REPUBLIC OF NAMIBIA

THE RECONSTRUCTION AND DEVELOPMENT OF NAMIBIA

VOLUME I

Texts

Windhoek, May 1990

Prepared by the Government of the Republic of Namibia
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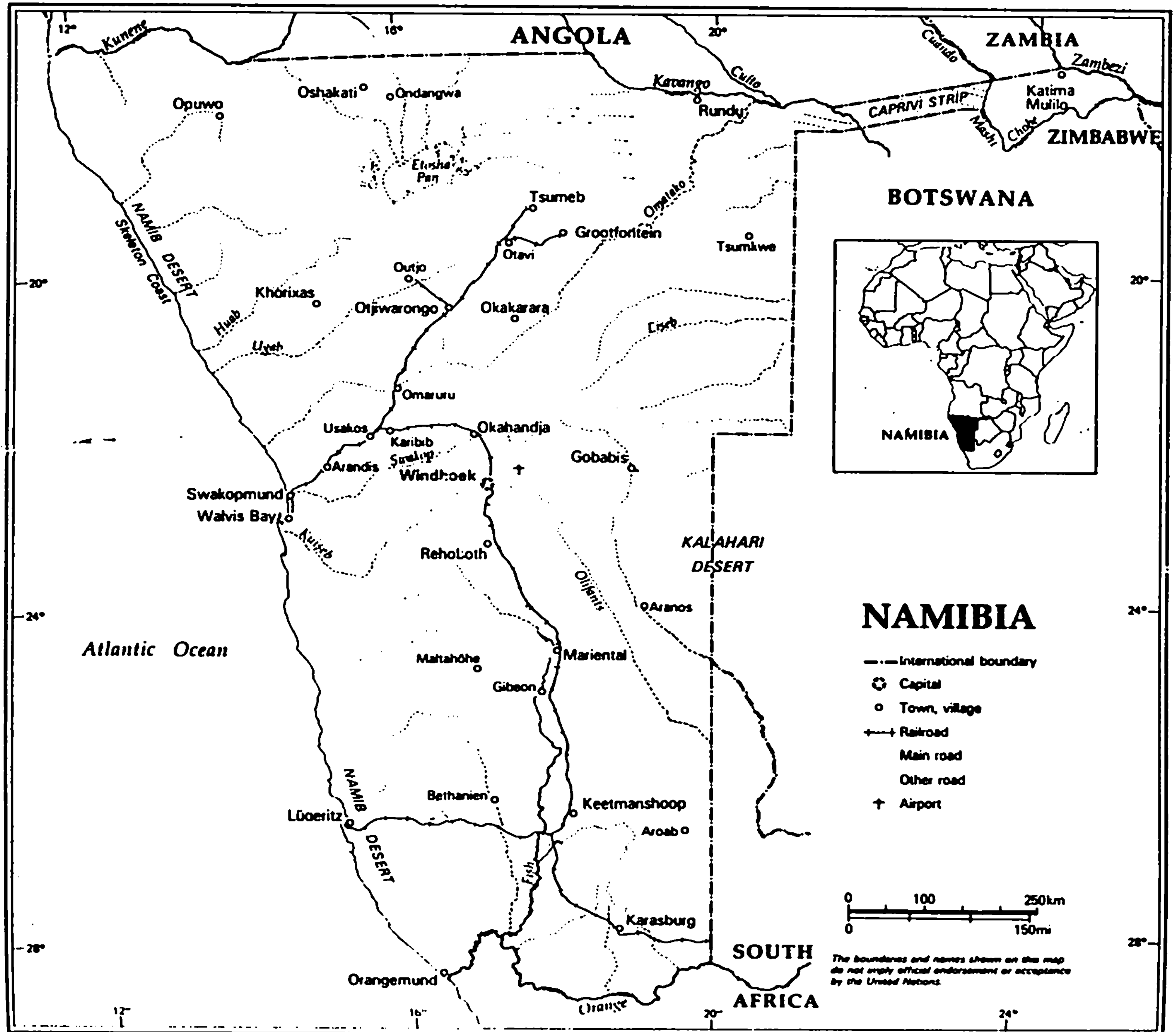

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THE RECONSTRUCTION AND DEVELOPMENT OF NAMIBIA

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NAMIBIA

PRELIMINARY ECONOMIC REVIEW

MAY 18 ,1990

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ABBREVIATIONS

RSA	-	Republic of South Africa
GDP	-	Gross Domestic Product
GNP	-	Gross National Product
UNTAG	-	United Nations Transition Assistance Group
UNDP	-	United Nations Development Programme
SACU	-	Southern African Customs Union
ICSEAF	-	International Commission for Southeast Atlantic Fisheries
GFI	-	Gross Fixed Investment
SWAPO	-	Southwest Africa People's Organization

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KEY MACROECONOMIC INDICATORS

	Actual		Est	PROJECTED		
	1987	1988	1989	1990	1991	1992
			(In percent)			
GDP Growth Rate	2.78	2.26	0.00	6.40	4.30	3.70
GNP Growth Rate	...	...	...	5.50	3.90	3.50
GDP/Capita Growth Rate	0.22	0.74	-3.00	3.30	1.30	0.70
GDP Public Authorities/GDP	29.2	26.5	...	...	...	...
GDP Public Corporations/GDP	3.7	3.9	...	...	...	...
GDP Private enterprises/GDP	67.0	69.6	...	...	...	...
Primary Production Growth Rate	3.10	1.32	-3.8	11.6	6.5	4.9
Secondary Production Growth Rate	0.72	1.32	6.6	2.9	4.2	4.6
Tertiary Production Growth Rate	2.9	3.20	2.2	1.7	2.3	2.3
Gross Investment/GDP	...	...	14.8	18.0	19.0	20.0
			(1980 R million)			
Fixed Capital Stock	6417	6445				
in agriculture and fishing	616	611	...	...	...	...
in mining and quarrying	658	647	...	...	...	...
in manufacturing	102	97	...	...	...	...
in General Government	3478	6445	...	...	...	...
Private Consumption/GDP (%)	...	...	55.8	54.0	53.4	53.0
Private Consumption per capita (1980 R)	...	...	1679.0	1679.0	1678.0	1679.0
Private Consumption Growth rate (%)	...	...	...	3.00	3.00	3.00
			(Percent)			
Public Consumption/GDP	...	...	25.6	24.3	23.5	22.9
Public Consumption Growth Rate	...	...	...	1.00	1.00	1.00
Central Govt.savings/GDP	-3.7	0.9	2.5	-2.2	-0.1	
Central Govt.cap.exp./GDP	9.0	5.9	3.5	4.6	4.6	...
Central Government revenue/GDP	33.7	33.0	36.2	31.2	30.3	...
Central Government exp./GDP	46.4	38.8	37.2	38.0	35.0	...
Central Government deficit/GDP (-)	-12.6	-6.8	-1.0	-6.8	-4.7	...
Central Government deficit/GDP (after grants) (-)	-4.1	0.2	1.6	...	...	...
Central Government debt/GDP	22.2	19.8	13.2	...	...	
Central Government debt service/GDP	4.8	5.2	7.9	4.6	1.8	...
Central Government debt service/ exports of goods and nonfactor services	...	...	14.7	9.5	3.2	...
Export Growth rate (fish excluded)	...	...	7.8	3.2	2.7	1.0
Mineral Exports Growth rate	...	...	...	9.7	3.2	2.5
Exports/ GDP	...	...	52.5	61.8	70.8	79.1
Mineral Exports/GDP	...	...	39.4	40.8	40.2	39.8
Imports Growth Rate	...	...	14.1	23.8	22.9	17.3
Imports/GDP	...	...	43.2	50.3	58.2	67.0
Population (Million)	1.61	1.66	1.71	1.76	1.81	1.87

Note: Central Government data refer to the fiscal year commencing April 1 of the calendar year

SUMMARY AND CONCLUSIONS

General Background

i. This document, prepared by a World Bank team, is one in a series of four documents financed by UNDP and prepared at the request of the Government of Namibia in preparation for a donors' conference scheduled for June 1990. The purpose of this document is to present an assessment of (i) the strengths and weaknesses of the Namibian economy; (ii) its growth prospects; (iii) policies needed to address important equity issues and spur growth and employment generation; and (iv) external assistance required to finance priority Government expenditures. The document represents the first part of a two-stage process and its intention is to present a preliminary view of these matters to assist the donor community in its initial deliberations on a strategy to support Namibia. Owing to time limitations, the document presents detailed fiscal and macroeconomic projections for 1991 and 1992 only; projections for the following three years are merely indicative. The second stage, to be prepared later on during the present calendar year, will consist of a full-fledged Country Economic Memorandum and will examine in more depth the issues touched upon in this document, as well as important sectoral issues.

ii. The companion documents, prepared by other teams, outline the Government's development policies (General Policy Statement on the Reconstruction and Development of Namibia), present an analysis of the Government's investment program (Investment Programme), and make recommendations for Government policies for private sector development (Policy Recommendations for Private Sector Development in Namibia).

Overview of the Namibian Economy

iii. The post-independence Namibian Government inherited an economy of sharp contrasts. From many viewpoints Namibia is a prosperous middle-income country. Its per capita income is on the order of US$1,200--which makes it one of the richest in sub-Saharan Africa--its physical infrastructure is one of the best in the region, its telecommunications system one of the most efficient, and its public administration one of the most highly developed. At the same time, Namibia has one of the most skewed income distributions, with a tiny minority enjoying incomes and health and education services at levels comparable to those of a Western European country, while a vast majority lives in conditions that are barely above subsistence and suffers from highly inadequate public services.1/ In addition, the Government inherited a stagnating economy whose unemployment rate is estimated at 30 percent.

1/ Per-capita GDP in 1988 was about US$1,200. The white population, comprising 5% of the total, had an estimated per capita GDP of US$16,500; non-whites within the modern economic activities (about 40% of the total) had an estimated per capita GDP of US$750; and the rest--non-white population dependent upon subsistence agriculture and informal activities--had an annual per capita GDP estimated at only US$85.

The Government's Economic Challenges

iv. The Namibian Government faces three main economic challenges: reactivate the economy, reduce income disparities, and restrain and redirect public expenditures. The Namibian economy has had a lackluster performance for the past 20 years. After expanding rapidly at 9 percent per year during the sixties, its growth rate fell to nil during the seventies.

v. Beginning in 1980, the economy fell into a recession that lasted five years and that brought GDP down by 6.8 percent. After recovering the lost ground in 1986-88, growth stopped in 1989. Owing to continued population growth, per capita GDP declined without interruption during the past decade and at independence it was 23 percent lower than in 1980. Independence, the cessation of hostilities, and the suspension of sanctions against Namibia, are likely to fuel expectations that the Government will be under great pressure to fulfill.

vi. The second challenge facing the Government is closely related to the first. The extreme disparities in income distribution and the provision of social services are in good part, if not solely, the results of apartheid. Apartheid policies disappeared with independence. The heretofore disenfranchised and neglected majority will rightfully expect to partake in greater measure of the country's income and wealth. Addressing the country's equity problem at an acceptable pace without jeopardizing growth will be another major challenge.

vii. The equity issue should be resolved while avoiding the type of too-quick and too-expensive solutions that in many other developing countries have led to high inflation and low (or even negative) growth. Over the next few years, there will be a need for a redirection of social Government expenditures towards the poorer part of the population, which up to now has been concentrated mainly in the northern areas, near the border with Angola. It will be likewise necessary to increase maintenance expenditures and public investment, also with emphasis on the northern region and on the needs associated with the possible migration of part of the poor northern population to the more developed southern areas. Policies to stimulate the development of strong small and medium scale enterprises with the twin objectives of fostering the development of indigenous entrepreneurship and reinforcing the drive for employment creation in the modern sector might also be appropriate, although further analytical work would be required in this area.

viii. Finally, the Government faces a fiscal problem. For reasons explored fully in the main text, the new Government inherited an oversized public administration and an undesirable composition of public expenditures, some of which are of questionable efficiency. Fiscal policy was adjusted to declining budgetary support from the Republic of South Africa (RSA) in the past four years. The Central Government's deficit was brought down from an estimated 22 percent of GDP in fiscal 1984 to an estimated one percent just prior to independence, but the measures taken did not address fundamental imbalance problems. The deficit was reduced initially through higher taxes and lower public investment and maintenance expenditures, and later through sharp reductions in defense spending. At present, the level of current expenditures is still excessively high, while maintenance and capital expenditures are too low. Government needs to change the composition of expenditures, increase their efficiency and contain their growth. This will be a difficult task that will require time and deft economic management.

ix. A constitutionally-enshrined job guarantee for public employees, inspired partly by the need to retain capable and experienced public servants, reduces the scope for lowering expenditures in the short run. Independence also entails expenditures that were not necessary before (e.g. Customs Department, Ministry of Foreign Affairs, embassies). As indicated above, there will be a need for additional social expenditures in the underdeveloped northern region and for poorer population groups. The maintenance of existing infrastructure and the pent-up public investment needs--including essential infrastructure in the north--will also require additional resources. Reducing expenditures while attempting to provide more and better health, education and housing services to the majority of the population will be a difficult management problem; in the short-run, expenditures are likely to rise.

x. Increasing tax rates, while feasible, might not be advisable, as the tax burden is already at developed-country levels and it is important to maintain an attractive economic environment for the private sector. There is room for broadening the tax base and reducing overly generous exemptions, but these changes would require further analytical work; the scope for change in the short run appears limited. Moreover, for historical reasons, about one-fifth of Government revenues comes from the South African Custom Union (SACU) arrangements with the RSA. These revenues reach the Namibian fisc with a two-year lag and do not depend on objective criteria, but on on-going negotiations with the RSA, which means that for the next two years the scope for change is also limited. The fiscal deficit, therefore, is likely to increase in the immediate future.

xi. In the medium term, increases in tax revenues are likely to arise from economic growth. There should also be scope for revenue increases from broadening of the tax base. On the expenditure side, a rationalization of the public administration should yield some savings. These changes will take time. The transition toward fiscal sustainability will require careful management. During the transition period, without foreign financing and other budget support, expenditure reduction will almost certainly have to fall on investment and maintenance, as it did in the recent past. An adequate level of external financing for social expenditures on health, education, and housing--preferably on concessional terms--would forestall such an outcome and give the Government a breathing space to examine these issues, devise solutions, and put in place an expenditure reduction and rationalization program that does not jeopardize either growth or equity. Over the longer term, a better tax system, the streamlining and redirection of expenditures, and the additional revenues generated by economic growth, should enable Namibia to finance all of the Government's current expenditures and an increasing proportion of its public investments, making it possible to reduce the country's dependence on external financing.

Growth Prospects

xii. The Government plans to rely on the private sector to reactivate growth and, to this end, it is committed to providing an enabling environment for private sector activity. Such an environment will be necessary to stimulate much needed investment. Both private and public investment declined precipitously during the first half of the last decade, the former at an average rate of nearly 19 percent per year, the latter at nearly 15 per cent per year. While private and public investment rates have recovered in recent years, both are still depressed; the former is about one-third below its 1980 level, while the latter is less than one-half. Although in the short run some growth might be squeezed out of higher capacity utilization, a sustained reactivation of the economy will require substantially higher investment rates.

xiii. The private sector's willingness to invest will be affected by two closely related factors: business confidence and the investment climate. Business confidence will be related to the economic position of the country and the perceived economic management ability of the Government. The investment climate will be related to the existence of profitable investment projects for the private sector, appropriate tax treatment, the ease with which investments can be undertaken, and--especially for foreign investors--how easily they expect to be able to take their money (dividends and capital) out of the country. On both counts the future bodes well for Namibia. The Government's approach to economic management is conducive to private sector growth and prospects for a speedy reactivation of the economy are good.

xiv. With the lifting of sanctions, exports of mining products, especially uranium, are expected to grow at 9.7 percent in 1990, 3.2 percent in 1991 and 2.5 percent in 1992. Fishing, a heretofore minor activity from Namibia's viewpoint, is likely to become one of the most important economic activities. The Namibian Sea is one of the largest and most productive coastal fishing grounds in the world, but owing to Namibia's pre-independence uncertain political status, there was no internationally recognized coastal state management authority and fishing took place almost freely, with few benefits accruing to the country. Soon after independence, the Government proclaimed a 200-mile exclusive economic zone and prohibited all fishing. It is estimated that with proper management, after stocks are given a chance to recover, the Benguela current could yield a sustainable annual catch of 3 million metric tons, equivalent to US$3 billion, approximately half of which would be in Namibian waters. The impact of the fisheries sector on Namibia's income will depend on the extent to which catch translates into foreign exchange earnings of Namibian residents. At worst, Namibia would receive income from fishing licenses only; at best, it could capture the entire catch proceeds. Although from an accounting viewpoint the catch in Namibian waters increases Namibia's product (GDP), what really matters is the amount of income that Namibia ultimately derives (GNP). Foreign exchange earnings from commercial fishing licenses and from Namibia's own fishing fleets are estimated at US$200 million in 1990.

xv. Mining and fishing would constitute the two main sources of growth during the next two years. In the medium to long term, fishing-related activities (e.g., fish processing) could also add to Namibia's growth but,

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to realize this potential, sizeable investments in processing facilities and infrastructure would be needed.

xvi. Finally, agriculture also has the potential to become a source of growth in the medium term if appropriate investments in irrigation are undertaken. In addition, the Government is aiming at reducing the productivity gap between communal and commercial farming through the provision of research and extension services to communal farmers. Accordingly, agriculture is expected to grow at around 3 to 4 percent per year in 1991-92.

xvii. In summary, after two decades of economic stagnation, the lifting of sanctions and the newly internalized income from fishing activities are likely to give the Namibian economy a boost that may bring GDP growth up to 6.4 percent in 1990. GNP growth rates will depend on Namibia's ability to capture income from fisheries. The boost is likely to spill over into 1991 and bring GNP growth up to 4.5 percent in that year. Once the effects of the boost peter out, growth is likely to slow down and may approach the rate of population growth. By the mid 1990s growth might also stem from the establishment and eventual production of fish-processing industrial activities, and higher productivity of communal farming, but further analysis will be required to make an assessment of these longer term growth prospects.

Fiscal Program

xviii. The development strategy put forward by Namibia in the recent "General Policy Statement of the Namibian Government" states that the welfare of the people would be promoted through policies that: (a) ensure that every citizen has access to public facilities and services; (b) raise and maintain the level of nutrition and public health, and the standard of living; (c) guarantee equality of opportunity for women; and (d) protect and maintain the ecosystems and living natural resources. In accordance with these policies, the main thrust of the Government's expenditure program for fiscal 1990/91 is to provide better health, education, housing and potable water to the majority of the population; improve research and extension services; and undertake small-scale irrigation schemes to stimulate agricultural growth. At the same time, the Government intends to increase the efficiency of public services and to make them more broadly available, while stepping up maintenance and investment expenditures to protect and extend the country's existing infrastructure.

Revenue Projections

xix. Preliminary data indicate that the revenue out-turn for 1989/90 was on the order of 36.2 percent of GDP. Conservative estimates would point to revenue collection on the order of 31.2 percent of GDP for 1990/91 and 30.3 percent in 1991/92. Two main reasons account for the lower tax yield relative to GDP. First the withdrawal of the RSA military and UNTAG contingents is likely to lower income and sales tax yields. Second, although licenses for the fisheries sector might yield some revenues, in the absence of a clear definition of Government policies, the Bank team did not take these potential revenues into account. The lower tax yield relative to GDP

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is partly the result of the accounting effect of the fisheries sector referred to above. Relative to GDP net of fisheries, revenues are projected to remain at traditional levels, equivalent to some 33 percent of GDP.

Expenditures

xx. Expenditures, on the other hand, were projected to increase slightly relative to GDP, from 37.2 percent in 1989/90 to 38 percent in 1990/91, and to fall to 35 percent in 1991/92. These projections take into account the constitutionally enshrined job guarantee for all public employees and the consolidation of the operations of the previous Authorities and General Government with the operations of the Central Government. The projected growth of Central Government expenditure, at almost twice the rate of inflation in 1990/91, represents a substantial increase in real terms and reduces the need for a further increase in 1991/92, while raising capital expenditures from 3.5 percent of GDP in 1989/90, to 4.6 percent in 1990/91 and 1991/92.

Fiscal Deficit and Possible Sources of Financing

xxi. The resulting deficit would be equivalent to 6.8 percent of GDP in 1990/91 and 4.7 percent in 1991/92. In addition, the Government would also need funding for scheduled amortization payments on the order of 2 percent of GDP in 1990/91 and 0.6 percent in 1991/92, bringing the overall financing needs to 8.8 percent of GDP in 1990/91 and 5.3 percent in 1991/92, or R575 million in 1990/91 and R401 million in 1991/92.

xxii. The Government would be able to finance part of the deficit by some drawdown of its cash balances and might be able to obtain new financing to cover its scheduled amortization payments. The resulting financing gap for 1990/91 would be R343 million (US$132 million) in 1990/91 and R258 million (US$100 million) in 1991/92. The size of the financing gap for 1990/91 means that there would be a need to finance the entire investment program, plus R93 million for general budget support. By 1991/92, the Government would already be in a position to finance part of its investment program out of its own revenues. Taxation of the fisheries sector and continued reduction of the wage bill could bring the deficit (before amortization) to some 3 to 4 percent of GDP--a clearly sustainable position.

xxiii. Namibia's per capita income places it in the middle-income-country category. This measure, however, disguises the economy's extreme dualism. The Government's priorities correctly seek to ameliorate income distribution by placing more emphasis on health, education, and water supply. These expenditures would be directed towards the poorest segments of the population which, unfortunately, constitute the country's majority. In a very real sense, these are expenditures necessary to improve the welfare of the inhabitants of a very poor country. In addition, investments in these sectors have a long pay-off period. Were Namibia to borrow on commercial terms to finance such expenditures, the loans would mature way before the returns from those investments begin to materialize. Thus, although Namibia is a lightly indebted country (total Government debt is equivalent to only 13 percent of GDP), it would not be advisable to seek commercial external financing for its social expenditures. Given Namibia's membership in the Rand monetary area, even concessional loans could become expensive owing to movements in the Rand, a situation over which Namibia has no control. For these reasons, during the transition period, donors are encouraged to finance the Government's recurrent and capital expenditures with either grants or loans with significant grant element, and to focus on projects in the more populous and poorest areas of the country in the agriculture, health, education, sanitation, and housing sectors. Such a focus would more efficiently utilize the Government's limited implementation capacity in high priority areas.

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I. THE ECONOMY

A. The Physical Setting

1. Namibia occupies a wedge-like area of 824,000 km^2 between Angola and the Republic of South Africa (RSA), on the Atlantic Coast of Africa. Its ample territory hosts widely different climates and physical scenarios: from lush-green tropical forests along the Northern border with Angola, where rainfall ranges between 400 and 500 mm per year, to desert-like landscapes in the South, where annual rainfall can fall below 100 mm. Two major deserts occupy a significant portion of Namibia's territory: the Namib, which in vernacular language means "land of nothing" and occupies a strip 80 to 120 km wide along the Atlantic coast; and the Kalahari, on the edge of which sits Windhoek, the country's capital, with approximately 200,000 inhabitants.

B. Population

2. Namibia's population was estimated at 1.66 million people in 1988. A presumably large (though unquantified) number of political emigrees returned to Namibia in 1989 and the first months of 1990. The rate of population growth has been estimated at 3.0 percent per annum, or possibly higher. The age distribution reveals a young population, in which 45 percent is below 15 years of age. Approximately 88 percent of the population is Black, 5 percent is White, and the remaining 7 percent is either mixed or belongs to other races. Approximately 58 percent of the population lives in the three northern districts of the country (Caprivi, Kavango, and Owambo).

C. Linkages with South Africa

3. The Namibian economy is closely integrated with the economy of the RSA and, for all practical purposes, it is organized as if it were a part of the RSA. Not only is the Rand the currency in circulation but, since Namibia is a de facto member of the SACU (Southern African Customs Union), the movement of goods and services to and from the RSA (as well as to and from other SACU member countries) is legally unimpeded. Namibia's participation in SACU entails yielding part of its taxing powers and for the next two years, at least, being dependent on largely discretionary transfers of financial resources from the Government of the RSA. Furthermore, the largest units in Namibia's private sector (i.e. financial entities and mining companies) are branches of South African enterprises. In addition, other vital services (such as the commercial banks' clearing facility), are still part of centralized systems run by the RSA.

D. Economic Indicators

GDP and GDP Per Capita

4. Officially recorded GDP was estimated at the equivalent of US$1,895 million in 1988, or US$1,142 per capita. This estimate, however, does not include traditional (subsistence) agriculture or the informal (urban-rural)

sector. This relatively high level of per capita income does not necessarily mean that Namibia shares the characteristics of many "middle income developing countries". Namibia's level of per capita income conceals an extremely dualistic society formed by sharply differentiated layers, among which the differences in economic conditions and living standards are unusually pronounced.

5. Namibian society is composed of two largely independent subsystems: (a) a traditional (subsistence) set of economic activities, comprising approximately 55 percent of the population; and (b) a modern (market oriented) set of economic activities containing 45 percent of the population. The latter segment could be split further into white (5 percent) and non-white (40 percent) components, depending on the race of the economic agents. Past policies of apartheid have led to the present situation, in which whites occupy most positions of responsibility and own a disproportionately large share of physical assets and human capital as well.

6. Unofficial estimates place value added in traditional economic activities (not included in the official GDP estimates) at the equivalent of R175 million, or US$77.4 million. Recorded GDP plus traditional economic activities add up to US$1,972 million or, on a per capita basis, US$1,188.

TABLE 1

Namibia: Major Segments of the Economy - 1988

	Total Value Added (US$ Millions)	Population (thousands)	Per Capita GDP (US$)
Traditional Activities (non-whites)	77.4	911.3	85
Modern Activities	1,895.0	748.7	2,531
(non-whites)	498.0	664.0	750
(whites)	1,397.0	84.7	16,504

Source: UNDP, "Population and National Accounts of Namibia", and The Department of Finance, "Statistical/Economic Review", SWA/Namibia 1989; World Bank team estimates.

7. The Modern/White segment of the economy generates a per capita income of, approximately, US$16,500 per year. The difference in per capita income levels between the Modern/White and the other identified segments of the economy is very pronounced: about 22 times the level of the Modern/Non White segment, and nearly 200 times that of the Traditional segment (which is 100 percent Non-White). Even on a per capita basis, i.e., disregarding the intra-segment differences in the distribution of income, the income differences are striking.

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Sectoral Contributions to GDP

8. Mining is the largest sector of Namibia's economy. It contributed 28 percent of GDP in 1988, and employed 10,000 persons, or 5.4 percent of total employment. Diamonds, uranium, and copper are, in this order, the three most important mining products. The bulk of the sector is accounted for by nine foreign-owned companies. By most standards, mining is a key sector, since in 1988 it contributed:

- 73% of exports of goods;
- 27% of gross investment;
- 26% of Government revenue; and
- 17% of remunerations to employees.

9. Commercial agriculture (excluding fishing) contributed 9.6 percent of GDP in 1988 and employed 34,400 persons, or about 19 percent of total employment. Unofficial estimates indicate that value added in subsistence agriculture would contribute an extra 2.2 percent to sectoral GDP. While subsistence agriculture dominates in the North (Owambo, Kavango, and Caprivi) where up to 70 percent of the population is dependent on agriculture, land-extensive and capital- and management-intensive technology characterizes the commercial agriculture of the South. Commercial agriculture is oriented to the production of cattle and processed meat for export, and Karakul pelts, also for export. Cattle production contributed approximately 65 percent to the gross value of agricultural output in 1988. Commercial crop cultivation is concentrated in a small portion of the North-Central region; the principal crop is maize, white for human consumption and yellow for animal feeding, but local demand is still largely satisfied through imports. Agricultural products represented 12 percent of the value of exports of goods.

10. Fishing contributed 2.0 percent to GDP in 1988, and employed 1,700 persons, or 0.9 percent of total employment. Such low contributions to GDP and employment might appear paradoxical, considering that the Namibian Sea is well known as one of the largest and most productive coastal fishing grounds in the world. In fact, two major industrial fisheries have been established: (a) an onshore pelagic fishery for sardines and anchovy conducted by a Namibia-based purse seine fleet, and (b) an offshore trawl fishery for hake and horse mackerel, mainly conducted by distant water fleets from several nations. Despite its generous endowment with this natural resource, Namibia's uncertain status until independence (not a country, but not a part of South Africa either), allowed fishing vessels from many developed countries to fish almost freely in these waters, while Namibians derived virtually no benefits from their activities. In 1974, the UN Council for Namibia prohibited all fishing operations within a 6 mile territorial limit, unless authorized by the Council. In 1977, the Republic of South Africa established a 12 mile territorial sea and a 200 mile exclusive fishing zone off the coast of South Africa. The RSA claimed that this applied to Walvis Bay also. The claim, however, was not accepted by the international community. As a result, beyond the 6 mile zone, the waters and their resources were, until independence, one of the few fishing areas in the world where there was no recognized coastal state management authority.

11. Fishing, one of Namibia's most valuable resources, was thus used and over-used, risking depletion. Until independence, the regulation of the

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fisheries and the management of the resources was divided between the RSA (onshore fisheries), and the International Commission for Southeast Atlantic Fisheries (ICSEAF) which was responsible for offshore fisheries, including the evaluation of stocks and the setting of quotas. Soon after independence, the Government proclaimed a 200 mile exclusive economic zone, and all fishing was prohibited. It is estimated that, given proper management, the fishery potential of the Benguela Current (approximately half of which would correspond to Namibian waters) could yield a sustainable annual production of 3 million metric tons. ICSEAF member countries have reported that in 1986-1988 the mean total annual catch was close to 1.2 million tons. A rough estimate of the first-hand value of these catches is US$200 million. There are no estimates of the extent of unreported fishing activities, but they are generally believed to be significant.

12. Manufacturing industries contributed 4.3 percent to Namibia's GDP in 1988, and employed about 9,500 persons, or 5.1 percent of total employment. If the fish processing facilities in Walvis Bay were to be added, the size of the sector would be more than doubled (those processing facilities are still located within an RSA enclave, although many of the workers employed by them are Namibian). The wood products industry is the single most important subsector in Namibia's manufacturing, followed by food products, and by metal and non-metal products. By and large, these industrial sub-sectors are closely related to the activities of the primary sectors.

TABLE 2

NAMIBIA: GDP AT CONSTANT FACTOR COST BY ECONOMIC ACTIVITY, 1980-89
(Percentages)

	1980	1984	1989
Agriculture and fishing	11.5	8.0	10.8
Mining and quarrying	43.6	35.9	31.7
Manufacturing	3.9	4.6	4.3
Electricity and water	1.8	2.3	2.5
Construction	3.5	2.8	2.5
Wholesale and retail trade	11.5	12.3	12.7
Transport and communication	5.3	5.8	6.5
Finance, insurance, real estate and business services	5.3	5.9	6.0
Community, social & personal services	1.3	1.9	2.0
General Government	9.6	75.0	79.0
Other	2.6	3.0	3.1
GDP at factor cost	100.0	100.0	100.0

Source: Statistical Appendix, Table I.2

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E. Social Indicators

13. The sharp income differences between various segments of Namibian Society are also reflected in the quantity and quality of social services made available to each ethnic group. A large part of such services was delivered to the population until independence by the so called "Representative" or Second Tier Authorities (regional Governments organized along ethnic lines), including one "Administration for Whites" and ten administrations for other ethnic groups. The "Administration for Whites" had per capita revenues and expenditures substantially higher than the levels corresponding to the other Representative Authorities.

Health

14. After 1980, health care was funded mainly through the Representative Authorities. This exacerbated the inequality in the availability of health services, on account of the differences in the availability of financial resources across ethnic groups. For example, in 1988-1989, the Central Government provided R5.6 million for health care to the Administration for Whites and R21.2 million to the Administration for the Owambos. This original allocation was unequal, on a per capita basis, favoring the Administration for Whites by a factor of approximately 2:1. But inequalities were reinforced through the allocations from the Second Tier Authorities, that pushed the ratio close to 3:1 in favor of the Administration for Whites. With independence, the system of ethnic Representative Authorities was repealed. Pooling of local revenues by the Central Administration would now allow a more equitable redistribution.

15. Other indicators also signal extreme differences in the quality of public health services. While the ratio of beds per thousand population averages 5.6 for the nation overall, the ratio is well above average in Oranjemund (22.1) and Damaraland (11.7), while it stands below average in the districts of Gobabis (4.8), Caprivi (4.7), Owamboland (4.1) and Okakarara (3.5).

16. Although facilities such as operating rooms, radiology and laboratory services are shared by whites and non-whites, the data also indicate that within the Administration for Whites the facilities have been underutilized. Patient-days per bed were only 23.7 per year for whites, as opposed to 157.2 for non-whites.

17. The facilities are also concentrated in a few areas. About 47 percent of the beds provided by 16 Department of National Health and Welfare hospitals are in the towns of Windhoek, Gobabis and Keetmanshoop. Approximately 65 percent of Windhoek State Hospital patients come from other areas, especially the North, owing to lack of local services and facilities.

Education

18. Several major problems characterize the Namibian educational situation. First, the national illiteracy rate is 60 percent. Second, drop-out (82 percent during the first six years of schooling) and repeating rates

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are high at the primary and secondary levels, especially among blacks. Third, the teaching staff is poorly trained. Fourth, the sector's resources are distributed inequitably, making it nearly impossible to provide adequate educational services to the children living in the northern districts, i.e., more than half the children in the country. Finally, there is a shortage of vocational and technical training and non-formal education, particularly for women.

19. As in the case of health care, differences in the quality of education services among various ethnic groups were compounded by the system of Second Tier Authorities. Each of the 11 Representative Authorities, through its Directorate of Education and Culture, was expected to provide education up to Standard 10 (12 years of schooling); to train primary school teachers; and to build and run schools, training colleges, hostels and other education related institutions. The resulting distribution of qualified teachers was biased strongly in favor of the Administration for Whites, 70 percent of whose teaching force is considered "qualified". By contrast, the Tswanas had 23 percent qualified teachers, the Department of National Education 18 percent, the Coloureds 16 percent, the Damaras 12 percent, the Basters 11 percent, the Namas 9 percent and the Kavangos, Caprivians and Hereros 2 percent each.

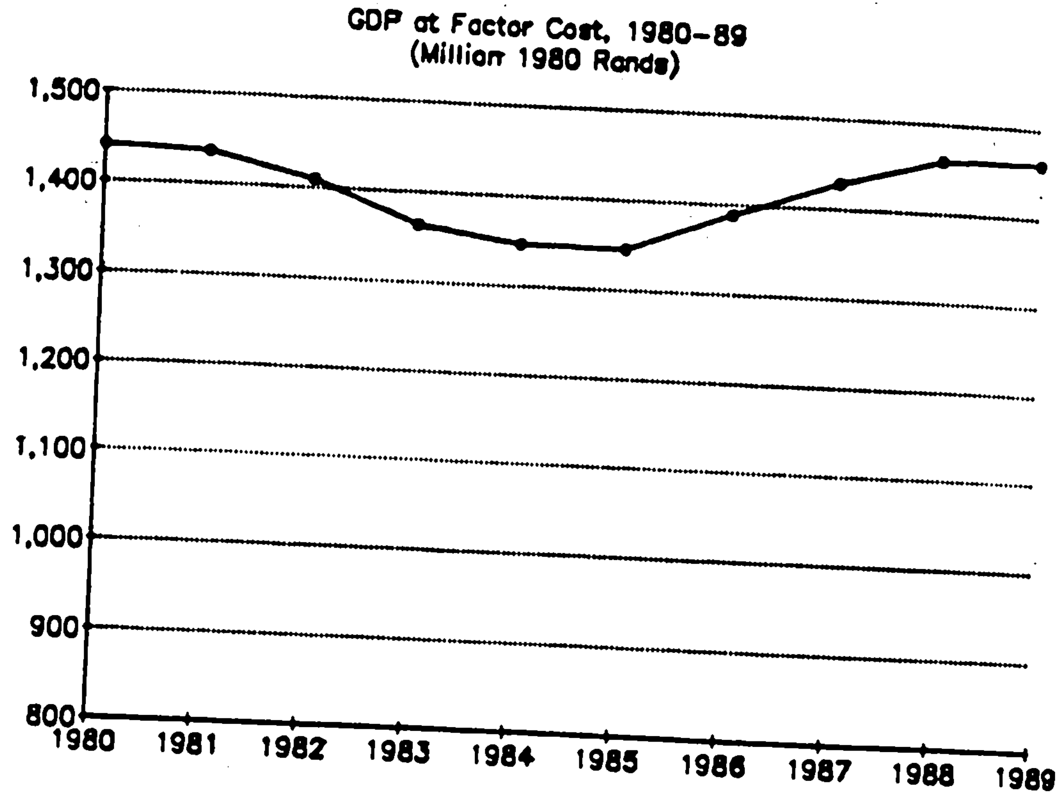
20. This inequity is also reflected in expenditures per student at the primary and secondary level. In the White Administration, expenditure per student in 1986/87 was R3,213, which contrasted sharply with expenditure per student among the Owambos, of R329. The Tswanas ranked second with expenditures of R1,648 per student.

II. RECENT TRENDS AND POLICY ISSUES

A. Growth and Equality

Macroeconomic Trends

21. Real GDP has been stagnant for close to twenty years. After growing at an average annual rate of 9 percent during the sixties, as the mining sector thrust forward, it stagnated during the seventies and grew at an average annual rate of 0.2 percent during the eighties. Real GDP declined steadily during the first half of the 1980s, reaching its lowest point in 1985, when it stood 7 percent below the peak reached in 1980. Global output recovered as of 1986, but this recovery soon petered out and, by 1989, the economy was stagnating; at the end of the decade real GDP stood 1 percent above its 1980 level. During the eighties, these unfavorable developments were triggered mainly by external shocks, namely droughts, sanctions against the RSA, and political uncertainty, which inhibited private sector investment.



22. Even though the initial and final values of GDP were virtually the same, the composition of expenditures on GDP recorded significant changes during the 1980s. The ratio of private consumption expenditures to GDP grew as GDP declined during the first half of the decade (peaking at 67 percent in 1983), and decreased as GDP increased during the second half (closing the decade at 55 percent in 1989).

23. Government consumption expenditures increased sharply, especially during the early 1980s, as the public sector expanded the scope of its activities and public employment rose. From 16.5 percent of GDP in 1980, this ratio fluctuated around 30 percent of GDP in the second half of the decade.

24. Gross fixed investment declined in the 1980s, both as a ratio to GDP and in real terms. The GFI/GDP ratio stood at 28 percent in 1980, and declined to 15 percent in 1984; during the rest of the decade it stood at or below this level. In real terms, fixed investment bottomed out in 1986, when it stood at 58 percent of the 1980 level. While public investment declined steadily throughout the decade, private investment initiated a mild recovery in 1986, but it still remained at a low level. This overall investment decline was caused by Government's decision to reduce capital expenditures as a way of limiting the size of the fiscal deficit, and by a combination of factors affecting private investors' behavior: (a) the uncertainty prevailing during this period concerning the political future of the country and, also, its future economic policies; (b) the impact of the international economic sanctions against the RSA on Namibia's economic activity; and (c) the decline in productivity of the diamond mines, caused by the increasing exhaustion of the easy-access deposits. It is clear that a higher level of investment in the productive sectors will be required to enable Namibia to achieve a faster pace of economic growth and social development on a sustained basis.

Gross Fixed Capital Formation, 1980-88
(Million 1980 Rands)

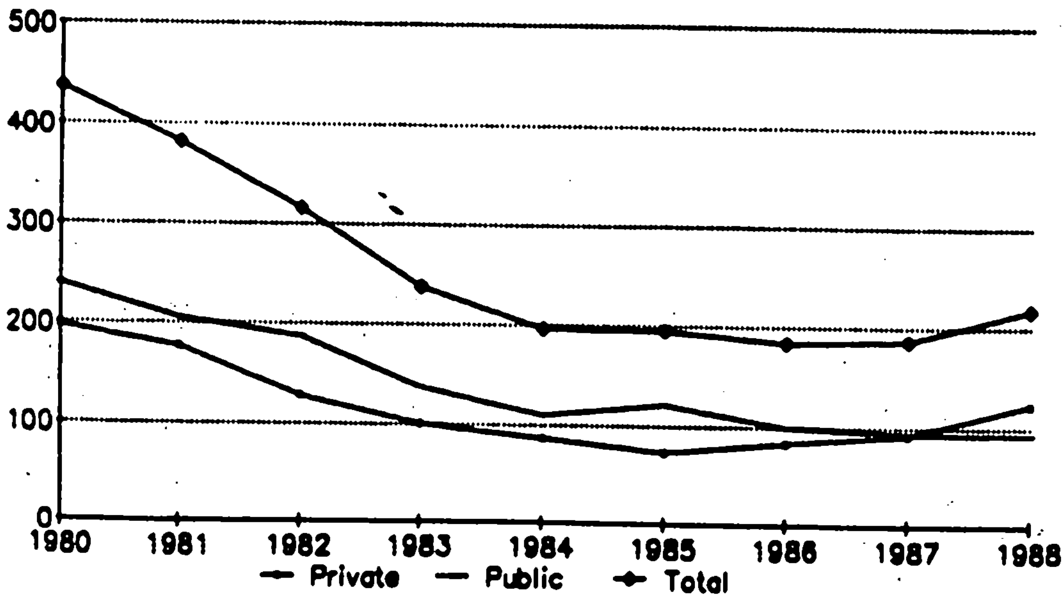


TABLE 3

FIXED INVESTMENT 1980-88 1/
(Million 1980 Rands)

Year	Private	Public	As % of GDP Private	As % of GDP Public
1980	197.5	239.6	12.6	15.3
1981	176.8	205.1	12.5	14.7
1982	128.4	187.5	9.5	14.0
1983	100.6	137.1	8.0	11.2
1984	86.8	110.3	6.7	8.8
1985	73.8	121.4	5.1	8.5
1986	84.1	100.1	6.2	7.0
1987	92.9	93.9	7.2	7.1
1988	123.7	94.1	8.5	6.5

1/ Private investment includes fixed investments of "private business enterprises" and "public corporations, and excludes fixed investments of "public business enterprises".

Source: Statistical Economic Review, 1989.

25. The shares of both exports and imports to GDP declined throughout the 1980s, the former from 74 percent to 50 percent, and the latter from 80 percent to 56 percent. The sum of exports and imports relative to GDP--a frequently used indicator of the degree of openness of an economy--declined from 143 percent in 1980 to 106 percent at the end of the decade. This indicator suggests a "closing" of the Namibian economy, which may have been caused by the international sanctions against the RSA and by the policies adopted by the RSA in response to such sanctions. Unfortunately, the weakness of Namibia's international trade statistics--especially the import data--resulting from the country's treatment as a part of the RSA, preempt a firm conclusion in this respect.

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TABLE 4

NAMIBIA: GROSS DOMESTIC PRODUCT & EXPENDITURE AT CURRENT PRICES; 1980-89
(Percentages)

	1980	1984	1989
Private Consumption	45.9	65.1	55.8
Government consumption	65.0	38.0	35.6
Gross domestic fixed investment	28.0	15.4	14.8
Change in inventories	5.2	1.8	2.5
Exports of GNFS	73.6	54.2	53.9
Imports of GNFS	69.2	67.3	52.7

Source: Statistical Appendix, Table I.6

Sectoral Developments

26. Real value added in the mining and quarrying sector declined during most of the decade. As a result, in 1989 it stood 27 percent below its 1980 value. Its relative contribution to GDP also decreased, from 43.6 percent in 1980, to 31.7 percent of GDP in 1989. This sharp decline was prompted by the fall in the production of precious stones (mostly diamonds) of about 40 percent during the decade owing to the exhaustion of deposits, and, to a lesser extent, by the decline in the production of sources of energy (mostly uranium) by some 25 percent, owing to international sanctions against the RSA.

27. Real value added in agriculture fell during the first years of the decade, as a result of a severe drought. By 1984, the decline represented approximctely one-third of the 1980 output values. A recovery began in 1985, and by 1989 sectoral value added stood at approximately 95 percent of its 1980 value.

28. Manufacturing has remained relatively stagnant throughout the decade. Its contribution to GDP has fluctuated between 4 percent and 4.5 percent. Growth in the manufacturing sector gathered some momentum in 1989, due to the expansion in the meat packing industry, probably triggered by the consumption patterns of the UNTAG contingent stationed in Namibia.

29. Amongst the remaining sectors, Government merits special consideration. The number of Government employees, and the value added by the General Government, e.g. the Government's wage bill, increased substantially during the 1980s. Its real value virtually doubled between 1980 and 1989. As a ratio to GDP it rose from 9.6 percent in 1980, to 17.9 percent in 1989.

A Key Policy Issue: Growth and Equality

30. The most important development challenges faced by the country are (i) establishing a suitable framework to attain sustainable and rapid growth in output and employment; and (ii) making rapid progress towards the reduction of inequality in income distribution and the provision of social services.

31. Legal or formal equality has already been established by the Constitution of Namibia, but the drive towards a more even distribution of income and public services is yet to begin. Moreover, macroeconomic constraints make it difficult to give operational content to this objective in the short run. In particular, the country's development potential may be jeopardized by excessive speed in the pursuit of equality, if it leads to an overly rapid increase in consumption and becomes, therefore, detrimental to the formation of domestic saving and capital accumulation.

32. A possible short-term approach to the pursuit of equality--minimizing the possibly negative effects on saving and investment--would focus on reallocation of public expenditures in such a way that, after a transition period, the level and quality of public goods and public utilities offered by the public sector would be more even for all Namibians. Over the medium and long term, the equity issue may best be tackled by increasing the rate of growth of the Namibian economy, since a larger output of goods and services can support higher and more egalitarian standards of living.

33. Fortunately, there is scope for improving the growth performance of the Namibian economy. In the short run, as analyzed in Part II below, the recovery of the level of economic activity is likely to be led by the increased income accruing to Namibia from the fisheries subsector. Over the medium to long term, a larger national output will call for additional capital formation in the public and private sectors. Public sector savings will be a key variable conditioning capital accumulation. There are limits to domestic and foreign borrowing on the part of the Government, first because of the risk of "crowding out" the private sector in the domestic financial markets, second because the supply of external funds is limited.

B. The Development of the Private Sector

Investment Climate

34. The Namibian Government is committed to creating an enabling environment in which the private sector would play the major dynamic role in the development of the economy. The private sector's willingness to invest will be affected by two closely related factors: business confidence and the investment climate. Business confidence will be related to the economic position of the country and the perceived economic management ability of the Government. On both counts, Namibia is likely to do well, since the economy is in a relatively healthy state, and the new Government has approached economic management in a serious fashion. The investment climate will also be related to the existence of profitable investment projects for the private sector, appropriate tax treatment, the ease with which investments can be

undertaken, and--especially for foreign investors--how easily they can take their money (dividends and capital) out of the country.

The Development of Small and Medium Scale Enterprises

35. There is now in Namibia an obvious economic, social and political need to promote the emergence of a strong sector of small and medium scale enterprises, with the twin objectives of fostering the development of indigenous entrepreneurship and reinforcing the drive for employment creation in the modern sector. For all practical purposes, up to now, "private sector" has meant foreign or White-Namibian. The promotion of small and medium scale enterprises would be a way of contributing to the development of indigenous entrepreneurship. The experience of numerous developing countries indicates that small and medium scale enterprises are a powerful vehicle for the generation of employment.

36. A program to provide technical, managerial, and financial support to small and medium scale enterprises run by African-Namibian entrepreneurs would contribute to reducing the prevailing differences among ethnic groups, as well as to creating an additional source of institutional stability and economic growth in a system in which the private sector is called to play an important role.

C. Employment

37. Two manpower surveys were carried out in Namibia in 1984 and 1988. These surveys exclude the labor force engaged in subsistence agriculture and informal activities. The 1984-1988 period coincides with the recent recovery of GDP. Thus, 1988 GDP was 8.4 percent higher than 1984 GDP. Between these two years, total employment increased by 23 percent, or 5.3 percent per annum. The productivity decline implied by these figures was caused mainly by the concentration of employment growth in the Government. Most of the increase reflected the incorporation of female workers to the employed labor force: between 1984 and 1988 female employment grew by 90 percent (or 17.5 percent per annum) while male employment increased by 5.3 percent (or 1.2 percent per annum).

TABLE 5

NAMIBIA: EMPLOYMENT SURVEYS

	1984	1988
Total Employment	150,224	184,793
- Male	118,443	124,307
- Female	31,781	60,486

Source: Department of Economic Affairs, Manpower Survey, 1984 and 1988.

38. Namibia's employment statistics indicate that only 185,000 people, equivalent to 11 percent of the population are 'employed'. This extremely low fraction reflects the limited coverage of the Manpower Survey, which is circumscribed to the 'modern' economic activities. In the future, employment creation should depend largely on the rate of growth of output. The employment issue has two dimensions: (i) to create a large number of new jobs in the modern sector; and (ii) to create the conditions for productivity growth in traditional activities, especially subsistence agriculture, in such a way that a progressively larger number of people become engaged in market oriented agricultural production and take the newly created jobs in the modern sector.

D. Public Finances

Introduction

39. Public finances pose the third and what is probably the most difficult immediate challenge faced by Namibia's economic management during the country's initial post-independence period. To reconcile the options which are feasible in the immediate future in this policy area, with medium-term development goals, it is essential to take into account the main characteristics of the pre-independence public sector structure (organized mainly along ethnic lines) and the fiscal performance in recent years (heavily influenced by the structure and by the economic relations of pre-independent Namibia with the RSA). The following pages analyze the structure and recent trends, as a basis for identifying the main fiscal policy issues faced by the country.

The Structure of the Public Administration

40. Prior to independence, Namibia's public administration consisted of a Central Authority, 11 Representative or Second Tier Authorities (established in 1980), an equal number of municipalities or Third Tier Authorities, numerous other local authorities, and several statutory entities. On April 1, 1989, the Administrator General, appointed by the RSA, assumed the executive power for all three tiers of administration until the establishment of a Government for independent Namibia.

41. Namibia's inherited system of public administration differed significantly from that of most, if not all, former colonies because the Second Tier Authorities--suppliers of public goods such as health, education and welfare--were ethnically based. While formally established to provide a measure of self-government to various population groups they could not provide it because they lacked the necessary human and financial resources to operate effectively.

42. Except for the Administration for Whites, the Second Tier Authorities depended heavily on financial transfers from the Central Authority, as their only other significant source of revenue was the personal income taxes paid by members of the respective ethnic group. Central Government transfers to the Second Tier Authorities are estimated to have covered at least 75 percent of their expenditure on average.

43. The system of ethnic separation did not function with an acceptable level of economic efficiency and social equity and, in the late 1980s, reforms were introduced to correct the inefficiencies of the Second Tier system and the inequalities that it created and/or aggravated. Maintaining rigid administrative partitions among ethnic groups while seeking to reduce inequalities complicated the management of public finances. On the revenue side, the Central Authority appropriated an increasing share of the tax revenues accruing to the Second Tier Authorities, and reapportioned them on the basis of the assessed needs of various groups. Furthermore, the strict administrative partitions among ethnic groups were supplemented with systems of subsidization, cross-subsidization and shifting responsibilities in the execution and funding of certain activities between the First and Second Tiers of Government.

44. In the 1980s, and particularly in the latter half of the decade, the public sector expanded its scope to include a range of traditional public services, as it took over the ownership of the public enterprises providing these services from the South African Government and private South African companies. At independence, these public enterprises provided power, water, transportation (road, air, sea, railway) and communications (radio and television). The public services and the economic and social infrastructure were well developed in the Modern/White segment of the economy; they were largely oriented to serve the major urban centers, with few services provided to the rural areas.

Recent Trends: A Summary[2/]

45. During the first half of the 1980s, the deficit of the Central Authority reached an average of 20 percent of GDP, partly owing to the implementation of the three tier system referred to above. Namibia relied heavily on budget support from South Africa for financing that deficit. The deficit after transfers was financed by drawdown of Treasury cash balances and by commercial bank borrowing, guaranteed by the RSA. During this period revenues and expenditures of the Central Authority were fairly stable relative to GDP, averaging 26 percent and 46 percent of GDP respectively.

46. On the revenue side, payments from RSA in lieu of customs and excise duties dominated the fiscal revenues of the Central Authority in the early 1980s, while other sources of revenue contributed on average less than 50 percent of the total. The latter sources consisted mainly of company taxes, especially diamond sector taxes, a general sales tax and administrative fees and charges. Income taxes accrued to the Second Tier Authorities. On the expenditure side, current expenditure expanded rapidly, while capital expenditure declined both in absolute terms and relative to GDP.

47. In the second half of the decade, a significant reduction in budget support from RSA coincided with a sharp decline in the overall deficit (before transfers) to an average of 8 percent of GDP. After these transfers,

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2/ The performance of public finances during the 1980s is described and analyzed in more detail in the Appendix on this subject.

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the Central Authority registered an overall average surplus of about 1 percent of GDP. This was achieved mainly through an increase in revenues equivalent to about 8 percent of GDP (from 27.6 percent of GDP in 1984/85 to 36.2 percent in 1989/90), and a reduction of a similar size in expenditures, which declined to 37 percent of GDP in 1989/90, as Table 6 shows.

48. The expenditure reduction continued to be concentrated in capital expenditures, which were more than halved relative to GDP, to 3.5 percent, in 1989/90. Meanwhile, current expenditures remained high relative to GDP. On the revenue side receipts from RSA in lieu of customs and excise duties continued to decline in importance, but this was more than outweighed by the improved yields from the general sales tax, the rate of which was increased repeatedly, and income and property taxes. Income tax yields were boosted in the mid-1980s (when the Central Authority began to withhold part of the income taxes, which otherwise accrued to the Second Tier Authorities) and again in 1989/90, when all individual income taxes became payable to the Central Authority, rather than to the Second Tier Administrations. At the end of the decade, the Central Authority registered only a small deficit, equivalent to one percent of GDP, prior to RSA transfers. After these transfers, the Authority was in surplus although it had to draw down its cash balances to meet large amortization payments.

TABLE 6

Central Authority: Summary Financial Operations

In the 1980s, in percent of GDP

	81/82	82/83	83/84	84/85	85/86	86/87	87/88	88/89	est 89/90
Revenue	26.0	25.0	26.5	27.6	33.3	35.1	33.7	33.0	36.2
Taxes on Intl. Trade	16.6	15.0	14.1	11.9	11.9	12.4	10.9	10.2	9.6
Other Revenue	9.4	10.0	12.4	15.7	21.4	22.7	22.8	22.8	26.6
Expenditure	44.9	44.0	48.8	45.7	43.5	43.5	46.4	39.8	37.2
Current	32.8	32.2	40.6	37.3	34.9	36.9	37.4	33.9	33.7
Capital	12.1	11.8	8.2	8.4	8.6	6.6	9.0	5.9	3.5
Deficit (Surplus) before RSA budget support	-18.9	-19.0	-22.3	-18.1	-10.2	-8.4	-12.7	-6.8	-1.0
Deficit after RSA budget support	-6.0	-7.2	-7.6	-1.7	0.9	6.1	-4.1	0.2	1.6
Financing	6.0	7.2	7.6	1.7	-0.9	-6.1	4.1	-0.2	-1.6
Borrowing, net	8.6	11.4	9.4	5.0	0.3	-1.4	0.1	1.8	-3.0
Increase in cash balances (+)	2.6	4.2	1.8	3.3	1.2	4.7	-4.0	2.0	-1.4

Source: Statistical Appendix Table V.2

49. The total debt of the Central Authority rose from 14 percent of GDP in March 1982 to a peak of 34.7 percent in March 1985, reflecting expansionary fiscal policies, the consequent high deficit, and the heavy

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use of borrowing to finance both the deficit and an improvement in the government's cash position. From 1984/85 and until independence, the debt of the Central Authority was reduced to 13.2 percent of GDP (R714 million) and at independence Namibia's foreign and domestic debt and debt service burden was relatively light.

50. Given the lack of domestic financial markets, it is presumed that most of the debt is external in the sense that it is held by non-Namibian residents, within the Rand Monetary Area. However, there are no comprehensive statistics on the ultimate holders of the debt instruments. As a part of the Rand monetary area, Namibia has traditionally classified non-rand denominated debt as external. Defined as such, Namibia's foreign debt rose from an insignificant amount at the beginning of the decade to about 10 percent of GDP at end March 1985. Thereafter, Namibia's external debt was reduced to 3.1 percent of GDP in March 1989 and to 1.3 percent of GDP at independence, corresponding to 10 percent of the total debt of the Central Government.

51. In summary, while significant fiscal adjustment was made prior to independence, the fiscal position was vulnerable and the adjustment had taken place in a manner incompatible with economic development. Thus, the tax base remained very narrow, with a significant part of the revenue dependent on volatile international markets; another major component, the payment from RSA in lieu of customs and excise duties was also uncertain, at least for the next two years, as it depended on negotiations with RSA. Accordingly, independent Namibia could not count on automatically continued high revenue performance. While the overall level of expenditure had been reduced, the adjustment had been accomplished mainly by reducing maintenance and investment with little effort to improve efficiency. Inefficiency stemmed, _inter alia,_ from the large number of ethnic authorities with formally separate administration, health, education, pension and welfare systems, in addition to those of the Central Authority and the local governments. The cumbersome bureaucracy and the inefficiencies were reflected in an excessive wage bill for the General Government (estimated at 18 percent of GDP in 1989), high current expenditure levels, and low service quality for the majority of Namibians. At the same time, most of the fiscal adjustment on the expenditure side had clearly fallen on investment to an extent which hampered the country's development.

Policy Issues

52. Although relatively well developed, Namibia's public administration is now confronted with a number of difficult problems. It has inherited a complex administrative structure and a narrowly-based revenue system with a large share of revenue to be determined in the short term by negotiations with the RSA in the SACU framework--thus not subject to Namibian policy action. It faces--at least in the short run--a scale and composition of public expenditure which the country cannot support. Significant budget support from RSA is unlikely to continue after independence. Given the narrow tax base and the already high tax burden, there is only limited room for increased taxation in the short term. However, expenditure pressure to meet both social and economic needs is

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strong. The challenge to the Government consists in rationalizing public administration to meet new priorities while maintaining existing assets without endangering fiscal and macroeconomic stability.

a. <u>New Demands for Higher Public Expenditure</u>

53. The new Government is likely to experience major pressures for higher public expenditures. First, independence entails additional overhead expenditures, such as new ministries, embassies, a Customs Department, etc. Second, the Government needs to provide more and better health, education, and housing services to the heretofore neglected majority of the population. These pressures can be expected to be particularly acute in the most populous, undeveloped and war ravaged Northern area, where almost half of Namibia's population lives. Spending pressure is also likely to intensify because of increased migration towards the cities and the repatriation of SWAPO forces. Finally, the Government needs to maintain the existing infrastructure and make up for low maintenance and investment levels during the eighties.

54. The cost of maintaining the economic and physical infrastructure left by the administration of RSA is above what other countries at similar stages of development sustain. Because the infrastructure is concentrated in urban areas and provides connections mainly between them, Walvis Bay and RSA, it benefits only a small proportion of the people. Maintenance of this system, then, will need to be accompanied by the development of new projects designed to extend it and to spread the benefits to larger areas and population groups. The new nation needs to redirect current and investment expenditures according to new priorities, while maintaining existing assets and adding infrastructure.

55. Furthermore, the scope for reducing costs through savings is limited. Although the Constitution mandates the abolition of the Second Tier Governments, it also guarantees the jobs of all General Government employees. The abolition of the Second Tier Authorities will be followed by a transition period of centralization. Later on, after new structures for regional and local governments are established, decentralization will follow, but this oversized public sector will continue to be a financial burden. In the short term, then, expenditures are likely to increase. In the medium term, the constitutional decision to abolish the Second Tier Governments offers hope for a radical streamlining of expenditures. The actual savings from restructuring, and the speed with which these could be realized, would of course depend on the new system.

b. <u>Revenue Constraints</u>

56. The scope for quickly raising revenues, on the other hand, is limited. Part of the adjustment to the declining budget support from the RSA was through higher taxes and the tax burden is now high at 33 percent of GDP. This burden is now at developed-country levels. Further rate increases without previous analytical work of their effects on equity and private sector activity would not be advisable. Moreover, affecting Namibia's room for manoeuvre, its revenue performance is dependent on negotiations with RSA and/or all SACU members regarding the amount to be

transferred to Namibia for the next two years out of the SACU receipts. This revenue will be based upon transactions during the two years prior to independence, for which Namibia does not have trade statistics. Having decided to join SACU, Namibia will also need to develop its own customs and excise tax administration, as well as statistics on external trade, to be able to claim its share of SACU receipts.

c. Outlook

57. Given the constraints on revenue and the new demands on expenditures, the fiscal deficit is likely to rise in the short term. Over the medium term, the resolution of the fiscal problems will depend on the degree to which the growth of expenditures can be restrained, while meeting the considerable social and economic needs. On the revenue side, broadening the tax base and reducing some overly generous exemptions should increase yields and improve the efficiency of the system. Also, tax revenues are likely to increase as a result of GDP growth, provided that tax administration adjusts to the diversified future growth pattern, so that tax buoyancy is maintained. Furthermore, expertise needs to be developed to perform more effective follow-up and audits of more complex operations. The medium term goal should be to reach a sustainable fiscal position compatible with development; one where government revenues cover current expenditures and make a significant contribution towards the funding of the investment program, with social investment and long gestation projects funded, at least during a transition period, mainly with external loans with a strong grant element. At a later stage, the Government should be able to resort to some domestic and/or external financing on commercial terms. Over the medium term, a relatively rapid integration of all population groups into the development process could broaden the revenue base and reduce pressure for social expenditure. However, this would require significant public expenditure in the beginning, particularly in the social sectors.

58. In summary, Namibia's prospects for a return to a sustainable position in the medium term will depend on the Government's determination to improve efficiency in the public administration from the outset. In this connection it is crucial that the Government not become an employer of last resort, and that the wage bill be reduced in real terms, possibly by both wage and employment restraint. The opportunity to rationalize the public administration, which has been provided by the constitutional elimination of the ethnic authorities should not be passed up, or indeed contravened, by the creation of a massive Central Government structure. To maximize the use of its resources, the Government must set strict priorities for its expenditure programs, both on current and capital account. Finally, given the already pressing problems of excess of current expenditure, and the needs for development of Namibia's human capital as well as for improvements in social services, the Government should be mindful that investment generates future current (operating as well as maintenance) requirements. Thus the size of the investment program should be consistent with the Government's ability to support corresponding future recurrent costs.

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E. The Financial Sector

59. Until independence, Namibia's financial sector was essentially an appendix of the financial sector of the RSA. From the point of view of the financial institutions (banks, savings and loans, insurance companies, etc), the most important ones were branches or agencies of South African firms. From the point of view of the individual economic agents, this did not make any real difference, since Namibia was an informal member of the Rand Monetary Area.

60. One way or the other Namibian savings were recycled through the financial markets in the RSA. It is informally estimated that approximately R700-R800 million has flown out of the country every year. It should be understood that this is a gross outflow and unfortunately it is not possible to estimate the net flow. Although the banks may deposit their excess reserves in South Africa, Namibian residents may also obtain direct loans from banks in South Africa. Insurance companies and pension funds may invest their reserves in South African financial assets, and the insured and pensioners may collect from South African financial institutions.

61. The existence of a pool of funds close to 18-20 percent of GDP annually is a challenge, and an opportunity, for the Government of Namibia. If Namibia were to offer investment opportunities for savers, an important proportion of the savings that flow out of the country would become available to finance either private sector activities in Namibia or the public sector deficit. To this end Namibia should develop money and capital market institutions that will make it attractive to invest these funds in Namibia. As of this moment, in the absence of those institutions, it is not clear to what extent Namibia would be able to mobilize the savings being generated in the country for domestic use. This issue becomes more relevant as the Government of Namibia has already announced its plans to create a national currency and establish a Central Bank.

F. The External Sector

62. Data pertaining to Namibia's external sector are generally weak. Owing to Namibia's treatment as part of the RSA, the flow of goods and services between Namibia and the Republic of South Africa has been completely free, and has not been recorded in any systematic fashion. Until independence, there were no border posts between Namibia and South Africa. Also capital flows between Namibia and the rest of the Rand monetary area have been totally free.

63. Estimates of the balance of payments of Namibia are circumscribed to the current account. The capital account has not been estimated, and there are no reliable estimates of the quantity of money (reserves) in the economy.

64. During the 1980s the current account of Namibia's balance of payments moved from a small deficit in the initial years (-1.0 percent to -4.0 percent of GDP) to progressively larger surpluses around the middle

of the decade. These peaked in 1986, when they reached R571 million (18 percent of GDP). The balance on current account contracted after 1986, as the Government of the RSA reduced its financial transfers to Namibia. By 1988, the current account showed again a negative balance equivalent to 2 percent of GDP.

65. The balance on goods and nonfactor services has been negative during most years, indicating that Namibia has been absorbing real resources from the rest of the world. Towards the end of the decade, the balance on goods and nonfactor services ranged between 5 percent and 10 percent of GDP.

66. Exports and imports of goods stagnated during the early 1980s, but grew rapidly during the late eighties. Exports ranged between R950 and R1,100 million in 1980-84. Later on they grew rapidly, prodded by a substantial rise in the price of diamonds, reaching approximately R2,700 million in 1989. Imports followed a similar pattern, but their growth during the second half of the decade was less rapid. From R900-R1,100 million in 1980-1983, they increased to about R2 billion at the end of the decade.

TABLE 7

NAMIBIA: Main Exports - 1989
(Rand Millions)

Agricultural Exports	387.1
Cattle	(154.9)
Small stock	(95.9)
Unprocessed fish	(93.8)
Karakul Pelts	(25.0)
Other	(18.4)
Mineral Exports	2,026.8
Diamonds	(814.0)
Other	(1,212.8)
Manufactures	135.8
All others	151.7
TOTAL EXPORTS	2,701.2

Source: Statistical Appendix Tables I.6 and VIII.1

67. Namibia's informal membership in the Rand Monetary Area means that, for all practical purposes, the country does not have an effective balance of payments constraint. Nevertheless, given the Government's decision to create a currency, this situation could change in two or three years, which is the time required to establish a Central Bank and make it operational.

68. At such a time, the Government of Namibia will have to decide on policies affecting international trade and finance. An exchange rate regime will have to be chosen. Pegged or floating exchange rate? What kind of exchange controls, if any? If the exchange rate is going to be pegged, pegged to what? Will Namibia maintain its membership in SACU over the long term? What kind of export promotion policies will the Government adopt? The latter question is tantamount to asking what kind of development strategy the Government wishes to follow, given the fact that for an economy the size of Namibia's there is virtually no alternative to an export-led development strategy.

III. THE GOVERNMENT PROGRAM AND EXTERNAL ASSISTANCE REQUIREMENTS

A. The Government's Economic and Social Strategy

69. The Government's Economic and Social Strategy has been put forward in a document entitled "General Policy Statement of the Namibian Government". A summary of this document provides the background for the quantitative assessment of Namibia's external assistance needs. The Policy Statement, in line with the Constitution's proclamation of private property as an essential human right, defines the economic system as a mixed economy. Public, private, mixed, cooperative, and small-scale family forms of ownership are allowed. Foreign investments will be encouraged subject to the regulations of a future investment code. The document goes further in advocating a dynamic role for the private sector, which together with well functioning markets, would provide safeguards, according to the Government's view, against the stagnation that would result from excessive centralization and bureaucracy.

70. The welfare of the people will be promoted through policies aimed at:

(a) ensuring that every citizen has access to public facilities and services;

(b) raising and maintaining the level of nutrition and public health, and the standard of living of the Namibian people;

(c) ensuring equality of opportunity for women; and

(d) protecting and maintaining the ecosystems and living natural resources.

71. To attain these objectives, the Government has identified four priority sectors: (a) agriculture and rural development, on which the livelihood of the majority of the people depends; (b) education and training, to give an opportunity to all Namibians to participate fully in the development process; (c) health care (including potable water) for the neglected majority of the population; and (d) housing, especially for the less advantaged.

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72. The Government has decided to set up an independent Central Bank. In approximately two years a new Namibian currency will be established; the Government purports to make it a strong and stable currency in a framework of relatively free capital movements.

73. Namibia has been a de facto member of the South African Customs Union. The Government wishes to formalize this membership and, in two or three years, it will assess the benefits and costs associated with it. The Government also intends to participate in other regional arrangements such as the Southern African Development Coordination Conference and the Preferential Trade Area for Eastern and Southern Africa, and to contribute to the establishment of an African Economic Community. It is prepared to join various United Nations Agencies, the International Monetary Fund, the World Bank, and the General Agreement on Trade and Tariffs.

74. The Government of independent Namibia is fully aware of the importance of development planning, aid coordination, and debt management. To undertake these functions efficiently, the Government has established a National Planning Commission.

Growth and Employment

75. The Policy Statement points at employment as the key variable against which the performance of the Namibian economy should be assessed. An estimated 30 percent of the labor force is out of work at the present time, since returnees and demilitarization aggravated the serious structural unemployment problem that Namibia already had. During the second half of the 1980s, the Government's Policy Statement notes with warranted concern, total employment grew faster than GDP due to the rapid growth in public employment; therefore, average labor productivity declined. The Government's strategy seeks to change this pattern.

76. A rate of growth of GDP of 4 percent to 5 percent per year--an aggregate performance considered feasible by the Government--could lead to the creation of approximately 20,000 new jobs by 1992. This would imply employment growth of about 3.5 percent per annum, and productivity gains ranging between 0.5 percent and 1.5 percent per annum. A similar number of additional jobs could be created through special training and labor-intensive programs. The Government believes that all this would lead to a reduction in the rate of unemployment to 15 percent by 1992.

Priority Sectors

a. Agriculture and Rural Development

77. The increase and diversification of crop production would be the main policy thrust, especially in the first years after independence. Improving the country's food self sufficiency ratio would be the target. The Policy Statement emphasizes that Namibia has the potential for both pastures and crop production. The Northern Region, is suitable for growing most of the country's crops--especially millet which accounts for more than 50 percent of the staple food--and other crops such as beans,

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cassava, groundnuts, maize, and sorghum. Water supply, however, is a crucial constraint.

78. Another major policy thrust seeks to reduce the gap between communal and commercial farming, by raising communal farmers' productivity. The Government also recognizes the need to expand existing commercial farming in order to increase its foreign exchange earnings potential and its capacity to satisfy domestic demand. Expropriation of the land is ruled out as unconstitutional. Rather, communal farming would be transformed into commercial farming.

79. Immediately after independence, the Government increased the limit of its territorial waters from 6 to 200 miles. The objective is to limit fishing to levels compatible with the renewal of the resource and internalize the benefits of offshore fisheries. Ample opportunities would arise for investing in local fishing fleets, especially after the renewal of the resource.

80. Another important component of agricultural policy is the establishment of forward linkages to processing industries, especially in the livestock and fisheries subsectors. These should contribute towards economic diversification and to reduce unemployment.

b. Education and Training

81. Namibia's educational system is not tuned to the country's needs: 30 to 40 percent of school-age children do not attend classes, and 60 percent of the teachers are not qualified. The Policy Statement sums up this situation as follows:

> "The school system is ... dysfunctional, with inadequate, wasteful, and inefficient schools that are irrelevant to the needs of the majority of the Namibian youth."

82. Education would play a key role during the reconstruction and rehabilitation of the Namibian economy. The basic objective guiding policy formulation would be the establishment of a uniform and universal education system, and an appropriate administration. Other supporting policies would be: (a) development of curricula adapted to Namibia's needs; (b) upgrading the qualifications of teachers; and (c) promoting non-formal education tailored to the needs of the drop-out and rural population, especially women.

c. Health

83. Public health, until now, has been mostly curative in nature and oriented to satisfying the needs of urban centers. Rural, preventive, primary, occupational, and community health have been largely neglected. Human and non-human resources in the health sector are distributed unequally.

84. Most Namibians have access only to inadequate and unsafe water supplies, and live in substandard sanitary conditions. As a result, many suffer from environmentally-related preventable diseases. Low incomes also affect the nutritional, housing, and sanitation status of Namibian families. A large proportion of mothers and children are affected by these conditions. Accordingly, the priority health issues identified in the Government's policy statement refer to children and women of childbearing age.

85. The Government has devised a health policy whose central goal is the equitable provision of health services for all in the year 2000. Primary health care services will be the focal point of all health care services provided in Namibia. This implies restructuring the services to attain equity, accessibility, affordability, and community involvement.

d. <u>Housing</u>

86. There is an acute shortage of housing, especially for workers in industrial centers, where there is an incipient presence of squatters. A similar situation occurs in the rural areas, since the rural sector has been neglected as far as support for the purchase of housing is concerned. The housing shortage is compounded by the arrival of many returnees and demilitarization.

87. In order to alleviate the pressing housing problems, the Government intends to revamp the parastatal National Building and Investment Corporation, to promote popular participation in housing through cooperatives, and to induce greater use of local construction materials. The Government's policy emphasis in rural development will also assist in the prevention of slums and peri-urban settlements.

<u>A Summary Assessment</u>

88. The Government's strategy addresses Namibia's most important development issues. The overall thrust of the macroeconomic guidelines, the reliance on the private sector, the emphasis on the restructuring of the public administration and of social public expenditures, and the proposed sectoral priorities, are broadly consistent with Namibia's situation and development requirements. The degree to which the Government will succeed in implementing this strategy will, of course, depend upon the adequacy of the specific programs, policies and procedures that will be followed in the near future. The following sections present a brief analysis of the country's economic prospects and external assistance requirements.

89. The size of the public sector deficit, and the way in which the deficit will be financed, acquire paramount importance. Namibia's membership in the Rand Monetary Area implies that the country does not face an effective balance of payments constraint. This institutional arrangement also means that Namibia's options for financing the public sector are limited. Money creation is not feasible, and, because the local money and capital markets are still undeveloped, external borrowing and

grants become the only significant source of resources through which the deficit of the public sector can be covered.

B. Macroeconomic Prospects

Sources of Growth

90. The expansion of Namibia's economic base resulting from the extension of its territorial waters to 200 nautical miles is likely to make a significant impact on the future development of the economy. Until March, 1990, fishing in Namibian waters beyond the 6 nautical mile limit did not benefit the Namibian economy and the product of this activity was not recorded in the national accounts. It is clear, however, that there has been overfishing and that the fish resource has been substantially depleted. Nevertheless, the extent of such a depletion is uncertain. Currently there are at least three technical opinions on how long it will take to replenish the resource: (a) Namibian officials at the Ministry of Agriculture estimate that the resource could be replenished after five years of restrained catches; (b) a team of German experts that undertook a recent study of the sector estimated that the replenishment would take seven years; and (c) an FAO team that conducted a survey of the fisheries as part of the UNDP program of studies prior to independence, concluded that it would take ten years to rebuild the stocks.

91. The projections presented below take a middle course, trying to avoid both over and under-optimism; they assume that the resource will be replenished in seven years. To the extent that the stocks are rebuilt in less (more) time the fisheries contribution to economic growth would be more (less) concentrated in the initial years of the projection period. The table below shows the impact of the possible internalization of the catch, consistent with the replenishment of stocks.

92. For the Cape Hake, i.e. the most valuable specie, a catch of 55,000 metric tons in 1990 would represent a major decline with respect to the total catch in 1989, estimated at some 350,000 metric tons. Nevertheless, from the perspective of the Namibian catch, 55,000 metric tons in 1990 would represent more than three times the catch of the preceding year. The same applies to other major species such as Horse Mackerel, Red Crab, and Snouke.

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TABLE 8

NAMIBIA: ACTUAL AND PROJECTED CATCH OF FOUR MAJOR SPECIES
(Metric tons)

Species	1989 Onshore 1/	1990	1993	1995	1997
		-------- Offshore and Onshore ----			
Hake	17,000	55,000	200,000	300,000	400,000
Horse Mackerel	170,000	300,000	400,000	400,000	400,000
Red Crab	500	6,000	6,000	6,000	6,000
Snouke	177	35,000	35,000	35,000	35,000

1/ Onshore fisheries are those within the 6 mile limit.

Source: Mission estimates based on official data.

93. The key issue, however, is that barring major technological advances or resource discoveries, the fisheries' maximum direct sustainable contribution to GDP growth will be attained between 1994 and 1999. Although the fisheries are likely to be a leading sector over the short to medium term, it cannot be the main direct source of growth indefinitely. Another sector must replace the fisheries' role as a leading sector somewhere in the second half of the 1990s.

TABLE 9

NAMIBIA: PROJECTED ANNUAL GROWTH RATES OF FISHERIES; 1990 -1994
(Percentages)

	1990	1991	1992	1993	1994
Rate of Growth of Domestic Value Added	155.2	54.0	25.9	24.4	19.6

Source: Statistical Appendix, Table I.11

94. It is not possible to predict how the absorption of fisheries will benefit the Namibian economy. Concerning the direct contribution to the economy, two extremes can be singled out. The minimum contribution would occur if all the fishing is done by foreign vessels, paying a license fee to the Government of Namibia. The maximum contribution, would occur if all the fishing is done by Namibian vessels, manned by Namibians.

95. The projected growth rates presented above refer to the fisheries' contribution to the economy from the point of view of the economic activity occurring within the economic territory of Namibia, i.e. in terms of Gross Domestic Product, rather than Gross National Product. Gross Domestic Product is defined as the sum total of value added within

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a given territory, irrespective of whether the value added is earned by a resident or a non-resident. Gross National Product, on the other hand, is defined as the sum total of value added generated by the factors of production deemed to be residents of a given territory. These definitions imply that: (a) GNP would exclude value added generated in a given territory but paid to non-residents (i.e. wages earned by immigrant guest workers, profit remittances of foreign corporations to their headquarters); and (b) GNP would include value added earned by resident factors of production outside the territory of their residence (i.e. wages earned by emigrant guest workers, profit remittances of national corporations that have invested abroad).

96. If all the factors of production participating in the Namibian fishing industry--now and in the future--were to be Namibian residents, the industry's contribution would be the same in terms of GDP or GNP. In Namibia's current situation, however, GNP would be a better indicator of the fisheries' contribution to the material welfare of the country. The relatively small size of the Namibian fishing fleet (a sizeable portion of which allegedly belongs to South African stockholders) makes the participation of foreign factors of production unavoidable, at least in the short term.

97. The Government rightly considers that the mere sale of licenses to foreign vessels is the least attractive approach to the exploitation of fisheries. Its general policy in this respect seeks to maximize the contribution of Namibian factors of production. For the restricted catch levels envisaged for 1990, the existing Namibian fleet might prove adequate. By early May the Government had received applications for licenses from Namibian companies that exceeded the total allowable catches for 1990 for the most important species previously caught by foreign vessels (offshore fishing). Nevertheless, in the macroeconomic projections that follow, the working hypothesis has been that 50 percent of the incremental value added generated by the fisheries would be earned by Namibian residents.

98. The fisheries sector could also make a major contribution to the development of manufacturing industries in Namibia. Industrial fish processing is the obvious forward linkage that can be generated by this primary sector. This stimulus could be felt immediately, but it need not be limited to the time-span of the fisheries' expansion. The impact on manufacturing production could last well beyond a decade, depending on factors such as the investment climate, and the availability of appropriate economic and social infrastructure. The projections of manufacturing growth presented in this section, however, do not formulate explicit hypotheses regarding the development of industrial fish processing induced by offshore fisheries. The growth of the manufacturing sector has been projected to increase gradually, from 2.5 percent per year to about 5 percent per annum at the end of the projection period. To the extent that industrial fish processing develops rapidly in Namibia, the growth of the manufacturing sector could be substantially greater.

99. Although fisheries offer a promising and immediate development option, maximizing the sector's contribution to growth will require careful economic management and sector planning on the part of the

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Government. Domestic processing of fish could rapidly turn manufacturing into a leading export and employment sector. But this will call for an adequate system of incentives to attract domestic and foreign investment. Physical planning will also be required to guarantee the supply of essential inputs, such as electricity and water. Since Namibia's population is not concentrated near the natural fishing ports, the development of fish-processing industries would probably entail internal migrations and the attendant provision of housing and public services to the workers.

100. Capturing the income generated by the offshore fisheries poses a most immediate policy challenge to the Government. The Government must design an incentives environment to internalize the benefits generated by this sector. Unless the structure of incentives is appropriate, the larger portion of the benefits is likely to flow out of the country. The difference between success and failure in internalizing the benefits of fisheries is likely to mark the difference between actual high rates of output growth and a mere statistical quirk.

101. Agriculture and mining also have the potential to contribute to the growth of the Namibian economy. Both sectors, for different reasóns, are likely to become important sources of growth after three to five years. Mining, formerly a dynamic sector, has not performed well lately but it is likely to constitute an important source of growth during the next two or three years. The key product would be uranium ore, whose external sales are bound to increase as a consequence of the lifting of economic sanctions against Namibia. The output of the other major mineral export product--diamonds--could increase during 1990-92, recovering from the low output levels caused by technical problems in the mines. But production of diamonds should again decline as of 1993, on account of the natural exhaustion of the mines. Essentially, there are no major investments already initiated in the mining sector. Since investments in mining typically imply long gestation periods--three to five or more years--this sector is not likely to grow after 1992.

TABLE 10

NAMIBIA: PROJECTED GROWTH RATES OF THE MINING SECTOR: 1990-94
(Percentages)

Year	1990	1991	1992	1993	1994
Rate	9.7	3.2	2.5	0.1	0.2

Source: Statistical Appendix, Table I.11

102. The agricultural sector (excluding the fisheries)--which is especially important on account of the large proportion of the population

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that operates in the subsistence economy--increasing production will take the introduction of modern inputs through efficient and dynamic agricultural research and extension services. Unfortunately, Namibia's agricultural research and extension services are not yet of the required quality. Thus, starting in 1991, the growth rate of agricultural output has been projected at 3.0 percent, gradually increasing by half a percentage point per year during the projection period.

103. Two presumably key sectors for the long term growth of output and employment in Namibia--fish processing and agriculture--depend crucially on the availability of water. In the case of fish processing, both as an industrial input and for human consumption in the sites of the plants. In the case of agriculture, as a key input in connection with possible small-scale irrigation schemes. Water is one of Namibia's scarcest resources and Namibia's environment is known to be fragile. Utilizing their rich endowment of natural resources to the benefit of most Namibians while protecting the environment, is a challenge that the present generation must face.

Projections

104. According to this scenario, GDP could grow at about 6 percent in 1990 and 4 percent annually in 1991 and 1992. The pattern of annual growth rates, however, declines through time, in line with what was said about the role of the fisheries as a leading sector. To illustrate the crucial role of the fisheries --that in 1989 represented only 1 percent of GDP-- the global growth rate excluding the fisheries would be between one and two percentage points below that of total GDP.

TABLE 11

NAMIBIA: PROJECTED ANNUAL GROWTH RATES OF GDP AND GNP; 1990-1994
(Percentages)

	1990	1991	1992	1993	1994
GDP	6.4	4.3	3.7	3.1	3.2
GDP w/o Fisheries	4.6	2.8	2.7	2.0	2.1
GNP	5.5	3.9	3.5	2.9	2.9

Source: Statistical Appendix, Tables I.11 and I.12

105. In terms of GNP, the results would depend on the extent to which the income from fisheries is captured by Namibia. If, as assumed, one-

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half of the additional income is captured, the average rate of growth for 1990-94 would be about 4 percent.

106. These macroeconomic projections, tentative as they are, illustrate the potential importance of fisheries on the growth of the Namibian economy. After three to five years, however, fisheries alone would not sustain growth and investments in other sectors would be required to maintain a growth rate higher than that of the population.

107. The primary producing sectors would make the most important quantitative contribution to GDP growth. With their joint output growing at an average annual rate of 6.0 percent over the period 1990-1994, their share in GDP would grow from 42.4 percent in 1989 to 46.4 percent in 1994. As explained above, the fisheries would be the major source of impetus with extremely high annual rates of growth (that fluctuate widely from year to year) resulting in an increase in this sector's share from 1.2 percent in 1989 to 7.2 percent in 1994.

TABLE 12

NAMIBIA: ACTUAL AND PROJECTED SECTORAL GDP, 1989-1994

	Ratio to GDP 1989	Ratio to GDP 1990	Average Growth 1990-94	Ratio to GDP 1994
	(Percentages)			
PRIMARY SECTORS	42.4	44.5	6.0	46.4
Agriculture and Fishing	10.8	11.9	13.1	16.3
Fisheries	1.2	2.9	49.1	7.2
Rest of Agriculture	9.6	9.0	3.0	9.0
Mining and Quarrying	31.7	32.7	3.1	30.1
SECONDARY SECTORS	9.3	9.0	4.4	9.6
Manufacturing	4.4	4.2	3.5	4.2
Electricity and Water	2.5	2.4	4.0	2.5
Construction	2.5	2.5	7.0	2.6
TERTIARY SECTORS	48.2	46.8	2.2	44.0
General Government	17.9	16.7	1.0	13.8
Rest of Services	30.3	29.3	3.0	28.7
TOTAL GDP	100.0	100.0	6.4	100.0

Source: Statistical Appendix, Table I.11

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108. The projections of key macroeconomic variables over the five year period 1990-1994, on the other hand, indicate contrasting patterns regarding the likely evolution of fixed investment and public consumption expenditures. Fixed investment has been projected to grow gradually, from around 15 percent of GDP in 1989 to 22 percent of GDP in 1994. Public consumption expenditures, on the other hand, would grow at a rather moderate rate of 1 percent per year throughout the projection period. Public consumption expenditures, relative to GDP, would decline from 24.3 percent in 1989 to 21.7 percent in 1994. In an environment of fiscal restraint, this time-path of public consumption expenditures would be consistent with increases in the quantity and quality of public goods supplied.

TABLE 13

NAMIBIA: ACTUAL AND PROJECTED EXPENDITURES ON GDP; 1989-1994
(Percentages)

	Ratio to GDP		Average Growth	Ratio to GDP
	1989	1990	1990-94	1994
Private Consumption	55.8	54.0	3.0	52.8
Public Consumption	25.6	24.3	1.0	22.0
Fixed Investment	14.8	18.0	12.9	22.0
Change in Inventories	2.5	0.0	-	0.3
Net Exports of G&S	-4.5	-2.8	-	-4.6
TOTAL GNP	93.5	93.2	3.7	92.5

Source: Statistical Appendix, Table I.12

109. Exports of goods (excluding the fisheries) were projected to grow at 3.0 percent per annum. Growth of this subset of exports would be more rapid at the beginning of the projection period (nearly 8 percent in 1990) but would decline thereafter.

TABLE 14

NAMIBIA: ACTUAL AND PROJECTED EXPORTS 1/ 1989-1994
(Million 1989 Rands)

	1989	1990	1991	1992	1993	1994
Agricultural goods	294	294	303	313	326	340
Minerals	2,027	2,224	2,296	2,354	2,358	2,362
-diamonds	814	863	891	904	863	822
-other minerals	1,213	1,361	1,405	1,450	1,495	1,540
Manufactures	136	139	143	148	154	161
Other exports	152	155	160	166	172	180
TOTAL	2,608	2,812	2,902	2,994	3,010	3,043

1/ Fisheries excluded

Source: Mission estimates.

C. Public Finances

110. The management of public finances will be a key factor in the implementation of the Government strategy, not only because of the macroeconomic impact of fiscal policy but also--very important in the case of Namibia--because of the need to change the composition of public expenditures. Moreover, as a member of a monetary area without a national currency, the financing needs of Namibia's Government cannot be determined from balance of payments projections, but must rely solely on the public finance estimates. This section presents the Government's preliminary budget estimates for 1990/91 3/ as well as the World Bank team's recommendations for fiscal policies, projections and estimated financing gap for 1990/91 and 1991/92.

The Government's Budget for 1990/91

111. The Government's revenue estimates are based on up to date information on actual collections, with some adjustments for specific factors which may impact on performance in 1990/91. As in previous years, the estimates for 1990/91 are on the conservative side. The authorities considered that, particularly for the first year of independence, caution in the budget estimates was warranted, given the uncertainties related to some of the major revenue items (e.g., SACU and mining sector revenue);

3/ According to the State Finance Acto of 1982, the budget must be presented by end July. The budget for 1990/91 was being prepared when the World Bank team was in Namibia in April/May 1990. The budget estimates in Table 15, therefore, are still preliminary. They were obtained prior to the end of the budget preparations, partly in discussions with the authorities, rather than from formal documents.

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some transitory changes, described below, and the fact that the domestic market has yet to be tested as a significant provider of financing.

112. The Namibian practice in the past has been to base the budget on conservative revenue estimates, permitting revisions to these estimates, as well as authorizing additional expenditures for which a need arose during the year, in supplementary budgets. The Constitution permits supplementary budgets, as it specifies that revenue, expenditure and income for a prospective year shall be presented to the National Assembly at least once every year, and thereafter at "such interim stages as may be considered necessary...." Given Namibia's lack of access to domestic credit and financial markets, the Government does not have a lender of last resort (e.g., a Central Bank), nor a tested source of domestic financing for meeting short-term liquidity shortages. For this reason, its cash flow management is conservative and aims to ensure positive cash balances at all times. The original budget estimates, therefore, should be considered budget management tools with a strong focus on ensuring the Government's continued liquidity, rather than macroeconomic management tools. The original budget estimates, then, may differ from the projections of the likely fiscal outcome for the year.

113. In part, the preliminary budget revenue estimates for 1990/91 assume a weakening in demand, as a result of the withdrawal of sizeable RSA defense forces in 1989, and UNTAG forces through April 1990--developments which could depress both individual and company income taxes. Furthermore, the diamond mining sector has had technical problems which might also depress tax revenues for the year; additionally this sector's tax payments are expected to remain low as a result of the write-off in 1990/91 of large investments. In the uranium sector, while production is expected to increase as a result of the lifting of sanctions, the reduction in the budgeted tax yield reflects a drop in export prices at the expiration of the present high-priced contracts. The tax yield on domestic goods and services, in particular the sales tax, is also projected in the budget to be adversely affected by a weakening of demand. Only revenue from taxes on international trade is projected to increase, with revenue in lieu of customs and excise duties from RSA increasing by 10 percent, in accordance with the understanding of the authorities of the implications of the present agreement. However, this remains to be finally negotiated and/or confirmed by the independent Government. As a result of these developments, total revenue is budgeted to decline by 12 percent.

114. On the expenditure side the basis for the budget guidelines on current voted expenditure (i.e. those requiring Parliamentary approval), is the amounts appropriated in the 1989/90 budgets (including supplementaries), adjusted for additional expenses of new positions (Ministers, Deputy Ministers, Permanent Secretaries, etc.), new ministries associated with the reorganization of the Central Government, and the temporary absorption of the representative and local governments (until a new structure is specified) by the Central Government. These estimates provide the guideline amounts for current expenditure to Ministries and relevant spending units. It should be noted that these guidelines incorporate a sharp reduction in Namibia's security-related expenditure. In addition, the preliminary budget estimates in Table 7 include a

significant provision for expenditure in excess of the guideline amounts, which may be authorized by the Minister of Finance before the budget is finalized, in cases where a Minister makes specific motivation for his request. Estimates for capital expenditure are based on (i) the overall size of identified investment projects, still to be prioritized by the new Government; (ii) a carryover of project execution from 1989/90; and (iii) a small amount of equity investments. Total expenditure is budgeted to increase marginally in real terms.

115. With a projected decline in revenue of 12 percent, and an increase in expenditure of 16 percent, the preliminary budget estimates point to an overall Central Government deficit equivalent to R617 million, or about 9 percent of GDP. Additionally, R169 million in amortization payments are budgeted for 1990/91. With a budgeted drawdown of cash balances (R158 million) from the Redemption Fund and the State Revenue Fund (including some funds derived from the previous Second Tier administrations), the budgeted financing gap would amount to R628 million. Rollover of the capital payments coming due in 1990/91, new borrowing to finance its repayment, or other arrangements for its payment would reduce the financing gap to R459 million (6 percent of GDP).

World Bank Team Projections

116. The World Bank team projections of the revenue prospects of the Central Government for 1990/91 and 1991/92 are based on the macroeconomic projections summarized in Section B above, taking into account some specific circumstances which might affect fiscal performance. For instance, as a result of the withdrawal of RSA defense forces in 1989 and UNTAG forces through April 1990, the World Bank team projections assume that these taxes will grow slowly in 1990/91, but resume normal growth in 1991/92. Concerning potential revenues from fisheries, in the absence of a clear definition of Government policies for this sector, the Mission projections do not include all the revenues which under certain modalities (for instance sale of licenses to foreign fleets) could accrue to the Government.4/ Given, moreover the uncertainties attached to the quantification of the future contribution in lieu of customs and excise taxes, this revenue item is left for both 1990/91 and 1991/92 at the level implied for 1990/91 by the present agreement.

117. On the expenditure side, the projections assume the constitutionally mandated retention of all General Government employees as of the date of independence, and the consolidation of the operations of previous General Government entities within the operations of the Central Government. The projected growth of Central Government expenditure, at almost twice the rate of inflation in 1990/91, represents a substantial increase in real terms and reduces the need for further increases in 1991/92, while raising capital expenditure from 3.5 percent of GDP in 1989/90 to 4.6 percent in 1990/91 and 1991/92.

4/ This exclusion results in a drop in revenue relative to GDP in the projections, because GDP includes a sharp increase in fisheries. When adjusted for this, the projected revenue is close to its traditional level.

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118. The resulting deficit is equivalent to 6.8 percent of GDP in 1990/91 and 4.7 percent in 1991/92. A small further adjustment in the following one to two years, which could come from a combination of taxation of the fishery sector and a continued reduction in the wage bill, could bring the deficit within a sustainable position of some 3 to 4 percent of GDP. With a deficit of this magnitude, the Government would be able to contribute to the financing of its investment program, while seeking grants and concessional financing for its long gestation projects and programs, and financing its remaining deficit in the domestic market, once domestic money and capital markets have been developed. Looking further ahead, Namibia would need to strengthen its fiscal position, as the Government cannot continue to rely on external concessional project financing for the medium term. The Government's preliminary expenditure estimates for 1990/91 are consistent with achieving a sustainable position.

119. Within the expenditure projections, a 20 percent increase in the wage bill in 1990/91 is incorporated in reflection of the requirements for new positions in the Central Government (Ministers, Deputy Ministers, permanent secretaries etc), as well as for new ministries and departments (e.g., Foreign Affairs, and the Customs Department). While the Central Government's wage bill is estimated to rise from about 9 percent of GDP in 1989/90 to 17 percent in 1990/91, only the expansion of the Central Government (i.e. new positions vs. consolidation of General Government) will entail an increase in the expenditure of the Central Government. The remaining projected increase in the wage bill (i.e. the wage bill of general government entities) was previously supported mainly through transfers from the Central Government, and thus its inclusion in the Government's own wage bill means a corresponding reduction in transfers. A modest reduction in the wage bill to below 16 percent of GDP is targeted in the projections for 1991/92, to be accomplished through employment and wage restraint. Until the Government achieves a sustainable position, it would be advisable to lower, or at most, keep the wage bill constant in real terms.

120. A functional breakdown of Central Government expenditure shows that a very high proportion (approximately 40 percent) has been spent on protection and administrative services in the last 5 years. Similarly, expenditure on community services (mainly health, education and social welfare) has also been rather high, at approximately one-third of total budgeted expenditure, while infrastructure services have received approximately one-fifth of the budget share, and services to the economic sectors accounted for only 5 to 6 percent of GDP.

121. A significant reduction in the share of protective and administrative services should be made possible by the cessation of hostilities and the streamlining of the public administration. This should free resources for the priority sectors (water supply, agriculture, education, health and housing). In addition, expenditure increases in these sectors would follow from the targeted real expenditure increases, on both current and capital account. However, the major part of the real improvement in services to the various sectors should come from the elimination of inefficiencies in spending and improvements in the quality

of services, not from increased budget allocations. The scope for this will vary between sectors. For example, it is clear that past expenditure on health and education is disproportionate to the services received, but it will take time to reorganize the health system and to provide adequately trained teachers to provide quality education, regardless of the nominal increase in expenditure allocations. On the other hand, it may be possible to improve the housing situation within a much shorter period, given availability of resources. Because of this, it is difficult to provide sectoral guidelines on spending without a detailed analysis of planning and implementation capacities, as well as assessment of the quality of projects and programs in the various sectors. The general rule that inefficient spending should be reduced means that well planned and high-yielding programs and projects should have priority over other expenditure on both current and capital account, and that strengthening of planning and implementation capacity should be concentrated in the first instance in high priority sectors.

The Financing GAp

122. The Government will also need funding for scheduled amortization payments in the next two years. The World Bank team projections point to a corresponding financing need equivalent to 8.8 and 5.3 percent of GDP in 1990/91 and 1991/92 respectively. However, the Government would be able to finance a part of its deficit by some drawdown of its cash balances, and should also be able to obtain new financing to cover its scheduled amortization payments. The resulting financing gap would be R343 million (US$132 million) in 1990/91 and R258 million (US$100 million) in 1991/92. The size of the financing gap for 1990/91 would mean that there would be a need to finance the entire investment program plus R93 million for general budget support, preferably for high-priority programs. By 1991/92 the Government could already begin to contribute to the financing of its investment program out of its own revenue. However, it would need donor funding for most of the investment program.

Policy Recommendations

123. The deficit of one percent of GDP registered by the Central Authority in the last fiscal year before independence is clearly within a range which Namibia can support. However, as stated previously, a significant expansion of this deficit in the immediate post-independence period, reflecting higher outlays for more widely shared social and economic services, would be almost unavoidable in the short run. With appropriate fiscal policies, Namibia can return to a sustainable fiscal position within a period of 3 to 4 years, while also addressing pressing social and economic needs.

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Table 15: CENTRAL GOVERNMENT: Budget Estimates for 1990/91 and World Bank team projections for 1990/91 and 1991/92

	Prel.	Govt.Prel Budget est.	World Bank team Projections*		Proj. Average
	1989/90	1990/91	1990/91	1991/92	1990/91-92
		In millions of RSA Rands			
Total revenue	1983	1727	2038	2314	2176
Tax	1786	1569	1872	2124	1998
on income and property	844	817	836	1001	919
on domestic transactions	442	408	498	588	543
on international trade	522	583	563	563	583
less payment to SWPC	21	19	25	28	27
Nontax	177	158	166	190	178
Expenditure	2019	2344	2481	2872	2576
Current	1828	2114	2181	2322	2251
wages	484	...	1100	1210	1155
interest and other costs	175	224	168	105	135
other current	1189	...	915	1007	961
Capital	191	230	300	350	325
Direct investment	114	210	250	300	275
Transfers and net lending	77	20	50	50	50
Deficit	-56	-817	-443	-358	-400
Amortization	251	169	132	43	87
Financing need	307	788	575	401	488
Filled by:					
Transfers, RSA	141	0	0		
New borrowing, rollover etc.	90	169	132	43	88
Drawdown of cash balances	77	158	100	100	100
Financing gap	0	459	343	258	300
Financing source:					
Investment project financing	0	210	250	258	254
Priority program financing (current account) or budget support	0	249	93	0	46
		(In percent of GDP)			
Revenue/GDP	38.2	28.4	31.2	30.3	30.7
Expenditure/GDP	37.2	35.9	38.0	35.0	36.4
Wage bill/GDP	6.9	...	16.8	15.9	16.3
Current exp./GDP	33.7	32.4	33.4	30.4	31.8
Investment/GDP	2.1	3.2	3.8	3.9	3.9
Deficit/GDP	-1.0	-9.4	-6.8	-4.7	-5.7
Financing gap/GDP	0.0	7.0	5.2	3.4	4.2
		(In millions of rands)			
GDP at current prices	5420	6533	6533	7628	7081

Sources: Ministry of Finance and Mission estimates.

* GDP projections include a sharp growth in the fisheries sector from 1990. Since corresponding revenue from fisheries is not included, the projected revenue ratios are correspondingly lower. Projected relative to GDP adjusted for the growth in fisheries, the revenue/GDP ratio is approximating its traditional level.

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124. In view of the limited scope for increasing revenue in the short term, expenditure rationalization and streamlining of the public administration must be at the center of the efforts to bring Namibia's public finances to a sustainable position. In particular, the constitutionally mandated reorganization of the public administration should contribute significantly to restrain expenditure relative to GDP. This would imply a reduction in the wage bill, a rationalization of expenditure in the social sectors, to be effected with the consolidation of the previously fragmented administration system, and a redirection of expenditure to the social and economic priority sectors. As for the division between current and capital expenditure, as noted before, Namibia already has a fairly large capital stock, the upkeep of which necessitates high maintenance expenditure. By comparison, Namibia has under-invested in its human capital, which may be equally, or even more important for the country's future development. It would be advisable therefore that fiscal policy be modified to take into account the need to allocate funds for current expenditure in priority sectors such as health and education. This is not to say that investment in physical assets should be neglected; but Namibia needs to exercise caution in its choice of investment projects, taking into account (i) the limited financial resources and implementation capacity; (ii) the opportunity cost of capital vs. current expenditure programs, where both could contribute significantly to the country's development; and (iii) the recurrent cost inevitably generated by investment programs. Accordingly the investment program should be maintained within a limit that ensures that its future recurrent costs do not become excessive and threaten the envisaged fiscal balance.

125. Namibia's public debt and debt service obligations are low, although debt servicing obligations were relatively heavy in 1989/90 and scheduled to be heavy also in 1990/91. With total debt of the Central Government equivalent to 13.2 percent of GDP at independence, debt service payments in 1989/90 were equivalent to 14.7 percent of Namibia's exports of goods and non-factor services, and are projected to decline to 8.5 percent in 1990/91 and 3.2 percent in 1991/92. Nevertheless, it would not be advisable for Namibia to seek commercial financing for its present expenditure, which is virtually all for long gestation and social projects and programs. Given Namibia's membership in the Rand monetary area, even highly concessional loans can become expensive due to movements in the value of the Rand, a situation over which Namibia has no control. To avoid future debt problems, funding of the immediate post-independence priority expenditures should rely primarily on grants, or loans with significant grant element, and focus on projects in the more populous and poorest areas of the country in the agriculture, health, education, sanitation, and housing sectors. Such a focus would more efficiently utilize the Government's limited implementation capacity in high priority areas.

APPENDIX

RECENT TRENDS IN PUBLIC FINANCES

The Central Authority and the General Government

126. The importance of the General Government sector in the economy prior to independence is difficult to ascertain with precision, because consolidated accounts are available only for the Central Authority. However, expenditure estimates of the three tiers of government through 1986/87 (Table V.1) indicate that from 1980/81 to 1983/84, total expenditures of the three tiers rose steadily from 46 percent to 60 percent of GDP; thereafter they declined to 55 percent of GDP in 1986/87. The change in composition of expenditures was also significant: while current expenditures rose from 31 percent of GDP to 47.4 percent in the five years ending in 1986/87, capital expenditures fell by one-half to 7.5 percent of GDP over the same period.

127. The importance of the Central Authority is reflected in its 80-86 percent share of the expenditures of the consolidated General Government. This relationship is estimated to have remained relatively stable until independence as the Second and Third Tiers had limited income and borrowing potential, and transfers from the Central Authority have been their main source of revenue. Thus, the Central Authority's financial position should closely reflect that of the consolidated government sector.

Financial Performance of the Central Authority in the 1980s

a. Revenues

128. Revenue of the Central Authority performed strongly in the 1980s, rising by 10 percentage points of GDP to 36.2 percent between 1981/82 and 1989/90. Most of the improvement in performance was concentrated in the period 1984/85 to 1986/87. This reflected mainly the emergence of the uranium sector as a major tax source (after the expiration of a tax holiday), and the benefits (in large part to the mining sector) of the depreciation of the Rand following the imposition of sanctions against RSA in 1985. The imposition, in response to the sanctions, of a fuel levy in RSA, which also covered Namibia, contributed to the improved revenue performance, as did also adjustments in the rate of the General Sales Tax. However, taxes on international trade lost importance, as payments from RSA to Namibia out of the SACU revenue pool declined in relative terms (Tables V.4 and V.5). In 1989/90 tax performance was also boosted by the collection of all income taxes for the account of the Central Authority. Non-tax revenues also rose significantly, reflecting increased administrative fees and charges, as well as a rise in property income and an increase in the operating surplus of departmental enterprises.

129. The composition of revenue changed significantly during the 1980s. In 1981/82, the major single source of revenue was the payment from South Africa of Customs and excise taxes (SACU receipts) which contributed 60 percent of revenue (equivalent to 15.6 percent of Namibia's GDP); taxes on income, profits, and property contributed 19 percent (of which company taxes accounted for two thirds), and taxes on domestic goods and services 13 percent, mainly from the general sales tax (GST). Income and property taxes included also a tax on nonresident shareholders and on diamond profits. Within these totals, the tax contribution from the mining industry was equivalent to only 12 percent of revenue, (mostly from diamond sector taxation), reflecting mainly a slump in the sector's production and exports.

130. By 1989/90, taxes on income and profits, at 42 percent of revenue had become the most important revenue sources, with taxes on international trade (mainly SACU receipts) accounting for 27 percent and taxes on domestic goods and services for 22 percent of revenue. Revenues from taxes on the mining sector, after having reached a record high both relative to GDP and as a share of total tax revenue in 1986/87, declined reflecting a reduction of the diamond sector tax yields, while the sales tax yield was boosted by rate increases (see Table V.5). By 1989/90 mining sector taxes accounted for 18 percent and sales tax receipts for 16 percent of revenue. Non-tax revenue accounted for the remaining 9 percent of revenue.

131. Thus, by 1989/90 the Central Authority of Namibia had a relatively high revenue ratio, particularly considering its very narrow tax base. Tax revenues, moreover, were more evenly distributed between taxes on income and profits, and on domestic and international transactions, than at the beginning of the period, when almost two-thirds of revenue derived from SACU receipts.

b. Expenditures

132. The combination of rising revenues and originally high, but recently sharply declining, budget support payments from RSA, have supported high, albeit declining expenditure relative to GDP throughout the 1980s. Expenditure declined by almost 10 percent of GDP over the nine years to 37 percent of GDP in 1989/90. However, expenditure reductions have been concentrated in the capital account. While capital expenditure declined from 27 percent of total expenditure of the Central Authority in 1981/82 to less than 10 percent in 1989/90 (or from 12 to 3.5 percent of GDP), current expenditure rose marginally relative to GDP to 33.5 percent in 1989/90.

133. The most expansionary component in expenditure of the Central Authority has been the increase in its own wage bill i.e., from 14.6 percent of total expenditure in 1981/82 to 24.2 percent in 1988/89, when it was equivalent to 9.6 percent of GDP (as of June 1988, there were 21,744 positions in the budget, equivalent to about 5.5 percent of the

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economically active population).5/ Interest and other debt related costs (including exchange rate losses) rose from 3 percent of total expenditure in 1981/82 to 7.8 percent in 1989/90 (Table V.2). Rigidities also resulted from the formulas for contribution to the current expenses of the Second Tier Authorities, on education, health, social pensions, administration and other services. The Central Authority spent approximately one-fourth of its annual expenditure on transfer payments to other tiers in Government in recent years, declining from approximately 40 percent at the beginning of the decade. At the same time, however, the scope of the Central Authority's maintenance obligations were expanded to cover many Second Tier facilities when the latter could not afford to maintain them.

134. In the second half of the 1980s about 40 percent of the budget was allocated to protection and administrative services, with a decline of this share in 1989/90, when expenditure for national defense dropped sharply. About a third of the budget was spent for community services, including education, training, health and welfare, much in the form of transfers from the Central Authority to the Second Tier Authorities. About 25-28 percent was for infrastructure and economic sector services, with the share for economic sector services declining from 9 percent of the total in 1987/88 to 3 percent in 1989/90 (see Table V.6).

c. Deficit and Financing

135. Through 1983/84, the Central Authority's deficit (before transfers from RSA) averaged about 20 percent of GDP (Table V.2). On average, 12-15 percent of GDP was financed by budget support from RSA. The deficit after these transfers (6 to 8 percent of GDP) was financed by drawdown of Treasury cash balances, and by commercial bank borrowing with a loan guarantee by the RSA. Between 1983/84 and 1986/87, the deficit (before RSA transfers) was reduced from 22.3 to 8.4 percent of GDP with further significant reductions until independence. As a result, even though transfers from South Africa were reduced after 1986/87, the Central Authority registered an annual average deficit after transfers of less than one percent of GDP for the last 3 years, far below that registered in the first half of the 1980s. In fact, in the last two years, an overall small surplus was registered. Nevertheless, a drawdown in Namibia's cash balances, accumulated through 1986/87, was necessary over the last three years, both to help finance the deficit in 1987/88 and to meet heavy debt service obligations when Namibia's ability to incur new debt was uncertain, given its still non-independent status, and the prospective withdrawal of loan guarantees by RSA. Furthermore, given the high cost of debt to Namibia, a reduction in Namibia's outstanding debt was also considered desirable.

5/ The representative authorities had an additional 25,091 establishments (Table V.8).

d. Government Debt

136. The debt (foreign and domestic) of the Central Authority rose from 14 percent of GDP in March 1982 to a peak of 34.7 percent in March 1985, after which it was gradually reduced to 19.8 percent of GDP in March 1989, and to 13.2 percent of GDP in March 1990 (Table VI.1). Debt service, including foreign exchange losses, discounts on LRS, and other costs rose from 1.3 percent of GDP in 1981/82 to 7.9 percent of GDP in 1989/90, reflecting large amortization payments made in the latter year and corresponding foreign exchange losses.

137. At independence over 75 percent of the debt of the Central Authority was in the form of local paper (within the Rand monetary area), 5 percent a direct loan from RSA, and 10 percent from external commercial banks (i.e. outside of the Rand monetary area). Remaining debt reflected local loans and short term bonds. The maturity structure of the debt is rather short term, with all foreign loans repayable before end 1993, and virtually the remaining loans repayable within the decade.

The Second Tier Authorities

138. Consolidated accounts of the Representative Authorities are not available. Given their importance in the structure of public administration, expenditure patterns (including that of the Central Authority) and the overall economy, a few observations are made below on their implications for public finance.

139. First, the allocation of personal income taxes paid by the various population groups to their respective Representative Authorities caused serious inequalities in the distribution of revenue, because only members of the Administration for Whites had sufficiently high incomes to produce significant tax revenue. Second, transfers to the Second Tier authorities were based on rigid formulae. As a result, some of the Second Tier governments met their needs with ease and built up large surplus funds, while others have had to borrow from banks to provide even basic services. Third, it is doubtful that economic efficiency was furthered by maintaining the large number of ethnic authorities with their separate administration, health, education, pension and welfare systems in addition to those of the Central Authority and the local governments. Fourth, virtually all the ethnic administrations lacked qualified human resources, and consequently they were guided by white senior officials. In the last years before independence, the Central Authority became more flexible in an attempt to reduce the inequalities and complexities created by the system.

Government Employment and the Wage Bill

140. Government employment expanded rapidly in the 1980s. As of June 1988, there were 46,835 establishment positions, equivalent to approximately 12 percent of the estimated economically active population (Table V.8). 46 percent of the positions were in the Central Authority,

with the remainder in the Second Tier governments. The two largest Second Tier administrations, for the Owambos and the Whites, accounted for more than half of the Second Tier positions and 30 percent of the overall.

141. While positions in the Central Authority grew by almost 40 percent over the last 5 years, those of the Second Tier Governments declined by 6 percent, with a resulting total establishment growth of 11 percent. Virtually all of the increases in the establishment of the Central Administration have been in the Department of National Health and Welfare, which was the third smallest department in 1983 but the largest in 1988. In the Second Tier Governments, significant declines in the Administrations for Whites, Hereros and Kavangos more than offset small increases in other administrations.

142. Information on remuneration in the General Government is only available until 1986/87 (Table V.7). Between 1980/81 and 1986/87, the wage bill almost quadrupled, as it rose from 10 percent to 18.4 percent of GDP. The growth in the Central Authority far outpaced the rest of the government. In 1986/87 10 percent of GDP went to remuneration of employees in the Central Authority, 7 percent to those in the Second Tier administrations, and the remainder to the local authorities. After a small increase in 1987/88, the result of a 15 percent adjustment, the wage bill in the Central Authority returned to approximately 10 percent of GDP.

Namibia and the Southern African Customs Union (SACU)

143. The 1969 Customs Union Agreement between RSA and the BLS countries (Botswana, Lesotho and Swaziland) included a formula which distributes revenue from the common pool to member countries other than South Africa according to the share of each country's imports, and its production and consumption subject to excise taxes and sales duties, in the totals of the SACU area. Moreover, a multiplying factor of 1.42 was built into the formula, and a stabilization factor was also added. The latter was designed to maintain the revenue of each of the BLS countries within a minimum of 17 percent and a maximum of 23 percent of its imports, production of goods subject to excise taxes and sales duties, and collection of taxes on these. As a result of the subsequent application of this formula to Transkei, Bophuthatswana, Venda and Ciskey (the TBVC countries), South Africa has received an ever declining proportion of the revenue pool.

144. As a territory of South Africa, Namibia could not obtain independent membership in SACU. However, the de facto situation of Namibia inside the SACU area, and its sheer volume of imports, particularly from South Africa, were powerful arguments in favor of its entitlement to a share of the common revenue pool. South Africa accepted this position in principle, even before 1980, by making annual, albeit minuscule payments to Namibia in lieu of customs and excise receipts. How these payments developed in the 1980s has been a subject of much contention. It appears that an 'informal' agreement with Pretoria fixed the amount to be paid to Namibia at 12 percent of the 'net' revenue pool left to South Africa. However, it is not clear how the percentage was

derived. Moreover, the amounts paid by South Africa in the 1980s appear to have fallen short of that percentage.

145. At the beginning of 1988 this agreement was replaced by a new one, which adjusted the amounts to be paid to Namibia according to the actual growth in the common revenue pool, with a two-year lag. This agreement was the basis for payment for 1987/88. Since then payments have been made after annual negotiations as the South African Government maintained that the agreement is not binding and thus can be cancelled or revised unilaterally by South Africa at any time. In the absence of reliable trade statistics it is difficult to establish whether Namibia has been treated better or worse than an independent member of SACU.

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STATISTICAL APPENDIX

List of Tables

TABLE 1.1. NAMIBIA -- GDP AT CURRENT FACTOR COST BY KIND OF ECONOMIC ACTIVITY, 1980-88

	1980	1981	1982	1983	1984	1985	1986	1987	1988
				(In millions of RSA Rand)					
By sector									
Primary	796.3	671.7	670.2	639.7	677.8	1,106.8	1,289.9	1,158.3	1,521.1
Secondary	133.4	170.9	190.8	210.1	213.1	233.8	252.8	287.2	351.9
Tertiary	514.4	663.5	818.6	929.2	1,078.7	1,199.8	1,383.8	1,638.1	1,870.3
By kind of economic activity									
Agriculture and fishing	166.3	217.3	204.6	166.4	167.4	198.7	228.7	379.6	469.3
Mining and quarrying	630.0	454.4	465.6	473.3	510.4	908.1	1061.2	757.2	1051.8
Manufacturing	56.5	67.2	82.7	93.5	102.6	113.2	132.0	157.3	174.3
Electricity and water	26.3	36.4	38.5	52.1	48.6	49.5	53.9	53.0	82.8
Construction (Contractors)	50.6	67.3	69.6	64.5	61.9	71.1	66.9	76.9	94.8
Wholesale and retail trade, catering and accommodation	166.3	204.9	228.4	234.9	255.5	282.8	328.4	382.7	449.4
Transport and communication	76.7	78.3	83.8	107.6	137.2	139.5	174.2	204.0	249.5
Finance, insurance, real estate and business services[a]	77.8	88.2	111.8	127.5	153.0	176.9	186.5	217.2	258.8
Community, social and personal services	18.6	24.1	28.8	36.1	41.3	46.9	53.8	62.1	68.7
General government	138.0	227.1	316.3	366.8	427.3	479.3	556.5	697.9	745.9
Other producers	37.0	40.9	49.5	56.3	64.4	74.4	84.4	95.7	106.0
Gross domestic product at factor cost	1,444.1	1,506.1	1,679.6	1,779.0	1,969.6	2,540.4	2,926.5	3,083.6	3,743.3
				(In percent of GDP at factor cost)					
By sector									
Primary	55.1	44.6	39.9	36.0	34.4	43.6	44.1	37.6	40.6
Secondary	9.2	11.3	11.4	11.8	10.8	9.2	8.6	9.3	9.4
Tertiary	35.6	44.1	48.7	52.2	54.8	47.2	47.3	53.1	50.0
By kind of economic activity									
Agriculture and fishing	11.5	14.4	12.2	9.4	8.5	7.8	7.8	12.3	12.5
Mining and quarrying	43.6	30.2	27.7	26.6	25.9	35.7	36.3	24.6	28.1
Manufacturing	3.9	4.5	4.9	5.3	5.2	4.5	4.5	5.1	4.7
Electricity and water	1.8	2.4	2.3	2.9	2.5	1.9	1.8	1.7	2.2
Construction (Contractors)	3.5	4.5	4.1	3.6	3.1	2.8	2.3	2.5	2.5
Wholesale and retail trade, catering and accommodation	11.5	13.6	13.6	13.2	13.0	11.1	11.2	12.4	12.0
Transport and communication	5.3	5.2	5.0	6.0	7.0	5.5	6.0	6.6	6.7
Finance, insurance, real estate and business services[a]	5.3	5.9	6.7	7.2	7.8	7.0	6.4	7.0	6.7
Community, social and personal services	1.3	1.6	1.7	2.0	2.1	1.8	1.8	2.0	1.8
General government	9.6	15.1	18.8	20.6	21.7	18.9	19.0	22.6	19.9
Other producers	2.6	2.7	2.9	3.2	3.3	2.9	2.9	3.1	2.8
Gross domestic product at factor cost	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: Department of Finance

[a] After deduction of financial service charges

TABLE I.2. NAMIBIA -- GDP AT CONSTANT FACTOR COST BY KIND OF ECONOMIC ACTIVITY, 1980-89

	1980	1981	1982	1983	1984	1985	1986	1987	1988	[illegible]
	(In millions of 1980 RSA Rand)									
Agriculture and fishing	166.3	171.8	155.6	121.1	107.3	116.7	118 8	149 1	[illegible]	[illegible]
Mining and quarrying	630.0	559.0	508.6	499.3	483.2	487.5	499 7	488 2	[illegible]	[illegible]
Manufacturing	56.5	55.4	61.2	62.5	62.1	59.9	60 5	61 7	[illegible]	[illegible]
Electricity and water	26.3	27.8	29.2	30.5	31.5	32.3	32 9	33 2	[illegible]	[illegible]
Construction (Contractors)	50.6	60.2	53.0	43.1	38.2	38.3	31.1	30 5	32 3	[illegible]
Wholesale and retail trade, catering and accommodation	166.3	175.6	180.8	166.0	165.5	163.7	167.6	173 5	180 4	[illegible]
Transport and communication	76.7	70.3	65.8	70.8	77.6	77 8	81.2	82.7	[illegible]	[illegible]
Finance, insurance, real estate and business services*	77.0	74.3	75.7	77.8	79.6	80.8	82.8	65.7	96 2	[illegible]
Community, social and personal services	18.6	22.8	23.8	25.0	26.2	26.5	26.9	27.4	28 3	[illegible]
General government	138.6	183.1	218.6	229.8	235.7	241.7	247.4	253 8	258 9	[illegible]
Other producers	37.0	36.0	37.1	38.4	39.9	40.8	42.0	43 4	[illegible]	[illegible]
Gross domestic product at factor cos	1444.1	1436.3	1409.6	1364.3	1346.8	1346.0	1368.9	1429.2	1659 7	[illegible]
	(In percent of GDP at f--tor cost)									
Agriculture and fishing	11.5	12.0	11.0	8.9	8.0	8.7	8.4	10.4	10 3	[illegible]
Mining and quarrying	43.6	38.9	38.1	36.6	35.9	34.7	36.0	34.2	33 8	[illegible]
Manufacturing	3.9	3.9	4.3	4.6	4.6	4.5	4.4	4.3	4 1	[illegible]
Electricity and water	1.8	1.9	2.1	2.2	2.3	2.4	2.4	2 3	2 4	[illegible]
Construction (Contractors)	3.5	4.2	3.8	3.2	2.8	2.8	2.2	2.1	2 2	[illegible]
Wholesale and retail trade, catering and accommodation	11.5	12.2	12.8	12.2	12.3	12.2	12.1	12.2	12 [illegible]	[illegible]
Transport and communication	5.3	4.9	4.7	5.2	5.8	5.8	5.8	5.6	6 2	[illegible]
Finance, insurance, real estate and business services*	5.3	5.2	5.4	5.7	5.9	6.0	6.0	6.0	5 9	[illegible]
Community, social and personal services	1.3	1.6	1.7	1.8	1.9	2.0	1.9	1.9	1.9	[illegible]
General government	9.6	12.7	15.5	16.8	17.5	18.0	17.8	17.8	17 7	[illegible]
Other producers	2.6	2.5	2.6	2.8	3.0	3.0	3.0	3.0	3 1	[illegible]
Gross domestic product at factor cost	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100 0	[illegible]
	(Annual percentage change)									
Agriculture and fishing	---	3.3	-9.4	-22.2	-11.4	8.8	0.1	27.7	1.3	[illegible]
Mining and quarrying	---	-11.3	-9.0	-1.9	-3.2	-3.2	6.9	-2.3	1.0	[illegible]
Manufacturing	---	-1.9	10.5	2.1	-0.6	-3.5	1.0	2.0	-1.9	[illegible]
Electricity and water	---	5.7	5.0	4.5	3.3	2.5	1.9	0 9	5 1	[illegible]
Construction (Contractors)	---	19.0	-12.0	-18.7	-11.4	0.3	-18.8	-1.9	5 9	[illegible]
Wholesale and retail trade, catering and accommodation	---	5.6	3.0	-8.2	-0.3	-1.1	2.4	3.5	4 0	[illegible]
Transport and communication	---	-8.3	-6.4	7.6	9.6	0.3	4.4	1.6	8 6	[illegible]
Finance, insurance, real estate and business services*	---	-3.5	1.9	2.8	2.3	1.5	2.5	3.5	0 6	[illegible]
Community, social and personal services	---	22.6	4.4	5.0	4.8	1.1	1.5	1.9	2 2	[illegible]
General government	---	31.9	19.4	5.1	2.6	2 5	2.4	2.6	2.0	[illegible]
Other producers	---	-2.7	3.1	3.5	3.9	2.3	2.9	3.3	3.0	[illegible]
Gross domestic product at factor cost	---	-0.5	-1.9	-3.2	-1.3	-0.1	3.2	2.9	2.1	[illegible]

Source: 1980-88 data from Department of Finance. 1989 data are mission estimates based on data supplied by Department of Finance.

* After deduction of financial service charges

TABLE 1.3. NAMIBIA -- GROSS DOMESTIC AND NATIONAL PRODUCT AT CURRENT PRICES, 1980-88

	1980	1981=	1982	1983	1984	1985	1986	1987	1988
			(In millions of RSA Rand)						
Remuneration of employees	610.8	800.2	951.9	1,069.8	1,181.3	1,311.5	1,467.6	1,709.3	1,933.6
Net operating surplus	737.9	598.3	609.7	582.9	655.4	1,088.8	1,309.6	1,212.3	1,630.0
Net domestic product at factor cost	1,348.7	1,398.5	1,561.6	1,652.7	1,836.7	2,400.3	2,777.2	2,921.6	3,563.6
Provision for depreciation	95.4	107.6	118.0	126.3	132.9	140.1	149.3	162.0	179.7
Gross domestic product at factor cost	1,444.1	1,506.1	1,679.6	1,779.0	1,969.6	2,540.4	2,926.5	3,083.6	3,743.3
less Net factor payments to r.o.w ..	152.8	102.7	132.7	76.4	112.6	298.6	320.0	187.2	403.5
Gross national product at factor cost	1,291.3	1,403.4	1,546.9	1,702.6	1,857.0	2,241.8	2,606.5	2,896.4	3,339.8
Real GNP at factor cost,1980 prices	1,291.3	1,149.1	1,105.2	1,067.7	1,106.6	1,110.9	1,096.6	1,152.3	1,184.6
			(In percent of GDP)						
Remuneration of employees	42.3	53.1	56.7	60.1	60.0	51.6	50.1	55.4	51.7
Net operating surplus	51.1	39.7	36.3	32.8	33.3	42.9	44.7	39.3	43.5
Provision for depreciation	6.6	7.1	7.0	7.1	6.7	5.5	5.1	5.3	4.8
Gross domestic product at factor cost	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
less Net factor payments to r.o.w..	10.6	6.8	7.9	4.3	5.7	11.8	10.9	6.1	10.8
Gross national product at factor cost	89.4	93.2	92.1	95.7	94.3	88.2	89.1	93.9	89.2

Source: Department of Finance

TABLE I.4. NAMIBIA -- APPROPRIATION OF NATIONAL DISPOSABLE INCOME AT CURRENT PRICES, 1980-88

	1980	1981	1982	1983	1984	1985	1986	1987	1988
				(In millions of RSA Rand)					
Remuneration of employees	610.8	880.2	951.9	1,069.0	1,181.3	1,311.5	1,467.6	1,709.1	1,9[illegible]
Net operating surplus	737.9	598.3	609.7	582.9	655.4	1,088.8	1,389.6	1,212.3	1,6[illegible]
less Net factor payments to the rest of the world	152.0	102.7	132.7	76.4	112.6	298.6	320.0	187.2	[illegible]
Indirect taxes	137.5	145.4	172.4	183.7	209.8	279.3	343.7	365.1	[illegible]
less Subsidies	20.1	41.0	57.0	83.7	66.9	78.2	85.2	76.0	62.[illegible]
Net current transfers received from the rest of the world	71.2	342.6	466.4	518.6	541.4	583.2	758.4	616.4	540.0
Net national disposable income at market prices	1,384.5	1,742.0	2,089.9	2,194.9	2,408.4	2,886.0	3,474.1	3,639.9	4,2[illegible]
Consumption expenditure by general government	257.7	404.7	490.4	557.0	650.0	776.1	938.9	1,141.2	1,278.0
Private consumption expenditure	717.1	1,017.6	1,189.3	1,264.3	1,375	1,520.4	1,709.9	2,087.2	2,360.6
Net domestic saving	409.7	319.7	330.2	373.6	383.4	589.5	825.3	411.5	600.4
Remuneration of employees	44.1	45.9	47.4	48.7	49.0	45.4	42.2	47.0	45.5
Net operating surplus	53.3	34.3	30.3	26.6	27.2	37.7	37.7	33.3	38.4
less Net factor payments to r.o.w.	11.0	5.9	6.6	3.5	4.7	10.3	9.2	5.1	9.5
Indirect taxes	9.9	8.3	8.6	8.4	8.7	9.7	9.9	10.0	14.1
less Subsidies	1.5	2.4	2.9	3.0	2.8	2.7	2.5	2.1	1.5
Net current transfers from r.o.w.	5.1	19.7	23.2	23.6	22.5	20.2	21.8	16.9	12.9
Net national disposable income at market prices	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Government consumption expenditure	18.6	23.2	24.4	25.4	27.0	26.9	27.0	31.4	30.1
Private consumption expenditure	51.8	58.4	59.2	57.6	57.1	52.7	49.2	57.3	55.8
Net domestic saving	29.6	18.4	16.4	17.0	15.9	20.4	23.8	11.3	14.1

Source: Department of Finance

TABLE I.5. NAMIBIA -- GROSS DOMESTIC PRODUCT BY KIND OF ORGANIZATION, 1980-88

	1980	1981	1982	1983	1984	1985	1986	1987	1988
			(In millions of RSA Rand)						
Public Authorities	211.3	315.1	415.9	489.0	576.4	626.2	735.0	903.0	990.3
Public Corporations	31.6	46.8	51.5	69.3	68.0	77.9	89.0	113.6	146.4
Private business enterprises	1,201.2	1,144.2	1,212.2	1,220.7	1,325.2	1,836.3	2,100.9	2,067.0	2,606.6
GDP at factor cost	1,444.1	1,506.1	1,679.6	1,779.0	1,969.6	2,540.4	2,926.5	3,083.6	3,743.3
			(In percent of GDP)						
Public Authorities	14.6	20.9	24.8	27.5	29.3	24.6	25.1	29.3	26.5
Public Corporations	2.2	3.1	3.1	3.9	3.5	3.1	3.1	3.7	3.9
Private business enterprises	83.2	76.0	72.2	68.6	67.3	72.3	71.8	67.0	69.6
GDP at factor cost	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: Department of Finance

TABLE I.6. NAMIBIA -- GROSS DOMESTIC PRODUCT AND EXPENDITURE AT CURRENT PRICES, 1980-89

	1980	1981	1982	1983	1984	1985	1986	1987	1988
				(In millions of RSA Rand)					
Private consumption expenditure	717.1	1017.6	1109.3	1264.3	1375.0	1520.4	1709.9	2007.2	2360.6
Government consumption expenditure .	257.7	404.7	490.4	557.0	650.0	776.1	938.9	1141.2	1270.0
Gross domestic fixed investment	437.1	437.2	420.8	360.9	326.2	374.0	420.0	403.2	646.1
Change in inventories	80.9	59.1	-5.7	-27.3	37.5	5.4	-16.7	30.4	217.1
Gross domestic expenditure	1492.8	1918.6	2094.8	2154.9	2388.7	2675.9	3052.1	3750.0	4510.0
Exports of goods and non-factor services	1148.9	983.8	1061.9	979.5	1144.7	1621.0	2028.3	1842.6	2195.1
less Imports of goods and non-factor services	1080.2	1292.7	1362.5	1255.4	1420.9	1556.2	1895.4	2219.0	2389.9
Expenditure on GDP	1561.5	1609.7	1794.2	1879.0	2112.5	2741.5	3185.0	3372.0	4316.0
				(In percent of Expenditure on GDP)					
Private consumption expenditure	45.9	63.2	66.3	67.3	65.1	55.5	53.7	61.9	54.9
Government consumption expenditure .	16.5	25.1	27.3	29.6	30.8	28.3	29.5	33.8	29.6
Gross domestic fixed investment	28.0	27.2	23.5	19.2	15.4	13.6	13.2	14.3	15.0
Change in inventories	5.2	3.7	-0.3	-1.5	1.8	0.2	-0.5	1.1	5.0
Gross domestic expenditure	95.6	119.2	116.8	114.7	113.1	97.6	95.8	111.2	104.5
Exports of goods and non-factor services	73.6	61.1	59.2	52.1	54.2	59.2	63.7	54.6	50.9
less Imports of goods and non-factor services	69.2	80.3	75.9	66.8	67.3	56.8	59.5	65.8	55.4
Expenditure on GDP	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: 1980-88 data from Department of Finance. 1989 data are mission estimates based on data supplied by Department of Finance.

TABLE 1.7. NAMIBIA -- GROSS DOMESTIC FIXED INVESTMENT AT CURRENT PRICES, 1980-88

	1980	1981=	1982	1983	1984	1985	1986	1987	1988
			(In millions of RSA Rand)						
Gross domestic fixed investment	437.1	431.2	420.8	360.9	326.2	374.8	420.8	483.2	646.1
By kind of Economic activity									
Agriculture and fishing	22.2	24.2	27.9	30.0	29.0	30.7	36.6	43.0	45.5
Mining and quarrying	112.4	74.6	47.6	40.8	31.9	31.9	75.3	94.5	170.8
Manufacturing	15.0	23.0	8.8	9.9	10.0	9.5	9.4	8.4	8.5
Electricity and water	14.1	36.8	30.4	21.4	5.4	6.9	9.6	6.1	10.8
Construction (Contractors)	15.5	13.4	18.2	10.0	10.1	6.3	5.5	7.5	10.1
Wholesale and retail trade, catering and accommodation	12.0	17.2	18.5	12.0	14.3	13.7	14.5	14.7	18.7
Transport and communication	25.9	32.2	39.5	37.3	25.7	35.5	31.9	39.2	36.8
Finance, insurance, real estate and business services	13.2	12.8	20.7	25.7	38.7	32.8	34.0	58.9	95.4
Community, social and personal services	3.7	8.2	9.6	5.4	5.8	8.0	8.6	6.6	5.8
General government	202.3	194.0	199.6	168.4	155.3	198.7	193.8	204.3	243.7
By kind of organization									
Public authorities:									
General departments	202.3	194.0	199.6	168.4	155.3	198.7	193.8	204.3	243.7
Public business enterprises	37.3	41.4	51.6	42.2	29.9	34.0	29.4	36.3	35.1
Public corporations	20.4	52.1	50.5	35.5	20.3	25.5	30.6	29.1	37.5
Private business enterprises	177.1	148.9	119.1	114.8	120.7	115.8	166.2	213.5	329.8
By type of asset									
Buildings	137.4	136.4	133.9	115.8	114.5	131.1	159.5	182.8	255.5
Construction works	177.3	193.3	188.8	165.4	134.6	157.5	130.0	140.4	214.3
Transport equipment	26.8	34.0	33.0	26.0	23.8	29.9	42.9	44.7	48.8
Machinery and other equipment	95.6	72.7	65.1	53.7	53.3	55.5	87.6	115.3	127.5
				(In percent of fixed investment at current prices)					
By kind of Economic activity									
Agriculture and fishing	5.1	5.5	6.6	8.3	8.9	8.2	8.7	8.9	7.0
Mining and quarrying	25.7	17.1	11.3	11.3	9.8	8.5	17.9	19.6	26.4
Manufacturing	3.6	5.3	2.1	2.7	3.1	2.5	2.2	1.7	1.3
Electricity and water	3.2	8.4	7.2	5.9	1.7	1.8	2.3	1.3	1.7
Construction (Contractors)	3.5	3.1	4.3	2.8	3.1	1.7	1.3	1.6	1.6
Wholesale and retail trade, catering and accommodation	2.7	3.9	4.4	3.3	4.4	3.7	3.5	3.0	2.9
Transport and communication	5.9	7.4	9.4	10.3	7.9	9.5	7.6	8.1	5.7
Finance, insurance, real estate and business services	3.0	2.9	4.9	7.1	11.9	8.8	8.3	12.2	14.8
Community, social and personal services	0.8	1.9	2.3	1.5	1.8	2.1	2.0	1.4	0.9
General government	46.3	44.6	47.4	46.7	47.6	53.1	46.1	42.3	37.7
By kind of organization									
Public authorities:									
General departments	46.3	44.6	47.4	46.7	47.6	53.1	46.1	42.3	37.7
Public business enterprises	8.5	9.5	12.3	11.7	9.2	9.3	7.0	7.5	5.4
Public corporations	4.7	11.9	12.0	9.8	6.2	6.8	7.3	6.0	5.8
Private business enterprises	40.5	34.1	28.3	31.8	37.0	30.7	39.6	44.2	51.0
By type of asset									
Buildings	31.4	31.2	31.8	32.1	35.1	35.1	38.0	37.8	39.5
Construction works	40.6	44.2	44.9	45.8	41.3	42.1	31.0	29.1	33.2
Transport equipment	6.1	8.0	7.8	7.2	7.3	8.0	10.2	9.3	7.6
Machinery and other equipment	21.9	16.6	15.5	14.9	16.3	14.8	20.9	23.9	19.7

Source: Department of Finance

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TABLE I.8. NAMIBIA -- GROSS DOMESTIC FIXED INVESTMENT AT CONSTANT 1980 PRICES, 1980-88

	1980	1981	1982	1983	1984	1985	1986	1987	1988
			(In millions of 1980 RSA Rand)						
Gross domestic fixed investment	437.1	381.9	315.9	237.9	197.1	195.2	184.2	186.8	217.8
By kind of Economic activity									
Agriculture and fishing	22.2	21.3	21.1	20.2	18.1	16.3	15.6	16.4	15.4
Mining and quarrying	112.4	66.0	36.5	27.0	19.8	16.0	31.0	36.3	58.0
Manufacturing	15.8	20.3	6.7	6.0	6.4	5.1	3.9	3.2	2.9
Electricity and water	14.1	31.9	22.7	14.0	3.2	3.6	4.3	2.4	3.6
Construction (Contractors)	15.5	12.0	14.1	6.9	6.5	3.3	2.2	2.6	3.1
Wholesale and retail trade, catering and accommodation	12.8	15.2	14.1	8.1	9.1	7.2	6.0	5.4	6.1
Transport and communication	25.9	20.0	29.5	24.2	15.2	10.2	13.0	13.4	11.2
Finance, insurance, real estate and business services	13.2	11.1	15.3	16.7	23.0	17.1	15.7	23.4	32.6
Community, social and personal services	3.7	7.3	7.4	3.7	3.7	4.2	3.8	2.6	1.9
General government	202.3	160.0	140.5	109.5	92.1	103.4	87.9	81.1	83.0
By kind of organization									
Public authorities:									
General departments	202.3	160.0	140.5	109.5	92.1	103.4	87.9	81.1	83.0
Public business enterprises	37.3	36.3	39.0	27.0	18.2	18.0	12.2	12.0	11.1
Public corporations	20.4	45.4	37.9	23.4	12.5	13.4	13.5	11.4	12.6
Private business enterprises	177.1	131.4	98.5	77.2	74.3	68.4	70.6	81.5	111.1
By type of asset									
Buildings	137.4	118.1	99.0	75.1	67.9	68.2	72.4	72.9	87.5
Construction works	177.3	167.6	140.9	107.0	79.9	82.0	58.0	55.5	72.6
Transport equipment	26.8	38.5	24.5	16.7	14.0	14.8	15.9	13.3	12.4
Machinery and other equipment	95.6	65.7	51.5	38.3	35.3	30.2	37.1	45.1	45.3

Source: Department of Finance

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TABLE 1.9. NAMIBIA -- GROSS DOMESTIC FIXED INVESTMENT AT CONSTANT 1980 PRICES, 1980-88

	1980	1981	1982	1983	1984	1985	1986	1987	1988
	(In percent of fixed investment at constant 1980 prices)								
By kind of Economic activity									
Agriculture and fishing	5.1	5.6	6.7	8.5	9.2	8.4	8.5	8.8	7.1
Mining and quarrying	25.7	17.3	11.6	11.7	10.0	8.6	17.3	19.4	26.6
Manufacturing	3.6	5.3	2.1	2.9	3.2	2.6	2.1	1.7	1.3
Electricity and water	3.2	8.4	7.2	5.9	1.6	1.8	2.3	1.3	1.7
Construction (Contractors)	3.5	3.1	4.5	2.9	3.3	1.7	1.2	1.4	1.4
Wholesale and retail trade, catering and accommodation	2.7	4.0	4.5	3.4	4.6	3.7	3.3	2.9	2.8
Transport and communication	5.9	7.3	9.3	10.2	7.7	9.3	7.1	7.2	5.1
Finance, insurance, real estate and business services	3.0	2.9	4.8	7.0	11.7	8.8	8.5	12.5	15.8
Community, social and personal services	0.8	1.9	2.3	1.6	1.9	2.2	2.1	1.4	0.9
General government	46.3	44.2	47.0	46.0	46.7	53.0	47.7	43.4	38.1
By kind of organisation									
Public authorities:									
General departments	46.3	44.2	47.0	46.0	46.7	53.0	47.7	43.4	38.1
Public business enterprises	8.5	9.5	12.3	11.7	9.2	9.2	6.6	6.9	5.1
Public corporations	4.7	11.9	12.0	9.8	6.3	6.9	7.3	6.1	5.8
Private business enterprises	40.5	34.4	28.6	32.5	37.7	30.9	38.3	43.6	51.0
By type of asset									
Buildings	31.4	30.9	31.3	31.6	34.4	34.9	39.3	39.0	40.2
Construction works	40.6	43.9	44.6	45.3	40.5	42.0	31.9	29.7	33.3
Transport equipment	6.1	8.0	7.8	7.0	7.1	7.6	8.6	7.1	5.7
Machinery and other equipment	21.9	17.2	16.3	16.1	17.9	15.5	20.1	24.1	20.8
	(Annual percentage change)								
Gross domestic fixed investment	---	-12.6	-17.3	-24.7	-17.2	-1.0	-5.6	1.4	16.6
By kind of Economic activity									
Agriculture and fishing	---	-4.1	-0.9	-4.3	-10.4	-9.9	-4.3	5.1	-6.1
Mining and quarrying	---	-41.3	-44.7	-23.8	-28.0	-15.2	89.3	14.2	59.8
Manufacturing	---	28.5	-67.0	1.5	-5.9	-20.3	-23.5	-17.9	-9.4
Electricity and water	---	126.2	-20.0	-30.3	-77.1	12.5	19.4	-44.2	50.0
Construction (Contractors)	---	-22.6	17.5	-51.1	-5.8	-49.2	-33.3	18.2	19.2
Wholesale and retail trade, catering and accommodation	---	26.7	-7.2	-42.6	12.3	-20.9	-16.7	-10.0	13.0
Transport and communication	---	8.1	5.4	-18.0	-37.2	19.7	-28.6	3.1	-16.4
Finance, insurance, real estate and business services	---	-15.9	37.8	9.2	37.7	-25.7	-8.2	49.0	39.3
Community, social and personal services	---	97.3	1.4	-50.0	0.0	13.5	-9.5	-31.6	-26.9
General government	---	-16.6	-12.0	-26.3	-15.9	12.3	-15.0	-7.7	2.3
By kind of organization									
Public authorities:									
General departments	---	-16.6	-12.0	-26.3	-15.9	12.3	-15.0	-7.7	2.3
Public business enterprises	---	-2.7	7.4	-28.7	-34.5	-1.1	-32.2	4.9	-13.3
Public corporations	---	122.5	-16.5	-38.3	-46.6	7.2	0.7	-15.6	10.5
Private business enterprises	---	-25.0	-31.1	-14.7	-3.8	-18.7	16.9	15.4	36.3
By type of asset									
Buildings	---	-14.0	-16.2	-24.1	-9.6	0.4	6.2	0.7	20.0
Construction works	---	-5.5	-15.9	-23.5	-25.9	2.6	-28.3	-5.6	30.0
Transport equipment	---	13.0	-19.7	-31.8	-16.2	5.7	7.4	-16.4	-6.8
Machinery and other equipment	---	-31.3	-21.6	-25.6	-7.8	-14.0	22.0	21.6	[illegible]

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TABLE 1.10. NAMIBIA -- FINANCING GROSS DOMESTIC INVESTMENTAT CURRENT PRICES, 1980-88

(In millions of RSA Rand)

	1980	1981	1982	1983	1984	1985	1986	1987	1988
Gross domestic fixed investment	437.1	437.2	420.8	360.9	326.2	374.0	420.0	483.2	646.1
Change in inventories	80.9	59.1	-5.7	-27.3	37.5	5.4	-16.7	38.4	217.3
Gross Domestic Investment	518.0	496.3	415.1	333.6	363.7	379.4	403.3	521.6	863.4
Personal saving	71.0	62.9	55.5	64.7	66.5	86.2	69.4	94.4	73.3
Corporate saving	207.0	178.9	143.8	222.1	109.4	272.1	251.1	100.2	219.8
General government saving	130.9	77.9	130.9	86.0	207.5	231.2	504.8	216.9	308.1
Provision for depreciation	95.4	107.6	110.0	126.3	132.9	140.1	149.3	162.0	178.2
Gross domestic saving	505.1	427.3	440.2	499.9	516.3	729.6	974.6	573.5	780.1
Net capital inflow from r.o.w. / Change in foreign reserves (Increase -; Decrease +) — Net	12.9	69.0	-33.1	-166.3	-152.6	-350.2	-571.3	-51.9	83.3
Financing of GDI	518.0	496.3	415.1	333.6	363.7	379.4	403.3	521.6	863.4

(In percent of financing of GDI)

	1980	1981	1982	1983	1984	1985	1986	1987	1988
Gross domestic fixed investment	84.4	88.1	101.4	108.2	89.7	98.6	104.1	92.6	74.8
Change in inventories	15.6	11.9	-1.4	-8.2	10.3	1.4	-4.1	7.4	25.2
Gross Domestic Investment	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Personal saving	13.9	12.7	13.4	19.4	18.3	22.7	17.2	18.1	8.5
Corporate saving	40.0	36.0	34.6	66.6	30.1	71.7	62.3	19.2	25.4
General government saving	25.3	15.7	31.5	26.0	57.1	60.9	125.2	41.6	35.7
Provision for depreciation	18.4	21.7	20.4	37.9	36.5	36.9	37.0	31.1	20.6
Gross domestic saving	97.5	86.1	108.0	149.9	142.0	192.3	241.7	110.0	90.4
Net capital inflow from r.o.w. / Change in foreign reserves (Increase -; Decrease +) — Net	2.5	13.9	-8.0	-49.9	-42.0	-92.3	-141.7	-10.0	9.6
Financing of GDI	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: Department of Finance

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TABLE I.11 --"NAMIBIA. ACTUAL AND PROJECTED GDP AND SECTORAL VALUE ADDED

	1988	1989	1990	1991	1992	1993	1994
				(million Rand of 1980)			
PRIMARY SECTORS	644.0	619.4	691.5	736.2	772.3	800.2	829.2
Agriculture and Fishing	151.0	157.0	184.2	212.5	235.3	262.5	290.6
Fisheries	27.9	17.5	44.7	68.8	86.6	107.8	129.0
Rest of Agriculture	123.1	139.5	139.5	143.7	148.7	154.7	161.6
Mining and Quarrying	493.0	462.4	507.3	523.7	537.0	537.7	538.6
SECONDARY SECTORS	127.7	136.4	141.7	147.7	154.5	162.2	171.0
Manufacturing	60.5	63.5	65.1	67.0	69.4	72.2	75.4
Electricity and Water	34.9	36.0	37.1	38.4	39.9	41.7	43.8
Construction	32.3	36.9	39.5	42.2	45.2	48.4	51.8
TERTIARY SECTORS	688.0	703.5	720.2	738.7	759.2	781.7	806.4
General Government	258.9	261.5	264.1	266.8	269.4	272.1	274.8
Rest of Services	429.1	442.0	456.0	472.0	489.8	509.5	531.5
Total GDP	1459.7	1459.3	1553.3	1622.6	1686.0	1744.1	1806.5
		0.0	6.4	4.5	3.9	3.4	3.6

(growth rates)

	Average 1985-1989	1989	1990	1991	1992	1993	1994
PRIMARY SECTORS	1.5	-3.8	11.6	6.5	4.9	3.6	3.6
Agriculture and Fishing	7.7	4.0	17.3	15.4	10.8	11.5	10.7
Fisheries	-6.2	-37.3	155.2	54.0	25.9	24.4	19.6
Rest of Agriculture	10.3	13.3	0.0	3.0	3.5	4.0	4.5
Mining and Quarrying	-0.3	-6.2	9.7	3.2	2.5	0.1	0.2
SECONDARY SECTORS	1.1	6.8	2.9	4.2	4.6	5.0	5.4
Manufacturing	1.5	5.0	2.5	3.0	3.5	4.0	4.5
Electricity and Water	2.7	3.2	3.0	3.5	4.0	4.5	5.0
Construction	-0.9	14.2	7.0	7.0	7.0	7.0	7.0
TERTIARY SECTORS	2.7	2.3	1.7	2.6	2.8	3.0	3.2
General Government	2.0	1.0	1.0	1.0	1.0	1.0	1.0
Rest of Services	3.2	3.0	3.0	3.0	3.0	3.0	3.0
Total GDP		0.0	6.4	4.5	3.9	3.4	3.6
GDP w/o fisheries			4.6	3.0	2.9	2.3	2.5

PRIMARY SECTORS	42.4	44.5	45.4	45.8	45.9	45.9
Agriculture and Fishing	10.8	11.9	13.1	14.0	15.0	16.1
Fisheries	1.2	2.9	4.2	5.1	6.2	7.1
Rest of Agriculture	9.6	9.0	8.9	8.8	8.9	8.9
Mining and Quarrying	31.7	32.7	32.3	31.8	30.8	29.8
SECONDARY SECTORS	9.3	9.1	9.1	9.2	9.3	9.5
Manufacturing	4.4	4.2	4.1	4.1	4.1	4.2
Electricity and Water	2.5	2.4	2.4	2.4	2.4	2.4
Construction	2.5	2.5	2.6	2.7	2.8	2.9
	0.0	0.0	0.0	0.0	0.0	0.0
TERTIARY SECTORS	48.2	46.4	45.5	45.0	44.8	44.6
General Government	17.9	17.0	16.4	16.0	15.6	15.2
Rest of Services	30.3	29.4	29.1	29.0	29.2	29.4
	0.0	0.0	0.0	0.0	0.0	0.0
Total GDP	100.0	100.0	100.0	100.0	100.0	100.0

Source: Mission estimates

TABLE I.12 -- NAMIBIA. ACTUAL AND PROJECTED GDP AND EXPENDITURE ON GDP, 1989-1994

(in million Rand of 1989)

	1989	1990	1991	1992	1993	1994
Private Consumption	2870.7	2956.9	3045.6	3136.9	3231.0	3328.0
Public Consumption	1317.2	1330.3	1343.6	1357.1	1370.6	1394.4
Fixed Investment	763.7	985.3	1086.4	1188.3	1290.7	1430.6
Change in Inventories	130.4	0.0	24.4	22.4	20.5	22.0
Exports of Goods & NFS	2770.6	3458.6	4102.1	4697.7	5430.6	6271.4
(Goods)	2701.2	3385.7	4026.9	4620.4	5351.9	6191.3
(NFS)	69.4	72.9	74.9	76.8	78.1	79.3
Imports of Goods & NFS	-2709.7	-3257.1	-3884.0	-4460.7	-5197.1	-6040.0
(Goods)	-2221.1	-2718.1	-3321.0	-3875.6	-4591.9	-5413.1
(NFS)	-506.4	-539.0	-563.0	-585.1	-605.2	-526.9
TOTAL GDP mp	5142.9	5474.0	5716.1	5941.7	6146.4	6368.3
Factor Payments Offshore fisheries		-19.0	-31.1	-40.0	-50.6	-61.2
Other Factor Payments net	-331.4	-405.5	-495.5	-578.2	-885.1	-807.6
GROSS NATIONAL PRODUCT	4811.5	5049.4	5191.6	5323.4	5410.7	5497.5
Growth of GNP		4.9	2.8	2.5	1.6	1.6

(percentages)

	1989	1990	1991	1992	1993	1994
Private Consumption	55.8	54.0	53.3	52.8	52.6	52.3
Public Consumption	25.6	24.3	23.5	22.8	22.3	21.7
Fixed Investment	14.8	18.0	19.0	20.0	21.0	22.0
Change in Inventories	2.5	0.0	0.4	0.4	0.3	0.3
Exports of Goods & NFS	53.9	63.2	71.7	79.1	88.4	98.5
(Goods)	52.5	61.9	70.4	77.8	87.1	97.3
(NFS)	1.3	1.3	1.3	1.3	1.3	1.2
Imports of Goods & NFS	-52.7	-59.5	-67.9	-75.1	-84.6	-94.9
(Goods)	-43.2	-49.7	-58.1	-65.2	-74.7	-85.0
(NFS)	-9.8	-9.8	-9.8	-9.8	-9.8	-9.8
TOTAL GDP mp	100.0	100.0	100.0	100.0	100.0	100.0

	1989	1990	1991	1992	1993	1994
Private Consumption		3.0	3.0	3.0	3.0	3.0
Public Consumption		1.0	1.0	1.0	1.0	1.0
Fixed Investment		29.0	10.3	9.4	9.6	8.5
Change in Inventories						
Exports of Goods & NFS		24.8	18.6	14.5	15.6	15.5
(Goods)		25.3	18.9	14.7	15.8	15.7
(NFS)		4.9	2.8	2.5	1.6	1.5
Imports of Goods & NFS		20.2	19.2	14.8	16.5	16.2
(Goods)		22.4	22.2	16.7	18.5	17.9
(NFS)		8.4	4.5	3.9	3.4	3.6
TOTAL GDP mp		6.4	4.5	3.9	3.4	3.6

Source: Mission Estimates

TABLE II.1. NAMIBIA -- POPULATION ESTIMATES BY POPULATION GROUPS[a], 1980-88

	1980	1981	1982	1983	1984	1985	1986	1987	1988
	(In thousands)								
Total	1306.0	1346.0	1387.0	1428.9	1473.0	1518.0	1564.0	1611.0	1660.0
White	75.3	76.4	77.6	78.7	79.9	81.1	82.3	83.6	84.8
Non-white supported by modern economy	534.7	546.6	559.4	573.2	592.1	610.9	627.7	645.4	663.2
Non-white supported by traditional economy	696.0	723.0	750.0	777.0	801.0	826.0	854.0	882.0	912.0
	(In percent)								
Share of total economy:									
Total modern economy	46.7	46.3	45.9	45.6	45.6	45.6	45.4	45.3	45.1
White	5.8	5.7	5.6	5.5	5.4	5.3	5.3	5.2	5.1
Non-white supported by modern economy	40.9	40.6	40.3	40.1	40.2	40.2	40.1	40.1	40.0
Non-white supported by traditional economy	53.3	53.7	54.1	54.4	54.4	54.4	54.6	54.7	54.9
Total economy	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: UN Statistical Office/DIESA, UN Population Division/DIESA, as referenced in "Base Studies on Financial, Economic and Social Aspects for the Arrangements for Independence in Namibia: Population and National Accounts of Namibia," (UNDP) Pp. 26 and 49.

[a] Provisional estimates.

TABLE II.2: NAMIBIA -- PRIMARY AND SECONDARY TEACHERS ACCORDING TO QUALIFICATIONS, BY EDUCATION ADMINISTRATION, 1988

	Qualified*	Under qualified**	Un- qualified***	Total
Whites	852	345	15	1212
Caprivians	27	21	763	811
Damaras	51	58	317	426
Hereros	21	50	542	613
Kavangos	32	44	1071	1147
Coloureds	105	297	256	658
Namas	50	109	373	532
Tswanas	10	14	19	43
Ovambos	45	395	4480	4920
DNE	299	321	1078	1698
Rehoboth	51	217	197	465
Total:				
1988	1543	1871	9111	12525
1987	1418	1734	8793	11945
1986	1268	1663	8190	11121

Source: Statistics Office, DEA, as referenced in "Base Studies on Financial, Economic and Social Aspects for the Arrangements for Independence in Namibia: Education in Namibia," (UNDP) Annex IV.4.

*Standard 10 + 4 years or more teacher training.
**Standard 10 + 1 to 3 years or more teacher training.
***Standard 7 or lower up to Standard 10 with little or no teacher training.

TABLE II.3. NAMIBIA -- EDUCATION EXPENDITURE IN RANDS PER PUPIL/STUDENT, 1986/87

	Pupils/ Students 1986	Education expend.s in thous. of Rands 1986/87	Rands/ Pupil
Whites	16773.0	53891.0	3213
Caprivians	17622.0	9836.2	558
Damaras	9144.0	9030.3	988
Hereros	14657.0	15704.7	1071
Kavangos	31837.0	16973.5	533
Coloureds	15773.0	18768.4	1190
Namas	14667.0	11885.2	810
Tswanas	850.0	1400.5	1648
Ovambos	180812.0	59555.7	329
Rehoboth	10388.0	10228.0	985
Subtotal	312523.0	207273.5	663
DNE*	41557.0	74839.8	1801
Total	354080.0	282113.3	797

Source: UNESCO mission, as referenced in "Base Studies on Fin., Econ. and Soc. Aspects for the Arrangements for Independence in Namibia: Education in Namibia," (UNDP) Annex X.5.

*DNE (Department of National Education) figures include student of and subsidy to The Academy.

TABLE II.4. NAMIBIA -- REVENUES AND EXPENDITURES, INCLUDING EDUCATION, BY ADMINISTRATION OF REPRESENTATIVE AUTHORITY, 1986/87

(In thous. of Rand)	Revenues from: Own sources	Central Authority	Total	Total expend-itures	Educat. expend-itures	Educat. as a % of total
Whites	163849.4	31541.9	195391.3	199648.3	53891.0	27.0
Caprivians	2558.4	25545.5	28104.0	26241.8	9836.2	37.5
Damaras	3937.2	21508.0	25445.2	25908.3	9038.3	34.9
Hereros	9183.8	22451.7	31635.5	37155.4	15704.7	42.3
Kavangos	7044.6	37850.7	44895.3	41639.4	16973.5	40.8
Coloureds	10638.1	23142.1	33780.2	34126.5	18768.4	55.0
Namas	1770.0	24518.6	26288.6	25531.1	11885.2	46.6
Tswanas	1797.4	6461.0	8258.4	7930.7	1400.5	17.7
Ovambos	19317.4	128641.1	147958.2	146719.0	59555.7	40.6
Rehoboth	8538.0	20786.1	29324.9	28378.1	10220.0	36.0
Total	220635.1	342446.7	571081.6	573279.4	207273.5	36.2
DNR	***	***	77695	77796	74839.0	96.2

Source: Reports of the Auditor-General for Fiscal Year 1986/87 as referenced in "Base Studies on Financial, Economic and Social Aspects for the Independence in Namibia: Education in Namibia," (UNDP) Annex X.1.

TABLE II.5. NAMIBIA -- EDUCATION PROFILE: SUMMARY, 1988

	Total enrolment	Number of teachers	Number of approved posts	Teacher shortage	Pupil/ Teacher ratio
District:					
Bethanien	696	33	33	0	21.1
Beshoanaland	596	24	27	-3	24.8
Caprivi	21058	822	831	-9	25.6
Damaraland	10861	462	474	-12	23.5
Gobabis	4949	215	216	-1	23.0
Grootfontein	4261	177	180	-3	24.1
Hereroland-East	6388	225	226	-1	28.4
Hereroland-West	6157	238	244	-6	25.9
Kaokoland	3347	122	122	0	27.4
Karasburg	2796	136	136	0	20.6
Karibib	3054	110	113	-3	27.8
Kavango	35935	1206	1265	-59	29.8
Keetmanshoop	6267	288	289	-1	21.8
Luderitz	2178	121	121	0	18.0
Maltahohe	778	34	34	0	22.9
Mariental	5941	262	264	-2	22.7
Namaland	3695	167	170	-3	22.1
Okahandja	3632	148	155	-7	24.5
Omaruru	1592	69	69	0	23.1
Otjiwarongo	4818	211	214	-3	22.8
Outjo	1953	88	89	-1	22.2
Ovambo	193863	4962	4992	-30	39.1
Rehoboth	10000	465	467	-2	21.5
Swakopmund	3648	204	207	-3	17.9
Tsumeb	3845	178	184	-6	21.6
Windhoek	31969	1559	1566	-7	20.5
Total	374269	12526	12688	-162	29.9

Source: SWA/Namibia Department of Economic Affairs, Statistics, 1989. "Operational Information." Windhoek.

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TABLE II.6. NAMIBIA -- EDUCATION PROFILE: SUMMARY, 1988

	Total enrolment	Teaching Rooms[a] Permanent	Prefab.	Other temporary	Total	Pupil/Perm. classroom ratio	Pupil/Tot. classroom ratio
District:							
Bethanien	696	35			35	19.9	19.9
Beshuanaland	596	14	12	1	27	42.6	22.1
Caprivi	21050	354	27	300	681	59.5	30.9
Damaraland	10861	396			396	27.4	27.4
Gobabis	4949	187	22	5	214	26.5	23.1
Grootfontein	4261	139	7		146	30.7	29.2
Hereroland-East	6380	178	1	6	185	35.8	34.5
Hereroland-West	6157	168		8	176	36.6	35.0
Kaokoland	3347	71	10	8	89	47.1	37.6
Karasburg	2796	125	8	1	134	22.4	20.9
Karibib	3054	107	8		115	28.5	26.6
Kavango	35935	793	46	339	1178	45.3	30.5
Keetmanshoop	6267	229	57	2	288	27.4	21.8
Luderitz	2178	111	19	8	138	19.6	15.8
Maltahohe	778	37			37	21.0	21.0
Mariental	5941	235	35	2	272	25.3	21.8
Namaland	3695	138	38	7	183	26.8	20.2
Okahandja	3632	130	11		141	27.9	25.8
Omaruru	1592	54		4	58	29.5	27.4
Otjiwarongo	4818	144	50		194	33.5	24.8
Outjo	1953	83			83	23.5	23.5
Ovambo	193863	2641	855	1253	4749	73.4	40.8
Rehoboth	10000	439	6	6	451	22.8	22.2
Swakopmund	3648	177	27		204	20.6	17.9
Tsumeb	3845	145	24		169	26.5	22.8
Windhoek	31969	1240	125	5	1370	25.8	23.3
Total	374269	8370	1388	1955	11713	44.7	32.0

Source: SWA/Namibia Department of Economic Affairs, Statistics, 1989. "Operational Information." Windhoek.

[a]Includes class rooms, laboratories, typing rooms, handicraft rooms, cookery rooms needlework rooms, art rooms and workshops.

TABLE 11.7. NAMIBIA -- EDUCATIONAL INSTITUTIONS, 1985-88

	1985	1986	1987	1988
Total	1106	1121	1129	1159
Pre-primary	31	32	18	22
Ordinary schools	1050	1071	1093	1118
Technical schools	1	1	1	1
Agricultural schools	2	2	2	2
Technical institutes ...	2	2	2	3
Special schools	2	2	2	2
Specialized education ...	3	3	3	3
Industrial schools	0	1	1	1
Teacher training colleges	5	5	5	5
Agricultural colleges ...	2	2	2	2

Source: SWA/Namibia Directorate Development Co-ordination, "Statistics of Schools," various issues. Windhoek.

Note: Pre-primary - schools with only pre-primary classes.
Ordinary schools - all schools not otherwise defined, includes junior primary, senior primary, junior secondary, and senior secondary or a combination of the afore mentioned.
Technical schools - present technical courses as part of their usual curriculum.
Agricultural schools - present agricultural courses as part of their usual curriculum.
Technical institutes - technical certificates are awarded at these institutes.
Special schools - a school in which vocational or appropriate training is given to pupils for whom progress is not possible at an ordinary school.
Specialized education - pupils with the following disabilities are accomodated: hearing, sight, mental, (or retardation), neural, early childhood autism and education deprivation.
Industrial schools - children are accomodated who were referred there in terms of the Children's Act, 1960.

TABLE II.8. NAMIBIA -- EXPENDITURES ON HEALTH ADMINISTRATIONS, ...

	Whites	Ovambos
	(In millions of RSA Rands)	
Total government allocation	18.5	35.8
Central government	5.6	21.2
Second tier authorities	12.9	14.6
	(In RSA Rand)	
Per capita contributions to health .	236	91
Central government	72	34
Second tier authorities	164	57
	(In percent of total)	
Contributions to health:		
Central government	31	59
Second tier authorities	69	41

Source: Reports furnished by The Administration for Whites Estimate of Expenditure and Revenue, Administration for Ovambos (1988/89), as referenced in "Base Studies on Financial, Economic and Social Aspects for the Arrangements for Independence in Namib.., Health Sector Review: Namibia," (UNDP) Table 4.3.5, P.27.

TABLE II.9. NAMIBIA -- DISTRIBUTION OF HEALTH FACILITIES AS OF MARCH 1989

District	Population	Hospitals Number	Hospitals Beds	Clinics Number	Clinics Beds	Total beds/ thous. pop.
Caprivi	46640	1	220	23	0	4.7
Damaraland	15210	2	167	11	11	11.7
Gobabis	34515	2	132	9	35	4.8
Grootfontein	34753	2	181	4	21	5.8
Karasburg	11680	2	64	4	6	6.0
Kavango	129987	10	763	34	1	5.9
Keetmanshoop	31464	4	196	7	6	6.4
Luderitz	13241	2	92	4	3	7.2
Mariental	35446	4	191	7	21	6.0
Okakarara	26793	1	60	6	34	3.5
Omaruru	15721	2	138	2	0	8.8
Kaokoland	28450	1	132	4	6	6.7
Oranjemund	5209	1	115	0	0	22.1
Otjiwarongo	25078	2	200	2	0	7.7
Outjo	10903	2	80	3	7	8.0
Rehoboth	34662	2	211	4	1	6.1
Ovamboland	55594[illegible]	12	2289	49	0	4.1
Swakopmund	22629	4	156	4	5	7.1
Tsumeb	24931	2	227	3	0	9.1
Usakos	13478	2	83	4	0	6.2
Windhoek	152479	4	1235	7	19	8.2
Total	1262017	64	6932	191	176	5.6

Source: Epidemiology Section of the Department of National Health and Welfare, Windhoek, as referenced in "Base Studies on Financial, Economic and Social Aspects for the Arrangements for Independence in Namibia: Health Sector Review: Namibia," (UNDP) Table 4.1.1, P.6.

TABLE II.10. NAMIBIA -- INPATIENT CAPACITY IN THE ADMINISTRATION FOR WHITES HEALTH FACILITIES 1 APRIL 1988-31 MARCH 1989

	Whites	Non-whites
Beds	603	105
Patients	3841	3743
Patients per bed	6.4	35.6
Patient days	14277	16505
Patient days per bed	23.7	157.2

Source: Epidemiology Section of the Department of National Health and Welfare, Windhoek, as referenced in "Base Studies on Financial, Economic and Social Aspects for the Arrangements for Independence in Namibia: Health Sector Review: Namibia," (UNDP) Table 4.1.5, P.10.

TABLE II.11. NAMIBIA --MEDICAL PERSONNEL, 1989

	Medical Practitioners[a]	Dentists	Sisters	Staff nurses	Health Inspectors
District:					
Caprivi	5	0	33	40	2
Damaraland	3	0	10	21	1
Gobabis	4	0	10	7	2
Grootfontein	6	0	10	16	3
Hereroland	3	0	7	2	1
Kaokoland	1	0	4	0	0
Karasburg	2	0	7	10	0
Karibib	1	0	1	0	1
Kavango	14	0	65	43	1
Keetmanshoop	5	2	24	34	2
Luderitz	8	2	35	7	1
Mariental	4	1	19	8	2
Omaruru	2	0	9	6	0
Otjiwarongo	6	3	17	6	3
Outjo	2	0	6	3	1
Ovamboland	0	0	329	208	2
Rehoboth	5	0	16	10	2
Swakopmund	21	3	54	27	4
Tsumeb	11	2	20	7	2
Windhoek	124	18	426	172	21
Total	227	31	1110	627	51

Source: SWA/Namibia Department of National Health and Welfare, 1989. "Operational Information." Windhoek.

[a]Includes specialists.

TABLE III.1. NAMIBIA -- MANPOWER SURVEY, 1984

Section A: Occupational groups	Employment Male	Employment Female	Employment Total
Professional, semi-prof. and technical...	7570	9609	17179
Managerial, executive, and administrative	4056	751	4807
Clerical	6493	7515	14008
Sales and related work	2977	2781	5758
Mining and quarrying activities	2855	0	2855
Transportation, delivery, and commun.	4974	453	5427
O&SSW in metal, plastics, motor industry,	1400	3	1403
O&SSW in building and construction work ..	12505	0	12505
Processing of wood and furniture	267	35	302
Manufacturing of clothes and textiles	184	340	524
Food and beverages P&M processes	1552	281	1833
Leather and shoe processing	63	1	64
P&M of fiber glass, glass, cement, etc. ..	277	2	279
S&SSW in P&M of chemical and rubber prod.s	212	26	238
Printing and paper manufacturing	78	58	136
Supervisors and OS&SW, n.e.c.	9381	482	9863
Services: public, personal, and domestic .	8978	5606	14584
Labourers	49955	2586	52541
Total section A	113777	30529	144306

Section B: Artisans and apprentices	Artisans Male	Artisans Female	Artisans Total	Apprentices	Total
Metal and engineering trades	1164	1	1165	236	1401
Electrical trades	654	1	655	148	803
Motor trades	1104	0	1104	168	1272
Building trades	1642	4	1646	257	1903
Printing trades	72	43	115	0	115
Furniture trades	71	0	71	62	133
Food trades	53	8	61	6	67
Diamond cutting, jeweller's trades	18	8	26	1	27
Hairdressing and miscellaneous trades.....	123	74	197	0	197
Total section B	4901	139	5040	878	5918

Summary:	
Total employment	150224
Total shortage	6759
Expected change over 1 year	1856

Source: Manpower Survey: 1984, Directorate: Development Co-ordination, Department of Government Affairs.

OS&SW = Operators and semiskilled workers
P&M = Processing and manufacturing
n.e.c. = not elsewhere classified

Table III.2. NAMIBIA -- MANPOWER SURVEY, 1988

Section A: By occupation	Employment Male	Employment Female	Employment Total
Professional, technical and related workers	10729	12226	22955
Administrative and managerial	1876	226	2102
Administrative, clerical and related workers	6414	10209	16623
Sales workers	5743	4306	10049
Service workers	9237	27949	37186
Farm and For. workers, fishermen, hunters	36503	1885	38388
Production and Construction Workers	17764	840	18604
Engines and eqipment operators	7793	738	8531
General laborers	28248	2107	30355
Total section A	124307	60486	184793

Section B: By industrial group and control	Total	Total (% total)	PUBLIC SECTOR: Central govt.	Repres. author.	Local author.	Public corp.	Other	Total public	Public sector (% public)	Private sector (total)	Private sector (% priv.)
Agriculture, Hunting, Forestry and Fishing	36071	19.5	0	0	0	0	0	0	0.0	36071	27.9
Mining and Quarying	10062	5.4	0	0	0	0	0	0	0.0	10062	7.8
Manufacturing	9442	5.1	20	0	0	667	0	687	1.2	8755	6.8
Electricity and Water Supply	1273	0.7	0	0	0	1273	0	1273	2.3	0	0.0
Construction	12657	6.8	1084	0	0	0	0	1084	2.0	11573	8.9
Trade	29394	15.9	248	18	10	1430	0	1706	3.1	27688	21.4
Transport and Communications	7880	4.3	6300	0	0	83	0	6383	11.5	1497	1.2
Financial and Business Services	4327	2.3	0	0	0	285	0	293	0.5	4034	3.1
Community, Social and Personal Services	73687	39.9	14474	24471	3623	1219	100	43887	79.3	29800	23.0
Total section B	184793	100.0	22126	24489	3633	4957	100	55313	100.0	129480	100.0
(% of Total employment)	100.0		12.0	13.3	2.0	2.7	0.1	29.9		70.1	

Source: Manpower Survey: 1988, Directorate: Development Co-ordination, Department of Government Affairs.

TABLE IV.1. NAMIBIA -- EMPLOYEES AND SALARIES IN THE MINING INDUSTRY*, 1980-89

Year	Total employees	Total salary P.A.R.	Average salary P.A.R.
	(In thousands)		
1980	19.8	108,941.4	5,509
1981	19.2	123,804.5	6,435
1982	17.8	132,157.9	7,436
1983	16.9	141,299.7	8,373
1984	15.6	139,441.0	8,925
1985	14.9	152,825.0	10,278
1986	15.0	165,442.0	11,016
1987	13.8	184,039.8	13,337
1988	13.8	241,553.0	17,542
1989	13.9	264,833.3	19,051

Source: Department of Economic Affairs.

*Cash only: fringe benefits excluded.

TABLE V 1 NAMIBIA -- CONSOLIDATED 1st, 2nd AND 3rd TIER GOVERNMENT EXPENDITURES, FISCAL YEAR* 1980/81-1986/87

	1980/81	1981/82	1982/83	1983/84	1984/85	1985/86	1986/87
	(In millions of RSA Rand)						
Current Expenditures							
Interest	---	16.1	50.6	63.9	114.4	120.2	113.3
Transfers	62.3	72.8	118.0	118.3	138.6	206.6	172.2
Other current expenditures	432.3	499.0	629.0	790.7	823.9	969.4	1247.0
Sub-total current expenditures	494.6	587.9	797.6	972.9	1076.9	1296.2	1532.5
Capital expenditures							
Transfers	37.8	74.8	43.1	39.4	38.9	82.9	69.5
Other capital expenditures	188.6	207.0	161.4	145.8	174.7	170.3	172.0
Sub-total capital expenditures	226.4	281.8	204.5	185.2	213.6	253.2	241.5
Total expenditures	721.0	869.7	1002.1	1158.1	1290.5	1549.4	1774.0
Of which. Central authority	---	744.2	798.3	945.9	1037.2	1241.4	1405.2
	(In percent of fiscal year GDP)						
Current Expenditures							
Interest	---	1.0	2.8	3.3	5.0	4.2	3.5
Transfers	4.0	4.4	6.5	6.1	6.1	7.2	5.3
Other current expenditures	27.5	30.1	34.6	40.8	36.3	34.0	38.6
Sub-total current expenditures	31.4	35.5	43.9	50.2	47.4	45.4	47.4
Capital expenditures							
Transfers	2.4	4.5	2.4	2.0	1.7	2.9	2.2
Other capital expenditures	12.0	12.5	8.9	7.5	7.7	6.0	5.3
Sub-total capital expenditures	14.4	17.0	11.3	9.6	9.4	8.9	7.5
Total expenditures	45.8	52.5	55.2	59.8	56.9	54.3	54.9
Of which Central authority	---	44.9	44.0	48.8	45.7	43.5	43.5
Memorandum items:							
	(In millions of RSA Rand)						
Fiscal year gross domestic product	1573.5	1655.6	1815.4	1937.4	2269.8	2852.4	3231.9
	(In percent of total government expenditures)						
Central authority expenditure	---	85.6	79.7	81.7	80.4	80.1	79.2

Source: Auditor General's Reports and Unpublished Material for Master's Thesis of R.Ritter.

*Fiscal year runs April through March

TABLE V.2. NAMIBIA -- CENTRAL AUTHORITY FINANCIAL OPERATIONS, FISCAL YEAR 1981/82-1989/90

	1981/82	1982/83	1983/84	1984/85	1985/86	1986/87	1987/88	1988/89	Estimate 1989/90
				(In millions of RSA Rand)					
Total revenue (excluding loans and transfers)	431.2	453.3	513.4	628.0	948.6	1133.6	1215.0	1484.1	[illegible]
Taxes on income and profits	78.8	55.8	107.3	165.9	293.9	395.1	415.5	451.8	[illegible]
Property taxes	3.2	2.0	2.7	2.4	3.0	5.2	9.0	8.8	[illegible]
Taxes on domestic transactions	55.4	76.0	85.3	121.7	162.2	204.7	281.7	338.5	[illegible]
Taxes on international trade	275.5	271.7	273.1	271.1	338.8	400.2	391.3	458.5	[illegible]
Less: payments to SWFC	6.9	5.9	8.3	6.5	15.6	20.7	12.1	20.9	[illegible]
Sub-total tax revenue	406.0	399.5	460.1	556.6	782.3	984.5	1065.4	1236.7	[illegible]
Non-tax revenue	25.2	53.9	53.3	71.4	166.3	149.1	149.6	247.4	[illegible]
Total expenditures	744.2	798.3	945.9	1037.2	1241.4	1405.2	1669.0	1790.3	[illegible]
Current expenditures*	543.9	585.7	786.8	847.0	994.8	1193.7	1346.3	1524.6	[illegible]
Wages*	108.7	151.9	179.5	224.9	235.3	334.4	372.3	432.4	[illegible]
Goods and Services	135.4	117.1	156.3	160.9	255.5	321.6	392.5	440.6	...
Interest	20.9	37.9	62.8	112.9	118.9	113.3	109.3	114.3	...
Other borrowing costs	1.0	12.9	1.1	1.4	1.3	4.6	3.2	20.8	[illegible]
Subsidies	36.9	56.4	39.4	33.3	72.8	77.3	71.6	51.3	[illegible]
Current transfers	241.0	209.5	347.7	313.6	311.0	342.5	397.4	465.2	...
Capital Expenditure	200.3	212.7	159.1	190.2	246.6	211.5	322.7	265.7	[illegible]
Acquisition of fixed capital assets	105.0	93.5	87.7	116.4	115.3	117.3	141.9	153.1	...
Purchases of land etc	6.2	2.0	0.0	0.2	3.1	0.2	0.3	0.8	...
Capital transfers	82.1	112.6	67.7	61.1	112.1	95.7	177.2	119.0	...
Net lending	5.0	4.6	3.7	12.5	16.1	-1.7	3.3	-7.2	...
Deficit before RSA transfers (-)	-313.0	-345.0	-432.5	-411.2	-292.8	-271.6	-454.0	-306.1	[illegible]
RSA transfers (budget support)	214.0	215.0	285.0	372.0	318.7	469.2	308.0	313.8	[illegible]
Deficit after RSA transfers (-)	-99.0	-130.0	-147.5	-39.2	25.9	197.6	-146.0	7.7	[illegible]
Financing	99.0	130.0	147.5	39.2	-25.9	-197.6	146.0	-7.7	[illegible]
Net borrowing	141.9	206.9	182.3	113.9	8.6	-46.9	5.3	80.4	[illegible]
Loan disbursements	142.0	207.0	199.7	162.8	97.2	0.1	66.5	190.8	[illegible]
Loan redemptions	0.1	0.1	17.4	48.9	88.6	47.0	61.2	110.4	[illegible]
Change in cash balance (decline -)	42.9	76.0	34.8	74.7	34.5	150.7	-140.7		[illegible]
Memorandum items:									
				(In percent)					
Revenue/GDP	26.0	25.0	26.5	27.6	33.3	35.1	33.7	33.0	35.2
Expenditure/GDP	44.9	44.0	48.8	45.7	43.5	43.5	46.4	39.8	37.2
Deficit before RSA transfer/GDP	-18.9	-19.0	-22.3	-18.1	-10.3	-8.4	-12.8	-6.8	[illegible]
Deficit after RSA transfer/GDP	-6.0	-7.2	-7.6	-1.7	0.9	6.1	-4.1	0.2	[illegible]
				(In millions of RSA Rand)					
Fiscal year gross domestic product	1655.8	1815.4	1937.4	2269.8	2852.4	3231.9	3600.3	4498.0	5420.2

Source: Auditor General and Ministry of Finance

*The wage bill and other current expenditure excludes those for departmental enterprises as the net operating surplus of these are included under nontax revenue. The wage bill also includes contributions to pension funds, to the medical aid scheme, and improvements in conditions of service.
**Includes R78.2 for expenditure in connection with implementation of U.N. Resolution 435.

TABLE V 3. NAMIBIA -- CENTRAL AUTHORITY REVENUE RECEIPTS, FISCAL YEAR* 1981/82-1989/90

	1981/82	1982/83	1983/84	1984/85	1985/86	1986/87	1987/88	1988/89	Prel 1989/90
	(In millions of RSA Rand)								
Total Revenue	431.2	453.3	513.4	626.0	948.6	1133.6	1215.0	1484.1	1962.7
Income and profit taxes	78.8	55.6	107.3	165.9	293.9	395.1	415.5	451.8	829.6
Individual income tax	0.0	0.0	3.3	1.3	4.5	19.4	21.2	20.5	303.7
Co. tax on diamond mines	25.5	17.6	13 6	38.1	19.5	81.5	99.0	44.8	97.0
Diamond profit tax on co.s	9.6	6.7	12.9	8.7	30.4	39.3	15.1	32.9	34 5
Co. tax on other mines	2.0	2.3	37.0	65.4	153.2	146.0	158.9	180.1	157.3
Tax on non-mining co.s	24.3	21.9	28.7	38.7	57.3	60.7	91.2	129.3	172 0
Non-resid. shareholder's tax	17.4	6.9	11.8	13.7	29.0	48.2	30.1	44 2	65.1
Other	0.0	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Property tax	3.2	2.0	2.7	2.4	3.0	5.2	9.0	8.8	14.4
Transfer tax	3.2	2.0	2.7	2.4	3.0	5.2	9.0	8.8	14.4
Tax on dom. goods and serv.s	55.4	76.0	85.3	121.7	182.2	204.7	261.7	338.5	441.6
General sales tax	50.9	70.6	78 8	112.0	139.7	173.9	205.9	256.5	311.4
Fuel levies	0.0	0.0	0.0	3.0	12.9	18.6	41.3	62.2	110.0
Licenses	2.9	3.4	4.3	4 4	7.3	8.9	10.7	14.9	15.5
Stamp duties and fees	1.6	2.0	2.2	2.3	2.3	3.3	3.8	4.9	4.7
Tax on international trade	275.5	271.7	273.1	271.1	338.8	400.2	391.3	458.5	521.7
Diamond export duty	17.7	21.7	23.1	21.1	38.8	50.2	41.3	64.3	73.9
Customs and excise taxes (customs union receipts)	257.8	250.0	250.0	250.0	300.0	350.0	350.0	394.2	447.8
Less: transfer of tax to SWFC	6.9	5.8	8.3	6.5	15.6	20.7	12.1	20.9	21.4
Total tax revenue	406.0	399.5	460.1	554.8	782.3	984.5	1065.4	1236.7	1785.9
Non-tax revenue	25.2	53.8	53.3	71.4	186.3	149.1	149.6	247.4	176.8
Entrepren. and property income									
Operating surplus of departmental enterprises	4.5	1.4	4 2	4.6	9.3	14.9	22.0	41.7	30.0
Other property income	1.1	7.3	12.2	27.8	45.6	46.3	43.5	50.9	51.0
Admin. fees and charges	17.1	23.2	33.8	35.1	41.9	51.4	77.8	88.3	67.0
Fines and forfeitures	1.4	2.0	2.2	2.2	2.2	2.7	3.2	3.2	3.0
Sales of stocks & fxd assets	0.3	0.2	0.5	0.6	0.8	2.9	2.7	2.9	2.7
Other non-tax revenue	0.8	5.0	0.4	1.1	0.5	0.5	0.4	0.7	2.3
Grant from rep. author.s	0.0	14.7	0.0	0.0	66.0	30.4	0.0	3.5	0.0
Receipts from exchange cover	0.0	0.0	0 0	0.0	0.0	0.0	0.0	56.2	20.8
Fiscal Year GDP	1655.8	1815.4	1937.4	2269.8	2852.4	3231.9	3600.3	4498.0	5420.2

Source: Auditor General's Reports on the Accounts of the Central Authority, 1981-2 - 1989-90.

*Fiscal year runs April through March.

TABLE V.4. NAMIBIA -- CENTRAL AUTHORITY REVENUE RECEIPTS, FISCAL YEAR* 1981/82-1989/90

	1981/82	1982/83	1983/84	1984/85	1985/86	1986/87	1987/88	1988/89	[illegible]
				(In percent of fiscal year GDP)					
Total Revenue	26.0	25.0	26.5	27.6	33.3	35.1	33.7	[illegible]	[illegible]
Income and profit taxes	4.8	3.1	5.5	7.3	10.3	12.2	11.5	[illegible]	[illegible]
Individual income tax	0.0	0.0	0.2	0.1	0.2	0.6	0.6	[illegible]	[illegible]
Co. tax on diamond mines	1.5	1.0	0.7	1.7	0.7	2.5	2.7	[illegible]	[illegible]
Diamond profit tax on co.s	0.6	0.4	0.7	0.4	1.1	1.2	0.4	[illegible]	[illegible]
Co. tax on other mines	0.1	0.1	1.9	2.9	5.4	4.5	[illegible]	[illegible]	[illegible]
Tax on non-mining co.s	1.5	1.2	1.5	1.7	2.0	1.9	2.5	[illegible]	[illegible]
Non-resid. shareholder's tax	1.1	0.4	0.6	0.6	1.0	1.5	0.6	[illegible]	[illegible]
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	[illegible]	[illegible]
Property tax	0.2	0.1	0.1	0.1	0.1	0.2	0.2	0.2	[illegible]
Transfer tax	0.2	0.1	0.1	0.1	0.1	0.2	0.2	0.2	[illegible]
Tax on dom. goods and serv.s	3.3	4.2	4.4	5.4	5.7	6.3	7.3	7.5	[illegible]
General sales tax	3.1	3.9	4.1	4.9	4.9	5.4	5.7	5.7	[illegible]
Fuel levies	0.0	0.0	0.0	0.1	0.5	0.8	1.1	1.4	[illegible]
Licenses	0.2	0.2	0.2	0.2	0.3	0.3	0.3	0.3	[illegible]
Stamp duties and fees	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	[illegible]
Tax on international trade	16.6	15.0	14.1	11.9	11.9	12.4	10.9	10.2	[illegible]
Diamond export duty	1.1	1.2	1.2	0.9	1.4	1.6	1.1	1.4	[illegible]
Customs and excise taxes (customs union receipts)	15.6	13.8	12.9	11.0	10.5	10.8	9.7	8.8	[illegible]
Less:transfer of tax to SWFC	0.4	0.3	0.4	0.3	0.5	0.6	0.3	0.5	[illegible]
Total tax revenue	24.5	22.0	23.7	24.4	27.4	30.5	29.6	27.5	[illegible]
Non-tax revenue	1.5	3.0	2.8	3.1	5.8	4.6	4.2	5.5	[illegible]
Entrepren. and property inco									
Operating surplus of departmental enterprises	0.3	0.1	0.2	0.2	0.3	0.5	0.6	0.9	[illegible]
Other property income	0.1	0.4	0.6	1.2	1.6	1.4	1.2	1.1	[illegible]
Admin. fees and charges	1.0	1.3	1.7	1.5	1.5	1.6	2.2	2.0	[illegible]
Fines and forfeitures	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	[illegible]
Sales of stocks & fxd assets	0.0 **	0.0 **	0.0	0.0	0.0	0.1	0.1	0.1	[illegible]
Other non-tax revenue	0.0 **	0.3	0.0	0.0	0.0	0.0	0.0 **	0.0 **	[illegible]
Grant from rep. author.s	0.0	0.8	0.0	0.0	2.3	0.9	0.0	0.1	[illegible]
Receipts from exchange cover	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.2	[illegible]
Aggregate diamond company tax	3.2	2.5	2.6	3.0	3.1	5.3	4.3	3.2	[illegible]
Aggregate mining sector tax	3.3	2.7	4.5	5.9	8.5	9.8	6.7	7.2	[illegible]

Source: Auditor General's Reports on the Accounts of the Central Authority, 1981-2 - 1989-90.

*Fiscal year runs April through March.
**Less than 0.1%.

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TABLE V 5 NAMIBIA -- CENTRAL AUTHORITY REVENUE RECEIPTS, FISCAL YEAR* 1981/82-1989/90

	1981/82	1982/83	1983/84	1984/85	1985/86	1986/87	1987/88	1988/89	Estimated 1989/90
	(In percent of total revenue)								
Total Revenue	100 0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100 0
Income and profit taxes	18.3	12 3	20 9	26 5	31 0	34.9	34.2	30.4	42.3
Individual income tax	0.0	0 0	0 6	0.2	0.5	1.7	1.7	1.4	15.5
Co. tax on diamond mines	5.9	3 9	2.6	6.1	2.1	7.2	8.1	3.0	4.9
Diamond profit tax on co.s	2.2	1 5	2.5	1.4	3.2	3.5	1.2	2.2	1 8
Co. tax on other mines	0 5	0 5	7.2	10.4	16.2	12.9	13.1	12.1	6.0
Tax on non-mining co.s	5.6	4 8	5.6	6.2	6.0	5.4	7.5	8.7	8.8
Non-resid. shareholder's tax	4.0	1 5	2.3	2.2	3.1	4.3	2.5	3.0	3.3
Other	0 0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Property tax	0.7	0 4	0.5	0.4	0.3	0.5	0.7	0.6	0.7
Transfer tax	0 7	0 4	0.5	0.4	0.3	0.5	0.7	0.6	0.7
Tax on dom goods and serv.s	12.8	16.8	16 6	19 4	17.1	18.1	21.5	22.8	22.5
General sales tax	11 8	15.6	15.3	17.9	14.7	15.3	16.9	17.3	15.9
Fuel levies	0 0	0.0	0.0	0.5	1.4	1.6	3.4	4.2	5.6
Licenses	0 7	0.8	0.8	0 7	0.6	0.8	0.9	1.0	0.8
Stamp duties and fees	0 4	0.4	0.4	0 4	0.2	0.3	0.3	0.3	0.2
Tax on international trade	63 9	59 9	53.2	43 3	35.7	35.3	32.2	30.9	26.6
Diamond export duty	4 1	4 8	4 5	3.4	4.1	4.4	3.4	4.3	3.8
Customs and excise taxes (customs union receipts)	59 8	55.2	48.7	39.9	31.6	30.9	28.8	26.6	22.8
Less transfer of tax to SWFC	1.6	1 3	1 6	1.0	1 6	1.8	1.0	1.4	1.1
Total tax revenue	94.2	88.1	89.6	88.6	82.5	86.8	87.7	83.3	91.0
Non-tax revenue	5 8	11.9	10 4	11.4	17.5	13.2	12.3	16.7	9.0
Entrepren and property income									
Operating surplus of departmental enterprises	1 0	0 3	0 8	0.7	1.0	1.3	1.6	2.8	1.5
Other property income	0 3	1 6	2 4	4 4	4.8	4 1	3.6	3.4	2.6
Admin fees and charges	4 0	5 1	6 6	5.6	4 4	4.5	6.4	5.9	3.4
Fines and forfeitures	0 3	0 4	0 4	0.4	0.2	0.2	0.3	0.2	0.2
Sales of stocks & fxd assets	0.1	0.0 **	0 1	0.1	0.1	0.3	0.2	0.2	0.1
Other non-tax revenue	0.2	1.1	0 1	0.2	0.1	0.0	0.0 **	0.0 **	0.1
Grant from rep. author.s	0.0	3 2	0 0	0.0	7.0	2.7	0.0	0.2	0.0
Receipts from exchange cover	0 0	0 0	0 0	0.0	0.0	0.0	0.0	3.8	1.1
Aggregate diamond company tax	12.2	10 1	9 7	10.6	9.4	15.1	12.8	9.6	10.5
Aggregate mining sector tax	12 7	10 7	16 9	21.3	25.5	28.0	25.9	21.7	18.5

Source: Auditor General's Reports on the Accounts of the Central Authority, 1981-2 - 1989-90.

*Fiscal year runs April through March.
**Less than 0.1%.

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TABLE V.6. NAMIBIA -- FUNCTIONAL DISTRIBUTION OF CENTRAL AUTHORITY EXPENDITURE*, FISCAL YEAR** 1985/86-1989/90

	1985/86	1986/87	1987/88	1988/89	Original 1989/90
		(In millions of RSA Rand)			
Total government expenditure	1128.3	1324.1	1698.5	1751.3	1809.9
Economic sector services	60.0	72.5	154.4	78.3	55.4
Total community services	358.1	400.1	497.8	587.4	662.9
Education and training	187.0	210.8	278.6	345.2	383.7
Health and social welfare	133.9	148.0	168.6	189.2	224.8
Other services	37.2	41.3	50.6	53.0	54.3
Total infrastructure services	256.1	302.3	337.1	382.4	389.8
Transport	94.9	141.0	152.4	151.0	146.2
Water supply	69.0	67.7	76.5	89.5	86.3
Other services	92.3	93.6	108.2	141.9	157.1
Total protection and admin. services	452.9	547.1	707.6	701.6	701.4
Law and order	84.3	146.5	164.1	184.0	196.2
National defense	150.6	166.7	198.3	225.5	125.7
Other services	218.0	233.9	345.2	292.1	379.5
Research	1.9	2.1	1.6	1.6	0.6
		(In percent)			
Share of total expenditure					
Economic sector services	5.3	5.5	9.1	4.5	3.1
Total community services	31.7	30.2	29.3	33.5	36.6
Education and training	16.6	15.9	16.4	19.7	21.2
Health and social welfare	11.9	11.2	9.9	10.8	12.4
Other services	3.3	3.1	3.0	3.0	3.0
Total infrastructure services	22.7	22.8	19.8	21.8	21.5
Transport	8.4	10.6	9.0	8.6	8.1
Water supply	6.1	5.1	4.5	5.1	4.8
Other services	8.2	7.1	6.4	8.1	8.7
Total protection and admin. services	40.1	41.3	41.7	40.1	38.6
Law and order	7.5	11.1	9.7	10.5	10.8
National defense	13.3	12.6	11.7	12.9	6.9
Other services	19.3	17.7	20.3	16.7	21.0
Research	0.2	0.2	0.1	0.1	0.0
		(In percent)			
Share of fiscal year GDP					
Total government expenditure	39.6	41.0	47.2	38.9	33.4
Economic sector services	2.1	2.2	4.3	1.7	1.0
Total community services	12.6	12.4	13.8	13.1	12.2
Education and training	6.6	6.5	7.7	7.7	7.1
Health and social welfare	4.7	4.6	4.7	4.2	4.1
Other services	1.3	1.3	1.4	1.2	1.0
Total infrastructure services	9.0	9.4	9.4	8.5	7.2
Transport	3.3	4.4	4.2	3.4	2.7
Water supply	2.4	2.1	2.1	2.0	1.6
Other services	3.2	2.9	3.0	3.2	2.9
Total protection and admin. services	15.9	18.9	19.7	15.6	12.9
Law and order	3.0	4.5	4.6	4.1	3.6
National defense	5.3	5.2	5.5	5.0	2.3
Other services	7.6	7.2	9.6	6.5	7.0
Research	0.1	0.1	***	***	***

Source: Annual Budgets of the Central Revenue Fund.

*Budgeted amounts, and not actual expenditure. Excludes statutory expenditure, i.e. mainly debt servicing.
**Fiscal year runs April through March
***Less than one tenth of one percent

TABLE V.7 NAMIBIA -- GOVERNMENT WAGE BILL*, FISCAL YEAR** 1980/81-1986/87

	1980/81	1981/82	1982/83	1983/84	1984/85	1985/86	1986/87
	(In millions of RSA Rand)						
Fiscal year GDP	1573.5	1655.8	1815.4	1937.4	2269.8	2852.4	3231.9
Total government wage bill	158.2	225.6	299.1	349.9	418.7	445.6	594.8
Central authority	71.6	108.7	151.9	179.5	224.9	235.3	334.4
Representative authority	72.0	100.7	127.4	147.7	166.2	179.8	220.5
Local authorities	14.6	16.2	19.8	22.7	27.6	30.5	39.9
	(In percent)						
Share of total wage bill:							
Central authority	45.3	48.2	50.8	51.3	53.7	52.8	56.2
Representative authority	45.5	44.6	42.6	42.2	39.7	40.4	37.1
Local authorities	9.2	7.2	6.6	6.5	6.6	6.8	6.7
Share of fiscal year GDP:							
Total government wage bill	10.1	13.6	16.5	18.1	18.4	15.6	18.4
Central authority	4.6	6.6	8.4	9.3	9.9	8.2	10.3
Representative authority	4.6	6.1	7.0	7.6	7.3	6.3	6.8
Local authorities	0.9	1.0	1.1	1.2	1.2	1.1	1.2

Source: Unpublished material from incompleted thesis by R.Ritter and Annual Report of the Government Service Commission, 1987-1988.

*The wage bill is defined to include the car financing scheme, contributions to pension funds, contributions to the medical aid scheme and "improvements in conditions of service" mainly salary increases.

**Fiscal year runs April through March.

TABLE V.8. NAMIBIA -- GOVERNMENT APPROVED ESTABLISHMENTS, JUNE 30, 1983-JUNE 30, 1988

	At date of establishment	June 30 1983	June 30 1986	June 30 1987	June 30 1988
I Central Authority Department					
Civic affairs and manpower	165	319	565	700	858
Economic affairs	112	244	141	143	179
Finance	242	263	351	370	391
Justice	439	531	534	510	687
Agriculture and nature conservation	2,054	2,127	2,042	2,143	2,418
National health and welfare	35	263	4,185	4,183	4,059
National intelligence	---	---	---	1	1
National education	1,078	1,229	1,668	1,891	2,117
Auditor general	48	59	46	46	46
Governmental affairs	170	269	292	297	268
Police (civil posts)	276	286	182	183	183
Posts and telecommunications	1,655	2,408	2,366	2,411	2,470
Defense (civil posts only)	1,880	1,883	1,789	1,819	1,988
Transport	4,105	4,143	3,722	3,730	3,303
Water affairs	1,296	1,437	1,976	1,975	1,977
Central personnel institution	99	206	243	244	320
Total: Central Authority	13,654	15,687	20,102	20,646	21,744
II. Representative Authorities					
Whites	8,362	8,509	4,639	4,327	4,772
Capricians	1,381	1,535	1,576	1,665	1,934
Damaras	1,697	1,560	1,459	1,572	1,790
Hereros	2,223	2,469	2,333	2,077	2,175
Kavangos	2,847	2,936	3,120	2,791	2,758
Colowids	717	816	1,194	1,245	1,328
Namas	797	936	1,033	1,162	1,117
Owambas	6,159	7,610	9,403	8,716	8,941
Tswanas	113	182	228	257	276
Total: Representative Authorities	24,096	26,553	25,005	24,112	25,091
Total: Government Establishments	37,750	42,240	45,107	44,758	46,835

Source: Unpublished material from incompleted thesis by R. Ritter and Annual Report of the Government Service Commission, 1987-1988.

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TABLE VI.1. NAMIBIA -- OUTSTANDING DEBT AND DEBT INDICATORS OF THE CENTRAL GOVERNMENT, 1981/82-1989/90

End March:	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
	(In millions of Rands)									
Debt outstanding:										
Stocks	85.0	173.7	323.1	458.6	564.4	613.6	604.5	569.7	549.5	549.5
Local loans	0.0	0.0	0.0	0.0	0.0	28.0	22.4	16.8	41.2	35.6
RSA loans	0.7	0.6	0.5	0.0	0.0	0.0	0.0	52.0	45.5	39.0
Term bonds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	113.2	19.0
Foreign loans	5.7	56.6	114.1	174.5	222.6	198.7	168.0	160.4	141.1	71.0
Other loans	0.0	0.0	0.0	0.4	0.3	0.1	0.1	1.5	1.0	0.0
Total debt outstanding	91.4	230.9	437.7	633.5	787.3	840.3	795.0	800.4	891.5	714.1

Fiscal year:	1981/82	1982/83	1983/84	1984/85	1985/86	1986/87	1987/88	1988/89	1989/90
	(In millions of RSA Rands)								
Debt flows:									
Interest*	20.9	37.9	62.8	112.9	118.9	113.3	109.3	114.3	89.8
Amortization**	0.1	0.1	5.7	8.9	88.6	45.4	61.2	97.8	251.3
Discounts and Forex. losses	1.0	12.8	1.1	1.4	1.3	4.6	3.2	20.8	84.9
Debt service***	22.0	50.8	69.6	123.2	208.5	163.3	173.7	232.9	426.0
New loans	141.0	207.0	199.7	162.6	141.6	0.1	66.6	188.9	73.6
	(In percent)								
Ratios to GDP, end of fiscal year:									
Outstanding debt	13.9	22.9	32.7	34.7	29.5	24.6	22.2	19.8	13.2
Debt service, incl. costs and forex. losses	1.3	2.6	3.6	5.4	7.3	5.1	4 8	5.2	7 9
Memorandum item:									
	(In millions of RSA Rand)								
Fiscal year gross domestic product	1655.8	1915.4	1937.4	2269.8	2852.4	3231.9	3600.3	4498.0	5420.2

Source: Department of Finance

* Includes also interest on short term overdraf facilities during year and interest on loan levy on companies.
** Excluding redemption of loans guaranteed by Government, which are included in amortization payments of Central Government, table
*** Includes discounts and foreign exchange losses.

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TABLE VII.1 NAMIBIA -- SELECTED FINANCIAL INDICATORS OF THE BANKING SECTOR,

End of year:	1980	1981	1982	1983	1984	198
			(In millions of RSA Rand)			
Liquid assets	81.4	99.1	105.7	91.5	87.3	7
Total advances	183.7	222.3	290.4	337.3	406.7	36
Total assets	436.3	490	650.2	855.9	810	92
Total liabilities to the public	415.9	441.3	595.9	741.6	738.4	86
Short term	159.3	166.9	263.5	303	292.5	1
Medium term	168.7	186	196.2	319.1	326.4	4
Long term	80.4	86.1	130.9	117.7	118	127
Acceptances on behalf of clients	7.5	2.3	5.3	1.8	1.5	
Total liabilities	436.3	490	650.2	855.9	810	927
			(In percent of GDP)			
Liquid assets	5.6	6.6	6.3	5.1	4.4	3
Total advances	12.7	14.8	17.3	19.0	20.6	14
Total assets	30.2	32.5	38.7	48.1	41.1	36
Total liabilities to the public	28.8	29.3	35.5	41.7	37.5	34
Short term	11.0	11.1	15.7	17.0	14.9	13
Medium term	11.7	12.3	11.7	17.9	16.6	16
Long term	5.6	5.7	7.0	6.6	6.0	5
Acceptances on behalf of clients	0.5	0.2	0.3	0.1	0.1	0
Total liabilities	30.2	32.5	38.7	48.1	41.1	36

Source: Government of SWA/Namibia, Department of Finance, Statistical Office.

TABLE VIII.1. NAMIBIA -- BALANCE OF PAYMENTS, 1983-89

	1983	1984	1985	1986	1987	1988	1989
			(In millions of RSA Rand)				
Total exports	941.3	1101.1	1593.4	1994.0	1796.4	2140.1	2701.2
Agricultural products exports	77.7	95.1	127.5	156.9	241.9	258.4	293.7
Cattle	48.0	51.6	64.7	83.2	138.9	148.9	154.9
Small stock	10.7	15.5	30.5	40.7	53.0	57.6	95.4
Karakul pelts	10.2	16.2	19.7	18.4	34.6	34.6	25.0
Other	8.8	11.8	12.6	14.6	15.4	17.3	18.4
Fish exports	31.8	25.1	44.3	38.7	63.1	93.4	93.4
Mineral exports	715.0	851.1	1,284.8	1,645.3	1306.9	1554.7	2026.8
Diamonds	234.7	231.6	409.0	615.5	431.2	653.5	814.0
Other	480.3	619.5	875.8	1,029.8	875.7	901.2	1212.8
Manufactured exports	67.6	68.3	73.6	80.2	97.6	119.7	135.6
All other exports	49.2	61.5	63.2	72.9	86.9	113.9	151.7
Total imports	1024.4	1176.5	1267.2	1543.4	1807.6	1946.1	
Trade Balance	-83.1	-75.4	327.2	450.6	3.8	179.5	
Net payment for non-factor services	-192.8	-200.8	-261.6	-317.7	-381.1	-407.3	
Net factor payments	-76.4	-112.6	-298.6	-320.0	-187.2	-403.5	
Total payments of factor and non-factor services	-269.2	-313.4	-560.2	-637.7	-568.3	-810.8	
Balance on current account before transfers	-352.3	-388.8	-233.0	-187.1	-564.5	-631.3	
Net transfer receipts	518.6	541.4	583.2	758.4	616.4	548.0	
Balance on current account after transfers	166.3	152.6	350.2	571.3	51.9	-83.3	

Source: The Department of Finance.

TABLE IX.1. NAMIBIA -- MINING PRODUCTION ACCORDING TO COMMODITY, 1983-88

	Units	983	1984	1985	1986	1987	1988
Precious Metals and Minerals:							
Gold (contained in blister)	kg	296	196	194	184	172	240
Silver (contained in blister)	tonnes	93	96	98	106	95	108
Diamonds	carats	969400	931300	989500	1009680	1037261	974565
Semi-Precious stones: (hand sorted)							
Agate	tonnes	47	41	65	87	100	99
Amethyst	tonnes	162	105	21	37	189	175
Chrysocolla	kg	NA	NA	NA	1000	8250	4080
Dioptase	kg	NA	NA	NA	520	60	130
Rose quartz	tonnes	348	369	299	172	365	2225
Tourmaline	kg	5	306	745	2870	1709	41
Metal and mineral concentrates:							
Arsenic trioxide (75% As)	tonnes	1126	2504	2471	2208	1864	2984
Cadmium (refined metal)	tonnes	51	48	59	61	51	106
Copper conc. (30% Cu)	tonnes	146153	136011	143761	157035	118908	131610
Copper blister (99% Cu)*	tonnes	54238	48573	47611	50145	37653	42163
Lead cons. (30% Pd)	tonnes	86599	78819	94200	77753	75498	88619
Lead refined metal*	tonnes	35416	28938	38511	40047	48634	44447
Pyrite (50% S)	tonnes	118238	172315	174363	189451	120268	226682
Sodium Antimonate	tonnes	---	---	---	---	51	156
Tantalite conc. (16% Ta)	kg	2775	5115	3113	8186	13809	6905
Tin conc. (67% Sn)	tonnes	1300	1400	1483	1313	1637	1772
Uranium Oxide	tonnes	+-4000	+-4000	+-4000	+-3990	+-4175	NA
Zinc conc. (52% Zn)	tonnes	56300	56500	57495	65518	75722	71655
Industrial minerals:							
Amblygonite (8.5% Li2O)	tonnes	54	58	49	52	106	134
Granite	tonnes	NA	NA	NA	71	730	12698
Lepidolite (4% Li2O)	tonnes	30	18	71	52	61	19
Limestone (calcite for flux)	tonnes	16810	21639	32219	31071	---	---
Marble	tonnes	800	1880	2987	2758	4215	4149
Petalite (4% Li2O)	tonnes	709	829	1753	751	749	1485
Salt (common)	tonnes	136358	84630	147056	128218	123571	141848
Salt (table)	tonnes	881	740	580	475	470	570
Salt (rock)	tonnes	---	3006	5811	5951	998	7263
Silica (+99% Si)	tonnes	140	57	946	1041	2190	---
Silica (+96% Si for flux)	tonnes	39701	1025	645	5910	2012	---
Wollastonite (hand sorted)	tonnes	1180	---	373	681	500	396

Source: Department of Economic Affairs.
*Products of imported concentrate included.

TABLE II.2. NAMIBIA -- INDEX OF PHYSICAL VOLUME OF MINING PRODUCTION (1980 = 100), 1980-89

	Weights	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989
						(Index: 1980 = 100)					
Total mining (weighted)	100.00	100.0	90.0	83.2	81.9	79.3	76.6	81.6	79.2	80.0	75.8
Total non-diamond mining	48.38	100.0	100.6	102.3	103.1	100.1	96.2	99.5	93.3	100.3	93.2
Total other mining	17.89	100.0	104.2	117.2	121.8	114.3	117.4	122.6	109.2	122.9	122.2
Non-ferrous base metals	13.46	100.0	99.0	112.9	115.9	104.1	108.9	112.4	99.0	109.3	100.0
Precious metals	3.99	100.0	119.2	124.2	134.4	133.6	136.8	145.7	132.4	152.5	162.0
Ferrous base metals	0.01	100.0	1178.9	3282.6	3566.7	5198.0	5259.8	5714.9	3627.7	6838.1	5929.0
Non-metalics	0.36	100.0	92.8	95.7	72.7	43.6	73.9	65.7	49.2	55.5	68.5
Rock and semi-precious stones	0.07	100.0	164.5	285.5	289.4	624.8	130.4	265.5	397.5	446.7	1419.0
Sources of energy	30.49	100.0	98.4	93.6	92.1	91.7	83.8	86.0	83.9	87.0	76.2
Precious stones	51.62	100.0	80.1	65.2	62.1	59.8	58.3	64.8	66.8	62.5	59.4

Source: Department of Economic Affairs.

TABLE IX.3. NAMIBIA -- INDEX OF PHYSICAL VOLUME OF MINING PRODUCTION (1980 = 100), ACTUAL AND PROJECTED, 1988-94

	1988	1989	1990	1991	1992	1993	1994
			(Index: 1980 = 100)				
Total mining (weighted)	80.0	75.0	83.1	85.0	88.0	88.1	88.2
Total non-diamond mining	100.3	93.2	104.6	108.0	111.4	114.9	118.4
Total other mining	122.9	122.2	146.4	147.1	147.9	148.7	149.6
Non-ferrous base metals	109.3	100.0	100.0	100.0	100.0	100.0	100.0
Precious metals	152.5	162.0	270.0	270.0	270.0	270.0	270.0
Ferrous base metals	6830.1	5929.0	5929.0	5929.0	5929.0	5929.0	5929.0
Non-metalics	55.5	68.5	70.0	73.5	77.2	81.0	85.1
Rock and semi-precious stones	446.7	1419.0	1600.0	1760.0	1936.0	2129.6	2342.6
Sources of energy	87.0	76.2	80.0	85.0	90.0	95.0	100
Precious stones	62.5	59.4	63.0	65.0	66.0	63.0	60

Source: Mission estimates based on data supplied by Department of Economic Affairs.

TABLE II.4. NAMIBIA -- AGRICULTURAL PRODUCTION, 1985-88

	1985/86	1986/87	1987/88	1988/89
		(In metric tons)		
Crop production:				
White maize	7600	10289	6779	14415
Yellow maize	1100	4618	1800	1560
Wheat - class A	---	306	1755	---
Wheat - class B	3850	5392	3205	4044
Sunflower seed	608	1162	524	833
Cotton	---	---	141	142
Sultanas	---	---	264	---
Vegetables*	---	---	3500	---
Peanuts	---	---	---	195

	1985	1986	1987	1988
		(In number of head)		
Livestock production:				
Beef and veal	301046	304084	348200	327002
Mutton and goat	747466	685247	786611	778680
Pork	37226	41511	45559	51801
Other production:				
Alfalfa (tons)	---	---	4884	8361
Mohair (tons)	---	---	106	112
Wool - karakul, merino etc. (tons)	---	---	2343	1878
Karakul pelt (pelts)	---	---	835321	793231
Game (head)	---	---	33862	58635
Eggs (dozen)	---	---	2737500	3548500
Fresh milk*	---	---	16494880	15498000
Industrial milk*	---	---	---	996000

Source: Data compiled by D. Metzger, Agricultural Economics & Marketing Division, World Health Organization (Aug. 1989).

*Estimated figure.

TABLE IX.5. NAMIBIA -- EMPLOYMENT AND NUMBER OF MANUFACTURING INDUSTRIES BY TYPE OF INDUSTRY, 1989

	Industries	Employment
Total	259	9176
Food, beverages and tobacco	75	4687
Textile, wearing apparel and leather	21	389
Wood, wood products and furniture	42	669
Paper products, printing and publishing	13	454
Chemical products	11	329
Non-metal mineral products	19	1094
Metal products	33	1138
Other	20	131
Repair services[a]	25	293

Source: SWA/Namibian Department of Economic Affairs, 1989. "Unpublished 1989 Industrial Census." Windhoek.

[a]Repair services included although not classified as manufacturing in order to provide a comprehensive view of industries.

TABLE IX.6. NAMIBIA -- INDUSTRIES BY EMPLOYEE CLASS SIZE SIZE, 1989

	Total
Total	259
Employee class size:	
1 - 9	100
10 - 19	70
20 - 49	49
50 - 99	19
100 - 499	20
More than 499	1

Source: SWA/Namibian Department of Economic Affairs, 1989 "Unpublished 1989 Industrial Census." Windhoek.

Policy Recommendations for Private Sector Development

in

Namibia

1. INTRODUCTION

In January 1990, the President-elect of Namibia requested the Industry Council for Development (ICD) to make recommendations that would assist the Government in laying down its policies with respect to the private sector with a view to stimulating the flow of private investment. (Report available as separate document) Those policy recommendations on the involvement of the private sector in the Namibian economy, are hereby summarised, along with other documents, to the Donor Pledging Conference for Namibia.

In the following paper salient issues - political, social, financial, etc. - are first highlighted. Then the principles and priorities aimed at ensuring a positive contribution of the private sector to the development of Namibia are laid down.

II. SALIENT ISSUES RELATED TO THE PRIVATE SECTOR INVOLVEMENT IN THE NAMIBIAN ECONOMY

A major area of focus in devising policies for the private sector involvement in the Namibian economy is that of an "Enabling Environment" for Investment and Enterprise Development. In this regard, issues related to the Investment Code, the Labour Code, growth-oriented Incentives, especially for the export sector are of particular importance. Special attention should be given to the Financial regime, including the establishment of a National Development Bank and an Enterprise Development Corporation.

With respect to agriculture, due attention should be given to the introduction of cash crops into Communal areas, to the devising of successful Settlement and Resettlement schemes, and to the expansion of Commercial Farming. In respect to Mining, the potential for increasing the contribution of the sector, should be explored. Fisheries are also recognized as presenting great potential. In spite of limited short-term prospects with respect to Industrial development in Namibia, there is much hope that economies of scale will emerge, particularly with respect to the SADCC Region and in respect of import substitution, as well as export-promotion.

III. THE PRINCIPLES AND PRIORITIES FOR A POSITIVE CONTRIBUTION OF THE PRIVATE SECTOR TO THE DEVELOPMENT OF NAMIBIA

A. Principles

The underlying principles of the private sector policy of the Namibian Government are derive from Articles 16, 23, 95, 98 and 99 of the Constitution which provide for, respectively: property rights; affirmative action; promotion of the welfare of the people; multiple forms of ownership; and the encouragement of foreign investment.

The Government should view the public and private sectors as existing in an co-operative relationship. The vast majority of Namibians - even the most economically marginal - engage in some form of private sector activity to sustain themselves and their families.

The social needs of the people cannot be met in the absence of a dynamic and growing private sector; but it must also be realized that the conditions necessary for private sector prosperity cannot be maintained without addressing the imbalances that currently characterize the Namibian economy. In his Independence Day speech, the President of the Republic of Namibia said, "the private sector should be an engine for growth and prosperity. We look forward to a good partnership between the state and private sectors, because only through working together will our economy prosper."

B. Priorities

1. Legislation and Regulation

A dynamic private sector being one of the key objectives of the Namibian Government, priority should be given to identifying and rectifying inherited legislation and regulation that have impeded or distorted private sector growth, or impaired its efficient functioning. All direct and indirect governmental subsidization of the private sector should be reviewed to ensure that all Namibians benefit from a clear consistent and fair regulatory environment.

2. Affirmative Action

A programme of affirmative action should be developed to assist those who have been historically deterred from entering or progressing in private sector activities. Elements of this programme may include: tax incentives; subsidized loans; preferential treatment in the award of government contracts; and the restriction of certain economic activities to persons or companies who may be determined to qualify for special assistance. Similar benefits should be extended to established businesses that adopt policies and practices which assist the attainment of the objectives of the affirmative action programme. In all cases where affirmative action policies are applied, it should be with the objective of creating a "level playing field" for persons or groups who, without such benefits, would remain competitively disadvantaged as a result of previous laws and practices. However Namibian Government should not provide affirmative action assistance to any private sector activity that fails to meet the

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normal tests for long-term commercial economic viability.

3. <u>Investment Code</u>

The Government should, in the near future, introduce legislation to enact an Investment Code designed to attract economically viable and productive local and foreign investment. The Code should offer maximum benefits to investment projects which most closely accord with the principles stated above and with the priorities outlined in the General Policy Statement. The Code should apply equally to new and existing (at the date of independence) investors, except in cases where an existing investor is the beneficiary of special rights or privileges not available to new investors. In the case of investments critical to the stability and growth of the Namibian economy, the Government could negotiate additional provisions that either extend or limit the benefits and rights guaranteed in the Code.

4. <u>Urgency and Constraints</u>

The tasks to be undertaken by the Namibian Government during the transitional period of restructuring and rehabilitation are formidable and urgent. Not all of the challenges facing Namibia can be met immediately - there are deeply embedded structures and a multiplicity of complex linkages with the economy of South Africa that affect the private sector but cannot be rectified by the Namibian Government overnight.

5. <u>Sectoral Partnership</u>

It should be, therefore, a major policy priority of the Namibian Government to harness and utilize to their maximum efficiency those resources that are currently available from: the public (governmental) sector; the international community (bilateral donor and international development agencies); and the private sector - both domestic and foreign. Each of the above sources has its unique strengths and expertise, and each has a crucial role to play in the reconstruction and the development of Namibia. Taking a lesson from the failures and successes of other newly independent countries, these three development resources should form a true partnership and seek to coordinate the planning and implementation of their respective agendas to an extent that may be unprecedented in the developing world.

To implement an effective partnership, the new Namibian Government should ensure that its National Planning Commission will have both the responsibility and authority to plan the priorities and directions of national development including the establishment of harmonious relationships between the public and private sectors.

6. Advisory Body

To further strengthen the partnership between the public and private sectors, the Namibian Government should establish an advisory body composed of members from both sectors as well as the international donor community. Such a structure should be expected to have a broad perspective on both sectoral and national priorities. Although they should participate in the deliberations of the body as individuals - not as ex-officio representatives of their sector - members should be persons who enjoy community-wide respect.

The advisory body should consider, on a timely basis, all matters which may affect the functioning and confidence of the three sectors and it will itself determine when, how, and to whom to communicate its suggestions and concerns.

7. Popular Participation

The Government has made a commitment to ensure the full participation of all Namibians in each stage of the development of the nation. This commitment reflects not only the political convictions of the Government, but also the certainty that no development policy, however well conceived, financed and executed, can produce enduring benefits without such popular participation by all sections of the national community.

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