



Namibia Tourism Board



NAMIBIA

TOURISM SATELLITE ACCOUNT



PREFACE



I am pleased to present to you the 5th edition of the Tourism Satellite Account (TSA). TSA is an accounting framework and economic statistical tool to quantify the contribution of travel and tourism to the economy and the creation of jobs. It provides information for the understanding and monitoring of the impact of tourism on the Namibian economy over a period of time. It also helps to assess policies that govern future industry development and provide knowledge to help guide successful and sustainable travel and tourism investment decisions.

This report was prepared using the World Travel and Tourism Council (WTTTC) model and approach. It includes figures for the period starting 2009 to 2015, preliminary estimates for 2016 and forecast values for 2017. The calculations reflect the recent migration of Namibia's Balance of Payments (BOP) statistics to the latest International Monetary Fund compilation manual, which introduced a number of changes to the Service Account data used in the TSA dating back to 2009.

In 2015, the travel and tourism demand represented a 9.3 percent increase from 2014 in terms of real growth, however, the estimated real growth in travel & tourism demand is anticipated to have dropped by 10.6 percent in 2016.

I therefore urge all tourism stakeholders and partners to uphold commitment towards making the tourism sector prosperous by supporting developmental policies and interventions, strengthening collaborations between stakeholders as well as investing in the sector in order to sustain the growth of the tourism sector.

Let us all work together for our collective and individual futures in a coordinated, synergised and focused manner. Tourism is everybody's business.

Finally, I would like to recognize the efforts of various stakeholders who assisted in providing information used in making the production of this 5th edition a success!

Pohamba Shifeta, (MP)
Minister of Environment and Tourism



TLE COUNTRY

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EXECUTIVE SUMMARY

The direct contribution of the tourism sector in 2015 is estimated at N\$5.2 billion of value added and more than 44,700 jobs. Using the broader economy concept (this includes indirect effects and makes allowances for investment spending in support of tourism activities) the contribution rises to N\$15.1 billion (representing 10.2% of overall GDP) and 100,700 jobs (14.5% of total employment). Preliminary estimates for 2016 show an improvement on these figures: N\$16.7 billion (10.5% of overall GDP) and 101,000 jobs (14.9% of total employment). The outlook for the sector over the next four years remains positive and robust. In 2020 tourism-related value added is expected to reach N\$26.4 billion (11.7% of overall GDP) and employment generation is likely to be above 123,000 jobs (16.4% of total employment). These projections are consistent with an increase in foreign tourist arrivals from 1,387,773 in 2015 to 1,724,000 in 2020.

The calculations now reflect the recent migration of Namibia's Balance of Payments (BOP) Statistics to the latest compilation manual on the International Monetary Fund, which introduced a number of changes to the Service Account data (including travel spending and transportation) used in the TSA dating back to 2009. Previously, the estimation of the travel component in the BOP relied primarily on real sector indicators such as tourist arrivals and bed occupancy. With the BOP migration, the data sources were expanded to include the transactions reported by the local banks on non-residents as well as service payments made by the government. Because of these methodological and data changes, the TSA results from 2009 onwards are not comparable with estimates made previously.

ECONOMIC IMPACT INDICATORS IN 2015

THE INDUSTRY'S DIRECT IMPACT:

N\$ 5,192 mn

of GROSS DOMESTIC
PRODUCT

Equivalent to 3.5%
of GDP

44,729

jobs representing 6.5%
of total EMPLOYMENT

THE BROADER ECONOMY IMPACT:

N\$ 15,084 mn

of GROSS DOMESTIC
PRODUCT

Equivalent to 10.2%
of GDP

100,720

jobs representing 14.5%
of total
EMPLOYMENT



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 (WTTC) with its research partner Oxford Economics was then assigned to develop the TSA system for Namibia.

WTTC METHODOLOGY & APPROACH

WTTC and its research partners Oxford Economics 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 approach, 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 forecasting with up-to-date publicly available data, to generate a comprehensive implementation of Travel and Tourism accounting.

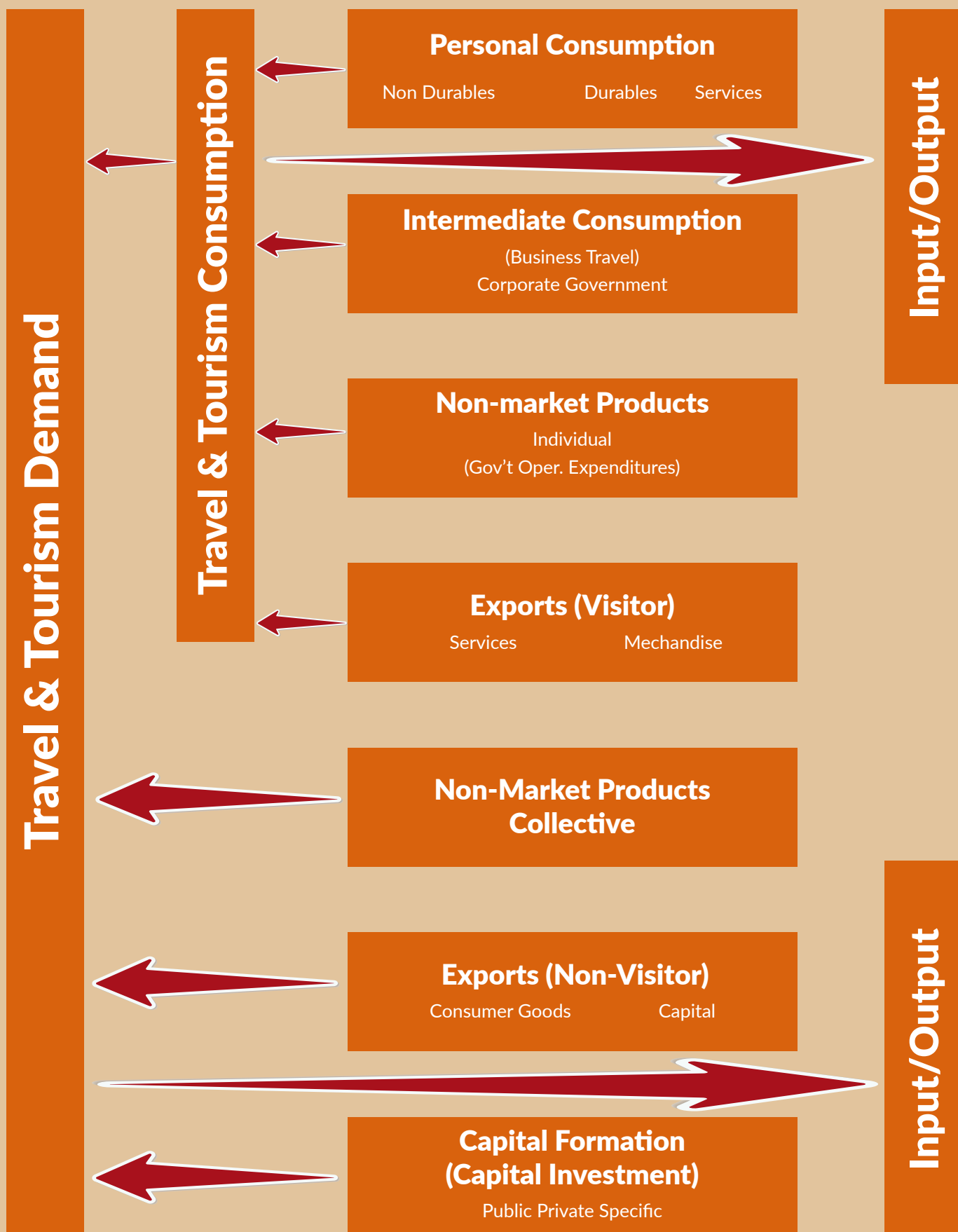
The WTTC approach provides for the development of the broader concept of the travel & tourism economy in addition to the narrow concept of the travel & tourism industry. The economy concept includes not just supply to visitors but also goods and services produced more widely on behalf of the tourist, i.e. collective government spending, capital formation and non-visitor exports. 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 were updated from the revision of estimated and actual national accounts aggregates, employment figures, and government expenditure data.

Each travel and tourism demand series (e.g. travel and tourism investment, personal consumption, imports, etc.) at current prices is deflated by its 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 constant values of 2010 prices.

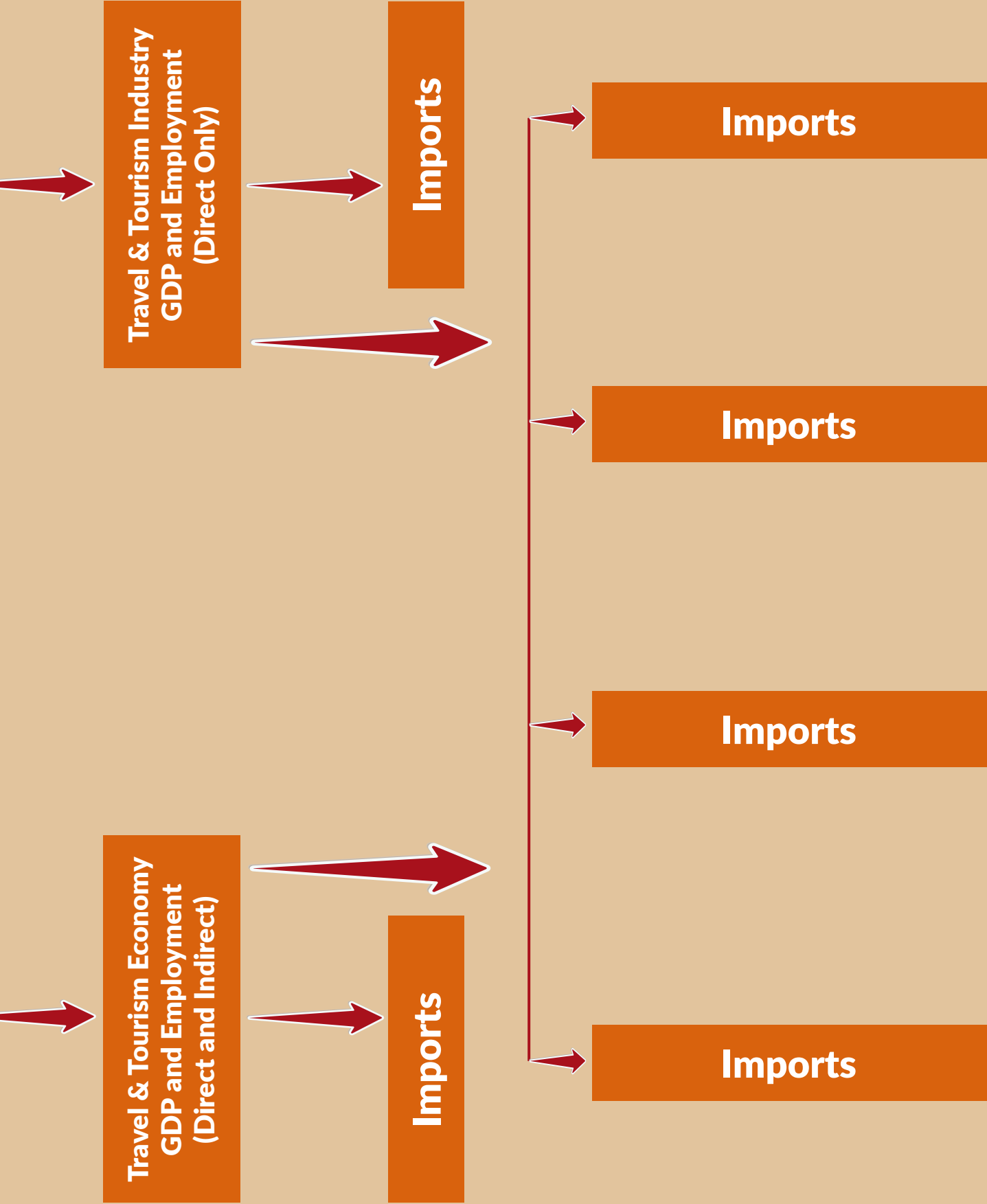
The travel and tourism GDP at constant values is then calculated by adding up all the tourism-related demand components minus imports. This procedure makes it possible to calculate consistent real growth rates during the history and forecast periods.

TSA CONCEPTUAL FRAMEWORK

DEMAND SIDE ACCOUNTS



SUPPLY SIDE ACCOUNTS



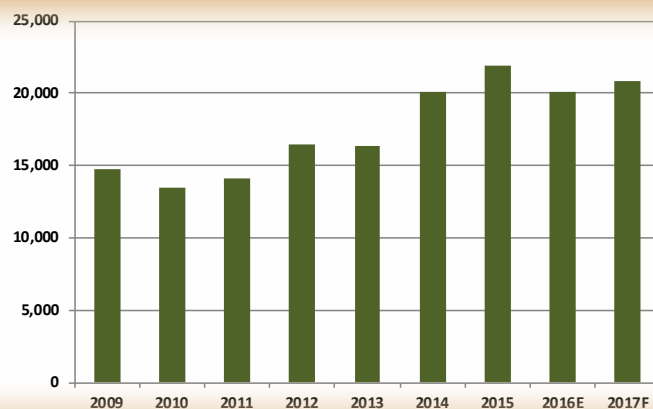


TRAVEL & TOURISM'S ECONOMIC IMPACT

TOTAL DEMAND

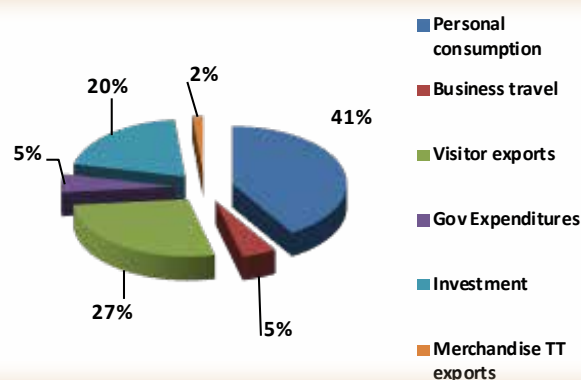
IN 2015, TRAVEL & TOURISM DEMAND (INCLUDING ALL COMPONENTS OF TRAVEL & TOURISM CONSUMPTION, INVESTMENT, GOVERNMENT SPENDING AND EXPORTS) GENERATED N\$28 BILLION IN NOMINAL TERMS OF ECONOMIC ACTIVITY. IN TERMS OF REAL GROWTH, THIS REPRESENTED AN EXPANSION OF 9.3 PERCENT. HOWEVER, THE ESTIMATED REAL GROWTH IN TRAVEL & TOURISM DEMAND IN 2016 IS EXPECTED TO HAVE FALLEN BY 10.6 PERCENT (IN LINE WITH DEVELOPMENTS IN OVERALL AGGREGATE DEMAND).

Travel & Tourism Total Demand (constant values at 2010 prices, N\$ mn)



The outlook for Travel & Tourism Total Demand in 2017 shows a recovery with real growth of 4.9 percent forecast for this year.

Travel & Tourism Demand Components, 2015



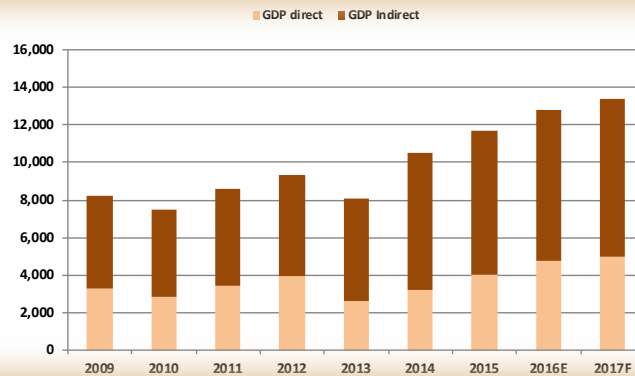
Visitor exports (i.e. inbound tourism, 27 percent) and personal consumption (i.e., Namibian residents' spend on travel & tourism activities, 41 percent) account for the majority share of total demand.



GROSS DOMESTIC PRODUCT (GDP)

IN 2015, TRAVEL & TOURISM'S DIRECT IMPACT CONTRIBUTED N\$5.2 BILLION (NOMINAL TERMS) TO THE NAMIBIAN GDP (THIS REPRESENTED 3.5 PERCENT OF OVERALL GDP), WHILE THE DIRECT PLUS INDIRECT IMPACT, ACCORDING TO THE ECONOMY CONCEPT, TOTALED N\$15.1 BILLION (10.2 PERCENT).

Travel & Tourism Industry GDP (constant values at 2010 prices, N\$ mn)

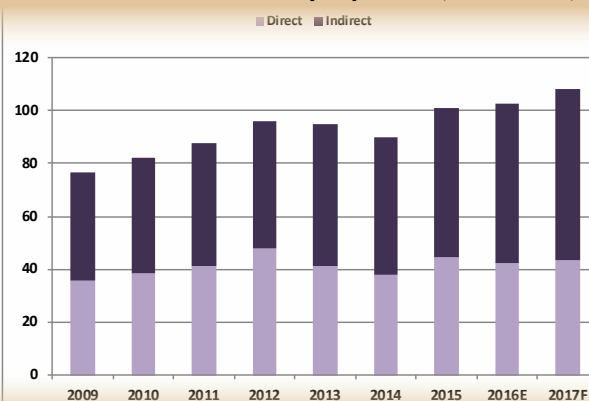


The Travel & Tourism sector saw consistent growth over the last four years, not least because of sustained growth in number of tourist arrivals to Namibia. Real growth of tourism value added in 2015 was a strong 11.4 percent and we expect this positive trend to have continued into 2016 (up 5.9 percent). And the outlook remains fairly positive with an average annual growth of 6.5 percent in the next four years. These projections are consistent with an increase of foreign tourist arrivals from 1,387,773 in 2015 to 1,724,000 in 2020.

EMPLOYMENT

THE NAMIBIAN TRAVEL & TOURISM INDUSTRY (DIRECT IMPACT) GENERATED 44,729 JOBS OR 6.5 PERCENT OF TOTAL EMPLOYMENT IN 2015. THE BROADER PERSPECTIVE OF THE TRAVEL & TOURISM ECONOMY (DIRECT & INDIRECT), WHICH INCLUDES THE SPILL OVER EMPLOYMENT ASSOCIATED WITH INDUSTRY CAPITAL INVESTMENT AND GOVERNMENT COLLECTIVE SPENDING, ACCOUNTED FOR 100,720 JOBS OR 14.5 PERCENT OF TOTAL EMPLOYMENT.

Travel & Tourism Employment ('000 Jobs)



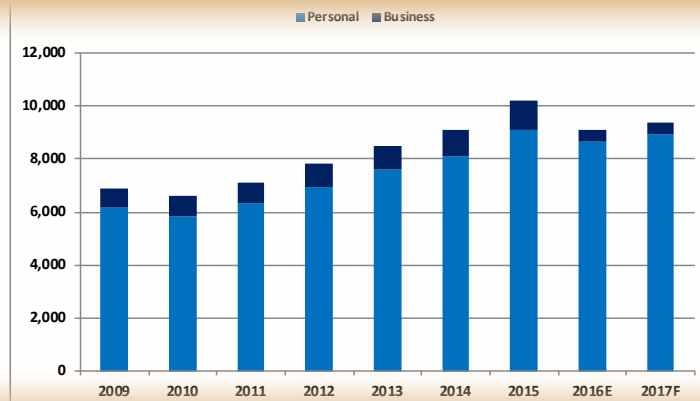
The pace of job creation in the travel and tourism sector rose strongly by 11.9 percent in 2015 after consecutive declines in the previous two years. Direct employment in the travel and tourism industry (which includes jobs in the characteristic industries such as hotels, restaurants, travel agencies and car rental) is projected to increase to 49,422 by end 2020; whereas the broader contribution is forecast to reach 123,100 jobs.



PERSONAL & BUSINESS CONSUMPTION

PERSONAL EXPENDITURE ON TRAVEL & TOURISM BY NAMIBIAN RESIDENTS TOTALED N\$11.5 BILLION (NOMINAL TERMS) IN 2015. THE CONTRIBUTION OF NAMIBIAN RESIDENTS' TRAVEL AND TOURISM SPENDING TO OVERALL GDP IS ESTIMATED AT AROUND 11 PERCENT OF TOTAL PRIVATE CONSUMPTION IN RECENT YEARS. BUSINESS TRAVEL (CORPORATE AND GOVERNMENT) ON THE OTHER HAND CONTRIBUTED N\$1.4 BILLION.

Personal & Business Consumption (constant values at 2010 prices, N\$ mn)

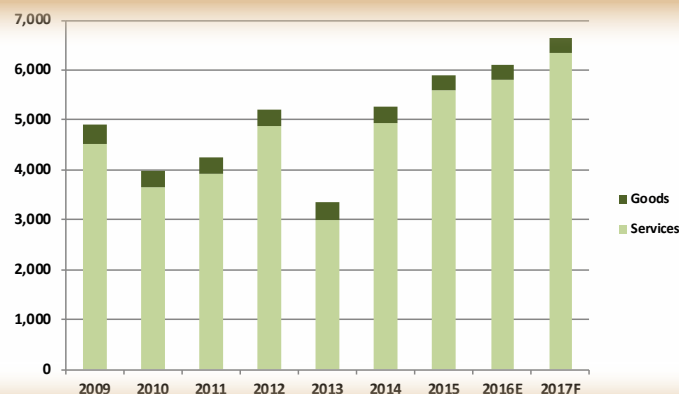


Both personal and business consumption have grown steadily since 2010 supported by a vigorous expansion in overall economic activity (real GDP expanded at an annual average rate of about 5.5 percent during the period). However, after reaching a peak in 2015 this component is expected to have declined in 2016 (down 5.1 percent) and to have recovered moderately in 2017 (a forecast growth of 3.2 percent). Namibian residents' share of tourism receipts in the domestic market have been steadily increasing over the last five years.

EXPORTS

IN 2015, SPENDING BY VISITORS TOTALED N\$7.6 BILLION (NOMINAL TERMS), REPRESENTING 60 PERCENT OF TOTAL SERVICE EXPORTS IN NAMIBIA. THIS COMPONENT LARGELY REFLECTS TRAVEL SPENDING AND TRANSPORTATION; TWO ITEMS RECORDED IN THE COUNTRY'S CURRENT ACCOUNT. MEANWHILE, EXPORTS OF TRAVEL AND TOURISM-RELATED GOODS, (IN GENERAL, THIS ITEM INCLUDES EXPORTS SUCH AS PETROL AND SUITCASES), ACCOUNTS FOR A LOW N\$426 MILLION.

Travel & Tourism Exports (constant values at 2010 prices, N\$ mn)



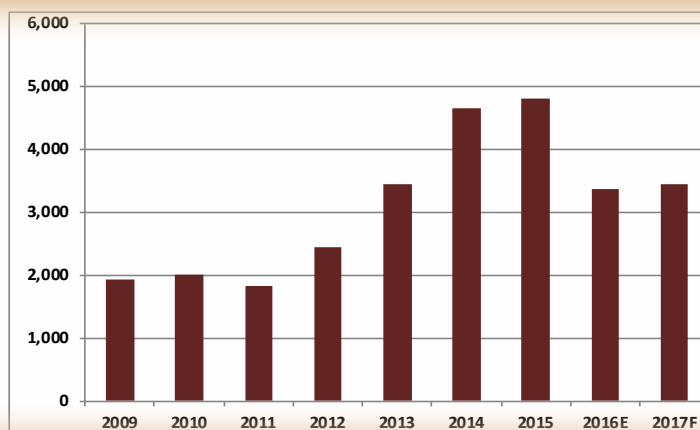
After a sharp real decline in 2013 (-38.6 percent), real growth in inbound tourism spending has recovered strongly and is expected to continue its expansion at an average growth rate of 7.3 percent over the period 2016-2020. Note that the 2013 fall is not consistent with the statistics of foreign tourist arrivals that recorded a 9.0 percent increase that year. Travel and Tourism remains a major exporter of services with international visitors injecting foreign exchange directly into the economy. By contrast, however, the production of travel and tourism goods for export purposes remains relatively low in Namibia, and this trend is expected to continue in the future.



CAPITAL INVESTMENT

NAMIBIA'S TRAVEL & TOURISM CAPITAL INVESTMENT CONTRIBUTED N\$5.6 BILLION (NOMINAL TERMS) OR 11.3 PERCENT OF TOTAL INVESTMENT IN 2015. THIS ITEM NOT ONLY INCLUDES THE EXPANSION OF TOURISM FACILITIES SUCH AS HOTELS, BUT ALSO MAKES ALLOWANCES FOR VITAL INFRASTRUCTURE TO SUPPORT TRAVEL AND TOURISM ACTIVITIES (e.g., ROADS AND AIRPORTS). GOING FORWARD, THE CONTRIBUTION OF CAPITAL INVESTMENT IN TRAVEL & TOURISM TO OVERALL INVESTMENT IN THE COUNTRY WILL REMAIN AT AROUND 11 PERCENT OF THE TOTAL.

Travel & Tourism Capital Investment (constant values at 2010 prices, N\$ mn)



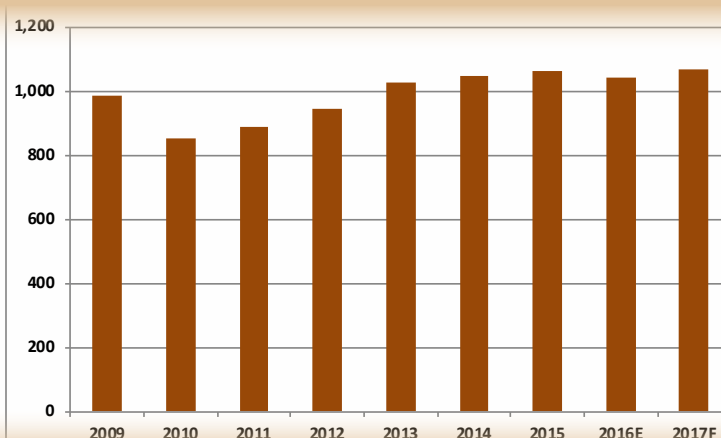
Real growth in travel and tourism-related investment had grown very strongly since 2011, reaching a peak in 2015. However, for 2016 we are pencilling in a significant slowdown in real growth in line with preliminary figures for overall investment in the national accounts. However, in the period 2017-2020 we forecast investment in the sector to expand at an average annual real rate of 4 percent.

Investments in infrastructure contribute significantly to the success of tourism. The sustained growth in capital investment is an indication of the growing belief by both the private and public sector of the industry's potential to create jobs and add value to the economy.

GOVERNMENT

GOVERNMENT TRAVEL & TOURISM SPENDING IS ESTIMATED AT N\$1.4 BILLION IN 2015, REPRESENTING 3.7 PERCENT OF TOTAL GOVERNMENT CONSUMPTION. THIS FIGURE INCLUDES BOTH INDIVIDUAL GOVERNMENT SPENDING, (SPECIFICALLY RELATED TO TOURISM SUCH AS THE NAMIBIA TOURISM BOARD'S BUDGET), AND ALLOWANCES FOR COLLECTIVE GOVERNMENT SPENDING, (GENERAL PURPOSE SPENDING SUCH AS POLICE), THAT ALSO SUPPORT TOURISM ACTIVITY.

Travel & Tourism Government Expenditure (constant values at 2010 prices, N\$ mn)



Government travel and tourism real expenditure has remained broadly constant since 2013. The forecast up to 2020 sees, on average, a moderate real yearly expansion of 2.7 percent maintaining its share of overall government consumption at 4 percent of the total.

APPENDIX - SATELLITE ACCOUNT TABLES

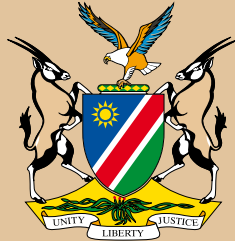
Travel & Tourism Accounts - N\$ mn										
	2009	2010	2011	2012	2013	2014	2015	2016E*	2017F*	2020F*
Personal consumption	5,889	5,815	6,662	7,741	8,999	10,022	11,548	11,699	12,759	17,283
Business travel	737	774	807	1,006	1,081	1,222	1,379	615	665	881
Visitor exports (inbound tourism)	4,439	3,640	3,998	5,439	3,676	6,382	7,611	8,392	9,711	14,245
Gov Expenditures	846	852	822	1,085	1,340	1,493	1,436	1,496	1,622	2,163
Govt individual spending	38	41	47	55	73	81	78	81	88	117
Tourism consumption	11,103	10,270	11,514	14,241	13,828	17,706	20,616	20,787	23,223	32,526
Govt collective spending	808	811	774	1,030	1,267	1,413	1,358	1,415	1,534	2,046
Investment	1,909	2,018	1,883	2,573	3,787	5,441	5,583	4,181	4,533	6,045
Merchandise TT exports	385	347	341	383	433	421	426	506	547	720
Tourism Demand	14,204	13,445	14,512	18,228	19,316	24,981	27,983	26,890	29,838	41,338
less imports	5,727	5,219	4,979	6,950	8,156	9,772	12,900	10,488	11,329	14,911
Direct effect (industry concept)										
GDP	3,386	3,143	3,841	4,757	3,613	4,635	5,192	6,357	7,040	9,919
Employment ('000)	35.9	38.4	41.0	48.1	41.5	37.9	44.7	42.4	43.6	49.4
Total effect (Direct + Indirect)										
GDP	8,477	8,226	9,533	11,278	11,160	15,209	15,084	16,701	18,836	26,426
Employment ('000)	76.7	82.0	87.6	95.7	95.0	90.0	100.7	101.0	108.6	123.1
Travel & Tourism Real Growth (per annum except 2020 = yearly average 2016-20)										
	2009	2010	2011	2012	2013	2014	2015	2016E*	2017F*	2020F*
Personal consumption	13.9%	-5.3%	8.9%	9.6%	9.5%	6.8%	12.4%	-5.1%	3.2%	2.6%
Business travel	-29.8%	0.7%	-0.9%	17.5%	1.2%	8.4%	10.1%	-58.2%	2.3%	-8.6%
Visitor exports (inbound tourism)	-44.4%	-19.5%	7.9%	24.3%	-38.6%	64.5%	13.6%	3.3%	9.5%	7.3%
Gov Expenditures	42.0%	-7.0%	25.0%	-6.0%	15.3%	2.2%	1.7%	-2.3%	2.6%	2.7%
Tourism consumption	-21.7%	-10.5%	7.9%	15.3%	-9.5%	21.9%	12.6%	-5.7%	5.6%	3.6%
Investment	5.0%	5.2%	-8.9%	33.3%	41.0%	34.9%	2.8%	-29.8%	2.6%	-2.8%
Merchandise TT exports	24.1%	-6.8%	-9.4%	0.2%	12.1%	-5.0%	-18.3%	11.5%	2.2%	5.1%
Tourism Demand	-16.0%	-8.6%	4.6%	16.8%	-0.6%	22.9%	9.3%	-10.6%	4.9%	2.3%
less imports	1.5%	-8.3%	-7.6%	29.7%	16.2%	16.0%	7.0%	-29.4%	2.2%	-3.0%
Total effect (Direct + Indirect)										
GDP	-26.0%	-8.8%	14.3%	8.6%	-13.4%	30.0%	11.4%	5.9%	6.4%	6.5%
Employment	8.4%	6.9%	6.8%	9.3%	-0.7%	-5.3%	11.9%	0.3%	7.5%	4.1%
Travel & Tourism Accounts as % from National Accounts (percentages)										
	2009	2010	2011	2012	2013	2014	2015	2016E*	2017F*	2020F*
Personal consumption	11.1	11.1	11.1	11.1	11.1	11.1	11.1	10.0	10.1	10.4
Govt Consumption	4.7	4.0	3.9	4.1	4.2	4.1	3.7	3.7	3.8	4.0
Capital Investment	9.1	9.7	9.2	9.4	11.6	11.9	11.3	10.9	10.9	11.1
Goods Exports	1.1	1.0	0.9	0.9	0.9	0.8	0.8	0.9	0.9	0.9
Imports	10.1	10.0	9.2	10.6	10.6	10.1	11.6	9.6	9.6	9.6
Service Exports	70.0	60.0	57.3	63.0	55.0	53.9	59.9	60.7	61.1	62.0
Travel & Tourism Industry Aggregates (Direct Impact only)										
GDP	4.5	3.8	4.3	4.5	2.9	3.3	3.5	4.0	4.1	4.4
Employment	6.7	6.7	6.7	7.3	6.1	5.4	6.5	6.2	6.3	6.5
Travel & Tourism Economy Aggregates (Indirect and Direct Impacts)										
GDP	11.3	10.0	10.6	10.6	9.1	11.0	10.2	10.5	11.0	11.7
Employment	14.2	14.2	14.2	14.6	13.9	12.7	14.5	14.9	15.5	16.4
*E - Estimate; *F - Forecast										







The Tourism Satellite Account was commissioned by the Government of the Republic of Namibia



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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