

BTI 2010 | Namibia Country Report

Status Index	1-10	6.99	# 34 of 128	
Democracy	1-10	7.80	# 27 of 128	➔
Market Economy	1-10	6.18	# 51 of 128	➔
Management Index	1-10	6.05	# 30 of 128	

scale: 1 (lowest) to 10 (highest) score rank trend

This report is part of the Transformation Index (BTI) 2010. The BTI is a global ranking of transition processes in which the state of democracy and market economic systems as well as the quality of political management in 128 transformation and developing countries are evaluated.

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Key Indicators

Population	mn.	2.1	HDI	0.69	GDP p.c.	\$	6145
Pop. growth	% p.a.	1.6	HDI rank of 182	128	Gini Index		74.3
Life expectancy	years	53	UN Education Index	0.81	Poverty ²	%	62.2
Urban population	%	36.3	Gender equality ¹	0.49	Aid per capita	\$	98.6

Sources: UNDP, Human Development Report 2009 | The World Bank, World Development Indicators 2009.

Footnotes: (1) Gender Empowerment Measure (GEM). (2) Percentage of population living on less than \$2 a day.

Executive Summary

Whereas economic transformation in Namibia has been advanced during the review period, democratic development has suffered further setbacks in terms of political participation and political competition. The formation of the Rally for Democracy and Progress (RDP) party in 2007 by disillusioned members of the ruling South West Africa People's Organization (SWAPO) and the events surrounding this development constitute the most significant set of political events in the period under review. Under the leadership of Hidipo Hamutenya – a former foreign minister under the SWAPO-led government – the RDP's stated aim was to break the ruling party's monopoly on power.

As a party with strong appeal for many voters among the majority tribe of the Ovambos, the RDP appeared to pose the strongest challenge to the SWAPO's dominance in the run-up to local and by-elections in February 2008. However, the SWAPO tried to create an artificial conflict between the Kwanyama-speaking and other Ovambo tribes with claims that the RDP leadership is Kwanyama-based. At the same time, SWAPO leaders ignored the fact that the president of their party as well as the head of state are also Kwanyama-speakers. The RDP's percentage of votes was low when the party stood in local government by-elections in 2008, both in the northern regions and in constituencies in Windhoek. SWAPO cadres dispatched to disrupt the RDP's campaign succeeded in doing so in part because the police failed to restrain them. While President Pohamba expressed reconciliatory sentiments, some SWAPO ministers initiated smear campaigns against individual RDP members, particularly against President Hamutenya and Secretary General Jesaya Nyamu – a move that contradicts the democratic convictions of some SWAPO ministers. Three more parties were formed in the period under review, the All People's Party (APP), the Democratic Party of Namibia (DPN) and the National Democratic Party of Namibia (NDP), but none seem to be much more than regional ethnic parties in their respective regions of Kavango, southern Namibia and the Caprivi.

Following internal struggles within SWAPO which were revealed at the conference of the Central Committee in August 2008, it now seems likely that Hifikepunye Pohamba will run as SWAPO's presidential candidate in November 2009. Pohamba took over the SWAPO presidency from the founding president and proclaimed "Father of the Nation" Sam Nujoma in December 2007. SWAPO will have to defend a three-quarters majority in the National Assembly. SWAPO's strongest contender seems to be the RDP, which partly explains why reactions against Hamutenya's party have been so forceful and even violent on occasion.

Pohamba undertook a major cabinet reshuffle a few months after the party congress, affecting ten ministers who were mainly assigned new portfolios. This illustrated the Namibian tendency of circulating elites without renewing the party personnel, found both in SWAPO and opposition party practice. One of the newcomers was Hage Geingob, who had already been elected as SWAPO vice president at the congress and was the first prime minister after independence. Geingob took over the Ministry of Trade and Industry, which was seen as a sign that he might be one of the strongest contenders for the succession of Pohamba. His ethnic origin, Damara, however, places a question mark on this.

The continuation of progress towards a free-market democracy without restrictions depends above all on the level of success in overcoming the country's economic and social disparities. Despite international development aid, the glaring cleavages between white and black, urban and rural areas and the new wealth of the ruling elite and the ongoing impoverishment of growing sections of the population have not narrowed. The World Bank established that developing countries and emerging markets are hit particularly hard by the current financial and economic crisis. This is also the case with Namibia. While Namibia's economic key data looked promising before the crisis started, the global recession will now slow down economic growth and decrease tax revenues. During this time it is critical that the government hold to its free market orientation, despite the global turbulence.

The consequences of the HIV/Aids pandemic, for which there is no quick remedy, are increasingly noticeable: Beginning in 1992, the Ministry of Health and Social Services (MoHSS) has conducted a zero surveillance survey of women attending ante-natal care (ANC) services in an increasing number of sites every two years. The first survey in 1992 found an estimated HIV prevalence of 4.2%; in 2008 the prevalence of HIV was estimated at 17.8%, compared to 19.9% in 2006. Overall, the administrative competence, qualifications and motivation of skilled personnel in business and the civil service still leave much to be desired, although the government and some church organizations are still strongly committed to fighting the deadly disease.

History and Characteristics of Transformation

Namibia's history of transformation is above all a history of decolonization. White rule was ended surprisingly quickly by the coordinated intervention of the then-superpowers following a decades-long dispute between South Africa and the United Nations, which was resolved in 1966 when the United Nations revoked the League of Nations' mandate that made the territory a South African protectorate. The end of the Cold War was the major factor behind the success of the UN mission – the United Nations Transitional Assistance Group (UNTAG) – in orchestrating a comparatively peaceful compromise (Namibia Agreement) between the conflicting parties in Namibia and their international backers: South Africa on one side and the African frontline states and Cuba on the other. The transition process, initiated primarily externally, culminated in free elections and the adoption of a democratic constitution, which, in the opinion of western constitutional experts, is one of the most liberal in Africa.

Namibia's democratic transformation is conditioned by two historical trends that continue to influence political developments in the country. One is the ongoing sociopolitical differentiation within the population, which has its roots in the discriminatory policies of the colonial rulers. Notwithstanding the strong emphasis on nation-building that embraced all ethnic groups in the early years of independence, the political dominance of the Ovambo, the majority ethnic group in the country, is greater than ever. This is particularly visible in the public service. The other trend concerns political culture. SWAPO, the governing party, emerged from the South West African People's Organization, the militant movement at the forefront of the liberation struggle, at a time when centralization and authoritarianism were indispensable, and the organization was generously funded and supported by the communist governments of the former Warsaw Pact. The leading role of SWAPO was already underlined by the support of the UN in 1973 when SWAPO was declared the "sole and authentic representative of the Namibian people."

Thus, the style of government remained centralized and authoritarian, despite the successful introduction of democratic institutions. Given a party system in which SWAPO has won a three-quarters majority in the last two parliamentary elections, the combination of these two legacies – Ovambo dominance and a noticeably authoritarian political culture – could undermine the consolidation of democracy in Namibia. On the other hand, the long-time president and former head of SWAPO, Sam Nujoma, did not run for president again in 2004 and the new officeholder has tried to introduce a new tone into public debate. This can be interpreted as a clear trend moving towards a liberal democracy, although not all of Pohamba's ministers seem to follow his reconciling approach. With the emergence of the RDP, presidential and parliamentary elections in November 2009 will be a crucial test case for the state of democracy in Namibia.

The country's economic transformation can be similarly characterized as a two-track process. In the past, the Namibian economy was fully integrated into that of the colonial power, and it remains extraordinarily dependent on South Africa. To this extent, the Namibian economy functioned according to the economic principles of apartheid (homelands as separate economic areas, migrant workers, expropriation in the interests of exploitation and discrimination, cheap forced labor, etc.). It was also completely subordinate to the market economy of "white South Africa," which, notwithstanding extensive state intervention, was based on the principles of private property, market prices and international trade.

By contrast, SWAPO was influenced by the socialist ideology of the Eastern Bloc as a liberation movement and initially advocated a centrally planned economy without private property. After independence, growing integration into the global economy – owing in no small part to western trade and development aid – paved the way for gradual acceptance of free market principles. Although the constitution provides for a "mixed economy," it defines private property as an inalienable right. In effect, the capitalist market economy, which particularly benefits the approximately 80,000 whites and a new black elite (a result of Black Economic Empowerment) – the so-called economic backbone of the country – has been preserved. Thus, the socioeconomic differentiation has changed only marginally – mainly to the advantage of the black governing elite. Although little progress has been made in alleviating poverty, on balance the country has made reasonable economic progress in the years since independence.

Transformation Status

I. Democracy

Democratic transformation was brought about mainly by outside forces, not least supported by democratic voices in the external and internal wings of SWAPO. The Namibian government readily accepted democracy and established the necessary democratic institutions according to the new constitution after independence. Since the mid-1990s, however, the government and civil service have exhibited growing signs of authoritarian tendencies, though the mission and work of the different constitutional organs have not been questioned. The opposition has negligible influence and the constitutional checks and balances function only to a limited extent in light of SWAPO's dominance. Since Namibia was established as a dominant party state in 1994, the most significant, effective controlling institutions are the media, in particular the press and, to a noticeable extent, the electronic media.

1 | Stateness

Namibia's territorial integrity was not questioned in the period under review. The Namibian state also has an unrestricted monopoly on the use of force within the country. The use of incommensurable force to crush secessionist tendencies in the Caprivi Strip in 1998 left deep scars in the Mafwe ethnic group, while doing little to improve its relationship with Windhoek. Despite some tensions between the Ovambo (the largest ethnic group, which calls the shots in polity and governance) and the other ethnic groups to date the country has not experienced

Monopoly on the use of force

Citizenship in Namibia is not a politically divisive issue. All citizens enjoy equal rights and regard themselves as Namibians. This is also true of the vast majority of whites who have decided to live permanently in Namibia.

State identity

According to Article 1 of Namibia's constitution, the Republic is established as a secular state. There is separation of church and state, and the political process is by and large secular. Namibia's President Pohamba considers himself a conservative Christian and has repeatedly criticized explicit movie scenes on Namibian television. Nevertheless, there is no indication that his religious beliefs could interfere with politics.

No interference of religious dogmas

The official forces of law and order are in control of public security and administration. The civil service remains centralized, but efforts are in progress to decentralize public administration. A government programmed for decentralization has been in existence since 1997. The Minister of Regional and Local Government began the campaign “Participate – Influence, Use your Regional Council” in November 2008 with the aim to enlighten people about the role of Regional Councils by March 2009. The extent to which, however, the government is willing to share power with regional institutions is doubtful. The civil service currently effectively administers the entire territory within the state’s borders from Windhoek.

Basic
administration

2 | Political Participation

Namibia has universal suffrage with the right to vote and to stand for election at the national, regional and municipal levels. In general, elections at all levels in the past have been free and fair. In November 2004, national – that is, parliamentary and presidential – elections were held for the fourth time, followed by regional council elections two weeks later. Democratic elections are now part and parcel of the political routine in Namibia: turnout for the national elections was 85% and 54% for the regional elections. The elections were organized and monitored by an independent electoral commission, met international standards and can be labeled free and fair. In principle, opposition parties were able to exercise their freedom of opinion and freedom of assembly, although there were some complaints about restrictions and obstacles, particularly in SWAPO strongholds in the north of the country. In the latter cases, doubts about the political impartiality of the police and civil service are justified and concerns within the RDP about potential disruptions of the election campaign in 2009 must be taken seriously, as intimidation and minor political violence did occur during bi-elections and local authority elections in 2008. In general, however, there was little evidence of systematic manipulation.

Free and fair
elections

In 2004, five opposition parties refused to accept the outcome of the national elections, claiming that the Electoral Commission in Namibia (ECN) had been unwilling to explain alleged irregularities. In 2005, the opposition appeared to have scored a major victory when the High Court ruled for a recount of the ballots. The recount produced a similar outcome. Nevertheless, the irregularities that occurred during the 2004 elections strengthened civil society involvement in electoral issues, pointing out, for example, shortcomings of the Electoral Act and led to the establishment of the Civil Society Elections Coalition (CSEC) that will increase local election observation capacity as the 2009 elections are approaching. Hifikepunye Pohamba, the presidential candidate of the majority party, was elected to succeed Sam Nujoma, the country’s first president, with 76.4% of the votes cast. This result fell just short of the 76.8% garnered by his prominent predecessor in

1999. This result is remarkable in light of SWAPO's internal power struggles and demonstrates an expression of confidence in Nujoma's old comrade-in-arms from the days of the liberation struggle. With Nujoma's backing the 73-year-old, who has filled a succession of party offices and three cabinet posts, had successfully challenged the current Prime Minister Nahas Angula and Hidipo Hamutenya, the supposed crown prince, for the nomination as presidential candidate at the SWAPO party congress in June 2004. Pohamba took over the SWAPO presidency from Nujoma at the party congress in November 2007. While the appointment of several loyal Nujoma supporters, including his son Utoni, into high positions in the Politburo raised eyebrows among skeptics who believed that Nujoma would continue pulling the strings in the background, political analysts also agree and emphasize Nujoma's leverage on the party and consequently on the government. On the other hand, Pohamba is and probably will remain the President of Namibia, with all the executive powers that he is entitled with by the constitution.

SWAPO won 75.83% of the vote in the parliamentary elections in 2004, defending its three-quarters majority. The opposition splintered further in the run-up to the elections and although it has the same number of seats as in the previous parliament, it seems to be even less effective than before. The opposition still has 17 members of parliament. Smaller parties such as the Monitor Action Group (MAG), the National Unity Democratic Organization of Namibia (NUDO), the United Democratic Front of Namibia (UDF) and the Republican Party (RP) are represented in parliament because of Namibia's system of proportional representation at the national level and the lack of a legal threshold system (the Congress of Democrats (CoD) and DTA would also be represented if there was a legal threshold system as they gained 7.27% and 5.14% of the vote respectively). A first-past-the-post system is used in elections at lower levels. SWAPO won 79.2% in the regional elections, garnering almost four fifths of the votes. Although the leading opposition party, the CoD, managed to attract 5.6% of the votes, it did not win a single seat.

Relevant actors, whether political parties, trade unions, churches or civil society organizations, are not in any position to effectively block any political moves supported by the solid SWAPO majority. Presumably only the white dominated businesses community could conceivably form an effective counterweight. The white group, however, markedly avoids party politics, consciously keeping to the background, out of the political spotlight.

The extent to which, however, President Pohamba is in a position to determine government policies independently in light of Nujoma's potentially enormous leverage within SWAPO and thus within government, is questionable (see "commitment to democratic institutions").

Effective power to govern

There are no restrictions regarding the formation of civil society organizations. The NGO landscape is extremely diverse but concentrates mainly in urban areas (highly centralized – as is the support by donor agencies), with about 300 NGOs, the majority of them being small domestic and foreign organizations. Special mention must be made of environmental, women's and, to a certain extent, well-known human rights groups. In addition to these, there are professional groups and employees' and employers' organizations. Many of them make political demands without being involved in or connected with party politics. The right to establish civil society organizations is guaranteed in the constitution and civil organizations can act largely unhindered. Ethnic cleavages play a role both socially and politically. Furthermore, the disruption of RDP rallies, particularly in northern Namibia, illustrated that SWAPO's strong party machinery can be quite effective in obstructing political gatherings that it does not agree with. It remains to be seen during the election campaign in 2009 the extent to which these intimidations pose a serious threat to the freedom of association in the Namibian society. Representatives of the SWAPO Party, especially the SWAPO Youth League, are criticizing human rights NGOs, particularly the National Society Human Rights (NSHR) which forwarded a submission to the International Criminal Court (ICC) at the end of 2006.

Association /
assembly rights

The Namibia Broadcasting Corporation (NBC) controls radio and television, which express the official opinions of the government; staff and funding are dependent on the government. However, opinions critical of the government are heard on talk shows and programs for airing different opinions. The government reacts very sensitively to the criticism from time to time. Despite vague threats, there have been no serious restrictions on the freedom of expression, save the ban on government advertising in the leading English language daily. It was an embarrassing moment, however, when the Director General of the NBC, Bob Kandetu, was dismissed in early February 2009 because an RDP flag had flashed on the television screen after President Pohamba had given his New Year's speech. The tone of leading SWAPO representatives became increasingly aggressive against the NBC after the incident until Kandetu was eventually sacked. This episode did not attest to a sovereign handling of the media by the SWAPO government.

Freedom of
expression

Most newspapers and magazines are privately owned, but even the government financed New Era runs critical material on a more or less regular basis. On the other hand, distribution and readership is by and large limited to the major urban centers – which, however, include the large cities in the north – so that the opinions of the opposition in the print media seldom reach the hinterland. The rare critical discussions on NBC local language radio services, however, reach the rural areas. The Worldwide Press Freedom Index of Reporters Without Borders ranks Namibia 23rd out of 167 countries, making it the best on the African continent. The index reflects the degree of freedom that journalists and news organizations enjoy in each

country and the efforts made by the authorities to respect and ensure respect for this freedom. According to the African Media Barometer (AMB) 2007, Namibia scores 2.6 out of 5 in a complex scale of self-assessment of personalities from civil society and the media. The report covers four areas: freedom of expression, media landscape, broadcasting regulations and media practice. The efficiency and professionalism of the private media is mentioned positively in the AMB report (4.1 out of 5), while the accountability of the public broadcaster to the public in an independent, open and transparent manner is extremely low (1.2 out of 5).

3 | Rule of Law

The Namibian constitution attaches great weight to the division of powers and responsibilities between the executive, legislative and judicial branches of government. That being said, Namibia's presidential form of government grants the president wide-ranging powers (Art. 32 Namibian Constitution). This is further underscored by the three-quarters majority in parliament held by SWAPO, which enjoys the solid support of the Ovambo as the majority ethnic group and some support from other ethnic groups as well. This constellation limits parliament's control functions. Nevertheless, it must be noted that the government exercises its executive powers lawfully, for the most part. A challenging problem is the size of Namibia's cabinet. Currently 47 parliamentarians are – as ministers or deputies – part of the executive body or in some way associated with it. They make up 60% of the legislative body, further limiting parliamentary control and diluting the division of powers. The large majority also enables SWAPO to block critical issues in parliament since if SWAPO's attendance in the National Assembly is low, the Assembly consequently will lack a quorum and the session will have to be adjourned, as happened on occasions in 2008. On the other hand, parliament is relatively strict in the observance of its legislative functions. It meets regularly and is a place of open and critical discussion where the opposition parties can express their opinions without restriction. SWAPO, however, despite being the governing party, is often more critical than the opposition parties. The small opposition mostly fails to fully use the opportunities for critical public debate and thus cannot be perceived as a serious constitutional institution. The same holds for most of the regional and municipal councils.

Separation of powers

The courts are independent. The judges and officials of the courts act in accordance with the constitution and the rule of law. Reservations have been expressed in recent years about political partiality in the appointment of judges. To date, these reservations have not been substantiated. A sign that the government respects the rule of law is the appointment of commissions of inquiry chaired by judges in response to public criticism to investigate, among other things, abuses of public office and allegations of corruption on the part of members of the government or

Independent judiciary

public officials. Nevertheless, there is a serious shortage of judges and many cases must wait for years. Many people express doubts about the rule of law in view of the enormous backlog of cases.

In Namibia, most political and bureaucratic corruption takes place in a grey zone of activity populated by politicians, holders of high office, parastatals and members of their families. The extractive industries, either through the granting of licenses for mining and fishing or through participations in international companies, offer huge opportunities for enrichment. Serious sanctions, however, are virtually never imposed, even where a commission of inquiry has found spectacular abuse of position. It is a serious weakness that many offenders go unpunished owing to political considerations dictated by the ethno-social system of patronage. At the same time, there is no evidence of systematic erosion of judicial control and supervision. The President of the Anti-Corruption Commission (ACC) declared that the commission did not start to work effectively on allegations and incoming charges until the middle of 2007. It has since produced some reports of success. There has been criticism, however, that the ACC catches only the “little fishes,” as the investigations in major grand corruption deals that are fuelled by business-government relations have not yet been brought to conclusion.

Prosecution of
office abuse

Civil liberties are given special protection under the constitution. Namibians have the right to approach a competent court or ombudsman when their fundamental rights or freedoms have been infringed or threatened (Art. 25 II Namibian Constitution). The function of the ombudsman, though, suffered a symbolic blow when the ombudsman had to leave his offices in the center of town to make room for Sam Nujoma and his Office of the Founding President. The government and the courts punish breaches of the law on principle, but the institutions responsible for protection are not very effective.

Civil rights

In the period under review, for instance, the efforts of the police and the justice system to deal with a growing wave of crime had only limited success. At the same time, the police and the army were responsible for a number of illegal actions that were either covered up for political reasons or unduly delayed. Accordingly, citizens cannot automatically assume that in all cases the law will be applied properly or that legal norms will also apply to activities of the state.

4 | Stability of Democratic Institutions

Notwithstanding the aforementioned restrictions, the country’s democratic institutions are generally stable. Paradoxically, this is a consequence of the dominant position of SWAPO and of the legacy of the long rule of the founding president Nujoma. As the government has a three-quarters majority, it can override opposition criticism and democratically adopt any policy it wishes. Even if the institutions show some deficiencies, they have generally performed in accordance with the constitutional rules and regulations.

Performance of
democratic
institutions

It can be said that all influential actors respect the democratic institutions and do not openly question their legitimacy. One can, however, regard the SWAPO Youth League as an exception to this, which, in the period under review, excelled at fierce agitation against political opponents in a manner that allows one to doubt their positive attitude towards Namibia's institutions. It is worth mentioning that the ruling elite have a free hand because the SWAPO Party is so strong in the country's party system. The president and the governing party, even when pushing the limits, make every effort to ensure that their activities are legitimized by the formal seal of democracy. In this context, President Nujoma's decision not to seek a fourth term in 2004 turned out to be extremely significant. A president may serve for only two terms under the constitution. In 1999, SWAPO, using its three-fourths majority in parliament, pointing to the special circumstances of the first post-independence elections (1989), amended the constitution specifically to enable Nujoma to run for a third term. Despite ongoing rumors about Nujoma's influential position within SWAPO and, consequently, the government – he has been given the title “Leader of the Namibian Revolution” in addition to his existing title “Founding Father of the Namibian Nation” at the congress in 2007 – there are no evident signs of any further assault on the constitution.

Commitment to democratic institutions

5 | Political and Social Integration

Namibia has a stable, partially ethnically-based party system. At present, extreme parties opposed to the political system have not found support among the voters. The governing SWAPO party developed out of a mass movement that emerged during the liberation struggle. As a party with originally strong ethno-political ties, it has successfully articulated and aggregated the societal interests and demands of the majority of the people and dissociated itself from ethnic biases. Nonetheless, in the four “O-regions” in the north, SWAPO Party has regularly received more than 90% of the vote on average. This also seems to apply to Oshivambo speakers who have migrated to other regions of the country. Among the other population groups, the governing party enjoys only modest support overall, but significant pockets of rather strong support here suffice to support its claim to govern as the dominant pan-Namibian political party. At the regional council elections in 2004 SWAPO won 96 of the 107 constituencies in the country. Comparisons over time show that voter volatility is extremely low: Namibia has a democratically elected “dominant party system.” Despite the emergence of the RDP there is no sign that any opposition party could pose a democratic challenge, let alone threaten the governing party's position of power. While the RDP might compromise SWAPO's three-quarters majority, the legitimacy of the government is beyond doubt. On the other hand, owing to the superiority of the governing party, systemic checks and balances have lost some of their effectiveness over time. To a certain extent, the party system still is a captive of the structural features of Namibian politics: overall ideological polarization is low, while polarization between individuals is high. Only some

Party system

issues remain controversial, such as how political parties relate to the independence struggle. Furthermore, low voter volatility and a lack of linkages to civil society organizations, traditional values and ethnic balances are characteristics of the party system.

A number of politically relevant interest groups in the formal sector are active in the urban areas. These are primarily organizations representing capital and labor. The trade unions are more visible than their membership alone justifies due political support from the government. They are, however, to a large extent unwilling to openly criticize the ruling party. The Namibian Chamber of Commerce and Industry (NCCI), brings together Namibian enterprises and voices their interests as a nationwide business organization.

Interest groups

The roots of a civil society in Namibia go back to colonial times. Civil society groups played an important role during the liberation struggle, predominantly supporting SWAPO. Only a few vocal and outspoken groups, such as the Legal Assistance Centre (LAC) tended to increasingly dissociate themselves from SWAPO and become autonomous interest groups after independence, whereas the main players, above all the unions and churches, still appear to be in (silent) support of SWAPO policies. Detachment implies less influence, since SWAPO is still the dominant force in the country. Only those associations which are closely linked to the governing party still have political clout. Those which are critical of the government can voice their demands but are unable to initiate noticeable change without government support. Compared to pre-independence times, civil society has a significantly lower political presence.

It is unclear to what extent traditional leaders and ethnic systems of patronage are able to influence democratic institutions. There is no doubt, however, that traditional authority influences a large part of the population. At the same time, it must be emphasized that most ethnic leaders support the state institutions and some of them also occupy positions of political leadership. On the other hand, basic acceptance of state institutions does not automatically equate with democratic attitudes. Empirical surveys have shown that a good half of the population endorses central democratic values such as participation, competition and fundamental democratic rights. There is also a general approval (Afrobarometer 2006: 69%) of the state of democracy in Namibia. Authoritarian attitudes are most pronounced among the Ovambo in the north of the country. They have a marked tendency to think in terms of friend and foe owing to deep-seated experiences from the liberation struggle. Furthermore, political divisions are construed easily as a danger to hard-won peace, as evidenced during the 1999 electoral campaign. Surprisingly, however, the Afrobarometer 2006 showed that the acceptance of a one-party state and of one-man or military rule is relatively high in Namibia compared to other African countries. This might be due to the fact that Namibians have no experience with this kind of regime, but still testifies to a lack of democratic understanding.

Consent to
democratic norms

The large Christian churches have traditionally played an important sociopolitical role. They have been more reserved in their public statements since independence. As moral institutions, however, they exercise far greater social influence than their political articulation suggests. In late 2006, church leaders turned out vociferously to advocate the scheme of a Basic Income Grant (BIG) to confront the pervasive issue of poverty. This scheme has been tested in the village of Omitara since 2008 and so far the results have evoked some controversies with the majority of non-governmental organizations in support of the project. Intolerance towards opposing views is not only common among political leaders but also among civil society activists, as the harsh reaction to a critical report by the Namibian Economic Policy Research Unit (NEPRU) illustrated. Church leaders claimed that NEPRU researchers had been paid by white farmers located near Omitara to provide a negative evaluation of the project. This demonstrates that there is still a considerable degree of mistrust between different racial groups which hinders the formation of social capital.

However, it can be assumed that social relations and networks can play an important role in finding strategies to combat poverty as well as to enact positive health behavior to avoid diseases such as HIV in Namibia.

Associational
activities

II. Market Economy

The Namibian economy is still closely integrated with the South African economy for historical reasons. Although industrial production is gradually expanding, the economy is mainly based on the extraction of raw materials, agriculture and tourism. The potential of the Transkalahari and Trans-Capriivi transport corridors, connecting with the deep-sea port of Walvis Bay remains open. The dependence on imports is illustrated by the fact that approximately 80% of the consumer goods sold in Namibia come from either South Africa or other countries via South Africa. Further manifestations of these close economic links are Namibia's membership in the Southern African Customs Union (SACU) dating back to 1910 and in the Southern African Development Community (SADC), formed in 1992 with the goal of establishing a free-trade zone in Southern Africa. The rules and regulations governing competition and the money and capital markets are closely tied to those in South Africa but governed by separate national acts. South African banks and companies control the Namibian market, although Namibian ownership of the banking and financial sector has increased.

6 | Level of Socioeconomic Development

Compared to other African countries, Namibia has achieved a fairly high level of development. In terms of purchasing power parity, the GNI is the equivalent of about \$ 3,360, which classifies Namibia as a lower middle income country, not a low income country. It also expressed its satisfaction with the government's National Development Plan 3 to achieve sustainable growth and to reduce poverty and inequality.

Socioeconomic
barriers

However, striking differences in income and social disparities still exist. Two-thirds of the adult population is still unemployed. In no country in the world is the distribution of income and access to development as unequal as in Namibia. The Gini coefficient has improved from 0.7 to 0.6 in 2003/2004. There are huge discrepancies between urban and rural areas, between blacks and whites and between the new upper class and the majority of the population. Gross inequalities exist also between the different regions of the country, with the south and center showing clearly higher aggregate incomes, along with, however, higher degrees of internal inequality. Therefore, government is campaigning to be reassessed by international bodies as a low income country on account of the blatantly uneven distribution of wealth and opportunity.

Poverty and marginalization have been exacerbated by the rapid increase in rates of HIV infections and AIDS, especially since in many families it specifically causes the gainfully employed young people to leave working life prematurely. It now appears, however, that prevalence rates have fallen since 2006. This situation accurately reflects the level of development as measured by the Human Development Index (HDI) of 0.650 and demonstrates the extent of social exclusion. Women are hit particularly hard.

However, it would be wrong to speak of fossilized structures as the government is making efforts to influence and change social disparities through legal regulations, proactive efforts to attract investment and developmental incentives and measures. Despite such efforts, the tremendous gap between incomes has scarcely narrowed, primarily because low efficiency and productivity hampers growth. Owing to these factors, economic growth of 4.5% on average during the last five years outpaced population growth (and is now below it); accordingly, real growth per capita was low due to high population growth.

Economic indicators		2004	2005	2006	2007
GDP	\$ mn.	6605.8	7261.7	7978.9	8717.3
Growth of GDP	%	12.3	2.5	7.1	4.1
Inflation (CPI)	%	4.1	2.3	5.1	6.7
Unemployment	%	21.9	-	-	-
Foreign direct investment	% of GDP	1.3	2.3	-0.4	1.9
Export growth	%	5.4	-0.8	15.3	0.9
Import growth	%	-9.9	0.9	16.3	23.8
Current account balance	\$ mn.	446.3	333.4	1081.7	747.4
Public debt	\$ mn.	-	-	-	-
External debt	\$ mn.	-	-	-	-
Total debt service	% of GNI	-	-	-	-
Cash surplus or deficit	% of GDP	-	-	-	-
Tax Revenue	% of GDP	-	-	-	-
Government consumption	% of GDP	20.4	19.3	18.4	19.2
Public expnd. on edu.	% of GDP	-	-	-	-
Public expnd. on health	% of GDP	3.8	4.2	3.8	-
R&D expenditure	% of GDP	-	-	-	-
Military expenditure	% of GDP	2.5	2.6	2.5	2.6

Sources: The World Bank, World Development Indicators 2009 | UNESCO Institute for Statistics | International Labour Organization, Key Indicators of the Labour Market Database | Stockholm International Peace Research Institute (SIPRI), Yearbook: Armaments, Disarmament and International Security.

7 | Organization of the Market and Competition

The prerequisites for free-market competition exist. Market prices, currency convertibility, freedom of economic pursuit and the free appropriation of profits are guaranteed. State enterprises produce a low percentage of GDP. The government provides some support for Black Economic Empowerment measures in the private sector parallel to the affirmative action measures in the state and the public sector, and these can be seen as an extension of economic influence of the government into the private sector.

Market-based competition

Although there are no precise figures, it is estimated that between 60,000 and 80,000 people rely on an income from the informal sector.

The government passed the Namibian Competition Act in 2003, establishing a Competition Commission “to safeguard and promote competition in the Namibian market.” However, the Commission was still not officially operational by 2005 due to the need to properly train the commissioners. The Commission had begun operating by 2008, though it had no permanent full time staff. Problems with funding the Commission’s work led to further delays. The necessary funds were available for the 2007/2008 financial year. The workload of the competition authorities has increased over the years. The increase in the number of notifiable mergers has also meant that merger review time periods have lengthened. Under the competition act, the Commission deals with restrictive business practices, such as price fixing, control mergers and acquisitions, and, to promote fair competition, will prevent companies from abusing their dominant positions. Attempts to restrain unfair trade practices within the SACU are likely to succeed only when the full institutional structures are in place. Furthermore, the substantial number of Chinese and North Korean companies that are contracted by the government and which therefore evade labor regulations interfere with free market competition in the country.

Anti-monopoly policy

The state has a policy of gradual liberalization and tax concessions to enhance competition, facilitate trade and attract foreign investment. As a member of the ACP and of SACU, Namibia has committed itself to liberalization. On the one hand, this has opened the door to free trade; on the other hand, however, there are notable negative effects in the form of cheaper foreign goods that can now undermine Namibian production. Liberalization has not noticeably altered the country’s economic structure by reducing foreign control and dependence. The terms of trade worsened in the period under review due to the global financial and economic crisis. On the other hand, the country is making progress in enhancing processing and finishing in the zinc, fish and diamond industries. The low-tax Export Processing Zone (EPZ) has, at least temporarily, attracted foreign investment, but the amounts are far smaller than anticipated.

Liberalization of foreign trade

In the Doing Business in 2009 report of the World Bank, Namibia was ranked 51st among 155 countries. In the 2008/09 Global Competitiveness Report of the World Economic Forum, Namibia ranks 80th out of 134 countries with the most problematic factors being the inadequately educated workforce and the restrictive labor regulations.

Foreign, for the most part South African, companies have been establishing branches in Namibia and buying out local firms. The investment behavior of larger companies is determined primarily by global considerations. For instance, Ramatex, a Malaysian company that invested in Namibia only a few years ago, decided to close down its operations in Namibia in 2008, allegedly because of the poor productivity of the workforce, but possibly also because other locations seemed more attractive.

The capital market is integrated with the global market through the Namibian and Johannesburg Stock Exchanges. Three of the four commercial banks are subsidiaries of private South African companies. The Bank of Namibia, Namibia's central bank, is responsible for regulating the entire banking sector. Even though the Namibian banking system meets all demands of large companies, some issues still need to be addressed. A June 2005 research paper of the Namibian Economic Research Unit (NEPRU) concluded that the banking sector shows strong oligopolistic features, resulting in market imperfections with social costs in form of "wider interest spreads and higher bank charges" than in South Africa. The means by which government will address these problems are still open. The IMF, however, attested in a Financial System Stability Assessment that Namibia has a mature, very profitable and well-capitalized banking sector.

Banking system

8 | Currency and Price Stability

As the Namibia dollar is tied to the South African rand, fiscal and monetary policies will be strongly influenced by those of South Africa. The effect of South African monetary policy decisions on Namibia's inflation is a case in point. After a series of interest rate increases, the South African Reserve Bank lowered the key interest rate once by 50 basis points in the course of the global financial crisis in the end of 2008. It was at 10.5% in February 2009. Due to increasing oil prices and other outside influences inflation climbed in 2007 and 2008 and was at 12.5% in January 2009, although a low inflation rate remains one of the most important objectives of the South African Reserve Bank. The governor of the Bank of Namibia still regards this as a temporary phenomenon. October and November 2008 saw a sharp drop of the South African rand and consequently of the Namibia dollar against the euro and the U.S. dollar, associated with positive consequences for the South African and Namibian export and tourist industries that might, however, be outweighed by the consequences of the financial and economic crisis.

Anti-inflation /
forex policy

Following independence, the government followed a strict policy of macroeconomic stability but ran a budget deficit every year. In the decade between 1995 and 2005, rising public expenditure increased public debt from 9% to 32% of GDP, though this was reduced to 22.3% in 2007 and it is the pronounced goal of the Namibian finance ministry not to let it climb above 25% again. The Minister of Finance has since limited spending and brought public debt down to under 25% of GDP. Moreover, continued outflows of capital to South African financial markets have kept international reserves relatively low, leaving Namibia behind the SADC goal of providing reserves for three months. The Namibian Government thus limited the capital export by law. At the same time, the booming economy and higher remittances from the Southern African Customs Union led to a considerable increase of state income, so that the budget introduced in March 2008 had a surplus of 3.3% of GDP. A deficit, however, is forecast for 2009 and 2010.

Macrostability

9 | Private Property

The constitution expressly protects the right to buy and own property and prohibits expropriation without compensation. The private sector is regarded as the principal source of economic production and promoted accordingly, although Namibia's constitution actually entrenches a mixed economy involving private and public sector players. Following independence, the government pursued a policy of commercialization, turning government departments into parastatals. Discussion of land expropriation and accelerated land reform has caused considerable irritation among landowners since 2003. Rank and file SWAPO circles, citing a corresponding party resolution passed in 2002, continue to call for the expropriation of white-owned farms, especially those of absentee farmers, with the objective of increasing redistribution of land. President Pohamba, however, formerly the Minister of Lands and Resettlement, tries to keep the issue on the back burner. The Namibian government does not want to become another Zimbabwe. Public statements therefore reiterate that the constitutionally protected property rights will not be called into question. Nevertheless, although the Namibian authorities try to obey the letter of the law, they have moved from the "willing seller – willing buyer principle" to expropriation with market based compensation. The public discussion, fuelled by exaggerated comments in the international press, continues to be driven by the specter of "Zimbabwean conditions."

Property rights

The Property Rights Index, which is a subcomponent of the Index of Economic Freedom and which measures the degree to which a country's laws protect private property rights and the degree to which its government enforces those laws, ranks Namibia among the weakest African states with a score of only 30 out of 100 (2009).

Namibia's economy is dominated by private businesses, while a considerable number of parastatals provide basic services in the telecommunication, transport, water and power supply markets. The government has repeatedly expressed its intention to continue with its policy of commercialization. The Namibian economy is still characterized by a range of parastatals, and there has been no indication towards the privatization of these state-owned enterprises. Many of these parastatals, such as Air Namibia, the Namibia Airports Authority, the Namibia Water Corporation, the Social Security Commission and TransNamib, are occasionally mentioned as sites of corrupt activities and mismanagement.

Private enterprise

10 | Welfare Regime

In contrast to most African states, Namibia has a remarkable pension system that pays every citizen over the age of 60 a pension of N\$ 450 a month. This is not a pay-as-you-go system; it is funded directly from the general budget. This pension provides a vital basic income for a large part of the poor, especially those in the informal sector, where it frequently represents the only regular source of monetary income for entire families. Compared with the average cost of living, however, this small amount is insufficient to bring about social stabilization, let alone reduce the gap between poor and rich. There are also other social and medical benefits, but only in conjunction with employment, thus reaching only a privileged minority. In particular, rural people could not survive on state social payments without the traditional assistance and solidarity of the extended family. In addition, the Ministry of Veteran Affairs introduced a pension system for war veterans which allows for a pension of N\$ 2,000 a month. The exclusion of many potential beneficiaries, however, has led to a great deal of protest.

Social safety nets

The health system is of major concern. Although health expenditures rank among the highest in Africa (5.3 % of GDP) (2006) Namibia is not able to provide appropriate health services for the population. Health facilities have always been neglected in rural areas and even the existence of private health centers, mainly provided by the churches, cannot nearly satisfy the needs of the vast country. Development programs have also not yet managed to compensate for the shortfall.

The HIV/AIDS pandemic has seriously aggravated the situation and constitutes a unique threat to the country. An estimated 15.3% of adults between 15 and 49 were living with HIV and AIDS in the end of 2007 (UN AIDS 2008 Report). The death rate is particularly high among the working-age population, with the result that in heavily affected regions there is a marked preponderance of grandparents and children; most families in this situation are not in a position to ensure their own livelihood. Consequently, the traditional mechanisms of providing for social risk also threaten to break down. As there is no effective cure for HIV/AIDS and little social recognition of the disease as a life-threatening pandemic, it must be feared that the consequences will impair Namibia's development for decades to come. Anti-retroviral medication is, however, available in Namibia's public hospitals.

As the Gini rating impressively illustrates, Namibia has one of the highest income disparities in the world. The Gini coefficient has, however, currently fallen from 0.7 to 0.6. The great income disparity has serious implications for the equality of opportunity, especially for women. The government makes great efforts to address the issue but sometimes falls short. Notable initiatives include the Affirmative Action Act, the Combating Domestic Violence Act and the Labor Act. Institutions like the Legal Assistance Center Namibia help individuals seek redress for violations of their rights. The Basic Income Grant Scheme, if it emerges successfully, could also be a further step to more equality. Economic disparities, the education system and unemployment still seriously limit equality.

Equal opportunity

One positive occurrence that must be emphasized is the growing number of girls in educational institutions (81% enrollment in 2003), particularly at higher levels. This has led to a corresponding improvement in the representation of women in public bodies. It must, however, be mentioned that the quality of education in nearly all sectors has not risen with quantity – instead it has become worse.

11 | Economic Performance

According to the key measures of the World Bank, the country's macroeconomic situation was relatively stable in the period under review. Economic indicators as a whole have improved, mainly due to successful mining. Even economic equality has improved as reflected in most social data. Thanks to its mineral wealth and its favorable position between Angola and South Africa, two powerful economic partners, Namibia has considerable growth potential, above all in the field of tourism. To realize this, however, the country needs to concentrate on consistently exploiting its development opportunities and overcoming obstacles to growth, particularly in the fields of education and good governance.

Output strength

The overall unemployment rate stands at 36.7% (latest data 2004) and more than 60% of young people under the age of 25 are un- or underemployed, a situation which poses a serious threat to social peace.

There were no significant macroeconomic changes in the period under review. Namibia's economy is sensitive to changes in raw material prices and, hence, influenced by volatility in the global economy. The year 2008 saw the bursting of a massive asset bubble and the onset of global recession. The worldwide financial and economic crisis has not spared Namibia. Despite long negligence of the possible effects of a global depression, the government has now come to understand the vulnerability of Namibia's economy. Copper producer Weatherly Mining Namibia, for example, dismissed 600 workers and the Namdeb Diamond Corporation announced massive job cuts at the end of 2008. Real GDP growth is expected to fall to 3% in 2008 and 2% in 2009 (IMF 2008). The global crisis led to a deterioration

of the terms of trade resulting in a reduction in Namibia's current account surplus in 2008. The IMF thus recommended a counter-cyclical fiscal stance for the fiscal year 2008/2009 and warned against distorting capital flows at the expense of lower returns and higher risk to domestic savings. This has also influenced other macroeconomic indicators. Owing to the country's heavy dependence on the outside world, its national monetary and financial policy is not very effective.

12 | Sustainability

Strong, sustainable development requires balanced, environmentally compatible, future-oriented growth. The government's investment and development programs, which focus in particular on the marginalized regions of the country, seek to implement and promote sustainability. Agriculture is still the most important sector of the economy in terms of employment (almost 40% of the workforce). The ecology is a particularly sensitive factor in this primarily semi-arid country. Droughts and floods are frequent. Namibia is facing absolute water scarcity by 2020; instruments will have to be put in place soon to counter this development. Construction of a desalination plant started in 2008. Another area of concern is fishing policy, as overfishing in the late 1990s caused the catch to fall in subsequent years. Total allowable catches remained approximately constant during 2008. Development policies must pay special attention to these aspects.

Environmental
policy

Thanks to the government's focus on expanding schooling, the investment in education currently accounts for 7.2% of GDP and more than 20% of the budget. This is, though, a slight decrease compared to the last period under review. Although the government of Namibia has made great efforts to improve national educational institutions since independence, and much of the country's international development aid has been invested in this sector, standards of education and teachers' qualifications especially leave much to be desired, apart from raising doubts about the sustainability of educational efforts. The government addressed these problems by developing a 15-year strategic plan from 2005/2006 to 2020, which calls for a comprehensive reformation of the education and training sector. A reorganization of Advisory Services in the Ministry of Education, a curriculum reform and the introduction of nationwide standards to improve quality in Namibian schools had been addressed in the previous 5-year Strategic Plan. Most of the measures of the first strategic plan (2001 – 2006) are now in force, but it remains to be seen if they will be effectively followed-up by the administration. The expansion of education remains a government priority. Data on research & development spending was not available.

Education policy /
R&D

The HIV/AIDS pandemic is a source of great concern on account of high rates of infection among teachers. The disease is a severe threat in terms of human resources since adequate supply of qualified human capital cannot be guaranteed in the long run.

Transformation Management

I. Level of Difficulty

Compared to other African states, Namibia's political leadership at the time of independence had the good fortune of starting with relatively high levels of economic development and a good infrastructure. At the same time, the inequality in the distribution of income and the extreme poverty of large sections of the population – the wealthiest 10% of households earns more than the poorest 50% combined – puts an enormous strain on government and its policies as does the unequal education system that has been inherited by the apartheid regime. The relatively uneducated workforce also poses a major constraint. In addition, it will take enormous efforts and resources to combat the HIV/AIDS epidemic, and even if this is successful the fatal consequences of the disease will be felt for decades.

Structural
constraints

Civil society organizations (CSOs) play a crucial role in the democratic process in Namibia. As in South Africa, CSOs in Namibia served an important function in the struggle for liberation. However, unlike their counterparts to the south, they do not resonate as strongly in Namibian society. Civil society and academic debates are less diverse in Namibia, where the anti-apartheid alliance was embedded within the liberation movement. Nevertheless, CSO opinions carry more weight in public debates than those of the parliamentary opposition. It appears that a fundamental consensus on the basic ground rules of democracy is gradually forming, a development that Namibia's leading political and social actors do not seem to object to on principle. Whereas increasingly more critical opinions are being voiced in the national newspaper's letters to the editor, at the same time there was a palpable increase in political intolerance in 2008.

Civil society
traditions

SWAPO as a national liberation movement officially tried to overcome ethnic divisions through a policy of national reconciliation after independence that sought to eliminate racial and ethnic differences through a policy of affirmative action, for example. Racial and ethnic tensions do still exist and play a role under the surface of political correctness and sociopolitical integration (One Namibia – One Nation!). Latent conflicts have not been overcome between the racial groups or between the Oshivambo-speakers and other population groups within SWAPO Party nor within Namibia as a whole. There are, however, no open conflicts. Nonetheless, latent

Conflict intensity

conflicts exist and appear to be growing rather than declining, particularly tribal conflicts within the Oshiwambo-speaking communities. The formation of the RDP, for example, was dismissed by some SWAPO officials as a mutiny of the Kwanyama (see Executive Summary). The other recent party formations undoubtedly aggravate the polarization along ethnic cleavages. Furthermore, competition for jobs is exacerbated by ethnic tensions, thereby symbolizing the conflict for power and prosperity between different groups in Namibian society. However, there is little fear of widespread violence, not least because political correctness does not allow it officially and the local political culture does not tend towards aggression. All the same, there had been serious political intimidation and minor political violence during local authority and bi-elections in 2008, blurring the difference between politically motivated and tribal violence.

II. Management Performance

14 | Steering Capability

Overall, the government and government departments are making serious efforts to develop visions and strategic plans to implement them. Economic development is focused on promoting industrial and infrastructural development, providing investment incentives to attract foreign capital and enhancing the functioning of the free-market economy (through privatization). In fact, with its large majority and little fear of losing power even in election years, the government is free to pursue its strategic objectives. Moreover, the government claims to promote democratic participation and integration through decentralization. A Vision 2030 long-term planning project exists, but goals and consistent implementation are still vague in many fields.

Prioritization

A closer analysis shows that plans and reforms are inevitably sacrificed to political infighting; there is an enormous gulf between goals, planning and implementation. A weak and partly unqualified administration is often incapable of effectively implementing strategic goals. A good example is the Competition Commission, which Namibia was obliged to establish when it joined the WTO. Even though the Commission was created in 2003, it was still not operational in the period under review, although Prime Minister Nahas Angula emphasized that it will be placed high on the list of priorities in 2009. Training needs and funding problems have caused continuous delays. Against this backdrop, President Pohamba's inaugural declaration of making good governance and effective administration a major

Implementation

objective of his government points in the right direction, although he still has to prove how serious he is about it and how effective he can be. The government is therefore open to the charge that it has failed to take seriously the crucial structural problems of Namibian society (i.e., fighting poverty and overcoming disparities). It remains to be seen to what extent strategic goals can be pursued during a global depression.

The decentralization policy is another good example. It has been pursued as a constitutional mission since the early 1990s, but each attempt has been thwarted by departmental egoism and the lack of qualified personnel. Similarly, a lack of decision-making has dogged land reform. Because land and property rights are controversial issues, an objective discussion about expropriation within the given legal structure has been avoided for many years. Only now under Pohamba, the former minister of lands and resettlement, is the government seriously trying to promote the reform. By initiating procedures to expropriate more than 30 farms in 2005, it started to carry out some steps of a strategy which had been drafted 15 years before when the first land conference took place, but which has mostly led to insecurities among farmers without alleviating poverty. In 2008, however, there were no lengthy debates on the land issue.

Compared to President Nujoma, Pohamba appears to be more flexible and moderate. While Nujoma remained stuck to his political opinions and prejudices, Pohamba seems to be prepared to learn from past mistakes and to listen to critics, mainly from outside. However, since it seems as if Nujoma as the “Father of the Revolution” still has an important influence, Pohamba has not really moved away from past routines and has not made his own political direction clear. Even after Pohamba’s election as SWAPO President at the Party Congress in 2007, Pohamba critics from within SWAPO denied that the SWAPO President could be looked at as the leader. However, with his probable re-election in November 2009 this state might improve in his favor and thus introduce a new culture of flexibility. Yet one gets the impression that some of the cabinet ministers still maintain a very stubborn attitude, especially when looking at their reaction to the SWAPO dissidents, which was not much different than in 1999 when Ben Ulenga formed his CoD and which, even ten years ago, did not contribute to a more conducive democratic environment.

Policy learning

15 | Resource Efficiency

The government could make better use of its available human, financial and organizational resources for its transformation policy. The state bureaucracy is rather bloated and inefficient. As a rule, administrative channels are long, public order and security is not unconditionally guaranteed everywhere and corruption is ubiquitous, even if not yet excessive. The number of civil servants has more than doubled since independence, dangerously straining the budget. Even today the

Efficient use of assets

tendency to make politically motivated appointments, cronyism and nepotism are still a perceptible obstacle to development. Government continues to be the country's largest employer. Through control over the parastatals and other appointed positions, the ruling party operates a very effective spoils system of employment opportunities. The continued emphasis on non-performance-related affirmative action harms government policy more than it helps it. President Pohamba's announcement of his intention to fight corruption initiated a reform process, but noticeable effects are a long time coming.

In large parts of the country progress in decentralization is still slow because the regional and municipal institutions are not in a position to effectively carry out the tasks for which they are legally responsible. Only traditionally wealthy communities (in which there are a number of well-off whites) with enough tax and fee income to autonomously fund effective public services have benefited from local self-government at the municipal level. A major obstacle is the lack of qualified officials and politicians who can deal with the new decentralized tasks and duties, a fact that further widens the gap between poor and rich and between the center and the periphery.

The government, in particular the presidential office, clearly realizes the need for a long-term and coherent policy, not least because it is permanently asked by international donors to articulate such a strategy. The "Vision 2030" and the Third National Development Plan can be understood as attempts to incorporate different views and conflicting objectives into one coherent strategy. Namibia is member of regional and multilateral organizations receiving development assistance from the World Bank, the EU and many other developmental institutions. A prerequisite for international cooperation is national development plans and comparable framework papers on which cooperation and financial transfers can be based (e.g. the United Nations Development Assistance Framework (UNTAF) or the Rural Poverty Reduction Program of the EU).

Policy
coordination

Coordination between the individual ministries and in particular between the ministries and the presidential office does not always function properly. The presidential office has repeatedly ignored proposals of the line ministries that go against its views. Furthermore, implementation capacity is also weak.

Corruption is publicly criticized, but remains for the most part socially acceptable in a neopatrimonial system, patronage-based relationships are common and it is not unusual for members of the government to privatize public benefits and use them for personal enrichment. In this context, there is also an interlinking of state, party-owned and private capital. Nonetheless, the market economy functions reasonably well in Namibia, for, unlike many other African countries, the private sector is strong enough not to depend primarily on government contracts. Thanks to its institutions, associations and prominent personalities, the private sector is a forceful

Anti-corruption
policy

counterweight to the government. At the same time, there are also close contacts between the private sector and the government that are not free of the suspicion of corruption. The media survey on actual corruption cases (published by the NID) showed that in 2006/2007 the private sector was the second most frequent agency for corrupt practices, following parastatals. The media survey (forthcoming) for 2007/2008 even shows that, taking into consideration the volume of newspaper reports, the private sector was the most frequent agency for corrupt practices.

Nonetheless, corruption and the need to fight it is a frequent topic not only among the opposition (inasmuch as it is not itself involved) and civil society groups, but also in the government, as addressed most recently by the new president in his inaugural address in March 2005. He pushed for the establishment of an Anti-Corruption Commission, which went to work on 1 February 2006 and which seems to work more efficiently since Paulus Noa, the director, and his team chose to work closer with the public. There is also ambitious anti-corruption legislation. Once again, the problem is implementation and enforcement. Nevertheless, Namibia's efforts to address the problem of corruption are recognizable. In everyday life, corruption does not play a very significant role. Compared to other African countries, one can say that petty corruption is not as widespread. However, grand corruption cases are imposing serious threats to Namibia's small economy. It is also suggested that nepotism and favoritism are widespread but mostly go unproved and thus underreported. In the 2008 Corruption Perception Index compiled by Transparency International, Namibia ranks 61st out of 180 with a score of 4.5 which is a slight improvement compared to 2006 (4.1).

16 | Consensus-Building

Particularly in his last term of office, President Nujoma's often emotional decisions and reactions were obviously made without the involvement or even knowledge of the cabinet. These include, for example, the decision to intervene militarily in the Democratic Republic of Congo or to play a direct role in choosing his successor, and in particular a series of cabinet reshuffles as well as individual appointments and dismissals of cabinet ministers. In both cases his authoritarian decisions bypassed a democratic process of reaching agreement, but he was wise enough to have parliament or the party approve his lone decisions as policy. He was able to do this on account of his personality and his charisma. It would probably be far more difficult to dictate consensus in other more fundamental questions such as land reform or the assessment of the past, in which fundamental needs and experiences of those involved need to be addressed. This explains why such problems were tackled only symbolically. President Pohamba has a more conciliatory and less authoritarian approach towards decision making. This results in decisions that are at least partially more inclusive.

Consensus on goals

The president and the government have made great efforts at consensus building in the country since the early 1990s. The central element was the realization of a democratic and free-market state as intended by the constitution. The president was particularly and openly supported in this policy by the white-dominated business world, despite obvious latent racist and ethnic conflicts. However, there was always greater consensus on economic than in political reforms.

There are no significant anti-democratic veto-actors. The few mentioned above have practically excluded themselves from the political discourse by over exaggerating their political position.

Anti-democratic
veto actors

The dominance of the SWAPO Party in Namibian politics as well as the strong position of the president have not allowed serious conflicts to emerge within the society. This does not mean that potential political cleavages do not exist, but so far conflicts have been widely overcome by charismatic leadership as well as by authoritarian rule of the former president. His successor, President Pohamba seems to favor a more inclusive strategy. Promising in this context were his meetings with politicians from opposition parties as well as his repeatedly expressed willingness to seek closer dialogue with minorities. It is also noteworthy that he refrained from the sometimes harsh rhetoric typical of his predecessor. However, there are other influential figures in the party who oppose this inclusive strategy and thereby at times exacerbate tensions, particularly along ethnic cleavages. Nonetheless, the serious intimidation of RDP supporters during bi-elections and local authority election in 2008 should be regarded as a serious setback.

Cleavage /
conflict
management

It remains to be seen, how far the campaign “Participate – Influence, Use your Regional Council” will be able to help ethnic minorities to be further included into the political system by a resulting decentralization.

There are no serious obstacles to civil society groups’ organizing social and political activities in the country. On the other hand, it is also true that government does not encourage such activities, particularly if they are critical to the government. It also must be mentioned that the political culture in Namibia is not very participation-oriented. In general, civil society groups do not find much support in the society and cannot mobilize the masses easily. The church groups, if any, attract people’s attention, but they have largely withdrawn from politics since independence. The government’s acceptance of civil society engaged with developmental and social issues is much higher. A good start in this respect is the Basic Income Grant Scheme which has been initiated by non-governmental and church organizations and which has since enjoyed the strong support of these organizations. It must also be noted that donors put more emphasis on public participation in development projects, encouraging government to seek consultation with civil society (e.g., Global Fund).

Civil society
participation

The violations of human rights under the previous authoritarian regime, namely South African state terror and atrocities committed by the liberation movement in exile, have not been prosecuted in court as they are protected by blanket amnesty legislations. The NSHR approached the ICC after a parliamentary motion on the plight of former SWAPO detainees was rejected by the ruling party. The NSHR said that it was prepared to withdraw the ICC submission in the event that the government establishes the long-awaited Truth and Reconciliation Commission. While the ICC only came into being in 2002, the NSHR maintains that the four Namibians are charged under the “continuous violation doctrine” which will be tested for the first time. The ICC has confirmed that it received the submission and is weighing the merits of the case. Small civil society groups such as the “Legal Assistance Center,” “Breaking the Wall of Silence” (BWS) or the “National Society for Human Rights” have taken the lead in uncovering and coming to terms with human rights violations. Besides the crimes committed under South Africa’s apartheid, greater attention is being paid to offences committed by the SWAPO leadership in exile, a very sensitive topic with the government, which tries to prevent reports of this period being published. However, it has not actually interfered with critical groups such as BWS doing so. Reconciliation has been mentioned in the constitution and rhetorically pronounced in various speeches by government officials. However, historical injustices persist despite efforts like Affirmative Action and Black Economic Empowerment.

Reconciliation

17 | International Cooperation

By international comparison, Namibia has been a major recipient of international support since independence and in the meantime has become dependent to a considerable extent on international transfer payments. It is still, however, less dependent than the average African state: the country has not yet had to turn to the International Monetary Fund (IMF) for financial support. That said, Namibia is one of the top African recipients of development transfers, receiving \$109 per inhabitant. Therefore, there is the danger of Namibia being “over-aided.” As a consequence, state and non-state institutions often fail to take the necessary care in using resources or exhibit the appropriate commitment to development. For donors, there is the problem of an effective allocation of resources. The Namibian government, however, is taking steps to maintain its good reputation as a democratic aid recipient.

Effective use of support

The Namibian government is well aware of the advantages of good relations with international donors. Therefore international actors are – at least selectively – approached to play a role in advancing internal reform policies. The most important bilateral donor has been the United States of America (Millennium Challenge Account, support for the fight against HIV/AIDS), followed by Germany. Reform strategies supported through these partnerships range from infrastructural improvement to sector reform and HIV/AIDS prevention. The cooperation between

Namibia and the European Union, EUR 103 million in 2007, focuses on education and human resources development as well as on rural development. Both partners have developed far-ranging strategies that crucially support Namibia's reform process.

On the other hand, Namibia is skeptical about closer cooperation with the international financial institutions (World Bank, IMF) because it fears interference in its domestic agenda. However, the country eventually accepted a loan of 58.2 million South African rand (app. \$7 million) from the World Bank to support its education improvement program. It was the first time that the World Bank disbursed a loan in one of Africa's local currencies. The African Development Bank is even more of an accepted financial partner and thus far has provided several credits (totaling \$216 million) for the improvement of the transportation system and for agricultural reform. There has also been intensive cooperation with the United Nations (UNDP) (poverty reduction and HIV/AIDS). The United Nations Development Assistance Framework 2006-2010 outlines the range of future cooperation between the two partners (mainly in the fields of rural development and natural resources). Namibia was named eligible for assistance from the Millennium Challenge Account in November 2005. The Millennium Challenge Corporation has signed a five-year, \$304.5 million compact with the government of Namibia aimed at reducing poverty and accelerating economic growth.

Namibia presents herself to the outside world as a functioning democracy as well as a free-market economy, and as a partner willing to cooperate with international demands for economic liberalization. On the whole, Namibia has acted as a credible and reliable partner in its relations with international supporters. In 2008, the SWAPO Youth League made some very unfortunate statements criticizing major donors such as the United States, Sweden and Germany which could affect Namibia's reputation.

Credibility

Namibia is a member of all major international organizations and, despite its small population, is willing to accept responsibility, particularly in the region. The UN has been the political midwife for Namibian independence and Theo-Ben Guriab was elected as president of the UN General Assembly in 1999/2000. In the region, the SADC is the most important foreign policy framework for Namibia. Namibia has taken up an important hinge-function between South Africa as the dominant regional power and other important states in the region like Angola and Zimbabwe in the SADC. In the Zimbabwe conflict, however, which has become a controversial issue within the SADC, Namibia did not speak out against the practices of the Mugabe regime and did not appear as a member state that wanted to take full responsibility within the organization. Finally, Windhoek has become a leading African international congress center and is trying to build a visitor-friendly infrastructure to match its reputation for hospitality.

Regional
cooperation

Strategic Outlook

The Republic of Namibia can look back upon 19 years of peaceful and democratic development. Regular elections at various levels of government and a change of incumbent in the office of the president testify to the observance of democratic processes. The political framework creates fundamentally favorable conditions for the development of a free-market economy, and the message of the present government is that these conditions will be improved.

This overall assessment is borne out by the scores in this report on the state and management of the Namibian transformation. Nonetheless, a full evaluation must include a number of qualifications that can potentially prejudice the future development of the country:

First, Namibia's democracy is basically a dominant-party system, which was further entrenched by the 2004 elections. Although this system observes the principles of democracy, in reality government practice tends to be autocratic. The checks and balances provided in the constitution and the political influence of opposition parties and civil society groups are marginal. Thus many SWAPO politicians, among them several ministers, have adopted the attitude that SWAPO could be equated with the country. Any effective opposition is looked at as being illegitimate. A behavior modification, however, is necessary in order to enhance democracy by eventually creating a powerful counterweight to SWAPO.

Second, in terms of economic transformation, all governments since independence have endeavored to give Namibia a free-market- and investment-friendly image. Thanks to its natural resources, the country is internationally competitive, but needs proper management to derive optimal benefit from their exploitation. At present, the country suffers from shortcomings in education and training, insufficient qualified people leading to low productivity and the absence of a culture of rational development oversight. Average per capita income is comparatively high. However, this figure conceals enormous inequalities in income distribution and other social factors highlighted by the Human Development Index. The small white population and the new black political class are beneficiaries of this unequal distribution. As this situation is not expected to change fundamentally in the immediate future, the living conditions of the rural poor and high unemployment are unlikely to improve, either.

Third, political intolerance constitutes a major threat to the democratic well-being of the country. The recent intimidations of RDP supporters during the campaigns for local authority elections and by-elections have raised serious concerns. The government must ensure that all political parties are genuinely free to campaign in parliamentary and presidential elections at the end of 2009 as well as in any future election. SWAPO politicians must abstain from the use of abusive and inflammatory language, and from exploiting and exacerbating ethnic cleavages.

Fourth, the HIV/AIDS pandemic, which will continue to affect Namibia for decades, must be addressed effectively. A matter of particular concern is the fact that the young intellectual elite –

which is indispensable to the country's future – has been particularly hard hit. An effective means of combating this disease is still not in sight.

In terms of external factors, developments in South Africa will prove crucial for Namibia's continued economic and political development. Despite Namibia's efforts to establish greater independence from its neighbor, South Africa's dominant position continues to influence the country's economy and trade.

Receiving more international aid per capita than any other country in Africa, Namibia is likely to continue receiving high levels of donor support as it aims to strengthen its institutions of competition, both in regional politics and trade. Donor support will also be needed if the country is to effectively address major challenges in the health and educational sectors. International donors should therefore focus their support in the following areas:

- Enhancing administrative capacities at all levels of government to improve development management.
- Improving infrastructure to overcome bottlenecks that impede growth in the large, thinly populated, arid country.
- Improving Namibia's competitive position in southern Africa by facilitating measures that improve Namibia's trade position within the SADC and the WTO, but also within NEPAD.
- Promoting education, training and further education, particularly teacher training, vocational training and tertiary education.
- Expanding the health system, with particular emphasis on containing the HIV/AIDS pandemic as a communal task of state and non-state institutions.