

# THE NEED FOR DEVELOPMENTAL STATE INTERVENTIONS IN NAMIBIA

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## 1. Namibia's History of Dispossession, the Resulting Levels of Poverty and Inequality, and the Need for Developmental Interventions<sup>1</sup>

Inequality in Namibia has deep roots and today's levels of inequality can be traced back from the period of colonial dispossession to the market-driven economic policies pursued after independence. Before colonisation, Namibia was predominantly an agrarian economy, based on communal ownership of resources. In the pre-colonial familial subsistence economies, particularly in crop growing societies, women provided the primary source of labour, and their fertility ensured future labour supply (Haviland, 1993). Key forms of productive assets were not privately owned, land was communally owned and even cattle often belonged to a corporate group. It was not possible for the individual custodian of communal or corporately owned property to dispose of this property in the way that he pleased, yet men could command the labour of women, control social surpluses produced by primarily female labour, control women's sexuality and control their fertility. Despite the communal ownership of land, men controlled land-use through gendered land-tenure and inheritance systems. The adult male received land from the chief (who acted as the custodian of communally owned land) and then in turn granted usufruct to his wife/wives, who provided most of the labour in the familial subsistence economy (Hango-Rummukainen, 2000). Male control over key productive assets was the basis for male control over surpluses (Guy, 1990; Koopman, 1995). This formed the basis of a trajectory of gender inequalities that persist up until today.

Agricultural production in pre-colonial Namibia was subsistence-based, and there was a gender-based division of labour, with the hunting of cattle being the preserve of men, and child rearing, preparation of food and crop tending being predominantly the domain of women. Among the principal ethnic groups, the Namas, Damaras and Hereros were pastoralist, the Ovambos and Kavangos were agro-pastoralists, and the San were hunters and gatherers (UNIN, 1986).

The Namibian !Kung (Ju/hoansi) are an example of hunter-gatherer societies that had no private property, no social surpluses and hence no inequalities in sexual relations. Although early marriage, bride capture rituals and age differentials in first marriages could have disadvantaged women, with time the relationship became more equal, although men still had the edge. The relatively egalitarian society amongst the Ju/hoansi is ascribed to the fact that through their gathering activities, women contributed most to food production (Felton, 2001).

In the subsistence economy, the private-public dichotomy and the distinction between productive and reproductive labour were blurred because the family was the unit of both production and reproduction. The division of labour depended on the dominant mode of subsistence and the cultural traditions of different ethnic groups. For example, in hunter-

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<sup>1</sup> Section 1 is largely based on Jauch, et al. (2009).

gatherer foraging societies, like the different San groups, women collected wild fruits, roots, nuts and berries while men hunted (Felton, 2001). Ovambo groups relied on mixed farming, mainly agriculture, and cattle herding, supplemented by hunting, gathering and fishing. Women were responsible for actual cultivation while men assisted with land-clearing and hoeing. In addition, women gathered firewood, fetched water, pounded grain, cooked, cleaned, raised children and performed crafts like basket-weaving and pottery. Men and boys raised cattle and were responsible for house building. They marketed the pots produced by women and were themselves involved in the production of wooden tools (Becker, 1995).

Historically, the Hereros were pastoralists with no cultivation. Cattle herding was done by boys and men, often from the Damara group who were used as servants by Hereros. Women were responsible for milking cows and producing the stable food – sour milk (omaere). They gathered wild foods, fetched water and fuel wood, erected animal enclosures and performed childcare. Men built houses and did woodcarving. Men also sewed clothing, fur blankets and coats. The mainstay of the Nama economy was stock-raising, done mainly by men while women gathered wild foods. Men also hunted. Women produced household utensils like clay pots while men produced weapons. Men and women made their own clothing (Becker, 1995).

The arrival of colonial influences in the form of missionaries, traders, concessionaires and the like, significantly eroded inter-tribal trade, as Europeans came to monopolise trade in the country. The terms of trade were highly unequal as Africans lost productive resources (cattle) in exchange for non-productive items such as liquor, coffee and sugar. Thus, unlike trade between African communities in the pre-colonial period, the new arrangements with European traders did not contribute to the development of African productive forces (Bley, 1971; Mbuende, 1986).

During German colonialism (1884-1915) there was a sudden and permanent change in the social, cultural and traditional forms of social organisation. Germany had as its goal the establishment of a settlement outpost, drawing on and extracting its natural resources, while keeping its investment, human and financial, to the bare minimum. Many Germans who came to settle in Namibia, such as ex-soldiers, artisans and technicians, called for the appropriation of African grazing land to obtain sufficient land for their own farms (Gann and Duignan, 1977). Drought, famine, wars and the rinderpest epidemic of 1896-97 led to the impoverishment of the Nama and Herero communities. This forced some chiefs to sell land to the Germans, who seized upon every opportunity to expropriate land from the Africans, signing fraudulent agreements with local chiefs or confiscating land by violent means (Gann and Duignan, 1977; Bley, 1971).

In 1903, the German imperial commissioner declared that 75% of the land owned by Africans had to be sold to Europeans, and that the remaining 25% had to be proclaimed native reserves (Mbuende, 1986). This loss of land and cattle by Africans led to the war of Anti-colonial resistance from 1904 to 1907. During this war, about 80% of all Hereros and 50% of all Namas fell victim to the German genocide (Katjavivi, 1988; Helbig and Helbig, 1983). By 1907, Africans were almost completely dispossessed of their land, livestock and property, while the Germans had established control over two-thirds of the country. Only the northern regions were spared, primarily because direct land seizure by force could have resulted in protracted wars and huge loss of lives (Gurirab, 1988; Jauch, 1998).

Instead, the northern areas were preserved to secure the long-term supply of migrant labourers for the farming, mining and fishing sectors. The German strategy was to coerce the Ovambo

kings into supporting labour migration, and by 1914 there were over 9,000 Ovambo migrant workers deployed in the ‘police zone’, as the areas under direct German control in the central, southern and eastern parts of Namibia were known (Moorsom, 1980).

At the end of German colonialism, Africans in the ‘police zone’ had lost most of their land and livestock. They were forced to work on settler farms, for the railways or for the emerging mining companies. The labour shortage in these sectors was increasingly filled by migrant labourers from the northern regions. Africans thus lost their economic independence and were systematically integrated into the colonial economic structures under highly exploitative conditions (Jauch, 1998).

During the first years, the German colonial rulers did not interfere in indigenous social organisation and hence African patriarchal rule. The protection treaties (1880-1890) signed between the Germans and the Herero and Nama chiefs guaranteed non-interference in how chiefs governed their subjects, including their rule over women. During and after the Herero genocide (1904-1907) and wars against the Namas, the Germans introduced native regulations (1905-1907) that subjected indigenous communities to direct colonial rule. This was accompanied by land dispossession and violent subjugation. This period also saw the introduction of enforced labour and pass laws (‘Dienstbuch’) that applied to men, women and children alike. A year after South Africa took control of Namibia (1917) following the defeat of Germany in the First World War, the law was changed and enforced employment of indigenous Namibians with whites in the ‘police zone’ henceforth only applied to men. Pass laws, however, applied to all black people. Women were thus exempted from compulsory labour (Becker, 1995).

During South African colonialism, Namibia was essentially integrated into the South African economy as a ‘fifth province’ and also became a member of the Southern African Customs Union (SACU). The German legacy of unequal treatment continued as white South African settlers were provided with significant inducements to settle in Namibia, and measures were enacted to force Africans into becoming a cheap source of labour for the settler community. Measures such as differential tax rates, using ‘hut’ and ‘dog’ taxes to impoverish Africans, were used to drive them into wage labour. The reservations were starved of development and the racial policies of the government were further entrenched. Expenditure on development in the reserves was limited to what residents could raise themselves. Between 1922 and 1946, the indigenous 90% of Namibia’s population was allocated only 3.6-10.6% of the colonial state’s budget (UNIN, 1986).

The colonial South African government formally entrenched segregation and then applied its apartheid model to Namibia. The Odendaal Commission of 1963 instituted a homeland system (closely modelled on South Africa’s own version) in terms of which 40% of the country’s land area (mainly in the north) was for the indigenous population, 43% for white farmland, and the remainder, including diamond areas and game reserves, was considered to be unallocated government land. The economically unviable homelands would force the inhabitants to seek employment as migrant labour in the settler economy, notably the nascent mining industry, but also in fishing, agriculture and the railways (Mbuende, 1986; Jauch, 1998).

Becker (1995) argues that South African colonial rulers intensified German policies as the need for cheap labour increased. A number of laws restricted the mobility of black people, especially black women and children, from taking up co-residence with husbands and fathers in towns. The Native Labour Proclamation (1919); the Vagrancy Proclamation (1920); the

Administration Proclamation (1922); the Native Passes Proclamation (1930); the Northern Natives Proclamation (1935); the Native Urban Areas Proclamation (1951) and the 1963 Aliens Control Act all controlled the movement of black people and prevented their full proletarianisation (Hishongwa, 1991). For many black people the neo-local, conjugal family was not legally possible, hence the spatial and geographic separation of black Namibian families. Influx control regulations made black people foreigners in urban centres and black women and children had difficulty sharing common residences with black male husbands and fathers. The articulation of the capitalist and subsistence familial modes of production forced women and children to shoulder most of the productive responsibilities in the subsistence economies. Some may argue that female labour in the subsistence economy subsidised cheap male labour in the capitalist economy and enabled the super exploitation of male labour that provided the basis for surplus accumulation during the early stages of the colonial capitalist economy (Wolpe, 1978).

There is a common assumption that the female-headed household is purely an outcome of the migrant labour system. There are, however, other factors that contribute towards it, including matrilineal systems of descent and inheritance, high out-of-wedlock birth rates, low marital rates, poverty and labour migration. Historically, in Ovambo groups, conjugal bonds are important for economic co-operation, but not to determine kinship, since descent is traced matrilineally, and historically a woman and her children were not considered to be the relatives of the husband (Williams, 1991; Becker, 1995). An adult male's family allegiance primarily resides with his natal kin on the maternal side. Systems of descent determine inheritance practices and often remittance flows. In this context, Hango-Rumukainen (2000) argues that migrant workers' wages belonged to men and items bought with these remittances remained the property of men.

Despite the fact that migrant labour in northern Namibia weakened the conjugal relationship further, the migrant workers were considered part of their rural families and were still responsible for certain forms of household decision-making (Hishongwa, 1991). Migrant workers often entered into concurrent second and third and relationships (formal and informal sexual unions) in urban centres, but they remained heads of households with control over land and other productive assets at their rural homesteads (Hango-Rummukainen, 2000).

The fact that men were often absent due to labour migration is often mistaken for a female-headed household, but as Hishongwa (1991: 92) points out, men who migrate often remain household heads, with their maternal relatives often controlling decision-making about their property, despite the fact that their wives carry out most of the productive labour. The maternal relatives also police married women's sexuality during the men's absence (Becker, 1995).

Labour migration increased women's workloads as female and child labour had to replace male labour. This often led to a decrease in food production (Hango-Rummukainen, 2000). In addition, the increased monetisation of traditional economies increased women's dependency on male remittances (Becker, 1995).

In response to the political oppression and labour exploitation during colonial rule, migrant workers from northern Namibia formed the backbone of the emerging liberation struggle. They were the dominant constituency in the formation of the South West Africa People's organisation (SWAPO) which launched its armed liberation struggle in 1966. Hugely outnumbered in personnel and military equipment, it made few military advances during the 1970s. However, in the 1980s, pressure on South Africa intensified as its own internal resistance grew and the costs of maintaining a war in Namibia and Angola became too high.

The increasing military pressure applied by the Cuban presence in Angola culminated in the battle of Cuito Cuanavale in 1988. This represented the first significant military loss, including a diminution of South Africa's air power. At the same time, the apartheid regime was confronted with a wave of domestic political pressure exerted by trade unions, civic organisations and youth movements in South Africa and Namibia alike. Added to that, the international community grew increasingly impatient with South Africa's continued human rights violations and pressed for an end to the apartheid system. Towards the end of 1988, South Africa finally accepted UN Resolution 435, which called for the institution of a ceasefire, the return of exiled Namibians and for general elections to determine the composition of the constitutional assembly (Jauch, 1998).

### **1.1 Racial, class and gender inequalities**

At the time of independence in 1990, Namibia was a deeply fractured society characterised by inequality. This could be seen in the distribution of wealth as well as access to services and resources. In 1988, Namibia's per capita income was \$1,200 per year, an artificially high figure which was hiding the extremely skewed nature of income distribution. A more accurate figure for the majority of Namibians was given as around \$750 for blacks in formal sector wage employment and \$85 for those in the subsistence sector. By contrast, the incomes of whites, accounting for 5.1% of the population, was \$16,500 per year, which was comparable with the per capita incomes in industrialised countries (World Bank, 1991).

At independence, some two-thirds of the population were living in conditions of absolute poverty, according to 1991 World Bank figures. The entrapment of the black majority in poverty was the product of a systematic system of labour exploitation. Blacks were denied the means to progress to higher levels within the labour market and were largely confined to wage labour at the most basic levels. Excluded from the bulk of managerial, professional and administrative jobs, and with wages being below the poverty level, black Namibians found it difficult to move beyond the confines of poverty. However, there was a hierarchy of poverty: the urban poor were better off than people living in peri-urban areas, who in turn were better off than rural families (World Bank, 1991; SWAPO, 1981).

About half of the black working population were engaged in subsistence agriculture in the communal 'homelands'. Approximately 25% were lowly paid migrant workers, about 14% were employed as poorly paid domestic workers and the rest were either openly unemployed or engaged in a variety of informal sector activities. According to a study by the United Nations Institute for Namibia (UNIN), the income differentials between white and black Namibians far exceeded what could be justified by the skill differentials. Even where they did the same job, there were substantial differences in remuneration (UNIN, 1986).

The white population as a whole benefited from permanent jobs, subsidised housing, healthcare and superior schools, which were also racially stratified. Almost the entire white labour force had secured employment as professionals, managers, supervisors, technicians, civil servants or as business people in agriculture, industry, and commerce. This was achieved through job reservation policies and blatantly discriminatory social policies and budgetary allocations. Expenditure on healthcare resources for the white population, for example, differed from that reserved for the black population at a scale of about 10:1. Similar discrepancies existed in the provision of pensions and education services (Chase, 1987; Jauch, 1998).

Class formation in Namibia coincided largely with race, and socio-economic stratification

occurred along racial lines. The majority of Africans were peasants and workers, many ‘coloureds’ were tradesmen, while whites were supervisors, managers and capitalist farmers (Mbuende, 1986). On the eve of independence, the capitalist class consisted of various factions which operated in the mining, commercial and agrarian sectors and had their own organisations to promote their own interests. They had almost complete control over the means of production but were numerically small and predominantly rooted in South Africa. The dependency of colonial Namibia on the South African economy had severely limited the development of an indigenous capitalist class, although some white Namibian business people had developed significant interests in sectors of the economy such as fishing, agriculture, commerce and light industry. They were able to situate themselves in advantageous positions to constitute an embryonic capitalist fringe. Mining, however, remained predominantly foreign-owned (Mbuende, 1986; Tapscott, 1995).

Racial and class stratification had a substantial gender element. Even in pre-colonial Namibia, women were awarded a status inferior to that of men, although the extent differed between the various communities. During the colonial era, women’s traditional subordination was retained and deepened through new forms of oppression. The migrant labour system in particular had a detrimental effect on women as it forced them to take over tasks traditionally performed by men. They had to cope with the burdens of child-rearing, tending to subsistence crops and running extended households. Dependent on the meagre remittances from their husbands, a system of patriarchal domination, which had already been a feature of pre-colonial Namibia, was entrenched.

Where employment was available to black women, it came in the form of jobs as domestic workers, as well as menial employment as cleaners in companies. At the time of independence, a large percentage of black women were employed as domestic workers, facing long hours of work, extremely low wages and a total absence of benefits and job security. This reflected the extreme marginalisation of women before independence (SWAPO Women’s Council, 1988; Sparks and Green, 1992; Becker, 1995). Thus, at independence Namibia was characterised by massive levels of inequality along the lines of race, gender and class.

## 1.2 The colonial economy

At independence, Namibia’s economy was primarily based on resource extraction, with agrarian features. The mainstay of the economy in terms of exports and earnings was the mining industry, dominated by international and South African mining companies, and accounting for some 60% of exports, and 40% of state revenue (Tapscott, 1992). Three major mining groups dominated the industry, Consolidated Diamond Mines (CDM), Tsumeb Corporation Limited and Rio Tinto Zinc Corporation. The British Rio Tinto Zinc Corporation was (and still is) the majority owner of the Rossing Uranium Mine, at the time the largest open cast mine in the world. All other major mining operations were controlled by South African interests. Tsumeb Corporation Limited (TCL), for example, was a subsidiary of Goldfields South Africa. Likewise CDM, which ran the lucrative diamond mines in the south of Namibia, was majority owned by DeBeers, a wholly owned subsidiary of Anglo American (Oden, 1991).

The mining industry exemplified monopoly capital at work. It also served global imperial interests and entrenched the classical dependency relationship between the centre and the periphery. It was notable for the complete absence of local value addition, or the formation of value chains, which would have benefited the Namibian economy. Without exception, the extracted mineral resources were transported straight to the production centres in the West,

without any attempts at beneficiation whatsoever. Where processing occurred, it contributed little to the formation of an industrial base, as the plants in which this occurred were capital-intensive and export-oriented (Mbuende, 1986). In the diamond mining industry, the raw diamonds were transported uncut and unprocessed to Europe.

The fishing sector was the fourth largest contributor to Namibia's GDP after mining, general government and the retail trade. Here as well, the sector was dominated by international and South African interests. Blessed with resource-rich offshore waters, Namibia's fishing industry was subject to uncontrolled exploitation during colonial rule. From the 1950s onwards, when the first figures became available, South African fishing fleets engaged in a ruthless exploitation of Namibian fishing resources with little regard for the sustainability of the industry. This trend continued in the 1960s when foreign fleets entered the fray. At the time of independence, Namibia's stocks of hake, pilchard and mackerel were seriously depleted (Tapscott, 1992; Jauch, 1998).

Fishing had accounted for approximately 28% of Namibia's GDP in 1969 but this had dropped to 4% around independence. This was a classic case of 'resource imperialism' which aims at the exploitation of natural resources with an eye on immediate profits, without consideration for the sustainable future utilisation.

At the time of independence, agriculture supported about 70% of the population, directly and indirectly, and employed about 18.6% of the country's total formal workforce. Extensive stock farming was the dominant activity of commercial agriculture, accounting for 65% of the sector's gross value of output, with beef being the major product. Communal subsistence farming, on the other hand, sustained 250-300,000 people (20-25% of the population) (World Bank, 1991) but its contribution to GDP was not captured in official statistics.

The 'dual nature' of Namibia's agricultural sector is a direct result of the land dispossession of the black majority during colonial rule. These policies ensured that at the time of independence, 73% of Namibia's farmlands were owned by some 4,450 white farmers while more than 100,000 communal farmers were restricted to 27% of the total farmland. The average size of a white-owned farm was 7,836 hectares, 23 times larger than the average black-owned cattle farm (World Bank, 1991). In addition, white commercial farmers were effectively supported and subsidised by the colonial regime, while the communal areas were characterised by colonial neglect. Gottschalk (1983: 76) described this as an 'agrarian counter-revolution', preventing pastoralists from remaining self-sufficient, thus forcing them to take up wage employment and turning the 'homelands' into places for mainly old and sick people, women and children.

Namibia's manufacturing sector at independence contributed a negligible share to the GDP (4-5%) and employed only about 9,000 people, some 5% of those in formal employment. About 70% of all goods produced in Namibia were food products while the rest consisted of wood products, textiles, furniture and transport equipment (Sparks and Green, 1992).

Manufacturing firms were concentrated in urban centres and were mostly small-scale, employing only a few people. With the exception of small artisan and cottage industries, almost all manufacturing firms were owned by whites (Sparks and Green, 1992).

### **1.3 The need for developmental interventions**

After independence, the Namibian government undertook significant investments in education, social services and infrastructure, including road and rail networks and the expansion of the Walvis Bay harbour. However, Namibia has not managed to overcome what Guy Mhone described as the limitation of the African enclave economy (see Kanyenze et al., 2006) as outlined in Chapter 1.

In order to overcome Namibia's current socio-economic challenges such reducing inequality, poverty and unemployment (see next section), the country needs to undertake developmental interventions that lead to structural economic changes. This cannot be attained by leaving the economy to 'market forces' and by limiting the role of government to that of a facilitator of favourable investment conditions that allow for the accumulation of profit by private capital. Even allowing government to intervene merely in cases of market failures would be insufficient to change the current economic and social structures that uphold the skewed distribution of wealth and income. Namibia therefore needs well-targeted and deliberate intervention strategies that will kick-start local economic activities, particularly the provision of consumer goods and services for the local market. Furthermore, there is a need to ensure that the means of production, wealth and incomes are systematically redistributed in favour of the poor and that basic needs such as housing, education and healthcare are affordable to all.

## 2. State Interventions after Independence

Namibia attained its independence not through a military victory of the liberation movement but through a negotiated settlement that involved extensive international mediation and entailed substantial compromises. Historically, SWAPO had claimed to play the vanguard role in the liberation struggle 'of the oppressed and exploited people of Namibia' (SWAPO constitution of 1976, quoted in SWAPO, 1981: 257). SWAPO's political programme of 1976 was characterised by socialist rhetoric, inspired by the newly won independence of Mozambique and Angola and by the support rendered by the Soviet Union. One of its key tasks was '[t]o unite all Namibian people, particularly the working class, the peasantry and progressive intellectuals, into a vanguard party capable of safeguarding national independence and of building a classless, non-exploitative society based on the ideals and principles of scientific socialism' (SWAPO, 1981: 275).

However, as the crisis in the Soviet Union deepened in the 1980s, coupled with the counter-revolutionary wars in Angola and Mozambique and the refusal by the South African apartheid regime to implement UN resolution 435, it became clear that SWAPO regarded national independence (and not the proletarian revolution) as the primary goal of its struggle. A contributing factor to this shift was SWAPO's attempt to seek Western support for Namibia's independence by showing allegiance to market-related economic policies (Fanuel Tjingaete, quoted in *The Times of Namibia*, February 1989). This was clearly reflected in the party's policy proposals for an independent Namibia in the late 1980s as well as the election manifesto of 1989. When SWAPO's Economic Policy Position Document was released in November 1988, it no longer called for the nationalisation of key industries but instead promised 'fair and just compensation in those instances where state acquisition of assets from private hands is considered necessary for the rebuilding and restructuring of Namibia's national economy'.<sup>2</sup>

As the socialist rhetoric of the 1970s was replaced by the 'pragmatism' of accepting a non-racial capitalist order, the new order was described as a 'mixed economy' in the constitution

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<sup>2</sup> *The Namibian*, 27 January 1989.

of independent Namibia. Economic structures were left intact and thus the mining and fishing industries remained under the control of private foreign capital after independence. Regarding land reform, the approach of willing buyer – willing seller was adopted, resulting in a very slow process of land reform.

## 2.1 Extending social services

One of the immediate steps taken by the government after independence was to reform the provision of basic social services such as education and healthcare with a view to ending apartheid discrimination and redressing some of the colonial imbalances. ‘Education for all’ became a rallying cry of the government as services were extended country-wide. The Namibian Constitution guarantees the right to a free and compulsory education for ten years (until the age of 16) and government consistently allocated over 20% of its national budget to the sector.

A unified system of educational administration was established to replace the ethnic education bodies and hundreds of schools were built to cater for the increased school enrolment. The total number of schools in the country increased from 1,325 in 1992 to 1,723 in 2012 (Ministry of Education, EMIS reports). The Ministry of Education and Culture realised the need to provide sufficient and adequately staffed and equipped classrooms to address the colonial legacy of neglect. Equitable access to schooling was recognised as a critical aspect in the process of redressing inequality (Ministry of Education and Culture, 1993).

**Table 1: Children in school**

Children in school, in %	2004	2008	2012	2013
<b>Total 6-17 years</b>	<b>89</b>	<b>90</b>	<b>91</b>	
Male	89	89	90	
Female	89	91	92	
5-9	85	86	90	
10-14	95	95	95	
15-17	82	87	85	

Source: Labour Force Surveys, various.

Despite the significant improvements in accessibility, the quality of education is still grossly unequal between different schools and regions. This is reflected in the results of external school examinations at the end of grades 10 and 12. The best results are usually achieved by private schools, which are expensive and thus only accessible for the elite. The next best results tend to be achieved by the former white schools in towns, while the worst results are found in rural schools.

The poor performance indicators for reading and mathematics mainly in the northern regions of the country reflect the inequalities in resource allocation and the resulting impact on educational outcomes. Namibia has not achieved the goal of equal education for all and the government now pins its hopes on the Education and Training Sector Improvement Programme (ETSIP) to address the educational challenges. This programme has received funding from the World Bank and constituted the first case of a World Bank loan for Namibia in 2007.

## *Social protection*

Under Article 95 of the Namibian Constitution, the state is urged to actively promote and maintain the welfare of the people by adopting appropriate measures aimed at ‘the ensurance that every Namibian has a right to fair and reasonable access to public facilities and services in accordance with the law’. The Article further urges the state to institute measures for ensuring ‘that senior citizens are entitled to and do receive a regular pension adequate for the maintenance of decent standard of living and the enjoyment of social and cultural opportunities’. It also calls for the ‘enactment of legislation to ensure that the unemployed, the incapacitated, the indigent and the disadvantaged are accorded such social benefits and amenities as are determined by Parliament to be just and affordable with due regard to the resources of the state’.

Guided by this constitutional provision, Namibia expanded its social protection programmes after independence; they now include the following:

- (a) Universal and non-contributory old-age social pensions which are paid to all citizens or permanent residents who have reached 60 years of age, irrespective of sex, past and current employment status, and income, In 2015, the old-age pension grant was increased by N\$400 to N\$1,000 per month (Schlettwein 2015:19), by far the largest increase since independence. In 2016, the amount was increased further to N\$1,100 and the Minister of Finance noted that: ‘At this level of grants, our senior citizens are placed above that national poverty line, making the grants an effective and credible shield against poverty and vulnerability’ (Schlettwein, 2016: 25)
- (b) A disability pension is paid to those of 16 years and above who have been diagnosed by a state doctor as being temporarily or permanently disabled. This may include blind persons or those who are medically diagnosed with AIDS.
- (c) War veterans subventions are paid to those who took part in the long struggle against South African colonial rule, irrespective of age, assets or employment status provided that they have an annual income of less than N\$36,000 (US\$3,600). The value of this subvention increased from N\$500 (US\$50) in 1999 to N\$2,000 (US\$200) in 2007. Since 2008, subventions to veterans are regulated by the Veterans Act No. 2 of 2008 which was passed to provide for the establishment of a Veterans Fund, the registration of veterans and their dependents, and the integration of pension benefits of veterans amongst others ( see in particular Part V of the Veterans Act of 2008 as amended).
- (d) Child maintenance grants are paid to a biological parent of a child under 18 years and to those parents whose spouse is receiving an old-age or disability grant, has died or is serving a prison sentence of 3 months or longer. The amount paid is N\$200 (US\$14<sup>3</sup>) for the first child and N\$100 (US\$7) for each additional child for up to a maximum of six children. Payment is based on means-testing and some specific conditions, for example, the restriction to applicants with monthly incomes of less than N\$1,000 (US\$100); and the need for school attendance records if the child is older than seven years. The aim is to create a monetary incentive for keeping the child in school.
- (e) Other formal and publicly-funded programmes include labour-based public works programmes, food distribution in times of humanitarian crises, such as the frequent droughts or floods, and a school-feeding programme (Jauch and Kaapama, 2011).

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<sup>3</sup> In March 2016, the exchange rate of the US\$ to the Namibia Dollar stood at about 1:15.

Namibia's Social Security Commission (SSC) provides various compulsory and contributory social security schemes such as maternity benefits, sickness and death benefits and compensation in case of occupational accidents and diseases (see Part V of the Social Security Act No. 34 of 1994). Paid sick leave is entrenched in the Labour Act and entitles employees to a maximum of 36 days during a three-year cycle. Employers are compelled to pay during such sick leave. Extended sick leave can be provided for by the SSC in cases of serious illnesses or injuries.

Available statistics show that around 65% of employees are now covered by the SSC scheme while the number of disability grants increased consistently over the years, almost tripling between 2002 and 2013. According to the Namibia Child Activity Survey 2010, there were 51,595 people affected by disability in that year of whom 24,021 (46.9%) received a disability grant (Namibia Decent Work Country Profile 2014).

Namibia has a universal social grant as provided for in the National Pension Act of 1992. It is funded from general government revenue and all Namibian citizens and permanent residents are entitled to receive it upon reaching the age of 60 years. Unlike the contributory pension schemes, which cover less than 20% of Namibia's economically active population, the social pensions reach an increasing number of people as reflected in Table 2. The 2011 Census put Namibia's total population aged 60 years and above at 149,303 with almost all of them receiving a social pension (Namibia Decent Work Country profile 2014).

**Table 2: Recipients of social pensions (non-contributory)**

December 2002	100 849
December 2004	116 478
December 2006	123 916
December 2008	130 455
December 2010	137 505
December 2012	143 562
December 2013	146 482

Source: Ministry of Labour and Social Welfare

The SSC is currently working with the ILO on proposals to establish two new funds, namely the National Pension Fund and the National Medical Benefit Fund. These will be contributory and will target people in employment. The SSC also envisages an expansion of its reach, for example by including and targeting the informal sector. Furthermore, it plans to introduce a 'return to work programme' for people affected by accidents or sickness. The aim is to enable employees to return to work in a timely manner and to encourage modifications at the workplace as may be required to enable such returns. The SSC is also exploring the possibility of introducing an unemployment benefit fund to offer certain short-term benefits plus training and job placement services (DWCP mid-term review 2012).

By early 2014, only about 15-16% of the population and about 51% of those employed in the formal sector were covered by any kind of health insurance. Besides employer-specific healthcare funds, Namibia has four open private funds, the Namibia Health Plan, Namibia Medical Care, NAMMED Medical Aid Fund and Renaissance Health Medical Aid Fund.<sup>4</sup>

<sup>4</sup> *The Villager*, 31 March – 6 April 2014.

### **Basic Income Grant**

Government efforts to reduce poverty and vulnerability through social protection resulted in a far-reaching proposal in 2003, when the Namibia Tax Commission (NAMTAX) proposed the introduction of a universal basic income grant (BIG) as a comprehensive measure to dramatically reduce poverty and raise standards of living. At the time, the Commission proposed a monthly grant for every Namibian of not less than N\$100 per month as a basic economic right. A broad coalition of NGOs piloted this concept in a village in eastern Namibia with great success in 2008-09, resulting in increased economic activities, improved health and education standards and a significant reduction of poverty and crime (Haarmann et al., 2009). However, despite the empirical evidence to the contrary and the affordability of a universal grant for Namibia, the government (in particular the former Prime Minister Nahas Angula as well as the former President Hifikepunye Pohamba) have remained sceptical and have voiced concerns that the grant might make people ‘lazy’.<sup>5</sup> Thus, the Namibian government prefers targeted programmes and regards social policy as a kind of safety net for vulnerable groups who receive financial support provided that they meet specific criteria. The notion of entrenching economic rights and the right to a decent life in the form of a universal grant has not (yet) been accepted by government.

There was some expectation that this might change under the administration of the new President Dr Hage Geingob who not only donated financially to the basic income grant (BIG) pilot project but has repeatedly expressed concern about the pervasive poverty in the country. Upon being elected as President, he promptly established a Ministry of Poverty Eradication and Social Welfare, headed by the former chairperson of the BIG Coalition, Dr Zephania Kameeta. However, neither his State of the Nation Address in April 2016 nor his ‘Harambee Prosperity Plan’ make any reference to a basic income grant (Geingob, 2016; Namibia, 2016b).

### **2.2 Gender Equality**

In line with various international protocols, the Namibian government introduced policies and programmes in support of gender equality after independence. These included the National Gender Policy (NGP) and Plan of Action as well as the National Plan of Action on Gender-Based Violence. The NGP of 2010-2016 set the framework for the achievement of gender equality and identified 12 priority areas: poverty and rural development; education and training; health, reproductive health and HIV and AIDS; gender-based violence; trade and economic empowerment; governance and decision-making; media, information and communication; environment; issues of the girl child; peace-building, conflict resolution and natural disaster management; legal affairs and human rights; and gender equality in the family context. The policy sets out administrative systems and a ‘gender machinery’ which includes the parliamentary women’s caucus, gender focal points in government departments and women and child protection units to deal mainly with gender-based violence. The Ministry of Gender equality and Child Welfare is responsible for the gender programmes (Namibia, 2010).

In addition, Namibia has ratified a number of international protocols aimed at achieving gender equality and women’s empowerment. These include the UN Convention on the Elimination of All Forms of Discrimination against Women (CEDAW); the Beijing Declaration and Platform of Action; the SADC Protocol on Gender and Development and the Protocol to the African

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<sup>5</sup> *New Era*, 28 March 2014.

Charter on Human Rights and People's Rights on the Rights of Women in Africa. (Edwards-Jauch, 2014). Besides the provision in the Namibian constitution, various national laws also provide for gender equality. Thus, Namibia made significant progress in terms of what Sardenberg (2008) described as 'liberal empowerment' which looks at the technical and instrumental aspects of empowerment and focuses on individuals rather than the group. This approach asserts individual rights and equality of opportunity and thus seeks to empower women without challenging or transforming the nature of power itself.

Another approach to women's empowerment, referred to as 'liberating empowerment' by Sardenburg, seeks to transform patriarchal power and structural impediments to women's empowerment and thus aims to eradicate the root causes and systems of social inequality. As pointed out by Edwards-Jauch in a recent assessment (2014: 125), a focus beyond the legal framework on structural inequalities helps to explain why the interventions undertaken thus far have had only a limited impact on 'the situation of many poor, black and ethnically marginalised women'. We will draw on the findings of this assessment as it is of direct relevance for this section.

In the education and training sector, Namibia has made impressive achievements as there is no difference in the literacy rates of men and women. Likewise, enrolment rates at schools are almost equal, with girls having higher promotion and lower repetition rates. However, there are lower rates for women at tertiary institutions, especially in fields like science, engineering, technology and agriculture; at this level women tend to enter the stereotypical female fields of study such as humanities, social sciences, nursing and teaching (Edwards-Jauch, 2014: 127-128).

In other areas, women's empowerment was significantly less successful. For a long time women have been under-represented in political decision-making despite Namibia's expressed commitment to redress this imbalance. In 2013, women accounted for only 24% of parliamentarians, 12% of regional councillors and 19% of cabinet members (Shejavali, 2013). A significant step was taken in 2013 when the ruling party decided to have 50% women representation in all leadership structures, and in its parliamentary list. This paved the way for better women's representation in decision-making at national and regional levels (Edwards-Jauch, 2014: 130). After the 2014 National Assembly (NA) elections, 44 of the 104 seats in the NA were occupied by women (Shejavali, 2015: 8). Conversely, results at the regional council level have been less than satisfactory as only 10 seats out of 42 are occupied by women in the National Council.<sup>6</sup>

In terms of women's economic empowerment, Namibia fared poorly in terms of the SADC Gender and Development Index, which measures participation in economic decision-making, participation in the labour force, the male-female unemployment rate, the female share of non-agricultural labour, and the length of maternity leave. Women constitute around 21% of economic decision-makers in key state and private sector positions and the country's affirmative action legislation has not brought about equity in top managerial positions. Black women tend to be employed in casual, temporary and seasonal work and they are significantly more affected by unemployment than men. They also account for most of the so-called 'homemakers', those who are engaged in unpaid social reproductive work which has remained invisible in the national income accounts system. Furthermore, women earn less than men in every sector of the economy, except agriculture (NSA, 2013a; Edwards-Jauch, 2014).

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<sup>6</sup> See <http://www.ipu.org/wmn-e/classif.htm>

Namibia's high levels of gender-based violence are another indication of imbalances in social power. About a third of women aged 15-49 – and especially married women and women with less education – experience some form of physical violence. Victims are unlikely to share their experiences as only 21% went to the police and only 22% visited a medical facility. Perpetrators often act with impunity as cases go unreported or are withdrawn. An estimated one-third of all rape cases are withdrawn due to family pressure, fear of stigmatisation, shame or bribery (Edwards-Jauch, 2014).

Women are more likely to be poor than men and although Namibia has various social grants, these do not give women control over economic decision-making or resources. Thus despite having done well at the level of formal gender equality and law reform, the country has not achieved substantive gender equality and will have to adopt a transformative approach to women's empowerment by systematically redressing the structural dimensions of women's disempowerment.

In light of the shortcomings of the liberal approach to women's empowerment, not only in Namibia but globally, the United Nations Entity for Gender Equality and the Empowerment of Women developed a Post-2015 Development Framework which sets out a more transformative agenda for achieving gender equality. It includes some empowerment-related targets and indicators such as freedom from violence, capacities and resources, and a voice in leadership and participation. It thus signals a departure from the neo-liberal agenda and acknowledges that macroeconomic policies have a direct impact on women's empowerment. It proposes more equitable and inclusive growth strategies, more labour market regulations to ensure decent work for women, and investments in services, infrastructure and social protection transfers..

### **2.3 Economic Reforms**

The Namibian Constitution incorporated the 1982 Constitutional Principles established by the United Nations Security Council. These entrenched the right to private property, as contained in Article 16 of the Namibian Constitution. Although the state may 'by law expropriate property in the public interest subject to the payment of just compensation, in accordance with requirements and procedures to be determined by Act of Parliament', the Constitution imposed a property regime, which made changing the skewed distribution of resources such as land an expensive and difficult process.

Namibia has largely followed a conventional macroeconomic framework with emphasis on macroeconomic 'stability' as reflected in low inflation and budget deficits. The country has achieved continuous but modest economic growth since independence (see table 4) and this has been accompanied by steady rise in average incomes (Sherbourne, 2013). However, this growth has fallen short of what is required to substantially reduce levels of poverty and unemployment and as such is nowhere near what is needed to attain Vision 2030 and high income status (*ibid*: 13). Notwithstanding that economic growth can contribute to poverty reduction, it is widely acknowledged growth alone is not a sufficient condition; more attention should be given to the structure and quality of that growth (UNDP, 2007: 4). Roy et al. (2006: 1) have pointed out that 'a development transformation requires a sustained period of increased investment spending to support economic growth and deliver the basic services necessary to achieve human development'. Likewise, Islam (2011) warned that the IMF's approach towards maintaining fiscal stability ignored core development goals and thus the UNDP proposed an alternative approach in which fiscal policy should mobilise resources to finance public

investment to support long term growth and the achievements of the Millennium Development Goals (MDGs). Thus the state must play a central role in kick-starting growth, reducing poverty and improving human development.

In 2014, the Ministry of Trade and Industry published its ‘growth at home’ strategy for industrialisation. This document implicitly recognises the need for more deliberate interventions and focuses on three core areas: to support value addition, upgrading and diversification for sustained growth; to secure market access at home and abroad; and to improve the investment climate and conditions. A ‘special industrialisation programme’ forms a ‘second layer’ of the strategy and aims to increase the contribution of manufacturing to GDP. This programme defines sectoral priority actions and covers a wide variety of sectors including agro- and fish-processing, steel manufacturing, automotive and chemical industries, mineral beneficiation, building materials, furniture, the green economy, pharmaceuticals and cosmetics. A Namibia Industrial Development Agency (NIDA) is envisaged to drive the economic transformation process in close collaboration with the Ministry (MTI 2014: 6).

**Table 3: GDP growth 2002-2012**

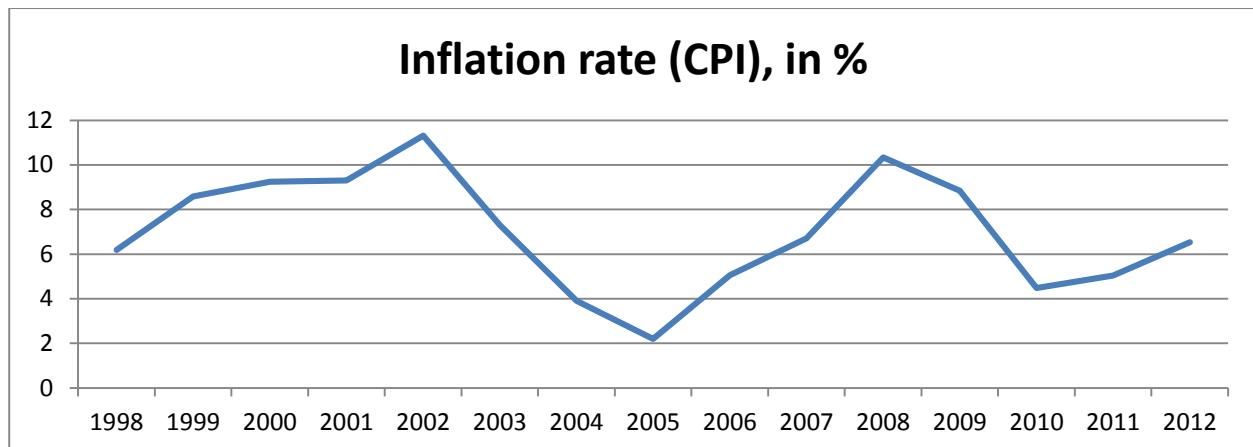
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>GDP, in million</b>											
US\$	3 368	4 961	6 617	7 204	7 841	8 634	8 705	8 890	10 702	12 818	13 088
<b>GDP growth (annual), in %<sup>8</sup></b>	4.8	4.2	12.3	2.5	7.1	5.4	3.4	-1.1	6.3	5.7	5
<b>GDP per capita, in US\$<sup>9</sup></b>	1 811	2 623	3 441	3 681	3 936	4 258	4 215	4 227	4 994	6 090	6 126
<b>GDP per capita growth (annual), in %<sup>10</sup></b>	3.1	2.5	10.4	0.7	5.2	3.5	1.5	-2.9	4.3	7.6	3.5

Source: NSA

#### ***Inflation, fiscal balance, exports and public debt***

Namibia’s conservative macroeconomic policies have resulted in fairly low inflation rates, as reflected in Figure 1. As shown in Figure 2, Namibia’s inflation rate is closely linked to that of South Africa as the country is not only in a customs union with its southern neighbour but also has its currency pegged to the South African Rand and imports most of its consumer goods from there.

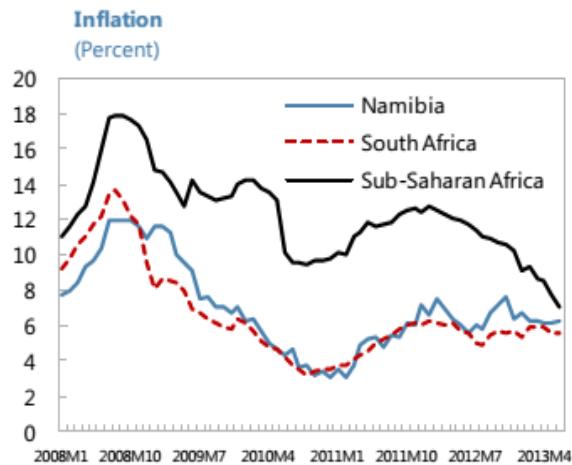
**Figure 1: Inflation rates 1998 – 2012**



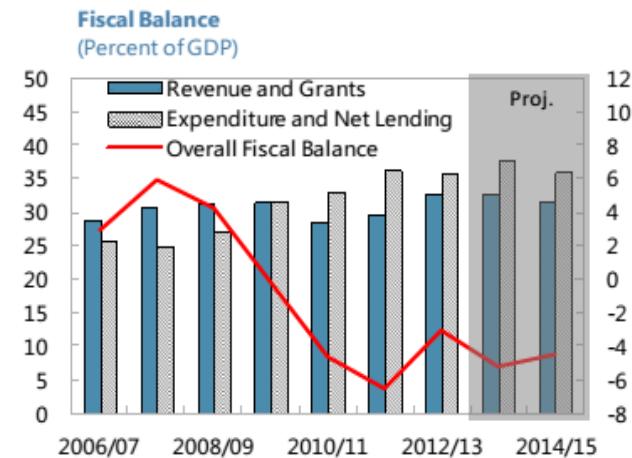
Source: NSA consumer price index data

**Figure 2: Inflation, Fiscal Balance, Expenditures and Public Debt 2006-2014**

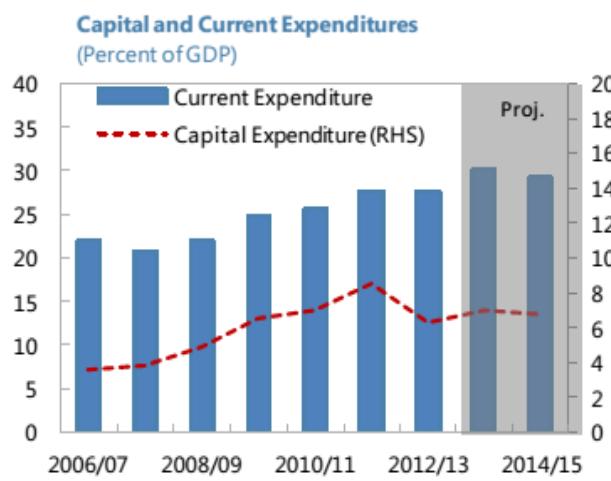
*Inflation continued to moderate, largely on account of the slowdown in price of food, electricity, gas, and fuel.*



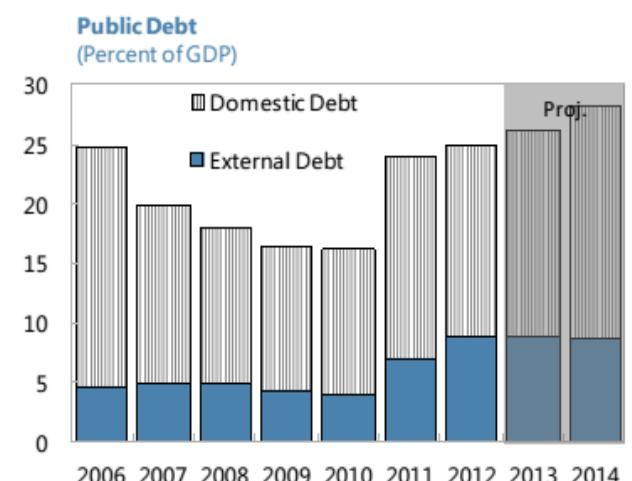
*The fiscal deficit has declined owing to lower execution of capital projects...*



*however, current spending remains elevated...*



*and the public debt-to-GDP ratio has increased significantly.*



Sources: Namibian authorities and IMF staff estimates as cited in IMF (2014: 8).

Current expenditure has consistently increased over the years, while capital expenditure peaked in 2011/2012 as a result of the public investments in the TIPEEG programme discussed below. The introduction of that programme has reversed the trend of declining public debt from 2006-2010 and resulted in significant increases, especially in domestic debt rates as shown in Figure 2. The total debt stock has increased from N\$35.95 billion in 2014/2015 to an estimated N\$59.79 billion by the end of 2015/16 and now stands at about 37% of GDP (Schlettwein 2016: 19).

Table 4 summarises the sectoral composition of Namibia's GDP. The primary sector which is the major contributor to Namibia's export earnings made a GDP contribution of 16-23% while the secondary sector's contribution was slightly less, ranging from 15% to 22% during the past 13 years. The key contributor is the services sector with 51-60% of GDP during that period. Thus Namibia experienced the trend outlined by Mhone's (2006) notion of the enclave economy. After a heavy reliance on the primary sector during colonial rule, economic development virtually bypassed the stage of increased manufacturing and instead grew dramatically in the services sector, with banking, insurance and retail being the main subsectors.

**Table 4: GDP contribution by economic sector (%)**

Year	Primary Sector	Secondary Sector	Tertiary Sector	Others
2013	16	18	60	6
2012	20	17	56	8
2011	16	17	58	10
2010	16	18	59	9
2009	18	19	56	8
2008	23	19	51	8
2007	20	22	52	7
2006	22	20	52	8
2005	20	17	56	8
2004	19	17	57	8
2003	18	18	58	7
2002	23	16	53	9
2001	22	17	55	8
2000	21	15	56	9

Sources: NPC 2008; NSA 2013a; NSA 2013b.

Namibia's exports are still highly concentrated, with mineral-related products accounting for about 50% of the total (ASCC, 2014; IMF, 2014). Couched in a familiar neo-liberal framework, the IMF's recommendations are premised on diversification policies driven by supportive measures to liberalise the service sectors, and the scaling down of domestic regulatory burdens for firms (IMF, 2014: 18). In other words, the IMF continues to call on Namibia to 'open up' its economy even more for further and more expansive penetration by capital. This advice is not new and already found expression in Namibia's export processing zones (EPZ) Act of 1995 which was introduced to make the country internationally competitive, and to create favourable investment conditions and a significant manufacturing industry.

The AU's African Mining Vision (AMV) points to five possible linkages to increase the economic benefits for African countries from mining, namely, revenue linkages, backward

linkages (supply chains), forward linkages (value addition/beneficiation), knowledge and spatial linkages to create new industries associated with mining. Namibia's former President, Hifikepunye Pohamba, endorsed the AMV in February 2009 during an AU Summit held in Addis Ababa. Namibia is also a signatory to the SADC Protocol on Mining and following a cabinet decision in April 2011 the Minister of Mines and Energy declared uranium, gold, copper, coal, diamonds and rare earth metals as strategic minerals. The ministry also recognised the need to revise and amend the Minerals (Prospecting and Mining) Act of 1992 so that it can be aligned with this strategy. However, the AMV linkages have not yet been established to a significant extent. This needs to change if Namibia wants to increase the economic benefits from extractive industries, similar to what has been achieved in the fishing sector where quota allocations were increasingly linked to an undertaking to process fish onshore. This resulted in the creation of several thousand additional jobs after independence.

### ***The EPZs policy***

Like most other EPZ host countries, the government hoped that EPZs would attract foreign investment to Namibia and boost the country's manufacturing capacity. It also expected the creation of 25,000 jobs in the EPZs between 1997 and 1999. The goal was to convert Namibia 'into a free trade zone and fiscal haven for Southern Africa' by offering very favourable conditions to foreign investors. Namibia's EPZs were not designed to attract manufacturing only, but also 'other high-value export-oriented businesses' (Namibia, 1997).

A study conducted in 1999 by the Labour Resource and Research Institute (LaRRI) found that EPZs had fallen far short of the government's expectations. At the end of 1999, the EPZs had created only about 400 jobs although millions of dollars had been spent on promoting the policy and on developing infrastructure. Government argued that it was too early to measure the success and failures of the programme (Endresen and Jauch, 2000).

In 2001, the Ministry of Trade and Industry announced that it had succeeded in attracting a project worth N\$1 billion ahead of South Africa and Madagascar, which had also been considered as an investment location by the Malaysian clothing and textile company Ramatex. This was achieved by offering even greater concessions than those offered to other EPZ companies, such as corporate tax holidays, free repatriation of profits, and exemption from sales tax. Drawing in the parastatals, providing water and electricity (Namwater and Nampower) as well as the Windhoek municipality, the Ministry put together an incentive package which included subsidised water and electricity, a 99-year tax exemption on land use as well as over N\$100 million to prepare the site including the setting up of electricity, water and sewage infrastructure. This was justified on the grounds that the company would create close to 10,000 jobs. The plant turned cotton (imported duty free from West Africa) into textiles for the US market. Ramatex's decision to locate production in southern Africa was motivated by wanting to benefit from the Africa Growth and Opportunity Act (AGOA), which allows for duty-free exports to the US from selected African countries who meet certain conditions set by the US government (Jauch and Shindondola, 2003).

The events around the controversial Ramatex investment exemplify the shortcomings of Namibia's EPZ policy. The company's operations were problematic from the start as it polluted the groundwater with its industrial waste and embarked on some of the most ruthless and exploitative labour practices seen in Namibia since independence. Trade union efforts to recruit workers and to negotiate for better employment conditions were met with fierce resistance by the company management. The Namibian government shielded the company from criticism

and went as far as accusing critics of being a threat to the national interest. Trade unions were warned to moderate their demands and not to ‘scare away’ investors.

By 2004, Ramatex employed almost 7,000 workers, including about 1,500 migrants from China, Bangladesh and the Philippines. The vast majority of these were women (see Jauch and Shindondola, 2003; Jauch, 2008<sup>7</sup>). In March 2008, Ramatex closed down its factory without giving any notice, shifting production to Cambodia. Workers were locked out and management tried to skip the country. Machinery and equipment had been shipped out during the preceding months and it took a government intervention to force the company to negotiate with the recognised union and to pay at least the legally prescribed retrenchment packages. Over 3,000 workers were left stranded and unemployed while the city of Windhoek had to spend millions of dollars to deal with the environmental damage caused by the company<sup>8</sup>. Ramatex cited operational losses as the reason for the closure, but was unable to provide any proof of that claim.

In November 2014, the Minister of Trade and Industry announced that the results of the EPZ policy had been disappointing and that it would be reviewed and be replaced by a more uniform set of investment incentives for all investors. The minister, however, assured the current EPZ companies that they would retain their status and benefits<sup>9</sup>. Thus, the Namibian government finally acknowledged that in a globalised economy characterised by cut-throat competition for foreign investments, the special incentives provided through the EPZ programmes have not resulted in the expected surge of FDI into the manufacturing sector.

### ***Land reform***

Access to and ownership of land continues to be an emotive affair as the neo-liberal willing seller-willing-buyer (WSWB) principle has yielded less than satisfactory results. Attended by no less than 500 delegates drawn from a broad spectrum of stakeholders, the 1991 National Land Conference sought to provide a platform for fostering national consensus on the volatile issue of postcolonial land reform (Kaapama, 2007: 36). Addressing the land issue has proven to be a difficult task, pitting the principles of social justice against a property-protecting constitutional provision<sup>10</sup>. The WSWB principle exemplifies a crude market-driven dispensation inimical to the tenets of what could be called a developmental state intervention.

In legal terms, the government, represented by the Ministry of Lands, Resettlement and Rehabilitation, has the right of first refusal on any farms put up for sale. The interpretation of the willing seller approach has been under the 1982 Constitutional principles, which see the free market as being the fundamental premise. There are, however, provisions in Namibian law which give the state leeway to deviate from these principles. Thus the government is allowed to set minimal compensation in the case of land which has been deemed to be under- or unutilised. Government has recourse to the courts when a farmer sets a price above that which the state is willing to pay. The Commercial Agricultural Land Act sets up Land Tribunals, which are to adjudicate in such cases (Kaapama, 2007).

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<sup>7</sup> ‘The Ramatex closure in Namibia: hard lessons to be learned’, *The Namibian*, 14 March 2008.

<sup>8</sup> *The Namibian*, 5 December 2008.

<sup>9</sup> *Namibian Sun*, 7 November 2014.

<sup>10</sup>Viz. Article 16 of the Namibian Constitution. Following Walter Rodney, this property-protecting constitutional provision should perhaps be understood within the context of the fixation on preserving conditions that oil the expansion of capitalism. Rodney (1972: 164) reminds us that ... ‘colonial governments were repeatedly speaking about the “maintenance of law and order”, by which they meant the maintenance of conditions most favourable to the expansion of capitalism’. Today’s political elites seem to have embraced this tradition.

Since Namibia's independence in 1990, the process of acquiring land has proceeded at a snail's pace. From 1990 to 1998, only 48 farms were purchased for resettlement. After 1995, the government increased expenditure on resettlement by over 70% in an effort to speed up the process. It can be argued that the passing of the Agricultural (Commercial) Land Reform Act accelerated the process of acquisition, with the government having committed at least N\$20 million per annum to buy farms. This was increased to N\$50 million by a cabinet decision taken in 2003<sup>11</sup>. However, at prices of N\$2-3 million per farm, this translated into just over 20 farms per year.

The usefulness of the WSWB doctrine has come under enormous scrutiny as those sympathising with the landless blame it for hamstringing the land reform process, as landowners are reticent to dispose of their land to the state for the resettlement of landless peasants and farm workers (Kaapama, 2007: 37). In the event that landowners decide to dispose of their land, or at least pretend to do so, selling prices are so exorbitant and profitability so elusive that Sherbourne (2003) suggested that commercial farmland had become a 'rich man's hobby'. 'Assuming that the market for land is functioning without significant distortions (that is to say, buyers and sellers cannot individually influence the market price of land), there may be several reasons why commercial farmland is as expensive as it is:

- there may be subsidies available which boost profitability beyond what the market would yield if left to itself;
- there may be other activities that make farms more productive than the profitability from livestock farming would suggest, thus justifying the present price of land in economic terms;
- the tax system may encourage the purchase of farms; and
- people may buy farms for reasons other than their productive potential' (Sherbourne, 2003: 2-3).

The government has been cautious in its approach to land (re)distribution despite the historic fact that the gross inequalities in access to and possession of land are a reflection of an earlier colonial expansion (Melber, 2005). It is apparent that commercial farmland has been left to the forces of the market, and that the market seems to have been grossly distorted by the sellers. For this reason, it appears that the Namibian government has been – and still is – sustaining a distorted market. The 2013 statistics in Table 5 below reveal the slow pace at which the wheels of resettlement are turning. In this light, Werner's observation that 'the pace of land reform and in particular land redistribution is not likely to accelerate significantly in the foreseeable future', remains true fourteen years down the line. 'The main reason for this assertion is that the political balance of forces is stacked against the landless and dispossessed in particular,' (Werner, 2001: 9).

### ***Resettlement***

The National Resettlement Policy indicated that government planned to resettle some 243,000 poor and landless people on some 9 million hectares of expropriated land. The government also announced plans to acquire 360 farms totaling 4.8 million hectares by 2010. Figures show, however, that they are well short of meeting these goals. By the end of 2013, a total of only 5,006 beneficiaries had been resettled, of whom over 70% were male and only 73 were youth (see Table 5). A study conducted in 2002 pointed to further problems and described the resettlement farms as 'rural slums' which were 'reproducing poverty' (Harring and Odendaal,

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<sup>11</sup> 'Land reform: prospects and challenges', *New Era*, July 2008.

2002). The study argued that the relatively small size of the plots, which are based on a model of sub-dividing commercial farms, sets them up for failure. Namibia's arid climate, and the resultant low carrying capacity of the land, requires that farms need to be substantially larger to sustain crops or cattle. The study found no evidence of any resettlement farm which has been operating successfully. It also noted that the resettlement policy reproduced an 'antiquated model of the colonial era farms', whose profitability has been over-estimated (*ibid*).

The study recommended that as a first step, a rational assessment of the future potential of each commercial farm selected for resettlement must be conducted, and that water resources be carefully evaluated before resettlement projects are initiated. Moreover, matching the skills of particular beneficiaries with the needs of particular projects might lead to more skilful farming methods and higher incomes. Where skills are lacking, appropriate training should be prioritised. In terms of income generation, the government and the NGO sector should explore alternative means of generating additional income. The study further suggests that the potential benefits of introducing tourism on resettlement projects should not be underestimated (*ibid*).

**Table 5: Beneficiaries of resettlement from 1990-2013**

<b>Number of all beneficiaries and youth (born between 1970 and 1996) resettled in Namibia since 1990</b>			
<b>Gender</b>	<b>Total Number of People Resettled</b>	<b>Total Number of Youth Resettled thus far</b>	<b>Percentage (%) of Youth Resettled thus far</b>
Male	3,991	39	0.98
Female	1,015	34	3.35
<b>Total</b>	<b>5,006</b>	<b>73</b>	<b>1.46</b>

**Source:** Ministry of Lands, Resettlement and Rehabilitation 2014

The resettlement process shows a vast gender disparity, and access to land for the poor has been further compounded by the fencing off (privatisation) of vast tracks of communal land by individuals. For instance, the Minister of Information and Communication Technology, Tjekero Tweya, reportedly fenced off about 3,000 hectares of land in the Shamungwa village of the then Kavango region<sup>12</sup>. Prohibition of fencing is expressly provided for under Section 18 of the Communal Land Reform Act No. 5 of 2002. It is stated that 'subject to such exemptions as may be prescribed, no fence of any nature – (a) shall, after the commencement of this Act, be erected or caused to be erected by any person on any portion of land situated within a communal land area'. Available records indicate that Tweya was not granted any exemption in terms of the Act<sup>13</sup>. It follows that his actions were in blatant contravention of the Communal Land Reform Act<sup>14</sup>.

The land reform targets which have been set could not be met under the 'willing seller-willing buyer' approach. The resettlement farms, which are the primary avenue for providing access to land for poor Namibians have also fallen far short of expectations, and the expropriation strategy has had only very limited success (Harring and Odendaal, 2008).

<sup>12</sup> 'Tweya grabs 3000 hectares of land', *The Namibian*, 20 March 2012.

<sup>13</sup> 'Tweya's illegal fence to be removed', *The Namibian*, 24 January 2013; 'Tweya's fate with President Pohamba', *The Namibian*, 23 April 2012.

<sup>14</sup> For more on fencing in communal areas, see 'Illegal fencing rife in Omaheke region', *New Era*, 9 October 2012.

## 2.4 Employment and Unemployment

The investor-friendly economic reform policies pursued after independence did not result in any meaningful structural changes in the economy and did not reduce the persistently high levels of unemployment, as reflected in Table 6.

**Table 6: Unemployment rates**

<b>Broad unemployment rate (15-64 years), in %</b>	<b>2000</b>	<b>2004</b>	<b>2008</b>	<b>2012</b>	<b>2013</b>
Total	<b>33.8</b>	<b>40.6</b>	<b>51.4</b>	<b>28.5</b>	<b>31.0</b>
Male	28.3	33.8	43.6	23.6	26.7
Female	39.0	47.6	58.6	33.2	34.9
Urban areas	31.3		65.3	28.5	29.3
Rural areas	35.9		36.5	28.4	32.9
15-19 years	67.0	72.0	83.6	56.4	69.4
20-24 years	59.1	61.3	67.4	48.5	52.5
25-29 years	42.8	45.1	53.3	33.6	35.6
30-34 years	31.3	36.6	46.0	24.9	28.6
15-24 years	21.6	64.0	72.2	50.2	56.2
25-34 years	19.1	41.1	50.0	29.6	32.3
<b>Strict unemployment rate (15-64 years), in %</b>	<b>2000</b>	<b>2004</b>	<b>2008</b>	<b>2012</b>	<b>2013</b>
Total	<b>20.2</b>	<b>25.3</b>	<b>37.8</b>	<b>17.5</b>	<b>20.1</b>
Male	19.0	22.4	32.8	15.2	18.1
Female	21.5	28.8	43.3	20.0	21.9
Urban areas	24.0		30.8	20.6	22.2
Rural areas	16.6		47.0	12.7	17.5
15-19 years	49.4	53.1	67.3	33.2	49.8
20-24 years	42.0	45.2	56.6	34.6	39.6
25-29 years	29.9	32.1	43.3	23.0	25.7
30-34 years	19.7	23.0	34.6	15.8	19.9
15-24 years		47.0	58.9	34.3	41.4
25-34 years		27.8	39.4	19.6	22.9

Source: Labour Force Surveys.

Namibia's unemployment figures suggest a significant drop in unemployment between 2008 and 2012 but these figures have to be treated with caution as several methodological changes were made over the years. The Namibia Statistics Agency (NSA), which took over the execution of the Labour Force Survey (LFS) in 2012 from the Ministry of Labour and Social Welfare, implemented several changes to the survey questionnaire. While still using the international standard definition of one hour's work for profit, pay or family gain in the seven-day reference period ahead of the interview, it probed the question of family gain further with several new questions. This included work done for at least one hour on one's own household farm, plot, garden or cattle post; growing farm produce; looking after animals; fetching water; collecting wood; producing any goods for household use; doing repairs at one's home, plot or cattle post; catching fish, prawns or other wild animals for household consumption, etc.

The NSA paid particular attention to the question of people working in subsistence agriculture. In the LFS of 2004 subsistence farmers had not been captured at all, while in 2008 they were captured and classified as unemployed. In 2012 and 2013, those subsistence farmers who sold or bartered some of their produce were counted as employed. These differences in approach had major implications on the overall unemployment rate.

Employment trends by economic sector are shown in Table 7. Agriculture and fishing have remained the largest sectors, although their relative share declined from 31% in 2000 to 24% in 2012 before rising again to 28% in 2013. Public administration, education and health were the second most important, accounting for 15% in 2013. Mining consistently contributed a mere 2-3% while manufacturing remained stagnant at around 5%. The only sectors with fairly consistent employment growth were hotels and restaurants, and trade, reaching 6% and 12% respectively in 2013. These figures confirm the lack of economic structural transformation; neither rural development interventions nor the policies aimed at promoting local manufacturing had a significant impact on employment creation.

**Table 7: Employment by economic sector (2000-2013)**

Industry sector of employed. 15-64 years, in %	2000	2004	2008	2012	2013
Total	100	100	100	100	100
Agriculture& fishing	31	23	16	24	28
Mining	2	3	3	2	2
Manufacturing	5	9	6	5	5
Utilities	1	0	2	1	1
Construction	5	1	7	7	7
Trade	9	5	15	13	12
Transport & communications	3	18*	5	7	5
Hotels & restaurants	2	4	3	5	6
Financial services	1	2	3	2	2
Real estate & business	9	19*	4	6	7
Public admin, education & health	16	4	21	15	15
Other services	17	11	14	13	11
Unspecified	1	1	0	0	0

Source: Labour Force Surveys

## 2.5 Human Development

Another indicator of socio-economic progress (or the lack thereof) is human development. Despite achieving low levels of inflation and fairly consistent, moderate economic growth rates since independence, statistics from the African Statistical Coordination Committee (ASCC) show that poverty and inequality have remained widespread (Table 8).

**Table 8: Namibia's Poverty Indicators**

GNI Per Capita (US\$) (2012)	5,610.0
Population under-nourished (2015)	42%
Population living in poverty (2011)	27%
Human Poverty Index (HPI) Value (%) (2007)	17.1
Population below International Poverty Line (U\$ 2/day) (%) (2004)	51.1

Share of Income Held by Richest 10% (2004)	54.8
Share of Income Held by Poorest 10% (2004)	1.4
Gini's Index (2004)	63.9

Source: ASCC (2014: 277); NPC 2015; FAO 2015.

Similarly, UNDP indicators show that Namibia's macroeconomic achievements are not matched by social progress. The Human Development Indicator (HDI) was created to emphasise that people and their capabilities, rather than economic growth alone, should be the ultimate criterion for assessing the development of a country. The HDI thus allows an assessment of national policy choices as countries with similar levels of Gross National Income (GNI) per capita can have different human development outcomes. The HDI is essentially 'a summary measure of average achievement in key dimensions of human development: a long and healthy life, being knowledgeable and have a decent standard of living. The HDI is the geometric mean of normalised indices for each of the three dimensions' (UNDP, 2014: 157). The Inequality-adjusted Human Development Index (IHDI) takes into account not only the average achievements of a country in terms of health, education and income, but also how those achievements are distributed among its population by 'discounting' each dimension's average value according to its level of inequality. Under perfect equality, the IHDI is equal to the HDI, but falls below the HDI when inequality rises. The difference between the IHDI and HDI is the human development cost of inequality, also termed 'the loss to human development due to inequality' (UNDP, 2014:157). This method of factoring inequality into the HDI was employed by the UNDP for the first time in 2010 (UNDP, 2010: 7).

Namibia's lowest recorded position was 128 out of 186 countries in 2007 and 2012. Overall, it has consistently ranked below the world's average, which shows the paradox of being classified as an upper-middle income country while high levels of inequality prevent meaningful social and economic progress for a large part of the population. The highest ranking Namibia ever achieved was position 105 in 2010 and the country has remained in the Medium Human Development cluster since the early 1990s.

The distribution of incomes amongst Namibian households confirms the extreme levels of inequality, with per capita annual incomes ranging from only N\$2,085 in the lowest decile (accounting for 15.9% of the population) to N\$230,616 amongst the wealthiest 1.1%.

## 2.6 Change of strategy

Following the global economic crisis of 2008 and 2009, and the announcement of a record unemployment rate of 51% in that period, the National Planning Commission presented the Targeted Intervention Programme for Employment Creation (TIPEC) in August 2010. TIPEC aimed to address unemployment in the short to medium-term. It acknowledged the need for faster economic growth and for job creation, and stated that: 'Some of the actions we will be required to take may not be something we have tried before. However, the problem we are facing demand (sic) from us that we take calculated risks in finding solutions' (NPC, 2010: 4) The document proposes to pay 'more attention to economic sectors with high potential for growth and job creation'. These are identified as tourism, transport and livestock production (*ibid.*: 2). Furthermore, the NPC proposes 'broad reforms enhancing Namibia's long-term competitiveness' (*ibid.*: 4).

The NPC advocated for a strategy of 'unbalanced growth' and rapid job creation by targeting specific regions and sectors. It suggested that 'this approach is advisable where resources are

limited and where there are strong back and forward linkages for the identified economic sectors.' It also argued that economies of scale are important if the economy is to become internationally competitive and that an unbalanced growth strategy will help to achieve economies of scale (*ibid.*: 5). In order to finance TIPEC, the NPC proposed to increase the budget deficit from 3% to 7% over a five-year period.

The document pointed out that past policies and programmes had failed to yield the desired results due to poor implementation. The NPC, therefore, called for consistency in the implementation of TIPEC, with ministerial action plans being approved by cabinet and monitored by the NPC. The document concluded that 'it is of utmost importance that if we agree to an increased government targeted economic intervention, we must also agree to commit ourselves to implement our plans in the most judicious manner, lest we waste scarce public financial resources' (*ibid.*: 13-14).

### ***Targeted Intervention Programme for Employment and Economic Growth (TIPEEG)***

Based on the NPC proposal, the government announced TIPEEG in 2011, with a target of creating 104,000 direct and indirect jobs between 2011 and 2014. The budget allocation of N\$9.1 billion was anticipated to rise to N\$14.7 billion if the expenditure on public works programmes were added. State-owned enterprise (SOE) investments during that period were envisaged to amount to a further N\$4 billion (NPC, 2011).

TIPEEG's priority sectors were agriculture (N\$ 3.6 billion to be invested and 26,171 jobs to be created); transport (N\$3.1 billion for 33,276 jobs); housing and sanitation (N\$1.8 billion for 35,076 jobs); tourism (N\$649 million for 10,000 jobs) and public works (N\$5.5 billion for 82,000 jobs). The agricultural projects targeted crop production, enhanced livestock productivity, forest management and water resources infrastructure. Transport investments included road construction and rehabilitation as well as rail network development and port development in Walvis Bay. The tourism investments aimed to increase the number of tourists by 10% through tourism development and wildlife management programmes, and the housing and sanitation programmes targeted the servicing of land, the construction of low cost houses and the creation of urban and rural sanitation (*ibid.*).

The document acknowledged that TIPEEG itself would not provide the solution to unemployment; reducing the unemployment rate 'to a more acceptable level will require more strategic and long-term thinking and efforts'. The document admitted that since many TIPEEG jobs will be temporary, 'we might not see a rapid decline in the unemployment rate over the next 3 years' (*ibid.*).

By February 2014, the Minister of Finance announced in her budget speech that TIPEEG had created 15,829 permanent and 67,485 temporary jobs (Kuugongelwa-Amadhila, 2014). Against a budgeted expenditure of N\$14.5 billion, this means that each job came at a cost of about N\$175,038. Contrary to its aims, the programme had no significant impact on the overall unemployment rate, which increased from 28.5% in 2012 to 31% in 2013.

### ***National Employment Policy***

Recognising unemployment as an unresolved challenge, the government launched a new National Employment Policy (NEP) in 2013 which presented several strategies to promote employment and decent work. The core of the NEP comprises priority measures, employment targets, instruments and mechanisms that should be implemented in the years to come; it is not

limited to conventional labour market policies, but aims to provide an integrated policy framework covering macroeconomic and sectoral elements as well as the institutional ones.

The objectives of the NEP are aligned with those of the fourth National Development Plan (NDP4), with the aim that, by 2017, the proportion of severely poor individuals has decreased from 15.8% in 2009/10 to below 10%, based on the Namibian poverty line. Meanwhile, the number of permanently employed persons is projected to increase from 409,353 at the end of the NDP3 phase to 499,968 by the end of NDP4.

The NEP's entry points are:

- 1) Institutional environment: Promote a sustainable environment for formal SMEs development, capacity building for social dialogue;
- 2) Education and skills: Increase youth employability through a relevant and effective vocational education and training (VET) system accessible in all regions;
- 3) Reducing extreme poverty: Introduce a basic income grant and increase access to employment for marginalised groups;
- 4) Public infrastructure: Increase the labour intensity of public investment with a special focus on rural areas, and
- 5) Implement appropriate fiscal and financial policies facilitating productive investment and job creation and develop rural and agriculture development programmes.

Following the launch of the NEP in October 2013, the Minister of Labour and Social Welfare announced that her ministry was preparing legislation to create an Employment Creation Commission to co-ordinate policies and programmes.<sup>15</sup> It remains to be seen if and how this commission will be able to direct line ministries and SOEs to make employment creation a central part of their activities through developmental interventions that will change the structures of the 'enclave economy' and create a large number of sustainable jobs.

### ***The National Equitable Economic Empowerment Framework (NEEEF) Bill***

In early 2016, the NEEEF Bill was tabled in Parliament. It emphasises the continuing income disparities, skewed ownership of productive assets and low levels of participation in business by previously disadvantaged Namibians. Its overall aim is, *inter alia*, to bring about socio-economic transformation and empowerment of the previously disadvantaged majority and a more equitable income distribution. The Bill outlines 'six pillars of empowerment' and one of its key aims is to 'achieve a substantial change in the racial composition of ownership and management structures', while guarding against 'fronting practices, favouritism, nepotism and self-enrichment' (Namibia, 2016a: 13).

The Bill provides for the establishment of an Economic Empowerment Advisory Council and an Economic Empowerment Commission to implement and oversee national empowerment programmes and to review and evaluate the empowerment framework. One of the measures to be taken is the restriction of white ownership; all businesses established after the enactment of the Bill will have to have at least 25% ownership by previously disadvantaged persons. Also, ownership by such persons may not be transferred to a white person or an enterprise owned by whites, who are termed 'persons who are not previously disadvantaged'. Thus the NEEEF Bill provides for some quotas, unlike Namibia's affirmative action legislation. However,

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<sup>15</sup> *New Era*, 24 October 2013.

empowerment deals over the last two decades in both Namibia and South Africa have shown that such interventions tend to benefit a small group of people with business and/or political connections and are unlikely to lead to a significant redistribution in favour of the poor.

### ***The mass housing programme***

Arguably the most significant public sector investment programme since independence is the National Mass Housing Programme (NMHP) which was launched in October 2013. The programme aims to build 185,000 affordable houses by 2030 at an estimated cost of N\$45 billion. Phase one, which started in late 2013, is to run for a period of two years targeting 14 regional capital centres, and intends to deliver at least 8,800 units at an estimated cost of N\$2.7 billion (Pohamba, 2013).

The ambitious housing programme certainly constitutes a developmental state intervention with a large potential for employment creation, skills development and the setting up of value chains around construction projects. The National Housing Enterprise (NHE) estimates the creation of 2.5 direct new permanent jobs per house constructed but this figure excludes the jobs created through land servicing and the supply of construction materials (Interview with V. Hailulu, CEO of NHE, 27 October 2014).

The government not only provides funding to the NHE as the implementing agency to construct the houses but also contemplates the provision of subsidies to make the houses affordable to the poor. The high costs of construction incurred by the NHE as a result of putting the process out to tender, has been the key concern raised about the programme. Grand projects of this nature seem always to have the potential of encouraging the mushrooming of so-called ‘tenderpreneurs’, who register new businesses and jump onto the gravy train with seemingly one main purpose – to become instant millionaires. Allegations of exorbitant prices and delayed funding compounded by conflict of interests came to light in May 2014 and there is widespread consensus that the building prices are inflated. The smallest core house built in Walvis Bay, for example, is 35.8 square metres in size and cost N\$235,800 to construct.<sup>16</sup> This amounts to over N\$6,000 per square metre and makes such houses unaffordable to the vast majority of households. In its presentation to the National Employment Conference in October 2013, the NHE stated that 87% of Namibians have monthly incomes of N\$4,600 or less; the government subsequently announced subsidies of 50-60%.

The indications are that Phase 1 of the MHP was not sufficiently well thought through and that it was fraught with implementation difficulties, labour exploitation, mismanagement and corruption. Consequently, in May 2015, the new Minister of Urban and Rural Development instructed the NHE to stop any further construction, and cabinet decided in July 2015 to withdraw the N\$45 billion project from the NHE. The main reasons were that the NHE could not acquire N\$2 billion from private sources to bankroll the programme from 2014-16 and that NHE executives were accused of giving inflated contracts to friends and relatives which escalated prices and made the houses unaffordable for the poor.<sup>17</sup> The Minister summed up the failure of the first phase of the housing programme as follows: ‘People that were meant to benefit cannot afford them and now government needs to give a 60% subsidy which at the end of the day may not be affordable to the country’.<sup>18</sup> The programme had failed not only in terms

<sup>16</sup> ‘I am angry with you, Pohamba tells Hailulu’, *The Namibian*, 27 November 2014.

<sup>17</sup> ‘NHE mass housing mandate revoked’, *New Era*, 30 July 2015.

<sup>18</sup> ‘Mass housing will resume soon-Shaningwa’, *The Namibian*, 14 July 2015.

of the number of houses delivered (1,468 instead of 8,800 houses) and also in terms of affordability.

Grand state projects like mass housing are of course one of the ways in which the state can meaningfully intervene in the economy and achieve socio-economic progress. However, such projects will inevitably yield less than the desirable and potential outcomes when they are planned and implemented poorly, and damaged by corruption and narrow self-interests.

### ***Overall Assessment***

State interventions since independence reflect adherence to the traditional framework as reflected in macroeconomic stability, low inflation rates and low budget deficits. This, however, did not lead to sufficient levels of economic growth and nor did it result in any significant economic structural changes. Instead, ownership and employment patterns remained while unemployment rose further, affecting particularly women and young people. Ownership structures and economic policy documents testify that continuity was a central feature of the post-independence dispensation. The mining and fishing industries remained overwhelmingly foreign-owned (with the exception of NAMDEB, in which the state is a 50% shareholder) and creating favourable investment conditions for private capital accumulation has been a key government objective since independence. Contrary to the ‘trickle-down’ theory, human development indicators are still fairly low, proving, once again, that the traditional macroeconomic indicators are of very limited use for assessing improvements in the living standards of the majority of the population.

Thus far, the Namibian state has based its approach towards the reduction of poverty and inequality on three factors, namely growth (which is conventionally seen as a precondition for social progress), the ‘elasticity factor’ (assuming that growth will lead to employment creation) and the ‘integrability factor’ which assesses the extent to which the poor are empowered to benefit from growth. Following this approach (as indicated in the NDP4) implies an emphasis on economic growth above all else, and a hope that the trickle-down effect will have a positive impact on unemployment and poverty.

The introduction of TIPEEG, and subsequently of the national employment policy and the mass housing programme, signalled a departure from the state’s limited role as the provider of conducive investment conditions for capital and of basic social services for the population. Instead, more direct interventions to create jobs and housing were adopted, but they were placed within a market-oriented framework and hence had a limited impact. The next section will explore the potential for more transformative interventions.

## **3. Orientation of the State and Institutional Architecture**

This section briefly examines some of the key national policy documents and highlights some trends regarding the Namibian state’s orientation towards development. The centrality of human well-being as an outcome of development processes is emphasised in Chapter 11 of the Constitution, which sets out the principles of state policy, including the ‘promotion of the welfare of the people’.

### **3.1 Vision 2030**

Namibia's development vision is further outlined in Vision 2030 which was adopted in 2004. It focuses on eight themes:

- Inequality and Social Welfare;
- Human Resources Development and Institutional Capacity Building;
- Macro-economic Issues;
- Population, Health and Development;
- Natural Resources;
- Knowledge, Information and Technology; and
- Factors of the External Environment.

The overall goal of Vision 2030 is:

To improve the quality of life of the people of Namibia to the level of their counterparts in the developed world by 2030. The Vision is also designed to promote the creation of a diversified, open market economy, with a resource-based industrial sector and commercial agriculture, placing great emphasis on skills development. One of the major principles upon which Vision 2030 is based is 'partnerships', which is recognised as a major prerequisite for the achievement of dynamic, efficient and sustainable development. This involves partnership between government, communities and civil society, partnership between different branches of government, with the private sector, non-governmental organisations, community-based organisations and the international community, partnership between urban and rural societies and, ultimately between all members of the Namibian society.

The driving forces for realising the objectives of Vision 2030 are:

- Education, Science and Technology;
- Health and Development;
- Sustainable Agriculture;
- Peace and Social Justice; and
- Gender Equality (NPC, 2004)

### **3.2 National Development Plans**

Namibia's development strategies are outlined in five-year national development plans. In the foreword to the NDP4, President Hifikepunye Pohamba stated that:

Our biggest challenge as of 2012 is the inadequate and volatile economic growth we have experienced so far, and the lack of employment opportunities available in the country. The government is keenly aware that most of the unemployed are young people and women. This status quo cannot be allowed to continue: too many of our young people's dreams are not being realised. It is our resolve to do all that is necessary to transform our economy into one that is more robust, one that is able to generate these essential employment opportunities.

The overall goals of NDP4 are high and sustained economic growth, employment creation, and increased income equality. In other words, economic growth is seen as the fundamental objective which will then 'trickle down' in the form of jobs and decreased inequality. The

document also outlines what it terms ‘foundation issues’, without which other initiatives are unlikely to succeed; these include:

- maintaining macroeconomic stability;
- developing and retaining the superior skills needed by both the private and public sectors;
- developing research and development capacity;
- making Namibia the preferred investment location in Africa; and
- managing the environment (Alweendo, 2012).

### **3.3 Business influence over the state**

Using as a point of departure the suggestion that the state in southern Africa is an undifferentiated one (Chabal and Daloz, 1999) – that is to say, the state is reduced to the party in power – the context in which collusion between the state and capital can be located is at the intersection of political elites and private businesses. In the case of Namibia, the mining industry provides an example of capital’s influence over the state.

#### ***Collusion in the Mining Industry***

The issue of collusion between government and capital interests in the mining industry (particularly uranium) dates back to shortly before Namibia’s independence. This passage from Hecht (2012: 103) is revealing:

Throughout the liberation struggle (...) SWAPO strongly condemned the uranium contracts in public. But as early as 1976, SWAPO signalled that its private posture might differ. Eager to ensure that ‘SWAPO and *Rio Tinto Zinc* (RTZ) develop a reasonable relationship in advance of independence,’ the Foreign Office’s new southern Africa specialist, Martin Reith, hosted a luncheon to grease the wheels. Guests included Peter Katjavivi, SWAPO’s representative in Europe, and Frances Vale, RTZ’s political advisor. The outcome surpassed Reith’s hopes. ‘After conviviality had developed,’ Katjavivi ‘lightly derided the British Government for acting solely in its own interest over Namibia.’ Reith replied that Britain was using ‘what credit [it] had with the South Africans in order to get them out,’ but that ‘SWAPO’s threats about uranium were not much help.’ At which point, Reith retorted, ‘Mr. Katjavivi said not to worry. We should realise that SWAPO had to take a certain public line on Rossing. We have to create an atmosphere of insecurity.’ He went on to say, looking at Miss Vale and myself and emphasizing that his remarks were off the record, that a SWAPO Government would not disturb RTZ’s position in Namibia.’ Later in the course of the lunch, apparently, Katjavivi ‘went on to speak slightly of the UN Council and [its chairman] Mr. MacBride, saying that they were ‘irrelevant’ to Namibia.’<sup>19</sup> These surprising words contradicted SWAPO’s public position

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<sup>19</sup>Martin Reith, ‘Note for the Record: Namibia Uranium’, 23 February 1976. TNA: FCO 45/1940 as cited in Hecht (2012: 103).

and the stance taken by its president, Sam Nujoma, a year earlier while meeting with Foreign Secretary James Callaghan.<sup>20</sup>

A more recent instance relates to the proposed changes to mining tax. In July 2011, it came to light that the Ministry of Finance was in the process of increasing non-diamond mining tax from 37.5% to 44%.<sup>21</sup> This was received with outrage by the business community and led to a backlash from the mining industry, including a threat to declare Namibia an unsafe investment destination. In August 2011 the government decided not to go ahead with the increase. (Sherbourne, 2013: 169). Notwithstanding that the government should consult widely on tax reforms, this back-paddling demonstrates the power of capital interests. Business-friendly economists like Sherbourne argued that the reversal ‘represented a victory for engagement and dialogue and showed government was prepared to change its mind’ (*ibid*: 169). However, the event rather points to the influence that capital has over the state and it shows the limited power of government when dealing with capital interests.

The pro-business bias is also reflected in the country’s foreign investment and EPZ Acts, as well as the constant emphasis on the private sector being the engine of economic growth and job creation. Also, the NDP4 contains sections with a clear bias towards the interests of capital and against those of labour. It criticises Namibia’s levels of labour flexibility and productivity and laments that the Labour Act is inflexible in terms of working hours. It also states that ‘laying off workers is very challenging and, consequently, companies are reluctant to hire additional permanent staff’. Further criticism is levelled against the number of leave days granted to workers and labour productivity is described as low without citing any evidence in this regard (Namibia, 2012: 37).

### **3.4 Engagement with globalisation**

Namibia is a member of the AU, SADC and SACU but has also joined the International Monetary Fund (IMF), the World Bank and the World Trade Organisation (WTO), whose influence further promoted business interests through IMF and World Bank advisors having ‘assisted’ with the country’s public expenditure review and educational reform, and with training high-ranking staff members of government economic institutions.

Despite largely accepting the standard prescriptions for liberal market economies, the government resisted the proposed Economic Partnership Agreements (EPAs) as driven by the European Union (EU) for the African, Caribbean and Pacific (ACP) countries. On 12 December 2007 Namibia initialled an interim EPA with the understanding that the concerns it had raised would be addressed as part of the negotiations towards a comprehensive agreement.<sup>22</sup> In February 2014, the Minister of Trade and Industry announced that the SADC EPA group had reached a consensus to abandon the interim EPA and to embark on full EPA negotiations instead. The most controversial issues on which no agreement could be reached centred on the loss of policy space for industrial development and regional economic

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<sup>20</sup>‘Record of a meeting between the Secretary of State for Foreign and Commonwealth Affairs and Sam Nujoma, President of SWAPO, at the Foreign and Commonwealth Office on 11 June 1975 at 4.15 pm’. TNA: FCO 96/414 as cited in Hecht (2012).

<sup>21</sup> ‘Minister announces new taxes’, *The Namibian*, 22 July 2011.

<sup>22</sup> For more on identified concerns, see Karamata and Roux, 2010.

integration, with Namibia defending its position that EPAs should be instruments of development rather than limiting a country's policy options.<sup>23</sup>

In July 2014, the Minister announced that a deal had been concluded between the EU and the SADC negotiating group and that Namibia would sign the EPA. He stated that important advances had been made during the negotiations on critical aspects such as the Most Favoured Nation (MFN) treatment for EU imports, the abolition of quantitative restriction on imports, the freezing of existing export taxes, the prohibition of new import taxes, and a highly restricted use of infant industry protection.<sup>24</sup>

### **3.5 Democratic spaces for other actors**

Other social organisations found it more difficult to influence state policies. At independence, Namibia adopted a system of representative democracy with regular elections conducted at local, regional and national level. These elections are widely regarded as free and fair, and the ruling SWAPO party has remained the dominant force. The underlying assumption of representative democracy is that the elected representatives will act in the interest of those who voted them into office. However, only the members of the National Council represent electoral constituencies; those in the National Assembly hold power on the basis of the national party list system. This limits the direct participation of citizens and there are no formal structures for a more participatory democracy. In terms of policies and programmes, it is up to individual ministries to decide the extent of consultations, while the decision-making power remains with the elected politicians.

Perhaps the most prominent statutory body to allow a measure of stakeholder participation is the tripartite Labour Advisory Council (LAC), established under the Namibian Labour Act of 1992. The LAC and its sub-committees have been the organisational expression of tripartism since the enactment of the Labour Act. Initially its main purpose was to advise government on labour legislation and other labour-related matters. Whilst the composition and administration of the Council have remained unchanged, its powers and functions have been extended to support the new dispute prevention and resolution system introduced by the Labour Act of 2007.

In recent years both business and labour have expressed their dissatisfaction with the limited powers of the LAC. A study commissioned by TUCNA found that the LAC is inadequate for achieving a social contract and that it is of limited value in its current form even as a mechanism for meaningful consultations between the Ministry and its social partners. The report notes that the LAC satisfies the technical requirements of ILO Recommendation 138 and Convention 144 but not the spirit and intent of these instruments. Its advisory nature, and its focus on just one ministry, undermines the chances of reaching consensus by the social partners on broader socio-economic issues. The report further notes that the LAC has failed to build greater trust and understanding between the social partners and that it suffers from a number of operational problems. The report thus recommends 'strong interventions' to address the institutional and constitutional features of social dialogue in Namibia 'while at the same time facilitating stronger cooperation amongst and within the (social) partners'. The report urged government to take the lead and to use the current challenges to deepen and better integrate social dialogue processes as enabling factors towards inclusive job-rich growth and pro-poor development (Koen and Bahadur, 2013).

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<sup>23</sup> 'Namibia now negotiating towards full EPAs', *The Namibian*, 21 February 2014.

<sup>24</sup> 'Namibia agrees to sign EPA agreement', *The Namibian*, 18 July 2014.

The Namibian government seems sceptical about a fundamentally different type of social dialogue arrangement and rather wants to examine how social dialogue can be strengthened under the current configuration, for example in the form of a strengthened LAC, rather than changing structures (Jauch, 2012b).

At regional and local government level, participatory decision-making processes are virtually absent. A study conducted by Tjirera and Haimbodi in 2012 found that regional and local structures are inactive when it comes to improving governance systems and levels of accountability. Instead, they tend to look towards national government for answers, directives and bail-outs. Their study found that structures for local accountability such as Constituency Development Committees and Village Development Committees were either non-existent or poorly focused; they appeared to be ‘little more than democratic window-dressing with no legal or formal basis’ (Tjirera and Haimbodi, 2012: 2). Only a very small minority of Namibians seem to participate at local and regional government levels even if consultative mechanisms exist. One of the challenges is that local councillors are elected according to party lists and thus have no direct link with a particular community (Tjirera and Haimbodi, 2012). This makes participatory democratic practices difficult and limits the influence of social constituencies, even if they are organised.

### **3.6 Efficiency and competency of the state bureaucracy**

The experiences of South East Asia suggest that developmental state interventions require a highly competent, professional and committed bureaucracy with a strong planning capacity. (Dansereau, 2014). In relation to its population of 2.2 million, Namibia has one of the largest civil services in the world. By February 2013, the total number of civil servants stood at 97,535 which is expected to increase to 112,276 within the 2013/14 financial year and to 129,560 thereafter. These increases contradict the proposals of the Wages and Salaries Commission (WASCOM) of 1996 which recommended a smaller but better paid, more professional and more efficient public service.<sup>25</sup>

Personnel expenditure for the civil service increased from N\$7.8 billion in 2009 to N\$17 billion in 2013 and was expected to rise further to N\$22 billion in 2014. This latter is about 42% of the projected total government revenue and thus the former Minister of Finance, Saara Kuugongelwa-Amadhila described the public wage bill as a ‘growing concern’, while other politicians have repeatedly questioned not only the size of the civil service but also its efficiency in terms of service delivery. Dr Joseph Diescho, the former executive director of the Namibia Institute for Public Administration and Management provided some insights into the dynamics that hamper Namibia’s public service efficiency. He outlined that after 12 years of independence, the Namibian government realised ‘that the public service was predicated upon the wrong business model and was not fit for purpose’. Government realised that there were three categories of public servants in Namibia. The first category consists of those who served in the colonial administration and were schooled ‘in the world of white supremacy and black subservience’. Diescho argued that they created a ‘foundation for a bureaucracy that can work’.<sup>26</sup>

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<sup>25</sup> ‘Civil service expands by 15,000’, *The Namibian*, 26 February 2014.

<sup>26</sup> ‘The state and the future of the public service in Namibia, part 1’, *New Era*, 13 May 2014.

The second category ‘comprises former freedom fighters, real or imagined’. They made sacrifices for the independence of Namibia but did not get the opportunity to acquire the skills required to run the public service and so got senior positions due to political considerations. They were joined by some people who joined liberation politics after independence for career reasons. Diescho argues that this group does a great disservice to the government and the country’s citizens (*ibid.*).

The third category consists of a growing number of young Namibians who are entering the public sector with qualifications from tertiary institutions and as a career of choice. ‘They constantly face a brick wall from their older white supervisors, who loath to be challenged with new ways of doing things on the one hand, and by the freedom fighters who shut the new professionals up with the question: where were you during the struggle, on the other’ (*ibid.*).

### **3.7 State-owned enterprises**

Similarly, doubts have been raised about the efficiency of Namibia’s SOEs. There are over 70 of these; most are either regulatory or service-rendering with some being self-funding and others relying entirely on state funding. They are governed by the State-Owned Enterprise Governance Act (No 2 of 2006) and the government plays a multiple role as owner and shareholder, policy-maker and regulator. Old Mutual’s director of Africa Operations, Johannes !Gawaxab, proposed that SOEs need accountability and leadership by experienced and qualified directors and CEOs who can set up effective performance management systems. He warned that politically motivated appointments would undermine their performance, thus hampering the fulfilment of their mandate. He proposed that SOE Boards should be at the centre of corporate governance. He pointed out that SOEs have an important role to play, as they ‘were established to address market deficits, capital shortfalls, to promote economic development, reduce mass unemployment and ensure national control over the overall direction of the economy.’<sup>27</sup>

More than a decade ago, the largest trade union federation, the National Union of Namibian Workers (NUNW), proposed the establishment of a single controlling board for all SOEs consisting of representatives of all ‘social partners’ to formulate policies to regulate SOEs, and to monitor and evaluate service delivery and performance. The federation emphasised the importance of safeguarding affordable services for the poor. It pointed out that the impact of commercialisation has been very harsh for the poor. ‘We have seen that recently with Telecom Namibia which increased local calls by 80%. Namwater increases the water price by 20% each year and NamPost increase its rate by over 40% recently. This means that the services of these companies become unaffordable for the poor.’ The NUNW thus proposed tariff ceilings to be set by the overall controlling board according to the social goals (NUNW, 2001).

The NUNW further proposed a system of cross-subsidisation from the wealthy to the poor at all SOEs involved in service delivery. It suggested grouping SOEs into different categories according to the functions they perform and the services they provide. ‘This will enable the drafting of guiding policies for each group of SOEs in terms of regulation, performance monitoring and service delivery. This is essential for the controlling board to ensure maximum public benefits from SOEs’ (NUNW, 2001).

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<sup>27</sup> *New Era*, 14 June 2012.

It seems clear that several of the key challenges of SOEs have not been successfully addressed, and in some instances have become even worse. Namibia's finance minister questioned the continued dependency of some SOEs on government for operational support.<sup>28</sup> In the 2014/15 budget, support for SOEs amounted to N\$9.5 billion and included funding for infrastructure development. Transfers to SOEs are also meant to supplement guarantees for loans to be raised by SOEs themselves from other sources.<sup>29</sup> In the current mid-term budget (2015-18), N\$1 billion was allocated to bail out TransNamib, N\$1.93 billion was set aside for Air Namibia and about N\$5 billion each was allocated to the railroad system and to Nampower for the Kudu gas project. On the other hand, SOE dividends to government were expected to amount to a mere N\$180 million in 2015/16.<sup>30</sup>

Reforms need to be tailored to the different roles and functions of SOEs. Those performing regulatory functions need to emphasise capacity and operational efficiency. Those entrusted with delivering important services will have to be measured differently. They perform important developmental functions and should not be judged by commercial criteria alone. Instead, 'social efficiency' seems the more appropriate yardstick. In such cases, government subsidy is not only justified but necessary. The enhancement of performance and efficiency can be done while retaining service-delivery SOEs under public ownership. Privatising them would subject them to the profit motive, thereby excluding the poor from receiving the services.

Ahead of his election as President, Dr Hage Geingob argued that SOEs are characterised by resource wastage, bankruptcies and boardroom infighting, and that the multiple layers of authority and communication makes it difficult for the current SOE Governance Council to perform its functions effectively.<sup>31</sup> Once in office, he established a Ministry of Public Enterprises but it remains to be seen if it can resolve the fundamental problems confronting SOEs in terms of their playing a developmental role.

The next section will outline further challenges that will need to be confronted if Namibia is to undertake successful developmental interventions.

## 4. Obstacles to Developmental State Interventions

In identifying the constraints to developmental state interventions in Namibia, we will draw on the previous sections as well as on some of the criteria set out by Dansereau (2014). Based on the East Asian experiences, she identified three key elements of the developmental state. Firstly, an emphasis on 'bringing about domestic industrialisation and especially manufacturing through a unique form of import substitution'. Secondly, 'the key role of the state in supporting cohesion between political and economic elites through the creation of development institutions, other protectionist policies with an emphasis on education and local skill development'. Thirdly, 'the need for high savings rates which tied in well with an authoritarian political system devised in conjunction with the need to keep down wages and quell dissent' as the notion of social cohesion 'was reserved essentially for the alliance of state and economic elites'.

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<sup>28</sup> 'Ballooning wage bill worries govt', *The Namibian*, 13 March 2014.

<sup>29</sup> 'Public service size concerns Saara', *Informante*, 13-19 March 2014.

<sup>30</sup> 'Government to spend billions on SOEs', *The Namibian*, 7 April 2015.

<sup>31</sup> 'Geingob proposes new ministry', *The Namibian*, 10 July 2012.

In the Namibian context, labour repression and a narrow social compact between economic and political elites is not an option, and would be politically unacceptable. The focus has to be on broader democratic participation, including the achievement of decent work as set out in Namibia's decent work country programme. A developmental state in Namibia will have to deal with the conflicting interests of labour and capital and thus be distinct from those in East Asia.

Dansereau has warned that a developmental state has to take note of the problems associated with the economic contradictions at the heart of the debate between savings and redistribution. Failure to acknowledge these might lead either to an authoritarian state with severe democratic deficits or to a democratic developmental state that is unable to move development further. 'The danger is that without resources to both save and redistribute, and without addressing the nature of participation that is seen as key to the democratic developmental state, especially for labour, we are left with a set of policies that resemble the World Bank's good governance agenda and a set of policies that are of little benefit to labour' (Dansereau, 2014).

Furthermore, Dansereau pointed out that 'the East Asian developmental state succeeded because of the extent to which it was self-directed and was able to design a self-centred model that corresponded to its local conditions, the most significant of which is its timing in relation to the emergence of the global economy in which the region now plays a crucial role as manufacturer to the world, made possible in large part by the ongoing reality of cheap labour'. Again, this aspect of the East Asian developmental state is neither feasible nor desirable in Namibia today.

#### **4.1 Ideological constraints**

As we have pointed out above, the ideological predisposition of the Namibian state appears contradictory and therefore difficult to pin down. In the absence of a clear ideology that could anchor developmental state interventions, Namibia moves between market fundamentals and welfare policies. Remote traces of something like an ideology are contained in Chapter 11 of the Namibian Constitution. It is particularly at the intersection of Article 95 – Promotion of the Welfare of the People, and Article 96 – Foreign Relations, where some ideological leaning may be detected. However, the right to benefit from welfare as set out in Article 95 cannot be legally claimed by citizens and thus is not enforceable. Rather, the article is a statement of intent, based on social democratic welfare ideals. In order to direct the state, these constitutional provisions would have to be amended so that the state is obliged to meet its welfare obligations. While constitutional changes do not immediately result in tangible state interventions in the short-term, they could pave the way towards changing the philosophy and behaviour of the state towards the welfare of the citizenry.

Contrary to the ideals proclaimed in the constitution, Namibia increasingly runs its state affairs according to the 'politics of the belly', a term coined by Jean-Francois Bayart that refers to neo-patrimonial forms of governance and the interdependence of the elites in control of the public and private spheres. These elites strengthen and feed off each other, as exemplified by 'tenderpreneurs' who often operate with a sense of entitlement.<sup>32</sup> In turn, for benefitting directly from state resources (for example the awarding of government tenders), the beneficiaries show generosity towards those in the political and administrative system. As pointed out by Melber: 'After all, these provide the troughs. Fundraising banquets by the

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<sup>32</sup> 'Namibia: the politics of the belly', *The Namibian*, 22 July 2014.

former and current head of state for their political enterprises are a primary example illustrating when payback time has arrived. Filling the party coffers is a similar patriotic duty. After all, those who give will be given...' (ibid.).

There are signs, then, that the ideological orientation of the Namibian state changed not only from the socialist rhetoric of the liberation struggle towards pragmatic market-oriented economic policies after independence, but further towards a system of patronage that is geared towards personal gratification rather than any higher ideal. The awarding of tenders and scholarships to family members of the political elite, the fencing of communal lands by political leaders, the continuous increase of politicians' earnings and benefits, the enormous amounts spent on civil servants' and politicians' travel and subsistence allowances, the increase in the number of parliamentarians from 78 to 104, plans to build an even more luxurious new parliament, houses for regional governors and a N\$450 million state of the art military hospital which will serve members of the army, air force and navy as well as foreign dignitaries and Namibian VIPs<sup>33</sup> – are all elite projects that will have very limited developmental impacts.

#### **4.2 Organisational constraints**

In organisational terms, the Namibian state also seems to lack the coherence to effectively implement developmental interventions. The National Planning Commission, situated in the Office of the President, is supposed to co-ordinate overall government efforts, but its influence seems limited to the production of the national development plans. These plans are not coordinated with national budgets and the mid-term expenditure frameworks and they also seem not to be binding on line Ministries. A very frank assessment about the lack of coordination at the highest executive levels was provided by the former prime minister, who stated in an interview that his peers in cabinet deliberately ignored his instructions in order to undermine his success and credibility: 'People were focusing on the upcoming SWAPO congress of 2012, so whatever you do as a prime minister, your political competitors in most cases would not want you to succeed. That's why programmes like economic empowerment could not go through... I remember writing a letter to the Director-General of the National Planning Commission to have a component of training to give young people skills [as part of TIPEEG]. That letter was not even acknowledged,'<sup>34</sup>

#### **4.3 Skills constraints**

A 2010 study titled 'Namibia's Skills Deficits: Cross-Sectoral Perceptions and Experiences' revealed that 96% of employers surveyed agreed with the statement that Namibia is experiencing a skills shortfall. This mirrored another finding of the same study which suggested an overall dissatisfaction (75% of those surveyed) with the performance of tertiary institutions and training authorities in meeting demands of the labour market (Links, 2010). What this study suggests is that there are serious capacity constraints and this is inimical to putting the country on a developmental trajectory with a sizeable manufacturing base. By all indications, the ever-increasing budgetary resources to the education sector have not been commensurate with products from tertiary institutions and training authorities. It appears that there has been an over-emphasis on access to education while the quality of education has been compromised.

#### **4.4 Fiscal constraints**

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<sup>33</sup> 'N\$450 million hospital on the cards', *New Era*, 15 July 2014; 'S&T gravy trains rumbles on', *The Namibian*, 13 November 2013; 'Election shocker', *Informante*, 3-9 July 2014.

<sup>34</sup> *Namibian Sun*, 9 May 2014.

Namibia's fiscal constraints regarding developmental state interventions are less severe than the ideological and organisational ones. Over the years, the country's national debt stock increased from N\$536 million in 1991 to N\$5.7 billion in 2000 and N\$26.4 billion by the end of 2012. This amounted to just under 60% of the GDP. Namibia's risk of debt distress has remained sustainably low, and a domestic financial market has developed which both the government and the private sector use to meet their development funding needs (AFRODAD, 2013).

A report by the African Forum and Network on Debt and Development (AFRODAD) pointed out that public borrowing in Namibia follows predictable rules and procedures within a coherent institutional framework. However, government's reliance on the domestic debt market puts an increasing burden on the government budget and necessitates the efficient use of borrowed resources. Furthermore, despite the many institutions dealing with loan contracts, there is no effective oversight, as the executive can legally finalise a loan transaction before presenting it to parliament for approval. AFRODAD (2013) recommended that parliament needs to play a stronger role to ensure accountability in loan contracting and debt management processes. Parliament was also advised to put pressure on the executive to improve fiscal and budgetary performance and create space for civil society input.

Namibia's 2014/15 budget projects a deficit of N\$7.6 billion (5.4% of GDP) and there was a significant decline in the country's reserves in absolute terms (Brown, 2014). Thus, Namibia cannot rely on savings to finance developmental interventions and will have to resort to debt financing as was the case with the TIPEEG programme. Such interventions are still possible without endangering the overall fiscal framework, but the space is diminishing. TIPEEG was not well thought out and a more strategic approach will be essential for any meaningful developmental intervention in future. As observed by Brown (2014:13): 'the budgetary process often appears more about allocating money than assuring its optimal use. Few projects are properly reviewed and appraised as a matter of course before receiving funding, and as such the allocations are often far from ideal to assure the best possible development outcomes'.

#### **4.5 Technological adaptation and research**

The NDP4 recognises research and development (R&D) and innovation as critical for the economic development process. The document therefore promises that companies will be encouraged to adapt new technologies and to invest in R&D. Furthermore, the government plans to 'establish platforms for co-operation between the public and the private sectors as well as with tertiary institutions. The broader strategy will be to elevate innovation to a national level, with representation at all stages of the innovation process' (GRN, 2012: 40). The Research, Science and Technology Act No. 23 of 2004 which brought into being the National Commission on Research, Science and Technology speaks to the recognition of R&D as a catalyst for fuelling economic growth and development. Section 23 of the Act also provides for a National Research, Science and Technology Fund. In terms of research support mechanisms, the Council for Research and Industrial Innovation (CRII) assists with data access, permits and research facilitation, promotion of the work of affiliate institutions, staff development, research ethics, promotional activities, patents, copyright and intellectual property rights, marketing and development, and quality control issues (Kgabi, 2011).

In terms of the past performance, the NDP4 admits that R&D and innovation are at a 'fairly low ebb', as there is minimal interaction between the state, research institutions and the private

sector, and incentives for targeted R&D in respect of new technologies are non-existent (Namibia, 2012: 37).

One possible focus of intervention is renewable energy technologies that can convert the country's abundant solar, wind and biomass resources into electrical energy. Namibia's excellent solar regime can be harnessed by solar heaters, solar photovoltaic technologies and solar power plants. Invader bush (a collective term for several species of thorn) represents a significant and sustainable biomass energy source that could generate thousands of long-term jobs in rural areas. Power plants fuelled by invader bush can operate on the lines of traditional coal-fired power plants, generating electricity and jobs in the process (von Oertzen, 2012: 4).

#### **4.6 Similarities with Asia?**

Namibia is hardly comparable to the Asian developmental state examples, but as Dansereau (2014) pointed out, 'one discernible lesson which is amenable to any developmental state, notwithstanding the temporal and cultural make-up dimensions, is the primacy of manufacturing as the dominant economic organising principle'.

In stark contrast, Namibia's manufacturing sector accounts for only around 5% of employment and therefore constitutes anything but the dominant economic sector. Unless there is a systematic intervention to change this, Namibia can draw little from the Asian experiences. As a result of the lack of structural economic transformation, social problems such as unemployment, inequality and poverty remain visible after 25 years of independence.

### **5. Conclusion**

Namibia is a resource rich and sparsely populated country that grew out of a history of crude labour exploitation and suppressed economic development. The focus in the post-independence era was on extending critical social services to the majority of the population and expanding infrastructure. Economic ownership structures remained virtually unchanged as foreign capital continues to control the extractive industries and most of the tertiary industries. Manufacturing has remained negligible, despite various government policies to create a large number of jobs in the sector.

With a population of just over two million, Namibia should be able to take advantage of a large natural resource base and ensure a more equitable resource allocation and the eradication of poverty. But having an abundance of resources without local capacity to exploit them perpetuates an economic structure that benefits only a small elite. Some analysts suggested that Namibia was not yet afflicted by the 'paradox of plenty' (for example, Hopwood, 2013),<sup>35</sup> but evidence overwhelmingly negates this observation. Namibia is characterised by enormous wealth co-existing with acute deprivation and the country's socio-economic order conforms largely to one shaped by the 'resource curse'. Prevailing political stability and the absence of large-scale violence should not be taken to mean that all is well. By all indications, Namibia is quintessentially a 'rich country with poor people' and this exemplifies the 'paradox of plenty'.

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<sup>35</sup>Also known as 'resource curse' and 'used in connection with countries with an abundance of natural resources, particularly minerals and hydrocarbons, but extreme poverty due, at least in part, to the diversion of extractive industry revenues to a politically-connected elite'.

Thus far, Namibia has followed macroeconomic orthodoxy and for the first 20 years of independence has kept very low budget deficits in addition to the moderate economic growth rates and the low inflation rates. Coupled with investor-friendly economic policies, these achievements were paid for by very low improvements in the human development index as well as continued high levels of income inequality and socio-economic gender inequality. This indicates that despite the substantial public investments in the past five years, Namibia has fallen short of becoming a developmental state.

The analysis conducted in the previous sections reveals that the Namibian state lacks a clear ideology. The political leadership regularly expresses its commitment to socio-economic development and the reduction of inequality and poverty, but often does not act accordingly. This resulted in contradictory actions: on the one hand, social pensions were extended to all, and social security and labour rights were improved. On the other hand, large amounts of public resources are spent on huge packages for politicians and SOE managers, on building expensive state houses (and soon parliament) as well as on government vehicles. This undermines the potential developmental impact of state expenditure.

However, after following the standard prescriptions of the IMF and World Bank for the first two decades of independence, Namibia has started using the fiscal and policy space for developmental interventions such as the TIPEEG programme and more recently the mass housing programme. While TIPEEG had a limited impact on employment creation, the mass housing programme holds considerable potential for employment creation, skills development, the establishment of supply chains and large-scale delivery of houses for the poor. In order to achieve this, it needs to be implemented in a substantially different manner during its second phase as from 2016.

In terms of the required highly competent, professional and committed bureaucracy with a strong planning capacity that is able to implement developmental policies and programmes, Namibia falls short. Political leaders themselves have repeatedly pointed to the large size and inefficient performance of the civil service and SOEs alike. On the other hand, Namibia's elected representatives enjoy a fairly high level of political legitimacy as expressed through regular elections that confirmed the ruling party as the dominant force in almost all regions. However, the elected representatives' legitimacy emanates primarily from their position on the party list. More direct forms of participatory democracy with mechanisms for mandates and recall currently do not exist. As a result, political decisions are taken in a hierarchical manner which undermines substantive grassroots participation in democratic processes.

The Namibian state has thus far limited itself to regulating markets without taking steps to decisively shape and direct them towards particular outcomes. Even small steps like increasing the taxes on the mining industry were reversed when the global mining houses expressed their displeasure. Namibia has repeatedly tried to create an enabling environment through support programmes such as the SME bank but there was no deliberate state intervention to enhance productive capacities based on social needs. The limited transformational role of the state was recently acknowledged by the Minister of Economic Planning and Director General of the National Planning Commission, Tom Alweendo, who called for a total transformation of the country's economy that goes beyond 'minor tweaking of the status quo'. He argued: 'What we need is State-led economic development where the state does much more than just provide a conducive environment for the private sector.'<sup>36</sup> The mass housing project launched in 2013

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<sup>36</sup> 'Alwendo in favour of State-led economic transformation', *New Era*, 29 March 2016.

could have presented such an opportunity, but delivery in the first phase was based on a tender system which benefited a few companies and individuals while falling short of the broader developmental potential.

Despite the Vision 2030 document, Namibia currently lacks the ideological coherence and institutional capacity to transform economic structures and to break the limitations imposed by market policies. Coupled with increasing signs that the ‘politics of the belly’ have taken root, there is a danger that societal institutions tasked with oversight functions (such as the Anti-Corruption Commission and Parliament) are unable to prevent the predatory behaviour of those in charge of public resources and pf those lining up to derive corporate and personal benefits from them. The awarding of exploration licences and construction tenders are cases in point.

In financial terms, the Namibian state has space to manoeuvre, but financial investments need to be strategic and well-targeted to have a lasting, structural impact. The N\$14 billion spent on TIPEEG during the past three years shows that merely spending large sums of money does not solve a problem. During the implementation of the TIPEEG programme, unemployment rose from 27% in 2012 to 30% in 2013, and the HDI index remained largely unchanged.

The external environment of a highly competitive and often ruthless global economy does not make developmental interventions easier. Namibia is a member of the World Bank, the IMF and the WTO, all of which promote market-oriented policies. Their views are reinforced by the World Economic Forum which consistently tries to uphold the mantra that economic development must take place within a market-oriented environment while government’s task is to create of conducive business conditions andprovide of essential social services. As local economists tend to argue along the same lines there is currently little debate about the role of the state beyond the narrow ‘good governance’ discourse.

The main question therefore is: *Quo Vadis Namibia?*<sup>37</sup> Drawing from the foregoing discussion, we offer the following recommendations for further debate:

1. **Land:** As the liberation struggle was chiefly about land, the land question requires serious rethinking and readjustment. The pace of land reform and redistribution has been ominously slow. The fencing of communal lands by the elite has further worsened the access to land by the poor and was counter-productive in both social and economic terms. Communal lands need to remain accessible to the poor, and the elite should be limited to commercial farming ventures. Social class should be introduced as a criterion when resettlement farms are allocated and a systematic support programme is needed to ensure the productive land use by resettled farmers.

Furthermore, land usage could be improved by the deliberate setting up of value chains (for example turning fruit into juices and jams or grain into biscuits and cereals) as well as linking producers with consumers. A practical example of this was the quota introduced for local fresh produce in retail shops which led to an increase from 5% local produce to 40% within a period of eight years. These are the kind of developmental interventions required to transform the agricultural sector.

2. **Economic policy:** Namibia needs a coherent economic policy that is unambiguously robust in terms of maximising the benefits from natural resources for the population as

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<sup>37</sup>This Latin phrase means ‘Where are you going?’

opposed to being a reservoir of raw materials for monopoly capital. It is unacceptable that Namibia is not self-sufficient in energy and basic food supplies 25 years after achieving political independence. Over-reliance on South Africa for basic food items and energy is disastrous for the future of the country. On the energy front, there should have been an expansive roll-out of solar energy programmes given the abundance of sunshine that Namibia enjoys. The fact that renewable energy projects need to be fast-tracked to lessen the negative effects of the looming energy crisis on the economy bespeaks a lack of forward planning in the energy sector. The state-owned power utility Nampower has not been able to avoid large electricity price increases and unreliable supplies, particularly in the remotest of areas, and has also failed to lessen the dependency on power imports from South Africa.

Considering that manufacturing is the economic core of any developmental state project, Namibia must take bold and decisive steps to move beyond the current extractive economy. Expanding the country's manufacturing base requires a realigning of priorities: the excuse of 'not enough resources' does not hold. Namibia could for example limit non-essential consumption expenditure and redirect it towards the establishment of value chains. The five possible linkages identified by the AMV, namely, revenue linkages, backward linkages (supply chains), forward linkages (value addition/beneficiation), knowledge and spatial linkages to create new industries associated with mining have hardly been established yet. Namibia should therefore consider placing strategic conditions of local value-addition on mining and fishing licences.

3. **Governance:** Various elements of governance need to be changed to pave the way for developmental interventions. One of them is the strategic and prudent use of resources which must be linked to a governance system that is relatively free of corruption and anchored on accountability to the citizenry – not wealthy clubs of business people. The culture of accountability is yet to take root in Namibia's governance lexicon, and the issue of 'small fish versus big fish' is relevant in characterising the state of corruption, notwithstanding the Anti-Corruption Commission declaring otherwise. High profile cases invariably drag on for a very long time (or never take off), creating the impression that the politically well-connected are untouchable. Similarly, the issue of misplaced priorities was recently illuminated by the mooted plans to construct a new parliament building, a new office for the prime minister and a luxury hospital for the army and the elite. Developmental and people-centred budgeting would have to set other priorities.

Governance changes would also have to include a system of appointment and promotion based on merit. The time of 'jobs for comrades' has certainly passed if Namibia wants to create the administrative capacity for developmental interventions. The constant recycling of administrators and politicians who failed to deliver in their respective ministries – sometimes for decades – needs to come to an end. This is not merely a question of education and training but also one of a changing ethics to achieve measurable delivery targets. This has been mooted repeatedly by government without any visible signs of success.

Governance, however, also requires broader avenues of participatory democratic participation, which Namibia does not provide at present. Countries like Venezuela have shown that a broadening of democracy requires structures that can accommodate

the poor outside the formal structures of representative democracy. Venezuela's community councils under the Chavez government are instructive in this regard. But Namibia will need to find its own model, and this will be a longer term project as there is currently very little pressure from below. Trade unions and civil society organisations do not systematically challenge the current status quo. Thus, there are questions regarding the agents of change who could possibly lead the process of deepening democracy as part of building a democratic developmental state.

4. **Housing and water:** The current mass housing project represents perhaps the single biggest opportunity for a significant developmental intervention. Based on the premise that housing and access to water are critical human rights, the state has an obligation to translate these rights into reality. The lack of adequate housing has been a challenge for many years and as property prices were left to market forces they are now out of reach of the vast majority of income earners. During the first phase of the Mass Housing Programme, community participation, the provision of rental accommodation and the use of local building materials were neglected; they need to take centre-stage in the second phase. The experiences with TIPEEG have shown that it will not suffice to just make large sums of money available; the funds have to be used in a strategic and well thought out manner to have a lasting impact. In the case of housing, a decision needs to be made to regard housing as a basic human need and not as a lucrative investment opportunity for the local and international elites.

The envisaged construction of 180,000 houses should not only have a significant impact on the creation of many thousands of new and decent jobs, but should also lead to the establishment of local supply chains from which building materials should be sourced. Furthermore, the housing project should be accompanied by a roll-out of solar panels which in turn should be locally manufactured to optimise the multiplier effect. Furthermore, the housing project needs to have an educational component to improve skills associated with the construction and maintenance of houses. This, however, cannot be achieved if the houses are merely put out to tender by companies that operate in the usual way, sourcing materials that are largely imported and sometimes even resorting to imported labour.

Similarly, access to water must be regarded as a basic human right – water privatisation flies in the face of the principles of state policy and is imimical to the promotion of the welfare of the people. The state must take it upon itself to provide water to meet the basic needs of people, including those who are not able to buy water at market rates. Charges should be levied on those who use water beyond what is necessary and in large quantities. Mining and other companies requiring large amounts of water need to be made to pay higher tariffs, or to use desalination plants.

5. **Substantive gender equality:** The achievement of substantive gender equality has to be a central component of a democratic developmental state. Although Namibia has made significant progress in terms of the legal and policy environment, including the 50-50 representation on all structures of the ruling SWAPO party, patriarchal cultures and attitudes are still widespread. A focus of all policies must, therefore, be to lift women out of poverty and to liberate them from the trappings of inequality. Poverty and inequality have a severe and disproportionate impact on Namibian women, whose work in the home and the workplace tends to be undervalued. They often work longer hours than men in low-wage jobs, under poor conditions, and they are the providers of unpaid

family labour. Many still suffer under patriarchal traditions and their prospects for improving their quality of life remain poor. Gender equality can only be achieved if the structural impediments that limit the economic and social emancipation of women are systematically addressed.

There are of course many other changes that need to be effected if Namibia wants to become a democratic developmental state, including a significant and visible improvement in the quality of education. Also, the state will need to build consensus on the need for systematic redistribution to address the prevailing levels of income inequality. The introduction of a universal basic income grant as an economic right of citizens could be a significant first step to signal that Namibia is determined to break the shackles of poverty and to kick-start local economic and social development processes such as has happened during the pilot phase in Otjivero. A national basic income grant will have a substantial impact but still needs to be supplemented by further redistributive changes as discussed in this chapter. There is little doubt that such changes will be opposed by vested elite interests, and so they will require political pressure from below as well as a responsive political leadership bold enough to take decisive steps.

Finally, turning Namibia into a democratic developmental state would also require a change in the prevailing political culture and values. Not only political parties but also many NGOs are characterised by hierarchical political cultures that discourage critical thinking and debate. Greater political openness, the encouragement of new ideas and critical reflection, and the promotion of collective values of sharing and redistribution are prerequisites for changing from the ‘politics of the belly’ to developmental interventions and social justice.

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