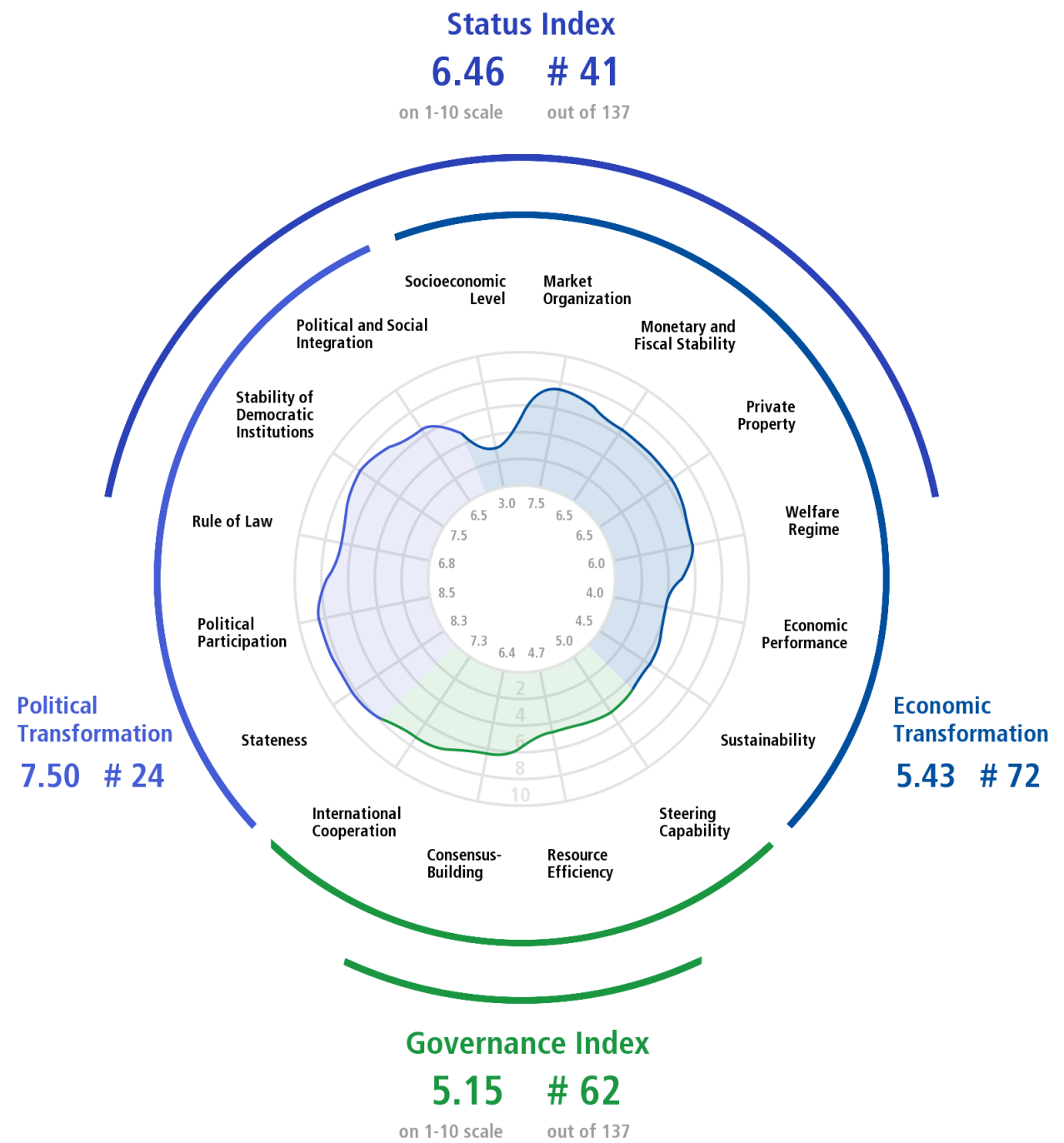


Namibia



This report is part of the **Bertelsmann Stiftung's Transformation Index (BTI) 2020**. It covers the period from February 1, 2017 to January 31, 2019. The BTI assesses the transformation toward democracy and a market economy as well as the quality of governance in 137 countries. More on the BTI at <https://www.bti-project.org>.

Please cite as follows: Bertelsmann Stiftung, BTI 2020 Country Report – Namibia. Gütersloh: Bertelsmann Stiftung, 2020.

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Key Indicators

Population	M	2.4	HDI	0.645	GDP p.c., PPP \$	11135
Pop. growth ¹	% p.a.	1.9	HDI rank of 189	130	Gini Index	59.1
Life expectancy	years	63.0	UN Education Index	0.582	Poverty ³	29.6
Urban population	%	50.0	Gender inequality ²	0.460	Aid per capita \$	77.7

Sources (as of December 2019): The World Bank, World Development Indicators 2019 | UNDP, Human Development Report 2019. Footnotes: (1) Average annual growth rate. (2) Gender Inequality Index (GII). (3) Percentage of population living on less than \$3.20 a day at 2011 international prices.

Executive Summary

President Geingob entered office (March 2015) with an ambitious reform agenda for his first five-year term. As a centerpiece, he presented the Harambee Prosperity Plan (HPP), proclaiming that no one will be left behind and that poverty would be eradicated by 2020. He made an impressive debut by a marked increase in the sums paid as old age pensions as a relevant step toward poverty alleviation. But he also pursued a cooptation strategy vis-a-vis internal opposition in the South West Africa's People's Organization (SWAPO), further bloating the number of ministers and deputy ministers, and established a circle of advisers in the state house with unknown competencies. As a result, government directives seemed to be concentrated even more around a president who already had far-reaching executive powers. Since 2016, a recession has hampered planned infrastructural investments, and the economic crisis of 2017 to 2018 turned into a full-fledged depression. The state was confronted with a fiscal liquidity crisis and had to embark on ad hoc emergency borrowing to remain afloat. In combination with a massive drought, this had disastrous consequences for the local economy as well as the administration, which faced budgetary cuts. Delivery of services suffered, unemployment rose and companies (especially in the construction sector) had to close. Under pressure, the government sought refuge by entering a debt spiral, which economists consider to have reached a risky stage. The financial rating agencies have downgraded Namibia since 2016/17 to junk status. Through massive borrowing (the last loan in 2018 amounted to \$10 billion), China cemented its declared all-weather friendship. Chinese companies dominate uranium mining and the local construction sector. Observers are afraid of a new dependency syndrome emerging.

While civil liberties remained respected to a large extent, policy makers became increasingly sensitive to critical assessments of their performance. Access to information became more restricted and critical observations were viewed as personal attacks. At the same time, activists on social media became more and more radical in their attacks and insults, so that the quality of exchanges became anything but civil.

The Affirmative Repositioning (AR) movement, campaigning for access to urban land and housing, made inroads as a social movement mainly with regard to the younger generation. It

contributed to a growing intergenerational conflict in SWAPO, whose leadership tends to be gerontocratic. The dispute erupting in late 2016 over the government policy of land redistribution led to the deputy minister of land resettlement being fired and finally expelled from SWAPO. He has since then established the Landless People's Movement (LPM), which seems to have some meaningful support in the southern region. It has applied for registration as a political party. The second national land conference in October 2018 underscored the magnitude of the problem with regard to commercial, communal and urban land and the challenges the demands for restitution pose. The further handling of the matter will also indicate the extent to which property rights and the constitution are respected.

With the government under increasing pressure, President Geingob abandoned his policy of internal-party reconciliation and cooptation by dismissing his two main contenders (whom he had included as ministers in his cabinet) in early 2018 in an unceremonious way. In November 2019, the next parliamentary and presidential elections take place. They are preceded by a SWAPO electoral conference to nominate candidates. It remains to be seen the extent to which an internal power struggle is taking place. Indications suggest that the Geingob presidency is not undisputed and that his election results in November might be markedly less impressive than previously, though nobody has any doubts that he and SWAPO will remain in power. At the time of writing, the first signs of election campaigning are visible, with an increase in populist statements made by the president. In summary, the period under observation showed slight erosions to the government's credibility due to a lack of living up its promises, a decreasingly democratic response by the government to criticism and a market suffering from serious constraints.

History and Characteristics of Transformation

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

Since independence, the former liberation movement SWAPO has consolidated its position as the ruling political party. In U.N.-supervised elections of a Constituent Assembly preceding independence, SWAPO secured an absolute majority of votes. It then obtained a two-third parliamentary majority five years later and won more than 80% of votes in the last parliamentary elections in November 2014. Furthermore, the party's presidential candidate has always won even

more votes than the party in each presidential election since independence. In the last presidential election, Geingob won a record 86% of votes.

Due to the hegemonic position of the ruling party, its founding president, Sam Nujoma, secured a third presidential term following a change in the constitution. However, Nujoma finally retired in 2005, making way for his nominated successor approved by the party congress. On this occasion, internal party differences resulted in the establishment of a second breakaway opposition party (the first breakaway happened in 1999). However, both breakaway parties were short-lived and never able to secure widespread electoral support beyond existing opposition supporters.

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

The governing party has a comparative advantage over the several smaller and weaker opposition parties, which numbered 15 in the 2014 elections. Opposition parties often lack alternatives and are typically limited to regional-ethnic support. SWAPO has been the only relevant political force able to unite the divided country. However, socioeconomic discrepancies over the last 28 years have not reduced substantially. Rather, a new elite has merged with the old elite and the expectations of the majority of the population have been largely disappointed. While poverty has been reduced, inequality remains among the highest in the world. Socioeconomic discrepancies were further exacerbated by an economic recession that began in 2015/16, culminating in a recession in 2018, causing a reduced state budget and a markedly increased debt due to the need to borrow to maintain fiscal liquidity.

Civil liberties and self-determination have been secured. Yet, this has had no decisive benefit for many people in terms of their material well-being. A majority continue to live in relative or absolute poverty. The number of people living in shacks in informal settlements was estimated by the end of 2018 to be almost a million or 40% of the population. While SWAPO is still recognized and respected for having liberated the country from colonialism, there is growing dissatisfaction with the lack of policy achievements. Land reform and redistribution remain a prominent issue, which has recently triggered regional-ethnic animosities. These animosities have also been articulated by some within the ranks of the SWAPO and caused internal party frictions, resulting in the dismissal of a deputy minister, who subsequently established a new Landless People's Movement, which is registering as a party for the elections in 2019. A second national land conference held in October 2018 documented the fundamental differences between the government's approach and the demands of rural communities, as well as those fighting for urban land and decent housing.

So far, SWAPO has in most cases respected the fundamental pillars of Namibia's pluralist, constitutional democracy. But its overwhelming majority provides opportunities for manipulation. In August 2014, the party changed the country's normative framework by an unprecedented extent, increasing the powers of an already strong executive and in particular the president. So far,

this power has rarely been abused and the government adheres largely to the rule of law. But the president has successively expanded his interventions in state affairs.

In summary, efforts to transform the economy, despite the overwhelming dominance of the former liberation movement as the hegemonic party in control of government, state and public administration, have primarily increased access among the new elite to state resources and not improved pro-poor policy outcomes.

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

Transformation Status

I. Political Transformation

1 | Stateness

The state's monopoly on the use of force is uncontested in 95% of the territory among 95% of the population. There has been a secessionist movement in the northeastern part of the country (previously called the Caprivi Strip, now Zambezi), among the ethnic group that speaks Lozi. This resulted in a small-scale armed insurgency with the aim of obtaining autonomy in 1999, which was under the control of state forces within a day. Ever since then, there remain minor tendencies toward secessionist ambitions among that population, but without any further attempts at a violent separation. Even if there are still some secessionist feelings among Lozi-speakers and dissatisfaction with the government in this remote part of the country, the state's monopoly is not really questioned.

There is a wide acceptance among the population of the nation-state as the only legitimate authority represented by central, regional and local levels of governance. The identification varies however according to group identities and living conditions. Indigenous communities (such as Bushmen clans of Himba people) in relatively remote areas have a less pronounced concept and understanding of the nation-state than the urban population or members of dominant or influential ethnic groups. But with the exception of the already-mentioned ethnic minorities in parts of the Zambezi region (the former Caprivi Strip), composed mainly of Lozi-speakers but also a few smaller clans of the San (Bushmen), the Namibian nation-state remains uncontested and accepted. Of late, however, dissatisfaction among Nama communities in the southern region has increased. They question the authority of the central state agencies, which they see as advocating and representing mainly the interests of the dominant ethnic groups from the northern parts of Namibia. Similar resentment is also growing among members of Ovaherero communities. But while regional-ethnic identities seem to be on the rise, Namibian identity is not fundamentally questioned. However, growing frustration means the acceptance of the nation-state is slightly less universal than it used to be.

Question Score

Monopoly on the
use of force

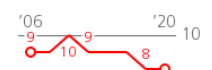
10



1

State identity

8



1

While Namibia is by all standards a secular state, Christian (particularly Lutheran, but also Catholic and Anglican) churches are influential among policy-makers. Generally, religious freedom is fully recognized. Recently, sectarian churches have been on the rise (born again and other Pentecostal forms of Christianity) among ordinary people as a kind of withdrawal from the public sphere into spiritual domains. The established African Christian churches (not those popular among the white minority communities) have been a solid ally to the national liberation movement and often provided shelter and protection to political activists. Their influence remains strong. In matters such as abortion and gay rights, they have an influence, limiting any tendencies to liberalize and reduce discriminatory sentiments. The head of state and many in the cabinet remain strongly guided by religious faith and prayers usually open political meetings.

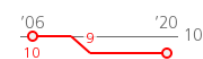
While the state is nearly omnipresent in all regions through local administrative structures, delivery of services and the provision of public goods remain insufficient, mainly in the more remote parts of the vast territory. Over half of Namibia's population lacks proper sanitation, 40% live in informal settlements, access to electricity and water (provided by state-owned enterprises with a monopoly) is dependent largely on the ability to pay for the services. There are still regions where a central supply of electricity or clean water remain absent. Given widespread poverty and the critical financial situation of local administrations (towns), bulk water and electricity supply to communes is at times stopped due to unpaid bills. This affects all consumers (even if they have paid their bills) and public service institutions (including health and education facilities). This situation creates risks, hampers service delivery in social sectors and causes a lot of frustration. It has been exacerbated due to a recession that began in 2016. The recession limited state expenditures and investment in the maintenance and improvement of infrastructure, which have even deteriorated because of lack of revenue.

2 | Political Participation

This assessment was made 10 months before the next general and presidential elections, to take place in November 2019. These occur every five years. They have been accepted as widely free and the results as legitimate, despite some flaws with the voters roll and the introduction of electronic voting machines without any paper trail. The Electoral Commission (ECN) is a state agency and its appointments are made by the government, which is under the exclusive monopoly of one party (SWAPO). This is reason for concern. Namibia displays all the features of "competitive authoritarianism" according to democracy theories. Sixteen parties campaigned during the last election. But the playing field is not level. With a new political movement currently registering as a party for the next elections, objections raised by some members of the government seem to indicate that the registration might face complications. The new ECN commissioners are currently scrutinized

No interference of religious dogmas

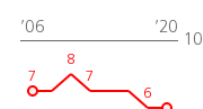
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Basic administration

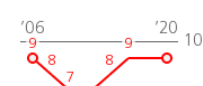
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Free and fair elections

9



1

before being appointed, and there seem to be flaws in the process. It has also been announced that the electronic voting machines will be used again, despite concerns expressed by political opposition parties concerning the lack of a paper trail. While it is too early to come to reliable conclusions, current signs indicate that not all is well.

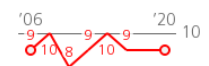
Political decision-making processes are vested to a very large extent in the cabinet, the National Assembly and (to a much lesser extent) the National Council. The cabinet has by far the most important and decisive influence, and over the cabinet, the president, who has far-reaching executive powers. Given that the National Assembly has 80% SWAPO representatives (and the National Council is over 90%), the first and second chambers are mainly considered rubber-stamping institutions. Namibia is a classic presidential democracy. But since political representatives, including the head of state, are voted into office through general elections, their decisions are, strictly speaking, in full compliance with Namibia's democracy. In general, the president has an exceptionally strong influence on decision-making.

By and large, the freedom to assembly is recognized and groups make use of the right to organize and protest. But due to the high degree of social control, forms of dissent are not only closely monitored, but also carry a small risk of punishment in terms of employment opportunities and other "career-limiting" consequences. The police have in the past also occasionally displayed a disproportionate level of interference (e.g., using rubber bullets or teargas to disperse demonstrating student and other groups), which discourages the unimpeded exercise of rights.

The freedom of speech is vested in the constitution as a civil right, only limited by laws prohibiting hate speech. Generally, this freedom is widely accepted or at least tolerated, though politicians at times tend to be easily provoked by dissenting views and criticism in the media or by civil society institutions. This occasionally provokes strong reactions, dismissing such criticism. Of late, Facebook and Twitter provide platforms for insulting views bordering on abuse of the freedom of speech, when it comes to criticism of the government. This is an indication of growing frustration, predominantly among a segment of the population that is young and radical. The government has indicated that it might consider limiting use of social media, but so far, no laws have been introduced. There is some concern, however, that social media will be under stricter control and that the autonomous print media (newspapers), which enjoy full press freedom, might tend toward greater self-censorship.

Effective power to govern

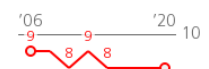
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Association / assembly rights

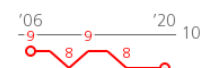
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1

Freedom of expression

8



1

3 | Rule of Law

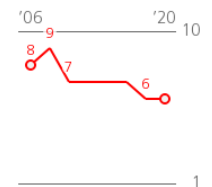
Given the strong executive powers of the head of state and the overwhelming dominance of the governing party SWAPO (80% of representatives in the National Assembly and 95% in the National Council), the separation of powers is flawed. While the judiciary remains to a very large extent autonomous, the legislative and the executive branches are not really separate. Almost half of the members of parliament are simultaneously ministers or deputy ministers and thus are supposed to control themselves. In the absence of any meaningful opposition or effective parliamentary working groups, the agenda of parliament is almost exclusively decided upon by the government. Institutions like the ombudsman and the auditor general are understaffed and underfinanced and their often-critical interventions remain to a large extent without consequences.

The judiciary is to a large extent independent. Especially the High Court and the Supreme (constitutional) Court as the highest instances normally rule with little if any compromises to the government and the governing party and have a good reputation. Appointments to the bench seem to remain mainly loyal to competencies and not guided by political preferences. In the lower (magistrate) courts, however, cases of corruption and decisions guided by favoritism and loyalty to the party or to individual persons instead of to the rule of law happen, and judges have been dismissed for violation of their duties. The higher courts remain largely unaffected by such flaws. The judiciary is intact.

The mantra that the government and, in particular, the head of state pursue a strict anti-corruption course continues to be stressed, without visible changes. In many cases, higher-ranking officials, including politicians at the ministerial level, gave excuses for being closely investigated and taken to court over the violation of guidelines. Corruption is also involved the practices for awarding state tenders. But with rare exceptions, violations, even when publicly discussed, do not culminate in proper investigations. Nor do they have serious consequences. A common practice is that members of the executive or legislature who have misbehaved are simply transferred to another office at a similar level in the government hierarchy, which is widely considered indirect tolerance of the abuse of power. Currently, an important court case against a minister is ongoing. In a recent case, a member of the SWAPO politburo who was found guilty of bribery remained in the party's highest body with the argument that the amount of money he stole was relatively small. In general, there are few encouraging signs that embezzlement is taken seriously, with consequences for the culprits.

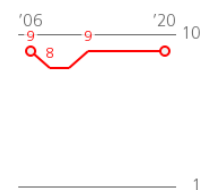
Separation of powers

6



Independent judiciary

9



Prosecution of office abuse

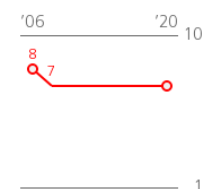
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The rule of law and far-reaching civil rights are firmly entrenched in the constitution. Private property is protected. So is freedom of speech (with the exception of hate speech, which is hardly ever prosecuted because freedom of speech is prioritized) and freedom of religion. Namibia has ratified all the international norms on human rights. Capital punishment cannot be reintroduced; torture is punishable. Discrimination based on race, ethnicity or sex is prohibited, but LGBTI rights are not fully recognized and members of sexual minorities experience discrimination (though not legal prosecution). The protection of fundamental rights is however less rigorous when it comes to police intervention. The police have reportedly shown aggression toward people considered to be gay and abused their authority likewise against suspects being arrested or held in prison. Torture has occasionally been committed but rarely punished. The other problem is that access to courts requires preconditions, both in terms of knowing one's rights and having the ability to claim them. But these preconditions cannot be taken for granted among considerable parts of the local communities. Civil rights organizations and social movements try to assist in the pursuance of justice but are generally weak.

Civil rights

7

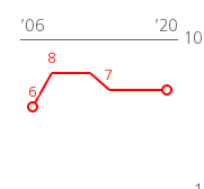


4 | Stability of Democratic Institutions

Democratic institutions are an integral part of the Namibian political system. But their operation is flawed by the sheer dominance of the governing party, which is in firm control of all parliamentary institutions on all levels. This resembles “competitive authoritarianism.” Dissenting views in the National Assembly or elsewhere find no adequate representation in the executive organs. The personal influence of the state (and party) president is also a factor.

Performance of democratic institutions

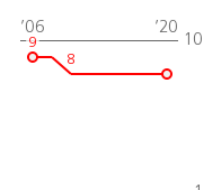
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There is mounting criticism and frustration over the state's lack of delivery, including of democratic institutions, among portions of the population. This applies mainly to certain political opposition parties and even more so to social movement activists. For some, the democratic institutions are simply tokenism masking one-party dominance, which pursues an agenda only in the interests of the party leadership and its allies. However, there are no fundamental obstructions to democratic institutions on record by any of the relevant actors. Democracy officially remains the only kid on the block and is not questioned by those able to concentrate political power.

Commitment to democratic institutions

8



5 | Political and Social Integration

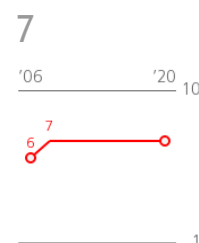
In between election years (the last one 2014, the next one 2019), party contestation remains at a relatively low level. Given the dominance of the governing party, SWAPO, it is mainly “business as usual.” Of late, there has however been a visible increase in political contestation. Protests at the grassroots level in urban centers, as well as in the rural southern region, have increased and a new party is in the process of formation. With elections in November 2019, the potential for confrontation and levels of polarization could increase. Voter volatility is difficult to assess under the dominant party system, where the equation that SWAPO is the people and the people are SWAPO remains internalized among a considerable proportion of people, especially in northern, rural communities.

New social movements have become stronger since the previous assessment period. These include an urban initiative for better housing – the Affirmative Repositioning (AR) movement – led by radicalized young activists with a background in the SWAPO Youth League and, more recently, local (predominantly southern) communities that campaigned as part of the Landless People’s Movement (LPM) and is now seeking status as a political party. These relevant new social forces tend to be antagonistic to SWAPO. The level of confrontation is growing and there seems less room for cooperation, compromises and negotiations than previously.

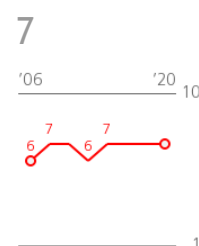
The most recent Afrobarometer survey measuring attitudes toward democracy among Namibians dates back to November/December 2012. At that time, only half of those surveyed age 18 to 24 years showed interest in political and public affairs; 23% did not care if they lived in a democracy, while 14% indicated a preference toward undemocratic forms of governance. In the 25 to 34 age group, 25% did not care about democracy and 15% preferred undemocratic systems of government. It was also noteworthy that in almost all age groups religion was considered important and rated higher than politics. In public discourse, however, anti-democratic views are rarely if ever voiced. The limits to democracy are a matter of concern, given the one-party dominance. It could therefore be argued that democracy is considered as an aspiration among many Namibians, who would prefer to have a higher degree of participation in government.

Afrobarometer data from 2019 show that the Namibian population is less enthusiastic about democracy than they were in 2012. In fact, the Afrobarometer 2019 results suggest that political attitudes toward democracy are ambivalent. About 65% approve democratic norms and procedures and show support for democracy. About 30% can live with an authoritarian, even a military regime. Asked about the perceived supply of democracy in their country, 57% say that they are satisfied with the way democracy works in Namibia.

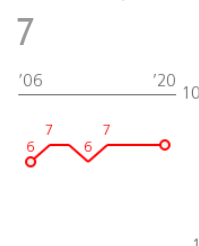
Party system



Interest groups

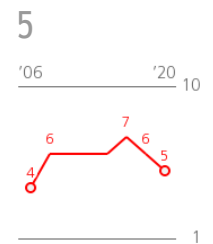


Approval of democracy



There are no reliable surveys measuring public opinion as regards solidarity and trust among Namibians. What can be observed is a growing tendency to articulate particularistic, ethnic-regional identities, which fuel tensions among members of different population groups. Notions of solidarity and trust are therefore largely confined to specific communities that share a common history and culture. At times, these bonds are strengthened or even replaced by networks, which are in mutual support of survival strategies among the marginalized in the urban informal settlements. But even in these cases, ethnic identities seem to prevail to some degree. Belief in and dependency upon the state as a central authority remains very strong and therefore the level of frustration over the non-delivery of services is on the rise. A principle of subsidiarity is however not very common. Social initiatives do not seek greater self-reliance and less dependence upon the state, with the exception of politically oriented social movements organized on the basis of particular programs that challenge the authority of the state. There are growing centrifugal forces among local groups in various regions of the country and, at times, visible identity politics bordering on tribalism (which the president has admonished several times in recent months in public speeches).

Social capital



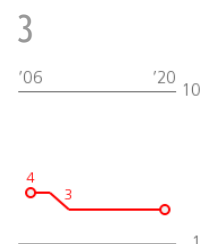
II. Economic Transformation

6 | Level of Socioeconomic Development

Despite being a higher middle-income country with an average annual per capita income around \$10,000, Namibia is among the countries with the highest income disparities, as measured by the Gini coefficient. This has been slightly reduced over the years, as has poverty, according to official data. But social realities on the ground and their perception as reflected in public discourse suggest otherwise. An estimated 40% (900,000 out of 2.3 million) people are currently living in informal settlements without proper basic services. Social transfers have increased and are an important source of monetary income. Even so, the ability to survive in the communal rural areas through subsistence has been considerably reduced by the effects of climate change and due to the appropriation of communal land by a privileged minority, which has privatized the land through illegal fencing. As a result, the rapid rural-urban migration process accelerated, even during the current depression. The economy's dependence on the primary sector and a lack of meaningful investments present a huge challenge to creating means for the population to participate in the formal economy. Despite figures suggesting a decrease in extreme poverty and poverty alleviation generally, the number of people experiencing multidimensional poverty (including factors such as provision of education, health and related aspects) has remained high. In the general view, the government has failed to achieve

Question Score

Socioeconomic barriers



meaningful improvements for the majority of the population. Instead, the lives of only a small part of a new middle class mainly dependent upon employment in the government and state administration has improved. At the same time, Namibian households linked to the formal economy have accumulated large debts to afford their standard of living. The overall situation has worsened because of the seriousness of the structural constraints.

Economic indicators		2015	2016	2017	2018
GDP	\$ M	11650.7	11286.1	13566.2	14521.7
GDP growth	%	6.1	1.1	-0.9	-0.1
Inflation (CPI)	%	3.4	6.7	6.1	4.3
Unemployment	%	20.8	23.4	23.1	23.1
Foreign direct investment	% of GDP	7.6	3.2	3.4	1.2
Export growth	%	-0.4	7.7	-7.5	15.2
Import growth	%	12.3	-5.2	-15.5	4.8
Current account balance	\$ M	-1595.3	-1743.7	-679.7	-264.6
Public debt	% of GDP	39.9	42.6	41.0	45.8
External debt	\$ M	-	-	-	-
Total debt service	\$ M	-	-	-	-
Net lending/borrowing	% of GDP	-8.2	-6.7	-3.9	-
Tax revenue	% of GDP	32.5	28.6	30.1	-
Government consumption	% of GDP	25.6	24.3	23.6	23.5
Public education spending	% of GDP	-	-	-	-
Public health spending	% of GDP	5.3	5.6	-	-
R&D expenditure	% of GDP	-	-	-	-
Military expenditure	% of GDP	4.5	3.9	3.6	3.3

Sources (as of December 2019): The World Bank, World Development Indicators | International Monetary Fund (IMF), World Economic Outlook | Stockholm International Peace Research Institute (SIPRI), Military Expenditure Database.

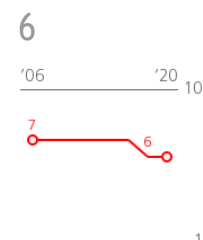
7 | Organization of the Market and Competition

Due to the current depression and lack of employment opportunities, the informal sector has grown considerably in the last few years (40% of total employment with a large proportion of women, 70%). The institutional framework remains strong and largely intact, but signals from the government are sometimes contradictory. The extent to which the “previously disadvantaged” (official nomenclature) should receive preferential treatment and an obligatory minimum ownership in companies is part of an ongoing discussion. This has created great uncertainty and concern among current white-owned business owners and may also explain somewhat (in addition to the recession) the lack of foreign direct investments, which have decreased significantly recently. While a clause requiring a 25% share in white-owned businesses for the “previously disadvantaged” in a draft bill has been scrapped, a high degree of uncertainty nonetheless prevails. Prices for basic goods (except petrol) are not under government control and subject to market forces without being subsidized. Cross-border labor mobility is restricted and companies complain that work permits for qualified staff are at times difficult to obtain (while others criticize the fact that such restrictions do not seem to apply to Chinese companies). The non-convertible currency (Namibian dollar) remains pegged to the South African rand. Speculations about delinking it have been dismissed by the central bank. Due to the growth of the informal sector and the volatility of the formal market, as well as the continued uncertainty over government policy as regards “affirmative action” and discussions of land expropriation to address the skewed land ownership that favors white settlers in the commercial farming sector, market organization appears to be less stable than in previous years. Starting a business in Namibia is particularly burdensome and takes 66 days and 10 procedures at a cost of 10% of GNI per capita. The Starting a Business score is only 69.06 out of 100 (ranked 172nd out of 190 countries).

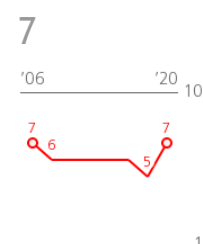
Based on Act 2 of 2003, the Namibian Competition Commission (NaCC) became operational more than six years later (December 2009) as a non-commercial statutory body. It mainly oversees mergers by local companies or firms and is not often in the public sphere. Cases involving major foreign companies are not known and it seems that their – at times controversial – practices are less scrutinized than those of Namibian enterprises.

The NaCC is a member of the International Competition Network (ICN). The United Nations Conference on Trade and Development (UNCTAD) initiated a voluntary peer review in 2014. UNCTAD rated it as a “fairly good” competition law but observed a lack of clear definitions upon which the NaCC could base its supervisory role.

Market organization



Competition policy



In 2018, a corporate leniency program was launched in Namibia in order to improve the effective tools for regulators in combating cartels. Namibia plans to increase the effectiveness on its anti-cartel enforcement.

A consumer protection policy was adopted by the cabinet in 2017, but legislation is still to come. The Namibian Chamber of Commerce and Industry has urged the government to provide protection of customers by means of clear laws. The NaCC maintains that, through its supervisory role, it also indirectly acts to protect consumers.

The government heavily subsidizes many state-owned enterprises, in particular the national airline.

Namibia is a member of the Southern African Development Conference (SADC) and the Southern African Customs Union (SACU). It joined the WTO in 1995. It has an open trade system with no tariff quotas. The most-favored nation (MFN) binding average stood at 7.6 (2017), with 94.3% binding coverage and 37.5% special safeguards.

Namibia is a member of the Southern Africa Economic Partnership Agreement (EPA) and its major trading partners include the EU and Norway, but lately China has become another important trade partner. The UNCTAD drafted in 2016 a Trade Policy Framework. Commenting on policy emerging, in particular the “Growth at Home” strategy and the Investment Bill, it warned that their implementation would require “substantial rearrangement of external trade commitments, with uncertain consequences in terms of access to key markets abroad.” Given the effects of the depression that began in 2016, trade policy has not been subject to any major positive changes yet.

With a 11.7% (2017) bank capital to assets ratio, Namibia ranks at the bottom of the upper third of countries listed. With 2.5% non-performing loans, it ranks higher on the list. The banking system, comprising of some big international banks (often with regional headquarters in neighboring South Africa), seems rather stable. The exception was newly established banks, which seemed to look for opportunities after independence and have crashed since then. This had no negative impact on the existing well-established banking system, but local clients and the government were victims of these failures. Due to the recent volatility of the economy, considerably high household debts accumulated, as well as a considerably high degree of state debt. The financial market seems currently more vulnerable. The Bank of Namibia continues to play a major role in oversight and financial policy.

It acts autonomously from the government and is respected for its supervisory role, which however at times was not meticulously enough executed to discover in good time dubious practices by newly established banks.

Liberalization of foreign trade

8



1

Banking system

9



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8 | Monetary and fiscal stability

After independence, Namibia decided to introduce with the Namibian dollar, which is pegged to the South African rand, as its non-convertible currency. The South African real exchange rate index stood in 2017 at 81.2% (compared to 2010) and the rand was among the most devaluated currencies during the period under review. Due to occasional massive fluctuations in the exchange rate, in the main a marked decline in the value of the rand, and its negative impact on debt services in foreign currency accounts, discussions occasionally came up as to whether Namibia should delink its currency. This idea has consistently been refuted by the Bank of Namibia, since it would greatly enhance uncertainty and might even risk a currency freefall. The monetary stabilization policy seems therefore in place, given the authority of the bank, which is acting without undue interference from the government or other agencies.

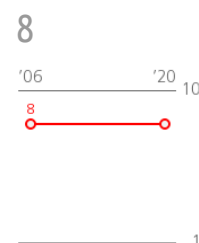
The inflation rate was 6.1% (2017), similar to previous years (and was projected at around 6% also for 2018), which is higher than most listed countries and very similar to that of South Africa, which is due to the high overlap of markets, pricing and exchange.

Due to the recession that began in 2016, evolving into a fullblown depression since then, the financial situation of the state became precarious and fiscal liquidity highly constrained. Several big loans were required to come to the rescue, which added to Namibia's markedly higher debt. Within the last seven years, state debt increased by more than 350% to around NAD 76 billion and for the first time exceeded the annual state budget. The credit rating agencies Moody's and Fitch have adjusted the country's status to junk. Public debt rose to 41.5% of GDP in 2017 and has increased since then. While the government stresses that large portions of the state debt are bonds issued on the local market, external loans have considerably increased. Total debt services (statutory expenditure) stand currently at approximately 10% of the annual budget and are among the highest single budget allocations (following education and military expenditure). Moody's expects that state debt will amount to half of the country's Gross Domestic Product by 2020. Local economists are even more negative in their current assessments.

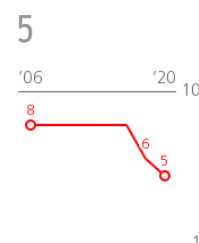
The current account balance stood at \$295.9 million (2017). Net lending/borrowing was at -6.7% of GDP in 2016, while government consumption was at 24.5% of GDP, with total foreign reserves of \$2,432 million at the lower end of all countries listed.

Given the continued deterioration of the economy and fiscal liquidity constraints, the situation has become bleak.

Monetary stability



Fiscal stability



9 | Private Property

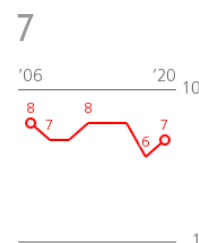
The constitution of Namibia firmly establishes the protection of private property. The clause, which only allows for expropriation with fair compensation, is among the fundamental rights in a chapter that cannot be changed. The New Equitable Economic Empowerment Framework (NEEEF) introduced, in a not-yet passed bill, a mandatory equity clause, which imposed a 25% minimum ownership in local companies and firms for members of the previously disadvantaged groups. This clause created a great deal of uncertainty and reservations among the country's white business community and among potential investors. As a consequence, it was abandoned in 2018 as an instrument for empowerment and wealth redistribution. A revised draft bill has not yet been tabled. But at the second national land conference in early October 2018, demands for the expropriation of land were discussed as a means to redistribute land. While demands to ignore property protection were rebuked, the government is under pressure to define "fair compensation" and to act accordingly. This has again provoked concerns among the white population, of which a considerable part is directly or indirectly linked to business and commercial agriculture. The continued uncertainty over the government's commitment to firmly protect individual property has created anxiety, especially among some white farmers.

The directors of many private companies are uncertain about the reliability of protection from the government and state. Trust in the functioning legal safeguards has slightly waned. In contrast, many state-owned enterprises enjoy huge freedoms to allocate generous wages and fringe benefits to their employees – often in violation of existing legal provisions (which stipulate ceilings for management and boards). The privatization of some enterprises is as inconsistent with market principles as their operation under state ownership.

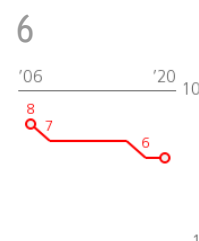
10 | Welfare Regime

Namibia's public welfare system and social transfers to vulnerable members of its population, as well as its state pension system, compare favorably to other African countries. The old age pension is especially important in the provision of a minimum income to many households, on which whole families depend. But given the high level of inequality, social welfare remains insufficient to secure social protection and uplift the entire population out of absolute or relative poverty. While declared pro-poor, the tax policy has also been not very consistent or efficient in helping the poor. Recently – due to the economic crisis – it has shifted more toward a pro-investment policy. With recurring droughts and continued poverty, food banks have been introduced, but they are not very effective. Drought aid remains also an ongoing challenge and barely achieves its aim to protect the marginalized rural population from misery. U.N. estimates suggest that at least half the population shows the effects of malnutrition. While the social welfare system is advanced, its efficiency is limited and poverty remains an ongoing threat to large portions of the population.

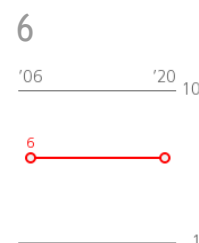
Property rights



Private enterprise



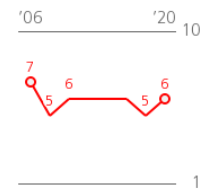
Social safety nets



Aggregated values put Namibia at an average ranking among the countries evaluated: in 2011, the literacy rate was estimated at slightly above 80% for both men and women. Gross enrollment rates are above average in primary school, but lower and markedly lower for the secondary and tertiary sectors, respectively. The female-male employment ratio ranks slightly above average. Women constitute almost half (49.5%) of the workforce. However, at the level of upper management, women remain underrepresented. Groups defined by religion are not discriminated against in Namibia. The degree of access to equal opportunities according to ethnic background is however influenced by the fact that some ethnic minorities are more marginalized than others (e.g., the Bushmen, Himba and Tjimba). Moreover, a lack of access to education opportunities limits their ability to improve their social standing. They rarely are able to establish themselves in professional careers are also underrepresented in the civil service. While constitutional and legal provisions seek to eliminate discrimination to a large extent, LGBTI communities still face discrimination and at times a harsh treatment by the police, while employment opportunities seem to exist for most. Homophobic and xenophobic sentiments do however find expression in the public sphere. Foreigners face restrictions in employment opportunities, unless they are well connected.

Equal opportunity

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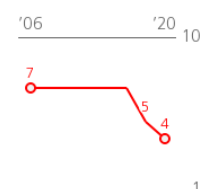


11 | Economic Performance

The downward spiral of Namibia's economy continued. What started as a recession in 2016 has reached the epic proportions of a full-fledged depression with eight consecutive quarters of declines in economic growth. The GDP per capita, still rather high at \$10,476 in 2017, registered a decline of 2.9%. The downward trend continued in 2018, with rising numbers of unemployed, markedly higher debt and an inflation rate similar to previous years at around 6%. The current account balance remained relatively modest at \$-295 million. FDI was 4.5% of GDP (all data from 2017), but was expected decline in 2018, largely the result of only a few large investments in the mining sector. Public debt increased markedly over the last few years and stood at 41.5% in 2017, while it is estimated it could reach 50% by 2020. All indicators show no improvement, but rather a continued uphill battle to improve the economy, which also faces the possible renewed setback of a year of below average rainfall. While observers hope that a gradual economic recovery might set in beginning in 2019, the effects of the past years have resulted in a further economic downgrading.

Output strength

4



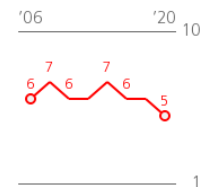
12 | Sustainability

Strong environmental concern among a (minority) part of the population exists, along with an awareness of the need to protect the habitat in a country with the fragility of Namibia, due to natural constraints and the effects of climate change. Civil society organizations often campaign in public and execute pressure upon the government. While Namibia's constitution enshrines the protection of nature, the government is tempted to give preference to investments in the exploitation of natural resources even when environmental assessment studies seem to point to risks. This includes the continued discussion of offshore phosphate mining with unknown consequences for marine life, but also the issuing of licenses for deforestation in the northeastern parts of the country. The cutting down of endangered and protected rosewood trees by local landowners for export to and for furniture production in China increased dramatically in 2018/19. There are serious concerns that the region will ecologically not recover from the culling. Within the government (cabinet), there are differing views and at times conflicts over what the priorities in policy-making should be. Under pressure from the economic crisis, the temptation has grown to give less preference than previously to environmental concerns and to consider even dubious investments favorable. While preserving the environment is considered important to nature conservation, as well as communal and "green" tourism, legislation and taxation offer no incentives for renewable energy. Nor do they create any limits on CO₂ emissions (it should be noted, however, that the environmental footprint in Namibia of ordinary people is low). The state-owned energy supplier, NamPower, continues to give preference to established sources of energy production and does not meaningfully invest in the development of solar or wind energy plants, despite the great opportunities because Namibia is one of the sunniest places in the world.

Recently, the massive scale of poaching (rhinos, elephants and also other endangered species) has provoked mass protests and objections from civil society groups and resulted in stronger controls and much higher sentences for perpetrators than previously. This underscores the fact that Namibians are aware that the country's natural fauna and flora are a huge asset for tourism. Even so, ecologically friendly production in manufacturing and support for environmentally friendly lifestyles remain in infancy. Of late, prohibiting the use of plastic bags by retail stores and supermarkets has however featured more prominently in public debates, though these have not yet resulted in legal provisions. The lackluster performance of law enforcement and frameworks seem in part another result of the economic crisis. There is a lack of clear political will necessary to implement further improvement to environmental policy.

Environmental policy

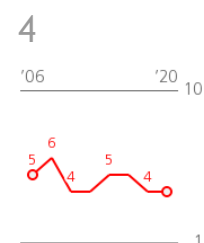
5



Namibia is recognized for consistently allocating a high proportion of the annual state budget to the education, which also contributes to a relatively high proportion of educational expenditure measured against the GDP. But the efficiency of the educational system is very low. While the literacy rate is estimated at slightly above 80%, educational standards remain generally unsatisfactory and access to higher education is highly restricted. Advancement into higher secondary schools is hampered by low pass rates at junior secondary levels and limited admission rates for higher secondary schooling. Each year, parents battle to have their children placed in the public schools of their choice. Education is officially free, but schools are entitled to charge voluntary fees, which are often enforced and made obligatory. The overall performance of the educational sector is also hampered by a huge discrepancy between educational facilities in urban centers and rural areas. In the latter, teachers are often underpaid, poorly qualified and not highly motivated. While the educational infrastructure has gradually improved over the years (reducing the distance children have to travel to school), the services provided remain at times substandard and facilities (also dormitories) are in deteriorated conditions, with students living in unacceptable circumstances. Local observers bemoan the chronic educational crisis in the public sector, while private schools for the privileged elite maintain high standards at huge costs for those enrolled. The massive divide in the state and private school sector underscores the high degree of inequality and strong class nature of Namibian society.

Based on 2013 data, the latest U.N. Education Index ranks Namibia 127 out of 190 countries. Investment in R&D was 0.3% of GDP in 2014, less than half the average (0.7%) in the countries measured. It has further declined since then, as another result of the economic crisis. However, the local polytechnic, which has a good track record in performance and management, has been upgraded to university status (Namibian University of Science and Technology) and performs well. The University of Namibia, in contrast, is often troubled by conflicts on campus and concerning student fees and bursaries. In 2018, student protests erupted on a previously unknown scale. The expansion of the tertiary sector (including satellite campuses in other parts of the country) contrasts with a low development of artisan and other publicly funded, professional training institutes. The private sector has filled some gaps, at times with dubious institutions offering specialized training but no recognized certificates.

Education policy / R&D



Governance

I. Level of Difficulty

Namibia is among the driest countries in the world. Both communal and commercial land use and agriculture is the major source of income for large parts of the population. The deterioration of land use poses major challenges exacerbated by the increasing effects of climate change. A massive drought in 2015/16 was a major setback. Coping strategies were hampered by a decline in economic growth, partly as a result of lower prices for primary products (mining) on the world market. At the same time, earlier fiscal adventures by the government in previous years and the resulting overspending resulted in a dire lack of finances, which required massive borrowing to maintain financial liquidity. Local industries were deeply affected. In late 2015, Namibia entered a recession, which developed into a full depression. The reforms and grand social strategies announced by the new government in 2015 remained to a large extent unfulfilled promises. While many of the current socioeconomic problems had a domestic component, they are partly the result of external structural constraints. It therefore would be an oversimplification to put the blame only on the government.

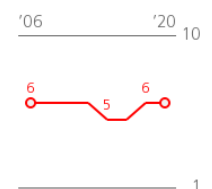
While civil society organizations in Namibia are rather vulnerable, mainly due to a lack of funding and few qualified staff with long-term perspectives, they remain an important asset in daily life and public discourse. Only a small number of them has a broad impact, while many smaller groups operate in a limited way. The relative freedom of speech and high degree of civil liberties enable individuals and groups in civil society to operate in a way that allows them to punch above their weight. They also benefit from a vibrant local independent media industry, which offers them prominent coverage.

Notably, recently, the LGBTI community made visible inroads into improving civil society by holding the first gay parades in Windhoek and Swakopmund since late 2017, without being intimidated or persecuted.

Conflicts in Namibia remain nonviolent, but the intensity of controversy has steadily increased along ethnic identities and class interests. There are also indications that internal fragmentation and rivalries within SWAPO have not been reduced but instead increased during 2019, ahead of the electoral congress preceding the national elections for parliament. This suggests that the political elite is more divided along ethnic lines than over policy issues, since the main factions are characterized by regional divides.

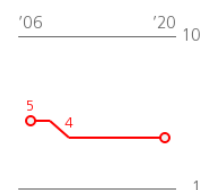
Structural
constraints

6



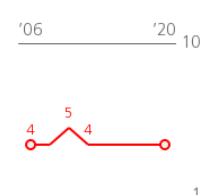
Civil society
traditions

4



Conflict intensity

4



The social media reflect a growing degree of hate speech and insults at a hitherto nonexistent degree of radical criticism. Social movements – in particular the Landless Peoples' Movement (LPM) that is registering as a political party and the Affirmative Repositioning (AR) – mobilize at the grassroots level and represent a growing number of dissatisfied people. The degree to which their campaigns have been successful indicates growing resentment of what is perceived as elite politics that serves a minority, which has benefited from the post-colonial developments.

The land reform conference in October 2018 also disclosed a big division concerning approaches to land restitution and redistribution between government and landless people. At the same time, matters of urban and communal land and informal settlements add to the social conflicts and fuel tensions further. There are also growing frictions between the descendants of Nama and Ovaherero communities and the government over negotiations with the German government regarding the genocide committed during the German colonial era. Some members of these communities feel inadequately represented in the negotiations.

II. Governance Performance

14 | Steering Capability

Under the Geingob presidency, the government became more proactive in setting strategic goals and priorities than it was before. In addition to Vision 2030 and the five-year National Development Plans, the Harambee Prosperity Plan (HPP) was announced in late 2015 with the very ambitious goal of eliminating poverty by 2020. But implementation has not kept up with promises. The economic depression starting in 2016 became a limiting factor, resulting in the reduction of the annual state budget, fewer investments by the state and growing unemployment. The growing discrepancy between the promises laid out in plans and reality was not adequately explained or made transparent by the government. The ministries failed to convincingly explain the lack of delivery. Despite the decline of trust in government delivery, President Geingob continued to make populist announcements, seeking to create the impression that the welfare of the people is his ultimate motive. Entering an election year in 2019, he declared in late January that the informal settlements (in which close to a million people live in shacks, amounting to 40% of the population) are a national disaster and “offend” him. Given that he has been prime minister and subsequently president for most of the time since independence, the immediate response among the population was a mockery of his declared emotions, since under his leadership the informal settlements were not previously a major concern.

Question
Score

Prioritization

6

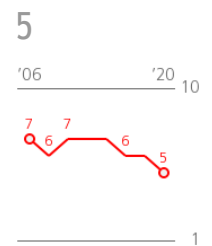


While the government issues a wide range of strategic priorities (often with the support of foreign consultants, who do not own the strategies in terms of policy-making), short-term political benefits are often the motivating principle. Delivery is insufficient and frustration grows over expectations that remain unfulfilled. Critical assessments by well-based and solid surveys and investigations undertaken by reliable non-partisan institutions – such as the local Institute for Public Policy Research (IPPR) – are dismissed by politicians. They are rejected as unsubstantiated and unpatriotic criticism geared to undermine the government, instead of being used to improve governance.

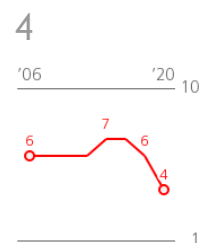
The current constraints on the implementation of declared strategic priorities have to some extent already been described above. The lack of delivery seems not to be a result of party-internal differences in approach. Rather, the party program and government plans lay out unrealistic goals and then create frustration because raised expectations are not met. This also undermines the credibility of the government and provokes strong sentiments that the new elite is fooling the people. The economic crisis has made it more difficult to achieve most of the declared goals than otherwise, while accountability is evaded. The government shies away from explaining the limitations created by the crisis, instead pretending to be in charge and to deliver on its promises. It continues to set an agenda, which is then rarely followed up upon in a way that would provide convincing evidence of delivery.

While the government has been confronted with a previously unknown and unprecedented level of socioeconomic crisis, in recession since 2016, the response and handling of the crisis has revealed only limited ability, capacity and political will to acknowledge the true challenges in a way that would result in adjusted policies and transparency in explaining the consequences to the public. Rather, pseudo-optimism has been a preferred option resulting in misleading information, which was corrected by reality. In addition, non-performers in the government and ministries were at best reallocated and recycled instead of being replaced by more competent individuals. At times, bureaucrats striving for efficiency, but whose efforts conflicted with the presidency, were punished (the latest and most spectacular example was the dismissal of the health minister, who in conflict with the president opted for a different policy and was subsequently punished). Innovation is expected to come from the state house and not encouraged by members of cabinet or even other senior officials. A sign of the current inability to handle the economic crisis adequately by learning lessons and adjusting policies can also be seen in the resignation of the economic adviser to the state house in March 2018, who was responsible for drafting the Harambe Prosperity Plan.

Implementation



Policy learning



15 | Resource Efficiency

In line with the negative trends recorded for the steering capability of the current government (and public administration), the huge burden of a continued bloated civil service (absorbing more than half of the state budget every year) has no justifiable relation to performance and outcome. Being the major employer in Namibia with more than 100,000 public servants, the government tends to use this as a campaign tool for elections rather than making painful, necessary cuts to reduce the size of the civil service, despite such demands from all competent economic observers and institutions offering advice.

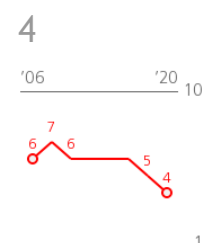
As a result of the economic and financial crisis, creating as-yet unknown liquidity problems during the last three years, the state budget was adjusted only slightly. For example, allocations for military and security remained far higher than in all other sub-Saharan countries except the Democratic Republic of Congo. The ministries continued to overspend or underutilize allocations and critical reports made by the Office of the Auditor General resulted in no consequences. Huge amounts of money were wasted on subsidizing state-owned enterprises (SOEs) with exceptionally high salaries and fringe benefits for the upper management and sitting fees for boards, often in violation of stipulated ceiling amounts, while SOEs often operate with deficits.

Similarly, despite the introduction of a Public Procurement Act to curb the abuse of awarding tenders to dubious bidders in exchange for favors tantamount to corruption and embezzlement, the new legal provisions often remain ignored. Serious reform efforts of public administration and its guiding principles and procedures are rarely visible (if at all), and misappropriation of funds and other discovered irregularities often have no serious consequences.

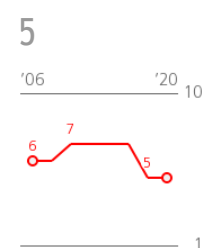
Policy coherence remains weak and has further deteriorated under pressure from the economic crisis. Government ministries sometimes have conflicting interests. Differences are then discussed at the level of the cabinet. They are often resolved ad hoc and only half-heartedly or selectively implemented, at times revisited and revoked. Examples include:

- the allocation of fishing quotas in contrast to demands to protect fragile marine resources;
- the renewed discussion of offshore phosphate mining contrasting with environmental concerns and those of the fisheries sector;
- the continued allocation of commercial farmland to foreigners despite a categorical decision made at the second national land conference in October 2018 that absentee landlordism and foreign ownership of land will no longer be permitted;
- the lease of land to a Chinese investor for a tobacco plantation despite objections from the health minister and local authorities who claim the land is needed for smallholding peasants and

Efficient use of assets



Policy coordination



- the issuing of licenses for the logging of trees despite environmental concerns.

The incoherence documented by these and other examples reveal a lack of coordination and the absence of firm policy implementation guided by clear principles.

Anti-corruption remains a core message of the government, but the measures do not live up to the proclamations. Both the Office of the Auditor General and the Ombudsman occasionally investigate dubious transactions and point to irregularities, but subsequent action follows rarely, if at all. Dubious allocations of state tenders have at times been stopped and revoked. But despite the new Procurement Act, no control mechanisms have been effective. Of late, high-ranking policy-makers (including ministers) have even been tried in court. Their trials will indicate whether the government is willing to punish accordingly those who are found guilty. In a recent case, a member of the SWAPO Central Committee was sentenced for taking a bribe and lying under oath, but the party's Secretary-General was of the view that the amount was small enough to not merit the offender's exclusion from the party organ. This was a significant signal, hotly contested in the public sphere, and the general perception is that government does not walk the talk.

While members of parliament are obliged to declare their assets, they do so reluctantly and often incompletely. The media have occasionally discovered discrepancies between the declarations and the realities. High-ranking politicians and their close family members are also involved in private-sector businesses that benefit from state tenders or licenses. Lifestyle audits demanded from members of the public are ignored. The president is occasionally implicated in transactions that create suspicions that he is reaping undue personal benefits.

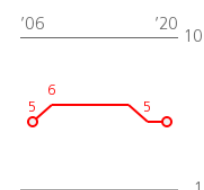
16 | Consensus-Building

There is a continued strong belief in both democracy and the market economy as determinants of Namibian society among major policy actors. But, as indicated above, the notion of democracy is at times a matter of interpretation and not always defined or understood in a way that creates a level playing field among political contenders (parties). The term “competitive authoritarianism” captures political reality to a large extent: a dominant-party state with a multiparty system and regular democratic elections considered to a large extent to be free and fair in the voting process. This sometimes gives rise to suspicion among those on the receiving end of such a democracy, with the result that, according to Afrobarometer surveys, a considerable portion of Namibians would not object to non-democratic forms of governance.

The same applies to some extent to the principles of the market economy. Of late, heated disputes regarding the land issue and other socioeconomic issues suggest that, at least among social movements, criticism of the way the market economy is

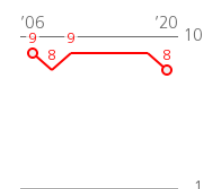
Anti-corruption
policy

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Consensus on goals

8



understood and practiced in Namibia is on the rise. The relatively free market economy is seen by many as a way to maintain and protect the continued privileges of a small (previous and current) elite in control of the formal economy and its main beneficiaries. While the dominant approach to the market economy is at the moment largely positively received, more controversies will develop in the future.

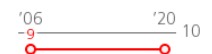
Given the specific nature of Namibian democracy, the party in political power and control strongly advocates for continuing the democratic nature of the political system. Those who have different opinions do not fight over matters of democracy. Hence anti-democratic interests are hardly articulated or in visible existence. This might change once power relations change.

As indicated above, regional, ethnic and other particularist interests and policies seem to be on the rise, though still as part of largely peaceful disagreements. But resentments exist, inside the SWAPO as governing party as well, and have cleavage-based roots. For the time being, SWAPO and the government (which are basically identical) have managed to keep the centrifugal forces under control. But appeals by the president to refrain from tribalism have markedly increased and seem to be an indicator that tensions are growing. Another source of dissent has been the bilateral negotiations between the German and Namibian government over the genocide, since members of the Nama and Ovaherero, descendants of the main victim groups, do not feel adequately represented.

The current burden on the government to adjust to economic pressures and cope with the growing frustration over lack of delivery seems to reduce its willingness to actively involve civil society agencies and actors. While civil society was already not allowed to exert significant influence on and participate in governance matters, and was often consulted only symbolically, the political leadership and ministries are now even less concerned about what civil society says. Especially critical (but constructive) voices are seen as obstructionist and considered negative. Current policy formulations hardly ever include civil society organizations in deliberations but only provide a forum to take them on board, not to allow them to provide meaningful input that would change agendas or decision-making processes. The most recent clear example was the second national land conference in October 2018, where the government set the agenda and the resolutions were pre-formulated. As a result, many civil society organizations either refused to participate or voiced criticism about being marginalized and excluded.

Anti-democratic actors

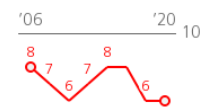
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Cleavage / conflict management

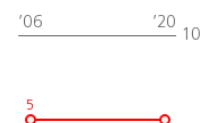
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Civil society participation

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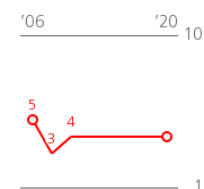


1

The political leadership explicitly recognizes any historical acts of injustice that are an integral part of its patriotic history and heroic narrative as a former liberation movement. But while it stresses the need to deal with historic acts of injustice, especially in the ongoing bilateral negotiations with the German government over how to come to terms with the colonial past and acts of genocide, it does not translate such proclaimed goals into a credible policy at home. It also maintains a selective view of reconciliation, since the government and party in power do not engage with their own human rights violations committed in exile. Nor are the local members of the South West African Territorial Force fighting on the side of South Africa recognized as war veterans, but rather remain stigmatized. This means there are double standards when it comes to the notion of reconciliation. While these are widely accepted and endorsed among the population, they remain an indication that reconciliation is at best understood as an opportunist concept selectively applied. A Truth and Reconciliation Commission was dismissed at independence, with the argument that the past should remain the past. But reconciliation is not achieved by a cloak of silence and a morally and politically biased approach used to recall historical injustices only when it suits the government.

Reconciliation

4

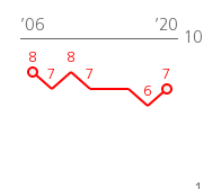


17 | International Cooperation

The political leadership remains adamant that international assistance is necessary and welcome in order to strengthen its efforts to transform Namibian society toward becoming one with greater social justice and equity than it has currently. The government also bemoans the country's classification as a higher middle-income country, since this prevents preferential borrowing. But its own development agenda has thus far – as repeatedly stated above – not been very coherent and consistent in terms of implementation. Hence, international donors have often had to set their own complementary agendas and been unable to contribute to stronger coherence and efficiency. There are missed opportunities, despite success stories of aid projects in niches. Overall, a viable and sustainable long-term strategy remains largely absent, notwithstanding good policy programs, such as the National Development Plan.

Effective use of support

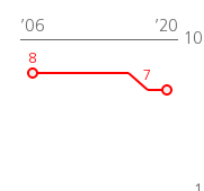
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The government has been by and large in compliance with and supported international normative frameworks. Although announced, the withdrawal from the International Criminal Court has not been implemented and seems to be dormant. In terms of its international diplomacy, Namibia mainly follows the norms of African and non-aligned countries, but also recognizes Chinese interests, as China has emerged as one of its closest collaborators in terms of external economic support for domestic economic development. The so-called all-weather-friendship also includes friendly ties with North Korea, to the extent that the U.N. resolution on sanctions was violated and only complied with reluctantly after international protest. Overall, however, while bearing no animosity toward “rogue” states, Namibia does not obstruct international efforts to establish responsible global governance and the infrastructure to promote human rights. It also honors its commitments made on related matters and can be considered fairly reliable, though at times opportunistic.

Credibility

7

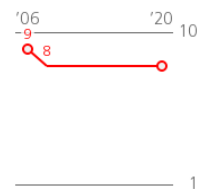


The political leadership is committed to cooperative, international relationships and plays an active role in the Southern African Development Community (SADC). President Geingob is the current chairperson of SADC and active in regional and continental meetings, discussing among other things the current conflict in the DRC. Relationship with other governments based on former liberation movements are close and there is a certain bias toward supporting their governance even when it deserves critical assessment. Namibia and the SADC were among the first to recognize the new elected president of the DRC at a time when the AU was cautious. There was no criticism or public statement on the unrest in Zimbabwe in January 2019.

Efforts toward regional and international integration are not actively pursued, often for a lack of competent staff and resources, not because of disinterest. Being only a modest player with little economic weight, the influence of Namibia is rather limited.

Regional cooperation

8



Strategic Outlook

Namibia faces several main challenges in coping with its medium- to long-term perspectives:

- the effects of climate change and environmental sustainability;
- land issues and
- unemployment and poverty reduction.

The economic decline in recent years has created a more fragile environment. Economic recovery will take some time. It remains to be seen how much emergency management has contributed to the creation of limiting factors, such as the accumulation of high debt, the growing influence of China as an external player and the lasting slump of local industries (especially the construction sector).

Prone to drought, the commercial and subsistence sectors in agriculture are under massive constraints. Many commercial farmers have resorted to trophy-hunting and tourism (guest farms) as important sources of income, while communal farmers often move to towns in search of employment. The latter is exacerbated by an ongoing process of illegal fencing in of communal land by members of the new elite. The urban influx considerably increased considerably. With close to a million people (over 40%) living in shacks in informal settlements, massive social disparities are, despite the proclaimed reduction of absolute poverty, far from being resolved. Urban land and the provision of housing have emerged as politically contested matters, which pose challenges to SWAPO and the government. The same is true for demands for redistribution and restitution of land by members of marginalized communities. Land policy is perceived to favor the government's political base in the north and has added fuel to the fire of political dissent. How things develop will be watched as a sign as to the extent to which the government is willing to do more than pay lip service when it comes to land redistribution as an aspect of transforming society.

The Geingob presidency has lost much of the credibility and trust it possessed when taking office in 2015. Geingob's uncontested leadership seems in doubt. Political consolidation has failed. The SWAPO is again faced with the challenge in an election year of reconciling internal party infighting, while social movements have increased the level of political contestation inside and outside party structures. Under pressure, the extent to which Geingob will resort to more autocratic means of governing, (ab)using the far-reaching executive powers already vested in his office by the constitution, remains to be seen.

The most pressing challenges are the ecological constraints and environmental degradation, due to the ever-growing effects of climate change. Water provision and management will be a top priority, affecting daily lives under permanent threat of water shortages. The energy sector also

needs to change and to make better use of solar and wind energy, for both of which Namibia is a highly suitable location.

Due to fiscal constraints, needed investments into the maintenance of the country's physical infrastructure (in particular, roads) have been neglected and will require attention (and funds). The currently existing, post-colonial elite, a minority of the former colonized who are the main beneficiaries in the new society, will most likely come under increasing pressure. This situation could well turn into a major crisis when the frustration level among the population reaches a tipping point. If social media are a significant indicator (at least with regard to a segment of young, black members of the population), then the government will soon lose its major asset as a former liberation movement. For now, however, in the absence of any significant political opposition party, the SWAPO will remain dominant.