

NAMIBIA'S UNTAPPED RESOURCE: ANALYSING YOUTH UNEMPLOYMENT

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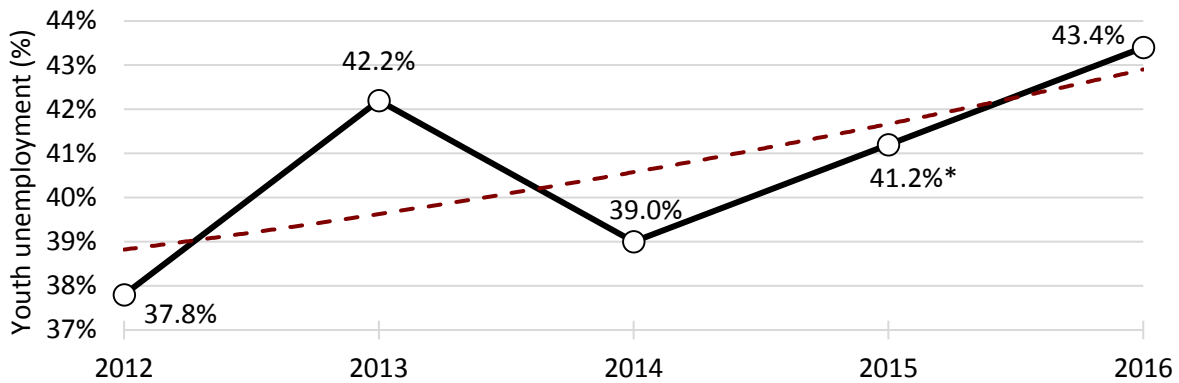
Namibia has one of the youngest and fastest-growing populations in southern Africa. 62% of the working-age adults in the country are between the ages of 15 and 34 (the age group broadly defined as “youth”) and projections indicate that the number of 15 – 24 year-olds will have doubled by 2045 (Ighobor, 2013). This youthful population constitutes a crucial resource. But, without sufficient job prospects, it is a resource that will remain untapped.

Forty three comma four percent (43.4%) of Namibia’s youth are unemployed - nearly 3 times as many as the global average¹. Of even greater concern is that youth unemployment in the country appears to be on the rise. High rates of youth unemployment represent both widespread personal misfortune for individuals and a lost opportunity for critical national and global economic development. High numbers of economically frustrated youth may also contribute to social instability.

Given this, unemployment among the youth is an urgent policy issue. Addressing this issue requires an understanding of the nature of youth unemployment in the country. The objective of this policy brief is to highlight and analyze the magnitude of youth unemployment in Namibia then draw some suggestion on how policy makers can minimize the risk of youth unemployment. The brief used Namibian Labour Force Surveys data from 2012 to 2016.

¹ International Labour Organization (2016).

Figure 1 - Namibia's broad youth unemployment rate (2012 – 2016)



Source: Author's own estimates using the 2012 – 2016 Namibian Labour Force Surveys. The dashed line represents the smoothed trend in the broad youth unemployment rate over time. *Value imputed using the 2014 and 2016 youth unemployment rate estimates.

The observed youth unemployment in 2013 can be attributed to an increase in labour force participation rate from 66% in 2012 to a 70.9% in 2013. In 2014, the participation rate declined to 69.2%.

The same reason cannot be said for the increase in 2016 since the participation rate stayed at almost the same level as that of 2014, currently at 69.4% in 2016. Hence the increase in youth unemployment for 2016 can be attributed to a huge decline in the number of people that are employed in the agriculture sector, which is the biggest employer in the country registered a decline in employment of 9.4% due to prolonged drought that affected the sector since 2015. The construction sector which for years contributed largely to economic growth and employer of semi-skilled and unskilled youth slowed down in 2016 due to reduced public investment in the sector. Another significant decline in employment is observed in the Wholesale & retail trade as well as Public administration, defense, compulsory social Security with -3.9% and -1.4% respectively in 2016.

Another reason for high youth unemployment is the prolonged effect of 2008 economic and financial crisis, this has led to high unemployment due to limited job opportunities (NSA, 2015).

KEY FINDINGS

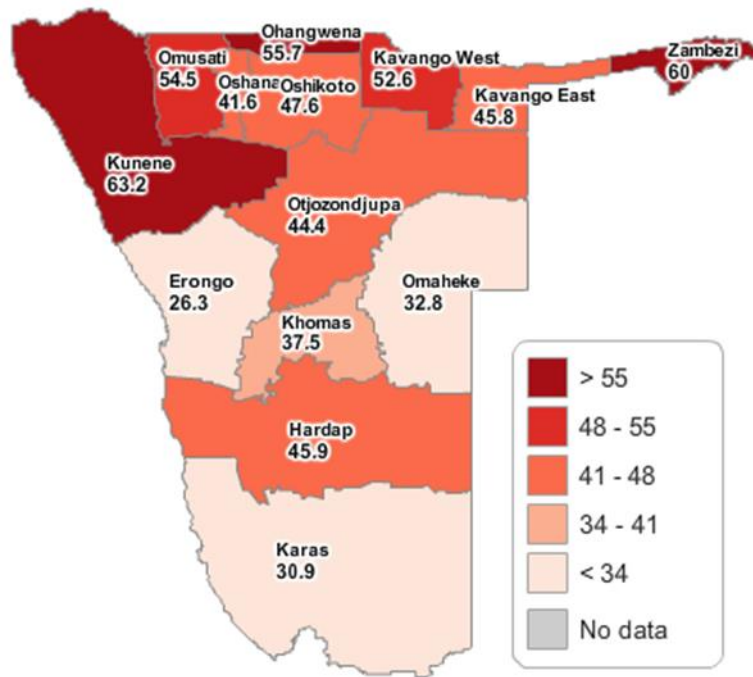
Youth unemployment in Namibia is high and rising: Youth unemployment in Namibia has been on an upward trend since 2012, rising from 37.8% to 43.4% in just four years (Figure 1). While the country recorded the highest youth unemployment rate in 2016 compared to previous years, the current local and global economic climate means that it is likely that youth unemployment will continue to rise in coming years.

Youth unemployment rates differ substantially between regions: While youth unemployment in Namibia is high overall, there is considerable variation across regions, with the Northern regions of Kunene, Zambezi, Ohangwena, Omusati, and Kavango West having particularly high youth unemployment rates in excess of 50% (Figure 2). Urban-rural disparities in youth unemployment are also evident: while unemployment among the urban youth is 38%, this figure is much higher among the youth in rural areas, at 52%.

The highest youth unemployment recorded in Zambezi and Kunene regions is due to less economic activities taking place in two regions. Kunene and Zambezi are one of the regions that are still underdeveloped and their key development sector is tourism and agriculture. The agricultural sector was severely hit by drought in 2015, affecting employment figures for 2016.

Other regions such as Erongo and Karas recorded the lowest youth unemployment because of diverse job opportunities in sectors such as fishing, mining and quarrying, manufacturing, agriculture and tourism as the major employers in these regions.

Figure 2 – Regional broad youth unemployment rates in Namibia (2016)



Source: Author’s own estimates using the 2016 Namibian Labour Force Survey.

Women and the very young are particularly vulnerable to unemployment: Gender and age are two additional dimensions along which disparities in youth unemployment are evident. Specifically, youth unemployment is higher among females than males, and particularly severe among the youngest youth. Female youth unemployment stands at 49% compared to 37% for males.

Table 1 – Broad youth unemployment rates and shares in Namibia by age group (2016)

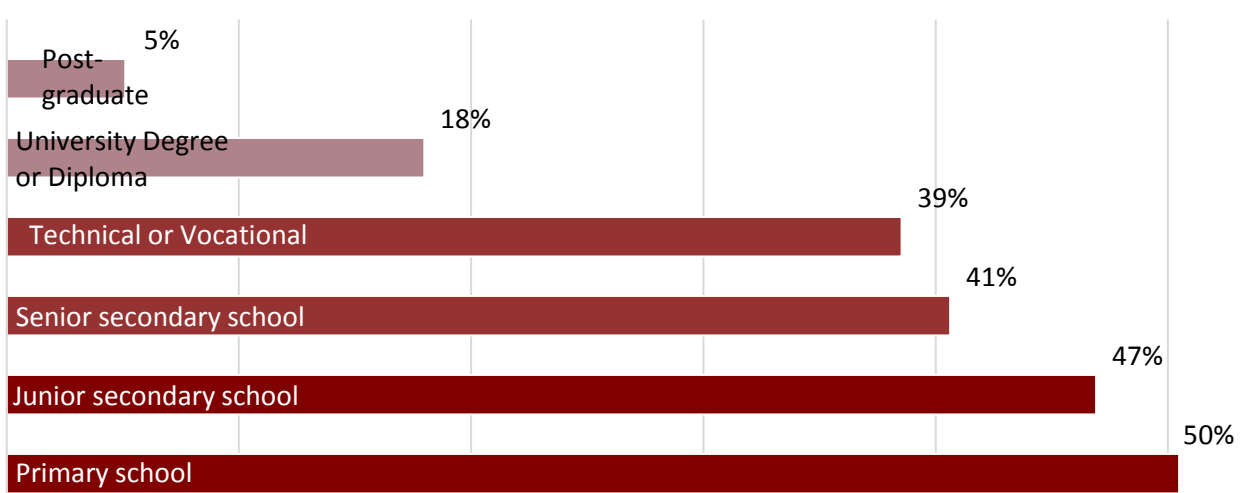
Age group	15 - 19	20 - 24	25 - 29	30 - 34	15 - 34
Unemployment rate (%)	70.4	54.9	38.0	28.6	43.4
Share of all unemployed (%)	10.5	26.9	20.7	12.8	70.9

Source: Authors’ own estimates using the 2016 Namibian Labour Force Survey

Table 1 shows that the chances of being unemployed decreases as the youth grow older with youth unemployment being highest (70%) among 15 - 19 year-olds and lowest among 30 – 34 year-olds. The table also reveals that nearly half (47.6%) of all unemployed individuals in Namibia are between the ages of 20 and 29.

Youth unemployment is much lower among the highly educated: The youth face many barriers when entering the labour market in Namibia. Lack of sufficient education, entrepreneurship culture and financial literacy appears to be one such a barrier to entry. Figure 3 shows that youth unemployment is significantly higher among those with low levels of education relative to their more educated counterparts. In fact, youth unemployment rates among individuals with only primary or junior secondary education are roughly ten times higher than youth unemployment rates for those with postgraduate qualifications, at 5.1%.

Figure 3 - Namibia's broad youth unemployment rate (2012 – 2016)



Source: Author’s own estimates using the 2016 Namibian Labour Force Survey.

POLICY CONCLUSIONS

The nature and extent of Namibia’s youth unemployment problem could have serious long-term consequences on the structure and performance of its labour market and the country's productivity could suffer if large numbers of young people were to remain unemployed. Without effective policies to address youth unemployment, much of the potential of Namibia’s young stock of human capital is therefore likely to remain untapped. The results presented here suggest two broad areas that warrant potential policy intervention:

Target job creation programmes at the most vulnerable groups: Though youth unemployment in Namibia is high overall, it is particularly high among younger individuals, women, and those residing in rural areas. Job creation programmes thus need to be targeted at these and other vulnerable groups. Programme such as women in business and entrepreneurship development

at early age, encourage foster hubs, incubators, accelerators and networks to bring the best talent together. Experienced entrepreneurs should provide mentorship to upcoming young entrepreneurs.

Promote policies that support educational attainment: It is clear that educated individuals are significantly more likely to find employment than their less educated counterparts. One way of combatting youth unemployment is to raise the educational attainment levels of young people. This would require the promotion of policies that not only support the provision of quality education and retention of learners of school-going age, but also the expansion of opportunities for adult education.

REFERENCES

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