

Inequality in Post-Independence Namibia: the Unfinished Agenda

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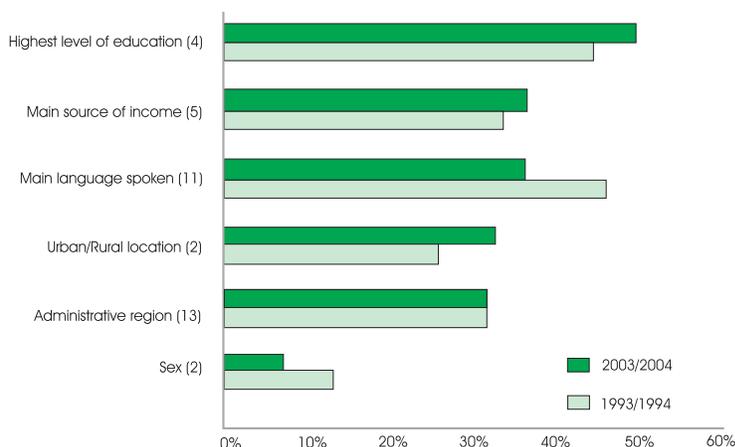
The economic, political and social transition of Namibia over the past two decades has been remarkable. From being mired in a protracted guerrilla war and after a century of colonial rule— until 1990 as a de facto annex to the South African *Apartheid* state—the country is now widely regarded as one of the more stable and well-governed democracies on the continent. Moreover, it is classified as ‘upper middle income’, with a per capita gross domestic product (GDP) almost three times the average for sub-Saharan Africa. Nevertheless, because of extreme levels of inequality, average GDP remains a particularly deceptive measure of welfare in Namibia.

New estimates of levels and changes in household consumption show that in spite of the post-colonial era of democracy, and free-market economic and social policies aimed at redressing historical injustices, the overall level of inequality remains stubbornly high. The new estimates are based on official household survey data from the Namibian Central Bureau of Statistics but seek to improve comparability of this data over time. According to the new estimates, inequality fell between 1993/1994 and 2003/2004, but the fall is too small to be statistically significant. The Gini coefficient is estimated at 0.6 in the most recent survey, ranking Namibia among the most unequal societies in the world. On the other hand, thanks to growth in household incomes, and despite the persistently high levels of inequality, the incidence of poverty fell significantly from 49 per cent of the population in 1993/1994 to 38 per cent in 2003/2004.

Even if inequality has remained high, there have been important changes between different social groups. For instance, the share of overall inequality that is explained by inequality between the country’s 11 main language groups has fallen from 47 per cent to 37 per cent between the two surveys (see Figure). Moreover, the share of overall inequality that can be explained by inequality between different levels of educational attainment has increased from 45 per cent to 51 per cent. It is also notable that while between-group inequality by administrative region has not changed, the degree of between-group inequality between urban and rural areas has increased. This is further evidence of the lingering effects of the geographical segregation of communities that underpinned *Apartheid*.

A key implication of these results is that inequality in Namibia appears to be increasingly driven by differences in levels of education and less by differences related to linguistic group, which is sometimes used as a proxy for ethnicity and race. It is striking that we are able to explain more than half of total inequality in Namibia by partitioning the population according to just four sub-groups of educational attainment. This is testament to the historical backlog in the provision of education to the majority of the population resulting from the *bantu* system of education and the challenges that persist in redressing its perverse outcomes more than a decade after the formal end of minority rule.

Relative Contribution to Between-group Inequality in Namibia



Source: Levine and Roberts (2012).

Note: Inequality is measured by the Mean Log Deviation (MLD). The relative contributions of the MLD are expressed as a share of the *maximum* between-group inequality, rather than as a share of *total inequality* following Elbers et al. (2008), thus taking into account the different number of partitions (in brackets) for each social group and their relative sizes.

While Namibia has seen a remarkable transition since independence, a substantial amount of ‘unfinished business’ remains in terms of reducing the country’s extreme inequality. However, the finding that post-independence efforts at expanding education may have contributed to higher inequality should not lead policymakers to abandon further improvements in access to and the quality of education as a primary public policy objective. Focus should remain on raising learner outcomes at primary level, ensuring higher completion rates at the secondary level and enhancing vocational skills.

Education remains central to reducing poverty and advancing an inclusive social development process, irrespective of the short- to medium-term impacts on measures of monetary inequality. But these effects need to be managed— for instance, through better targeted measures for social protection and a fairer allocation of public expenditure. In the longer term it is critical that investments in education are accompanied by policies and reforms that expand opportunities for a growing number of educated young people and generate jobs in sectors with higher productivity and better pay.

References:

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