

# Namibia Futures

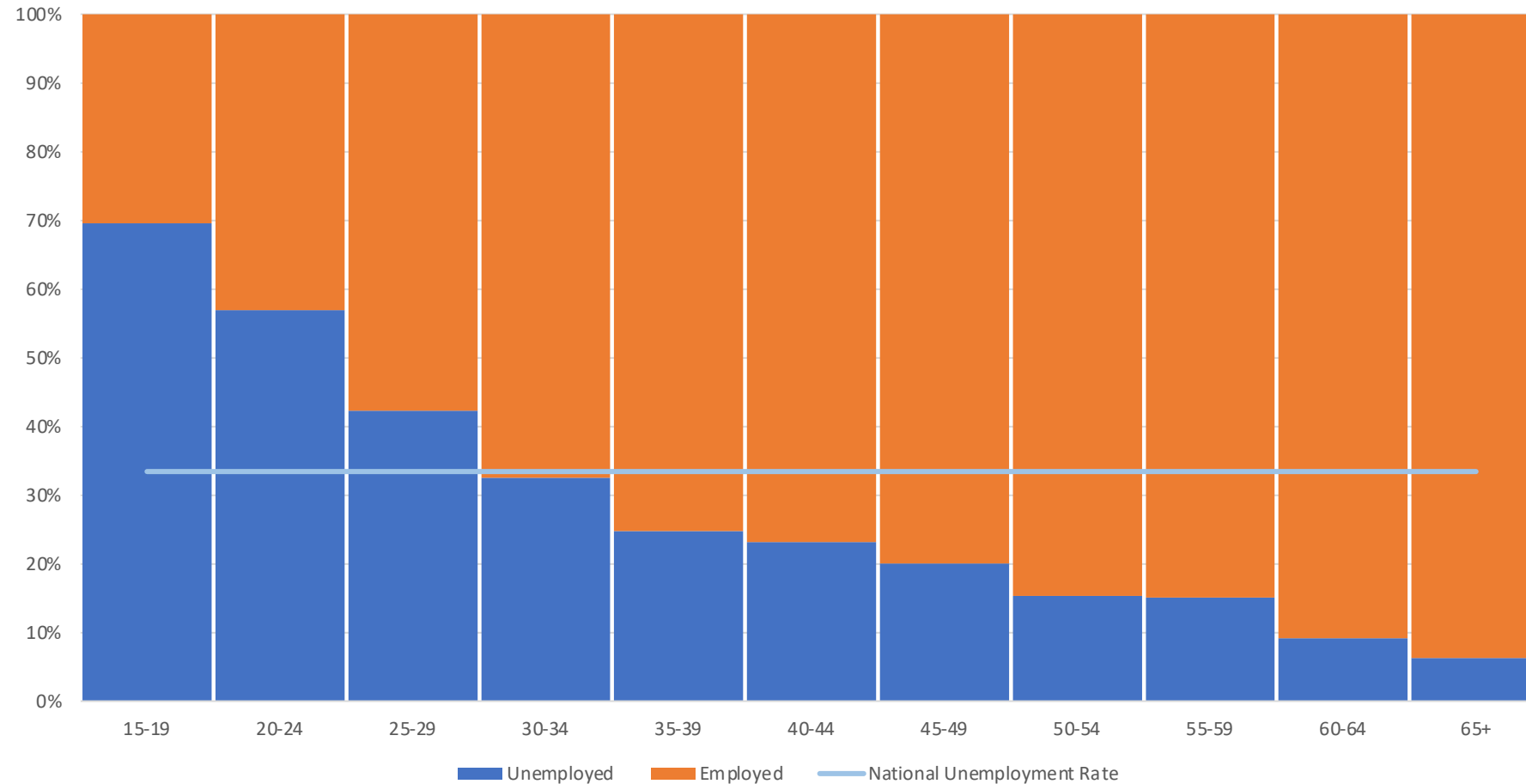


# **Will 90% of Namibians\* be in gainful employment by 2030?**

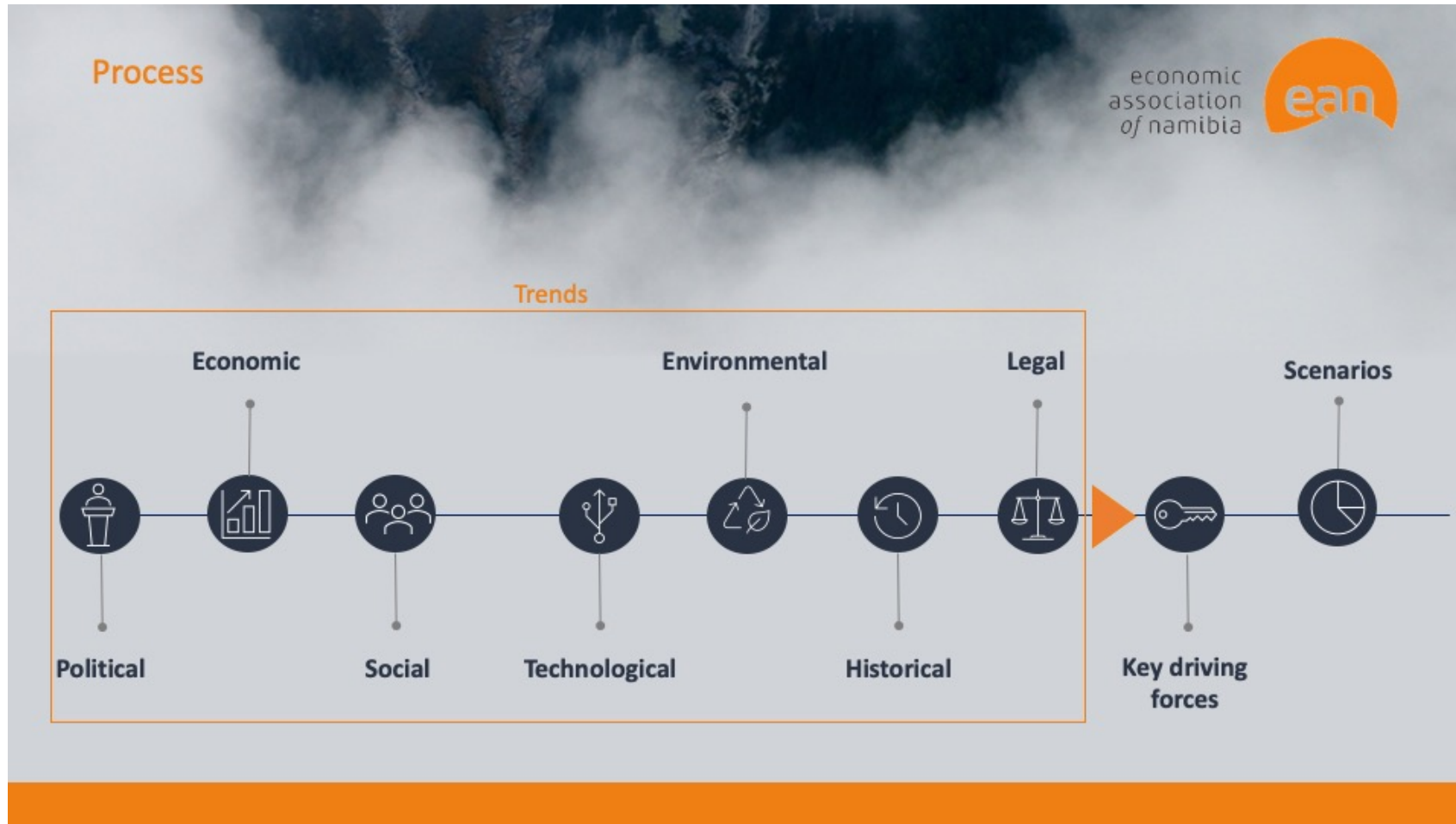
**\*economically active population**

# Current situation

2018 Namibia Labour Force Survey



# Process



# Ranking

## Relative driving force **impact**

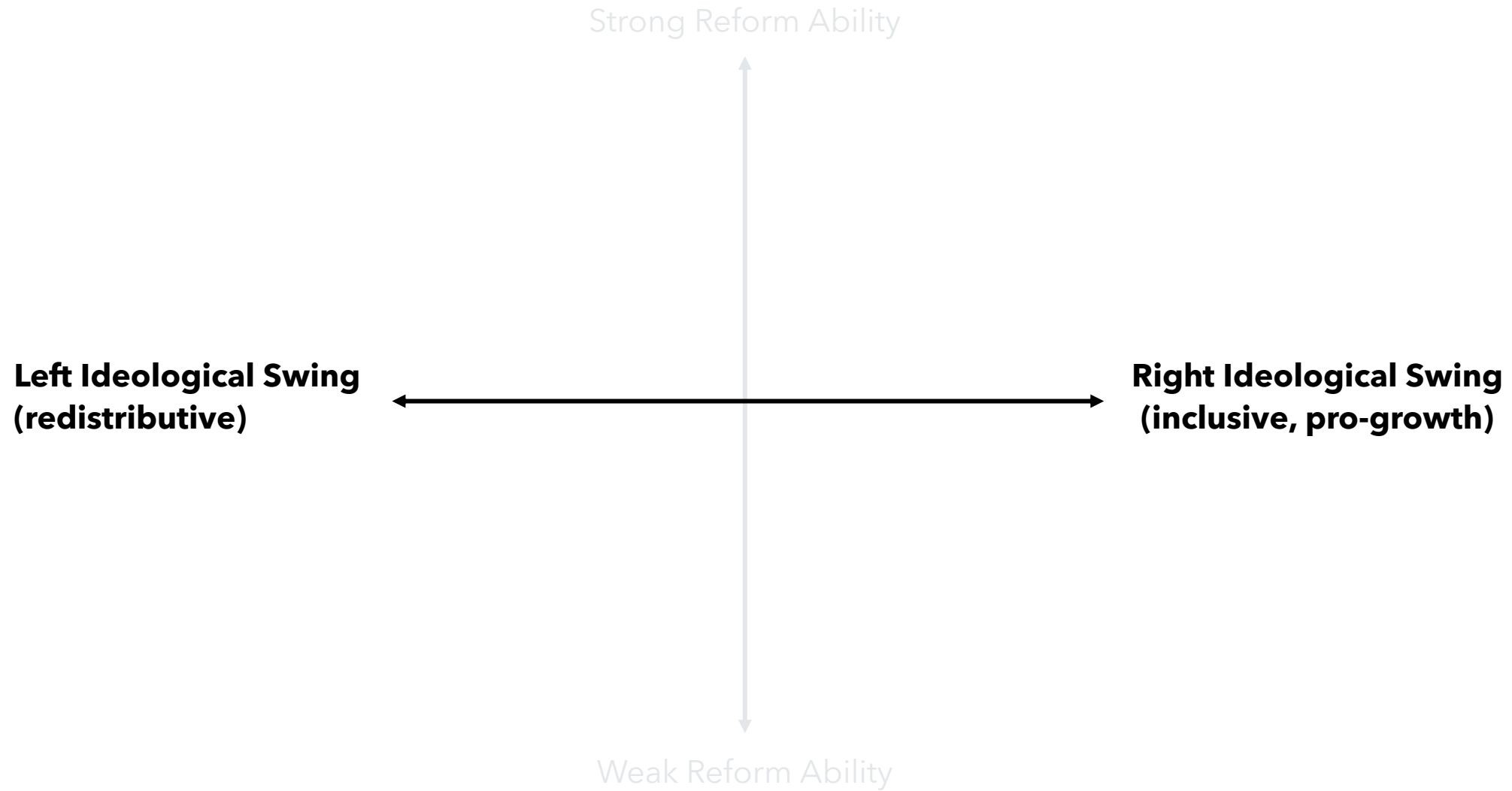
- Ranked from greatest to least

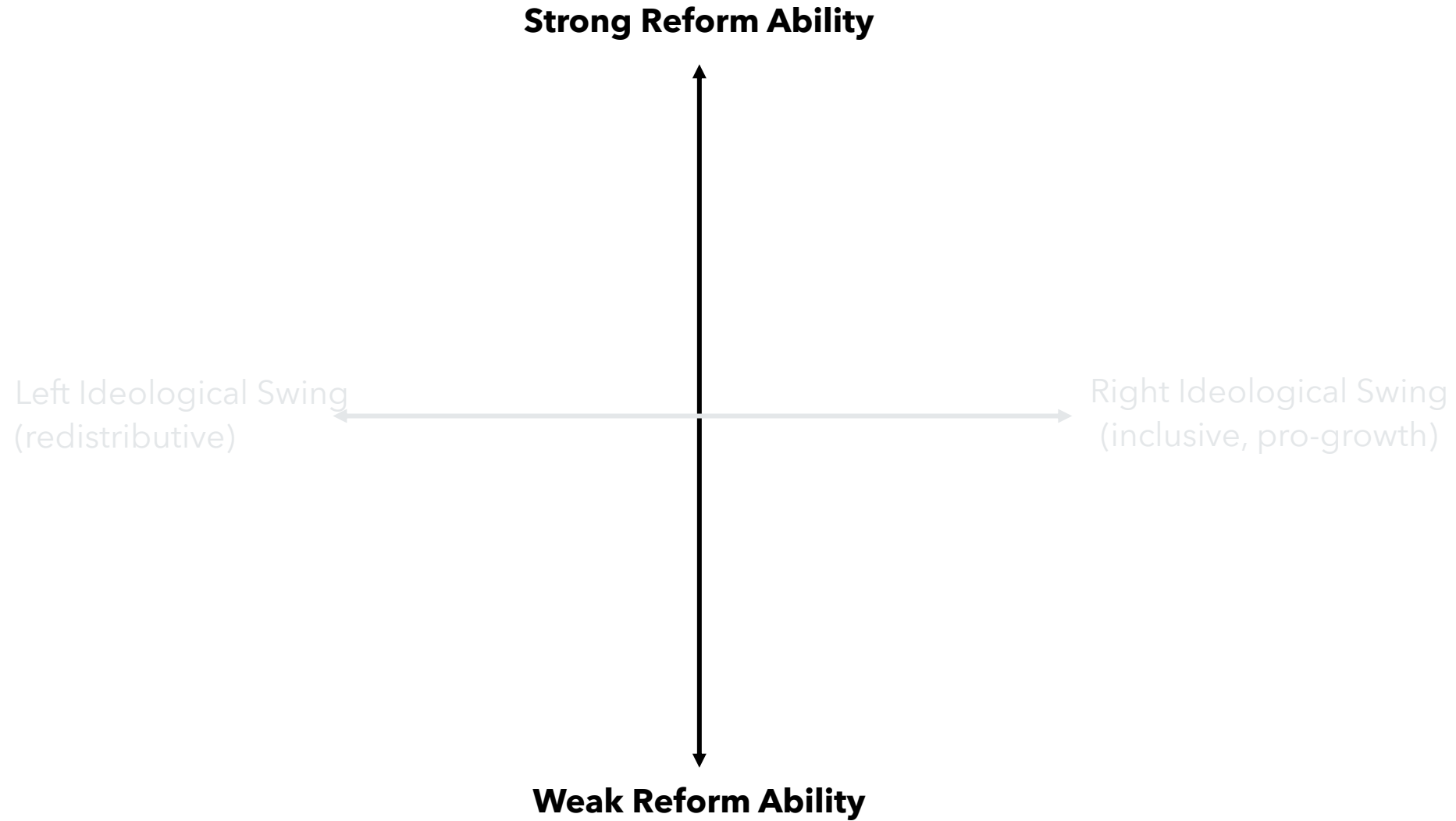
1. Ability to reform
2. National psyche
3. Left/Right ideological "battle"(inclusive growth vs. redistribution)
4. Youth aspirations
5. Skills
6. Debt trap
7. Regional head/tailwind
8. Oil discovery
9. Natural Disaster
10. Currency peg
11. Internal vs. external locus of control
12. Green development

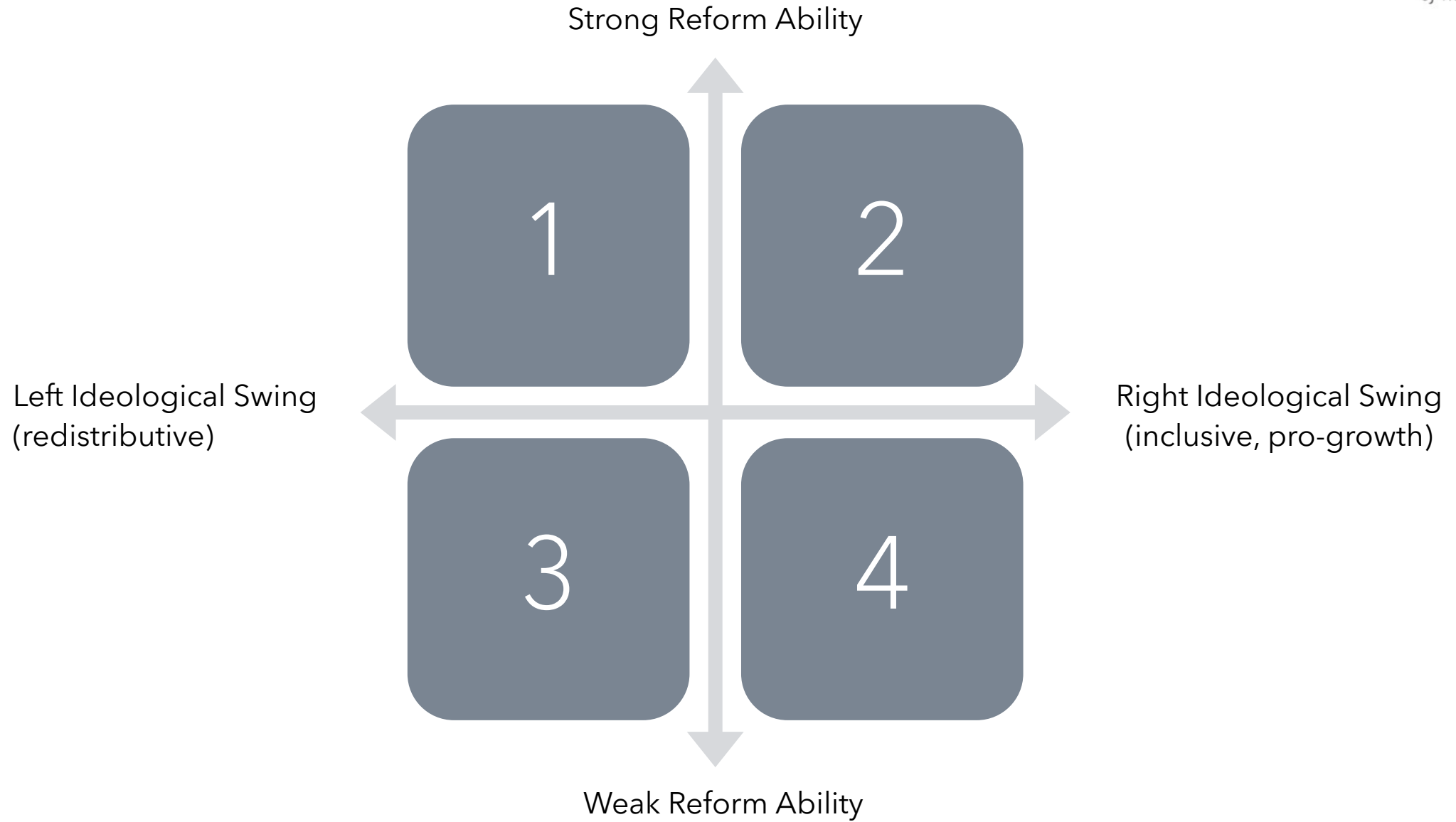
## Relative driving force **uncertainty**

- Ranked from greatest to least

1. Left/Right ideological "battle"(inclusive growth vs. redistribution)
2. Natural Disaster
3. Oil discovery
4. National psyche
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*"Getting off on the  
wrong foot."*



# "Getting off on the wrong foot."

## Political Developments

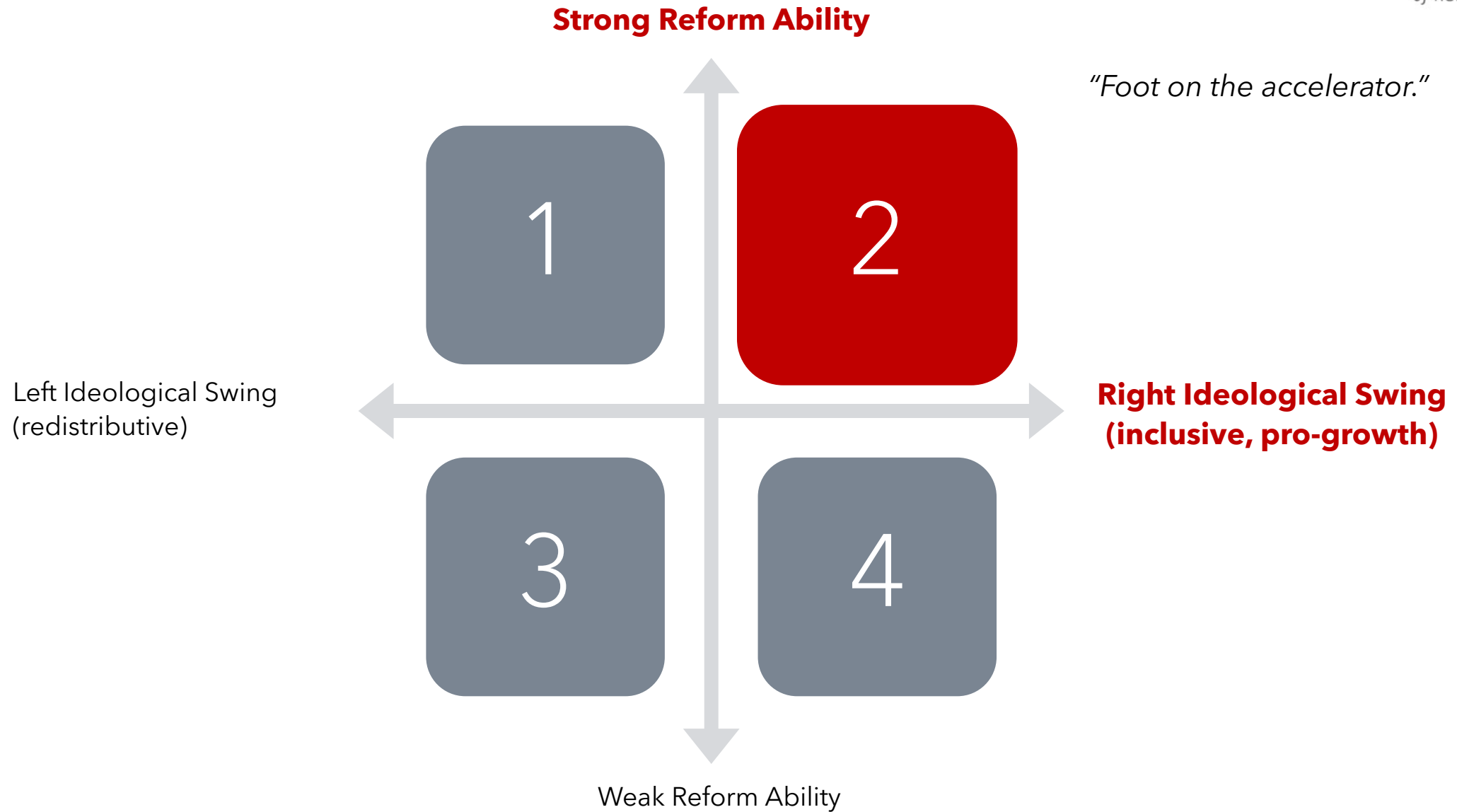


- New leader quickly grows in popularity amongst the largely unemployed and frustrated youth
- Incompetence and malfeasance are punished, while those reluctant to the sudden change of pace are replaced.
- Rapid decision making, cadre deployment.
- Capacity of the state improved to effect new changes.
- Encroachment on civil liberties.

## Economic Developments



- Nation's extractive industries are nationalized.
- Discomfort with the nationalist and redistributive rhetoric sees foreign investment initially slow before drying up.
- Country's large domestic savings pool repatriated. Initially, this drives economic growth in the short-term, until the funds are fully repatriated.
- To direct growth and investment, the state takes a larger and more hands-on role in the economy, eroding the private sector.
- The lack of catalytic capital in the country sees domestic value addition decline and unemployment start to rise again.
- The state finds increasing justification and means to seize private savings 'for the sake of the people'.
- The country quickly erodes her hard currency reserves -> eventual loss of currency peg.
- Loss of the fixed exchange rate results in rapid inflation.



## Political Developments

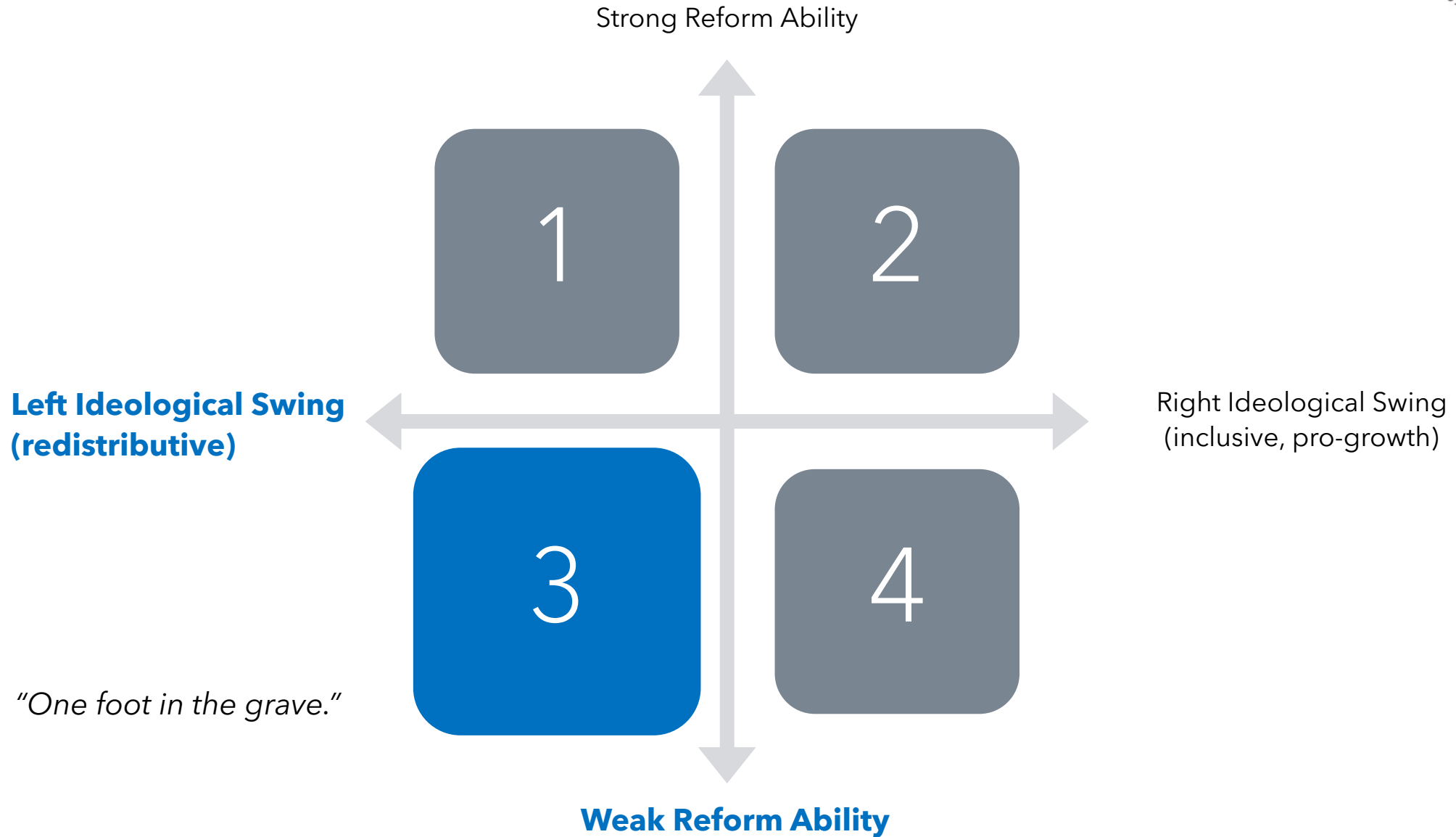


- Emergence of a leadership unincumbered by ideology and blind political affiliation.
- Shift to inclusive, pro-growth policy.
- Will to reform has been translated into definitive and decisive action.
- Leadership surrounds themselves with a small set of action-focused and experienced advisors and begins implementing key reforms.
- Reduction in bureaucracy and increase in state efficiency .
- Material reduction in the size of the civil service.
- Capacity of the state improves gradually.
- State is refocused on core areas of public service provision and equality of opportunity.
- Domestic sources of revenue increase over the years, and with a leaner and more efficient state, budget deficits are reduced materially and any concerns around a debt trap are erased.

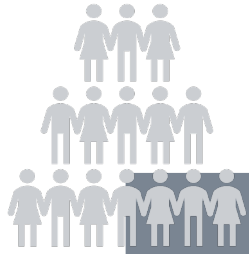
## Economic Developments



- Pro-growth policy agenda stresses grassroots, local and foreign investment-led economic growth, and employment creation.
- Scrapping of a series of policies that allow government a strong say in the business decisions of companies.
- 4 critical reforms: reduced exchange control regulations, change in work permit regime, competitive tax regime, redistribution outside of tax system done away with.
- This garners investment from the region and then the world.
- Change in investor sentiment has resulted in a markedly improved economic performance.
- Increasing employment and improved service delivery, create a widespread belief in a materially better, shared future.
- The rapidly growing economy presents opportunities for many, including entrepreneurs and skilled workers.



## Political Developments



- Despite the many promises and commitments to reform, the state and related institutions are unable to do so.
- Attempts to introduce some reforms are watered down through consensus-seeking and protection of vested interests.
- Policy slides slowly to the left.
- Policy discussion and direction are dominated by (superficial) redistribution and state-led activity.
- Inequality worsens and the future seems less and less likely to bring the desired progress, seeing radical and immediate solutions become overwhelmingly popular.
- With an ineffective state and unrelenting perceptions of corruption, the ruling party's support diminishes.
- Support is lost to more radical parties, advocating for immediate solutions through widescale redistribution of finite existing wealth.

## Economic Developments



- A 'slow bleed' – continued economic deterioration, limited domestic and foreign direct investment, stagnating wages, and worsening unemployment.
- These drive ever-widening inequality, which had already been exacerbated by the COVID-19 recession.
- Despite greater efforts to sell the country, the business climate remains unchanged or worse on the ground, and investors are not fooled for long.
- Perilous erosion of property rights through left leaning policy.
- The ineffective state apparatus and cronyism allow rent seekers to take advantage of increased state control. This repels foreign investment, accelerating the economic decline.
- With large expenditure requirements and dwindling revenues, the state must turn to the country's sizeable private savings pool to sustain itself and then eventually goes to the East for bailouts.



## Political Developments



- The country remains in policy limbo, without clear direction.
- Any true reform is thwarted by ideological elements that see redistribution and government control of the economy as a requirement to remedy injustices of the past.
- As a result, public services are still slow and inefficient, hindering any real progress in the living conditions of the many.
- Cronyism and nepotism are widespread and, combined with conflicting ideologies of the ruling class, result in few decisions being taken.
- If decisions are made, large government structures slow or hinder any real changes
- Growth is hampered by a reluctance of government to introduce meaningful accountability and civil service reform.
- Constrained by its finances and the change in policy approach, government has gradually reduced its involvement in the commercial parts of the economy.

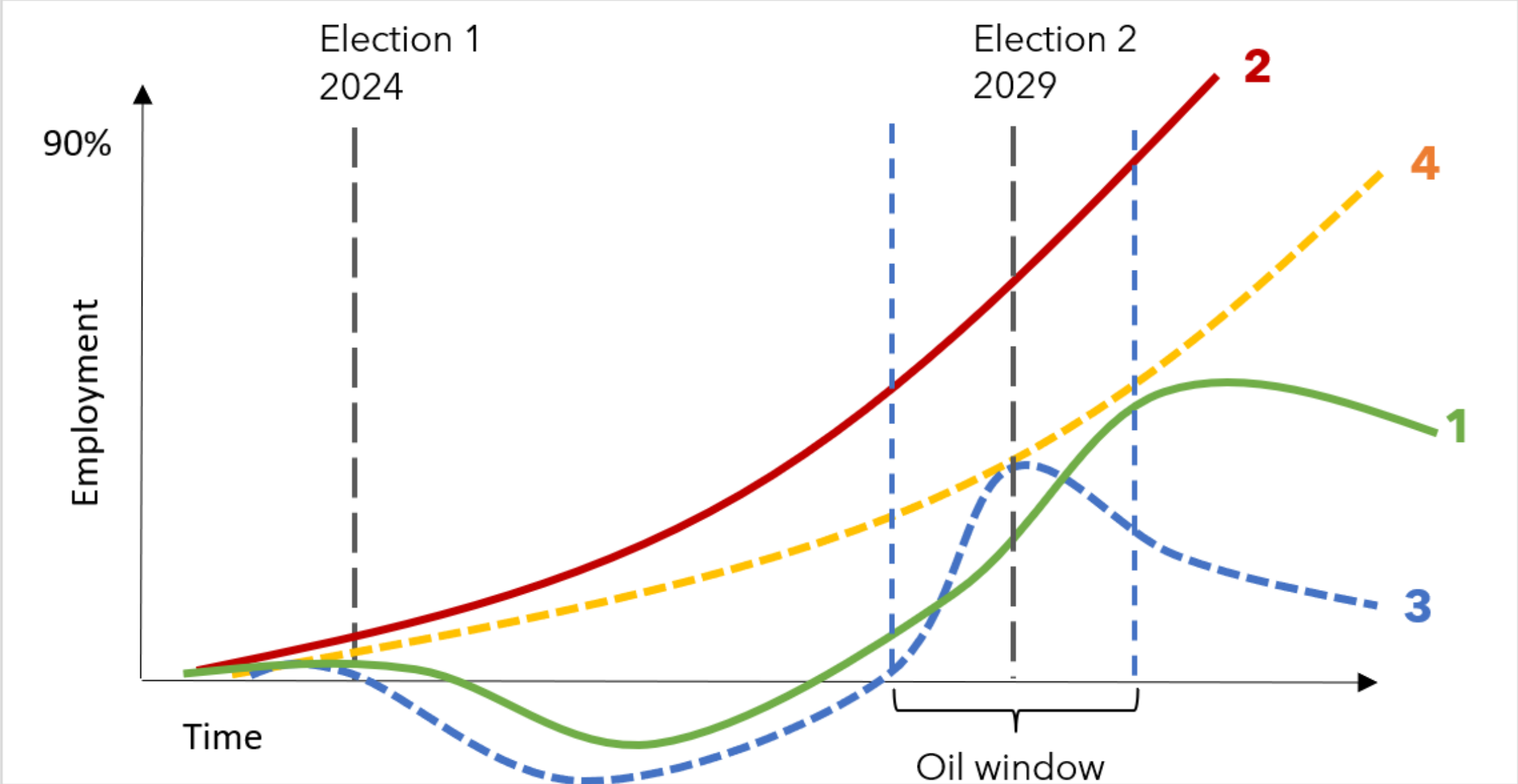
## Economic Developments



- A slight easing of the business and investment climate – driven by necessity as much as desire.
- Policy begins taking a somewhat more inclusive, pro-growth stance.
- Has resulted in some progress in building a stronger, more investor friendly economy.
- The resultant growth, although in positive territory, has been lacklustre.
- Although the business environment is relatively freer, opportunities are not in abundance.
- This has restricted the ability for industry to create sufficient jobs to increase employment levels significantly.
- Reliance on inward investment and stricter controls on expatriating wealth allow for management of hard currency reserves, thereby managing to maintain the peg, but at a cost to investor confidence, foreign investment, and greater economic growth.



# Indicative timeline



# Flags

