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Mohammad, Irfan

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THE NAMIBIAN ECONOMIC PERFORMANCE
DURING 1990 - 93 - AN OVERVIEW

by *Mohammad Irfan*
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1. INTRODUCTION

The independence of Namibia in March 1990 marked the end of a long period of colonialism which had been characterised by racial discrimination and exploitation of human and natural resources by foreign rulers. Indeed, the history of the territory since the introduction and subsequent establishment of German colonialism in 1874 until independence is a tale of deliberate deprivation ranging from national sovereignty to the individuals' choice of work.

After a protracted national and international struggle at the diplomatic, political and military level, the achievement of political freedom in 1990 unfurled a number of new and daunting challenges for the national Government. Some of the main inheritance from the past were the strong ethnicities which were reflected in divisive political alignments, the high economic external dependence due to the openness of the economy, the strong links to South Africa, and the stark income differentials. Capital intensive processes in the most important sector of the economy, mining, and commercial farming largely owned by the white minority and foreign establishments, coexisted with subsistence agriculture providing sustenance to three fourths of the majority population, the blacks. The grossly unequal and racially based access to productive assets of the pre-independence era had generated large productivity differentials and a highly skewed income distribution.

In order to address these problems, SWAPO (South West African Peoples Organisation), as an exiled liberation movement, always professed scientific socialism and a growth strategy with equitable distribution of assets and opportunities to improve the quality of life of the disadvantaged Namibians in the post independence era. However, the conditions at the time of independence, such as the collapse of the Soviet Union

and its national and international empire, the subsequent globalisation of western liberal democratic ideas and economic principles under the new international regime dubbed as "New World Order" and the UN peace plan known as the 1982 Principles, led SWAPO as the duly elected Government party to opt for a significantly more pragmatic approach. Another factor behind the changed political, economic and ideological agenda was no doubt the internal dynamics in SWAPO whereby the educated and largely centrist cadres gained much influence at the expense of left-wing hardliners. One can also conjecture that the pre-independence tenets of SWAPO to some extent were motivated by an interest to appeal to those countries where financial and military support was most likely to be forthcoming, i.e. the Soviet Union and allies, China, certain African states (most importantly the MPLA-governed Angola where SWAPO had its military bases) and European sympathizers such as Scandinavia and the Netherlands.

In the 1989 election for the Namibian Constituent Assembly, designated as the first Namibian Parliament at independence, SWAPO received 57% of the votes and was therefore obliged to seek support and compromises when the Assembly wrote the new Constitution as a two thirds majority was required for its ultimate approval. The final Constitution is democratic and exceptionally liberal, and, in terms of the overarching objective of a more equitable society, allows for affirmative action as an instrument to redress imbalances. This was, however, counterbalanced by the Constitutional stipulation that the pre-independence civil servants would remain, thereby ensuring that the Government machinery inherited a certain level of resistance to change, e.g. to actual definition and implementation of affirmative action. The constitution also explicitly extends property rights while expropriation (land is of particular importance) is permissible only with just compensation. In essence, a recourse to development priorities emphasising revival and restructuring of the economy to address the problems of poverty and massive unemployment was

established through the Constitution.

Namibia is now in its fourth year as an internationally recognised sovereign, independent state, and it is of interest to understand and consider the policy directions opted by the Government to achieve the objectives of growth and equity. Obviously, three years in the history of a state do not represent a period sufficient to make a valid far reaching evaluation of its performance, but outlining and analysing the socio-economic development and institutional changes of this period will afford inferences regarding the foundations being laid for future social and economic development.

The policies, development objectives and associated strategies of the Namibian state are discussed in the first section of this report, this section also includes a discussion of institutional changes, particularly the setting up of the administrative structure and, briefly the macro-economic and sectoral performance. Section two discusses human resource development and utilization together with issues related to population growth and its distribution; health and education; employment and unemployment (utilizing newly available Population Census data). The third section deals with problems and progress in relation to poverty, income and assets distribution. Concluding remarks constitute the final section of the report.

The perception of the Namibian Government regarding the nature of society and economy at the time of independence is reflected in a white Paper on National and Sectoral Policies of March 1991. The white paper characterised the economy as highly skewed and disintegrated in structure, "radically inegalitarian" in distribution, grossly mismanaged public sector and vulnerable to variety of exogenous shocks. The broad national policy objectives contained in this white paper were the promotion of stable political atmosphere and establishment of an efficient administration for realisation of the major objective of sustained socio-economic development. The policy makers expected that economic growth would facilitate eradication of poverty and narrow the income gap between more and the less privileged.

The Draft Transitional National Development Plan 1992-94 further articulated the objectives for the plan period. The main objectives are, revival of economic growth, alleviation of poverty, reduction in income inequalities and creation of employment opportunities. A perusal of the draft plan suggests that development strategy relies heavily on private sector for re-activating economic growth. The state intervention will be made in case of communal agriculture and medium or small scale urban as well as rural industrial activities. Unemployment problem is expected to be taken care of by some specialised schemes such as resettlement schemes and labour intensive works programme, in addition to the positive effects of overall economic growth. Reduction of income disparities is to be achieved through fiscal policy and a review of wage structure. Furthermore the plan document emphasizes "policies regarding employment creation; reduction in income disparities and alleviation of poverty are designed to ensure that the maximum number of Namibians benefits from economic growth." In addition various policy statements and white paper on different sectors have been issued. These policy documents are

further discussed in the context of the respective sectoral performance.

I.A. Setting up the Administrative Structure

Foremost task to be attended by the regime at the eve of independence was to set up an administrative and planning machinery for planning and implementing the national development programmes as well to dismantle and modify the structures erected under apartheid system. Namibia inherited an ethnically based structure comprising of a central authority, ten second tier authorities for Homelands and a number of municipal committees and other local authorities. The size of the administrative machinery grew at the rate of 3% or so during 1980-89. This administrative structure suffered from a lack of central policy directives, little coordination in the execution and duplication of functions.

Soon after the independence eighteen Ministries were created. In addition the Directorate of Human Resource Management and Development with the powers to direct, coordinate and manage the Public Service was established in the office of the Prime Minister. A Public Service Commission was also established as an independent body for advice on recruitment, appointments, and other matters related to the personnel in the Public Services. Similarly a National Planning Commission to coordinate and monitor the implementation of the development policies was put in place.

With the delimitation of ministerial mandates the management posts were filled. The number of management post (Deputy Director and upwards) went up from 162 in 1989 to 324 in 1990. None of the old posts was abolished and the incumbents were retained as per constitutional provision under the Reconciliation. At the end of 1992 estimated number of the government employees was around 62 thousands compared to 49 thousands inherited at the time of Independence.

There is a growing concern that Public Service is oversized accounting for nearly two fifths of the total wage employment and claiming a large share of the public expenditure. A review of the public services under Rationalization Scheme is currently being made. It is not clear whether or not this rationalization exercise is exclusively geared towards trimming the size, because the adequacy of the system pertaining to variety of requirements definitely has a room for improvement. The existing apparatus can hardly be regarded as satisfactorily equipped with the capacity for planning and managing the development programmes. The critical bottlenecks express themselves in the programme implementation. Furthermore the white civil servants, remnants of the past retained under Reconciliation reportedly are not interested in changes and are more or less concerned with few years of additional service. Some of them seem to hinder rather than help the government in its delivery of the functions.

Notwithstanding the escalation in the number of public employees, shortage of critical skills in Professional and Technical fields constitutes a major constraint. The National Planning Commission, for instance, has few staff members with Bachelors Degree in Economics thereby con-straining the NPC to rely on expatriates or NGO', for planning activities. Situation in other organizations is not enviable too. The development of human resources therefore emerges to be the most important priority to establish an efficient government machinery. The Transitional Development Plan very rightly identified the establishment of an efficient planning machinery in NPC as a major objective during 1992-94 period. Needs assessment and quantification in this respect appears not to be an easy task. Initial staffing was more or less a crisis management and doubtless to mention that despite being adhoc appointments in most cases the recruited persons were having academic qualification either from abroad in exile or in Namibia. In the absence of a relevant job-descriptions and occupational classification however the phenomenon of

mismatch seems to have been glossed over. Some of the current shortages can be met by matching qualifications with job requirement thereby making inter departmental transfers. An additional source which needs to be exploited appears to be the unemployed having higher education from abroad. The current practices of Equivalence of Qualification Unit (EQU) wherein more or less the standards of Republic of South Africa are used, needs re-examination. There is also a need to provide short term job specific training to those already employed because virtually few of those hired in the beginning had any job experience in the government.

I.2 PERFORMANCE OF THE ECONOMY

(A) Macro Economic Trends

Recessionary conditions with stagnant and declining GDP growth were the main feature of the 1980's. Some recovery, though, was made during 1986-88 period but overall result of this decade was a decline of 23% in the per capita income in 1990 compared to 1980 in constant prices. Thus the Namibian government not only inherited a dualistic and uneven economy but the one with declining rates of growth and investment.

The Gross Domestic and National Product for selected years are provided in Table No. 1. A caution in interpretation deems necessary. The data are tentative and subject to revision. It may be noted that separate economic statistics for Namibia were issued only since the early 1980's by South African Authorities. Since independence the national accounts have been revised to reflect the incorporation of fish catches in the Namibian Exclusive Economic Zone (EEZ) and fish processing in WalvisBay. Keeping these caveats in mind the GDP grew by little over three percent per annum during 1990-92. The growth in 1990 could be regarded partly as a by-product of accounting procedure wherein revisions mentioned above were made, while that of the 1991 was more or less due to diamond mining whose

TABLE NO.1

GROSS DOMESTIC NATIONAL PRODUCT (SELECTED YEARS)

**AT CONSTANT 1985 PRICES
RAND IN MILLION**

	1986	1989	1990	1991	1992	1993
GDP (AT FACTOR COST)	2729.5	2839.7	2852.0	2961.0	3065.5	3007.6
GNP (MARKET PRICES)	2424.5	2920.7	3073.1	3083.7	3067.0	N.A
PER CAPITAL GNP	2015	2214	2260	2200	2122	N.A

SOURCE: ECONOMIC REVIEW 1993 MINISTRY OF FINANCE NAMIBIA

- NOTE:**
- (1) DATA FOR 1991 AND 1992 ARE PRELIMINARY ESTIMATE**
 - (2) DATA FOR 1993 ARE PROJECTION**
 - (3) NA MEANS NOT AVAILABLE**

output rose by 56%. The Economic Review of 1992 for instance identified this growth in 1991 as "wind fall gains". The rest of the economy declined by 3.5% in 1991. The GDP growth experienced in 1992 is encouraging and contrary to expectations, given the serious drought during 1991/92. A substantial increase in fishing, diamond mining, manufacturing and general government were recorded while uranium mining registered a decline in 1992. The expectations regarding 1993 reflect gloom wherein GNP according to official projection is likely to decline from R3065 million in 1992 to R3008 million in 1993 which generates a growth rate of 1.8% for 1990-93. This subdued performance of the economy during the three year's since independence is attributable to slow economic growth in the industrialized world, given the fact that Namibian economy is studded with a high degree of openness and trade dependence.

The GNP in constant prices declined during 1990-92 from R3 073 in 1990 to R3 067 in 1992. This is despite the fact that net factor payments to the rest of world started declining since 1989. This trend of GNP largely owes to worsening terms of trade. Taking 1985 as a base the terms of trade index was 94 for 1989 and 72.2 for 1992, almost over 20% decline during three years. Given that population grew at 3.1% per annum the stagnant GNP yielded a decline in per capita income, which was 7% lower in 1992 in comparison to 1990. In fact a comparison of 1992 with 1980 is reflective of shrinkage of roughly one fifth in real per capita income.

CONSUMPTION AND INVESTMENT

Private Consumption Expenditure experienced a rise during the first two years of post independence period but underwent a decline in 1992 to the tune of 4.5% in constant prices over the preceding year (See Table No. 2). This owes to sluggish growth in wages and property income in 1992. The Government

TABLE NO. 2**GROSS DOMESTIC EXPENDITURE (R MILLION)**

CONSTANT PRICES (1985)

	1985	1989	1990	1991	1992
PRIVATE CONSUMPTION	1328	1934	1984	2117	2022
	(53)	(59)	(59)	(59)	(62)
PUBLIC CONSUMPTION (GENERAL GOVERNMENT)	795	818	810	830	915
	(24)	(25)	(24)	(26)	(28)
GROSS FIXED INVESTMENT	380	455	448	304	333
	(15)	(14)	(13)	(9)	(10)
CHANGES IN STOCKS	5	25	131	-19-	-26
	-	(1)	(4)		
GROSS DOMESTIC EXPENDITURE	2508	3232	3373	3232	3244

SOURCE (SEE TABLE NO:1

NOTE: PARENTHESIS PRESENT PERCENTAGE DISTRIBUTION

Expenditure however registered a persistent rise during 1989-1992. It was 12% larger than what it was in 1989. The Gross Fixed investment on the other hand exhibited a downward trend in real terms. It declined from R455 million in 1989 to R333 million in 1992, almost a curtailment of about one-fourths.

In a regime of overall stagnant gross domestic expenditure in real terms there is a noticeable/drift towards consumption in Gross Domestic Expenditure which rose from 53% in 1985 to 62% in 1992. The corresponding percentages for public consumption were 24% and 28% respectively. The Gross Domestic Capital Formation therefore experienced a decline from 15% to 10% of the GDE during the same period. Since the share of the Government investment in this shrinking volume has risen from 29% in 1989 to 38% in 1991 the private investment correspondingly suffered a decline.

Gross Domestic Saving as a fraction of GDP decreased from 20% in 1991 to 17% in 1992, mostly due to sharp decline in the Government Savings in contrast to corporate and household savings which registered some improvements. It may be noted that roughly half of the Gross Domestic Savings are generated in the corporate sector. A comparison of the Gross Domestic Saving with that of the Gross Domestic Investment is indicative of net capital out flow because former being one and half times of the latter in 1992. This reflects payment by Namibians to life Assurance companies in South Africa.

PUBLIC FINANCE

For the first post independence budget (1990/91) a surplus of 89 million rand (1.6% of GDP) was recorded. The budgetary picture changed since then whereby deficits as a fraction of GDP were 2.4% and 8.3% for 1991/92 and 1992/93 respectively. The deficit in 1991/92 was mostly due to reduced tax revenue from the corporate sector and a substantial rise in expenditure, which jumped from 37% of GDP in 1990/91 to 44% in 1991/92. A continued rise both in current and capital expenditure coupled with decline in South African Customs Union (SACU) receipts underlie the deficit for 1992/93. More than half of the 1992/93 deficit was financed by domestic borrowing while drawing down the government cash reserves was opted for 1991/92.

Receipt from taxes accounted for two thirds of the current revenue in 1992/93 revised budget. Tax proceeds are shared roughly equally by direct and indirect taxes. Three fifths of the direct taxes are provided by individuals while remaining being corporate taxes. As per composition of indirect taxes, general sales tax and fuel levy account for two thirds of the total proceeds while another one tenth owes to diamond export duty. Income from SACU (South African Custom Union) represent a major contributory under transfer receipts.

Current expenditure dominates the total public expenditure claiming four fifth of the total. Remuneration of employees constitute the major component accounting for 54% of the current expenditure. There has been a substantial increase overtime in employee compensation which underwent roughly a 63% increase during two years of 1990/91 to 1992/93. The capital expenditure almost doubled over the modest base during post independence period. More than half of the allocation for 1992/93 has been spent on residential and non-residential buildings.

FOREIGN TRADE AND EXTERNAL BALANCE

Probably a unique feature of Namibian economy is its high level of dependence on foreign trade. Exports and imports together accounted for 143% of GDP in 1985 and 100% of GDP in 1992 reflecting a reduction in this level of dependence. Composition of exports as well as imports is dominated by a few commodities. Mineral Products in particular the diamond, usually account for three fifths of the exports. This is followed by the live animals and meat representing roughly over one-fourths of the total export. The remainder constitutes of fish and manufactured goods.

Food and mineral fuel represent one-thirds of the import while vehicles and machinery represent another one-fourths. South Africa is the most important trading partner of the country accounting for 90% of the imports and a predominant share of exports.

Exports registered a rise of 21% in 1992 over 1989. After experiencing a downward trend in 1990, the exports persistently rose attaining a level of 3.6 Billion rand in 1992. A substantial rise in export of diamonds in 1991, made possible by commissioning of a new mine (ELIZABETH BAY) and increased offshore recoveries and a significant accretion made by unprocessed fish, explain 18% growth in exports in 1991 over 1990. Merchandise import also underwent a rise of 25% during 1989/92 period. A shift towards food, beverages and tobacco at the cost of machinery in import composition has occurred during the period under review. This to some extent alludes to the depressed investment climate.

BALANCE OF PAYMENT

Namibia registered a surplus in both the merchandise trade balance as well as current account for 1991 and 1992 in contrast to 1990 when it was in deficit. The size of surplus was larger in 1991 (676m) in comparison to 1992 (357m) This improvement in addition to merchandise positive balance owes to a considerable rise in income on portfolio investment, mostly from Pension Funds and life Assurance assets in South Africa, and an increase in the transfer receipts under foreign development assistance and SACU. The capital account, however registered a deficit for the entire post-independence era, implying a net outflow of capital financed mainly by current account surplus in 1991 and 1992. In order to finance the investment in life assurances and pension funds of Namibian resident nearly 2 Billion Rand were invested outside (mostly in South Africa) during the period under review.

The government resorted to only small foreign borrowing to finance interest on rescheduled debt. Foreign development assistance has increased overtime, for instance R421 million received in 1992 represented a rise of 16% over 1991 which in turn was larger by 18% over 1990. Official development assistance accounted for 74% of the total in 1990 and 89% in 1992. Thus assistance from NGO's has fallen during the same period from R74 million in 1990 to R48 million in 1992. Two fifths of the development assistance in 1992 was provided by international/multilateral organisation while foreign governments accounted for roughly half of the total development assistance.

B. SECTORAL PERFORMANCE

The sectoral composition of Namibian GDP is reflective of a substantial drift overtime towards tertiary sectors at the cost of the primary production. The primary sectors which averaged over 40% of the total during the past decade accounted for only 31.7% of the GDP in 1992. This drop in the share of primary sector owes to reduction in the relative share of mining from 30% of GDP in 1989 to 20% in 1992. While the secondary sectors maintained their share in GDP the tertiary sectors experienced a quantum jump in contribution towards GDP from 48% in 1989 to 58% in 1992. Almost the entire accretion is from Government which accounted for 25% of GDP in 1992 in contrast to its share being 19% in 1989. The performance of various sectors is briefly described below.

AGRICULTURE

The importance of agriculture stems not from its contribution to GDP which is around 9% but from the fact that it constitutes a source of living directly or indirectly for more than 70% of the population. In fact under the existing circumstances this sector particularly the subsistence agriculture in the north represents a potential to be tapped for improvement of the living standards of the poor. Agriculture sector in Namibia is replete with quite a few contrasts. The skewed land distribution, unequal development of the land, predominance of livestock and relatively minor role of crop production are the main distinctive features of Namibian Agriculture. In the communal land, mainly in Northern and Eastern parts of the country where family units operate the land mostly with user right but without ownership, have on the average 200 hectares per person. Lack of infrastructure, water and extension services have been a constraint to the development in this area. In the commercial farming area with average farm size of 8600

hectares owned by 4000 farmers, mostly white, relatively modern farming practices are applied.

Livestock particularly the cattle continues to be the major source of agriculture income. Prior to independence beef exports were mainly destined to South Africa, however after independence a new outlet under Lome convention has emerged wherein Namibia during the years 1991-95 can export annually 10 thousand tons for the initial two years and 13 thousand tons for the remaining three years to European Community (EC). Nearly one-tenths of the total cattle marketed by Namibia is being absorbed by E.C. Similarly in contrast to previous practice of shipping cattle alive to South Africa now most of the cattle are slaughtered locally. Value added in agriculture rose from R239 million in 1989 to 258 million in 1992. This growth has been uneven in that real value added grew by 4% in 1992 indicating increased sale of livestock presumably due to serious drought over the past two years. The number of cattle and small stock marketed increased by 11% and 21% respectively during 1992. The performance during 1991 was rather disappointing wherein real value added in commercial agriculture fell by 3%, because of depressed market prices the increase in the cattle sold was modest (2%) while there was a decrease in small stock marketed. The Karakul pelt industry appears to be deteriorating over the time with a negative growth rate since 1989. Both the depressed prices and a gradual shift towards meat production underlie this trend.

A high priority is being accorded to crop production particularly in communal farming where millet is produced for domestic consumption. A pilot marketing scheme was introduced by Agra Board to encourage the commercial production of millet. In the commercial farming area white maize in OTAVI and wheat at Hardap is also grown. The former in a normal cropping season may provide 30 to 40% of the domestic consumption but the latter is of small quantity (6400 ton in

1990) hence most of the wheat requirement is met from South Africa. In 1991/92 cereal imports requirement was estimated to be 75000 tons but with the severe drought in 1992 the import requirements rose to 116 thousands ton for 1992/93. A considerable potential for arable farming exists and Ministry of Agriculture is currently implementing small scale irrigation schemes in addition to making improvement in extension services and provision of inputs to communal farmers. Credit schemes, pilot vegetable growing schemes and development of certain crops such as dates, citerus fruits etc, are few of the new initiatives.

FISHERIES

Fisheries was an important sector generating one fourths of the total export during the 1960's and constituted the largest manufacturing activity both in terms of employment as well as output. Heavy overfishing resulted into depletion of stocks thereby leading to a near collapse of the industry, though improved conservation practices were introduced since 1980. The newly created Ministry of Fisheries and Marine Resources in 1990 designed a National Fishery Policy to maximise the revenue.

Real value added in fishing rose by 84% in 1991, which followed an increase of 200% over the previous year. It may be added that all fish catches in the 200 nautical miles of Exclusive Economic Zone have been officially incorporated in the GDP. Efforts are underway for diversification of the industry by encouraging new investor and by licensing foreign vessels. In order to promote Namibianization, fishing license for Namibian vessels are given for longer periods than the foreign owned vessels. The new policy reflects a shift towards preference of boat owning companies over the factory processing plants. A fifth of the hake quota is reserved for fish trawlers that will land fish in Namibia for further processing instead of on-board freezing. An additional

governmental initiative is reflected by setting up the National Fishing Corporation, a parastatal with 51% governmental stake, to render financial and other supportive services to small scale fishing concerns. Namibian resources can potentially support a catch level of some 1 billion ton annually by late 1990's which according to estimates may fetch a revenue of R3 Billion in addition to substantial employment generation.

MANUFACTURING INDUSTRY

Namibian manufacturing base is quite limited even on the developing world standard, having insignificant contribution to total employment and GDP. There is very little information on growth and structural changes of manufacturing sector in Namibia. Food processing industries account for the dominant share of manufacturing industries, approximately over 70% of the value added. The major products of this sub-sector being the fish products, meat products and other food and beverages. Next in importance are the metal products industry producing structural metals, metal building components, parts and bodies of vehicles. In addition there are wood processing enterprises and carpentry workshops. Excepting fish processing majority of the manufacturing establishments are located in or around Windhoek.

The manufacturing industry essentially can be classified into three categories in relation to technological choices and labour absorption. Highly mechanised firms are the ones with relatively large establishments engaged in exporting the product produced. These include fish and meat processing as well as beverages and chemical firms. Artisan workshops which generally cater to the domestic market, comprise of bakeries, butcheries and building material products. The third category being the cottage workshop producing goods for rural markets and tourists using traditional skills and local inputs. The wood carving, poultry and basket wares fall under this

category.

Limited manufacturing base and a lack of domestic entrepreneurial tradition primarily stems from quasi-integration of economy with that of RSA and limited domestic market. Membership of SACU, a full customs union, wherein unrestricted trade and flow of capital takes place puts Namibia in direct competition with RSA a much larger and industrialized economy. Furthermore the policies of RSA under its Regional Investment Development Programme (RIDP) provide subsidies thereby make it more attractive for the entrepreneurs to locate the activity on the RSA side rather than on Namibian side.

The Namibian government has the objective of diversification of the economy and in particular development of manufacturing industry. To this effect the Ministry of Trade and Industry sought advice from UNIDO and Commonwealth Fund for Technical Cooperation on Industrial Policy and Strategy which formed the basis of White Paper on Industrial Policy and Strategy. Major emphasis of the Ministry is on promotional activities and extension of incentive to private sector. For instance carrying out pre-feasibility studies for identified projects, sales tax exemptions and dissemination of information by publishing Namibian Manufacturing Guide and INDO TECH. For small scale and informal sector the Ministry is currently investigating the feasibility of establishing projects in meat slaughtering, textiles, clothing and leather, wood products and metals and metal products. In this context the Ministry has also initiated a comprehensive industrial survey to determine the size and potentials of the manufacturing base. Promulgation of foreign Investment Act in 1990 appears to be another major stride in this direction which specifies the regulatory framework in addition to opening up of an Investment Centre. Number of incentives were provided while establishing the Export processing Zone at Arandis. These include exemption from Corporate Tax for number of years,

reduction of with holding tax, exemption form general sales tax on Imported Capital goods and exemption from import duties.

MINING

Historically mining has been a major stimulant dominating the national accounts as well as exports. Because of its total export orientation the industry has been badly hit by global recession. This was despite the cushioning effect provided by substantial depreciation of Rand against major currencies of the world. The value added in Mining sector had been erratic and fluctuated during 1980's and declined around 16% in 1989-90 due to falling production volume led by lower grades at some mines and depressed prices. The sectoral value added registered an increase of 8.3% in 1991 which was due to 53% rise in diamond production mostly originating from enhanced production from Elizabeth Bay and off shore recoveries. Real value added rose only by 1.6% during 1992. This paltry growth is attributable to lower level of Uranium production in 1992, because of the depressed prices. The contribution of mining to GDP overtime has fallen from 35% in 1985 to 20% in 1992.

The industry being highly capital intensive provides limited job opportunities. The number of employees in this sector has fallen from 15 thousand in 1985 to 11 thousands in 1992. The ownership structure of the industry is dominated by Multinational mining groups. There are also small number of small sized locally operated mines such as salt, marble and fluorspar. Diamond and Uranium are the major products of the mining sector.

The Consolidated Diamond Mines (CDM) is the major diamond producer based on coastal deposits near Orange river though since 1990 increasing offshore recoveries has been made too. The entire output of CDM is sold through the London based

Central Selling Organisation of De-Beers. Diamond production has declined steadily since 1970 from an annual output of 1.5 million carats to 0.75 million in 1990. Since then the production has increased to obtain a level of 1.2 Million Carats in 1991. Diamond mining at Oranjemund according to some estimates will last for another ten years. Possibilities, however, exist that production can be sustained by increased offshore production. Uranium production at Rossing having a capacity of 5000 tons of Uranium oxides produced only 64% of its capacity in 1991. The world demand is expected to grow from 4500 tons in 1990 to 5600 tons by 2010. Namibia being one of the low cost producer does enjoy a chance for expanding the output. Extraction and mining of base metal has been carried out for many years. It must be noted that value added of base metals accounted for 30% of the sectoral value added during the past decade. Major problems currently faced by base metal production are the declining ores and lower prices.

Governmental efforts to develop and promote the Mining Industry are reflected in establishment of a coordinated mining industry and a new piece of legislation, Mines and Minerals Act 1992 which replaced the previous 1968 ordinance. Licensing procedures have been revised to improve regulatory structure and to promote exploration. There is also a provision for payment of modest royalties on non processed minerals. Corporate income tax on all non-diamond mines is substituted by a sliding scale formulae previously applicable to gold and uranium. An acceleration in prospecting activities in 1992 was visible. Forty one new exclusive prospective grants were applied in comparison to 30 during 1991. The area covered by these new applications totalled around 2 million hectares. In addition 514 new claims were registered and 294 new licenses were issued.

CONSTRUCTION

Construction activity more or less depends upon the level of public spending on housing and infra-structure. The first half of 1990 witnessed a boom in construction activity but latter on declined in Windhoek the capital of the country, wherein a number of large offices were completed. During 1991 the value added of the sector rose by 10% in contrast to decline of 2% in 1990. In real terms the sectoral value added again declined by 2% in 1992. The nominal value of both private and public construction projects, however increased in 1992 by 29% over the preceding year.

Namibia inherited a shortfall in low income housing in urban areas. According to some estimates 40000 units constitute a backlog. As a consequence squatter settlements on the outskirts of Windhoek and other towns have taken place. For 1990/91 34 Million Rand were allocated for capital spending on housing and urban infra-structure. The Ministry of Works Transport and Communication through adoption of a set of guidelines prefers the involvement of local firms to maximise employment opportunities. For instance 50% or more share of a firm must be owned by Namibian to qualify for the government financed projects.

TERTIARY SECTORS

Overall the value added in tertiary sectors appears to be unchanged during 1989-92 in real terms. Different components of tertiary sectors had a varying growth experience. As a consequence of contraction and depressed consumer demand the trade sector experienced a decline in real value added in 1992. In transport sector a reduction in rail volumes has been more than offset by rise in road carriage, in addition to escalation in the passengers served by Air Namibia. Increased tourism is reflected by 11% rise in 1992 in the number of bed nights sold by hotels. Tourism has emerged to be the fastest

growing sector since independence with an estimated receipts of 300 Million Rand in 1991. The governmental estimates for this potential range between 300-400 Million Rand in 1992.

SECTION 2

HUMAN RESOURCES DEVELOPMENT AND UTILIZATION

(a) POPULATION

According to the 1991 Population and Housing Census, the population of Namibia was 1,409,920 people. Out of this, 48.6% (686,327) were male and 51.4% (723,593) female yielding a sex ratio of 95 male for 100 female. However, the sex ratio varies among districts as well as between rural/urban classification indicating the effect of migration. For instance, masculinity ratio is higher in urban areas (103 male per 100 female) than the national average and for rural areas (91 male per 100 female).

In terms of broad classification, children between the age group 0-14, accounted for 42% of the population. The corresponding percentages for urban and rural areas are 32% and 46% respectively. The adult population (15-64) makes up to 53% of the whole country; 65% in urban areas and 48% in the rural areas. The aged person (65+ years) represents 5% of the total population; and their representation being 2.7% and 5.9% in urban and rural areas respectively. The striking feature of the Namibian population is the high dependence ratio of 87. This means that the few potentially economically abled persons has to look after a much higher proportion of young people.

This level of dependency varies between urban and rural areas. The varying age structure and levels of dependency between rural and urban areas is explicable by differentials in fertility, mortality and migration.

A comparison of the intercensal data on population shows an overall population growth of 36% between 1981 and 1991, yielding an annual growth rate of 3%. This rate, which is high by international comparison, reflects the interactive effect of fertility, mortality and migration.

The Namibian Demographic and Health Survey (NDHS) conducted in 1992 found fertility differentials across different regions of the country. While the TFR (Total Fertility Rate) was 5.6 for the whole country, it was substantially higher for North (TFR of North West being 6.7 and North East 6.0) than the Central/South region (TFR 4.1). Furthermore the NDHS data imply that fertility is declining in two of the three regions but not in North West region- as defined in the said survey which accounts for over half the population.

The census data reflect that 44% of the population resides in two Northern districts of OSHAKATI and ONDANGWA while only 7% of population lives in the South which emerges to be the lowest density area.¹ Rural/urban proportions are indicative of low level of urbanization in the North compared to central areas or to Southern region. Nearly one-thirds of the population is enumerated in urban areas while two thirds in the rural areas. Comparable proportions for 1981 being 25% and 75% are suggestive of substantial rural - urban migration during the 1981-91 period. Urbanization level varies across different districts of country, ranging from 95% for Luderitz to 6% in Ondangwa. The urbanization seems to have accompanied the industrial and commercial development as well as commercial farming.

¹Rural/urban proportions are based on district level data released by C.S.O.

Uneven economic development across different regions and labour contract system institutionalized during the colonial era generated a tradition of migration of male from North to the Southern parts of the country for jobs. Excepting one all the district registering low male ratios are located in the North. The males born in districts of OSHAKATI and ONDANGWA, for instance accounted for 29% of the Windhoek enumerated male population in 1991 census. In case of females this percentage drops to 16%. In essence the densely populated less developed North having higher fertility than rest of the country registered a higher level of out migration to the more developed areas in Central regions.

(b) HEALTH

The health system in Namibia prior to independence was fragmentary, inequities and with disproportionate emphasis on curative rather than preventive care. While the Department of National Health and Welfare used to exercise overall responsibility during the 1980's the local health care services were delegated to second tier authorities, having little financial resources at their disposal, thereby further worsening the inequalities. Although the health sector used to be allocated a respectable share of GDP (4.5%) yet the health status of the majority of the black population were hardly different from that of the Sub-Sahara Africa.

The Government soon after independence expressed its commitment to put in place a unified national health service, with decentralization in decision making at the regional and district level. The Ministry of Health and Social Services which replaced the previous structures is currently engaged in the process of restructuring. The main elements being focused are the provision of local level primary health care, establishment of district level health services with at least

one district hospital and strengthening of regional health management teams. A National Health Council to review the health policies also constitutes one of the features of the restructuring of health system.

Main objective of the Government, to improve the health status of all the Namibian, is achieved through preventive, rehabilitative and curative health service through Primary Health Care (PHC). A major thrust of strategy on PHC to achieve the health for all in year 2000 is discernible in "Towards Achieving Health for all Namibians - A policy document" wherein the government treats access to health as a social right. In order to achieve these goals health care guidelines were released in February 1992. These provide inter-alia promotion of proper nutrition, maternal and child care, immunization, prevention and control of endemic diseases and strengthening of secondary and tertiary curative services. A Primary Health Care Directorate with decentralized budgeting process for the district has been provided. Similarly a Family and Community Health Unit to guide the implementation and monitoring of PHC is established. In addition a National PHC Committee to formulate policies is also created. Thus considerable progress has been achieved in various directions. The Ministry undertook a capital investment programme. Out of the thirty two projects to be completed in 1991/92, twenty six have been completed so far. The remaining are expected to be completed during 1992/93. The health sector investment programme for the next three years comprises of broad based PHC projects and infrastructure development.

Implementation of the Expanded Programme on Immunization (EPI) represents another source of satisfaction. This was made possible through the technical, logistics and other supports extended by UNICEF besides NGO's. Improvement in EPI coverage is provided in table No. 3

TABLE NO. 3

<u>EPI COVERAGE (PERCENTAGE)</u>		
	<u>1990</u>	<u>1992</u>
Antigen	Survey	Estimated
BCG	85	68
DPT 3	53	87
POLIO 3	53	82
MEASLES	41	71
FULLY IMMUNIZED	26	77
TT2	50	36
<u>SOURCE: WORKING FOR A BETTER NAMIBIA. MARCH 1993</u>		

The information collected through NAMIBIA Demographic and Health Survey (NDHS) 1992 indicated that two thirds of mothers received at least one tetanus toxoid injection during pregnancy. This proportion was found to be the lowest in Central/South region. Pertaining to assistance on deliveries, nearly two thirds of the births during the five years prior to survey were assisted by a trained health worker. This assistance was observed to be the lowest, in Northeast. Access to facilities varied with age of mothers and education and birth order of the child. The NDHS also provides information on infant mortality. According to the survey the infant mortality for the five years preceding the survey was 58 per 1000 live births which reflected an improvement over what has

been reported for 10-14 years prior to survey. A similar trend was yielded by child mortality as reproduced below in table.

TABLE NO. 4

INFANT AND CHILD MORTALITY

YEARS PRECEDING SURVEY	INFANT MORTALITY (1Q0)	CHILD (4Q1)	UNDER FIVE (5Q0)
0-4	57.7	29.2	85.2
5-9	68.8	39.1	105.3
10-14	71.9	43.1	112.0

**SOURCE: NAMIBIA DEMOGRAPHIC AND HEALTH SURVEY 1992.
Preliminary Report MHSS/CSO National Planning Commission
December 1992**

A major bottleneck for the future as well as current health sector is a lack of trained personnel. According to a WHO Human Resources Mission in 1991 the present total of 5162 health personnel falls short of the 6518 required. A summary of requirements for 1992 to 2001 contained in the Draft Transitional National Development Plan 1991/92 to 1993/94 suggests a sizeable shortage in case of registered nurses, staff nurses and technicians. The Ministry plans to expand human resources development efforts through the establishment of a National Health Training Centre and a Human Resource Planning and Development Unit.

The governmental objective of broader participation and provision of health service to rural areas is likely to prove

costly in a sparsely populated country like Namibia. Financial stringency can hamper the initiative. The government may consider the recovery of user fee from wealthy segment of the society. A better allocation of resources within the sector also does have the potential of redeeming the situation, somewhat.

(c) EDUCATION

Substantial disparities in access to educational facilities both in terms of quantity as well as quality characterised the pre-independence education system. The system was administered by Second-Tier authorities and Department of National Education (DNE) catering the individuals residing outside their ethnic regions. Setting of curricula and national examination was the responsibility of National Examination Board, a part of DNE.

The estimated data pertaining to 1989 though suggested that around 70% of the school age population was enrolled in schools, but access to schooling declined substantially at higher levels of education in the Northern Areas. Similarly a regional/ethnic breakdown of the data indicated that student teacher ratio in 1989 ranged from 13 to 1 in Windhoek for whites to 37 to 1 for Owambo populated by blacks and also accounting for half of the total enrolment in the country for that year. The quality of teacher as approximated by percent qualified was found to be at the top (93%) for whites in Windhoek to 0.9% in Caprivi. In terms of expenditure US\$ 1537 was spent on each white student in contrast to US\$486 for black student. Thus a fragmented administrative structure, uneven access, inadequate infra-structure high drop out rate and poor quality of instructors were the major problems in the field of education inherited by the Namibian Government.

A new Ministry of Education and Culture with an headquarter and six regional offices was established soon after independence to substitute the previous eleven ethnic and racial administrative entities. The objectives identified by the Ministry were inter-alia, promotion of equal access to learning, improving efficiency of the education and enhancing the quality of instruction. Various initiatives have been undertaken to achieve these broad objectives. Basic Education Reforms implemented in collaboration with Florida State University for instance, focused upon primary school curriculum improvement, teacher training and educational research. A language policy was adopted wherein home language is to serve as a medium for instruction in Grades 1-3, with English as a subject in these classes and medium of instruction for all subjects at Secondary School and higher levels of education. A working group on Teacher In Service Training was established which devised a five year programme. Training of trainers, training in administration and management are already initiated. In addition literacy programme, distance education and establishment of National Examination and Assessment Authority are under progress. Additional facilities such as class rooms, administration blocks inspector's offices and staff housing for Teachers have been provided at various schools.

Enrolment, according to available statistics, has risen from 372 thousands in 1990 to 456 thousands in 1992 registering a 22% increase during the period. Table below provides the regional details of the educational statistics.

TABLE NO. 5**LEARNERS, TEACHERS AND SCHOOLS BY REGION 1992**

REGION	LEARNER (% FEMALE)	TEACHERS (% FEMALE)	SCHOOLS
Katima	26 325 (49)	934 (37)	90
Keetmanshoop	23 775 (50)	1 102 (58)	81
Khorixas	26 641 (51)	1 131 (54)	82
Ondangwa	246 388 (53)	5 872 (68)	631
Rundu	46 035 (48)	1 390 (33)	254
Windhoek	87 189 (50)	3 663 (65)	176
Total	456 353 (53)	14 292 (60)	1 314

SOURCE: MINISTRY OF EDUCATION AND CULTURE

Females at the national level dominate the student body which is consistent with the overall sex ratio in the population (51.4%). The level of female representation in enrolment however varies from 53% in Ondangwa to 49% in Katima. Similarly predominance of females hardly seem to be uniform across all grades. While the share of boys decrease uptill grade 9, the girls display same trend for higher grades. For instance the share of female in the enrolment drops from 56% in grade 10 to 48% in grade 12. The student teacher ratio implied by the above table is reflective of Ondangwa being much below the national average, however student per school is the highest for Windhoek.

Provision of universal basic education is a governmental commitment. In other words all Namibian at the age of six should have an access and be able to enrol in the school and attend the classes for ten years. Target appears to be ambitious at least for short and even medium term, despite the fact that one-fourths of the public expenditure is claimed by education sector wherein half of this is spent on teacher's salaries. It is a challenge for government to expand the facilities and simultaneously improve the efficiency through reduction in the drop out rate which currently appears to be substantial. A critical bottleneck to be addressed in this area pertains to provision of adequate and qualified teachers.

HIGHER EDUCATION

The University of Namibia bill was passed in August 1992. Under the phased programming initially in 1993 the Faculty of Education, and a number of in-service training programmes are on the agenda. Faculties of Social & Economic Sciences, Law, Arts and Humanities, Natural Sciences, Agriculture and Medical and Health Services are to be established later on. According to some estimates, the current enrolment of about 1 000 is expected to grow to 5000 in the year 2000. Additional facilities such as laboratories, computer and library will have to be provided.

TECHNICAL AND VOCATIONAL EDUCATION

The existing Technicon and College of Out of School Training (COST) are likely to be transformed into a Polytechnic. In fact the Draft Polytechnic Bill is under consideration. The Presidential Commission on Higher Education in Namibia recommended that University and Polytechnic be independent institutions. The Polytechnic is expected to have the departments for Technical services and technical education, accountancy and hotel and catering services.

VOCATIONAL TRAINING

Various Ministries are involved in Vocational Education and Training. While Ministry of Education is engaged in school curriculum and technicians training the Ministry of Labour and Manpower Development (MLMD) is responsible for artisan and other trade related training. Similarly Ministry of Agriculture trains at diploma level in agricultural education. Some other Ministries are also undertaking training of their personnel in addition to private sector efforts. Essentially one can classify the current efforts into (a) Prevocational curriculum as part of basic education. (b) Vocational Training carried out in training centres of private and public organisation and (c) Adult non-formal education.

The foundations for planning, organization and implementation for skilled manpower development are being laid. The National Policy on Vocational training, The Vocational Training Act and the National Training Testing and Certification System, all these in fact a by product of I.L.O. collaboration with MLMD, are likely to be put in practice in 1993. The system as detailed in these documents is to be co-ordinated by a National Vocational Training Board (NVTB) and carried out by the Directorate of Manpower Development in MLMD. An industry and trade specific, Trade Advisory Committee is envisaged to assist the NVTB.

Broadly there are two main components of the system. Firstly there is a four years of training programme under The National Apprenticeship for preparing a skilled worker entitled to a certificate corresponding to that level. The training provided at the Skills Development Centres and other authorized places constitute the second component. A recent survey report commissioned by MLMD provides some insights into the functioning of the vocation training system in Namibia. The study found a low-level of capacity utilization, high cost particularly at prevocational and vocational

(General) level and recommended for a more focused approach.

Output of the existing system is meagre. Enrolment at different levels of vocational training in 1992 is provided in Table no. 6. As regards participation in Apprenticeship Scheme it has ranged from 500 in 1973 to 249 in 1993. Around 50 industrial establishments in 1992 were reported to have apprenticeship programmes. Not only the number enrolled are very small but the trades covered are limited too. The existing level of demand for skills may be limited due to low level of economic growth. However the educational and vocational training system needs to be based and developed for future requirement in a broader framework of Human Resource Development.

TABLE NO. 6

TECHNICAL AND VOCATIONAL TRAINING 1992

Level	No. of Schools Institutions involved	Capacity	Enrolment
1. PRE-VOCATION			
(a) Diversed Secondary School	9	3 435	2 012 (59)
(b) Technical Training Institutions	3	505	369 (73)
2. VOCATIONAL TRAINING			
(a) Organisation specific	10	1 920	1 542 (80)
(b) General	3	670	391 (58)
SOURCE: A Survey Report on Vocational Training in Namibia. Ministry Labour and Manpower Development April 1993			

A workshop organized by National Planning Commission in April 1993 addressed various issues relating to this field. While being cognizant of the overlap in the functions of various Ministries the conference highlighted the need for allocation of responsibilities among Ministries. The

conference also suggested that priority needs to be accorded to produce a first draft of interim National Human Resource Plan. This in turn is expected to facilitate an effective Human Resource Planning process. Obviously the National Planning Commission (NPC) has to be more active in this respect.

(d) EMPLOYMENT AND UNEMPLOYMENT

That Namibia inherited a massive unemployment at the time of independence has been treated as a foregone conclusion, though the magnitude and nature of this labour market problem was less well understood because of non-existence of firm data. In order to quantify the unemployment and investigate the nature of labour market imbalances the Ministry of Labour and Manpower Development in collaboration with ILO conducted an House Hold Survey in 1991. Being a pioneering work the survey suffered from limited relevance of certain concepts such as regular worker, used in the survey. Still major findings of the survey- a massive underemployment in rural areas and around 35% of the labour force being unemployed in urban areas filled important data gaps. Also the characteristics of the unemployed were made available for the first time. It was found that majority of unemployed and under-employed belong to the age groups of 20-29 and 30-39 and most of these had education level of 1-9 classes. The findings of the survey were released by the Ministry in May 1992.

The Population and Housing Census was undertaken in the same year 1991. Though the data of the census have yet to be made public but some information regarding labour force, employment and unemployment has been made available, which is discussed below. It may be noted that Population Census utilises standard current status labour force approach with seven days preceding the census day as a reference period. In contrast to the above mentioned survey where labour market information on 15 years and over was collected the census took age 10 as

entry age in labour force.

Overall the activity rate for those aged 10 years and above according to the census worked out to 49.4% with males registering a higher activity rate (58%) than the female (42%).² A rural/urban breakdown indicates that activity rates were substantially lower in the former than the latter a finding consistent with the survey. Age-sex specific activity rates (See Appendix Table) were indicative of a positive association between age uptill the age of 54 and thereafter activity rates tended to decline. Nearly four fifths of economically active population (79.9%) was found to be employed while 20.1% identified to be unemployed.

Industrial composition of employed is dominated by agriculture (48%) to be followed by services. Public Administration together with education and health services accounted for 15.2% of the total employment. Employment structure displayed substantial variation between rural and urban segments of the economy. While the former emerged to be pre-dominantly agricultural (73.3%), the latter reflected its service orientation (See details in the Appendix Tables). In urban areas around one-tenths of employed persons were found to be domestic worker which were mostly females. In fact twenty two percent of employed females in urban areas worked as domestics. Mining and manufacturing represented only 7.9% and 7.4% of urban employment.

Rural/urban employment structures were distinguishable in many

²The rural/urban classification is based on the district level data released initially.

respects. While 90% of the urban employed were wage employees this proportion for rural area was only 35%. Unpaid family helper and self-employment accounted for over 60% in the rural areas. Around one-fifths (18.2%) of the total employed belong to Government employment, two thirds of this sub-group was in urban areas where government employees represented one-thirds of total employment in comparison to 10% in rural areas. Roughly one-thirds of the total wage employment was identified as Government employment with two thirds of them being male.

Educational levels of the employed workforce exhibited domination of primary (33.6%) and secondary (32.6%). It may be noted that over 90% of the secondary employed infact had only junior secondary. Those with no schooling accounted for 28% of the employed for the whole country but 38% in case of rural areas and 9.5% in urban areas. Less than 2% of the total employed have University level education while those having technical and vocational as well as teachers training make up only 3.7% of the total employed. Predominance of low skilled structure of employment was also indicated by the occupational composition of employed Managers, Professional and Associate Professional accounted for only 10% of the total employed. This fraction was higher for urban areas (19%) than the rural areas (5%). In rural areas around four fifths of the employed belonged to agriculturist (58%) and elementary unskilled (19%).

UNEMPLOYMENT

According to the census 99239 persons of age 10 years and over were unemployed in 1991, yielding 20% labour force being jobless. Unemployment rates for urban areas were found to be higher (26%) with incidence of unemployment to be higher on urban female (30%) than their rural counterparts (13.8%), as well as urban male. Similarly urban male suffered from a

higher level of unemployment (23.6%) than male in rural areas. It may be noted that Population Census was confined to enumeration of unemployment wherein underemployment could not be quantified in a major operation like census.

A perusal of district level data reflected a very high level of unemployment in Namaland (46.4%) to be followed by Damaraland (34.4%) while Kaokoland and Bushmanland were found in a better position with 8.4% and 9.4% respectively. Geographic concentration of unemployed however did not correspond with the above mentioned rates. Windhoek, for instance had over 20% of all the unemployed while 30% of the total jobless were in two districts of OSHAKATI and ONDANGWA. KAVANGO represented another area of concern where 5% of the total unemployed were found.

CHARACTERISTICS OF THE UNEMPLOYED

Unemployment rate had an inverse association with age, gradually declining from 52% for (10-14) to 7.1% for (55-59) age cohort, unemployment rose slightly for 60 years plus age groups. Since various age group had varying size of population; slightly less than half (45%) of the total unemployed fell in the age-bracket of 15-24. Additional one-thirds (30%) of the unemployed were found in the age groups of 25-44. Age distribution of unemployment has roughly similar structure by sex and rural/urban classification.

Education specific unemployment rate revealed that primary and secondary (mostly Junior Secondary) suffered from the highest level of joblessness 22%, followed by illiterates (18%). It may be noted that for the country as a whole three fourths of the unemployed had either primary or junior secondary. The remaining one-fourths of the unemployed were mostly illiterates. The census characterisation of unemployed by age and education appeared consistent with the findings of

Household survey.

UNDER EMPLOYMENT

The Household Survey carried out in August 1991, provided information on under-employment too. The estimation procedure involved assumptions which may have led to under estimation of unemployment and to that extent over-estimation of under-employment. The estimates, however, based on this survey were indicative of a massive under-employment particularly in rural communal areas involving nearly three fourths of economically active female of 15 years age and over. The corresponding percentage for males was 54%.

The findings of Census and survey are indicative of the fact that Namibia is facing massive unemployment and under-employment. The extent to which some progress may have been made during 1990-92 unfortunately can not be inferred owing to non-availability of relevant information, since the household survey and census were conducted at the same time a comparison to discern changes can not be made. Efforts during the past three years have been to mitigate the problem of joblessness. Construction of rural roads and other similar ventures have been undertaken both by Government and NGO's in addition to possible employment creation through establishment of Development Brigade. The quantification of the impact of these measures is precluded by a lack of data.

The Census and House Hold Survey data on unemployed however revealed a disturbing trend too wherein the fraction of jobseekers having a job experience is sizeable. The census for instance indicated that around one-fourths of the unemployed were not first time jobseekers. Nearly 75% of those previously worked as employees in private sector and the remaining were working with the government. The House Hold Survey similarly suggested that nearly 30% of the unemployed had a job a year

prior to survey. It is difficult to conclude from this information that employment may have been curtailed because information on time when these jobless were employed is not available. An alternative explanation for this phenomenon being that labour market exhibited a high turn over. Unfortunating both the implications are not comforting.

(e) WORKING CONDITIONS AND INDUSTRIAL RELATIONS SYSTEM

The Government being cognizant of the importance of an harmonious industrial relations system in the country has tried to uphold the principles of tripartism. The Namibia Employers Federation and the two federations of trade unions, National Union of Namibian Workers (NUNW) with estimated membership of 62000 and Namibian Christian and Social Trade Union (NCSTU) with 38000 members are the major partners in the country. Under the previous legislative framework the Government could appoint a Conciliation Board, comprising of the nominees of employers and employees, to settle a labour dispute. During the 1990-1992 fourteen conciliation boards were constituted by the Government. Out of these eleven successfully completed their task.

During the period under review (1990-92) around forty strikes occurred. Excepting the four which were in mining sector and lasted on the overage for a week the remaining were short lived ranging form 1 to 3 days. The work stoppage mostly involved disputes over wages, conditions of employment and in some cases the retrenchments.

The Ministry of Labour and Manpower Development established after independence is entrusted with the task of monitoring labour market as well as formulation and implementation of policies pertaining to human resource development and utilization are its responsibilities. A major stride in the field of industrial relations has been the legislation of labour Act 1992. A good deal of exercise in consensus building

and consultation through seminars, soliciting of submissions from trade union and employers organization, by the Ministry was made prior to finalization of the Act. In this task the MLMD availed the collaboration of I.L.O.

Prior to this Labour Act the major piece of legislation governing Namibian Industrial Relation System was the Wage and Industrial Conciliation Ordinance of 1952. Public servants, domestic and farm workers were excluded from its purview. While the lawful strike was permitted however there was no protection for the striking worker against dismissal. Similarly the National Labour Council Act 1986 provided for the establishment of a tripartite labour council but it had only the advisory role, hence little impact on industrial relations. Hardly there existed any legal provision for the establishment of a separate labour court to deal with labour related matters.

The new labour Act is reflective of the Governmental commitment to tripartism wherein the role of the state under the act is to set the rules for conducting the industrial relations system. The most significant aspect of the new Act being almost its universal coverage. Every employer including the state and all the employee including farm and domestic workers as well as public employees enjoy coverage. In the administration of the Act the MLMD is to be assisted by quite a few new structures as laid down by the Act. Labour Commissioner, an appointee of the MLMD, is to oversee the registration of trade unions, and employers federation, registration of collective agreements and settlements of disputes through conciliation boards. A Labour Advisory Council to be chaired by the Minister of MLMD will comprise of 12 members equally shared by three partners - State, Employers and Trade Unions. The council will provide a forum to discuss the issues relating to labour market. Similarly Labour Court and district labour courts are to attend to the complaints of any party.

Dispute settlement procedure laid down under the act is simple. The dispute are distinguished as dispute of right which arise over terms and conditions already settled through an agreement or conferred by Act, and dispute of interest arising from other labour matters. In case of dispute of right a notice to labour commissioner along with supporting documents is to be given who in turn will establish a conciliation board for resolution of dispute by mutual agreement. If the conciliation board fails to resolve, the matter will be referred to Labour Court. In the case of the dispute of right, the strike is not permitted. In case of dispute of interest the difference in mechanism being that after the failure of conciliation board strike or lock out is permitted after giving a notice of 48 hours. In case of essential service the right to strike is withheld and matter must be referred for arbitration. It may be noted that under previous legislation strike constituted a breach of contract whereby an employer could fire a striking worker without giving any notice. Under the new labour act strike is not treated as breach of contract and striking employees are entitled to return to their jobs at the conclusion. The Act also provides protection against unfair labour practices. Employees may be dismissed after establishing a valid reason. The worker may challenge dismissal in the labour court where the onus lies with the employer to prove that dismissal was indeed fair. In case of collective dismissal, retrenchments, the employer must notify the workers or trade union. Employers are also required under the law to notify the Labour Commissioner about the impending retrenchment.

The Act also provides for improvement in the conditions of employment. For instance maximum number of hours have been reduced from 46 to 45 and overtime pay has been increased from the past one and one third time to one and half times. Night time work is prohibited for employees under 18 years of age and pregnant woman. Female employees are entitled to twelve week of unpaid maternity leave if they have at least 12 months

of service at their credit.

The Act has been criticized by some employers as too liberal which sets too high standards for a third world country like Namibia. It has been argued by the same circles that these measures will tend to discourage the much needed foreign investor. On the other hand some trade unions find it deficient as the demands of a 40 hour work, paid maternity leave and a living wage are not met. It may be added that under the Act there is no provision for a universal minimum wage. The Act, however, provides for a sector specific three member Wage Commission to investigate and recommend for the minimum wage for that sector.

SECTION 3

DISTRIBUTIVE JUSTICE AND EQUITY.

Namibian economy at the time of independence was characterized by all pervasive inequity and uneven access to productive resources. Major sectors contributing to the CDP of the country were either owned by multinational corporations, such as mining or by white settlers who own most of the modern segment of the economy. In fact the whites belong to the first world in every sense of the term while the blacks (over 90% of population) are indistinguishable from the Sub-Sahara Africa in terms of the living standards. End result of the colonial exploitation and dispossession reflected itself in the fact that according to an estimate percapita GDP for subsistence sector was US\$85 in contrast to 16500 for whites in the modern sector in 1988.

Conversion of this colonial legacy of parasitic relationship into a symbiotic one constituted a major challenge for the Government. In particular this becomes more intractable in the presence of the constitutional provisions of reconciliation and non-expropriation of private property without just compensation. Still the Government is committed to promote equity. The current official thinking as well as intended measure towards promotion of equity through various policies is discussed below. In addition recent information on wage structure and income distribution is also provided.

(a) LAND DISTRIBUTION AND REFORMS.

Unequal access to land, imposed by colonial distribution along racial lines, essentially the dispossession of blacks in the commercial farming areas constitutes the major cause of structural inequality in Namibia. The land issue dominated the

struggle for independence and its importance can hardly be emphasized. A commitment to land reform in order to even out the imbalances was explicit in the 1989 Election Manifesto of SWAPO, wherein certain categories of land were to be identified for distribution albeit with just compensation to the owners.

In brief, Namibian Land can be classified into three broad categories. Namib and Kalahari desert along with agriculturally non-usable land accounting for 12.65 million hectare is owned by state. Out of the agriculturally usable area of roughly 70 million hectares slightly less than half (33.5 million) is under communal ownership while remaining (36.5 Million hectare) is owned by 4200 farm dominantly the white settlers. It is this commercial farming area which is currently being assessed for acquiring some land for distribution and resettlement of landless.

According to the Ministry of Agriculture Water and Rural Development around 95% of the commercial farming area is individually owned and distributed among 6292 farms which is owned by 4205 farm business. Average size of the farm business by the three Regions, of the country provided in Table No. 7 suggests a rise in average size as one moves from North to South. This is explicable in terms of variable and low rainfall influencing the carrying capacity of the land. The fact that the rainfall being low hardly offers scope for change in the land use pattern, with the possible exception of OTAVI-GROOTFONTEIN triangle, crop production is not a choice in the commercial farming area. The existing ranching wherein large livestock are found in North and Central regions while the South having goats/sheeps is more or less dictated by water availability and soil conditions.

TABLE NO.7

FARMS, FARM BUSINESS, AND AVERAGE SIZE BY REGIONS

COMMERCIAL FARMING NAMIBIA 1991

<u>REGIONS</u>	<u>NO. OF FARMS</u>	<u>NO. OF FARM BUSINESS</u>	<u>AVERAGE SIZE (HACTARE)</u>
NORTH	2031	1218	6588
CENTRAL	2178	1524	7346
SOUTH	2083	1470	11571
TOTAL	6292	4205	8592

SOURCE: NATIONAL CONFERENCE ON LAND REFORM
AND LAND QUESTION. OFFICE OF THE
PRIME MINISTER WINDHOEK 1991

In order to understand the complexity of the issues related to land concentration and to formulate policies the Government, as in other areas, engaged in consultations. Thus National Conference on Land Reform and Land Question was held in 1991. One of the twenty four recommendations of the Conference was to constitute a Technical Committee on Commercial Farmland (TCCF) "with a mandate to evaluate the facts regarding under-utilized land, absentee ownership, viable farm size in different regions, exclusively large farms and multiple ownership of farms: and to make appropriate recommendations for the acquisition and reallocation of land, so identified" The committee submitted its report in September 1992 and the Cabinet appointed a Cabinet Committee on Land Reform to examine the report and suggest suitable policy measures.

The TCCF in this undertaking had to grapple with thorny issues of defining 'excessively large' and "under utilized" farms, though the identification of foreign owned farms hardly posed a problem. All farms (at end of 1991) having less than 30% of utilization was identified as under utilized. In this context the regional average (stocks/hectare) acted as norm. At the end of 1991, 469 farms with an area of 4.05 Million hectare were identified to be under utilized and the committee viewed that half of this area represented a potential for distribution.

The committee utilising the yard stick of twice the average farm size in the region identified excessively large farms and estimated that around 1.3 Million hectare were available for redistribution. Furthermore over 3 Million hectare owned by foreign owners and companies was also considered to be available for redistribution. In addition TCCF recommended that land belonging to absentee landlords (one who does not spend 50% of the time on the farm) may be appropriated for land distribution.

These recommendations are under active deliberation of the Cabinet Sub-Committee-constituted by the Government for further scrutiny and finalization. Some of the suggestions of TCCF will have to be refined further for operational purposes. For instance the identification of the under utilized land is based on one time observation without exploring the reasons for this under utilization. The T.C.C.F points out these limitations, however.

There is a wide ranging perception that an efficient land distribution system in commercial farming area hardly holds much potential for improvement on the equity front. This is based on a notion of minimum size of land to be regarded as economic unit. The Ministry of Agriculture has been of the view that farms should not be of less than 4000 hectare in the large stock farming area. The TCCF appears to be critical of this approach because the minimum size is prescribed to yield a cost/benefit structure currently experienced by white commercial farmer. The TCCF is of the view that "a number of small farmers could be resettled on one commercial farm, provided that it is properly subdivided and carrying capacity of the farm is not exceeded".

Irrespective of the distributional outcome, the land use pattern given the low rainfall and environmental concerns, will not change substantially. For poverty alleviation and improvement in the income distribution probably the communal area providing subsistence to over 70% of the population deserves to be focused upon as a priority. The land tenure arrangements in communal area have to be sharply defined. The TCCF report recommends that through an Act of parliament the regulation of control and utilization of communal land may be vested with the President while the traditional lenders act in advisory capacity. In fact there have been number of cases wherein exclusive fencing in the communal area by rich and influential persons led to the curtailment of grazing lands and hindrance in mobility. The TCCF strongly recommends that

communal land should not be encroached upon and unlawful fencing should be stopped with.

The existing channels of marketing the output (Agronomic Board, Meat Board, and Karakul Board) appears to be an oligopolistic structure and were erected to serve the commercial farming area. Not only participation of communal farmers should be ensured but possibly more firms need to be encouraged to enter into marketing. Recently red line or veterinary cordon fence is removed with a view to enhance the participation of Northern Communal areas in the market. Since the uniformity of the prices is already guaranteed by the Government and implemented by Meatco in Northern Communal Areas the removal of this fence may have only marginal impact if at all. Similarly the Land Bank has started its operation to facilitate the purchase of commercial farms by those having some reasonable amounts of stock in the communal areas. Given the conditions that persons owning large stock can avail this facility, the very poor and those lying at the margin of subsistence virtually may not derive any benefit.

(b) AFFIRMATIVE ACTION.

Namibian Constitution empowers the parliament to enact legislation "for the advancement of persons within Namibia who have been socially disadvantaged by past discriminatory laws and practices" Similarly to balance the structure of the Civil Service, Police as well as Defence services was also laid down in the Constitution. The balanced structure according to Public Service Commission meant, equitable representation of different groups in accordance with population distribution in various organs of the Public Service. Further articulation of Affirmative Action Policy has yet to take place. In fact neither the modalities have been clearly spelt out nor the denotations and connotations have been neatly demarcated.

A detailed layout and specifics are required to have an implementable policy under Affirmative Action. The objectives and targets more or less being time related need to be identified as well quantified to the extent possible. This in turn needs a fair amount of knowledge of the level of deprivation and discrimination and isolation of the groups or classes to be elevated through the implementation of this programme. Employment status particularly the composition of various occupational categories in terms of different classes or groups, in this respect, need to be documented and monitored overtime.

In case of Public Services currently available information indicated that the share of disadvantaged group in management cadre was 68% in October 1992. Data regarding certain important sector such as Education, Health, and Police are not included in this division. Still it can be concluded that approaches towards having a balanced structure in the public service have been made. Similar information pertaining to private sector is simply not available. An Establishment Survey currently being carried out by MLMD under an I.L.O project does solicit this information from the establishment. Resistance by establishments and employers to part with this information has been experienced by MLMD. Persistent efforts, however through visits and contacts with large employers have resulted in some improvement in the coverage of the survey particularly of large sized establishments. The data are being processed at present.

In order to have some idea regarding occupational composition, data on few large sized (with 100 or more employees) establishments, two parastatal and a Government Ministry are presented in Table no. 8 Although the findings can not be regarded as total or fully representative in statistical since, yet this may approximate the real situation. It may be added that total number of employees covered in this table are around 15000, two thirds under private sector, and the

TABLE NO. 8

OCCUPATIONAL DISTRIBUTION BY BLACK, COLOURED + WHITES

SELECTED FIRMS.

(PERCENTAGE)

OCCUPATION	PRIVATE SECTOR				PARASTATAL				A MINISTRY OF GOVERNMENT			
	W	C	B	N.N	W	C	B	N.N	W	C	B	N.N
MANAGERS	32	10	10	48	66	8	9	17	50	-	50	
PROFESSIONAL	23	16	29	32	68	7	14	11	21	18	48	12
ASSOCIATE PROFESSIONALS TECHNICIANS	32	24	26	18	47	13	31	8	30	15	40	15
CLERICALS	23	45	27	5	51	20	24	5	10	25	65	-
SALES + SERVICE WORKERS	4	16	77	3	26	22	49	3	-	-	-	-
SKILLED AGRICULTURE		18	82	-	-	-	100	-	-	-	-	-
CRAFTS + RELATED WORKERS	9	10	71	10	18	25	54	3	-	-	-	-

PLANT + MACHINE OPERATOR	+	8	91	-	20	26	51	3	50	-	50	-
ELEMENTRY UNSKILLED	-	8	92	-	2	9	88	1	-	-	100	-
ALL OCCUPATIONS	10	15	68	7	22	15	60	3	19	15	61	5

NOTE: W = White

B = Black

C = Coloured

NN = Non - Namibian

SOURCE: PRELIMINARY TABULATIONS OF SELECTED FIRMS OF THE ESTABLISHMENT SURVEY 1992.

remaining in parastatal and the Government.

The percentage share of blacks in various occupational categories is reflective of their predominance in blue colour and unskilled jobs with low participation as managers (10%) or professionals (29%). Interestingly the above picture indicates a better representation of blacks as Managers and Professionals in private sector than the situation obtained in Parastatals. Overall in the non-governmental formal sector employment the share of blacks appears to be less than 25% in the white color occupations while around 10% in the management. Given the policy emphasis on employment promotion to alleviate poverty and to redress the past imbalances upward mobility along the occupational hierarchy of those discriminated in the past is important for achievement of the equity.

The occupational mobility in turn requires expansion and compositional shift on the demand side, wherein relatively more professional jobs are created. On the supply side efforts are needed to equip the disadvantaged groups with necessary education and skill to qualify for these positions. These broad changes are likely to facilitate the achievement of the objectives of the Affirmative Action. Existing approaches need to be systematised with clear objectives, modalities, and be made transparent in order not to let the programme being misused. Experience of other countries can be used a relevant guide in this respect, however there is a need to keep in view the distinctive feature of Namibian Affirmative Action which is meant for the majority not the minority as may be the case elsewhere.

(c) SOCIAL SECURITY

Namibian Government inherited a variety of social protection schemes. These include Workman Compensation, Social Pension Schemes, Pension Schemes for Judges and National Assembly

members, Children Allowances and medical aid schemes for Government employees. Most of these were inherited from the South African Administration. Since most of these protective measures were introduced prior to independence their consistency with existing policies and relevance to the needs could be questioned.

Workman Compensation Scheme covers all employees excepting domestic and casual employees and provides compensation for employment injury or occupational disease. Under the scheme medical expenses, compensation due to temporary incapacity and pension benefits for permanent disability are provided. Annual contributions from employers constituted the source of financing a fund administered by the Commissioner of workman compensation. Employees approach directly to the Fund and not to employers for compensation. During 1990-92 period approximately 6 Million Rand were paid to 18000 employees. Coverage of this scheme is regarded to be less than complete wherein many employers do not comply with the requirements.

Under the Social Pension Schemes provision for pensions are laid for females of 60 years or over and male 65 years or over in addition to permanently disabled. Entitlements, though means tested, prior to independence were specific to ethnic groups. Thus social pensions prescribed were R382 for whites, R192 for coloured, R150 for bastards and from R65 to R85 for blacks depending on the locality. Changes, have been introduced since Independence. New monthly pension amount has been set at R120. The means tests have been suspended which is not explicable because the likelihood that a gainfully employed or otherwise well to do may receive social pension can not be ruled out. For the financial year 1991-92 R117.5 Million were spent on social pension scheme which worked out to 1.8% of GDP. Around 84000 persons in March 1992 were receiving social pensions.

In addition to Social Pension Schemes the Ministry of Health and Social Services also administers the payment of children's allowances and grants, under the children Act of 1960. Under this act female headed household with children and no male breadwinner are eligible for maintenance grants. In March 1992 about 2400 grants wherein R 110 were paid on the average per month. Government institutions Pension Fund and some non-statutory schemes are also in operation.

(d) HOUSING

Nearly all the towns reflect the marginalisation of black people in terms of settlement and housing. The disparities are quite visible and pronounced with marks of all pervading duality. Modern structures and houses well furnished for minority coexist with "match box" type houses for the majority. The Namibian Government thus identified shelter and human settlement as a major development priority. A new Ministry of Local Government and Housing was established to provide basic services and housing to the disadvantaged people. The Ministry carried out a needs assessment survey in 1991 which indicated that around 78000 families in urban areas live in 33000 formal units - a shortage of 45000 units.

The National Housing Policy approved by the Cabinet in 1991 provides a broad framework for actions to be taken to meet the requirement. The policy is suggestive of a role of facilitator for the Government wherein the need for a partnership between public, semi public and private sector is underlined in the policy. The constraints identified in meeting the housing needs are affordability, processes involving planning and survey, less rational municipal service charges and, shortage of professional and technical staff.

Build Together Programme probably appears to be the most significant achievement in the housing sector. An allocation of Rand 25 Million by the Government for 1992-93 year in

addition to Rand 30 Million by National Housing Enterprise will be invested. It is a national programme covering both urban and rural areas and being carried out under the National Shelter Strategy. Donor contribution will supplement the national efforts. The programme is currently under implementation in 20 urban and 8 rural areas. The Government support in these endeavours comprises of provision of credit, availability of services and streamlining the procedures. The implementation is decentralized and devolved to local community which carries out planning and recovers the loan as well as monitors the programme. Loans are provided for purchase of plots, installation of services and upgradation of houses. The amount of loans ranges from 1000 to 22500 Rand.

(e) INCOME DISTRIBUTION

Non-availability of information on household income distribution led many enquiries in the past to be confined to estimation of percapita GDP separately for whites and blacks using national income accounts data. Given the extreme economic dualism wherein race acted as an important associate of economic status this was more or less a valid approach. Thus for instance I.L.O mission report 1990 provided an estimate of inequality wherein whites (5% of total population) accounted for 70% of the GDP.in 1988.

Evidence on interpersonal income distribution is scanty. Ginnekin provided some information pertaining to mid 1970's. According to his calculation the poorest 40% of households received 5.9% of the total income while the wealthiest 30% of the population had a command over 79% of the income. He viewed that "extra-ordinary high income inequality is mainly due to income inequality between races. The Thiel income inequality between races (whites, coloured and black) is more than 60% of the Thiel index of total income inequality".

Few surveys conducted since independence provide some information on household income distribution. The Namibian Economic Policy Research Unit (NEPRU) conducted a national sample survey on "Socio-Economic Conditions and Attitudes to the Land Question" in March 1991. A sample of 840 household was drawn from the total population using a random stratified cluster sampling.

The information pertaining to household income, according to the authors of the report, based on this survey suffer on two counts. Firstly the household production consumed at home is not included and secondly the response error on the part of the respondents particularly landowners in commercial farming area wherein the cash income is underestimated.

Given these limitations of data, a GINI index of 0.654 is estimated on the basis of this Survey. The bottom 70% of the households earn less than 20% of the total household income. While 11% of the household did not report any cash income, an additional 30% earn less than Rand 2000 per year. In contrast the 10% household lying at the top of income distribution scale earn over 24000 Rand per year. Household income distribution by regions similarly yields contrasts. Average household monthly cash income for communal area is estimated to be Rand 375 in comparison to 813 for the whole sample and R 2125 for urban areas. Average monthly income of landowners (R 1856) being less than the urban average may be due to the response error and presumably over representation of richer households in urban sub-sample.

Namibian Institute of Social and Economic Research (NISER) conducted in March 1991 a survey of Katutura, a black township in Windhoek. A representative sample of households living in twenty three residential communities was drawn. The mean family income was found to be R 1037 per month. Considerable variation around this mean is indicated by the standard deviation (R 955). In fact there is a wide range of family

income; the lowest being R320 in comparison to R3047 on the top. This survey is suggestive of a perceptible level of inequality among the blacks.

(f) WAGE STRUCTURE.

Precise estimation of wage structure in terms of levels and differentials by occupations, industry or education is precluded by variety of factors. Foremost problem in this respect being near absence of data on wages and salary levels. Information by some private consultants is the sole source of information. These data are however of limited quality, not only the coverage is inadequate but salaries of some important categories such as top management are not reported. In addition plethora of fringe benefits being firm specific and having a positive association with salary level are not reported. Keeping these caveats in mind the Table no: 9 represents the wage structure based on information collected by a private consultant from 50 large sized establishments in December 1992.

There seems to be a good premium for experience. In fact compared to a worker with little or no experience those having over 5 year experience get their salary quadrupled at skilled and semi-skilled level. In case of managerial and supervisory personnel this approximates to the factor of two. Similarly one finds a substantial rise across successive skill categories. For instance an unskilled with less than two years experience gets a monthly wage of R455 which is 60% of semi skilled and around 20% of the supervisory staff.

Average wages cross-classified by industry and occupation for a few selected firms/establishments covered in the Establishment Survey conducted by MLMD is provided in Table No. 10 In an inter-industrial comparison the Mining Industry emerges to be the best pay master. In occupational Comparison Managers in terms of salary top the ranking in Government

TABLE NO. 9

**MONTHLY WAGES BY SKILL/OCCUPATION (PRIVATE SECTOR).
NAMIBIA DECEMBER 1992 (RANDS).**

SKILL/ OCCUPATION	EXPERIENCE					
	0 - 2 YEARS		2 - 5 YEARS		5 PLUS YEARS	
	MIN	MAX	MIN	MAX	MIN	MAX
TOP MANAGEMENT	NA	NA	NA	NA	NA	NA
SENIOR MANAGEMENT	6505	NA	9069	NA	12250	NA
MIDDLE MANA- GEMENT AND PRO- FESSIONALS	3879	4112	5618	6031	7148	7710
SUPERVISORY SKILLED AND JUNIOR MANA- GEMENT	2187	3207	3166	4526	4008	5657
SEMI-SKILLED	716	1744	1448	2313	1979	2931
UNSKILLED	455	829	712	1180	1070	1899

SOURCE: JOBS UNLIMITED. SALARY SURVEY 1992/93.

employment. It must be noted that salaries of the top managers are generally not reported by private sector firms. Unskilled worker's wages range between 220 Rand in Agriculture to 1387 Rand in Mining. A public/private sector comparison is indicative of lower wages for unskilled and semiskilled in the public sector than in the private sector. At the apex of the occupational hierarchy the balance appears to be in favour of Government employees. The wage structure merits further investigation based on more detailed and adequate information.

In the absence of additional information on fringe benefits and salaries of the top management in the private sector it is difficult to give a precise estimate of lowest to highest ratio. In case of Government employment it is guestimated to be 1 to 25, which may be only slightly different than the private sector. However, the plight of agriculture worker earning less than half of the unskilled worker elsewhere is simply obvious.

During the past three years the real wages may have declined. National Accounts Data contain information on employee compensation for the country as a whole. In constant prices of 1985 this has hardly experienced a gain implying stagnation and decline unless one assumes that total number of employees may have declined. The salary survey discussed above reflects that only 22% of the firms granted a pay rise of over 15% in 1992 while 25% of the firms raised the salaries by less than 10% Inflationary impact on the wages hardly seem to have been neutralized by these raises on the average.

POVERTY

In a regime of declining real wages and overall stagnation unaccompanied by any perceptible curtailment in the income inequality it hardly seems likely that major advances on the front of poverty alleviation were made. The Transitional National Development Plan reflects that the poorest 55% receive merely 3% of National Income. Nearly three fourths of these poor reside in rural areas depending on subsistence agriculture and wage employment in commercial farming. One fourths of the poor live in urban areas, which are reported to be having a better living standards than their rural counterparts. A study conducted by International Fund for Agricultural Development (IFAD) on the Northern Communal area suggests that over 50% of the families do not own any cattle. Furthermore a social stratification according to wealth ranking provided in this study indicates that over 90% of the households are either poor or less poor but not rich.

TABLE NO. 10

AVERAGE MONTHLY WAGES BY OCCUPATION (SELECTED FIRMS)

RAND PER MONTH

OCCUPATION	FARM	FISH PRO- CESS- ING	MANU- FAC- TURE	MINING	SUPER MARKET	HOTEL	CONS- TRUC- TION FIRM	TRANS- PORT	BANK	MINI- STRY	PARAS TATAL
MANAGERS	-	8687	-	9022	3021	-	-	5465	5891	9176	8596
PROFE- SSIONALS	-	-	-	4863		1650	9136	5446	-	4244	4332
TECHNI- CIANS AND ASSOCIATE PROFE- SSIONALS	-	2356	2370	4145		1470	7189	3803	3697	3627	2945
CLERICAL	-		1161	2511	1228	1425	2055	2817	1812	2091	2541
SERVICE WORKERS	-		1591	2297		876		2037	-	-	1426

AGRICUL- TURE WORKER	-	731	-	-	-	-	-	-	-	-	914
CRAFTS + RELATED WORKERS	-	4013	2608	3162		-	2788	2608	-		1510
PLANT + MACHINE OPERATOR	-		1034	2114		-	2812	2114	1518	1317	1550
UNSKILLED AND ELEMENTARY	223	1117	1156	1387	762	658	412	1403	1110	690	768

SOURCE: ESTABLISHMENT SURVEY 1992.

-: NOT AVAILABLE

SECTION 4

CONCLUDING REMARKS

In the wake of global recession Namibian economy, a highly open and trade dependent, managed to register a positive GDP growth during 1990-92. The rate of growth being meagre coupled with the deteriorating terms of trade the percapita income of population growing at 3% per annum however declined. Excepting the 1992 when budget deficit soared (8% of the GDP) generally fiscal prudence has been adhered too. Of course Namibia experienced double digit inflation more or less replicating the picture obtained in Republic of South Africa (RSA) the major source of imports as well as exports which specifies monetary policy and trade regime for Namibia too.

During the past three years the regime has been engaged in setting up an administrative structure, devising a range of policies and putting new institutions and structures. The modus operandi generally has been to achieve consensus through dialogues, open discussions, a characteristics of free, democratic and participatory society. In order to achieve the developmental objective incentives for the private sector were designed too. The Government expenditure has been prioritized towards the social sectors like health and education, thereby improving the access of the disadvantaged and hitherto neglected sections of the society.

An important, though unpleasant, question at this stage pertains to relevance and sufficiency of the current approaches to economic development to achieve the professed objectives of alleviation of poverty, reduction in inequality and curtailment in the joblessness. Admittedly it is difficult to provide a categorical answers to this query particularly given the uncertainty of the future course of history in R.S.A, a dominant trade partner of Namibia. The likelihood however that the present development strategy even under

optimistic conditions may be able to address the above mentioned problems only marginally can not be ruled out. In fact the existing approaches imply a long route for improvement in equity, poverty and unemployment in the context of Namibia while the gravity of situation calls for urgent attention.

The existing income inequalities reflected by a GINI index of 0.65 can hardly be improved with out imparting re-distributive mould to productive structure, narrowing the wage spread and injecting progressivity into the fiscal measures. Understandably the Government can not opt for full scale land reforms given the constitutional guarantees, still the present practices of enabling relatively influential or rich individuals belonging to disadvantaged group through Land Bank credit facilities or permission of fencing the communal raea to become a commercial farmer or land lord needs revision, as it accentuates duality rather than demolishing it. Formation of cooperative farming societies comprising of many landless to be settled in available land in commercial area merits consideration. Similarly private fencing in the communal farming area needs to be checked.

Narrowing of gap between the disadvantaged and privileged should also be the focus of Affirmative Action. The intent of the policy measures under this programme can be achieved only through enabling the disadvantaged climb up the occupational ladder in the labour market. Excepting the public service the representation of blacks in the management is very low in private sector as well as in parastatal. While parastatals can be subjected to some quota arrangements over a given period of time, suitable package of incentives such as rebate in taxes, and preference in the award of governmental contracts for private sector may be considered. These measures need to be accompanied by efforts to equip the disadvantaged with necessary academic background, skill, and training to qualify for those jobs. Affirmative Action policies need to be clearly

spelt out and transparency be ensured in the implementation in order to avoid the risk of them being misused.

No firm data on level of poverty are available, however, the informed judgements are suggestive of wide spread poverty in the communal farming area, among the farm workers in commercial farm area and low wage employees as well as informal sector operators in the urban areas. Existing measures aimed at improving the productivity in communal areas through extension services, easy input availability, diversification and commercialisation of communal agriculture need to be continued with added emphasis and urgency with a view to ensure the participation of those at the bottom of status and income ranking. Wages in the commercial farms appear to be anything but comforting. Necessary information on wage payment practices, level of compensation and working conditions need to be documented to suggest appropriate legislative measures.

The 1991 Population and Housing Census provides the number of unemployed to be almost 100 thousands or 20% of labour force. In addition Labour Force Sample Survey conducted in 1991 suggested a massive prevalence of underemployment in rural areas particularly among females. According to some estimates formal sector must register a growth rate of 18% per annum to achieve full employment by the year 2000. One may question the precision of estimate but it clearly reflects the magnitude of the unemployment problem as well as incapacity of the formal sector to create sufficient number of job opportunities.

Creation of employment opportunities to have a perceptible impact on the existing unemployment would call for a search and assessment of potentials in all sectors of the economy, as well as influencing the choice of technology, projects and product through suitable policies. In addition to encouraging the promising sectors such as fisheries and tourism, the employment situation requires development of other branches of

activity having prospect for job creation.

In this context there is a need to explore the possibilities of developing the small and medium scale manufacturing units through active encouragement and participation of the government. The government may provide risk capital as well as create a proper and conducive atmosphere while simultaneously maintaining the developmental tempo in other sectors. Given the limited domestic market large sized establishments in manufacturing hardly appear a possibility, the small and medium sized manufacturing units both for exports as well as domestic market need to be identified and established which will have the potentials to absorb the unemployed. Household consumer goods, leather products, garments and light engineering products could be regarded as the candidates for manufacturing. The growth in manufacturing sector will have a positive effect both on tertiary sectors as well as on the informal sector. Development of the manufacturing sector not only will require an encouraging package of macro-economic policies but guaranteed availability of skills in the country too.

Thus technical and vocational training in the overall context of Human Resource Development constitutes an important undertaking. In fact the existing conditions underscore the need to accord top priority to human resource development. Not only is there a need of the qualified and trained persons to improve the managerial and technical capacity of the public services but the shortage of skilled labour force can hamper the initiatives undertaken in other sectors too. A co-ordinated and well focused human resource development programme needs to be embarked upon. There is however a need to keep a broad balance between the demand and supply of skilled manpower in order to avoid subsequent under utilization of the skilled.

A meticulous investigation of the costs and benefits of the existing trade relations under SACU which keeps Namibia from having any influence over tariff structure is needed. It must be noted that through SACU, Namibian producers enjoy a duty-free access to South African Market and considerable revenue from custom receipts accrues to Namibia. In this cost/benefit calculus wide ranging possibilities and their implications need to be reckoned. For instance the ramifications, of free democratic RSA opting for free trade, for Namibian beef exporters, consumers at large and particularly on the revenue of the Government must be anticipated.

The imbalance between revenues and expenditure of the government for this year is a source of concern. The structure of revenue is reflective of the importance of SACU, an uncertain element, and modest scope of further rise in rates of taxation both direct as well as indirect without having adverse effects on goodwill of general public and on incentive structures for private sector initiatives. The burden of adjustment will therefore fall on expenditure though some improvements may be possible through better tax administration, tapping new source for revenue such as recovery from the wealthy segment of the population of public services and introduction of land tax.

Public sector employee compensation constitutes the largest item accounting for nearly half of the total expenditure. Both the existing size of the public employment and wage structure needs re-examination. To the extent the existing wage structure may be out of line with neighbouring countries and enables the government to cream off the talent from private sector the corrective measures appear to be in order. If Namibia has to attract foreign investment and to embark upon a programme of small and medium sized manufacturing development the cost competitiveness particularly of labour can hardly be ignored. Furthermore possibilities of commercialising the governmental operations wherever feasible may be examined. It

may be added that with the introduction of Namibian Dollar and independent monetary policy the importance of a prudent fiscal policy will be enhanced.

Whilst the government as a foremost priority already put in place an Administrative set up which was badly needed, the civil service currently however is a mixture of old reactionaries and new untrained political appointees resulting into lack of capacity for management, planning and implementation of the programme. Owing to revenue constraints it is difficult to hire new and better suitable qualified staff. Handshake policies for the retirement of the old and short term job specific training programmes for the newly hired may be considered.

Namibia is a highly politicized society which often complicates the task of development. Admittedly the opposition is weak and can hardly pose a challenge to the government. Resurgence of ethnicity however, as this is how people generally align themselves, can hardly be ruled out unless SWAPO government can deliver and deliver to all.

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APPENDIX

TABLE NO. 1

GROSS DOMESTIC PRODUCT BY SECTOR (PERCENTAGES)

	1985	1989	1990	1991	1992
a. COMMERCIAL AGRI	6.1	42.7	35.6	33.5	31.7
b. FISHING	1.3	9.4	9.3	8.9	7.8
c. FISHING	2.4	1.9	2.2	2.3	2.3
d. MINING OF WHICH	35.0	30.0	22.6	20.7	20.1
(DIAMOND)	(13.3)	(15.50	(11.6)	(13.5)	(13.2)
SECONDARY SECTOR	9.2	9.5	10.5	10.2	10.3
MANUFACTURING	4.0	4.4	4.8	5.1	5.1
FISH PROCESSING	0.6	1.0	1.3	0.6	1.0
CONSTRUCTION	2.7	2.4	2.4	2.4	2.2
ELECTRICITY, WATER	1.9	1.7	2.0	2.1	2.0
TESTIARY SECTOR	46.0	47.8	53.9	56.0	58.0
TRANSPORT+COMMUNICATION	5.2	5.8	6.7	6.9	7.0
TRADE, HOTELS	10.7	11.6	12.7	12.7	12.2
FINANCE + REAL STATE	6.7	6.7	7.7	8.0	8.2

Table No. 1 Continued

COMMUNITY + SOCIAL	5.2	5.8	6.7	6.9	7.0
GOVERNMENT	18.8	19.1	21.5	23.2	25.2
OTHERS	2.8	2.8	3.2	3.2	3.3
GDP FACTOR COST CURRENT PRICES MILLION RAND	2653	4604	4762	5301	6007

SOURCE: MINISTRY OF FINANCE ECONOMIC REVIEW 1993

NOTE: 1. NATIONAL ACCOUNTS DATA HAVE BEEN REVISED AND ARE STILL TENTATIVE.

2. THE DATA FOR 1991 AND 1992 ARE PRELIMINARY ESTIMATES.

3. THE GDP AT CURRENT PRICES IS USED TO WORK OUT SECTORAL COMPOSITION.

APPENDIX TABLE NO. 2

ACTIVITY RATES BY SEX TOTAL COUNTRY, URBAN + RURAL AREAS 1991

	ALL COUNTRY			URBAN AREAS			RURAL AREAS		
	BOTH SEX	MALE	FEMALE	BOTH SEX	MALE	FEMALE	BOTH SEX	MALE	FEMALE
ACTIVITY RATES AGE 10 YEARS AND ABOVE	49.4	57.9	41.6	55.0	65.6	44.0	46.4	53.2	40.4
ACTIVITY RATES AGE 15 YEARS AND ABOVE	58.4	68.6	49.0	63.2	74.7	50.1	55.6	64.4	48.1

NOTE: URBAN/RURAL DISTRIBUTION IS BASED ON THE DISTRICT LEVEL DATA INITIALLY RELEASED BY C.S.O.

SOURCE: POPULATION CENSUS 1991

APPENDIX TABLE NO. 3

INDUSTRIAL COMPOSITION OF EMPLOYED

(% AGES)

INDUSTRY	TOTAL COUNTRY			URBAN			RURAL		
	BOTH	MALE	FEMALE	BOTH SEX	MALE	FEMALE	BOTH SEX	MALE	FEMALE
AGRICULTURE, HUNTING, FORESTRY+FISHING	48.2	45.0	52.0	4.6	5.0	4.0	73.3	73.3	73.3
MINING, QUARRYING	3.7	6.2	4.9	7.9	11.7	1.4	1.3	2.5	-
MANUFACTURING	5.8	4.9	7.0	7.4	8.4	5.8	4.9	2.5.	7.5
ELECTRICITY, GAS + WATER SUPPLY	0.1	1.3	-	1.4	2.0	-	-	-	-
CONSTRUCTION	4.7	8.2	-	0.6	13.3	-	2.5	4.6	-
WHOLESALE, RETAIL, REPAIR OF M/ VEHICLES, HOTELS+ RESTAURANTS	10.8	8.9	10.5	18.3	16.6	21.2	4.5	3.5	5.7
TRANSPORT, STORAGE+ COMMUNICATIONS.	2.4	3.6	0.7	5.5	7.4	2.3	0.5	0.9	-
FINANCIAL INTER MEDIATION, R/STATE,	2.2	2.3	1.9	5.3	4.8	6.0	0.3	0.5	0.1

Table No. 3 Continued

PUBLIC ADMIN, DEFENCE, SOCIAL SECURITY	6.9	10.0	2.9	13.7	17.0	8.0	2.9	5.0	0.6
EDUCATION	5.6	4.0	7.8	7.8	4.5	13.5	4.4	3.7	5.3
HEALTH+SOC.WORK	2.7	1.5	4.2	5.5	2.4	10.6	1.1	0.8	14.4
PRIVATE H/HOLDS WITH EMPLOYED PERSONS	5.5	7.1	10.4	9.9	3.0	22.1	2.9	8.4	5.1
OTHER COMMUNITY, SOCIAL+ PERSONAL SERVICE ACTIVITIES EXTRA-TERRITORIAL ORGANISATION	1.6	1.8	1.4	3.6	3.5	3.7	0.5	0.7	0.3

SOURCE= POPULATION CENSUS 1991

APPENDIX TABLE NO.4

EMPLOYED (10 YEARS PLUS) BY MAJOR OCCUPATIONS.

(PERCENTAGE)

OCCUPATION	TOTAL COUNTRY			URBAN AREAS			RURAL AREAS		
	BOTH SEX	MALE	FEMALE	BOTH SEX	MALE	FEMALE	BOTH SEX	MALE	FEMALE
ARMED FORCE	1.7	3.0	0.1	2.6	3.9	0.4	1.2	2.3	-
LEGISLATOR MANAGER	2.3	3.3	1.1	4.7	5.9	2.7	0.9	1.5	0.3
PROFESSIONAL	2.9	2.5	3.3	5.6	4.6	7.5	1.3	1.1	1.4
TECHNICIAN & ASSO- CIATE PROFESSIONAL	5.2	4.6	5.9	9.0	7.5	11.7	0.3	2.6	3.4
CLERICAL	4.5	2.9	6.5	10.8	6.0	19.0	0.8	0.6	0.9
SALES + SERVICES WORKERS	8.8	7.7	10.2	15.4	13.1	19.3	5.0	3.9	6.1
AGRICULTURISTS	38.0	28.6	50.2	3.2	3.1	3.4	58.3	46.5	71.0

Table No. 4 Continued

CRAFTS + RELATED	11.4	15.4	6.3	7.5	25.5	3.7	7.9	8.3	6.9
MACHINE PLAN + OPERATOR	3.5	6.2	0.1	6.9	10.7	0.2	1.6	3.0	-
UNSKILLED ELEMENTARY	21.3	25.6	15.9	24.0	19.5	31.7	19.8	29.8	8.9
NOT STATED	0.1	0.1	0.2	0.2	0.2	0.2	0.1	0.1	0.1