
An assessment with a focus on social grants and labour market interventions

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1. Introduction

The Ministry of Poverty Eradication and Social Welfare was established in March 2015 and during its first year of operations embarked on national consultations around its “Blue print on wealth redistribution and poverty eradication”. This document was finalised and published in August 2017 and outlines dimensions of poverty and inequality, a socio-economic analysis of Namibia and strategic priority areas as well as the envisioned coordination, implementation, monitoring and evaluation of the “blueprint”. The identified strategic priority areas cover a wide range of issues, including the strengthening of the social protection system; ending hunger; providing access to basic services such as water, housing, health and electricity; education, training and skills development; employment creation; gender equality and women empowerment.

The Blueprint was followed by the draft national social protection policy 2019-2024 which was published in 2019 and is currently being debated through a process of public consultations in various regions. This process is envisaged to be concluded in September 2019 after which the policy will be finalised and presented to Cabinet for approval. The policy is set to guide Namibia’s interventions in the area of social protection for the next 5 years.

The draft policy provides a background to social protection in Namibia and an assessment of the current social protection programmes. It sets out the rationale for the policy and outlines the proposed social protection reforms, ranging from a universal maternity grant, universal child and disability grants to employment creation, income security for pensioners, war veterans and people with disabilities, food security, affordable housing etc.

This paper does not deal with all aspects of the policy and instead focuses on the role that could be played by social grants in dealing with poverty as well as mass unemployment and under-employment. It explores some of the proposed labour market interventions and makes reference to the existing universal old age pension, the proposed universal child grant, and the proposals for improved food security and disaster risk reduction. A central focus is the proposed unemployment grant for those between 30 and 59 years of age. The paper argues that Namibia has the option to establish a comprehensive social protection floor largely based on social grants which will support other interventions such as employment creation and social insurance schemes.

2. A social protection floor assessment

In 2014, the International Labour Organisation (ILO) published a comprehensive assessment of social protection in Namibia and made far-reaching recommendations which are relevant to the current debate on the draft social protection policy. Thus some of the key findings and recommendations are summarised here based on their relevance to the issues covered in this paper.

2.1 Poverty

The ILO assessment points out that the poor individuals in Namibia are mostly children (52%) as well as under- or unemployed people (19%) and even employed people (16%), the latter being mostly engaged in subsistence agriculture (ILO 2014:...
The key gaps in Namibia’s social assistance schemes were identified as a lack of general support for poor households and children as the current grants are inequitable and badly targeted. A notable exception was the universal old age grant which reaches over 90% of the intended beneficiaries. Furthermore, there is no mechanism for supporting the unemployed and only those in formal employment benefit from sickness, disability, employment-injury and maternity benefits. One of the report’s recommendations was thus to introduce a universal child grant covering all children from birth until 17 years of age (ibid: xi). This recommendation was taken up in the draft policy which envisages the introduction of a universal child grant in stages, covering children under 16 years in 2019/2020 and finally all children under 18 years by 2023/2024 (MPECW 2019: 3). The Ministry estimates 68 832 births per year and a maternity grant of N$ 2,083 per birth which would result in costs of N$ 143 million per year, equivalent to 0.08% of GDP (ibid: 2).

The ILO assessment pointed out that currently the value of child grants1 is lower than the upper poverty line (N$ 520.80 per adult equivalent per month) and thus will need to be adjusted to have a greater impact on poverty and inequality (2014: 93). The Ministry’s draft policy states that the universal child grant will start with the current value of N$ 250 per month and rise “by about 10% per year to maintain the real value to N$ 333 in 2021/22”(SIC) (2019:30). In terms of costs, the universal child grant would require N$ 919,448,000 in 2018/19 (0.5% of GDP), rising to N$ 1,518,044,847 in 2019/20 (0.76% of GDP) and N$ 4,735,343,061 (1.65% of GDP) in 2023/24 (ibid: 30).

The ILO further pointed out that Namibia’s current universal old age pensions have had the greatest impact on the reduction of poverty and inequality and should be retained as a universal benefit (2014: xiii). The report makes a compelling argument against means-testing as a basis for determining beneficiaries: “Means tests lead to high effective tax rates on the poor and disincentives for retirement savings, as well as to unnecessary and wasteful administrative expenditure because means testing is very difficult to do with any accuracy in a low-income informal environment or becomes very resource-intensive” (ibid: 51)2.

The ILO regards the monetary values of the old age pension and the disability grant as adequate relative to poverty lines (ibid: 93) and this view is shared in the Ministry’s draft policy which states that “The universal old age pension in Namibia for all persons aged 60 years and older is a best practice that is rare in the world. The Namibia Household Income and Expenditure Survey data shows that the old age pension has a significant impact on reducing poverty and its distribution is progressive in absolute terms with more of it going to poorer people than the wealthier ones” (2019:11). The draft policy thus declares that “the universal old age pension and the disability grants should continue in their current forms and the level of adequacy should be sustained”(ibid: 4). This is in line with the ILO recommendations and constitutes an important step towards poverty eradication.

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1 The current system is still based on the state maintenance grant system of the pre-independence era which targeted single parents.
2 The last word is probably a typing mistake as the likely meaning is “resource-intensive”.

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2.2 Under- and unemployment

The ILO report notes the persistently high levels of unemployment and points out that “a large portion of the employed persons are informal workers, mainly in subsistence agriculture” (2014: x). It further points out that vulnerable groups such as the unemployed and underemployed do not receive direct income support from the state: “In a context of high youth unemployment, and general underemployment, especially in rural parts of the country, the current system is inadequate. The unemployed and underemployed require a minimum level of income support not only for basic upkeep but also for other activities such as job searches and (or) attendance and vocational training institutions” (sic) (ibid: 93). This is arguably the biggest gap in Namibia’s social protection system and needs to be addressed comprehensively in the new policy.

The draft policy acknowledges that universal transfers “have the advantage that they are cheaper to administer in a country like Namibia where there is inadequate income and other data as large numbers of people are engaged in informal work or are unemployed. Therefore, this Social Protection Policy takes the approach of universal grant to specific categories of people to address their risks and vulnerabilities rather than means-testing for income as a qualification criteria. This will eliminate the errors and costs associated with means-testing” (2019: 22).

However, the draft policy then proposes a targeted intervention in the form of a so-called “Basic income grant for unemployed women and men aged 30 to 59 years old, who shoulder heavy family and child care responsibilities will be implemented to afford them a basic ability to help themselves while restoring their dignity and the impact of the policy will be studied and improved over time” (loc.cit). The draft policy notes that in 2016 there were 80,273 unemployed women and 62,834 unemployed men aged 30 – 59 years old who would be targeted. With reference to the benefits that were observed during the BIG pilot project in Otjivero, the basic income grant will be evaluated in terms of its impact on (a) Nutrition, childcare, healthcare and consumption; (b) Incentives to seek employment; (c) Asset creation and ability to become self-reliant (ibid: 31).

This proposal needs to be analysed against the characteristics of the Namibian labour market. The Labour Force Survey of 2018 found that out of Namibia’s 1,090,153 economically active people3, 725,742 are employed (66.6%). The definition of employment includes “those persons of working age who worked at least one hour during the reference period as contributing family members (formerly referred to as unpaid family members) working in a family business” (NSA 2019: 38). The majority of employed persons (71.9%) have schooling as the highest level of formal education, either primary (20.1%), junior secondary (31.6%) or senior secondary (20.2%) (ibid: 56).

The main sectors in terms of employment are agriculture, fishing and forestry (accounting for 23% of the employed), followed by accommodation and food services (11.4%), wholesale and retail trade (11.1%), private households (9.9%),

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3 A challenge with the definition of economically inactive people is that it is inherently gender biased as it includes “home makers” who tend to be women who take care of the household and children. This would automatically excluded them as potential beneficiaries of an unemployment grant.
education (6.5%) and construction (6.2%). More than half of all employed persons are employees (55.4%) while 13.9% are own account workers and 13% are subsistence farmers (ibid: 59-61).

The survey report points out that 31.6% of all employed persons are vulnerable and are faced by precarious working conditions. These include the subsistence farmers, own account workers and contributing family workers (ibid: 72). However, vulnerability even reaches a significant part of those classified as employees. Over half of them are on permanent contracts (53.8%) while 32.7% are on “unspecified duration contracts” and 13.5% are on “limited duration employment contracts”. Only 39.3% receive paid annual leave while 36.9% receive paid sick leave (ibid: 64-65).

Formal employment is defined by some form of social protection (pension scheme, medical aid of social security) but in the Namibian case, 57.7% of the employed population are not covered by social protection and are thus in informal employment. The highest levels of informal employment are found in private households (91%), agriculture, forestry and fishing (87.6%), accommodation and food services (68.6%) and construction (65.3%) (ibid: 69-71).

The high levels of precariousness in the Namibian labour market are confirmed by a closer analysis of sectors of employment and average monthly incomes. As pointed out above, agriculture, forestry and fishing, accommodation and food services, wholesale and retail trade, private households and construction combined account for the majority of the employed (61.8%). Employees in these sectors earn far below the national average of N$ 7935 per month, namely N$ 3393 in agriculture, forestry and fishing; N$ 2819 in accommodation and food services; N$ 4019 in wholesale and retail; N$ 5441 in construction and N$ 1387 in private households (ibid: 67-68).

Sectoral minimum wages are negotiated between employers’ organisations and trade unions for farm workers, security guards and workers in the construction industry. The lowest of these minimum wages applies to farm workers (N$ 4.62 per hour) while the highest minimum wage exists in the construction industry (N$ 16.04 per hour). Following the recommendations of a wage commission, the first minimum wage for domestic workers came into effect in April 2015 and was set at N$ 7.80 per hour. In September 2017, the minimum wage was increased to N$ 8.67 per hour.

Another important aspect to consider is that the average monthly wages are lowest for young employees who have average monthly incomes of only N$ 1113 when they are between 15 and 19 years of age. Those between 20 and 24 years of age earn N$ 2507 and those between 25 and 29 years of age earn an average of N$ 5188 per month (ibid: 61).

These figures put the proposed unemployment grant for those in the age group 30-59 years into perspective. Key issues to consider are that firstly, vulnerability extends deep into the Namibian labour market and affects even the majority of so-called employed persons in terms of a lack of social protection and a lack of predictability in terms of incomes. Secondly, many employed Namibians experience low wages while at the same time wages are the main source of income in almost half of all Namibian households. Thirdly, unemployment affects young people the most. In the age group 15-19 years it stands at 69.9%; amongst those 20-24 years of age it stands at 57% and amongst those 25-29 years of age it stands at 42.3% compared to the overall unemployment rate of 33.4%. The draft policy proposes to
exclude the age groups most affected by unemployment from the proposed unemployment benefit which seems arbitrary and without a social justification.

The current proposal for “a basic income grant” for the unemployed between 30 and 59 years of age in the draft policy can be challenged on 3 grounds: Firstly, referring to this grant as a basic income grant is rather confusing as the BIG is conceptually a universal grant and not an unemployment grant. Secondly, as shown above, unemployment affects particularly the youth but those in the age category of 18 – 29 years are arbitrarily excluded from the Ministry’s intended beneficiaries. Thirdly, only a minority of employed Namibians enjoy permanent employment status with social protection while the majority has to endure “informal” employment conditions and significant vulnerabilities. This makes the identification of the proposed beneficiaries challenging, socially problematic and administratively expensive. Furthermore, it discriminates against people, who live in precarious conditions and try to make ends meet by some form of subsistence farming or informal employment. It would also exclude all women looking after children, as they are not regarded as part of the economically active population.

The Ministry’s proposed unemployment grant is thus unlikely to close the social protection gap identified in the policy because it relies on targeting and is extremely difficult to implement. Given the nature of employment in Namibia and the resulting difficulties in determining the intended beneficiaries as well as the costly administrative procedures to implement a targeted unemployment grant, it seems more efficient to introduce a universal basic income grant for those between 18 and 59 years of age. This would avoid targeting and social stigmatisation and possibly tensions amongst those included or excluded. A universal BIG would take into account the recommendations of the ILO report as well as earlier suggestions. Government’s NAMTAX commission of 2002, for example, regarded the reduction of Namibia’s income inequality not only as a justice issue, but as a prerequisite for economic growth. Therefore, the introduction of a Basic Income Grant was proposed as a matter of urgency.

In terms of empirical evidence, the BIG pilot project in Otjivero documented the positive social as well economic impact of the grant on food security, education, health, crime and local economic activities (see Haarmann et al 2009). During the 2013/14 drought, another 6,000 people in Omusati, Kunene, Kavango West and Hardap experienced the developmental impact of a cash grant by the Lutheran Churches which was modelled on the BIG proposal (Haarmann 2015).

The evidence of the BIG pilot project and the Lutheran churches’ drought relief showed that cash grants have an immediate positive impact on child malnutrition and improved economic security for people with low incomes. Cash grants also lead to an increase in economic activity which in turn greatly enhances the efforts in the health and education sectors, supporting government’s interventions in these areas and leading to more effective service delivery. Administratively, a BIG could be paid out via NamPost based on a smartcard system linked to a savings account. This system was implemented successfully during the pilot project in Otjivero and during the drought relief efforts.
2.3 Cost considerations

Based on available data, a rough comparison of costs between the Ministry’s proposed unemployment grant for those between 30 and 59 years of age and a universal basic income grant for those between 18 and 59 can be made. According to the Labour Force Survey of 2018, there were 364,411 unemployed persons of whom 148,201 were between 30 and 59 years of age. This figure was used to calculate the costs of a limited unemployment grant (see table 3).

Population estimates provided by the Namibia Statistics Agency (NSA) to the author put the total number of the population between 18 and 59 years of age at 1,203,867. This figure was used for the cost calculations of the basic income grant (see table 3).

An important question is the level of benefits at which an unemployment grant or BIG should be set. One option would be to use the upper-bound poverty line of N$ 520.80 per adult equivalent per month.

Another option for setting the level of benefits would be to utilise the original proposal for a BIG in 2005 which was meant to be not less than N$ 100 per person per month. This amount was based on fiscal affordability and the minimum required to achieve a positive developmental impact. Taking account of inflation one arrives at a minimum amount of N$ 250 in January 2019 as shown in table 1 below.

**Table 1: Proposed BIG value adjusted by the CPI**

<table>
<thead>
<tr>
<th>YEAR</th>
<th>NOMINAL BIG VALUE (ADJUSTED BY ANNUAL CPI)</th>
</tr>
</thead>
<tbody>
<tr>
<td>January 2005</td>
<td>N$ 100</td>
</tr>
<tr>
<td>January 2006</td>
<td>N$ 107</td>
</tr>
<tr>
<td>January 2007</td>
<td>N$ 116</td>
</tr>
<tr>
<td>January 2009</td>
<td>N$ 132</td>
</tr>
<tr>
<td>January 2010</td>
<td>N$ 144</td>
</tr>
<tr>
<td>January 2011</td>
<td>N$ 150</td>
</tr>
<tr>
<td>January 2012</td>
<td>N$ 157</td>
</tr>
<tr>
<td>January 2013</td>
<td>N$ 169</td>
</tr>
<tr>
<td>January 2014</td>
<td>N$ 180</td>
</tr>
<tr>
<td>January 2015</td>
<td>N$ 193</td>
</tr>
<tr>
<td>January 2016</td>
<td>N$ 214</td>
</tr>
<tr>
<td>January 2017</td>
<td>N$ 232</td>
</tr>
<tr>
<td>January 2018</td>
<td>N$ 240</td>
</tr>
<tr>
<td>January 2019</td>
<td>N$ 250</td>
</tr>
</tbody>
</table>

Source: Bank of Namibia; Namibia Statistics Agency
The proposed **unemployment grant** for those between 30 and 59 years of age would reach about 148,201 people while a **basic income grant** for those between 18 and 59 years of age would reach 1,203,867 people. A comparison of costs is provided in the conclusion of this paper.

Possible **exclusions** from the recipients of a BIG could be recipients of other grants (such as disability grants and war veteran subventions). This would reduce the number of recipients by an estimated 15,000 to 25,000 people. Another option that was mooted by government is to exclude those who are not poor and thus not in need of a BIG. Given the challenges associated with means-testing as mentioned by the ILO and others, one possibility is to exclude those registered as payers of personal income tax which are people earning N$ 50,000 or more per annum. This could cover an estimated 300,000 – 400,000 people, thus reducing the cost for a BIG by 25-33%.

The future level of the grant could be linked to the growth of the GDP. The level of the grant would thus be adjusted annually based on the percentage of GDP growth of the previous year.⁴ Alternatively, the grant could be adjusted annually by the CPI to ensure purchase parity.

Another aspect to consider is the administrative efficiency of the two grants discussed here. A targeted unemployment grant for a specific segment of the unemployed population will incur significant costs in terms of determining beneficiaries. It also runs the risk of unintended consequences such as punishing those who found employment by withdrawing the grant. Accurately tracking those in temporary and seasonal employment of those engaging in subsistence activities will almost be impossible and the system will run the risk of encountering corrupt practices. Also, the identification of unemployed beneficiaries might lead to the unintended exclusion of some who might not be able to access the grant due to remote locations or lack of information. As demonstrated with the universal old age pension, such problems can be avoided with the introduction of a universal basic income grant for those between 18 and 59 years of age.

When making the choice between a limited unemployment grant and a universal basic income grant, government needs to consider that the relatively high initial costs will be offset to a significant extend by improved health and educational outcomes as well as increased economic activities and falling crime rates as was shown during the pilot project in Otjivero. Furthermore, the introduction of cash grants represents a direct stimulus for the local economy as the grants will be spent on basic consumer goods such as food, clothing, shelter and transport. Calculating the economic benefits in detail is beyond the scope of this paper.

The substantial costs of a BIG as part of a comprehensive and all-inclusive social grant system means that it will have to be accompanied by an income tax adjustment

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⁴ Linking the level of the grant to the GDP ensures that the entire population benefits at least in parts from economic growth. The level of the grant can neither be eroded nor unsustainably raised over time and remains linked to the capacity of the economy. The twelve month delay period allows in times of positive growth to sustain it. In times of negative growth, the delayed reduction acts as a countercyclical intervention to support household demands and thereby provides a stimulus to overcome a recession.
so that middle and higher income earners will immediately repay their BIG through the tax system. This should be arranged progressively so that higher income earners effectively subsidise the BIG paid to low income earners and the unemployed. This could be arranged fairly easily and thus become a redistributive intervention that will contribute significantly towards the stated goal of eradicating poverty. A mixture of locally generated income sources will be required to make the grants sustainable as part of the national budget, thus avoiding dependency on a single source or outside agencies.

3. Labour market interventions

The ILO report notes that Namibia’s active labour market interventions include improved funding for Vocational Education and Training (VET) through the VET levy, a possibly employment creation commission (which the report wrongly assumes as having been established already), the Namibia@Work programme and the linking of job seekers to employment opportunities plus vocational counselling. Other interventions identified are the labour market-linked programmes of the Development Fund of the Social Security Commission, the gender ministry’s employment entrepreneurship initiative, the food for work programmes etc. (2014: 96).

The report proposes a “holistic life-cycle approach” to job creation consisting of 1. An improved education system; 2. The facilitation of a transition from school to work; and 3. Basic employment safety nets (ibid: 131-133). Noting that the unemployed youth as well as the long term unemployed and under-employed need some “trigger support” to get out of poverty, the report argues that the state has a responsibility to use taxes to provide basic income security. It thus suggests a community-based public works programme of a maximum of 16 hours paid work per week at 40% of an equivalent full-time monthly wage of an entry level farm worker. In 2013, this amounted to N$ 1015.00 per month and thus N$ 406.00 per month for 2 days’ work per week. The ILO argues that this scheme should operate in rural areas (2014: 133).

The draft social protection policy proposes a combination of interventions, namely:

1. The creation of a Women Enterprise Fund and a Youth Enterprise Fund which will be set up with initial capital from government and then “will be sustained by recovery of loan principals and the modest interest they charge for loans to eligible women and youth” (2019: 31)

2. Public procurement opportunities for firms owned by women and youth which will provide goods and services to Government. “This will strengthen these firms to make them competitive, create employment and improve the socio-economic situation of women and youth” (loc.cit.).

3. A “BIG” for the unemployed between 30 and 59 as discussed above

4. Expansion of financial assistance to vocational training students with support of the Vocational Education and Training levy.

5. Decent work as being implemented by the Ministry of Labour, Industrial Relations and Employment Creation through the Decent Work Country Programme
6. Establishment of youth skills apprenticeships and internships. The draft policy acknowledges that the Namibia Training Authority (NTA) and the Ministry of Higher Education, Training and Innovation will facilitate “work-integrated learning” and provide for job attachments in coordination with other institutions and the private sector (ibid: 32-33)

Table 2: Budget estimates for skill apprenticeships and internships

<table>
<thead>
<tr>
<th>Benefit: paid skills apprenticeship and internships estimated at 8 hours per day, 5 days a week for a maximum 3 months per year per person.</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Youth population (18-30 years old)</td>
<td>603,833</td>
</tr>
<tr>
<td>Youth Not in Employment, Education or Training (NEET) average rate (%)</td>
<td>43.3</td>
</tr>
<tr>
<td>Total number of NEET youth 18-30 years old</td>
<td>261,460</td>
</tr>
<tr>
<td>Annual cost estimated using minimum wage for construction sector of N$ 16.94 per hour for 130,730 persons if 50 % of total NEET unemployed work each for 3 months per year plus 1% of total for additional administrative costs while using existing systems and integrated social registry to enhance efficiency</td>
<td>N$ 1,073,621,694</td>
</tr>
<tr>
<td>Total cost as % of GDP annually</td>
<td>0.58</td>
</tr>
<tr>
<td>Quarterly number to be engaged</td>
<td>32,683</td>
</tr>
</tbody>
</table>

Source: Ministry of Poverty Eradication and Social Welfare 2019: 34

The draft policy thus differs from the ILO recommendations and does not envisage public works programmes. This might be due to past experiences with such programmes in Namibia of which the largest and by far most expensive was the Targeted Intervention Programme for Employment and Economic Growth (TIPEEG). It is worth recalling some of the key features and results here as summarised by Jauch and Tjirera (2016).

3.1 TIPEEG

Following the global economic crisis of 2008 and 2009, and the announcement of a record unemployment rate of 51% in that period by the Labour Force Survey, the National Planning Commission presented the Targeted Intervention Programme for Employment Creation (TIPEC) in August 2010. TIPEC aimed to address unemployment in the short to medium-term. It acknowledged the need for faster economic growth and for job creation, and stated that: “Some of the actions we will be required to take may not be something we have tried before. However, the problem we are facing demand (sic) from us that we take calculated risks in finding solutions” (NPC, 2010: 4). The document proposed to pay ‘more attention to economic sectors with high potential for growth and job creation’. These are
identified as tourism, transport and livestock production (ibid.: 2). Furthermore, the NPC proposed ‘broad reforms enhancing Namibia’s long-term competitiveness’ (ibid.: 4).

The NPC advocated for a strategy of ‘unbalanced growth’ and rapid job creation by targeting specific regions and sectors. It suggested that ‘this approach is advisable where resources are limited and where there are strong back and forward linkages for the identified economic sectors.’ It also argued that economies of scale are important if the economy is to become internationally competitive and that an unbalanced growth strategy will help to achieve economies of scale (ibid.: 5). In order to finance TIPEC, the NPC proposed to increase the budget deficit from 3% to 7% over a five-year period.

The document pointed out that past policies and programmes had failed to yield the desired results due to poor implementation. The NPC, therefore, called for consistency in the implementation of TIPEC, with ministerial action plans being approved by cabinet and monitored by the NPC. The document concluded that ‘it is of utmost importance that if we agree to an increased government targeted economic intervention, we must also agree to commit ourselves to implement our plans in the most judicious manner, lest we waste scarce public financial resources’ (ibid.: 13-14).

Based on the NPC proposal, the government announced TIPEEG in 2011, with a target of creating 104,000 direct and indirect jobs between 2011 and 2014. The budget allocation of N$9.1 billion was anticipated to rise to N$14.7 billion if the expenditure on public works programmes were added. State-owned enterprise (SOE) investments during that period were envisaged to amount to a further N$4 billion (NPC, 2011).

TIPEEG’s priority sectors were agriculture (N$ 3.6 billion to be invested and 26,171 jobs to be created); transport (N$3.1 billion for 33,276 jobs); housing and sanitation (N$1.8 billion for 35,076 jobs); tourism (N$649 million for 10,000 jobs) and public works (N$5.5 billion for 82,000 jobs). The agricultural projects targeted crop production, enhanced livestock productivity, forest management and water resources infrastructure. Transport investments included road construction and rehabilitation as well as rail network development and port development in Walvis Bay. The tourism investments aimed to increase the number of tourists by 10% through tourism development and wildlife management programmes, and the housing and sanitation programmes targeted the servicing of land, the construction of low cost houses and the creation of urban and rural sanitation (ibid.).

By February 2014, the Minister of Finance announced in her budget speech that TIPEEG had created 15,829 permanent and 67,485 temporary jobs (Kuugongelwa-Amadhila, 2014). Against a budgeted expenditure of N$14.5 billion, this means that each job came at a cost of about N$175,038. Contrary to its aims, the programme had no significant impact on the overall unemployment rate (Jauch and Tjurera 2016).

3.2 National Employment Policy

Under the auspices of the Ministry of Labour, Namibia then developed its National Employment Policy which was launched in 2013. Recognising unemployment as an unresolved challenge, the government launched a new National Employment Policy
(NEP) in 2013 which presented several strategies to promote employment and decent work. The core of the NEP comprises priority measures, employment targets, instruments and mechanisms that should be implemented in the years to come; it is not limited to conventional labour market policies, but aims to provide an integrated policy framework covering macroeconomic and sectoral elements as well as the institutional ones.

The NEP’s entry points are:

1. Institutional environment: Promote a sustainable environment for formal SMEs development, capacity building for social dialogue;
2. Education and skills: Increase youth employability through a relevant and effective vocational education and training (VET) system accessible in all regions;
3. Reducing extreme poverty: Introduce a basic income grant and increase access to employment for marginalised groups;
4. Public infrastructure: Increase the labour intensity of public investment with a special focus on rural areas, and
5. Implement appropriate fiscal and financial policies facilitating productive investment and job creation and develop rural and agriculture development programmes.

Following the launch of the NEP in October 2013, the former Minister of Labour and Social Welfare announced that her ministry was preparing legislation to create an Employment Creation Commission to co-ordinate policies and programmes. This, however, has not happened but the Ministry was given the explicit mandate of employment creation in 2015. Thus labour market interventions fall under the jurisdiction of that Ministry, rather than the Ministry of Poverty Eradication and Social Welfare. Consequently, social protection will have to play a supportive role for labour market interventions. As alluded to above, a choice will need to be made between public works programmes as suggested by the ILO, a limited unemployment grant as proposed in the draft policy or a universal basic income grant as outlined in this paper.

4. Improved food security and disaster risk reduction

The draft policy proposes that "Food and nutrition security will be enhanced by sustaining the Food Bank as well as providing young people at risk of hunger with opportunities to work and get food while improving their skills. School feeding will be sustained and the menu diversified with fruits, vegetable and proteins to improve nutrition of children. Households will be facilitated to produce their own food and improve agricultural productivity through input supply, knowledge and extension services as well as value addition and market access opportunities. Mitigation of disasters through early warning and relief will be enhanced with dedicated funding as well as integrating vulnerability assessments into the social protection system to enable better coordination of preparedness, response, social services and recovery efforts” (Ministry of Poverty Eradication and Social Welfare 2019: 4).
This proposal has to be placed in the context of the social grants discussed above. A comprehensive floor of universal child grants, old age pensions and basic income grants would ensure substantive income security at household level and thus make Food Banks superfluous, saving an estimated N$ 50 million in the current budget of the Ministry (ibid: 46). Grants-based income security would also constitute a mitigating measure that will enable households to deal with disasters without having to rely on additional state disaster relief.

The proposals to maintain and improve the school feeding schemes at an estimated cost of about N$ 110 million (loc. cit.) as well as the encouragement of households to produce their own food and interventions to improve agricultural productivity are supplementary interventions to ensure better nutrition and higher food self-sufficiency. They can play an important role alongside the social grants and strategic labour market interventions.

5. Conclusion

The draft Social Protection Policy partly builds on the recommendations of the ILO assessment to a significant extent and focuses predominately on social grants. These measures would create a comprehensive social protection floor, referred to as “package 1” in the ILO assessment, provided that essential health care is also guaranteed. The last element does not feature in the draft policy. However, the draft policy envisages important elements of the basic social protection “package 1” through widening of social grants, especially the maternity grant and the universal child grant. Coupled with the universal old age pension this presents an important step towards achieving an inclusive social safety net. The costs are substantial as shown by the Ministry’s own calculations and those presented in this paper. Their funding will have to be budgeted for as part of the national budget.

5.1 Unemployment grant, public works or BIG?

A political decision will have to be taken regarding the best approach how to deal with un- and underemployment. As this is of a structural nature, it is likely to persist for many years to come and presents an ongoing challenge. In terms of social protection, there are three proposed options, namely a public works programme as proposed by the ILO: an unemployment grant for those between 30 and 59 years of age as proposed by the draft policy; and a universal basic income grant for those between 18 and 59 years of age.

The guaranteed public works programme as suggested by the ILO for rural areas with a maximum of 16 hours paid work at the minimum entry level wage for farm workers has not been considered by government and would require significant administrative interventions in terms of identifying public works projects, supervising their implementation and identifying the intended beneficiaries. Such an approach was tried in India as a measure against poverty. The Ministry’s draft policy does not consider such interventions and rather proposes a limited unemployment grant which this paper compared with a universal basic income grant.

The calculations made in this paper show that the former would target only 148,201 people between 30 and 59 years of age (based on 2018 unemployment figures) while the BIG would target 1,203,867 people between 18 and 59 years of age (based on the 2019 population estimates of the NSA). This has obvious budgetary
implications but it needs to be considered that the administrative expenses of a BIG would be far lower; that it would not result in stigmatisation; that it would not present opportunities for corrupt practices; and that it would not require targeting or means-testing. A universal BIG would be inclusive and redistributive by nature and thus contribute to a significant reduction of inequality. It would contribute towards the realisation of socio-economic rights and human dignity as well as improved standards of living as envisaged in Article 95 of the Namibian constitution.

5.2 Adequacy and affordability of grants

The draft policy recognises that a child grant of N$ 250 per month is inadequate and proposes a raise to N$ 331 in 2021/22. This would certainly be felt as relief by households across the country but is still significantly below the upper-bound poverty line of N$ 520.80. This will also have to be considered when determining the level of the unemployment grant or BIG as discussed earlier.

At N$ 1250 per month, the level of the universal old age pensions is significantly higher and thus it is not surprising that it “had the best adequacy, covering a massive 65 per cent of the consumption expenditure of extremely poor Namibians who were below the food poverty line. It also constituted 34 per cent of the consumption of those people who were moderately poor… The means-tested child maintenance grant did cover consumption of the poor but to a much lesser extent at just 19 per cent of the consumption of the extremely poor people, due to low coverage and targeting ineffectiveness. Therefore, this Social Protection Policy takes the approach of universal grants to specific categories of people to address their risks and vulnerabilities rather than means-testing for income as a qualification criteria. This will eliminate the errors and costs associated with means-testing” (ILO 2014: 20).

The ILO correctly pointed out that universal transfers are cheaper to administer “in a country like Namibia where there is inadequate income and other data as large numbers of people are engaged in informal work or are unemployed” (ibid: 22).

In terms of affordability, the rough calculations made earlier point to the budgetary implications for a comprehensive social safety net. Based on the figures provided in the draft policy and the calculations made in this paper, the following costs for social grants can be estimated:

Table 3: Costs of social grants (2018-19), based on eligibility

<table>
<thead>
<tr>
<th>Grant</th>
<th>No of eligible recipients</th>
<th>Grant value</th>
<th>Amount (per annum)</th>
<th>As proportion of GDP(%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Old age pension</td>
<td>214,081 (based on NSA population estimates)</td>
<td>N$ 1250 per month</td>
<td>3'211'215'000</td>
<td>1.74</td>
</tr>
<tr>
<td>Disability grant</td>
<td></td>
<td></td>
<td>624'548'561</td>
<td>0.34</td>
</tr>
<tr>
<td>Grant Type</td>
<td>Beneficiaries</td>
<td>Amount per Month</td>
<td>Total Cost</td>
<td>Percentage of GDP</td>
</tr>
<tr>
<td>-------------------------------------------</td>
<td>---------------</td>
<td>------------------</td>
<td>--------------------------</td>
<td>-------------------</td>
</tr>
<tr>
<td>Veterans grant</td>
<td></td>
<td>N$ 2200</td>
<td>532'780'163</td>
<td>0.29</td>
</tr>
<tr>
<td>Maternity grant</td>
<td>68,832</td>
<td>N$ 2083</td>
<td>143'377'056</td>
<td>0.08</td>
</tr>
<tr>
<td>Universal child grant (0-17 years)</td>
<td>802,538</td>
<td>N$ 250</td>
<td>2'407'614'000</td>
<td>1.30</td>
</tr>
<tr>
<td>Unemployment grant (30-59 years) of N$ 250</td>
<td>148,201</td>
<td>N$ 250</td>
<td>444'603'000</td>
<td>0.24</td>
</tr>
<tr>
<td>Gross cost - Basic Income Grant (18-59 years) of N$ 250, without exclusions</td>
<td>1,203,867</td>
<td>N$ 250</td>
<td>3'611'601'000</td>
<td>1.95</td>
</tr>
<tr>
<td>Net cost - Basic Income Grant (18-59 years) of N$ 250, recuperated BIG from tax income earners</td>
<td>1,203,867</td>
<td>N$ 250</td>
<td>2'528'121'000</td>
<td>1.36</td>
</tr>
</tbody>
</table>

Source: Ministry of Poverty Eradication and Social Welfare 2019: 46; NSA; own calculations

With the introduction of a universal BIG, the Food Bank could be abolished while the provisions for disaster relief and marginalised communities could be significantly reduced as the BIG would reach the affected groups.

Given Namibia’s financial constraints and economic recession for the past 3 years, it seems challenging to allocate around 5.1% of the country’s GDP to social protection grants. However, the allocation of social grants also constitutes a financial injection into the local economy as the grant recipients tend to spend them on basic consumer goods such as food, clothing, shelter, transport etc. This effectively constitutes an economic stimulus “from below” as has been documented in Otjivero. This is different from infrastructure projects which tend to accumulate financial resources in the hands of those receiving tenders as experienced during the implementation of TIPEG and the mass housing project. It is also different from a targeted
unemployment grant, which tends to punish economic activity by setting economic activity as an exclusion criteria from the social security system.

Calculating the economic benefits of extended universal social grants was beyond the scope of this paper. However, the economic and social spin-off effects for Namibia are well documented through the BIG pilot project in Otjivero.

Undoubtedly, additional labour market interventions as set out in the National Employment Policy and in the draft social protection policy need to be implemented alongside the social grants. Employment creation initiatives need to be cross-cutting, covering educational aspects, the transition from work to school, setting industrial priorities, infant industry protection, promotion of SMEs etc. This cannot be limited to the Ministry of Labour, Industrial Relations and Employment Creation alone but requires deliberate and strategic interventions by all role-players.

Contributory social security schemes are not mentioned in the draft policy but are of great importance for many employed Namibians. Besides the existing schemes of the Social Security Commission (SSC) which cover maternity leave, sick leave and death benefits as well as occupational injuries, this applies particularly to the envisaged new contributory schemes such as unemployment insurance, health insurance and a national pension fund.
References


