



Overview of rural economic development in Namibia¹

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I. Introduction

- 1. The objective of this paper is to assess the status of rural economic development in Namibia and the challenges faced.** It presents the supporting policy framework and characteristics of Namibia's rural economy. The paper proposes some policy priorities that the country should focus on to bring about the much-needed economic transformation of its rural economy.
- 2. Namibia is a geographically large country with a small population.** According to the Namibia Labour Force Survey (NSA, 2018), Namibia was home to 2.4 million inhabitants in 2018. With an area of 824,292 km², Namibia is the third least densely populated country in the world (after Mongolia and Greenland). The domestic market is small while the costs of providing infrastructure such as roads, schools and health centres to remote areas are high. However, it should be noted that the rural regions and, consequently, the rural economy represent an important share of the total territory of Namibia as 70 percent of Namibians are still dependent on the agricultural sector for food security and employment. However, recurrent droughts have highlighted the vulnerability of Namibia's agri-food sector to the impacts of climate change³.
- 3. Significant disparities remain between the conditions of living in the urban and rural areas in Namibia.** The rural area in Namibia is underdeveloped and has higher poverty rates compared to the urban areas. Rural areas in Namibia have an electrification rate of 21 percent as of 2021, while their urban counterparts have an electrification rate of 73 percent. The unemployment rate stands at almost 50 percent of the population (49.1 percent). Consequently, the rural poverty rates are almost triple that of the urban rate at 25.1 percent compared to the urban rate of 8.6 percent (NSA, 2018).
- 4. As the Namibian population continues to grow, the share of the rural population has been decreasing since 1990.** According to the World Bank (2023), about 51.04 percent of Namibia's population lives in cities and urban areas, and about 48.96 percent lives in rural areas. The urban population has increased significantly from 40.6 percent in 2009 while the country's urbanization rate is around 1.94 percent. Namibia's most populous city is the capital Windhoek, which is home to about 431,000 people World Bank (2023). The city is continually growing about 4 percent per year, largely because of net migration from all over the country⁴.

³ <https://www.giz.de/en/worldwide/97268.html>

⁴ <https://worldpopulationreview.com/countries/cities/namibia>

5. **In keeping with the Government's resolve to eradicate poverty and under-development in rural areas, the Government has adopted and has been implementing several national and sectoral strategies and intervention measures.** In order to ensure systematic and coordinated planning and implementation of rural development, the Government, through the National Planning Commission (NPC) and the Ministry of Urban and Rural Development (MURD), has put in place a planning framework for rural development. This consists of the Rural Poverty Reduction Plan (RPRP), which is coordinated by the NPC as well as the National Rural Development Policy (NRDP) and National Rural Development Strategy, which are being coordinated by MURD and are under review. However, rural development remains a challenge that requires significant improvement to the rural areas' living standard to bring these areas close to those of urban areas.
6. **The Namibian Government can play an important role by improving conditions for the transformation of the rural economy.** Global rural areas are characterized by a great diversity of economic activities, which include the processing and marketing of agricultural products, tourism, mining and services. Revitalizing rural areas in Namibia to strengthen the connection between rural and urban economies can spur growth and diversify the farm and non-farm sectors to contribute to poverty reduction. Rural areas have the potential to drive the transformation of food systems and overall livelihoods.
7. **Organisation breakdown of the paper.** Following this introductory section, the rest of the paper is organized as follows; section 2 looks at the review of the rural policy framework, while section 3 looks at the characteristics of the rural economy, as well as the challenges and opportunities. Section 4 examines the possible strategies and policy options that the country can undertake, while section 5 gives the conclusion and policy recommendations.

II. A review of the Rural Policy Framework in Namibia

8. **Namibia has implemented a number of policies to shape its rural development agenda and these policies continue to evolve depending on the needs of the economy.** Namibia's ambitious programme for rural development is encapsulated in Vision 2030, as well as the National Development Plans (NDPs), the Decentralisation Policy of 1998 as well as National Rural Development Policy of 2012.

a) Vision 2030

9. **In 2004, the Office of the President, through the National Planning Commission, developed and launched Vision 2030, to ensure that Namibia is an industrialised country of equal opportunities.** Since then, Vision 2030 has been implemented through a series of NDPs. Namibia continues to march towards realising its Vision 2030 objective, which represents a foothold towards enhancing peace, harmony, prosperity and political stability and building a knowledge-based, industrialized economy by 2030. One of the strategies of obtaining this objective is by promoting integrated urban rural development.

b) The National Development Plans (NDPs) since Independence

10. **The first NDP was developed in 1995 for a five-year period (1995 – 2000), and the country is in the process of developing the sixth NDP, which will be launched in 2025.** The NDPs aim for rural development and rural poverty alleviation by ensuring that development processes improve the livelihood of rural people through sustainable human development efforts. A Decentralisation Implementation Plan (DIP) was adopted during NDP2, which paved the way for de-concentration and delegation of some functions from the central government to the Regional Councils and the Local Authorities. It was during the third NDP that the Rural Development Policy was developed, with the aim of reducing rural poverty and increasing the quality of life of the rural population, with a special focus on the most disadvantaged groups.
11. **The previous four NDPs main theme was to increase rural development through the access of basic needs such as housing, sanitation and access to finance to end extreme poverty.** However, the fifth national development plan (NDP5) puts emphasis on rural economic development, rather than simple rural development which encompasses mainly basic needs.

c) The Decentralization Policy (1998)

12. **A Decentralization Policy was enacted in 1998, with the aim and objectives of decentralising the central government functions to allow for a broad-based participation of all Namibians in sustainable development.** The policy was complemented by a comprehensive legal framework and supporting legislation including the Regional Councils Act, No. 22 of 1992, Local Authorities Act, No. 23 of 1992, and the Traditional Authorities Act, No. 17 of 1995 along with national guidelines and regulations on local and regional development planning. The whole idea of decentralisation was to

make the Regional Councils the overall coordinating body regarding development within the region. This meant that, besides coordinating the input from the Local Authorities and the Line Ministries, the Regional Councils had to manage the input from the people living in the urban and rural areas. This decentralised structure would enable the people living in urban areas and particularly those living in rural areas to participate through various community committees in matters related to the future development of their communities.

- 13. The decentralization policy did not provide for a time frame in which to measure progress, and two decades later, not much progress has been made.** A study by Mcgirr (2021)⁵ has determined that the devolution of centralised powers and functions, as envisioned in the national government's decentralisation policy, has not yet been meaningfully implemented in Namibia. In instances where decentralisation has occurred in its more limited forms of delegation and deconcentration by line ministries, the study found that it has often been unevenly implemented such that regional councils are encumbered with more administrative responsibilities without being given access to greater resources and authority to perform their duties effectively.

d) National Rural Development Policy (2012)

- 14. The Namibian National Rural Development Policy (NRDP) is designed to realize a vision that will attain** *“social cohesions, stable rural communities with viable institutions, sustainable economies and universal access to social amenities, able to attract and retain skilled and knowledgeable people, who are equipped to contribute to growth and development”*. The implementation of the policy was done by using and developing existing institutional, planning, management and funding mechanisms to focus the expenditure of government for efficiency and effectiveness, response to needs and opportunities in rural communities (Namibia Rural Development Policy, 2012). The NRDP identified key challenges that pose a risk to rural development which cause fragmented and overlapping activities as listed in appendix 1.

- 15. The Ministry of Urban and Rural Development (MURD) in consultation with stakeholders and upon approval by Cabinet, launched the National Rural Development Policy and Strategy in 2012.** Since then, the Ministry together with various stakeholders has been implementing programmes and projects in rural areas in line with the National Rural Development Policy and

⁵ https://ippr.org.na/wp-content/uploads/2021/09/IPPR_Decentralisation_WEB.pdf

Strategy. The implementation of the national rural development policy covered the period 2012 to 2019. Currently, the Ministry is in the process of evaluating the Rural Development Policy (2012) and National Rural Development Strategy (2012/13-2017/18). This will feed into the formulation of the revised National Rural Development Policy and Strategy. Lack of appropriate statistical data such as the census poses a challenge in the evaluation of progress made.

III. Characteristics of the rural economy, opportunities, and challenges

3.1 Economic activities in rural areas

16. The three top economic activities undertaken in the rural areas and their contribution to GDP are wholesale and retail trade, agriculture, fishing and forestry and accommodation of food services. From 1990 to 2022, the average contribution to GDP for the rural areas are wholesale and retail trade is 9.7 percent of GDP, which is the 4th highest, followed by agriculture, fishing and forestry in fifth place with an average contribution of 8.7 percent of GDP during the same period (see figure 3.1) (NSA, 2022). Accommodation and food services registered the lowest contribution among the three with a contribution of 1.6 percent of GDP from 1990 to 2022. The accommodation and food services include 90 percent of beverage serving activities (such as bars), however due to cumbersome registration procedures as much as 78 percent of all rural businesses remain unregistered. Accelerating economic growth in rural areas is the easiest way to resolve many of the vexing problems there, such as poverty, inequality, and food insecurity among others. However, thus far, development in these areas have been slow.

Figure 3.1: Contribution to GDP



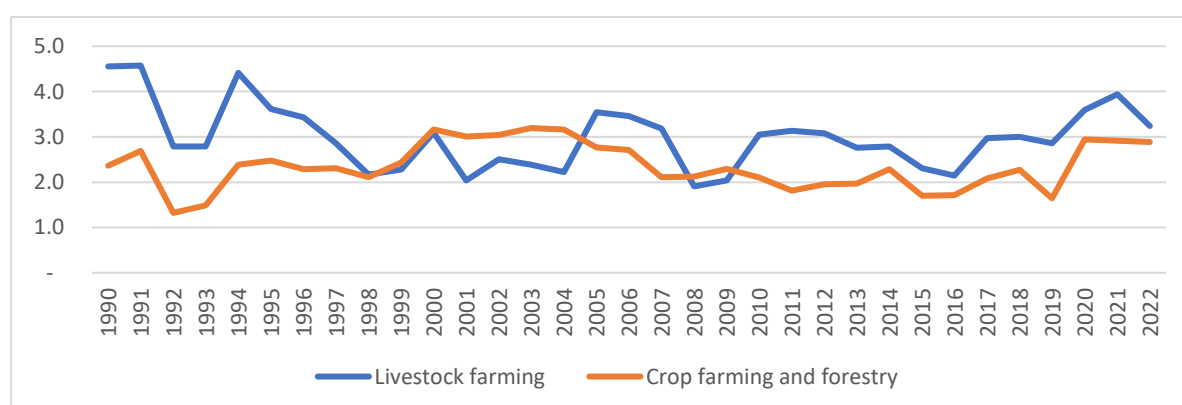
Source: National Statistics Agency, National Accounts

17. The main employer in informal employment⁶ is the agriculture, forestry and fishing industries, with about 88 percent of the employed people being employed in that sector. According to the Labour Force Survey of 2018, 57 percent of Namibians employed are within informal employment. In urban areas, 42 percent of total employment is within the informal employment, while 79 percent of total employment in rural areas is employed in informal employment.

3.1.1 Agricultural sector

18. Agriculture, fishing and forestry sectors have been important in the Namibian economy for both GDP contribution and livelihood. Around 70 percent of the country’s population depends directly or indirectly on agriculture for their income and livelihood, mostly in the subsistence sector. The contribution of the *agriculture, fishing and forestry* sector has been driven by livestock farming, crop farming and fishing & fish processing. Although the sector’s contribution to GDP is relatively small, it does play an important role in creating employment for the Namibian people. According to the 2018 Namibia Labour Force Survey, the sector accounted for a total of 167,242 jobs during 2018, with a considerable number of those being in rural parts of Namibia. 87.6 percent of those jobs were informal, while 67.2 percent of those employed in agriculture, forestry and fishing are in subsistence agriculture (see figure 3.2). Average wages in the sector were also the second lowest, only ahead of employment in private households (domestic workers, etc.).

Figure 3.2: Contribution of the Agriculture sector to GDP



Source: National Statistics Agency, National Accounts

⁶ Informal employment refers to all employment that is by law or in practice, not subject to national labour legislation, income taxation, social protection or entitlement to certain employment benefits.

19. Recurrent droughts have highlighted the vulnerability of Namibia's agri-food sector to the impacts of climate change. A recent study by the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) 2021 found that in communal areas in particular, agricultural production is still largely characterised by subsistence farming practices with low crop yields, a high dependency on rainfall, limited water access, significant post-harvest losses and poor rangeland management practices. The sector also lacks processing capacities and marketing opportunities for smallholder farmers in rural areas are limited⁷. The impacts of the recent drought in 2018/19 and the COVID-19 pandemic in 2020 revealed the need to improve the resilience of small-holder farmers and agribusinesses towards external shocks in order to ensure sustainable livelihoods in both rural and urban areas⁸.

20. A study by the Harvard Growth Lab (2023) found that access to certain inputs like feed for livestock may be a barrier to increasing agricultural productivity. The paper found that this leads to an increase in exports of live animals rather than sales to abattoirs. It is, therefore, crucial to develop a beef value chain analysis and identify remedial actions for all actors along the value chain.

21. The study further found that Namibia has a challenge of limited access to seed and plant varieties that adapt to the different Namibian agro-ecological conditions that could be a barrier to productivity. Access to modern seeds is relevant for competitive agriculture. Globally, extensive crops increasingly rely on bioengineered varieties. Increased yields can lead to production efficiency. There is therefore a need to establish a laboratory testing centre to study seed varieties. Another limiting factor in the sector is the lack of adoption of innovation to improve productivity.

3.1.2 Tourism

22. The tourism sector has increasingly been one of the biggest contributors to employment and foreign exchange earnings in Namibia. The tourism industry (accommodation and food service) employed 83,056 people as per the 2018 labour force survey, making it the second largest contributor to employment. The Namibian tourism growth, as proxied by the number of airport tourist arrivals, recorded a downward trend over the year 2020 down to 2021 before gaining momentum in 2022. Relative to 2020, foreign exchange earnings linked to tourism rebounded strongly in 2022, with

⁷ <https://www.giz.de/en/worldwide/97268.html>

⁸ <https://www.giz.de/en/worldwide/97268.html>

earnings amounting to N\$3.1 billion, where foreign exchange earnings are almost at pre-COVID- 19 levels (Bank of Namibia, 2022).

23. Conservancies have become central in the evolution of new institutional arrangements for community involvement in tourism. Conservancies operate as social enterprises and provide an important element in rural tourism offer. However, their contribution to regional economies is still not fully understood. There are many spin-offs that can be generated from conservancies. There is a need to explore what new joint ventures are possible and to determine the capacity of conservancies to participate effectively in these enterprises.

24. A total of 86 communal conservancies are registered by the Ministry of Environment, Forestry and Tourism (MEFT), while 42 communal forests are registered. Other initiatives include community fish reserves and government protected areas in which conservancies and community forests play a collaborative role. Together, state-protected areas and tourism concessions, communal conservancies and community forests make up over 38 percent of Namibia's land area.

25. One of the main challenges in rural tourism development is that very few regional councils in Namibia are involved in tourism development. There is a general lack of information on the tourism sector at the regional level and a need for greater understanding of rural tourism profiles, patterns and opportunities (including conservancies and cultural tourism). The value chains of rural tourism also need to be better understood by regional councils, local authorities and sector actors.

3.1.3 Small-scale mining

26. The small-scale mining sector, which is predominantly rural, can improve local economic and social development in the country. Namibia hosts a variety of good quality-coloured gemstones, most of which are exploited by small-scale miners. Approximately 5,000 Namibians earn their income from the small-scale mining sector. As such, the small-scale mining sector has the ability to reduce

poverty, combat urban migration, and improve local economic and social development in the country (World Resource Forum, 2023)⁹.

27. Small-scale miners in Namibia mine different minerals most of which comprise of semi-precious stones, collectors' mineral specimens, dimension stones, and base metals.

Extraction of semi-precious stones constitutes 80 percent of SSM activities. Semi-precious stones, mined mainly in three regions of Namibia, namely Erongo, //Kharas, and Kunene, include sodalite, varieties of quartz, pietersite, varieties of tourmaline, beryl, and garnet, as well as topaz. Slate used for tiling constitutes the most prominently mined dimension stone, whereas the base metals being mined are mainly in the form of copper oxides (mainly malachite and chrysocolla)¹⁰.

28. The sector continues to be marginalized on economic policies and development agenda by industries and multilateral organisations.

Specifically, it is this marginalization that has pushed the sector into informality, hence the various sustainability risks that are prevalent in this sector¹¹. Therefore, formalization of the sector and its integration into economic policies and development agenda need to be prioritized by all stakeholders.

29. The government of Namibia has invested in the infrastructure of gemstone (cutting and polishing) centres in the //Kharas, Erongo and Kunene regions.

The Karibib centre has been running its basic training services with government support for over ten years. Its capacity and quality of services requires improvement. The Opuwo Centre is not operational currently; while the Keetmanshoop Centre started operations in 2011 and its services can be improved. The newly constructed Khorixas centre is ready for operation; however, it lacks modern equipment that meets international standards. The centres could form a strong basis from which to build future extension offices providing one-stop-shop services in all matters related to small-scale mining, gemstone valuation, trading, etc. and addressing the environmental and entrepreneurial needs of small-scale miners¹².

⁹ <https://wrf2023.org/in-conversation-with-johanna-linus-small-scale-mining-in-namibia/#:~:text=The%20term%20small%2Dscale%20mining,rudimentary%20equipment%20and%20simple%20technology>.

¹⁰ Ministry of Mines and Energy, data received 4 August 2023.

¹¹ Ministry of Mines and Energy (2023 World Resource Forum)

¹² Ministry of Mines and Energy (2023)

3.2 Infrastructure and accessibility to economic enablers

30. Rural infrastructure contributes significantly to poverty reduction by enabling increased connectivity, improved livelihoods and greater food and nutrition security. Rural infrastructure includes a wide array of physical infrastructure, including energy and transport equipment, information and communications technologies, water and sanitation facilities, irrigation systems, and market and storage facilities¹³. This section looks mainly at the infrastructure that leads to economic activities rather than social welfare infrastructure.

3.2.1 Energy

31. Access to energy is one of the indicators of the socio-economic status of the household.

According to 2021 statistics Namibia currently has an estimated electricity access rate of about 48 percent (37.3 percent in 2015/16), comprising of 73 percent (60.7 percent in 2015/16) urban and 21 percent (9.7 percent in 2015/16) rural. However, around 300 000 households had no access to electricity in 2020 (Namibia: Geospatial Least Cost Electrification Plan, 2021). According to the National Housing, Income and Expenditure Survey (NHIES) of 2015/16, about 48.6 percent of Namibians still use firewood as a means of cooking. The use of firewood for cooking is more prevalent in the rural areas where 85.5 percent of the population uses it, compared to 17.3 percent of the urban population. To address this issue, the Ministry of Mines and Energy established a policy framework and began to design a programme of activities to support electrification expansion.

32. In 2020, the National Electrification Policy (NEP) was drafted, articulating the Government's support for electrification expansion. The policy further confirmed the goal of achieving universal access to electricity by employing a combination of grid and off-grid technology solutions to power households and businesses. The current approaches indicate that the government only provides access to schools, clinics and government infrastructure, while households are required to fund their own electrification efforts. Households that benefit from these initiatives are those close to government localities.

¹³

https://www.ifad.org/documents/38714174/42157091/Targeting_in_rural_infrastructure_investments.pdf/e193bad4-2446-8bf8-71d1-c4d1aa504a0b

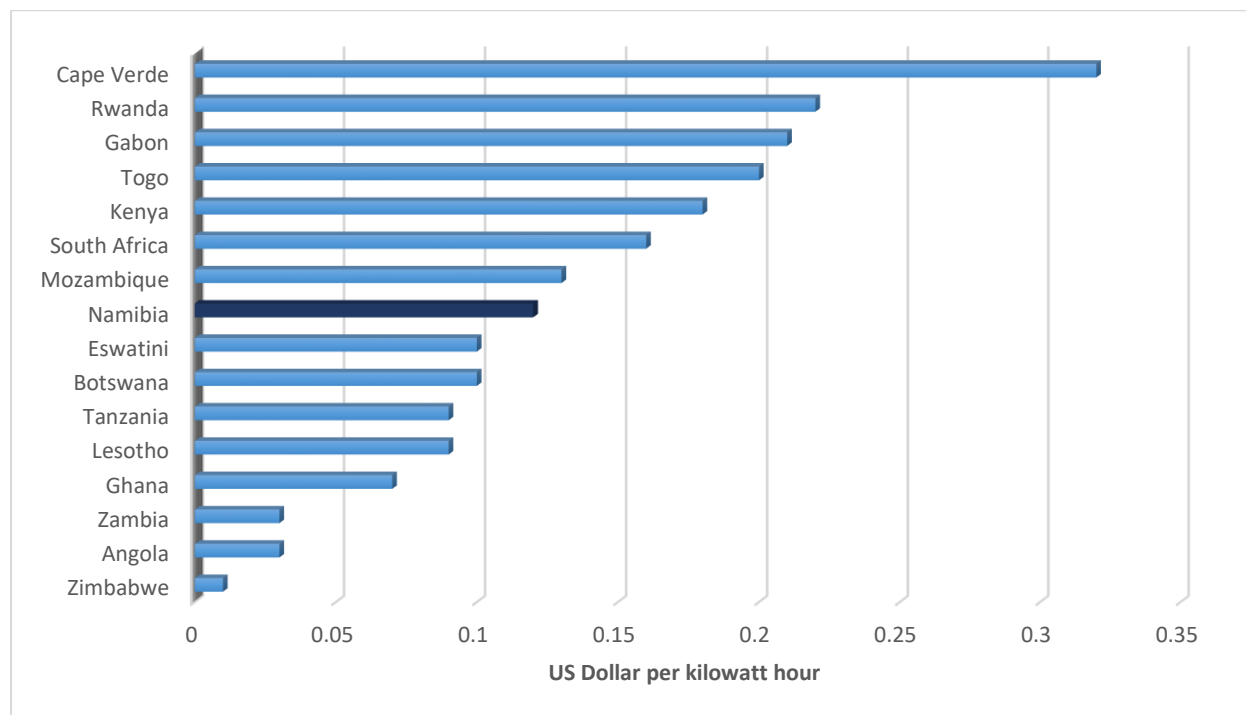
33. The Solar Revolving Fund (SRF) is a credit facility established by MME in 1996 to stimulate demand for the utilization of renewable energy technologies in rural areas, especially for communities living in off-grid areas, but also for urban clients. SRF is an element of the Off-Grid Energization Master Plan for Namibia (OGEMP) whose objective is to provide access to suitable renewable energy technologies to off-grid areas. The fund offers subsidized loans to Namibian citizens at a fixed interest rate of 5 percent per annum for 5 years¹⁴. Since its inception, the fund was outsourced to various companies until 2010 when the ministry took over the administration of the fund. The fund has financed 5 051 solar systems amounting to N\$144million between April 2011 to March 2022 countrywide¹⁵. Renewable energy is a significant driver of rural entrepreneurship and growth and a means of addressing environmental and energy security concerns. There is, therefore, a need to integrate renewable energy within larger supply chains in rural economies, such as agriculture and manufacturing.

34. Reliable electricity access is an essential enabler for rural areas development; therefore, it is important to not only assess the extent to which rural population have the opportunity to make use of electricity, but also to determine to what degree it is provided at a reasonable price. Statistics on electricity prices show that Namibia is more expensive when compared to its neighbouring countries, except for South Africa. The price of electricity in Namibia is more expensive at US\$0.12 per kilowatt hour, compared to its neighbouring countries (see figure 3.4). According to various local authorities, the electricity sold by the Regional Electricity Distribution, is more expensive compared to that sold by NamPower directly to the households.

¹⁴ <https://www.mme.gov.na/directorates/efund/srf/>

¹⁵ <https://neweralive.na/posts/solar-revolving-fund-shines-bright>

Figure 3.4: Household electricity prices in Africa as of December 2022



Source: Statista

3.2.2 Telecommunication and internet services

35. According to the Communications Regulations Authority of Namibia (CRAN) (2023), Namibia observed a 6 percent increase in population coverage for 4G services from 2022. The country had an 88 percent coverage rate in 3G services, an 85 percent coverage in 4G and a 90 percent broadband coverage (see table 3.1 in appendix 1). This growth can be mainly attributed to the substantial investments in infrastructure made by operators in recent years. One notable example is the implementation of MTC’s 081-everyone project. Despite this positive trend, the Kunene region exhibited the lowest coverage of both the 3G and 4G coverage at 52 percent, followed by the Omaheke region at 66 percent and the Kavango West region at 72 percent, indicating that these areas remain the least covered in terms of broadband services.

36. Despite impressive coverage, the cost of data in Namibia remains high when compared to its regional counterparts. A report by Business Insider¹⁶ (2023), which looked at the top 20 African

¹⁶ <https://africa.businessinsider.com/local/lifestyle/20-african-countries-with-the-most-expensive-mobile-data-prices-is-your-country-on/sjxr35p>

countries with high cost of mobile data puts Namibia in the top five. On the top of the list is Equatorial Guinea, where one gigabyte of mobile data costs a U\$49.67. São Tomé and Príncipe, and Malawi come in second and third place with U\$30.97 and U\$25.46 per gigabyte, respectively. Chad and Namibia round out the top five with average prices of U\$23.33 and U\$22.37 per gigabyte, respectively. This is substantiated by the Worldwide mobile data pricing of 2022, where Namibia ranks 6th as the most expensive country in Sub-Saharan African countries. The government has an ambitious Broadband Policy aiming to provide 95 percent population coverage by 2024¹⁷. However, efforts to increase data coverage might be futile if data costs are high in the country, as the rural population might still not be able to afford coverage.

3.2.3 Land tenure

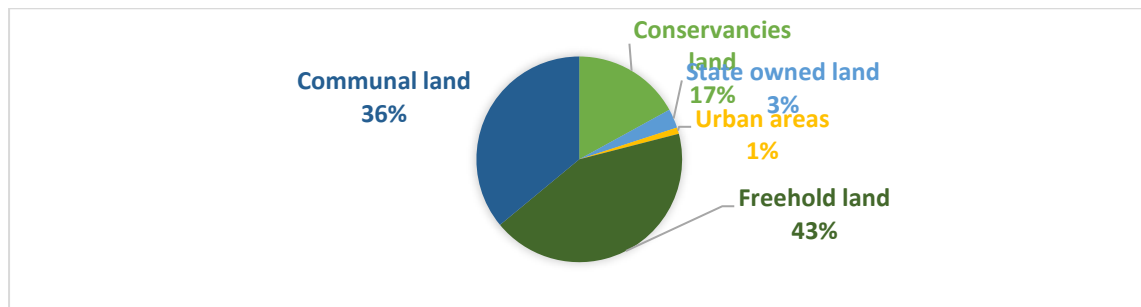
37. Rural poverty is strongly associated with poor access to land¹⁸, either in the form of landlessness or because of insecure and contested land rights. In countries, like Namibia, where agriculture is a main economic activity, access to land is a fundamental means whereby the poor can ensure household food supplies and generate income.

38. Namibia has two main land tenure systems: freehold in declared urban areas and commercial farms and customary tenure on communal land, all of which is rural. Commercial farms were originally reserved for private ownership by the Apartheid Government during the colonial period, while homelands or tribal lands for non-whites were re-designated as communal land at Independence in 1990 (see Figure 3.5). Nowadays, about half of Namibians live on communal land and the other half on freehold property, largely in towns.

¹⁷ <https://www.npc.gov.na/wp-content/uploads/2022/06/NamibiaBroadband-Policy-2018.pdf>

¹⁸ <https://www.iied.org/sites/default/files/pdfs/migrate/12532IIED.pdf>

Figure 3.5 Types of land tenure in Namibia



Source: Rural Development Policy, 2012

39. The land tenure system in Namibia is a developmental challenge for rural development.

Namibia inherited its land tenure system from the colonial period. Since land in Namibia is either freehold, communal, or state-owned, the distribution of land tenure is extremely unequal. Until land reform makes it possible for more Namibians to own land, progress in rural agricultural development will be slow. Land tenure constraints economic development in settlements because the 20 years of user rights (increased to 99 years) and does not allow property holders to invest or use their property as collateral to access development funding. Moreover, the land application process is lengthy and cumbersome (National Rural Development Policy, 2012). According to a recent study done by the Harvard Growth Lab (2023) communal farmers resort to various types of collateral, such as third-party payments, livestock and investment, except for land, to allocate the funds to their current expenditures as they are unable to use the land as collateral. As Namibia continues to pursue its Vision 2030 plan for long-term national development, it will need to take all possible measures to increase equity of opportunity for its previously disadvantaged population by ensuring access to and sustainable use of its land.

3.2.4 Road network and Transport Logistics

40. Road network and transport logistics is critical to a country's economic development, it connects cities with one another and ensures the smooth travel of commuters, private vehicles, and logistics solutions. Living in remote regions is associated with limited connectivity constrain economic activity. Therefore, a well-functioning road and transport logistics network is necessary for rural development.

41. For the fifth (5th) consecutive year, Namibia retained its position at the top of the list of having the best roads on the African continent. According to the World Economic Forum's (WEF) Global Competitive Report Index of 2020 on the quality of road infrastructure, Namibia remains unchallenged when it comes to good quality roads in Africa with a score of 5.2 out of 7, ranking above South Africa and Rwanda, which scored a 5.0 ranking. Globally, the country also ranked favourably at number 23, above economic giants such as China, India and Italy, which ranked at 42, 46 and 56 respectively. The United Arab Emirates, Singapore and Switzerland topped the list of best roads in the world with a score of 6.2 each. Namibia's success is attributed to two important factors, namely an effective maintenance strategy on existing road infrastructure, which plays a pivotal role in prolonging its life span and the upgrading and construction of new roads, which contribute significantly to the quality of national roads¹⁹.

42. Despite ranking top on a regional level in terms of quality of roads, on a national level, there are some regions within the country lacking Bitumen roads. Some regions are still under covered with Bitumen Road infrastructure when compared to other regions and are mainly gravel, earth and in some small instances, salt roads (see table 3.2). Improving rural development through sustainable infrastructure is one of the key strategies outlined in the NDP5.

Table 3.2: Total Kilometres of National Roads in the Regions

| Road Region | Bitumen | As % of Total | Gravel | As % of Total 2 | Salt | Earth | As % of Total 3 | Total |
|--------------|---------|---------------|--------|-----------------|-------|--------|-----------------|--------|
| !Karas | 1323.4 | 17.3 | 5027.7 | 65.7 | 5 | 1301.6 | 17.0 | 7657.7 |
| Otjozondjupa | 1028.4 | 14.3 | 4443.3 | 61.7 | 0 | 1725.5 | 24.0 | 7197.3 |
| Omaheke | 734.8 | 12.9 | 3020.4 | 53.1 | 0 | 1930.3 | 34.0 | 5685.5 |
| Omusati | 733.3 | 33.0 | 572.9 | 25.8 | 0 | 918.5 | 41.3 | 2224.7 |
| Hardap | 658.6 | 10.0 | 4597.3 | 69.7 | 0 | 1341.2 | 20.3 | 6597.1 |
| Erongo | 628.7 | 17.8 | 1670.7 | 47.2 | 212.8 | 1027.2 | 29.0 | 3539.4 |
| Zambezi | 566 | 37.1 | 284.5 | 18.7 | 0 | 674 | 44.2 | 1524.4 |
| Kunene | 515.5 | 10.6 | 2575.2 | 52.9 | 112.3 | 1666.6 | 34.2 | 4869.5 |
| Oshikoto | 514.1 | 28.8 | 842.4 | 47.2 | 0 | 427.1 | 23.9 | 1783.6 |
| Kavango West | 428 | 33.6 | 225 | 17.7 | 0 | 620 | 48.7 | 1273 |
| Khomas | 391.6 | 14.1 | 1689.7 | 60.7 | 0 | 701.6 | 25.2 | 2782.8 |
| Ohangwena | 371.7 | 32.8 | 300 | 26.5 | 0 | 461 | 40.7 | 1132.7 |
| Kavango East | 344.4 | 22.1 | 508.7 | 32.7 | 0 | 703.2 | 45.2 | 1556.3 |

¹⁹ <https://www.ra.org.na/Documents/PR%20Documents/Press%20Releases/Media%20Release-%20Best%20quality%20roads%20in%20Africa%202021%201.pdf>

| | | | | | | | | |
|---------------|-------|------|-------|------|---|-----|------|-------|
| Oshana | 161.4 | 22.6 | 276.2 | 38.7 | 0 | 276 | 38.7 | 713.7 |
|---------------|-------|------|-------|------|---|-----|------|-------|

Source: Roads Authority

43. The rural earthen roads are characterised by numerous deficiencies, which make navigation difficult. Their overall quality is far below the target value. This is because a large part of the rural road network remains unpaved; mostly gravel, unsealed, unimproved, unsurfaced ‘dirt roads’ without proper alignments, weak bridges, culverts, narrow widths, lack of shoulders and poor maintenance. These factors also contribute to car accidents, especially during the rainy season²⁰.

44. Some gravel roads have potholes and mounds of debris caused by termites (ant hills). The problem is that gravel roads can deteriorate quickly, especially in the rainy season. There are issues also surrounding their low initial cost. These include a short life because of erosion and wear and tear, a lack of drainage, and so forth. In addition, gravel roads are rehabilitated at infrequent intervals, often with little lasting improvement. It is imperative that rural road planning needs are strengthened and modified to meet current needs²¹.

3.2.5 Financial services

45. People living in rural areas need access to financial services for productive (asset building, working capital) and protective (mitigating risk exposure, including health issues) purposes. Rural people need financial access to purchase stock, equipment and agricultural inputs; to maintain infrastructure; to contract labour for planting/harvesting; to transport goods to markets; to make/receive payments; to manage peak season incomes to cover expenses in the low season; to invest in education/shelter/health; or to deal with emergencies²². However, access to finance in Namibia remains a barrier to development. Lack of access to financial services, whether through the sparsity of financial service providers, shallow financial markets or the problems with land tenure and hence collateral, is a major bottleneck in rural Namibia (Namibia Financial Sector Strategy 2011-2021).

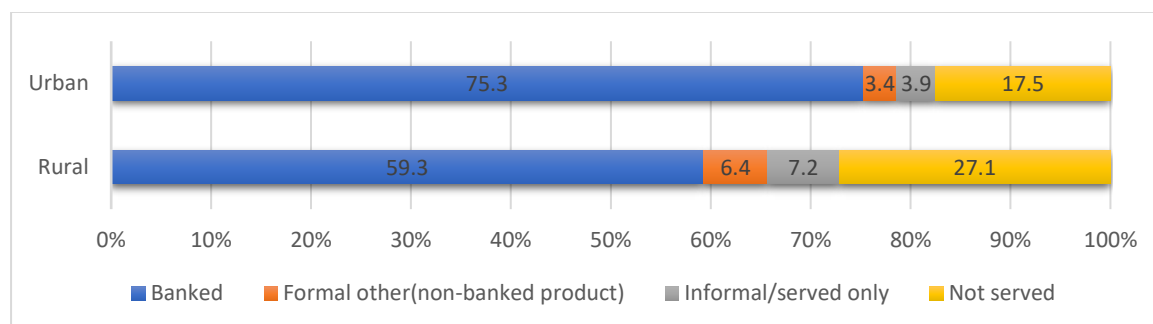
²⁰ <https://www.namibian.com.na/deadly-driving-prevention-and-namibias-rural-roads/>

²¹ <https://www.namibian.com.na/deadly-driving-prevention-and-namibias-rural-roads/>

²² https://www.ilo.org/wcmsp5/groups/public/---ed_dialogue/---sector/documents/publication/wcms_437194.pdf

46. Despite significant improvement at the national level, financial inclusion remains low in rural areas. About 27 percent of the rural population eligible for financial services remain financially excluded (see figure 3.6). This points to a need for Namibia to continue exploring more ways of enhancing financial inclusion in rural areas.

Figure 3.6: Financial inclusion in Namibia by area



Source: NSA, Namibia Financial Inclusion Survey 2017²³

47. Agent banking can be used to expand financial inclusion by bringing banking services closer to a larger portion of the population, especially those in remote or underserved areas. Retail agent banking, often referred to as agent banking, is a banking model where traditional banks partner with third-party outlets – such as retail shops, post offices, and other non-bank outlets – to offer specific banking services. This model is particularly beneficial for expanding the reach of banking services to underserved or remote areas where setting up traditional bank branches may not be easy. The Bank of Namibia has made provisions for a regulatory framework to govern agent banking in order to ensure that these activities are carried out in a secure, transparent, and efficient manner. This includes guidelines on agent selection, permissible activities, consumer protection, etc.

IV. Strategies and Policy Options

48. Namibia has made great efforts in developing rural areas since independence; however, a lot still needs to be done. Below is a list of strategies and policy options that the country can undertake to develop the rural areas to a higher standard.

a) **Built and upgrade basic infrastructure.**

²³ Most recent data available for Namibia.

- 49. Infrastructure assets are necessary, not only for basic needs but for productive development, however, the country should put more focus on infrastructure that bring about economic development.** Infrastructure assets such as rural roads, tracks, bridges, irrigation schemes, water supplies, schools, health centres and markets are needed in rural areas for the local population to fulfil their basic needs and live a social and economically productive life. However, assets such as electricity and telecommunication lines are needed to move from only focusing on delivering basic needs to ensuring a productive rural economy. The global cases depicted in Appendix 2 could not have been achieved without electricity and telecommunication advancements.
- 50. The country should upgrade earth roads to gravel to enable greater access to markets.** The rural communities are deprived of social, environmental, and economic benefits due to a lack of proper roads.
- 51. Increasing high levels of mobile adoption and e-payments enable financial inclusion.** As mobile devices become more affordable and network coverage expands, digital connectivity of financially excluded individuals and small businesses will improve. The well documented growth of m-Pesa has transformed access to financial services by providing an entry-level e-payment platform to most of the Kenyan population. High levels of mobile adoption, coupled with government action to digitalize payments (e.g., government-to-person (G2P) direct cash assistance programs) could be a catalyst for low-income communities to adopt financial services. However, this will require the country's high data costs to be examined, either through regulations or new entrants into the market to promote competition.

Box article: Lessons from global rural transformation²⁴ – The case of South Korea's New Village

Countries that have successfully implemented rural revitalization can provide powerful lessons to the rest of the world. For instance, South Korea's *Saemaul Undong* (SU) New Village Movement presents a key example of community-driven rural development (CDD), while China's Taobao Villages show that the use of e-commerce to foster entrepreneurship can help create flexible and inclusive employment opportunities.

The most noteworthy success story is that of South Korea's SU Movement, which managed to transform its rural areas through community-driven development. The SU CDD projects were an important feature of

²⁴ Please see appendix 2 for the full Global country cases.

government policy in that they helped close the country's rural-urban wage gap, thereby dampening rural–urban migration. The success of the movement was due to strategic moves by the government, which were done in the following three stages:

Stage I: Infrastructure Rehabilitation and Income Generation

Between 1971–1973 SU Movement projects built and upgraded basic rural infrastructure. They included, for example, the establishment or expansion of village path networks, upgrading of small stream beds to increase availability of water for irrigation, and construction of community facilities.

Stage II: Advanced Projects and Geographic Coverage

During 1974–1976, the focus of the Movement shifted to that of expanding agricultural output and included activities such as the construction of farm roads, alignment of farmland, and mechanization of agricultural production.

Stage III: Urban Saemaul Undong Movement

Between 1977–1979, the transformed character of rural communities was systematically spread from rural village settings into industrialized urban areas through the process commonly referred to as “dissemination”.

Following the end of the Park Chung Hee administration in 1979, a public sector organization known as *Saemaul Undong* Headquarters promoted the SU Movement with government support throughout the 1980s. Since the 1990s, however, the administration of the SU Movement has been the responsibility of a privately funded nongovernment organization. The Movement thus now functions entirely without government financial support.

b) Advance agricultural development and improve agricultural productivity.

52. Most Namibians that live in rural areas earn most of their living from farming. Enhancing agricultural productivity is thus essential to achieving poverty reduction. Productivity growth in agriculture is also the driving force behind structural transformation.

53. Approaches should centre on technical transfers such as the construction of irrigation facilities and the introduction of new farming techniques. Moreover, expanding agricultural output includes activities such as the construction of farm roads, alignment of farmland, and mechanization of agricultural production. However, focusing only on agricultural activities might not be sufficient. It is therefore important to increase multisectoral activities. This should include non-

agricultural income generation, capacity building for farmers, health and hygiene, infrastructure, education, environment, and capacity building.

54. There is a need to advance seed quality in the country. The country should investigate establishing a national seed testing laboratory to test the quality, viability, and purity of seeds. The laboratory would test seed standard for physical purity, moisture, and germination and thereby enabling the farming community to get quality seeds. The seed testing centre is the hub of seed quality control. Seed testing services are required from time to time to gain information regarding the planting value of seed lots.

c) Boosting conservancy-based tourism.

55. The tourism sector continues to grow, offering opportunities for increased value addition in many parts of Namibia. Around the world we can see economies that have benefited significantly from tourism as a source of income and a catalyst for economic growth. To effectively stimulate the rural economy, tourism policy should focus on diversifying tourism products, promoting knowledge transfer and strengthening linkages between local businesses and existing tourism operations. This includes diversifying and increasing the variety and quantity of excursions and activities in the regions to increase the length of stay of tourists and boost tourism expenditure. Diversification includes expanding the target market by increasing tourism options. Attracting backpackers and budget travellers can increase the number of local stakeholders in the tourism sector and improve the destination's resilience to external shocks.

d) Ensure fair distribution of and secure access to land and its natural resources.

56. There needs to be fair distribution and secure access to land for productive agricultural activities. The distribution of land rights and opportunities for access to land have implications for the distribution of wealth, rates of economic growth and the incidence of poverty, and the shape and direction of agricultural development will affect the incomes and returns from different types of farming activity, the value of land and demands for access to land resources. A fair distribution is essential, regardless of whether tenure is based on individual or collective rights.

e) Build digital skills and capacities of rural populations and businesses to enable them to take advantage of digital opportunities, for example, to access new markets.

57. Digital skills are a must in the era of digitalisation. Digital skills are considered essential for businesses to be competitive and for citizens to benefit from the improved access to jobs and public and private services, digitalisation can provide, in particular in rural contexts. There is a persistent digital divide in Namibia between rural and urban areas in terms of digital connectivity, skills and capacities for technological development. However, to get there, the country needs to ensure that there is infrastructure development in the communications space, especially in the underserved regions.

58. The country should create smart cities to increase operational efficiency. A smart city is a municipality that uses information and communication technologies (ICT) to increase operational efficiency, share information with the public and improve both the quality of government services and citizen welfare. Smart Cities integrate society with their management, identifying the needs of citizens and offering solutions that improve the quality of life with the least environmental impact. This would require the Government, telecommunications agencies and the municipalities to collaborate. There are several major characteristics used to determine a city's smartness, such as, technology-based infrastructure; environmental initiatives; a high functioning public transportation system; a confident sense of urban planning and humans to live and work within the city and utilize its resource.

f) Develop the informal sector to a standard of the formal sector.

59. The informal sector represents an important part of the economy and particularly of the labour market in Namibia, and plays a major role in employment creation, production and income generation. Informal sector employment is a necessary survival strategy in a country like Namibia that lacks social safety nets such as unemployment insurance, or where wages and pensions are too low to cover the cost of living. Formalisation of the informal sector is the process of acquiring formal legal status through complying with business regulations.

60. Furthermore, the informal sector in Namibia is a significant sector that has helped to absorb unemployment in the labour market. Given the role of the informal sector, in the economy, the government should look at the informal sector with a view of enacting policies that will synergize the informal and formal sectors in order to unleash the vast potential of the economy. These include things like such as economic diversification, industrialization, sustainable economic growth, and investment, and social concerns such as inequality, poverty, and well-being.

g) Review the role of Rural Development Centres (RDCs) as public enterprises working on innovation policy.

61. The RDCs were established with the purpose of promoting the development of appropriate technologies that enhance agricultural production, as well as other economic activities in rural areas. An evaluation of the RDCs may help identify avenues for them to act as innovation hubs or rural centres to promote place-based policy interventions to promote rural economic activity.

h) Tackle the challenges to rural development identified in the rural development policy.

62. The national rural development policy identified poor coordination as a common impediment. Front-line services are delivered by a number of government and non-governmental agencies without reference to each other. At the same time, service delivery capacity, in some instances, is diminishing due to resource limitations and increasing costs, for example of transport. Overall, there is a sense of inefficiency and wastage of scarce resources due to uncoordinated action (NRDP, 2012).

63. The overall purpose of rural development policies is to improve the livelihood of rural citizens; however, much still needs to be done, as low economic activity in rural areas is a key challenge for Namibia's current economic growth trajectory. The Government can provide assistance to promote and sustain the pace of rural development by implementing place-based and targeted initiatives. The following areas can be enhanced to make the rural development policy more effective:

- i. Improve coordination and create synergies on policies and strategies focusing on rural agriculture.
- ii. Develop an internally consistent narrative that identifies the main constraints to rural areas and clearly understand what constitutes the private sector in rural areas and develop a strategy for its support.
- iii. Incorporate a region-specific analysis into the design of a new RDP and RDS
- iv. Incorporate a detailed analysis of which policy interventions are more suited to decentralized processes and why.
- v. Incorporate an analysis of fiscal spending per region to visualize if this reflects the spatial inequalities of Namibia.
- vi. Targets of developmental goals should be as realistic as possible.

V. Conclusion and Policy Recommendations

5.1 Conclusion

64. The paper gave an overview of rural development in Namibia. In Namibia, rural areas are referred to as all areas of the countryside other than those municipalities and townships proclaimed by the government. These include freehold and state-owned communal and resettlement land, which support activities ranging from capital intensive commercial to low-input subsistence farming as well as various forms of conservation area.

65. Unemployment in rural Namibia remains high, with limited opportunities for change as infrastructure development remains low. The rural unemployment rate stands at 33.5 percent, while rural youth unemployment stands at 49.1 percent in 2018. Namibia currently has an estimated rural electricity access rate of 19 percent.

66. Countries that managed to advance their rural areas harnessed digital connectivity for renewable energy, mobility, and e-service delivery in health and education. The case studies highlighted the importance of digital connectivity, and if Namibia wishes to advance in this sphere, there is a need for electricity and telecommunication lines. Rural communities in Namibia face a lack of digital connectivity in comparison with urban areas, especially in terms of broadband quality.

5.2 Policy recommendations

67. Namibia should invest in infrastructure development like rural road upgrading, affordable rural electrification, and access to financial services. The Government should prioritize the upgrading of earthen roads to gravel roads in rural areas, to allow rural areas access to markets for their agricultural produce. Government should ensure access to affordable electricity, generated from renewable sources to induce income generating activities, by increasing private sector involvement. Furthermore, stakeholders in the financial sector development should continue to expand on agent banking provisions to increase financial inclusion by bringing banking services closer to a larger portion of the population, especially those in remote or underserved areas. The country can also learn from the m-Pesa case by providing an entry-level e-payment platform to the Namibian population.

- 68. The Namibian Government and internet providers should promote the use of the internet to benefit entrepreneurship activities in rural areas, through skills development.** The stakeholders need to design fit for purpose digital services and develop need-specific applications for rural entrepreneurs that are simple and easy to use. Considering the low or lack of skills by rural communities to use smart devices and to navigate the internet for socio-economic purposes. There is a need for the government, service providers and Internet Society and other stakeholders to initiate programmes that will lead to enhanced capacity of the rural community digital skills and literacy.
- 69. Increase agricultural productivity by increasing access to feed for livestock.** Namibia has the potential to increase its resiliency to droughts in livestock production – both for communal and commercial areas – by producing commercial feed, as an alternative to imported feed. This can be done by channelling green scheme by-products to be used as animal feed.
- 70. The Government should continue relying on joint work with national universities and other agricultural research centers to expand domestic innovation and access to improved seeds for more crops.** The Government can start by broadening and consolidating the domestic Research and Development capabilities. This effort will require investments in human and capital resources for Research and Development in the country. This would facilitate the field and laboratory seed inspection and testing that can promote the participation of breeders from the private sector.
- 71. The Namibian government will need to boost conservancy-based tourism as a catalyst for rural economic growth, through the involvement of local government structures in partnership with community actors.** This will require regional local government such as the regional councils, local authorities and sector actors to be well acquainted with the value chains of rural tourism and to promote it at a national level. Capacitating local government to respond effectively to the tourism sector needs to be a key priority of all levels of government.
- 72. The Government needs to reform land tenure in the country to enable rural communities to retain some control over land use for security purposes.** The land tenure system will need to be reformed to ensure access to land, use of land for tradability, as well as use of land for agricultural productivity especially as climate change continues to threaten subsistence farming. The land issue continues to be a problem in Namibia; however, land access is fundamental for productive agricultural

use. Promoting equitable access to land requires dynamic and effective implementation of ongoing land redistribution programmes, and a systematic assessment of the appropriateness of the institutional arrangements used in those programmes. Securing land rights requires developing and implementing policy, legal and practical tools that are appropriate for different groups and circumstances, and that pay special attention to the specific land tenure security needs of poorer and more vulnerable groups.

73. The Rural Development Centres should be used as a catalyst for rural development to become rural technology hubs. Namibia's rural development centres should be used to drive development in rural Namibia. The rural development centres can act as innovation hubs or rural centres to promote place-based policy interventions to promote rural economic activity. The Government should increase capacity development in rural areas by exploring partnerships with service providers and institutions, such as Vocational Training Centres to add value to the business of the Rural Development Centres by introducing technology advice and skills upgrading, especially for artisans.

74. The country should tackle the issue of overlapping policies and poor coordination of rural policies by introducing a Rural Development Act. To effectively deliver rural well-being, horizontal co-ordination is needed between traditional ministries in charge of rural development (e.g. agriculture) with other ministries responsible for enablers of development (innovation, services, roads). Horizontal co-ordination across levels of government involves an approach in which policy makers mainstream rural issues across all policies to ensure rural needs are taken into account. This can be achieved through a legal framework mandating all rural development stakeholders to work together by establishing a Rural Development Act.

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Appendix 1: Graphs and Tables

Table 3.1: Population Coverage 2023

| Region | Broadband population coverage 3G+4G | People not covered | | |
|----------------------|-------------------------------------|--------------------|----------------|----------------|
| | | 3G | 4G | Broadband |
| !Karas | 84% | 14,476 | 17,194 | 14,230 |
| Erongo | 96% | 9,924 | 12,630 | 9,581 |
| Hardap | 82% | 17,628 | 22,157 | 17,371 |
| Kavango East | 95% | 9,841 | 28,330 | 7,780 |
| Kavango West | 72% | 28,992 | 38,005 | 25,282 |
| Khomas | 98% | 9,924 | 12,346 | 9,547 |
| Kunene | 52% | 53,461 | 64,320 | 51,929 |
| Ohangwena | 95% | 25,015 | 20,378 | 14,358 |
| Omaheke | 66% | 29,811 | 34,020 | 27,286 |
| Omusati | 97% | 12,414 | 12,964 | 7,269 |
| Oshana | 99% | 2,494 | 3,468 | 1,402 |
| Oshikoto | 86% | 43,599 | 42,687 | 29,945 |
| Otjozondjupa | 83% | 28,914 | 41,515 | 27,795 |
| Zambezi | 93% | 8,240 | 23,508 | 7,606 |
| Namibia total | 90% | 294,733 | 373,524 | 251,383 |

Source: CRAN

Key Challenges in rural development

| | |
|----|--|
| 1 | Weak planning and monitoring systems |
| 2 | Poor coordination of rural development interventions |
| 3 | Limited access to development funding |
| 4 | Insufficient infrastructure facilities and services provision including access Roads, Electricity Supply, Water Supply, Rural Development Centres, Rural Markets, Rural Housing, Transport Systems, National Documents, Banking and Credit Facilities in rural areas |
| 5 | Slow pace of Decentralization implementation process |
| 6 | High level of poverty in rural areas |
| 7 | High production cost |
| 8 | High level of unemployment and unskilled labour force |
| 9 | Rural-urban migration |
| 10 | Limited capacity at Regional Councils levels |
| 11 | Limited knowledge and skills on modern technologies |
| 12 | Poor community participation and ownership in rural development interventions |
| 13 | Poor statistical data |

| | |
|----|--|
| 14 | Low level of agricultural technology and diversification |
| 15 | Climate change and weak environmental management |
| 16 | Cultural diversity |
| 17 | Household food insecurity |

Source: *National Rural Development Policy*

I. Trends in rural Namibia

a) Rural definition

1. The National Rural Development Policy (NRDP) refers to rural areas as all areas of the countryside other than those municipalities and townships proclaimed by the government.

These include freehold and State owned communal and resettlement land, which support activities ranging from capital intensive commercial to low-input subsistence farming as well as various forms of conservation area (NRDP, 2012). The policy, therefore, defines rural development as actions that aim to improve rural people's living standards by providing basic social and economic services and by creating a political, legal, economic and social environment, which empower them to take charge of their own development.

2. The overall objective of the NRDP is to achieve a sustainable economic and social advancement in rural areas. The Policy consists of four specific objectives derived from the Vision 2030 objectives, which are most closely related to rural development. These are to:

- a) ensure participation of all role players in the formulation, planning, implementation, monitoring and evaluation of development plans;
- b) develop a diversified, competent and highly productive human resources and institutions in rural areas, fully utilizing human potential and achieving efficient and effective delivery of customer-focused services;
- c) accelerate a broad-based rural industrialization and economic growth through enhanced rural infrastructure development, research and appropriate technology development, income generation and employment creation; and
- d) ensure the sustainable management and development of natural resources found in Namibia's rural areas and its sustainable utilization for the benefit of the country's social, economic and ecological well-being.

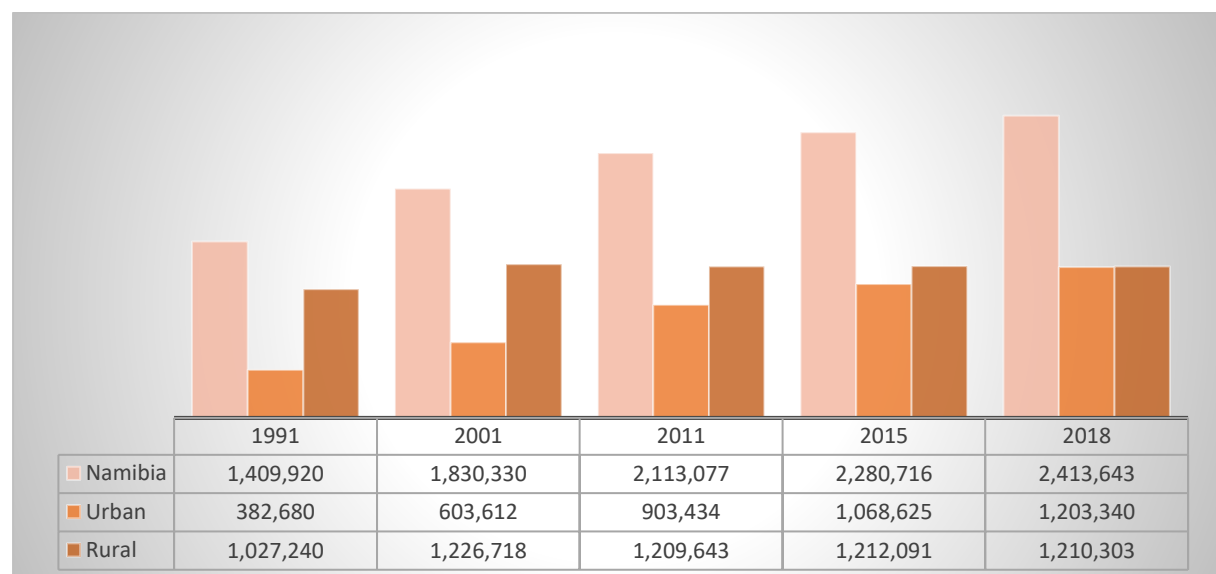
b) Demographic patterns of rural Namibia and land distribution

i. Population

3. Latest statistics on the Namibian population shows an increase of 1 million people in 2018 compared to 1991, while the urban population more than tripled in the same period. The

Namibian population increased from 1.4 million in 1991 to 2.4 million in 2018, according to the Labour Force Survey of 2018. The urban population was at 382,680 in 1991 but increased significantly to 1,203,340 in 2018, while the rural population increased only by 200,000 in the same period (see figure 1). This could be an indicator of rural urban migration, rather than a decline of the rural population over the years.

Figure 1: Population size

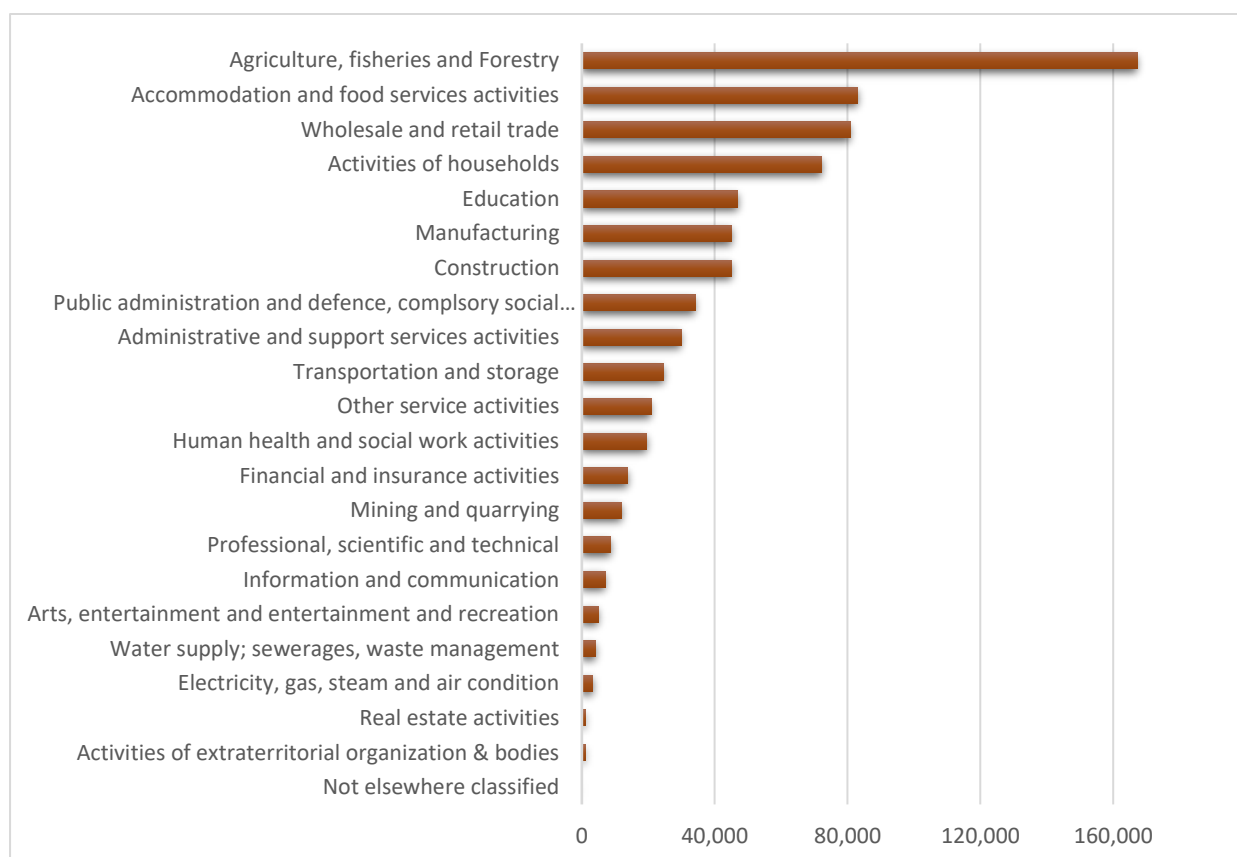


Source: NSA Housing, Income and Expenditure surveys and Labour Force Survey

ii. Employment and Education

- 4. Labour statistics show that employment in Namibia is still concentrated in agricultural activities.** According to the Labour Force Survey, the three economic activities with the highest employment in Namibia are *agriculture, fisheries and forestry*, followed by *accommodation and food services activities*, and then by *wholesale and retail trade* (see figure 2).

Figure 2 Employment by economic activity and industry

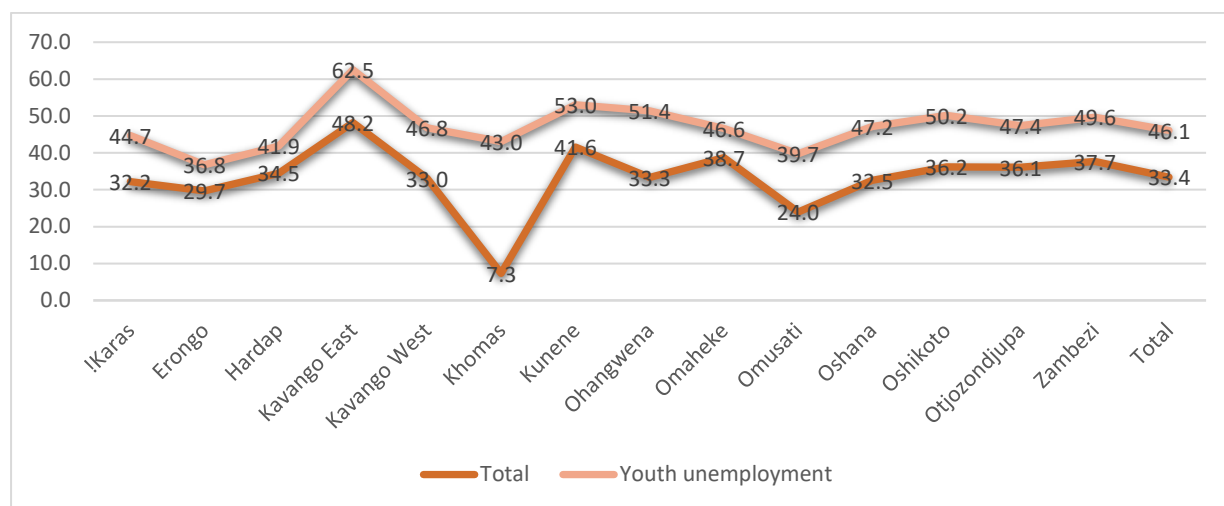


Source: NSA Labour Force Survey 2018

5. According to the unemployment figures from the labour force survey, unemployment in Namibia stood at 33.4 percent. The Labour Force Survey of 2018 shows that unemployment in rural areas remains higher than that in urban areas. The gap between unemployment in urban and rural areas was around 9 percent in 2016. This gap has shrunk significantly to only 0.1 percent in 2018 with urban and rural unemployment rate at 33.4 percent and 33.5 percent, respectively. Youth unemployment stood at 46.1 percent in 2018 at a national level, an increase of 1.5 percent from the 2016 labour force survey. A similar increase in youth unemployment is also evident in the urban

numbers, however, although the rural areas' number declined, it still exhibited higher unemployment figures. The urban areas unemployment rate increased from 40.2 percent in 2016 to 44.0 percent, while the rate for rural areas declined from 50.4 percent to 49.1 percent (see figure 3). However, with the increase in urban-rural migration, this might not mean that there was an actual increase in employment in the rural areas, but rather the moving of unemployed people to urban areas.

Figure 3 Total unemployment rate vs youth unemployment by region



Source: NSA Labour Force Survey 2018

6. Unemployment levels are highest in the early school leavers and lowest as higher education is attained. Unemployment figures according to educational attainment show that, unemployment decreases the more educated the population gets. Unemployment is lowest at the *postgraduate certificate, diploma or degree* level and highest at the *junior secondary drop-out* level (see table 1). The highest unemployment figures are within the Kavango East region, and highest in *senior secondary* with 54 percent unemployed, followed by the *primary dropouts* with 53 percent unemployed. The Kunene and Omaheke regions are also amongst the regions with the highest unemployment figures.

Table 1: Unemployment rate by Level of education and Region

| Education level | !Karas | Erongo | Hardap | Kavango East | Kavango West | Khomas | Kunene | Ohangwena | Omaheke | Omusati | Oshana | Oshikoto | Otjozondjupa | Zambezi | Total |
|---|--------|--------|--------|--------------|--------------|--------|--------|-----------|---------|---------|--------|----------|--------------|---------|-------|
| None | 23.7 | 31.1 | 43 | 39.7 | 20.2 | 48.5 | 42.8 | 17.1 | 46.6 | 14.9 | 12.5 | 22.8 | 40.2 | 38.1 | 28.7 |
| Pre-primary | 33.7 | 0 | 62.6 | 0 | 19.7 | 0 | 0 | 0 | 0 | 23.5 | 0 | 0 | 47.9 | 0 | 26.4 |
| Primary | 41 | 33.3 | 34.4 | 53.7 | 36.4 | 12.5 | 44.6 | 31.9 | 42.8 | 27.2 | 20.7 | 35 | 42 | 36.8 | 34.6 |
| Junior secondary | 40.4 | 33.1 | 43.8 | 52 | 39.4 | 7.9 | 46.9 | 43.7 | 40.5 | 29.1 | 41.3 | 43.6 | 40.2 | 43.7 | 40.1 |
| Senior secondary | 20.6 | 29 | 23.2 | 54.1 | 33.8 | 2.8 | 34.9 | 50 | 25.2 | 30 | 40.9 | 43 | 27.1 | 36 | 32.7 |
| Technical / Vocational Certificate/Diplo | 15 | 25.4 | 49.3 | 36.2 | 32.3 | 1.1 | 13.6 | 47.8 | 49.4 | 16.1 | 45.8 | 38.8 | 42.8 | 48.6 | 33.3 |
| Currently at University | 0.8 | 17.5 | 27 | 42 | 20.2 | 0 | 0 | 13.5 | 0 | 25.3 | 25.1 | 17.1 | 13 | 44.9 | 27.8 |
| University Certificate, Diploma or Degree | 15.3 | 13.4 | 4.6 | 18 | 21.6 | 0.7 | 15.3 | 9.1 | 9.8 | 3.6 | 12.3 | 27.5 | 9.9 | 12.1 | 14.3 |
| Postgraduate Certificate, Diploma or Degree | 13.6 | 13.6 | 0 | 3.5 | 0 | 0 | 0 | 14.1 | 0 | 12.6 | 17.8 | 0 | 6.9 | 6.6 | 9.5 |
| Don't know | 35.6 | 22.6 | 25.2 | 0 | 0 | 6.6 | 52.1 | 0 | 42 | 7.8 | 24.1 | 26 | 100 | 43.9 | 20.6 |
| Total | 32.2 | 29.7 | 34.5 | 48.2 | 33 | 7.3 | 41.6 | 33.3 | 38.7 | 24 | 32.5 | 36.2 | 36.1 | 37.7 | 33.4 |

Source: NSA Labour Force Survey 2018

iii. Poverty rates

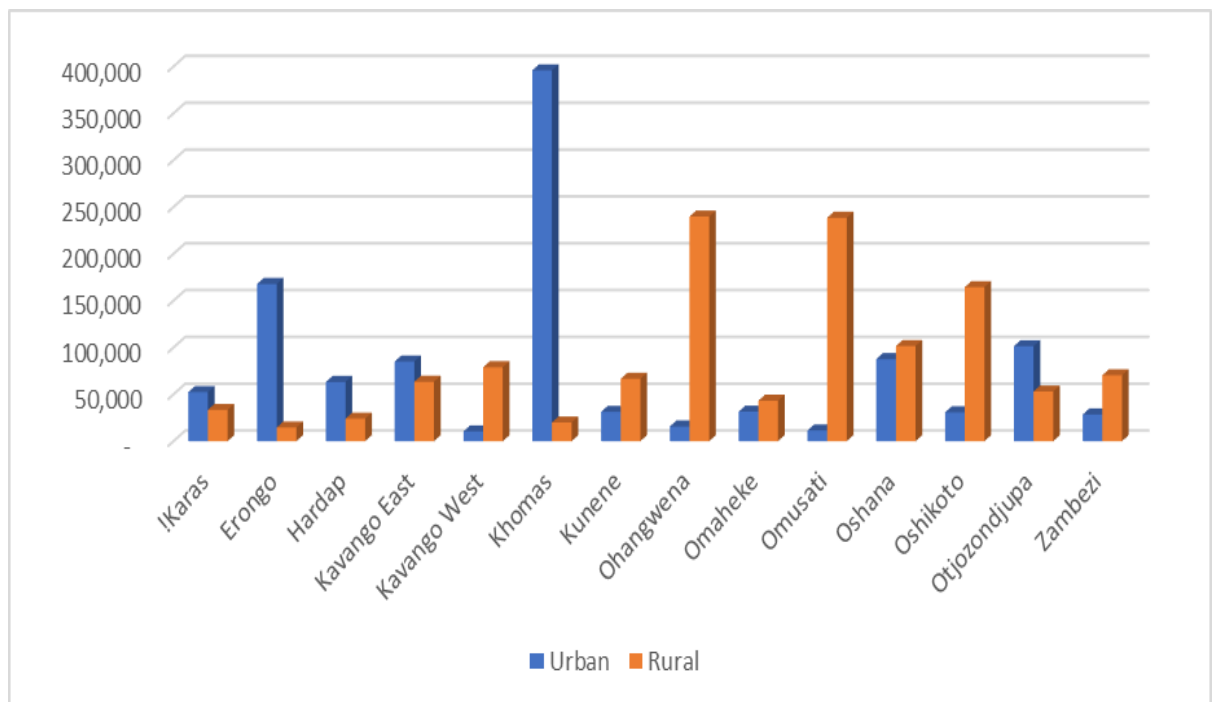
7. **Poverty rates in Namibia are most severe in Kavango East, followed by Kunene and Omaheke region respectively.** This is according to the last Namibia Household Income and Expenditure (NHIES) survey of 2015/16. The national rural poverty rates are almost triple that of the urban rate at 25.1 percent compared to the urban rate of 8.6 percent (see table 2). The region with the lowest poverty rates is the Erongo region, however, the Erongo region has the lowest rural population numbers as compared to the total population.

Table 2: Poverty rates per region

| | Poverty rates (%) | | |
|--------------|-------------------|---------------|-----------|
| | Poor | Severely poor | Food poor |
| !Karas | 8.8 | 6.3 | 3.6 |
| Erongo | 4.4 | 1.1 | 0.4 |
| Hardap | 11.0 | 7.7 | 2.2 |
| Kavango East | 42.8 | 33.4 | 22.9 |
| Kavango West | 27.9 | 17.6 | 11.8 |
| Khomas | 4.8 | 2.2 | 1.2 |
| Kunene | 41.1 | 25.0 | 14.9 |
| Ohangwena | 15.3 | 8.4 | 3.1 |
| Omaheke | 35.3 | 28.1 | 19.9 |
| Omusati | 20.7 | 10.0 | 4.6 |
| Oshana | 10.9 | 5.4 | 0.9 |
| Oshikoto | 14.3 | 7.8 | 3.6 |
| Otjozondjupa | 19.5 | 11.4 | 8.8 |
| Zambezi | 33.7 | 25.1 | 15.0 |
| Namibia | 17.4 | 10.7 | 6.1 |

Source: NSA NHIES 2015/16

Figure 4: Regional rural vs urban population



Source: NSA

Appendix 2: Global drivers of rural transformation: Country case studies

1. **Countries that have successfully implemented rural revitalization can provide powerful lessons to the rest of the world.** For instance, *South Korea's New Village Movement* presents a key example of community-based rural development, while *China's Taobao Villages* show that the use of e-commerce to foster entrepreneurship can help create flexible and inclusive employment opportunities.
2. **Similarly, the *European Union's Smart Villages* have utilized bottom-up strategies to harness digital connectivity for renewable energy, mobility, and e-service delivery in health and education.** Creating dynamic opportunities and reducing poverty in rural areas is critical, especially in the rural areas of Africa and South Asia, where poverty is high and youth populations are large.

A. South Korea's New Village movement

3. **Korea's definition of what constitutes rural areas is not unique or straightforward.** Different agencies define rural areas differently. According to the Ministry of Land Infrastructure and Transport (MOLIT), there are no rural areas defined as such, but rather emerge as leftovers of urban areas. Urban areas are areas that require systematic development, maintenance, management and conservation of areas where population and industry are or are expected to be dense (Article 6 of the National Land Planning Act). Therefore, the areas that are not systematically developed and dense are non-urban areas, in other words, rural areas.
4. **Rural areas are also defined by policy goals.** For instance, the Happy Living Zones policy defines three types of living zones: rural, rural-urban, and metropolitan zones:
 - Rural living zone is the smallest one with total population of around 100,000.
 - Rural-urban affiliated living zone is centred around small and medium-sized cities with population between 100,000 and 500,000.
 - Metropolitan living zone is centred around large cities with population more than 500,000.
5. **The Republic of Korea's *Saemaul (New Village) Undong (Movement)* (often referred to as "the SU movement").** The SU movement was created in the early 1970s as a response to the Republic

of Korea's endemic rural poverty (D.K. Kim 2005). It was also created due to the urban wage levels that continued to increase as a result of the government's focus on industrialization during its first (1962–1966) and second (1967–1971) five-year economic development plans sharply contrasted with the relatively slow rate of growth of incomes in the rural sector. This widening rural–urban wage differential caused awareness of rural poverty to become an increasingly prominent issue in the public eye. The SU CDD projects were an important feature of government policy in that they helped close the country's rural urban wage gap, thereby dampening rural–urban migration.

6. **For proper promotion of the SU movement, new administrative units were created in local government agencies and central government ministries that related to the operations essential to the movement's success.** Saemaul promotional councils were formed in the national capital and at the provincial level to properly coordinate SU activities in both the public and private sectors. The two ideological tenets of the SU movement that functioned as its operating principles were then institutionalized. These were (i) the “Saemaul spirit,” which embraced the development-friendly attributes of diligence, self-help, and cooperation; and (ii) widespread acceptance of the notion that “heaven helps those who help themselves” (Goh 2010).

The SU movement's development was done in various stages as per the below:

7. **Stage 1: Between 1971–1973 SU movement projects built and upgraded basic rural infrastructure.** They included, for example, establishment or expansion of village path networks, upgrading of small stream beds to increase availability of water for irrigation, and construction of community facilities.
8. **Stage 2: During 1974–1976, the focus of the movement shifted to that of expanding agricultural output and included activities such as construction of farm roads, alignment of farmland, and mechanization of agricultural production.** Tangible outputs of the SU movement soon appeared in the form of rehabilitation of rural village agricultural production infrastructure, improvement in village living environments, and increases in rural household income. Improving the village living environment included projects that modernized housing, such as replacing thatched roofs with tin, tile, or slate coverings; modernizing kitchen facilities; and upgrading overall living

conditions by means of electrification and introduction of telecommunications on a mass scale in rural villages.

9. **Stage 3: Between 1977–1979, the transformed character of rural communities was systematically spread from rural village settings into industrialized urban areas through the process commonly referred to as “dissemination.”** Supporting the achievement of these desirable goals was SU movement training and public education, which inculcated the people with the Saemaul spirit, the three most important components of which are diligence, self-help, and cooperation.

10. **Following the end of the Park Chung Hee administration in 1979, a public sector organization known as Saemaul Undong Headquarters promoted the SU movement with government support throughout the 1980s.** Since the 1990s, however, administration of the SU movement has been the responsibility of a privately funded nongovernment organization. The movement thus now functions entirely without government financial support.

B. China’s Taobao²⁵ Villages

11. **China’s rural area has been a great contributor of e-commerce sales.** Out of the fast-growing e-commerce market in China, one area is showing even more potential: rural China. These parts of the country, where about 40 percent of the total population live, generated RMB1.37 trillion (\$195 billion) worth of e-commerce sales in 2018, up 30.4 percent year-over-year and far outpacing the 24 percent growth seen in China’s overall e-commerce market.

a) What is Taobao?

12. **Taobao is a Chinese online shopping platform and *Taobao villages* are China’s largest digital retail platform.** Launched in 2003, Taobao provides consumers from both large cities and less developed areas with an engaging, personalized shopping experience, optimized by data analytics and technology. On the business side, e-commerce has enabled rural villagers to sell agricultural

²⁵ Taobao means “seeking treasure” in Chinese.

products, handicrafts and manufactured goods by opening stores on platforms such as Alibaba Group's Taobao. AliResearch, Alibaba's research arm, defines a Taobao Village as a village that generates RMB10 million or more in e-commerce sales annually and have 100 or more active online shops on Taobao operated by local residents.

b) How Does Taobao Work?

13. Taobao is made up of virtual stores owned by individuals or companies²⁶. The seller places a product or service on Taobao in their Taobao store. Sellers on Taobao are able to list products and services and sell at fixed prices or via auctions. The majority of the products are a wide range of goods sold at fixed prices (similar to traditional retail stores). To help buyers assess the products and stores they can check product and store/seller details, reviews and ratings.

c) Have they driven change in China?

14. After 10 years, the Taobao Village model has achieved scale to benefit about half of the total rural population in China. As of August 2019, there are a total of 4,310 Taobao Villages in 25 provinces, where 250 million out of China's total 564 million rural villagers reside, according to data from AliResearch²⁷. The total sales generated by Taobao Villages – and Taobao Towns, which are larger-scale rural townships that deploy the same Taobao Village model – amounted to RMB700 billion in the 12 months ending June 2019. The total number of active online shops on Taobao operated by Taobao Villagers surged by nearly tenfold to 660,000 in 2018, from just 70,000 in 2014, said AliResearch.

C. European Union's Smart Villages

15. 'Smart and Competitive Rural Areas' is one of the broad themes of the European Network for Rural Development (ENRD) in the 2014-2020 programming period. The European network for rural development (ENRD) acts as a hub of information on how rural development policy, programmes, projects and other initiatives work in practice and how they can be improved to achieve

²⁶ <http://tradeontaobao.com/what-is-taobao/>

²⁷ <https://www.alizila.com/taobao-villages-driving-inclusive-growth-rural-china/>

more. It aims to engage and reach anyone with an interest in and commitment to rural development in Europe.

16. The ENRD acts as a hub of information on how rural development policy, programmes, projects and other initiatives work in practice and how they can be improved to achieve more. It aims to engage and reach anyone with an interest in and commitment to rural development in Europe.

This theme directly links to the following three EU Rural Development policy priorities:

- Priority 1: Fostering knowledge transfer and innovation in agriculture, forestry, and rural areas.
- Priority 2: Enhancing farm viability and competitiveness of all types of agriculture in all regions and promoting innovative farm technologies and the sustainable management of forests.
- Priority 3: Promoting food chain organisation, including processing and marketing of agricultural products, animal welfare and risk management in agriculture.