

BTI 2016 | Namibia Country Report

Status Index	1-10	7.05	# 26 of 129	
Political Transformation	1-10	7.75	# 23 of 129	➔
Economic Transformation	1-10	6.36	# 40 of 129	➔
Management Index	1-10	6.15	# 25 of 129	
	scale	score	rank	trend

This report is part of the Bertelsmann Stiftung's Transformation Index (BTI) 2016. It covers the period from 1 February 2013 to 31 January 2015. The BTI assesses the transformation toward democracy and a market economy as well as the quality of political management in 129 countries. More on the BTI at <http://www.bti-project.org>.

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Key Indicators

Population	M	2.4	HDI	0.624	GDP p.c., PPP \$	9736.1
Pop. growth ¹	% p.a.	2.4	HDI rank of 187	127	Gini Index	61.0
Life expectancy	years	64.3	UN Education Index	0.520	Poverty ³	% 45.7
Urban population	%	45.7	Gender inequality ²	0.450	Aid per capita \$	111.5

Sources (as of October 2015): The World Bank, World Development Indicators 2015 | UNDP, Human Development Report 2014. Footnotes: (1) Average annual growth rate. (2) Gender Inequality Index (GII). (3) Percentage of population living on less than \$3.10 a day at 2011 international prices.

Executive Summary

25 years after gaining independence, Namibia's democratic and economic transformation continues to progress. As in former years, the presidential and parliamentary elections of 2014, as well as the regional elections of 2010, were routinely organized and met the standards of modern democratic elections. For the first time in Namibian history, the elections were not challenged for electoral fraud, as the electronic voting machines prevented manipulation. There were some complaints about deficiencies in organization. It is significant that the electoral democracy, even after five parliamentary terms, did not bring about a fundamental political change, but rather the opposite. The strong position of SWAPO as the governing party was even cemented by winning 80% of the votes. In the race for the presidency, the victory of Hage Geingob was even more spectacular; the 87% of votes he received indicated more electoral support than Sam Nujoma, the country's charismatic first president. The results showed that the dominant party system is formally well established. The acclamation of the SWAPO party, having brought independence, peace and stability to Namibia, was not questioned, although political culture is becoming more and more authoritarian.

But behind the democratic façade, there are shortcomings in democratic participation and the rule of law. The overwhelming strength of the governing party has weakened the constitutional possibilities of parliamentary control. The opposition is small, splintered and politically not very effective. The previously high expectations associated with the Congress of Democrats (CoD) and later on with the Rally Democracy and Progress (RDP) – promising opposition parties making inroads into SWAPO strongholds, as leaders of both parties were prominent Ovambo politicians, have completely eroded. In the 2014 election, none of them was able to win over enough of the electorate to challenge the SWAPO constituency. To date, however, the government – although ruling with a two-thirds majority – does not fully exploit its strong position, but follows the democratic rules and procedures quite carefully. The constitution and the rule of law are respected, the media are free and civil liberties remain untouched. But since the dominant party system is

extremely strong in terms of structure, effective criticism and control can only come from non-parliamentarian actors. As a result, civil society, with its international moral and financial support, is at least as important as the political opposition. The diffusion of democratic values at the grassroots level is gradually gaining ground. Protest and discontent is to be expected, particularly from the youth within and outside of SWAPO. A good indicator for the critical attitudes of the youth is the social media, which are widely read and discussed in the traditional media. In terms of real power, the founding President Sam Nujoma still seems to exert political influence through party channels, ethnic networks and the security apparatus. As his successor, Pohamba has not deviated much from Nujoma's political program, yet he has appeared to be more modest and conciliatory than his predecessor; on several occasions, Pohamba has expressed his openness towards minorities outside the dominant SWAPO system. He has at least tried to establish a dialogue with some of the opposition parties and the churches. It is too early to evaluate the political path of newly elected President Dr. Hage Geingob.

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 on-going impoverishment of growing sections of the population have not narrowed. Radical demands for land reform regularly give rise to fears that the country may move towards a situation like that found in Zimbabwe. Time has shown that these fears are 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. It is very likely that the new president will follow this path, but at the same time, he will concentrate on social activities to appease his critics within and outside the party.

The consequences of the HIV/AIDS pandemic, for which there is no quick remedy, are increasingly noticeable. Even if prevalence is decreasing slightly, Namibia faces a mature HIV epidemic that is primarily sexually transmitted. Namibia remains among the eight countries with the highest HIV prevalence rates in the world, requiring continued attention in terms of both treatment and prevention. The country's total population of 2.2 million is highly dispersed, creating challenges in accessing services and reaching remote communities. The rate of HIV 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 continue to be 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 brought to an end rather abruptly 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 an ongoing sociopolitical stratification within the population that 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, continues to exist; this is particularly visible in the public service and will not be change much through the presence of a new president who belongs to an ethnic minority.

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 acknowledged in 1973 by the United Nations as 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 run for a third term, and that President Pohamba has tried to introduce a new tone into public debate, could mark the first steps toward a liberal democracy. Moreover, the elections for the third president, Hage Geingob, were declared free, fair and credible. Even with the overwhelming majority of 87% for Geingob, there is no evidence of an imminent change. Namibian democracy, in its prevailing structure and form as a dominant party system with a liberal face will prevail for the foreseeable future.

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 stratification 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 1 (worst) to 10 (best).

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 that 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. Some of the leading secessionists are still in detention, so far without trial. 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. The Sam Nujoma, the country's first president, can certainly take credit for being the Founding Father of the Nation: One Namibia - One Nation. 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 there is occasional criticism that whites are not sufficiently identifying as Namibians. Even if the majority of whites are politically not very active, a minority is certainly highly politicized. Since independence, there have always been two or three whites appointed as ministers in a multi-ethnic cabinet.

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. All religions and denominations can freely practice their beliefs. Moral norms, derived from Puritan religiosity, may at times have an impact on the legal order and political institutions. A case in point is the debate on homosexuality which, although not legally forbidden, is 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, partly inherited from colonial South Africa, is established nationwide and provides most basic services reasonably well. The civil service – which remains centralized, despite gradual progress in decentralization efforts – administers the entire territory within the state’s borders. However, in the rural areas, basic public services – transport, water, medical care and education – are still lacking to a large extent. The 2014 Afrobarometer survey illustrates these deficiencies: A clear majority of respondents (78%) reported a lack of food “never” or “just once or twice,” while the same answer was reported by 88% in response questions concerning shortages in water, 88% in medicines or medical treatment, 92% in fuel to cook (92%) and 58% in cash income. Kunene, Kavango West and Ohangwena were the only regions that reported some significant shortages.

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

9

In November 2014, national elections, which include parliamentary and presidential elections, were held for the sixth time. A total of 16 parties contested the 96 parliamentary seats. In the presidential election, voters had the choice of 9 candidates. Turnout was recorded at 72%. SWAPO won 80.01% of the votes and gained 77 seats. Hage G. Geingob (SWAPO) was elected president with an even bigger majority of 86.7%, the highest percentage of votes ever received in a Namibian presidential election.

In contrast to previous elections, voting in 2014 took place on a single day. This was due to the decision to introduce electronic voting machines, a novelty on the African continent. This format was supposed to guarantee quick and accurate results. In previous elections, it took several days to count the votes, which gave rise to accusations of manipulation. However, due to unexpected technical difficulties, on average voters took two to three times longer than foreseen to cast their votes. As a result, people had to wait several hours to vote, with many casting their ballots in the early hours of the morning. Even if some potential voters gave up, the fact that so many queued for hours and hours is a significant indication of the will of the people to cast their vote, and it attests to the seriousness that people attach to democratic participation.

Several hundred Namibian and international election observers (from the African Union, the SADC and the EU), observers from with Namibia’s political parties and Namibian civil society representatives monitored the elections. The observers’

reports broadly concur: despite organizational and logistical shortcomings, the elections were peaceful, free and fair. Due to the electronic tabulation of results, there were no accusations of electoral fraud. Hence, the elections were widely regarded as credible. Unlike in the aftermath of all previous elections, the results were not challenged.

The overwhelming victory for SWAPO in a free and fair election is not surprising. The dominant position of the party could not be challenged. Even 25 years after independence, the electorate is not prepared to vote for the opposition. The myth of SWAPO as the liberation movement that led the country to independence continues to have an impact. The majority of the rural voters and the inhabitants of the so-called O regions in the north of the country remain staunch SWAPO supporters. But even dissatisfied city dwellers and young voters, the so-called “born free,” who constitute a significant part of the electorate, have obviously not turned their backs on SWAPO. Analysts say that they put high expectations into Hage Geingob as an experienced technocrat and pragmatist who has already served twice as prime minister. People hope that as president he will be in a position to reduce the massive social inequalities and foster economic development in the country. The bonus of the ruling party and the charisma of the presidential candidate were so strong that the opposition – even without restrictions – could hardly mount a challenge. The opposition had free access to the press and other media but could not compete in any significant way with the omnipresent SWAPO. The DTA, which won five seats by receiving 4.8% of the votes, acts as the official opposition in parliament.

The strength of SWAPO is also reflected in the regional and local council elections, which were held in November 2010. SWAPO won 98 out of 107 constituencies (in a relative majority system), while RDP replaced CoD as the strongest opposition party. Turnout, however, remained quite low at only 38.6%. The only hotly contested region was Kunene, where the DTA and UDF combined to hold off SWAPO’s challenge. In the local council elections, SWAPO strengthened its support, increasing its share of the vote from 64% to 69% and taking control of 38 out of 50 local authorities.

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, which obtained 80.01% of eligible votes in the 2014 national elections. There are no veto powers or political enclaves that undermine democratic principles. Traditional chiefs are respected but do not have any veto power. The only threat to the political representatives would come from within the party: former President Sam Nujoma still presides over a network of considerable power and influence, which could thwart the policies of his successor if serious conflicts of interest arise.

Effective power to govern

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The constitution of the Republic of Namibia contains a number of provisions that guarantee space for CSOs to operate. Chapter 3 of the Constitution contains fundamental human rights and freedoms relevant to the operation of CSOs. The fundamental freedoms contained in Chapter 3 include freedom of speech and expression; freedom of thought, conscience and belief; freedom of religion; freedom to assemble peaceably and without arms; and freedom of association. These provisions of the constitution are generally upheld.

Association /
assembly rights
8

Namibia's Constitution, while guaranteeing the right to freedom of expression, does not expressly provide for the right to access of information. In addition, Namibia's legal environment is predominantly skewed in favor of promoting secrecy, with apartheid legislation, such as the 1982 Protection of Information Act, still awaiting repeal.

Freedom of
expression
8

Access to information in Namibia is limited by a number of factors. The current legislative framework is not conducive to facilitating the right of citizens to access information by virtue of the fact that the country currently has no law prescribing access to information. The 2009 Communications Act established the Communications Regulatory Authority of Namibia (CRAN) but is insufficient because it does not specify how the media will be regulated.

The Namibia Broadcasting Corporation (NBC) controls radio and television and expresses the official opinions of the government; staff and funding are dependent on the government. However, critical statements are heard on talk shows and programs designed to air different opinions. From time to time, the government reacts sensitively to criticism. Despite vague threats, however, there have been no serious restrictions on the freedom of expression, except a ban on government advertising in the leading English language daily, *The Namibian*. This ban, which was lifted in 2011 after being in force for 10 years, had been imposed by former President Sam Nujoma, who alleged that the paper was biased against the government. In recent years, the ruling party has been so dominant that it hardly even reacts to criticism. Even the government-financed *New Era* runs critical material on a more-or-less regular basis.

Meanwhile, there are five daily and two weekly newspapers, along with several magazines. This is a remarkable total for such a small population. Most of the newspapers are privately owned. 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 by Reporters Without Borders ranks Namibia 21st out of 167 countries in 2010, which is the best on the African continent. The Annual Press Freedom Index (2014) ranks Namibia 22nd, well ahead of a number of European countries. According to the 2009 African Media Barometer (AMB), Namibia ranks

fifth in a complex scale evaluating the self-assessment of personalities from civil society and the media.

A media ombudsman was established in 2009 to hear complaints against media practitioners. This ombudsman continues to act independently of the government and resolved 10 of 14 complaints in 2012. There are no restrictions on Internet content, and many publications and organizations have websites that are critical of the government. However, the 2009 Communications Act provides that the intelligence services can monitor e-mails and Internet usage with the authorization of 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 now four-fifths majority in parliament held by SWAPO party, which enjoys the solid support of the Ovambo ethnic majority. This constellation limits parliament's oversight function. The size of Namibia's cabinet is a challenging problem. As of March 2015, 46 parliamentarians, – 60% of the legislative body – were part of the executive branch as ministers or deputies. In August 2014, a constitutional amendment was adopted to expand the National Assembly from 76 to 96 seats. Another 8 seats will be nominated by the incumbent president. Whether this enlargement will improve the control function of parliament is yet to be seen, as the majority of the additional seats are to be taken by members of SWAPO, not by the opposition. Critical observers insinuate that the motives behind the constitutional amendment to enlarge parliament were mainly due to the "Zebra decision" taken by the SWAPO congress earlier on, namely that every second candidate on the party list ought to be female. Thus, the expansion of parliament was not meant to serve democratic or gender purposes; rather, it stemmed from the opportunist motives of many MPs to get re-elected on a prolonged party list.

Nevertheless, it should be noted that, for the most part, the government exercises its executive powers lawfully and parliament is relatively strict in its observance of its legislative functions. Although the government is so dominant, parliament meets regularly and is a place of open and critical discussion, where the opposition parties can express their opinions without restriction. Ironically, SWAPO MPs, despite being members of the governing party, are often more critical than members of the opposition parties. In other words, in the past the opposition has often failed to fully exploit opportunities for critical public debates and thus could not be perceived as a serious constitutional institution.

Separation of
powers
7

Concerning the national councils also belonging to the legislative body, the fourteen regions play an important role in the decentralized structure of the state; however, the right to nominate governors has allowed the national government to increase its power substantially.

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 and 2009, the High Court dealt ex post facto with complaints about alleged manipulation of the election. In 2014, shortly before the elections the High Court had addressed a complaint by two opposition parties concerning the use of electronic voting machines. The reasoning was that the machines did not produce a paper trail documenting each ballot, which would allow for an evaluation the election processes later on. The complaint was dismissed one day before the election.

Independent
judiciary

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It must be mentioned that 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 Pohamba since 2004 – political and bureaucratic corruption is a common practice in Namibia. The Anti-Corruption Commission (ACC) was inaugurated on 1 February 2006.

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. Extractive industries offer huge opportunities for enrichment, whether through the granting of licenses for prospecting and fishing or through shares in international companies. Although more and more cases are pending, serious sanctions have virtually never been imposed, even when a commission of inquiry has uncovered spectacular abuses of office. In November 2014, when the mayor of Windhoek wanted to sell state land far below its estimated value to family members and some councilors of the municipality, 14,000 people spontaneously demonstrated, forcing the government to intervene. Yet the mayor may not be taken to task for her controversial behavior. She has been voted into parliament as number 4 on SWAPO's election list. Even if she is forced to resign from parliament, she is expected to become be appointed as an ambassador. In other words, wrongdoers often go unpunished due to political considerations dictated by the ethno-social system of patronage. It is worth noting, however, that the electorate

is rather conscious of the degree of corruption. According to 2012 Afrobarometer surveys, 44% of respondents considered corruption to be a serious evil. Furthermore, there is no evidence of a systematic erosion of judicial control and supervision.

Attitudes relating to the discrimination against women are changing. The latest (2014) Afrobarometer survey found that the majority of Namibians (80%) believe women should have the same chance of being elected to political office as men. It found that the number of Namibians who support women in political leadership grew from 70% in 2012 to 80% in 2014. Although women expressed higher levels of support for women in politics than men do, they continued to show lower levels of interest and participation in politics. 14% of Namibian women and 8% of men reported that they, or a member of their family, had been a victim of gender-based violence.

Civil rights
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Lesbian, gay, bisexual, and transgender (LGBT) Namibians live and work in difficult circumstances. Sodomy remains illegal in Namibia. The government has helped fuel anti-LGBT violence. In a 2001 speech at the University of Namibia, former President Sam Nujoma said, “The Republic of Namibia does not allow homosexuality or lesbianism here. Police are ordered to arrest you and deport you and imprison you.” To this day, the Namibian LGBTI community experiences widespread social exclusion and rejection. Although for many years there was a strong LGBT movement in Namibia, which responded to such attacks, a gap formed as the organizations then leading the movement folded or shifted their focus.

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
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In August 2014, the Namibian Constitution was amended for a third time after independence. One amendment referred to the size of parliament. The motives behind increasing the number of seats can be interpreted as democratic, but also opportunistic in preserving political privileges by prolonging the party list. More serious was the decision to strengthen the executive powers of the president even further after the amendment of 2010. The president can not only appoint or dismiss regional governors who will be directly responsible to the central government independently of the results of the regional elections, but he can decide on nominating all relevant bearers

of state security offices without any further checks and balances through parliamentary control.

These amendments went through the SWAPO-dominated parliament without much discussion, but were heavily criticized in public and by the media. Criticism focused on the rising power of the central government and the shrinking provisions to secure a minimum of accountability and transparency. The dominant party system is increasingly becoming a presidential monarchy, leaving the authority over decisive state matters only to the President.

It is obvious that increasing central powers leaves little room for autonomous political institutions at the regional and local level, which are dominated by SWAPO in any case. However, the judiciary is still independent and performs reasonably well, although it is somewhat reluctant in pursuing political matters.

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. The political actors of the governing party often pay lip service to democratic institutions, but do not question or heed them whatsoever. There are many socio-political debates on various relevant issues, but as the dominant group, SWAPO hardly participates. 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, particularly to Windhoek. Among the other population groups, the governing party enjoys only modest but increasing support. Generally, SWAPO can claim to be the dominant pan-Namibian political party. The trend becomes clear when looking at the results of the last elections: In receiving 80% of all votes, SWAPO enjoyed the highest support ever, meaning that

Party system

7

most of its increase in votes compared to the 2009 elections came from non-Ovambo voters.

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.

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. But since industry is rather weak in Namibia, the socio-economic impact of trade unions has been rather limited. Even before independence, there were always close links between SWAPO and NUNW (National Union of Namibian Workers). But with SWAPO following more and more of a neo-liberal path, an ideological and political break-up of the unions came to the fore, ending in the formation of the Trade Union Congress of Namibia (TUCNA), which does not want to be affiliated with any party. The ideological conflict is also a conflict to attract members. The unions are presently negotiating a closer cooperation. As a nationwide business organization, the Namibian Chamber of Commerce and Industry (NCCI), brings together Namibian enterprises and represents their interests.

Interest groups

7

The landscape of NGOs active in the social field is considerable; almost 600 groups and organizations are registered, but most of them exist only on paper. About 20% of the registered organizations are performing well, and many of them only because they are supported by international donors. External support is estimated to average about 35 million euros per year. The large Christian churches have traditionally played an important socio-political role; since independence, they have been more reserved in their public statements. As moral institutions, however, 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 groups tended increasingly to dissociate themselves from SWAPO and become autonomous interest groups. 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. Thus, the majority of the NGOs cooperating with government is engaged in the health sector, with emphasis on relief and welfare, orphans, home-based care, HIV-AIDS prevention and other services, amounting to about 50% of all sectoral activities.

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 Centre and Namrights, both of which have advocated for human rights issues. However, the government sometimes reacts very sensitively to criticisms by NGOs and feels that citizens should voice their political views only through elections.

Civil society lacks depth, and in two ways: first, there is a dearth 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 trying to define and represent the interests of the marginalized, but they did not stem from grassroots organizing and often 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 as relatively open as it is in Namibia, but their lack of a mass following means they are not sustainable in the absence of donor funding.

Afrobarometer shows that a good half of the population respects the constitution and endorses central democratic values such as participation, competition and fundamental democratic rights. The support for a multi-party democracy (73%) and free elections (79%) is considerably high, and significantly higher than in previous years (57% in 2008). How far democratic thinking is fully embedded in the electorate is not quite clear, because trust in the executive leadership is also extremely high. Almost 90% approve of the current leaders, President Pohamba and President Elect Geingob, which makes them even more popular than Nujoma, the founding father of Namibia. However, 65% would prefer to see the opposition parties cooperate with the government, while 32% would rather the opposition criticize the government.

On the other hand, basic acceptance of state institutions does not automatically equate to 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%). Trust in

traditional leaders and ethnic systems of patronage is ranked significantly lower (about 50%), but there is no doubt that traditional authorities have great influence, especially on a large part of the rural 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 in 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 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 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.

The about 600 civil society organizations (CSOs) in Namibia are mainly focused on service delivery programs; very few conduct advocacy work on policy issues. This state of affairs may have originated with a general shortage of skills immediately after independence in 1990, when skilled people from all sectors were committed to joining forces to build the new Namibian state. However, as time has progressed a new generation of CSO leaders has emerged, and they are conducting more critical policy analysis and engaging with the political leadership.

Aside from donor funding, there is only scarce support for CSOs. Their goals are often too abstract or too far removed from everyday socio-economic realities; they thus have only limited appeal for the bulk of ordinary citizens. In recent years, social media has played an increasing role in public debates and public life. As opposed to well-organized associations, free and spontaneous political participation in the networks has developed as a new form of political culture.

Social capital

7

II. Economic Transformation

6 | Level of Socioeconomic Development

Question
Score

Namibia has made strides over its first 25 years of independence, with its economy having expanded fifteen-fold from 1990. Over the same period, the annual income of the average Namibian grew more than ten-fold, and the proportion of the population living in poverty decreased from 38% to 20%.

Socioeconomic
barriers
3

Therefore, compared to other African countries, Namibia has achieved a fairly high level of development, with a per capita income of \$5,200 in 2012. In terms of purchasing power parity, this is the equivalent of \$6,410, which classifies Namibia as a lower-middle-income country. But these figures are quite misleading, because they hide considerable disparities. In no country in the world is the distribution of income and access to development as unequal as it is in Namibia (Gini coefficient of 0.61 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. The average per-capita income in German-speaking households (0.5% of the population) is 31 times that of Khoisan-speaking households (1.5%) and 13 times that of Oshivambo-speaking Households (52 %). Gross inequalities also exist between the different regions of the country, with the south and the middle of the country clearly showing higher aggregate incomes, along with higher degrees of internal inequality. Even if the ratio of people living in extreme poverty decreased, according to World Bank statistics, from 9% to 4%, there are still 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, and that unemployment among youth is dramatically higher. In short: Namibia represents a typical dualistic economy, where abject poverty exists alongside extremes of wealth. 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). Namibia's HDI of 0.624, shows that, in spite of relatively high per capita income, the country ranks below average even among developing countries and demonstrates a large extent of social exclusion (a ranking of 127 out of 187). Women are hit particularly hard.

Economic indicators		2005	2010	2013	2014
GDP	\$ M	7261.3	11273.2	12932.2	13429.5
GDP growth	%	2.5	6.0	5.1	4.5
Inflation (CPI)	%	2.3	4.9	5.6	5.4
Unemployment	%	20.2	22.1	16.9	-
Foreign direct investment	% of GDP	5.4	6.8	7.0	-
Export growth	%	-0.8	2.8	9.8	-6.2
Import growth	%	0.9	-10.2	16.2	15.7
Current account balance	\$ M	333.4	-390.5	-540.1	-
Public debt	% of GDP	26.0	15.5	23.8	24.7
External debt	\$ M	-	-	-	-
Total debt service	\$ M	-	-	-	-
Cash surplus or deficit	% of GDP	0.0	-7.3	-	-
Tax revenue	% of GDP	25.8	21.7	-	-
Government consumption	% of GDP	19.3	25.6	27.1	27.1
Public expnd. on education	% of GDP	-	8.3	-	-
Public expnd. on health	% of GDP	3.6	4.6	4.7	-
R&D expenditure	% of GDP	-	0.14	-	-
Military expenditure	% of GDP	2.6	3.5	3.1	4.1

Sources (as of October 2015): The World Bank, World Development Indicators 2015 | International Monetary Fund (IMF), World Economic Outlook, October 2015 | Stockholm International Peace Research Institute (SIPRI), Military Expenditure Database 2015.

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

Market-based
competition

7

measures in the private sector, parallel to affirmative action measures in the state sector.

But the increase of Chinese business in Namibia is a growing concern. There are conflicting perspectives on Chinese economic activities. Local communities tend to regard Chinese traders as a most welcome addition to the local market as providers of affordable goods and services. The local business community, on the other hand, feels the pinch of market threat by the influx of Chinese businesses, in particular in the construction and the retail sector. There are claims of unfair competition by Chinese businesses, which do not have to adhere to the same costly legal provisions as local companies due to political favoritism and alleged corruption. Organized labor (trade unions) seems to be concerned with the frequent non-adherence of Chinese businesses to Namibian labor law and affirmative action legislation.

There is also evidence that Chinese companies bring along their own low-skilled labor from China, thereby taking away work from Namibians.

Notwithstanding Chinese engagement, unemployment is still extremely high in Namibia, particularly for youths (50%). Therefore, many young people try to find an income in the informal sector. The last sector survey, in 2001, estimates that about 80,000 people work in the informal sector.

Namibia's internal market is a small one, and both local and foreign investors – particularly outside of the mining and extractive industries – can often be heard complaining that this limits growth substantially. The Namibia Competition Commission (NaCC), established through the Competition Act 2 of 2003, regulates competition issues across all sectors of the Namibian economy. The NaCC's mandate is to “promote and safeguard fair competition in Namibia by promoting the efficiency, adaptability and development of the Namibian economy. The commission is tasked with providing consumers with competitive prices and product choices; promoting employment and advancing the social economic welfare of Namibians; expanding opportunities for Namibian participation in world markets while recognizing the role of foreign competition in Namibia; ensuring that small undertakings have an equitable opportunity to participate in the Namibian economy; and promoting a greater spread of ownership, in particular increasing ownership stakes of historically disadvantaged persons.

Infant industry protection is sought on many occasions. Recent examples where government has granted IIP include the chicken processing and dairy industries, which government argues “add value to Namibian products and create jobs for the economy.” But on a larger scale, all attempts to unfairly restrain 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. Given its small domestic market but favorable location and superb transport and communications base, Namibia is a leading advocate of regional economic integration. In addition to its membership in the Southern African Development Community (SADC), Namibia presently belongs to the Southern African Customs Union (SACU), along with South Africa, Botswana, Lesotho, and Swaziland. Within SACU, no tariffs exist on goods produced in and moving among the member countries. Namibia is a net receiver of SACU revenues; they are estimated to contribute 18.12 billion NAD in 2015/16.

Liberalization of
foreign trade

8

As a member of the ACP and 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. But the country is also 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 lower than anticipated.

Very important in this respect are the EPA negotiations with the EU to create a stable, reciprocal and asymmetrical trading relationship. Since 2007, Namibia has been negotiating to build and safeguard a transparent and predictable framework for foreign trade; in so doing, it has withstood enormous pressures from the EU. Negotiations were concluded in July 2014.

In the World Bank's 2009 Doing Business Report, Namibia was ranked 69th out of 183 countries in terms of ease of doing business. In the World Economic Forum's 2013-14 Global Competitiveness Index, Namibia ranked 90th out of 148 countries, a slight decrease compared to earlier years.

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 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%.

Banking system

9

Changes to the Banking Institutions Act were necessary to make provision for, amongst others: Consolidated supervision; the registration of controlling companies of banking institutions; the opening of branches of foreign banking institutions in Namibia; power to the Bank of Namibia to object to the appointment of directors, principal officers and executive officers at banking institutions; authority to the Minister of Finance to regulate the ownership of banking institutions and their controlling companies; and power to the Bank of Namibia to determine administrative fines to address issues of non-compliance with banking laws.

Currently the responsibility of Financial Stability in Namibia is primarily taken by the Bank of Namibia, with input and consultations with NAMFISA, the Ministry of Finance and other partners.

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. But in 2009 a FIDES bank (since 2013: Trustco Holdings) and SME Bank got a license for microfinance activities to bring down the level of exclusion and to open it up to more individuals, saving cooperatives and to small enterprises. But its impact for the majority of the rural people is still rather low. 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 1.3% 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 operates as an independent institution, but is 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.

Anti-inflation /
forex policy

8

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 2013 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.

Since independence, Namibia has succeeded in generating a small but steady rise in average incomes. During the first years, the government followed a strict policy of macroeconomic stability and tried to avoid public debt. But from 1995 to 2005, rising public expenditure increased public debt from 9% to 32% of GDP. 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, allowing budget surpluses to be attained in recent years. These improvements in revenue have permitted a considerable reduction of debts. Thus, in terms of GDP, total debt declined from 27.5% in 2004/05 to 15.7% in 2009/10, but rose again to 25.7% in 2012/23.

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 the government reiterated 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, willing buyer principle,” public discussion takes up the issue again and again. Interestingly, the focus recently moved to land issues in urban areas. The biggest demonstration, occurring in November 2014 and garnering 14,000 people, aimed at land acquisition and controversial land selling practices in a suburb of Windhoek.

Property rights
8

Namibia’s economy is dominated by private business, while a considerable number of parastatals provide basic services in the telecommunications, 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 1,000 (increased from NAD 600 in March 2015). 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 1,340), nevertheless provides a vital basic income for a large part of the poor population, especially for 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

Social safety nets
6

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 (see below).

Moreover, the health system is a major concern. Although health expenditure ranks very high in Africa (5.1% of GDP according to WB 2014), 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 healthcare projects as well as private low-cost health insurance programs, but all of these development efforts have not thus far managed to compensate for the shortfall.

The HIV/AIDS pandemic has seriously aggravated the situation and constitutes a unique threat to the country. In 2009, Namibia's HIV prevalence was among the highest in the world and ranked fifth in southern Africa. 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. Nevertheless, the fight against HIV-Aids is showing its first encouraging results: the prevalence has decreased from 21% in 2003 to 13.1% for adults aged 15 to 49 years.

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. 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. Some 900 inhabitants of the two villages received a grant of N\$ 1000 per month to satisfy their basic needs (i.e. living, education, healthcare etc.). 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 (NYS), 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. The evaluations after two years were so controversial that the World Bank and the Government of Namibia refused to support such activities. In 2012, the project had to be reduced to a minimum and will be closed down in the foreseeable future. But there are rumors that the new government under President Geingob is at least prepared to increase social expenditure considerably.

As the Gini rating makes clear, Namibia has one of the highest income disparities 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 127 out of 187 countries.

In 2008, Namibia ratified the Southern African Development Commission (SADC) Protocol on Gender and Development, which calls all member states to ensure that by 2015, “50 percent of decision making positions in the public and private sectors, the cabinet, parliament, judiciary, all tribunals and commissions, including human rights bodies, civil society, traditional structures, trade unions, political parties and the media are held by women.” Namibia has also signed or ratified a plethora of other regional and international instruments, conventions and protocols, many of which are combined and streamlined in the SADC Protocol.

Traditionally, all levels of political governance – except local authorities – held less than 30% of women in office. The main reason local authorities continuously comprised at least 42% women is the quota system mandated by Part 4 of Section 6 of the Local Authorities Amendment Act.

All other pieces of legislation that could determine gender distribution in governance are silent on the topic of the representation of women, leaving parties to decide for themselves whether and how they will incorporate into their structures the gender equality envisioned in these instruments. SWAPO is the only party that compiled a 50/50 “Zebra-style” party list ahead of the 2014 national elections. Hence, the current Namibian National Assembly has 46 women out of a 104 MPs, a female representation of 44.23%. Of this total, 43 MPs are from SWAPO. The new prime minister and deputy prime minister are female, while 15 of 34 (44.12%) deputy ministers and 6 of 27 (22.22%) ministers are female.

There is a growing number of girls in educational institutions (74% enrollment in 2010), particularly at higher levels, where girls are relatively overrepresented.

11 | Economic Performance

Compared to other African countries, Namibia has achieved a fairly high level of development with a per-capita income of \$5,840 (World Bank 2013). Its economy benefits from the country's mineral wealth and its favorable location between Angola and South Africa, two powerful economic partners. The growth rate has been about 5% since 2010. The country's macroeconomic position has certainly improved in quantitative terms, mainly due to successful diamond mining, but economic equality has deteriorated, as reflected in most of the social data discussed above.

There were no significant macroeconomic changes during the period under review. Namibia's economy is sensitive to changes in raw material prices and was thus influenced by volatility in the global economy. At the beginning of the 2000s, the economy was growing in real terms, but it has since begun to contract.

Output strength
7

12 | Sustainability

The Environmental Performance Index 2014, which ranks countries on how well they perform on high-priority environmental issues in two broad policy areas – the protection of human health from environmental harm and the protection of ecosystems – ranks Namibia 116th out of 178 countries with a score of 43.71 out of 100. The government's investment and development programs, which focus in particular on the marginalized regions of the country, seek to implement and promote sustainability. Ecology is a particularly sensitive factor in this largely semi-arid country. Another area of concern is fishing policy, as overfishing in the late 1990s caused catch volumes to decrease in subsequent years. The government is still not paying enough attention to these aspects.

There are two uranium mines in Namibia, and two others are in planning stages. To date, none of them is 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 while meeting 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

Environmental
policy
6

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 Namibian 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. It has introduced various measures to decentralize the provision and delivery of education services. Public sector reform and 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 primary and secondary education accounts for about 9% of GDP and for 22.39% of the 2015/16 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 teachers' qualifications in particular, leave much to be desired. There are also doubts concerning the sustainability of educational efforts. Despite legislation making primary education compulsory, the enrollment rate in Namibian schools is around 80%, with some regional and gender differences. In addition, there is a problem of dropouts at all levels in all regions. In each grade, the dropout rate varies between 1% and 10%. There is an especially high dropout rate in grades one, five and ten. Thus, even though Namibia manages to maintain a high number of children who start school, it has a problem keeping them in school.

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 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

Education policy /
R&D
5

the desired targets. Almost 40% of teachers do not have senior secondary school qualifications, and 28% of those teach without formal pedagogical qualifications.

In 2005, the Namibian Ministry of Education developed a 15-year strategic plan (from 2005/2006 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 a program to concentrate on the institutional capacity of tertiary education; to improve the quality and effectiveness of tertiary education and the training system; to improve equitable access to higher education and lifelong learning; and to mobilize financial resources and use them efficiently. With a budget of \$60 million, this ambitious program took quite some time to get up and running. Most of the activities are now in force, but it remains to be seen how effective the program is.

Statistically, 2010 expenditure for R&D was only 0.14 % of GDP, thus clearly below the international indicator of 2.4%. Despite a rich endowment of mineral and natural resources, a proper system of research, knowledge management and technological innovation is still lacking.

Transformation Management

I. Level of Difficulty

Namibia is one of the largest African countries and has a very small population. More than 50% of its population lives 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

5

Civil society groups play a crucial role in the democratic process in Namibia. In the public debate, however, the opinions of civil society groups carry more weight than those of the parliamentary opposition.

Civil society
traditions

4

Civil society lacks depth, and in two ways: first, there is a dearth 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 CSOs are elite organizations trying to define and represent the interests of the marginalized, but they did not stem from grassroots organizing and often do not speak for, and do not hail from, disadvantaged constituencies.

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

Conflict intensity

4

latent conflicts been overcome between the racial groups or between Oshivambo speakers and other population groups. There are no open conflicts but for one separatist coup in 1999, which was immediately oppressed yet is still well remembered, because some of the culprits still await a proper trial. 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 for it and the local political culture does not tend towards aggression.

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 implementation are still vague in many fields. Repeated declarations to make good governance, economic growth, and effective administration major objectives of government point in the right direction, although government has still to prove how serious it is about these declarations and how effective it can be. Thus, the government is open to change but is still not taking seriously the two main structural problems of Namibian society: overcoming social stratification and fighting poverty.

In July 2012, the Fourth National Development Plan (NDP4) was launched, which will guide policies through 2017. Economic growth, job creation and increased income equality are the three overarching objectives of NDP4. It proposes to achieve these objectives through industrial policies to stimulate growth in tourism, regional trade logistics, agriculture and manufacturing, primarily through greater processing of primary commodities. Reducing extreme poverty and improving education, health, infrastructure and the business environment enter into NDP4 as “basic enablers” that support the economic priorities.

Question
Score

Prioritization
8

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 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. It is expected that the new government under President Hage Geingob will approach critical decisions on a very pragmatic basis.

Implementation
6

Compared to Namibia's first president, Sam Nujoma, President Pohamba appeared more flexible and moderate. He seemed 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 did not significantly depart from the patterns of the past and did not clarify his own political orientation. Newly elected President Geingob has learned many lessons as a highly experienced politician. It is expected that he will try to be innovative and to tackle a number of pending problems, particularly with respect to overcome social disparities. Whether he will be able to rule against the demands of the political old guard is to be seen. It is expected that the Geingob administration will focus on enhancing service delivery with clear Key Performance Indicators for each minister and a clear poverty reduction strategy developed through a dedicated ministry.

Policy learning
7

15 | Resource Efficiency

The government could make much 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 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. Similarly, there is no progress in dealing constructively with the land question.

Efficient use of
assets
6

Economic growth and poverty reduction are the main goals the government will be trying to achieve through its public spending plans over the next three years.

Namibia's government plans to spend about N\$67.08 billion during the 2015/16 financial year.

The government expects its income to amount to about N\$58.44 billion over the financial year spanning 1 April 2015 to 31 March 2016, translating into a budget deficit of N\$8.64 billion, the equivalent of about 5.3% of Namibia's gross domestic product, which is about N\$164.5 billion.

METF figures also indicate that the government's debt amounted to N\$30.85 billion in 2013/14, which was equal to about 23.5% of Namibia's GDP. The national debt increased to N\$35.49 billion in 2014/15 (about 23.7% of GDP), is expected to grow to N\$48.3 billion this year (about 29.3% of GDP) and by 2017/18 could total about N\$63.4 billion (32.1% of GDP).

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 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 program 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) and 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. There are regular cabinet meetings, but coordination is rather hierarchical and the party network also plays a role in decision making and bureaucratic implementation. The presidential office has repeatedly ignored ministerial proposals in conflict with his own views. Implementation capacity is rather weak overall.

Policy
coordination

7

Corruption is publicly criticized, but remains socially acceptable to most Namibians. In a neo-patrimonial 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 many 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 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.

Anti-corruption
policy
6

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, where President Pohamba has been addressed it numerous times. 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 years, the directorate also conducted similar training at various local authorities and public schools in different regions.

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 office, the judicial branches and the civil service are all rated as weak.

Most respondents to the 2014 Afrobarometer survey in Namibia do not rank corruption among the top priorities that the government needs to address. Nonetheless, almost two-thirds (63%) of respondents say that corruption has increased in Namibia over the past year, and a majority (56%) say the government is doing a poor job of combating corruption.

For the first time since 2003, government officials and police are not perceived to be the most corrupt entities in the country, as business executives now top the list. Citizens say that the news media is effective in exposing corruption but that ordinary Namibians can also contribute by reporting corruption when it occurs. The survey suggests that corruption requires a vigorous approach to prevent it from becoming endemic in Namibia.

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. Democracy in its normative concept and in its formal structures has been fully achieved, even if the political culture is still very authoritarian.

Although the leaders of SWAPO came from a rather socialist background, once in power they did not pursue a revolutionary working-class policy, but soon after independence followed a neo-liberal development course. There is now a broad consensus for a market economy and government is openly supported in this policy by the white-dominated business world, despite latent ethnic conflicts. Criticism stems only from the labor movement, which used to be strongly linked to SWAPO. Today the trade unions are relatively weak, particularly as they are politically torn between NUNW, which is still closely affiliated with SWAPO and does not openly criticize the government, and TUCNA, which does not want affiliation to any political party and is thus much more critical.

Since the land question is still pending and social inequality is a burning issue, the present consensus on the market economy is in peril with regard to property rights, and may become more so in the future.

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. The dominant conflict lines are of ethnic and economic nature. Ethnic conflict is marked by the political dominance of the Oshivambo-speaking groups, the backbone of the governing SWAPO party. The economic cleavage is reflected in the social divide between rich and poor. So far, however, conflicts have been largely subdued, first by President Nujoma's charismatic leadership and authoritarian rule, then by the more inclusive strategy of his successor, President Pohamba. In this context, his meetings with politicians from opposition parties, as well as his repeatedly expressed willingness to seek closer dialogue with minorities, were a promising development. It is also noteworthy that he refrained from the sometimes harsh rhetoric typical of his predecessor. In nominating Hage Geingob, a Damara, as a presidential candidate, SWAPO succeeded in avoiding any open intra-party struggles and showed its preparedness to overcome ethnic cleavages

Consensus on goals

9

Anti-democratic actors

9

Cleavage / conflict management

8

There are no serious obstacles to civil society groups that organize social and political activities in the country. On the other hand, the government does not encourage such activities, particularly if they are critical of the government. In 2005, the government of Namibia published a Civic Organisations Partnership Policy, which aimed to create a policy framework for co-operation between the government and CSOs. The policy proposed that CSOs formally register with the government under provisions of a draft legislation, the so-called Registration Bill, and called for an improved environment for public-private partnerships. However, this policy was largely rejected by Namibian CSOs, as they were not consulted in its drafting.

Civil society
participation
5

Article 51 of the newly passed Electoral Act (Act number 5 of 2014) provides for the accreditation to the Electoral Commission of Namibia of all juristic persons wishing to conduct civic or voter education. Accordingly, accredited CSOs must sign a code of conduct and the ECN must approve all civic and voter education materials to be distributed by accredited CSOs.

The Research, Science and Technology Act (Act number 23 of 2004) and its regulations, each of which came into force in 2011 but has not yet been implemented, make it unlawful to do research without a permit, whether such research is funded privately or by the government. The definitions of a research institute and a person doing research are extremely broad and would affect a wide variety of entities. The application procedure is also very onerous. The act could significantly undermine the work of CSOs and may violate the constitutional guarantees of freedom of speech and expression.

In 2011, a Memorandum of Understanding was signed between the National Planning Commission and the NANGOF Trust, which includes stipulations for the allocation of funds by the NPC to CSO projects through the NANGOF Trust. However, despite the submission of various funding proposals by the NANGOF Trust, no funds have yet been allocated.

Political culture in Namibia is not strongly oriented toward participation. In general, civil society groups find scant support from the society at large and cannot easily mobilize the masses. Church groups may manage to attract people's attention on a spiritual or pastoral level, but they have largely withdrawn from politics since independence.

Thus, CSOs are largely ineffective at influencing policy and government action. They are constrained by:

- a) An unwillingness amongst some CSO leaders to be seen as too critical of government, for governments' sensitive reactions to criticism may jeopardize individuals' professional ambitions;

- b) A lack of meaningful coalition-building by CSOs around central themes;
- c) Scant involvement of CSO constituents, which may result from the fact that a CSO has not developed from a grassroots level, or because the public sees no need to engage with government on issues of concern. The latter argument may be supported by the latest Afrobarometer data, which shows that 53% of all respondents found it unlikely that they would engage with a member of parliament (MP) on an issue of concern to a community, whereas 96% of respondents indicated that they have, in practice, never contacted an MP to discuss a matter of concern;
- d) A lack of political among elected and political leaders to recognize the role of CSOs, despite the espoused commitment to democracy in national and international forums;
- e) A lack of research and information capacity among CSOs; research data is not often utilized where it is produced.

In Namibia, peace and independence were brought about by a political pact based on the historic tripartite agreement of 1987 between South Africa, Angola and Cuba, a reflection of the external forces underlying the conflict of decolonization. In order to consolidate this pact, “Reconciliation” became the dominant slogan in Namibian politics, and the charismatic Sam Nujoma, the country’s first president, succeeded in promulgating this process during his first decade in office. However, this policy deliberately overlooked the victims of the liberation struggle. The acts of injustice, particularly those connected to torture in the “dungeons,” are omitted from the new version of Namibian history.

Small civil society groups, such as the Legal Assistance Center, Breaking the Wall of Silence (BWS) and Namrights, 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. SWAPO is currently trying to prevent the publication of reports that refer to the victims and perpetrators of such crimes. With the Heroes Acre monument close to the capital Windhoek, it tries to manipulate history. However, the government has not actively interfered with critical groups such as BWS.

It should be noted that during the 2014 election campaign – for the first time in 25 years – demands were raised to recognize Koevoet – Namibian fighters who sided South African forces in the liberation war – as war veterans entitled to receive a pension. This issue has not yet been resolved.

17 | International Cooperation

Namibia has been a major recipient of international support since independence. The country has been receiving a large amount of economic and humanitarian aid, in the form of financial, technical and material support from both bilateral and multilateral development co-operation partners, with the common objective of promoting good governance, economic growth and poverty reduction.

Effective use of
support
7

However, a large amount of development aid to Namibia was disbursed outside the government's state revenue fund in the form of free-standing technical assistance. A significant amount of aid was channeled as budgetary or balance-of-payment support, but a large amount of aid went to social sectors, mainly to education, health and sanitation, housing, water and electricity, infrastructure development and the transport sector.

Much of the development aid to Namibia has taken the form of human and institutional capacity building through technical and financial support in the areas of education, institutional capacity building and policy reform.

In the meantime, the country has become increasingly dependent on international transfer payments. Namibia is one of Africa's top recipients of development transfers, receiving \$109 annually per capita.

The Namibian government is well aware of the advantages of good relations with international donors. Therefore, international actors are 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 EU, currently valued at €1 million, focuses on education reform and rural development. Both partners have developed far-ranging strategies that are of vital importance to Namibia's reform processes.

On the other hand, Namibia is skeptical about closer cooperation with international financial institutions (World Bank, IMF), as it fears interference in its domestic agenda. There is currently an intense government debate about a possible World Bank credit to finance education sector reforms. In spite of this wariness, the African Development Bank is an accepted financial partner that has thus far 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) in terms of poverty reduction and HIV/AIDS prevention.

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. As such, 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. The latest reports by the IMF and the World Bank testify to the government's positive development.

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 assumed 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.

Regional
cooperation
8

Moreover, Namibia has recognized the particular importance of good trade relations with neighboring countries in light of its geographical position, the port of Walvis Bay and its well-developed infrastructure. During the 1990s and the early 2000s, it cooperated successfully with the governments of Botswana, the Democratic Republic of Congo, Zambia and Zimbabwe – as well as with the private sector – to provide traffic and transportation access via the Trans-Caprivi Corridor and the Trans-Kalahari Corridor.

Finally, Windhoek has become one of Africa's leading international congress centers, and is trying to develop visitor-friendly infrastructure to match its reputation for hospitality.

Strategic Outlook

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 unlikely to improve.

In this context, the question of land reform has acquired great significance, especially against the backdrop of events in Zimbabwe. As of the writing of this report, the Namibian government had expropriated only one 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 might 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. However, it must be mentioned that the overall situation has improved.

Namibia should focus on:

- 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;
- Attempting to diversify the economic and, in particular, the industrial structure of the country in order to create new production lines and more jobs; growth sectors are mineral resources, fisheries and tourism;
- Preventing an energy crisis. Electricity demand has been growing rapidly, pushed by urbanization and the mining sector. Long-term agreements to purchase electricity at favorable rates are expiring.

- Promoting education, training and further education, particularly teacher training, vocational training and tertiary education;
- 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 own 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.