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Bertil Odén
Henning Melber
Tor Sellström
Chris Tapscott

Namibia and External Resources
The Case of Swedish Development Assistance

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Foreword

Namibia is a latecomer as an independent country in Africa. Its independence was delayed by the South Africa occupation, which eventually ended in 1990. The legacy from the long period as a de facto fifth province in apartheid South Africa—governed by a South African administrator general or a so-called “government”—is still strongly felt, although important attempts to change the inherited structures have been embarked upon. The dual and colonial economic structure still dominates and South African interests can be estimated to control around 40 per cent of the total production. One positive feature of the heritage is that physical, economic and administrative infrastructure is of a much higher standard than in the average SSA country, although selectively covering the modern, mostly white-owned, part and areas which were of importance to the South African armed forces during their war against Angola.

The policy of the Namibian government since independence can be characterized with the words reconciliation and to a lesser extent restructuring, although the two are partly contradictory. If too much emphasis is put on restructuring, the main aim of reconciliation, which is to keep the whites happy in order to keep up the production and avoid collapse of infrastructure etc., may be threatened.

Before independence SWAPO was supported by the UN, a number of bilateral aid agencies and many NGOs. Occupied Namibia received budget support from South Africa. After independence Namibia has received development aid not only from the former SWAPO supporters but also from other bilateral and multilateral sources. The country has however not yet reached a stage where aid dependency should create serious distortions on government policy or administration. And this should not be necessary in the future either. Features of aid dependency may still develop if special Namibian and aid donor interests are allowed to grow without control.

This Research Report contains two studies on Namibia and development aid, focussing on Swedish aid. They were originally commissioned by the Swedish International Development Authority, SIDA, and are here published in slightly revised form. The first study Namibia. Macroeconomics, Resource Distribution and the Role of Aid, by Bertil Odén at Nordiska Afrikainstitutet (Scandinavian Institute of African Studies) contains a macro-economic analysis specially focusing on resource and income distribution issues, aid management and the possible role international aid may play in the future Namibia. The second study Swedish Assistance to Namibia: An Assessment of the Impact of SIDA, 1990–93, by Henning Melber and Tor Sellström from the Namibian Economic Policy Research Unit (NEPRU) and Chris Tapscott from the Multidisciplinary Research Unit, Social Science Division, University of Namibia, focuses as its title suggests on the impact of Swedish assistance.
Together the two papers hopefully give the reader some inputs to the ongoing discussion on the pros and cons of aid. The material conditions in the case of Namibia are such that the country should be able to avoid the aid dependency traps, and hopefully neither the Nambian government nor the aid donors will be instrumental in pushing the country into such a direction.

This Research Report is also the first in a series of publications related to the Aid Effectiveness research programme, which Nordiska Afrikainstitutet is carrying out together with a number of international aid related research institutions.

Uppsala, April 1994

Lennart Wohlgemuth
Director
1. MACRO-ECONOMIC FRAMEWORK

Namibia is the third most sparsely populated country in Africa (after Western Sahara and Botswana) with an average population density of only 1.5 people per square km. According to the census in 1991, the total population (excluding Walvis Bay) was around 1.4 million, and the annual growth rate 3.05 per cent. Around one third of the population lived in urban areas and two thirds in rural areas. Around 45 per cent of the total population inhabit Ovamboland. Adding Kavango and Caprivi regions in the North increases the figure to around 60 per cent, while the Windhoek area has 10 per cent.

The political and economic legacy at independence was strongly affected by the long South African occupation. The territory was for all practical purposes treated as a fifth province of South Africa. Therefore many institutions and administrative systems were apartheid-based and had to be restructured to be able to serve an independent, democratic country, among them public administration, health and education. Parts of the apartheid legislation had already been reformed before independence, but many rules had still to be changed. Preparation for and implementation of institutional reforms have therefore been an important issue for the new government since independence.

The structure of Namibia’s economy is colonial and dual, and to a large extent controlled by South African interests. The foreign trade pattern is the common colonial one, with exports of minerals, fish and meat mainly in relatively unprocessed form and imports of both capital and consumer goods. The linkages from export production to the rest of the economy are limited. At independence the previously important fish resources were extremely depleted due to considerable overfishing. The domestic market is very small and demand is low, partly due to the very uneven income distribution. The consumption pattern of the upper and middle class inhabitants of Windhoek is import-intensive.

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1Many thanks go to the staff of the Namibian Economic Policy Research Unit, NEPRU, and the Swedish Embassy/SIDA Office in Windhoek. I am also grateful for constructive comments on a previous draft by Hans Abrahamsson, Tore Linné Eriksen, Bertil Högbärg, Lena Moritz and Anders Nilsson.
Main production sectors of the economy are export-oriented mining, principally diamonds and uranium, export-oriented agriculture, mainly cattle and karrakul sheep, and fishing. The economy is very open, exports of goods and services average 65 per cent of the GDP. Forward and backward linkages in the economy are weak, and the country is a good example of the classical colonial “dual economy”. South African interests are estimated to control around 40 per cent of GDP. About half the population depends on subsistence farming, estimated to produce only around 3 per cent of the GDP. Their major sources for cash income are pensions and remittances. Economic development is sensitive to external factors, particularly world mineral prices. Vulnerability to drought is another major handicap, affecting the food self-sufficiency ratio which often is low. Namibia is sometimes considered a country suffering under irregular drought periods. It is more to the point to consider it a country under permanent drought, sometimes benefitting from irregular rain periods.

1.1. National accounts

Table 1.1 shows GDP by sector 1986 and 1991–1993. As can be seen the primary sector contributed 44 per cent of total GDP in 1986. This share had fallen to 29 per cent in 1993. The secondary sector has increased slightly during the period, generating around 11 per cent in 1993, with manufacturing including fish processing recorded at 6.5 per cent. The share of the tertiary sector increased from 46 to 60 per cent of GDP, mirroring the decline of the primary sector, and a significant expansion of the government administration, which is the most rapidly increasing sector, during this period.

Table 1.1. Gross Domestic Product by sector (factor cost, current prices)

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</thead>
<tbody>
<tr>
<td></td>
<td>Rm</td>
<td>%</td>
<td>Rm</td>
<td>%</td>
<td>Rm</td>
<td>%</td>
<td>Rm</td>
<td>%</td>
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<tr>
<td>Primary sector</td>
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<tr>
<td>Commercial agriculture</td>
<td>194</td>
<td>6.4</td>
<td>472</td>
<td>8.9</td>
<td>466</td>
<td>7.8</td>
<td>510</td>
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<td>Subsistence agriculture</td>
<td>40</td>
<td>1.3</td>
<td>85</td>
<td>1.6</td>
<td>88</td>
<td>1.5</td>
<td>95</td>
<td>1.5</td>
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<tr>
<td>Fishing</td>
<td>41</td>
<td>1.4</td>
<td>123</td>
<td>2.3</td>
<td>138</td>
<td>2.3</td>
<td>184</td>
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<td>Mining</td>
<td>1,061</td>
<td>35.3</td>
<td>1,099</td>
<td>20.7</td>
<td>1,208</td>
<td>20.1</td>
<td>1,043</td>
<td>16.3</td>
</tr>
<tr>
<td>of which:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Diamond mining</td>
<td>464</td>
<td>15.4</td>
<td>720</td>
<td>13.6</td>
<td>796</td>
<td>13.6</td>
<td>626</td>
<td>9.8</td>
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<tr>
<td>Secondary sector</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
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</tr>
<tr>
<td>Manufacturing</td>
<td>132</td>
<td>4.4</td>
<td>270</td>
<td>5.1</td>
<td>306</td>
<td>5.1</td>
<td>345</td>
<td>5.4</td>
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<tr>
<td>Fish processing</td>
<td>34</td>
<td>1.1</td>
<td>34</td>
<td>0.6</td>
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<td>69</td>
<td>2.3</td>
<td>127</td>
<td>2.4</td>
<td>137</td>
<td>2.3</td>
<td>158</td>
<td>2.5</td>
</tr>
<tr>
<td>Electricity &amp; water</td>
<td>54</td>
<td>1.8</td>
<td>109</td>
<td>2.1</td>
<td>122</td>
<td>2.0</td>
<td>136</td>
<td>2.1</td>
</tr>
</tbody>
</table>

Data in this section are mainly taken from Namibian government documents, such as the Economic Reviews, budget speeches and the Transitional National Development Plan, but also from the Economist Intelligence Unit’s document on Namibia and various articles.
Real GDP is estimated to have increased by 0.4 per cent in 1990, 3.8 per cent in 1991 and 3.5 per cent in 1992, which is slightly above the population growth in the two latter years. The strongest production increase has taken place in fishing and fish processing as a result of gradually increasing fishing quotas. The value of diamond production increased sharply in 1991 and continued to do so in 1992. However, from September 1992 the Central Selling Organisation, CSO, reduced purchases from producers by 25 per cent in an attempt to avoid price reductions on the world market, which means that a significant reduction is projected for 1993. The drought during the 1991/92 crop season reduced the agricultural sector production and low world demand reduced the uranium production. Real growth rates per sector 1989–1992 are shown in Table 1 in the statistical annex.

The dominance of diamonds for export earnings makes the economy vulnerable to changes in the world market for diamonds. One example is the Economic Review projection for 1993, where a decline of 1.9 per cent in total GDP largely depends on a projected decline of 21 per cent in the mining production as a result both of low prices in the world market and the CSO continuation of lower producers quota, although that was increased from 75 per cent to 80 per cent as per 1 May 1993. Other sectors are assumed to have a modest growth, with increases for commercial agriculture, fishing, fish processing, other manufacturing and in the tertiary sector.

For 1994 an increase of 7.7 per cent is projected, with an assumed recovery in the world diamond market, new uranium contracts for Rössing, and more than 30 per cent assumed increase of fishing and fish processing as the main growth factors.

If the estimates for 1993 are correct, average economic growth for the first five years since independence can be assessed as modestly satisfactory, although the vulnerability to external factors is clearly shown.

**Agriculture**

The agricultural sector production is dominated by around 4,200 commercial farms, mainly with livestock production on extensive grazing. Around
85 per cent of the agricultural sector contribution to the GDP comes from these farms, while around 120,000 families living on small scale, often subsistence agriculture and cattle-rearing, mainly on communal lands, contribute the other 15 per cent. Land in communal areas in principle cannot be individually owned. Grazing land may be used by any member of the community, while arable land is allocated to single households by traditional authorities. Many of the farming households are female headed and often have very low incomes and limited access to public services.

Commercial farming contributes around 16 per cent of export earnings. Under the Lomé Convention, Namibia has an exports quota on the EC market, but the main market for cattle exports is still South Africa. Before independence most of the commercial farms were owned by whites, many of whom were from South Africa. Many of the commercial farmers belong to the richest in the country. Around 34,000 farm labourers are employed on the commercial farms and their households belong to the poorest in the country.

The serious drought during the 1991/92 and 1992/93 agricultural seasons affected the communal land agriculture seriously and many families were dependent on drought relief. It also reduced the commercial grain production significantly, after a period of increased production. Due to the drought, sell-off of both cattle and small stock increased in the 1992/93 season in spite of low prices on the South African market.

The prospects for 1993 and 1994 are assumed to be moderately good with a slight increase of live-stock marketing and an improvement of the crop production both in the commercial and subsistence sectors due to improved climatic conditions. In the subsistence sector production increase is also due to improved access to extension and other services.

No serious attempts to change the inherited structure of the agricultural sector have been made, although the National Land Reform Conference in 1991 provided important inputs and the Technical Committee on Commercial Farmland on the basis of this material suggested concrete actions. (See further Section 3.4.)

**Fishing**

One of the first actions of the Namibian government after independence was to declare a 200 mile Exclusive Economic Zone, where foreign vessels have to obtain licences to fish and where quotas are regulated. A White Paper on policies for the fishing industry has been approved by the cabinet, aimed at sustainable fishing and based on a careful and gradual increase of quotas, allowing participation of responsible foreign enterprises and encouraging on-shore processing to create jobs for Namibians. An improved capacity to police the Namibian waters has made it easier to implement this policy.
The production value increased both in 1991 and 1992 due to both increased pelagic fish catches and increased landings of hake. While pelagic fishing is regarded as vulnerable to seasonal changes the trend of increased hake landing is supposed to be more stable, and also with more stable price prospects, although the prices were reduced during the first half of 1993. Lobster and crab catches have been low and are not expected to increase significantly. Substantial increases in hake catches and an increasing proportion of the catch being processed on-shore are expected for 1993 and 1994. Charter fees for foreign-owned vessels will gradually decrease as a result of the acquisition of locally owned and operated boats, which will further increase the value added in these industries. The increase is estimated to more than 35 per cent per year for fishing and 20 per cent in 1993 and 56 per cent in 1994 for fish processing, making these sectors the real rapid growers in the economy. These projections may have to be reduced due to lower hake prices. The replenishment of the fish stock has been quicker than initially envisaged and in the medium term perspective it is assumed that fishing and fish processing will continue to grow rapidly. Quotas for the 1994 season were increased by 25 per cent for hake and around 10 per cent for pilchard and horse mackerel. As fishing contributes around 3 percent of GDP, the total effects on the economy of its high growth rate should not be overstated.
Mining

The mining industry is still the most important sector in the Namibian economy, providing around 20 per cent of the GDP, which, however, is a considerable reduction from 35 per cent in 1986.

Diamonds provide two thirds of the mining sector value added and are very sensitive to world market development, of which the last few years give a good example, with a decrease in 1990 of 16 per cent, an increase in 1991 of 53 per cent, and in 1992 of 22 per cent, a projected reduction of 21 per cent in 1993 and an estimated moderate recovery in 1994. The medium and long-term prospects of diamond production are uncertain due to the marked changes in the diamond market, where the collapse of the Soviet Union and the increased smuggling from Angola have reduced the control of CSO. Development of diamond production is also important for government revenue. Tax and export duty in 1992 provided around 5 per cent of total government revenue.

The development of other mining since independence has been dominated by the rapid decline in production by Rössing Uranium, due to sanctions before independence, together with low demand on the world market and consequently also low prices. Uranium production in 1992 was almost 48 per cent below the level of 1990, with a critical impact on economic growth, employment, exports and public finance. As Rössing has been able to secure some new contracts from 1994/95, a certain recovery is expected from 1994. The medium term prospects are constrained due to the reluctance in most countries to construct new nuclear power plants.

The rest of the mining industry recovered slightly (+2.5 per cent) in 1992, after a three year period of decline. Small scale mining in Namibia is considered to have development potential and it is government policy to support this sector. If this policy is successful it may create a number of new jobs, but the effect on GDP growth will be limited.

Manufacturing

The manufacturing sector is small, unintegrated and concentrated on food processing. The domestic market is very small and competition from South African producers within SACU is strong. Government has produced a White Paper on Industrial Development, with the aim to promote both import substitution and export manufacturing. It strongly emphasises the role of direct foreign investment. So far its success has been modest, with the exception of fish processing. The production in fish processing has been oscillating with an over 60 per cent increase in 1990, a reduction of almost 40 per cent in 1991 due to poor pelagic fish catches, an increase of 10 per cent in 1992 and projected increases of 20 per cent in 1993 and as much as 56 per cent in 1994. Other manufacturing has shown a stable increase between 3 and 5 per cent per annum with a projected continuation of this trend into 1994. As manufacturing provides only around 5 per cent of total GDP its
total effect on GDP is limited, though its employment effects may be slightly higher.

The manufacturing sector will continue to be strongly dependent on South African economic policy. The ongoing shift towards a more outward-looking South African policy will reduce the protection of South African companies within SACU against competitors from overseas. Trade protection may also be less arbitrary, and the General Export Incentive Scheme may be restructured. With lower SACU tariffs, the protection of Namibian companies will also decline, at the same time as inputs for Namibian production will be cheaper.

Informal sector manufacturing is very limited in Namibia, partly due to the limited formal sector manufacturing to which informal or micro business manufacturing can be linked, and partly due to lack of tradition. A National Survey of the Informal Sector is under preparation by the Ministry of Labour and Human Resource Development.

**Construction**

Production in the construction sector has decreased slightly since independence but is projected to increase in 1993 and 1994, by around 5 per cent and 3 per cent respectively. Potential incentives to increased construction activities over the next few years are the municipal legislation which has been introduced allowing free-hold ownership and thereby collateral for housing loans in a number of urban centres in the northern part of the country, the expansion of fishing and fish processing in the Walvis Bay area, together with the agreement between Namibia and South Africa to return the area to Namibia on 28 February 1994, and the recently started oil explorations that may increase the demand for housing, goods and services in the Walvis Bay area. A critical issue which may restrict the expansion potential is the lack of an easily available water supply.

A pre-feasibility study of a new fishing harbour in Möwe Bay has been carried out. The main aim is to support pelagic fishing in the area. The investment costs of the harbour will be high, as will the infrastructural investments. In addition, if private capital can be mobilised for the construction of the harbour as such, which is not certain, the infrastructure investments in an area with no other infrastructure than the road along the coast will probably “crowd out” other important development budget projects for one or two years. The water supply issue will be even more critical than in Walvis Bay. The ecological effects in a very fragile area are unknown. With the Namibian ownership of Walvis Bay now settled in principle, Möwe Bay seems to be an unnecessarily risky project.

**Tertiary sector, except government administration**
In addition to the government sector, the private service sector is the one area which has shown steady growth over the past decade. Namibia has a relatively varied and sophisticated financial and other service sector, mainly catering for higher- and middle income earners in the private and public sectors. The tourist industry has expanded and has, according to the government, a considerable potential for further growth. Transport services have been highly regulated and dominated by the parastatal TransNamib. A White Paper on transport policy, focussing on deregulation, is under discussion and deregulation under way.

The share of the non government service sector has increased from 28 per cent in 1986 to 33 per cent in 1991 and 35 per cent projected for 1993. Transport and communication has experienced a stable increase of 3-4 per cent per annum, with the other sectors being stagnant.

Government administration

General government has increased its part of GDP from around 18 per cent in 1986 to more than 25 per cent projected for 1993. The number of people employed in the government sector (excluding parastatals) has expanded from about 44,000 in 1988 to about 63,000 in 1993. The 1988 figure seems to exclude the military sector and most of the police, while those two sectors are included in post-Independence statistics, which explains a major part of the difference. Table 11 in the Annex, however, shows that the increase from 1991 to 1993/94 is around 4,800, in spite of the reduction of around 2,300 as an effect of the transformation of Post and Telecommunication into a parastatal in 1992.

It is generally acknowledged that the current size of the civil service, which partly is explained by the legacy from the apartheid structures, is unsustainable. A rationalisation programme, ministry by ministry, has been initiated. A Public Expenditure Review in cooperation with the World Bank has been agreed upon, and is planned to take place in late 1993 and 1994. This issue is further elaborated in the section on public finance.

Fixed investment

The investment pattern in Namibia is not promising for the future. Gross domestic fixed investment in 1991 and 1992 was lower than any time since 1980, down at a level of 10–11 per cent of GDP (in constant 1985 prices). The drop was particularly marked in the private sector. Gross domestic savings have also declined. A major shift from consumption and savings abroad to domestic investment is an important prerequisite for increased growth in the future.

An investment incentive package for the manufacturing sector was launched by the government in May 1993. It includes inter alia a 50 per cent tax rebate on taxable income for five years, gradually phased out during the
following ten years, accelerated write-off provisions for buildings, concessional loans, and cash grants to cover export promotion and marketing expenses. It also includes incentives to use labour-intensive production methods.

It is however probable that potential foreign investors, especially in the manufacturing sector, have the whole SACU market in mind when they consider investment in the region, and that factors such as the political development and economic prospects in South Africa will be more important than marginal differences in the investment incentive packages between the individual SACU countries.

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Decisive factors for medium term economic development in Namibia are the world market for diamonds, the development of nuclear energy internationally, the political and economic development in South Africa, the climatic conditions in Namibia and the results of the recently started oil explorations. All these factors are outside the control of the Namibian government and public authorities, at the same time as they will affect important parameters such as the overall economic growth, the balance of payments and budget situation. The challenge for the government is to meet those external factors in a way which gives the optimal balance between growth and the much needed improvement of social services, human development and employment, in order to improve the standard of living for the more than one million Namibians estimated to live under the Primary Household Subsistence Level. (See Section 3.)

The short period since independence does not give a clear picture as to the degree of success of such a balance. However, inherited structural restrictions have not yet been confronted by government activities and the government seems to be cautious, in order to avoid confrontations, when introducing reforms. On the contrary the incentive package for new investments together with the lack of land reform activities can be interpreted as signs of a government policy which will focus on growth rather than improving the production position for the majority of the population, while at the same time improving their access to education, health care, housing and physical infrastructure.

1.2. Public finance

Government finances 1991/92–1993/94 are shown in Table 1.2, central government revenue in Table 1.3 and central government expenditure in Table 1.4.

Figures for 1992/93 in Table 1.4 are from the budget. In the budget speech presenting the 1993/94 budget the Minister of Finance gave some figures on the estimated outcome 1992/93. Unfortunately some of these are not consistent with the figures in the budget documents. The GNP figures for
the fiscal years are also difficult to compare with the figures in the national accounts. A comparison between the 1992/93 budget figures and the actual outcome as presented in the budget speech is made in Table 2 in the Annex. In the Table I assume that the residual contains savings from the previous fiscal year.
Table 1.2. Government finances 1991/92–1993/94 (R million, budget figures)

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<td>GNP at market prices</td>
<td>6,620</td>
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<td>Revenue (own sources)</td>
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<td>Expenditure</td>
<td>3,118</td>
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<tr>
<td>Deficit (gross)</td>
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<tr>
<td>Grants (foreign aid)</td>
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<td>Government Gross Borrowing</td>
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<tr>
<td>Requirements</td>
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<tr>
<td>Ratio to GNP</td>
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<td>Revenue</td>
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<td>Expenditure</td>
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<tr>
<td>Requirements</td>
<td>5.4 %</td>
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Source: NEPRU

Table 1.3. Central government revenue and grants (R million)

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<td>1,210</td>
<td>1,250</td>
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<td>Diamond mines (tax, profits, export duties)</td>
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<td>114</td>
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<td>Other mines</td>
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<td>Non-mining companies</td>
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<td>Individuals</td>
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<td>General sales tax</td>
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<td>Fuel taxes</td>
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<td>Other taxes and duties</td>
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<td>56</td>
</tr>
<tr>
<td><strong>Non-tax revenue</strong></td>
<td><strong>852</strong></td>
<td><strong>1,314</strong></td>
<td><strong>1,079</strong></td>
<td><strong>1,196</strong></td>
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<tr>
<td>SACU</td>
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<td>946</td>
<td>735</td>
<td>853</td>
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<tr>
<td>Other</td>
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<td><strong>Capital revenue</strong></td>
<td><strong>4</strong></td>
<td><strong>5</strong></td>
<td><strong>3</strong></td>
<td><strong>-</strong></td>
</tr>
<tr>
<td>Grant aid</td>
<td>101</td>
<td>68</td>
<td>90</td>
<td>92</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>2,171</strong></td>
<td><strong>2,636</strong></td>
<td><strong>2,795</strong></td>
<td><strong>3,005</strong></td>
</tr>
</tbody>
</table>

Sources: Economic Review 1993; Budget 1993/94

The budget deficit after grants as a share of GNP increased in 1992/93 and according to the budget for 1993/94 it will decline. However, if compared to the actual outcome for 1992/93, the budgeted figure for the borrowing requirement is higher in 1993/94. Also in comparison with the budgeted figure for 1992/93 there may be no decline, as the estimated outcome during the first half of 1993/94 indicates a deficit at the same level or even higher than that budgeted for 1992/93.
In Table 1.4 on central government expenditure the steady expansion of the education sector is evident. (This is further elaborated in Section 3.) The transport sector also includes telecommunications. The peak in 1992/93 is partly explained by the purchase of the Presidential Plane and the reduction in 1993/94 by the lack of such purchase and the transformation of Post and Telecommunications into a parastatal.

Table 1.4. *Central government expenditure* (Total exp. Current R million)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>General public service</td>
<td>353</td>
<td>460</td>
<td>607</td>
<td>464</td>
</tr>
<tr>
<td>Defence</td>
<td>123</td>
<td>184</td>
<td>178</td>
<td>187</td>
</tr>
<tr>
<td>Public Order</td>
<td>174</td>
<td>211</td>
<td>226</td>
<td>253</td>
</tr>
<tr>
<td>Education</td>
<td>510</td>
<td>617</td>
<td>726</td>
<td>809</td>
</tr>
<tr>
<td>Health</td>
<td>247</td>
<td>275</td>
<td>327</td>
<td>332</td>
</tr>
<tr>
<td>Social services</td>
<td>144</td>
<td>193</td>
<td>200</td>
<td>206</td>
</tr>
<tr>
<td>Housing</td>
<td>214</td>
<td>247</td>
<td>290</td>
<td>272</td>
</tr>
<tr>
<td>Recreation</td>
<td>74</td>
<td>83</td>
<td>93</td>
<td>85</td>
</tr>
<tr>
<td>Energy</td>
<td>1</td>
<td>23</td>
<td>28</td>
<td>26</td>
</tr>
<tr>
<td>Agriculture</td>
<td>104</td>
<td>190</td>
<td>294</td>
<td>265</td>
</tr>
<tr>
<td>Mining</td>
<td>10</td>
<td>12</td>
<td>19</td>
<td>25</td>
</tr>
<tr>
<td>Transport</td>
<td>256</td>
<td>326</td>
<td>453</td>
<td>284</td>
</tr>
<tr>
<td>Other</td>
<td>367</td>
<td>299</td>
<td>105</td>
<td>159</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>2,575</strong></td>
<td><strong>3,118</strong></td>
<td><strong>3,544</strong></td>
<td><strong>3,367</strong></td>
</tr>
<tr>
<td>of which current</td>
<td>2,223</td>
<td>2,565</td>
<td>2,875</td>
<td>2,834</td>
</tr>
<tr>
<td>capital</td>
<td>309</td>
<td>504</td>
<td>640</td>
<td>498</td>
</tr>
<tr>
<td>lending</td>
<td>44</td>
<td>49</td>
<td>30</td>
<td>35</td>
</tr>
</tbody>
</table>

*Source: NEPRU, based on National budgets*

The difficulties keeping the budget deficit under control will most probably increase in the years to come. Some of the revenue sources will probably decline, among them SACU revenue and aid inflows, while the increasing capacity to implement development projects will put pressure on the government for an increase of development expenditures, which in turn will create increased recurrent expenditures. Government borrowing to cover the deficits will increase the present low debt service and from 1995 the inherited debt to South Africa will begin to be paid off, which further increases the debt service. The share of statutory expenditures (interest on public debt) will increase and either “crowd out” part of development and/or recurrent expenditures or necessitate new government borrowing to cover debt service payments. Prudent debt and aid management will be increasingly important. The budget situation will continue to be serious and may deteriorate further.

On the other hand there are three factors which may improve the budget situation. On the revenue side increased economic growth, including increased consumption will increase tax revenues. Increased profits especially in the mining sector may also increase tax and duty income,
although the share of total revenue coming from the mining sector will not return to that of the mid-1980s. Revenue may also increase due to tax reforms, such as the changes in taxes on cattle farming introduced in the 1993/94 budget, or through broadening of the tax base.

On the expenditure side rationalisation and reduction of the civil service should be able to reduce expenditures for general administration. The legacy from before independence is here an obstacle, as the salaries, pensions, allowances etc for higher and middle level (white) civil servants were sharply raised and are now at a level far above that in countries with a similar level of development. Paragraph 141 in the constitution also stops the retrenchment of staff employed at the time of independence, unless voluntarily. The constitution, however, does not say anything about changes in “fringe benefits”. However, such changes have to be general and thus also affect the people employed since independence with the same benefits. This may reduce the interest in changing the present regulations. High pensions and dismissal allowances may reduce the savings effects of reducing the number of civil servants.

In this context, it is interesting to note that in Namibia, where access to much economic information is easy, information on civil servants salary scales and other benefits is not easily available.

The share of wages and other costs for civil servants in the recurrent expenditures in 1993/94 is estimated at 49.6 per cent, an increase from 43.3 per cent in 1991/92, which means that R 1.4 billion is paid out for this purpose. Due to the situation mentioned above it is difficult to calculate the savings on government expenditure of a given reduction in the number of civil servants. This has to be based on individual cases. This will most probably be an important task for the Public Expenditure Review under preparation.

1.3. Balance of Payments

Table 1.5 shows basic balance of payments data for 1990–1992 and Table 3 in the Annex gives a more detailed picture of the balance of the current account.

The merchandise trade balance turned from a small deficit in 1990 to a surplus of almost R 400 million in 1991 which declined somewhat in 1992. Both exports and imports have increased significantly. The main factors behind the export increase are diamonds, fish and cattle and factors behind the higher imports are food, partly as a consequence of the drought, and other consumption goods. Around 90 per cent of the imports come from South Africa and around 75 per cent of the imports are produced in South Africa.
### Table 1.5. Balance of payments, main aggregates, 1990–1992 (R million)

<table>
<thead>
<tr>
<th>ITEM</th>
<th>1990</th>
<th>1991</th>
<th>1992a</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance on current account</td>
<td>-107</td>
<td>687</td>
<td>398</td>
</tr>
<tr>
<td>Merchandise exports fob</td>
<td>2,849</td>
<td>3,457</td>
<td>3,673</td>
</tr>
<tr>
<td>Merchandise imports fob</td>
<td>-2,890</td>
<td>-3,059</td>
<td>-3,358</td>
</tr>
<tr>
<td>Net services</td>
<td>-733</td>
<td>-959</td>
<td>-982</td>
</tr>
<tr>
<td>Net income</td>
<td>106</td>
<td>323</td>
<td>196</td>
</tr>
<tr>
<td>Net transfers</td>
<td>561</td>
<td>925</td>
<td>869</td>
</tr>
<tr>
<td>Balance on capital account, excluding reservesb</td>
<td>-511</td>
<td>-584</td>
<td>-329</td>
</tr>
<tr>
<td>Direct investment, net</td>
<td>92</td>
<td>275</td>
<td>156</td>
</tr>
<tr>
<td>Portfolio investment, net</td>
<td>-520</td>
<td>-925</td>
<td>-732</td>
</tr>
<tr>
<td>Other long-term capital, net</td>
<td>78</td>
<td>131</td>
<td>-11</td>
</tr>
<tr>
<td>Other short-term capital, net</td>
<td>-161</td>
<td>-65</td>
<td>258</td>
</tr>
<tr>
<td>Net errors &amp; omissions</td>
<td>516</td>
<td>-143</td>
<td>-88</td>
</tr>
<tr>
<td>Overall balancec</td>
<td>-102</td>
<td>-40</td>
<td>-19</td>
</tr>
<tr>
<td>Change in reservesc</td>
<td>102</td>
<td>40</td>
<td>19</td>
</tr>
</tbody>
</table>

(in per cent of GDP)

| Current account balance                       | -1.9   | 10.9   | 5.1    |
| Overall balance                               | -1.9   | -0.6   | -0.3   |

\(a\) Provisional.

\(b\) Represents net identified capital transactions, other than in reserves.

\(c\) Overall balance is equal to the current account balance, plus all identified capital transactions, excluding changes in reserves, plus net errors and omissions.


Net services show a strong and increasing outflow. Main factors here are charter of fishing boats, other transport services, and business, administrative and financial services. Net investment income is positive. The main inflow is dividends from portfolio investments in South Africa by Namibian pension funds and life assurance companies and the main outflow is dividends and other earnings on direct investments in Namibia. Transfer payments are dominated by income from SACU. Development assistance grants have increased since 1990. (The role and volume of development assistance are discussed in Section 4.)

One crucial factor for the overall development of the current accounts is diamond exports which in 1991 and 1992 generated around one third of total export earnings. A significant decline will take place in 1993 due to the production quota of 75 per cent put by the CSO on CDM in September 1992, which was increased to 80 per cent in May 1993. A recovery in 1994 is hoped for. Export earnings from fish have increased and this trend is expected to continue. Fish is already the second largest export earner and may in two years time generate as much as meat and live animals together. A third crucial factor is the SACU revenue, which on the other hand can be expected to decline, due to restructuring of the South African tariff structures and possible renegotiations of the SACU agreement.
Capital account balance is negative, although the deficit was reduced in 1992. The main capital outflow is portfolio investments in South Africa by Namibian life assurance companies and pension funds. As mentioned above, they generate an inflow on the current account. New foreign direct investments in Namibia have been modest and declining. In 1991 and 1992 some earnings were reinvested, while some companies borrowed from affiliated companies, thereby increasing the capital inflow. Foreign borrowing by the Government was relatively small, mainly to finance capitalised interest on rescheduled debt. According to the rescheduling agreement with South Africa, repayment of this debt, inherited by the present government at independence, will start in 1995.

Short-term external trade prospects are moderately favourable as the three main export products—diamonds, uranium and fish—are expected to improve as well as weather conditions, which will reduce the need for food imports. Other net revenue items on the current account may gradually decline, notably SACU revenue and aid inflows. The political and economic development in South Africa will affect balance of payments as well as other fields, but it is very difficult to predict the net outcome. (This issue is elaborated in Section 2.)

In a longer term perspective the development in South Africa, the result of the recently started oil explorations, and the result of probable renegotiations of the SACU agreement will be important factors.

1.4. Economic policy and development planning

The broad national development objectives of the Namibian government immediately after independence were set out in a general policy statement on *The Reconstruction and Development of Namibia*, prepared for a donors’ conference in June 1990 in New York, and have been restated in later policy documents, for instance the *Transitional National Development Plan 1991/92-1993/94*. They are:

— reviving and sustaining economic growth
— alleviating poverty
— reducing inequalities in incomes and
— creating employment opportunities.

These objectives are to be achieved within a framework of macro-economic stability and sound environmental management. At the same time special efforts will be made to ensure that the development process enables women to obtain and secure equality of opportunity and enhance their socio-economic status.

To achieve the broad development objectives the Namibian government identified four priority areas, namely:
— agriculture and rural development
— education and training
— health and social services and
— housing.

The Transitional National Development Plan states that these priority sectors will receive increasing attention over the coming years, but the restructuring is constrained by projects inherited from the previous administration. It also notes that “the ability of the Government to devote resources to its priorities will depend primarily on its success in stimulating the economy and obtaining revenue from economic activities”.

The objectives were slightly more specifically formulated in the White Paper on National Sectoral Policies, published in March 1991 on the first anniversary of the young Republic of Namibia. Quotations from that document follow below:

To correct many of these disparities, the Cabinet perceives, as a first step, three main economic challenges for the government. First, the government must catalyze the economy. Second, in pursuance of a just and equitable society, it must reduce income disparities and, third public expenditure must be restrained and redirected. (p. 6)

A possible short-term approach to equality while minimizing the possibly negative effects on saving and investment would be to focus on the reallocation of public expenditures in such a way that, after a transition period, the level and quality of public goods and services would be more evenly spread out for all Namibians. Over the medium and long-term, the equity issue may best be tackled by increasing the rate of growth of the Namibian economy, since a larger output of goods and services can support higher and more egalitarian standards of living. (pp. 8–9)

Planning and development

After independence a National Planning Commission (NPC) was created by the new government. Its main tasks were to prepare a development plan and to be responsible for coordination of incoming development assistance. In March 1993 a Transitional National Development Plan for 1991/92–1993/94 was published. The NPC capacity has gradually improved, but development planning and aid management have to be developed further. The Ministry of Finance is responsible for the recurrent budget and budget revenue, while in 1993/94 the NPC for the first time worked out the development budget. The coordination problems familiar from many countries where responsibility for the two budgets is divided between two separate institutions, are also clearly visible in Namibia. (The relations between the Ministry of Finance, NPC and the line ministries are further discussed in Section 6 on the role of aid.)

A National Development Plan is under preparation, intended to cover a five year period from budget year 1994/95. However, the preparations are delayed and it is more realistic to assume that the plan will have its first impact on the development budget for 1995/96. As a first step a macro-economic framework for the plan is under preparation in the NPC.
A public expenditure review supported by the World Bank but “owned by” the Namibian government, is under preparation. In the NPC it is seen as an important input in the work with the development plan, while the Ministry of Finance is concerned that too much NPC capacity is used in the public expenditure review at the expense of the development plan preparations.

The strategy chosen in the Development Plan in order to fulfil the objectives stated as government policy will have to consider the external constraints, including the dependency on South African economic and political forces. But on the other hand there will be no sustainable economic growth in the long run if the majority of the population continue to live in extreme poverty as they do today.

A medium term National Development Plan will indicate the extent to which the government intends to fulfil stated development objectives, and serve as a framework for annual development budget decisions. However, we know that external and internal factors will create a situation different from the assumptions on which the plan was produced. Therefore the planning process as such is also important, during which in the ideal case relevant people and institutions, both at the local and national level, will have to define goals and instruments for the medium term development. Through such a process, instead of a few experts, some of them foreigners on lease, producing a document without roots in the Namibian society, the plan will be better rooted in Namibian central and local institutions. The conditions for this type of planning process do not seem to be in place at present in Namibia, which means there is a risk that the National Development Plan will not be sufficiently “rooted” in the society.

2. NAMIBIA, SOUTH AFRICA AND THE SOUTHERN AFRICA REGION

2.1. Links to South Africa

Before independence Namibia in practice was administered as a fifth province of South Africa. Many decades of South African administration also created very tight economic links. The economic legacy at independence thus included inter alia that around 40 per cent of the GDP was generated in activities controlled by South African interests, that 90 per cent of the imports came from South Africa (although part of them in turn was imported by South Africa), that four out of five commercial banks, including the two major ones, were controlled by South African interests, that the insurance companies as well as large parts of the wholesale and retail business were South African controlled, that the transport net is structured according to South African and settler interests that all international telecommunications went through South Africa, that all

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3Two documents focusing on the Namibia-South Africa links are Odén, 1991 and Orford, 1992.
petroleum products and coal came from South Africa and that part of the electricity supply is dependent on the South African parastatal Eskom.

Three and a half years after independence South African interests still dominate the Namibian economy, although some changes have taken place. The import pattern and degree of control in the economy are more or less the same. International telecommunications do not depend on South Africa anymore, and a larger Namibian share can be seen in transports, fishing and banking. The establishment of the Bank of Namibia after independence and its development into a fully fledged central bank with the issuing of the Namibian dollar as national currency in September 1993 is an important step towards increased economic independence, although Namibia will continue to be dependent on the spill-over effects of the economic policy of South Africa.

The ongoing negotiations between GATT and South Africa and the restructuring of the South African external trade system will affect Namibia, as a member of SACU. A lowering of the average tariff level will reduce the relative advantage for South Africa based companies and improve the situation for companies overseas. A more rational and transparent system will also reduce the level of arbitrariness.

Namibia was born crippled in the sense that the South African government refused to accept the UN decision on the ownership of Walvis Bay. In the UN Security Council Resolution 432 from 1978 the council “declares that the territorial integrity and unity of Namibia must be assured through the reintegration of Walvis Bay within its territory.” The issue of Walvis Bay during the negotiations in 1988-1989 that eventually led to independence was formally not on the agenda, with the intention that it should be solved through negotiations between the two governments after independence.

Those negotiations in 1992 led to an agreement on joint administration of the port of Walvis Bay and in September 1993 to an agreement that South Africa accepts that Walvis Bay belongs to Namibia and that the formal transfer of ownership will take place by the end of February 1994. Thereby the uncertainty regarding ownership of the Walvis Bay area and the offshore islands is eventually gone. Difficult negotiations remain, however, regarding transfer conditions for people living in the area, valuation of assets and future management of the harbour and other activities.

The development in South Africa will be the most important external factor for Namibia and have a number of complex effects. This is not the place for an elaborate analysis but two main scenarios, one positive and one negative, can briefly be discussed.

In the positive scenario the process towards reasonably free and fair election of a transitional government leads to a situation where violence is gradually contained, economic growth and investment are improved, a redistribution of resources is gradually carried out, without jeopardizing the confidence of national and international capital, and without serious budget deficits and
inflation pressure. The spill-over effects in Namibia would support economic growth, investments and employment, and avoid the import of high inflation and rapid depreciation of the Namibian dollar. A positive development in South Africa affects the international perception of the whole region. Namibia can then be seen as a potential investment ground for companies interested in both the Angolan and the South African market.

The negative scenario could develop out of backlashes in the process towards elections, delaying them beyond 27 April 1994, further increasing the level of violence, increased capital outflow, loss of confidence among South African and international companies and banks. It could also develop after reasonably free and fair elections if no signs of improvements for the majority of the population are seen, leading to increased frustration and violence, met by increased repression, further escalating the level of violence and widening the gap between the elected and those electing them. This would also lead to reduced confidence, capital outflow, and less investment. Another trigger of a negative scenario is a strong populist policy, rapidly increasing the budget deficit, inflation, capital outflow instead of investments etc. In this case, too, the international perception will most probably spill over the whole region. Theoretically Namibia could then be looked upon as a secure investment base with access to the South African market, but more probably the whole SACU region will be written off.
2.2. SACU and CMA

Namibia is a member of the Southern African Customs Union, SACU, together with South Africa, Botswana, Lesotho and Swaziland, and of the Common Monetary Area, CMA, together with South Africa, Lesotho and Swaziland. As can be seen in Table 1.3. SACU revenue constitutes 26–36 per cent of total annual government revenue.

A draft World Bank Study on Namibia’s membership in SACU was circulated in August 1993. When assessing the value of Namibia’s membership the study focusses on the government revenue benefits, and argues that this is perhaps the only relevant measure of assessment. “As constructed, SACU cannot generate any other benefit for Namibia.” An important factor in this context is the compensation factor in the SACU-agreement, giving Namibia and the other small countries significantly larger revenue than if the total customs revenue were allocated in accordance with their share of total imports and the consumption of excise duty goods in the member countries.

The World Bank study also assumes that SACU will be dismantled in a medium term perspective. Both these assumptions are arguable. Although general trade integration theories have to be taken cautiously in a case where one partner is as totally dominant as South Africa in the case of SACU, there are a number of other factors that should be taken into consideration. With the limited domestic market in Namibia the perspective of many investors can be assumed to include South Africa, which means that access to that market through the customs union is an important factor. This is the case in spite of the experience so far in SACU, where South African companies in many cases have been successful in avoiding competing investments in the other SACU countries. This is one of the effects that are supposed to be compensated for, through the compensatory factor in the allocation of total SACU funds. The benefit of letting South African institutions handle the administration of the customs union is a technical and economic advantage, although it may reduce Namibian knowledge as to what is really happening.

When it comes to the possible future of SACU nobody can tell. From a technical point of view, SACU is one of the best functioning regional organisations/institutions at present. It is therefore not self-evident that it will be dismantled, although the rules will be adjusted, including a reduction or abandonment of the compensatory rules. This would give the BLSN countries less government revenue than at present. The ongoing changes to the South African tariff structure within the framework of GATT discussions, the result of which will be a lowering of the average tariff level and a more transparent tariff structure, will also reduce the total SACU revenue and thereby the amount to Namibia. This does not necessarily mean, however, that Namibia and the other smaller economies in SACU would gain from opting out. The alternative to SACU membership is a tariff system for the individual country, where the structure is constrained by the
South African one anyhow. Too large differences would create smuggling and other distortions.

When Namibia introduced its own currency, the Namibia dollar, in September 1993, it was stated that for at least two years the exchange rate would be at par with the South African Rand. At the end of this period an assessment will be made, followed by a decision. The alternatives are the “Botswana road”, which means moving out of the CMA and instead pegging the Namibia dollar to a basket of currencies, or the “Lesotho/Swaziland road”, which means continuing to peg it to the Rand. A prerequisite for the “Botswana road” strategy is a strengthening of the economy relative to South Africa, including a successful building up of a foreign exchange reserve.

2.3. SADC and regional cooperation.

Namibia is a member of the Southern Africa Development Community, SADC. The main SADC projects in Namibia are the Trans-Caprivi highway, the Trans-Kalahari highway and a telecommunications microwave link with Botswana. At the SADC summit meeting in September 1993 Dr Kaire Mbuende, deputy minister of agriculture in Namibia, was elected new executive secretary of SADC as from 1 January 1994. The scope for increased trade with the other SADC countries is limited, due to the production pattern of both Namibia and those countries. There may be potential for increased imports of consumption goods from Zimbabwe, although the competition from South Africa is strong and enhanced by the SACU tariffs.

Namibia has also been since January 1993 a member of the Preferential Trade Area of Eastern and Southern Africa, PTA.

If and when the war in Angola ends, the potential for cooperation over the northern border of Namibia will increase both in the form of trade and Namibian use of transport links to ports in southern Angola, notably Moçamedes. A significant border trade does also take place during the war period in Angola, actually fuelled by the war situation. The number of people in northern Namibia who have fled from the war in Angola is not known, but is estimated to be significant. This also means that, for instance, some of the health and school facilities in the North are also used by Angolans who often have the same ethnic background as the people in Namibia.

The transit traffic from Zambia may also increase as a result of the clarified legal status of Walvis Bay and the implementation of the Trans-Caprivi highway investment.

For Namibia the most important of the regional organisations is SACU. With a new democratically elected government in South Africa, renegotiations of the SACU agreement will again be on the agenda and preparatory discussions are scheduled for November 1993. The World Bank
study recommends Namibia to try to get a bilateral agreement with South Africa. The Namibian negotiation position will however be stronger if the BLSN countries act jointly during renegotiations. The four countries may have differing interests on specific issues, but they have more important common interests as regards best possible customs revenue allocation principles and improved regulations and practices for production investments in their countries.

In the medium and long-term perspective, the policy of the new South Africa will be decisive for the form and scope of regional cooperation. A positive regional development requires inter alia that the new South African government is prepared to take a long-term regional perspective rather than a short-term national one. SACU as well as SADC may be used as platforms for the neighbouring countries, should they wish to coordinate their positions in discussions with South Africa.

3. RESOURCE AND INCOME DISTRIBUTION

As was briefly indicated in the introduction to Section 3, there is a strong inequality in the distribution of resources and income in Namibia. The most widely quoted data suggest that 5 per cent of the population earn 70 per cent of GDP, the next 40 per cent earn 27 per cent of GDP and the remaining 55 per cent of the population earn just 3 per cent of GDP. The Gini coefficient is said to be 0.66 (although it is unclear on which material this figure has been calculated). This is one of the highest in the world, indicating that the income distribution is extremely unequal, worse than in South Africa.

3.1. The pattern of poverty

A poverty line is a reference measure of money used to distinguish the poor and the non-poor, where the poor are defined as those whose standard of living falls below a certain level. In a sense it is always an arbitrary measurement and whether a person is poor must be defined by criteria that go beyond some monetary measure of income or consumption. In the case of Namibia the University of Port Elizabeth constructed, before independence, a series of Subsistence Levels focussed on households in Windhoek, from the lowest (Primary Household Subsistence Level, PHSL), only covering a basket of goods to be the minimum required to maintain a household of six in the short run, to higher levels including also transport, medical care, schooling, etc.

A Situation Analysis of Children and Women in Namibia was published by UNICEF and NISER (Namibian Institute for Social and Economic Research) in March 1991, containing very useful data and analysis on the situation of the poor around independence. The World Bank report Poverty Alleviation with Sustainable Growth, 1992, also to an important extent draws on data from pre-independence studies, including material from the sources already mentioned.
In this context some conclusions can be drawn from this material:

— 55 per cent of black households in townships had incomes below the lowest subsistence level (PHSL). In 1990 the National Housing Enterprise estimated that 60 per cent of urban black households had incomes below that level. If these data are also combined with surveys from Oshakati/Ondangwa, a draft briefing paper from NEPRU concludes that a conservative estimate of the poverty incidence among urban black households in Namibia is 67 per cent and on the increase, together with unemployment and underemployment. As the number of black households constitutes around 85 per cent of all urban households the overall incidence of urban poverty can be estimated at between 55 and 60 per cent of the total.

— The World Bank report states that about three quarters of Namibia’s poor live in the rural areas and depend on low-productive subsistence agriculture, cash transfers, including pensions and wage employment on commercial farms (around 36,000 labourers). Female-headed households are assumed to be among the poorest. They are estimated to be 45 per cent of the total in rural Owambo, 40 per cent in peri-urban Ovambo, 36 per cent in Katutura and 20-57 per cent in other townships.

— If these data are combined with population data from the 1991 Population and Housing Census, it can be estimated that one year after independence around 260,000 people in the urban and semi-urban areas and around 780,000 in the rural areas fell below the lowest subsistence level. This means that more than one million out of Namibia’s 1.4 million inhabitants, or three quarters of the total population, were living below the calculated lowest subsistence level.

The definitions can of course always be discussed, but irrespective of this poverty alleviation must be considered to be the prime objective of any decent government in Namibia. The legacy from the apartheid or semi-apartheid system used by the South African administration is of course an important factor behind the serious situation indicated above.

Still another way to show the same thing is to calculate the annual per capita GDP for major segments of the Namibian economy. In the World Bank report this was done for 1988 with the following result:

<table>
<thead>
<tr>
<th>Segment</th>
<th>USD per cap</th>
</tr>
</thead>
<tbody>
<tr>
<td>Modern sector, whites</td>
<td>16,504</td>
</tr>
<tr>
<td>Modern sector, blacks</td>
<td>750</td>
</tr>
<tr>
<td>Subsistence sector, blacks</td>
<td>85</td>
</tr>
</tbody>
</table>

The UNICEF/NISER study, mentioned above, identifies eight groups in extreme poverty at independence:

a) Namibians internally displaced by conflict and military occupation
b) Farm workers on low wages and their dependents
c) “Remote area” populations often living in ecologically harsh conditions
d) Rural women heads of households
e) Low-income peri-urban families
f) Adults and families facing income collapse related to demilitarisation
g) Victims of war and former exiles
h) Victims of family breakdown

3.2. Government policy on poverty alleviation and income distribution.

An important aim of the Namibian government development policy is to improve living standards for the poor and reduce the inequities inherited from the pre-independence era. Three and a half years after independence it is difficult to get time series and other data showing how the situation has changed for various groups and individuals in the country. First because three and a half years is a short period. Second because of the lack of comprehensive data on the situation at independence.

Important efforts have been made since independence to improve the knowledge of resource and income distribution in the country and create base-line material, which can be used for time series analysis in the future. Some results from the 1991 Population and Housing Census have been published and the final reports will be published in late 1993. The Ministry of Health and Social Services has published the Demographic and Health Survey 1992. In late 1993 a National Survey of the Informal Sector will be started by the Ministry of Labour and Human Resources, planned to be completed in 1994. The Namibia 1993/94 Household Income and Expenditure Survey has started with pilot studies, and will be carried out in 1994, with the final report estimated to be completed in early 1995. By then comprehensive base-line data of relevance to the assessment of trends regarding poverty alleviation and income distribution should be available.

As already mentioned, to achieve the broad development objectives discussed in Section 3 the Namibian government identified four priority areas, namely:

— agriculture and rural development
— education and training
— health and social services and
— housing.

The Transitional National Development Plan states that these priority sectors will receive increasing attention over the coming years, but also that the restructuring is constrained by projects inherited from the previous administration. It also notes that “the ability of the Government to devote resources to its priorities will depend primarily on its success in stimulating the economy and obtaining revenue from economic activities”.

The objectives were slightly more specifically formulated in the White Paper on National Sectoral Policies, published in March 1991. The following
3.3. Some features of development since independence.

In the Transitional National Development Plan (pp. 9-10) one paragraph on the various forms of policy instruments available to the Government in order to assist the poor deserves to be quoted:

Firstly, it can provide direct cash or food transfers. At present there is no comprehensive welfare system. However, there is a system of old-age pensions, as well as blind and disability allowances which already reach a total of 77,000 people every month. Maintaining and where possible raising the levels of these benefits as well as increasing coverage will be crucial in any strategy to reduce poverty as these payments often reach the very poorest. The second form is to provide public services, from which the poorest, mainly in the rural areas, presently benefit least. The challenge here will be to achieve equitable access to public facilities and services by expanding and redirecting expenditure. Thirdly, the Government can adopt policies aimed at encouraging economic growth and employment creation. Economic growth does not necessarily benefit the worst off, but policies which promote access to economic activities will allow poor people to profit from it. Lastly the legal system can be used as a means of ensuring access and fairness of opportunity and eliminating exploitation. Because the poorest and most disadvantaged are mostly women, policies in all these areas will have to be designed to ensure the effectiveness in reaching women.
On the first of the four points in this quotation, the most important decision has been to increase the level of the lowest pensions to R 120 a month. (As an apartheid legacy the pension system gave highest pensions to whites (R 382), next highest to coloureds (R 192) and lowest (R 65) to people in Owambo, Kavango and Caprivi.) Pensions are an important part of the cash income in rural areas, where many extended families survive on a pension, subsistence agriculture and possibly remittances from a family member employed elsewhere in the country. 81 per cent of those 60 years (pension age) or older live in the rural areas. To further increase the lowest level of pensions from R 120 to R 150 per month would increase the costs for pensions by around R 20 million, from the 1993/94 level of R 122 million. Such an increase would increase rural demand for consumer goods, and potentially—depending on the consumption pattern—the living standard of the poorest families. It may on the other hand increase the dependency on government hand-outs and expectations for more and reduce the interest in subsistence farming in the North.

Another method to improve the situation for the poorest segments in Namibia is to introduce a reasonable minimum wage for the around 40 000 farm labourers and improve their access to education and health facilities. The mainly white commercial farmers in Namibia are, as their Zimbabwean counterparts, well organised and play an important role for especially cattle production. As in Zimbabwe it seems as if the Namibian government hesitates to confront them.

On the second point—to improve the access and quality of social services—some comments can be made.

Instead of time series based material, indirect and qualitative assessments have to be made. One indicator is the budget expenditure development in the most relevant sectors, which here are defined as the four priority sectors defined by the government, namely agriculture and rural development; education and training; health and social services; and housing. The share of total budget expenditures in those sectors is shown in Table 4, Annex.

The most evident increase is in the education sector, while the other sectors do not show a clear trend, although agriculture expenditure increased significantly between 1990/91 and 1991/92, due to large capital budget spending, but since then decreased from the new level. Most of the housing expenditure consists of the housing loan scheme.

The table shows that the education expenditure as a share of the total has increased significantly since independence—from 20 to 24 per cent. The education expansion can also be seen in Table 5, Annex, in the increased number of teachers employed, which shows that the number of teachers since independence has increased by 1,760 or 13 per cent and that this is a continuation of a trend from before independence.

According to the World Bank, figures for education and health as a share of GDP are high in an international comparison—8.5 per cent for education
and 4.5 per cent for health. (World Bank, 1992.) This is at the same level as Zimbabwe and significantly higher than Botswana. 4

The quality of the education is certainly very uneven—from top quality in some of the schools in Windhoek to very low quality in many rural schools, where teachers without formal qualifications are teaching 50 or more pupils in each class, with rudimentary material and sometimes not even a classroom. It should also be noted that the education facilities in Namibia are much better than in countries like Mozambique, Zambia and Tanzania.

In the field of health, distribution of resources is uneven in a similar way. The scope for further increase of expenditures is limited, while there is room for redistribution within the total expenditure, aiming at improved quality and accessibility for the poorer strata in both these sectors.

Some of the differences in the education sector between the most populated and least developed region, Ondangwa, and the national average is seen in Table 6, Annex. The table shows among other things that while 56 per cent of the Namibian primary school pupils are in Ondangwa schools, they are taught by 40 per cent of the teachers. The Ondangwa pupil figures are further increased by the inflow of refugees from Angola.

Table 7, Annex, shows the development of public expenditure on primary, secondary and informal education since independence. All three have increased in current terms, primary education by 82 per cent over the four year period, secondary education by 54 per cent and non-formal education by 70 per cent, though still taking up a very modest share of the total, but important for the poorest strata. The increase can at least be interpreted as a sign of political will by the government. The education policy of Namibia contains a deliberate effort to improve curriculum quality of education, although it is still too early to assess to what extent this objective has been fulfilled.

Total health budget expenditures in current prices increased rapidly in the first year after independence (+ 27 per cent), but the growth rate since then has been slower (+ 9 per cent and + 2 per cent). The health budget share of the total budget expenditures in 1993/94 is only slightly higher than in 1990/91 and no clear trend can be seen. (See tables 8–10 in the Annex.) Fees for health services were drastically increased in 1993, which means that especially high income patients pay a larger share of the total cost, but also the costs for other patients are increased.

The share of the total health budget allocated to Special Hospital Affairs and Services, mainly the big hospitals in Windhoek, and to General Medical

4 According to UNDP’s Human Development Report 1993 the education expenditure as % of GNP 1988-90 was 8.2 % in Zimbabwe and 5.6 % in Botswana. Corresponding figures for health were 5.5 % in Zimbabwe and 3.2 % in Botswana. Unfortunately these ratios contain GNP instead of GDP, but they support the statement in the text.
Clinics and Public Health Services can be seen in Table 9, Annex. It is obvious that General Medical Clinics and Public Health have increased their share significantly since independence, although the rapid increase up to 1992/93 is reversed in 1993/94, partly because no capital expenditure is estimated for that year. The current costs for Special Hospital Affairs and Services have reduced its share. This development indicates that the government policy to improve health facilities for the broad population has been followed up with increased budgetary resources during the first years. So far this has only marginally reduced the inherited strong inequities, as can be seen in Table 9, Annex, comparing health facilities in Windhoek and Ovambo. Windhoek with 11 per cent and Ovambo with 44 per cent of the total population take the same share of total health budget expenditure. Windhoek has three times as many doctors as Ovambo. Part of the high Windhoek figure is, however, due to the specialist health care carried out in its role as reference centre for the whole country.

When it comes to health indicators for the period from independence to 1993, a number of studies have been carried out providing base line data, notably the *Demographic and Health Survey 1992* by the Ministry of Health and Social Services. However, there are no reliable time series on health indicators at the national level for the period 1990–93, which would make it possible to assess the development in physical terms. The Demographic and Health Survey states that infant and child mortality has been declining over the past decade. Infant mortality has fallen from 67 deaths per 1,000 live births for the period 1983–87 to 57 per 1,000 live births for the period 1988–92, a decline of 15 per cent. These figures are much lower than the 103 per 1,000 live births given in the Ministry of Health/Commission of the European Communities document *Namibia Integrated Health Programme 1993 to 1996*. The discrepancy shows the degree of uncertainty in existing statistics.

The Ministry of Health and Social Services in 1990 launched a nation-wide Expanded Programme of Immunisation (EPI), resulting in significantly increased coverage. This was followed up with a new campaign in 1993. UNICEF in September 1993 published data comparing child survival, where Namibia comes out as the African country with the fifth lowest deaths per 1,000 live births (81, which is not consistent with the figures related above) and vaccination against measles coverage of 71 per cent, which puts the country in eleventh position on the African list, with a figure that is significantly higher than immediately after EPI. It should be stressed, as UNICEF also does, that comparative statistics are difficult due to methodological and practical problems and that data therefore should only be taken as indicative.

The World Bank poverty alleviation study was very enthusiastic about the restructuring of the health sector activities, strongly supported by UNICEF, taking place around independence.

3.4. Economic growth and employment creation
The World Bank Poverty Alleviation report, referred to earlier in this report, states “The speed with which the Namibian authorities will be able to alleviate poverty will depend critically on the country’s rate of growth.” (p. 92) And a little later on the same page: “The key to poverty reduction lies in employment creation in the framework of a rapidly growing economy. In aggregate, no single sector is likely to provide rapid employment growth; the prospects are for widespread, but incremental rather than rapid gains.”

While it is easy to agree that poverty alleviation and job creation are easier to achieve with economic growth, it should on the other hand be remembered that historical experience shows that economic growth does not automatically reduce poverty or unemployment. The economic policy carried out by the government is decisive for how the resources created in the economic growth process are allocated. That this is easier in a growth situation than in a situation of economic stagnation is obvious. As the World Bank expresses it: “If income grows faster than the population, the authorities will be able to transfer an increasing share of current income to the poorer segments of the population without making any group worse off. If per capita income stagnates, poverty alleviation will necessarily entail taking away from the rich to give to the poor—a slower and more socially difficult endeavor.”

One crucial issue for both macro-economic development in general and for income distribution and poverty alleviation is measures to increase the number of Namibians in productive work both in the formal and informal sector.

Using pre-independence data, an ILO study estimated Namibia’s total labour force to be around 550,000 and growing at an annual rate of 3 per cent. The ILO study estimated that 30-35 per cent of the labour force (= 165,000–195,000) was in paid employment in the formal sector and the rest either self-employed in low-productivity activities in subsistence agriculture and the urban informal sector or openly unemployed.

The 1991 Population Census identified economically active persons, i.e the labour force, as persons aged 10 years or above, who were working for pay, profit or family gain or were actively seeking work (unemployed). They were estimated to be 494,000, of whom 99,000 were unemployed, which means an unemployment ratio of 20 per cent, and almost 40,000 more unemployed than in the ILO study. The economically inactive persons were estimated to be 504,000 of whom 314,000 were students. In the discussion on unemployment, a figure of around 50 per cent is sometimes used. As can be seen from the table, this figure includes subsistence agriculture.

Sectoral allocation of the working labour force according to the census is shown in Table 12, Annex.

Potential growth areas where there is a potential for employment creation are fishing and fish industries and perhaps some linkage industries, a
probable expansion of the service sector, housing and infrastructure in Walvis Bay, construction of roads and housing in the northern regions, small scale mining and to a limited extent import substitution manufacturing. The world market development for minerals will affect employment in the mining industry and hopefully recreate some of the jobs lost during the last few years.

Growth alone will not create enough jobs with conventional technology. The issue of labour intensive construction is one option to explore on a larger scale than the present labour intensive road projects. Here an important issue is the preparedness among decision makers to accept such methods.

On the other hand government administration has to be rationalised and the number of government employed has to be reduced. Of a total of around 63,000 government employees, around 22,000 are employed in the education sector of which around 15,000 are teachers, while around 11,000 are employed in the health and social work sector. Although the figures may not be compatible due to different definitions Botswana statistics for 1989 give the following figures: Central Government 54,200, of which education 12,900 and local government 10,800. Statistics from Zimbabwe Central Statistical Office for 1991: Public administration 94,900, Education 109,500 and health 26,500. In this case both education and health are obviously excluded from the public administration figure.

Another important issue in this context is the land reform process. It seems to have been slow after the major Land Reform Conference in July 1991, although some of the fiscal recommendations on reduced subsidies etc from the Report of the Technical Committee on Commercial Farmland seem to have been implemented in the budget for 1993/94.

As Chris Tapscott argues: “Unequal access to productive land and to water is a central feature of Namibia’s colonial inheritance. In a context where both resources are absolute scarce, the private ownership of some 45 per cent of the total land area and 74 per cent of the potentially arable land by some 4,045, mainly white, commercial farmers is a major factor in determining inequalities of incomes and wealth.” (Tapscott 1993:18)

Implementation of the recommendations to restructure certain identified parts of the commercial land is one important factor. Also important is to introduce organised land use planning as soon as possible to avoid the present trend that large land users demarcate large parts of communal lands for their own individual use. On this Chris Tapscott writes:

The issue of social equity, however, is not confined solely to imbalances in land ownership between white and black Namibians. In the post-Independence era the most vocal and articulate claims for land redistribution have come not from the land-scarce or landless poor but from wealthier black farmers seeking to increase their own access to land. These claims, moreover, are not confined to the commercial farming areas. In a number of the communal areas (in Owambo, Kavango and Hereroland in particular) there is a growing trend among certain wealthier farmers (business people, former officials of the second tier governments, senior civil servants and some politicians) to
illegally fence rangelands, hitherto recognised as communal pasture, for private use. For these individuals it is not the inequitable distribution of land per se which is unsatisfactory, but rather their stake in the system. (Tapscott 1993:18-19)
3.5. Concluding remarks

There are clear Government policy statements on alleviation and improved income distribution. The political economy of the country, however, reduces the potential for such a development. This does not exclude a certain progress, especially as regards the accessibility for the majority of the people to social services such as education, health and housing. The pattern of budget expenditure also suggests that the balance between primary health care and services and curative specialised health care is changing towards increased emphasis on the former. In both sectors important steps towards necessary reforms seem to have been taken.

Taking into consideration the relatively high share of both education and health in budget expenditures the main focus will have to be on restructuring within the present financial frames. This is especially so as both Ministries seem to be important receivers of aid outside the State Revenue fund.

Further increase of the lowest pensions is one method to improve the consumption capacity of many of the poorest households, although it will not improve production and may have the creation of increased dependence as a side-effect.

With the ongoing stratification between large cattle owners and small cattle owners in the communal lands, a land use planning scheme both in the north and in the south is urgently needed in order to avoid further marginalisation and migration flows from those areas.

There has been a creation of a black middle class since 1977, when some of the racial discriminatory laws were repealed. Those that could afford to take advantage of the new dispensation became the new collaborative elite. It was estimated that in 1984 this black middle class comprised some 30-40,000 households. (Tapscott, 1993.) The second-tier ethnic administrations created further opportunities for high salaries and benefits for those wishing to collaborate. It also opened up for widespread misappropriation of public funds, perhaps not endorsed but tolerated by the SA central administration in “SWA”, in order to retain the support of the leadership of these second-tier authorities. The public administration inherited by the government at independence was thus far from ideal.

After independence the pre-independence elite has been reinforced by the new political and administrative elite, which has increased the number of households and individuals belonging to the black middle and upper class. This is nothing astonishing, there are very few—if any—exceptions from the rule that people with power form part of the elite in a society. What will be interesting to see is if this stratification will affect the implementation of government policy in the field of resource and income redistribution.

4. THE ROLE OF DEVELOPMENT ASSISTANCE
4.1 The inflow of aid since 1990.

Data on actual inflow of aid (disbursements) and its allocation varies greatly. Various Namibian sources and aid organisations give different figures due to different definitions, periodisation and coverage. Tables 4.1 and 4.2 give an assorted selection. The most reliable source for the actual aggregate inflow 1990–1992 is probably the Bank of Namibia statistics used in the Bank’s Balance of Payments publication (July 1993). According to that source, total incoming aid (cash and kind) both to the Government and to others, corresponded to around 6 per cent of GDP during this period. If technical assistance (TA) and scholarships are excluded, the percentage is reduced to around 4 per cent of GDP.

Table 4.1. Aid inflow compared with GDP (R million)

<table>
<thead>
<tr>
<th>Item</th>
<th>1990</th>
<th>1991</th>
<th>1992</th>
</tr>
</thead>
<tbody>
<tr>
<td>GDP (market prices)</td>
<td>5,508</td>
<td>6,203</td>
<td>7,027</td>
</tr>
<tr>
<td>All grants (BoN)</td>
<td>282</td>
<td>364</td>
<td>420</td>
</tr>
<tr>
<td>% of GDP</td>
<td>5.1 %</td>
<td>5.9 %</td>
<td>6.0 %</td>
</tr>
<tr>
<td>All grants, exl TA + scholarships (BoN)</td>
<td>215</td>
<td>262</td>
<td>301</td>
</tr>
<tr>
<td>% of GDP</td>
<td>3.9 %</td>
<td>4.2 %</td>
<td>4.3 %</td>
</tr>
</tbody>
</table>

All grants include grants in cash and kind valued by donors. Sources: Economic Review 1993 and Bank of Namibia

A survey carried out by the Ministry of Foreign Affairs (June 1993) presents the aid projects and programmes per donor. This survey is based on data from the donors and it is obvious that it contains commitments over various periods of time. It gives a general picture of the programmes of the aid donors, but is of limited value to find out the aggregate or disaggregated amount at the disposal of Namibia in a specific year, for instance fiscal year 1992/93, the period indicated in the survey. If the amounts indicated are taken at their face value, the inflow would have been around R 575 million (excluding Sysmin), or more than 8 per cent of GDP, which is around 35 per cent higher than the figure estimated by the Bank of Namibia. UNDP surveys normally have this same weakness. The one covering 1992 is expected to be ready by November 1993.

The National Planning Commission, NPC, monitors agreements on development cooperation and makes projections based on assumed periodisations of donor commitments. These projections cover both funds channelled through and outside the State Revenue Fund and are used in the budget process. To get an indicative picture of sector allocation and the relation between the volume from various donors I have used data from the NPC in Table 4.3. on sector allocation. Table 13 in the Annex shows estimates on the volume of aid from the main donors. In both cases commitment data, partly in the form of projected periodisations are used,
which means that they do not register actual flows. They can still give a
general picture of the situation.
Table 4.2. Government revenue and foreign grants (R million)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total govt revenue, incl grants</td>
<td>2,171</td>
<td>2,636</td>
<td>2,795</td>
<td>3,009</td>
</tr>
<tr>
<td>Grants according to budget</td>
<td>101</td>
<td>68</td>
<td>90 (74)</td>
<td>92</td>
</tr>
<tr>
<td>% of total</td>
<td>4.7 %</td>
<td>2.6 %</td>
<td>3.2 %</td>
<td>3.1 %</td>
</tr>
<tr>
<td>% of total according to Min of Finance, Sept 1993</td>
<td>7.3 %</td>
<td>4.2 %</td>
<td>4.2 %</td>
<td>3.0 %</td>
</tr>
<tr>
<td>Aid to govt, cash+kind (BoN, cal year)</td>
<td>202</td>
<td>282</td>
<td>348</td>
<td></td>
</tr>
<tr>
<td>% of total</td>
<td>9.3 %</td>
<td>10.7 %</td>
<td>12.5 %</td>
<td></td>
</tr>
<tr>
<td>Aid to govt, cash (BoN, cal year)</td>
<td>70</td>
<td>172</td>
<td>135</td>
<td></td>
</tr>
<tr>
<td>% of total</td>
<td>3.2 %</td>
<td>6.5 %</td>
<td>4.8 %</td>
<td></td>
</tr>
</tbody>
</table>

Note: 1) Aid in kind includes 50 Rm TA and 65 Rm used UNTAG vehicles and equipment in 1990, 74 Rm TA in 1991 and 88 Rm TA and emergency food aid in 1992.
2) The figures in brackets for 1992 are from the Ministry of Finance summary of donors contributions to the State Revenue Fund, and thus actual disbursements instead of revised budget estimates. It shows that actual disbursements were significantly lower than estimated in the revised budget, and still more so compared to the original budget, where grants were estimated to Rm 125.

Sources: Ministry of Finance and Bank of Namibia.

Monitoring of actual disbursements into the State Revenue Fund is carried out by the Ministry of Finance, while monitoring of actual disbursements outside the State Revenue Fund in principle is carried out by line ministries, but the aggregate picture is not available. Table 14 in the Annex contains actual donor payments into the State Revenue Fund as registered by the Ministry of Finance.

Data on the grant aid share of government revenue is published in various sources. Ministry of Finance data cover grants channelled into the State Revenue Fund. Depending on if you take data from the budget documents or from tables produced by the Ministry you get various figures, differing between 7 per cent and less than 3 per cent. The Bank of Namibia figures correspond to more than 9 per cent up to 12.5 per cent if both cash and kind are included and between 3.2 and 6.5 per cent if only cash is included. (See Table 4.2.) According to the Bank of Namibia, no disbursements from the existing few concessional credits under aid programmes were registered up to the end of 1992. The figures in Table 4.2 also show that only 20–25 per cent of the total aid (cash and kind) is channelled through the State Revenue Fund.
Table 4.3. Sector allocation of aid commitments to Government of Namibia. Projections for 1993

<table>
<thead>
<tr>
<th>Sector</th>
<th>R million</th>
<th>% of total aid</th>
<th>% of budg.exp. for sector 93/94</th>
</tr>
</thead>
<tbody>
<tr>
<td>Education</td>
<td>82.8</td>
<td>23.5</td>
<td>10.2</td>
</tr>
<tr>
<td>Water</td>
<td>64.0</td>
<td>18.2</td>
<td></td>
</tr>
<tr>
<td>Fisheries</td>
<td>35.8</td>
<td>10.2</td>
<td></td>
</tr>
<tr>
<td>Central Admin (MinFin, BoN, NPC, etc)</td>
<td>35.4</td>
<td>10.0</td>
<td>7.7</td>
</tr>
<tr>
<td>Health</td>
<td>29.4</td>
<td>8.3</td>
<td>8.9</td>
</tr>
<tr>
<td>Transport</td>
<td>25.5</td>
<td>7.2</td>
<td>9.0</td>
</tr>
<tr>
<td>Local govt/Housing</td>
<td>24.7</td>
<td>7.0</td>
<td>9.1</td>
</tr>
<tr>
<td>Agriculture</td>
<td>22.2</td>
<td>6.3</td>
<td>8.4</td>
</tr>
<tr>
<td>Energy</td>
<td>18.5</td>
<td>5.2</td>
<td>72.0</td>
</tr>
<tr>
<td>Communication</td>
<td>6.0</td>
<td>1.7</td>
<td></td>
</tr>
<tr>
<td>Forestry</td>
<td>6.0</td>
<td>1.7</td>
<td></td>
</tr>
<tr>
<td>Trade/Industry</td>
<td>2.0</td>
<td>0.6</td>
<td></td>
</tr>
<tr>
<td>Labour/Manpower</td>
<td>0.3</td>
<td>0.1</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>352.7</strong></td>
<td><strong>100.0</strong></td>
<td></td>
</tr>
</tbody>
</table>

*Source: National Planning Commission. Figures exclude Sysmin and aid outside government to government agreements to specific areas such as human rights, gender, etc.*

There are no projections of aggregate disbursements to the government for the budget year 1993/94, although the NPC makes a periodisation of commitments. In Namibia, as in other aid receiving countries, disbursement projections are difficult to make partly due to donors’ reluctance to give project disbursements and partly because of the uncertainty as to capacity for implementation. The budget for 1993/94 contains a projection of R 92 million aid revenue to the State Revenue Fund, corresponding to 3.1 per cent of total government revenue. The projection covers aid to development projects from five donors—the only ones expected to channel at least part of their funds through the State Revenue Fund. No projections are available as to the volume of aid to the government channelled outside of the State Revenue Fund. In 1992 the figures were R 60 million in cash contributions and R 213 in kind, including R 88 million technical assistance and around R 80 million drought relief. (See Table 4.2.)

As indicated in Table 13 in the Annex, the Foreign Office figures are higher than those from all other sources, probably mainly due to the fact that figures given by some donors cover commitments for a longer period than one year. Although exact figures are difficult to establish, the table indicates that the three major donors are Germany, Sweden and the EC, followed by a group consisting of Denmark, Finland, the Netherlands, Norway and USA. The information from the Ministry of Foreign Affairs also indicates that Namibia gets development assistance from around 15 third world countries, mostly technical assistance in the form of higher education and training.
Prospects for aid flows in a medium term perspective have to be made in general terms, as aid agencies are reluctant to give figures on future aid volumes. It can however be assumed that Namibia, like other countries in the region, will experience a reduction of the present level of aid from some of the major donors. On top of factors such as general reduction of aid volumes, reallocation to eastern Europe, and reallocation of part of the southern African aid to South Africa, some donors, as for example Denmark and Norway, have decided that their support should only cover the initial period of independence. A shift from relatively untied cash contributions to projects and an increased share of technical assistance can already be traced and this trend is likely to continue. Another gradual shift may be from grant to concessional loans.

One important potential new source for external capital can be the World Bank, provided the Government of Namibia is prepared to take loans on IBRD terms. Such a decision will have to take into consideration which alternative sources are available, including bond loans in South Africa with higher interest rates than the World Bank charges, but without the time-consuming and above all key-government-staff-consuming preparations and negotiations, and without the exchange rate risks connected with borrowing in USD. It should be noted that while the World Bank considers Namibia too rich to get IDA financing, the African Development Bank has allocated ADF credits (on similar terms as IDA credits) to Namibia.

4.2. Aid management

Before independence significant budget support was given by the occupational power South Africa. Many observers saw this as a way to cover expenditures related to the large South African military apparatus on Namibian territory. With independence that budget support was withdrawn, while instead development assistance from various bilateral and multilateral sources started. The South African budget support was easy to manage as it simply came in the form of revenue into the State Revenue Fund, similar to any tax income. The Ministry of Finance had no experience of aid management and the newly created National Planning Commission, NPC, which was given the responsibility for development issues including management of aid started to build a system for this purpose. It is self-evident that a functioning system for aid management takes time to establish. The comments below appreciate the difficulties and are given in a constructive spirit.

For the first time a Development Budget was worked out by the NPC for FY 1993/94. This is an important step forward and the format of the budget is to a large extent commendable. For each project there is an account for sources of funds, divided into government and foreign contributions within and outside the budget and a brief description of the project. The weakness of aid management—perhaps inevitable at this stage—is however evident as the sums of the projects where aid financing is identified and quantified only make up part of the aggregate budget figures on aid financing. Two
immediate explanations can be that the development budget does not contain comprehensive information on aid financing and that part of the aid through the State Revenue Fund covers current budget expenditures.

Monitoring of aid flows is carried out by the Ministry of Finance, the NPC, the Bank of Namibia, the Ministry of Foreign Affairs and the UNDP. Some embassies complain that they have filled in six different enquiries during the last year. Nevertheless, it is not possible to get a clear picture of actual disbursements or disbursement projections. It could be concluded that aid management needs to be rationalised and strengthened. Part of the problem is however based on the difficulties in obtaining disbursement projections from some aid agencies, and the inbuilt tendency, not unique for Namibia, of donors being too optimistic in the projections they give.

An important part of the problem is that aid agencies have their own agendas and therefore find it difficult to follow a system they perceive they do not control. With the capacity of the NPC considered insufficient and the State Revenue Fund considered uncertain in the sense that it is uncertain whether the aid money is used for the purpose it was intended for, donor agencies and line ministries sometimes perceive it to be in their interest to channel the resources outside the State Revenue Fund. The information from the line ministries to the Ministry of Finance and the NPC has to be improved. Otherwise there is a risk that central government authorities and the parliament will not be informed of the total resources available. Neither will they be aware of future consequences in the form of current expenditures.

At independence the Ministry of Finance had no experience of aid management. This means that sometimes the ministry has deducted the amount received as aid from a donor agency from the original budget expenditure calculated, when the project to be funded is budgeted for on the assumption that the aid is additional to the domestic funds. This then may jeopardize the implementation of the project and further increase the reluctance among donor agencies and line ministries to channel the funds through the State Revenue Fund.

From the point of view of the Ministry of Finance there are two types of problem to solve in order to improve aid management.

The first is the lack of a medium term plan and clear priorities for the Namibian government. General policy guidelines are there but they are not operationalised. This will change when the recently started work on a medium term development plan is finalised, probably in time for the budget year 1995/96. Budget preparations for 1994/95 have started earlier than previous years. It will be based on a macro-economic framework. A critical point is here the capacity of the NPC to carry out this work.

The second type of problem is related to the present budget system. The budget format with division subjects is not compatible with donor or development budget format of projects. The present expenditure
monitoring system does not indicate projects. Preparations to improve the system are under way.

The intention is that from 1994/95 funds should be released by the Ministry of Finance by project, and thereafter the ministry turns to the donors to get reimbursements. This will increase the transparency of the budget. The strategy of the Ministry of Finance is to increase confidence among donors by increasing transparency. The intention is that with the new system any donor should be able to get monthly statements as to funds received and spent per project. The intention is also to move capacity building projects from the recurrent to the development budget, for instance the USAID curriculum project in the Ministry of Education and Culture. Technical assistance in general will, however, not be registered. One weakness in the system is that it depends on comprehensive reporting from the line ministries, which sometimes may be difficult to achieve.

If a medium term plan and more operational government priorities can be identified the NPC may be able to play another, more active role than at present, and avoid sometimes having to act as a registration office for agreements made between line ministries and donor agencies.

A debt recording and management system (DRMS) is under preparation, where the Bank of Namibia is responsible for parastatal and private sector foreign debts, Ministry of Finance for government debt, and the NPC for grants.

One obvious problem is that the relations between the Ministry of Finance and NPC are still rudimentary. NPC feels that the key budget people, many of whom have worked since before independence, are not accessible. Generally it can be stated that development planning and budget management, including aid management, would be facilitated if they were handled within one ministry. In Namibia this has already been felt, although recently it seems as if the relations and openness between the Ministry of Finance and NPC have improved. However, there are strong reasons to recommend that the responsibility for development and recurrent expenditure is the responsibility of one ministry only. The Planning Commission as such could in this case continue as an instrument for strategic long-term development policy discussions and be served by a small technical secretariat.

Another measure to improve aid management would be to change the present system of aid financed advisers into a system where foreign personnel, when absolutely needed due to lack of qualified Namibians, are recruited to fill established posts over a limited time. One reason for putting them as advisors is that they are supposed a) to give advice, and b) to be less visible. Experience not only from Namibia shows, however, that a) most advisors spend most of their time doing executive jobs; b) they cannot be made accountable for the advice they give as they have no line responsibility; c) they reduce the transparency of the decision-making
process; and d) they are in a privileged position vis-a-vis their Namibian colleagues as they normally have better access to the top decision-makers.

An important point here is that, for instance, a ministry has to argue for posts to be established for foreigners in the same way as for Namibians and budget for it. This means that the posts are scrutinized not only by the ministry in question and a supportive donor agency, but that a procedure similar to that when Namibians are recruited will have to be followed, which may imply more restrictivity. In this context it should be noted that some donors condition their aid to the posting of advisers in the responsible line ministry. Of the total amount for a project or programme a significant part may in these cases be used to pay advisers.

4.3 Concluding remarks

With more than 70 per cent of the Namibian population living under the primary household subsistence level the main objective of aid should be to improve the living standard of these more than one million people. Projects and programmes directly focussing on improving their situation will more certainly than other activities fulfil this objective. Education, training, and employment creation are important instruments.

In the case of Namibia, development aid is not a dominant source for government or import finance. Therefore it should be possible to integrate the inflows of aid without distorting the planning and administrative system, and avoid a large number of key politicians and high level civil servants having to use most of their time on aid issues. While “by-pass” solutions sometimes have obvious short-term advantages in terms of time and transparency, the accumulated medium and long-term effects can be distortive and difficult to change.

Technical assistance should also be provided in forms that do not distort the normal Namibian government procedures. This does not mean that those procedures should not be changed or adjusted to the new role of the civil service in independent Namibia, but that various demands from aid agencies on special solutions should be avoided.

Many features in the discussion on macro-economic effects of aid point to the conclusion that to be sure that aid has positive distributional effects, it has to be allocated to projects or programmes directly improving the situation of vulnerable and/or poor groups. Otherwise there is a risk that negative side-effects will hurt those groups, while benefits may only reach them marginally, with a time lag and a degree of uncertainty.

5. GENERAL REMARKS ON SWEDISH AID TO NAMIBIA
Namibian development objectives as stated in policy documents fall within the objectives of Swedish aid. Some conclusions that can be drawn from previous sections in this report are:

a) The pre-independence heritage creates a number of structural constraints on implementing the development objectives.

b) During the first three and a half years since independence the government of Namibia has tried to strike a balance between activities to increase economic growth and activities to improve the situation for the majority of the population estimated to live below what is defined as household subsistence level. Reconciliation and increased production seem to have been the main focus in the production sectors, gradual redistribution in the social sectors.

c) This can be interpreted either as the first steps of a gradualist reform policy aiming at long-term structural changes also in the production sectors or as a two-track policy with the intention to keep and strengthen the present production structure without significant changes, while improving the situation for the majority in sectors where this can be done without confronting the dominating economic interests.

Three and a half years is a short period, and it is not possible to have a clear assessment. As shown in previous sections development up to now can be interpreted as consistent with both alternatives mentioned under c) above.

Should the first of the two alternatives suggested under c) be implemented, then Swedish aid can be argued both for institution and capacity building and for support to the restructuring of the education sector as in the present aid programme. Further activities for “enabling production environment” in rural areas could also be considered.

The main argument for supporting central administration is that key institutions are a prerequisite for nation-building and restructuring of a distorted system formed by apartheid before independence. The reason for Sweden to be involved is that significant experience in this field has been collected in a number of areas of relevance for Namibia.

The main argument against Swedish involvement is the opportunity cost in the form of less resources supporting projects/programmes directly focussing on the poor strata in the Namibian society.

Should the second alternative become reality in Namibia, Swedish aid to institution and capacity building is more dubious, and aid aimed at the poorest segments of the Namibian society may be perceived as “chambermaid work”, compensating for lack of political will in the Namibian government to seriously try to improve the situation for the majority of the population.

Under such circumstances Swedish aid should focus on activities that directly improve the situation for those more than one million people, estimated to have a standard of living below the lowest of the calculated subsistence levels. This may imply education, primary health, employment
creation, rural infrastructure, rural credit, and other activities to “enable the environment” for the rural population.

Aid with this objective can either take the form of budget support to ongoing or planned programmes carried out by Namibian institutions or a more detailed involvement in preparation and implementation of local projects/programmes with a larger part of the responsibility on the aid agency or, for instance, an NGO selected as executing agency. The former model requires that the implementing agency/institution is assessed to have sufficient capacity. The latter model is often difficult to carry out, it is small scale, more labour intensive for the aid agency, and in general less adapted to how aid agencies work.

At present a number of smaller activities are supported by Sweden within special priority areas such as gender, democracy, human rights, environment. They are decided on an ad hoc basis, and have sometimes been of obvious relevance from the point of view of the Swedish special aid objectives. While it can be argued that various activities such as conferences, studies, travel grants etc can support democracy in Namibia it should also be kept in mind what both the Namibian president and prime minister have recently stated: Democracy in Namibia is threatened if people are poor and hungry. They use it as an argument for continuing and increased aid from outside. It is however an even stronger argument to implement the stated government objectives on redistribution and restructuring of the Namibian society.

Finally, and in accordance with what is argued in Section 4.2 on aid management, Swedish aid should to the largest extent possible avoid by-pass solutions and the main principle for technical assistance should be that experts recruited should be filling established posts with line functions, rather than being advisors without established posts.
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ANNEX

Tables

Table 1. *Real growth rates by sector (%; GDP at factor cost, constant 1985 prices)*

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture</td>
<td>+14.8</td>
<td>+ 6.9</td>
<td>- 2.3</td>
<td>+ 3.3</td>
</tr>
<tr>
<td>of which commercial</td>
<td>+17.6</td>
<td>+ 7.6</td>
<td>- 3.2</td>
<td>+ 4.2</td>
</tr>
<tr>
<td>Fishing</td>
<td>- 30.8</td>
<td>+ 9.3</td>
<td>+ 5.0</td>
<td>+38.1</td>
</tr>
<tr>
<td>Mining &amp; quarrying</td>
<td>- 6.8</td>
<td>- 5.3</td>
<td>+ 8.3</td>
<td>+ 1.6</td>
</tr>
<tr>
<td>of which diamond mining</td>
<td>- 1.9</td>
<td>-15.6</td>
<td>+53.3</td>
<td>+21.9</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>+ 9.4</td>
<td>+ 3.7</td>
<td>+ 5.2</td>
<td>+ 3.1</td>
</tr>
<tr>
<td>Fish processing</td>
<td>-18.0</td>
<td>+62.4</td>
<td>-38.8</td>
<td>+ 9.9</td>
</tr>
<tr>
<td>Construction</td>
<td>- 6.2</td>
<td>-10.0</td>
<td>+ 2.1</td>
<td>- 2.0</td>
</tr>
<tr>
<td>Electricity &amp; water</td>
<td>+ 3.4</td>
<td>+ 5.4</td>
<td>+ 4.0</td>
<td>+ 2.0</td>
</tr>
<tr>
<td>Transport &amp; communications</td>
<td>+10.4</td>
<td>+ 4.0</td>
<td>+ 3.0</td>
<td>+ 3.0</td>
</tr>
<tr>
<td>Trade, hotels etc</td>
<td>+ 3.0</td>
<td>+ 0.5</td>
<td>+ 0.5</td>
<td>- 3.0</td>
</tr>
<tr>
<td>Finance &amp; real estate</td>
<td>+ 1.6</td>
<td>- 0.1</td>
<td>+ 0.5</td>
<td>+ 1.5</td>
</tr>
<tr>
<td>Government</td>
<td>+ 2.4</td>
<td>+ 3.7</td>
<td>+ 5.2</td>
<td>+ 9.1</td>
</tr>
<tr>
<td>Community services</td>
<td>+ 1.4</td>
<td>+ 1.0</td>
<td>+ 2.2</td>
<td>+ 1.9</td>
</tr>
<tr>
<td>Other</td>
<td>+ 2.7</td>
<td>+ 1.6</td>
<td>+ 2.0</td>
<td>+ 2.0</td>
</tr>
<tr>
<td>GDP at factor cost</td>
<td>- 0.4</td>
<td>+ 0.4</td>
<td>+ 3.8</td>
<td>+ 3.5</td>
</tr>
</tbody>
</table>

*Source:* Ministry of Finance, *Economic Review*, 1993. Note that growth rate figures in this table in some cases do not seem to be consistent with the absolute figures in Table 3.1 in the main text, in spite of being taken from the same document. While this table is based on constant 1985 prices, table 3.1 is based on current prices, which make them difficult to compare.

Table 2. *Budget and budget outcome 1992/93*

<table>
<thead>
<tr>
<th>Item</th>
<th>Budget</th>
<th>Revised budget</th>
<th>Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>2,817</td>
<td>2,633</td>
<td>2,713</td>
</tr>
<tr>
<td>Expenditure</td>
<td>3,544</td>
<td>3,662</td>
<td>3,642</td>
</tr>
<tr>
<td>Deficit (gross)</td>
<td>-727</td>
<td>-1,029</td>
<td>-929</td>
</tr>
<tr>
<td>Grants (foreign aid)</td>
<td>125</td>
<td>90</td>
<td>74</td>
</tr>
<tr>
<td>Savings from 1991/92 + use of cash balance</td>
<td></td>
<td>592?</td>
<td>558?</td>
</tr>
<tr>
<td>Borrowing requirements</td>
<td>-602</td>
<td>-347</td>
<td>-297</td>
</tr>
</tbody>
</table>

*Sources:* Budget data from budget, data on Revised budget and Actual from *Budget Speech 1993*
Table 3. *Balance of payments current account, 1990–1992 (R million)*

<table>
<thead>
<tr>
<th>ITEM</th>
<th>1990</th>
<th>1991</th>
<th>1992a</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exports fob</td>
<td>2,849</td>
<td>3,457</td>
<td>3,673</td>
</tr>
<tr>
<td>Diamonds</td>
<td>849</td>
<td>1,222</td>
<td>1,292</td>
</tr>
<tr>
<td>Other mineral products</td>
<td>943</td>
<td>808</td>
<td>820</td>
</tr>
<tr>
<td>Food and live animals</td>
<td>748</td>
<td>1,016</td>
<td>1,051</td>
</tr>
<tr>
<td>Manufactured products</td>
<td>258</td>
<td>363</td>
<td>468</td>
</tr>
<tr>
<td>Other commodities</td>
<td>51</td>
<td>48</td>
<td>42</td>
</tr>
<tr>
<td>Imports fob (excluding duty)b</td>
<td>-2,890</td>
<td>-3,059</td>
<td>-3,358</td>
</tr>
<tr>
<td>Services (net)</td>
<td>-733</td>
<td>-959</td>
<td>-982</td>
</tr>
<tr>
<td>Transportation (net)</td>
<td>-468</td>
<td>-600</td>
<td>-604</td>
</tr>
<tr>
<td>Charter of fishing boats</td>
<td>-221</td>
<td>-335</td>
<td>-291</td>
</tr>
<tr>
<td>Other</td>
<td>-247</td>
<td>-265</td>
<td>-313</td>
</tr>
<tr>
<td>Travel (net)</td>
<td>-11</td>
<td>1</td>
<td>20</td>
</tr>
<tr>
<td>Insurance (net)</td>
<td>-44</td>
<td>-56</td>
<td>-71</td>
</tr>
<tr>
<td>Business, administrative, financial and communications services (net)</td>
<td>-245</td>
<td>-319</td>
<td>-335</td>
</tr>
<tr>
<td>Other government services (net)</td>
<td>35</td>
<td>15</td>
<td>8</td>
</tr>
<tr>
<td>Compensation of employees (net)</td>
<td>-34</td>
<td>-26</td>
<td>-25</td>
</tr>
<tr>
<td>Investment income (net)</td>
<td>140</td>
<td>349</td>
<td>221</td>
</tr>
<tr>
<td>Income received</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Direct investment</td>
<td>5</td>
<td>8</td>
<td>7</td>
</tr>
<tr>
<td>Portfolio investment</td>
<td>389</td>
<td>531</td>
<td>453</td>
</tr>
<tr>
<td>Other investment</td>
<td>87</td>
<td>129</td>
<td>113</td>
</tr>
<tr>
<td>Income paid</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Direct investment</td>
<td>-184</td>
<td>-190</td>
<td>-238</td>
</tr>
<tr>
<td>Portfolio investment</td>
<td>-62</td>
<td>-94</td>
<td>-63</td>
</tr>
<tr>
<td>Other investment</td>
<td>-95</td>
<td>-35</td>
<td>-51</td>
</tr>
<tr>
<td>TOTAL goods, services and income balance</td>
<td>-668</td>
<td>-238</td>
<td>-471</td>
</tr>
<tr>
<td>Transfers, cash and kind (net)</td>
<td>561</td>
<td>925</td>
<td>869</td>
</tr>
<tr>
<td>Gov’t</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>– development assistance</td>
<td>202</td>
<td>282</td>
<td>348</td>
</tr>
<tr>
<td>- from SACU</td>
<td>490</td>
<td>827</td>
<td>735</td>
</tr>
<tr>
<td>- other</td>
<td>-192</td>
<td>-251</td>
<td>-287</td>
</tr>
<tr>
<td>Private</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>– grants received by NGOs</td>
<td>82</td>
<td>82</td>
<td>73</td>
</tr>
<tr>
<td>- other transfers (net)</td>
<td>-21</td>
<td>-15</td>
<td>---</td>
</tr>
<tr>
<td>TOTAL current account balance</td>
<td>-107</td>
<td>687</td>
<td>398</td>
</tr>
</tbody>
</table>

*a Provisional.

*Source: Bank of Namibia, Balance of Payments, Namibia, 1990 to 1992*
Table 4. *Share of budget expenditure for selected sectors*

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Education</td>
<td>19.8 %</td>
<td>19.8 %</td>
<td>20.5 %</td>
<td>24.0 %</td>
</tr>
<tr>
<td>Health</td>
<td>9.6 %</td>
<td>8.8 %</td>
<td>9.2 %</td>
<td>9.8 %</td>
</tr>
<tr>
<td>Social services</td>
<td>5.6 %</td>
<td>6.2 %</td>
<td>5.7 %</td>
<td>6.1 %</td>
</tr>
<tr>
<td>Housing</td>
<td>8.3 %</td>
<td>7.9 %</td>
<td>8.2 %</td>
<td>8.1 %</td>
</tr>
<tr>
<td>Agriculture</td>
<td>2.9 %</td>
<td>4.7 %</td>
<td>4.0 %</td>
<td>4.2 %</td>
</tr>
<tr>
<td><strong>Current</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Education</td>
<td>20.8 %</td>
<td>21.5 %</td>
<td>23.3 %</td>
<td>27.0 %</td>
</tr>
<tr>
<td>Health</td>
<td>10.6 %</td>
<td>9.7 %</td>
<td>10.1 %</td>
<td>10.7 %</td>
</tr>
<tr>
<td>Social services</td>
<td>6.3 %</td>
<td>6.9 %</td>
<td>6.2 %</td>
<td>6.2 %</td>
</tr>
<tr>
<td>Housing</td>
<td>6.1 %</td>
<td>6.0 %</td>
<td>6.4 %</td>
<td>6.3 %</td>
</tr>
<tr>
<td>Agriculture</td>
<td>3.0 %</td>
<td>3.2 %</td>
<td>3.0 %</td>
<td>3.3 %</td>
</tr>
<tr>
<td><strong>Capital</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Education</td>
<td>15.6 %</td>
<td>13.0 %</td>
<td>8.9 %</td>
<td>8.7 %</td>
</tr>
<tr>
<td>Health</td>
<td>3.9 %</td>
<td>5.1 %</td>
<td>5.6 %</td>
<td>5.5 %</td>
</tr>
<tr>
<td>Social Services</td>
<td>1.6 %</td>
<td>3.3 %</td>
<td>3.4 %</td>
<td>5.9 %</td>
</tr>
<tr>
<td>Housing</td>
<td>17.5 %</td>
<td>14.9 %</td>
<td>14.5 %</td>
<td>14.6 %</td>
</tr>
<tr>
<td>Agriculture</td>
<td>2.4 %</td>
<td>12.6 %</td>
<td>8.4 %</td>
<td>8.7 %</td>
</tr>
</tbody>
</table>

*Source: Estimates of Revenue and Expenditure, various years*

Table 5. *Number of teachers in Namibia*

<table>
<thead>
<tr>
<th>Year</th>
<th>Total</th>
<th>Male</th>
<th>Female</th>
</tr>
</thead>
<tbody>
<tr>
<td>1986</td>
<td>11,121</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1987</td>
<td>11,945</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1988</td>
<td>12,526</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1989</td>
<td>12,885</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1990</td>
<td>13,231</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1991</td>
<td>13,925</td>
<td>5,708</td>
<td>8,217</td>
</tr>
<tr>
<td>1992</td>
<td>14,292</td>
<td>5,705</td>
<td>8,587</td>
</tr>
<tr>
<td>1993</td>
<td>14,991</td>
<td>5,840</td>
<td>9,151</td>
</tr>
</tbody>
</table>

*Source: MEC.*
Table 6. Some education sector data on Ondangwa regio.

<table>
<thead>
<tr>
<th>Ondangwa region and national totals in 1993</th>
<th>Ondangwa</th>
<th>National</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average class size prim. school</td>
<td>44</td>
<td>36</td>
</tr>
<tr>
<td>Average class size, sec. school</td>
<td>41</td>
<td>34</td>
</tr>
<tr>
<td>Average class size, grade 1</td>
<td>50</td>
<td>41</td>
</tr>
<tr>
<td>Average class size, grade 2</td>
<td>45</td>
<td>36</td>
</tr>
<tr>
<td>Average pupil/teacher ratio</td>
<td>41</td>
<td>30</td>
</tr>
<tr>
<td>Ondangwa’s share of national totals in 1993</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Primary school pupils</td>
<td>56 %</td>
<td></td>
</tr>
<tr>
<td>Secondary school pupils</td>
<td>47 %</td>
<td></td>
</tr>
<tr>
<td>Grade 1 pupils</td>
<td>61 %</td>
<td></td>
</tr>
<tr>
<td>Grade 12 students</td>
<td>39 %</td>
<td></td>
</tr>
<tr>
<td>Teachers</td>
<td>40 %</td>
<td></td>
</tr>
</tbody>
</table>

Source: MEC.

Table 7. Public expenditure in primary, secondary and informal education (R million)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary education</td>
<td>227</td>
<td>293</td>
<td>360</td>
<td>412</td>
</tr>
<tr>
<td>% of total budget exp</td>
<td>8.8 %</td>
<td>9.4 %</td>
<td>10.2 %</td>
<td>12.2 %</td>
</tr>
<tr>
<td>Secondary education</td>
<td>157</td>
<td>233</td>
<td>218</td>
<td>242</td>
</tr>
<tr>
<td>% of total budget exp</td>
<td>6.1 %</td>
<td>7.5 %</td>
<td>6.2 %</td>
<td>7.2 %</td>
</tr>
<tr>
<td>Non-formal education</td>
<td>10</td>
<td>9</td>
<td>14</td>
<td>17</td>
</tr>
<tr>
<td>% of total budget exp</td>
<td>0.4 %</td>
<td>0.3 %</td>
<td>0.4 %</td>
<td>0.5 %</td>
</tr>
</tbody>
</table>

Source: Estimates of Revenue and Expenditure for the Financial Year ending 31 March 1993, and ditto 1994

Table 8. Total health budget expenditures 1990/91–1993/94 (current R million)

<table>
<thead>
<tr>
<th>Fiscal year</th>
<th>Current</th>
<th>Capital</th>
<th>Total</th>
<th>% of total budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>1990/91 (actual)</td>
<td>228.4</td>
<td>9.0</td>
<td>237.4</td>
<td>9.6 %</td>
</tr>
<tr>
<td>1991/92 (actual)</td>
<td>280.5</td>
<td>20.1</td>
<td>300.6</td>
<td>8.8 %</td>
</tr>
<tr>
<td>1992/93 (appropr.)</td>
<td>291.0</td>
<td>35.6</td>
<td>326.7</td>
<td>9.2 %</td>
</tr>
<tr>
<td>1993/94 (estimate)</td>
<td>304.7</td>
<td>27.4</td>
<td>331.7</td>
<td>9.8 %</td>
</tr>
</tbody>
</table>

Table 9. *Expenditure for special hospitals and public health in the health budget (%)*

<table>
<thead>
<tr>
<th>Fiscal year</th>
<th>Special Hospitals etc</th>
<th></th>
<th>Public Health etc</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Current</td>
<td>Capital</td>
<td>Total</td>
<td>Current</td>
</tr>
<tr>
<td>1990/91 (actual)</td>
<td>45 %</td>
<td>10 %</td>
<td>44 %</td>
<td>38 %</td>
</tr>
<tr>
<td>1991/92 (actual)</td>
<td>42 %</td>
<td>13 %</td>
<td>40 %</td>
<td>46 %</td>
</tr>
<tr>
<td>1992/93 (appropr)</td>
<td>39 %</td>
<td>14 %</td>
<td>36 %</td>
<td>56 %</td>
</tr>
<tr>
<td>1993/94 (estimate)</td>
<td>39 %</td>
<td>100 %</td>
<td>44 %</td>
<td>50 %</td>
</tr>
</tbody>
</table>

*Source: Estimate of Revenue and Expenditure for the Financial Year Ending 31 March 1993 and dito 1994*

Table 10. *Health facilities in Windhoek and Ovambo (+ Kaokoland)*

<table>
<thead>
<tr>
<th>Share of</th>
<th>Windhoek</th>
<th>Ovambo</th>
</tr>
</thead>
<tbody>
<tr>
<td>total population</td>
<td>11 %</td>
<td>44 %</td>
</tr>
<tr>
<td>total health budget expenditure.</td>
<td>28 %</td>
<td>28 %</td>
</tr>
<tr>
<td>total hospital/clinic beds</td>
<td>18 %</td>
<td>33 %</td>
</tr>
<tr>
<td>total nurses</td>
<td>30 %</td>
<td>28 %</td>
</tr>
<tr>
<td>total doctors</td>
<td>48 %</td>
<td>16 %</td>
</tr>
</tbody>
</table>

Table 11. **Public sector employment**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>President</td>
<td>113</td>
<td>115</td>
<td>138</td>
<td>151</td>
<td>+ 38 + 34</td>
</tr>
<tr>
<td>Prime Minister</td>
<td>119</td>
<td>158</td>
<td>197</td>
<td>223</td>
<td>+ 104 + 87</td>
</tr>
<tr>
<td>Parliament</td>
<td>12</td>
<td>12</td>
<td>83</td>
<td>87</td>
<td>+ 75 + 625</td>
</tr>
<tr>
<td>Auditor-General</td>
<td>45</td>
<td>55</td>
<td>52</td>
<td>55</td>
<td>+ 10 + 22</td>
</tr>
<tr>
<td>Civic Affairs</td>
<td>288</td>
<td>296</td>
<td>348</td>
<td>361</td>
<td>+ 73 + 25</td>
</tr>
<tr>
<td>Police and Prisons</td>
<td>5,613</td>
<td>4,969</td>
<td>5,118</td>
<td>5,318</td>
<td>– 295 – 5</td>
</tr>
<tr>
<td>Foreign Affairs</td>
<td>157</td>
<td>264</td>
<td>371</td>
<td>426</td>
<td>+ 269 + 171</td>
</tr>
<tr>
<td>Defence</td>
<td>7,940</td>
<td>8,066</td>
<td>7,817</td>
<td>7,579</td>
<td>– 361 – 5</td>
</tr>
<tr>
<td>Finance</td>
<td>445</td>
<td>552</td>
<td>561</td>
<td>561</td>
<td>+ 116 + 26</td>
</tr>
<tr>
<td>Educ. &amp; Culture</td>
<td>19,361</td>
<td>20,516</td>
<td>23,575</td>
<td>24,062</td>
<td>+4,701 + 24</td>
</tr>
<tr>
<td>Youth &amp; Sport</td>
<td>9</td>
<td>83</td>
<td>89</td>
<td>98</td>
<td>+ 89 + 989</td>
</tr>
<tr>
<td>Inform. &amp; Broadcast</td>
<td>127</td>
<td>166</td>
<td>113</td>
<td>110</td>
<td>– 17 – 13</td>
</tr>
<tr>
<td>Health &amp; Soc. Service</td>
<td>7,923</td>
<td>8,305</td>
<td>8,648</td>
<td>8,648</td>
<td>+ 725 + 9</td>
</tr>
<tr>
<td>Labour &amp; Manpower Dev.</td>
<td>70</td>
<td>151</td>
<td>116</td>
<td>201</td>
<td>+ 131 +187</td>
</tr>
<tr>
<td>Mines &amp; Energy</td>
<td>88</td>
<td>122</td>
<td>122</td>
<td>169</td>
<td>+ 81 + 92</td>
</tr>
<tr>
<td>Justice</td>
<td>341</td>
<td>406</td>
<td>438</td>
<td>448</td>
<td>+ 107 + 31</td>
</tr>
<tr>
<td>Local Govt &amp; Housing</td>
<td>835</td>
<td>1,151</td>
<td>1,124</td>
<td>1,158</td>
<td>+ 323 + 39</td>
</tr>
<tr>
<td>Wildlife, Conserv. &amp; Tourism</td>
<td>1,415</td>
<td>1,441</td>
<td>1,401</td>
<td>1,439</td>
<td>+ 24 + 2</td>
</tr>
<tr>
<td>Trade &amp; Industry</td>
<td>54</td>
<td>82</td>
<td>116</td>
<td>128</td>
<td>+ 74 +137</td>
</tr>
<tr>
<td>Agric. &amp; Rural Dev.</td>
<td>2,419</td>
<td>2,502</td>
<td>2,009</td>
<td>2,091</td>
<td>– 328 – 14</td>
</tr>
<tr>
<td>Water Affairs</td>
<td>1,444</td>
<td>1,679</td>
<td>2,343</td>
<td>2,447</td>
<td>+1,003 + 69</td>
</tr>
<tr>
<td>Fisheries &amp; Marine Dev.</td>
<td>103</td>
<td>257</td>
<td>230</td>
<td>343</td>
<td>+ 240 +233</td>
</tr>
<tr>
<td>Works</td>
<td>3,610</td>
<td>3,612</td>
<td>3,772</td>
<td>3,798</td>
<td>+ 188 + 5</td>
</tr>
<tr>
<td>Transports</td>
<td>3,477</td>
<td>3,197</td>
<td>3,093</td>
<td>2,946</td>
<td>– 531 – 15</td>
</tr>
<tr>
<td>Communication</td>
<td>2,280</td>
<td>2,386</td>
<td>parastat.</td>
<td>—</td>
<td>–2,280 – ∞</td>
</tr>
<tr>
<td>National Plan. Com.</td>
<td>0</td>
<td>45</td>
<td>59</td>
<td>175</td>
<td>+ 175 + ∞</td>
</tr>
<tr>
<td>Lands, Resettlements</td>
<td>110</td>
<td>173</td>
<td>188</td>
<td>206</td>
<td>+ 96 + 87</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>58,398</strong></td>
<td><strong>60,761</strong></td>
<td><strong>62,121</strong></td>
<td><strong>63,228</strong></td>
<td><strong>+4,830 + 8</strong></td>
</tr>
</tbody>
</table>
Table 12. Labour force* by sex & industry in the 1991 Population Census

<table>
<thead>
<tr>
<th>SECTORS</th>
<th>Total</th>
<th>Male</th>
<th>Female</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total country</td>
<td>394,341</td>
<td>221,309</td>
<td>173,032</td>
</tr>
<tr>
<td>Agriculture, Hunting &amp; Forestry</td>
<td>187,119</td>
<td>97,409</td>
<td>89,710</td>
</tr>
<tr>
<td>(of which subsistence agriculture)</td>
<td>(142,595)</td>
<td>(56,469)</td>
<td>(86,126)</td>
</tr>
<tr>
<td>Fishing</td>
<td>2,810</td>
<td>2,578</td>
<td>232</td>
</tr>
<tr>
<td>Mining &amp; Quarrying</td>
<td>14,686</td>
<td>13,837</td>
<td>849</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>22,884</td>
<td>10,773</td>
<td>12,111</td>
</tr>
<tr>
<td>Electricity, Gas &amp; Water</td>
<td>2,974</td>
<td>2,826</td>
<td>148</td>
</tr>
<tr>
<td>Construction</td>
<td>18,639</td>
<td>18,138</td>
<td>501</td>
</tr>
<tr>
<td>Wholesale &amp; Retail Trade</td>
<td>33,797</td>
<td>17,489</td>
<td>16,308</td>
</tr>
<tr>
<td>Hotels &amp; Restaurants</td>
<td>4,025</td>
<td>2,191</td>
<td>1,834</td>
</tr>
<tr>
<td>Transport &amp; Communications</td>
<td>9,322</td>
<td>8,003</td>
<td>1,319</td>
</tr>
<tr>
<td>Financial Intermediation</td>
<td>3,935</td>
<td>1,934</td>
<td>2,001</td>
</tr>
<tr>
<td>Real Estate, Renting &amp; Business Activities</td>
<td>4,614</td>
<td>3,248</td>
<td>1,366</td>
</tr>
<tr>
<td>Public Administration, Defence &amp; Social Security</td>
<td>27,064</td>
<td>22,046</td>
<td>5,018</td>
</tr>
<tr>
<td>Education</td>
<td>22,384</td>
<td>8,927</td>
<td>13,457</td>
</tr>
<tr>
<td>Health &amp; Social Work</td>
<td>10,744</td>
<td>3,356</td>
<td>7,388</td>
</tr>
<tr>
<td>Other Community, Social &amp; Personal Service Activities</td>
<td>5,888</td>
<td>3,715</td>
<td>2,173</td>
</tr>
<tr>
<td>Private Households with employed persons</td>
<td>21,863</td>
<td>3,879</td>
<td>17,984</td>
</tr>
<tr>
<td>Extra-territorial Bodies &amp; Organisations</td>
<td>608</td>
<td>386</td>
<td>222</td>
</tr>
<tr>
<td>Not Stated</td>
<td>985</td>
<td>574</td>
<td>411</td>
</tr>
</tbody>
</table>

*Persons aged 10 years & over  
Source: Central Statistics Office
Table 13. Total aid inflows—share of main donors (%)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>TOTAL AMOUNT</td>
<td>R 574.9 m</td>
<td>R 352.7 m</td>
<td>R 354.9 m</td>
</tr>
<tr>
<td>Australia</td>
<td>1.0</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Belgium</td>
<td>1.9</td>
<td>1.1</td>
<td>1.4</td>
</tr>
<tr>
<td>China</td>
<td>4.3</td>
<td>2.8</td>
<td>2.8</td>
</tr>
<tr>
<td>Denmark</td>
<td>4.2</td>
<td>9.6</td>
<td>5.6</td>
</tr>
<tr>
<td>Finland</td>
<td>9.2</td>
<td>8.4</td>
<td>a)</td>
</tr>
<tr>
<td>France</td>
<td>5.7</td>
<td>3.7</td>
<td>5.6</td>
</tr>
<tr>
<td>Germany</td>
<td>18.6</td>
<td>12.4</td>
<td>14.1</td>
</tr>
<tr>
<td>India</td>
<td>1.6</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Japan</td>
<td>9.0</td>
<td>0.9</td>
<td>2.8</td>
</tr>
<tr>
<td>Netherlands</td>
<td>0.9</td>
<td>10.2</td>
<td>7.0</td>
</tr>
<tr>
<td>Norway</td>
<td>6.3</td>
<td>6.4</td>
<td>7.0</td>
</tr>
<tr>
<td>South Africa</td>
<td>1.4</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Sweden</td>
<td>11.9</td>
<td>14.6</td>
<td>14.1</td>
</tr>
<tr>
<td>UK</td>
<td>3.7</td>
<td>2.3</td>
<td>4.2</td>
</tr>
<tr>
<td>USA</td>
<td>11.6</td>
<td>7.1</td>
<td>3.9</td>
</tr>
<tr>
<td>EC</td>
<td>4.9</td>
<td>10.2</td>
<td>14.1</td>
</tr>
<tr>
<td>UNDP</td>
<td>2.2</td>
<td>2.5</td>
<td>2.5</td>
</tr>
<tr>
<td>WFP</td>
<td>6.0</td>
<td>1.0</td>
<td>6.6</td>
</tr>
<tr>
<td>UNICEF</td>
<td>1.4</td>
<td>3.1</td>
<td>3.1</td>
</tr>
<tr>
<td>Commonwealth</td>
<td>1.9</td>
<td>-</td>
<td>0.6</td>
</tr>
<tr>
<td>Other</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOTAL</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Sources: Ministry of Foreign Affairs and National Planning Commission
Column NPC I is calculated from sector data in table 6.3. and column NPC II from country data. Only donors with more than 1 per cent share are included. EC’s Sysmin program is not included. WFP figure in column one and three includes drought relief.
a) Finland’s project by project approach means that no figure is included here.

Table 14. Received aid to State Revenue Fund, 1990/91–1992/93
(R million)

<table>
<thead>
<tr>
<th>Donor</th>
<th>1990/91</th>
<th>1991/92</th>
<th>1992/93</th>
<th>Total</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>EC</td>
<td>29.1</td>
<td>13.2</td>
<td>24.6</td>
<td>66.9</td>
<td>28</td>
</tr>
<tr>
<td>Sweden</td>
<td>13.8</td>
<td>21.8</td>
<td>20.9</td>
<td>56.5</td>
<td>23</td>
</tr>
<tr>
<td>USA</td>
<td>27.1</td>
<td>-</td>
<td>19.2</td>
<td>46.3</td>
<td>19</td>
</tr>
<tr>
<td>Norway</td>
<td>11.6</td>
<td>9.9</td>
<td>6.8</td>
<td>28.3</td>
<td>12</td>
</tr>
<tr>
<td>Finland</td>
<td>17.2</td>
<td>6.2</td>
<td>-</td>
<td>23.4</td>
<td>10</td>
</tr>
<tr>
<td>Denmark</td>
<td>-</td>
<td>8.7</td>
<td>-</td>
<td>8.7</td>
<td>4</td>
</tr>
<tr>
<td>Netherlands</td>
<td>-</td>
<td>2.4</td>
<td>1.4</td>
<td>3.8</td>
<td>2</td>
</tr>
<tr>
<td>Austria</td>
<td>-</td>
<td>3.0</td>
<td>-</td>
<td>3.0</td>
<td>1</td>
</tr>
<tr>
<td>Others</td>
<td>2.4</td>
<td>2.6</td>
<td>0.8</td>
<td>5.8</td>
<td>2</td>
</tr>
<tr>
<td>TOTAL</td>
<td>101.1</td>
<td>67.8</td>
<td>73.7</td>
<td>242.7</td>
<td>100</td>
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</table>

Source: Ministry of Finance
Swedish Assistance to Namibia: An Assessment of the Impact of SIDA, 1990–93

Henning Melber, Tor Sellström and Chris Tapscott

INTRODUCTION

The main aim of this study is to assess the relevance of Swedish assistance to the economic and social development of independent Namibia. Before entering into this discussion, it is appropriate to briefly recall:

a) the stated objectives of Swedish development assistance in general,
b) the development objectives defined by the Government of Namibia,
c) the specific objectives of the Swedish-Namibian development cooperation programme as laid down in the general agreement on development cooperation between the two countries.

In order to understand why the two governments have chosen to cooperate in certain sectors, or areas, a brief comment should, in addition, be made on the historical background to Swedish assistance to Namibia. Finally, the general structure and scope of the core programme—i.e. the form of assistance governed by the general agreement—will be discussed.

Objectives

The over-arching objective of Swedish international development assistance is “to improve the living conditions of poor people”. In order to achieve this objective, the Swedish Parliament has defined five goals. Thus, Swedish aid should contribute to:

— economic growth,
— economic and social equality,
— economic and political independence,
— a democratic development of the society, and
— sustainable use of natural resources and protection of the environment.

As stated in one SIDA publication5 “these goals are to be seen as guidelines.... Projects and programmes should be formulated to further and support these objectives, which are of course not immediately attainable—nor can all be reached at the same time. Under certain circumstances, the goals can also conflict—or be seen to conflict—with each

other ... At the same time, several of the goals are intertwined and economic growth is often regarded as a prerequisite for the relevance of other goals...”. Finally, it is, of course, also the case that the possibilities for promoting the different goals effectively vary considerably from country to country and between sectors within a given country.

Turning to the Namibian national development objectives and priority areas, it will be seen that, to a large extent, they correspond to the economic and socio-economic goals of Swedish international development assistance. Thus, since the UNDP-sponsored donors’ conference on Namibia held in New York in June 1990, the Government of Namibia has defined the following broad development objectives:

— to reactivate the economy and foster economic growth;
— to reduce income disparities and alleviate poverty;
— to restrain and redirect public expenditure; and
— to increase employment opportunities.

These objectives are to be achieved “within a framework of macro-economic stability and sound environmental management. At the same time, special efforts will be made to ensure that the development process enables women to obtain and secure equality of opportunity and enhance their socio-economic status”. Finally, in order to achieve its development objectives, the government of Namibia has identified four priority areas, namely:

— agriculture and rural development;
— education and training;
— health and social services; and
— housing.

According to the Namibian Transitional Development Plan for the period 1991/92–1993/94, these areas “will receive increasing attention over the coming years as projects inherited from the previous administration are completed and resources are freed to pursue new development activities. However, the ability of the government to devote resources to its priorities will depend primarily on its success in stimulating the economy and obtaining revenue from economic activities”.

Finally, in the general agreement on development cooperation between Sweden and Namibia, originally entered into for the period 1 July 1991–30 June 1993 and subsequently extended until 30 June 1994, the two governments state that “the cooperation(...) shall aim at assisting Namibia in its efforts to achieve equity and growth in its social and economic development and to strengthen Namibia’s political and economic independence. Priority shall be given to assistance aimed at improving the lives of deprived people in the rural areas. Special attention should be paid to secure gender and environmental awareness (and) a long-term aim

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should be to assist Namibia in maintaining and developing capacity within the areas supported by Sweden and to extend this capacity to a broader spectrum of the population.”

**Historical Background**

Swedish assistance to independent Namibia through SIDA has concentrated on three sectors, namely education, transport and communications and public administration. The present commitment to all three sectors predates Namibia’s independence in that Swedish humanitarian support to SWAPO exiles, as well as support to humanitarian activities inside the country, was oriented towards education and transport from an early stage. In the late 1980s, Swedish resources were also allocated towards planning for institution- and capacity-building within what would become strategic areas in independent Namibia.

From 1970 until March 1990 Sweden disbursed some 600 million Swedish kronor (SEK) directly to SWAPO (and around 150 million SEK via United Nations and other organisations). In contrast to most donors active in Namibia today, but in common with the other Nordic countries, Sweden had thus initiated a policy dialogue with Namibia’s future political leadership long before Independence. From mid-1988 onward, this dialogue was pursued through a joint SWAPO/Nordic working group on Namibia. This followed a request by the SWAPO President Sam Nujoma to the Nordic Prime Ministers that each country should finance studies for a future independent Namibia in areas where they possessed particular competence and resources. It was through this process that the education and transport and communications sectors were taken up by Sweden. At the same time, President Nujoma approached Sweden with a particular request to undertake a feasibility study on the establishment of a Namibian central bank.

In conclusion, the profile of the development cooperation programme between Sweden and Namibia had largely been identified and agreed to at the time of Namibia’s Independence, although the details of the programme were only formalised with the general agreement on development cooperation which came into force on 1 July 1991.

**Structure and Scope of Swedish Support**

In addition to the education, transport and communications and public administration sectors, Swedish assistance to Namibia within the general agreement on development cooperation has been allocated for the following purposes:

— targeted budget support;
— a personnel and consultancy fund (P/C Fund);
— scholarships;
— Nyae Nyae Development Foundation; and
— drought relief.

An overview of actual disbursements within the core development cooperation programme during the period 1 July 1990 to 30 June 1993 is shown in the table below (amounts in MSEK). As can be seen, total disbursements over the period amounted to 269 MSEK. The total amount available for the same period (i.e. the total allocated within the country frame) was 320 MSEK, leaving an outgoing balance of 51 MSEK as of 30 June 1993. This balance was mainly created in 1990/91, i.e. during the initial phase of the development cooperation programme, when the disbursement rate was only 44 per cent. The rate has since increased considerably and reached well above 100 per cent in 1992/93.

<table>
<thead>
<tr>
<th>Sector/Programme</th>
<th>1990/91</th>
<th>1991/92</th>
<th>1992/93</th>
<th>Total 1.7.90–30.6.93</th>
</tr>
</thead>
<tbody>
<tr>
<td>Budget support</td>
<td>23.7</td>
<td>30.0</td>
<td>-</td>
<td>53.7</td>
</tr>
<tr>
<td>Bank of Namibia</td>
<td>8.2</td>
<td>19.1</td>
<td>19.4</td>
<td>46.7</td>
</tr>
<tr>
<td>P/C Fund</td>
<td>3.2</td>
<td>3.6</td>
<td>4.6</td>
<td>11.4</td>
</tr>
<tr>
<td>Scholarships</td>
<td>4.1</td>
<td>-</td>
<td>-</td>
<td>4.1</td>
</tr>
<tr>
<td>Nyae Nyae Foundation</td>
<td>-</td>
<td>1.8</td>
<td>1.8</td>
<td>3.6</td>
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<tr>
<td>Transport sector</td>
<td>2.0</td>
<td>24.6</td>
<td>34.8</td>
<td>61.4</td>
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<tr>
<td>Education sector</td>
<td>-</td>
<td>-</td>
<td>4.4</td>
<td>4.4</td>
</tr>
<tr>
<td>CSO</td>
<td>-</td>
<td>4.3</td>
<td>4.3</td>
<td>4.3</td>
</tr>
<tr>
<td>Drought relief</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>44.1</td>
<td>106.4</td>
<td>118.5</td>
<td>269.0</td>
</tr>
<tr>
<td>Country frame</td>
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<td>110.0</td>
<td>110.0</td>
<td></td>
</tr>
<tr>
<td>Ingoing balance</td>
<td>-</td>
<td>55.9</td>
<td>59.5</td>
<td></td>
</tr>
<tr>
<td>Total available</td>
<td>100.0</td>
<td>165.9</td>
<td>169.5</td>
<td></td>
</tr>
<tr>
<td>Outgoing balance</td>
<td>55.9</td>
<td>59.5</td>
<td>51.0</td>
<td></td>
</tr>
</tbody>
</table>

At the beginning of 1993, partly due to financial constraints in Sweden and partly to the relatively high level of funds still available, the Swedish government decided to decrease the country allocation to Namibia from 110 MSEK in 1992/93 to 90 MSEK in 1993/94. Together with the outgoing balance from 1992/93, the funds available for the period 1 July 1993 to 30 June 1994, i.e. for the remaining period of the general agreement presently in force, thus amount to 141 MSEK, or approximately to 58.5 million Namibia Dollars.

In his parallel study, Odén gives estimates of the actual inflow of foreign aid to Namibia since Independence. Data in this respect varies considerably as both Namibian sources and foreign aid organisations give varying figures due to different definitions, periodisations and coverage of aid. The most reliable source to date for the actual aggregate inflow of aid is the Bank of Namibia’s report on Namibia’s balance of payments during the three-year
period 1990–92, published in July 1993. According to this report, total incoming aid in cash and kind to both the Government and non-governmental organisations corresponded to some 6 per cent of GDP during the period under review. If technical assistance and scholarships are excluded, the percentage is reduced to just over 4 per cent.

Based upon a survey by the Namibian Ministry of Foreign Affairs, Odén also gives rough estimates of the main donors’ shares of the inflow of aid to Namibia. According to his findings, the three major donors are the European Community, Sweden and Germany, each with a share of just under 15 per cent of the total. Thus, although Sweden is one of Namibia’s main development partners, in strict macro-economic terms the Swedish assistance can only have a marginal impact, representing between 0.5 and 0.8 per cent of Namibia’s GDP.

TARGETED BUDGETARY SUPPORT

When the incoming SWAPO government began preparing independent Namibia’s first budget in March 1990, it was confronted with a huge deficit. This was mainly as a result of South Africa’s withdrawal of the substantial budgetary grants extended to Namibia (or, rather, to the Administration for Whites) throughout the 1980s. In order to meet this immediate deficit, the Namibian government made a special request for direct budgetary support at the international donors’ conference on Namibia held in New York in June 1990.

Sweden was among the few countries that responded positively to the request. In October 1990 Sweden and Namibia entered into a specific agreement on budgetary support through which an amount of 24 MSEK was set aside for 1990/91. A second agreement—amounting to 30 MSEK and covering 1991/92—was signed in April 1991.

According to the agreements, the purpose of the budgetary support was to “temporarily assist Namibia in its efforts to finance the deficits in the national budget, with a view to achieve equity in its social and economic development”. Bearing the equity aspect in mind, the support was further targeted towards the new Namibian government’s priority areas for socio-economic action. As such, it should “be oriented towards the least developed regions of Namibia and ... be targeted to the socio-economic sectors of education, vocational training, health, agriculture, water and housing”.

Responsibility for the selection of projects from the capital budget to be covered under the budgetary support rested with the National Planning Commission, who submitted them to SIDA for approval and funding through the State Revenue Fund. The projects were thereafter implemented entirely by the Namibian government.

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8 Cf “Conclusions” below.
It falls outside the scope of this study to look closely into all the projects implemented through this component of Swedish assistance, which in Rand terms amounted to some 27 MZAR over the two-year period 1 July 1990 to 30 June 1992. For the purposes of the study, however, it is important to point out that the projects selected not only constitute an impressive list of public endeavour at the community level, but also that they were evenly spread over both the above-mentioned priority areas and between the least developed regions of Namibia. The following examples of some of the projects financed by Sweden under the targeted budgetary support illustrate this spread:

— water supply system in Namaland,
— expansion of sewerage in Opuwo,
— extension of a health clinic in Otjinene,
— agricultural cropping in Bagani,
— electrification at Tseiblaagte,
— vocational guidance centre in Katutura, and
— conversion of shed-classrooms to conventional classrooms in the Northern Region.

In some of the interviews conducted for this study, criticism was levelled against both the Namibian government and foreign donors for what was seen as an excessive channelling of development assistance funds to the Owambo region to the exclusion of other regions. In the case of Swedish assistance to Namibia in general, the findings of this study do not support such a view. In the case of the targeted budgetary support—which over the first two years received more than one third of all the funds disbursed—the converse appears true, namely that the densely populated and war-ravaged North-Central Region received less resources per capita than the rest of the country.

In our view, the targeted budgetary support played an important role during the first years of Namibia’s independence, both in alleviating the serious budgetary constraints inherited from the former colonial administration and in bringing social services and infrastructure to disadvantaged areas. The objectives outlined in the specific agreements were thus achieved.

Against this background, and the fact that all the funds allocated were transferred to the State Revenue Fund, it is ironic that the government of Namibia has, thus far, not been able to present a proper report on the support. All projects have been implemented, and according to the agreement signed in April 1991, Namibia should have furnished Sweden with a report on the use of the funds received not later than 1 October 1992. However, only in September 1993 did the National Planning Commission submit some financial information. The document—entitled “Targeted budgeting assistance from Sweden”—is clearly unsatisfactory. Not only does

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9 For example, Hon. Moses Katjiongua, Member of Parliament for the National Patriotic Front (NPF) and John Muundja, NPF spokesperson on agricultural matters, interviewed 24 September 1993.
it merely present computer transaction printouts from the Ministry of Finance, but they refer to a variety of activities supported by SIDA through the Namibian budget and not, as expected, to those under budgetary support. No comments, furthermore, are made to the schedules. SIDA has therefore requested the National Planning Commission to submit a proper financial and narrative report on this substantial component of the Swedish assistance to Namibia as early as possible.

PUBLIC ADMINISTRATION

Swedish assistance to public administration in Namibia comprises support to the Bank of Namibia, the Central Statistics Office in the National Planning Commission and, through a separate agreement, support to a Personnel and Consultancy Fund. A programme of support to the Auditor General’s Office is presently under preparation. During the first three years of the Swedish-Namibian development cooperation programme, this assistance was governed by separate project agreements. From 1 July 1993, and with the exception of the Personnel and Consultancy Fund, they were brought together under one sector agreement, referred to as the Public Sector Institutions Development Programme, covering ongoing support to the central bank and the statistical office, as well as the intended assistance to the Office of the Auditor General. The agreement is valid for the period 1 July 1993–31 December 1995, with a total Swedish contribution of 45 MSEK, or approximately 19 million Namibia Dollars.

The actual contribution from Sweden to the public administration sector in Namibia during the three-year period 1 July 1990 to 30 June 1993 was 62.5 MSEK, corresponding to roughly one fourth of total disbursements under the general agreement. By far the biggest share of the funds disbursed were in favour of the Bank of Namibia, which received 46.7 MSEK.

A Necessary Introduction

Pre-independence Namibia was ruled from Pretoria as a de facto South African province. Here, the political independence gained in March 1990 did not only—as in other African countries—entail transition from colonial status to national sovereignty. It also entailed the considerable task of severing a vast territory with a small and underskilled population from the economic hegemony of a powerful neighbour and former ruler, South Africa.

Thus, at Independence the Namibian economy was not only closely integrated with, and dependent upon, the highly regularized, monopolized and racially undemocratic South African economy, but a pre-independence provincial status had left the new nation without such basic and vital tools for economic planning and administration as a proper system of national

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10 The planned assistance to the Auditor General’s Office falls outside the scope of this study. We do, however, support the proposal. Cf below “Reporting”.

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accounts, reliable statistics or even accurate population data. In March 1990, Namibia did not have a central bank, a statistics office, an economic planning administration, a customs and excise department, an auditor general, a democratic chamber of commerce and industry or a proper tertiary education institution. Among the first tasks faced by the incoming government, thus, was the need to create these institutions, to train the human resources to staff them and to build the necessary capacity for economic policy formulation and implementation.

As seen above, this process had started before 1990, inter alia under the umbrella of the United Nations and through deliberations between the Nordic working group on Namibia and SWAPO. Thus, by 1988 President Nujoma had already approached Sweden with a request to undertake a study on the establishment of a Namibian central bank.

**Bank of Namibia**

Swedish support for the establishment and the development of a central bank began in late 1988 through a series of lectures, seminars and meetings with leading SWAPO representatives in exile. After Independence, this support was in October 1990 formalized through a specific agreement, which stated that “the overall objective of the Swedish support ... is to contribute on a long-term basis to the establishment of an own national currency as well as of a fully-fledged and competent central bank in Namibia. In this way, it is intended to strengthen the monetary independence of Namibia and ensure the efficient and effective management of the country’s financial resources”.

The bank was formally established on 16 July 1990 and began its operations on 1 August 1990, when it took over the functions previously performed by the Windhoek branch of the South African Reserve Bank. The national currency—the Namibia Dollar—was introduced on 15 September 1993.

Swedish assistance to the Bank of Namibia during the period under review has included the following main components:

a) *technical assistance:* Mr Erik Karlsson, who had taken an active part in the above-mentioned discussions on the establishment of a Namibian central bank prior to Independence and who in April 1990 was appointed economic advisor to the President and the Government of Namibia, served as Deputy Governor of the Bank from the outset. When the first Governor, Dr Benade—seconded through the International Monetary Fund (IMF)—resigned in August 1991, Mr Karlsson was appointed Acting Governor. He was, finally, appointed to the position of Governor in November 1992. In addition to Mr Karlsson, SIDA has financed the services of a long-term training coordinator (recruited from the Bank of England), an expert in bank supervision and short-term consultants on information systems management;
b) **computerization**: when the Bank of Namibia severed its links with the South African Reserve Bank in June 1991, it became necessary for the Bank to become fully reliant on its own computerized information system. This system had been established in 1990 with Swedish assistance, both in the form of technical assistance and through financial support for the procurement of computer hardware;

c) **training activities**: Sweden has assisted the Bank of Namibia with necessary training programmes, both through technical assistance and through funds for training courses, exchange visits etc; and

d) **financial support for the new currency**: an important part of Swedish assistance to the Bank of Namibia has been the printing of the new Namibia Dollar notes (produced by Tumba Bruk, Sweden) and the procurement of machines for counting and checking of notes.

When attempting to assess the specific impact of Swedish assistance to the Bank of Namibia (including the introduction of the Namibia Dollar), a number of factors should be borne in mind. The first is that during the period under review, SIDA-recruited personnel have worked closely with a team of senior officials seconded through the IMF and that they have jointly been responsible for senior management and for the building of the institution. Secondly, the lasting accomplishment of this kind of institution-building is, of course, hard—if at all possible—to measure in the short term.

In the interim, from the various interviews and discussions conducted for this study it is evident that Swedish assistance to the Bank has been crucial. It can also be noted that the objectives set out in the agreement quoted above have been achieved with considerable success. Thus, despite serious delays both in the consolidation of the Bank and in the introduction of a national currency (due to what appears to have been a series of quite unnecessary conflicts between the former Minister of Finance and the first Governor, between members of the Board of the Bank and between members of the staff and the leadership of the Bank), Namibia now has its own fully-fledged central bank and its own national currency. This achievement, in our view, can to a large extent be attributed to the experience and tenacity of Mr Karlsson. In addition, Swedish assistance has made it possible for the Bank to carry out an impressive staff development programme and to establish a modern and independent information system.

With the introduction of the Namibia Dollar, the Bank of Namibia is in a position to create its own foreign exchange reserves and to generate income from the handling of these reserves as well as from the issuing of Namibia Dollar notes. In this light, it has been mutually agreed between Sweden and Namibia that Swedish grant assistance to the Bank will be phased out. With the exception of one expert, all personnel seconded through the IMF had left the Bank by September 1993. Likewise with one exception—a new Director
of Supervision—the personnel financed by SIDA will also end their contracts in June 1994.

It can safely be assumed that great demands and pressures will be put on the Namibian central bank over the coming period. In this context it is important that competent Namibians are recruited to vacant positions as early as possible and that the transition from foreign to Namibian officials at senior level—including that of Governor—is effected with sufficient scope for the development of counterpart arrangements and for the transfer of skills. Sweden should, in our view, be ready to assist in this process.

Central Statistics Office

As stated above, at the time of Independence Namibia was left without such basic planning instruments as a proper set of national accounts, reliable socio-economic statistics or even primary demographic data. As a consequence, a Central Statistics Office (CSO) was established in the National Planning Commission at the beginning of 1991, under the directorship of a UNDP-seconded expert, Mr Lawrence Harding. Shortly thereafter, SIDA was requested to undertake a feasibility study on possible Swedish support for the development of the CSO.

Other donors interested in this field included the British Overseas Development Administration and a joint Swedish-British appraisal mission visited Namibia in June 1991. Based upon the findings of this mission, Sweden and Namibia entered into a bilateral agreement on Swedish support to the CSO in March 1992. According to the agreement, “the overall objective of the ... Swedish support is to contribute on a long-term basis to the establishment of a fully-fledged and well functioning central statistics office in Namibia. In this way, it is intended to strengthen Namibia’s competence and independence in the field of statistical intelligence as well as to ensure an efficient and effective management in the collection and processing of statistical data”.11

In August 1992 a Swedish institution, Statistics Sweden, was contracted to implement the programme. In turn, Statistics Sweden—which had assisted the government of Zimbabwe in developing its statistical services—joined forces with the Zimbabwe Central Statistics Office. Thus, the current leader of the Swedish team in the Namibian CSO is a Zimbabwean national, Mr Maphion Jambwa.

The Swedish support only became operational in October 1992, with the arrival of Mr Jambwa. It includes the following main components:

11 It is noteworthy that the agreement further states that “wherever relevant, all statistical data shall be disaggregated on a gender basis, ensuring that accurate information on the comparative roles of men and women in the economy and other spheres of society is available in a clear and open fashion”.

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a) **technical assistance**, both in the form of long-term advisors in the fields of household survey organisation, national accounts, demographic statistics and data processing, as well as short-term experts for the preparation of master samples, population registers, the design of publications, backstopping etc;  

b) **training**, which is planned to consist of both in-house training of Namibian CSO staff and study trips outside Namibia. This initiative has been seriously affected by the low number of Namibian statisticians available; and  

c) **computerization**, comprising the procurement of both hardware and software to upgrade the equipment already existing at the CSO.

With support from the United Nations Fund for Population Activities (UNFPA), Namibia carried out a National Population and Housing Census in November 1991. The next major activity planned for the CSO is the implementation of a National Household Income and Expenditure Survey, which is scheduled to start in October 1993 with continuous data collection until October/November 1994. This survey, half of which will be funded by Sweden, will provide essential information on the economic resources and expenditure patterns of Namibian households. It will thus supply essential basic data for policy formulation and planning in various economic and socio-economic fields.

Due to unforeseen constraints, the Swedish supported programme has been slow to start, and it is in our view too early to make a judgement on its impact on the development of statistical services in Namibia. In the interviews conducted for this study, however, the opinions expressed on the quality of the services rendered by Statistics Sweden and on the competence of the Swedish advisors ranged from positive to very positive.

Development of the Namibian Central Statistics Office and its service functions to both the Government of Namibia and the public at large are of utmost importance. It is therefore worrying to note that the CSO has had to face serious constraints over the last year, and that these have affected the planned Swedish assistance, in particular that related to training. Thus, due to the February 1993 decision by the Government of Namibia to introduce a two-year freeze on new employment in the public sector—applicable both to inherited overstaffed institutions and to those established after Independence—the CSO suffered serious cutbacks on posts as yet unfilled. Following representations to the Government of Namibia by Sweden, the United Kingdom and the UNDP the situation has recently improved to a certain extent. Nevertheless, out of a planned staff component of 99 posts, only 31 had been both filled and budgeted for by mid-September 1993. Secondly, SIDA and the CSO have experienced difficulties with the Ministry of Finance regarding the channelling of Swedish funds through the State Revenue Fund, which according to the CSO Director for a long time threatened to delay the implementation of the National Household Income
and Expenditure Survey. In view of the importance attached to the development of a competent statistical institution, we can only recommend that Sweden and Namibia attempt to find lasting solutions to the problems of staffing and funding of the Central Statistics Office as soon as possible.

**Personnel and consultancy fund**

Since October 1990 the Swedish-Namibian development cooperation programme has included a Personnel and Consultancy Fund, out of which 11.4 MSEK had been disbursed as of 30 June 1993. The agreement in force covers the period 1 July 1993 to 31 December 1995 and governs a Swedish contribution of 8 MSEK. The main objectives of the Fund, which is administered by the National Planning Commission on behalf of the Namibian Government, are to support:

— strategic consultancy services,
— direct employment of foreign personnel to key positions in the civil service (for which the modalities are specified in a separate agreement), and
— in-service training.

According to the specific agreement, “priority should be given to strategic consultancy services in particular, but not necessarily exclusively within those sectors where Namibia and Sweden cooperate or consider cooperating. Funds can also be utilised for supplementing local salaries for foreign staff to be recruited by Namibia for key positions in the public service. A certain portion of the Fund, not exceeding 20 per cent of the total, could (also) be utilised for in-service training purposes of Namibian public servants in the areas of priority in the development cooperation between Sweden and Namibia (... particularly in the fields of financial management, statistics and macro-economic planning). Other areas of priority include democracy and human rights, environmental and gender issues”.

The Fund thus constitutes a flexible instrument, which has been used for a variety of purposes during the period under review. These have included the recruitment by the UNDP of a long-term aid management advisor for secondment to the National Planning Commission, the funding of a number of seminars, conferences and study tours for Namibian officials, and support for a conference on development programmes for Southern Africa’s San population. Within this context, the opinions expressed by both Swedish and Namibian officials in interviews carried out for this study were, not surprisingly, very positive. However, in order for the Fund not to become too flexible, we share the view expressed by both sides that its utilization should be subject to more advanced planning and that the administrative responsibilities, both between Sweden and Namibia and within the Namibian government, should be further clarified. It is also evident that much remains to be done regarding the integration of the Fund into the Namibian budget. This would, in turn, lessen the administrative

12 Interview with Mr Lawrence Harding, Director of CSO, 22 September 1993.
burden on the local SIDA office and increase the control of the Fund by the National Planning Commission.

TRANSPORT AND COMMUNICATIONS

In 1988, more than a year before Namibia attained its independence, SIDA was approached by SWAPO to prepare a report on transport and communications which was then viewed as a priority sector for the post-independence era. Pursuant to this, SIDA commissioned a comprehensive study on “Transport and Communications in Namibia”\(^\text{13}\), which was officially released on the day of independence. The report, known as the “Blue Book” and later approved by cabinet, formed the basis for the preparation of a specific agreement between Sweden and Namibia, signed in April 1991, to enter into long-term cooperation in the transport and communications sector.

Following requests from the Government, the following broad areas of cooperation were agreed to:

— the introduction of labour-based methods of road construction and maintenance in the former Owambo region;
— the upgrading of the rural road network in the former Owambo region;
— technical assistance in the field of transport.
— technical assistance in the field of post and telecommunications;
— improvement of the post and telecommunication infrastructure in the former Owambo region.

Roads and transport

A pilot project to test the introduction of labour-based road construction methods, funded by SIDA and advised by the ILO, was initiated in the western Owambo region in July 1991 and completed in mid-1993. Although difficulties were experienced, much was learnt from the process as a whole and a second phase has recently been embarked upon. In a further commitment to this approach, the Ministry has established a labour-based section under the construction division.

In order to provide a framework for the upgrading of rural roads, SIDA provided the bulk of funding for the preparation of a Roads Master Plan for Owambo. Additional funding was provided for a commissioned study on Rural Roads Standards with special emphasis on district roads. SIDA has also committed its support to the upgrading of a number of district roads, which the Ministry has hitherto lacked the finances to tackle.

As part of SIDA’s technical support, a senior transport economist was made available to the Department of Transport for specific work on transport

policy. The transport economist made a major contribution to the preparation of a Draft White Paper on Transport Policy. Additional proposals for technical assistance, which include support for traffic safety organisation, pavement management and an evaluation of the prospects for the commercialisation of state airports and air traffic services, have been made by the Ministry to SIDA.

In general, ministry officials interviewed expressed considerable satisfaction with the form of assistance received from SIDA. It was reported that SIDA officials demonstrated an understanding of the problems associated with the introduction of pilot projects and displayed a flexibility in their allocation of funds within the Specific Agreement. The focus on rural roads in the populous Owambo region, moreover, was in keeping with the broad objectives of government to extend services to the poorest segments of the society.

It is clear that such limitations to further progress as there are in the transport sector, can be traced to the Ministry itself, which lacks the capacity to fully utilise the aid made available by SIDA. It is evident that the aid received since Independence, whilst necessary and highly appreciated, has also served to exacerbate existing skills shortages. A shortage of skills in the transport sector was, in fact, identified as a serious shortcoming in the SIDA sponsored report on transport published in 1990.14

Unfortunately, it is an inherent tendency of those within policy formulation echelons to try to maximise the procurement of aid rather than to optimise its utilisation. In such circumstances, care should be taken by donors to ensure that the assistance can realistically be utilised and that it is not contributing to an over commitment of staff and a general deterioration in the provision of services. In the case of SIDA’s support to the Department of Transport, the true operational capacity of ministry staff at Independence was something of an unknown. However, we believe that future support to this sector will need to seriously consider the implications of current staff shortages and make allowances for this fact.

While the immediate objectives of the support to the transport sector appear to have been met, the question of capacity-building remains problematic. Historically line ministries such as the Ministry of Works, Transport and Communication have suffered from skills shortages and, at the same time, have tended to be dominated by white male professionals. While these individuals are, for the most part, highly competent and dedicated, many are also in the latter stages of their careers. The question of the recruitment of new staff, more broadly representative of the national population, both to meet increasing work demands and to replace those approaching retirement, appears not to have been adequately addressed thus far.

At present, there is not a concerted programme to recruit and train young Namibians for professional work in the transport sector. This can be

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attributed to several factors: excessive work pressures on incumbent staff leave little time for staff development programmes; rationalisation of the civil service has placed constraints on the creation of new posts and a lack of finance has limited staff upgrading and training. While the training of a new cadre of professional staff is likely to take a number of years to fully effect, it would seem imperative that considerably more attention will need to be paid to this aspect. In view of this shortcoming, future support of the transport sector by SIDA should include staff development programmes as a matter of priority. In that regard, we strongly feel that proposals by SIDA for the establishment of a Young Professionals Development Programme, minuted in the 1992 Annual Consultations, should be actively pursued.

Communications

At Independence, the Department of Post and Telecommunication (DOPAT) fell under the Ministry of Works, Transport and Communication. Following recommendations made in the 1990 “Blue Book”, steps were taken to transform DOPAT into two government-owned corporations. The objectives behind this proposed transformation were threefold: to further enhance the country’s independence; to increase cost-effectiveness and efficiency; and to create financial viability.

Following requests for technical assistance under the country programme, Swedish support to this sector has aimed to facilitate this process. In meeting this request, SIDA provided funding for the services of the consulting firm ISO Swedish management group and for the recruitment of a Swedish managing director. The two primary areas of support under this programme were: a) the incorporation process and b) human resources development.

The ISO consultants assisted in formulating a policy for the process of transformation. The policy, which was approved by the Namibian cabinet in August 1991, dealt inter alia, with legal and financial matters, the transfer of personnel and assets as well as human resource development. The formal incorporation of DOPAT took place on 1 August 1992 when three holding companies were established: a parent company, Namibia Post and Telecom Holdings, owned by the government and two subsidiary companies, Telecom Namibia and Namibia Posts. This corporate structure speeded up the process of partitioning DOPAT by assigning responsibility for the division of assets to the holding company. In addition, it was recognised at the outset that it would take some time before Namibia Posts was economically viable, and until that time a certain degree of cross-subsidisation from surpluses generated by Telecom should be possible.16

The appointment of a professional board of directors for the holding company may be seen as a major contributor to the successful transition of DOPAT to corporation status. Unlike certain other corporations where, typically, a number of those appointed to the Board are selected for political reasons, the Telecom directors were chosen for their professional expertise and their representativeness of the broader community. To that extent the Board is representative of the community at large, while also representing the interests of both the private and public sectors.

One of the most successful outcomes of the incorporation of Telecom has been the concerted programme of staff development. With assistance from the consultants a comprehensive programme for human resource development was prepared in November 1991, for implementation between 1992 and 1994. The human resource development plan addressed such issues as the establishment of appropriate organisational structures within companies, the recruitment of managers to key positions to meet the needs of commercialised operations, as well as the formulation of training and upgrading strategies for new and incumbent staff.

The training programme encompassed the following activities: the conducting of courses for managers; workshops for the Board of Directors; graduate development programmes; rapid adjustment programmes; English literacy programmes; and supervisory training in addition to a range of functional training. The graduate development and rapid adjustment programmes, in particular, aim to build capacity of Telecom and, at the same time, redress imbalances in the social composition of the workforce. The rapid adjustment programme, for example, aims to provide upgrading and refresher courses for returnees, many of whom have had technical training, but have not had the opportunity to apply their skills.

Although the transition from a state department to a public corporation has resulted in a significant degree of administrative disruption, the process as a whole has been endorsed by officials within Telecom. The incorporation of post and telecommunications has thus been widely recognised as a success and has become something of model for future privatisation initiatives. It must, however, be stated that success within Namibia Posts has not been marked and the corporation is struggling to commercialise its operations. This is in part due to the nature of its operations, which do not as easily lend themselves to privatisation, and in part due to problems of management.

In addition to the incorporation process, SIDA received requests for support for the urgent development and restoration of telecommunications and postal facilities in the former Owambo region. Swedish support in this respect has been for the purchase of cables and other materials to be used for providing telecommunications services to thirteen settlements. Assistance has also been provided for the construction of Post and Telecom buildings in Ombalantu and Ohangwena, which is currently under way.
SIDA’s support through the services provided by ISO has been instrumental in the success of the incorporation process. Significantly, perhaps, the support has been directed more towards Telecom than towards Namibia Posts, which might reflect the differential rates of progress in the two companies. However, despite the evident need for further support to Namibia Posts, we believe that SIDA should resist the temptation to spread its assistance too widely and instead concentrate its resources on ensuring the continued progress of Telecom Namibia.

EDUCATION

Swedish support to the education sector received very favourable responses among officials interviewed at the Ministry of Education and Culture (MEC). According to them, a number of essential reform projects would not have materialised without SIDA’s support. Thus, there was a high level of appreciation for the following:

— flexibility shown towards project funding and management;
— a minimum of bureaucratic procedures and, consequently, rapid and uncomplicated allocation of funds;
— a high degree of competence with regard to the subject matters under consideration; and
— recruitment of responsible experts, qualified and prepared to acknowledge the local Namibian reality.

On the basis of over twenty interviews with senior civil servants and experts based at MEC, it can be maintained that SIDA (together with other Nordic donor agencies) enjoys a highly favourable reputation within the international donor community. SIDA’s policy to support specialized sectors of education within defined programme areas seems efficient and compares favourably with a more generalised approach, spreading support and assistance throughout the educational system. Thus far SIDA has primarily been involved in the following areas within the educational system:

— teacher training;
— school construction;
— literacy programmes; and
— educational planning and management.

The relevance of Swedish support in these fields is addressed in the sections below17. SIDA support has furthermore been used for assistance in major policy undertakings to state the government’s vision on future developments in the education sector18.

17 SIDA’s assistance to the establishment of the National Institute for Educational Development (NIED) at Okahandja is not separately dealt with, but acknowledged as a further contribution.
Teacher training

Swedish links to the education sector predate the independent Republic of Namibia. Thus, Swedish assistance to the “Health and Education Centres” run by SWAPO in exile developed into a teacher training project, the Integrated Teacher Training Programme (ITTP)—recently evaluated in terms of its impact on teacher training in present day Namibia—which was initiated during the mid-1980s in Angola. It paved the way for a Teacher Education Reform Programme (TERP) and was officially phased out as a separate programme with the graduation of a second group of student teachers at Ongwediva College of Education in November 1992. Although limited in terms of quantity, the ITTP’s impact in terms of the quality required for Namibian teachers in independent Namibia was considerable. In fact, to a large extent it shaped the curricula for teacher training currently implemented in the Basic Education Teacher Diploma (BETD). The history of BETD underlines the crucial role of Swedish assistance and at the same time illustrates the challenges and tasks ahead in the process of decolonising the structures and contents of formal education after more than a century of colonialism.

Two SIDA-funded projects within the framework of teacher training are worthy of a special note: firstly, the Namibian Languages Competency Programme (NLCP) enhances teacher trainers knowledge in their respective vernacular languages, a dire need if mother tongue proficiency is to be taken seriously. At present, there is a serious gap between the proclaimed goals of the national language policy and the reality. An expansion of the language programme, enabling students to study their own language at an academic level and become qualified language teachers, should be seen as an important contribution to the reduction of deep-rooted socio-cultural and regional inequalities. Secondly, the NIED-based Life Science Project EnviroTeach focuses attention on cross-curricula teachers resource books in the subject of environmental studies. Thus far it has prepared two major books on energy and water and around ten topical resource booklets. The pilot materials under preparation might have a relevance beyond the borders of Namibia and could serve as a basis for greater regional discussion.

School construction

20 The ITTP has not only produced qualified teachers, but also a number of publications, i.e. three booklets and a periodical “The Frontline Teacher”. Issue no. 8 from January 1993 of this “Quarterly Magazine about Primary Education” deals with the ITTP in retrospective.
21 For a background to the BETD and especially the present problems for implementing the concept, see the internal study undertaken by NEPRU upon request of the MEC and financed by SIDA: M Kudumo/E van der Linden/H Melber/S Stone et.al., “A Feasibility Study on Teacher Training in Namibia”. Windhoek, May 1993 (revised draft). See as a problem-oriented summary on educational reform with special reference to the training of teachers also H Melber, “Lehrerausbildung in Namibia–Probleme einer Neuorientierung nach der Unabhängigkeit”, in: Nord-Süd aktuell, 7(1993)2.
The education sector in Namibia faces considerable shortcomings and bottlenecks in terms of material infrastructure. This is especially so in some of the northern regions, where there is a dire need for additional classrooms and schools, particularly for primary education. To reduce this shortage, MEC in cooperation with and supported by SIDA initiated the *Tulipamwe Self Help-Project* in November 1991, with three low-cost construction projects emphasising local participation. A joint evaluation recommended that the project should “gradually be enlarged, thereby extending the participation process and its benefits to a greater number of communities”.22 At the conclusion of the pilot stage in June 1993, the project had produced 12 school buildings containing a total of 34 classrooms, 12 store rooms and 24 pit latrines. However, as important as the construction of these physical facilities was the training of 108 community members (half of them female) in basic construction skills, while another 75 learners are still in training. The average costs for each classroom constructed amounted to approximately R 42,000. This included the investments as well as staff training and tool sets for the learners, and compares favourably with other low-cost projects.23

The most important aspect of this programme has been the mobilisation of the local community. Teachers, pupils and parents were involved as much as possible in the construction work, making school-building part of the local environment. The self-help concept pursued by Tulipamwe is at present one of the success stories in the education field in Namibia, particularly with respect to the sense of ownership it has instilled within the local community.

**Literacy programme**

According to various estimates, Namibia’s population is 60 per cent illiterate. To reduce this burden from the colonial past special initiatives in terms of adult education and literacy programmes are required. Budgetary constraints, however, make it difficult to initiate any meaningful programme towards the desired change. Nevertheless, MEC has formulated ambitious goals through the *National Literacy Programme in Namibia (NLPN)*, which to a considerable extent is dependent upon donor assistance, in particular by SIDA. Not only has SIDA supported important initiatives for the formulation of a literacy programme which is currently being implemented 24, but the achievements thus far have very much been a

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24 See the consultation document: “Proposals for a National Literacy Programme in Namibia” by EK Townsend Coles and U Kann, submitted to MEC in March 1991, and “Guide to the National Literacy Programme in Namibia”. Department of Adult and Non-formal Education, Ministry of Education and Culture, January 1992. This official blueprint is to a large extent based on the consultation document. For an overview on and particular aspects of the NLPN see the Minor Field Study by M Tegborg, “The National Literacy Programme in
result of SIDA support for the programme, which according to the Minister would otherwise not have materialised.\textsuperscript{25}

In the case of NLPN, the employment opportunities created should be highlighted as a positive by-product. There are basic textbooks in nine local languages for the first (i.e. beginners) stage, a number of stage 2 materials and a textbook for basic English (stage 3). The training of district literacy organisers and promoters has in addition so far created part-time employment for a total of some 1,800 persons, whose salaries are largely paid by the SIDA support. It is noteworthy that the majority among both promoters and learners are women. Next to the objective of promoting reading and writing skills, the employment effect should therefore be recognized.

Sustained donor-dependency should, however, be avoided. It is therefore strongly recommended that Namibia gradually takes over the funding of the NLPN. Due to a scarcity of resources and the resulting tendency to rely on outside support, it is unavoidable that some initiatives are turned down. This has \textit{inter alia} been the case with the proposed introduction of the Swedish concept of \textit{Folk High Schools}\textsuperscript{26}. The negative decision taken by SIDA seems in this case justified. However, the decision-making process was very long and caused some disappointment and irritation among officials in the Ministry, who had different expectations.

\textbf{Educational planning and management}

A particularly relevant project receiving essential support from SIDA and serving basic planning needs is the development of a \textit{Geographical Information System (GIS)}, which is designed to provide a tool for the development and implementation of an \textit{Educational Management Information System (EMIS)}.\textsuperscript{27} According to the educational planners involved in this project, there has so far been a concentration on analysis of statistical data, while at the same time there is a great need for spatial analysis. Among the numerous benefits of this system—based on computerized geographic information—is the easy access to mapped phenomena to identify regional and local features of educational supply and demand and potential inconsistencies. It should enable administrators to acknowledge geographical parameters and illustrate implications and consequences of their decisions. In spite of a number of

\textsuperscript{25} Interview with Minister Nahas Angula on 28 September 1993. According to the blueprint of the NPLN, some 80 per cent of the programme budget was in 1992/93 covered by foreign donors. See “Guide to the National Literacy Programme in Namibia”, op. cit., p.22

\textsuperscript{26} As a background to the project proposal, see the report by H Blid, published by the Ministry of Education and Culture as “Adult Development Colleges in Namibia”, Windhoek 1991.

\textsuperscript{27} Information based on a draft manuscript of the two educational planners responsible for developing the system: JM Mendelsohn/FGG Voigts, “Geographical Analysis of Education in Namibia”. Ministry of Education, 1993.
constraints—especially the demand on planners to share the information acquired with a wide range of interested users without other access to such information—the model has already achieved tremendous recognition internationally. At present, it seems to be among the most sophisticated and advanced information systems of its kind. It would not exist, however, without donor support from a number of organisations, prominently SIDA. By MEC it has been qualified as “an urgent priority within the overall Basic Education Reform and Development” and therefore acknowledged as a central part of the transitional programme of transforming the educational system towards enhanced social equality.28

Critical observations

In spite of the overwhelmingly positive response to Swedish assistance in the education sector, some critical observations should be pointed out.

Firstly, separate allocation of project funds deliberately by-passing the treasury has emerged as almost a standard practice at MEC. From the point of view of the Ministry it is argued that this reduces bureaucratic obstacles and delays. Furthermore, it is believed that if channelled through the Ministry of Finance the funds acquired through foreign aid programmes would reduce the budget allocation by the government. The preference, therefore, is to establish separate channels, administered by a third party. In the case of MEC, this has partly been done through the Rössing Foundation, which, however, charges a commission in terms of overhead costs of 2.5 per cent of the amount administered. Consequently, this by-pass practice reduces the overall amount available to the Ministry. In terms of standard routines and proper budgeting, this improvised, provisional channelling of funds should be strongly questioned.

Secondly, the problem of inherited structures in Namibia has already been referred to. It is of particular concern in the education sector, where sometimes the same officials who for decades administered “Bantu Education” now are expected to decolonise the structures and contents of education. To reduce the difficulties in replacing the old values, concepts and practices, the Ministry makes deliberate use of foreign expertise by employing a considerable number of expatriates. Their total in MEC adds up to almost 150. SIDA contributes to their number both directly and indirectly.29

29 It should be noted that the viewpoints reported and observed do not draw a clear line of distinction between the different categories of expatriate personnel, neither in terms of their countries of origin nor with regard to their terms of employment. The decisive aspects shaping the perception and affecting the value-judgements are rather based on individual attitudes. In this context it should also be mentioned that some of the critical comments explicitly acknowledged that Swedish expatriates tend to be more open and sensitive towards local phenomena than the average foreign advisor (if something like that exists at all).
Thus, there is a fear of becoming dominated by foreign advisors, who allegedly tend to run their own affairs in fields in which they have influential roles to play (one of them being teacher education). They are blamed for “empire building” and ambitions of “taking over the whole sector”. It was observed that some of the advisors tend to impose their own ideas upon the decision-making process, sometimes in a concerted effort with other advisors, thereby dominating the Namibian counterparts. Such practices tend to marginalise the Namibian officials, who are seen to have a lack of knowledge and sometimes have little self-respect and authority to defend their views. While local staff as a result has a problem of identification, advisors often benefit through the power of definition they possess or claim to have. Since many of them have a long relationship with the political party in power, some Namibians with differing political backgrounds also find it difficult to articulate dissenting views. They are afraid of being disciplined or otherwise negatively affected. This is clearly a problem, because final decisions have to be implemented and publicly justified by the Namibian officials, not by the expatriate advisors.

In the TERP programme, where a strong Swedish/Nordic dominance has influenced the design of the teacher training, the aforementioned suspicions and concerns are especially nourished in the regions. Some initiatives taken at MEC in Windhoek are thus perceived as over-centralized and not in line with the local/regional reality. One example can be seen in the critical voices who argue that the curriculum of the Basic Education Teacher Diploma (BETD) has a Swedish bias and Nordic brand. At a closer look, this seems to be a misperception which can only be explained as a hidden criticism towards the Ministry in Windhoek. In addition, lack of clarity seems sometimes to be present with regard to the division of responsibilities in decision-making and administrative fields between the TERP experts, the local SIDA office and SIDA headquarters in Stockholm.

**General conclusions**

With regard to the overall context of the Namibian society and the legacy of the structures established under “separate development” in the field of formal education, the challenges for an educational policy oriented towards more equality and empowerment of the underprivileged majority are tremendous. Massive foreign assistance in this sector of human development is needed to implement at least parts of Namibia’s ambitious goals. Article 20 of the Constitution of the Republic of Namibia stipulates that:

1) All persons shall have the right to education.

2) Primary education shall be compulsory and the state shall provide reasonable facilities to render effective this right for every resident within Namibia, by establishing and maintaining State Schools at which primary education will be provided free of charge.
3) Children shall not be allowed to leave school until they have completed their primary education or have attained the age of sixteen (16) years.

The introduction of a "Basic Education for All" strategy, implementing a complete ten year Basic Education cycle by 2003—which should be in operation by 2006—requires concerted efforts with foreign donors. SIDA has extended essential support in strategically important sectors for achieving this target. The general approach is welcomed by the local educationalists and the response to SIDA’s concept and practices is positive. The concentration on several strategically relevant fields with multiplicatory effect (especially the wider field of teacher training and educational management) seems a constructive and effective choice, optimising the input and its effects. SIDA should be encouraged to continue—in spite of the perceptions of “empire building”—with its concentration on limited sectors of strategic relevance. To avoid the potential dangers of over-diversification, a number of other activities in the education sector—although relevant and useful—should be reconsidered. Less projects could render more in terms of relevance and output.

Finally, however, a warning expressed a few years ago in a Swedish publication on development aid should not be ignored: “Education, if seen in a long-term perspective, contributes to development, but it can easily become an albatross around society’s neck, if built up without restraint and consideration of other sectors.” In a country with an unemployment rate estimated to affect almost half the labour force and a large number of underemployed, the qualifying function of the educational system must necessarily be of special concern. As a result, link programmes should be designed and efforts related to school leavers increased. Qualifying for a non-existing labour market would, indeed, be highly questionable.

Educational assistance as such should, however, not be negated. It empowers people, supports acquisition of competence in terms of self-respect and identity, individual autonomy and in the best case even of more self-reliance. In spite of all limitations to the realisation of these ideals, they are valid and justify the efforts, although educational reforms in themselves in no country have changed the social structures, but more or less directly been influenced by structural changes elsewhere.

CULTURE /HUMAN RIGHTS/DEMOCRACY

Outside the sector support programmes, Swedish assistance to Namibia is extended to numerous initiatives in fields related to the wider context of civil and civic society. With the exception of gender issues, which are treated separately, these initiatives are covered in this chapter. The emphasis lies upon the reflection whether such support is able “to help bring about conditions that give people greater influence over development

30 See the MEC blueprint “Basic Education in Namibia”, op. cit., p. 11
on local, regional and national levels”, as stated in a description of SIDA’s development objectives.

The Swedish assistance to the programme of the Nyae Nyae Development Foundation of Namibia (NNDFN), and thereby to a considerable portion of the San population, is a relevant contribution towards strengthening minority groups and their rights.\(^{32}\) It supports a marginalized group to adapt to the changing circumstances in Namibia and to improve their living conditions. The directly measurable dimension of the programme is \textit{inter alia} illustrated by a village school construction programme. More important in terms of production and reproduction is a water supply scheme. The availability of and access to clean drinking water through newly drilled boreholes and related basic infrastructure in a total of 35 settlements represent a considerable improvement for these disadvantaged communities. It furthermore reduces the amount of time and work spent on water supply (which mainly affects women) and consequently makes resources available for other activities.

As important as the measurable results of the material assistance, however, are the psychological impact and the effects of empowerment. The Swedish support thus constitutes a marked contribution towards a new awareness within a democratic society, paying tribute to human rights for all its members. This has also been fulfilled through a number of SIDA-sponsored national, regional and international meetings with the participation of Namibian San representatives, related to the overall subject of minority rights.\(^{33}\) By offering the San a platform and the awareness that other groups face similar problems and challenges, they are at the same time exposed to the fact that own initiatives and self-respect are essential factors in the struggle for survival and acceptance.

Importance must also be attributed to a variety of publications that have received material support from SIDA in the cultural field. While “culture” normally is only reluctantly supported by foreign donors, Swedish assistance has served as a catalyst or midwife for a number of publicly oriented initiatives. This is especially so in the case of an overview of various aspects and fields of cultural activities in the country.\(^{34}\) The same can be said of an initiative to furnish MEC with a biannual magazine on Namibian culture.\(^{35}\) The latter case, however, also provokes some questions concerning its relevance as long as the publication is not widely distributed and accessible. While \textit{Kalabash} seems to be of use for representative

\(^{32}\) Nyae Nyae is the name of the geographical area were the Ju/'haonsi of eastern Bushmanland live. For details see the NNDFN’s detailed “Progress Report 1992/1993” by A Thoma, Windhoek, June/July 1993.

\(^{33}\) See e.g. Republic of Namibia, “Regional Conference on Development Programmes for Africa’s San Populations”, Windhoek, 16-18 June, 1992. Since then, a number of international meetings have been held to which Swedish support has been extended for the participation of delegations from the Namibian San community.

\(^{34}\) “Culture in Namibia–An Overview”. Windhoek 1991.

\(^{35}\) Kalabash–A biannual magazine on Namibian culture. Published so far are no. 1 (August 1992) and no. 2 (June 1993).
purposes abroad\textsuperscript{36}, it is not easy to obtain a copy in Namibia. Future support should therefore also focus on the logistics of making the results accessible.

To a certain extent, this reservation can also be made with regard to another SIDA-supported publication, highly relevant in terms of human rights issues and political culture.\textsuperscript{37} Published by the Namibia Foundation, \textit{Namibia Brief} was circulated in large numbers at the 1993 Vienna Conference on Human Rights, but less prominently within the country. Once again, the problem of dissemination of the material is of concern.

These activities reflect at the same time the pluralistic and liberal character of the young Namibian political system, which is also applicable to the press. The media in Namibia enjoys an unlimited degree of liberty. For some of the print media this constitutes a temptation often resulting in a neglect of even basic professional ethics. The establishment of a \textit{Media Council}\text—although on a voluntary basis—must therefore be seen as a constructive attempt to create a body defining basic professional and ethical minimum standards and guiding principles. SIDA has supported this effort, acknowledging the responsibility of the journalistic profession.

Furthermore, freedom of the press in the Southern African region remains a matter of concern. The activities of the Windhoek-based \textit{Media Institute of Southern Africa (MISA)} aim to upgrade the skills of the region’s media workers and help independent media to achieve financial viability to contribute to pluralism in the region. SIDA’s involvement in promoting a responsible, pluralistic and concerned media culture in Namibia and in the region, also through considerable support to MISA, has a long tradition\textsuperscript{38} and relates to similar UNESCO-efforts. It acknowledges the potential contribution independent media has to offer towards a democratic culture and civil society.

The same relevance for a human rights oriented society can be attributed to the practical work of the \textit{Legal Assistance Centre (LAC)}. Supported by the Namibian churches and established during the 1980s, LAC has a long tradition of standing up and speaking out against violation of human rights. Facing massive financial problems, SIDA made in 1993 a decisive contribution to secure the operational basis of LAC by assisting in the purchase of suitable offices for the Centre.

Cooperation with LAC has also been entered into for support to the \textit{training of paralegals}, thereby contributing to the strengthening of the judiciary. This field is of particular relevance and concern due to inherited structural discrepancies. Resulting from the colonial past, the legal framework of the Republic of Namibia requires careful and intensive revision to meet the demands of the young democracy to reduce and eliminate legally applied

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\textsuperscript{36} In no. 2, the Namibian Ambassador to Germany requested a minimum of 120 copies of each issue for distribution.

\textsuperscript{37} Namibia Brief, no. 16, March 1993. The glossy publication is rather ambitious.

discriminations. The legal framework in existence at Independence is explicitly endorsed in the Republic’s Constitution. The challenges for a modified and adequately revised legal system are, thus, tremendous. The abolition of discriminatory practices and laws is an ongoing process which needs special efforts and continuous initiatives. SIDA has concentrated its support on activities related to the removal of discriminatory laws on the basis of sex, as well as on efforts towards reconciliation between the legal system of the modern Namibian state and still existing customary traditional laws. Recent SIDA support to the Gender Research Project at LAC has, thus, already materialised in useful, practically oriented studies for the transformation of existing discriminatory laws against women in Namibia.

Furthermore, through a number of SIDA-supported seminars and workshops—also conducted in the regions and not only restricted to the urban elite of the capital—a number of critical issues have been raised in public. They have touched taboos related to unprotected groups such as children, refugees and prisoners, and have contributed to a raising of awareness for human rights issues. Among the target groups have been inter alia officials from the Ministry of Home Affairs (including immigration), the defence and security forces and the police.

A local SIDA document has spelt out the following guiding objectives for Swedish support to a democratic development of the Namibia society:

- to strengthen the awareness and knowledge of the constitution among people in general as well as in government institutions. Included in this objective is support to the government in the changing of laws and practices discriminating against women.
- to promote a fair and just court system.
- to strengthen the democratic institutions. Included in this objective is support of a free and independent media.

The initiatives implemented thus far seem to follow these guidelines with success. A basic determinant for a democratic culture and the respect of human rights lies, however, outside the influence of SIDA’s cultural support, namely in the underlying social structures. As long as the existing socio-economic discrepancies in Namibia are not decisively reduced, the issue of democracy and human rights faces severe limitations.

39 Article 140 (1) of the Constitution of the Republic of Namibia states that “all laws which were in force immediately before the date of Independence shall remain in force until repealed or amended by Act of Parliament or until they are declared unconstitutional by a competent Court.”


42 “Swedish Development Cooperation with Namibia”. Windhoek, December 1992, p.29
In summary, the support by SIDA to institutions and numerous projects operating in the wider context of political culture and civil society is a remarkable contribution towards decolonisation and democracy. After more than a century of totalitarian structures under foreign domination, Namibians are gradually establishing their own values and norms based on universally accepted standards. The material assistance from Sweden serves not only such a goal, but helps to realise a new dimension of self-respect, democratic interaction and communication, necessary to consolidate the foundations of an open society concerned about discrimination, oppression, prejudices, inequality and the violation of basic human rights.

GENDER

Support for the advancement of women and for the promotion of greater gender awareness in Namibia must be viewed within the context of a general commitment to gender equity within the Swedish assistance programme. In that respect, SIDA’s direct support for women’s organisations may be traced back to the late 1970s when a number of special projects were initiated to enhance women’s abilities to make a living. In the mid-1980s the emphasis on women shifted to one of gender in that it was felt that it was more important to understand and focus upon the relationships between men and women and on their different needs, rather than on the more limited notion of “women in development” or WID as it has come to be known.43

In view of the generally disadvantaged position of women in the Namibian society,44 and SIDA’s commitment to greater gender equity, support for gender programmes was a logical step. This was more especially the case in that the Namibian Constitution and the new government stressed the importance of promoting greater equality between men and women.

SIDA’s support for gender issues in Namibia falls both within the country frame and without. In that respect, the support offered is in two primary forms:

— direct support to women’s organisations, and

— support for gender sensitisation in development planning within the public sector.

The main aim of direct support to women’s development activities was the empowerment of women and women’s organisations through the support of strategic programmes and projects. This support, it was intended, would enable women to move forward and facilitate their integration into the mainstream of development activities in Namibia. Training, awareness

raising and the strengthening of legal rights are the main areas supported under the Direct Support Fund and nine non-governmental and governmental institutions have received assistance under this programme.

In the beginning of 1991, a programme entitled “Strengthening the Development System in Namibia through Gender Planning” was agreed on between SIDA and the Government of Namibia. The programme, partly financed through the Personnel and Consultancy Fund and administered through the National Planning Commission and partly through the sector support agreements, aimed to strengthen the technical capacity of planners and other development professionals in the priority sectors of agriculture and rural development, education and training, and housing as well as in the Commission itself. The principal objectives of this programme were:

i) to train planners and other development professionals in gender planning methodology combined with sector related planning skills; and

ii) to expand and reinforce local education and training institutions to turn out competent professionals in these sectors.

In pursuing this programme, SIDA entered into an agreement with the Development Planning Unit (DPU) of the University College of London. To date, this programme has gone through four phases commencing with a project identification phase followed by three phases of training. Training undertaken has been in several forms: short two to three day workshops, longer week-long programmes, and more comprehensive three-month programmes conducted at the DPU in London. Thus far more than 250 individuals from a variety of government and non-governmental bodies have undergone gender training, with the hope that a critical mass of gender planning expertise might be generated. In addition, the DPU consultants helped to facilitate the establishment of an Inter-ministerial Gender Network which aims to coordinate the promotion of gender awareness and gender equity in the public sector.

Promotion of greater equity between men and women is a lengthy process and gender awareness and gender consciousness are difficult concepts to measure. It is thus not possible to say with any degree of precision how successful the programmes supported by SIDA have been. It is certain, however, that they have received a mixed response within both government and NGO sectors. While some have enthused about the approach others have been more sceptical. Perhaps the most significant criticism of the training programme has been the lack of a set of clearly defined operational goals beyond the general objectives of promoting greater gender awareness in government planning. While most individuals who underwent gender training report that it improved their awareness of gender issues, few seemed to know how to implement the concepts in practice. Within the National Planning Commission, the focal point for the formulation of sectoral and national plans, for example, the impact of gender training thus far appears to be minimal despite the fact that a number of staff have undergone training. Thus while some attempt is being
to incorporate a gender perspective into the National Development Strategy, it is frequently ignored in other strategy documents.

This suggests that there is a considerable need for follow-up training programmes to be conducted in the workplace, a need which was identified by the DPU in a review conducted in October 1992.\(^{45}\) Further to this, there would appear to be a need for a more careful selection of prospective trainers and a more concerted drive to establish a core of local expertise. Of the six local gender trainers trained under the DPU programme, no more than two have conducted courses on their own. This may be ascribed to the fact that the individuals forwarded for training were unwisely selected in that they were already in full-time employment and had few, if any, opportunities to conduct training courses in the normal course of their work. As a consequence, the stated objective “to expand and reinforce local education and training institutions to turn out competent professionals” appears not to have been adequately addressed.

A less publicised, but nevertheless effective, promotion of gender awareness has taken place within the Ministry of Works, Transport and Communication, where a sensitivity to the creation of equal employment opportunities for women has been accepted at all levels. Thus women have been actively recruited both as labourers on labour-based road projects and as trainee managers within the telecommunications sector.

While the contribution of the DPU consultants to the promotion of greater gender awareness in Namibia has undoubtedly been highly significant, a failure to create a cadre of competent gender trainers will limit the future impact of the programme as a whole. Cost efficiency aside, a continued dependence on sporadic external training is likely to reinforce a discontinuous approach to gender planning.

Since promotion of greater equity between men and women is an ongoing and highly necessary process and Swedish support for gender-based planning is by far the most important in Namibia, we would recommend that SIDA continues this programme, but that it should encourage the rapid indigenisation of the training component. In that regard, it is felt that consideration should be given to the establishment of a small core of trainers who would have gender training as their primary responsibility. Such a group could be located in the Department of Women’s Affairs or, optimally, within the National Planning Commission.

Direct support to women’s development activities also appears to have had mixed results. To a significant extent this reflects the capacity of the differing recipients to meet their project objectives. While certain agencies, such as the Legal Assistance Centre, have made important contributions, others have been less successful. In addition, the form of direct support extended still appears, in certain cases, to embody a WID focus which runs contrary to the broader gender approach promoted elsewhere. Continuation of the

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direct support programme, in consequence, will need to be evaluated on a case by case basis.

ENVIRONMENT

One of the five goals of Swedish development assistance commits SIDA “to contribute towards the sustainable use of natural resources and protection of the environment”. This principle is also enshrined in Namibia’s Constitution. Article 95 commits the state to the “utilization of living natural resources on a sustainable basis for the benefit of all Namibians, both present and future.” Within this context, it logically followed that SIDA would support initiatives aimed at raising environmental awareness and those oriented to the promotion of a more environmentally sustainable development in Namibia.

As a point of departure, a local consultant was commissioned to prepare an “Environmental Profile of Namibia” in early 1991.46 This study served as a basis for the allocation of special funds (i.e. outside the country frame) for environmental activities, largely in response to requests for support from local environmental organisations. Following requests from the non-governmental Desert Ecological Research Unit (DERU), funding was made available for a study of the western ephemeral rivers. The Department of Water Affairs (DWA) within the Ministry of Agriculture, Water and Rural Development, was requested to act as the formal implementing agency for this and subsequent water oriented programmes supported by SIDA. The DWA, in turn, established an inter-ministerial sub-committee to oversee the project. The ephemeral rivers project aims to highlight the importance of river catchments in the planning of development projects and, in particular, of viewing rivers in terms of an entire ecological system rather than disjointed segments.

A second area of support emerged out of the drought relief programme implemented in 1991/93. In response to a critical shortage of water in most of the communal areas, the Government (with assistance from private companies) embarked upon an extensive borehole drilling programme. At the time, concern was expressed that insufficient attention was being paid to the environmental impacts of the drilling programme. In particular, it was felt that little attention was being paid to the communities which would use the boreholes and the manner in which they would manage their water resources. In consequence, SIDA support was requested (and received) for an evaluation of the general impacts of the drilling programme and for the preparation of instruction materials on environmental management for dissemination among rural communities.

Although this project is still in a pilot phase and its success will hinge on the extent to which government extension officers utilise the material, the programme as a whole conforms to the basic principle of encouraging rural development.

communities to assume responsibility for the management of their own natural resources.

At a more general level, SIDA financed a booklet on the ecology of the populous Owambo region, which highlights the environmental impacts of ill-planned development programmes. It has been widely read by politicians, decision-makers and foreign donors, and has contributed to greater awareness of the sensitivity of the Cuvelai delta. A similar study on the dangers of deforestation in Owambo has been commissioned, while an abridged version of the Oshanas booklet is being translated into Oshiwambo.

Although formally under the education sector, considerable progress has been made in raising environmental awareness among school children through the Enviro-Teach programme, which is wholly funded by SIDA. Enviro-Teach, which operates under the auspices of the non-governmental Desert Research Foundation, focuses its activities around the preparation of teaching material on environmental issues for schools in Namibia. The initiative, which is a pilot programme, has been introduced into 4 schools in each of the 6 educational regions of Namibia—a total of 25 schools in all. By adapting standard texts to local conditions, the programme is easily understood by Namibian school children and has been favourably received by ministry officials.

Staff of Enviro-Teach expressed considerable satisfaction with the support extended by SIDA, and stated that it had provided sufficient flexibility for the development of a creative programme of instruction and for field testing of the concept in all regions of the country. The only reservation related to the formal incorporation of the programme into the Ministry of Education and Culture on completion of the three pilot phases. It was felt that considerably more attention would need to be paid to this process, and that SIDA could play an important role in encouraging the Ministry to prepare for this eventuality.

Although SIDA’s support for environmental issues has been relatively limited in scope and size, the assistance has conformed to the broad objectives of promoting sustainable development and of raising environmental awareness amongst a broad spectrum of the population. In view of Namibia’s fragile ecology and a progressive degradation of its environment, continued and increased support of this sector should be given serious consideration by SIDA.

DROUGHT RELIEF

During the 1991/92 agricultural season Namibia experienced one of the worst droughts in living memory and widespread crop failure was followed

48 See above, Education/Teacher Training.
by the threat of starvation throughout the rural areas. Despite the fact that
drought is endemic to the country, the new government was ill-prepared to
meet the challenge and called on the donor community and other
development agencies for assistance. The government’s call for drought
relief assistance, however, coincided with the controversial purchase of a
jet-plane for use by the president and other top state officials. In
consequence, some in the donor community concluded that the
government’s requests for emergency funding were either exaggerated or,
alternatively, that they were using their limited finances irresponsibly.
From the perspective of Sweden, Namibia was not considered to be amongst
the worst affected countries in the region and was not targeted for
emergency relief funding through the special funds provided to alleviate
the drought in Southern Africa.

However, as the seriousness of the drought became increasingly apparent,
steps were taken by SIDA to support drought operations indirectly through
ongoing relief programmes and through the reallocation of funds within
the country programme. In that respect, support was reactive rather than
pro-active. These funds were channelled through the National Planning
Commission to external agencies.

Following requests from UNICEF, Swedish funding was made available for
the purchase of sugar and salt as additives to maize and dry skimmed milk
for distribution under the Government’s Vulnerable Group Feeding
Scheme. Full responsibility for management of the programme was
delegated to UNICEF. Although some technical difficulties were
experienced in the milling and mixing of the salt and sugar as additives, and
in the distribution of food packages, the emergency feeding programme was
as a whole successful and there was no loss of life in Namibia despite the
severity of the drought.

Additional assistance was extended to UNICEF to minimise the impact of
future droughts in the northern regions of the country. Under this
initiative UNICEF embarked on an ongoing programme to install water
collection systems in schools and local health centres. To date water
collectors have been installed in more than 600 localities in the North. Both
UNICEF and government officials have expressed considerable satisfaction
with SIDA’s contribution to the drought emergency programme and to
ongoing measures to ameliorate future water shortages.

Following requests from the Namibian Institute for Social and Economic
Research (NISER) at the University of Namibia, funding was made
available by SIDA for an Applied Research Programme for Drought
Monitoring and Evaluation. The research programme, which was
conducted in cooperation with the National Drought Task Force, was
intended to evaluate the efficacy of the national drought relief programme
and to assess whether those in greatest need were receiving the assistance.
The findings were also intended to provide directions for the formulation
of future drought relief programmes.

49 Now the Social Science Division of the Multidisciplinary Research Centre, UNAM.
As with other components of the drought emergency assistance, SIDA’s support to NISER’s monitoring and evaluation exercise was considered to be both well directed and far-reaching. In particular, it supported efforts to ensure that the most poor and vulnerable groups will receive the most immediate assistance in future relief programmes.

One constraint was, however, noted. Despite a timeous and favourable response from the local SIDA office to the funding request, the disbursement was delayed by several months. This was due to the fact the reallocation of funds within country frame was subject to authorisation from SIDA headquarters in Stockholm, which was slow in response. The delay in the disbursement of funds also served to delay the commencement of NISER’s research programme, with the result that it was not possible to evaluate the early stages of the drought relief programme. Similar delays in the disbursement of funds were experienced by UNICEF, although with other financial resources at its disposal, the effect was not as direct.

**BUDGETING AND REPORTING**

**Budgeting**

In accordance with the terms of reference, this study shall assess the disbursement routines and reporting channels within the Swedish-Namibian development cooperation programme. In addition, consideration shall be given to the “problems and possibilities of channelling most of the assistance through the State Revenue Fund, and for this assistance to be reflected in the government budget”. Since the deciding factor in this process is the question of the integration of development assistance into the Namibian budgetary process, we will first comment upon this issue. As stated above, this matter is further described and analyzed in the parallel study by Odén.

In an ideal situation, all funds extended by a donor to a government should be integrated into the budgetary system of the recipient country. Furthermore, through generally accepted tender procedures, established rules and regulations for the procurement of goods and services and through recognized banking channels, the recipient country should in its own capacity be in a position to carry out transactions, both nationally and internationally, within the development cooperation programme. Only in particular circumstances—such as when specialized market knowledge is required—should the recipient request the donor to carry out transactions on its behalf.

In this respect, the situation in Namibia is far from ideal. Throughout the interviews for this study we found confirmation of the fact that the combined effects of the rigidity of the Namibian State Finance Act and the ensuing mistrust between the various actors in the development cooperation process—i.e. principally the Ministry of Finance, the National
Planning Commission, the line ministries, other implementing agencies and the donors—has led to a situation where only a portion of the foreign aid is properly budgeted for and disbursed into the State Revenue Fund. Thus, according to the Bank of Namibia, only 27 per cent of total development assistance to Namibia during the three-year period 1990-1992 was channelled through this Fund under the authority of the Ministry of Finance. Instead, and often for the sake of short-term “efficiency”—a situation has arisen in Namibia whereby donors and user ministries to a large extent sidestep the budget process and create their own “by-pass solutions” for the transfer and utilization of foreign aid. This practice not only undermines the possibilities of efficient planning, but also tends to reverse the roles of donor and recipient, particularly in respect to procurement and reporting. More importantly, “by-pass solutions” outside the budgetary process also fall outside official audits and beyond parliamentary scrutiny of public expenditure.

An important, albeit decreasing, part of the Swedish assistance to Namibia is also transferred outside the budgetary system. Some of the more conspicuous “by-pass solutions”—such as the agreement with the Rössing Foundation to act as an intermediary for part of the education sector support (against a commission of 2.5 per cent of the amounts handled) and the fact that all transactions under the Personnel and Consultancy Fund are administered by SIDA—have been touched upon in the text above. Here, it should be noted that this anomalous situation—contravening agreements on development cooperation and terms and procedures—is a major cause of concern both for SIDA and the National Planning Commission, i.e. the parties competent to represent their respective governments. Thus, the issue of integrating Swedish assistance into both Namibia’s planning and budgetary process has been high on the agenda at the regular bilateral review meetings held since Independence. No lasting solution, however, seems to have been found, although the new format for the 1993/94 Namibian budget includes a separate Development Budget, which is a step in the right direction. During interviews for this study with senior officials in the Ministry of Finance and the National Planning Commission, it was, however, explained that preparations are being made to reform the budget system and make it more amenable, efficient and transparent vis-à-vis foreign aid. Thus, some of the issues currently under discussion are:

— the revision of the Namibian State Finance Act;
— the inclusion of foreign funded programmes and projects in the National Development Plan and the annual budget, covering both capital and recurrent expenditure; and

50 Bank of Namibia: op.cit. Table 8, p.10.
51 And before Independence: Thus, on request by SWAPO, in November 1989 SIDA produced a memorandum entitled “Some ideas on the most important experiences from Swedish aid work in relation to the development of public administration in the transitional period”, which inter alia recommended that “aid ... must be coordinated with ... the national plans and the budget”. It further stated: “Do not permit aid agencies to set up independent project administration organs. Aid needs to be integrated into existing structures”.

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— the design of appropriate recording and accounting procedures to account for foreign aid receipts and the utilization of the amounts received.

We strongly support these proposals and can only express the wish that they are implemented as soon as possible.\textsuperscript{52}

**Reporting**

Partly due to the prevalence of “by-pass solutions”, partly resulting from a lack of coordination between the Ministry of Finance, the National Planning Commission and the Namibian line ministries, the team encountered clear deficiencies regarding narrative and—in particular—financial reporting on the utilization of Swedish resources by the government of Namibia, often contravening stipulations in bilateral agreements.

The unsatisfactory report on the targeted budgetary support—covering only some 20 per cent of the 27 MZAR transferred to Namibia through the State Revenue Fund, presented to Sweden one year later than agreed to and without any narrative comments—has already been mentioned. More worrying, however, was the finding that senior officials in the above-mentioned ministries acknowledged that financial reports on Swedish—and other—assistance often are deficient, but placed responsibility for this state of affairs on others. Thus, officials in the Ministry of Finance—responsible for public finances—stated that they do not receive the necessary information from the line ministries (or the donor), while officials in the National Planning Commission—under the bilateral general agreement competent to represent the government of Namibia—explained that they do not receive financial reports from the Ministry of Finance. Officials in the line ministries, finally, argued that in cases where the funds were disbursed through the State Revenue Fund, chances are that they do not receive the funds and, therefore, have nothing to report upon.

The seriousness of this situation—which is not limited to Swedish assistance, but affects all foreign aid to Namibia—can be further illustrated by the following conclusion on the audit of SIDA funds by Ernst & Young of Sweden and the National Audit Office of Great Britain in mid-1992: “SIDA can have little assurance that the funds it provides are audited effectively, and it cannot have full confidence, given the state of financial controls applying in the Ministries, that its funds are used for the purposes (for which) they were intended. We received various oral assurances that SIDA funds were indeed used effectively, but the vagaries of the commitments system in place, the poor record keeping and the fact that all incoming funds are received into a central revenue account within the Ministry of Finance

\textsuperscript{52} On this issue, see also S Lister (ed): “Aid, Donors and Development Management”, NEPRU Publications No.2, Windhoek, 1991, which inter alia presents the Namibian intentions and the Botswana experience in economic planning.
before allocation to the respective Ministries suggest to us that accountability for donor funds needs to be improved”.

The situation regarding financial control of foreign aid to Namibia is, thus, very serious and we recommend that it is brought to the attention of the Director General of the National Planning Commission and the Minister of Finance as soon as possible.

CONCLUSIONS

In concluding this assessment of Swedish assistance to Namibia since Independence, it seems appropriate to make some qualifying remarks about the scope and the limitations of the study. It should be recalled that—in accordance with the terms of reference—the assessment has been undertaken as a desk-study at the macro level, i.e. through the study of documents and by means of interviews with key (Windhoek-based) actors in the development cooperation programme between Sweden and Namibia. The team has not undertaken any field studies, nor has it been in the position to measure, in any detail, the impact, outcome or results of the various projects and activities at the micro level. This is important as there is a growing literature on the assessment of aid effectiveness which discusses the so-called “micro-macro paradox”, i.e. the paradox that evaluations of aid supported projects at the micro level often have been positive, while those with a macro-perspective to a large extent have been ambiguous. The opposite, of course, might also be the case, not least within the context of Structural Adjustment Programmes.

Another important consideration is the time factor. As stated by Cassen and associates in their study “Does Aid Work?”

one of the difficulties inherent in any assessment of aid is that the past—even where there is adequate information about it—is an imperfect guide to the future. The typical aid project may take five to seven years from start to finish. Evaluation may wait a further two years—and many would argue that that is too soon, and that five years would be more suitable. Thus, it may be ten to fifteen years before one can really conclude that a project has succeeded or failed.

It should be recalled that the Swedish–Namibian development cooperation programme—although partly designed before 1990—did not start in earnest until mid-1991, i.e. only two years ago.

General Impact

53 CG Gutberg (Ernst & Young, Sweden) and C Bull (National Audit Office, Great Britain): “Public Administration Support Namibia: Review of National Audit Capacity”, (mimeo.), Stockholm, September 1992. It should be pointed out that the same report states that “the funds allocated to the Bank of Namibia are, however, controlled to a high standard ... and are subject to good quality internal audit”.

The overall objective of this study is two-fold, namely to assess the relevance of Swedish assistance through SIDA to a) the economic and social development objectives set by the Namibian government at Independence, and b) vis-à-vis the social and economic situation in present-day Namibia. Although it is somewhat difficult to distinguish between these two aspects, they will be discussed under separate headings below.

In this section, we will first attempt to draw some general conclusions regarding the impact of Swedish bilateral support to Namibia. In so doing, we will concentrate on the issues of economic growth and national institution-building (the promotion of economic and political independence), which are both prominent objectives of the Swedish-Namibian development cooperation programme, but where the role and impact of aid is not easily measured.

The purpose of aid is to transfer additional resources to a recipient country, beyond those that it can mobilise itself either domestically or through foreign trade. A simple correlation between foreign aid and macro-economic performance has, however, obvious weaknesses, since aid is not only extended in monetary terms, but includes both quantitative and qualitative resources. This is the case with Swedish assistance to Namibia. While the impact of additional financial resources on public finances may be calculated, or at least roughly measured, this is much more complicated when it comes to qualitative transfers in the form of human resources, training programmes and general capacity-building. Finally, the same amount and mix of aid may have varying results in different countries. Thus, one of the compelling lessons of international development assistance is that it can only be as effective as the political, economic and administrative environment in which it operates.

This stated, and bearing in mind that no readily demonstrable evidence is available, our educated assessment is that Swedish assistance to Namibia has made a positive contribution to the economy, in particular through the initial budgetary support from mid-1990. As indicated above, at Independence the incoming SWAPO government was confronted with a substantial budget deficit due to the withdrawal of subsidies by the former South African administration. Against this background, the Namibian government—which at the time had tended to adopt a rather optimistic view of Namibia’s future development prospects based on own resources—made a special appeal for direct budgetary support. In spite of significant pledges at the 1990 donors’ conference on Namibia in New York, few donors did, however, convert their pledges into commitments, with the result that out of the approximately 700 MUSD pledged for the period 1990–93 only about half was actually disbursed to Namibia.

In the case of Sweden, the response was swift and substantial. In October 1990 Sweden and Namibia entered into a specific agreement on budgetary support through which an amount of 24 MSEK—roughly corresponding to 5 per cent of the inherited budget deficit—was set aside for 1990/91. A second agreement—amounting to 30 MSEK and covering 1991/92—was
signed in April 1991. Our conclusion is that this support was of direct
to "reactivate the economy and foster economic growth". In addition, as the
support was targeted towards basic social needs in disadvantaged regions all
over Namibia it also contributed to the equity objective stipulated in the
Swedish-Namibian development programme.

Another prominent objective in the Swedish-Namibian development
cooperation programme which is difficult—if at all possible—to measure is
that the cooperation should “aim at ... strengthening Namibia’s political and
economic independence”. In a country which was recently ruled as a South
African province and which gained nationhood without the most basic
institutions and data to design and implement economic and social policies
for its population, Swedish support for this objective was oriented to the
building of fundamental national institutions such as the Bank of Namibia
and the Central Statistics Office. Thus, some 20 per cent of total Swedish
disbursements within the core development cooperation programme
(around 51 MSEK) were channelled to these institutions during the period 1

While the relevance of this support appears unquestionable, it is more
difficult to assess its direct impact, partly due to the fact that Swedish
assistance has been extended alongside support from other donors (IMF in
the case of the Bank and UNDP in the case of the Statistics Office), and partly
because it is too early to advance any judgement on the lasting effects of the
Swedish contribution. Thus, a report by the Bank of Namibia stated that it
is not “always possible to identify the results of the specific SIDA support.
The Bank is like an organism: an injection affects the organism’s total ability
to function.” From the various interviews and discussions conducted for
this study we do, however, conclude that the Swedish “injection” into the
Bank has been of crucial importance. Through the support from SIDA, the
Bank could take far-reaching initiatives—such as cutting off its links with
the South African Reserve Bank and introducing Namibia’s own
currency—which otherwise would have been difficult to implement. The
agreed, but delayed, support to the Central Statistics Office should over the
next years also have a direct positive impact.

Relevance to Namibian development objectives

The development objectives set by the Namibian Government and the
profile of Swedish assistance have been outlined in the “Introduction”
above. In general, it is our opinion that the Namibian objectives have been
well defined to redress the economic and social imbalances inherited from
the South African administration, and that the Swedish assistance has been
well designed to support these objectives. We thus find that the Swedish
support through SIDA has been of relevance to Namibia’s development
efforts since 1990.

55 Bank of Namibia: “Results and Achievements within the Bank of Namibia obtained
Looking at the mix of Swedish assistance during the period 1 July 1990 to 30 June 1993, we find that actual disbursements under the general agreement on development cooperation were, in broad terms, as follows:

- education sector: 30 per cent
- transport sector: 23 per cent
- targeted budget support: 20 per cent
- institution building: 20 per cent
- other central administration: 4 per cent
- disadvantaged groups (Nyae Nyae/drought relief): 3 per cent

This spread reflects in our view a programme in tune with the socio-economic needs of the country. Moreover, from interviews conducted during this assessment, it is evident that this is a perspective held by both government officials and by representatives of the political opposition. Some did, however, question the emphasis on the education sector, arguing that it had attracted too many donors to the disadvantage of other sectors and that this in turn had created problems within the Ministry of Education and Culture regarding coordination of different aid programmes. While the latter to a large extent appears to be the case—but in our view not the result of too many donors, but rather of the undue growth and prevalence of too many “by-pass solutions”—we do not share this criticism. There is strong evidence of the importance of education in national development. It has a high rate of return as a form of investment, and its value ramifications into other sectors, such as health and family planning, agriculture, industry and government. This is particularly important in Namibia, where education was one of the most disadvantaged sectors during the South African administration.

Relevance to present Namibian challenges

Although the profile of the Swedish assistance is relevant to the Namibian development objectives, we are, however, at the same time of the opinion that the assistance should be given a clearer orientation towards the

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56 Mr Dirk Mudge, the recently retired leader of the official opposition party (DTA), gave his fullest support to the Swedish assistance to Namibia in our interview with him on 24 September 1993. Thus, not only did he state that the profile of the Swedish assistance was relevant, but that the cooperation with Sweden—upon which he had looked with “reservations” until Independence—had proven to be in favour of Namibia, and not of a particular political party, i.e. SWAPO. Talking over the telephone from his farm in the Kalkfeld area, Mr Mudge thus expressed his wish that Sweden should maintain its support to Namibia and not “switch to other parts of the world” and that the support should concentrate on training, transfer of skills and employment creation.

57 According to the National Planning Commission, projected aid commitments to the government of Namibia for 1993 indicate that the education sector would receive 23.5 per cent of total aid. Reflecting the priority given by the government to this sector, the share of education of total budgeted expenditure in Namibia since Independence has been around 20 per cent, rising to 24 per cent in the 1993/94 budget.
alleviation of two of independent Namibia’s major socio-economic challenges, namely the extremely high degree of poverty and unemployment. We would here like to caution against a continuation of what we perceive as an over-emphasis—albeit necessary in the initial stages of nation-building—on Windhoek-based central institutions and functions within the different sectors supported by Sweden and instead argue in favour of a more equity-oriented approach, where more resources are channelled to the local level in the rural areas. It is recommended that the Swedish support within the concentration sectors of the development cooperation programme in the future should focus on those programmes and projects where the support has proven to be at an advantage and with higher returns when compared to other activities, which could be phased out. Through a policy of consolidation, resources would at the same time be released in favour of programmes and projects oriented towards increased socio-economic equity.

The Namibian socio-economic formation inherited from German colonialism and South African occupation is according to a range of studies skewed in the extreme, with a pattern of income distribution more unequal and unjust than that of apartheid South Africa. While per capita shares of GDP for the white population and the emerging black elite—comprising some 5 to 6 per cent of the total population—equal those of many Western European countries, but with more sumptuous consumption patterns, it has been estimated that more than 1 million out of Namibia’s 1.4 million inhabitants—i.e. almost three quarters of the population—eke out a “livelihood” below the subsistence level, out of which some 260,000 in the urban and semi-urban areas and 780,000 in the rural areas. Although no labour survey of any significance has been carried out in Namibia, estimates regarding unemployment point likewise to a very serious situation. Thus, current national estimates range between 30 and 40 per cent. According to ILO, 25 to 30 per cent of the labour force in the formal sector is unemployed, while two thirds of those in the subsistence sector are underemployed.

The main objective of Swedish development assistance is to “improve the living conditions of poor people and one of the principal development objectives defined by the government of Namibia is to “reduce income disparities and alleviate poverty”. In the general agreement on Swedish-Namibian development cooperation this mutual concern is reflected as follows: “Priority shall be given to assistance aimed at improving the lives of deprived people in the rural areas”. While the assessment team fully

59 See Odén’s parallel study. It should be noted that the SIDA-supported upcoming National Household Income and Expenditure Survey will give invaluable insights into the pattern of income distribution, wealth and poverty in Namibia. The survey is scheduled to be carried out by the Central Statistics Office between October 1993 and October 1994.
60 In addition to the afore-mentioned National Household Income and Expenditure Survey, the Ministry of Labour and Manpower Development will in 1993/94 carry out a survey of the informal sector in Namibia.
61 World Bank op. cit. p. 15.
supports this orientation, we are, however, of the opinion that no such priority has been given to the Swedish assistance. It is, therefore, strongly recommended that the issues of social equity, income redistribution and employment promotion are taken up for discussion as a matter of urgency between the Swedish and Namibian authorities during the preparations for an extension of the development cooperation programme beyond 30 June 1994.

There are various ways in which the cooperation programme could be more closely oriented towards the combined objective of poverty alleviation and employment creation. Encouraging activities have already been embarked upon in the form of the labour-intensive rural roads construction programme in the Ovambo region under the transport sector support and the Tulipamwe self-help low-cost construction project under the education sector support, both with significant participation by the local communities. The SIDA-supported literacy programme is another example, where the training of district literacy organisers and promoters has created part-time employment for not less than 1,800 persons nationwide, the majority being women. We are of the opinion that such participatory development activities should be enhanced within the sector programmes and would strongly advise that similar proposals—rather than, for example, the proposed Swedish assistance to traffic safety or pavement management under the transport sector support—are considered within the ongoing policy dialogue between Sweden and Namibia.

Having said this, we would like to emphasize the obvious, namely that the success of all efforts to fight poverty and to address the vexed issue of unemployment in the final analysis will hinge on the political will of the Namibian government to pursue some difficult courses of action. Thus, it must at the same time not only endeavour to raise the living standards of the majority of the population—a process which inevitably will challenge the privileges of an entrenched elite—but also stimulate growth in the economy to be able to achieve this objective.

SUMMARY OF MAIN RECOMMENDATIONS

Throughout this study a number of recommendations have been made regarding Swedish development assistance to Namibia, at the general, sector and programme or project level. Those who are particularly interested in a specific sub-programme or aspect of the cooperation programme—including areas such as democracy and human rights, culture, gender or environment, which strictly speaking fall outside the bilateral core programme governed by the general agreement—are advised to revisit the corresponding text.

Only the main recommendations will be summarized below. In so doing, we are, of course, aware of the fact that the onus for the implementation of some of the proposed actions rests with the recipient and not with the donor. As stated above, foreign aid can only be as effective as the local
political, economic and administrative environment allows it to be. Such recommendations are, however, included here, in the hope that they will be taken up for discussion in the ongoing dialogue between Sweden and Namibia.

Concentration and consolidation

A major finding of the study is that the profile of the Swedish assistance—to a large extent designed before Independence in 1990—is relevant to the Namibian development objectives in that it covers sectors and areas which were neglected under the South African administration, namely social services for the majority of the population (education), physical infrastructure, particularly in the war-ravaged and populous Northern region (transport and communications), national institution- and capacity-building (public institutions, including the Bank of Namibia, the Central Statistics Office, Telecom and Namibia Posts) as well as direct support to disadvantaged communities (the San population and victims of drought). Within the sectors, it is, however, recommended that continued Swedish assistance concentrates on those programmes and projects where the support has proven successful, rather than branching out to other activities. We thus argue in favour of concentration and consolidation.

Orientation towards equity

While the composition of the Swedish assistance to Namibia was found relevant, the assessment team also concludes that the support should be given a clearer orientation towards the mutually stated objective of poverty alleviation and employment promotion, two of the major socio-economic challenges of independent Namibia. Thus, it is recommended that continued Swedish assistance is governed by a more pronounced equity-orientation, where more resources are channelled to the local level in the rural areas.

Role of advisers

The interviews conducted for this study have shown that SIDA-recruited experts exercising functions as 'advisors' to the government of Namibia are at the same time highly appreciated for their competence, experience and commitment and questioned by Namibian colleagues for what is perceived as unduly privileged professional—and material—conditions. Thus, advisors are questioned because they a) carry out executive tasks and do not give sufficient attention to the transfer of skills, b) are not accountable as they have no line responsibility, c) reduce transparency in the decision-making process, and d) have privileged access to Namibian decision-makers, donors and, in general, information. While recognizing this well-known problem in international aid as serious and significant, we are not in a position to advance a solution. We do, however, recommend that the job
descriptions for SIDA-recruited advisors are designed in a way to enhance equality of accountability and responsibility between foreign and national employees of the government of Namibia. Ideally, no foreign experts should be recruited until found absolutely necessary due to proven lack of qualified Namibians and, then, on established posts over a limited period of time.

**Staff development/training**

At Independence Namibia faced an extraordinary double challenge, namely to simultaneously a) build a number of vital institutions from scratch, and b) staff them from a very limited pool of educated and experienced Namibians. Swedish assistance has been particularly important for the building of some of these institutions, such as the Bank of Namibia and the Central Statistics Office, but also for the development of departmental functions within certain ministries, such as the Ministry of Transport and Communications. In this context, the assessment team would like to caution against a too abrupt withdrawal of Swedish assistance, particularly in the form of competent and experienced personnel. In our view, it is obvious that the institutions built with Swedish assistance for some time to come will need support, not least in the areas of staff development and training. Within the recommended policy of concentration and consolidation, it is, therefore, proposed that priority is given to human resource development.

For such programmes to be successful, it is, however, of crucial importance that the government of Namibia finds a flexible solution to the generalized freeze on new employment in the public sector, introduced for a two-year period in February 1993. As mentioned in the main text, this decision has already seriously affected the Swedish support to the Central Statistics Office, where the training component has been downgraded due to the lack of Namibian counterparts. Against this background it is strongly recommended that the question of staffing of the public institutions supported by SIDA continues high on the agenda in the policy dialogue between Sweden and Namibia.

**Budgeting and reporting**

The most negative finding of this study is the fact that most foreign aid to Namibia is channelled outside the State Revenue Fund through a range of “by-pass solutions” between donors and line ministries, undermining the scope for efficient planning and aid coordination, sidestepping parliamentary scrutiny of public expenditure and reversing the roles between donor and recipient, for example regarding responsibility for procurement and reporting on the assistance. Throughout the interviews it was also found that a climate of mistrust often prevails among the main actors in the development cooperation process, i.e. mainly the Ministry of Finance, the National Planning Commission, the line ministries, other
implementing agencies and the donors, concerning the important issues of planning, budgeting, and reporting on foreign aid.

The team was, however, reliably informed by senior officials in the Ministry of Finance and the National Planning Commission that preparations are being made to reform the budget and planning system in Namibia and make it more amenable, efficient and transparent vis-à-vis foreign aid. Some of the issues under discussion are a) the revision of the Namibian State Finance Act, b) the inclusion of foreign funded programmes and projects in the National Development Plan and the budget, covering both capital and recurrent expenditure, and c) the design of appropriate recording and accounting procedures to account for foreign aid receipts. We strongly support these proposals, which should be implemented as soon as possible. Partly due to the prevalence of “by-pass solutions” regarding the transfer of funds, partly due to a lack of coordination between the above-mentioned Namibian key actors, we also found significant examples of deficient narrative and financial reporting by the government of Namibia, contravening stipulations of bilateral agreements. This is, in our view, a very serious issue indeed, and we recommend that it as soon as possible is brought to the attention of the Director General of the National Planning Commission and the Minister of Finance.

Other assistance through SIDA

When considering other assistance to Namibia through SIDA, i.e. support in favour of democracy and human rights, culture, gender and environment, this study has underlined the significance and importance of the Swedish assistance. In this context, we do therefore not recommend a policy of concentration and consolidation, but would welcome further initiatives. Cognizant of the fact that this assistance is extended outside the bilateral agreement on development cooperation, we do, however, share the opinion expressed by senior officials in the National Planning Commission\textsuperscript{62} that the support—constituting Official Development Assistance (ODA) to Namibia—should be regularly reported upon to the Commission and to the Ministry of Finance.

\textsuperscript{62} Interviews with Mr Nama Goabab, Permanent Secretary, on 22 September, Mr Chris Schumann, Chief Bilateral Cooperation, on 24 September and Ms Berit Rylander, Development Cooperation Advisor, on 21 September 1993.