



THINK NAMIBIA

FACT SHEET ON:

Green Economy

The purpose of this fact sheet is to pose some compelling questions and present answers to explain what is a green economy and why it is important for Namibia.

“We are determined to build a nation in which no Namibian will be left out....”

An excerpt from the State of the Nation Address by H.E President HAGE G. GEINGOB on the 21st April 2015.

Introduction

When Presidents speak, they pronounce policies, which are guidelines that shape, among others: economic growth, employment creation and poverty alleviation. To better understand this statement by the President, is important to pose some rhetorical questions:

- *What did the President actually mean when he said no Namibian should be left behind?*
- *How will the President ensure that no Namibian is left behind?*
- *What does that mean for government policy on economic development, employment and poverty alleviation?*

Well there are no clearcut answers to these rhetorical questions. However, globally and even nationally, economist and development specialist are proposing a new concept of economic development, a new way of thinking, a new way of addressing the persistent challenges that Namibia is facing. This concept is called the green economy.

What is a green economy?

The green economy is an economy that results in improved human well-being and social equity, while significantly reducing environmental risks and ecological scarcities. In other words, it is an economy that generates jobs, alleviates poverty, and creates wealth for the country. Social equity means, among other things, that jobs that are created and wealth that is generated by the economy are accessible to and equally shared by all Namibians (i.e. this presents a meaning of “no Namibian should be left behind”). Finally since the green economy is environmental friendly, it means that our country's natural resources are used efficiently and sustainably so that future generations will also be able to benefit from natural resources.

FUNDAMENTAL DIMENSIONS OF A GREEN ECONOMY



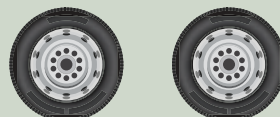
The Green Economy is one of the approaches that can be used to achieve sustainable development. There is no one approach to a green economy. A green economy does not favour one political perspective over another; it is relevant to all economies.

A GREEN ECONOMY IS LIKE A FOUR WHEEL VEHICLE

that can ensure that Namibia achieves its sustainable development aspirations enshrined in Vision 2030. The speed and direction of the vehicle are informed by government policy on development (i.e. the aspirations of the Namibian President) and the four wheels. Each of those four wheels are important for the speed and direction of the vehicle. The two back wheels represent economic development, the source of jobs and wealth. The left front wheel represents the environment, the right front wheel represents social equity or inclusiveness. The two front wheels ensures that the speed of the two back wheels create wealth and jobs that are socially inclusive. Because the front wheels are guiding the two back wheels, this ensures that our vehicle will neither crash nor have a breakdown during the journey to vision 2030 and beyond.

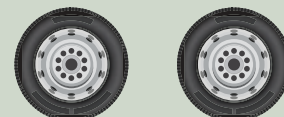


FRONT WHEELS ENVIRONMENT AND SOCIAL EQUITY



The left front wheel represents the environment, the right front wheel represents social equity or inclusiveness.

BACK WHEELS ECONOMIC DEVELOPMENT



The two back wheels represent economic development, the source of jobs and wealth.

Does Namibia need a Green Economy?

Yes, because the country's economic growth in the last decade has not generated sufficient jobs as it should have. Figure 1, shows a comparison of economic growth (i.e. using real Gross Domestic Product (GDP) as an indicator) and unemployment rate. Figure 1 shows that although the economy was growing, jobs were not created, and in some periods, jobs were lost.

Namibia's economic development has not been socially inclusive – some Namibians are being left-out. The Namibia's Gini coefficient, which shows the

extent to which the distribution of income among individuals or households within an economy deviates from a perfectly equal distribution, still stands at 61.3 (*World Bank, 2015*). This implies that the wealth that the economy has been generating is by far not equally shared among citizens.

Furthermore, the quality of jobs in the economy is not good. Based on labour statistics from Namibia Statistics Agency:

- 59.9% of jobs in Namibia are in the informal sector. These jobs are characterised by no formal contract, no social security cover, no medical cover, long working hours, etc. Thus, the majority of these jobs can be classified

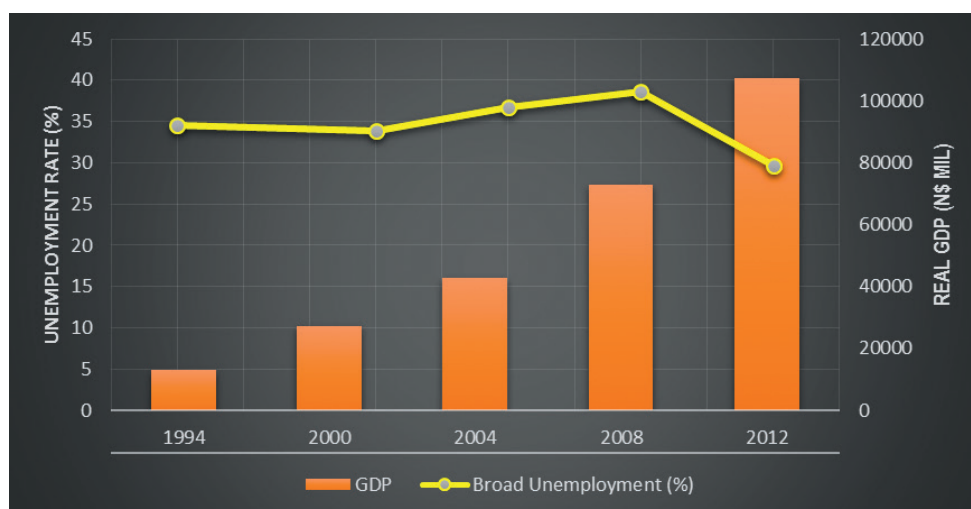


FIGURE 1:
Comparison of Real GDP and unemployment (broad unemployment) for the period 1994 to 2012.

(Source: National Accounts and Labour Force Survey reports from Namibia statistics Agency)

as not decent according to the International Labour Organization's decent work guidelines.

- 73.9% of employees earn a monthly income of N\$7,000 and less. This to some extent means that a large proportion of employees can be classified as the working poor.
- 64.4% of employees do not have social security, and neither do they have a pension fund. This means that most of the employees are likely to retire to poverty, as they would not have a pension to support their livelihoods. Another implication is that government expenditure on pensions is likely to increase.

Finally, the structural growth of the Namibian economy is concentrated in sectors that do not directly support the livelihoods of the majority of the population. The key growth sectors of the Namibian economy (excluding government) are wholesale and retail trade and repairs; financial intermediation and insurance; and real estate and business services. These three sectors support less than 21% of livelihoods in Namibia. Growth in sectors have a marginal direct and indirect impact on incomes of poor households. If growth was realised on sectors such as agriculture and sustainable tourism, significant impact on poverty and income distribution would be achieved.

Does the green economy exist in Namibia?

Yes, economic sectors such as sustainable agriculture, trade in non-timber forestry products, indigenous animal and plant products, (i.e. biotrade), fisheries, renewable energy, waste management and sustainable tourism are examples of green economy in Namibia. These are growing sectors, and have the potential for further growth in the future. These sectors are relatively environmentally friendly, and some of them are inclusive. Based on an estimation from the study of the green economy in Namibia, these sectors contributed about N\$10.3 Billion (about 10.8% of GDP) to the Namibia economy in 2012. Based on the 2013 labour force survey, only 3.4% of the total employment in Namibia can be classified as green jobs – these are decent jobs that contribute to preservation and or restoration of the environment.

What does all this mean to me?

A likely shift in government policy towards a green economy would undoubtedly create new opportunities for businesses (entrepreneurs) and careers. For instance, power deficit in the Southern African Development Community (SADC) is creating opportunities for the renewable energy value chain in the Region. A wide range of skills within the context of the green economy are in high demand in Namibia, and globally.

Finally, at the person level the green economy is about a change in behaviour, it calls for more responsibility on how we use our endowed natural resources, it is about sustainably increasing the nation's wealth for the benefit of all Namibians – current and future. Let us educate ourselves and ensure that no Namibian is left behind!

GREEN GROWTH IS ECONOMIC GROWTH THAT IS INCLUSIVE AND ENVIRONMENTALLY SUSTAINABLE



A GREEN ECONOMY – AN INCLUSIVE ECONOMY THAT REDUCES POVERTY AND INEQUALITY AND SUSTAINS INCLUSIVE GROWTH

(Source: Poverty-Environment Partnership 2012.)

Further Reading

For more information about the green economy – current initiatives and progress, visit the Green Economy Initiative (GEI) website which is hosted by the United Nations Environmental Programme (UNEP) at <http://www.unep.org/greeneconomy>

A number of informative background papers on the green economy in Namibia can be accessed online on the Ministry of Environment and Tourism (MET) website under:

www.green-economynamibia.blogspot.com

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Glossary

Broad Unemployment

All persons within the economically active population or working age group who meet the following two criteria irrespective of whether or not they are actively seeking work: (i) being without work; and (ii) being available for work.

Decent Jobs

These are jobs that are productive and deliver a fair income, security in the workplace and social protection for families, better prospects for personal development and social integration, freedom for people to express their concerns, organise and participate in the decisions that affect their lives and equality of opportunity and treatment of all women and men.

Ecological Scarcities

An all-encompassing concept that is used to explain how the loss of relationships between organisms and the environment, and organisms with other organisms, will affect economic development.

Green Jobs

A human intervention to reduce the human-induced Decent jobs that reduce negative environmental impact, and ultimately lead to environmentally, economically and socially sustainable enterprises and economies.

Gini Coefficient

This is an index that measures the extent to which the distribution of income (or, in some cases, consumption expenditure) among individuals or households within an economy deviates from a perfectly equal distribution. A Gini coefficient of 0 represents perfect equality, while a coefficient of 1 implies perfect inequality.

Gross Domestic Product

This is the sum of gross value added by all resident producers in the economy plus any product taxes and minus any subsidies not included in the value of the products. It is a widely used indicator for economic growth.

Social Equity

This is not a concise term, it is a concept whose meaning depends on the context in which it is used. In this fact sheet, social equity is defined to include the universal fulfilment of the most fundamental human needs along with broad access to meaningful work, while respecting the enormous range of life circumstances and personal goals which may drive people to seek different kinds of livelihood.

Sustainable Development

This is development that meets the needs of the present without compromising the ability of future generations to meet their own needs.

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