

## **Chapter Twelve**

### **The ILO's Future of Work Project in the Namibian Context**

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#### **Abstract**

*The ILO's Global Commission on the Future of Work proposed to deliver economic security, equal opportunity and social justice through a re-invigorated social contract which places people at the centre of economic and social policy. The Commission proposed three core pillars, including investments in people's capabilities, investments in the institutions of work and investments in decent and sustainable work. Since independence, Namibia has embarked on various initiatives to create additional jobs. These included the creation of Export Processing Zones in 1995, the National Employment Policies of 1997 as well as sectoral interventions such as the Targeted Intervention Programme for Employment and Economic Growth in 2011. None of these interventions created a significant number of permanent, decent jobs and thus the second National Employment Policy of 2013 was designed to create over 90,000 additional jobs in various key sectors of the economy. Its implementation was hampered by a lack of cooperation between state agencies, poor coordination, a lack of monitoring, gaps in skills training and development, limited social dialogue and poor labour market information. The covid-19 pandemic severely worsened Namibia's unemployment crisis. Already before the pandemic, Namibia's unemployment rate stood at 33% and 32% of all employed persons were vulnerable in precarious working conditions. Almost 60% of all employed persons were either partially or just not covered by social protection and the economic sectors that accounted for most employment were amongst those hardest hit by the pandemic. Officially, about 11,000 retrenchments occurred between January and September 2020 but the real figure is likely to be much higher and the overall unemployment rate is likely to reach around 50% by the end of 2020. The transformation of the world of work as envisaged by the ILO has hardly occurred in Namibia. There are no signs of an emerging social contract, the education system did not yield the expected results in terms of skills while substantive gender equality in the workplace is yet to be achieved. Namibia has the opportunity to set up a comprehensive social protection system by adding to the non-contributory schemes, a universal child grant and a universal basic income grant to the existing social pensions. Overall, Namibia's future of work is a scenario of great uncertainty as the country will have to fundamentally restructure its economy to move beyond the limitations of the enclave economy. This will be a precondition for the creation of a large number of decent jobs in the years to come.*

**Keywords:** Job Creation, Employment Policy, Unemployment, Covid Pandemic

## **Introduction**

The question of mass unemployment and job creation has been a central feature in Namibia since independence. This chapter traces various interventions since the formulation of the first National Employment Policy in 1997 to the interventions under the Targeted Intervention for Employment Creation and Economic Growth (TIPEEG) and the second national employment policy. The outcomes of the policy interventions are critically assessed as they failed to make a significant dent in Namibia's overall unemployment rate.

The crisis of mass unemployment was worsened during the covid-19 pandemic of 2020 which severely endangered the livelihoods of many Namibians. Faced with such a multitude of crises, Namibia urgently needs to rethink its development strategy and the role of the state in directing development towards particular outcomes. This will be highlighted in the concluding sections of this chapter.

The current realities of Namibia and the challenges regarding the future of work will be compared with the report of the ILO's Global Commission on the Future of Work. This report was published in 2019 and outlines several interventions that the Commission proposed to ensure a better future with decent working conditions and living standards for all. The concluding section of this chapter will therefore assess Namibia's current realities and compares them with the ILO's proposed interventions to secure decent work for all in the years to come.

## **The ILO's future of work project**

The ILO set up a Global Commission on the Future of Work, headed by South African President Cyril Ramaphosa and the Swedish Prime Minister Stefan Löfven. The Commission brought together members from all over the world, with different backgrounds and perspectives. They started their work in October 2017 and held their last meeting in November 2018 before presenting their report in 2019 (ILO, 2019a).

The report reflects on the imminent changes in the world of work and provides proposals on how to manage them, driven by the belief that "if everyone is included and works together to find solutions, there is a brighter future to our world of work" (ibid: 6). However, the report also noted that "without decisive action we will be heading into a world that widens existing inequalities and uncertainties". While technological advances will create new jobs, they will also lead to job losses and those affected might be least equipped to seize the new opportunities. The report also warned that the skills of today might not match the future jobs as some of the current skills may become obsolete. This trend will affect different industries as new jobs around the greening of the economy will emerge while those in the carbon- and resource-intensive industries will decline (ibid: 10).

The report proposes to use the envisaged transformative changes "to create a brighter future and deliver economic security, equal opportunity and social justice". These

long-held ILO ideals are to be achieved through a re-invigorated social contract between governments, employers and workers' organisations. The report proposes "a human-centred agenda for the future of work that strengthens the social contract by placing people at the centre of economic and social policy and business practice" (ibid: 10-11).

This agenda is to be advanced through three pillars. The first one is increasing investments in people's capabilities" which entails a universal entitlement to lifelong learning to continuously improve and adapt skills levels. Another aspect of this pillar is to increase investments in institutions and strategies to support people in work-related transitions, such as school-to-work transitions, expanded public employment services and pro-active labour market policies. The pillar further includes measurable steps to achieve gender equality such as a sharing of unpaid care work and strengthening women's voice and leadership. Lastly, the pillar points to the need to provide universal social protection from birth to old age based on the principles of solidarity and risk sharing (ibid: 11-12).

The second pillar consists of "increasing Investment in the institutions of work", including regulations, employment contracts, collective agreements and labour inspection systems. The pillar proposes the establishment of a "universal labour guarantee" that will ensure that all workers enjoy fundamental workers' rights, an "adequate living wage", limits to working hours and safety and health at work. The pillar further proposes to expand "time sovereignty" to give workers greater autonomy over their working time. The report suggests that technology can be harnessed to achieve a balance between work and personal life, e.g. by setting maximum limits on working time "alongside measure to improve productivity" (ibid: 12).

The pillar further proposes tripartite social dialogue to be treated "as a public good, actively promoted through public policies". This entails freedom of association and the right to collective bargaining for all, guaranteed by the State. Furthermore, the pillar urges "harnessing and managing technology for decent work". Artificial intelligence should be directed by humans and an international governance system should be established to secure minimum rights and protections (ibid: 12-13).

The third pillar calls for "increasing investment in decent and sustainable work" in line with the UN 2030 Agenda for Sustainable Development. This entails investments to promote gender equality and new jobs as well as opportunities for micro, small and medium enterprises. Priority should be given to the rural economy and investments should be directed towards high quality physical and digital infrastructure "to close the divides and support high value services" (ibid: 13).

The pillar also calls for "reshaping business incentive structures for longer-term investment approaches and exploring supplementary indicators of human development and well-being". This includes "fair fiscal policies, revised corporate accounting structures, enhanced stakeholder participation and changes in reporting

practices". The new measures to assess progress must go beyond the GDP and assess the distributional aspect of growth, the value of unpaid work in households and communities and also consider "externalities of economic activity, such as environmental degradation" (loc.cit.).

The Commission's report calls on national strategies on the future of work to be developed between the tripartite stakeholder (government, business and labour) and further calls on multilateral organisations (WTO, IMF, World Bank and ILO) to strengthen their contributions to the future of work agenda. The report suggests that success will depend on coherence across trade, financial, economic and social policies and that the ILO can become the focal point for social dialogue and the future of work agenda (ibid: 13-14).

## **The Namibian context**

### **Efforts to address unemployment after independence**

Since Namibia attained political independence in 1990, the Namibian Government tried to implement various strategies simultaneously to address the persistent problem of mass unemployment. These included the establishment of medium and large export-oriented manufacturing industries to increase and diversify exports and to overcome the limitations of a small domestic market. The first National Employment Policy of 1997 also proposed the development of historically-neglected sectors like subsistence farming, small enterprises and the informal economy as well as the promotion of tourism and labour-based works in all sectors of the economy (Ministry of Labour 1997).

The major focus of economic policy has been the promotion of export production within a framework of economic liberalisation. The passing of a Foreign Investment Act, shortly after Independence, and the Export Processing Zones Act of 1995 bear testimony to Namibia's efforts to encourage foreign investments. The National Employment Policies of 1997 stated that "*since Namibia has a small population and a limited domestic market, export-led growth will be the only viable strategy for sustainable economic development and massive job creation*" (ibid: 17). The policy document called for "explicit, well-defined and targeted" interventions to achieve job creation and identified the high levels of un- and under-employment as a major threat: "They will create class, racial, regional and social tensions; and ultimately political instability. They are a social time bomb ticking away" (ibid: vi).

The objectives of the Namibian Government's employment policies were thus twofold, namely, "*to create adequate jobs to absorb the annual entrants to the labour market in order to reduce the current high levels of unemployment and underemployment; and to promote the protection of the working population*" (ibid: xxiv). These objectives are still relevant today but the experiences over the past 30 years have provided Namibia with the opportunity to learn from past practices. The hope to achieve export-led industrialisation and employment, in particular has shown to be an illusion given

the cut-throat competition of a ruthless global economy and the particular conditions in Namibia. Thus, the expected 25,000 jobs in the Export Processing Zones (EPZs) which were to be created within 5 years never materialised despite the generous incentives offered to EPZ investors.

On the other hand, interventions like the introduction of quotas for local agricultural goods in retail shops have shown very positive results in terms of encouraging local production and employment opportunities.

### **Sectoral Interventions**

In August 2010, the National Planning Commission (NPC) presented the “Targeted Intervention Programme for Employment Creation” (TIPEEG) to address unemployment in the short to medium-term. The document acknowledged the need for faster economic growth and for another type of economic growth that will result in job creation and proposed to pay “more attention to economic sectors with high potential for growth and job creation”. These are identified as tourism, transport and livestock production (NPC 2010: 2). Furthermore, the NPC proposed “broad reforms enhancing Namibia’s long-term competitiveness” (NPC 2010: 4).

The NPC advocated for a strategy of “unbalanced growth” for rapid job creation by targeting specific regions or sectors. It suggested that this “approach is advisable where resources are limited and where there are strong back and forward linkages for the identified economic sectors” It also argued that economies of scale are important to become internationally competitive and that an unbalanced growth strategy will be helpful to achieve economies of scale (ibid: 5). In order to finance TIPEEG, the NPC proposed to increase the budget deficit from 3% to 7% over a five-year period.

The document pointed out that in the past, many government policies and programmes did not yield the desired results due to poor implementation. The NPC, therefore, called for consistency in the implementation of TIPEEG with Ministerial action plans approved by Cabinet and monitored by the NPC. The document concluded that “it is of utmost importance that if we agree to an increased Government targeted economic intervention; we must also agree to commit ourselves to implement our plans in the most judicious manner, lest we waste scarce public financial resources” (ibid:13-14).

### **TIPEEG**

Based on the NPC proposal, the Namibian government announced a Targeted Intervention Programme for Employment and Economic Growth (TIPEEG) in 2011. Its stated target was to create 104,000 direct and indirect jobs between 2011 and 2014. The budget allocation amounted to N\$ 9,1 billion which rose to N\$ 14, 7 billion once the expenditure on public works programmes was added. State-Owned Enterprise (SOE) investments during that period were envisaged to amount to another N\$ 4 billion (NPC 2011).

TIPEEG's priority sectors were agriculture (N\$ 3.6 billion was to be invested and 26,171 jobs were to be created); transport (N\$ 3, 1 billion planned investment for 33,276 jobs); housing and sanitation (N\$ 1, 8 billion proposed investment for 35,076 jobs), tourism (N\$ 649 million proposed investment for 10,000 jobs) and public works (N\$ 5, 5 billion proposed investment for 82,000 jobs). The agricultural projects targeted crop production, enhanced livestock productivity, forest management and water resources infrastructure. Transport investments targeted road construction and rehabilitation as well as rail network development and port development in Walvis Bay. The tourism investments aimed to increase the number of tourists by 10% through tourism development and wildlife management programmes while the housing and sanitation programmes targeted the servicing of land, the construction of low-cost houses and the creation of urban and rural sanitation (ibid).

The TIPEEG document itself acknowledged that TIPEEG would not provide the solution to unemployment and pointed out that reducing the unemployment rate "to a more acceptable level will require more strategic and long-term thinking and efforts". The document admitted that since many TIPEEG jobs would be temporary, "we might not see a rapid decline in the unemployment rate over the next 3 years" (ibid). This was indeed the case as TIPEEG only created about 15,000 permanent jobs.

### **The Second National Employment Policy (NEP) of 2013**

The National Employment Policy (NEP) of 2013 was thus expected to create a much larger number of additional jobs. It presented several strategies to promote employment and decent work. The NEP was not limited to conventional labour market policies but aimed at providing an integrated policy framework which covered macroeconomic and sectoral aspects as well as the institutional aspects in order to create 90,000 additional jobs (Ministry of Labour and Social Welfare 2013).

The NEP was built on the following principles:

**Decent Work:** The principle of decent work promotes the access by all Namibians to quality/productive and freely chosen employment that adheres to acceptable labour standards in an effort to ensure conducive working environment which is a core requirement for job satisfaction, job security and dignity. The principle is based on four core values which includes rights at work, employment (productive and freely chosen), social protection and social dialogue. These principles are also contained in the Namibian Decent Work Country Programme (2010-14) which focuses on three priority areas namely, employment promotion, enhanced social protection and strengthened social dialogue and tripartism which also forms part of the national employment policy.

**Gender Equality:** The policy adheres to the principle of non-discrimination in employment and occupation in the national employment policy. Gender disparities are reflected in income disparities as well as in terms of representation in management positions. Further disparities were also identified in the level of skills and business opportunities as well as control of productive resources.

**Focus on the Youth:** The policy attaches strong emphasis on youth employment with a holistic approach focusing on both supply and demand side of the labour market, the quantity and quality of jobs as well as the rights of the young workers.

**Sustainable Development: greening the economy and green jobs:** The policy promotes in the principle of greening the economy and hence places an emphasis on green jobs. The policy therefore targets the creation of decent jobs that contribute substantially to preserve or restore environmental quality, including jobs that help to protect ecosystems and biodiversity, reduce energy, material and water consumption through high efficiency strategies.

**Conducive Economic Environment:** The private sector was identified as a key player in the economy that has a crucial role to play in creating jobs. The policy called on government to address the remaining bureaucratic hindrances relating to starting a business, registering property, trading across borders, complex tax systems, etc. Moreover, the policy called for the easing of access to finance and ensuring financial inclusion for SMEs (formal or informal).

**Value addition** was mentioned as the underlying principle in all economic activities. The NEP called for a more forceful and deliberate approach to add value to local raw materials into semi-processed and final products. The policy called for strategies such as export levies on raw materials and promoting value addition industrialisation (Ministry of Labour and Social Welfare 2013: 12-14).

### **Priority areas and strategies**

The NEP tried to make employment creation as well as the reduction of inequality a central, deliberate focus, rather than merely an anticipated outcome of market-oriented macro-economic policies. A particular focus on women and the youth as those worst affected by poverty and unemployment was seen as central in all areas of intervention. The NEP further identified the key economic sectors in which new jobs could be generated and identified the key interventions. It acknowledged that the conventional macro-economic framework that Namibia had implemented achieved a degree of macroeconomic stability and growth, but did not deliver on the social front as indicated by the high levels of unemployment, poverty and inequality. The policy thus urged that in the years ahead all benefits accrued from the various initiatives need to equally benefit all previously disadvantaged segments of society (youth, women and people living with disabilities).

The NEP identified well targeted public investments as the driving force of economic growth and job creation. Public infrastructure assets should therefore be maintained and upgraded while neglected sectors such as agriculture should be prioritised and imports should where feasible be substituted by local investments and production. The immediate key investment priorities were outlined as follows:

- Agriculture (crops, livestock and agri-based industries)

- Electricity (moving towards self-sufficiency and renewable energy sources)
- Housing and water (including sanitation)
- Mineral beneficiation
- Tourism infrastructure
- Transport and logistics

In addition, government was encouraged to continue with budgetary allocations to those sectors which are already contributing to employment growth. Increased public expenditure was expected to lead to increased private investments and production in the short and medium term. The reduction of poverty and income inequality was meant to be at the centre of Namibia's economic growth strategy with particular emphasis on its gender disaggregation. The NEP aimed to "place emphasis on bringing development to the people through utilisation of labour of the poor and the unemployed, using appropriate technologies, production of goods and services consumed by Namibians and locating production and expanding markets in rural areas where most people reside" (Ibid: 14-16).

### **What was really achieved?**

At the end of 2019, Namibia's Ministry of Labour, Industrial Relations and Employment Creation (MLIREC) and the ILO commissioned an independent evaluation of the achievements and shortcomings of the NEP. The findings were presented in early 2020 and discussed by the tripartite stakeholders. The evaluation's key findings pointed to severe weaknesses in the policy implementation including the following:

- There was a "silo-mentality" in the operations of the government, which imposes operational inefficiencies. This "silo-mentality" arises from a lack of appreciation of horizontal synergies and thus resources are directed towards achieving the agency's/ministry's own mandate to the exclusion of collaborative options that may improve overall performance. The evaluators observed that "there are power dynamics within and between ministries that are inimical to cooperation and shared resourcing of common issues". Also, employment was generally seen as an issue of the Ministry of Labour rather than as a cross-cutting theme.
- There were weaknesses in the implementation of the NEP2 because of the lack of a central coordinating and enforcing authority. The policy was seen as the responsibility of the MLIREC while there was inadequate support from other ministries, some of which had little knowledge about the content of the NEP2. Also, the implementation committee had no power to lead and to direct the implementation process.

- The establishment of the labour market information system (LMIS) was a big achievement, but its effectiveness has been hampered by lack of coordination between state institutions sharing the necessary information for the database.
- “Despite the existence of comprehensive implementation and monitoring and evaluation frameworks, there was no interim monitoring and evaluation mechanism”. The “lack of an adequately resourced monitoring and evaluation team in the MLIREC meant little or non-evaluation took place. In addition, there were no feedback loops for stakeholders to evaluate their performance against interim outcomes of the policy. The effectiveness of the implementation process was hampered by lack of support from key ministries that had employment creation activities as part of their mandate or that were tasked with implementing components of the policy” while “some employers’ associations did not participate in social dialogue”.
- “There were gaps and limitations in skills training and development, which adversely impacted on the implementation of the policy. The introduction of austerity measures in the middle of the NEP2 period (2015/16) and subsequent freeze on government recruitment left some OMAs inadequately staffed”.
- “State agencies stick rigidly to their mandates, resulting in poor prioritisation and inefficient resource use”. Cross-ministerial meetings were often little more than talk shows which produce no tangible results.
- The social protection system was an important safety net preventing old age poverty, but there remained some inadequacies especially in the coverage of child benefits. The uptake of child grants increased significantly from 2004 onwards but over time the real value of the grant has fallen deteriorated and the registration process of the grants is cumbersome. “Some children lack the documents for registration, and some places are too remote for the registration of beneficiaries”.
- There was a general lack of systematic and rigorous analysis of the NEP and thus “there was no reflection and learning to improve the effectiveness of the policy” (ILO 2019b: 9-10).

Based on these findings, the evaluation report made 8 specific recommendations to enhance future employment policies in Namibia:

1. “The employment policy implementation requires a dedicated institutional setup for effective coordination and supervision of activities. The institution must have the power to hold stakeholders to account”.
2. “Government policies and programmes require interim monitoring and final evaluation at the end”. This will help to improve and fine-tune the implementation process. “Monitoring and evaluation needs to be engrained in all government programmes as a good practice”.

3. Many of Namibia's good policies and programmes have not been implemented effectively due to the "silo mentality" which can be changed through a political decision. "The leadership in government needs to make a conscious decision to confront this problem".
4. "Namibia has not realised the power of tripartism and social dialogue" and outside the MLIREC, "there is little to no consideration of tripartism within government... To build the foundation for social dialogue for the future, the key stakeholders need to build trust with each other and cooperate to solve national problems".
5. "Namibia has an impressive social protection system, but with room for improvement. The high level of poverty, unemployment and inequality calls for greater social protection. But an expanded social protection system can be costly. Namibia needs to seriously consider the future sustainability of current and future social protection expenditures".
6. "The future of Namibia's agricultural employment hinges on the country's ability to effectively adapt to climate change. The frequency and severity of droughts will cause reduced production and productivity, and job losses. The expansion of green schemes and the involvement of local communities in the schemes is critical for food and employment security".
7. In order to tackle the lack of coordination, resulting in duplications and waste of resources, the report called for the introduction of "systems-thinking and a cooperative approach to economic management which will result in efficiency in resource allocation and savings".
8. "The quality of labour market information in Namibia falls short of what the country requires" and the report recommended "greater publicity and discussions about the content of the national human resources plan by training institutions, employers and government ministries" (Ibid: 11-12).

## **The employment consequences of the covid-19 pandemic**

### **The pre-Covid unemployment crisis**

Given these continuous challenges of employment creation, it is hardly surprising that the Namibian labour market has been in a state of crisis long before the Covid-19 pandemic hit the country. It is worth recalling that historically, Namibia's colonial economy was primarily a resource/extraction-based economy, with agrarian features and a tiny manufacturing sector. Colonial Namibia essentially served as a captive market for South African consumer goods and thus Namibia's manufacturing sector at Independence was underdeveloped, contributed a negligible share to the GDP (4-5%)

and only employed about 9 000 people which represented about 5% of those in formal employment. About 70% of all goods produced in Namibia were food products while the rest consisted of wood products, textiles, furniture and transport equipment (Sparks and Green 1992).

This has hardly changed since independence. Despite pursuing a host of investor-friendly economic reform policies after independence - as exemplified by the Foreign Investment Act of 1991 and the Export Processing Zones Act of 1995 - Namibia like most of its African neighbours did not achieve any meaningful structural economic changes. This is exemplified by a very small manufacturing base and the resultant high levels of unemployment, as reflected in Table 1. The broad definition of unemployment includes all those without work who are available for work while the strict definition covers only those who are actively seeking work. The figures show that women and young people are the ones most severely affected.

**Table 1: Unemployment rates (2000-2018)**

Broad unemployment rate (15-64 years), in %	2000	2004	2008	2012	2018
Total	<b>33.8</b>	<b>40.6</b>	<b>51.4</b>	<b>28.5</b>	<b>33.4</b>
Male	28.3	33.8	43.6	23.6	32.5
Female	39.0	47.6	58.6	33.2	34.3
Urban areas	31.3		65.3	28.5	33.4
Rural areas	35.9		36.5	28.4	33.5
15-19 years	67.0	72.0	83.6	56.4	69.6
20-24 years	59.1	61.3	67.4	48.5	57.0
25-29 years	42.8	45.1	53.3	33.6	42.3
30-34 years	31.3	36.6	46.0	24.9	32.5
Strict unemployment rate (15-64 years), in %	2000	2004	2008	2012	2018
<b>Total</b>	<b>20.2</b>	<b>25.3</b>	<b>37.8</b>	<b>17.5</b>	<b>19.8</b>
Male	19.0	22.4	32.8	15.2	21.1
Female	21.5	28.8	43.3	20.0	18.5
Urban areas	24.0		30.8	20.6	23.4

Rural areas	16.6		47.0	12.7	14.4
15-19 years	49.4	53.1	67.3	33.2	36.6
20-24 years	42.0	45.2	56.6	34.6	38.0
25-29 years	29.9	32.1	43.3	23.0	28.8
30-34 years	19.7	23.0	34.6	15.8	22.9

Source: Labour Force Surveys.

The table above suggests a significant drop in unemployment between 2008 and 2012 but this was not the case. Instead, the drop in unemployment can largely be attributed to several methodological changes which were made over the years. The Namibia Statistics Agency (NSA), which took over the execution of the Labour Force Survey (LFS) in 2012 from the Ministry of Labour and Social Welfare, implemented several changes to the survey questionnaire. While still using the international standard definition of one hour's work for profit, pay or family gain in the seven-day reference period ahead of the interview, it probed the question of family gain further with several new questions. This included work done for at least one hour on one's own household farm, plot, garden or cattle post; growing farm produce; looking after animals; fetching water; collecting wood; producing any goods for household use; doing repairs at one's home, plot or cattle post; catching fish, prawns or other wild animals for household consumption, etc. (Jauch and Tjirera 2016). Thus, a large number of people in rural areas were classified as employed unlike in the 2008 survey.

Table 2 shows the sectoral distribution of employment in Namibia between 2000 and 2018 in rounded figures.

**Table 2: Employment by economic sector (2000-2018)**

Industry sector of employed. 15-64 years, in %	2000	2004	2008	2012	2018
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>
Agriculture & fishing	31	23	16	24	23
Mining & quarrying	2	3	3	2	2
Manufacturing	5	9	6	5	6
Utilities (water, sewerage, waste)	1	0	2	1	1

Construction	5	1	7	7	6
Trade (wholesale and retail)	9	5	15	13	11
Transport, storage & communications	3	18*	5	7	5
Accommodation & food services	2	4	3	5	11
Financial services	1	2	3	2	2
Real estate & business	9	19*	4	6	0.1
Public admin, education, social work, health, defence	16	4	21	15	13
Other services	17	11	14	13	3
Services rendered by household employees					10
Arts, entertainment and recreation					1
Unspecified	1	1	0	0	0

Source: *Labour Force Surveys*

The available data highlight the key characteristics of the Namibian labour market. The latest Labour Force Survey of 2018 found that out of Namibia's 1,090,153 economically active people, 725,742 were employed (66.6%). As mentioned above, the definition of employment includes "those persons of working age who worked at least one hour during the reference period as contributing family members (formerly referred to as unpaid family members) working in a family business" (NSA 2019: 38). The majority of employed persons (71.9%) have schooling as the highest level of formal education, either primary (20.1%), junior secondary (31.6%) or senior secondary (20.2%) (NSA 2019: 56).

The main sectors in terms of employment are agriculture, fishing and forestry (accounting for 23% of the employed), followed by accommodation and food services (11.4%), wholesale and retail trade (11.1%), private households (9.9%), education (6.5%) and construction (6.2%). More than half of all employed persons are employees (55.4%) while 13.9% are own account workers and 13% are subsistence farmers (ibid: 59-61).

The Labour Force Survey of 2018 points out that 31.6% of all employed persons are vulnerable and are faced by precarious working conditions. These include the subsistence farmers, own account workers and contributing family workers (ibid: 72). However, vulnerability even reaches a significant part of those classified as employees. Over half of them are on permanent contracts (53.8%) while 32.7% are on "unspecified duration contracts" and 13.5% are on "limited duration employment contracts". Only 39.3% receive paid annual leave while 36.9% receive paid sick leave (ibid: 64-65).

Formal employment is defined by some form of social protection (pension scheme, medical aid or social security) but in the Namibian case, 57.7% of the employed population are not covered by social protection and are thus in informal employment. The highest levels of informal employment are found in private households (91%), agriculture, forestry and fishing (87.6%), accommodation and food services (68.6%) and construction (65.3%) (*ibid*: 69-71). These are amongst the sectors hardest hit by the Covid-19 pandemic as outlined below.

The high levels of precariousness in the Namibian labour market are confirmed by a closer analysis of sectors of employment and average monthly incomes. As stated above, agriculture, forestry and fishing, accommodation and food services, wholesale and retail trade, private households and construction combined account for the majority of the employed (61.8%). Employees in these sectors earn far below the national average of N\$ 7,935 per month, namely N\$ 3,393 in agriculture, forestry and fishing; N\$ 2,819 in accommodation and food services; N\$ 4,019 in wholesale and retail; N\$ 5,441 in construction and N\$ 1,387 in private households (*ibid*: 67-68).

Sectoral minimum wages are negotiated between employers' organisations and trade unions for farm workers, security guards and workers in the construction industry. The lowest of these minimum wages applies to farm workers (N\$ 4.62 per hour) while the highest minimum wage exists in the construction industry (N\$ 16.04 per hour). Following the recommendations of a wage commission, the first minimum wage for domestic workers came into effect in April 2015 and was set at N\$ 7.80 per hour. In September 2017, the minimum wage was increased to N\$ 8.67 per hour and further to N\$ 9.03 in October 2018 (Jauch 2019).

Another important aspect to consider is that the average monthly wages are lowest for young employees who have average monthly incomes of only N\$ 1113 when they are between 15 and 19 years of age. Those between 20 and 24 years of age earn N\$ 2507 and those between 25 and 29 years of age earn an average of N\$ 5188 per month (NSA 2019: 61).

### **The impact of Covid-19**

Taking into account these labour market characteristics, it is possible to sketch the impact of Covid-19 and the lockdown for jobs and livelihoods in Namibia. During stage 1 of the lockdown, virtually all sectors of the economy were affected although to different degrees. The least affected sectors in terms of loss of income and employment were the public sector (civil service and state-owned enterprises-SOEs), the financial sector, agriculture and the larger food supply stores. However, even some of the latter such as Pick n Pay resorted to retrenchments (*The Namibian*, 19 June 2020).

Government guaranteed the continued payment for public sector employees but this might change in the years to come due to the increasing levels of indebtedness. The banking and insurance companies had enough reserves and are likely to remain profitable during the Covid-19 pandemic while food stores were allowed to remain open and agricultural activities continued. Food stores might have experienced a drop in turnover due to reduced consumer spending but this is unlikely to have been substantial.

The scenario is fundamentally different in other sectors such as hospitality and tourism, construction, work in private households and informal trading where the effects of the lockdown were immediately visible. Namibia's 72,000 employees working in private households (commonly known as domestic workers) were unable to travel from home to work during stage 1 and most are likely to have experienced a partial or complete loss of income during that period despite the lack of accurate data. Also, some of the workers in the sector are likely to have lost their jobs during 2020.

Likewise, the aviation, hospitality and tourism sectors were severely affected as hotels, restaurants, tour operators and airlines either had to suspend activities partially or in total. These sectors combined provide around 100,000 jobs and a significant number of them are already lost or in danger of being lost in the months to come.

Similarly, construction which employed about 45,000 people in 2018 was severely affected by the lockdown as construction projects came to a halt and fewer new projects will be implemented due to financial constraints which hamper the state's ability to commission infrastructure projects. In the absence of an unemployment insurance, construction workers experienced a severe drop in incomes immediately.

Equally dire were the consequences for informal traders and retailers of alcohol, both in the form of shebeens and bottle stores. During stage 1 of the lockdown, they were not allowed to operate at all while some informal traders were allowed to resume business during stage 2. Alcohol sales were only permitted from stage 3 onwards with limitations on the trading hours from 12h00 until 18h00. This reduced incomes and resulted in retrenchments while the informal traders were faced with an immediate threat to their survival as they could hardly resort to savings to make up for a loss of income. When informal traders were removed by the police from the Windhoek city centre, some stated that they would not die of Covid-19 but rather of hunger as they relied on their income from street trading for their survival. Some reported a drop in daily incomes from N\$ 300 to N\$ 50 (New Era, 7 May & 5 June 2020; The Namibian, 12 May 2020; Namibian Sun, 7 May 2020).

A preliminary calculation of job losses and unemployment indicates that thousands of jobs have been lost in the transportation, accommodation, food services, aviation and construction industries while the wholesale and retail sector also experienced a slow down with job losses. The ripple effects of the economic crisis have also reached

other sectors such as the media which resorted to reduced working hours, a reduction in wages and benefits and retrenchments (The Namibian, 3 June 2020).

Accurate figures are not yet available as the official figures released by the Ministry of Labour, Industrial Relations and Employment Creation (MLIREC) only cover the retrenchments that were reported to the Office of the Labour Commissioner. They do not include workers in informal employment conditions who constitute the majority of employed Namibians. The officially reported retrenchments are 11,009 people from 1 January until 21 September 2020 (The Namibian, 16 October 2020) but the actual figures are likely to be much higher. Namibia's overall unemployment rate is bound to soar as about 40,000 – 50,000 new labour market entrants from schools, universities, vocational training centres etc. enter the labour market annually in search for jobs. Thus, Namibia's unemployment rate probably rose to 40-50% - or even higher - in the course of 2020.

This exaggerated an already severe problem of long-term systemic unemployment as 72.5% of Namibia's unemployed were without work for 12 months or more in 2018. Almost half of Namibian households rely on wages and salaries as their main source of household income and this figure stands as high as 63.3% in urban areas (NSA 2019: 43, 83). This raises an urgent question of survival: how will Namibians survive in the post-Covid-19 era when almost half of them will be without jobs and many are in highly precarious forms of employment?

### **Conclusion: Where does Namibia's future of work lie?**

Despite the stated commitment by the Namibian government to achieve socio-economic development and the reduction of inequality and poverty, the actions taken were often contradictory: on the one hand, social pensions were increased and extended to all, social security and labour rights were improved but on the other hand, large amounts of public resources were spent on huge packages for politicians and SOE managers, on luxury government buildings, prestige roads and expensive vehicles (Jauch & Tjirera, 2016). Also, the benefits from national resources like fish were privatised, creating wealth for a small elite and depriving the vast majority from any benefits. The recent "fishrot scandal" represents merely the proverbial tip of the iceberg.

The Namibian state has thus far limited itself to regulating markets without taking steps to decisively shape and direct them towards particular outcomes. As outlined above, the various attempts to create tens of thousands of much needed additional jobs had very little success and unemployment remained remains at high levels already before the covid-19 pandemic.

The limited transformational role of the state was acknowledged by the former Minister of Economic Planning and Director General of the National Planning Commission, Tom Alweendo, who emphasised the need to transform the country's economy through measures that go beyond "minor tweaking of the status quo... What we need

is State-led economic development where the state does much more than just provide a conducive environment for the private sector" (New Era, 29 March 2016, quoted in Jauch & Tjizera, 2016). The urgency of such interventions has never been greater than in the post-Covid-19 era.

In terms of the recommendations of the ILO's Future of Work Commission, Namibia's vast majority of working people seem to be living in a different reality. The fourth industrial revolution with artificial intelligence may affect some operations of high tech and financial corporations, possibly also some mining operations, but hardly the sectors where the vast majority of Namibians are employed. The transformations of the world of work as envisaged by the ILO seem to affect Namibia only in marginal ways at present but this may change in the years to come.

Regarding the anticipated changes in the world of work in pro-employment and pro-labour ways, the ILO suggests that everyone should work together for a brighter future but there is little evidence of this happening in Namibia. During the Covid-19 pandemic, many employers turned towards unilateral employment decisions and resorted to retrenchments without exploring alternatives. Employers' organisations even took government to court over the prohibition of retrenchments during the Covid-19 lockdown (New Era, 24 June 2020; The Namibian, 7 July 2020). Such actions clearly contradict the ILO's proposed social contract to manage the changes underway. Instead, Namibia might be faced with widening inequalities and uncertainties as alluded to in the report.

The ILO's proposed human-centred development agenda with a universal entitlement to lifelong learning and ongoing skills development as well as concrete measures to achieve gender equality and universal social protection from birth to old age are achievable in Namibia. As pointed out repeatedly by the Namibian government, the financial investments in education have not been matched by the anticipated outcomes and thus an improvement of the education system as a whole is required to ensure firstly a strong educational foundation for all and secondly the development of the required skills for social and economic development. Substantive gender equality at the workplace requires targeted interventions in addition to the existing affirmative action measures which target women as one of the groups of beneficiaries.

Regarding social protection, the draft national social protection policy of 2019 envisages the introduction of a universal child grant which would cover all Namibian children until the age of 18. The universal old age pension is already in force and covers everybody from 60 years onwards. A broad coalition of churches, trade unions, NGOs and community organisations has called for the additional introduction of a universal Basic Income Grant for all since 2004 and in a revised declaration (BIG Coalition 2020) called for a BIG for those in the age group of 19-59. This would provide Namibians with universal social protection as called for by the ILO report.

The ILO's call for increasing investments in the institutions of work, including a universal labour guarantee to secure fundamental works, rights, an adequate living wage, health and safety at work etc. is partly covered through Namibia's legal provisions as well as gazetted minimum wages. These are, however, far below what could be considered a living wage and therefore leaves many workers in precarious working conditions. The findings of the Namibia Labour Force Surveys that around 60% of Namibians are "informally employed" is a further indication that some of the legal provisions and protections for workers are simply ignored in practice.

There are no indications that the ILO's proposed greater workers' autonomy over their working time to achieve a balance between work and personal life has entered the debates in Namibia as not even trade unions have placed this proposal on the collective bargaining agenda. Likewise, negotiations over the design of work between workers and managers are virtually unheard of.

Collective representation and social dialogue as a public good are still a minority experience in Namibia as collective bargaining is limited to a few well-organised industrial sectors such as the public sector, mining, fishing and construction while most Namibian workers are not members of trade unions.

The ILO report proposed increasing investment in decent and sustainable work with a focus on the rural economy and the reshaping of business incentives for longer-term investment approaches. This could certainly be done in Namibia but would require a more targeted approach to investments instead of the "open door policy" that seems to be guided by the assumption that any investment is a good investment.

In terms of assessing progress, the ILO report proposed to include the distributional dimension of economic growth, the value of unpaid work and the externalities of economic activities such as environmental degradation. This could certainly be done but will require the political will to move beyond the outdated and insufficient measure of the Gross Domestic Product (GDP) as the indicator of economic progress.

Overall, Namibia's future of work is a scenario of great uncertainty. Besides lagging behind in several key areas identified by the ILO report, Namibia faces the urgent task of fundamentally restructuring its economy which was partly geared towards and integrated into the global economy (mining, fishing, financial sector) while at the same time under-developed in terms of the local production of basic goods and services. Such a structure, described as a classical neo-colonial "enclave economy" (Mhone, 2007) has persisted in Namibia since independence and was never challenged systematically by government or local mainstream economists. Its limitations became apparent during the Covid-19 pandemic and it would be tragic if Namibia failed to initiate structural economic changes now.

Instead of hoping for a return to the pre-Covid scenario of mass tourism, growing retailing and service industries alongside export-oriented mining and fishing, Namibia needs to implement local value chains and local manufacturing based on available

raw materials such as zinc, invader bush biomass, fish and land to build a fundamentally different economy that will be able to create tens of thousands of new jobs. Key focus areas for Namibia have to be housing and sanitation with a backlog of 300,000 housing units and 5,000 classrooms as well as renewable energy initiatives to eliminate the dependency on energy imports from South Africa.

Based on the premise that housing and access to water are critical human rights, the state has an obligation to translate these rights into reality. The lack of adequate housing has been a challenge for many years and in his state of the nation address on 4 June 2020, President Geingob acknowledged that Namibia has a backlog of 300,000 housing units. As noted by Jauch & Tjizera (2016: 190) the construction of houses “should not only have a significant impact on the creation of many thousands of new and decent jobs, but should also lead to the establishment of local supply chains from which building materials should be sourced. Furthermore, the housing project should be accompanied by a roll-out of solar panels which in turn should be locally manufactured to optimise the multiplier effect”.

At the same time, Namibia needs to become a pioneer of guaranteeing comprehensive social protection from birth to old age through the introduction of the universal child grant and the universal basic income grant. Given the rising levels of unemployment and the lack of any unemployment insurance, the post-Covid era will be characterised by struggles for survival. Many Namibians will rely on family members for support as wage labour will simply be unavailable for many Namibians. In this context, the state will have to intervene to secure livelihoods and to ensure a basic level of economic demands. Over the years, various interventions were carried out to reduce poverty such as food for work programmes and the food banks. None of them reached a large number of people and they also did not have the developmental impact of the universal basic income grant (BIG) as piloted in Otjivero (Haarmann et al., 2009). The introduction of a universal basic income grant as an economic right of citizens could be a significant first step to break the shackles of poverty and to kick-start local economic and social development processes as witnessed during the BIG pilot project in Otjivero. Also, a BIG is very simple to administer and does not incur significant administrative costs. Although the initial costs of a BIG will be substantial (about 7% of the current national budget at a level of N\$500 per person per month), the economic and social benefits of such an intervention will justify the expense.

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