

24th Annual Bank of Namibia Symposium

Presentation on
“Governance, Policy and Institutions: Strengthening coordination for rural
economic development in Namibia”.

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Agenda

- Definitions and status of Governance, Policy, Institutions, and Coordination
- Namibia's Rural Economic Development: Stylized facts
- Rural Transformation for Rural Economic Development
- Rural Transformation & Development Planning: Agendas 2030 & 2063
- Emerging opportunities for Rural Transformation
- Conclusions



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SUSTAINABLE
DEVELOPMENT GOALS



Governance conceptualization is diverse



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Johnston (2002)	Legitimate, accountable, and effective ways of obtaining and using public power and resources in the pursuit of widely accepted social goals.
Rose-Ackerman (2016)	All kinds of institutional structures that promote both good substantive outcomes and public legitimacy
Rothstein and Varraich (2017)	Good government is also associated with impartiality
Mungiu-Pippidi (2015)	Ethical universalism
North, Wallis and Weingast, 2009).	Open-access orders
IMF	Ensuring the rule of law, improving the efficiency and accountability of the public sector and tackling corruption, [are] essential elements of a framework within which economies can prosper.

Good governance is the process whereby public institutions conduct public affairs and manage public resources in a manner that promotes the rule of law and the realization of human rights (civil, political, economic, social and cultural rights).

Institutions influence development outcomes



- ✓ Institutions as the mechanisms of governance are "the fundamental cause of economic growth and development differences across countries.
- ✓ Institutions are the rules of the game in a society,...they are the humanly devised constraints that shape human interactions.
- ✓ Institutions are established by human beings and they can control human behavior through the distribution and control of incentives.
- ✓ Institutions shape the actions of individuals, by defining and regulating through rules, norms and structures.

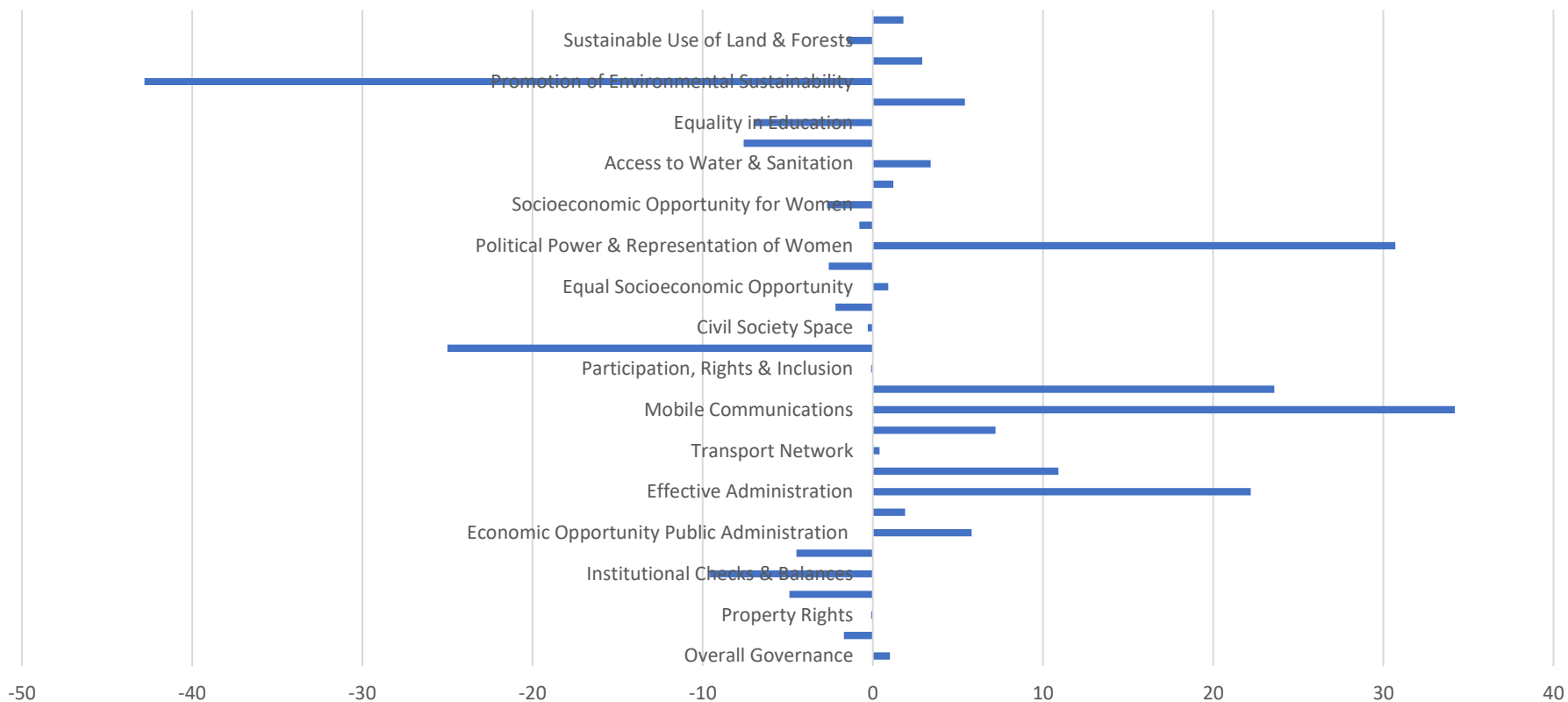


Namibia's Decentralization Policy is an example of an institution.

Namibia is lauded for strong institutions, with mixed performance on governance indicators



Governance Indicator Trends 2012 - 2021



Standardized and comparable data on the rural economy variables is limited



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FOUNDATIONS FOR ECONOMIC OPPORTUNITY

SCORE/100 RANK/54 TREND
2021 2021 2012-2021

FOUNDATIONS FOR ECONOMIC OPPORTUNITY	60.5	13	+5.8
PUBLIC ADMINISTRATION	72.5	4	+5.7
Civil Registration	100.0	1	+0.0
Capacity of the Statistical System	48.5	27	+1.9
Tax & Revenue Mobilisation	59.3	7	-1.3
Budgetary & Financial Management	-	-	-
Effective Administration	82.2	2	+22.2
BUSINESS & LABOUR ENVIRONMENT	61.8	6	+0.9
Regional Integration	63.2	6	+16.2
Economic Diversification	74.2	12	-4.3
Business & Competition Regulations	71.4	8	+0.0
Access to Banking Services	28.2	26	+2.2
Labour Relations	55.1	24	-8.1
Secure Employment Opportunities	78.8	9	-0.3
INFRASTRUCTURE	47.2	13	+10.9
Transport Network	52.1	9	+0.4
Access to Energy	50.8	15	+7.2
Mobile Communications	70.1	20	+34.2
Internet & Computers	29.4	18	+23.6
Shipping & Postal Network	33.6	16	-11.0
RURAL ECONOMY	-	-	-
Rural Land & Water Access	-	-	-
Rural Market Access	-	-	-
Rural Economy Support	-	-	-
Rural Representation & Participation	-	-	-

Source: IIAG, 2022.

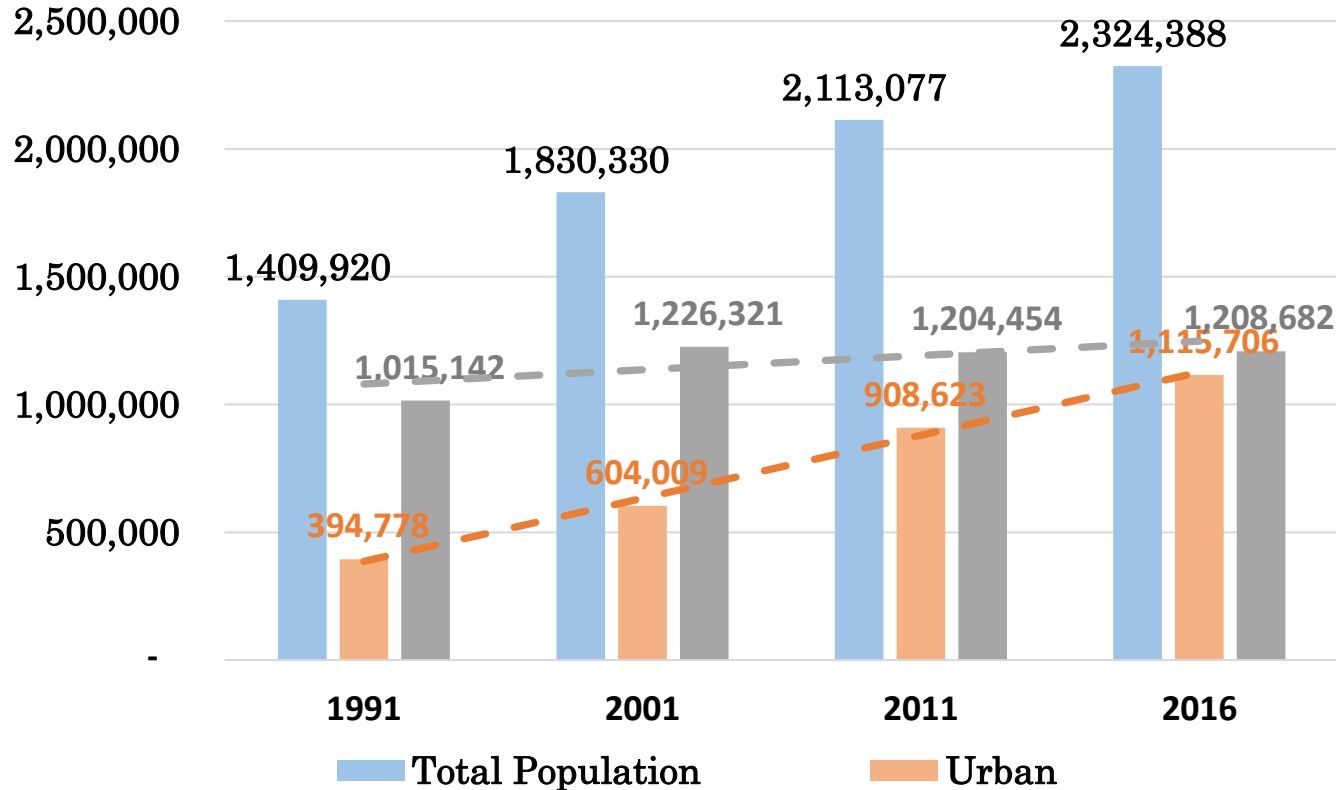
Namibia's rural economic development is lagging considering population distribution



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Population Trend



Source: Author with data from NSA.

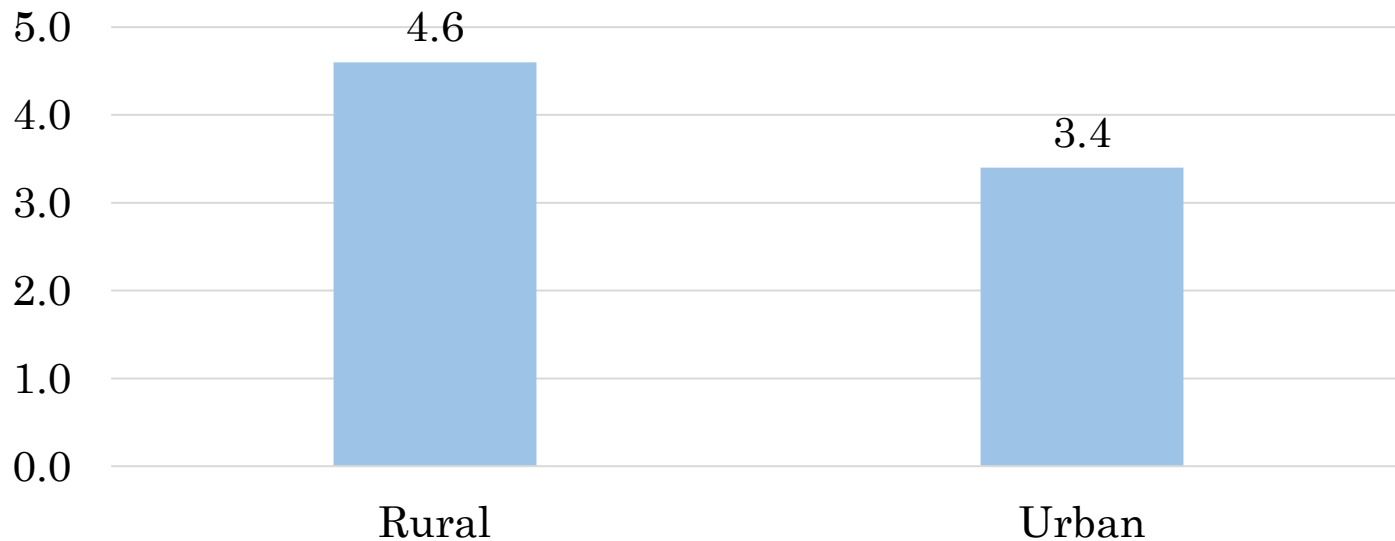
Rural Households have a higher dependency burden



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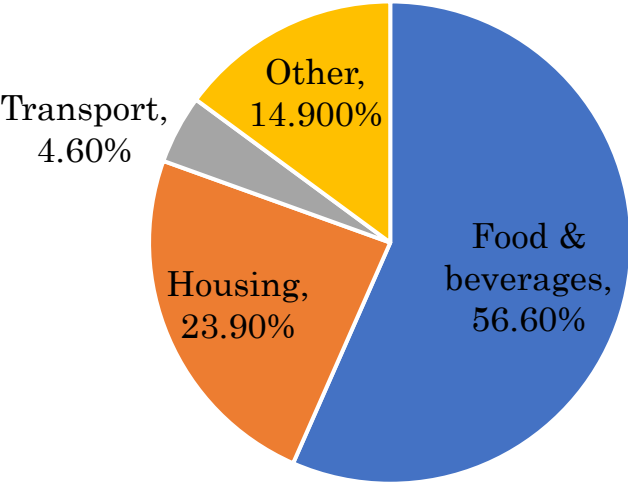


Household size

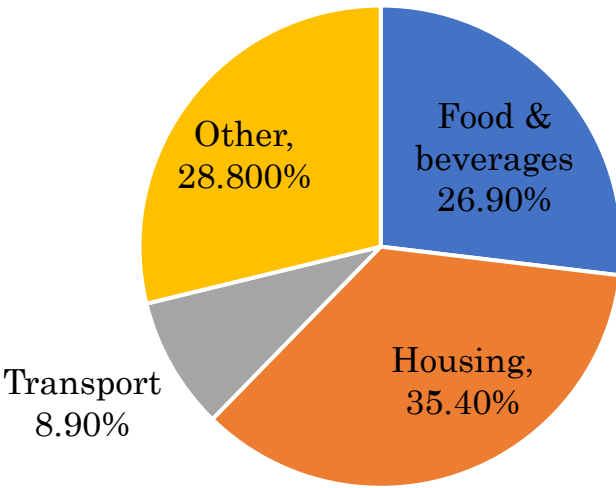


Rural Households have lower disposal income

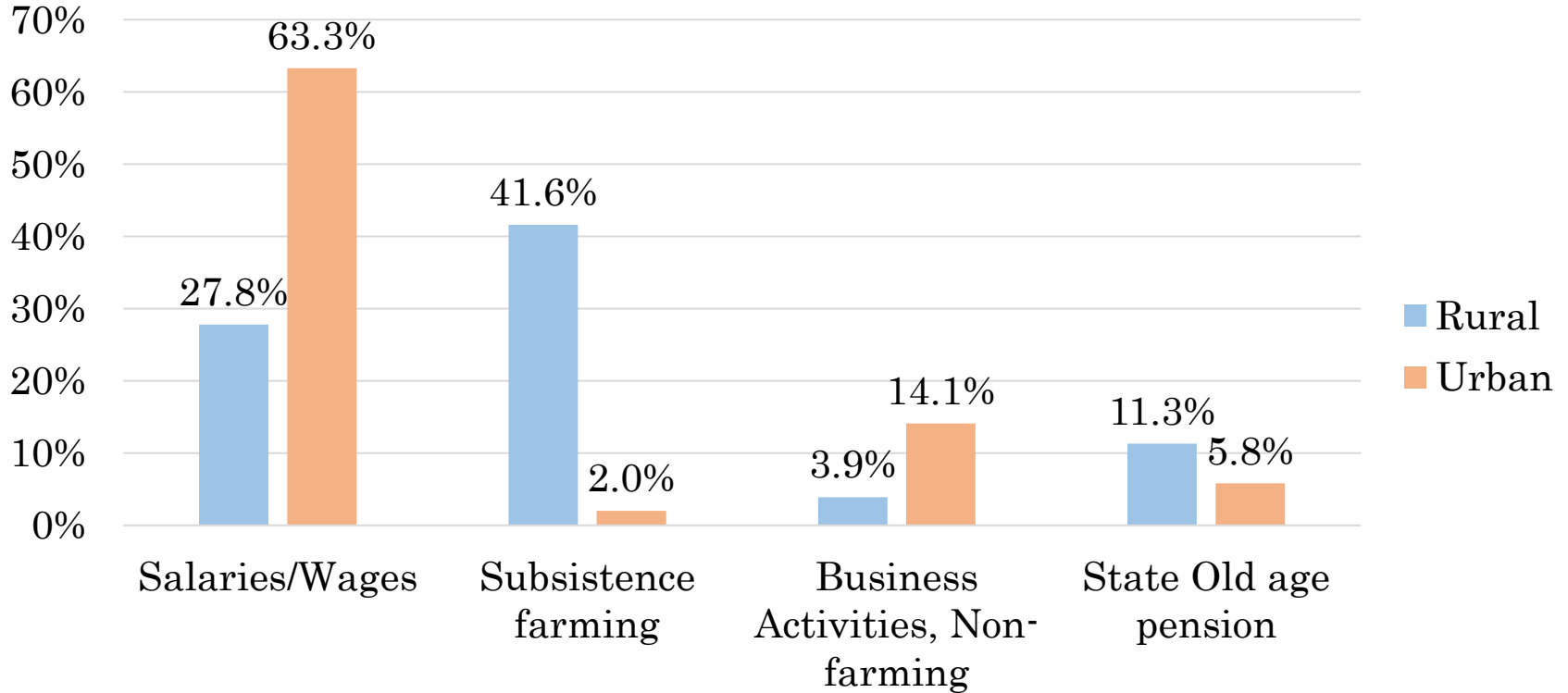
Rural



Urban



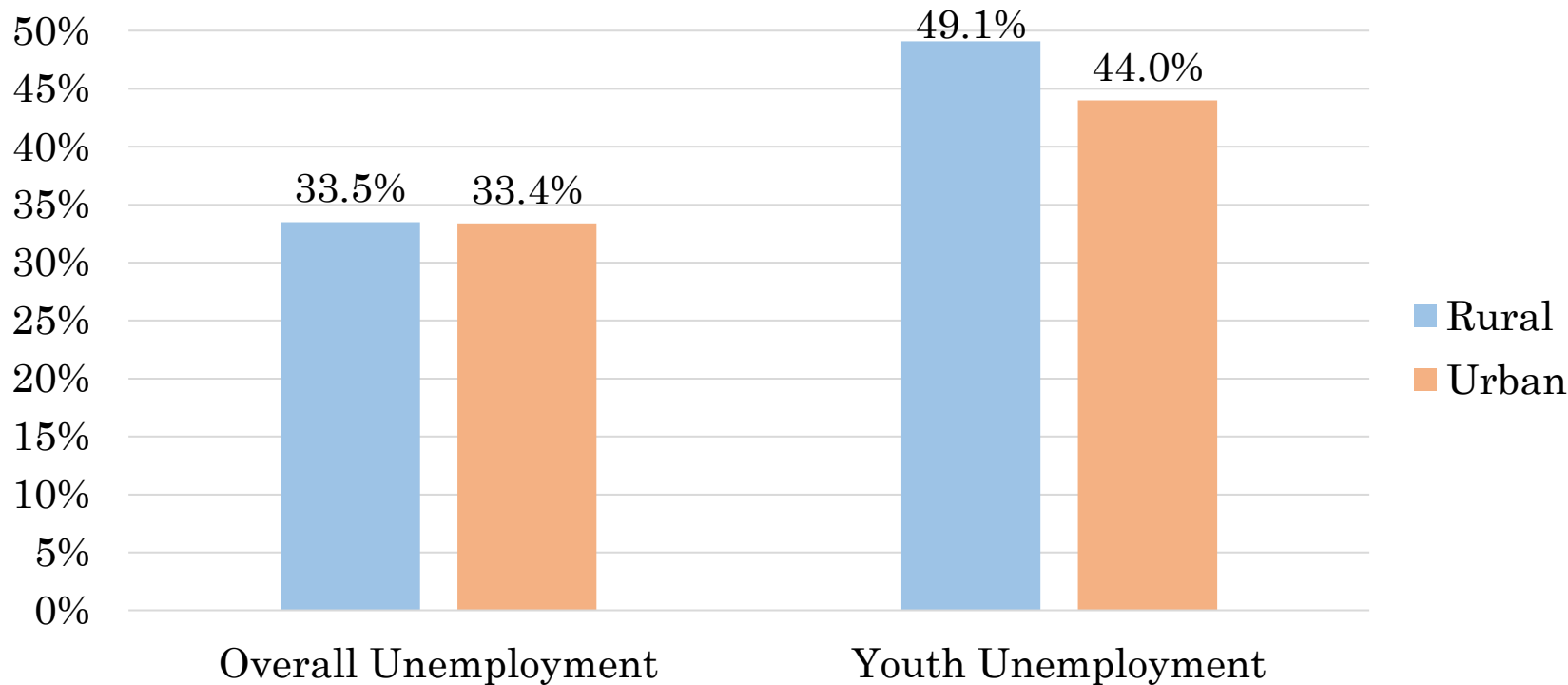
Income source of rural households is mainly through subsistence farming



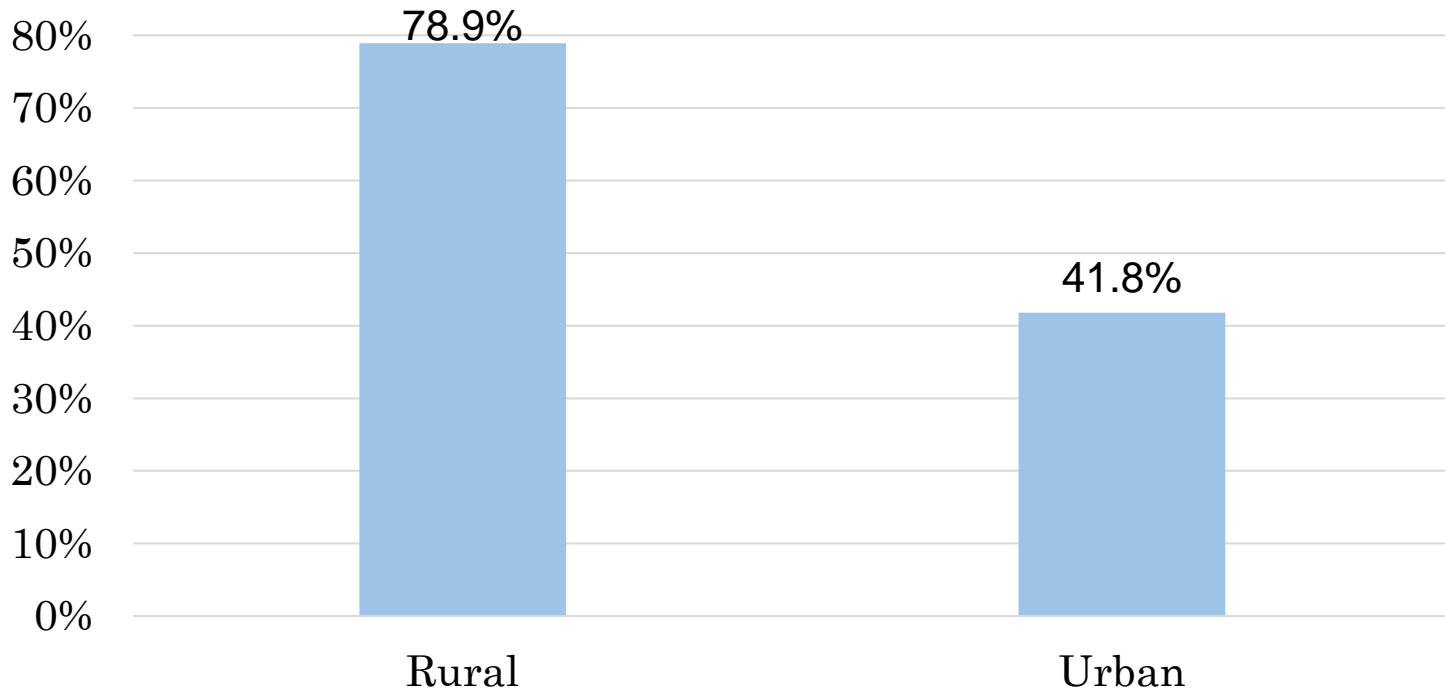
Unemployment is higher amongst rural youths



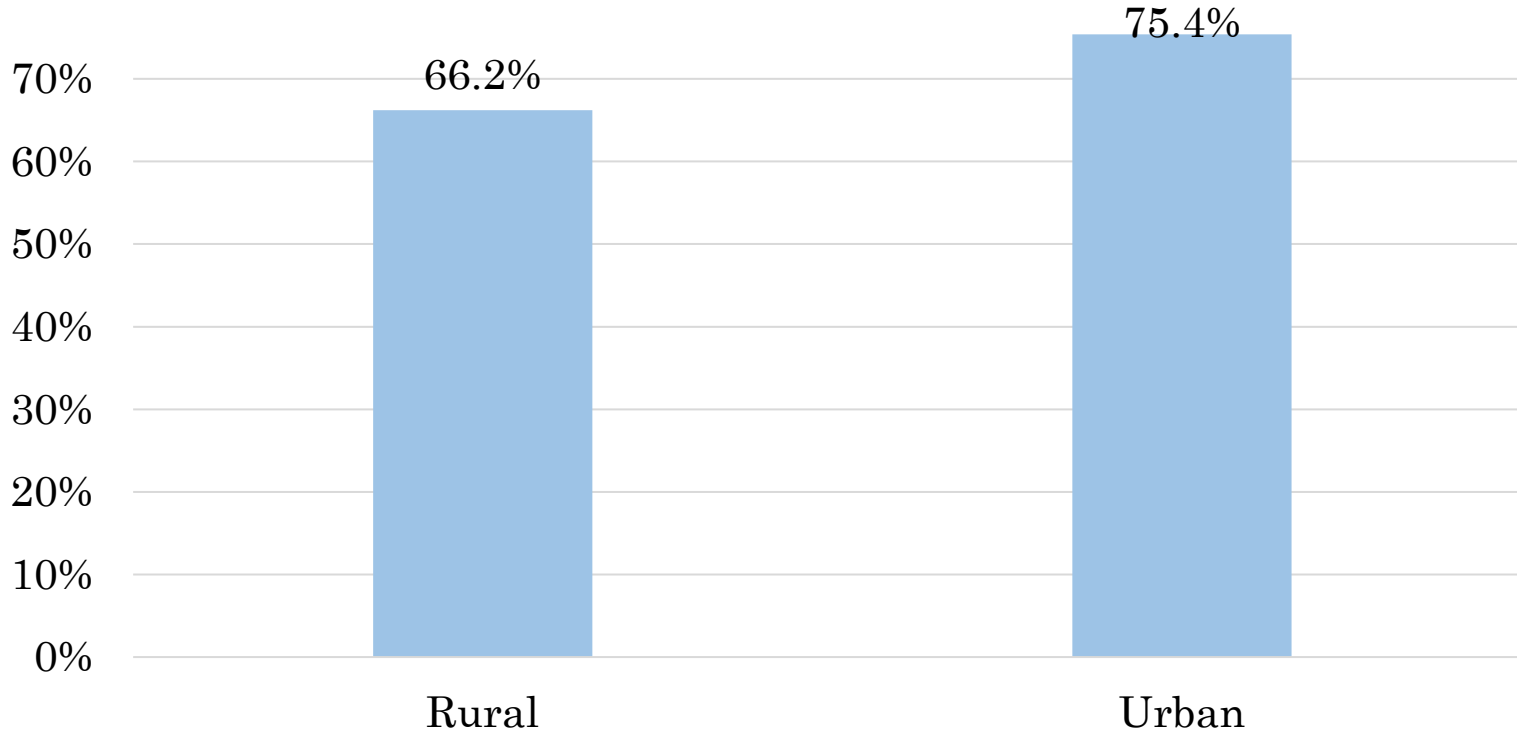
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But, informal employment is disproportionately higher in rural areas



And labor force participation is lower in rural areas



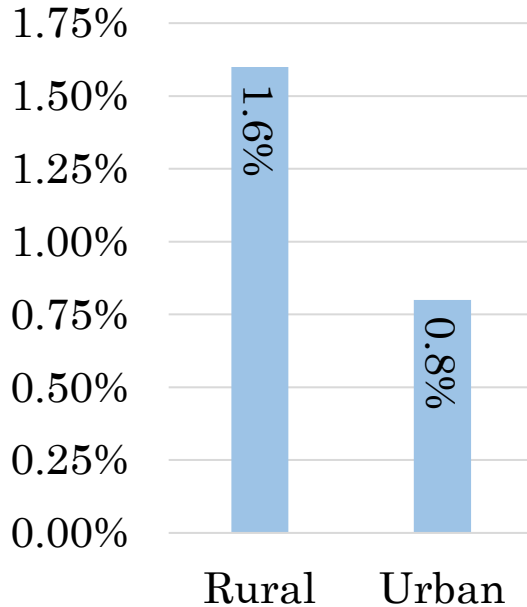
Rural Households place a burden on the vulnerable



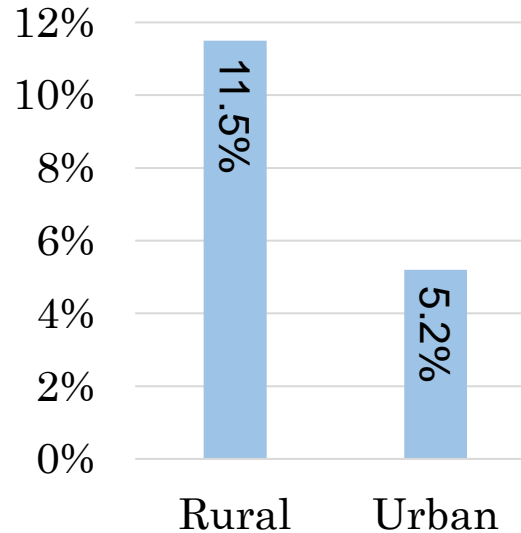
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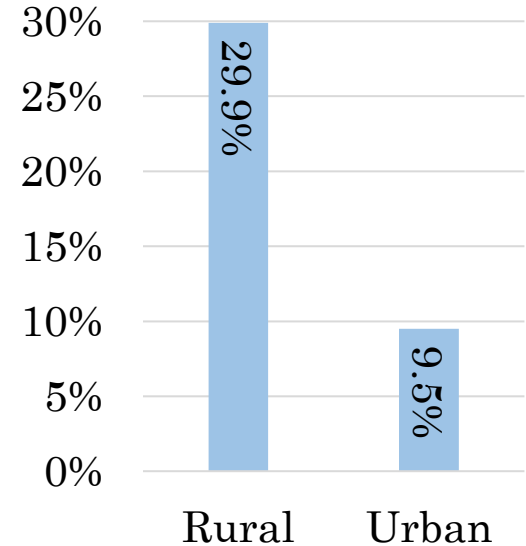
Child Headed Households



Proportion of Households headed by Persons with Disability



Proportion of Households headed by 60+ Years Elderly



Policy implementation & service delivery can be strengthened by the Decentralization Policy



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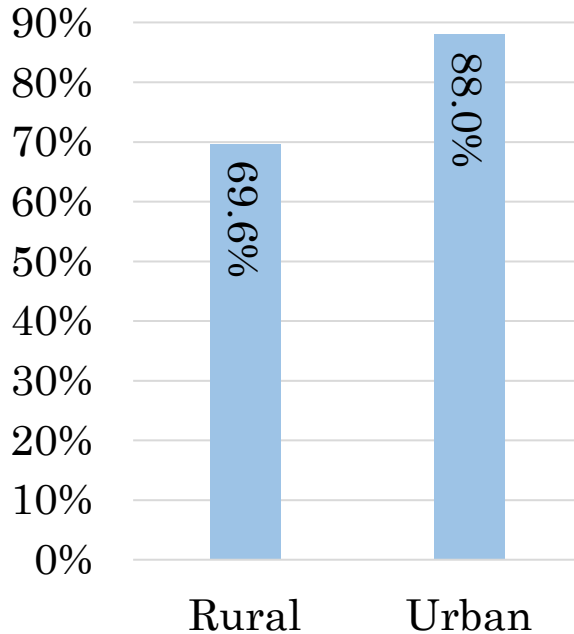


- ✓ Policy-making processes require **coherence and coordination** for effective and efficient allocation of resources, reaching those at the bottom enabling voice, participation, inclusion.
- ✓ **Devolution** of centralised powers and functions, as envisioned in the Decentralization Policy, has not yet been meaningfully implemented in Namibia.
- ✓ Where decentralization has occurred in its more limited forms of delegation and deconcentration by line ministries, it has often been unevenly implemented such that regional councils are encumbered with more administrative responsibilities without being given access to greater resources and authority to perform their duties effectively.
- ✓ Continued institutional oversight from the centre, such as through the appointment of regional governors by the Presidency, has also impeded regional abilities to pursue local development measures independently. This has not boded well for improving local service delivery, which has in turn made it difficult for regional councils to “gain legitimacy or engage local populations in public action.

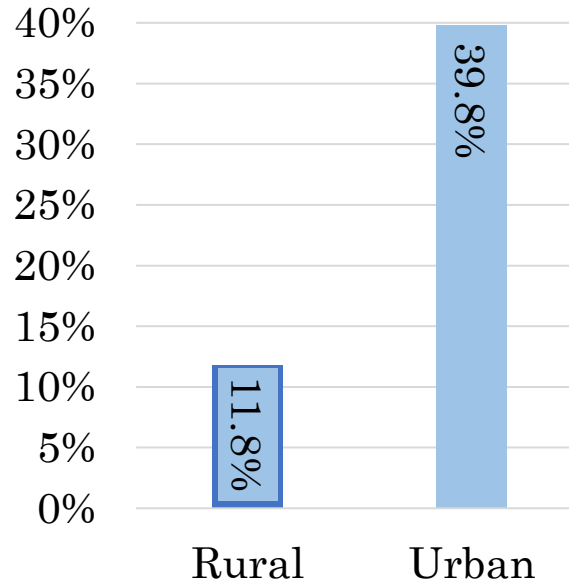
Technology divide is evident



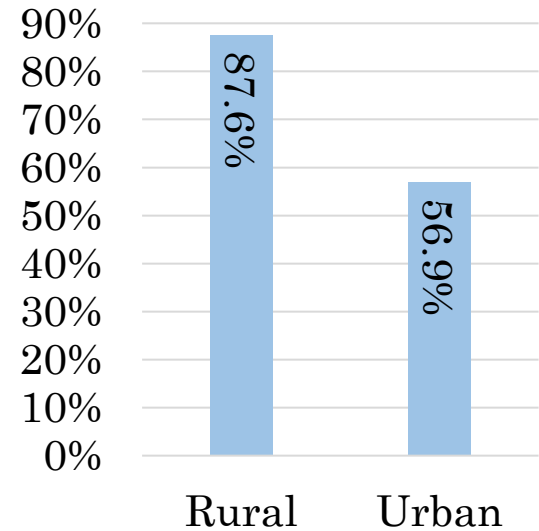
Proportion of owning a mobile phone



Proportion that own a smart phone



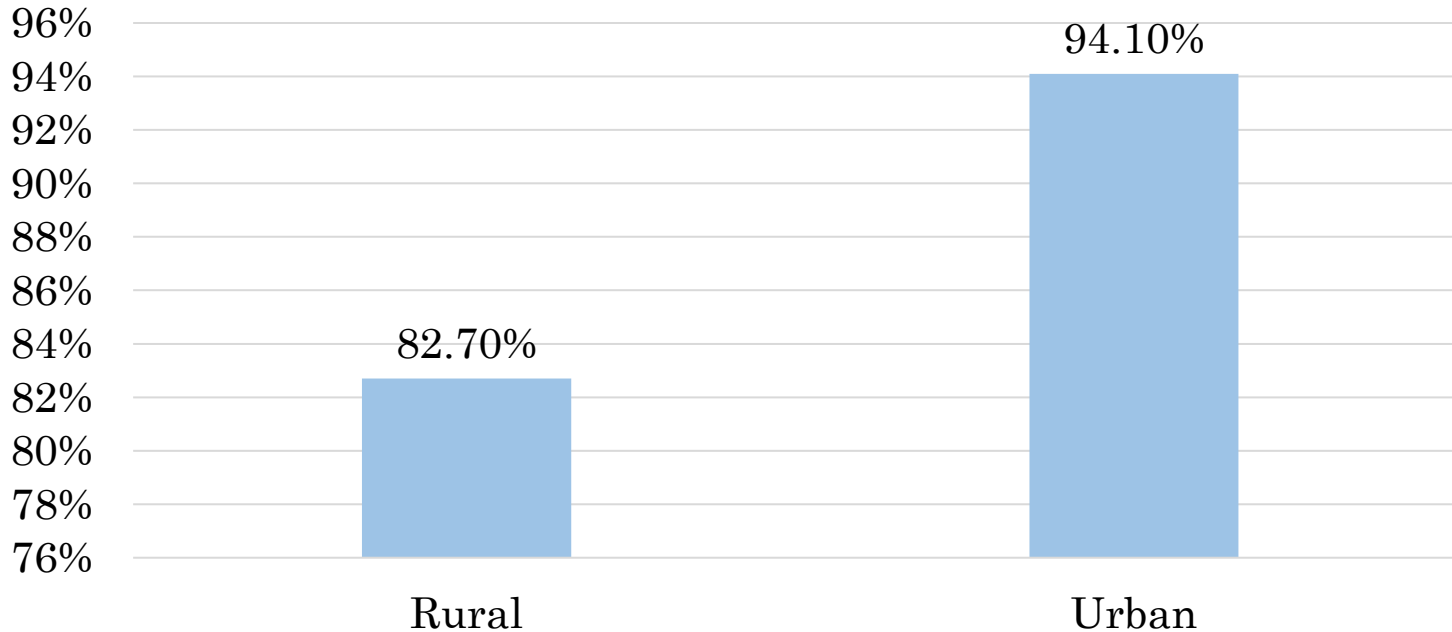
Proportion who never used a computer



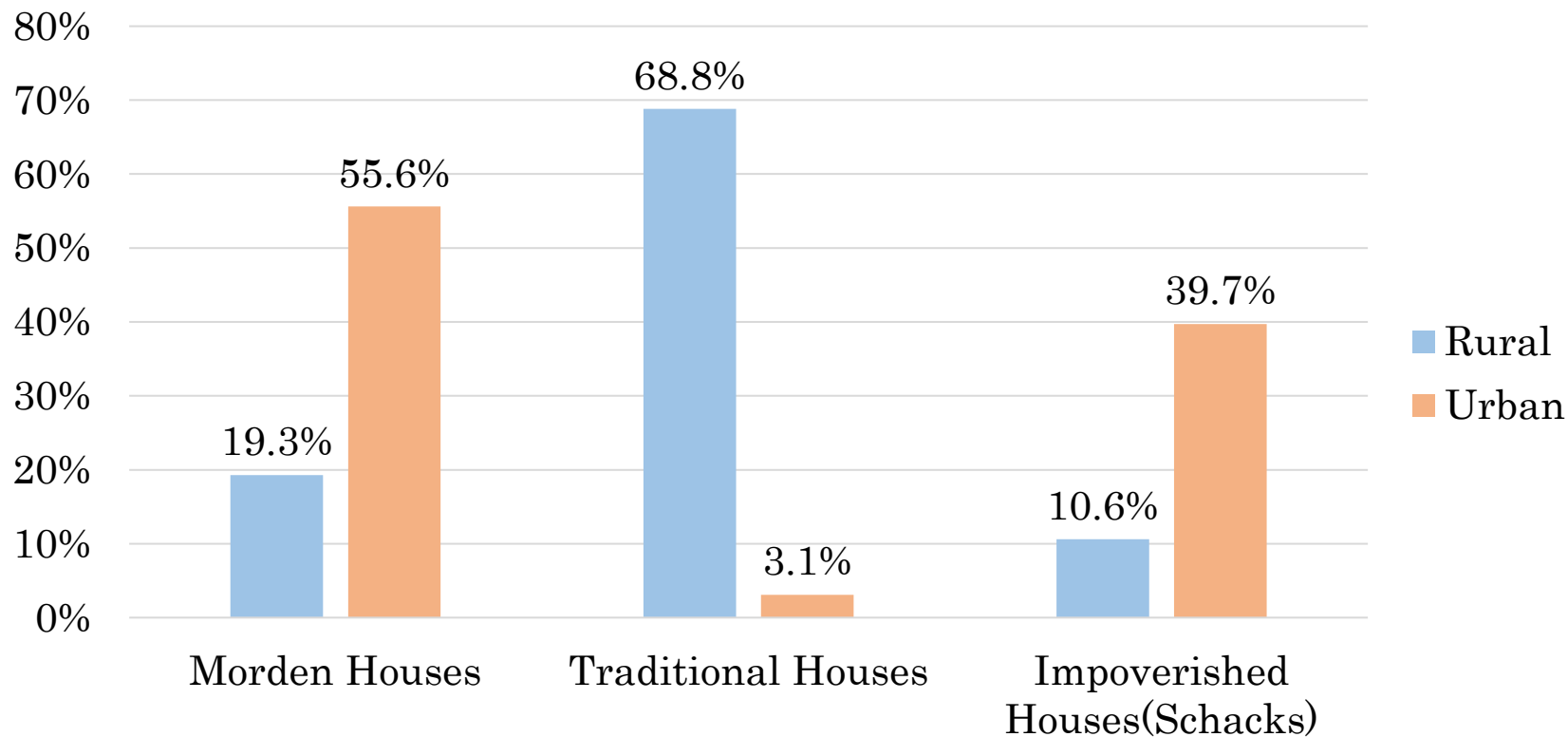
Education is disproportionate



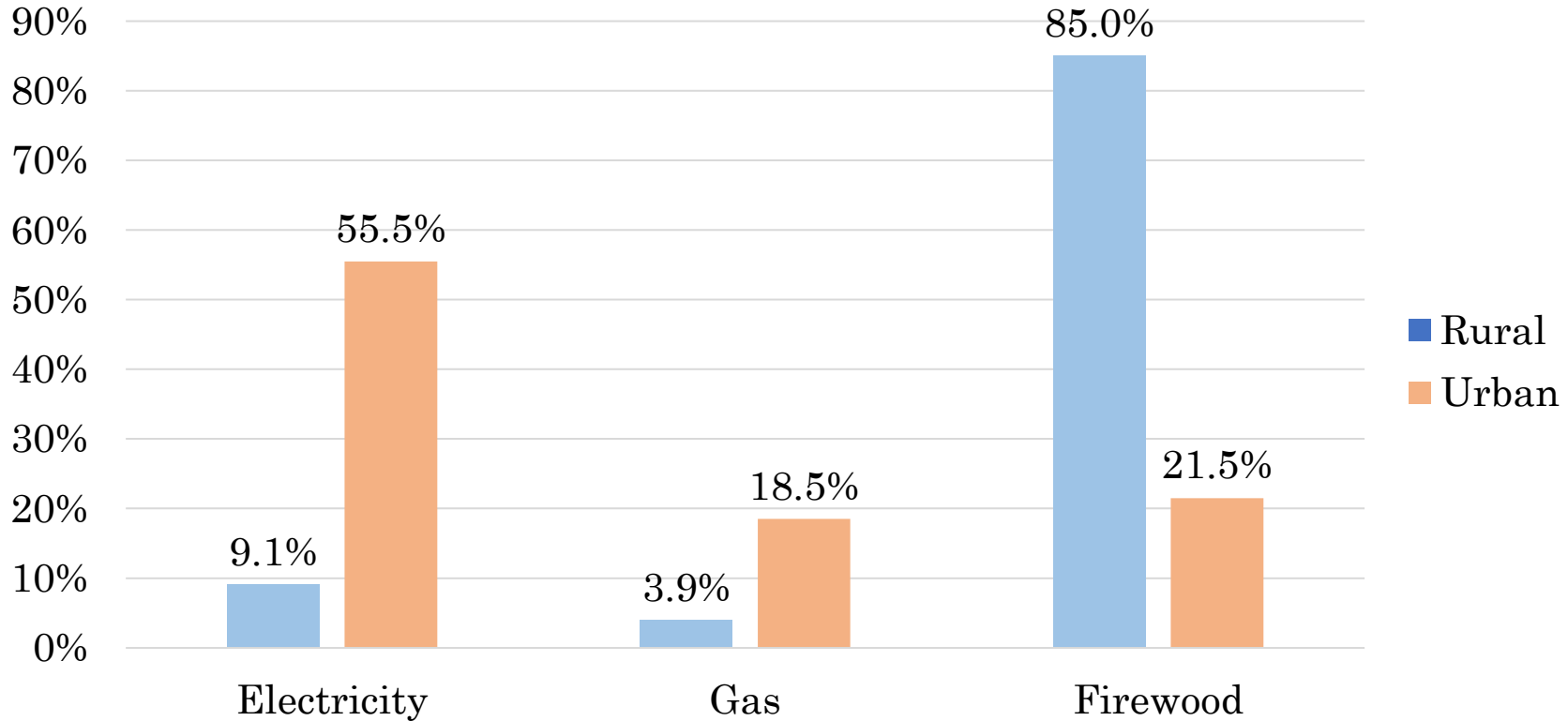
Literacy rate



Spatial differences exist

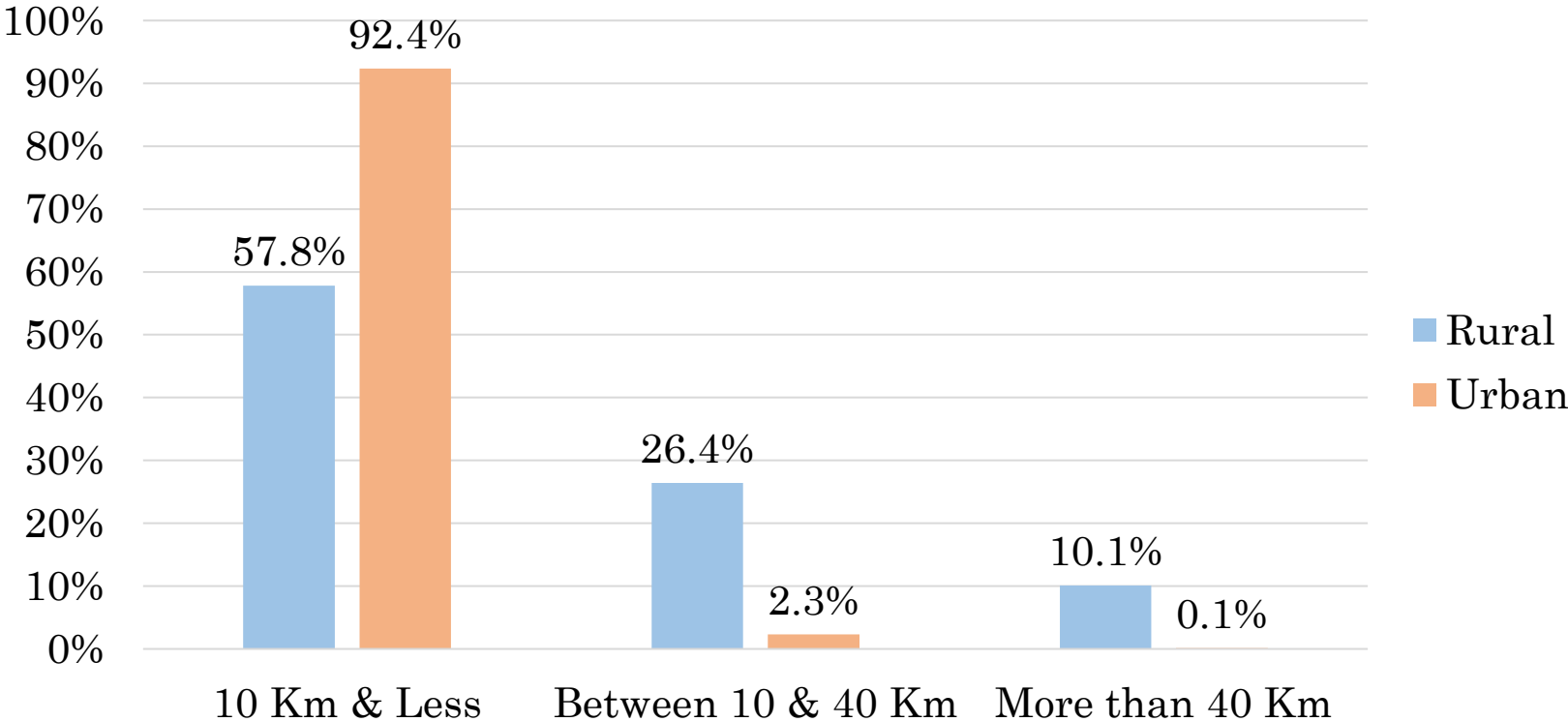


Energy shortage is a reality



Source: Author with data from NSA.

Healthcare access is a challenge



Source: Author with data from NSA.

Rural transformation enhances rural economic development



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- **Rural transformation** is a process of comprehensive societal change whereby rural societies diversify their economies and reduce their reliance on agriculture; become dependent on distant places to trade and to acquire goods, services, and ideas; move from dispersed villages to towns and small and medium cities; and become culturally more similar to large urban agglomerations.
- The rural transformation is the result of: 1) the action of global drivers, such as the diversification of rural economies away from agriculture, 2) the globalization of agrifood systems, and 3) the urbanization of rural regions.
- While global forces drive this transformation, they are mediated by localized social structures, institutional frameworks, and local societies with different levels of human agency. The interplay of global and local factors explains why the rural transformation between and within different countries has different outcomes in terms of economic growth, social inclusion, and environmental sustainability.

Rural transformation is a priority for the Agenda 2030 & Agenda 2063



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- ✓ Comprehensive Africa Agriculture Development Programme (CAADP) is Africa's policy framework for agricultural transformation, wealth creation, food security and nutrition, economic growth and prosperity for all.
 - ✓ 2003 AU Summit in Maputo made the first declaration on CAADP as an integral part of the NEPAD.
 - ✓ Values: African ownership and leadership; accountability and transparency; inclusiveness; evidence-based planning and decision making and harnessing regional complementarities; people-centredness; private sector driven development; systemic capacity; and subsidiarity, and: peer learning and multi-sectorialism.
-
- ✓ SDGs 1, SDG 2, SDG 4, SDG 8, SDG9, SDG 10, SDG 10, SDG 12, SDG 13, SDG 17.
 - ✓

Agenda 2030 & Agenda 2063 can be aligned to development planning for rural transformation



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SDGs that strongly converge with goals contained in Agenda 2063.

Agenda 2030	Matching (per cent)	Agenda 2063
SDG 2: Zero hunger	100	AU Goal 5
SDG 5: Gender equality	100	AU Goal 17
SDG 7: Affordable and clean energy	100	AU Goal 7
SDG 16: Peace, justice and strong institutions	90	AU Goal 8, 11, 12, 13, 14, 19

SDGs that converge weakly with the goals contained in Agenda 2063.

Agenda 2030	Matching (per cent)	Agenda 2063
SDG 10: Reduced inequalities	43	AU Goal 1
SDG 13: Climate action	33	AU Goal 5, 7,
SDG 14: Life below water	29	AU Goal 5, 6, 7
SDG 15: Life on land	30	AU Goal 5, 6, 7

1. **Who should participate in the design of policies for rural economic development for rural areas?**
2. **Monitoring and evaluation:** What role and importance are currently attributed to these crucial functions in rural policy implementation? Which entity should be entrusted with the responsibility of accomplishing these tasks?
3. **Administrative capacity and technical assistance:** What mechanisms foster local administrative capacity? What kind of technical assistance should be provided at the different levels of government? How to improve capacity to deliver for sustained economic impact?
4. **Collection of statistics:** Innovative ways to collect important high frequency and granular statistics in rural areas that is critical for policy planning and development.
5. Evaluate the progress made on the implementation of the **decentralization policy**.

Emerging Opportunities for Rural Transformation



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1. Implementation of the Decentralization Policy, aligned to the impetus for economic diversification and structural transformation.
2. **Decentralization Policy** can facilitate the harnessing of the comparative advantages, in natural resources endowment, of Namibia's 14 regions.
3. Institution of a **Natural Resource Governance Policy Framework**: Bolstering resource-based development planning, minerals beneficiation and value chains development.
4. Enablers: technology; private sector entrepreneurship & innovation, R&D; skills development; demographic dividend, reaching the farthest, in the most remote areas; role of Namibia Commission on Research, Science and Technology (NCRST).
5. **Human Rights Based Economy/ LNOB**: Addresses & redresses root causes & structural barriers to equality, justice & sustainability by integrating human rights principles & obligations, & SDG commitments, into economic decision-making.

Conclusion 1



1. Design of policies for rural economic development requires adherence to good governance principles for a Rural Transformation Strategy.
 - The Rural Transformation Strategy can action the Decentralization Policy
 - The Strategy is to include key elements including:
 - Coordinated participatory development planning: MURD, MAWLR, NPC...
 - Land reform
 - Value chains development for economic development (opportunity in the AfCFTA & regional integration)

Conclusion 2

1. Data, Statistics, Monitoring and Evaluation

- There is concerning lack of data sources on the rural economy, which is required for policy making and programme implementation.
- Despite its vital importance for agriculture, food security and climate change adaptation, there is currently poor data availability on rural sector topics in Africa.
- There is only one dataset, the Rural Sector Performance Assessment (RSPA), produced by the International Fund for Agricultural Development (IFAD).
- However, as of now, there are only two data years available from source for this dataset (2018 and 2021), which impacts accuracy.
- In terms of country coverage, nine African countries are not part of this dataset: Algeria, Botswana, Equatorial Guinea, Gabon, Libya, Mauritius, Namibia, Seychelles and South Africa.

Conclusion 3



1. Administrative capacity and technical assistance

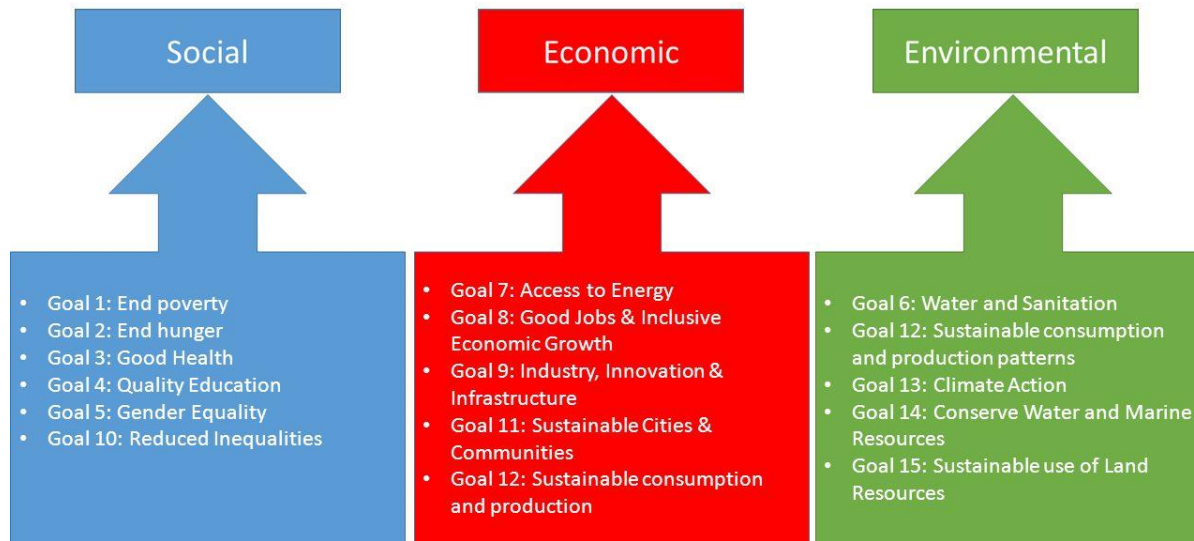
- Capacity development is one of the Means of Implementation of the SDGs as per SDG 17.
- Capacity building is required for various actors, including government duty bearers at the national and local levels. Capacity building is also required for rights-holders in rural areas, which includes women, older persons, persons with disabilities and indigenous peoples.
- South-South Cooperation is an opportunity to exchange knowledge and information on rural transformation. For example, China's success with poverty reduction is intrinsically linked to rural transformation and industrialization.

Conclusion 4

1. UN entities remain committed to the implementation of the SDGs, encompassing also rural economic development, aligning with the 3 dimensions of sustainable development.



3 Dimensions of the SDGs



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