35. Country profile: Namibia

1. Development profile

While Namibia achieved independence from Germany after World War II, the country did not gain complete independence from South Africa, which considered it a "sixth province," until 1990. The South-West Africa People's Organisation (SWAPO) has governed Namibia since independence, winning each of the democratic, multiparty elections that have been held every 5 years since 1990.[1] Namibia has a relatively well functioning infrastructure, is rich in mineral resources and has a strong public administration. However, the apartheid system left its mark by creating a dualistic society characterized by economic and social imbalances.[2]

Namibia has taken great strides in dealing with fundamental issues: it "is among the top 10 countries worldwide in terms of share of gross domestic product (GDP) spent on education, and second to South Africa on the African continent in per capita expenditures on health".[3] The government has also improved access to water and sanitation, encouraged gender parity (27 percent of parliamentarians are women, and organizations are pushing for 50 percent representation in Government in the near future) and made efforts to protect the environment.

Namibia has one of the most extensive social protection frameworks in sub-Saharan Africa, including safety nets for the elderly, disabled, orphans, vulnerable children and war veterans, and social security for maternity leave, sick leave and medical benefits. A national land reform policy has aimed to redistribute land controlled by 3,500 colonial whites to over 1 million marginalized black farmers.[4] The government's Green Scheme Policy aims to develop irrigation infrastructure throughout the country.

While Namibia is on track to meet some of its Millennium Development Goals, it ranks low on the Human Development Index, at 128th. Namibia is plagued by one of the highest tuberculosis prevalence rates in the world (765 per 100,000 in 2006).[5] HIV/AIDS is the most significant barrier to

[1] *Namibia Guide*. (2008, April). Retrieved from OneWorld: http://uk.oneworld.net/guides/namibia/development

[2] *Namibia: Country Brief.* (2009, September). Retrieved from World Bank: http://web.worldbank.org/WBSITE/EXTERNAL/COUNTRIES/AFRICAEXT/NAMIBIAEXTN/0,,menuPK:382303~pagePK:141132~piPK:141107~theSitePK:382293,00.html

[3] Ibid.

[4] *Namibia Guide* (2008). OneWorld.

[5] *Namibia: Country Brief.* (2009). World Bank.

poverty reduction. Prevalence rates have been estimated as high as 20 percent and UNICEF has predicted that by 2021, "over 10 percent of the population will be orphans or vulnerable children".[6]

Namibia is a large and sparsely populated country, and medical services are inaccessible to much of the rural population. A high per capita GDP masks vast income inequality: "over one third of Namibians survive on less than US$1 per day, whilst the urban middle classes and landowning farmers enjoy lifestyles as comfortable as anywhere in the developed world".[7] Its Gini coefficient of 0.6 ranks it as one of the most unequal societies in the world, with 5 percent of the population controlling 70 percent of GDP.[8] Incomes in urban areas are three times higher than in rural areas. Unemployment has reached as high as 35 percent in recent years. Food security has become an issue as Namibia is not self-sufficient in essential cereals and harvest yields have been declining in recent years. It is estimated that 24 percent of children under the age of 5 are chronically malnourished.[9]

The small economy is closely linked to South Africa: the Namibian Dollar is pegged one to one to the South African Rand, and 40 percent of budget revenues are from the Southern African Customs Union (SACU).[10] The relatively stable political environment, prudent policies, developed infrastructure and a strong regulatory environment have led to steady growth, moderate inflation, external surpluses and low indebtedness. Rich alluvial diamond deposits have made Namibia a leading source of the gems. Mining accounts for 8 percent of GDP and 50 percent of foreign exchange earnings. Namibia has become the "the fourth-largest exporter of nonfuel minerals in Africa, the world's fifth-largest producer of uranium, and the producer of large quantities of lead, zinc, tin, silver, and tungsten."[11] However, the mining sector only employs 3 percent of the population, and half of the population is forced to rely on subsistence agriculture for its livelihood. The tourism industry has grown every year, supplies 78,000 jobs and is the third largest sector for foreign exchange earnings.[12]

Socioeconomic indicators[13]	
Population (millions)	2.11
GNI per capita, PPP (current USD)	6,270
GDP (current USD) (billions)	8.56
GDP composition by sector (%)	Agriculture – 8 Industry – 22 Services – 70
GDP growth rate (%)	2.7
% below poverty line (%)	49.1

[6] *Namibia Guide* (2008). OneWorld.

[7] Ibid.

[8] Ibid.

[9] Ibid.

[10] Ibid.

[11] *Namibia.* (2010, March 4). Retrieved from United States Government, Central Intelligence Agency: https://www.cia.gov/library/publications/the-world-factbook/geos/wa.html

[12] *Namibia: Overview.* (2010). Retrieved from African Economic Outlook: http://www.africaneconomicoutlook.org/en/countries/southern-africa/namibia/#/recent_economic_developments

[13] Data drawn from: *World Development Indicators* (2009). Retrieved from World Bank: http://data.worldbank.org/data-catalog/world-development-indicators.

Inflation (%)	12.0
GINI index	74.3
Adult literacy rate (%)	88.0
Life expectancy (years)	53
Child dependency ratio	60.7
Elderly dependency ratio	6.1
HIV prevalence (%)	15.3
Overseas development aid per capita (current USD)	99
Net official development assistance 2005 (USD Millions)	205
Remittances as % of GDP	0.2
2009 Human Development Index (HDI) ranking	128

2. Vulnerability analysis

2.1 External shocks

The global food and financial crises had negative repercussions for Namibia. The financial crisis decreased the global demand for diamonds, which has hurt Namibia's export revenues, and all copper mines were shut down in 2008 because international copper prices dropped below production costs.[14] Namibia is not self sufficient in essential cereals and is thus vulnerable to rises in food import prices. In drought years, food shortages plague rural areas. The crisis has also significantly impacted the South African economy, which in turn hurts Namibia:[15] because Namibia draws 40 percent of its revenue from the SACU, when the organisation's receipts declined in 2009, Namibia was negatively affected.[16]

The International Institute for Environment and Development classified Namibia as highly vulnerable to climate change. Because it is sandwiched between two deserts, Namibia is subject to an increase in the frequency of droughts, which leads to desertification, water scarcity and, in some areas, extreme flooding. The report suggests that 30 percent of GDP is dependent on the natural environment, including tourism, and global warming could account for annual losses of 1 to 6 percent.[17]

Namibia has also suffered other recent shocks: in 2008, South Africa banned the importation of horticulture produce from Namibia, paralyzing an industry that had been growing,[18] and floods in early 2009 placed Namibia second on a list of countries most affected by natural disasters that year.[19]

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[14] *Namibia: Overview.* (2010). African Economic Outlook.

[15] *Namibia: Country Brief.* (2009). World Bank.

[16] *Namibia.* (2010). US Government, CIA.

[17] Reid, H., L. Sahlén, J. MacGregor and J. Stage. (2007, November). *The Economic Impact of Climate Change in Namibia: How Climate Change Will Affect the Contribution of Namibia's Natural Resources to Its Economy.* Retrieved from the Environmental Economics Programme, International Institute for Environment and Development (IIED): http://www.iied.org/pubs/pdfs/15509IIED.pdf

[18] *Namibia: Overview.* (2010). African Economic Outlook.

2.2 HIV/AIDS

Namibia has the sixth highest HIV/AIDS prevalence rate in the world. The national prevalence rate is about 19.7 percent, although in some regions it is higher, peaking in the Caprivi region at 40 percent.[20] In 2008-2009, it is estimated that approximately 174,000 people were living with HIV.[21] 60 percent of these are women. It is estimated that the epidemic has reduced life expectancy from 61 years in 1991 to less than 44 years in 2005.[22] The national budget finances treatment for 65,000 infected people. UNICEF has predicted that by 2021, "over 10 per cent of the population will be orphans or vulnerable children."[23]

2.3 Foreign aid and remittances

Due in no small part to Namibia's classification as a middle income country, per capita foreign aid has declined by 50 percent since the early 1990s.[24]

3. Monitoring and evaluation

The *Third National Development Plan* "focuses on systematic monitoring or performance at all levels on an integrated basis and incorporates programme implementation plans and results matrices for each programme, sub-sector goal and NDP3 goal to facilitate the monitoring progress on their implementation. It contains indicators, baselines and targets at the programme (programme output and outcome), sub-sector (sub-sector goal) and national (NDP3 goal) levels to evaluate the results and impacts."[25]

4. Social assistance programmes overview

*All currency conversions are based on 17th February 2010 rates:

- 1 NAD = 0.12421 USD
- 1 EUR = 1.369 USD
- 1 GBP = 1.57161 USD[26]
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[19] IRIN. (2010, February 1). *Namibia, Zambia on 2009 Natural Disaster Hit List*. Retrieved from IRIN News Service: http://www.irinnews.org/Report.aspx?ReportId=87950

[20] *Namibia.* (2010). Retrieved from World Food Programme: http://www.wfp.org/countries/namibia

[21] Republic of Namibia. (2010). *United Nations General Assembly Special Session (UNGASS) Country Report.* Ministry of Health and Social Services, Republic of Namibia. Retrieved from Joint United Nations Programme on HIV/AIDS: http://data.unaids.org/pub/Report/2010/namibia_2010_country_progress_report_en.pdf

[22] USAID. (2006, August 26). *Risk of HIV/AIDS Transmission.* Retrieved from United States Agency for International Development: http://www.usaid.gov/na/so4.htm

[23] *Namibia Guide* (2008). OneWorld.

[24] *Namibia: Country Brief.* (2009). World Bank.

[25] Republic of Namibia. (2007). *Third National Development Plan*. Retrieved from National Planning Commission, Government of Namibia: http://www.npc.gov.na/npc/ndp3info.html

[26] *Currency Converter*. (n.d.). Retrieved from OANDA: http://www.oanda.com/currency/converter/

Programme# 1: cash transfer	**Programme name**	**Child Maintenance Grant**[27]
	Programme components	▪ Benefit amount: ○ N$200 ($24.84 USD) for the first child. ○ N$100 ($12.42 USD) for every additional child. ○ Maximum of 3 children per application, per family, monthly. ▪ Special maintenance grants: N$200 ($24.84USD), monthly for a disabled child under 16 years of age.
	Programme coverage	▪ By 2001, the programme reached: ○ 1,632 households with 1 child, ○ 987 households with 2 children, ○ 801 households with 3 children. ▪ Low coverage: only 10% coverage, possibly because awareness is very low.
	Beneficiary determination process	▪ Households with one to three children. ▪ A biological parent with children under 18 years of age, and: ○ whose spouse, the breadwinner, receives an old age pension or disability grant; ○ whose spouse, the breadwinner, has died; or ○ whose spouse, the breadwinner, is in prison for six months or longer.

Programme# 2: cash transfer	**Programme name**	**Foster Parent Grant**[28]
	Programme overview	▪ Context: There are approximately 14 000 Namibian children in foster care. Most of these children are being cared for by extended family members, often for long time periods. When a child is cared for by a relative or a close family friend, this is sometimes called kinship care. Kinship care is very important in Namibia and has strong cultural value.
	Programme components	▪ Benefit amount: ○ N$200 ($24.84USD) per month for households with one child. ○ N$100 ($12.43 USD) per month per additional child. ▪ Maximum N$800 ($99.37 USD) per month for households with seven children.
	Programme coverage	▪ By 2001, the programme reached 547 households ▪ Low coverage: only 10% coverage, possibly because awareness is very low.
	Beneficiary determination process	▪ Households fostering between one and seven children ▪ A foster parent is any person who undertakes the temporary care of any child found to be in need of care and who has been placed in his/her custody, in terms of Section 31(I)(b) or Section 50(I) of the Children's Act (Act No. 33 of 1960).

[27] Devereux, S., J. Marshall, J. MacAskill and L. Pelham. (2005). *Making Cash Count: Lessons from Cash Transfer Schemes.* Save the Children UK, HelpAge International and Institute of Development Studies. Retrieved from the International Policy Centre for Inclusive Growth, United Nations Development Programme: www.ipc-undp.org/publications/cct/africa/MakingCashCountfinal.pdf

[28] Ibid.

Programme# 3: cash transfer	**Programme name**	**Old Age Pension**[29]
	Programme overview	▪ Unconditional, universal cash transfer.
	Programme objective	▪ Preventing poverty among older people.
	Programme components	▪ $26 USD per month.
	Programme duration	▪ Program extended to black population in 1990.
	Programme coverage	▪ Approximately 95% of eligible individuals received the pension in 2001, up from 48% in 1993-94. ▪ Coverage is lower in remote northern provinces, and the likelihood of receiving the pension falls when social worker posts are unfilled. ▪ Number of beneficiaries: ○ 2001: 96,767. ○ 2008: 130,455 (6-7% of population).[30] ▪ About half of individuals eligible for pensions are regarded as non-poor.
	Beneficiary determination process	▪ Categorical: men and women age 60 or older.
	Finance	▪ Just under 2% of GDP.
	Administrative framework	▪ Government of Namibia.
	Programme barriers	▪ Delays in targeting implementation: legislation to make pensions means-tested has been approved but the Government has not implemented it. ▪ Obstacles to access: private contractors delivering pension payments are economizing on the number of delivery points, making it difficult (and costly) for individuals to access their pensions. ▪ Expensive: the cost of delivering pensions by private contractors is 9% of benefits, and the cost of administration is a further 15%.
	Socioeconomic impacts	▪ Pensions account for 14% of rural incomes and 7% of urban incomes.

[29] Devereux, S. (2001). *Social Pensions in Namibia and South Africa*. IDS Discussion Paper 379, Institute of Development Studies.

[30] Barrientos, A., M. Nino-Zarazua and M. Maitrot. (2010, July). *Social Assistance in Developing Countries Database, Version 5.0.* Brooks World Poverty Institute, The University of Manchester and Chronic Poverty Research Centre. Retrieved from Chronic Poverty Research Centre: http://www.chronicpoverty.org/uploads/publication_files/social-assistance-database-version-5.pdf

Programme# 4: social insurance	**Programme name**	**Social Security**[31]
	Programme objective	▪ This is an income support system, designed to reach the largest possible number of Namibians.
	Programme components	▪ **The Employees Compensation Fund (ECF) covers:** ○ Medical expenses: Medical expenses incurred by or on behalf of an employee may be defrayed by the Fund. ○ Transport of an injured employee: Expenses incurred for the transportation of an employee injured in an accident to a hospital or to his/her residence will be refunded from the Fund at a rate of NAD 1.00 per kilometer ($0.12 USD). ○ Temporary Total Disablement (TTD): During TTD, injured employees receive periodical compensation payments of 75% of monthly earnings, up to a maximum of NAD 2,250 ($279.48 USD) per month. ○ Permanent Disablement (PD): Compensation for Permanent Disablement (PD), which is assessed at 30 per cent or less, takes the form of a lump sum, based on 15 times the employee's monthly earnings up to NAD 1,680 ($208.68 USD). Maximum Permanent Disability payable will therefore be NAD 25,200 ($3,130 USD). ○ Funeral/burial expenses: An allowance not exceeding NAD 2,600 ($322.96 USD) may be paid towards the necessary burial expenses from the Fund. ○ Compensation to survivors when an employee dies: If an employee dies as a result of an accident, the spouse and children are entitled to receive lump sums from the Fund. ▪ **The Maternity leave, Sick leave and Death Benefit Fund (MSD Fund) covers:** ○ Maternity leave benefit: a female employee on maternity leave qualifies for 80 per cent of her remuneration with a minimum of NAD 240.00 ($29.81 USD) and a maximum of NAD 2,400 ($298.11USD) per month. ○ Sick leave benefit: payable after an employee has exhausted the leave period provided for in the Labour Act or the employment contract. ○ c) Death, disability and retirement benefits: a single payment of NAD 2,500 ($310.54 USD) will be made upon the death of a fully paid up member or upon retirement or permanent disability.
	Programme coverage	▪ **Employers**: Employers whose employees are younger than 65 years and who work for more than two days a week must register with the Commission as an employer and must register all their employees. ▪ **Employees**: Every person who works and receives a basic wage for his or her services in Namibia is covered. This includes domestic employees, as well as employees of Small and Medium Enterprises (SMEs) like shebeens, hair salons, panel beaters and construction workers. ▪ **Self-employment**: A self-employed person who does not employ any person may voluntarily register himself or herself as an employer and employee. ▪ As of 30 November 2009: ○ 350,269 active employees were registered ○ 37,023 active employers were registered

[31] Tweya, T. (2003, October 7-9). *Extending Social Security Coverage: An Overview of Social Security in Namibia*. Circulated at the Meeting of Directors of Social Security Organizations in English-speaking Africa, International Social Security Association, Banjul, The Gambia. Retrieved from International Social Security Association: www.issa.int/pdf/banjul03/2tweya.pdf

	Finance	▪ Contributions are payable from the first day of the month after registration. ▪ **Employee contribution:** must equal 0.9 per cent of his/her remuneration. ○ Minimum NAD 2.70 ($0.34 USD) per month. ○ Maximum NAD 27.00 ($3.35 USD) per month. ▪ **Employer contribution:** same amount as the employee. ▪ Employer is responsible to make sure that both contributions (employer and employee) are paid. ▪ Contributions are paid at the Commission's offices or directly into the Commission's bank account. ▪ Contributions are accumulated in special funds, out of which benefits are paid. Surplus funds not needed to pay current benefits are invested to earn further income.
	Administrative framework	▪ The books of the Commission are audited by the Auditor-General to ensure that members' contributions have been utilized for approved purposes.
	Legal framework	▪ The Social Security Commission was established by Parliament, under the Social Security Act 1994 (Act 34 of 1994).

Programme# 5: cash transfer	**Programme name**	**Basic Income Grant**[32]
	Programme overview	▪ In the context of high poverty levels and income inequality in Namibia, the Basic Income Grant (BIG) would pay a cash grant to every Namibian citizen each month. ▪ The grant is conceptualised as a citizen's right. ▪ The grant is not yet in effect on a national scale; a pilot project was run in 2008-2009.
	Programme objective	▪ The grant would aim to redistribute resources to the estimated 76 percent of Namibians who live below the poverty line, in order to eradicate destitution, reduce poverty and inequality and improve the lives of all Namibians.
	Programme components	▪ The programme would pay a monthly cash grant of a minimum of N$100 ($12.42 USD) to every Namibian citizen. ▪ Once Namibians reach pension age, they would instead receive the existing universal old age pension of N$370 ($45.96 USD) per month. ▪ Money paid to people who are not in poverty or not in need would be recuperated through adjustments in the tax system.
	Programme duration	▪ **2002**: the Namibian Government explored the possibility of financing a national basic income grant through an increase in value added tax. ▪ **2005**: the BIG Coalition, a civil society organization, was formed. ▪ **2008-2009**: a pilot project was implemented in the village of Otjivero.

[32] *BIG: Information Material and Resources.* (n.d.). Retrieved from: http://www.bignam.org/

	Programme coverage	▪ Every Namibian would receive such a grant until s/he becomes eligible for a state pension at 60 years. ▪ In the case of children aged 17 or younger, the care-giver would receive the grant on behalf of the child.
	Beneficiary determination process	▪ In the Otjivero pilot project, each member of the community was registered: every household was visited, all members of the households were identified by means of identification documents, and everybody below the age of 60 was registered for the BIG.

	Finance	▪ **Cost:** Paying a monthly N$70 ($8.70 USD) grant to every Namibian between ages 6 and 60 will cost N$1,156-million ($143,592 USD) per year.
		  ○ Out of this NS$978 million ($121,482,000 USD) would go into rural areas.
		
		▪ **Financing:** The grant would be financed by adjusting the income tax structure and increasing VAT.
		  ○ Higher income earners would bear the cost in form of a solidarity levy to finance the benefit to the poor.
		  ○ VAT would be increased by a proposed 6.5%.

	Administrative framework	▪ **First six months of pilot**: payout followed experience/methodology of old age pension payout.
		  ○ Recipients received a 'smart card', which contains name, ID number and picture of the recipient, and a microchip containing the birth date, fingerprints and information on the amount and history of receiving the grant.
		  ○ Recipients who are unable to collect the grant personally can appoint a 'procurator' to receive the grant on his/her behalf by fingerprint identification.
		  ○ Grants were brought by vehicle to a designated pay-out point.
		  ○ Vehicles were fitted with cash dispensers and accompanied by armed security guards.
		  ○ Recipients placed their smart cards in the cash dispenser and were identified via fingerprints.
		  ○ Date and place of payout was written on the microchip for record-keeping and to prevent double payment.
		
		▪ **Since July 2008**: the Namibian Post Office (NamPost) conducted the pay-out of the grant via its Post Office smart card savings account system.

	Monitoring and evaluation	▪ Effects and impact of the BIG pilot project were evaluated on an on-going basis by a team of full- and part-time researchers. ▪ Evaluation was supervised by a team of international experts, who visited Namibia twice to evaluate research methodology, check data and calculations, and interview recipients of the pilot. ▪ Research used four complementary methods: a baseline survey, panel surveys conducted during grant payout, information gathered from key informants, and case studies of individuals in Otjivero.
	Programme barriers	▪ **Initial cost**: initial costs, particularly to set up the delivery system, are the main obstacle in the beginning; however, once a delivery system is in place, costs would decrease. ▪ **High tax burden/political will:** The additional tax burden appears extremely high, and could lead people to conclude that the proposed universal grant is unaffordable for the Namibian economy.

Programme# 5: cash transfer		
	Programme name	**Place of Safety Allowance**[33]
	Programme components	▪ N$10 ($1.24 USD) per child, per day.
	Beneficiary determination process	▪ When a child under age 18 is placed by a Commissioner of Child Welfare with a person or at a place (in terms of Section 33 of the Children's Act of 1960), that person or place is eligible to receive the allowance. ▪ A Place of Safety is any place established under Section 38 of the Children's Act and includes any place suitable for the reception of a child, into which the occupier thereof is willing to receive the child.

Programme# 7: social pension		
	Programme name	**Disability Grant**[34]
	Programme objective	▪ To prevent poverty among disabled people.
	Programme components	▪ Disability grant: disabled aged 16 or above and medically certified by a state doctor as being temporarily or permanently disabled; persons with AIDS as certified by a medical doctor.
	Programme coverage	▪ 2008: 20,438.
	Beneficiary determination process	▪ Namibian citizenship.
	Finance	▪ $158.7 million USD in 1998 (0.8% of GDP).
	Programme barriers	▪ Coverage remains highly unequal between settler and indigenous populations.

[33] Republic of Namibia. (2010). *Directorate Child Welfare*. Retrieved from Ministry of Gender Equality and Child Welfare, Government of Namibia: http://www.mgecw.gov.na/community/grant.html

[34] Barrientos et al. (2010).