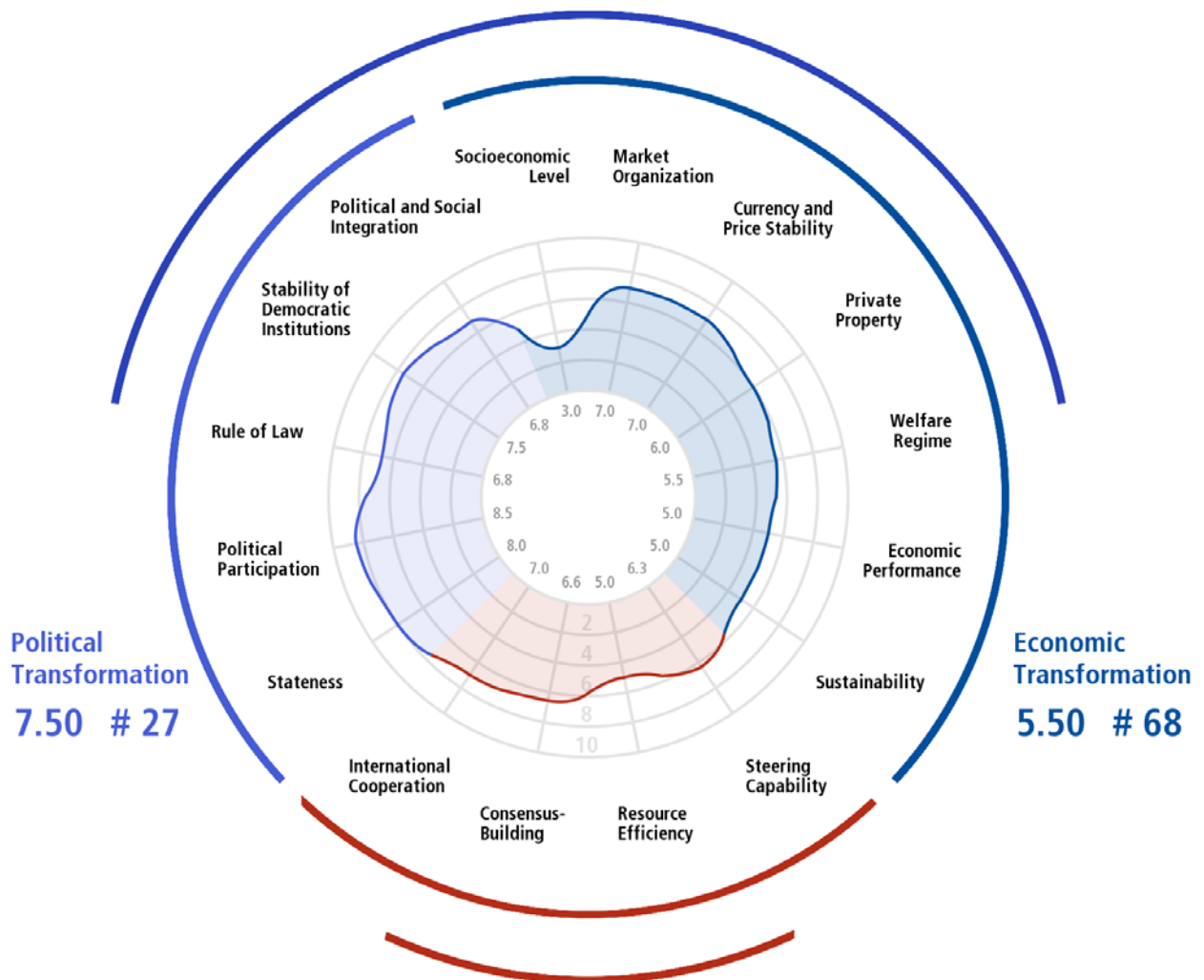


Namibia

Status Index

6.50 # 37

on 1-10 scale out of 129



Political Transformation
7.50 # 27

Economic Transformation
5.50 # 68

Governance Index

5.49 # 47

on 1-10 scale out of 129

This report is part of the Bertelsmann Stiftung's Transformation Index (BTI) 2018. It covers the period from February 1, 2015 to January 31, 2017. The BTI assesses the transformation toward democracy and a market economy as well as the quality of political management in 129 countries. More on the BTI at <http://www.bti-project.org>.

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Key Indicators

Population	M	2.5	HDI	0.640	GDP p.c., PPP \$	10585
Pop. growth ¹	% p.a.	2.2	HDI rank of 188	125	Gini Index	61.0
Life expectancy	years	63.6	UN Education Index	0.574	Poverty ³	% 47.0
Urban population	%	47.6	Gender inequality ²	0.474	Aid per capita \$	58.7

Sources (as of October 2017): The World Bank, World Development Indicators 2017 | UNDP, Human Development Report 2016. Footnotes: (1) Average annual growth rate. (2) Gender Inequality Index (GII). (3) Percentage of population living on less than \$3.20 a day at 2011 international prices.

Executive Summary

In March 2015, Hage Geingob was sworn in as Namibia's third head of state since independence, following Nujoma (1990-2005) and Pohamba (2005-2015). He was the ruling party's candidate and won 86% of the popular vote. Meanwhile, the ruling SWAPO party won over 80% of the votes for the National Assembly in a parallel vote. Geingob campaigned for the presidency under the slogan "prosperity." He is the first president not to be a member of the country's largest ethnic group, which is the main support base for the SWAPO.

On entering office, Geingob used the metaphor the "Namibian House" to describe the aim of his administration to build an inclusive country, which offers a place for all. Eager to gain the loyalty of people who opposed his presidential candidacy, he expanded the cabinet and created several new deputy ministerial positions. The cabinet, which had been large before the expansion, has been further bloated. Geingob also recruited several well-paid special advisers to join his staff at State House. This expansion has created some confusion regarding responsibilities and obligations, and the division of labor between the presidential team and cabinet teams.

President Geingob's executive powers were further strengthened following far-reaching constitutional reforms passed by the SWAPO majority in parliament in August 2014. In addition, the party president, Pohamba, resigned shortly after President Geingob was sworn in and handed over the party presidency to Geingob, who had previously been the party's vice president. Since mid-2015, Geingob has held both positions, party president and party vice-president. However, his leadership has not been without controversy and, in order to win a second national presidential election in 2018, he must secure the party's nomination at the party congress, which is not a certainty.

Geingob's presidency was initially welcomed with high expectations. Within a year of taking office, Geingob had established a new Ministry for Poverty Reduction and presented the Harambee

Prosperity Plan (HPP), a program to dramatically reduce poverty. But, while Geingob has promised a lot, his presidency has delivered little to date.

The government has overspent and, exacerbated by the decline in neighboring Angola's oil industry (which had a significant spill-over effect for the Namibian economy) and one of the most serious droughts in the country's recent history, government revenue deteriorated and the now administration faces massive liquidation problems. Public debt increased beyond the accepted maximum of 37% of GDP and the government has had to borrow. As a result, the government introduced massive budgetary cuts for 2016 and 2017 after the finance minister announced a strict austerity policy with far-reaching consequences.

Though overall Namibia remains a relatively stable country, social protests and ethnic tensions have increased in recent years. This has resulted in interventions by the president and even the dismissal of a deputy minister over the government's disputed land and resettlement reforms.

Politically, the SWAPO remains uncontested and the major challenge to the ruling party involves internal party developments. Having been occupied with several challenges, government achievements regarding its policy commitments have been few, and public frustration with the current government and administration has increased.

History and Characteristics of Transformation

On March 21, 1990, Namibia achieved independence. This opened a new chapter in the country's history and paved the way for a wide-ranging transformation of the country under a legitimately elected government. Since 1990, Namibia has been a multiparty democracy, with normative values enshrined in a liberal constitution that protects civil rights and liberties (including press freedom). But certain clauses in the constitution have limited property rights. Hence, the political freedoms went hand in hand with a market economy, which to a large extent protected the economic status quo after independence regarding property rights. This made it more difficult to promote social change and the redistribution of wealth. On the other hand, it ensured stability and trust enabling the government to pursue the reconciliation of antagonistic interests inherited from the apartheid era. Namibia's government hence secured a relatively high degree of social capital both at home and abroad.

Since independence, the former liberation movement SWAPO has consolidated its position as the ruling political party. Immediately following independence, SWAPO secured an absolute majority. It won a two-third parliamentary majority five years later and won more than 80% of votes in the last parliamentary elections in November 2014. Furthermore, the party's presidential candidate has always won even more votes than the party in each presidential election since independence. In the last presidential election, Geingob won a record 86% of votes.

Due to the hegemonic position of the ruling party, its founding president, Sam Nujoma, secured a third presidential term following a change in the constitution. However, Nujoma finally retired in

2005, making way for his nominated successor and approved by the party congress. On this occasion, internal party differences resulted in the establishment of a second break away opposition party. However, both breakaway parties were short lived and never able to secure widespread electoral support beyond existing opposition supporters.

Nujoma's successor, President Pohamba, was awarded on his retirement in March 2015 the prestigious Mo Ibrahim Prize. This was in recognition for his commitment to promoting the principles of good governance in Namibia, despite the limited achievements on his declared goals.

The governing party has a comparative advantage over the several smaller and weaker opposition parties. Opposition parties often lack alternatives and are typically limited to regional-ethnic support. SWAPO has been the only relevant political force able to unite the divided country. However, socioeconomic discrepancies over the last 26 years have not reduced substantially. Rather, a new elite has merged with the old elite and the expectations of the majority of the population have been largely disappointed.

Civil liberties and self-determination have been secured. Yet, this has had no meaningful effect on material well-being for the majority of the population. Many people continue to live in poverty. While SWAPO is still recognized and respected for having liberated the country from colonialism, there is growing dissatisfaction with the lack of policy achievements. The issue of land reform remains a prominent issue, which has recently triggered regional-ethnic animosities. These animosities have also been articulated by some within the ranks of the SWAPO and causing internal party friction.

So far, SWAPO has in most cases respected the fundamental pillars of Namibia's pluralist, constitutional democracy. But its overwhelming majority provides opportunities for manipulation. In August 2014, the party changed the country's normative framework by an unprecedented extent, increasing the powers of an already strong executive. So far, this power has rarely been abused and the government adheres largely to the rule of law.

Efforts to transform the economy, however, have mainly involved increasing access for the new elite to state resources and have not improved pro-poor policy outcomes.

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

Transformation Status

I. Political Transformation

1 | Stateness

With the exception of the armed secessionist attacks in Katima Mulilo (Eastern Caprivi) in 1999 no further challenges to the state's monopoly on the use of force have occurred. The state police, army and special forces are in full control over the whole territory, and act loyal to the government and the dominant party.

In general, even if some groups in former Caprivi territory are still not content with the SWAPO government, although there are no paramilitary opposition groups.

During 2016, a number of contentious issues suggested that national identity and citizenship had become more contested. Disputes over the allocation of land led to protests by communities in central and southern Namibia. The deputy minister for land and resettlement (a member of the southern Nama community) publicly criticized the senior minister's policy approach and was consequently dismissed by the president. This caused country-wide protests among affected groups (Nama and Herero) and increased ethnic tensions. The notion of belonging became a much more discussed matter, which also affected perceptions of the nation-state and its inclusiveness.

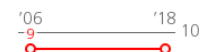
Members of indigenous minorities (in particular Bushmen groups) often do not have the necessary documents (e.g., birth certificate) to qualify for full citizenship rights.

Furthermore, matters regarding resident foreign nationals indicated that state authorities have applied citizenship criteria more strictly of late. A Supreme Court ruling finally ordered the state to comply with the constitutional residence and citizenship entitlements in the case of a child born in Namibia to resident foreign nationals. In general, ethnic sentiments are rising but the state is still perceived as legitimate.

Question
Score

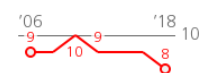
Monopoly on the
use of force

9



State identity

8



1

Namibia is a secular state. Religious freedoms are constitutionally anchored and respected by the state authorities. Namibia's population is largely Christian (mainly Lutheran), and political officeholders are with almost no exception Christian. Of late, Pentecostal movements, other sectarian (born again) churches and congregations around individual preachers have gained support. Christian moral values influence some policy matters (such as the rights of sexual minorities) but not issues related to traditional institutionalized practices.

There are administrative structures all over the country. Basic services are decentralized, though some public goods are provided by state-owned enterprises (e.g., water by Namwater and electricity by Nampower). Service delivery is skewed and some of the poorest among the 14 regions lack adequate access to health care facilities and educational services. The effects of a ravaging drought over the last year have had a further damaging impact. This was yet further exacerbated by the government's necessary austerity policy. Toward the end of 2016, the austerity policy directly impacted on service delivery (hospitals, schools). Several communities have been unable to pay their water bills for bulk supply and residents were subsequently temporarily disconnected.

Only 34% of the population had access to sanitation in 2015.

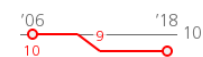
2 | Political Participation

Elections have regularly been held in Namibia since independence. Members of parliament (National Assembly) and the president (direct elections) are elected in parallel every five years. Regional and communal elections are also regularly held. In total, 16 parties were registered with the Electoral Commission of Namibia (ECN) for the last parliamentary elections in November 2014. Observers agreed that the elections were free and fair, and all local parties accepted the official results, which gave the ruling SWAPO party a record won. For the first time since Namibia's independence, SWAPO won over 80% of votes in a parliamentary election. Meanwhile, the party's presidential candidate, Hage Geingob, campaigned against several candidates from other parties. Geingob won 86% of votes in the presidential election, the highest approval of any elected presidents.

The parliamentary elections are proportional and based on party lists, which makes internal party competition an important factor. The SWAPO electoral congress votes for the list of National Assembly candidates and delegates for the congress have a decisive influence. This makes their selection at times controversial, as different party factions and branches compete. Candidates for the regional and communal elections are nominated by the local party branches of the SWAPO, although in several cases they are replaced by the central party. Regional governors are no longer elected by the regional councils (as originally stipulated in the constitution), but appointed by

No interference of religious dogmas

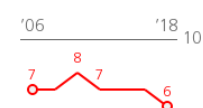
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1

Basic administration

6



1

Free and fair elections

9



1

the president independent of the party-political composition of the councils. When introduced in 2012, this was widely considered a violation of the constitution, which was subsequently adjusted by the SWAPO-dominated parliament.

The ECN is a state body and its members are appointed by the president. This nomination process has also been criticized for undermining democracy. The electronic voting machines introduced for the November 2014 elections had no paper print as proof for the voters, which was a violation of the Electoral Act that had introduced the electronic voting procedures.

Due to its dominance and privileged parliamentary position, the SWAPO has a major advantage over all other competing parties. As the largest parliamentary party, the SWAPO receives by far the most public funding of any political party. The party also controls to a large extent the state media, while smaller parties have much less access to the media during election campaigns. At the last elections, the SWAPO also hired the state television to broadcast its final political rally live.

Because of the political hegemony of the SWAPO, the political playing field is not level and Namibian democracy is to a certain extent flawed, despite SWAPO's undoubtedly legitimate rule.

Namibia's head of state, President Hage Geingob, is an executive president with a wide range of influence and powers. Since a constitutional reform in 2014, these executive powers have been further expanded. Members of parliament and the cabinet are therefore dependent on the president. The president is also able at any time to dismiss the army commander and other relevant officeholders. In December 2016, President Geingob dismissed a deputy minister for refusing to apologize for a public statement that he did not like.

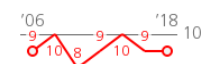
Given the strong executive power invested in the president, democratically elected political representatives have only limited effective power to govern. They are also obliged to vote in favor of party directives.

The Namibian constitution provides all basic civil and political rights, and freedom of speech. But the government declared a political party illegal after the failed secessionist attempts in 1999. The party had supported more autonomy for the Caprivi (now called Zambezi) region. The government prohibited any political campaigns demanding more autonomy, notwithstanding the declared distancing from violence. Several attempts to organize political rallies by the supporters of the party in the region were banned.

Popular protests in Namibian cities during 2016 were on several occasions restricted, and the police on rare occasions have prohibited or physically intervened (e.g., pepper spray, rubber bullets) in demonstrations. In the northern parts of the country, where

Effective power to govern

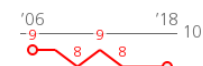
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1

Association / assembly rights

8



1

SWAPO support exceeds 90% of the popular vote, freedom of speech and freedom of association are imperfect.

Namibia has a very plural (print) media landscape. A variety of independent newspapers are able to report freely and perform as watchdogs. Investigative journalism is an integral part of a few newspapers. In contrast, the dominant state broadcaster has acted cautiously, refraining from promoting any opinions that are likely to upset the dominant party in political power.

Political officeholders are often non-cooperative when it comes to the independent media, while the minister of information announced in 2016 plans to regulate the media more closely. This provoked concerns among the independent media, while the president quickly reassured them that their liberties will not be restricted. But he also stresses that media outlets should act responsibly, which could be understood as not criticizing the government too strongly. For several years, Journalists Without Borders has ranked Namibian among the top 20 countries in the world in terms of media freedom.

An independent media ombudsman as well as the local branch of the Media Institute for Southern Africa (MISA) are strong advocates for media freedom and critical of state intervention.

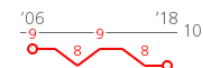
Occasionally, freedom of expression is (ab)used to justify offensive language bordering on hate speech. Instances of the use of offensive language include statements by political officeholders, who claim that it is their civil right to speak out. The government announced in 2016 a plan to give preference to state media for advertising, which might be used as a means to increase pressure on privately owned media outlets. Concerns among independent media outlets that the state might be tempted to interfere more have increased.

3 | Rule of Law

Given the president's strong executive powers, and the SWAPO's control of 80% of National Assembly seats and 95% of seats in the National Council (the second house) the legislature has very little control over the legislative. Lawmakers are at the same time members of the cabinet, either as ministers or deputy ministers (amounting to more than half of all members of parliament). In the past, the SWAPO party could determine constitutional changes, as the party control the necessary parliamentary majority to force through changes. The party's secretary-general is also awarded a seat in the cabinet. The secretary-general advises the government on SWAPO's party resolutions relating the implementation of government policies.

Freedom of expression

8



1

Separation of powers

6



1

So far, only on a few occasions has the president and party's overwhelming dominance been deliberately abused. In cases of constitutional violations, policymakers were often (though not always) willing to correct decisions.

The judiciary is independent from government and the ruling party, and often the High Court and the Supreme Court (on constitutional matters) rule against the state. The government in most cases respects the independence of the judiciary and abides by their judgments. On the level of constitutional democracy, the independence of the judiciary is a clear asset in Namibia.

To date, there is little evidence that the appointment of judges by the president has been biased. Though there the risk that the appointment of judges could be manipulated remains significant.

Another concern is the massive delay in court cases, where especially on the level of Magistrates' Courts and the High Court the slogan "justice delayed is justice denied" applies for far too many cases. Court trials lasting after several years are not an exception and there is growing frustration over the lack of delivery in the judicial system. The backlog of pending cases has become a serious problem.

For several years, the government has articulated an anti-corruption policy. However, the government's policy has never lived up to expectations. Under president Pohamba, an Anti-Corruption Commission (ACC) was established in 2006, but since then has rarely tackled any cases involving the large-scale embezzlement of funds, or senior level government or public administration officials. Political officeholders as well as senior civil servants in public administration and state-owned enterprises (SOEs) use their access to tenders, licenses and other forms of revenue to embezzle large sums of money. While some independent media play a welcome watchdog function and the degree of self-enrichment among members of the elite is a matter of critical debate in the public sphere, high-profile cases are hardly ever investigated or successfully prosecuted.

Even President Geingob has been implicated in some unsavory property market deals involving the largest individual Chinese investor in the country, while his wife runs private businesses. Many relatives of political officeholders receive preferential treatment without any interference. Abuse of office in various forms is a common feature of the political system. Ethical misconduct and conflict of interest is routine, much to the frustration of a public, which expresses its disgust through the local media.

While low-profile cases are investigated and prosecuted (e.g., junior state officials who use government cars or other assets for private purposes), high-profile cases are often questioned but rarely ever investigated and almost never convicted. Several internal investigations into financial scandals were never made public and received no punishment. The higher the office, the lower the risk of being held accountable for

Independent
judiciary

9



1

Prosecution of
office abuse

5



1

abuse of office. In other words, wrongdoers often go unpunished due to political considerations dictated by the ethno-social system of patronage.

Namibia's constitution enshrines a wide range of civil rights, which are to a large extent also respected in practice. Especially the freedom of speech is a much-valued part of Namibian society, as well as religious freedom. While hate speech has occasionally been a matter of concern, especially when it comes to abusive or racist insults, given that the range of statements that can be protected under the freedom of speech is very liberal. At times, statements protected under freedom of speech disrespect the protection of another person's private sphere and can be intimidating, especially when political officeholders threaten opponents.

Citizens can access the Office of the Ombudsman. However, the state institution remains underfunded, and lacks capacity and impact.

Namibia has not yet liberalized the choice of sexual preferences. The country still has sodomy laws in place (though hardly ever applies them) and denies equal rights to same-sex relationships. While the Ombudsman recommended that same-sex marriages should be legalized, the state attorney and minister of justice immediately rebuked the proposal. In July 2016, despite being a member of the Human Rights Council, Namibia abstained from the adoption of the resolution in support of LGBT rights, and President Geingob on record ridiculed a gay journalist at a press conference just before his inauguration.

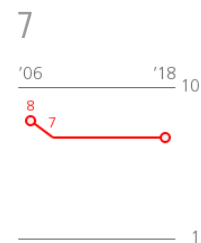
Clashes between traditional and modern values remain common. Traditional rights are enshrined in local (tribal/ethnic) laws and executed by chiefs in the home areas of ethnic groups. Meanwhile, modern values are protected by civil law and constitutional rights. These values include tackling discrimination based on gender, such as legislation on inheritance and property rights. Civil rights are at times compromised, despite being codified.

Violations of the rights of indigenous minorities, LGBT communities, prisoners and physical integrity (habeas corpus) were also raised in the review by the Human Rights Council in late 2016.

4 | Stability of Democratic Institutions

The key democratic institutions in Namibia work well. These include the National Assembly, the National Council, the Regional Councils and the local communal bodies. But all levels of the democratic system are dominated by one party, the SWAPO. There is no single public body in the country that is not controlled by an absolute SWAPO majority. In most cases, SWAPO party representatives comprise a two-thirds majority. This limits the pluralist nature of democratic exchange, but at the same time provides exceptional stability.

Civil rights



Performance of democratic institutions

7

This implies that the capacity of institutions to perform is strong and there should be little friction between institutions. Though genuine democratic processes are rather limited and reduced to one-party rule.

Given the overall dominance and widely accepted power of the SWAPO, the democratic institutions are not questioned among the public, and other influential state and non-state agencies (NGOs, church, military). However, democratic nature of decision-making processes is at times questioned due to the party's dominance. Since the SWAPO can execute decisions largely unchallenged, it is difficult to assess to which extent democratic values are truly internalized among those who hold executive power. There is certainly a lack of democratic culture among the political elite. Though the government repeatedly states that it is strongly committed to democracy and democratic institutions. All activities are legitimized by formal democratic processes.

5 | Political and Social Integration

Namibia's party system is characterized by a dominant ruling party. The ruling party holds a high degree of legitimacy, having emerged from the liberation movement and the country's anti-colonial struggle. Over the last 26 years, there were two splits within the ruling party, the SWAPO, which resulted in the formation of new opposition parties. However, neither opposition party managed to capture any votes from the SWAPO, only from other opposition parties. Partly rooted in the regional-ethnic structure of the country, the SWAPO party has a national character, and wins substantial support from all regions and ethnic groups. Though the main supporter base of the SWAPO is located in the northern O-regions, where the majority of the population lives. At times, the party uses practices characteristic of neo-patrimonial rule, such as favoritism and clientelism, to consolidate support among ethnic groups and traditional leaders. Many of the small opposition parties are locally based and win support almost exclusively from one ethnic group. Since the electoral system is based on proportional representation, smaller parties can win a parliamentary seat with less than 1% of votes cast in the national election. This leads to the presence of several small parties in parliament. Once in parliament, these small opposition parties, with a few exceptions, rarely engage in opposition politics. As a result, the degree of polarization between parties remains rather low. Voting patterns are to a large extent stable and predictable, and over the last six national elections only minor deviations have occurred. All opposition parties win limited support and are not perceived as a true alternative to the dominant party. Trust in the multiparty system is however high and considered a trade mark of Namibian democracy.



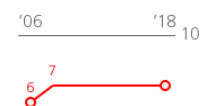
Commitment to democratic institutions

8



Party system

7



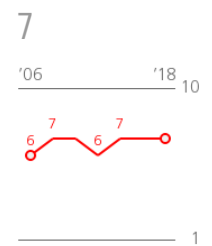
Namibian interest groups are often under the influence of the dominant party, the SWAPO, or directly affiliated. This includes the party branches (the Youth League, Women's Council, and the Elders' Council) but also the party-affiliated trade unions. Over recent years, trade unions have lost members and influence with new, independent trade unions emerging. But generally, organized workers' interests have lost some relevance and bargaining power given the high degree of unemployment. Churches remain an important moral voice but almost never interfere in political debates. This may change slightly with the forthcoming world conference of the Lutheran World Federation in Namibia and the involvement of the Council of Churches in Namibia (CCN). The NGO sector is comprised of a relatively large number of organizations, more than 500 groups and organizations are registered, but most of them are not active. About 20% of the registered organizations perform well, and many of them only because they are supported by international donors. The majority of NGOs are related to social activities and issues (e.g., HIV/Aids, gender, health care and education) and have no direct political impact. The most visible influence of NGOs is on human rights. Particularly influential human rights NGOs include the Legal Assistance Centre (LAC) and NamRights (formerly Namibian Society for Human Rights), as well as MISA (Media Institute for Southern Africa). Other significant NGO groups include independent research and advocacy institutions, most prominently the Institute for Public Policy Research (IPPR). Though other NGOs have become less prominent, such as the Namibia Institute for Democracy (NID) and the Labour Research and Resource Centre (LaRRI).

All in all, civil society lacks depth in two ways. First, there is a lack of basic management capacity. NGOs suffer more than state institutions from the general lack of skilled human resources in Namibia and competition among NGOs for qualified personnel is high. Second, there is a lack of depth in terms of indigenous constituencies. Some of the Windhoek-based NGOs are elite organizations that define and represent the interests of the marginalized, but are not involved in grassroots organizing and do not really speak for the disadvantaged constituencies.

On the other hand, business associations are well organized and influential, such as farmers' unions (one for commercial farmers, one for communal farmers), and the Namibian Chamber for Commerce and Industry (NCCI). The tourism and mining sectors also have effective representation. The cultural sphere has much less representation and influence, while sports also impacts on the public sphere and interacts with the political elite (many among senior political figures occupy posts in sports associations).

Particularistic (ethnic) lobby groups have little impact beyond their own ethnic base, while traditional leaders are a countrywide institutionalized and state-recognized group, and have some influence in negotiations with the central government.

Interest groups

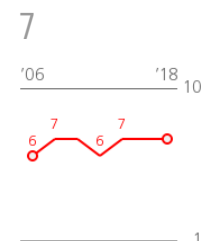


Afrobarometer results for 2014 (most recent data) indicates that most Namibians strongly support democracy in general. However, this support appears to also be linked to the dominance of the ruling party, which has widespread public support. Public trust is highest in the ruling party's leadership, and especially the party presidents. Since independence the ruling party has had three presidents, all three presidents have had approval rates above 80%. This suggests that democracy among many Namibians is equated with the governance of the former liberation movement, the SWAPO. Public perceptions in the National Assembly or other democratic institutions, in contrast, are not as high. Public trust in the political opposition is also markedly lower.

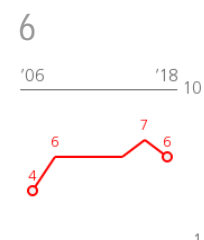
It remains hypothetical what would happen if the SWAPO dominance were threatened. However, a comparatively high proportion of Namibians appear to find a one-party system would acceptable. Earlier reviews concluded that the current depth of democracy in Namibia is greater than the majority of the population expect or want. Importantly, all relevant institutions (especially the military) remain loyal to the government and abstain from politics. Political officeholders remain largely supportive of the democratic discourse and several NGOs are also active in creating democratic awareness.

Political leaders in Namibia (the presidents since independence) have, according to Afrobarometer (2015 survey), very high approval rates compared to political leaders in other African countries. Traditionally, interethnic tensions have been low. However, the national identity promoted since independence under the slogan "one Namibia, one nation" has increasingly strained interethnic relations. These tensions are articulated in the political sphere and by a few political officeholders. These tensions relate among other things to the current land policy. Minority groups claim that the current land policy advantages the Oshiwambo-speaking majority group, especially in eastern, central and southern Namibia where the Herero, Nama and Damara minorities mainly resident. These minority groups lost land during the country's colonial period. In some instances, their traditional lands have since been resettled by people from the north of Namibia. A recent complaint by the deputy minister for land and resettlement (from the Nama community) resulted in the president dismissing the deputy minister. Similarly, in 2016, the president also forced a regional governor to apologize publicly for remarks made against the Herero population. Other groups who feel disadvantaged and marginalized are from the Kavango and the Zambezi (previously called the Caprivi) regions. Minorities in other regions (such as Himba and Bushmen) still have little voice nor influence. Observers agree that ethnicity and tribalism seem to be on the rise, which is eroding social trust in the neutrality of state institutions. Interethnic resentments seem to be on the increase also regarding the articulation of views in the public media.

Approval of democracy



Social capital



II. Economic Transformation

6 | Level of Socioeconomic Development

The UNDP's Human Development Report (HDR) for 2015 documents gross inequalities in Namibia. For 2014, the average annual per capita income was \$9,418. This elevates Namibia into the category of a higher middle-income country. But hardly any citizen has such an annual income.

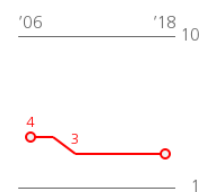
In combination with some other indicators, such as life expectancy and education, Namibia had an aggregated value of 0.628 among the countries with a Medium Human Development Index (HDI) and ranked 126 out of 188 countries, 21 ranks lower than the per capita rank. The inequality adjusted HDI shows that Namibia is among those countries with the highest inequalities in the world, as measured by the country's Gini coefficient of 0.613. The inequality HDI (IHDI) adds a deprivation score by looking at the impact of health and education indicators on household living standards. This captures the loss of human development as a result of existing inequalities. Here again, Namibia's HDI dropped by an exceptional 43.6% to an IHDI of 0.354, one of the largest falls worldwide.

The related Multidimensional Poverty Index (MPI), based on 2013 data, classifies 23.5% of the population as living below the income poverty line. In contrast, 44.9% of the population fell under the MPI and another 19.3% were classified as living near the MPI. This means that almost two-thirds of all Namibians live in or close to conditions resembling multidimensional poverty. The claim of Namibia's government to have achieved considerable poverty alleviation and more equality contrasts sharply with such data. Unsurprisingly, statistics provided by the Namibian Statistics Agency (NSA) are often controversial and at times contradicting. President Geingob has launched a Harambee Prosperity Plan in April 2016 with the priority to eliminate "hunger poverty." However, by the end of 2016, little progress had been achieved. A new ministry for poverty reduction was created in March 2015. But at the end of 2016, the minister at a recent workshop stated that, while there are numerous plans to combat poverty, none of the government's plans have so far been implemented.

Levels of inequality are a result of apartheid rule with the white minority by far the most socioeconomically privileged population group (especially German speakers), and the Bushmen and other indigenous minorities the most socioeconomically disadvantaged groups. Nevertheless, there is a growing segment of the new post-colonial elite, which benefits from black economic empowerment programs. This visible economic disparity is a factor that provokes frustration among large parts of

Question
Score

Socioeconomic
barriers
3



the black majority, who still feel excluded from the material benefits of independence. Unemployment is high (with conflicting figures, but even conservative estimates are around 30%, and much higher among the younger generation). The quality of the education system is poor, despite high budget allocations. Due to an urgently needed austerity policy, introduced during the second half of 2016, public service delivery will be further limited, which has caused much protest.

Namibia's Gender Inequality Index score of 0.401 (2014) has visibly improved over recent years. Hopes that the new austerity policy will not have a negative effect on this positive trend to promote the participation of women in the social and economic spheres.

Economic indicators		2013	2014	2015	2016
GDP	\$ M	12713.4	12854.0	11491.5	10267.2
GDP growth	%	5.7	6.5	5.3	1.2
Inflation (CPI)	%	5.6	5.4	3.4	-
Unemployment	%	29.6	29.6	26.9	25.6
Foreign direct investment	% of GDP	6.7	3.2	9.2	2.9
Export growth	%	6.9	3.5	-11.4	-
Import growth	%	7.7	16.8	-2.6	-
Current account balance	\$ M	-516.7	-959.1	-1528.7	-
Public debt	% of GDP	24.2	25.5	39.5	40.0
External debt	\$ M	-	-	-	-
Total debt service	\$ M	-	-	-	-
Net lending/borrowing	% of GDP	-3.2	-6.0	-8.0	-
Tax revenue	% of GDP	31.7	33.6	33.4	-
Government consumption	% of GDP	26.0	26.2	27.0	-
Public education spending	% of GDP	-	-	-	-
Public health spending	% of GDP	5.0	5.4	-	-
R&D expenditure	% of GDP	-	0.3	-	-
Military expenditure	% of GDP	3.1	4.2	4.7	4.4

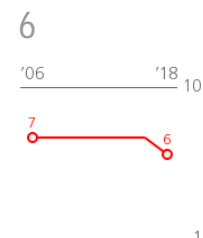
Sources (as of October 2017): The World Bank, World Development Indicators | International Monetary Fund (IMF), World Economic Outlook | Stockholm International Peace Research Institute (SIPRI), Military Expenditure Database.

7 | Organization of the Market and Competition

Namibia's government stresses that its economic policy is based on a competitive market economy. But there are a number of limiting factors, both in terms of the existing legislation as well as the distorted competition. On August 12, 2016, President Geingob signed the Namibia Investment Promotion Act, which he had originally initiated as Minister for Trade and Industry (2008-2012). The law authorizes the government to limit foreign involvement in certain sectors of industry and resource extraction (such as uranium) to avoid external control. The law aims to encourage the gradual Namibianization of the economy, starting with the retail sector. A Business and Intellectual Property Authority Act signed at the same time formalized the establishment of an entity tasked with the registration of businesses, and the protection of business and intellectual property. The planned new legislation to enhance economic empowerment for what was termed previously disadvantaged persons (PDP) as New Equitable Economic Empowerment Framework (NEEEF) remained controversial. The draft imposed a minimum 25% ownership in local companies for PDPs and at least 50% participation in management. The private sector, including the business associations, considered the government's intervention damaging to the investment climate and tantamount to forced nationalization. President Geingob made several conflicting statements on the NEEEF but finally confirmed the government's intention to implement the framework. On September 2, 2016, the international credit ratings agency Fitch downgraded the country's economic outlook from stable to negative. Among the reasons given was the anticipated negative effects of the proposed NEEEF on foreign investments. Local market competition is also distorted by special preferences given to Black Economic Empowerment (BEE) companies. These special preferences benefit BEE companies, as the requirements often only involve black Namibian ownership criteria without any skills requirements appropriate to the tendered tasks. Yet, BEE companies often lack their own implementing capacity teams and other (mainly South African or Chinese) companies actually do fulfill the assignment. Several local companies have complained about the preferential treatment Chinese investors receive. State tenders are not allocated purely on the basis of the best offer, but often decided by a range of factors. "Tenderpreneurs" has become a new term for Namibians who are close to the government and public administration, and receive preferential treatment. There are also parastatals and state-owned enterprises, which provide special privileges for their senior management.

While the government has increased efforts to attract foreign investment, the local context rarely lives up to the expectations created by the government. The informal sector and SMEs are a relatively large part of the economy, and successive governments' industrial policies have not produced the desired results.

Market-based
competition



While there exists a Namibian Competition Commission (NaCC) and a declared policy of protecting infant industries, no coherent policy has been implemented. The close link to South Africa's economy and membership of the Southern African Customs Union (SACU) has resulted in the Namibian economy developing as a shadow economy of its southern neighbor. While trade relations have diversified over the years, with European Union (through the now ratified Economic Partnership Agreement) and China becoming major trading partners, efforts to protect local industry, and especially consumers remain limited and inconsistent. Occasional market interventions to protect local producers from hostile takeovers (e.g., breweries, the dairy industry and chicken production) were more dependent on the resilience of the producers than on state measures. The banking sector and other influential segments of the economy are not strictly regulated, and allow for dubious practices at the expense of consumers.

Foreign trade is integrated into Namibia's membership of the Southern African Customs Union (SACU) and South African Development Community (SADC), and the EU's Economic Partnership Agreement (EPA). Namibia adheres and complies with the rules and regulations established, and overall has a liberal trade regime. Access to Namibian markets through these mechanisms is very open, as indicated by the low 0.87% weighted mean applied tariff rate on all products. Special tariffs are largely absent. There were discussions to increase taxes on the export of raw materials in the extractive sectors (mining), where no value-added processing occurs. This was shelved due to protests by the mining companies, which predicted a decline in investment.

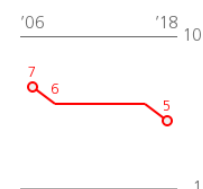
Namibia's banking sector is well developed, and has strong links to South African and international (mainly British) financial institutions. It operates efficiently, but with high service costs for clients. Banks sometimes have no physical presence in more remote and rural areas, which limits access to financial services. Banks have competent and well equipped financial market analysts, and operate professionally. Financial scandals and major crises in bank operations are not known.

Generally, commercial banks in Namibia are well capitalized and profitable, and have become more resilient in recent years. The capital to assets ratio for 2016 was 10.4%, while non-performing loans were 1.6%.

Namibian households are on average highly indebted, but often private loan sharks play a role in this. Capital markets function properly, and the government and Bank of Namibia play an active role in maintaining proper standards.

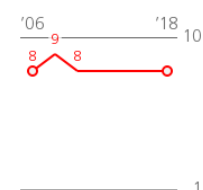
Anti-monopoly policy

5



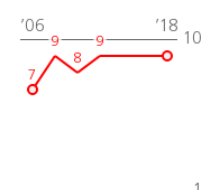
Liberalization of foreign trade

8



Banking system

9



8 | Currency and Price Stability

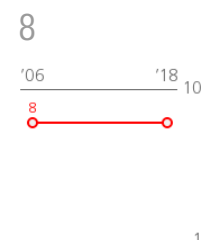
The Bank of Namibia operates largely autonomously, but under the auspices of the president and finance minister, who decide on the appointments of the governor and deputy governor. The current governor's tenure has just been extended by another term. The annual inflation rate of Namibia has for several years been markedly lower than 10% (projected at below 7% toward the end of 2016) and is mainly dependent on external factors (e.g., oil prices) and environmental factors (e.g., the effects of drought) that impact food prices and reduce agricultural production. Since the Namibian dollar is a non-convertible currency pegged to the South African rand, monetary policy is largely determined by decisions taken by the South African Reserve Bank. The recent considerable decline in the exchange rate, with the rand reaching an all-time low as a result of domestic economic policy flaws, is beyond the control of the Namibian government. But the common currency introduced after independence remains for good reasons unquestioned.

For years, the government has invested huge sums, well beyond its means, in public infrastructure and other state tenders. President Geingob has again expanded the bloated civil service at a considerable cost. Through the course of 2016, the full consequences of the government's over-expenditure became visible. These effects were exacerbated by one of the worst droughts the country has ever experienced, which has led to huge costs for the economy and the need to reduce economic activities dependent on water consumption (e.g., construction industry, beverages).

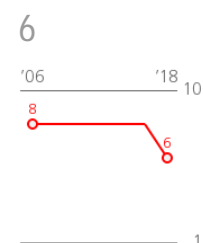
State debt skyrocketed by 415% from NAD 12.1 billion in January 2010 to NAD 62.1 billion in June 2016. Government debt rose to 43.3% of total debt compared to 24.7% in January 2010. Finance minister Schlettwein agreed on August 10, 2016, that this was a worrying trend, which transgressed the 35% GDP limit set by government. Addressing the ministry's staff on August 19, he reiterated that the state's financial liquidity faced serious restrictions due to the more limited options for borrowing. On September 12, 2016, he instructed that all state tenders should be put on hold until a budget review for 2016/2017 had been undertaken. The local Construction Industries' Federation reacted with shock, and warned that many of the 450 member companies and their workers might face drastic consequences.

Previously, on September 2, 2016, the international credit ratings agency Fitch downgraded the economic outlook from stable to negative. The main reason for this downgrading was the increase in government debt from 23.2% of GDP at the end of 2014 to 38.2% at the end of 2015, and the worst budget deficit in the country's history (8.3% of GDP in 2015). In October 2016, on the occasion of the mid-year budget review, a government minister stated that the economy "has never before been in such a precarious situation." GDP was revised downwards by 16.1% or some NAD 30.54 billion, while government revenue was expected to fall by 9% or some NAD 6.23

Anti-inflation /
forex policy



Macrostability



billion compared to the original forecast. The minister indicated liquidity constraints, and a resulting erosion of market confidence in government bonds and bills. He stated that key government priorities would involve reducing government expenditure and containing public debt. As a result, a total of NAD 5.5 billion in expenditure cuts were identified. On December 2, 2016, Moody's revised Namibia's credit risk outlook from stable to negative. Economic growth contracted for the second (- 1.5%) and third (- 1%) quarter of 2016. The recession suggested that the annual growth rate of 2.5% might not be achieved. In December 2016, Schlettwein confirmed cash flow problems relating to the payment of goods and services. He offered exceptional tax discount and amnesty to enhance government revenue income from those who were in arrears with payments to the tax authority.

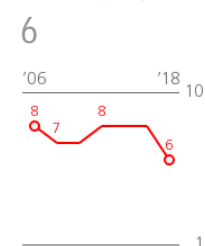
9 | Private Property

Property rights are firmly entrenched in Namibia's constitution. The constitution dismisses any expropriation without adequate compensation. Ownership rights and transfers are properly regulated, and follow legally defined and acknowledged procedures. But the distribution of land in private ownership, reflecting the colonial legacy in terms of the high number of white commercial farmers, remains a highly controversial issue. The slow redistribution of land based on the policy "willing seller-willing buyer" in combination with absentee landlordism (where farms are owned by foreigners mainly from Germany and South Africa, and often not properly managed as economic entities) has become a contested matter. Land policy seeks to enforce the transfer of land to black Namibians and explores legal possibilities beyond a land tax for commercial farms.

The planned new legislation to enhance economic empowerment for what was termed previously disadvantaged persons (PDP), the New Equitable Economic Empowerment Framework (NEEEF), seeks to impose a minimum 25% ownership in local companies for PDPs and at least 50% participation in management. The private sector, including the business associations, and churches consider the government's intervention damaging for the investment climate, and tantamount to forced nationalization. While the process has not yet been concluded, it seems likely that the law finally adopted will likely impose modifications on local ownership. Clearly, there is a measurable degree of insecurity among local, predominantly white company owners, who fear that their ownership is under attack.

Since independence, Namibia has officially promoted a "mixed economy" approach, which seeks to reconcile private sector interests with state-owned enterprises (SOEs). Private companies are fully recognized and operate freely, but often under unfavorable circumstances. The SOE sector has expanded considerably, not least in securing control over certain economic sectors beyond service delivery, and has a considerable role in the economy. SOEs are rarely properly controlled, the state is not

Property rights



Private enterprise

6

even able to provide reliable figures on the number of SOEs that are operating legally. A current reform initiative aims to enhance control through a new ministry for SOEs established in 2015, which will take over responsibility from the line ministries.

The private sector complains that SOEs are unfairly privileged through the government's affirmative action and BEE policy of preferential treatment, which discriminate against other competitors.

10 | Welfare Regime

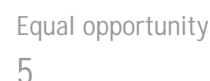
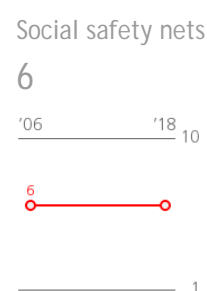
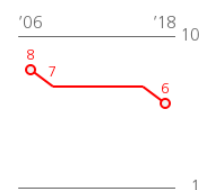
Namibia is among the few African countries that (ironically as a legacy of the apartheid system) has a properly institutionalized albeit rather inefficient welfare system. The core of the system is an old-age pension for citizens above the age of 60. President Geingob has considerably increased the monthly pension to NAD 1,100 (2017). But purchasing power is declining due to price increases for basic commodities. There are also occasional delivery problems, especially in more remote rural areas, where old people at times have no access to payments. Other forms of social protection include payment supports for people with disabilities and orphans. However, these payments are selectively applied and access is limited due to a lack of knowledge among potential recipients. In addition, maintenance is a contentious issue that further exacerbates social destitution. There is a high number of female-headed households with children, whose fathers do not contribute to their upbringing.

Relative and absolute poverty is still widespread. Initiatives for a Basic Income Grant (BIC), originally motivated by state initiatives and sponsored by German Churches in two northern villages, have failed to materialize. A Ministry of Poverty Eradication and Social Welfare established in March 2015 has not yet had a significant impact on overall inequality.

While annual budgets claim to be pro-poor, tax policy suggests the opposite. Due to the recent constraints on the state finances, newly created drought relief measures (e.g., food banks) are also unable to provide the promised aid to those most in need.

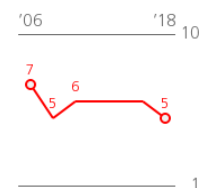
Employment related fringe benefits both by public and private providers (health insurance and pension payments) mainly benefit people in higher positions, while a large proportion of the population remains outside of such relative security of health care provisions and other social services.

Namibia ranks among the most unequal societies in the world. While the Gini coefficient has over recent years gradually and slightly reduced, it remains still among the highest of any country measured. The formerly privileged white minority has maintained an exceptionally high living standard (in particular the German-speaking community). This high standard of living is comparable to some of the highest standards in the world, such as in the Scandinavian countries, while especially



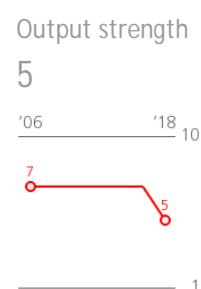
indigenous minorities (e.g., Bushmen, Himba and Nama) often live in absolute poverty under appalling conditions.

Affirmative action policies have been introduced to reverse these trends, but have mainly benefitted a new emerging privileged minority. This new privileged minority is a large extent dominated by Oshiwambo-speaking, and at times Herero-speaking and Afrikaans-speaking groups. The country's inequalities have not been decisively reduced and large proportions of the population continue to live under circumstances that do not offer any possibility for upward social mobility. Educational services provide access to all. Free secondary education was announced in 2017, but might be restricted due to the financial constraints of the state budget. Meanwhile, hidden costs (school uniforms, school contributions for various activities) at the primary education level are a heavy burden for poor households. Schools lack proper delivery, and dropout rates and exam failure rates are high, with many students every year facing difficulties finding a place in a public school. Better off families often send their children to private schools. Girls have a similar attendance ratio to boys and perform on average marginally better, though the dropout rate for girls is high due to pregnancies. Discrimination in all forms violates constitutional principles and a gender policy seeking to promote women especially in the political sphere (e.g., the 50/50 Zebra style party list of SWAPO). However, in the economic sphere, women remain markedly less well paid and increasingly under-represented in higher positions.



11 | Economic Performance

Namibia's current economic performance has deteriorated to hitherto unknown levels. For several years, the country benefited from a resource boom (with high world market prices for several primary goods) and the booming Angolan oil industry had a spillover effect with oil money spent in Namibia. However, a decline in world market prices for many of Namibia's primary goods (such as uranium), a devastating drought that has affected the country since late 2015 and the decline in the Angolan oil industry hit the Namibian economy hard. This led to an increase in unemployment rates and retrenchment in, for example, the construction industry and retail sector along the Angolan border. The fragile economic situation was further exacerbated by earlier government overspending.



In the budget 2016/2017, government debt was projected to be NAD 63.73 billion or 37% of GDP. This exceeded not only projected government revenue of NAD 57.84 but for the first time the non-interest government expenditure of NAD 61.12 billion. Interest payments on government debt increased from NAD 3.13 billion in 2015/2016 to NAD 4.88 billion or 8.5% of estimated government revenue, while a return of NAD 2.96 billion on the SACU Common Revenue Pool signaled that this important income had declined. Increased government borrowing on both local and external

financial markets signaled a growing cash flow problem for the government. This has resulted in significant budgetary cuts since late 2016 and a delay in public payments.

The mid-term budget review at end of October 2016 revised GDP downwards by 16.1% or NAD 30.54 billion, while government revenue was expected to fall by 9% or NAD 6.23 billion compared to the original forecast. The finance minister indicated liquidity constraints due to high budget deficits, and the resulting drop in market confidence in government bonds and contracts. The minister identified a reduction in government expenditure and a containment in public debt as key government priorities. As a result, a total of NAD 5.5 billion in government expenditure cuts were identified.

The inflation rate for 2016 was projected at 6.7% while international monetary reserves stood at NAD 25 billion on 30 November 2016, which could cover an estimated 3.3 months of imports. Economic growth contracted for the second (- 1.5%) and third (- 1%) quarter of 2016. The recession suggested that the annual growth rate of 2.5% might not be achieved. More budgetary cuts (e.g., 40% for the higher education sector and a moratorium for employment in the police) were announced in January 2017, while the finance minister offered tax reductions for those being in arrears but willing to pay during a grace period to enhance revenue income.

12 | Sustainability

Namibia's constitution has a clause to protect the natural habitat. Environmental awareness is relatively high but clashes occasionally with economic interests. The choice between profit maximization and environmental protection is divides the cabinet on certain matters. Most recently a huge investment project for off-shore marine phosphate exploitation – the first of its kind worldwide – caused major controversies. These involved the fisheries sector and environmental groups on the one side, and the ministry for environment and tourism that originally approved of the plans on the other side. As a result of massive protests and the intervention of the president's office, the environmental assessment was re-opened and a final decision is pending.

Nature conservation is well developed and linked to the interests of the tourism sector, which benefits from the country's unique wildlife and landscape. Communal ecotourism has little influence but grows in relevance. For the first time, the last National Development Plan highlighted environmental costs, though still pursued several environmentally harmful development policies (e.g., transport). The share of solar energy and other renewable resources is gradually increasing, and might shortly reduce fossil fuel-based power generation and consumption. Tax policy is yet to incorporate a pro-active agenda to protect the climate. There remains a lack of incentives for environmentally friendly economic production or consumption, either

Environmental
policy

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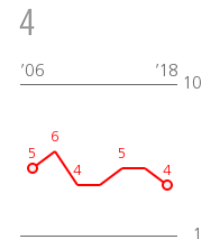


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at industry or household level. While the public discourse often promoted by NGOs documents environmental concerns, daily practices do not live up to this awareness.

Namibia has a comparatively high official school enrollment rate, but also a high dropout rate. Primary schools have considerably expanded since independence and the annual budget continues to allocate the highest proportion on education: NAD 16.2 billion (24.5% of total government spending) for 2016/2017, out of which NAD 12.79 billion were earmarked for the Ministry of Basic Education, Arts and Culture. But the delivery of educational services as measured by the number of students with school leaving certificates and secondary education enabling access to university remains appallingly low, and a matter of concern. Teachers remain poorly qualified and often the students' ability to learn is limited by poverty-related factors. From 2016, fiscal constraints have had a further impact, especially with regard to higher education. In January 2017, a 40% cut in government expenditure on tertiary education was announced, and a freeze on teacher recruitment and pay. More affluent segments of Namibian society usually send their children to private schools or to study abroad. Investment in R&D is low on the government's agenda.

Education policy /
R&D



Governance

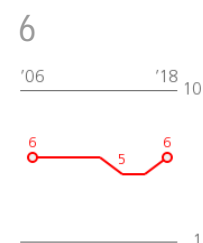
I. Level of Difficulty

Namibia has a large territory (over 820,000 square km) and small population (2.3 million), most areas of the country are desert or semi-desert. This makes the country vulnerable to droughts and occasional flooding in the northern parts. These natural and demographic factors pose a challenge to the development and maintenance of infrastructure, and service provision especially in remote and rural areas. The structural legacy of settler-colonial rule, both in terms of a colonial export economy and socioeconomic inequalities (including the disparities in educational standards), remain major challenges for good governance. On the other hand, the material infrastructure and administrative competence established under settler-colonial rule was well developed and maintained. This was also true with regard to public services in the areas with large white populations.

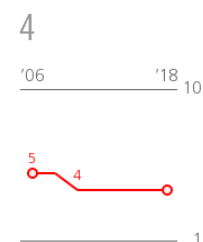
The constitution adopted as part of the negotiated transfer of political power limits the government's interventions in favor of wealth redistribution (not least with regard to the possession of land). Given the inherited discrepancies, this adds to the burden. HIV/Aids, which peaked at the turn of the century, affected more than a fifth of the population and caused huge human costs (with devastating effects on educational outcomes). At the time of independence, educational attainment higher than primary education was very low, especially among the majority of the black population. A relatively high literacy rate contrasted with the lack of highly educated, high-skilled, specialized workers (including many among the first generation of the political leadership).

Namibia's civil society is both strong and weak. It is strong in the public sphere, where freedom of speech protects a plural and independent media. However, in most cases, NGOs are dependent on external funding and receive very little material support from domestic sources. At the end of 2016, the NGO umbrella organization NANGOF had to close because the European Union had stopped funding it. There are few effective NGOs. Most NGOs operate in spheres related to public service provision, but do not actively participate in wider public debates or awareness campaigns. Smaller groups are vocal in terms of environmental constraints, but are often dominated by minority social groups (i.e., urban whites and nature conservationists). Social-political activities are often only organized in the capital and

Structural
constraints



Civil society
traditions



other bigger towns. Human rights oriented NGOs suffer from a lack of funding, while trying to support initiatives toward better governance. Under apartheid no civic participation in the political sphere was encouraged, but was rather opposed. One generation later, there is still widespread public reluctance to openly express views and promote civic engagement.

Religious conflicts are absent from Namibia. However, conflicts rooted in social discrepancies and ethnic identities are on the rise, but remain relatively low scale and are not associated with any significant levels of physical violence. The issue of land (both urban and rural) has become an issue of growing contestation, which is increasingly related to regional (ethnic) identities regarding the mainly southern, central and eastern regions. Local minority groups feel discriminated against, as people from other areas of the country re-settle lands they were dispossessed of under German and South African colonial rule.

Violence, however, is so far restricted to individual forms of aggression (crime), which increasingly reflect social anomy and frustration. So-called passion murders, baby dumping, child abuse, rape and killing of girls and women have horrendous dimensions and are on the rise. The rate of suicide is among the highest on the continent. Forms of road rage are common and the rate of traffic deaths is also among the highest in the world. Though political and social conflicts remain largely peaceful and ethnic tensions, while possibly on the rise, do not (yet) appear to effect governance.

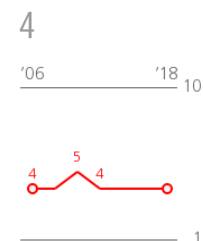
II. Governance Performance

14 | Steering Capability

Namibia has no lack of program documents and strategic planning. Currently, the Vision 2030, the fourth National Development Plan (NDP) and the Harambee Prosperity Plan (HPP) comprise the government's key strategy documents. The Vision 2030 was drafted under the country's first president, Nujoma, while the HPP was draft under the current president, Geingob. In addition, a fifth five-year NDP is currently being drafted and is expected to be presented in 2017. While to some extent compatible, these strategic visions have been poorly implemented (e.g., HPP) or are out of touch with realities (e.g., Vision 2030). There is also a long-established tradition of employing foreign consultants and advisers to draft sectoral blue prints, which in most cases are later abandoned.

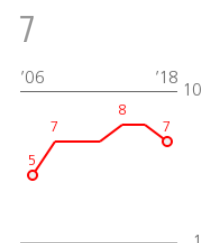
Policy prioritization takes place largely without outside interference, given the hegemonic role of the ruling SWAPO party. The government's priorities follow party

Conflict intensity



Question Score

Prioritization



decisions. But the lack of implementation capacity and, at times, also the lack of political will necessary to achieve the adjustments mean that many decisions remain unfulfilled. For example, the numerous state-owned enterprises, which ostensibly provide “jobs for comrades,” have not created many employment opportunities. The limited impact of poverty reduction measures underscores the often-cited accusation that the government “talks left” but “walks right.”

President Geingob has introduced delivery measurements for government ministers, but the visible results remain in many cases disappointing. Targets are also often invented to create the impression that something is supposed to be achieved. Means and results are often far away from each other, while policy coherence is at times poor. Inter-ministerial rivalry also undermines policy implementation and limits the potential intervention of other state agencies, such as the National Planning Commission or the newly established Ministry for State Enterprises (SOEs). The cabinet is at times divided, and sometimes reverses policy decisions and strategies. Decisions often also have a personal dimension. Because of SWAPO’s dominant position, there is hardly any meaningful outside influence from lobby groups without personal connections.

Implementation is often neglected, or blocked by the ruling party or internal cabinet differences due to unexpected challenges or a lack of political will. The government usually talks more than it does. The disappointing results of land reform and resettlement are among the most obvious examples of this pattern, and poverty reduction programs have achieved less than expected. Again, there is a striking discrepancy between the government’s declared aims and its achievements.

President Geingob ran an election campaign prioritizing prosperity. He has expanded his cabinet and submitted new ambitious plans to underline this. However, there have been no visible improvements since he took office. While the SWAPO consolidates its hegemonic status, the party’s achievements rarely live up to its rhetoric. There is also an absence of public pressure, as the party has always polled well during elections. It seems that the country’s relative peace and stability is a factor in the party maintaining widespread public support. The government is under no pressure to make a more determined effort to achieving socioeconomic change and promoting the interests of the majority of the population. The social character of Namibia remains dominated by a political elite, while President Geingob applies a lot of populist rhetoric with promises and no delivery.

On the other hand, the notion of democracy will remain undisputed and unchallenged as long as the SWAPO continues to be the main beneficiary of the democratic system, which at present it fully controls. The government’s affirmative action and BEE policy, however, in combination with expansion in state-owned enterprises, does not promote a free market economy but an economy which suits the interests of the new elites.

Implementation

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The learning ability (and perhaps, more importantly, willingness) of those in government is at best limited. A prominent example is the relative absence of precautionary mechanisms and initiatives concerning the environment and climate related risks. Despite being a drought prone country, Namibia has established no proper drought-related emergency mechanisms. Similarly, despite being confronted with water scarcity, no meaningful provisions have been made toward establishing appropriate water management policies. In the energy sector, it is evident that there is a lack of precautionary measures and early initiatives. The same applies to the government's relative dependency on SACU revenue. For the last 20 years, the government has been aware of its dependency on SACU revenues, but has made no visible efforts to reduce its vulnerability.

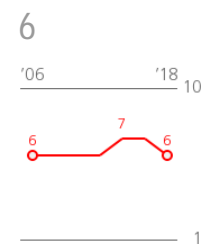
Having said that, there do exist a range of program documents and strategies that address important policy issues and sectors. But they are not always given the necessary attention they require or the political will to implement them.

15 | Resource Efficiency

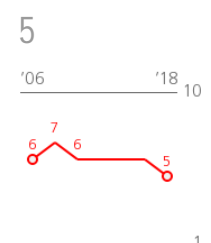
The number of high-level government and public administration positions were further increased under President Geingob. To some extent, this increase was motivated by political strategies (e.g., co-opting political rivals and including them in his cabinet, or improving the balance of regional representation), but it resulted in a substantial increase in government expenditure. In combination with massive overspending on state tenders and a poor return on investments, the government budget has faced major constraints since 2016. The delivery of public goods, infrastructure and social services (education, health care) has not improved and the state budget is more imbalanced now than at any time since independence. The government will now have to make major cuts to, among other things, financial support for human development. Senior civil service and SOE appointments are often reflect political interests and require personal connections. The state bureaucracy is inefficient and there is a lot of regulatory red tape. In addition, public service delivery lacks transparency and accountability.

Policy coherence has always been limited by the competing interests of line ministries. The National Planning Commission's National Development Plan (NDP) as a cross-sectoral plan, which could provide a coordinative impetus. However, it is not owned by the ministries and does not sufficiently encourage ministries to seek close cooperation. A striking recent example has been the conflict between the Ministry for Environment and Tourism and the Ministry of Fisheries. The Ministry for Environment and Tourism had approved plans for marine phosphate exploitation, which the Ministry of Fisheries objected to. The disagreement ended in a public cabinet dispute. The Finance Minister's order for ministries to adopt fiscal austerity has not been strictly implemented, and even openly ignored by some ministries or

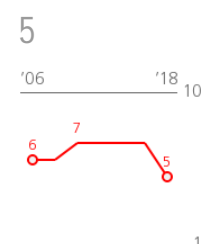
Policy learning



Efficient use of assets



Policy coordination



SEOs. While the State House stresses the need for coordination, coordination rarely seems to take place. Even President Geingob's statements on a policy issue can be inconsistent. New ministries established under the current administration (for poverty reduction and for state-owned enterprises) require the coordinated support of several line ministries, which is a major challenge.

Under President Pohamba, an Anti-Corruption Commission (ACC) was institutionalized in 2006. The commission has achieved modest results, often tackling low-level corruption rather than pursuing high-profile cases. The perception among the public is increasingly negative regarding the political will to fight corruption, and the state is increasingly considered an elite project that benefits a few. There is an auditor general, although the office is chronically underfunded and understaffed, and has achieved little to date. Financial scandals involving government ministries and large-scale state tenders are on the rise. President Geingob has introduced compulsory asset declarations for cabinet members and has voluntarily undergone an audit while in office. This is a positive initiative but not yet rigorously implemented.

Party financing is regulated and parties receive public funding proportional to the votes they received (which is to the further advantage of the governing party). The media has limited access to information and depends largely on ministers or senior public officials voluntarily providing information. In many cases, journalists find that ministers or senior public officials are not willing to cooperate.

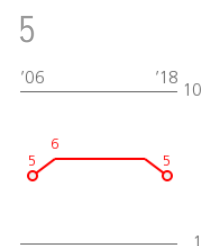
Inquiries regarding the public procurements are especially likely to receive public attention, although public scrutiny rarely achieves satisfactory answers. Personal conflicts of interest regarding state tenders and other business issues are common at almost all levels of the government and public administration. Of late, operations involving Chinese companies and individuals in collaboration with Namibian citizens have become an especially contentious matter drawing massive public criticism.

16 | Consensus-Building

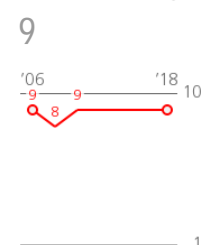
Since independence, democracy has been widely accepted as the best possible political system. There are no visible anti-democratic agencies or advocates. Given the governing party's dominance, those in political control have no reasons to disagree with Namibia's democratic system, since regular and largely free (though less fair in the absence of a level playing field) general elections have not challenged their rule. All relevant interest groups in society (e.g., political parties, churches, the military and traditional leaders) pay at least lip service to democracy. Hence, there exist no serious challenges to democracy in the public sphere.

Following independence, the government adopted a mixed economy approach. The government's approach has to a large extent been based on the principles of a free market, with a large number of state-owned enterprises. Many of SEOs are subsidized

Anti-corruption policy



Consensus on goals



by state revenue and do not perform well if market criteria are applied. But the state is attempting to attract further foreign private investments and make the Namibian economy more appealing for foreign capital. However, the limited redistribution of wealth has contributed to a growing dissatisfaction over the lack of delivery, not least in terms of land redistribution. However, a market economy remains widely accepted as the most suitable economic model for Namibia.

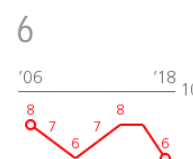
As stated in previous years, there are hardly any anti-democratic actors that would require any government response. Due to the hegemonic status of the governing party, Namibia's democratic system remains stable.

Anti-democratic actors



President Geingob is the first Head of State that is not a member of the country's dominant ethnic group. This was widely applauded as another sign of constructive nation-building. However, recent indications suggest that his position within the ruling party is not very strong and that he faces significant internal opposition. At the same time, ethnic sentiments within the party (and beyond) are on the rise and recent public debates have involved a hitherto unknown ethnic dimension.

Cleavage / conflict management



Economic disparities have been another contributing factor to the recent antagonistic tendencies between a privileged (still predominantly white) minority and the overwhelming majority. But increasingly, the small black elite has also become a focus for public criticism. The political leadership, increasingly absorbed with what seems to be growing internal party disputes over the Geingob administration, now has less authority now to depolarize these emerging tendencies.

Civil society operates without any major restrictions or limitations. But civil society actors are rarely considered more than a necessary pain by political leaders in government. Few public consultations amount to more than tokenism. The impact of civil society in policy formulation is therefore very low. But when the independent media has brought occasional internal government disputes into the public sphere, civil society can have an impact on the political discourse and the decision-making process. Most civil society actors, however, tend to be non-political and shy away from critically engaging with the dominant party. Those civil society organizations that promote specific interests (such as environmental groups, or the rainbow LGBT coalition groups) have had little impact on the policy-making process.

Civil society participation



Following independence, a deliberate decision was taken by all sides not to pursue human rights violations and injustices in attempting to reconcile Namibia. The official policy did not investigate perpetrators from the Apartheid regime. Yet, it also ignored human rights violations by those in exile. The dominant policy stressed

Reconciliation



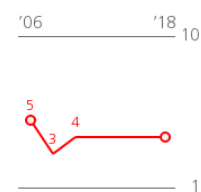
reconciliation as a core mission and successive governments have proclaimed that it has been successful. However, below the surface, frustrations remain unaddressed. On the one hand, white minorities have reservations about the new Namibian state, and some continue to hold racial stereotypes and prejudices about other ethnic groups in Namibia. On the other side, black and other previously repressed ethnic groups in Namibia also hold stereotypical perceptions and prejudices of white people. Of late, President Geingob has used the metaphor of a Namibian house, in which all Namibians have a place. But this seemingly inclusive approach has not been achieved. Former members of military units that fought on the side of South Africa against the SWAPO have been denied the status of war veterans and remain stigmatized. While this is emotionally understandable, it does not promote full reconciliation. There is also a risk that anti-white sentiments could be manipulated to mobilize a populist agenda or used as a scapegoat to distract a frustrated public from the lack of policy achievements.

While members of the white community were the most over-represented population group in the government and higher administration at the time of independence, there are now very few white people with any political responsibilities in governing positions.

17 | International Cooperation

Since independence, Namibia (a child of international solidarity and the U.N. system) has recognized the international community's crucial role. Namibia has been a major recipient of international support since independence. The country has been receiving a large amount of economic and humanitarian aid, in the form of financial, technical and material support from both bilateral and multilateral development cooperation partners, with the common objective of promoting good governance, economic growth and poverty reduction.

There have been, however, shifts in collaboration over the last 26 years, which to some extent have resulted from a lack of policy achievements by successive Namibian administrations. While the very strong initial support from the Nordic countries has gradually faded, a "look east" policy has gained substance over the last decade. Many of the "traditional" Western donors have reduced their support, as a higher middle-income country Namibia does not qualify for priority official development assistance (ODA). The government has bemoaned this arguing that the structural features are a legacy of the country's apartheid period and remain those of a least-developed country (LDC). But the argument that Namibia remains an LDC indicates that international support for the country following independence has been ineffective in achieving socioeconomic transformation and tackling disparities, and that government policy has failed to achieve the expected results. This also includes the lack of land reform and redistribution. The United Nations and the European



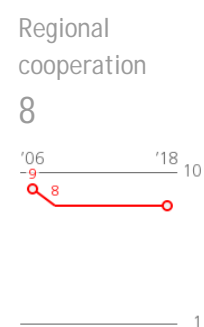
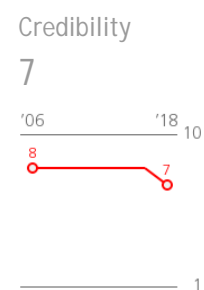
Union remain important international partner organizations, and the United States and Germany remain important bilateral partners. However, China has emerged as Namibia's closest partner and the two countries have entered an "all-weather friendship," which has led to the presence of a considerable number of Chinese companies and individuals in Namibia.

Similar to the difficulties with national strategies, there is often little coherence between different stakeholders and their policies or program goals. This results in the waste of resources and ineffective implementation. Not least, those tasked with the implementation of policies and programs at times lack the capacity or competence to make the best out of the planned interventions.

Namibia is in support of and ratifying most of the international normative frameworks, and has a rather good reputation as an international partner regarding the promotion of fundamental governance standards. But at times the positions taken by the government reflect pragmatic considerations guided by alliances with others rather than political values. As a member of the U.N. Human Rights Council, Namibia has taken different decisions and often sided with other African countries or the non-aligned movement. Namibia has actively promoted since mid-2016 the withdrawal from the International Criminal Court, but has not yet done so. In January 2017, Namibia finally signed for the African Peer Review Mechanism (APRM). The country remains a largely respected member of the international community, though Namibia has violated the sanctions imposed on North Korea and continues to maintain friendly ties with North Korea.

Namibia is a fully integrated member of SADC and maintains good relations with all SADC member states. It has especially close relations with countries that also share a history of liberation movements. Namibia's closest relations are with Zimbabwe and Angola. Namibia's relations with South Africa are somewhat more distanced. Though the two countries share a history of apartheid and, because of South Africa's role as the regional hegemon, the Namibian economy is to a large extent dependent on the South African economy. Tanzania is considered an ally with strong historical links between the countries during the anti-colonial struggle, as is Mozambique. Relations with neighboring Botswana and Zambia are also good. Though, at least in the case of Botswana, this is due more to ethnic affinities and the liberation struggle history than government policies. Namibia's budget is to some extent dependent on SACU revenue, which reinforces the country's commitment to regional cooperation. Border disputes with Botswana (over the Kasikile islands) and with South Africa (over the border line at or in the Orange river) have been resolved peacefully, and limited violent clashes on the Namibian-Botswana border along the Kavango river have not caused major tensions between the governments.

Namibia participates fully in all regional bodies and has hosted the SADC Tribunal (but supported the initiative of member states to close it because of its critical judgments against Zimbabwe). The head of the SACU secretariat, based in



Windhoek, is a Namibian economist. However, Namibia rarely initiates regional affairs but mainly “plays along,” including regular responsibilities to head the bodies on a rotational basis. In regional mediation efforts (Malawi, Madagascar), high-ranking Namibian officials or eminent individuals have assumed responsibility in the negotiations.

Strategic Outlook

Some 26 years after independence, Namibia's government is faltering in its ability to deliver on its policy commitments and fulfill high public expectations. While the country's international reputation remains positive, governance weaknesses have grown.

Yet, even the country's international reputation has been damaged to some extent. The government's foreign policy agenda has shifted toward a "look east" policy, while the government has violated international sanctions imposed on North Korea and has proposed withdrawing Namibia from the International Criminal Court. Consequently, the government's foreign policy commitment to international normative frameworks have been questioned.

On the domestic front, massive inequalities have only slightly reduced more than a generation after independence. Despite being a higher middle-income country, more than half of the population live on or close to the multiple dimensional poverty threshold. Consequently, there is a growing feeling of marginalization among the wider population, which has been exacerbated by the emergence of a "nouveau rich" that benefit from close relations with the political elite. In the long term, this development might undermine the ruling SWAPO party's popular credibility, though there is no political alternative at present. Policy reforms will depend largely on internal party initiatives and pressure.

Land reform requires urgent government attention. In urban areas, public demands for greater access to affordable land have grown. Popular dissatisfaction with the current availability of urban land resulted in the formation of a new protest movement within the ruling party's Youth League. This movement has won support among the younger generation and has established itself as a force to reckon with. Land distribution is also a key issue in rural areas of Namibia, particularly where ethnic minorities lost claim to their traditional tribal lands during the country's colonial period. Current resettlement policies offer the use of these rural lands to members of any ethnic groups, whether or not they were made landless by the colonial regimes. This has become a cause of dispute among affected ethnic minority groups and has increased ethnic tensions, even leading to disputes within the ruling party. In rural areas, land is as much an issue of identity and ancestral rights, as it is an economic issue. If the government cannot address the issue of land with greater sensitivity, it is likely to reinforce ethnic differences and increase inter-ethnic divisions.

Other key challenges involve the effects of climate change and the negative environmental effects of resource exploitation (e.g., mining). Meanwhile, wastewater management and water shortages have massive impacts on living conditions, and economic productivity. Consequently, drought relief and food security are key policy issues, which require urgent government attention.

While environmental awareness among the population is relatively high and integrated into policy strategies, short-term economic interests often conflict with inter-generational social and environmental issues. Similarly, methods of coping with an energy crisis point to related issues.

Solar and wind energy is only gradually replacing fossil energy, but are at least increasingly considered viable alternatives.

Namibia's government faces no significant political challenge from outside the ruling party. This should enable the government to confidently drive socioeconomic reforms, enhance its democratic legitimacy and increase public support. However, fiscal prudence and a strict commitment to austerity will be required to limit the damage caused by long-term government overspending and the abuse of state funds. Ensuring fiscal stability will be among the government's immediate priorities, which will require a re-prioritization of government expenditure.