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Namibia

Namibia Development Futures: Current Path

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Namibia Development Futures: Current Path

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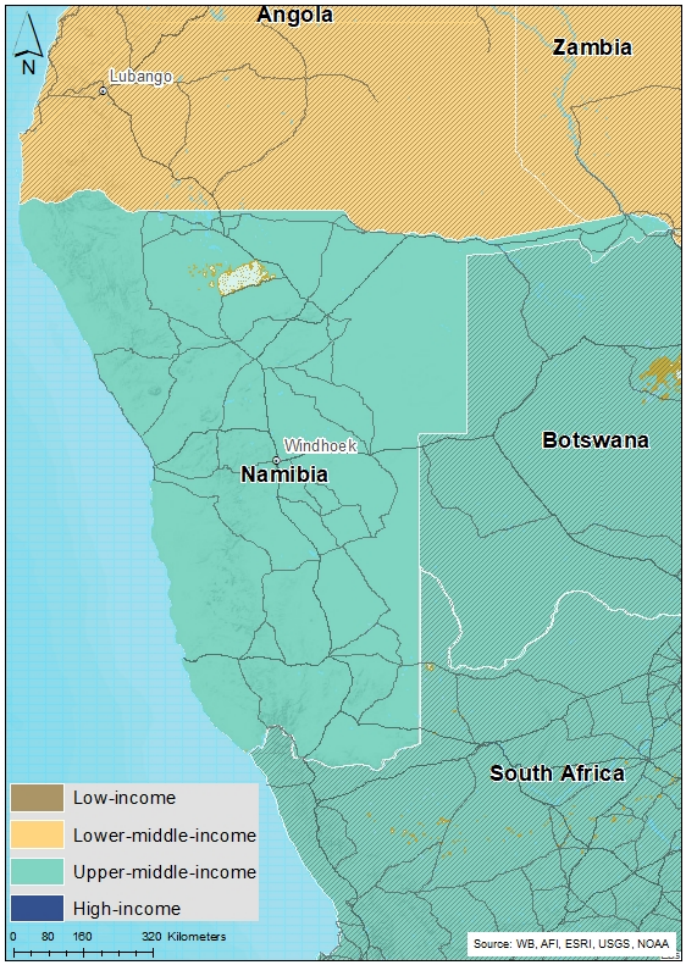
Namibia: Current Path forecast

Chart 1: Political map of Namibia



This page provides an overview of the key characteristics of Namibia along its likely (or Current Path) development trajectory. The Current Path forecast from the International Futures forecasting (IFs) platform is a dynamic scenario that imitates the continuation of current policies and environmental conditions. The Current Path is therefore in congruence with historical patterns and produces a series of dynamic forecasts endogenised in relationships across crucial global systems. We use 2019 as a standard reference year and the forecasts generally extend to 2043 to coincide with the end of the third ten-year implementation plan of the African Union's Agenda 2063 long-term development vision.

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Namibia is an upper middle-income country in Southern Africa that borders the cold South Atlantic Ocean to the west, South Africa to the south, Angola to the north and Botswana to the east. Namibia is a member of the Southern African Development Community (SADC) and South African Customs Union (SACU). From 1884, the country was under the rule of Germany and called German South West Africa.

During World War 1 South Africa intervened militarily and deposed the German colonial administration. The Treaty of Versailles and a League of Nations Class C mandate permitted South Africa to administer South West Africa until its territorial inhabitants were prepared for self-determination. South Africa interpreted the mandate as a veiled annexation and by 1920 had taken over administrative and legislative power. The subsequent decades saw an increase in tensions and hostilities, failed negotiations, regional and proxy battles and, eventually, a fight for independence. The eventual transition to independence included negotiations between South Africa, the South West Africa People's Organisation Party (SWAPO), neighbouring countries, UN officials and a special group of Western powers. The Tripartite Accord signed in 1988 to end the war meant that the country finally gained independence from South Africa in 1990 with SWAPO winning the parliamentary elections.

The capital city of Windhoek is the largest city in the country. The official language of the country is English but there are several indigenous and inherited languages such as Ovambo, Khoekhoe, Afrikaans, Kavango, Herero, Setswana, Naro and German. SWAPO has ruled the country since independence.

Namibia occupies a large geographic area of 824 292 km^2 with a population of about 2.5 million in 2019. Its geography consists of the Namib Desert along the coast and the Kalahari Desert in the east. The Caprivi Strip that was included into the country in 1890 gave Germany access to the Zambezi river.

The Namibian economy primarily depends on the country's large natural resources deposits. It has large deposits of diamonds, uranium, lead, tin, marble and granite, gold, copper, zinc and prolific fisheries, and natural gas, which is yet to be fully exploited. The mining industry accounts for half of the country's export revenue. Namibia is the fourth largest exporter of non-fuel minerals on the continent and fifth largest producer of uranium globally. Namibia also boasts a vibrant tourism sector that contributes just shy of 15% to the economy. However, the country has fallen into a classic middle-income trap given slow growth, high levels of poverty and inequality. Namibia is the second most unequal country in the world after South Africa with a Gini coefficient of 59.1 in 2015. The 2021 Multidimensional Poverty Index estimates that 43.3% of the Namibian population are multidimensionally poor.

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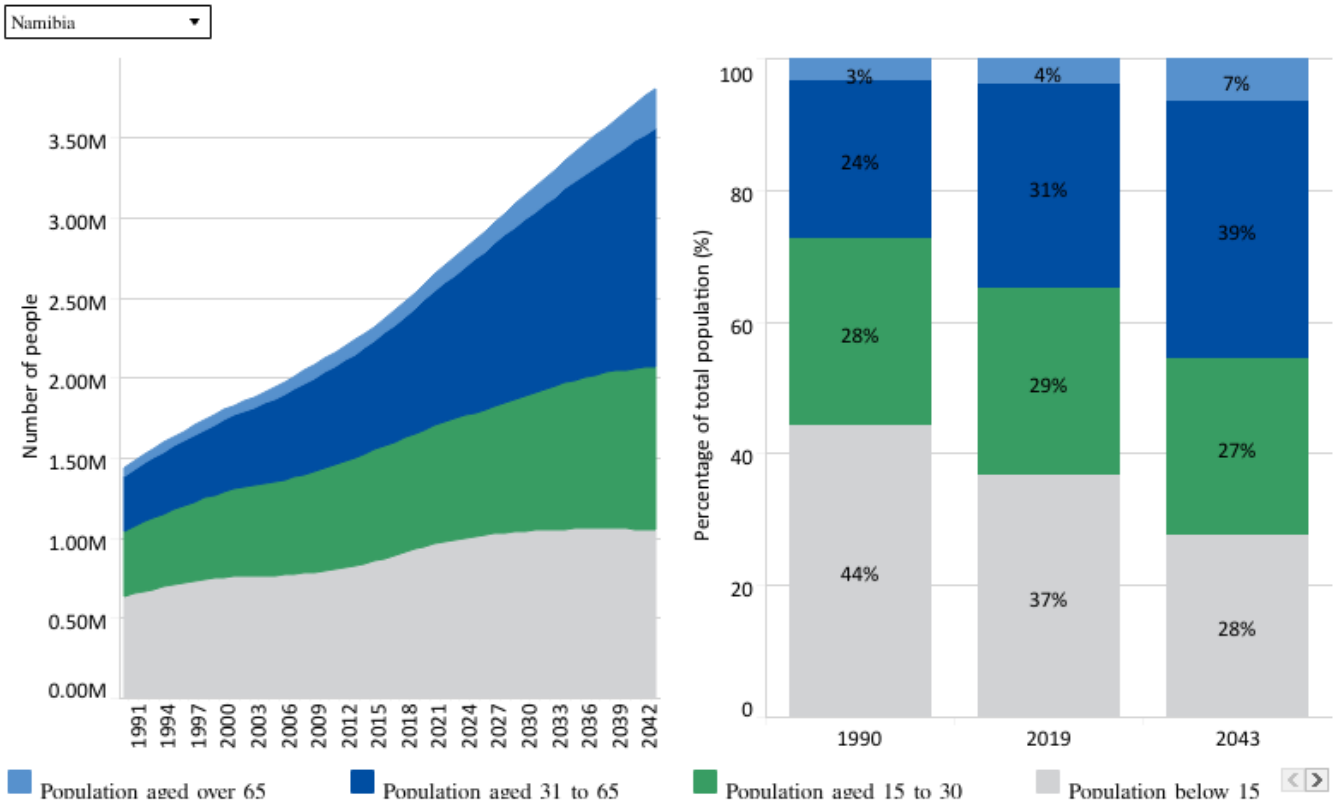
Demographics: Current Path

Chart 2: Population structure in CP, 1990–2043
By cohort and % of population



Source: IFs 7.63 initialising from UN Population Division Population Prospects estimate and World Development Indicators population data

View on Tableau Public Share

Namibia was ranked the seventh most populous country in Southern Africa out of the ten countries and the 41st most populous country in Africa for 2019. The population of Namibia increased from 1.4 million people in 1990 to 2.5 million in 2019, constituting growth of about 79% in the period. In the Current Path forecast, the population of the country is projected to rise to 3.8 million by 2043, equivalent to an increase of about 52%. At that point, Namibia will be the 42nd most populous country in Africa, having been overtaken in population size by The Gambia. Namibia's population growth rate declined from 4.3% per annum in 1990 to 2.2% in 2019 and is projected to decline further to 1.2% in 2043 reflecting the expected decline in fertility rates as a result of the decrease in fertility rates in the period.

Regardless, the growth in the population is still rapid due to its youthful population. The country had a median age of 21.8 years and a youth bulge of 45.1% in 2019. In 2019, 37% of Namibia's population was 15 years and younger, the aged population 65 years and older stood at 4%, and the working-age population (15–60 years) constituted 59% of the population.

The large youthful population poses a challenge for youth employment in Namibia. The 2018 Namibian National Labour Force Survey estimated youth unemployment to be around 46% — up from 43% in 2016. On average, Namibians are only able to become economically independent when they reach the age of 27 years. Some young people in their thirties are still dependent on their families for survival due to the lack of employment opportunities. Such a high unemployment rate can be a catalyst for potential instability in the country — a country not unfamiliar with a violent past.

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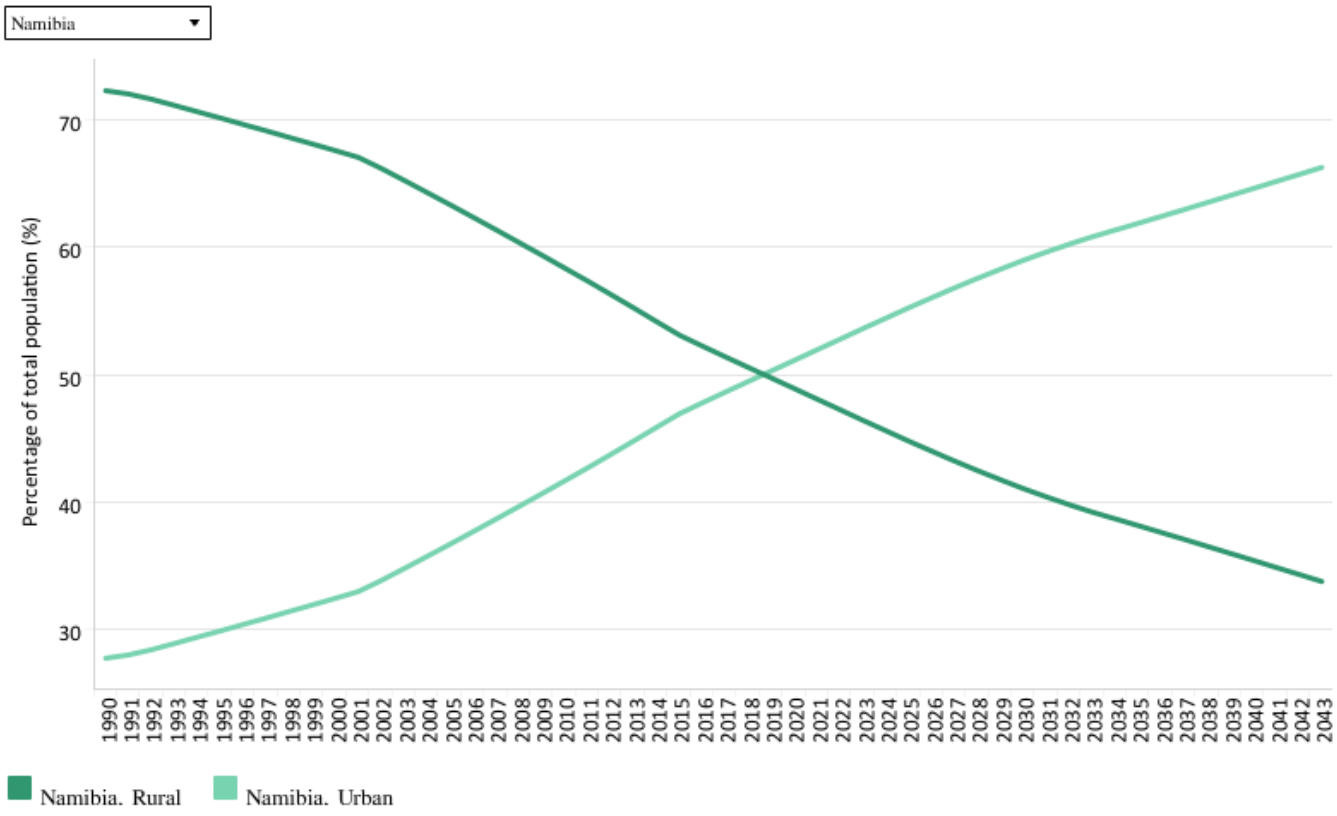
Chart 3: Urban and rural population in CP, 1990–2043
% of population



Source: IFs 7.63 initialising from UN World Urbanization Prospects estimate

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Namibia has made the urban transition much faster than the rest of Africa that is only expected to obtain similar levels by 2038. In 1990, of about 1 million Namibians, 72.3% of the total population resided in rural spaces. By 2019, the country had achieved parity in terms of rural–urban settlement with 50.3% of its population (equivalent to about 1.3 million Namibians) still living in urban areas, making it the 23rd most urbanised country in Africa and the fourth most urbanised country in Southern Africa. Urban centres have social amenities such as better healthcare and educational facilities, recreational centres and employment opportunities. These factors attract people to the urban areas in search of work and better living conditions. Many people do so in hopes of escaping unemployment and poor rural infrastructure, healthcare and educational opportunities in rural areas. However, cities in Southern Africa are not able to accommodate the high inflow of rural, oftentimes young, migrants, which results in high urban poverty, development of informal housing, congestion and an increase in the crime rate in urban centres. On the Current Path, the urban population will increase by 16 percentage points to 66.3% of the total population in 2043, corresponding to 2.5 million people. By then, Namibia will be the 18th most urbanised country in Africa overtaking countries such as Cameroon, Nigeria, Liberia and Côte d'Ivoire.

Chart 4: Population density map for 2019

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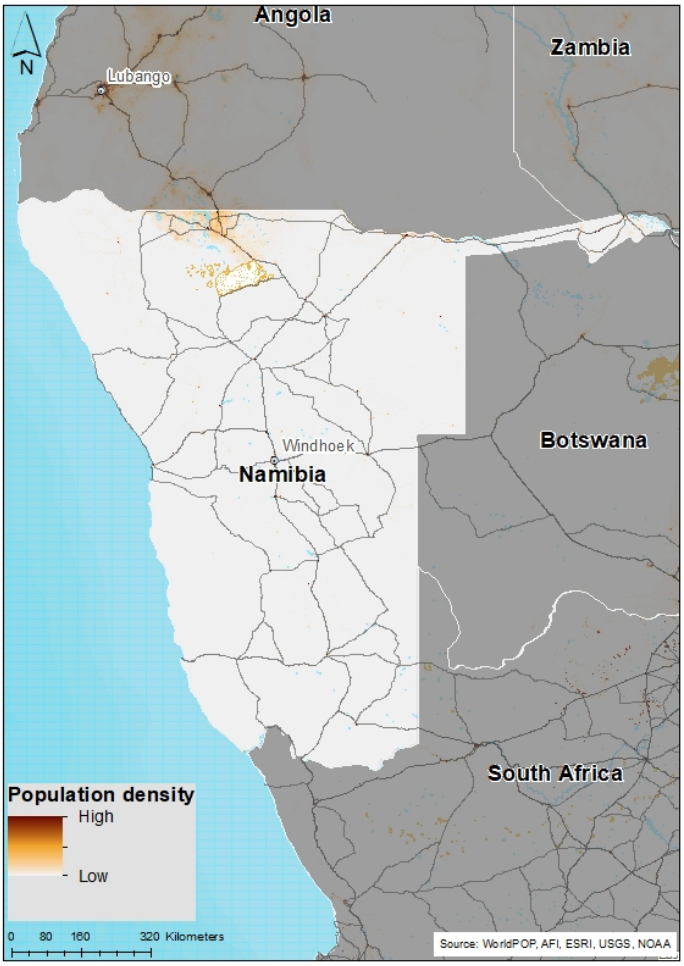

The total land area of Namibia is approximately 824 292 km^2. It is the least densely populated country in Africa with an estimated population density in 2019 of 0.031 people per hectare, much lower than the African average of 0.45 and the average of 0.16 for upper middle-income Africa. On the Current Path, it is projected that Namibia's population density will increase to 0.046 people hectare by 2043, which will only slightly exceed Libya at 0.043. The Khomas region, in which Windhoek is located, is the most densely populated region in Namibia followed by Ohangwena, Omusati, Oshikoto and Oshana, all of which are located in the northern parts of the country bordering Angola. Windhoek has a population of over 268 000, followed by Rundu and Walvis Bay. The most sparsely populated region is the Zambezi region in the salient Caprivi Strip.

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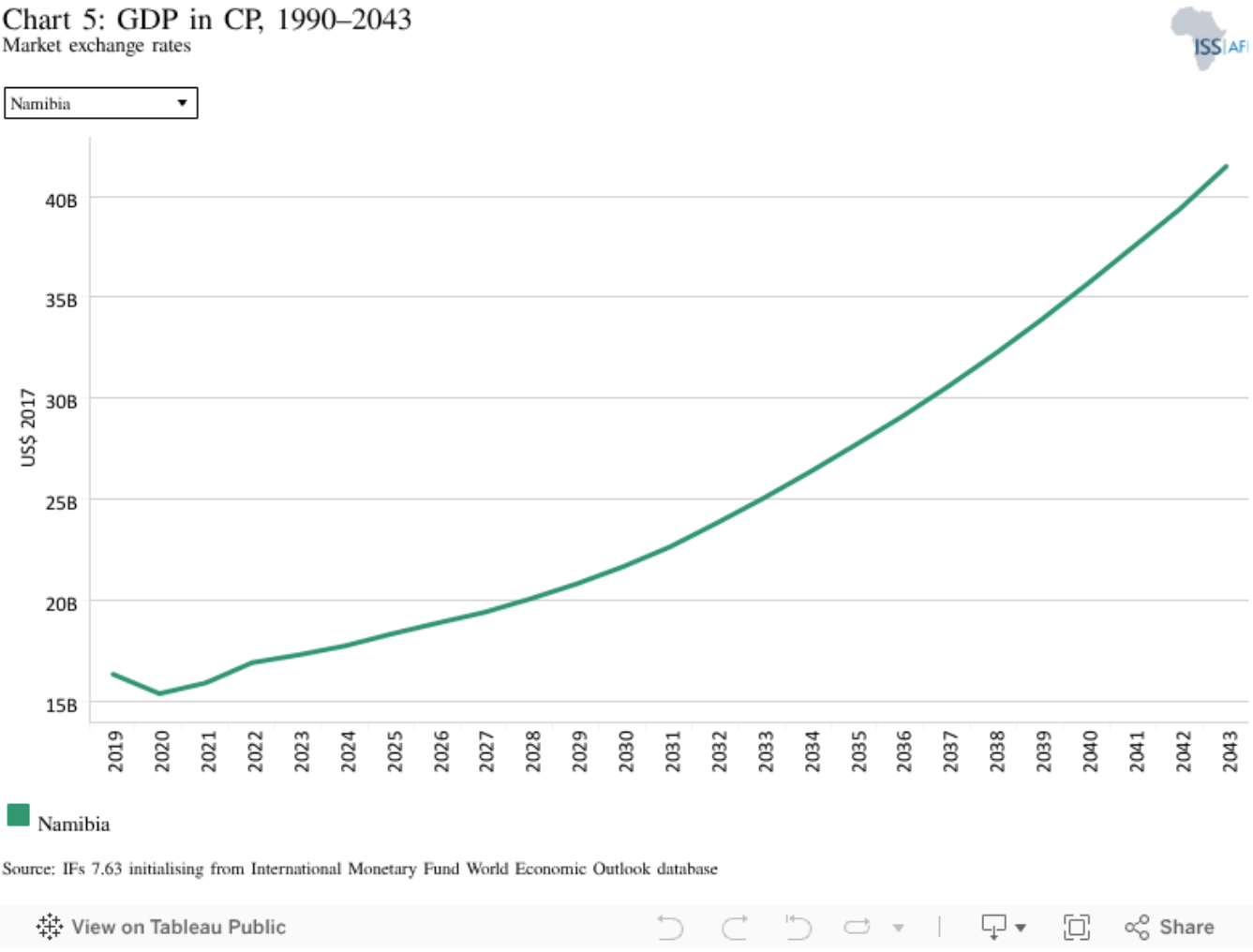
Economics: Current Path

Chart 5: GDP in CP, 1990–2043
Market exchange rates



Source: IFs 7.63 initialising from International Monetary Fund World Economic Outlook database

The GDP of Namibia almost tripled from US$5.7 billion in 1990 to US$16.3 billion in 2019. The economy primarily relies on the production and export of primary goods such as beef, fish and minerals with a negligible industrial base. With the end of the war and after attaining independence in 1990, the Namibian government has committed itself to economic diversification to address the structural inequalities of the country's economy. Accordingly, Namibia implemented liberalisation policies such as the enactment of the foreign investment act and establishment of export processing zones in order to attract foreign direct investment. Between 1991 and 2015, the economy grew at an average of 4.4%. The growth can partly be attributed to the boom in exports and increased investment in mineral extraction as well as benefitting from a much more stable region and its newfound independence. The country also welcomed and opened its doors to neighbouring as well as international tourists, and many refugees returned home.

Due to its high dependence on the export of primary commodities, Namibia remains susceptible to global commodity price fluctuation. As such, the decline in global commodity prices in 2015 caused the economy to stagnate in 2016 and recess afterwards. As in other countries, the COVID-19 pandemic had a devastating effect on the economy of Namibia causing GDP to contract by 8.5% in 2020. On the Current Path, the country's GDP will reach US$41.5 billion in 2043 constituting an increase of 154.6% over the forecast period.

The discovery of oil/gas and an ambitious green hydrogen project that's turned into ammonia for transportation has significant potential for future economic growth. Recently Portugal's Galp Energia indicated that it had found at least 10

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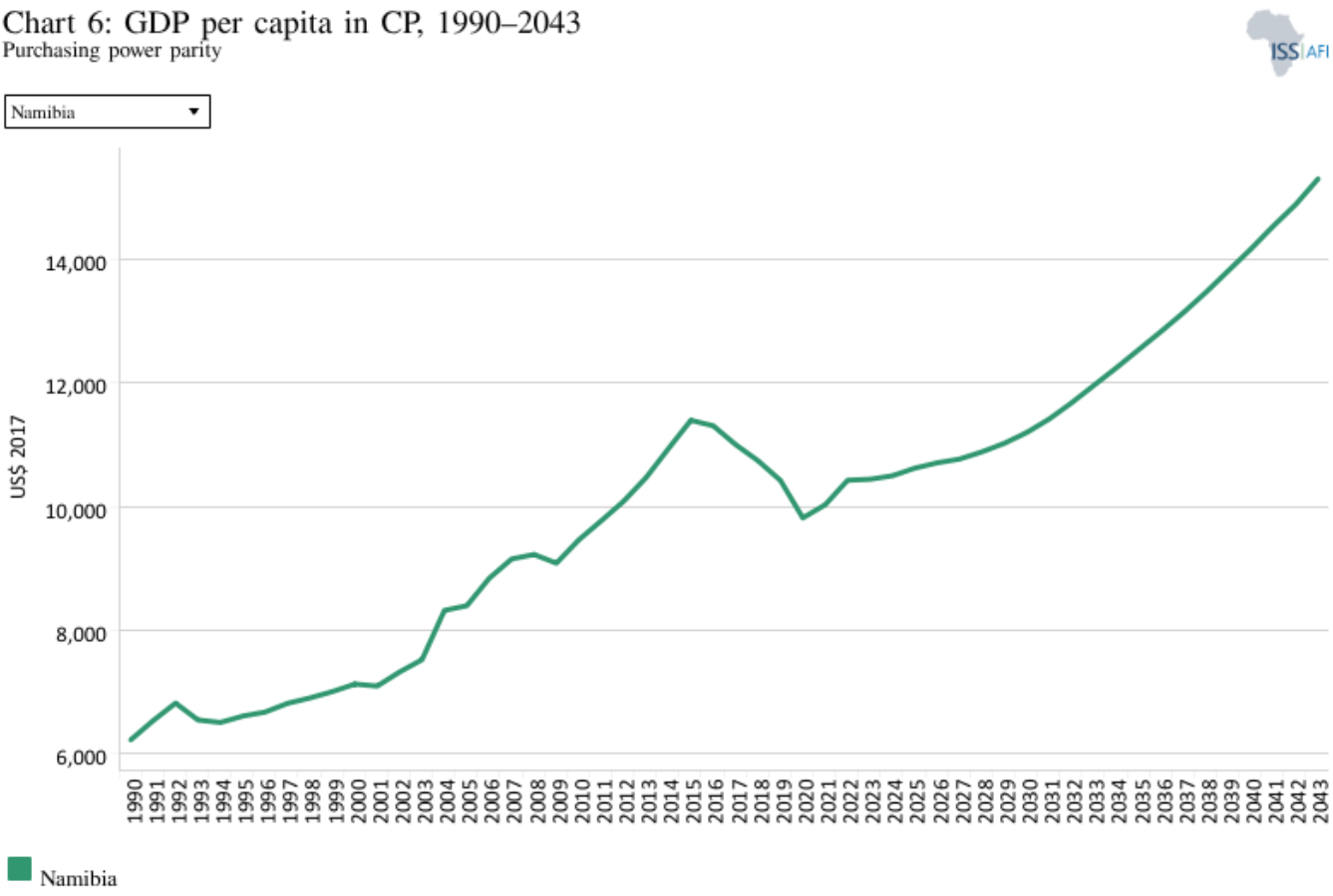
billion barrels of oil equivalent (BBOE) in its Mopane field, in the largely unexplored Orange Basin. This is one of the largest recent oil finds globally although the country has yet to start production which is scheduled to start in 2029/30.

The plan with green hydrogen is to tap solar powerfrom the Namib desert by erecting a vast array of panels channeling the energy to electrolyzers that split water into hydrogen and oxygen. The product is then turned into green ammonia, loaded onto tankers and transported north to Europe. The business plan is that the costs of producing hydrogen will fall at the same time as the European Union imposes stricter rules on the use of fossil fuels that power industries in line with its Carbon Border Adjustment Mechanism (CBAM).

The associated effect has not yet been included in our forecasts below.



Although many of the charts in the sectoral scenarios also include GDP per capita, this overview is an essential point of departure for interpreting the general economic outlook of Namibia.

Between 1990 and 2019, Namibia's GDP per capita increased by 67.3% from US$6 227 to US$10 419. While the average GDP growth was about 3.9% over the period, population growth within the same period was 2%. Namibia's GDP per capita has thus grown rapidly compared to the average for upper middle-income countries in Africa. It increased from US$12 361 in 1990 to US$14 235 in 2019.

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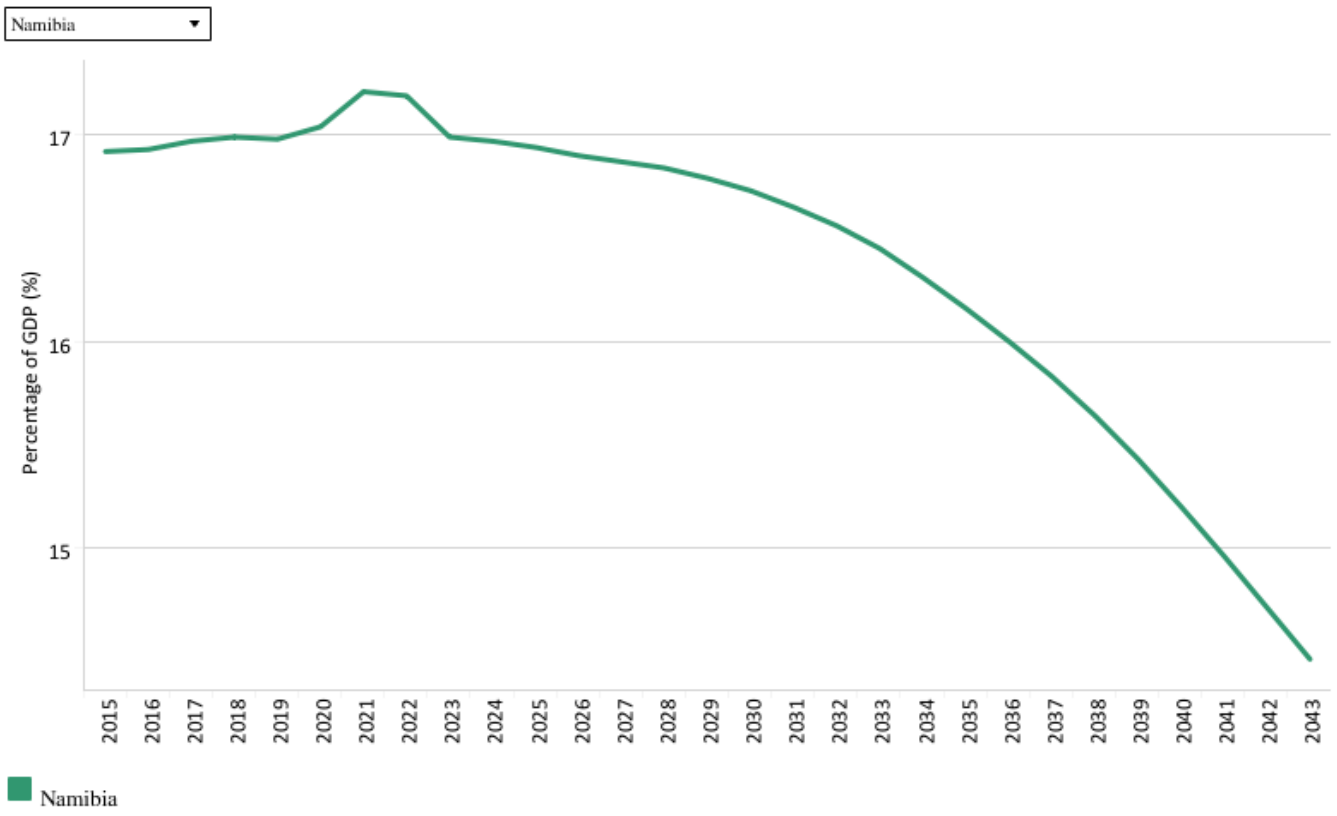
With the projected increase in GDP and reduction in population growth, GDP per capita will rise over the next 24 years, such that by 2043, it will increase to US$15 293, which will be 86.2% of the Current Path average of US$17 734 for upper middle-income countries in Africa.

Chart 7: Informal sector value in CP, 2015–2043
% of GDP



Source: IFs 7.63 initialising from UN Economic Commission for Europe [2008]; Elgin and Oztunali [2012]; Schneider and Enste [2012]

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The informal sector plays a pivotal role in Nambia as it serves as a source of livelihood for many citizens. In 2018, the Namibian Labour Force Survey estimated that about 57% of Namibians were employed in the informal sector. About 70% of the informal labour are women, who are usually young and self-employed, while 81% of the rural population are employed in the informal sector.4. The informal sector consists of small-scale manufacturing, mining and construction, subsistence farming, craft making and petty trading, among others.

Many Namibians prefer to work in the informal sector because of the less stringent requirements compared to the formal sector. Informal sector jobs require no job applications, ID, letters of reference, certificates and other administrative barriers. However, informal workers have unstable incomes, are paid low wages with no employment benefits nor social security, oftentimes work under harsh conditions and are exploited by their employers. Strict business registration procedures coupled with high fees also act as disincentives to registering businesses as threse require tax clearance, business registrations, social security, business bank accounts and affirmative action commission letters. Informal business people often do not have the requisite education, training and skills to operate their business effectively. Aside from the tough regulatory environment, most informal businesses do not have access to capital to expand.

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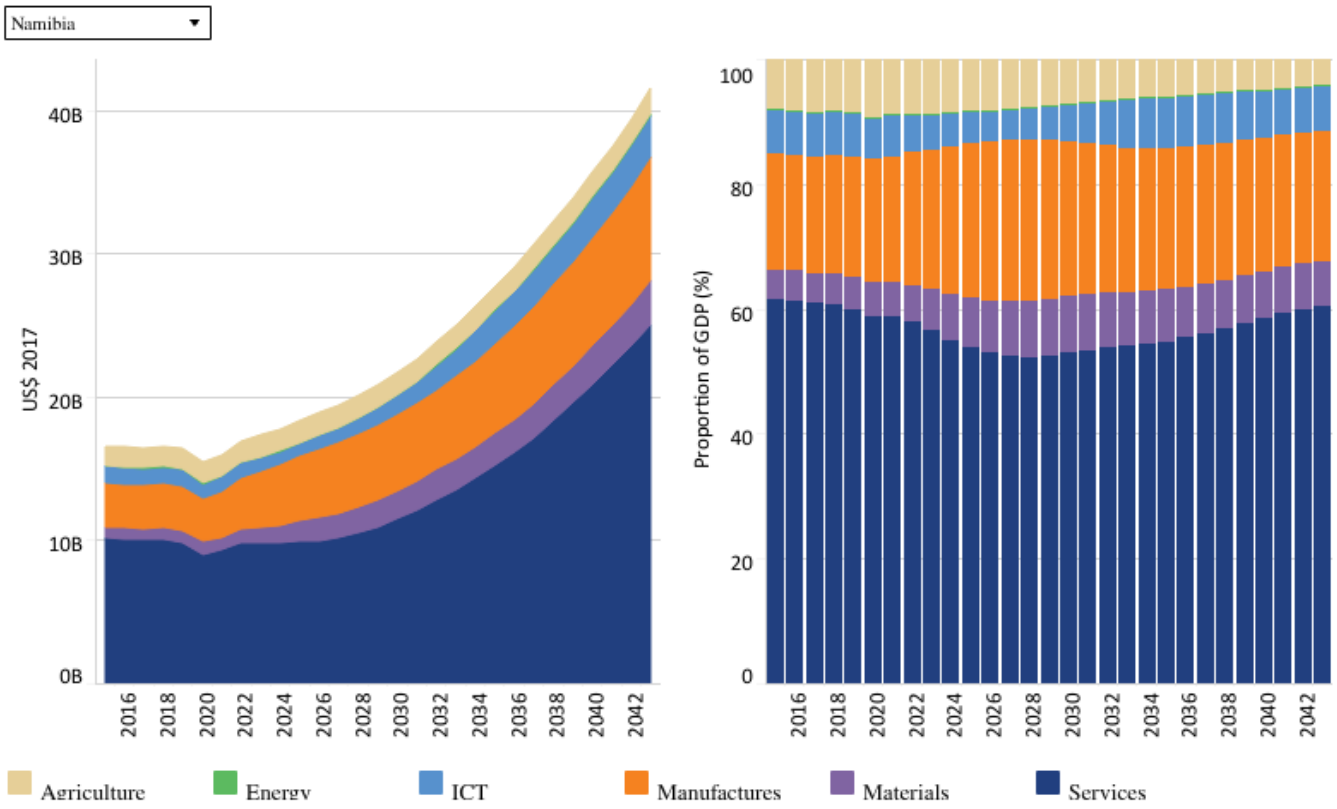
The size of the informal sector in Namibia in 2019 amounted to US$2.5 billion, equivalent to 17% of GDP, which was above the average of 14% for upper middle-income African countries. It means that in terms of formalisation of the economy, Namibia is performing poorer than its income peers on the continent. On the Current Path, the size of the informal economy will increase to US$5.5 billion in 2043, although its contribution to GDP will decline to 14.5% of GDP within the same period. The number of people employed by the informal sector as a percentage of the total labour will decline from 43.5% in 2019 to 36.7% in 2043, consistent with the decline in the informal economy's contribution to GDP. By 2043, the size of the informal sector in Namibia will be on par with the average for upper middle-income Africa.

Chart 8: Value added by sector in CP, 2015–2043
Billions US$ 2017 and % of GDP



Source: IFs 7.63 initialising from International Monetary Fund World Economic Outlook database

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The IFs platform uses data from the Global Trade and Analysis Project (GTAP) to classify economic activity into six sectors: agriculture, energy, materials (including mining), manufacturing, services and information and communication technologies (ICT). Most other sources use a threefold distinction between only agriculture, industry and services with the result that data may differ.

The three largest contributors to GDP in Namibia in 2019 were the service, manufacturing and agriculture sectors, respectively. The service sector contributed US$9.8 billion, equivalent to 60% of GDP; this is expected to increase to US$25.0 billion in 2043, representing 60.3% of GDP. The manufacturing sector, which is currently the second largest contributor to GDP, contributed US$3.2 billion, equivalent to about 19.4% of GDP. The sector's contribution to GDP is projected to rise to 20.7% in 2043, valued at US$8.6 billion.

The agriculture sector contributed US$1.4 billion, constituting 8.6% of GDP in 2019. By 2043, both the materials and ICT sectors will overtake the agriculture sector's contribution, which is forecast to be 4.2% of GDP; the materials sector will

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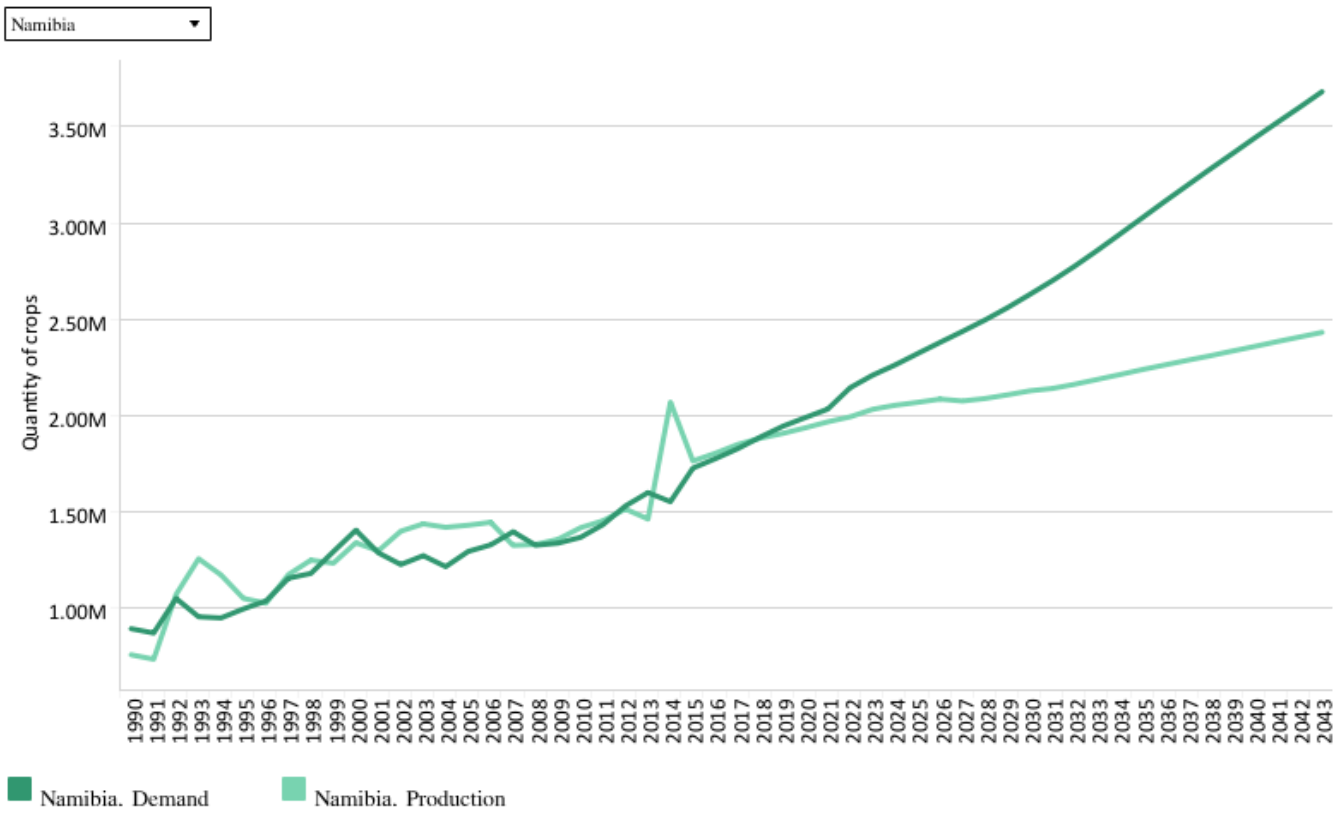
contribute 7.4% to GDP compared to 5.1% in 2019, and the ICT sector will contribute 7.2% to GDP, up from 6.8% in 2019. The contributions of the materials and ICT sectors in 2043 will correspond to US$3.1 billion and US$3 billion, respectively. The growth in the share of the manufacturing sector reflects the structural transformation of the economy, which is key for creating decent and sustainable jobs. Nonetheless, the decline in the agriculture sector is a major concern for future food security in the country.

Chart 9: Agriculture production/demand in CP, 1990–2043

Crops million tons



Source: IFs 7.63 initialising from Food and Agriculture Organization Food Balance Sheets

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The data on agricultural production and demand in the IFs forecasting platform initialises from data provided on food balances by the Food and Agriculture Organization (FAO). IFs contains data on numerous types of agriculture but aggregates its forecast into crops, meat and fish, presented in million metric tons. Chart 9 shows agricultural production and demand as a total of all three categories.

Agriculture forms an integral part of the Namibian economy as about 70% of Namibians directly or indirectly rely on agriculture as a source of livelihood, and the sector employs a third of the labour force.

Total agricultural land was 388 100 km^2, constituting over 47.1% of the total land in the country, in 2018, with 800 000 hectares of arable land in 2019. However, only about 2% of the total land in Namibia receives adequate rainfall for sustaining crops. Challenges facing the agriculture sector include drought, variable rainfall patterns, and subsistence and rudimentary farming practices resulting in low crop yields. The sector faces high post-harvest losses, poor land management practices as well as limiting marketing opportunities for rural farmers and processing capacities. Some of the agricultural commodities produced in Namibia include maize, wheat, sorghum, pearl millet, grapes, dates and a variety of beans.

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Livestock production is also an important component of the Namibian economy. Cattle grazing is common in the northern and central regions while goat and sheep rearing is predominant in the southern region. In 1990, domestic demand exceeded agricultural production in Namibia by 140 000 metric tons, meaning that the country had an excess demand for agricultural commodities. However, since then, both domestic demand and production have been volatile, fluctuating around the equilibrium where demand equals production. For instance, from 1992 to 1995, 2001 to 2006 and 2013 to 2017, production exceeded domestic demand. The country also experienced a severe drought in 2019 that affected its agricultural output and harvest.

By 2019, domestic demand had outgrown domestic production leading to excess demand of 40 000 metric tons. Although yield per hectare is projected to increase from 1.6 metric tons in 2019 to two metric tons in 2043, increasing domestic production to 2.4 million metric tons, it will still not be enough to meet domestic demand. By 2043, agriculture demand will surpass domestic production by 1.25 million metric tons, equivalent to a 51.4% shortfall. This means that the country faces the risk of food insecurity in the future if drastic measures are not adopted to revamp the agriculture sector and to increase domestic production. This is a difficult task for an arid country with low yields and limited grazing capacity per hectare.

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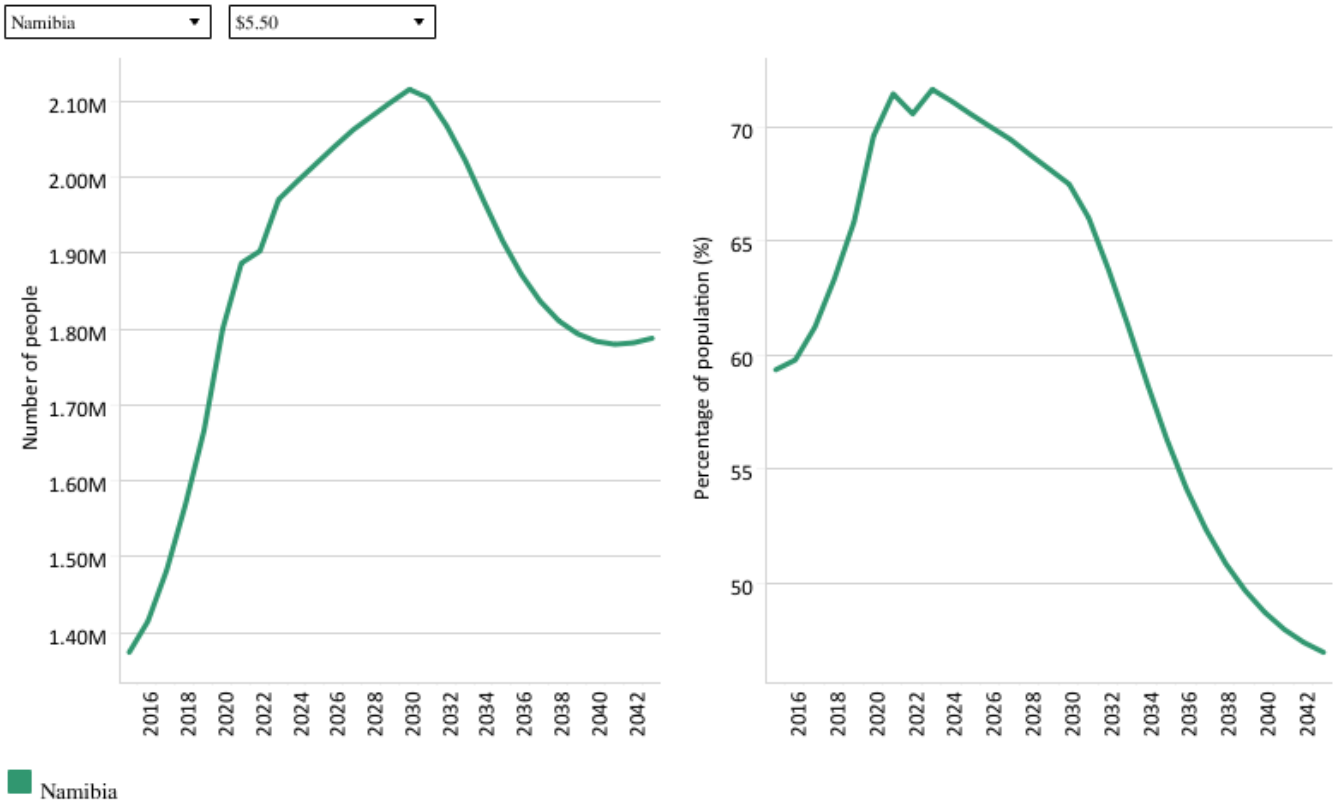
Poverty: Current Path

Chart 10: Poverty in CP, 2015–2043
Millions of people and % of total population



Source: IFs 7.63 initialising from UN Population Division Population Prospects estimate, World Development Indicators population data and PovcalNet World Bank data

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There are numerous methodologies for and approaches to defining poverty. We measure income poverty and use GDP per capita as a proxy. In 2015, the World Bank adopted the measure of US$1.90 per person per day (in 2011 international prices), also used to measure progress towards the achievement of Sustainable Development Goal (SDG) 1 of eradicating extreme poverty. To account for extreme poverty in richer countries occurring at slightly higher levels of income than in poor countries, the World Bank introduced three additional poverty lines in 2017:

- US$3.20 for lower middle-income countries
- US$5.50 for upper middle-income countries
- US$22.70 for high-income countries.

Namibia is an upper middle-income country, and therefore uses the US$5.50 benchmark for extreme poverty. Despite being an upper middle-income, poverty and inequality levels in Namibian are very high. According to the 2021 Multidimensional Poverty Index, 43.3% of the Namibian population are multidimensionally poor. Inequality is high in Namibia, and it was ranked as the second most unequal country in the world in 2017 after South Africa. About 20% of Namibians live in informal settlements, and it was estimated that about 90% of Namibians in 2018 were unable to buy a house as they do not qualify for housing loans. Thus, there is a large number of Namibians without access to formal

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housing who mostly find refuge in informal settlements. Poverty levels in Namibia are severe in the northern regions of Kavango, Oshikoto, Zambezi, Kunene and Ohangwena, where about a third of the population lives in extreme poverty. The upper middle-income status of the country also makes its poor population unqualified for donor assistance and humanitarian aid. The Namibian Vision 2030 seeks to transform the economy and eliminate extreme poverty by 2030. The agenda focuses primarily on healthcare, housing, education and providing equal opportunities for citizens.

The number of Namibians living below the extreme poverty line of US$5.50 per day in 2019 was 1.7 million, equivalent to 65.8% of the population. The number of people in extreme poverty is set to increase over the period, peaking at 2.12 million in 2030 before declining. By 2043, the number of people in extreme poverty in Namibia will have reduced to 1.8 million, constituting 47% of the population. This corresponds to an 18.8 percentage point decrease in the extreme poverty rate in Namibia over the 24-year period. Throughout the period under consideration, the proportion of poor people in Namibia is higher than the average for upper middle-income countries in Africa, such that by 2043, the extreme poverty rate in Namibia will be 7.3 percentage points higher than the projected Current Path average of 39.7% for upper middle-income countries in Africa.

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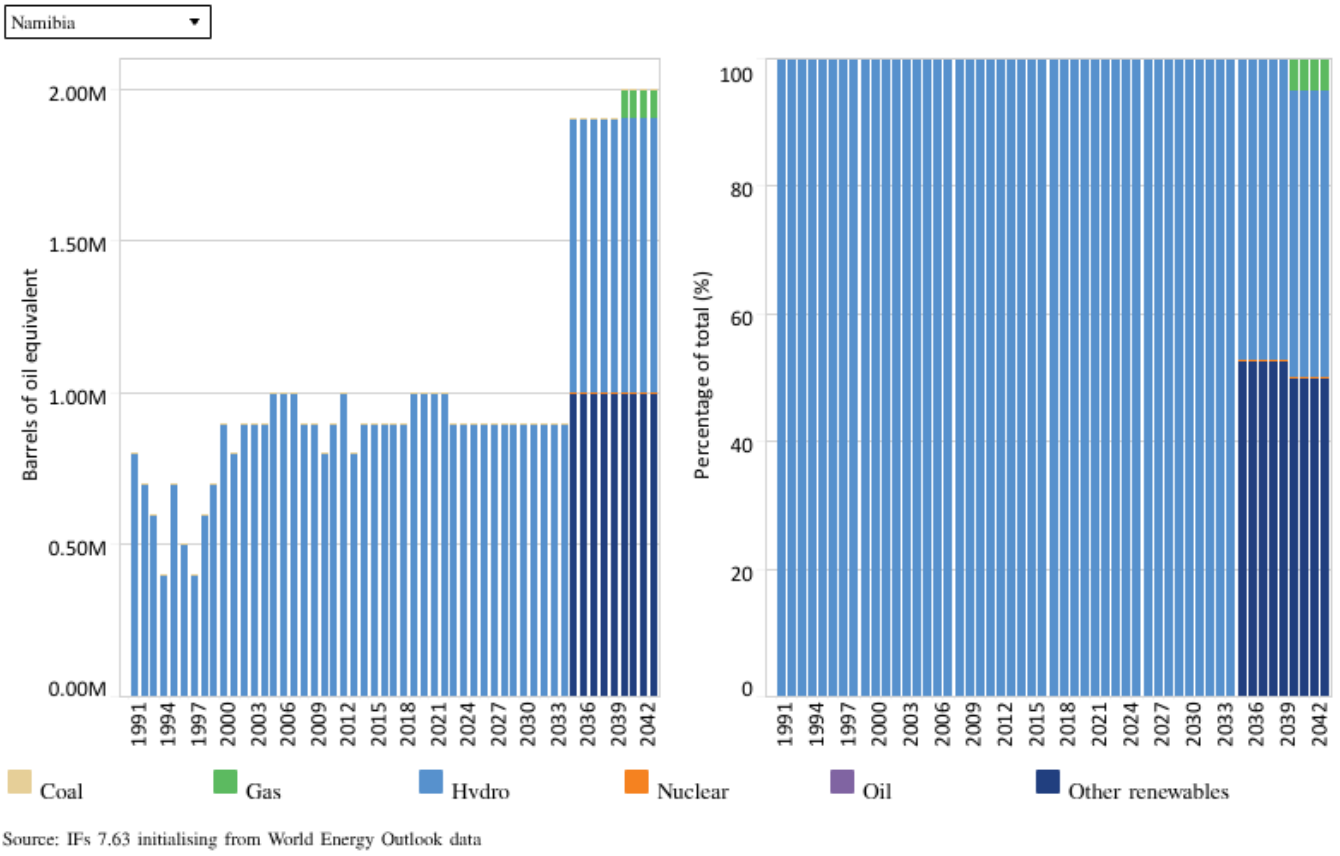
Carbon Emissions/Energy: Current Path

Chart 11: Energy production by type in CP, 1990–2043
Barrels of oil equivalent and % of energy production



Source: IFs 7.63 initialising from World Energy Outlook data

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The IFs platform forecasts six types of energy, namely oil, gas, coal, hydro, nuclear and other renewables. To allow comparisons between different types of energy, the data is converted into billion barrels of oil equivalent (BBOE). The energy contained in a barrel of oil is approximately 5.8 million British thermal units (MBTUs) or 1 700 kilowatt-hours (kWh) of energy.

The country has low energy production and relies on imports for its energy needs, importing electricity, coal and petroleum products for its domestic usage. In 1990, Namibia produced 800 000 BOE of hydro as the sole energy produced. By 2019, the production of hydro had increased to 100 000 barrels BOE and remained the only energy produced in the country. Namibia has a potential for wind, biomass and solar generation and is also one of the leading producers of uranium in the world, providing about 8.2% of the world's production. Over the last few years, the country has embarked on reforms in order to implement its transition from traditional energy to renewable energy. In pursuit of this, 70 electricity distributors were consolidated into five regional electricity distribution companies (REDs). Also, the country established transparent tariff setting procedures and abandoned the single buyer model. As a result, Namibia will begin the production of other renewable energies in 2035, whose production in that year will be valued at 50 000 BOE, representing 53% of total energy production. On the Current Path, it is projected that by 2043, the production of other renewable energies will constitute about 50% of total energy production, which will correspond to 120 000 BOE. This will be complemented by the projection of 90 000 BOE of hydro and 10 000 BOE of gas equivalent to 45% and 5% of total energy production, respectively, in that year.

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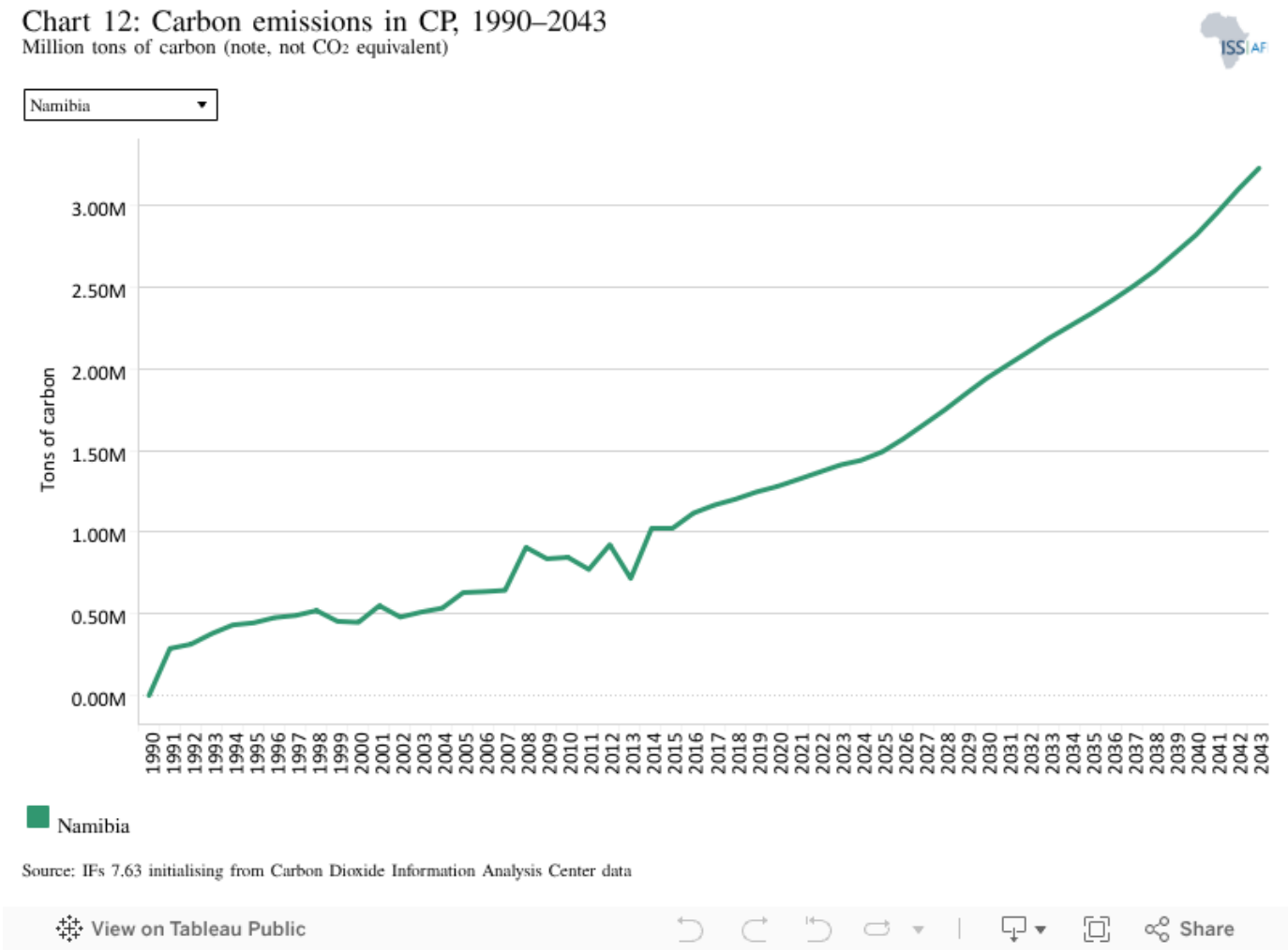
Recently significant offshore oil and gas discoveries have been announced by oil majors like Shell, TotalEnergies, and QatarEnergy and the country has witnessed a surge in exploration activities. At the beginning of 2024, Portugal's Galp Energia announced the discovery of a substantial offshore light oil reserve, followed by plans to explore deeper depths.



Carbon is released in many ways, but the three most important contributors to greenhouse gases are carbon dioxide (CO2), carbon monoxide (CO) and methane (CH4). Since each has a different molecular weight, IFs uses carbon. Many other sites and calculations use CO2 equivalent.

Carbon emissions in Namibia are very low, moving from almost zero emission in 1990 to about 1.3 million tons in 2019. The contribution of Namibia to global carbon emissions is just 0.05%. Although the country's emissions are dwarfed in regard to its neighbour South Africa, it is reliant on imports from there. On the Current Path, carbon emissions are projected to increase to 3.2 million tons by 2043, constituting an increase of 166.7% over the 2019 figure. The country has projected to cut greenhouse gas emission by 91% by 2030 together with an energy transition plan to renewable energy. This will have to include breaking its overdependence on South Africa's fossil-dependent electricity producer, Eskom.

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About African Futures & Innovation

Scenarios and forecasting can help Africa identify and respond to opportunities and threats. The work of the African Futures & Innovation (AFI) program at the Institute for Security Studies aims to understand and address a widening gap between indices of wellbeing in Africa and elsewhere in the world. The AFI helps stakeholders understand likely future developments. Research findings and their policy implications are widely disseminated, often in collaboration with in-country partners. Forecasting tools inspire debate and provide insights into possible trajectories that inform planning, prioritisation and effective resource allocation. Africa's future depends on today's choices and actions by governments and their non-governmental and international partners. The AFI provides empirical data that informs short- and medium-term decisions with long-term implications. The AFI enhances Africa's capacity to prepare for and respond to future challenges. The program is headed by Dr Jakkie Cilliers.

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