

The dynamics of poverty and inequality in Namibia: A critical evaluation of the development plans

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Abstract

This paper evaluates the poverty and inequality outcomes of the national development plans. Using data triangulation methods, it shows that the levels of poverty and inequality have been declining over time. It examines other dimensions of poverty and inequality and concludes that using health, educational and standard of living indicators, the poverty and inequality outcomes of the development plans are not clear cut and straight-forward. The paper concludes by discussing the future challenges that Namibia will have to deal with in order to eliminate poverty and to reduce inequality to the level set under the national vision for development.

Objectives

Our main objective is to assess the extent to which Namibia's national development programmes have reduced poverty and inequality. We seek to achieve this by examining outcomes of the objectives relating to poverty and inequality. We also link the development plans to the national vision. The development plan objectives directly linked to poverty and inequality are:

- Achieving set targets of economic growth with the anticipation that the trickle down effect will reduce inequality;
- Reducing inequality along its many dimensions: historical inequality between and within ethnic groups, inequality between regions of the country, and inequality within households and between men and women;
- High and stable employment, which takes the labour market as an instrument for redistribution of income; and
- Reducing poverty, especially extreme poverty, in line with the millennium development goals.

The methods

Our analytical methods are divided into two: for poverty, the FGT indices of poverty are, where possible, generated and interpreted. The headcount index is largely common and calculable using the various datasets. For inequality, indicators like the Lorenz curve and the Gini Coefficient are applied. For a detailed discussion of these methods, consult Kakwani (1980), Ravallion (1992), Coudouel et al., (2002) among others.

The results

Table 1: NDP Economic growth and employment targets and outcomes, 1995-2011

Objectives:	Economic growth		Employment growth	
	Target	Outcome	Target	Outcome
NDP 1	5%	3.6%	Raise wage employment by 70,000	-0.2per cent
NDP 2	4.3%	4.7%	2.6per cent	- 2.7per cent
NDP 3	5%	3.6%	2.6per cent	0.5per cent

Generally the targets were missed, other than economic growth during NDP 2. It is important to note the exceptional poor performance of the labour market outcomes. But what about poverty and inequality?

Table 2: poverty and inequality targets and outcomes, 1995-2011

	Poverty reduction		Reduction of inequality	
	Target	Outcome	Target	Outcome
NDP 1	Reduce the proportion of poor households from 47% to 40%	Progress reduced by slow economic and employment growth	Reducing income inequality	Gini 0.7
NDP 2	10% reduction of poor households; 5% reduction of severely poor households	Poor households declined from 38% (1993/4) to 28% (2003/4); severely poor from 9% to 4%	Reduce the Gini Coefficient from 0.7 to 0.6; increase female reps from 28% to 35%	Gini Coefficient of 0.604 (2003/04); 0.6; increase female reps from 28% (2004)
NDP 3	Eliminating severe poverty	Severely poor households fell from 13.8% (2003) to 10.3% (2009); child poverty fell from 43.5% to 34.4%	0.58; increase of the incomes of the poorest 25per cent by 12per cent	0.58 (2009/10); poorest 25% by 7.2%

This is where the greatest achievements were made: extreme poverty and poverty in general, declined; child poverty fell by 18.6%; Namibia is on course to achieve the millennium development goal on poverty reduction.

What about inter-quintile income dynamics?

Table 3: Inter-quintile percentage income differences

	1993/94	2003/04	2009/10
2 nd 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

The outcomes here show that overall income inequality declined between 1990 and 2010.

- Significant redistribution from the richest population to the poorer population realised: the proportion of income going to the richest 20% of the population declined from 78.7% in 1993/94 to 57.3% in 2009/10; the proportion going to the poorest 20% increased from 1.4% to 5.5% during the same period.
- Inequality between quintiles has been increasing since 1993: there is growing inequality between adjacent quintile groups. The situation is worse between the bottom quintiles.

What about other indicators of poverty and inequality?

Table 4: Proportion of households accessing protected water and sanitation facilities

	2003/4		2009/10	
	Rural	Urban	Rural	Urban
Protected water source	79.4	99.4	74.6	98.9
Toilets	25	77	25.6	80.4
Bush system or no toilet	73	21.5	72.1	17.5
Bucket system	1.87	1.34	0.97	0.9

Outcomes:

- many rural households do not have access to safe and clean water; the proportion of households with access to protected water sources declined in both rural and urban areas between 2003 /4 and 2009/10.
- The majority of rural households have no toilet facilities or use the bush (72%); In urban areas, nearly a fifth of households have no toilets or use the bush system.

Challenges ahead

Some of the challenges that Namibia faces:



The following pose serious challenges:

- The education system remains supply- rather than demand-driven; there is need to drive down unemployment.
- Health outcomes are not consistent with improving poverty and inequality outcomes.
- Quality of governance needs to improve - corruption and resource misallocation are gaining ground.
- There is need to develop mechanisms to cope with global warming and changing weather patterns.

Conclusion

Overall though, Namibia has made significant progress on many fronts to reduce deprivation and poverty, but challenges still remain. The process of reducing poverty and inequality is likely to become more difficult as focus gravitates towards addressing the deep structural drivers of the twin problems.

There is need for quantitative and qualitative improvements in education, health and sanitation provision to reduce poverty and inequality.

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