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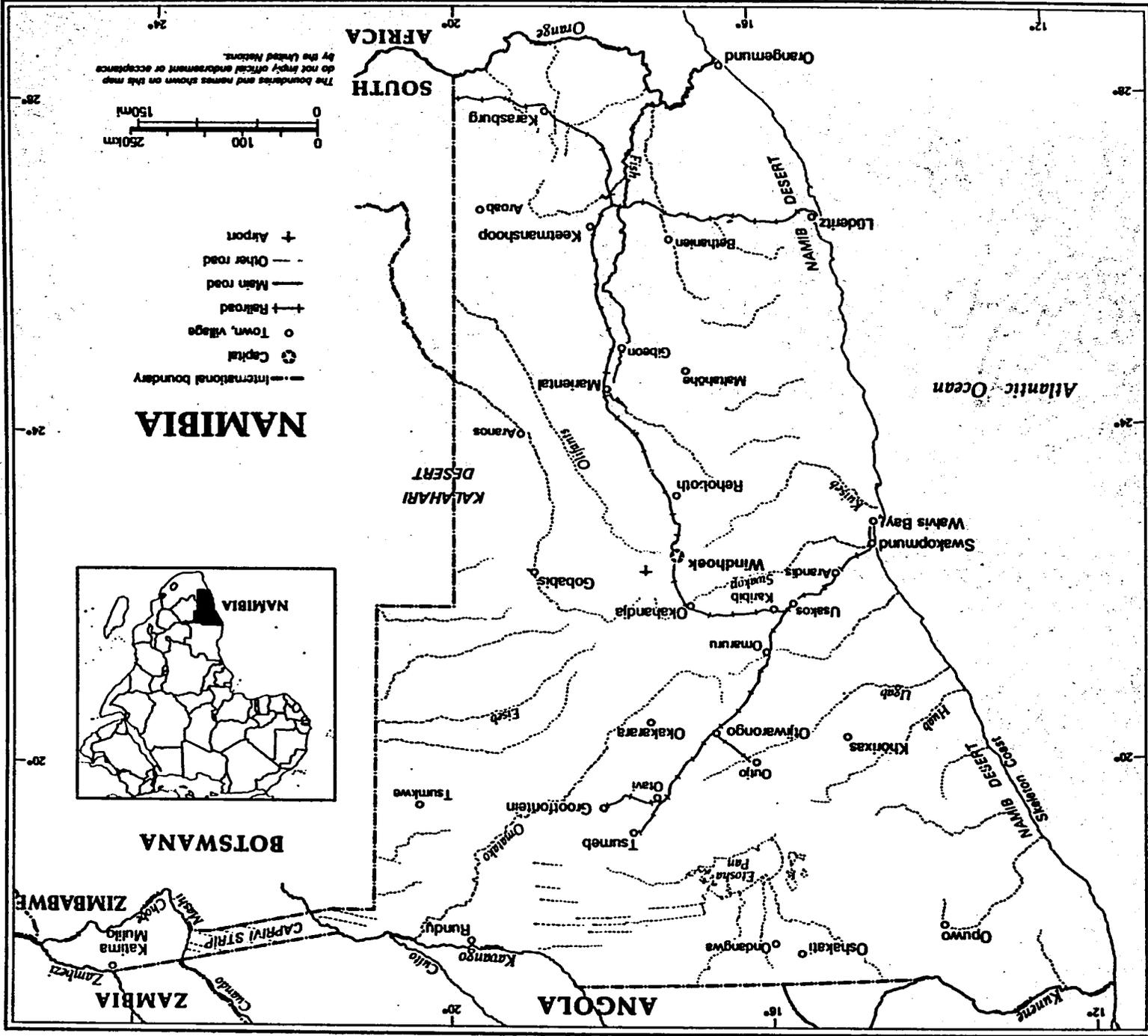


REPUBLIC OF NAMIBIA

THE RECONSTRUCTION AND DEVELOPMENT OF NAMIBIA

GENERAL POLICY STATEMENT

Windhoek, May 1990



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THE RECONSTRUCTION AND DEVELOPMENT OF NAMIBIA

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President Sam Nujoma
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INTRODUCTION TO THE DOCUMENTATION FOR THE DONOR PLEDGING
CONFERENCE BY HIS EXCELLENCY PRESIDENT SAM NUJOMA

I am pleased to forward herewith the General Policy Statement on the Reconstruction and Development of Namibia, as well as other relevant documentation for the Donor Pledging Conference.

The General Policy Statement outlines the urgent issues involved in the economic and social development of the people of Namibia, articulates the fundamental political, social and economic objectives of the Government, as well as the institutional framework underlining them. The development challenges in the drive for reconciliation and unity, and our policies on growth and employment are spelled out, as well as an analysis of the priority sectors and programmes which must be developed to meet these objectives. Our policy, which is embodied in the CONSTITUTION, is to have an economic system based on the principles of a mixed economy and social responsibility.

The Namibian Government has decided to place the highest priority on agriculture, rural and water infra-structure development, education and training, health and housing, and specific programmes in these areas are developed in the document entitled "Provisional Investment Programme", which outlines in more detail, the important role the private sector and market forces should play in our economy. We welcome public and private foreign investments, and assistance which will allow us, through our programmes, to emphasize the restructuring of our skewed economy, reconciliation, and peace.

Namibia, having achieved independence, now faces the challenging task of nation building and the economic and social development of her people. The Government and people of Namibia understand that the development challenge is their responsibility and accept fully the importance of that responsibility. We again express our deepest gratitude for the international solidarity shown to us during the fight for independence. Our hope is that this solidarity will be reflected in an equivalent commitment and support to the challenge of economic development, particularly during the immediate post-independence period. International support will lay the foundation for more balanced and equitable growth and development, and allow Namibia to consolidate its place as a free and independent African nation whose integrity of development within the international community is assured.



SAM NUJOMA
PRESIDENT OF THE REPUBLIC OF NAMIBIA

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GOVERNMENT OF THE REPUBLIC OF NAMIBIA

**THE RECONSTRUCTION AND DEVELOPMENT OF NAMIBIA
A
GENERAL POLICY STATEMENT**

Windhoek, May 1990



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I Introduction

After achieving her independence, Namibia now faces the challenging task of nation building and the economic and social development of her people. It is hoped that the international solidarity shown during the fight for independence could be maintained, particularly during the difficult transitional period of restructuring of old institutions, policies and infrastructures.

In order to ensure that such transition is achieved for the benefit and with the full participation of all Namibians, priority issues for cooperation with donor countries are addressed in this policy statement with a view to identifying actions required in 1990 - 1992.

Committed to the promotion of the welfare of the people the Namibian Government highlights in this general policy statement the priority areas which will integrate the heretofore neglected majority of her people in the development process. The priority sectors identified are agriculture and rural development, education, health and housing. In addition to this statement, a provisional investment programme will be presented as a separate document.

II Fundamental Political, Social and Economic objectives

The people of Namibia have emerged victorious in the struggle against colonialism, and apartheid, and are now determined to achieve national reconciliation and to foster peace and unity.

According to the Namibian Constitution, every Namibian should have the inherent right to dignity and life, liberty and the pursuit of happiness. Fundamental human rights and freedoms will not be violated. Economic development and growth will now be the main focus of the Government.

The legislative and executive powers in Namibia are derived from free and fair elections. The first National Assembly contains several political parties, which, however, adopted the Constitution and elected the first President of the Republic unanimously. Democracy based on a multi-party system and human rights will be the cornerstone in nation building and social progress in Namibia. The economic system will be based on the principles of a mixed and market oriented economy and social responsibility.

The Government of Namibia is committed to the promotion of the welfare of the people adopting, inter alia, policies aimed at:

- ensuring that every citizen has a right to fair and reasonable access to public facilities and services;
- ensuring that consistent efforts are undertaken to raise and maintain an acceptable level of nutrition and standard of living of the Namibian people and improve the public health;
- ensuring equal opportunity for women to enable them to participate fully in all aspects of development and society;
- ensuring that the ecosystems, essential ecological processes and the biological diversity of Namibia are maintained, and living natural resources are utilized on a sustainable level for the benefit of all Namibians, both present and future.

Cooperation between the private and the public sector has the objective of securing economic growth, prosperity and a life of human dignity for all Namibians. Public as well as private, joint public-private, co-operative, co-ownership, and small-scale family forms of ownership are all encouraged. Foreign investments are invited to Namibia and will be welcome in the context of an Investment Code to be adopted by Parliament.

While a strong and democratic state is necessary to initiate economic growth and development, foster social justice, and establish security for the Namibian people, a dynamic private sector and well functioning markets are, on the other hand,

engines of income generation and safeguards against stagnation. It is of vital importance that the wealth creating sector is in appropriate balance with the wealth distributing sector.

III Institutional Framework

The Government of Namibia has inherited an unusually expensive, skewed and unbalanced public administration. In 1988 Namibia's total government expenditure amounted to as much as 56 per cent of the gross national product. Part of the excessive public sector was due to the establishment of the ethnic administrations which resulted in the fragmentation of essential services such as agricultural extension, education and health.

Through the restructuring of the central, regional, and local administrations, the Government of Namibia will abolish forever all forms of discrimination in public services and benefits.

The abolition of second tier authorities will take place in the first instance through centralization, which will, however, be followed by decentralization once the new structures of regional and local governments have been completed.

*restructuring
the government*

The restructuring of public administration will be based on the policy of the Government, in a spirit of reconciliation as defined in the Constitution, that any person holding office at independence shall continue to hold such office until he or she resigns or is retired, transferred or removed from the office in accordance with law. Many of the people affected by the restructuring can be absorbed by the unified regional and district administrations. During the first years after independence, however, it is unavoidable that the redeployment of the civil servants of the eliminated administrative structures will place a financial burden on the Namibian Government, commensurate neither with the ability to finance nor their intrinsic value.

During the period of South African rule part of the costs of public administration was covered by direct budget aid from the South African Government. At the maximum this amounted to 469 million rands per year, or 30 percent of Central Government expenditure. At independence this direct budgetary support has been discontinued while the reduction and rationalization of the administrative structures will take some time.

The Namibian Government is committed to the establishment of a public administration which is effective and proportionate to the level of

*RSA BUDGET
SUPPORT*

development in the country, and is capable of serving all Namibians. With respect to this it will, as a practical matter, need both technical assistance and financial support from the international donor community.

In regard to monetary and trade administration and policies, Namibia is still short of some basic institutions and infrastructure. The government has, inter alia, decided to establish an independent Central Bank. The first step towards establishing a Central Bank has been taken in the form of taking over the branch of the Reserve Bank of South Africa in Windhoek. An experienced Governor and other members of the board will take charge of the Central Bank and oversee and plan the implementation of a Namibian currency and monetary policies. By establishing a Central Bank with its own currency and giving its board appropriate autonomy in monetary matters, the Namibian Government will be well placed to utilize monetary instruments for the benefit of the development process. It is envisaged that within two years the new Namibian currency should be established and emerge as a strong and stable currency, both internally and externally, within a context of relatively liberal foreign exchange regime.

BUDGET
SUPPORT
APPEAL

BANK
+
CURRENCY

About 75 per cent of Namibia's exports are destined outside SACU while more than 90 per cent of imports come through member countries of SACU, particularly South Africa. Independent Namibia has formalized the de facto membership of SACU as the only practical alternative available. After two or three years the costs and benefits of the membership will be reconsidered. Since Namibia lacked on independence comprehensive trade statistics and an effective Customs Administration, the share of the common revenue pool allocated to Namibia is arbitrary. As a first step towards improving the situation the Namibian Government will introduce customs border posts between Namibia and South Africa and will then be allocated customs revenues based on actual trade figures. Namibia may need some external technical assistance in this area.

3 YEARS IN THE SACU.

APPEAL FOR TECHNICAL ASSISTANCE FOR CUSTOMS.

More importantly, the Republic of Namibia will take full advantage of the existing sub-regional economic co-operation arrangements, particularly the Southern African Development Co-ordination Conference (SADCC) and the Preferential Trade Area for Eastern and Southern Africa by joining their memberships. As a member of the Organization of African Unity, Namibia will contribute to the achievement of the objectives contained in the Lagos Plan of Action and the Final Act of Lagos for the establishment of an

African Economic Community by the year 2000. In the same spirit, the Government of Namibia is fully committed to international economic cooperation within the framework of the United Nations System and is prepared to join its various agencies as well as the International Monetary Fund, the World Bank and the General Agreement on Tariffs and Trade (GATT).

While joining the family of independent nations, Namibia will need to receive appropriate levels of development assistance for a considerable time from the international donor community. She is fully aware of the importance of development planning, aid co-ordination, and debt management. To give effect to this, the Government has established a National Planning Commission, whose task is to plan the priorities and directions of national development. In her infancy as an independent nation, Namibia invites the donor countries and international aid organizations to co-operate closely in order to establish a well functioning aid coordination mechanism within the National Planning Commission. Clear arrangements will be drawn up to facilitate, monitor and evaluate such grants, loans and direct investments to ensure they are for the benefit of the nation.

NATIONAL
PLANNING
COMMISSION
S IN CHARGE
of development

IV Development Challenges

As reconciliation and unity are the driving forces of independent Namibia, it is important to underscore the main socio-economic problems of Namibia so that the immediate task of restructuring and rehabilitation could focus on the most salient issues. First, the dualistic nature of the Namibian economy and society has led to lopsided development in various sectors resulting inter alia in (i) glaring poverty among the majority of the population, (ii) widespread unemployment, (iii) a high illiteracy rate, (iv) inadequate health care, and (v) poor housing conditions. Indeed, while the overall per-capita GDP at factor cost of Namibia of US\$1,044 in 1988 as estimated by the United Nations Statistical Office is comparable to that of a middle-income developing country, its lopsided development pattern is such that the per-capita income of 55 per cent of the population supported by traditional economy is only US\$63. Such an indicator, together with the high illiteracy rate and the meagre contribution of the manufacturing sector to the Gross Domestic Product (less than 5 per cent in 1988) would rank Namibia among the United Nations Least Developed Countries (LLDCs). Also, it should be noted that despite the low population density of Namibia, the carrying capacity of land has not kept pace with

\$1,044
per capita
GDP.

population growth. The main social and economic problems need therefore to be urgently addressed, in a global perspective.

Agriculture

Secondly, the structure of production of the Namibian economy is characterized by the relatively low contribution of the agricultural sector. Over 70 per cent of the population is involved in agricultural activities but, the agricultural sector accounted for only about 12 per cent of the Gross Domestic Product in 1988. Such disparity clearly points to the urgency of not only ensuring an equitable and more productive land tenure system, but also the need to substantially raise agricultural production and productivity.

Investment Appeal

Thirdly, while domestic saving has, in the past, covered total domestic investment, capital formation has been adequate only for a growth rate of production less than population growth. In other words per capita income has been stagnant or declining. In view of the necessity to increase substantially domestic investment, in order to generate employment opportunities and incomes, the need for increased external capital inflow cannot be over-emphasized. At the same time, efforts will also need to be directed to increasing public and corporate savings which, in 1988, accounted for about 39 per cent and 28 per cent of total gross domestic saving respectively.

An important aspect of such efforts will include policies aimed at promoting efficient use of the public sector resources which could be achieved, inter alia, through the restructuring of government services resulting in reduced and more productive public expenditures. Private saving will also need to be induced through various means, including the establishment of sound financial institutions and attractive instruments.

Fourthly, the Namibian economy is heavily dependent on international trade. It is estimated that about 80 per cent of Namibia's physical output (derived mostly from mining, livestock and fishing) is exported. In value terms, exports of goods and services accounted for 58 per cent of GDP in 1988. On the other hand, the share of imports in total GDP in 1988 was as high as 60 per cent or about two thirds of total domestic consumption (public and private).

While recognizing the importance of the external sector, particularly export-earnings as an engine of growth, it is equally important to increase the domestic supply capacity of the economy, especially through agricultural development and the promotion of small and medium-scale industries, based on increasing the value added factor in resource development and thus promoting increased employment opportunities.

Although the information available is scanty to a certain extent and unreliable, the Namibian economy has traditionally enjoyed a substantial external trade surplus, which should be used as leverage for accelerated growth. However, the large deficits of factor and non-factor services accounts and, more importantly, the high level of capital outflows are of particular concern. Overall, Namibia is faced with a balance of payments instability, which might constitute a serious handicap in the restructuring and rehabilitation period. Indeed, a conducive environment with respect to foreign investment, which the Government is committed to establish, must be accompanied by a reduction of net capital outflows.

In view of the relatively unstable situation for Namibia's external sector, confidence in her monetary and foreign exchange rate policies would be essential for sustained growth and development. It is only through the control over fiscal and monetary matters that Namibia could take full advantage of its participation in international, subregional or regional economic co-operation and development institutions as well as in international agreements such as the Lomé Convention. An independent monetary policy is also essential to control the inflation rate, which is now mostly imported from South Africa, and which was officially 13.9 per cent at the end of 1989, but is considered in reality to be far higher.

Inflation

GDP
Figures

Finally, the recent deceleration in the growth rate of real GDP, 2.8 per cent in 1987, 2.3 per cent in 1988 and 0.6 per cent in 1989, is of particular concern, especially in view of the pressing needs of poverty alleviation and satisfaction of the basic needs of the so far neglected majority of the Namibian population. On the basis of available population estimates and taking into account the return of a large number of exiled Namibians before and after independence, the continuation of the present growth trend of the Namibian economy of 2 to 3 per cent per annum will result in a continued deterioration of the average per-capita income by almost 1 per cent a year. Actually, such a negative trend would mostly affect the less advantaged part of the population which has been marginalized, so far, in the development process.

It is clear that the negative GDP per capita trend will have to be reversed and that the combined efforts of the Government of Namibia and the international community during the reconstruction period, should concentrate on the identification and promotion of new sources of economic growth that would lead to the improvement of the living conditions of all Namibians. To that end, there is a need to review the major priority areas of focus with a view to identifying the immediate and medium-term requirements.

V Policies on Growth and Employment

Both the stagnation of economic activity and increased supply of labour due to returnees and demilitarization have led to an alarming rate of unemployment. Some 30 percent of the labour force is out of work. In addition there is considerable underemployment in the traditional sector.

During the second half of the 1980s, employment in Namibia increased more than production, i.e. productivity declined. This anomaly was not unrelated to the expansion of the public sector. In the future, production has to grow faster than employment. An accelerated GDP growth rate would, though, increase employment substantially in the next three years. With a vocational training scheme for unemployed, labour intensive public works, settlement of new lands, and self-help affordable housing programmes, an additional twenty thousand unemployed would be absorbed in productive activities. This would lead to an unemployment rate of around 15 percent, i.e. half of the current level, by 1992, if the newly created employment and training opportunities do not increase labour supply by diversion from the traditional sector to the modern sectors.

Govt. GOAL
Y2 UNEMPLOYMENT
RATE

When addressing the priority sectors and programmes, the Government attaches emphasis to employment effects. Halving of the unemployment rate in three years is not an unrealistic goal, when taking into account the effect of lifting of sanctions, and the great potential for private investments in agriculture, agro-industries, fisheries, mining, construction and tourism. The Government will encourage private investments also through fair taxation and other economic legislation including the Investment Code. Even though the inherited budget deficit does not allow generally expansive fiscal policy, the fiscal stance need not be restrictive either, given an appropriate level of external assistance.

Although the overall employment situation has been bleak so far, decisive growth oriented economic policies and special programmes targeted at reducing unemployment will improve the outlook considerably in the near future.

VI Priority Sectors and Programmes

In the spirit of maintaining peace and reconciliation, and given the present socio-economic structure and characteristics briefly outlined in this statement, it is clear that the main focus of the priority programmes during the transitional period should be the promotion of popular participation in the development process.

To this end, the following sectors will receive special attention from the Government:

1. agricultural and rural development, on which the livelihood of the majority of the Namibian people depends;
2. education and training to give an opportunity to all Namibians to participate fully in the development process;
3. health care for the so far neglected majority of the population; and
4. affordable housing for the less advantaged.

1. Agriculture and Rural Development

The majority of Namibia's population (70 per cent) lives in the rural areas and depends partly or wholly on subsistence or commercial agriculture. Two important features characterize the agricultural sector of Namibia namely the skewed distribution and unequal development of land, on the one hand and, on the other the predominance of livestock and the relatively minor role played by crop production, in terms of food security. Such a situation, in a context of a rising rate of unemployment and increasing risk of hunger in the rural areas, needs to be urgently addressed.

The available information shows that the agricultural sector has registered a very dismal performance in 1988 growing by about only 2 per

Govt.
Sector
Goals

cent, which is below the already low overall growth of the economy. Investment in the sector increased by only 2.5 million rands in 1988, or declined in real terms. Indeed, real capital stock in the agricultural and fishing sector has consistently declined since 1980. In addition, in 1989, some of the agricultural areas and crops suffered from a drought.

There is an obvious need to devise policies aimed at increasing agricultural production, through increased investment and improved productivity. In spite of a harsh natural environment in parts of the country, the existing viable agricultural areas in Namibia have potential for both pastures and crop production. It is an established fact that the northern part of Namibia has the potential for growing most of the country's crops particularly millet which accounts for more than 50 per cent of the staple food of Namibia, but also other crops such as maize, groundnuts, sorghum, beans and cassava. However, water supply is a crucial constraining factor that must be addressed. The main policy focus, particularly during the reconstruction and rehabilitation period, would therefore be the increase and diversification of crop production, so as to improve the country's food self-sufficiency ratio which is presently low.

Policy Δ IN Agriculture.

20

It should also be noted that the dichotomy between commercial and communal farming is the result of the concentration of modern inputs and finance on commercial farms. Many peasants have thus been deprived of incentives with the consequence of confining most of communal farming to subsistence production. A major agricultural policy shift will therefore be the removal of the existing gap between communal and commercial farms. In doing so, due attention will be given to the need for expanding the existing commercial farming with a view to increasing its foreign exchange earning capacity and cater for domestic consumption. In this regard, expropriation of land without full compensation is excluded as unconstitutional. Instead, natural progress towards transforming communal farming into commercial farming as well as improved use of less optimally cultivated areas is favoured. In this respect, systems must be devised whereby commercial rights of farmers within communal areas can be established and maintained. Individual successful farmers in the present communal areas will as far as possible be assisted to buy existing commercial farms through the more general application of agricultural credit schemes.

Fishing included in agricultural.

Immediately after independence Namibia has taken full control of her 200 nautical mile Exclusive Economic Zone. All foreign fishing has stopped until a detailed survey of the stocks is made available. After the renewal of resources, ample opportunities will emerge for investing in fishery activities including processing and fleets.

Another key element of agricultural policy is the linking of the sector to processing industries, especially in the livestock and fisheries sub-sectors. In addition to bringing about economic diversification, through the processing of local raw materials, such a policy will greatly contribute to reducing the high rate of unemployment.

Fodder production and supply of feedlots could increase the carrying capacity of the land and hence improve self-sufficiency.

In view of the above policy orientations, the main elements of a priority programme in the agricultural sector should include:

- (a) getting into use new, under-utilized and unutilized lands to be identified for livestock production and - especially in the northern region - for dry land crop production and irrigation programmes in some areas where economical;

- (b) establishing a financing scheme to enable existing communal farmers to embark on commercial farming;
- (c) encouraging commercial farmers to expand into production for domestic consumption;
- (d) rehabilitating and expanding agricultural training facilities for teachers, extension workers and farmers.
- (e) developing farmer support programmes including applied research to improve seed varieties, provision of low cost basic inputs, extension services, marketing infrastructures, credit facilities etc.;
- (f) promoting agro-industries especially in the small-scale sector;
- (g) developing alternative sources of energy with a view to preserving sustainable growth of forest resources.

2. Education and Training

The salient feature of Namibia's education system has been that between 30 to 40 per cent of school-age children do not attend classes, and that 50 per cent of the teachers are unqualified with a further 30 per cent under-qualified. Such a situation is the result of an education system subdivided among 11 authorities, with each responsible for providing education to members of its ethnic population; for training teachers for primary school under its jurisdiction; for

building and administering schools, training colleges, hostels and other institutions related to education.

The previous education structure has also resulted in a discriminatory allocation of resources. It was estimated by UNESCO that the resources allocated to the 10 ethnic authorities for blacks represented only one tenth of those devoted to white education, in per-capita terms. Thus, over 99 per cent of the untrained teachers and over 80 per cent of those that are under-qualified are in the 10 black educational authorities. For this reason, Namibia is faced with an army of out-of-school, unskilled and unemployable youth and adults, since the populations concerned represent over 90 per cent of the total population of the country.

The administrative structure of the education system is also grossly skewed with a heavily staffed central Administration not directly involved in educational activities including curriculum development, production of teaching materials, etc. Obviously, such a non-productive staffing structure is not commensurate with the resources allocated to education which represented about R.350 million in the FY 1988-89, or 20 percent of total expenditure of the Central Government. The school system is therefore dis-functional with inadequate,

wasteful and inefficient schools that are irrelevant to the needs of the majority of the Namibian youth.

The role of education is central to the objective of bringing about human-centered development in Namibia, which is a basic social and economic objective of the Namibian Government. During the transitional period of reconstruction and rehabilitation, a major policy objective will be the establishment of a uniform and universal education system, open to both children and adults, as well as an appropriate administrative structure. Other policies to be devised relate to the development of more adapted curricula, the upgrading of the general level of the teaching staff and the promotion of non-formal education schemes tailored to the needs of the "drop-out" and the rural population, especially women.

In line with the above policies, an education and training programme for restructuring and rehabilitation would include:

- (a) the development and implementation of a comprehensive in-service training programme, involving foreign teachers as an interim arrangement while training Namibian counterparts in vital areas such as English language, mathematics and science;
- (b) the preparation of more adapted teaching materials, especially in vital disciplines;

- (c) the launching of non-formal vocational training programmes in such areas as construction, maintenance and repair, carpentry, marketing, etc. with a view to developing income-generating skills for the drop outs and unemployed;
- (d) the devising of a financing scheme to enable the establishment of small-scale businesses in industry and trade for the newly skilled manpower;
- (e) the building of the necessary infrastructure for both formal and non-formal training institutions;
- (f) budgetary support to the restructuring of the school administration system.

3. Health

The health sector has been as adversely affected as education by the system of institutionalized apartheid in the form of second tier ethnic administrations. This has resulted in the costly duplication of facilities and services, as well as the serious weakening of the sector due to the fragmentation and competition for scarce resources inherent in the system. Rural, preventive, primary, occupational and community health have been largely neglected. The health

system has until now been biased towards urban centres and has been mostly curative in nature. Health facilities, manpower, supplies and so on are unequally distributed and technology has been acquired and used inappropriately.

Most Namibians live in poor and overcrowded houses, they use inadequate and unsafe water supplies, and sanitary conditions are substandard. As a result most of them suffer from environmentally-related preventable diseases. Most blacks are poorly paid and live and work under poor conditions and are therefore victims of exposure to occupational and environmental hazards. Their low incomes affect the nutritional, housing and sanitation standards available to their families. The majority of mothers and children in Namibia have been affected by these conditions, and consequently the priority health problems as identified relate to women of childbearing age and young children.

The Government has devised a health policy based on the equitable provision of health services and has embraced WHO's social goal of Health for All by the Year 2000, making primary health care services the focal point of all health care services provided to communities in Namibia. This implies restructuring the services to comply

with the principles of equity, accessibility, affordability and community involvement.

The key features of the health programme during the first years after independence shall consist of:

- (a) the strengthening and expansion of primary health care services provided in community health centres and clinics and by mobile services and village health workers to rural disadvantaged communities;
- (b) strengthening and improving the transport services to support primary health care outreach programmes in order to achieve the goal of accessible health services for all Namibians;
- (c) the promotion of proper nutrition, adequate safe water supplies and basic sanitation;
- (d) maternal and child care, including family spacing;
- (e) immunization programmes against the major preventable infectious diseases;
- (f) the development of national control programmes against major communicable diseases such as tuberculosis, malaria, and AIDS;
- (g) the reconstruction, renovation and upgrading of key health facilities including mission hospitals, to provide a national system of referral support for primary health care services;

- (h) establishment of an assistance fund to integrate returnee health workers into the restructured health care system;
- (i) budgetary support to strengthen the provision of primary health care services free of charge to all Namibians; and
- (j) the establishment of an Institute for Health, Manpower Development and Training aimed at strengthening mid-level management and training health workers in categories needed to achieve the policy objectives of the Government.

4. Housing

Like education and health, housing conditions in Namibia have been negatively affected by regulations related to racial residences, especially in urban areas. As a result there is an acute shortage of housing, particularly for workers employed in industrial centres, and there is an increasing emergence of squatters.

A similar situation prevails in the rural areas, especially among employees of commercial farmers and also for those living in the communal areas. Generally, the rural sector has so far been totally neglected in terms of support and assistance in the acquisition of decent housing.

It is estimated that, given the present shortage of decent houses and the return of a large number of returnees, an annual production of 16,000 units will be required, for both urban and rural areas. In other respects, housing is presently not affordable to the majority of Namibians because of the high cost of imported building materials.

In order to alleviate the pressing housing problems, the main policy options of the Government during the transitional phase would be the revamping of the housing parastatal National Building and Investment Corporation (NBIC), and involving the people's participation in housing through co-operatives and greater use of local materials. The main objective is the construction of affordable but not necessarily low-standard houses. In addition, priority will be given to the development of rural areas in order to prevent slums and peri-urban settlements. Such a policy would be complementary to those that would be evolved in the agricultural and rural development sectors.

The priority programme in the area of housing would therefore include:

- (a) improving regional and local spatial planning and supply of communal services, in order to facilitate new settlements;

- (b) supply of building sites for self-help house construction;
- (c) the development of locally-produced building materials including assistance to existing indigenous production units;
- (d) the promotion and training of indigenous entrepreneurship and self-help in house construction;
- (e) the devising of a public construction programme using the expertise available in the existing parastatal; and
- (f) supply of long term subsidized financing for affordable housing.

5. Other important sectors and inter-linkages

While focusing on selected priority sectors, it is important to ensure that activities in other sectors also contribute to the achievement of the objectives outlined in this statement. These include, inter-alia, infrastructural development especially in the water supply and transport sector, agro-related industries and overall economic and financial management.

Agricultural and rural development, particularly in the northern region, would require an integrated approach including among other things the construction of an appropriate feeder road system and improvement and extension of water

supply schemes. The medium-term investment programme should therefore also focus on infrastructural investments, particularly water supply, rural roads and electricity, which are essential precondition of economic growth and social progress envisaged in this policy statement.

Similarly, emphasis should be put on the links between the agricultural and industrial sectors. In this regard, encouragement will be given to industries processing locally produced raw materials, especially small-scale private enterprises, as well as to industries providing essential inputs to agriculture such as agricultural tools and implements and to construction industries in the rural areas.

Finally, the importance of sound financial policy and management during the transitional period cannot be over-emphasized. Prominent among the major requirements in this regard are the issues of employment generation and "balancing" the budget. The policy thrust outlined in this statement would require increased government expenditures, particularly for the financing of the new, less cumbersome and more efficient administrative structures that are essential to carry out the long term development programme. While every effort will be made on the part of

the Namibian Government to minimize the deficit in current expenditure, the assistance of the international community is of paramount importance during the transitional period.

Particularly, foreign aid will be required not only in the implementation of projects and programmes in priority areas and related sectors, but also for their recurrent costs as well as for the maintenance of inherited infrastructure.

VII Conclusion: Towards long-term sustainable development

The Government of Namibia is fully convinced that the implementation of the programme outlined in this statement will lay the foundation for long-term sustainable development. As emphasized, the programme is primarily aimed at promoting the participation of all Namibians in the development process with equal rights and without any form of discrimination. The success of the programme is essential for translating into concrete terms the noble objectives contained in the Constitution of Namibia, with respect to democracy, peace and welfare of all Namibians.

The Government of Namibia is equally convinced that the international community will wish to share in this effort and to provide an adequate

level of assistance to enable the country to implement successfully its reconstruction and development programme. Thus, the transitional period would lay the foundations of more balanced and equitable growth and development in the future.