



UNITED NATIONS  
NAMIBIA



# SOCIO-ECONOMIC IMPACT ASSESSMENT OF COVID-19 IN NAMIBIA

## SUMMARY

OCTOBER 2020

This Socio-Economic Impact Assessment of the coronavirus disease (COVID-19) report was commissioned by the United Nations in Namibia to support the Government of the Republic of Namibia (GRN) in its effort to respond to the ongoing pandemic. The assessment is premised on the five (5) pillars of the United Nations (UN) Framework for the immediate socio-economic response to COVID-19. It aims to highlight some of the assessments of the socio-economic impact of the COVID-19 pandemic on Namibian society. The work also presents response measures undertaken by the GRN and other entities, as well as policy recommendations aimed at building back better from the pandemic.

## KEY FINDINGS

### ECONOMIC SECTORS

#### AGRICULTURE AND LIVESTOCK

**2020 +47% GROWTH**

**-52.8%** **-80.7%** **-90%**

SWAKARA PELTS

This sector experienced a 47% growth in the second quarter of 2020. With regards to livestock, exports of live cattle, sheep, and Swakara pelts have declined by 52.8%, 80.7% and 90%, respectively (NAU, 2020).

GDP GROWTH	TRADE BALANCE (GOODS AND SERVICES)	SERVICES	MANUFACTURING AND CONSTRUCTION
<p><b>NATIONAL STATISTICS AGENCY</b></p> <p><b>2020 ↓ 11.1%</b></p> <p><b>BoN PREDICTION</b></p> <p><b>2021 ↑ 1.9%</b></p> <p><b>2022 ↑ 2.8%</b></p> <p>According to the National Statistics Agency (NSA), the domestic economy in the second quarter of 2020 contracted by 11.1%. The BoN predicts that the Namibian economy will recover with a positive (statistical) GDP growth of 1.9% in 2021 and 2.8% in 2022.</p>	<p><b>HEALTH PRODUCTS</b></p> <p><b>NET EXPORT DECLINE END OF 2020</b></p> <p><b>2% - 3%</b></p> <p>Namibia's trade deficit is projected to be exacerbated due to a contraction in the demand for primary commodities produced in Namibia and a slight increase in imports of health products. Overall, Evelina et al. (2020) project a decline in net exports between 2% and 3% by the end of 2020.</p>	<p><b>96.5%</b></p> <p><b>TOURISM BUSINESSES AFFECTED</b></p> <p>The tourism sector has suffered a catastrophic blow, with about 96.5% of businesses being adversely affected due to border closure, quarantine restrictions and fears surrounding virus contraction during travel.</p>	<p><b>MANUFACTURING</b></p> <p><b>2020 ↓ 9.2%</b></p> <p><b>2021 ↑ 2%</b></p> <p><b>2022 ↑ 2.3%</b></p> <p><b>CONSTRUCTION</b></p> <p><b>2020 ↓ 5.7%</b></p> <p><b>2021 ↑ 1.5%</b></p> <p><b>2022 ↑ 2.6%</b></p> <p>This sector is projected to contract by 9.2% during 2020 and to recover by 2% and 2.3% in 2021 and 2022, respectively. The construction sector is estimated to contract by 5.7% in 2020 and to recover by 1.5% and 2.6% in 2021 and 2022, respectively (BoN, 2020).</p>
INEQUALITIES AND UNEMPLOYMENT:	POVERTY LEVELS	HEALTH	EDUCATION
<p><b>HUMAN DEVELOPMENT INDEX</b></p> <p><b>0.645 ↓ 0.417</b></p> <p><b>ESTIMATED INCREASE IN UNEMPLOYMENT</b></p> <p><b>33.4%</b> <b>34.2%</b> <b>34.5%</b> ↑</p> <p>Namibia's Human Development Index is revised downward from 0.645 to 0.417, with education, health, and income contributing 25%, 22% and 53.6% to the loss, respectively. With regards to unemployment, UNECA estimates an increase between 0.75 (best-case) and 1.4 (worst-case) percentage points in unemployment, bringing it up from 33.4% to 34.2% and 34.5%, respectively.</p>	<p><b>PRIOR TO PANDEMIC</b></p> <p><b>447,000 NAMIBIANS BELOW POVERTY LINE</b></p> <p><b>BEST-CASE SCENARIO POVERTY INCREASE</b></p> <p><b>17.2% to 19.5%</b></p> <p>Prior to the pandemic, about 447,000 Namibians were living under the international poverty line of US\$1.90 per day. UNECA estimates show that the COVID-19 pandemic is expected to increase these poverty levels: the best-case scenario of a 3.4 percentage point drop in GDP growth would increase poverty from 17.2% to 19.5%</p>	<p><b>2020 +6% INCREASE IN HEALTH WORKERS</b></p> <p>This sector has experienced a 6% increase in the second quarter of 2020 due to a surge in employment of health workers to assist in containing the disease (NSA, 2020). However, the pandemic has revealed serious structural problems of the sector.</p>	<p><b>LOSS OF LEARNING AND SOCIALISING</b></p> <p><b>LACK OF ACCESS TO SCHOOL FEEDING PROGRAMMES</b></p> <p>The impact of the COVID-19 pandemic on this sector has led to a loss of learning and socialising opportunities for children, the lack of pupils' access to school feeding programmes and working parents having to provide alternative care for children.</p>

### SOCIAL SECTORS



## POLICY RECOMMENDATIONS

### *PILLAR N°1: HEALTH FIRST*

- Undertake a strategic review of One Health regulatory requirement and legal basis of all potential health measures to plan well in advance for any future pandemics/epidemics.
- Design and implement an integrated health management information system that uses technologies such as telemedicine and data for surveillance and tracking of pandemics/epidemics.
- Improve primary healthcare facilities and draft a multisectoral recovery plan, as well as prioritising preventative health budget allocation.

### *PILLAR N°2: PROTECTING PEOPLE*

- Put in place an effective and robust social protection system and services aimed at providing access to basic needs.
- Support scaling up of existing income and cash transfer programmes for the poor and other vulnerable groups severely impacted by the COVID-19 pandemic.
- Support the design of employment generation and economic empowerment initiatives for women, youth, informal sector workers and other vulnerable groups to ensure economic inclusivity (formalise informal economy).

### *PILLAR N°3: ECONOMIC RECOVERY RESPONSE AND RECOVERY*

- Support continued efforts aimed at making commercial banks provide loan repayment holidays, collateral free credit to MSMEs to rebuild their enterprises and postpone single borrowing limits.
- Pursue the wage subsidy policy from the Social Security Commission to avoid lay-offs.
- Sustain investment in innovation, digital technology and effective ICTs to facilitate the introduction of e-commerce, e-trade and other online transactions.

### *PILLAR N°4: MACROECONOMIC RESPONSE AND MULTILATERAL COLLABORATION*

- Adopt expansionary monetary and fiscal policy to support the GRN's recovery agenda.
- Ensure that monetary and fiscal policies are designed to support economic diversification and structural transformation of the economy beyond the traditional sources of growth.
- Develop innovative, gender sensitive financing instruments and their management with key development partners such as the EU, World Bank, IMF, AfDB, and the UN System.

### *PILLAR N°5: SOCIAL COHESION AND COMMUNITY RESILIENCE*

- Ensure that government service providers like social and community care workers have resources for alternative service provision.
- Adopt sustainable development methods of production to protect the environment whilst increasing economic growth for the well-being of citizens.
- Support capacity building of (sub) national institutions in the areas of planning, financing, coordination and crisis management in sectors such as education, health, agriculture, etc.

This assessment is a result of the collaboration between the Inter-University Technical Team (IUTT) comprising three academic institutions – namely, the University of Namibia (lead), Namibia University of Science and Technology and the International University of Management – and the UN Inter-Agency Task Team (IATT) in consultation with the GRN.