ECONOMIC PERFORMANCE OVERVIEW
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 8.5% in 2020 vs 0.9% in 2019
- RGDP stood at N$ 132.5 billion vs N$144.8 billion recorded in 2019. RGDP declined by N$12.3 billion
- Nominal GDP stood at N$ 174.8 billion vs N$ 180.6 billion in 2019. Nominal GDP shrunk by N$ 5.7 billion
Poor performance across major sectors of economy:

- “Hotels and Restaurants” lead the pack with **31.2%**
- “Transport” registered **23.1%**
- Manufacturing registered **18.3%**
- “Mining and quarrying” recorded **14.9%**
- “Financial and insurance service activities” recorded **12.6%** VS **12.5%** in 2019
- Admin and support services recorded **12.2%** vs **3.0%** in 2019
- “Wholesale and retail trade, repairs” and recorded **11.6%** vs **7.9%** in 2019
- Construction sector **9.8%** vs **4.4%**
- Professional, scientific and technical services recorded **8.5%** vs **6.1%** in 2019
Economic Performance overview

Sectoral share to a decline of 8.5%

• Contributors to the decline of 8.5%
  ✓ Manufacturing sector contributed 2.4% pt.
  ✓ Taxes on products 1.9% pt.
  ✓ Mining and Quarrying 1.4% pt.
  ✓ Wholesale & Retail trade 1.1% pt.
  ✓ Financial services activities 1.0% pt.

• Despite “Hotels and Restaurants” and Transport declining by 31.2% and 23.1%, it’s only contributing 0.7% pt.
Economic Performance Overview

Industries shares to GDP

2020
- Tertiary industries, 59.1%
- Secondary industries, 16.7%
- Primary industries, 18.8%
- Taxes, 5.5%

2019
- Tertiary industries, 58.7%
- Secondary industries, 18.2%
- Primary industries, 16.2%
- Taxes, 6.9%
Economic Performance Overview

Growth rates of industries

- Secondary industries took a deepest hit, ↓13.0% vs ↑2.2% in 2019.
- Tertiary industries ↓5.7% vs ↑1.1% in 2019.
- Primary industry ↓5.9% vs ↓6.9% in 2019.
PRIMARY INDUSTRIES OVERVIEW
Primary Industries Overview

Agriculture, forestry and fishing

- Agriculture, forestry and fishing sector posted a positive growth ↑ 6.1% vs ↓ 3.2% in 2019
- **Key drivers:**
  - Crop farming subsector ↑ 77.3% vs ↓ 32.0% in 2019
    - Due to good rainfall resulting in bumper harvest for cereal crops.
  - Livestock subsector ↓ 9.7% vs ↑ 5.3% in 2019
    - Due to reduced animals marketed and restrictions imposed to contain COVID-19.
  - Fishing subsector ↓ 9.5% vs ↑ 8.1% 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% vs decline of 9.5% in 2019

  **Key drivers:**

  - Uranium subsector posted ↓ 8.5% vs ↓ 4.4%
    - Due to low demand of uranium and COVID-19 restrictions
  - 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 COVID-19 restrictions
  - Diamond mining subsector registered ↓ 14.9% vs ↓ 17.7% in 2019.
    - Reduced production due to low demand
SECONDARY INDUSTRIES OVERVIEW
Secondary Industries Overview

Manufacturing

- Manufacturing sector decline by 18.3% vs positive growth of 4.7% in 2019.

**Key drivers:**

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

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

✓ Meat processing, subsector
  - Recorded 39.9% vs 12.4% in 2019

✓ Other food products
  - Recorded 15.1% vs 6.4% 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 ↓ 9.8% vs ↓ 4.4% in 2019.
  - Due to decline in civil engineering works and related services
- Electricity and water sector posted ↑ 19.5% vs ↓ 5.9% in 2019
  - Electricity subsector recorded ↑ 40.1% vs ↓ 10.9% in 2019.
    - Due to good rainfall in catchment areas.
  - Water subsector recorded ↓ 5.0% vs ↑ 0.8%
    - Due to good rainfall leading to low demand of water.
TERTIARY INDUSTRIES OVERVIEW
Hotels and restaurants sector

- Hotels and restaurants sectors posted ↓ 31.2% vs ↑ 1.5% in 2019

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

Transport sector

- Transport sector recorded ↓ 23.1% vs ↓ 2.2% 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 ↓ 12.6% vs ↑ 12.5% in 2019.

Key drivers:
- Insurance service activities subsector ↓ 20.2% vs ↑ 23.8%
  - 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 household.

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.
Tertiary Industries Overview

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 $12.2\%$ vs $3.0\%$ in 2019

Key drivers:

✓ ‘Car rentals’ and ‘travel agents’ subsectors activities declines in 2020.
  ➢ 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 ↑ 4.5% vs ↓ 1.7% in 2019
  - Increased health activities to combat the spread of the pandemic.
Conclusion

- The domestic economy was characterized by partial to full lockdown during 2020.
- Lockdown measures had a negative impact on the production of businesses.
- Economy posted a contraction of 8.5% relative to a decline of 0.9% 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.