

The state of Economic Policy-making in Namibia

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After Namibia's independence, the country was driven by the desire to raise living standards across the country, and the government adopted a development strategy that relied heavily on an extensive system of government interventions and controls for the purposes of economic management. These policies sought to achieve rapid industrialization by curtailing import dependence, establishing public enterprises to control and manage economic activities in strategic sectors, and putting in place wide-ranging regulations to influence prices, restrict imports through licensing and other trade barriers, and control the availability and allocation of bank credit and foreign exchange.

The government relied on the taxation of the primary industry commodities and often on exports to raise resources for the financing of the economic development plans. The country was also able to mobilize financial support for its development plans from foreign development partners (including both bilateral and multilateral institutions).

In that vein, the government adopted the country's long-term strategy Vision 2030 in year 2004 which sets out the framework about Namibia's development agenda, objectives and economic targets to be achieved by the country by the year 2030. The Vision rest on eight developmental pillars which are; Inequality and social welfare; Peace and Political Stability; Human Resources Development and Institutional Capacity Building; Macroeconomic Issues; Population, Health and Development; Namibia's Natural Resources Sector; Knowledge, Information and Technology, and; Factors of the External Environment.

In tune with the Vision, the National Planning Commission (NPC), was tasked as the lead agency in directing and coordinating the course of national planning and development. The National Development Plans (NDPs) were introduced as the five year interval plans which served as the main monitoring and evaluation tool for achieving the objectives of the long-term vision 2030 through short-term goals and intermediate targets.

As a result, Namibia enjoyed macroeconomic stability since independence, which was supported by prudent fiscal and monetary policy, political stability supported by a maturing democracy, rule of law, entrenched private property rights and conducive business climate.

Additionally, the country has enjoyed free and fair elections and conducive economic governance and macroeconomic management, to mention but a few. Despite considerable progress made in some areas, the key development challenges for Government such as human resources development, job creation, and provision of infrastructures, human skills formation, changes in the ownership patterns of the economy and the reduction in income inequality and poverty in the Namibian society still prevailed as it is currently.

Namibia is one of the countries in the region faced by high levels of poverty but latest evidence show it has declined to about 30 percent of the population but high inequality of close to .60 Gini-coefficient still persist. The unemployment rate and lack of jobs due to the structure of the economy is also a matter of concern. Namibia has not as yet grown to ensure transformation to ensure more employment and widespread economic growth. In fact, The Namibian economy only registered average economic growth of close to 5 percent over the past twenty years, but this unfortunately did not translate into employment creations as more of this growth came from capital intensive industries rather than labour intensive sectors.

Through NDP4, Government has identified key priority areas that will help achieve the high and sustainable economic growth required for employment creation, poverty reduction and greater income equality. Government has decided to focus on achieving high and sustained economic growth, employment creation and increased income equality during NDP4 and the four sectors acronym as MALT, (Manufacturing and Agriculture, Logistics, and Tourism) where earmarked to be the source of growth.

Other short-term interventions were made by government through the Ministry of Finance, Namibian Competition Commission, Bank of Namibia and the National Planning Commission to influence growth and demand in the domestic economy. This includes the personal income and corporate tax relief and subsidies in certain industries, zero rating of staple food products, targeted effective merger regulation, introduction of new tax rates, and the introduction of the Targeted Intervention Program for Employment and Economic Growth to mention but a few.

This year, Government has declared war against poverty which also saw the restructuring and introduction of new Ministries to enhance efficiency in the public service delivery. This has again resulted in the proposal of new economic plans such as the establishment of the food bank to feed the destitute, provisions of the basic income grants for low income earners, the implementations of the basic income grants for Namibia and the recently introduced Solidarity tax. These initiatives ties in with one of the developmental pillar of alleviating poverty and increase equality in the citizens as social grants are one of the most effective means of alleviating poverty.

These initiatives are aimed to bring about social welfare in the country. Social welfare can be regarded as risk sharing, as it has the potential to prevent a group or class of people from falling behind the mainstream and from being unable to participate in the economy. Social spending does aid in that no Namibian must be left out and can also enhance productivity and human capital through spending on education, health, nutrition, and safety nets.

Namibia's economic planning (policy making) is commendable, as the prudent policy planning, the institutional framework, sound government policies and macroeconomic management strategies have moderated the extent of macroeconomic shocks, and the country enjoyed the macroeconomic stability and political stability since independence.

It is crucial that before policies are made and implemented, the government is able to understand the mechanisms, workability and the effect of such policies on the economy. This shows the governments' commitment to economic development with wide consultation and coverage achieved through the introduction of the National Development Plan process and evaluation and monitoring control mechanisms for the attainment of national plans and objectives.

Namibia's planning processes has exhibited features of good policy making and the National Planning Commission is still best suited to direct and coordinate the course of national planning and development. Policy making in the past has always been forward looking, clearly defining outcomes that the policy is designed to achieve and evidence based. Good policy making should uphold the pillars of inclusivity, and should be effective implementation focussed. Above all, the policy making process should matured towards a targeted and well focused monitoring and evaluation and it should take account the impact on and or meets the needs of all the people directly or indirectly affected by it, and involve on a wide consultative basis all the key stakeholders, of which the current political and economic administration is applauded for.