



Republic of Namibia

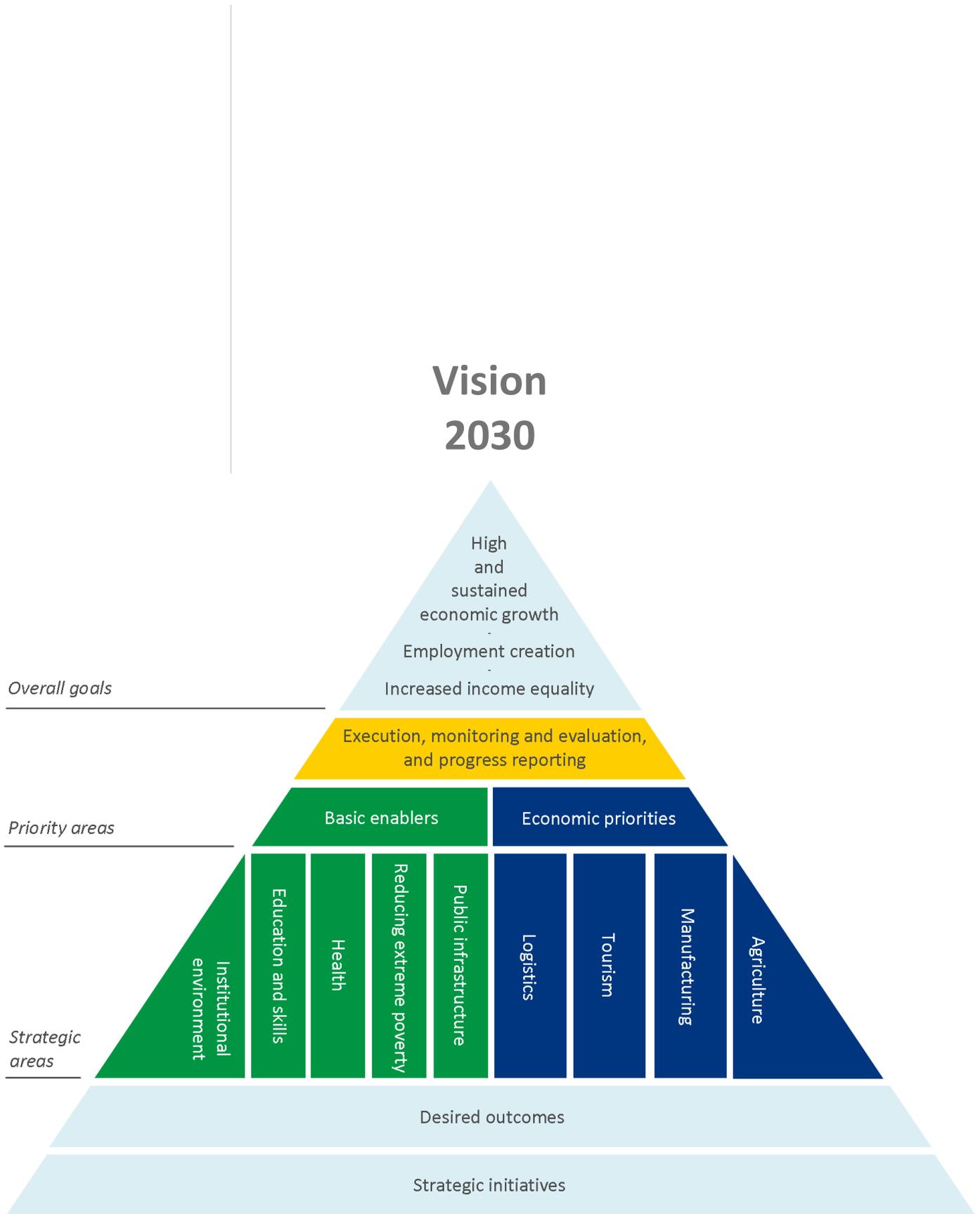
Namibia's Fourth National Development Plan

NDP_4

2012/13 to 2016/17

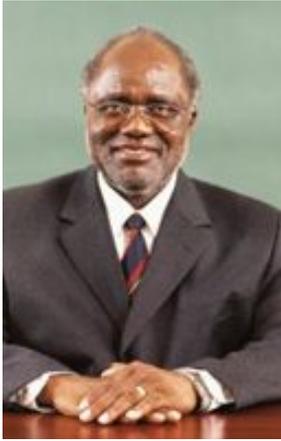


"CHANGING GEAR TOWARDS VISION 2030"



Foreword	004
List of Tables	006
List of Figures	007
List of abbreviations	008
Executive summary	010
Introduction	017
SECTION 1: Background	020
Chapter 1: What we cherish as a nation	022
Chapter 2: Where we want to be: Vision 2030	025
Chapter 3: Review of performance under the NDP3	028
Chapter 4: Outlook in terms of the NDP4	039
SECTION 2: Basic enablers	050
Chapter 5: Institutional environment	052
Chapter 6: Education and skills	064
Chapter 7: Health	072
Chapter 8: Extreme poverty	080
Chapter 9: Public infrastructure	090
SECTION 3: Economic priorities	100
Chapter 10: Logistics	102
Chapter 11: Tourism	110
Chapter 12: Manufacturing	116
Chapter 13: Agriculture	124
SECTION 4: Execution, M&E and progress reporting strategy	130
Chapter 14: Devising and implementing the strategy	132
APPENDICES	136
Appendix 1: NDP4 High-level Action Plan	138
Appendix 2: Detailed Action Plan	140
Appendix 3: Summary of the NDP4	148
Appendix 4: Industry performance over the NDP3 period	150
Appendix 5: Employment review and projections	151

NDP4 is also available online and a leaflet as well as Executive Summary. Please visit npc.gov.na/ndp4 for more information



Hifikepunye Pohamba
H.E. PRESIDENT
OF THE REPUBLIC
OF NAMIBIA



It is now some 22 years since Namibia gained her political independence, when we became masters of our destiny. Since then we have, without exaggeration, reached a number of important milestones in our development. Ours is now a country known for its institutionalised democracy, peace and stability, and a well-managed economy. However, we need to utilise the strong foundation we have built to address the challenges that still face us.

Our biggest challenge as of 2012 is the inadequate and volatile economic growth we have experienced so far, and the lack of employment opportunities available in the country. The Government is keenly aware that most of the unemployed are young people and women. This status quo cannot be allowed to continue: too many of our young people's dreams are not being realised. It is our resolve to do all that is necessary to transform our economy into one that is more robust, one that is able to generate these essential employment opportunities.

Experience has taught us the importance of prioritisation with regard to our development. We have, therefore, taken a conscious decision to focus our energy and resources on areas with the greatest potential to impact our development challenges. For this reason, our Fourth National Development Plan (NDP4) concentrates on fewer goals. Specifically, NDP4 will have three goals, namely faster and sustainable economic growth, the creation of employment opportunities, and enhanced income equality. It is our conviction that, if we succeed in addressing these goals, we would have put our country on a sustainable development trajectory that will serve us well in addressing other equally pressing development challenges in subsequent National Development Plans.

The full implementation of NDP4 requires a number of things from us. Firstly, we need to have a mindset that sees opportunities and possibilities rather than obstacles. Yes, no one can doubt that our challenges are formidable. However, it will be a sad day when we start thinking that our current development challenges are insurmountable. Without an attitude of optimism combined with realism, it will be impossible to realise the goals that are set out in the Plan.

Secondly, NDP4 implementation requires the full participation of all Namibians: men, women, boys, and girls. What is needed is for each of us to form a true partnership with all stakeholders, one that is rooted in our collective desire to prosper as a nation. In order to achieve what we have set out in NDP4, all of us need to be galvanised into action. It is only through our collective and inclusive action that we can ensure all our people, especially the less well-off among us, have the necessary support to achieve their full potential.

Thirdly, NDP4 will only be as good as our ability and commitment to implement it. We will do everything in our power to remove any constraint that may have hindered our previous National Development Plans from being fully implemented. It would be a mistake for us to say that we want Namibia to be industrialised by 2030, and then not prepare ourselves for making the necessary investment to create those industries. Equally, we would make a mockery of our long-term vision to create a knowledge-based society if we shy away from investing in the necessary research and development.

Therefore, I call upon all those that are directly and indirectly responsible for the implementation of NDP4 to do so without fear or favour. Let our actions be guided by the knowledge that our people, especially the unemployed youth, are counting on us to help them realise their dreams. We cannot and may not let them down.

I believe that we have a unique window of opportunity to deliver on NDP4. There is currently renewed world interest in the African continent as the next economic growth point. This is supported by the consistent economic performance the continent has enjoyed over the past ten years. It is incumbent on us, therefore, to ensure that Namibia forms part of the economic renaissance on the continent.

In conclusion, I entrust the NDP4 to the Namibian people and have all the confidence that it provides us with another occasion to move closer towards our Vision 2030 goals.



Hifikepunye Pohamba

PRESIDENT OF THE REPUBLIC OF NAMIBIA

List of tables

Table 1: Selected overall targets and achievements, NDP3	028
Table 2: Economic growth by industry category, NDP3	029
Table 3: Performance of primary industries, NDP3	030
Table 4: Performance of secondary industries, NDP3	031
Table 5: Performance of tertiary industries, NDP3	031
Table 6: Relative monetary wealth as a share of GDP, 1993/4 to 2009/10	033
Table 7: Gross domestic expenditure, NDP3	036
Table 8: Fiscal performance, NDP3	037
Table 9: External sector performance, NDP3	038
Table 10: Real GDP growth targets, NDP4	039
Table 11: Primary industry projections, NDP4	040
Table 12: Secondary industry projections, NDP4	041
Table 13: Tertiary industry projections, NDP4	042
Table 14: Projected unemployment rate	045
Table 15: Employment review and projections	046
Table 16: Summary of challenges and proposed responses	
Institutional environment	061
Table 17: Roles and responsibilities – Institutional environment	062
Table 18: Summary of targets and out-turns – Education and skills	066
Table 19: Summary of challenges and proposed responses	
Education and skills	069
Table 20: Roles and responsibilities – Education and skills	071
Table 21: Summary of targets and out-turns – Health	073
Table 22: Summary of challenges and proposed responses – Health	077
Table 23: Roles and responsibilities – Health	078
Table 24: Summary of targets and out-turns – Extreme poverty	084
Table 25: Summary of challenges and proposed responses	
Extreme poverty	087
Table 26: Roles and responsibilities – Extreme poverty	088
Table 27: Summary of targets and out-turns – Infrastructure development	092
Table 28: Summary of challenges and proposed responses	
Infrastructure development	098
Table 29: Roles and responsibilities – Infrastructure development	099
Table 30: Summary of targets and out-turns – Logistics	104
Table 31: Summary of challenges and proposed responses – Logistics	108
Table 32: Roles and responsibilities – Logistics	109
Table 33: Summary of targets and out-turns – Tourism	112
Table 34: Summary of challenges and proposed responses – Tourism	114
Table 35: Roles and responsibilities – Tourism	115
Table 36: Summary of targets and out-turns – Manufacturing	118
Table 37: Summary of challenges and proposed responses – Manufacturing	121
Table 38: Roles and responsibilities – Manufacturing	122
Table 39: Summary of targets and out-turns – Agriculture	127
Table 40: Summary of challenges and proposed responses – Agriculture	128
Table 41: Roles and responsibilities – Agriculture	129

List of figures

Figure 1: Industry contributions to GDP, NDP3	032
Figure 2: Relative monetary wealth as a share of GDP, 1993/4 to 2009/10	033
Figure 3: Unemployment rate, 1994–2008	034
Figure 4: Per capita income – Path to Vision 2030	043
Figure 5: Industry contributions to GDP, NDP4	044
Figure 6: Industrialised Namibia – Path to Vision 2030	044
Figure 7: Gini coefficient – Path to Vision 2030	048

List of abbreviations

AIDS

acquired immune deficiency syndrome

ART

anti-retroviral therapy

ASEP

Annual Sectoral Execution Plans

EC

European Commission

ECD

early childhood development

FMD

foot-and-mouth disease

FCG

Foster Care Grant

GDP

gross domestic product

HDI

Human Development Index

HIV

human immunodeficiency virus

ICT

information and communication technology

M&E

monitoring and evaluation

MG

Maintenance Grant

MSME

micro, small- or medium-scale enterprise

NBC

Namibia Broadcasting Corporation

NDP

National Development Plan

List of abbreviations

NFSS

Namibia Financial Sector Strategy

NHIES

Namibia Household Income and Expenditure Surveys

O/M/A

Office, Ministry and/or Agency

OVC

orphans and vulnerable children

PPP

public–private partnership

R&D

research and development

SACMEQ

Southern African Consortium for Monitoring Education Quality

SADC

Southern African Development Community

SME

small- or medium-scale enterprise

SOE

State-owned enterprise

TB

tuberculosis

TIPEEG

Targeted Intervention Programme for Employment and Economic Growth

VCF

Veterinary Cordon Fence

VET

vocational education and training

VTC

Vocational Training Centre

WTO

World Trade Organisation

At independence in 1990, Namibia inherited a dual economy with four interrelated challenges: low economic growth, coupled with a shallow economic base; an inequitable distribution of wealth and income; high unemployment; and a high rate of poverty. Since the early 1990s, the respective democratically elected Governments have been addressing these challenges head-on through various five-year planning cycles. We are currently entering the fourth five-year cycle, which will span the period 2012/13 to 2016/17.

A review of our economic and social performance shows a mixed picture. We have been successful in critical institutional areas necessary for sustained economic growth. Namibia boasts strong institutions, including good governance, the rule of law, and the protection of property rights – to name but a few of its most positive achievements. We can also be proud of a stable macroeconomic environment anchored in sustainable fiscal and debt dynamics, which is the envy of many in the current global environment.

However, our growth trajectory – while positive and translating into gains in per capita income – has been below par when compared with more dynamic and rapidly growing emerging market economies, especially in Asia. Our success rate in creating decent jobs for most of our citizens has also not been satisfactory. According to the latest official employment statistics, slightly more than half of our people that are available for work simply cannot find a job.

Similarly, while recording positive growth, our economic structure remains rather shallow and resource-based. As before Independence in 1990, we are by and large still known as a nation of minerals, fish and beef. Despite some progress in areas such as tourism, we have not made a clear break from being on the map because of our primary commodities to a nation making its mark by way of services and manufacturing, and this partly explains the paltry performance with respect to job creation. It also underscores why outcomes with respect to poverty reduction and income distribution have been less than desired.

While much progress was made under previous five-year planning cycles, Government is not entirely satisfied with the execution rates of previous National Development Plans (NDPs) and is concerned that, at the current speed of implementation, some of the key goals of Vision 2030 – the nation's long-term plan to create an industrialised nation – will not be attained. Consequently, one of the key mandates of NDP4 is to expedite the implementation of development strategy through a fresh approach.

The concept of NDP4 is not to prescribe detailed action plans to be implemented over the next five years: framework conditions constantly change, and implementing institutions need flexibility to adapt their plans in order to achieve the desired outcomes. The philosophy of NDP4, therefore, is to provide direction as regards high-level national priorities, desired outcomes, and strategic initiatives.

These aim to guide implementation, and leave the practical details thereof to those institutions with the greatest expertise and capacity to deliver. Common to all of us – Government, the private sector, labour and civil society – in our joint commitment to achieving the goals set out in NDP4 are the strong values

Employment statistics from 2008 Labour Force Survey, Ministry of Labour and Social Welfare.
>>

Good Governance, Partnership & People-Centred Economic Development

Values we cherish as a nation.

we cherish as a nation, including good governance, partnership, and people-centred economic development.

Apart from the introductory and NDP3 review sections, NDP4 broadly comprises three priority areas. Each of these will be attended to by a number of strategic areas. For all strategic areas, desired outcomes for 2017 have been formulated, along with the recommended strategies that need to be implemented.

The three priority areas, which are dealt with in more detail below, are as follows:

Basic enablers:

Priority 1 is to put in place basic economic development enablers, and thus create an enabling environment, improve education and skills management, and establish a quality health system. These enablers will assist in addressing extreme poverty, and will upgrade the public infrastructure we need for our industries to perform at the required level of output to reach Vision 2030.

Economic priorities:

Priority 2 defines our economic approach under NDP4. There is a strong focus on services and manufacturing, as required by Vision 2030 and Namibia's recently adopted Industrial Policy, as well as a continued focus on agriculture.

Execution, monitoring & evaluation, and progress reporting

Priority 3 is the execution strategy with related monitoring and evaluation.

The main desired outcomes, strategies and actions under each of these priority areas are summarised in subsequent paragraphs.

Basic Enablers

Basic enablers are the essential albeit not sufficient conditions for economic development. These are also referred to as foundation issues. While the presence of these conditions may not necessarily translate into rapid development, without them sustained development cannot take place.

There are potentially many basic enablers, but the most important ones in the context of the NDP4 are –

- > the institutional environment
- > education and skills
- > health

2017

End of the NDP4 cycle.

- > the reduction of extreme poverty, and
- > public infrastructure.

Institutional environment

While our institutional environment is largely conducive to economic development, there are a number of weaknesses and challenges to take into account. These challenges have caused our relative competitiveness, as measured by the World Economic Forum and other bodies, to diminish over the years. They include –

- > the high cost of doing business in Namibia
- > the low quality of skills
- > inadequate access to finance
- > low productivity, and
- > inflexibility in the labour market.

Consequently, the desired outcome under this strategic area is to lay the foundation to becoming the most competitive economy in the Southern African Development Community (SADC) region by the end of the NDP4 cycle in 2017. This will be done by pursuing a number of strategies and actions, including –

- > safeguarding the positive aspects of our institutional environment, such as macroeconomic stability
- > reforming the business environment
- > promoting access to various sorts of finance through implementation of the Namibia Financial Sector Strategy (NFSS), and
- > lifting the constraint on the importation of the critical skills needed to enhance our industries' performance.

Education and skills

Despite significant investment and numerous efforts to strengthen education and skills, our education system is still perceived as performing below its potential and, therefore, remains a strategic area under the NDP4. Education is acknowledged to be the single most important aspect of human development, and a critical success factor for economic advancement and increased equality. Some of the key concerns regarding education at present include –

- > quality of outcomes at various levels
- > access to quality Early Childhood Development
- > vocational training opportunities, and
- > the mismatch between the supply of and demand for skilled labour.

These concerns will be addressed under the NDP4. Consequently, the desired outcome under this challenge is that, by the end of 2017, Namibia should be characterised by a culture of learning supported by an integrated, high-quality education system that capacitates the population to meet current and future demands for skills. Ongoing strategies to be pursued and intensified in this regard include –

- > improved teaching standards and curriculum development

- > improved availability of the appropriate textbooks and other learning materials
- > improved school education achievements
- > increased provision of opportunities for vocational education and training (VET), and
- > promotion of early childhood development.

Health

The health of Namibia's population will continue to be of deep concern under the NDP4 in order to further enhance all citizens' quality of life and provide the economy with a productive workforce. Health remains a Government priority, clearly demonstrated by the Ministry of Health and Social Services receiving the second largest share of the 2012/13 national budget. However, spending on health is low by global standards, albeit higher than in most other countries in the SADC region. Historic spending on health has led to an improvement in terms of outputs to improve health, such as access to clean water, births attended by skilled health professionals, anti-retroviral therapy (ART) coverage, and immunisation coverage. These outputs have had a noticeable impact on outcomes, although there is still significant scope for improvement. For example, life expectancy and maternal mortality both improved over the NDP3 period, Life expectancy fell from 60, in 1990, to around 53 in 2000, but has since returned to around 60. Similarly, maternal mortality increased from 180 per 100,000 births in 1990 to 220 in 2000, before improving again to around 180 in recent years. Furthermore, the prevalence of tuberculosis (TB) has been increasing over recent years, while the prevalence of HIV and AIDS remains unacceptably high. These will, therefore, continue to be priority issues during the NDP4 period.

Extreme poverty

Economic development without the social upliftment of all Namibians is meaningless; therefore, reducing extreme poverty will continue to be a priority under the NDP4. Reducing extreme poverty acknowledges that, despite Namibia's classification as an upper-middle-income country, too many of our citizens live in abject poverty. Thus, although all the interventions in the NDP4 are aimed at creating sustainable job opportunities, many of our citizens – particularly the unskilled youth – need job opportunities urgently: they cannot wait for the expected, more dynamic economy to provide sustainable employment in the medium to long run. For this reason, short-term job opportunities have been prioritised in the NDP4. The specific desired outcomes with regard to reduction of extreme poverty is that, by 2017, the proportion of severely poor individuals has decreased significantly from 15.8% in 2009/10 to below 10%, based on the Namibian poverty line.

Public infrastructure

Modern reliable infrastructure is critical for high and sustained economic growth. Without reliable infrastructure, almost everything in the economic value chain tends to be slower, less reliable, and more expensive than necessary. Namibia has a relatively good core network of national economic infrastructure,

Ministry of Education

The Namibian ministry that received the largest share of the 2012/13 national budget.

HIV

Human immunodeficiency virus.

AIDS

Acquired immune deficiency syndrome.

Public infrastructure outcomes at a glance.
>>

including a transport network, electricity distribution lines, dams, and information communication infrastructure. However, there are emerging challenges which, if not addressed during the next five years, could become serious obstacles to high and sustained economic growth. For example, current investment levels are insufficient to support higher economic growth, and maintenance programmes, especially in the railway transport sector, are lagging behind to a serious extent. Therefore, the desired outcome under the NDP4 is to have critical infrastructure in place to achieve our economic and social objectives. This will entail –

- > addressing the backlog in economic and social infrastructure
- > establishing the appropriate balance between maintenance and expansion of infrastructure, and
- > ensuring that any new infrastructure during the NDP4 phase and beyond should be predominantly linked to the envisaged economic structure as well as infrastructure needed to build human capital for rapid development.

Since infrastructure development is expensive, a key strategy initiative under the NDP4 will be to put in place –

- > innovative, cost-effective ways of providing infrastructure
- > a funding mechanism to ensure delivery of infrastructure
- > a public–private partnership (PPP) framework to ensure such infrastructure is delivered rapidly while nonetheless simultaneously maintaining macroeconomic stability.

Transport infrastructure

By 2017, Namibia shall have a well functioning, high quality transport infrastructure connected to major local and regional markets as well as linked to the Port of Walvis Bay: 70 percent of railway network to comply with SADC axle load recommendation of 18.5 tonnes.

Energy infrastructure and liquid fuels

By 2017, Namibia will have in place adequate base load energy to support industry development through construction of energy infrastructure and the production capacity would have expanded from 400 to more than 750 mega watts to meet demand.

Water infrastructure

By 2017, increased access to safe drinking water for human consumption from 85.5 to 100% of the population as well as sufficient water reserves for industrialisation.

Housing infrastructure

By 2017, Namibia will have in place well established housing standards that allow every Namibian to have access to affordable housing: 60 per cent of households living in modern houses from 41 per cent in 2009/2010.

ICT infrastructure

By 2017, adequate ICT infrastructure will be in place to facilitate economic development and competitiveness through innovation, research and development: Availability of latest technologies score improves to 6.0 from 5.5 in 2011.

Industrialisation is the development of industry on an extensive scale. It implies a move from an economy dominated by agricultural output and employment to one dominated by manufacturing and local value addition. Therefore, industrialisation is a key factor in determining the development status of a nation. Developing countries typically show poorly developed industrial sectors and, hence, are reliant on imports of basic manufactured goods. On the other hand, developed countries and newly industrialised nations have managed to develop their industries within the broader spectrum of their respective development agendas. Therefore, as a nation, Namibia is compelled to develop its industries as part of our development agenda.

Industrialisation in Namibia, driven by innovation and respect for the sustainability of our environment, will ensure the expansion of the country's capacity to produce secondary goods and services. In line with Vision 2030 and the recently adopted Industrial Policy, the focus will be on the services and manufacturing sectors in areas where Namibia has a clear comparative advantage. Consequently, four strategic areas have been identified:

- > logistics
- > tourism
- > manufacturing, and
- > agriculture.

Logistics

With regard to logistics, the desired outcome is for Namibia to have laid the foundation for establishing itself as a regional leader in logistics and distribution. In this regard, the Port of Walvis Bay has become the preferred west coast port in Africa, as well as the preferred corridor for southern and central African logistics operations. The latter would be reflected in doubled volume in cargo handling and in rail-transported cargo to and from the port.

Tourism

With regard to tourism development, the target for Namibia is to have made significant strides towards becoming a leading tourist destination on the continent for travellers worldwide by the end of 2017, in terms of the World Economic Forum Travel and Tourism Competitiveness Index. Namibia's ranking is expected to increase from third position in sub-Saharan Africa for 2011/12, with an overall ranking of 3.84 out of 7, to first, with a ranking of at least 4.3 out of 7.

Manufacturing

Regarding manufacturing, the target is that the contribution of general manufacturing in constant dollar terms has increased by 50 percent over the baseline figure of the 2010 National Accounts, and significant strides have been made in identifying and developing upstream and down-stream economic activities in

#3

Namibia's ranking in sub-Saharan Africa in the WEF Tourism Competitiveness Index in 2011/12.

the mineral sector.

Agriculture

Agriculture will continue to be a priority focus under NDP4. Agriculture remains one of the backbones of the Namibian economy and has the potential to create a substantial number of jobs. The specific desired outcome will be for Agricultural production to increase and result in agriculture experiencing average real growth of 4% per annum over the NDP4 period. Strategies to be deployed to achieve this outcome will be –

- > the continued promotion of the Green Scheme
- > initiatives to increase the land's carrying capacity for livestock
- > the establishment of agricultural fresh produce markets, and
- > the establishment of other agricultural infrastructure such as silos and research stations.

Execution, Monitoring and Evaluation, and Progress Reporting

In many ways, this is the most important priority area under the NDP4, as timely and quality execution appears to be our Achilles heel. We have been good at identifying issues to be addressed, but are challenged by implementing high-quality solutions in time. Among the factors that need attention in order to improve implementation is the planning process itself. For implementing NDP4, various line Ministries will develop Annual Sectoral Execution Plans (ASEP) in line with priority areas based on NDP4 identified strategies. Starting 2012, the ASEP will be submitted to National Planning Commission (NPC) by 30 September deadline and line Ministries will be required to submit progress reports based on their ASEP to NPC. These reports will form the basis of the DG's bi-annual reports to Cabinet on NDP4 progress. The desired outcome under this priority area is to significantly improve –

- > M&E mechanisms
- > accountability, including by way of appropriate reward-and-sanction schemes, and
- > the entrenchment of a culture of performance management in the public sector.

Some of the strategies and actions driving this desired outcome will include –

- > Development of Annual Sectoral Execution Plans;
- > dedicated persons/units committed to M&E at all levels of Government;
- > a strong and synchronised data collection and analysis capacity that will provide adequate information to ensure that accurate data is available during planning process.

M&E

Monitoring & Evaluation.



At Independence in 1990, Namibia inherited a dual economy with the four interrelated challenges of low economic growth, a high rate of poverty, inequitable distribution of wealth and income, and high unemployment. Since the early 1990s, the new, democratically elected Government has been addressing these challenges. In its efforts, the Government acknowledged the importance of planning as an integral part of economic and social development. To this end, in the first five years after Independence, the Government adopted a Transitional Development Plan. In 1995, the first formal NDP had been implemented, known as NDP1. The NDP1 focused on only four goals: boosting and sustaining economic growth, creating employment, reducing inequalities in income distribution, and reducing poverty.

Twelve years later, in 2007/8, NDP3 came into effect. By then, the number of goals to be reached had increased to 21. Of these 21 goals, four were the same as those in NDP1 and NDP2, namely income inequality, high economic growth, increased employment, and the eradication of poverty.

This NDP4 adds another dimension, namely focusing on the execution of development strategies as well as monitoring and evaluating development. The NDP4 recognises Government's disappointment with the inadequate achievements of previous NDPs, and demonstrates the Government's commitment to achieving objectives and to being held accountable for its efforts to develop Namibia for the benefit of all its peoples.

From the adoption of the Transitional Development Plan to 2012, the economy has made considerable progress in some areas, while in others more effort is needed to reach the desired goals. Since its independence, Namibia has achieved macroeconomic stability, supported by prudent fiscal and monetary policy. We have political stability, supported by a maturing democracy. Free and fair elections are held regularly. Furthermore, we can be proud of our Constitution, which allows for the protection of private property, amongst other things. Nonetheless, there is a need to ensure that other challenges such as corruption are addressed with the gravity they deserve.

Economic growth has been variable over the past 22 years, and the rate has been below the level required to actualise Vision 2030. At the same time, the gross domestic product (GDP) increased at a higher rate than the population did, and this resulted in a reclassification of Namibia as an upper-middle-income country in 2009.

We have, however, lagged behind on some key social indicators. For instance, the Human Development Index (HDI) was virtually stagnant between the Transitional Development Plan and NDP2, and the index barely increased during NDP3. In 2011, Namibia's HDI of 0.625 was below the world's HDI average of 0.682. Namibia ranked 120 out of 187, while the country is classified as an upper middle income country. The creation of employment is also unsatisfactory. The official rate of unemployment increased steadily throughout all NDP periods, hitting a high of over 50% during NDP3. Moreover, while improvements have been seen in the distribution of income, the Gini coefficient of 0.58 still



Tom K Alweendo
DIRECTOR GENERAL
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COMMISSION

2009

The year that Namibia was classified as an upper-middle-income country.

120

Namibia's HDI ranking in 2011 (out of 187 countries).

0.58

Namibia's current Gini coefficient, a measurement of income equality in a society from 0 (total equality) to 1 (total inequality).

depicts the unacceptable level of income inequality. Clearly, the economy needs to expand at a rapid and sustainable pace, and supportive, redistributive Government policies are needed to address these challenges.

There are a number of reasons why we have not been able to achieve the high and sustainable economic growth required for employment creation, poverty reduction and greater income equality. Some of the key reasons identified for slow progress have been a lack of proper execution, a lack of accountability, and spreading our efforts and resources too thinly. These deficiencies are compounded by bottlenecks that have hindered or limited the success of previous plans. Such bottlenecks include the relative or total absence of a formalised process for implementing, monitoring and evaluating our plans.

The NDP4 is differentiated from its three predecessors by a number of focus issues. Firstly, this is a higher-level plan, characterised by fewer and more carefully selected and sequenced goals and associated target values. The detailed programmes on how to achieve the various NDP4 goals and targets will be left to the various Offices, Ministries and Agencies (O/M/As) responsible for the relevant sectors. These detailed O/M/A plans will be scrutinised by the National Planning Commission (NPC) to ensure that they fit into the programme logic and have a reasonable chance of being actualised.

Given our challenges, the NDP4 has adopted three overarching goals:

High and sustained economic growth

Employment creation

Increased income equality

To reach these goals, this NDP has identified key areas of focus that will create the necessary momentum for higher economic growth. While other sectors will not be neglected, attention will be shifted to priority sectors to ensure the impact and results of our efforts are optimal. During the NDP4 period, the following economic sectors will enjoy priority status:

Logistics

Tourism

Manufacturing

Agriculture

Secondly, the NDP4 focuses on foundation issues: without these foundations, other efforts are not likely to succeed. Such issues include –

- > the maintenance of macroeconomic stability
- > the development and retention of superior skills needed by both the private and public sectors
- > developing our capacity to do research and development, and
- > making Namibia the preferred investment location in Africa.

Thirdly, under this NDP, implementation strategies are clearly spelled out. Their emphasis is on a formalised structure of M&E, which encourages accountability. The NPC will carry out the M&E function. At over 22 years of age, Namibia is no longer a young State. We have come of age and, thus, we need a new approach and fresh determination: our destiny is in our hands, and more vigour and urgency is required to actualise Vision 2030.

The NDP4 is organised into four key sections.

Section 1 >>

Section 1 puts NDP4 into broader context with regards to Vision 2030 and defines the principles for implementation. Further, it reviews our performance under NDP3 and sets the broad parameters and expected economic performance under NDP4.

Section 2 reflects on enablers that are the necessary conditions for economic development. These include factors such as the institutional environment, education and skills, health, the reduction of extreme poverty, and public infrastructure. These are also referred to as foundation issues, and it is assumed that, without them, economic development will be difficult – if not impossible.

Section 2 >>

Section 3 focuses on economic priorities. It attempts to address the type of economic structure Namibia should have by 2030. Informed by our Industrial Policy, which states that, because of scarce resources, during the next five years Namibia needs to adopt a targeted approach to industrial development, this section proposes that the country should focus on logistics and distribution, tourism, enhancing our manufacturing capability, and agriculture.

Section 3 >>

Section 4 concludes the NDP4, with a strong execution strategy and M&E mechanism. In many respects, this is perhaps the key distinctive feature differentiating the NDP4 from its predecessors. <<

We must, collaboratively, do everything possible to ensure a high execution rate under the NDP4.

Section 4 >>

Tom K Alweendo
Director General
NATIONAL PLANNING COMMISSION

Background:

The background chapter puts the NDP4 into broader context with regards to Vision 2030 and defines the principles for implementation. Further, it reviews our performance under NDP3 and sets the broad parameters and expected economic performance under NDP4.

SECTION 1: Background

1: What we cherish as a nation

022

2: Where we want to be: Vision 2030

025

3: Review of performance under NDP3

028

4: Outlook in terms of the NDP4

039

BACKGROUND

1: What we cherish as a nation

As we are about to start the implementation of our Fourth National Development Plan, let us be reminded about the values and principles we adopted as a nation and enshrined in various national documents, including the Constitution of the Republic of Namibia and Vision 2030. These values and principles have been taken into account during the NDP4 drafting process, and are expected to be duly considered in all facets of the implementation process. According to recent research, what differentiates highly successful from mediocre companies is that the successful ones deliberately promote their value sets and do not narrowly focus on goal-setting and implementation. In the same vein, we believe that through continuous reinforcement of our common value set, we will enhance our implementation capacity and, hence, the ultimate achievement of goals.

National sovereignty and human dignity

We cherish our national sovereignty and it must be preserved at all costs. Great value is also attached to Namibia's traditions and cultures. However, traditional ideas and practices that tend to inhibit progress towards national development targets are to be sacrificed in the interests of the nation. At the centre of everything we do are the people of Namibia: ideally a nation that is healthy, brave, empowered, innovative, fully employed, confident and determined to succeed. Everyone needs to contribute, irrespective of and unhindered by their race, colour, gender, age, ability, ethnicity, religious affiliation, or political inclination.

Upholding the Constitution and good governance

We continue to acknowledge the pre-eminence of the Namibian Constitution as the basic law, which contains, inter alia, all the ingredients of the democratic State, including peace, security, political stability, and the rule of law. By continuing to uphold the tenets of our Constitution, we strengthen human rights, individual freedoms, civil liberties and multiparty democracy. Our emphasis is also on good governance, and we continue to improve on issues relating to equity in access to productive resources, and in reducing environmental degradation, poverty and economic stagnation.

Partnership

We believe in creating an environment that is conducive to working together as a key to economic progress and social harmony. This is the essence of partnership. It entails partnership between Government, communities and other members of civil society; between different branches of Government cooperating with the private sector, non-governmental organisations, community-based organisations, and the international community; between urban and rural societies; and, ultimately, between all members of Namibian society.

1: What we cherish as a nation

Capacity enhancement

The development of our country is in our hands, and Namibia's inhabitants are the country's most important resource. Therefore, we consider investing in people to be a crucial precondition for the desired social and economic transformation. This calls for increasing investments in developing institutions, in education and training – including the promotion of science and technology, and in implementing health and health-related programmes and policies.

Comparative advantage

We capitalise on Namibia's comparative advantages over other countries around the world, and provide suitable incentives to use our national resources in the most efficient and sustainable way possible. This will ensure that today's decision-makers continue to create a safer, healthier and more prosperous future for all inhabitants.

People-centred economic development

Undoubtedly, we need economic growth and diversification to achieve sustainable development. The welfare of the people is emphasised, therefore, while aiming at human development and equitable and balanced growth that will result in an expanding industrial sector, a modernised agricultural sector, and an enabling macroeconomic and political environment.

Gender equality and the empowerment of women

We acknowledge that gender equality is a prerequisite for sustainable development and that it permeates all spheres of life. We will, therefore, endeavour to create and promote an enabling environment in which gender equality and the empowerment of women are realised. Emphasis will be placed on mainstreaming a gender perspective in the principal strategies identified for the achievement of key NDP4 outcomes.

Environment and climate change

Our environment is clean, and we will continue to keep it so. We expect all elements of society, and businesses in particular, to support a precautionary approach to environmental challenges and alterations of the natural world contributing to climate change, undertake initiatives to promote greater environmental responsibility, and encourage the development and diffusion of environment-friendly technologies.

1: What we cherish as a nation

Sustainable development

We fully embrace the notion of sustainable development, i.e. the type of development that meets the needs of the present without limiting the ability of future generations to meet their own needs. To this end, we encourage people not only to take responsibility for their own development, but also to promote development activities that address the actual needs of the people, and require increasing community contributions to development services and infrastructure. Indeed, the principle of sustainable development is a cornerstone of Namibia's long-term vision on any scale, since it embraces all the other principles mentioned above. Without capacity, partnership and good governance, for example, there can be no sustainable development.

Peace and security

Namibia is a peaceful and safe country, and we are committed to continuing to uphold the principles of domestic and regional peace and security, being an indispensable condition for the country's socio-economic development.

» A prosperous and industrialised Namibia, developed by her human resources, enjoying peace, harmony and political stability.

Vision 2030 (Office of the President, 2004)

In line with our guiding principles stated in the previous Chapter, the NDP4 has been developed within the context of our broader vision of becoming a prosperous and industrialised nation by 2030. While not all the aspects of Vision 2030 will be simultaneously addressed under the NDP4, it is important to remind ourselves about some of the key desired outcomes under the Vision. We firmly believe that a high and high-quality execution rate under the NDP4 will bring us closer to these ultimate desired outcomes. Successful implementation of the NDP4 will also enable us, in subsequent NDPs, to shift focus to other priority issues and sectors in our quest to realise Vision 2030. The following declarations indicate where we want to be by 2030:

Prosperity

Prosperity pertains to the existence of a condition of sustained high economic growth that has eliminated duality in the economy, and ensures equity in the pattern of economic growth. All Namibian workers earn a decent wage, which allows them to live a life well above the poverty level. For the disadvantaged, social security support guarantees them a decent quality of life. All Namibians who are able and willing have the opportunity to be gainfully employed or to have access to productive resources. There is equity in income distribution across all groups, and the disparity between rural and urban living, in terms of social and economic conditions, is at its lowest. Namibians are healthy, empowered, innovative, confident, and determined to succeed. Everyone is a member of the winning team, playing on a level field, unhindered by race, colour, gender, age, ethnicity, religious affiliation or political inclination.

Industrialised nation

As an industrialised country, Namibia's income per capita base has grown to be equivalent to that of the upper-income countries, resulting in a change in status from an upper-middle-income country to a high-income country. The manufacturing and services sectors constitute about 80% of the country's GDP. The country largely exports processed goods, which account for a minimum of 70% of total exports. This has given rise to a significant reduction in the export of raw materials. Namibia has an established network of modern infrastructure such as rail, road, telecommunication and port facilities. The country has a critical mass of knowledge workers and small- and medium-scale enterprises contribute at least 30% to GDP. Unemployment has been significantly reduced to less than 5% of the work force.



5%

Unemployment target for Vision 2030.

2: Where we want to be: Vision 2030

Harmony

A multicultural community of people living and working together in harmony, and sharing common values and aspirations as a nation, while enjoying the fruits of unity in diversity.

Men and women marry and enjoy marital love and stability of union, and families extend compassion and love to those who are widowed or in one or the other form of marital disharmony. The family is upheld as sacred and the most fundamental institution in society. Parents (mothers, fathers, guardians and other caregivers) are well aware of and fulfil their responsibilities to their children, while children remain disciplined and have an inalienable right to survival, development, protection and participation in society.

Families are available and willing to accommodate orphans and other vulnerable children, and are assisted, where necessary, by the Government and community through a well-managed public foster care and social assistance grant system. Such a programme allows these vulnerable children to be supported so that they, too, can live a meaningful life that prepares them adequately for the future.

People living with disabilities and other vulnerable persons are well-integrated into the mainstream of society. Their constitutionally guaranteed equal rights facilitate their active participation in the economy and society.

Society respects and upholds each person's right to enjoy, practise, profess, maintain and promote his/her culture, language, tradition or religion in accordance with the Constitution.

Peace and political stability

True freedom of expression, speech and association exists in the country, compatible with the letter and spirit of the Constitution of Namibia. The political environment is conducive to voluntary formation or dissolution of political parties, and every individual is recognised as an important element in the system, which provides a level playing field for a winning national team. The people of Namibia make their own decisions and do so at their own level in respect of political, cultural, economic and social development matters. They set their own priorities, and plan, implement, monitor and evaluate their development programmes.

Namibia creates an enabling environment in terms of sustainable social and economic advancement which could be defined as a "condition free from all possible impediments to actualising development". The country embodies peace, security, democratic politics, available and accessible resources, appropriate legal instruments, a collaborative private sector, and a supportive Public Service. In

2: Where we want to be: Vision 2030

essence, we consolidate and maintain peace and political stability.

All people in Namibia enjoy a safe environment, to a great extent free from violence, including gender-based violence and crime. They all share and care for those in need, and are prepared to face and respond to any man-made and or natural calamities. Namibia is a fair, gender-responsive, caring and committed nation in which all citizens are able to realise their full potential in a safe and decent living environment.

The multiparty democratic principle of popular participation is well-entrenched in Namibian society. All political parties are active; civil society is vibrant; and mature, investigative and free media entities are in operation. There are independent 'watch-dog' institutions that ensure the implementation of anti-corruption programmes and monitor the activities of Government, the private sector, and civil society organisations and agencies. The Government promotes gender equality, social welfare, social profitability, and public interest, and the actions of officials are constantly checked to see if they are in line with these cherished social values. Public officials maintain ethical standards with regard to trust, neutrality, probity, professional honour, confidentiality and fairness. There is constant checking to determine continued adherence to these values.

Namibia thrives on an environment of regional and international peace and security. Development cooperation with all friendly nations is strong, and is based largely on trade and mutual exchange of opportunities. If it exists, dependency on foreign development aid is minimal. Namibia is part and parcel of organised regional structures in which it can contribute to the political, economic and social well-being of the people of southern Africa and the African region as a whole.

3: Review of performance under NDP3

RAG

- R = Red
- Negative performance
- A = Amber
- Behind target
- G = Green
- On target

Table 1:
Selected overall targets and achievements, NDP3.
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This chapter gives an overview of Namibia’s performance against the high-level macroeconomic targets in the NDP3. It also presents the high-level macroeconomic targets and parameters under the NDP4, as well as potential down- and upside risks factors that may influence projected performance. Actual performance has been RAG-rated against the target.

Overall performance

Before looking at more detailed performance, it is important to summarise the recent progress on the three key goals of the NDP4: growth, income equality, and employment (see Table 1).

Item	NDP3 target	Out-turn
Real GDP growth (% per annum)	5.0	3.6
Real per capita income average growth rate over the NDP3 period (%)	3.4	1.7
Gini coefficient	0.58 (by 2008/9)	0.58 (2009/10)
Unemployment rate (% , broad definition)	33.3 (by 2011/12)	51.2 (2008 rate)

On the whole, economic growth under the NDP3 was lower than anticipated, and this has had an impact on the achievement of targets. The baseline scenario targeted average annual GDP growth of 5.0% over the five-year NDP period. Taking into account actual performance (and estimated performance for 2011 and 2012), annual GDP growth was 3.6% on average over the period, 1.4 percentage points below target. This subdued economic growth resulted in lower-than-anticipated real GDP growth per capita, with income per person increasing by an annual average of only 1.7% (around half of the NDP3 target of 3.4%). This increase translated into an average per capita income of N\$25,675 in 2011/12, or US\$3,537 (both figures in real terms).

Despite the – albeit moderately – positive levels of economic growth during the NDP3 period, levels of employment fell, meaning unemployment increased rather than decreased. This suggests that, during the NDP3 period, economic growth did not translate into job growth; therefore, there is a vital need to foster inclusive, job-enhancing growth.

More encouraging to note is that, despite the increase in unemployment, the Gini coefficient continued to improve over the NDP3, with the target of 0.58 being met before the end of the review period. Whilst progress is in the right direction, inequality remains unacceptably high. For this reason, it has been included as a key goal under the NDP4.

Gini

The Gini coefficient is a measure of overall income inequality within an economy. A Gini coefficient of 0 represents a situation where everyone in an economy has the same amount of income (no country in the world has a coefficient this low). The higher the coefficient, the higher the proportion of the nation’s income that is earned by a small number of people; in other words, the higher the coefficient, the more unequal the society.

3: Review of performance under NDP3

Economic growth

Economic growth fluctuated over the NDP3 period and averaged 3.6% against the target of 5.0%, i.e. it fell short by 1.4%. Over the same period, annual growth averaged 3.3% at the global level and 6.1% for emerging and developing countries. The aim should be to propel growth to levels achieved by developing and emerging regions rather than global levels.

One of the main reasons for the below-par domestic performance over the NDP3 period was the global financial and economic crisis, which led to a global recession in 2009. As a small, open economy, the downturn in Namibia's trade partners caused a knock-on effect on domestic performance, with the economy witnessing a contraction of 0.4% in 2009.

Furthermore, the global downturn in 2009 led to the emergence of a sovereign debt crisis in the Euro Area, which hampered growth in 2011 and continues to do so in 2012. The Euro Area, which is Namibia's most important trade partner, is estimated to fall into a mild recession in 2012; estimates for domestic growth have been revised downwards, therefore.

The effect of the global economic crisis of 2009 and the emerging debt crisis of 2011 and 2012 combined to create a very difficult external economic environment for the achievement of NDP3 targets. However, the performance of the Namibian economy is not solely attributable to external economic developments, and more needs to be done to improve domestic economic growth.

Table 2 indicates the NDP3 targets and outcomes for the main industries in the Namibian economy, including the overall economic growth discussed above.

Item	NDP3 target	Out-turn
Real GDP growth	5.0	3.6
Primary industries	2.0	-6.5
Secondary industries	6.7	5.4
Tertiary industries	6.2	5.4

Primary industries

Growth in the primary industries was very disappointing, with the sector contracting by an annual average of 6.5% – well below the target of 2% annual growth. The main reason for this decline was the performance of mining and

6.1%

Economic growth rate for emerging and developing countries during NDP3. However, it should be noted that many of the countries under this classification are growing from a lower base; hence, they achieve high rates of growth more easily.

Table 2:
Economic growth by industry category, NDP3.
<<

3: Review of performance under NDP3

quarrying, which is the largest primary subsector. Being particularly responsive to global developments, diamond mining contracted by 50% in 2009 as the global recession hit. Furthermore, the continued depletion of onshore diamond deposits reduced output further. As the global economy recovered in 2010, diamond mining grew strongly again, but the output of the mining and quarrying subsector as a whole was lower at the end of the NDP3 period than when it commenced.

The agriculture subsector also contracted, registering over 7% below target. At the start of the NDP3 period, performance in agriculture was very poor, with a contraction of 7.8% in 2007/8 and 14.1% in 2008/9. This was due to floods which devastated crop farming and reduced livestock sales. From 2009/10 onwards, the subsector posted positive but low growth.

Fishing and on-board fish processing also performed poorly over the NDP3 period. Unfavourable oceanic conditions, high oil prices and reduced fish stocks impacted negatively on this subsector in 2007, which led to a contraction of 19%. The subsector experienced positive growth only in 2009, when it expanded by 4.4%, while it experienced negative growth of 5.3% and 5.2% in 2008 and 2010, respectively.

Table 3 shows the outturn against targets in the primary industries during the NDP3 period.

Table 3: Performance of primary industries, NDP3 >>

Item	NDP3 target	Out-turn
Agriculture	3.7	-3.6
Fishing and on-board fish processing	2.5	-3.7
Mining and quarrying	0.8	-8.4
Primary industries	2.0	-6.5

Secondary industries

The performance of the secondary industries has been far more positive, with an annual average growth of 5.4%, which registers slightly below the target of 6.4%. These industries are a key driver of industrialisation and job creation (growth), so it is encouraging to note the steady increment.

One of the performance drivers was the growth in construction. This was boosted by both the Government's expansionary fiscal policy as well as private sector investment.

3: Review of performance under NDP3

Manufacturing has also performed steadily, boosted by amongst others the expansion of the metal refining, additional diamond cutting and polishing plants, and steady growth in manufacturing related to food and beverages.

Table 4 shows actual growth against targets for secondary industries during the NDP3 period.

Item	NDP3 target	Out-turn
Manufacturing	4.9	5.4
Electricity and water	3.4	1.8
Construction	11.8	7.7
Secondary industries	6.7	5.4

Tertiary industries

Tertiary industries also performed well over the NDP3 period, having grown annually by 5.4%. The positive performance of tertiary industries was largely due to high Government spending, which impacted on producers of Government services, as well as strong growth in the Financial intermediation, *Transport and communication*, and *Real estate and business services* sectors. Because the performance of the Hotels and restaurants sector is more responsive to global developments, lower-than-anticipated tourist numbers had a dampening effect on it.

Table 5 shows actual growth against targets for tertiary industries during the NDP3 cycle.

Item	NDP3 target	Out-turn
Wholesale and retail trade and repairs	8.0	4.7
Hotels and restaurants	8.2	0.7
Transport and communication	11.4	4.7
Financial intermediation	8.1	9.8
Real estate and business services	3.8	4.9
Other community, social and personal service activities	3.0	1.1
Producers of Government services	2.5	6.5
Other producers	2.1	3.8
Tertiary industries	6.2	5.4

Table 4: Performance of secondary industries, NDP3.

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Table 5: Performance of tertiary industries, NDP3.

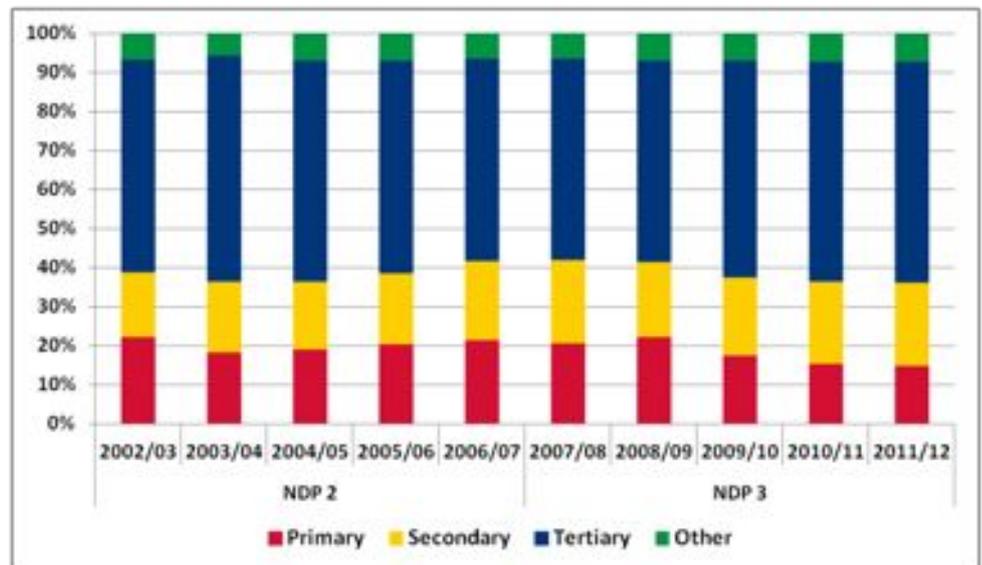
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3: Review of performance under NDP3

Industrial structure

As part of the Government’s drive towards industrialisation, the NDP3 aimed at boosting the service sector contribution to GDP to the target level of 64.2%. At the start of the NDP3, services (represented by the tertiary industries) accounted for 51.7% of GDP. This rose each year to reach an estimated 56.5% in 2011/12. Although this is a moderate improvement, it is still below target. The trend shown in the graph below is encouraging, with both secondary and tertiary industries increasing as a percentage of GDP. The Vision 2030 target is for the manufacturing and services sectors to contribute 80% towards GDP. Manufacturing and the tertiary industries accounted for an estimated 71% of GDP in 2011/12, an increase from the 67% registered in 2007/8. If current trends continue, the Vision 2030 target of 80% will be met. However, there is concern over the size of the tertiary industries accounted for by the Government, and the focus should be on private sector contribution to GDP.

Figure 1: Industry contributions to GDP, NDP3 (The *Other* category covers taxes less subsidies on profits, minus financial intermediation services indirectly measured).
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Inflation

Inflation has been in line with expectations, measuring 7.1% against the target of 7.0% over the NDP3 period. Despite a series of price shocks, mainly in relation to food and oil prices, overall inflation remained within manageable levels and domestic price stability was maintained. At the start of the NDP3 period, inflation was high, peaking at 12% in late 2008 on the back of high food and oil prices and generally strong demand. However, as the global and domestic downturn took hold, inflation began to drop, reaching a low of around 3% in 2010. The strong Namibia Dollar also contributed to the drop in inflation. The repo rate was kept high over 2008 to reduce inflation levels, while from 2009 to 2011, the rate was reduced as inflationary pressure began to subside.

3: Review of performance under NDP3

Inequality

Namibia has been labelled as one of the most unequal societies in the world in terms of income distribution. Thus, Government has made reducing this inequality a key focus area. This is beginning to have some success, as brought out in Table 6, which is based on the latest Namibia Household Income and Expenditure Survey (NHIES). There are two important trends worth highlighting from Table 6. Firstly, overall GDP has almost doubled since 1993/4, as can be seen by the increase in total GDP as well as GDP per capita in all income brackets. This means that the size of the 'economic pie' has been increasing. Secondly, the sharing of the 'pie' has become more equitable since 1996 as indicated by an improvement in the Gini coefficient: it fell from 0.70 in 1993/4 to 0.60 in 2003/4, dropping further to 0.58 by 2009/10.

Indicators	1993/4	2003/4	2009/10
Total GDP (US\$ million)	3,945	5,763	7,357
Poorest 20% per capita income (US\$)	167	413	1,012
Second-poorest 20% per capita income (US\$)	359	783	1,508
Middle 20% per capita income (US\$)	646	1,242	2,023
Second-richest 20% per capita income (US\$)	1,374	2,299	3,329
Richest 20% per capita income (US\$)	9,396	10,411	10,557
Gini coefficient	0.70	0.60	0.58

The bubble charts in Figure 2 give a graphic representation of the data from Table 6.

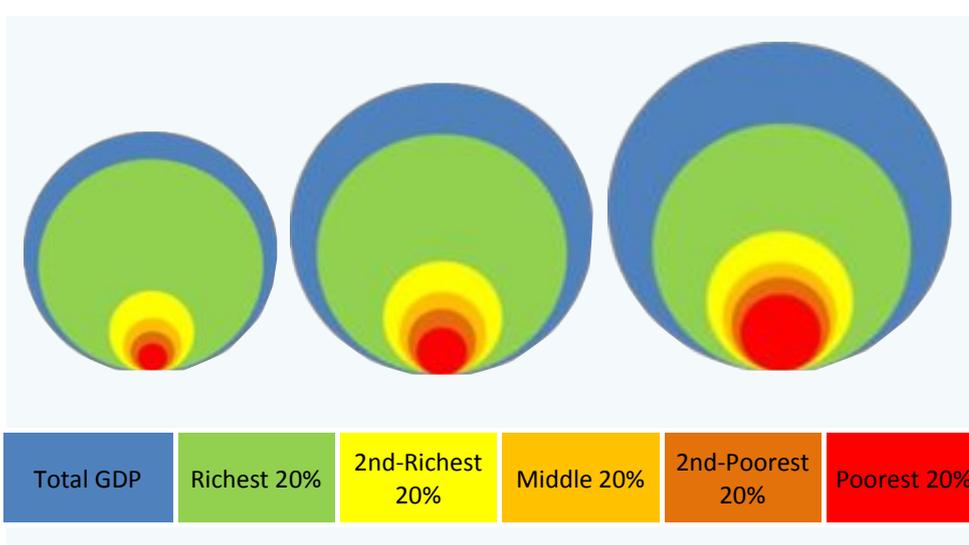


Table 6: Relative monetary wealth as a share of GDP, 1993/4 to 2009/10 (Source: 2009/10 NHIES). <<

Figure 2: Relative monetary wealth as a share of GDP, 1993/4 to 2009/10 (Data from the 2009/10 NHIES). <<

Explanation overleaf. >>

3: Review of performance under NDP3

The size of blue circle represents total GDP, with the green circle representing the amount of income received by the richest 20% of the population; the yellow represents the amount received by the second-richest 20%, and so on, down to red, representing the amount of income received by the poorest 20% of the population. As can be seen, the size of the blue circle has been increasing substantially, showing an increase in total GDP. The size of the green circle has only increased marginally, showing that the income of the richest 20% of people has been broadly constant. The other income groups – especially the poorest 20%, represented by the inner red circle – have all seen a more marked improvement in income: the poorest 20% have witnessed a six-fold increase. Figure 2 also highlights the large gap between the richest and poorest in our society; the Government is therefore committed to continuing its efforts to address inequality.

51.2%

Unemployment rate in Namibia in 2008, under the broad definition of unemployment, i.e. persons 15 years and above who are unemployed, who are actively seeking work or not, and/or are available for work during the reference period.

Figure 3: Unemployment rate, 1994–2008, broad definition of unemployment (Source: 2008 Labour Force Survey).

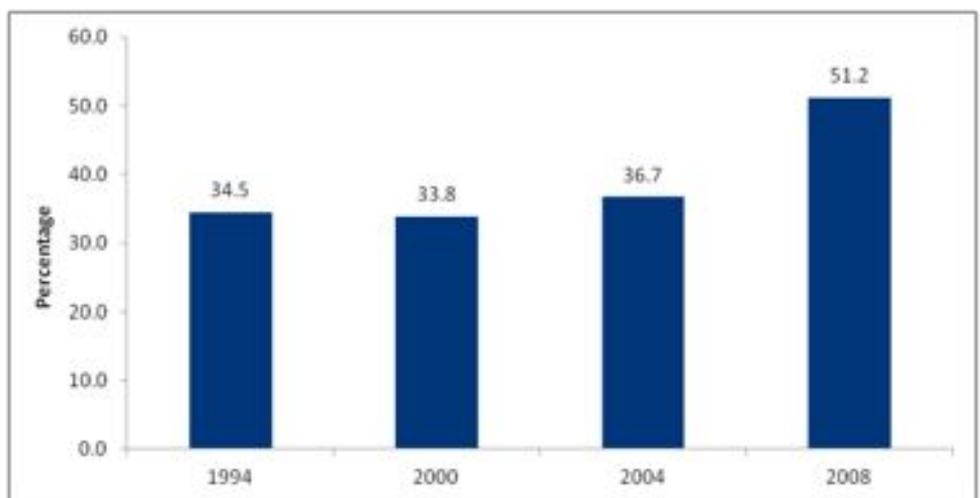
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37.6%

Unemployment rate in Namibia in 2008, under the strict definition of unemployment, i.e. persons 15 years and above who are actively looking for work.

Unemployment

Even though the NDP3 targeted employment to grow at 2.6% per annum over the five-year period from 2007/8 to 2011/12, employment in fact fell between 2004 and 2008. Over the NDP3 period, economic growth averaged approximately 3.6%. Thus, not only did economic growth fail to generate employment, unemployment had actually increased to a high of 51.2% by 2008. This is almost 20 percentage points higher than the 33.3% NDP3 target for unemployment. Whilst there have been questions over the accuracy of the unemployment estimates, the unemployment rate is nowhere near desired levels.



According to the 2008 Labour Force Survey, there has been a general increase in the rate of unemployment over the four periods for which the Labour Force Survey is available (1994, 2000, 2004 and 2008). Using the strict definition of unemployment, total employment decreased from 383,329 in 2004 to 331,445 by 2008. Consequently, the overall rate of unemployment in Namibia increased from 21.9% in 2004 to 37.6% in 2008. If the broader definition of unemployment is used, then the unemployment rate increased from 36.7% to 51.2% over the same period (Figure 3).

3: Review of performance under NDP3

As a response to this burgeoning issue, the Government undertook to boost efforts aimed at addressing the unemployment problem in the country through the Targeted Intervention Programme for Employment and Economic Growth (TIPEEG), launched in 2011. TIPEEG seeks to promote job creation through expanded public works programmes and by addressing supply-side constraints. TIPEEG implementation will result in the immediate creation of jobs during the execution of public works, and will boost long-term private sector growth and job creation through focusing on infrastructure, which is a key enabler of growth.

The Government will continue to support the selected strategic high-growth sectors under TIPEEG during the NDP4 period. TIPEEG projects have been re-categorised under the NDP4, and now either fall under short-term job creation programmes or those which will focus on key infrastructure and long-term growth in economic sectors. The former are important for reducing unemployment in the short term, while medium- to long-term reforms have a chance to become embedded. The latter will be imperative for sustainable economic growth.

Gross domestic expenditure

Investment is a key driver of sustainable economic development, and experience from successful emerging economies highlights the importance of a high rate of investment to achieve long-term growth.

As shown in Table 7 (overleaf), investment as a proportion of GDP averaged 23.3% over the NDP3 period. This is an increase compared to the NDP2 figure of around 20%, but it is still around 9 percentage points below target. More specifically, the total investment required to achieve the NDP3 target was estimated at N\$76 billion. However, real investment only reached N\$62.7 billion.

Private investment, including foreign direct investment, was targeted at N\$50.3 billion, although actual investment was N\$43.7 billion. Private savings in Namibia were substantially higher than private investment over the NDP3 period. Therefore it appears that the reason for below target investment is not a lack of investable funds, but rather a lack of mechanism to channel such funds to domestic investments. This suggests that more needs to be done not only to encourage private sector investment, but also to ensure Government efforts facilitate this. Government investment, including State-owned enterprises (SOEs), was close to the N\$20 billion target at N\$19 billion. However, of concern was the rate of Government savings, which decreased from around 8% of GDP at the start of the NDP3 cycle to an estimated -2% by 2011/12. In order for public investment to remain sustainable, public savings need to increase over the NDP4 cycle.

Final consumption as a proportion of GDP increased slightly from the NDP2 baseline of 80.8% to 81.7% over the NDP3 period. One of the reasons for this high level of consumption was Government expenditure, which grew by an aver-

-2%

Rate of government savings as percentage of GDP in 2011/12 (Calculated as the difference between total revenue from own sources minus recurrent expenditure).

3: Review of performance under NDP3

Table 7: Gross domestic expenditure, NDP3.

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age of 7.1% – double the growth rate target. Whilst this level of expenditure helped cushion the Namibian economy from the global downturn, it also led to an increase in the expenditure-to-GDP ratio. In order to achieve high rates of economic growth over the medium to long term, a portion of current consumption should be foregone in favour of investment.

Item	NDP3 target	Out-turn
Investment (% of GDP)	32	23.3 (average over NDP3 period)
Total investment requirement (N\$ billion, 2010 prices)	76.3	62.7
Private fixed capital formation (total, N\$ billion)	50.3	43.7
Government fixed capital formation (total, N\$ billion)	20.0	19.0
Growth in private fixed capital formation (%)	15.0	2.6
Growth in Government fixed capital formation (%)	3.5	7.0
Final consumption (% of GDP)	78.9	82.5 (average over the period)
Government consumption (Government expenditure)	3.5	7.1

Fiscal performance

Fiscal performance over the NDP3 period was positive; and although the main fiscal targets were not met, all were close to the desired levels.

The responsiveness of revenue growth to the adverse effects of the external economic environment was apparent, with such growth declining as a percentage of GDP after 2007/8, and falling below the NDP3 target by the end of the cycle. Taxes on international trade under the ambit of the Southern African Customs Union (SACU) were affected particularly badly, highlighting Namibia's vulnerability to external trade shocks. Domestic revenue sources were generally resilient, and anchored revenue performance.

Total expenditure increased over the review period, both in absolute terms and as a percentage of GDP. The Government's adoption of an expansionary fiscal

3: Review of performance under NDP3

stance after 2009/10 to cushion the economy from the negative effects of the global downturn meant that expenditure remained above the NDP3 target of 30% of GDP.

Also as a result of this expansionary stance, the target of achieving a budget surplus of 1.7% was not met. Instead, an average deficit of 2.1% occurred over the five-year period. The deficit was due to both increased spending and lower revenue growth. The fiscal policy intervention operated under a supportive monetary policy environment and contributed to shielding the economy from the severe effects of the contagion, with the decline in economic growth rate being recorded at only 0.4% in 2009 before returning to favourable growth in 2010. Countercyclical expansion was made possible by prevailing fiscal space, owing to three years of consecutive budget surpluses prior to 2009/10 and low Central Government debt levels. Of concern, however, is the deficit towards the end of the NDP3 period, which is estimated to rise to over 11% in 2011/12. This is a trend which the Government will reverse during the NDP4 cycle in order to ensure fiscal sustainability.

Debt remained below the NDP3 target of 25% up to 2010/11, but is estimated to reach 27% in 2011/12. This is due to the expansionary fiscal policy mentioned earlier. Although above target, debt remains within manageable levels. Government is committed to the continuation of fiscal sustainability over the NDP4 period.

Table 8 shows Government accounts over the NDP3 period.

Item (ratio to income)	NDP3 target	Out-turn
Total revenue and grants (% of GDP)	33.3	30.3 (average over the period)
Total expenditure (% of GDP)	30	32.5 (average over the period)
Budget balance (% of GDP)	1.7	-2.5 (average over the period)
Total outstanding debt (% of GDP)	25	26.6 (2011/12 estimate)

Table 8: Fiscal performance, NDP3.

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External sector performance

As highlighted in Table 9, the external performance of the Namibian economy was poor over the NDP3 period. Export growth in real terms averaged just 1% per year, against a target of 7%. This performance was mainly due to the global downturn, which led to a 9% contraction in exports in 2009. However, even before the global downturn, export performance was not as high as had been

3: Review of performance under NDP3

hoped. Namibia needs to diversify its export base to include more manufactured products, since these experiences less dramatic demand fluctuations compared with, for example, mining commodities, which are particularly responsive to global developments. Furthermore, Namibia needs to diversify its export markets in geographical terms in order to gain from opportunities being presented by emerging market economies with large markets and high rates of growth. This two-pronged diversification strategy would make Namibia's export performance more steady, and prevent it from being at the mercy of global fluctuations.

Imports grew by an average of 7% over the NDP3 period, slightly above expectations. This was due, in part, to increased growth in heavy vehicles and other capital goods for the mining and quarrying industry, as well as infrastructure projects such as the Caprivi Interconnector. Basic metal imports also witnessed a large increase. The divergence in export and import growth meant that the trade balance worsened over the period, with the average trade deficit reaching 7.7%.

External reserves continue to remain above the target of 3 months' import cover – a coverage ratio that is considered adequate internationally in respect of ensuring an uninterrupted financing of imports.

The Namibia Dollar has fluctuated widely in recent years, but at the end of the NDP3 period, it was approximately the same rate against the United States (US) Dollar as it had been at the start of the NDP3 cycle. Towards the end of 2008, the Namibia Dollar depreciated dramatically, mainly as a result of commodity prices falling. From 2009 to mid-2011, the local currency generally witnessed a period of appreciation, mainly due to rising commodity prices and capital inflows into the Common Monetary Area, which had been boosted by quantitative easing in developed markets.

Table 9 indicates the external sector of the Namibian economy during the NDP3 phase.

Table 9: External sector performance, NDP3.

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Item	NDP3 target	Out-turn
Exports as a ratio of GDP (%)	49 (by 2011)	44.0 (2011)
Export growth (%)	7.0	0.9
Imports as ratio to GDP (%)	52.1 (by 2011)	49.3 (2011)
Import growth (%)	6.0	7.0
Trade balance as a ratio to GDP (%)	3.1	-7.7 (average over the period)
International reserves	At or above 2 months' import cover	Achieved
Exchange rate change (%) against the US Dollar	-3 (depreciation)	0.2

4: Outlook in terms of the NDP4

Overall economic growth

The overall economic outlook over the NDP4 period is characterised by a level of uncertainty concerning the external environment, but a level of optimism is nonetheless warranted due to significant domestic potential.

The global environment is still one of slow growth, with the Euro Area projected to fall into recession in 2012 and witness low growth over the medium term. Developed regions are facing a challenging period of rebalancing fiscal debt without choking off growth. Emerging regions are likely to continue with high levels of growth over the NDP4 period, but the impact of low growth and demand from developed regions will be felt across the globe.

Namibia is an open economy and, therefore, low global growth will have an impact on domestic performance, particularly in mining and tourism. However, the potential of the domestic economy – especially in the key sectors outlined in the NDP4 – presents significant growth opportunities for Namibia. Domestic growth is expected to be sluggish in 2012/13, due to low growth in mining over 2011, but it will increase towards the end of the NDP4 period as global prospects improve and new domestic investment and production activity increases.

Table 10 presents the projected economic growth over the NDP4 period.

	2012/13	2013/14	2014/15	2015/16	2016/17
Real GDP growth	4.6%	6.1%	6.4%	6.3%	6.5%

On the whole, annual growth is targeted to average 6.0% over the NDP4 period (see Table 10 for the annual growth rates). This is a high and ambitious target, and represents an annual growth rate well above the 3.6% achieved during the NDP3. Furthermore, this level of growth will position Namibia as one of the fastest-growing upper-middle-income countries in the world.

Achievement of this growth target, whilst being a challenge, is plausible if the NDP4 strategies are implemented to full effect, and if all sectors of the economy strive for the priorities outlined. Clearly, this would require very determined and highly demanding implementation. As a nation, we should not tolerate delays in implementation or below-par performance. A large proportion of the interventions proposed in the NDP4 will also act as the foundation for strong growth in NDP5, NDP6 and NDP7 through education, health and infrastructure interventions.

Key to reaching the 6% growth target is the impact of a few large-scale investment projects. The prioritisation of investments into power generation, port ex-

Table 10: Real GDP growth targets, NDP4. <<

54

Number of upper-middle-income countries, as classified by the World Bank.

4: Outlook in terms of the NDP4

pansion, and rail upgrading will impact growth prospects substantially – not only in the NDP4, but also over the medium to long term. The Government will work closely with the private sector to make these investments a reality and help propel the country on its current path of growth. Without these large-scale projects, it will be difficult to reach the ambitious 6% growth target.

In addition, specific sectors have been identified as having potential for growth and job creation, namely tourism, manufacturing and transport/logistics. These sectors also demonstrate significant multiplier effects on the economy, and therefore will stimulate growth and job creation in other sectors as well. More details on the sources of economic growth are outlined in the following sections of this chapter.

It is important to note that economic growth is not an end in itself, but rather a means to achieve other goals such as poverty reduction, increased employment and industrialisation. Furthermore, the goal for economic growth is based on key targeted sectors that will help to spur the creation of jobs – and, hence, reduce inequality – and drive industrialisation.

Primary industries

Table 11 projects how primary industries will perform over the NDP4 period. With the exception of a contraction in 2012/13, primary industries are expected to show moderate growth, while average annual growth is estimated at 2.3%.

Table 11: Primary industry projections, NDP4
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Industry	2012/ 13	2013/ 14	2014/ 15	2015/ 16	2015/ 17
Agriculture and forestry	4.2%	3.9%	3.7%	4.0%	4.0%
- <i>Livestock farming</i>	4.8%	3.9%	3.5%	4.2%	4.0%
- <i>Crop farming and forestry</i>	3.8%	3.8%	3.8%	3.9%	4.0%
Fishing and on-board fish processing	2.0%	2.0%	2.0%	2.0%	2.0%
Mining and quarrying	-4.7%	3.2%	3.2%	1.6%	1.7%
- <i>Diamond mining</i>	-11.7%	0.0%	0.0%	0.0%	0.0%
- <i>Other mining and quarrying</i>	19.0%	11.3%	10.4%	5.0%	5.0%
Primary industries	-0.4%	3.3%	3.2%	2.6%	2.6%

Most subsectors are expected to exhibit steady, albeit moderate, levels of growth. Of note, however, is the more dramatic growth path of the mining subsectors. Diamond mining is expected to show a large decline and then exhibit no

4: Outlook in terms of the NDP4

growth, due to the depletion of on-shore deposits. Other mining and quarrying, on the other hand, are expected to grow rapidly in the first three years of the NDP4 cycle due to significant expansion in uranium activity. There are several large-scale uranium projects that might commence during the NDP4 period, as well as the expansion of existing mines. This is expected to be definitive in driving primary sector performance over the NDP4 period.

Agriculture is expected to grow steadily at an annual average of 4% over the period. This is due not only to the continuation of the Green Scheme, but also to an enhanced regulatory environment as regards crop farming, as well as debushing programmes and increased carrying capacity of the land that will improve live-stock farming.

Secondary industries

Table 12 shows the projected performance of secondary industries over the five-year NDP4 phase. There is potential for large expansion, with moderate to high levels of growth across the various subsectors. Secondary industries are expected to grow by an average of 8.7% during the five-year cycle, which will help deliver on some of Namibia's industrialisation and job growth aims.

Industry	2012/ 13	2013/ 14	2014/ 15	2015/ 16	2016/ 17
Manufacturing	4.7%	7.3%	8.1%	8.6%	9.0%
- Meat processing	4.3%	5.3%	5.3%	5.3%	5.3%
- Onshore fish processing	4.0%	5.3%	5.3%	5.3%	5.3%
- Other food products and beverages	6.5%	7.1%	7.6%	8.1%	8.6%
- Other manufacturing	3.4%	7.9%	9.1%	9.6%	10.1%
Electricity and water	3.5%	4.0%	4.0%	4.0%	4.0%
Construction	10.2%	15.0%	15.0%	15.0%	15.0%
Secondary industries	5.7%	8.6%	9.2%	9.7%	10.1%

Manufacturing is expected to be a strong contributor to these developments as a result of the increased attention on the sector during the NDP4 period. Specific agents of expansion in the manufacturing sector are agro-processing, upstream mining products (inputs for mining activity) and mineral beneficiation, potentially in copper, diamonds, gold, uranium, zinc and small-scale mining output. New activity is also possible through the importation of raw materials for manufacturing/value addition, i.e. going beyond the manufacturing of locally available raw materials. For example, importing metals for smelting or processing food

Table 12: Secondary industry projections, NDP4. <<

4: Outlook in terms of the NDP4

products have the potential to increase overall activity in this sector. Reaching the envisaged high level of growth in manufacturing is possible if initiatives such as increased local diamond and other mineral beneficiation, production of inputs in the mining sector, and fish and agro-processing take off as intended.

Construction is also expected to grow strongly, with high investment from both Government and the private sector. Given the focus on large-scale investment and growth in transport and manufacturing, there will be considerable spillover into the construction sector. These positive multipliers will also have a large impact on jobs, creating an estimated 23,500 additional positions over the NDP4 phase.

Tertiary industries

Tertiary industries are projected to perform steadily over the NDP4 period. Average annual growth in these industries as a whole is projected to be 5.7%, in line with overall growth in the economy.

Table 13: Tertiary industry projections, NDP4.

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Industry	2012/ 13	2013/ 14	2014/ 15	2015/ 16	2015/ 17
Wholesale and retail trade and repairs	3.5%	5.1%	5.5%	5.6%	6.0%
Hotels and restaurants	5.0%	5.1%	5.5%	5.5%	5.5%
Transport and communication	4.7%	4.8%	5.0%	5.4%	5.8%
Financial intermediation	6.3%	7.3%	8.3%	9.2%	9.2%
Real estate and business services	4.4%	4.1%	4.6%	5.0%	5.3%
Tertiary industries	5.2%	5.8%	6.0%	5.7%	5.9%

Of particular note is the growth in transport and storage, boosted by increased transport activities in Namibia and the expansion of capacity in the Namibia Ports Authority (Namport). Transport and logistics are a key focus area in the NDP4, with volumes expected to be boosted by demand both domestically and by neighbouring landlocked countries with high growth potential, such as Botswana and Zambia. This growth relies on extending capacity at the Port of Walvis Bay, and upgrading the complementary rail and road infrastructure. Without sufficient investment over the NDP4 period, Namibia will lose the opportunity to become a key port of choice in southern Africa.

Tourism is another sector targeted by the NDP4 for its potential to grow and to create employment. Despite the recession in Europe over the past few years, global tourism has been a large and growing market; with its comparative advan-

4: Outlook in terms of the NDP4

tages, Namibia is well-positioned to increase its market share. Growth in this sector is estimated to be strengthened by strategies for increased marketing, park development/maintenance, tourism skills development, and other targeted interventions. There is also potential for increased conference and business tourism – another large and growing market.

Given the range of developments in the financial sector, including the new financial sector strategy, financial intermediation is also expected to perform well over the NDP4 phase. Table 13 indicates projected tertiary industry performance during the NDP4 period.

GDP per capita

GDP per capita is an important economic indicator. Although it does not account for the distribution of income, it gives an indication of the country's average income per person. In real terms, i.e. taking inflation into account, GDP per capita is targeted to increase from N\$26,445 in 2012/13, to around N\$31,212 by 2016/17 – a rise of 17%.

The Vision 2030 target is to become a high-income country by 2030. Currently, the World Bank classifies high-income status as annual per capita income of US\$12,000 or more. Figure 4 shows this threshold scaled up by an expected level of inflation. Thus, the blue bars show how the high-income threshold is likely to change over time, while the red line shows a possible path to this target, with actual NDP3 performance, projected NDP4 performance, and a constant level of growth after that point in order to reach the target. Over NDP5, NDP6 and NDP7, real per capita income would have to increase by 9.7% per year to reach the target, which is a big challenge. This emphasises that more needs to be done to reach the targets set out in Vision 2030.



Figure 4: Per capita income – Path to Vision 2030 (Note: The path shown for future NDPs is for illustrative purposes only, and is not based on forecasting).

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4: Outlook in terms of the NDP4

Industrial structure

Over the NDP4 period, the slow trend towards industrialisation is expected to continue. Secondary industries are estimated to account for an average of 23% of GDP over NDP4, up from a 21% average over the NDP3 cycle. Tertiary industries are also expected to increase in relative importance, from an average 55% of GDP in the NDP3 phase to 57% over its NDP4 counterpart. These increases come at the expense of primary industries, whose contribution to GDP is estimated to decrease from an average of 18% over the NDP3 period to 13% over NDP4. This shift to secondary and tertiary industries will be challenging and will require a focused, concerted effort from both Government and the industrial sectors concerned. The bars in Figure 5 show the projected industrial structure of the economy over the NDP4 period, highlighting the continued shift away from primary industries.

Figure 5: Industry contributions to GDP, NDP4.
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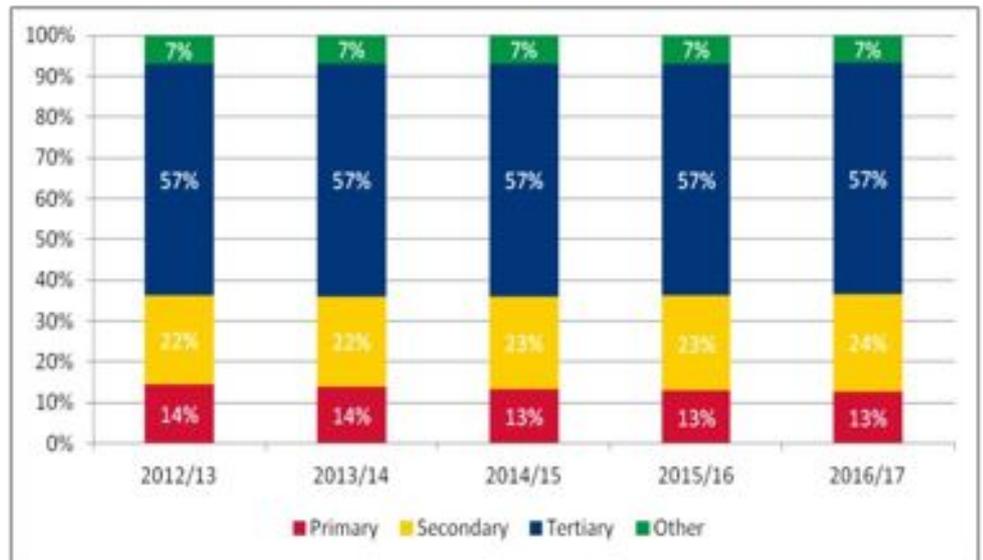
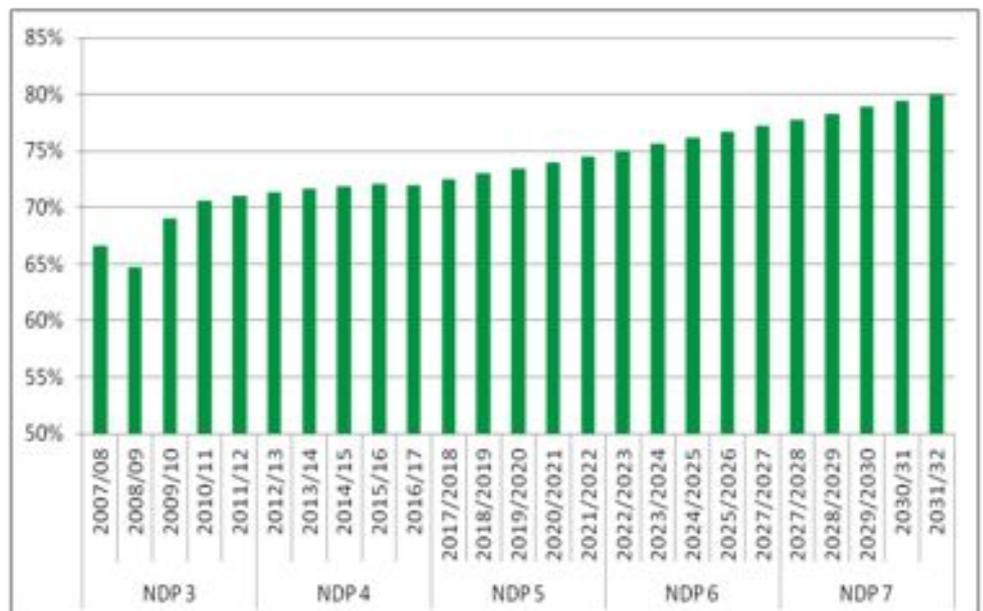


Figure 6: Industrialised Namibia – Path to Vision 2030 (Note: The path shown for future NDPs is for illustrative purposes only, and is not based on forecasting).
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4: Outlook in terms of the NDP4

The industrialised nation envisaged by Vision 2030 has manufacturing, as a sub-sector of secondary industries, and services, comprising tertiary industries, accounting for 80% of GDP. Figure 6 shows the combination of manufacturing and services under the NDP3 (actual performance), the NDP4 (projected performance), and the possible trend up to the end of the NDP7. As can be seen, this target requires an upward trend over the periods illustrated, with manufacturing and services increasing by an annual average of 0.5% as a percentage of GDP.

Employment

One of the key goals of Vision 2030 is to reduce the unemployment rate to under 5%. While this has been a target for the country since Independence, the unemployment rate has actually increased to date, reaching 51.2% under the broad definition, according to the latest Labour Force Survey (2008).

While the NDP3 targeted employment to grow at 2.6% per annum, it fell during 2004–2008. Nonetheless, the rate of employment is expected to increase by the end of 2011/12, albeit at a slower pace of 2.3%, to reach a figure of 409,353 employed persons. This increase is partly due to a revised estimate that uses different figures for agriculture and fishing from those on which the 2008 Labour Force Survey is based. This level of employment translates into an overall rate of unemployment of 44.5% by the end of the NDP3 cycle. Table 14 shows a comparison between these figures and the projections for the NDP4 cycle.

Indicator	NDP3 possible outcome	NDP4 projection
Total number of persons employed	409,353	499,968
Total labour force	737,770	838,779
Total number of unemployed persons	328,417	338,831
Unemployment rate (% , broad definition)	44.5	40.4

The employment elasticities of GDP growth were taken into account in calculating the employment estimates. These elasticities estimate the change in employment when correlated with the corresponding changes in GDP by sector. However, due to wide fluctuations experienced in the sectoral elasticities, they have been adjusted, based mostly on the average for the 1994–2008 period.

The employment elasticities used to project employment by industrial sector for the NDP4 cycle are shown in Table 15 (overleaf).

Table 14: Projected unemployment rate.
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Labour Force

The total labour force includes all economically active persons who are employed as well as all unemployed persons of working age.

4: Outlook in terms of the NDP4

Table 15: Employment review and projections.

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Employment, by industrial sector	Employment elasticity	Estimated NDP3 outcome	NDP4 projection	Jobs expected between 2012 and 2017
Agriculture	0.1	90,548	92,348	1,800
Fishing	0.4	13,254	13,725	470
Mining and quarrying	0.8	6,265	6,517	253
Primary industries	–	110,067	112,590	2,523
Manufacturing	1.3	26,418	42,124	15,707
Electricity, gas and water supply	0.2	5,470	5,697	227
Construction	0.8	27,571	48,928	21,357
Secondary industries	–	59,458	96,750	37,291
Wholesale and retail trade and repairs	0.9	57,116	71,723	14,607
Hotels and restaurants	1.4	10,212	14,568	4,356
Transport, storage and communication	0.8	17,759	21,706	3,948
Financial intermediation	0.6	10,547	13,324	2,777
Real estate and business services	1.5	18,246	25,605	7,358
Public administration, defence and social security	0.2	28,932	31,043	2,111
Education	0.2	29,168	30,704	1,536
Health and social work	0.2	14,361	15,343	982
Other community, social and personal services	0.5	12,062	13,252	1,190
Private households with employed persons	0.9	41,425	53,360	11,935
Extra-territorial organisations	–	–	–	–
Tertiary sector	–	239,828	290,628	50,800
Not reported	–	–	–	–
Total	–	409,353	499,968	90,615

4: Outlook in terms of the NDP4

Table 15 demonstrates unemployment projections for the NDP4 period. The number of employed persons is projected to increase from 409,353 at the end of the NDP3 phase to 499,968 by the end of NDP4, i.e. an additional 90,615 jobs. It is important to note that these are sustainable, long-term jobs. Although TIPEEG targeted the creation and preservation of more than 100,000 jobs over three years, its targets included the preservation of jobs as well as temporary and short-term jobs; hence, the figures are not comparable with those for jobs created under the NDP4.

About 18,000 jobs are expected to be created annually on average, from all sectors of the economy. This is a bold and ambitious target, especially considering that the trend in recent years has been a decrease in employment. Hence, under the NDP4, the goal is not only to halt the decline in employment, but also to substantially increase employment. The targeted number of jobs created will bring the unemployment rate down to 40.4% under the broad definition by 2016/17. Clearly, given the issues over the accuracy of unemployment data, the unemployment baseline is difficult to calculate – and, hence, so is the target rate for the end of 2016/17. However, the more important target is the number of jobs created during the NDP4 period, regardless of the baseline.

As Table 15 shows, the main sources of new jobs are the secondary and tertiary sectors, specifically in the categories Wholesale and retail trade and repairs, Manufacturing, and Construction. While Manufacturing is a priority sector, Construction and Wholesale and retail trade and repairs will benefit from increased investment in the economy and the multipliers and spillovers from growth in other sectors.

Gini coefficient

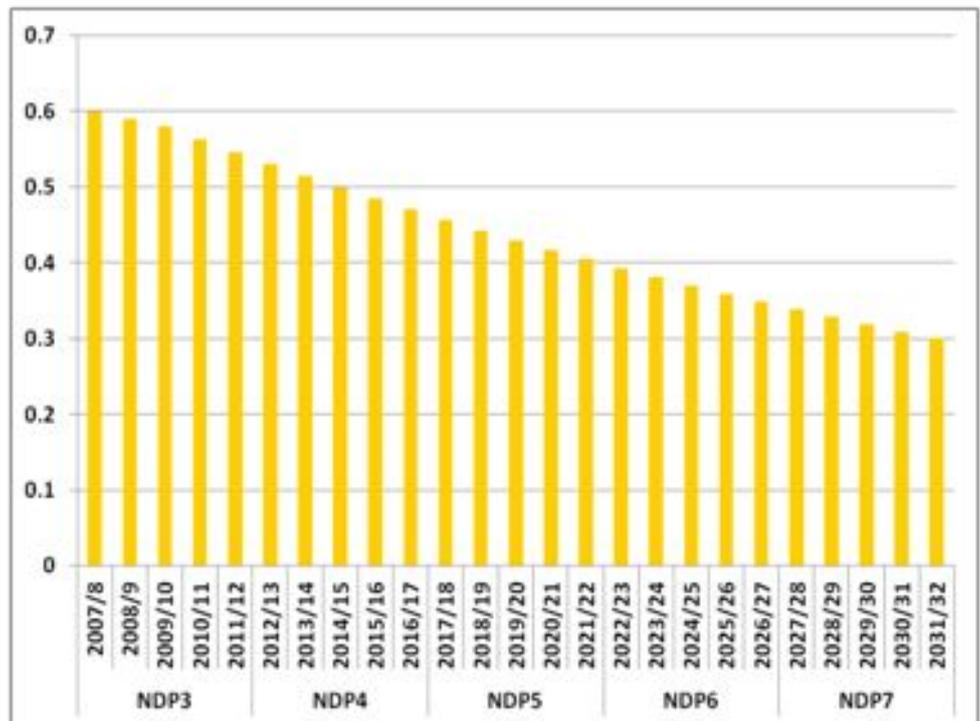
As regards reducing income inequality, progress from 0.604 to 0.58 has been in line with the target of 0.58 set under the NDP3. However, an improvement in the Gini coefficient from 0.6 to 0.5 is easier to achieve than an improvement from 0.5 to 0.4: as a society becomes more equal, it becomes more difficult to find further ways to increase equality. Therefore, the Vision 2030 target to achieve a Gini coefficient of 0.3 is ambitious, and, based on 2012 data, would put Namibia amongst the most equal societies in the world. Such a level of equality requires a dynamic approach that can adapt to circumstances as various groups are lifted out of poverty.

Figure 7 (overleaf) shows a possible path to the Vision 2030 goal. Rather than assuming a constant decrease in the value of the coefficient, the assumption has been based on a decrease by a constant percentage. Hence, as the value of the coefficient reduces, the absolute decrease in the Gini coefficient per year will also become smaller. In order to achieve the set target of 0.3, the coefficient will need to decrease by 3% per year over the next 19 years.

4: Outlook in terms of the NDP4

Figure 7: Gini coefficient – Path to Vision 2030.

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Investment Requirement

For the NDP4 goals to be realized fully, there is a need to make a substantial investment in the economy. Based on the currently available data, the investment requirement is estimated at N\$187 billion. Given the size of the required investment, the Government's investment strategy will be guided by the principle of a Government-led economic development, combined with the need to maintain the necessary macro-economic stability. The Government will therefore undertake the required investment in partnership with the private sector, where a mutually beneficial public-private-partnership investment program will be considered and implemented.

Notes

BASIC ENABLERS.

Basic enablers: The nature of economic development

Basic enablers are essential but not necessarily sufficient conditions for economic development. Basic enablers are also referred to as foundation issues, and while the positive presence of these factors need not always translate into rapid development, without them, sustained development cannot take place.

There are potentially many basic enablers, but the most important ones that have been included in the NDP4 are –

- > the institutional environment
- > education and skills
- > health
- > extreme poverty, and
- > public infrastructure.

SECTION 2: Basic Enablers

5: Institutional environment

052

6: Education and skills

064

7: Health

072

8: Extreme poverty

080

9: Public infrastructure

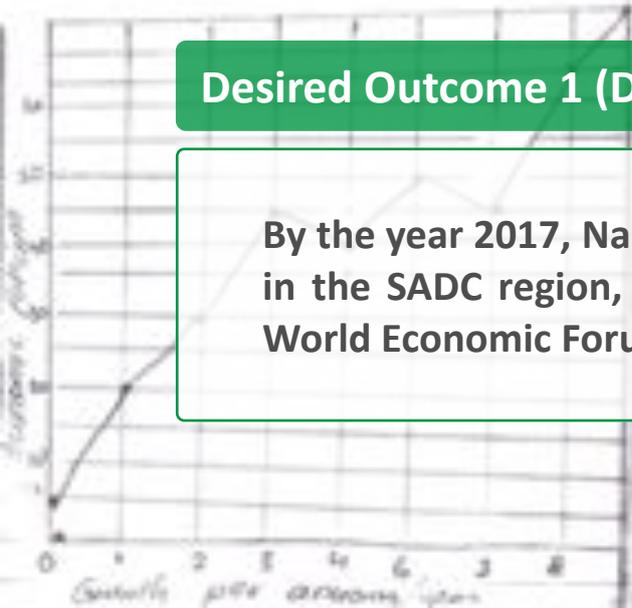
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BASIC ENABLERS.



Desired Outcome 1 (DO1)

By the year 2017, Namibia is the most competitive economy in the SADC region, according to the standards set by the World Economic Forum.



5: Institutional environment

The institutional environment as a basic enabler

There is a general, emerging consensus among economists that one of the most important factors for sustainable economic development is a supportive institutional environment. Very broadly defined, institutional environment includes factors such as political stability, governance, the macroeconomic environment, the quality of the State bureaucracy, and the general business environment with a strong emphasis on the participation and contribution of the private sector to economic growth and creation of employment.

Arguably, the private sector has the greatest potential to create value for both business and society in the area of expanding economic opportunities. Business activities can create jobs and entrepreneurial opportunities, build human capital and physical infrastructure, generate revenue for Government, and improve competitiveness in the economy. The private sector has a role to play not only by being a catalyst for economic growth and development, but also by working with Government to implement policy through PPPs.

Current situation and challenges

Since independence in 1990, Namibia's overall institutional environment has been broadly satisfactory and supportive of economic development. Perhaps the most outstanding feature of this environment is our political stability, as reflected in the absence of war and conflict. Because peace has reigned in the country, Namibians can live and work in a safe and secure environment. Our democracy is flourishing, and elections at national, regional and local levels are held regularly in a free, fair and transparent manner. We can be proud of our Constitution, which allows for the protection of private property, amongst other things, and related laws are actively enforced. Our macroeconomic environment is the envy of many nations in the world: Namibia is in the fortunate position of having simultaneous internal and external economic stability. Our internal stability is reflected in a sustainable fiscal position and stable prices, while our external stability is reflected in a positive savings investment balance.

Due to our solid institutional underpinnings as well as excellent macroeconomic management practices, Namibia is rated favourably by a number of international agencies such as the International Monetary Fund, World Bank, Transparency International, and the Heritage Foundation. Namibia is one of very few African countries that have both Fitch and Moody investment credit ratings, and Namibia's debut issue of a Eurobond in 2011 was well received. The recent reclassification of Namibia as an upper-middle-income country is yet another indication of our country's successful macroeconomic performance.

Despite sound policies overall, a number of challenges in the institutional environment remain, as outlined below. These have been given attention in the NDP4 in order to unleash Namibia's full growth potential.

IMF, World Bank, TI, The Heritage Foundation

International agencies that rate Namibia favourably (Source: Global Competitiveness Report 2011: World Economic Forum).

Macroeconomic stability

While we currently have macroeconomic stability, the recent increase in Government debt levels has shifted the focus to policies that increase revenue and curb increases in expenditure in order to ensure fiscal sustainability. During the time of the global economic crisis, the Namibian Government deliberately utilised its fiscal space to stimulate economic activity in a counter-cyclical manner. Over this period and subsequently however, the government has remained committed to fiscal discipline. This will maintain market confidence, ensure sustained economic growth, and create fiscal space for potential exogenous shocks. As a small, open economy, Namibia's economic performance is inextricably linked to its global counterpart. Therefore, the Government needs to be prepared for external shocks that could potentially hamper economic growth.

Government revenues have been a concern for some time now. Challenges essentially emanate from three factors: a shallow revenue base, notwithstanding the introduction of new revenue streams; weaknesses in the collection process; and an over-reliance on Southern African Customs Union receipts, which are projected to diminish in the near future due to ongoing trade liberalisation initiatives. On the Government expenditure side, the wage bill, which has ballooned over the past few years, is a matter of concern. Moreover, the economy faces substantial downside risks emanating from the deteriorating global environment, putting additional pressure on fiscal sustainability. These factors will all be carefully monitored during the NDP4 cycle, and policy will be attuned accordingly through an appropriate mix of fiscal and monetary policy responses.

The business environment

We have a stable macroeconomic environment, however, necessary reforms in order to make the business environment more dynamic and improve our growth trajectory have either not been embarked upon, or not implemented successfully. This disconnect is reflected in international surveys on competitiveness that score Namibia relatively highly on institutional and macro issues, but poorly with respect to micro issues.

Challenges relating to the business environment can be broadly categorised as those facing start-up firms and those facing existing businesses, especially micro, small- and medium-scale enterprises (MSMEs). Under each of these two broad categories, a number of issues need attention. These issues often cut across all existing businesses, and include the following:

- > Ease of doing business in Namibia
- > Access to finance and land
- > Access to skills
- > R&D and innovation
- > Labour flexibility and productivity
- > Public service delivery
- > Unemployment
- > Public and private sector cooperation, and
- > The Government incentive regime.

Ease of doing business

Regarding the ease of doing business in Namibia, the critical issues are the number of days and the number of procedures it takes to register a business compared with competitor economies. According to the latest World Bank report on doing business worldwide, it takes 66 days and 10 procedures to set up a new business in Namibia, while average figures for Organisation for Economic Co-operation and Development (OECD) countries are 5 days and 12 procedures respectively. In sub-Saharan Africa, Rwanda tops the list as the easiest country to set up a new business, with only two days and three procedures required. Furthermore, registering property, paying taxes and trading across borders are comparatively difficult in Namibia, according to the report.

Access to finance

Access to finance for enterprises remains a key challenge, particularly for start-ups and for micro and small-scale enterprises. High bank user charges and fees, high transaction costs, low levels of financial literacy, and, partly, a lack of appropriate and innovative finance products (e.g. microfinance) and instruments (e.g. venture capital, bridging finance) are key factors limiting access to finance. In addition to these, small- and medium-scale enterprises often lack the necessary collateral to qualify for bank loans. This implies that MSMEs are unable to buy equipment to invest in or expand their businesses in order to produce more goods and services, and to employ more people. Their source of capital for expansion is often limited to profit and inputs from family and friends.

Access to land

Access to land is yet another inhibiting factor for existing and new businesses alike. Issues with regard to availability, affordability, tenure and delivery affect the current dynamics of urbanisation and business development. The greatest bottleneck is the non-availability of land in towns, villages and settlement areas, as well as communal land. The processes required to deliver land according to the requirements of the Townships and Division of Land Amendment Act, 1992 [No. 28 of 1992] is lengthy due to a serious lack of registered town planners and surveyors. In particular, micro and small-scale businesses struggle with land registration and the non-collateralisation of existing land rights in communal and non-formalised urban areas. Land administration processes are based on outdated legislation and regulations. The result is that land markets are distorted and land becomes expensive and often unaffordable.

Access to skills

Limited access to quality skills and a mismatch in the supply of and demand for skills persist as severe constraints in the Namibian economy, preventing the country from achieving a higher growth rate. The sources of this problem are numerable, but include the education system as well as in vocational and other training. Furthermore, labour market regulations are partly responsible for an inflexible labour market. Also, it remains challenging for industry to import skills where local skills are unavailable. Given the importance of skills in the different sectors of the economy, there is a need to focus more attention on the development of skills to support industry.

66

Number of days it takes to set up a business in Namibia. (Source: The ease of Doing Business Report 2011/2012: World Bank).

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See also Chapter 6, "Education and skills".
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R&D and innovation

R&D and innovation – which entail the commercially successful introduction or implementation of a new or improved product or process – are at a fairly low ebb in Namibia. Innovative products and processes are essential for companies to participate in markets and to sustain competitiveness. The interaction between key actors – the State, research institutions and the private sector – in respect of innovation is minimal, while incentives for targeted R&D in respect of introducing new technology and promoting innovation are non-existent.

Labour

Less than desirable levels of labour flexibility and productivity negatively affect the competitiveness of Namibian businesses. One of the most cited issues in this regard is the current labour law, which is inflexible in terms of working hours, impacting on a number of industries with abnormal working hours, such as the hospitality and services industry. Laying off workers is very challenging and, consequently, companies are reluctant to hire additional permanent staff. Furthermore, the current labour law is generous with respect to leave days such as annual leave, sick leave and compassionate leave. When added to public holidays, this presents a substantial loss of productive time. Another factor, is that labour productivity in Namibia is low. In a globalised and competitive world, productivity is essential; hence, more should be done to measure and increase productivity in Namibia under the NDP4.

Public service delivery

Public service delivery in Namibia also needs to be efficient and effective. Despite significant progress in establishing a fully functioning bureaucracy, there are major concerns about the delivery capacity of certain State functions. These impede our ability to provide the range of goods and services required by our citizens. The ability of the public sector to deliver on its mandate efficiently and effectively is a prerequisite for rapid growth, job creation, and poverty reduction. Moreover, the pace at which we implement developmental programmes is unsatisfactory. Sadly, public sector weaknesses in respect of delivering services often affect the most vulnerable in our society. This weak delivery capacity stems from a number of factors, but the severe deficit of skills at critical management levels in the State apparatus is the most telling. We have not succeeded in attracting or retaining critical talent to manage the day-to-day operations of the State, and there is a general lack of professionalism, performance management, transparency, and accountability at all levels in the system. We also do not have a clear sense of where the next generation of bureaucrats will come from, and what specialist skills will be needed for the efficient running of the bureaucratic system. Therefore, we need to significantly strengthen the managerial and leadership capabilities of our senior civil servants. While Namibia is seen as one of the “cleanest countries” in Africa, according to Transparency International, there is a concern that corruption is on the rise. Finally, the current public tender system is regarded as being non-transparent, too cumbersome, and difficult to access, in particular for MSMEs.

5: Institutional environment

Public and private sector cooperation

Public and private sector cooperation is a key success factor when it comes to rapid economic growth. For example, business membership organisations that provide a representative opinion of issues that require action by the public sector play an important role in a country's development. Currently, not all businesses are represented by or organised into formal bodies, particularly micro and small-scale enterprises from the Regions. Thus, they have no avenue by means of which to advocate public sector reform in public-private dialogue. Even some of the established private sector associations have insufficient capacity to effectively engage Government. Moreover, the Government is not able to satisfy all the population's needs and expectations. It can often be difficult to satisfy the citizens' basic needs such as ensuring a sufficient food supply and good health services, providing adequate basic education and a sense of security, and protecting the environment for future generations. Government's diminished ability to engage the private sector cooperatively may be related to issues of limited efficiency, but the reasons may also be financial. Some of the SOEs run huge budget deficits, and are still not able to deliver the goods and services to citizens at affordable prices.

Incentive regime

Furthermore, there is concern about the general incentive regime in Namibia. Many point out that it is not always clear and transparent, particularly for manufacturers. The current incentive structure is perceived to be overly generous, complex, and vulnerable to abuse, e.g. by way of transfer pricing, financial transfers, mischaracterisation of business activities, churning 'new' businesses to qualify for incentives, and the potential for corruption in the granting of incentives. In addition, the reliance on highly selective, uncertain and discretionary criteria to qualify for manufacturing incentives works against market efficiency and complicates tax administration.

Desired outcome

Based on the above analysis of the current situation and the challenges in the institutional environment, the following desired outcome is proposed under the NDP4:

DESIRED OUTCOME 1 (DO1)

By the year 2017, Namibia is the most competitive economy in the SADC region, according to the standards set by the World Economic Forum.

Proposed strategy to attain DO1

In respect of competitiveness and efficiency, one of the strategic initiatives to be undertaken during the NDP4 phase will be the continuous reform of the business environment. Issues to be investigated and acted upon during this phase

will include the cost, time and number of procedures required to open a business, as well as the investment incentives and measures needed to increase the competitiveness of micro and small-scale enterprises.

Access to finance

Regarding access to finance, especially for start-ups, the overall strategy will be to support the implementation of the NFSS. Among other things, the NFSS aims to –

- > increase the resilience of the Namibian financial system to various types of shocks
- > deepen the financial sector by introducing new instruments, including risk capital
- > increase access to finance for small- and medium-scale enterprises (SMEs) and the general public, and
- > significantly enhance consumer financial literacy.

Access to land

Regarding access to land for business, the strategy will be to speed up the review of outdated legislation pertaining to land delivery and registration so that the procedures will allow for speedy acquisition and ownership of land for business and housing development. Moreover, Government will expedite its Land Reform Programme to enable more previously disadvantaged Namibians to own land in commercial areas, and for communal land rights to be used as collateral for business transactions.

Availability of skills

Regarding the skills deficit, the short-term strategy will be to identify the critical skills needed for industries to operate at a higher output potential. If not available in the domestic market, these skills will be imported. Such importation will be streamlined and facilitated, in collaboration with the ongoing initiatives by the Namibia Chamber of Commerce and Industry, the Chamber of Mines, the Namibia Investment Centre, and the Ministry of Home Affairs and Immigration. In the longer term, and starting under the NDP4, skills-building will be enhanced and prioritised. Further skills development in the public and private sectors will be addressed through the provision of capacity-building initiatives and on-the-job as well as other training. In this regard, the recently established Namibia Training Authority (NTA) will play a lead role and will table proposals and actions in the first year of the NDP4's implementation.

R&D and innovation

As a nation, we are obliged to be forward-looking. Therefore, the NDP4 will have a strong R&D and innovation component. Companies will be encouraged to adapt new technologies and invest in R&D. Current R&D efforts will be analysed, and platforms will be established for cooperation between the public and private sectors as well as with tertiary education institutions. The broader strategy will be to elevate innovation to a national level, with representation at all stages of the innovation process.

5: Institutional environment

Labour flexibility

Regarding the labour market, the overarching strategy under the NDP4 will be to introduce more flexibility while protecting the rights of workers. Temporary exemption from compliance with certain sections of the Labour Act, 2007, will be considered in the interests of rapid job creation. The details will be worked out collaboratively between the Ministry of Labour and Social Welfare, the various labour unions, and the Employers' Federation, before the end of the first year of the NDP4 cycle.

Public service delivery

In respect of public service delivery, the strategies and actions to be pursued will include the following:

- > Review of the Public Service Act, 1995, to streamline disciplinary processes
- > Introduction and enforcement of performance management across all levels agencies and functions of Government
- > Continued focus on building and strengthening of specialised skills, particularly in project management and leadership
- > Positioning of the civil service to become an employer of choice that is able to compete head-on with the private sector for skills and talent, and
- > Review of the role of the Public Service Commission to make it easier for the State to compete with the private sector for specialist skills.

An overall assessment of the public service will also need to be undertaken to determine what its optimal size should be, taking efficient and effective delivery into account. The purpose of public sector reform is to ensure effective, efficient and economically sound service delivery to the citizens of a country, and thereby contribute towards the promotion of that society's general welfare. It is generally accepted that successful and sustainable economic reform cannot take place without a competent public sector.

Public and private sector cooperation

With regard to public-private partnerships, the Government will establish an institutionalised public-private dialogue platform. Frequent meetings will be arranged through workshops, investment planning sessions, and information briefings. This dialogue will enable both the public and the private sector to invest in various industries in the economy in order to accelerate growth and job creation. The platform will not only facilitate private sector participation, but it will also support Government's efforts to expand the provision of goods and services, enhance the extension of business loans, establish additional economic infrastructure, and broaden the development of skills according to capabilities, areas of expertise, and interests.

Incentive regime

During the NDP4 phase, the current incentive regime will be reviewed in order to streamline it and effectively respond to industry development as targeted. The incentive regime will not necessarily only be tax-based, but will consider

Labour Act,
No. 11 of 2007.
<<

Public Service Act,
No. 13 of 1995.
<<

PPP

Public-private partnership.

broader support measures as well, as a carrot-and-stick approach to entice industries to develop in a particular direction.

Good governance

The Government is also required to be fully committed to addressing corruption at all levels. In this regard, the Anti-Corruption Commission, in liaison with existing structures such as the Namibian Police, the courts, the Ombudsman, and Parliament, should forcefully deal with corruption with a view to root it out. In addition, institutions within the public and private sectors should constantly be encouraged to adhere to the principles of good corporate governance. Moreover, a code of ethical conduct should be set up as regards service delivery, which emphasises adherence to the principles of good corporate governance, increased transparency, openness, accountability and increased participation by citizens in order to prevent and expose corrupt practices.

Table 16 (page 61) shows some challenges that obtain in respect of the institutional environment at the beginning of the NDP4 cycle, the implications of not addressing them, and the strategy proposed to mitigate them.

5: Institutional environment

Challenge	Implication if challenge is not addressed	Strategy to address challenge
Difficulty of doing business	Namibians and foreign investors alike will be discouraged from setting up businesses due to the long registration process and procedure delays.	Investigate what costs, time and procedures are involved in opening a business, and improve these conditions
Limited access to finance	There will be inadequate growth in the economy and little innovation, particularly in respect of SMEs	Support the implementation of the NFSS
Inadequate access to land	Private sector growth, which should act as a catalyst for economic growth and job creation, will be prevented.	Speed up the review of outdated legislation pertaining to land delivery and registration in order to improve procedures that will allow for speedy acquisition and ownership of land for business and housing developments
Poor-quality public service delivery	Poor service delivery will affect effective policy and programme implementation.	<p>Review the Public Service Act to streamline the disciplinary process</p> <p>Introduce and enforce performance management</p> <p>Continue to focus on building and strengthening specialised skills, particularly in project management and leadership</p> <p>Position the civil service to become an employer of choice that is able to compete head-on with the private sector for skills and talent</p> <p>Review the role of the Public Service Commission to make it easier for the State to compete with the private sector for specialist skills</p>
Limited public–private sector cooperation	The lack of strong PPPs in the country will retard economic growth.	Establish an institutionalised public–private dialogue platform and hold frequent meetings through workshops, investment planning sessions and information briefings

Table 16: Summary of challenges and proposed responses – Institutional environment.

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5: Institutional environment

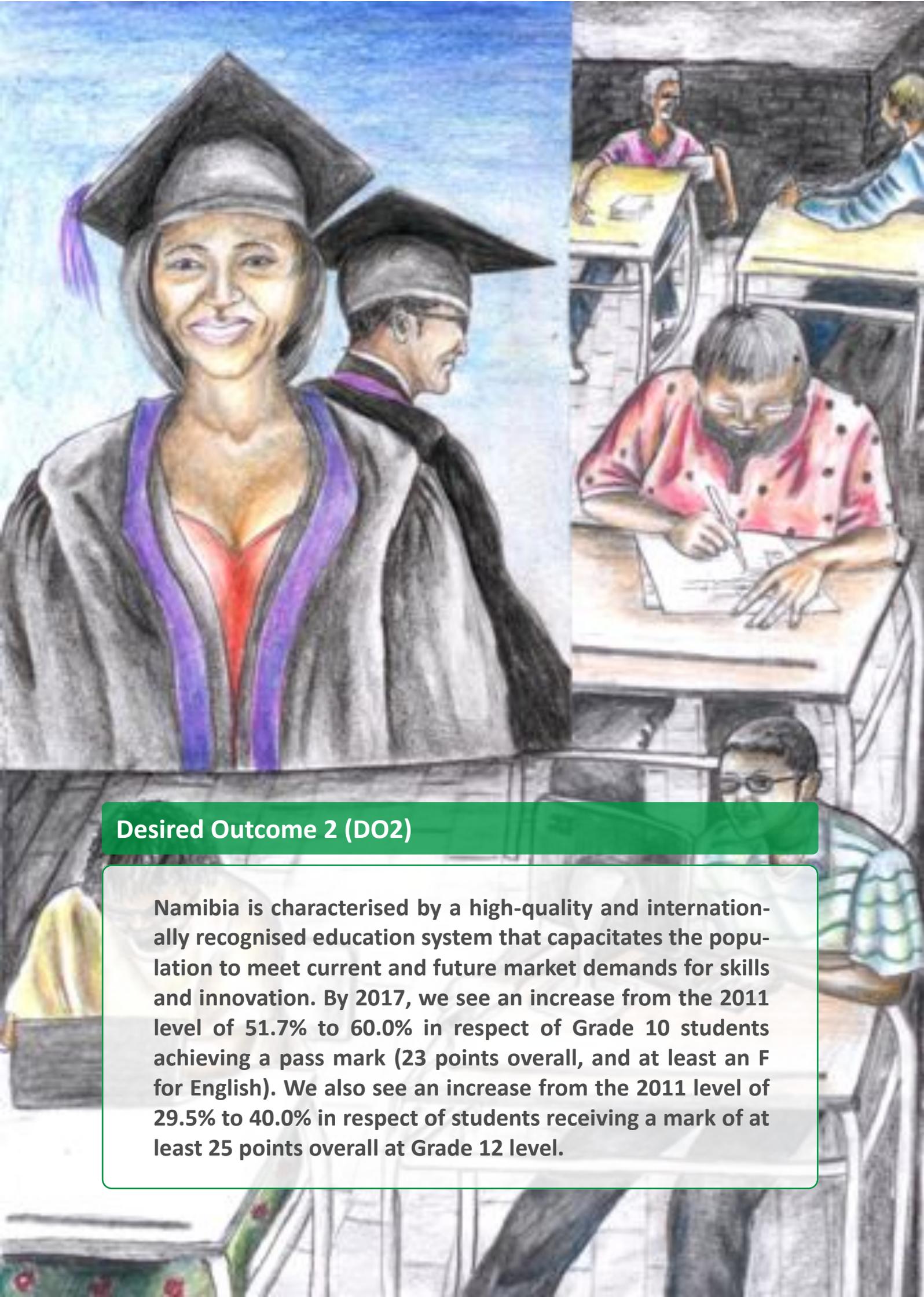
Roles and responsibilities

The roles and responsibilities associated with ensuring there is an enabling institutional environment for development to take place are outlined in Table 17.

Table 17: Roles and responsibilities – Institutional environment.

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High-level strategy	Main role player/agent responsible
Maintain macroeconomic and fiscal stability	Ministry of Finance
Increase revenue collection and review the tax regime	Ministry of Finance
Improve indicators for doing business in Namibia	Ministry of Trade and Industry
Enhance labour regulations	Ministry of Labour and Social Welfare
Improve access to finance	Bank of Namibia
Improve access to land for businesses	Ministry of Regional and Local Government, Housing and Rural Development
Improved delivery of public services	Office of the Prime Minister
Promote public–private partnerships	Ministry of Trade and Industry
Promote R&D and innovation	Namibia Business Innovation Centre
Increase market size for Namibian products	Ministry of Trade and Industry



Desired Outcome 2 (DO2)

Namibia is characterised by a high-quality and internationally recognised education system that capacitates the population to meet current and future market demands for skills and innovation. By 2017, we see an increase from the 2011 level of 51.7% to 60.0% in respect of Grade 10 students achieving a pass mark (23 points overall, and at least an F for English). We also see an increase from the 2011 level of 29.5% to 40.0% in respect of students receiving a mark of at least 25 points overall at Grade 12 level.

6: Education and skills

Current situation and challenges

Since Independence in 1990, Namibia has invested significantly in the education sector. Education has, in fact, received the lion's share of the National Budget almost every year. Despite this, there is broad consensus in Namibia that the education system remains weak by international standards, and requires significant intervention as a primary priority for the future of the country. This view is supported by many businesses and industries (>>) as well as a number of top politicians and Government officials, including the President, the Prime Minister and the Minister of Education (>>).

The problems associated with the education system are extensive, and range from a lack of quality to a lack of infrastructure and information and communication technology (ICT). While some advances have been seen over the past 21 years, these have been limited. Many regard them as inadequate, in that they have not given the system the reform it has sought. Since education, as with any training, is a direct skills transfer, it is critical that those with the immense responsibility of educating the nation, and of ensuring that skills are efficiently transferred, are in fact equipped to do so.

One great challenge associated with education is the fact that it is a long-term investment, with results rarely seen overnight. Education requires continued outlay in both money and time and, thus, remains a public and private cost that is unlikely to disappear or dissipate over time. As such, it is important to ensure that we achieve the intended returns on these investments, so that this expenditure requirement remains manageable and its yields positive.

A number of challenges have been identified in the education system, but these can be broadly grouped into two overarching categories, namely quality in the system across all layers and segments, and the mismatch between the demand for and supply of skills in the country.

Since Independence, the Namibian education system has often failed to deliver quality in its graduates. Issues surrounding the quality of education provision persist at practically every level and in almost every type of training institution. Passing standards are generally low, and the knowledge required to achieve these marks is often considered insufficient by global standards. Southern African Consortium for Monitoring Education Quality (SACMEQ) results show that Namibia spends significantly on education; however, the returns on its investment in the form of marks attained remain relatively low. Clearly, therefore, current and projected future demand for skills is poorly catered for by educational institutions.

The challenges relating to the quality of education start with the limited access to early childhood development (ECD) services. ECD refers to the growth and change that take place from preconception until the age of 6. In these early years, the most critical neurological development takes place, with the most sig-

Institute of Public Policy Research (2010).

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Education Conference, 2011.

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6: Education and skills

nificant brain growth occurring in the first three years of life. As at 2012, there are no Government-owned ECD centres in the country. There are no legal regulations for ECD centres; there are few qualified teachers/educarers trained in ECD; and there is a severe undervaluation of ECD-trained individuals – leading to underpayment and limited incentive to work in this field. ECD is generally undervalued and often misunderstood. Moreover, investment in ECD is low – although the potential returns of quality ECD have been shown to be very high.

Similarly, numeracy and literacy tests by bodies such as SACMEQ illustrate that, while investment in primary education is relatively high in Namibia, quality outcomes remain a problem. Thus, getting value for money by way of the efficient use of resources continues to present a challenge.

Senior secondary is the last step in the formal school education process before students enrol for tertiary education or enter the workforce. A Grade 10 qualification is generally considered to be insufficient to enter skilled employment. Currently, however, an insufficient number of students obtain their Grade 12 qualification for a number of reasons, including a lack of space at upper secondary level, non-achievement of a Grade 10 pass, and the legacy of substandard education at lower levels. However, if the Grade 10 pass rate were to increase dramatically, serious capacity constraints at Grade 12 level would be exposed. Hence, while efforts aimed at improving the Grade 10 pass rate should continue, additional capacity should simultaneously be developed in Grades 11 and 12 to accommodate more students at those levels.

The provision of vocational and technical education remains another serious challenge in Namibia. The perception of vocational and technical education as being a second-rate alternative to a purely academic tertiary education is inaccurate and unfounded. While the number of VET and community skills development centres gradually increased under the NDP3, quality remains a concern and will be addressed under the NDP4. Furthermore, there are simply an insufficient number of private vocational or technical centres in the country.

R&D, too, is underdeveloped in Namibia, with few institutions carrying out R&D on a significant scale, resulting in low levels of product development. Moreover, there is limited tracking of funds spent on R&D in the country. Conversely, for example, our neighbours Botswana and South Africa spend approximately 0.5 and 0.9%, respectively, of GDP on R&D.

Table 18: Summary of targets and out-turns – Education and skills (Source: Ministry of Education, unless otherwise stated).

>>

Indicator	NDP3 target	Out-turn (2011)
Children in early childhood development programmes	9,375	13,459
Net primary education enrolment rate (%)	99.1	99.8
Net secondary education enrolment rate (%)	65.4	57.1

6: Education and skills

Indicator	NDP3 target	Out-turn (2011)
Primary education completion rate (%)	80.2	85.5 (2010)
Secondary education completion rate (%)	–	45.8 (2010)
Tertiary education completion rate (%)	35.0	–
Vocational education completion rate (%)	85.0	50.0 (2009)
Adult literacy rate (%)	91.8	89.0
Proportion of graduates employed (%)	95.0	76.3 (Broad definition) 82.7 (Strict definition)
Share of public expenditure on education (%)	23.0	22.3
Expenditure on R&D (% of GDP)	1.0	–

Desired outcome

Based on the above analysis of the current situation and the challenges we face in education and skills development, the following desired outcome under the NDP4 is proposed:

DESIRED OUTCOME 2 (DO2)

Namibia is characterised by a high-quality and internationally recognised education system that capacitates the population to meet current and future market demands for skills and innovation. By 2017, we see an increase from the 2011 level of 51.7% to 60.0% in respect of Grade 10 students achieving a pass mark (23 points overall, and at least an F for English). We also see an increase from the 2011 level of 29.5% to 40.0% in respect of students receiving a mark of at least 25 points overall at Grade 12 level.

Proposed strategy to attain DO2

In line with the two key challenges, strategies and actions in the education system will be designed around improving quality and addressing the mismatch between the demand for and supply of skills.

Table 18 continued.
<<

United Nations Children's Fund (2010).
<<
Namibian Labour Force Survey, 2008.
<<
Various National Budget documents.
<<

With regard to general quality improvement, the strategies and activities to be pursued will include –

- > improved learning standards and curricular development
- > teacher development
- > improved availability of textbooks and materials
- > improved stringent learner assessment
- > improved hard and soft infrastructure, and improved alignment between market demand and institutional supply by ensuring that curricula are designed with input from employers.

One key aspect across all levels of education is the quality of skills in those who are engaged in the business of transferring knowledge. To this end, stringent standards for teachers should be set and adherence to them monitored. Furthermore, in order to attract educators of a high standard to the profession, it is critical to address negative perceptions that there are those whose poor achievements, especially in science subjects, use the teaching profession as a fallback position. Therefore, there is a need to improve the career prospects for educators whose standards are consistently high. Such enhancements will provide the required incentive for educators to remain in the profession. Furthermore, the entry requirements for teacher training courses should be more stringent to ensure that teaching standards are kept high by new entrants to the profession, and that becoming a teacher is not a career of last resort.

One of the key focus areas under the NDP4, as indicated by DO2, will be a significant increase in the percentage of children that meet the entry requirement for VET and other tertiary institutions. In this regard, elements of the strategic focus will include –

- > increasing the availability of opportunities and places in senior secondary education
- > improving the conditions of service for teachers as well as the quality of the education they need to provide in the secondary phase, and
- > improving the availability of secondary education textbooks and other teaching and learning materials.

Regarding the alignment of demand and supply, based on the Human Resources Development Plan, key areas of skills shortages will be identified and targeted for development over the next five years, with specific strategies that will include the following components:

- > Linking VET as well as technical education in general to envisaged priority areas, starting off with tourism, logistics, mining, and manufacturing
- > Increasing the provision of opportunities for VET and technical education, targeting the entire country, but impoverished areas in particular
- > Introducing competency-based education and training
- > Upgrading educator qualifications and expand throughputs of students undertaking studies to become educators.
- > Providing adequate equipment and infrastructure for VET centres, and
- > Certifying acquired skills in the informal sector.

6: Education and skills

Quality outcomes will not be confined to secondary education and VET: strategies to improve the quality of education at earlier stages will also be pursued. One such strategy will be the promotion of ECD as follows:

- > Provision of 100 free, Government-run, strategically located ECD centres by 2017, focusing on the poorest sections of society
- > Increased provision of and support for ECD teacher training, and
- > Increased ministerial capacity to implement and support ECD centres.

In order to better integrate ECD with other aspects of education, it is recommended that the responsibility for ECD is transferred from the Ministry of Gender Equality and Child Welfare to the Ministry of Education.

Regarding pre-primary education, the strategy will be built around the following components:

- > Increased availability of pre-primary and primary education
- > Increased focus on quality, particularly as regards numeracy and literacy,
- > Improved efficiency in the use of resources, focusing on value for money.

Senior secondary education improvements are in turn partly founded on the quality of improvements in the early stages of the education process. As such, all strategies to improve the earlier phases also speak to the overall strategies for enhancing the quality of senior secondary education.

In order to fast-track students of exceptional academic ability, it is recommended that centres of excellence, with exceptionally high standards and requirements, be developed in the fields of mathematics, science and languages.

In order to increase graduates' employability, internships and apprenticeships will be promoted to assist them in finding full-time employment.

In order to increase the volume and quality of R&D in the country, it is important to increase spending on R&D to at least 0.3% of GDP by 2017.

Challenge	Implication if challenge is not addressed	Strategy to address challenge
Quality of graduates from all levels of education remains below desired levels	Education remains below world standards. Namibia's development is severely impaired by skills deficits.	<ul style="list-style-type: none"> Improved learning standards and curricular development Teacher development Improved availability of textbooks & material Improved stringent learner assessment Improved hard and soft infrastructure Improved alignment between market demand & institutional supply

Table 19: Summary of challenges and proposed responses – Education and skills (continues page 70).

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6: Education and skills

Table 19 continued.
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Challenge	Implication if challenge is not addressed	Strategy to address challenge
Limited provision (investment) and affordability of ECD centres and educators.	ECD, the major building block of all education remains below the desired levels, resulting in poor academic outcomes and outputs at higher levels.	<p>Provision of 100 free, Government-run, strategically located ECD centres by 2017, focusing on the poorest sections of society</p> <p>Increased provision of and support for ECD teacher training</p> <p>Increased ministerial capacity to implement & support ECD centres.</p> <p>Transfer responsibility for ECD from the Ministry of Gender Equality and Child Welfare to the Ministry of Education</p>
Investment to quality ratios in primary education are lower than desired	Significant investment in primary education fails to yield significant results.	<p>Increased availability of pre-primary and primary education</p> <p>Increased focus on quality, particularly re numeracy and literacy</p> <p>Improved efficiency in the use of resources, focus on value for money.</p>
Insufficient numbers of students obtain Grade 12 qualifications	Insufficient and insufficiently trained young Namibians enter the countries labour force but are unable to find jobs, despite skills deficits. Unemployment (particularly youth unemployment) rises.	<p>Increasing the availability of opportunities and places in senior secondary education</p> <p>Improving the conditions of service for teachers as well as the quality of the education they need to provide in the secondary phase</p> <p>Improving the availability of secondary education textbooks and other teaching and learning materials.</p>
Under development of R&D, in Namibia. Few institutions carrying out R&D on a significant scale.	Low levels of product development.	Increase spending on R&D to at least 0.3% of GDP by 2017.

6: Education and skills

Challenge	Implication if challenge is not addressed	Strategy to address challenge
Limited (insufficient) provision of vocational and technical education, as well as poor (and inaccurate) perceptions of vocational and technical education.	Vast numbers of learners not willing or able to be taken in by other institutions of higher learning are left without options and become unemployed. Technical and vocational expertise in the country dwindles.	<ul style="list-style-type: none"> Linking VET as well as technical education in general to envisaged NDP4 priority areas Increasing the provision of VET and technical education, targeting esp. impoverished areas Introducing competency-based edu. and training Improve the standard of qualifications for educators and increase the throughputs educators Providing adequate equipment and infrastructure for VET centres Certifying acquired skills in the informal sector.

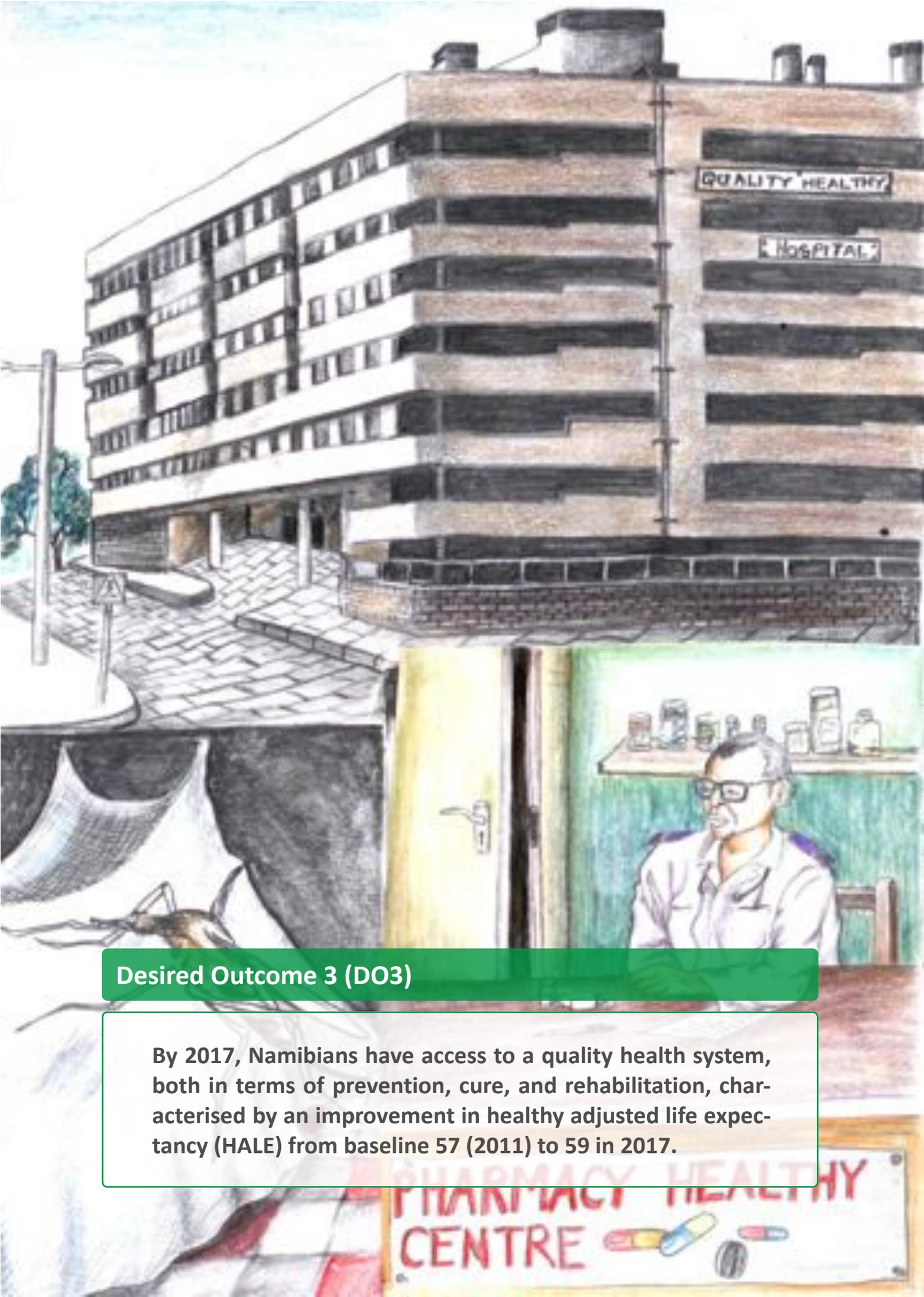
Table 19 continued.
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Roles and responsibilities

While the Ministry of Education has the entrenched mandate to develop the country's education system, practically every member of society – particularly industries and non-governmental organisations – will have a role to play in its improvement. Nonetheless, the task of coordinating educational institutions, O/M/As, industries and other private sector businesses, so that they may play their required role in education, will continue to be the exclusive domain of the Ministry of Education. Internal M&E also falls to this Ministry, with higher-level M&E being carried out by NPC and the Office of the Prime Minister.

High-level strategy	Main role player/agent responsible
Early childhood development	Ministry of Education, Ministry of Gender Equality and Child Welfare
Pre-primary and primary education	Ministry of Education
Jun. and sen. Secondary education	Ministry of Education
Quality assurance	Ministry of Education
Vocational and technical education	Ministry of Education
National Human Resource Development Plan	National Planning Commission
National Youth Apprenticeship Prog.	Ministry of Education
Increase R&D spending to at least 0.3% of GDP	Ministry of Education

Table 20: Roles and responsibilities – Education and skills.
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Desired Outcome 3 (DO3)

By 2017, Namibians have access to a quality health system, both in terms of prevention, cure, and rehabilitation, characterised by an improvement in healthy adjusted life expectancy (HALE) from baseline 57 (2011) to 59 in 2017.

7: Health

Current situation in Namibia

A healthy population is an end in itself and one of the basic requirements for quality of life. Furthermore, a healthy population is one of the core foundations for economic growth and development, helping to increase worker productivity and investment as well as reap the benefits of investments in education.

Vision 2030 outlines a vision for a healthy, food-secure and breastfeeding nation, in which all preventable, infectious and parasitic diseases are under secure control and in which people enjoy a high standard of living, with access to quality health services.

Table 21 summarises the health sector's performance under the NDP3 in terms of the set primary health targets.

Indicator	NDP3 target	Out-turn	Year
Infant mortality rate (per 1,000 births)	38	34	2009
Number of people with advanced HIV infection receiving anti-retroviral therapy	81,686	95,670	2010/11
Malaria mortality (per 100,000 population)	21	2.4	2010/11
Population with sustainable access to safe water (%)	95	95	2010/11
Population with access to improved sanitation (%)	65	33	2008
HIV prevalence among pregnant women (%)	–	18.8	2010

As can be seen, performance on the whole has been encouraging, especially in relation to the high-level outcome targets such as life expectancy, infant mortality, and malaria mortality. HIV prevalence among pregnant women has also fallen since the highs of 2000, although the percentage for 2010 is still considerable at 18.8%.

Health remains a top Government priority, as demonstrated by the fact that the Ministry of Health and Social Services received the fourth largest share of the National Budget in 2010/11, after the Ministry of Education, the Ministry of Finance, and the Ministry of Defence. However, spending on health is still low by global standards, at an estimated US\$284 per head for total health spending in 2008, i.e. 6.9% of GDP. According to the WHO World Health Statistics (2011) several other southern African countries – including Botswana (7.6%), Malawi (9.1%) and South Africa (8.2%) – spend more, both in absolute terms and as a proportion of GDP.

Table 21: Summary of targets and out-turns – Health.

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Based on WHO (2011), World Health Statistics.

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Based on the 2012/13 Medium-term Expenditure Framework.

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According to the Ministry of Health and Social Services' 2010 National HIV Sentinel Survey.

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US\$284

Health spending per capita in Namibia in 2008, based on WHO (2011), World Health Statistics

Life expectancy and maternal mortality statistics sourced from WHO World Health Statistics (2011).

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However, spending on health has led to an improvement in terms of outputs to improve health, such as access to clean water, the establishment of a Medical School and a Cardiology Unit at Windhoek's State Hospital, an increased number of births attended by skilled health professionals, and improved ART and immunisation coverage. These outputs have had a noticeable impact on outcomes, although there is still significant scope for improvement. For example, life expectancy and maternal mortality both improved over NDP3, but are now only at the same levels as independence. Life expectancy fell from 60, in 1990, to around 53 in 2000, but has since returned to around 60. Similarly, maternal mortality increased from 180 per 100,000 births in 1990 to 220 in 2000, before improving again to around 180 in recent years. Furthermore, the prevalence of tuberculosis has been increasing over recent years, and the prevalence of HIV and AIDS in general remains unacceptably high.

Challenges to improving health outcomes

There are a wide range of broad challenges which impact on health outcomes, both within the health sector and in other sectors; factors such as malnutrition, sanitation, education, infrastructure and poverty. For example, stunting, largely due to malnutrition, is a major issue in Namibia, affecting around 30% of under 5s in Namibia. These challenges are addressed in other parts of the plan but it is important to bear in mind the impact that improvements in these areas will have on health.

Health financing

One of the main challenges to improving health outcomes in Namibia over the NDP4 period is that of health financing. Firstly, a reduction of donor support (largely as a result of Namibia's reclassification as an 'upper-middle income' country) will occur during the duration of the NDP period. The reduction in donor support will impact on both funding levels and technical capacity to deliver effective health services. This is compounded by the fact that the Government is aiming at fiscal consolidation towards the end of the budget period (2014/15). A further finance challenge is that of the efficient use of resources, through appropriate resource allocation and value for money of service delivery. It is worth noting that the reduced levels of donor support, whilst a threat to the provision of vital health services, could also represent an opportunity in that coordination may be easier with a smaller number of stakeholders. Thus there is an opportunity to strengthen national capacity of coordination at all levels.

Access to health services

Another main category of challenge is that of access to health services. Access is difficult due to the sparsely distributed population of Namibia, which makes it difficult to not only provide health service, but also adds additional transport costs to those who want to access services. These extra transport costs are a particularly difficult barrier for those in poverty. Infrastructure, such as the road network and power supply, also impacts on access to key health services. A broader challenge relating to the access and use of health services is that of culture; cultural factors often influence the populations decision to use health ser-

7: Health

vices or not, for example, whether to have a baby in a hospital or at home in the village or whether to take or reject ART. In terms of affordability as a constraint to access, the exemptions of vulnerable persons from paying fees should be adequately enforced.

Availability of health professionals

Another broad challenge relating to improved health outcomes is the availability of key health professionals. This relates not only to the miss-match of the supply and demand for skills in the health sector, but also attracting and retaining human resource for health in the public sector.

Governance

Governance is also a challenge in the health sector in Namibia. Partnership and coordination between the main stakeholders in the health sector is not being carried out adequately and there is a need for improved leadership and stewardship. Improved Governance would help enhance delivery across private, public and NGO providers. Accountability is another issue that requires attention as the level of infrastructure and service provision is often reported as being inadequate.

HIV/AIDS and TB

Certain diseases remain a key barrier for progress on morbidity and mortality in Namibia. Both communicable and non-communicable diseases are at unacceptably high levels. In particular, HIV/AIDS remains one of the fundamental challenges, and the high prevalence has a devastating effect on not only overall mortality but also maternal/child mortality rates. Given limited resources, the Government should target key epidemic drivers and most at risk population groups. Another cause for concern is the prevalence of TB, which has only shown a marginal decrease over the last 10 years. TB prevalence per 100,000 people increased from 657 in 2000 to 822 in 2004 but has since fallen to 565 in 2010. Of particular challenge is the high TB/HIV co-infection rate and the emergence of drug resistant TB.

Desired outcome

Based on the above developments and challenges, Government aims at achieving the following desired outcome by the year 2017:

DESIRED OUTCOME 3 (DO3)

By 2017, Namibians have access to a quality health system, both in terms of prevention, cure, and rehabilitation, characterised by an improvement in healthy adjusted life expectancy (HALE) from baseline of 57 (2011) to 59 in 2017 (according to the World Health Organisation).

565

TB prevalence per 100,000 people in Namibia in 2010, according to the Annual Report of the Directorate of Special Programmes, Ministry of Health, 2010-2011.

Proposed strategy to attain DO3

The drivers of health outcomes are multifaceted and include factors such as income, sanitation, education and health service provision. It is important to recognise the need for multi-sectoral approach that include not only the health sector, but also improvements in poverty, education, sanitation, food security (through agriculture) and infrastructure.

Health financing

Strategies will focus on the size, allocation and use of resources. Innovative funding mechanisms should be used to increase total amount of resources allocated to the health sector and make up for reduced donor support. Such mechanisms could include the private sector, other Ministries (not simply health) or new revenue streams. The allocation and use of resources could be improved through use of PPPs where appropriate, to outsource health services to the most effective and efficient provider.

Ensuring an adequate supply of skilled medical health professionals

The strategic interventions will focus on retention of staff, attracting new staff (and re-attracting health professionals who have left) and training staff in key priority areas. As highlighted in the skills chapter, the skills miss-match in Namibia is a big problem and this is also true in health sector. Therefore training and attracting skills should relate to priority areas of demand.

Improved governance

To improve Governance in the health sector a new legal and regulatory framework will be developed. Furthermore, coordination and partnership across all relevant stakeholders will be pursued, at national and regional Government level as well as public, private and NGO service providers. Accountability will also be improved to ensure service delivery in the sector.

Access to health facilities

To improve Access to health services the focus will be on distance, affordability and acceptance. Distance relates to the need for innovative service delivery to ensure universal access, especially in rural areas. Appropriate construction of health infrastructure is also a key component in the delivery of health services. Affordability relates to the need to not only have affordable services (which is covered under the user fee policy and medical aid schemes) but also to ensure those in need can reach the clinics, health centres and district hospitals (transport costs). This aspect is very much related to poverty levels and overlaps with the strategies in the poverty chapter of the plan. Acceptance of services is another important component in the use of health services; it is important to foster a culture of health service use, so that people recognise the need to access.

A reduction in morbidity and mortality

Key diseases, particularly the most damaging communicable and non-communicable diseases, such as lifestyle diseases will be focused on. Emphasis will be placed on targeting the root causes of disease prevalence, such as lifestyle factors, rather than simply treatment.

Table 22 summarises the challenges, implications thereof, and proposed strategies for the health sector.

Challenge	Implication if challenge is not addressed	Strategy to address challenge
Health Financing	The gains made in terms of addressing health challenges may be reversed.	Innovative financing methods to increase the size, allocation and use of funding
Availability of Health Professionals	Reduced quality and quantity of health services	Retain and attract skilled professionals Prioritise training in key areas
Governance framework	Poor coordination and lack of information sharing and appropriate surveillance.	Create and implement a legal and regulatory framework Improve accountability Improve coordination across all stakeholders
Access to health facilities	Universal health provision will not be achieved and there will be inequality in services.	Maintain focus on innovative methods of service provision Ensure a holistic approach to affordability Improve acceptance of health services
Morbidity and mortality caused by certain diseases	Life expectancy, maternal mortality, rates of TB and other health outcomes will continue at unacceptably high levels.	Focus on communicable and non-communicable diseases, lifestyle diseases and HIV and TB. Targeting epidemic drivers as well as universal treatment

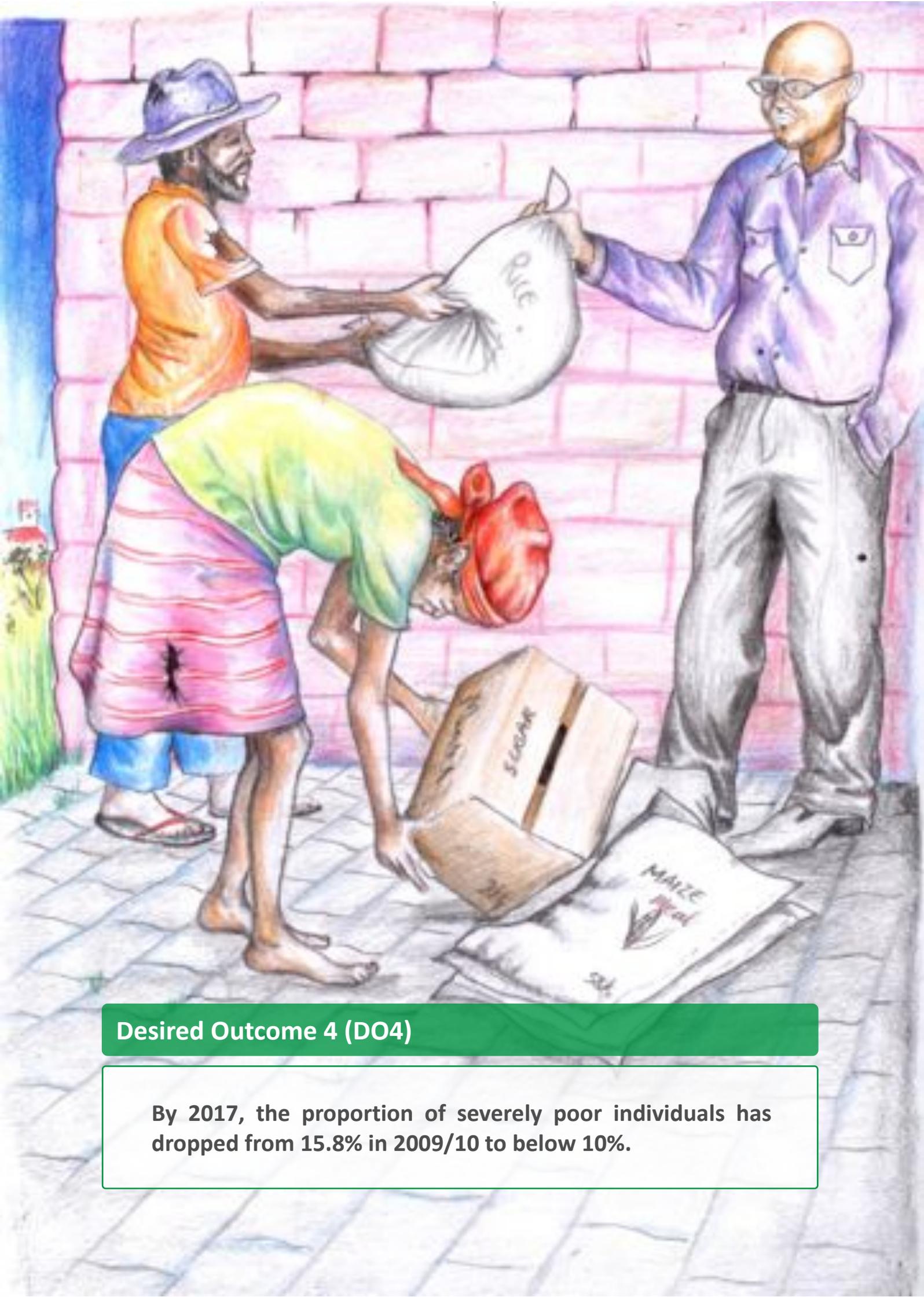
Table 22: Summary of challenges and proposed responses – Health <<

Roles and responsibilities

Table 23 summarises the high level strategies and the responsible agent.

Table 23: Roles and responsibilities – Health.
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High-level strategy	Main role player/agent responsible
Increase the size, allocation and use of funding	Ministry of Health and Social Services
Retain, attract and train staff	
New regulatory framework	
Coordination between all stakeholders	
Improved access to health facilities	
Reduction in the prevalence of disease	



Desired Outcome 4 (DO4)

By 2017, the proportion of severely poor individuals has dropped from 15.8% in 2009/10 to below 10%.

8: Extreme poverty

Current situation in Namibia

Namibia continues to be characterised by poverty in the midst of plenty, despite the Poverty Reduction Strategy and the Poverty Reduction Action Programme in place for a decade, which tackle inequality and poverty from various angles. Substantial budgetary allocations to the Ministry of Education and the Ministry of Health and Social Services have aimed at forming a well-educated and healthy population with choices in life. As described in the respective NDP4 Chapters, outcomes have not always met the high expectations, however. At the same time, Government has pursued macroeconomic stability, including fiscal discipline, in order to create an attractive environment for domestic and foreign direct investment that will create employment opportunities for school-leavers and migrants from Namibia's rural areas. Substantial investment in infrastructure – from transport and water to electricity and telecommunications – has supported the drive to establish an environment that would enable the private sector to flourish. Nonetheless, Government has been aware that these policies will not immediately create the number of decent jobs and income needed to improve the standard of living for all. Government has, therefore, expanded the social protection system to prevent and alleviate poverty and vulnerability.

The social protection system comprises benefits from a contributory social security scheme consisting of maternity leave, sick leave, and once-off death and disability payments. While the contributions as a share of gross salary have remained stable, benefits have been increased since the system's inception.

In addition, Government has introduced a progressive tax system, in which tax rates increase according to taxable income. A tax threshold exempts low-income earners from having to pay income tax. This threshold has been adjusted upward to account for inflationary salary increments.

While these measures provide low-income earners with some kind of protection, they benefit the formal labour market only – i.e. not the large number of informal sector employees or the unemployed. Besides the contributory social safety net, Namibia is one of only a few African countries that provide non-contributory social grants to some of the vulnerable in society, namely pensioners, people living with disabilities, and orphans and vulnerable children (OVC). Coverage of the old age grant for people above 60 years of age has increased to 91% of eligible persons, while the number of persons benefiting from the Maintenance Grant (MG) was in excess of 117,000 during the NDP3 period. Coverage of the Foster Care Grant (FCG) and the grant for people living with disabilities, however, has trailed behind targets. These interventions are aimed at those in society who are most vulnerable and severely affected by extreme poverty. While 13.8% of all households were classified as severely poor in 2003/4, the proportion of severely poor households reached as high as 23% when it came to the subcategory of households headed by 60+-year-olds, and reached to around 14% for households where the head was between the ages of 16 and 20.

117,000

Number of persons benefiting from the Maintenance Grant.

8: Extreme poverty

34.4%

Child poverty rate in 2009/10.

Furthermore, households with orphans (21.1 per cent) or children (17.7 per cent) were more often affected by severe poverty than those without children (3.9 per cent) or without orphans (11.7 per cent).

In spite of these challenges, Namibia has made progress concerning equality and poverty. The Gini coefficient declined from 0.60 (2003/4) to 0.58 (2009/10), despite increasing unemployment during the same period. Based on the 2009/10 Namibia Household Income and Expenditure Survey, poverty levels dropped as well. Some 10.3% of all households are now classified as severely poor compared with 13.8% in 2003/4. The proportion of the total population that are classified as severely poor, however, reaches 15.8%, since poorer households tend to have more children. However, certain household categories and individuals remain more prone to poverty than others, such as people living in rural areas in general, and women and children in particular. The child poverty rate declined from 43.5% in 2003/4 to 34.4% in 2009/10, but it has remained considerably above the general poverty rate. This indicates that children are at a higher poverty risk than adults. In addition, severe poverty affects more than every third household whose mother tongue is *Rukavango* (34.9%) or one of the Khoisan languages (39.0%).

Challenges to Extreme poverty

Despite the various Government interventions, a number of challenges remain in respect of increasing equality and addressing extreme poverty, as Table 25 (page 84) illustrates. The gap between the poorest and the richest income groups has only narrowed marginally. Similarly, the share of total income received by the poorest 15% has only increased slightly, although the improvement in the Gini coefficient from 0.60 to 0.58 over the same period would have suggested otherwise.

The coverage of the various grants has increased. However, eligible persons often struggle to access these grants because of a lack of the required documents. There is a need to speed up the process of civil registration. The issuance of birth certificates at hospitals has resulted in a substantial increase in registered births, and can largely explain the increase in the number of child welfare beneficiaries. However, legal obstacles remain, and this calls for a thorough review of the legislation regulating birth, marriage and death certificates.

Access to social grants, especially to the FCG, is hampered not only by the backlog in civil registration, but also by statutory requirements. The limited number of social workers in the country that investigate and verify all applications for FCGs is the largest constraint in the grant approval process. Furthermore, some 95% of FCG applicants are actually extended family members who are not eligible for the MG and, hence, have to follow the more cumbersome procedures for the FCG. The introduction of a Kinship Grant, which would subsume some of the FCG applicants, would reduce the investigative and statutory work and free social workers of excessive administration so that they can focus on a wider range of child protection issues

8: Extreme poverty

The major drawback of the current FCG and MG schemes is that a large number of vulnerable children are excluded, namely children being taken care of by impoverished parents. This has significant implications for the children's well-being, and results in malnutrition that can lead to stunted growth, reduced learning abilities, and in turn, the perpetuation of poverty. The gradual expansion of the grant system to include all children, starting with newborns, can significantly contribute to household food security, adequate nutrition and, eventually, to healthy and well-educated children.

Two of the social grants are income-based and include means testing, namely the MG and the War Veterans' Grant. The thresholds for these two grants are set at N\$1,000 and N\$6,000 per month, respectively. The cost-effectiveness of means testing is questionable, since its administration is usually expensive. Furthermore, means testing distracts officials and social workers from more relevant and urgent matters and is challenging to enforce in large, informal economies. Furthermore, since means testing places discretionary powers with officials, it can increase the likelihood of corruption. Placing an income threshold on access to social grants can also act as a disincentive for beneficiaries or applicants in respect of seeking salary increments or better-remunerated jobs. It is recommended, therefore, that means testing for the MG or the recommended Kinship Grant be reconsidered; alternatively, the threshold could be adjusted to the current level of the War Veterans' Grant.

A study on the effectiveness of the FCG and MG has revealed that food was the main expenditure item for 42% of beneficiaries, followed by school fees for 35% of beneficiaries (>>). Abolishing contributions to the School Development Fund, for example, and hence, making education free(r) for all, will allow poor households to spend what little they have on necessities such as food, clothing, hygiene and health.

While the coverage of the various grants has increased in part, grant amounts have been adjusted sporadically (e.g. only old age and war veterans' grants) or not at all for several years (the FCG and MG). Thus, the real value of the grants has declined, owing to inflation, and has resulted in beneficiaries not being able to maintain their standard of living. Moreover, since better-off households usually receive inflation-adjusted income, the income gap between them and grant recipients could widen. This can explain why households with orphans or those relying on pensions as their main sources of income have much higher incidences of poverty than other households do. There is a need, therefore, to introduce an inflation-indexed or public-sector-salary-increment-indexed social grant scheme that ensures beneficiaries can maintain or even improve their standard of living. Furthermore, since the consumption basket of poor households differs substantially from that of the average Namibian household, an inflation rate for the lowest income group should be calculated in order to determine the degree to which social grants should be adjusted for inflation.

Table 25 (overleaf) indicates the performance during NDP3 in terms of set poverty and inequality indicators.

Ministry of Gender Equality and Child Welfare, 2010, The Effectiveness of Child Welfare Grants in Namibia, p. 25.

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8: Extreme poverty

Table 24: Summary of targets and out-turns – Extreme poverty.

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Income figures: Central Bureau of Statistics, National Planning Commission. 2011. Namibia Household Income and Expenditure Survey 2009–2010, Provisional Figures.

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NDP3: Mid-term Review Report (2011), p 170. >> MG and FCG information by the Ministry of Gender Equality and Child Welfare on 15 March 2012; the data refers to February 2012. >> Medium-term Expenditure Framework 2012/13 to 2014/15, p 170. >> Accountability Report 2010–11, p 289. >>

Indicator	NDP3 target	Out-turn
Gini coefficient	0.58	0.58
Ratio of per capita income of the poorest income group to that of the richest	10%	2.2%
Ratio of rural to urban per capita income	40%	35%
Ratio of per capita income of the poorest region to that of the richest	20%	18.7
The poorest 25%'s share of total income	12%	7.2%
Percentage of people aged 60+ receiving an old age grant	95%	91%
Number of beneficiaries, Maintenance Grant	80,000	117,663
Number of beneficiaries, Foster Care Grant	20,000	17,825
Grant coverage for people living with disabilities	95%	<24.5%
Number of registered war veterans	15,000	40,000

64.3%

Percentage of extremely poor households that own land (Central Bureau of Statistics, National Planning Commission. 2006. 2003/2004 Namibia Household Income and Expenditure Survey – Main Report. P. 91).

While cash transfers – whether as remittances, social grants or in other forms – have proved to be effective in addressing poverty to some extent, supplementary measures are needed to enable people living in impoverished conditions and benefiting from social grants to climb up from this lowest rung of the socio-economic ladder. Supplementary measures will focus on increasing household food security and, hence, nutrition levels in order to reduce malnutrition among children in particular. Poor soil fertility, highly variable rainfall patterns and flooding – to mention but a few factors – pose further threats to household food security, especially in the northern communal areas. Since 64.3% of extremely poor households owned land or had access to land, improved agricultural productivity would benefit two thirds of the extremely poor households. The adoption of new farm management systems such as Conservation Agriculture has yielded very positive results in the northern communal areas as well as in neighbouring countries such as Malawi and Zambia. The promotion of such systems will not only result in higher yields and increased food security, but can also lead to surplus production for the market.

Furthermore, the high rate of unemployment in rural areas – 65%, according to the 2008 Labour Force Survey – aggravates poverty since it reduces the opportunities to earn a cash income. On the other hand, increased agricultural productivity in communal areas will have spin-offs in terms of job creation in agriculture-related services, agro-processing, transport services, etc. However, there is also a need for cash-for-work programmes to improve rural infrastructure so that investment in off-farm economic activities can be encouraged. The proportion of

8: Extreme poverty

extremely poor households was lowest amongst those that relied on salaries and wages (6.6%) and highest for those that were dependent on pensions (28.4%) and on subsistence farming (17.6%). Hence, increased job opportunities in rural areas – where most of the extremely poor reside – will contribute to a reduction in extreme poverty.

The poor are denied access to basic public services (>>). In general, access to such services in rural areas – again, where most of the poor reside – lags behind urban areas. The distance to schools and clinics is longer than distances in towns. This factor is often aggravated by inadequate road infrastructure and, in the case of health services, a lack of ambulances. Urban areas perform better in all health indicators compared to rural areas. The discrepancies are even more pronounced for water and sanitation. Some 11.9% of rural households rely on flowing or stagnant water sources, while 77.4% use buckets or the bush for sanitation, compared with 0.2% and 13.9%, respectively, in respect of urban households. More specifically, while 43% of all households had access to piped water, this was the case for only 18% of poor households. Furthermore, 83.4% of extremely poor households relied on the bush as their main toilet facility, compared with 42.5% of non-poor households. These substandard water and sanitation facilities pose risks to children's health in particular, and can have detrimental impacts on the household's productivity – and, in turn, on food security and children's ability to learn.

Finally, not much is known about the causes of extreme poverty in Namibia. This hampers efforts to identify appropriate measures to address not just the symptoms, but also the roots of poverty. It is necessary, therefore, to increase research on the issue and to strengthen research capacity, including gender analysis research, since women are affected by poverty to a greater extent than men.

Desired outcome

Based on the above developments and challenges, Government aims to achieve the following desired outcome by 2017:

DESIRED OUTCOME 4 (DO4)

By 2017, the proportion of severely poor individuals has dropped from 15.8% in 2009/10 to below 10%.

Proposed strategy to attain DO4

Poverty is a complex, multifaceted challenge that needs to be addressed from various angles, as explained earlier herein. A number of interventions that are needed to reduce extreme poverty and vulnerability are addressed in other Chapters of the NDP4. These include Chapter 6 on education and skills (access to quality education, the school feeding programme to reduce malnutrition in chil-

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See for instance: Ministry of Health and Social Services, 2008. Namibia Demographic and Health Survey 2006-07, Central Bureau of Statistics, National Planning Commission. 2006. 2003/2004 Namibia Household Income and Expenditure Survey – Main Report. _ Central Bureau of Statistics, National Planning Commission. 2011. Namibia Household Income and Expenditure Survey 2009-2010, Provisional Figures.

dren), Chapter 7 on health (increase access to quality health services, address malnutrition), Chapter 9 on infrastructure development (provide affordable infrastructure in order to attract non-farm income generating activities to rural areas, create jobs and income and improve access to quality public services), and Chapter 13 on agriculture (increase household food security). However, cash transfers have proved a successful tool in Namibia and elsewhere in addressing poverty and, hence, receive special attention in this Chapter.

Strengthen and expand the social protection system

A regular, secure cash income allows people to invest in business and farming activities; buy additional food if they need it; buy decent clothes; pay for transport to health, education and other service facilities; and participate in social events. Government will, therefore, expand the social protection system to households that are currently excluded but are severely affected by poverty. These include households with children who, although not orphaned, live in extreme poverty or households of certain language groups prone to extreme poverty. Furthermore, Government will increase the effectiveness of the social protection system by reviewing and simplifying bureaucratic procedures, including means testing and introducing the Kinship Grant in order to streamline the social protection system. In addition, Government will expedite civil registration in order to reduce access barriers to social grants. Moreover, Government will not only maintain but also improve grant recipients' current standard of living through adequate, regular increases of grant amounts, e.g. through a salary-increment-index system.

Increase household food security

Malnutrition severely affects children's capacity to learn. This in turn affects their educational prowess and, consequently, their future choices in life and their vulnerability to external shocks. It also affects the productivity of the population of working age. One means of increasing household food security is by way of cash transfers. However, since subsistence farmers are more affected by extreme poverty than the population in general are, Government will supplement cash transfers with interventions such as the promotion of Conservation Agriculture in order to increase subsistence farmers' productivity and reduce their vulnerability to climatic conditions.

Increase research into the root causes of extreme poverty

Government will increase research into the causes of extreme poverty in order to address the causes rather than the symptoms.

Table 25 (page 87) depicts the challenges, implications thereof, and proposed response to reduce extreme poverty.

8: Extreme poverty

Challenge	Implication if challenge is not addressed	Strategy to address challenge
Poverty-stricken children that are not classified as orphans are not covered by current social grant schemes	A large proportion of vulnerable children are excluded from social grant schemes and remain in poverty, which impacts negatively on their health and education	Expand the social protection system to cover children in all poor households
Various grant schemes are managed by different Ministries.	Extensive bureaucratic procedures prevent vulnerable persons from accessing grants High administrative costs result in inefficient use of financial resources	Consolidate the existing social grant schemes
Many extremely poor households do not benefit from existing social grants	Households remain in poverty	Identify the households concerned and design support mechanisms that assist them in moving up the socio-economic ladder
Lack of official documents and civil registration	Lack of birth, marriage and death certificates deny eligible candidates access to social grants, etc.	Review legislation to address blockages and increase the number of registration points
Social grants are increased sporadically if at all	Beneficiaries cannot maintain their standard of living and fall back into poverty	Index social grants to annual salary increments
Lack of sufficient research into the causes of extreme poverty	Interventions do not supply the expected results as they may be misdirected due to a lack of knowledge	Strengthen research capacities
Contributions to School Development Funds	Either children do not attend school or payments to the School Development Fund crowd out other vital expenditure on food or health, for example	Abolish parental contributions to School Development Funds
Malnutrition of children	Children's ability to learn is reduced and, thereby, the risk of remaining in or falling into extreme poverty	Expand and increase social grants Expand the school feeding programme to Early Childhood Development centres Increase agricultural productivity

Table 25: Summary of challenges and proposed responses – Extreme poverty (continues overleaf). <<

8: Extreme poverty

Table 25 continued.

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Challenge	Implication if challenge is not addressed	Strategy to address challenge
Unemployment in rural areas	Households are prevented from escaping a life of extreme poverty due to a lack of income	Cooperate with the private sector to identify and remove bottlenecks restricting private sector expansion Improve infrastructure Speed up the land acquisition and development processes
Lack of access to quality public services	Poor health and low education will remain the order of the day, leaving the poor vulnerable to external shocks	Improve access to basic infrastructure by innovative ways

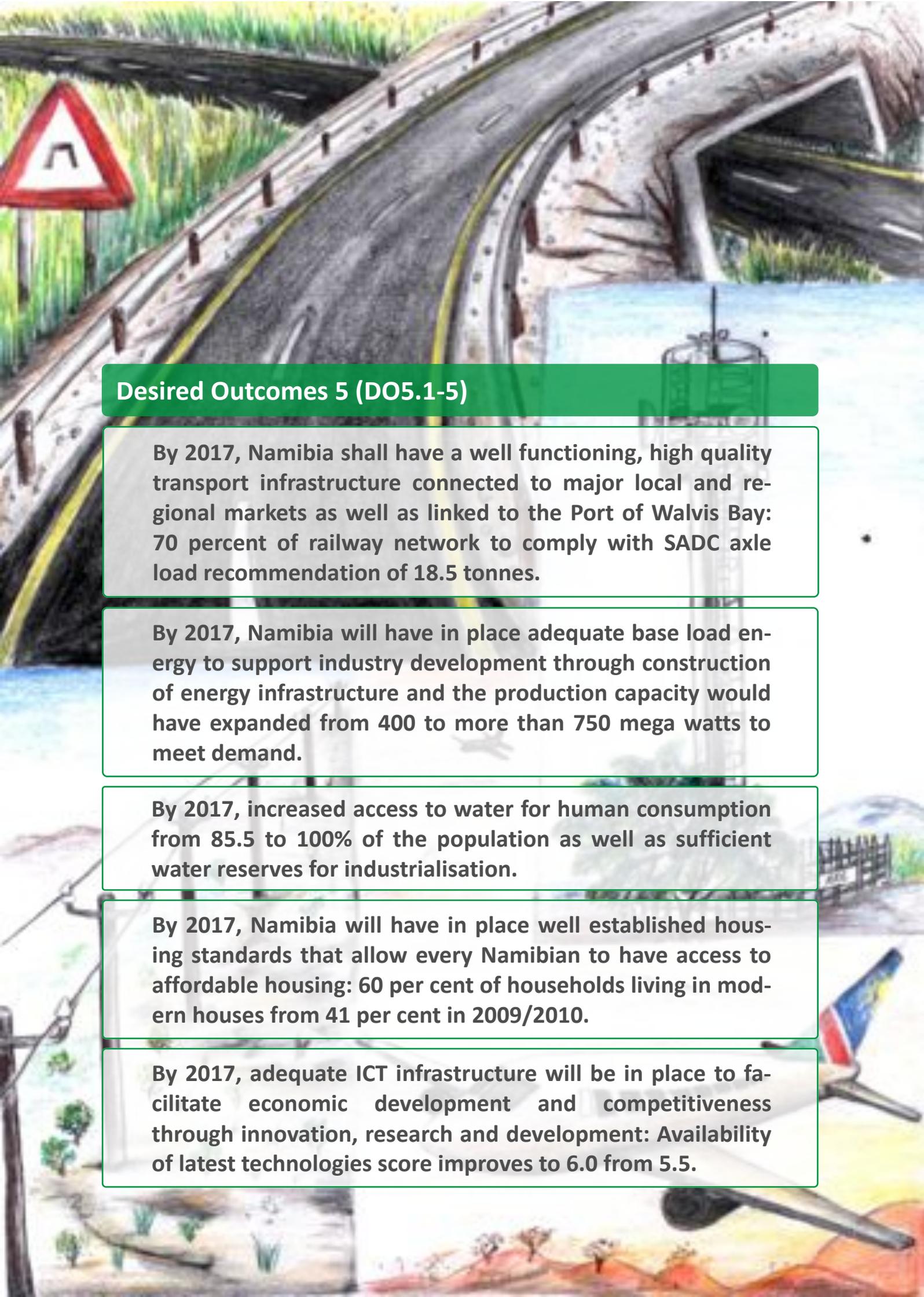
Roles and responsibilities

Table 26 shows high level strategies and responsible agents.

Table 26: Roles and responsibilities – Extreme poverty.

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High-level strategy	Main role player/agent responsible
Strengthen and expand social protection systems	Ministry of Gender Equality and Child Welfare
Increase household food security	Ministry of Agriculture, Water and Forestry
Increase research on the root causes of poverty	National Planning Commission



Desired Outcomes 5 (DO5.1-5)

By 2017, Namibia shall have a well functioning, high quality transport infrastructure connected to major local and regional markets as well as linked to the Port of Walvis Bay: 70 percent of railway network to comply with SADC axle load recommendation of 18.5 tonnes.

By 2017, Namibia will have in place adequate base load energy to support industry development through construction of energy infrastructure and the production capacity would have expanded from 400 to more than 750 mega watts to meet demand.

By 2017, increased access to water for human consumption from 85.5 to 100% of the population as well as sufficient water reserves for industrialisation.

By 2017, Namibia will have in place well established housing standards that allow every Namibian to have access to affordable housing: 60 per cent of households living in modern houses from 41 per cent in 2009/2010.

By 2017, adequate ICT infrastructure will be in place to facilitate economic development and competitiveness through innovation, research and development: Availability of latest technologies score improves to 6.0 from 5.5.

9: Public infrastructure

Current situation and challenges

Modern, reliable infrastructure is critical for high and sustained economic growth. Without such infrastructure, almost everything in the economic value chain tends to be slower, less reliable, and more expensive than necessary. The latter aspect is equally true for both physical infrastructure and knowledge infrastructure delivered via ICT. According to the African Development Bank, shortages in physical infrastructure like roads, housing, water, sanitation and electricity reduce sub-Saharan Africa's output by up to 40%. According to the OECD, the World Bank, International Telecommunication Union, and international players in the ICT sphere, ICT today is vital for quality of civic life. ICT offers the potential to transform society, improve our mutual understanding, and eliminate power differentials. Research has also shown that Internet use is closely linked to education. ICT provides fast access to information which is a prerequisite for literacy and knowledge creation. The technologies are the mode of delivery for information to flow.

Namibia has a relatively good core network of national physical infrastructure, including transport infrastructure, electricity distribution lines, dams, telecommunications and mobile communication infrastructure. However, there are emerging weaknesses which, if not addressed over the next five years, could become serious obstacles to higher economic growth.

Current investment levels are insufficient to support higher economic growth, and maintenance programmes, especially in the transport sector, are seriously lagging behind. In December 2011, the effects of underinvestment in the rail system came to the fore when TransNamib experienced a number of derailments that not only affected industries, but also posed safety and security concerns. In the ICT sector, large parts of the country are still without telecommunication transmission lines. De facto, this means that we still exclude those communities from vital information.

If we do not increase investment in all sorts of infrastructure, industries across the board will be affected, including the nascent transport and logistics sector, the manufacturing sector, the agricultural sector, the mineral sector, and the tourism and hospitality sector – all of which have high potential for economic growth and job creation. In all of these sectors, ICT plays a decisive role. Today, competitiveness is not only measured by price structures but by who is able to deliver goods and services on time. Where it was acceptable before to respond to a trade request after some days, trade requests now need to be answered within hours. Such efficient response times can only be delivered via electronic data and information transfer. If, for example, information on job opportunities in a certain sector cannot flow due to a lack of Internet access, economic inequality will ensue. Providing access to information in rural areas is a specific test of our commitment to establish equitable economic growth throughout Namibia.

9: Public infrastructure

To fix all economic infrastructures at once would be very expensive and, therefore, not feasible. Therefore, over the next five years, the focus will be on investing in strategic infrastructure, i.e. in programmes and projects that involve creating a long-term economic benefit to the country, equal to or greater than the initial and continued investment required in such infrastructure. Moreover, these investments should be linked to the kind of economic structure for the knowledge-based society envisaged by Vision 2030.

An additional challenge will be to maintain or upgrade existing infrastructure, use it optimally, and extend it effectively and efficiently, in line with the demands of the economy. Large investments will be needed to safeguard and propel economic activity, and significant trade-offs will have to be made with respect not only to specific types of economic infrastructure, but also in general. Therefore, we need to be more innovative in the funding mix of our public investments, including making greater use of PPP financing mechanisms, and with respect to the kind of infrastructure we provide, e.g. electricity connections off or via the national grid.

The innovation required of us will test our ability to make more with less. Especially in the infrastructure sector, leapfrog options can be considered. Namibia can learn from developed countries in this regard: technologies considered to be redundant or outdated in developed countries should not be marketed in Namibia. Indeed, ICT provides good reason for innovation: ICT in general tends to be associated with improvements in products and productivity. Exploitation of the latest technologies may, therefore, give our target industries a competitive advantage.

Table 27 indicates the targets and out-turns of NDP3 for the infrastructure sub sector.

Table 27: Summary of targets and out-turns – Public infrastructure (continues page 93).
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Indicator	NDP3 target	Out-turn
Rural roads improved to bitumen standard (km)	1,875	1,715
Trunk and main roads rehabilitated (km)	1,242	584
Condition of paved roads (%)	90	Acceptable: 92 Of which: Very good: 7 Good: 26 Fair: 59 Poor: 7 Very poor: 1
Condition of unsealed roads (%)	80	Acceptable: 71 Of which: Very good: 4 Good: 18 Fair: 49 Poor: 18 Very poor: 11

9: Public infrastructure

Indicator	NDP3 target	Out-turn
Design of Non-motorised Transport Policy	1	0
Average freight transported annually by rail (t)	3 million	2.15 million
Average number of passengers transported annually (Rail)	300,000	6,800
Average wagon turnaround time (days)	5	8.2
Rail coverage (km)	3,000	2,488
Average locomotive availability (%)	95.0	69.5

Challenges in transport infrastructure

In view of our ambition to become a logistics and distribution hub by 2030, extensive investment will have to be made in all four modes of transport infrastructure, namely road, rail, maritime and aviation.

With respect to road infrastructure, Namibia has a number of high-quality roads – known as corridors – that link the Port of Walvis Bay with rapidly developing landlocked countries neighbouring Namibia, as well as with Angola and South Africa. To unlock the full potential of economic corridors, new roads need to be built and others upgraded to bitumen standard to ensure efficient flow of goods. Increased volumes through corridor traffic are starting to put pressure on the country's road network, impacting in the life expectancy of roads, road users' safety, and increased maintenance costs. These roads will have to be maintained if the free flow of goods to neighbouring countries is to be sustained. A key strategic focus under the NDP4, therefore, will be to strike the appropriate balance regarding the mix of maintenance versus further expansion with regard to road infrastructure.

Certain sections of the rail infrastructure need urgent replacement. Indeed, certain major shipping lines have indicated that a functioning rail system would be a precondition for them to stop at the Port of Walvis Bay. However, only 46% of Namibia's rail network complies with the SADC recommendations concerning axle load. Only 1,203 km of the total rail network of 2,626 km can carry the standard 18.5-t axle load, whilst the remaining lines are limited to 16.5 t or even only 13.5 t. Thus, certain sections of the current core rail network will have to be upgraded as soon as possible. At the top of the list is the Kranzberg–Tsumeb connection, for which Government has already committed funding. A strategic decision will also have to be taken shortly as regards the type of rail system Namibia should put in place in order to promote the country as a logistics nation and make rail transport competitive with road transport, thereby reducing the pressure on and the costs of maintaining roads.

Table 27 continued.
<<

Regarding maritime infrastructure, the Port of Walvis Bay is already practically running at full capacity. Namport's expansion plans enjoy full Government support, but project implementation is slow due to the tendering process. If it is not expanded as soon as possible, the port will become congested, eroding one of Namibia's key pillars of competitiveness in maritime transport, namely a quick turnaround time.

As with other modes of transport in Namibia, the aviation industry has also suffered from underinvestment in aviation infrastructure. Initial investment needs to focus on security-related infrastructure in order to ensure that our image as a safe flight destination remains untarnished.

DESIRED OUTCOME 5.1 (DO5.1)

By 2017, Namibia shall have a well functioning, high quality transport infrastructure connected to major local and regional markets as well as linked to the Port of Walvis Bay: 70 percent of railway network to comply with SADC axle load recommendation of 18.5 tonnes.

Challenges in energy infrastructure and liquid fuels

Namibia's total electric power demand is in the region of 540 MW. Total production capacity delivers only 400 MW, however, rendering a deficit of 140 MW. In reality, the deficit is much higher, as supply from Ruacana is dependent on the seasonal flow of the Kunene River.

Currently, Namibia imports the bulk of its electricity from Eskom in South Africa. However, Eskom has its own challenges in providing electricity to that country. Availability of sufficient and affordable energy could become a bottleneck for rapid economic development during the NDP4 period, as the entire subregion is expected to suffer from serious power deficits. A shortage of electricity will impact negatively across all sorts of industries.

NamPower has a number of projects in the pipeline, with two options in an advanced stage, namely construction of a gas-fired power station supplied by the natural Kudu gas reserve, or the construction of a coal-fired power station with imported coal. In addition, a number of other energy sources including hydro and other renewable energy sources will continue to enjoy attention in Namibia's energy mix. However, building new electricity-generation capacity is time-consuming and does not address the immediate supply constraints. It will be necessary, therefore, to continue addressing the demand side by promoting electricity-saving technologies and offering energy audits to industry and households.

9: Public infrastructure

In addition to improving access to electricity for heating and lighting, the accessibility of rural areas to the Internet via power line telephony (PLT), power line communication (PLC) and satellite communications offers new possibilities of universal access to information. Thus, a lack of telephone lines will not limit such access. Furthermore, lower access prices are required to bridge the ICT divide – certainly something the Regional Electricity Distribution (RED) companies and NamPower could strive to achieve during the NDP4 period.

DESIRED OUTCOME 5.2 (DO5.2)

By 2017, Namibia will have in place adequate base load energy to support industry development through construction of energy infrastructure and the production capacity would have expanded from 400 to more than 750 mega watts to meet demand.

Challenges in water infrastructure

Currently, over 85.5% of all Namibians have access to potable or safe water: a significant achievement. However, the limited availability of bulk water could become a key constraint – if it is not already so, especially for mining developments at the coast. The fishing industry, too, may be affected to some extent.

Availability of water is a concern not only for industry, but also, increasingly, for human consumption: a number of water reservoirs around the country are running low, while dependency on water supply via other countries is not sustainable. Cabinet therefore issued a directive to the Ministry of Agriculture, Water and Forestry to ensure security of water.

There are a number of options on how to address the water constraint, but the most important ones include desalination, aquifer recharge, the recycling and reuse of water in industries, and the construction of large dams. Such dams are also important for irrigation and the Green Scheme development. As with electricity, it is possible to address the demand side through water-saving technologies in industries and households, e.g. by using dry rather than flush toilet systems in rural areas.

DESIRED OUTCOME 5.3 (DO5.3)

By 2017, increased access to water for human consumption from 85.5% to 100% of the population as well as sufficient water reserves for industrialisation.

85.5%

Percentage of Namibians have access to potable water.

Safe drinking water, NHIES 2010
<<

9: Public infrastructure

Challenges in housing infrastructure

Housing is another area where Namibia is found to be wanting. The majority of households in Namibia do not have access to affordable housing. One of the key bottlenecks identified for the lack of houses is serviced erven. Due to the high demand for houses and the lack of supply, property prices have been skyrocketing. Ongoing efforts to address the lack of serviced erven will, therefore, continue under the NDP4. Standards used for infrastructure development will also be reviewed during the NDP4 period.

DESIRED OUTCOME 5.4 (DO5.4)

By 2017, Namibia will have in place well established housing standards that allow every Namibian to have access to affordable housing: 60 per cent of households living in modern houses from 41 per cent in 2009/2010.

Challenges and potential in ICT infrastructure

Namibia has made tremendous progress in ICT development and rolling out new technologies, including internet technologies, since 2002. By 2012, for example, Namibia was able to boast a network coverage for mobile phones of close to 100% of the population: certainly no small achievement – taking into consideration the low population density and vast areas to be covered. The Government also recognises that the Internet is becoming a basic component of civic life, an aim for which Namibia needs to strive in respect of becoming a knowledge-based economy by 2030. Furthermore, ICT is important for social and economic mobility, increased democracy – especially that of democratising information, and economic growth. The development of information infrastructure and affordable access to it would be a shortcut to economic growth in Namibia. In general, ICT tends to be associated with improvements in product development and productivity. Thus, the exploitation of the latest technologies may give our target industries a competitive advantage. Production systems and skilled jobs in the NDP4's target economic sectors are based on ICT. There is urgency, therefore, in developing skilled jobs and engaging all Namibians to become technologically ready. Competitiveness today is measured on our ability to adapt and innovate, not on the amount or price of mineral or other natural resources we are able to export.

DESIRED OUTCOME 5.5 (DO5.5)

By 2017, adequate ICT infrastructure will be in place to facilitate economic development and competitiveness through innovation, research and development: Availability of latest technologies score improves to 6.0 from 5.5.(according to the World Economic Forum).

9: Public infrastructure

Proposed strategy to attain DO5.1-5

In line with our desire to become a trade and logistics hub, taking the No. 1 spot as the most competitive tourist destination in sub-Saharan Africa, as well as our desire to increase the manufacturing sector's contribution to GDP, the NDP4 will pursue the following high-level economic infrastructure strategies:

Ensure the timely expansion of the Port of Walvis Bay so that it remains the most efficient port along the west coast of Africa

Fix the core rail network and ensure compliance with SADC standards in order to transport goods safely and efficiently from the port to various destinations, and take pressure off the road network

Ensure an appropriate balance between the construction of new roads and the maintenance of existing ones, and ensure that such new roads are in alignment with national development objectives

Ensure aviation security and upgrade airport facilities to create synergies between the maritime, road and rail transport of goods, and to be able to handle more traffic in line with increased tourist arrivals

Ensure that the country can deliver its own baseload power supply by investing in infrastructure that produces a desired energy mix, thereby addressing demand and ensuring that key industries have sufficient supply, while taking into account our objective to maintain a clean environment

Ensure water security for human consumption and industrial development through recharging strategic aquifers, recycling and reusing water and by other means, as well as addressing the demand side through water-saving technologies

Ensure that we have access to affordable modern and reliable ICT infrastructure to promote business efficiency, and that there is deeper penetration of broadband Internet in rural communities in order to minimise the digital divide and contribute toward unleashing the potential of rural development through enhanced market intelligence, and

Put in place a funding mechanism, including a PPP framework, to ensure delivery of infrastructure while maintaining macroeconomic stability.

Table 28 (overleaf) highlights the challenges and proposed responses for the public infrastructure.

9: Public infrastructure

Table 28: Summary of challenges and proposed responses – Public infrastructure.

>>

Challenge	Implication if challenge is not addressed	Strategy to address challenge
Underinvestment in core infrastructure	Reduced international competitiveness	Invest further in core infrastructure
The Port of Walvis Bay continues to operate near its full capacity	Reduced efficiency may impact on the case put forward to develop Namibia as a logistics hub	Expand the port in good time
The core rail network is old and dilapidated	Safety and reliability of rail transport are compromised, which will also affect industry	Fix the core rail network
Road maintenance has been neglected	Safety and reliability of road transport are compromised, which will also affect industry	Restore the balance between expansion of new roads versus maintenance
Dependency on imported electricity continues	Industry will be negatively affected by power shortages	Establish baseload capacity requirement and address the demand side during the NDP4 cycle
Scarcity of water resources in Namibia limit industrialisation in the country	Industrialisation will not achieve its full potential	Ensure water security by 2017 and address demand issues by establishing additional infrastructure
The majority of Namibians have no access to affordable formal housing	Impacts negatively on social cohesion and social conduct	Increase efforts to provide affordable housing to all, including the availability of serviced erven
Inadequate ICT infrastructure	Impacts negatively on business efficiencies	Maintain and improve existing ICT infrastructure, with a focus on rural penetration

9: Public infrastructure

Roles and responsibilities

Table 29 shows some high levels strategies and responsible entities for the public infrastructure.

High-level strategy	Main role player/agent responsible
Expand the port	Namport
Upgrade the rail network	Ministry of Works and Transport
Maintain the road network	Roads Authority
Secure baseload energy	NamPower
Ensure water security	Ministry of Agriculture, Water and Forestry
Ensure air traffic safety and airport development and maintenance	Ministry of Works and Transport
Provide low-cost housing	Ministry of Regional and Local Government, Housing and Rural Development
Enhance ICT infrastructure	Ministry of Information, Communication and Technology

Table 29: Roles and responsibilities – Public infrastructure.
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ECONOMIC PRIORITIES.

Economic priorities: Definition and background

Industrialisation is the development of industry on an extensive scale. It implies a move from an economy dominated by agricultural output and employment to one dominated by manufacturing and the services sector. Industrialisation ensures the expansion of the country's capacity to produce secondary goods and services. Therefore, industrialisation is a key factor in determining the developmental status of a nation. Developing countries typically show poorly developed industrial sectors, and, hence, are reliant on imports for basic manufactured goods. On the contrary, developed countries and newly industrialised nations have managed to develop their industries within the broader spectrum of their respective development agendas. Thus, as a nation, Namibia is compelled to develop industries as part of its development agenda within the context of sustainability and green technologies, as advocated under our Industrial Policy.

Under the NDP4 we have focused on four strategic economic priorities areas for the next five years. These are—

- > logistics
- > tourism
- > manufacturing, and
- > agriculture.

SECTION 3: Economic Priorities

10: Logistics

102

11: Tourism

110

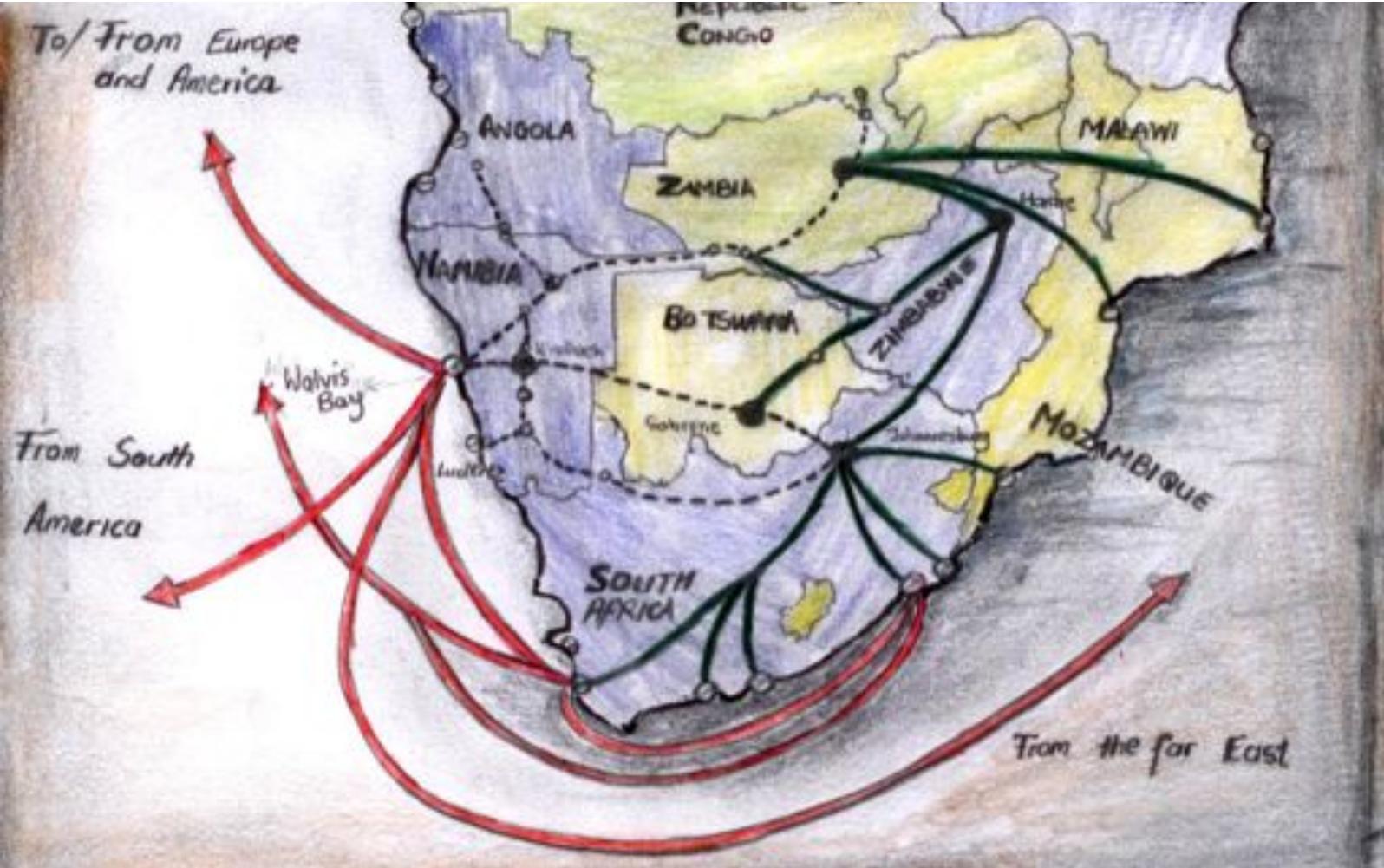
12: Manufacturing

116

13: Agriculture

124

ECONOMIC PRIORITIES.



10: Logistics

Developing the logistics hub

There are a number of factors that imply a comparative advantage for Namibia in the transport sector. Firstly, Namibia is strategically positioned within the SADC region, meaning we offer a gateway for trade to and from the region.

Secondly, our transport and communication infrastructure, although lagging behind by international standards, remains competitive in relation to what is available in the region. For instance, the Port of Walvis Bay saves shipping companies up to five days for goods transported within the SADC region, Europe and the Americas. Notwithstanding the developments of ports in the region, the Port of Walvis Bay remains one of Africa's most efficient and best equipped. The port has the capacity to handle more than 5 million tonnes of cargo with about 250,000 20-ft-equivalent units (TEUs) handled annually. On average, the port receives approximately 2,700 vessels a year. It can handle up to 3,000 annually. However, since this is practically its full capacity, if the port is not extended as a matter of priority, it will become congested and, therefore, less efficient.

One of the great opportunities for Namibia to be positioned as a logistics hub is the fact that economic development in a number of SADC countries is expected to take off rapidly. The export of mineral resources such as copper and coal and the importation of chemicals for mining have started in a number of neighbouring countries. In addition, demand for the importation of various consumer goods has also started to increase rapidly in these economies. Besides the minerals-based economies, Zimbabwe – with its population of 13 million – is also expected to rebound rapidly in the middle to long term.

It is imperative, therefore, to strategise around the current transport infrastructure in a way that maximises its economic value. Timing and urgency are of the essence in this regard – particularly since other countries within the region are also developing their infrastructure to take advantage of the opportunities on offer. Notably, Africa is expected to be the fastest growing region after Asia. This will result in increased trade and, hence, cargo volumes. All of these factors illustrate Namibia's potential to become a logistics hub.

In addition to the facilitation of flows of imports, exports and trans-shipments via Namibia, the availability of a good international logistics network will also attract other industries to Namibia. A case in point is Singapore, which successfully transformed itself from a logistics hub to a knowledge-based society by attracting a number of related and unrelated industries. Singapore has experienced immense economic development, and fully utilises its position as a transit hub in south-east Asia.

Logistics also has the ability to create sustainable employment opportunities, which are in such great demand in Namibia. The logistics industry has capital-intensive components such as the port expansion, as well as labour-intensive

2,700

Number of vessels received at the Port of Walvis Bay annually.

components. The latter include repackaging services, order entry, and selection and preparation of transportation at logistics warehouses. Thus, the greater the handling volume is, the higher the number of expected jobs. In addition, it is necessary to develop a logistics hub at an intermediate point from Walvis Bay to inland countries in order to distribute cargo because it is around 1,300 km to the national border of inland countries. The development of distribution centres that lie near the borders of landlocked countries will also contribute to rural development and employment creation, as well as mitigate rural–urban migration.

A logistics hub offers services ranging from transport and storage solutions to customised integrated supply chain management services. All the different modes of transportation are provided, namely maritime, air, road and rail.

Table 30: Summary of targets and out-turns – Logistics.

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Indicators	NDP3 target	Out-turn
Km of rural roads improved to bitumen standard	1,875	1,715
Km of Trunk and Main Roads rehabilitated	1,242	584
% of paved roads in acceptable [very good, good, fair] condition	90	7% Very good 26% Good 59% Fair 7% Poor 1% Very poor (92% acceptable condition)
% of unsealed road in acceptable [very good, good, fair] condition	80	4% Very good 18% Good 49% Fair 18% Poor 11% Very Poor (71% acceptable condition)
Design of non-motorized transport (NMT) policy document	1	0
Freight transported by rail (tons per annum)	3 million	2.15 million (average)
No. of Passengers transported annually (rail)	300,000	6,800 (annual average)
Wagon turn-around time (number of days)	5	8.2 (average)
Rail coverage (km)	3,000 km	2,488
Locomotive Availability	95%	69.5% (average)

10: Logistics

Current situation and challenges in logistics

Infrastructure is fundamental to a successful logistics hub. Indeed, at Independence in 1990, our infrastructure gave us a competitive advantage in the region. However, we failed to keep track with new developments and the necessary upgrades at the pace required to operate in the competitive global economy. Thus, in order to serve as a regional logistics hub, we need to upgrade our transport infrastructure to internationally acceptable standards.

Namibia's business environment is relatively conducive, particularly with regard to having an appropriate ICT infrastructure. Furthermore, safety and security in the country also ensure that goods transported via road and rail reach their intended destinations. Namibia, as part of the global village, will contribute to economic prosperity and global trade through the development of the logistics hub.

The Port of Walvis Bay is currently operating at an acceptable level of efficiency: the turnaround time for unloading and loading container cargo is only 24 hours, while goods delivered at the port take from 2 to 5 days to reach their regional destinations. The time distance from competitor ports to similar destinations is about 14 days. Namibia's comparative efficiency bodes well for its bid to serve as a regional logistics hub.

However, the existing transport infrastructure, although extensive, is inadequate in respect of serving the global logistics market. This is particularly true for the rail infrastructure. In order for Namibia to reach its goal of becoming the No. 1 logistics hub in the region, it will need to focus on all modes of transportation – road, rail, air and maritime – simultaneously. Indeed, integrated infrastructure planning is vital if we are to realise our vision of becoming the regional logistics hub of choice.

There is also limited storage infrastructure at the port. Furthermore, the absence of a PPP funding framework limits the participation of the private sector in financing these developments, and a serious challenge exists in respect of acquiring skilled and experienced people within the country to manage logistics hub operations.

Desired outcome

Based on the above analysis of the current situation and the challenges faced, the following desired outcome under the NDP4 is proposed:

DESIRED OUTCOME 6 (DO6)

By 2017, the volume in cargo handling and rail-transported cargo is double that of 2012, and the Port of Walvis Bay has become the preferred African West coast port and logistics corridor for southern and central African logistics operations.

Proposed strategy to attain DO6

In order to realise the desired outcome of becoming a regional logistics hub, the following high-level strategies and actions will be pursued over the next five-year planning cycle.

During the NDP4, we will focus on claiming a sizeable share of the regional market in respect of international transportation, and on the upgrading and expansion of infrastructure needed to accommodate increased flow volumes. Therefore, we say that current volumes should at least double in constant 2011 figures and compared with baseline growth.

Of critical importance is the expansion of the Port of Walvis Bay: it needs to be able to accommodate the ocean-liner class of container ships, and make their turnaround time as short as 24 hours. The rail connections to Angola, Botswana and Zambia also need to be completed. In particular, the status of the Trans-Kalahari Railway will receive urgent attention. Further details of the infrastructure plans are contained in Chapter 9, on public infrastructure.

The Municipality of Walvis Bay and other municipalities along the corridor routes should make land available for upgrading and developing state-of-the-art storage facilities. Furthermore, the perception of the town of Walvis Bay and other identified towns along corridor routes should be changed to reflect their increasing importance as major regional distribution centres.

Rapid development in the realm of logistics is made possible only when both the public and the private sector share a common goal and framework for implementation. There are various building blocks for creating a logistics nation, including public investment in infrastructure, efficient operation by private sector companies, strong support and cooperation from local government, and international cooperation and facilitation at cross-border areas.

All of these require close collaboration and partnership between the public and private sectors. Thus, a PPP funding framework, involving all critical stakeholders – including commercial banks – will be crafted as soon as possible to encourage private sector participation in financing infrastructure projects. The private sector can also be involved by making concessions to some of the global giants in respect of the various modes of transport available.

The Walvis Bay Corridor Group can be transformed from an entity that focuses on the various Walvis Bay Corridors to one that will consolidate the coordinated public and private sector efforts to make Namibia a regional logistics hub. This will require equipping the Walvis Bay Corridor Group with the necessary skills and financial resources.

To make Namibia a logistics nation, Government will continue to pursue various international and bilateral agreements in setting one-stop border posts to ensure the flow of cross-border trade is as efficient as possible, and to address cabotage concerns.

Aggressive investment will characterise efforts to develop our internal human resources capacity in order to manage all the components of the regional logistics hub and attract foreign skills. These efforts will include operating through international support programmes such as donor funding and/or aid for trade to supplement and strengthen existing human resource and physical capacities. In addition, a sector-specific plan will be drafted to attract foreign experts, and to ensure skills are retained by transferring them to Namibians.

Namibia will also be aggressively marketed as the logistics hub of choice for southern and central Africa.

In order to prepare for the further development of Namibia as a logistics hub during subsequent NDPs, during the NDP4 period the Government will commission studies aimed at developing a National Logistics Master Plan and a Master Plan on the Development of Regional Urban Centres. The National Logistics Master Plan, which will be logically aligned to the Transport Master Plan, will provide

- > a detailed image of Namibia as an international logistics hub
- > an image of the international logistics network
- > future population distribution in accordance with expected growth in the logistics industry
- > spatial distribution of economic growth, and
- > the generation of jobs.

The Master Plan on the Development of Regional Urban Centres will focus on the potential of the greater coastal area (Walvis Bay–Swakopmund), the interior (Tsumeb–Grootfontein–Otavi), core northern towns (Oshakati–Ongewdiva–Ondangwa) and other border towns (Oshikango–Rundu–Katima Mulilo–Gobabis) to become logistics hubs.

Table 31: Summary of challenges and proposed responses – Logistics.

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Table 31 summarises the proposed responses to challenges in the realm issue of logistics during the NDP4 period.

Challenge	Implication if challenge is not addressed	Strategy to address challenge
Inadequate transport infrastructure to operate a fully efficient logistics hub	Inadequate infrastructure will lead to inefficiency.	Significantly upgrade, in a holistic and integrated manner, all four modes of transport during the NDP4 period
Lack of integration in planning and policy in the infrastructure development plan	If not addressed, it could lead to fragmented efforts, resulting in wastage of resources.	The Ministry of Works and Transport will coordinate the national infrastructure development plan
Inadequate storage facilities	Will make the transport of goods costly and create inefficiencies	Supplement the existing storage facilities
Absence of a PPP funding framework limits the participation of the private sector in financing these developments	Might lead to heavy reliance on State funds and, consequently, a relatively low rate of implementation as a result of limited funding An over-reliance on Government investment could lead to macroeconomic instability	Develop and implement a policy framework for PPP funding
Delays in acquiring skilled people within the country with the necessary experience to manage logistics hub operations	Will not be able to implement and run a globally competitive logistics centre effectively	Build an adequate skills pool to run the logistics hub by the end of the NDP4 period

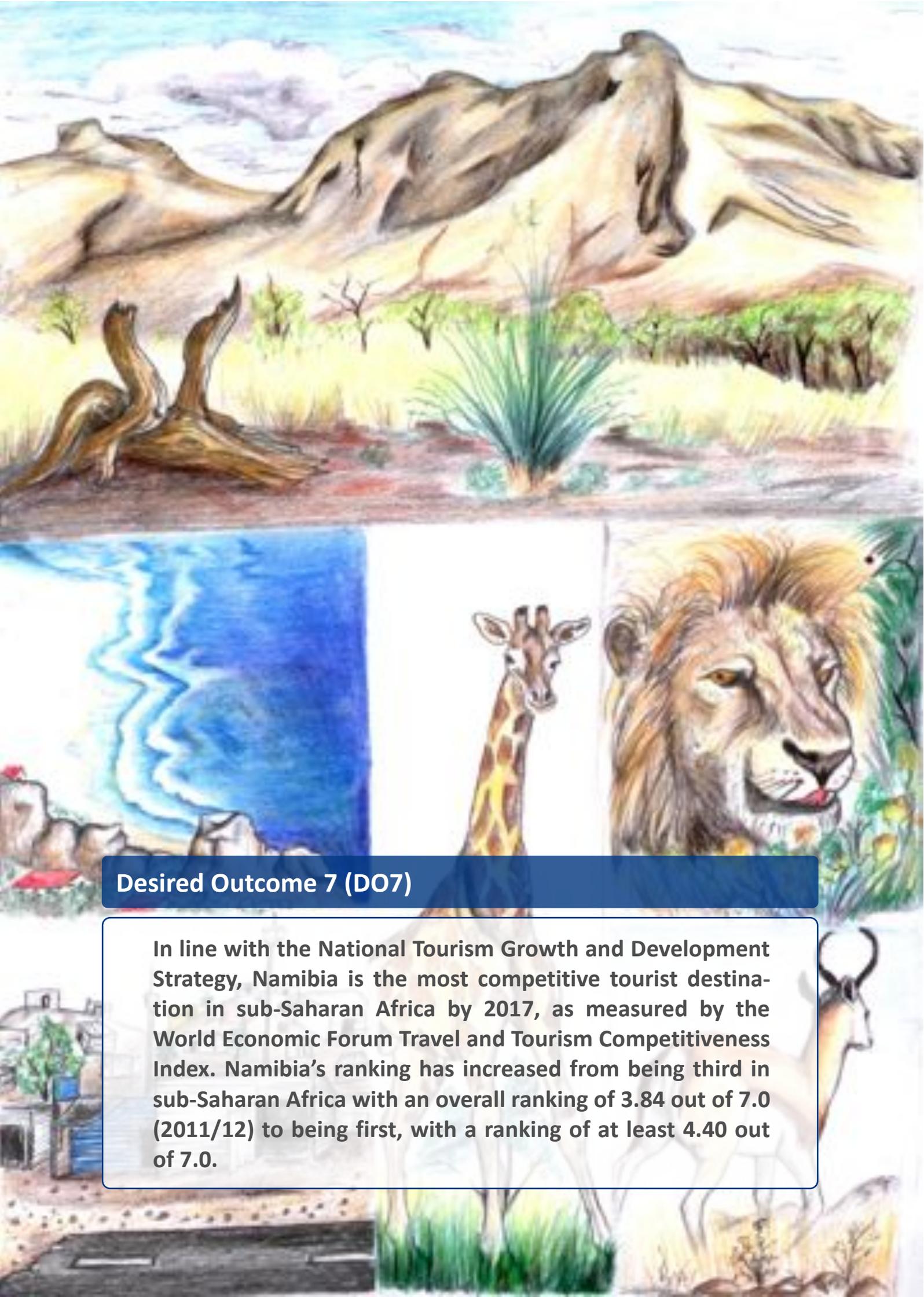
Roles and responsibilities

Table 32 (page 109) shows the various agents responsible for implementing the high-level strategies to reach the enhancements desired in logistics during NDP4:

10: Logistics

High-level strategy	Main role player/agent responsible
Upgrade and develop infrastructure	Ministry of Works and Transport
Establish a PPP funding framework	Ministry of Finance
Attract, retain and transfer skills	Ministry of Education
Market Namibia as a logistics hub of choice	Walvis Bay Corridor Group
Develop a National Logistics Master Plan	National Planning Commission
Develop a Master Plan on the Development of Regional Urban Centres	National Planning Commission
Development of storage facilities	Ministry of Trade and Industry
Promotion of the Trans-Kalahari Railway	Ministry of Works and Transport
Provide serviced land in towns along Corridors to support logistics activities	Ministry of Regional and Local Government, Housing and Rural Dev.

Table 32: Roles and responsibilities – Logistics.
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Desired Outcome 7 (DO7)

In line with the National Tourism Growth and Development Strategy, Namibia is the most competitive tourist destination in sub-Saharan Africa by 2017, as measured by the World Economic Forum Travel and Tourism Competitiveness Index. Namibia's ranking has increased from being third in sub-Saharan Africa with an overall ranking of 3.84 out of 7.0 (2011/12) to being first, with a ranking of at least 4.40 out of 7.0.

11: Tourism

Current situation and challenges in tourism

Between 1990 and 2011, tourism has proved a valuable industry to Namibia, making considerable direct and indirect contributions to GDP as well as acting as a substantial employer – often in rural areas, where job opportunities are otherwise few and far between. In addition, through employment and income injections in the rural areas, particularly through conservancies, tourism has had a marked impact on reducing rural poverty. Tourism has also been heralded as a means of subsidising farming activity on suboptimal land, and has, in many areas, begun to surpass traditional farming as a favoured land use due to the significant economic returns that can be generated.

Namibia's tourism industry undoubtedly gives it a comparative advantage, as low population densities and good environmental management have led to the preservation of pristine scenery and increasing wildlife populations. Furthermore, the safe environment provided by the implementation of the rule of law and a stable Government, coupled with a pleasant climate and good infrastructure and amenities, mean that the country is considered by many as a top destination. Namibia has a great deal to offer tourists of every ilk besides its outstanding scenery. Finally, even though tourism in Namibia is susceptible to exogenous shocks, globally, the industry is growing and the market offers us a chance to benefit from its size and increase our share in it. With their burgeoning middle class and rapid development, Brazil, China, India and Russia add to the South African tourist contingent that offer vast new opportunities on which to capitalise.

The Satellite Tourism Accounts for Namibia illustrate the importance of tourism to GDP growth over time and to employment. The direct impact of the industry on GDP is estimated to be approximately 4%, while the combined direct and indirect contribution to GDP is registered at around 15.5%. Similarly, the direct number of employment opportunities created by tourism represents approximately 5% of those in the country, while the direct and indirect contributions combined represent approximately 19% of all jobs created.

Through sustainable development as well as the devolution of land rights and wildlife rights to players in the industry, the Government has done a great deal to provide the right incentives for to allow this private-sector-led industry to prosper.

To unleash the full potential of tourism, Government also adopted a Tourism Policy, which states that –

- > the policy should serve Government objectives, i.e. the national interest
- > tourism has to remain competitive
- > the private sector should be enabled to operate and compete in global markets in order to generate responsible tourism

19%

Percentage of jobs in Namibia that are directly and indirectly created by the tourism industry.

- > local participation and equity should be increased in order to ensure a spread of benefits
- > tourism development is to be economically, socially and environmentally sustainable
- > such sustainability should be linked to the protection of the natural resource base, i.e. the natural environment, wildlife and culture
- > tourism investment, development and promotion should be market-driven
- > Government will promote interventions such as investment incentives and promotions on the basis of their national economic benefit, and
- > The human factor should be of prime importance

However, a number of challenges and bottlenecks remain. Overcoming and removing these would stimulate further growth and development in this tertiary industry – one of a handful in Namibia. The major challenges faced by the tourism sector are as follows:

- > Lack of a services culture across all levels
- > Low awareness of Namibia as a tourist destination due to insufficient generic marketing of the country, and limited development of new markets and new products
- > An inadequate legal environment that is not conducive to tourism investments on communal land
- > Insufficient amounts budgeted by Government for the efficient maintenance and development of national parks
- > Insufficient skills available to run tourism activities at all levels, and
- > The difficulty of securing work permits for foreign nationals.

Finally, it should be mentioned that tourism is reliant on –

- > wildlife and scenery
- > a healthy and clean environment, and
- > safety, security and stability in the country.

These elements currently exist in abundance in Namibia, but all of them need to be maintained and even improved upon, where possible, to ensure continued success in the sector.

Table 33 summarises the targets and out-turns envisaged for tourism during the

Indicator	NDP3 target	Out-turn
Number of annual tourist arrivals	>1 million	0.98 million

NDP3 period.

Table 33: Summary of targets and out-turns – Tourism
(Source: UNWTO/United Nations World Tourism Organization, 2011, World Tourism Barometer, April).
>>

11: Tourism

Desired outcome

DESIRED OUTCOME 7 (DO7)

In line with the National Tourism Growth and Development Strategy, Namibia is the most competitive tourist destination in sub-Saharan Africa by 2017, as measured by the World Economic Forum Travel and Tourism Competitiveness Index. Namibia's ranking has increased from being third in sub-Saharan Africa with an overall ranking of 3.84 out of 7.0 (2011/12) to being first, with a ranking of at least 4.40 out of 7.0.

Proposed strategy to attain DO7

Based on the above considerations, the following high-level actions are proposed to ensure the desired outcome is attained under the NDP4:

Although the overall strategy will be executed in an uncertain and recessionary international economic climate, the aim will be realised by increasing tourism arrivals and income from tourism from current overseas source markets and continental Africa, which includes regional and domestic tourism. The growth in tourist numbers and income from tourism will translate into increased job creation.

In terms of market and product development, a key ongoing strategy will be to reduce seasonality and encourage a geographical spread of tourists throughout Namibia, as well as transforming sustainable economic and social empowerment. These will be supported by creating a highly attractive investment climate, coupled with removing unnecessary bureaucratic and regulatory obstacles to doing business, as covered in Chapter 5, "Institutional environment".

Insufficient generic marketing of the country as a tourist destination will be addressed through an increase in such marketing, while the limited development of new products will be addressed through identifying new markets and products (ecotourism, community tourism, adventure tourism, etc.) and further nurturing of existing markets and products. It is proposed that the national marketing budget for tourism be increased threefold over the NDP4 period.

The possibility of establishing an international convention centre in Windhoek will be investigated under further product and market development.

The environment will be made more conducive to investment in tourism on communal land by reassessing and improving land tenure law and regulations to ensure that potential land use values can be capitalised on.

The efficient and effective maintenance and development of national parks will be addressed through additional capital (development) budget allocations, with an eye on ensuring the predictability and consistency of such allocations.

The insufficiency of available skills to run tourism activities at all levels will be addressed by increasing the number of person educated in tourism-related fields (e.g. languages and hospitality training) at Namibian institutions; increasing the opportunities to study tourism-related topics; creating incentives for on-the-job training in tourism activities; and simplifying and streamlining procedures for acquiring work permits for foreigners where locally available skills are insufficient.

Business growth will be improved on and red tape reduced through the creation of synergies between the Department of Tourism and the Namibia Tourism Board, Namibia Wildlife Resorts, Air Namibia, the Namibia Airports Company, and private-sector tourism operators, bolstered by practical and real support from public partners such as the Ministry of Home Affairs and Immigration.

Effective and efficient destination management will be targeted in order to improve the infrastructure and visitor services on offer in Namibia, as well as to ensure the conservation of the natural environment and cultural heritage through sustainable tourism development, and

Timely and credible tourism and market intelligence will be bolstered at national and regional levels so as to critically monitor the implementation and progress of strategic priorities in the tourism sector.

Table 34 summarises the proposed responses and strategies envisaged in tackling the challenges facing tourism during the NDP4 phase.

Table 34: Summary of challenges and proposed responses – Tourism (continues page 113).

>>

Challenge	Implication if challenge is not addressed	Strategy to address challenge
Lack of a services culture	Service remains inadequate; tourists/clients are driven away from rather than attracted to the country	Improve the availability of skills and training in tourism-related activities
A legal environment that is not conducive to investing in tourism on communal land	Much of the country's land remains 'dead capital', and those living on communal land cannot benefit from tourism	Reassess and improve the land tenure laws and regulations governing communal land

11: Tourism

Challenge	Implication if challenge is not addressed	Strategy to address challenge
Low awareness of Namibia as a tourist destination	Awareness of Namibia as a prime tourist destination remains low, and tourist numbers fail to increase significantly	Reduce seasonality and encourage a geographical spread of tourists Remove unnecessary bureaucratic and regulatory obstacles to doing business Increase generic marketing of the country Identify new markets and products, and nurture existing markets and products
Insufficient Government budget allocations cannot ensure the efficient and effective maintenance and development of national parks	National parks are not run effectively or efficiently, and the quality of the resources is eroded	Increase capital (dev.) budget allocations to park development and maintenance Ensure predictability and consistency in such allocations
Insufficient skills to run tourism activities	The tourism industry is unable to grow sustainably	Improve the availability of skills and training in tourism-related activities

Table 34 continued.
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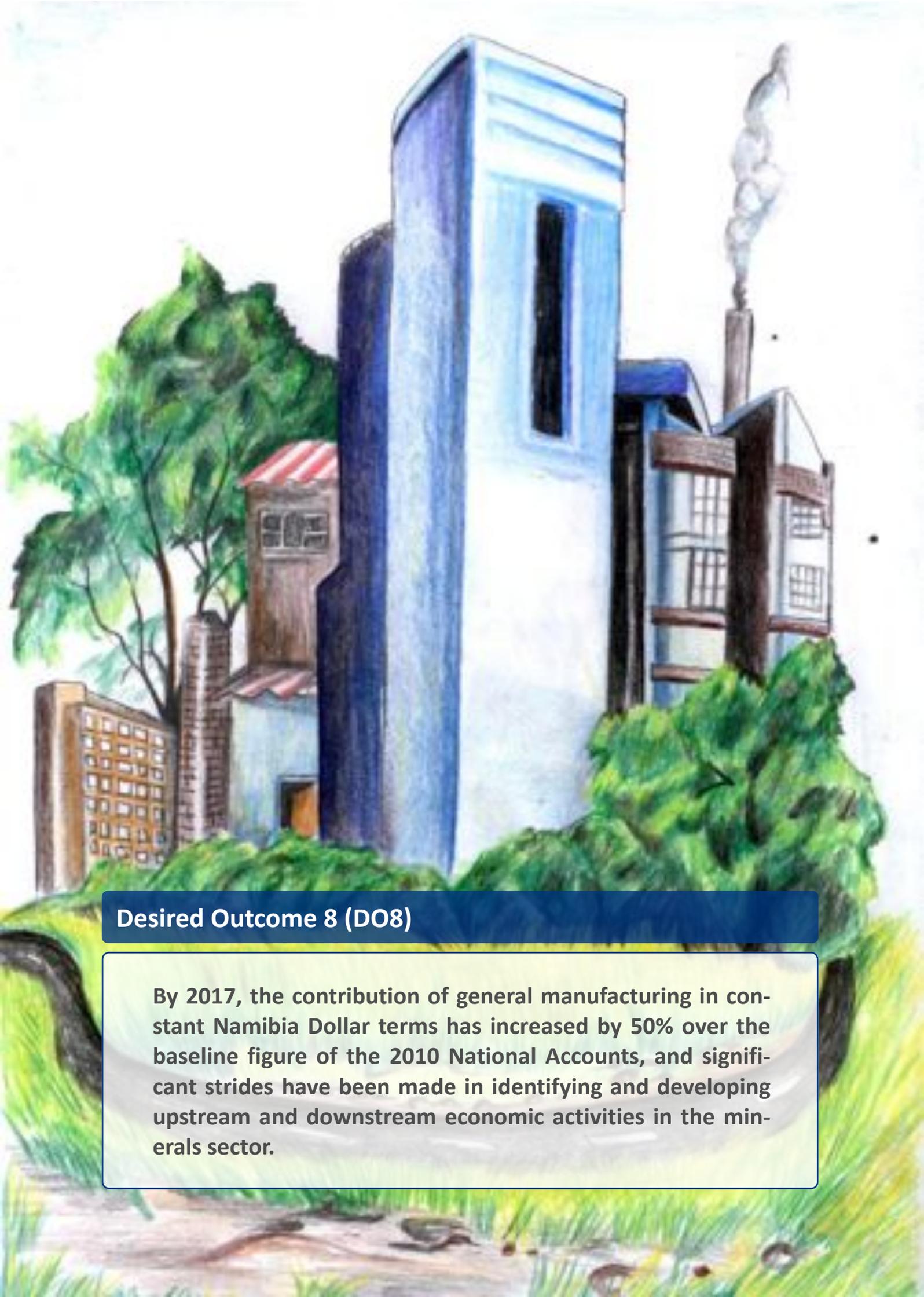
Roles and responsibilities

The coordinating role of development of tourism must fall to the Ministry of Environment and Tourism; however the industry should help wherever possible.

Table 35 outlines the main role players to achieve NDP4 goals.

High-level strategy	Main role player/agent responsible
Increased generic marketing of Namibia as a destination, and market and product development	Namibia Tourism Board
Reassess and improve land tenure law and regulation to ensure potential land use values can be capitalised upon	Ministry of Lands and Resettlement
Increase capital (development) budget allocations to park development and maintenance. Ensure predictability and consistency in allocation	Ministry of Finance
Increase throughput of education of those with tourism expertise (language and hospitality training) from Namibian institutions.	Ministry of Education

Table 35: Roles and responsibilities – Tourism.
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Desired Outcome 8 (DO8)

By 2017, the contribution of general manufacturing in constant Namibia Dollar terms has increased by 50% over the baseline figure of the 2010 National Accounts, and significant strides have been made in identifying and developing upstream and downstream economic activities in the minerals sector.

12: Manufacturing

Current situation and challenges in manufacturing

Manufacturing contributed 14.4% to Namibia's GDP in 2010, representing about N\$11.7 billion in 2010 prices. Manufacturing activities in the country are concentrated in the subsectors of meat processing, fish processing, other food and beverages, and mineral beneficiation. The latter largely represents the smelting of copper and zinc ore, and the cutting and polishing of rough diamonds. On average, the manufacturing sector grew by about 5.6% over the NDP3 period. Manufacturing constitutes about 25% of total exports on average since 2007.

The Government has several incentives in place to stimulate manufacturing in Namibia and to promote the export of manufactured products in the region and to the rest of the world. These incentives range from direct subsidies to SMEs to acquire machinery, to tax-related subsidies in the form of exemptions.

The Government has also signed various preferential free trade agreements with a number of countries, including the SADC region. The SADC market has a population of about 190 million consumers, and a GDP in excess of US\$180 billion. This allows for potentially larger market access for locally produced products.

Regardless of Government efforts, however, the manufacturing sector has fallen short of experiencing the kind of robust growth that will meet the aspirations of Vision 2030. A number of challenges are identifiable, as set out below.

Although conformance with standards is generally voluntary, the World Trade Organisation (WTO) Technical Barriers to Trade (TBT) Agreement allows countries to adopt standards as technical regulations for legitimate policy objectives. These standards include the protection of human health or safety, the protection of animal or plant life or health, the protection of the environment, the protection of national security interests, and the prevention of deceptive practices. For technical regulations, compliance is mandatory. Some manufacturers either have insufficient knowledge or capacity to apply the standards in their businesses that would improve the quality of their goods and services and, thus, ensure increased market access. In addition, the development of the National Quality Infrastructure only commenced in 2007, when the Namibian Standards Institution came into operation. A National Quality Infrastructure would not only enable Namibia to meet its obligations in terms of the WTO TBT Agreement and the TBT Annex to the SADC Trade Protocol, but it would also facilitate Namibian products' access to domestic and international markets, thus increasing Namibia's export potential, and would enable the regulatory authorities in Namibia to ensure consumer health and safety as well as protection of the environment.

While the Government has made some incentives available, such as tax incentives and training incentives, there are prohibitive barriers that prevent companies from fully benefiting from such incentives. For instance, when a company applies for the incentive, it can take up to a year before Government responds. Furthermore, the administration of these incentives is currently handled by two

14.4%

Contribution of manufacturing to Namibia's GDP in 2010.

Ministries, i.e. the Ministry of Trade and Industry, and the Ministry of Finance. This creates administrative challenges since the two Ministries have competing objectives: that of industry development and revenue collection, respectively. In addition, the handling of input VAT claims is ineffective. The outstanding input VAT claims normally take between four to six months to be settled, which has negative cash flow implications for companies.

Even though the Government is the single largest procurer in the country, there is still no Government procurement policy that offers outright preference for locally produced goods. Such preferential treatment could create a significant market for local producers. In addition, many local retailers do not source Namibian products as a first choice; this further limits local producers' access to local consumers.

The relevant skills shortage serves as another hurdle in the industry's progress. For manufacturing enterprises to expand as well as for new products to be developed, it is vital to have a sufficient number of skilled persons available, especially as regards technical and management skills. Namibia has a skills deficit in these categories.

While there are a number of manufacturing activities that already take place in the country, there is still significant room for expansion. The major manufacturing industries include mineral beneficiation, agro-processing, fish processing, and other food and beverage manufacturing. To date, there has been fairly limited effort to 'pick winners' or select industries for specific development and support. The Ministry of Trade and Industry is in the process of developing an Industrial Policy Implementation Strategy – a five-year plan to implement the rules-based Industrial Policy, which is expected to select specific industries for such support and development.

Finally, there is a general lack of R&D activities in the country. This can hamper the flourishing of the manufacturing sector.

Table 36 illustrates the targets and out-turns for manufacturing over the NDP3 period.

Table 36: Summary of targets and out-turns – Manufacturing.
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Indicator	NDP3 target (Baseline)	NDP3 target (High growth)	Out-turn
Average annual growth (%)	4.9	5.3	5.6

Desired outcome

Based on the above analysis of the current situation and the challenges under manufacturing, the following desired outcome under the NDP4 is proposed:

12: Manufacturing

DESIRED OUTCOME 8 (DO8)

By 2017, the contribution of general manufacturing in constant Namibia Dollar terms has increased by 50% over the baseline figure of the 2010 National Accounts, and significant strides have been made in identifying and developing upstream and downstream economic activities in the minerals sector.

Proposed strategy to attain DO8

Strategies to improve the business environment for manufacturers

In order to ensure that strategic industries are given suitable incentives to develop in Namibia, a clear list of incentives as well as a list of strategically selected industries should be drawn up. Furthermore, the process of applying for these incentives should be streamlined to ensure that they can be rapidly granted to such selected industries. Furthermore, applications from other industries should be considered individually on merit, and should also benefit from streamlined processing.

In order to support local producers, import replacement needs to be encouraged where feasible, amongst other things by providing preferential Government procurement and developing a preferential procurement agreement with Namibian-owned enterprises.

In line with the National Human Resources Development Plan, areas of skills shortage for the manufacturing industry should be addressed by the country's training institutions. Technical experts, whether sourced locally or abroad, will also be needed to further develop the manufacturing industry. Thus, the simplification and streamlining of procedures for acquiring work permits for foreigners where locally available skills are insufficient are of paramount importance.

Manufacturing needs to be promoted and marketed along with the development of a logistics hub in Namibia. This will develop and capitalise on synergies and actualise the ambitions of Vision 2030 in respect of manufacturing and logistics.

The number of centres or facilities for testing the quality of manufactured products needs to be increased significantly. The same is true for R&D centres. Support for manufacturers and product developers should also be improved.

Specific manufacturing industry development strategies

Besides interventions to bring about large-scale improvements in the business environment for manufacturing in Namibia, a number of strategic industries have been selected for more specific focus and development via the Industrial

Policy Implementation Strategy. These include mineral beneficiation, both up- and downstream, as well as agro- and fish processing.

An extensive value chain analysis of the goods produced in Namibia should be carried out so as to determine where further value addition can be viably undertaken. The potential value addition in respect of goods produced outside the country should be explored, including value addition to fish products and minerals.

In order to increase the current levels of mineral beneficiation, the supply of rough diamonds for local cutting and polishing factories should be increased. In 2012, only 10% of the diamonds mined in Namibia are kept for cutting and polishing by local industry. This is considered insufficient for many of the sightholders to turn a profit, and should be increased to at least 20%.

A value chain analysis should also be conducted on the further beneficiation of cut and polished diamonds. Currently, the diamonds cut and polished in Namibia are sold mainly outside the country for further value addition, largely by way of making jewellery. Namibia, too, could become a jewellery-making nation, thereby adding further value to the diamonds mined in the country.

A value chain analysis should also be carried out on the further beneficiation of copper, gold, uranium, zinc and small-scale mining products. To date, there has not been an extensive study conducted on the potential costs and benefits of mineral beneficiation in Namibia, so this would constitute the first vital step in such a process.

The manufacture of inputs into the mining sector should be encouraged and actively supported where viable, e.g. in upstream beneficiation, while environmental awareness is maintained and negative environmental impacts are mitigated.

A Joint Committee on the Value Addition of Minerals should be formed, encompassing key players in the mining and manufacturing industries, including representatives from the National Planning Commission, the Ministry of Mines and Energy, the Ministry of Trade and Industry, and the Chamber of Mines.

Further agro- and fish processing should be encouraged through suitable support and incentive regimes. For example, there are currently some imported fish products to which Namibia adds value before they are exported; such activities can be expanded significantly through suitable incentives.

Very little value addition is carried out in Namibia at present with regard to agricultural products. Through suitable support and incentives, agro-processing could also serve as a strategic manufacturing industry for Namibia.

Table 37 (page 121) summarises the challenges faced with regard to manufacturing in Namibia, illustrates the implications if these are not addressed, and suggests strategies to address them.

12: Manufacturing

Challenge	Implication if challenge is not addressed	Strategy to address challenge
Incentive regimes unclear, insufficient, and excessively complicated	Investors shy away from Namibia as an investment destination for manufacturing Other countries are more competitive than Namibia as investment destinations	Draw up a clear list of incentives and a list of strategically selected industries to benefit Streamline the process of applying for incentives Applications from other industries are considered individually on merit
Lack of a Government preferential procurement policy for locally produced goods	Local producers' economies of scale are limited	Government to institute the preferential procurement of locally manufactured products through the finalisation of the new Tender Board Act and its Regulations Increase Government-procured goods of locally
General skills shortage	Manufacturing fails to develop to its full potential	Institute revised and extended curricula at technical and VTCs Institute revised and clear procedures for work permits and visas, with a reduced application turnaround time
Inadequate knowledge of the value chain of goods produced in Namibia	Opportunities for further value addition foregone	Conduct value chain analyses on further beneficiation in copper, diamonds, gold, uranium, zinc, and products from small-scale mining Constitute a Joint Committee on the Value Addition of Minerals to serve in multiple roles.
Insufficient mining sector manufacturing product input	Vast quantities of mining inputs are imported, which have a negative economic impact on Namibia's balance of payments and levels of employment, and local growth is foregone	Actively encourage and support the manufacture of inputs into the mining sector, while maintaining environmental awareness and mitigating negative environmental impacts
Limited fish and agro-processing	Opportunities for further value addition and job creation are sacrificed	Encourage further fish and agro-processing through support and incentives

Table 37: Summary of challenges and proposed responses – Manufacturing.
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Roles and responsibilities

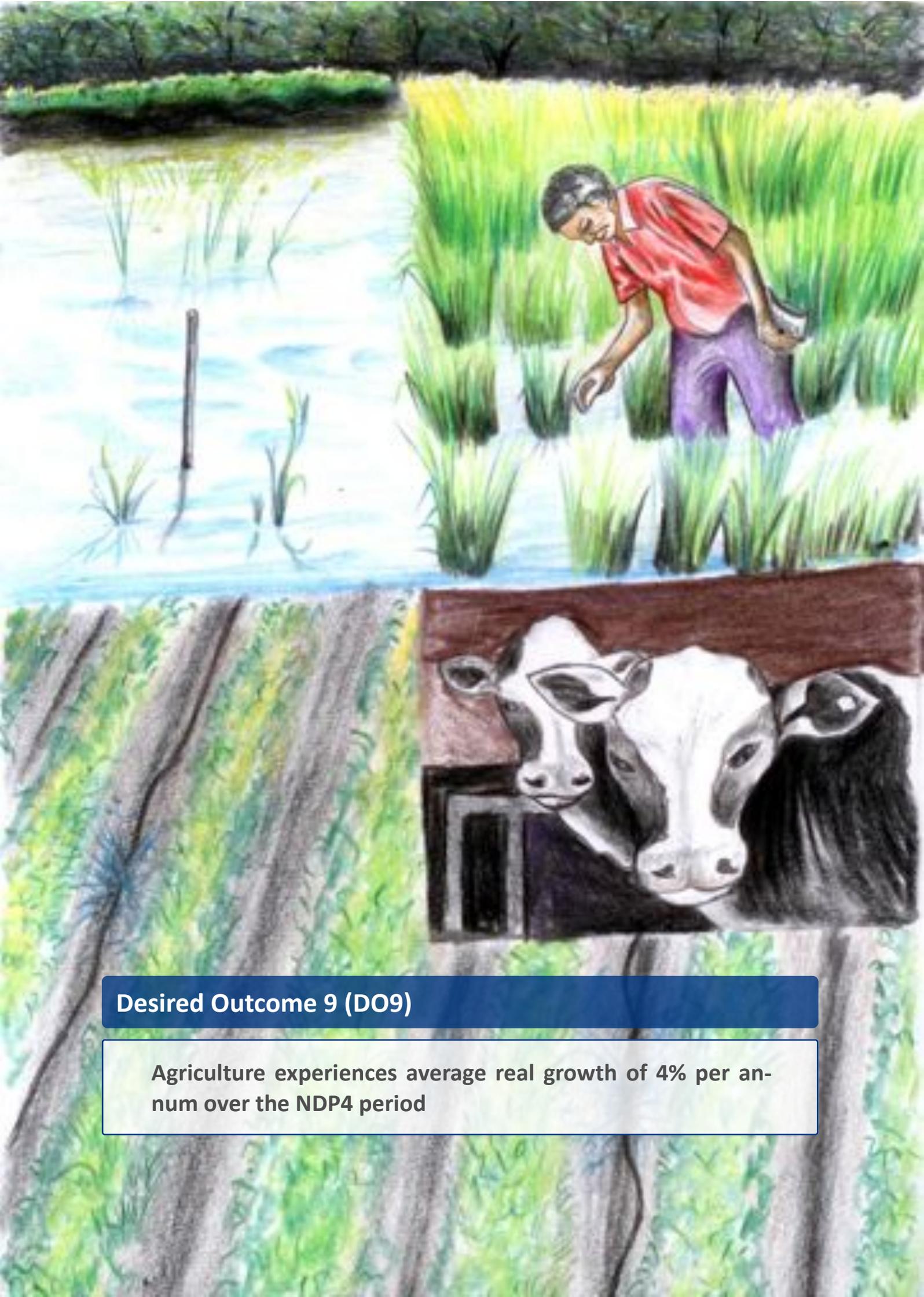
While most of the focus on manufacturing revolves around the core activity of mining, the responsibility for manufacturing and industry and their coordination nonetheless falls to the Ministry of Trade and Industry.

Table 38 summarises the roles and responsibilities for the development of the manufacturing sector in Namibia.

Table 38: Roles and responsibilities – Manufacturing.

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High-level strategy	Main role player/agent responsible
Retailer to shelve locally produced goods	Ministry of Trade and Industry
Government to preferentially procure locally produced goods	Ministry of Finance
Provide market access through negotiation of trade agreements	Ministry of Trade and Industry
Assure quality of Namibian produce	Ministry of Trade and Industry
Develop clear, extensive incentive system for manufacturing and fast-track applications for incentives	Ministry of Trade and Industry
Assess skills for manufacturing activities	Ministry of Trade and Industry
Increase supply of rough diamonds for local cutting and polishing factories	Ministry of Mines and Energy
Conduct feasibility studies on further beneficiation of cut and polished diamonds	Ministry of Trade and Industry Ministry of Mines and Energy
Deliver a value chain analysis in respect of minerals, including copper, diamonds, gold, uranium, zinc and products of small-scale mining	Ministry of Trade and Industry Ministry of Mines and Energy
Establish a Joint Committee on the Value Addition of Minerals	National Planning Commission Ministry of Trade and Industry Ministry of Mines and Energy Chamber of Mines
Develop agro-processing further	Ministry of Trade and Industry
Develop fish processing further	Ministry of Trade and Industry



Desired Outcome 9 (DO9)

Agriculture experiences average real growth of 4% per annum over the NDP4 period

13: Agriculture

Current situation and challenges

In spite of Government efforts and the potential associated with agriculture, the performance of the sector has been substandard as a result of many factors. Thus, Namibia still imports more than 50% of the cereals and horticultural products consumed locally. There are weak links to available markets, and it is difficult to put local products on the local market due to the high competition with imported products. Also, fertilisers are not readily available at affordable prices because of the relatively low volumes used in crop-growing areas. Most if not all fertilisers in Namibia are sourced from beyond its borders, making access to these agents difficult and expensive for farmers.

Background

The Government will continue to support agriculture as a strategic sector over the NDP4 period due to its growth and employment-generation potential. A large portion of the population depends on agriculture directly and indirectly for their livelihoods. Approximately 48% of Namibia's rural households depend on subsistence agriculture and the untapped potential of the sector to create jobs and develop skills. As such, Government interventions in the sector will continue to be substantial. These include allocations to agriculture in the budget, tax concessions, and facilitating the entry of Namibian agricultural products onto other markets.

The focus on agriculture under the NDP4 goes beyond production to include large-scale development of the agri-business and agro-industrial (industrial agriculture) sectors. These two sectors are vital in determining pathways to agriculture-led economic transformation in Namibia. Further detail on them is provided under Chapter 12, "Manufacturing". Similarly, infrastructural programmes relating to agriculture, such as pipelines, water points and the development of agricultural facilities are discussed under Chapter 9, "Public infrastructure".

In 2011, the Ministry of Agriculture, Water and Forestry piloted a debushing programme aimed at restoring the environment, improving the condition of the rangeland, and increasing the productivity of the land for both crops and livestock. The programme has the potential to create jobs either directly, through combating bush encroachment, or indirectly, by way of an increase in productive farmland. In the long run, the debushing programme has the potential to increase economic growth in general and rural economic development in particular, using labour-intensive methods.

Crop production

The crop production programme focuses on cereals, horticultural produce and fruit. Crops contribute 24% to overall agricultural output value. Without sustained and targeted investment, the agricultural sector cannot achieve its production potential. Local food production is critical for Namibia if we wish to become self-sufficient, ensuring food security for the nation.

76%

Contribution of cattle, goats, sheep and pigs to the overall agricultural output.

Crop production in Namibia is highly susceptible to factors over which we have limited control. These include weather such as floods and droughts, and wildlife such as mammals, birds and other pests that destroy crops. Thus, crop yields tend to fluctuate significantly from year to year. This, in turn, results in significant fluctuations in the country's net cereal imports. The Ministry of Agriculture, Water and Forestry therefore established a 16,000-t total capacity of strategic food reserve facilities (silos) in Katima Mulilo (4,500 t), Rundu (4,000 t), Okongo (500 t), and Omuthiya (500 t), as part of the Integrated Grain Storage Facility Programme. During the NDP3 cycle, the Ministry made N\$6 million available for the procurement of mahangu and maize from communal farmers. Through such procurements, the Ministry encourages cereal production: it provides a guaranteed market to farmers through the strategic silos. The Ministry also implemented a market-share promotion initiative through the Namibia Agronomic Board, which contributed to an increase from 7% to 32.5% in the consumption of locally produced fresh horticultural produce.

The responsibility for the construction of new fresh-produce market and cold storage facilities that aim to improve the marketing of horticultural produce and increase horticultural production has been transferred from the Namibian Agronomic Board to the Namibia Development Corporation. The latter identified and secured two sites (Ongwediva and Rundu) and the civil works have begun; a third site is under investigation.

Livestock production

Cattle, goats, sheep and pigs contribute 76% of the overall agricultural output value. Some 70% of this amount comes from commercial areas and 6% from communal areas.

Namibia is zoned for animal disease purposes by the Veterinary Cordon Fence (VCF), which runs from the Botswana border in eastern Namibia to Palgrave Point in the Namib Desert to the west. The VCF split the country into distinct animal disease control zones. Because a significant proportion – approximately 60% – of the livestock in Namibia remain north of the VCF, they are excluded from lucrative world markets, markedly reducing their values and all but negating their contributions to growth and poverty reduction. The Ministry of Agriculture, Water and Forestry successfully controlled two outbreaks of foot-and-mouth disease in the Kavango and eastern Caprivi Regions in 2009 – an achievement that resulted in the reopening of beef exports from northern communal areas to Angola and South Africa under new and improved export agreements. The pre-slaughter quarantine requirement, which negatively impacted on the marketing of beef in the northern communal areas, was removed for the north-central and north-western regions. The Ministry also constructed a cordon fence at Bwabwata to control livestock movement and thereby minimise their contact with buffaloes, which are known to carry foot and mouth disease.

In 2009, the Brukkaros abattoir in Keetmanshoop was accredited with the capacity to export lamb to the European Union, bringing the total number of such abattoirs in Namibia to four. Namibia has successfully established an internationally acclaimed livestock identification and traceability system in its foot-and-mouth disease-free zone. In order to assist the farming community to enhance

13: Agriculture

the production of small ruminants, the Ministry has concluded its research into the establishment of the uniquely Namibian mutton sheep breed, the Gellaper. This breed is well-adapted to the country's harsh and arid environmental conditions, and therefore thrives in Namibia's harsh and arid areas.

Table 39 summarises the targets and out-turns for the agricultural sector during the NDP3 phase.

Indicator	NDP3 target (%)	Out-turn (%)
Decrease imports of horticultural produce to meet national requirements	60.0	67.5
Increase off-take of slaughter-ready animals through formal markets in the northern communal areas	6.0	3.0
Vaccination against foot-and-mouth disease	99.0	80.0
Increased disease surveillance	85.0	80.0
Improve animal movement control	85.0	85.0

Table 39: Summary of targets and out-turns – Agriculture.

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CBPP

Contagious bovine pleuropneumonia.

Desired outcome

DESIRED OUTCOME 9 (DO9)

Agriculture experiences average real growth of 4% per annum over the NDP4 period

Proposed strategy to attain DO9

Financial and technical support to those involved in agricultural activities will be continued and improved, including the provision of farming tools and implements, technical expertise and advice, provision of seed and fertiliser, and provision of agriculture-related infrastructure.

The Green Scheme programme will ultimately improve levels of food security at both household and national levels and thereby create employment opportunities. The expansion of the Green Scheme programme will continue to be supported.

Debushing, as a strategy for increasing grazing land in order to improve productivity and create employment in the sector, will be encouraged and supported. These activities will be pursued and scaled up across the country, with a specific focus on labour-intensive debushing.

Government will continue establishing markets where fresh produce can be traded. Such markets will encourage local production and marketing, which will reduce dependency on imported products.

Namibians should be urged to support the production of our own produce by buying local. This will support job creation and economic growth by encouraging local producers to expand production. In this regard, the Government needs to ensure that appropriate market linkages, market information, and marketing infrastructure exist.

Government should also explore the possibility of establishing a fertiliser mixing plant in Namibia to make fertilisers available to farmers at affordable prices.

In addition, Government should assist the farmers in communal areas to access markets so that the over 1.5 million head of cattle they own can increase the intake to local abattoirs as well as increase exports.

Table 40 highlights the challenges to this sector, outlines the implications of not taking action, and suggests strategies to improve the situation.

Table 40: Summary of challenges and proposed responses – Agriculture.
>>

Challenge	Implication if challenge is not addressed	Strategy to address challenge
Insufficient food security (self-sufficiency)	Namibia remains vulnerable to food shortages, international goodwill, and international markets	Enhance Namibia's capacity to grow food through increased livestock production and expansion of the Green Scheme
Weather misfortunes	The country will continue to import a significant amount of food	Investigate and utilise drought-resistant crops and livestock
Lack of access to markets for livestock above the VCF	Much of the livestock in the country cannot be marketed internationally, and thus remains significantly undervalued	Reassess the VCF and marketing regulations Negotiate trade agreements with other countries for livestock from above the VCF
Bush encroachment	Land productivity remains low and below potential	Invest in and scale up the Ministry of Agriculture, Water and Forestry's debushing project across the country

13: Agriculture

Roles and responsibilities

Table 41 indicates the roles and responsibilities for each agency responsible for implementing the proposed high-level strategies in the agriculture sector.

High-level strategy	Main role player/agent responsible
Extend the Green Scheme	Ministry of Agriculture, Water and Forestry
Improve access to markets for all livestock above the VCF	Ministry of Agriculture, Water and Forestry
Develop drought-resistant crops and livestock	Ministry of Agriculture, Water and Forestry
Encourage and conduct debushing activities	Ministry of Agriculture, Water and Forestry

Table 41: Roles and responsibilities – Agriculture.
<<

Execution, Monitoring, Evaluation and Report- ing

Execution, monitoring, evaluation and reporting forms the final part of the NDP4, providing detail on how the plan is to be implemented. This is in essence, the major difference between the NDP4 and previous NDP documents.

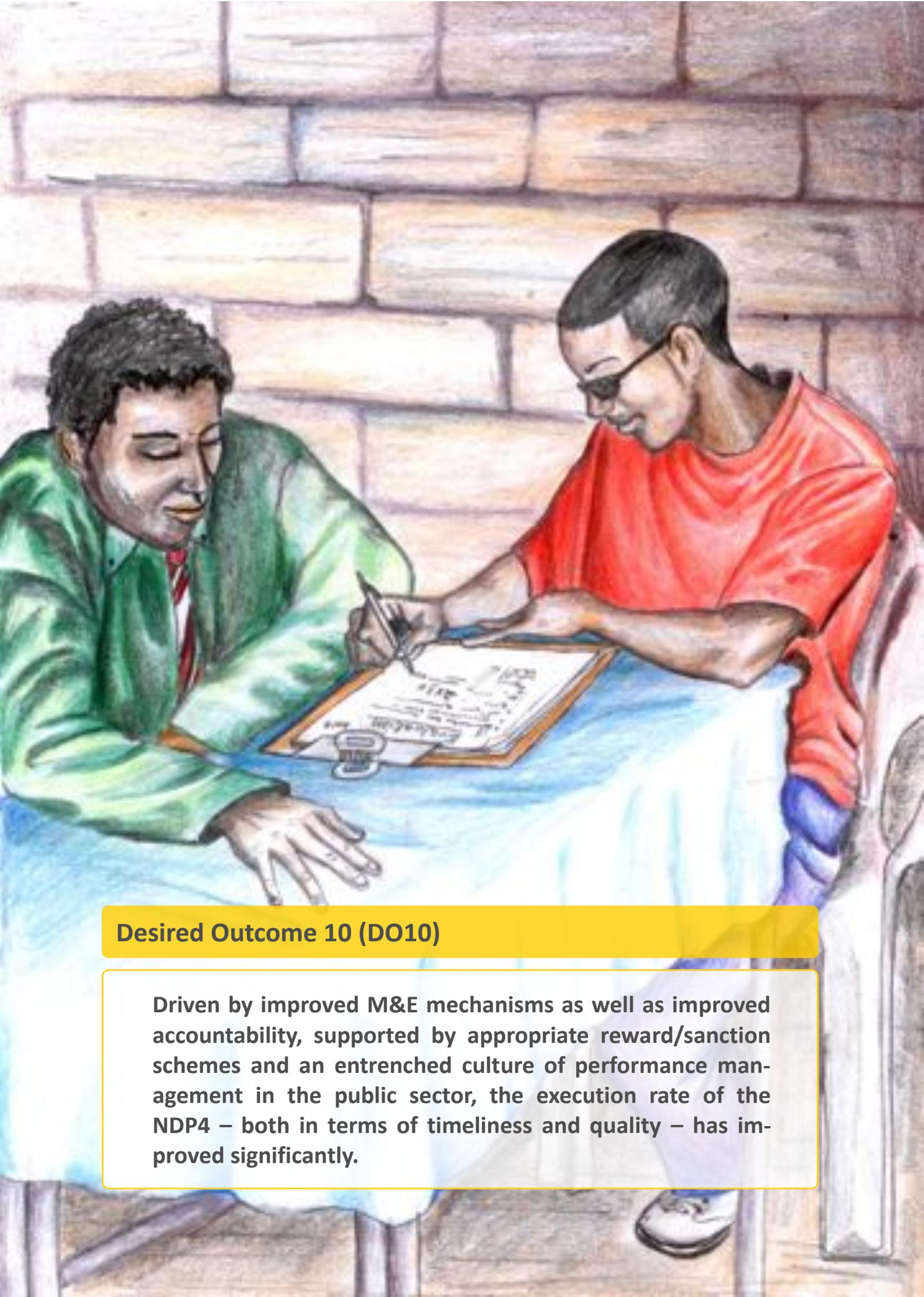
EXECUTION, MONITOR- ING, EVALUATION AND REPORTING.

SECTION 4: Execution, Monitoring, Evaluation and Reporting

14: Devising and implementing the strategy

133

EXECUTION, MONITORING, EVALUATION AND REPORTING.



Desired Outcome 10 (DO10)

Driven by improved M&E mechanisms as well as improved accountability, supported by appropriate reward/sanction schemes and an entrenched culture of performance management in the public sector, the execution rate of the NDP4 – both in terms of timeliness and quality – has improved significantly.

14: Devising & implementing the strategy

Execution

Execution, M&E and progress reporting are integral to strategic planning, and apply to all strategies related to plan implementation and project cycle. The primary objective of this strategy area is to assist the National Planning Commission in its task to drive the development ambitions of the country through the implementation of agreed programmes and projects aimed at achieving the national goals. Government has prioritised the national goals (objectives) to three, namely high and sustainable economic growth, job creation, and improved (income) equality.

The purpose of strategy, therefore, is to mobilise resources and efforts to establish mechanisms for faster plan implementation, constantly track progress on development activities (programmes and projects) during implementation, and to remain alert so that shortfalls or deviations can be detected in time and corrected. The strategy will also assist in determining, systematically and objectively, the relevance, efficiency, and effectiveness of development activities and their impact on the identified goals, as well as in learning lessons for future development planning process; i.e. formulation and implementation of development programmes and projects.

Execution

The various line ministries will develop Annual Sectoral Execution Plans (ASEPs) in line with the priority areas, and based on the strategies identified in the NDP4. They will also be responsible for identifying concrete programmes and projects in their particular sectors. This will ensure there is a bottom-up approach in project identification, development and implementation. The identified programmes and projects need to be prioritised in accordance with the NDP4 goals and high-level strategies. The Ministries that are responsible and accountable for the implementation of their programmes will ensure that the country receives value for money. Starting in 2012, these Ministries will submit their ASEPs to the National Planning Commission once a year by the 30 September deadline. The ASEPs will form the basis for the budget discussions to follow between the line Ministries, the Ministry of Finance and the National Planning Commission. Even though the ASEPs only cover one year, they will outline clearly how specific activities will contribute to achieving the overall targets and objectives for the relevant five-year NDP period.

M&E and progress reporting

There will be a continuous M&E through discussions with the National Planning Commission and the relevant sectors with a view to assessing progress on the various goals and strategies implemented under the NDP4. Each O/M/A involved will nominate a contact person who will liaise with the National Planning Commission on all aspects of ASEP implementation. The relevant sectors will be required to report to the National Planning Commission every three or six months, depending on the issues concerned. These reports will not only include the physical and financial execution rates, but will also analyse the impact of the various activities on sectoral targets and overall national development goals.

14: Devising & implementing the strategy

Furthermore, the reports will include an analysis of factors that contribute to the successful implementation of programmes and projects and to achieving targets, as well as those factors that prevent such success. Such analyses are crucial for reviewing existing programmes and projects and making adjustments to them, where necessary.

To ensure accountability, the reports will be prepared under the supervision of and be signed off by the Permanent Secretary of the Ministry concerned before being submitted to the National Planning Commission. These reports are to be used by National Planning Commission officials to prepare the Director-General's six-monthly reports to Cabinet not later than four weeks after the reference period. The Director-General's report will highlight the status of NDP4 implementation, i.e. its achievements and challenges. Where certain programmes and projects do not contribute to the desired outcome as expected, the report will make recommendations on the way forward, including proposing additional programmes that can contribute towards reaching the given milestones. Moreover, in order to ensure transparency, the reports will be shared widely and posted on the National Planning Commission website. The establishment of the Namibia Statistics Agency will ensure improvement in the national statistics system through the provision of quality data.

Desired outcome

DESIRED OUTCOME 10 (DO10)

Driven by improved M&E mechanisms as well as improved accountability, supported by appropriate reward/sanction schemes and an entrenched culture of performance management in the public sector, the execution rate of the NDP4 – both in terms of timeliness and quality – has improved significantly.

APPENDICES

Appendix 1: NDP4 High-level Action Plan

138

Appendix 2: Detailed Action Plan

140

Appendix 3: Summary of the NDP4

148

Appendix 4: Industry performance
over the NDP3 period

150

Appendix 5: Employment review and projections

151

APPENDICES.

Appendix 1: NDP4 High-level Action Plan

Appendix 1: NDP4 High-level Action Plan.

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Priority area	Strategic area
Basic enablers	Institutional environment
	Education and skills
	Health
	Extreme poverty
	Public infrastructure
Economic priorities	Logistics
	Tourism
	Manufacturing
	Agriculture
Execution, M&E and progress reporting	Devising and implementing the strategy

Appendix 1: NDP4 High-level Action Plan

Desired outcome (DO)	Champion
DO1: By the year 2017, Namibia is the most competitive economy in the SADC region, according to the standards set by the World Economic Forum.	Ministry of Trade and Industry
DO2: Namibia is characterised by a high-quality and internationally recognised education system that capacitates the population to meet current and future market demands for skills and innovation.	Ministry of Education
DO3: By 2017, all Namibians have access to a quality health system in terms of prevention, cure and rehabilitation, and the country is characterised by an improvement in the 2011 baseline figure of 57 for a healthy adjusted life expectancy (HALE) to 59 by 2017.	Ministry of Health and Social Services
DO4: By 2017, the proportion of severely poor individuals has dropped from 15.8% in 2009/10 to below 10%.	Ministry of Gender Equality and Child Welfare
DO5.1: By 2017, Namibia shall have a well functioning, high quality transport infrastructure connected to major local and regional markets as well as linked to the Port of Walvis Bay: 70 percent of railway network to comply with SADC axle load recommendation of 18.5 tonnes.	Ministry of Works and Transport
DO5.2: By 2017, Namibia will have in place adequate base load energy to support industry development through construction of energy infrastructure and the production capacity would have expanded from 400 to more than 750 mega watts to meet demand.	
DO5.3: By 2017, increased access to water for human consumption from 85.5 to 100% of the population as well as sufficient water reserves for industrialisation.	
DO5.4: By 2017, Namibia will have in place well established housing standards that allow every Namibian to have access to affordable housing: 60 per cent of households living in modern houses from 41 per cent in 2009/2010.	
DO5.5: By 2017, adequate ICT infrastructure will be in place to facilitate economic development and competitiveness through innovation, research and development: Availability of latest technologies score improves to 6.0 from 5.5.	
DO6: By 2017, the volume in cargo handling and rail-transported cargo is double that of 2012, and the Port of Walvis Bay has become the preferred African West coast port and logistics corridor for southern and central African logistics operations.	Ministry of Works and Transport
DO7: In line with the National Tourism Growth and Development Strategy, Namibia is the most competitive tourist destination in Africa by 2017, as measured by the World Economic Forum Travel and Tourism Competitiveness Index. Namibia's ranking has increased from being third in sub-Saharan Africa with an overall ranking of 3.84 out of 7 (2011/12) to being first, with a ranking of at least 4.40 out of 7.0.	Ministry of Environment and Tourism
DO8: By 2017, the contribution of general manufacturing in constant Namibia Dollar terms has increased by 50% over the baseline figure of the 2010 National Accounts, and significant strides have been made in identifying and developing upstream and downstream economic activities in the minerals sector.	Ministry of Trade and Industry
DO9: Agriculture experiences average real growth of 4% per annum over the NDP4 period	Ministry of Agriculture, Water and Forestry
DO10: Driven by improved M&E mechanisms as well as improved accountability, supported by appropriate reward/sanction schemes and an entrenched culture of performance management in the public sector, the execution rate of the NDP4 – both in terms of timeliness and quality – has improved significantly.	National Planning Commission

Appendix 2: Detailed Action Plan

Desired outcome (DO)	Strategic initiative
<p>DO1 - Institutional Environment By the year 2017, Namibia is the most competitive economy in the SADC region, according to the standards set by the World Economic Forum.</p>	Rebuild policy buffers to maintain macroeconomic stability through continued prudent fiscal policy and promotion of monetary and price stability
	Reform the business environment by making it easier for existing and new business to register
	Address the financial constraints of start-ups and micro and small-scale enterprises, and promote risk capital for rapid economic development , i.e. implementation of the Namibia Financial Sector Strategy)
	Ensure availability of sufficient serviced land in towns and municipalities for business purposes
	Streamline the importation of foreign skills as a short-term measure to enable industries to operate optimally
	Elevate the importance of research and development as well as innovation to a national level to sustain long-term competitiveness
	Introduce more labour flexibility without infringing on the rights of workers
	Regularly assess the productivity of Namibian labour and promote a productive work force in order to be globally competitive
	Improve public service delivery to improve quality of life, and reform State-owned enterprises to be globally competitive
	Reform the Tender Board to ensure timely execution of Government programmes
	Streamline the incentive regime to make it more transparent and link it to industries with growth potential
	Strengthen and institutionalise public–private sector dialogue, and strengthen the capacity of private sector associations
<p>DO2 – Education and skills Namibia is characterised by a high-quality and internationally recognised education system that capacitates the population to meet current and future market demands for skills and innovation.</p>	Improve quality at all levels in education through improved learning standards and curricular development, teacher development, availability of textbooks and materials, and stringent learner assessment
	Address the mismatch in demand for and supply of skills
	Establish more vocational training centres
	Promote the establishment of centres of excellence, more applied research, and additional institutions of higher learning
	Create more opportunities for early childhood development, especially in poorest sections of society
<p>DO3 – Health By 2017, all Namibians have access to a quality health system in terms of prevention, cure and rehabilitation, and the country is characterised by an improvement in the 2011 baseline figure of 57 for a healthy adjusted life expectancy (HALE) to 59 by 2017.</p>	Complete the National Human Resource Development Plan
	Increase the number of skilled medical health professionals
	Improve the coordination mechanism between public and private health providers
	Sharpen the focus on targeting epidemic drivers rather than treatment alone
Replace donor funding with Government funding to continue treatment of various epidemic diseases	

Appendix 2: Detailed Action Plan

Due date	Institution responsible
Ongoing	Ministry of Finance – fiscal policy Bank of Namibia – monetary and price stability
2013	Ministry of Trade and Industry
2012–2017	Bank of Namibia
2017	Ministry of Regional and Local Government, Housing and Rural Development
2013	Ministry of Home Affairs and Immigration
2017	Ministry of Education
2013	Ministry of Labour and Social Welfare
Ongoing	Ministry of Labour and Social Welfare
2017	Office of the Prime Minister – public service delivery Ministry of Finance – State-owned enterprises
2012	Ministry of Finance
2012	Ministry of Finance
2012	Ministry of Trade and Industry
Ongoing	Ministry of Education and the Namibia Training Authority (for VET)
Ongoing	Ministry of Education and the Namibia Training Authority (for VET)
2017	Namibia Training Authority
2017	Ministry of Education and the Namibia Training Authority (for VET)
2017	Ministry of Education
2013	National Planning Commission
2017	Ministry of Health and Social Services
2012	Ministry of Health and Social Services
2017	Ministry of Health and Social Services
2015	Ministry of Health and Social Services

Appendix 2: Detailed Action Plan.
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Appendix 2: Detailed Action Plan

Desired outcome (DO)	Strategic initiative
<p>DO4 – Extreme poverty By 2017, the proportion of severely poor individuals has dropped from 15.8% in 2009/10 to below 10%.</p>	Strengthen and expand social protection systems
	Increase household food security
	Increase research on the root causes of poverty
<p>DO5.1 – Public infrastructure By 2017, Namibia shall have a well functioning, high quality transport infrastructure connected to major local and regional markets as well as linked to the Port of Walvis Bay: 70 percent of railway network to comply with SADC axle load recommendation of 18.5 tonnes.</p>	Develop a skills audit and skills development programme for public infrastructure
	Develop a funding mechanism to ensure adequate funding for infrastructure development
	Ensure the availability of an integrated Transport Master Plan for 2030
<p>DO5.2 – Public infrastructure By 2017, Namibia will have in place adequate base load energy to support industry development through construction of energy infrastructure and the production capacity would have expanded from 400 to more than 750 mega watts to meet demand.</p>	Ensure the timely expansion of the Port of Walvis Bay
	Renovate and maintain critical sections of the core rail network
	Renovate and maintain of critical sections of the road network
<p>DO5.3 – Public infrastructure By 2017, increased access to water for human consumption from 85.5 to 100% of the population as well as sufficient water reserves for industrialisation.</p>	Strike a balance between maintaining and expanding the road network
	Ensure aviation security
<p>DO5.4 – Public infrastructure By 2017, Namibia will have in place well established housing standards that allow every Namibian to have access to affordable housing: 60 per cent of households living in modern houses from 41 per cent in 2009/2010.</p>	Upgrade the Hosea Kutako International Airport
	Ensure the baseload level of energy for Namibia
<p>DO5.5 – Public infrastructure By 2017, adequate ICT infrastructure will be in place to facilitate economic development and competitiveness through innovation, research and development: Availability of latest technologies score improves to 6.0 from 5.5.</p>	Ensure water security for human consumption and industry development
	Ensure modern and reliable ICT infrastructure

Appendix 2: Detailed Action Plan

Desired outcome (DO)	Strategic initiative
<p>DO6 – Logistics By 2017, the volume in cargo handling and rail-transported cargo is double that of 2012, and the Port of Walvis Bay has become the preferred African West coast port and logistics corridor for southern and central African logistics operations.</p>	Maintain and expand critical infrastructure (see also all DO5s)
	Make land available in Walvis Bay and in other municipalities along Corridor routes to support logistics activities
	Put in place a public–private partnership funding framework to create synergies and funding for the logistics hub
	Transform the Walvis Bay Corridor Group, moving away from its focus on transport to a focus on logistics and distribution
	Pursue international and bilateral agreements to ease the cross-border flow of goods
	Identify and develop the skills necessary to make the logistics hub a reality, i.e. focus on long-term development as well as short-term measures, including attraction of expatriates
	Develop a National Logistics Master Plan, detailing Namibia as an international logistics hub, including images of networks, population distribution, and the spatial distribution of economic growth and job creation
	Develop a Master Plan on Regional Urban Centres, with a focus on the greater coastal area, an inland hub, the northern core Regions, and various border towns
<p>DO7 – Tourism In line with the National Tourism Growth and Development Strategy, Namibia is the most competitive tourist destination in Africa by 2017, as measured by the World Economic Forum Travel and Tourism Competitiveness Index. Namibia’s ranking has increased from being third in sub-Saharan Africa with an overall ranking of 3.84 out of 7.0 (2011/12) to being first, with a ranking of at least 4.40 out of 7.0.</p>	Finalise the Tourism Growth Strategy
	Promote market and product development
	Increase the generic marketing of Namibia as a tourist destination
	Improve land tenure for the purposes of investing in tourism in communal areas; reassess and improve the land tenure law to ensure that potential land use values can be capitalised on
	Develop and maintain parks
	Develop, attract and retain skilled human resources
	Improve synergies within the tourism industry
	Deliver effective and efficient destination management
Produce timely and credible tourism statistics	

Appendix 2: Detailed Action Plan

Due date	Institution responsible
2017	Ministry of Works and Transport
2017	Local Authorities
2012	Ministry of Finance
2012	Walvis Bay Corridor Group
Ongoing	Ministry of Trade and Industry
2012	National Planning Commission
2013	Ministry of Trade and Industry
2014	Ministry of Regional and Local Government, Housing and Rural Development
2012	Ministry of Environment and Tourism
2017	Ministry of Trade and Industry
2012 onward	Namibia Tourism Board
2013	Ministry of Lands and Resettlement
2012 onward	Ministry of Environment and Tourism
2012	National Planning Commission
2012	Ministry of Environment and Tourism
2017	Namibia Tourism Board
2015	Namibia Statistics Agency

Continues overleaf.
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Appendix 2: Detailed Action Plan

Desired outcome (DO)	Strategic initiative
<p>DO8 - Manufacturing By 2017, the contribution of general manufacturing in constant Namibia Dollar terms has increased by 50% over the baseline figure of the 2010 National Accounts, and significant strides have been made in identifying and developing upstream and downstream economic activities in the minerals sector.</p>	Review the definition of <i>manufacturer</i> for manufacturing status incentives
	Conduct nationwide assessment audits of the skills available for manufacturing, and of those still required
	Explore downstream beneficiation in the minerals sector, especially as regards uranium, and, if feasible, develop a strategy and implementation plan
	Develop an import substitution strategy, especially for agro-processing and for inputs in the mineral sector
	Increase preferential Government procurement of locally produced goods to a ratio of 70% by the end of the NDP4 cycle
	Review the incentives regime, with a view to streamlining and linking it to priority sectors
	Reduce the turnaround time for processing incentives and improve the handling of input VAT claims
	Implement the Industrial Upgrading and Modernisation Programme
	Increase the supply of rough diamonds to local cutting and polishing factories
	Conclude feasibility studies on further the beneficiation of cut and polished diamonds with a view to developing a local jewellery industry
	Conclude feasibility studies on further beneficiation in copper, gold, uranium, zinc and small-scale mining products
	Establish testing centres/facilities for manufactured goods
	Increase the Namibia Standards Institute's capacity to carry out its mandate
<p>DO9 – Agriculture experiences average real growth of 4% per annum over the NDP4 period</p>	Continue expansion of the Green Scheme programme as per agreed targets
	Continue implementation of the debushing programmes as per agreed targets
	Cash transfer and subsidies to subsistence farmers will enhance food security
	Promote conservation agriculture
<p>DO10 – Execution, M&E and progress reporting Driven by improved M&E mechanisms as well as improved accountability, supported by appropriate reward/sanction schemes and an entrenched culture of performance management in the public sector, the execution rate of the NDP4 – both in terms of timeliness and quality – has improved significantly.</p>	Develop Annual Sectoral Execution Plans
	Submit Biannual and Annual Reports to Cabinet
	Improve the national statistics system to enhance the quality of data
	Strengthen the country's research and development capacity
	Improve communication at all levels in Government

Appendix 2: Detailed Action Plan

Due date	Institution responsible
2012	Ministry of Trade and Industry
2012	National Planning Commission
2013	Ministry of Trade and Industry
2013	Ministry of Trade and Industry
2017	Ministry of Finance
2013	Ministry of Finance
2103	Ministry of Finance
2017	Ministry of Trade and Industry
2013	Ministry of Mines and Energy
2013	Ministry of Trade and Industry
2013	Ministry of Trade and Industry
2017	Ministry of Trade and Industry
2013	Ministry of Trade and Industry
Ongoing	Ministry of Trade and Industry
2017	Ministry of Agriculture, Water and Forestry
2017	Ministry of Agriculture, Water and Forestry
2017	Ministry of Agriculture, Water and Forestry
2017	Ministry of Agriculture, Water and Forestry
2012	O/M/As
2013	National Planning Commission
2015	Namibia Statistics Agency
2017	National Planning Commission
2013	Office of the Prime Minister

Appendix 3: Summary of the NDP4

Vision

NDP4 goals

Economic growth — Employment

Priority areas

Basic enablers

Strategic areas

Institutional environment

Education and skills

Health

Reducing extreme poverty

Public infrastructure

Desired outcomes

Most competitive economy in SADC

Integrated, competitive education system

Quality health system

Significant reduction in severely poor individuals

Modern, reliable infrastructure

Rebuild policy buffers

Improve quality at all levels through ETSIP

Increase number of medical professionals

Strengthen and expand social safety nets

Develop skills audit and development programme

Reform business environment

Address mismatch in supply and demand

Improve coordination in health sector

Increase household food security

Develop funding mechanism

Address financial constraints of start-ups

Establish more VET centres

Target epidemic drivers

Identify, support non-agriculture businesses

Ensure availability of Transport Master Plan

Ensure availability of business land

Promote establishment of centres of excellence

Replace donor funding with government funding

Improve access to productive assets

Ensure expansion of Port of Walvis Bay

Streamline importation of foreign skills

Create more opportunities for ECD

Improve access to public services

Renovate and maintain core rail network

Elevate importance of R&D and innovation

Complete NHRDP

Renovate and maintain road network

Strategic initiatives

Introduce more labour flexibility

Balance maintaining, expanding road network

Regularly assess productivity of labour

Ensure aviation security

Improve public service delivery

Upgrade Hosea Kutako International Airport

Reform tender board

Ensure base load level of energy

Streamline incentive regime

Ensure water security

Institutionalize public-private sector dialogue

Ensure modern, reliable ICT infrastructure

Appendix 3: Summary of the NDP4

2030

creation — Increased income equality

Execution M&E Reporting	Economic priorities			
Implementation	Logistics	Tourism	Manufacturing	Agriculture
High execution rate and accountability	Doubling of cargo volumes	Most competitive tourist destination in sub-Saharan Africa	50% increase in manufacturing value added	4% growth in agriculture per annum
Develop annual sectoral execution plans	Maintain and expand critical infrastructure	Finalize tourism growth strategy	Review definition of "manufacturer"	Expand the Green Scheme Programme
Submit biannual and annual reports to cabinet	Make land available to support logistics activities	Promote market and product development	Conduct skills assessment audits	Implement de-bushing programmes
Improve national statistics system	Implement PPP funding framework	Increase generic tourism marketing	Explore downstream beneficiation of minerals	Enhance food security
Strengthen R&D capacity	Transform Walvis Bay Corridor Group	Improve land tenure and land tenure law	Develop import substitution strategy	Promote conservation agriculture
Improve communication in government	Pursue agreements to ease cross border trading	Develop and maintain parks	Increase government procurement of local goods	
	Identify and develop skills	Develop, attract and retain skills	Review incentives regime	
	Develop National Logistics Master Plan	Improve synergies within tourism industry	Improve handling of input VAT claims	
	Develop Regional Urban Centres Master Plan	Deliver effective, efficient destination management	Implement IUMP	
		Produce timely, credible tourism statistics	Increase supply of rough diamonds	
			Conclude studies on diamond beneficiation	
			Conclude studies on mineral beneficiation	
			Establish testing facilities for manufactured goods	
			Increase NSI's capacity to carry out its mandate	
			Ensure market access for Namibian products	

Appendix 4: Industry performance

Appendix 4: Industry performance over the NDP3 period – Average annual growth.

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Industrial sector	NDP3 target (% growth)	Out-turn (% growth)
Agriculture	3.7	-3.6
Fishing and on-board fish processing	2.5	-3.7
Mining and quarrying	0.8	-8.4
Primary industries	2.0	-6.5
Manufacturing	4.9	5.4
Electricity and water	3.4	1.8
Construction	11.8	7.7
Secondary industries	6.7	5.4
Wholesale and retail trade and repairs	8.0	4.7
Hotels and restaurants	8.2	0.7
Transport and communication	11.4	4.7
Financial intermediation	8.1	9.8
Real estate and business services	3.8	4.9
Other community, social and personal service activities	3.0	1.1
Producers of Government services	2.5	6.5
Other producers	2.1	3.8
Tertiary industries	6.2	5.4
Taxes, less subsidies on products	2.6	5.8
Total GDP	5.0	3.6
Primary industries – Contribution to GDP (%)	–	14.9 (2011/12)
Secondary industries – Contribution to GDP (%)	–	21.1 (2011/12)
Tertiary industries – Contribution to GDP (%)	64.2	56.5 (2011/12)

Appendix 5: Employment review

Employment, by industrial sector	Employment elasticity	Estimated NDP3 outcome	NDP4 projection	Jobs expected between 2012 and 2017)
Agriculture	0.1	90,548	92,348	1,800
Fishing	0.4	13,254	13,725	470
Mining and quarrying	0.8	6,265	6,517	253
Primary industries	–	110,067	112,590	2,523
Manufacturing	1.3	26,418	42,124	15,707
Electricity, gas and water supply	0.2	5,470	5,697	227
Construction	0.8	27,571	48,928	21,357
Secondary industries	–	59,458	96,750	37,291
Wholesale and retail trade and repairs	0.9	57,116	71,723	14,607
Hotels and restaurants	1.4	10,212	14,568	4,356
Transport, storage and communication	0.8	17,759	21,706	3,948
Financial intermediation	0.6	10,547	13,324	2,777
Real estate and business services	1.5	18,246	25,605	7,358
Public administration, defence and social security	0.2	28,932	31,043	2,111
Education	0.2	29,168	30,704	1,536
Health and social work	0.2	14,361	15,343	982
Other community, social and personal services	0.5	12,062	13,252	1,190
Private households with employed persons	0.9	41,425	53,360	11,935
Extra-territorial organisations and bodies	–	–	–	–
Tertiary sector	–	239,828	290,628	50,800
Not reported	–	–	–	–
Total	–	409,353	499,968	90,615

Appendix 5: Employment review and projections.
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NDP_4

The NDP4 is a national document, and it is important that the nation has access to it. Please visit the NPC website for more information and to share your views and ideas at www.npc.gov.na/ndp4, or call us at 061 283 4111



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