PRELIMINARY NATIONAL ACCOUNTS 2020
AND FEBRUARY 2021 SECTORAL REPORTS

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Outline

• Preliminary National Accounts 2020
• Sectoral reports for February 2021
ECONOMIC PERFORMANCE OVERVIEW
Introduction

- Namibia national accounts is compiled in line with SNA 2008 of the UN
- Annual accounts are published twice a year [Preliminary and Revised Annual national accounts]
- Sources are surveys and administrative data
- Results are presented in calendar year for 18 sectors of the economy
Economic Performance Overview

Overall GDP growth rate

- Domestic economy slides into deeper decline
- Real GDP growth contracted by **8.0%** in 2020 vs **0.6%** in 2019
- RGDP stood at N$ 133.7 billion vs N$145.3 billion recorded in 2019. RGDP declined by **N$11.6 billion**
- Nominal GDP stood at N$ 176.3 billion vs N$ 181.6 billion in 2019. Nominal GDP shrunk by **N$ 5.2 billion**
• Poor performance across major sectors of economy:
  ✓ “Hotels and Restaurants” lead the pack with down 33.1%
  ✓ “Transport” registered down 22.4%
  ✓ Manufacturing registered down 19.6%
  ✓ “Mining and quarrying” recorded down 14.9%
  ✓ Admin and support services recorded down 14.5%
  ✓ Construction sector down 11.8%
  ✓ “Wholesale and retail trade, repairs” and Financial intermediation both recorded down 11.7%
Economic Performance overview

Sectoral share to a decline of 8.0%

- Contributors to the decline of 8.0%
  - Manufacturing sector contributed 2.5% pt.
  - Mining and Quarrying 1.2% pt.
  - Wholesale & Retail trade 1.1% pt.
  - Financial services 1.0% pt.
- Despite Hotels and Restaurants declining by 33.1%, it’s only contributing 0.7% pt.
Economic Performance Overview

Industries shares to GDP

2020
- Primary industries, 19.1
- Secondary industries, 16.5
- Tertiary industries, 57.9
- Other, 6.5

2019
- Primary industries, 16.5
- Secondary industries, 17.9
- Tertiary industries, 58.4
- Other, 7.2

Primary industries
Secondary industries
Tertiary industries
Other
Economic Performance Overview

Growth rates of industries

- Secondary industries took a deepest hit, ↓14.4% vs ↑1.7% in 2019.
- Primary industry ↓6.1% vs ↓6.9% in 2019.
- Tertiary industries ↓5.6% vs ↑1.2% in 2019.
PRIMARY INDUSTRIES OVERVIEW
Agriculture, forestry and fishing sector posted a positive growth in real value added of 5.9% vs a decline 3.2% recorded in 2019

Key drivers:

- Crop farming subsector 76.5% vs 32.0% in 2019
  - Due to good rainfall and bumper harvest.
- Livestock subsector 10.2% vs 5.4% in 2019
  - Due to reduced animals marketed and restrictions imposed to contain COVID-19.
- Fishing subsector 9.4% vs 8.0% in 2019
  - Driven by the declines in fisheries landings:
    - Demersal
    - Mid-water
**Primary Industries overview**

**Mining and quarrying**

- Mining and quarrying dropped to 14.9% in real value added vs a decline of 9.5%

**Key drivers:**

- **Uranium subsector posted** 8.5% vs 4.4%
  - Due to low demand of uranium and COVID-19 measures
- **Other mining and quarrying subsector posted** 17.6% vs 5.1% in 2019
  - Due to reduced production of marble, granite & salt
- **Metal ores subsector posted** 20.8% vs 14.0% in 2019
  - Decline in gold, zinc and copper production
  - Due to closure of one zinc mine and restriction measures of COVID-19.
- **Diamond mining subsector registered** 14.9% vs 17.7% in 2019.
  - Reduced production due to low demand
SECONDARY INDUSTRIES OVERVIEW
Secondary Industry Overview

Manufacturing

- Manufacturing sector decline by 19.6% in real value added vs positive growth of 4.3% in 2019.

**Key drivers:**

- Basic non-ferrous metals subsector
  - Posted 46.8% in real value added compared to 1.4% in 2019
  - Reduced production of zinc processed, closure of mine

- Beverages subsector
  - Recorded 36.5% vs to 17.5% in 2019
  - Due to alcohol sales ban (prohibited)

- Meat processing, subsector
  - Recorded 40.8% vs 12.4% in 2019

- Diamond processing
  - Recorded 14.1% vs 7.1% in 2019
Secondary Industries overview

Construction and “Electricity and water”

• Construction posted downwards trends in real value added since 2016, registering 11.8% vs 5.5% in 2019.
  ✓ Due to decline in government expenditure on civil engineering works
• Electricity and water sector posted 18.4% vs 5.9% in 2019
  ✓ Electricity subsector recorded 38.1% vs 10.9% in 2019.
    ➢ Due to good rainfall in catchment areas.
  ✓ Water subsector recorded 5.0% vs 1.4%
    ➢ Due to good rainfall leading to low demand of water.
TERTIARY INDUSTRIES OVERVIEW
Hotels and restaurants sector

- Hotels and restaurants sectors posted 33.1% vs 2.8% in 2019

Key drivers:
- Reduced demand for leisure, conferencing and accommodation activities.
- Restrictions on international travels

Transport sector

- Transport sector recorded 22.4% vs 0.6% in 2019

Key drivers:
- Airport service subsector drop by 52.7%
- Air transport posted 73.9%
  - Due to travel restrictions, local and international
  - Due to outbreak of the pandemic
- Freight transport by road subsector 19.7% vs 7.3%
  - Due to restrictions and weak demand for goods
Tertiary Industries Overview

Financial and insurance services

- Financial and insurance services activities’ sector ↓11.7% vs ↑12.4% in 2019.

Key drivers:
- Insurance service activities subsector ↓18.5% vs ↑23.6%
  - Reduced demand for long term insurance policy as cancelation increases due to reduced disposable income.
- Financial services activities drop by ↓4.3% vs ↑2.5%
  - Reduced demand for loans and deposits by households.

Wholesale and retail sector

- Wholesale and retail sector recorded ↓11.7% vs ↓7.8%

Key drivers:
- Weak demand was observed in Clothing, Furniture and Vehicles.
  - Due to reduced disposable income.
Information and Communication sector

• Information and communications sector recorded a strong growth of ↑17.4% vs ↑11.9% in 2019
  - Reflected in the number of minutes used.
  - Growth in demand for data services and internet connectivity.

Administrative and Support Services

• Administrative and support services sector contracted by ↓14.5% vs ↓5.6%

Key drivers:

  ✓ ‘Car rentals’ and ‘travel agents’ subsectors activities declines 40.4% and 22.3% in 2019.
    - Due to reduced demand from international and domestic travellers
    - Due to limited movements of people.
Public administration, Health and Education

- Public administration and defense: $1.8\%$ vs $1.5\%$ in 2019.
  - Increase in resignations and retirees relative to new recruits

- Education sector posted: $0.1\%$ vs $1.7\%$ in 2019.
  - Slow growth witnessed in “primary and secondary education” subsector.

- Health sector posted: $4.8\%$ vs $1.5\%$ in 2019
  - Increased health activities to combat the spread of the pandemic.
Conclusion

- The domestic economy was characterized by partial to full lockdown during in 2020.
- Lockdown measures had a negative impact on the production of businesses.
- Economy posted a contraction of 8.0% relative to a decline of 0.6% registered in 2019
- Poor performance observed across major sectors except for “Electricity and water”, “Information and communications”, “Agriculture, forestry and fishing”, Health, Real estate activities and Education sectors which posted positive performances.
SECTORAL REPORTS
Background

• Short-term indicators that assist in monitoring business cycle
• Sectors covered on a month lag are;
  – Electricity,
  – Transport and,
  – Beverages;
• Presented in a form of indices with reference period 2015 = 100
• Produced on a monthly basis
Beverage index

- The Index dropped, registering 50.4 percent m/m and 30.6 percent y/y.
- Non-alcoholic beverage for Feb-21: **34,239HL** vs Jan-21: **192,910HL** and Feb-20: **94,229HL**.
- Alcoholic beverage Feb-21: **145,643HL** vs Jan-21: **170,028HL** and Feb20: **164,923HL**
• Index contracted by 5.9 percent and stood at 13.8 percent.

• Annual decrease of 29.4 percent was recorded.

• This is mainly resulted from a decline of 32.1 percent in own generation of electricity.
Electricity Sales index

- Index dropped by 7.7 percent and recorded a decline of 9.2 percent.

- Annually, 2.5 percent was recorded mainly due to an increase of 2.9 percent in domestic sales of electricity.
• Measures index in tonnes transported via Rail, Road, Air and Sea Cargo.
• Index registered a negative growth of 5.0 percent m/m and 11.3 y/y.
• Namibia transported 948 107 tonnes of cargo lower with 49,717 tonnes transported in January 2021.
• COVID-19 measures imposed in the country impacted on the transport of goods.
Conclusion

- Beverage, Electricity and the Transport sector indicators has showed a steep and downward trend on a monthly basis.
- The COVID-19 pandemic effect on the economy is still prevailing within the second month of the year.