

# IOA — 2019 — ACBR



AFRICA COUNTRY BENCHMARK REPORT

## Namibia Profile



**Its economy stung by a recession in its second year in 2019, Namibia seeks to grow through trade using its expanding sea ports and commercial tourism, which feature breathtaking desert vistas.**



Image courtesy of Joachim Huber



# NAMIBIA

#7

# NAMIBIA



## OVERVIEW ANALYSIS

Namibia has enjoyed political stability since independence, although governance has been under the control of one political party. Poverty and infrastructure shortcomings are key social problems. Namibia entered a technical recession at the start of 2019 that will hinder efforts to raise the living standards for nearly 40% of the population that survive on subsistence farming. Namibia's coastline and deserts attract tourists. Mining accounts for nearly 12% of GDP but provides half of export revenues. Namibia's lucrative fisheries are being raided by foreign fishing fleets, endangering valuable commercial species. Namibia ranked high in ACBR 2019, remaining in the top 10 tier of African countries. From a position of 6<sup>th</sup> reached in ACBR 2017, Namibia has ranked in 7<sup>th</sup> place in ACBR 2019.

### KEY OPPORTUNITIES

- Significant mineral deposits exist and the mining sector is strong
- As a regional transportation hub, the transportation and construction sectors are growing
- Close ties with South Africa provide access to the region's market

### KEY CONCERNS

- The economy is in a lengthy recession
- The mining sector's profitability is vulnerable to global commodity price fluctuations
- Poverty and youth unemployment remain high

## COUNTRY HIGHLIGHTS

### PREDOMINANT RELIGION



Christianity

### PREDOMINANT LANGUAGE



Oshivambo

### POPULATION WITHOUT ELECTRICITY



48.92%  
(#23) ▾<sup>2</sup>

### LITERACY RATE



81.9%  
(#12) =

### PRIMARY ELECTRICITY SOURCE



Hydroelectric

### IMPORT/EXPORT



Foodstuffs/  
Diamonds

### EXTERNAL DEBT



US\$ 7.489  
billion  
(#20) ▾<sup>2</sup>

### ACTIVE CONFLICT



No

### LAND SIZE

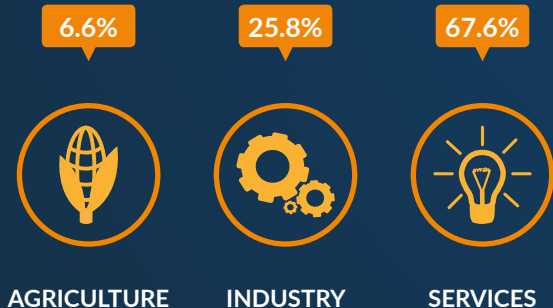


824,292 km<sup>2</sup>  
(#15)

### INTERNET PENETRATION



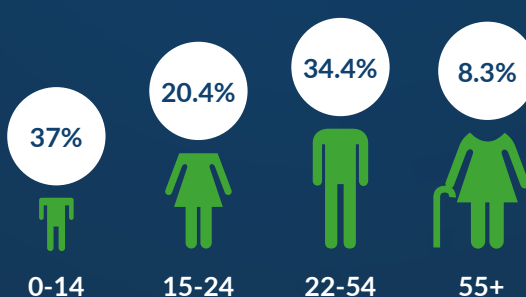
31%  
(#13) ▲<sup>4</sup>



AGRICULTURE

INDUSTRY

SERVICES



0-14

15-24

22-54

55+



### Term:

21/03/2015 - Present  
5 years (2 term limit)



### Political Party:

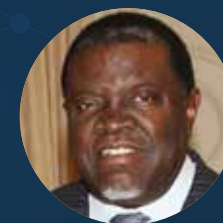
SWAPO



### Recent Electoral Information:

28/11/2014  
772 528 Votes

86.73%  
Voter turnout: 71.76%



President  
Hage Geingob

CONTRIBUTIONS TO GDP BY SECTOR

POPULATION AGE BREAKDOWN

NATIONAL GOVERNANCE

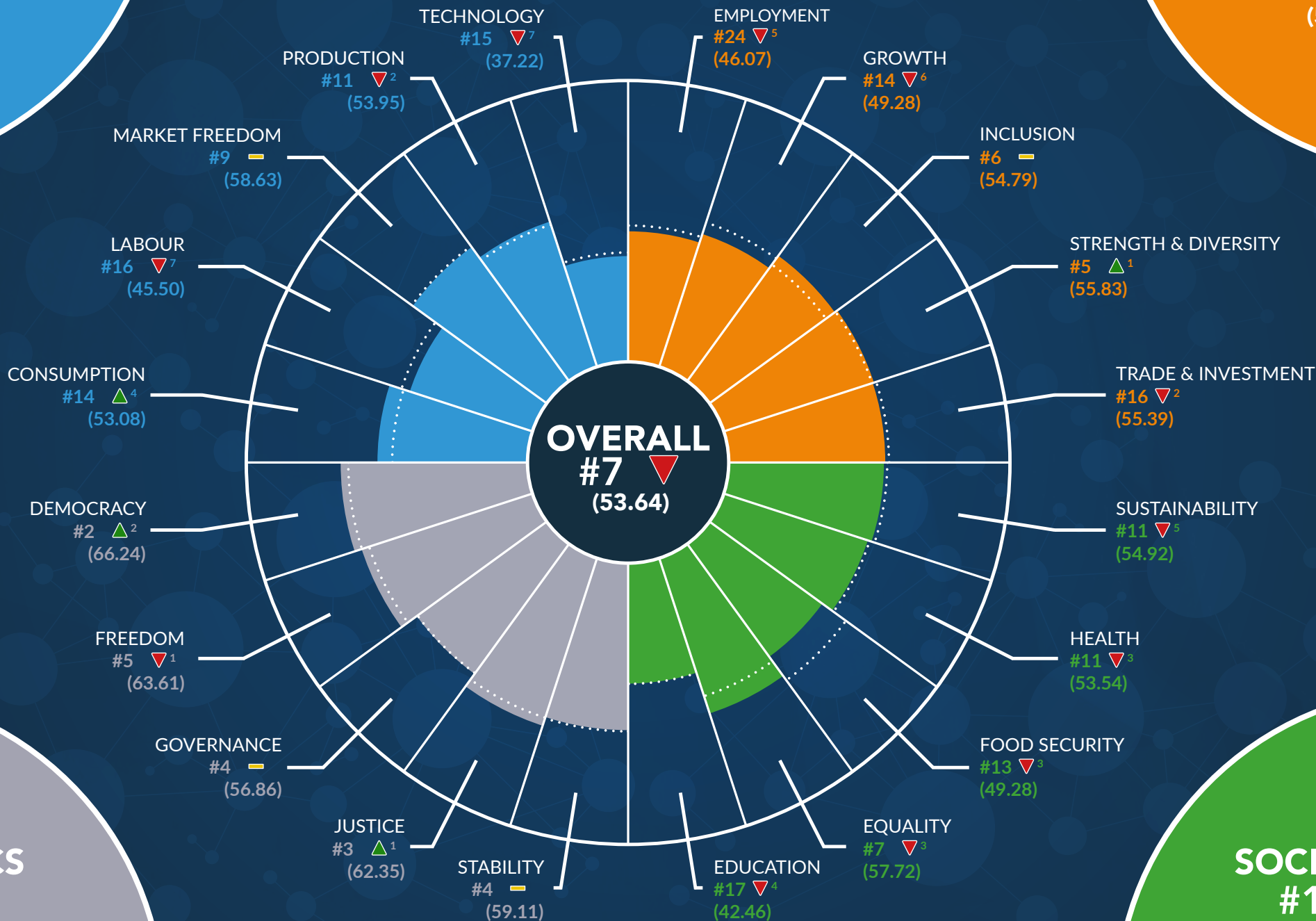
# BUSINESS

**#12**  
(49.67)

## NAMIBIA PERFORMANCE OVERVIEW

# ECONOMICS

**#11**  
(51.10)



▲ Increase from 2017

▼ Decrease from 2017

▬ No change

..... 2017 Score

# POLITICS

**#4**  
(61.64)

# SOCIETY

**#11**  
(52.16)

# NAMIBIA BUSINESS ANALYSIS



## BUSINESS OVERVIEW

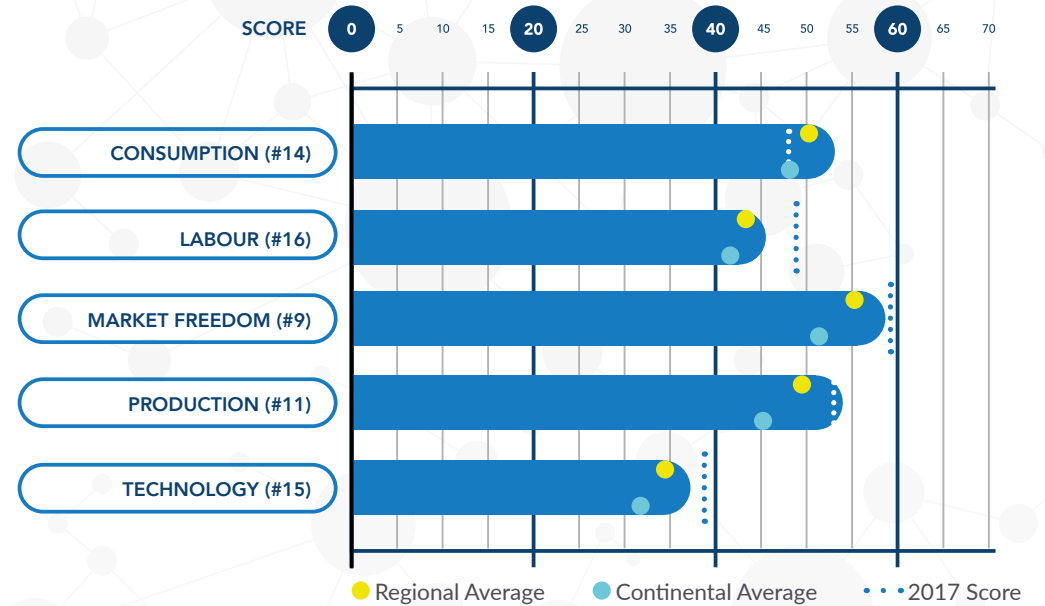
Politically stable since independence in 1990, Namibia is a large country with a well-performing economy based on mineral extraction. China has increased ties with Namibia, and the Chinese-built and owned Husab Mine began uranium ore extraction in 2017, boosting output to make Namibia the world's 2<sup>nd</sup>-largest producer of uranium. Copper, gold and zinc are also mined, while diamonds are of high quality and a major revenue earner. Because of land diamond deposits depletion, offshore diamond deposits will be exploited, although the process is costly.

The Port of Walvis Bay is constantly being upgraded to attract business from landlocked countries like Zambia. Trade is moved around Namibia by a new highway

that is among the 6,400 km of paved roads connecting the country. A general port expansion finished in June 2019. Walvis Bay is also home to Namibia's fishing industry. Canning of fish is an important value-added industry. Although, Namibia's rich fisheries are under siege by foreign fishing fleets that illegally take catches.

Only 80 km<sup>2</sup> of Namibia's 823,290 km<sup>2</sup> land mass is irrigated. Namibia has 7,720 km<sup>2</sup> of underground water reserves that can be tapped in a sustainable manner for irrigation. Because of a small local market that is one reason for the current recession, Namibia fell three positions from a high rank of 9<sup>th</sup> in the Business quadrant, out of the Top 10 and to 12<sup>th</sup> place.

## BUSINESS SCORES & RANKINGS



## BUSINESS DATA COMMENTARY

<p>Namibia data availability <b>98.9%</b></p>	<p><b>REGIONAL AVERAGE</b> 87.41%</p>	<p><b>AFRICAN AVERAGE</b> 77.78%</p>	<p><b>CONTINENTAL RANK</b> #11</p>
	<p>The highest of all quadrants, Namibia currently scores a near perfect 98.90% for business data availability, thus ranking 11<sup>th</sup> continentally. This compares quite favourably with both the regional average for Southern Africa, which currently stands at 87.41%, as well as the continental average of 77.78%. In addition to international financial institutions such as the World Bank, the Namibia Statistics Agency also provides a wealth of reliable statistical data pertaining to Namibia's commercial growth and performance.</p>		

## BUSINESS STATISTICS

<p><b>% POPULATION IN URBAN CENTRES</b></p> <p>50% (#22)</p>	<p><b>LABOUR FORCE IN MILLIONS</b></p> <p>0.96 million (#42)</p>	<p><b>INDUSTRIAL PRODUCTION GROWTH</b></p> <p>2.2% (#36)</p>	<p><b>PRIME LENDING RATE</b></p> <p>9.9% (#13)</p>
<p><b>% ADULTS WITH A BANK ACCOUNT</b></p> <p>80.63% (#3)</p>	<p><b>ANNUAL AIR PASSENGERS</b></p> <p>0.62 million (#16)</p>	<p><b>MOBILE SUBSCRIPTIONS</b></p> <p>107.27 per 100 (#15)</p>	<p><b>NATIONAL 3G COVERAGE</b></p> <p>53% (#30)</p>

# NAMIBIA ECONOMIC ANALYSIS



## ECONOMIC OVERVIEW

Droughts affecting agricultural outputs and declining export purchases by China contributed to pushing Namibia into a technical recession in early 2019. Agriculture is a large sector, which employs one out of three Namibian workers. Agricultural exports include fish, grapes, livestock, millet, peanuts and sorghum. Namibian agricultural marketing officials have been negotiating with Beijing to export grapes to China, which would significantly boost agricultural exports. After negative GDP growth of 0.8% in 2017, growth grew to a modest 0.6% in 2018 and is projected to reach 1.9% in 2019. Namibia's per capita GDP of US\$ 11,200 is among the highest in Sub-Saharan Africa. However, this GDP does not reach the 29% of Namibians who live in

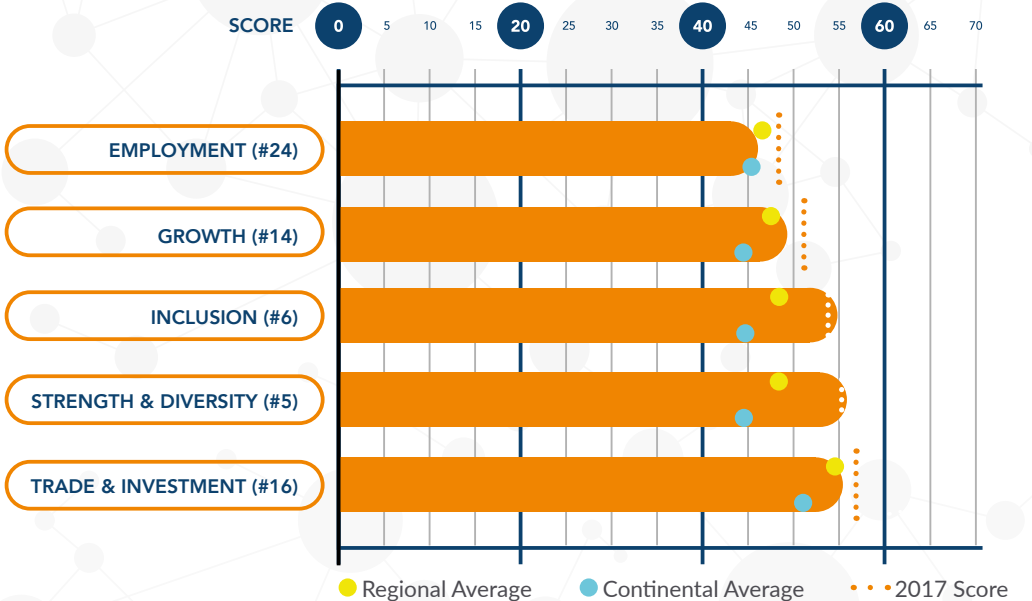
poverty nor the 30% of the population who are unemployed. Youth unemployment is also high at 56%, prompting migration to South Africa for employment.

Neighbouring South Africa is sourced for 62% of imports. The US\$ 5.4 billion of goods imported in 2017 exceeded the US\$ 4 billion value earned for exports. For investors, Namibia still enjoys the freshness of a new frontier, and opportunities for business exist in all sectors. The tourism sector is at an early stage in utilising the country's scenic and cultural attractions. Like the Business quadrant, Namibia also left the top 10 in the Economics quadrant, falling three positions to 11<sup>th</sup> place due to the economy's lapse into recession.

## ECONOMIC DATA COMMENTARY

<p>Namibia data availability <b>95.73%</b></p>	<p><b>REGIONAL AVERAGE</b> 87.18%</p>	<p><b>AFRICAN AVERAGE</b> 77.78%</p>	<p><b>CONTINENTAL RANK</b> #16</p>
	<p>Dovetailing fairly closely with the previous quadrant, Namibia's score for economic data availability stands at 95.73%, thus ranking 16<sup>th</sup> continentally. This too exceeds the respective regional and continental averages of 87.18% and 77.78%, with much macroeconomic data being rendered available from the Namibia Data Portal sponsored by the African Development Bank. Over time, Namibia's regulatory framework has been steadily improving, thus increasing overall business-friendliness.</p>		

## ECONOMIC SCORES & RANKINGS



## ECONOMIC STATISTICS

<p><b>GDP PER CAPITA</b></p> <p>US\$ 11,500 (#10)</p>	<p><b>UNEMPLOYMENT RATE</b></p> <p>23.3% (#50)</p>	<p><b>TRADE BLOC MEMBERSHIP</b></p> <p>AFTZ, SACU, SADC</p>	<p><b>INFLATION RATE</b></p> <p>6% (#31)</p>
<p><b>GDP AT PPP</b></p> <p>US\$ 26.5 billion (#31)</p>	<p><b>CURRENCY AND GOLD RESERVES</b></p> <p>US\$ 1.95 billion (#20)</p>	<p><b>FDI NET INFLOWS</b></p> <p>US\$ 417 million (#26)</p>	<p><b>BUDGET SURPLUS (+) OR DEFICIT (-)</b></p> <p>-6.3% (#38)</p>

# NAMIBIA POLITICAL ANALYSIS



## POLITICAL OVERVIEW

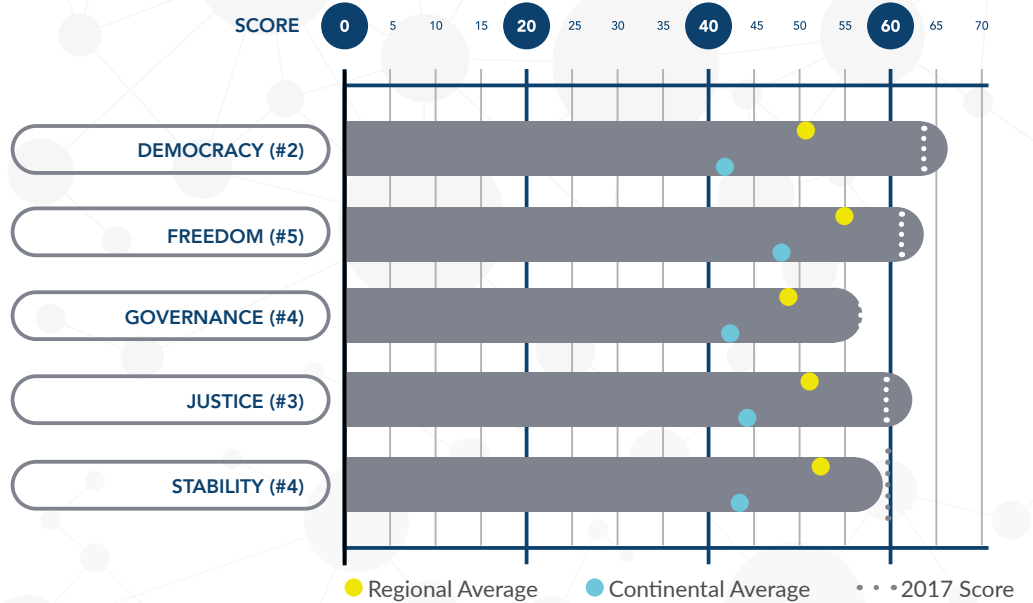
Namibia's democracy is less than 20 years old and is run by the country's liberation party, the South West African People's Organisation (SWAPO), headed by President Hage Geingob. Having fought a war for independence, SWAPO has dominated governance ever since. Geingob was elected in a landslide victory in 2014 and is standing for re-election in 2019. SWAPO has used their supermajority in parliament to enact some socially progressive initiatives, such as ensuring better gender equality among members of parliament. Namibia's constitution is the world's first to include protection of the environment as a governance necessity. Under this constitutional mandate, 14% of Namibia's land is protected, such as the biologically diverse coastline of the Namib Desert.

With no conflict concerns from neighbouring countries, the Namibian Defence Force (NDF) is available for peacekeeping missions abroad. Namibia faces no external security threat, so domestically, the NDF patrols for human and drug traffickers that use Namibia as a transit point into and out of Africa. They also protect the country's economically valuable coastline. Government has sought an approach of reconciliation rather than punishment towards the pre-independence apartheid government. This has assisted the tranquillity that the country has known for nearly three decades. One of Africa's most stable countries, Namibia's high position in the Politics quadrant remains unchanged from its placement of 4<sup>th</sup> obtained in the last ACBR survey.

## POLITICAL DATA COMMENTARY

<p>Namibia data availability <b>92.91%</b></p>	<p><b>REGIONAL AVERAGE</b> 88.82%</p>	<p><b>AFRICAN AVERAGE</b> 82.86%</p>	<p><b>CONTINENTAL RANK</b> #23</p>
	<p>Due to its longstanding status as a multiparty democracy, Namibia has placed great emphasis on optimizing its political data availability, with a current score of 92.91% and a corresponding rank of 23<sup>rd</sup>. Once again, this also exceeds the respective regional and continental averages of 88.82% and 82.86%. That being said, there remain a number of pertinent political issues, such as minority representation and human rights implementation, requiring further attention and improved data collection in Namibia.</p>		

## POLITICAL SCORES & RANKINGS



## POLITICAL STATISTICS

<p><b>NUMBER OF POLITICAL PARTIES</b></p> <p>10 (#26)</p>	<p><b>MILITARY EXP AS % OF GDP</b></p> <p>3.3% (#41)</p>	<p><b>REFUGEE INFLOW</b></p> <p>N/A (#N/A)</p>	<p><b>NUMBER OF RIGHTS</b></p> <p>59 (#16)</p>
<p><b>DATE OF INDEPENDENCE</b></p> <p>21/03/1990</p>	<p><b>NET OFFICIAL DEVELOPMENT ASSISTANCE</b></p> <p>US\$ 170 million (#39)</p>	<p><b>WOMEN IN PARLIAMENT</b></p> <p>41.3% (#4)</p>	<p><b>CAPITAL PUNISHMENT</b></p> <p>Abolished</p>

# NAMIBIA SOCIETAL ANALYSIS



## SOCIETAL OVERVIEW

Although Namibia's negotiations with Germany over reparations for the former colonial power's abuses are ongoing, their resolution will go far to bring closure to a painful chapter in Namibian history. The uprising by the Nama and Herero people in the early 1900s ended with Germany undertaking a policy of genocide that resulted in the greatest reduction of a human population in history in percentage terms.

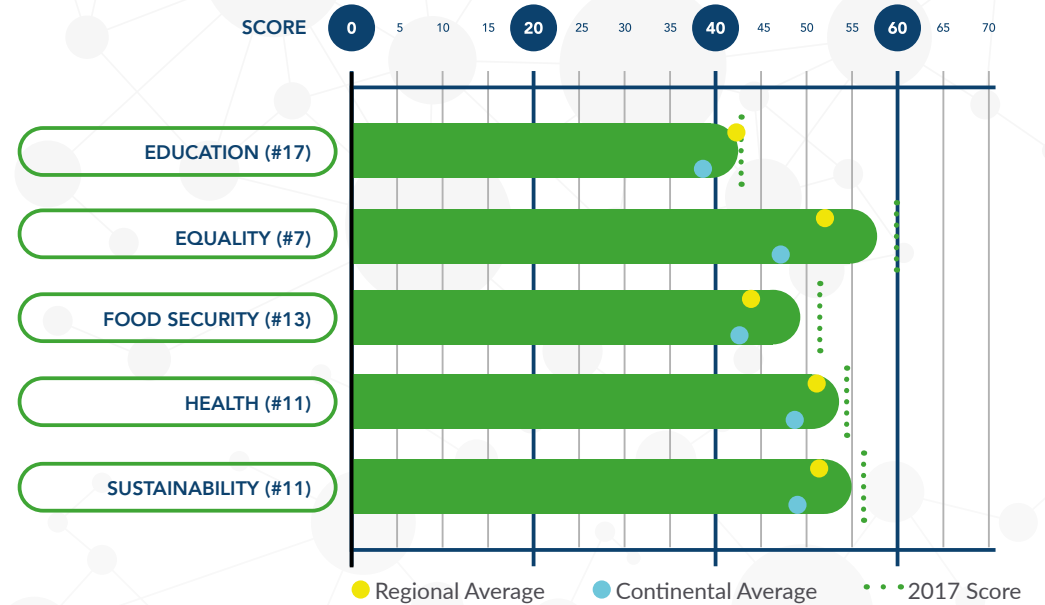
While the economy is expanding under government's infrastructural and economic stimulus policies, the largely desert country cannot sustain a large population. Environmental constraints have ensured that Namibia is the least densely populated country in the world. Since independence, government has been proactive in dealing

with the problem of overpopulation by implementing a successful family planning initiative. From 1996, when the average Namibian woman had 4.5 children, the number has been reduced to 3.2 in 2018. Women are marrying later and are spending more time on their education, thus postponing childbearing. Access to clean drinking water is good in both urban areas (98%) and for rural residents (85%). However, only half (55%) of urban residents have improved sanitation, like toilets, and only 17% of rural areas have these. Namibia fell two country positions in the Societal Quadrant, removing the country from its Top 10 ranking in the last ACBR survey, from 9<sup>th</sup> to 11<sup>th</sup> place currently. The country's economic downturn has affected social services.

## SOCIETAL DATA COMMENTARY

<p>Namibia data availability <b>89.8%</b></p>	<p><b>REGIONAL AVERAGE</b> 84.54%</p>	<p><b>AFRICAN AVERAGE</b> 75.28%</p>	<p><b>CONTINENTAL RANK</b> #21</p>
	<p>The lowest of all quadrants, Namibia currently scores 89.90% for societal data availability, thus ranking 21<sup>st</sup> continentally. Despite being the lowest score, this nonetheless exceeds the respective regional and continental averages of 84.54% and 75.28%. Along with its political challenges, Namibia also faces a number of barriers to social development, including relatively high poverty and inequality coinciding with slowing growth. In this regard, improved societal data coverage is necessary to ensure sustainable growth.</p>		

## SOCIETAL SCORES & RANKINGS



## SOCIETAL STATISTICS

<p><b>POPULATION SIZE AND GROWTH RATE</b></p> <p>2,484,780 at 1.95% p.a (#41) (#32)</p>	<p><b>LIFE EXPECTANCY</b></p> <p>64 years (#34)</p>	<p><b>HIV PREVALENCE</b></p> <p>13.8% (#5)</p>	<p><b>SEXUALITY TOLERANCE</b></p> <p>Illegal</p>
<p><b>ACCESS TO DRINKING WATER</b></p> <p>91% (#10)</p>	<p><b>HEALTH EXPENDITURE (% OF GDP)</b></p> <p>8.93% (#6)</p>	<p><b>PRIMARY EXPENDITURE (% OF EDU. TOTAL)</b></p> <p>40.01% (#24)</p>	<p><b>SOCIAL MEDIA PENETRATION</b></p> <p>23% (#11)</p>

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