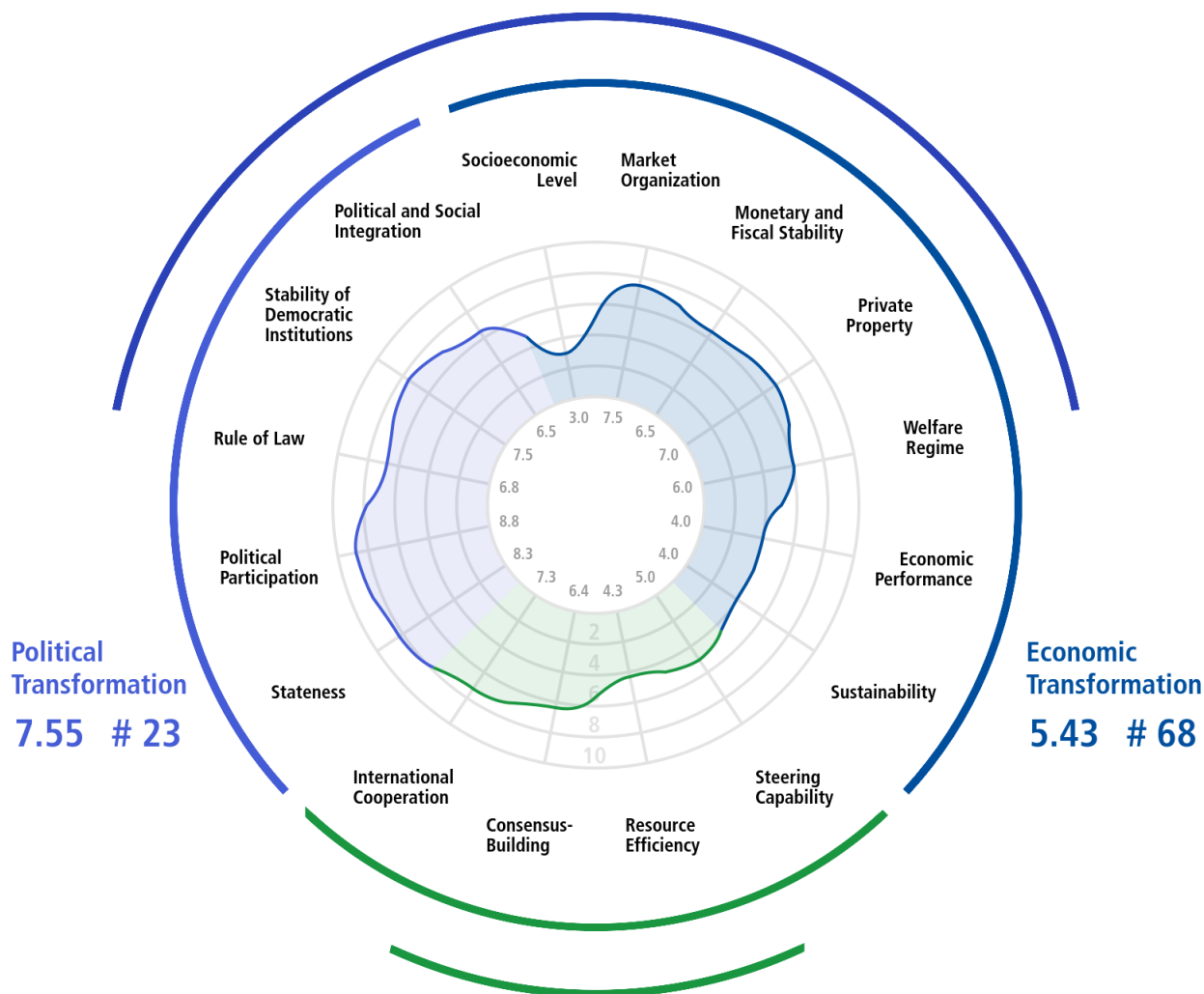


Namibia

Status Index

6.49 # 32

on 1-10 scale out of 137



Political Transformation
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5.43 # 68

Governance Index

5.07 # 57

on 1-10 scale out of 137

This report is part of the **Bertelsmann Stiftung's Transformation Index (BTI) 2022**. It covers the period from February 1, 2019 to January 31, 2021. The BTI assesses the transformation toward democracy and a market economy as well as the quality of governance in 137 countries. More on the BTI at <https://www.bti-project.org>.

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Key Indicators

Population	M	2.5	HDI	0.646	GDP p.c., PPP \$	9382
Pop. growth ¹	% p.a.	1.8	HDI rank of 189	130	Gini Index	59.1
Life expectancy	years	63.7	UN Education Index	0.584	Poverty ³	% 30.3
Urban population	%	52.0	Gender inequality ²	0.440	Aid per capita \$	59.5

Sources (as of December 2021): The World Bank, World Development Indicators 2021 | UNDP, Human Development Report 2020. 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

During the period under review, democracy in Namibia has been strengthened, while economic performance and management deteriorated further. 2019/2020 saw significant changes in the political landscape and culture of Namibia. Having been under de facto one-party rule since independence in 1990, the National Assembly and presidential elections in November 2019 for the first time saw a decrease in electoral support for the former liberation movement, SWAPO. After 25 years, SWAPO lost its two-third parliamentary majority and for the first time its presidential candidate received less votes than the party, with a decline of 30%. The new Landless People's Movement (LPM) became the third strongest party after the People's Democratic Movement (PDM), which as the official opposition recorded a strong increase. The independent presidential candidate Panduleni Itula (representing a dissenting SWAPO faction) won almost 30% of the votes. After being dismissed from the party, he co-founded a new party with the Independent Patriots for Change (IPC) in mid-2020.

The regional and local authority elections in late November 2020 reinforced the centrifugal tendencies with a substantial shift from SWAPO to opposition parties, as LPM, IPC and PDM won power in several regions and many local authorities (including in all the large municipalities). For the first time, SWAPO was degraded to an opposition party in several regions, and many cities and towns. This has changed the political atmosphere and tested SWAPO's respect for democracy, as the party is no longer in firm control. It now faces the challenge of regaining credibility and trust.

The loss was to some extent a result of a lack of delivery due in part to the negative effects of an ongoing recession since 2016. It was also a response to the growing number of large-scale corruption cases and misappropriation of funds. Namibia has entered a stage of political competition in which SWAPO for the first time must earn support from voters. It remains to be seen if the support the party wins is based on fair competition and a result of improved governance, or on coercion through the monopoly over state power that is vested in the military and police loyal to SWAPO.

The continued economic deterioration has produced a worrying level of state debt, which will limit the recovery process and poses new challenges for fiscal prudence. Foreign direct investments have stagnated, and incentives need to be created to regain the confidence and trust of local and foreign companies. In contrast, the close ties with China were further strengthened, and Chinese economic activities continue to dominate in parts of the mining and construction sectors. It remains to be seen to what extent this will create dependencies. The fragile ecology, which is suffering from climate change and environmental degradation, requires making sensible choices that balance exploration and exploitation of natural resources on the one hand, and sustainable development on the other.

The management of the COVID-19 pandemic was guided initially by a strict and rigorous lockdown, which – despite some social transfers to ease the material impact on the poor – severely limited not only private sector activities but even more so the economic activities of people who make a living in the informal sector. This has exacerbated the country’s economic woes and represents a major setback for the important tourism sector. Importantly, with a few exceptions, civil liberties were not infringed upon and repressive tendencies remained limited to the failures of individual police officers.

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 political transformation under a legitimately elected government. Since then, Namibia has been a multiparty democracy, with normative values enshrined in a liberal constitution. It secures fundamental civil rights and liberties, including the protection of private property rights. Political freedoms went hand-in-hand with a market economy, which to a large extent built on the structural legacy of the country’s settler-colonial past. This continuity limited socioeconomic 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 secured a relatively high degree of stability and social capital both at home and abroad.

Since independence, the former liberation movement SWAPO consolidated its position as the party of government. In the U.N.-supervised elections for Namibia’s first constituent assembly following independence, SWAPO secured an absolute majority of votes. It obtained a two-third parliamentary majority five years later and won more than 80% of the votes in the parliamentary elections in November 2014. The party’s presidential candidate has always won a larger proportion of votes in the presidential election than SWAPO has won in the parallel parliamentary election. (In 2014, Hage Geingob won a record 86% of the vote, becoming Namibia’s third elected president).

Namibia’s founding president, Sam Nujoma (SWAPO), was – following a constitutional change – entitled to run for a third five-year presidential term. He retired in 2005, making way for his nominated successor, Hifikepunye Pohamba. On his retirement in March 2015, Pohamba was awarded the prestigious Mo Ibrahim Prize for promoting principles of good governance, despite achieving few of his declared goals during his two terms in office.

SWAPO has been the dominant political force for nation-building. However, continued socioeconomic discrepancies over the 30 years since independence, which contrast with the self-enriching tendencies of the new elite, have led to growing public frustration. Expectations among the majority of the population of a better life have been largely disappointed. While poverty has been reduced in Namibia, inequality remains among the highest in the world. Socioeconomic discrepancies were further exacerbated by the recession that began in 2016. This has since resulted in a reduced state budget and a worrying debt spiral due to the need to borrow in order to maintain fiscal liquidity. Per capita income has dropped and in combination with the effects of the COVID-19 pandemic, it is assumed that the economy will only in 2024/25 regain levels of a decade earlier.

Considerable segments of the population remain marginalized and live in relative or absolute poverty. The number of people living in shacks in informal settlements was estimated in 2018 to be almost a million (40% of the population). While SWAPO is still recognized and respected for its role as an anti-colonial liberation movement, there is growing dissatisfaction with the lack of policy achievements. Land reform and redistribution remain prominent issues, which have contributed to a recent increase in regional-ethnic animosities. A second national land conference held in October 2018 documented fundamental differences between the government's approach and the demands of rural communities, as well as those fighting for urban land and decent housing.

As a result of growing public dissatisfaction, the National Assembly and presidential elections of November 2019 were marked by a political shift, as SWAPO lost its two-third parliamentary majority by one seat and President Geingob was re-elected with a record low 56.3% of the vote.

In the regional and local authority elections of November 2020, the trend accelerated markedly and the opposition made significant inroads. SWAPO lost its majority in several regions and numerous towns, including the capital Windhoek as well as Namibia's other large municipalities. For the first time, SWAPO's commitment to democracy has been tested, as its political hegemony has eroded.

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

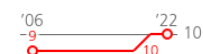
The state has an almost unchallenged monopoly on the use of force across the entire territory. The one small territorial exception involves the northeastern part of the Zambezi region (previously Caprivi) where in August 1999 a failed secessionist initiative by members of the Lozi-speaking ethnic group led to the country's first state of emergency, which lasted for a few days. While there remains a local desire for autonomy among members of this group, no further violence has occurred and the state is in full control of the region. In no other parts of the country have any remotely similar tendencies been recorded and the state's monopoly on the use of force remains uncontested.

There is a high degree of identification with the concept of the Namibian nation-state among all large ethnic groups in the country. Nevertheless, several local indigenous communities (e.g., the Himba and San communities), which live in more remote parts of the country and on the margins of society, often lack identity documents and full access to public services because of their remoteness. As a result, these communities continue to be less well integrated and have not internalized the concept of the Namibian nation-state to the same extent as most other population groups. More recently, ethnically motivated resentments and tensions – particularly among members of the Nama and the Ovaherero communities who feel discriminated against by the Oshivambo-speaking majority – remain a factor within Namibian politics, which has been acknowledged and criticized by the president. While these sentiments do not reject the nation-state concept, they do call into question some of the dominant perspectives of the Namibian nation and thereby add to more critical reflections on the definition of power within the nation-state model.

Question
Score

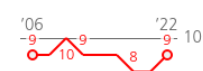
Monopoly on the
use of force

10



State identity

9



Namibia is a secular state with a constitution that embraces and protects religious freedom. The Christian churches (mainly Lutheran, and to a lesser extent Catholic and Anglican) are by far the dominant faith-based congregations with a strong influence in society. In recent years, however, there has been a marked increase in Pentecostal churches and the growing influence of African prophets, which erodes the hitherto unchallenged hegemony of the established churches. Their political role and societal appreciation are still very much shaped by their strong support for SWAPO during the independence struggle. Although church leaders have little say in the present political arena, the informal influence of Christian churches continues to be strong. Almost all political leaders are practicing Christians and the head of state often displays his Christian belief. Cabinet meetings and other political gatherings are opened with prayers. Religion also impacts policymaking in as far as LGBTQ+ rights remain unrecognized, and abortion continues to be strictly regulated and largely prohibited.

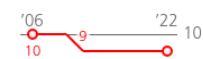
Public services are provided in all parts of the territory, but to various degrees of outreach and efficiency. Given the vast, often sparsely inhabited regional parts of the country, the judicial system, tax authorities and law enforcement are skewed, and in some lesser populated areas under-represented or difficult to access. Similarly, education and health care services in some of the remoter regions (in particular in the northwest and east of the country) are difficult to access and not fully secured. Furthermore, the provision of clean water and electricity by the state monopolies, Namwater and Nampower, is uneven and does not benefit all inhabitants fully. Service delivery remains unequal and requires payment prior to delivery, which at times results in the cutting of supplies to customers (including to whole towns) who are unable to pay for the bulk supply. This has even meant that water and electricity supply has been cut to local health care and education sectors.

While the situation is satisfactory for urban populations that do not live in so-called informal settlements, the large number of shack dwellers (estimated to be 40% of the country's total population) often have limited access to a bulk water supply and no proper electricity connection. Proper sanitation is provided for little more than half of the population. Health care services at times lack basic medical supply and patients do not receive proper treatment due to constraints.

Due to the recession since 2016, services have been negatively affected and there have been few improvements. This includes a lack of investment in maintenance (e.g., of roads and other infrastructure).

No interference of religious dogmas

9



1

Basic administration

5



1

2 | Political Participation

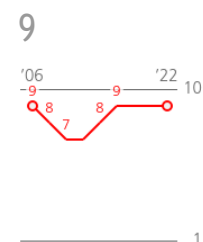
Presidential and National Assembly elections (November 2019), and regional and local authority elections (November 2020) took place as scheduled and without any forms of violence. Namibia's democracy follows all the formal rules and regulations of a multiparty plural system based on universal suffrage. Voters' registration seems to have only limited flaws, manipulations remain – if at all – rather limited. Parties can register without interference. The Electoral Commission of Namibia (ECN) continues to be heavily criticized for incompetence, an inability to properly handle electoral procedures and having violated the electoral law by using electronic voting machines in the national elections without the required accreditation. As a result, in recent Afrobarometer surveys, trust in the ECN has declined considerably.

While the results of the presidential elections were challenged in court (but confirmed by the highest court), the National Assembly elections that were held in parallel remain undisputed. The regional and local authority elections also passed without legal intervention. Notably, for the first time since independence, the vote share and consequently dominance of the former liberation movement SWAPO declined in both the 2019 and 2020 elections. Namibian democracy, therefore, seems to function, though individual members of SWAPO have voiced their frustration about the decline in support for the governing party by advocating for undemocratic means in order to limit the influence of opposition parties. The head of state (and party president) has, however, explicitly recognized the results and confirmed that the results should be respected.

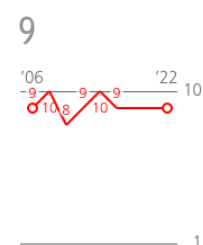
COVID-19 had no impact on the November 2020 elections, which had a higher voter turnout than the previous regional and local authority elections due to the increased competition, and campaigning by opposition parties and candidates.

Namibia's democracy is headed by a president with strong executive powers. These powers are an integral part of the constitution and have been expanded through amendments. While this gives the president a strong and decisive role in appointments (e.g., appointments to the army and other security organs), and the sole decision-making power over the composition of the cabinet, and other public institutions and offices, the governance structures remain intact and are based on the results of general elections. Namibia has been governed by one dominant party since independence and its governance system exhibits all the features of a competitive authoritarian system. While the strength of this system declined in the 2019 and 2020 elections, and the opposition has become stronger, there is no strong veto power in sight. It remains to be seen how this will develop in the future.

Free and fair elections



Effective power to govern



With the exception of the United Democratic Party, which advocates for the autonomy of the northeastern region formerly known as the Caprivi Strip and was banned in 2006, no other party in Namibia has so far been prohibited from forming, registering and publicly campaigning. While there are some minor restrictions through police interference into the right to free assembly, civil liberties are widely respected. This also includes late gay parades, despite LGBTI rights not being fully recognized in the legal framework and members of the community being subject to individual discrimination. While civic forms of protest have been on the increase, limited abuse of power by police forces has been recorded. But freedom of assembly is rarely ever restricted and there have been no political prosecutions recorded. This became obvious when political activists formed the Affirmative Repositioning (AR) movement, which demonstrated for more and better-quality housing in urban areas, participated in the regional and local elections in 2020, and AR leader Job Amupanda became lord mayor of Windhoek.

Coronavirus-related restrictions to freedom of assembly have been applied (with one or two exceptions) even handedly, and have been not abused by the ruling party and security organs to limit the ability of others to mobilize. The increase in popular support for opposition parties since November 2019 did not result in any organized infringements on civil and political rights.

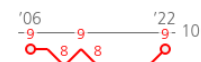
Freedom of opinion and expression is a constitutionally recognized and protected right, and is only limited in instances of hate speech, which are a punishable crime. This freedom is also widely respected in the public sphere and practiced by a number of independent local media (print and radio, and less so television services). Two newspapers, The Namibian and New Era, which had been pro-government in the past are now quite critical of the government – a clear sign of investigative journalism in Namibia. The Reporters without Borders annual survey ranks Namibia as the country with the highest degree of media freedom in Africa, above several Western democracies.

The coronavirus pandemic was not used to limit these freedoms. But there was an increase in animosity among political office-bearers in the governing party (including State House) toward the activities of investigative journalists and the role of media practitioners. This has not resulted in any direct obstructions in traditional or social media (e.g., Facebook, Twitter), with very harsh criticism of the government occasionally posted on social media platforms without any interference.

However, there are cases of media outlets and journalists self-censoring as a consequence of critical reporting. This suggests that informal means of control have a limited effect on freedom of opinion and the articulation of dissenting views.

Association / assembly rights

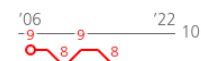
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Freedom of expression

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3 | Rule of Law

The separation of powers has remained intact, although limited by the strong executive powers of the president and the ruling party's dominance in both houses of the parliament. This restricts the ability of the legislative to control the executive, since there is a large overlap in the functions of members who sit in both the parliament and cabinet. Other institutional bodies (e.g., the ombudsman, auditor-general and Anti-Corruption Commission) face material constraints (e.g., financial and staffing constraints), which negatively affect their performance. This limits checks and balances on the government and at times results in less rigorous investigations into wrongdoing (e.g., corruption by officials).

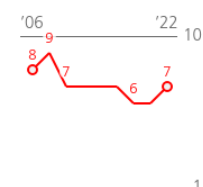
Due to the coronavirus pandemic, a state of emergency was proclaimed for six months by the head of state, under which various restrictions were applied. These restrictions were to a large extent even handedly implemented. However, members of the police at times abused their power to enforce compliance with the regulations. In some instances, police officers treated individuals in humiliating ways, violating the individual's civil rights by taking the law into their own hands, occasionally even in ignorance of the restrictions issued.

However, coronavirus-related infringements on the proper functioning of the governing system and civil liberties did not selectively reduce the abilities of office-bearers to execute their roles according to their mandates and did not undermine the rule of law or democracy.

The judiciary is to a large extent independent and rarely under any visible pressure to comply with the political interests of those in government. High Court and Supreme Court rulings are guided by the interpretation of existing laws, though the Supreme Court's recognition of the disputed presidential election results of November 2019 was criticized: while the Supreme Court concluded that the electronic voting machines used violated electoral law, the court did not order a rerun of the elections. However, the ruling's justification was within the interpretative framework. Judicial benches are not appointed on the basis of political loyalties but are rather based on qualifications, albeit the appointment of the attorney general remains a largely political decision.

Separation of powers

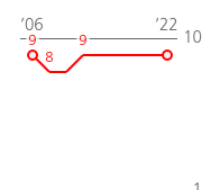
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Independent judiciary

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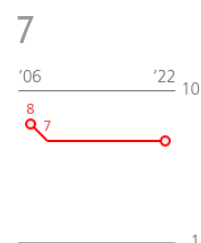
In 2019, a series of violations of proper conduct, including embezzlement and large-scale corruption, indicated a degree of state capture by high-ranking members of the government in direct contradiction with the government’s declared anti-corruption policy. In some cases, officeholders have been prosecuted and punished reluctantly, with the culprits allowed to remain within the highest ranks of the ruling party. In the most well-known case to date (dubbed #fishrot), which came to public attention in late 2019, the main perpetrators have been placed under arrest while the investigations remain ongoing. However, the perpetrators have not been stripped of their political positions within the ruling party on the basis that – despite overwhelming evidence of their guilt – they are innocent until proven guilty by a court. This has further undermined public trust in the government’s declared anti-corruption policy, and parts of the wider public believe that there is a large network of corrupt policymakers and administrators. The president’s repeated pledge to pursue a strict anti-corruption policy is met with growing disbelief. A rigorous investigation into alleged abuses of office has been demanded but is yet to be launched and the findings of investigations are rarely ever made publicly accessible.

Prosecution of office abuse



Civil rights are an integral part of the constitutional framework and of a chapter of the constitution which cannot be changed even under a state of emergency. Namibia has ratified most relevant international human rights frameworks but falls short of recognizing LGBTI rights and full reproductive rights. While same-sex relations remain illegal, they are not prosecuted and on occasions gay parades have taken place without interference, despite individuals being discriminated against. Gender-based violence is widespread and often not rigorously prosecuted, while abortions are illegal and only allowed under very specific circumstances.

Civil rights

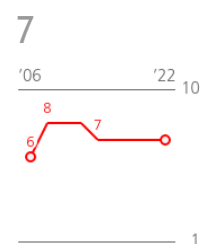


At times, police officers have abused their position of power, and have tortured prison inmates or used violence against perceived perpetrators, without strict punishment or disciplinary action. Under the government’s coronavirus restrictions, police officers have occasionally violated the physical integrity of individuals perceived to be perpetrators and have practiced self-justice. Cases of such abuses of power rarely ever reach court.

4 | Stability of Democratic Institutions

While the overwhelming dominance in the National Assembly of the governing party (SWAPO) has declined from 80% to 65% since the beginning of the current legislative period in March 2020, the features of “competitive authoritarianism” are still effective and limit the influence of other political parties. This allows the dominant party and the president with his strong executive functions to dominate almost uncontrolled.

Performance of democratic institutions



It remains to be seen how the new composition of the National Assembly and the National Council, with the increase in representation of other parties, will influence this trend. The dominant party is under greater pressure than before, particularly on the regional and local levels.

Notwithstanding the impact of COVID-19, and the restrictions and precautionary measures introduced under the respective state of emergency, the executive has refrained from any undue interventions and has continued to pay full respect to the democratic governance structures in place. However, given the lack of delivery and the growing number of scandals involving political office-bearers, the latest Afrobarometer surveys have indicated a marked decline in public trust in institutions. During the last election, instances of intimidation and undemocratic statements by leading members of the governing party were recorded. Nevertheless, among most representatives of Namibia's wider political system democracy continues to be considered the best form of governance and needs to be respected. Meanwhile, the growing strength of the opposition has been accepted as democratic by most relevant actors, which speaks in favor of respecting the normative rules.

Civil society organizations fully recognize the governing system and its institutions. It is, however, unclear to what extent the security organs, which are closely associated with the governing party, would respect and recognize a fundamental shift in power in the political sphere.

5 | Political and Social Integration

Namibia's dominant party system is in a process of transition: the absolute dominance of the governing party, SWAPO, which had been increasing ever since independence in 1990, declined for the first time in 2019, with a loss of almost one-third of the vote share. Other parties have gained strength of late and it remains to be seen how this will influence changes in the policies discussed and implemented.

While several parties have national appeal and secure support in many if not most regions, several others have clearly rooted ethnic-regional support bases and affiliations. But clientelism is not a dominant feature, though there are indicators that several parties demonstrate ethnic preferences.

Due to the strict proportional electoral system, there is a large number of parties that are represented by only a few members in the National Assembly, which weakens the ability of the opposition to coordinate concerted actions. To date, coalition-building is rarely practiced. However, a proportion of the electorate has turned away from the dominant party in support of alternative parties (of which several are strong enough to compete for votes beyond a regional stronghold). The growing support for the newly formed Landless Peoples Movement (LPM) is quite significant. LPM leader Bernardus Swartbooi is a vocal advocate of land restitution and restorative justice for landless Namibians.

Commitment to democratic institutions

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Party system

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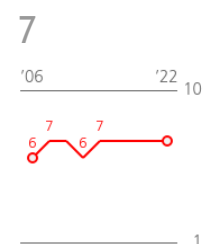
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The coalescence of social activism into politically organized forms of advocacy (through either strengthening existing or forming new parties) has increased markedly. This has strengthened certain interests (e.g., demands for rural and urban land issues), but also includes an element of polarization. While this has been channeled into political competition within the institutional framework, it is not a risk to the established system on the national, regional or local levels. There is also a generational shift among policymakers, gradually replacing the gerontocratic structures and overwhelming male dominance. Overall, these trends reflect a strengthening rather than a weakening of plural democracy, as long as the confrontations remain subject-related, peaceful and do not dismiss existing structures. With the results of the regional and local authority elections of November 2020, political diversity has been enhanced, with several parties making inroads and for the first time a large number of independent candidates campaigning. This has strengthened political pluralism by peaceful means and added to a broader panorama of political voices on the ground. The increase in people voting, mainly in urban areas, is another indicator of growing peaceful citizen activism. Civil society groups have also advocated for specific agendas (e.g., LGBTI rights and protests against gender-based violence) more visibly in the public space.

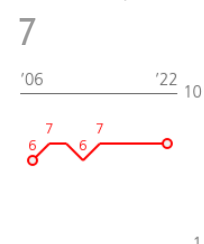
The overall liberal economy does not limit the activities of private businesses very much. The private sector is able to contribute to sociopolitical debates without any fear, while disputes between businesses and trade unions do not affect the overall social balance. Generally, public participation in political discourses has increased, and the one-party dominance of SWAPO has been challenged by an increase in different views and a strengthening of political opposition.

The coronavirus pandemic has seemingly had no negative effect on approval or support for democracy among Namibians, given the increase in voter turnout in the regional and local authority elections of late November 2020. In a 2019 Afrobarometer survey, two-thirds of respondents favored democracy, while almost one-third would not object to authoritarian or even military rule. A majority indicated satisfaction with the functioning of democracy. In 2020, several statements by members of the dominant party directed against particular population groups, which they accused of not supporting their party, led to strong and widespread criticism among a wide range of other political parties and civil society organizations, which is evidence of an affirmative response to democratic principles and freedom of political choice. Moreover, the elections in 2019 and 2020 demonstrated very clearly public support for democratic norms and procedures.

Interest groups



Approval of democracy



Everyday realities in Namibian society include a high degree of individual violence (particularly gender-based violence, rape of minors and adults, and domestic abuse) to a degree that suggests social anomy. There is also a high rate of suicide and crime. The notion of solidarity is not a common feature in interactions between strangers, despite a number of initiatives displaying human compassion and humanitarian purposes. But as a general social feature, levels of mutual trust and support are to a large extent limited to specific communities and their internal interactions (e.g., churches and local self-help groups). Trade union membership has been declining for a long time, while the increase in unemployment due to the ongoing recession seems to have led to fewer rather than more collective survival strategies. Particular interests have replaced the sense of community. Civil society organizations engaged in wider social interests (e.g., ecology and environment) lack broad support bases and activists focus mainly on sociopolitical matters.

There is an element of entitlement as regards the delivery of services by the state and organized forms of self-help, and the application of the subsidiary principle is not common. On the other hand, spontaneous initiatives to support people in need have seemingly increased in response to the coronavirus pandemic and solidarity with victims has been practiced by communities in response to a variety of disasters. But in many communities, in-fighting and competition for resources seems stronger than the will to share.

II. Economic Transformation

6 | Level of Socioeconomic Development

Despite the ongoing recession since 2016 and a slight decrease in annual per capita income over the last few years, Namibia remains in the category of higher middle-income countries. But as in previous years, the country ranks 130 overall in the Human Development Index, with Namibia among the group of countries that have fallen the most places in the poverty-adjusted HDI due to the degree of marginalization and exclusion of parts of the population. The country's Gini coefficient, which measures income inequality, remains among the highest in the world. Of the estimated 2.5 million people in Namibia, some 40% live in so-called informal settlements (i.e., shacks with no proper infrastructure) and President Geingob in his January 2019 New Year speech declared this to be a state of emergency. The number of people living on the margins of society, typically in rural areas, has increased. While the informal economy remains the most important sector for securing an income, subsistence agriculture in communal areas faces increasing limitations due to environmental degradation and the effects of climate change, as well as the (illegal) privatization of communal land at the expense of those already worst off.

Social capital

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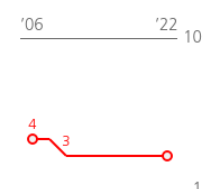


Question

Score

Socioeconomic barriers

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The former settler-colonial economic structures have only been modified to allow for the integration of a new black elite into the former privileged settler minority. But economic transformation has been limited and the majority of the population is yet to be fully integrated. While poverty has been reduced, a large proportion of the population continue to live in poverty or even extreme poverty. Social transfers have increased (in particular, old-age pensions), but the increases have not kept up with the decrease in purchasing power. Hence, the considerable increases in cash transfers have not prevented a decline in real purchasing power. While government strategies aim to not only reduce but eradicate poverty, realities remain a far cry from what has been promised and government blueprints remain little more than wishful thinking.

The formal economy remains dependent on government investment in material infrastructure. However, the beneficiaries of government investments are often foreign companies and the local facilitators that foreign companies hire to win state tenders. As a result of this and exacerbated by the effects of the coronavirus-related economic decline, a large proportion of people (particularly women) living in rural communities and on the margins of urban areas continue to live in poverty with little hope of escaping it.

Economic indicators		2017	2018	2019	2020
GDP	\$ M	12895.2	13681.1	12565.8	10699.9
GDP growth	%	-1.0	1.1	-0.6	-8.0
Inflation (CPI)	%	6.1	4.3	3.7	2.2
Unemployment	%	21.6	19.9	19.8	20.4
Foreign direct investment	% of GDP	2.2	1.7	-1.4	-
Export growth	%	1.9	15.9	-9.4	-17.7
Import growth	%	-10.1	1.3	-3.9	-15.7
Current account balance	\$ M	-547.9	-465.6	-215.8	179.5
Public debt	% of GDP	43.2	50.4	59.6	65.3
External debt	\$ M	-	-	-	-
Total debt service	\$ M	-	-	-	-

Economic indicators		2017	2018	2019	2020
Net lending/borrowing	% of GDP	-4.1	-2.5	7.2	-
Tax revenue	% of GDP	31.7	29.2	30.3	-
Government consumption	% of GDP	25.6	25.4	25.7	26.4
Public education spending	% of GDP	9.8	9.0	9.5	9.4
Public health spending	% of GDP	3.9	3.7	-	-
R&D expenditure	% of GDP	-	-	-	-
Military expenditure	% of GDP	3.3	3.1	3.1	3.3

Sources (as of December 2021): 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

Due to the impact of COVID-19, legislative initiatives to further regulate the economic environment and foreign investments continue to stagnate. This has reinforced a situation of uncertainty, which causes potential investors to postpone their investments or look elsewhere. Market competition is hampered in particular by the Namibia Investment Promotion Act (NIPA), which was passed by the parliament in 2016. While not yet in force and with a revised version originally announced for 2020, the process remains pending. But as stated by the Institute for Public Policy Research (IPPR), a local think tank, NIPA cautioned potential investors to wait and see, since it “signals a significant move away from openness to foreign investment and equal treatment between foreign and local investors” toward greater government intervention and discretion.

Similarly, the National Equitable Economic Empowerment Framework (NEEEF), which has been under discussion since the early 2000s and modified several times, was endorsed by the cabinet in February 2020 but has not yet been passed by the parliament. However, while the modified NEEEF would ease some earlier clauses, including the enforcement of a 25% local ownership (equity) requirement on every foreign company operating locally, its defined empowerment pillars allow similar provisions to be reintroduced. As IPPR concludes, the current level of uncertainty and the expected five-year timeframe to finalize all the legal implications will not enhance investment plans and may even cultivate a reluctance among local and foreign potential investors due to the anticipated thicket of regulation. The think tank has bemoaned the continued absence of a clear rules-based investment environment.

Market
organization

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In addition, due to the economic recession since 2016, the formal economy is in decline, with an estimated 60% of the active workforce now employed in the informal sector. Thus, although the overall circumstances for investment do not appear unattractive, there is a lack of institutional incentives.

The uncertainty regarding the legislative environment and applicable laws (described in “Market organization”) is similarly reproduced in the context of competition policy. While there are laws and institutions in place to control and prevent undue concentration and monopolization, as well as to protect consumers, they are applied inconsistently, which indicates a general institutional weakness and lack of implementation capacity.

The state’s heavy subsidization of a wide range of state-owned enterprises distorts several markets. For example, until February 2021, the national airline, which among several state-owned enterprises ran a high deficit, was regularly bailed out by state subsidies. These subsidies do not benefit individual consumers (e.g., by lowering tariffs on water and electricity provision) but cover mismanagement, and a discrepancy between salaries and delivery.

Namibia has signed the African Continental Free Trade Area (AfCFTA) agreement, which became effective as of January 2021. Its trade relations are governed by its membership in the Southern African Customs Union (SACU) and the Southern African Development Conference (SADC), as well as the Southern African Economic Partnership Agreement (EPA) with the European Union. Any effects of AfCFTA and Brexit cannot yet be judged. There are only a few exceptions to free trade, such as differentiated tariffs and privileged treatment for critical domestic sectors.

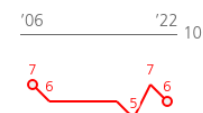
The only internal trade barrier is the veterinary cordon fence, which prevents the northern region due to foot-and-mouth disease from exporting meat (one of the country’s most important export items).

The country has an open trade system with no tariff quotas. Namibia became a member of the WTO in 1995. The most favored nation (MFN) binding average was 7.7 (2019) with 94.3% binding coverage and 37.5% special safeguards for 2018.

Trade policy has not recorded any major shifts. Namibia’s most important partners remain South Africa and the European Union, and increasingly China.

Competition policy

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Liberalization of foreign trade

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Namibia's banking system remains well integrated and closely linked to the South African banking sector, which is clearly in line with international standards. Although the South African economy and banking sector is losing some resilience, the capital market is still well established in the world market. The Bank of Namibia is governed by legislation that was amended slightly in 2020 (Bank of Namibia Act, 2020) and has a solid reputation. During the period under review, no negative effects caused by liquidity problems due to the coronavirus pandemic were reported by the main media outlets or other accessible sources. The sector remains largely controlled by the established banking outlets of international banks, which enhances stability.

Due to the pandemic, the already relatively high degree of household debt increased further, but it is too early to draw any conclusions regarding the likely effects of this development.

8 | Monetary and fiscal stability

The Namibian dollar was introduced as a local currency after independence but is pegged to the South African rand. It is non-convertible and entirely dependent on the currency exchange fluctuations of the rand. The rand has depreciated considerably over recent years and took a further downturn during the coronavirus crisis (at the end of 2020, ZAR 1 = €0.054), which triggered debates about whether the Namibian currency should end its dependency on the rand. The Bank of Namibia, which operates independently of the government, despite its governor being appointed by the Namibian president, has constantly refused to take such a risk. The bank acts without direct orders or interference from the government, and its decisions have always been accepted by official policymakers.

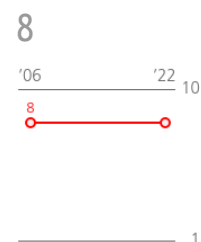
While South Africa remains by far Namibia's most important economic partner, the inflation rate has been lower in Namibia and over the last two years has hovered around 3%. Monetary policy remains conservative, while fiscal stability has come under increasing pressure.

Since 2016, Namibia has been in economic decline and has faced a full-blown recession. The effects of the coronavirus pandemic have added to the woes. As President Geingob informed a cabinet meeting on December 1, 2020, an NAD 8.1 billion economic stimulus package would be rolled out during the year to ease the negative effects. But he also declared, "it is not an exaggeration to say that COVID-19 has thrown us off balance." The budget deficit for the year 2020/2021 was estimated to be NAD 21.4 billion, 12.5% of GDP, with overall debt rising to 69.6% of GDP, despite official policy stating that overall debt should not exceed 30% of GDP. Declared as an emergency budget, debt services amounted to NAD 8.4 billion, exceeding public investment of NAD 6.4 billion. State debts amounted in October to NAD 119.8 billion and were expected to escalate to NAD 134.4 billion in 2021 and NAD 156.7 billion by March 2024. The Mid-Year Budget Review tabled by the finance minister in October estimated that by March 2024, annual credit payments on accumulated debt will exceed NAD 10 billion.

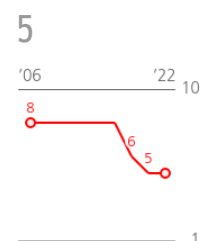
Banking system



Monetary stability



Fiscal stability



The country's credit ratings further deteriorated during 2020. In May, Moody's downgraded its rating for Namibia from Baa3 stable to Ba2 negative. On December 4, the ratings agency downgraded Namibia's junk status even further to Ba3, which is three notches below investment grade, with a negative outlook. As the agency observed, "very large gross borrowing requirements ... point to material liquidity risks." Moody's expected an increase in the debt burden to 72% of GDP and an increase of the interest bill to 15.5% of revenue income in the current fiscal year (at 5% five years ago). In early December, Fitch Ratings affirmed Namibia's long-term foreign-currency issuer default rating at BB with a negative outlook.

While the government has stressed the need to regain control over the debt, it faces an uphill battle and has yet to convincingly document how its budgetary policies will support fiscal stability.

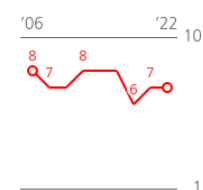
9 | Private Property

Private property rights are firmly entrenched and protected in Namibia's constitution, with the relevant article listed under a chapter that cannot be changed even under a state of emergency. Expropriation can only be enforced with fair compensation and has hardly ever in the 30 years since independence occurred. Nevertheless, continued demands for the restitution of land have kept fears among (the predominantly white) commercial farmers alive that their ownership of land will be terminated, despite the lack of evidence to justify such fears. However, the New Equitable Economic Empowerment Framework (NEEEF) caused significant concern, since it originally included a mandatory equity clause that 25% of ownership should be locally owned by members of previously disadvantaged groups. Since this was considered an obstacle to investments, this clause was eliminated from the bill accepted by the cabinet in February 2020. But the regulations still to be formalized in law would allow for the reintroduction of similar measures. Therefore, a certain degree of uncertainty remains, which has contributed to a growing wait and see attitude among potential local as well as foreign investors.

Meanwhile, property transactions are well regulated and allow business based on clear standards, although on occasions shady deals (especially with regard to urban land transactions) point to forms of embezzlement and self-enrichment by members of the new elite.

Property rights

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Companies under private ownership have shown in recent years a decline in confidence as regards the economic climate and have expressed concerns about investment security. The level of trust in government policy is lower and there is a reluctance to make new investments. Rather, local companies tend to transfer capital abroad. Despite the net export of capital being a constant feature, it has increased rather than reduced in recent years.

While the government recognizes the important role of the private sector and the need to promote foreign investment, its policies do not support this goal. State companies continue to receive considerable financial bailouts despite remaining unsustainable and there is no indication that the government is developing an alternative privatization strategy.

10 | Welfare Regime

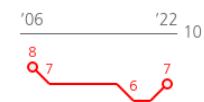
There is a comparatively well-developed state policy of social transfers, including a general old-age pension, among several other provisions. The Namibian government's health care expenditure amounts to 3.7% of GDP, which is above most African countries. The annual budget allocates meaningful proportions to education and health care, and Namibia's life expectancy has been increasing steadily after recovering from the HIV/AIDS crisis, which peaked roughly 15 years ago. But despite the considerable increases in pensions, the actual purchasing power of the money transferred has decreased and poverty remains a constant feature for a considerable proportion of the population.

The Human Development Report 2020 ranked the country 129 overall in the HDI, with a GNI per capita of \$9,357 (2017 PPP). This is a decline of two ranks over the 2014–2019 period. Adjusted for inequality, the drop of 14 ranks was the seventh highest among all countries.

Namibia was initially applauded by observers for its coronavirus-related crisis management and in particular the immediate measures to ease the social misery triggered by the lockdown through a NAD 750 grant to those in need – euphemistically labeled as low-income groups (though not all those who should have been entitled were among the beneficiaries). This has for a limited period eased the pressure slightly, but it has not solved the immense challenges regarding growing poverty and the frustration this fuels.

Private enterprise

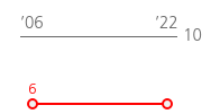
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Social safety nets

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Namibia's literacy rate is above 80% (the higher official figure of 91% seems unrealistic given the chronic inefficiency of the school system). School enrollment rates are very high but poverty-related factors contribute to unsatisfactory performances. Girls are enrolled to a similar degree to boys but are confronted by high rates of sexual molestation and teenage pregnancies.

While laws seek to promote gender equality and women have increasing access to senior positions, there remain significant gender gaps and a discrepancy in salaries for similar work. The GPI (1.5 at tertiary level) and the female labor force (49.5%) rates seem to be slightly manipulated for cross-country comparisons.

Local rural communities and indigenous groups in more remote areas (e.g., San, Himba and Tjimba) are disadvantaged by the lack of proper infrastructure and child labor remains a common feature in several parts of the country. While ethnicity is a secondary aspect that can enhance opportunities if one belongs to an influential community, homophobic discrimination remains common. However, while the law still criminalizes same-sex relations, the law is not applied and LGBTI communities can publicly advocate for their rights.

11 | Economic Performance

Namibia's per capita income increased by about two-thirds between 1990 and 2018. It peaked in 2016 at \$10,171 (at 2011 PPP). Due to an economic recession since 2016, this figure declined to \$9,779 in 2017 and \$9,683 in 2018, which nevertheless remains way above the average for sub-Saharan Africa of \$3,443. This average figure, however, does not reflect fundamental socioeconomic disparities. Namibia has one of the world's highest Gini coefficients, which measures the inequality of income distribution. Therefore, when the inequality-adjusted HDI is calculated and discounted for inequality, the HDI falls to 0.417, a loss of 35.3% due to inequality.

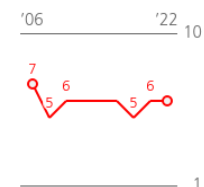
Public debt tripled from NAD 30.9 billion in the financial year 2013/14 (24.3% of GDP) to NAD 96.9 billion in 2019/20 (49.0% of GDP), while interest payments almost quadrupled over the same time period from NAD 1.8 billion (4.3% of GDP) to NAD 7.0 billion (11.9% of GDP).

Formal employment, which provides access to some forms of social protection, declined from 365,703 in 2013 to 307,067 in 2018. If government employment (86,864) and employment in state-owned enterprises (30,654) is subtracted, the number of formally employed people in the private sector drops to 189,549, out of an estimated total population of 2.4 million people.

The Bank of Namibia estimated that the economy would shrink in 2020 by 7.8%. It is further assumed that the economy will only reach 2015 levels again by 2024. Further details on the current economic downturn have been presented elsewhere in

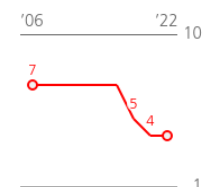
Equal opportunity

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Output strength

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this review. As a frustrated local economist commented in late 2020, “while the sun shone on the global economy for the last half decade, Namibia has languished, scoring a number of major policy own-goals that have left all and sundry worse off.”

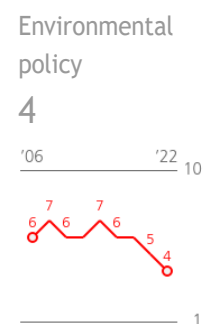
12 | Sustainability

Namibia has ratified all relevant international environmental conventions and has introduced local laws that require environmental assessments to be conducted prior to granting licenses for natural exploration. However, legal requirements are often bypassed, ignored or negotiated in practice. For years, a conflict over offshore marine phosphate mining has dragged on, with a final court decision still pending. In late 2020, licenses for the exploration of gas and oil were granted to a Canadian mining company for the ecologically sensitive region around the Okavango river delta. If successful, fracking might put the whole region’s natural balance at risk.

Deforestation in the northeastern region has already resulted in the irreversible loss of natural habitat and environmental degradation of devastating dimensions. Only 10% of Namibia’s vegetation is estimated to be composed of woody plants above the height of one meter and less than 1% of Namibia’s surface is covered by trees higher than five meters, mainly along the border area previously called the Caprivi Strip. While at the time of independence in 1990, forested land amounted to some 8.7 million hectares, by 2015, forested land had reduced to seven million hectares.

Since then, logging has increased exponentially and unprocessed timber (e.g., teak and rosewood) is exported for furniture manufacturing mainly to China. The minister of agriculture, water and forestry disclosed to the parliament that all felling and transportation of timber until the end of November 2018 had occurred without the legally required Economic Clearance Certificate. As the minister for environment and tourism stated 2019 to the parliament, “the scientific projection is that if timber harvests had to be permitted at such high scale and rate as it happened until last year when it was suspended, it will take less than 20 years to bid farewell to the only forest zones we have.” An investigative journalist disclosed at the end of 2020 that illegal logging continued unabated, stating that “on two recent road trips through the Okavango and Zambezi regions, together covering 6,600 kilometers,” he “saw not a single mature African rosewood tree left standing.”

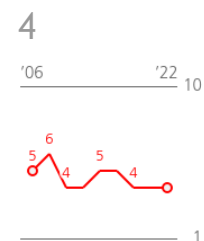
While there is a certain amount of environmental awareness, particularly regarding the importance of wildlife as an asset for tourism, other natural resources and habitats are less well protected and subject to unsustainable harvesting. This contrasts with a vocal and very explicit public ecological debate over these issues. But the outcome is poor and no strict policy is applied. Contrary to the promises about the green economy in Namibia, the degree of lenience in the administration and governing institutions, members of which are beneficiaries of resource exploitation, is still quite high.



Since independence, education has consistently received the highest budget allocation. But the system lacks efficiency and, while primary school enrollment rates are high, the drop-out rate after primary education is high, with very few students entering lower secondary and fewer still passing with the grades required for higher secondary. Official education statistics tend to be misleading. Namibia has upgraded its one polytechnic to a full-fledged university, the Namibia University of Science and Technology, its second university alongside the University of Namibia (which was established in 1992 based on a previous teacher training college) with satellite campuses also in the northern region. University students complain about a lack of financial support services and a lack of employment opportunities after graduation. The high unemployment rate among people under 30 years old represents a waste of knowledge transmitted to those who pass secondary and university education.

Based on 2015 data, the U.N. Education Index ranked Namibia 129 overall in 2019 (down from 127). R&D investment in Namibia stood at 0.34% of GDP in 2014 but has in recent years declined. The budgets allocations of the country's two universities were recently cut and as a result they face immense constraints to maintain the current level of services provided. Compared to other African countries, Namibia still ranks in the middle tier.

Education policy /
R&D



Governance

I. Level of Difficulty

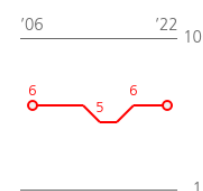
Namibia is a large but sparsely populated territory, not least because of the harsh climate conditions, with the country being one of the driest in the world. The state faces a massive task in creating and maintaining proper infrastructure, especially in rural areas. Due to climate change, droughts have added to existing constraints (although the 2020/21 rainy season turned into an exceptionally good one, with dams filled to capacity, which might offer some relief in the near future). As a result of a combination of factors (a decline in the global market prices for local raw materials, especially in the mining sector; economic decline in the important neighboring economies of Angola and South Africa; a long period of drought; and a fiscal policy that exceeds the country's means), a continued recession has since 2016 drained the state coffers, which will have lasting negative consequences. In combination with the inherited structural constraints from a century of settler-colonial rule, socioeconomic disparities, and the high degree of inequality and poverty continue to present huge challenges for governance.

The coronavirus pandemic has added to these constraints, since the initial lockdown and the economic consequences have restricted many people's survival strategies, not least people working in the informal sector, but also for many people working in the retail, services, construction and tourism sectors. The ever-growing debt spiral will further reduce the scope of reform strategies in the medium term. Hence, structural constraints have increased.

While civil society was restricted during the period of white minority rule (in particular civil society initiatives among the black majority), anti-colonial resistance was a fertile ground for organizing against injustice and illegal governance. But following independence, many of those engaged in civil resistance (e.g., churches and trade unions) were coopted into the new state and administration. Hence, following independence in 1990, civil society entered a new era of organizational formation. Since independence, civil society has benefited from external support in material terms. However, this support has been reduced over the years, which has caused problems for some of the more influential human rights organizations as well as local independent think tanks. But in parallel new initiatives have emerged and gained strength, especially among the new generation of so-called born frees, whose loyalties are with values and not anti-colonial organizations. As a result, and benefiting from the freedoms of expression and association, activists campaigning

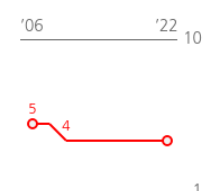
Structural
constraints

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Civil society
traditions

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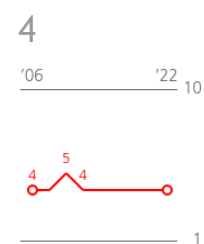
for LGBTI activists and against gender-based violence (GBV) have become more vocal and active. Since 2017, gay parades have been held in various towns without interference and of late massive protests against GBV have taken place, which were well documented and supported by media reports. The shifts in the political landscape, which have reduced the hegemony of the former liberation movement on the national, regional and local levels of governance, have also to some extent been a result of new initiatives that challenge established and deeply rooted sentiments that stand in the way of full emancipation. In contrast, environmental concerns and initiatives remain less influential, though they are able to protest against government policies and economic activities that would cause further environmental degradation. But a large number of these mostly Windhoek-based civil society organizations are elite organizations that attempt to represent the interests of the marginalized but do not stem from the grassroots and do not really speak for the disadvantaged constituencies. Nevertheless, civil society has gained some strength and influence in recent years, as demonstrated in the regional and local authority election results in late November 2020.

Few conflicts in Namibia result in violent clashes. But methods of policing, and police interference and interventions in public protests have increasingly used arms, dispersing demonstrators with the use of rubber bullets and teargas. On rare occasions, people have been killed. Under the coronavirus-related restrictions that were imposed under the state of emergency, police officers have at times abused their powers, mistreating individuals accused of violating the regulations and physically harming some individuals.

Political rhetoric remains largely confrontational and includes on occasions the use of hate speech. For the first time, the clashes between members of the opposition and the dominant party have resulted in confrontations in the National Assembly that have bordered on physical violence. While this is limited to personal animosities among opponents, it has introduced a new form of confrontation into the political sphere.

Religion plays no role in conflicts, but interethnic sentiments have become more strongly articulated, and have caused the head of state on several occasions to warn of the risk that tribalism poses to social peace and stability. The vocal dispute about the victims of the colonial genocide and the question of adequate compensation has led to noticeable conflicts between some ethnic leaders. With the recent regional and local authority election results, the confrontational nature of politics has increased. But it is too early to judge to what degree this marks a turning point toward potentially violent forms of contestation. In tendency, however, the degree of animosities and confrontation seems to be on the rise, though still take largely non-violent forms at present.

Conflict intensity



II. Governance Performance

14 | Steering Capability

Namibia has since independence had a plethora of white papers and strategy documents, often drafted by foreign consultants and financed by international donors. Many of these are no longer part of an accumulated knowledge or on public record. For example, when the government decided on a new industrial policy, it became known that a white paper on industrial policy in the 1990s had gone missing and could not be traced. Key documents include Vision 2030, which was drafted on the instruction of President Nujoma, as part of his legacy, in the early 2000s; regular National Development Plans, the current NDP5 is the fifth plan and covers the 2017/18–2021/22 period; and the Harambee Prosperity Plan (HPP), which was added by President Hage Geingob in 2016 and replaced in 2021 by the HPP2, and concentrates on urban housing. These three blueprints overlap but all share to a greater (Vision 2030) or lesser (NDP5) extent a preference for wishful thinking and lack of realism. The implementation of white papers is often hampered by inter- and intra-ministerial competition and claims over ownership, or a lack of resources and know-how.

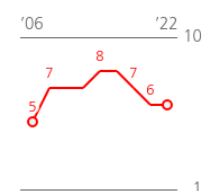
The expectations created by the promises (e.g., HPP pledged to eradicate poverty by 2020) and the subsequent disappointments over non-delivery have led to growing public frustration. The economic recession since 2016 has added to the obstacles to executing the government's promised reforms and policy adjustments. Legal frameworks lag behind or are unaligned with the government's declared aims. The second national land reform conference in late 2018 again adopted a wide range of well sounding resolutions, which either have been ignored, are yet to be implemented or have been obstructed by another contradictory government-endorsed policy (e.g., land ownership by foreigners). Last but not least, COVID-19 affected the political process quite considerably.

Cabinet positions continue to be (with few exceptions) filled on the basis of political loyalty rather than competence. This applies to a wide range of senior positions in public administration. This restricts the efficient implementation of programmatic and strategic policy goals. The restrictions implemented in 2020 in response to COVID-19 added to the lack of implementation of the government's declared goals, with no visible adjustment of policy strategies yet presented. While fundamental pillars of democracy and a market-based economy are recognized in all plans, the lack of delivery undermines credibility. This might have been a contributing factor to the recent shifts in policy support toward opposition parties. Environmental policy,

Question
Score

Prioritization

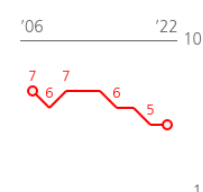
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Implementation

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for example, is hampered by conflicting interests between the ministries of mining, fisheries, nature conservation and the environment, which has in the past led to contradictory policies and blocked necessary interventions.

Under the constraints of the ongoing recession, concerns are at times sacrificed or neglected for purely economic reasons. Certain tender rules and regulations are also at times bypassed to allow exceptions from the principles adopted.

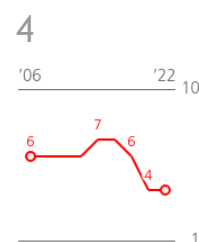
The policy response to the coronavirus pandemic has, however, so far not substantially changed the overall frameworks or policies adopted and has only limited the ability to cope with the challenges and promote further reforms.

A large proportion of policymaking since the current recession began in 2016 could be characterized by a denial of socioeconomic realities. The claim to “business as usual” reduced the already low ability and willingness to learn within the ranks of the dominant party. Given the overall control, the need for policy adjustments has been either ignored or has failed to be realized. This is reflected in the lack of innovation in cabinet ranks, where long-standing party loyalties rather than merit are the main criteria for appointment.

Dissenting views were often punished and rarely listened to. Policy failures were covered up and investigations into mismanagement were launched reluctantly if at all, with results not made public. Transparency and accountability, which are key to policy learning, are not widely practiced. Nevertheless, there is hope that policy learning will improve following changes introduced on the regional and local levels.

Responses to COVID-19 were not thoroughly screened or subject to self-corrective measures. However, they were also not used as a pretext for introducing counterproductive new initiatives. Rather, the handling of the crisis is evidence of the uninspiring way policymakers are running the state of affairs based on a public administration that seeks to please policymakers instead of achieving maximum efficiency in terms of delivery.

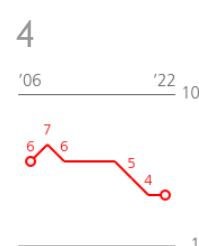
Policy learning



15 | Resource Efficiency

The government has shown limited political will, capacity and competence to address the increasing economic challenges since the current recession began in 2016. While the further expansion of the unsustainable dimensions of public administration (which absorbs more than 40% of the annual budget for salaries as current expenditure), the general imbalance in public expenditure remains a problem. The size of the cabinet was slightly reduced in 2020, although not as much as was expected, having peaked in 2015. Government policy has addressed fiscal constraints and the liquidity crisis by rapidly expanding public debt, which will put further pressure on future fiscal policy. It remains to be seen whether the drastic cuts

Efficient use of assets



proposed by the minister of finance for the 2021–2022 budget (about NAD 4 billion) will be accepted by the cabinet and passed by the parliament. Past experience suggests that ministerial resistance to the proposed cuts will be very strong. It is possible that interministerial consultations will lead to only minor cuts, which will be passed by the dominant party-controlled parliament. This could prevent any meaningful re-allocation of funds.

Senior positions in public administration as well as the government continue to be largely filled on the basis of political loyalty and at times ethnic affinity rather than professional competence and quality. The ethics of civil servants and political office-bearers remain at times dubious, and misbehavior is by-and-large rather generously reprimanded.

Emergency measures introduced in response to the coronavirus pandemic required a slightly modified annual budget for 2020/21. But budgetary modifications generally fell short of the need to make more drastic adjustments. As a result, allocations to security related portfolios (police and military) remained the third and fourth highest expenditure items (after education and health care), discounting extra allocations to the Finance Ministry for coronavirus-related social transfers.

There remain problems in the tender process for larger investments, which suggest that a strict cost-benefit analysis is not among the decisive criteria, and project implementations are often anything but cost efficient, with prices doubling or tripling for large-scale public construction works during their execution (e.g., the cost of the Neckartal dam increased from NAD 2 billion to over NAD 5 billion upon completion). Overall, the increased need for efficient use of capital and human resources has not been matched by government policy.

The Office of the Auditor-General remains understaffed and underfunded, and while it often makes critical assessments these remain largely ineffective. Parliamentary standing committees remain inefficient since they are mainly composed of members of the dominant party and hence are unwilling to publish critical assessments or recommendations.

With the increasing fiscal crisis over the last few years, the inefficient use of state assets has been more visibly underlined than in previous years of economic and government revenue growth.

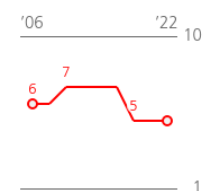
Policy coherence suffers at times from blurred lines of authority between ministries and overlapping competencies and decision-making powers. Since Namibia has a natural resource-based economy, such competition exists for example between the Ministry of Environment and Tourism, the Ministry of Fisheries and Marine Resources, and the Ministry of Mines and Energy. Such differences are not always clarified but lead to blockages and inactivity, which allows for loopholes to be exploited not in the public interest but for private gain. While the National Planning Commission is in charge of the National Development Plan, it has no oversight function and cannot enforce any measures to adhere to the declared goals and strategies. At times, the authority of particular portfolios is overshadowed by personal competition and dislike among cabinet members, which negatively affects policymaking, and objective policy formulation and implementation. In addition, the president in State House operates with a number of personal advisers whose authority and weight vis-a-vis the line ministries remains unclear and produces further friction or uncertainty. It also makes it more difficult to delegate decisions and their implementation to ministries, since State House and the president often resume responsibilities. The new cabinet appointed for the legislative period 2020 to 2025 has replaced several veteran officeholders with “fresh blood.” But it remains to be seen whether this will result in any meaningful improvements.

The management of the coronavirus pandemic has not visibly affected the situation negatively, though there have been differences in opinion within the established advisory board, which have led to conflicts and the dismissal of the former health minister from the board.

The government continues to stress that an anti-corruption mantra is an integral feature of its political promises, but regularly fails to live up to its promises. Generally, there is a high degree of lenience toward perpetrators. Even when senior office-bearers violate minimum standards and norms, they are at most punished softly. The dominant party has several high-ranking members in its politburo and central committee, and several backbenchers in the parliament who have been found guilty in a court of corruption or other criminal acts such as fraud. The most dramatic case to date, which emerged in November 2019 and has been dubbed #fishrot, involved two ministers and several members of state-owned enterprises. While removed from office and subsequently arrested, the two ministers remained members of the party’s politburo and were not even suspended from office initially on the argument that they are innocent until found guilty. The ministers were allowed to resign and were thanked by the president for their patriotic service. The latest information leaked from the investigations include suspicions that the highest levels of the party leadership may have been aware of large-scale corruption for several years that amounts to billions of Namibian dollars, and that furthermore the party and its president might have benefitted in terms of political campaign donations. This has

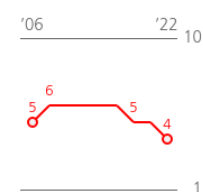
Policy coordination

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Anti-corruption policy

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led to widespread public mistrust and reputational damage, with the public already skeptical that the government was doing more than lip service to fight corruption.

While there is an institutionalized anti-corruption body, the state body remains understaffed and underfunded, and its political autonomy is widely questioned. The latest reports, however, suggest a determination to investigate the #fishrot scandal seriously and to uncompromisingly prosecute any criminal activities. At this moment in time, it remains to be seen to what extent this might restore credibility and trust in the government's anti-corruption agenda.

16 | Consensus-Building

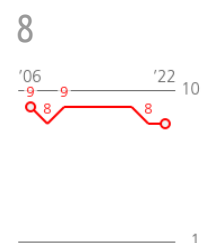
All political parties recognize democracy and democratic principles as the only legitimate political system. However, their internal policymaking decisions often do not reproduce such democratic convictions, since they are influenced by those at the helm of the parties. On several occasions, internal party decisions have been reversed by the party leadership. For example, the dominant party has disrespected democratic processes at the local level. Nevertheless, no party advocates any form of undemocratic political system.

However, with the reduced dominance of the governing party in the parliament, and the governing party's loss of majority control in several regions and numerous local authorities, it remains to be seen to what extent democratic commitment is more than lip service. For the time being, democracy remains the only accepted political system.

With the exception of one or two smaller parties, all relevant political parties subscribe to a market-based economy. There are no meaningful ideological programmatic strategies promoted by any party with influence that oppose a market-based system. However, given the perception that (and several indicators that suggest) members of the dominant party directly benefit from mismanagement or abuse of the market system, as well as local and international associates who gain from this abuse, public trust in a market-based system is not as strong as in a democracy.

Frustration is also rising with regard to the continued unequal distribution of privately owned land, which is a relic of Namibia's settler-colonial history and limited nationalization. In view of SWAPO's socialist tradition, the "willing seller-willing buyer" policy with regard to land redistribution is widely considered to be unjust.

Consensus on goals



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Given the declared recognition of democracy by all relevant parties as well as social movements, which consider the civil freedoms enshrined in the constitution to be the relevant normative framework, Namibia has very few anti-democratic actors (at least not declared actors). With the results of the recent democratic elections, it remains to be seen whether the dominant party’s considerable setbacks (although it still retains control over the parliament and the second chamber) will continue to adhere to and support further democratic consolidation.

Anti-democratic actors



As observed in the last BTI and confirmed by the results of the 2019 national and presidential elections, and the 2020 regional and local elections, regional-ethnic particularities and identities are increasingly influencing voter behavior. Tribalistic tendencies have been singled out as a threat to political and social stability by the head of state. But de-centrifugal tendencies have so far not been a significant risk factor for social stability and individual attacks on specific population groups (not least the white minority) during 2020 by senior office-bearers have been met by strong protests from a wide panorama of political agencies that are not anchored in the white community.

Cleavage / conflict management



The dominant party and its government coopted civil society actors (e.g., trade unions and churches) following independence, and since then have to a large extent neglected consultations with NGOs and other relevant representatives of civil society. The exception are those that articulate private sector economic interests and have stronger relations with the government. Occasionally, civil society criticism is strongly dismissed or ridiculed, and labeled as unpatriotic, destructive or even instrumental to externally steered regime change. Policy formulation is rarely influenced in any meaningful way by civil society and at times is in direct opposition to strong civil society demands. With the shift in political voting behavior, civil society engagement in policymaking seems to have become even less significant and dissenting voices are accommodated less often.

Civil society participation



The record of addressing reconciliation in the country is very mixed and selective. The soldiers of the former SWA Territorial Force and its notorious Koevoet unit continue to be disqualified from the benefits available to veterans who fought on the side of the anti-colonial movement. Their constant demands continue to be ignored. Similarly, the so-called ex-detainees have since independence demanded justice. These ex-detainees include several hundred exiled members of the anti-colonial movement, who survived being treated as spies (several thousand did not survive being tortured and imprisoned in dungeons, with many executed) and many continue to be stigmatized even by their own families. For both groups, reconciliation or recognition of past injustices rings hollow. Nevertheless, reconciliation is still a key word in Namibia and political demands for reconciliation have not faded away. With regard to the white minority, the government’s declared policy of reconciliation has translated into tolerating their presence and wealth, although the colonial past has not

Reconciliation



been forgotten. In that respect, recognition of the genocide committed during the period of German colonial rule is being addressed and negotiated in bilateral negotiations between the Namibian and German governments since late 2015.

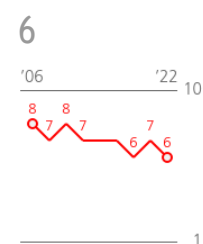
17 | International Cooperation

The government recognizes the role of external support for its development strategies and goals, and welcomes assistance if it does not impose any limitations. In fact, Namibia receives one of the highest rates of aid per capita in Africa. Namibia's classification as a higher middle-income country is criticized since it prevents Namibia from receiving preferential aid treatment. The government's development strategy, however, has not always been in harmony with the approaches of international donors and its declared commitment to reduce poverty contrasts with the persistence of gross inequalities. At times, this has been a contributing factor to international donors reducing or stopping assistance, given the Namibian government's lack of determination and coherence in rigorously working toward its declared goals. The existence of three development plans (Vision 2030, National Development Plan and Harambee Prosperity Plan) also causes more confusion than coherence, despite to some degree reinforcing complementary aspects.

Namibia has signed all relevant international agreements and adheres to a large extent to global normative frameworks. Despite an announcement that the country would withdraw from the International Criminal Court, this has not been implemented. The country was also one of the last to sign the African Peer Review Mechanism and be evaluated. Foreign policy is mainly oriented toward the Non-Aligned Movement and the African Union. Commitment to human rights is at times less credible given the close relations that Namibia has entered into with North Korea and the People's Republic of China. But Namibia received a record number of votes when elected for a second time to be a member of the U.N. Human Rights Council. This suggests a widely shared acceptance of its role, despite some minor flaws. Given that the country achieved independence as a result of a U.N. intervention, Namibia pays tribute to the relevance of global governance. It is active in advocating for a permanent seat for an African country on the U.N. Security Council and generally demands a more prominent role for Africa in global governance.

The coronavirus pandemic had no significant impact on Namibia's credibility, since the country lacks the material capacity to strengthen international relief measures.

Effective use of support



Credibility

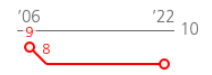


Namibia acknowledges the relevance and need for coordinated regional and international policy and seeks friendly relations with neighboring SADC states. Conflicts (e.g., border disputes and conflicts with Botswana) are negotiated peacefully. Windhoek hosts the SADC tribunal and SACU headquarters. However, few of the policy-related acknowledgments are more lip service and followed by determined policy, and have made any meaningful contribution to improvements.

Friendly relations with other former liberation movements turned governing parties in the region are characterized by uncritical loyalty. Namibia's close relations with Zimbabwe resulted in SWAPO backing ZANU-PF policy and the downplaying of the repressions in Zimbabwe. Namibia has occasionally closed its eyes to human rights violations in other countries with which it maintains friendly relations. Given the relatively little economic weight of Namibia, its influence remains limited and its contributions to regional integration is at best modest.

Regional
cooperation

8



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Strategic Outlook

After 30 years of independence, Namibia is at a crossroads regarding its political future. While the former liberation movement turned governing party, SWAPO, has displayed an autocratic leadership and governance style, anchored in overwhelming electoral support, it now faces a new situation: it was easy for SWAPO to pay lip service to multiparty democracy while in total political control and able to shape national policy single-handedly. Now, SWAPO's willingness to recognize a plural political system is being tested, as other competing parties have the opportunity to seize more influence based on voter support. The decision to fully recognize democracy in practical terms is one of the new emerging strategic matters.

Political governance will also be tested by SWAPO's internal democracy and transitions: the last influential members of the first generation of the anti-colonial struggle (who still occupy the highest-ranking offices in the party and government) will soon be replaced. SWAPO has been increasingly marred by internal factionalism and power struggles, and it will be significant how these conflicts are handled.

In addition, concerns that the security apparatus (police and military) closely affiliated to SWAPO might interfere in domestic policy need to be addressed.

Socioeconomic challenges have been increasing and require strategic attention. The effects of climate change have added pressure on the environment, while the continued over-exploitation of Namibia's natural resource base has put the country on an unsustainable development path. Land degradation and the privatization of communal land, which serves as a basis of subsistence for a large proportion of the population, will further compound existing challenges. The government will have to decide on the nature of the development path, and to what extent the natural resource-based trajectory of the country can be modified or replaced.

The ongoing recession since 2016 has triggered a debt spiral and public borrowing has reinforced dependencies, further limiting the government's financial liquidity. Fiscal prudence is a key strategic goal that needs to be addressed in order to regain some modest ability to induce investment for economic growth. Foreign direct investment came to a halt because of uncertainty over the government's economic policy, with capital transfers from domestic sources to foreign savings limited. As such, a decision regarding how and what kind of investments should be attracted is required. This will require scrutiny of existing bureaucratic red tape and limits to local valorization.

The breath-taking dimensions of corruption disclosed at the highest levels of government, which are tantamount to state capture, require a credible strategy to regain the trust and confidence of citizens and potential investors. Transparency and accountability are much needed ingredients, which despite continued government promises have been lacking. The country's strong ties in what is dubbed an "all weather friendship" with China, and the ever-growing presence and

influence of Chinese companies in important sectors of Namibia's economy (mining and construction) have added to the discomfort of potential investors. The Chinese presence has also provoked anti-Chinese sentiments among large parts of the population. The government faces the mammoth task of regaining the trust and confidence of the public with regard to several governance aspects.

The effects of COVID-19 are most challenging in terms of growing unemployment and the weakening of the informal sector. Strategic choices have to be made if a recovery of the informal and/or formal economies are to be a priority.