



Towards Maximising the
Demographic Dividend in

Namibia



Demographic Dividend Study Report

2018



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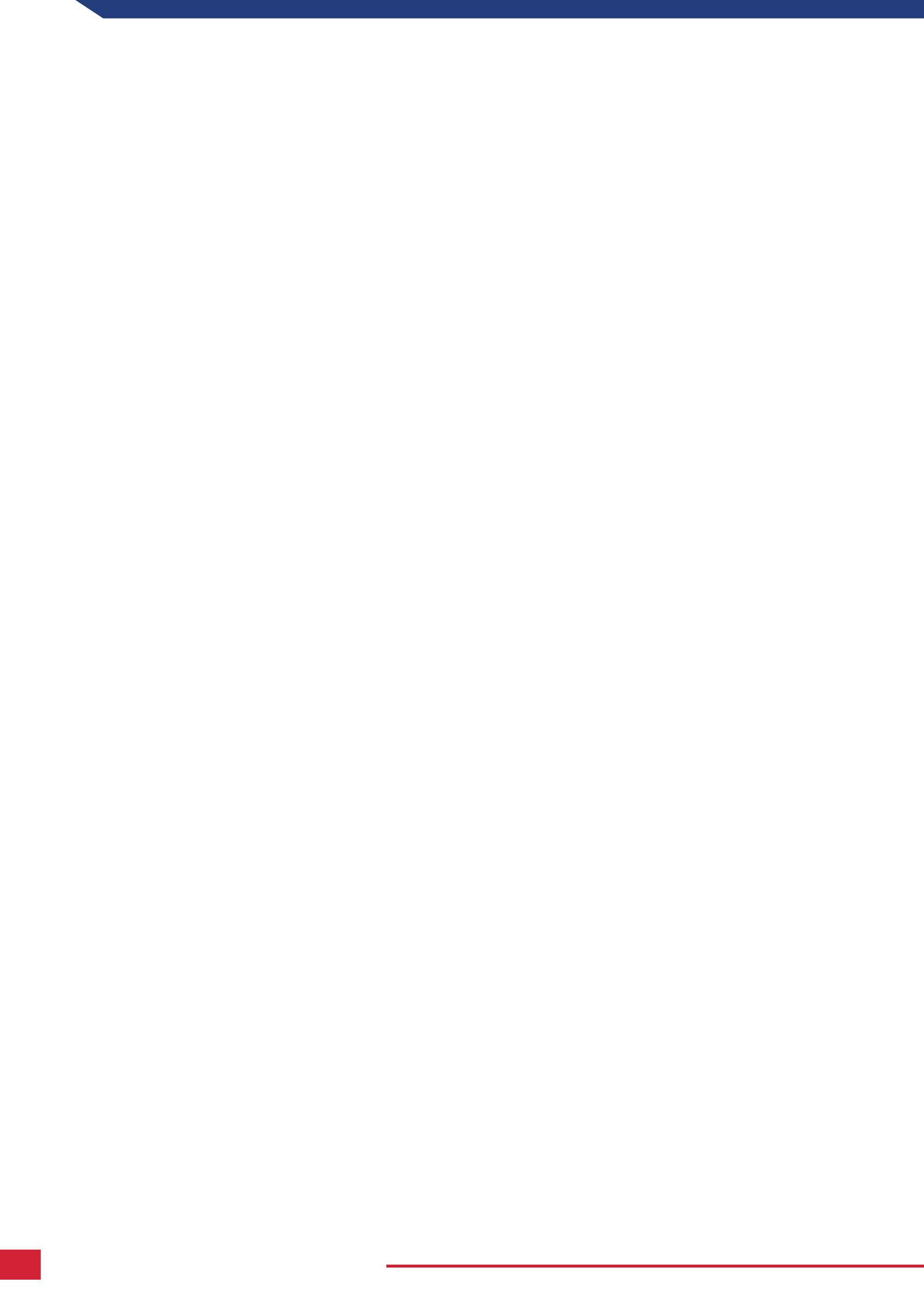


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Acronyms

ART	Antiretroviral Therapy
ASFRs	Age-Specific Fertility Rates
AU	African Union
CBR	Crude Birth Rate
CDR	Crude Death Rate
CTT	Core Technical Team
DD	Demographic Dividend
DHS	Demographic and Health Survey
DOTS	Directly Observed Treatment Short Course
ECD	Early Childhood Development
ECE	Early Childhood Education
EMIS	Education Management Information System
ETSIP	Education and Training Sector Improvement Programme
FDI	Foreign Direct Investment
FP	Family Planning
GCI	Global Competitiveness Index
GDP	Gross Domestic Product
GER	Gross Enrolment Ratio
GPI	Gender Parity Index
HDI	Human Development Index
HIV/AIDS	Human Immuno-deficiency Virus /Acquired Immuno-deficiency Syndrome
HPP	Harambee Prosperity Plan
ICT	Information and Communications Technology
IIAG	Ibrahim Index of African Governance
ILO	International Labour Organisation
IMR	Infant Mortality Rate
LCD	Life Cycle Deficit

LFS	Labour Force Survey
MDR-TB	Multi-Drug Resistant TB
MHDP	Mass Housing Development Project
MMR	Maternal Mortality Ratio
MoHSS	Ministry of Health and Social Services
NAR	Net Attendance ratio
NCD	Non-Communicable Diseases
NDP	National Development Plan
NHIES	Namibia Household Income and Expenditure Survey
NIMD	Namibia Index for Multiple Deprivation
NPA	National Programme of Action for Children of Namibia
NPC	National Planning Commission
NSA	Namibia Statistics Agency
NTA	National Transfer Accounts
NVBDCP	National Vector-Borne Disease Control
OECD	Organisation of Economic Development
PHC	Primary Health Care
PMTCT	Prevention of Mother to Child Transmission
SACMEQ	Southern and Eastern Africa Consortium for Monitoring Educational Quality
SACU	Southern African Customs Union
SADC	Southern Africa Development Community
SDG	Sustainable Development Goals
SRH	Sexual and Reproductive Health
SSA	Sub-Saharan Africa
TB	Tuberculosis
TFR	Total Fertility Rate
TIPEEG	Targeted Intervention Programme for Employment and Economic Growth
TVET	Technical and Vocational Education and Training

U5MR	Under-Five Mortality Rate
UN	United Nations
UNESCO	United Nations Educational, Scientific and Cultural Organisation
VET	Vocational Education and Training
VTC	Vocational Training Centre
XDR-TB	Extensively -Drug Resistant TB
WGI	Worldwide Governance Indicators
WHO	World Health Organisation

Acknowledgement

The Government of the Republic of Namibia through the National Planning Commission (NPC), with support from the United Nations Population Fund (UNFPA) Country Office and the East and Southern Africa Regional Office (ESARO), commissioned the National Demographic Dividend Study in 2016. UNFPA provided funding and technical support for the study. The African Institute for Development Policy (AFIDEP) was commissioned to carry out the study and was supported by the Development Policy Research Unit (DPRU) of the University of Cape Town. National experts provided technical leadership.

The National Planning Commission (NPC) in the Office of the President, chaired the National Steering Committee for the study. The Committee included Mr. Andries Leevi Hungamo, Mr Sylvester K. Mbangu, Ms Martha K. Tsheehama, Mr Johannes M. Ashipala, and Ms Lihongeni N. Mulama from the NPC, Ms Liina Kafidi, Ms Pauline Enkono, Ms Victoria N. Lipinge, Ms Linda Idhogela and Ms Alina Namupala, all from the Namibia Statistics Agency (NSA), Mr. Etuhole M. Mwahi from the Namibia University of Science and Technology (NUST) and Ms Daisry Mathias from the Office of the President. The steering committee provided technical oversight of the project and validated and approved the inception report and the final technical report.

The NPC also chaired the Core Technical Team (CTT) which was responsible for the analysis and report writing. AFIDEP (led by Dr. Eliya Zulu, Dr Bernard Onyango, Dr Grace Kumchulesi and Ms Eunice Mueni) and DPRU's Morne Oosthuizen, provided technical leadership of the study and work of the CTT, supported by experts from the NPC, Namibia Statistics Agency (NSA) and the University of Namibia. The UNFPA team was led by Ms Dennia Gayle (Country Representative), Mr. Israel Tjizake (Assistant Representative outgoing), Ms. Loide Amkongo (Assistant Representative) and Ms Philomena Ochurus (M & E Specialist). Other members of the CTT included representatives from various government ministries and agencies as well as academic institutions. The full list of members of the CTT is presented in Appendix II.

The study report incorporated feedback and advice provided by stakeholders from various sectors within government, development partners and non-governmental organisations. It also consolidated input garnered from in-depth validation consultations with senior government officials from the NPC and NSA. It benefitted from Professor Nyovani Madise's (University of Southampton) technical review.

Foreword



Hon. Obeth M. Kandjoze
Minister of Economic
Planning and Director
General

The population of Namibia is youthful, with about 37% of the population aged below 15 years, and only about 5% aged 65 years and above, while 58% of the total population is below 25 years. Close to 60% of the population today, is between the ages of 15-64 years, often referred to as the working-age population. This places Namibia within the temporary window period within which to harness the first demographic dividend over the next few decades before the age structure further shifts and becomes dominated by old-age dependency.

This youthful population is Namibia's greatest resource. If properly nurtured and supported, the youth will positively contribute to Namibia's socio-economic development. Namibia is a signatory to the 2013 Addis Ababa Declaration on Population and Development in Africa Beyond 2014, under the theme "Harnessing the Demographic Dividend: The Future We Want for Africa". The declaration recognises the role of population dynamics in socio-economic transformation and seeks to unleash the full potential of the youth to boost socio-economic development. In this regard, Namibia commissioned a study: Towards Maximising the Demographic Dividend in Namibia.

The primary objective of this study is to assess Namibia's prospects for harnessing the demographic dividend and to identify priority options for maximising the dividend. Demographic change has implications for the realisation of these ambitions.

This report, therefore, outlines the key policy recommendations on how Namibia can harness the potential of her youthful population to achieve socio-economic development. The Demographic Dividend paradigm offers a framework that is congruent with the needs of Namibia's long-term development aspirations as well as the global Sustainable Development Goals (SDGs).

The study concludes that Namibia is already deep within the window period to harness its first demographic dividend. Therefore, there is urgent need for the Government and all other stakeholders in Namibia's socio-economic development journey to act with urgency and implement game-changer interventions that will enable the country to take full advantage of the demographic dividend to achieve its long-term development aspirations to become a prosperous and industrialised country, developed by her human resources and enjoying peace, harmony and political stability.

Executive Summary

Namibia's socio-economic development aspirations as spelt out in its long-term development strategy, Vision 2030, is to become a prosperous and industrialised country, developed by her human resources, enjoying peace, harmony and political stability. This study sets out to analyse the population dynamics and age-structure changes in Namibia in the medium to long-term and the implications these will have on the ability of the country to maximise its Demographic Dividend (DD). This refers to the temporary economic benefit that can arise from a significant increase in the ratio of work-ing-age adults relative to young dependents that results from fertility decline if this change is accompanied by sustained investments in education and skills development, health, job creation and good governance. The DD paradigm offers a framework that is congruent with the needs of Namibia's long-term development aspirations as well as the SDGs or Agenda 2030.

Namibia's current population stands at just over 2 million people and is set to rise significantly to 3.4 million people by 2041. Its total fertility¹ in the 1970s was estimated at about 6 children per woman but has gradually reduced to 3.6 children per woman observed during the 2013 Namibia Demographic and Health Survey. This is relatively lower than the sub-Saharan Africa average of 5 children per woman, though still significantly higher than the replacement level of 2.1. The national projections show that by 2041, fertility in Namibia will have declined to an average of 2.4 children per woman. The declines in fertility and mortality in Namibia resulted in its age-structure shifting from one with more child dependents to one with significantly more people in the economically productive ages. Close to 60% of the population today is between the ages of 15-64 years, often referred to as the working-age population. This places Namibia within the temporary window period within which to harness the first demographic dividend over the next few decades, before the age structure further shifts and becomes dominated by old-age dependency.

This study reviewed Namibia's demographic and economic opportunities and challenges; modelled the DD using the National Transfer Accounts (NTA) methodology; and identified key policy options to optimise the chances of earning a maximum DD to accelerate the achievement of Vision 2030. The NTA framework was used to demonstrate the timing of the window of opportunity to harness the DD; to estimate components of the lifecycle deficit (labour income and consumption) and to estimate the DD. Chapter 7 gives a description of the NTA and its application for the purposes of this study.

Based on the NTA analyses, Namibia's window of opportunity for harnessing the first demographic dividend opened before 1990, while the magnitude of the first demographic dividend peaked between 2013 and 2015. Although the first demographic dividend will still have a positive impact on socio-economic development by 2060 (which is the end projection period for this study) it is currently in the diminishing returns phase. This study shows that the cumulative boost in living standards emanating from the first demographic dividend between 1990 and 2060 will be 34%. Of this, 16% was accumulated between 1990 and 2015, the remaining boost of 18% will accrue between 2015 and 2060, assuming the country follows the Medium fertility variant of the UN population projections.

¹ The average number of children a woman would expect to have during her reproductive life, given the current age-specific fertility rates.

Two other critical features of Namibia's NTA profile is that young people remain dependent until age 27 when they start producing more than they consume and that the country has a high level of consumption that produces a huge life-cycle deficit (between consumption and labour income). The deficit is financed by the government from the country's finite mineral resources proceeds. In the long-term, such public spending will not be sustainable, without a transformation and diversification of the economy to create jobs for young people and generate more labour income.

Moving forward, the big question is what can Namibia do to position itself to maximise what is left of its first demographic dividend and use this opportunity to hasten the achievement of the Vision 2030 development aspirations? There are five primary policy areas where the country can intervene to maximise the demographic dividend:

1. **Facilitate further demographic transition through enhancing the voluntary family planning (FP) services and access to effective modern contraception to reduce the relatively high unmet need (12%), curb early marriages and unwanted teenage pregnancies:** These measures will address the stalled decline in fertility which is still fairly high and likely to diminish the magnitude of the first demographic dividend that Namibia can harness. The East and South East Asian countries maximised their first demographic dividend through facilitating a rapid demographic transition. However, it is important to note that it is not just about having significantly large numbers in the working ages but also ensuring that like the Asian Tigers, strategic investments are made early to develop the human capital that can turn Namibia into an industrialised and prosperous country.
2. **Reinforcing investments in health to ensure a healthy labour force:** Namibia should reinforce investment in public health to consolidate progress made in improving child and maternal health outcomes and the health and overall well-being of its workforce through various interventions, including efforts to curb HIV and AIDS and to eliminate Malaria. The country should also reinforce health promotion to prevent lifestyles that predispose workers to non-communicable diseases and enhance the capacity of the health system to manage these and other emerging health challenges.
3. **Prioritise economic reforms and investments to urgently accelerate creation of jobs and other well-paying livelihoods for the country's youth, who continue to be dependent up to age 27:** The first component of this priority entails focusing on diversifying the economy to expand sectors with high job multiplier effects; reforming the agricultural sector to be more attractive to youth; providing incentives to companies that consciously create livelihood opportunities for youth and empowering youth with resources and technical capacities to start and grow businesses. The second component, which is more immediate, entails enhancing the quality of and rebranding Technical and Vocational Education and Training (TVET) as an attractive route for re-skilling the thousands of out-of-school youth who did not make it to tertiary colleges. Both Namibia's Harambee Prosperity Plan (HPP) and the Fifth National Development Plan (NDP 5) have a focus on TVET training. If these plans are effectively implemented, they will enhance the employability of youth and their prospects to engage in well-paying and sustainable livelihoods, including owning businesses. This study shows

that boosting Namibia's job creation capacity for young people to follow the global median profile for other countries with NTA data would boost living standards of the population by about 31% between 2010 and 2060.

- 4. Optimising value for money to create a globally competitive skilled workforce:** Namibia spends a considerable proportion of its resources on education and training; however, it is not getting value for money for its investment. This anomaly is illustrated by under-performance of Namibia students on the quality of learning measures against global benchmarks and when compared with fellow middle-income countries as well as persisting skills mismatch between the needs of the labour market and the skills the education system produces. To address this, the country should immediately form a high-level commission on addressing the quality of education to examine and decisively address the bottlenecks in its relatively well-funded education sector. The reform agenda should include revamping the whole education pipeline (including early childhood education, primary school, secondary school, and tertiary colleges) to address all inequities in access and quality bottlenecks and facilitate the strategic shift from the current knowledge-based to the competency-based curriculum, focused on developing practical, technical and soft skills that are critical for success in the globally competitive labour market. At the centre of these reforms is ensuring that all teachers are well motivated and trained in learner-centred pedagogies and that the learning environment has the required learning materials to facilitate skills development. Partnerships between the government's education and training agencies with industry should also work towards resolving the skills mismatch by identifying current and future labour market needs and aligning education and training curricula with these needs to enhance the employability of Namibia's graduates.
- 5. Strengthening enabling factors for optimising the demographic dividend:** In order to lay the foundation for Namibia to be successful in the reforms noted above, the country needs to strengthen its public institutions to facilitate effective and accountable service delivery and use of public resources. The HPP and NDP5 correctly identify effective governance as a pre-condition for sustainable development. It also recognises that Namibia already has in place a robust governance architecture. This should be used as a springboard to ensure the achievement of transparent and effective service delivery. More importantly, to enhance the opportunity for harnessing substantial demographic dividends, the Government should strive towards bridging the gap between policies for socio-economic development and implementation programmes to achieve the intended outcomes. Robust monitoring, evaluation and performance management measures must be put in place if the intended outcomes of Government policies and plans are to be achieved in an efficient, effective and timely manner.

This study shows that Namibia is already deep within the window period to harness its first demographic dividend. Therefore, there is urgent need for the Government and all stakeholders in Namibia's socio-economic development journey to act with urgency and implement game-changer interventions that will enable the country to take full advantage of the demographic dividend to achieve its long-term development aspirations of becoming a prosperous and industrialised country, developed by her human resources and enjoying peace, harmony and political stability.

1



Introduction

Namibia is classified as an upper-middle income country with per capita gross domestic product (GDP) of around USD 5,062 in 2015 (SADC, 2016). Covering an area of 825,418 km² and with a current estimated population of 2.3 million people (Namibia Statistics Agency, 2014), it is one of the least densely populated countries in sub-Saharan Africa (SSA). However, a significant share of the country's landmass is arid and semi-arid lands, including the Namib Desert and part of the Kalahari Desert.

The population of SSA, currently estimated at 962 million, is projected to increase by 29% within the next decade and will double its current size to 2.12 billion by 2050 (United Nations, 2015). This expected rapid rise in the population is fuelled by the prevailing high birth rate of about five children per woman, a source of concern for development experts, demographers, economists, environmentalists and African governments. However, SSA is currently experiencing unprecedented demographic changes characterised by falling fertility and child mortality rates which have prompted speculation that the region could benefit economically from this demographic shift as it happened in East Asia towards the end of the last century. Namibia is one of the countries in SSA experiencing significant demographic changes and its total fertility of 3.6 per woman is lower than the SSA average of five, but still above the replacement level fertility of 2.1.

The relationship between population change and economic growth has been studied and deliberated upon for decades, with focus on population size and population growth, but little emphasis on the implications of a demographic transition to lower mortality and smaller families on socio-economic development. The **Demographic Dividend** (DD) refers to the temporary economic benefit that can arise from a significant increase in the ratio of working-age adults relative to young dependents that results from rapid fertility decline (Bloom et al., 2014). This period of economic growth can last between 20-50 years, but it is dependent on investments in human capital to increase productivity, the creation of jobs, and an environment that encourages investments and savings (Lee et al., 2003). The logic is that as fertility declines, then, in theory, households and nations have more resources per child to invest in their education and health, thus enhancing the overall human capital (Canning et al., 2015). A second DD can occur if there is an increase in savings and investments by the working-age cohort, because of longer life expectancy and the need to save for longer retirement, (Bloom & Graham, 2003; Bloom & Canning, 2001; Bloom & Williamson, 1998). However, the second dividend evolves as the first dividend wanes, when there is a reduction in the working-age cohort due to population ageing (Mason & Lee 2011). A country must have in place the right policies and a well-developed financial sector to incentivise savings and investments if it is to reap the second DD (Canning et al., 2015). Unlike the first DD, the second dividend is not transitory, in that a permanent increase in capital and per-capita income could accrue as a result of population ageing (Lee et al., 2003).

Experts have analysed the phenomenal socio-economic development that the East and South East Asian countries such as South Korea, Singapore, Taiwan and Malaysia experienced between 1970 and 2000. They estimate that a quarter to a third of the economic growth these countries experienced can be attributed to the DD (Bloom & Williamson, 1998; Bloom et al., 2000). It should be noted that a change in age

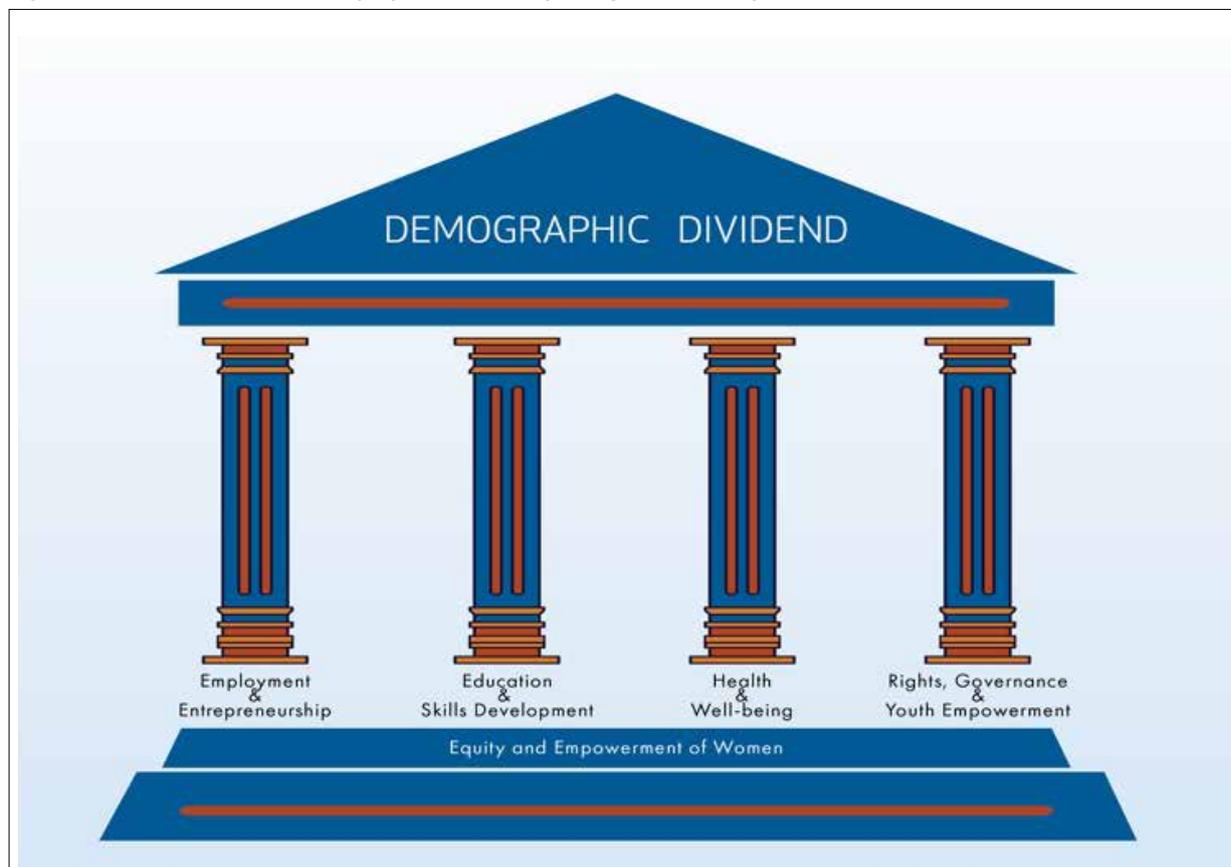
structure is not a stimulus for automatic or guaranteed economic growth. For this to happen, the economy needs to generate adequate quality jobs, and the workforce must be well educated, skilled and healthy.

The African Union (AU) designated “harnessing the demographic dividend through investments in youth” as the theme for its summit in 2017. This was done to highlight the importance of the DD framework and its potential contribution towards the realisation of the socioeconomic transformation goals articulated in the AU’s Agenda 2063 and various national development visions. The AU’s roadmap for harnessing the DD (African Union Commission, 2017) calls on African countries to domesticate the DD agenda and maximise their chances of harnessing the DD by prioritising investments in the following four pillars:

- 1) Employment and Entrepreneurship
- 2) Education and Skills Development
- 3) Health and Wellbeing (including family planning)
- 4) Rights, Governance and Youth Empowerment

These pillars (depicted in Figure 1.1) are interrelated and each is integral to the success of the rest. As an adaptation to the AU roadmap pillars, the chart in Figure 1.1 includes Equity and Empowerment of Women, presented as a horizontal bar to symbolise the cross-cutting importance of addressing gender inequities for harnessing the DD.

Figure 1.1: African Union demographic dividend priority investment pillars



Source: Adapted from AFIDEP 2017 Development Perspectives

1.1 Study objectives

As Namibia explores policies and programmes to enable the country to improve its socio-economic development performance and pursue shared prosperity, the big question is whether the country can take advantage of the DD paradigm, as was the case with the emerging economies of East Asia like South Korea and Singapore. The primary objective of this study is to assess Namibia's prospects for harnessing the DD and to identify priority options for maximising the dividend. The specific objectives of the study are

1. To review demographic and economic opportunities and challenges and assess their implications for attainment of the country's development aspirations.
2. Use the NTA methodology to
 - a. determine the timing of the window of opportunity for harnessing the DD in Namibia,
 - b. estimate the components of the lifecycle deficit (labour income and consumption), and their sub-components; and
 - c. conduct simulations of the first demographic dividend based on the NTA estimates and population projections.
3. Identify key policy options for optimising chances of earning a maximum DD in Namibia in light of its long-term development aspirations.

1.2 Methodology

The study employed a combination of methodologies including data compilation and review of literature, secondary analysis of data, scenario building, modelling, and identification of policies for optimising the country's chances of harnessing the DD.

Data compilation and desk review

The study used national data sets and international data from the United Nations (UN) agencies, the World Bank and the International Labour Organisation (ILO). For example, data from the national accounts, national population and housing censuses, national population projections from the Namibia Statistics Agency (NSA), the national Demographic and Health Surveys (DHS) conducted in 1992, 2000, 2006-7, 2013, the Namibia Household Income and Expenditure Surveys (NHIES), and administrative data from various government agencies, were used. Where data were not available from national sources, the study used data from key UN and World Bank databases. Comparative data from the same international databases on economic indicators such as GDP, urbanisation, health, and education were compiled to compare Namibia with other countries in Africa and other regions.

The study also involved a general review of literature on the DD and of Namibia's various development policies to understand the country's long-term and short-term development aspirations. The review helped identify key development challenges, explore potential solutions, and assess how the DD framework aligns with the attainment of the country's development aspirations.

Modelling the Demographic Dividend

The NTA framework was used to demonstrate the timing of the demographic window of opportunity to harness the DD and to estimate components of the lifecycle deficit (labour income and consumption), and their sub-components. Additionally, the framework was employed to conduct simulations of the first DD for the country. The NTA framework analyses what is referred to as the 'generational economy', which can be described as "the social institutions and economic mechanisms used by each generation or age group to produce, consume, share, and save resources" (Mason and Lee 2011, page 7). Chapter 7 of this report gives a more detailed description of the NTA methodology and its application in modelling the DD. The manual describing the full process of the NTA methodology can also be accessed at <http://ntaccounts.org/web/nta/show/methodology>.

Consultative workshops and roles of various institutions

A webinar on the NTA methodology was conducted with the technical leads and key stakeholders, prior to the official commencement of the study. This was followed by a workshop to validate the analysis and findings of the study, between December 13th and 15th 2016. Several meetings were held subsequently to contribute to the writing and validation of the study report. Feedback from key government ministries, agencies and other stakeholders was incorporated into the final report. A full listing of the members of the Core Technical Team (CTT) is contained in Appendix II.

2

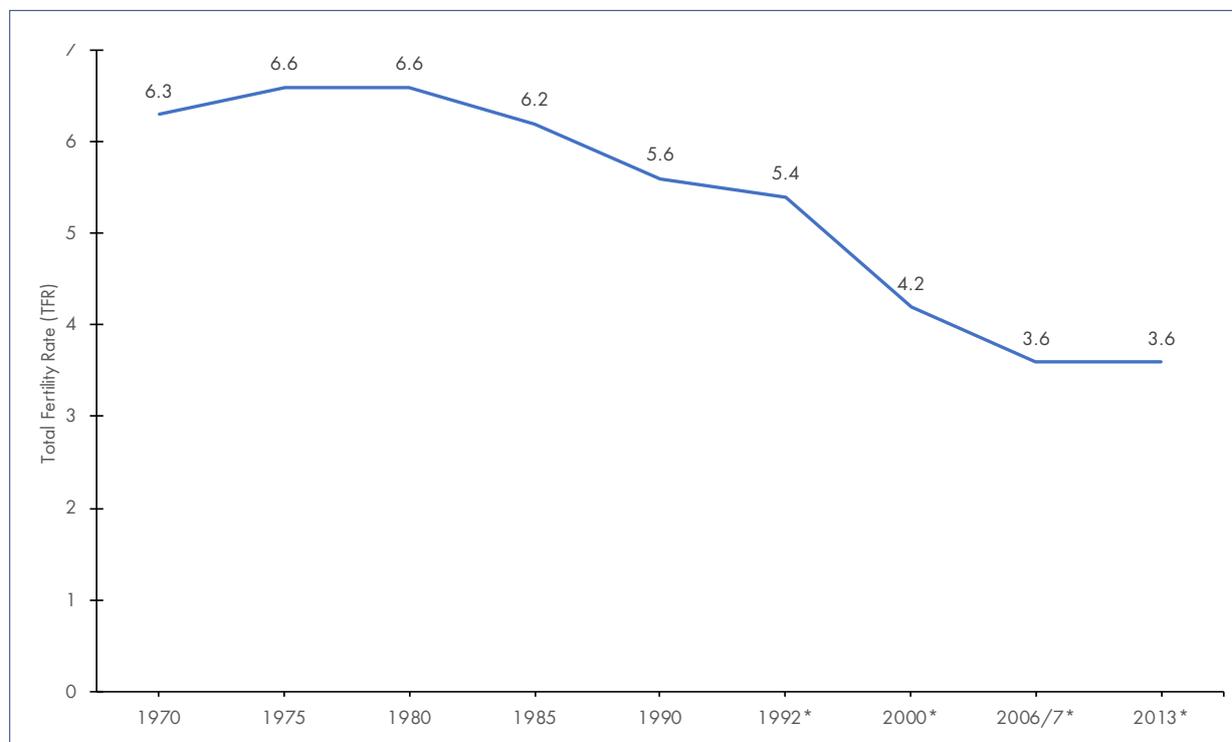


Namibia's Demographic Profile

2.1 Fertility trends

Fertility transition in Namibia started in the late 1970s, was rapid in the 1980s and 1990s and levelled out in the 2000s with no observed change between 2006 and 2013 (Figure 2.1).

Figure 2.1: Evolution of the fertility transition in Namibia



Source: United Nations Population Division World Population Prospects: The 2015 Revision & Namibia Demographic and Health Surveys (1992, 2000, 2006/7 & 2013)

The 2013 DHS showed that on average women had 3.6 children, with women in rural areas having almost two children (4.7 births per woman) more than their urban counterparts (2.9 births per woman), (Namibia Ministry of Health and Social Services (MoHSS) & ICF International, 2014). The 2011 population projections show that fertility will further decline to 2.4 births per women by 2041 (Namibia Statistics Agency, 2014). Fertility varies widely sub-nationally, ranging from 2.6 in Khomas to 5.3 in Ohangwena. Age-specific fertility rates (ASFRs) show a high teenage fertility rate, at 82 births for every 1000 girls aged 15-19 years in 2013, an increase from 78 births recorded in 2006/07. The 2013 DHS shows that the proportion of women aged 20-24 years who had given birth by 18 years declined slightly from 17% in 2006/07 to 15% in 2013. What's troubling is that more than one quarter (26%) and about one third (33.3%) of teenage girls aged 15-19 years had started childbearing by ages 18 and 19 years, respectively. Sub-nationally, the proportion of adolescent girls who have started childbearing ranges from 9% in Oshana to 39% in Kunene. This is unacceptably high. Teenage fertility contributes greatly to both the decelerating fertility reduction rate and the high school dropout. The national health policy notes that 19% of all pregnancies in Namibia are teenage pregnancies (Ministry of Health and Social Services, 2010).

Drivers of fertility decline in Namibia

As seen in the other countries located in the Southern African region, fertility transition in Namibia is at an advanced stage, although the fertility rate is higher than the region's average of 2.5 births per woman in 2015 (UN Population Division, 2015). Fertility decline in Namibia is attributed to high modern contraceptive use, high literacy rate and education achievement among women and improved child survival.

Use of contraceptives

Use of modern methods of contraceptives is one of the key determinants of fertility rate in Namibia. The FP programme for modern methods in Namibia was started by the South African colonial government in the 1970s. However, only injectables and pills were distributed among the indigenous majority, and availability of modern methods was very limited before independence (Shemeikka, Notkola, & Siiskonen, 2005). Despite these challenges, the prevalence of contraceptives among married women more than doubled from 21% in 1992 to 50% in 2013, with a marked jump between 1992 and 2000, before levelling out, following a similar pattern to fertility decline (Figure 2.2).

Figure 2.2: Percentages of currently married women using modern methods of contraception, Namibia 1992-2013

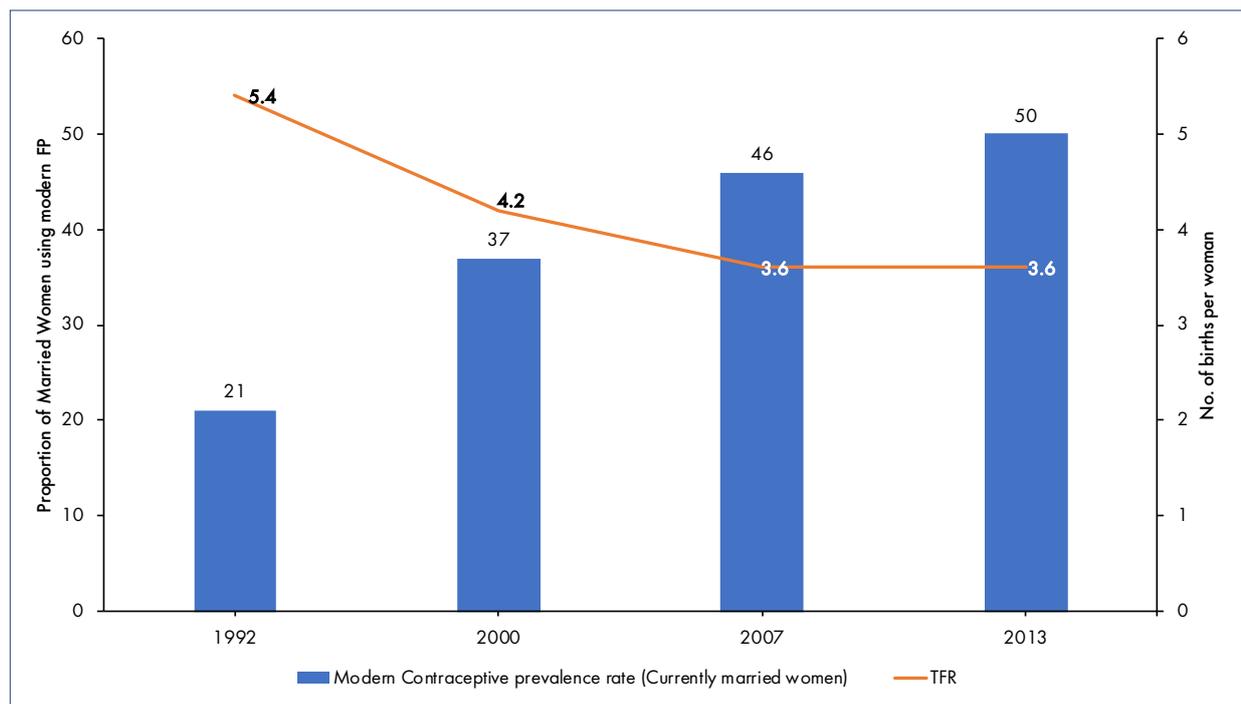


Figure 2.2: Percentages of currently married women using modern methods of contraception, Namibia 1992-2013

The 2013 DHS shows that women in urban areas have better access to modern contraceptives (56%) compared to those residing in rural areas (43%). There are also huge sub-national differences, with Omusati having the lowest use at 37% while Oshana region has the highest contraceptive use rate at 58%. These differences are also significant in the context of educational attainment, about 33% of women with no educational training use modern methods of contraception compared to 57% among those with post-

secondary education. Adolescents are among the most underserved groups. In 2013, only 25% of married adolescent girls were using modern methods of contraception, which is about half the national average. Injectables are the most popular method at 27%, followed by male condoms at 12%. The Ministry of Health and Social Services is the leading agent for providing reproductive health services, with about 97% of public health facilities providing FP counselling and methods (Republic of Namibia, 2001).

Although modern contraceptive use among married women in Namibia is relatively high, the DHS in 2013 shows that about 12% of all women who want to delay or avoid pregnancy are not using an effective FP method, and are categorised as having an unmet need for effective contraception. Unmet need in 2006/07 was at 9%. This trend is worrying and could be an indication of a less effective FP programme. The unmet need among currently married women in 2013 is even higher at 18% (Ministry of Health and Social Services [MoHSS] & ICF International, 2014).

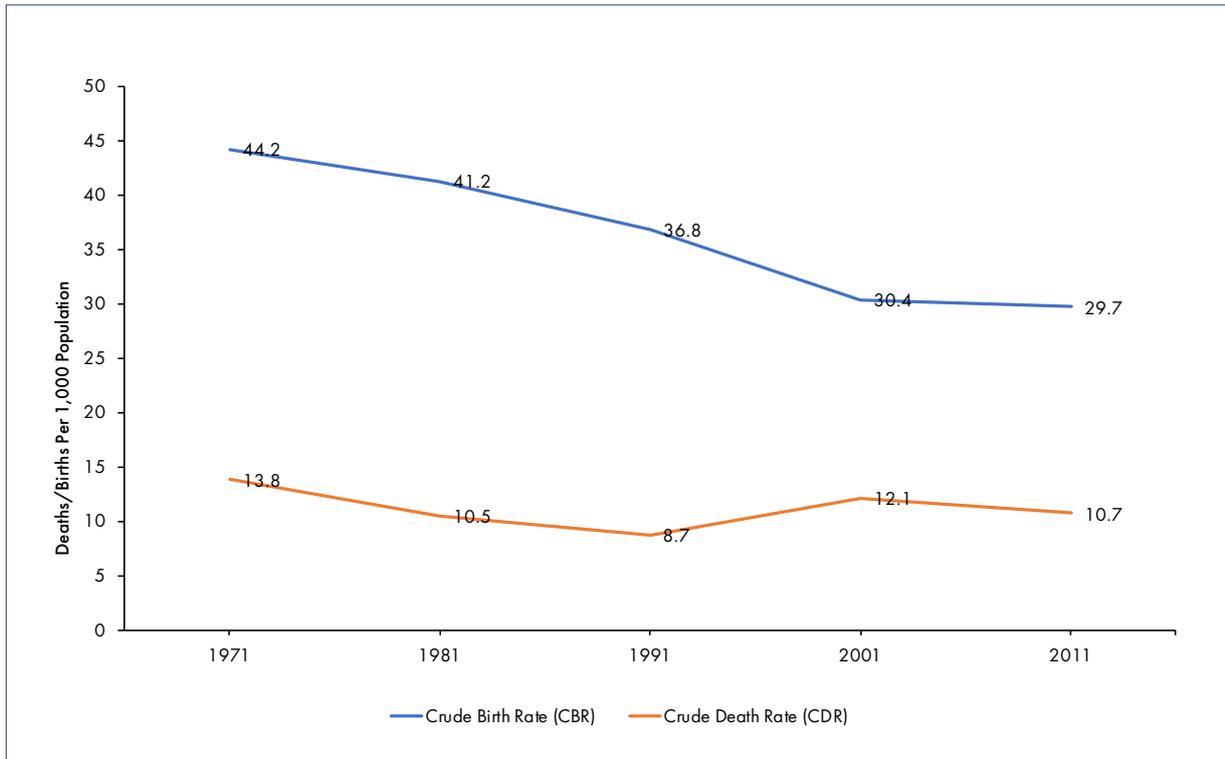
Female education and fertility

High literacy rates and educational achievement among women is a strong driver for fertility decline. Although, school achievement beyond primary school is relatively high in Namibia, there are very high rates of drop out. For example, the 2012 Namibia Education Management Information System (EMIS) data showed that enrolment among girls dropped from 94% in grade 5 to 40% in grade 12 (Ministry of Education, Arts and Culture, 2013). Increasing school attendance and progression for girls is considered one of the most effective means to reduce fertility (Basu, 2002) while delaying marriage and childbearing by 5 years can slow population growth by as much as 15 to 20% (Bongaarts J., 2009; Bruce J. & E. Chong, 2005). In addition, keeping girls in primary school for one extra year increases their wages by 10-20% (Levine, C. Lloyd, M. Greene, & C. Grown, 2008). Early childbearing curtails the ability of affected girls to achieve their full potential and is associated with school drop-out and low wages in adulthood. The low education attainment and early childbearing-nexus also acts as a vicious cycle that undermines female empowerment and gender equality in the society.

Child mortality and fertility

The decline in child mortality is a critical precondition for fertility decline because parents are assured that the few children they have will not die prematurely and are likely to have fewer children. High childhood mortality affects fertility positively since couples tend to have additional children to compensate for high child mortality. Thus the relatively high childhood mortality, related mainly to HIV/AIDS and malnutrition, is one plausible reason why fertility in Namibia has not declined as rapidly as could have been expected. Figure 2.3 illustrates the link between crude death and birth rates, showing that the Crude Birth Rate (CBR) levelled off around 2001, the same period when Crude Death Rate (CDR) went up (Namibia Statistics Agency, 2013). The CBR is projected to continue dropping, reaching 21.1 in 2040 and 14.8 in 2070. On the other hand, CDR will drop to 6.7 in 2040 before increasing to 7.8 in 2070 as old age mortality increases with an ageing population (UN Population Division, 2015).

Figure 2.3: Trends in crude birth and death rates, Namibia (1971-2011)



Source: UN Population Prospects, 2015 Prospects; Namibia Population and Housing Census 2011

2.2 Past and projected population growth

The 2011 census showed that Namibia's population had increased to 2.1 million people, up from 1.8 million in 2001 (Namibia Statistics Agency, 2013). The population is projected to increase to 3.4 million in 2041 (Namibia Statistics Agency, 2014) and further to 5.1 million in 2071 (UN Population Division, 2015). The relatively high birth rate is responsible for the continued population increase, and because of the slow fertility decline, Namibia's population will continue to grow for decades before stabilising. This is reflected in the annual population growth rate, which is projected to drop marginally from 1.4% in 2011 to 1.2% in 2041. As a result of past and current fertility levels, Namibia's population is young, with about 37% of the population aged below 15 years, and only about 5% aged 65 years and above. In 2011, the median age (the age that divides a population into two numerically equal groups) was 21 years and is projected to increase to 26 years in 2040 and 34 years in 2070.

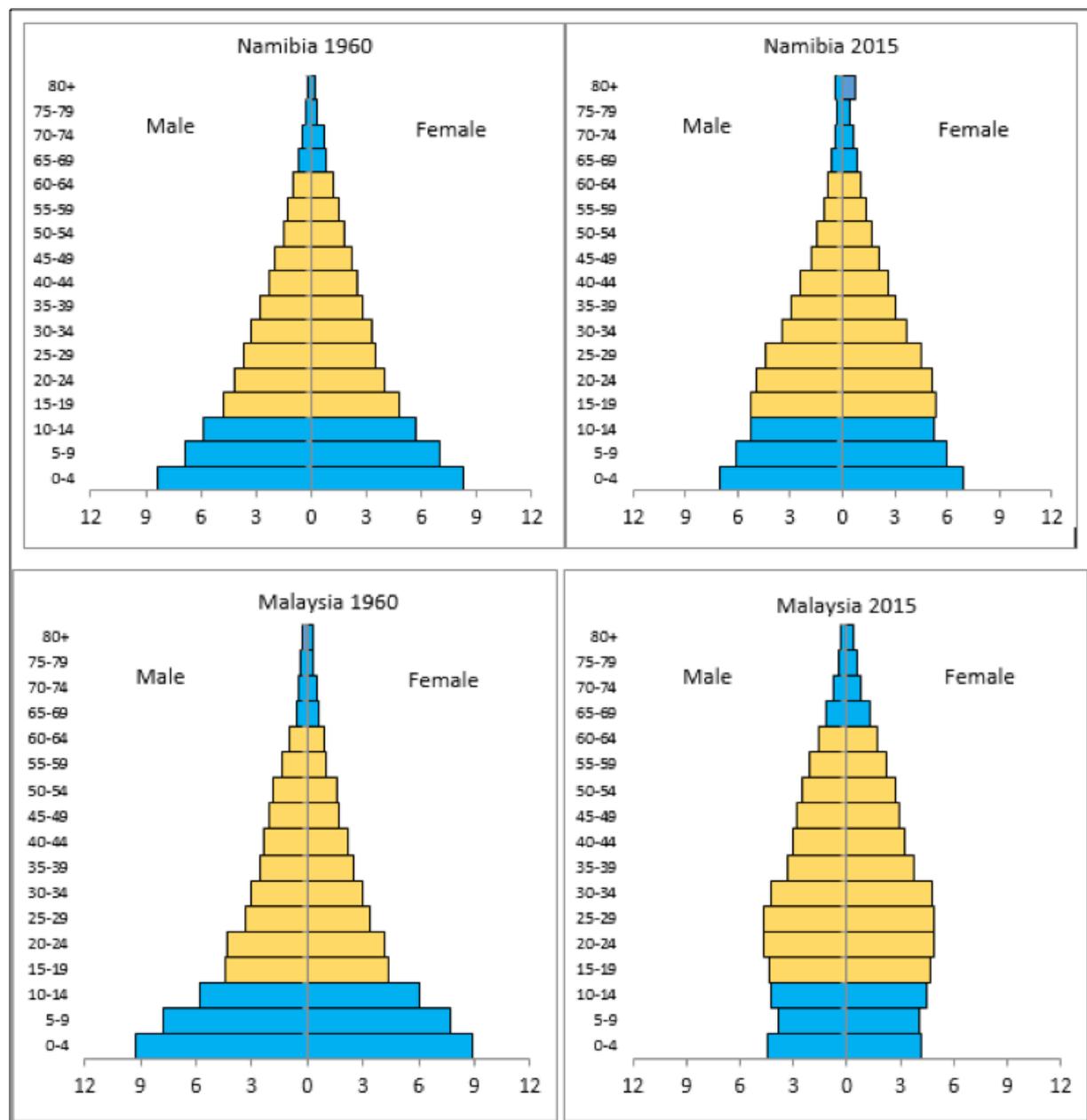
Table 2.1: Namibia's demographic estimates and projections, UN Medium Variant (Thousands)

Population characteristic	1970	1991	2001	2011	2041
Total Fertility Rate (Number of children per woman)	6.1	5.4	4.1	3.6	2.4
Population growth rate (%)	3.0	3.1	2.6	1.4	1.2
Population by broad age-groups (in thousands) as a proportion of total population (%)					
Age 0-14 (children)	43	43	40	36	32
Age 15-34 (young people)	31	35	36	37	38
Age 35-64	22	19	20	22	34
Age 65+	4	3	4	5	6
Population Total (thousands)	779	1465	1930	2113	3444
Dependency					
Dependency ratio (number of dependents [age 0-14] relative to the number of people in the working-ages [age 15-64])	87.6	88.7	77.8	71.0	54.1
Urbanisation					
Proportion of the population living in urban areas	22	28	33	43	67

Source: UN Population Division, 2015 Population Prospects; Namibia Population and Housing Census 2011 & National population projections

With the decline in fertility, the country's population age structure has shifted to one with a narrower base, and the country is at the cusps of the demographic window of opportunity, with the population below 15 years dropping to below 30% after 2030. Fertility transition also resulted in the dependency burden declining from 87.6 in 1970 to 71.0 in 2011 and is projected to further decline to 54.1 in 2040 (UN Population Division, 2015). This means that for every 10 people of working-age, there were 9 people (both children below 15 years and elderly people 65 years and above) in 1970 depending on them. With the decline in fertility, this has reduced to 7 dependents in 2011 and is expected to drop to 5 dependents in 2040. The reduced dependency burden implies more resources available for fewer children thus increased education and health investment per capita. It also results in increased savings and investments due to reduced cost, thus resulting in faster economic growth. The end result is a well-educated, skilled and healthy children with increased productivity once they enter the labour market. If this highly qualified population has access to better jobs then productivity increases, with resultant acceleration in economic growth. To see how Namibia's demographic transition compares with a country which has reaped the DD, we compare the age structure of Namibia with Malaysia. In 1960, the population pyramids for Malaysia and Namibia were very similar and total fertility was roughly the same - around 6.2 children per woman. While Malaysia's total fertility has dropped from 6.2 in 1960 to about 1.9 in 2015, Namibia's fertility during this period has only halved. The resulting population pyramids in 2015 are quite different, with the one of Malaysia reflecting a much more favourable ratio of working-age population to dependents (see Figure 2.4).

Figure 2.4: Namibia and Malaysia's age structure differ remarkably due to differences in birth rates



Source: UN World Population Prospects: the 2015 Revision; Namibia 2011 Population Projections

2.3 Urbanisation

In 2011, about 42.3% of the Namibian population lived in urban areas, a massive increase from 28% in 1991. Urban population grew by 49.7% between 2001 and 2011, while the rural population decreased by 1.4% over the same period. The proportion of the population living in urban areas is projected to increase to 67% in 2041. The population projections show that Namibia will transition from a mostly rural society to a mostly urban one by 2019. The high urbanisation rate of 4.5% is driven by high rates of rural-urban migration, mainly of young men and women in search of better social and economic opportunities. Although cities offer important opportunities for economic and social development, the rapid urbanisation in Namibia presents challenges like unavailability of jobs and affordable housing.

The rapid influx of unskilled and semi-skilled immigrant population, with low incomes, into urban areas, coupled with the inability of the local authorities to cope with the growth of housing and other infrastructural needs, including water and sanitation, has resulted in the mushrooming of unplanned, un-serviced, and uncontrolled informal housing areas. About 74% of the Namibian households cannot afford conventional housing. The 2011 census showed that improvised housing units (shacks) constitute about one-quarter (27%) of all dwellings in urban areas. The UN-Habitat report of 2016, shows that about 39% of the urban population lived in informal settlements/slums in 2014, a slight increase from 34.4% recorded in 1990 (UN-HABITAT, 2016)². Access to electricity in urban areas is relatively high, with more than half (59%) of urban households relying on electricity for cooking while more than two-thirds of households (70.1%) rely on it for lighting. In addition, almost all urban households have access to safe water (98%), while 69% have access to improved sanitation. Of note, however, is the 22% of urban households who do not have access to any toilet facility. About 70% of urban households benefit from a regular waste collection. But the continued influx of rural dwellers to urban areas and as urban areas sprawl, the country will likely face serious environmental and health challenges.

Vision 2030 explicitly highlights urbanisation as one of the components that need to be carefully monitored and controlled if Namibia is to smoothly transform into an industrialised, knowledge-based economy. Therefore, there is need to improve urban planning, delivery of social services, infrastructural development, promote good urban governance and to enhance the capacity of the private sector to generate adequate, decent jobs. Implementation of the revised National Housing policy, the Mass Housing Development Programme (MHDP) to fast-track housing delivery launched in 2013, and the vision 2030 strategies for improving urban areas will result in better cities that will act as engines for economic growth for the country, rather than poverty hubs.

²Slums differ in size and other characteristics from country to country. However, most lack reliable sanitation services, supply of clean water, reliable electricity, timely law enforcement and other basic services.

3



The Health Profile of the Namibian Population

Human capital is critical for the successful attainment of Namibia's Vision 2030 goal of building a prosperous and industrialised nation (Republic of Namibia, 2004). Namibia recognises that a healthy workforce will enable the country to enhance its economic development and that eliminating the main causes of physical ill health, as well as mental and social ailments, can give the citizens of Namibia an opportunity to lead a healthy and productive life (Republic of Namibia, 2004). The country's health policy framework aims at implementing a variety of improvements in the areas of general public health care services, health system strengthening and monitoring and evaluation (Ministry of Health and Social Services, 2010). The 2010 national health policy goal is the **"attainment of a level of health and social well-being by all Namibians, which will enable them to lead economically and socially productive lives"**. To improve quality of life for Namibians and for Namibia to achieve its health policy goal, Vision 2030 goal, and the demographic dividend, Namibia needs to improve access to quality health and social welfare services for all and to operate an effectively functioning and well-coordinated health sector.

This section analyses the health sector situation in Namibia. In particular, the section highlights key challenges and opportunities in Namibia's health sector, with a number of consequences that might either jeopardise or enhance the attainment of the demographic dividend in Namibia.

3.1 Major health challenges

Although Namibia has made some remarkable progress in improving its health sector, challenges still remain. The main challenges in Namibia's health sector include Human Immuno-deficiency Virus / Acquired Immuno-deficiency Syndrome (HIV/AIDS), Tuberculosis (TB), malaria, child mortality and maternal mortality. The country currently faces a double burden of both communicable and non-communicable diseases (NCDs). While NCD's are on the rise, communicable diseases are still the main drivers of morbidity and mortality. In addition, health care delivery between the rural and urban areas is unequal.

HIV and AIDS

HIV/AIDS and TB rank among the major causes of morbidity and mortality in Namibia. In 2010, HIV/AIDS accounted for 23% of all deaths, and TB accounted for 5% (Centers for Disease Control and Prevention, 2013).

Namibia's, HIV prevalence rate among adults aged 15 to 49 years increased from 4% in 1992 to 22% in 2002, when it reached its peak. Since then, a steady decline was realised. The 2013 DHS showed that HIV prevalence among adult population aged 15-49 years was 14%. The prevalence is, however, higher among older populations aged 50-64 years at 16.4%.

HIV infection shows gender and age bias, with women showing higher infection rates at 16.9% compared to men at 10.9%. The peak infection age among both men and women is 35-39 (30.3% for women and 22.6% among men). HIV prevalence amongst adolescents (15-19) and youths (20-24) was 2.3% and 5.0%, respectively. By region, HIV prevalence rate is highest for women and men in Zambezi (30.9% and 15.9%,

respectively) and lowest for women in Omaheke (6.9%) and men in Ohangwena (6.6%) (Ministry of Health and Social Services (MoHSS) & ICF International, 2014). The 2016 National HIV Sentinel Survey captured prevalence among pregnant women at 17.2%, a slight increase from 16.9% in 2014 (Republic of Namibia, 2016b).

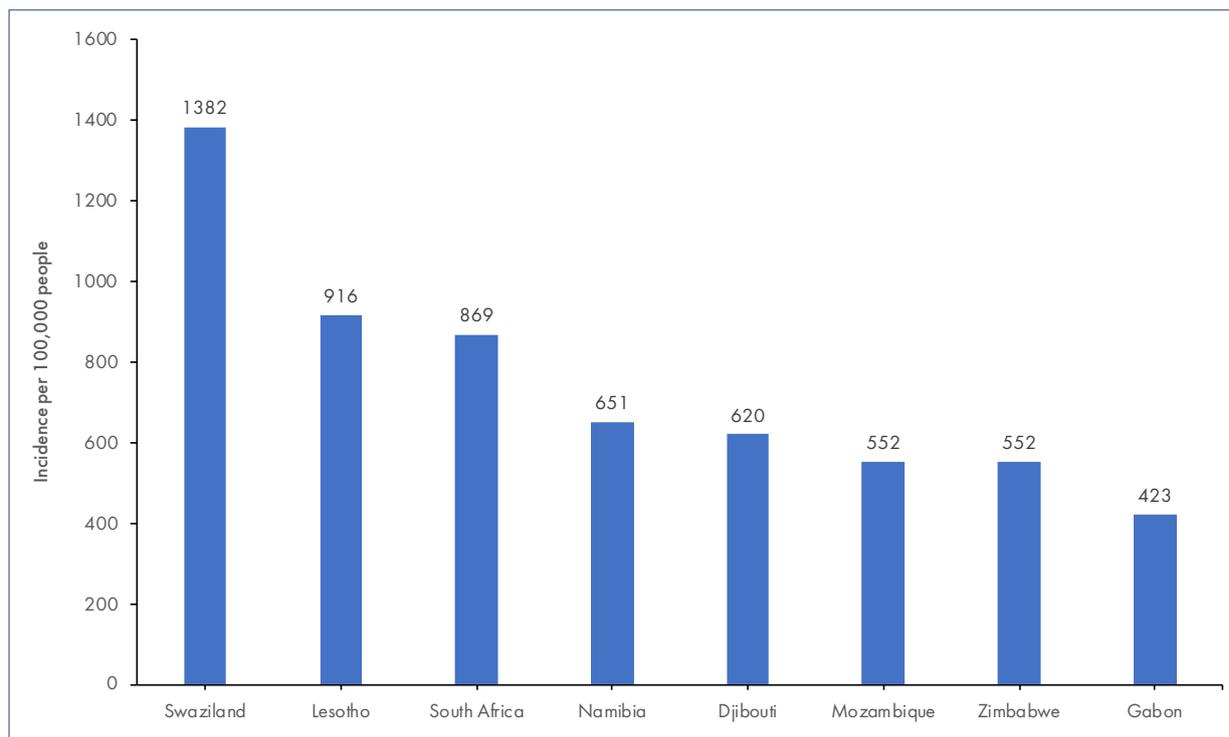
The country has shown a strong commitment to HIV response by implementing a combination of interventions targeting behavioural, biomedical and structural drivers of the epidemic in accordance with the National Strategic Framework. The Six-year strategic framework for HIV and AIDS was developed in 2010 and was aligned with the NDP 4. Coordinated involvement of various national and international stakeholders, including broader civil society, was deemed essential in effective HIV response. Anti-Retroviral Therapy (ART) coverage for adults increased from 67% in 2009 to over 83% by 2013 (Republic of Namibia, 2010). The annual number of new infections in the country has been on a decline, from 18,000 in 2000 to 7,400 in 2015. The decreased was also observed for children 0-14 years. Government's commitment to the response against HIV/AIDS is demonstrated by the magnitude and increasing funding to the total HIV expenditure, from 55% in 2012/13 to 64% in 2013/14 (Republic of Namibia, 2016b). The country adopted the 2013 World Health Organization (WHO) consolidated guidelines on the use of antiretroviral drugs for treating and preventing HIV infection. The guidelines recommend that all HIV infected persons should be started on ART irrespective of the viral load. The government also extended ART treatment to children below 15 years, living with HIV including hepatitis B patients.

The country has implemented Prevention of Mother to Child Transmission (PMTCT) programme since 2002. The programme is aimed at ensuring universal access to services, to reduce HIV transmission to new-borns (Republic of Namibia, 2008). PMTCT has been scaled up across all 14 regions and 35 districts, reaching 345 health facilities (97%) (Republic of Namibia, 2015). The government also adopted and implemented the Option B+ for PMTCT as per the new WHO guidelines. The PMTCT programme registered tremendous successes. By 2014, a total of 8,849 pregnant women had received ART for PMTCT; and the adoption of WHO recommended Option B+ in 2014 has put the country strongly on course to achieve PMTCT 2015 target of reducing the number of new HIV infections among children by 90%, reducing under-five deaths due to HIV by at least 50%, providing ART for all children with HIV, and reducing the number of HIV-associated deaths to women during pregnancy, delivery or puerperium by 50% (Unite for Children, 2012). As a result of these interventions, transmission of HIV to infants had reduced to 4% in 2016.

TB

Namibia is among the countries in the world with the highest per capita TB disease burden. In 2013, Namibia was ranked fourth in the world by WHO in terms of the per capita incidence of TB, as shown in Figure 3.1 (Republic of Namibia, 2015).

Figure 3.1: Countries with the highest per capita TB incidence in the world; 2013



Source: WHO, 2014

In 2015, TB was the fourth leading mortality cause after HIV, lower respiratory infection and heart disease (Republic of Namibia, 2015). However, as similar to HIV pattern, TB prevalence peaked in 2002, with the number of TB cases diagnosed and treated in Namibia declining from 16,156 cases in 2004 to 9,882 cases in 2014, representing a 39% decline during this period.

Despite the high TB burden in the country, there are a number of notable successes. The case notification rate of TB was 449 per 100 000 population in 2014, almost half of the 822 cases recorded in 2004. The treatment success rate for new cases has also increased from 70% in 2004 to 87% in 2014 (Republic of Namibia, 2015). However, the high TB/HIV co-infection is eroding these gains and is on its own a major public health problem. In 2012, 47% of TB patients were co-infected with HIV (Republic of Namibia, 2015). The high caseload is attributed mainly to the HIV epidemic as reflected by an HIV prevalence rate of 58% among TB patients (Republic of Namibia, 2011).

Namibia envisions a state where TB is no longer a public health threat. A national programme for the control of TB and leprosy was established in 1991 as part of efforts to intensify TB control efforts. The Directly Observed Treatment Short Course (DOTS) strategy aims to achieve a TB treatment success rate of at least 85% among TB cases detected; and to detect at least 70% of the estimated positive TB cases by 2015 (Republic of Namibia, 2011). These efforts resulted in significant achievements in the management of TB. In 2013, the average treatment success rate in all forms of TB was 83% (Republic of Namibia, 2015).

One challenge compounding TB treatment is the emergence of multi-drug resistant (MDR) TB and the Extensively drug-resistant (XDR) TB. In 2014, about 137 cases of MDR-TB were reported, of which 6 were XDR-TB. In comparison, about 174 cases of MDR-TB were reported in 2013, thus indicating an improvement, albeit small (Republic of Namibia, 2015). Integrated management of TB and HIV has been highlighted as the best approach to tackle this problem.

Despite the achievements highlighted above, Namibia still faces significant challenges in its war against HIV/AIDS and TB. More resources will be required to achieve universal ART coverage and in successfully addressing HIV and TB prevention and treatment. The country exerts its efforts in bringing down the prevalence levels through serious undertaking on prevention strategies, the most basic being improving comprehensive knowledge of HIV prevention methods and educating the population on adherence to treatment.

Malaria

Malaria has historically posed a significant disease burden but has in the recent past been reduced to low levels. However, the disease remains one of the major causes of death in infancy, childhood and pregnant women in most developing countries. In the 2013 Demographic and Health Survey, 3% of children age 6-59 months had indications of possible malarial infection (Ministry of Health and Social Services (MoHSS) & ICF International, 2014).

Malaria transmission is low in Namibia, suggesting that elimination of malaria is possible. It is estimated that more than 65% of the population lives in the ten northern regions considered malaria endemic, where low malaria transmission occurs (Ministry of Health and Social Services, 2009). Between 2001 and 2011, reported malaria cases from health facilities declined from 562,703 to 14,406, and deaths attributed to malaria fell from 1,747 to 36, signifying a reduction of 97.4% and 98%, respectively (Smith Gueye et al., 2014). The country has thus moved from malaria control to an elimination approach.

The Malaria Strategic Plan (2010-2016) aims at reducing the number of indigenous malaria cases to zero, with a goal to eliminate malaria by 2016 (Ministry of Health and Social Services, 2009). Malaria elimination is a top priority in the national development agenda and the national health policy, requiring a substantial amount of resources. The NVDCP has an integrated, comprehensive Malaria Policy which is accompanied by a Malaria Epidemic Preparedness and Response Plan, as well as an Integrated Vector Control Policy. The National Malaria Policy which includes guidelines on diagnosis and treatment was developed in 2005, and the government continues to provide financial support for malaria interventions. The country has also adopted an innovative surveillance strategy and system to ensure that any confirmed malaria case is notified and followed to control transmission.

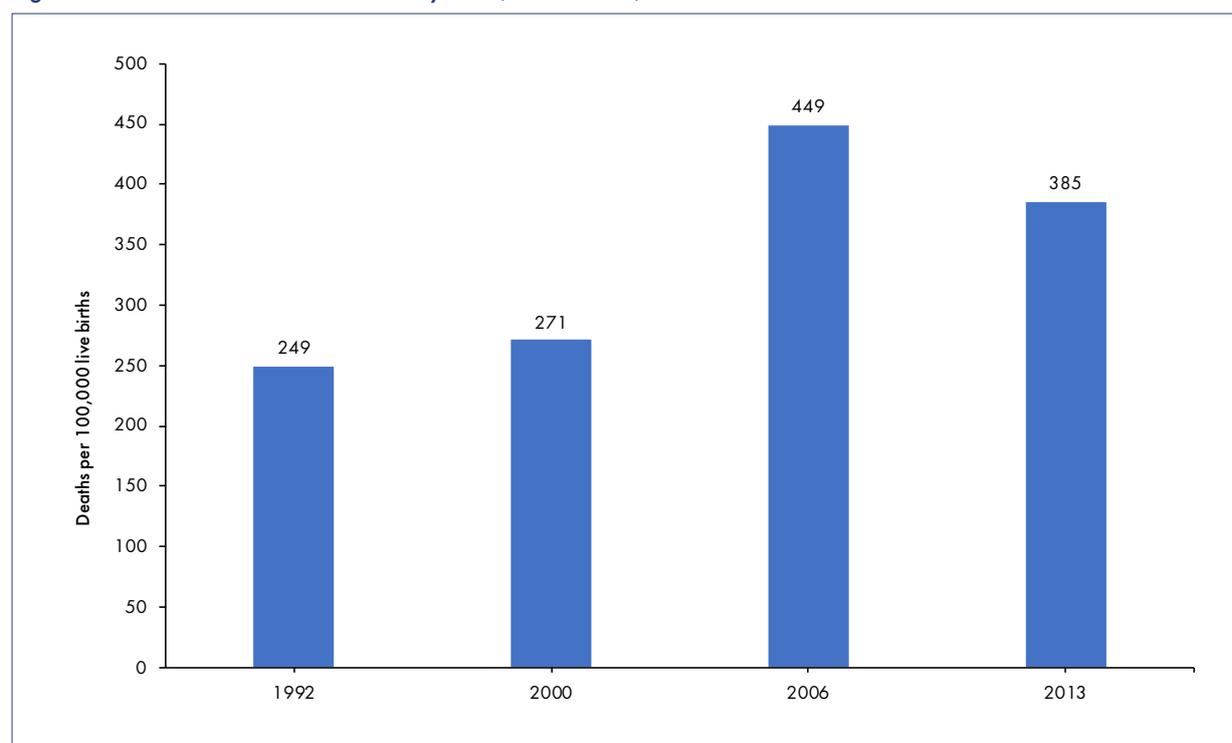
Maternal mortality

Maternal mortality remains a public health concern in Namibia. In 2013, maternal mortality ratio was estimated at 385 deaths per 100,000 live births, down from 449 deaths recorded in 2006/07, but higher

than in 2000 (271) and 1992 (249) (Ministry of Health and Social Services (MoHSS) & ICF International, 2014). This represents 9% of all deaths among women in the reproductive age group, compared to 6% in 2006-07, 10% in 2000, and 13% in 1992. Namibia's Maternal Mortality Ratio (MMR) remains high despite very high access to maternal health care services including antenatal care, skilled delivery and PMTCT. In 2013, there was almost universal access to skilled antenatal care (97%), while three in every four pregnant women (76.1%) attended at least four antenatal visits (Ministry of Health and Social Services (MoHSS) & ICF International, 2014). MMR is attributed to direct causes including sepsis, haemorrhage and eclampsia. A study conducted in 2010-2012 showed that indirect causes also contributed a lot to MMR, with HIV/AIDS being the most important indirect cause, responsible for 68% of all maternal deaths (Ministry of Health and Social Services, 2010). Lack of consistent high-quality care at facilities was however highlighted as an underlying factor in most of the recorded maternal deaths.

As Figure 3.2 shows, although maternal mortality is declining, the level remains unacceptably high. While Namibia has achieved the target for births to be attended to by skilled health providers, it did not meet the target to reduce maternal deaths to 56 for every 100 000 live births. However, the country is committed to reducing maternal mortality, and this is evidenced by the multi-sectoral institutional structures, the Life-Saving Skills training of trainers, routine maternal death reviews, enhanced referral system, improved infrastructure and procurement of equipment, strengthened adolescent's sexual and reproductive health and rights, and improved PMTCT strategies among others. Shortage of skilled health workers, high attrition, non-availability of essential drugs especially in rural areas, the inappropriateness of the health infrastructure to provide required skills, slow implementation of decentralisation, inadequate community outreach, and inefficient record keeping and use of the monitoring and evaluation system are some of the factors accounting for maternal deaths.

Figure 3.2: Trends in maternal mortality ratio, 1992-2013, Namibia



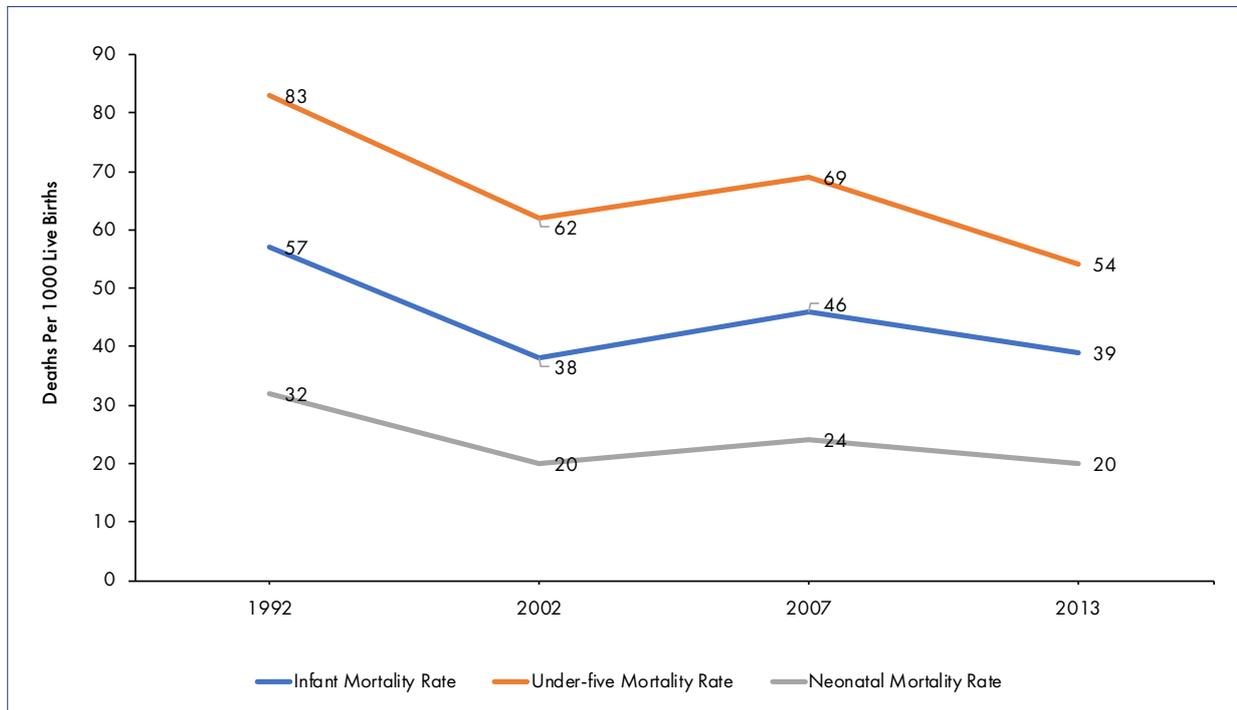
Source: Namibia Demographic and Health Survey 2013

Childhood mortality

There is a general decline in child mortality in Namibia. Under-five mortality rate (U5MR) declined from 69 deaths per 1000 live births in 2006/07 to 54 deaths per 1000 births in 2013. Over the same period, Infant Mortality Rate (IMR) declined from 46 to 39 deaths per 1000 births. However, neonatal mortality, although showing a downward trend, contributes about 37% of all deaths occurring in the first five years of life. This is unacceptably high, given that these are deaths occurring in the first 28 days after birth. Children residing in rural areas had higher mortality rates compared to their counterparts in urban areas. The Kavango Region recorded the highest IMR and U5MR at 63 and 97 deaths per 1000 live births, respectively. On the other hand, Khomas recorded the lowest IMR at 27 deaths while Hardap recorded lowest U5MR at 38 deaths per 1000 live births.

Neonatal conditions (prematurity, low birth weight, asphyxia, and infections), pneumonia, diarrhoea, HIV and malnutrition are the commonest causes of morbidity and mortality in under-5 children in Namibia. About 53% of all under-five child deaths are attributable to HIV/AIDS. The increase in U5MR in 2007 was attributed mainly to the HIV/AIDS epidemic. Intensive PMTCT programme, coupled with increasing immunisation and aggressive malaria control are identified as key interventions that have driven observed decline in childhood mortality.

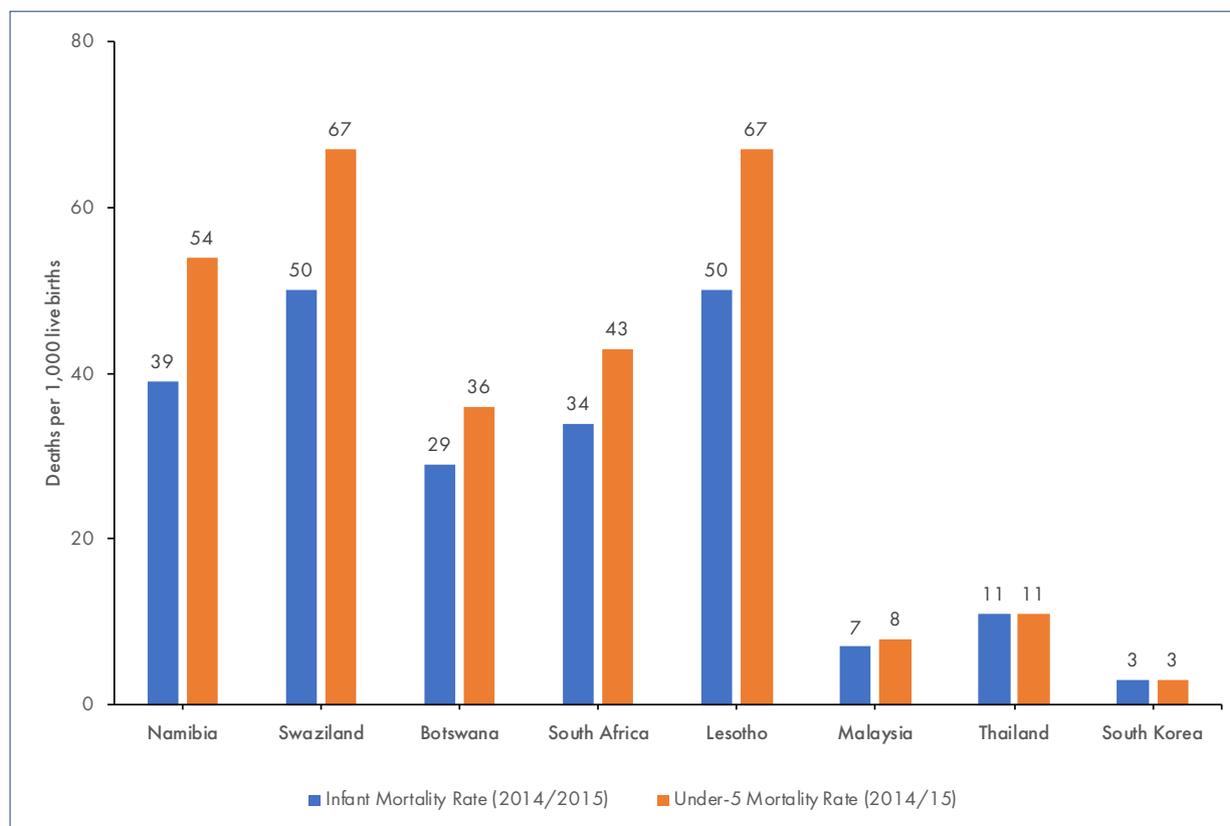
Figure 3.3: Trends in childhood mortality, Namibia, 1992-2013



Source: UN Population Prospects, 2015 Prospects; Namibia Demographic and Health Survey 2013

A comparison of childhood mortality between Namibia, its neighbours, and selected East Asian countries shows that childhood mortality rates for South Korea and Malaysia, are much lower than those of Namibia as shown in Figure 3.4. The mortality rates in the East Asian countries are more comparable to those prevailing in Europe and North America. This shows that it is possible for countries in the global south to drive down childhood mortality to levels seen in the wealthiest countries of the world.

Figure 3.4: Comparison of child mortality in Namibia and selected countries in Southern Africa and East Asia



Source: UN World Population Prospects: the 2015 Revision; Namibia Demographic and Health Survey 2013

Child malnutrition

Apart from being an underlying cause of child mortality, malnutrition is an important factor in other critical aspects of health and well-being in the life course. Malnutrition impacts severely on the cognitive development of children and affects their productivity later in life. Surveys on the cost of hunger, conducted in African countries show that underweight in children can increase mortality rates and that undernutrition is associated with child mortalities in the last 5 years. According to the studies, stunted children have a higher grade repetition rate, are more likely to drop out of school, and on average achieve lower years of schooling than children who did not experience malnutrition (African Union Commission, NEPAD Planning and Coordinating Agency, UN Economic Commission for Africa, & UN World Food Programme, 2014). In addition, adults who were stunted are not able to achieve their potential, as a consequence of child undernutrition. A proportion of national income is also lost as a result of child undernutrition. In short, the cost of hunger is too high.

The 2013 Namibia DHS showed that chronic child malnutrition had declined slightly between 2006/07 and 2013. Prevalence of stunting in children below five years declined from 29% in 2006/07 to 24%, in 2013. Underweight declined from 17% to 13%, while wasting declined from 8% to 6% (Ministry of Health and Social Services (MoHSS) & ICF International, 2014).

Non-communicable diseases

Namibia is undergoing an epidemiological transition with an ever-growing burden in morbidity and mortality related to NCDs, which require an urgent health attention. The forecast importance of NCDs to the burden of disease is critical in moderating the opportunity for Namibia to harness the first demographic dividend. Even if the work-force in the country becomes significantly larger than the dependent young people, a growing burden of NCDs within the working ages will impact negatively on productivity and thereby curtail the optimisation of the demographic dividend that Namibia can earn.

The most common NCDs in Namibia include heart diseases, diabetes, cancer and respiratory diseases. The NCDs are estimated to account for 43% of total annual deaths and 20% of all premature deaths (World Health Organisation, 2014) (Ministry of Health and Social Services (MoHSS) & ICF International, 2014). The leading cause of death in 2015 was lower respiratory infection. Diabetes, anxiety disorder and lower respiratory infection rank among the top leading causes of disability in Namibia. Cardiovascular diseases including hypertension and diabetes are more often the cause of attendance in out-patient services, among inpatients in hospitals. Hypertension and stroke collectively were responsible for 8% of all health facility deaths in 2007. In 2013, 44% of women and 45% of men were classified as hypertensive (Namibia Ministry of Health and Social Services (MoHSS) & ICF International, 2014). Although overall rates of hypertension among adults in Namibia are relatively low, hypertension is a serious health problem among adults age 45 and older and those who are obese. The data shows that 6% of women and 7% of men are diabetic.

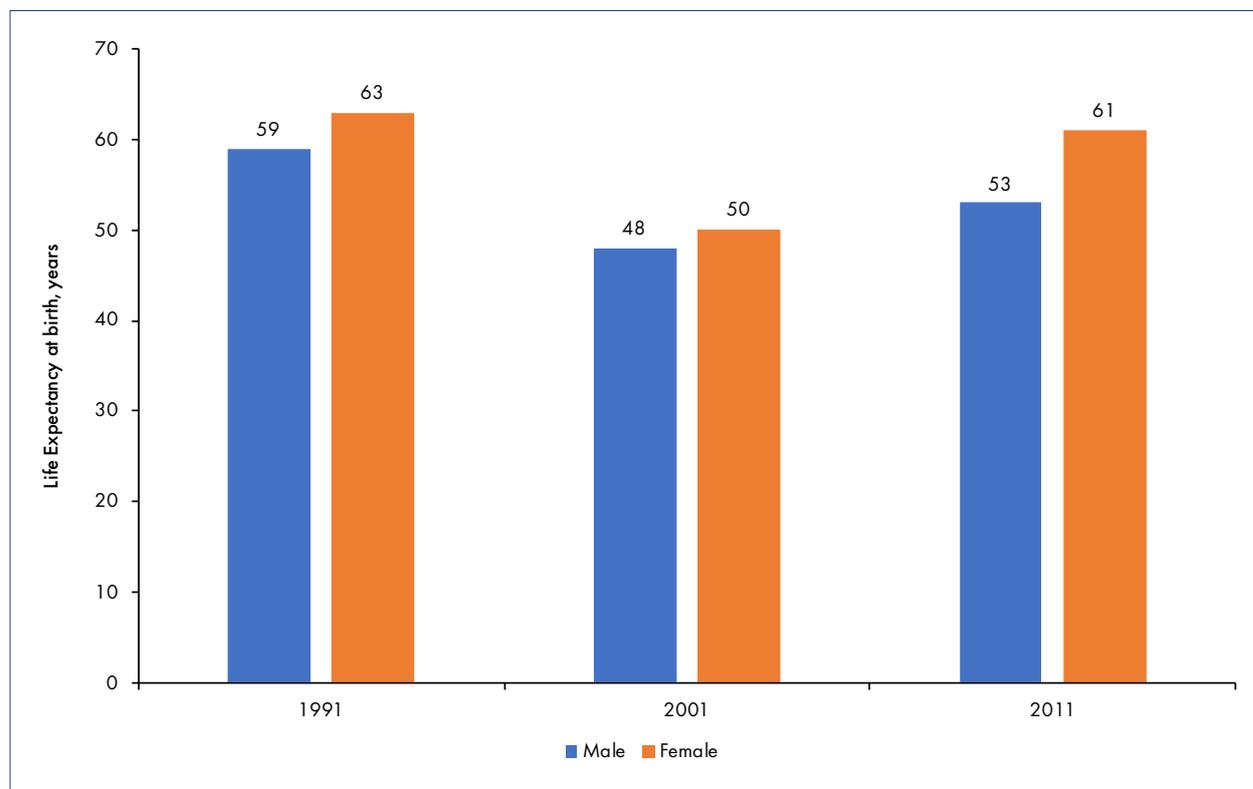
The government has taken steps to control and manage NCDs and is focusing on health promotion and prevention, including surveillance of NCD risk factors to inform early mitigation (Ministry of Health and Social Services, 2010). In 2012/2013, 5% of all health spending was allocated to combating NCDs.

Life expectancy at birth in Namibia

Life expectancy at birth reflects the overall mortality level of a population and summarises the mortality pattern that prevails across all age groups in a given year. It also reflects the health care system and quality of life because adult mortality rate indicates the health of a nation beyond that of the dangers of childhood diseases and so is one of the indicators of a country's development level.

In Namibia, life expectancy has declined from 59 years for men and 63 years for women in 1991 to 48 years and 51 years, respectively in 2001 (Ministry of Health and Social Services (MoHSS) & ICF International, 2014). The trends, however, show an improvement in life expectancy in 2011, estimated at 53 and 61 years, for men and women respectively. Life expectancy is one of the measures of progress included in Vision 2030. The aim is to increase life expectancy at birth to 68 years for males and 70 for females by 2030 (Republic of Namibia, 2004).

Figure 3.5: Life expectancy at birth in Namibia



Source: Namibia Population and Housing Census 1991; 2001; 2011

3.2 Health infrastructure and health systems

In Namibia, healthcare system consists of both public and private healthcare services and follows the Primary Health Care (PHC) approach. The government focuses on preventive care, having shifted from curative services after independence. Public health facilities serve at least 85% of the population and the remaining 15% are served by private health facilities (Benedikt Brockmeyer, 2012). There is, however, a huge health inequality due to income inequality and the highly sparse settlement patterns, particularly in the south. Certain services like dialysis and organ transplants are available in a few select health facilities, mainly private medical centres, leaving the majority of Namibians, who need these services, without adequate access. Public healthcare provides care through a series of outreach, clinics, health centres and hospitals. The burden of disease in the country is such that despite the commendable investments by the government, the capacity of public health facilities is stretched and this leads to challenges in the quality of care that citizens can receive. These challenges are more pressing in remote rural areas. The main health infrastructure and health systems challenges that continually plague the health sector include the need for continued public funding to secure universal health coverage, training, deployment and retaining of adequate health workers, and ensuring adequate and appropriate services to all Namibians.

Access to health services is hampered by sparsely populated areas outside urban areas. On average, about 21% of the population live more than 10 km away from a health facility (Ministry of Health and Social Services, 2010). Access to health care is at 79% for the majority of the population (Child survival strategy, 2014). Namibia has adequate health care providers and has surpassed the WHO benchmark of 2.5 providers per 1000 population, with a doctor for every 2,952 people and a registered nurse for every 704 people. However, there is a skewed distribution between rural and urban in favour of the latter and between public and private (also in favour of the latter). According to the health policy, about 72% of doctors in Namibia are in the private sector and a little less than 50% of the registered nurses. In addition, about 26.9% of posts in the public sector are vacant; 36% for doctors, 21% for registered nurses, and 42% for social workers. The country depends very much on the recruitment of expatriate doctors (Ministry of Health and Social Services, 2010).

In Namibia, Health and Social Services is among the sectors that receive the highest allocation of the budget, with government funding about 54% of all the total health spending, an indication of government commitment to improving health in the country. Total expenditure on health care is about 9% of GDP. In terms of total government spending, health sector receives about 13.5%, which is close to the Abuja target of 15% (Ministry of Health and Social Services, 2015). However, user fees introduced in all facilities to broaden health financing options, resulted in households out-of-pocket spending of 11% of the total health expenditure in 2012, almost double the 2008 rate. However, this rate, comparable to more developed economies, indicates an increasing financial burden, because more than half of the population lives on less than US\$2 per day (UNDP, 2009; Ministry of Health and Social Services, 2010). Only about 19% of the population is covered by health insurance, leaving out a majority of the informal, unemployed and other vulnerable population. This does not augur well with the government's target of universal health coverage, and thus there is need to identify strategies to sustainably finance health.

4



Education and Skills Development and Gender Profile

4.1 Education and skills development

As early as 1990, the government of Namibia set itself new goals for education in the country in terms of access, equity, quality and democracy (Ministry of Education and Culture 1993:32). It sought to achieve these goals through strengthening senior secondary education, developing a comprehensive Vocational Education and Training (VET) system, enhancing human resources capacity, coordinating the development of higher education and promoting national research and development capacity. Enhancing education standards and skills development is central to planning for a prosperous country. Generally, the level of education in Namibia is high, with only 5 percent of women and 8 percent of men having no formal education as estimated by the Namibia DHS, 2013. Overall, DHS results show that there have been improvements in educational attainment since the 2006-07 NDHS. For instance, the median number of years of schooling completed has increased from 8.5 to 9.1 among women and from 7.2 to 8.7 among men. The government values the importance of education for its citizens, and education and skills development is a highlight in the social transformation pillar of the NDP5. In its development strategy, Namibia commits itself to enhance growth and economic diversification while addressing challenges that include a high degree of regulation and a mismatch between the skill levels in Namibia's workforce and the skills demanded by the labour market. While the principle of sustainable development is the cornerstone for realising the objectives of Vision 2030, education, science and technology make up one of the driving forces of the agents of national development and therefore are investment priorities. Table 4.1 highlights a summary of key education indicators in Namibia.

Table 4.1: Summary of key education indicators for Namibia

Indicator	Percentage
Gross enrolment ratio (GER) in pre-primary education	16
Net attendance ratio in primary education (NAR)	92
Proportion of pupils starting grade 1 who reach grade 5	85
Proportion of out-of-school children of primary school age	8
Net attendance ratio in secondary education	60
Literacy rate (15-24 years)	87

Source: Namibia Demographic and Health Survey 2013 and UNICEF data 2016

Providing citizens with the necessary education, knowledge and skills, empowers them to enter the workforce, thus contributing to the economic transformation agenda. Namibia has made progress in providing access to education to just over 95% of the student age population. Nevertheless, the quality of instruction is not always of the expected standard, this is especially true in schools that serve poor communities. In 2015, only 45% of grade 5 students achieved proficiency in English while 63% of grade 5 students achieved proficiency in Mathematics which are considered primary subjects. The proportion was worse for grade 7 students, achieving 48% and 41% proficiency in English and Mathematics respectively. At the secondary level, there are unacceptably high rates of repetition. Notably, in grade 8, 30% of the students repeated the grade, with more concerning drop-out rates experienced in the most remote, rural areas. It is estimated that less than half (49%) of first graders in extremely remote areas will still attend school in grade 5, even though the quality of teaching is a major issue (Republic of Namibia, 2017). Additionally, the transition from secondary to higher education is very low and estimated at 19% of the grade 12 cohorts.

As far as skills development is concerned, it was already noted at the turn of the century that the country suffers from a skills shortage (Ministry of Labour 2002). Unemployment among those with post-secondary qualifications is only a tenth of the overall figure and there is evidence of vocational training centre (VTC) learners dropping out of their studies to enter relevant employment (Johanson & Kukler 2003). Another indicator of a shortage of skills is that artisans get relatively high salaries. If the government's strategy of diversification and knowledge intensification is successful, then such skills needs are likely to become more acute in future. Moreover, there is a real danger that a shortage of such skills will undermine the overall development strategy. Indeed, the World Bank concludes that skills shortages may be the greatest threat to such a strategy (Bonelli & Odada, 2003). At the same time, there is a need to balance this focus on intermediate to high skills with a strategy for meeting the skills and employment needs of those who are poorly educated, rurally located and outside the formal economy (Bank of Namibia 2002; Johanson & Kukler 2003). To this end, under the NDP5 umbrella, the government's action plan is that by 2022 all earners will have access to equitable inclusive quality education that qualifies them to pursue higher education, as well as put in place an education system that responds to industrial needs.

Early childhood education (ECD)

In order to achieve the maximum return, investment in human capital should start in the early years of life. Early childhood is a critical developmental window when a child's strengths and disabilities can be identified and addressed to avoid further problems. Early childhood development (ECD) encompasses all aspects of a child's development including cognitive, social, emotional and physical abilities. In Namibia, the national ECD Policy has been in place since 1996 and was later reviewed in 2005. The end goal of the policy being community-based sustainable ECD programmes, accessible to all young children and their families, particularly those in rural areas and those living in difficult circumstances. The government has made a commitment towards the well-being of the children of Namibia by becoming one of the signatories to the **Convention on the Rights of the Child**.³ It is worth noting that within the National

³ Namibia was one among the first group of countries to sign and ratify the CRC on September 28th 1990

Programme of Action for Children of Namibia (NPA), there is a section on early childhood protection and development which strongly supports ECD activities (UNESCO, 2006). According to the 2011 National Population and Housing Census, only 13% of all children aged 0-4 years were enrolled in ECD programmes; whereas children in urban areas (19%) were more likely to receive ECD services than those in rural areas (9.8%). In 2012, a total of 61,218 children were enrolled in ECD centres, of which 52.1% were girls and 47.9% were boys. Out of all girls aged 0-9 years in the country, 12.1% were at ECD centres while 11.2% of all boys were enrolled at the centres. In total, 11.7% of all children younger than 10 years were at the ECD centres. In the country as a whole, the highest enrolment percentages were among children aged 4-5 (24.6%) and 6-7-year-olds (18.7%) where the enrolment rates were several times higher than the other age groups. Overall, enrolment rates for girls were slightly higher than for boys in all the age groups (Ministry of Gender Equality & Child Welfare, 2012). These figures indicate a need for the government to make more investments in early childhood education so as to increase access to pre-school education in all regions of the country.

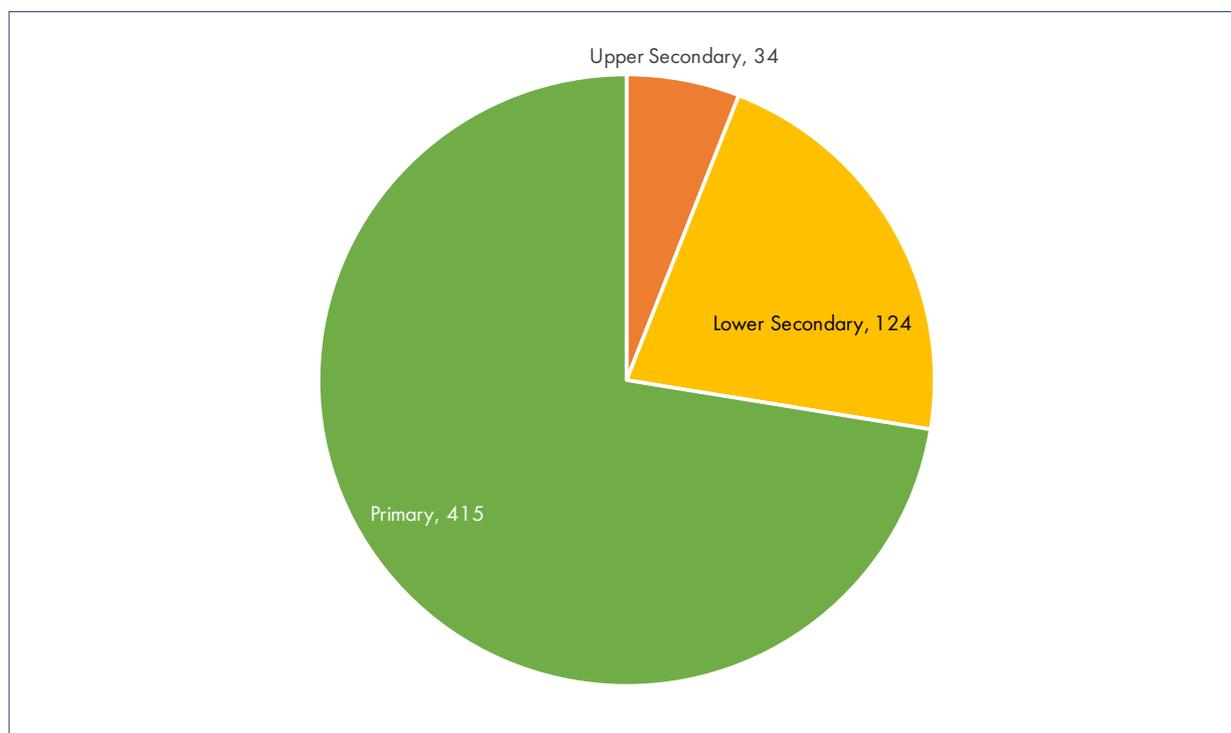
Basic and senior secondary education

In Namibia, the Gross Enrolment Ratio (GER) in primary education is 109% for both girls and boys combined. This decreases to 83% in lower secondary, with a student transition rate to secondary school of 82%, meaning that four out of five children proceed from primary to secondary school. At primary level, the net enrolment rate is 88% while the primary completion rate is 85% (UNESCO Institute of Statistics, 2017). Both of these indicators provide a sense of the progress the country is making towards universal primary education; a key UN Millennium Development Goal. For Namibia, this suggests that the country has yet to achieve universal primary education (World Bank, 2014). The academic system is structured so that the primary school cycle lasts 7 years, lower secondary lasts 3 years, and upper secondary lasts 2 years. In 2012, Namibia had a total of 574,000 pupils enrolled in primary and secondary education. Of these pupils, about 415,000 (72%) were enrolled in primary education (Figure 4.1). Although young people aged 15-24 may still be in school and be working towards their educational goals, it is notable that approximately 5% of youth have no formal education and 19% of youth have attained at most incomplete primary education, meaning that in total about a quarter (24%) of 15-24-year-olds have not completed primary education in Namibia.⁴ It is disturbing that only a small proportion of students who enrol in primary school actually proceed to, and complete secondary school.

³Namibia was one among the first group of countries to sign and ratify the CRC on September 28th 1990

⁴Education Policy and Data Centre (EPDC) extraction of DHS dataset 2007

Figure 4.1: Number of pupils in Namibia by school level (in 000s)



Source: UNESCO Institute for Statistics 2007-2012

Moving forward, the government has proposed several basic education strategies (under the NDP5 umbrella) to improve the skills base, including;

1. Develop and maintain the education structure by constructing hostels in remote schools, developing an institutional infrastructure maintenance plan as well as reforming and expanding the school feeding programme.
2. Reformation of the primary curriculum to focus on building a strong foundation in numeracy and literacy while promoting critical thinking and information literacy.
3. Improve evidence-based planning and monitoring, ensure full implementation of the Performance Management System at all functional levels in order to enhance transparency, accountability while improving service delivery.
4. Improve the quality of teaching to raise learning outcomes; through the provision of curriculum compliant teaching in addition to learning materials.
5. Develop a national strategy on education for peace and stability, conflict prevention and resolution.
6. Empower marginalised communities to fully engage in and pursue social, political and economic opportunities by removing obstacles to integration.

Tertiary education

One of the basic functions of higher education in any country is to satisfy varying needs of skills development and training. In so doing, it is paramount that higher education relates its programmes to regional, national and international socio-economic needs of the country. Higher education in Namibia consists of universities, a polytechnic and colleges of education. According to the Higher Education Act No. 26 of 2003, being a post-secondary entity does not constitute automatic qualification as higher education, although it does mean qualification as tertiary education. To this end, the government has made policy changes in the higher education system, in addition to introducing reforms and new curricula at several Higher Education Institutions, at different levels.

There is a great need for tertiary education for young Namibians so as to be better equipped for employment. The present system was initiated after Independence, in the early 1990s, and is still evolving, for instance, with the recent establishment of a second public university, in 2015. The history of higher education in Namibia can be described in three phases: pre-Independence initiatives in the 1980s, creation and consolidation of public and then private institutions in the 1990s, and accelerated expansion since the late 2000s. Generally, enrolment has grown exponentially and is high by southern African standards. The number of tertiary education students increased by a factor of ten in the two decades following independence, to 43,761 in 2013, largely owing to explosive growth since the late 2000s – 60% of the increase took place after 2008. By 2013, Namibia had reached a GER of 19%, much higher than the average ratio for sub-Saharan Africa and ratios in many other southern African countries, but still well below the global average of 32.8%. Given Namibia's population growth and progress in enrolment at the secondary level, the trend in enrolment should continue over the next decades (UNESCO Institute of Statistics, 2017). In terms of advancement, the University of Namibia has undergone rapid expansion, from 1,400 students in 1992/93 to 24,280 by March 2016 (UNAM management)⁵. About 11,000 students (about 45%) are registered at the main campus in Windhoek, and the remaining 13,280 (about 55%) are spread among the eleven other campuses (UNAM management)⁵. A major challenge for tertiary education in Namibia is the lack of qualified teachers and research staff. To achieve quality education, institutions need to establish appropriate mechanisms to ensure that the awarded qualifications meet international standards.

Technical and vocational education and training (TVET)

Vocational Education and Training is steadily emerging as a global frontrunner in driving national development agendas, and features prominently in the strategic and operational priorities of regional economic communities and multilateral organisations, including that of the AU, ILO and United Nations Educational, Scientific and Cultural Organisation (UNESCO). TVET prepares learners to participate in the economy through their creative and innovative skills. 25,137 individuals in Namibia were enrolled in TVET in 2015; while the vocational education completion rate stands at 60% (Government of Namibia).

⁵UNAM: University of Namibia

In line with Vision 2030 realisation, the NDP5 will reform the TVET so that it attracts a wider range of learners and prepare them for the high job demand in the labour market. The rationale to prioritise and invest in VET is strong and convincing and stems from the recognition of VET as a source of skills, knowledge and technology needed to drive productivity in knowledge-based and transitional societies for the 21st century. VET is further accorded a high premium because of its potential to equip citizens with job-ready skills and for its potential to deal with the global challenges of youth employability and unemployment. Productivity is the basis for sustained economic growth and wealth accumulation. Therefore, for Namibia to improve its global competitiveness, it is important for the population to have the required technical and vocational skills.

The challenge facing this sector, however, is that TVET provision is inadequate in terms of access and, in many cases, quality. Many potential TVET learners are either unable due to problems of access, or unwilling due to a negative perception of TVET generally or the lack of a desired course, to attend. The perception is that TVET is an entry point for students on the lower end of the ability spectrum. This also acts as a deterrent for individuals who would otherwise benefit from enrolling. Many potential TVET learners fail to comprehend how the training will translate into employment opportunities hence the need to review TVET programmes. With 37% of the population between the ages of 16-35 and an unemployment rate of 37% for the youth, Namibia has a large pool of young workers who can contribute to the economic transformation agenda. The challenge, however, unskilled youth. A youth sector with technical skills is a precondition for becoming an industrialised nation. VET is critical for expanding manufacturing and value addition.

Currently, enrolment in TVET represents half of the enrolment of Namibian's three main universities. The development of vocational technical skills in the country will reduce unemployment rate through increased employment creation. This, in turn will increase and improve manufacturing and value addition for economic activities. The 5th National Development Plan seeks to upgrade TVET training centres. In addition to expanding and upgrading the physical infrastructure, equipment and programmes, new training centres will be established in areas where there are none. Initiatives will include harmonising TVET curricula, transforming some VTCs into TVET colleges, a reintroduction of pre-vocational subjects in schools, attracting qualified artisans into TVET and upskilling current trainers. TVET will also be rebranded to increase its appeal to career-minded young people. The total number of trainees enrolled at both private and public TVET institutions will be doubled from the current enrolment of 25 000 to 50 000 (NDP5).

Education transition rates, school drop-out and gender parity

The percentage of out-of-school children in a country shows the proportion of children currently not participating in the education system and are, therefore, missing out on the benefits of school. In Namibia, 7% of official primary school ages children, are out of school. Specifically, about 7% of boys, of primary school age, are out of school compared to 6% of girls of the same age. There is a big disparity between the poorest and the richest children for both primary and secondary school age, in Namibia.

° EPDC extraction of DHS dataset 2007

Nearly 29% of the female youth of secondary school age are out of school compared to 32% of the male youth of the same age.⁶ The net attendance ratio (NAR) is 90% at the primary level and 50% at the secondary level. The rural primary school NAR is 88%, as compared to 93% in urban areas (NDHS, 2013). Generally, the number of learners in each grade of primary school (up to grade 7) is evenly distributed, meaning that many children complete primary school. But there is a marked drop-off from grades 8 to 12, due to high secondary school dropout rates. Moreover, there is a bulge in grades 1, 5 and 8, caused by very high repetition rates (18%, 21% and 30% respectively) Ministry of Education, Arts and Culture, 2013.

According to the World Bank collection of development indicators, effective transition rate from primary to lower secondary general education, gender parity index (GPI) in Namibia was reported at 1.02 in 2012 (World bank, 2016). The ratio of the female transition rate to the male value for the same indicator is calculated by dividing the female value for the indicator by the male value for the indicator. A GPI of 1 indicates parity between females and males. In general, a value less than 1 indicates a disparity in favour of males and a value greater than 1 indicates a disparity in favour of females. In Namibia, there is an even distribution between boys and girls, reflecting gender parity at both primary and secondary throughout the country. At the primary school level, the GPI is more than 1 for the NAR and 0.95 for the GAR, but both are more than 1 at the secondary school level. This means that there is a greater gender disparity in favour of females in secondary school than in primary school. This parity difference is especially pronounced between urban and rural areas. The GPI associated with the secondary school NAR in rural areas is 1.28, as compared with 1.01 in urban areas; the GPI associated with the secondary school GAR is 1.20 and 1.01 in rural areas and urban areas, respectively (NDHS, 2013). Large differences in GPI are also observed by region. The difference in the GPI for both the NAR and GAR by wealth quintile is more pronounced at the secondary level.

Quality of education

Education is a vital human right, enshrined in the **Universal Declaration of Human Rights and the United Nations Convention on the Rights of the Child**. Every girl and every boy should have the right to quality education so that they can have more chances in life, including employment opportunities, better health and also to participate in the political process. Similarly, SDG 4 on education aims to “ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.” In 2012, there were 1,723 schools, with 24,665 teachers and 617,827 children in school. There are generally, a manageable size of 25 learners per teacher, for both primary and secondary schools. Only a small portion (11%) of class groups have more than 40 learners (Ministry of Education, Arts and Culture, 2013). The net attendance rate (NAR) for primary is high, at 91%, but lower, 47%, for secondary (DHS, 2006/07). The rates vary slightly in the 2013 NDHS at 90% and 50% at the primary and secondary level, respectively. Information on indicators of learning in a country, lend insight into the quality of educational provision. Learning, in this case, is measured through literacy rates, which are important. Literacy is a foundational skill needed to attain higher levels of learning, and national performance on learning assessments. Namibia ranks at the 36 percentile in access to education and at the 38 percentile

in learning, in comparison to other low and middle-income countries. Furthermore, the literacy rate is 87% among the youth population; this is lower than the average youth literacy rate in other upper-middle-income countries. Following the most recent Southern and Eastern Africa Consortium for Monitoring Educational Quality (SACMEQ) III reading and math assessment results, nearly 14% of test takers in Namibia performed below the lowest performance benchmark in reading, compared to an average of 17% for other countries that took the same assessment (SACMEQ, 2012). Another dimension that measures school retention is the survival rate. The survival rate to grade 5 of primary school for males in Namibia is 90%, ranking it in the 36 percentile relative to all countries, in the 63 percentile relative to Sub-Saharan Africa, and in the 47 percentile relative to low and middle income countries for this indicator (UNESCO Institute for Statistics, 2017).

The mismatch between graduate skills and labour market needs

There is a perceived mismatch between graduates' skills set and the demands of the economy. The current Namibian labour market is experiencing a mismatch of skills where graduates are employed in the wrong fields. This is to say that the country is experiencing a low supply of qualified human resources in critical areas such as agriculture and mining. As such, emphasis should be placed on bridging the disparity between the supply of and demand for labour. The government database indicates that there are over 64 911 job seekers, a situation, according to Minister of Labour, Industrial Relations and Employment Creation, largely attributable "to the fact that there appears not to be some interactions between institutions of Higher Learning and other training institutions with the labour market." Graduates are therefore not able to find or create jobs for themselves.

Namibia has committed itself to enhancing growth and economic diversification while addressing challenges that include a high degree of regulation and a mismatch between the skill levels in Namibia's workforce and the skills demanded by the labour market. The government has also made attempts to bridge the skills deficit, for example, the Basic Education Teachers' Diploma (BETD) provides unqualified and under-qualified teachers with an opportunity to upgrade their education levels. In response to this situation, the government has introduced a programme aimed at improving the education system and work towards achieving Vision 2030. The Education and Training Sector Improvement Programme (ETSIP) was developed after the government, together with the World Bank, made an assessment of the education system, and found that the education and training system is not efficient. It is expected that the government will, through ETSIP, improve the education and training sector by addressing the need for quality, equity, relevance and responsiveness. The programme also seeks to enable the education and training sector to meet the skilled labour and knowledge requirements of the Namibian economy (World Bank, 2012). Moving forward, higher education institutions will have to undertake a major paradigm shift to provide the human resources to exploit economic opportunities. However, the problem of skills does not merely lie with higher education institutions, the labour market requirements and government intervention are equally instrumental. For instance, there needs to be a symbiotic relationship between the industry and the higher education sector as well as more involvement to provide more opportunities

for employment. The government's role would be to provide a legislative, financial and facilitative environment. Additionally, more graduates should be encouraged to pursue careers in fields such as mining and agriculture, given that the national economy is heavily dependent on them.

4.2 Progress on gender-parity

Namibia made significant progress on several gender parity indices. For example, in 2006, Namibia's Gender Gap Index was about 0.68 (out of a maximum of 1) compared to 0.76 in 2016, ranking 14th globally. The index measures the gender gap in areas such as educational opportunities and participation, health (life expectancy and sex ratio at birth), economic opportunities and participation by women, and political empowerment of women. Table 4.2 shows that Namibia is performing particularly well in education and health, (scores of between 0.98-1.0). Over the last decade, the country is improving very well (surpassing many countries) on economic empowerment of women (0.61 in 2006 to 0.78 in 2016) but the progress in political empowerment of women is rather slow, dropping in rank from 29 to 31 between 2006 and 2016 respectively (Global Gender Gap Report, 2016).

Table 4.2: Namibia gender gap index and its components

	2016		2006	
	Rank	Score	Rank	Score
Global Gender Gap Index	14	0.765	38	0.686
Economic participation and opportunity	20	0.781	57	0.614
Educational attainment	35	0.999	43	0.993
Health and survival	1	0.980	93	0.967
Political empowerment	31	0.299	29	0.172
Rank out of	144		115	

Source: Global Gender Gap Report, 2016

The Global Gender Gap Index (GGGI) reveals that all countries can do more to close the gender gap. Namibia ranks 108 out of 159 countries on the Gender Inequality Index (United Nations Development Programme, Human Development Report 2016). In 2015, Namibia's second President, Hifikepunye Pohamba, became the fourth African leader to receive the Mo Ibrahim prize for good governance and raising the standards of living. Moreover, all Namibians, including the female population, participate meaningfully in the democratic processes and structures. As a result of the government's decision to promote 50/50 zebra style gender representation across all structures, Namibia ranks number 2 in Africa and number 4 in the world, with respect to female representation in Parliament (Government of Namibia, 2016). In the Southern Africa Development Community (SADC) region, Namibia ranks seventh for the proportion of women in Parliament, and the global ranking is 47 (Inter-Parliamentary Union,

2013). Overall, Namibia has retained a proportion of 22.7% women in cabinet following a reshuffle in 2012. There are 5 women ministers out of a total of 22, holding the portfolios of finance, foreign affairs, home affairs, gender equality, and labour and social welfare. Women representation in the cabinet in Namibia reached a high of 27% in 2006, up from 14% in 2000 according to the 2013 SADC protocol of gender and development.

The labour force is one area in which gender differences are normally accentuated. The latest Namibia LFS, 2016 provides some sobering facts for gender equality in the country. The Labour Force Absorption rate (also known as the Employment-to-Population ratio) shows that 45.8% of all Namibians in the working-ages 15 years and older are employed. However, the labour force absorption rate for males (51%) is 10 percentage points higher than for females (41%). Likewise, the male unemployment rate (29.8%) is also much lower than the female unemployment rate (38.3%). Another interesting facet is underemployment. A significant proportion of Namibians who are employed are in fact underemployed⁷. While the overall underemployment rate is 7.8 percent, 8.9 percent of among employed females compared to 6.7 percent among employed males are underemployed (Namibia Statistics Agency, 2017a). These findings from the 2016 Namibia LFS show that there is an urgent need to work even harder towards closing the gender gaps in the labour force.

It is recognised in development literature, that women's participation and inclusion in development is critical in the fight against poverty and inequality. Various development plans that Namibia created or ratified – including Vision 2030, the Sustainable Development Goals (particularly SDG5 and SDG16), and the AU's Agenda 2063 – subscribe to the notion that achieving gender equality, empowering all women and girls, and placing a special focus on women is imperative for broad and meaningful development (Democracy Report, 2016). As such, the government of Namibia launched the HPP to fast-tracking Namibia's efforts towards eradicating poverty and inequality and ensuring inclusive development. It is important that the Plan is gender neutral, and does not exclude women from the priorities highlighted in the plan. However, the plan does not specifically promote women's development and it makes little effort to include women in a way that recognises their history of disenfranchisement or at least acknowledging that they are in a worse socioeconomic status than men. The Namibia Statistics agency's poverty Report highlighted that "more women (32%) than men (26%) are poor with women being almost 1.23 times more likely to be poor than men." (Namibia Statistics Agency, 2012). The report also recognises that these disparities should be a target area for poverty reduction, emphasising the need for gender-specific eradication of poverty policies to ensure that both men and women reach their full potential.

Gender-Based Violence (GBV) in Namibia is widespread, with the most common forms of GBV being domestic violence perpetrated by an intimate partner, through rape, sexual harassment and forced marriages (Ministry of Gender Equality and Child Welfare, 2012). According to Sister Namibia⁸, "there were approximately 1,075 reported cases of rape nationwide for each year between 2009 to 2012".

⁷Reference is in regards to Time-related underemployment defined as the percentage of employed persons who worked less than a specified threshold of hours during the reference period and were willing and available to work more hours than those worked in their job(s).

⁸ Sister Namibia, 2016. Gender-Based Violence in Namibia. Retrieved from: <https://sisternamibia.com/gender-based-violence/basic-gender-information/numbers>

However, the actual number of rape cases and other incidents of GBV is likely much higher as victims often choose not to report the crimes due fearing reprisal from the perpetrator, family pressure, self-blame and/ or societal stigma and discrimination. The organisation also notes that out of 92% to 94% of rape cases, women and girls are the victims. About one-third of rape victims are below the age of 18 and approximately 30% of young women report their early sexual experiences prior to age 15 as forced. The Namibian government has, in several policies, recognised the need to make gender equality and women's empowerment, a key component of national development.

These policies include:

- The Revised National Gender Policy (2010-2020)
- National Gender Plan of Action (2011)
- National plan of action on Gender Based Violence (2012-2016)
- Labour Act 11 of 2007 (sexual harassment)

In addition, Namibia signed/ratified a number of exceptional laws – both national and regional/ international instruments, which should be a major benefit for women. Firstly, the SADC **Declaration on Gender and Development** and its addendum on the prevention and eradication of violence against women and children helps in pushing the women empowerment agenda. Another example is the adoption of the Protocol to the African Charter on Human and Peoples' Rights on the Rights of Women in Africa (2003) which enhanced the realisation of several gains for women. Despite the progress made towards gender parity in the country, efforts to bridge the gender gap still exist and need to be addressed, including enforcement of existing laws and policies to achieve gender equality and address gender-based violence. The insights above further demonstrate that there is still much to be done in mainstreaming gender, achieving gender equality, overcoming the high level of patriarchy in the Namibian society, and bringing about national development with women at the centre.

5

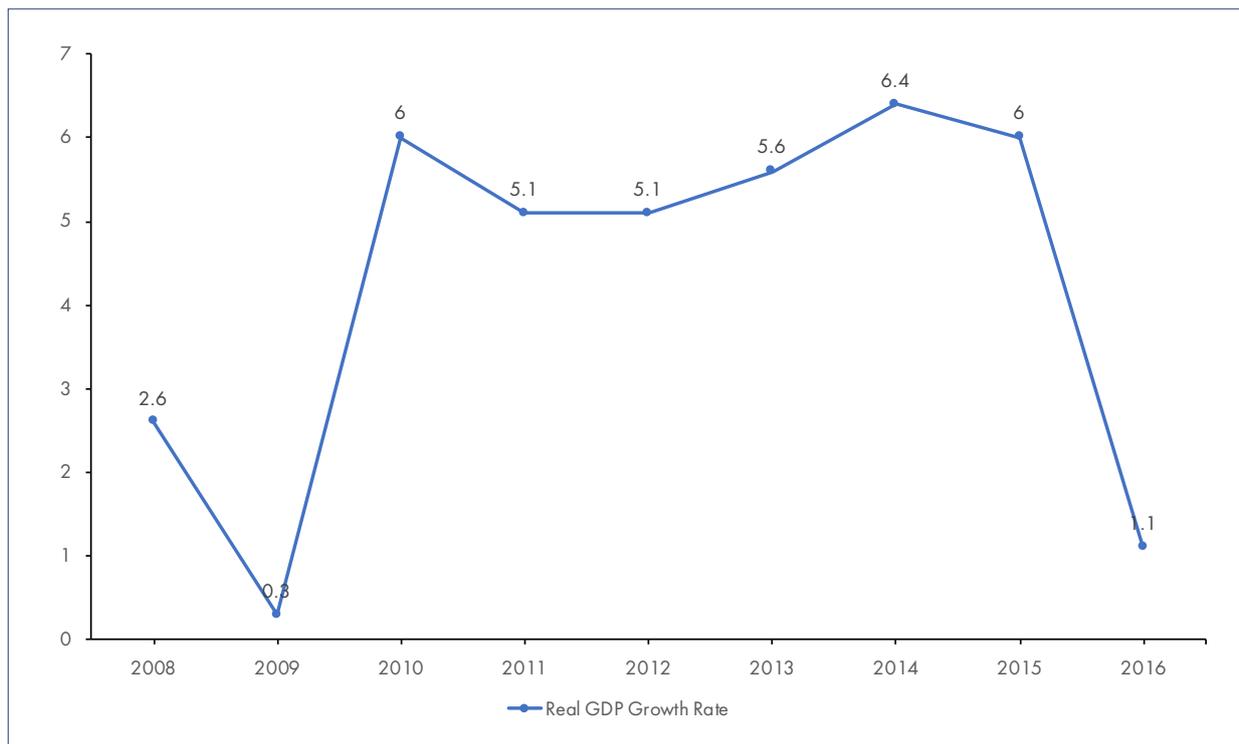


Economic Outlook and Opportunities

5.1 Economic status

Namibia is classified as an upper-middle income country since 2009. Between 2006 and 2012, per capita GDP at current market prices rose from USD 3,862 to USD 6,046, before declining to USD 5,062 in 2015 (SADC, 2016). For the past decade, Namibia has been experiencing a sustained positive economic growth (Figure 5.1). However, GDP growth dropped to 0.3% in 2009, due to the global financial crisis. A recovery was realised in 2010 when GDP growth accelerated to 6%. In 2015, GDP growth dropped to 6.0% from 6.4% in 2014 and further weakened significantly to 1.1% in 2016, attributed to the secondary and tertiary industries that recorded a contraction in real value added of 7.8% and a slow growth of 3.9% respectively (Namibia Statistics Agency, 2017).

Figure 5.1: Average annual growth rates in real GDP, 2008-2016

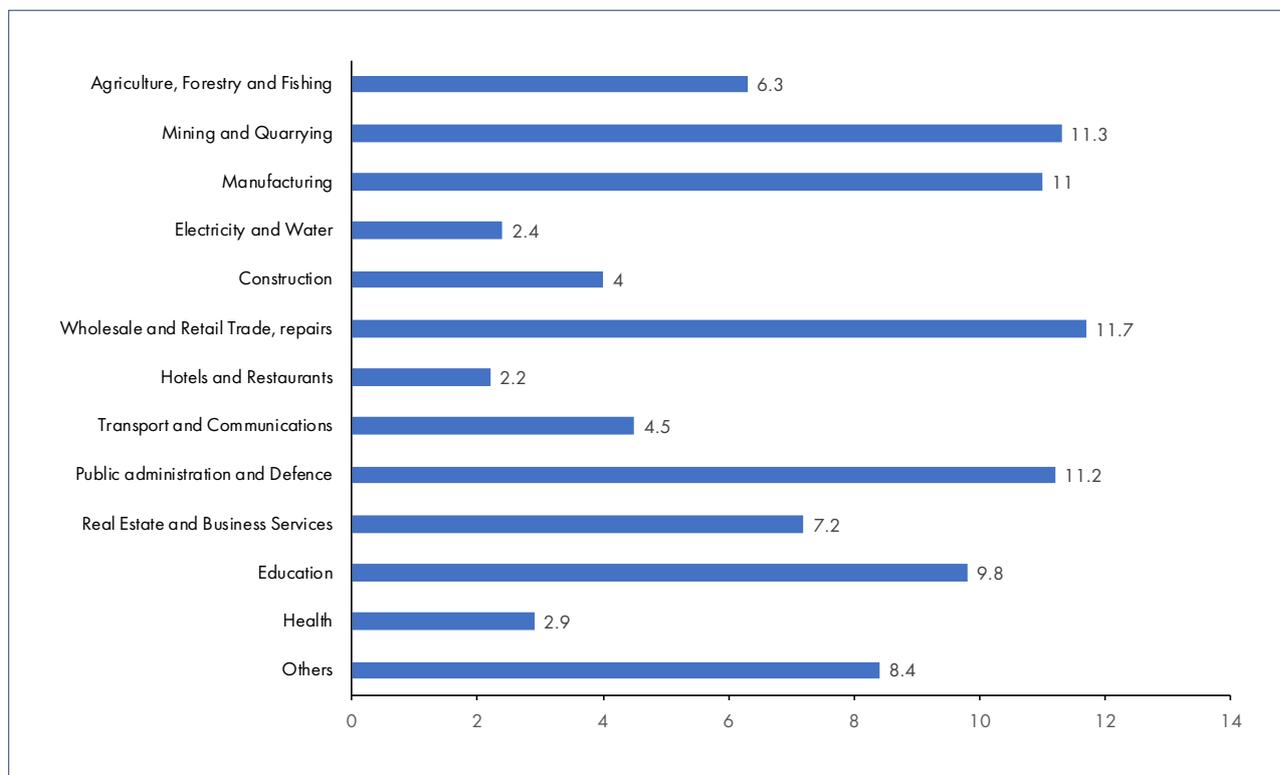


Source: Namibia Statistics Agency, 2017

Key drivers of Namibia's economy

Mining, manufacturing, agriculture, construction and services are the key sectors in Namibia's economy, contributing to both overall outputs in the economy and employment. In 2016, economic growth in Namibia was mainly driven by the tertiary sector, accounting for 58% of GDP and is dominated by the wholesale and retail trade sectors that contributed 11.7% of GDP. The secondary sector accounted for 17% of GDP with the main driver being manufacturing that accounted for 11% of GDP. The primary sector constituting of the agriculture and fishing, and mining sectors, contributed 17.6% to GDP in 2016 with the latter accounting for 11.3%. (Namibia Statistics Agency, 2017). Figure 5.2 summarises the contribution of various sectors to GDP in 2016.

Figure 5.2: Contribution to GDP by industry in percentage, 2016



Source: Namibia Statistics Agency, 2017

5.2 The determinants of economic growth in Namibia

In the context of economic growth literature, several factors are deemed important for economic growth. Among these is the accumulation of human capital, research and development (considered to be an investment in knowledge), employment and macroeconomic policies. This section focuses on the performance of economic growth in Namibia through the employment and macroeconomic policies links.

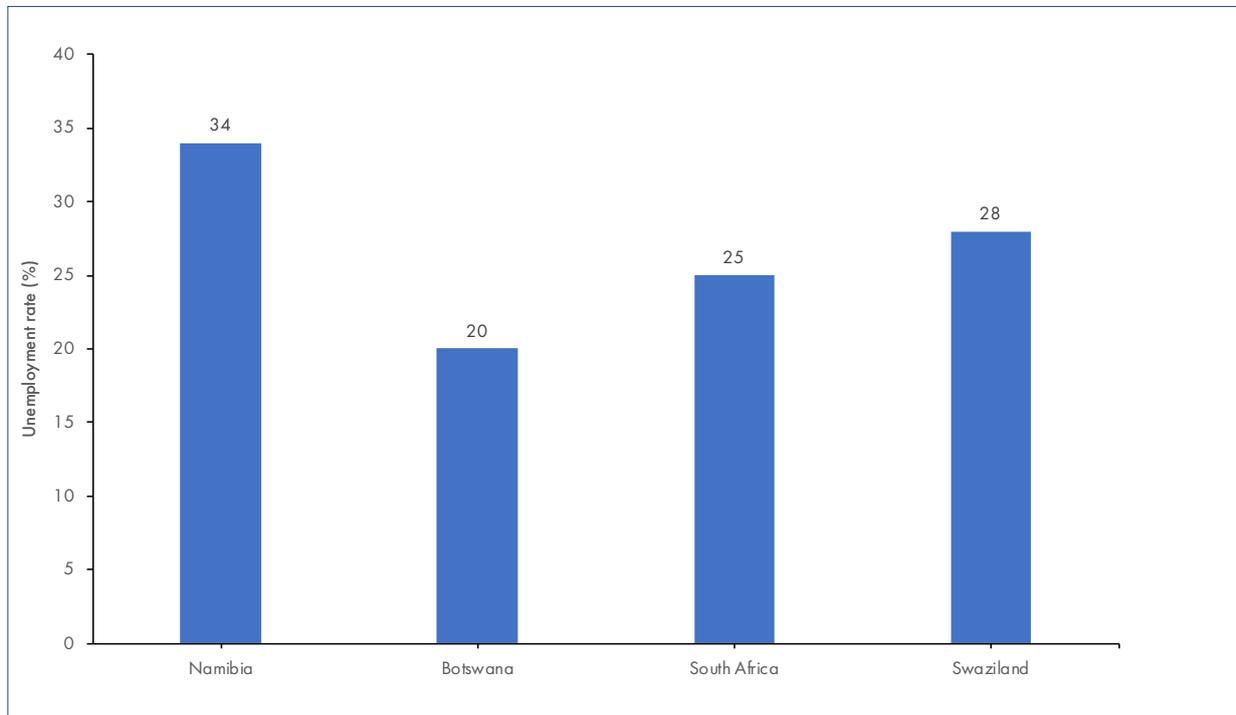
Employment and economic growth

The relationship between employment and economic growth is bi-directional. On one hand, a productive labour force can substantially contribute to the growth of the economy. On the other hand, economic growth can create economic opportunities and employment. The positive economic growth Namibia experienced has not translated into massive job creation, the country still struggles with high levels of unemployment, especially among young people. Among the Southern African Customs Union (SACU) countries⁹, unemployment was highest in Namibia, at an estimated 34%, captured in 2016 Labour Force Survey (LFS) (Figure 5.3). Unemployment rates in Namibia have been persistently high over the years and increased by about 6% since the 2014 LFS when it was 27.9% with females and rural area dwellers suffering higher rates. The 2016 LFS recorded an unemployment rate of 38.3% for females compared

⁹ Namibia is a member of the Southern African Customs Union. Other member countries are South Africa, Botswana, Swaziland and Lesotho. One of the objectives of SACU is to facilitate the equitable sharing of revenue arising from customs, excise and additional duties levied by member states. All customs and excise collected in the common customs area are paid into South Africa's National Revenue Fund. The revenue is shared among members, and South Africa is the custodian of this pool.

to 29.8% for males and 39.2% rate for rural areas compared to 30.3% in urban areas (Namibia Statistics Agency, 2017a).

Figure 5.3: Recent unemployment rates in Southern African Custom Union Countries



Source: Namibia Labour Force Survey 2016 & SADC Statistical Yearbook 2015

The LFS 2016 also reveals that although higher education attainment was associated with lower unemployment rates, a significant proportion of educated Namibians are unemployed. One in four (24.5%) Namibians with post-secondary education are unemployed.

It is also important to note that in addition to unemployment, underemployment has also been on the rise in Namibia. The LFS 2016 estimated the time-related underemployment¹⁰ to be 7.8%, a 2.9% rise from 2014.

Youth unemployment

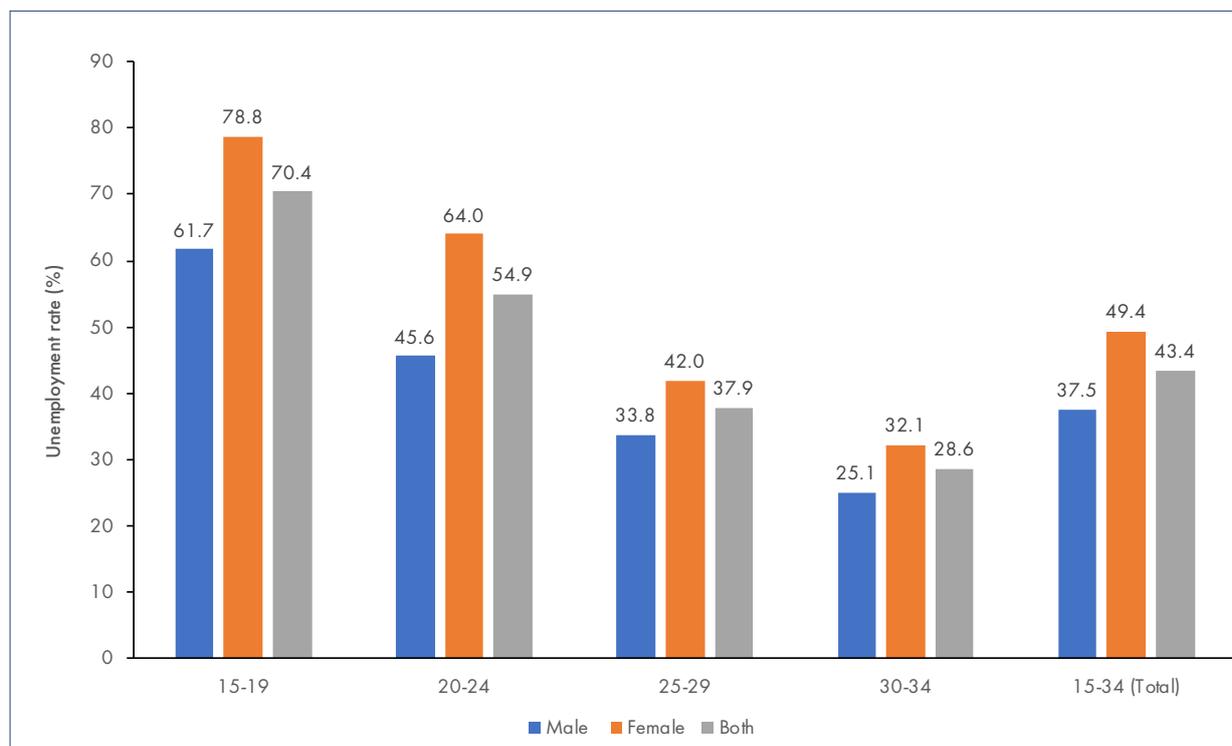
Youth unemployment is a particularly significant problem that Namibia to grapples with. At 43.4% unemployment rate, the youth between the ages of 15 and 34 have a much higher unemployment rate than the national average of 34%, females and younger youth cohorts are also more likely to be unemployed. (Figure 5.4).

The consequence of very high youth unemployment rates is that the theoretical young dependency age which is often stated as children below the age of 15, does not apply to Namibia. In fact, many young Namibians who should be productive adults, are dependents well into their thirties because of the lack of work opportunities. This has serious implications for Namibia reaping the demographic dividend.

¹⁰ Time-related underemployment is defined as the percentage of employed persons who worked less than a specified threshold of hour during the reference period and were willing and available to work more hours than those worked in their job(s). For LFS 2016, threshold is 35 hours per week.

Even as the age structure of the country is transitioning to one with more people in the working ages, the potential benefits of increased productivity by young people in the working ages is lost because they are still dependents. The worst part being they are a burden to both their families and the state who have to provide 1 basic goods and services at the expense of household and national savings and investments.

Figure 5.4: Youth unemployment rates are very high in Namibia



Source: Namibia Labour Force Survey 2016

The Namibia LFS indicates that the agricultural sector is still the largest employer, accounting for 20.1% of employment. This is followed by wholesale and retail trade, which accounts for 9% of the employed. It is telling that the two leading employment sectors shed off many jobs between 2014 and 2016 when agriculture accounted for 29.5% and wholesale and retail trade accounted for 14% of those employed. Job losses in these sectors likely contributed to the increase in the unemployment rates. Further, despite agriculture and trade being the largest employers, 90% and 67%, respectively, of their employees in are in the informal sector. This points to a limited potential for improved living standards for a majority of the employed population.

Economic growth lifted many Namibians out of poverty. The incidence of poverty declined by 11 percentage points from 37.9% in 2001 to 26.9% in 2011, translating into a total number of 125,277 fewer people living in poverty at the end of this period (Republic of Namibia, 2010). However, there is variation in the decline of poverty by region. For instance, while large declines were registered in the northern regions of Ohangwena, Omusati, Kunene and Oshikoto, and in the eastern region of Omaheke, Zambezi and Khomas regions experienced increases of 7.2 percentage points and 1.2 percentage points, respectively.

¹¹ Namibian Index of Multiple Deprivation (NIMD) is a composite index reflecting five dimensions of deprivation: material deprivation, employment deprivation, health deprivation, education deprivation and living environment deprivation. Deprivation refers to an unmet need which is caused by a lack of resources of all kinds, not just financial resources

The data shows that poverty is also skewed to rural areas. These disparities in poverty decline reveal income inequalities and that economic growth has not effectively trickled down to the poor. Namibia has gone beyond estimating poverty, to estimating the level of deprivation in all resources, using the Namibian Index of Multiple Deprivation (NIMD)¹¹. The 2011 results show that 48%, 38%, 64%, and 76% were deprived of material possessions, employment, education and living environment, respectively (National Planning Commission, 2015b). All areas, except employment, showed improvement from 2001 values. Employment deprivation increased during the two time periods due to a decrease in the proportion of people employed, indicating that more people are entering the labour force than the economy can absorb. Health deprivation (years of potential life lost due to premature mortality), also declined over the 2001 to 2011 period.

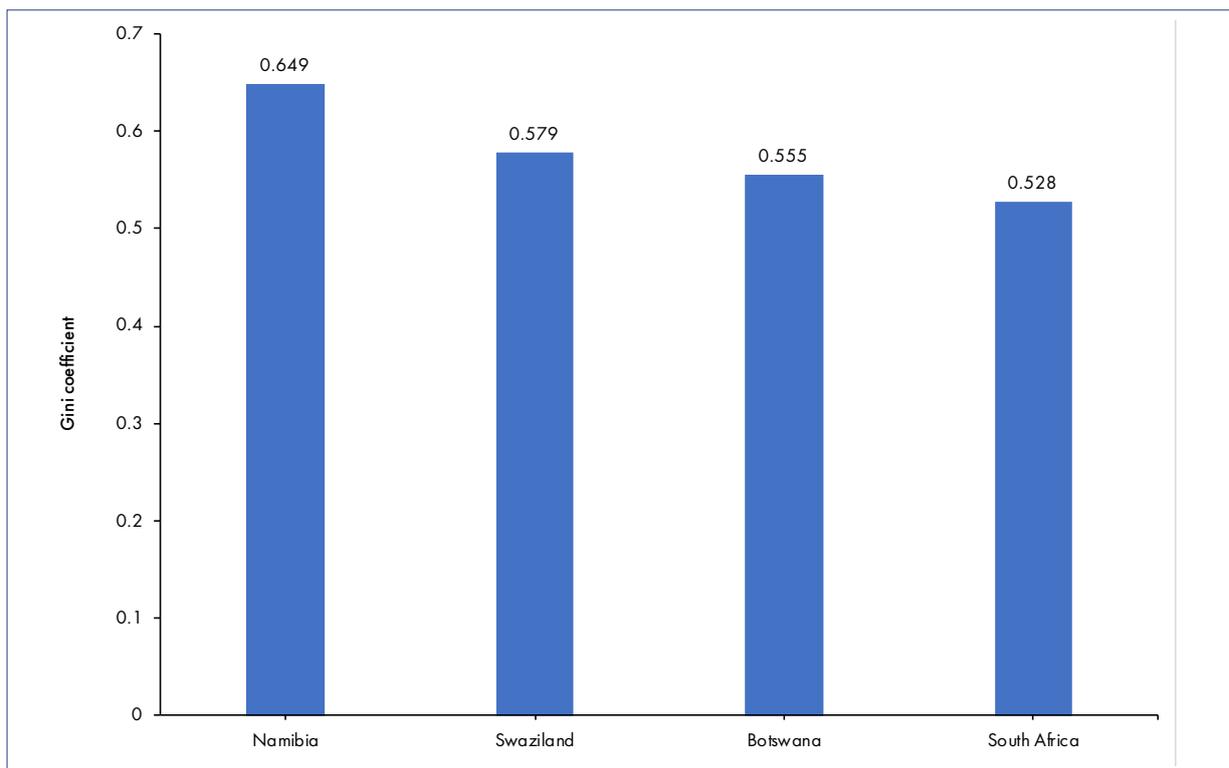
Income inequality in Namibia is one of the highest in the world, jeopardising the country's prospects of realising a demographic dividend that will improve people's lives. In 2011, the Gini Coefficient for Namibia was 0.649 (Figure 5.5) (M.Y. Teweldemedhin, 2015). This was at the time much higher than in other SACU countries which however also have fairly high income inequality. The 2015/16 NHIES however indicates that the Gini coefficient¹² had reduced to 0.560. This is still quite high and indicates that a small fraction of the population has a much larger share of total income than that held by the majority of the people.

Although competitiveness¹³ was one of the key policy priority areas in NDP 4, towards realising Vision 2030's goal of "industrialized and knowledge-based nation", Namibia's competitiveness has been questioned, mainly regarding ease of doing business and adequate skilled labour to meet the specific requirements of the market. Because of its development level, Namibia is categorised as stage two, and its economy should be efficiency driven, mainly by higher education and training, goods market, labour and financial market development and technological readiness. However, Namibia's competitiveness is not only low, but its ranking also deteriorated between 2009/10 and 2013/14 (National Planning Commission, 2015a). The deteriorating competitiveness and the reasons why Namibia lags behind are attributed to institutions, health and primary education, goods market efficiency, financial and market development. These are areas the country should focus on to attract more foreign direct investments (FDI) and transform its economy as highlighted in the Harambee Prosperity Plan (Republic of Namibia, 2016a).

¹²The Gini coefficient, a standard measure used to establish how income is distributed in countries, ranges from zero to 1 where zero means complete equality (all households have the same income) and 1 is complete inequality (all income held by one household). More generally, higher values of the coefficient indicate a more unequal distribution of income and therefore, highly undesirable.

¹³Competitiveness is defined as the expected level of output per working-age individual given the overall quality of a country as a place to do business (Delgado et al., 2012). The World Economic Forum's Global Competitiveness report uses a comprehensive set of factors that influence the expected output per potential worker to identify Twelve (12) pillars of Global Competitive Index (GCI)

Figure 5.5: Income inequality in SACU countries, 2011



Source: Teweldemedhin, M.Y. (2015)

Macroeconomic policies and economic growth

With respect to macroeconomic policy setting, the benefits of realising a substantial economic growth lies in monetary and fiscal policy settings.

Monetary policy

Monetary policy in Namibia aims at ensuring price stability in the interest of achieving sustainable growth and development. The main monetary policy instrument used to control inflation in the country is the repo rate¹⁴. The link between monetary policy and economic growth is to keep the repo rate close to that of South Africa Reserve Bank in order to promote an economic and financial environment that will ensure sustenance of the one-to-one exchange rate between the two countries' currencies (Bank of Namibia, 2016). This permits the South African Rand to be a legal tender in Namibia, alongside the domestic currency. The fixed exchange rate arrangement assures price stability by importing stable inflation from South Africa. South Africa's monetary policy has an inflation target of 3% to 6% and the Monetary Policy in Namibia achieved a repo rate of 7% in 2016. The exchange rate peg is a credible strategy to achieve price stability, considering that Namibia imports 59% of its goods from South Africa. Price stability brings about confidence among producers, potential investors and the general public – and also supports imports and exports which can help job creation and aid infrastructure development. The peg also encourages trade and investment between the two countries.

¹⁴ Repo rate is the rate at which the central bank of a country lends money to commercial banks in the event of any shortfall of funds.

However, a major drawback of pegging the exchange rate to the Rand is it limits the use of the exchange rate or interest rate to design and implement an independent monetary policy to support domestic economic activities and respond to unique economic shocks in Namibia. This renders Namibia incapable of embarking on appropriate and timely policies – and also undermines some of the benefits of the currency peg to the South African Rand. All in all, however, Namibia’s monetary policy creates a conducive environment for investment and economic growth.

The role of monetary policy in a small open economy such as Namibia’s is very important. On the one hand, price stability supports imports and exports that can achieve economic objectives such as job creation and developing the infrastructure of the country. However, a major drawback of pegging the exchange rate to the Rand is the limited scope of using the exchange rate or interest rate for designing and implementing an independent monetary policy to support domestic economic activities and respond to unique economic shocks in Namibia. This renders Namibia incapable of embarking on appropriate and timely policies. This undermines some of the benefits of the currency peg to the South African Rand. All in all, Namibia’s monetary policy creates an environment that is conducive to investment and economic growth.

Fiscal policy

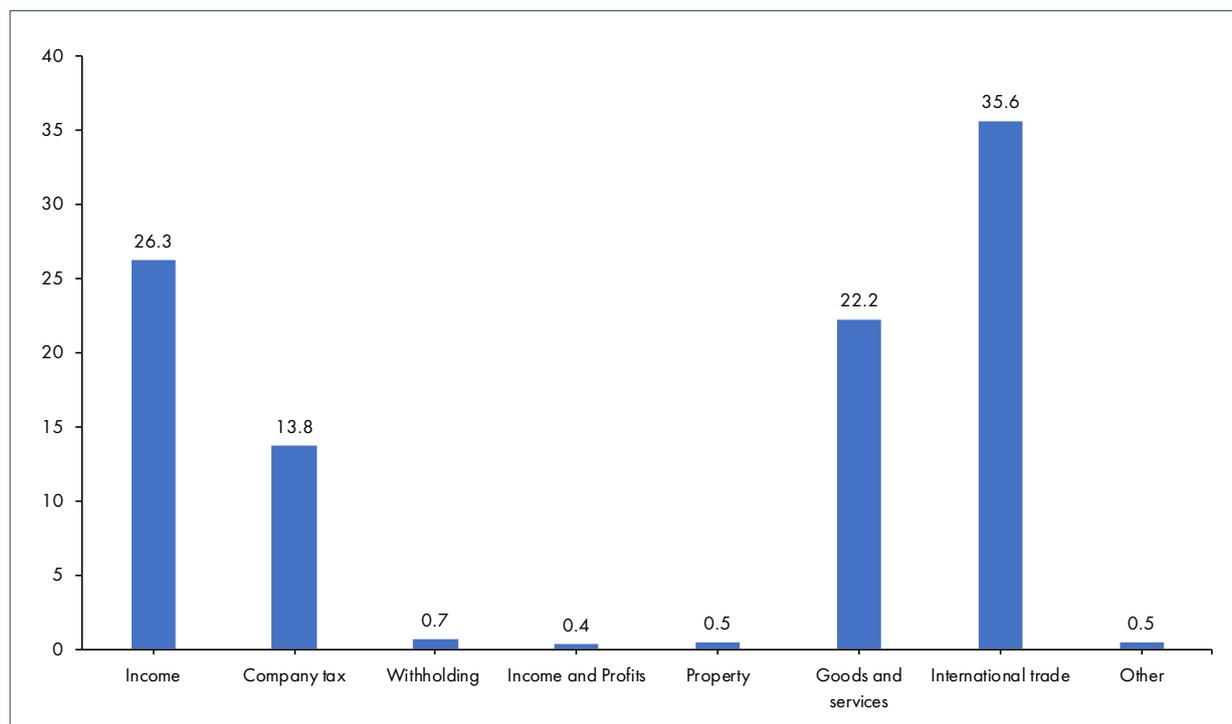
Fiscal policy is the use of government revenue collection and expenditure to influence economic activities. Its settings can be used to affect national income and economic growth. Government expenditure and taxation are the major fiscal policy instruments. Fiscal policy aims to maintain macroeconomic stability as a prerequisite for sustainable economic development and social transformation. In Namibia, fiscal policy has been generally expansionary since the advent of the global financial and economic crises in 2008/09 (Republic of Namibia, 2015). The expansionary fiscal policy is aimed at supporting domestic economic recovery through increased infrastructure spending and by lifting domestic demand. The priority sectors for government expenditure, as outlined in the Fourth National Development Plan, are agriculture, manufacturing, and tourism which are meant to achieve faster and inclusive economic growth, more employment, and greater income equality.

Taxation

Namibia’s tax revenue averaged 92.3% of total revenue over the period of five fiscal years (2009/10-2013/14) (Republic of Namibia, 2015). Between 2012/13 and 2014/14, tax revenue increased by 10.2% marking a significant fiscal expansion. A significant share of the tax revenue in 2014/15 (35.6%) came from taxes on International Trade under SACU (Figure 5.6). This shows the significance of SACU for members’ economies.

²² Repo rate is the rate at which the central bank of a country lends money to commercial banks in the event of any shortfall of funds.

Figure 5.6: Tax revenue by source, as a percentage of total tax, 2014/15



Source: Republic of Namibia, 2015

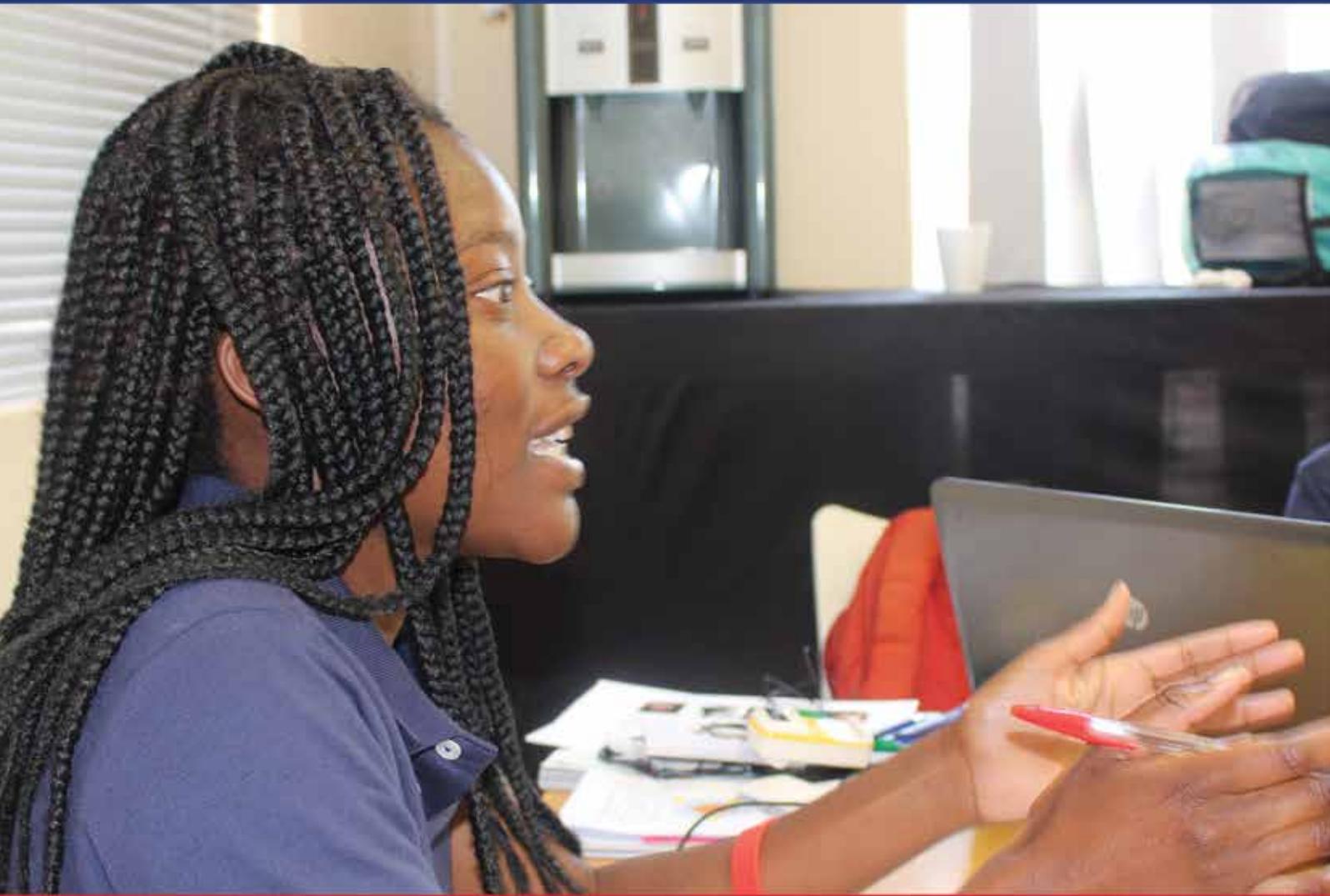
Government expenditure

Government expenditure recorded strong growth in recent years, averaging 18.8% annually, since the 2008/9 fiscal year (Republic of Namibia, 2015). Total expenditure in the 2013/14 fiscal year, represented a budget execution rate of 98.2%. At 37.4% of GDP, this level of expenditure is near the 40% benchmark and is 22.7% higher than the previous fiscal year's spending. The magnitude of fiscal expansion varied over time, with significant expansion undertaken in 2011/12 fiscal year following the introduction of Targeted Intervention Programme for Employment and Economic Growth (TIPEEG). TIPEEG aims to tackle high and persistent unemployment rate, especially among the unskilled youth. The programme is also aimed at supporting strategic high growth sectors.

Fiscal policy also plays a critical role in ensuring equitable resource allocation which has the potential to increase income equality, poverty alleviation and economic growth. Government expenditure and the required taxes may reach levels where the negative effects on efficiency and growth starts to dominate. These negative effects may be more evident where financing relies heavily on more distortionary taxes and public expenditure focuses on unproductive activities. Namibia's fiscal expansion is targeted at investment in productive infrastructure to boost economic growth and revenue.

Also important is to sustain budget deficit at low levels. For 2013/14 fiscal year, the budget deficit was 3.8% of GDP, a 0.1% increase from 2012/13. The deficit was, however, better than the 6.4% expected. The small budget deficit was attributed to better revenue collection, higher nominal GDP. However, expenditure budget execution was weaker, especially that for development expenditure.

6



Governance

Good governance¹⁵ and accountability are critical for the sustained and equitable socio-economic development of a country. Governance is widely understood to be a critical determinant of development outcomes, with economic growth shaped definitively by government practices and the quality of public institutions and politics in shaping the content of economic decisions, social policy as well as their enforcement mechanisms (Adam and Mengistu, 2008; Ndulu and O'Connell, 1999; Pradhan and Sanyal, 2011; Woo-Cummings, 1999). Governance is a vital crosscutting ingredient for the success of all the pillars of the DD. First, governance must yield a diligent allocation of resources to productive investments in economic growth and human capital. Comparative country experiences show that countries experiencing modest growth, rising consumer aspirations such as allocation of resources, require substantial discipline and high levels of integrity among political and bureaucratic elites. Second, governance entails accountability and efficiency in service delivery to ensure the efficient transformation of resources into development outcomes and, more broadly, the careful monitoring of efforts to address development bottlenecks. Transformative governance requires targeted investments in inclusive mechanisms, along with policy and operational research that supports well-resourced, visionary, developmental leadership as well as the technical capacity of planners and service providers, and accountability frameworks to implement programmes efficiently.

Namibia continues to be rated favourably on governance and institutional underpinnings¹⁶ and is seen as one of the most transparent countries in Africa and in the world. Transparency International measured transparency in 180 countries worldwide and ranked Namibia 45th most transparent country globally, which is an upward shift of ten positions in 2015 ratings compared to the 2014 ratings. This improvement in ratings is attributable to a number of measures that like the declaration of assets and release of ministerial performance contracts at all management levels (Republic of Namibia, 2016a). Namibia is rated jointly with Mauritius as the 3rd most transparent country in the African. The country has maintained peace, stability and rule of law, over the last two decades, with all elections declared free and fair. The 2016 Global Peace Index ranked Namibia 55 out of 163 countries in the world, eighth out of 44 nations in Sub-Saharan Africa, and second among the five nations in the South African Customs Union. Namibia's score has also improved on rule of law. It scored 83.9 in the Ibrahim Index of African Governance, in 2016, from 81 in 2012. This makes it the 5th highest in good governance out of 54 African nations. Despite significant progress in establishing a fully functioning bureaucracy, there are concerns that some state functions impede government's ability to provide the quality of goods and services. The ability of the public sector to effectively deliver on its mandate is a prerequisite for rapid growth, job creation and poverty eradication.

The **Good Governance** goal of the NDP5 seeks for Namibia to have the following effective institutions:

- i. Peace, Security and Rule of Law
- ii. Accountability and Transparency
- iii. Public Service Performance and Service Delivery, and
- iv. Statistical Development

¹⁵The World Bank defines governance as "the exercise of economic, political and administrative authority to manage a country's affairs at all levels. It comprises mechanisms, processes and institutions, through which [the state], citizens and groups articulate their interests, exercise their legal rights, meet their obligations and mediate their differences in furtherance of their welfare and the values of a good and progressive society."

¹⁶This rating is by international agencies such as the Mo Ibrahim Foundation, the Heritage Foundation, Transparency International, the Afro-Barometer Survey and Reporters without Borders.

Facets of this would include: improving crime prevention, strengthening national security and territorial integrity in addition to anti-corruption measures, design and implementation of a decentralisation plan and improvement in planning, production and reporting of statistics. Enhanced measures to effectively operationalise these tenets of good governance can improve Namibia's chances of maximising the DD. Objective measurement of good governance and accountability is a difficult task and most indices and measures are often based on surveys that rely on the perceptions of respondents. Such surveys carried out in African countries include **Afrobarometer**, the **Ibrahim Index of African Governance (IIAG)** and **Transparency International's Corruption Index**. The latter two are included as high-level outcome indicators for monitoring performance in the Governance, Safety and Security pillar of Vision 2036. Also included as outcome indicators are the **Worldwide Governance Indicators (WGI)**. The WGI are an important source of governance performance in the continent and globally and are used extensively in this section of the report, especially since it enables comparing Namibia with the rest of the world on various aspects of governance. Details on the WGI are publicly available at www.govindicators.org. The WGI indicators, considered relevant for achieving good governance and likely to facilitate the maximisation of the DD, are defined in Table 6.1.

Table 6.1: Description of world governance indicators (WGI)

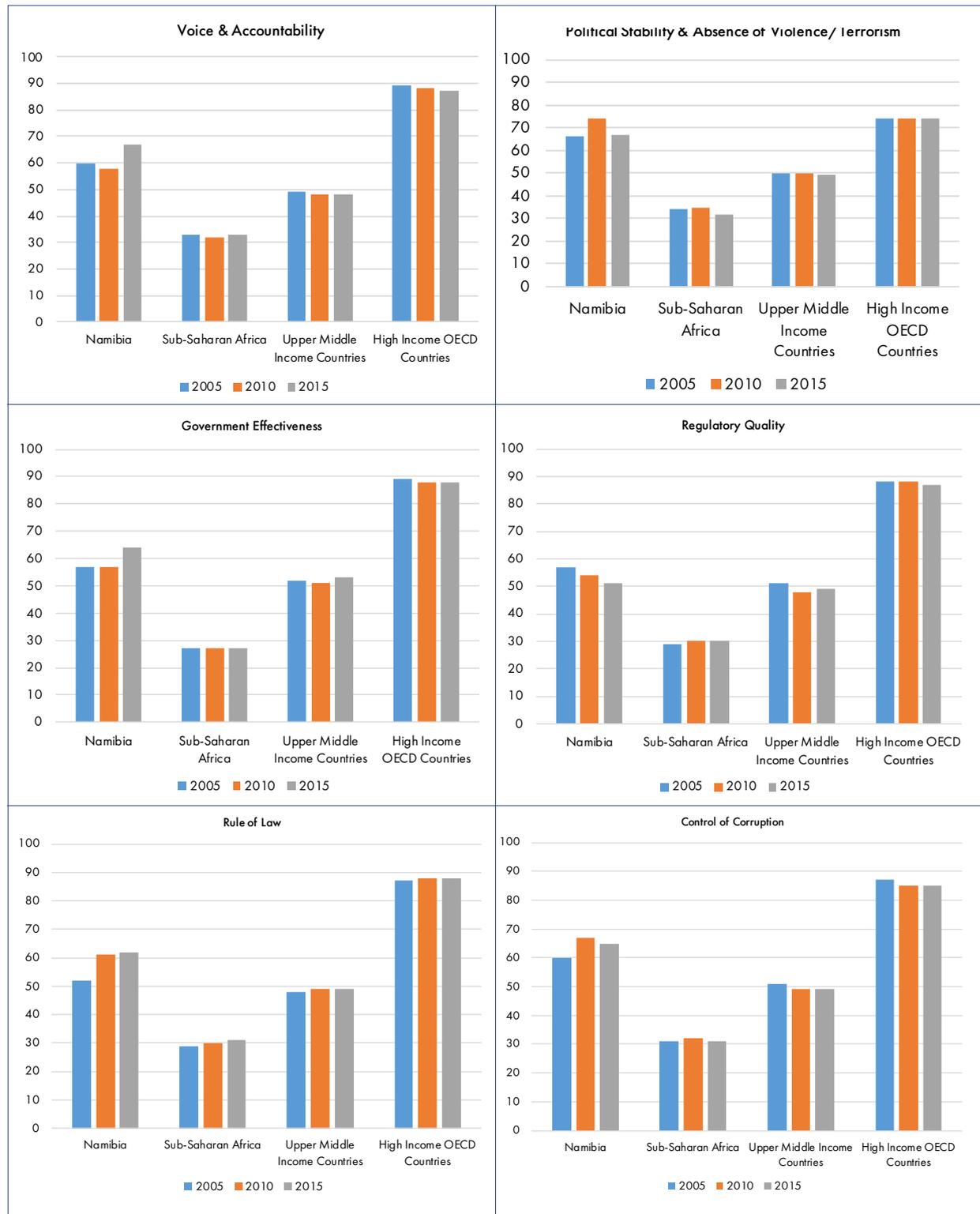
Indicator	Descriptive definition
Regulatory quality (RQ)	Capturing perceptions of the ability of the government to formulate and implement sound policies and regulations that permit and promote private sector development.
Political stability and absence of violence (PV)	Capturing perceptions of the likelihood that the government will be destabilised or overthrown by unconstitutional or violent means, including politically-motivated violence and terrorism.
Government effectiveness (GE)	Capturing perceptions of the quality of public services, the quality of the civil service and the degree of its independence from political pressures, the quality of policy formulation and implementation, and the credibility of the government's commitment to such policies.
Voice and accountability (VA)	Capturing perceptions of the extent to which a country's citizens are able to participate in selecting their government, as well as freedom of expression, freedom of association and a free media.
Rule of law (RL)	Capturing perceptions of the extent to which agents have confidence in and abide by the rules of society, and in particular the quality of contract enforcement, property rights, the police, and the courts, as well as the likelihood of crime and violence.
Control of corruption (CC)	Capturing perceptions of the extent to which public power is exercised for private gain, including both petty and grand forms of corruption, as well as "capture" of the state by elites and private interests.

Table 6.1: Description of World Governance Indicators (WGI)

Country scores of these variables are used to assign a percentile rank to individual countries relative to others included in the measure. A percentile rank simply shows the percentage of countries that fall below a given score. For example, a percentile rank of 57% for regulatory quality for Namibia in 2005 indicates that of the total number of countries assessed on this variable, 57% of them had scores equal to or below that of Namibia. Figure 6.1 shows Namibia's performance between 2004 and 2014 as measured by the WGI indicators compared to the average performance of countries in SSA, Upper-middle-income countries and High-income countries that are also members of the Organisation for Economic Cooperation and Development (OECD). On each of the indicators, a country scores between 0 and 1 that is used to assign it a percentile rank relative to all other countries covered by the WGI in a specific year.

Namibia's performance between 2005 and 2015 on the WGI indicators supports its generally good reputation for good governance and accountability. Apart from **Regulatory Quality** between 2005 and 2015 and **Government Effectiveness** in 2005 and 2010, and **Rule of Law** in 2005, Namibia is ranked above more than two-thirds of the countries in the rest of the data points presented. Additionally, for the Voice and Accountability, the country ranked at the 58th percentile or better for all three years. On all measures over time, Namibia ranked well above the average rank of countries in Sub-Saharan Africa and also performs better than the average of UMICs. Nevertheless, the trends between 2005 and 2015 are not encouraging in terms of progress for most of the indicators with the exception being in **Control of corruption** for which Namibia improved its percentile rank from 60 to 67. A notable drop in performance is observed under **Regulatory Quality** over the years, from 57 to 51 and a negative trend is also recorded between 2010 and 2015 for **Political Stability** and **Absence of Violence/ Terrorism** (from percentile rank 74 to 67) and the **Control of Corruption** (percentile rank 67 to 65). The **Voice and Accountability** measure also saw Namibia slide down from 60th percentile in 2005, to the 58th percentile in 2010 before improving to the 67th percentile in 2015. Therefore, Namibia has a lot of room for improvement and should thus redouble its efforts to ensure that where it slid down the ranks, measures are taken to ensure positive movement. The integrated development agenda to harness a maximum DD will rely on enhanced monitoring and performance management measures that optimise the provision of effective public services. The culture of good governance and accountability also needs to be inculcated in both the public sector and private sector.

Figure 6.1: Comparing Namibia's governance performance and averages of select country groups (Worldwide Governance Indicators)



Source: www.govindicators.org

An important aspect of governance is inclusive participation in decision making, hence women and men should be equally represented in politics and decision-making positions. Women have historically been on the margins of decision-making at almost all levels of development. Moreover, systemic inequalities contribute towards the higher rates of GBV among women, 32% of whom live below the poverty line (NDHS, 2013). Poverty among women is linked to unequal access to productive resources such as land, education, capital, labour as well as limited participation in political and economic institutions. The World Economic Forum's Gender Gap Index (GGI) is considered one of the measures for gender equality. Components that make up the overall index score include **economic participation and opportunity**, **educational attainment**, **health and survival** and **political empowerment**, which are in line with the four pillars of the DD. Namibia made positive strides on all but the last component, in the last decade. Out of a top score of 1 for gender parity, Namibia scored 0.78 for **Economy** (ranking 20th out of 144 countries), 1 for **Education** (ranking 35th out of 144 countries), and 0.98 for **Health** (ranking 1st out of 144 countries), in 2016. This is in contrast to 0.30 score for **Politics** (ranking 31st out of 144 countries). This relatively poor score on gender parity in political empowerment, in particular, contributed to its mean score of 0.76 and its ranking of 14 out of 144 countries (World Economic Forum, 2016). Although the governance status of Namibia as measured by the indicators above generally support the perception that Namibia performs well on governance and accountability, questions linger as to why Namibia does not perform as well as it should in critical aspects of socio-economic development outcomes that are facilitated by good governance and accountability such as reducing inequality. Moving forward, there is a need for Namibia to re-examine its governance and accountability principles, frameworks and practices, with the intention to strengthen so as to address pervasive development bottlenecks and maximise its DD. Further, in order to maximise the DD, Namibia will require more stringent governance in the key sectors of education and skills development, economic reforms that enhance job creation, and public health. Overall governance should seek to achieve the outcomes described below:

- A developmental political settlement i.e. a system of rules and practices for governance that enables political, technocratic and business elites to shape, pursue and encourage achievement of explicit developmental objectives.
- Social inclusion, i.e. participatory development processes whose positive outcomes are enjoyed by, or reach out to all social groups.
- Transparency and accountability for decisions, indecisions, actions and inactions and for prudent use of resources in the delivery of policy objectives.
- Performance-based work culture and improved levels of public integrity achieved through spirited measures to control and stamp out corrupt practices that stand in the way of delivery of public goods and services.
- Promoting the spirit of collective action across the political divide and involving government, the private sector, civil society and non-governmental organisation in a pursuit of clearly defined development goals.

7



**Prospects and Potential
Contribution of the Demographic
Dividend to Namibia's
Development Aspirations**

The NTA framework was developed to analyse what is referred to as the ‘generational economy’, which is defined as “the social institutions and economic mechanisms used by each generation or age group to produce, consume, share, and save resources” (Mason and Lee 2011). By measuring different types of economic flows across the lifecycle, the NTA enables a better understanding of the patterns of the flows that characterise the generational economy across age groups. The key aim of NTA is the quantification of economic flows for single-year age cohorts. Individuals may receive inflows of resources in the form of labour income (Y^l), asset income (Y^A) and transfers from others (τ^+). These resources may then be used for consumption (C), transfers to others (τ^-) and savings (S); these are the outflows. For any individual, inflows must equal outflows. Rearranging the terms yields the following identity, which governs NTA (Lee 1994) and is valid for each age cohort (x):

$$\underbrace{C(x) - Y^l(x)}_{\text{Lifecycle deficit}} = \underbrace{\tau^+(x) - \tau^-(x)}_{\text{Net transfers}} + \underbrace{Y^A(x) - S(x)}_{\text{Asset-based reallocations}} \quad (1)$$

In other words, the lifecycle deficit ($C(x) - Y^l(x)$) equals net transfer inflows ($\tau^+(x) - \tau^-(x)$) plus asset-based reallocations ($Y^A(x) - S(x)$). Since this identity holds true at the individual level, it also holds true at the cohort level and in the aggregate. Accordingly, lifecycle deficits — where consumption exceeds labour income — must be financed through a combination of net inflows from transfers and asset-based reallocations. Individuals and cohorts with lifecycle surpluses would see net outflows in the form of transfers and/or asset-based reallocations.

This study uses the NTA methodology to estimate the size of the DD that Namibia can earn under various scenarios. As will be explained below, to do this, estimates of consumption (C) and of labour income (Y^l) are required. Labour income is differentiated into two types, namely:

- Employment earnings (Y^l_E); and
- Self-employment earnings (Y^l_S).

For consumption, the NTA differentiates between:

- Private consumption (CF), which consists of:
 - Private consumption of education (CFE);
 - Private consumption of health (CFH); and
 - Private consumption of other items (CFX);
- Public consumption (CG), which consists of:
 - Public consumption of education (CGE);
 - Public consumption of health (CGH); and
 - Public consumption of other items (CGX).

To generalise the construction of NTA profiles, first, an age profile for a given flow is constructed using either household survey data or detailed administrative data. The age profile plots the mean per capita value of the flow – averaged across all individuals within each age cohort, whether or not an individual experiences the given flow – at each age. For example, the labour income profile is the mean labour income across all individuals within each cohort, including individuals who are employed, unemployed or not economically active. In the latter two cases, individuals' labour income equals zero and these zeros are included in the calculation of the mean. The mean per capita value of the flow as reflected by the age profile is, then, a combination of the proportion of individuals experiencing that flow and the average value of the flow for those who do experience it.

Next, the age profile is combined with a national population distribution and its level is adjusted so that the implied aggregate value (i.e. the age profile multiplied by the population distribution) equals a control total derived from national accounts or national budget data. The adjustment is made multiplicatively so that the value at each age is adjusted proportionally. The resulting profiles are then aggregated to derive the various profiles of the lifecycle deficit, net transfers and net asset-based reallocations. To aid inter-country comparisons, standard practice in NTA research is to normalise all age profiles by dividing them by the unweighted mean labour income for 30 to 49-year-olds, referred to here as **peak labour income**. Full details of the NTA methodology can be found in the UN manual for the NTA (United Nations 2013).

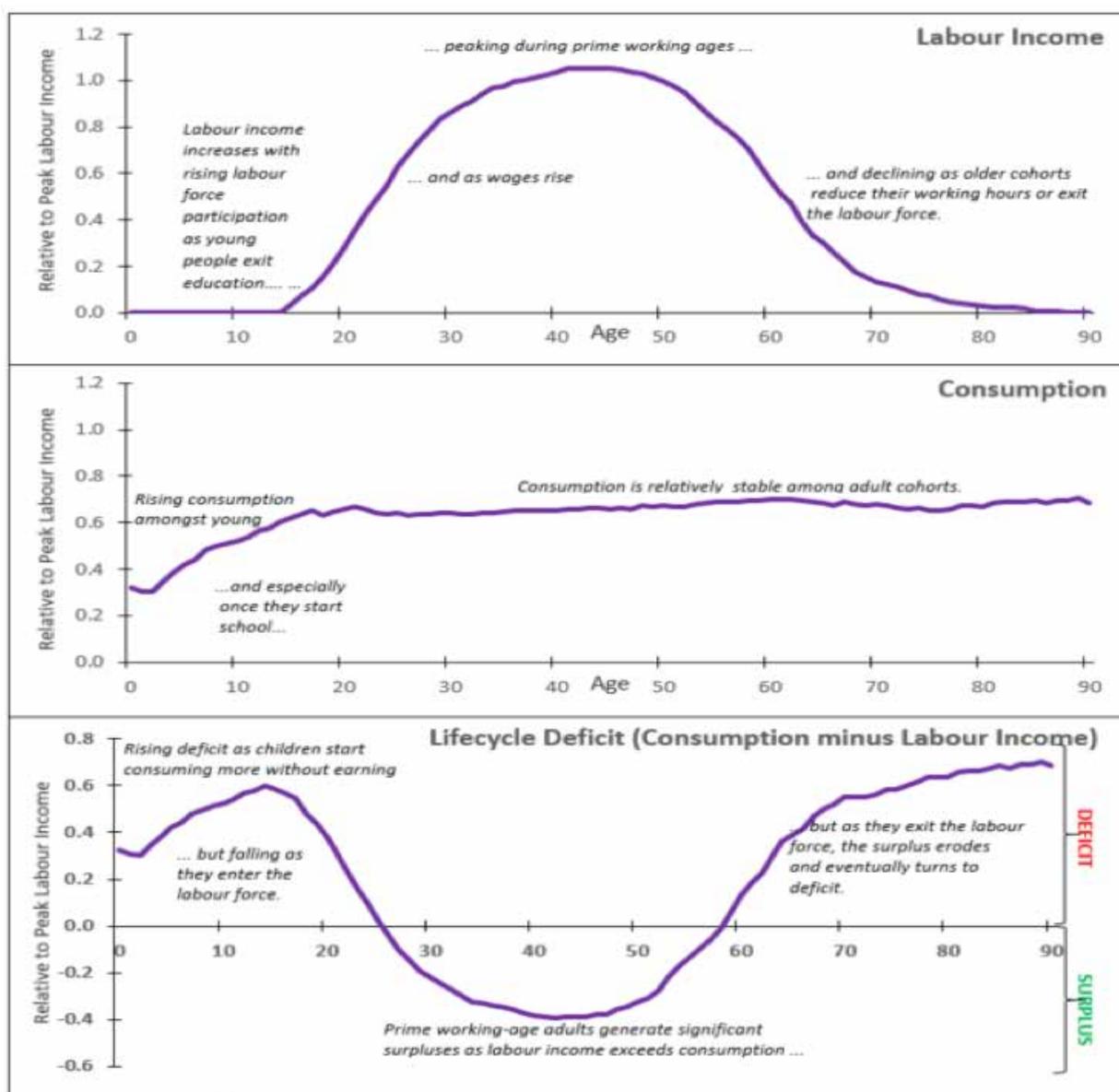
7.1 Estimating the Demographic Dividend within the NTA Framework

The NTA methodology seeks to quantify the generation and use of economic resources at different ages across the lifecycle. A key feature of the economic lifecycle is the variation in consumption and labour income by age that reflects the mismatch between material needs and the capacity to meet those needs through ones' own labour. In societies around the world, the young and old tend to consume more than they produce through their own work. In contrast, working-age adults consume less than they produce. A system of transfer of resources between and across generations is therefore essential to maintain the standard of living of the most vulnerable sections of the population (children and the elderly) and ensure that future generations are better off than the current generation (United Nations, 2013).

The lifecycle deficit (or surplus) is, as noted, the left-hand side of the NTA identity: the right-hand side of the identity then details the financing of the deficit (or the 'distribution' of the surplus) for each age group. For example, a lifecycle deficit generated by a child – whose consumption exceeds her labour income – may be financed through net private transfer inflows (from her family, in the form of food and housing, for example) and net public transfer inflows (from the state, in the form of in-kind consumption of education and health services, for example). An elderly person's lifecycle deficit, on the other hand, may be financed through net public transfer inflows (from the state, in the form of in-kind consumption of health services or as social grants) and through income generated from their assets or dissaving (i.e. positive asset-based reallocations). A working-age adult's surplus may be distributed to others through private transfer outflows, or through the taxes, they pay to the state; at the same time, the individual may be saving for retirement, generating negative asset-based reallocations.

Figure 7.1 illustrates the lifecycle deficit and its components – labour income (upper panel), consumption (middle panel), and the lifecycle deficit (bottom panel, and calculated simply as the difference between consumption and labour income) – graphically. These profiles are calculated as the median across the 35 countries for which these NTA profiles are available in the NTA database.

Figure 7.1: Labour income and consumption across the lifecycle deficit (Global median profile)



Source: NTA network

¹⁷Note: Median profile for 35 countries including Argentina (1997), Australia (2010), Austria (2010), Brazil (2002), Canada (2006), Chile (1997), China (2002), Colombia (2008), Costa Rica (2004), Finland (2004), France (2005), Germany (2003), Hungary (2005), India (2004), Indonesia (2005), Italy (2008), Jamaica (2002), Japan (2004), Kenya (1994), Mozambique (2008), Nigeria (2009), Peru (2007), Philippines (1999), Senegal (2005), Slovenia (2004), South Africa (2005), Rep. of Korea (2000), Spain (2000), Sweden (2006), Taiwan, Province of China (2003), Thailand (2004), United Kingdom (2010), Uruguay (2006), United States of America (2003), and Viet Nam (2008).

Combining the NTA profiles with population estimates and projections, it is possible to analyse the consequences of changing age structure on economic growth. One such structural change relates to the rising share of the population within the working ages associated with the demographic transition.

The effects of a changing population age structure on economic growth can be understood in terms of a simple identity (United Nations, 2013):

$$\frac{C}{N} = \frac{(1-s)Y}{L} \cdot \frac{L}{N}$$

where C/N is consumption per consumer, s is the savings rate, Y/L is income per effective worker, and L/N is the ratio of the number of workers relative to the number of consumers. Living standards, as reflected here by consumption per consumer (C/N), are therefore a function of the income generated and consumed by each worker ($(1-s)Y/L$) and the support ratio (L/N). Expressing the identity in terms of growth rates yields:

$$gr\left(\frac{C}{N}\right) = gr\left(\frac{(1-s)Y}{L}\right) + gr\left(\frac{L}{N}\right)$$

where $gr(x)$ is the growth rate of x . Changing population age structures affect living standards through their effect on the support ratio; thus, the first DD impacts on living standards through the rate of change of the support ratio, the second term on the right-hand side of the equation. Accordingly, “a 1 percentage point increase in the support ratio leads to a 1 percentage point increase in the standard of living” (United Nations, 2013). The first term on the right-hand side of the equation is the route through which the second DD operates.

The purpose of this study is to estimate the first DD and therefore estimate the support ratio over time for Namibia. In practice, the support ratio is calculated as the ratio of the population-weighted labour income profile (i.e. total labour income) to the population-weighted consumption profile (i.e. total consumption). The default projection of the DD within the NTA framework assumes fixed consumption and production profiles, while the demographic change follows the medium scenario of the UN population projections. However, extensions to this scenario can be explored to enrich the analysis. For instance, other population projection scenarios can be applied, or simulations under different labour income profiles applied. In this study, both these avenues are explored and the results and implications of these different scenarios are presented later in this section.

Support ratio vs Dependency Ratio

It is important to note the difference between the support ratio and the dependency ratio that is often used by demographers and economists. The dependency ratio is an approximation of the economic

support, pegged on the population in the theoretical working-ages (15-64) out of the total population. It assumes that all people of working-age are effectively working, while those who are outside active ages (15-64) are all dependents. The NTA framework does not make this assumption. Instead, NTA uses actual data on consumption, transfers and income rather than just making estimates based on age. This reveals a more complex reality in which the age of dependency can extend well beyond age 15. With high unemployment rates among young people, increasing numbers opt to continue living with their parents and other relatives well into their late twenties. Conversely, the NTA can also capture the reality of early/child labour in countries or regions where this is prevalent. Nevertheless, though significant numbers of children may be engaged in income generating activities, the reality is that on average, even in these countries, children as a group generally consume more than their labour income and therefore contribute to the overall dependency burden. In addition, for developing countries with large numbers engaged in the informal sector and with poorly developed social safety nets for the elderly, the NTA would also capture the reality of many elderly people who are not dependents in the sense that they may be working and earning a livelihood.

7.2 Data

This study relied on various data sources for analyses, and a short description and justification of the data used follows below.

Household Survey data

Household survey data is central to the construction of the NTA profiles: it is from this data that the shapes of the majority of profiles are determined. Ideally, we would use a single household survey that would include all the required data; however, this is often not possible. In such instances, we bring together different pieces of data from different datasets in order to compile the profiles.

The NHIES 2009/10, a nationally representative household survey, provided us with the necessary microdata to develop the labour income and consumption profiles. The NTA profiles constructed were thus anchored to 2010 as the base year for the analyses. The microdata utilised from NHIES 2009/10 included the following information:

- Age of each household member
- Income from work (whether employment or self-employment) for each household.¹⁸
- Household expenditure data, with specific detail on: (1) education; and (2) health.

Macro controls

Macro controls — also referred to as aggregate controls — are used to adjust the **levels** of the profiles so that, once weighted by the age-specific population estimates, they are consistent with national accounts. Data underlying the macro controls were abstracted from the National Accounts for 2010 for Namibia,

¹⁸ In calculating the labour income profile, individual-level data on income from work is the preferred format. Unfortunately, although the BCWIS 2009/10 survey did collect this data at an individual level, the microdata only reported these variables at the household level.

supplemented by expenditure data from consolidated national budgets for the same year. Data for the macro controls were primarily drawn from:

- The Generation of Income account.
- The Allocation of Primary Income account.
- Detailed estimates of household final consumption expenditure according to purpose.

In order to disaggregate government consumption as reported in the national accounts, additional information was drawn from actual expenditure figures reported in national budget documentation, with particular detail on education and health.

Population data

Detailed population data—population per single-year age cohort—is required for three key purposes:

- a) To correctly apply the macro controls;
- b) To aggregate these profiles, i.e. to calculate total labour income or total private education consumption within a country; and
- c) To project NTA profiles into the future, which is required for the estimation of the DD.

To ensure consistency across NTA countries, country teams use population estimates and projections from the United Nations' **World Population Prospects**. For baseline projections, the study relied on the medium fertility variant projections from the 2015 Revision of the World Population Prospects (United Nations, 2015)¹⁹. The UN data allow for projections far into the future, but mindful of the increase in uncertainty in projections with time, the decision was made to cap the end year of the simulations to 2060.

7.3 Labour income, consumption and the lifecycle deficit in Namibia

This section discusses the patterns of labour income and consumption in Namibia in the base year 2010 and the resulting lifecycle deficit profile. The labour income and consumption patterns underlie the NTA estimates used to calculate the support ratio and the first DD. Further, the aggregate profiles generated for Namibia are compared with selected profiles generated from existing data within the NTA network database.

Namibia's per capita labour income profile mirrors the expected lifecycle pattern whereby labour income begins to rise in the teenage years, rising steeply from the early twenties when a majority of young people are exiting the education system and joining the workforce, peaks in the most economically productive middle-ages, and then declines rapidly as most older persons retire from the labour force (Figure 7.2, YL series).

¹⁹ The UN medium fertility variant projections for Namibia's fertility show that fertility will have declined to 2.46 children per woman in 2041. This compares reasonably with the medium variant fertility assumptions of the Namibia National Population Projections 2011-2041, which assumes fertility will have fallen to 2.4 by 2041.

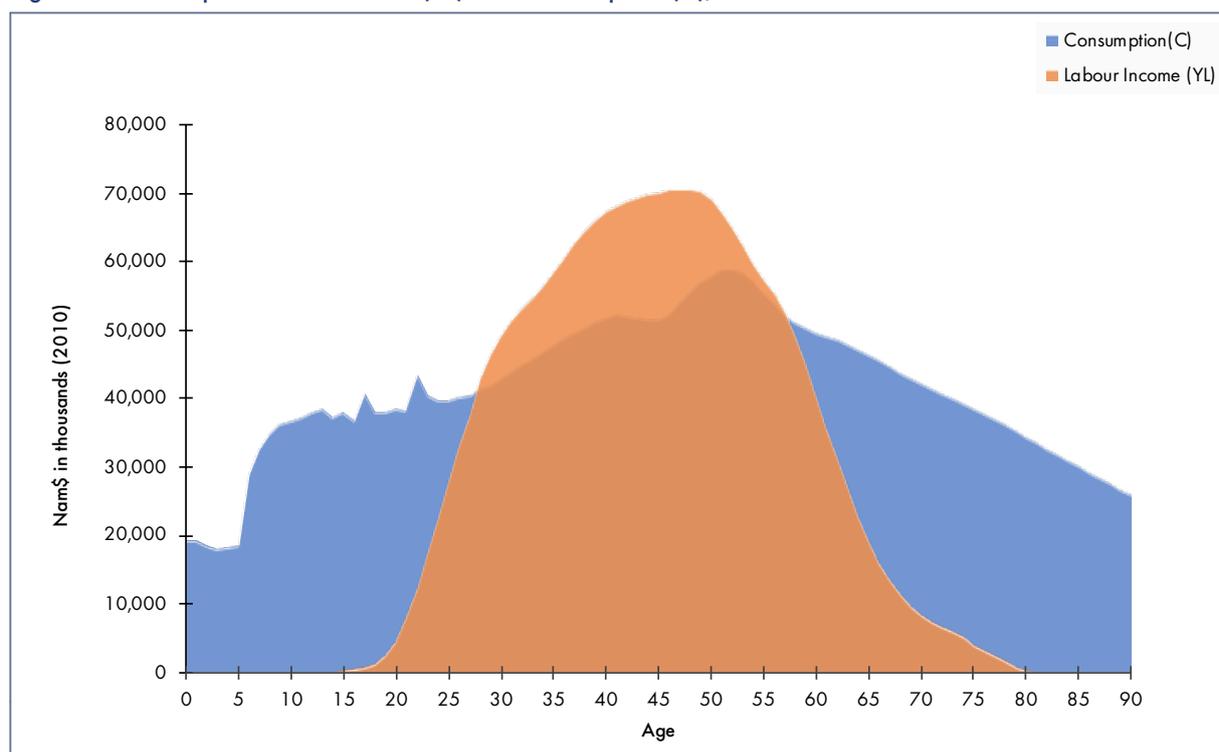
²⁰ Bank of Namibia Quarterly Bulletins show that in 2010 the Namibian Dollar (N\$) was exchanging at N\$ = US Dollar 0.1364.

Labour income (specifically, self-employment earnings) is not significant among children until age 15 when they start earning an average annual per capita income of 268 Namibian dollars (N\$)²⁰, which is less than 1% of the peak labour income of N\$ 63,599. By 20 years of age, the labour income has risen significantly to an average of N\$ 4,539. Income continues rising with age until it peaks at 47 years of age at N\$ 70,608. Per capita income thereafter starts declining, at first slowly, and then rapidly after age 60. However, labour income persists into the old age even as it declines significantly. On average, those between 70 and 80 years old earned N\$ 4,204 (about 6% of peak labour income).

On the other hand, the per capita consumption profile shows a slightly unusual pattern in that consumption rises with age but rather than flattening out in the prime working ages, it rises to a peak before declining (Figure 7.2, C series). Average consumption before age 6 is fairly flat at an average of N\$ 18,650. However, there is a marked increase of about 55% from age 5 to 6 when consumption jumps from an average of N\$ 18,550 to N\$ 28,798. This jump coincides with the age of entry to school that comes with rising costs for both government and households to cater for the schooling needs of the children. Consumption then continues to rise rapidly in the schooling ages with some noticeable peaks at ages 17 and 22 when average consumption per capita reaches N\$43,496. The consumption profiles of many countries usually even out from the mid-twenties to older ages, while in many developing countries a decline in costs is observed. However, some developed countries experience a significant increase in consumption related to health care costs for the aged. In Namibia, however, the profile for consumption increases to a peak at age 52 (N\$ 59,000) and then begins a gradual decline with age, with those 90 years or older having an average per capita consumption of N\$ 25,836.

As Figure 7.2 shows, the consumption profile in Namibia is higher than labour income from birth up to 27 years of age, and again after 58 years of age. Thus, on average, Namibians enjoy a surplus labour income

Figure 7.2: Per capita Labour Income (YL) and Consumption (C), Namibia 2010



Source: Study estimates

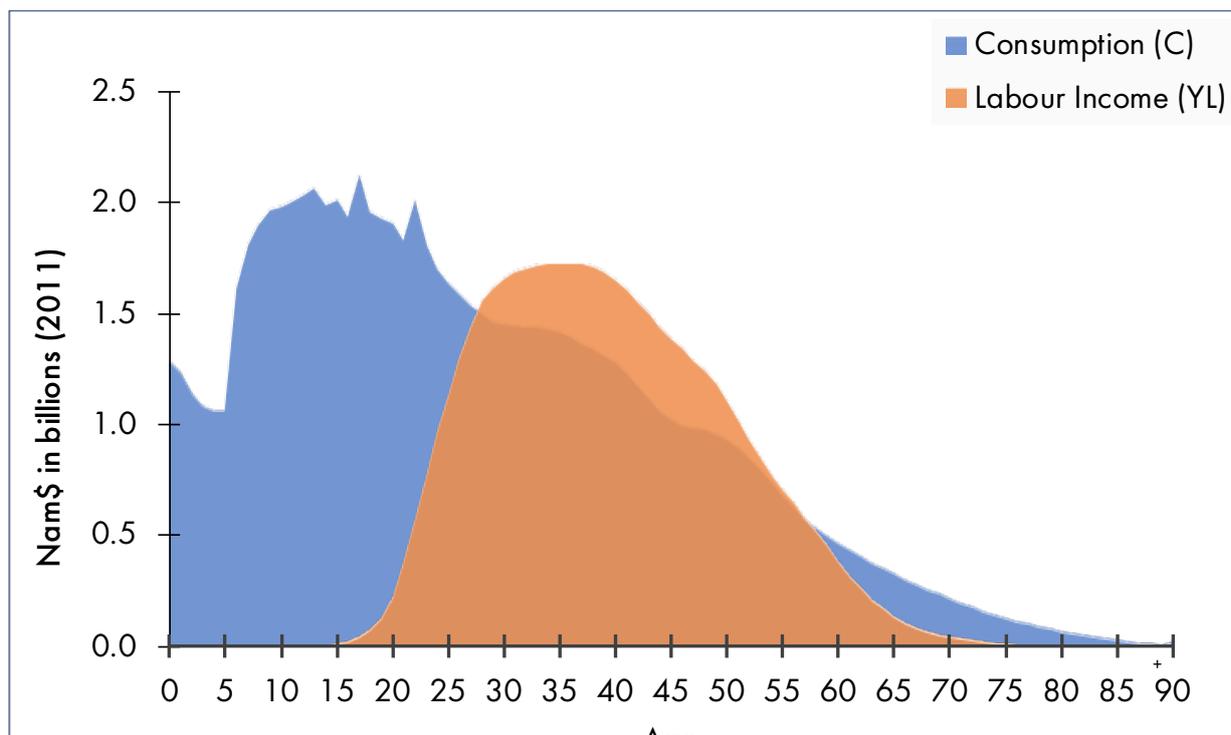
for a period of 29 years, between ages 28-57 years of age. This finding is critical for its implications on dependency. In fact, dependency burden in Namibia is much more significant than would be estimated, when the theoretical dependency ratio that classifies dependents as those between the ages of 0 - 14 years and 65 and above. Young age dependency stretches from birth to 27 years, while old age dependency starts early at 58 years. This finding maps out with the findings of the LFS 2016 that shows not only a high unemployment rate for the country (34%), but that young people have much higher rates of unemployment with 43% classified as unemployed (the unemployment rate is even higher among the economically active population in the age groups 15-19, 20-24, and 25-29 where unemployment is at 70%, 55% and 38% respectively). Thus the Namibian profile also reflects the high youth unemployment and under-employment rates, where even those in employment do not earn enough income to cover their consumption.

Aggregate consumption and labour income

To take account of the population age structure and its implications for aggregate consumption and labour income, the per capita profiles in figure 7.2 above are weighted by actual population size at each age to calculate the aggregate labour income and consumption profiles in figure 7.3 below. In the case of Namibia, once this is done, it brings into sharp focus the large magnitude of consumption relative to the labour income. While Namibia is further along the demographic transition than many SSA countries, with a TFR of 3.6, this is still far above the 2.1 replacement level. As a result, Namibia still has a population concentrated at the young ages. At the last national census in 2011, those below the age of 15 constituted 36% of the population while the population below 35 years constituted 73% of the total population. With high unemployment rates well into the twenties, this concentration of Namibians at young ages contributes significantly to national consumption while generating little labour income. As seen in the per capita profiles, it is only at age 28 that the average individual began to generate a surplus by earning more from their labour than they consumed. High levels of unemployment and limited opportunities in the labour force for making decent wages among young people contributed to the inability of younger adults in their twenties and early thirties to fully finance their consumption through their labour income.

Further, Figure 7.3 shows that those in the age range 28-57 years make a small aggregate lifecycle surplus. An aggregate deficit is then again observed from age 58 although this is not as pronounced as in the younger ages since the proportion of those who were 58 years and above is small relative to the total population.

Figure 7.3: Aggregate Labour Income (YL) and Consumption (C), Namibia 2010



Source: Study estimates

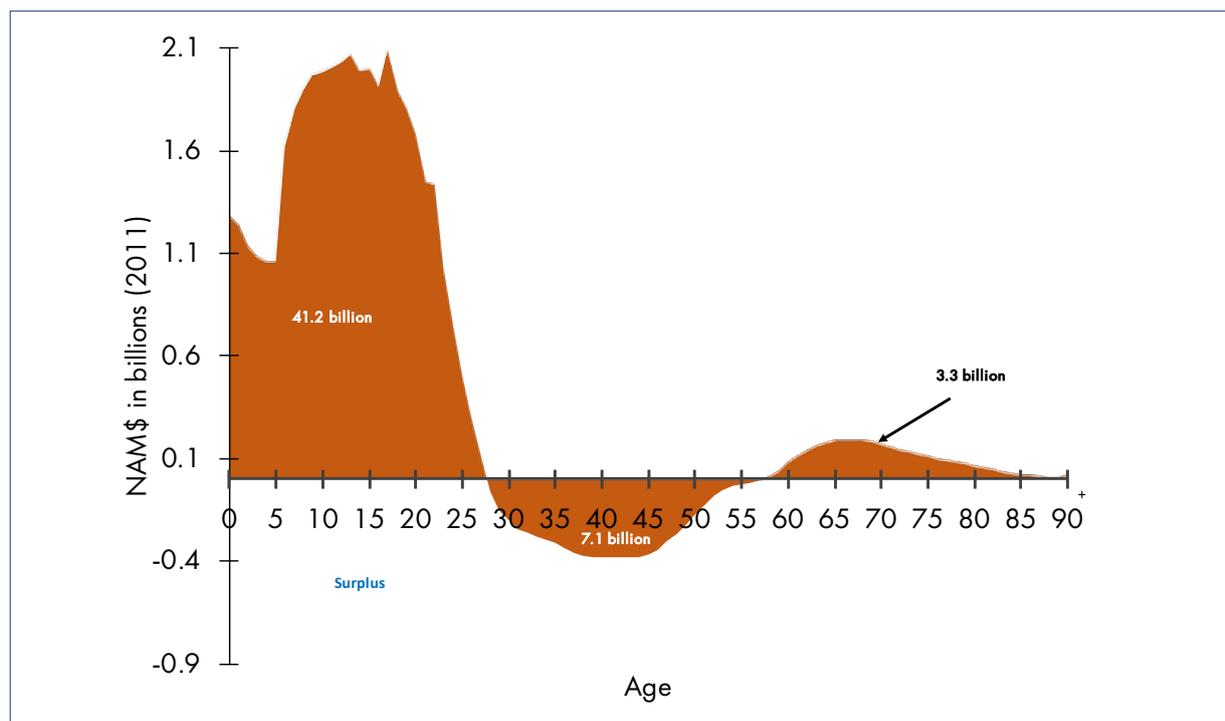
Data from countries that applied NTA analysis show that general dependence during the life course in the early phases lasts around 25 years. Lee and Mason (2011) thus classify those between age 0 and 24 as children. Many in this age are either still going to school and/or have not yet begun to earn significant labour income. Borrowing from this classification, this study examined the consumption needs of children (0-24 years) in Namibia in 2010 as a percentage of the total labour income. The findings show that the consumption needs of this age group amount to 85% of the total labour income. In comparison, analysis of NTA data from South Korea (2000), a country noted to have reaped a significant DD, the consumption needs of children (0-24 years) as a percentage of total labour income was 35%. A similar analysis from the 2005 Nigeria NTA profiles indicates an estimate of 80% (Lee and Mason, 2011). Therefore, Namibia is burdened by heavy consumption costs from dependent children and young people that is even greater than Nigeria in 2005 despite being at a more advanced stage in its demographic transition. Comparing Namibia with the South Korean case, it is evident that in 2000 South Korea was better predisposed to maximise the DD than Namibia today because of the former's much smaller young age dependency burden. However, if the high costs of consumption in Namibia are directed towards investment in human capital, the current investment can be reaped as a bonus, a few decades from now, if Namibia's age-structure shifts decisively to enable it to maximise its demographic dividends. Nonetheless, it is also important to note that the last two rounds of the Namibia DHS indicate a stall in fertility decline. Namibia's population will not shift quickly to one with significantly more people in the working ages if this stall or slow pace in fertility decline continues.

Aggregate Lifecycle Deficit (LCD)

Figure 7.4 summarises Namibia's aggregate lifecycle deficit (LCD) in 2010 which is the difference between aggregate labour income and aggregate consumption that year. In monetary terms it shows that the aggregate deficit of about N\$ 1.3 billion for those in their first year of life increases steadily with age and is highest at age 17 (N\$ 2.1 billion) and then begins to decline as individuals exit the education system and enter the labour force, thereby resulting in falling aggregate consumption and rising labour income.

Economically active Namibians are only able to begin to produce a surplus (negative deficit) at age 28. The surplus peaks at a maximum of N\$ 0.38 billion at age 43. The total working-age surplus in Namibia is about 14% of the total labour income. As a result, the sum of the deficit at young ages (N\$ 41.2 billion) and at old ages (N\$ 3.3 billion) far outweighs the surplus (N\$ 7.1 billion), adding up to an overall lifecycle deficit of N\$ 37.4 billion. The implication of the large lifecycle deficit is that Namibia has to rely on other avenues to finance its consumption that surpasses labour income. These would include financing from asset income (including rents from natural resources), transfer inflows from the rest of the world, or dissaving (borrowing). Namibia is one of the countries in SSA whose economy is underpinned by its mineral wealth. These are however finite resources and cannot be relied upon to finance public spending in the long run. Further, the country does not have a large population in the diaspora to turn to for transfer inflows from the rest of the world in the form of private inflows such as remittances. The other avenue to bridge the deficit would be through public inflows in the form of foreign aid, or getting loans (borrowing) to finance consumption. This points to the need for further research to develop estimates of the NTA flows on the right-hand side of the NTA identity – net transfers and asset-based reallocations – to determine and clarify how the country is financing its lifecycle deficit and assess the long-term sustainability of these measures.

Figure 7.4: The Lifecycle Deficit (LCD), Namibia 2010



Source: Study estimates

Comparing Namibia's consumption and labour income profiles with other countries

To facilitate comparison of labour income and consumption profiles for various countries within the NTA framework, all the age profiles are normalised by dividing them by the unweighted mean labour income for those in the age group 30 to 49 years, or **peak labour income** (United Nations, 2013). These comparisons are derived from the respective per capita profiles and are depicted in Figure 7.5. We include median profiles for lower-middle-income and upper-middle-income countries for which there are NTA estimates as well as the global median profile to examine how Namibia compares against these groups of countries. We also include a profile for South Africa to assess, a neighbour to Namibia that has transitioned to lower levels of fertility and therefore harnessed some demographic dividends. Although there are significant differences between South Africa and Namibia, including significant gaps in population size and in economic sophistication and diversification, the two countries share some commonalities. For instance, both countries have transitioned to lower levels of fertility compared to other countries in SSA (although Namibia's fertility is significantly higher than South Africa's); they both suffer from high levels of youth unemployment; and they both belong to SACU. These characteristics are also shared with Swaziland, Lesotho and Botswana that are also SACU members.

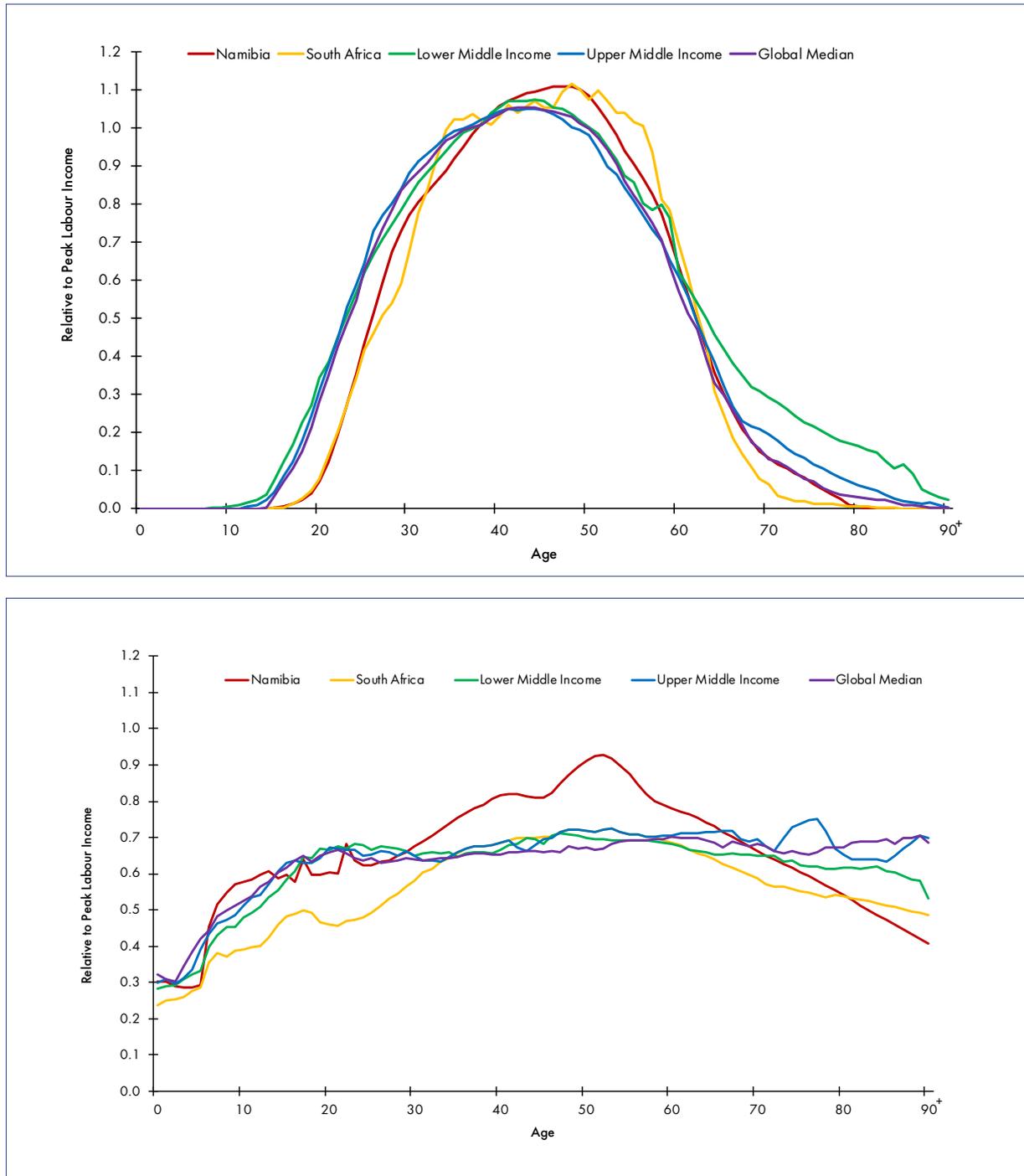
The standardised labour income profiles (Figure 7.5, upper panel) show that in general, all the profiles conform to the expected pattern over the life course. However, Namibia and South Africa stand out from the rest of the labour income profiles in the delay in the rise of their profiles. This feature reflects the high level of unemployment among the youth in both countries and the generally poorer labour market outcomes for young people. As a result of high levels of youth unemployment, young people in Namibia and South Africa begin to earn an income at a relatively later age than other comparable groups of countries. The pattern also suggests that the young people earning labour income in the two countries are generally earning lower amounts relative to peak labour income.

As labour income diminishes at older ages, the pattern for labour income in Namibia converges with that of the global median profile. Both profiles drop swiftly to low levels after age 65 with only the South African profile appearing to drop faster. The lower-middle-income country profile, however, shows significant labour income is being generated on average in these countries to quite advanced ages even beyond eighty years. South Africa's labour income pattern drops swiftly to very low levels in the sixties and is negligible relative to peak labour income by the mid-seventies. The South African profile is similar to what one would expect in developed countries that have well-defined retirement ages and where most employment is within the formal sector. These countries also usually have well-structured pension schemes and other old-age social security safety nets. As life expectancy increases and the proportion of the aged in Namibia increases significantly over the coming decades, similar safety-nets will be required for Namibians. Strategies to accommodate these future realities need to be put in place now.

The consumption profile (Figure 7.5 lower panel) is similar to the global median and lower and upper-middle income countries' median for children and young ages up to 28 years. However, one unexpected finding is that consumption increases between ages 30-70 years beyond the global median peaking at 92% of peak labour income at age 52 years, before it drops gradually to below the global median, after 70 years. This sets it apart from all other profiles that barely rise as high as 70% of peak labour income and are also

quite flat from the mid-20s. The exception is South Africa where consumption patterns relative to peak labour income rises late and only catches up with the other profiles in the mid-30s and begins to decline earlier than all other profiles here.

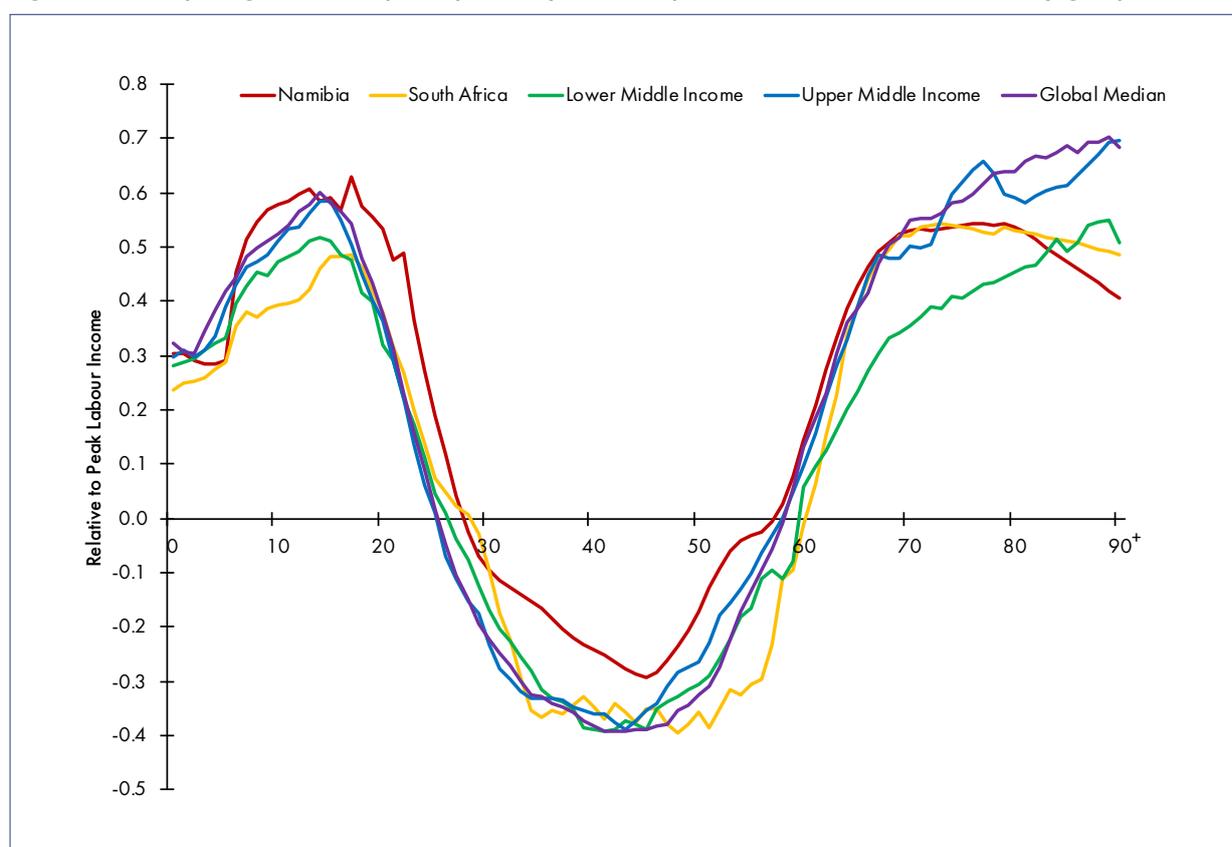
Figure 7.5: Comparing Namibia's per capita labour income and consumption profile with other countries/ country groups



Source: Study estimates

Namibia's LCD (Figure 7.6) also has two distinct features compared to other country groups. First, the surplus is slightly smaller than in other countries: it peaks at just 29% of peak labour income, compared to 39% for the global median profile, upper-middle income and South African profiles. Secondly, the surplus period is shorter than for other countries at 29 years (28-57 years), compared to a global median of 33 years and 32 for upper-middle income countries and South Africa. The small magnitude of the surplus relative to peak labour income and the short period in which the surplus is earned implies that Namibia should do better in generating labour income in order to maximise the demographic dividend, and in order to make savings, it can reinvest to boost its socio-economic development.

Figure 7.6: Comparing Namibia's per capita lifecycle deficit profile with other countries/country groups



Source: Study estimates

7.4 Support ratio and the First Demographic Dividend

The aggregate profiles discussed in section 7.4 underlie the calculations for the support ratio, which determines the estimation of the first DD. As per the discussion in section 7.2, the first DD within the NTA framework is defined as the rate of change of the support ratio, which is the ratio of effective producers to effective consumers. Thus the first DD operates through growth in the support ratio: a one percentage point increase in the support ratio leads to a one percentage point increase in the standard of living in the population, all other things being equal (United Nations, 2013).

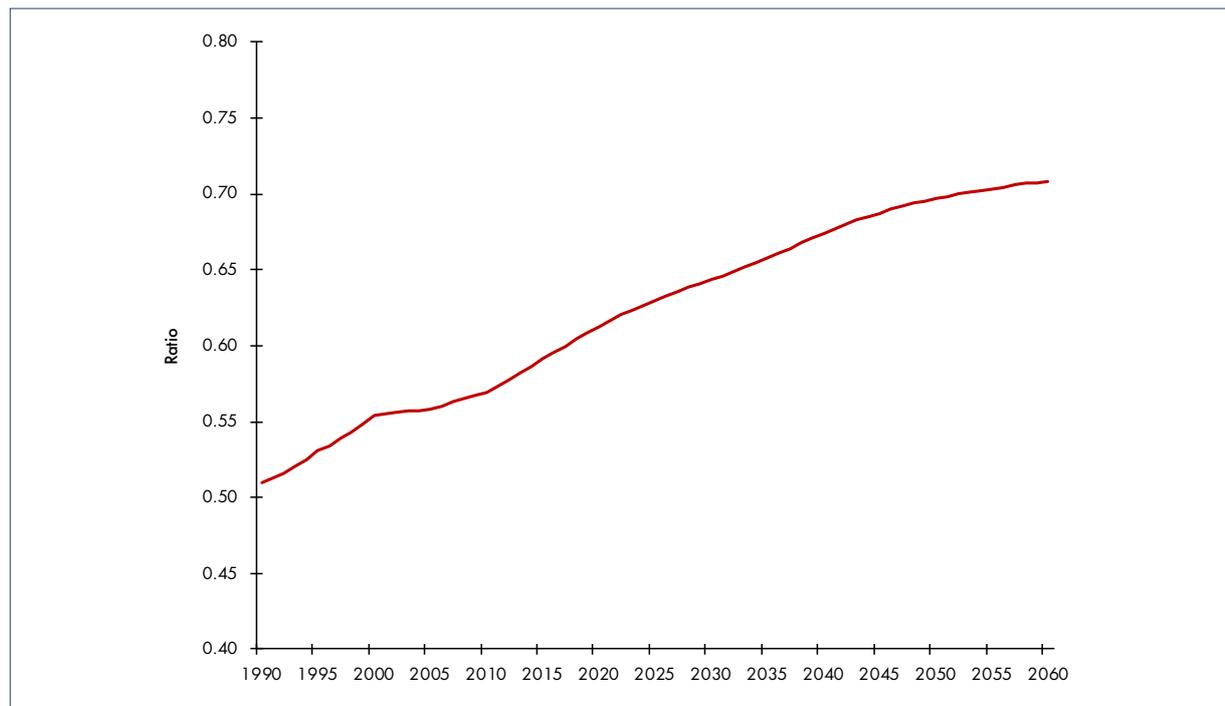
For the baseline simulation of the support ratio and the first DD, the UN medium fertility population projections were used and estimates of these two variables made for the period between 1990 and 2060. The simulations are anchored to the base year of our study in 2010 and the projections assume no change in the labour income and consumption profiles (expressed relative to peak labour income) over time.

Figure 7.7 shows that the support ratio in Namibia has been on a positive trend for several decades and by 1990 the support ratio was 0.51 and 0.59 in 2015. However, there is a notable plateau between 2000 and 2005. This plateau reflects the likely effect of HIV/AIDS epidemic that mainly affected people in the prime working-age resulting in markedly high morbidity and mortality. The effective programmes implemented by government and its partners to manage HIV/AIDS since 2003, resulting in better access to care and treatment for those affected, however, mitigated the negative impacts of HIV/AIDS on labour-force participation and productivity. This increased the pace of the support ratio, in the subsequent period.

The support ratio is projected to increase rapidly from 2015, up to 2052, when it starts slowing down considerably.

The trajectory of Namibia's support ratio reflects the large cohorts of young people entering the labour-force on one hand and a decline in the numbers of young child dependents added to the population each year, due to the declining fertility levels. The slow-down after 2052 reflects the projected increase of the elderly in the population that will result in a rise in old age dependency as the population ages. As the weight of the population begins to shift out of the prime working ages and into older age cohorts, the support ratio declines because labour income is significantly lower at the older ages..

Figure 7.7: Past estimates and projected support ratios for Namibia (UN Medium Fertility Scenario)

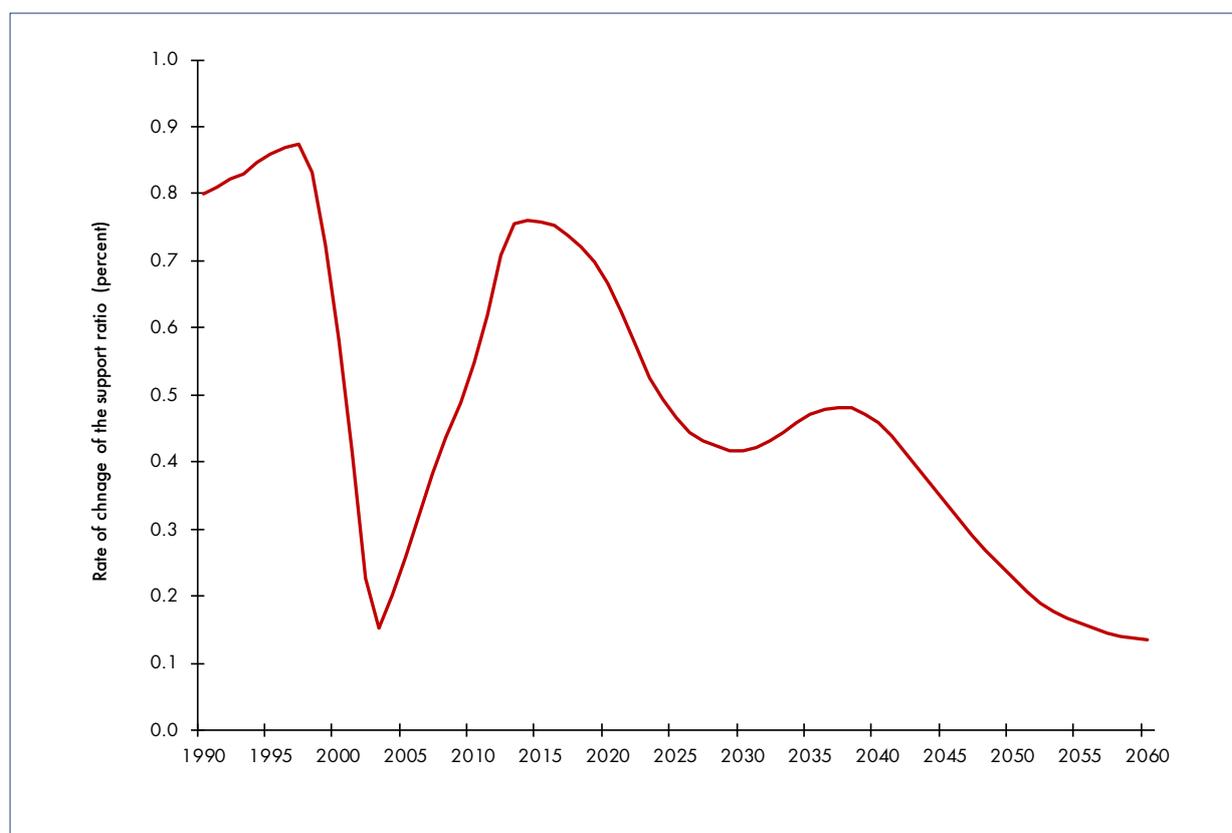


Source: Study estimates

Estimating the first demographic dividend

The window of opportunity for harnessing the first DD is understood to be in effect when there is a positive increase in the effective producers relative to consumers, in the population. The first DD can be estimated as the rate of change of the support ratio (the ratio of effective producers to effective consumers). When the support ratio is rising, the DD is positive but when the support ratio is falling, the DD is negative. Figure 7.8 shows projections of the first DD, calculated as the slope of the support ratio in Figure 7.7. The 2010 labour income and consumption profiles are held constant and it is only the population that is varied under the UN medium fertility scenario.

Figure 7.8: Estimating Namibia's first demographic dividend (UN Medium Fertility Scenario)



Source: Study estimates

An analytical starting point cut-off of 1990 and the end-point projection year of 2060 was used for the analysis. The chart shows that Namibia was already harnessing the first demographic dividend by 1990. Mirroring the pattern observed for the support ratio profile, the magnitude of the first DD that Namibia was enjoying was severely dented towards the end of the 1990s from a sharp dip. It started recovering from around 2004.

The dividend was estimated at about 0.8%, in 1990, meaning that the DD was contributing about 0.8% in the improvements of the standards of living for Namibians in that year. The dividend increased slightly

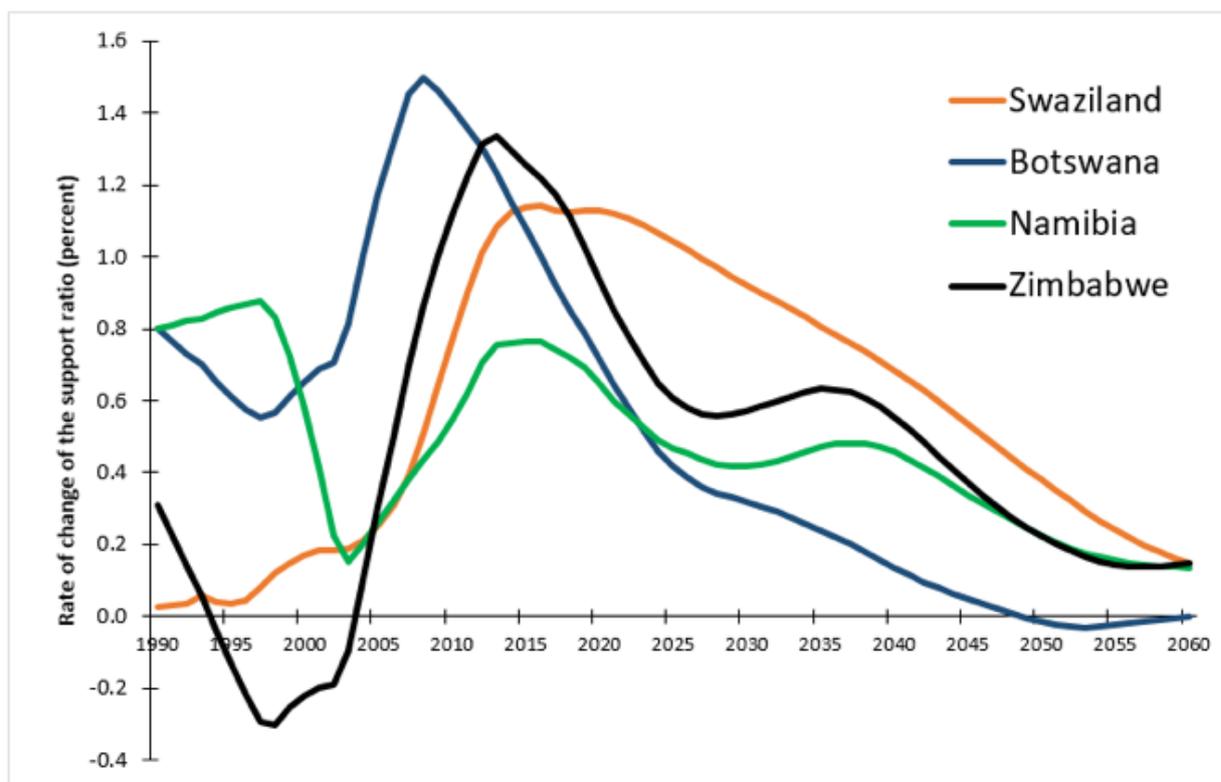
to 0.87% in 1997, before dropping to a low of 0.15% in 2003. The dividend then peaked between 2013 and 2015, reaching 0.76%. It is, however, projected to decline after 2015 and between 2025 and 2042. Thus within the 2004-2060 period, the strongest growth-enhancing effects of the dividend are expected to occur between 2004 and 2024. By 2050, the first DD will contribute to just about 0.2% of the annual economic growth and decline to just 0.1% by 2060.

Generally, Southern African countries are struggling with similar barriers to harnessing the demographic dividend. Three concurrent studies, similar to this one, were carried out in Swaziland, Botswana and Zimbabwe. Figure 7.9 illustrates the projected first demographic dividend for Namibia compared alongside the three countries. It is worth reiterating that the estimated demographic dividend is the combination of the unique per capita profiles of labour income and consumption in each country, and each country's population projections.

What is immediately evident is that each of the four countries experienced or will experience a peak in the magnitude of the demographic dividend at some point in the first two decades of the 21st century. These peaks are not necessarily the high point of the entire first demographic dividend period, (Namibia's demographic dividend was slightly higher in the 1990s, for example,) - but they do represent local peaks. Botswana's demographic dividend peaks earliest and at the highest level; Zimbabwe's peaks are slightly lower and slightly later; Swaziland peaks for an extended period and experiences the decline last; lastly, Namibia's peak is the lowest of the four countries. However, it is important to note that each country is at a different stage of the demographic dividend: Namibia is further along, while Zimbabwe is much closer to the beginning of the period of a positive first demographic dividend.

All four countries also experienced some kind of interruption during their first demographic dividend, in the 1990s and/or the early 2000s. During this period, Namibia's demographic dividend fell from close to 0.9 percentage points to under 0.2 percentage points, Botswana's fell by one-third, while Zimbabwe's turned negative. Although there was no big decline for Swaziland during this time period, its demographic dividend was close to zero for much of the 1990s. Weak demographic dividends during this period are linked to the impact of HIV/Aids on the population, which particularly affected individuals in the prime working age cohorts and eroded their contributions to aggregate labour income, thereby suppressing the demographic dividend.

Figure 7.9: A comparison of the prospects for the first demographic dividend in Namibia, Swaziland, Botswana and Zimbabwe



Source: Various National Demographic Dividend studies; results estimated using the NTA methodology (projections from 2015-2060 use the UN medium variant population projections from the UN World Population Prospects: The 2015 Revision).

What can Namibia do now to maximise its demographic dividend?

Namibia's NTA analysis showed that the window to harness the first DD is open, and the country is already reaping the benefits of the changing population age structure. The simulations on the change in the support ratio shows that the ratio of effective producers to effective consumers under the medium fertility scenario was already positive by 1990 and will remain positive through 2060. Nevertheless, in the near future, the rate of change of the support ratio under the UN medium fertility projections is expected to begin slowing down considerably after 2020.

Thus the key message for Namibia is that it is well within the period of maximising its first demographic dividend and urgent policy actions should be put in place to ensure it happens. Among the policy options available to the country to maximise its dividend are those that will affect the pace of its fertility transition and one that will modify the outcomes of its labour market, especially in relation to increasing jobs available and the quality of the jobs that can boost labour income. In the next section, we provide some simulations on these two broad areas (fertility and labour market outcomes) to inform the policy options that Namibia can adopt.

Demographic transition simulations

It is noted that the fertility rate in Namibia is still high and declining very slowly, with no significant observed change in TFR between the Namibia DHS 2006/7 and 2013, when the TFR was recorded as 3.6. Among the factors contributing to the stall in fertility are high teenage fertility rates (82 births for every 1,000 teenage girls age 15-19 in 2013), and high fertility rates in the rural populations with a 2013 TFR of 4.7 births compared 2.9 births in urban areas. Fertility is also high among women of lower socioeconomic status. The level of teenage childbearing is a major bottleneck for improving human capital and addressing gender inequalities in education and employment. There is also need to address unplanned pregnancies resulting from the unmet need for FP, especially among underserved groups in rural areas, low-income households and women with low levels of education. Hence policy actions that ensure that adolescent girls get comprehensive sexuality education and have access to contraception when they need it, will play a key role in reducing teenage childbearing and overall fertility, as will the provision of voluntary FP services and education to other underserved groups.

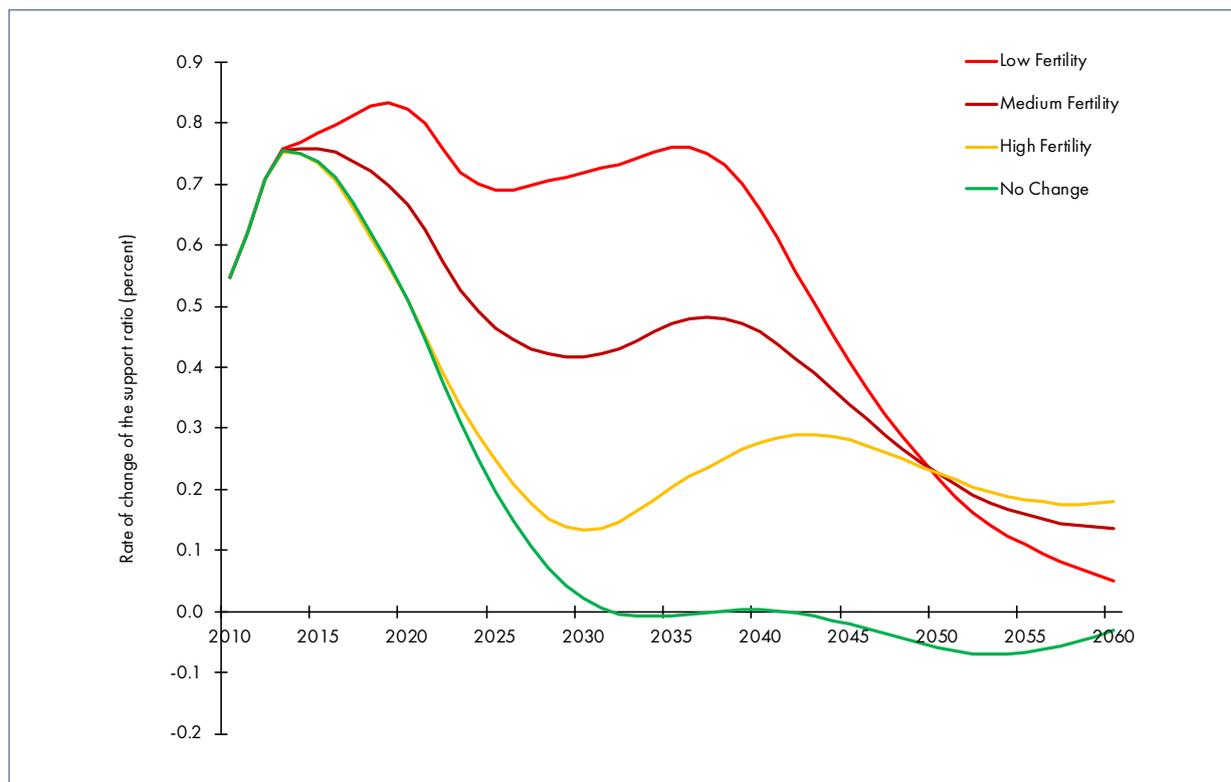
Taking these into account, we present the following four simulations in which only assumptions on fertility are varied²¹:

- i. Constant/No change in fertility from the 2010 levels.
- ii. The UN Medium fertility scenario from the **UN World Population Prospects: the 2015 Revision**, which have been used for all the analyses presented thus far.
- iii. The UN Low fertility scenario from the **UN World Population Prospects: the 2015 Revision**, which assumes fertility to be 0.5 children per woman below the medium variant.
- iv. The UN High fertility scenario from the **UN World Population Prospects: the 2015 Revision**, which assumes fertility to be 0.5 children per woman above the medium variant.

The results of the simulations (Figure 7.10) show that if the fertility level prevailing in 2015 is maintained at a constant (TFR of 3.6), the period of positive first DD will be considerably shortened and as a result the magnitude of the DD earned will also be significantly smaller. Under this scenario, the first DD will turn negative by 2032, (although it does turn slightly positive again between 2038 and 2041). This implies that demographic change under this scenario will start acting as a brake on growth much earlier than all the other three scenarios under which Namibia is expected to still harness a positive first DD by 2060 although the magnitude will be in decline. On the other hand, the low fertility scenario, in which TFR is projected to reach the replacement level of 2.1 between 2035 and 2040 will result in the highest cumulative first DD in the period 2010-2060

²¹ A technical note on the fertility assumptions is provided in Appendix I

Figure 7.10: Simulations of the DD in Namibia under different fertility assumptions



Source: Study estimates

Overall, the estimated cumulative boost to living standards as a result of the first DD between 2010 and 2060 is highest under the low fertility scenario (28%), followed by the medium fertility scenario (22%), and the high fertility scenario (16%). If fertility remains constant at 2015 levels, the country will earn an estimated cumulative boost to living standards as a result of the first DD of just 8%. These results suggest that commitment to policy actions to address causes of unmet need for voluntary FP among adolescents and under-served groups would play a key role in maximising Namibia's first DD.

Labour income simulations

High youth unemployment and below the optimal quality of human capital are major challenges to socio-economic development in Namibia. The 2016 LFS revealed that aside from the high national unemployment level of 34%, the problem of unemployment is even more critical for young people with almost half (49.4%) of the economically active population between 15 and 34 years unemployed (Namibia Statistics Agency, 2015a). LFS 2016 further showed that women have a higher unemployment rate with 4 out of 10 women unemployed, compared to 3 out of 10 men. The findings from this study further support the conclusion with the NTA labour income profile for Namibia (similar to South Africa's) generally beginning to rise quite late in comparison to other countries – a sign of a combination of late entry into

the labour market and possibly low-quality jobs with low returns for young people. As such, addressing the significant labour market challenges facing Namibia should be a key policy priority to maximise the first DD that Namibia can harness. A recent study supported by the World Bank suggests that with the expected increase in working age population in Namibia, for the foreseeable future, the country has to generate 580,000 jobs between now and 2050, to keep the current unemployment levels from rising further (Bruni, Rigolini & Troiano, 2016).

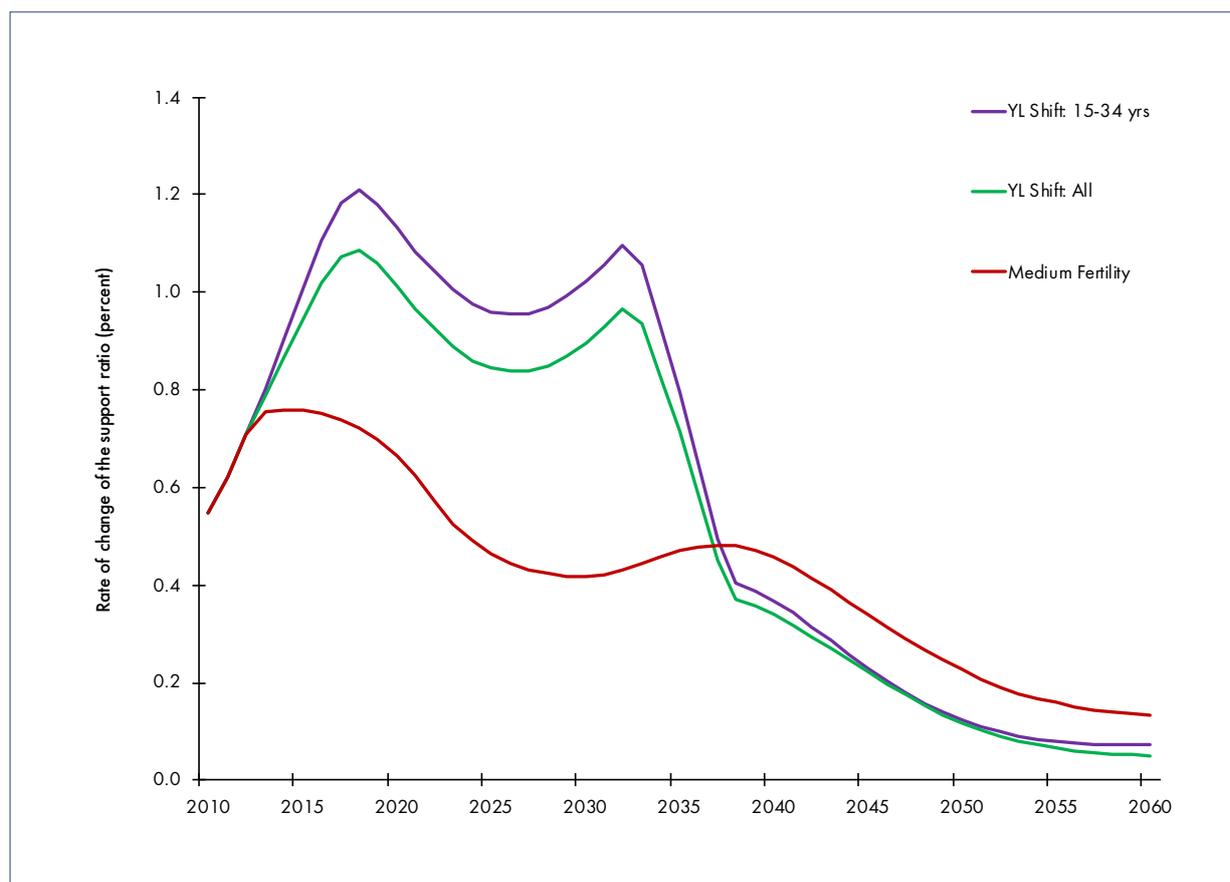
This study simulated the potential impact on the first DD of several labour income scenarios presented in Figure 7.11 below. This was done by allowing the Namibia labour income profile to shift over time while keeping the consumption profile constant. Specifically, the labour income profile is shifted from the original labour income profile to a target profile over a 20-year period between 2015 and 2035. The adjustment happens at a constant rate of change over the period.

The question, then, is what target profile should be used. For the purposes of these simulations, the global median labour income profile presented in Figure 7.5 is used as a target. As demonstrated in the chart, per capita labour income relative to peak labour income in Namibia, at younger ages, is lower when compared to global median profile, but the decline at later ages mirrors the global median pattern. Therefore to match Namibia's labour income profile closer to that of the global median requires an increase in per capita labour income relative to peak labour income amongst younger cohorts.

Two simulations are presented in Figure 7.11, both based on the UN medium fertility projections and, for each cohort, a constant rate of adjustment is assumed:

- i. The first simulation assumes that the shape of the Namibia labour income profile gradually changes over the 20-year period, so that by 2035 it is identical to the global median labour income profile.
- ii. The second simulation assumes that this shift occurs only for younger cohorts under the age of 35; in other words, by 2035, the portion of the labour income profile for cohorts aged 0 to 34 will look like the global median profile for those cohorts, while the portion of the profile for cohorts aged 35 years and above will be the original Namibia labour income profile for those cohorts.
- iii. The comparator is the Medium fertility scenario simulation already presented in Figure 7.10.

Figure 7.11: Simulations of the DD in Namibia under different labour income assumptions



Source: Study estimates

Both simulations suggest that policies aimed at ‘normalising’ the labour income profile for Namibia will have beneficial effects in terms of the magnitude of the first demographic dividend. Allowing the entire labour income profile (YL Shift: All) to shift between 2015 and 2035 sees the demographic dividend boosted by between 0.18% and 0.54% percentage points in 2015 and 2032 respectively, (0.54 being the peak) when compared to the Medium fertility scenario. On the other hand, when restricting the adjustment to only those cohorts under 35 years, (YL Shift: 15-34 yrs.) results in a boost of between 0.24% and 0.67% relative to the Medium fertility scenario at the peak in 2032. In both cases, however, the magnitude of the demographic dividends drops below the baseline (medium fertility) scenario in the late 2030s but still remains positive. Nevertheless, given the significant additional positive impact for both labour income simulations before 2040, their cumulative effect on living standards is higher over the period 2015-2060 than is the case of the baseline scenario. The cumulative impact on improving living standards between 2010 and 2060 under the base scenario is 22%, it’s 28% under the YL Shift: All and 31% under the YL Shift: 15-34 yrs. scenario.

From these simulations, it can be concluded that addressing unemployment in general and the high youth unemployment rate, in particular, is fundamental to the achievement of a larger demographic dividend

in Namibia. Strategies that will increase employment opportunities swiftly (both jobs and the quality of jobs available) for the young population in the country and improve the quality of human capital, so they can both boost their income and increase productivity, are critical, if Namibia is to maximise the contribution of the DD to its sustainable growth goals. In chapter eight, we highlight key policy actions that Namibia can pursue in order to achieve these aims.

8



Key Findings, Discussion and Policy Implications to Maximise the Demographic Dividend in Namibia

Namibia is within the window of opportunity to harness the demographic dividend and the time to act is now

Namibia's fertility dropped from a high of 6.6 children per woman in 1980 to 3.6 children per woman in 2013. As a result of this decline, particularly, in the last three decades, the population age structure is on track to shift from one dominated by children to one dominated by the working age population. For instance, while children below 15 years old and the working-age population (15-64 years) constituted 43% and 54% of the total population respectively in 1991, according to the 2011 Population and Housing Census, these numbers shifted to 36% for children below 15 years and 59% for the working-age population. The national population projections show that by 2041, these numbers will have shifted even more with the working-age population rising to 72% and the proportion of children below 15 years decreasing to 32% (Namibia Statistics Agency, 2013; 2014). These changes in the population age structure are priming Namibia to benefit from the DD.

Meanwhile, Namibia's socio-economic advancement as measured by GDP per capita compares favourably with and in some cases outpaces, a number of Asian countries that benefitted immensely from the demographic dividend. For example, Namibia's 2015 per capita GDP was USD 5,062 while the comparable incomes for the middle-income countries of Indonesia, Thailand and Malaysia were USD 3,336, USD 5,815, and USD 9,644, respectively (SADC, 2016; World Bank, 2016).

The NTA results demonstrate that Namibia's window of opportunity for harnessing the first DD opened before 1990 when the rate of change in the support ratio (i.e. ratio of effective producers to effective consumers) became positive. The support ratio started rising rapidly again after 2003, after declining sharply between 1997 and 2003, possibly due to the negative impact of HIV and AIDS on morbidity and mortality. This rapid rise peaked between 2013 and 2015. The positive rate of change in the support ratio slowed down considerably and is expected to continue declining but remain positive until the end of 2060, the projection period. This implies that Namibia has at least 4 decades to still harness the first DD, although the returns to economic development, from the first DD, will be declining with time.

The results further show that cumulative boost in living standards, arising from the first DD, between 1990 and 2060 will be 34%, assuming that the country follows the UN projections medium fertility variant. The first DD has already cumulatively enhanced living standards between 1990 and 2015 by 16%, and it will boost living standards by about 18% from 2016 to 2060.

The findings also indicate that with the current fertility of 3.6, which also levelled out in recent years, Namibia is still early in its demographic transition and has to contend with a sizable child dependency burden that limits the availability of resources for savings and future investment for both households and the government. The consumption needs of children (0-24 years) in 2010 Namibia made up an estimated 85% of the total labour income, while South Korea, with a much lower birth rate of 1.3 children per woman, the consumption needs of children made up just 35% of total labour income in 2005. Thus comparatively, South Korea is better placed to save and build more capital for future development endeavours than Namibia.

The fact that Namibia has already benefitted from the peak of its first DD means that the country should immediately focus on policies to maximise the benefits from the first DD over the next 4 decades before the window for doing so completely shuts down. Indeed, the country should act with urgency to identify policy actions and investment decisions that will enable the country to take full advantage of the DD to achieve its Vision 2030 development aspirations. Further, for Namibia to benefit significantly from the DD, the accelerated development priorities of the Harambee Prosperity Plan and the NDP 5 must factor in population changes in planning and implementation programmes.

The big question ensuing from the foregoing picture, therefore, is “what can Namibia do to position itself to maximise what is left of the first DD”? In other words, are there aspects of Namibia’s DD profile that can be tweaked through deliberate policy actions and investments to enhance the contribution the DD can make to improve the living standards of Namibians?

A couple of important features of Namibia’s NTA profiles stand out relative to most other countries for which similar studies were done. The first is a labour income pattern that starts to rise late as a result of high unemployment rates among young people. The second is its peculiar consumption profile for adults. For most countries, the consumption profile tends to flatten out during the late twenties till the old ages when it would either increase dramatically (especially for developed countries that have experienced significant population ageing with the associated increase in medical costs for the chronic ailments) or drop fast in the old ages. For Namibia, there is instead an obvious spike in consumption at age 30 that increases to 92% of peak labour income at age 52, before a gradual drop that only converges with the global median profile for consumption at age 70. The peculiar consumption pattern together with the delay in young people getting into the labour market and earning significant labour income results in a small lifecycle surplus and conversely a large lifecycle deficit (the difference between consumption and labour income). The number of years the Namibian lifecycle deficit profile exhibits a surplus is also shorter (29 years) compared to the global median profile surplus (33 years). This is an indicator that Namibia’s consumption is probably not sustainable in the long-term as it is hardly matched by the labour income from workers.

The huge lifecycle deficit that results from this level of consumption relative to labour income is most probably financed by the government through asset transfers from its mining industry. Since the mineral resources are finite, the Government needs to take a hard look at the long-term sustainability of the ways in which it is subsidising the consumption of its citizens and assess whether the country is getting value for money from the investments. The life-cycle deficit can be managed by optimising subsidies to reduce current consumption levels and/or increase productivity of the labour force. Where the excess consumption is driven by subsidies to enhance human capital development, the government should ensure optimal long-term returns to the investment. Below we explore further policy options that Namibia can explore to manage the life-cycle deficit to accelerate the achievement of its long-term development aspirations.

8.1 Facilitating the demographic dividend through reinforcing investments in voluntary family planning and health

The magnitude of the first DD that Namibia will ultimately earn will be lower than what countries that experienced more rapid fertility decline like South Korea earned. The modelled first DD for Namibia also peaks at much lower levels than Botswana, Swaziland and Zimbabwe (see Figure 7.9) for which concurrent NTA studies were conducted. This is partly a result of the slow demographic transition occurring in Namibia because of slow fertility decline. The last two Namibia DHS rounds show that TFR stalled at 3.6. The analyses show that if Namibia's birth rate remains constant at the current level of 3.6 births per woman between 2015 and 2060, the cumulative boost in living standards arising from the first DD will only be 8%. However, if we go by the medium fertility variant that assumes that birth rates will decline to about 2.4 births per woman by 2050, the cumulative contribution of the DD to living standards over the same period can get as high as 22%.

As a sparsely populated country, population pressure may not be a top concern for many Namibians, yet the rate of population growth is significantly important in planning for socioeconomic development. To illustrate, Namibia's population will continue growing significantly for decades irrespective of the fertility pattern it follows. Under the UN medium fertility scenario noted above, the population is projected to rise to 3.2 million by 2030 and 4.3 million by 2050. Under the constant fertility variant, however, Namibia is projected to have about 3.4 million people by 2030 and 5.3 million people by 2050.

It is important to bear in mind the internationally accepted principle of the 1994 International Conference on Population and Development (ICPD) held in Cairo, that it is the right of every woman and her partner to voluntarily and freely decide on how many children they would like to have and when. The duty of governments should, therefore, be to support couples to fulfil their reproductive intentions and needs. This principle guided Namibia's reproductive health policy and programmes and the government invested in FP programmes to address unmet need, which resulted in modern contraceptive use increasing from 21% in 1992 to 50% during the 2013 round of the Namibia DHS. Nevertheless, there has also been a noted increase in unmet need with 12% of all women who wanted to postpone their next birth by two or more years or who want to stop childbearing altogether in the DHS 2013 not using an effective method of contraception FP and therefore classified as having an unmet need for FP. In contrast, the rate during the 2006/07 DHS was 9%. Some key underserved groups include adolescents whose contraceptive use was recorded at only 25% in 2013 as well as for women with no education (33%). Strengthening the FP programme to ensure better access to effective FP services, commodities, education and information will enable couples to prevent unplanned pregnancies, with a particular focus on the adolescents and youth whose futures get curtailed by teenage pregnancies. This will ensure that Namibia's demographic transition continues rather than stall and accelerates the opportunities for Namibia to maximise the first DD.

In addition to sustaining investments in FP, the country should also optimise its investments in the health sector to ensure it further reduces childhood mortality and has a healthy workforce. High

disease burden reduces productivity and increases the costs of doing business through increased costs of health care and loss of productive hours. HIV and AIDS as well as tuberculosis rank among the major contributors to ill health and mortality in Namibia. Both childhood mortality and maternal mortality are high compared to the average upper-middle-income country and the country also has to grapple with an increase in non-communicable ailments stemming from lifestyle changes. Other public health challenges facing the Namibia workforce include human resource and infrastructural inadequacies in the health system.

These challenges are articulated in the various development plans and strategies of the country as well as the health sector plans. What is critical, therefore, is to mobilise the financial and technical resources to effectively implement the following policy options:

- I. Address all barriers of access to and use of FP, paying particular attention to preventing unplanned pregnancies among young women and other underserved populations to facilitate unlock the recent stall in fertility transition. In particular, revamp and expand the Adolescent and Youth Friendly Health Services (AYFHS) to ensure that these groups have access to reproductive health service and commodities when and where they need them, with particular focus on voluntary FP services to address the high teenage pregnancy, and training of service providers on how to handle youth seeking sexual and reproductive health (SRH) services at the youth centres.
- II. Reinforce ongoing efforts to control and eliminate communicable diseases with emphasis on halting transmission of HIV and ensuring universal access to AIDS treatment.
- III. Provide emergency obstetric and neonatal care in health facilities in rural and hard-to-reach areas, and deploy qualified midwives in such facilities. In addition, strengthen the referral system to ensure that women get proper care when they need it.
- IV. Intensify ongoing interventions aimed at improving child health, with particular emphasis on child nutrition.
- V. Enhance health education to sensitise Namibians on prevention of non-communicable diseases and strengthen the capacity of the healthcare system for early diagnosis and management.
- VI. Improve the health infrastructure and systems, and expedite the implementation of the health sector Human Resources strategy to ensure equitable distribution of qualified personnel in all regions of the country to help address inequities in health service provision that disadvantage poor and rural communities.
- VII. Encourage community participation in the planning, implementation, monitoring and evaluation of population initiatives.

8.2 Strategising to create mass decent jobs for the youthful population

Results show that the youth enter the labour force late, and this coupled with the low earnings in the early years of work, will result in Namibia harnessing a much smaller magnitude of the first demographic dividend than it would if it had, for instance, the same labour income profile as the global median. On average, Namibian youths remain dependent and only start to earn enough to meet their needs and generate a surplus at age 28. Further, they have a short period to generate a surplus (29 years compared to 33 years for the global median profile). The delayed manifestation of a surplus reflects relatively high levels of unemployment and underemployment among youth compared to their counterparts in other middle and high income countries. Addressing this problem would have a far-reaching impact in increasing the DD that the country can earn. For instance, if Namibia boosts its job creation capacity for young people by accelerating transition from schools and colleges to employment to match the global profile for countries with NTA data, it would boost overall labour income and living standards by a cumulative 31% between 2015 and 2060 compared with a cumulative boost of 22% under current conditions.

Namibia's steadily growing economy has struggled to create enough jobs to keep pace with the increasing number of working age youth because the growth has primarily been driven by the extractive sector, which has low-job multiplier effects. Therefore efforts to diversify Namibia's economy have to be at the centre of development policy and programmes. The focus on youth enterprise development under the **Economic Advancement** pillar should be encouraged and strengthened to address the youth unemployment and underemployment in the country.

The following policy options should be considered in strategies to reform and reorient the economy towards job creation for the youth:

- I. Diversify economic production to minimise the country's over-dependence on the mining sector and invest in sectors with high job-multiplier effects such as manufacturing and the service sector. Taking advantage of the growing regional economic integration within SACU and SADC would expand markets and overcome the limitation of a small home market.
- II. With a majority of the Namibian labour force engaged in the agricultural sector, it is imperative to modernise the sector to enhance its capacity to create attractive livelihood opportunities for youth across the value chain. Interventions could include developing infrastructure for irrigation, communication and transportation of commodities, developing agribusiness and integrating Information and Communications Technology (ICT) use in agriculture.
- III. Improve the ease of doing business in Namibia to attract investors and promote the growth of the private sector as a key driver of job creation for young people. Interventions could include offering incentives to companies that excel in creating jobs for youth, supporting set-up and growth of micro and small enterprises and facilitate their graduation into medium and large size enterprises.

- IV. Promote financial inclusion and access to credit facilities for young people and women, with a particular focus on empowering young people to expand the service sector through ICT and related innovations.
- V. To enhance self-employment that can create more jobs for young people, the government should invest in a supportive environment to nurture and promote local start-ups. This should be coupled with the development of incubation centres and technology hubs, and mentorship to ensure expansion beyond incubation tenure.

8.3 Focus on education and training to develop a skilled and globally competitive workforce

Namibia invests heavily in education and training of Namibians at all levels of schooling. As a result, access to education and training improved greatly. Despite this, many Namibian children still dropout of school, with a recent national analysis identifying children from the poorest households, cultural practices such as early marriage, disabilities and stigmatisation (including of school girls who get pregnant) as key factors behind drop-out. The same study estimated that many Namibians do not finish secondary school. The highest dropout rates are experienced at the end of the 10th grade, which marks the end of junior secondary school, when about 16,000 Namibian children drop out of school annually (Ministry of Education, Arts and Culture and UNICEF, 2015).

Because of the limited infrastructure and negative attitudes about technical and vocational training. Most of the youth who drop out at various stages of the education pipeline do not have opportunities to attend training institutions to enhance their skills. In addition, the quality of education and training in Namibia is also a concern. Assessment in reading and mathematics reveal that a sizeable proportion of Namibian children are not performing at the expected levels in the tests. Repetition of grades is also common and this is an indicator of challenges related to the quality of education and training received by the children.

As a result of these challenges, graduates and drop-outs from the school system lack critical practical skills they need to be successful and productive in the labour market, and employers have to use considerable resources to address the skills mismatch.

To maximise the DD, Namibia needs to enhance the productivity of its workforce and align its development targets, in the education sector, to match the objectives of SDG 4: **Ensure inclusive and equitable quality education and promote lifelong opportunities for all.**

The following are priority policy action areas for the country to optimise the value of its significant investment in education and training:

- I. Address the underlying causes of poor performance and high school drop-out rates between junior primary and senior secondary school.
- II. Review curriculum for all stages of the education pipeline and enact required reforms to decisively shift the education system from the current knowledge-based orientation to the competency-based one. This should be accompanied by massive investments to retrain all teachers in learner-centred pedagogies, aligning curriculum in teacher training institutions with the competency-based system, providing required learning materials, and improving the working conditions and remuneration of teachers to attract and retain good teachers.
- III. Partner with the private sector in curricula development and reviews to address the skill mismatch between education training and the labour market needs.
- IV. Capitalise on the focus on HPP's focus on vocational education and training as a sub-pillar of the Social Progression to rebranding and improve the quality of TVET training to make it a rewarding skill development mechanism for securing sustainable livelihoods for the thousands of young people who do not make it to tertiary education. TVET should be designed and implemented in close partnership with the private sector to ensure that it is responsive to the labour market needs and ultimately enhance the employability and capacity for self-employment of its graduates. Aspects of TVET should also be main-streamed in primary and secondary school curriculum to ensure that practical work-related skills are imparted throughout the school years.
- V. Expand and improve school infrastructure at all levels and especially for under-served rural areas. These should include facilities such as hostels, teachers' accommodation, laboratories, libraries, recreational infrastructure, ICT, electricity, water and sanitation.
- VI. Enhance performance monitoring and management systems in the education sector to ensure that decision-making is routinely informed by robust data and evidence. There is an urgent need to understand the high levels of school drop-out so as to devise corrective measures and to provide an enabling environment for education reform experts and other change agents to test and ultimately scale up various innovations for addressing pervasive education quality challenges.

8.4 Strengthening enabling factors for optimising the Demographic Dividend

Governance, efficiency and accountability

Good governance, efficiency, and accountability create an enabling economic and political environment which are key in attracting foreign and local investment and lead to efficient, effective, and equitable

use of public resources and delivery of public services. Governance and accountability are cross-cutting factors that affect the capacity of a country to make progress in the other DD pillars. Namibia's HPP recognises the centrality of this dimension and thus designated Effective Governance as its first pillar, with the objective to enhance accountability and transparency and improve performance and service delivery. Namibia can, therefore, use the HPP as a platform to enhance existing measures and develop new ones to achieve good governance, efficiency, accountability and bridge the policy-implementation gaps. The following are policy options that can help strengthen governance and accountability in Namibia.

- I. Entrench patriotism and ownership of Vision 2030, NDP5 and HPP to ensure shared responsibility in achieving the development vision by all government sectors at all levels of governance, the private sector, other non-government entities, and the citizenry.
- II. Strengthen performance management systems to entrench a performance-based work culture and ensure that public policies swiftly move to the action phase and corrective measures taken in a timely manner when challenges arise.
- III. Enhance efficiency and accountability in the delivery of public service by improving local technical capacity to conduct evidence-based priority setting; resource allocation; program design, implementation and monitoring.
- IV. Enhance institutional building and independence to ensure that the long-term national development plans are independent and sustained even when political leadership changes.
- V. Put in place measures to enhance the participation of young people in decision-making and increase their representation in important organs of governance such as parliament.

Gender equity and empowerment of women

Achieving gender equity is an ideal of our time and Namibia has to be commended for the strides it has made towards this goal with significant and continuing improvements in domains such as education and representation in parliament and government decision-making organs. Women who traditionally played second fiddle in these spheres of socio-economic life have made commendable gains over the years through sustained investments supported by the government to rank among the top nations in Africa and in some cases such as representation in parliament. Nevertheless, years of socio-culturally supported disadvantage cannot be easily overcome and Namibian women are still faced with among others, greater levels of poverty, unemployment and gender-based violence than their male counterparts.

Therefore there is still a lot of room for improvement to ensure that the gains for women in the advancement of gender equity are consolidated and expanded, especially to lift the well-being of the most vulnerable and underserved women. A particularly effective pathway to women's empowerment around the world has been through the promotion of financial inclusion of poor women through micro-credit

programmes. Temporal use of quotas has also been successfully used to enhance participation of women in political leadership in countries like Rwanda. The bottom line is that a country cannot achieve its full socioeconomic transformation potential, including harnessing the full magnitude of the demographic dividend if women are not fully engaged as equal partners in all aspects of the socio-development process.

Strengthening data and evidence for performance monitoring and learning

In order for Namibia to effectively monitor its performance towards maximisation of the first and second demographic dividends, it should reinforce its investments and capacity in the generation and use of data and evidence in development planning and execution. Reliable evidence is vital in conducting structured policy prioritisation analysis to guide selection and design of cost-effective game-changer interventions. The government should ensure that significant data gaps that may exist are addressed in order to ensure steady availability of contextualised and internationally comparable data for effective planning and execution of programmes.

The government of Namibia and its development partners can build on the NTA methodology used in this study to set up an ongoing NTA centre that will update NTA profiles over time. Such profiles will help assess how well the country is doing in addressing its life-cycle deficit and related Vision 2030 goals. Another interesting angle that can be pursued in the NTA is the **Counting Women's** work module that more accurately estimates the contribution of women to the economy, taking account of the non-paid family work that many women do as detailed at www.countingwomenswork.org.

8.5 Planning for the Second Demographic Dividend

The second DD typically kicks in as the first one is waning. Once the first DD is realised through the exploitation of the productive capacity of the working age bulge, it paves the way for the second DD whose socioeconomic transformational effects can be more permanent. Indeed, the depressed productivity of the labour force through high levels of unemployment or underemployment among youth can limit the levels of national savings and jeopardise the realisation of the second DD. Improved investments in human capital that results from reduced child dependency burden is likely to accrue significant benefits in increased productivity of the labour force in future, which will lead to further increases in savings, capital deepening and enhanced magnitude of the second DD. To promote savings, proactive government policies and robust financial markets need to be in place to encourage asset accumulation and savings for retirement among the working age population.

Given that Namibia's window of opportunity for harnessing the first DD is already open and the magnitude of the DD is in the diminishing-returns phase, the country needs to urgently start planning on how it can maximise the second DD. If the status quo continues, whereby the majority of working age people are not employed in the formal labour market where they can make ample income to save for the future and possibly earn pensions, and most of the finite natural resources are used to finance the unsustainable life-cycle deficit, most of the burden of taking care of the looming old age bulge will also fall on the shoulders of the government at a time when the finite resources may not be there or be as valuable.



Conclusion

Namibia's **Vision 2030 – Policy Framework for Long-term National Development**, complemented by the **National Development Plans and the Harambee Prosperity Plan (HPP)**, seek for the country to become “a prosperous and industrialised Namibia, developed by her human resources, enjoying peace, harmony and political stability”. Significant progress has been made since the launch of Vision 2030, yet much more needs to be done to achieve the ultimate objectives through the consolidation of these gains and the enhancement of efforts towards attaining the yet to be achieved targets and new ones arising from evolving needs.

The HPP and NDP5, currently operational, and subsequent development strategies over the next decade or two will be unfolding in the backdrop of a critical demographic transition in Namibia that has a significant bearing on its socio-economic development trajectory. Over this period, it is projected that the country's age-structure will continue its ongoing transformation from one with more child dependents to one with significantly more people in the working-age. Almost 6 out of every 10 Namibians are currently between the ages of 15 and 64 years and by 2041, the national projections estimate that at least 7 out of every 10 Namibians will be in the working ages. Based on analysis of the support ratio (the ratio of effective producers to effective consumers), the country's window of opportunity for harnessing the first demographic dividend opened before 1990, while the magnitude of the first demographic dividend peaked between 2013 and 2015 and is now in the diminishing returns phase. The dividend will however still have a positive impact on socio-economic development by 2060, projected end, according to this study. The study further shows a 34% cumulative boost in living standards, between 1990 and 2060, emanating from the first demographic dividend – and 16% has already been accumulated between 1990 and 2015. The remaining boost of 18% will accrue between 2015 and 2060, assuming the country follows the Medium fertility variant of the UN population projections.

Two other critical features of Namibia's NTA profile is that young people remain dependent till age 27 and the country has a high level of consumption that produces a huge life-cycle deficit (between consumption and labour income). The deficit is financed by the government from the proceeds of the country's finite mineral resources. In the long-term such public spending without a transformation and diversification of the economy to create jobs for young people and generate more labour income will not be sustainable.

Moving forward, the big question is what can Namibia do to position itself to maximise what is left of its first demographic dividend and use this opportunity to hasten the achievement of the Vision 2030 development aspirations? There are primarily five policy areas where the country can intervene to maximise the demographic dividend:

1. **Facilitate further demographic transition through enhancing the voluntary FP services and access to effective modern contraception to reduce the relatively high unmet need (12%), curb early marriages and unwanted teenage pregnancies.** These measures will address the stalled decline in fertility which at a TFR of 3.6 is still fairly high and likely to diminish the magnitude of the first demographic dividend that Namibia can harness. The East and South East Asian countries maximised their first demographic dividend through facilitating a rapid demographic transition.

However, it is important to note that it is not just about having significantly large numbers in the working ages but also ensuring that like the Asian Tigers, strategic investments are made early to develop the human capital that can turn Namibia into an industrialised and prosperous country.

2. **Reinforcing investments in health to ensure a healthy labour force:** Namibia should reinforce investment in public health to consolidate progress it has made in improving child and maternal health outcomes and in improving the health and overall well-being of its workforce through various interventions, including the efforts to curb HIV and AIDS and to eliminate Malaria. The country should also reinforce health promotion to prevent lifestyles that predispose workers to non-communicable diseases and enhance the capacity of the health system to manage these and other emerging health challenges.
3. **Prioritise economic reforms and investments to urgently accelerate the creation of jobs and other well-paying livelihoods for the country's youth, who continue to be dependent up to age 27.** The first component of this priority entails focusing on diversifying the economy to expand sectors with high job multiplier effects, reforming the agricultural sector to be more attractive to youth, providing incentives to companies that consciously create livelihood opportunities for youth, and empowering youth with resources and technical capacities to start and grow businesses. The second component, which is more immediate, entails enhancing the quality of and rebranding TVET as an attractive route for re-skilling the thousands of out-of-school youth who did not make it to tertiary colleges. Both Namibia's HPP and the NDP 5 have a focus on TVET training. If these plans are effectively implemented, they will enhance the employability of youth and their prospects to engage in well-paying and sustainable livelihoods, including owning businesses. This study shows that boosting Namibia's job creation capacity for young people to follow the global median profile for other countries with NTA data would boost living standards of the population by about 31% between 2010 and 2060.
4. **Optimising value for money to create a globally competitive skilled workforce:** Namibia spends a considerable proportion of its resources on education and training; however, it is not getting value for money for its investment. This anomaly is illustrated by under-performance of Namibian students on the quality of learning measures against global benchmarks and when compared with fellow middle-income countries as well as persisting skills mismatch between the needs of the labour market and the skills that the education system produces. To address this, the country should immediately form a high-level commission on addressing the quality of education to examine and decisively address the bottlenecks in its relatively well-funded education sector. The reform agenda should include revamping the whole education pipeline (including early childhood education, primary school, secondary school, and tertiary colleges) to address all inequities in access and quality bottlenecks, and facilitate the strategic shift from the current knowledge-based to the competency-based curriculum that is focused on developing practical, technical and soft skills that are critical for success in the globally competitive labour market. At the centre of these reforms is ensuring that all teachers are well motivated and trained in learner-centred pedagogies and that the learning environment

has the required learning materials to facilitate skills development. Partnerships between the government's education and training agencies with industry should also work towards resolving the skills mismatch by identifying current and future labour market needs and aligning education and training curricula with these needs to enhance the employability of Namibia's graduates.

- 5. Strengthening enabling factors for optimising the demographic dividend:** In order to lay the foundation for Namibia to be successful in the reforms noted above, the country needs to strengthen its public institutions to facilitate effective and accountable service delivery and use of public resources. The HPP and NDP5 correctly identify effective governance as a pre-condition for sustainable development. It also recognises that Namibia already has in place a robust governance architecture. This should be used as a springboard to ensure the achievement of transparent and effective service delivery. More importantly, to enhance the opportunity of harnessing substantial demographic dividends, the government should strive towards bridging the gap between policies for socio-economic development and implementation programmes to achieve the intended outcomes. Robust monitoring, evaluation and performance management measures must be put in place if the intended outcomes of government policies and plans are to be achieved in an efficient, effective and timely manner.

This study shows that Namibia is already deep within the window period to harness its first demographic dividend. Therefore, there is urgent need for the government and all other stakeholders in Namibia's socio-economic development journey to act with urgency and implement game-changer interventions that will enable the country to take full advantage of the demographic dividend to achieve its long-term development aspirations to become a prosperous and industrialised country, developed by her human resources and enjoying peace, harmony and political stability.

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Appendix

I. Technical Note on the Fertility Scenarios

The four fertility scenarios applied in the simulations for this study are adopted from the population estimates and projections of the United Nations Population Division **World Population Prospects – The 2015 Revision**. This is a summary of the assumptions underpinning the four fertility scenarios. For a detailed description, reference can be made to the publication on the methodology of the United Nations Population Estimates and Projections²² that can be accessed at https://esa.un.org/unpd/wpp/Publications/Files/WPP2015_Methodology.pdf.

The four fertility scenarios used in the analyses for this report include:

- a. No change/Constant variant
- b. Low variant
- c. Medium variant
- d. High variant

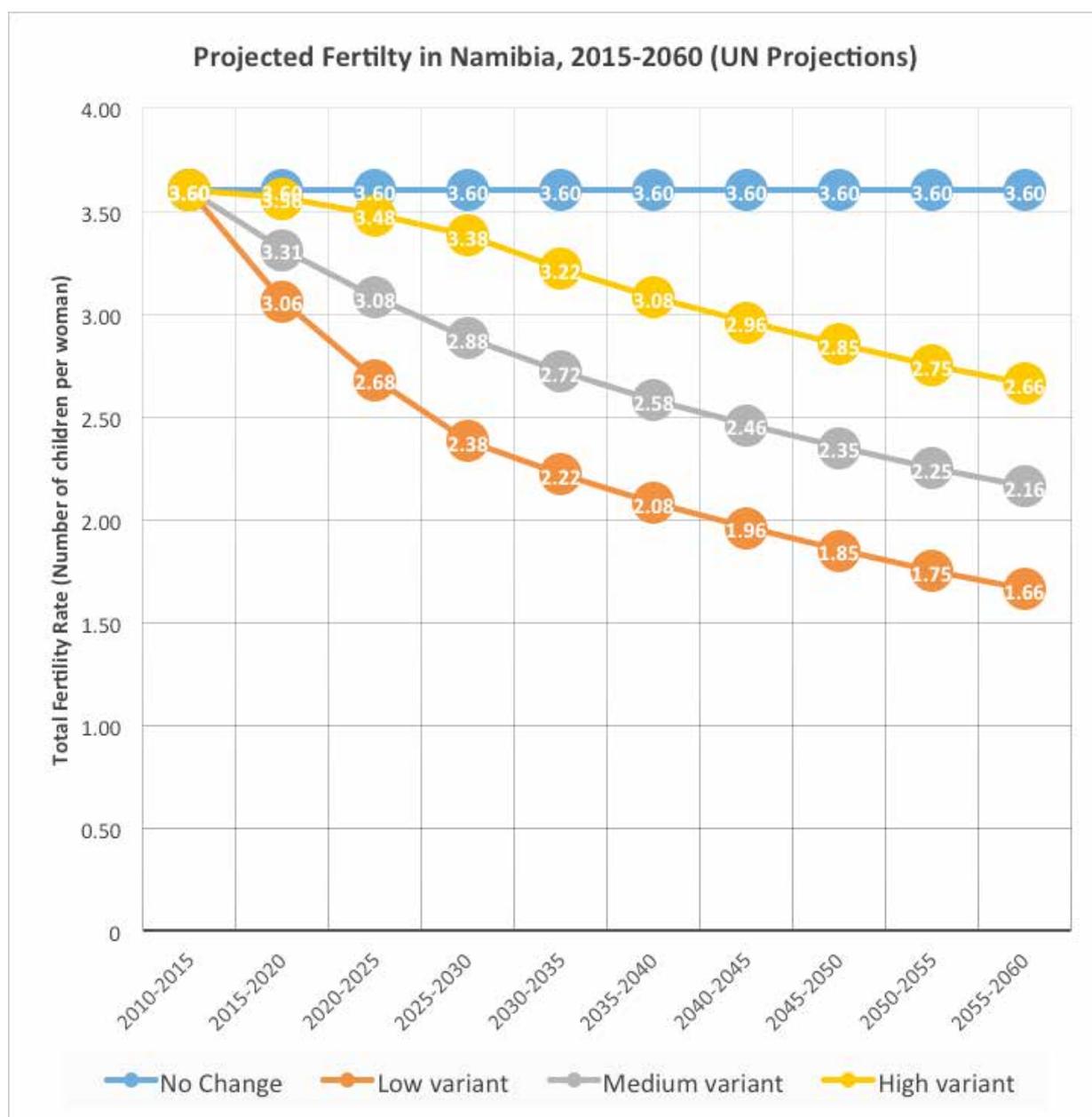
The **Medium variant** is the anchor scenario for the fertility projections. The overall approach for the projections is based on a probabilistic methodology that in general assumes that fertility in all countries declines over time with the demographic transition from high fertility to low fertility, eventually fluctuating around or below the replacement level of 2.1 children per woman. In the 2015 Revision, whose baseline period is 2010-2015, the most recent empirical evidence from censuses, surveys, registers and other sources, taking into account all information available and conducting internal checks for consistency by tracking changes in cohort size between successive censuses are used. The probabilistic method used in the 2015 Revision builds on models of fertility change developed in earlier revisions.

High variant: this is based on a high fertility assumption where fertility is projected to remain at 0.5 children above the fertility in the medium variant over most of the projection period. To ensure a smoother transition between the baseline period (2010-2015) and the high variant, fertility in the high variant is initially +0.25 child in the first projection period (2015-2020), +0.4 child in the second projection period (2020-2025), and +0.5 child thereafter. By 2025-2030, fertility in the high variant is, therefore, half a child higher than that of the medium variant. That is, countries reaching a total fertility rate of 2.1 children per woman in the medium variant have a total fertility rate of 2.6 children per woman in the high variant.

Low variant: based on a low fertility assumption, fertility is projected to remain 0.5 children below the fertility in the medium variant over most of the projection period. To ensure a smoother transition between the baseline period (2010-2015) and the low variant, fertility in the low variant is initially -0.25 child in the first projection period (2015-2020), -0.4 child in the second projection period (2020-2025), and -0.5 child thereafter. By 2025-2030, fertility in the low variant is, therefore, half a child lower than that of the medium variant. That is, countries reaching a total fertility rate of 2.1 children per woman in the medium variant have a total fertility rate of 1.6 children per woman in the low variant.

No change/Constant variant: under this variant, fertility in all countries remains constant at the level estimated for 2010-2015.

The figure below depicts the fertility projections for Namibia under the four assumptions. Under the **Medium fertility** variant, fertility is projected to decrease from 3.60 in the 2010-2015 period to 2.72 by the 2030-2035 period and just above the replacement level at 2.16 by 2055-2060. Under the **High fertility** variant, fertility is projected to decrease from 3.60 in the 2010-2015 period to 3.22 by the 2030-2035 period and 2.66 by 2055-2060. On the other hand, under the **Low fertility** scenario, fertility is expected to dip below the replacement level much sooner. By 2030-2035, it is projected to be at 2.22 and will further decline to 1.66 by 2055-2060.



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