

24th ANNUAL
SYMPOSIUM



TRANSFORMATION OF THE **RURAL ECONOMY** IN NAMIBIA



Edited by the Research and Financial Sector Development Department

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Published by
The Research and Financial Sector Development Department of the Bank of Namibia
PO Box 2882
Windhoek
Namibia





PREFACE

The Bank of Namibia held its 24th annual symposium on the 5th of October 2023 at Mercure Hotel, Windhoek under the theme: Transformation of the Rural Economy in Namibia. The theme focused on what the country can do to increase and to diversify economic activity in the rural regions to improve economic wellbeing of those living in the rural areas, thereby reducing rural-urban migration. The theme reviewed how far Namibia has come in rural economic development since independence and what challenges are faced by the rural people. It explored ways of improving skills development, job creation, as well as income generating activities. Furthermore, the deliberations aimed to find ways of realigning institutions for better coordination of activities in the rural areas and proposed strategies while learning from international experience.

THE 24TH ANNUAL SYMPOSIUM AIMED AT ADDRESSING THE FOLLOWING QUESTIONS:

- How can Namibia promote and accelerate sustainable economic development in its rural areas? Lessons and experiences from other countries.
- What can we advance rural electrification and digitalisation for rural economic development?
- What policies are most effective in increasing income-generating activities as well as improving economic well-being in the rural areas?
- How to ensure the rural communities have access to markets, without the need to travel to urban areas – facilitating agency?
- How can the rural economy of a developing country (with special focus on Namibia) be incorporated into the mainstream economy?

These issues, among others were addressed through presentations given by local and international speakers and supplemented by a panel discussion comprising of representatives from the International Labour Organisation (ILO), the Ministry of Local Government and Rural Development in the Republic of Botswana, Ministry of Urban and Rural Development, the United Nations systems, the Organisation for Economic Co-operation and Development and the Bank of Namibia.

This booklet contains the papers presented by the speakers at the symposium. It also includes a summary of the key policy issues emanating from the symposium and recommendations on the way forward.

CONTENTS

1. Welcoming Remarks

By Mr. Johannes !Gawaxab, Governor of the Bank of Namibia

05

2. Keynote address and official opening

By Hon. Erastus Amutenya Uutoni, Minister of Rural and Urban Development

08

3. Overview of the rural economic development in Namibia

By Research and Financial Sector Development Department

10

4. Boosting rural economies through decent work and social justice in Namibia – lessons from other countries.

By Dr. Elisenda Estruch-Puertas, Rural Economy Specialist, ILO

24

5. Governance, Policy and Institutions: Strengthening coordination for rural economic development in Namibia

By Ms. Eunice Ajambo – Economist & Development Coordination Officer, UN

32

6. Jobs for rural youth: the role of local food economies and rural policies

By Ji-Yeun Rim, OECD Development Centre

37

7. Policy Issues Emanating from the Symposium

Prepared by Research and Financial Sector Development Department staff, BoN

40

8. Concluding Remarks and Vote of Thanks

By Mr. Ebson Uanguta, Deputy Governor of the Bank of Namibia

47



1. Welcoming Remarks

By Mr Johannes !Gawaxab, Governor of the Bank of Namibia

Director of Ceremonies
Honourable Erastus Utoni, Minister of Rural and Urban Development
Honourable Ministers and Deputy Ministers Present,
Members of Parliament,
Members of the Diplomatic Corps,
Executive Directors of Government Offices/Ministries and Agencies,
Deputy Governors and Board Members of the Bank of Namibia,
Distinguished Speakers,
Distinguished Panelists,
Captains of Industry,
Members of the Media,
All invited guests,
Ladies and Gentlemen,

Good morning!

1. It is my profound honour and pleasure to welcome you to the Bank of Namibia's 24th Annual Symposium. I wish to express my gratitude and appreciation to our invited guests and discussants for accepting our invitation and availing time to be with us on this occasion and share their views and knowledge on this important topic, the **Transformation of the Rural Economy in Namibia**.

2. The Annual Symposium of the Bank of Namibia aims to contribute to Namibia's development and economic policy discourse. Annually, the Bank identifies a vital development and economic issue facing Namibia, to which this dialogue can contribute evidence-based solutions. The Annual Symposium is, therefore, a forum designed to bring together policy experts, academics, and economic development stakeholders to discuss the economic and policy issues on the identified topic.

3. The rural economy is not a monolithic entity. It is made up of a diverse range of sectors and industries, each with their own unique challenges and opportunities. Rural economic transformation is about finding ways to support the growth and development of these sectors and industries while also addressing the challenges they face. Therefore, my remarks this morning are intended to set the scene and background for the ensuing discussions and interventions by specially highlighting three key factors that are paramount to rural transformation. These key aspects, I am convinced, will enable the country to reimagine rural economic transformation. These are the promotion of sustainable agriculture, rural infrastructure development, and supporting the informal sector. But before I delve into these issues, allow me to reflect on rural Namibia briefly.

Director of Ceremonies, Ladies and Gentlemen

4. For inclusive development, Namibia must revive its rural areas. Namibia's rural areas seem to have been forgotten and have become zones of economic misery. High levels of poverty, unemployment, and limited access to basic services characterise them. This is also coupled with the phenomenon of essential service providers, including financial institutions, shying away from these areas, which exacerbates inequality and financial exclusion, amongst others. The disparity between rural and urban areas not only undermines overall economic development but also exacerbates social inequality and hinders

the country's progress towards achieving Vision 2030 goals.

5. Namibia is witnessing a steady increase in urbanization. The pull factors are better economic opportunities, education, health care, and infrastructure in urban areas. Some of the key factors of rural-urban migration are the huge disparities in living conditions as well as the lack of employment opportunities in rural areas. The Labour Force Survey of 2018 (the latest available) shows that unemployment in rural areas remains higher than in urban areas, particularly among the youth. Youth unemployment in rural areas was estimated at 49.1 percent in 2018, compared to 44.0 percent in urban areas. This has led to an accelerated rate of urbanization in the country. According to a World Bank report, by 2050, 72 percent of Namibians are expected to live in urban areas, putting pressure on existing space and infrastructure, increasing land prices, and reducing land access, especially for the poor. This calls for careful planning and devising of appropriate policies and strategies to mitigate the situation and reduce the pace at which rural-urban migration is happening.

Director of Ceremonies, Ladies and Gentlemen

6. Realizing rural economic transformation is critical for Namibia's inclusive growth and development. Given the complex nature of rural development, a focused approach is required. We must identify a few key developmental and impactful initiatives that will help us to intervene and make progress on rural economic transformation. I now wish to reflect on the three key aspects that I spoke of earlier, which, if we prioritise as a country, would lead to rural transformation, namely, the promotion of sustainable agriculture, the development of rural infrastructure, and supporting of the informal sector.

Sustainable Agriculture

7. Agriculture holds the key to rural economic transformation. It is already playing a vital role in the rural economy, providing employment opportunities and food security. To revive and transform the rural economy, we must make agriculture - a business, where agri-entrepreneurs are grown and nurtured, indeed a wealth-creating sector. To be clear, agriculture is not a development sector. Agriculture is a BUSINESS.

8. Agriculture should shift from subsistence farming to increase productivity and diversification. Diversification involves developments in technology, the provision of better infrastructure, and well-functioning agricultural markets to support more diversified production. Agricultural diversification has been a policy objective of most developing countries during their structural change process. Asian nations such as Japan, Thailand, and South Korea have been successful in diversifying their agricultural sector.

9. Rainfall patterns in Namibia have become more unpredictable and inconsistent with the traditional farming seasons, as exacerbated by climate change. The country has been experiencing persistent drought conditions for over seven years. The Namibian government declared national emergencies in 1992/1993, 1995/1996, 2012/2013, 2013/2014, 2015/2016, and 2018/2019 due to extreme drought events, and by the end of 2019, which was the worst drought recorded in 90 years, agriculture production was at its lowest, increased livestock deaths were reported, and many families had their essential livelihood affected. The rural population is the most

affected by droughts as they highly depend on crops and livestock production on communal land. The Namibia Drought Assessment Report of 2022 estimated that about 750,000 Namibians are food insecure. In fact, studies highlight that the SADC region is highly vulnerable to climate change due to its geographical location, social and economic characteristics, and dependence on natural resources. This is extremely worrisome, and if we do not put measures in place to remedy the situation, we might have a national crisis on our hands. For this reason, climate-resilient practices in the agricultural sector should be prioritized now more than ever.

10. Other challenges facing rural farmers are access to markets, inadequate infrastructure, and availability and inadequate use of technology and financial resources. There is thus a need to focus and invest in rural infrastructure, including irrigation systems, storage facilities, and transportation networks. Equally, it is important to ensure access to finance and technical support to enable the adoption of modern and sustainable farming techniques. We must leverage innovation and technologies. It should not be a far-fetched dream for agriculture to use sophisticated technologies such as robots, temperature and moisture sensors, aerial images, and GPS technology to enable more profitable, efficient, safer, and more environmentally friendly practices and methods. Such actions will go a long way in enhancing and improving rural agricultural productivity and transforming the rural economy. Therefore, the importance of irrigation schemes, such as green schemes, in the transformation of the agricultural sector and its contribution to food security cannot be overemphasized. Additionally, we must enhance the support and extension services provided to our farmers in rural areas while simultaneously preventing corruption and inefficiencies that misallocate resources from this vital sector.

11. The area of food security, in particular, offers immense opportunities and is suitable for the unskilled profile of our unemployed population. Equally, it offers an opportune and ideal structure to kickstart our rural and regional economies, as alluded to. We need to invest in agri-technology, skills continually, and business know-how development, as well as designing productive programmes such as equipment schemes that can raise productivity in the agricultural sector. I have previously emphasized the importance of decreasing our dependence on imported food and products, especially in industries where we have a comparative advantage. This is a simple goal we can achieve by replacing imports with products made or grown in our own country. Collectively, these measures, I believe, have the potential to increase Namibia's value addition, economic diversification, and self-sustenance, which in turn translates into economic growth. Combinedly, these represent prospects in which the youth need to be encouraged and supported to create self-employment.

Infrastructure development

9. Secondly, infrastructure, including organizational structures, is a key factor for rural economic transformation. Access to infrastructure networks, such as roads, electricity, mobile telecommunications, and decent housing, are critical enablers of rural economic transformation. Firstly, roads are the arteries through which the economy pulses and connects rural areas with urban centers and markets. By linking producers to markets, workers to jobs, students to school, and the sick to hospitals, roads are vital to any development agenda. Therefore, improved rural road infrastructure enables connectivity and safe mobility. Namibia is consistently ranked top in Africa in the quality of roads; however, the overall quality of rural roads is far below the target value. This is because a large part of the rural road network remains unpaved, mostly gravel, unsealed, and poorly maintained. Such circumstances make it challenging

and difficult for meaningful rural productivity improvements and rural production to take off. Rail transportation must also be in the mix to decongest roads and create a viable logistics sector that takes the produce of farmers to the market in an efficient manner.

10. Similarly, reliable and affordable energy and access to water are essential for rural economic activity. Limited access to electricity and inadequate water supply hinders rural economic growth and discourages investment. We must prioritise the construction and maintenance of rural infrastructure, build and upgrade roads, and expand rural electrification, especially when considering the opportunities available for renewable energy. Blessed with 300 days of sunshine per year and offering a climate well-suited for solar generation, Namibia represents a viable solar energy market. However, according to the Namibia household national data of 2016, there are 235,884 rural households, of which only 35,855 are connected to the grid, while 18,324 rural households have access to solar energy. This gives a rural electrification rate estimation of 21%. There are various government options available for renewable energy, such as the Solar Revolving Fund (SRF), under the Ministry of Mines and Energy. The Ministry of Mines and Energy, through the Solar Revolving Fund, has recently indicated that they will provide funding for 400 off-grid households in an effort to promote rural electrification - a step in the right direction. However, with a low electrification rate, there is a need for considerable improvement to close the gap.

11. Although we have limited water resources, we are not utilizing them efficiently. We should utilise the water resources from both perennial rivers in the north and south of the country, along with the Calueque-Oshakati canal, to boost agricultural production in nearby regions. In order to improve water conservation in semi-arid and arid central areas, innovative solutions are needed to reduce pipeline leakages while considering alternatives including constructing a desalination plant. However, while cost recovery is essential, it is important to avoid burdening rural communities that may not have the means to pay for this vital resource. Investing in water and energy infrastructure will contribute to a conducive environment for the rural economy to transform and thrive.

12. Another important aspect of the rural economy is decent housing. Rural housing must be addressed. The rural areas in Namibia are filled with corrugated zinc or silver houses, as you might know. This is considered an upgrade from the mud houses. However, when we consider the hotter conditions that the country is experiencing, corrugated zinc houses cannot be considered decent housing at all. One of the recommendations made by the High-Level Panel on the Namibian Economy (HLPNE) was that land needs to be handed over to the people living in silver houses to enable them to build proper brick houses. This goes back to issues of land access, land servicing and land use in the country.



13. Unlocking the potential of rural Namibia will require a new legislative framework. The land tenure system is a prohibitive factor contributing adversely to citizens and businesses alike, especially not exploiting the full potential of communal areas where the majority of Namibians live. Access to financing through converting title deeds into some form of tradable leasehold, which may unlock funding, is required. This, in turn, can boost agricultural productivity and tourism activities in communal areas. Furthermore, a recent study conducted by the Bank of Namibia has revealed that acquiring property in Namibia is a complex and challenging process. There are various obstacles related to costs, regulations, and procedures that make the overall process extremely inefficient. The process is also fragmented, expensive, and time-consuming, which can be a burden for potential buyers, investors, and other market participants. The Bank, in its advisory role, will soon be calling a stakeholder workshop with all players with the aim of ensuring the process is streamlined and recommendations are actioned in the shortest possible time. We urge all stakeholders to fully support this crucial work, which could unlock the potential of property ownership including in our rural areas.

Supporting the informal sector

14. Lastly, I would like to talk about the informal sector, as this is key to rural development. The informal economy plays a critical role as the largest employer in the country, especially in the rural areas. The latest available data from the National Labour Survey of 2018 shows that the proportion of informal to total employment in the country stood at 55.8%. In addition, in 2020, about 3.5% of businesses were estimated to have closed as a result of the COVID-19 pandemic, which led to job losses for many, especially for those dependent on the informal economy for their livelihood. This estimate seems modest compared to the figures released by the Namibian Employers Federation (NEF) in 2022, which indicate that in 2019, 158 companies and, in 2020, some 52 companies filed for liquidation in the High Court. This rapidly escalated to 815 registered companies and closed corporations who voluntarily deregistered between January 2020 and February 2021. As such, if the total number of businesses closing down is anything to go by, in the aftermath of the pandemic, the proportion of informal to total employment has further increased.

15. Despite the challenging working conditions for those operating in the informal economy, they contribute significantly to Namibia's GDP. According to the 2016 report by the Namibia Statistics Agency, the informal sector accounts for around 16.2% of the country's GDP. It is imperative, therefore, to reduce decent work deficits and vulnerabilities in the informal economy and facilitate pathways to formality. Doing so will ensure that the informal economy contributes to and benefits from inclusive economic development in order to reduce poverty and address social inequalities.

16. For this reason, the Bank of Namibia, in collaboration with the United Nations System in Namibia and other key stakeholders, formed a National Working Group focusing on studying the informal sector. The main objectives of the diagnostic of the informal economy in Namibia are to gain a better understanding of the informal economy and identify pathways to addressing the associated challenges while also highlighting opportunities for intervention. This collaboration is built upon the recognition that the high levels of informal employment in Namibia have significant implications for the country's economic and social development.

Accordingly, a comprehensive diagnostic of informality is required to develop an evidence-based policy framework to address the challenge. These efforts will be complemented by the Bank's initiatives towards the promotion of innovative

financial services solutions and financial literacy for the rural areas, including MSMEs, youth and women.

Ladies and gentlemen,

17. My remarks are not aimed at preempting the discussions and ideas that will flow from the discussions during the course of this Symposium. They are not to create an impression that the Bank knows and has all the solutions. The Symposium offers us the opportunity to collectively reflect, scrutinise and deliberate on this important topic, particularly around identifying those few things which must be prioritised to transform the rural economy and make a meaningful contribution to the Namibian economy. We must seize the opportunities underlaid in the challenges in our rural economy. In this regard, I would like to suggest these few questions for the consideration of the experts on this subject, those of us who are policymakers or practitioners in this sector, and all participants in this Symposium.

- How can Namibia promote and accelerate sustainable economic development in her rural areas?
- Which of the existing rural development strategies need to be enhanced, and which ones need to be done away with?
- What can we do as a country to ensure there is much-needed infrastructure development in rural areas, especially with the limited available resources?
- How do we ensure that rural communities have access to land, not only for productive agricultural use but for tradability as well?
- What policies are most effective in increasing income-generating activities as well as improving economic well-being in rural areas?
- How do we ensure that rural communities have access to markets without the need to travel to urban areas?
- How can stakeholders such as the financial sector respond to the evolving needs of rural communities?

Director of ceremonies, ladies and gentlemen,

18. Rural economic transformation is essential for a balanced and inclusive society. Achieving rural economic transformation will unlock the latent potential that lies within our rural communities. It will enable them to break free from traditional livelihoods and embrace new avenues for economic development. Let us work together to prioritise and invest in rural development and lay a foundation for sustainable and equitable economic development and create a prosperous future for the nation as a whole.

19. Our Symposium this morning is a renewed dialogue aimed at pin-pointing the challenges that stakeholders face and finding solutions that work in our context so that we can reimagine our rural economies, create much-needed jobs, reduce inequalities and poverty and give them a new lease on life.

With that, ladies, and gentlemen, I thank you!

2. Keynote address

By Hon. Erastus Amutenya Uutoni, Minister of Rural and Urban Development

Director of Ceremonies
Honourable Ministers and Deputy Ministers Present,
Members of Parliament,
Members of the Diplomatic Corps,
Governor of the Bank of Namibia
Deputy Governors and Board Members of the Bank of Namibia
Executive Directors of Ministries and Agencies,
Distinguished Speakers,
Distinguished Panelists,
Members of the Media,
All invited Guests,
Ladies and Gentlemen,

1. I wish to express my sincere pleasure and support to the Bank of Namibia for organising this important symposium on the "Transformation of the Rural Economy in Namibia".

Cde, Governor!Gawaxab, I highly commend you and your team for this initiative. I would also like to extend to international experts from ILO, OECD, UN Systems and the Ministry of Local Government and Rural Development in the Republic of Botswana a warm welcome to Namibia and to this symposium. This seminar is timely as it comes at a time when our Ministry is in the final stage of commencing a review of the National Rural Development Policy and Strategy. I am confident that our discussions this morning will be fruitful and will be of benefit not only to Namibia but also to other countries.

**Director of ceremonies
Esteemed participants**

2. Many of us gathered here perhaps grew up in rural areas or have connections to rural areas. So, we will be exchanging topics on the challenges and opportunities we are familiar with.

3. The rural economy plays a crucial role in the growth of Namibia's overall economy. Our Government, therefore, recognises the importance of transforming rural economies, leading to accelerated and diversified economic growth, reduced poverty and inequalities, and greater environmental sustainability. Namibia has a young population, which represents an opportunity for a demographic dividend. Therefore, supporting rural youth through skills development and creating an enabling environment is vital for their participation in rural development while leveraging the potential of Technical and Vocational Education and Training (TVET) graduates. These visionary plans are enshrined in the Namibian Vision 2030 and Harambee Prosperity Plan II, and we must orient ourselves to use TVET.

4. Despite Namibia's great strides in improving the rural areas through a number of cross-cutting policies and strategies and also given the positive economic growth realised over the past decades, our country continues to face challenges such as extreme poverty and inequalities, with 17.4% of the population remains poor, unemployment at 33.4%, with youth unemployment at 46.1% across all regions. Over 650,000 people (30% of the population) are regarded as food insecure. About 70% of the population depends on agriculture for income and livelihoods. Smallholder Farmers, many of which depend on rainfed agriculture, are vulnerable to the impacts of climate change. The situation has now been exacerbated by the post-COVID-19 knockdown effects, as well as the slow economic recovery. Our Government continues to set ambitious plans to transform the rural economy and address vexing challenges, including limited financial resources. Therefore, we must be creative and use all of our resources to leverage much-needed private-sector investment to alleviate poverty and create jobs.





Director of ceremonies

5. Rural development is a multi-faceted matter. As such, the transformation of the rural economy requires a comprehensive political, socioeconomic and cultural process to sustainably diversify the livelihood activities of rural communities while ensuring social equity. There is a need to reduce heavy reliance on agriculture and increase rural income from other economic streams. Namibia's rural economy is mainly characterised by agriculture. However, the agricultural sector faces growing domestic competition from the urban areas for labour, land and water. Market access, financing, land ownership and lack of agro-inputs are distinctive challenges amongst rural entrepreneurs. The agricultural sector is, therefore, constrained and underperforming, with only a 5% contribution to the GDP. However, it remains a crucial sector to promote economic growth, food security and poverty alleviation.

6. It is also important to note that the share of the Namibian population residing in rural areas has dropped from 72% during the first decades of independence (in 1990) to 51% at the present, bringing challenges to rural and urban areas. Our rural population mainly comprises young and older people and women, while the productive, male working-age population has migrated to urban areas. Furthermore, the urban population, on average, has better access to electricity, schools, clinics and mobile communications than the rural people. These factors influence the labour productivity in rural areas and the absorption capacity of innovation and new technologies. It is therefore necessary to ensure balanced development, especially investment in basic infrastructure, such as roads to improve rural connectivity, electricity and mobile communication to attract investment and young people to rural areas.

Director of ceremonies

7. For the rural economic transformation to happen, the infrastructure in rural areas needs to be further improved to facilitate better market access. As I have mentioned earlier, rural electrification is an important enabler for the economic transformation of rural areas. In this regard, the Government continues to roll out the Rural Electrification Programme to expand the electricity supply infrastructure to improve the socio-economic conditions of people residing in rural areas and create the necessary incentives for economic development. However, due to sparsely populated rural areas, extending the national grid is too costly and may affect the price of power to the end user. Therefore, decentralised electricity generation solutions

based on available renewable energy sources such as solar and biomasses in rural areas are the definite way to go.

8. Technology is advancing, which is an important element of entrepreneurship in rural areas. Therefore, digital connectivity cannot be overemphasised. I wish to caution here that these products and services must be provided at an affordable cost. It might be futile if the price of electricity and data is not affordable for rural people.

Director of Ceremonies

9. Making financial services available to rural people and leveraging digital solutions is critical for rural economic transformation. About 27% of our rural population has no access to financial services. Financial inclusion is, therefore, essential to transforming the rural economy by providing financial products for poor households and rural entrepreneurs. Therefore, I am encouraging financial institutions to continue exploring more ways of enhancing financial inclusion in rural areas. Existing microfinance institutions only cater for a particular segment of the population, particularly salaried individuals; as I have mentioned earlier, there is a need for more services to cater for the excluded segment of the population, mainly people with meagre incomes and small-scale entrepreneurs.

In conclusion,

10. As we contemplate ways of transforming the rural economy, we must recognise effective coordination because not a single institution and programme can accomplish the desired goal of rural transformation. All forward-looking issues to be embarked upon to transform the rural economy, such as social sectors' policy reforms and investment in basic infrastructures, including digital connectivity and financial services, must be inclusive so that no one is left behind.

11. I am hoping that at the end of this symposium, we will have enough on our plate to deal with the multifaceted and cross-cutting issues of rural economic transformation. Going forward, we must have a consensus on a broad strategy that captures all essential matters but narrow enough to ensure focus.

12. It is now my pleasure to declare the "Bank of Namibia's 24th Annual Symposium on Transformation of the Rural Economy in Namibia" officially opened. And I thank you all for your attention.

3. OVERVIEW OF RURAL ECONOMIC DEVELOPMENT IN NAMIBIA

By Dr. Bernie Zaaruka, Technical Expert: Bank of Namibia
Charlotte Tjeriko-Katjuanja, Senior Economist: Bank of Namibia
Mr. Titus Endjala, Director – Rural Development: Ministry of Urban and Rural Development
(Presented by Dr Emma Haiyambo)

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 change.

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 country.

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) 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 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.

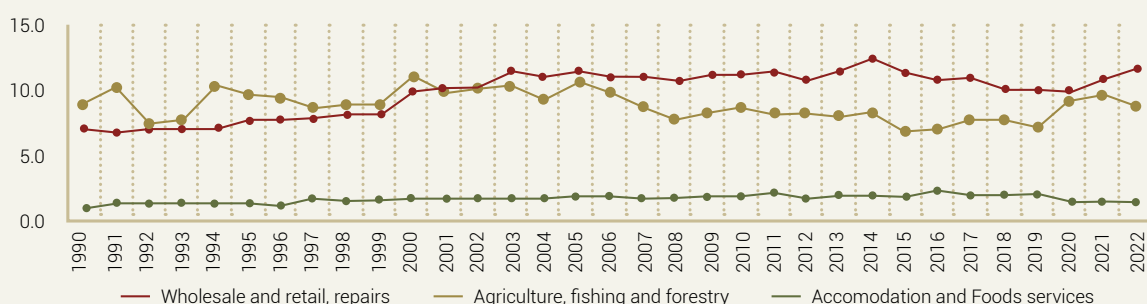
III. CHARACTERISTICS OF THE RURAL ECONOMY, OPPORTUNITIES, AND CHALLENGES

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 employment 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

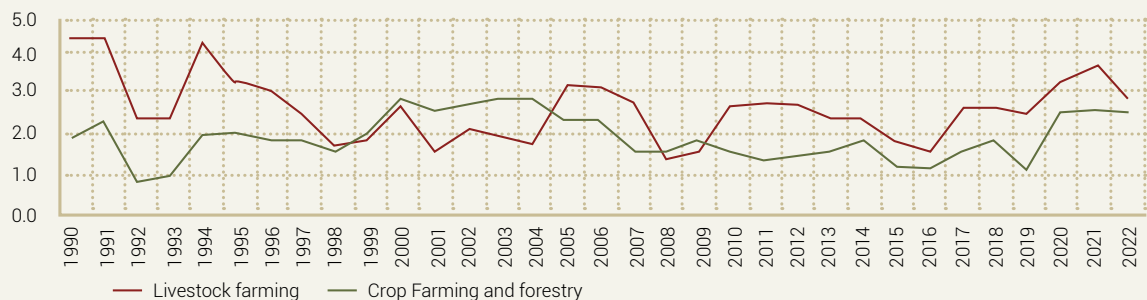
18. Agriculture, fishing and forestry sectors have been important in the Namibian economy for both GDP contribution and livelihood. Around 70 percent of the country's population depends directly or indirectly on agriculture for their income and livelihood, mostly in the subsistence sector.

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



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 limited. 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 areas.

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 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).

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).

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 sector. 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 miners.

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 facilities. 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.

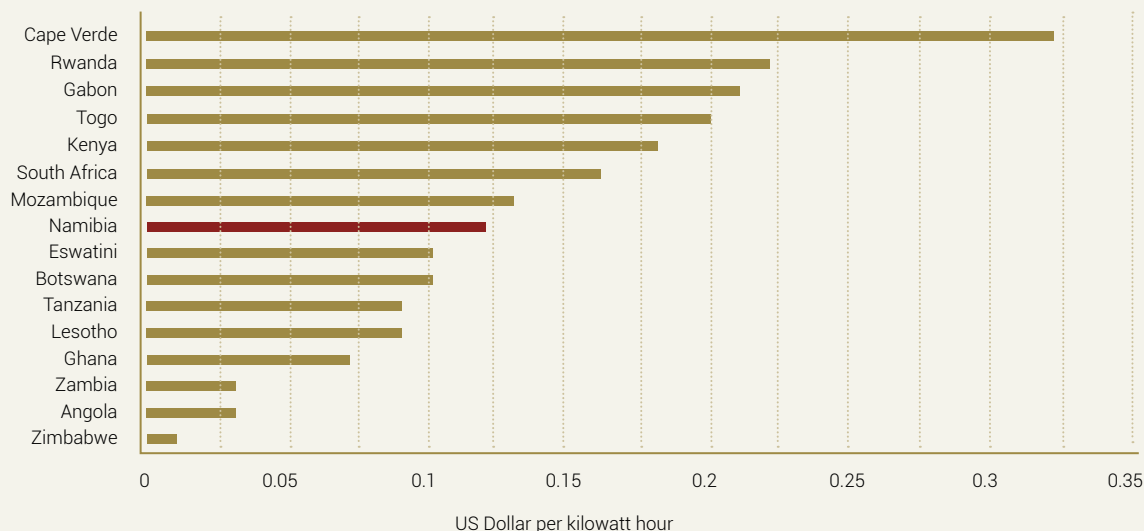
32. In 2020, the National Electrification Policy (NEP) was drafted, articulating the Government's support for electrification expansion. The policy further confirmed the goal of achieving universal access to electricity by employing a combination of grid and off-grid technology solutions to power households 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.

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 years. 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 countrywide. 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.

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 Insider (2023), which looked at the top 20 African 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 US\$49.67. São Tomé and Príncipe, and Malawi come in second and third place with US\$30.97 and US\$25.46 per gigabyte, respectively. Chad and Namibia round out the top five with average prices of US\$23.33 and US\$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 2024. 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.

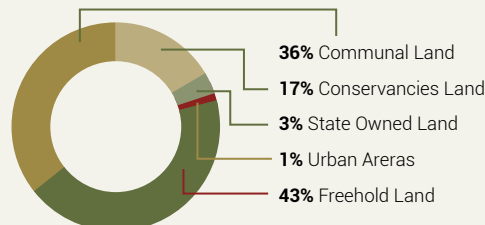
3.2.3 LAND TENURE

37. Rural poverty is strongly associated with poor access to land, 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.

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 roads.

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 is some small instances, salt roads (see table 3.2). Improving rural development through sustainable infrastructure is one of the key strategies outlines 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 |
| 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 season.

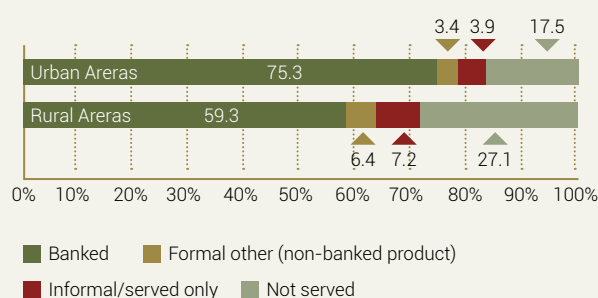
44. Some gravel roads have potholes and mounds of debris caused by termites (ant hills). The problem is that gravel roads can deteriorate quickly, especially in the rainy season. There are issues also surrounding their low initial cost. These include a short life because of erosion and wear and tear, 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 needs.

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 emergencies. 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).

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 2017

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.

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 transformation – 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 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.

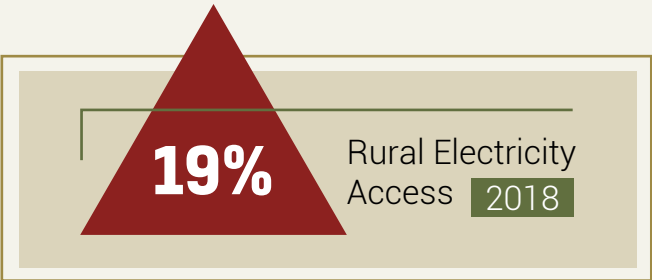
72. The Government needs to reform land tenure in the country to enable rural communities to retain some control over land use for security purposes. The land tenure system will need to be reformed to ensure access to land, use of land for tradability, as well as use of land for agricultural productivity 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

| Broadband population coverage 3G+4G | | People not covered | | |
|-------------------------------------|-----|--------------------|---------|-----------|
| Region | | 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

| | |
|----|--|
| 01 | Weak planning and monitoring systems |
| 02 | Poor coordination of rural development interventions |
| 03 | Limited access to development funding |
| 04 | 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 |
| 05 | Slow pace of Decentralization implementation process |
| 06 | High level of poverty in rural areas |
| 07 | High production cost |
| 08 | High level of unemployment and unskilled labour force |
| 09 | 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.

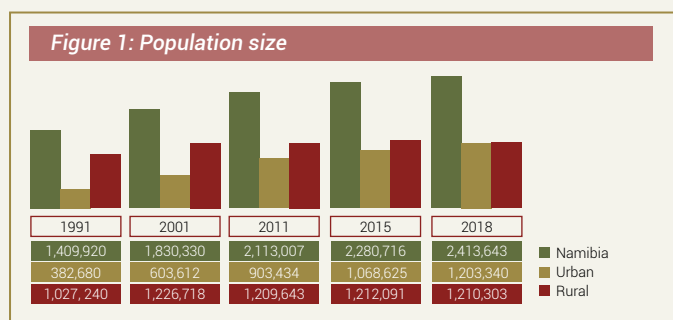
These include freehold and State owned communal and resettlement land, which support activities ranging from capital intensive commercial to low-input subsistence farming as well as various forms of conservation area (NRDP, 2012). The policy, therefore, defines rural development as actions that aim to 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:

- ensure participation of all role players in the formulation, planning, implementation, monitoring and evaluation of development plans;
- 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;
- 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
- 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.
- Demographic patterns of rural Namibia and land distribution

I. POPULATION

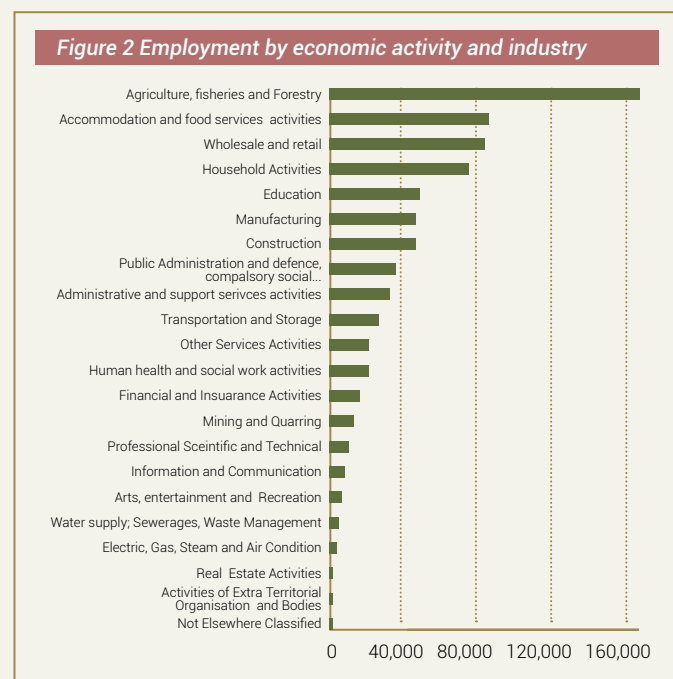
3. Latest statistics on the Namibian population shows an increase of 1 million people in 2018 compared to 1991, while the urban population more than tripled in the same period. The Namibian population increased from 1.4 million in 1991 to 2.4 million in 2018, according to the Labour Force Survey of 2018. 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.



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

II. EMPLOYMENT AND EDUCATION

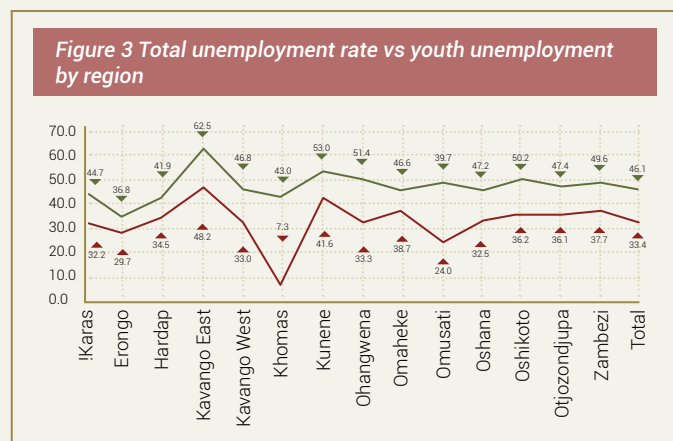
4. Labour statistics show that employment in Namibian is still concentrated in agricultural activities. According to the Labour Force Survey, the three economic activities with the highest employment in Namibia are agriculture, fisheries and forestry, followed by accommodation and food services activities,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



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.



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

| Educational 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/Diploma | 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/ 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 | 6.6 | 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 | 7.3 | 41.6 | 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.



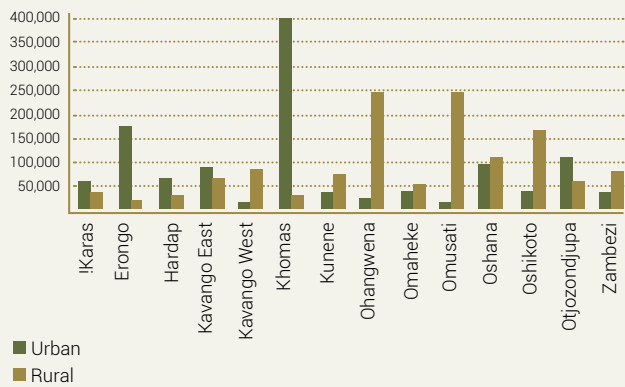
Table 2: Poverty rates per region

Poverty rates (%)

| Region | 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 total | 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 Taobao 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 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 companies. 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 AliResearch. 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.

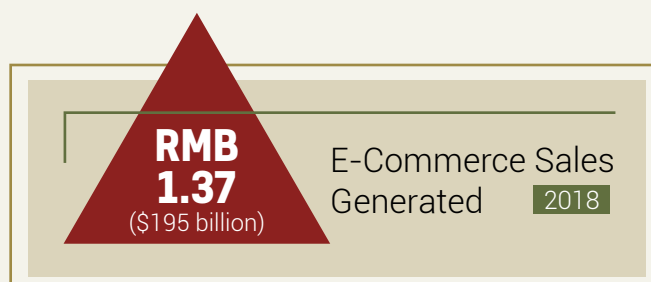
C. European Union's Smart Villages

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 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.



4. Boosting rural economies through decent work and social justice in Namibia- lessons from other countries.

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In collaboration with the ILO Country for Zimbabwe and Namibia (CO-Harare)

I. INTRODUCTION

1. The rural economy holds significant potential for creating decent and productive jobs and contributing to a human-centred future of work. As recalled during the United Nations Food Systems Summit in 2021, with less than ten years left to 2030, many of the Sustainable Development Goals (SDGs) will not be achieved unless we take action to make decent work a reality for all those working in agri-food systems and rural economies, thus ensuring that we leave no one behind.

2. With almost half the world's population living in rural areas, rural economies play a major role in ensuring food security and creating decent jobs. However, decent work deficits persist, with many rural workers living in poverty and working informally. While rural non-farm employment is gaining prominence in certain regions, agriculture is the mainstay of numerous rural economies, and a substantial share of the rural population rely on subsistence agriculture for their livelihoods. They are often deprived of adequate infrastructure and quality services, as rural investments have been lagging. Women, youth, migrant workers, and indigenous and tribal peoples are disproportionately affected.

3. The global economic situation is dominated by the impact of multiple and interlinked crises. Social justice is threatened in many countries. Within this global context, the implications for agri-food systems and rural economies have laid bare prevailing decent work deficits and exacerbated inequalities. Moreover, long-term trends in the world of work and agri-food systems, such as demographic shifts, climate change, urbanization and technological innovation, significantly impact the prospects of life and work in rural areas worldwide.

4. Namibia's poverty and inequalities are largely driven by decent work deficits in rural areas. While urbanization is advancing, around half of the population lives in rural areas. The incidence of poverty is larger in rural areas. The domestic economy is largely agrarian, with over 70 per cent of the population depending on the agriculture sector for their livelihood, and 23 per cent of the workforce is employed in agriculture.

5. Recent literature examining rural transformation across sub-Saharan Africa highlights the presence of unique challenges specific to the region when compared to structural transformation processes in other parts of the world. First, the region is very diverse, with its countries differing in population, resources, and income. The region is also changing rapidly amidst a context of complex and intertwined crises. In that regard, climate change is particularly daunting as it magnifies and deepens the uncertainty of rural livelihoods across much of sub-Saharan Africa. Second, within each country, it is important to gauge the agroecological and spatial heterogeneity that largely determine their rural areas' potential, including in terms of economic diversification. Third, the severe and multiple

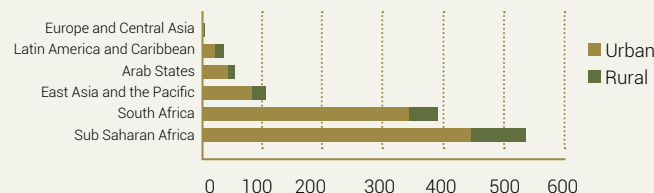
constraints and decent work deficits faced by many rural people need to be accounted for in formulating policies and investments through integrated frameworks.

6. This paper will look into the potential of the rural transformation in Namibia for advancing decent work and social justice. It will underscore the importance to boost rural economies through a rights-based and integrated approach prioritizing investments in rural areas towards skills development, entrepreneurship and infrastructure, improving working conditions and occupational safety and health as well as highlighting the importance of social dialogue in giving employers and all workers a voice. Section 2 will provide an overview of major trends in the rural economy in the context of the future of work while considering the impact of multiple crises, with a focus on sub-Saharan Africa and Namibia. Section 3 will follow with an assessment of priority areas at the policy level towards inclusive, sustainable and resilient rural economies, building on lessons learned at the country level. The final section will provide some concluding considerations for future action.

II. TRENDS IN THE RURAL ECONOMY: FUTURE OF WORK AND IMPACT OF MULTIPLE CRISES

7. Poverty is predominantly a rural phenomenon. Based on the 2023 Global Multidimensional Poverty Index, 1.1 billion people live in acute multidimensional poverty, of which about 534 million are in sub-Saharan Africa. Almost 84 per cent of all poor people live in rural areas, and rural poverty dominates every world region. This implies that people living in rural areas are deprived in different dimensions, including health, education and standard of living. Already hindered by climate change, progress in poverty reduction also suffered a setback due to the COVID-19 pandemic and conflicts. Notably, two-thirds of the extremely poor are engaged in agriculture. According to the Multiple Dimension Poverty Index (MPI) Report 2021, more than 43.3 per cent of Namibia's population live in multidimensional poverty, and people living in rural areas are poorer than those in urban areas (59.3 per cent and 25.3 per cent, respectively). Hence, eradicating poverty by 2030 will require paying increased attention to rural poverty, including through targeted investment programmes.

Figure 1 – World rural and urban poverty levels, Global Multidimensional Poverty Index 2023



Source: OPHI and UNDP, 2023, Global Multidimensional Poverty Index 2023, p. 9.

8. Food insecurity and growing inequalities are a cause of concern. Hunger affects 281.6 million people in Africa, 11 million more than 2021 estimates. In Namibia, over 17 per cent of the population is facing hunger. Worldwide, food insecurity disproportionately affects women and people living in rural areas. Nutritious and affordable food is particularly needed to feed those engaged in the agricultural sector, who are often food insecure. Rural-urban inequalities can undermine development by leaving behind a significant share of the rural population. In addition to significant income gaps between urban and rural areas, rural populations face increasing inequalities in access to social protection and public services, including schools and healthcare, as well as unequal digital access. Despite progress made, inequality remains one of Namibia's persistent socioeconomic challenges. According to the World Bank, Namibia's Gini coefficient was 59.1 in 2015, second only to South Africa. From a rural perspective, it worth noting that geographical disparities in economic opportunities and access to services are widening across Namibia. There are also high levels of inequality in terms of land ownership, which has resulted in an agricultural system with large-scale, commercial farms and resource-poor, subsistence-oriented smallholdings.

9. Rural areas face decent work deficits alongside other important social and environmental challenges. Over one in four workers work in agriculture worldwide primarily as own-account workers and contributing family workers (see boxes 1 and 2). Rural populations are twice as likely to be in informal employment than those in urban areas, with the largest rates of informality in rural areas in Africa, and Asia and the Pacific. Looking at informality in the agriculture sector, 91.3 per cent of workers are in informal employment. In many contexts, poor occupational safety and health practices and lack of social protection and labour protection are a cause of concern. In developing countries, a high incidence of child labour and forced labour also characterizes agriculture. 70 per cent of all children in child labour, 112 million boys and girls worldwide, are in agriculture. Forced labour is also prevalent in remote rural areas and in agriculture and fishing, where 11 per cent of forced labour is estimated to occur.

Box 1 – Low productivity, poverty and decent work deficits among smallholders in Namibia

Smallholder farming or communal agriculture provides livelihoods for a large share of the population, especially among the rural poor. In Namibia, an FAO-ILO assessment in 2021 in the Kavango West, Kunene, and Omusati regions found that there could be potential for promoting horticultural production and sustainable agricultural practices. However, by and large, smallholders do not use such agricultural practices and cannot afford to invest in machinery and inputs. They also are missing access to markets and information. Another challenge was occupational safety and health, such as a lack of preventive and monitoring issues and no use of protective equipment to manipulate hazardous substances. Because of these challenges, agricultural productivity remains low, perpetuating low incomes and entrenching inequalities. Promoting productivity and addressing decent work deficits in smallholder farming can contribute to reducing poverty in rural areas.

Box 2 - Decent work challenges and opportunities in Namibia's fishing supply chain

Namibia is one of the biggest fish exporters in Africa. Fisheries contribute around 15 per cent of all export earnings. The fisheries industry in the country includes

industrialized marine capture fisheries, recreational fisheries, inland capture fisheries, mariculture and freshwater aquaculture. Community-based cooperatives and private small-scale fish farms dominate freshwater fisheries, while private export-oriented enterprises mainly run the more capital-intensive marine fisheries. According to the Ministry of Fisheries and Marine Resources, in 2021, more than 18,000 people were directly employed on fishing vessels and land-based factories. Women represented 64 per cent of employment in land-based factories. Available data confirms that the sector is labour-intensive and has potential to create employment opportunities along the supply chain.

However, Namibia's fisheries industry faces several decent work challenges. These include occupational safety and health, a lack of skills development, especially for vessel skippers and engineers, and a need to harmonize national qualifications with international standards. Despite women's crucial role in fish processing factories, they often work in the most poorly paid and less protected jobs. They face gender-based discrimination, disproportionate involvement in unpaid work, and unequal access to education, healthcare, property, and financial and other services.

III. GLOBAL TRENDS SHAPING THE RURAL LABOUR LANDSCAPE

10. A growing global population is one of the main drivers of the increased demand for food, mainly sourced from rural areas. By the end of 2022, the world's population is projected to reach 8 billion people; by 2050, there could be 9.7 billion people. Moreover, many of the countries with the highest population growth projections are primarily rural, and their economies rely significantly on agriculture for employment and income generation. At the same time, the demographic profile of rural areas largely determines their labour supply dynamics.

11. The youth bulge offers a window of opportunity to accelerate rural development in countries with high population growth if new labour market entrants can find employment. Nearly 1 billion youth live in developing countries, almost half in rural areas, which provides a demographic dividend and growth potential in domestic markets. This is particularly true for most countries in sub-Saharan Africa, such as Namibia. A large geographical scale, diverse ecosystems, a rich endowment in natural resources and fast-growing domestic markets complement Africa's demographic dividend. All of which puts forward sizeable opportunities in meeting the region's own needs and for global economic integration.

12. However, despite improved levels of education and training, young men and women in rural areas continue to suffer disproportionately from insufficient decent job opportunities and tend to seek (self-)employment in the informal economy. There are growing concerns about youth unemployment, especially the increase of youth not in education, employment, or training (NEET), including in rural areas. In 2019, ILO estimated that the share of rural youth NEET was 24.4 per cent compared to 20.2 per cent in urban areas. According to the Namibia LFS 2018, the youth NEET was as high as 34.8 per cent in rural areas, which was in line with the national average.

13. Women are the backbone of many agri-food systems and rural economies. Rural women comprise almost half of the world's agricultural labour force, working as farmers, wage earners and entrepreneurs. However, rural women are often concentrated in low-skilled, low-productivity, informal jobs characterized by low pay, poor working conditions, and limited access to social protection. They also shoulder a disproportionate burden of unpaid care and household work, including food provision and caring for children, the sick and the elderly. In poor households in developing countries, rural women's unpaid work often includes collecting wood and water. Restrictive social norms and gender stereotypes can limit women farmers' access to productive resources such as land or even key services such as financial services and agricultural extension services. Rural women also face barriers in accessing education, training opportunities, and employment services or business advisory support. There are wide gender gaps in terms of voice and representation to consider.

14. As urbanization advances, rural areas can tap into the potential of growing urban demand through rural-urban linkages and small towns. It is worth noting that some of the fastest-growing urban agglomerations are cities with less than 1 million inhabitants, many of them in Africa and Asia. This pattern underlines the potential of small and secondary towns in rural areas for inclusive structural transformation and faster poverty reduction. By fostering rural-urban linkages and diversified employment opportunities, more people may live in rural areas while working in small urban centres.

15. Rural economies are increasingly integrated into national and international markets. The production of goods and services is increasingly dispersed across and within countries through modern logistics and digital technologies. Rural economies that are more outward-looking and capable of mobilizing their comparative advantage could benefit from this. At the same time, spatial polarization could increase in regions with lower productivity and limited opportunities for agribusiness and rural non-farm economic investment. Because of that, investments to foster productivity, export promotion and skills development can contribute to boosting rural competitiveness and a more equal spatial distribution of economic activities. Some underlying obstacles faced by small-scale producers and rural workers include issues accessing markets, information, skills development, among others, which impede them from fully prospering in supply chains.

16. The transformational potential of a just transition in rural economies has yet to be boosted. Many rural communities are directly exposed to the impacts of climate change because their livelihoods largely depend on natural resources. They can be affected by structural shifts in manufacturing and natural resource-based industries. Rural areas are often hotspots for climate change hazards and natural disasters, increasing in number and intensity. Decent work deficits in the rural economy can contribute to further environmental degradation. For example, poor rural households lacking access to social protection may resort to unsustainable natural resource extraction for subsistence.

17. Changing weather patterns threaten agricultural incomes and rural jobs. For instance, rain-fed agriculture will be significantly affected, and it currently provides around 60 per cent of the world's agricultural production and covers 96 per cent of cultivated land in sub-Saharan Africa. Without adaptation measures, farmers practising rain-fed agriculture in vulnerable regions could be displaced or have little choice but to migrate. Moreover, global food production is bound to expand in response to increasing global demand. Unless action is taken towards more sustainable and resilient agri-food systems, the world's capacity to meet its longer-term food needs could be undermined.

18. Green jobs can also be created in other sectors of the rural economy, such as in renewable energy and the circular economy. Almost 6 million jobs can be created by moving away from an extract-manufacture-use-discard model and embracing the recycling, reuse, re-manufacture, rental and more extended durability of goods. With rising energy prices, there can be greater opportunities for rural areas as producers of renewable energy.

19. Technology deployment in the world of work is rapidly intensifying with major changes in production processes and work practices worldwide. The digitalization of the rural economy can deliver economic, social and environmental benefits if promoted in an inclusive manner. Technologies such as aerial satellite imagery, greenness sensors, soil maps and weather data points can boost productivity and promote more sustainable production practices. Moreover, these innovations can improve OSH outcomes in rural areas. Advances in communications technologies and digital literacy can create job opportunities in the rural non-farm economy, especially for the younger generations. Such technological advances can also improve access to financial services and opportunities for skills development and job search engines. However, given existing inequalities in access to technology, digital innovations need to be accessible and affordable, with due consideration to rural women. As digitalization will make rural labour markets more skills-intensive, investments are needed to support rural workers in labour market transitions over the course of their lives and as the process of structural transformation advances and new job opportunities emerge in diverse occupations and sectors.

20. Longstanding challenges such as climate change, demographic realities, and unequal technological progress are now compounded by multiple crises, which has shed light on the heightened vulnerability of rural areas. Informality in rural areas further undermines their resilience to future shocks. Thus, for many SSA, much of the growth and employment opportunities ahead depend on their ability to advance an inclusive, sustainable and resilient process of structural transformation.

IV. POLICIES TOWARDS INCLUSIVE, SUSTAINABLE AND RESILIENT RURAL ECONOMIES

21. Promoting inclusive, sustainable and resilient rural economies emerges as a priority, especially in the context of prolonged and recurrent crises. There is also an opportunity to harness the potential of rural economies for decent work, poverty reduction and food security while ensuring that no one is left behind. This is particularly true for countries in sub-Saharan Africa, such as Namibia, where two-thirds of the population live and work in rural areas, and agriculture represents a sizeable share of employment. A key lesson from ILO's longstanding work in promoting decent work in rural economies is the recognition of the untapped potential within rural communities. With the appropriate policies and investments, rural populations can be empowered to unleash this potential.

22. Since the challenges in rural areas need to be tackled simultaneously, evidence shows that a coherent, comprehensive and integrated approach can be most effective. Through this approach, policy responses can support job creation and address inequalities as well as transformational shifts in a context of evolving social, economic, environmental and technological realities.

23. All such policy efforts are to be anchored in international labour standards (ILS) and be supported through social dialogue. ILS are critical to ensure a rights-based approach to rural transformation. This includes ensuring the respect of fundamental principles and rights at work, as well as the promotion of the ratification and application of international labour standards relevant to the promotion of decent work in the rural economy. Through social dialogue, countries will determine the adequate policy mix and find solutions towards a human-centred recovery.

24. The promotion of decent work in the rural economy touches upon a wide range of economic policies that affect both the supply and demand sides of the rural labour market, as well as the intermediation between them. This calls for comprehensive employment policy frameworks that encompass labour market policies as well as sectoral and investment policies affecting rural economies. From a sectoral policy perspective, this would require measures that put decent work at their heart. When pursuing pro-employment budgeting, it will be essential to account for sectoral and rural development policies in view of their direct impact in terms of job creation, but also in their impacts on improving working conditions, as well as reducing poverty and spatial/rural-urban inequalities.

25. Policy coherence and coordination are of paramount importance. It often involves a whole-of-government approach, strengthening linkages and collaboration among state agencies across sectors and governance levels.

Social dialogue has a crucial role in designing policies to promote social justice in rural areas. As much of the policy responses will be multi-sectoral, there are opportunities for capitalizing synergies among rural economy sectors and ensuring that interventions are mutually reinforcing.

Box 3 – Addressing labour statistics and decent work data gaps in rural areas

Rural labour statistics and decent work data on the rural economy contribute to a better understanding of changing dynamics in rural economies. Overall, labour statistics are essential for identifying and monitoring labour market issues and deficiencies, informing policy formulation, and enabling policy evaluation. In terms of scope, they cover both labour supply and labour demand, the micro and the macro levels, and all economic actors (individuals, enterprises, and the public sector), thus providing a comprehensive picture of the situation of the labour market as well as information on its socioeconomic context. In particular, the challenges to sustainable development and decent work are very different in rural and urban areas. For instance, in many countries, agriculture is the backbone of the rural economy, but official statistics may exclude agricultural activities from the informal sector, such as subsistence agriculture, thereby underestimating the overall contribution of this sector to the economy. This exclusion also limits the possibilities for analysing, assessing, and understanding the structure of informality within the country. Therefore, information on the main labour market indicators disaggregated by rural and urban areas, and by occupations and economic sectors, is critical for assessing the labour market composition and configuration by rural-urban area and to inform targeted labour market research and policy formulation.

26. Investments in strategic sectors are crucial to boost the potential for inclusive decent job creation in rural economies. Such investments will have impacts in terms of direct, indirect and induced employment creation. It will also make rural areas more resilient and attractive to live and work. Investing in the productive transformation of agriculture would go hand in hand with investments in the agri-food systems, and the economic diversification to rural non-farm activities, such as commerce, construction, mining, forestry or tourism, among others. Moreover, rural economies increasingly call for investments to build and maintain the infrastructure to improve access to quality services, especially essential services (see box 4).

27. Investing in rural mobility and connectivity, including electrification and telecommunications, is a strategic priority for an inclusive recovery process, as they contribute to employment and economic development. Ensuring rural digital connectivity is essential to correct the historical isolation of rural areas and reduce their dependence on physical infrastructure to access information and services. Improved digital connectivity also enables rural people to study and work remotely. It also facilitates e-commercialisation from and to rural areas. In that regard, rural-urban partnerships become increasingly relevant for promoting rural revitalization and job creation.

Box 4 - Enhancing access to rural areas through investments in infrastructure

In Timor-Leste, 70 per cent of the population live and work in rural areas. The agro-forestry sector has significant economic potential but remains curtailed due to limited access to rural roads. With support from the EU and in collaboration with GIZ, the ILO provides market linkages to agro-forestry communities through improved rural road access built by contractors trained to use local resource-based approaches, thereby creating decent work employment and income support for the communities. Fifteen rural roads have been prioritized and rehabilitated, and capacity building has been provided to local contractors. Thanks to such improved road accessibility, there is a renewed life for these rural communities through direct employment creation in infrastructure development, including for rural women, and increased market access for local farmers. There are also efforts towards implementing green and resilient engineering approaches, such as bioengineering, to protect areas with high risk of erosion and landslide.

28. Promoting a just transition and greening the rural economy is vital for productivity, growth and decent work. Some rural economies have tapped into opportunities for green job creation in natural resource-based economic activities, including ecosystem services to mitigate and adapt to climate change, such as air and water purification, biodiversity, groundwater recharge, and greenhouse mitigation. For instance, sustainable forest management, including through reforestation, afforestation, and forest restoration activities, have the potential to contribute to a forest sector that is productive, contributes to national economies, provides decent jobs, and is environmentally friendly and helps to address the impacts of climate change (see box 5).

Box 5 – Tripartite workshop in East Africa on promoting decent work in forestry

The forest sector provides for the livelihoods of millions of people in the East African sub-region. Forests provide jobs, shelter, food, and a wide variety of forest products, as well as vital environmental services, including those that help to mitigate and adapt to climate change. However, decent work deficits in the sector persist, especially for those in the informal economy. The ILO organized a tripartite workshop in the East-African sub-region that aimed to identify main opportunities and challenges for promoting decent work in the forest sector. The workshop also aimed to foster the exchange experiences on promoting decent work in reforestation. The workshop was attended by tripartite representatives, as well as government ministries responsible for forestry. Workshop participants agreed on a set of building blocks for advancing decent and sustainable work in the forest sector in the sub-region. The ILO will continue to work with the tripartite constituents to explore opportunities to support the implementation of the building blocks, including through identifying opportunities for development cooperation activities.

Box 6 - Promoting decent work in the fisheries supply chain in Namibia

Given the relevance and potential of Namibia's fisheries sector, ILO has provided technical support to enhance the understanding of decent work challenges and opportunities in the fisheries supply chain and promote sectoral social dialogue among policymakers, employers, and workers. Under the "Sustainable Supply Chains to Build Forward Better" project, with support from the European Union, the ILO first carried out a "deep-dive" study in the fishing sector to inform the formulation of sector-specific interventions. A toolkit was developed to better equip the ILO constituents and key stakeholders in Namibia to promote decent work in fishing and better implement and enforce the Work in Fishing Convention, 2007 (No. 188). In the framework of the Strategic Compliance Planning for Labour Inspectorates, several tools have been adapted, such as a field guide for labour inspection, informative leaflets on employment conditions and occupational safety and health, and standardized employment contract templates. To strengthen labour inspection in the sector, there was training provided to labour inspectors as well as a first Joint Pilot Inspection in the Namibian fishing sector involving the three key regulatory agencies (the Ministry of Labour Industrial Relations and Employment Creation, the Ministry of Works and Transport, and the Ministry of Fisheries and Marine Resources). Lastly, a standing tripartite National Commission on Decent Work in the Namibian Fisheries Sector is being established to discuss decent work priorities, find solutions to improve working conditions through social dialogue and act as the coordination mechanism required by Convention No. 188.

29. Expanding green infrastructure in rural economies would help small-scale farmers have access to renewable energies and enhance productivity and sustainability. These investments can also facilitate the transition to formal employment. Such investments are to be combined with skills development and support services to equip the rural communities to harness the potential of this transition to a greener economy.

30. The blue economy is attracting much attention to promote job creation and improve productivity in the fisheries and aquaculture sectors through climate-resilient systems, but also to address decent work deficits in these sectors (see box 6). Opportunities for blue growth encompass improved marine and freshwater fisheries systems, aquaculture, aquaponics, and other forms of combined aquaculture/agriculture production. Aquaculture and related activities offer significant potential for job creation.

31. Accelerating the transition to formality in rural economies is key, and this requires comprehensive, innovative and integrated approaches that include the creation, preservation and formalization of enterprises and decent jobs. Targeted actions may be foreseen to counter the relative disadvantage of women and youth in rural areas. Representative employers' and workers' organizations and, where they exist, representative organizations of those in the informal economy can assist workers and economic units in the informal economy. Cooperatives and other farmers' organizations can also provide a step towards formalization.

32. Promoting more sustainable and productive farm practices will feed productivity gains throughout the agri-food system and contribute to the transition towards more environmentally friendly and inclusive agri-food systems.

33. Decent jobs in the agri-food sector can be boosted through employment promotion in agri-related downstream businesses and strengthening market access of agricultural producers.

34. Opportunities emerge in agro-food processing, agro-logistics, and the broad range of food distribution services. Small and Medium Agro-Enterprises (SMAEs) play a major role in agri-food systems. SMAEs can enhance value addition and market access at the local level and help leverage the assets and expertise within rural communities. Targeted support to SMAEs may be needed to support their transition to formality and greener operations and to ensure workers' rights and access to social protection. At the same time, access to business



services is critical for the participation of SMAEs in agri-food systems. Integrated approaches for providing agricultural and agri-business services can be effective in this regard. In some contexts, agro-industrial parks or agricultural hubs are being developed to provide extension services to farmers, access to production equipment and processing facilities, as well as facilitating market access by linking local producers with rural, urban and international markets.

35. Harnessing the potential of agri-food systems and rural economies for creating decent jobs for rural youth will be critical to keeping up with a growing demand for food and supporting the generational renewal in agriculture and rural areas (see box 7).

Leveraging the potential of the rural economy for youth employment requires investments in promoting their access to assets such as land, skills development, and social protection and ensuring their rights at work. It is about fostering an enabling environment for youth-led agri-enterprises and sponsoring a positive image of agricultural life. Youth with the appropriate skills and access to modern technologies can become the forerunners in greening the agri-food sector by moving towards more profitable and sustainable farming practices and bringing the benefits of technology. Young farmers can benefit from greater access to cooperatives and other rural organizations in order to achieve economies of scale and commercially position their products. Agricultural machinery rental and repair services provided by cooperatives and private companies have great potential for quality job creation and to attract young people. Moreover, as agri-businesses expand, opportunities for wage employment for youth will also increase in marketing, small-scale food processing and food retailing. An integral part of these efforts is to work for and with young people. More effective participation of rural youth in employers' and workers' organizations can enhance their involvement in rural communities and social dialogue processes. Special attention to young women's empowerment would contribute to addressing gender imbalances.

Box 7 - Promoting a brighter future of work for rural youth through investments and partnerships

In Madagascar, with the support of the ILO, the government authorities, social partners, civil society, youth, and other stakeholders involved in the rural economy developed a National Action Plan (NAP) to promote decent work in the rural economy (2017-2019). The NAP placed a strong focus on promoting opportunities for rural youth, acknowledging the significant gap between youth aspirations and existing employment opportunities in rural areas. The operationalization of NAP to promote decent work in the rural economy has advanced with support from the Government of Norway and IFAD. ILO has provided technical support for rural entrepreneurship promotion and infrastructure development through a whole-of-government approach involving different ministries (Ministry of Agriculture, Ministry of Technical Education and Vocational Training). The collaboration with IFAD in Madagascar is also exemplary of the progress of the partnership for the promotion of decent work in the rural economy at the national level, with particular attention to rural youth.

36. Women's economic empowerment calls for a gender-transformative process in rural economies. As rural women face multiple and often interrelated challenges, effort is needed on many fronts, and much will depend on the country's circumstances. The quest towards rural women's empowerment and a transformative agenda for gender equality

includes priority areas such as creating decent jobs for rural women, facilitating their access to entrepreneurship training, productive resources, and social protection benefits, including maternity benefits, as well as to finance and business services. Reducing their time constraints requires improvements in rural infrastructure, including water and energy, and access to new technologies. For future generations of rural women, adequate access to care facilities, services, and quality education is crucial to breaking the intergenerational cycle of gender inequality. By ensuring that the voices of rural women are heard, their needs can be better reflected at the policy level.

37. Namibia has much potential for promoting decent job creation through rural economic diversification by moving beyond agriculture and mining into other economic sectors such as fishing and aquaculture, and tourism.

Processes of rural diversification are primarily determined by the agroecological environment and the local economy. Therefore, policies to support rural economic diversification draw on those context-specific assets that can bring competitive and absolute advantages. For instance, by developing food clusters, synergies between agriculture and tourism can foster many opportunities for economic diversification and job creation in rural areas.

38. In particular, the tourism sector is one of the fastest-growing sectors in many countries, including Namibia.

Tourism contributes to job creation both direct and indirect. Experience from other countries underlies how sectoral social dialogue can facilitate processes to harness the potential of rural tourism to re-invigorate rural economies in ways that respect the environment and cultural heritage and increase the attractiveness of rural areas for the younger generations (see box 8).

Box 8 – Boosting the tourism sector through a sectoral roundtable

In countries such as Ecuador and Costa Rica, tourism is an economic sector in expansion, employing more than 6 per cent of the workforce. It was significantly affected by the COVID-19 crisis, with many job losses and business closures. With ILO technical assistance, a Tourism multistakeholder Roundtable (Mesa Ejecutiva) was established in 2021 in order to promote sectoral social dialogue for the sector's recovery. Through the roundtable, the government and social partners and other key relevant stakeholders meet regularly to discuss the challenges of the tourism sector and the implementation of interventions to advance decent work in the sector. Members of the roundtable jointly identified solutions to concrete bottlenecks faced by the sector. As part of the process, a roadmap for action was developed as part of the process, and efforts towards its implementation would follow up. The roadmap for action constituted a key milestone for the roundtable process as it ensures ownership and continuity at the institutional level. Sectoral multistakeholder roundtables are a useful platform to promote social dialogue and foster collaboration among different stakeholders with a view to explore synergies and implement solutions for promoting decent work and enhancing productivity at the sectoral level.

39. If promoted in an inclusive manner, digitalization in rural areas can bring substantial opportunities to the rural economy. For instance, technological advances can help increase agricultural productivity and profitability, and mitigate and prevent occupational hazards and casualties in agriculture. Natural resource constraints and environmental limits can be

turned into an advantage by seizing the opportunities for rural development to rely on the latest and most efficient technology. Technological innovations can also be seized to promote economic diversification in rural areas. At the same time, there can be challenges where automation and artificial intelligence can replace or redefine jobs. In some cases, automation of some manual tasks at the farm level could increase the need for highly skilled manual workers. Irrigation through mechanized pumps often allows two or three more crops to be grown on the same plot of land per year, thus increasing labour demand.

40. However, there is a risk of leading to a deeper digital divide.

In particular, it is important to ensure that indigenous and tribal peoples, women, youth, small-scale farmers, and migrant workers are not left behind. In that regard, the investments in rural connectivity mentioned above need to go together with social dialogue on the use of technology, and investments in skills training for rural workers on new technology.

41. Rural remoteness can be overcome by improving rural connectivity and technological advances, and rural economies can take on opportunities to provide distant services online.

For instance, rural smart villages base their development on their own resources and assets while also taking up opportunities through multi-service centres and information and communication technologies (ITCs) to facilitate access to business services and digital solutions for rural enterprises, including Micro-, Small and Medium-sized Enterprises (MSMEs), to market their products and services. Rural workers can also benefit from greater outreach of employment and social services.

42. Investing in a skilled rural workforce through inclusive skills development programmes and measures to enhance employability can support rural workers in view of the evolving challenges in the world of work. Such investments can be particularly relevant for the younger generations so that they can prosper and start productive working lives in rural areas. At the same time, many rural workers may need support as shifts underway in the transformation of the rural economies are displacing some workers in some occupations and sectors while creating new opportunities in others. In agriculture, moving from staple crops to high-value and processed products can radically change skills and job requirements, the level of returns, and the quality of employment. As rural economies diversify, job opportunities emerge in more diverse occupations and sectors. Continuous retraining and up-skilling of workers will gain relevance for rural enterprises, for them to be agile in taking up new opportunities in increasingly dynamic markets.

43. Promoting more equitable and effective access to skills and lifelong learning would be needed in many rural areas.

In addition to community-based training, opportunities for technical and vocational education and training (TVET) could be strengthened, building on the identification and anticipation of skills needs in rural labour markets, and investing in certification of skills relevant to the sectors (see box 9). Active labour market policies and public employment services (PES) can support workers in up-skilling and re-skilling to keep or change jobs.

Box 9 – Certifying skills of agricultural workers in the coffee supply chain

The coffee supply chain in Colombia is the largest generator of rural jobs, including pickers, plantation administrators and extensionists. The coffee sector in Colombia provides opportunities for around 2 million people or 7.7 per cent of the total labour force. Most work is informal on a daily wage or piece-rate basis, often under verbal contracts or as contributing family workers. Other decent work deficits include long working hours, many OSH hazards, and lack of access to social protection. Informal workers in the coffee chain also lacked adequate skills development and certification recognition. ILO's technical support in Colombia has helped to advance decent work in the coffee sector. In particular, the first certification programme of labour skills and competencies was created for coffee harvesting workers in partnership with the National Training Service. A total of 1,072 coffee farmers and collectors had their skills and competencies certified according to unified technical standards.

44. Linking employment and rural development policies with social protection policies is critical to addressing economic insecurity, as well as pre-existing and systemic inequalities in access to social protection among rural workers and their families. The crisis generated momentum for governments to extend efforts and progressively overcome the financial, administrative and legal barriers (among others) that hinder people's access to social protection, including in rural areas (see box 10). With the rapid changes in the world of work and the just transition process that may lead to increasingly diverse work arrangements in rural labour markets, ensuring adequate social protection for workers in all types of employment will be essential to help rural workers navigate work-to-work transitions between wage employment and self-employment, across different enterprises and sectors of the economy or between countries.



Box 10 - Innovative social insurance scheme to extend protection to rural workers

Achieving universal social protection coverage in Ecuador hinges upon the relative importance of the rural economy in the labour market. The Government of Ecuador extended social protection to own-account agricultural workers, artisanal fishing workers and their families through the Peasants' Social Insurance (Seguro Social Campesino, SSC). The SSC provides coverage to nearly 1.1 million people (6.13 per cent of the population), of whom 378,000 were the main contributors to the system and 644,000 were their dependents. Based on the principle of solidarity, the SSC is financed by contributions of employers and workers covered by the General Scheme, the mandatory contribution from public and private insurance companies embedded in the National Social Security System, the insured member's contribution to the SSC, and a government subsidy. This financing structure reduces the barriers that hinder workers with low contributory capabilities from benefitting from social insurance. The SSC is characterized by an integral service structure with remarkable regional presence. Around the SSC, rural organizations and federations have been strengthened. The SSC in Ecuador demonstrates that, through innovations in the design, implementation and financing of schemes, it is possible to extend social protection to rural workers.



45. Appropriate attention is needed to promote and ensure rights at work.

Together with appropriate labour law coverage and enforcement mechanisms, strong labour administration and inspection contribute to implementing national legislation and ensuring workplace compliance in rural areas, particularly concerning freedom of association and collective bargaining (see box 11). Labour inspectors can play a role in raising awareness and educating rural workers, employers, and rural communities at large on their rights and obligations. For instance, the outreach and capacity of labour administration in rural areas can be improved by favouring coordination with agricultural extension services and harnessing technological advances. In particular, ensuring a safe and healthy working environment for rural workers is key in view of the range of OSH risks encountered in agriculture and other rural economic sectors. Strong capacity of national and local governments and that of social partners is central.

Box 11 - Advancing workers' rights in Indonesia's and Malaysia's palm oil sector

The ILO project on Advancing Workers' Rights in Indonesia's and Malaysia's Palm Oil Sector showcases the relevance of strengthening the capacity of social partners for the promotion of decent work in the sector. ILO's technical support has aimed to ensure that Indonesian unions in the palm oil supply chain effectively advocate for their members' access to fundamental workers' rights, in particular freedom of association and collective bargaining. For instance, in Indonesia, the Indonesian Palm Oil Association (GAPKI) and the Indonesian Trade Union Network for Palm Oil (JAPBUSI) signed a Joint Declaration to address decent work deficits in the sector. There has been support as well to improve compliance through strengthened capacity of enterprises to implement core labour standards and national labour laws.

V. FINAL CONSIDERATIONS

46. A major renewed effort to create decent work opportunities in rural Namibia is imperative and must be part and parcel of strategies to reduce inequalities, build resilience against future crises and to help get on course for sustainable development.

47. Looking ahead, we can seize the momentum to trigger transformative changes and advance towards more revitalized and dynamic rural economies. In the context of Namibia's engagement with the Global Accelerator on Jobs and Social Protection for Just Transitions, there is commitment to advance concrete actions to support decent job creation and universal social protection for just transitions, including by strengthening policies, untapped sustainable job growth potential, the expansion of social protection coverage, and key sectors of the economy where integrated policies and financing approaches would be relevant. In particular, there is much potential for inclusive and sustainable investments in the agri-food sector, fisheries, and aquaculture.

48. There is also potential for off-farm job creation through rural diversification, including by expanding rural tourism and green jobs in renewables. At the same time, efforts to put employment at the centre of planning and programmes, and to reverse high rates of youth unemployment, can have major impacts on the future of rural areas. Importantly, addressing the transition from informality to formality, and improving access to social protection for rural populations in the country are critical to ensure that no one is left behind.

49. Placing decent jobs at the centre of efforts towards revitalizing rural economies and strengthening their resilience is imperative to advance social justice and tackle social and economic inequalities. Consequently, rural areas will become more attractive places to work and live, and springboards for inclusive, sustainable and resilient development. This is key for Namibia to accelerate progress in creating decent jobs and advancing towards social justice.

5. Governance, Policy and Institutions:

Strengthening coordination for rural economic development in Namibia

This briefing note is built around a presentation for The Bank of Namibia 24th Annual Symposium: Improving rural communities through Skills Development, Job Creation and Income generating activities: Lessons from other countries. The paper was further enhanced by the Research department

By Ms. Eunice Ajambo, Economist & Development Coordination Officer: United Nations NAMIBIA

I. INTRODUCTION

1. Good rural governance is key to realising rights, leaving no-one behind and achieving sustainability of rural development programmes. Rural development therefore means an attempt to affect and influence the lives of the rural dwellers to meet up with the social standard of the urban .

2. Governance refers to the whole range of regulations, no matter if they are executed by the government, the private sector or civil society . The term 'governance' denotes that regulation has moved beyond the realm of the state and is now also an effect of private actors, profit or not-for-profit oriented. Rural governance is a product of contemporary influences and the economic, social, and political history of a particular rural region. It is often a mix between locally driven governance processes and influences from regulatory decisions taken by administrative tiers higher up.

3. There are three principles that drive good or responsible rural governance. The first principle addresses realising human rights of citizens . These include civil and political, and social, cultural as well as economic human rights. The right to adequate food, the right to housing, or the voluntary guidelines on the governance of land are examples of the human rights basis of rural development programmes. Second, empowerment of citizens is key, in particular of marginal and vulnerable groups. We use the term 'marginal groups' instead of 'excluded' to express that those people find themselves in this position because of the way they are included in society, not because they are alien to it. And third, accountability of elected politicians and public authorities to their citizens should be given.

II. DEFINITIONS AND STATUS OF GOVERNANCE, POLICY, INSTITUTIONS, AND COORDINATION

4. Scholars and different authors have attempted to give a definition to what good governance, policy and institutions entail. According to Johnston (2002), good governance is the legitimate accountable and effective ways of obtaining and using public power and resources in the pursuit of widely accepted social goals. While Rose-Ackerman (2016) states that all kinds of institutional structures that promote both good substantive outcomes and public legitimacy. Empirical studies (Ghosh and Siddique, 2015; Rose-Ackerman, 2016; Rothstein and Teorell, 2008) show that good governance, in contrast to democratisation, has strong positive effects on measures of social trust, life satisfaction, peace and political legitimacy.

5. In 1996, the International Monetary Fund (IMF) declared that "promoting good governance in all its aspects, including by ensuring the rule of law, improving the efficiency and accountability of the public sector and tackling corruption, [are]

essential elements of a framework within which economies can prosper." Similarly, Rothstein and Varraich (2017) indicated that good governance is also associated with impartiality.

6. According to the United Nations Office of the High Commissioner for Human Rights (OHCHR), good governance is the process whereby public institutions conduct public affairs and manage public resources in a manner that promotes the rule of law and the realisation of human rights (civil, political, economic, social and cultural rights). Furthermore, the OHCHR stipulate that the key question for assessing good governance is: Are the institutions of governance effectively guaranteeing the right to health, adequate housing, sufficient food, quality education, justice and personal security? Core elements of good governance include transparency, integrity, lawfulness, sound policy, participation, accountability, responsiveness, and the absence of corruption and wrongdoing.

7. Institutions and governance are crucial factors for economic development, as they shape the incentives, opportunities, and constraints that affect the behaviour and performance of individuals, firms, and governments. Namibia's Decentralisation Policy is an example of an institution that can be used for good governance.

8. Institutions influence development outcomes through the following ways:

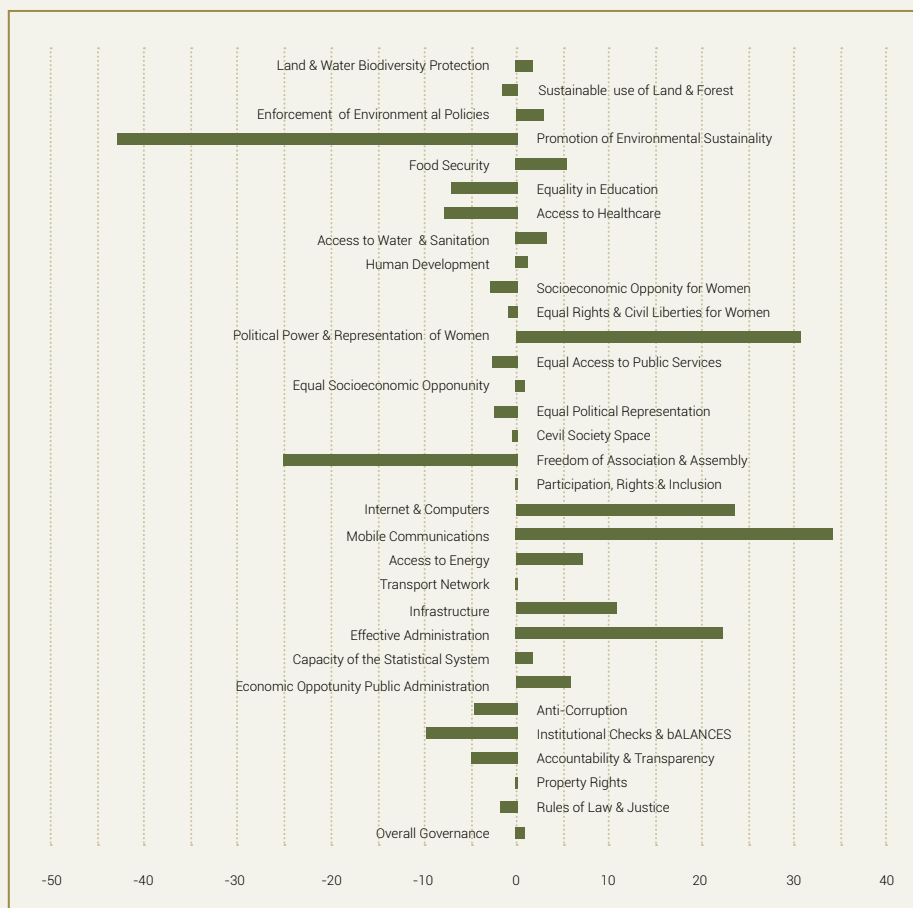
- Institutions as the mechanisms of governance are "the fundamental cause of economic growth and development differences across countries.
- Institutions are the rules of the game in a society, they are the humanly devised constraints that shape human interactions.
- Institutions are established by human beings, and they can control human behaviour through the distribution and control of incentives.
- Institutions shape the actions of individuals, by defining and regulating through rules, norms and structures.



III. NAMIBIA'S RURAL ECONOMIC DEVELOPMENT: STYLIZED FACTS

9. According to the Ibrahim index of African Governance (IIAG), Namibia's governance is performing well in the region. When considering Namibia's governance indicator, according to the Ibrahim index of African Governance (IIAG) 2022, Namibia is performing well. Namibia scored a 64.1 out of 100.0 in Overall Governance, ranking 8th out of 54 countries in Africa. It also scored higher than the African average (48.9) and higher than the regional average for Southern Africa (54.2). However, the country is underperforming in certain aspects such as property rights, promotion of environmental sustainability and freedom of association and assembly. Unfortunately, the country is lacking significantly in terms of rural data, which

Figure 1 – World rural and urban poverty levels, Global Multidimensional Poverty Index 2023

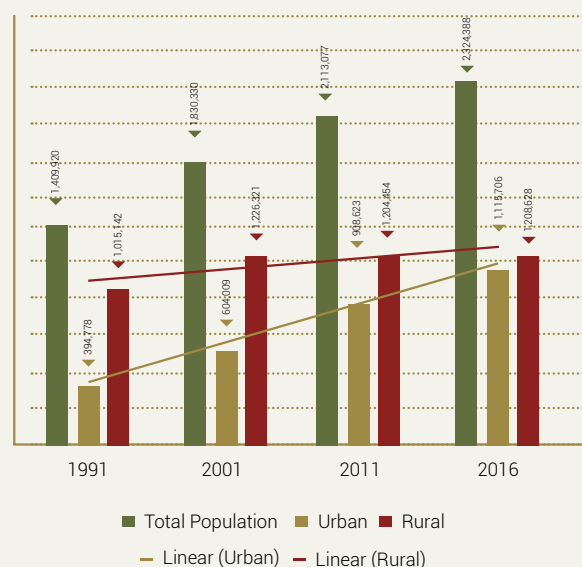


Source: Author with data from IIAG, 2022



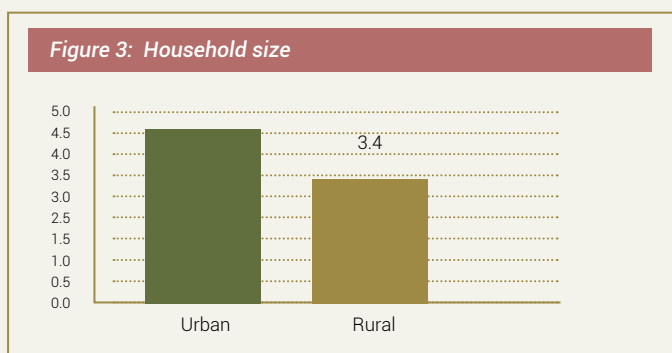
10. Namibia's rural economic development is lagging considering population distribution. Over the years, the rural population, in search of equal opportunities for their livelihoods have moved from the rural areas into urban areas. Figure 2 below shows how the rural population has remained constant over the period 1991 to 2016 (which could be a result of migration to urban areas), while that of the urban areas has grown.

Figure 2: Population Trend



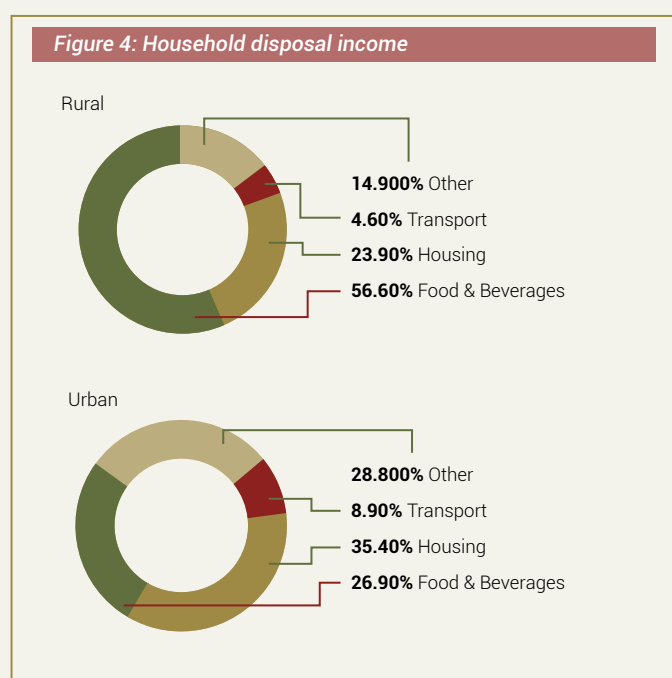
Source: Author with data from NSA

11. Rural households have a higher dependency burden compared to the urban households. Figure 3 below shows that the dependency ratio of the rural areas is at 4.6, while that of the urban areas is at 3.4.



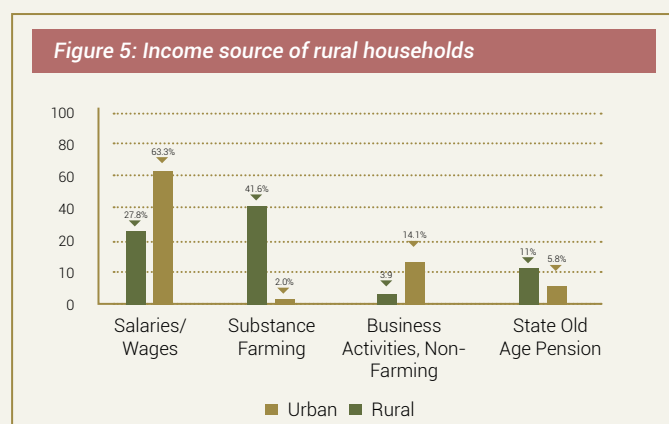
Source: Author with data from NSA

12. Rural households in Namibia have lower disposal income compared to the urban households. Additionally, rural households spent most of their incomes, about 57 percent, on food and beverages according to the NSA statistics. Similarly, rural households spend almost a quarter of their incomes on housing (see figure 4 below). However, statistics show that most rural housing are “silver” houses, which does not truly fit the definition of development, especially as the country continues to get hotter due to climate change.



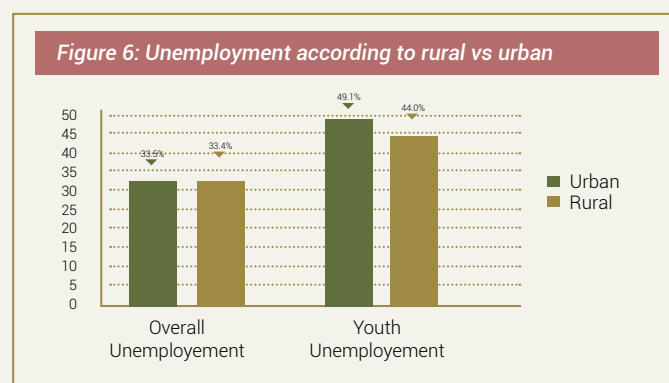
Source: Author with data from NSA

13. Majority of rural households still rely heavily on the agricultural sector for their living. According to Figure 5 below, about 42 percent of rural households depend on subsistence farming for their income. Which justifies the need to improve the sector.



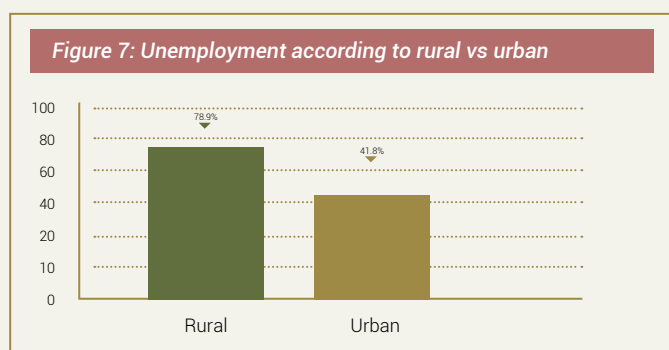
Source: Author with data from NSA

14. Statistics from NSA show that unemployment is highest in amongst the rural youth. Figure 6 below shows that unemployment is higher in rural areas compared to its urban counterparts. The Government of the Republic of Namibia, with the support of the United Nations System has been working on the global accelerator program and convened a two-day multi-stakeholders National Consultative and Prioritization Workshop on the Global Accelerator on Jobs and Social Protection for Just Transitions. The workshop, held on 25-26 July 2023, gathered key stakeholders, including government officials, UN agencies, members of the diplomatic corps, captains of industries, workers representatives, civil society organizations, and media personnel. However, upon reflection from the current study, the UN noted that there was less talk about the rural economy in the program and it would be justifiable to include it.



Source: Author with data from NSA

15. Informality is more widespread in the rural areas. Figure 7 below shows that informal jobs are much more prevalent in rural areas, therefore ongoing UN studies should not only focus on informality in Windhoek, but rather look at the countrywide statistics.



Source: Author with data from NSA

16. The statistics above clearly show a disproportionate distribution of development between the rural and urban areas in Namibia, clearly justifying the need to improve the rural areas. Inequalities exist in Namibia in terms of income, wealth distribution and the available opportunities, between women and men, urban and rural areas, and different groups within the population. When individuals do not have the same opportunities as others, they are hindered from achieving individual goals and reaching their full potential.

IV. RURAL TRANSFORMATION FOR RURAL ECONOMIC DEVELOPMENT

17. Rural transformation enhances rural economic development. Rural transformation is a process of comprehensive societal change whereby rural societies diversify their economies and reduce their reliance on agriculture; become dependent on distant places to trade and to acquire goods, services, and ideas; move from dispersed villages to towns and small and medium cities; and become culturally more similar to large urban agglomerations .

18. The rural transformation is the result of: 1) the action of global drivers, such as the diversification of rural economies away from agriculture, 2) the globalization of agrifood systems, and 3) the urbanization of rural regions. While global forces drive this transformation, they are mediated by localized social structures, institutional frameworks, and local societies with different levels of human agency. The interplay of global and local factors explains why the rural transformation between and within different countries has different outcomes in terms of economic growth, social inclusion, and environmental sustainability.

19. The country needs to look at individual regions' comparative advantage in order to transform the rural economy. Different regions have different comparative advantage, and it therefore becomes important to look at the regions individually when crafting rural transformation policies.

V. RURAL TRANSFORMATION & DEVELOPMENT PLANNING: AGENDAS 2030 & 2063

20. The UN uses various development agendas for development, as well as rural development. The sustainable development goals (SDGs) are used to anchor the support for inclusivity and development. The rural economy contributes to various SDGs such as SDGs 1, SDG 2, SDG 4, SDG 8, SDG 9, SDG 10, SDG 10, SDG 12, SDG 13, SDG 17. Similarly, rural development is anchored in the UN's Agenda 2030 and Agenda 2063. The UN also uses the Comprehensive Africa Agriculture Development Programme (CAADP), which is Africa's policy framework for agricultural transformation, wealth creation, food security and nutrition, economic growth and prosperity for all.

- 2003 AU Summit in Maputo made the first declaration on CAADP as an integral part of the NEPAD.
- Values: African ownership and leadership; accountability and transparency; inclusiveness; evidence-based planning and decision making and harnessing regional complementarities; people-centredness; private sector driven development; systemic capacity; and subsidiarity, and: peer learning and multi-sectorialism.

SDGs that strongly converge with goals contained in Agenda 2063.

| Agenda 2030 | Matching (percent) | Agenda 2063 |
|---|--------------------|---------------------------|
| SDG 2: Zero hunger | 100 | AU Goal 5 |
| SDG5: Gender equality | 100 | AU Goal 17 |
| SDG 7: Affordable clean energy | 100 | AU Goal 7 |
| SDG16: Peace, justice and strong institutions | 90 | AU Goal 8,11,12,13,14, 19 |

SDGs that converge weakly with the goals contained in Agenda 2063.

| Agenda 2030 | Matching (percent) | Agenda 2063 |
|------------------------------|--------------------|---------------|
| SDG 10: Reduced inequalities | 43 | AU Goal 1 |
| SDG 13: Climate action | 33 | AU Goal 5,7 |
| SDG 14: Life below water | 29 | AU Goal 5,6,7 |
| SDG15: Life on land | 30 | AU Goal 5,6,7 |

VI. EMERGING OPPORTUNITIES FOR RURAL TRANSFORMATION

21. There is a need to implement the decentralisation policy, or to use it to its full potential. Implementation of the Decentralisation Policy and aligning it to the impetus for economic diversification and structural transformation is paramount for rural development. The Decentralization Policy can facilitate the harnessing of the comparative advantages in natural resources endowment of Namibia's 14 regions.

22. Institute the Natural Resource Governance Policy Framework: Bolstering resource-based development planning, minerals beneficiation and value chains development. The Natural Resource Governance Framework (NRGF) is an International Union for Conservation of Nature (IUCN) knowledge product created to provide a robust, inclusive and credible approach to assessing and improving natural resource governance at multiple levels and in diverse contexts .

23. There are several enablers that can assist in rural development that should be seen as opportunities for transforming the rural economy. Such enablers include technology; private sector entrepreneurship & innovation, R&D; skills development; demographic dividend, reaching the farthest, in the most remote areas; role of Namibia Commission on Research, Science and Technology (NCRST).

24. The Human Rights Based Economy is very important for the human rights perspective. Human Rights Based Economy or 'Leave no one behind' (LNOB) addresses and redresses root causes and structural barriers to equality, justice and sustainability by integrating human rights principles and obligations, and SDG commitments, into economic decision-making.

VII. POLICY RECOMMENDATIONS

25. Empowering regional and local institutions and actors in decision-making processes is essential to ensure that national, regional, and local level policies are sufficiently cohesive to address specific rural challenges and meet the needs of rural inhabitants.

26. Design of policies for rural economic development requires adherence to good governance principles for a Rural Transformation Strategy. The Rural Transformation Strategy can action the Decentralisation Policy. Moreover, the Strategy is to include key elements including:

- Coordinated participatory development planning: MURD, MAWLR, NPC.
- Land reform.
- Value chains development for economic development (opportunity in the AfCFTA & regional integration).

27. There is a need to tackle the issue of the lack of rural data availability in Namibia. There is concerning lack of data sources on the rural economy, which is required for policy making and programme implementation. Despite its vital importance for agriculture, food security and climate change adaptation, there is currently poor data availability on rural sector topics in Africa. There is only one dataset, the Rural Sector Performance Assessment (RSPA), produced by the International Fund for Agricultural Development (IFAD). However, as of now, there are only two data years available from source for this dataset (2018 and 2021), which impacts accuracy. In terms of country coverage, nine African countries are not part of this dataset: Algeria, Botswana, Equatorial Guinea, Gabon, Libya, Mauritius, Namibia, Seychelles and South Africa.

28. Capacity building is required for various actors, including government duty bearers at the national and local levels. Capacity building is also required for rights-holders in rural areas, which includes women, older persons, persons with disabilities and indigenous people. South-South Cooperation is an opportunity to exchange knowledge and information on rural transformation. For example, China's success with poverty reduction is intrinsically linked to rural transformation and industrialization.

VIII. CONCLUSION

29. Rural economic transformation is possible with the right governance and institutions in place. Empowering regional and local institutions and actors in decision-making processes is essential to ensure that national, regional, and local level policies are sufficiently cohesive to address specific rural challenges and meet the needs of rural inhabitants. UN entities remain committed to the implementation of the SDGs, encompassing also rural economic development, aligning with the 3 dimensions of sustainable development, social, economic and environmental.

42%

Subsistence
Farming Income
Dependants **2018**

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6. Jobs for rural youth: The role of local food economies and rural policies

By Ji-Yeun Rim, Senior Policy Analyst: OECD Development Centre

I. OPPORTUNITIES IN FOOD ECONOMIES

1. Today, the highest proportion of the world's youth lives in Africa, with the majority in rural areas. In Africa, 10 to 12 million enter the workforce every year, but only about 3 million find jobs. Rural youth are particularly at risk of being caught in poor quality employment. Yet more and better jobs can be created for them: growing populations, urbanisation and rising incomes of the middle class are increasing demand for more diverse, value-added agricultural and food products. With adequate investments to strengthen rural communities and build efficient local food systems, this rising demand can boost job creation along the local agri-food value chains.

2. Realising the potential of food economies in Africa requires meeting three main challenges. First, low pay and poor working conditions make it difficult for farmers to sustain their livelihoods and attract new entrants to agriculture. Second, the current trajectory of growth in agriculture is environmentally unsustainable, with intensive and extensive production practices leading to deforestation, soil erosion and resource depletion. Third, while participation in agri-food global value chains (GVCs) by developing countries is increasing, gains in terms of domestic value added and employment creation have been limited.

3. The OECD (2021) study on jobs for rural youth explores the extent to which local food economies could respond to the employment needs of youth in seven developing countries at different stages of development, including Namibia. The study finds that the food economy makes up an important share of total employment, especially in low- and lower-middle-income countries, where it ranges from around 50% to 90%. Young people (aged 15-29) make up to 45% of the labour force on average, and mostly work in the agricultural production segment. In middle-income countries, however, the food service segment represents a large share of youth employment in the food economy. In Namibia 24% of total employment are in the food economy, with 41% of these jobs held by youth between the age of 15 and 29. Among employed youth, 28.3% work in the food economy as their primary job. Agriculture production constitutes still the largest share (49%) of jobs for youth in Namibia within the food economy sector, followed by the food-service sector (26%).

4. The majority of food economy jobs are in rural areas, particularly in low-income countries. However, the share decreases as countries reach higher levels of development. Jobs in the food economy are often informal and vulnerable. Youth working in this sector are more exposed to informal employment than adults, but also compared to youth in other sectors. In Namibia 73.4% of youth employed in food economy are informal, compared to 68% of youth working in non-food economy sectors.

5. The food economy job forecast for 2030 for 11 African countries shows that 115 million jobs could be created in the food economy by 2030, a 20% increase from 2019. That

represents 12 million additional jobs in agriculture and 8 million in the downstream segments. The segments experiencing the highest increase are food processing by 21%, food marketing by 39% and food-away-from-home by 43%. The premise for the forecast was that income growth and rapid urbanisation will hasten the transition towards a higher consumption of meat, fruits and vegetables, compared to cereals, requiring a large shift in outputs. The estimation takes into account the GDP growth forecast, urbanisation rate and employment elasticities for each of the food economy segments.

6. Jobs in food economies can be created if investments in local food systems are made adequately and in a manner that consolidates economic, social and environmental objectives.

Various models are promoted in developed countries. Agricultural co-operatives, community-supported agriculture, food co-operatives (or "food co-ops"), e-distribution platforms, public procurement, and territorial branding and certification schemes are some of the mechanisms commonly found in developed countries. All models promote local development, as well as fair remuneration to farmers, short supply chains, job creation, social cohesion, and organic or other environmentally friendly production practices, some succeed better than others. Food co-ops, for example, seem to work the best in terms of scalability, environmental impacts and job creation.

7. Adapting such models to build more efficient local food systems and create jobs for youth in developing countries, however, requires new, strategic, economic, social and environmental choices, including significant investment in agri-food supply chain infrastructure, regulatory reforms, and new skills strategies.

- Improving the livelihoods of farmers and smallholder producers requires technology transfers to support the adoption of new production methods; investing in infrastructure to improve rural-urban linkages, as well as access to physical and virtual markets; and creating efficient phytosanitary and hygiene regulations applicable to smallholder producers and local small and medium-sized enterprises (SMEs) in agri-food processing and services.
- Job creation in the food economy requires narrowing skills gaps and mismatch through vocational training, but also a stronger emphasis on agricultural research and development in regular school curricula.
- Supporting the growth of local SMEs will be critical for creating wage jobs. Regular dialogue with them, and the private sector more generally, will provide important information about labour market needs and allow for adapting training and curricula.
- Finally, environmentally friendly food production and distribution models need to be promoted via organic or agroecological farming practices and technological innovations, as well as by raising awareness of sustainable consumption and values associated with local and regional products.



II. RURAL POLICIES IN OECD COUNTRIES

8. Supporting the development of local food systems will require integrated rural policies that go beyond a focus on agriculture policies. Indeed, rural policies in OECD countries have evolved over time with the changing role of rural regions. In the 1950s, most OECD countries' rural development policies focused on addressing problems related to agriculture and food security following the Second World War. Rural development policies then shifted towards improving infrastructure (roads, airports, rails, electrification and basic public services). In the 1960s and 1970s rural regions became hosts to large-scale manufacturing firms, but they depended on large amounts of subsidies.

9. By the 1980s, rural policies move away from top-down approaches towards more bottom-up decision-making. Decentralisation allows regions to develop their comparative advantages. Decentralised regions support the creation of small and medium-sized firms that can valorise local knowledge and heritage. In the 1990s, increasing importance is given to local stakeholders to design rural development strategies. New technologies and greater economic openness provided more economic opportunities for rural regions.

10. Rural areas in OECD economies have continued their transformation over the last few decades as a result of declining and ageing rural population and lower share of agriculture in gross domestic product (GDP). The shift from rural-led to urban-led growth have minimised the role of rural areas in national income and society. However, while cities are the main source of economic growth in OECD countries, rural population can coincide with a high GDP per capita. A new paradigm for rural development in OECD countries sees rural areas in a new, more positive light: rather than being treated as lagging regions that need subsidies, with the right policies and investment, rural areas can be sources of untapped potential that can contribute to national growth.

11. The new rural paradigm (NRP) is an analytical framework developed by the OECD (OECD, 2006) to outline positive policies for rural areas. The most defining characteristics of NRP are a focus on places rather than sectors and an emphasis on investments rather than subsidies. NRP recognises that rural areas can be competitive in national and international economies. These key orientations are the result of at least three factors that are influencing rural policy making across OECD countries:

- i. **Increased focus on amenities.** An important influence on the way rural development policy is conceived across OECD countries is the value that society (both rural and urban) is giving to natural and cultural amenities. Because over 75% of land in OECD countries is in rural areas, policies for rural places play an important role in land management and must integrate a range of environmental and economic development issues. Rural stewardship of a nation's natural resources is of concern to all given the potential for widespread harm that can occur through the failure to appropriately deal with natural systems related to land, water, air and other associated resources. Many rural places are also custodians of some of the most important antiquities, historical sites and other recreational amenities (such as ski and water resorts) important for rural economic development. Certain amenities serve not just local consumers but may have value for society as a whole. Moving beyond a narrow focus on the multifunctionality of agriculture, policy makers increasingly emphasise the need to identify and valorise the wide range of resources of rural areas and to account for positive and negative externalities associated with different activities in rural areas.
- ii. **Pressures to reform agriculture policy.** Pressure towards the reform of the current agriculture-based approach to rural development come in two different forms. The first has to do with the obstacles that certain agricultural policies pose to international trade. The World Trade Organization strongly questions the distorting nature of payments associated with farm policy. Recent world trade negotiations have shown that little progress can be made without reforms of farm subsidies in developed countries. This international pressure is coupled with internal budgetary pressures. In many OECD countries, farm subsidies are increasingly questioned because of their impact on public finances thus nourishing debates on alternative uses of public resources targeting rural areas. In the case of the European Union, budgetary pressures are particularly strong also due to the process of enlargement. This process raises the issue of how to sustain financially a system whose cost increases with the entrance of new member countries, some of which contain a large farming sector and aspire to equal treatment as compared to "old" members.
- iii. **Decentralisation and trends in regional policy.** The theory and practice of regional policy have recognised that to address the characteristics of different regions and help them develop, financial redistribution is not enough. This has led in many countries to policies and programmes that have an explicit goal to develop rural places and make them more competitive by mobilising local assets. Since the 1980s, regional redistribution policy is becoming less prominent on the political agenda, while policies aimed at identifying and targeting local economic opportunities are growing in importance. Regional policy has thus begun a paradigm shift from a top-down, subsidy-based strategy to reduce regional disparities into a much broader family of policies designed to improve regional competitiveness. These new approaches are characterised by several factors. First, there is a strategic development strategy that covers a wide range of direct and indirect factors that affect the performance of local firms. Second, there is a greater focus on endogenous (local) assets and knowledge and less of a focus on exogenous investments and transfers. Finally, there is a collective/negotiated governance approach to such matters, involving national, regional and local government plus other stakeholders, with the central government taking a less dominant role.



III. LESSONS FROM OECD COUNTRIES

12. Challenges for rural areas in developed countries are different from developing countries. Most OECD countries are concerned with an ageing and declining rural population, while developing countries face demographic boom. Cities are the main source of economic growth in OECD countries, while in developing countries, rural areas still provide livelihoods for the majority of the population. Nevertheless, some lessons can be drawn from OECD experiences. Reviews of rural policies in 11 OECD countries (Germany, Mexico, Scotland, Finland, The Netherlands, Spain, Italy, China, Quebec, England and Chile) provide some lessons for developing countries (OECD, 2016).

13. Lesson 1. National economic growth objectives can be best achieved through enabling all regions to realise their potential. The fact that rural regions are lagging behind might represent an incentive to encourage outflows of labour to be directed to the much faster-growing urban areas. However, there may be other considerations for investing in lagging regions. For instance, improving public services delivery can improve both welfare and social cohesion, which in turn can contribute to better outcomes in terms of education, health, and income across the population of lagging regions.

14. Lesson 2. Rural policy that increases rural employment opportunities through investment-based mechanisms rather than subsidies can be a valuable way of reducing spatial inequality. Migration of low-income households from rural to urban regions may lower the rural rate of poverty, but it will increase the urban rate and may leave these people worse off since their skills are less likely to be relevant in an urban setting.

15. Lesson 3. Rural areas are not homogenous; their roles and economic activities have diversified along with national economic development. Making the most of this diversity requires shifting away from a top-down approach to a multi-level governance approach, which requires co-ordination mechanisms across different sectors and levels of government.

16. Lesson 4. Local governments and stakeholders have an important role in defining rural development policy. This ensures that policies account for the unique situation and distinct problems of specific rural areas, while making a better use of local assets. However, limited capacity at the local level is often a key constraint for bottom-up rural development, prompting the need for greater cohesion and improvements in local leadership capabilities.

17. These key lessons should be considered in the design and implementation of rural development strategies in developing countries.

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7. Policy issues emanating from the 24th Bank of Namibia Annual Symposium

By Bank of Namibia Research and Financial Stability Department

I. INTRODUCTION AND BACKGROUND

1. The Bank of Namibia held its 24th annual symposium on the 5th of October 2023 at Mercure Hotel, Windhoek under the theme: Transformation of the Rural Economy in Namibia. The theme focused on what the country can do to increase and to diversify economic activity in the rural regions to improve economic wellbeing of those living in the rural areas, thereby reducing rural-urban migration. The theme reviewed how far Namibia has come in rural economic development since independence and what challenges are faced by the rural people. It explored ways of improving skills development, job creation, as well as income generating activities. Furthermore, the deliberations aimed to find ways of realigning institutions for better coordination of activities in the rural areas and proposed strategies while learning from international experience.

2. The gap between the quality of living conditions in rural and urban areas is gradually increasing. Rural areas in Namibia are underdeveloped and have elevated poverty rates compared to urban areas. As it stands, the rural poverty rate is almost triple that of urban at 25.1 percent compared to the urban rate of 8.6 percent (NSA, 2018). In addition, the rural space in Namibia has an electrification rate of 21 percent as of 2021, compared to an electrification rate of 73 percent in the urban areas. Equally concerning is the high youth unemployment rate, which in rural areas stands at 49.1 percent of the population compared to 46.1 percent in urban areas in 2018.

3. The share of the rural population has remained constant since 1990 as the Namibian population continues to expand, resulting in increased urbanisation. Rural-urban migration of the working age population has increased over the last 10 years: it increased by 180 percent between 2013-2014 and by 80 percent between 2014-2018 (LFS, 2018). The rural-urban migration has caused some of the socioeconomic challenges such as the housing backlog, which was estimated at around 300 000 units in the country, in 2020. The urban population has grown exponentially from 28 percent of the total population at independence in 1990 to 55 percent in 2019, principally driven by the disparities in terms of development and economic activity between the urban and rural areas and the subsequent polarisation of economic opportunities.

4. Rural development and transformation principally revolve around improving the economic well-being and standard of living of people living in the rural areas. This transformation can be defined as “a process of comprehensive societal change whereby rural societies diversify their economies and reduce their reliance on agriculture; become dependent on distant places to trade and to acquire goods, services, and ideas; move from dispersed villages to towns and small and medium cities; and become culturally more similar to large urban agglomerations.” It requires political will and commitment, changing the rules of the game, and voice and participation.

5. Very few countries in Africa articulate a rural development strategy beyond that of the agriculture sector. Rural development strategies of most African governments focus on agriculture, while this is not the only way to transform the economy of the rural areas (NEPAD, 2019). Governments need to embrace agendas that provide wide-ranging and quality services to broad sections of the population, which should include the promotion of equal access to economic opportunities in both rural and urban areas, across rural regions and for both men and women.

6. Rural areas have considerable untapped potential. Their vast natural resources and human capital can be developed and used more effectively to boost rural growth and development, attract investment, and create productive and attractive jobs with high returns for individuals and their communities. Investments in environmental protection, rural infrastructure, and rural education (skills development) are critical to sustainable rural economic development and can enhance national well-being. Beyond meeting basic needs, investments must be linked to the potential to raise productivity and income.

7. It is against the above backdrop that the Symposium was organised, in the hope of advancing sustainable rural economic development in Namibia. More specifically, the deliberations were guided by the following key questions:

- How can Namibia promote and accelerate sustainable economic development in its rural areas? Lessons and experiences from other countries.
- What can we advance rural electrification and digitalisation for rural economic development?
- What policies are most effective in increasing income-generating activities as well as improving economic well-being in the rural areas?
- How to ensure the rural communities have access to markets, without the need to travel to urban areas – facilitating agency?
- How can the rural economy of a developing country (with special focus on Namibia) be incorporated into the mainstream economy?

8. These issues, among others were addressed through presentations given by local and international speakers and supplemented by a panel discussion. This comprised of representatives from the International Labour Organisation (ILO), the Ministry of Local Government and Rural Development in the Republic of Botswana, the Ministry of Urban and Rural Development of Namibia, the Organisation for Economic Co-operation and Development, and the Bank of Namibia.

9. A major conclusion that emanated from the 24th Annual Symposium was that there is a need to change the narrative of rural areas being for the hopeless or the poor and realize that the rural areas have enormous potential and can play a major role in national development and food security. A number of interventions were proposed and arranged in three pillars, namely (i) improving and intensifying economic activity in rural areas; (ii) diversifying rural economies and (iii) catching up and leapfrogging the rural economies. This calls for a policy mix which may include the following integrated and interrelated components:

- Investing in rural infrastructure as it is a key enabler to rural development;
- Increasing access to finance for the rural areas;
- Facilitating decent jobs in the rural areas;
- Youth skills development and certification;
- Ensuring fair distribution of and secure access to land;
- Advancing agricultural development and improving agricultural productivity;
- Accelerating business formalization in rural areas;
- Tackling the issue of overlapping policies and poor coordination of rural policies;
- Strengthening policy implementation and service delivery by a sound decentralization policy.

II. KEY POLICY ISSUES EMANATING FROM THE SYMPOSIUM

10. Several policy issues have been identified as constraints to rural development from the papers and discussions at the symposium. The following is a summary of the key policy issues that emerged from the Symposium, arranged according to three broad themes in line with the rural economy discourse:

i) Traditional methods of farming still popular in Namibia, despite devastating effects of climate change

11. The agricultural sector is vulnerable to climate change as the country continues to use traditional methods. Rainfed agricultural practices are still prevalent in Namibia despite recurring droughts and climate change affecting crops. There is a lack of fertilisers, and poor-quality seeds. There is also a lack of access to feed for livestock.

ii) Lack of access to land

75. The land tenure system in Namibia is a developmental challenge for rural development. The land issue continues to be a problem in Namibia; however, access to land is fundamental for productive agricultural use. Since land in Namibia is either freehold, communal, or state-owned, the distribution of land is extremely unequal as most of the land is in the hands of minority commercial farmers. The most common land tenure in rural areas is communal land. Furthermore, according to a study 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. Because land tenure and land access are a problem, communal farmers are not able to optimally use the land for

more productive agricultural activities or even as collateral for loans.

iii) Financial inclusion remains low in rural areas.

12. 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). Despite significant improvement at the national level, financial inclusion remains low in rural areas. About 27 percent of the rural population, which are eligible for financial services, remain financially excluded.

iv) Informal sector prevalent in rural businesses

13. The informal sector is an important part of the economy and particularly in the labour market in Namibia. It plays a major role in employment creation, production and income generation. According to the Labour Force Survey of 2018, 57 percent of Namibians employed are in informal sector. In urban areas, 42 percent of total employment is in the informal sector, while 79 percent of total employment in rural areas is employed in the informal sector. This poses a risk as, in 2020, about 3.5 percent of informal businesses were estimated to have closed as a result of the COVID-19 pandemic, which led to job losses for many, especially for those dependent on the informal economy for their livelihood. The estimates from the Namibian Employers Federation (NEF) in 2022 are slightly higher, indicating that in 2019, 158 companies and in 2020 some 52 companies filed for liquidation in the High Court. This rapidly escalated to 815 registered companies and closed corporations who voluntarily deregistered between January 2020 and February 2021. In the aftermath of the pandemic, it could be expected that the proportion of informal to total employment has increased.

v) Rural and urban digital divide

14. Limited access to and use of digital technologies in rural areas are accompanied by a lack of digital skills of different social groups (e.g. elderly people) and in businesses. They 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. However, there is a digital divide between the rural economies compared to its urban counterparts. This digital divide severely limits opportunities for education, employment, healthcare, and entrepreneurship within these rural communities.



vi) Poor rural infrastructure

15. Rural economic infrastructure such as energy and internet services in Namibia is at low levels compared to urban areas.

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.

16. Despite impressive broadband coverage, the cost of data in Namibia is high when compared to its regional counterparts.

A report by Business Insider (2023), which looked at the top 20 African 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 US\$49.67. São Tomé and Príncipe, and Malawi come in second and third place with US\$30.97 and US\$25.46 per gigabyte, respectively. Chad and Namibia round out the top five with average prices of US\$23.33 and US\$22.37 per gigabyte, respectively. 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.

17. Despite ranking top on a regional level in terms of quality of roads, rural roads remain below standard.

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. However, 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. Improving rural development through sustainable infrastructure is one of the key strategies outlined in the NDP5.

vii) Overlapping policies and poor coordination of rural policies.

18. Rural development is multifaceted and involves a lot of players, which has resulted in fragmented and overlapping activities without harmonized guidance.

Poor coordination, poor consultation, and weak participation are common refrains. 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 the cost of transport. Overall, there is a sense of inefficiency and wastage of scarce resources due to uncoordinated actions.

III. POLICY RECOMMENDATIONS

19. Key recommendations from the papers and discussions at the symposium are that the country needs to urgently roll out new ways of improving skills development, sustainable agriculture as well as income-generating activities. The following is a summary of the key policy issues that emerged from the Symposium, arranged according to three broad themes in line with the rural economy discourse:

A. Improving and stepping up activity in the rural economy

"Improving and stepping up agricultural activity in the rural economy involves making agro-food systems more sustainable; rejuvenating agriculture; promoting agro-enterprises; skills

development for improved production methods and productivity; crop diversification; digital technologies; improving working conditions in agriculture."

viii) Advance agricultural development and improve agricultural productivity

20. Increasing agricultural productivity has been and will continue to be a key catalyst for reducing poverty.

Therefore, better access to fertilisers and improved seed quality should be a priority for the country. Agricultural productivity should further be raised 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 its own commercial feed, as an alternative to imported feed.

21. A set of co-ordinated actions will be necessary to continue improving agricultural productivity.

On the one hand, improving agricultural productivity will require expanding the adoption of modern inputs (improved seed, fertilizer, and agrochemicals), in addition to supporting farmers in the adoption of mechanical, electrical and electronic technologies and better irrigation methods. Moreover, this will further require enabling better access to both input markets and financing mechanisms. On the other hand, even if these conditions are in place, they may not be enough to improve crop productivity unless farmers know how to exploit such improved inputs and new technologies. For this reason, improving the quality (and not just the quantity) of extension services will be key.

22. The Government should continue relying on joint work with national universities and other agricultural research centres to expand domestic innovation and access to improved seeds for more crops.

The Government can start by broadening the domestic Research and Development capabilities. This effort will require investment 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.

23. Approaches should centre on technical transfers such as the construction of irrigation facilities and the introduction of new farming techniques. Expanding agricultural output includes activities such as the construction of farm roads, alignment of farmland, and mechanization of agricultural production.

24. Increasing agricultural productivity will be fundamental for promoting off-farm job creation.

Increasing agricultural productivity will be necessary to boost rural household incomes, which in turn will increase their demand for goods and services. Addressing this demand will open non-farm employment opportunities and the diversification of household activities.

ix) Ensure fair distribution of and secure access to land.

25. The Government needs to reform land tenure in the country to enable rural communities to retain some control over land use for collateral purposes.

Rural poverty is strongly associated with poor access to land, either in the form of landlessness or because of insecure and contested land rights. 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. The land tenure system needs to be reformed to ensure rural communities have 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. Securing land rights requires developing and implementing policy, legal and practical tools that are appropriate for different groups and circumstances

and paying special attention to the specific land tenure security needs of poorer and more vulnerable groups.

B. Diversifying the rural economy

"Rural economic diversification entails income-generating activities and employment beyond agriculture and including other economic sectors; skills development and employment services for diverse local economies; harnessing the potential of the circular economy in rural areas."

x) Acceleration of business formalisation in rural areas.

26. 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 for people whose wages and pensions are too low to cover their cost of living. It is a significant sector that has helped to absorb unemployment in the labour market.

27. 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 economic diversification, industrialization, sustainable economic growth, and investment, and social concerns such as inequality, poverty, and well-being. Rural economies can be diversified from being predominantly farming areas, and venture into the service industries or the manufacturing industries.

xi) Increase access to finance for the rural areas.

28. Financial inclusion is essential to transforming the rural economy by providing financial products and services for poor households and rural entrepreneurs. Financial inclusion, defined as the access to a broad range of financial services provided by financial service providers, is a tool that fosters opportunities that enhance the capacity to achieve development. It enables development by providing a way to make and receive payments; accumulate assets securely; leverage available assets to invest in education, health and physical capital; and mitigate risks, financial inclusion has the potential to help households attain higher levels of economic and social well-being, and to foster a higher level of enterprise productivity and growth.

29. Despite agent banking guidelines that were put in place to enhance financial inclusion by bringing banking services closer to the people, a larger portion of the population, especially those in remote and informal areas remain underserved. 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 viable. Intensifying the implementation of agent banking guidelines may promote the outreach of financial services in rural and informal areas.

30. Increasing the levels of mobile money adoption and e-payments will boost 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 and reduced, either through regulations or new entrants into the market to promote competition. Technological improvements are also a way to drive down the cost and expanding the capabilities of mobile devices. This will help to moderate the high data costs.

xii) Youth digital skills development and certification

31. Recognising the importance of bridging the digital gap between urban and rural areas, digital skills training programs are powerful tools for empowering rural youth. By equipping them with essential digital skills, these programs enable them to navigate the digital landscape, seize opportunities, and drive change in their communities. Access to digital skills training opens up a world of economic opportunities for rural youth. By acquiring essential skills such as coding, web development, and digital marketing, they can tap into the global marketplace and find freelance work or start their own businesses.

32. The efforts in providing quality digital infrastructure in rural areas need to be complemented with enhanced capacities for rural actors to maximise its use. Digitalisation and smart development should be core priorities for Namibia as it is of crucial importance for rural development in the era of digitalisation. In the same vein, to encourage digital skills, digital services should be accessible and affordable.

C. Catching up and leap-frogging the rural economy

"Catching up and leap-frogging the rural economy is about well-connected and dynamic rural economies which are attractive to investment; it is about turning rural areas into rural innovation hubs through improved services, infrastructure and connectivity; empowering women and youth; participation and social cohesion."

xiii) Ensuring decent work in rural areas

33. Rural policy that increases rural employment opportunities through investment-based mechanisms rather than subsidies can be a valuable way of reducing spatial inequality. Ensuring decent job creation in rural areas requires effort and resources that can be exerted on accelerating enablers such as internet connectivity, rural electrification, skills development and recognition of prior learning among rural youth, and thereby creating a database or inventory of rural jobs to facilitate future special planning. Further, investment in strategic sectors such as agri-food is crucial to boost the potential for decent job creation – (direct, indirect and induced employment creation) in rural economies. Boosting these sectors not only harnesses the job creation potential but also supports the economic diversification of rural areas.

xiv) Invest in rural infrastructure as it is a key enabler to rural development.

34. Namibia should invest in infrastructure development like rural road upgrading, affordable rural electrification, and increasing financial infrastructure 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 that there is access to affordable electricity, generated from renewable sources to induce income generating activities, by increasing private sector involvement and ensuring that the regulatory environment is conducive. 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.

35. 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 in 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 step up programmes that will lead to enhanced capacity of the rural community digital skills and literacy.

xv) Use rural development centres as innovation hubs.

36. 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.

xvi) Policy implementation and service delivery can be strengthened by the Decentralisation Policy

37. Policy-making processes require coherence and coordination for effective and efficient allocation of resources, reaching those at the bottom. However, enabling voice, participation, and inclusion of decentralized powers and functions, as envisioned in the Decentralisation Policy, has not yet been meaningfully implemented in Namibia. Where decentralisation has occurred in its more limited forms of delegation and de-concentration by line ministries, 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. Continued institutional oversight from the centre, such as through the appointment of regional governors by the Presidency, has also impeded regional abilities

to pursue local development measures independently. This has not boded well for improving local service delivery, which has in turn made it difficult for regional councils to gain legitimacy or engage local populations in public action.

xvii) Ensure rural development is done in bottom-up approach.

38. Social dialogue – which is based on consensus-building and democratic involvement of the main stakeholders – contributes to more efficient design and implementation of policies to ensure the sustainable development of the rural economy. A strong bottom-up approach and accountability is therefore needed to ensure that development in the rural areas is according to the needs of those living there. In this approach, the local community and local players can express their views and help define the development course for their area in line with their own views, expectations, and plans. The role of the traditional leaders and their institutions in rural development as custodian of the land and proximity to the rural villages, particularly remote villages, cannot be overemphasized. It is therefore important that they not only be seen as partners, but their role be clearly defined. However, all stakeholder structures should be run according to reasonable timeframes that are strictly enforced so that participation does not culminate in endless debate and paralysis.

xviii) Tackle the issue of overlapping policies and poor coordination of rural policies.

39. Policy coherence and coordination are of paramount importance. It often involves a whole-of-government approach, strengthening linkages and collaboration among state agencies across sectors and governance levels. Social dialogue has a crucial role in designing policies to promote social justice in rural areas. As much of the policy responses would be multi-sectoral, there are opportunities for capitalizing synergies among rural economy sectors and ensuring that interventions are mutually reinforcing.

40. The Namibian Government 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., ministry of agriculture and ministry of rural and urban development) 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 such as a Rural Development Act, mandating all rural development stakeholders to work together.

IV. SPECIFIC POLICY RECOMMENDATIONS

41. Given the complex and multi-faceted nature of rural poverty, the required interventions to address rural under-development are also complex. Thus, project monitoring and evaluation should be reconsidered. Rural development is a cross-cutting programme that calls for partnerships with multiple stakeholders both within and outside government. Therefore, a complex set of partnerships will be required to ensure that rural development can be achieved. For effective implementation it will be necessary to have clearly defined roles and responsibilities among all role-players including non-governmental stakeholders that will provide support and contribute to the achievement of different outputs. The policy recommendations below are, therefore, made with the premise that they should be championed by one institution that can hold accountable the institutions that are not delivering on their mandate. Furthermore, to ensure implementation, the Government ministries and agencies should step-up projects prioritization, project reviews and project monitoring; and provide regular updates to account for public funds.

42. The policy recommendations are subdivided into short to medium-term policies and long-term policies. The former are clustered into three groups, namely infrastructure development policies, which are focused on improving rural infrastructure necessary to foster development; skills development policies aimed at increasing skills of the rural people; and finally, policies aimed at improving agricultural food quality.

Short-term to medium-term policies:

Reliable rural development data:

- **The National Statistics Agency (NSA), in coordination with the Ministry of Urban and Rural Development, needs to have quality rural economic activity statistics to inform policy decisions.** A lack of reliable and timely data will make rural development impossible. There is a need to improve the quality of the data collected through the improvement of methodologies and systems for data collection, processing and dissemination. Therefore, the NSA needs to develop

and maintain a more comprehensive database of statistics on the national rural economy.

Skills development policies:

- **The Ministry of Education, Arts and Culture, in conjunction with the Ministry of Agriculture, Water and Land Reform should narrow skills gaps in the food economy by providing adequate training, in coordination with the Ministry of Urban and Rural Development.** Teach youth holistic food system education (ecology, food safety, food processing, marketing, use of digital technologies, etc.)
- **Provide training in agroecological and climate-smart agriculture practices.** Climate smart agriculture is a comprehensive strategy for managing farmlands, crops, livestock, and forests that counteracts the negative impacts of climate change on agricultural productivity. By enhancing crop and livestock production and farm profitability, climatically smart agriculture works to raise overall agricultural productivity and provide greater food security.
- **Re-skill youth in agriculture to integrate downstream activities.** Small-scale farmers and low-skilled rural youth have trouble integrating into local and global agricultural value chains and move up the ladder to meet the quantity and quality standards required for both national and export markets. There is therefore a need to provide vocational training specifically tailored to rural settings, combined with employment promotion and access to markets which allows youth to integrate into downstream activities. This should be done by the Ministry of Higher Education, Technology and Innovation in conjunction with the Ministry of Urban and Rural Development.
- **The Ministry of Higher Education, Technology and Innovation should develop formal and informal TVET programs which are relevant to rural communities;** this should be done in coordination with the Ministry of Urban-Rural Development. This can be done by identifying people (such as farmers) who are prepared to retrain in alternative entrepreneurial activities. Some farmers might prefer to remain in farming but take advantage of new technology. When an understanding of the issues and context, and agreement of all stakeholders involved is achieved, a TVET programme can begin the process of designing and implementing appropriate curricula and training packages

(including detailed instructional materials for trainers and/or trainees).

Policies to improve food security:

- **The Ministry of Agriculture, Water and Land Reform, in coordination with the Ministry of Urban and Rural Development, should support markets for premium and local agri-food products through standards and regulatory mechanisms.** There is a need to support the development of premium organic products (organic and other certified products) that could fetch higher prices in both global and domestic markets (e.g., through the adoption of a common regional organic standard).
- **Raise consumer awareness of local and organic products.** The organic fruits and vegetables market is primarily driven by significant shift of consumers toward organic products, growing awareness about health benefits is expected to drive the demand over the forecast period. Additionally, government support for organic farming is expected to have a positive influence on the market by improving supply and product quality. However, lack of consumer awareness toward organic products and high-cost of production is hindering the growth of organic fruits and vegetables. Therefore, the Ministry of Agriculture, Water & Land Reform, in coordination with the Ministry of Urban and Rural Development, should raise consumer awareness of local and organic products.
- **There is also a need for effective development and beneficiation of land reform policies, creation of decent jobs on farm and establishing agri-villages for local economic development.** The Ministry of Agriculture, Water and Land Reform, in collaboration with the Ministry of Urban and Rural Development, should therefore ensure that there is sufficient land available to develop agricultural produce as well as for decent housing.

Long-term policies:

Infrastructure development policies

- **The Ministry of Works and Transport should improve access to markets through better rural-urban linkages (soft and hard infrastructure).** This includes improving road and rail infrastructure that serve ports as a means to access regional and global markets efficiently.
- **The Ministry of Mines and Energy should scale up rural electrification using renewable energy sources that are in abundance in rural areas.** Limited grid capacity makes it very difficult to use renewable energy, even if the area is rich in renewable sources of energy. Rural electrification is an integral component for poverty alleviation and rural growth of a nation. Therefore, the ministry should ensure that there is grid capacity to allow for renewable energy sources to be set up.
- **The Ministry of Finance and Public Enterprises, together with the Ministry of Urban and Rural Development should develop and strengthen a rural development knowledge bank:** The development of a rural development knowledge bank will be a catalyst for growth in the rural areas in that it will provide access to better financial products to help businesses develop, expand and embrace best practice.



8. Concluding remarks and vote of thanks

By Mr. Ebson Uanguta, Deputy Governor of the Bank of Namibia

Director of Ceremonies
Honourable Erastus Uutoni, Minister of Rural and Urban Development
Honourable Ministers and Deputy Ministers Present,
Members of Parliament,
Members of the Diplomatic Corps,
Executive Directors of Government Offices/Ministries and Agencies,
Governor and Board Members of the Bank of Namibia,
Distinguished Speakers,
Distinguished Panelists,
Captains of Industry,
Members of the Media,
All invited guests,
Ladies and Gentlemen,

Good afternoon!

1. It has given us a deep sense of satisfaction as the Bank of Namibia to host the 24th Annual Symposium under the theme "Transformation of the Rural Economy in Namibia." As highlighted earlier by the Governor, the symposium seeks to dissect pertinent development and economic issues that impact national performance. It was indeed a thought-provoking engagement which depicted the relevance of such events. I am confident that today's deliberations and discussions will further deepen and stimulate our thinking as Namibians. Therefore, the Bank will continue to raise issues pertaining to economic development in Namibia and we will continue to collaborate as we seek solutions to our developmental challenges.

2. Director of Ceremonies, ladies, and gentlemen! Before I deliver my vote of thanks, I thought it would be ideal and useful to summarise a few key issues and ideas emanating from this Symposium. Today's proceedings have highlighted the role that rural economies play in ensuring food security and creating decent jobs. However, rural economies are lagging behind in terms of quality of life compared to their urban counterparts. In Namibia specifically, the rural economies are faced with extreme poverty, inequalities and food insecurity. Therefore, we need to get together and transform the rural economy to be the driving force in the country's developmental agenda.

3. Namibia's rural economy is mainly characterised by agricultural activities. So how then, as a country do we transform the agricultural sector to become resilient and to increase agricultural productivity? Firstly, we need to look at access to land for the rural poor people to address the current land tenure. The current land tenure system makes it difficult for productive agricultural activities due to the lack of secure access to land, the inability to use the land for tradability, as well as the lack of knowledge for the proper use of land. What do I mean by proper use of land, as a country, we are still using traditional methods and tools in subsistence farming, and we need to start using modern methods and technology. We need to promote investment in technology for the rural poor, especially in terms of modern methods and technology to improve productivity and for producing food for national consumption. However, in order for this to happen, one needs access to land among the rural poor, therefore as a country, improving the land tenure system is paramount.

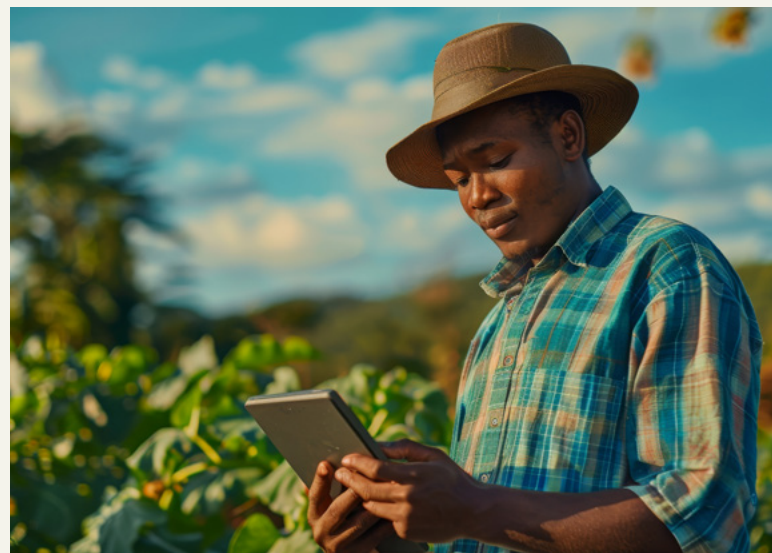
4. Secondly, to increase agricultural productivity, we need to look at drought resistant crops. This also means having increased access to more drought resistance seeds which can improve productivity. The Government should work equally with national universities and other agricultural research centres to expand domestic innovation and access to improved seeds for more crops.

5. Finally, we need to 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.

Director of Ceremonies, ladies, and gentlemen

6. Investing in infrastructure to increase rural mobility and connectivity, including electrification and telecommunications, is a strategic priority for an inclusive recovery process, as they contribute to employment and economic development is key. The upgrading of earthen roads to gravel roads in rural areas should be prioritized, to allow rural areas access to markets for their agricultural produce. The Government should collaborate with private sector in the energy sector to ensure access to affordable electricity, generated from renewable sources to induce income generating activities.

7. Another critical aspect for rural transformation is access to financial services. Making financial services available to rural people and leveraging digital solutions is critical for rural economic transformation. Therefore, stakeholders in the financial sector development should work on expanding 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. The Bank is committed to its role in this regard and is seized with initiatives to facilitate financial inclusion leveraging technology and innovation.



8. There is a need for decent work in the rural areas, this includes jobs for rural youth. This calls for comprehensive employment policy frameworks that encompass labour market policies as well as sectoral and investment policies affecting rural economies. From a sectoral policy perspective, this would require measures that put decent work at their heart. When pursuing pro-employment budgeting, it will be essential to account for sectoral and rural development policies in view of their direct impact in terms of job creation, but also on their impacts on improving working conditions, as well as reducing poverty and spatial/rural-urban inequalities.

Director of ceremonies, ladies and gentlemen

9. Accelerating the transition to formality is key, and requires comprehensive, innovative and integrated approaches that include the creation, preservation and formalization of enterprises. 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. As the governor alluded to, the Bank, in collaboration with the UN Systems is in the process of doing a diagnostic of the informal sector, and we hope that, at the completion of this exercise, proper policy recommendations will lead formalization.

With that said, there are a few specific policy recommendations below:

- A. Boost conservancy-based tourism as a catalyst for rural economic growth, through the involvement of local government structures in partnership with community actors.
- B. Investments in strategic sectors are crucial to boost the potential for inclusive decent job creation in rural economies. Such investments will have impacts in terms of direct, indirect and induced employment creation. It will also make rural areas more resilient and attractive to live and work. Investing in the productive transformation of agriculture would go hand in hand with investments in the agri-food systems, and the economic diversification to rural non-farm activities, such as commerce, construction, mining, forestry or tourism, among others.
- C. The Rural Development Centres should be used as a catalyst for rural development to become rural technology hubs.

- D. Increase investments in local food systems in a manner that consolidates economic, social and environmental objectives, in order to increase rural youth jobs. Agricultural co-operatives, community-supported agriculture, food co-operatives (or "food co-ops"), e-distribution platforms, public procurement, and territorial branding and certification schemes are some of the mechanisms commonly found in developed countries.
- E. Increase agricultural productivity and food security. Rural economy is key to food security and decent jobs.
- F. Introduce social protection for the rural poor.
- G. g. We need to develop statistics for rural economy.

10. Most importantly, the country should tackle the issue of overlapping policies and poor coordination of rural policies by strengthening rural policies coordination. This will require proper rural development frameworks, strengthening the rule of law, proper monitoring and evaluation systems, evidence-based service delivery, strong collaboration with the rural community and more inclusive decision-making. And this can all be achieved with a strong bottom-up approach and accountability. In this approach, the local community and local players can express their views and help define the development course for their area in line with their own views, expectations, and plans.

Director of Ceremonies, ladies and gentlemen,

11. Rural development is like planting a tree. We put a small seed in the ground. We care for it and after some time, it grows into a big tree. The tree gives fruits and shade. Similarly, if we take care of our rural areas, we will make it better places to live. I believe we have planted such a seed today with our deliberations. We must now go and water it, and take care of it, so that it may bear fruits for the generations to come.

12. With that, on behalf of the Bank of Namibia Board, Management, and staff, let me express my sincere gratitude to all the speakers, panellists, invited guests from various industries and the public for your mouthful contributions. Allow me to take this opportunity to convey a special appreciation to the Minister of Rural and Urban Development, Honourable Erastus Uutoni, for delivering a very insightful keynote address and providing high-level support to the outcome of the Annual Symposium. Similarly, the attendance of the Minister of Labour, Industrial Relations and Employment creation, Minister of Trade and Industry, Minister of Justice, Deputy Minister of Urban and Rural Development, Dr Panduleni Itula and Hon. Henny Seibeb are well noted and appreciated.

13. By the same token, I would like to extend my highest respect to other dignitaries in our midst. I would also like to thank the media represented here today, for not only capturing the event, but also for ensuring that the Bank of Namibia Symposium discussions and deliberations will be taken beyond this venue in order to ensure that the nation at large benefits from today's discussions. Also, my gratitude goes to the Management and staff of the recently branded Safari Hotel, now known as Mercure Hotel, for this beautiful and convenient venue and for supplying us with good refreshments during our deliberations. Let me also extend a final word of thanks to the organising committee members, staff members of the Bank of Namibia. Thanks for another successful event, a job well done!

14. Finally, I would like to inform you that as usual, the proceedings of the symposium will be compiled in a booklet, titled: "Bank of Namibia Annual Symposium 2023", which will be posted on the Bank of Namibia's website. Once again, thank you all and the Bank of Namibia looks forward to seeing you at our 25th Annual Symposium next year.

- 15. I wish you a great and fruitful day ahead.



Thank You!





Bank of Namibia

24th ANNUAL
SYMPOSIUM

