

The redistributive effects of social protection programmes in Namibia

Blessing Chiripanhura, Polytechnic of Namibia, email:
chiripanhura@yahoo.co.uk

Miguel Niño-Zarazúa UNU-WIDER, email:
miguel@wider.unu.edu.

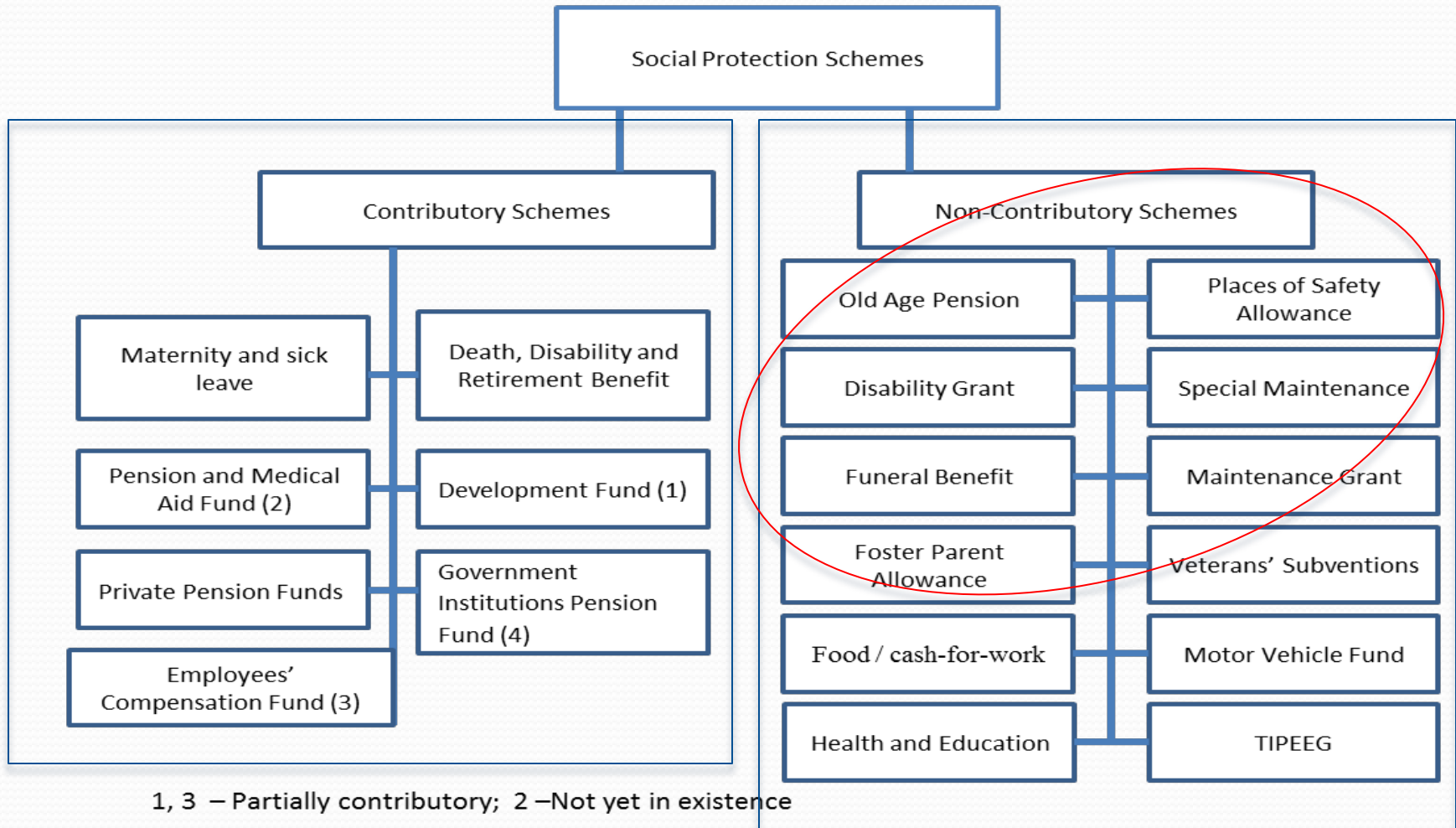
Structure of the Presentation

- Introduction – why social protection
- Structure of social protection in Namibia
 - Contributory schemes
 - Non-contributory schemes
- Analytical methods
 - FGT poverty measures
 - Gini-coefficients and lorenz curves
 - Poverty and inequality decompositions
- Results - poverty and inequality outcomes
- Conclusion

Why social protection in Namibia

- History of inequality and discrimination
 - 1990 - Namibians' social pension income was 7 times higher than that of the Oshiwambo, Caprivi and Kavango ethnic groups
 - The three occupied the lowest echelons of the social hierarchy
- For equity and poverty reduction
- To reduce impacts risks, shocks and vulnerabilities
 - market failures, missing markets and information asymmetries

Structure of social protection in Namibia



Analytical methods

- FGT Poverty indices:
$$P_\alpha = \frac{1}{n} \sum_{i=1}^q \left(\frac{z - y_i}{z} \right)^\alpha, \alpha \geq 0$$

- Gini-coefficients and lorenz curves:

$$Gini = 1 - 2 \frac{\sum_{k=1}^n w(k)}{w^* n^* (n + 1)}$$

- ❖ $w(k)$ = individual k 's welfare variable
- ❖ \overline{w} is the average of the welfare variable
- Poverty and inequality decompositions: Stark, Taylor, and Yitzhaki (1986) inequality decomposition

$$G = \sum_{k=1}^k S_k G_k R_k$$

The shares of each income source in total income - S_k

The share of each income source in the Gini Coefficient - G_k

The Gini correlation of income from each source - R_k

Results

The applicable poverty lines for 2009/10 : a lower bound of N\$277.54; an upper bound of N\$377.96.

FGT Poverty Indices, headcount elasticity and Gini Coefficients

	Poverty Headcount Rate (Po)	Poverty Gap (P1)	Squared Poverty Gap (P2)	Headcount elasticity	Gini Coefficient
Urban	14.6	4.4	2	-1.94	58.1
Rural	37.5	11.6	5	-1.68	48.3
Total	28.8	8.9	3.9	-1.73	59.4

- More poverty in rural than in urban areas;
- Female-headed households poorer than male-headed;
- Poverty sources in rural areas are less sensitive to changes in per capita consumption expenditure

Results

The applicable poverty lines for 2009/10 : a lower bound of N\$277.54; an upper bound of N\$377.96.

FGT Poverty Indices, headcount elasticity and Gini Coefficients

	Poverty Headcount Rate (Po)	Poverty Gap (P1)	Squared Poverty Gap (P2)	Headcount elasticity	Gini Coefficient
Urban	14.6	4.4	2	-1.94	58.1
Rural	37.5	11.6	5	-1.68	48.3
Total	28.8	8.9	3.9	-1.73	59.4

- More poverty in rural than in urban areas;
- Female-headed households poorer than male-headed;
- Poverty sources in rural areas are less sensitive to changes in per capita consumption expenditure

Results

The applicable poverty lines for 2009/10 : a lower bound of N\$277.54; an upper bound of N\$377.96.

FGT Poverty Indices, headcount elasticity and Gini Coefficients

	Poverty Headcount Rate (Po)	Poverty Gap (P1)	Squared Poverty Gap (P2)	Headcount elasticity	Gini Coefficient
Urban	14.6	4.4	2	-1.94	58.1
Rural	37.5	11.6	5	-1.68	48.3
Total	28.8	8.9	3.9	-1.73	59.4

- More poverty in rural than in urban areas;
- Female-headed households poorer than male-headed;
- Poverty sources in rural areas are less sensitive to changes in per capita consumption expenditure

Results

The applicable poverty lines for 2009/10 : a lower bound of N\$277.54; an upper bound of N\$377.96.

FGT Poverty Indices, headcount elasticity and Gini Coefficients

	Poverty Headcount Rate (Po)	Poverty Gap (P1)	Squared Poverty Gap (P2)	Headcount elasticity	Gini Coefficient
Urban	14.6	4.4	2	-1.94	58.1
Rural	37.5	11.6	5	-1.68	48.3
Total	28.8	8.9	3.9	-1.73	59.4

- More poverty in rural than in urban areas;
- Female-headed households poorer than male-headed;
- Poverty sources in rural areas are less sensitive to changes in per capita consumption expenditure

Results - inequality

Inter-quintile percentage income differences

	1993/94	2003/04	2009/10
2nd Poorest - Poorest 20per cent	1.6	2.4	2.7
Middle Quintile - 2nd Poorest 20per cent	2.4	3.0	2.8
Second richest 20per cent - Middle 20per cent	6.1	7.0	7.1
Richest - Second richest 20per cent	67.2	53.6	39.2

- Income dynamics show growing inequality between the bottom four quintiles, with the worst of it being between the third and the fourth quintiles
- Regions with highest inequality: Karas (0.629), Khomas (0.604) and Otjozondjupa (0.59) regions.
- Regions with the lowest inequality: Omusati (0.405), Oshikoto (0.435) and Kavango (0.452) regions

Results

Source of income	S_k	G_k	R_k	Share	% Change
Labour income	0.916	0.799	0.972	0.946	0.03
Social security	0.015	0.995	0.732	0.014	-0.0005
Social assistance	0.038	0.937	0.271	0.013	-0.025
Remittances	0.013	0.985	0.375	0.006	-0.007
Assets income	0.013	0.999	0.854	0.015	0.002
Other income	0.005	0.998	0.732	0.005	-0.0001

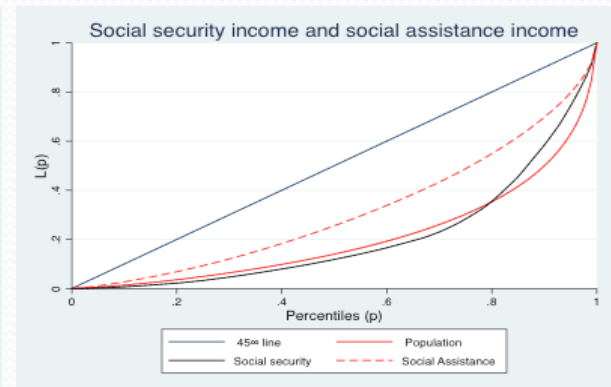
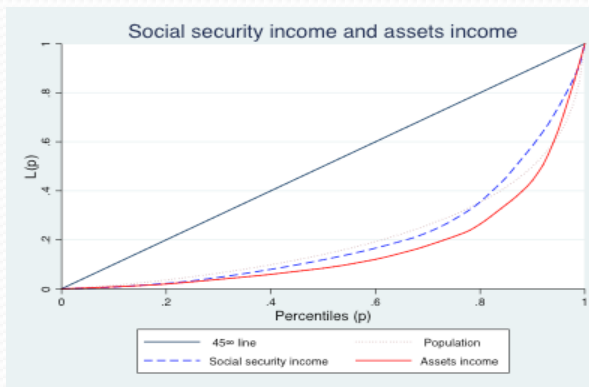
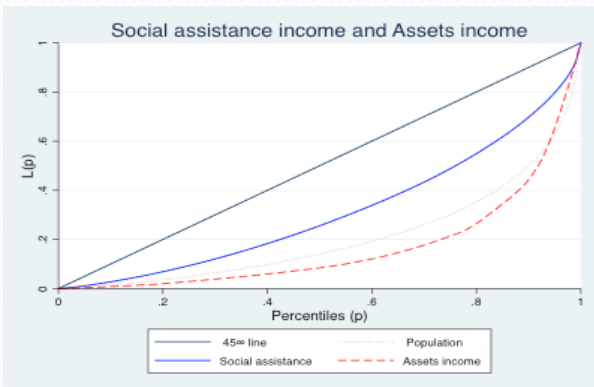
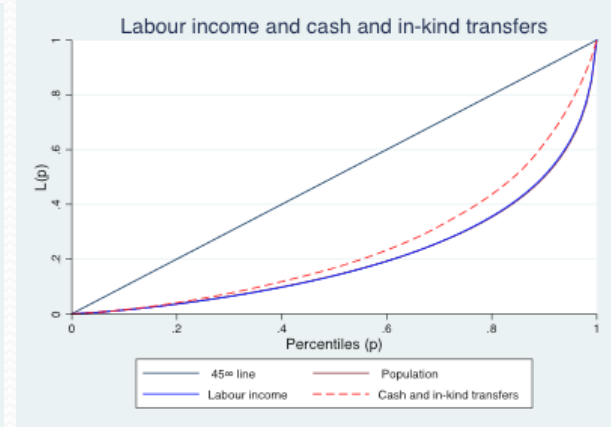
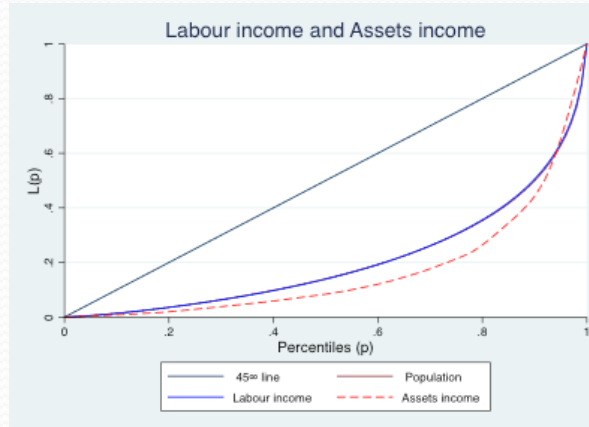
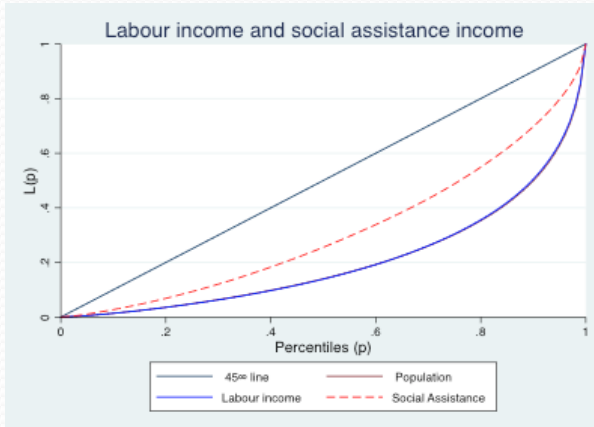
The shares of each income source in total income - S_k

The share of each income source in the Gini Coefficient - G_k

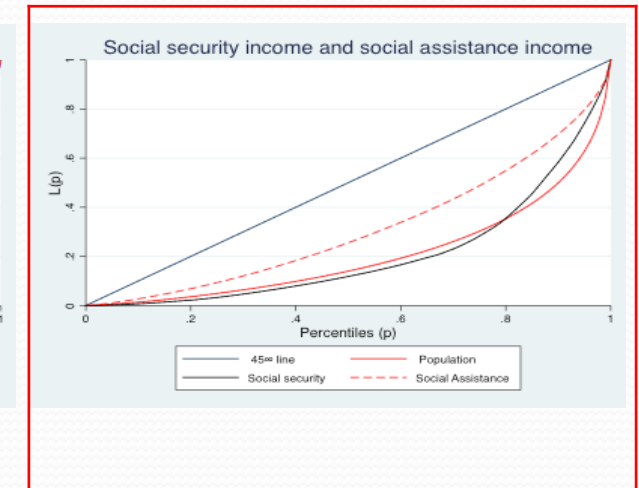
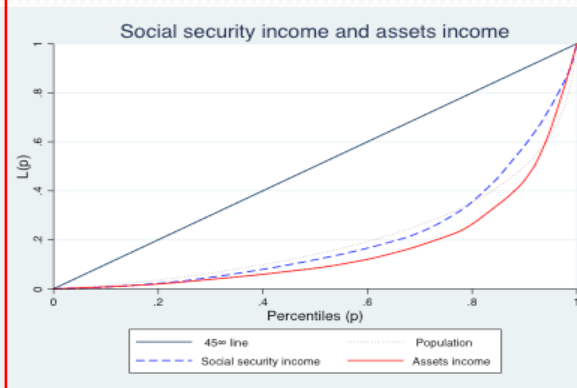
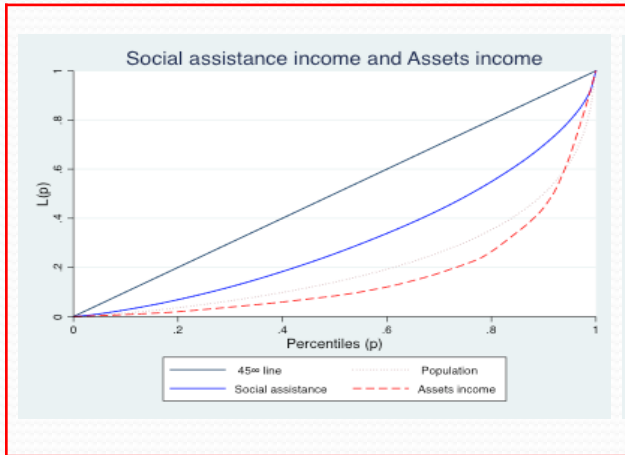
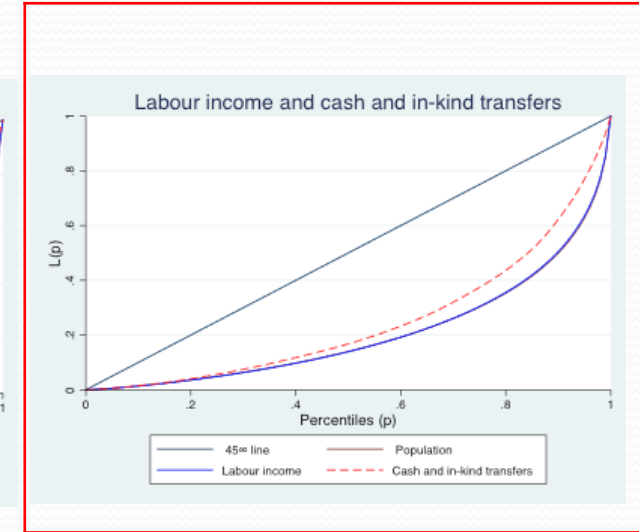
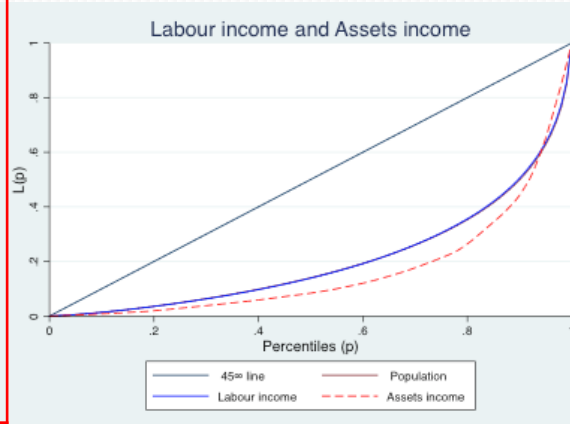
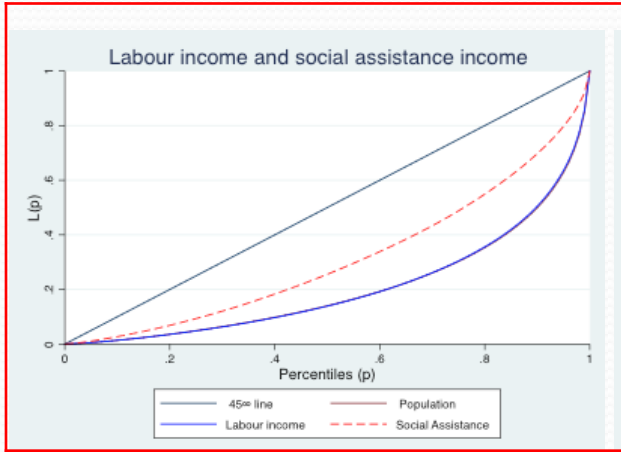
The Gini correlation of income from each source - R_k

- Labour income is highly unequally distributed; Ceteris paribus, a 1% increase in labour income increases the Gini Coefficient of total income by 3%
- Social assistance and remittance have slight equalising income-equalising effects, despite their high source Gini coefficients. The two are also more equally distributed and have low Gini correlations – they tend to favour the poor

Results



Results



Challenges ahead

The education system remains supply- rather than demand-driven

- Quality issues
- Low research and development expenditure
- Infrastructural bottlenecks, especially at primary and secondary levels
- Necessity of TVET

Health outcomes are not consistent

- High infant mortality and maternal health challenges
- Lack of adequate skilled personnel
- Infrastructural challenges and deteriorating quality of service
- Control of diseases, especially HIV/AIDS and opportunistic infections; drug regimes and habits
- Access to health still a challenge to some

Corruption and nepotism

- Government employment
- Tenders and tendering process

	2009/10	
	Rural	Urban
Protected water source	74.6	98.9
Toilets	25.6	80.4
Bush system or no toilet	72.1	17.5
Bucket system	0.97	0.9

Conclusions and implications

- In general, poverty and inequality have been declining in Namibia.
- We observe that social assistance schemes reduce poverty and inequality, but access remains a problem for some regions. Sustainability will likely be a serious issue too
- Labour market and associated incomes tend to cause growth in inequality.
 - there is need for the creation of decent jobs, since this reduces inequality.
- Despite the huge gains in poverty and inequality reduction, Namibia faces significant challenges
 - There is need to address education and health challenges
- There is need for different approaches to addressing poverty and inequality, depending on the dominant factors behind the two social phenomena