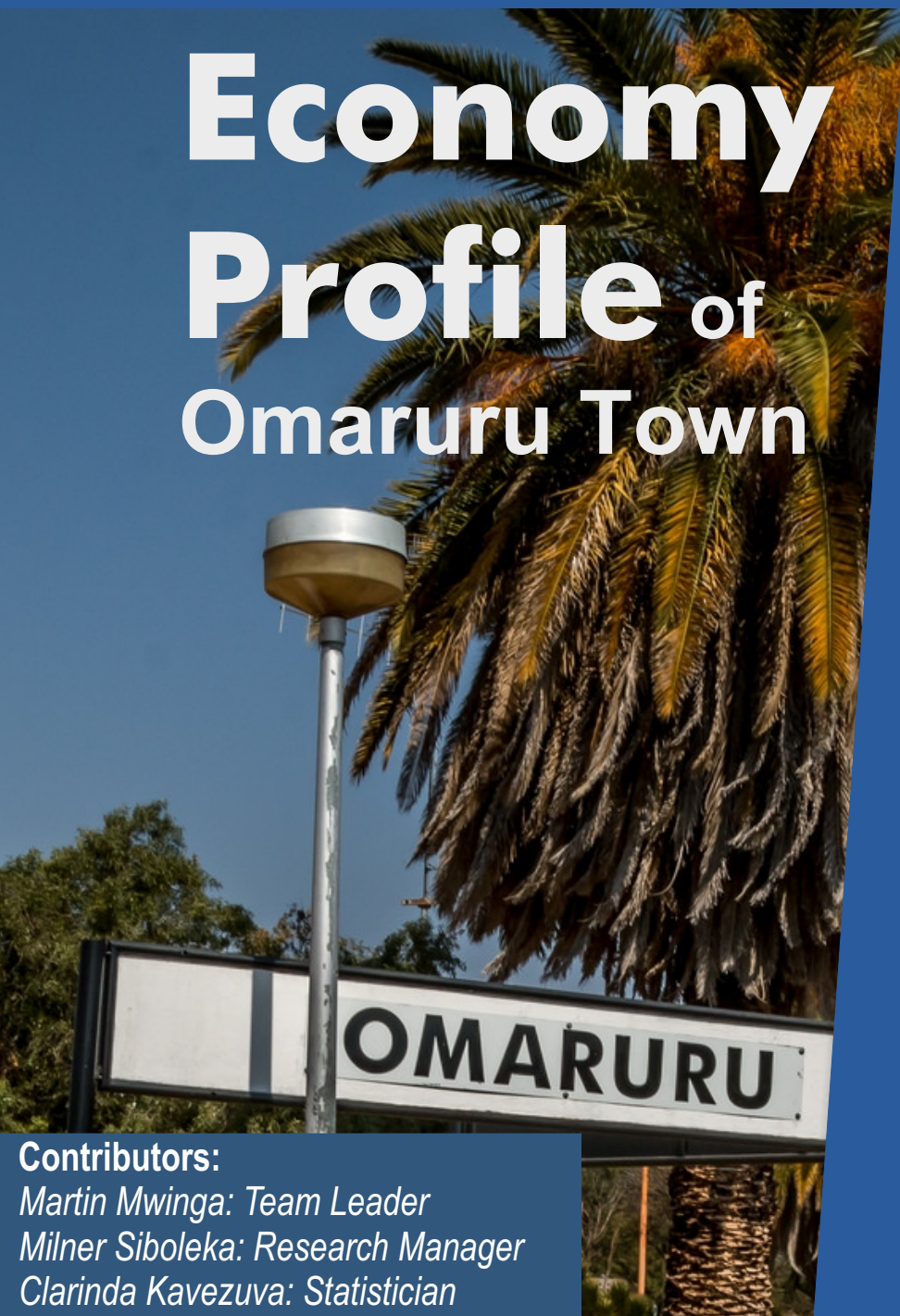




**FIRST CAPITAL**  
**TREASURY SOLUTIONS**  
(Pty) Limited

# Economy Profile of Omaruru Town



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## Acronyms

<b>FC</b>	: First Capital
<b>GRN</b>	: Government of the Republic of Namibia
<b>Kg</b>	: Kilogram
<b>KM</b>	: Kilometers
<b>mm</b>	: Millimeters
<b>MoE</b>	: Ministry of Education
<b>MoHSS</b>	: Ministry of Health and Social Services
<b>MTC</b>	: Mobile Telecommunications
<b>NBC</b>	: Namibia Broadcasting Corporation
<b>NUST</b>	: Namibia University of Science and Technology
<b>NSA</b>	: Namibia Statistics Agency
<b>N\$</b>	: Namibian Dollar
<b>Sq. KM</b>	: Square Kilometers
<b>TN</b>	: Telecom Namibia
<b>UNAM</b>	: University of Namibia
<b>WHO</b>	: World Health Organisation

## ***NOTE TO THE READER***

We welcome you to our first research publication of a number of papers to come on Local Economic analysis of urban towns and regions in the country. In this publication the focus is Omruru town where we profile the Economy of Omaruru by presenting a geography of the Omaruru area, its population, economic activities taking place as well as the potentials of the local economy. As mentioned above, this report is one of a number of our research papers that we will be releasing on local economic analysis to analyze the economic potential of towns and regions in the country. We recognize that the country's economy is made of a combination of what every region provides and, in these report, we take stock of what each region provides to the national economy as well as potentials that can be utilized to enhance economic activities. The report extensively uses amongst others primary data obtained through First Capital surveys, Secondary data from national document sources and information from respective stakeholders. Using our research capacity, we extensively analyze and present scenarios to every conclusion we make. Using current information and other leading indicators, we also present our view on the likely scenarios for the short to medium term outlook.

## ***ACKNOWLEDGEMENT***

We thank the Local and Regional Authority (Municipality & Constituency office respectively) for their support in providing information which was useful in this report. We equally thank all local private sector companies that took time to provide us with information of how they contribute to the local economy of the town. Our gratitude is equally extended to all residents of Omaruru for speaking to our research team and taking time to share their experiences. We also thank all offices that were consulted at the national level to provide us with information. Finally, we are thankful to the government bureaucracy for the system which makes it possible to access the needed information from respective offices though the window for improvement exists.



## **SECTION ONE: DEMOGRAPHIC, SOCIAL AND GEOGRAPHIC SITUATION**

### **1. INTRODUCTION**

Named after a Herero word translated as 'bitter milk' given the history of cattle that used to browse on a local bush which turned their milk bitter, the town of Omaruru has since the year it was established in 1863 remained an important contributor to the country's economy due to its strategic location and economic potential surrounding the area. Omaruru town measuring 352 square kilometers is situated near one of Namibia's most popular tourist drawcards, the volcanic formed Mount Erongo (situated 40 kilometers west of Omaruru) measuring 2,350 meters above sea level and the only place on Earth with the dung beetle species called *Versicorpus erongoensis*. The town borders Karibib in south western direction and Otjozondjupa region in the North eastern direction. Its location connects the coastal towns (Swakopmund, Walvis Bay and Hentis Bay) to the central and northern parts of the country which makes it a gateway town to the northern part of the country. Omaruru is located 240 kilometers away from Windhoek the capital city of the country and is situated on the usually dry Omaruru river, which is a source of underground water supplied to the town and nearby places.

In this report, we will present the economic activities taking place in Omaruru and the potential of the town's economy. The structure of the report is divided into four sections. The first section provides a situational analysis of its geography, demographic trends and labour market. The second section details the economic potentials of the town in terms of primary sector activities (Agricultural and mining activities), Industry sector (Construction and Manufacturing activities), and Services sector activities (Education, Health Care, Water provisions and sanitation services, Financial, Tourism, Real estate, Transport network systems and services). The third section will present a summary of Human development situation and poverty incidence. The fourth summarizes major investments by government budgeted under the current MTEF period (2018/19- 2020/21). The last section draws conclusion on the research.

### **2. POPULATION DEMOGRAPHICS**

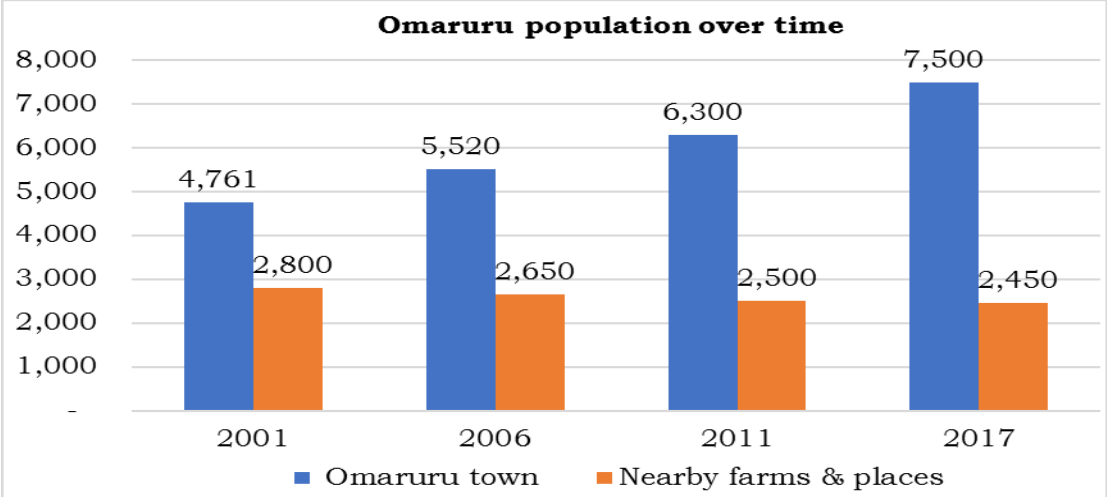
#### ***2.1. Population Trends***

##### *2.1.1. Omaruru population trend*

According to the 2011 National Census, the town of Omaruru was estimated to have a population of 6 300 residents excluding those leaving in nearby areas especially farms that

are not part of the jurisdiction of the municipality (See figure 1 below). Using the 2011 Census’s Omaruru town population growth of 2.85 percent per annum, we estimate that the population of Omaruru town reached 7,500 in 2017. This represents an absolute increase of 1,200 in the population over a 6 years period between 2011 and 2017. Furthermore, using a conservative approach, we expect that the Omaruru rural population which is composed of those living in nearby farms have declining by 0.1 percent per annum vs the national rural population decline of 1.2 percent as reflected in the 2011 census. At a declining rate of 0.1 percent per annum, we estimate the population of those living in rural places surrounding the town of Omaruru to have reached 2,450 as of 2017, down from 2,500 in 2011. At an average annual population growth of 2.85 percent for the town of Omaruru, the population of 7,500 in 2017 is expected to add 200 inhabitants reaching 7,700 in 2018.

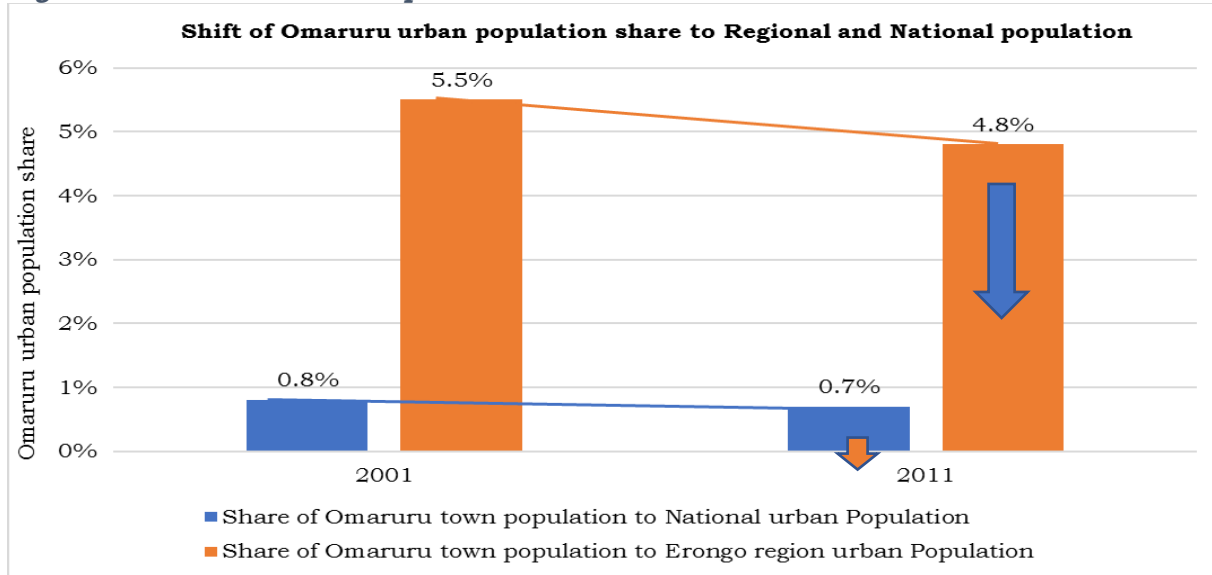
**Figure 1: Population trend over time**



Source: NSA & First Capital Calculations

At 2.85 percent population growth the Omaruru town is increasing at a rate lower than both the combined national urban population mean growth (4 percent) and median growth (3.3 percent). As shown on figure 2 below, the Omaruru town population share to the total urban population of all Erongo towns has declined from 5.5 percent in 2001 to 4.8 percent in 2011. Equally so, the Omaruru town population share to the total urban population of all towns in the country has declined from 0.8 percent in 2001 and to 0.7 percent in 2011, an indication showing that Omaruru town population is growing at a rate lower than most towns both in the country and in the Erongo region in which is a town.

**Figure 2: Omaruru urban Population share trend**

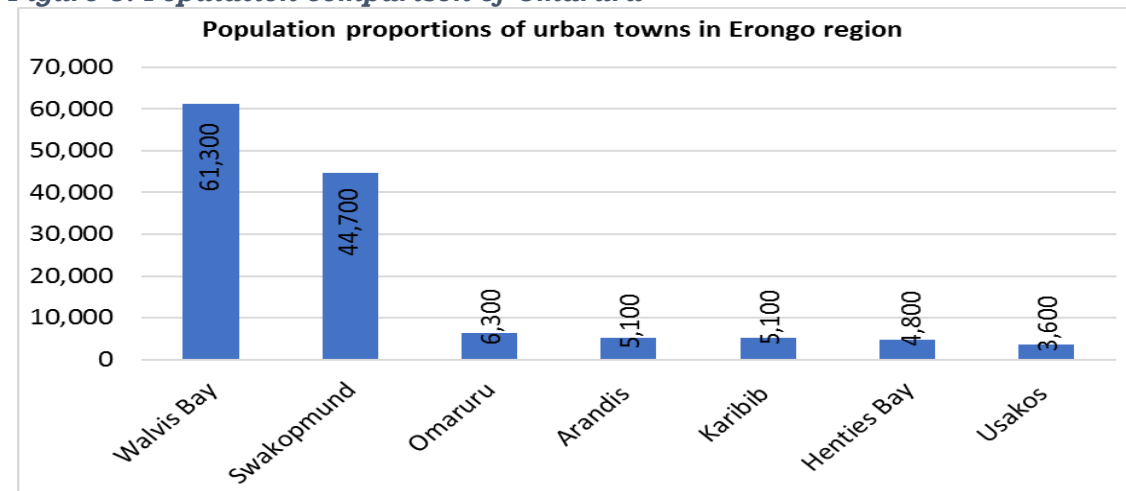


Source: NSA & First Capital Calculations

**2.1.2. Comparison**

According to the last census, of the seven urban towns in the Erongo region, Omaruru town’s population is third highest in population after Walvis Bay and Swakopmund with populations recorded at 61,300 and 44,700 respectively (2011 census). As indicated above Omaruru population of 6,300 as of the 2011 census, is reflective of only those residing within the demarcated proclaimed boundaries of the town excluding those leaving in nearby areas especially farms that are not part of the jurisdiction of the municipality. When the nearby population residing in farms within the proximities nearby town are included we derive a population for the constituency which was 8,570 in the 2011 census.

**Figure 3: Population comparison of Omaruru**



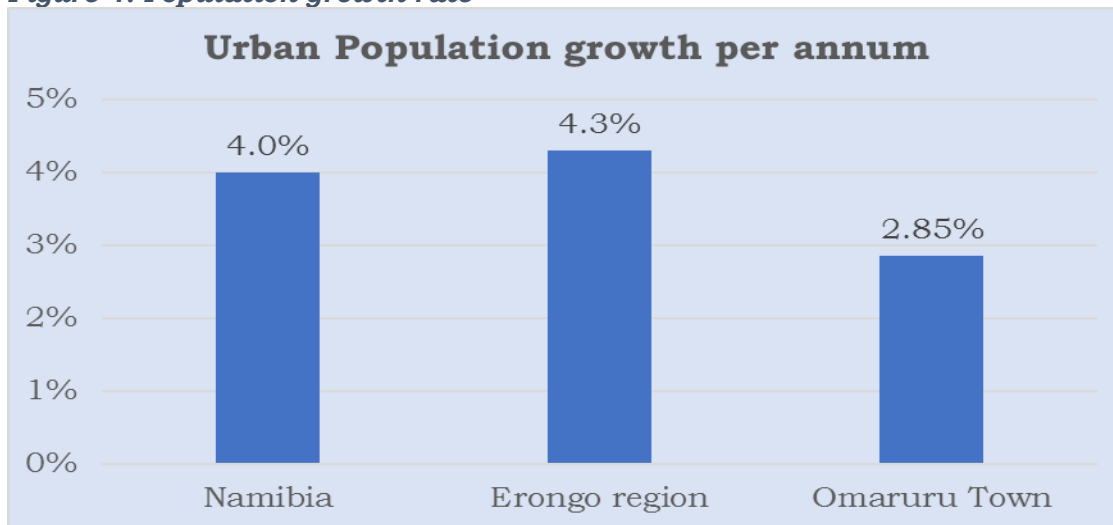
Source: NSA & First Capital Research



## 2.2. Trend of population growth

Figure 4 below shows the urban population growth for Omaruru in comparison to the combined population growth of towns in Erongo region and the National average annual urban population growth. Omaruru's population is estimated to have been growing at 2.85 percent per annum, which is less than the 4.3 percent growth for urban areas in the region (Erongo region). At an annual population growth of 2.85 percent, Omaruru's population growth is still below the national average growth of 4 percent per annum in all urban areas.

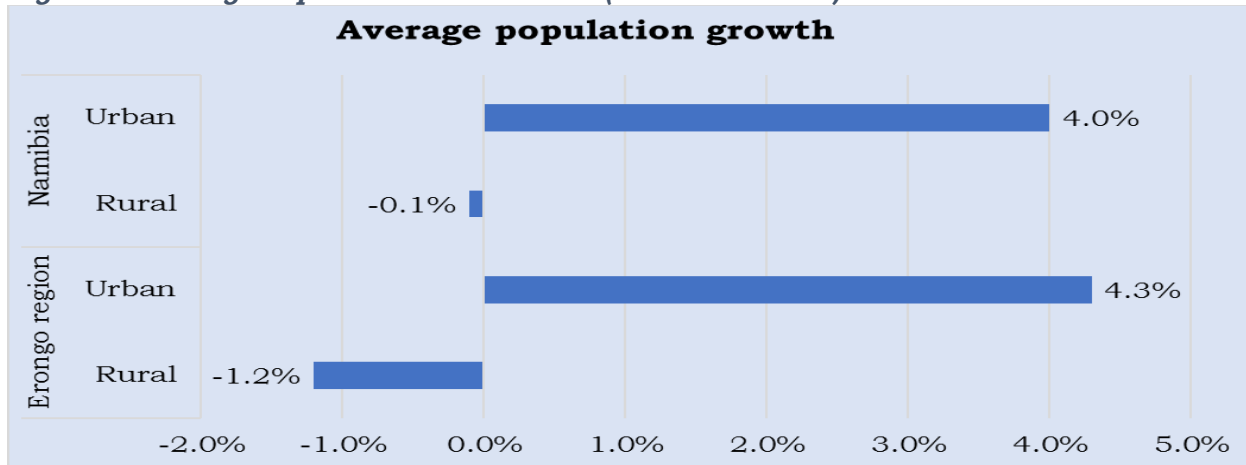
**Figure 4: Population growth rate**



Source: NSA

Like in many developing countries, Namibia's urban migration is evidenced by the robust growing population of urban residents as opposed to the rural areas that has been experiencing a declining trend in population. Figure 5 compares the average population growth for urban and rural areas in Erongo and the country. According to the last census, the national urban population has been growing at an average growth of 4 percent while the rural population has been declining at an average 0.1 percent per annum (see figure 5). Similar to the national trend, the population of Erongo region's urban areas has recorded an average annual growth of 4.3 percent while in rural areas the population have been declining at an average rate of 1.2 percent per annum.

**Figure 5: Average Population Growth rate (Urban vs. Rural)**

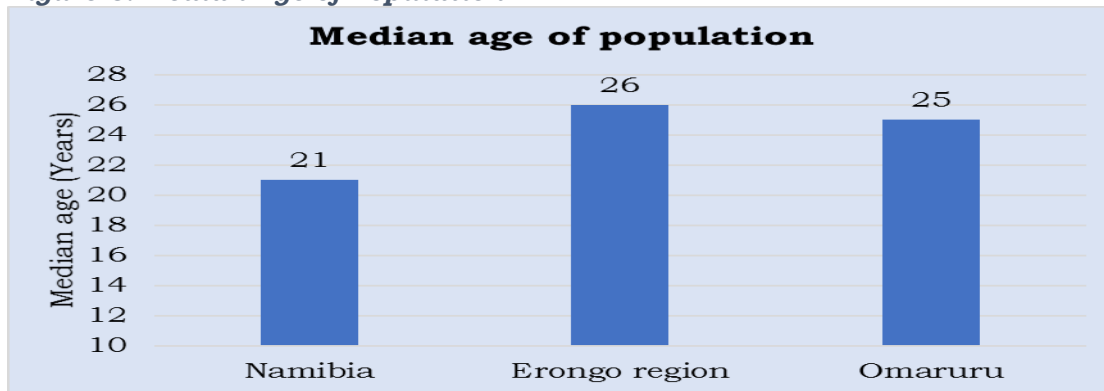


Source: NSA

### 2.3. Population Age distribution

Omaruru has a median population age of 25 years, which is above the National median age of 21 years indicating that the population in Omaruru is slightly older than the national average. The median age of the population of Omaruru at 25 years is just slightly below the Erongo region’s median age which stands at 26 years.

**Figure 6: Median Age of Population**

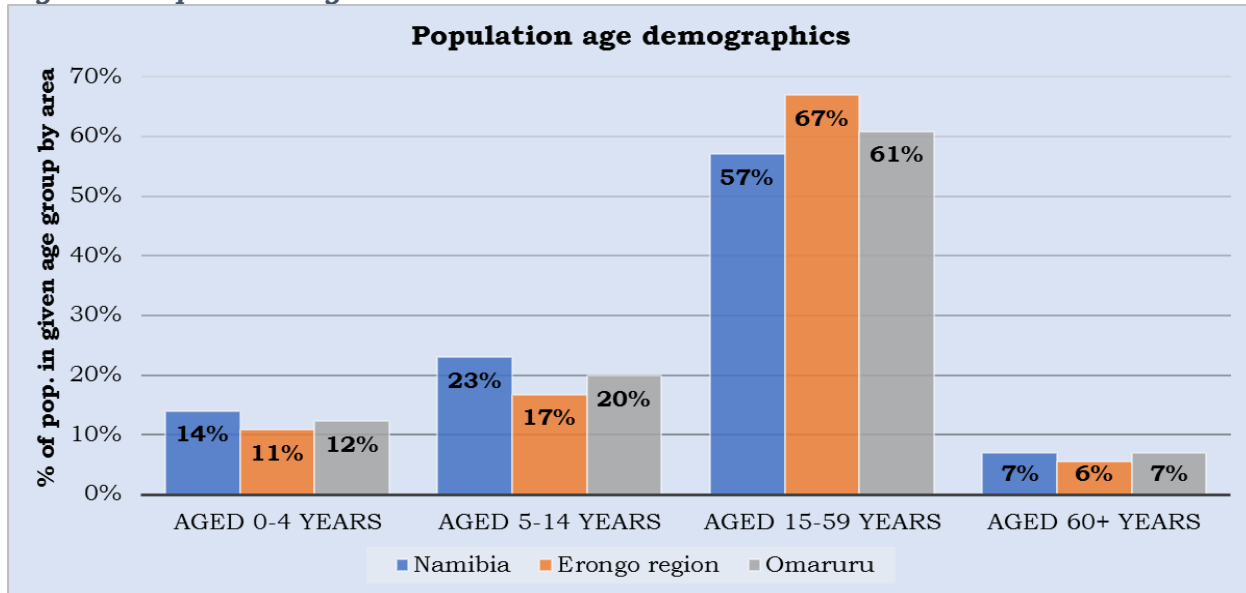


Source: NSA

Figure 7 shows a breakdown of the age distribution for Omaruru in comparison to that of Erongo region as well as the national distribution. Omaruru’s population has a share of babies aged below 4 years accounting for 12 percent of the total population as opposed to the 14 percent national share of this age group in the country. Furthermore, the population aged between 5 and 14 years accounts to 20 percent of the Omaruru population, while similarly, the national share of this age group at the national level is above that of Omaruru at 23 percent. However, Omaruru’s population remains much concentrated on the working

age population which accounts for 61 percent of the total population in the area and remains above the national share of labour force in the population.

**Figure 7: Population Age Distribution**



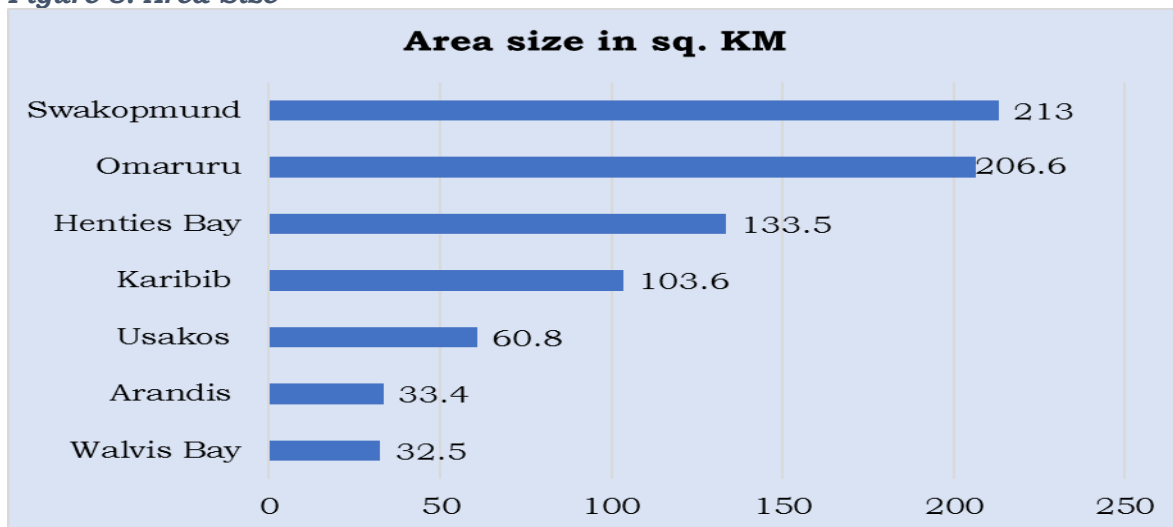
Source: NSA

### 3. GEOGRAPHIC AREA

#### 3.1. Land size

Figure 8 below shows the land size of towns in the Erongo region. In size Omaruru town has a land measuring 206.6 square Kilometers making it the second largest town in Erongo region after Swakopmund which has an area of 213 square Kilometers (See figure 8).

**Figure 8: Area Size**

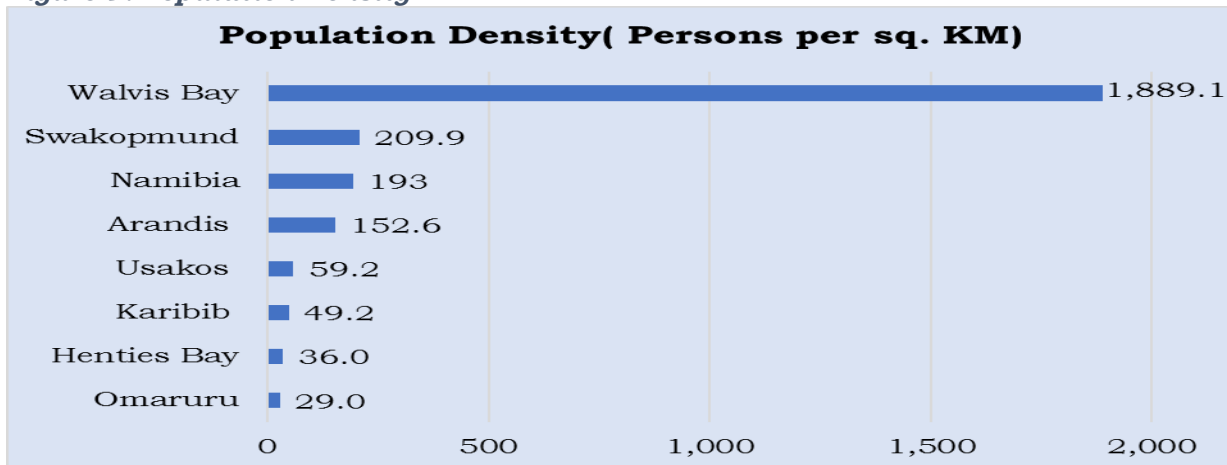


Source: NSA & First Capital Research

### 3.2. Population density

Taking into consideration the population leaving in Omaruru gives us a population density of 29 persons per square kilometer (See figure 9 below). At 29 persons per square kilometer, Omaruru remains the least densely populated town in the Erongo region. The national population density stands at 193 persons per square kilometer, a situation showing that Omaruru is a less densely populated town. The town's low population density provides opportunities for increased economic activities to utilize the land in the area.

Figure 9: Population Density



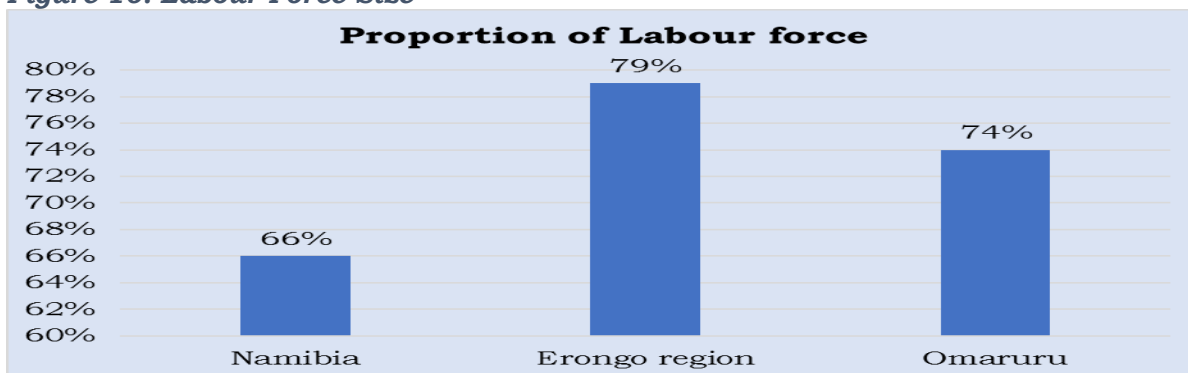
Source: NSA

## 4. UNEMPLOYMENT LEVELS

### 4.1. Labour force population in Omaruru

Omaruru has a labour force composition equivalent to 74 percent of the working age population, which is above the 66 percent national average, though below the 79 percent for Erongo region. This is an indication that most of those in the working age group are available and willing to work, when opportunities are available.

Figure 10: Labour Force Size

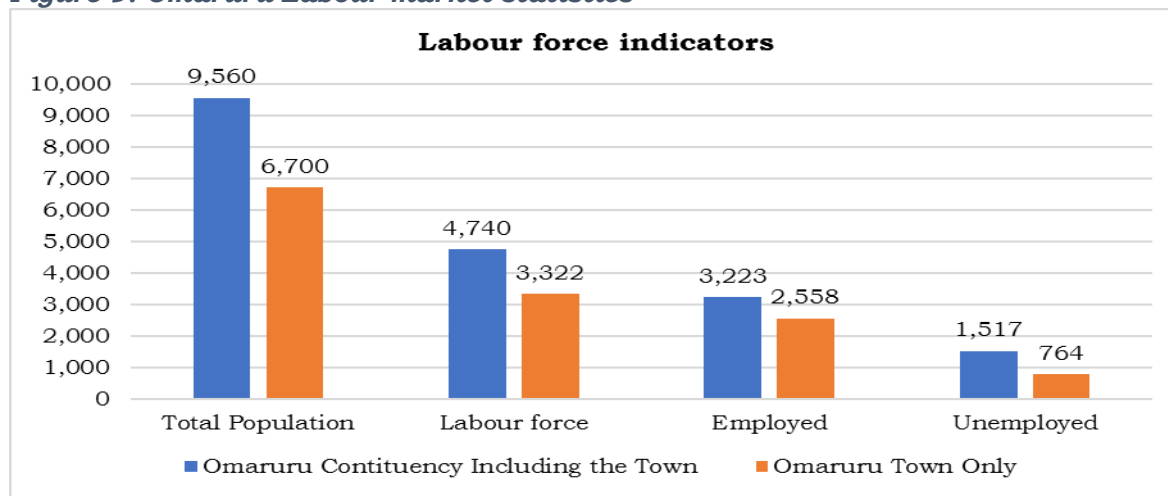


Source: NSA

## 4.2. Employment level

The 74 percent labour force composition of the working age population in Omaruru translates to a labour force size of 4,740 individuals when the nearby population residing in farms are included and 3,322 in strict sense when the consideration is only confined to the urban population. Using our research findings on economic activities and the involvement of the population we have estimated that the town of Omaruru employs 2,558 people and when taking into consideration those employed in nearby farms and tourism facilities we estimate that approximately 3,223 people could be employed within the constituency of Omaruru (See figure 9 below).

**Figure 9: Omaruru Labour market statistics**



Source: First Capital Research findings triangulated with NSA data

## 4.3. Unemployment situation

Out of total labour force composition of 4,740 in the Omaruru constituency, we estimate about 1,517 without jobs. This translates to an unemployment rate of 32 percent. The 32 percent unemployment rate for Omaruru town is below the widely perceived 33 percent for the country. Furthermore, the 32 percent unemployment rate this research estimate on Omaruru is significantly higher than the 12 percent unemployment rate estimated in the last census of 2011. To explain the difference in the unemployment rate derived by our research of 32 percent and that of the 2011 Census Survey of 12 percent, we noted that a sizeable number of residents that we interviewed are now unemployed after being retrenched in mining and fishing sectors within Erongo region. Equally, tertiary institution graduates who are unable to be absorbed in the job market, as well as matriculants and school dropouts that are unable to find placement in the job market explain the difference in the unemployment rate of this research and the 2011 Census Unemployment rate.

## SECTION TWO: ECONOMIC ANALYSIS BY SECTORS

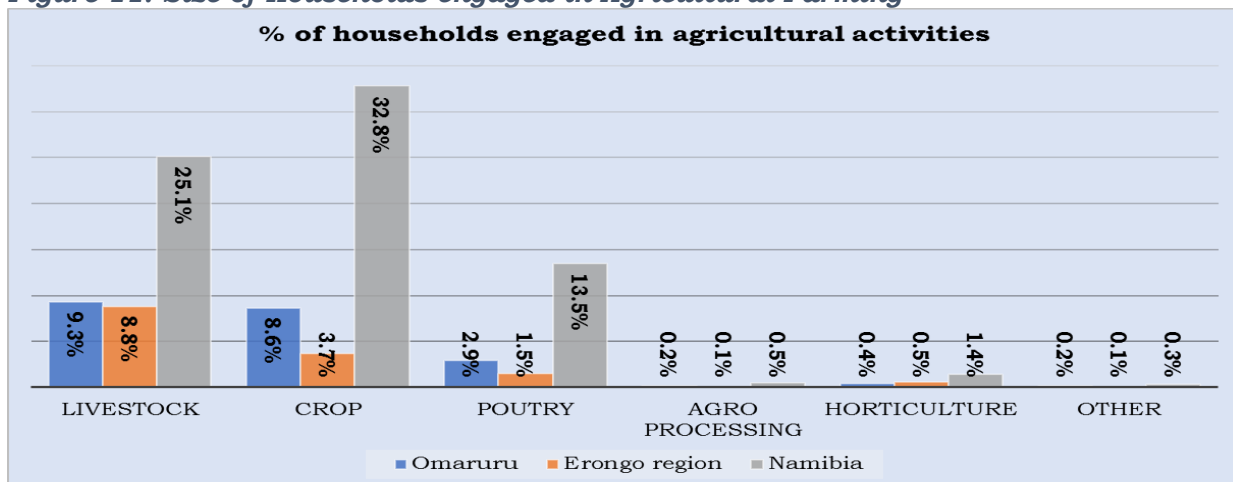
### 5. PRIMARY SECTOR ACTIVITIES

This chapter summarizes economic activities in the agricultural and mining sectors.

#### 5.1. Agriculture Activities

Though the town is widely surrounded by farms utilised for animal and wildlife farming, a significant number of residents interviewed are neither involved in any of agricultural activities. This is in line with the findings of the Household Income and Expenditure survey which found that only few households or families living in Omaruru area were engaged in agriculture activities. According to the last census, 9.3 and 8.6 percent of households living within the constituency of Omaruru were engaged in livestock and crop farming activities respectively (See figure 11). Furthermore, only 2.9 and 0.4 percent of Omaruru households were engaged in poultry and horticultural farming activities respectively. In all the above listed agricultural activities, the proportion of Omaruru families engaged in such farming activities is much lower compared to the national proportions engaged in farming. For example, 34.4 and 25.1 percent of households were estimated to be engaged in livestock and crop farming respectively throughout the country. The difference between the land available and utilized for farming and the high number of residents not farming could indicate that farming within the area could be accommodating more non-residents of the area.

**Figure 11: Size of Households engaged in Agricultural Farming**



Source: NSA

##### 5.1.1. Crop farming activities

Crop production in Namibia is commonly practiced with the production of three controlled crops namely: Maize, Mahangu and Wheat. Crop and vegetable production requires a good



texture of soil, temperature and sufficient rain or water supply. Though crop production is not common in Omaruru, there are few of the communal livestock farms that produce in small scale of Mahangu and maize crops for subsistence consumption. There are no commercial producers of any of the crops in Omaruru. The reason of scarce crop production activities in Omaruru area is attributed to the low rainfall patterns of the area which is not conducive for crop production. National rainfall records indicates that Omaruru is classified as one of the areas with low rainfall in the country (*see figure 12*). For example, over the past 5 years, Omaruru received an average of 220 millimeters of rain per annum, which is well below the recommended 330 millimeters of rainfall for production of maize and Mahangu, the commonly rain-fed crops in the country (*see figure 13*). In the absence of sufficient rainfall the available option is to have irrigation infrastructures, which could come at a cost if such project is embarked on. The other factor limiting the scale up of crop production in Omaruru is the soil types which are not much conducive for crop production. As such there has been less potential to attract investments in crop production within the Omaruru area.

#### *5.1.2. Vegetables farming activities*

Omaruru has two major commercial farms, Wolfstal and Omaruru greens farms that produce vegetables. Both farms are situated approximately 10 kilometers from away. The vegetables produced on these farms include potatoes, carrots, cucumber and onions. Unlike crops that are fed by rain, vegetables require constant irrigation which is dependent on sustainable sources of water. Due to the scale of water required to produce vegetables, these privately-owned farms have invested in sourcing water directly from underground to supply water to the vegetable plantations. The location of the town, on the surfaces of abundance underground water from Omaruru river has always been an opportunity to farmers for sustainable water supply although it comes at a high cost since investments are required in form of windmills to source underground water for agriculture purposes. Despite having sufficient underground water, many prospective producers are limited by the investment it takes to get water from underground.

Marketing of the vegetable produce from the farms is done to local small and medium retail traders as well as individual residents for domestic consumption. Among the small retail traders buying from these farms is informal traders called vendors who buy and re-sell to residents of the town to make business. Vendors form almost 50 percent of the clientele base to the vegetables produced in both the two farms. However, the challenge these vendors

are faced with is the absence of a one stop or single open market or incubator which could allow both sellers and buyers to meet and transact. However, in accommodating these vendors, the municipality has allowed a system that permits them based on municipality approval to sell at designated places across the streets which some vendors regard as a challenge.

### *5.1.3. Livestock farming activities*

Omaruru is surrounded by commercial farms which mostly farm livestock like cattle and Sheep. Also common in most of these farms is wildlife animals which provides an opportunity of game farming on the wildlife animals. Almost all farms within the area have the two types of livestock (cattle and sheep). Our estimation on the total stock of cattle and sheep livestock in these farms is that there is an average of 80 cattle per farm and 38 sheep per farm adding up to a total combined population of 16,000 and 7,600 respectively. The 16,000 stock of cattle in Omaruru accounts to a share of 0.5 percent to the total national stock of 2,919,713 cattle country-wide while the 7,600 stock of sheep accounts to a share of 0.4 percent to the total national stock of 1,973,393.

The marketing of livestock from Omaruru is commonly done to the abattoirs country-wide while auctions as well provides a market for farmers to sell their livestock. Most of farmers in Omaruru are registered as suppliers of livestock to Meatco which represent a huge market for farmers to sell their livestock as it usually procures between 80,000 and 120,000 cattle per annum. Despite formal markets available for farmers to market livestock, farmers have clientele relationship to sell red meat to local residents and in cases there are inter-farmer transactions where farmers buy livestock from each other. The town of Omaruru has one butchery or meat supplying shop. Another butchery shop closed due to limited supply it received during the period of drought that affected the supply of livestock.

### *5.1.4. Wildlife animals farming*

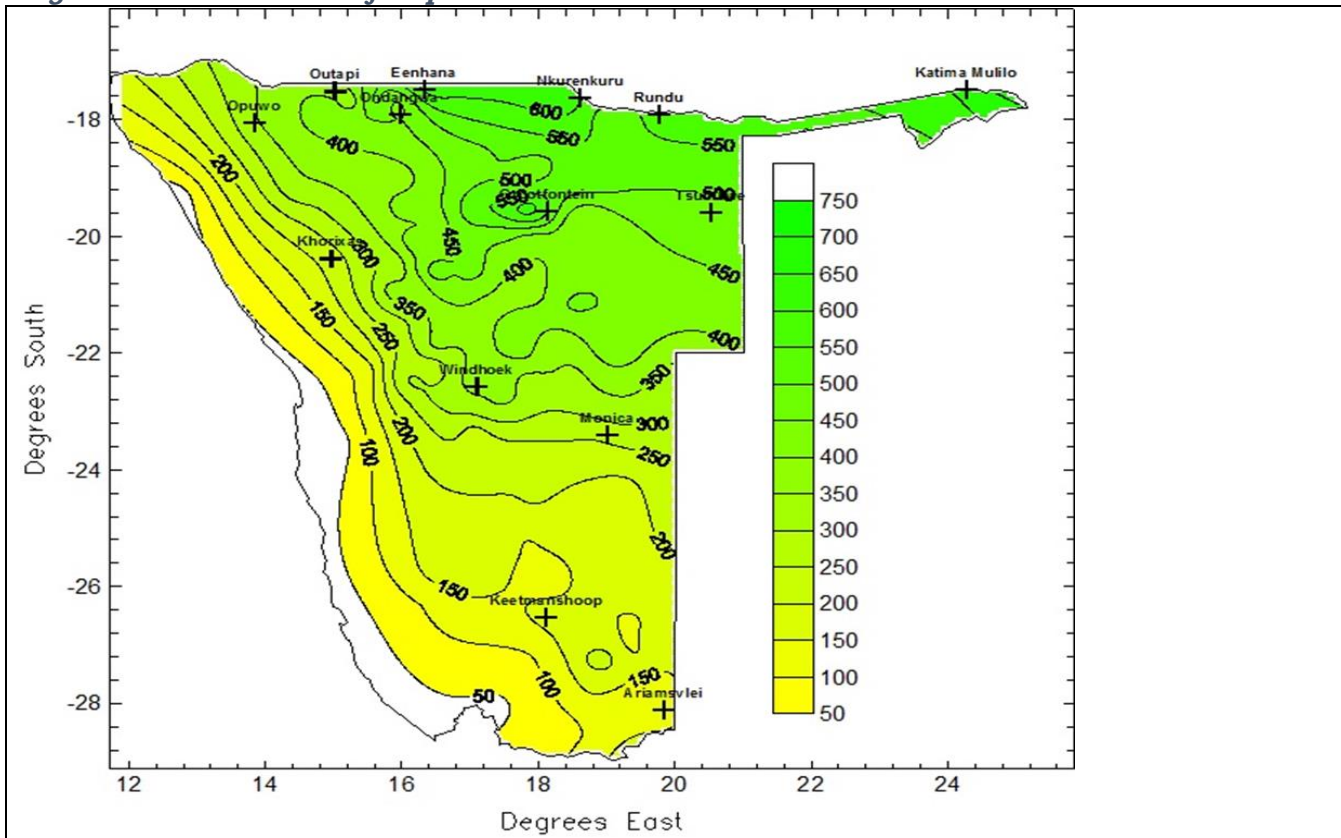
Besides livestock farming, most farms in the Omaruru constituency have a range of wildlife animal species that form part of the farming diversity for local farmers. Most common wildlife species on most farms include, kudus, elands, oryx and impalas. Unlike the harvesting of livestock which is done on the discretion of farmers, wildlife harvesting is done under the permission of the Ministry of Environment and Tourism that issues licenses to harvest the animals. The Erongo Mountains Conservancy is one of the wildlife conservation

sites which stocks various wildlife animal species for tourism purpose. Omaruru has also game farms which have animals like: Impala, Kudu, Elephant, Rhino, Ostrich, Springboks and many more.

*5.1.5. Rainfall & Temperature patterns*

Omaruru is one of the areas in the country classified to have below national average rainfall patterns. The Meteorological Service of Namibia classifies Omaruru’s average rainfall patterns in the range of 200 millimeters per annum which is much lower than the national average in the range of 300 millimeters of rainfall per annum. The map presented below under figure 12 shows the geographic patterns of rainfall in Namibia. Namibia’s Coastal and southern parts of the country have low rainfall patterns as compared to the central and northern part of the country.

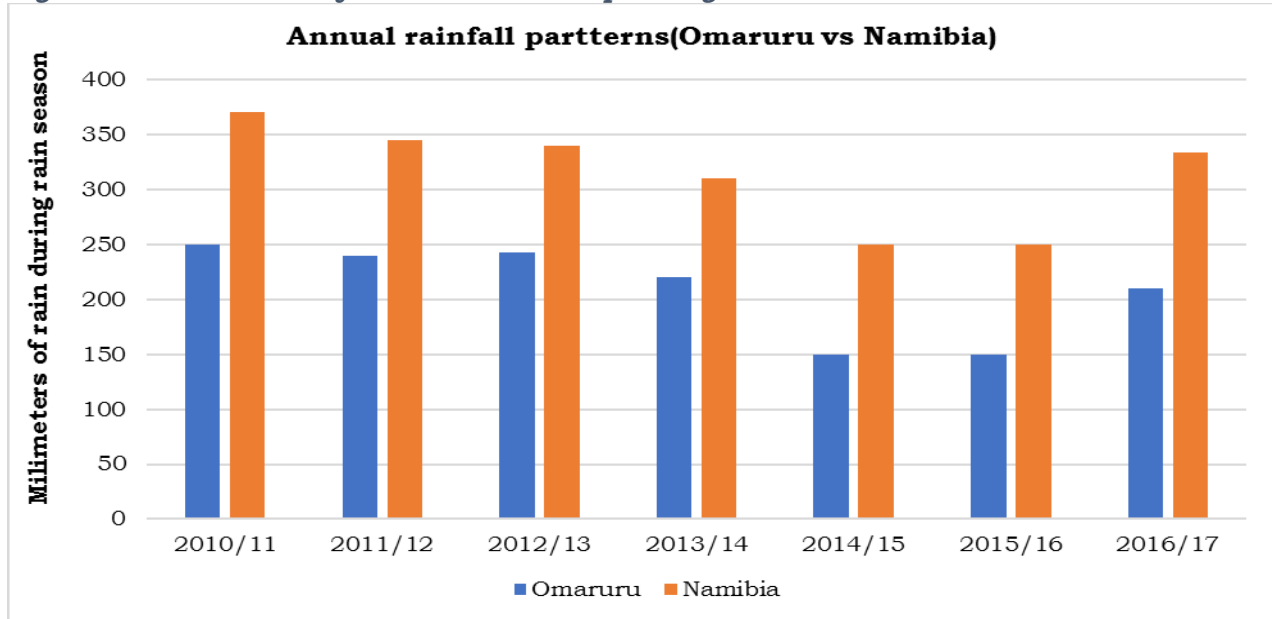
**Figure 12: Namibia Rainfall patterns**



*Source: Meteorological Service of Namibia*

As shown in figure 13 below, on average rainfall received in Omaruru over the past 5 years has been below the national average rainfall received. Over the past 5 years the year 2014/15 received the lowest rainfall compared to other years in Omaruru a trend similar to most areas across the country.

**Figure 13: Annual Rainfall trend over the past 5 years**

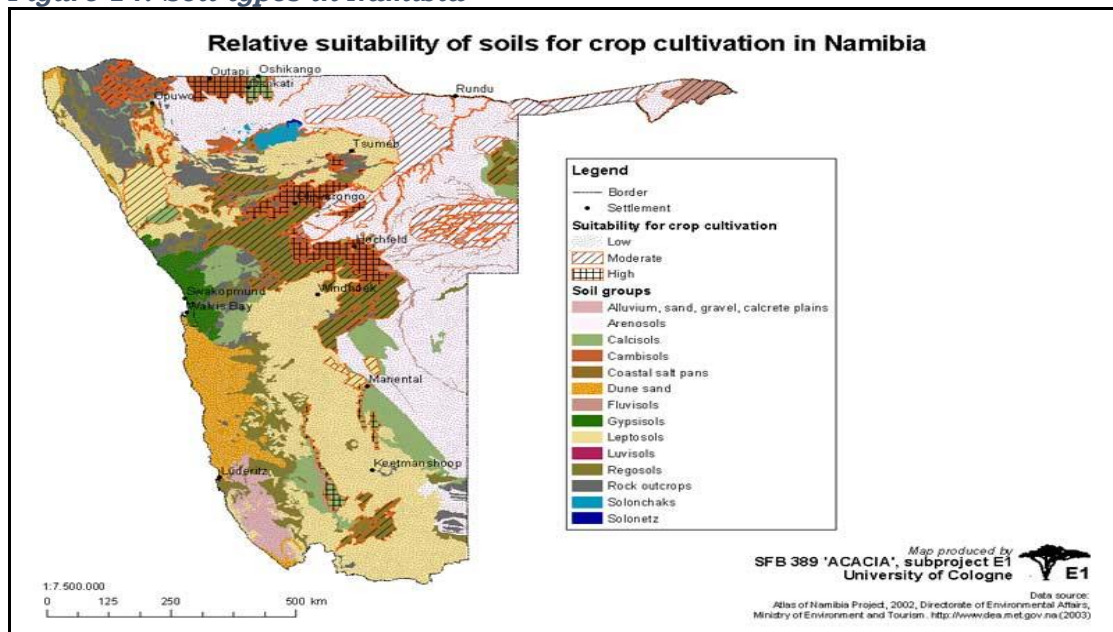


Source: Metrological Office of Namibia, calculation done by First Capital Research

**5.1.6. Soil types**

Agriculture activities especially crops are sensitive not only to the water it receives as rain but also the soil type. The type of soil influences the type of agriculture activity suitable for such soil. In the case of Omaruru, the soil type in the area is classified to be unfavorable to crop farming (See figure 14 below). As shown in figure 14 below, the area of Omaruru is considered unsuitable for crop production.

**Figure 14: Soil types in Namibia**



Source: University of Cologne

## **5.2. Mining Activities**

### *5.2.1. Mineral Mining activities*

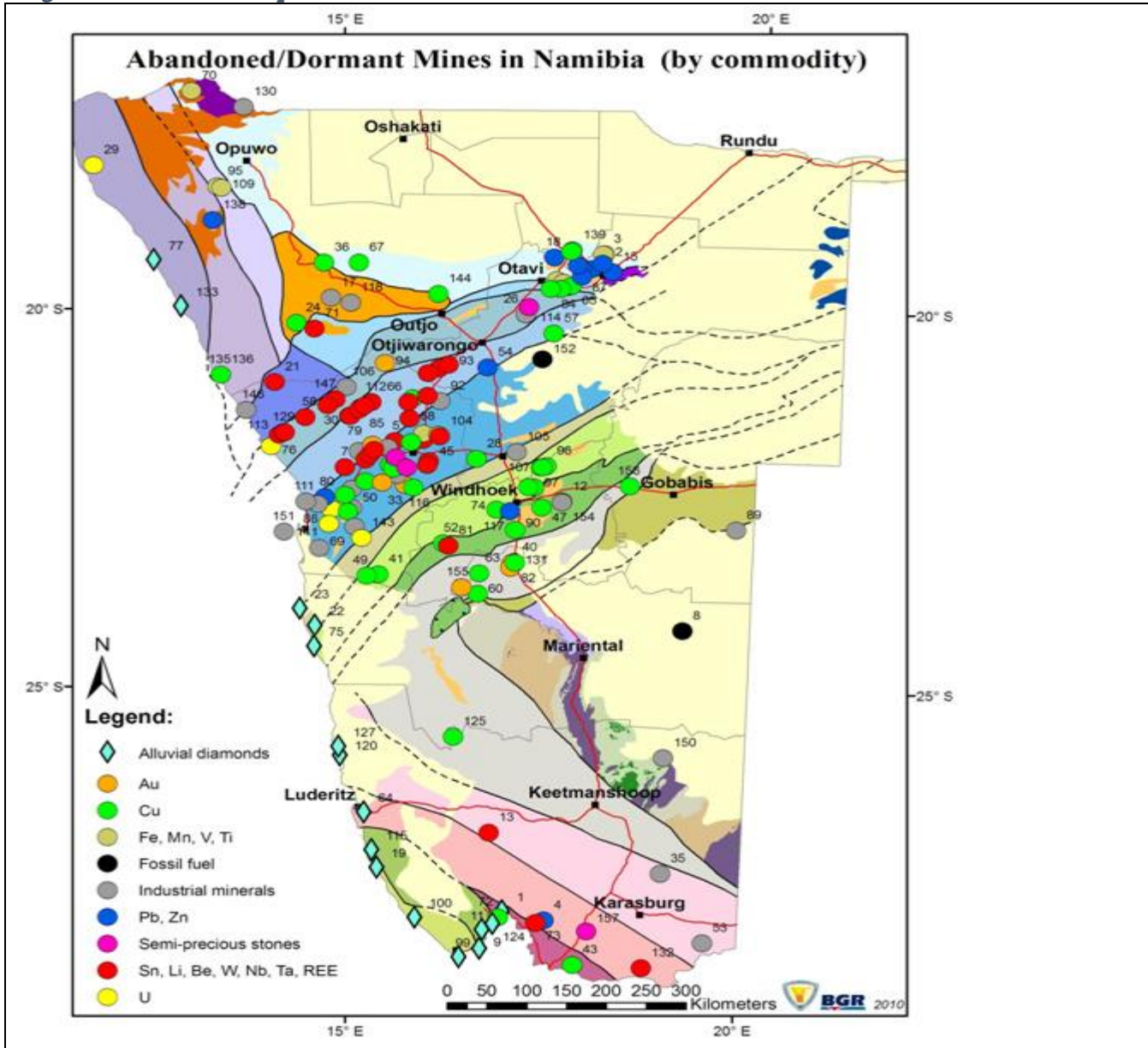
Currently there is no mining operation in Omaruru. This is after, Okapekaha mine a tin mining company which was situated 10 km south west of Omaruru ceased operation due to depletion of the resource in the area. Despite the absence of mining operations in the town and surrounding area, geological maps display that there are mineral deposits of Copper, Uranium, Tin and Gold minerals which are concentrated on the South-Western direction of Omaruru in the area of Okombahe.

Apart from commonly known big mining operations requiring holding of Exclusive Processing License(EPL) and Mining license(ML), Local economies in the Erongo region including Omaruru continue to benefit from small scale mining activities. This sector recruits a sizable number of residents of Omaruru who works in the industry extracting semi-precious stones and sells mostly to foreign tourists. One of the mines benefiting Omaruru residents in extracting semi-precious stones is the Okambahe granite mine situated 68 km west of Omaruru as well as the marble mine situated in Omatjete area about 60 km north west of Omaruru. Given the labour intensity of Small scale mining extraction, nearly all of those extracting are males while female are involved in processing and marketing of the products.

Given the availability of mineral deposits within the area of Omaruru, according to official geological maps, there have been regular mineral explorations to establish potential of mining operations in Omaruru. In 2017, two companies which have been doing mining explorations within the town have shown positive interest to set up mining operations in the north western part of Omaruru. The operations of the first mine was to begin in the second quarter of the year 2018. Potential investors pursuing to establish mining operations in Omaruru forms part of a pool of investors granted exploration licenses in the country. A total of 174 licenses were issued in 2017 to conduct mining explorations in the country. To be granted this license one should pay a fee, and the fee depends on the size of the area to be explored. The minimum fee charged for the exploration license is N\$2,000 while maximum fee is N\$10,000. With the exploration license prospective mining companies will always assess the viability to operate mining activities in the town.



Figure 15: Mineral deposits in Namibia



Source: Ministry of Mines and Energy

## 6. INDUSRY SECTOR ACTIVITIES

This chapter summarizes economic activities involving processing and manufacturing of products for final consumption. It also involves construction activities taking place in the area.

### 6.1. Manufacturing and Processing Activities

#### 6.1.1. Water manufacturing

Thirty kilometers, west of Omaruru town there is a water producing company, Omaruru Beverages(PTY) situated near the Erongo Mountains which produces one of Namibia's



common water brand, Oasis. The water producing company which has been optimizing on the abundance of underground water resource for the Omaruru river, has been operating under the Omaruru constituency since 1990. The company source its water directly from the underground Omaruru river water and processes or treats the water before bottling it for distribution to retail shops country-wide where it is ready for human consumption.

#### *6.1.2. Chocolate manufacturing*

The town of Omaruru hosts a chocolate manufacturing company, Dörgeloh Chocolates. The company imports pure chocolate from Belgium which is then processed by melting it and mold into chocolate bars. The chocolates are also flavored with various fruit products like strawberry flavors. The company does the marketing of its own products. The clientele of the local chocolates ranges from residents who place orders for functions as well as for usual consumption. Despite producing the chocolate bars in different flavours, the factory also produces the chocolates in different shapes. The potential of scaling up the chocolate manufacturing within the country is constrained by lack of raw input products like cocoa which are not produced domestically hence any chocolate manufacturing would depend on importing the input products.

#### *6.1.3. Wine Manufacturing*

The town of Omaruru has two wine producing companies Kristall Kellerie and Erongo vineyard, which uses grapes to make wine and related products. The two companies produce their own grapes on the farms they operate, of which the harvested grapes are used to make wine products.

### **6.2. Electricity Supply**

#### *6.2.1. Omaruru's role in the national power supply*

The ever-sunny weather of Omaruru which is not suitable for crop production has proved to be an opportunity to channel the ever frequent sunlight to the generation of electricity through solar generations. In 2015, the country's largest solar plant, Omburu PV plant was opened in Omaruru, which up to now is highly recognized source of clean energy to the country. Omburu PV plant which has a 25 years power supply agreement with the national power utility Nampower, generates 11,075 MWh of clean, reliable, responsible electricity per year that it feeds into NamPower's national grid. The generation of 11,075 MWh accounts for over 1% of Namibia's domestic power generation.

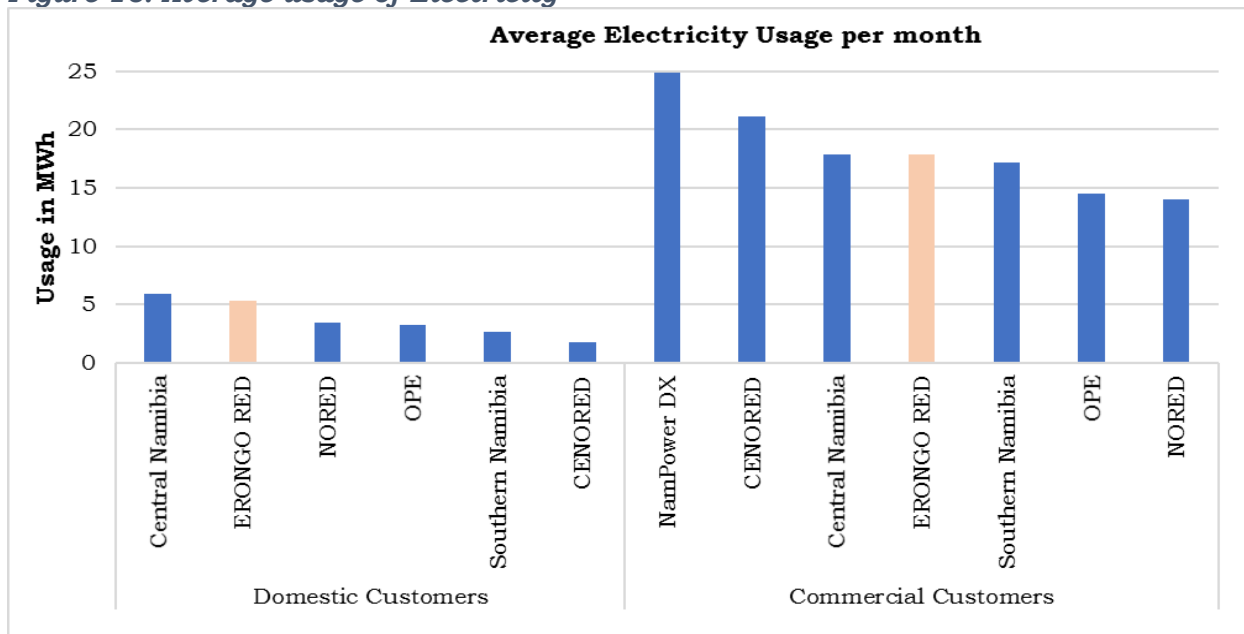
### 6.2.2. Access to Electricity

Electricity supply in the town of Omaruru is managed by the Erongo Regional Electricity Distributor Company (ErongoRED). Electricity costs in the town are subject to the tariffs charged by ErongoRED in distributing electricity to the town. Using the data on access to electricity in the country it is estimated that 90 percent of Households or families have access to electricity in the town of Omaruru.

### 6.2.3. Electricity Usage

The average usage of electricity in the country for individual customers is 4 megawatt hour per annum equivalent to 333 kilowatt hour per month. However, it differs by area. Individuals in the Erongo region where Omaruru is included uses 5.2 megawatt hour of electricity per annum (433 kilowatt hour per month) which is slightly above the national average of 4 megawatt hour (433 kilowatt hour per month). This research, finds that Omaruru individual client’s use of electricity is lower than the Average usage in Erongo region, given that Erongo average usage is inflated by high usage by higher income households in areas like Swakopmund and Walvis Bay that are known to have houses that consumes more electricity. Based on the surveyed individuals we estimate the average electricity usage in Omaruru to be 3.6 megawatt hour equivalent to 300 kilowatt hour per month. Commercial users of electricity in Erongo region uses 17 megawatt hour in a year equivalent to 1,417 kilowatt hour per month.

**Figure 16: Average usage of Electricity**

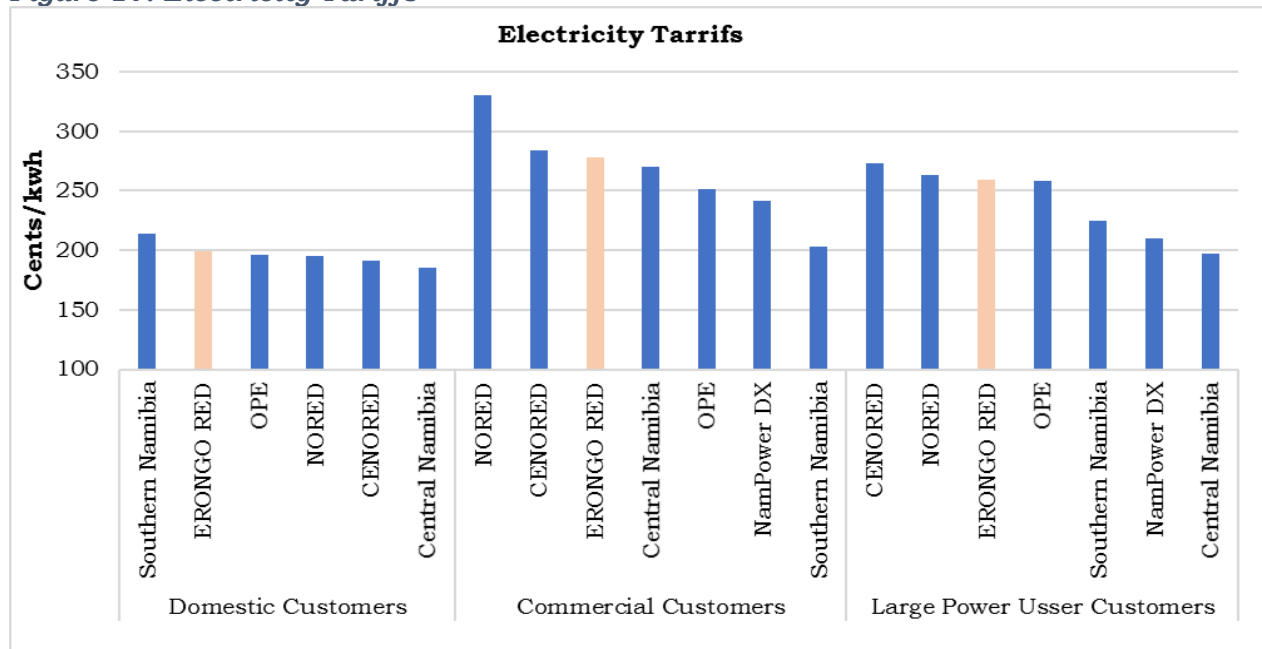


Source: ECB

#### 6.2.4. The cost of Electricity

The cost of electricity in the country differs depending on the distributing company and the type of customer (e.g. Individual or Commercial customers). Across all the distributing companies, electricity is cheaper for individual clients followed by Large user customers and highest for commercial customers. Individual users of electricity in Erongo region including those living in Omaruru are charged N\$2.00 per kilowatt hour of electricity they use. At this price of N\$2.00 per kilowatt hour Omaruru residents pays slightly higher than what individuals pay in Otjozonjupa region (N\$1.90 per kilowatt hour), north and north-eastern towns (N\$1.92 per kilowatt hour) and in Windhoek (N\$1.85 per kilowatt hour). Electricity to individual customers remains expensive in the southern part of the country where tariffs of N\$2.20 are charged per kilowatt hour of electricity used. Commercial and Large Power user customers operating in Erongo including Omaruru are subject to tariff payments of N\$2.70 and N\$2.20 per kilowatt hour respectively.

**Figure 17: Electricity Tariffs**



Source: ECB

#### 6.2.5. Simulation of electricity cost burden on households

In this schenario we model the average monthly electricity burden of a resident in Omaruru. Taking into consideration the usage of 3.6 megawatt hour of electricity equivalent to 300 kilowatt hour per month for an average family in Omaruru at a cost of N\$2.00 per kilowatt hour, we estimate the average bill for residents in Omaruru at N\$600 per month.

### 6.3. Water Supply

Omaruru is the only Namibian town that is not connected to the NamWater pipeline network. Water in Omaruru is extracted from underground water through boreholes. The Omaruru river is full of underground water and for the town to retain its dividends and not lose its profit to NamWater they opted to rather drill and connect waterpipes themselves. The Omaruru Town council also does the water purification for the town.

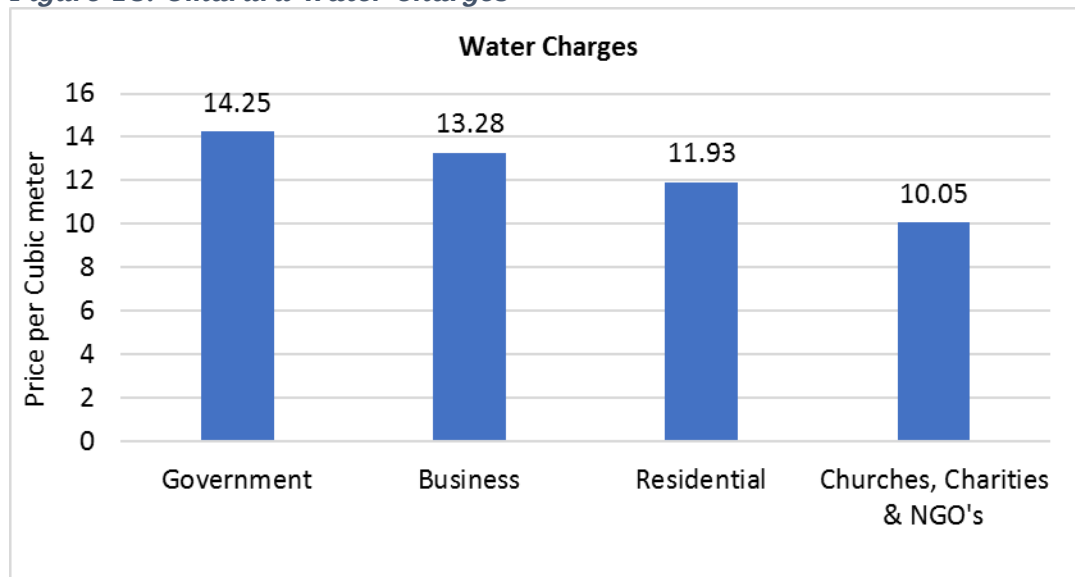
#### 6.3.1. Access to tap water

Using various data sources our research findings, estimate that 80 percent of households are connected to municipality water services in the town. Connections to the municipality water services is done by municipality. It costs N\$200 for a client to get new connection to the municipality water services.

#### 6.3.2. Price of Water

The Omaruru municipality charges water at different rates to different clients. The group of clients paying the lowest rates is churches, Charity organizations and Non-Governmental Organization who all pay for water at a rate of N\$10.05 per cubic meter. Residential households are charged N\$11.93 per cubic meter of water while businesses and government offices pay water at a rate of N\$13.28 and N\$14.25 per cubic meter respectively (See figure 18 below).

**Figure 18: Omaruru Water Charges**



Source: Omaruru Municipality

## 6.4. Construction Activities

There are a number of construction projects in the town of Omaruru.

### 6.4.1. List of major Government expenditure projects in Omaruru

Table 1 below summarizes the top major government projects budgeted for Omaruru. In the year 2018/19, the government budgeted to service land in the town of Omaruru within the Private Public Partnership agreement at a cost of N\$8 million. The government also budgets that the remaining N\$17 million after the expenditure in this financial year, will be spent in the next three years. There is also a budget of N\$61 million meant to renovate the correctional facility in Omaruru which will commence in 2020/21. However, feasibility study of the correctional facility amounting to N\$650 thousand is budgeted to be spent this financial year. A budget of N\$33 million is planned to be spent on a community hall to be constructed in Omaruru. The project is set to begin in 2020/21.

**Table 1: List of Major Capital Expenditures in Omaruru**

No	Project Name	Implementing Agency	Area of project implementation	Total Project Cost (N\$ Million)	2018/19 (N\$ Million)	Balance to complete Project(N\$ Million)
1	Mars Land Servicing	Ministry of Rural and Urban Development	The project will continue for the MTEF period	61.41	8	17
2	Omaruru Correctional Facility Renovation and Expansion	Ministry of Safety & security	After Feasibility study Construction to begin 2020/21).	61.772	0.65	61.122
3	Construction of Omaruru Community Centre	Ministry of Gender Equality and Child Welfare	The project is planned to commence in 2020/21	33	0	32

Source: MoF

### 6.4.2. Other projects

The municipality's target of delivering 2,000 houses in the next two years could provide an opportunity of local business to enter PPP agreements with the municipality in servicing land and construction of houses to meet the Municipality target.

## 7. SERVICES SECTOR ACTIVITIES

This chapter summarizes the services activities provided in the town of Omaruru. These services range from educational, health, financial, Tourism, Transport and other administrative services provided by government and related offices.

### 7.1. Educational Services

#### 7.1.1. Access to primary and Secondary Education

Within the Omaruru town there are six schools of which two are government boarding secondary schools, which accommodates learners enrolling for grade 8 to 12, while three

are government primary schools with no hostel and they accommodate learners from grade 1 to 7. There is one private school that offers primary education and accommodates learners from pre-primary to grade 7 and it has no hostel. The situation of not having a private high school in Omaruru has always seen learners who complete their grade 7 from the onlo local private primary school and from some government primary schools relocating to nearby towns such as Walvis Bay, Swakopmund, Karibib and Windhoek for their secondary education at private high schools.

### *7.1.2. Access to Tertiary education*

Omaruru town has only one tertiary educational institution owned by government through the Ministry of Safety & Security called the Mahoto Correctional Service Training College. The training college became operational in 2005 and is aimed at offering training to correctional officers in the country. Since 2005 nearly 2,000 correctional officers have benefited from the training at the college.

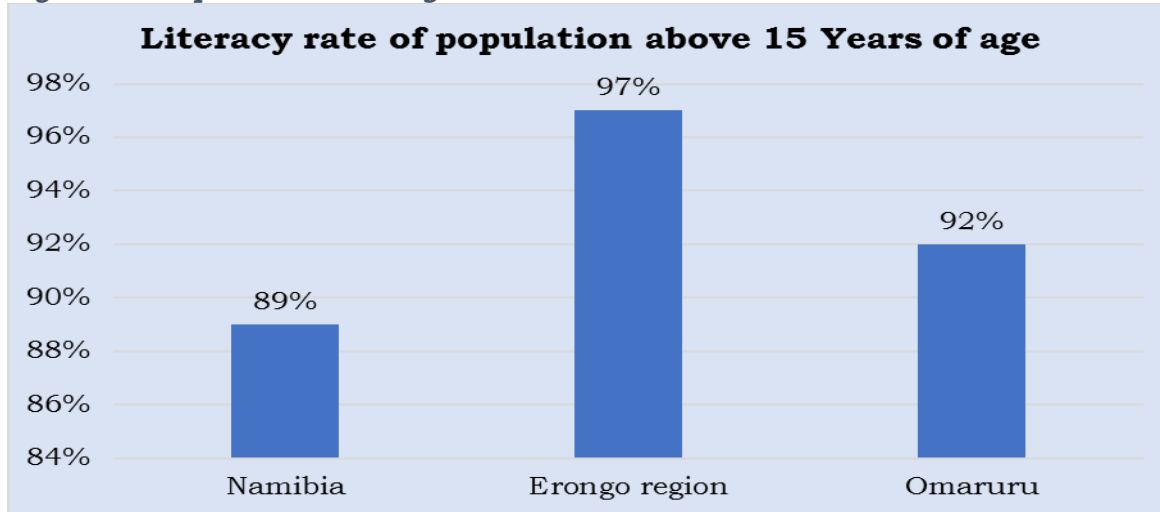
Omaruru has no higher educational institution open for public enrolment, neither a center of one of the higher learning educational institutions in the country. With no higher educational facilities or centers, Omaruru residents have Otjiwarongo situated about 139 Kilometers away as the nearest area for residents in Omaruru to access tertiary educational services. Though Swakopmund and Walvis Bay which are situated in the same region with Omaruru have equally similar centers that can be accessed for tertiary education just like in Otjiwarongo, the distance is far of compared to Otjiwarongo (232 Kilometers to Swakopmund vs 139 Kilometers to Otjiwarongo). In Otjiwarongo, residents of Omaruru can have access to the branches of tertiary institutions in the country including the University of Namibia (UNAM) as well as the National University of Science and Technology (NUST). Furthermore, Otjiwarongo offers technical courses through institutions like Monitronics Training College.

### *7.1.3. Literacy rate*

Figure 19 below shows the literacy rates as measured in terms of people that can read and write. Omaruru has a literacy rate of 92 percent which is above the 89 percent literacy rate for the country among the population aged 15 years and above. However, at 92 percent literacy rate, Omaruru's literacy rate is below the average literacy rate of 97 percent for Erongo region.



**Figure 19: Population Literacy Rate**



Source: NSA

## **7.2. Health Services**

### *7.2.1. National situation*

Namibia has a dual system of health care servicing: public (serving 85% of the population) and private (15%) health care providers. The Ministry of Health and Social Services (MoHSS) is the main implementer and provider of public health services with a four-tier system: outreach points (1,150) clinics and health centers (309), district hospitals (29) and intermediate and referral hospitals (4). Faith-based organizations operate services for the MoHSS on an outsourcing basis. The private sector is sizeable, with 844 private health facilities registered with MOHSS. A total of 342 health facilities (Hospitals, clinics & health centers, excluding outreach points) serves an estimated population of 1.9 million. On average the national public system has an infrastructure of 1 health facility per 5,700 population.

### *7.2.2. Situation in Omaruru*

Omaruru has only 1 public district hospital with a clinic integrated in the same hospital serving a population of 6,300. There are also 2 private health facilities operating in Omaruru which do not offer bedding to admit patients. Omaruru's single health facility serving a population of 6,300 is operating below the average national capacity of population per health facility (6300 population per health facility in Omaruru vs the national average of 5,700 population per health facility). The public hospital in town has two state employed medical doctors putting the average medical doctors to population ratio at 1: 3,150 which is far from the WHO recommended of 1 medical doctor per 1,000 population. The shortage of medical

doctors in Omaruru is a national challenge common in the health care system of the country.

### **7.3. Security Services**

The town of Omaruru has a police station serving with 41 police officers stationed at that police station. Compared to other towns, the town is classified to have below average rate of crime. With 41 police officers, it translates to the ratio of one police officer to 183 residents. The town has of recent seen a scale up in private companies offering security services on properties which has been a positive intervention to aid the national police service efforts in reducing housebreaking and other security related cases within the town.

### **7.4. Government Administrative Services**

Within the town, there are a number of government branch offices that are meant to provide most of the services provided by the respective ministries at the head offices in Windhoek. The ministry of Agriculture has an office to provide advises to farmers on all farming activities. They are also in charge of surveillance for any possible animal related diseases in the areas to assist farmers when there is a need. The Ministry of environment has also an office which is meant to provide services especially to those in the game tourism and farming industry. The ministry is also responsible to ensure preservation of wildlife animals and assist communities in case of conflicts with animals.

### **7.5. Financial Services**

#### **7.5.1. Banking services**

Omaruru town has three branches of commercial banks serving clients with banking services. The deposit taking services of banks operating in Omaruru are supported by the businesses that operate in the area within the hospitality sector as well as informal businesses. The Omaruru local economy houses a number of informal traders who sells art works, food and other related commodities. Their inflows from their businesses are always deposited with commercial banks on a regular basis. Equally so with those in the hospitality sector who frequently deposit with banks of their cash inflows from their businesses. Omaruru's hospitality sector demand is partly attributed to its game reserves which always attracts visitors often.

The availability of government offices and other related formal employing organizations like parastatals provides much spill over benefits for the demand of banking services. Most notably the town has a fair number of government employees in the ministries of education, Health and Correctional services who are part of the clientele for banking sector in the town. The three branches of commercial banks in Omaruru have 4 Auto Teller Machines(ATM) serving the area.

#### *7.5.2. Non-Banking services*

The town of Omaruru has other non-banking financial services for residents. There are three micro-lending institutions commonly known as cash loans. According to these institutions, their clients range from government and private sector employees. Since their requirement is that a client should be in permanent employment, most of their loans are channeled to government employees who in their majority are permanent employed. However, these micro lenders share the market of lending with banking institutions who are well capitalized and offer loans at much lower interest rates (11 interest rate of banks vs. 30 percent interest of micro lenders).

### **7.6. Tourism and Hospitality Services**

The area of Omaruru is surrounded by farms which are also stocking various game animals. Most of these farms forms part of tourist attraction sites. About 10 farms within the area have game animal with hospitality facilities for tourists. The game animals common in many farms are a source of business as trophy hunting offered to tourists injects cash for the owners of these farms. These farms are also a source of employment for many residents that are employed in the farms. Equally, the farms also provide food to residents as often animals are slaughtered for local markets.

### **7.7. Transport Services**

#### *7.8.1. Travelling services*

Most Namibians use road transport as means of transport comparing to other modes of transport. Most individuals in Omaruru travelling to nearby towns use private small cars and there are two main hiking points in the town, one of which is for those travelling to Otjiwarongo and to the northern part of the country which costs N\$110 and N\$250 respectively. The 2<sup>nd</sup> hike point is for those travelling to Okahandja, Windhoek, Karibib and the coastal towns and the transport costs are N\$110, N\$150, N\$60 and N\$130 respectively.

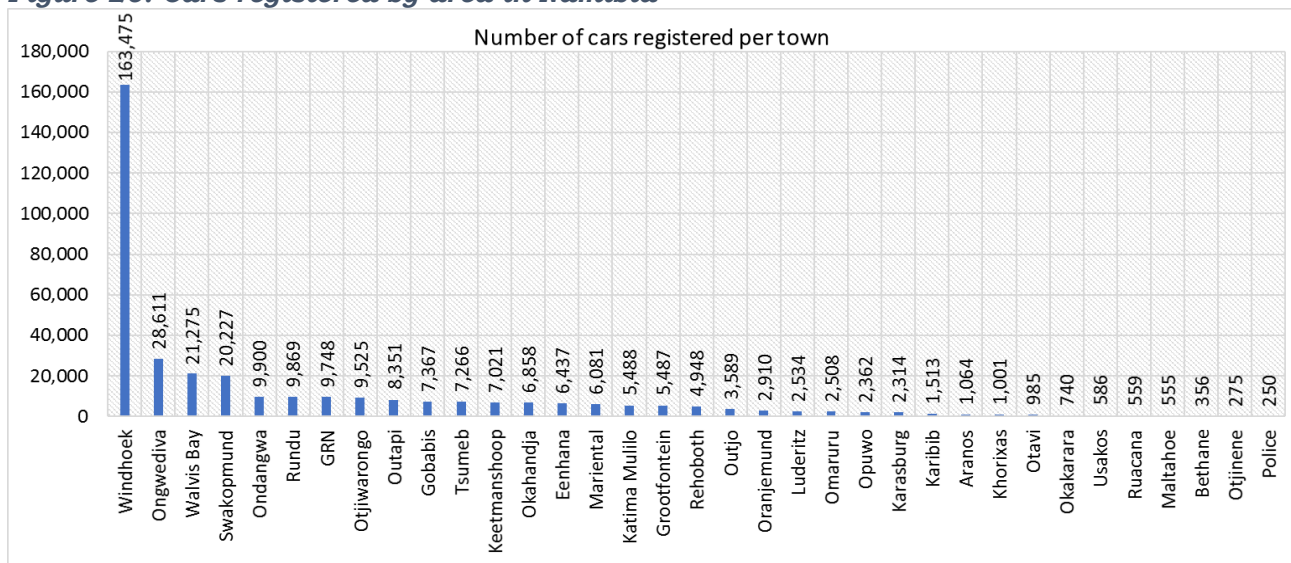
Within the town itself there are taxis operating from the locations to town and back for a charge of N\$10 per trip. There is no public transport that people can use such as buses and minibus operating from Omaruru. To travel to the northern parts of the country one should wait for transport travelling from the coastal towns which will usually stop to pick up passengers travelling to the northern part of the country.

### 7.8.2. Road Network

The 2017/18 Global Competitiveness report ranked Namibia's road network as one of the best on the continent. Constructions and maintenance of roads in Namibia are guided by international standards under the administration of the Roads Authority. The Namibian national road network consists of 7,122 kilometers of tarred roads; 27,262 kilometers of gravel roads; 13,966 kilometers of earth roads. Omaruru has about 87 kilometers of tarred roads, 220 kilometers of gravel roads, 150 kilometers of earth roads. Public transport is not available to all destinations in Namibia. There are however, private bus services between major cities and towns throughout the country.

According to the Roads Authority, there are 2,500 cars registered with Omaruru town. This is below the national average registered cars per town which stands at 5,100. The number of cars in the town can be used in providing an indication of the demand for transport service activities in the town. Equally one should also consider the population differences when comparing with other towns.

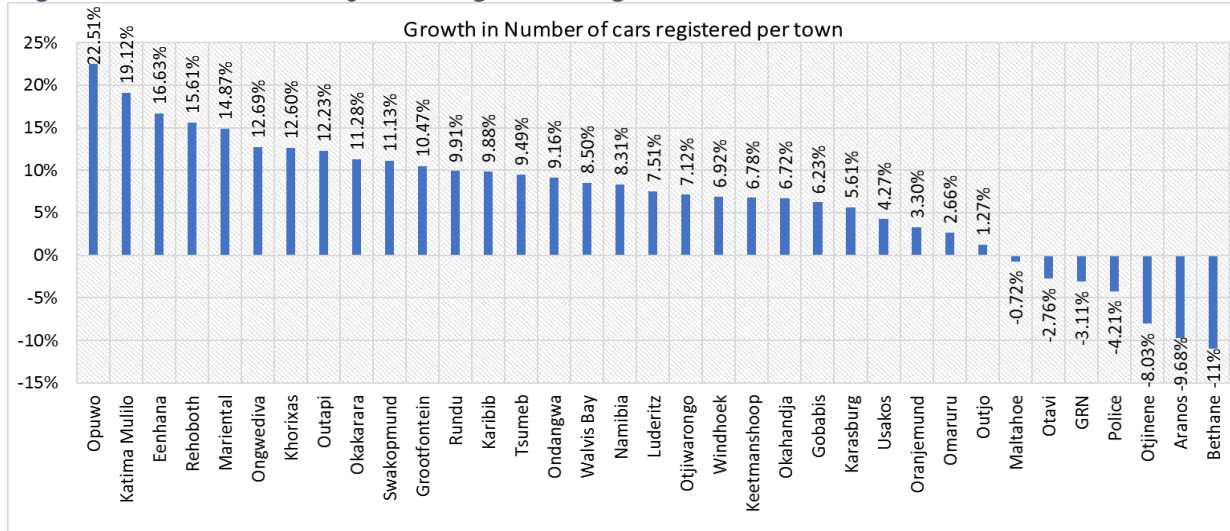
**Figure 20: Cars registered by area in Namibia**



Source: Roads Authority

Cars that are registered in Omaruru has increased by 2.66 percent in 2016 compared to 2015. This is equally much lower than the average growth of cars registered in the whole country of 8.3 in 2016 compared to 2015. This however could be explained by many reasons including the slow development pace in the town linked to slow growth of income levels of residents.

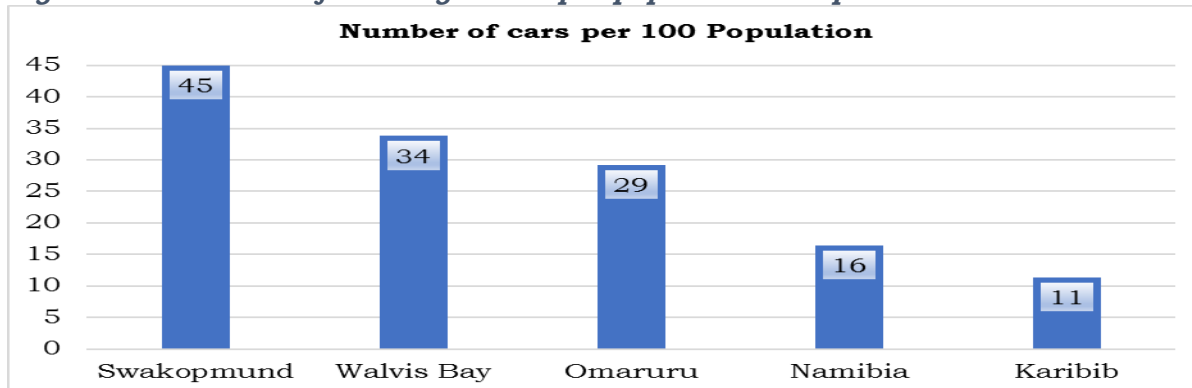
**Figure 21: The Growth of Cars registered by area in Namibia**



Source: Roads Authority

At 2,500 cars registered in Omaruru, taking into consideration the population of the town, it stands out that cars owned per population ratio is above the national average. As of 2016, there were 29 cars registered in Omaruru per 100 population compared to the national average of 16 cars per 100 population. However, the ratio of cars per population in Omaruru is much lower than the ratio of cars to population in both Swakopmund and Walvis Bay which stands at 45 and 34 cars per 100 population respectively.

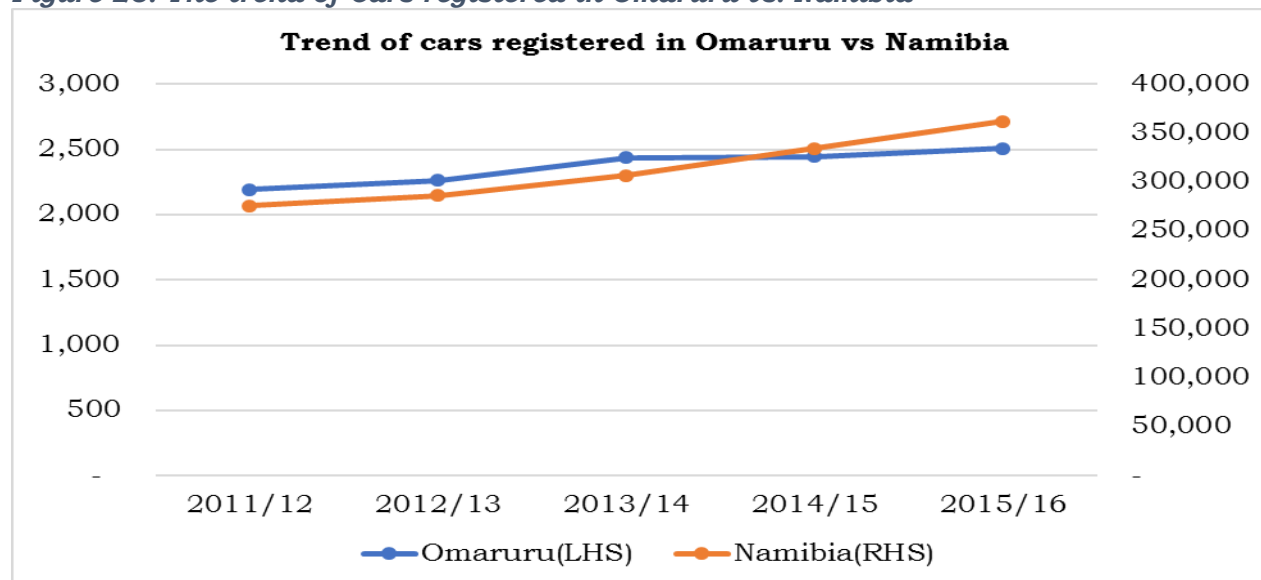
**Figure 22: The ratio of cars registered per population comparison**



Source: Roads Authority

The trend of growth in cars registered in Omaruru has fallen lower than that of the country since 2014 indicating that on average Omaruru is recording a much growth of cars registered in the town compared to the national average.

**Figure 23: The trend of Cars registered in Omaruru vs. Namibia**



Source: Roads Authority

### 7.8.2. Rail infrastructure

Namibia has a rail network covering a distance of 2,750 kilometers linking towns and other countries. Due to its strategic location, Omaruru remains one of few towns connected to the railway network of Namibia with a rail station which allows transportation of goods to and from the town. Omaruru railway station serving the town of Omaruru is part of the TransNamib railway network that connects via Otavi to Tsumeb and Oshikango. The railway is also connected to towns in the southern part of the country.

The town of Omaruru has no passenger trains. It only has trains that transport goods from one town to another. The train services offered for transporting goods links Omaruru railway station to Otjiwarongo and northern towns of the country as well as Walvis Bay and Windhoek. Besides the goods train service, there are adhoc train services for tourists which only travels to Otjiwarongo, Swakopmund and Aus.

### 7.8.3. Harbours

Namibia has only two harbours handling merchandise imports and exports situated in Walvis Bay and Luderitz. Though the landlocked town of Omaruru is without a harbour, it



has an advantage of being closer to the country's largest Port of Walvis Bay (274 kilometers) which is situated at the west Coast of Africa and provides an easier and much faster transit route between Southern Africa, Europe and the Americas. The other Port of Lüderitz located to the Southern Coast of Namibia is 894 kilometers (three times longer than the distance to Walvis bay Port) and caters for Southern Namibia as well as providing access to markets in the Northern Cape of South Africa. Omaruru's 274 kilometers distance to access the Port of Walvis Bay is shorter compared to the distances of most towns using the same port namely Windhoek (394 kilometers away), Ondangwa (842 kilometers) and Otjiwarongo (415 kilometers).

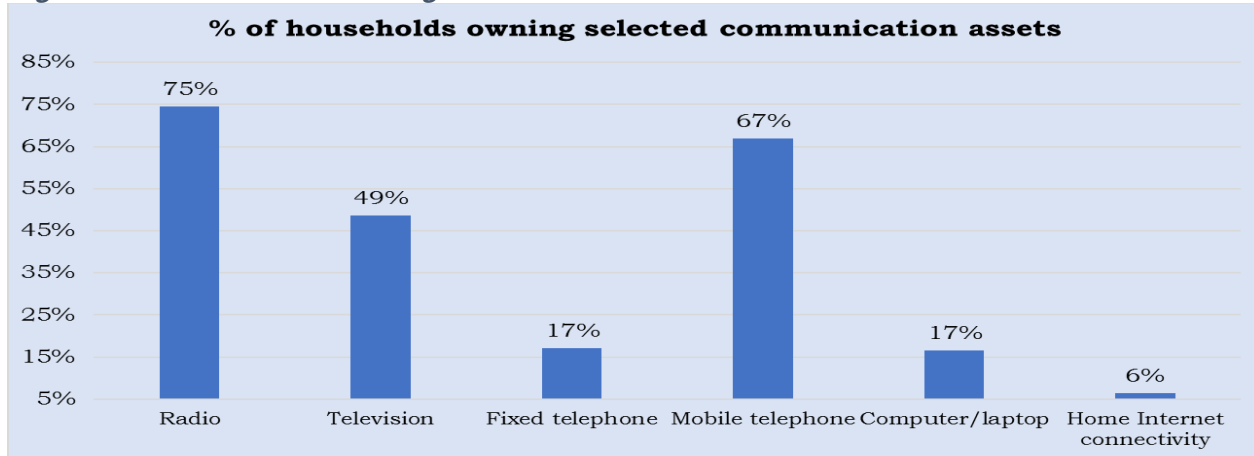
#### *7.8.4. Air network*

Approximately 15 kilometers north of Karibib on the road to Omaruru, there is the the air force base which is the NDF air force headquarters. the air force base has an air strip. Only the Air Force aircrafts and helicopters are allowed at this airstrip. Air Namibia and other planes that do not belong to the Air Force must ask permission from the chief commander of defense to use this air strip. As it stands, the nearest national airport to Omaruru is in Windhoek and Walvis Bay.

### **7.8. Information and Communication Services**

Having accesses to information is made effective with the population having access to communication devices. Figure 24 below shows the proportion of households owning various communication devices. In Omaruru, radio and mobile phone remains the most common forms of communication assets owned by households. About 75 percent and 67 percent of households in Omaruru own radio and mobile phones in Omaruru. About 49 percent of households owns television meaning more than half of families do not own a television. However, only 6 percent of households have connectivity to internet services which indicates that internet usage could be low though mobile phones provide access to internet as well.

**Figure 24: Households Owning Communication Devices**



Source: NSA

### *7.8.1. Radio and television access and infrastructures*

Namibia's infrastructure development in information and technology has always enabled the Omaruru residents to have access to information through radios and television. In Omaruru, all of the 7 national channels of radio in various languages of the country administered by the Namibian Broadcasting Corporation(NBC) can be accessed. Furthermore, there are 5 extra radio channels available to Omaruru residents which are equally accessible to most parts of the country. As shown in figure 24, most families in Namibia own radios than any other communication asset given the low cost to owning a radio as well as the wide network access of the use of radio in the country. Equally, since radio owners are not obliged to license fees subjected on television owners, owning a radio remains cheap for most households. Access to television in Namibia is subject to annual license fees. Equally noted from observations is that still a number of households owns a television.

### *7.8.2. Telecommunication access and infrastructures*

The Namibian telecommunication market is, compared to African standards, a well-developed market due to infrastructures put in place by both Telecommunications (Telecom) and the Namibian Mobile Telecommunications Company(MTC). Through observation and engagements with residents of Omaruru, it was common that cellphones are widely owned and used as medium of communication by most of individuals. MTC estimates that there are 2.4 million active cellphone customers in the country which could be an indication that almost every adult individual could have a cellphone, with some owing more than one cellphone.

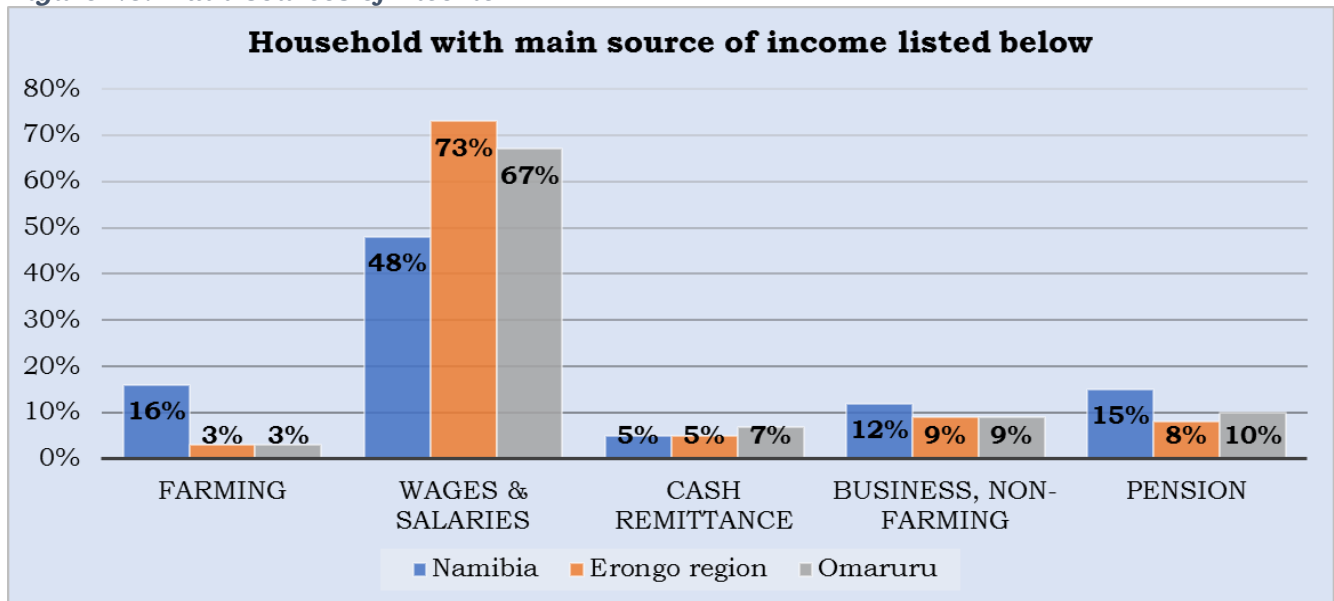
Using the list of residential telephones registered with Telecom and the household population in Omaruru, we estimated the coverage of access to telephones. Our estimates indicate that about 14 in every 100 households owns a telephone. This is in line with the available statistics of the national household survey.

### SECTION 3: HUMAN DEVELOPMENT

#### 8. SOURCES OF INCOME

Figure 25 below shows sources of income for most households. The main source of income to Omaruru households remains wages and salaries accounting 67 percent of families relying primarily on wages and salaries. This is well above the national average of 48 percent households with wages and salaries as main source of income. However, only three percent of families in Omaruru relies on farming as compared to 16 percent national average.

**Figure 25: Main Sources of Income**



Source: NSA

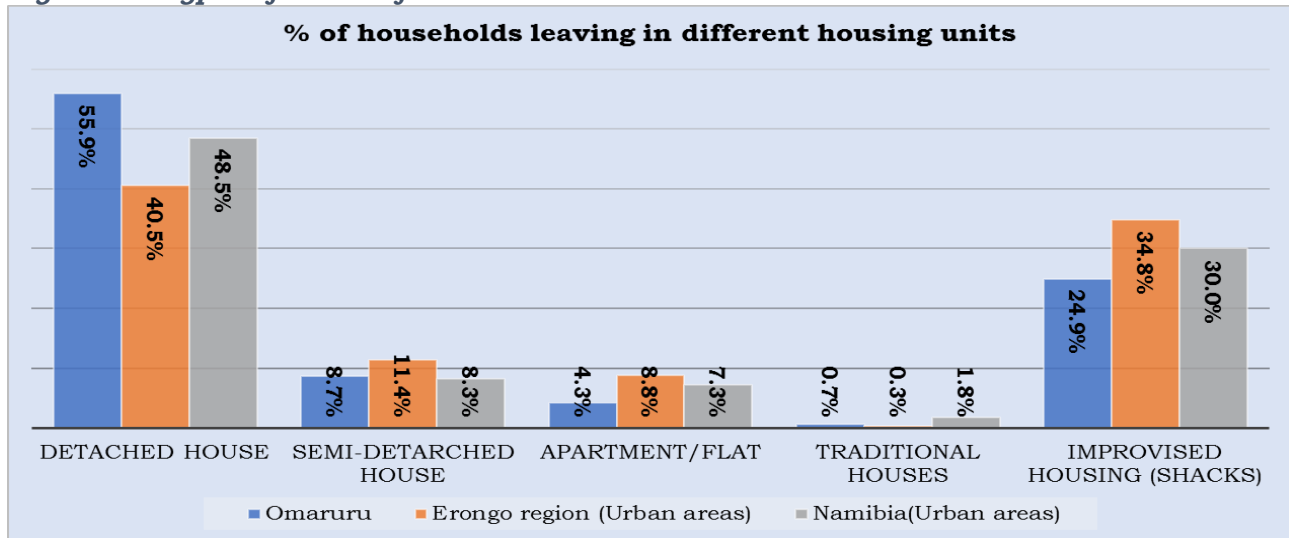
### 9. HOUSING SITUATION

#### 9.1. Housing delivery

Over the years Omaruru municipality have made progress towards the delivery of houses. Figure 26 shows the proportion of households leaving in various types of housing units. About a quarter of households are leaving in impoverished structures commonly known as shacks in Omaruru (See figure 26). Though this is marginally lower than the national average of urban areas which is at 30 percent of families leaving in impoverished structures,

the situation indicates that Omaruru is too in a deficit of the supply of housing units. About 56 percent of families leave in detached structures (stand-alone houses).

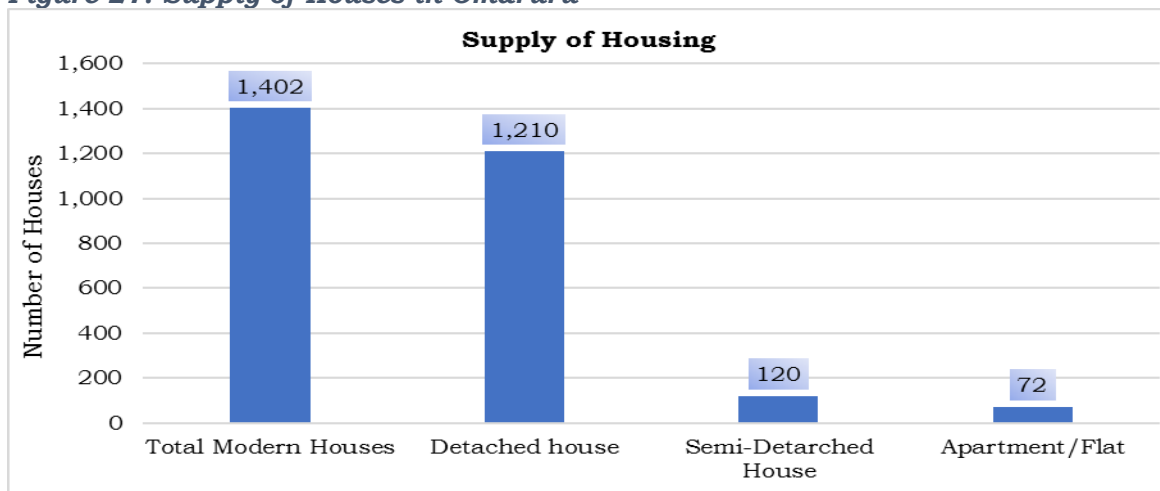
**Figure 26: Types of Houses for Households**



Source: NSA

Using multiple sources of information, we had estimated the number of households owning houses by type of housing unit in Omaruru. Figure 27 below shows that there are 1,402 modern houses in Omaruru of which 1,210 or 85 percent are standalone houses while 9 percent are semi-detached houses and only 6 percent of houses are apartments.

**Figure 27: Supply of Houses in Omaruru**

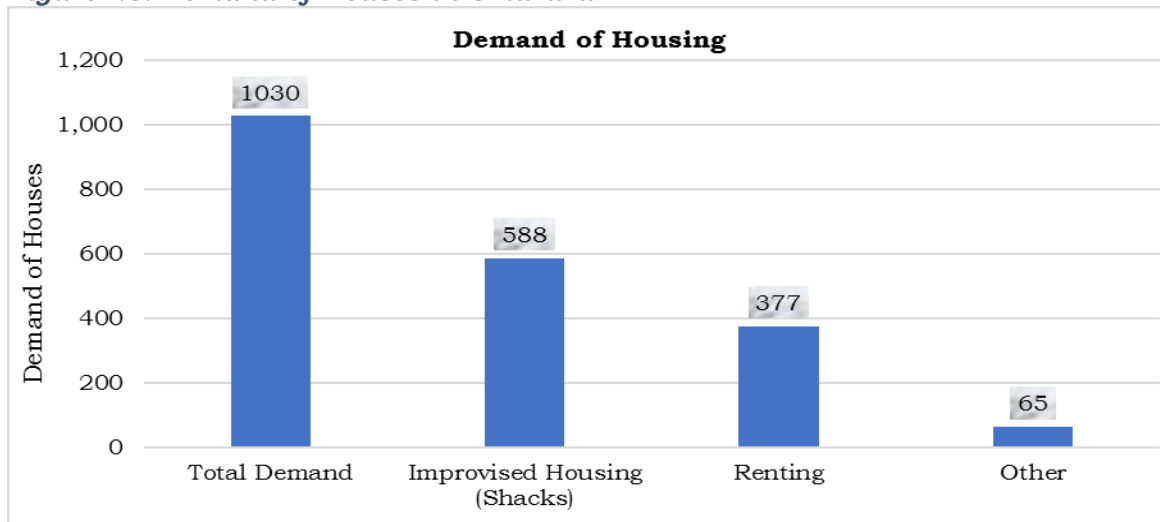


Source: First Capital Survey

Our estimated total demand of those households without houses is 1,030. This is comprised of a total of 588 families that leave in impoverished houses. Also included is 377 families that are renting either from private landlords or employers. Furthermore, we also estimated

that about 65 families who are accommodated in kind equally forms part of those that are in demand for houses.

**Figure 28: Demand of Houses in Omaruru**



Source: First Capital calculated Survey

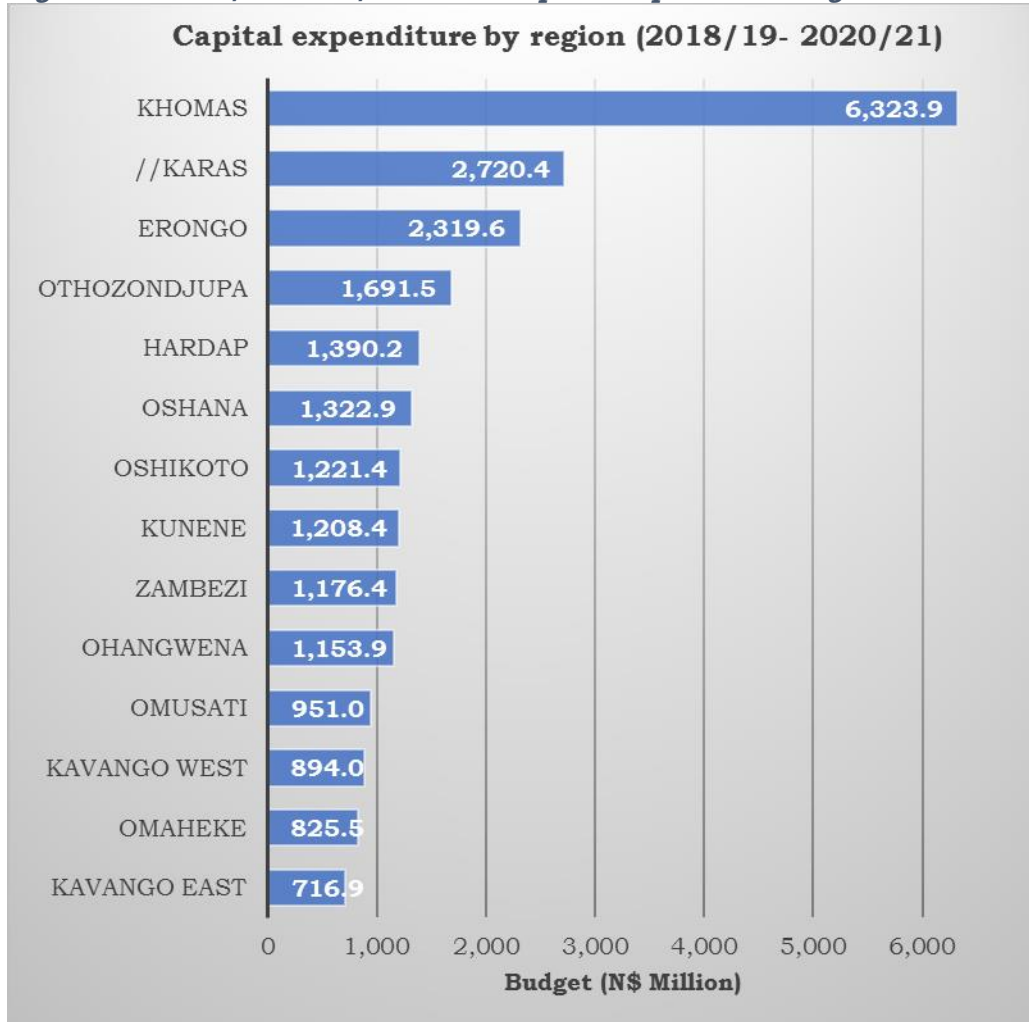
## **SECTION 4: NATIONAL INFRASTRUCTURE PROJECTS**

### **10. INFRASTRUCTURE DEVELOPMENT**

#### **10.1. Government expenditure by region**

During the period 2018/19 Government have budgeted to spend N\$7.8 billion on capital projects with new projects initiated while others will be a continuation from the previous periods. Over the medium term (2018/19- 2020/21) government budgeted to spend N\$24.3 billion on capital projects. Figure 29 below shows the MTEF budget allocations by region for the budgeted projects. The government has budgeted to spend about N\$2.3 billion on infrastructure developments in Erongo region. The budget allocated for capital projects in Erongo ranks the third highest in the country after Khomas and //Karas regions. However, the strategic location of Erongo region, being closer to Khomas and Otjozondjupa regions provides opportunities for businesses in Erongo region to tap and participate on projects in the Khomas and Otjozondjupa region. Erongo being one of the regions receiving among four highest budget allocations for capital projects provides an opportunity for Businesses in Omaruru to participate in the development projects within the region.

**Figure 29: 2018/19-2020/21 MTEF Capital Expenditures by Area**

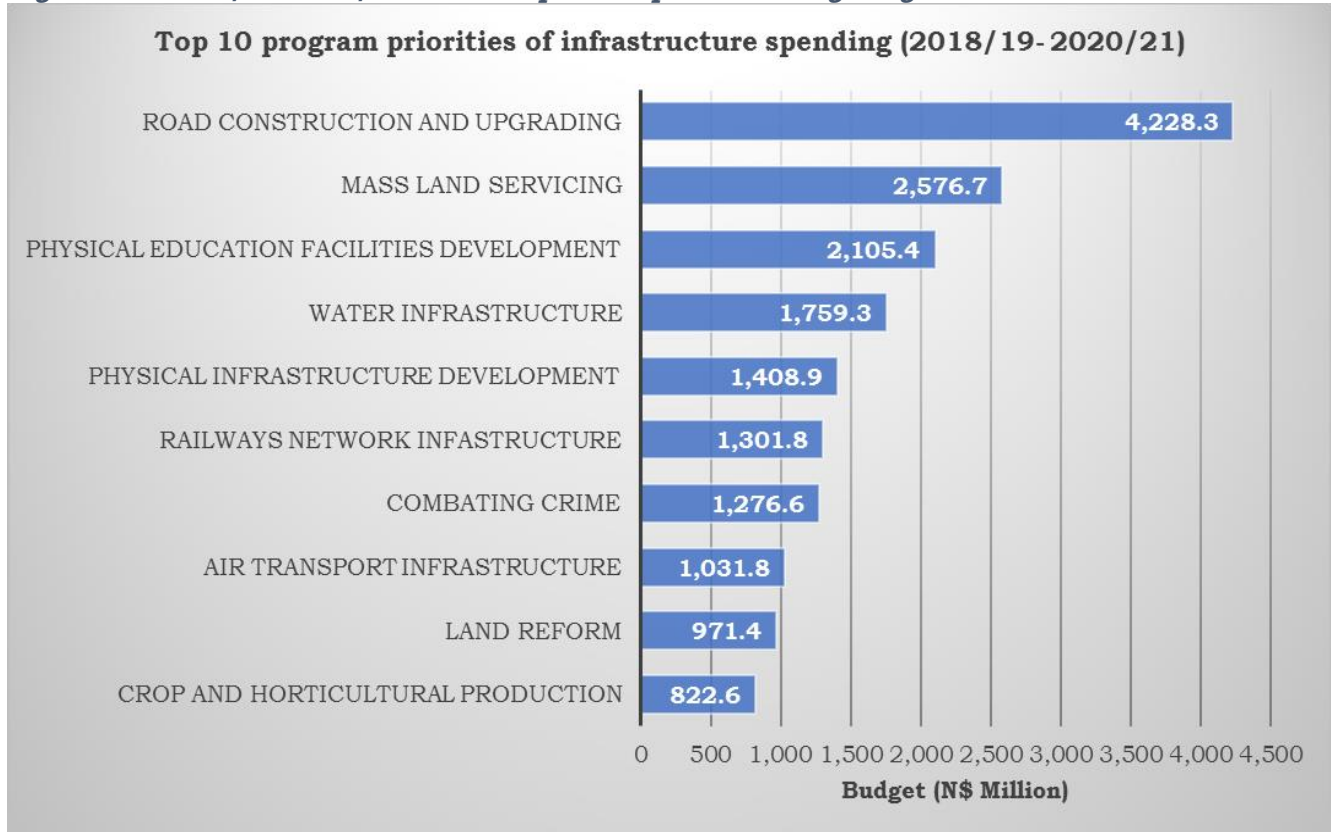


Source: Ministry of Finance

### **10.2. Top programs of National Government expenditure**

Government’s top 10 spending priorities on capital projects are shown in the figure 30. The most priority of investment for the MTEF period (2018/19- 2020/21) is the construction and upgrading of roads throughout the country which is budgeted to cost government more than N\$4.2 billion. The second spending priority is on mass land servicing within local authority areas which have a budget of N\$2.5 billion. The government have further budgeted to spend not less than N\$1.3 billion on each of the following programs: Physical education facilities, water infrastructures, Physical infrastructure developments and railway infrastructure developments.

**Figure 30: 2018/19-2020/21 MTEF Capital Expenditures by Program**



Source: MoF

**10.3. List of major Government expenditure projects**

Listed below in table 2 are major projects budgeted for under the MTEF Period under review. During the MTEF period (2018/19- 2020/21) the government budgets to spend N\$776 million on the upgrading of the Windhoek -Hosea Kutako 44 kilometers dual carriageway road. About N\$653 million will be spent on the Nekatel dam in the Karas region. The upgrading of the Walvis Bay -Swakopmund 44 kilometers road received a budget of N\$617 million. The upgrading of Leopards Valley Military Base, rehabilitation of the 67 kilometers Windhoek - Okahandja road and the construction of head office for the Ministry of Home Affairs and Immigration all received budgets above N\$350 million.



**Table 2: List of Government's Major Capital Expenditures**

No.	Project Name	Implementing Agency	Area of project implementation	2018/19- 2020/21 Budget (N\$ Million)
1	Upgrading the TR9/1: Windhoek-Hosea Kutako road to a dual carriage (44km)	Ministry of works	Khomas region	776.1
2	Construction of Large Dams, Desalination and Provision of Water to larger Settlements	Ministry of Agriculture	Karas region	653.6
3	Upgrading of the MR 44: Swakopmund- Walvis Bay Road (44KM)	Ministry of works	Erongo region	617.4
4	Upgrading of Leopards Valley Military Base	Ministry of Defence	Khomas region	444.2
5	Rehabilitation of the TR 1/16: Windhoek -Okahandja Road (67km)	Ministry of works	Khomas & Otjozondjupa region	355.4
6	Construction of Head Office for the Ministry of Home Affairs and Immigration	Ministry of Home Affairs and Immigration	Khomas region	355.3
7	Northern Railway Line Extension	Ministry of works	Northern regions	325.0
8	Building and Maintenance	Ministry of Education, Arts and Culture	Khomas region	315.8
9	Rehabilitation of Eros Airport Runway, Taxiway & Apron Extension	Ministry of works	Khomas region	278.2
10	Construction of Swakopmund- Henties Bay- Kamanjab Road (412KM)	Ministry of works	Erongo & Kunene region	275.4
11	Construction of Forensic Laboratory in Windhoek	Ministry of Safety & Security	Khomas region	213.2
12	Railway Network Upgrading	Ministry of works	Otjozondjupa region	194.4
13	Construction of gravel road: Isize - Sifuha - Malindi- Schuckmannsburg (50km)	Ministry of works	Zambezi	193.8
14	Rehabilitation of Southern Railway Line Section Sandverhaar-Buchholzbrunn	Ministry of works	//Karas region	181.1
15	Railway Network Upgrading	Ministry of works	Erongo region	166.8
16	Construction of Opuwo Aerodrome	Ministry of works	Kunene region	157.9
17	Rehabilitation of the Keetmanshoop- Mariental Road (386KM)	Ministry of works	//Karas & Hardap region	156.5
18	Construction of Sites and Premises Industrial Estates	Ministry of Industrialisation, Trade and SME Development	Khomas region	151.0
19	Widening of Tsumeb Aerodrome	Ministry of works	Oshikoto region	149.0
20	Construction of Police Accommodation	Ministry of Safety & Security	Khomas region	116.0
21	Construction of a new Area Control Tower for the Windhoek FIR	Ministry of works	Khomas region	112.9
22	Upgrading of Mpacha Airport	Ministry of works	Zambezi	112.8
23	Green Scheme	Ministry of Agriculture	Zambezi	103.1
24	Upgrading and Development of Informal Settlements & Low Income Townships in Windhoek	Ministry of Rural and Urban Development	Khomas region	98.0
25	Upgrading and Rehabilitation of Aus-Luderitz Railway Line	Ministry of works	//Karas region	81.1
26	Upgrading of the High Court	Ministry of Justice	Khomas region	73.7

Source: MoF

## CONCLUSION

In this report we have presented and profiled the economy of Omaruru and how it fits within the national economy. Unlike other regions and towns that survives and depend on government budgetary allocations, Omaruru receives very little spending from government. It's economy is private sector driven and cost of doing business appears to be much lower than other towns, giving the town a competitive advantage. Omaruru's location, low population density and its developed infrastructure and educated population makes a very strategic location for investment purposes, especially in sectors such as manufacturing, education, health and wildlife farming.