

Straight Talk (15), 30 January – 5 February 2012:

TIPEEG and the Unemployed

Prepared by Herbert Jauch for The Villager newspaper

The Namibian government's Targeted Intervention Programme for Employment and Economic Growth (TIPEEG) has been at the centre of some of the early debates this year. When the programme was first presented to the public in 2011, the responses ranged from scepticism to high levels of optimism. Some went as far as claiming that this programme would solve Namibia's unemployment crisis. We need to remember that the officially recorded level of unemployment stood at 51% in 2008, with women and young Namibians being the most severely affected. TIPEEG thus envisaged an expenditure of N\$ 9,1 billion over 3 years and the creation of 104 000 direct and indirect jobs during this period. The central question is: Will this suffice to reverse Namibia's unemployment trends or will TIPEEG be just be a "one night stand" as asked by the Villager last year.

Recent opinion pieces on TIPEEG have shown the variety of views regarding the potential and shortcomings of the programme. Tsudao Gurirab pointed out that the TIPEEG expenditure will significantly increase the government's budget deficit and that government's employment creation record has not been too impressive over the years. He also expressed concerns over the TIPEEG procurement policies which are not subject to the normal tender board rules and he doubts that TIPEEG will be able to arrest the unemployment rate at the current economic growth rate of around 4%. Gurirab's views are probably shared by most mainstream economists but there are also other opinions. David Nujoma from the Development Bank of Namibia, for example, regards TIPEEG "as an opportunity that we should embrace responsibly and in an accountable manner". He believes that public procurement systems should be used to develop domestic industries and infrastructure, with quality and timely delivery being essential elements. Furthermore, participation in public tenders should not be seen as a "get rich quickly" scheme but rather as a contribution to meaningful societal development. ""Entrepreneurs should use public tenders as an opportunity to prove, through timely delivery of quality work, that they can be trusted with future opportunities".

The key question to ask are: will TIPEEG be able to live up to those expectations, will TIPEEG ignite sustainable development that benefits the poor and most importantly, will TIPEEG be able to make a significant dent in the huge unemployment rate? Answering these questions requires a sound analysis and after the first year of TIPEEG only some preliminary trends can be observed. Firstly, the TIPEEG programme itself seems to have been put together quite hastily and it is not based on an analysis of the structural

problems of the Namibian economy that have caused the unemployment crisis in the first place. Secondly, the TIPEEG document itself acknowledges that TIPEEG will not provide the solution to unemployment. It states that reducing the unemployment rate “to a more acceptable level will require more strategic and long-term thinking and efforts”. The document admits that since many TIPEEG jobs will be temporary, “we might not see a rapid decline in the unemployment rate over the next 3 years”.

The first TIPEEG results do not provide reason for too much optimism. According to the National Planning Commission, the implementation during 2011 was rather slow and only about 7000 new jobs were created. Claudia and Dirk Haarmann have pointed out that the envisaged TIPEEG investment of N\$ 3 billion in NAMPOR will create 3000 jobs, which means that for each million invested, only 1 (temporary) job is created. Given TIPEEG stated overall goal of creating much-needed jobs, questions have to be asked of the TIPEEG approach to employment creation is the most effective one.

There is no doubt that there is an urgent need to intervene in the economy to create jobs and the state must be the driving force of this process. After waiting for private sector initiatives for two decades, the belief that the state should merely create a conducive environment for private sector investments has shown to be ineffective to create sufficient jobs. We need to keep in mind that in 2012 alone, over 20 000 grade 10 school leavers and about 35 000 grade 12 school leavers will enter the labour market as new, unskilled workers with little prospects of acquiring marketable skills and a permanent job. It is against this background that we simply can't take the chance of spending the TIPEEG funds without achieving visible results. The process therefore needs to be closely monitored so that adjustments can be made early. Most importantly though, we need to think beyond the TIPEEG framework and develop a coherent action plan to create long-term sustainable jobs with decent conditions of employment that allow workers to at least meet their basic needs. This requires a critical analysis of our economic structures and the way in which Namibia (like the rest of Africa) is integrated into the global economy. Without making fundamental changes, the prospects for solving our unemployment crisis are bleak.

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