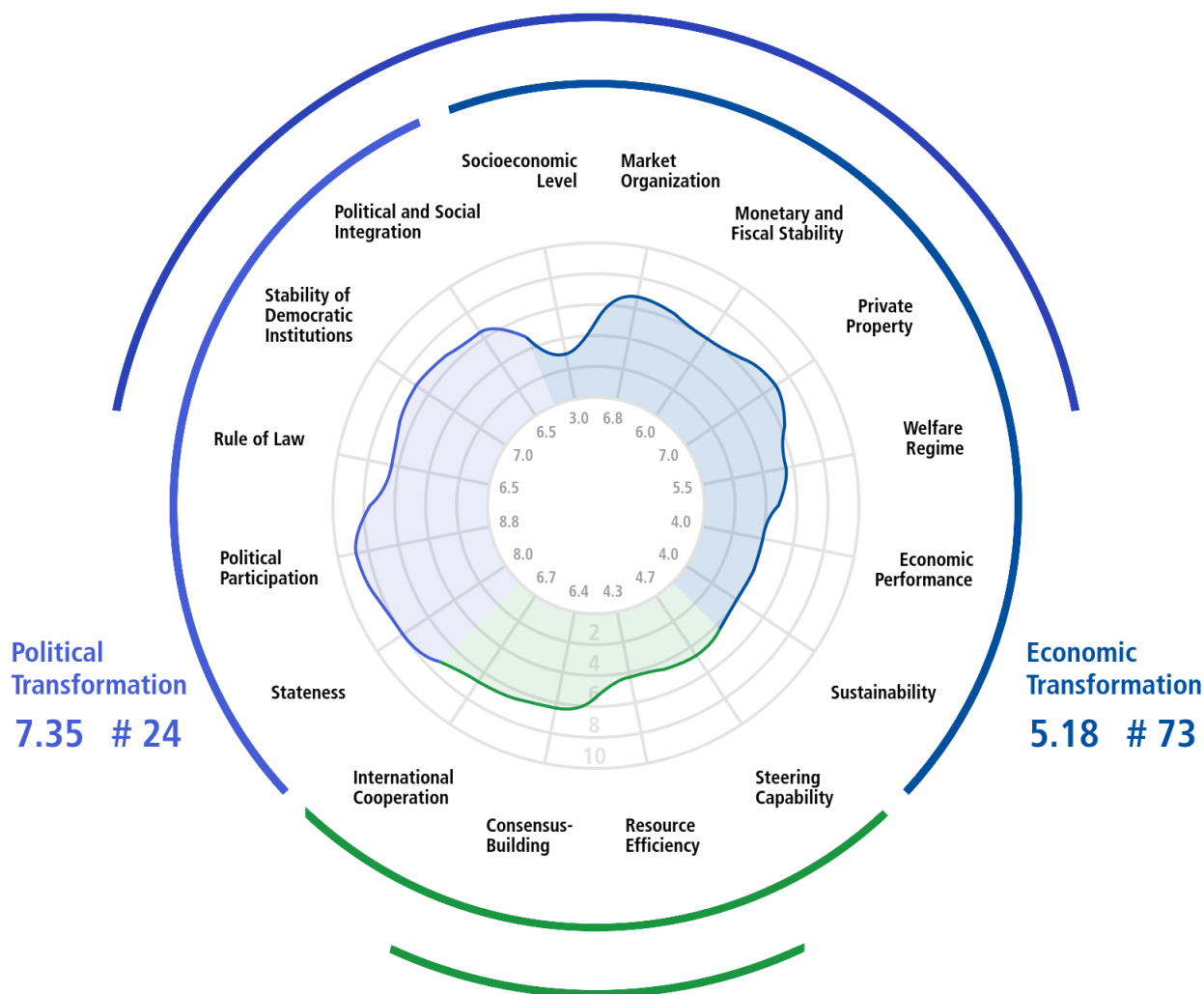


Namibia

Status Index

6.26 # 40

on 1-10 scale out of 137



Political Transformation
7.35 # 24

Economic Transformation
5.18 # 73

Governance Index

4.88 # 62

on 1-10 scale out of 137

This report is part of the **Bertelsmann Stiftung's Transformation Index (BTI) 2024**. It covers the period from February 1, 2021 to January 31, 2023. The BTI assesses the transformation toward democracy and a market economy as well as the quality of governance in 137 countries. More on the BTI at <https://www.bti-project.org>.

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Key Indicators

Population	M	2.6	HDI	0.615	GDP p.c., PPP \$	11206
Pop. growth ¹	% p.a.	1.4	HDI rank of 189	139	Gini Index	59.1
Life expectancy	years	59.3	UN Education Index	0.571	Poverty ³	% 33.3
Urban population	%	54.0	Gender inequality ²	0.445	Aid per capita \$	72.0

Sources (as of December 2023): The World Bank, World Development Indicators | UNDP, Human Development Report 2021-22. Footnotes: (1) Average annual growth rate. (2) Gender Inequality Index (GII). (3) Percentage of population living on less than \$3.65 a day at 2017 international prices.

Executive Summary

During the period under review, Namibia experienced notable shifts in its political landscape. The increased presence of opposition parties in the National Assembly since March 2020, along with their success in winning regional and local elections in November 2020, marked a significant development. However, despite more intense and heated debates in the National Assembly, these discussions often resulted in minimal policy changes. Opposition parties struggled to effectively leverage their electoral support and build coalitions, leading to limited overall political change.

This lack of change extended to the local level, even when there was a change in political administration. Notably, SWAPO lost its majority in the Windhoek municipality, which was seen as a symbolic defeat. However, the alliance of other parties, including the Affirmative Repositioning (AR), the Independent Patriots for Change (IPC), and the Landless People's Movement (LPM), was characterized by internal conflicts and disputes over positions. While there were visible changes, such as the election of major positions from these parties, the impact on residents, particularly those in informal settlements, remained minimal. Persistent frustrations among the capital's residents included continued service delivery issues and little measurable improvement in access to urban land and affordable housing.

Despite electoral setbacks for the dominant party, civil liberties, including media freedom, remained intact. However, President Geingob became increasingly sensitive to criticism.

In November 2022, the SWAPO congress elected the party's leadership and signaled a preference for continuity rather than a fundamental generational change. President Geingob's intention to remain as party president even after his successor as head of state is elected has generated speculation and highlighted potential factional divides within the leadership.

Economic challenges persisted throughout the review period, despite modest growth in 2022, the first since 2016. Factors such as drought, the pandemic, environmental degradation and climate change continued to pose major challenges with long-term implications. Fiscal liquidity remained fragile, leading to downsized budgetary expenditures. The absence of incentives for economic growth through capital investments, coupled with high public service salary costs, added to the economic woes. Hopes for becoming Africa's energy hub were fueled by promises of oil and gas discoveries and potential investments in major green hydrogen projects. However, the policy on exploration licenses remained unclear, as did the process of awarding major public tenders, which continued to raise suspicions of corruption and self-enrichment.

In terms of international relations, Namibia's refusal to condemn Russia for the invasion of Ukraine raised questions, considering the country's historical struggle for self-determination and its emphasis on national territorial sovereignty. The trend of strengthening ties with China continued, reflecting a "Go East" policy. The German-Namibian Joint Declaration on the colonial genocide, issued in May 2021, sparked major domestic divisions, particularly among descendants of the main victim groups and opposition parties. As it currently stands, this declaration appears to hinder national reconciliation efforts in Namibia.

History and Characteristics of Transformation

Namibia achieved independence on March 21, 1990. In the U.N.-supervised elections for Namibia's first constituent assembly following independence, the former liberation movement SWAPO secured an absolute majority of votes and has since solidified its position as the ruling party. Five years after the country's first elections in 1989, SWAPO obtained a two-thirds parliamentary majority and won more than 80% of the votes in the parliamentary elections held in November 2014. Notably, SWAPO's presidential candidate consistently receives a larger share of the vote in presidential elections compared to what the party receives in parallel parliamentary elections. In 2014, Hage Geingob, the current president, won a record 86% of the vote, becoming Namibia's third elected president. This marked a pivotal moment in the country's history and set the stage for a significant political transformation under a legitimately elected government.

Since then, Namibia has operated as a multiparty democracy, with its core values enshrined in a liberal constitution that safeguards fundamental civil rights and liberties, including the protection of private property rights. This political freedom has been coupled with a market economy that is largely built on the structural legacy of the country's settler-colonial past. While this continuity limited socioeconomic change and wealth redistribution, it also fostered stability and trust, allowing the government to pursue reconciliation efforts aimed at addressing lingering antagonisms from the apartheid era. Namibia's government has maintained a relatively high degree of stability and social capital both domestically and internationally.

Namibia's founding president, Sam Nujoma of SWAPO, was initially entitled to run for a third five-year presidential term following a constitutional change. However, he retired in 2005, paving the way for his nominated successor, Hifikepunye Pohamba. Pohamba, despite achieving few of his declared goals during his two terms in office, was awarded the prestigious Mo Ibrahim Prize for promoting principles of good governance upon his retirement in March 2015.

SWAPO has played a dominant role in the nation-building process. Nevertheless, ongoing socioeconomic disparities since independence, coupled with self-enrichment tendencies among the new elite, have fueled growing public frustration. Expectations for a better life after more than 30 years of independence have largely gone unmet. While absolute poverty has decreased to some extent, inequality in Namibia remains among the highest in the world. The recession that began in 2016 further exacerbated socioeconomic disparities, leading to a reduced state budget and a concerning debt spiral as borrowing became necessary to maintain fiscal liquidity. Per capita income has declined, and in combination with the effects of the COVID-19 pandemic, it is projected that the economy will not return to the levels of a decade earlier until 2024/25.

Significant portions of the population remain marginalized and live in relative or absolute destitution, with an estimated nearly one million people (40% of the population) residing in informal settlements characterized by a lack of infrastructure. While SWAPO is still acknowledged and respected for its role as an anti-colonial liberation movement, there is increasing dissatisfaction with its policy achievements and progress toward social transformation. Land reform and redistribution remain prominent issues and have contributed to recent escalations in regional-ethnic tensions. The second national land conference in October 2018 revealed fundamental differences between the government's approach and the demands of rural communities, as well as those advocating for urban land and decent housing.

Due to growing public dissatisfaction, the National Assembly and presidential elections in November 2019 marked a political shift, as SWAPO lost its two-thirds parliamentary majority by one seat and President Geingob was re-elected with a record low 56.3% of the vote. The trend continued in the regional and local authorities elections of November 2020, where the opposition made significant gains. SWAPO lost its majority in several regions and numerous towns, including the capital, Windhoek and other major municipalities. Despite these electoral setbacks, SWAPO's commitment to democracy has remained intact. However, opposition parties have struggled to make a meaningful impact and risk damaging their credibility among the electorate due to internal conflicts and a failure to deliver on their promises.

The BTI combines text analysis and numerical assessments. The score for each question is provided below its respective title. The scale ranges from 1 (worst) to 10 (best).

Transformation Status

I. Political Transformation

1 | Stateness

With the exception of a state of emergency held for a few days in August 1999 in response to a limited local attempt at secession in the Caprivi (currently Zambezi) region, the state has held and continues to hold a monopoly on the use of force across the country. There has been no other lethal activity conducted by nonstate actors since, and the likelihood thereof is minimal.

Question
Score

Monopoly on the
use of force

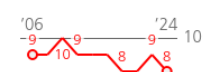
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1

State identity

8



1

The acceptance of Namibia as a nation-state is widespread across the territory, and the state's centralized authorities govern the country. However, the sense of Namibian identity is not evenly distributed, and not all groups have fully internalized their citizenship. Some communities, including the San (Bushmen), Himba, Tjimba and other indigenous groups residing in remote rural areas with limited infrastructure and communication, do not strongly identify with the concept of a nation-state. They tend to maintain more ethnic identities rather than a strong national one. Additionally, these communities often lack official birth certificates and identity documents, which are required for formal citizenship status. This is often due to language and educational barriers, as well as the absence of adequate local government services in these remote areas. Budget constraints, infrastructural challenges and a lack of reliable data are contributing factors to this issue.

Furthermore, the ongoing dispute surrounding the bilateral German-Namibian government-to-government negotiations related to the colonial-era genocide committed by a German colonial army in SWA has created a sense of alienation among members of the Ovaherero, Nama and Damara communities. During the parliamentary debates in the last quarter of 2021, speakers from opposition parties expressed concerns about not feeling adequately represented through these negotiations, which has intensified feelings of alienation and led to some questioning the legitimacy of the nation-state. While this sentiment is not widespread, it does warrant a slightly lower assessment.

The state has also demonstrated certain discriminatory tendencies, particularly in matters related to denying citizenship to children born to a same-sex couple in Namibia through a South African surrogate mother. This issue resulted in a High Court case and contributed to the perception among marginalized groups that the state is unwilling to accept and serve everyone.

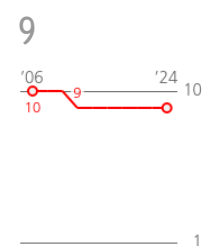
Namibia upholds the constitutional principle of religious freedom, and there is no discrimination based on religion in the country. However, the dominant culture in Namibia is predominantly Christian, with a noticeable increase in pentecostalism and the popularity of prophets. Among Christian denominations, Lutheran churches have historically held significant influence, but their unquestioned dominance has waned due to internal factional disputes. Additionally, they have shifted away from their former prophetic role, which they played during the struggle against apartheid, and have refrained from taking positions on human rights violations that would require criticism of the government or the ruling party.

Official politics in Namibia often include Christian (specifically Lutheran) practices, such as prayers at the opening and closing of important events. Most cabinet members, including the state president, are practicing Christians.

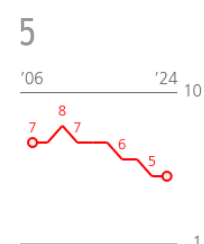
Christianity and references to the Bible frequently come up in political discussions, particularly regarding issues related to reproductive rights and abortion, which remain strictly prohibited in Namibia. Similarly, these religious principles are cited in arguments against officially granting rights to the LGBTQ+ community. The churches actively support such restrictions by lending their voices to justify these positions. While Christian principles themselves do not directly influence legislation, they play a significant role in discrediting certain societal norm adjustments by resisting changes in legislation.

Less densely populated regions of Namibia, particularly in parts of the eastern and northwestern regions, as well as scattered areas in the north, northeast and south, still face challenges in receiving adequate public services. State-owned enterprises like Namwater and Nampower have not yet succeeded in providing universal access to clean water and electricity for the entire population. Moreover, these services are occasionally disrupted, and maintenance efforts are suboptimal. There are instances when the bulk supply of water and electricity to local communities is cut due to non-payment, resulting in high levels of frustration and health risks, as this can even affect hospitals. Approximately 40% of the population is estimated to reside in “informal settlements,” often consisting of makeshift shacks, with limited or no access to proper water and electricity. Sanitation services are also inadequate, with more than half of the population estimated to have no access to toilet facilities and many others having limited access to shared sanitation, often posing high risks, particularly for girls and women.

No interference of religious dogmas



Basic administration



The transport infrastructure, including roads and rail, has suffered from a lack of adequate maintenance. While Namibia is still recognized for having one of the best road networks on the continent and has expanded its paved roads, the conditions of these roads have frequently deteriorated. Public train transport has largely ceased, with only a few exceptions. Health services in rural areas face challenges such as insufficient medical supplies and a shortage of qualified staff. Hospitals often struggle to accommodate all patients in need of treatment and frequently run out of essential supplies. Certain medical treatments can only be obtained abroad, and routine health check-ups are inaccessible to those unable to afford private health care. While internet access and communication technology are well-developed in urban centers, they remain fragile and incomplete in the vast rural areas on the outskirts of the country.

2 | Political Participation

Namibia is characterized by a liberal democracy with a pluralistic political landscape that features numerous political parties. These parties are free to register as long as they meet basic formal requirements. To date, only one party has been declared illegal for advocating local autonomy in the former Caprivi region. Nearly 20 political parties exist, and they can campaign freely with very limited incidents of violence, if any. Since gaining independence, there has not been a single recorded politically motivated murder or serious bodily harm.

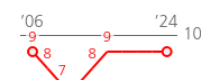
The dominant party, SWAPO, experienced a decline in voter support during the last National Assembly and presidential elections in November 2019. This trend continued in the local and regional elections in November 2020, with even more significant losses at the ballot box. In both cases, the election results were accepted. SWAPO retains political control over the central government but has lost its two-thirds majority. The National Assembly debates have become more contentious and sometimes insulting due to the increased presence of opposition parties. This escalation led to the temporary dismissal of two members of an opposition party in a controversial and legally disputed disciplinary act ordered by the speaker.

Opposition parties face a disadvantage in terms of party funding by the state, despite fair representation in the public media (with the exception of the national broadcasting corporation). Material limitations affect their campaign efforts.

The Electoral Commission of Namibia (ECN) is overall weak and plagued by neglect and inefficiency. This has eroded public trust and resulted in court orders compelling the ECN to align its practices with electoral laws. While confidence in the ECN has declined and voter registration is met with suspicion, the electoral system is generally accepted by all political parties. With the shifting political balance of power, confidence and trust in the system appear to have increased. However, voter participation, especially at the communal and regional levels, remains very low.

Free and fair elections

9



1

The sole veto power in Namibia lies with the democratically elected head of state. This office holds extensive executive powers, which have been augmented through constitutional amendments, including the authority to veto specific decisions. For example, the head of state appoints key figures such as the ECN, the Office of the Ombudsman, and the director of the Anti-Corruption Commission (ACC), the leading anti-corruption authority. These executive powers are primarily exercised to make significant institutional appointments.

In summary, the use of vetoes does not generally impede democratic decision-making and its outcomes in Namibia.

Namibia's system of political freedoms and civil society advocacy faces few to zero barriers. There are very few limitations imposed on these freedoms. As previously mentioned, there was one instance in 2006 when a political party advocating for greater autonomy for the Caprivi (now Zambezi) region was declared illegal. This party, while associated with the secessionist movement (although distancing itself from physical violence), was found to be in violation of the Namibian constitution, which upholds territorial integrity. Since then, there have been occasional prohibitions on gatherings of this party in the region.

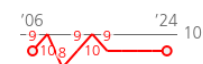
However, in general, civil and political liberties, including the right to protest, are widely respected in Namibia. LGBTQ+ activists are able to organize public gay parades without interference, and drag shows are held in public venues, even though same-sex relations and other LGBTQ+ rights have not yet been incorporated into law reform.

On very rare occasions, there have been restrictions on or denials of permission for demonstrations, typically when they are perceived to interfere with international events to avoid negative publicity. Infrequently, the police have used tear gas and rubber bullets, actions that are typically criticized by the public, although police officers are rarely held accountable. Given the slight increase in these occasional incidents of police force, it is important to closely monitor whether this represents an indirect method of discouraging public forms of protest.

In a significant legislative development, the Freedom of Information Act was officially announced at the end of December 2022. This development was widely welcomed by the media and various civil organizations. However, an earlier Whistleblower Act, which had been adopted, displayed certain troubling ambiguities that were widely questioned and criticized. These instances highlight the contradictions within official government policy. While the government adheres to constitutional principles and refrains from direct censorship, it maintains an ambiguous and ambivalent relationship with critical media outlets, opinion leaders and analysts.

Effective power to govern

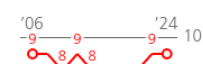
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Association / assembly rights

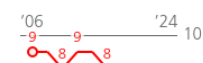
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Freedom of expression

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The media in Namibia actively engage in investigative journalism and expose scandals. Reporters Without Borders consistently ranks Namibia as one of the top African countries in terms of media freedom, often placing it at number one or two. In 2022, Namibia's global ranking improved from 24 to 18, making it a point of pride for the government, particularly the president. However, the president tends to react sensitively and defensively when faced with criticism. He often dismisses it as a smear campaign and unfair judgments by biased media and analysts. Criticism clashes with his vanity, and he generally does not handle it well. Some cabinet members share this disposition and frequently avoid engaging with the media.

Due to the relatively fragile economic situation of many media outlets, there is a degree of self-censorship at times, although, overall, media organizations are committed to their watchdog function, which serves the cause of good governance. Nevertheless, given these sensitivities and a growing reluctance among officials to respond to inquiries from journalists, the political culture in Namibia retains some bias when it comes to transparency and accountability through media reporting.

3 | Rule of Law

In a democratic system based on the separation of powers, formal checks and balances are in place, but they are often weakened institutionally. While parliamentary committees exist, lawmakers do not effectively control the executive branch. Nearly half of the members of parliament also hold positions as ministers or deputy ministers, which diminishes the effectiveness of committees. These committees often meet irregularly and are consistently dominated by the governing party.

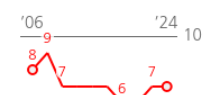
The National Council, serving as the upper chamber of parliament, is meant to represent the country's 14 regions, but in practice, it primarily reviews legislation rather than actively shaping it. The rejection or amendment of laws by the National Council is rare. Consequently, the oversight function of the parliament as a whole is limited.

Public control institutions established by the state, such as the offices of the Ombudsman, the Auditor-General, and the Anti-Corruption Commission, are understaffed and face operational constraints. Their recommendations are often not given the seriousness they deserve, and they have limited power to enforce compliance.

There are instances where misconduct in the execution of public offices is not thoroughly and transparently investigated but is instead downplayed. Strict ethical guidelines and formal obligations (including legal requirements for members of parliament to report their assets) are sometimes ignored or disregarded without any consequences.

Separation of powers

7



1

The Namibian judiciary stands as a beacon for upholding the rule of law. It operates with a high degree of autonomy and rarely engages in political favoritism. This holds particularly true for the High Court and the Supreme Court. However, at the regional (magistrate) court level, instances of preferential treatment and corruption have been reported. Additionally, a significant backlog of cases exists, which reflects the saying that “justice delayed is justice denied,” highlighting a flaw in the system.

Magistrates often face challenges due to underfunding and understaffing, which negatively affects the public’s trust in the judiciary. Judges are typically appointed based on their competencies rather than their political affiliations. However, the appointment of the Attorney General is generally perceived as a political appointment. Overall, there is an independent and functional judiciary in Namibia.

In rural areas, traditional authorities and customary law play a significant role in society.

The initial reluctance to address and leniency in prosecuting the high-level state officials and public servants involved in the #fishrot case, which gained notoriety in late 2019, has deepened mistrust in government efforts to combat corruption. These visible setbacks in legitimacy have subsequently led to a somewhat stricter approach in handling cases of suspected or proven abuse of power by officeholders and misappropriation of funds. For instance, a minister who was convicted in court for using her office for personal gain was dismissed. However, she has since returned to the highest political party body, the politburo, through a personal appointment by the party president (who is also the head of state), Hage Geingob. This move has sparked public outrage, as it is seen as a step backward and indicative of a reluctance to penalize serious misconduct, even when convictions for legal violations have occurred.

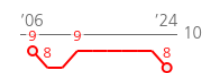
The government consistently emphasizes its commitment to combating corruption, but new cases repeatedly highlight the gap between rhetoric and action. While tender regulations have become clearer, tenders continue to be awarded based on favoritism and personal enrichment by a select few individuals with access to the system. In a positive development, a controversial medical tender worth NAD 650 million was recently canceled by the procurement board following significant public outcry.

Similarly, public officials are not subjected to sufficiently rigorous scrutiny and accountability regarding their private economic interests and assets. Generally, the public perceives the government’s dedication to fighting corruption as relatively low. This perception extends to some earlier business interests and deals involving the current president.

While the accused individuals in the #fishrot case have been treated strictly (if not harshly) and have remained in custody for over two years without bail or trial, further investigations into suspected financial contributions to the party have stalled. This reluctance to clarify matters only reinforces mistrust and the belief that organized embezzlement may partly benefit the SWAPO party as a whole or certain factions within it.

Independent judiciary

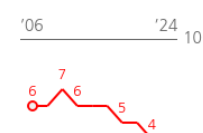
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Prosecution of office abuse

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The definition and protection of civil rights are fundamental components of Namibia's constitution. These rights are safeguarded against violations, even during a state of emergency. However, they have not been updated to reflect shifts in societal norms. Same-sex relationships are still not officially recognized, although they are generally tolerated. Members of the LGBTQ+ community often face discrimination, even though they are allowed to openly express their preferences. Gender-based violence is pervasive and widespread in the country, with women and children, considered vulnerable groups, being the primary victims.

Reproductive rights are largely denied, and abortion is strictly prohibited. While hate speech is subject to prosecution, other forms of discrimination are not as rigorously scrutinized and are sometimes downplayed under the guise of freedom of speech. This includes expressions of homophobia, xenophobia and misogyny. While one could argue that this prioritizes freedom of expression, it often comes at the expense of human dignity and the rights of others to be respected.

Occasionally, there is discussion about police torture and mistreatment of arrested individuals, but these issues are not consistently prevented. Perpetrators are not always held accountable and punished for their actions.

4 | Stability of Democratic Institutions

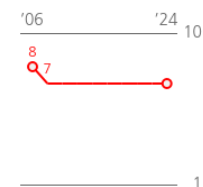
The continued dominance of the ruling party, SWAPO, which holds a 65% majority in the National Assembly, places limitations on the effectiveness and efficiency of democratic processes in Namibia. While the political opposition has gained strength, it often feels marginalized due to procedural obstacles, leading to a perception that it is not being taken seriously. Furthermore, the opposition lacks the capability and capacity to form coalitions to challenge the ruling party's dominance.

The COVID-19 pandemic has resulted in extended closures of parliament, leading to a significant backlog of drafted but unenacted laws. Additionally, due to the absence of parliamentarians during sessions, a quorum could not be reached for making legislative decisions. This has led to frustration within parts of civil society and the private sector, as it has created some legal uncertainty.

At the regional council, municipal and town levels, the election of party representatives other than SWAPO in 2020 brought new dynamics to these operations. However, these new configurations have not necessarily improved efficiency and effectiveness. Regional councils have not been well-prepared for their role, which is to deliver services to the community. Instead, they have often become embroiled in internal factional conflicts, leading to institutional paralysis. Frequently, these conflicts are driven by personal agendas, including business interests. This has caused considerable frustration among residents. Paradoxically, while the recent election results have introduced more diversity in the party landscape and increased democracy, they have also, to some extent, resulted in reduced efficiency and effectiveness within institutions, not necessarily between them.

Civil rights

7

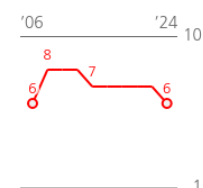


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Performance of democratic institutions

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10

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Democratic institutions in Namibia are widely accepted as legitimate, but they have suffered diminished credibility among citizens. People perceive them as not fully committed to a democratic agenda and often influenced by party political interests and particular agendas. While SWAPO has so far respected a shift in voting patterns that has been to its disadvantage, supporters of opposition parties remain skeptical. Recent Afrobarometer surveys have shown a decline in trust in democratic institutions among respondents, even though democracy itself is still considered the preferred political system.

There is speculation and concern regarding the extent of loyalty to democracy within the military and police, which form the security complex. There are close linkages between SWAPO and the security apparatus, sometimes referred to as “securocrats,” dating back to the liberation struggle. This raises questions about their loyalty to democracy should the influence of the dominant party decline.

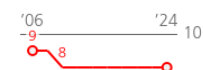
5 | Political and Social Integration

In recent elections, SWAPO has experienced a decline in voter support, but the political system at the central government level in Namibia can still be described as a form of “democratic authoritarianism.” SWAPO remains the only party with some level of local support in all regions of the country. However, other parties have gained ground in specific regions, often based on ethnic affiliations. Urban centers have become hotbeds for multiple parties challenging SWAPO’s dominance. So far, this increased competition has not destabilized the political landscape but has rather affirmed the democratic nature of Namibian society.

Many of the parties that are now playing a larger role in politics primarily draw support from regional and ethnic bases, which also extends to urban areas where members of these groups are increasingly residing. While there has been a change in the composition of governance structures at the local level, it has not necessarily resulted in improved policies or service delivery; instead, it has introduced obstacles. Coalition agreements among these new parties to form alliances in opposition to SWAPO have often been fragile and have even collapsed. For example, the takeover of the municipal council in the capital, Windhoek, resulted in internal factional conflicts and competition for positions rather than improved governance. This has led to frustration among residents, including supporters of the political shift. These challenges weaken the new parties and strengthen the desire for continuity under familiar leadership, ultimately benefiting SWAPO.

Commitment to democratic institutions

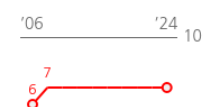
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Party system

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Political parties in Namibia represent a spectrum of mainstream norms and values within society, which includes considerations of ethnic identities and particularism. Occasionally, these considerations can lead to tensions that border on tribalist resentments, but such conflicts have generally been peaceful and, with a few exceptions, have not escalated into hate speech or violence. In general, there is respect for social contracts, and politics are inclusive to some extent. However, rising social and economic tensions pose a risk of activism that could disrupt society. Examples of such disruptive elements include movements like the Namibian Economic Freedom Fighters and their leader, Michael Amusheleo.

Indigenous minorities continue to remain marginalized and are rarely included in the platforms of any political parties. The relatively weak environmental and ecological movement does not have a prominent voice within political parties, nor do feminist and LGBTQ+ advocacy groups.

The business community, especially the still influential white minority and the emerging black business elite benefiting from black empowerment and affirmative action, wields significant influence within the political system. However, small enterprises, the informal sector and rural populations in communal farming areas, despite their large demographic size, remain on the margins of political influence. Business associations, such as those representing the tourism sector and commercial farmers, operate to some extent as political lobbying groups, achieving varying levels of success and appeal. Meanwhile, the mining and banking sectors, although influential, are less visible in their political activities.

Overall, social movements and related agencies have less impact, if any, on policy formulation and agenda-setting compared to established commercial interests.

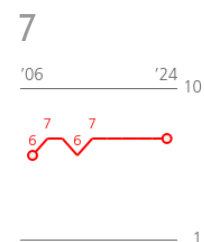
Namibian trade unions hold considerable influence in the country. They mobilize employees to advocate for better salaries and improved social treatment. In some cases, protests by municipal workers and commercial employees, such as those in the Shoprite chain, have occurred.

While an Afrobarometer survey indicated a decline in trust in Namibia's political institutions, a separate 2019 Afrobarometer survey reaffirmed that two-thirds of respondents still favored democracy. However, nearly one-third of respondents expressed no objection to authoritarian or even military rule. On the other hand, a majority expressed support for political opposition parties and expressed satisfaction with the functioning of democracy.

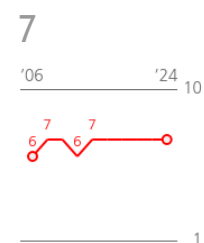
Occasional insulting of public statements by officials or political office-bearers targeting specific populations or political interest groups receive widespread criticism and condemnation. This response reflects a commitment to democratic principles and freedom of political choice.

Furthermore, the orderly conduct of elections and the widespread acceptance of their results demonstrate support for and identification with democratic norms and procedures.

Interest groups



Approval of democracy



As mentioned under “approval of democracy,” recent Afrobarometer surveys have shown a decrease in trust in public institutions and political bodies. Public discussions on matters of common concern sometimes exhibit signs of ethnic particularism rather than a shared national identity, although the latter remains a strong foundation for the majority of the population.

Amid an economic crisis that began in 2016, daily survival strategies for a growing number of people have not contributed to strengthening social bonds and solidarity. While the political arena remains peaceful (with no physical violence), the prevalence of daily violence and signs of social anomy are striking. This includes high rates of gender-based violence, rape (including against toddlers and elderly women), other forms of sexual and domestic abuse, a significant number of suicides (including children), crimes (including killings over minor disputes and particularly involving female partners), and incidents of baby dumping.

While there are occasional displays of human compassion and efforts to assist the most vulnerable, there is also a general neglect of those in need. Mutual support is largely confined to specific self-help communities and churches. Trade union organization has been in decline for some time, and the increase in unemployment has not led to more collective survival strategies but rather fewer.

Civil society organizations focused on broader social issues (such as ecology and the environment) lack widespread support and often depend on external funds and assistance from international donors. Activists primarily concentrate on sociopolitical matters. There is an element of entitlement regarding the delivery of services by the state and organized forms of self-help, and the application of the subsidiary principle is not common. However, spontaneous initiatives to support people in need occasionally arise within communities.

II. Economic Transformation

6 | Level of Socioeconomic Development

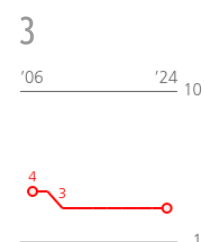
Namibia is a country with stark economic disparities. Despite experiencing an economic recession since 2016, which is just beginning to show signs of limited recovery, it maintains its status as a higher middle-income country with an annual income of \$8,634 for 2021/22. However, it also holds the unfortunate distinction of having the second-highest level of inequality in the world, with a Gini coefficient of 59.1, just after South Africa. According to the Africa Wealth Report 2022, a mere 0.06% of the population, totaling 1,760 individuals, shares a private wealth of \$24 billion.

Social capital



Question Score

Socioeconomic barriers



In terms of human development, Namibia ranks at 139 in the 2021/22 Human Development Report. This ranking drops by ten places when accounting for inequality. On a positive note, Namibia boasts a high 2018 Gender Development Index score of 1.009, placing it in Group 1 of countries.

However, there are troubling indicators related to food security and nutrition. The State of Food Security and Nutrition in the World Report of 2022 reveals that 18% of children under the age of five experience growth impairment, while 32% of the population suffers from severe food insecurity and 58% from moderate food insecurity. Additionally, 18% are considered malnourished. The report from the FAO also indicates an increase in hunger, with the number of affected people rising from 53% in 2014 to 58% in 2022. A November 2021 Afrobarometer survey highlighted that over half of the population is living in poverty or directly affected by it.

In terms of employment, formal jobs have decreased in recent years and currently provide employment for fewer than 250,000 people out of a total population of 2.5 million. Unemployment, particularly among the youth, is estimated to have exceeded 50%, even affecting a significant number of university graduates.

Namibia's society remains divided along racial lines, with the white minority enjoying the highest living standards. The German-speaking community in Namibia shares a similar standard of living to that of Nordic countries. In contrast, the San and other indigenous minorities remain largely marginalized and disconnected from the country's economy. Climate change and environmental degradation have made the subsistence sector in communal areas increasingly fragile, leading to heightened rural-to-urban migration. Over 40% of the population resides in informal settlements, primarily consisting of urban shacks and provisional shelters lacking proper services and infrastructure. Additionally, more than half of the population lacks access to adequate sanitation.

Economic indicators		2019	2020	2021	2022
GDP	\$ M	12541.9	10583.7	12446.3	12607.4
GDP growth	%	-0.8	-8.1	3.5	4.6
Inflation (CPI)	%	3.7	2.2	3.6	6.1
Unemployment	%	20.0	21.2	21.3	20.8

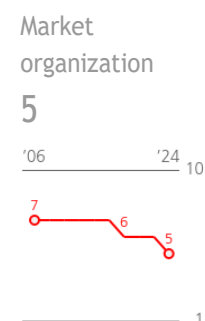
Economic indicators		2019	2020	2021	2022
Foreign direct investment	% of GDP	-1.4	-1.4	5.5	7.4
Export growth	%	-8.7	-16.6	1.4	20.0
Import growth	%	-4.0	-15.0	20.3	23.6
Current account balance	\$ M	-223.0	270.7	-1235.1	-1604.8
Public debt	% of GDP	57.6	64.3	70.4	69.8
External debt	\$ M	-	-	-	-
Total debt service	\$ M	-	-	-	-
Net lending/borrowing	% of GDP	-3.3	-9.2	-10.0	-
Tax revenue	% of GDP	30.4	31.2	28.0	-
Government consumption	% of GDP	25.6	26.5	25.0	23.2
Public education spending	% of GDP	9.3	9.3	10.0	9.4
Public health spending	% of GDP	4.0	4.4	-	-
R&D expenditure	% of GDP	-	-	-	-
Military expenditure	% of GDP	3.3	3.5	3.3	3.0

Sources (as of December 2023): The World Bank, World Development Indicators | International Monetary Fund (IMF), World Economic Outlook | Stockholm International Peace Research Institute (SIPRI), Military Expenditure Database.

7 | Organization of the Market and Competition

The local Business and Intellectual Property Authority (BIPA) claims to have made significant improvements to reduce obstacles, but lawmakers, partly due to the pandemic, have been slow and ineffective in addressing pending legislation related to tax policy and private company ownership. Several declared policies have been reversed or halted, leaving an unreliable framework in place. This uncertainty is causing both local and foreign potential investors to remain hesitant and adopt a wait-and-see approach.

The Foreign Investment Act of 1990 (FIA) was expected to be replaced by the Namibia Investment Promotion Act (NIPA), which was announced in August 2016. NIPA aimed to establish rules for promoting sustainable economic development and growth by attracting foreign and domestic investment, reducing unemployment, accelerating economic growth and diversifying the economy. It also addressed the reservation of certain economic sectors and business activities for specific categories



of investors, dispute resolution mechanisms and related matters. However, due to substantial legal concerns raised by the private sector, Namibia has not yet enforced the act, and the FIA remains the guiding legislation on investment. Meanwhile, ad hoc regulations for various sectors, especially mining and natural resource exploration, have contributed to the overall investment uncertainty.

The New Equitable Economic Empowerment Bill (NEEEB), which has been in development for over a decade to create economic and business opportunities for disadvantaged groups, has faced reservations from the business community. They are concerned about potentially being compelled to partially relinquish ownership of companies, and as a result, the bill has not been adopted.

Namibia's economy is still heavily dominated by state-owned enterprises (SOEs), and the grounding and liquidation of Air Namibia exemplify mismanagement issues. The country's small population and import-dependent economy contribute to a lack of market competition. The government has recently recognized the importance of small and medium-sized enterprises (SMEs) and micro-enterprises (MMEs) for sustainable economic growth.

To restore and promote business confidence in the formal sector, a more binding formal framework is needed. Meanwhile, the informal sector has been growing considerably and is home to the majority of the population. Foreign direct investment (FDI) in Namibia faces challenges due to the relatively small domestic market, high transportation costs, relatively high energy prices and a limited pool of skilled labor.

As described under the “market organization” indicator, there is uncertainty regarding the legislative environment and applicable laws in Namibia. The absence of a reliable and transparent legal framework, and particularly its consistent and impartial application, is eroding confidence and trust in competition policy. Although there are laws and institutions in place to regulate and prevent excessive concentration and monopolization, as well as to safeguard consumers, their enforcement is inconsistent. This points to a broader institutional weakness and a lack of implementation capacity.

The substantial subsidization of various state-owned enterprises by the government distorts economic sectors. Many state-owned enterprises operate at a significant deficit and regularly require state subsidies to remain afloat. These subsidies typically do not directly benefit individual consumers but instead cover instances of mismanagement and address disparities between salaries and service delivery. This situation tends to reinforce monopolistic tendencies and can facilitate the misuse of resources, such as through tenderpreneurship.

Competition policy

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Namibia maintains an open trade system with no tariff quotas. The country joined the World Trade Organization (WTO) in 1995. In 2019, its most-favored nation (MFN) binding average tariff rate stood at 7.7%, with a binding coverage of 94.3% and special safeguards applicable to 37.5% of trade for the year 2018.

Namibia is a signatory to the African Continental Free Trade Area (AfCFTA) agreement, which became operational in January 2021. The nation's trade relations are governed by its membership in the Southern African Customs Union (SACU), the Southern African Development Community (SADC), and the Southern African Economic Partnership Agreement (EPA) with the European Union.

While Namibia generally follows a policy of free trade, there are a few exceptions, particularly in the form of differentiated tariffs and preferential treatment for certain critical domestic sectors. The government has also implemented import and export restrictions, primarily affecting agricultural products such as white maize, wheat, and mahangu (pearl millet), along with products derived from these grains. Additionally, there is an import substitution program for horticultural products.

Namibia imposes licensing requirements on all imports, although most licenses are granted automatically. A limited number of products necessitate non-automatic licenses.

Customs regulations in Namibia are outlined in the Customs and Excise Act (Act no. 20 of 1998) and are generally in line with international conventions regarding recommended practices for importing and exporting goods.

Namibia's key trading partners include the European Union, China and South Africa.

Namibia's banking sector comprises the Bank of Namibia (BoN), seven commercial banking institutions, a branch of a foreign banking institution, and a representative office. The sector is predominantly controlled by the established branches of international banks, which contributes to its overall stability. The legal framework for banking operations is provided by the Banking Institutions Act of 1998 (amended in 2010), while the BoN operates under the Bank of Namibia Act, 2020, which saw minor amendments in that year. The BoN enjoys a strong reputation and is responsible for overseeing the country's monetary policies.

As of 2020, Namibia had an average bank capital-to-assets ratio of 9.6. Non-performing loans in the banking sector stood at 6.4 in the same year, with an average of 4.0 across the sector. The Namibian dollar (NAD) is a non-convertible currency and is pegged to the South African Rand (ZAR). The banking system maintains close integration and links with the South African financial sector, aligning with international standards, despite some issues related to organized crime.

Liberalization of foreign trade

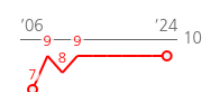
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Banking system

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Namibia's banking system is considered stable and is overseen by regulatory bodies such as the Namibia Financial Institutions Supervisory Authority (NAMFISA), along with the Ministry of Finance. It is worth noting that the current Minister of Finance previously served as the Governor of the BoN. The government's fiscal liquidity challenges in recent years have been partially managed by the BoN.

Namibia has embraced cashless payment systems, which are widely accepted and used, reflecting a well-functioning banking system. However, the purchase of foreign currencies such as the U.S. dollar and euro is subject to strict regulations.

8 | Monetary and fiscal stability

As mentioned, Namibia introduced the Namibian dollar (NAD) as its local currency after gaining independence. The NAD is pegged to the South African Rand (ZAR), and it is a non-convertible currency. Its exchange rate is entirely dependent on fluctuations in the value of the ZAR. Over recent years, the NAD has depreciated significantly but has remained stable since 2020, with an exchange rate of ZAR 1 = €0.053 as of the end of 2022.

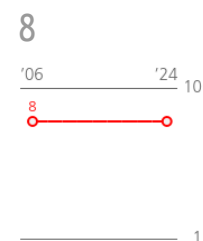
The monetary link between the Namibian dollar and the South African rand has sparked ongoing discussions about whether Namibia should seek to end this dependency. The Bank of Namibia, an institution that operates independently of the government, has consistently rejected the idea of severing this link, citing concerns about potential risks. Despite the appointment of the bank's governor by the Namibian president, the bank makes its decisions without direct orders or interference from the government. Historically, the decisions made by the Bank of Namibia have been accepted by official policymakers.

Since 2020, the former governor of the Bank of Namibia has assumed the role of finance minister. His successor was previously a local businessman and an adviser in the government's investment council. Monetary policy in Namibia remains conservative, but fiscal stability has faced increasing pressures. As of December 2022, the annual inflation rate stood at 7%, and the country's high level of debt is a growing concern in terms of monetary stability.

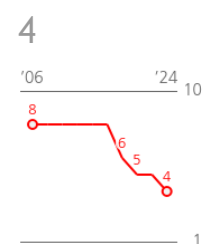
Namibia began undergoing economic decline in 2016, which has led to a full-blown recession. The impact of the COVID-19 pandemic further exacerbated the country's economic challenges. Currently, Namibia's economy is undergoing a slow recovery, lagging behind the average growth rates observed in other regions. It is projected that the economy may not reach its 2015 level until at least 2024.

According to the World Bank, Namibia had a current account deficit of -9.8 in 2021 (equivalent to \$1.2 billion), and quarterly data for 2022 suggests a continued negative trend. The country's total reserves amounted to \$2.76 billion in 2021.

Monetary stability



Fiscal stability



In response to these economic challenges, the Namibian government pursued a policy of increased borrowing, resulting in a concerning debt spiral. International credit rating agencies Fitch and Moody's, which had already downgraded Namibia to junk status in 2017, made additional downgrades in mid-2022.

Namibia's total accumulated debt reached 71% of GDP in 2022, despite official policy guidelines stating that overall debt should not exceed 30% of GDP. The African Monetary Co-operation Programme and the International Monetary Fund (IMF) have set tolerable upper limits at 60% and 55%, respectively. As of September 2022, the country's state debts amounted to NAD 135.7 billion, with NAD 101.5 billion in domestic debts (treasury bills and bonds) and NAD 34.2 billion in foreign debts.

The increase in interest rates since February 2022 has posed further challenges to debt servicing, with annual payments now approaching ten percent of the annual budget allocations. While the government has emphasized the need to regain control over its debt, it faces a challenging task and has yet to provide a convincing plan for how its budgetary policies will support fiscal stability. There is widespread concern that the current situation may become unsustainable and require significant, painful budgetary adjustments.

9 | Private Property

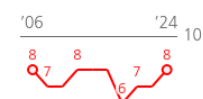
Private property rights are strongly protected within Namibia's constitution, safeguarded under a chapter that cannot be altered even in a state of emergency. Expropriation can only be carried out with the provision of fair compensation and has rarely occurred in the 30 years since gaining independence. However, ongoing demands for land restitution have fueled concerns among predominantly white commercial farmers that their land ownership could be revoked, despite a lack of evidence to substantiate such fears.

Debates surrounding the New Equitable Economic Empowerment Framework (NEEEF) have generated significant apprehension. Initially, NEEEF included a mandatory equity provision stipulating that 25% of ownership should belong to individuals from previously disadvantaged groups. Recognizing that this provision might deter investments, it was removed from the bill approved by the cabinet in February 2020. Nonetheless, the yet-to-be-finalized regulations within pending laws could potentially reintroduce similar measures, leaving a degree of uncertainty that has contributed to a "wait-and-see" approach among both local and foreign investors.

Property transactions in Namibia are well-regulated, adhering to clear standards. Nevertheless, there have been occasional instances of questionable deals, particularly concerning urban land transactions, which have raised suspicions of embezzlement and self-enrichment among members of the new elite.

Property rights

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Privately owned companies in Namibia have experienced a decline in confidence regarding the economic climate and are increasingly skeptical about the reliability of government policies, raising concerns about investment security. This, coupled with the impact of the recession, has led to a reluctance to make new investments. Foreign direct investment (FDI) had nearly come to a halt until recently, and only now does it appear to be picking up again. The growing bureaucracy, including issues with visas as a significant entry barrier, has had a negative impact on FDI motivation.

The National Investment Promotion and Development Board (NIPDB) has recently introduced a Digital Nomad Visa to attract more international experts and foster an international working environment in the country. However, local companies tend to transfer capital abroad or even consider relocating. Despite a consistent trend of net capital exports, this outflow has increased rather than decreased in recent years.

While the government acknowledges the crucial role of the private sector and the need to promote foreign investment, its policies do not convincingly support this objective. State-owned enterprises continue to receive substantial financial bailouts, and there is no indication that the government is developing an alternative privatization strategy.

10 | Welfare Regime

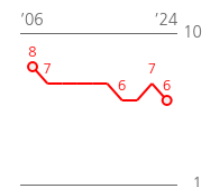
Health and social services were allocated NAD 8.4 billion (12.4% of total amount or 4.2% of GDP) of the 2022/23 annual budget. State policy includes social transfers not only in terms of pensions but also several other provisions. Health care expenditure per capita has declined in recent years due to fiscal constraints. The annual budget continues to allocate meaningful proportions to health care. But while ranking earlier as second-highest expenditure after education, it is now overtaken by allocations to security (military, police etc.) and finances (including debt servicing). Life expectancy has been increasing steadily after recovering from the HIV/AIDS crisis and was at 64.5 years in 2022.

Due to some additional revenue income, the old age pension received a small increase in the mid-term review in late 2022. But despite the considerable increases in pensions some years ago, the actual purchasing power has decreased, and further pressure is added by a higher inflation rate. As data shared in an earlier document shows, poverty remains a constant feature for a considerable proportion of the population.

Much of the population does not benefit from a social safety net and has access to only very basic health services and minimal pension benefits. Many individuals supplement their limited pension benefits through their farming activity and ownership of affordable land/plots that they have purchased from the local community or government.

Private enterprise

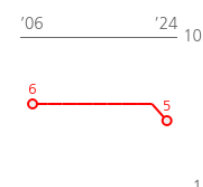
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Social safety nets

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In 2021, Namibia officially reported a literacy rate of 92.3%. However, surveys have revealed that even after up to six years of schooling, not all students achieve functional literacy. This suggests that the actual literacy rate is likely considerably lower. School attendance rates are nearly 100%, and there is no gender-based discrimination in access to education. However, factors related to poverty often lead to unsatisfactory academic performances among students, and girls face high rates of pregnancies.

At the beginning of the school year, parents often struggle to secure placements for their children, and hostel accommodations are even scarcer. In more remote areas, educational facilities, including hostels, suffer from significant infrastructural neglect, resulting in an inadequate learning environment due to a lack of basic amenities. In rural areas, children often have to walk long distances to reach school and may remain hungry throughout the day.

Although women’s participation in formal employment is nearly equal to that of men, a 2020 survey revealed that fewer than half of all women had access to information and communication technologies. While legislation promotes gender equality and women are increasingly accessing senior positions, significant gender disparities persist, including salary discrepancies for similar work.

Local rural communities and indigenous groups in remote areas face disadvantages due to inadequate infrastructure and limited access to education. Child labor remains prevalent in several parts of the country. While ethnicity can enhance opportunities, especially within influential communities, incidents of homophobic discrimination are on the decline (with a minister in office marrying her partner in South Africa in 2022).

11 | Economic Performance

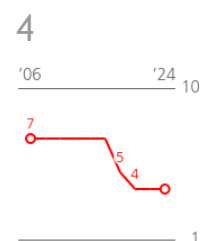
Namibia’s per capita income increased by about two-thirds in the first 25 years of independence. However, in the years following 2016, it gradually declined due to the recession and stood at \$9,137 by the end of 2021, which remains well above the sub-Saharan Africa average. This figure, however, does not reflect the significant socioeconomic disparities within Namibia. Namibia has the world’s second-highest Gini coefficient, which, when factored in to the inequality-adjusted Human Development Index for 2021/22, results in a drop of 10 ranks.

A substantial portion of formal employment opportunities in Namibia, over a third, is in the public sector and state-owned enterprises, while the remaining formal private sector employment stands at 189,549 out of an estimated total population of 2.5 million people. The revenue quota reached its peak at 34.6% of GDP in 2014 and has since dropped below 30%.

Equal opportunity



Output strength



Economic recovery is occurring at a slow pace, with an estimated growth rate of below three percent, and it is expected to take at least two to three more years to reach pre-recession levels of GDP. More details on the current economic downturn have been provided elsewhere in this review, with a particular focus on the increasing risk of a debt spiral.

12 | Sustainability

Namibia has ratified numerous international environmental conventions and enacted local laws that mandate environmental assessments before granting licenses for natural resource exploration and exploitation. The government has also signed key environmental agreements like the UNFCCC and the SADC Protocol on Shared Watercourses. Since 2005, Namibia has been collaborating with Bretton-Woods institutions to conserve the coastal landscape and participates in initiatives like the Kimberley Process. Notably, in 2013, the COP11 of UNCCD was held in Windhoek, and in 2016, Namibia hosted the first continental African Drought Conference.

While there is a degree of environmental awareness, commitment and legal provisions in place, especially regarding the importance of wildlife for tourism, other natural resources and habitats receive less protection and are subjected to unsustainable harvesting. Deforestation in the northeastern region has led to the irreversible loss of natural habitat and significant environmental degradation. Forested land, which covered approximately 8.7 million hectares at independence in 1990, had dwindled to seven million hectares by 2015. Logging has since increased significantly, with unprocessed timber like teak and rosewood being exported for furniture manufacturing, primarily to China. The Minister of Agriculture, Water, and Forestry revealed to parliament that all timber felling and transportation until November 2018 had occurred without the legally required Economic Clearance Certificate.

Requirements for environmental assessments as part of applications are often sidestepped, disregarded or negotiated in practice. A long-standing dispute over offshore marine phosphate mining remains unresolved, and licenses for gas and oil exploration were granted in late 2020 for the ecologically sensitive Okavango River delta region. If successful, fracking could jeopardize the natural balance of the entire region. The company involved in these endeavors is internationally controversial and has faced allegations of fraudulent business practices in Canada.

In 2022, a Russian company applied for a prospection license for uranium in a fragile southeastern farming region with limited underground water resources. While the Ministry of Mining issued a permit, the Ministry of Agriculture objected, citing concerns from local farmers who feared that water use would make farming impossible.

Environmental
policy

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These cases illustrate a lack of coherent policy and a coordinated state response regarding extractive industries, creating opportunities that would not exist if regulations were strictly followed and implemented. In a similar vein, offshore oil and gas exploration licenses were granted in 2022 to two major international oil companies. Simultaneously, the government touts its ambitions to become the green energy hub of the continent, despite skepticism from local experts regarding water resources, infrastructure and expertise for these mega projects.

This policy approach contrasts with public ecological and environmental debates, which have not yielded strong outcomes, and leniency in the administration and governing institutions persists. This leniency raises doubts about the effectiveness of environmental initiatives and stands in contrast to the government's green economy aspirations in Namibia. The public dispute over oil discovery and potential exploitation in the Okavango Delta underscores the strong interest of the public and civil society in preserving nature.

Since gaining independence, education has consistently received the largest budget allocation in Namibia. In the 2022/23 annual budget, NAD 17.4 billion out of a total of NAD 67.9 billion were allocated to education, including NAD 3.3 billion for higher education. This represents a substantial investment at 8.8% of GDP. However, the education system faces challenges in terms of efficiency.

While primary school enrollment rates suggest almost universal access to primary education, many obstacles hinder school attendance. These obstacles include poverty among students, shortages of qualified teaching staff, inadequate and damaged infrastructure and high drop-out rates. On average, students receive around eight years of schooling. Fewer students progress to lower secondary education, and even fewer pass with the grades required for higher secondary education. According to a 2019 Afrobarometer survey, 20% of respondents identified education as a major problem, ranking it above corruption and health concerns.

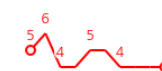
Namibia has elevated its polytechnic institution to a full-fledged Namibia University of Science and Technology (NUST), establishing it as the second university alongside the University of Namibia (UNAM), which was founded in 1992. UNAM has satellite campuses in various regions. University students often express dissatisfaction with the lack of financial support services and limited employment opportunities after graduation. The high youth unemployment rate represents a challenge, given the knowledge and skills acquired through secondary and university education.

As of 2019, the United Nations' Education Index ranked Namibia 129th overall, a decline from its previous ranking of 127th. Research and development (R&D) investment in Namibia was 0.34% of GDP in 2014 but has decreased in recent years, although there is no updated data available. The budgets of the country's two universities have been recently reduced, posing significant constraints on their ability to maintain current service levels. While Namibia performs relatively well compared

Education policy /
R&D

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to other African nations, ranking fourth in the Global Knowledge Index (GKI) of 2021 out of 154 countries, it still faces challenges in its knowledge infrastructure, as indicated by the substantial gap between investments and performance. Issues such as poor school examination results and inadequate facilities for school enrollment at the beginning of each year have drawn negative attention. The government regularly acknowledges the challenges facing the education system, including weak educational outcomes.

Governance

I. Level of Difficulty

Little has changed in terms of structural constraints since the last review period; as a vast but sparsely populated country with one of the driest climates in the world, the potential for agriculture and land-based livelihoods is limited. Agriculture has contributed to environmental degradation, particularly in regions bordering semi-desert and desert zones in the east and west. The government faces a significant challenge in developing and maintaining adequate infrastructure, especially in rural areas. Climate change, droughts, and occasional flooding have exacerbated existing challenges, primarily affecting rural communities.

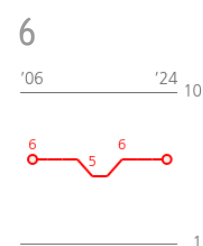
A combination of factors, including declining global market prices for local raw materials (especially in the mining sector), economic downturns in neighboring Angola and South Africa, prolonged droughts, and fiscal policies exceeding the country's means, have led to a continuous recession since 2016. This recession has depleted the state's finances, resulting in lasting negative consequences, as mentioned in earlier sections of this review.

The COVID-19 pandemic has exacerbated the crisis, with the initial lockdown and economic repercussions severely impacting people's livelihoods, particularly those working in the informal sector. Significant parts of the formal economy, including retail, services, construction and tourism, have also faced substantial challenges. Economic recovery has been slow, and businesses are gradually returning to better times.

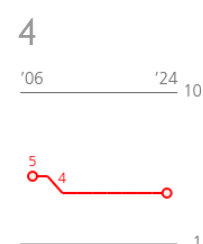
In combination with historical structural constraints stemming from a century of settler-colonial rule, Namibia continues to grapple with socioeconomic disparities, high levels of inequality and poverty. These issues pose significant governance challenges. As a result, the existing structural constraints have intensified, and the growing debt spiral is further limiting the scope for medium-term reform strategies.

Civil society in Namibia began to take shape after independence in 1990, making it relatively young in its development. During the era of settler-colonial minority rule, civil society organizations were largely limited to activities within the white minority community. Black churches provided one of the few spaces for gatherings and socially accepted activities. After independence, many Namibians who had been involved in various forms of civil disobedience and the struggle for self-determination, including activities related to culture, education, and trade unionism, transitioned into public service or official politics. Consequently, it took some time for civil society to establish itself as a vibrant force in the country. This growth has

Structural
constraints



Civil society
traditions



been constrained by the material challenges faced by the majority of Namibians. However, the pluralistic nature of Namibia's political system has allowed local initiatives to flourish with minimal interference, contributing to the gradual expansion of civil society activities in various fields. After independence, Namibia received significant support for its civil society development.

Today, Namibia boasts human rights NGOs, an LGBTQ+ movement, environmental and ecological advocacy groups, and a feminist movement that engage in public participation on relevant issues, although the size of their activist base remains relatively small. More recently, postcolonial initiatives have become active in decolonization efforts, especially concerning the physical remnants of colonial rule. While civil society organizations may not be particularly strong due to the material constraints affecting a majority of the population, they do have a presence in most, if not all, sectors of society. This presence is supported by freedom of speech and independent media, which offer platforms for civil society to express its views and concerns. However, this does not necessarily translate into significant direct influence on political decision-making.

There is a strong desire among Namibia's youth to make a positive impact on their communities. Unfortunately, there is no overarching coordinating body that encompasses all civil society activities in Namibia.

Namibia has experienced hardly any politically motivated physical clashes or assassination attempts. While there have been occasional instances of insulting language used by officeholders, these incidents typically face strong protests and criticism. Political discourse rarely features hate speech, but the rhetoric often reflects confrontational tendencies. Recently, confrontations between opposition members and the dominant party in the National Assembly have escalated, bordering on physical violence. While these incidents stem from personal animosities among opponents rather than politically motivated violence, they introduce a new form of confrontation into the political arena.

Religion does not play a role in political conflicts, but interethnic sentiments have become more pronounced, leading the head of state to issue warnings about the threat of tribalism to social peace and stability. The debate surrounding the victims of the colonial genocide and questions related to compensation has sparked conflicts among some ethnic leaders. With recent regional and local authority election results, the confrontational nature of politics has intensified. However, it is too early to determine whether this signals a shift toward potentially violent forms of contestation. Overall, while animosities and confrontation appear to be on the rise, they still largely take non-violent forms at this stage. Namibia maintains a reputation as a remarkably peaceful country in terms of its political culture. Nevertheless, the Namibia Economic Freedom Fighters have introduced some unlawful actions, such as closing down shops in Chinatown. There have also been sentiments and complaints, some leading to protests against Chinese behavior toward local workers, as exemplified by the Cheetah Cement case.

Conflict intensity

5

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II. Governance Performance

14 | Steering Capability

The strategic priorities of the government are primarily outlined in the five-year National Development Plans (NDPs), which are drafted by the National Planning Commission. These plans serve as comprehensive frameworks for socioeconomic policies and goals. However, effective implementation often requires interministerial cooperation, which is frequently lacking, highlighting a significant flaw in national planning. The addition of Vision 2030 in the early 2000s, at the instruction of President Nujoma, introduced utopian goals that remain a reference point for subsequent declarations on national development.

The Harambee Prosperity Plan (HPP), initiated by President Hage Geingob in 2016 and followed by HPP2 in 2021, has a specific focus on urban housing. While these three blueprints overlap to varying degrees, they all share a tendency toward wishful thinking and a lack of realism. Challenges in implementing white papers often stem from inter- and intra-ministerial competition, disputes over ownership, resource shortages and a lack of expertise.

The high expectations raised by these plans, coupled with subsequent disappointments due to non-delivery, have led to growing public frustration. The economic recession since 2016 has further hindered the government's ability to enact promised reforms and policy adjustments. Legal frameworks often lag behind or are misaligned with the government's stated objectives. The second national land reform conference in late 2018 produced resolutions that have either been ignored, are pending implementation or have been obstructed by contradictory government-endorsed policies.

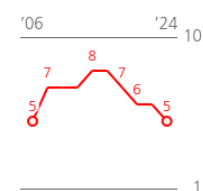
COVID-19 has also had a considerable impact on the political process. With NDP5 concluding, NDP6 is expected to provide a new agenda that is more closely aligned with reality. However, doubts remain about its successful implementation, given the historical lack of coherence, interministerial cooperation and financial constraints. Past instances of disregard for agreed principles and regulatory frameworks in day-to-day politics and the public sector raise questions about consistent policy implementation.

Additionally, there is a growing agenda focused on green hydrogen and ambitious targets for developing a renewable energy industry.

Question
Score

Prioritization

5



1

In Namibian society, similar to many others, appointments to higher levels of governance, such as the cabinet and parliamentary election lists, often prioritize political affiliations and connections over competence in specific subject areas. This trend extends to many high-ranking positions in the public administration and state-owned enterprises. This practice can hinder the coherent establishment of goals and the efficient implementation of programmatic and strategic policy objectives. As mentioned under the “Prioritization” indicator, policy strategies often seem to reflect wishful thinking more than an attempt to target achievable goals. In cases where feasible goals are established, the lack of political will and interministerial cooperation hampers the realization of optimal outcomes. Failing to deliver measurable results undermines the government’s credibility. Furthermore, there is a lack of broad ownership of government plans, with limited involvement from civil society and the wider population.

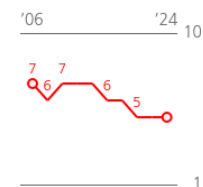
Internal differences in priorities among various ministries, including those responsible for mining, fisheries, agriculture, nature conservation and the environment, have previously led to confrontations, resulting in contradictory policies and the obstruction of necessary interventions. In the face of dire financial constraints, concerns over proposed economic activities, particularly those related to the exploration and exploitation of natural resources, are sometimes sacrificed or neglected for purely economic reasons. Tender rules and regulations are also occasionally bypassed, allowing exceptions that benefit bidders based solely on their connections.

Government policies in Namibia are significantly influenced by the state (and party) president, who wields strong executive powers. The head of state has the authority to replace ministers according to their preferences, which makes cabinet positions relatively precarious, although cabinet reshuffles are not very frequent. The current president exhibits a certain level of self-righteousness and vanity, which can make it challenging to propose alternative concepts and policies to someone who believes they have the best solutions. He strives to project an image of a “hands-on” leader who possesses superior knowledge, despite claiming to have an open mind.

In many cases, government positions are filled based on inner-party political preferences and factional alliances. This situation limits open exchanges and debates, as well as the government’s capacity for learning, innovation and reform through collective processes and shared responsibilities. Dissenting views are seldom heard and even less frequently taken seriously.

Implementation

5



Policy learning

4



15 | Resource Efficiency

Governance in Namibia continues to suffer from an imbalance in the efficient utilization of available resources. Despite ongoing warnings since the late 1990s about the urgent need for public sector reform, progress has been limited. A significant portion of the annual budget, more than 40%, is allocated to current expenditure, primarily for public sector salaries. This allocation is unsustainable by any standard and restricts the government's ability to make necessary investments in the economy. In response to fiscal constraints that have emerged since 2016, the government has adopted a borrowing strategy, resulting in a worrisome accumulation of state debt. This debt burden further diminishes the incentives for economic recovery, especially in the wake of a recession and the pandemic.

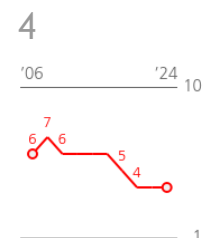
The state budget is formulated with little transparency and minimal consultation with non-governmental parties in politics and civil society. Positions in government and senior public service levels continue to be filled based on criteria other than professional competence, including considerations of ethnicity and political loyalty. While there is relatively low turnover, in part due to these factors, it hinders effective management driven by professional expertise.

Although a policy of decentralization has been outlined, it has not been implemented to a degree that would significantly enhance regional performance. While stricter tender rules have been established, adherence to them is inconsistent. Exceptions are granted and sometimes abused, leading to the allocation of public funds to bidders who may not offer the best value for money, or any value at all. Critical reports from the office of the auditor-general tend to be disregarded and appear to have little influence on improving practices.

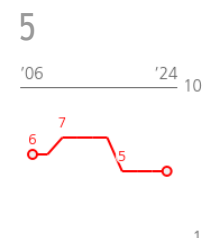
As discussed elsewhere in this report, the coordination of policies into a cohesive governance strategy is severely limited in Namibia. Policy coherence is often undermined by blurred lines of authority among ministries, overlapping competencies and conflicting decision-making powers. This competition for authority is particularly evident in ministries related to the country's natural resource-based economy, such as the Ministry of Environment and Tourism, the Ministry of Fisheries and Marine Resources, the Ministry of Mines and Energy, and the Ministry of Agriculture, Water and Land Reform. These differences are not always clarified, leading to bureaucratic blockades and inaction. This situation creates opportunities for exploitation, not in the public interest but for private gain.

While the National Planning Commission is responsible for the National Development Plan and is considered the most competent of all strategic blueprints, it lacks oversight authority and cannot enforce measures to ensure adherence to declared goals and strategies.

Efficient use of assets



Policy coordination



Occasionally, personal competition and animosity among cabinet members overshadow the authority of specific portfolios, negatively impacting policymaking, objective policy formulation and implementation. Furthermore, the president's group of personal advisers enjoys a level of authority and influence relative to line ministries that remains unclear. This results in additional friction and uncertainty and makes it challenging to delegate decisions and implementation to ministries, as the president and his advisers often assume direct responsibility for matters rather than deferring to the designated portfolios.

A recent example of the lack of coherent coordination is the simultaneous granting of prospective and exploratory mining licenses for oil and gas to several international mining and energy companies while also entering into declarations of intent for the establishment of mega-green hydrogen projects. This inconsistency is compounded by the stated goal of turning the country into Africa's green energy hub while simultaneously seeking OPEC membership.

Corruption remains a persistent topic of discussion in the public sphere, with the media frequently investigating questionable dealings involving government ministries, state-owned enterprises or the awarding of tenders. There is a strong awareness of the issue, and nonstate actors actively seek to expose and control the misappropriation of funds for personal gain by political officeholders and public servants.

However, this critical awareness and investigative effort stand in contrast to the leniency displayed within the governing party and by the president when dealing with instances of misbehavior. The largest corruption scandal to date, known as #fishrot, led to the dismissal of two ministers and several high-ranking officials in late 2019/early 2020, who have since been awaiting trial in prison. Nevertheless, suspicions that prominent party members may have benefited from the corruption scandal have not been met with full transparency and a commitment to accountability.

Party members convicted of fraud or other forms of abuse of power often retain their positions or return to them later. For instance, in a recent case, a minister who was discharged due to a conviction for abusing her post to obtain undeserved benefits in the allocation of public assets was appointed to the SWAPO politburo, the party's highest body, by the president at the end of 2020. This stark contrast between verbal commitments to combat corruption and a lack of decisive action remains a subject of widespread criticism in the broader public, eroding the government's (and the president's) credibility in addressing corruption. Additionally, the Anti-Corruption Office, an institutionalized body tasked with combating corruption, is hampered by understaffing and underfunding, limiting its effectiveness. In some cases, investigations into corrupt practices only occur due to public intervention and outcry.

Anti-corruption
policy

4

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16 | Consensus-Building

While all political parties publicly endorse democracy and its principles as the sole legitimate political system, their internal decision-making processes often fail to reflect these democratic ideals. Frequently, top-down interventions hinder democratic decision-making within the parties. These interventions can manifest as unilateral changes made by party leaders, sometimes resulting in internal conflicts.

Despite the reduced dominance of the ruling party in parliament and its loss of majority control in several regions and numerous local authorities, internal power struggles for influential positions persist. These positions often come with remuneration in public or political service. These internal conflicts and power struggles are inconsistent with the parties' declared political principles. However, it's important to note that despite these shortcomings, democracy remains the universally accepted political system.

With the exception of one or two smaller parties, all significant political parties in Namibia endorse a market-based economic system. There are no meaningful ideological programmatic strategies promoted by influential parties that oppose such a system. However, there are parties and ideologies that favor strong state intervention in the economy. It's worth noting that there is a lack of awareness and understanding regarding different economic systems, including, for example, a social market economy.

Despite the broad acceptance of a market-based system, there are variations in how this system is implemented in political and administrative practices, particularly concerning land reform. It's important to mention that members of the dominant party, as well as local and international associates who benefit from the misuse of the market system, have led to a lack of strong public trust in the market-based system, in contrast to trust in democracy.

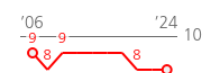
Furthermore, frustration is growing due to the ongoing unequal distribution of privately owned land, which is a historical legacy of Namibia's settler-colonial history and limited nationalization. Given SWAPO's socialist tradition, the "willing seller-willing buyer" policy for land redistribution is widely viewed as unjust.

There are no visible anti-democratic actors with any meaningful influence that could pose a threat to the stability of Namibia's democratic political system. The head of state, with strong executive powers, theoretically has the potential to act undemocratically within their mandate, but this has not occurred and remains a hypothetical concern.

There may be concerns about the loyalty of the military and police to the governing SWAPO party, especially if the party were to lose power. However, this is also a hypothetical scenario, particularly since SWAPO has demonstrated its acceptance of reduced influence in recent elections.

Consensus on goals

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Anti-democratic actors

9



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It's important to note that Namibia shares a border with South Africa and is highly dependent on South Africa for various resources, including electricity supplies, due to historical ties. Therefore, the developments in South Africa, as the leading economic power in southern Africa, could have a significant impact on Namibia and should not be underestimated.

Recent public discourse, including the latest election results, as well as statements by political leaders, indicate a growing influence of regional and ethnic identities on voter behavior in Namibia. Tribalistic tendencies have been identified as a potential threat to political and social stability by the head of state. This concern has been exacerbated by the controversial agreement between Germany and Namibia on how to address the history of genocide in the country, which has faced rejection by influential agencies representing the descendants of the main victim groups.

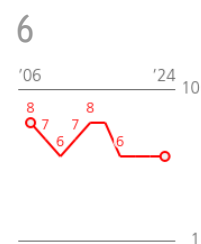
However, it's important to note that decentralizing tendencies have not posed a significant risk to social stability thus far. Furthermore, individual attacks on specific population groups, including the white minority, by senior officeholders in 2020 were met with strong protests from a broad spectrum of political actors that do not represent the white community. While ethnicity remains a potentially serious factor that could provoke internal conflicts within Namibia, it has gained greater relevance in recent years.

Since some elements of what could be considered civil society prior to independence have been integrated into the new political and administrative structures since independence (due to trade unions affiliating with SWAPO), the Namibian government, as well as other political parties, rarely engage in consultations with civil society members and organizations. None of the criteria outlined for civil society involvement significantly influence Namibian policies. Civil society relies on public criticism in the hope of being heard, although the extent to which economic interests, business associations and professional groups engage in lobbying remains uncertain and difficult to assess reliably.

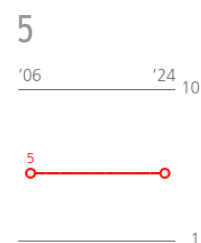
The concept of reconciliation and the way it is (not) addressed in Namibia display a mixed and selective record. Former soldiers of the SWA Territorial Force and the notorious Koevoet unit are still denied the benefits available to war veterans who fought on the side of the anti-colonial movement. Their ongoing demands continue to be ignored. Similarly, the ex-detainees, who are former members of the anti-colonial movement accused of being spies in the 1970s and 1980s, imprisoned, tortured and often executed, have been seeking justice and rehabilitation in vain since independence. Thousands of them did not survive the ordeal. For both of these groups, reconciliation and recognition of past injustices remain elusive.

Reconciliation, on the other hand, remains a relevant term, primarily concerning the white minority. The government's stated policy of reconciliation has translated into tolerating the presence, relative influence and wealth of white Namibians, although

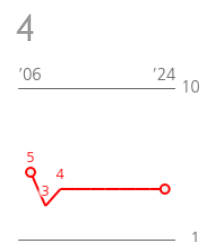
Cleavage / conflict management



Public consultation



Reconciliation



the colonial past has not been forgotten. In this context, recognition of the genocide committed during the period of German colonial rule has been addressed in bilateral negotiations between the governments since late 2015. However, the resulting agreement reached in May 2021 is subject to renegotiations and highlights that reconciliation can have different interpretations. For the main organizations representing the descendants of the genocide victims, the government's negotiations exclude them and do not constitute a genuine act of reconciliation.

17 | International Cooperation

The Namibian government acknowledges the role of external support in its development strategies and goals, and it welcomes assistance from anyone willing to offer it, as long as it does not impose any limitations. Namibia is among the African countries with the highest rates of aid per capita, largely due to its relatively small population. However, the government criticizes its classification as a higher middle-income country because it prevents Namibia from receiving preferential aid treatment, including concessional loans.

Despite the high levels of aid received, the government's development strategy has not always aligned with the approaches of international donors. While the government has declared its commitment to reducing poverty, this goal contrasts with the persistence of gross inequalities in the country. At times, this disconnect has led to international donors reducing or discontinuing their assistance due to the Namibian government's perceived lack of determination and coherence in pursuing its stated objectives.

Furthermore, Namibia's use of three development plans (Vision 2030, National Development Plan and Harambee Prosperity Plan) has created more confusion than coherence in its development efforts. While these plans may have some complementary aspects, their coexistence has not always led to a streamlined and coordinated approach to development.

Namibia has signed and largely adheres to various international agreements and normative global frameworks. Despite an initial announcement of withdrawal from the International Criminal Court, this action has not been carried out. The country was one of the last to sign the African Peer Review Mechanism but has since undergone evaluation. Namibia's foreign policy is primarily oriented toward the Non-Aligned Movement and the African Union, with additional alliances with China and Russia.

As a result, Namibia's commitment to human rights is sometimes viewed with skepticism. However, it received a record number of votes when re-elected as a member of the U.N. Human Rights Council, highlighting its engagement with global governance. Namibia advocates for a permanent seat for an African country on the

Effective use of support

6

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Credibility

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U.N. Security Council and generally pushes for a more prominent role for Africa in global governance, given its own history of achieving independence through U.N. intervention.

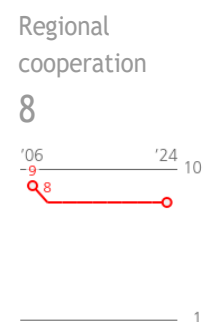
Namibia's close relations with North Korea, the People's Republic of China, and Russia have influenced its voting behavior in the United Nations. Namibia considers China an all-weather friend, and it has refrained from condemning Russia's invasion of Ukraine. In fact, President Geingob publicly declared Russia an ally in November 2022. These foreign policy choices have led to concerns that Namibia's international image may have been compromised, particularly in terms of its neutrality.

Namibia's international cooperation policy follows the principle of being "Friends to All and Enemy to None."

Namibia is an active participant in various regional and international organizations. It became a member of SADC and hosted the SACU Secretariat upon gaining independence. Additionally, Namibia is a member of the African Union (AU) and has joined the Common Market for Eastern and Southern Africa (COMESA). The country has also contributed its own small units to U.N. peacekeeping missions. The Namibian government recognizes the importance of coordinated regional and international policies and strives to maintain friendly relations with neighboring SADC states, often resolving conflicts, such as border disputes, through peaceful negotiations.

Namibia's relationships with other former liberation movements that are now governing parties in the region are characterized by unwavering loyalty. For instance, its close ties with Zimbabwe have led SWAPO to support ZANU-PF policies and downplay human rights abuses in Zimbabwe. Namibia has at times overlooked human rights violations in other countries with which it maintains friendly relations, as discussed in a previous criterion. In terms of U.N. voting behavior, Namibia largely aligns with South Africa. However, due to its relatively smaller economic influence, Namibia's impact on regional integration and international affairs remains limited.

Notably, Namibia has achieved successful cooperation with Botswana, including the acceptance of ID as a valid travel document between the two countries.



Strategic Outlook

After 33 years of independence, Namibia has reached a critical juncture regarding its political future. The ruling party, SWAPO, which emerged from the liberation movement, has exhibited an autocratic style of leadership despite overwhelming electoral support. However, recent elections have seen other competing parties gain increased influence, presenting a new political landscape. Despite this, SWAPO remains committed to democracy as the prevailing political system.

The future of political governance in Namibia will be shaped by internal dynamics within SWAPO. The forthcoming elections in November 2024 will mark a significant transition as the last influential members of the first generation of anti-colonial struggle leaders, who currently hold top positions in the party and government, will be replaced. While internal factionalism and power struggles have been less divisive in recent party congresses, the election of Netumbo Nandi-Ndaitwah as deputy president in 2022 signals potential continuity, with her being a likely successor to President Geingob. If this transition follows previous procedures, Nandi-Ndaitwah would become Namibia's first female president. Concerns about the security apparatus interfering in policy decisions remain speculative, lacking concrete evidence.

Namibia faces escalating socioeconomic challenges. Climate change impacts have strained the environment, and the overexploitation of natural resources has put the country on an unsustainable development trajectory. Land degradation and the privatization of communal land, crucial for subsistence, compound these issues. The government must make crucial decisions regarding the country's development path and its reliance on natural resources. The ongoing recession since 2016 has driven a debt spiral, curtailing financial flexibility. Restoring fiscal prudence and attracting foreign direct investment demand attention, as economic policy uncertainty has halted investments. New plans for large-scale green hydrogen energy projects and oil and gas exploration require streamlining bureaucracy and ensuring local benefit.

Namibia has grappled with extensive corruption scandals, undermining citizen and investor trust. Promised transparency and accountability have been lacking, necessitating a credible strategy to regain confidence. The country's strong ties with China, marked by an "all-weather friendship," and the growing influence of Chinese companies in vital sectors have raised concerns and sparked anti-Chinese sentiments. Namibia must address these governance issues to rebuild public trust. Internationally, the decision not to condemn Russia for its Ukraine invasion has raised questions about Namibia's international positioning and adherence to global normative frameworks. Clarification is needed to restore the country's image on the global stage.