structural unemployment and underemployment problem, worsened by the global recession. In spite of increasing growth rates prior to 2009, unemployment worsened, reaching unacceptable levels. To deal with this deteriorating situation, the Government of Namibia requested for ILO assistance to develop a new growth path that is decent work-rich. In the true spirit of partnership, the ILO accepted the invitation to work with all stakeholders in Namibia to respond to the emerging scourge of unemployment and work towards updating the 1997 Employment Policy.

In response to this request, the ILO office in Pretoria engaged the services of Frederic Lapeyre, a Senior Employment and Informal Economy specialist from our offices in Geneva and Godfrey Kanyenze of the Labour and Economic Development Research Institute of Zimbabwe (LEDRI) who visited Namibia from 22-26 November 2010 on an exploratory mission to assess the employment policy environment. The draft Employment Policy Environment Assessment Report was presented to local stakeholders at a multi-stakeholders' workshop held at Arrebusch Travel Lodge in Windhoek on 28-29 June 2011. This paper therefore incorporates the comments made at the workshop, and the inputs from the four breakaway groups on Macroeconomic Framework; Employment Creation; Social Protection; and Skills Development.

This report is therefore an example of a successful partnership between the ILO and the Government of Namibia through the Ministry of Labour, which coordinated the mission and validation workshop. Special thanks go to Mr. Albius Mwiya, Deputy Director, Affirmative Action and Employment Services at the Ministry of Labour, and Mr. Karl Pfeffer of ILO Pretoria Office for providing excellent technical backstopping services and for coordinating the mission and validation workshop. Their services went beyond the call of duty.

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Executive Summary

During the past three decades, development thinking has been dominated by a genre of economics that emphasizes the attainment of macroeconomic stability, believing that once this is achieved, the social goals of employment creation and poverty reduction would automatically fall into place. The macroeconomic framework has been narrowly interpreted to mean ‘minimize fiscal deficits, minimize inflation, minimize tariffs, maximize privatization, and maximize liberalization of finance.’ However, in spite of having implemented significant policy reforms along these lines, economies of Sub-Saharan Africa failed to take off, with few success stories. Critically, such one-size-fits-all formulaic blueprints confused means (macroeconomic stability) for ends (decent work and poverty reduction). The emerging consensus is that economic growth does not automatically result in poverty reduction - it only does so when accompanied by rapid growth of productive, decent and remunerative employment. In response to this development, decent work and poverty reduction have assumed greater importance and focus in the new millennium.

Namibia, which has implemented a similarly restrictive macroeconomic framework, experienced improved growth rates, recording an average GDP growth of 4.6 percent per annum during the period 2001-2009. Instead of the anticipated increase in employment, unemployment, as measured by the strict definition, increased from 20.2 percent in 2000 to 37.6 percent in 2008. Using the broad definition where the requirement to actively seek work is relaxed, unemployment in Namibia worsened from 33.8 percent in 2000 to 51.2 percent by 2008. Unemployment is higher in rural areas at 64.9 percent compared to 36.4 percent in urban areas (broad definition). It is also higher amongst females at 58.4 percent compared to 43.5 percent for males in 2008 (broad definition). The surprisingly high level of unemployment in rural areas reflects the lack of alternative labour absorbing sectors to agriculture and the widespread feeling of the respondents in rural areas to be unemployed as they are underemployed and trapped in subsistence agriculture or low-earning informal economy activities. The difference between the strict definition and the relaxed one suggests that many workers are discouraged searching for a job, especially in rural areas.

Invariably, unemployment varies with educational attainment – the higher the level of education, the lower the probability of being unemployed. At an average rate of 59.9 percent (broad measure), youth experience the highest levels of unemployment, implying the demand for education is low. Worse still, unemployment episodes in Namibia are long, with 72.2 percent of the broadly unemployed going without a job for at least two years, while only 11.1 percent had been broadly unemployed for a year in 2008. Females experience longer periods of joblessness, with 75.3 percent experiencing unemployment periods of at least two years, compared to the 67.8 percent for males in 2008.

More than one in four households lives in poverty. In addition, Namibia is ranked in the medium human development category with a Human Development Index of 0.606 in 2010; 105 out of 169 countries. When adjusted for inequality, Namibia’s HDI falls to 0.338, losing 44.3 percent of its 2010 value and sliding into the low human development category. Furthermore, at 74.3 for the period 2000-2010, Namibia’s income gini coefficient is the worst in the world; implying that the majority of the population is not enjoying the benefits of economic growth.

This conjuncture of rising unemployment and informal employment and high levels of poverty in the context of improving growth rates is associated with the enclave structure of the economy inherited at independence. The economy is characterized by the co-existence of two radically distinct parts, a modern or formal segment employing a small proportion of the economically active (26 percent) while unemployed and informal economy workers represent the bulk of the economically active (74 percent); with informal employment reaching almost one fourth of the economically active (23 percent). In the context of the global decent work deficit, breaking out of informality is increasingly seen as one of the main development challenges as 48 percent of the employed are informally employed and this rate is very likely underestimated as it does not take into account many workers grouped in the unemployed but who are trapped in subsistence informal activities. While some activities in the informal economy offer reasonable livelihoods and incomes, most people engaged in informal activities face insecure incomes and a wide range of decent work deficits. The informal economy is the main and often only source of livelihood for many groups of workers who accumulate multiple layers of disadvantage based on low skilled, low productivity, lack of access to capital, etc. As a result of this distorted structure, the economy is not able to absorb the vast numbers of the un- and under-employed into the mainstream economy, even in the presence of growth. Thus, the global financial crisis of 2008-09 simply aggravated what was already a difficult situation.

Apart from the restrictive macroeconomic framework adopted in Namibia, the plethora of policies developed was not properly synchronized and coordinated, and were not fully implemented. For instance, the 1997 Employment Policy was not integrated into the development plans. Moreover, the development strategy was ineffectual as it focused on all sectors and constraints without targeting employment-intensive sectors and the most binding constraints. There was lack of a strategic industrial and investment policy framework while growth was generated largely by capital-intensive mining, and hence the absence of employment growth. Much work remains to be done to improve the doing business environment in Namibia, which has disadvantaged SMMEs which have the greatest potential for job creation. In fact, the policy framework remains hostile towards the informal economy. The general dearth of relevant skills, linked to the mismatch between the quality of labour supply and its demand, and the absence of a pathways approach to education and training also constitutes a major constraint to growth and the creation of decent work.

To its credit, the government is fully aware of the need to urgently address these social ills and to initiate a paradigm shift, taking advantage of the available fiscal space. A consensus is emerging on the need to target sectors with high potential for employment-rich growth such as transport, tourism, livestock production, while not neglecting crop production, fishing, mining and manufacturing. The need to facilitate transition to formality of the non-formal activities is also now widely appreciated. Invariably, implementation of the proposed interventions will require more fiscal outlays, with implications for government's fiscal rules.

While the current restrictive fiscal rules require a budget deficit of 3 percent in the medium term, Namibia has recorded budget surpluses in the three year period 2006/07; 2007/08, and 2008/09. SADC requires member States to target a budget deficit of less than 5 percent of GDP by 2008. Likewise, the projected public debt amounting to 15.5 percent of GDP during 2009/10 is 9.5 percentage points below the 25 percent official benchmark, and 44.5 percentage points below the SADC and World Bank threshold, implying additional fiscal space exists to finance a developmental agenda.

The average rate of inflation at 8.7 percent in 2009 is within the SADC target of 10 percent and the savings and investment ratios averaging 29.4 percent and 20.9 percent of GDP respectively during 2000-2009 compare favorably to the optimal level of 25 percent. While the savings ratio was already above that level for all the years between 2000 and 2009 except for 2001, investment ratios reach that level in 2008 and 2009. Such levels of savings and investment were behind the sustained high levels of growth in East Asia.

To accommodate the envisaged fiscal outlay, the Ministry of Finance has proposed that the fiscal restraint be relaxed from a budget deficit of 3 percent in the medium term to a budget deficit not exceeding 7 percent over a five year period. Additional fiscal space will be created through expenditure reprioritization and switching as well as exploring possibilities for sharing the burden of development financing through public-private partnerships. Furthermore, consensus is emerging among stakeholders on the need to create an institutional framework for broad-based dialogue and participation at all levels of the policy cycle. In this regard, Namibia could be on the throes of unleashing an inclusive (shared) growth path with sustainable levels of productive, decent and remunerative jobs.

There is a crucial need to consciously integrate economic and social objectives upfront and ensure that social and employment objectives are not subordinate to narrow economic imperatives. Critically, it is important to acknowledge that people should be put at the centre of development (human development), and decent work should be an overarching priority across all macro and sector policies. This is in line with the Decent Work Agenda adopted at the 87th Session of the International Labour Conference in 1999 and the Declaration on Social Justice for a Fair Globalization adopted at the 97th Session of the International Labour Conference in June 2008.

In the case of Namibia, this entails the following key interventions that are pointed out as key priorities in the Decent Work Country Program 2010-2014:

- Linking the employment policy framework to National Development Plans and Vision 2030.
- Treating decent, productive and remunerative jobs as a cross-cutting issue.
- Promoting priority sectors in terms of job creation (including backward and forward linkages).
- Effective inter-ministerial and stakeholder coordination and participation.
- Promoting social justice and fighting inequalities.
- Facilitating transition to formality and decent work.

1. SITUATION ANALYSIS

1.1 The Link between Growth, Employment and Poverty Reduction: A Conceptual Framework

Conventional macroeconomic frameworks emphasize the importance of achieving macroeconomic stability, believing that this has direct implications for economic growth and poverty reduction. In the words of a World Bank report, "...macroeconomic stability is a public good and might be expected to equally affect all. There is a well-established association between macroeconomic stability and long-term growth, and growth typically brings expansion opportunities to everyone," (2005a: 198). Within this macroeconomic framework, the mantra has been 'stabilize, privatize, and liberalize.' However, as things have panned out, macroeconomic stabilization was often achieved, but at the expense of sustained levels of economic growth, employment and poverty reduction - the stabilization trap (see Islam, 2003).

Recent work by the World Bank concedes that after close to two decades of implementing such reforms in developing countries, the results are disappointing. Its detailed analysis of the lessons from reforms are distilled into two seminal reports 'Economic Growth in the 1990s: Learning from a Decade of Reform' of 2005; and 'The Growth Report: Strategies for Sustained Growth and Inclusive Development' of 2008. The 2005 report noted that: "The principles of ... 'macroeconomic stability, domestic liberalization, and openness' have been interpreted narrowly to mean 'minimize fiscal deficits, minimize inflation, minimize tariffs, maximize privatization, maximize liberalization of finance,' with the assumption that the more of these changes the better, at all times and in all places - overlooking the fact that these expedients are just *some* of the ways in which these principles can be implemented" (World Bank, 2005b: 11).

The same report observed that in spite of having implemented significant policy reforms, economies of SSA failed to take off, with few success stories, which it considered fragile more than a decade later. The two ground-breaking World Bank reports (2005 and 2008) desist from promoting one-size-fits-all formulaic blueprints, insisting on policy diversity and a cautious experimental case-by-case approach informed by the need to deal with the most binding constraints on growth rather than a long list of reform areas that belie the capacity of most developing countries.

The reports argue that by focusing on macroeconomic stability, deregulation and privatization, conventional macroeconomic policies typically confused means for ends. The 2005 report criticized the narrow focus of conventional policies with achieving efficiency gains, mistakenly equating policy reforms with growth strategies. In this respect, the report argued that: "In retrospect, it is clear that in the 1990s we often mistook efficiency gains for growth ... Expectations that gains in growth would be won entirely through policy improvements were unrealistic. Means were often mistaken for goals – that is, improvements in policies were mistaken for growth strategies, as if improvements in policies were an end in themselves. Going forward, the pursuit of policy reforms' sake should be replaced by a more comprehensive understanding of the forces underlying growth. Removing obstacles that make growth impossible may not be enough: growth-oriented action, for example on

technological catch up, or encouragement of risk taking for faster accumulation, may be needed,” (World Bank, 2005b: 11).

Achieving macroeconomic stability by, for instance, cutting back on public investment may result in a lower fiscal deficit today, but will inevitably reduce long-run growth and the future tax base and may very well imply a higher fiscal deficit in the future. It has been established that instead of crowding out private investment, public investment crowds it in as it expands investment opportunities and helps raise the net return to private investment through reducing the cost of production. Yet investment in infrastructure is widely neglected (see World Bank, 2008). As the deputy chairman of the Planning Commission of India, Montek Singh Ahluwalia who was part of the World Bank’s Growth Commission aptly put it, “International financial institutions, the IMF in particular, have tended to see public investment as a short-term stabilization issue, and failed to grasp its long-term growth consequences. If low-income countries are stuck in a low-level equilibrium, then putting constraints on their infrastructure spending may ensure they never take off,” (see World Bank, 2008: 36).

The exclusive emphasis on macroeconomic stability is based on the assumption that the link between growth and poverty reduction is automatic. With hind sight, it is now widely accepted that the link between growth and poverty reduction is not automatic. In fact, growth on its own is considered a necessary but insufficient condition for sustained poverty reduction. This is the case because the quality of growth matters as much as its quantum, an issue long established in the 1996 UNDP global Human Development Report which categorized growth experiences as follows:

- Jobless growth (growth that does not expand employment opportunities);
- Ruthless growth (growth associated with increasing inequality and poverty);
- Voiceless growth (growth in the absence of democracy or empowerment);
- Rootless growth (growth that withers cultural identity);
- Futureless growth (growth that squanders resources needed by future generations).

In this regard, economic growth does not ensure poverty reduction *per se*; it only leads to poverty reduction when it is accompanied by rapid growth of decent, productive and remunerative employment. It is in this respect that Osmani (2004) developed a conceptual framework for analyzing the link between growth and poverty, identifying three critical factors, namely, i) the growth factor, ii) the elasticity factor; and iii) the ‘integrability’ factor. The growth factor indicates the rate at which an economy grows, while the elasticity factor refers to the extent to which growth is associated with employment (in both quantity and quality). The integrability factor relates to the extent to which the poor are able to integrate into economic processes such that as growth and employment expand, they can take advantage of the emerging opportunities.

For the poor to participate in, and benefit from economic growth, they need access to what Amartya Sen referred to as asset and exchange (or market income) entitlements.⁵ Asset entitlements refer to the relative distribution of capital assets so essential for present and future production (land, credit, human capital, and social capital such as health, amenities and social security, and physical and economic infrastructure). Exchange entitlements are non-existent for those unable to find decent formal sector jobs. The complementary access to education and capital, and infrastructure such as rural feeder roads, electricity, and irrigation, make land assets productive. These broader assets allow the rural poor to connect to markets for their goods and to access inputs for their production. In cases where there are relatively high levels of inequality in land holdings, agricultural growth does less than non-agricultural growth to raise the incomes of the very poorest.

In addition to the ownership of assets, personal and household capabilities and the potential to improve them is often defined by less tangible assets involving levels of education and health. For instance, education plays a key role in allowing farmers to increase their productivity, and for workers to transition from agriculture to other rural economic activities, or from the informal to formal sector. Instructively, no country has achieved sustained rapid growth without reaching an adult literacy rate of at least 40 percent. Essentially, better educated persons are able to prevent disease and to use health services effectively, with young people between the ages of 15 to 24 years who have completed primary education less than half as likely to contract HIV as those who have little or no schooling.

Critically, greater female education has been associated with more productive farming and high returns in other areas, leading to lower fertility rates, lower infant mortality levels, and higher education rates for the next generation (Lucas and Timmer, 2005; World Bank, 2006; 2009). Investments in health have also been found to have significant impacts on economic growth and poverty reduction since healthy workers are generally more productive over longer lives. Evidence from India suggests that in states where female literacy and female labour participation were highest in the 1960s, growth over the subsequent three decades was higher and more effective at reducing poverty.

Since labour is the main resource that most poor people have, labour-intensive growth is therefore the most effective way to reduce poverty, implying that sustained poverty reduction requires the reduction of the costs for the poor to access sectors where growth is occurring, and to promote growth in the sectors where the poor are located. In this regard, public investment in the capacity of the poor to participate in, and benefit from economic growth becomes imperative (see Lucas and Timmer, 2005).

It has been found that the relationship between growth and employment also depends on the initial structure of the economy and the sectors in which growth is concentrated. Where growth sectors are employment-intensive and their growth is rapid, this has been associated with economy-wide productive employment. This is strengthened where growth

⁵ Amartya Sen, *Development as Freedom*, Random House, 2000. Capability deprivation arises in that the youth lack access to assets and human capital attributes necessary for them to be integrated into the economic growth dynamic (the integrability factor).

sectors are large and or are closely linked to the rest of the economy, in which case it is important to know where poor people are concentrated. Quite often in developing countries, the large share of agriculture in the national economy and employment means this sector has large potential as an engine of growth and poverty reduction.

Furthermore, the level of, and change in, income inequality determines the extent to which growth is pro-poor (see Kakwani *et.al.*, 2004), in which case the initial levels of inequality and changes in inequality cause rates of poverty reduction to differ across similar growth experiences, with higher rates of initial inequality leading to fewer gains from growth for the poor. As such, in countries with very high rates of inequality, growth may be ineffective in reducing poverty. In which case, equity and equality of opportunity are critical to sustainable growth. Equity refers to outcomes or results while equality of opportunity refers to the starting points; access to nutrition, education, and job opportunities. The renowned economist Robert Solow, who was a member of the World Bank's Commission on Growth and Development aptly summed up the issue as follows, "In many ways, the more equitable the growth, the more sustainable it's likely to be, because there will be less controversy, less disagreement, less resistance, and also there's an enormous amount of talent in populations that needs to be tapped. Excluding some parts of the population, whether by gender, age, or ethnicity, from the benefits of growth loses the talents that they have. So in my view, it is not only desirable that they go together, it's useful that they go together," (World Bank, 2008:62).

To reflect this new development, poverty reduction, and its eventual eradication, has assumed prominence in the new millennium. In fact, the first Millennium Development Goal targets halving poverty by 2015. In this framework, the labour market, and decent employment in particular, are expected to play an intermediating role (the nexus) between growth and poverty reduction. In which case, a development strategy that fully employs a country's human resources and raises the returns to labour is considered a powerful tool for poverty reduction/eradication (see Islam, 2003).

The International Labour Organization (ILO) has taken the lead in promoting decent work since the late 1990s and at other key fora listed below:

- The adoption of the Declaration on Fundamental Principles and Rights at Work at the International Labour Conference in June 1998.
- At its 87th Session in 1999, the ILO adopted the Decent Work Agenda.
- The UN Millennium Declaration of September 2000.
- UN resolution on promoting youth employment of December 2002.
- UN resolution concerning policies and programmes involving youth of January 2004.
- Ouagadougou Declaration of the Heads of State and Government of Africa of September 2004.
- Resolutions of the 93rd International Labour Conference of June 2005 concerning youth employment.
- The Resolutions of the Tripartite meeting on Youth Employment.
- The Conclusions of the Southern Africa Sub-Regional Conference on Youth Employment.
- The implementation of the Global Employment Agenda (GEA) and its operationalization through the 'Vision Document' prepared by the ILO in March 2006. The vision document presented a number of strategic orientations to make the GEA more operational and useful at country-level work, and to make the work of the Office more effective in terms of policy advices, utilization of tools, research and capacity building.

- The Decent Work Agenda in Africa 2007-2015, a Report of the ILO Director General to the 11th African regional meeting, Addis Ababa, April 2007.
- At the 97th Session in June 2008, the ILC adopted the Declaration on Social Justice for a Fair Globalization which institutionalizes the Decent Work Agenda as the key policy and operational concept of the ILO.
- At its 98th session in June 2009, the ILC adopted the Global Jobs Pact as a relevant framework for recovery.

In line with the growing conviction that decent employment is the only sustainable route out of poverty, the UN has introduced full and productive employment and decent work for all as a new target under MDG 1 on the need to halve the share of people living in extreme poverty by 2015. To monitor the implementation of this target, the ILO developed a Toolkit for Mainstreaming Employment and Decent Work with four indicators, viz: (i) employment-to-population ratios; (ii) vulnerable employment; (iii) the share of working poor (US\$1 a day) in total employment; and (iv) growth in labour productivity.

1.2 (Un) employment, Poverty and Inequality in Namibia

1.2.1 *Employment Profile*

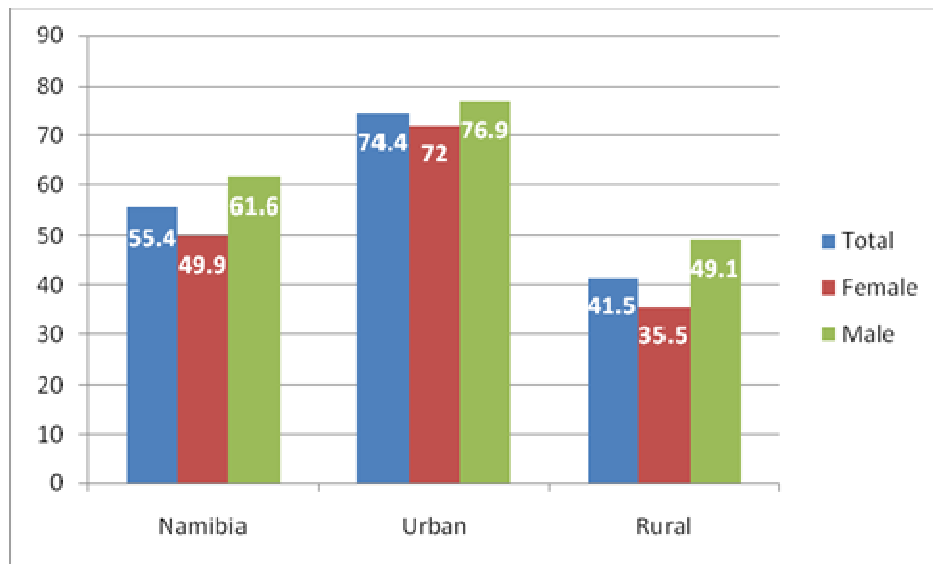
Namibia is classified as an upper middle income developing country with a population of 2.2 million people in 2010, which ranks among the smallest in the SADC region, almost at par with that of Botswana and Lesotho, and only larger than that of Mauritius, Seychelles and Swaziland. The Labour Force Survey of 2008 shows that 64.9 percent of the population lives in rural areas. Females account for 52.6 percent of the population, with a sex ratio of 90.2 males for every 100 females. Namibia has a relatively young population, with slightly over half of the population (50.7 percent) below the age of 20 years. With such a young population, it is therefore not surprising that the age dependency ratio, the ratio of children aged 0-14 and persons aged 65 years and above per 100 persons in the age group 15-64, is high at 81.8 in 2008 (83.5 in 2004). This therefore implies that there are 81.8 dependents for every 100 persons with productive abilities (economically active population). The dependency ratio is higher in rural areas at 102.5 compared to urban areas at 53.3 in 2008 (see Namibia, 2010a).

The 2008 Labour Force Survey shows that the working age population in Namibia is 959,187, of which 511,051 (53.3 percent) are females and 448,135 (46.7 percent) are males.⁶ Of the total working age population, only 331,444 (34.6 percent) were employed which is a very low employment ratio compared to other Sub-Saharan countries (about 75% in average according to ILO KILM indicators). One of the main characteristic of the labour market in Namibia is the weak labour force participation as only 55.4 percent of the working age

⁶ The Labour Force Survey covered only the population residing in private households, thus excluded people living in institutional households (the army and police barracks, nurses and prisons).

population belong to the labour force whereas 44.6 belong to the economically inactive; labour force participation is extremely low in rural areas at 41.5 percent. Meanwhile, ninety-seven percent of all employed persons had only one job.

Figure 1: Labour force participation rate (%)



Source: Namibia Labour Force Survey 2008

Even though females outnumbered males in the working age population, more males (186,093 or 56.1 percent of the employed) were employed than females (145,351 or 43.9 percent of the employed). Given the standard definition of employment which covers any work for pay, profit, or family gain for at least an hour during the reference period of seven days preceding the interview, it is intriguing to note that 63 percent of all employed persons are in urban areas with the remaining 37 percent in rural areas. On the basis of this definition, one would have expected more jobs to be in the rural areas, even though they suffer from serious decent work deficits as the majority of the people are underemployed. The report on “Informal Employment in Namibia, 2008,” argues that this could be a result of “...under-recording of more marginal employment where a respondent does not see such work as constituting work ‘for pay, profit or family gain,’” (Namibia, 2010b: 3). The difference between the strict definition and the relaxed one suggests that many workers underemployed in subsistence agriculture and informal activities are discouraged searching for a job, especially in rural areas, and declared themselves as unemployed.

Between 1997 and 2008, when in fact economic performance improved, the formal sector lost nearly 70,000 jobs, at a time an estimated 240,000-300,000 new job seekers entered the labour market.⁷ Sadly, it is the labour-intensive sectors that shed the highest number of workers. For instance, the commercial and communal agricultural sector recorded the largest decline, with employment falling from 146,899 in 1997 to 52,788 in 2008. Thus, while the sector employed around 37 per cent of the workforce in 1997, by 2008 it only accounted for close to 16 per cent; this trend can be explained on the one hand by rural-urban migration and on the other hand by the fact that many respondents to the 2008 Labour Force survey declared themselves as unemployed rather than involuntarily trapped in subsistence agriculture. The fishing sector also faced significant redundancies, with employment declining from 6,771 in 1997 to 1,318 by 2008; a reduction from about 1,7 per cent of the workforce to 0,4 per cent.

Agriculture emerges as the largest provider of employment contributing 15.9 percent, followed by wholesale and retail trade with 15.1 percent, private households at 10.9 percent, education (8.6 percent), public administration, defense and social security (8.4 percent), construction (7 percent), manufacturing (6.3 percent), and the others individually accounting for less than 5 percent of all employed persons. In rural areas, agriculture is the single largest employer with 38.3 percent of all employed persons, followed by education at 14 percent, wholesale and retail trade (11.7 percent), private households (8.4 percent), and construction (5.6 percent). In urban areas wholesale and retail trade provide 17.2 percent of all employed persons, followed by private households (12.3 percent), public administration, defence and social security (10.4 percent), manufacturing (8.7 percent), construction (7.9 percent), transport, storage and communication (6.8 percent), real estate, renting and business activities (6.1 percent), and education (5.4 percent) (See Appendix Table 1).

At the national level, most employed persons are in elementary occupations (23.4 percent), followed by services, shops and market sales workers (18.4 percent), craft and trade workers (15.9 percent), skilled agricultural and fishery workers (8.8 percent), professionals (8.7 percent), clerks (6.9 percent), technicians and associated professionals (6.5 percent), plant and machine operators and assemblers (5.4 percent) and legislators, senior officials and managers (5.1 percent). While 29.1 percent of employed females are in elementary occupations, followed by services, shops and market sales workers (23.4 percent), professionals (11.6 percent) and clerks (10.9 percent), 23.5 percent of employed males are craft and trade workers, followed by elementary occupations (19 percent) and service, shops and market sales workers (14.5 percent), and skilled agricultural and fishery workers (12 percent). Interestingly, most employed persons in elementary occupations (37.8 percent) are in private households with paid employees, followed by agriculture (26.5) and manufacturing (6.8 percent).

Of all employed persons, 81.3 percent are employees, followed by own account workers (without paid employees - 10.4 percent). The other categories (subsistence communal farmer, other employer, unpaid family worker and others) contribute the remaining 8.3 percent. Out of the 269,602 employees, 50.8 percent worked for private enterprises, 21.1 percent for government and 13.9 percent for private households. The vast majority of the employees (65.5 percent) were in urban areas compared to the 34.5 percent in

⁷ Formal employment declined by 20 per cent from 401,203 in 1997 to 385,329 by 2004 and 331,444 by 2008.

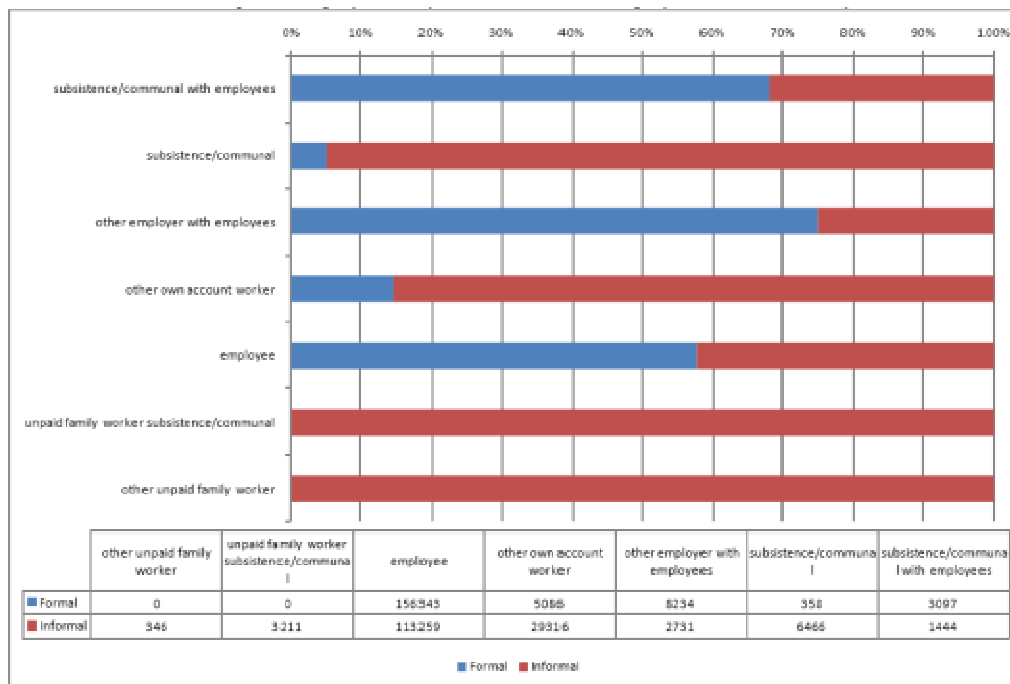
rural areas. The proportion of the working age population that is employed – the employment-to-population ratio – is low at 34.6 percent. The ratio is higher for males at 41.6 percent compared to 28.5 percent for females, and in urban areas at 51.9 percent compared to 22.2 percent in rural areas in 2008. This compares unfavorably with the employment-to-population ratio of 65.8 for Sub-Saharan Africa and the world average of 60.9 in 2008 (see ILO, 2010).

In the Namibia Labour Force Survey 2008, the question on employment status in the main job (E9) distinguished between the following categories:

- Subsistence/communal farmer with paid employees
- Subsistence/communal farmer without paid employees
- Other employer with paid employees
- Other own-account worker without paid employees
- Employee
- Unpaid subsistence/communal family worker
- Other unpaid family worker
- Other

Employers and own-account workers were classified as informal if the enterprise was not registered as a company and did not keep detailed formal accounts. Employees were classified as informal if they indicated that their employer did not pay social contributions, such as for pension, on their behalf. All contributing family workers were classified as informal. Figure 1 shows the formal/informal distribution for each of the detailed statuses in employment. By definition, all unpaid family workers are informal. The overwhelming majority of employers and own account workers without permanent employees are informal, especially among those working in subsistence or communal agriculture. In contrast, around 70% of employers with permanent employees are formal. Among employees, less than three fifths have formal jobs.

Figure 2: Employment by detailed status in employment and formality (%)



Source: Namibia Labour Force Survey 2008

An ILO (2001) study cited in Namibia (2010e) estimated that about 16.5 percent of the children in Namibia aged 10-14 years were involved in child labour. A study undertaken by Government in 2005 found that out of the total household population of 1,450,767, children aged 6-17 years amounted to 39.2 percent (see Namibia, 2005). Of these, 71.9 percent were working, 85.4 percent of which were in rural areas.⁸ Despite the Constitutional provision that guarantees the right of all persons to education, of which primary education is compulsory, 5.7 percent of all working children never attended school. Out of the working children, 86.1 percent were still attending school, while 8 percent had left school. As for those children attending school but also working, 11.5 percent indicated that the work they did affected their attendance (12.4 percent in rural areas and 6.5 percent in urban areas). Those that were not participating in education cited poverty as the main reason for not doing so.

Unfortunately, the Ministry of Gender Equality and Child Welfare has lost expert personnel over the years, undermining its capacity to deal with the issues of gender and children's rights (see Namibia, 2010e). Notwithstanding this challenge, the ILO Convention Number 182 on the Worst Forms of Child Labour can help deal with such worst forms of child labour as the commercial sexual exploitation of children, forced labour, children used

⁸ A person was considered working if he/she performed any activity for pay (cash or in kind), profit or family gain during the reference period (7 days). Such work also included unpaid family activity in a family business or farm.

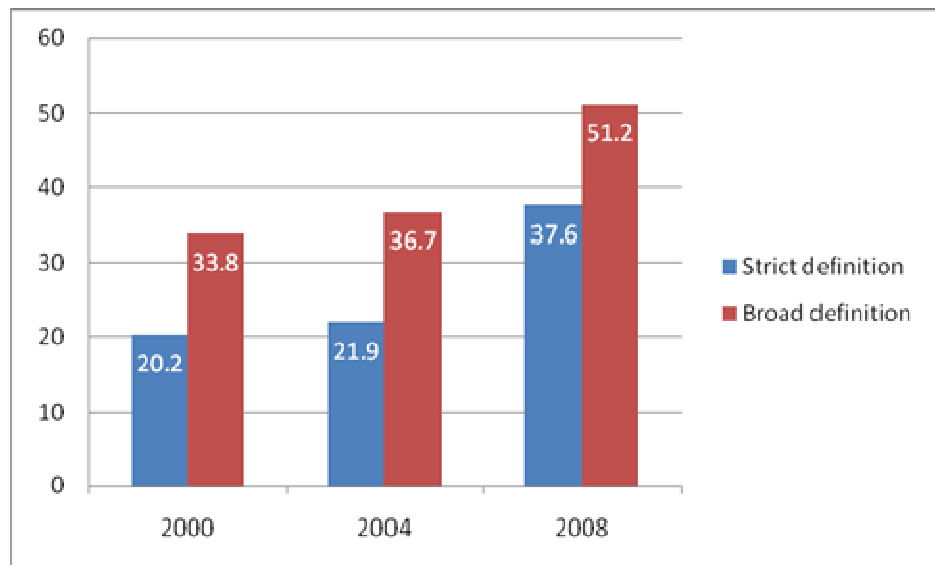
by adults in the commission of crime, child trafficking and engagement of children in various forms of hazardous work, which exist in Namibia.

Being in Southern Africa, Namibia is in a region which is at the epicenter of the HIV and AIDS pandemic. It is estimated that 14 percent of the population is infected with the HIV virus, and that around 8,200 AIDS-related deaths occur every year, which represents 29 percent of all deaths in Namibia in 2006. An estimated 174,400 adults and children were living with HIV and AIDS in Namibia in 2008. Almost 248,000 children 18 years or younger are orphans or vulnerable children, and around 28 percent of these OVC were orphaned by AIDS. The Government of Namibia, in conjunction with the ILO and the UN Joint Programme on HIV/AIDS, has embarked on strategies to enhance awareness, fight stigma and discrimination and support people living with HIV/AIDS at work. However, it is reported that very few companies have workplace programmes on HIV and AIDS, and where they exist, they are inadequate (see Namibia, 2010e).

1.2.2 Unemployment Rates and Trends

The unemployment situation in Namibia has deteriorated markedly over the years. Using the strict definition of unemployment (being without work, available for work and seeking work) in accordance with the international statistical standards, joblessness increased from 20.2 percent in 2000 to 21.9 percent in 2004 and 37.6 percent in 2008, compared to an average unemployment rate of 7.6 percent for Sub-Saharan Africa for 2008. Based on the broad definition where the requirement to actively seek work is relaxed, unemployment in Namibia stood at 51.2 percent in 2008, up from 36.7 percent in 2004 and 33.8 percent in 2000.

Figure 3: Unemployment rates according to the strict and broad definitions (%)



Source: Namibia Labour Force Survey 2008

It should be noted that this very high figure of unemployment probably includes a large part of underemployment in rural areas. In view of the standard definition of employment which includes any work for pay, profit, or family gain for at least an hour during the reference period of seven days preceding the interview, these rates of unemployment are very high indeed. In the context of developing countries, unemployment is considered to be an extreme situation of total lack of work since either none or a very limited number of workers are covered by unemployment insurance or other public relief schemes. Under such conditions, very few people can afford to be unemployed for any period of time. Most people would be engaged in some economic activity and coping strategies even though they may be characterized by decent work deficits.

From this perspective, the current figure of mass unemployment in Namibia reflects the lack of alternative labour absorbing sectors to agriculture and the widespread feeling of the respondents in rural areas to be unemployed as they are underemployed and trapped in subsistence agriculture or low-earning informal economy activities. It shows a deep structural problem of the Namibian labour market which should be at the top of policy priorities. It calls also for the development of an appropriate labour market information system to provide information on the situation of the labour market and monitor this situation.

The Second National Development Plan (NDP2 – 2001-2006) had projected employment to grow at an average 2.6 percent per annum. In the event, employment declined by an average of 2.7 percent per annum during the period 2000-2004. Unemployment is higher in rural areas (64.9 percent) than in urban areas (36.4 percent) (broad definition), which is similar when the strict definition is applied (46.6 percent in rural areas compared to 30.6 percent in urban areas). This is surprising because while unemployment openly manifests itself in urban areas, in rural settings it is hidden and is

reflected in underemployment. The rate of unemployment is also higher amongst females at 58.4 percent compared to 43.5 percent for males in 2008 (broad definition) or 43 percent and 32.5 percent respectively using the strict measure during the same period.

As expected, the rates of unemployment vary with educational attainment. The levels of unemployment using the broad definition for 2008 were 4.4 percent for those with post-graduate degree, 14.3 percent for first degree holders, 41.5 percent for those with senior secondary school, 59.9 percent for those with primary education, 57.3 percent for those with junior secondary school, and 53 percent for those with no education. Using the strict definition provided a similar picture for 2008, with those that attained a post-graduate degree recording an unemployment rate of 2.5 percent, those with a first degree at 10.2 percent, those with senior secondary education at 33.9 percent, junior secondary school at 45.2 percent, primary school at 42.1 percent and no education at 32.2 percent.

More fundamentally, the youth (15-34 age group) are the most affected by unemployment, experiencing an average unemployment rate of 59.9 percent in 2008 (broad measure). Those aged 15-19 had the highest unemployment rate of 83.6 percent, followed by the 20-24 age group (67.4 percent), 25-29 (53.3 percent), 30-34 (46 percent), 35-39 (43.6 percent), 40-44 (34.5) falling to 27.3 percent for those above 65. The strict measure also shows a progressive decline in unemployment rates with age, from 67.3 percent for the 15-19 age group, 56.6 percent (20-24), 43.3 percent (25-29), 34.6 percent (30-34), 30.6 percent (35-39), 23.7 percent (40-44) until 11.6 percent for those above 60 years.⁹ The high rates of unemployment amongst youth imply that the demand for education is low.

The structural nature of unemployment in Namibia is reflected in that it is long-term, with 72.2 percent of the broadly unemployed going without a job for at least two years (70.2 percent using the strict measure), while only 11.1 percent had been broadly unemployed for a year (12 percent using the strict measure) in 2008. Females experience greater hardship, with 75.3 percent experiencing unemployment periods of at least two years, higher than the 67.8 percent for males in 2008. The proportions are 74.4 percent for females and 65 percent for males respectively for the strict measure. Of the 347,237 unemployed persons, 65.1 percent were first time job seekers with no previous work experience, which implies the majority of the unemployed will be at the back of the job queue as they have tenuous links in the labour market. This is confirmed by the low levels of educational attainment of the majority of the first time job seekers, 40.5 percent of whom had junior secondary school, followed by primary school (32.8 percent) and senior secondary school education (14.9 percent), with 9.7 percent having no education.

Unemployment is therefore a waste of resources, and robs society of a productive asset, its human resources, thereby undermining growth. In the case of Namibia, its welfare impact is high considering that the largest proportion of households (41.8 percent) depends on wages and salaries as their main source of income, followed by subsistence farming (crops and animals) with 22.4 percent and cash remittances at 11 percent. The impact is greater amongst urban households where 68.8 percent of their income derives from wages and

⁹ In ILO (2010), youth (15-24 age group) unemployment is given as 12.3 percent for Sub-Saharan Africa in 2008.

salaries compared to rural areas where subsistence farming is the main source of income accounting for 37.3 percent.

A major disadvantage youth face in the labour market is that they lack asset and exchange (or market income) entitlements and hence suffer from capability deprivation.¹⁰ Asset entitlements refer to the relative distribution of capital assets so essential for present and future production (land, credit, human capital, and social capital such as health, amenities and social security, and physical and economic infrastructure). Exchange entitlements are non-existent for those unable to find formal sector jobs. Youth are disadvantaged with respect to asset and exchange entitlements because they have not had the time to accumulate such entitlements. Their marginalization is also associated with social and cultural norms that allow asset and exchange entitlements to be formally transferred to youth when they grow older. In the context of very limited employment opportunities in the formal economy, youth are relegated to easy entry activities prone to lateral expansion, low returns and long hours of work, especially in the informal economy (e.g. vending, street-based activities such as car washing and car watching, making and selling simple crafts and in menial forms of housework).

Ultimately, unemployment and poverty present huge social and economic costs to society. Unless the energy and restlessness among youth is tapped into positive endeavors, it degenerates into delinquent behavior and practices, criminal activities and violence. Negative traits can easily develop in a context where 50.6 percent of those no longer looking for work thought no work was available while 20.5 percent got tired of seeking work (discouraged job-seekers). This is compounded by the fact that only a tiny fraction of unemployed persons looking for work (1.9 percent) reported to have taken action to start a business or subsistence farming in the Labour Force Survey of 2008. This is not surprising considering that of the 34.5 percent of unemployed persons who had previous work experience, 35 percent were engaged in elementary occupations, followed by crafts and trade workers (19.5 percent) and services, shops and market sales workers (19.4 percent). For females, the majority were in private households with employed persons (32.3 percent) and wholesale and retail trade (32 percent). Males had experience in construction (23.2 percent, followed by agriculture (14.3 percent), and wholesale and retail trade, repair of motor vehicles (14.2 percent).

1.2.3 *Poverty and Inequality*

Using data from the 2003/2004 Namibia Household Income and Expenditure Survey (NHIES), the Bureau of Statistics came up with a new poverty line based on the cost of basic food and non-food needs, a Cost of Basic Needs (CBN) methodology widely used in the SADC region and developing countries (see Namibia 2008a). The process of setting the new poverty line involved determining a food basket on the basis of actual consumption patterns of low income households, also taking into account non-food requirements to establish poverty lines for 'poor' and 'severely poor' households. The 'poor' and 'severely poor'

¹⁰ Capability deprivation arises in that the youth lack access to assets and human capital attributes necessary for them to be integrated into the economic growth dynamic (the 'integrability' factor).

households were set at consumption levels per adult of lower than N\$ 262.45 and N\$ 184.56, respectively. The results of this analysis are summarized in Table 1.

Table 1: Incidence of poverty by sex of head of household, 2003/2004 (%)

	Total	Female	Male
Poor	27.6	30.4	25.8
Severely Poor	13.8	15.1	12.9

Source: Namibia (2008a: 8).

Using these definitions, 27.6 percent and 13.8 percent of households were considered poor and severely poor, respectively. Therefore, more than one in four households live in poverty. The analysis shows that poverty levels in Namibia are higher among households that are female-headed, those based in rural areas and those with one or more children, highlighting the potential for poverty reduction through targeting of policy interventions. While 30.4 percent of female-headed households are poor, the level is lower at 25.8 percent for male-headed households. The incidence of poor households in the rural areas is 38.2 percent (19.1 percent for severely poor households in rural areas), compared to 12 percent in urban areas (6 percent for severely poor households in urban areas). Rural households account for 82.3 percent of all poor households, while urban households take up the remaining 17.7 percent. The results also suggest that consumption expenditure is positively correlated with the education levels of the head of household - the higher the level of education, the higher the levels of consumption expenditure and the more likely the household is non-poor.

The incidence of poverty by educational attainment of the head of household shows that among those with no formal education, 50 percent are poor and 26.7 percent are severely poor. These households have on average total consumption expenditure levels that are 17.2 percent below the national threshold for poor households. The situation improves with education as among those with secondary education, 12.6 percent or less than half the national average is poor and 5.1 percent are severely poor. Poverty is almost non-existent among those who hold a tertiary degree. More generally, of all poor households, 83.5 percent have a head of household with either no formal or only primary level education. The analysis therefore underscores the importance of strengthening the education system, especially access to secondary education, as a component of the poverty reduction strategy. Furthermore, poverty levels are highest amongst the older heads of households at 42.6 percent for heads of households within the 60-64 age group and the highest incidence of poverty of 47.5 percent for households whose heads are over at least 65 years of age.

Given that the poverty measure outlined here is based on a consumption-based measure, it is closely associated with occupation and the main source of income for households. Granted, households relying on salaries and wages as their main source of income have an incidence of both poor and severely poor that is less than half of the national average. Taking into account that this group is so large, constituting 46 percent of all households having salaries and wages as their main source of income, it accounts for 23.1 percent of all poor. This implies that a salary and wage income is not a guarantee of a life out of poverty. Within households that rely on subsistence farming as their main source of income, 40.3 percent are

poor and 17.6 percent are severely poor and these households constitute 42.3 percent of all poor households.

Reliance on pension as a main source of income is associated with lower levels of consumption expenditure and a higher likelihood of poverty compared to other sources of income. Among those relying on pensions as their main source of income, 49.6 percent are poor and 28.4 percent are severely poor. This is so because households that rely on pensions as their main source of income are generally larger than other households with an average of 5.3 people compared to the 4.2 members in households where the main source of income is salaries and wages. While the average age of heads of households whose main source of income is salaries and wages is 39.5 years that of households that rely on pensions is older at 69.3 years old, with the national average of 46.9 years. This information is important to determine the appropriate levels of social transfers and assess their impact on poverty. The significant geographical differences in poverty levels indicate the potential for geographical targeting of anti-poverty programmes and ensuring that the benefits of growth accrue more to disproportionately poor regions.

The analysis also shows that poor households tend to be larger in terms of the number of people than non-poor households, and severely poor households are even larger. The average household size in Namibia is 4.9 persons, with 4.2 on average in urban areas and 5.4 in rural areas. Within poor households, the average household size is 6.7 compared to 4.2 for non-poor households, while severely poor households have an average size of 7.2. In addition, households are larger on average among rural poor than among urban poor. Data from the 2003/2004 NHIES also indicates that poorer households are larger because they have more children compared to non-poor households. While the average number of children under the age of 18 by household poverty status in Namibia is 2.2, it is 1.8 among non-poor households, and doubles to 3.6 in poor households. In severely poor households, the average number of children is higher at 3.9.

The NHIES depicts a growing number of orphans due in the main to increased mortality on account of the AIDS epidemic. An estimated 85,000 households have either a single or double parent orphan aged 0-17 years where one or both biological parent(s) is/are not alive. Poverty levels are higher among households where there is at least one orphan (41.8 percent), compared to the national average of 27.6 and 9.4 percent in households without any children aged 0-17. In households with at least one orphan, the share of severely poor is 21.1 percent, compared to 13.8 percent for all households and 3.9 percent among households with no children. Even if they are not orphaned, households with children also have higher levels of poverty. It would appear that the presence of children and especially orphans should be useful criteria in policy interventions that aim to target poor households.

Comparisons of poverty levels across time are problematic in that different measures of poverty were applied in Namibia. The two previous NHIES reports defined poverty using a food-share approach, which is based on the observed inverse relationship between overall household incomes and the share spent on food, implying relatively poorer households spend a higher proportion of their total consumption expenditure on food compared to the more well-off households. On that basis, 'poor' households were defined as those spending 60 percent or more of total consumption expenditure on food, and the 'severely poor' as those spending 80 percent or more. While the two methods arrive at very similar results when it comes to the incidence of poor; 27.8 for the food-share ratio (60 percent) and 27.6 for the new CBN-based poverty line, the share of urban poor households almost doubles using the new measure. In addition, whereas using the food-share method (80 percent and above), 3.9

percent of households are classified as severely poor, the share is more than three times higher, 13.8 percent, under the new method, suggesting the old method underestimated the incidence of the poorest among the poor.

Besides, the main weakness of using the food ratio method is that the relationship between the food-share and consumption will differ across households for reasons unrelated to poverty, reflecting differences in the relative prices, tastes and availability. The nation-wide 1999 Levels of Living Survey (CBS 2001), which defined the poor as all those who had incomes of less than the national average found that 76 percent of households in Namibia were poor. However, in a country of high inequality like Namibia, average levels of income are not suitable as an indicator of welfare. The study also used unweighted data for the analysis which skews the results.

The World Bank estimated poverty levels using the share of the population that lives below daily poverty thresholds of US\$1 adjusted for Purchasing Power Parities (PPP) and found that in 1993, 35 percent of the population lived on less than US\$ 1 PPP per day. Using the modified definition where the poverty line is US\$1.25 per day, it is estimated that almost half of the population lives below the international poverty line (see Namibia, 2010e). However, while this method may be suitable for international comparisons, it is less useful for national poverty measurement as it relies on the conversion from national currencies into US\$ using PPP (see Namibia, 2008a; Jauch *et.al*, 2009).

The UNDP goes beyond the money-metric approach, using a set of composite indices which in addition to income include educational and health outcomes to measure human capabilities. The 2010 Human Development Report ranks Namibia 105 out of 169 countries, in the medium human development category with a Human Development Index of 0.606.¹¹ This places Namibia seventh in Africa and third in the SADC region, behind Mauritius (ranked 72) and Botswana at 98. Namibia's HDI improved from 0.553 in 1990 to 0.582 in 1995, 0.568 in 2000, 0.577 in 2005, 0.603 in 2009 and 0.606 by 2010 (see UNDP, 2010). An interesting dimension is that when adjusted for inequality, Namibia's HDI falls to 0.338, losing 44.3 percent of its 2010 value. This leaves Namibia in the low human development category.

The standard measure of inequality, the Gini coefficient at 0.63, suggests that the level of inequality in Namibia is among the highest in the world (see Namibia, 2008a). In fact, the 2010 Human Development Report gives Namibia's income Gini coefficient as the worst in the world at 74.3 for the period 2000-2010, ahead of Comoros (64.3), Botswana (61.0), Belize (59.6), Haiti (59.5), Angola (58.6), Colombia (58.5), South Africa (57.8), Bolivia (57.2), Honduras (55.3), Brazil (55.0) and Panama (54.9) (see UNDP, 2010:152-155).¹²

¹¹ The HDI ranges from 0 to 1, with an outcome of 0.000 to 0.500 in the low human development category, of 0.501 to 0.800 in the medium human development category, and 0.801 to 1.00 in the high human development category.

¹² The UNDP attributes these data to World Bank (2010), "International Income Distribution Database," Washington D.C.

In the apt words of the UNDP, “As a middle-income country with one of the most unequal income distributions in the world, Namibia is a place of poverty amid plenty.”¹³ In addition to being among the most unequal countries in the world, Namibia is also among the most polarized with income concentrated among distinct groups. As correctly stated in the national development framework, Vision 2030, “Inequality and poverty endangers social harmony, peace and democracy” and hence the country’s long-term development objective is that: “Poverty is reduced to the minimum, the existing pattern of income-distribution is equitable and disparity is at the minimum,” (Namibia, 2004: 104).

1.3 Informal employment and the Structural Legacy of Low Labour Absorption in African Economies and Namibia

The fact that developing countries have structural features different to those of developed countries has been extensively analyzed in the development literature. Ghose *et.al.* (2008) identify several key features that distinguish developing from developed countries. Dualism is an important one with the existence of two radically distinct parts, a modern or formal segment employing a small proportion of the labour force, and an informal segment employing the bulk of the labour force. The organization of production in the formal sector involves the use of reproducible capital (including advanced technology), and labour (skilled and unskilled). In the informal economy, it involves use of predominantly unskilled labour, with natural resources and simple tools and implements. In the formal segment, production is for profit, which is saved and used to reproduce capital (investment); while in the non-formal sector it is for subsistence, with little savings and investment leading to poor productivity performances.

At the root of the problem of the informal economy is the inability of economies to create sufficient numbers of formal jobs to absorb the labour force. In recent years, the pattern of development and growth in Africa – but not only there – has not met the global demand for jobs. Research and analysis of data, undertaken by the ILO especially, show that employment growth in the formal segment of the economy in most countries has lagged behind the growth of the labour force, and these trends are likely to continue in future (Muqtada, 2010). Even in countries such as China, where the rates of economic growth and poverty reduction have been remarkable, there is an emerging problem related to growing informal employment. Moreover, retrenched workers from restructured industries and migrants from rural areas find themselves in situations of underemployment and casual labour. Widespread underemployment and informality have therefore become structural characteristics of the developing countries’ economies, especially in SSA, and not a peripheral problem that can be addressed in isolation from the mainstream development strategies.

This structural feature of developing countries is critical in understanding the employment situation in these countries, and they have importance in the interpretation of

¹³ See http://www.undp.org/poverty/projects_namibia.shtml Jauch *et.al.* (2009) is aptly titled “A Rich Country with Poor People: Inequality in Namibia.”

labour market information. This is particularly important given that labour market data collection systems in such countries are modeled along those created for the developed countries. Thus, for instance, the unemployment rate is a meaningless statistic in a developing country context given that people cannot afford to be unemployed in the absence of institutionalized social security. In such situations, most people have to work in order to survive, even if the work can only provide for basic subsistence. It is for such reasons that unemployment rates in most developing countries are uncharacteristically low.

Thus, assessing the employment situation in developing countries is not a straight forward task. This is compounded by the paucity of data, especially with respect to dualism. In this case, the growth in 'employment' in developing countries does not reflect the growth of productive jobs in the economy as in the informal segment employment growth may imply increased underemployment. In which case, the unemployment rate cannot be taken as a measure of surplus labour in the economy. It is only in the formal segment where growth in employment may be interpreted as growth in productive jobs.

Thus, it is only the movement of workers from the informal into the formal segment or from casual to regular full-time wage employment, or from low-productivity employment to high-productivity employment, from unregulated into regulated employment can one speak of an improving employment situation. More generally, a move of the worker from the informal to the formal segment is considered positive; hence a rising share of the formal sector in total employment indicates an improvement in the overall employment situation. A decline in underemployment or low-productivity survival activities results in increased labour productivity in the non-formal sector, and such an improvement in labour productivity implies an improvement in the employment situation.

In a nutshell, three indicators are critical for the assessment of the employment situation in developing countries, namely: the share of the formal segment in total employment; output per worker in the informal segment; and the unemployment rate. Other things being equal:

The larger the share of the formal segment in total employment, the better the employment situation;

The higher the output per worker in the informal segment, the better the employment situation;

The higher the wage employment ratio (the lower the unemployment rate), the better the employment situation (see Ghose *et.al*, 2008:63).

Using data for Namibia, this structural deformity of an enclave economy comes out clearly, with informal workers generally lacking decent work. As indicated in the Labour force Survey of 2008, of the 678,680 economically active persons aged 15 years and above, slightly over half (331,444) were employed, and just over half (51 percent) of the economically active were women. Regarding informal employment, Namibia's Ministry of Labour and Social Welfare used the following working definition during the 2001 Namibia Informal Economy Survey, as adapted from the 1993 ILO International Conference of Labour Statisticians:

The informal economy units/enterprises typically operate at low level organisation, with little or no division between labour and capital as factors of production, expenditure for production is often indistinguishable from household expenditure. Similarly, capital goods such as buildings or vehicles may be used indistinguishably for business and household purposes. Labour relations, where they exist, are based mostly on casual employment, kinship or personal and social relations rather than contractual arrangements with formal guarantees. Furthermore, these units are not registered under specific forms of national legislation. There is no complete set of accounts maintained (Ministry of Labour, 2001:5).

The labour force characteristics of Namibia are summarized in Table 2 below.

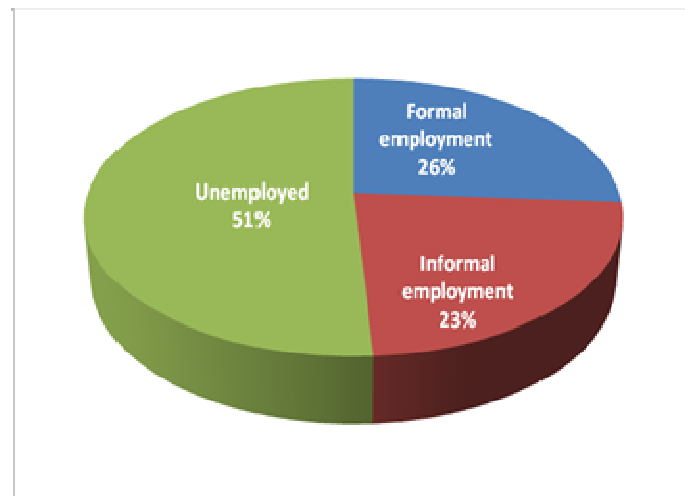
Table 2: Labour Force characteristics of Namibia, 2008

	Total	Women	Men	Rural	Urban
Economically active	678,680	349,345	329,336	351,505	327,175
Unemployed	347,237	203,994	143,243	228,136	119,100
Employed	331,444	145,351	186,093	123,369	208,075
Employed in agriculture	54,106	11,903	42,203	48,016	6,090
Formal employment – agriculture	18,677	3,461	15,216	15,857	2,820
Informal employment - agriculture	35,429	8,442	26,987	32,158	3,271
Employed in non-agriculture	277,338	133,447	143,890	75,353	201,985
Formal employment – non-agriculture	155,994	71,045	84,949	34,917	121,077
Informal employment – non-agriculture	121,344	62,402	58,941	40,436	80,908

Source: Namibia (2010b:25).

The dual structure of the economy comes out clearly in that those employed in the formal sector account for only 26 percent of the economically active population, while the unemployed account for 51 percent and those with informal employment account for 23 percent (see figure 4); in other words only one fourth of the economically active population enjoys formal employment. Integrating the non-formal economy (subsistence and informal) is therefore an important building plank of a pro-poor, decent work rich growth strategy.

Figure 4: Distribution of the economically active population



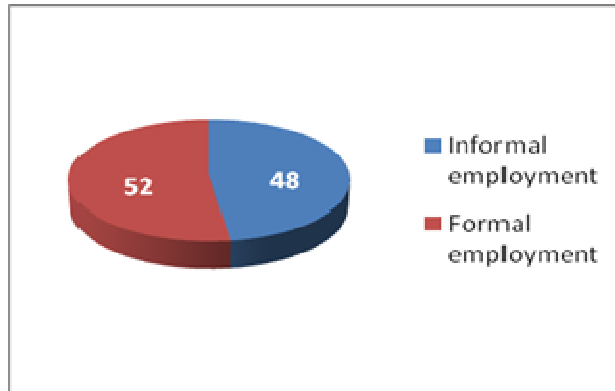
Source: Namibia Labour Force Survey 2008

The enclave structure of the Namibian economy, is compounded by its relatively small formal sector, being a periphery of South Africa alongside Lesotho, Swaziland and Botswana, which are dependent on South Africa for imports and some employment and are members of the Southern African Customs Union (SACU) that has been dominated by South Africa, and its mineral rentier status, being dependent on a single or limited range of export commodities (see Mhone, 2000). The almost exclusive reliance on the formal sector, and in particular the externally-oriented mining sector which is capital-intensive as the engine for economic growth has reinforced the enclave structure inherited at independence. In the event, rather than the anticipated formalization of the non-formal economy, it is the formal segment that has been increasingly informalized, with the effect that decent work deficits have worsened.¹⁴

Of all the employed, 52 percent are in formal, while 48 percent are in informal employment as captured in figure 5.

¹⁴ It was in view of this structural distortion that an official in the Ministry of Labour pointed out that Namibia was already in a crisis even before the onset of the global financial crisis, hence the latter worsened an already difficult situation.

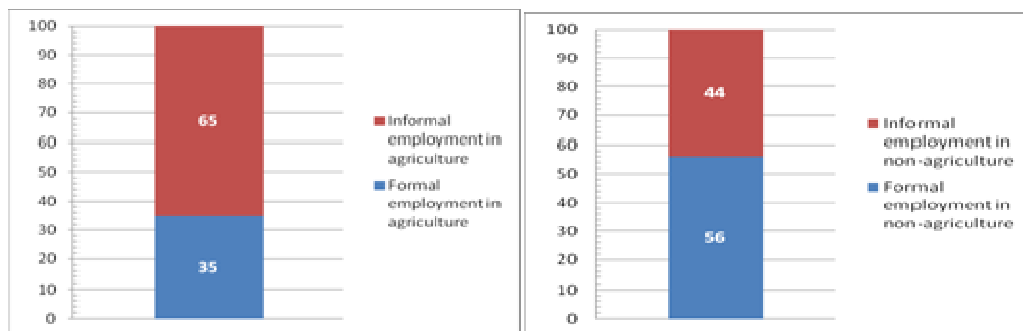
Figure 5: Share of informal and formal employment in total employment



Source: Namibia Labour Force Survey 2008

Figures 6 and 7 show that the rate of informal employment is much higher in agriculture than in non-agriculture; 65 percent in agriculture compared to 44 percent in non-agriculture.

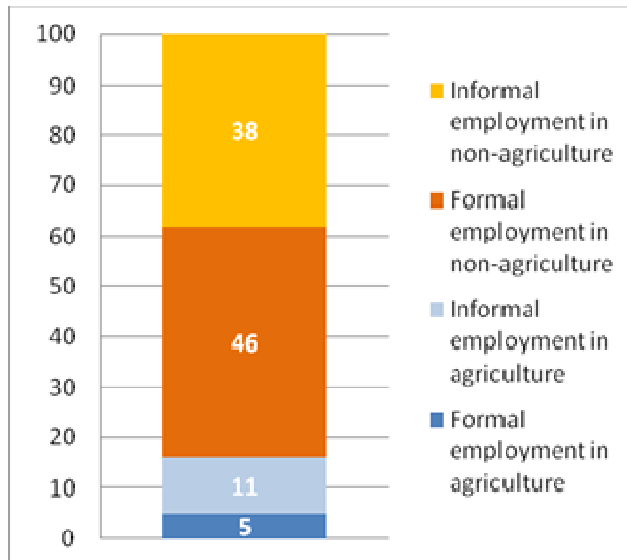
Figure 6 and 7: Share of informal and formal employment in agriculture and non-agriculture



Source: Namibia Labour Force Survey 2008

Of the total employed, 11 percent were informally employed in agriculture while 38 percent were informally employed in non-agriculture (see figure 8). It is important to note here that as correctly stated in Namibia (2010b), the share of informal employment in agriculture in total employment is very likely underestimated as low levels of employment in rural areas (predominantly agricultural), may have arisen because most of the people did not think their work was for 'pay, profit or family gain.' This could have inflated the unemployed and underestimated the employed who are for most of them trapped in informal employment.

Figure 8: Distribution of total employment according to agriculture/non agriculture and formal/informal employment



Source: Namibia Labour Force Survey 2008

Formal employees accounted for close to half (47 percent) of all the employed, with the informal employees representing just over a third (34 percent). Formal employers and own account workers comprise only 5 percent of all employed, compared to 12 percent informal employers and own account workers. Contributing family workers account for only one percent of all employed. Clearly, among employees, formal workers at 156,343 outnumber informal ones (113,259), while the reverse is true for employers and own account workers where formal ones were 16,776 against 39,956 that were informal. Seventy-six percent of rural employed are employees, compared to 85 percent in urban areas, with more than half of the rural employees being informal, while the majority of the urban employees are formal.

The following table reports employment by economic activity and formality in 2008.

Table 3: Employment by economic activity and formality (%)

Industry	Total	Formal	Informal
Agriculture	16	11	23
Mining	3	4	1
Manufacturing	6	8	5
Utilities	2	2	1
Construction	7	4	10
Trade	19	15	23
Transport	5	6	4
Finance	7	9	5
Services	35	41	29
Total	100	100	100

Source: Namibia (2010b:7).

In terms of sector of employment, 16 percent of the employed are in agriculture, where twice as many are working informally than formally. A higher proportion of rural (39 percent) than urban (3 percent) employed are in agriculture. Non-agriculture employment accounts for 47 percent of all employed, with a further 37 percent in informal non-agricultural employment. In the non-agricultural sector, the single largest sector is services with 35 percent of all employed, followed by trade at 19 percent and agriculture at 16 percent. These three sectors dominate in both the formal and informal economies. Rural workers account for 46 percent of all informal jobs, as opposed to 29 percent of all formal jobs.

Small workplaces dominate for informal employment and vice versa for formal employment such that only 14 percent of employment in single-person workplaces is formal, rising to 78 percent in workplaces employing 21 or more workers. Furthermore, more than half (55 percent) of all employed people work in factories, offices or shops, a situation that reflects the situation of 76 percent of formal workers and only 22 percent of informal workers. Formal workers account for 72 percent of all those who work in factories, offices or shops. Formal workers account for only 15 percent of those who work from home with no special place assigned for working. In fact, only 3 percent of formal workers work from home, with over a fifth (21 percent) of informal workers doing so, and an additional 10 percent working from their client's home or place. Thus, compared to most developing countries, a small proportion of workers work without a fixed location in Namibia, and hence its tendency to be invisible.

While more than four in five (82 percent) of Namibian workers work full-time, with a higher percentage (93 percent) for formal workers compared to 69 percent for informal workers; 81 percent of part-time workers are in informal employment. Informal workers dominate those working under 20 hours per week, accounting for 87-88 percent of the total in this group. In terms of age distribution of formal and informal workers, the latter are more dominant in the younger age groups, up to age 30. Formal workers are dominant for the rest of the working life, but informal workers outnumber the formal beyond age 60. In addition, there is a marked decline in informality with educational level. For example, 65 percent of employed people with only primary education are informal, while this is so for only 5 percent of those with university education. Rural workers (30 percent) are more likely than urban (17 percent) to have only primary education, with rural workers accounting for 58 percent of informal workers with this level of education. As expected, a higher percentage of formal employees have written contracts compared to only 28 percent of informal employees. Tellingly, more than four in five contracts of formal employees are permanent, against only 29 percent of informal employees.

As one would expect, rural workers are less likely than urban to enjoy paid annual leave, with 79 percent of formal rural workers as opposed to 84 percent of urban having access to such leave, and 16 percent and 24 percent respectively among informal workers. Likewise, three quarters (67 percent) of formal employees have income tax deducted from their wage or salary, compared to only 12 percent of informal employees. For formal workers, the largest category (27 percent) of this group had been employed for at least eleven years, compared to informal workers where nearly half (48 percent) had worked for less than one year in a job. Women are less likely to have worked for a long period in both the formal and informal economies most probably because of their family and reproductive roles and

the lack of formal recognition of these roles in the form of paid maternity leave and other provisions.

Earnings are skewed in favor of formal employees, such that only 7 percent of formal employees earned between N\$1 and N\$599 per month, compared to 43 percent of informal employees. While 39 percent of formal employees earned at least N\$3,500 per month, only 6 percent of informal employees did so. The disadvantaged position of the informal economy comes out clearly when comparing mean monthly salaries. The mean monthly earnings for the formal rural is N\$2,798 while that for the informal rural is only N\$724, while that for the formal urban is the highest at N\$4,960, compared to N\$1,809 for the informal urban (see Namibia, 2010b). Women have lower mean monthly earnings at N\$4,140 for formal females compared to N\$4,504 for formal males; N\$963 for informal females compared to N\$1,613 for informal males.

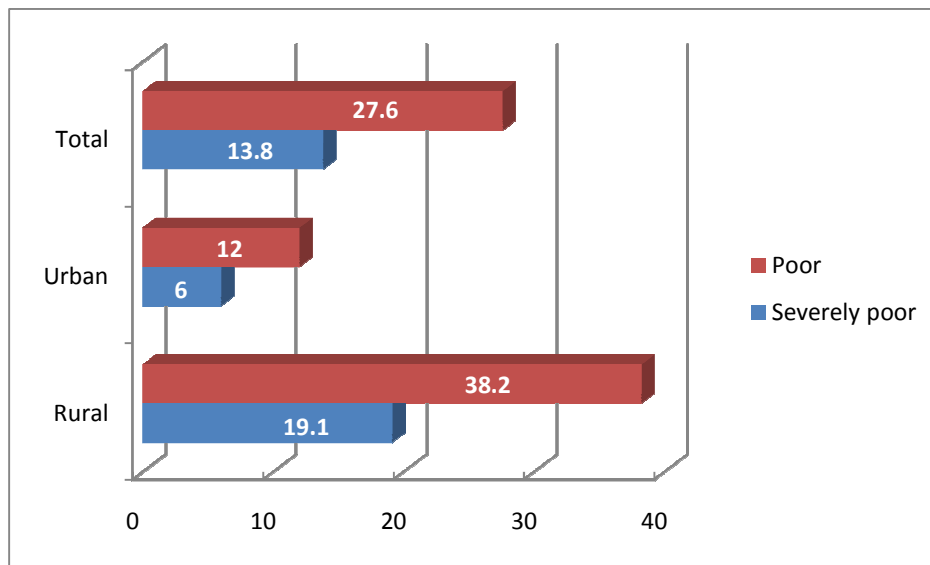
Informal employment is a complex and heterogeneous reality as it comprises: i) own-account workers and employers employed in their own informal sector enterprises, ii) contributing family workers, irrespective of whether they work in formal or informal sector enterprises and iii) employees holding informal jobs, whether employed by formal sector enterprises, informal sector enterprises, or as paid domestic workers by households¹⁵. In all developing regions, self-employment constitutes a greater share of informal employment (outside of agriculture) than wage employment: specifically, self-employment represents 70 per cent of informal employment in sub-Saharan Africa, 62 per cent in North Africa, 60 per cent in Latin America, and 59 per cent in Asia.

Of the 50,000 employers and own account workers in Namibia in September 2008, 70 percent were informal. Smaller enterprises dominate in both the formal and informal sectors, even though they are more pronounced in the informal economy where 53 percent of the operators have no employees besides the business partners and unpaid family workers. An additional 44 percent work in enterprises with 1-4 employees. This suggests the potential employment creation impact of integrating the informal economy into the mainstream economy.

Of the 331,444 employed persons in Namibia, 154,665 (46.7 percent) are registered with the Social Security Commission (SSC). Out of those registered, 72.1 percent are in urban areas, with the remaining 27.9 percent in rural areas. This therefore suggests that the majority of the employed (53.3 percent) are not covered by the SSC. Given that most of those protected by some social security scheme are in urban areas, it is therefore not surprising that poverty levels are higher amongst rural households (38.2 percent) compared to their urban counterparts (12 percent) as captured in Figure 9 below, indeed a reflection of the enclave structure of the economy.

¹⁵ Hussmanns, (2004)

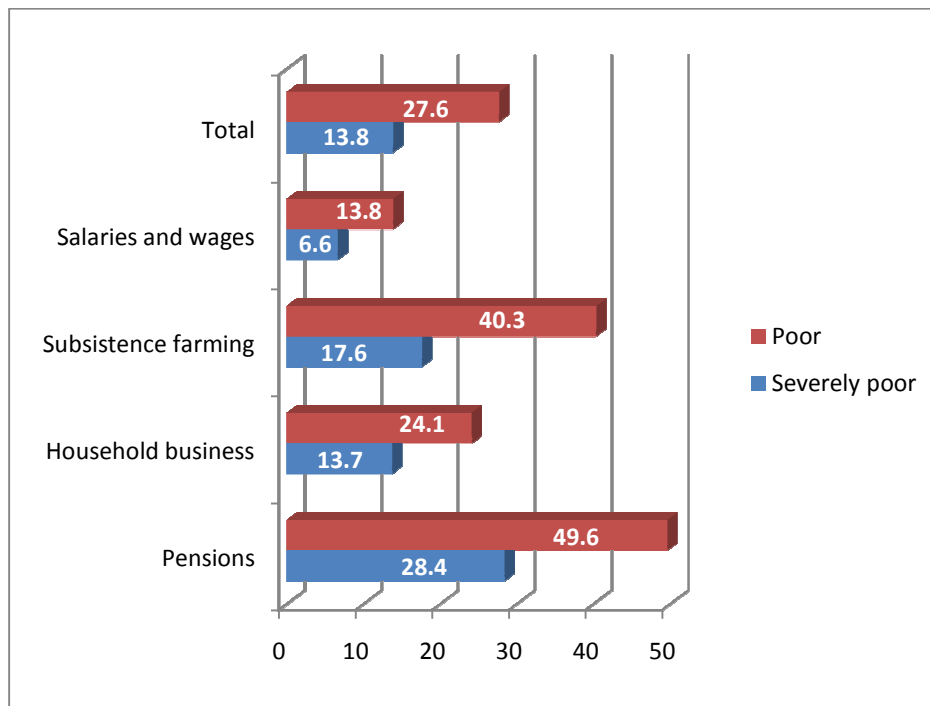
Figure 9: Incidence of poverty by locality of household, 2003/2004 (%)



Source: Derived from data in Namibia (2008a:10).

Because the standard concept of poverty used in the analysis derives from a consumption-based measure of poverty, it is therefore closely associated with occupation and the main source of income for households. As illustrated in Figure 10, households that rely on salaries and wages as their main source of income have the lowest incidence of both poor and severely poor at less than half of the national average. This group accounts for 46 percent of all households and constitute 23.1 percent of all poor. Even though having a salaried income reduces the probability of being poor, it is however not a guarantee of a life out of poverty, implying that it is the quality of the employment that makes a difference.

Figure 10: Incidence of poverty by main source of income, 2003/2004 (%)



Source: Derived from data from Namibia (2008a:16).

Households that rely on subsistence farming as their main source of income have the second highest incidence of poverty (40.3 percent are poor and 17.6 percent are severely poor). Such households also make up 42.3 percent of all poor households. The highest incidence of poverty is in those relying on pensions as their main source of income, where 49.6 percent are poor and 28.4 percent are severely poor.

The largest households are those where subsistence farming is the main source of income with an average size of 6.2 people, followed by pensioners at 5.3 people, non-farming business activities at 4.7 people, salaries and wages at 4.2 people, and an overall average of 4.9 people. As expected, households that rely on pensions are the oldest at an average age of 69.3 years, followed by subsistence farming at 54.7 years, non-farming business activities at 40.4 years, salaries and wages at 39.5 years.

A number of factors have been cited as contributing to Namibia's growing informal economy. These include high levels of unemployment, a jobless economic growth, unaccommodating macro-economic policies, skills deficits and mismatch etc.

1.4 Overall Macroeconomic Policy Framework and Performance

Except for the period of global recession in 2009, Namibia's GDP achieved positive growth rates during the period 2001-2009. Real GDP growth averaged 4.6 percent for the period 2001-2009, and 5.2 percent when the recession-influenced decline of 2009 is excluded. Under the Second National Development Plan (NDP2) (2001-2006), GDP was targeted to grow at an average of 4.3 percent per annum. The actual outturn of an annual average growth of 5.3 percent during NDP2 was higher than the projected average rate of growth of 4.3 percent for the period. This performance is also above the annual average growth of 5 percent projected under NDP3 (2007/2008-2011/2012) under the baseline scenario with no policy intervention, but lower than the targeted average growth rate of 6.5 percent under the Higher Growth Scenario with redoubled efforts.

Table 4 summarizes the performance of the Namibian economy for the period 2000-2009.

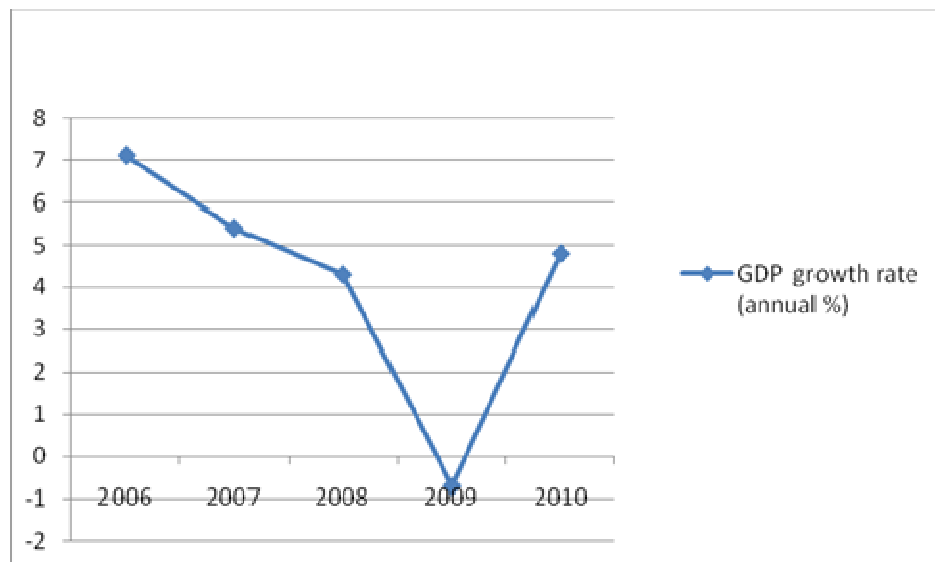
Table 4: Trends in key economic indicators, 2000-2009

Indicator	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
GDP at constant market prices (N\$m)	34,396	34,802	36,468	38,014	42,679	43,758	46,853	49,371	51,475	51,106
Real GDP Growth (%)	-	1.2	4.8	4.2	12.3	2.5	7.1	5.4	4.3	-0.7
Per Capita GDP constant prices (N\$)	18,816	19,017	19,607	20,103	22,194	22,360	23,521	24,345	24,927	24,301
Real Per capita GDP growth (%)	-	1.1	3.1	2.5	10.4	0.7	5.2	3.5	2.4	-2.5
Savings/GDP (%)	27.7	22.2	26.2	26.0	30.3	30.5	35.6	31.3	34.3	29.8
Investment/GDP (%)	16.6	20.9	19.9	19.1	18.6	18.6	21.6	23.7	25.4	24.9
Inflation (annual average - %)	-	9.2	11.4	7.1	4.2	2.3	5.1	6.7	10.4	8.7
Exports/GDP (%)	40.9	41.2	46	43.4	39.8	40.4	45.5	50.7	52.4	44.4
Imports/GDP (%)	44.6	47.7	48.1	52.5	42.1	40.3	41.6	52	52.8	53.3
Trade / GDP (%)	85.5	88.9	94.1	95.9	81.9	80.7	87.1	102.7	105.2	97.7
Export growth (%)	-	-2.7	16.2	8.8	5.4	-0.8	15.3	6.4	5.2	-14.9
Import growth (%)	-	14.3	6.2	10.5	-9.9	0.9	16.3	31.8	6.9	4.1
Terms of trade (index)	104.3	115.2	116.6	102.3	100	107.9	118.7	131	135.6	136.6

Source: Namibia (2010d).

Using World Bank time series data to avoid the changes in the baselines in the Namibian data, real GDP growth accelerated from an annual average of 1.1 percent during the period 1980-89 to 4.1 percent during 1990-99 and 4.3 percent for 2000-2006¹⁶. Notwithstanding the improved acceleration in economic growth, these rates of growth are below the 7 percent threshold for meeting the MDGs. The improved performance is attributed to favorable international demand and high prices for Namibia's main exports, including diamonds and other minerals. The recorded decline in growth in 2009 coincides with the global recession, which resulted in a decline of 26.9 percent for the primary industries, which was influenced by the massive decline of 49.7 percent for diamond mining.¹⁷ Figure 11 shows the performance of the economy between 2006 and 2010.

Figure 11: GDP growth (annual %)



Source: World Bank, 2011

<http://data.worldbank.org/country/namibia?display=default>

¹⁶ World Bank, 2011, <http://data.worldbank.org/country/namibia?display=default>

¹⁷ As the Government noted, "The economy of Namibia is largely based on the primary sector and the global financial crisis is already having a detrimental impact on the entire economy. The export industry has been hit hard by the waning global demand for its products despite the weaker currency. Namibia has witnessed some closures and job losses and the slump in diamond prices is of great concern, especially if one takes the significant role that Namdeb plays in the economy," (Namibia, 2010e:7-8).

Fiscal consolidation undertaken since 2005/2006 has enabled Namibia to counter the effects of the global financial crisis, thereby avoiding a fall-out in the provision of services due to cuts in expenditure. As Government observed, “The last three years have witnessed record achievement of fiscal targets,” (Namibia, 2010c:4). The fiscal year 2008/09 recorded the third consecutive budget surplus amounting to 2 percent of GDP (N\$1.5 billion). The SADC Macroeconomic Convergence programme targets a budget deficit of less than 5 percent of GDP by 2008 and 3 percent as an anchor within a band of 1 percent by 2012 to be maintained at the 2012 level up to 2018. The public debt of about 17.9 percent of GDP during 2008/09 was 8 percentage points below the 25 percent official benchmark, while total expenditures averaged 28 percent of GDP in the three year period 2006/07; 2007/08, and 2008/09 compared to the official 30 percent target. The debt-to-GDP ratio fell from 24.4 percent in 2006/07 to 18.2 percent in 2007/08 and 17.9 percent in 2008/09 and is projected to fall further to 15.5 percent in 2009/10. The SADC and World Bank benchmark for public and publicly-guaranteed debt is 60 percent of GDP, implying Namibia’s debt outturn is considerably sustainable. Thus, “Consistent achievement of fiscal targets bespeaks a tradition of entrenched macroeconomic and fiscal stability,” (Namibia, 2010c: 4).

As the Fiscal Policy Framework for 2010/11 to 2012/13 correctly outlines, “...this policy framework provides for a targeted and time-bound fiscal expansion, geared towards priority sectors and programmes with high growth, job creation and poverty reduction potential. This expansion is on the back of the fiscal space created in previous years of consecutive budget surpluses. The main focus of the expansion is on infrastructure development and maintaining critical social services to support domestic demand conditions, mitigate vulnerability, and safeguard citizens’ welfare conditions,” (Namibia, 2010c: 5). Furthermore, Namibia achieved a sound budget implementation rate since 2006/07 with the budget execution averaging 97.8 percent. In fact, the implementation rate for 2008/09 was 98.7 percent, up from 97.5 percent in 2007/08. Rightly so, going forward, expenditure prioritization and efficiency of delivery of development programmes in priority sectors is important in view of the revenue risk related to dependence on taxes from international trade under the Southern African Customs Union (SACU) arrangement. SACU receipts are the largest single contributor to revenue, accounting for 42.3 percent in 2006/07; 42.1 percent in 2007/08; 40.1 percent in 2008/09, and 39.5 percent in 2009/10.

Efforts to reduce macroeconomic instability and enhance fiscal discipline during NDP2 are reflected in the inflationary trends, with the average inflation rate fluctuating between 2.3 percent and 11.4 percent between 2000 and 2009. The average rate of inflation of 8.7 percent recorded in 2009 is within the SADC target of 10 percent by 2008. The savings and investment ratios, which are an indicator of potential future growth, are relatively high in Namibia, averaging 29.4 percent and 20.9 percent of GDP respectively during 2000-2009. By 2008 and 2009, the investment ratio is at the optimal level of 25 percent, while the savings ratio was already above that level for all the years except for 2001. Savings and investment levels of at least 25 percent of GDP helped sustain high growth in the Asian tiger economies, and are largely responsible for the outstanding performances of China, India and Vietnam in recent times.

On this issue, the Commission on Growth and Development had this to say: “...the speed of growth in the early stages of development is limited primarily by the pace of investment (public and private together). This investment is itself affected by the availability of savings. High-growth economies typically set aside a formidable share of their income: a national saving rate of 20–25 percent or higher, is not unusual. In principle, countries could rely more on foreign capital to finance their investment needs. But capital inflows over the

past several decades have a mixed record. Our view is that foreign saving is an imperfect substitute for domestic saving, including public saving, to finance the investment a booming economy requires,” (World Bank, 2008: 3). Instructively, with respect to investment, “No country has sustained rapid growth without also keeping up impressive rates of public investment—in infrastructure, education, and health. Far from crowding out private investment, this spending crowds it *in*. It paves the way for new industries to emerge and raises the return to any private venture that benefits from healthy, educated workers, passable roads, and reliable electricity;” (World Bank, 2008: 5-6).

To put Namibia’s savings and investment ratios into regional perspective, it is necessary to compare with that of Sub-Saharan Africa. Using World Bank data, its gross national savings ratio averaging 32.7 percent of GDP between 2000 and 2006 is only lower than that of Botswana (49.7 percent), Gabon (37.3 percent) and Equatorial Guinea (33.9 percent) in the whole of Sub-Saharan Africa. The average investment ratio of 24.5 percent of GDP for the period 2000-2006 is close to the optimum level of 25 percent, only lower than that of Equatorial Guinea (49.9 percent), Lesotho (39.4 percent), Chad (32.7 percent), Cape Verde (27.2 percent), Ghana (26 percent), Seychelles (25.3 percent), Eritrea (24.8 percent) and Senegal (24.6 percent) in Sub-Saharan Africa. Even though Namibia’s rank in the SADC on the World Bank’s *Doing Business Indicators* slipped from third position in 2006 and 2008 to fourth in 2009 and 2010, it still fares well in the region.

Reflecting its over-dependence on imports, especially from South Africa, the average annual export growth rate during 2001-2009 at 4.3 percent, is less than half that of imports at 9 percent over the same period. Thus, Namibia continues to be a net importer of goods and services over the period 2000-2009, recording trade deficits, save for 2006 when a trade surplus was achieved. This notwithstanding, Namibia’s terms of trade (export price index divided by import price index) improved consistently between 2004 and 2009, reflecting the commodity price bubble of the period leading to the global financial crisis of 2008-2009. The ratio of trade (exports and imports) to GDP, the proxy for global integration, suggests a deepening link with the global economy. The percentage of Namibia’s trade (exports and imports) relative to its GDP at 110 percent, is higher than the SADC average of 103 percent in 2006. This means that Namibia is more integrated into the global economy compared to the average SADC economy.

Table 5 reports Namibia’s recent ranking on the World Bank’s *Doing Business Indicators*, where countries are ranked according to the ease of doing business; a high ranking on the ease of doing business index means the regulatory environment is more conducive to the starting and operation of a local firm. Clearly, more effort needs to be targeted towards improving the process of starting a business, registering property and trading across borders. Given the depth of the scourge of unemployment, and the important role small, micro and medium enterprises (SMMEs) play in job creation, there is need for concerted efforts to improve the process of starting businesses. Interestingly, Namibia scores well on issues such as getting credit, dealing with construction permits, enforcing contracts and closing business. The issue of hiring and firing, which in some circles inside Namibia is considered onerous does not emerge as a constraint in the *Doing Business Indicators*. In the interviews with stakeholders under the ILO mission, it was often stated that SMMEs face serious problems in accessing credit, an issue that should be addressed (see also Namibia, 2006). In addition, it emerged that large corporations, which are branches of South African companies, hardly integrate into the local economy, thereby depriving SMMEs the opportunity to participate in value chains and channels of big businesses. Other areas that need attention include technical skills, managerial skills, technology know-how and transfer,

infrastructure, and purchasing and marketing. While the Government of Namibia is cognizant of the important role SMMEs can play in employment creation, however, it concedes, "...our approach to the development and growth of this sector has been haphazard and inadequate," (Namibia, 1997:i).¹⁸

Table 5: Namibia's Doing Business Rankings, 2011 and 2010 (Out of 183 countries)

Topic	2011 rank	2010 rank
Doing business	69	68
Starting a business	124	125
Dealing with construction permits	36	37
Registering property	136	137
Getting credit	15	14
Protecting investors	74	73
Paying taxes	99	97
Trading across borders	153	151
Enforcing contracts	41	42
Closing business	53	55

Source: <http://www.doingbusiness.org/data/exploreeconomies/namibia/>

The 2010-11 World Economic Forum's Global Competitiveness Report ranks Namibia third in the SADC region after only South Africa and Mauritius, and fourth for the whole of Africa (with Tunisia at pole position).

While the conventional macroeconomic framework Namibia has implemented over the years has achieved an acceptable modicum of macroeconomic stability, with impressive fiscal and inflationary outcomes, it has not delivered on the social front as indicated by the high and worsening levels of unemployment, poverty and inequality. Typically, such conventional approaches to macroeconomic management treat social issues as a residual to benefit from 'trickle down.' Certainly, in the case of Namibia, as elsewhere, the benefits of improving growth rates have not trickled down to improve the social deficits, suggesting that the quality of growth is as important as its quantum. Between 1997 and 2008, when in fact economic performance improved, the formal sector lost nearly 70,000 jobs, at a time an estimated 240,000-300,000 new job seekers entered the labour market.¹⁹ Table 6 compares the rankings of the economic sectors by share of GDP and employment using 2008 data. The

¹⁸ The vision 2030 document identified the importance of enterprises development and the pivotal role of small and medium enterprises (SMEs) as central to economic deepening and expansion. To meet the targets of Vision 2030, the Ministry of Trade and Industry launched the MTI 2010Mid-Term Strategic Plan, which outlines facilitative and supportive strategies to grow local enterprises, especially SMEs.

¹⁹Employment declined by 17.4 per cent from 401,203 in 1997 to 385,329 by 2004 and 331,444 by 2008.

data are then used to compute the Spearman's rank correlation coefficient using the following formula.

$$\text{The spearman's rank correlation coefficient} = 1 - \frac{6 \sum d_i^2}{n(n^2-1)}$$

The resultant rank correlation coefficient of 0.31, though positive, is however not statistically significant, implying that there is no discernible relationship between sector contributions to growth and employment. The divergence is particularly clear in sectors such as mining and manufacturing, which rank highly in terms of contribution to GDP, but lowly when their share in employment creation is used. In essence, these sectors are not labour-intensive, yet they drive economic growth. Sectors such as agriculture may not rank highly in terms of contribution to GDP, but are clearly labour-intensive. This provides useful lessons for enhancing labour-intensive growth and suggests which sectors can be targeted to achieve that objective.

Table 6: Comparison of rankings by share of GDP and employment (2008 data)

Sector	GDP (%)	Employment (%)	Rank by GDP	Rank by Employment	Difference in rank	Difference squared
Agriculture	5.4	15.9	7	1	6	36
Fishing	3.3	0.4	11	16	-5	25
Mining	15.9	2.7	1	13	-12	144
Manufacturing	12.7	6.3	2	7	-5	25
Electricity and water	2.2	1.6	14	15	-1	1
Construction	4.1	7	9	6	3	9
Wholesale and retail trade	10.4	15.1	3	2	1	1
Hotel and restaurants	1.7	3.4	15	12	3	9
Transport, and communication	4.6	4.7	8	8	0	0
Finance	3.9	2.7	10	14	-4	16
Real estate & business activities	7.3	4.5	5	9	-4	16
Community, social & personal service	3	3.4	12	11	1	1
Public administration & defense	8.4	8.4	4	5	-1	1
Education	7.1	8.6	6	4	2	4
Health	3	4.2	13	10	3	9
Private household	0.7	10.9	16	3	13	169

Source: Data on GDP from Central Bureau of Statistics; data on employment from Namibia (2010b: 7).

Computing the Spearman's rank correlation coefficient on the basis of doing business indicators and FDI inflows into 14 SADC countries (excluding Seychelles) using 2006 UNCTAD data resulted in a coefficient of -0.024, suggesting the lack of a relationship between FDI inflows and the doing business environment. One is therefore prompted to agree with UNCTAD that, "The swing in attitudes has been such that expectations may have become too high in terms of what TNCs can do. While they can, indeed, contribute to the development effort in many ways, the performance of the domestic sector is typically much more important," (UNCTAD 1999:11). The SADC Protocol on Finance and Investment raises concern about "...the low level of investment into the SADC, even though a number of measures have been taken to improve the investment environment," (page 26).

Interviews with key stakeholders during the course of the ILO mission to Namibia and inputs at the stakeholders' validation workshop of 28-29 June 2011 revealed that the conventional macroeconomic framework proved inappropriate and ineffective in promoting decent employment-rich growth for a number of reasons including the following:

- It focused on quantitative targets (budget deficit and inflation targeting) that restricted fiscal space.
- It treated social goals, including employment creation as a residual to benefit from 'trickle down' and yet the link between growth and employment creation is not automatic.
- The development strategy was ineffectual as it focused on all sectors and constraints without targeting employment-intensive sectors and the most binding constraints.
- Policies were fragmented, incoherent, uncoordinated and not fully implemented.
- Insufficient harmonization of the MTEF & NDPs.
- There was lack of a strategic industrial and investment policy framework.
- Growth was generated largely by capital-intensive mining, and hence the absence of employment growth.
- Growth was accompanied by growing income inequality – Namibia is the most unequal country in the world.
- No integrative strategy for the informal economy.
- In fact the policy framework remains hostile towards the informal economy – stringent local authority by-laws.
- The SMME sector remains disadvantaged without access to capital due to stringent lending practices, little access to capacity building (e.g. training).

Notwithstanding the above, Namibia's macroeconomic framework is in a strong position with fiscal space adequate to unleash a transformative agenda, a fact recognized by the Government (see for instance Namibia, 2010c and 2008b).²⁰ According to the Fiscal Policy Framework 2010/2011 to 2012/2013, this fiscal space calls for 'cautious optimism,' (see Namibia, 2010c). Its savings and investment ratios are already at a high level, comparable to the East Asian tigers at the launch of their economic transformation. An added advantage is that the balance sheets of the financial institutions remained strong and were unscathed from the fall-out of the global financial crisis owing to prudential regulation and limited exposure (see Namibia, 2010c:2). With a small population and relatively large

²⁰ This potential was also acknowledged by the Ministry of Finance officials during the course of the ILO mission.

resources,²¹ Namibia makes an interesting case for unleashing an inclusive (shared) growth path with sustainable levels of productive, decent and remunerative jobs. Bold steps need to be taken to steer the economy from the current unsustainable enclave-type of development that leaves behind the majority of its population. As the World Bank's Growth Commission Report of 2008 observes, there are no economic miracles, countries lagging behind can learn from those that successfully transformed their economies, and the world is replete with such examples.

1.5 Skills shortages and mismatch between skills supply and demand

The link between education and training, skills (human capital) and economic progress has long been acknowledged (see Becker, 1964). Education and training therefore determine the quality of human resources so essential for economic development and well-being. Apart from its investment attributes, education is also consumption good in that it allows its recipient to be a better citizen who can contribute more effectively to democratic norms and standards. The LFS of 2008 shows that Namibia's human resource development is still lagging behind with 13 percent of the population six years and above having no education, while 45.3 percent and 1.2 percent completed primary and university education respectively. A very small proportion of the population (0.7 percent) completed post-graduate education. This to some extent explains why the majority of the employed persons are in elementary occupations. There are no significant differences in educational attainment by gender. As expected, the proportion of those with no education is higher in rural areas (16.9 percent) than in urban areas (7.7 percent), while the proportion of those who completed senior secondary education is higher in urban areas (19.9 percent) than in rural areas (5.3 percent).

Most of the employed persons with no education (52.1 percent) and with primary school education (27 percent) are in agriculture, while those with junior secondary education (20.5 percent) are dominant in wholesale and retail trade, repair of motor vehicles. Employed persons with university education (23.5 percent) are mainly in education, while those with post-graduate training (23.5 percent) are concentrated in health and social work. Those employed with no education are dominant in elementary occupations (40.2 percent), followed by those in skilled agriculture and fishery workers (24.9 percent) and craft and trade workers (17 percent). Employed persons with primary school education are mostly in elementary occupations (35.7 percent), followed by craft and trade workers (21.8 percent). Employed persons with post standard 10 education occupy mostly occupations such as technicians, professionals, legislators and senior managers. The majority of employed persons in Namibia completed junior secondary education (31.8 percent), followed by those with senior secondary school (22.5 percent) and primary school (22.2 percent). This trend also applies in urban areas. However, in rural areas, employed persons with primary school

²¹ Namibia has the following natural resources: diamonds, copper, uranium, gold, silver, lead, tin, lithium, cadmium, tungsten, zinc, salt, hydropower, fish and suspected deposits of oil, coal, and iron ore. Namibia's rich alluvial diamond deposits make the country a primary source for gem-quality diamonds. The country is the fourth-largest exporter of nonfuel minerals in Africa, the world's fifth-largest producer of uranium, and the producer of large quantities of lead, zinc, tin, silver, and tungsten.

education are dominant (30.6 percent), followed by those with junior secondary education (29.2 percent). As stated earlier, unemployment rates fall with educational attainment.

There is remarkable consensus in Namibia that skills shortages abound. In the apt words of the Namibian Employers' Federation (NEF), "...it is clear that the issue of skills is a clear and present strategic concern across various sectors," (2010: 3). In the survey of skills deficits by the Namibian Employers' Federation, 96 percent of respondents across sectors agreed that Namibia is facing a skills shortage, 96 percent of whom considered the skills shortage either severe or very severe. Seventy percent indicated that critical vacancies requiring specialist skills and expertise existed in their organization, company or sector. Asked whether the tertiary education and training sector was performing, 75 percent of the responses were in the range of partially satisfied to mostly dissatisfied, while 11 percent indicated complete dissatisfaction and only slightly more (14 percent) indicated in the range of mostly satisfied to completely satisfied. On the relevance of the curricular offered by tertiary institutions, 55 percent of the responses were in the range of partially relevant to mostly irrelevant, while nine percent assessed the skills training as completely irrelevant.

Of the respondents who had agreed that a skills shortage exists, 64 percent indicated that their organization or company had a strategic skills development plan in place. However, more than half (53 percent) of those who stated that they had an in-house skills development initiative thought that it was only partially effective, while 35 percent stated that they were mostly effective, with only nine percent of the view that their in-house programme was really effective. Only 36 percent of the organizations or companies involved in the survey provide bursaries to outside parties (i.e. school-leavers) to enable them to obtain qualifications and skills they require. Regrettably, the majority of those who agreed that Namibia is in a skills shortage thought it would worsen in the next five years, while only 23 percent expressed optimism that the situation would improve.

Interviews with key stakeholders, inputs from the multi-stakeholders' workshop of 28-29 June 2011 and relevant literature point to the following challenges in the education and training sector:

- i. Problem of school drop outs and child labour.
- ii. High failure rate.
- iii. Absence of a pathways approach to education – narrow academic focus.
- iv. Weak vocational thrust in education – vocational training treated as inferior and stigmatized.
- v. Reliance on imported skills.
- vi. Mismatch between skills demanded and supplied – lack of coordination between providers of training and users of skills.
- vii. Lack of entrepreneurial skills, especially among youth.
- viii. Lack of qualified trainers.
- ix. Not enough intelligence from industry to enable concrete decision making.
- x. Lack of quality in training and assessment.
- xi. Inferior training providers.
- xii. Inadequate funding for training.
- xiii. Lack of industrial exposure/ job attachment for graduates.
- xiv. Small VET training market.

The disparity between skills imparted by the training institutions and the skills demanded by industry and commerce, and the economy at large is also articulated in key government policy documents (see Namibia, 2010e; 2008b).

The Namibia Training Authority (NTA) was established by the gazetting of the Vocational Education and Training Act, Act 1 in June 2008, and is responsible for improving the effectiveness and efficiency of the Vocational Education and Training (VET) in Namibia by ensuring that VET programmes and services meet the current and emerging needs of industry, business and the broader community. Its board which was appointed in 2009 is stakeholder-based with employer and worker representation, and its mandate is to regulate vocational training in Namibia and to fund it. It will train on the basis of national priorities and funding will be drawn from a training levy whose level is yet to be determined. Furthermore, the Ministry of Education introduced the Education and Training Sector Improvement Programme (ETSIP) to enhance the development of relevant and demanded skills through the vocational training system.

1.6 Review of Existing Policies that Affect Employment

Through various policy frameworks, the government has recognized the urgency of creating employment, thereby reducing poverty. It would appear that while the challenge and urgency of creating jobs is acknowledged in the various policy blueprints, this has remained on paper, with little coordination amongst the various policy frameworks. For instance, employment targets were outlined in all the three National Development Plans.

While the importance of a National Youth Service is acknowledged, there has not been an evaluation of the programme to ascertain its impact and contribution. Furthermore, the critical importance of demand-driven skills under the programme is widely recognized. With respect to public works, the Government consulted key stakeholders for more than 2 years (transport operators, engineers etc.) in developing the white paper on the labour-based works programme. The White paper proposed expanding the scope of the programme to involve construction of canals, dams, piping etc. A pilot public works project was implemented in 1992, which was expanded to different regions with funding from local and external sources. The project involved local people in the identification, implementation and maintenance works. The results in terms of employment creation were impressive, with private small contractors utilized in service provision.

While the Employment Policy of 1997 provided a comprehensive approach to employment creation, this was not integrated into other policy frameworks, particularly so the national development strategy, creating a disjuncture amongst them. In addition, the absence of a proper consultative process, as well as an effective implementation and monitoring framework, limited the impact. As stated above, the macroeconomic framework, with its focus on inflation-targeting, neglected social goals. This was compounded by an investment policy that sought to create employment through Export Processing Zones (EPZs) by providing generous incentives, including flexible labour practices. The EPZ Act of 1995 provided incentives that included a corporate tax holiday and the Labour Act was not applied in EPZs.

The outcome was such that investments were not as much as expected and the jobs that were created were lower than expected. While 25,000 jobs were expected to be created, by 1999 only 400 jobs had been realized and by 2004 there were 10,000 jobs accounting for 3.6 percent of all jobs. This avenue did not contribute significantly to job creation and retention, especially after the closure of Ramatex, the largest EPZ firm. In the event, despite the recognition of the need to create jobs, the situation on the ground points to a worsening employment scenario – this in the presence of growth - creating a paradox.

NDP3 acknowledges the existence of this conjecture of improving growth rates against worsening unemployment and underemployment (see Namibia, 2008b). It projects a GDP growth rate of 5 percent per annum under the Baseline Growth Scenario with no policy interventions (continuation with the status quo) and one of 6.5 percent under a Higher Growth Scenario with redoubled efforts, higher than the 5.3 percent achieved under NDP2 and the 3.5 percent of NDP1. Realizing the projections under the baseline and higher growth scenarios would imply investments of N\$76.3 billion and N\$94.6 billion respectively over the next five years. Given the inception of global recession, and considering that we are into the 4th year of NDP3, these objectives may not be achieved. Moreover, the failure to link employment policies with the development strategy reduced the plans to a declaration of intent. Another issue that emerged is that past policies targeted all sectors, without prioritizing those that are more employment-intensive.

In 2004, Namibia adopted Vision 2030, which seeks to create a diversified, open market economy, with a resource-based industrial sector (value-addition) and commercial agriculture, placing emphasis on skills development. It targets to create 50,000 new jobs over the next five years through increased support for small and medium scale enterprises, an objective that has not been achieved. Vision 2030 also places emphasis on the need to reduce inequality and move Namibia into the high human development category. It envisages a just, moral, tolerant and safe society where marginalization is eliminated and equity between men and women, the diverse ethnic groups and people of different ages, interests and abilities is achieved by 2030. The vision is based on partnerships between government, communities and civil society, different branches of government, with the private sector, NGOs, community-based organizations, and the international community. One of its key goals is to achieve full employment, defined as an unemployment rate of 2.3 percent by 2030.

Namibia's Decent Work Country Programme, 2010-2014 observes that growth trends in Namibia have not been inclusive and job-rich. It therefore prioritizes employment promotion, HIV/AIDS, social security and strengthening social dialogue. The programme also seeks to support UNDAF in achieving the government target of economic diversification and eradicating poverty. On the first priority of employment promotion, the programme identifies the need to develop an employment policy where employment is mainstreamed in all national development frameworks and a national structure is established to coordinate and monitor employment creation. The Decent Work Programme document recommends that an employment diagnostic analysis be undertaken in order to ascertain and verify the binding constraints / opportunities to inclusive and job-rich growth, the results of which would inform the revision of the Employment Policy of 1997. It also puts an accent on policy and programme coherence and harmonization, with clear links from national to local government.

Attention is also paid to the role of sustainable enterprises (including cooperatives) in creating productive and decent employment and hence encourages government to implement Recommendation 198 on job creation in SMEs and the 2006 promotion of sustainable enterprises guidelines. The development of a national microfinance policy is also raised together with the need to revise the SMME policy to include the informal economy, whose integration is recommended. The strengthening of forward and backward linkages and the transition to formality are highlighted. The role of skills development in enhancing employability, competitiveness of enterprises and inclusiveness of growth is also flagged out, as well as entrepreneurial development and self-employment targeting the youth, women and people with disabilities and informal economy operators. To achieve a better fit between skills demand and supply, the need for collaboration between government and the private sector is emphasized. In addition, it foresees the need to finalize a National Action Plan on Youth Employment. In terms of the transformative financial strategy, the Decent Work Programme document recommends the adoption of a 'social budget model' as opposed to continuation with the restrictive macroeconomic framework targeting inflation.

In the interviews with the key stakeholders during the ILO mission, a consensus on the need to change course and break with the growth path that Namibia has pursued emerged. Whether it was government officials, union leaders or business representatives, the message was unanimous that there is need for a pro-poor, decent work rich growth path anchored by an employment-friendly macroeconomic framework. Within government itself, whether in the Ministry of Labour, Trade and Industry, Planning Commission, Youth, or Finance, it was commonly held that continuing with the status quo is associated with a worsening scenario that is not tenable. As stated by the National Planning Commission, "...Namibia now stands at cross roads. We have got some key things wrong over the past 20 years, and we face critical social and economic challenges that are exacerbated by the increasingly constrained global environment. If we do not address these challenges head on, we are likely to miss some of the key targets of Vision 2030," (Namibia, 2010f: 2).²²

A consensus is also emerging that issues of employment should not be viewed as purely labour market issues – they constitute a development challenge that requires every stakeholder and government agency to be involved (a social contract), implying it is a cross-cutting issue that requires coordination and harmonization amongst all players (see Namibia, 2010h). For instance, it was pointed out that while in the current context employment was viewed as a labour issue, and yet productive and decent work is associated with sustainable enterprises, which lie outside the mandate of the Ministry of Labour. There appears to be a consensus in Namibia that decent work is the best way to translate growth into sustained poverty reduction. It was pointed out that in view of this holistic and integrative approach to issues of employment, the coordinating capacity of the Ministry of Labour should be enhanced and that employment targets should be included in the monitoring strategy. As

²² This need for a paradigm shift was well articulated by the Director General of the National Planning Commission at the national Employment Creation Summit when he said, "...if we do not change our strategies and continue to do things in the same manner as before, we will not be able to meaningfully reduce the unemployment rate in the near to medium term," (see Namibia, 2010h: 2). President Pohamba also highlighted these concerns in his address at the National Employment Creation Summit (see Namibia, 2010g).

such, the National Employment Policy was envisaged to be a tool to mainstream employment across all policies. Furthermore, the need to link the National Employment Policy Framework with the macroeconomic and sectoral strategies as well as the budget was highlighted. An inclusive Monitoring and Evaluation framework was considered essential to assess the extent of implementation and address identified constraints.

Probably the clearest evidence that unemployment has reached crisis proportions requiring a coordinated approach is the convening of the National Employment Creation Summit on 30th of September 2010. This summit was spearheaded by a taskforce drawn from various ministries to reflect the developmental and multi-dimensional nature of the scourge. The background document to the Employment Creation Summit prepared by the National Planning Commission in collaboration with the Ministry of Labour acknowledges that to realize the goals of Vision 2030, the economy has to grow at a much higher rate than trend growth, and even what is targeted under Vision 2030 (see Namibia, 2010f). It also recognizes that to achieve these goals, the type of economic growth must change – implying a paradigm shift - since positive growth does not automatically translate to job creation and poverty reduction. Higher sustainable rates of growth could not be achieved partly because “...our efforts have been spread too thinly,” (Namibia, 2010f: 2). The report recommends paying more attention to the sectors with high potential for growth and job creation such as tourism, transport and livestock and to deal with the binding constraints on growth and employment creation such as lack of skills and the cost of doing business in order to achieve rates of growth of at least seven percent per year over the next ten years. Certain broader reforms involving education, skills and competencies; strengthening the delivery capacity of the State, including enhanced performance management and accountability; and strengthening institutions are envisaged.

Significantly, the document calls for a Targeted Intervention Programme for Employment Creation (TIPEC) which is geared not only at reducing unemployment, but also at stimulating economic growth and enhancing welfare. TIPEC is a fast-track programme targeting resources to sectors with the highest growth and job creation potential. The key premises of TIPEC, which will inform the way forward are to:

Support Vision 2030 and link to national development plans.

Target economic and social sectors with the highest job creation potential.

Be accompanied by broad reforms that enhance Namibia’s long-term competitiveness.

Adopt a more expansionary fiscal policy to ensure adequate funding for the programme.

Be collaborative, including participation of Government, private sector, labour and civil society.

Be underpinned by a well-functioning monitoring and evaluation mechanism (see Namibia, 2010f: 4-5).

Given the low level of development of the private sector in Namibia, government is therefore expected to provide equity finance to kick-start investment in growth enhancing activities. The necessary investment required for the proposed intervention is estimated at N\$2.4 billion (3 percent of GDP) over the next five years. Granted that implementation of TIPEC will require more fiscal outlays²³ that will have implications for the Government's fiscal rules, government proposes that the fiscal restraint be relaxed from a budget deficit of 3 percent in the medium term to a budget deficit not exceeding 7 percent over a five year period.²⁴ Under the most likely scenario, debt from the budget deficit is expected to rise to 37.3 percent of GDP, and to 47.9 percent under the intervention scenario by 2020.

While these ratios are above the debt rule of 25 percent of GDP that the government adopted and applied, they are way below the 60 percent ratio under the SADC convergence target on debt. In terms of debt service, it is anticipated that the debt service to GDP ratio, especially under the intervention scenario will go beyond the debt service rule of 3 percent. The share of interest payments in government expenditure is projected to reach 10.6 percent under the most likely scenario and 13.3 percent under the intervention scenario in 2020. While these ratios are slightly high relative to the idealized ratio of around 10 percent, they are however below 10 percent on average for the projected period (see Namibia, 2010f:12-13). Additional fiscal space will be created through expenditure reprioritization and switching. Furthermore, public-private partnerships and other means of sharing the burden of development financing will be explored.

In addition, TIPEC will be subject to a strong monitoring and evaluation mechanism underpinned by the following key principles: accountability, transparency as well as negative and positive incentives related to performance management. The identified sectors to be targeted over a five-year period (2011-2015) include transport, tourism, livestock production, while other sectors such as crop production, fishing, mining and manufacturing will not be neglected. If the first three sectors enjoy more attention, and if sector specific and general binding constraints are dealt with, it is estimated that the economy would grow at an average rate of 6.9 percent during the next decade, and that unemployment would decline to 12 percent by 2030.²⁵ While the summit was organized by government, the drawback was that discussions were also dominated by government, implying inadequate buy-in by other stakeholders.

²³ This issue was amplified in the Director General of the National Planning Commission at the Employment Summit as follows, "We can make a dent if we scale up our resources in the pursuit of employment creation. We can start to make a significant difference if we are prepared to take hard but important decisions; and in the process make the necessary sacrifices," (see Namibia, 2010h: 2).

²⁴ Under the intervention scenario, the budget deficit is projected to deteriorate to an average of 7.2 percent of GDP.

²⁵ This unemployment level is way above the 2.3 percent projected under Vision 2030.

Critically, two bills, the Employment Creation Bill and the Employment Services Bill, focusing on different issues have been developed. However, the consultations around them were not wide enough and they are still in draft form.

1.7 Social Dialogue

Following decades of top-down approaches to development, the international community attributes the limited progress with economic reforms to the lack of broad-based participation and ownership of development programmes. In fact, the new aid architecture based on the Paris Declaration of 2005 emphasizes ownership of development programmes based on stakeholder participation, an issue the ILO has promoted since its inception in 1919.²⁶ The first principal of the Paris Declaration relates to 'ownership', where it is the primary responsibility of the partner country to exercise leadership over its development policies and strategies and to coordinate development actions. Under the second principle of 'alignment', donors undertake to base their support on partner countries' national development strategies and to be guided by their priorities and to use the systems and procedures of their partners. Governments are therefore required to take the leadership, consulting all key stakeholders to engender national ownership. Countries such as South Africa have taken the lead in establishing structures for broad-based participation and stakeholder consultations, ala, the National Economic Development and Labour Council (NEDLAC).

Social dialogue in Namibia is more developed at the tripartite level where the Labour Advisory Council (LAC) exists. However, LAC is only advisory. Hence there exists in Namibia scope for the strengthening of social dialogue. There is also need to include economic sectors and other key stakeholders into the social dialogue process (e.g. youth and women) and to extend the scope of social dialogue to macroeconomic and structural issues affecting employment. Furthermore, there is scope for strengthening the capacity of the social partners as identified in Namibia (2010e). These social partners include the two trade union federations, namely, the National Union of Namibian Workers (NUNW) affiliated with the ruling party SWAPO and the independent Trade Union Congress of Namibia (TUCNA), and the Namibian Employers' Federation (NEF).

Namibia has ratified 10 international conventions, including all the seven fundamental human rights instruments of the ILO.

²⁶ In fact, social dialogue is one of the four pillars of the decent work agenda, alongside employment creation, workers' rights, and social protection.

1.8 Social Protection

Social protection is a safety net that accommodates the financial needs of those who are in employment and for those who are not in employment. It focuses on the concept of risk management, defined as consisting of a set of public and private, formal and informal measures that assist people to manage risks and minimize the incidence and impact of welfare losses that might lead to unacceptable living standard. Social protection is also recognized as a human right as reflected in Articles 22 and 26 of the Universal Declaration of Human Rights of the UN.

The existing grants in Namibia include social grants (foster care, place of safety allowance, child maintenance grant); disability grant; old age pension; Workman's Compensation; and Maternity leave, Sick leave and Death benefits (MSD) Fund under the Social Security Commission. While structures are in place, the universal scheme is exclusionary, with the programmes overlooking those who are not able to make a living, worsened by a lack of accessibility and affordability. These issues have been highlighted in the Basic Income Grant (BIG) initiative.²⁷

While tripartite structures are in place, these do not include and benefit the whole population, particularly the rural poor. In addition, reliable information on vulnerable and marginalized groups such as people with disabilities is lacking. Furthermore, social protection services are fragmented and hence should be housed under one roof. The MSD Fund should also prioritize the informal sector and as such there should be an amendment to include all employers (formal/informal) as beneficiaries.

1.9 Social Exclusion: The Case of the San People

Commissioned research on 'The San in Namibia: A Socio-economic Study' for the Office of the Prime Minister, Division San Development (see Arowolo, 2011) found that the San are at the lowest level of the country's development strata. They are largely dispersed among the country's major ethnic groups, compared with other ethnic groups. The San are therefore the most deprived in Namibia: they are poorly educated, lack adequate housing, suffer from poor health and reproductive health status due to food insecurity and poor access to health services and facilities; they also suffer from widespread unemployment and

²⁷ The Namibian Tax Consortium (NAMTAX), a government appointed commission, first proposed the introduction of a Basic Income Grant in 2002 to deal with the high levels of poverty and income inequality in Namibia. The current debate around BIG revolves around the proposal for a monthly cash grant of not less than N\$100 (~13 US\$) to be paid to every Namibian citizen as a citizen's right. It is spearheaded by the BIG Coalition, which was formed in April 2005. The Coalition includes the Council of Churches (CCN), the National Union of Namibian Workers (NUNW), the umbrella body of the NGOs (NANGOF), the umbrella body of the AIDS organisations (NANASO), the National Youth Service (NYC), the Church Alliance for Orphans (CAFO), the Legal Assistance Centre (LAC) and the Labour Resource and Research Institute (LaRRI). The Secretariat of the Coalition is hosted by the Desk for Social Development of the Evangelical Lutheran Church in the Republic of Namibia (ELCRN), which is responsible for the day-to-day running of the campaign. Between 2008 and 2009, the BIG Coalition implemented the first BIG pilot project in the village of Otjivero in Namibia.

underemployment and are poorly rewarded for work done. Until recently, they appear sidelined; being poorly represented at local, regional and national levels of decision making.

While numerous interventions (legal, policy and programme) have been initiated by the Government and development partners to address the deplorable social, economic and political conditions under which the San of Namibia live, the impact of these interventions remains minimal. The establishment of the San Division within the Office of the Prime Minister as an institutional mechanism for coordinating the San Development Programme (SDP) is an attempt by Government to address the challenges facing the San more effectively. In fact, the SDP is an integral part of the Third National Development Plan ((NDP3) 2007/2008-2011/12, which recognizes the San peoples, among others, as requiring targeted programming against extreme poverty and other forms of relative deprivation. Unfortunately, there has been poor coherence among development interventions in support of the San communities in Namibia and hence the OPM is seized with institutionalizing a Coordination mechanism for the SDP under the Deputy Prime Minister.

2. EMERGING CONSENSUS ON SUSTAINABLE AND INCLUSIVE RECOVERY PATHWAYS AT THE LEVEL OF STRATEGIC THRUSTS

2.1 Strategic Objectives

On the basis of the foregoing analysis, and the evidence from key stakeholders in Namibia, the emerging key strategic objectives in Namibia are to:

- i. Promote a holistic, integrated approach to pro-poor, decent employment-rich growth.
- ii. Target employment-intensive sectors.
- iii. Facilitate transition to decent work and formality and the inclusion of disadvantaged groups (women, youth and people with disabilities) into the mainstream economy.
- iv. Enhance skills development and achieve a better fit between labour supply and demand, with a pathways approach to training to take care of diverse needs and interests.
- v. Promote and widen the scope for Social Dialogue to include key stakeholders and broader issues (including economic policies).
- vi. Adjust the Fiscal Policy Framework and Budget to facilitate Pro-poor, Employment-Rich Growth.

2.2 Emerging Sustainable and Inclusive Recovery Pathways

2.2.1 Holistic, integrated approach to pro-poor, decent employment-rich growth

Hitherto, the macroeconomic framework treated social issues, and employment creation as a residual, focusing on growth and believing that its attainment will automatically result in employment growth and poverty reduction. Furthermore, policies were incoherent, not well coordinated. A typical case in point is the 1997 Employment Policy that was not integrated into other policies. Furthermore, as rightly observed by the UNDP, *“The economics of growth and its relationship with development, in particular, require radical rethinking. A vast theoretical and empirical literature almost uniformly equates economic growth with development ... The central contention of the human development approach, by contrast, is that well-being is about much more than money: it is about the possibilities that people have to fulfill the life plans they have reason to choose and pursue. Thus, our call for a new economics – an economics of human development – in which the objective is to further human well-being and in which growth and other policies are evaluated and pursued vigorously insofar as they advance human development in the short and long term,”* (2010:12).²⁸

There is therefore a need to consciously integrate economic and social objectives upfront and ensure that social objectives are not subordinate to narrow economic imperatives. Critically, it is important to acknowledge that people should be put at the centre of development (human development), and decent work should be an overarching priority across all macro and sector policies. This is in line with the Decent Work Agenda adopted at the 87th Session of the International Labour Conference in 1999 and the Declaration on Social Justice for a Fair Globalization adopted at the 97th Session of the International Labour Conference in June 2008. The Declaration places full and productive employment and decent work at the centre of economic and social policies based on the four equally important strategic objectives of the ILO, through which the Decent Work Agenda is expressed.

It recognizes two principles which define decent work: (i) that all countries should pursue policies based on the strategic objectives – employment, social protection, social dialogue and international standards and (ii) the recognition of the indivisibility of these objectives which the Declaration describes as ‘inseparable, interrelated and mutually supportive,’ (page 2). Hence the need for policy coherence for sustainable development between social, environmental and economic objectives: the need for a holistic, integrated and balanced approach in support of decent work. This effectively places employment at the heart of economic policies and calls for new partnerships with non-state actors. This approach also recognizes that people are not only the intended beneficiaries of the development process, but should also be its key drivers. In which case the development strategy should aim at achieving sustained rates of decent-rich growth, under conditions that

²⁸ See UNDP (2010), **Summary: Human Development Report 2010, The Real Wealth of Nations: Pathways to Human Development**, 20th Anniversary Edition.

enhance the integrability of marginalized sectors and vulnerable groups (women, youth and people living with disabilities).

In the case of Namibia, this entails the following key interventions:

- Linking the employment policy framework to National Development Plans and Vision 2030.
- Treating decent, productive and remunerative jobs as a cross-cutting issue.
- Support priority sectors in terms of employment creation (including backward and forward linkages) with a special focus on rural employment
- Effective inter-ministerial and stakeholder coordination and participation.
- Facilitate transition to decent work and formality

2.2.2 Promoting redistribution

Redistribution of assets and building capabilities ensures that growth is broad-based and that its benefits are more equitably shared. The Asian experience, where redistribution of assets such as land was undertaken at the beginning of their reforms, illustrates the potential of such an exercise to unleash sustained, broad-based and pro-poor growth.

In the context of Namibia, some of the emerging issues around redistribution include the need to:

- i. Explore the feasibility of extending social protection coverage based on experiences elsewhere, including a regulatory framework for indigenous people.
- ii. Promote broad-based empowerment initiatives.
- iii. Address the capability deprivations of the poor, vulnerable and marginalized groups (women, youth and people living with disabilities) and sectors (informal and peasant).
- iv. Enhance productivity of resettled farmers.
- v. Promote off-farm employment opportunities.
- vi. Accelerate the land reform programme.

2.2.3 Targeting employment-intensive sectors

The emerging consensus is that agriculture (livestock), tourism and environment, public infrastructure, and fisheries should be targeted for their growth and employment creation potential, while to some extent manufacturing and mining should also be included (see Namibia, 2010f). In agriculture, the largest near-term potential is in the livestock. It is estimated that by removing certain key constraints in that sector, the agricultural sector will create an additional average growth of 1.46 percent per annum during the next 10 years. Some of the key interventions include the removal of bush encroachment or invader bush in commercial areas, effective disease control in northern communal areas, market access for agricultural produce, and property rights reform in communal areas where due to lack of ownership of the land, financial institutions shun lending to communal farmers for lack of collateral.

The potential of the agricultural sector is immense considering that out of the 83 million hectares of land, about 68 million (81.9 percent) is classified as usable land. Of the 68 million hectares of land, about 26 million (38.2 percent) is infested with bush encroachment. Before the encroachment, the carrying capacity stood at about 1 cattle per 12 hectares, which increased to 1 cattle to 20 hectares as a result of the encroachment. It is estimated that by controlling the bush encroachment, livestock production in commercial areas would increase by about 60 percent from the current levels. Furthermore, it is estimated that Namibia has approximately 40,000 hectares that could be put under irrigation. Currently, only about 9,000 hectares (22.5 percent) are under irrigation. The Green Scheme could put an additional 27,000 hectares under irrigation over a 15-year period.

The tourism sector in Namibia is growing rapidly as evidenced by its fourth rating among the fastest growing countries in the world. It is estimated that for every 12 tourists that visit the country, a permanent job is created, and hence the need to double tourist arrivals. In the event that this is done, it is projected that the sector will create an additional average growth of 1.46 percent per annum, and an additional 107,000 direct and indirect jobs during the next decade (2010-2020). The key interventions to be implemented in the sector include refocusing the tourism strategy from catering for an exclusive small group of tourists due to environmental concern to a blend of mass and niche tourism with a strong domestic component. In order to double the number of tourist arrivals by 2020, Namibia has to upgrade some existing tourist infrastructure, including the Hosea Kutako International Airport, which currently does not have enough capacity to handle more than one large Boeing at the same time. In addition, cultural tourism could be explored, as well as strengthening the linkages between the sector and communities to foster community tourism.

The transport sector is expected to create 39,000 additional jobs and add 1.03 percent to GDP per annum in an interventionist scenario. Focus in the transport sector is on the expansion of the Port of Walvis Bay and the inter-related transport corridor, the Walvis Bay Corridor which comprises the following transportation routes: Trans Cunene, Trans Caprivi, Trans Kalahari and Trans Oranje Corridors. Walvis Bay port is considered the most efficient and reliable port in SADC and SSA. Although the port is operating at near capacity, the problem is that its rate of expansion and lack of reliable road and rail infrastructure will prevent it from becoming the preferred port of entrance for the SADC region, yet it offers the shortest access route for SADC to Europe and America. The potential is there since the port is already linked by air, road and rail in Namibia.

Possibilities for employment creation in the transport sector is also heightened by the potential of road construction, service infrastructure (water and sewerage) and general construction, which all can be developed using manual labour – labour-intensive work. The upgrade of the Port, road expansion and maintenance, and rail infrastructure can have growth and employment multiplier effects in Namibia and the SADC region, especially by bringing down the cost of transporting goods through Walvis Bay. The current Medium Term Expenditure Framework earmarked N\$1.6 billion for public infrastructure. The Ministry of Works and Transport is to draft project implementation guidelines for Cabinet approval.

In terms of other sectors, improvement in basic sanitation, the construction of low cost housing, fisheries, and in particular value addition and promotion of aquaculture, beneficiating minerals, and financial sector reforms that promote innovative and affordable

financial products to achieve financial inclusion are also highlighted as critical to employment creation.

To conclude, increased investment in infrastructure allows promotion of direct, indirect and induced employment, using a local resource-based approach²⁹ in both rural and urban areas. Indeed, cross-sectoral and cross-ministerial integration can enhance impact considerably. Further, a local resource-based approach can produce three to five times more direct employment than conventional methods for small- and medium-scale infrastructure. It can also have a multiplier effect of about two times the direct jobs created and increase the purchase of local goods and services by a factor of three.

To ensure that the employment effect of infrastructure investments are optimized, demand-side policies must be operationalized through design and contracting, and supply-side interventions made through training for entrepreneurs in appropriate technology options, and managerial and operational requirements. Such an integrated approach has to be implemented at three levels.

Macro level: The government and social partners need to be assisted in the development of Employment Impact Assessments (EIAs) of public investment programmes (PIPs). This requires a serious coordination effort between key ministries to ensure coherence, including the ministries of finance, planning, labour, sectoral and local government. EIA tools play an important role in facilitating dialogue and decision-making within governments and between governments, representatives of employers and workers and civil society. Legal barriers must be removed in procurement systems and procedures to allow for local contractors' and local resource use in delivering infrastructure programmes. These programmes often represent an important contribution to productive and social development, and the creation of sustainable Green Jobs in support of development and adaptation processes.

Meso level: There is a need for institutional development and capacity-building of the government at both the centralized and decentralized levels. Private sector and civil society are key features to guarantee the successful implementation of employment-intensive public investment programmes. Networking local training institutions, technical colleges, universities, as well as development agencies and regional institutions into communities of practice facilitates access to appropriate knowledge and technology transfers. Organization-building with workers and entrepreneurs is a crucial element of vibrant public-private partnerships enhancing local ownership that generates diversified opportunities for job creation.

²⁹ Local resource-based approach means that an optimal mix of locally available inputs in terms of labour, materials, equipment and tools is searched for including the increased use of local actors for design and implementation such as local SMEs (consultancy firms and small-scale contractors) and community-based organizations (CBOs).

Project level: Local partners (governments, communities) need to be assisted to implement projects with an optimum number of productive quality jobs. Local-level planning and contracting methodologies (e.g. integrated rural accessibility planning (IRAP),³⁰ private sector and community contracting) facilitates organization and participation, and helps to ensure targeting of infrastructure investments towards better impact and improved governance, transparency and accountability. Technology options will have to be introduced and analysed to increase employment intensity and productivity. Rigorous monitoring and evaluation systems are equally vital to determine injections into the local economy, employment created and identifying beneficiaries.

2.2.4 *Transition to formality and decent work*

Curbing the spread of informality in Namibia means first, and foremost, making employment a central concern of economic and social policies, promoting employment-friendly macroeconomic frameworks and supporting productive sectors of the economy with high employment multipliers. Considering the labour market situation in Namibia, exit from informality should be treated as a long-term perspective, associated with other transformations of the real economy, whose complexity goes far beyond the formal-informal dichotomy.

The policy challenge is to move from job creation in the informal economy to significantly upgrading the scope and pace of creating decent work opportunities across the economy. In African countries, macroeconomic and sectoral strategies are equally important as for the informal self-employed, the domestic market is the primary source of demand for goods and services. Therefore, barriers to market access and/or insufficient local demand will limit the ability of these individuals to realize income from their productive efforts. Relaxing other constraints – e.g. improving access to productive assets – may have limited impact when limited market access and insufficient demand are significant obstacles.

The policy framework should support improvements in the quality of employment. Possibilities for raising the quality of employment opportunities are often constrained by low productivity and/or the inability of workers to capture the benefits of productivity improvements. Finally, workers must enjoy sufficient economic mobility to take advantage of new and better opportunities when they become available. Barriers to mobility – including labour market segmentation – limit the redistributive impact of an employment-centred development strategy.

To facilitate transition to formality and decent work there is no universal policy framework to implement but a set of multidimensional policies which can be combined in an integrated policy framework and adapted to each specific country labour market context. Policies should target simultaneously 3 objectives:

³⁰ IRAP is a tool developed by the ILO to facilitate rural accessibility interventions as an integral part of rural development focusing on mobility and location of services to meet multiple access needs of rural communities. It particularly enables gender-balanced participatory and transparent problem analysis and solution processes.

1. Promoting formal employment:

- Pro-employment macroeconomic policies.
- Pro-employment sectoral policies with a special focus on sustainable MSMEs development with a particular focus on women entrepreneurs.

2. Reducing informal employment:

- Reducing the cost of the transition to formality: Creating an enabling policy and regulatory environment that reduces, both at the national and local levels, the barriers to formalization while protecting workers' rights. Measures for encouraging the formalization of informal enterprises need to address: i) The factors hindering their growth (productivity, skills, access to resources and markets) and ii) The costs of formalization which discourage their participation in formal societal institutions.
- Increasing the benefits of being formal: Promoting a greater awareness of the benefits and protection that come with formalization by providing Business Development Services for MSMEs, foster the productive development of MSMEs by facilitating their access to the market, productive resources, credit programmes, as well as training and promotional programmes to up-grade informal economy units, but also fostering linkages between enterprises of different sizes in value chains and clusters to improve market access,
- Increasing the cost of being informal: The strategy based on reducing the cost of the transition to formality and increasing the benefits of being formal should go hand in hand with increasing the cost of being informal. Core labour rights and standards are non-negotiable minima, with non-compliance being subject to non-discretionary punishment. But there is space for a pragmatic approach as regulations are more likely to be effective when there are different options available to enforce laws. It requires both: i) Innovations in workplace inspection and ii) advice, dispute settlement and promotion of collective organization and action as well as training programmes that target informal enterprises which need to be sensitized to the need of improving employment and working conditions.

3. Increasing decent work in the informal economy

- Developing a minimum social protection floor for all.
- Implementing a minimum wage and health and safety incentives.
- Organizing workers from the informal economy and encouraging informal enterprises to join together in production conglomerates or cooperatives.
- Supporting the development of Social Economy Enterprises and Organizations.

States should search for innovative forms of regulation based more on “carrot and stick” approaches rather than “command and control” to avoid unnecessary rigidity. Indeed, some of the more effective innovative regulatory approaches have succeeded precisely because they have been inclusive and participatory in their design and implementation. Three different regulatory techniques may prove particularly fruitful: i) Education, information and social dialogue, ii) Provision of financial subsidies and other incentives and iii) Innovative procedural regulation. The State should use such a wide range of regulatory and enforcement techniques to achieve its policy goals. Appropriate regulatory systems can, and should include *hybrid strategies*, using both governmental and non-governmental actors; and ii) be *multi-faceted*, using a number of different strategies simultaneously; and may be *indirect*.

In addition, one of the promising paths in Namibia to facilitate transition to formality and decent work is the development of the social economy³¹. From an institutional perspective³², the social economy covers cooperatives, mutual benefit societies, associations (including collective associative forms of entrepreneurship), social enterprises and foundations. However, this definition cannot be deemed sufficient for understanding and appreciating the diversity of Social Economy Enterprises and Organizations (SEEOs) as it does not specify the inclusive features of SEEOs³³. A number of characteristics, values and principles are inclusive to the social economy and characteristic to most SEEOs. SEEOs are essentially ruled by the stakeholder principle – in contrast to the shareholder principle. SEEOs put people and their surrounding community, rather than financial profit maximization, at the centre of their activities. SEEOs do not primarily pursue the goal to maximize financial profits, but aim to create both economic and social benefit. Another characteristic of SEEOs is that they do business, i.e. they have a commercial activity. All institutional components of the social economy (i.e. cooperatives, mutual benefit societies, associations and community-based organizations, social enterprises and foundations) share inclusive – and sometimes common, features³⁴. South Africa has experienced many successful initiatives in the field of social economy development and a lot can be learnt from those good practices and appropriate institutions building.

The transition from the informal to the formal economy requires that Namibia adopts a continuous learning attitude, as there are some examples worth imitating in the region and beyond. It is also interesting to note that the nature and scope of challenges faced by the informal economy are not unique to Namibia alone. For example, similar challenges have been observed in South Africa.

- Financing and credit.
- Infrastructure and service provision.
- Training.
- Urban management.
- Expanding business linkages and development through sub-contracting.

The above confirm, perhaps, the universal nature of the main challenges faced by African informal economies, which calls for almost similar strategies, which, of course, have to be adapted to suit the specific local conditions and contexts. The suggested strategies for the transition of the informal economy into the formal economy are also in line with the ILO

³¹ ILO, (2009d):

³² This categorization in defining the SSE between a legal and institutional approach and a normative approach was initially developed in Defourny, Develtere & Fonteneau (2000)

³³ The inclusive features of SEEOs should be considered as the most salient limits between SEEOs and non-SEEOs. These limits are drawing the boundaries of SEEOs.

³⁴ The social economy covers a varied array of organizations, then we could hardly define an exhaustive list of social economy organizations; consequently as long as organizations are fulfilling the essence of these features, they can be considered as belonging to the social economy.

informal strategy, which again confirms the universal nature of the challenges of, and possible solutions to, the informal economy. Namibia should use the ILO model as a checklist in order to benchmark the implementation of the above recommendations aimed at transforming the informal economy for the socio-economic development of the country.

Assisting Namibia's informal sector to transform into the formal state requires different kinds of commitment from a variety of stakeholders. There is therefore an urgent need to develop ***an informal economy development strategy***. Such a strategy will be a national project which will require not only the political will, but a considerable financial investment over a period of time. This is because the challenges and constraints facing the informal sector operators are numerous and will require different strategies. Some strategies should be directed towards the personal development of operators and workers while others will be more infrastructural and financial in nature. In order to do that, the following interventions in order of urgency are recommended³⁵:

Needs assessment exercise

Before any appropriate intervention is attempted, there is need for nation-wide research to be conducted to ascertain the needs of Namibia's informal sector. The assessment should focus on providing recent statistics regarding the number of people involved in the informal sector, including operators and workers. The last nation-wide study conducted on the informal sector in Namibia was in 2001. It is therefore recommended that the Ministry of Trade and Industry, together with the Ministry of Labour and Social Welfare, conducts a needs assessment. Based on the identified needs, appropriate interventions, taking into account gender, age and other factors such as rural/urban aspects can be designed.

Development of capacity building programmes

As indicated earlier, informal operators and workers portray different kinds of skills deficits. Identifying and meeting training needs is an important area of intervention to assist with the transition to the formal economy. There is a need for structured training programmes that target the needs of those in the informal economy. Such training should cover issues such as pricing and costing, labour legislation, employment contracts and basic bookkeeping. What should be taken into consideration is not necessarily how much more money can be made in the short term, but should be based on what skills can be acquired through training programmes that can assist potential and successful business owners in growing their respective businesses. A coherent training strategy will be able to groom those in the informal economy and prepare them for progression towards the formal economy.

³⁵ The policy recommendations stressed in this section come from a Labour Resource and Research Institute (LaRRI) paper commissioned by the ILO: LaRRI, 2011, Namibia's informal economy: possibilities for transition?.

In addition to the basic training courses such as computer skills training, bookkeeping etc. informal operators need to be educated about the Namibian economic environment. Skills such as operational business management skills, professional business conduct and leadership could be acquired through **well-structured mentorship programmes**.

The abovementioned training courses will ensure a level of skills that is needed for formal sector jobs. Enhanced skills can enable job seekers to secure some form of employment and also enable graduates to become small-scale employers. *‘Those who are trained become artisans or start their own businesses, thus creating work for others’ (Interview with Mr. Mberirwa, 21/04/2011).*

There are already several Namibian organizations that provide technical, managerial, financial and other forms of assistance to SMEs such as the Joint Consultative Council (JCC), NISA, the Development Bank of Namibia and SMEs Compete. These organizations are well-placed to work with government and informal sector operators to deal with the operational challenges informal sector operators and employees faces. Vocational training is therefore an important step in the process of formalization.

Special targeting strategies should be devised which, for instance, take cognizance of workers' insecurity due to the lack of employment contracts, low educational levels, and the rather informal labour relations atmosphere that prevails in this sector. The targeting and servicing of workers in this sector should not just be turned into one of the many government activities but there should be specially designed programmes whose progress can be monitored and reviewed regularly.

Relaxation of registration requirements

Incentives to entice small businesses to register with a local, regional or national authority should be considered as a possible strategy to pave the way towards formalization. Informal business owners are likely to be willing to register if there are benefits to be gained. Incentives for voluntary registration could include, *inter alia*, access to free management and technical courses. In addition, taxation and registration requirements should be simplified and all bureaucratic procedures avoided in view of accommodating informal sector operators. In the absence of such incentives, informal economy operators believe they have little to gain from a transition towards the formal economy. As pointed out by Albius Mwiya from the Ministry of Labour and Social Welfare, *it is not enough to just provide finance to informal economy businesses and then leave them to their own devices. Instead, there is a need for ongoing support and incentives to assist them to grow and become formal businesses* (Interview, date 15 April 2011).

The Ministry of Trade and Industry should also widely disseminate information about registration procedures and requirements in order to dispel misconceptions that may exist among informal operators about the complexities and disadvantages of registration. While the Ministry of Trade and Industry has a booklet on company registration in Namibia, for example, they should use other media to disseminate the same information as well as make translations into local languages. The transition into the formal economy could start, for example, with informal traders being encouraged to acquire defensive names for their businesses or registering as Close Corporations, with a view of growing ultimately into a Proprietary limited (Pty Ltd) firms.

Access to capital and other equipments

Informal economy operators have different needs. The most mentioned need is of financial support. However, others need access to factors of production such as land and assets (such as machines). *'Support to be provided must include basic business support through the DBN's business development and support department, which provides loans directly or through intermediaries'* (Interview with Dr. Humavindu, 21/04/2011).

Bridging finance, microfinance, savings and credit schemes that are pro-poor growth and support are also essential tools in the process of formalization. These could facilitate the eligibility of informal entrepreneurs for public procurement. These measures, coupled with vocational and informal economy-specific training, are an immediate response to the needs of those in the sector. Thus, working capital coupled with business development and training could be the best strategy to ensure overall growth in this economic sector.

Land or sufficient operating space: Many small businesses continue operating from backyards as they cannot find suitable premises – or cannot afford them. In most cases, informal markets are located away from the Central Business District (CBD) which is a potential magnet for bustling business activities. *'These centres currently follow an 'incubation approach' where emerging entrepreneurs can use the facilities for two or three years and are then expected to vacate them. For many, the question "where to next?" becomes a huge challenge. SMEs Compete therefore adopted a different approach as it encourages the tenants operating their businesses to become owners so they buy their units and become the owners of their operating space. They can then even use that asset as*

collateral for future borrowings needed to expand the business' (Interview with D. Meyer, 19/04/2011).

Facilitation of joint-venture capital investments between local direct investors and foreign direct investors

Namibia's macroeconomic environment is currently geared towards large, formal sector companies, which were regarded as the engine of growth. Investment policies such as the Foreign Investment Act of 1991 and the Export Processing Zones Act of 1995 served to create favorable investment conditions for foreign firms. Thus far, Namibia has not achieved its stated goals of sustainable economic growth; increased employment; increased smart partnerships and private sector development (Namibia, 2008b:50). Moreover, the extremely high level of inequality in Namibia is a major obstacle as there is a close link between income distribution and poverty, efficient growth and sustainable development. Poverty reduction has to be achieved primarily by providing more opportunities to the previously economically disadvantaged groups by expanding access to income generating activities. The goal of equality is closely linked to the creation of additional employment and increased labour force participation in the economy (ibid., 2008).

If we are to address the above-mentioned challenges, then the macroeconomic environment of Namibia needs to be rearranged in terms of policy and practice in favor of Namibian small businesses both in the informal and formal sector. Incentives in line with an industrialization strategy should be a priority in terms of job creation and enabling small businesses to become part of the formal economy.

It is important to point out that liberalized economies and fierce competition may undermine the development and growth of SMEs in particular and prevent their transformation into formalized businesses. The 'South-East Asian Tigers', for example, advanced their economic growth on the basis of state interventions in the economy, coupled with systematic support and protection for local companies. This only changed gradually once local companies (many of which started out as SMEs) had grown and were firmly established and able to survive international competition. Such an approach may hold relevant lessons for Namibia since domestic markets are dominated by imports in virtually all sectors. Retail, banking, mining and fishing, for example, are almost completely dominated by transnational corporations (TNCs). Namibia's manufacturing sector remained very small despite the various attempts to kick-start local processing through Export Processing Zones (EPZs) and other incentives for (mostly foreign) investors (Jauch, 2010).

The potentially damaging impact of free trade arrangements and foreign competition in Namibia was highlighted by two specific cases in recent years. One was the proposed free trade agreement between the EU and the ACP countries and the other one was the impact of Chinese retailers, particularly in Northern Namibia. African trade analysts such as Wallie Roux, Yash Tandon and Dot Keet as well as the Minister of Trade and Industry, Dr Hage Geingob, have repeatedly alluded to the dangers of the proposed Economic Partnership Agreements (EPAs) for development prospects in general and Africa's emerging industries in particular (ibid).

Liberal access for imported goods and services to Namibian markets is likely to undermine small and emerging business chances of success. A recent study into Chinese investments in Namibia, for example, found that the welcoming attitude towards Chinese investments that seemed prevalent amongst Namibian politicians and government officials was not shared by Namibia's small traders. They pointed out that Chinese businesses were now even threatening the small subsistence home industries trading in 'kapana' (roasted meat) and 'fat cakes'. As a result, a group of indigenous business people in Northern Namibia publicly voiced their outrage over what they termed unfair competition from Chinese traders. An 'Anti-Chinese Group' was formed and called on government to protect local businesses. They pointed out that the Chinese merchants have an advantage because they source their goods directly from China. The group demanded that Chinese merchants should be restricted to operating warehouses from where local businesses could buy (ibid).

Establishment of a venture capital fund

Venture capital is another critical aspect of business development and formalization. Operators in the informal economy usually lack the funds necessary to keep their operations going and to expand them. It is through some venture capital funding that those who have graduated and received assistance can adapt and grow their businesses. The lack of sufficient venture capital has been a stumbling block for those who wish to partake in the transition from informality to formality. This intervention is important because it guarantees the bankability of the businesses. *'Venture capital provides business operators with the funding for equipment and working capital needed for business growth and formalization'* (Interview with D. Meyer, 19/04/2011). Therefore the setting up of a venture capital fund would ensure that all businesses are provided with the necessary assistance to successfully grow (and formalize) their operations.

Informal sector specific financing

There is a need for microfinance institutions to provide saving and credit facilities to those who do not have access to commercial bank loans. Microfinance Institutions (MFIs) should be seen as a tool for the poor to be able to enjoy the benefits of breaking out of poverty. This will assist informal businesses to overcome the financial and developmental obstacles that come with not being able to access credit from financial institutions.

Microfinance provision should be tailor made specifically for those in the informal economy in mind. *'Traditional microfinance institutions such as NGO-MFIs or SACCOS are designed to serve the rural and poor people without access to commercial bank loans. Their delivering method is such that a credit officer will have to visit the home, or workplace of the borrower to assess his or her own creditworthiness. Repayment is enforced through peer pressure as well as follow up visits to the residential place of the borrower. Against this background it can be concluded that MFIs are needed to fill the identified credit and savings gaps of the rural and poor people in Namibia'* (Mushendami et al, 2004:7).

Changes in tender and procurement policies and practices

There are many graduates from vocational training centres in Namibia who roam the streets on a daily basis in search of employment. These graduates should be able to create jobs for themselves and others. Many are able to make tables, chairs, beds etc. These are all goods that are used by government in many ways. Instead of importing chairs and desks to

provide to schools, Namibian VTC graduates should be producing them and government and other organizations should be procuring them for local consumption. The large size of the government procurement budget should therefore be an incentive to create bigger linkages within the economy. It is imperative to create these linkages through deliberate regulations and incentives. *'Linking larger businesses with informal operators as a precondition for obtaining government tenders will create backward linkages and help smaller suppliers grow. Such linkages should be geared towards the informal economy'* (Interview with Dr. Humavindu, 21/04/2011).

It is important to nurture such linkages to ensure that small-scale producers benefit from government procurement and in the process increase their business capacity and employment. Linkages to larger formal firms will result in increased local production and economic growth. When tenders are given to SMEs and to entrepreneurs in the informal economy there is a contractual relationship for them to prove that they have the necessary working capital. The government allocates tenders and the working capital provided by DBN is meant to enable SMEs and other non-formal operators to become eligible for tenders, or at least to enter into a sub-contracting arrangement.

On the other hand, the introduction of quotas for retailers (as happened in recent years) to source a certain percentage of their goods locally may hold great benefits for Namibian producers and could be targeted at the informal sector as well. Linkages between local producers to retailers through the creation of local supply chains could well be achieved through such interventions which target the supply and demand side at the same time. Likewise, government procurement like army and school uniforms, school furniture etc. could be deliberately sourced from local SMEs as a deliberate developmental intervention. Promotion of local production by expanding quotas for locally produced goods for retailers and government should facilitate access to markets for small scale producers. Furthermore, the formal sector should be required to support the informal sector through procurement. For instance, if we know how many transport companies operate in the informal sector and of what nature, then we will be able to encourage bigger companies to make use of their services.

Active labour market policy measures influencing the quality of labour supply and enhancing demand are a critical component of such a strategy as follows:

i) Employability

Innovative, gender-sensitive training and skills development programmes, such as apprenticeship programmes, mentorship, business incubators, promoting a culture of entrepreneurship, etc

Vocational training programmes designed and implemented in partnership with the private sector

Basic education programmes for school dropouts.

ii) Employment creation

SME and cooperatives promotion and development

Labour-based public works

Business linkages

Self-employment programmes

Service provision in fields such as HIV/AIDS, waste management and environmental protection, through public/private partnership

Community-based service provision such as access to micro-credit.

iii) **Equal Opportunity**

Promoting the employment of young women and mainstreaming youth as a priority in programmes.

Programmes targeting people with disabilities and other vulnerable groups such as the San people (see ILO, 2005).

2.2.5 Enhancing skills development and achieving a better fit between labour supply and demand

The dearth of relevant skills and the lack of fit between labour demand and supply is a serious development challenge in Namibia. The necessary reforms have to transcend all the levels of education, from Early Childhood Education to tertiary education. As emphasized in the World Fit For Children (WFFC), every child should be afforded the best possible start in life; having access to education and the opportunity to develop individual capacity in a safe and supportive environment. Target 5 of the WFFC binds countries to develop and implement national Early Childhood Development policies and programmes to enhance children's physical, social, emotional, spiritual and cognitive development.

At the level of primary and secondary education, there is need to arrest the school drop outs, develop a pathways approach that takes into account the different needs and aptitudes of pupils. The current academic bias in the education system results in so many children leaving school with few career options. Related to this is the need for career guidance and counseling services to be strengthened in schools.

In Namibia, as in many other African countries, there are necessary steps to take to reduce the prevalent high levels of youth unemployment and underemployment. They aim at: i) offsetting the mismatch of technical skills among youth which entails facilitating access to vocational training, ii) creating an enabling environment for the development and expansion of a competitive job training sector, iii) providing effective active labour market programmes to unemployed or underemployed youth and youth living in isolated areas, iv) developing the potential of informal apprenticeships, and v) strengthening TVET institutional capabilities. Whereas vocational education and training focuses mainly on meeting the skills needs of the formal economy, going forward, there is need include the non-formal sector as well. It may involve workplace training schemes, the creation or improvement of apprenticeships

systems, the promotion of subsidized training programmes that provide financial incentives to employers for in-service training and the delivery of entrepreneurship skills training for youth seeking self-employment opportunities. A related issue raised is the need to establish a National Productivity Centre in Namibia.

This set of policy priorities relates to the capacity to provide training in more advanced technologies and theoretical knowledge, to improve the quality of training and effectiveness, to establish links with the formal training system, and to formally recognize and certify training while strengthening incentives to participate in apprenticeship training. They focus on the needs of the productive sector and deliver training in the corresponding demanded skills.

Another key issue is the portability of informal workers' skills. Indeed, portability of skills enhances the employability of workers and facilitates their access to more productive jobs in the formal economy.³⁶ It requires that the skills of workers are recognized in the labour market. But skills gained through experience, training on the job, or apprenticeship in the informal economy, are usually not recognized in formal labour markets. Namibia needs to build institutions and develop mechanisms that assess the skills and competencies workers have acquired, validate them through certificates and ensure their recognition. Furthermore, recognition of skills and certificates requires that the mechanisms and institutions to assess and certify skills are transparent, consistent and credible. Benin, Ghana, South Africa and the United Republic of Tanzania provide interesting examples of recognition of prior learning. Assessment and certification of skills and prior learning also help informal workers have their skills and competencies recognized by the formal training system, which facilitates access to continuous training, skills upgrading and lifelong learning.

Meanwhile, the promotion of youth entrepreneurship should be increasingly seen as an important means of creating employment. However, programmes to promote entrepreneurship as a career path for young people need to be carefully planned and long term; entrepreneurship is both demanding and inherently risky, particularly for young people who are already passing through a tenuous and vulnerable transition in life, while at the same time generally having accrued limited life experience and material assets. This can be seen in the fact that many youth are pushed into self-employment by necessity rather than by choice and are often found struggling in the informal economy.

To conclude with respect to vocational education and training, the following issues emerged as priorities:

- i. Operationalizing the Namibia Training Authority.
- ii. Promoting stakeholder dialogue on national training needs.
- iii. Undertaking manpower audits (national and sectoral).
- iv. Promoting vocational training and a pathways approach to education and training.
- v. Strengthening of career guidance and counseling in institutions of learning.
- vi. Promoting smart partnerships: public – private partnerships in education and training.
- vii. Promoting youth entrepreneurship.

³⁶ ILO (2007)

- viii. Promoting public-private partnerships.
- ix. Linking training to priority areas for employment.
 - x. Better coordination amongst training providers, industry as well as other stakeholders.
 - xi. Greater focus on job attachment and/ or apprenticeships.
- xii. Bridging courses for persons with low literacy and numeracy skills, especially those with working experience.
- xiii. Skills upgrading of persons employed in industry.
- xiv. Introduction of Recognition of Prior Learning (RPL).
- xv. Making training system flexible enough to respond to immediate industry needs.
- xvi. Engaging short term experts to bridge any shortcomings in trainer capacity as Namibian trainers are capacitated.
- xvii. Early forecast of Namibian industry skills needs and creation of strategies to respond to this- especially with emerging industries.
- xviii. Promoting modular pattern of training, including certification.
- xix. Introduce flexible training models to suit all lifestyles
- xx. Increasing access to marginalized persons.
- xxi. Increasing awareness of HIV/ AIDS, gender equality and other social issues.

2.2.6 *Social Dialogue*

Going forward, the key highlights with respect to social dialogue are as follows:

- i. Creating a national framework for social dialogue that is inclusive along the lines of NEDLAC in South Africa, or Economic and Social Councils implemented in other countries.
- ii. Broadening participation to cover all key stakeholders, including youth.
- iii. Extending coverage beyond labour market issues to reflect the development agenda.
- iv. Building the capacity of social partners.

2.2.7 *Financing a job-rich Growth: Fiscal Space for Sustainable Human Development.*

Conventional approaches to fiscal space define it as the availability of budgetary room to provide resources for desired purposes without prejudicing government's financial position or solvency. However, a developmental approach sees fiscal space as concrete policy actions to enhance domestic resource mobilization, and the reforms necessary to secure the enabling governance, institutional and economic environment for these policies to be effective [see Roy and Heuty (eds), 2009].

A critical question is how governments can spend enough to meet their poverty alleviation goals without generating macroeconomic instability, thereby undermining the preconditions for sustainable growth and poverty reduction. Therefore, within a developmental context, the 'fiscal space' concept represents the recognition of a conflict between the desire to use the state to uplift as many people as possible out of poverty and the need for prudent economic management.

In the restrictive traditional framework, fiscal expansion is only allowed where solvency is improved and macroeconomic stability is sustained. By focusing on short-term

macroeconomic stability, conventional approaches to fiscal space fail to address the link between fiscal policy and growth. In this context, policy makers resolve the tension between securing fiduciary and developmental outcomes by making one payback (developmental) contingent upon satisfactory fulfilment of the other (fiduciary). In the event, developmental expenditures (e.g. on infrastructure, health and education) suffer, yet no country has sustained rapid growth without achieving high rates of public investment, especially in infrastructure, education, and health. Moreover, the relationship between public and private investment is complementary, hence cuts in public investment are not compensated by private investment. In fact, public investment crowds in private investment. In this regard, in the context of conventional approaches to fiscal space, the short term acts as a binding constraint on the long-term as the positive endogenous effects of spending in developmental activities such as public investment on solvency and stability are ignored.

In this regard, fiscal strategies that complement social and economic policies to secure a development thrust that is transformational require a departure from conventional fiscal planning. The sustainability of policies to create ‘fiscal space’ therefore depends on what the fiscal space is used for. An economy’s future stream of revenues will depend on whether it remains trapped in poverty or it unlocks a new equilibrium, implying fiscal plans that may appear unsustainable become sustainable once the links between fiscal policy and development are explicitly included in the calculations. This highlights the importance of widening the ‘fiscal space’ available to developing countries to promote appropriate modes of domestic accumulation by scaling up public investment. Conventional approaches often miss the fact that social goals are not only ends in themselves, but are also capital inputs, the very means to productive life, economic growth and further development. Simply put, capital accumulation refers to the ability of a nation to give up current consumption for investment in physical and human capital for future benefit. Deficit financing is sustainable when the spending is targeted at expenditures with a long-term payback that generates future streams of revenues to at least repay the debt.

A fiscal rule that makes a distinction between current and capital expenditures will ensure that fiscal restraint does not discourage growth in the aggregate public capital stock (public sector capital formation). In such a case, the current budget deficit/surplus is viewed as the logical indicator to use, with a zero current deficit an important long-term policy target for fiscal responsibility. This is then treated as a non-negotiable requirement for a prudent long-term fiscal policy. Notwithstanding the above caveat, the long-term fiscal framework is designed to complement rather than replace existing fiduciary assessments focused on short-term solvency and sustainability. This is therefore the basis for developing coherent fiscal frameworks for human development-oriented fiscal plans.

In the case of Namibia, targeting a developmental fiscal and monetary framework implies the following:

- i. Revising the Medium Term Expenditure Framework (MTEF) to align it with the employment policy framework and prioritized sectors.
- ii. Creating fiscal space by relaxing the restrictive fiscal and monetary targets from a budget deficit of 3 percent in the medium term to a budget deficit not exceeding 7 percent over a five year period.
- iii. Targeting employment-intensive sectors and pro-poor expenditures (e.g. social expenditures and infrastructure).

2.2.8 *Monitoring and Evaluation*

In the apt observation of the Namibian Government, “Many a time, our policies and programs have not yielded the desired results simply because we did not pay sufficient attention to the implementation strategy. Good policies and programs in themselves are not sufficient. We need to have a clear strategy as to how to implement our intentions and make a strong commitment to deliver,” (Namibia, 2010f:13). To achieve decent work-rich growth, the following would help:

- i. Adopting employment targets and including them into monitoring and evaluation matrix of the national development plan.
- ii. Promoting inter-ministerial and stakeholder coordination.
- iii. Ensuring stakeholder participation in policy formulation, implementation, monitoring and evaluation.
- iv. Undertaking an audit of all policies (macro and sectoral) to ensure that they mainstream employment creation.
- v. Enhancing the Labour Market Information System and strengthening the relationship with the Central Bureau of Statistics.

A strengthened and integrated national monitoring and evaluation system is therefore critical to monitor progress in the implementation of development policies, programmes and projects, and evaluate the results and impacts.

3. THE WAY FORWARD: NEXT STEPS

This report has explored multiple issues that are at the core of Namibia’s current growth, employment and decent work agenda. It reviews trends in growth, employment and decent work, highlighting challenges and opportunities for structural transformation, job creation, poverty eradication, social protection and transition to formality and decent work. They encompass labour market institutions, macroeconomic policy and sectoral policies in acting as engines of durable formal employment creation.

It calls for shaping a long-term national development vision that encompasses the central goals of productive employment and decent work and it is widely shared through social dialogue. This provides the necessary compass to monitor progress and to enhance coherence and complementarities between measures in different policy domains to face the employment and decent work challenges.

To that end, the report suggests a portfolio of policy guidelines or directions anchored in the ILO “New Vision for inclusive job rich growth for Africa” adopted by ILO African constituents at the 2nd African Decent Work Symposium in Yaoundé end 2010. The situation analysis and policy guidelines that the report provides are tailored to Namibia’s needs and circumstances. It is hoped that they provide a reasonably comprehensive and useful checklist against which Namibia can think about better policy rebalancing. It should support both the formulation of the New Namibia Employment Policy and the strengthening of the employment dimension into the National Development Plans IV to come.

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Appendix Table 1: Distribution of Employed Persons by Industry, Area and Sex (%)

Source: Namibia (2010a: 53).

Industry	Rural			Urban			Namibia		
	Female	Male	Total	Female	Male	Total	Female	Male	Total
Agriculture	19.4	51.9	38.3	1.8	3.4	2.7	8.0	22.1	15.9
Fishing	0.2	0.9	0.6	0.1	0.3	0.2	0.2	0.6	0.4
Mining and Quarrying	0.5	1.9	1.3	1.5	5.1	3.5	1.2	3.9	2.7
Manufacturing	2.6	2.0	2.3	7.5	9.7	8.7	5.8	6.7	6.3
Electricity, Gas & Water	0.9	1.4	1.2	0.6	2.9	1.9	0.7	2.3	1.6
Construction	1.8	8.4	5.6	1.2	13.3	7.9	1.4	11.4	7.0
Wholesale and Retail Trade, Repair of motor vehicles	19.6	6.1	11.7	17.1	17.2	17.2	18.0	12.9	15.1
Hotels and Restaurants	4.3	2.4	3.2	5.2	2.2	3.5	4.9	2.3	3.4
Transport, Storage and Communication	0.9	1.5	1.2	2.7	10.1	6.8	2.1	6.8	4.7
Financial Intermediation	0.8	0.4	0.5	5.2	2.9	3.9	3.6	1.9	2.7
Real Estate, renting and Business Activities	2.2	1.4	1.7	6.8	5.4	6.1	5.2	3.9	4.5
Public Administration, Defence & Social Security	3.6	5.9	4.9	7.6	12.6	10.4	6.2	10.0	8.4
Education	22.9	7.5	14.0	8.3	3.1	5.4	13.5	4.8	8.6
Health and Social Work	4.1	2.8	3.4	7.1	2.7	4.7	6.0	2.8	4.2
Other Community, Social & Personal Services	1.8	1.1	1.4	4.6	4.7	4.6	3.6	3.3	3.4
Private Households with employed persons	14.4	4.0	8.4	22.2	4.3	12.3	19.4	4.2	10.9
Extra-territorial Organisations & Bodies	0.0	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0
Not recorded	0.0	0.2	0.1	0.2	0.1	0.2	0.2	0.2	0.2
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

APPENDIX: Programme: Exploratory Mission Employment Policy: Policy Environment Assessment, 22-26 November 2010

	Monday November 22	Tuesday 23 November 23, 2010	Wednesday 24 November 24, 2010	Thursday 25 November	Friday 26 November
AM	09.00 -13.00 Meeting ILO Mr. Musabayani Mr. Kanyenze Mr. Lapeyre Mr. Pfeffer Ms. Anang Mr. Ashwani Mr. Osei Bonsu Mr. Muchiri	09.00-13.00 Ministry of Labour Director Employment Services Dep. Director Labour Commissioner Employment services Permanent Secretary	09.00 -11.00 Namibian Employers Federation Mr. Tim Parkhouse Secretary General NEF 11.30 TUCNA Mr. Mahongora, Secretary General. Dollar street Khomasdal	09.00-10.00 Ministry of finance Ms. A. Sinvula, Director: Budgeting Management and control. 12.00-13.00 Ministry of Youth Mr. Haingura, Acting Director: Youth Development	09.00 – 10.00 Ministry of Labour Debriefing
PM		14.30 The Labour Resource and Research Institute (LaRRi) Ms. Hilma Shindondola Director	14.30 -15.45 NUNW Mr. Kaaronda, Secretary General 16.00-17.00 Namibia Training Authority Jeremiah Ntinda, General Manager Finance	15.00-16.00 National Planning Commission Ms. Mary Tuyeni Hangula, Deputy Director 16.00-17.00 Ministry of trade and industry Ms. Nekale, Deputy Director, Industrial Development	

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