



DEVELOPMENT PARTNER FEEDBACK FUNCTION

Windhoek Country Club, 28th November 2003

PRESENTATION - TEXT

1.0 ACHIEVEMENTS 1990 to 2003

1.1 INTRODUCTION

Since Namibia's independence in 1990, significant achievements have been made politically, socially and economically. The gains of the post-colonial era can be attributed to the determination and hard work of the Namibian people; the high priority attached to investment in socio-economic development by the Namibian Government; and the generous and unfaltering support provided by Namibia's development partners. Over the past 13 years, the Government has spent an estimated N\$76 billion on the overall development of the nation. In addition, around US\$1.8 billion (the equivalent of N\$13 billion at today's exchange rates) has been received in the form of grants from 11 multilateral and 22 bilateral agencies. Whilst this level of assistance is significant, standing on average at around 5% of GDP per year, it has not lead to an unhealthy over-dependency on foreign aid.

Today, Namibia is classified as a Lower Middle Income Country. With a GDP per capita of US\$6,431 (Human Development Report, 2002), it ranks 68 out of 173 countries in terms of income. It is also regarded as a Medium Human Development (MHD) country, ranking 122 out of 173 countries in terms of the Human Development Index (HDI). The vast difference between these scores (-

54) is the fourth highest in the world, and points towards severe structural weaknesses and vulnerabilities within Namibia's socio-economic system. I will come to these later. First, let me reflect on the great progress we have made to date with the support of our development partners.

1.2 REFLECTIONS ON ACHIEVEMENTS

1.2.1 Politically, Namibia has enjoyed peace and political stability. It has successfully held two free and fair Presidential and Parliamentary elections, and multi-party democracy is becoming well established. The Government is committed to good governance through sound public administration and accountability, and legislation has been enacted to allow the decentralisation of powers to Regional and Local Councils.

Namibia also has a good human rights record. Indeed, the Universal Declaration of Human Rights and the International Covenant on Civil and Political Rights are enshrined in the Constitution. Namibia is also a signatory to all other major international human rights instruments. Thus, despite the short history of Namibia as an independent state, she has already begun to play her role as a member of the international family of nations.

Although we are still in the process of creating all the institutions required to allow democracy to mature and deepen, and for public services to be provided in the most efficacious, equitable and cost effective way possible, we can justifiably be proud of our achievements to date, as captured by internationally recognised Subjective Indicators of Governance. For example, the World Bank's Government Effectiveness index gives Namibia a score of 0.6, the third highest score of all 83 countries classified as having Medium Human Development, and ahead of several of the High Human Development countries. In terms of Law and Order, according to the International Country Risk Guide, Namibia is one of only two Medium Human Development countries to be awarded the highest score possible, also beating at least 31 of the 53 High Human Development countries. Similarly, the World Bank places Namibia as the Medium Human Development country with the lowest level of corruption, again beating almost 60% of High Human Development nations. These factors suggest a good enabling environment for economic growth and development, and should instil a high level of confidence for domestic and international investors from both the public and non state sectors.

1.2.2 Socially, Namibia has made tremendous strides, particularly in addressing the legacies of the colonial era and the apartheid system. Through the Transitional National Development Plan, and the First and Second National

Development Plans, the Government has, with the support of its development partners, sought to improve and widen access to social services to all Namibians, and particularly to those who were previously marginalised. Consequently, many achievements have been registered.

Education, for example, has been a prime development priority over the past 13 years, consuming around 25% of total government expenditure, or 9% of GDP, making Namibia the highest investor in education in Sub Saharan Africa, and the third highest in the world. The sector has also consumed around one quarter of total Overseas Development Assistance. As a consequence, primary school enrolment has reached the impressive figure of 95%. Thus, Namibia is on track to meet the Millennium Development Goal (MDG) of achieving Universal Primary Education by 2015. The combined primary, secondary and tertiary gross enrolment rate stands at 78%, well above the Sub Saharan African average of 42%, and higher than that of Medium Human Development and Middle Income countries of 67% and 73% respectively. The contribution of private schools to these achievements must also be acknowledged.

Adult literacy has also improved by around 11 per centage points since independence. Currently standing at 82%, this compares favourably to the Sub Sahara African average of 61.5%, and the Medium Human Development country average of 78.9%, although it is lower than the average for middle income countries.

Other achievements have included the establishment of UNAM in 1992, and the Polytechnic of Namibia in 1994. Also, in 2002, a privately owned International University of Management (IUM), previously the Institute of Higher Education (IHE), was set up offering degree courses in most of the tertiary education fields, including HIV and AIDS.

Namibia has also done extremely well in female education. In fact the combined primary, secondary and tertiary gross enrolment ratio stands at 80% for girls, and 77% for boys. Similarly, male and female literacy rates are on a par. Thus, Namibia has already achieved the target to eliminate gender disparity in all levels of education set by Millennium Development Goal 3.

Generally speaking, Namibia is doing relatively well in terms of gender equality. For example, ladies hold 20% of seats in parliament, and the country's Gender Related Development Index is the second highest in Sub Saharan Africa. However, women still earn less than 52% that of men.

The **Health** sector has also benefited from significant investments since 1990. On average, around 14% of total public expenditure has been devoted to this sector. Approximately one fifth of ODA has also been spent on improving health

services. Currently, expenditure on health stands at 3.3% of GDP. The health service system has also been radically reformed, from one geared towards essentially curative-based services for the white minority and the African labour force needed by the colonial economy, to one meeting the needs of the wider populace, including rural communities. The role of non state actors must also be acknowledged, with missions and the private sector providing 15 to 20% and 5% of services respectively. As a consequence of our combined efforts, significant improvements have been realised. For example, Under Five Mortality has been reduced from 155 per 1000 live births in 1970, to 69 in 2000. Nevertheless, these improvements still fall short of most of our own health targets as expressed in NDP2, and those set by the Millennium Development Goals. I will come back to these challenges later.

1.2.3 Economically, Namibia has also made much progress. Since independence, the country has adopted a policy of developing a free open market system. Whilst the GDP annual growth rate averaged 1.1% during the decade prior to independence, during the 90s it averaged around 4%. Although actual growth rates have been lower than anticipated, they have nevertheless been reasonable. For example, GDP growth last year is estimated to have been around 2.8%, and is forecasted to rise quite significantly over the next 3 years.

The **Macroeconomic** situation has been relatively stable in recent years. Inflation is projected to decline over the medium term; the currency (which is pegged against the Rand) has recovered and stabilized; and the long-term trend is towards a narrowing of the gap between imports and exports. The Government is committed to maintaining macro-economic stability through fiscal discipline. Thus we expect to reach our Government expenditure (30% of GDP) and budget deficit (3% of GDP) upper targets within the next 3 years. Although the domestic and foreign debt target of 25% of GDP may take a little longer to reach, the situation has been stabilized through sensible debt management.

The **Primary industries** have experienced high growth since independence, and contribute around 20% to GDP. However, their performance has been volatile due to unpredictable climatic conditions and fluctuating world commodity prices. Despite the difficulties, agriculture remains a key sector, especially in terms of employment, and successes have been registered regarding agricultural diversification. For example, grape, date, cotton and ostrich production have been encouraged, and Namibia is now the second largest producer of ostrich meat in the world. Similarly, despite the ups and downs of the fishing industry, efforts to increase the variety and quality of production for the export market are beginning to pay off.

Mining grew at an average rate of 3% during the 90s and is likely to remain a key sector for the Namibian economy over the medium term. Although diamond

production has declined, the growth potential of zinc, copper, uranium and gold is still being exploited.

Secondary industries involve the processing of primary products and the production of beverages. Whilst their growth has been volatile and somewhat disappointing, they nevertheless contribute 15% to GDP. Secondary industries have recently been boosted with the introduction of textiles. Zinc processing is also growing in importance.

The **Tertiary sector** has exhibited stable growth over recent years. It constitutes 55% of GDP (33% excluding Government services). Hotels and restaurants have undergone particularly rapid expansion, spurred by rising numbers of foreign visitors, who surpassed 900,000 in 2002. This represents an increase in excess of 60% over the past 5 years. Tourism is especially good for rural areas, assuming it is sensitive to our fragile environment, and has the potential to generate many more jobs and foreign exchange.

Namibia, as a vast country with few urban centres, is heavily dependent on good transport infrastructure. Consequently, the transport sector has grown over recent years, and is set to consume the largest share (18%) of the national development budget over the next three years. The road network between urban centres is maintained in very good condition, as are many of the gravel roads. Much investment is being made in regional projects, such as the Walvis Bay corridor, which will increase the commercial significance of the port, and the western extension of the Trans Caprivi highway. The railway linking Namibia with South Africa is currently being upgraded and extended to the northern part of the country. Most urban centres also have airports or airstrips.

The telecom landline network is complemented by a cell-phone network which has good national coverage. In addition, the urban power-supply is reliable.

The **Business Environment** within Namibia is also improving. Membership in SACU opens up potentials for the business community through new international trade agreements. The signing of new Free Trade Agreements with the US and EU will be significant events. The cessation of the wars in Angola and the Democratic Republic of Congo should also have a positive effect on trade and economic growth within the SADC region. At home, the macroeconomic and political environment for Foreign Direct Investments creates the potential for improved FDI inflows in order to stimulate economic growth and create employment.

1.2.4 Donor Round Table Conference, February 2003

Since the "Donor Round Table Conference" in Swakopmund in February 2003, there have been many significant developments:

- Finalisation of Vision 2030.
- Final agreement of an "Education Sector Support Programme" supported by EC and Sweden with direct disbursements to the budget.
- Establishment within NPC's of a "Poverty Unit" and piloting of a "Participatory Poverty Assessment" in Ohangwena Region. With continued assistance from UNDP and others, it is anticipated that by 2004, Namibia will have a national poverty monitoring system linked to Regional Development planning, and be able to report against the Millennium Development Goals. The Poverty Unit has also produced a draft operational manual for community based performance monitoring.
- Namibia has reviewed its Second Medium-Term Plan of the National Strategic Plan on HIV/AIDS. We have also gained significant support from the "Global Fund" to implement this plan.
- A cross-sector decentralisation programme has been agreed with the Government of Finland that will take forward successful programmes of support in the rural water, environment and health sectors.
- Strategies have been agreed with the Government of Germany for support to the Transport Sector and Promotion of the Economy.
- The Government has, with support from Germany, established an institutional framework and "Permanent Technical Team" for the design of a "National Land Reform Action Plan".
- Continued commitment by the EC and many Government and non-Government agencies to design a multi-sector programme to support rural development as a means of addressing rural poverty and implementing the "Poverty Reduction Strategy".
- Drafting of a Policy to guide Partnerships between Government and Civic Organisations.

2.0 RISKS OF DECLINING DEVELOPMENT SUPPORT

2.1 Despite Namibia's rating as a lower middle-income country, poverty and inequitable income distribution are still major problems. The Gini coefficient of 0.67 is the highest in the world, and the country is far behind in meeting MDG 1, which seeks to eradicate extreme poverty and hunger. For example, almost 35% of the population lives on less than US\$1 per day, the 17th highest proportion of all countries in the world. Namibia is also behind in reducing child mortality, as required by MDG 4. For example, infant mortality stands at 56 per 1000 live

births, ahead of the average of 46 and 31 for Medium Human Development and Middle Income countries respectively.

2.2 MDG 6 deals with combating HIV/AIDS, malaria and other diseases. Here, Namibia is struggling, with 22.5% of 15-49 year olds living with HIV/AIDS. This compares poorly to averages of 9% for Sub Sahara Africa, 0.86% for the Medium Human Development countries, and 0.61% for middle income countries. As a consequence, life expectancy at birth is on the decline. Whereas it stood at 60 years in the 1991, currently it stands at 45. Clearly, HIV/AIDS has the potential to erode all other hard earned social and economic achievements if not ruthlessly addressed at all levels of society. Already the Human Development Index is on the decline.

2.3 Namibia is also somewhat lagging in achieving aspects of MDG 7, which concerns environmental sustainability (including access to safe drinking water and sanitation). For example, only 41% of the population is using adequate sanitation, and in some regions only 62% has access to improved water resources. In short, we need your continued support if we are to meet all the MDGs.

2.4 The economy remains vulnerable due to its inherited dependency on a narrow base of low value-added commodities which are subject to fluctuations in world market demands. It also suffers from low physical investment and low domestic savings, as well as relatively high government consumption. We need to diversify beyond mining and agriculture in order to achieve high levels of sustainable economic growth. Productivity and returns on investment need to be increased in order to stem the outflow of domestic savings, and encourage more local investment to increase job opportunities and reduce poverty.

2.5 Our joint development efforts have, so far, enabled us to establish a good foundation to address these problems. However, this foundation has been built at a cost. Infrastructure has to be maintained to protect the value of the investment, schools need teachers, health clinics need staff, medicine and equipment, etc. All of these must be funded from the government budget, which is already large by international standards. Even where the quantity battle has largely been won, such as in the education sector, we still face the challenge of service quality and cost-effectiveness.

2.6 The current modest economic growth in combination with declining external support will force the government to either reduce the development budget allocations, or the budget allocations for maintenance of the investments, or to increase external borrowing to finance the growing deficit. Due to Namibia's status as a middle-income nation, there is only limited access to soft loan facilities, meaning that borrowing will have to be on commercial terms. Any of

these options would constitute a major step backwards and would lead to a gradual degradation of the joint development investments made to date.

2.7 Another pressing area where we need continued support is rural development and land reform. Rural development and land reform will help address poverty and income inequity, without which the overall development of the country will stagnate and our political stability could be jeopardised.

2.8 Without support for vocational training, to enhance the skills of the labour force, and with the prospect of deteriorating infrastructure, Private Sector Development and Foreign Direct Investment as vehicles for economic growth and broadening of the economic base will be very difficult to attract.

3.0 FUTURE APPROACH

3.1 The future approach to national development will require a paradigm shift, involving new ways of working and of thinking. This is fully explored in Namibia's Vision 2030, a summary of which appears overleaf.

NAMIBIA VISION 2030



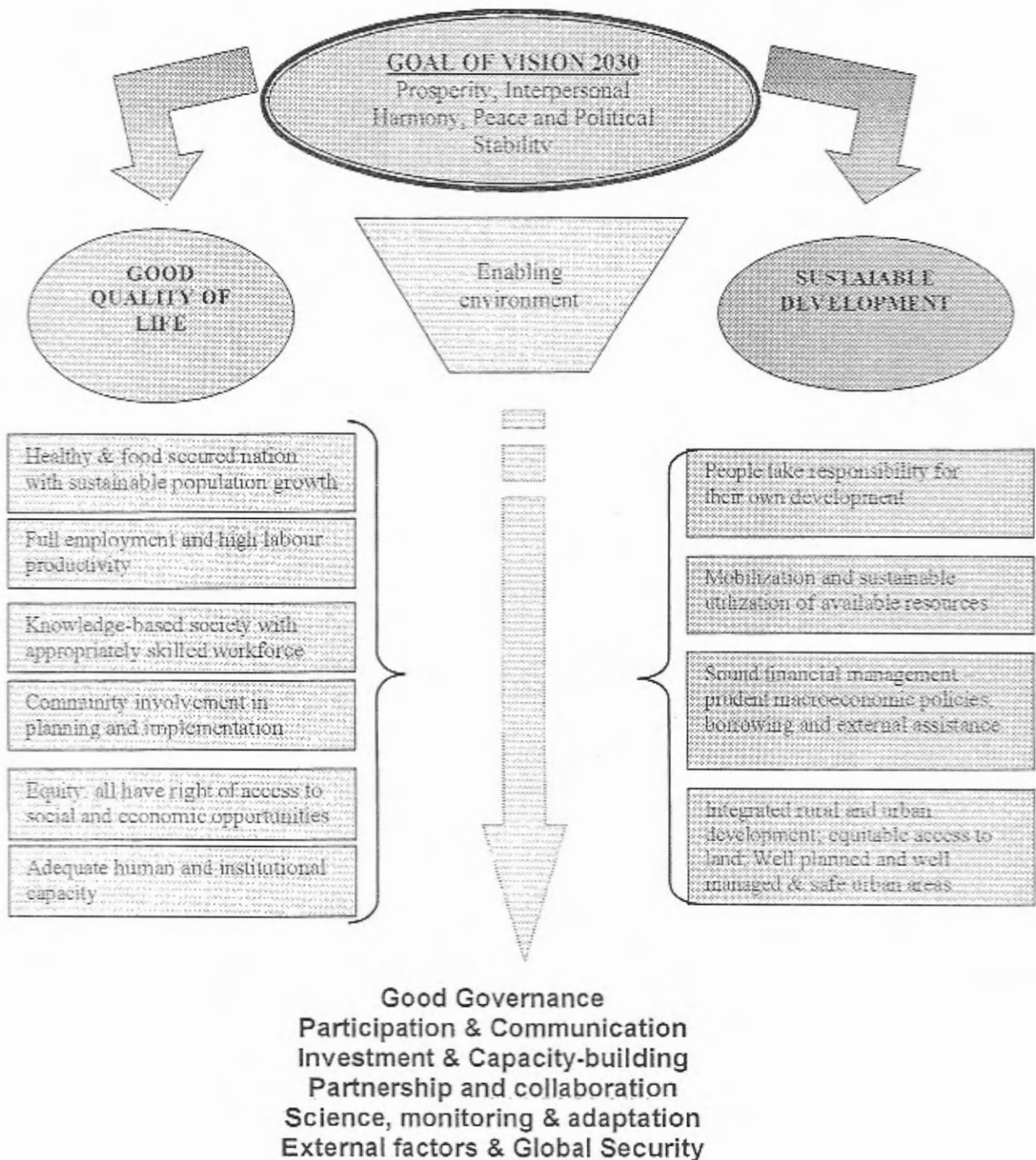
Prosperity, Interpersonal Harmony, Peace and Political Stability

1. WHY A VISION FOR NAMIBIA?

Vision 2030 is a broad, unifying policy framework that will help to guide the country's five-year development plans from NDP2 through to NDP7 and, at the same time, provide direction to government ministries, the private sector, NGOs, international community and local authorities.

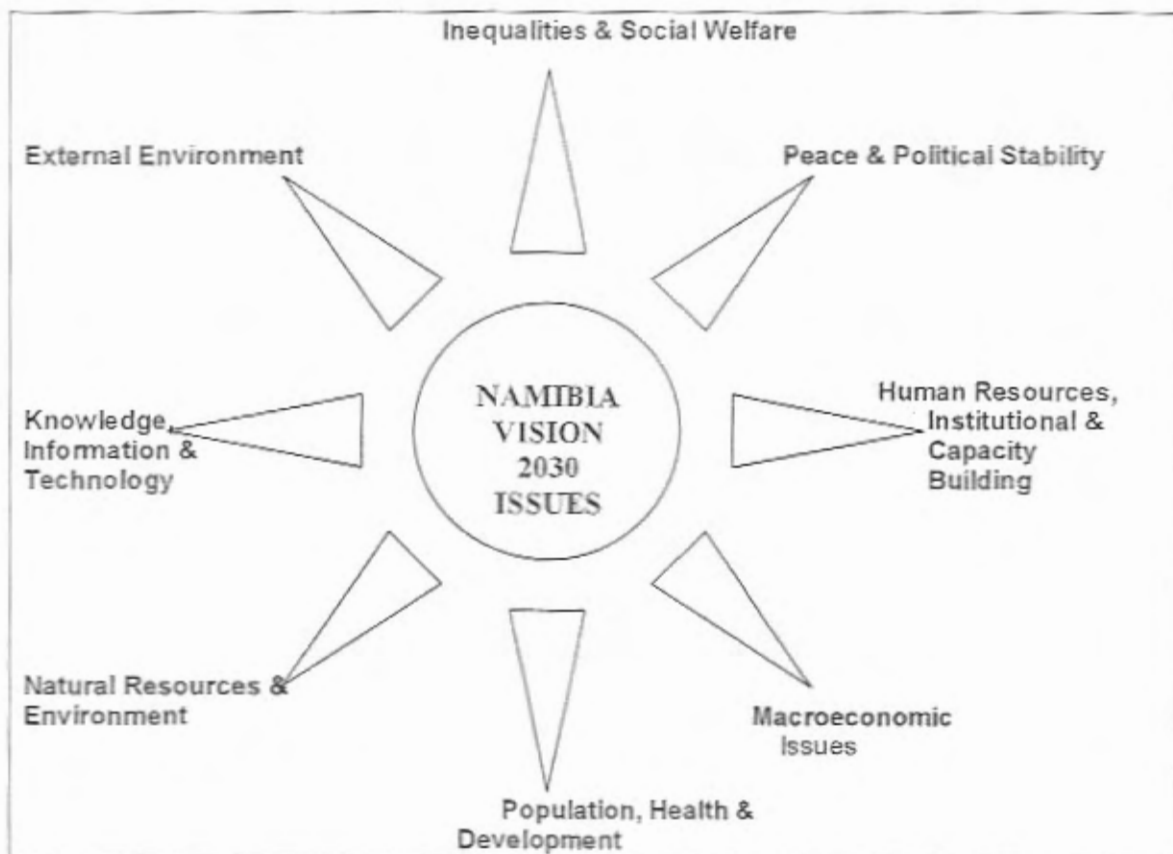
3. THE GOAL OF VISION 2030

The goal of Vision 2030 is to ensure that by 2030, Namibia enjoys: Prosperity, Interpersonal harmony, Peace and Political stability.



2. ISSUES FOR VISION 2030

Our Vision formulation process involved the identification and careful analysis of the development issues facing the nation. These issues were addressed through a national opinion survey of opinion leaders, futures research, regional consultations and national dialogue.



Based on in-depth analysis of, and public dialogue on, these issues, Vision 2030 is designed to provide information on where we are, where we want to be, and how to get there.

4. NEW WAYS OF THINKING

Achieving Vision 2030 requires a paradigm shift from sector development to integrated approaches through strategic partnerships. This means that some structural changes may be required, and certainly some new ways of thinking. The following "new ways" of thinking and working are important:

- Move from developing and implementing a fixed plan, which gets increasingly out of date, towards operating an adaptive, dynamic system or **process** that can continuously improve. Vision 2030 is thus a process, not a plan;
- Move from a view that it is the state or government alone that is responsible for sustainable development, towards one that sees responsibility with society as a whole – a full **partnership** where the state helps create the enabling environment for sustainable development;
- Move from centralised and controlled decision-making, towards **sharing** results and opportunities, transparent negotiations, cooperation and concerted actions;
- Move from a focus on outputs (e.g. projects and laws), towards a focus on **outcomes** (e.g. impacts) that actually contribute to achieving goals and visions – which requires good quality participation and process management;
- Move from sectoral planning, towards **integrated planning** – within and between sectors and institutions.

5. HOW TO GET THERE

Implementation of the Vision objectives requires basically five ingredients

5.1 Leadership Commitment and Political Will

- Commitment to strengthening the provision of the enabling environment for development, based on the principle of sustainability: institutional and human capacity building; good governance (efficiency, accountability, transparency), democracy (strict adherence to all the letter and spirit of the Constitution), peace and security, justice and human rights, equity and social harmony.
- Resolution of all the outstanding enabling processes and legislation (the Land issue; Affirmative Action; Decentralization process; HIV/AIDS; Unemployment; Poverty eradication) that may threaten the existing atmosphere of peace, security and political stability without delay.

- Land Reform Policy;
- Affirmative Action;
- National Population Policy;
- Draft GRN/Civil Society Organisation Partnership Policy;
- Performance Efficiency Management Programme; etc

The purpose of the Vision, therefore, is also to harmonize all these policies and programmes, including new policies, and design a national comprehensive approach to their implementation within the context of the Vision. In essence, the Vision will give momentum to the implementation of all the numerous development policies and programmes in an integrated manner.

Programme management (including monitoring and evaluation) will be effectively institutionised through preservation of the professional integrity of the National Planning Commission Secretariat (NPCS). The NPCS will be further strengthened to enable it coordinate the programmes and monitor the implementation of Vision 2030 strategies.

5.5 Private Sector Participation

- Namibia Vision 2030 is based on the principle of partnership. Nation building will be both private sector (including civil society) and public responsibility.
- The business community will be expected to make increasing contributions to the education and training sector; to make realistic inputs into development plan formulation at national and regional levels, as well as make contributions to the implementation of such plans; to enhance international trade; implement the Affirmative Action; create employment opportunities for the country's growing labour force and; facilitate the expansion of small and medium scale enterprises.
- The private sector must take the lead in becoming more competitive, productive and innovative. Their success will create new jobs and new export industries.

5.6 Civil Society and its Organisations

- Namibia's future will also depend upon the ability of the people (the general public) to respond, with innovation and commitment, to new challenges. If we are to survive as a nation, perhaps the greatest challenge we face now is to eradicate HIV/AIDS, as well as all preventable infectious and parasitic diseases from the population through healthy living. This calls for behaviour change by all. There is little that Government intervention can do to take people out of their habits.

- Non-Government Organisations should work in close partnership with Government in planning and plan implementation at national, local and community levels. The NGOs must enhance their capacities and use their comparative advantage fully in their advocacy for the people; and through networking they should be able to resolve pressing development problems in the communities.

4.0 CONCLUSIONS

Finally, I would appeal to all our development partners (including civil society and Private sector actors) to support our efforts to make Vision 2030 a reality, and to join us in developing new and improved ways of working together.