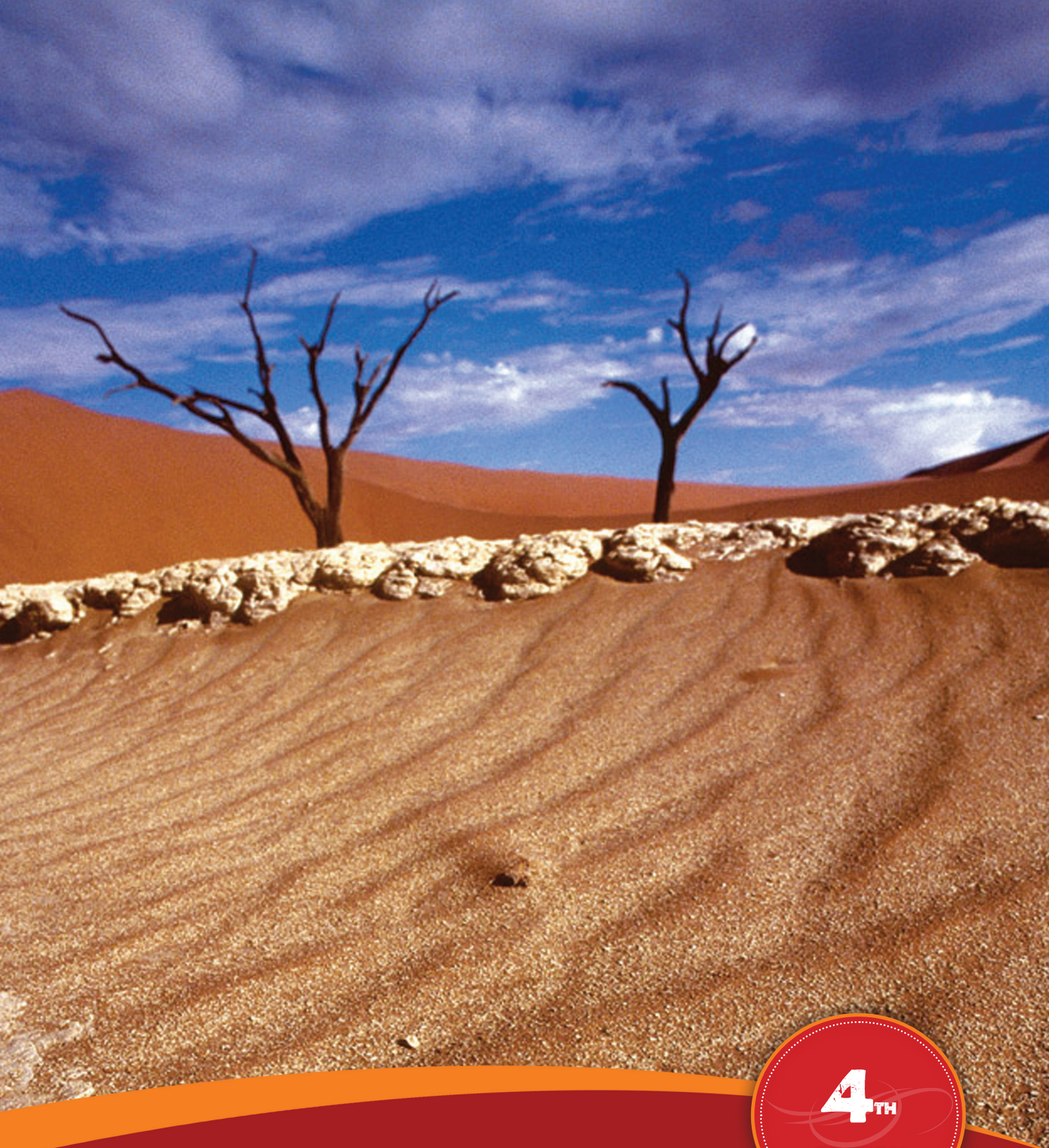


4TH EDITION

NAMIBIA

TOURISM SATELLITE ACCOUNT

Namibia Tourism Board



Namibia Tourism Board

PREFACE

This 4th publication and biennial update of the Tourism Satellite Account (TSA)based on the World Travel and Tourism Council model and approach mainly reflects output for the year 2011, preliminary and estimated values for 2012, and forecast values for 2013.

Travel spending estimates have been revised for this TSA, based on the availability of new expenditure data obtained in the 2011 visitor exit survey. Despite the overall positive contribution of tourism to the Namibian economy and jobs, the year 2011 has been challenging for the sector.

The results from the TSA suggest that annualized real growth in tourism total demand was eroded to minus one percent, due to reductions in the key components of visitor exports (inbound tourism), lower capital investment and reduced growth in personal and business consumption. However, the forward outlook for the industry based on the preliminary values for 2012 and forecast for 2013, and beyond, remains positive and robust.

It is imperative that we, as stakeholders and partners, maintain our commitment to support policy and developmental interventions,enhance our collaborative engagements and increase public and private funding and capital investments to the tourism sector to sustain growth in a key pillar of the Namibian economy.

The role of the TSA as a measurement tool for industry performance will gain further prominence in the mid-term, in view of the new five year targets set for the tourism sector and economy in NDP 4, our performance targets in the sectoral development plans and indeed our own targets for tourism development and growth in NTB business plan.

Namibia has now joined other countries in the region and abroad, in building capacity for a TSA and national tourism statistics framework modelled on the original United Nations Statistical Commission (UNSC) approved TSA standard and approach.

This intervention will enable Namibia to, amongst others, createcollaborative inter-institutional platforms for more refined and integrated tourism data collection, andto purposefully identify data gaps and create action plans to produce timeous and credible tourism statistics, under the stewardship of the National Statistics Agency and the Ministry of Environment and Tourism.

I would like to gratefully acknowledge and thank all the various stakeholders who assisted NTB in providing information used in the production of this publication.

Digu //Naobeb
Chief Executive Officer
Namibia Tourism Board

May 2013



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Namibia Tourism Board

EXECUTIVE SUMMARY



EXECUTIVE SUMMARY

THE INCORPORATION OF NEW EXPENDITURE DATA FROM THE 2011 EXIT SURVEY IN THE UPDATED 2011/12 WTTC TSA AND MODEL LED TO AN UPWARD REVISION OF TRAVEL SPENDING ESTIMATES.

IN PARTICULAR, EMPLOYMENT FIGURES IS NOW HIGHER THAN PREVIOUSLY ESTIMATED IN THE MODEL IN RELATION TO THE INCREASED SPENDING.

DESPITE THE CONSISTENT RISE IN CONTRIBUTION OF TOURISM DEMAND COMPONENTS AND A CONCOMITANT RISE IN NOMINAL CONTRIBUTION TO GDP SINCE 2006, THE ANNUALIZED REAL GROWTH IN TRAVEL & TOURISM COMPONENTS PROVIDED A MORE SOBERING VIEW.

THE TSA RECORDED A -1.1 PERCENT IN REAL GROWTH FOR TOTAL TOURISM DEMAND IN 2011. A REDUCTION IN REAL GROWTH OF PERSONAL AND BUSINESS CONSUMPTION COUPLED WITH NEGATIVE GROWTH RECORDED FOR VISITOR EXPORTS (INBOUND) AND MERCHANDISE TT EXPORTS CONTRIBUTED TO THE EROSION OF TOURISM DEMAND IN REAL TERMS.

THE TOTAL EFFECT (DIRECT & INDIRECT) ON GDP CONTRIBUTION WAS REFLECTED IN A -6.5 PERCENT REAL GROWTH RATE, AND A LOWER EMPLOYMENT FIGURE. POSITIVE REAL GROWTH IS EXPECTED IN ALL ASPECTS OF TRAVEL & TOURISM DEMAND IN 2013 AND BEYOND.

A MORE FORMALISED INTER-INSTITUTIONAL PLATFORM AND ACTION PLAN IS REQUIRED TO PRIORITISE TOURISM DATA COLLECTION AND TO BRING THE NEXT TSA COMPILATION BASED ON THE UNWTO STANDARD WITHIN THE DOMAIN OF THE NAMIBIAN SYSTEM OF NATIONAL ACCOUNTS.

ECONOMIC IMPACT INDICATORS

IN 2011 AND 2012*, THE INDUSTRY'S DIRECT IMPACT INCLUDED:

2011

N$3,600 mn
of GROSS DOMESTIC PRODUCT
Equivalent to **3.9**% of GDP

21,892
Jobs representing **5.3**% of total EMPLOYMENT

2012

N$3,800 mn
of GROSS DOMESTIC PRODUCT
Equivalent to 3.8% of GDP

22,857
Jobs representing 5.1% of total EMPLOYMENT

TSA CONCEPTS & STRUCTURE



TSA CONCEPTS & STRUCTURE

PURPOSE

The main aim of the TSA is to quantify the contribution of Travel and Tourism to the Namibian economy and the creation of jobs.

The TSA project was commissioned in 2006 by the Ministry of Environment and Tourism, under the project leadership of the Namibia Tourism Board. The World Travel and Tourism Council with its research partner Oxford Economic Forecasting was then assigned to develop the TSA model for Namibia.

WTTC METHODOLOGY & APPROACH

WTTC and its economic/research partners Oxford Economic Forecasting and Global Insight developed real-world models to illustrate the economic contribution of Travel & Tourism based on the needs of leaders and policy makers and on the interpretation of the system of national accounts.

The WTTC TSA on which the Namibian TSA is based, assumes the conceptual framework of the UN-approved international standard for tourism satellite accounting developed by UNWTO and published as Tourism Satellite Account: Recommended Methodological Framework (TSA:RMF) in 2001.

WTTC has made a number of discretionary extensions to the UN-approved standard, and combined sophisticated economic modelling and forecasts with up to date publicly available data to generate a comprehensive implementation of Travel and Tourism accounting.

The WTTC system provides for the development of the broader concept of the travel & tourism economy in addition to the narrow concept of the travel & tourism industry.
The TSA is based on a 'demand side' concept of economic activity because the industry does not produce nor supply homogenous products or services as conventional industries do (e.g. agriculture, textiles, etc).

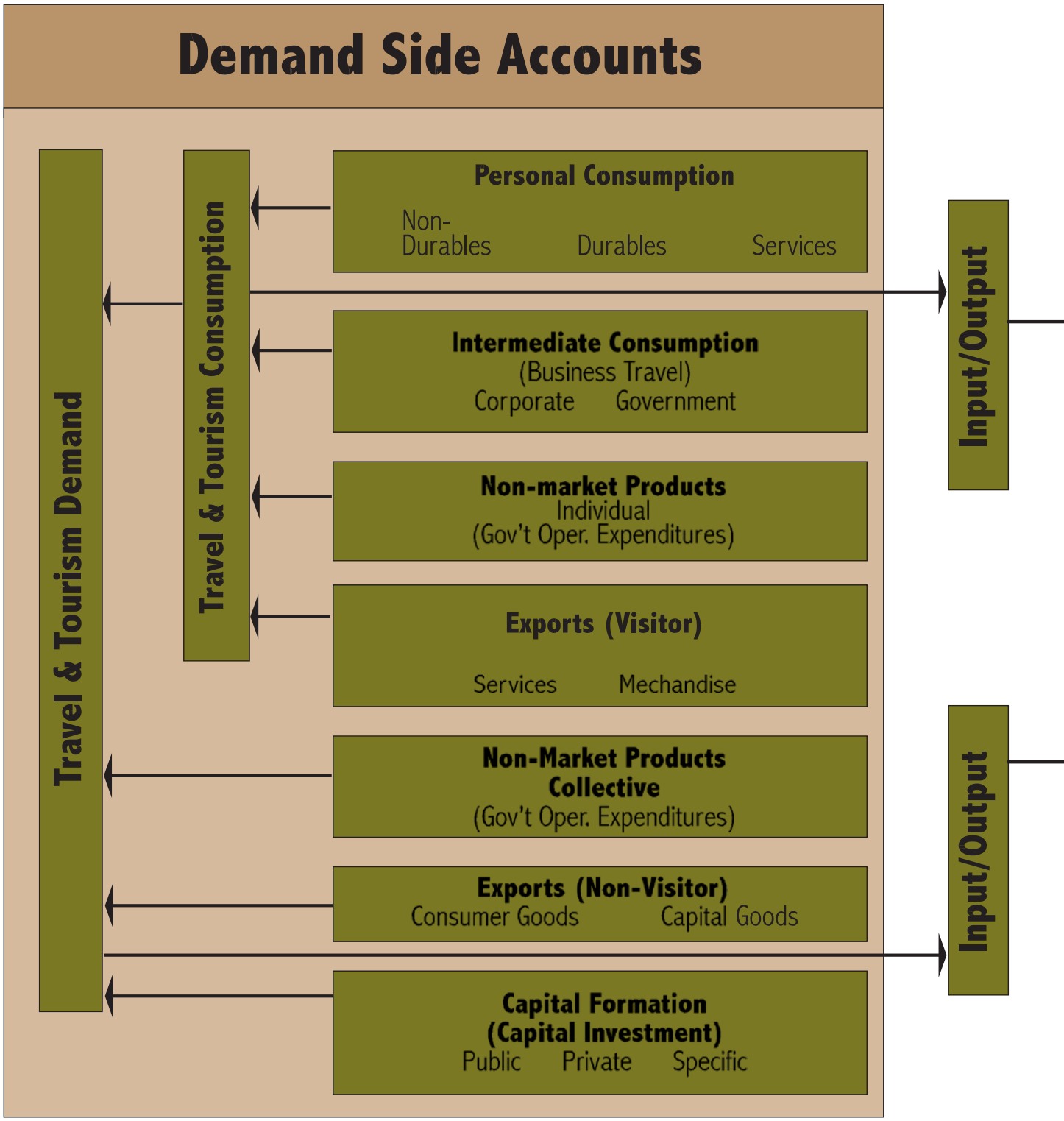
Data in the TSA model was updated from the revision of estimated and actual national accounting aggregates and government expenditure data.

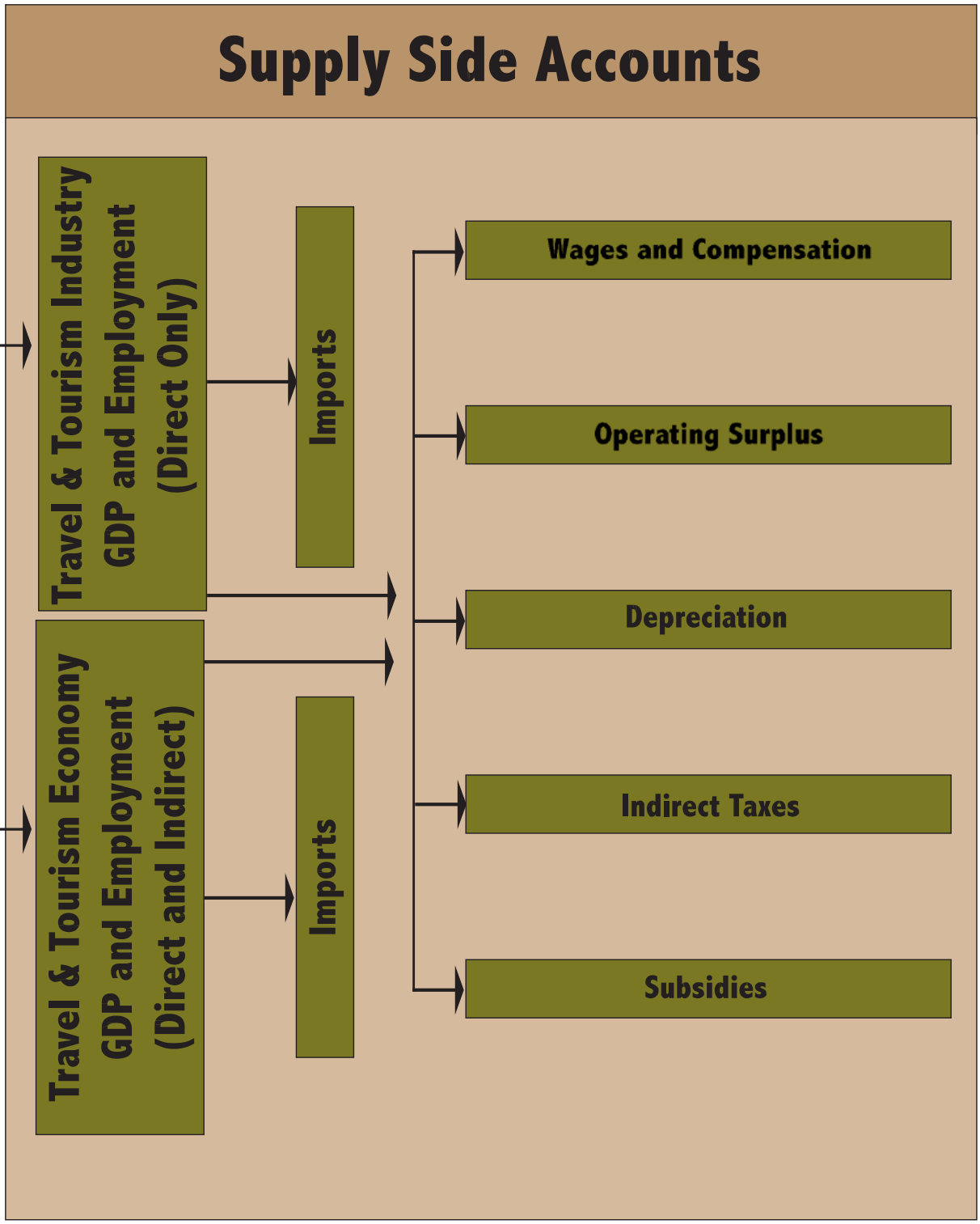
Each travel and tourism demand series (e.g. travel and tourism investment, personal consumption, imports, etc) at current prices are deflated by their matching deflators in the national accounts (e.g. the travel and tourism investment series is deflated by the deflator of overall capital formation) in order to obtain series at constant values.

The travel & tourism GDP at constant values is then calculated by adding up all the tourism-related demand components minus imports (all variables at constant prices of 2004).
Annual real growth rates are calculated from the resulting series at constant prices.

This procedure makes it possible to calculate consistent real growth rates during the history and forecast periods and to calculate the tourism contribution in terms of the non-mining economy.

TSA CONCEPTUAL FRAMEWORK




Supply Side Accounts
Travel & Tourism Industry GDP and Employment (Direct Only)
Travel & Tourism Economy GDP and Employment (Direct and Indirect)
Imports
Imports
Wages and Compensation
Operating Surplus
Depreciation
Indirect Taxes
Subsidies

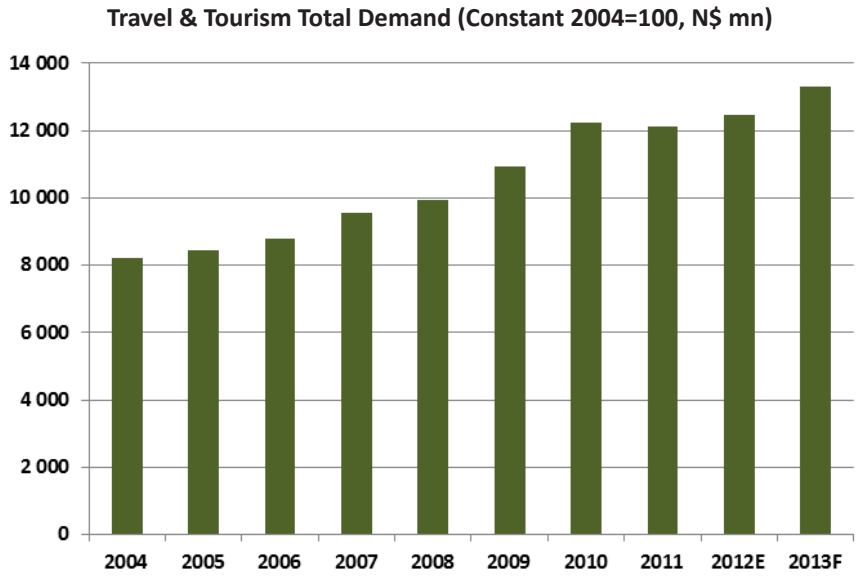
TRAVEL & TOURISM'S ECONOMIC IMPACT



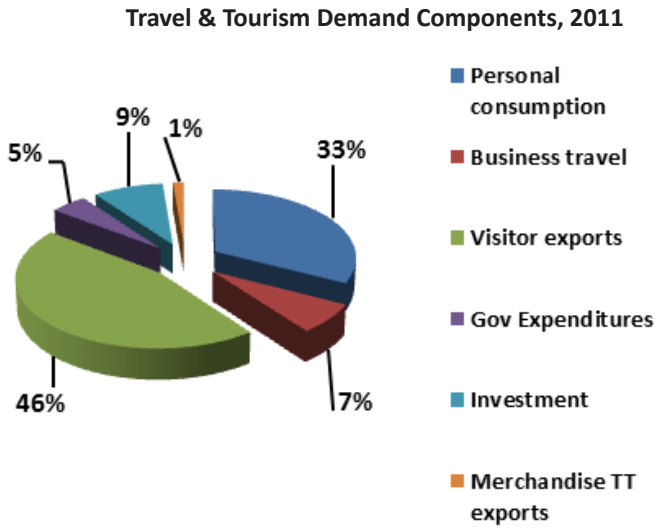
TRAVEL & TOURISM'S ECONOMIC IMPACT

TOTAL DEMAND

IN 2011, TRAVEL & TOURISM DEMAND INCLUDING ALL COMPONENTS OF TRAVEL & TOURISM CONSUMPTION, INVESTMENT, GOVERNMENT SPENDING AND EXPORTS GENERATED N$ 12 BILLION IN NOMINAL TERMS OF ECONOMIC ACTIVITY WHICH IN TERMS OF REAL GROWTH REPRESENTED A CONTRACTION OF -1.1 PERCENT. THE ESTIMATED REAL GROWTH IN TRAVEL & TOURISM DEMAND HOWEVER IMPROVED TO 2.7 PERCENT IN 2012.



The outlook forTravel & Tourism Total Demand in 2013 is bullish with real growth of 7 percent forecasted for this year.

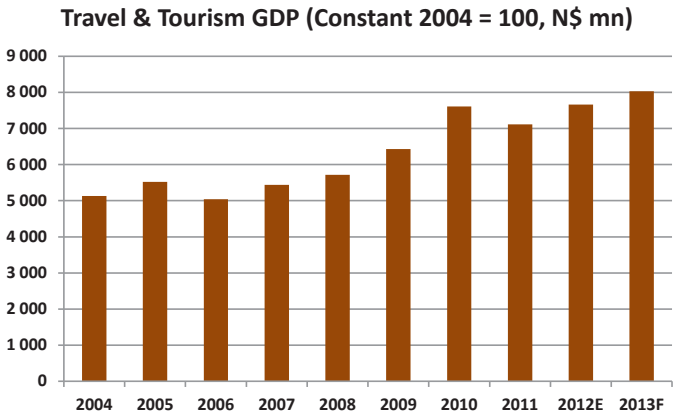


Visitor exports (i.e. inbound tourism, 46 percent) and Personal consumption (i.e. Namibian residents spent on travel & tourism activities, 33 percent) account for the majority share of total demand.



GROSS DOMESTIC PRODUCT (GDP)

IN 2011, TRAVEL & TOURISM'S DIRECT IMPACT CONTRIBUTED N$ 3.6 BILLION OR 3.9 PERCENT TO THE NAMIBIAN GDP, WHILE THE DIRECT PLUS INDIRECT IMPACT ACCORDING TO THE INDUSTRY CONCEPT TOTALED N$ 14.3 BILLION OR 15.7 PERCENT OF GDP.



The Travel & Tourism economy saw consistent growth over the last seven years or so, not least because of sustained growth in number of tourist arrivals to Namibia.

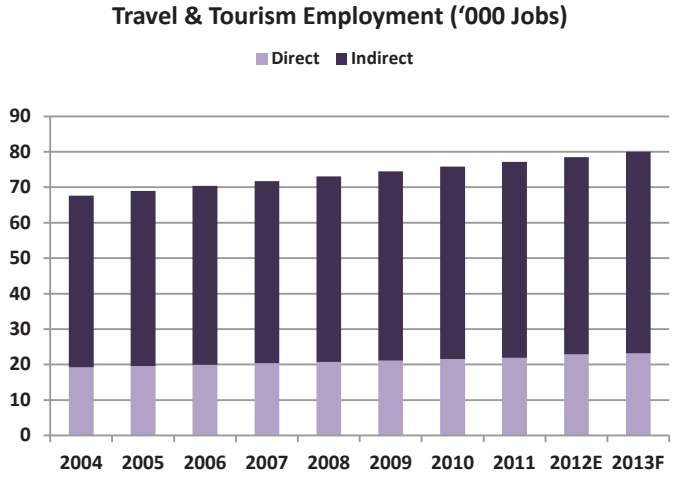
The sector was however not totally immune to the global economic and financial crises. The number of overseas tourists from Namibia's traditional markets declined by 10% in 2011 (tourists from Europe declined by 11.2%). The industry also experienced a shift in demand from high-end products to low end offerings, shorter stays and reduced spending.

Over this period, there has also been some consolidation in the industry with the exit of some weaker players, some merger activity, and recapitalisation of businesses by shareholders, some restructuring and isolated lay-offs of workers, and entry of new participants.

As expected, real growth in 2011 contracted to negative 6.5 percent. This correction came after a seemingly very buoyant 2010. The 2012 (7 percent) and projected 2013 (5 percent) growth estimates pointed to a rosier outlook for the industry in the coming years. Tourist arrivals to Namibia are expected to remain above 1 million mark after 2012, on the back of an equally positive global and southern Africa growth outlook (UNWTO estimates).

EMPLOYMENT

THE NAMIBIAN TRAVEL & TOURISM INDUSTRY (DIRECT IMPACT) ACCOUNTED FOR 21,892 JOBS OR 5 PERCENT OF TOTAL EMPLOYMENT IN 2011, AND 22,857 JOBS IN 2012. THE BROADER PERSPECTIVE OF THE TRAVEL & TOURISM ECONOMY, WHICH INCLUDE THE SPILL OVER EMPLOYMENT ASSOCIATED WITH INDUSTRY CAPITAL INVESTMENT AND GOVERNMENT SPENDING ACCOUNTED FOR 19.7 PERCENT OF TOTAL EMPLOYMENT DEPENDENT ON TRAVEL & TOURISM IN BOTH YEARS.

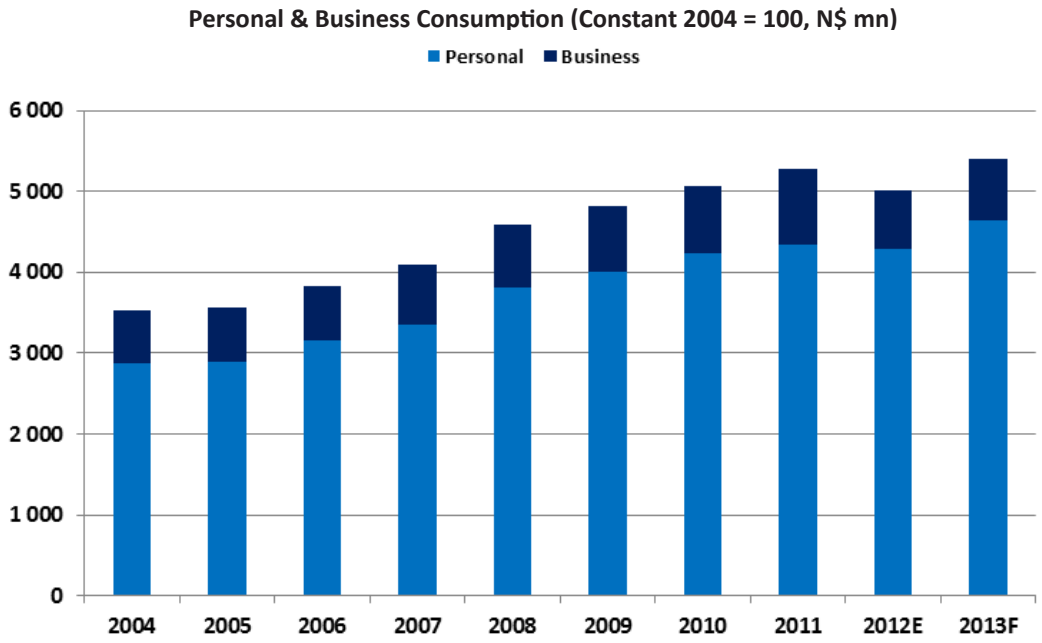


Real growth in employment stabilised around 1.7 percent (economy concept) in both 2012 and 2013. Total employment in travel and tourism industry is projected to increase to 123,000 by end 2020. Current growth is mainly driven by new capital investment and government spending.

PERSONAL & BUSINESS CONSUMPTION

PERSONAL EXPENDITURE ON TRAVEL & TOURISM BY NAMIBIAN RESIDENTS TOTALED N$ 6.4 BILLION(2011) AND N$ 6.6 BILLION (2012 ESTIMATE). BUSINESS TRAVEL (CORPORATE AND GOVERNMENT) ON THE OTHER HAND CONTRIBUTED N$ 1.4 BILLION (2011) AND N$ 1.1 BILLION (2012) IN NOMINAL TERMS.

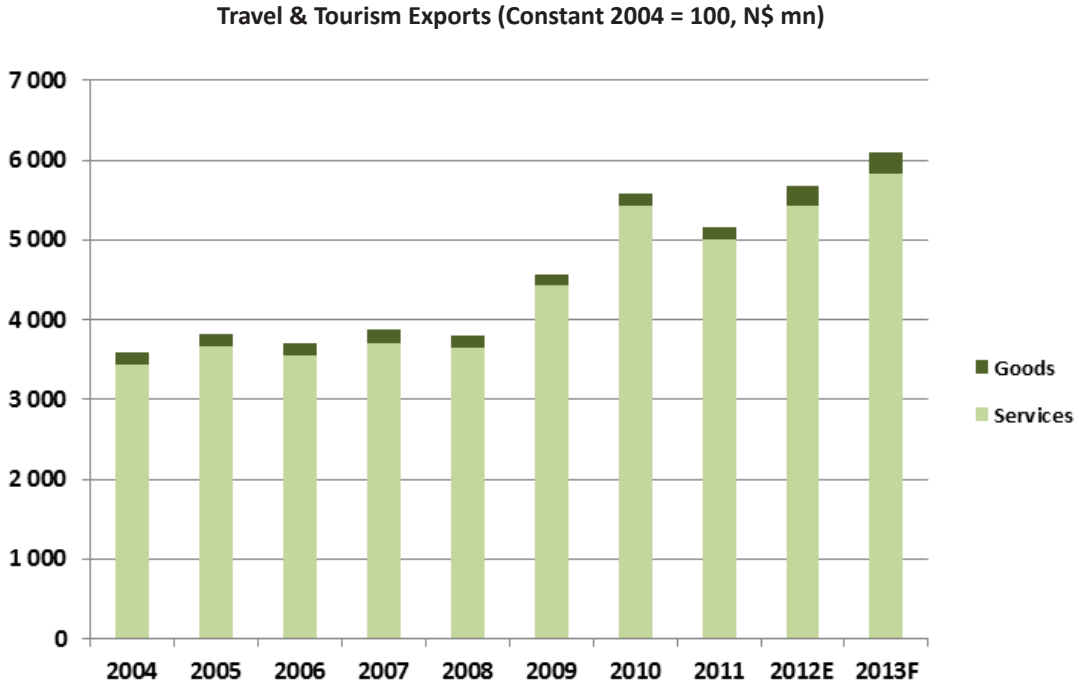




Both personal and business consumption real growth rates were estimated to decline in 2012, with business travel consumption subdued in the forecast period (2013) in response to high fuel costs, and other inflationary pressures. Namibian residents' share of tourism receipts in the domestic market have been steadily increasing over the last five years. This growth is synonymous with the introduction of the domestic tourism campaign by the Namibia Tourism Board, which should be given more credence going forward as internationally many countries look towards this markets segment for continued sustainability of the tourism industry.

EXPORTS

IN 2011, SPENDING BY VISITORS TOTALED N$ 5 BILLION (NOMINAL TERMS), REPRESENTING 87 PERCENT OF TOTAL SERVICE EXPORTS. REAL GROWTH HOWEVER DECLINED BY – 7 PERCENT. REAL GROWTH WAS HOWEVER SET TO BE POSITIVE IN 2012 (8 PERCENT ESTIMATE) AND 2013 (7 PERCENT PROJECTED).



Travel and Tourism remains a major exporter of services with international visitors injecting foreign exchange directly into the economy. The production of travel and

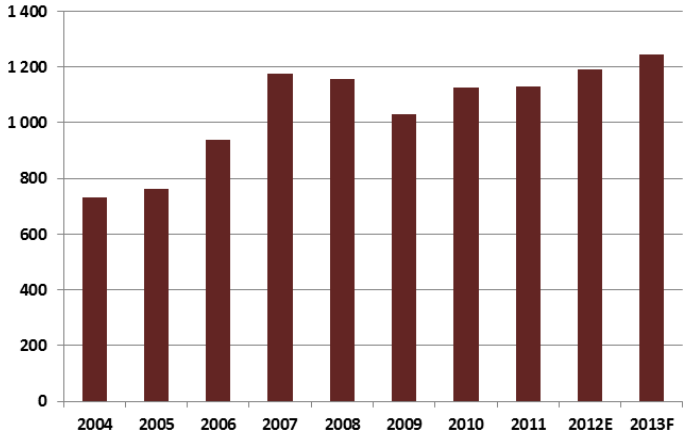


tourism goods for export purposes however remains relatively low in Namibia, and this trend will continue in the foreseeable future

CAPITAL INVESTMENT

NAMIBIA'S TRAVEL & TOURISM CAPITAL INVESTMENT CONTRIBUTED ONLY N$ 1.7 BILLION OR 0.3 PERCENT OF TOTAL INVESTMENTS IN 2011! GOING FORWARD, CAPITAL INVESTMENTS IN TRAVEL & TOURISM WILL REMAIN AT BELOW 5 PERCENT OF TOTAL.

Travel & Tourism Capital Investment (Constant 2004 = 100, N$ mn)



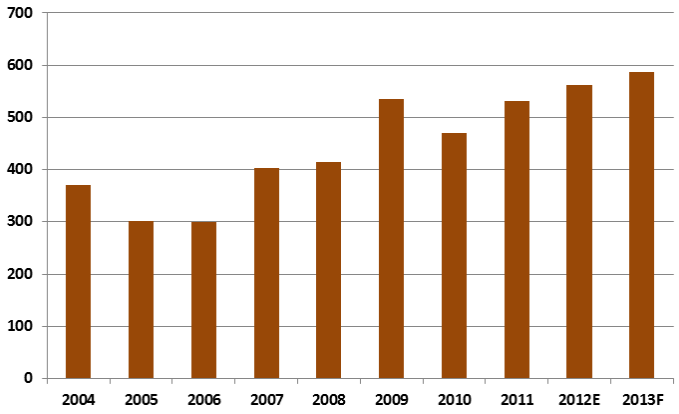
Investments in infrastructure contribute significantly to the success of tourism. The sustained growth in capital investment is an indication of the growing importance/ belief by both private and public sector of the potential of Travel & Tourism to create jobs and add value to economy. However, the lack of real growth in capital investment (low rates observed of late) belies the credence given to the sector as a pillar of growth in the Namibian economy.

Some measure to be considered are expansionary policy provision around visa regime for tourists and reforming some policy around land tenure, quick time approval of business applications, entering new emerging markets and diversifying tourism offerings or products to attract more investment.

GOVERNMENT

GOVERNMENT TRAVEL & TOURISM SPENDING INCREASED TO N$ 532 MILLION IN 2011 OR 4 PERCENT OF TOTAL GOVERNMENT CONSUMPTION. THIS REAL GROWTH OF 36 PERCENT, WILL HOWEVER BE DILUTED TO BETWEEN 4 PERCENT (FORECAST PERIOD) AND FIVE PERCENT (IN 2012).

Travel & Tourism Government Expenditure (Constant 2004 = 100, N$ mn)



Government travel and tourism expenditure remained between 3 and 4 percent of total government consumption for a number of years, and is expected to continue along this line in the foreseeable future.



DEVELOPMENT OF NATIONAL TSA STATISTICS FRAMEWORK



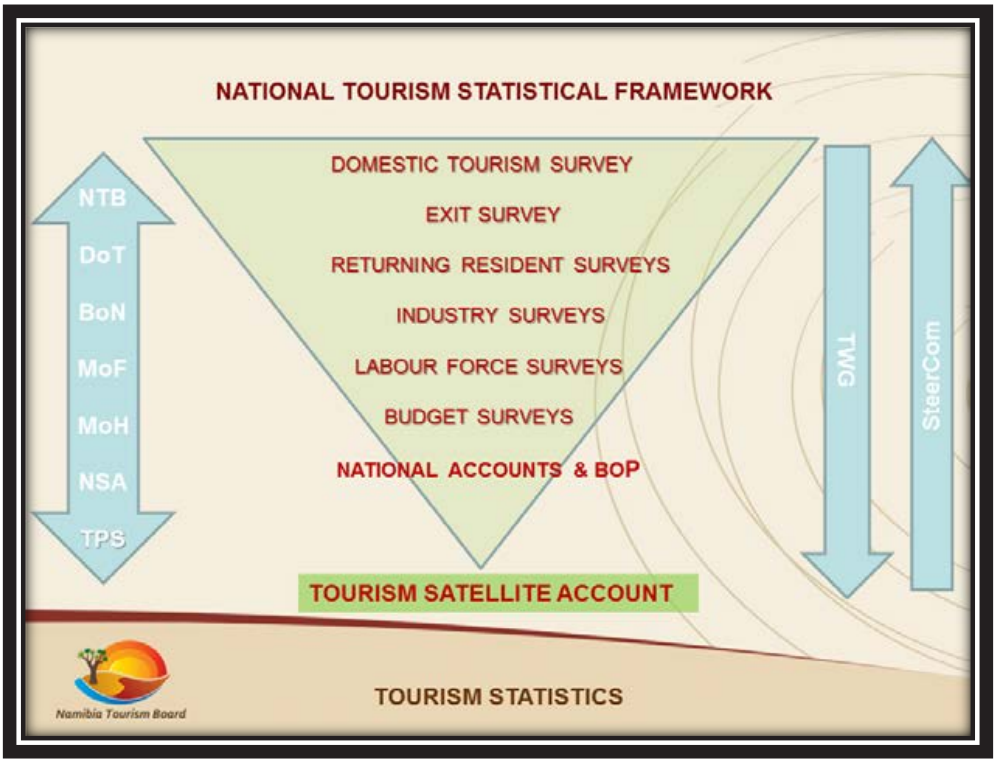
DEVELOPMENT OF NATIONAL TSA STATISTICS FRAMEWORK

THE DEVELOPMENT OF A TOURISM SATELLITE ACCOUNT IS AN EXPENSIVE, RESOURCE DEMANDING AND COMPLEX PROCESS, WHICH REQUIRES TECHNICAL DATA COLLECTION AND PRODUCTION EXPERTISE, TECHNICAL NATIONAL ACCOUNTS EXPERTISE, AND THE AVAILABILITY OF THE REQUIRED GOOD QUALITY DATA.

In addition, it requires support from all relevant stakeholders (Government, private sector and academia) and also a close and positive working relationship between stakeholders. For the TSA to be legitimate, credible and widely accepted, both nationally and internationally, it needs to be part of the official National Accounts.

With the growing potential and importance of tourism as a key driver of our economy, it is important that we meet the requirements for TSA to be an official and objective measure of tourism's contribution to the economy. The value of the TSA as an advocacy tool for industry and government tourism agencies can also not be overstated.

Namibia has now joined other countries in the region and internationally through the UNWTO Capacity Building Programmes to enhance its ability to develop a TSA based on the UN-approved international standard, by creating the required inter-institutional platforms and to conform its national statistics framework to bring tourism statistics and TSA within system of National Accounts.



Namibia expects to produce its first experimental TSA based on the UNWTO TSA methodology and approach by 2015.

Namibia Tourism Board

APPENDIX - SATELLITE ACCOUNT TABLES

Travel & Tourism Accounts - N$ mn

	2005	2006	2007	2008	2009	2010	2011	2012E*	2013F*	2020F*
Personal consumption	**2 970**	**3 358**	**3 959**	**4 904**	**5 341**	**5 895**	**6 404**	**6 634**	**7 527**	**14 526**
Business travel	**681**	**728**	**894**	**995**	**1 085**	**1 150**	**1 405**	**1 130**	**1 234**	**2 305**
Visitor exports (inbound tourism)	**3 696**	**4 488**	**5 631**	**6 491**	**7 929**	**9 038**	**8 956**	**10 154**	**11 440**	**27 532**
Gov Expenditures	329	330	506	568	804	774	913	1 009	1 104	2 077
Govt individual spending	**12**	**14**	**35**	**23**	**36**	**37**	**53**	**58**	**64**	**120**
Tourism consumption	**7 360**	**8 588**	**10 519**	**12 413**	**14 390**	**16 120**	**16 817**	**17 976**	**20 265**	**44 483**
Govt collective spending	**316**	**315**	**471**	**545**	**768**	**736**	**860**	**951**	**1 041**	**1 957**
Investment	**798**	**1 052**	**1 445**	**1 611**	**1 500**	**1 674**	**1 724**	**1 905**	**2 085**	**3 921**
Merchandise TT exports	**182**	**189**	**264**	**277**	**243**	**257**	**263**	**466**	**508**	**928**
Tourism Demand	**8 657**	**10 145**	**12 699**	**14 846**	**16 902**	**18 788**	**19 663**	**21 298**	**23 898**	**51 288**
less imports	**2 268**	**3 120**	**3 744**	**4 407**	**4 816**	**5 082**	**5 390**	**5 762**	**6 518**	**11 908**
Direct effect (Industry concept)										
GDP	1 571	1 737	2 151	2 551	3 020	3 450	3 555	3 776	4 227	11 246
Employment ('000)	19.6	20.0	20.4	20.7	21.1	21.5	21.9	22.9	23.1	35.6
Total effect (Economy concept)										
GDP	**6 388**	7 025	8 955	10 439	12 086	13 706	14 273	15 536	17 380	39 380
Employment ('000)	**77.6**	79.1	80.6	82.2	83.7	85.2	86.7	88.2	89.3	122.8

Travel & Tourism Real Growth (per annum except 2020 = yearly average 2012-20)

	2005	2006	2007	2008	2009	2010	2011	2012E*	2013F*	2020F*
Personal consumption	**0.8%**	**8.7%**	**6.1%**	**14.0%**	**4.9%**	**5.9%**	**2.4%**	**-1.1%**	**8.3%**	**5.2%**
Business travel	2.4%	**2.8%**	**10.6%**	**2.3%**	**5.1%**	**1.6%**	**15.2%**	**-23.3%**	**4.3%**	**4.3%**
Visitor exports (inbound tourism)	6.4%	**-2.9%**	**4.1%**	**-1.5%**	**21.8%**	**22.6%**	**-7.7%**	**8.2%**	**7.5%**	**8.1%**
Gov Expenditures	-0.6%	**16.6%**	**113.1%**	**-39.4%**	**41.0%**	**-5.6%**	**36.2%**	**5.5%**	**4.4%**	**4.4%**
Tourism consumption	**3.7%**	**2.3%**	**5.7%**	**5.3%**	**12.4%**	**13.5%**	**-1.7%**	**1.4%**	**7.6%**	**6.7%**
Investment	4.2%	**23.0%**	**25.3%**	**-1.5%**	**-11.0%**	**9.2%**	**0.4%**	**5.5%**	**4.4%**	**4.4%**
Merchandise TT exports	2.5%	**-7.5%**	**15.6%**	**-10.1%**	**-12.7%**	**13.9%**	**-4.9%**	**69.3%**	**4.0%**	**4.0%**
Tourism Demand	**2.7%**	**3.8%**	**8.8%**	**4.2%**	**10.0%**	**11.9%**	**-1.1%**	**2.7%**	**7.1%**	**6.4%**
less imports	-5.3%	**27.4%**	**10.1%**	**3.1%**	**6.6%**	**2.7%**	**7.8%**	**-4.3%**	**10.7%**	**4.8%**
Total effect (Economy concept)										
GDP	**7.6%**	**-8.7%**	**7.9%**	**5.1%**	**12.5%**	**18.3%**	**-6.5%**	**7.7%**	**4.8%**	**7.3%**
Employment	**2.1%**	**2.0%**	**1.9%**	**1.9%**	**1.9%**	**1.8%**	**1.7%**	**1.7%**	**1.2%**	**4.2%**

Travel & Tourism Accounts as % from National Accounts

	2005	2006	2007	2008	2009	2010	2011	2012E*	2013F*	2020F*
Personal consumption	11.1%	11.1%	11.1%	11.1%	11.1%	11.1%	11.1%	11.1%	11.1%	12.8%
Govt Consumption	2.9%	4.1%	3.6%	3.2%	3.7%	3.9%	4.1%	4.1%	4.1%	4.5%
Capital Investment	9.2%	9.2%	9.3%	9.0%	9.8%	10.4%	10.4%	10.4%	10.4%	10.9%
Goods Exports	1.3%	1.1%	1.1%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%
Imports	11.1%	11.4%	11.2%	11.1%	11.4%	11.4%	11.4%	11.0%	11.5%	11.5%
Service Exports	91.4%	90.5%	91.3%	90.1%	91.1%	91.5%	87.3%	88.3%	88.5%	92.5%
Travel & Tourism Industry Aggregates (Direct Impact only)										
GDP	3.7%	3.8%	3.9%	3.9%	4.0%	4.3%	3.9%	3.8%	3.9%	5.6%
Employment	5.3%	5.3%	5.3%	5.3%	5.3%	5.3%	5.3%	5.1%	5.1%	7.1%
Travel & Tourism Economy Aggregates (Indirect and Direct Impacts)										
GDP	13.8%	13.5%	14.4%	14.3%	16.1%	16.9%	15.7%	15.5%	16.0%	19.6%
Employment	19.7%	19.7%	19.7%	19.7%	19.7%	19.7%	19.7%	19.7%	19.7%	23.5%

*E - Estimate; *F - Forecast

NTB would like to thank the followingindividuals, organizations and agencies that contributed their knowledge, insight and data/information to the TSA model and report.

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Namibia Tourism Board

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Republic of Namibia
Ministry of Environment & Tourism



This Report has been carried out under the supervision of the Namibia Tourism Board

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