

Namibia Productivity Baseline Statistics Report

Ministry of Labour, Industrial Relations and Employment Creation

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MINISRTY OF LABOUR, INDUSTRIAL RELATIONS AND EMPLOYMENT CREATION

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Table of Contents

ACKNOWLEDGEMENT	IV
PREFACE	V
LIST OF ACRONYMS/ ABBREVIATIONS	VII
LIST OF TABLES	VIII
LIST OF FIGURES	VIII
EXECUTIVE SUMMARY	IX
CHAPTER 1	1
BACKGROUND	1
CHAPTER 2	2
METHODOLOGY	2
CHAPTER 3	6
AGRICULTURE AND FORESTRY SECTOR	6
CHAPTER 4	11
THE MINING SECTOR	11
CHAPTER 5	15
MANUFACTURING SECTOR	15
CHAPTER 6	19
LOGISTICS SECTOR	19
CHAPTER 7	23
TOURISM SECTOR	23
CHAPTER 8	27

FISHING & FISH PROCESSING SECTOR	27
CHAPTER 9	31
LABOUR AND CAPITAL PRODUCTIVITY: PRIORITY ECONOMIC SECTOR	31
CHAPTER 10	35
KEY STAKEHOLDERS PERSPECTIVES	35
REFERENCE	60

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Preface

Productivity growth is critical for Namibia to advance towards competitiveness within SADC as well as the global economy. To ensure robust economic growth and improved citizens' standard of living, as Namibians we need collectively to play a role in building a national productive culture across sectors of our economy and the public at large. To achieve this goal, it is imperative for both the public and private sectors to actively participate in adopting a productivity mind-set and engage in productivity improvement initiatives, including collaborating with each other to achieve this end.

The Productivity Promotion Unit within the Ministry of Labour, Industrial Relations and Employment Creation is mandated by the Namibian Cabinet to promote, measure and enhance national productivity levels in Namibia. The aim is to enable the Namibia's economy to become productive and competitive, whilst contributing to improved national productivity growth and standard of living of its citizens.

Productivity measurement is one of the core functions of the Productivity Unit. This report provides a baseline study of levels of productivity in the main NDP4 four priority economic sectors of the Namibian economy, i.e. Agriculture & Forestry; Manufacturing; Tourism and Logistics, as well as in the Mining and Fishing & Fish Processing sectors.

In addition, it outlines the outcome of the Focus Groups that were undertaken with key stakeholders in both public and private sector in the country. Specifically, the report presents an overview and analysis of labour and capital productivity levels in the prioritised economic sectors. Therefore, the baseline quantitative and qualitative productivity data will serve as a base to build on. The Productivity Promotion Unit will use the data to regularly measure and analyse the trends relating to national productivity levels in the country.

The aim is to progressively build credible productivity levels indices, moving from Labour Productivity, Capital Productivity towards measuring Multi-factor Productivity levels of the all-economic sectors in Namibia. The annual productivity indices will provide a standardised mechanism that will enable the country to assess performance and highlight areas that require strategic interventions.

The ultimate goal is to support economic sectors to substantially increase their productivity levels and move Namibia towards the most competitive economy in the SADC region. Thus, the baseline study outcome will be used to set targets for increasing productivity levels for future growth of the economy in line with this clear vision.

The qualitative Focus Group outcomes from the key stakeholders have assisted the Ministry and the Productivity Promotion Unit to gain in-depth insights into the stakeholders' perceptions on levels of productivity; factors that facilitate and hinder productivity within the public and private sectors; measures and strategies that could be adopted to promote and improve productivity in the country.

The majority of the stakeholders who participated in the Focus Groups expressed their enthusiasm and commitment to working collaboratively with the Ministry through the Productivity Promotion Unit to promote and embrace the adoption of productivity mind-set across all sectors of the society to ensure that the productivity movement takes root in the Namibian public and private sectors.

It is with profound gratitude that I present the Baseline Productivity Report which I anticipate will contribute and become a vital resource for developing an annual productivity statistics report, which will assist in propelling us to a productive and competitive Namibia. The Ministry hopes that the Focus Group and Stakeholders will continue to work and support the Ministry and the Productivity Promotion Unit team to increase the productivity levels as we move towards a competitive Namibia.

I look forward for this report being used as a vital reference material and a tool to measure the national productivity levels that would enhance our understanding of how to tackle productivity challenges in our country.

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Erkki Nghimtina (MP) MINISTER OF LABOUR, INDUSTRIAL RELATIONS AND EMPLOYMENT CREATION

List Of Acronyms/ Abbreviations

GDP	Gross Domestic Product
NDP4	Namibia Fourth National Development Plan
GFCF	Gross Fixed Capital Formation
NSA	Namibia Statistic Agency
SEMP	Strategic Environmental Management Plan
SEA	Strategic Environmental Assessment
BON	Bank of Namibia
EPZ	Export Processing Zones
FDI	Foreign Direct Investment
SADC	Southern Africa Development Community
SME	Small and Medium Enterprises
NLFS	Namibia Labour Force Survey
TIPEEG	Targeted Intervention Programme
	For Employment and Economic Grow
LP	Labour Productivity
СР	Capital Productivity
Т&Т	Travel and Tourism
MCS	Monitoring Control Surveillance
TAC	Total Allowable Catch
MFMR	Ministry of Fisheries and Marine Resources
OECD	The Organisation for Economic Co-operation and Development
MLIREC	Ministry of Labour, Industrial Relations & Employment Creation

List Of Tables

Table 1: Agriculture and Forestry Sector Productivity Statistics

- Table 2: Mining Sector Productivity Statistics
- Table 3: Manufacturing Productivity Statistics
- Table 4: Logistics Sector Productivity Statistics
- Table 5: Tourism Productivity Statistics
- Table 6: Fishing & Fish Processing Productivity Statistics
- Table 7: Labour & Capital Productivity Comparison of the Six Priority Economic Sector
- Table 8: Comparison of Productivity and Competitiveness of Select SADC countries

List Of Figures

- Figure 1: Agriculture and Forestry Sector Productivity Statistics
- Figure 2: Mining Sector Productivity Statistics
- Figure 3: Manufacturing Productivity Statistics
- Figure 4: Logistics Sector Productivity Statistics
- Figure 5: Labour and Capital Productivity Statistics
- Figure 6: Fishing & Fish Processing Productivity Statistics

EXECUTIVE SUMMARY

This baseline productivity statistics report aims at providing quantitative and qualitative analysis of productivity levels of the NDP4 four priority sectors including the Mining and Fishing & Fish Processing sectors; in addition, the overall perceptions of key stakeholders on the concept of productivity; productivity levels in the country, along with factors that hinder and facilitate productivity in Namibia. It also explores mechanisms and strategies to be adopted to drive productivity growth and increase the competitiveness of the Namibian economy.

The focus of the report is to establish baseline data that will contribute towards annual recording of economic sectors' performance with a view of establishing long-term analysis of productivity levels within the economy. The primary goal is to provide the public and private sector decision makers with a comprehensive report on the national productivity levels. In the future, the report will also include description and comparison of productivity levels within Namibia's economic sectors as well as cross-comparison across the SADC region economies, the African continent and global economies. This will be achieved by progressively adding various sectors, regions and global economies.

In this report baseline Labour and Capital Productivity statistics of the six NDP4 prioritised economic sectors are calculated and analysed to provide a detailed description and analysis of factors that contributed to productivity growth or those factors that were barriers to increased productivity levels. In each chapter every one of the prioritised economic sector productivity levels are calculated, analysed and recommendations are proposed on mechanisms and strategies that would increase productivity levels in the specified sector.

This report is based primarily on secondary data collected from publications and websites of various state and non-state agencies. In this baseline report the productivity measures are derived from data and estimates from the 2012 and 2013 National Accounts. The data on the number of employed persons in the six priority sectors, sectorial contribution to the GDP were mainly sourced from the Namibian Statistics Agency (NSA). We relied heavily on NSA, which is the national official source for statistics in the country.

Lack of historical standardised data across sectors of the economy constrained the research team's analysis of trends in the overall productivity improvements. The team acknowledged these limitations and opted to establish baseline data that is available in the 2012 and 2013 period. Therefore, the baseline data reflects official National Accounts and other productivity related statistics published within this period. Based on these estimates, the labour and capital inputs are used to calculate productivity performance of each sector.

The findings of this baseline study indicated that the lowest performers in Labour Productivity were Agriculture and Forestry, Mining and Manufacturing sectors during the 2012-2013 period. The decrease in the performance of Labour Productivity within the Agriculture and Forestry sector ties up with the key stakeholders' perceptions of the least productive sector. The views expressed by the majority of the Focus Groups' participants suggest that poor productivity could be due to the importing of raw materials from overseas as well as broken machinery in the agricultural sector.

In addition, there was consensus amongst the key stakeholders that productivity levels in Namibia are low. However, it is encouraging to note that most of the stakeholders in the Focus Groups have shown interest in supporting productivity campaigns, particularly in the sectors that performed low.

The sectors that registered slight improvement in Labour Productivity were Tourism and Fishing and Fisheries. Whilst, Logistics sector Labour Productivity remained constant.

The lowest performer in Capital Productivity for the period 2012 to 2013 is the Mining sector. The majority of the participants in the Mining sector's Focus Group identified the sector as the most productive; however, they noted that the sector's productivity is hampered by the lack of skills. This observation suggests the need to improve skills to strengthen the overall performance of productivity in the sector.

The sectors that recorded improvements in Capital Productivity were Agriculture and Forestry, Logistics, Tourism, Fishing and Fisheries and Manufacturing. These sectors registered growth in Capital Productivity; Fishing and Fisheries showed the highest increase of all the sectors.

When asked about their perceptions regarding the productivity levels in the country, the Logistic Focus Group were optimistic and correctly pointed out that it is very low but improving. This is an indication that that sector could be focusing on factors that impact on improving productivity such as skilled staff, appropriate equipment and infrastructure.

Overall, Capital Productivity grew in 2013 as compared to the previous year (2012). Labour Productivity was recorded as the lowest during this period under review. However, the outlook in Labour Productivity improvement remains positive as highlighted in the observations expressed in the Focus Groups conducted.

It is recommended that the sectors that have dropped performance particularly Labour Productivity must adopt productivity improvement strategies and interventions, special attention must be given to the sectors that most recorded decline in 2013. Furthermore, inputs from the key stakeholders must be considered as a starting point in order to improve Labour and Capital Productivity.

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BACKGROUND

In 2007, the Cabinet of the Republic of Namibia approved the establishment of a National Productivity Centre within the Ministry of Labour and Social Welfare. This national initiative is in line with the SADC Heads of States Declaration on Productivity in 1999 in Maputo, Mozambique.

In preparation for the establishment of the Productivity Centre, the University of Namibia conducted a Situational Analysis on the Current State of Productivity in Namibia in 2009. In 2010, the Ministry of Labour and Social Welfare established a Productivity Promotion Unit and five staff members are working within this Unit.

One of the stated aims of Namibia's Fourth National Development Plan (NDP4) "is to regularly assess the productivity of Namibian Labour and promote a productive workforce in order for Namibia to be globally competitive by the year 2017."

The key objective of the baseline study is to start a process of conducting a comprehensive appraisal on the level of productivity in Namibia. Therefore, the baseline report results will be used as data source to measure and record productivity levels on an annual basis.

It is anticipated that the outcome of this baseline report (both quantitative and qualitative data) will provide the Namibian government, private sector organisations and labour organisations with the necessary information on the six economic sectors' performance. Furthermore, this will enable these key stakeholders to identify and adopt the necessary strategies to improve Namibia's overall competitiveness.

METHODOLOGY

Technical Notes, Methodology and Productivity Concepts

Productivity Statistics estimates trends and growth rates of partial productivity indices such labour productivity (LP) and capital productivity (KP) as well as the more superior multifactor productivity (MFP) indicator to gauge and analyse the state and trends of productivity performance at various levels within the economy; namely at industry, sectorial and national levels.

The report was compiled by calculating ratios from the data that was sourced mainly from Namibia Statistics Agency. Furthermore, sector specific information was sourced from the selected ministries and public sector institutions aligned to the six sectors under review, namely, Agriculture and Forestry; Fishing and Fish Processing; Tourism; Logistics; Manufacturing and Mining.

The methodology for the collection of primary data was therefore determined by the data sources listed above. The quality of data from data sources dictated that the report focus only on the two years period; i.e. 2012 to 2013.

Labour productivity is measured as the ratio of real value added (output) to Quantity of Labour ($\frac{QQ}{LL}$):

It does not measure the specific contribution of labour as a single factor of production. Rather, it reflects the joint effect of many influences, including new technology, capital investment, capacity utilisation, energy use, education and skills as well as the efforts of the workforce.

A key drawback of LP measures (no matter which denominator is used) is the fact that it can be easily misinterpreted as technical change or as the productivity of the individuals of the labour force.

For example, it is difficult to isolate the effects of worker effort (gold mining sector, etc.), weather conditions (agriculture), etc. on it. Hence, multifactor productivity MFP is a better measure.

Theoretically, LP can be decomposed into the contributions of (1) capital depending (how much capital per worker is used) and (2) MFP.

To isolate and understand the effects of other factors influencing LP, such as the impact of skills and training, technology, environmental and institutional effects, etc. more rigorous empirical analysis are required (econometric/parametric techniques).

It is important to point out that since year-to-year or short-term productivity growth is difficult to interpret due to the fact that productivity growth varies or fluctuates over the business cycle, indices and average growth rates over several years provide a better gauge of productivity developments.

Labour Productivity¹

Productivity is commonly defined as a ratio of a volume measure of output to a measure of input use. Among other productivity measures such as multi-factor productivity or capital productivity, labour productivity is particularly important in the economic and statistical analysis of a country. Labour productivity is a revealing indicator of several economic indicators as it offers a dynamic measure of economic growth, competitiveness, and living standards within an economy. It is the measure of labour productivity (and all that this measure takes into account), which helps explain the principal economic foundations that are necessary for both economic growth and social development.

Most importantly, growing labour productivity depends on three main factors: investment and saving in physical capital, new technology and human capital. Economic analysts and policymakers compare a country's labour productivity from period to period as a measure of output efficiency.

A business owner, or industry or sector player must measure productivity to know if the money spent on labour is paying off in terms of output. The labour productivity ratio is the simplest way to find out if one is getting the production one needs. If one uses this ratio on a regular basis, one will remain aware of employees' productivity.

Although the ratio used to calculate labour productivity provides a measure of the efficiency with which inputs are used in an economy to produce goods and services, it can be measured in various ways. Labour productivity is equal to the ratio between a volume measure of output (gross domestic product or gross value added) and a measure of input use (the total number of hours worked or total employment). For this particular report, Labour Productivity is obtained by calculating the total amount of real GDP per year divided by the number of employed persons in that year.

Formula: Labour productivity = $\frac{Q_t Q_t}{L_t L_t}$

Q = real output in year t

L = labour input in year t

This formula is in line with the standard definition of labour productivity as a measure of the volume of output per unit of labour input.

¹ Productivity Statistics, Productivity SA, 2014

Capital Productivity²

Capital Productivity refers to output per unit of value of fixed production assets (fixed capital). It is the degree to which physical capital (machinery, buildings, and equipment) is used to provide goods and services. Capital Productivity characterises the efficiency with which fixed capital stock is used. It is commonly employed in economic analysis and in the formulation of production plans and plans for capital expenditures, both for the national economy as a whole and for individual sectors, production associations, and enterprises.

Capital productivity is output per unit of capital input, where capital input is measured either as capital stock employed or of the services that the capital stock provides. Industrial analysis by business has a long tradition of work on capital productivity, most of it conducted within the firm for commercial reasons. Understanding the volume of output that can be produced by industrial plant is a major item of decision-making in the manufacturing industry.

Capital Productivity is the measure of the flow of productive goods and services that can be drawn from the cumulative stock of past investments (such as machinery and equipment). These services are estimated by the OECD using the rate of change of the 'productive capital stock', which takes into account wear and tear, retirements and other sources of reduction in the productive capacity of fixed capital assets. The price of capital services per asset is measured as their rental price. In principle, the latter could be directly observed if markets existed for all capital services.

For purposes of this report, Capital productivity is calculated by real GDP per year divided by the Gross Fixed Capital Formation.

Formula: Capital productivity = $\frac{Q_t Q_t}{K_r K_t}$

Q = real output in year t

K = gross fixed capital formation in year t

2 Productivity Statistics, Productivity SA, 2014

Multi-factor Productivity³

The methodology used to compute multifactor productivity (Tornqvist methodology) is obtained by dividing the output index by a combined input index (Labour, Capital, Materials, etc.).

Therefore, it is a measure of growth in efficiency, which takes into account the combined effect of all factor inputs (including unaccounted factors).

Accordingly, multifactor productivity MFP reflects technical progress, improvements in management techniques and practices, economies of scale, organisation of production, industry structure, legal environment, weather conditions, etc.

The MFP indicator is based on several input data such as labour, capital, wages, income, etc. Thus, inaccurate/ flawed input data will result in biased statistics.

To fully understand the determinants of MFP, more rigorous empirical analysis is required.

Formula: Multifactor productivity = Goods /Services Produced (Their worth) All inputs used to produce them

³ Productivity Statistics, Productivity SA, 2014

Agriculture and Forestry Sector

Background

The majority of the Namibian population is engaged in subsistence agriculture. Approximately half of the population depends on agriculture and forestry for its livelihood, as the majority of the people live in rural areas.

Namibia's agricultural sector comprises of mainly crop farming and livestock rearing. Communal farming occurs in the Northern Central and Northern Eastern part of the country. Commercial farming is not confined to a specific region but occurs in pocket areas in various regions countrywide. The main crops include Pearl, Millet (Mahangu) Maize, Sorghum, Wheat, Grapes and Dates. On the other hand, livestock farming is confined predominantly in central and Southern as well as the Northern regions. The livestock comprises of cattle, goats, sheep and pigs.

The Central and Southern regions mainly rear Karakul Sheep and Goats, while the northern part mainly rear cattle and goats. During the period under review, the rainy season was extremely poor throughout the country (Ministry of Agriculture, Water and Forestry, Annual Report, 2012-2013). As a result, the condition of livestock deteriorated rapidly as pastures and water availability were in short supply in many parts of the country. The communal areas most severely affected by the poor weather were Northern Kunene and Omusati Regions. As the persistent drought conditions worsened crop production, animal and pasture were negatively impacted countrywide.

Forestry forms part of this sector and the government's primary objective is to establish, manage, utilise and conserve Namibian forests and grow the potential of Namibia's Forest industries. In an effort to conserve and grow the sector, the Ministry has established projects to protect and sensitise communities on the importance of conserving forest resources. During this period under review, the Forestry sector has not done well; in certain parts of the country rain caused flooding, while in other parts below average rainfall resulted in devastating drought conditions.

The Agriculture sector is considered by the NDP4 as requiring priority focus, as it remains a backbone of the Namibian economy and has the potential to create jobs. Therefore, to achieve NDP4 outcomes, it is critical that productivity levels of the sector be enhanced. Both employees and employers in this sector need

to increase their understanding of the importance of productivity and what benefits they could derive from increasing productivity in the sector in order to grow the nation's economy.

The areas that need attention in this sector include the following:

- Enhanced productivity knowledge of farmers and workers;
- The introduction of productivity interventions programmes in the programme such as; the Promotion of Green Scheme; Agricultural Fresh Produce Market; and
- The establishment and improvement of agricultural infrastructure and value chains

In conclusion, this sector has high potential for growth and being competitive in the SADC region, provided productivity levels increase across all levels of the sector. Therefore, to enable the sector to set realistic objectives and propose appropriate productivity intervention strategies, it is crucial that a baseline be established on the current level of productivity in the sector. In fact, one needs to measure the level of Labour and Capital Productivity in this sector to evaluate where improvements could be made for the sector.

Methodology

This section outlines the methodology adopted to assess the Labour and Capital Productivity indicators for the Agricultural and Forestry sector.

Labour Productivity is obtained by calculating the total amount of GDP per year divided by the number of employed persons in that year.

Formula: Labour productivity = $\frac{Q_t Q_t}{L_t L_t}$

Q = real output in year t

L = labour input in year t

This formula is in line with the standard definition of labour productivity as a measure of the volume of output per unit of labour input.

Capital productivity is calculated by GDP per year divided by the Gross Fixed Capital Formation.

Formula: Capital productivity = $\frac{Q_t Q_t}{r}$

- Q = real output in year t
- K = gross fixed capital formation in year t

Table: 1. Agriculture an	d Forestry Sector	Productivity Statistics
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Years	Total GDP Agric. & Forestry N\$ million	GDP annual percentage change	Total GFCF N\$ million	GFCF annual percentage change	Total # of Employed Persons	Employed persons annual percentage change	Labour Productivity	Capital Productivity
2012	4, 603	8.1	1,636	147.5	165,746	26.3	0.03	2.8
2013	3, 337	-27.5	797	-99	209,707	30.5	0.02	4.2

Source: Namibia Labour Force Survey Report 2012 and 2013

Namibia National Accounts Report 2013

Figure1: Agriculture and Forestry Sector Productivity Statistics



Source: Namibia Labour Force Survey Report 2012 and 2013 Namibia National Accounts Report 2013

Data Analysis

Table1 shows that Namibian GDP on Agriculture and Forestry decreased from 8.1 percent in 2012 to -27.5 percent in 2013. This decrease could be a result of below normal rainfall and persistent drought conditions that resulted in reduced crop production and low levels of animal reproduction during the period under review.

However, the total number of employees increased by 4.2 percent from 2012 to 2013.

Table 1 shows Total Gross Fixed Capital Formation (GFCF) declined from 147.5 percent in 2012 to -99 percent in 2013. Table 1 points to a decrease of 0.01 percent from 2012 to 2013 in Labour Productivity, despite more people employed in the sector.

Figure 1 also shows Capital Productivity as 2.8 percent in 2012, it increased to 4.2 percent in 2013. It shows that input (GFCF) was drastically reduced, meaning that capital productivity increased as the result of over utilizing of capital and reduction of investment. This is not an ideal situation, as this may not be sustainable for productivity growth of the agricultural sector in the long run.

Conclusion

In conclusion, the baseline result indicates that the performance of the Agriculture and Forestry sector's Labour Productivity decreased while Capital Productivity slightly improved between 2012 and 2013. Therefore, there is need to introduce and implement productivity related intervention methodologies that ensure that the levels of Labour and Capital Productivity are improved. Tools and techniques may include labour management collaboration improvement techniques; speed of delivery improvement techniques; quality improvement techniques.

Innovation is crucial for boosting productivity in the sector. The quality of infrastructure should be amplified across the entire agricultural supply chain; implementation of strong institutional support structures and incremental changes to existing farming practices; continuation of establishing production, marketing and storage infrastructure (even at household level); on-going agricultural research activities are encouraged. For example, the adoption of high yields varieties, which are drought, flood, salt and pest resistance.

The continued use of participatory agricultural extension services will assist this sector to achieve food selfsufficiency levels as foreseen in NDP4.

Recommendations

To increase productivity and competitiveness in this sector, we suggest that productivity interventions and improvement techniques be adopted. Innovative approaches are needed across the Agriculture and Forestry sector to increase productivity, conserve natural resources, and use inputs sustainably and efficiently. Such approaches will require the participation of smallholders, women, indigenous peoples and marginalised groups.

Approaches for sustainable Agriculture and Forestry sector production systems typically require integration across the sector of social, economic and environmental considerations. These could focus on ways to ensure the transition to sustainable practices, with activities focusing on:

• Increasing resource use efficiency, to achieve higher productivity with reduced levels of inputs, while minimising negative externalities;

- Managing ecological, social and economic risks associated with agricultural sector production systems, including pests, diseases and climate change;
- Identifying and enhancing the role of ecosystem services, particularly in terms of their effects on resource use efficiency and response to risks, as well as their contribution to environmental conservation; and
- Facilitating access to needed information and technologies.

Mining Sector

Background

The Mining sector is one of the main contributors to the nation's GDP; it generates the biggest share of Namibia's foreign exchange earnings. The sector provides about 25 percent of the Namibia's revenue.

Diamonds and Uranium are the most significant mineral commodities to the Namibian economy. The country is rated as the fourth largest exporter of non-fuel minerals in Africa and world's fifth largest producer of Uranium. It is set to be the largest exporter of Uranium in the world by 2015 as there has been significant investment in Uranium mining. In 2010 Namibia was ranked third (3rd) among the top diamond producers in terms of the total value of diamond production in dollars per carat, sixth (6th) in terms of total value of diamond production and ninth (9th) in terms of the volume of diamond production(Omayra Bermudez-lugo, 2013).

The sector also produces varieties of minerals such as Gold, Copper, Lead, Zinc, Silver, Gemstones, Tantalite and Salt. Most of the minerals are exported in raw or semi processed form. The sector contribution to employment of the population is less than its potential contribution if the greater value was added in processing the minerals.

The mining activities are dispersed across the country. The Namibian Statistics Agency (NSA) shows that the sector's contribution to the employment rate in the country is as follows: approximately employed 11, 240 number of people in 2012 and 13, 558 people in 2013; the percentages are; 1.8 percent in 2012 and 2.0 percent in 2013 of the total employed population.

Rich alluvial diamond deposits make Namibia a primary source for good gem quality. The government has created a conducive and enabling legislative, fiscal and institutional environment to attract private sectors driven exploration for the growth and sustainability of the mining companies.

In addition, the Ministry of Mines and Energy (MME) has stepped in to revitalise and promote the mining legislation and the formulations of minerals policy that will further enhance Namibia as an attractive mining investment destination.

Under MME, the first Strategic Environmental Assessment (SEA) for the Uranium province was initiated. It provided a vision and introduced a culture of collaboration within the mining industry and between government and the general public. The SEA was driven by the conception of sustainability mineral resources promotion.

As a result, the Strategic Environmental Management Plan (SEMP) was developed as overarching management tool and roadmap for addressing the cumulative impacts of a suite of existing and potential development in this sector. This resulted in the introduction of control of the mining industry, by providing assistance and rewarding those who fully meet the sustainability indicators with certificates. Critically, the report is used to guide mining, related industrial developments and government, to ensure that the natural, social, economic and physical environments of Namibia are not compromised.

Significant investments were made in the development of three mines: the Otjikoto Gold Mine, Swakop Uranium Mine and the Tscudi Cooper Mine. Namdeb developed the new Sendlingsdrift Diamond Mine along the Orange River and Debmarine achieved a record high diamond production as a result of massive capital investment in the new mining vessel.

In conclusion, this sector has the potential to contribute more to the GDP once the exportation of raw minerals is minimised and the in-county beneficiation activities of minerals increased. This is likely to result in the employment of more people and may result in increasing productivity levels and GDP.

Methodology

This section outlines the methodology adopted to assess the Labour and Capital Productivity indicators for the Mining sector.

Formula: Labour productivity = $\frac{Q_t Q_t}{L_t L_t}$

Q = real output in year t

L = labour input in year t

This formula is in line with the standard definition of labour productivity as a measure of the volume of output per unit of labour input.

Capital productivity is calculated by GDP per year divided by the Gross Fixed Capital Formation.

Formula: Capital productivity = $\frac{Q_t Q_t}{K_r K_r}$

Q = real output in year t

K = gross fixed capital formation in year t

Table: 2. Winning Sector Productivity Statistics										
Years	Total GDP Mining N\$ million	GDP annual percentage change	Total GFCF N\$ million	GFCF annual percentage change	Total # of Employed Persons	Employed persons annual percentage change	Labour Productivity	Capital Productivity		
2012	10,175	25.1	6,461	-0.9	11,240	1.8	0.905	1.5		
2013	10,231	0.6	13,937	108.8	13,558	2.0	0.754	0.7		

Source: Namibia Labour Force Survey Report 2012 and 2013 Namibia National Accounts Report 2013



Figure 2: Mining Sector Productivity Statistics

Source: Namibia Labour Force Survey Report 2012 and 2013 Namibia National Accounts Report 2013

Data Analysis

Table 2 above shows the most substantive decrease in the total GDP of the Mining sector from 25.1 percent in 2012 to 0.6 percent in 2013. The decline might reflect a sharp fall in diamond mining due to industrial actions and diminishing diamonds deposits. The Namibian Country Note, states that the lifespan for diamond mines is only up to 2015 and that there is a need for heavy investment to extend them to 2050.

Table 2 illustrates that the number of employees have increased from 1.8 percent in 2012 to 2.0 percent in 2013. This clearly shows that the sector is growing although it had some challenges due to the sharp fall in diamond mining; it managed to increase employment. The GFCF shows an increase of 108.8 percent in 2013

from -0.9 percent in 2012; this could be due to strong growth realised in construction activities and imports of machineries.

Figure 2 shows the level of Labour Productivity decreased from 0.905 percent in 2012 to 0.754 percent in 2013. This resulted in more input over less output, probably could be attributed to the diminishing of diamonds deposits. This decrease requires the sector to pay attention to these unfavourable results.

Figure 2 also indicates Capital Productivity as registering a decline of 1.5 percent in 2012 to 0.7 percent in 2013; this could be due to less capital utilisation in the sector and the challenges mentioned above.

Conclusion

To sum up, the decrease in Labour Productivity and Capital Productivity is a challenge given the potential for economic and employment growth of this sector. The sector has potential for turning around, given the investment commitment by the government and prospective introduction of value-added beneficiation incountry initiatives. The sector could improve provided appropriate productivity improvement practices are followed. Furthermore, the sector could improve productivity levels through being innovative and improving operations processes and systems.

Recommendations

The mining sector cannot control the world economy shifts in currencies and prices. However, it can manage performance and operational costs to yield positive results. Therefore, instead of being reactionary in relation to cost cutting, the mining sector must move towards sustainable cost management programme by, among others:

- Maximising workforce productivity by understanding and defining workforce expectations and assumptions as well as improving management across the talent lifecycle
- Optimising mine sites through enhanced sequencing
- Attracting, building and retaining expertise at all levels in order to improve operational performance
- Keeping employees engaged through programmes such as flexible rosters, training and long-term career development, as well as equitable sharing of the proceeds of productivity gains
- Training local population in key job functions.

Manufacturing Sector

Background

At independence in 1990, Namibia inherited a highly dualistic economy, with a sharp division between its formal and informal sectors. Namibia's formal GDP depends mainly on mining and agriculture, in particular diamonds and uranium. Given its being historically a captive market for South African industrial products, Namibia has a trade-depended economy with a small industrial base.

Manufacturing sector growth could be a favourable vehicle for economic growth as it has a very high spill over effect in the economy. One of the main goals for Namibia in Vision 2030, as articulated by the government, is for the country to be industrialised by 2030 to create job in this sector. The Bank of Namibia study identified the potential for growth of the manufacturing sector (BON Occasional Paper, 2007).

Faced with these development challenges, like many developing countries, Namibia set out to attract FDI to boost the manufacturing sector. Prominently, government invested huge amounts of resources in the promotion of Export Processing Zones (EPZs). The aim was to diversify the economy away from the traditional exports of unprocessed mining and agricultural goods. It is currently unclear whether the incentives introduced in manufacturing sector have made any significant difference.

It has been established that the country has a number of manufactured products, which have potential for expansion. The key existing products identified are: paint, tiles and slabs, tables, beds, cupboard, school and office furniture, kitchenware, beer, carbonated water and soft drinks, steel windows and door frames, polished diamonds, hand-woven carpets, field shoes, textiles and clothing, as well as salt (coarse, fine, rock and table) amongst others items.

Markets have been identified to which the current manufactured products, although not at their optimal levels, could be exported. These markets include: the SADC, the EU, the US, Australia, as well as East Asia.

The manufacturing sector is estimated to have recorded a decline of 10.9 percent in real value added in the first quarter of 2013, compared to an expansion of 6.8 percent recorded during the same period of 2012. The sector's performance was mainly influenced by the sub sectors; that includes diamond cutting, dairy products and fish processing that declined by 51.4 percent, 33.4 percent and 25.6 percent respectively.

The decline in diamond cutting and polishing can be attributed to low demand from the market, which forced producers to decrease production. The sub sectors of publishing and printing, rubber and plastic products, and leather products also contributed to the decline in the sector.

There were other sub sectors within the manufacturing sector that performed relatively well during the period under consideration. These were meat processing, some food products, non-metallic mineral products and

beverages that recorded growth rates in real value added of 52.1 percent, 11.9 percent, 11.8 percent and 11.0 percent, respectively. However, these positive growth rates were not significant enough to offset the overall decline in the overall sector. In addition, the challenges in this sector are still major despite an increase in the number of manufacturing companies; the manufacturing sector continues to be small.

The Manufacturing sector of Namibia faced a number of constraints. The major constraints are mainly: the cost of electricity, high transport and port charges, competition from well-established South African manufacturers and the availability of cattle for local slaughtering and processing. The sector is also confronted by difficulties relating to access to and cost of technology, as well as the availability of skilled labour.

In conclusion, Namibia lacks the productive capacity to produce finished manufactured goods with which to trade. The goal currently is to reduce Namibia's heavy dependency on the South African imported manufactured products. The potential for accelerated manufacturing development in Namibia exists, provided appropriate productivity policy and strategies are adopted as well as the innovative productivity workplace interventions programme are implemented. This will greatly assist Namibia in growing the sector as well as moving towards reaching the goals of Vision 2030 and providing jobs for its people.

Methodology

This section outlines the methodology adopted to assess the Labour and Capital Productivity indicators for the Manufacturing sector.

Labour Productivity is obtained by calculating the total amount of GDP per year divided by the number of employed persons in that year.

Formula: Labour productivity = $\frac{Q_t Q_t}{L_t L_t}$

Q = real output in year t

L = labour input in year t

For purposes of this report, Capital productivity is calculated by GDP per year divided by the Gross Fixed Capital Formation.

Formula: Capital productivity = $\frac{Q_t Q_t}{K_t K_t}$

Q = real output in year t

K = gross fixed capital formation in year t

Table	Table. 5. Manufacturing Sector Froductivity Statistics										
Years	Total GDP Manufacturing N\$ million	GDP Annual percentage change	Total GFCF N\$ million	GFCF annual percentage change	Total # of Employed Persons	Employed persons annual percentage change	Labour Productivity	Capital Productivity			
2012	10,147	-6.8	2,874	31.8	28,409	4.5	0.35	3.53			
2013	10,342	1.9	2,834	13.5	32,769	4.8	0.31	3.64			

Table:	3.	Manufa	octuring	Sector	Produc	tivity	Statistics
Indici	•••	TATCHINE	iciul III S		IIUuuc	ULVIL Y	Statistics

Source: Namibia Labour Force Survey Report 2012 and 2013 Namibia National Accounts Report 2013

Figure 3: Manufacturing Productivity Statistics



Source: Namibia Labour Force Survey Report 2012 and 2013 Namibia National Accounts Report 2013

Data Analysis

Table 3 indicates that Labour Productivity declined by 0.04 percent, while Capital Productivity increased slightly by 0.11 percent during the period under review.

Figure 3 shows that Capital Productivity improved slightly 0.11 percent; this occurrence could be the results of the sector under-utilising the available resources, such as use of poor technology or lack of skills.

Whilst, the number of employed persons increased during this period as shown in Table 3 above, Labour Productivity declined. This could indicate that local manufacturing firms especially SMEs did not make appropriate investment in human capital, the sector maybe underutilising available human resources to the optimum.

Conclusion

Investment in human capital and appropriate technologies is crucial in enhancing sector productivity and competitiveness. Manufacturing companies need to invest in acquiring relevant competencies for management and workers. In addition, the companies need to build their capacity to use appropriate technologies to increase productivity in the sector.

Recommendations

In today's competitive manufacturing environment, it is essential to get the most out of existing assets. The Productivity Unit could be a strategic partner to the manufacturers in introducing productivity intervention programmes to improve the performance of companies.

The strong indication is that the government is committed to stimulating growth in this sector. Incentives are concentrated on stimulating manufacturing in Namibia and promoting exports into the region and to the rest the world. The following incentives/tax regulations show government commitment in promoting and strengthening new and existing manufacturing firms:

- Non-resident Shareholders Tax is only 10 percent
- Dividends accruing to Namibian companies or resident shareholders are tax-exempt
- Plant, machinery and equipment can be fully written off over a period of three years
- Building of non-manufacturing operations can be written off, 20 percent in the first year and the balance at 4 percent over the ensuing 20 years (manufacturers operations have even more generous allowances)
- Import or purchase of manufacturing machinery and equipment is exempted from Value Added Tax (VAT)
- Preferential market access to the EU, USA and the other markets for manufacturers and exporters is provided.

Currently, data on the impact of these above-mentioned incentives is not available. However, for this sector to grow, it is essential for all key stakeholders to collaborate and identify innovative ways to nurture high performance manufacturing enterprises. The area that has been neglected is the development of strategies that will activate the growth of the informal sector to become viable enterprises. This area is significant as the majority of the population is reliant on this sector for survival.

To remain competitive, manufacturing companies need to use methodologies such as Lean Manufacturing to reduce waste, and Six Sigma to increase quality and other manufacturing productivity improvement initiatives. By implementing these programmes, companies could bring products to market more quickly, ensure customer satisfaction and maintain their market share. Improving manufacturing productivity involves collecting and analysing data and making effective decisions. Ensuring successful operational excellence initiatives often depends on business enterprise divisions working together to share data and interpret it appropriately.

Logistics Sector

Background

Namibia's Logistics sector has been identified by the government as one of the priority areas in need of further development and expansion for the advancement of Vision 2030. Without efficient and effective Logistics, sector prospects of economic development are minimal. In a globalised world, Logistics is the key economic activity in every economy.

To function properly, Logistics sector needs knowledgeable and skilled people, adequate infrastructure and appropriate technology. Excellent transport infrastructure reduces the costs of moving raw materials and machineries to production locations, and from the production locations to markets. In turn, this will enhance the efficient utilisation of resources and reduce time wastage.

The current target market for the Namibian Logistics sector is Southern Africa, especially landlocked SADC countries such as Zimbabwe, Zambia and Botswana. Logistics also provides services to a large number of clients in Angola, the Democratic Republic of Congo, Mozambique and Malawi. As Walvis Bay Port is strategically located and it is more cost effective to transport cargo through this port than through the ports of Cape Town, Durban, Maputo and Luanda.

TransNamib Holdings Ltd. is a wholly Namibian owned parastatal that specialises in the transport of bulk and containerised freight by rail and road whilst also offering some rail passenger services (TransNamib, 2012). In addition, the state airline, Air Namibia, provides passenger services to domestic and international destinations, as well as offers freight services from Windhoek (the capital of Namibia) to Frankfurt, Cape Town, Johannesburg, Luanda and various destinations within Namibia (Air Namibia 2012).

Namibia's geographical positioning and size imposes difficulties due to vast travel distances between cities and towns. This makes the haulage costs and times spent on the road high. The other challenges facing the sector are: absence of an effective rail network due to aging of the infrastructure, limited road capacity and conditions, limited harbour capacity, lack of qualified personnel, lack of enabling legislations, corruption, lack of appropriate information technologies, cross-border related issues; customs delays, cumbersome custom control paperwork and charges among others.

Walvis Bay Corridor Group was created to facilitate trade, boost volumes and potential revenue by increasing trade in landlocked SADC countries. The bulk of the increased trade and volume has come from the Trans-Cunene and Trans-Caprivi corridors and the Trans-Kalahari volumes are fairly flat. It is also interesting to note that a great deal of increase has occurred in the outbound rather than inbound volumes, despite the perceived uni-directional nature of general trade. The increase trade volumes are encouraging and support the views that Walvis Bay attractiveness is not just based on its location, but from the ease of doing business and little port congestion (TransNamib, 2012).

To maximize the opportunities provided by regional location, TransNamib could create logistics networks hubs at the port, at key Namibian locations and in the other SADC countries. This is likely to attract and increase international shipping as well as trade, which in turn could help to change the economy of scale and provide opportunities to address the Logistics sector productivity related issues.

Methodology

This section outlines the methodology adopted to assess the Labour and Capital Productivity indicators for the Logistics sector.

Labour Productivity is obtained by calculating the total amount of GDP per year divided by the number of employed persons in that year.

Formula: Labour productivity = $\frac{Q_t Q_t}{L_t L_t}$

Q = real output in year t

L = labour input in year t

This formula is in line with the standard definition of labour productivity as a measure of the volume of output per unit of labour input.

Capital productivity is calculated by GDP per year divided by the Gross Fixed Capital Formation.

Formula: Capital productivity = $\frac{Q_t Q_t}{K_r K_r}$

Q = real output in year t

K = gross fixed capital formation in year t

Table: 4. Logistics Sector Productivity Statistics

Years	Total GDP Logistics N\$ million	GDP annual percentage change	Total GFCF N\$ million	GFCF annual percentage change	Total # of Employed Persons	Employed persons annual percentage change	Labour Productivity	Capital Productivity
2012	4, 800	8.0	3,723	31.8	28,753	3.6	0.16	1.28
2013	5,268	9.8	3,175	13.5	31,250	3.7	0.16	1.65

Source: 2012 and 2013 Namibia Labour Force Survey Report Namibia National Accounts Report 2013

Figure 4: Logistics Sector Productivity Statistics



Source: Namibia Labour Force Survey Report 2012 and 2013 Namibia National Accounts Report 2013

Data Analysis

Table 4 indicates that Labour Productivity in Logistics remained constant at 0.16 percent from 2012 to 2013 as Capital Productivity increased slightly with 0.37 percent.

Whilst, the Labour Productivity remained constant at 0.16 percent and Capital Productivity increased by 0.37 percent from 2012 to 2013; the employment increased slightly by 0.1 percent. This indicates a slight improvement in capital utilisation, capacity investment and productive workforce in the sector.

Conclusion

To register significant productivity growth rate, the sector needs to focus on improving productivity levels and profitable outcomes, in order to attract investment into the sector, upgrading the infrastructures and constantly creating innovative solutions to remain competitive.

Recommendations

The Logistics industry is highly mobile. People, products, and packages are constantly on the move from one location to another. Real transport productivity moves more people, goods and services to more places at the same time for the least additional effort.

Visible bottom line productivity returns for industry, balanced with fair benefits for workers, the community and natural environment must be the guiding principle to drive appropriate decisions to affect productive change across the nation's logistics sector.

Some of the attributes Namibia can use to measure changes in input, to evaluate productivity returns and benefits across a wide group of stakeholders include:

- Greater capacity for innovation and process/skills enhancement
- Decrease in staff turnover/increase in productive labour participation
- Measurement of the level of customer satisfaction
- Lower emissions per unit produced
- Revenue gains without additional input/costs (shorter transport component).

TOURISM SECTOR

Background

The Tourism sector is one of the four pillars that the Namibian economy rests on; it is a very important contributor to the national economy and an increasingly important job creator. In 2009 the Tourism sector provided 22 000 direct jobs and 59 000 indirect jobs. Thus, the Targeted Intervention Programme for Employment and Economic Growth (TIPEEG) and the 4th National Development Plan (NDP4) identified Tourism as one of the priority sectors.

This sector is primarily based on wildlife biodiversity, landscapes and cultural components. The private operators play a dominant role in the sector. It is also human resource-intensive, thus offers entry-level employment opportunities for unskilled and semi-skilled labour. Growth in travel within the Tourism sector is expected to increase by 7.7 percent annually over the next 10 years and is expected to create 66, 000 direct jobs by 2021, rising by 7.6 percent per year (The National Human Resources Plan Report, 2012).

Namibia has 21 proclaimed parks and nature reserves, which make up approximately 14 percentage of Namibia's land area. The parks, conservation areas and recreational resorts represent all the main biomes in the country-ranging from the dunes and seas of the Namib and the dwarf scrub savannah of Etosha to the species-rich flood plains of Kavango and the Eastern Caprivi. These state controlled areas form the protected area network. Windhoek, Swakopmund and Etosha National Park are the three most popular places to visit (Namibia Tourism Exit Survey Report, 2012-2013).

In an effort to develop and ensure sustainability of the sector, the Ministry of Environment and Tourism adopted sustainable development principles guidelines for the implementation of overall tourism strategy. The Namibian Tourism Board, an agency responsible for bringing together both the private and public sector in implementing the national policy on tourism was established.

The Tourism policy seeks to ensure that the tourism sector makes a significant impact on the expansion of Namibia's economy through the following:

- The generation of substantial net-foreign exchange earnings
- The provision of direct employment opportunities at all levels within the industry
- The provision of additional sources of income (profits, wages, rents, fees, etc.)
- The generation of linkages with other sectors of the economy e.g. Agriculture, Transport, Handicraft, Sports and Construction
- Consequential increase in the tax base.

Methodology

This section outlines the methodology adopted to assess the Labour and Capital Productivity indicators for the Tourism sector.

Labour Productivity is obtained by calculating the total amount of GDP per year divided by the number of employed persons in that year.

Formula: Labour productivity = $\frac{Q_t Q_t}{L_t L_t}$

Q = real output in year t

L = labour input in year t

This formula is in line with the standard definition of labour productivity as a measure of the volume of output per unit of labour input.

Capital productivity is calculated by GDP per year divided by the Gross Fixed Capital Formation.

Formula: Capital productivity = $\frac{Q_t Q_t}{K_t K_t}$

Q = real output in year t

K = gross fixed capital formation in year t

Table: 5. Tourism Sector Productivity Statistics

Years	Total GDP Tourism N\$ million	GDP annual percentage change	Total GFCF N\$ million	GFCF annual percentage change	Total # of Employed Persons	Employed persons annual percentage change	Labour Productivity	Capital Productivity
2012	1,681	8.1	790	-3.54	41,853	6.6	0.04	2.1
2013	1,761	4.7	591	-25.19	36,767	5.4	0.05	2.98

Source: Namibia Labour Force Survey Report 2012 and 2013 Namibia National Accounts Report 2013
Figure 5: Tourism Productivity Statistics



Source: Namibia Labour Force Survey Report 2012 and 2013 Namibia National Accounts Report 2013

Data Analysis

Table 5 indicates the Tourism sector contributed 8.1 percent in 2012 and 4.7 percent in 2013 to the Gross Domestic Product (GDP), and employment rate of 6.6 percent and 5.4 percent respectively of all formal employment. It shows Labour Productivity (LP) in the Tourism sector increased from 0.04 percent in 2012 to 0.05 percent in 2013.

As indicated above this sector experienced a decline in labour input, the number of employees declined by 1.2 percent between 2012- 2013. This shows the productivity growth rate increased at the expense of reduced labour growth, making this sector less labour intensive.

With the increased productivity levels and the reduction in employment rate, it can be assumed that employers are squeezing more output out of less labour, which in the long run is not sustainable. The fact that gains in Labour Productivity are at the expense of labour input should be a concern for this sector. The unintended consequences of this employment reduction strategy adopted may include employees experiencing high levels of fatigue; low morale, absenteeism and ultimately overall low performance in the sector can be expected. Consequently, having negative impact on customer satisfaction of the tourism experience.

Table 5 further, indicates improvement in Capital Productivity of 2.98 percent in 2013 from 2.1 percent in 2012.

Conclusion

Productivity growth leads to higher real output, real wage and improved living standards. The sector needs to become more labour intensive to assist in resolving the unemployment rate in the country, and increase its fixed capital accumulation. This would improve long-term sustainability of the sector.

The Travel and Tourism Competitiveness Index indicates that Namibia ranks 5th in the Sub-Saharan Africa, a drop from its 3rd place in 2013. There are three broad categories that drive Travel and Tourism (T&T) competitiveness namely: the Travel and Tourism (T&T) regulatory framework sub index, the T&T business environment sub index and the T&T human, cultural and natural resource sub index (World Economic Forum Report, 2013).

Therefore, to enable the hotel and restaurant sector to achieve the Fourth National Development Plan (NDP4) desired outcome of being ranked number one (1) tourist destination, it is vital to prioritise enhanced performance in environmental sustainability, business processes, infrastructure development and human resource development.

Recommendations

One vital fact is that for real productivity gains to be achieved, the sector cannot continue to respond to less than optimal performance challenges by holding down the wage bill. There are two major ways in which productivity could be improved in the Tourism sector, i.e. through functional flexibility and the introduction of information technology:

- Key focal areas could include the revision of key fundamental operational processes of companies in the Tourism sector. For example, the introduction of processes to address efficiency in their operations. In addition, the organisations may seek to increase employee output through training, recognition and remuneration schemes, empowerment and coaching.
- Another area where there are potential opportunities for productivity improvement is in the adoption of new technology, particularly information and communication technologies (ICT). There is a tendency for firms to seek out and copy 'best practices' without understanding how their business is different to those they are copying from. Adapting and adopting best practices, coupled with optimal human capital utilisation is always advisable.
- Possible area of intervention could be the review of legislation to address areas that may constraint the growth of the Namibian market share in the Tourism sector within the SADC region.

CHAPTER 8

FISHING & FISH PROCESSING SECTOR

Background

The Fishing sector is one of the vital sectors of the Namibian economy; the sector employed 6,990 people in 2012 and 5,603 in 2013. It contributed 2.5 percent of the country's GDP in 2013 and its one of the largest earners of foreign exchange in Namibia through export revenue (Namibian Accounts Report, 2013).

The Fishing sector is managed using a system of fishing rights and individual fishing quotas. This system is intended to encourage the local fishing industry to exploit the resources responsibly. Various policies and plans have been introduced to ensure the sustainability of the Fishing sector. A number of conservation and management measures have been put in place in order to ensure the sustainability of this sector. In 1992, the government implemented the "Namibianization Policy". This policy gave citizens economic incentives to participate in the fishing industry as owners or as employees. The policy had two objectives: increasing Namibian control and ownership, and increasing economic benefits to Namibians (Kirchner and Leiman, 2014).

The Ministry of Fisheries and Marine Resources (MFMR) formulated a policy entitled "Towards Responsible Development of the Fisheries Sector" in 1991. This policy sets out 3 main strategic objectives: the rebuilding of fish stocks, through the implementation of sound research; establishment of monitoring, control and surveillance (MCS) system; and the establishment of a national fishing industry that maximize benefit from the resources.

On 1 November 2014, the MFMR implemented a Hake Management Plan; the plan will guide the most valuable fish species in Namibia's fishing industry, mostly because of its value in foreign currency (Adam Hartman, 2014).

The Benguela current, the large marine ecosystem, is one of the most productive in the world. Namibia's fishery resources have been of global importance for centuries (Paterson, Kirchner and Ommer 2013). The fish and fishery products are exported to African, European and Asian countries.

Due to poor catches experienced during the winter months of 2012/2013, harvesting season in the hake fishery, the performance had declined. However, new value added products, for example, canning of horse mackerel in beans with tomato, in brine, tomato and pepper were introduced in 2012. Furthermore, there was an increase in Total Allowable Catches (TAC) of selected species such as Horse Mackerel, Red Crab and Monk, while other species such as Pilchard and Rock Lobster; TAC remained the same, during this period under review. Of the allocated TAC of 537,450 mt during 2012, the industry managed to land 475,386 metrics, which reflect an increase of 21 percent, compared to the 2011 landing (MFMR, 2012-2013).

Methodology

This section outlines the methodology adopted to assess the Labour and Capital Productivity indicators for the Fishing and Fish Processing sector.

Labour Productivity is obtained by calculating the total amount of GDP per year divided by the number of employed persons in that year.

Formula: Labour productivity = $\frac{Q_t Q_t}{L_t L_t}$

- Q = real output in year t
- L = labour input in year t

This formula is in line with the standard definition of labour productivity as a measure of the volume of output per unit of labour input.

Capital Productivity is calculated by GDP per year divided by the Gross Fixed Capital Formation.

Formula: Capital productivity = $\frac{Q_t Q_t}{K_t K_t}$

- Q = real output in year t
- K = gross fixed capital formation in year t

Table: 6. Fishing & Fish Processing Sector Productivity Statistics

Years	Total GDP N\$ million	GDP annual percentage change	Total GFCF N\$ million	GFCF annual percentage change	Total # of Employed Persons	Employed persons annual percentage change	Labour Productivity	Capital Productivity
2012	2,525	-7.6	1,919	4,164	6,990	1.1	0.4	1.3
2013	2,589	2.5	105	-94.5	5,603	0.59	0.5	24.65

Source: Namibia Labour Force Survey Report 2012 and 2013 Namibia National Accounts Report 2013

Figure 6: Fishing & Fish Processing Productivity Statistics



Source: Namibia Labour Force Survey Report 2012 and 2013 Namibia National Accounts Report 2013

Data Analysis

Table 6 indicates that the Fishing and Fish processing sector's contribution to the GDP increased to 2.5 percent in 2013 from -7.6 percent in 2012. However, labour input decreased from 1.1 percent in 2012 to 0.59 percent in 2013. Despite a decline in labour input, Labour Productivity improved by 0.1 percent during the period under review.

Figure 6 indicates that in 2013, Capital Productivity in the Fishing and Fish-processing sector increased by 24.65 percent compared to 1.3 percent registered in 2012. Despite the vast growth in Capital Productivity, the rate of increase in capital input dropped to -94.5 percent in 2013.

This may indicate that the Fishing and Fish-processing sector is not investing enough in processing facilities, new technology for value addition, and acquisition of fishing vessels, cold storage facilities and properties.

Conclusion

Although the Fishing and Fish-processing sector's performance in 2012 was not ideal, performance picked up in 2013 despite the depreciation of the Namibian dollar (N\$) against major trading currencies such as the USD, Euro and the British Pound. The development of new products in the market coupled with good catches meant good returns for the sector.

However it should be noted that the impact of external factors is significant, this sector operates under a certain level of unpredictability in terms of:

- Fuel costs
- Exchange rate volatility
- International fish prices
- Flat markets
- Resource availability

Recommendations

Substantial decreases in inputs or gains in outputs could be attained by improving and better utilising the existing technology in fishery activities. Policymakers should consider focussing on the following:

- i. Enhancing Fishing and Fish Processing Sector access to information via better extension services and fishermen training programmes
- ii. Eliminating inefficiency sourced by overcapacity
- iii. Encouraging the Fishing and Fish Processing Sector to obtain higher added value from fish and other sea product via processing, packing and storing fish instead of increasing fish production and
- iv. Improving fixed asset to increase efficiency.

However, it must be noted that the seafood processing industry is facing rising energy costs, competitive markets, increasing environmental regulations, waste disposal and treatment costs. As resources and markets are increasingly global, seafood processors must compete with other processors throughout the world for both catch and sales. To remain profitable, processes in the seafood industry must be efficient in use of energy, labour, water and catch.

CHAPTER 9

LABOUR AND CAPITAL PRODUCTIVITY: PRIORITY ECONOMIC SECTOR

This chapter summarises Labour and Capital Productivity statistics of the six economic sectors. It also draws comparison of the sectors in terms of Labour and Capital Productivity performance during the period 2012 and 2013.

Priority Economic Sector	Period	Growth % GDP	GFCF %	Employed Person %	Labour Productivity	Capital Productivity
Agriculture &	2012	8.1	147,00	26.3	0.03	2.8
Forestry	2012	27.5	00.00	20.5	0.02	1.2
	2013	-27.5	-99.00	30.5	0.02	4.2
	2012	25.1	-0.9	1.8	0.905	1.5
Mining						
	2013	0.6	108.8	2.0	0.754	0.7
	2012	- 6.8	3.53	4.5	0.35	3.53
Manufacturing						
	2013	1.9	3.64	4.5	0.31	3.64
	2012	8.0	31.8	3.6	0.16	1.28
Logistics						
	2013	9.8	13.5	3.7	0.16	1.65
	2012	8.1	-3.54	6.6	0.04	2.1
Tourism						
	2013	4.7	-25.19	5.4	0.05	2.98
Fishing 9	2012	-7.6	4164	1.1	0.4	1.3
Fishing &						
Fisheries	2013	2.5	-94.5	0.59	0.5	24.65

Table 7: Labour & Capital Productivity Comparison of the Six Priority Economic Sectors

Data Analysis

Table 7 summarises Labour and Capital Productivity indicators of the six priority economic sectors during the 2012 and 2013 review period. The sectors Labour Productivity levels are; Agriculture & Forestry (0.03 -0.02 percent); Mining (0.905 - 0.754 percent); Manufacturing (0.35–0.31 percent); Logistics (0.16 - 0.16 percent); Tourism (0.04 - 0.05 percent); and Fishing & Fisheries (0.4 - 0.5 percent).

Whereas, the Capital Productivity levels of the sectors are: Agriculture & Forestry (2.8 - 4.2 percent); Mining (1.5 - 0.7 percent); Manufacturing (3.53 - 3.64 percent); Logistics (1.28- 1.65 percent); Tourism (2.1 - 2.98 percent); and Fishing & Fisheries (1.3 - 24.65 percent).

The lowest performers in Labour Productivity were Agriculture and Forestry, Mining, Manufacturing and Logistics sectors during 2012-2013. The decrease in the performance of Labour Productivity within the Agriculture and Forestry sector ties up with the stakeholders' perception in the Focus Groups on the least productive sector. The views expressed by the majority of the participants suggest that poor productivity could be due to the importing of raw material from overseas as well as broken machinery in the agricultural sector.

There was consensus amongst the stakeholders that productivity levels in Namibia are low. However, it is encouraging to note that most of the stakeholders in the Focus Groups have shown interest in supporting productivity campaigns, particularly in the sectors that performed low.

The sectors that registered slight increase in Labour Productivity were Tourism and Fishing and Fisheries. When asked about their perceptions regarding the productivity levels in the country, the Logistic Focus Group participants were optimistic and correctly pointed out that productivity is very low but improving. This is an indication that the sector could be focusing on factors that impact on improving productivity such as skilled staff and appropriate equipment and infrastructure.

The lowest performer in Capital Productivity for the period 2012 to 2013 is the Mining sector. The majority of the participants in the Mining sector's Focus Group identified the sector as the most productive; however, they noted that the sector's productivity is hampered by the lack of skills. This observation suggests the need to improve skills to strengthen the overall performance of productivity in the sector.

Overall, the sectors that recorded Capital Productivity increase were Agriculture and Forestry, Logistics, Tourism, Fishing and Fisheries and Manufacturing. Fishing and Fisheries showed the highest increase of all the sectors.

Conclusion

Capital Productivity was the strongest performer for the year 2013 as compared to the previous year 2012. Labour Productivity was the lowest performer. However, the outlook in Labour Productivity improvement remains positive as highlighted in the views expressed in the Focus Groups conducted.

It is recommended that the sectors that have dropped performance particularly Labour Productivity must focus on improving their performance and special attention must be given to the sectors that declined in 2013. Furthermore, inputs from the key stakeholders report (see Chapter 10) must be considered as a starting point in order to improve Labour and Capital Productivity.

Productivity and Competitiveness of Selected SADC Countries

This section compares the productivity and competitiveness indicators of selected SADC countries i.e. Namibia, Mauritius and South Africa for the year 2012 - 2013.

Namibia	Namibia Rank (out of 148) South Africa		Rank (out of 148)	Mauritius	Rank (out of 148)
Basic requirements 40%	requirements 85 Basic Requirements 40%		84	Basic Requirements 40%	42
Institutions	48	Institutions	43	Institutions	39
Health & Primary Education 125 Hea Edu		Health & Primary Education	132	Health & Primary Education	43
Infrastructure	60 Infrastructure		63	Infrastructure	50
Macroeconomic Environment	70	Macroeconomic Environment	69	Macroeconomic Environment	67
Efficiency Enhancers (50.0%)	99	Efficiency Enhancers (50.0%)	37	Efficiency Enhancers (50.0%)	61
Higher Education and Training	115	Higher Education and Training	84	Higher Education and Training	61
Labour Market Efficiency	59	Labour Market Efficiency	113	Labour Market Efficiency	55
Technological Readiness	chnological 90 Technological Readiness		62	Technological Readiness	63
Financial Market Development	inancial Market 39 Financial Market Development		3	Financial Market Development	26
Innovation & Sophistication Factors (10.0%)	Invation &Innovation &phistication102Sophisticationctors (10.0%)Factors (10.0%)		42	Innovation & Sophistication Factors (10.0%)	57
Business Sophistication	Business 99 Business Sophistication		38	Business Sophistication	41
Innovation	94	Innovation	42	Innovation	81

Table 8: Comparison of Productivity and Competitiveness of Select SADC Countries

Sources: World Economic Forum 2012-13

Table 8 shows the WEF rankings on productivity and competitiveness for the three selected SADC countries based on productivity and competitiveness indicators as outlined in Table 8. The WEF rankings are conducted out of 148 countries productivity and competitiveness levels.

South Africa is ranked higher on efficiency enhancers than Mauritius and Namibia. Out of 148 countries, South Africa is number 37, followed by Mauritius at 61 and then Namibia at 99.

As indicated in Table 8, in terms of basic requirements, Mauritius tops the rankings (42) and Namibia is trailing closely (85) behind South Africa (84). It seems the higher ranking of Mauritius on basic requirement is attributable to a good health and education system. South Africa is also ranked higher on all the dimensions of innovation and sophistication factors compared to Mauritius and Namibia.

The results of the competitiveness and productivity rankings underscore the important role of productivity in the economy. In South Africa productivity drivers such as excellent infrastructure (water and electricity), beneficiation and value adding process have been shown to contribute significantly to productivity improvement.

CHAPTER 10

KEY STAKEHOLDERS PERSPECTIVES

INTRODUCTION

This chapter focuses on the qualitative aspects of the baseline report. Focus Groups were conducted with eight (8) of the key stakeholder groups consisting of a cross-section of stakeholders representing the following interested parties:

- 1. National Youth Council and National Youth Service
- 2. Trade Unions Organisations
- 3. Tertiary Institutions
- 4. Manufacturing Companies & Association
- 5. Mining Companies and Women's Action for Development
- 6. Government Ministries
- 7. Logistics Institutions & Enterprises
- 8. Agriculture & Tourism Institutions and Enterprises

The primary objectives was to assess the productivity awareness and receptiveness to support a national productivity campaign in Namibia; to determine their perceptions of the current productivity levels in the country, focusing on the prioritised National Development Plan 4 (NDP4) economic sector; i.e. Agriculture, Manufacturing, Logistics, Tourism and Fishing and Fisheries; and to explore with them what role they would like to play in promoting and enhancing the productivity campaign in Namibia.

Each Focus Group session was on average two hours. The attendance of meetings ranged from 4 to 10 participants and the sessions took place from 29 October to November 11, 2014.

The anticipated outcome is to establish a qualitative benchmark on key stakeholders awareness and perceptions about the importance of boosting productivity in Namibia. The results will also be used to set strategic goals and targets to increase the productivity awareness levels, and to assist in future assessments of the impact of the programmes of the Productivity Promotion Unit.

Key Focal Questions

The key questions that the Focus Groups participants were asked focussed on:

- 1. Their understanding and definitions of productivity
- 2. Their perceptions of productivity levels in their workplace, their sector and national economy
- 3. What they considered drivers of productivity in their workplace, sector and the nation
- 4. What in their views are barriers to productivity in their workplace, sector and nation
- 5. Their receptiveness to supporting a national productivity promotion programme in Namibia
- 6. Their undertaking on what role they would like to play in promoting and enhancing productivity in Namibia.

Compilation and Analysis of the Data

Each Focus Group was recorded and the inputs from all the Focus Groups were analysed. This report reflects the views, opinions and perceptions of the participants on the state of productivity in Namibia.

1. Understanding and Definition of Productivity

1.1. Youth Group:

- The majority of participants defined productivity as action taken, production process and output in terms of employment.
- The majority of participants in this group's definition of productivity was limited, except for one participant who defined productivity as follows:

"Basically using the resources in an organization to meet a specific objective, using the means that you have, using less but achieving more, utilization plays a part"

1.2. Union Group:

- The participants were sceptical of the focus group process at the beginning, their discussions concentrated on the negative impact foreign companies and professionals have on the productivity in Namibia.
- The key points raised were that most manufactured goods are imported from SA and the Namibian economy's linkage to SA is problematic for them. They viewed reliance on importation of skills, goods and services from other countries as a hindrance to increasing the productivity levels of the country and of skilling the workers.
- The sentiment expressed by the majority of the participants is captured in this quote:

"Productivty, we need to consider lots of things, education and training, capacity building in order to improve on what they are doing, whether it is production and nature/environment. our economy is linked to South African economy, e.g. price of fuel increase in SA decrease our productivity. There is no value-addition on Namibian products, cannot understand our productivity as we do not deal with finished products. We only start from a certain point and end at a certain point"

1.3. Academic Group:

• The majority in this group had a clear understanding of the concept of productivity.

" Productivity refers to quantity and quality of different types of products. It can be goods or services in relation to inputs, in terms of resources (material, human resources and capital) that interact with labour in order to produce goods and services in a cost effective manner (producing more with less)"

" Productivity involve a lot of elements, if you look at what is your outputs, and from there again you measure what you have invested, ... it is about processes you put in"

1.4. Manufacturing Group:

- The majority defined productivity within the context of the manufacturing environment and had a fairly good understanding of the concept of productivity.
- The group focused their discussion mainly on factors that facilitate or hindered productivity in this sector.
- Lack of appropriate technology and equipment malfunctioning is viewed as impacting negatively on the productivity levels of the manufacturing industry.

" If you are in manufacturing process, it is easy to measure specific outputs or outcomes. But the work environment we are in exposes us to specific challenges, such as data and telephone lines that do not work, you can get breakdowns then you cannot actually produce"

"Productivity is displaying good attitude towards your employer, do the best you can, with high speed you can and you will be in the right track"

"I believe the Namibians are laid back persons, very relaxed and sometimes we do not understand or realise the urgency of the matter, so today is another day and tomorrow is another that we can do something so it doesn't have to be done today, it can wait until tomorrow or the day after"

1.5. Agriculture and Tourism Group:

• This group's understanding of productivity concepts was comparatively good. They even contextualised it to their sector, i.e. tourism and agriculture.

"Productivity is improving output, without increasing input"

"Productivity is more about utilization of the resources, in order to produce or deliver the objectives that have been set. It touches on the isue of effectiveness and efficiency"

"Productivity is maximising of time and resources."

1.6. Mining and Women's Action for Development (WAD)Group:

- This group's knowledge and understanding of productivity was fairly advanced, especially participants from the mining sector.
- The mining sector participants indicated that they measure and benchmark their productivity levels frequently to ensure competitiveness in this sector.

"With productivity, I think we can really achieve the desired output if we can work as a team"

"What is key to productivity is the leadership within that business to drive the right behaviour, to set up the right goals, objectives and strategies as well as aligning your team to do their tasks. The element of productivity culture in your workplace ensures that you achieve the productivity levels that you are looking for"

1.7. Logistics Group:

• The group's understanding and definition of productivity was satisfactory and they linked it to how their sector defines it:

"In this industry, the number of man hours that you put into your job to get to a specific point. It is imperative to count everything you do from the beginning to an end."

"When we talk about productivity, what innovations are you venturing in and how do you measure this. What are the outputs?"

1.8. Government Ministries Group:

- The majority of the participants in this group had a limited understanding of productivity; their definition of productivity was very general.
- Only one participant shared a concise definition of productivity from an agricultural perspective:
- •

"maximising inputs such as fertilizers, seeds and water to get more yield per area and get higher tonnage."

2. PERCEPTIONS REGARDING PRODUCTIVITY LEVELS

2.1. Youth Group:

• The overall consensus of the majority of the participants in this Group is that the productivity levels are low in Namibia.

2.2. Unions Group:

• The majority indicated that productivity levels are very low.

2.3. Academics Group:

- The participants indicated that they do not have empirical evidence but perceive productivity as very low.
- They stated that the attitude towards work, compare with other countries, is relatively poor.
- The participants guessed that the average productivity levels should be between 30- 40 percent.

2.4. Manufacturing Group:

• The participants considered the productivity levels to be low.

2.5. Agriculture and Tourism Group:

- The participants observed there is no data on productivity levels of the public and private sectors in Namibia
- The participants perceived the productivity levels to be average:

"Productivity in Namibia is not low, but average. We have lots of resources that we are not fully utilizing them, such as size of land and it is not utilize to its full capacity."

"Productivity is more of the mindset and organizational culture issue."

2.6. Mining and WAD Group:

- The consensus in this Group was that productivity levels are low in Namibia, especially in the public sector
- The assumption is that corruption, red tapes and bureaucratic processes hamper productivity in the public sector
- The Group cited delays in government officials responding to private sectors queries, as government officials are usually out of office or out of country
- The Group cited anecdotal evidence of business being affected negatively due to bureaucratic processes:

"We had an investor that pulled out because the process was delayed" "Private sector is services and profit driven, if you do not produce there is no money. Therefore, I think productivity is better in the private sector than in the public sector."

2.7. Logistics Group:

- This Group was slightly optimistic about the productivity levels in the country.
- The participants rated the productivity levels as 50 percent:

"It is very low but improving, there is no standard yardstick amongst which we can use to compare the actual performance towards each other."

"The best one can do right now is to take the bottom line, the profit margins, the dividends that we declare because that is the result of the actual productivity of that specific SOE and based on that already some are highly productive others still have a long way to go."

2.8. Government Group:

• Perception of the majority of the participants is that productivity is poor in the public sector:

"We need to be really working hard with our minimum resources, then we will have total change in government"

"Every time we are restructuring the numbers are just increasing and it is quite a huge number. Currently, we are on 40% of our salary bill closing to 40% revenue. It is terrible, we need to do something about productivity."

"For me productivity goes with the attitude. I think the public services worker' attitude towards work, we do not have pride to give the best to the people out there" "Productivity also goes with capacity, you find people in positions but they do not have capacity to deliver in that position and in the end there is really nothing much happening."

" In public services if you are not doing your job it takes ages before something can be done. You can sleep the whole year, nothing will happen to you, warnings will come and go and then the misconduct will take place maybe in 5 years."

3. PERCEPTIONS OF PRODUCTIVITY LEVELS IN SPECIFIC SECTORS

3.1. Youth Group:

• The participants indicated that they do not measure productivity in their youth organisations

3.2. Union Group:

• The majority of participants indicated that they do not measure productivity in their organisations or sector

3.3. Academics Group:

• The majority of the participants indicated that the levels of productivity in education are poor but the sector currently is not measuring productivity levels

3.4. Manufacturing Group:

• The participants stated that each enterprise measures its own productivity levels but the data on sector productivity levels as a whole is not available

3.5. Agriculture and Tourism Group:

- The majority of the participants were positive about the productivity levels in their sectors
- One participant guessed that the productivity is might be 60 percent

3.6. Mining & WAD Group:

- The majority of the participants identified mining as the most productive sector
- The participants rated productivity levels in this sector as between 30- 60 percent

"In our industry shareholders say this is the tonnage that we expect from you by the end of the year, so there is a target that needs to be achieved."

"The mining industry productivity gets hampered by the skill levels."

"Absenteeism plays a major role in our industry, the skills levels is not there. Unions are militant, very rarely is there a link with improved conditions of employment and improved productivity."

3.7. Logistics Group:

• The majority of the participants in this group indicated that productivity is measured in their sector:

"We measure performance of the company, the volumes against all other aspects."

"We measure performance in terms of waiting time; waiting time for a vessel to come in. How long the vessel has been at quay, how many hours it takes just to off-load one container. The time for a vessel entry to exit the port."

"We have operational and financial measure of productivity, finance in terms of returns both on income versus expenses also against assets."

"Productivity is a broad concept, in logistics of transport industry you might have impressive figures whereas customers are not satisfied with the service provided, you have to look at service delivery. How is your workforce? Do they know what exactly they do?; and the impact in terms of the whole cycle."

3.8. Government Group:

• The majority perceived the productivity in the public sector as low

4. PRODUCTIVITY MEASUREMENTS IN ORGANISATIONS

The following group participants indicated that they measure productivity levels in their companies: mining, manufacturing, agriculture, tourism and logistics. As compared to the youth, unions, academics and government group, who stated that they do not measure productivity in their workplace.

However, the government group and the WAD participants indicated that they use a performance management system to measure their performance against agreed upon strategic plans.

"The introduction of the Performance Management System is one element in setting performance indicators and yes, we use that target as a measure of productivity, but people see it as a punitive measure, it is just there to help us increase productivity also to identify whenever there are skills gap."

5. PERCEPTIONS ON THE MOST PRODUCTIVE SECTOR

The majority of participants in all the groups identified the following sectors as having high productivity levels:



6. PERCEPTIONS OF THE LEAST PRODUCTIVE SECTOR

1. Public Sector - Health - Education - Infrastructure 2. Agriculture

The majority of participants indicated that the least productive sectors are the following:

6.1. Public Sector

- The view expressed by the majority of the participants regarding poor productivity in the public sector relates to the employment of inappropriately skilled workers in the public sector
- The perception is that in the public sector the norm is that workers are appointed without relevant qualifications, skills and experience. Whereas, the right people for the right position are appointed in the private sector.

"Currently, all our raw materials are being imported from overseas. That container is standing in a harbour now, it cannot be cleared because... they are on a new system, they are still learning it. We have to pay everyday for that container standing there... because they do not want to release the container they are busy with training for several days. If you ask them we need it in the hurry they say do not call us again wait until its released. They do not know how much money you lose everyday."

"Work permit is another issue, people have to sit for three months waiting for work permits, we sit with machines that are broken down. What do you do?"

-Public services with the exception of Ministry of Mines and Fisheries is not productive, but you cannot generalise that the whole of public sector is doing bad, some are okay"

"It is hell of a process to discipline somebody in the public sector. The rule says you must stay away for 30 days to be regarded as having dismissed yourself. In the private sector the standard is 5 days, if you stay away for 5 days without notifying your supervisor you are gone."

7. FACTORS IMPACTING ON PRODUCTIVITY LEVELS

7.1. Perceptions on Productivity Drivers



7.2. Perceptions on Productivity Barriers

Bureaucracy No incentives, leading to den Lack of Communication Lack of Capacity Building of S	noralization taff	Poor attitude and work ethics of public servants and workers No value-addition Poor Infrastructure Poor allocation of Land		
	Produ Barı	ictvity riers		
Lack of local expertise and skilled workers Wrong people wrong position Poor customer services Abuse of sick leave and absenteeism Skills mismatching in the workplace		Corruption Out-dated F Political infl Slow proces and Import Poor allocat	Policies and Legislation uences in the workplace ssing of Work permits, Export Permits tion of Funds	

8. MANAGEMENT-WORKER RELATIONSHIP

8.1. Youth Group: The Group agreed with the statement that the relationship between unions/workers and management is crucial in increasing the productivity levels. They also made the following observations:

"There is a missing-link from unions, they tend to focus on the benefits, but fail to educate their members, so as much as we want more benefits we should also be recognized for our work"

"Unions are still living in the past, they only want to bargain for money but do not think of the company or business sustainability"

"The unions and management relationship is not good, since they view each other as enemies and not partners."

8.2. Unions Group: The majority of the participants agreed with the statement that the relationship between unions/workers and management is crucial in increasing the productivity levels and pointed out that:

"The union should be seen as a partner by management and not as an enemy."

8.3. Academics Group:

- The majority of the participants agreed with the statement that if the union and management are not working together productivity cannot improve
- They indicated that this relationship is very complex, as it involves historical past of discrimination and exploitation of workers by farmers
- The participants stated that the relationship is influenced by politics as some unions are affiliated to political parties and cannot represent everyone else. Thus, it is difficult to manage these relationships

8.4. Manufacturing Group:

• The Group agreed with the statement that a good working relationship between unions and management is critical to enhance productivity. They observed that unfortunately the relationship is tenuous:

"Between the union and the company, the company is always wrong"

8.5. Agriculture and Tourism Group:

• The majority of participants agreed with the statement concerning the importance of good relationships between unions and management and indicated that:

"Management of most private companies see unions as their enemies, this is something totally unacceptable."

"The relationship between management and unions is key to productivity, but there is a big responsibility for both sides to be realistic and also to understand their roles as stakeholders"

"I think the perceived animosity between union and management stems from the way the current labour legislation is crafted, The legislation is not balanced, it is very pro-employees, which creates unwillingness and reluctance for investors to invest in Namibia"

8.6. Mining and WAD Group:

• The majority of the participants agreed with the statement and observed that:

"There is a dis-link; union wants more money, wants to be paid more, management wants more productivity out of what I pay workers, so there is lots of friction. If union approach management and say give us the increase based on the following output."

"The relationship between management and unions is rocky, it's not smooth."

"The approach is we need more money to sustain ourselves. Whether that need for more money will result in an increase in our outputs and our production at the end is barely brought to the table when we sit around the table and negotiate with unions."

8.7. Logistics Group:

• The majority of the participants agreed with the statement about the importance of unions and management working together to increase productivity and pointed out that:



8.8. Government Group:

• The majority of the participants agreed with the statement regarding the importance of unions and management's relationship in enhancing productivity and observed:

" It is not bad, what makes it difficult is again our attitudes especially on both sides."

" From the unions there are those who still living in the 1980s. They still see employer as the enemy and they come with that militaristic approach."

" The employers, there are very good ones and there are those who still regarding the trade union as an enemy."

9. MANAGEMENT AND UNION PRODUCTIVITY ROLE

9.1. Youth Group: views expressed by the majority of participants in this group are aptly captured in the following three statements:

"It is a relationship that requires a paradigm shift between the union and management, it is a relationship that requires respect for the Labour Act, it is a relationship that requires a win-win approach and also to be realistic as far as the demands are concerned."

"The role of the union is to educate their members to be productive before expecting a salary rise, they should know the company regulations, and also motivation to the members will help to take ownership"

"Unions should learn to bargain in the interests of both parties, which will at the end of the day contribute to good productivity, because the relationship should be based on partnership."

- **9.2. Unions Group:** the majority of participants indicated that the union needs to partner with management; the union needs to be recognised and treated fairly; management should bargain in good faith; and that social dialogue is important.
- **9.3. Academics Group:** the views expressed by majority of the participants can be summarised by the following statement:

" There should be change of attitude from both sides, workers need to be educated about their rights, on the other hand, the employers and managers should not ignore the provisions of the Labour Act"

9.4. Manufacturing Group: the majority of the participants encouraged the following approach:

"Unions must address their members (on the relationship) this will encourage better attitude between the company, the union and the workers but we cannot address something only one-sided."

9.5. Agriculture & Tourism Group: the majority of participants expressed the following sentiment:

"The union should change their focus, think of sustainability, they should think of long lasting employment for their members" "Educate and inform both unions and employees of the company's policies and

financial standing way in advance before you start bargaining"

9.6. Government Group: the majority of the participants emphasised the importance of capacity building of union members to enable fair negotiation platform:

"You need to educate them; you have to train all these unions to bring them at the right level."

10. THE ROLE OF THE PRODUCTIVITY PROMOTION UNIT IN ENHANCING PRODUCTIVITY LEVELS:

10.1. Youth Group: the majority of the participants identified the following functions for the Unit:

- Advocacy role, engaging critical stakeholders on issues of productivity
- Advisory role to various sectors
- Conduct research in all sectors
- Facilitating role; assessing productivity of government institutions and state-owned enterprises in particular
- Monitoring and evaluating different sectors productivity performance
- Facilitating the reduction of bureaucracy which is negatively impacting on productivity, e.g. red tape

The participants in the Youth Group challenged the Unit to lead by example by being productive:

"The Unit should champion how fast and effective it can take to get a document to be signed out in your division, start with this exercise in your own Ministry to see the impact before going outside to the public."

"Productivity is not about infrastructure, air conditioning or nice offices....it is about how we deliver services."

10.2 Unions Group: the participants suggested the following activities that the Unit can undertake:

- Train people on productivity concepts
- Conduct productivity awareness campaigns
- Monitoring and evaluation of the Unit's role
- Conduct research to strengthen productivity knowledge

10.3 Academics Group: the majority of participants indicated the following:

- They will support the productivity campaign
- There is need to unpack productivity campaign activities and to engage stakeholders

" The mentality so far is to target workers, workers are seen as problem to increase productivity. Workers will always be skeptical, productivity for what ? and for whose benefit?... so campaign should target the employers, productivity of workers is in the best interest of their industries, high compensation and incentive will encourage workers to be more productive." 10.4 Manufacturing Group: the participants emphasised communication and empowerment:

- The Unit must be empowered to assist companies and unions with productivity measurements
- We expect advice and support from the Unit
- The Unit must provide regular communication and feedback

"If you get this one right it will have a huge impact on the whole economy of Namibia."

10.5 Agriculture and Tourism Group:

- The participants raised concern about the Productivity Unit being in the Ministry of Labour. According to some participants the assumption is that the Unit focus will be on labour productivity and will exclude capital and multi-factor productivity
- The participants highlighted funding of the Unit as an issue of concern to them. The apprehension expressed is that government will introduce an additional levy to fund the Unit
- A participant suggested that this Unit must operate separately from the Labour Markets Information Services and that it has to have its own Deputy Director.

10.6 Mining and WAD Group: the participants viewed the Unit's role as that of a middle person:

"Who says this is where the problem is, and this is what we recommend, for you to reach your productivity level and at same time not at the expense of employees"

Overall participants' suggestions to the Unit included the following:

- Assess different sectors' productivity levels within Namibia and compare them to similar sectors in South Africa or Southern Africa
- Benchmark Namibia with Southern African countries which have similar environments
- Skills shortage needs to be addressed
- Issue of absenteeism needs to be looked at

- Promote Ethics in the workplace
- Study countries such as South Korea, Finland and Norway to determine the contributing factors to the high levels of productivity in those countries
- Communicate and provide feedback regularly
- The report emerging from this project should not be shelved away ("in File 13")
- Issues of capacity within the Unit and leadership to drive and execute programme of this Unit should be addressed.

10.7. Logistics Group: The participants' recommendations included the following:



10.8. Government Group: the majority of the participants recognised the synergy between the Productivity Promotion Unit and the Directorate of Performance Improvement:

"We have now created a Directorate of Performance Improvement. You would ask the question what it has to do with productivity? It has got everything to do with productivity; it is about all these reform initiatives to increase performance in the public sector. What we will do is to link it up in each office, Ministry and Agency and also Regional Council. The incumbents will coordinate all these institutions to increase performance which will then link up eventually with productivity."

11. PERCEPTIONS ON PRODUCTIVITY MOVEMENT/CAMPAIGN FOR NAMIBIA

11.1. Youth Group:

- The majority of the participants stated that they would support the Productivity Unit programmes.
- **11.2.** Manufacturing Group: the participants' views can be summarised through the following quote:

"One needs to understand what outcome you want achieve with the campaign. Conduct the awareness campaign through the companies internally and get that right... if you can measure and say at the end of the day we were successful or not"

11.3. Agriculture & Tourism Group: the participants were enthusiastic to participate in the productivity campaign:

"Give us the T-shirts to run around and advocate for you" "Always involve the human resources office, if you want this process to be streamlined for you"

"Performance management system in public services influences the overall productivity process; this Unit should provide support to implement this system" "Hope it will not be another white elephant"

11.4. Logistics Group:

• The participants indicated that they would support the Unit to carry out the campaign but advise that the Unit had to ensure that it has capacity to do so:

"It is always brave to be able to start with a campaign, but are you ready?" "If you cannot even manage your own productivity, who are you to come and tell me about customer service delivery?"

12. SUPPORT FOR THE PRODUCTIVITY CAMPAIGN:

12.1. Youth Group:

- The majority of the participants supported the idea of taking part in the campaign and volunteered to use their internal structure to spread the productivity message
- They indicated that it would be good to engage youth at all levels of the campaign.

12.2. Manufacturing Group:

• The majority indicated that they will support the campaign:

" I am very excited about the campaign. Imagine turning around the public sector, it will have an impact not only to the manufacturer but to the normal citizen of Namibia; all of sudden the attitude changes."

12.3. Mining and WAD Group: the participants expressed interest in participating in the campaign:

" I want to join them; driving employment creation that is one thing that will sustain economic growth in the long run. You need to bring the essence of productivity into labour."

"Our model as an NGO is to compliment government in it's work. We have structures in the regions, we can mobilise community voices structure, there is a need for us to be on a campaign and help the Ministry in giving out information."

12.4. Government Group:

• All participants express interest in participating in the campaign:

"Ministry of Trade & Industry will be interested in participating in the productivity campaign."

" From our side directorate of OPM, we can play a huge role in this. We would like to participate."

"Agriculture is also willing."

13. PRODUCTIVITY PROMOTION UNIT STAKEHOLDER ENGAGEMENT

13.1 Youth Group: The participants advised the Unit to:

- Engage at all levels, avoid duplication of efforts and coordinate activities under one roof
- Develop good database and plan programmes specifically for the youth, as they are the majority in Namibia
- This group was passionate about involvement of youth in the productivity movement.

13.2 Unions Group: The participants' suggestions were as follows:

"Please be inclusive, unions are always left behind and only consulted or engaged when you need them" "We avail ourselves to help with advocacy and awareness rising"

13.3 Academics Group: The participants indicated the following:

"Stakeholder engagement is critical, you need to maintain those relationships, you need continuous engagement with stakeholders."

13.4 Manufacturing Group:

• The participants expressed a need for the Unit to coordinate these types of group sessions.

13.5 Mining and WAD Group:

• The participants suggested that the Unit should start a Stakeholder Forum

14. KEY ISSUES FOR CONSIDERATION BY THE UNIT

The participants suggested the following:

- The Unit needs to develop a website and establish a Facebook presence where people can interact and provide feedback
- The Unit should drive initiative that will assist the tertiary institutions to produce graduates who have skills that are needed by the industry
- The Unit should find solutions to the challenge of social service delivery implementation, as it is a problem in the country and SADC.

15 CONCLUSION AND RECOMMENDATIONS

In conclusion, the outcome of the Focus Groups indicated that there is a general awareness and consensus amongst the key stakeholders that productivity is a critical factor that will propel the Namibian society towards economic growth, improvement in creating sustainable jobs and an increase in the standard of living.

The Focus Group findings suggest the following:

- I. The majority of the key stakeholders, who participated in the Focus Groups, have a broad understanding of the concept of productivity. Concerted efforts in broadening their understanding and benefits of productivity will assist in driving the productivity movement in Namibia.
- II. There is need to reduce identified productivity barriers and to increase identified productivity drivers.
- III. Education, training and upgrading of skills is crucial in increasing productivity levels in Namibia.
- IV. Appropriately trained students will enhance the absorption of new graduates, as well as reducing the skill mismatch in the current labour market, resulting in a productive workforce.
- V. Extensive capacity building efforts will narrow the gap of dependency on imported skills, this view was expressed strongly by the labour organisations.

- VI. Pursuit of social dialogue, amongst government, labour organisations and private sector organisations, to generate consensus on mechanisms of boosting productivity growth that will benefit all, is imperative.
- VII. Improvement of legislative and administrative processes, such as approving work permits for highly needed skilled labour, is crucial.
- VIII. The overall efficient and effective improvement of public services is vital.
- IX. The Productivity Promotion Unit has to be inclusive and collaborative in approach, ensuring that all key stakeholders embrace and fully participate in creating awareness and enhancing productivity in the country.

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