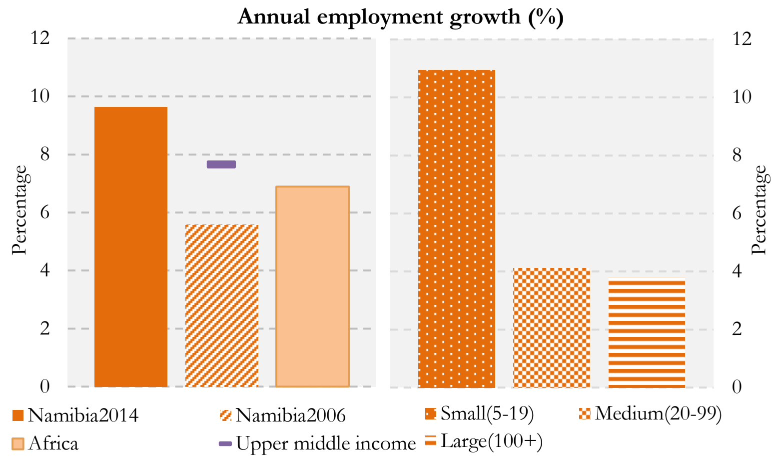
NAMIBIA 2014

WORLD BANK GROUP

The World Bank interviewed a representative sample of the private sector in 3 of the most active economic regions in **Namibia**. The sample consisted of 580 business establishments surveyed from April 2014 through February 2015. The Enterprise Survey (ES) covers several topics of the business environment as well as performance measures for each firm. Below are the main highlights from the survey.

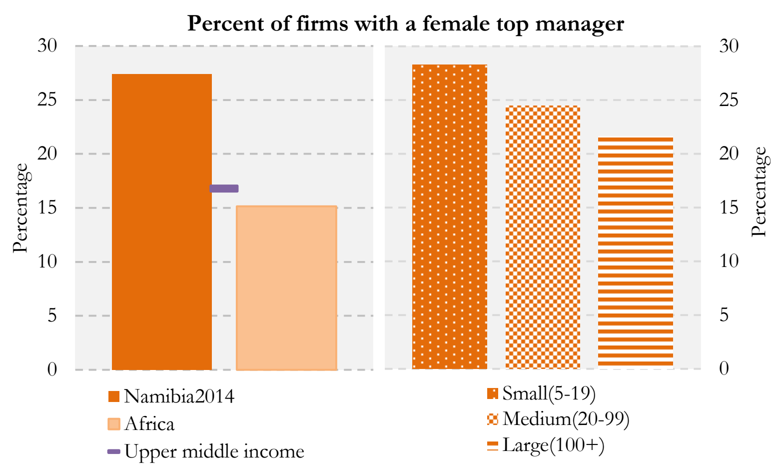
Namibia's private sector experienced strong employment growth

Employment growth reached the annual rate of 9.6% in Namibia between 2011 and 2013. This is larger than the average for African countries with comparable data (6.7%), the average for upper middle income countries (7.7%) and the global average of 5.5%. Smaller firms and those in manufacturing exhibited the highest annual employment growth. In particular, small firms (between 5 and 19 employees) increased employment at an annual rate of 10.9%, while medium (20-99 employees) and large firms (100 employees or more) averaged about 4% growth. Manufacturing firms grew at an average of 12.2% annually compared to 9.3% for services.



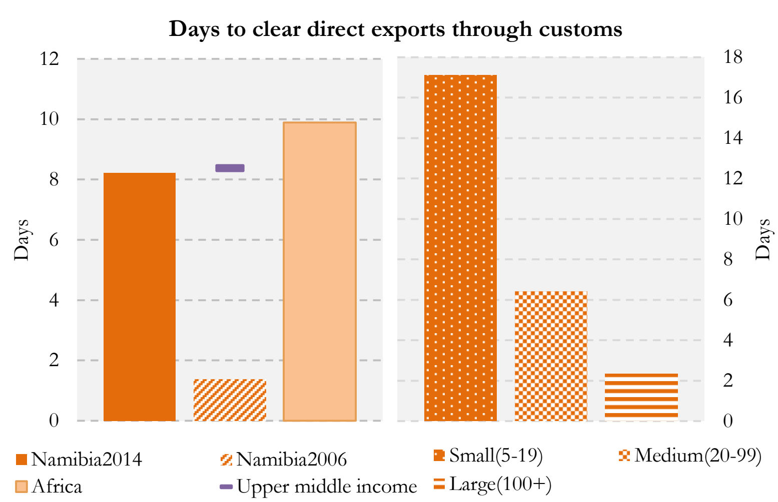
In Namibia, more women are engaged in the formal private sector at all levels

Firms with a **female top manager** (female-managed firms) in Namibia constitute 27% of all firms, exceeding the average for Africa of 15% as well as the average for economies with similar income levels at 17%. The percentage of female-managed firms is very similar across different sizes and sectors. In 2013, women led 28% of small firms in Namibia vs. 24% and 22% of medium and large firms, respectively. Employment of female workers is also relatively high in Namibia with females constituting 34% of total workforce, up from 27% in 2006 and marginally higher than the African average of 28%.



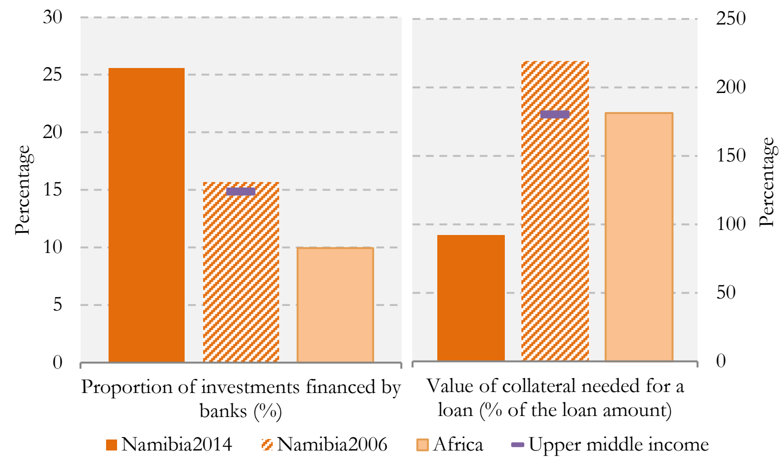
Customs clearance takes longer for smaller firms

On average, in 2013 it takes a firm about 8 **days to clear direct exports through customs**, more than in 2006 (2 days). Despite this increase, the average time to clear customs is still about the same as in the upper middle income economies and lower than in Africa (10 days). However, there is a wide variation across firms' size. It takes on average 17 days for small firms to clear exports through customs, compared to around 6 days for medium sized firms and about 2 days for large firms. Clearing imports through customs is considerably faster in Namibia (5 days) than the average for upper middle income economies (11 days) and Africa as a whole (17 days).



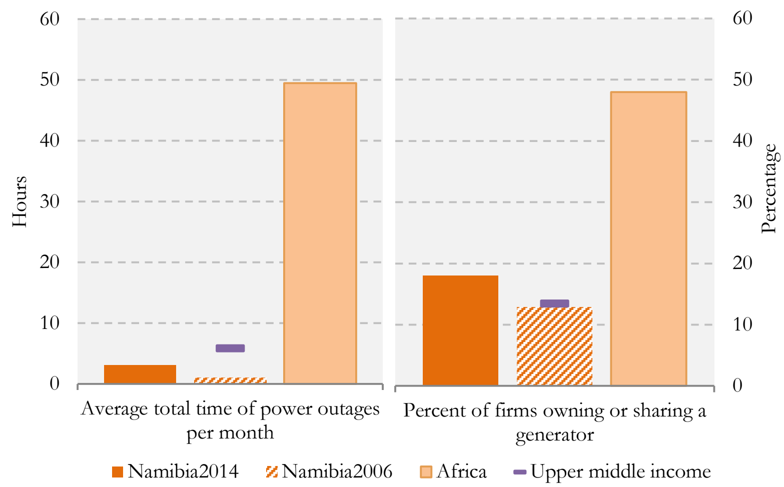
Access to finance in Namibia appears to be less of a challenge compared to 2006

In 2013, 34% of firms in Namibia used banks to **finance** investments, more than three times the percentage in 2006 and roughly twice the average for African countries. Furthermore, the proportion of investment capital financed by banks also increased with the average firm financing 26% of fixed asset purchases with bank funding. This is significantly higher than the corresponding figure for Namibia in 2006 (16%) and on average for African countries (10%). Firms also face far lower collateral requirements than in the past (92% of loan amount in 2013 vs. 219% in 2006) and lower than the average for firms in Africa (181%).



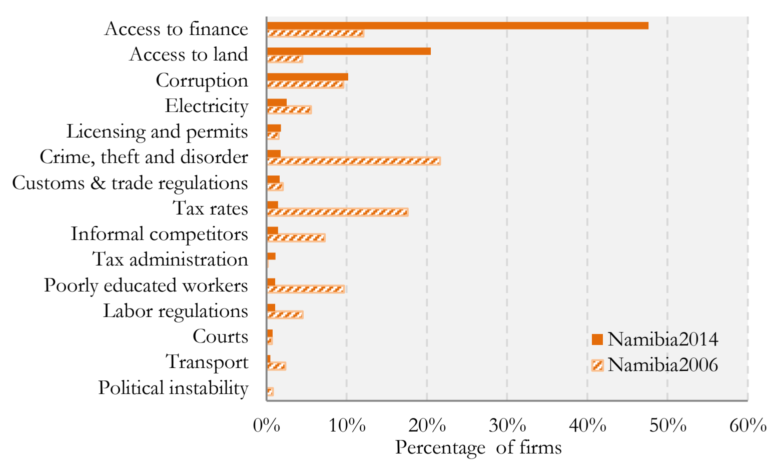
Namibia's electricity supply is generally reliable

The average total time of **power** outages has worsened significantly since 2006, from 1.1 hours to 3.1 hours per month. Nonetheless, it remains small compared to the average for upper middle income economies (6 hours), Africa (49 hours), and the global average (29 hours). Accordingly, losses due to power outages also increased (1.2% of total sales in 2013 vs. 0.2% in 2006). More firms appear to need generators in Namibia, perhaps as a response to falling service, or as a result of development patterns. In 2013, 18% of firms reported owning or sharing a generator compared to 13% in 2006.



Access to finance and electricity continue to be the biggest obstacles to private firms' operations

The Enterprise Survey asked business owners and top managers to name the **biggest obstacle** that they face in their everyday operations. In 2013, access to finance was identified most frequently as the biggest obstacle – by 48% of firms, compared to 12% in 2006. Interestingly, firms' perception of access to finance as an obstacle worsened between 2006 and 2013 despite the indicated improvement in the use of financial services by firms, perhaps due to a growing demand from the private sector. The second most frequently cited obstacle in 2013 was access to land (21% of firms), followed by corruption (10%).



The Enterprise Analysis Unit is a joint World Bank and IFC team of economists, survey experts specialized in private sector development. Surveys implemented by the team reveal what businesses and firms experience across the world by interviewing representative samples of the formal, non-agricultural, non-extractive, private sector with 5 employees or more. The resulting globally comparable firm-level data is used to construct business environment indicators and measure firm performance. The findings and recommendations help policy makers identify, prioritize, and implement policy reforms that support efficient private economic activity.

For more information on the survey visit http://www.enterprisesurveys.org