



Economic Commission for Africa

# **Third Meeting of the African Learning group on the Poverty Reduction Strategy papers**

3-5 December 2003  
Addis Ababa, Ethiopia

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## **The Poverty Reduction Strategy: The Experience of Namibia**

**Sylvanus Ikhide \***

\* Economic Advisor, Bank of Namibia, Windhoek, Namibia  
The Views Expressed in this paper are those of the author  
and do not necessarily reflect the views of the Economic

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## List of Acronyms

|        |  |
|--------|--|
| AIDS   | Acquired Immune Deficiency Syndrome                |
| CDF    | Comprehensive Development Framework                |
| CBS    | Central Bureau for Statistics                      |
| CSOs   | Civil Society Organisations                        |
| DFID   | Department for International Development (UK)      |
| EC     | European Commission                                |
| ECA    | Economic Commission for Africa                     |
| GDP    | Gross Domestic Product                             |
| GRN    | Government of the Republic of Namibia              |
| HDI    | Human Development Index                            |
| HIV    | Human Immune Virus                                 |
| HIS    | Health Information System                          |
| HPI    | Human Poverty Index                                |
| HPI-G  | Human Poverty Index-Global                         |
| HPI-N  | Human Poverty Index-Namibia                        |
| IMF    | International Monetary Fund                        |
| LLS    | Level of Living Survey                             |
| MDG    | Millennium Development Goals                       |
| MOF    | Ministry of Finance                                |
| MoHSS  | Ministry of Health and Social Services             |
| MBESC  | Ministry of Basic Education, Sports and Culture    |
| MRLGH  | Ministry of Regional, local Government and Housing |
| MTEF   | Medium Term Expenditure Framework                  |
| NCBA   | National Capacity Building Assessment              |
| NDP-1  | First National Development Plan                    |
| NDP-2  | Second National Development Plan                   |
| NGOs   | Non governmental Organisations                     |
| NHDR   | Namibia Human Development Report                   |
| NHRDP  | National Human resource Development Plan           |
| NPC    | National Planning Commission                       |
| NPCS   | National Planning Commission Secretariat           |
| NPRAP  | National Poverty Reduction Action Programme        |
| PEMP   | Performance and Efficiency Management Programme    |
| PPA    | participatory Poverty Assessment                   |
| PRSP   | Poverty reduction Strategy Paper                   |
| PSIP   | Public Sector Investment Programme                 |
| SME    | small and Medium Enterprises                       |
| SPA    | Strategic Partnership with Africa                  |
| SWAps  | Sector-wide Approaches                             |
| UN     | United Nations                                     |
| UNAIDS | United Nations Joint Programme on Aids             |

|             |   |
|-------------|---|
| UNDAF       | United Nations Development Assistance Framework             |
| UNDP United | Nations Development Programme                               |
| UNESCO      | United Nations Education, Science, and Culture Organisation |
| UNV         | United Nations Volunteers                                   |
| VAWC        | Violence Against Women and Children                         |
| WAD         | Women and Development                                       |

## 1. Introduction

With a per capita income of approximately US\$2000 (2001) and an annual real GDP growth rate of about three percent (1990-2002), Namibia ranks as one of the fastest growing countries in Africa<sup>1</sup>. Its Gross National Savings, estimated at about 18.8 percent of GDP, outstrips the Gross Domestic Investment of 16 percent<sup>2</sup>. Coupled with a positive current account surplus, which hit about five percent of GDP in 1999, Namibia is an exception among African countries in having an excess of savings over investment as well as a surplus in the current account. The Table 1 presents some selected macroeconomic indicators for Namibia.

Namibia is a land of contrasts. Its income distribution is among the most skewed in Africa with less than five percent of the population, predominantly white, owning close to 71 percent of the national income while the lowest 55 percent have access to only about three percent of GDP.<sup>3</sup> There is also a clear distinction in terms of a modern sector consisting of white commercial farmers in the central and southern parts and a subsistence sector made up mostly of blacks communal farmers mostly in the north. The annual per capita GDP in the subsistence sector is estimated at about US\$128 while the modern sector soars close to US\$1876.

The skewed distribution of income is corroborated by the findings of the National Household Income and Expenditure Survey (NHIES) of 1993-1994 which shows that the 10 percent of households (5.3% of the population) with the highest per-capita income account for about 44 percent of total private consumption. On the other hand, 90 percent of households (94.7 percent of the population) consume only about 56 percent. The richest 10 percent of society gobbles up 65 percent of income. The major urban centres in the central and southern parts of the country resemble Europe, whereas at the northern fringes, home to the great majority, squalor and lack of planning are the order of the day, mirror images of most African cities.

Table 1: Selected Macroeconomic Indicators

|                               | 1993 | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 |
|-------------------------------|------|------|------|------|------|------|------|------|------|
| Real GDP growth (%)           | -1.7 | 7.3  | 4.1  | 3.2  | 4.2  | 3.3  | 3.4  | 3.3  | 2.4  |
| GDP per capita(% growth rate) | -4.7 | 4.1  | 1.0  | 0.1  | 1.0  | 0.1  | 0.2  | 0.2  | -0.7 |
| Inflation (%)                 | 8.6  | 10.8 | 8.9  | 9.1  | 8.8  | 6.2  | 8.6  | 9.3  | 9.3  |
| Gross fixed capital formation | 21.1 | 19.5 | 22.2 | 23.6 | 20.1 | 23.5 | 23.2 | 18.6 | 22.2 |
| Budget Deficit as % of GDP    | 3.6  | 1.6  | 3.3  | 5.8  | 2.5  | 3.9  | 3.2  | 1.5  | 4.3  |
| Exports as % of GDP           | 51.9 | 53.0 | 53.7 | 55.7 | 53.2 | 52.7 | 40.5 | 42.5 | 45.3 |

1 Namibia experienced a continuing decline in its economic growth from a high of five percent on average during the 1991-1995 period to 3.5 percent in 1996-2000. The lower growth pattern is mainly caused by external influences, ranging from unfavorable climatic and marine conditions to international and regional fluctuations and its effect on the production and exports of mainly primary sector minerals (diamonds, uranium, copper etc) and manufactured produce (beef, fish etc).

2 Between 1998 and 2000, Namibia's gross fixed capital formation (investment) had an average growth rate of 5.4 percent per year. Gross Domestic Investment showed an impressive growth of 24.3 percent in 1998, as a result of large investments by electricity, ports and telecom utilities, while lower growth rates of 4.2 and -12 have been recorded for the years 1999 and 2000 respectively.

3 The UNDP Human Development Report of 1998 indicated a Gini-Coefficient of 0.67 making it the highest value recorded in the world.

|                                    |      |      |      |      |      |      |      |      |      |
|------------------------------------|------|------|------|------|------|------|------|------|------|
| Government Expenditure as % of GDP | 31.6 | 28.3 | 30.0 | 30.1 | 29.9 | 29.3 | 37.0 | 35.1 | 36.7 |
| Central Govt. Debt as % of GDP     | 15.6 | 19.8 | 20.1 | 21.1 | 18.4 | 22.6 | 22.2 | 24.0 | 22.9 |

Source: Republic of Namibia, Central Bureau of Statistics/ional Planning Commission, National Accounts (1993-20002).

Since independence the government of Namibia has embarked upon a number of sectoral policies and programmes. These include the Poverty Reduction Strategy (1998); the Decentralisation Policy (1997); Namibian Policy and Programme on Small Scale Business Development (1997); HIV/AIDS Medium Term Plan 11 (1999), Gender Policy; Agricultural and Food Security Policy; Health Policy and the Human Resource Development Plan. The following sections will highlight how Namibia’s growth strategy especially since independence has focused on addressing the twin issues of income inequality and poverty alleviation within the context of PRS.

## 2. Content of the PRSP

Unlike other developing countries, Namibia has no PRSP and therefore, is not bound by the requirements of the Bretton Woods Institutions. The country, however, has put in place a poverty reduction strategy (PRS).

### 2.1 The National Development Plans and the PRS

Namibia’s PRS is predicated on the objectives of the Second National Plan (NDP2) whose objectives during the 2001-2006 period are as follows: (1) revival and sustenance of economic growth, (2) creation of employment opportunities, (3) reduction of inequalities in income distribution, (4) poverty reduction (5) attainment of gender equality and equity, (6) reduction of regional disparities (7) realization of good governance, and (8) achievement of environmental and ecological sustainability.

The objectives of NDP 2 can be summarized as sustainable and equitable improvement in the quality of life of all the people of Namibia” (NDP 2, 2001). Improving the quality of life of all people assumes the removal of inequality and reduction of poverty. Poverty reduction then assumes an integral position in NDP2.

Three main areas are of concern to the PRS:

- Equitable and efficient delivery of public resources in the context of Namibia’s commitment to regional decentralization for poverty reduction;
- Equitable agricultural expansion, including consideration of food security and other crop development options;

- Empowerment for non-agricultural economic options, including an emphasis on informal and self-employment options.

The national priorities for the reduction of poverty are rooted in three broad areas:

1. Putting in place a long-term vision for Namibia which entails:
  - developing Namibia's transport and manufacturing hub within the South African sub-region;
  - and
  - investing in education and health.
2. Generating income for the poor through:
  - promotion of agriculture
  - promotion of tourism
  - small and medium scale sector
3. Devising a safety net to assist the poor and those at risk from falling further into poverty through the design and use of grant transfer programmes such as pensions and the promotion of labour intensive works;
4. Utilizing public resources through a more effective design and targeting of existing programmes so as to increase their impact on poverty reduction.

The NPRAP provides a practical and comprehensive statement on the implementation of the PRS reflecting as it does directions, priorities and strategy areas. By identifying programmes and services that focus on poverty reduction over a five-year period (2001-2005), it is time bound and provides a mechanism for monitoring and evaluation. Judging from the objectives of the poverty reduction strategy, it is safe to say that the poverty reduction programme was well conceived and targeted.

### **2.1.1 Quality of Data**

The National Household Income and Expenditure Survey (NHIES) is the major source of poverty data in Namibia. Conducted in 1993-1994, it provides information about levels of poverty using the consumption criterion whereby a household is considered to be poor if it spends 60 per cent or more of its income on food. Covering about 4,608 households, the statistics in the survey was disaggregated by domains to cover the 13 regions in the country, urban and rural, sex of head of household, educational attainment, economic activity, and the main source of income.

The Level of Living Survey was conducted in 1998-1999 about five years after the NHIES as part of the five-year plan of the Bureau for Statistics for the development of a statistical database for Namibia. The survey was to allow for analysis of status of living standards and provide a baseline from which to track changes over time. A sample of 5424 households was selected for this survey and actual enumeration of 4826 households was undertaken. The data collected include demographic characteristics, education and literacy, economic activities, housing, transport, communications, income and expenditure distribution patterns, and nutrition and health status. In terms of periodicity, it will then be possible to update major categories every five years.

Measures on education attainment are obtained from the publications of the Ministry of Education. Education statistics are collected in two annual surveys and include all schools, public and private.

They are the main sources of published statistics and contain information on enrolment, pupil flow, outcomes, teachers, and facilities. The Ministry of Health and Social Services publishes regular data on major health categories like Infant and maternal mortality rates, under 5-mortality rates, percentages of malnourished children, HIV prevalence etc.

From the foregoing it is obvious that in terms of coverage, periodicity and timeliness<sup>4</sup>, disaggregation by regions and gender, poverty data in Namibia is vastly improved and surpasses many other African countries. The database should permit the construction of poverty measures and a sufficient analysis of the determinants of poverty. There are plans for improvement.

The planned 2003-2004 NHIES exercise is designed to cover new areas of statistics at the household level. It has a nutrition component and will cover both urban and rural areas at regional levels. The Namibian NPRAP contains some measures of disaggregation-rural versus urban; women, children and the elderly; regional/ethnic etc.

Nevertheless, data on critical dimensions of rural development, natural resource and environmental factors (energy efficiency, carbon dioxide emissions etc), vulnerabilities and the lack of empowerment- factors that affect the poor- are still far from being sufficient. Moreover, the absence of poverty maps could be a major setback.

### 2.1.2 Poverty Incidence, Trends and Determinants

Using the international poverty line of US \$1 per day, the Namibian poverty rate was evaluated in the 1993-1994 Namibia household and expenditure survey at 34.9 percent. This means that 34.9<sup>5</sup> percent of the population was living with less than the 1993 PPP equivalent of US\$ 1 per day. The poverty gap, which measures the depth of poverty below this line, is equal to 14 percent. One of the objectives of the Millennium Development Goals (MDGs) set by the UN is to halve the below \$1 a day poverty rate. Using other measures of poverty, Namibia classifies a household as being “relatively poor” if it uses over 60 percent of its expenditure on food, and as being “extremely poor” if it spends over 80 percent. According to that definition 35.8 percent of Namibian households were relatively poor, and 8.7 percent were extremely poor according to the 1993-1994 surveys (Table 2.1).

**Table 2.1: Poverty in Namibia (in %)**

|       | 1\$ a day poverty line 1/ |             | 2\$ a day poverty line 1/ |             | Namibia Poverty line 2/ |                              | Human Poverty Index<br>3/<br>HPI |
|-------|---------------------------|-------------|---------------------------|-------------|-------------------------|------------------------------|----------------------------------|
|       | Head count                | Poverty gap | Headcount                 | Poverty Gap | Extremely Poor          | Extremely or Relatively Poor |                                  |
| Total | 34.9                      | 14.0        | 55.8                      | 30.4        | 8.7                     | 35.8                         | 24.7                             |
| Urban |                           |             |                           |             | 2.6                     | 18.6                         | 17.4                             |
| Rural |                           |             |                           |             | 11.8                    | 48.7                         | 29.0                             |

Sourced from Epalaurd (2003); All figures are computed using NHIES 1993/94. The Human Poverty Index also incorporate other data sources (see UNDP, 2000).

Sources: 1/ World Bank (2000); 2/ Namibia Central Bureau of Statistics (1996); 3/ UNDP (2000).

4 Population census is conducted every ten years, household surveys every five years, education and health administrative statistics yearly, National accounts and Public finance statistics quarterly and yearly.

5 The US\$ 1a day poverty line refers to a poverty line defined at 1993 international purchasing power parity (PPP) prices. Deaton (2003) summarizes the pros and cons of this measure.

The issue of sufficient frequency to allow for a trend analysis remains a problem bearing in mind that efforts at collecting data for this purpose did not start till after independence in 1990. Attempts to make inferences about trends in poverty reduction are therefore focused on the HDI. One such analysis shows that all but one region experienced a decline in levels of human development over the period 1996 to 1999.

The NPRAP identified regional disparities, low level of economic growth, geographic constraints and demographic characteristics as the main determinants of poverty. Access to productive assets particularly land and production credit, basically a post apartheid heritage are also identified as important determinants. None of these have been analysed in sufficient details in terms of their specific impact on poverty.

### **2.1.3 Multi-dimensional Perspective on Poverty**

The Human Poverty Index (HPI) and the Human Development Index (HDI) provide alternative measures for poverty that can be traced through time<sup>6</sup>. The dimensions of poverty vary by region. According to the HPI, the poverty rate is highest in the Caprivi region (39.6%), and Kavango (32.6%). All other regions have an HPI below 30 percent. The index also shows much variation among the regions, the lowest being Erongo (18.7%), and Khomas (19.7%).

Adult illiteracy is lowest in Omaheke (64%) and Kunene (64.3%) while the national average stands at 81 percent. School enrolment rates are lowest in Omaheke (71.1%) and Otjozondjupa (71.4%) in comparison to the national average of 85 percent.

Households in Omusati, Ohangwena and Kavango have the worst access to safe water supplies, with 68.3 percent, 61percent and 46.8 percent respectively having no access at all. Finally, though blessed with the best services, Khomas has the highest proportion of underweight children (18.5%) (See Table 1 in the Appendix).

In accordance with other indicators, the percentage of the population that has access to safe water has increased from 73.3 in 1996 to 82.9 in 2000. Health has been severely compromised principally as a result of HIV/AIDS. The AIDS-related deaths as percentage of all deaths increased from 12.4 to 28.0 between 1997 and 2000. Life expectancy during the same period fell from 52.4 years to 43 years, while under 5-mortality rates increased from 81 percent to 105.8 percent. The adult literacy rate estimated at 20 percent (2001) is above average for sub-Saharan Africa.

The rural-urban dimensions of poverty are well articulated in the NPRAP. 85 percent of consumption - poor households are located in rural areas who make their living from subsistence farming

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<sup>6</sup> The HPI is an indicator of deprivation measured by the proportion of the population being deprived of certain elements of human life considered pre-requisites for human development. It combines life expectancy, nutrition, illiteracy, and access to water and health with income data. Unlike the HDI, which measures progress in development, the HPI is an indicator of the additional development required to eradicate poverty. The HDI has three components: longevity, gauged by life expectancy at birth, knowledge measured by adult literacy and the school enrolment rate and access to resources proxied by per capita income.

primarily in the north and north-eastern communal areas, although pockets of poverty can also be found in the southern parts of the country. Huge income disparities also exist between race and language groups. According to UNDP’s Namibia Human Development Report, the European language groups (Afrikaans, German, and English) are the most privileged in terms of education, health and income. All three groups exceed the cut-off point for classification as high human development (Table 2.2). Gender differentiated poverty index is also available. Female-headed households are more prone to poverty than male-headed households.

**Table 2.2: Human Development Index by Language Group**

| Language Group | Life Expectancy | Adult Literacy | School Enrolment | Income N\$ | Adjusted Income | HDI   |
|----------------|-----------------|----------------|------------------|------------|-----------------|-------|
| Afrikaans      | 55.6            | 96.1           | 97.2             | 13995      | 4884            | 0.885 |
| Caprivi/Lozi   | 46.6            | 79.9           | 98.9             | 1692       | 3803            | 0.613 |
| English        | 55.0            | 98.6           | 99.9             | 21708      | 5108            | 0.895 |
| German         | 61.7            | 99.4           | 100.0            | 30549      | 5283            | 0.960 |
| Nama/Damara    | 48.2            | 71.1           | 83.0             | 2404       | 3983            | 0.611 |
| Oshiwambo      | 50.4            | 82.8           | 98.8             | 1707       | 3807            | 0.641 |
| Otjiherero     | 52.7            | 72.3           | 84.2             | 3077       | 4162            | 0.667 |
| Rukavango      | 46.0            | 72.8           | 92.3             | 1652       | 3791            | 0.585 |
| San            | 39.6            | 16.0           | 20.3             | 1315       | 3674            | 0.326 |
| Tswana         | 50.7            | 81.0           | 95.3             | 5326       | 4390            | 0.721 |

Source: NHDR, UNDP, Windhoek, 1999

From the foregoing we can conclude that both the PRS and NPRAP documents are well informed by robust poverty measures where various subjective aspects of poverty are analysed. Efforts at investigating the impact of specific interventions on poverty alleviation over time are highly circumscribed. One issue that may engage the attention of policy makers is the need for a deeper discussion of the poverty line used and the extent of societal consensus around the threshold. For instance, the \$1 or \$2 cut off line may be relevant for some sub-Saharan African countries but in the case of Namibia, it could well be controversial.

**2.1.4 Analysis of the Social Impact of Key Proposed Macroeconomic and Structural Reforms**

Namibia’s National Development Plans are very rich in terms of key macroeconomic and structural reforms and how they are expected to impact on the social dimensions. Accelerated economic growth is identified as the mainstay of the strategy. However, a formal analysis of the historical relationships among growth, household economic well being and poverty has not been rigorously pursued in the NPRAP.

The distributional analysis of policies and strategies, though not well articulated in the NPRAP, can be garnered from some of the other sources mentioned earlier. For instance, MoFSS publications perform basic analysis on an annual basis to show how the absence of basic health services can affect access to health facilities. The Ministry of Education also undertakes studies on the differential impacts of access to educational facilities and their implications for poverty reduction. This approach has to be understood within the general context of Namibia’s PRS programme for which different ministries are responsible.

The current emphasis on decentralization redirects attention to the role of geographic constraints on poverty reduction. There are two existing structures at the regional level that

receive special attention within the PRS. These are the regional councils (RCs) and the regional development co-ordinating committees (RDCCs). The strategy requires RCs to take responsibility for providing platforms for discussions within their respective regions on poverty reduction efforts. The RDCCs, on the other hand, have been given the mandate to deal with all technical issues in the field of poverty reduction and ensure that poverty reduction efforts in the region are effectively implemented.

In terms of verification, not much is observable in this area because the decentralization program has not effectively taken off. Although RDCCs have been established, reports show that participation by stakeholders is poor. However, the Ministry of Regional and Local Government is actively working with regional councils for the implementation of this phase of the PRS. Overall, Namibia's PRS has scored low in the conduct of any systematic quantitative analysis of distributional impacts of policies and programs.

## **2.2 Consistency of Selected Policies with the Macroeconomic Framework**

Macroeconomic developments and poverty reduction are intertwined. Economic growth has been identified as one of the main determinants of poverty. Macroeconomic stability is crucial for high and sustainable rates of economic growth. Growth accompanied by development-oriented distributional changes has been shown to have favourable effects on poverty reduction<sup>7</sup>. A stable macroeconomic environment is necessary for growth, investment and productivity. Negative real growth rates, an unstable macro-economy characterized for instance by high inflation rates inevitably harm the poor more than the rich.

PRSPs are expected to be realized in a medium-term macroeconomic framework that is fully consistent with the country's growth and poverty reduction objectives. The PRS shied away from an explicit discussion of a macroeconomic framework for poverty reduction in Namibia. A framework that highlights the discussion of linkages between macroeconomic indices and poverty reduction would have been more useful.

However, a careful reading of NDP 1 and 2 will clearly indicate a framework tailored to the needs of the poor. Two such areas can be identified in Namibia's macroeconomic framework: low levels of inflation, and a fiscal stance that is compatible with the PRS's poverty reduction and growth objectives.

Two observations are worth making here. A key issue is to what extent selected policies are consistent with the foregoing macroeconomic framework. The policies in Namibia's PRS require heavy government spending. The present fiscal stance with its emphasis on a tight fiscal stance may hamper the attainment of the objectives of the PRS. Second and more importantly, the Namibian economy is highly vulnerable to external shocks. With high dependence on a narrow export base, and adverse weather conditions, appropriate macroeconomic policies to counter the effect of these vulnerabilities and minimize their impact on the poor is essential.

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<sup>7</sup> For instance, a strong association has been found to exist between national per capita income and income and non-income measures of poverty.

## 2.3 Sectoral Strategies and Pro-poor Growth and Poverty Reduction <sup>8</sup>

When increases in government revenue are devoted to public expenditures on goods and services (such as education, health, sanitation and hygiene) that are disproportionately consumed by the poor, they could reduce non-income facets of poverty such as poor health, high infant mortality and morbidity, lower life expectancy etc. Namibian government spending since independence has been characterized by a preference for the social sector in the provision of community and social services. The government is investing heavily in education, training and health and community services. In 2003 more than 49 percent of its annual budget has been spent to correct the imbalances of the colonial past and reduce poverty.

Education: Although the national indicators for education are as good as those of other lower middle-income countries and are much higher than those of other sub-Saharan African countries, the decomposition of the HPI shows that the illiteracy rate varies significantly from region to region. It is very clear that education is needed in the poorest parts of the country. The PRS of Namibia clearly spells out the objective of reducing regional disparities in education.

Government since independence has devoted sizeable resources to the education sector. While GDP and total public expenditure on education have increased simultaneously, the share of education expenditure as a percentage of GDP has increased from nine percent in 1998 to nearly 10 percent in 2002.

Within the education sector, the proportion of primary education has increased from 45 percent in 1997 to 49 percent in 2002. A similar trend is observed in tertiary education where there has been an increase of 25 points during the same period, demonstrating an increased demand for tertiary education. However, the share of secondary education has declined significantly from 26 percent in 1997 to 19% in 2003. The proportion of spending on administration and non-formal education has remained almost the same between 1997 and 2003.

The contribution of donor finance to the education sector is very significant reaching about three percent of the total budget of the Ministry of Basic Education, Science and Culture (MBESC). As more of the donor funds are for development than for recurrent costs, donor financing plays a major role in complementing government's allocation to the development budget. The major donors to the education budget are Sweden, the European Union and the Netherlands.

Health: The Namibia PRS aims at (i) maintaining the current level of life expectancy at birth around its low current level, (ii) reducing infant and under-five mortality, maternal and under-nutrition among the under-five age group from 17 percent to eight percent rates, (iii) increasing rural access to adequate sanitation from 30 percent to 50 percent.

It is doubtful, given the present HIV/AIDS prevalence rate, if some of these goals are

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<sup>8</sup> This section benefited immensely from Anne Epalaurd (2003).

achievable. (See below on HIV/AIDS).

Government remains the main source of funds for the health sector in Namibia. The MOHSS budget has been about 14-16 percent of total Government expenditure since 1990. The component of the health sector expenditure that impacts more on the poor is primary health care<sup>9</sup>. Expenditure on primary health care increased during the early 1990s in line with the policy to provide better preventative programmes and more immediate curative care especially at the local level.

Thus, allocations to primary health care increased from 27 percent of the total operational budget in 1990 to between 35 and 42 percent over the past seven years. Other substantial areas of spending include hospital services (26-28% of the budget in recent years) and funds for social pensions (25-28%). About five to eight percent of the total budget has generally been allocated to medicines and pharmaceutical supplies each year.

Unfortunately, more than half the total spending on health now goes to paying salaries and other staff benefits. Capital development funds have also been allocated to the building and maintenance of health facilities and the establishment and further development of public health programmes. These are reflected in the MOHSS development budget. The sums provided have risen from about N\$48 million in 1995-1996, to N\$88 million in 2000-2001.

In addition to government funding of the public health system, international aid agencies have contributed significant amounts of money to a variety of projects and programmes aimed at improving the health sector. Between N\$50 and N\$67 million has been granted by these agencies annually over the past five years. Most development aid has been devoted to primary health care issues, such as HIV/AIDS and reproductive health.

**Promotion of Agriculture and Rural Development:** The promotion of agriculture and rural development is the main instrument to achieve pro-poor growth in many other developing countries where rural poverty is very high. The Namibia's poverty reduction strategy aims at increasing total agricultural output by 5 percent. This alone is not sufficient to significantly reduce rural poverty in Namibia. A much higher increase in agricultural production through higher yields is necessary to attain that objective.

Perhaps more remarkable is the lack of consistency between the demands placed on agriculture as a vehicle for rural transformation and the neglect in the PRS of the land issue which is key to agricultural development.

The pattern of poverty in Namibia mirrors the unequal distribution of land. Annual household incomes in five of the former regions (Ohangwena, Caprivi, Omusati, Oshikoto and Okavango) were less than half of the national average (Hansohm et al 1999). These are regions where access to land is obtained

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<sup>9</sup> MOHSS budget is allocated to primary health care, hospital care and social services. These, and smaller categories pooled as "Other services and programmes", make up the total operational budget of the MOHSS.

through customary tenure arrangements and where farmers practice cultivation together with animal husbandry. With the exception of Otjozondjupa region, average household incomes in regions where commercial farming is taking place are above the national average.

At Independence in 1990 the new Namibian government inherited a highly skewed distribution of land. Approximately 36.2 million hectares representing 44 percent of the total land area or 52 percent of agriculturally utilisable land continue to be held under freehold title. This land is commonly referred to as the commercial farming sector. Under previous Apartheid policies, access to this land was reserved for white farmers who owned it under freehold title. The sub-sector is still dominated by whites.

By contrast, the non-freehold areas, formerly known as native reserves and referred to today as communal areas, comprise about 33,4 million hectares, representing 41 percent of total land area or 48 percent of agricultural land. However, these aggregate figures overestimate agriculturally usable land in communal areas, since large tracts of communal land are situated in semi-desert areas, where the mean annual rainfall ranges between 50-100mm, or are rendered unsuitable for agricultural purposes due to the absence of exploitable ground water. If these factors are taken into consideration, the commercial farming sector (36 million ha.) comprises 57 percent of agriculturally usable land, and communal areas only 43 percent or 27 million ha. This underlines the fact that access to productive land and agricultural resources were structured along racial lines before Independence.

While land reform is widely regarded to play a major role in alleviating poverty in the country, policy statements in this regard remain ambiguous. The National Land Policy states that government policy will 'at all times seek to secure and promote the interests of the poor' and ensure 'equity in access to land and in security of tenure' (RoN 1998: 1). Cabinet, after a retreat at the end of the year 2000, was reported to have reiterated the importance of land in alleviating poverty by stating that 'without achieving a breakthrough in the land reform programme, the fight against poverty would not succeed'(New Era 22.12.2000-12.1.2001).

However, the importance of land in alleviating poverty does not enjoy similar prominence in some key documents on poverty alleviation. The PRS does not accord redistributive land reform a long-term role in poverty alleviation. It argues that 'the agricultural base is too weak to offer a sustainable basis for prosperity' and foresees that in 'a quarter century from now, the large majority of the country's inhabitants...are likely to have moved into urban centres...'(RoN 1998a: 3, 5).

While the PRS sees a significant potential in alleviating poverty through the development of the livestock sector, further opportunities for the development of cultivation in the freehold or commercial farming sector are regarded as limited. It is no surprise therefore that Land reform does not feature in the NPRAP.

Social Safety Net: Safety nets designed for poverty reduction should ensure that these programs help insure the poor against negative shocks. Because of the low level of their

assets and the absence of financial services to rely on, the poor cannot insure themselves against idiosyncratic or macro shocks. These shocks cannot be eliminated either. Moreover, because safety nets should not lower the participation of the poor in economic activities, they should concentrate on helping the elderly, the disabled and the children.

Subbarao (1998) identified four main categories of formal safety nets in Namibia: cash transfers administered by the department of Social Welfare, a school feeding program administered by MBESC, a shelter/housing programme administered by the Ministry of Local Government and Housing, and a social security program for formal sector workers administered by the Social Security Commission.

Others include Transfers with a work requirement comprising food-or cash-for-works programmes administered during a drought year, labour based works programmes administered at all times, and micro-credit programmes.

Namibia is one of the few countries in Africa to administer a social pension programme for every individual after attaining the age of 60. The social pension, disability grant, and child allowances impact very strongly on the poor. There is room, however, for improvements in both efficiency and distribution of benefits across regions and between urban/rural populations. With the northern and the north-eastern provinces not covered decentralization could help rationalize the deployment of staff resources in social welfare (Subbarao, 1998).

The Second National Development Plan (NDP2) was designed to improve the efficiency and coverage of the formal safety net with the aim of covering 95 percent of all Namibians that qualify for social assistance grants.

The inability of the informal safety nest to cope with exploding demands due mainly to the prevalence of AIDS- related deaths and the ever increasing varieties of formal programmes coupled with poor administration calls for a review of the social safety net programme in Namibia. The programme, thought well intentioned, is currently plagued by pervasive regional asymmetry, exclusion errors and fraud.

Figure 1: Social Safety Nets in Namibia

| INFORMAL   | FORMAL, PUBLICLY- FUNDED   |   |  | Social Security (contributory; only to those in the formal sector)   |
|--|--|---|--|--|
| Based sharing arrangements   | Transfers without a work requirement   | Transfers with work requirement   | Shelter, housing   |  |
| <ul style="list-style-type: none"> <li>Child care (usually by parents)</li> </ul>                                | <ul style="list-style-type: none"> <li>Social Pension</li> <li>War Veterans Pension</li> </ul>   | <ul style="list-style-type: none"> <li>Food for Works (temporary)</li> <li>Labor-based works program</li> </ul> | <ul style="list-style-type: none"> <li>Build together</li> <li>Low cost housing</li> </ul>             | <ul style="list-style-type: none"> <li>Existing Death/Retirement benefit</li> </ul>  |
| <ul style="list-style-type: none"> <li>Taking care of orphaned/ Disabled / AIDS affected Children</li> </ul>     | <ul style="list-style-type: none"> <li>Blind person's grant</li> <li>Disability Grant</li> <li>Maintenance grant</li> <li>Foster parents Allowance</li> <li>Place of Safety Grant</li> </ul>       |   | <ul style="list-style-type: none"> <li>Resettlement</li> <li>Upgrading informal Settlements</li> </ul> | <ul style="list-style-type: none"> <li>Maternity leave</li> <li>Sick leave</li> <li>Planned National Pension Fund</li> </ul> |
| <ul style="list-style-type: none"> <li>Sharing of food (reciprocal), Gifts at weddings, funeral costs</li> </ul> |  |   |  |  |
| <ul style="list-style-type: none"> <li>Interest free loans from Relatives/ neighbors</li> </ul>                  | <ul style="list-style-type: none"> <li>Subsidies to welfare organizations</li> <li>Remission of rent</li> <li>Free School meals</li> <li>Free distribution of food (in year of drought)</li> </ul> |   |  |  |

Source: Subbarao (1998)

In conclusion Namibia's PRS with its emphasis on investment in human capital, the design of safety nets and emphasis on agriculture, identified clear links between the main determinants of growth and the underlying poverty diagnosis. Since poverty is extensive in rural areas, the PRS aims to improve the competitiveness of the small rural economy through output enhancement. Moreover, the formal and informal safety nets could be of immense contribution to poverty reduction since the poor benefit. However, major underlying factors such as the land issue in agriculture and the HIV-AIDS pandemic need to be mainstreamed into the poverty reduction strategy.

## 2.4 Gender, HIV/AIDS and National Poverty Reduction Strategy

One of the primary objectives of NDP 2 is to promote gender equality and equity. It is not surprising therefore that the PRS places a lot of emphasis on this national priority. The two areas in which information is readily available when it comes to gender are education and health. When the data on education is analyzed, evidence of previous neglect of women is encountered but there are tremendous improvements in recent years. Labor force participation rate for women (48%) is lower than for men (62%). Most women work in subsistence agriculture rather than in wage employment.

The PRS in Namibia recognizes that poverty has a gender dimension and has accordingly been adequately diagnosed in the design of the program. However, little attention was paid to implementation in NPRAP. Beyond education and health, the coverage is poor. The understanding here probably is that once the issues of illiteracy and maternal mortality are addressed, poor women in rural areas are on safe ground.

Measures to improve access to reproductive health services and to education are being pursued with vigor.

Though not specifically mentioned in the NPRAP, a number of measures are in place to reduce gender related poverty. Specific programs for poor women are being put in place. These include developing local skills to enable women participate in productive (self employment) activities, support for working women, provision of training and support for female micro entrepreneurs, establishing information centres for women's rights, and preventing violence against women<sup>10</sup>. How much of this is available in the rural areas is a matter of speculation.

The HIV/AIDS issue has remained one of the most problematic for Namibia. The country currently ranks as the seventh most infected country in the world with an overall prevalence of just under 20 percent among the adult population. It is estimated that over 20 percent of the health budget currently goes to the management of AIDS, and caring for AIDS patients could account for as much as 10 percent of GDP. Thus, AIDS is diverting resources away from productive investment, including human resources development.

The relationship between HIV/AIDS and poverty needs to be thoroughly articulated in the PRS. First, AIDS induces and deepens poverty due to lost productivity, catastrophic costs of health care, increased dependency ratio, reduced national income, an increase in the number of orphans coupled with worse nutrition, lower school enrolment, etc. Second are the combined effects of poverty and income inequalities (lack of access to preventive interventions, lack of access to affordable care, lower educational status etc.) and their contribution to conditions that render peoples vulnerable to HIV infection and less able to cope with its consequences. Thus, AIDS is a cause of poverty but in a sense poverty promotes AIDS (Adeyi et al, 2001).

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10 The Violence against Women and Children (VAWC) campaign has gained momentum and several bills are under preparation for enactment into laws in this regard.

The case for HIV/AIDS in poverty reduction needs to be clearly made given that several national priorities compete for funding. It needs to be clearly articulated that HIV/AIDS “jeopardizes poverty reduction efforts, and that the war on AIDS is war on poverty” (UNAIDS, World Bank 2001). Thus, efforts must be made to mainstream HIV/AIDS into the country’s poverty reduction program to ensure buy-in from all concerned.

This will include, in addition to a proper articulation of the relationship between poverty and HIV/AIDS, the main strategies in the national AIDS plan as an integral part of the overall national poverty reduction program, justified and costed. It will also embrace medium term goals and poverty monitoring indicators derived from the national AIDS plan, and short-run actions for the successful implementation of the national AIDS plan.

We can evaluate this aspect of Namibia’s PRS using these four criteria. On the analysis of the AIDS poverty complex, the NPRAP did not refer to AIDS under the discussion on the determinants of poverty. A blithe reference was made to it under health as part of the national strategies. Under action plans, another reference was made to it (see action 63)<sup>11</sup> but no discussion was undertaken. In discussing main strategies, AIDS was subsumed under health. No doubt, Namibia has well-defined strategies for an expanded response for prevention, care, support and mitigation of the impact of AIDS<sup>12</sup>. However, it is not quite clear if these have been adequately mainstreamed into the PRS. For instance, specific actions to slow the progression are not discussed. Medium term goals and poverty monitoring indicators are not specified, neither are short-term measures mentioned in the PRS. The performance of the PRS in integrating HIV/AIDS in the poverty strategy has not been very successful. More would need to be done in this area.

### **3 The PRS Process**

A major aspect of the PRSP process is the requirement that governments embrace a participatory process involving all relevant stakeholders and external development partners. Such participation in the formulation, implementation and monitoring of national poverty reduction plans would contribute to broader country ownership of strategies to facilitate implementation, and strengthen government accountability. Each government was required to design a participatory process that best suits its peculiar political and social environment and to build on existing processes.

The issue of participation in Namibia can be viewed from two perspectives. First is the consultative participation in the formulation of the PRS. Second is the on-going effort at participation aimed at broadening the base for the implementation and consolidation of the poverty reduction process.

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11 Action 63 titled HIV/AIDS Mainstreaming states that all of those implementing this program shall ensure that their efforts in poverty reduction contribute to the reduction of HIV/AIDS prevalence.

12 The government has drawn up a National strategic Plan on HIV/AIDS (Medium Term Plan II). The plan covers the period 1999 to 2004.

### 3.1 The Depth and Legitimacy of the Participatory Process in Namibia

Although the NPRAP document emphasized the importance of involving all stakeholders in achieving the objectives of poverty reduction, the preparation of the PRS document cannot claim to have benefited from any wide ranging consultative process. The PRS was considered from the onset as a government document.

In fairness to the authors of the NPRAP, the document clearly articulates the way in which collaboration and co-operation can be achieved. First, it recognizes that a large majority of the recommendations in the PRS concern policies to be implemented by the central government. In this regard, it holds various line ministries accountable for the funding, implementation and accountability of the various programme entrusted to their respective areas. Second, NPRAP has endeavoured to mainstream the issue of poverty so that all agencies of government reorient themselves towards the main issues in poverty reduction. Third, NPRAP has been designed to dovetail with the planning and implementation of the NDP2 and Public Sector Investment Programme (PSIP) to ensure that other development policies of government do not compete or undermine efforts that have been proposed to reduce poverty.

The central government is required to constantly monitor and assess poverty at both the national and regional levels. From the foregoing, a lot of emphasis was placed on the role of government in initiating, co-ordinating and implementing the PRS.

The National Planning Commission is responsible for the co-ordination of central government activities as it pertains to poverty reduction. Regional councils play a prominent role in the preparation of regional poverty profiles. Regional disparities in the incidence of poverty and inequality are important elements in the Namibian situation so that the realization of the objectives of poverty reduction hinges very much on the ability to involve the people residing in the rural areas. To achieve this, local and regional mechanisms for consultation and program participation are being established. The ongoing decentralization effort is boosting activities in this regard.

Regional councils are expected to perform a number of roles in poverty reduction: community liaison and participatory assessments, preparation of regional poverty profiles to determine the 'regional character of poverty', and the identification of projects that address the main priorities faced in their region in terms of poverty reduction.

The governance structure of the participatory process in Namibia appears quite effective. The co-ordinating Ministry is the National Planning Commission. The Commissioners meet regularly with six permanent members who are also cabinet ministers and seven others who belong to civil societies. Although parliament is not directly involved in the participatory process, one could argue that they are in a way fully involved. This is to be understood against the background of the Namibian situation.

First, most if not all cabinet ministers are members of parliament. Second, at the regional level, regional governors are members of the National Council, which is the second (national) legislative

body. Third, the fact that cabinet members who are in the National Planning Commission are also the ones directly involved in the PRS process gives them an ample chance to pursue the goals of the PRS.

### **3.2 Participation of Domestic Stakeholders, NGOs and CBOs**

NGOs and CBOs are expected to play an important complimentary role in the implementation of the poverty reduction programme. They are supposed to make an impact in the following areas: advocacy and participation in committees, fora, and formally established organizations; enhancement and improvement of education, governance and development through building capacity of school boards and contributing to the management of schools, making inputs into curriculum development and providing responses to poor school attainment in the case of marginalized groups; provide learning and training opportunities in the private sector; create awareness in the area of primary health care, provide response to the fighting of HIV/AIDS and participate in immunization campaigns; provide support in the delivery of agricultural extension services; enable local communities to share in the tourism sector through community based tourism initiative; provide wide ranging services to the SME sector; provide social services, in particular for people with disabilities; organize community self-help initiatives and build capacity with community organizations. Appendix 2 of NPRAP contains a list of civil society initiatives and the thematic areas of expected involvement in the PRS.

The participation of domestic stakeholders has been very valuable in several ways in the PRS process. In particular, it has led to extensive dialogue within the various ministries and governmental agencies. By bringing in the views of CSOs, participation has helped to improve the understanding of poverty. In the process, the approach has in many cases encouraged broad-based participation thus fostering debate,<sup>13</sup> openness, transparency and accountability. Regional governors are very conversant with the main issues involved in poverty reduction and were quite aware of the contributions that the PRSP could make to the development of rural areas.

### **3.3 Problems with the Participatory Process**

The main setback of the participatory process stems from an incomplete understanding of “participation” at the initial stages of the PRS in Namibia. To government, participation simply meant its ability to involve government agencies and institutions rather than outside agents. This may have arisen from the low level of understanding of the relationship between broad participation and legitimacy of the programme. Thus, many stakeholders at the beginning of the programme complained of neglect by government in the process. Certain NGOs who were actively engaged in poverty reduction activities were neglected in the process of consultation and implementation<sup>14</sup>. CSOs currently play a key role in delivering services in such areas as

13 One was particularly miffed at the level of understanding of issues displayed by the representative of the Women for Action and Development (WAD) on the participatory process.

14 Our discussions with Ms. Wendy Viall of the Nyae Nyae Development Foundation and the Namibia Rural Development Project (NRDP) show that they are not carried along in the activities of the PRSP though they are actively involved in poverty reduction projects in the rural areas. For instance

education, health, environment, HIV/AIDS, youth development, etc.<sup>15</sup>

These are critical areas for the promotion of human development and poverty reduction. There were also complaints about the impact of participation. CSOs argue that there should be a more concerted effort at dialogue: government naturally wants its views paramount, but those may not be the best available. Lately some improvements have been achieved in terms of openness and transparency. Initiatives towards more broad-based approaches to the co-ordination (not control) of CSOs are being put in place<sup>16</sup>.

On the part of government, it was initially felt that most NGOs may not have the technical capacity to undertake policy analysis. In this regard, international organizations such as UNESCO and the UNDP are currently working with some NGOs in building capacity towards poverty assessments and poverty profiling in the rural areas.<sup>17</sup>

Efforts continue with the involvement of the poor in the collection and analysis of data. One example of such intervention is the participatory poverty assessment programme involving UNESCO and NARA in Ohangwena region. The emphasis here is to get the rural people to do their own poverty profiling with minimal guidance by UNESCO. Experience has shown that what the community regards as a core poverty problem can sometimes differ from that of government and since they (the communities) know the solutions to their problems, effective interventions could result from such a bottom-up approach.

Currently, the PRS process still suffers some delay in reaching the grassroots through effective communication. Due to the multi-ethnic nature of society, there is recognition of the fact that the information apparatus may be too 'top heavy'. Rural dwellers may not be benefiting fully from the process because of language barriers. There may be a need to develop clear, unified and inclusive message for this group of participants at the community level. CSOs could work with the NPC and the UN system to develop messages and to take them to the rural people in their local languages. This will deepen ownership.

#### **4. Public Finance Aspects of the PRSP**

The issue of consistency between PRS policies and macroeconomic framework and its financing

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NRDP works currently in the communal areas of Omaheke and Otjozondjupa regions. It chose those areas, although the average income figures for the regions are quite high, due the relative high incomes of commercial farmers that obscure the large number of households living in poverty in the communal areas.

15 The Women's Action for Development is an authoritative advocate for women's rights in Namibia. It is currently involved in rural development programs in at least six regions of the country in such areas as training, advocacy, rural finance etc.

16 UNDP recently hosted such an Initiative (see Appendix.) Among others the forum consisting of CSOs, The National Planning Commission, and South African Poverty networks representatives deliberated on how to marry the PRS with the Millennium Development Goals (MDG).

17 UNESCO is currently working with NARA in the Ohangwena region with poverty assessment projects. The UNDP is also involved in the Ohangwena Poverty Pilot Reduction Program. The central government and the Ohangwena regional council are taking part in this project

plan can be viewed from two perspectives. The first pertains to the consistency of the policies and strategies contained in the draft PRS with the overall macroeconomic framework of the economy. Since economic growth has a strong underpinning for poverty reduction and macroeconomic stability is important for economic growth, an appropriate mix of monetary, fiscal and exchange rate policies that guarantee economic growth will impact positively on poverty reduction (Ames et al 2001).

In the case of Namibia, monetary and exchange rate policies are ruled out as policy instruments by virtue of its membership of the Common Monetary Area leaving fiscal policy as the main instrument of policy. Since independence, Namibia's fiscal policy has been geared towards fiscal prudence and discipline with the objective of attaining overall macroeconomic stability and laying the foundation for sustainable economic growth. Towards this end efforts have been made over the years to ensure that the level of government fiscal deficits is kept relatively low while at the same time ensuring that growth is sufficiently stimulated through well-targeted government spending<sup>18</sup>.

The second aspect which policymakers must contend with when designing PRSP is an assessment of what constitutes the most appropriate combination of key macroeconomic targets that would preserve macroeconomic stability in a country's particular circumstance. Three key issues are outstanding here.

First, how to finance poverty reducing spending in a way that does not endanger macroeconomic stability. Second, what specific policies can be adopted to improve macroeconomic performance. Third, what policies to put in place to protect the poor from domestic and external shocks. The last two concerns are not discussed at all in the PRS. In particular, it needs be mentioned that given Namibia's vulnerability to external shocks, especially drought and its heavy reliance on external trade, and given the impact that these might have on the poor, we consider this a major omission in the PRS document.

At the heart of the financing issue is the need to design a comprehensive and fully costed PRS as a pre-condition for ascertaining that the strategy can be pursued and financed in a manner that will not jeopardise its macroeconomic stability and growth objectives. Thus it is necessary to answer the question whether a full costing of the PRS has been undertaken and what avenues were exploited for closing any identified financing gaps.

It is difficult to assess Namibia's PRS in this regard given that the costs incurred in the programmes administered by line ministries are the responsibility of the ministries. The MTEF process as outlined below serves as an indicative framework for budget formulation and poverty reduction given that it enables pro-poor projects and programmes to be linked to the financing framework.

The NPRAP provided a budget with regards to costs associated with the activities concerned with the implementation framework of the poverty reduction programme. This includes a five

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<sup>18</sup> This has been discussed in Section 2 where we highlighted the seeming contradiction between the demands of high government spending for the implementation of the PRS and the need for low Government deficits as a pre-requisite for macroeconomic stability.

year cost estimates on yearly programmes (mainly to cover the activities of the Poverty Reduction Programme Co-ordinating Committee) and the Annual Poverty Reduction Secretariat Costs. The yearly programme costs are fairly well articulated spanning a period of five years (2001-2005) and covering such items as capacity building programme, information programme, regional poverty initiatives, and national reporting and monitoring. The yearly programme costs range between N\$1.6 million and N\$2.3 million while the secretarial cost is put at about N\$2.7million. However, the document did not discuss the approach that will be adopted to financing this expenditure.

#### **4.1 MTEF as an Institutionalised Vehicle for Medium Term Public Expenditure Planning**

The financing of the poverty reduction activities of the line ministries is best captured under the framework of the Medium Term Expenditure Framework. Namibia adopted the MTEF in 2001. The first three-year rolling budget (2001-2002-2003-2004) was prepared with the objective of strengthening fiscal policy management. One of the main objectives of the MTEF budgetary framework was to encourage comprehensive planning within sector ministries, and thus create a link between the activities funded in the budget and national priorities.

For this process to be effective, ministries were expected to formulate their strategic plans. This process involved reviewing the reason for their existence, their strategic priorities, the costing of these priorities, identification of activities that would contribute towards the realization of such priorities and submitting them for funding. The priorities identified by each ministry should be linked to the overall objective of the government as spelled out in the National Development Plan 2 and the Vision 2030.

The linkage of the PRS to the annual budget cycle under the MTEF provides one practical example of the above process. The budget document prepared under MTEF is expected to estimate the costs of poverty reduction programs, outline how these programs are to be financed, and indicate the country's capacity to absorb foreign assistance. In the same vein, aggregate and sectoral spending decisions should adequately reflect the specific choices of the poverty reduction strategy as well as medium term fiscal constraints (ECA, 2003).

For all intents and purposes, one can conclude that the MTEF has served as an institutionalised vehicle for medium term public expenditure planning in Namibia since its inception three years ago. But there have been a few problems. Most line ministries have continued to prepare their budgets on an incremental basis. Budgets are not based on the submission of comprehensive information on strategic plans as enshrined in the National Development Plans. Hence, the expenditure estimates do not reflect the planned policies as outlined in the Development Plan. The introduction of the Performance and Effectiveness Management Program (PEMP) was supposed to improve the linkage of the budget to NDP 2. A second problem with the MTEF is the duplication of activities between ministries in the same sectors. Finally, a successful implementation of the MTEF requires proper training of all stakeholders in the budget formulation process. Capacity has been a hindrance to the implementation of the MTEF (Bank of Namibia, 2002).

## 4.2 MTEF and Poverty Reduction

The NPRAP emphasizes the need to develop measurable performance indicators and link these indicators to budgeting by requiring Directorates<sup>19</sup> to present targets for key performance indicators for their budgets and medium term expenditure proposals. Towards this end, a Performance and Efficiency Management Program (PEMP) was initiated in 1999 based in the Efficiency and Charter Unit (ECU) in the Prime Minister's Office. The PEMP focuses on strategic decision making in the four main development areas of government i.e. reviewing and sustaining economic growth, creating employment, reducing income inequalities, and reducing poverty.

The ECU has the mandate to develop a system of efficiency targets and an associated data base for the government as a whole and its associated offices, ministries and agencies. These targets and their associated performance data are to be used to provide management with comparative information to enable them to evaluate their performance.

The PEMP relates to the PRS in a number of ways. First, it facilitated the establishment of primary benchmarks for the known major outcomes desired by the PRS. For instance, a major strategic priority in education is to undertake regional profiles of causal factors for low school attainment. A primary benchmark for the desired outcome is reduction of drop-outs in identified urban and remote rural areas and with identified groups. The targets for this priority include the identification and assistance of marginalized communities. In the process, access, availability, and quality of resources is improved for the identified groups of beneficiaries.

The agencies tasked with this duty are the Ministry of Basic Education, Sports and Culture, regional councils and regional education fora. Second, outcome requirements are made very simple and easy to comprehend by all stakeholders e.g. improved health of the people. Third, output definition and measurement relates fundamentally to service functions. They are measurable and are linked to some accountable individuals. Fourth, they make possible the development of annual reviews of output-based performance data and benchmark comparisons. Due to this close link between PEMP and poverty reduction, all ministries will be able to focus output based performance data on poverty reduction or indicate where expected poverty reduction is most prevalent in line with NPRAP.

The integration of PEMP into MTEF has impacted significantly on the nature of debate within the budget hearings, enabling the Ministry of Finance to challenge more effectively the reasons for expenditure proposals. Towards this end, MTEF has contributed to the proper costing and improved realization of the targets of the strategies outlined in the PRS. First, expenditure proposals are consistent with strategic priorities as outlined in the PRS. Second, increment in spending has been accompanied by improvement in the efficiency and targeting of resources.

At this stage, tracing the links between poverty reduction and growth objectives in the NPRAP

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<sup>19</sup> Directorates are functional departments in the Ministries. A Director who reports to the Undersecretary who in turn reports to the Permanent Secretary heads each Directorate.

and the expenditure outlays in the strategies is still very complex. This is to be understood from the perspective of the fact that there are methodological problems with isolating the impact of particular programmes. Moreover, there are significant lags between spending and impact on poverty outcomes. It is also very difficult to determine the poverty reduction components of specific spending.

For instance, outlays on education and health are likely to reduce poverty but not all expenses in these areas are devoted exclusively to reducing poverty. This is complicated by poor budget classifications systems which make it difficult if not impossible to match poverty reduction spending with budgeted expenditure allocations. In the given situation, an assessment of whether the public financial management system tracks expenditures that are poverty reducing must be limited to whether such expenditures are broadly consistent with the strategic priorities in the NPRAP.

### **4.3 Decentralization and Poverty Reduction**

The government of Namibia launched the decentralization programme in 1998 leading to the promulgation of a decentralization enabling Act in 2000, providing for and regulating the decentralisation to Regional Councils and local authority council's functions vested in line Ministries. The decentralisation policy recommends the following functions to be decentralised to regional councils in the immediate term: Community development, Rural Water development and management, Primary health care, Primary and Secondary education, Conservation, Forest development and management, Physical and economic planning and resettlement, Rehabilitation and housing. There are 13 regions in Namibia whose affairs are governed by the Regional Councils whose members are elected on constituency basis. The Council elects the Governor and Management Committee from among its members. Regional councils elect two of their members to serve in the National Council.

The 1998 Human Development Report demonstrates the inequality of public spending among Regional Councils. The relatively wealthy Khomas Region received almost N\$200 per resident between 1993 and 1995, compared to N\$22 allocated to the Hardap Region per resident and only N\$8 to the Okavango Region (UNDP, 1999). In Namibia, the spatial distribution of urban centres is skewed. Most of the urban centres are located in the central and southern parts of the country. The northern regions are highly populated and are composed mostly of poorer rural areas. Few rural residents have valid land titles, hence, they pay little land service taxes, thereby providing little financial tax base for regional development.

Table 4.1 shows that while attempts are being made to progressively shift public development expenditures away from the richest three regions, it is only the middle human development index regions that are benefiting from the process. The share of public development expenditure targeted at the poorest three regions remains low. It will therefore be difficult to reduce regional inequality, as planned by the government, for the benefit of the poorer regions.

**Table 4.1: Regional Share in Budgetary Allocation for Regional Development: Namibia, 2001-2005**

| Region             | 2001  | 2002  | 2003  | 2004  | 2005  | Total NDP2 |
|--------------------|-------|-------|-------|-------|-------|------------|
| Khomas             | 23.06 | 17.16 | 14.02 | 14.83 | 17.18 | 17.07      |
| Erongo             | 10.55 | 11.00 | 8.75  | 9.00  | 12.48 | 10.60      |
| Karas              | 7.0   | 6.72  | 9.62  | 9.98  | 9.23  | 8.63       |
| Top 3 Regions      | 40.61 | 34.88 | 32.39 | 33.81 | 38.89 | 36.3       |
| Hardap             | 3.64  | 3.27  | 4.57  | 4.89  | 5.92  | 4.65       |
| Oshana             | 8.36  | 6.73  | 7.95  | 6.99  | 7.55  | 7.50       |
| Otjozondjupa       | 4.63  | 6.81  | 6.23  | 5.22  | 5.46  | 5.68       |
| Omaheke            | 4.77  | 4.46  | 6.01  | 7.38  | 5.81  | 5.71       |
| Omusati            | 5.83  | 6.34  | 7.17  | 6.71  | 6.06  | 6.40       |
| Kunene             | 3.96  | 3.09  | 4.44  | 4.21  | 4.55  | 4.11       |
| Oshitoko           | 8.12  | 17.88 | 10.49 | 8.56  | 5.29  | 9.58       |
| Middle HDI Regions | 39.31 | 48.57 | 46.87 | 45.75 | 40.67 | 43.65      |
| Kavango            | 6.40  | 7.35  | 9.47  | 8.18  | 6.76  | 7.57       |
| Ohangwena          | 7.22  | 3.17  | 4.94  | 9.04  | 8.34  | 6.70       |
| Caprivi            | 6.46  | 6.03  | 6.34  | 5.01  | 5.34  | 5.78       |
| Bottom 3 Regions   | 20.08 | 16.55 | 20.74 | 22.23 | 20.44 | 20.05      |
| Namibia            | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0      |

Source: GON, 2001

Advocates argue that if the control of funds is closer to the end users, it is more likely that they will be used to provide quality services because it is easier to hold local officials accountable (Fuller and Rivarola, 1999). As at 2003, taxing authority in Namibia is still centralized and as such revenue mobilization is concentrated at the central government. Under the current system of governance, only municipalities have separate taxing authority. Their main source of tax revenue is from the taxation of properties (in major cities) and from various user charges. Fiscal decentralization to local authorities has been on the cards since the early 1990s but has not been implemented (Rakner, 2002). The PRS document highlights the importance of decentralisation for poverty reduction and relies significantly on the organs and institutions created by the decentralisation programme for the implementation of the country's poverty reduction strategy.

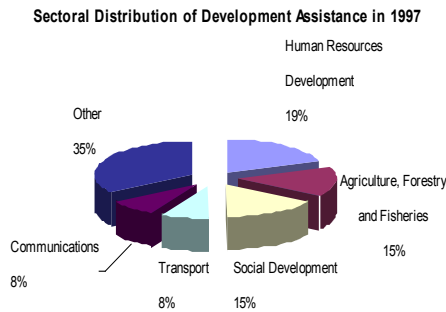
## 5. Realigning Donor Policies and Resources

### 5.1 Alignment of Donors to the PRS

Over the years, and with the shift of development objective mainly to poverty reduction, a survey of donors in Namibia suggests that development agencies are more often seeking to involve partner governments and the poor themselves in translating poverty reduction aims into real benefits. A range of dimensions of poverty is being tackled by means of support for basic services, pro-poor credit schemes, agricultural extension services and the empowerment of local communities.

Donors have been very supportive both in the formulation and implementation of the poverty reduction strategy in Namibia and most of them now have formal policy guidance relating to the PRS. The World Bank and the UNDP working with local experts conducted assessments nationwide towards the formulation of the strategies that are enshrined in the PRS. The NPRAP document was printed from generous financial assistance from the UNDP and the Swedish government. The participatory poverty assessment program, which is the

backbone for the implementation of the PRS has benefited immensely from the UNDP which is also providing long-term Technical Assistance to help with the implementation of the programme. The recently formed broad-based UN theme group (consisting of the Permanent Secretary, National Planning Commission and other UN agencies, diplomatic missions etc) on poverty reduction meets regularly with embassies and other relevant institutions to chart a course on the implementation of the strategies in the PRS. Most UN agencies working through the United Nations Development Assistance Frameworks (UNDAFs) have also continued to provide support for the PRS<sup>20</sup>. In addition, the UNDP has been involved in co-funding some particular elements in the NPRAP.



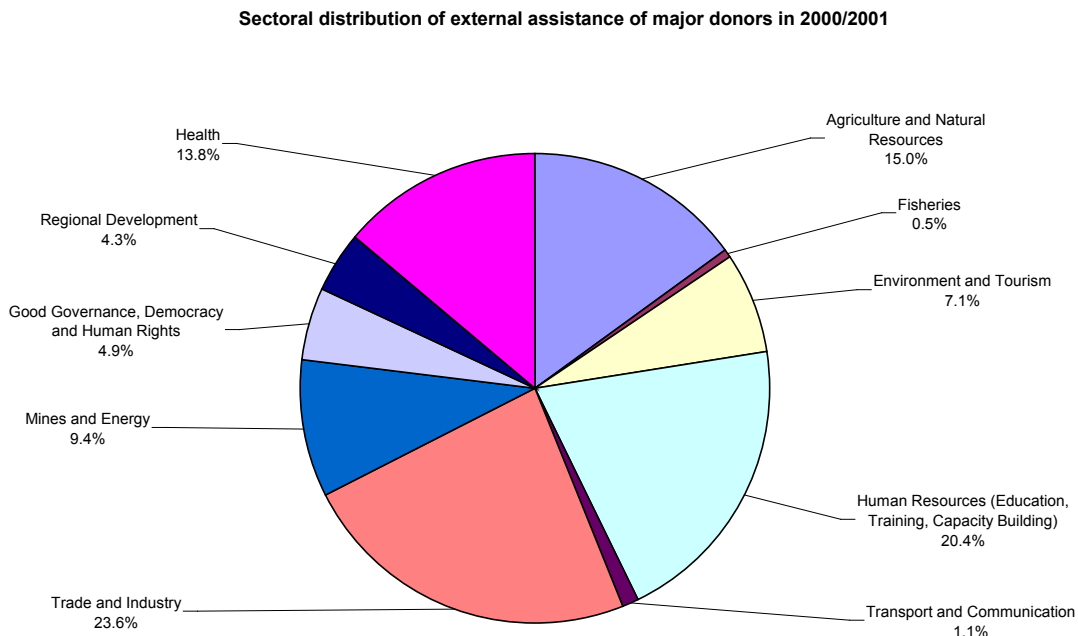
## 5.2 Donors' Participation in Sector Working Groups

Focused sector-wide approach to development assistance has only recently taken off as a development policy framework in Namibia. The sector program support concept aims at providing a longer term framework for donor assistance to national sector-based policies and programmes. This new approach embodies a much stronger emphasis on integrating concerns for poverty reduction.

Generally, in recent times, the sectoral distribution of aid by most donors in Namibia has seen a decline in aid to 'productive sectors' and 'economic infrastructure' while 'social infrastructure' has increased its high share of total bilateral aid. Health, water supply and sanitation, agriculture, transport, and education stand out as major sectors in the 1990s.

20 Most donors prefer government led process as against the leadership of UN agencies.

Fig. 5.1: Sectoral Allocation of Development Assistance (1996/97)



### 5.3 Donors and Budget Support

One other dimension of alignment is in the provision of significant financial support and technical assistance for the areas to which the PRS has assigned priorities where such priorities are directed toward goals that are broadly within the mandate of donors. In the past, it was believed that too much development assistance was used to fund isolated, donor-led projects, rather than helping government to implement long-term programs of poverty reduction. It is against this background that the Ministry of Finance is currently making efforts to bring all development assistance within the ambit of the State Revenue Fund.

The process of enlisting the co-operation of development partners in this regard is slow. Government has made progress in this regard in connection with the Education sector. It is hoped that this will be extended to other sectors in the future.

For the time being, the mobilization, co-ordination and monitoring of the utilisation of international resources is undertaken in Namibia through conducting high-level consultations and negotiations with bilateral and multilateral development partners and line ministries to obtain resources to meet the funding gaps of priority projects and programmes. Once such resources are secured, the Directorate of Development Co-operation (DDC) undertakes to coordinate and direct the allocation of such resources in line with the national development objectives and priorities. Utilisation of outside resources is monitored through the

recording and management of the data on aid flow and conducting of continuous, annual, mid-term and terminal reviews, joint commissions and consultations. Through this process, DDC obtains information on all projects and programmes funded by development partners, and accounts for progress made and failures encountered.

## **6. Capacity Building**

The availability of skilled human resources in all sectors of the Namibian economy is a prerequisite for social and economic development. The mid-term review of the First National Development Plan (NDP-1: 1995 - 2000) has pointed out that one of the fundamental factors that constrained the effective implementation of NDP1 was the shortage of skills in some critical areas of planning and project execution. (NPC: 1998). As a result there was a direct correlation between the low delivery of development programmes implemented under the plan and weak human resource capacities.

The recent Capacity Building Assessment (Namibia National Capacity Building Assessment Final Report: February 2000) was carried out to assess the national capacity building needs in the areas of; enabling environment, public sector, private sector, civil society, education, training and learning. The capacity assessment concluded that Namibia is yet to achieve the objective of equipping and empowering all its citizens to play their role in the modern economic sector, and that a major human resource building exercise was required.

### **6.1 Specific Areas of Capacity Needs**

A participatory assessment and planning exercise for human resources (Afore end of Mission Report: Sept 1999) was carried out by NPC and UNDP in September 1999 with the active participation of all stakeholders including government, the donor community, and regional and local institutions. Four thematic areas where capacity was considered critical were identified. Incidentally, the areas identified coincide with core elements identified for the successful implementation of the PRS.

#### **Decentralisation and Regional Planning**

Although the government has created the enabling policy environment by enacting the relevant legislation, there is still a shortage of key personnel at the Ministry of Regional and Local Government and Housing, as well as at other line Ministries and Regional Authorities for facilitating the implementation of decentralisation and regional planning. The lack of human resources capacities has been experienced at all implementation levels and, in particular; in planning in the regional offices.

#### **Education and Training**

Since independence in 1990, the government of Namibia has been allocating over 20% of the budget to the sector. However, the efficiency and relevance of the education system have been constrained partly by shortage of science and Mathematics, physical sciences and English language teachers. There are also inadequate vocational training instructors. Any well-focused capacity

building initiative in these areas will in the long run generate the necessary supply of science-based professions required by the labor market.

Regional disparities also exist in the distribution of teachers. Although close to 80% of pupils are found in the disadvantaged regions, the share of teachers of these regions is far below the national average (Godana and Ogawa, 2003). This unfortunately is translated into the allocation of financial resources. This stresses the importance and urgency of addressing the imbalance in resource allocation more resolutely using appropriate policy instruments.

### Health sector

The shortage of personnel has been felt in a number of critical areas, which include medical doctors, dentists, laboratory technicians, radiographers, technicians, pharmacists, and clinical engineers. Disparities also occur in access to facilities and staff. Khomas and Oshana with very large referral hospitals are most endowed with doctors and nurses. The number of people per doctor and nurses in these regions is at least four times more than in regions like Omaheke and Ohangwena. (See Table 6.1).

**Table 6.1: Distribution of Doctors, Nurses and Beds**

| Region       | No. of people Per Doctor | No. of people per registered nurse | No of people per bed |
|--------------|--------------------------|------------------------------------|----------------------|
| Khomas       | 3129                     | 321                                | 157                  |
| Oshana       | 3529                     | 550                                | 180                  |
| Oshikoto     | 6704                     | 1192                               | 270                  |
| Karas        | 8573                     | 1456                               | 181                  |
| Kavango      | 8588                     | 1491                               | 204                  |
| Kunene       | 11813                    | 1576                               | 257                  |
| Erongo       | 12170                    | 1503                               | 236                  |
| Otjozondjupa | 12413                    | 2069                               | 312                  |
| Caprivi      | 12454                    | 1437                               | 368                  |
| Omusati      | 15983                    | 1598                               | 425                  |
| Hardap       | 16624                    | 1814                               | 285                  |
| Omaheke      | 19713                    | 2469                               | 352                  |
| Ohangwena    | 22144                    | 2388                               | 514                  |
| Overall      | 7545                     | 947                                | 253                  |

Source: Ministry of Health and Social Services

### Agriculture

Human resources in the agricultural sector and sub-sectors are inadequate and ill-trained to implement the government objectives of increasing food production and productivity. Capacity building and short-term gap filling is therefore needed in areas of participatory extension methods, plant protection, small-scale irrigation, animal health, and agricultural research and project management.

Small and Medium Enterprises (SMEs)

The small business sector is considered suitable to offer employment or self-employment opportunities and to improve the living standards of the most disadvantaged section of the population. Therefore, the SME sector is one of the key strategies for poverty reduction. However, the SME sector, especially at the micro-level, suffers certain capacity building constraints and bottlenecks. At the beneficiary level, capacity is required in developing and strengthening business management skills, vocational skills, access to credit and appropriate technology.

**Table 6.1: Distribution of Doctors, Nurses and Beds**

| Region       | No. of people Per Doctor | No. of people per registered nurse | No of people per bed |
|--------------|--------------------------|------------------------------------|----------------------|
| Khomas       | 3129                     | 321                                | 157                  |
| Oshana       | 3529                     | 550                                | 180                  |
| Oshikoto     | 6704                     | 1192                               | 270                  |
| Karas        | 8573                     | 1456                               | 181                  |
| Kavango      | 8588                     | 1491                               | 204                  |
| Kunene       | 11813                    | 1576                               | 257                  |
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| Caprivi      | 12454                    | 1437                               | 368                  |
| Omusati      | 15983                    | 1598                               | 425                  |
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| Ohangwena    | 22144                    | 2388                               | 514                  |
| Overall      | 7545                     | 947                                | 253                  |

Source: Adapted from The Draft National Human Resource Plan.

Note: \*Estimates are based on 1995 figures and do not include the impact of HIV/ AIDS on Human Resource Development

## 6.2 Capacity Building Prospects for PRS

There is no doubt that capacity building is one of the most serious problems facing the PRS programme in Namibia<sup>21</sup>. The NPRAP clearly identifies the lack of capacity in poverty analysis, poverty monitoring, and financial management as possible hindrances to the implementation of an otherwise well formulated poverty reduction strategy. Therefore, capacity building in the NPRAP concentrates on the organisation, and technical requirement for designing, implementing and monitoring policies, programmes and services.

Two areas of capacity building are broadly addressed in the PRS programme. First, to strengthen the organisation of the poor to enable them to work the political agenda towards poverty eradication, two distinct sets of policy actions are in order. These include an information programme to increase the general awareness of poverty in Namibia, and civil society poverty initiatives. The latter includes a mechanism for interaction and co-operation with NGOs aimed at maximising the outreach and outcomes of the PRS.

21 The projected the surplus and deficit in the human resources needed in the process of socio-economic development is as shown in Table 6.2.

The second area which the PRS addressed is the set of policies aimed at strengthening organisations explicitly engaged in anti-poverty work. Capacity building in this area falls into two categories: need for standardized skills training and capacity building support tailored to improve capacity for strategies related to specific campaigns. In this regard a National Capacity Building Programme has been initiated to respond to identified gaps in the skills and capacities of policy makers and practitioners who are engaged in activities related to poverty reduction.

Training programmes have been organised for regional and local organisations, central government ministries, NGOs and other stakeholders. One area where the PRS has not established little success is in building capacities for a reporting and monitoring programme. Although the NPRAP document promised to publish a National Poverty Report every second year, success in this area has been minimal. It is hoped that a National poverty Conference will be held as required by the NPRAP.

In addition, support to institutionalise the participatory process, attendance at regional, national, and international fora where diverse training programmes are provided and financial assistance by multilateral institutions such as the UN and the EC have proven to be quite effective at ameliorating the worst effects of the capacity crisis. One such current effort is the UNDP US\$ 400,000 poverty reduction support programme for the year 2002-2003. The programme is aimed at improving government capacity to achieve poverty reduction by developing human resources.

The emphasis is on the use of existing national capacity as that very capacity is built over time. Revisiting the participation of Namibians in meetings and training programmes outside their country, international organisations should become more proactive in the selection of participants at training sessions. Meetings with desk officers in various ministries revealed that more often than not national desk officers in relevant ministries are seldom invited to these training opportunities. Those who benefit are highly placed officials who have little to do with poverty reduction.

## **7. Conclusion**

The experience of Namibia with the implementation of its poverty reduction programme is instructive in many respects. The country is unique in the sense that it does not have a PRSP since it is not bound by the requirements of the Bretton Woods Institutions. However, given the primacy of the requirement to reduce poverty and inequality, two major priorities in the National development Plans, Namibia has put in place a poverty reduction programme which is carefully articulated in the NPRAP.

The country offers a unique example of planning at work in the absence of the dictates of the IMF or World Bank imposed conditionalities. To a large extent, Namibia's NPRAP is detailed and well articulated. As indicated in this review objectives are clearly articulated and macroeconomic goals put in place with an emphasis on reducing budget deficits and ensuring stable prices which

will help in the long-run to achieve growth and hence reduce poverty. Efforts are under way to broaden participation in the process through the involvement of rural communities, international organisations, CBOs and NGOs. Increased pro-poor expenditure in health, education, agriculture and expansion of safety nets to cater for the poor are policies which, if implemented properly, could help to reduce poverty in the long run.

However, there are major constraints that need re-visiting if maximum benefits are to be derived from the programme. One is the lack of adequate capacity for the implementation of the programme. Building capacity takes time. Namibia could perhaps tap resources outside its borders in cooperation with international organisations. The recent partnership between the government and the UNV for capacity building is highly commended.

Another is funding. Namibia depends heavily on external sources. Decline in export proceeds as a result of an appreciating currency, fluctuations in international prices of commodities and frequent droughts could put a damper on the implementation of the programme. In view of this, the role of external development assistance cannot be overemphasised. This puts some pressure on government to pursue acceptable governance standards so as to attract donors. The recent decline in development aid to Namibia is discouraging and appropriate policy measures should be put in place to reverse the trend. This further underlines the need to marry the macroeconomic framework with the PRS.

The need to mainstream major aspects of the poverty reduction strategies into the NPRAP document cannot be overemphasised. HIV/AIDS is a major concern in Namibia as it has implications for almost every aspect of the poverty reduction programme. The land issue is crucial for agricultural development, especially for subsistence agriculture which employs a substantial proportion of the population. Much has been said about gender issues in national discourse but no explicit measures have been put in place to address this issue in the poverty reduction programme.

As the PRS document comes up for review soon some of these issues and others peripherally touched upon here will receive the attention of policy makers. No doubt as it gains experience in national economic management, Namibia's implementation of her PRS programme will yield the desired results. A cautionary note, however: it is urgent to narrow the income inequality that is prevalent in the economy, and the poverty reduction programme is a powerful tool towards that end.

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## ANNEX 1

Table 1: Human Poverty Index (HPI) for Namibia by Region

| Region    | Non-survival up to 40 | Illiteracy | Underweight | Population without access to water | No health facilities | Nutrition, water and health | Over 80% income on Food (Extremely Poor) | HPI-G |
|-----------|-----------------------|------------|-------------|------------------------------------|----------------------|-----------------------------|--|-------|
| Caprivi   | 53.7                  | 24.6       | 8.4         | 25.2                               | 42.0                 | 25.2                        | 7.0                                      | 39.6  |
| Erongo    | 25.7                  | 11.5       | 4.6         | 0.3                                | 27.0                 | 10.6                        | 7.1                                      | 18.7  |
| Hardap    | 36.2                  | 19.3       | 13.9        | 3.3                                | 43.0                 | 20.1                        | 4.7                                      | 27.5  |
| Karas     | 35.5                  | 11.4       | 16.7        | 0.2                                | 43.0                 | 20.0                        | 4.1                                      | 26.2  |
| Kavango   | 38.5                  | 26.9       | 17.8        | 34.6                               | 38.0                 | 30.1                        | 19.6                                     | 32.6  |
| Khomas    | 27.6                  | 6.0        | 18.5        | 0.2                                | 17.0                 | 11.9                        | 1.1                                      | 19.7  |
| Kunene    | 28.7                  | 35.7       | 4.2         | 10.2                               | 47.0                 | 20.5                        | 11.3                                     | 29.6  |
| Ohangwena | 33.5                  | 24.0       | 13.8        | 45.1                               | 64.0                 | 41.0                        | 9.9                                      | 34.2  |
| Omaheke   | 31.2                  | 36.0       | 4.9         | 4.2                                | 89.0                 | 32.7                        | 25.1                                     | 33.4  |
| Omusati   | 34.0                  | 17.5       | 9.0         | 50.5                               | 38.0                 | 32.5                        | 9.0                                      | 29.7  |
| Oshana    | 32.4                  | 14.6       | 15.5        | 18.5                               | 54.0                 | 29.3                        | 5.5                                      | 27.5  |
| Oshikoto  | 38.6                  | 18.1       | 16.2        | 21.0                               | 68.0                 | 35.1                        | 9.0                                      | 32.9  |
| Namibia   | 33.5                  | 19.0       | 12.0        | 17.1                               | 45.0                 | 24.7                        | 8.7                                      | 27.1  |

Source: UNDP (2000), page 155

Table 2: Share of Education and Health in Total Expenditure

|                                    | 1997/98<br>(actual) | 1998/99<br>(actual) | 1999/00<br>(actual) | 2000/1<br>(actual) | 2001/02<br>(actual) | 2002/03<br>(actual) |
|------------------------------------|---------------------|---------------------|---------------------|--------------------|---------------------|---------------------|
| GDP (Market Prices)                | 17,261              | 19,265              | 21,467              | 24,512             | 27,377              | 30,259              |
| Total Government Expenditure (TGE) | 5,433               | 6,274               | 7,147               | 7,759              | 9,339               | 9,492               |
| Recurrent                          | 4,546               | 5,460               | 6,178               | 6,653              | 8,027               | 8,182               |
| Salaries & Wages                   | 2,634               | 3,110               | 3,611               | 3,719              | 4,535               | 4,717               |
| Goods & Services                   | 1,186               | 1,329               | 1,390               | 1,539              | 1,825               | 1,753               |
| Subsidies & Other                  |                     |                     |                     |                    |                     |                     |
| Current Transfer                   | 726                 | 1,021               | 1,177               | 1,395              | 1,667               | 1,712               |
| Capital                            | 887                 | 814                 | 969                 | 1,106              | 1,312               | 1,310               |
| TOTAL-Education                    | 1,552               | 1,730               | 1,930               | 2,055              | 2,659               | 2,595               |
| Recurrent                          | 1,429               | 1,605               | 1,788               | 1,907              | 2,457               | 2,443               |
| Salaries & Wages                   | 1,097               | 1,195               | 1,330               | 1,372              | 1,770               | 1,774               |
| Goods & Services                   | 171                 | 195                 | 212                 | 264                | 358                 | 324                 |
| Subsidies & Other                  |                     |                     |                     |                    |                     |                     |
| Current Transfer                   | 161                 | 215                 | 246                 | 271                | 329                 | 345                 |
| Capital                            | 123                 | 125                 | 142                 | 148                | 202                 | 152                 |
| Educ. spending as % of GDP         | 9.0                 | 9.0                 | 9.0                 | 8.4                | 9.7                 | 8.6                 |
| Educ. Spending as % of TGE         | 28.6                | 27.6                | 27.0                | 26.5               | 28.5                | 27.3                |
| TOTAL- Health                      | 833                 | 915                 | 1,097               | 1,279              | 1,395               | 1,482               |
| Recurrent                          | 757                 | 833                 | 1,012               | 1,178              | 1,278               | 1,285               |
| Salaries & Wages                   | 367                 | 420                 | 587                 | 578                | 582                 | 623                 |
| Goods & Services                   | 159                 | 185                 | 130                 | 216                | 278                 | 315                 |
| Subsidies and Other                |                     |                     |                     |                    |                     |                     |
| Current Transfer                   | 231                 | 228                 | 295                 | 384                | 418                 | 447                 |
| Capital Expenditure                | 76                  | 82                  | 85                  | 101                | 117                 | 97                  |
| Health Expenditure as % of GDP     | 4.8                 | 4.7                 | 5.1                 | 5.2                | 5.1                 | 4.9                 |
| Health Expenditure as % of TGE     | 15.3                | 14.6                | 15.3                | 16.5               | 14.9                | 15.6                |

## Annex 2

### List of Contacts/Interviewees

1. Mr. Vekondja Hugo Aupa Tjikuzu      Head of Population and Human Resources Planning, macro Economics and Sectoral Planning, (Desk Officer, Poverty Reduction Programme) NPC
2. Mr. Leonard Shipuata                      Chief Economist, Bilateral Programmes, Directorate of Development Co-operation, NPC
3. Mrs. C. Ndishishi                              Director, Economic Policy Analysis and Advisory Services, Ministry of Finance
4. Mrs. E. Shafunda                              Under secretary, State Accounts, Ministry of Finance
5. Mrs. Melinda Maasdorp                      National Programme Officer, Poverty Unit, UNDP
6. Mrs. Elke Zimprich                              UNESCO
7. Mr. G A Ipaye                                      UNV Programme Officer, UNDP
8. Mr. Ipumbu Shimi                              Chief Economist, Research Department, Bank of Namibia
9. Mrs. Veronica de Klerk                        Executive Director, Women's Action for Development
10. Mr. Rony Dempers                              Executive Director, Namibia Development Trust, Windhoek
11. Lucy Edwards-Jauch                              !NARA
12. Mr. Samora Ntemalo                              Agency for Rural development
13. Mr. Gurvy Kavel                                Namibia Rural development Project
14. Ms Wendy Viall                                Nyae-Nyae Development Foundation
15. Mrs. Gisela !Haoses                              Women's Solidarity
16.    The Namibia Chamber of Commerce and Industry
17. Mr. Apere David                                Aids Care Trust of Namibia

