COUNTRY PROFILE 2015

NAMIBIA

United Nations
Economic Commission for Africa

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CONTENTS

Boxes

Figures

Tables

ACKNOWLEDGEMENTS

The aim of the Economic Commission for Africa country profile series is to produce and disseminate country and region-specific policy analyses and recommendations for economic transformation that will promote sustainable growth and social development, strengthen regional integration and facilitate better development planning and economic governance. They are a joint collaboration of the Commission's subregional offices and the African Centre for Statistics, with inputs from the Macroeconomic Policy Division, the Regional Integration and Trade Division and the Social Development and Policy Division.

The lead author of the Namibia country profile was Zebulun Kreiter of the Subregional Office for Southern Africa. The country profile was prepared under the overall coordination and substantive guidance of Giovanie Biha, Deputy Executive Secretary for Knowledge Delivery of the Commission, and the direct leadership of Said Adejumobi, Director of the Subregional Office for Southern Africa, with supervision from Sizo Mhlanga, Chief of the Subregional Data Centre.

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A special mention also goes to the Publications Section for editing, translating, designing and printing the country profile.

NAMIBIA AT A GLANCE

General information	
Subegion	Southern Africa
Official language(s)	English
Currency	Namibian Dollar
Capital city	Windhoek
REC membership(s)	SADC

Rankings	
Human development index (United Nations Development Programme)	126/188 (2014)
Gender inequality index (African Union Commission)	81/155 (2014)
Ibrahim index of African governance (Mo Ibrahim Foundation)	5/54 (2014)
Ease of doing business index (World Bank)	101/189 (2015)
Corruption perceptions index (Transparency International)	45/168 (2015)

ECONOMIC GROWTH

In 2015, growth of the Namibian economy is expected to have dropped below 5 per cent for the first time since 2009. This lower than anticipated growth is largely due to the sharp contraction in agriculture and slowing growth in construction and wholesale and retail trade. The Bank of Namibia expects growth to decline further to 4.3 per cent in 2016, before rebounding to 5.9 per cent in 2017.

FISCAL POLICY

Revenue for the 2014/15 fiscal year was N$ 50.0 billion (US$ 4.5 billion), representing a 17.9 per cent increase on the previous fiscal year's revenue of N$ 42.4 billion (US$ 4.2 billion). The expenditure for the 2014/15 budget was N$ 58.8 billion (US$ 5.3 billion), constituting 97.6 per cent of the N$ 60.2 billion (US$ 5.5 billion) budget. Debt as a proportion of gross domestic product (GDP) has remained stable, increasing slightly from 23.5 per cent of GDP in 2013/14 to 24.4 per cent in 2014/15.

MONETARY POLICY

Annual inflation in 2015 was 3.4 per cent – a marked decrease from the 5.4 per cent average rate of inflation in 2014. Inflation in Namibia closely tracks prices in South Africa, which is the country's primary source of imports. For this reason, inflationary trends in South Africa highly influence prices in Namibia, which pegs the Namibian dollar to the South African rand. The Namibian dollar has experienced a protracted decline against major currencies: in year-on-year terms, in December 2015 the Namibian dollar fell 30.2 per cent against the United States dollar.

CURRENT ACCOUNT

The current account deficit grew to 13.7 per cent of GDP in 2014 from 3.7 per cent of GDP in 2013. Through the first three quarters of 2015, the current account deficit was N$ 11.6 billion (US$ 937 million), compared to N$ 9.0 billion (US$ 839 million) in the same period in 2014. The higher deficits in these periods are largely the result of a deteriorating trade balance, which offset higher current transfers.

CAPITAL AND FINANCIAL ACCOUNTS

The country's capital and financial account is consistently in surplus, finishing the third quarter of 2015 with a surplus of N$ 4.2 billion (US$ 318 million). Following a record high inflow of foreign direct investment in 2012, of N$ 9.3 billion (US$ 1.1 billion), inflows of such investment declined to N$ 7.7 billion (US$ 793 million) and N$ 5.9 billion (US$ 544 million) in 2013 and 2014, respectively. Namibia remains a favoured destination for mining investment in Africa, ranking first in Africa and twenty-fifth globally in terms of investment attractiveness.

DEMOGRAPHY

Of the total population of 2,113,077 in 2011, 51.6 per cent were female and 48.4 per cent male. Projections by the Namibia Statistics Agency estimate the population in 2016 at 2.3 million people. The country is still largely rural, with 53.1 per cent of the population residing in rural areas. The urban population grew 49.7 per cent between 2001 and 2011, however, while that in rural areas declined by 1.4 per cent.

POVERTY

Between 2001 and 2011, the national incidence of poverty declined from 37.9 per cent to 26.9 per cent. The incidence of poverty in rural areas, largely in the north, is 37.4 per cent, as compared to 14.6 per cent in urban areas.

EMPLOYMENT

In percentage terms, the employment to population ratio is 49.6 per cent nationwide, and measures 54.1 per cent for men and 45.5 per cent for women in urban areas, and 53.7 for men and 45.3 for women in rural areas. Different segments of the population display different levels of participation in the workforce. Agriculture is the sector with the largest number of workers, accounting for 29.5 per cent of employment. Unemployment remains a considerable social issue in Namibia, particularly among young people. Youth (aged 15-24) unemployment stands at 38.8 per cent, compared to the overall unemployment rate of 28.1 per cent.

HEALTH

The child mortality rate of 20 per 1,000 live births in urban areas in 2013 was higher than that in rural areas, 18 per 1,000 live births. Neonatal, post-neonatal, infant and under-5 mortality rates were all substantially higher in rural areas. The maternal mortality ratio is 385 deaths per 100,000 live births and accounts for 9 per cent of all deaths among women aged 15-49. Namibia is one of the countries in the world that has been most affected by the HIV/AIDS epidemic, with a prevalence of 14.3 per cent in the adult population. However, interventions and preventative measures have helped slow the spread of the disease.

EDUCATION

The literacy rate in Namibia for the adult population aged 15 years and above is 88.7 per cent, measuring 95.6 per cent in urban areas and 82.6 per cent in rural areas. Primary school enrolment is slightly higher among girls than boys, at 88.1 per cent of girls compared to 85.9 per cent of boys. Within the adult population (15 years and older), 48.5 per cent of people have completed primary education, 20.5 per cent have completed secondary education and 5.8 per cent have completed tertiary studies.

GENDER SCORECARD OF THE AFRICAN UNION COMMISSION

Gross enrolment ratios in secondary education are high, at 69.6 per cent for girls and 60.1 per cent for boys. The labour force participation rate for women is also relatively high, at 67.1 per cent, against 79.4 per cent for men. Women account for 41.4 per cent of members of the lower house of parliament. Inequality in access to and ownership of land between women and men is declining, as illustrated by a score of 8 out of 10 on the African Gender scorecard.

1

OVERVIEW

Namibia has experienced multiple years of robust economic growth and has made great strides in human development since independence in 1990, but with a Gini coefficient[1] of 0.60, it remains one of the most unequal countries in the world (Namibia Statistics Agency, 2012a). Real gross domestic product (GDP) growth is estimated to have slowed to 4.5 per cent in 2015 due to a sharp contraction in agriculture and slower than expected growth in construction and wholesale and retail trade (Bank of Namibia, 2015a). Namibia is highly integrated in the subregion, and with South Africa in particular. Low prices for key exports and a depreciating Namibian dollar have contributed to a widening current account deficit. These external factors, uncertain climatic conditions and electricity supply constraints pose the greatest threats to the country's optimistic economic outlook.

Namibia is classified as an upper middle income country, but poverty continues to be widespread with an incidence of 26.9 per cent (National Planning Commission, 2015). Poverty is highest in rural areas where subsistence agriculture is the principal means of livelihood. With overall unemployment at 28.1 per cent, the Government is attempting to boost labour-intensive industrialization through a strategy called "Growth at Home" (Namibia Statistics Agency, 2015d). Health outcomes in terms of life expectancy, infant mortality and nutrition have greatly improved since independence. Literacy and educational attainment rates have also improved, but access and equity remain challenges.

The country's history of colonialism and apartheid rule underlies much of the vast land ownership and housing inequalities that persist in Namibia. Although there has been some progress since independence these remain major challenges, which the newly elected Government is taking bold steps to address. An agreement reached between the Government and grassroots activists will see the Government service 200,000 plots nationwide by clearing land, supplying basic utilities and ensuring road access, among other reforms. In addition, new legislation will pave the way for the provision of land to landless Namibians. While the implementation of reforms is already under way, numerous challenges lie ahead.

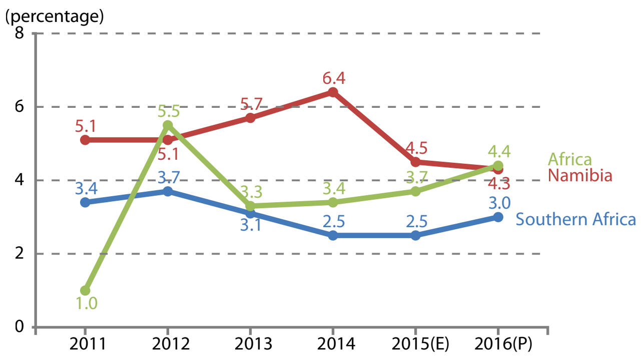
1 The Gini coefficient is a measure of income distribution in a country, which ranges from 0 to 1. An equal distribution of income gives a coefficient close to 0.

2

NATIONAL AND SUBREGIONAL CONTEXT

Recent global macroeconomic dynamics that have put pressure on emerging and developing economies worldwide have adversely affected Africa and Southern Africa in particular. Low commodity prices, a strong United States dollar and interest rate rises in the United States of America have worsened many Southern African countries' external balances through both lower export earnings and higher import costs. As a trade-dependent, mineral commodity exporter, Namibia has been exposed to many of the global macroeconomic factors impacting the continent and the subregion. Although the country's estimated growth of 4.5 per cent in 2015 outpaced both the regional and subregional averages (see figure 1), growth decelerated while the Southern African subregion remained flat at 2.5 per cent and Africa's growth increased slightly to 3.7 per cent.

Figure 1: Real GDP growth



Source: Bank of Namibia (2015a), United Nations Department of Economic and Social Affairs (2016)
Note: Data for 2015 are partially estimated. Data for 2016 are forecast.

Growth in Southern Africa remained flat in 2015 in large part because of poor growth in South Africa due to weak export demand and low commodity prices for its key raw materials. In addition, electricity shortages have plagued the subregion owing to aging infrastructure and dependence on hydropower during a period of drought. Other commodity exporters in Southern Africa, such as Angola, Mozambique and Zambia, were able to maintain strong growth in 2015 due to investments in non-commodity sectors, large infrastructure projects and foreign direct investments in the mining sector (United Nations Department of Economic and Social Affairs, 2016).

The depreciation of the South African rand, to which the Namibian dollar is pegged, and lower prices of commodity exports such as uranium, copper, zinc and gold have negatively impacted the external balance of Namibia. The depreciation has offset the benefits to consumers of lower international oil prices, and the negative impact of lower oil export earnings on the Angolan economy will likely further hurt the Namibian economy through its effect on wholesale and retail trade (Bank of Namibia, 2015a; Bank of Namibia, 2015b). Investments in the mining sector have proven resilient to the low commodity price environment, which bodes well for the growth prospects of Namibia over the medium term.

Namibia is among the most regionally integrated countries in Southern Africa, and is a member of both the Southern African Development Community (SADC) and the Southern African Customs Union

(SACU). Although strong integration has yielded many benefits, it has also made Namibia vulnerable to external shocks. SACU transfers from the common revenue pool are a major source of revenue for Namibia and the estimated N$ 7.60 billion (US$ 686 million)[2] deficit in the fiscal year 2014/15 means that Namibia will need to repay approximately N$ 3 billion (US$ 271 million) to the common pool in the next fiscal year on top of already declining SACU revenues due to sluggish growth in South Africa (Ministry of Finance, 2015a).

Going forward, there are a number of issues that could fundamentally alter what is the world's oldest customs union. Greater fiscal pressures in South Africa have led to calls to revise the revenue-sharing formula, which some in South Africa see as a disproportionate subsidy to other SACU States. Other proposed changes have included altering the formula to give more weight to industrial development. Discussions on whether there is a need to develop a common SACU industrial policy are ongoing.

In addition to the SACU revenue pool, Namibia is financially integrated with the subregion through a number of other mechanisms. The Bank of Namibia participates in the activities of the Committee of Central Bank Governors in SADC and is part of the Common Monetary Area, which includes all countries that use the South African rand, effectively integrating members into South African money and capital markets.

Improving Namibia's linkages with its neighbours and the wider subregion are critical for overcoming some of the challenges it faces. As the country pursues an industrialization agenda based in part on value addition and beneficiation, the primary constraints that it faces are infrastructure, skills, economies of scale and limited domestic market size. Cross-border value chains are a critical component of "Growth at Home", Namibia's industrialization strategy, and memorandums of understanding are in progress with South Africa and Zambia. By leveraging comparative potential with its neighbours, the Government seeks to involve both development financing institutions and the private sector to create self-sustaining industries. A study commissioned by Namibia's Joint Value Addition Committee recommends initiating cross-border contacts within SADC to review opportunities for cooperation to improve beneficiation potential in diamonds, iron ore and zinc, both for supply chain and marketing purposes (Raw Materials Group, 2014). The expansion of the port at Walvis Bay will likely help Namibia to become a more important shipping hub for the subregion, but other transport infrastructure projects such as the Trans-Kalahari Railway, which would link Botswana's Karoo Basin coal fields with Walvis Bay, have been delayed due to investor uncertainty (Economist Intelligence Unit, 2015).

As a net importer of power, Namibia is reliant on the Southern African Power Pool, from which it meets the majority of its electricity demand (National Planning Commission, 2013). The majority of electricity imports are sourced from Mozambique, South Africa, Zambia and Zimbabwe, but as these countries face their own power shortages, Namibia has begun to investigate alternative domestic sources of energy. Development of the Kudu gas-to-power plant has been put on hold, but some mines are looking into the possibility of generating their own power. The short amount of time required for commissioning and implementing renewable energy projects such as solar power has led to increased interest in these alternatives. The establishment of the SADC Centre for Renewable Energy and Energy Efficiency was approved at the thirty-fourth meeting of SADC energy ministers, in July 2015, with Namibia confirmed as the host country of its secretariat. Thus as Southern Africa grapples with energy shortages, additional domestic renewable energy generation capacity could be a benefit both for Namibia and the subregion.

2 United States dollar equivalents are calculated based on the average exchange rate over the reference period.

Box 1: Africa regional integration index: Namibia

The Africa regional integration index is designed to measure the extent to which each country in Africa is meeting its commitments under the various pan-African integration frameworks such as Agenda 2063 and the Abuja Treaty. The index, which is a joint project of the African Development Bank, the African Union Commission and the Economic Commission for Africa, covers the following dimensions: (i) free movement of persons; (ii) trade integration; (iii) productive integration; (iv) infrastructure; (v) financial integration and macroeconomic policy convergence. The following section gives highlights on selected indicators. A technical description of the indicator may be found on the ECA website at www.uneca.org.

Overall rank: Third in SADC (score – 0.555). Best-performing country in SADC is South Africa (score – 0.74).*;				
Free movement of persons: Sixth in SADC (score – 0.65). Best-performing country in SADC is Swaziland (score – 0.70).	Trade integration: Third in SADC (score – 0.62). Best-performing country in SADC is South Africa (score – 1).	Productive integration: Thirteenth in SADC (score - 0.19). Best-performing country in SADC is Zimbabwe (score – 0.74).	Infrastructure: Third in SADC (score – 0.67). Best-performing country in SADC is Botswana (score – 0.82).	Financial integration and macroeconomic policy convergence: Second in SADC (score – 0.65). Best-performing country in SADC is South Africa (score – 0.915).

Free movement of persons: African countries are scored based on two indicators: the proportion of subregional protocols on free movement of persons ratified (out of those regional economic communities (RECs) of which the country is a member) and the number of other African countries whose nationals are allowed to enter visa-free or receive a visa on arrival. Namibia scores moderately in this dimension. Namibia allows nationals of 26 other African countries to enter visa-free or receive a visa on arrival. Namibia has ratified articles 14, 17 and 18 of the SADC treaty, which concern the free movement of persons, rights of establishment and free movement of workers (Economic Commission for Africa, African Development Bank and African Union Commission, 2012; Economic Commission for Africa, African Development Bank and African Union Commission, 2013; Economic Commission for Africa and African Union Commission, 2015).

Trade integration: The index includes three indicators on trade integration, namely: average applied tariffs on intra-REC imports and intra-REC goods imports and goods exports, both as a share of GDP. Trade in services is not included due to a lack of data on intra-African trade in services.

Examining these indicators in detail, Namibia has low tariffs on imports from SADC, with an average applied tariff of just 0.003 per cent, although Lesotho, Mauritius and Swaziland apply no tariffs on imports from the bloc while Botswana has an average applied tariff of 0.00003 per cent on imports from SADC (United Nations Statistics Division, 2015; International Trade Centre, 2015).

Namibia's trade with the rest of SADC is high as a share of its GDP. In 2013, the country's imports from SADC amounted to 41 per cent of its GDP, putting it behind only Lesotho (at 61 per cent) in the REC. Furthermore, its exports (excluding re-exports) to SADC countries amounted to 23 per cent of GDP, behind only Swaziland (although the latest available data for Swaziland were for 2007).

Productive integration: As with trade integration, Namibia falls within the group of top-ranking countries in terms of its integration into regional value chains. Namibia scores well (twelfth out of all countries in Africa) in UNCTAD's merchandise trade complementarity index, which measures the extent to which a country's trade is complementary with that of its partners. This suggests a degree of specialization through trade among Namibia and other countries in the subregion.

The index also measures productive integration looking at intra-regional trade in intermediate goods. The proportion of intermediate goods in Namibia's trade with SADC was lower. Namibia's share of intermediate goods in total imports from SADC in 2013 was lowest among the members of the bloc, at around 13 per cent; however, its share of intermediate goods in its exports to SADC was higher at around 24 per cent.

Infrastructure: Namibia's infrastructural integration with the rest of the continent appears to be strong, as it is ranked third out of all SADC member countries on this dimension. Based on the latest available data (2013), Namibia's Internet bandwidth per capita of around 0.5 megabits per second per person is the twenty-sixth highest on the continent. Internet bandwidth is important for international communication, both within Africa and beyond, including to support trade in services. Around 94 per cent of international flights to and from Namibia in June 2014 were intra-SADC.

Information on Namibia's performance in the area of financial integration and macroeconomic policy convergence can be retrieved from the standalone report on the Africa regional integration index and the dedicated companion website.

Overall, Namibia appears to perform strongly in all dimensions of the regional integration index that are featured here, although it could improve its performance regarding productive integration.

* A continent-wide ranking, in which all African countries from all Regional Economic Communities will be compared with one another, is currently under development for the Africa Regional Integration Index and will be added to subsequent updates of ECA's country profiles.

3

ECONOMIC PERFORMANCE

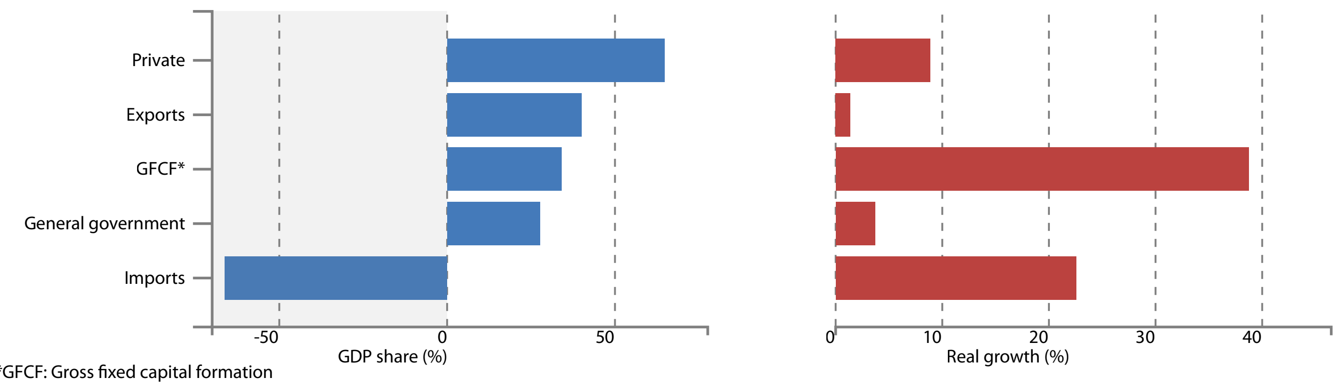
3.1 Economic growth and sectoral performance

In 2015, the Namibian economy is estimated to have grown below 5 per cent for the first time since 2009. The current expectation of 4.5 per cent growth in 2015 is below the 6.3 per cent target for the year set out in the fourth national development plan and the 6.4 per cent growth achieved in 2014. Lower than anticipated growth in 2015 is largely due to the sharp contraction in agriculture and slower than expected growth in construction and wholesale and retail trade (Bank of Namibia, 2015a).

Private consumption is the largest contributor to GDP in absolute terms (see figure 2), but robust investment has been the engine of growth in recent years. Large investments in mining projects, construction, transport and communication and producers of government services underlie Namibia's strong growth throughout the first half of the decade (Namibia Statistics Agency, 2015b). Imports have grown at a rapid pace while exports have lagged behind due to lower prices for Namibia's main export commodities and the depreciation of the South African rand. The Bank of Namibia increased its policy rate twice in 2015 to help stem the flow of consumer credit for imported vehicles and luxury purchases. While domestic demand is expected to remain strong in 2016, projected low commodity prices will likely continue to hurt external demand (Bank of Namibia, 2015a).

In sectoral terms, the largest components of the country's GDP are public administration and defence, mining and quarrying, wholesale and retail trade, manufacturing and education (see figure 3). In 2015, services are estimated to have accounted for 61 per cent of output, while industry was 33 per cent, and agriculture, forestry and fishing accounted for the remaining 6 per cent (Namibia Statistics Agency, 2015a).

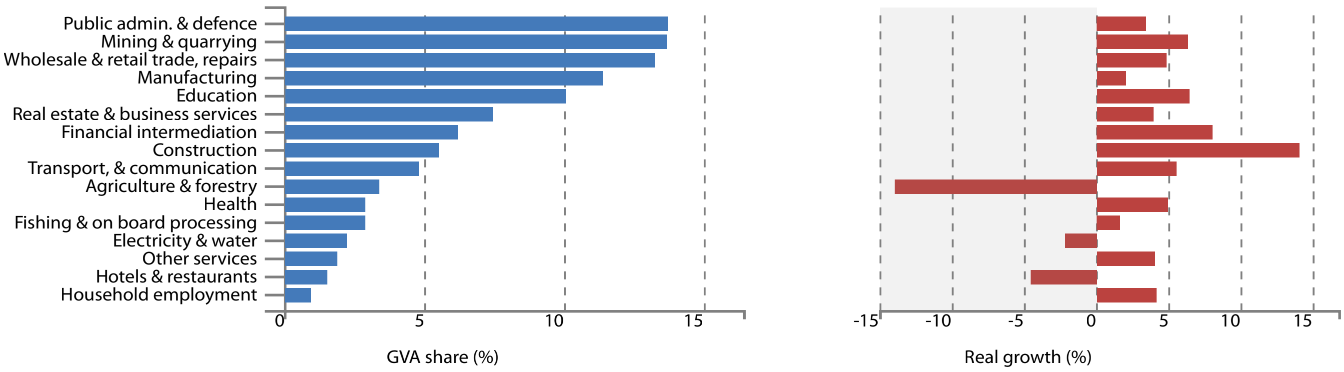
Figure 2: Demand shares and growth (2014)



*GFCF: Gross fixed capital formation

Source: Namibia Statistics Agency (2015a)

Figure 3: Sector shares and growth (2015)



Source: Bank of Namibia (2015a)
Note: Data for 2015 are partially estimated.

The strongest performing sectors in 2015 were construction, financial intermediation, education, mining and quarrying and transport and communication. Major construction projects related to private investment in the mining sector and public infrastructure projects have been a major driver of growth in recent years. However, as these projects come to completion, growth in the sector has decelerated. Increased production of zinc concentrate and gold have offset declines in diamond and uranium output, driving anticipated growth of 6.3 per cent in the mining sector. Despite Namibia's strategic focus on the manufacturing sector, it is expected to have grown only 2.0 per cent in 2015. The ongoing drought and the outbreak of foot-and-mouth disease are expected to lead to a 14.0 per cent contraction in agriculture, a sector that provides nearly 30 per cent of employment, much of it informal and vulnerable, despite accounting for only 4.0 per cent of GDP (Bank of Namibia, 2015a).

The Bank of Namibia expects growth to decline further to 4.3 per cent in 2016 before rebounding to 5.9 per cent in 2017. Increased production in mining and stronger service sector performance are expected to boost growth in 2017. Downside risks to the outlook include lower than expected commodity prices, which could further hurt Namibia's external position, climatic risks that could hurt agricultural output, electricity supply constraints, and economic uncertainty in South Africa, which could increase exchange rate volatility. Box 2 assesses the historical forecast accuracy of international institutions for the Namibian economy.

Although Namibia ranks as the fourth most diversified economy in Africa, industrialization is high on the policy agenda. "Growth at Home", Namibia's industrialization strategy, specifies targeted sectors including agro-processing, fish processing, steel manufacturing and metal fabrication, the automotive industry, the chemical industry and the jewellery industry. The first round of projects will focus on opportunities in agro-processing and jewellery, with the development of value chains in other sectors anticipated in the future.

3.2 Public finances

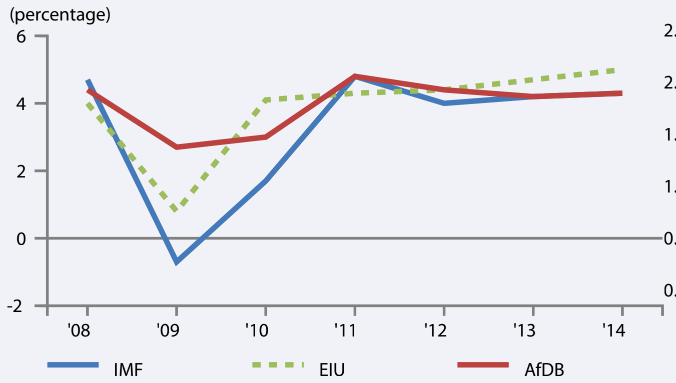
The Government of Namibia finances both operations and development expenditure through a mix of taxes and transfers from outside the country. Revenue for the 2014/15 fiscal year, which runs from April to March, was N$ 50.0 billion (US$ 4.5 billion), representing a 17.9 per cent increase on the previous fiscal year's revenue of N$ 42.4 billion (US$ 4.2 billion). In the 2014/15 fiscal year, the main sources of tax revenue were value added tax (22.2 per cent), income taxes on individuals (21.7 per cent) and corporate taxes (15.0 per cent) (Ministry of

Box 2: Forecasts for the Namibian economy

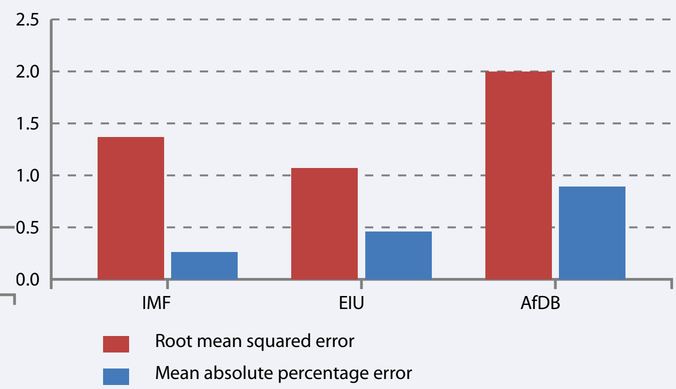
Economic forecasts provide essential information for decision-makers in the public and private sectors. Several international organizations produce forecasts for Namibia, including the African Development Bank, the Economist Intelligence Unit and the International Monetary Fund. The real GDP growth forecasts produced by these organizations have been within 1 percentage point of one other since 2011. In 2013 and 2014, real GDP growth forecasts by the Economist Intelligence Unit were more optimistic than those of the African Development Bank and the International Monetary Fund.

The root mean squared error and the mean absolute percentage error are common forecast accuracy measures. The higher the value of these errors, the less accurate the forecasts are. The analysis suggests that the most accurate real GDP growth forecasts produced for the period 2008-2014 were those made by the Economist Intelligence Unit and the International Monetary Fund.

Forecasted real GDP growth rates, by institution, 2008-2014



Forecast error, 2008-2014



Finance, 2016). The vast majority of transfers from outside Namibia are from SACU receipts based on a revenue-sharing arrangement with South Africa and other member States.

Revenue for the 2015/16 budget year is projected to be N$ 55.6 billion (US$ 4.4 billion), against an expected budgetary expenditure outlay of N$ 67.1 billion (US$ 5.2 billion). However, the mid-year collection rate at the end of September 2015 was 42.3 per cent of the revised estimates, which is below the 46.0 per cent in the corresponding period in the 2014/15 fiscal year. Any potential shortfall in collection will need to be financed with additional borrowing (Ministry of Finance, 2015a). Since Namibia will need to repay approximately N$ 3.0 billion (US$ 271 million) to the SACU common pool in the next fiscal year, sustainable domestic revenue sources are becoming even more crucial.

The expenditure for the 2014/15 budget was N$ 58.8 billion (US$ 5.3 billion), which was 97.6 per cent of the N$ 60.2 billion (US$ 5.5 billion) budget. The overall budget deficit of 6.0 per cent of GDP for the 2014/15 fiscal year was more severe than the budgeted 5.6 per cent overall deficit. The budget deficit is forecast to be 5.3 per cent of GDP for the 2015/16 fiscal year. To plug the fiscal deficit, the

Table 1: Fiscal accounts (in millions of Namibian dollars)*

	2010/11	2011/12	2012/13	2013/14	2014/15
Revenue (incl. grants)	23,375	29,922	37,997	42,376	49,967
Tax revenue	21,538	27,148	35,319	38,906	46,836
Non-tax revenue	1,809	2,591	2,505	3,171	3,008
Grants	24	179	168	278	110
Return of capital from lending and equity participation	4	5	4	21	13
Expenditure	27,253	36,611	38,112	46,751	58,765
Recurrent expenditure	22,756	29,404	32,537	39,415	50,056
Of which current payments	21,994	27,127	30,804	38,595	47,206
Of which interest payments	966	1,131	1,720	1,796	2,066
Development expenditure	4,497	7,208	5,575	7,337	8,709
Primary balance	(2,912)	(5,558)	1,606	(2,579)	(6,733)
Primary balance as a % of GDP	-3.5%	-5.8%	1.4%	-2.0%	-4.6%
Overall balance	(3,879)	(6,689)	(114)	(4,375)	(8,798)
Overall balance as a % of GDP	-4.6%	-7.0%	-0.1%	-3.4%	-6.0%

Source: Ministry of Finance (2016)

* All figures reported on a cash basis.

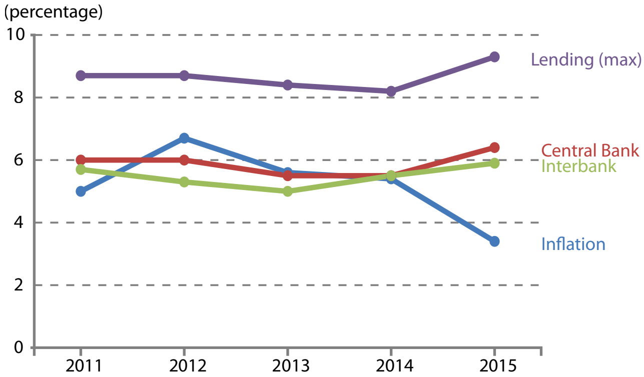
Government has developed a fiscal consolidation programme over the next medium-term expenditure framework, which is expected to save more than N$ 4.0 billion (US$ 278 million) in each of the next two fiscal years (Ministry of Finance, 2015b). Table 1 describes fiscal trends in greater detail.

Debt as a proportion of GDP has remained stable, increasing slightly from 23.5 per cent of GDP in 2013/14 to 24.4 per cent in 2014/15. Over the time frame of the medium-term expenditure framework, which continues through the 2017/18 fiscal year, government debt is expected to expand to 32.4 per cent to finance recurring deficits (Ministry of Finance, 2015b). Most government debt is domestically held, but the country has continued to tap into global capital markets. A US$ 750 million bond issuance in October 2015 helped to restock international reserves and finance infrastructure projects and programmes to improve the productive capacity of the economy, but the increase in dollar-denominated debt presents an additional financial risk given slowing economic growth and the depreciation of the South African rand.

3.3 Inflation, monetary policy and exchange rate

Annual inflation in 2015 was 3.4 per cent – a marked decrease from the 5.4 per cent average rate of inflation in 2014. This trend is accounted for by the deflation in transport prices owing to the low price of oil and the deceleration of price increases in clothing and footwear, house rents, electricity, gas and other fuels, food and non-alcoholic beverages (Namibia Statistics Agency, 2015b). Inflation in Namibia closely tracks prices in South Africa, which is the country's primary source of imports. For this reason, inflationary trends in South Africa highly influence prices in Namibia. Figure 4 shows

Figure 4: Inflation and interest rates (2011-2015)



Source: Bank of Namibia (2015c; 2015f; 2015g; 2015h; 2015i; 2015j; 2015k; 2016)

inflationary trends against a number of indicative interest rates over the period 2011-2015.

The Bank of Namibia began raising its repurchase (repo) rate in June 2014 to dampen inflation amid concerns about private credit growth to the household sector to finance auto imports and luxury goods consumption. In February 2016, the Bank raised the repo rate by 25 basis points to 6.75 per cent to align interest rates within the Common Monetary Area to avoid capital outflows. Growth in the broad money supply slowed in the third quarter of 2015 due to the decline in net foreign assets and slower growth in domestic claims (Bank of Namibia, 2015b).

Despite no change to the repo rate in the second half of 2015, the average deposit rate and the average lending rate both increased at the end of the third quarter of 2015. Real interest rates, which had been negative since 2011, moved into positive territory in the second quarter, with the real deposit rate finishing the third quarter at 0.59 per cent.

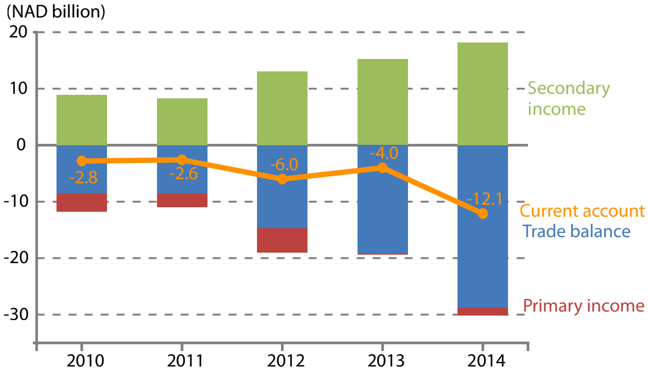
Total bank credit grew 14.9 per cent on a year-on-year basis in the third quarter of 2015, with lending to the household sector accounting for 54.0 per cent of loans. The commercial and service sectors accounted for 32.8 per cent of lending. Despite the importance of manufacturing in Namibia's industrial policy and overall economic strategy, credit to the sector accounts for only 2.0 per cent of commercial bank lending (Bank of Namibia, 2015b).

The Namibia dollar has experienced a protracted decline against major currencies, in line with the South African rand to which it is pegged. From a two-year high of N$ 9.58 to the United States dollar in September 2013, the currency depreciated to N$ 14.93 per United States dollar in December 2015. In year-on-year terms, in December 2015 the Namibian dollar fell 30.2 per cent against the United States dollar, 24.9 per cent against the pound sterling and 14.9 per cent against the euro. The depreciation is largely a result of the economic challenges facing South Africa. Although the steep depreciation has been a boon for some exporters, the impact on debt-servicing costs and the import bill has been adverse. The negative trade balance has also drawn down the stock of international reserves.

3.4 Current account

Namibia's current account deficit grew to 13.7 per cent of GDP in 2014 from 3.7 per cent of GDP in 2013 (see figure 5). Through the first three quarters of 2015 the current account deficit was N$ 11.6 billion (US$ 937 million) in comparison to N$ 9.0 billion (US$ 839 million) over the same period in 2014. The higher deficits in these periods are largely the result of a deteriorating trade balance, which has offset higher current transfers (Bank of Namibia, 2015b). The growing import bill in the goods account relative to export earnings is the major source of the imbalance. The current account deficit will likely be increasingly strained as net current transfers are anticipated to fall as a result of the SACU deficit in the fiscal year 2014/15 and export earnings are likely to remain subdued as prices for Namibia's primary commodity exports are expected to remain low.

Figure 5: Current account balance (2010-2014)



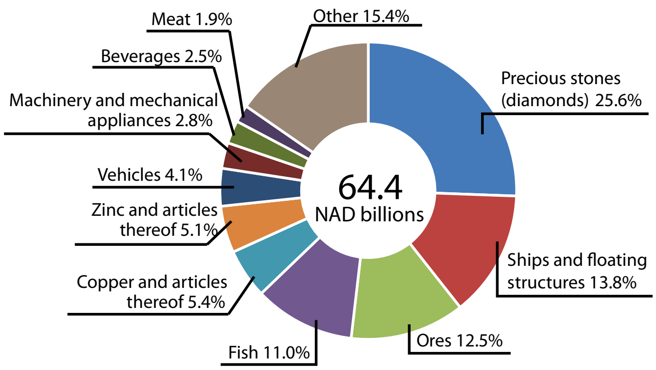
Source: Bank of Namibia (2015d)

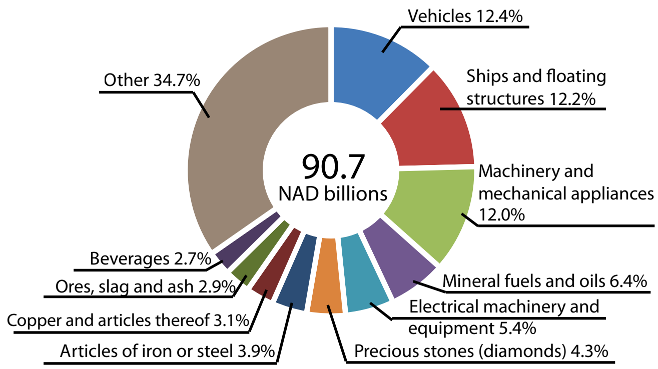
Namibia's trade deficit increased by 52.3 per cent to N$ 26.2 billion (US$ 2.4 billion) in 2014 from N$ 17.2 billion (US$ 1.8 billion) in 2013, marking the fourth consecutive year in which the trade deficit increased. This was largely due to higher spending on imported vehicles, ships and floating structures and machinery and mechanical appliances, which together increased by N$ 13.3 billion (US$ 1.1 billion) year-on-year (Namibia Statistics Agency, 2015c). Through the first three quarters of 2015 the trade deficit ballooned to N$ 26.1 billion (US$ 2.1 billion) in comparison to N$ 21.0 billion (US$ 2.0 billion) during the first three quarters of 2014. The higher import bill in 2015 was due to increased expenditure on consumer goods, machinery, mineral fuels and base metals (Bank of Namibia, 2015b).

Namibia's top export items in 2014 were precious stones (diamonds), ships and floating structures, mineral ores, fish and copper. Diamond exports, which are Namibia's top export by value, increased by 11.6 per cent and were primarily exported to Botswana, South Africa, Belgium and the United States of America. The N$ 8.9 billion (US$ 822 million) spent on ships, boats and floating structures is accounted for by the temporary acquisition of floating and submersible drilling platforms that were later re-exported. The increased value of copper exports from N$ 2.0 billion (US$ 203 million) in 2013 to N$ 3.5 billion (US$ 322 million) in 2014 was due to higher demand in Switzerland and South Africa. Exports of fish remained relatively flat and were exported primarily to Spain, South Africa, the Democratic Republic of the Congo and Mozambique (Namibia Statistics Agency, 2015c).

The top imports to Namibia in 2014 were vehicles, ships and floating structures, machinery and mechanical appliances, mineral fuels and oils and electrical machinery and equipment. These items accounted for 48.4 per cent of import expenditure in 2014, up from 42.3 per cent in 2013. South Africa is Namibia's primary source of imports, accounting for 56.8 per cent of all imports. Imports from the Republic of Korea increased the most between 2013 and 2014, going from N$ 175 million (US$ 18 million) to N$ 5.9 billion (US$ 544 million) on account of the importation of ships, boats and floating structures. Imports from China increased by 61.3 per cent, consisting mostly of electrical machinery and equipment and boilers, machinery and mechanical appliances (Namibia Statistics Agency, 2015c). Figure 6 shows the full composition of Namibia's foreign trade.

Figure 6: Foreign trade (2014)





Source: Namibia Statistics Agency (2015c)

3.5 Capital and financial accounts

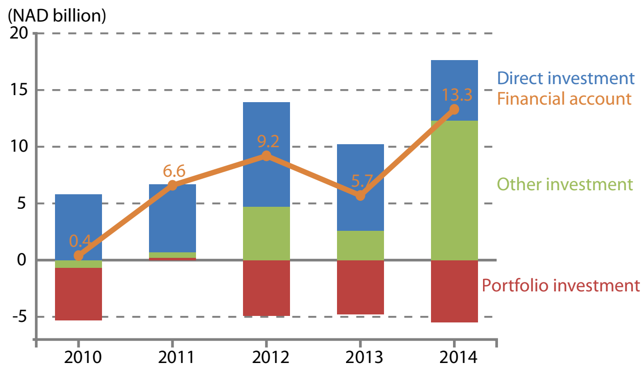
Namibia's capital and financial account is consistently in surplus, finishing the third quarter of 2015 with a surplus of N$ 4.2 billion (US$ 318 million). The 2014 capital and financial account surplus was N$ 14.8 billion (US$ 1.4 billion), following on the heels of a surplus of N$ 7.0 billion (US$ 713 million) in 2013 (see figure 7).

Portfolio investment has recorded a consistent outflow since 2011, but through the first three quarters of 2015, a net inflow of N$ 2.6 billion (US$ 207 million) was posted. This was mainly due to the net acquisition of debt securities by the Government through the issuance of a Johannesburg Stock Exchange bond worth US$ 750 million (Bank of Namibia, 2015b).

Other investment was largely responsible for the large capital account surplus in 2014 due to increased borrowing by locally-registered companies from affiliated entities abroad, mainly in the mining sector and export-processing zone companies (Bank of Namibia, 2014). Through the first three quarters of 2015, other long-term investment recorded a surplus of N$ 5.2 billion (US$ 418 million) due to long-term loans of corporations, primarily in the mining sector, drawings on long-term loans by the Government and increased private sector borrowing from non-residents to meet operational costs. As a number of mining infrastructure projects come to completion, declines in this category are expected.

Following a record foreign direct investment (FDI) inflow of N$ 9.3 billion (US$ 1.1 billion) in 2012, FDI inflows declined to N$ 7.7 billion (US$ 793 million) and N$ 5.9 billion (US$ 544 million) in 2013 and 2014, respectively. Through the first three quarters of 2015, net FDI recorded a surplus of N$ 2.7 billion (US$ 225 million), but experienced a deficit of N$ 173 million (US$ 13 million) in the third quarter on account of losses by enterprises, largely in the mining sector. Increased borrowing by foreign direct investors from their local operating enterprises reduced net inflows in terms of non-equity liabilities. In addition, a sharp

Figure 7: Financial account balance (2010-2014)



Source: Bank of Namibia (2015e)

decline in reinvested earnings accounted for the decline in net FDI.

Namibia remains a favoured destination for mining investment in Africa. Namibia ranked first in Africa and twenty-fifth globally in terms of investment attractiveness, largely on the security environment, quality of geological database, mineral potential and political stability (Fraser Institute, 2014). In terms of overall FDI inflows, Namibia ranked sixth in SADC in both 2012 and 2013 (SADC, 2013). Namibia is consistently ranked among the most favourable investment climates in Africa, but improvements in skills training, access to land, and business and property registration are crucial for bridging Namibia's competitiveness gap.

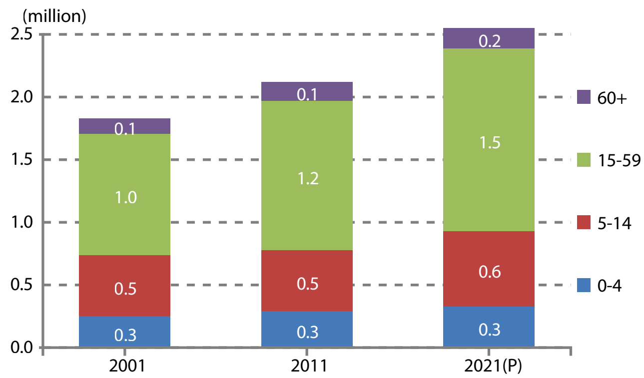
At the end of October 2015, international reserves at the Bank of Namibia stood at N$ 22.7 billion (US$ 1.7 billion), up 51 per cent year-on-year (Bank of Namibia, 2015k). The sharp increase in reserves helped to enhance import cover, which has experienced a downward trend since 2012 and stood at only 6.4 weeks at the end of the third quarter of 2015. Even with the additional buffer, Namibia's international reserves fail to meet the six-month import cover stipulated in the SADC macroeconomic convergence criteria (SADC, 2012).

4

SOCIAL DEVELOPMENTS

Despite years of strong economic performance, Namibia remains a country of contrasts. With the second lowest population density in the world, there are stark disparities between various regions and population groups in the country. Social development outcomes are often differentiated by economic, ethnic, gender, regional and rural/urban divides. Although a great deal of progress has been made in improving social conditions, there is more to be done in ensuring that all Namibians have equal opportunity access.

Figure 8: Population by age group (2001, 2011 and 2021)



Source: Namibia Statistics Agency (2014)

4.1 Demography

The overall population of Namibia grew 15.4 per cent between 2001 and 2011, when the most recent census was conducted. Of the total population of 2,113,077 in 2011, 51.6 per cent were female and 48.4 per cent were male. Projections by the Namibia Statistics Agency estimate the population in 2016 at 2.3 million. As can be seen from figure 8, Namibia's population is relatively young, with 36.5 per cent of the population under the age of 15. The median age in Namibia is 21 and only 7.1 per cent of the country is over the age of 60. With 58.4 per cent of the population aged between 15 and 64, Namibia's dependency ratio of 71.2 per cent is among the lowest in SADC.

The country is still largely rural, with 53.1 per cent of the population residing in rural areas. However, population growth is very uneven by location. The urban population grew 49.7 per cent between 2001 and 2011 in comparison with a 1.4 per cent decline in rural areas. While Namibia's urban population currently makes up just 46.9 percent of the total, by 2040 it is expected to be 66.3 percent of the total population of 3.4 million – nearly as many people as currently living in the entire country (Namibia Statistics Agency, 2014). Fertility is considerably lower among urban women at 2.9 children per woman compared with 4.7 children per woman in rural areas thus indicating the key role that migration from rural to urban areas plays in Namibia's population dynamics (Ministry of Health and Social Services and Namibia Statistics Agency, 2014).
The continuing trend of urbanization has obvious implications for labour markets and housing, among others. Current popular mobilization around the housing issue is the most recent manifestation of the social impacts of urbanization and a bulging youth population.

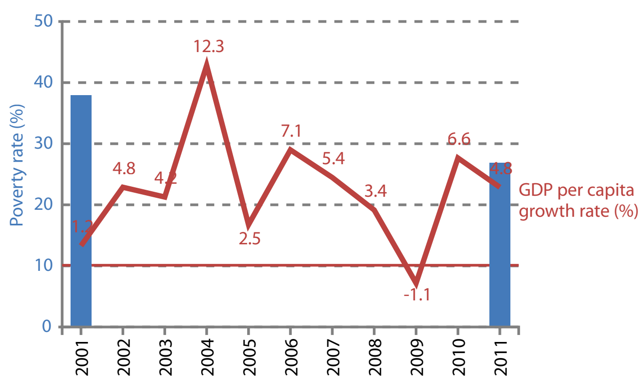
4.2 Poverty and employment

Tackling poverty and inequality remains high on the Government's agenda. Upon assuming office, President Geingob declared war on poverty and inequality and established a new Ministry of Poverty Eradication and Social Welfare.

Between 2001 and 2011, the national incidence of poverty declined from 37.9 per cent (693,695 people) to 26.9 per cent (568,418 people), as indicated in figure 9 (National Planning Commission, 2015). The incidence of poverty in rural areas, largely in the north, is 37.4 per cent as opposed to 14.6 per cent in urban areas (Namibia Statistics Agency, 2012a). Regional patterns of poverty in Namibia largely correspond to disparities in the labour market and educational attainment (see figure 10). Namibia's Gini coefficient of 0.60, one of the highest in the world, remained unchanged between the 2003/04 and 2009/10 Namibian household income and expenditure surveys (Namibia Statistics Agency, 2012a).

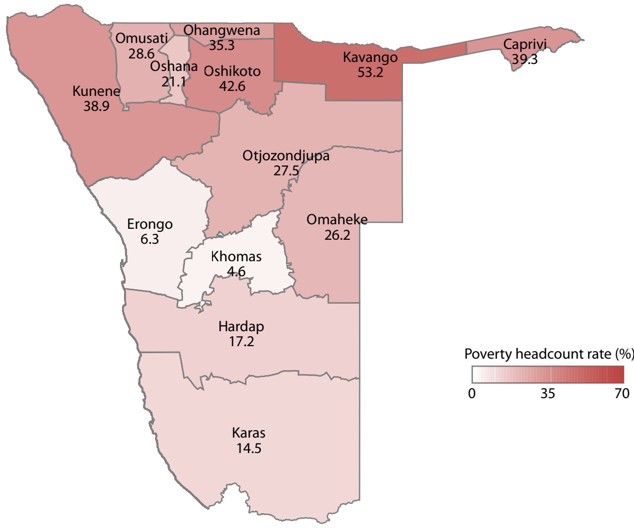
The employment to population ratio is 49.6 nationwide, but at 54.1 for men and 45.5 for women and 53.7 and 45.3 for urban and rural areas, different segments of the population display different levels of participation in the workforce.

Figure 9: Poverty and economic growth (2001-2011)



Source: National Planning Commission, 2015; Namibia Statistics Agency (2012b)

Figure 10: Poverty map of Namibia (2011)



Source: National Planning Commission, 2015

Agriculture is the sector with the largest number of workers, accounting for 29.5 per cent of employment. Other sectors with high employment contributions include wholesale and retail trade (13.6 per cent), private households (9.4 per cent), construction (8.0 per cent), public administration, defence and compulsory social services (5.9 per cent) and education (5.8 per cent). The informal sector remains a major source of employment in Namibia, accounting for 41.1 per cent of all employment.

The most common status of employment in Namibia is wage and salaried work (65.8 per cent) followed by subsistence farming without paid employees (14.4 per cent). Own-account workers and contributing family workers, considered vulnerable due to their informal working arrangements and lack of access to benefits or social protection programmes, account for 30.1 per cent of the working population, 61.8 per cent of whom are women (Namibia Statistics Agency, 2015d).

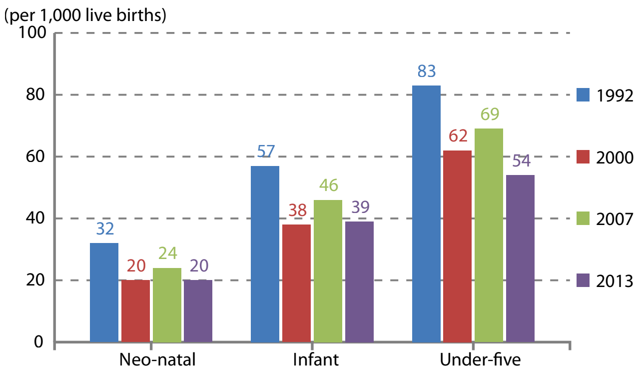
Unemployment remains a considerable social issue in Namibia, particularly among young people. Youth unemployment (15 to 24 years) stands at 38.8 per cent, against an overall unemployment rate of 28.1 per cent. The unemployment rate is slightly higher in rural areas, at 30.2 per cent, in comparison with 26.2 per cent in urban areas. Women continue to be in a more precarious economic position than men. The unemployment rate for women is 31.7 per cent as opposed to 24.3 per cent for men. In the overall economy, the wage gap between men and women is significant, with men earning on average US$ 74 (N$ 801) more than women each month.

4.3 Health

Life expectancy at birth has improved significantly since the previous census in 2001, particularly for women. In 2011, life expectancy at birth in Namibia was 61 for women and 53 for men, against 50 for women and 48 for men in 2001. This can be partially attributed to the falling incidence of HIV and AIDS, which disproportionately affects women.

While there have been immense gains in neo-natal, infant and under-five mortality since independence, as can be seen in figure 11, progress in the past decade has not been as impactful as the progress made during the 1990s. Neo-natal, infant and under-five mortality are all substantially higher in rural areas.

Figure 11: Neo-natal, infant and under-five mortality rates (1992-2013)



Source: Ministry of Health and Social Services and Namibia Statistics Agency (2014)

The maternal mortality ratio is 385 deaths per 100,000 live births. Maternal mortality accounts for 9 per cent of all deaths among women aged 15-49. This is an improvement on the previous estimated maternal mortality ratio of 449. Worryingly, however, the percentage of pregnant women who received four or more antenatal care visits declined from 70 per cent in 2006-07 to 63 per cent in 2013. Only 88 per cent of babies were delivered by a skilled provider (Ministry of Health and Social Services and Namibia Statistics Agency, 2014).

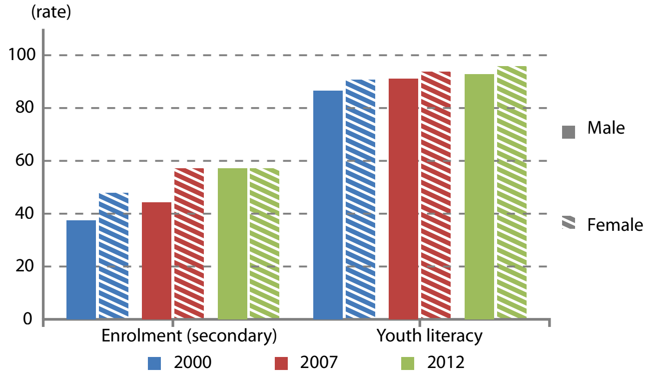
Some 13 per cent of children are underweight, 24 per cent of children under the age of 5 are stunted, and 6 per cent are wasted.[3] In comparison to the 2006-07 Namibia Demographic and Health Survey, this represents a 5 per cent improvement in the prevalence of child stunting, a 2 per cent improvement in the prevalence of wasting and a 4 per cent improvement in the prevalence of underweight children. In rural areas 16 per cent of children are underweight compared with 9 per cent in urban areas. Similarly, 28 per cent of children in rural areas are stunted and 7 per cent are wasted, in comparison with 17 per cent and 5 per cent in urban areas, respectively.

Namibia is one of the countries in the world that has been most affected by the HIV and AIDS epidemic, with a prevalence rate of 14.3 per cent in the adult population. However, interventions and preventative measures have helped to slow the spread of the disease. HIV prevalence peaks in the 35-39 age range at 30.9 per cent for women and 22.6 per cent for men, and is lowest among 15-24 year olds, at 4.4 per cent for women and 2.6 per cent for men. The low prevalence of HIV among those aged 15-24 is a proxy for incidence since these are assumed to be newer infections (Ministry of Health and Social Services and Namibia Statistics Agency, 2014).

3 Underweight is defined as children whose weight-for-age is below minus two standard deviations from the reference median. Children whose height-for-age Z-score is below minus two standard deviations from the median of the WHO reference population are considered stunted. Children whose weight-for-height Z-scores are below minus two standard deviations from the reference median are considered wasted.

Wealth inequalities manifest themselves not only in the economic sphere, but also in health outcomes. For example, infant mortality is more than twice as high in the lowest wealth quintile than in the highest one. Namibia has a dual system of public and private health-care providers, but access to health care is still a major issue for low-income households. The Ministry of Health and Social Services accounts for 9.9 per cent of the 2015/16 revised budget, but with 28 per cent of women reporting that obtaining money for treatment is a barrier to accessing health care, there is further room to expand health services to vulnerable groups at low or no cost (Ministry of Health and Social Services and Namibia Statistics Agency, 2014).

Figure 12: Education (2000, 2007 and 2012)



Source: Ministry of Health and Social Services and Namibia Statistics Agency (2003; 2008; 2014), SADC (2013)
Note: Secondary school enrolment rates are not disaggregated by gender for 2012.

4.4 Education

While there is broad access to basic education across Namibia, differences still exist in terms of outcomes across locations and demographic groups.

The literacy rate across Namibia for those aged 15 and above is 88.7 per cent, rising to 95.6 per cent in urban areas against 82.6 per cent in rural ones. There are slight differences in literacy by gender, with 89.5 per cent of men over the age of 15 considered literate compared to 88.0 per cent of women. The differences between men and women are more pronounced in some regions than others (Namibia Statistics Agency, 2012b).

The primary school enrolment rate for children aged 7 to 13 is 87.0 per cent nationwide. Primary school enrolment is slightly higher among girls than boys, at 88.1 per cent of girls compared to 85.9 per cent of boys. Enrolment is higher in urban areas than rural ones, at 90.3 per cent against 85.3 per cent (Namibia Statistics Agency, 2012b). The net secondary enrolment rate was 57.1 per cent in 2011, up from 44.4 per cent in 2001 (see figure 12). The most recent gender-disaggregated data from 2007 shows that girls' enrolment is higher in secondary school at 57.2 per cent, relative to 44.2 per cent for boys (SADC, 2013). Tertiary enrolment has remained stable, with enrolment at the University of Namibia and the Namibia University of Science and Technology going from 29,190 in 2012 to 29,936 in 2013 (Namibia Statistics Agency, 2015d).

Of those aged 15 and above, 48.5 per cent of people have completed primary education, 20.5 per cent have completed secondary education and 5.8 per cent have completed tertiary studies. Only 1.5 per cent of adults reported having no formal education. Although female primary completion is greater than male, male completion rates at the secondary and tertiary levels are slightly higher than for women.

Despite having some of the most impressive enrolment rates in Africa, issues of access and educational quality remain. Pupil-to-teacher ratios have fallen slowly, with 27 students per teacher at the primary level and 22 at the secondary level in 2012 compared to 32 and 24 students per teacher in 2000, respectively (SADC, 2013). The Government instituted free universal primary education in 2013 and has recently removed examination fees for pupils writing junior and senior secondary school certificates (This Is Africa, 2015). Free universal secondary education has been proposed and although the President has called for study loans for tertiary education to be turned into grants, school and examination fees continue to limit access to higher education. The Ministry of Education, Arts and Culture is allocated 18.1 per cent of the revised 2015/16 budget, compared to 6.3 per cent for the Ministry of Higher Education, Training and Innovation.

4.5 Gender scorecard of the African Union Commission*

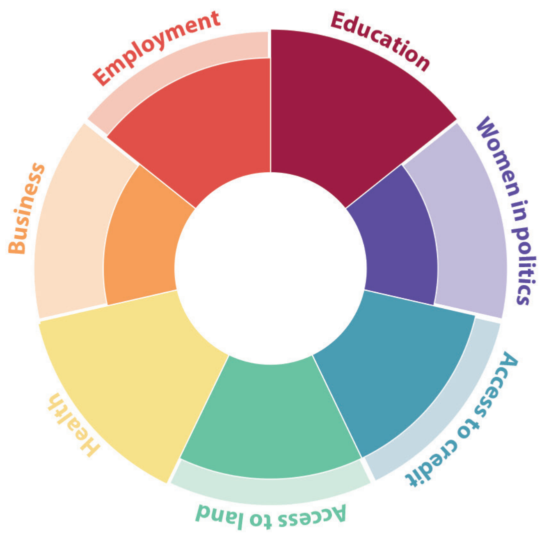
The African Union declared 2015 as the Year of Women's Empowerment and Development towards Africa's Agenda 2063, with a view to building momentum for gender equality and women's empowerment on the continent. Based on this commitment, the African Union developed the African gender scorecard. The scorecard is designed to measure the status of gender equality and women's empowerment in seven core sectors that have a transformative impact on women's lives through their contribution to broad-based, sustainable and inclusive growth. These core sectors are: employment, the business sector, access to credit, access to land, women in politics and decision-making, health, and education at the secondary and tertiary levels.

Interpretation of the pie chart: *The scoring is between 0–10, with 0 being the worst level of inequality, 5 suggesting middle parity, and 10 indicating perfect parity. Perfect parity connotes a situation where the proportion of men and women is equal, irrespective of the developmental level of the variable or indicator being assessed. Some countries go beyond the score of 10, thus showing that women may be more highly empowered in that subsector than men for that country. However, caution is needed when drawing conclusions based only on the scores, particularly when there are large variations in levels of developmental achievements between countries.***

Employment	Score
Employment in non-agricultural sector	7
Labour force participation rate	8

Business	Score
Top management in firms	4
Ownership in firms	7

Health	Score
Under-five survival rate	10
Children under age five who are not stunted	11
Life expectancy at birth	11
Share of population without HIV	7



Education	Score
Youth literacy rate	11
Enrolment ratio in secondary education	12
Enrolment ratio in tertiary education	13

Women in politics	Score
Representation in parliament	7
Ministerial positions - cabinet	3

Access to credit	Score
Account at a financial institution	9
Borrowed from financial institution	7

Access to land	Score
Access to land	8

* The data used in the calculation of the scorecard are drawn from several international databases and sources, including: United Nations, Statistical Division; World Development Indicators, Global Financial Inclusion Database and Enterprise Surveys of the World Bank; the Gender and Land Rights Database of the Food and Agriculture Organization of the United Nations; International Labour Organization; United Nations Children's Fund; Joint United Nations Programme on HIV/AIDs; World Health Organization; International Food Policy Research Institute; United Nations Educational, Scientific and Cultural Organization; United Nations Population Division; United Nations Population Fund; Inter-Parliamentary Union; and some national data sources. Data on access to land were drawn from several sources, with the scoring and harmonization of legislative frameworks done in-house by the African Centre for Statistics and the African Centre for Gender.

** The pie chart is based on the African gender scorecard, which was presented to the Heads of State and Government at the twenty-fifth ordinary session of the Assembly of the African Union in June 2015.

5

MAJOR POLICY CHALLENGES

5.1 Access to and ownership of land

As in a number of Southern African countries, Namibia is confronted with a land question, in which the historical legacy of settler colonialism dispossessed the local population of land and created profound inequality in land ownership and distribution. This has serious implications for access to land, both for housing and agricultural production purposes, by the indigenous population. At independence in 1990, 73 per cent of arable land in Namibia, accounting for 45 per cent of the total land area, was owned by just 4,450 farmers (Jauch, Edwards and Cupido, 2011). The legacy of dispossession during both German colonization and subsequent South African apartheid rule left a highly unequal distribution of land, which the post-independence Government recognized the need to tackle.

The National Conference on Land Reform and the Land Question in 1991, a broadly representative consultative meeting, decided to deal with the land issue through the "willing buyer, willing seller" approach, with the Government providing some financial resources for the purpose of redistribution (Tapscott, 1994). This approach was formalized in the Agricultural (Commercial) Land Reform Act of 1995. The Namibian Government purchased some privately owned farms and allocated them to previously disadvantaged groups. Although this accelerated the process of acquisition, given the typically high sale price the Ministry of Lands and Resettlement has only been able to purchase a limited number of farms. Since independence, the Ministry has acquired 2.4 million hectares and in the fiscal year 2013/14 acquired just 21 farms at a cost of N$ 166.6 million (US$ 16.3 million) (Ministry of Finance, 2015c).

Further land reform legislation includes the National Land Policy of 1998, which contemplates a wide range of land rights including freehold, leaseholds, customary, certificates, permits and state ownership. In addition, the Communal Land Reform Act 5 of 2000 regulates the powers of traditional authorities over communal lands and established communal land boards that control the allocation of customary land rights by traditional authorities. Finally, the national resettlement policy of 2001 and the affirmative action loan scheme were designed to resettle landless households on land acquired under the Agricultural Land Reform Act of 1995. The Government has also considered expropriation with compensation in some cases, but Namibia has made little use of this mechanism (Land Policy Initiative, 2010). The resolutions and declarations adopted at the 2012 SWAPO party policy conference included the rejection of complete reliance on the "willing buyer, willing seller" approach, because the slow pace of land acquisition had made it clear that other strategies needed to be followed in order to speed up progress.

Access to land is a crucial aspect of Namibia's development and structural transformation strategy. The fourth national development plan notes that lack of access to serviced land is an inhibiting factor for existing and new businesses and highlights the difficulty that micro- and small-scale businesses have with land registration and the inability to use land as collateral in communal and non-formalized urban areas. Remedying the shortage of land is therefore important for private sector growth and its knock-on effects on economic growth and job creation. For these reasons, the availability of sufficient serviced land is one of the strategic initiatives under the first desired outcome of the fourth national development plan, which is to improve the institutional environment (National Planning Commission, 2012). In addition, difficulty in obtaining access to land is frequently top of the list of constraints cited in investment climate surveys, which has held back the industrial investment that is key to Namibia's structural transformation (Ministry of Trade and Industry, 2015).

5.2 Urban housing

Urban residential land has been in particularly short supply and high rates of urbanization in recent years have exacerbated the situation in Namibia's towns and cities. The lack of sufficient residential land has led to a severe backlog of people seeking housing. The backlog is currently estimated to be 110,000, growing at a rate of 6,000 per year (New Era, 2015b). According to the 2011 population and housing census, 16.0 per cent of households live in shack dwellings, which are improvised housing units. In urban areas this rises to 27.2 per cent. In the country's two most urbanized regions, Erongo and Khomas, 32.5 per cent and 30.6 per cent of households live in shacks (Namibia Statistics Agency, 2012b).

In addition to demographic pressures, the lack of available serviced land is a key reason for the housing backlog in Namibia, which has kept supply low and increased the prices of plots. The long and outdated approval process for proclamation, surveying, subdivision and registration of land, limited financial capacity and the lack of qualified personnel at the local level are all factors that have contributed to the endemic shortage of serviced plots (Sweeney-Bindels, 2012). There have also been claims that speculators have increased holdings in poorer parts of urban areas, which has had the impact of pricing locals out of the market (Weylandt, 2015).

Windhoek's high land prices, the cumbersome bureaucratic process of acquiring land and accusations of questionable allocation of land to the elite and politically connected through auctions spurred the "Affirmative Repositioning" movement to agitate for increased government provision of urban land and housing starting in late 2014. The movement urged supporters to submit applications for residential land to the Windhoek municipality and gave the city a deadline of 31 July 2015 to reply to all of the applications.

As the 31 July deadline approached, many in Namibia feared that the confrontation could spiral out of control. Taking a tactful and conciliatory approach, President Geingob invited the activists to State House on 24 July to discuss their demands. After a marathon negotiation session lasting over six hours with the President and senior members of the cabinet, the two sides came to an agreement. The Government said that decent shelter was part of the administration's war against poverty and inequality, and agreed to service 200,000 plots nationwide. In addition, commitments were made to reform the National Housing Enterprise, regulate the property market and house prices, issue title deeds to people living on communal lands, regulate evictions from occupied land, provide housing finance and the establish a land serving board (see table 2).

It is hoped that the bold steps taken by the Government will both provide land to those who lack it and help to adjust housing prices through the increased supply of available urban land. The land servicing programme has begun on a pilot basis in Windhoek, Walvis Bay and Oshakati before it is expanded nationwide. Parallel to efforts on the

Table 2: Outcome of the meeting between the Affirmative Repositioning movement and the Government of Namibia

Topic	Negotiated outcome
National Housing Enterprise	Consensus reached that the National Housing Enterprise is not adequately delivering on its mandate to provide and finance affordable housing to low and medium-income households
House prices and property market	Property market to be regulated in the same way as the electricity and petroleum industry
Land tenure system	People living communal land to receive title deeds to their land
Squatters Proclamation 21 of 1985	Proclamation to be repealed and replaced with relevant legislation that seeks to regulate illegal evictions and unlawful occupation of land
Property and housing price control board	Such an institution to be established in the long run. Interim measures to be taken to look into the provisions and power given by the Rent Ordinance of 1977. Cabinet to prescribe tariffs for estate agents as provided for by the Estate Agent Act 112 of 1976
Housing finance	State-owned institution to be established to provide housing loans to people at affordable rates
Land serving board	Although there was general consensus on the need to deal with the issue of servicing land, there is a need for further dialogue on the modalities, including decentralization and related implications
Servicing of 200,000 plots	200,000 plots to be serviced nationwide starting immediately

Source: Affirmative Repositioning (2015)

ground to service residential land, at the legislative level, the Regional Councils Amendment Bill was passed on 7 October 2015, and at the time of writing the National Council had referred the Local Authorities Amendment Bill back to the National Assembly with amendments for reconsideration.

While the timing of these bills is aligned with the urban land movement, the ideas behind the legislation have their roots in the land reform proposals adopted by the SWAPO party congress in 2012 (Weylandt, 2015). The Regional Councils Amendment Bill includes a provision prohibiting the purchase of property by foreigners in settlement areas, defined as rural areas that are not self-governed. The Local Authorities Amendment Bill, which proposes more sweeping changes, would make it harder for speculators to purchase urban land and would place a blanket ban on foreign land ownership. Foreigners who already own land would be forced to try to sell it to Namibians or to the Government before they could sell to other foreigners. A key provision is the creation of differential property zones for Namibians subdivided by income levels as a means to limit the ability of speculators from purchasing land in lower-income areas.

Despite clear achievements, a number of challenges lie ahead. It is unclear whether the central and local authorities have the requisite financial and technical capacity to follow through on all aspects of their agreement. The 2014 Auditor General Report reveals that the Ministry of Urban and Rural Development returned N$ 270 million (US$ 24.4 million) to the Treasury after the 2014/15 fiscal year. Of that, N$ 100 million (US$ 9.0 million) had been dedicated to the suspended mass housing project, which could have built 285 low-cost homes. The remaining N$ 170 million (US$ 15.4 million) was earmarked for various projects for local authorities at the regional level (The Namibian, 2015). This speaks to some of the limitations in the capacity to implement planned programmes in housing provision at both the national and regional levels.

There are also outstanding questions surrounding the new legislation on property market regulations. The constitutionality of the Local Authorities Amendment Bill has been questioned on the basis of the limitations it places on Namibians' ability to purchase property freely. By preventing wealthier people from purchasing land in poorer areas, there are concerns that such a provision would enshrine class-based segregation into the law (Weylandt, 2015). Such restrictions could lead to property values diverging between wealthy and poor areas, thus exaggerating already staggering inequalities.

The new regulations could also have additional unintended economic consequences. Restrictions on foreign purchases of property could have negative implications for Namibia's development agenda. These restrictions have the potential to reduce foreign investment, which is necessary for the country's economic development given that domestic financing is insufficient for Namibia's development needs. The Local Authorities Amendment Bill has loopholes that could allow foreigners to transact through middlemen and holding companies, but it would nonetheless erect a barrier to investment. This could have consequences for the implementation of the "Growth at home" strategy, which includes interventions to avail land for industrial purposes as a means to improve the investment climate and spur structural transformation.

In spite of all of those challenges, recent developments indicate that negotiation, consensus-building and political accommodation are central to effective policymaking and social mobilization for development purposes. It also signifies that State-citizen engagement is healthy for the democratic process and for the social and economic empowerment of citizens. However, the Government will have to scale up its efforts with regard to land and housing provision for its citizens, especially the poorest and most vulnerable. This will be of strategic importance to the war against poverty and inequality which the current Government has committed itself to as a major priority agenda for the social and economic development of the country.

6. NATIONAL DATA QUALITY EVALUATION

Methodological note

The quality of national data sources for key indicators in the country profiles was evaluated. The result is presented in colour codes, with green indicating a "good" data source, yellow for "satisfactory", and red for "needs improvement".

The evaluation focused on the transparency and accessibility of each national data source. The evaluation took into consideration the timeliness and periodicity of data publishing, based on the punctuality of publication and frequency of data updates in accordance with international standards. It also measured the comparability of the data series, based on their length, definition and standard units of measurement. It evaluated database accessibility, specifically whether the data were open and freely available to the general public, the format of the data, and the ease of downloading and sharing. Data citation, together with references to primary or secondary sources, was also assessed. Finally, the evaluation checked the completeness of metadata for data release and the completeness and clarity of documentation and notes.

Demography	Value(Year)	Evaluation
Population (Millions)	2.1 (2011)	1
Child (0-14 years)	0.8 (2011)	1
Adult (15-59 years)	1.2 (2011)	1
Aged (60+ years)	0.15 (2011)	1
Urban population (%)	46.9 (2014)	1
Life expectancy at birth (years)	56.8 (2011)	1

Key Macroeconomic and Sectoral Performance	Value(Year)	
Real GDP growth rate (%)	6.4 (2014)	2
GDP, current prices(Billion USD)	13.0 (2014)	2
Inflation rate (%)	3.4 (2015)	2
Current account balance (million USD)	937 (2015)	2

Economic trends and Performance Indicators	Value(Year)	
Inward flows of foreign direct investment (Million USD)	544 (2014)	2
Total Exports Total (Billion USD)	5.9 (2014)	1
Total Imports (Billion USD)	8.4 (2014)	1

Education and employment	Value(Year)	Evaluation
Literacy rate (15-24) (%)	94.4 (2012)	2
Population below national poverty line (%)	26.9 (2011)	3
Unemployment rate (%)	28.1 (2012)	3
Youth unemployment Rate	38.8 (2012)	3
Tertiary Enrolment Rate	5.8 (2012)	1

Health	Value(Year)	Evaluation
Under 5 mortality rate (per 1,000)	54 (2013)	1
Maternal mortality ratio per 100,000 live births	385 (2013)	1
Prevalence of underweight children under-five years of age(%)	13.3 (2013)	1
Infant mortality rate per (per 1,000 live births)	39 (2013)	1
Proportion of births attended by skilled health personnel	88 (2014)	1
HIV prevalence among population (%)	14.3 (2014)	1

Data Sources Code Index

1. Namibia Statistics Agency
2. Bank of Namibia
3: National Planning Commission, 2015

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