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The dynamics of poverty and inequality in Namibia: A critical evaluation of the development plans

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Abstract:

This paper evaluates the poverty and inequality outcomes of the national development plans. Using data triangulation methods, it shows that the levels of poverty and inequality have been declining over time. It examines other dimensions of poverty and inequality and concludes that using health, educational and standard of living indicators, the poverty and inequality outcomes of the development plans are not clear cut and straight-forward. The paper concludes by discussing the future challenges that Namibia will have to deal with in order to eliminate poverty and to reduce inequality to the level set under the national vision for development.

Key words: Namibia, poverty, inequality, national development plans

JEL: H53, H55, D63, N37

Introduction

Namibia emerged from a long history of colonialism that involved German occupation in the 1900s, and South African domination later in the 20th century. South African control was based on the same system of apartheid as was in South Africa itself. There was total discrimination in political, social and economic spheres. This structure influenced the relationships between the different peoples of the country, with white dominance overarching all spheres. Resource ownership and control was also characterized by discrimination. Thus, at independence in 1990, the government of Namibia inherited a highly unequal and dualistic economy. Even among the indigenes, the colonialists' politics of divide and rule had instituted significant inequality across all spheres of life. Given this background, the government embarked on policies to redress the inherited inequalities by instituting national development plans (NDPs) guided by a long-term vision for national industrialisation by the year 2030. In implementing the development plans towards the national vision, Namibia compares itself with other countries that are classified as upper middle-income countries. The analysis in this paper compares Namibia's poverty and inequality outcomes with those of selected upper middle-income countries.

The paper examines the effectiveness of the government's development plans initiatives in reducing poverty and inequality. It reviews the developments in the poverty and inequality outcomes in the context of the specific goals and objectives of the development plans that targeted inequality and poverty. Section 2 briefly examines the development initiatives' objectives, while Section 3 presents the data sources. Sections 4 and 5 analyse the outcomes of the NDPs that have been implemented. The two sections give national and international comparisons of outcomes and analyse the successes and failures to achieving the set objectives. The social, political and economic factors that could have influenced the evolution of poverty and inequality in the country are also discussed. Section 6 explores other dimensions of poverty, and the extent to which they impact on poverty and inequality in the country. Section 7 discusses some of the challenges that Namibia faces as it seeks to eliminate extreme forms of poverty and improve income equality. Lastly, Section 8 concludes.

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2. Economic growth and development initiatives

At independence in 1990, Namibia inherited a highly unequal society. The system of apartheid practiced by the colonial government limited economic and political options for the indigenous population. There was discrimination on ethnic grounds, with some ethnic groups favoured over others. To eliminate the discrimination and bring about equality, the government passed several laws to reform structure and performance of the economy, including to the provision of social protection. The government formulated macroeconomic policies aimed at growing the economy and at fostering economic growth redistributing access to and control of resources. These policies were captured in the five-year national development plans. The government also formulated a broad long-term development framework for national development called Vision 2030. The vision encapsulates Namibia's view of the future, the aspiration for improved quality of life, and the move towards industrialized nation status by 2030. It envisions a nation with a secure future characterized by food security, a healthy and educated workforce, peace and social justice, sustainable growth and development, and equality. The national vision is centred on eight themes, namely:

- 1) inequality and social welfare
- 2) peace and political stability
- 3) human resources development and institutional capacity building;
- 4) macro-economic issues
- 5) population, health and development
- 6) the natural resources sector
- 7) knowledge, information and technology, and
- 8) factors of the external environment. (Source: Government of Namibia: Vision 2030).

The development plans have been implemented since 1995, and currently the fourth is in implementation (out of a possible seven development plans towards the national vision). The linkages between the plans and the national vision therefore guide this evaluation. Of the eight Vision 2030 themes, this analysis focuses mainly on those themes that are linked to the poverty and inequality objectives of the development plans.

The first NDP covered the period 1995 to 2000. NDP 2 covered the period 2001 to 2006; NDP 3 covered the period 2007 to 2011; and the current NDP 4 started in 2012, and will end in 2016/17. NDP 1 had four main objectives, three of which targeted poverty and inequality (employment creation, reducing inequality and improving income distribution, and poverty reduction); NDP 2 had nine objectives, of which four directly dealt with poverty and inequality (reducing poverty; creating employment; reducing inequality in income distribution; and promoting gender equity and equality). NDP 2 had six strategies to achieve the set objectives (see the policy document). NDP 3 had twenty-one objectives, with eight key result areas. The multiplicity of objectives posed challenges for the implementation. For this reason, the current NDP 4 has fewer (that is, three over-arching) objectives, with inequality-linked principles seeking to achieve people-centred and sustainable growth and development. This paper identifies and focuses on those objectives, in all NDPs, that focus and/or have links with poverty and inequality. From the NDPs, we identify the following as cross-cutting objectives seeking to address poverty and inequality:

- a) Achieving (NDP) set targets of economic growth: it is anticipated that economic growth grows the pie, and the bigger the pie, the larger the part that everyone gets. This implies a trickle-down effect where benefits of growth are anticipated to percolate down to those at the bottom of the income distribution spectrum.

- b) Reducing inequality: this objective appeared in NDPs 1-3, and sought to address the inequality issues inherited at independence. Inequality here takes many dimensions: it could be historical inequality between and within ethnic groups, or inequality between regions of the country. It could also be at the micro level – within households and between men and women.
- c) High and stable employment: the labour market is taken as an instrument for redistribution of income. Through accessing jobs, households can, by applying their human capital, earn incomes that they can use to build their ways out of poverty.
- d) Poverty eradication: in line with the MDGs, Namibia committed to halving poverty by 2015. Each NDP set its own national goal of reducing the level of poverty nationally.

Given these goals, we focus on assessing the extent to which these objectives were achieved under each development plan. The objectives and outcomes for the development programmes are presented first, followed by the analysis of supporting statistics. The following section explains the data sources for this study.

3. Data sources and methods

The data for the analysis comes from Namibia's National Accounts and surveys. The paper specifically makes use of the Namibia Household Income and Expenditure Surveys (that is, the three phases of 1993/4, 2003/04 and 2009/10) to explore and enhance the understanding of the poverty and income distribution outcomes over time. In addition, the paper uses international data sources like the World Development Indicators and the UNU-WIDER's World Income Inequality Database. Data triangulation makes it possible to gain a full picture of the evolution of poverty and inequality in the country. In addition, data triangulation makes it possible to address the problem of data paucity.

The methods of analysis used are divided into two: for poverty FGT indices of poverty are, where possible, generated and interpreted. The headcount index is largely common and calculable using the various datasets. For inequality, indicators like the Lorenz curve and the gini coefficient are applied. For a detailed discussion of these methods, one can consult Kakwani (1980), Ravallion (1992), Coudouel et al (2002) among others.

This paper evaluates each development programme's poverty and inequality objectives against the outcomes and, for some variables, relative to other countries. The following section analyses the poverty and inequality outcomes of the development plans

4. Poverty and inequality outcomes: the international perspective

This section examines the NDPs' economic growth, employment, poverty and inequality targets and their respective outcomes. In addition, Namibia's performance is compared to that of other countries that, like Namibia, are classified as middle income. Three countries from within the Southern African Customs Union region, Namibia included, are classified as middle-income countries, and are included in the analysis. Other comparator countries are Brazil (which, for many years was known for its high income inequality, and recently for its social transfer programmes), Angola, and Mauritius.

Economic growth and employment

The NDPs sought to achieve high economic and employment growth. It was anticipated that economic growth would create jobs, and that incomes from jobs would reduce poverty and enhance equity within the country. Table 1 below shows the economic growth and employment outcomes of the NDPs.

Table 1: NDP Economic growth and employment targets and outcomes, 1995-2011

Objectives:	Economic growth		Employment growth	
	Target	Outcome	Target	Outcome
NDP 1	5per cent	3.6per cent	Raise wage employment by 70,000	-0.2per cent
NDP 2	4.3per cent	4.7per cent	2.6per cent	- 2.7per cent
NDP 3	5per cent	3.6per cent	2.6per cent	0.5per cent

Adapted from NDP3 and NDP4.

The table shows that the growth and employment objectives of the development programmes have generally been missed, except the NDP 2 growth target. Several reasons may be proffered for such an outcome: in some cases, the objectives set were too ambitious, and in others structural rigidities made it impossible for the objectives to be met. While economic growth was better under NDP 2 than under NDP 1, employment declined under NDP 2. A growing economy with declining job opportunities is potentially problematic for equality: it may indicate weaknesses in using the labour market as an instrument for redistribution. Yet, as shown below, income distribution improved during the development programmes period. This may be indication that there were other instruments of redistribution that improved income equality. For Namibia, this includes social transfers and progressive taxation. Despite the mixed outcomes in growth and employment, Namibia performed relatively well in comparison to other middle-income countries.

Table 2 below shows GDP per capita growth figures for the six middle-income countries. The figures show that Namibia's GDP per capita growth has progressed well and comparably so to other middle-income countries. On average, it has performed better than South Africa and Brazil, but lagged behind Botswana, Angola and Mauritius. Given the analysis above, it is not surprising that Namibia is increasingly becoming a more equal society at macro level.

Table 2: GDP per capita growth

	1990-95	1996-2000	2001-2005	2006-2012
Angola	-1.6	3.5	6.7	6.7
Brazil	0.2	0.5	1.5	2.8
Botswana	2.1	3.1	2.3	3.6
Mauritius	4.1	4.6	2.1	3.7
Namibia	0.3	0.7	3.6	3.3
South Africa	-1.4	0.4	2.2	1.8

Source: Calculated from World Development Indicators

Turning to employment growth: comparative analysis is made difficult by lack of nationally comparable employment data across countries. We therefore use International Labour Organisation average employment growth rates (calculated from WDI data). These are presented in Table 3 below, for the period 1992 to 2012.

Table 3: Average employment growth rates

	1992-95	1996-2000	2001-2005	2006-2012
Angola	0.4	-0.2	-0.2	-0.1
Brazil	1.3	-0.5	0.9	1
Botswana	2.1	-1	0.6	0.3
Mauritius	0.4	0.4	-0.8	0.3
Namibia	-0.2	0	1.7	0.7
South Africa	3.1	-1.9	-1.2	-1.4

Source: Calculated from World Development Indicators

The figures show that from 2000, Namibia performed better than the other countries in the table. It emerges here that economic growth in Namibia has been creating some jobs, but at a rate lower than labour force growth. This has resulted in growing unemployment (see section 7), and reduced growth elasticity of inequality. In the next section, we examine the poverty and inequality outcomes in detail.

Poverty and inequality

Years of development policy analysis have shown that economic growth does not necessarily result in improvements in income distribution, debunking the trickle-down argument. This is not to say that economic growth is not important for poverty reduction and improved income distribution, but to say that the elasticities have generally be over-estimated. In addition, it is possible to have growth with no jobs being created (jobless growth). In this case, the labour market becomes an ineffective instrument for poverty reduction. Such an outcome contrasts with the argument behind the employment-poverty nexus, which postulates that it is possible and necessary to increase job opportunities as a way of reducing poverty and inequality. This approach ensures that poor people are integrated into and therefore fully benefit from the growth process. This section explores the development programmes' poverty and inequality impacts, and it links this discussion with the growth and employment analysis above. Table 4 below shows the poverty and inequality targets and outcomes of the development plans.

Table 4: poverty and inequality targets and outcomes, 1995-2011

Poverty reduction			Reduction of inequality	
	Target	Outcome	Target	Outcome
NDP 1	Reduce the proportion of poor households from 47per cent to 40per cent	Progress reduced by slow economic and employment growth	Reducing income inequality	Gini 0.7
NDP 2	10per cent reduction of poor households; 5per cent reduction of severely poor	Poor households declined from 38per cent (1993/4) to 28per cent (2003/4); severely poor from 9per cent to 4per cent	Reduce the Gini Coefficient from 0.76 to 0.6; increase female reps from 19per cent to 35per cent	Gini Coefficient of 0.604 (2003/04); female reps 28per cent (2004)
NDP 3	Eliminating severe poverty	Severely poor households fell from 13.8per cent (2003) to 10.3per cent (2009); child poverty fell from	0.58; increase income of the poorest 25per cent by 12per cent	0.58 (2009/10); incomes of the poorest 25per cent grew by 7.2per cent

		43.5per cent to 34.4per cent ⁴		
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Adapted from the NDP3 and NDP4

This encapsulates outcomes of Namibia's national redistribution policies. This is where the greatest achievements have been made. The number of poor households declined by 26per cent between 1993/4 and 2003/4, while that of severely poor households declined by 56per cent during the same period. Further reductions were achieved under the NDP 3 period, with child poverty falling by 18.6per cent. Namibia is thus on course to achieve the millennium development goal on poverty reduction.

Linking the poverty outcomes and the employment and growth discussion above, it appears contradictory that such poverty reduction achievements have been achieved with not-so-impressive labour market outcomes. It is apparent that although economic and employment growth have contributed to poverty reduction, notwithstanding the high levels of unemployment (see Section 7 below), there exist other mechanisms through which Namibia has been able to reduce poverty. A number of interventions, including feeding schemes in schools, drought relief programmes, and a system of social transfers have all helped reduce the level of poverty in the country. These issues are discussed further below, using the Namibia Household Income and Expenditure Survey data.

The table above also shows declining inequality as measured by the Gini Coefficient. The Gini Coefficient fell from 0.7 in the early 1990s to 0.58 in 2009/10. This was achieved, in part, through growth in the incomes accruing to the lowest quintile of the income distribution spectrum. Section 5 below discusses the between-quintile dynamics over time.

Relative to other middle-income countries, Namibia's efforts to reduce income inequality are laudable. Table 5 shows the evolution of income inequality across six countries. The years during which surveys were conducted are included in brackets.

Table 5: The Gini Coefficient measure of income inequality

Namibia	74.3 (1993)	63.9 (2004)	59.7 (2010)
Angola		58.6 (2000)	55 (2009)
Botswana	45.1 (1994)	57.3 (2003)	53.9 (2009) ¹
Brazil	58.9 (1993)	55 (2004)	52 (2009)
South Africa	59.3 (1993)	57.8 (2006)	59.4 (2010)
Mauritius	37.9 (1991)	37.1 (2001)	38.8 (2007)

Source: WIID. ¹IMF Country Report No. 12/235.

The table shows the interesting outcome that income inequality in Namibia declined by 14per cent between 1993 and 2004; and again by 7per cent between 2004 and 2010. This compares very well with what obtained in the other countries. In fact, income inequality worsened in Botswana between 1994 and 2003, with the Gini Coefficient growing by a massive 27per cent before declining by 6per cent between 2003 and 2009. Between 2000 and 2009, income inequality in Angola declined by 6per cent, by 5per cent in Brazil, and by 2per cent in Mauritius. Bucking the declining trend in inequality towards the end of the decade were South Africa and Mauritius, which saw inequality increasing by 3per cent between 2006 and 2010, and by 5per cent between 2001 and 2007, respectively. The general trend shown by these Gini Coefficients is corroborated by similar figures from the World Bank and from the Standardized World Income

⁴ The poverty statistics are based on national poverty lines.

Inequality Data. Overall, one can conclude that Namibia has done reasonably well in reducing overall inequality over time. But is such performance mirrored by micro developments? In the next section we examine poverty and inequality outcomes further using national data, especially the Namibia Household Income and Expenditure Survey of 2009/10. Earlier versions (NHIES 1993/94 and 2003/4 datasets) have important household variables missing, making it impossible to fully analyse them.

5. Poverty and inequality analysis using national survey data

This section examines national data on the targets set to reduce income inequality and poverty. Looking at income distribution first: existing data shows that overall income inequality declined between 1990 and 2010. Detailed analysis of the changes in income distribution show significant redistribution from the richest population to the poorer population. The proportion of income going to the richest 20per cent of the population declined from 78.7per cent in 1993/94 to 57.3per cent in 2009/10, while the proportion going to the poorest 20per cent increased from 1.4per cent to 5.5per cent during the same period. That to the second poorest 20per cent increased from 3per cent to 8.2per cent during the same period. However, inequality between quintiles has been increasing since 1993. The table below shows the percentage difference between the proportion of income going to the next 20per cent of the population and the proportion going to the next 20per cent below it. There is growing inequality between adjacent quintile groups, and this may generate a growing sense of injustice. The situation is worse between the bottom quintiles. At the top of the income distribution, the inequality between the richest and second richest quintiles has been decreasing over time.

Table 6: Inter-quintile percentage income differences

	1993/94	2003/04	2009/10
2 nd Poorest - Poorest 20per cent	1.6	2.4	2.7
Middle Quintile - 2nd Poorest 20per cent	2.4	3.0	2.8
Second richest 20per cent - Middle 20per cent	6.1	7.0	7.1
Richest - Second richest 20per cent	67.2	53.6	39.2

Source: Calculated from the Fourth National Development Plan.

The main challenge for Namibia is to find mechanisms to curb the between-quintile inequality growth trend. In addition, the Gini Coefficient figures in Table 7 below indicate that there is greater income inequality in urban than in rural areas. This may not be surprising given the rising unemployment, low average incomes, and high cost of accommodation within urban areas.

Inequality also varies by region. The 2009/10 NHIES shows the greatest level of inequality in the following regions: Karas (0.629), Khomas (0.604) and Otjozondjupa (0.59). The lowest inequality is in Omusati (0.405), Oshikoto (0.435) and Kavango (0.452) regions. Given that one of the main objectives of the development plans is to reduce regional inequality, the data shows there is need for more targeted interventions in those regions with inequality above the national average.

For poverty analysis, we use the Foster-Greer-Thorbecke poverty indices, obtained using the formula:

$$P_{\alpha} = 1/n \sum_{i=1}^q \left(\frac{z - y_i}{z} \right)^{\alpha}, \quad \alpha \geq 0 \quad (1)$$

where n is the population; q is the number of poor individuals; z is the poverty line; y_i is the welfare measure (consumption expenditure of the individual); and α is the poverty aversion parameter. Thus, if $\alpha = 0$, we obtain the headcount index; if $\alpha = 1$, we obtain the poverty gap index which measures the aggregate consumption deficit of the poor as a ratio of the poverty line. It is normalized by the population size; and if $\alpha = 2$, we obtain the poverty severity index, which measures the average of squared normalized shortfalls from the poverty line across the population. It is sensitive to changes at the bottom of the distribution. The three indices are reported in Table 7 below.

Table 7: FGT Poverty Indices

	Poverty Headcount Rate (P0)	Poverty Gap (P1)	Squared Poverty Gap (P2)	Gini Coefficient
Urban	14.6	4.4	2	58.1
Rural	37.5	11.6	5	48.3
Total	28.8	8.9	3.9	59.4

Author's Calculations using NHIES 2009/10

The indices show that rural households are poorer than urban households, and the severity of poverty is high in rural households. With 62per cent of the population living in rural areas, it shows that there are more people who are exposed to poverty. A similar picture emerges if one uses the 60per cent of median income poverty line. Compared to similar indices calculated by Schmidt (2009) using the NHIES 1993/94 and 2003/04, the figures indicate persistent decline in poverty over the years. However, the rate of decline is much lower between 2003/04 and 2009/10 than it was in the first decade of independence, a fact acknowledged in the development plans.

The levels of poverty and inequality differ between male- and female-headed households. There is greater inequality in male-headed households (0.619) than in female-headed households (0.51). On the other hand, headcount poverty is higher among female-headed households.

Poverty is inversely correlated with the level of education: households with no education tend to be poorer than those with higher levels of education. Given the achievements on the poverty front to date, the government may need to formulate policies that increase access to education as well as those that improve the quality of that education. Although enrolment rates are high and have been increasing, transition rates into high school (Grade 10 to Grade 11 and 12) and into tertiary education (through the vocational education route and into university education) are relatively low. Worse still, reported cases of teenage pregnancies are growing (UNICEF, 2014), and this affects the performance and dropout rates among teenagers.

Poverty is also higher among bigger households, especially those with children younger than six years. More than 49per cent of households with three or more children under six years fall below the poverty line. In literature it has been established that poor households tend to have larger families, in part because they tend to lack access to health services and therefore likely lose some of their children. But with Namibia having a reasonably well-developed health service and delivery system, larger families may be indication of persistence of cultural practices, and perhaps a lag response to health sector improvements.

It is of interest to examine the elasticity of poverty to a possible 1 per cent increase in per capita consumption expenditure. Table 8 below shows that there is greater responsiveness to consumption expenditure change in urban than in rural areas. Thus, a 1 per cent increase in per

capita consumption expenditure can potentially reduce the number of poor households by 1.94 per cent in urban areas and by 1.68 per cent in rural areas.

Table 8: Elasticities of the FGT Indices to per capita consumption expenditure

	Poverty Headcount Rate	Poverty Gap	Squared Poverty Gap
Urban	-1.94	-2.00	-2.00
Rural	-1.68	-1.97	-2.25
Total	-1.73	-1.98	-2.20

Author's Calculations using NHIES 2009/10

The results are consistent for P0 and P1, but for P2, the elasticity is higher for rural than for urban households. In general, poverty sources in rural areas are less sensitive to changes in per capita consumption expenditure. This may be because of consumption expenditure measurement problems in rural areas where households are largely producer-consumers and may therefore undervalue consumption of own production. This may also be indication that there is need to adopt different strategies to address poverty in rural and urban areas.

Poverty analysis suggests that suggests that there has not been significant reduction. Extreme poverty was pegged at 15.8 per cent in 2009/10, and it was highest among households whose heads were aged sixty years and above (23 per cent). This is worrying because the same group receives the social grants that have been found to have poverty-reducing effects (Levine et al, 2009; Samson, 2009). However, the impact of the grants tends to be reduced because in some households, the social pension income is the main source of income (10.2 per cent) and is therefore spread thinly across household needs. The data also suggests that such households tend to be large. However, in general, we find that social transfers have important poverty-reducing effects (and therefore inequality-reducing effects at national level), but they also have inequality-increasing effects at local level. The next section explores other dimensions of poverty and inequality.

6. The different dimensions of poverty and inequality

The discussion above centred in the main indicators of poverty and inequality. In reality, both poverty and inequality are multi-dimensional and correlated. Apart from the expenditure or income per capita, poverty can be measured in terms of health outcomes (nutrition and child mortality), education (enrolment rates and years of schooling), and living standards (types of cooking fuel used, access to clean water, types and quality of assets etc). This section explores some of these indicators in the context of the falling poverty and inequality arguments above.

Health outcomes in Namibia have improved in some dimensions, but have got worse in others. First, life expectancy increased from an average 61.3 in 1990 to 64 years in 2014. This was achieved in part through successful reduction of the prevalence of HIV/Aids in the prime population (from 15.5 per cent in 2004, to 13.3 per cent in 2012), as well as successful provision of antiretroviral treatment. Fertility declined from 5.2 in 1990 to 3.1 in 2012. This may be linked to high literacy rates among women (see below). The health of children has also improved: the proportion of underweight children has been falling, and only 3.8 per cent of children under five years were recorded as severely underweight over the period 2008 and 2012. The mortality of under-fives was reduced by 5.3 per cent between 2000 and 2012. Infant mortality declined from 45.6 per thousand to 28.3 per thousand. These are important indicators of improving living standards and quality of life. However, there are other indicators that show a gloomy picture: the number of nurses and midwives per thousand of population declined from 3.1 in 2004 to 2.8 in 2010. This has, in turn, resulted in falling births attended by skilled health workers. Further, there are disparities between skilled attendants at birth in rural areas (72.5 per cent) and in urban areas

(93.9 per cent). Inequality also exists between income classes: between 2008 and 2012, only 59.8 per cent of births among the poorest 20 per cent were attended by a skilled attendant, while for the richest 20 per cent it was 97.7 per cent. Thus, while overall statistics may be indicating improvements, sources of inequality remain enduring.

Education outcomes are also indicative of another dimension of poverty. The link between education and poverty has been explained above. The level of adult literacy is high in Namibia (76.5 per cent between 2008 and 2012). Interesting dynamics are emerging among the youths: girls have a higher literacy rate (90.6 per cent) than boys (83.2 per cent). Primary school enrolment for girls is higher than for boys; girls are more likely to complete primary school than boys; and the participation of girls in secondary school is significantly higher (61.5 per cent) than that of boys (46.5 per cent). Unlike other countries where the girl child is at a significant disadvantage, these figures show a different picture in Namibia. The promotion of gender equality may be shaping a different dimension here, and in the future, women will likely be more economically empowered than men. The effects of the promotion of gender equality are already evident with the government's adoption of a 50-50 horizontal representation policy, and the policy that if a leader is male, the deputy should be female. Thus, significant strides are being made towards reducing gender differences across all spheres of life. However, pockets of adversity remain: the proportions of women and men who justify wife-beating remain high at 35.2 per cent and 40.8 per cent respectively. The statistics are slightly higher among adolescents (37.6 per cent and 44.2 per cent for females and males respectively) (UNICEF, 2014).

The living standards of the population are indicative of other dimensions of poverty. Some households are asset poor, while others are energy poor. Asset poverty means households may not have the capacity to build their ways out of poverty. Energy poverty means households may be restricted to using dirty sources of energy, and this will adversely affect their health in the long-term. To examine these dimensions, we use the NHIES data.

The number of households that use electricity for cooking increased from 27.1 per cent in 2003/04 to 31 per cent in 2009/10. Those that use wood, charcoal or coal declined marginally from 59.9 per cent in 2003/4 to 58 per cent in 2009/10. Households that use gas or paraffin for cooking declined from 11.6 per cent in 2003/4 to 9.7 per cent in 2009/10. Similarly, those that use animal dung declined from 1.13 per cent in 2003/4 to 1 per cent in 2009/10. These figures indicate a shift towards cleaner sources of cooking energy, assuming that the declines in alternative energy sources were in preference for electricity. The use of animal dung as cooking fuel may be indication of significant fuel poverty.

In urban areas, the use of electricity for cooking increased from 49.5 per cent in 2003/4 to 60.6 per cent in 2009/10. Those using gas or paraffin declined from 22.3 per cent in 2003/4 to 16 per cent in 2009/10. The use of wood, charcoal and coal for cooking declined in urban areas: from 27.9 per cent in 2003/4 to 22.8 per cent in 2009/10. In rural areas, the NHIES 2003/04 shows that 9.3 per cent of the households used electricity, 3.1 per cent used gas or paraffin, and 85.1 per cent used wood, charcoal or coal. The NHIES 2009/10 shows that 9 per cent of households used electricity for cooking; 4.19 per cent used gas or paraffin, and 83.9 per cent used wood, charcoal or coal. The use of animal dung for cooking is exclusively a rural phenomenon, and it declined between 2003 and 2010. The figures show mixed results in rural areas, but clear movement towards cleaner energy sources in urban areas. This may also be one reason why rural-urban inequality persists.

Lack of access to clean safe water is another indicator of the level of poverty. Unsafe water results in diarrhoeal illnesses and may be dangerous to children. Table 9 below shows the

number of households with access to clean water to various types of toilet facilities. From the data, many rural households do not have access to safe and clean water. The proportion of households with access to protected water sources declined in both rural and urban areas between 2003 and 2004. Lack of access to protected water sources results in frequent outbreaks of water-borne diseases like cholera and typhoid, and they are more prevalent in rural than in urban areas.

Table 9: Proportion of households accessing protected water and sanitation facilities

	2003/4		2009/10	
	Rural	Urban	Rural	Urban
Protected water source	79.4	99.4	74.6	98.9
Toilets	25	77	25.6	80.4
Bush system or no toilet	73	21.5	72.1	17.5
Bucket system	1.87	1.34	0.97	0.9

Source: UNICEF Namibia website

Lack of access to appropriate ablution facilities contributes to water contamination: only 25 per cent of rural households have access to proper toilet facilities, and the number marginally declined between 2003 and 2010. There was a 3.4 percentage point increase in urban households with access to appropriate toilet facilities. The majority of rural households have no toilet facilities or use the bush (73 per cent in 2003), but the proportion decreased by a small margin between 2003 and 2010. In urban areas, nearly a fifth of households have no toilets or use the bush system. The figures show significant differences between rural and urban areas, and show some improvements over time. However, more could be done to improve the level of sanitation as a way of improving living standards, especially in rural areas.

The statistics on living standards show other dimensions of poverty that are masked by macro indicators. They show that there is need for more effort to improve the quality of life of households. Overall, the country has made significant achievements on many fronts to reduce deprivation and poverty. Challenges still remain, and some such challenges are discussed below.

7. Challenges for the future

As mentioned above, Namibia has come a long way in dealing with poverty and inequality. The overall picture is that of a nation that has made tremendous achievements over the past 24 years. However, more still needs to be done, and the process of reducing poverty and inequality is likely to become more difficult as focus gravitates towards addressing the deep structural drivers of poverty and inequality. This section discusses some of the main underlying factors that militate against the goals of reducing inequality and eliminating extreme poverty.

Challenges to continued poverty and inequality reduction

It has been established above that economic growth is anticipated to increase employment opportunities, which should contribute to poverty reduction. This implies that employment can be used both to redistribute income and to reduce poverty. Yet for Namibia, the challenge is stubbornly high and increasing unemployment. It reached a peak in 2008 and declined to 27.4 per cent in 2012, but the 2013 Labour Force Survey shows that it increased to 29.2 per cent in that year (NSA, 2013). Table 10 shows the unemployment rate by level of education. It shows that those with junior secondary school education are the worst affected by unemployment, and that education beyond secondary school significantly reduces unemployment.

Table 10: Unemployment rate by educational attainment, 2012

	Percentage unemployment
No education	22
Primary education	29.7
Junior secondary school	33.4
Senior secondary school	26.2
Certificate and Diploma	8.6
Post School	4.7

Source: NSA NLFS 2012 Report

A worrying trend though is the growing number of unemployed persons with post-secondary school education. The 2008 survey showed that unemployment among university educated persons was 10.2 per cent. The 2012 survey shows that 13.3 per cent of those with post-secondary education were unemployed. There are a number of reasons behind these growing numbers, including the small size of the formal sector, which results in lower job creation than growth of the labour force. In addition, the economy is too reliant on imports from South Africa, and this results in fewer local competitive industries. Further, there are significant weaknesses in the education system: first, the system is supply-driven, meaning that people are channelled through the system without consideration of the skills requirements of the economy. This creates skills mismatch with unemployed degree holders even though jobs exist in some sectors of the economy. The occupational skills assessment survey of 2006 showed significant shortages of skilled labour across all major occupations, especially in health, engineering and computer science. At the same time enrolment in these courses has remained rather low because of institutional capacity constraints as well as lack of adequate entrants that meet the minimum entry requirements. There are structural challenges within the education and training system indicating that the system has failed to fully eliminate the inabilities of the apartheid era that restricted Africans from learning history, mathematics and science. Enrolment into business courses is rising, but there are limited positions to absorb all the new graduates. Thus, as long as the education and training systems remains unresponsive to the skills requirements of the economy, graduate unemployment will increase, and it is likely that inequality will also increase.

The education system of also faces challenges on the quality front. The performance of the students is generally below par, and this has not been helped by universities reducing standards to suit the students rather than the reverse. Employers complain that local graduates lack fundamental understanding of their subjects matter, thus requiring retraining when they enter the job market (Ministry of Labour, 2006). Some employers express preference for graduates that were trained abroad, especially in South Africa. These developments have created an image problem for many local graduates, and many end up looking to the government for employment. The low level of the local education system compared to other systems in the region means the majority of local graduates are unlikely to successfully migrate within the region or internationally to seek employment. Further, the low level of investment in research and development means there is little possibility of the development of new growth areas where local graduates can be absorbed.

Inadequate educational infrastructural bottlenecks continue to impact on the quantity and quality of education in Namibia. There are only three universities whose total enrolment falls far short of the secondary schools' output. Some qualifying students fail to enter university while others get disappointed because they fail to secure their first choice courses, especially in science and engineering. Many settle for second-best courses, and may end up not performing very well too. At primary level, there are still cases of children learning in the open and/or trees in the northern parts of the country. Some fortunate ones have classrooms made from corrugated iron sheets,

which are cold during winter and hot during summer. Books remain in short supply in rural schools and the quality of instruction by some teachers is also questionable. Recent attempts to upgrade teachers' command of English have been met with resistance from unions who feel teachers are being victimized. Secondary students' performance in science and mathematics remains poor, and this feeds into poor human capital formation.

Another sticking point is the lack of institutional capacity and quality for technical vocational education and training. There are many young Namibians who fail to get into university and still fail to secure places for technical and vocational training because of limited places and high costs. In addition, some employers view the holders of technical education qualifications as not trained to the appropriate skill level. The situation is made worse by public perceptions that technical education is for those that do not qualify to go to university. Many therefore shun technical courses because they view them as inferior to university degrees. However, Namibia has a significant shortage of technically skilled labour. Challenging the perceptions and influencing opinions towards more technical and vocational education will likely see more technical training taking place. People with technical skills have greater chance of becoming self-employed. In addition, the universality of technical skills offers the opportunity for Namibians to migrate internationally and therefore alleviate unemployment in the country.

Another challenge to the good picture of falling impoverishment and inequality comes from the health sector. Namibia lacks skilled health personnel and this limits the quality of service delivery. The number of trained nurses/midwives per thousand has declined over the past five years, and the number of doctors per thousand patients is also abysmally low. The vast size of the country means some communities have little or no access to health facilities. Existing infrastructure is also deteriorating in the public health system, while quality and infrastructure remains high in the private health delivery system. This is creating a two-tier health system where the majority of the people and poorer members of society are likely to experience falling health outcomes.

A lot of progress has been made in reducing HIV infection rates. The challenge is maintaining the momentum by providing anti-retroviral drugs. The drugs need to be complemented with good nutrition, which is not always available in some households. In July 2014, there was panic that the drugs were in short supply. The government assured the public that the main drugs were available, except for a few combinations. It conceded that there was significant waste and pilferage of drugs linked to corrupt practices by government stores persons. One would hope that such problems are dealt with immediately so that they do not get entrenched in the system. If not, these challenges can potentially reverse the gains that have been made so far in improvising health outcomes.

The government of Namibia has made tremendous progress in reducing extreme forms of poverty. It will meet the MDG number one, but further progress beyond this will be more challenging. There are pockets of poverty that will require more resources and creativity to be eliminated. An example is the level of poverty among the San people: they are little linked to the mainstream economy, have limited asset bases, and have little presence in education and training. Their traditional way of life runs diametrically opposite the global trend. They therefore risk being completely left behind in national development. Although the government has programmes targeted specifically at this group, the rate of transformation is far slower than developments elsewhere in the economy. The majority of them, including those among other ethnic groups in marginal areas, have no access to basic services and social protection

programmes. The latter problem is compounded by cumbersome claim procedures which, for the illiterate, just make access impossible.

Changing global rainfall patterns will likely pose more challenges to Namibia and its quest for food security and self-sufficiency. The country, like others in the region, is increasingly suffering from extreme droughts and/or flooding. These shocks result in food insecurity and destroy households' asset bases. It may be necessary for the government to develop wider social protection schemes so that it avoids possible future backsliding.

The discussion above has shown that there are different varieties of poverty. So far the government had made significant strides in dealing with income (consumption) poverty. It may be necessary to increase efforts towards tackling other forms of poverty. An example is greater provision of sanitation facilities. The government can organize campaigns for the construction of toilets at every homestead. This can be done in collaboration with non-governmental organisations. They can offer cement and encourage rural households to dig the toilet pits and provide bricks or wood for the walls. With the right information and support, households can work towards the provision of their own toilets. This can also create local jobs.

Other challenges that will likely slow the pace of poverty reduction and improving income equality are corruption, resource misallocation, capacity constraints and some archaic cultural practices. Cases of corruption are increasing, especially with regard to the allocation of tenders for government projects. This results in inefficiency that compromises the delivery of public services. The limited availability of skilled personnel affects the implementation of government programmes. Cultural practices like forced marriages, especially for very young girls, limits their economic freedom and development. This likely perpetuates poverty and inequality and hence need to be confronted.

8. Conclusion

This paper has examined the poverty and inequality under the national development programmes. It has been shown that in general, extreme poverty and inequality have declined. However, the situation is much more complex than shown by macro indicators. Taking into account the multidimensionality of poverty, it has been shown that the picture is complex: some indicators show improvements, while others show regression. The reasons for the mixed results have been summed up in what constitute challenges for the future. These challenges include quantity and quality issues in education and training, the poor perceptions about technical and vocational courses by the public, a small and thin skills base, and some cultural practices that perpetuate poverty and inequality. The extent to which Namibia maintains the declining trend of both poverty and inequality in the future will depend on how well it performs addressing the problems identified.

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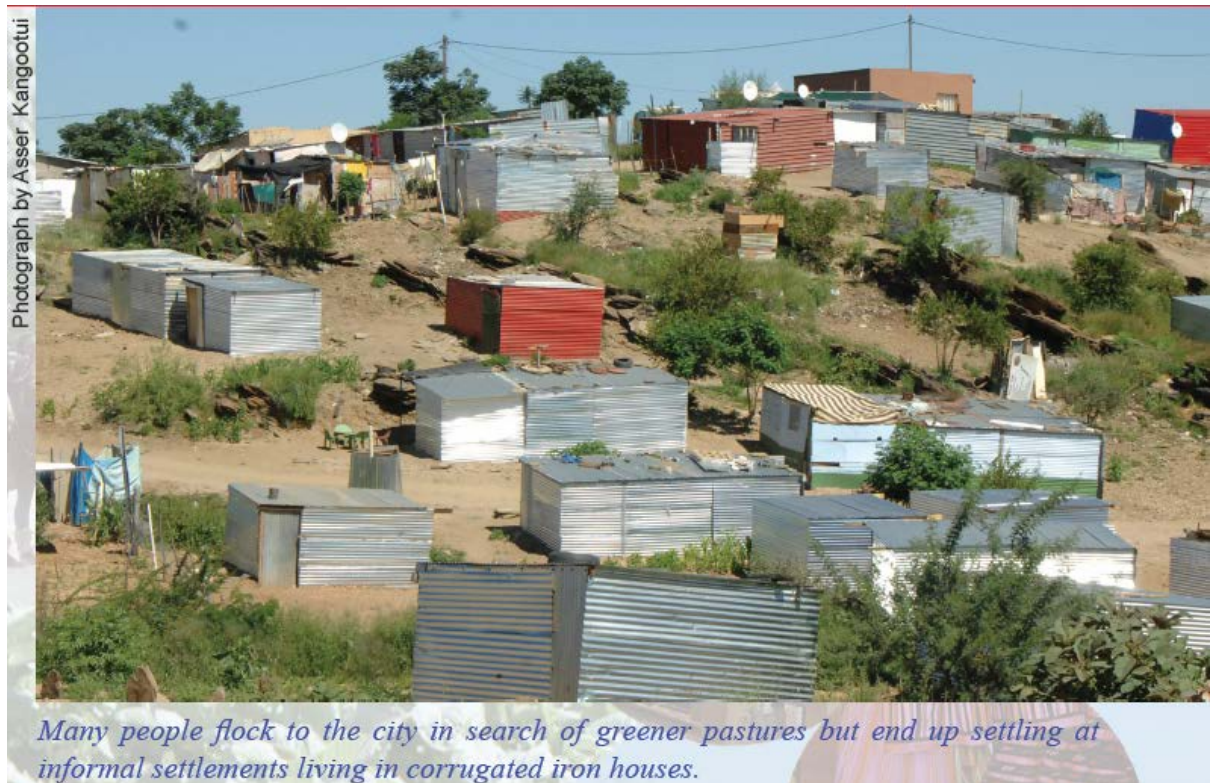
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Poster pictures

http://209.88.21.36/opencms/export/sites/default/grnnet/MICTv2/DocArchive/Publications/NR_March-Apr.2012xfinalx.pdf





This is one of the few sights showing the effects of flooding in the northern regions. Flood destroys the shelters and livelihoods of the inhabitants.



Thousands of people are displaced due to floods every year. They end up in relocation camps for shelter.