

BTI 2012 | Namibia Country Report

Status Index	1-10	6.99	# 32 of 128	
Political Transformation	1-10	7.70	# 25 of 128	➔
Economic Transformation	1-10	6.29	# 46 of 128	➔
Management Index	1-10	6.03	# 31 of 128	

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

This report is part of the Bertelsmann Stiftung’s Transformation Index (BTI) 2012. The BTI is a global assessment of transition processes in which the state of democracy and market economy as well as the quality of political management in 128 transformation and developing countries are evaluated.

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Please cite as follows: Bertelsmann Stiftung, BTI 2012 – Namibia Country Report. Gütersloh: Bertelsmann Stiftung, 2012.

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Key Indicators

Population	mn.	2.3	HDI	0.625	GDP p.c.	\$	6474
Pop. growth ¹	% p.a.	1.8	HDI rank of 187	120	Gini Index		-
Life expectancy	years	62	UN Education Index	0.617	Poverty ³	%	-
Urban population	%	38.0	Gender inequality ²	0.466	Aid per capita	\$	150.2

Sources: The World Bank, World Development Indicators 2011 | UNDP, Human Development Report 2011. Footnotes: (1) Average annual growth rate. (2) Gender Inequality Index (GII). (3) Percentage of population living on less than \$2 a day.

Executive Summary

Two decades after gaining independence, Namibia's democratic and economic transformation continues to progress. As in former years, the presidential and parliamentary elections of 2009, as well as the regional elections of 2010, took place with a remarkable sense of political routine and met the standards of modern democratic elections, with the exception of an appeal due to alleged irregularities. After thorough investigations, the Namibian High Court at Windhoek dismissed the election challenge by nine opposition parties for substantial want of evidence. However, the Court also severely censured the Electoral Commission of Namibia (ECN) for being "guilty of reprehensible or discreditable conduct." Thus, the South West Africa People's Organization (SWAPO), the governing party, maintained its three-quarters majority. Drawing its base primarily from the Ovambo, the country's ethnic majority, SWAPO defines the dominant party system typical of Namibian democracy.

Although the formal rules of democracy are correctly observed, the overwhelming strength of the governing party has weakened the constitutional possibilities of parliamentary control. As a result, civil society, with its international moral and financial support, is at least as important as the political opposition. More attention needs to be paid to the functioning of the country's democratic structures and procedures. Behind the democratic façade, there are shortcomings in democratic participation and the rule of law, and the diffusion of democratic values at the grassroots level is gaining ground only gradually. Hifikepunye Pohamba, the second president after independence, has been re-elected for a second term with a considerable majority. However, founding President Sam Nujoma still seems to exert political influence. Pohamba himself has repeatedly expressed his willingness to cooperate closely with his predecessor, and he has not deviated much from the former president's political program. Nevertheless, Pohamba

appears to be more modest and conciliatory than Nujoma; on several occasions, Pohamba has expressed his openness towards minorities outside the dominating SWAPO system, and he has tried to establish a dialogue with some of the opposition parties and the churches.

The opposition is still small and not very effective politically. The previously high expectations associated with the Congress of Democrats (CoD) as an opposition party making inroads into the SWAPO strongholds in the north of the country have collapsed. But these hopes were revived in 2008 by the foundation of the Rally for Democracy and Progress (RDP), an organization led by former foreign minister Hidipo Hamutenya who fell out of favor with then-President Sam Nujoma. However, the RDP was unable to win over substantial parts of the SWAPO constituency in the most recent elections. The RDP was only able to win 11 seats in the national elections. Even though it is the largest opposition party, the RDP is far too weak to challenge the two-thirds majority of the governing party.

Whether progress towards a free-market democracy will continue without restrictions will depend 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, between urban and rural areas, and between the new wealth of the ruling elite and the ongoing impoverishment of growing sections of the population, have not narrowed. Radical demands by the Deputy Minister for Lands for land reform have given rise to fears that the country may move towards a situation like that found in Zimbabwe. Time has shown that these fears were an overreaction on the part of a minority of white farmers and that the government is determined to follow a middle-of-the-road policy.

The consequences of the HIV/AIDS pandemic, for which there is no quick remedy, are increasingly noticeable. Namibia currently faces a mature generalized HIV epidemic that is primarily sexually transmitted. Antenatal clinic surveillance data show HIV prevalence rates among women increased to a high of 22% in 2002, leveled off at 20% in 2004 and 2006, and dropped to 18% in 2008, according to the 2008 National HIV Sentinel Survey. Namibia remains among the eight countries with the highest prevalence rates in the world, requiring continued attention to both treatment and prevention. The country's total population of 2.2 million is highly dispersed, creating challenges in accessing services and reaching remote populations. The rate of infection is particularly high among university graduates, which represents a major threat to human potential. Overall, administrative competence, as well as the 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 this deadly disease.

History and Characteristics of Transformation

Namibia's history of transformation is above all a history of decolonization. After a dispute between South Africa and the United Nations that went on for decades, which in 1966 revoked the League of Nations mandate that made the territory a South African protectorate, white rule was ended surprisingly quickly by the coordinated intervention of the superpowers at that time. The end of the Cold War was a major factor behind the success of the U.N. 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 the one hand and the African frontline states and Cuba on the other. The largely externally initiated transition process 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 is rooted 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 ethnic majority 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 Peoples Organization, the militant movement at the forefront of the liberation struggle, when centralization and authoritarianism were central policy instruments, and the organization was generously funded and supported by the communist governments of the former Warsaw Pact. SWAPO's leading role was already underlined by the support of the United Nations in 1973 when SWAPO was declared the "sole and authentic representative of the Namibian people."

Thus, despite the successful introduction of democratic institutions, the style of government has remained centralized and authoritarian. Given a party system in which SWAPO has won a three-quarters majority in the last three 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 fact that Sam Nujoma, the long-time president and head of SWAPO, did not stand for the presidency again, and that the new officeholder has tried to introduce a new tone into public debate, can be interpreted as a clear trend towards a liberal democracy. There is no evidence in the present political discourse that Namibian democracy, in its prevailing structure and form as a dominant party system, might be endangered.

The economic transformation can be similarly characterized as a two-track development. In the past, the Namibian economy was fully integrated into that of its colonial power, and the country is still extraordinarily dependent on South Africa. Formerly, the Namibian economy not only

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.), but 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 as a liberation movement was influenced by the socialist ideology of the Eastern Bloc 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 benefits in particular the approximately 80 000 whites – who are described as the economic backbone of the country – has been preserved. Thus, socioeconomic differentiation has changed only marginally, and mainly to the advantage of the black governing elite. But even though little progress has been made in alleviating poverty, on balance the country has made reasonable economic progress in the years since independence.

The BTI combines text analysis and numerical assessments. The score for each question is provided below its respective title. The scale ranges from 10 (best) to 1 (worst).

Transformation Status

I. Political Transformation

1 | Stateness

Namibia's territorial integrity has not been seriously questioned since independence. The Namibian state has an unrestricted monopoly on the use of force within the country. In 1998, secessionist challenges emerged in the Caprivi Strip, and they were immediately silenced by the central authorities in a rather brutal manner. This harsh suppression provides evidence of the then-extant fear of any kind of secession. But apart from those challenges, the country has not experienced any other conflicts serious enough to threaten the integrity of the state.

Citizenship in Namibia is not a politically divisive issue. After the long struggle for independence, the concept of the Namibian nation is widely accepted. All citizens and ethnic groups 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, even though former President Nujoma attacked whites for not identifying themselves sufficiently with the Namibian state.

According to Article I of Namibia's constitution, the republic is established as a [...] secular [...] state. There is a clear-cut separation of church and state. Although Namibia belongs to the most Christianized countries in Africa, and despite the fact that there are official talks between the president and representatives of the CCN (Council of Churches in Namibia), the political process is by and large secular. If there is any influence, it could be identified in moral norms, derived from Puritan religiosity, which may impact the legal order and political institutions. A case in point is the debate on homosexuality; although it is not legally forbidden, it has been criticized as an "unnatural act" by political authorities.

Question
Score

Monopoly on the
use of force

9

State identity

9

No interference of
religious dogmas

9

The administrative structure is established and provides most basic services reasonably well. The civil service – which remains centralized, despite gradual progress in decentralization efforts – effectively administers the entire territory within the state’s borders. In the rural areas, basic public services are still lacking to a large extent.

Basic
administration
7

2 | Political Participation

Namibia has a universal franchise with the right to vote and to stand for election at the national, regional and municipal levels. In Namibia, democratic elections are now part and parcel of the political routine. Elections are organized and monitored by an independent electoral commission. In spite of some minor irregularities, elections at all levels in the past can be called free and fair.

Free and fair
elections
7

In November 2009, national elections, which include parliamentary and presidential elections, were held for the fifth time. Turnout was recorded at 95.8%. SWAPO won 74.29% of the votes and gained 54 (out of 72) seats. Hifikepunye Pohamba (SWAPO) was reelected as president with an even bigger majority of 75.25% of the vote. The RDP, with Hidipo L. Hamutenya as presidential candidate received 11% of the vote (eight seats) and hence forms the official opposition in the National Assembly.

Regional and local council elections were held in November 2010. SWAPO won 98 out of 107 constituencies (a relative majority system), although RDP was able to gain ground in the local councils; turnout, however, remained quite low at only 38.6%. International election observation missions from the Southern African Development Community (SADC) and African Union (AU) considered the elections to have been “transparent, peaceful, free and fair.”

Some observer missions and opposition parties felt that the conduct of the 2009 national and presidential elections fell short of international standards of transparency, freedom and fairness in all phases, which are, amongst others, also outlined in the Principles for Election Management, Monitoring and Observation in the SADC Region (PEMMO). Problems cited include: the ECN’s performance; the late introduction of amendments to the electoral act; problems with the voters’ roll; short-notice changes to the system of counting; and ballot verification, which was made even more difficult by the large number of tendered ballots. Delayed announcements of results and the fact that some provisions in elections legislation were disregarded point to institutional and systematic deficiencies that need to be addressed.

As a result of these problems, nine opposition parties filed an urgent application to challenge the election results at the Windhoek High Court. The All People's Party (APP); the Congress of Democrats (CoD); the Democratic Party of Namibia (DPN); the Democratic Turnhalle Alliance (DTA); the Namibia Democratic Movement for Change (NDMC); the National Unity Democratic Organisation (NUDO); the Rally for Democracy and Progress (RDP); the Republican Party (RP) and the United Democratic Front (UDF) indicated at the beginning of December 2009 that they would not accept the results and would challenge them in court. The opposition parties were granted an order by the High Court for a thorough audit of the November Presidential and National Assembly elections results that saw the ruling party taking 54 seats in the National Assembly, with the opposition sharing the remaining 18 seats. Drawing on the audit, the parties subsequently filed affidavits to ask the court to nullify the entire election results if it is proven that the elections were carried out beyond the provisions of the Electoral Act, or alternatively, to order a recount.

The opposition's attempt to have the High Court order new elections, or at least a recount of the November presidential and National Assembly votes, was effectively thrown out of court on 4 March 2010. Judge President Petrus Damaseb and Judge Collins Parker struck the case off the court docket and ordered the applicants (the opposition) to pay the costs of the respondents (the Electoral Commission of Namibia and SWAPO). The case was rejected on a technicality rather than on the full merits of the legal arguments. The decision was based on the fact that the application challenging the National Assembly election was lodged with the High Court at 4:30 pm on January 4 – the last day that such an application could be filed in terms of the time limits set out in the Electoral Act – and not before the deadline of 3:00 pm stipulated in the High Court Rules (office hours and the day and date that are envisaged in the law). The opposition parties mounted a legal appeal to the Supreme Court. On Monday, 6 September 2010, the Supreme Court handed down its judgment in the appeal.

In a judgment, Chief Justice Peter Shivute said that the RDP's and eight other parties' electoral application, submitted to the court registrar on 4 January 2010, could not be rejected on the grounds that it was delivered outside the registrar's office hours. Chief Justice Shivute, in a judgment compiled together with four other appeal judges, emphasized the importance of election-related court applications in a constitutional democracy and supported the opposition parties' claim that exceptional circumstances could be applied in this case and that the late submission of the application should have been allowed at the discretion of the registrar.

The case was, however, again dismissed in the High Court on 14 February 2011 as the Court ruled that affidavits and evidence from the plaintiffs were not sufficient to prove that the integrity of the elections was destroyed through fraud. The opposition parties announced a week later that they would again appeal the verdict based on

the fact that additional submissions by the plaintiffs were disregarded by the High Court. It has also expressed its concern regarding the ability of the Electorate of Elections and their director to organize elections. The electoral act of 1992 is outdated and has been amended nine times.

Socially relevant actors, whether political parties, trade unions, churches or civil society organizations, are not in a position to effectively block any political moves supported by the solid SWAPO majority. There are no veto powers or political enclaves that undermine democratic principles.

Effective power to govern

9

The constitution provides for the right to form and join trade unions without previous authorization or excessively onerous requirements, and the government generally enforces this law; however, workers in essential services are prohibited from joining unions. Approximately 25% of employees in the formal sector belong to some form of union or employers' organization, while almost 4% of unemployed persons belong to such an organization. There are no restrictions regarding the formation of civil society organizations. The NGO landscape is extremely diverse, with about 650 domestic and foreign organizations. Special mention must be made of environmental, women's and 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 groups is guaranteed in the constitution, and civil groups can act in a largely unhindered manner. Ethnic cleavages play a role both socially and politically; however, these are latent conflicts that do not pose a serious threat to the freedom of association in civil society.

Association / assembly rights

9

The constitution provides for freedom of speech and of the press; however, the government partially limits press freedom. Some independent and government journalists practice self-censorship.

Freedom of expression

9

The 2009 Communications Act established the Communications Regulatory Authority of Namibia (CRAN) to regulate communications, including the media. The legislation does not specify how the media will be regulated. The CRAN's other duties include setting up a licensing framework for both telecommunications and broadcasting, determining interconnection tariffs, allocating radio and telecommunication frequencies, promoting competition in the telecommunications industry and establishing telecommunications data (such as Internet and telephone) interception centers.

The Namibia Broadcasting Corporation (NBC) controls radio and television, and it expresses 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 designed to air different opinions. From time to time, the government reacts very sensitively to criticism. Former president Sam Nujoma, who

is still very influential within SWAPO party circles, plays a dubious role in this regard by delivering occasional hate speeches directed against foreigners, particularly against journalists from Western countries. But despite vague threats, there have been no serious restrictions on the freedom of expression, except the ban on government advertising in the leading English language daily. Meanwhile, there are five daily and two weekly newspapers, plus several magazines. Most of them are privately owned. 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 include the large cities in the North – so that opposition opinions in the print media seldom reach the hinterland. The Worldwide Press Freedom Index of Reporters Without Borders ranks Namibia at 21st out of 167 countries in 2010, which is the best on the African continent. According to the African Media Barometer (AMB) 2006, Namibia ranks fifth 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 (4.3 out of 5), while broadcasting legislation and continuing state control over public broadcasting score rather low (2.0 out of 5). In other words, there is room for improvement, particularly in the broadcasting sector.

There are no government restrictions on access to the Internet; however, the Communications Act 2009 provides that the intelligence services can monitor e-mails and Internet usage with authorization from a magistrate.

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; however, Namibia's presidential form of government grants the president wide-ranging powers (Article 32 of the Namibian Constitution). This is further underscored by the three-quarters majority in parliament held by the SWAPO party, which enjoys the solid support of the Ovambo ethnic majority. This constellation limits parliament's oversight function. Nevertheless, it should be noted that, for the most part, the government exercises its executive powers lawfully. But the size of Namibia's cabinet is a challenging problem. Forty-six parliamentarians are currently part of the executive body in the role of ministers or deputies, or are in some way associated with it. They make up 60% of the legislative body, further limiting parliamentary control and diluting the division of powers. On the other hand, parliament is relatively strict in its 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. But SWAPO, despite being

Separation of powers

7

the governing party, is often more critical than the opposition parties. The opposition, however small, typically fails to fully exploit 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, although the last elections in 2010 noticeably changed the distribution of powers in favor of the opposition parties.

The courts are independent. The judges and officials of the courts act in accordance with the constitution and the rule of law. In recent years, reservations have been expressed about political partiality in the appointment of judges, but 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; these commissions were formed to investigate, among other things, the abuse of public office and allegations of corruption on the part of members of the government or public officials. The opposition parties have raised the issue of judicial independence as a political one in regard to election complaints. In 2005, the High Court's order to recount the votes was perceived very positively and accepted by all parties involved. The decision not to accept the complaints in 2009 on formal grounds, along with the long delay in dealing with the revision of that case, raised doubts again that may be overcome once the High Court makes a ruling. Worth noting is the acknowledgement in 2010 of the expropriation of white-owned farms in favor of the present owners.

Independent
judiciary
9

However, there is a serious shortage of judges and many cases languish for years before being heard. In view of the enormous backlog of cases, many people have expressed doubts about the rule of law.

Despite repeatedly announced anti-corruption campaigns – particularly underlined by President Hifikepunye Pohamba since 2004 – political and bureaucratic corruption is a common practice in Namibia. The Anti-Corruption Commission (ACC) was inaugurated on 1 February 2006. However, the expectations placed on President Pohamba and the ACC were too high and could not be fulfilled.

Prosecution of
office abuse
6

Corruption takes place in a gray zone of activity populated by politicians, holders of high offices, parastatals and members of their families. The extractive industries offer huge opportunities for enrichment, whether through the granting of licenses for prospecting and fishing or through shares in international companies. Serious sanctions have virtually never been imposed, even when a commission of inquiry has uncovered spectacular abuses of office. A major weakness in Namibia revolves around the fact that many wrongdoers go unpunished because of 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.

Civil liberties enjoy 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 (Article 25 II of the Namibian Constitution). The government and the courts punish breaches of the law on principle. Open violations are not accepted and the human rights organization Namrights (formerly the Namibian Society for Human Rights), although very critical of the government, has been tolerated over the years.

Civil rights
7

On the other hand, government institutions such as the police and the army, which are meant to guarantee civil rights in everyday life, seem to be somewhat ineffective. There is evidence that they have been responsible for a number of illegal actions that were either covered up for political reasons or unduly delayed. Accordingly, citizens cannot automatically assume that the law will be applied properly in all cases, or that legal norms will also apply to state activities. Moreover, campaigns against the discrimination of women have not done much to improve the position of women; however, women are at least somewhat represented in government institutions.

4 | Stability of Democratic Institutions

Notwithstanding certain restrictions, the country's democratic institutions are generally stable. Paradoxically, this is a consequence of SWAPO's dominant position as the governing party over the last 20 years. As the government has a three-quarters majority, it can override opposition criticism and democratically adopt any policy it wishes. Even if democratic institutions display some deficiencies, particularly in rural areas, they have generally performed in accordance with constitutional rules and regulations.

Performance of
democratic
institutions
8

In November 2010, the Namibia Constitution was amended. The president must now appoint regional governors who will be directly responsible to the central government and not primarily to the regional councils. This amendment has been hotly debated and criticized because it may significantly undermine the country's decentralization attempts and strengthen the central power in Windhoek.

All influential actors respect democratic institutions and do not openly question their legitimacy. But it is worth mentioning that the ruling elite has a free hand because the SWAPO party is so strong in the country's party system. The president and the governing party, even in difficult times, have made every effort to ensure that their activities are legitimized by the formal seal of democracy. Nonetheless, even if political actors support the democratic institutions in the country, it seems that there is a lack of democratic culture among the political elite. Democratic attitudes and democratic behavior are not deeply embedded.

Commitment to
democratic
institutions
8

5 | Political and Social Integration

Namibia has a stable, partly ethnicity-based party system. Up to the 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 claims of ethnic bias. Nonetheless, in the four “Ovambo regions” in the north, SWAPO has regularly received more than 90% of the vote on average. This seems to apply also 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 suffice to support its claim to govern as the dominant pan-Namibian political party. The overwhelming support for the ruling, and Ovambo-dominated, party becomes evident when looking at the results of the regional council elections in 2010: SWAPO won 98 of the 107 constituencies. Comparisons over time show that voter volatility is extremely low; Namibia has a democratically elected “dominant party system.” There is no sign that any opposition party could even vaguely pose a democratic challenge, let alone threaten the governing party’s position of power. Hence, 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. High polarization is closely connected to low voter volatility. The involvement of political parties in the struggle for independence is still the most important lens through which Namibians view and evaluate party politics.

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. On account of political support from the government, the trade unions are more visible than their membership alone justifies. As a nationwide business organization, the Namibian Chamber of Commerce and Industry (NCCI), brings together Namibian enterprises and represents their interests. The landscape of NGOs active in the social field is considerable, but many of them are supported by external sources. The large Christian churches have traditionally played an important sociopolitical role; since independence, they have been more reserved in their public statements. But as moral institutions they exercise far greater social influence than their political articulation suggests.

The roots of civil society in Namibia go back to colonial times. Civil society groups, particularly the churches, played an important role during the liberation struggle, predominantly supporting SWAPO. After independence, civil society

Party system

7

Interest groups

6

groups tended to increasingly dissociate themselves from SWAPO and become autonomous interest groups. But detachment implies less influence, as SWAPO is still the dominant force in the country. Only those associations that are closely linked to the governing party, such as the trade unions, still have political clout. Those that are critical of the government can voice their demands but are unable to initiate noticeable change without government support.

Intermediary functions between NGOs and government are weak, although the Community Based Natural Resources Management (CBNRM) group of NGOs appears to be an exception. Capacity for interest aggregation, creation of public forums and advocacy development exist in some organizations, but management weaknesses and limited numbers of staff reduce this strength. Below the national level, interest aggregation and advocacy capacity does not appear to be widely distributed. Civil society's watchdog function exhibits the weakest degree of strength, with the key exceptions of the Legal Assistance Center and Namrights, both of which have spoken out and advocated on human rights issues.

Civil society has little depth. This shallowness is of two types: first, there is a lack of depth in terms of basic management capacity. This capacity gap cuts across all types of NGOs, and concerns basic planning, management and accounting functions. It reflects the general lack of skilled human resources in Namibia, and the competition for qualified personnel among the public, private and NGO sectors.

Second, there is a lack of depth in terms of indigenous constituencies. Some of the Windhoek-based NGOs are elite organizations that try to define and represent the interests of the marginalized, but they did not grow out of grassroots organizing and often they do not speak for, and do not hail from, disadvantaged constituencies. They may be effective in influencing policy and government action, particularly when government is relatively open as it is in Namibia, but they are not sustainable in the absence of donor funding because they lack a mass following.

Public opinion survey data are provided regularly by the Afrobarometer, an independent, non-partisan research instrument that measures the political, social and economic atmosphere in different African countries. The following information is based on a fourth round of interviews conducted at the end of 2008 in Namibia.

The support for a multi-party democracy (69%) and free elections (57%) is considerably high, but democratic thinking is obviously not fully embedded in the electorate because 56% believe that the president "should not waste time justifying his actions" before parliament. Furthermore, 65% would prefer to see the opposition parties cooperate with the government rather than criticize it (32%). The survey also shows that a good half of the population respects the constitution and endorses central democratic values such as participation, competition and fundamental democratic rights. On the other hand, basic acceptance of state institutions does not

automatically equate with democratic attitudes. Authoritarian attitudes are most pronounced among the Ovambo in the north of the country. One striking finding in the survey was the very high trust in leadership, particularly the president (more than 70%). The role of traditional leaders and ethnic systems of patronage is ranked significantly (about 50%), but there is no doubt that traditional authorities influence a large part of the population. At the same time, it must be emphasized that most ethnic leaders support state institutions and some of them also occupy positions of political leadership. The data show that the majority of the population would like to see traditional leaders occupying positions on local and regional councils.

Long experience of colonialism, apartheid and exploitation have affected social trust between racial groups as well as between the mass of the people and the rulers, whether they are black or white. Thus, levels of social trust have been rather low in the past but have improved after independence, with trust in the new political structures rising significantly. According to the Afrobarometer, nearly 80 % trust the president, while trust in political and social institutions ranks at about 60%. Civil society groups and community-based organizations are crucial in building trust in a rather quickly changing society that is characterized by extreme income disparities, migrant labor and a growing disintegration of traditional family life. A number of voluntary organizations, particularly human rights organizations and the churches, try to overcome social disintegration and to mitigate social and political conflicts. It is worthwhile to mention the Basic Income Grant (BIG), which was launched in the villages of Ojivero and Omitara in 2007 and serves as an example of social solidarity with the poor. Each resident receives approximately 100 Namibian dollars annually until retirement age (60 years) to combat poverty. On the local level, the experiment worked out quite well. However, the Namibian government did not take up the idea after a two-year period because of financial and ideological reasons. But the concept is still discussed as a way to reduce disparities and create social trust.

Social capital
6

II. Economic Transformation

6 | Level of Socioeconomic Development

Compared to other African countries, Namibia has achieved a fairly high level of development, with a per capita income of \$4,267 in 2009 (World Bank). In terms of purchasing power parity, this is the equivalent of \$6,410, which classifies Namibia as a lower-middle-income country, not a low-income country. But these figures are quite misleading, because in no country in the world is the distribution of income and access to development as unequal as it is in Namibia (a Gini coefficient of 0.74

Question
Score

Socioeconomic
barriers
3

in 2010). 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 also exist between the different regions of the country, with the South and the middle of the country showing clearly higher aggregate incomes, along with higher degrees of internal inequality. Even if the ratio of people living in extreme poverty came down from 9% to 4%, as a study on income and expenditure of private households (NHHIES) in 2004 has shown, there would still be striking differences in income and social disparities. The CIA's World Factbook 2008 reported that 51% of the country's total labor force is unemployed, a figure officially verified by Namibia's official statistical agency. Because of this enormous income gap, the Namibian government is campaigning to be classified again as a low-income country.

Poverty and marginalization are being exacerbated by the rapid increase in HIV/AIDS infection rates, especially because, in many families, the disease cuts down gainfully employed young people in their prime. This situation accurately reflects the level of development as measured by the Human Development Index (HDI) of 0.69 (2009), which shows that Namibia, in spite of relatively high per capita income, ranks at an average level among the developing countries and demonstrates a large extent of social exclusion. Women are hit particularly hard.

However, it would be wrong to speak of fossilized structures, because 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, poor economic growth in recent years was slightly outpaced by population growth, and is now below it; accordingly, real growth per capita is negligible.

Economic indicators		2007	2008	2009	2010
GDP	\$ mn.	8805.8	8967.5	9182.4	12170.3
GDP growth	%	5.4	4.3	-0.7	4.8
Inflation (CPI)	%	6.7	10.4	8.8	4.5
Unemployment	%	-	37.6	-	-

Economic indicators		2007	2008	2009	2010
Foreign direct investment	% of GDP	1.9	4.6	5.3	7.0
Export growth	%	6.4	8.1	-14.0	-42.3
Import growth	%	31.8	21.7	5.3	-60.0
Current account balance	\$ mn.	747.0	224.7	119.9	30.5
Public debt	% of GDP	19.0	17.3	15.4	18.5
External debt	\$ mn.	-	-	-	-
Total debt service	\$ mn.	-	-	-	-
Cash surplus or deficit	% of GDP	2.0	-	-	-
Tax revenue	% of GDP	27.3	-	-	-
Government consumption	% of GDP	20.7	20.5	24.4	22.1
Public expnd. on edu.	% of GDP	-	6.4	-	-
Public expnd. on health	% of GDP	6.9	6.9	5.9	-
R&D expenditure	% of GDP	-	-	-	-
Military expenditure	% of GDP	3.0	3.4	3.7	-

Sources: The World Bank, World Development Indicators 2011 | International Monetary Fund (IMF), World Economic Outlook 2011 | Stockholm International Peace Research Institute (SIPRI), Military Expenditure Database 2011.

7 | Organization of the Market and Competition

The prerequisites for free market competition exist. Market prices, currency convertibility, freedom of economic pursuits and the free appropriation of profits are guaranteed. State enterprises produce a low percentage of GDP. In the period under review, a number of public companies, such as the power supply (Nam Power), water supply (Nam Water) and the Transnamib companies (Air Namibia and the railways) were reincorporated as parastatals that are run increasingly on market principles. The government provides very strong support for black economic empowerment measures in the private sector, parallel to affirmative action measures in the state sector.

The overall unemployment rate stands at around 50% (2008), and more than 60% of young people under the age of 25 are unemployed or underemployed (CIA World Factbook). Although there are no precise figures, it is estimated that between 60,000 and 80,000 people rely on income from the informal sector.

Market-based
competition

7

In 2003, the Namibian government passed the Competition Act, establishing a Competition Commission “to safeguard and promote competition in the Namibian market.” The Competition Commission was subsequently launched in 2009, and it is now responsible for investigating complaints of restrictive business practices and referrals regarding proposed mergers. It also has the mandate to investigate unfair or anti-competitive business practices. Under the Competition Act, the commission will deal 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 unlikely to succeed, as they would mainly affect South African companies that would almost certainly oppose such measures.

Anti-monopoly
policy
6

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 fluctuated in the period under review. In certain sectors they worsened because there is too little local processing and diversification. On the other hand, the country is making progress in enhancing processing and finishing in the zinc, fish and diamond industries. The low-tax Economic Export Processing Zone (EPZ) has attracted foreign investment, in particular from South Africa and Malaysia, but investment levels are far smaller than anticipated.

Liberalization of
foreign trade
8

In the World Bank’s Doing Business Report in 2009 (World Economic Forum 2010), Namibia was ranked 69th out of 183 countries for ease of doing business. In the World Economic Forum’s 2010-11 Global Competitiveness Index, Namibia ranked 74th out of 139 countries.

Foreign, and 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 company that invested in Namibia only a few years ago, has threatened the government to withdraw from the country several times because of labor disputes, company violations of environmental standards and the imposition of commitments to employ Namibians.

Namibia has one of the most sophisticated, diverse and developed financial systems in Africa. Most of the country’s financial institutions are privately owned and maintain strong links with South African institutions. As of 2009, total financial system assets stood at 170% of GDP, significantly above the African average. The system consists of four private commercial banks, 30 insurance companies, 500

Banking system
9

pension funds, a stock exchange, a number of asset management companies and a variety of micro-lending institutions. Banks dominate the financial system with a share of 38% of total assets, while pension funds accounted for about 35% and insurance companies for 20%.

The commercial banking sector is mature and well established. Financial intermediation, as measured by private sector credit to GDP, is high at slightly over 50%. About 40% of bank loans are in the form of individual mortgages. However, lack of collateral and distance between rural villages and urban centers limits access to credit for small and medium-sized enterprises and rural borrowers. Deposits comprise more than 90% of total liabilities and are highly concentrated.

Generally, commercial banks in Namibia are well capitalized and profitable and have become more resilient in recent years. Capital adequacy ratios have reached 15%, while non-performing loans are at 2% and returns on equity at 28%.

While less than 15% of Namibians use transaction, credit or insurance services, the penetration of savings products is high compared to other African countries, at 45% of the total population. While these figures are above the African average, they remain lower than in other non-African countries with similar income levels.

The pension sector, which was established well before Namibia's independence, is well developed in terms of total asset size and maturity. Pension funds are required to invest a minimum of 35% of their portfolio in local assets, and have historically held an additional 10 to 20% in government bills and bonds. The flexible application of investment guidelines has allowed for continued diversification and good performance in fund returns.

Membership in the Common Monetary Area (CMA) provides Namibia's financial institutions with significant benefits. Free capital flows allow for more efficient allocation of capital within the region. Access to South Africa's financial markets helps financial institutions diversify risks and mitigate weaknesses in domestic supervision and human resources. In addition, the peg to the rand has helped reduce inflation and provided predictability in exchange markets.

The Financial Intelligence Act was passed in 2007 to provide a strong legal basis to combat money laundering activities and other financial crimes within the borders of Namibia, as well as to protect the financial system against other financial crimes.

8 | Currency and Price Stability

The Bank of Namibia, which was called into existence by the Namibian parliament, began operations in 1990. The Namibian dollar was introduced in 1993 and pegged to the South African rand. The bank operates as an independent institution, but is

Anti-inflation /
forex policy

8

accountable to the government. The minister of finance and president appoint the bank's governor and deputy governor for five-year terms. The president may remove either from office for misconduct or for being unfit to carry out their duties properly. The bank's eight-member board is also subject to appointment by the president. The bank has its own budget, which the board members approve.

As the Namibian dollar is tied to the South African rand, any 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. In recent years, South Africa has followed a policy of macroeconomic stability and low inflation, from which Namibia has indirectly benefited: according to World Bank figures, the inflation rate in 2009 stood at about 8%. Finally, in the period under review, the exchange rate of the Namibian dollar rose against the U.S. dollar in the wake of the rising South African rand, a development with negative consequences for the export and tourism industries.

After independence, the government followed a strict policy of macroeconomic stability and tried to avoid public debt. But in the last decade, rising public expenditure increased public debt between 1995 and 2005 from 9% to 32% of GDP (CIA World Factbook 2008). Moreover, continued outflows of capital to South African financial markets have kept international reserves relatively low. At the same time, the booming economy has led to a considerable increase of state income so that in recent years budget surpluses were attained. These improvements in revenue have permitted a considerable reduction of debts. Thus, in terms of GDP, total debt declined from 28.6% in 2006/07 to 18.9 in 2008/09. Since then, it has risen slightly again (Ministry of Finance 2010)

Macrostability

8

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. In recent years, the government has proceeded with the partial privatization of large state-owned utilities, turning them into parastatals. Since 2003, discussion of land expropriation and accelerated land reform has caused considerable irritation among landowners. Rank-and-file SWAPO members, 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. But President Pohamba, 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. Therefore, public statements reiterate that constitutionally protected property rights will not be called into question. Nevertheless, although the Namibian authorities try to obey the letter of the law and observe the "willing seller,

Property rights

8

willing buyer principle,” public discussion, fuelled by exaggerated comments in the international press, continues to be overshadowed by the specter of “Zimbabwean conditions.”

Namibia’s economy is dominated by private business, 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 privatization, but its implementation is ineffectual and partly non-transparent. It understands privatization in the narrow sense of a “transfer of ownership to the private sector,” rather than as an “intrusion of market forces in the public” sector. In some cases of privatization, black empowerment groups have been direct beneficiaries, not least due to the government’s affirmative action policies.

Private enterprise
7

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 monthly pension of NAD 450. This is not a pay-as-you-go system; it is funded directly out of the general budget. This pension, although it is considerably lower than in South Africa (ZAR 930), nevertheless provides a vital basic income for a large part of the poor, especially those in the informal sector, where this payment is frequently the only regular source of monetary income for entire families. However, compared with the average cost of living, 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 would not be able to survive on social payments without the traditional assistance and solidarity of the extended family. This fact has led to the discussion about BIG (Basic Income Grant) and the pilot project in Omitara.

Social safety nets
6

Moreover, the health system is a major concern. Although health expenditure ranks second highest in Africa (6.8% of GDP according to WHO 2006), Namibia is not able to provide appropriate health services for the population. In rural areas, health care facilities have always been neglected and even the existence of private health clinics, mainly provided by the churches, cannot nearly satisfy the needs of the vast country. There are a number of health care projects as well as private low-cost health insurance programs, but all of these development efforts have not managed to compensate for the shortfall thus far.

The HIV/AIDS pandemic has seriously aggravated the situation and constitutes a unique threat to the country. In 2009, Namibia had an HIV prevalence rate of 19% in adults aged 15 to 49. 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 are also at risk of breaking down. As there is no effective cure for HIV/AIDS and little social recognition of the disease as a life-threatening pandemic, the consequences will likely impair Namibia's development for decades to come.

In addition to government policy, many NGOs are also active in social matters. The landscape of NGOs active in the social field is considerable, but many of them are supported by external sources. The large Christian churches have traditionally played an important sociopolitical role; since independence, however, they have been more reserved in their public statements. But as moral institutions, they exercise far greater social influence than their political articulation suggests. As an example of social solidarity with the poor, the churches launched the Basic Income Grant (BIG) project in the villages of Ojivero and Omitara in 2007. The project was initiated by a coalition of groups including the Council of Churches (CCN), the umbrella body of the NGOs (NANGOF), the umbrella body of the AIDS organizations (NANASO), the National Youth Service (NYC), the Church Alliance for Orphans (CAFO), the Legal Assistance Center (LAC) and the Labor Resource and Research Institute (LaRRI). The project was sponsored by German churches.

As the Gini rating makes clear, Namibia has the highest income disparity in the world. This has serious implications for the equality of opportunity, especially for women. The government is making great efforts to address the issue, but sometimes these efforts fall short. Notable initiatives include the Affirmative Action Act, the Combating Domestic Violence Act and the Labor Act. Institutions such as the Legal Assistance Center Namibia help individuals seek redress for violations of their rights. However, economic inequalities and unemployment still seriously limit equality. According to the Gender-Related Development Index (Human Development Report 2009), women earn only 51% of what men earn for similar work. The same index puts Namibia at rank 108 out of 150 countries.

Thanks to the government's focus on expanding schooling, investment in education currently accounts for about 9% of GDP and more than 20% of the budget. One positive aspect of this strategy that must be emphasized is the growing number of girls in educational institutions (scholarization of 81% in 2003), particularly at higher levels. This has led to a corresponding improvement in the representation of women in public institutions. The quality of education in nearly all sectors, however, has not risen with quantity; instead, it has become worse.

Equal opportunity

6

11 | Economic Performance

Compared to other African countries, Namibia has achieved a fairly high level of development with a per capita income (PPP) of \$6,410. According to the key measures of the World Bank (2009), the country's macroeconomic position was relatively stable during the period under review. Although economic indicators as a whole have improved, mainly due to successful diamond mining, economic equality has deteriorated, as reflected in most social data. However, 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
7

There were no significant macroeconomic changes during the period under review. Namibia's economy is sensitive to changes in raw material prices and, hence, was influenced by volatility in the global economy. At the beginning of the 2000s, the economy was growing in real terms, but it has since started to contract again. Currently, despite the bull market in commodities, the country has been hit particularly hard by rising oil prices. This has also influenced other macroeconomic indicators. Because of the country's heavy dependence on the outside world, its national monetary and financial policy is not very effective.

12 | Sustainability

The Environmental Performance Index (EPI) was developed to evaluate environmental sustainability relative to other countries. Namibia performs comparatively well, ranking as one of the highest countries in sub-Saharan Africa at rank 81 out of 163 states. Sustainable development requires balanced, environmentally compatible and 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, employing almost 40% of the workforce. Ecology is a particularly sensitive factor in this largely semi-arid country. Another area of concern is fishing policy, because overfishing in the late 1990s caused catch volumes to decrease in subsequent years. Development policies must pay special attention to these aspects.

Environmental
policy
6

There are two uranium mines in Namibia, and two others are in planning stages. To date, none of them are very lucrative in comparative international terms, but

environmental implications should not be underestimated because of effects on groundwater quality and increases in radiation; exact data on such factors are not yet available.

According to a special report from the recently inaugurated Namibia Uranium Institute, there is a “uranium rush” underway in the central Namib desert with ancillary costs to the environment and other growth industries such as tourism. In addition to driving investment and development projects, uranium is expected to ignite growth in a host of secondary industries to meet the demands associated with mines and their employees.

The government is aware of the negative environmental impact associated with yellowcake mining. It commissioned an environmental impact report in 2009 warning against the adverse economic effects of poorly managed mining and the need for sound environmental impact mitigation strategies. The report cites the urgent need to protect groundwater and contain radiation as central issues to be addressed.

The Chamber of Mines of Namibia, through its Uranium Stewardship Committee and the Uranium Institute in Swakopmund, is committed to promoting Namibia’s uranium as an environmentally clean product, using mining practices that comply with global standards on sustainable development, environmental protection and radiological safety.

During the apartheid regime, Namibia’s education system was essentially focused on the white minority. With independence in 1990, the government of the Republic of Namibia introduced far-reaching reforms in order to eliminate these disparities, allocating up to 28% of the annual government budget to the education sector.

Despite legislation making primary education compulsory, the enrollment rate in Namibian schools is only 82%, with some regional and gender differences. In addition, there is the problem of dropouts at all levels in all regions. In each grade, the dropout rate varies between 10% and 1%. There is an especially high dropout rate in grades one, five and ten. Thus, even though Namibia manages to keep up a high number of children who start school, it has a problem with dropouts.

As much as the Namibian government is committed to improving access to and the quality of basic education, and despite all of its previous efforts and successes, the education system still displays serious weaknesses regarding coverage and provision of education, and in particular with respect to the quality of education. The quality of teaching and the performance of learners are still unsatisfactory, especially in urban and rural areas stricken with poverty. It is estimated that, at the end of grade six, only 25% of learners have acquired sufficient competencies in English and mathematics. Only 40% of all learners pass grade seven without repeating a year. On average, 13 years of school are required to pass the final

Education policy /
R&D
4

examinations for grade ten. At the overall national level, only 25.9% of learners reached the minimum level of mastery in reading literacy, and a meager 7.6% reached the desired targets. Almost 40% of teachers do not have senior secondary school qualifications, and 28% of those teach without formal pedagogical qualifications.

Since independence, Namibia has introduced various measures to decentralize the provisioning and delivery of education services. The process of public sector reform as well as the introduction of strategies to improve the quality of education planning and management are still ongoing and at times very tedious. However, in the context of the decentralization of public services, the education sector, as the largest public sector, is playing a leading role. In terms of the Namibian government's decentralization policy, recruitment and transfer of teachers, as well as timely and adequate budget planning and administration, will be decentralized to the 13 regional councils.

Spending on education accounts for about 9% of GDP and for more than 20% of the budget. 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 in particular teachers' qualifications leave much to be desired, apart from doubts about the sustainability of educational efforts. In 2005, the Namibian Ministry of Education developed a 15-year strategic plan (from 2005/6 to 2020) called the Education and Training Sector Improvement Program (ETSIP), a comprehensive reform of the education and training sector. As part of the ETSIP, the Namibian Ministry of Education has outlined the following strategic objectives:

- strengthen the institutional capacity of tertiary education;
- enhance the relevance and responsiveness of tertiary education;
- improve the quality and effectiveness of tertiary education and the training system;
- improve equitable access to higher education and lifelong learning; and
- mobilize financial resources and use them efficiently.

It took quite some time to start up this huge program worth \$60 million. Most of the activities are now in force, but it remains to be seen how effective the program is. Despite a rich endowment of mineral and natural resources, a proper system of research, knowledge management and technological innovation is still absent.

The HIV/AIDS pandemic is a source of great concern on account of high rates of infection among teachers. The disease is particularly prevalent in the tertiary education sector; almost 40% of the students at the University of Namibia are thought to be infected. If this does not change, it will be impossible to guarantee an adequate skilled workforce over the long term.

Transformation Management

I. Level of Difficulty

Namibia is one of the largest African countries and has a very small population. More than 50% of the citizenry live in the north. The vast size of the country creates infrastructural problems that are addressed by a rather good road system that goes back to colonial times. 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 and social development. At the same time, inequality in the distribution of income and the extreme poverty of large sections of the population – the wealthiest 10% of households earn more than the poorest 65% together – puts an enormous strain on government and its policies. 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
6

Civil society groups play a crucial role in the democratic process in Namibia. As in South Africa, they had an important function in the liberation struggle, although in Namibia they do not have the echo they do have further south. In the public debate, however, the opinions of civil society groups carry more weight than those of the parliamentary opposition. It appears that a fundamental consensus on the basic rules of democracy is gradually forming, a development to which the leading political and social actors and institutions in Namibian society do not seem to object. The constitutional rights and freedoms that guide civil society are broadly respected, but civil society groups are nonetheless frequently perceived as being denied any meaningful input into the formulation of public policy, or as being insufficiently organized to make such input.

Civil society
traditions
4

Civil society in Namibia has little depth. This shallowness is of two types: first, there is a lack of depth in terms of basic management capacity. This capacity gap cuts across all types of NGOs, and concerns basic planning, management and accounting functions. It reflects the general lack of skilled human resources in Namibia, and the competition for qualified personnel among the public, private and NGO sectors.

Second, there is a lack of depth in terms of indigenous constituencies. Some of the Windhoek-based NGOs are elite organizations that try to define and represent the interests of the marginalized, but they did not grow out of grassroots organizing and often they are speaking for, and do not hail from, disadvantaged constituencies. NGOs may be effective in influencing policy and government action, particularly when the government is relatively open as it is in Namibia, but they are not sustainable in the absence of donor funding because they lack a mass following. People would not support them if donor funding disappeared. Their goals are often too abstract, too far removed from everyday socioeconomic realities, or have limited appeal for the bulk of ordinary citizens. The government and political parties may be able to ignore them or repress them with few repercussions, or donors may dominate their agendas. When donors become the main stakeholders, this can lead to accountability problems within NGOs.

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 policies including affirmative action. But racial and ethnic tensions still exist and play a role under the surface of political correctness and sociopolitical integration (SWAPO slogan: One Namibia – One Nation!). But neither within the SWAPO nor within Namibia as a whole have latent conflicts been overcome between the racial groups or between Oshivambo speakers and other population groups. But there are no open conflicts. Nonetheless, latent conflicts exist and appear to be growing rather than diminishing. For example, 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 officially allow it and the local political culture does not tend towards aggression.

Conflict intensity

4

II. Management Performance

14 | Steering Capability

Overall, the government and its various 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). Moreover, the government claims to promote democratic participation and integration through decentralization. A long-term planning project entitled Vision 2030 exists, but its goals and their consistent

Question
Score

Prioritization

7

implementation are still vague in many fields. President Pohamba's inaugural declaration of making good governance and effective administration a major 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. Thus, the government is open to the charge that it is still not taking the crucial structural problems of Namibian society seriously: overcoming social stratification and fighting poverty.

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. The decentralization policy is a 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. The president's far-reaching decision of December 2010 (see "Performance of democratic institutions") to centralize the nomination of the regional governors constitutes an exception to decentralization policy. Similarly, a lack of decision-making has dogged land reform. Because land and property rights are controversial issues, an objective discussion about expropriation within given legal structures has been avoided for many years.

Compared to former president Nujoma, President Pohamba appears to be more flexible and moderate. While Nujoma remained stuck in his political opinions and prejudices, Pohamba seems to be prepared to learn from past mistakes and to listen to critics, mainly from outside. Nevertheless, because Nujoma still has considerable influence behind closed doors, Pohamba has not really moved away from the patterns of the past and has not clarified his own political orientation. However, international investors' demands for certainty and security still play an important role. During Pohamba's remaining term of office, it seems that the government is likely to continue the policy of trying to please everybody. But since the old guard of politicians is stepping down, a new generation of politicians has set out to participate in party politics. The critical and partly radical demands of the SWAPO Youth League are becoming louder and louder.

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, if not yet excessive. The number of civil servants has more than doubled since independence, dangerously straining the budget. Even today, the tendency to make politically motivated appointments tinged by cronyism and nepotism is still a perceptible obstacle to development. The continued emphasis on

Implementation
7

Policy learning
6

Efficient use of
assets
6

non-performance-related affirmative action harms government policy more than it helps it. President Pohamba's announcement of his intention to fight corruption has not initiated a noticeable reform process.

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 affluent 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 their newly 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 international donors consistently request the articulation of such a strategy. The "Vision 2030" and the Third National Development Plan can be understood as attempts to incorporate different views and conflicting objectives in one coherent strategy. Namibia is a member of regional and multilateral organizations that receive development assistance from the World Bank, the IMF, the European Union and many other developmental institutions. One prerequisite for international cooperation includes national development plans and comparable framework papers on which cooperation and financial transfers can be based (such as the United Nations Development Assistance Framework (UNTAF) or the Rural Poverty Reduction Program of the European Union).

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 from ministries that go against its views. Furthermore, implementation capacity is also weak.

Corruption is publicly criticized, but remains socially acceptable to most Namibians. 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 are also interconnections between state, party-owned and private capital. Nonetheless, the market economy functions reasonably well in Namibia; unlike in 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 counterweight to the government. At the same time, there are

Policy
coordination
7

Anti-corruption
policy
6

also close contacts between the private sector and the government that give rise to suspicion of corruption. All in all, in everyday life, corruption does not play a very significant role.

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 it is addressed by the new president again and again. He pushed for the establishment of an ACC (Anti-Corruption Commission), which went to work on 1 February 2006. There is also ambitious anti-corruption legislation. In addition to the ACC's sensitization seminars, held at various regional offices for the past two years, the directorate also conducted similar training at various local authorities and public schools in regions such as Karas, Hardap, Omaheke, Otjozondjupa, Erongo, Oshana, Oshikoto and Kunene between March and June 2010.

From an international point of view, Namibia is rated according to a Global Integrity Index, a mix of qualitative and quantitative information on governance and the national anti-corruption framework. In 2007, Namibia was classified as "weak." Government accountability in the executive, the judicial branches and the civil service are all rated as weak.

16 | Consensus-Building

Since the early 1990s, the president and the government have made great efforts at consensus-building. The central element was the realization of a democratic and free market state as intended by the constitution. A minority within the formerly very socialist-minded SWAPO, as well as tiny political parties such as SWANU or the Workers' Revolutionary Party (WRP), opposed this path. The president was openly supported in this policy by the white-dominated business world, despite obvious latent racist and ethnic conflicts. However, there was always greater consensus in economic than in political circles.

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

SWAPO's dominance in Namibian politics, as well as the strong position of the president, have not allowed serious conflicts to emerge within 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 the former president's authoritarian rule. His successor, President Pohamba, seems to favor a more inclusive strategy. In this context, his meetings with politicians from opposition parties, as well as his repeatedly expressed willingness to seek closer

Consensus on goals
9

Anti-democratic
actors
9

Cleavage /
conflict
management
7

dialogue with minorities, were a promising development. It is also noteworthy that he refrained from the sometimes harsh rhetoric typical of his predecessor. Whether he will be able to pursue this inclusive approach depends on the outcome of SWAPO's intra-party struggle and the increasing criticism of the youth league, who bash their own leaders.

Last but not least, the policy of decentralization might help to overcome potential conflicts if representatives of other ethnic minorities and politically divergent groups become involved in the political process and participate in decision-making processes.

As already mentioned, there are no serious obstacles to civil society groups that organize social and political activities in the country. On the other hand, it is similarly true that the government does not encourage such activities, particularly if they are critical of the government. But it is also necessary to mention that the political culture in Namibia is not very participation-oriented. In general, civil society groups do not find much support in 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.

Civil society
participation
5

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. Aside from the crimes committed under South African apartheid, greater attention is being paid to offenses committed by the SWAPO leadership in exile, a very sensitive topic with the government, which is trying to prevent apartheid-era reports from being published. However, it has not actually interfered with critical groups, such as BWS.

Reconciliation
4

17 | International Cooperation

In international comparison, Namibia has been a major recipient of international support since independence; in the meantime, however, the country has become dependent to a considerable extent on international transfer payments. However, it is still less dependent than the average African state; up to now, the country has not 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 capita annually. Namibia presents itself 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.

Effective use of
support
7

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 Germany, followed by the United States. Reform strategies supported in these partnerships range from infrastructure improvements to sector reforms and HIV/AIDS prevention. Cooperation between Namibia and the European Union, currently valued at €1 million, focuses on educational reform and rural development. Both partners have developed far-ranging strategies that crucially support Namibia's reform processes.

On the other hand, Namibia is skeptical about closer cooperation with international financial institutions (World Bank, IMF) because it fears interference in its domestic agenda. Currently, there is an intense debate in the government about a possible World Bank credit to finance education sector reforms. In spite of this caution, the African Development Bank is an accepted financial partner and has so far has provided several loans (totaling \$216 million) for the improvement of the transportation system and for agricultural reform. There has also been extensive cooperation with the United Nations (UNDP) (poverty reduction and HIV/AIDS). The United Nations Development Assistance Framework for 2006-2010 outlines the range of future cooperation between the two partners, mainly in the fields of rural development and natural resources.

On the whole, Namibia has acted as a credible and reliable partner in its relations with international supporters. Nevertheless, there is the danger of Namibia receiving too much aid. As a consequence, state and non-state institutions often fail to take the necessary precautions when allocating resources; they also fail to exhibit the appropriate commitment to development. For donors, effective allocation of resources remains problematic. However, the Namibian government is taking steps to maintain its good reputation as a democratic aid recipient.

Credibility
8

Namibia is a member of all major international organizations and, despite its small population, is willing to accept responsibility, particularly in the region. The United Nations has been the political midwife for Namibian independence, and Theo-Ben Gurirab was elected president of the U.N. General Assembly in 1999/2000. In the region, SADC is the most important foreign policy framework for Namibia. Namibia has taken up an important intermediary function in the SADC, negotiating between South Africa as the dominant regional power and other important states in the region such as Angola and Zimbabwe. 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
8

Strategic Outlook

The Republic of Namibia can look back on 20 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 both democracy and the economy 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 affect the country's future development.

Namibia's democracy is basically a dominant party system that underwent as further entrenchment in the 2009 elections. Although this system observes the principles of democracy, in reality, government within this dominant party system 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.

Concerning economic transformation, all governments since independence have endeavored to create a national image that advertises a friendly attitude towards free markets and investment. Thanks to its natural resources, the country is internationally competitive, but needs proper management to derive optimal benefit from resource exploitation. At present, the country suffers from shortcomings in education and training, as well as an insufficiently skilled workforce that causes low productivity; a culture of rational development oversight is also absent. 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 significantly in the immediate future, the living conditions of the rural poor and high unemployment figures are also unlikely to improve.

In this context, the question of land reform has acquired great significance, especially against the backdrop of events in Zimbabwe. Up to the time of this report, the Namibian government had not expropriated a single property without adequate compensation. However, demands for greater redistribution may have noticeable effects on economic and political developments, particularly in respect to the important international investment climate. As land ownership is not only of economic importance for the majority of the black population, but also carries great cultural and political symbolism, it is unlikely to disappear from the political agenda and could conceivably result in government action.

No strategic perspective for Africa can ignore the HIV/AIDS pandemic, which will continue to affect Namibia for decades to come. A matter of particular concern is the fact that the young intellectual elite, who are indispensable to the country's future prospects, are especially hard hit.

An effective means of combating this disease, which could give grounds for hope, is still not in sight.

Namibia receives more international aid per capita than any other country in Africa, which is not surprising given the country's observance of democratic and free market principles. But, as in other African countries, China will play a very important role as a competitor to Western donors. International assistance will focus their support on the following fields:

- 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 and arid country;
- Measures to improve Namibia's trade position within SADC and the WTO, but also within the New Partnership for Africa's Development (NEPAD), with a view to enhancing Namibia's competitive position in southern Africa;
- Promoting education, training and further education, particularly teacher training, vocational training and tertiary education; and
- Expanding the health system, including in particular an emphasis on containing the HIV/AIDS pandemic as a shared task for state and non-state institutions.

Developments in South Africa will be crucial for Namibia's development, in both economic and political terms. South Africa's dominant position will decisively influence Namibia's economy and trade, despite Namibia's efforts to establish a more independent role.