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INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL FINANCE CORPORATION

AND

MULTIALATERAL INVESTMENT GUARANTEE AGENCY

COUNTRY PARTNERSHIP STRATEGY

FOR

THE REPUBLIC OF NAMIBIA

FOR THE PERIOD FY2014–FY2017

June 26, 2013

Southern Africa Country Department 1
Africa Region

International Finance Corporation
Africa Region

Multilateral Investment Guarantee Agency

THE DATE OF LAST INTERIM STRATEGY NOTE WAS APRIL 25, 2007

CURRENCY EQUIVALENTS
Unit of Currency: Namibian Dollar (N$)
N$10.2660 = US$ 1 (as of June 24, 2013)

WEIGHTS AND MEASURES
Metric System

FISCAL YEAR
April 1 – March 31

ABBREVIATIONS AND ACRONYMS

AIDS	Acquired Immune Deficiency Syndrome
BLNS	Botswana, Namibia, Lesotho and Swaziland
BMI	Body Mass Index
BON	Bank of Namibia
CBNRM	Community-Based Natural Resource Management
CMA	Common Monetary Area
CPS	Country Partnership Strategy
DHS	Demographic and Health Survey
DPL	Development Policy Loan
EFTA	European Free Trade Agreement
ETSIP	Education and Training Sector Improvement Program
EU	European Union
FDI	Foreign Direct Investment
FSAP	Financial Sector Assessment Program
FY	Fiscal Year
GDP	Gross Domestic Product
GEF	Global Environmental Facility
GNI	Gross National Income
GRN	Government of the Republic of Namibia
HIV	Human Immuno-Deficiency Virus
IBRD	International Bank for Reconstruction and Development
ICA	Investment Climate Assessment
ICEMA	Integrated Community-Based Ecosystem Management
IFC	International Finance Corporation
ISN	Interim Strategy Note
MDG	Millennium Development goal
MET	Ministry of Environment and Tourism
MIGA	Multilateral Investment Guarantee Agency
MOF	Ministry of Finance
MTEF	Medium-Term Expenditure Framework
MTI	Ministry of Trade and Industry
MWT	Ministry of Works and Transport
NaCC	Namibia Competition Commission
NACOMA	Namibia Coastal Management Project
NACSO	Namibia CBNRM Support Organizations
NAMFISA	Namibia Financial Institutions Supervisory Authority
NDP	National Development Plan
NDP4	Fourth National Development Plan
NHIES	Namibia Household Income and Expenditure Survey
NLFS	Namibia Labor Force Survey
NPC	National Planning Commission
NSA	Namibia Statistics Agency
ODA	Official Development Assistance
OECD	Organization of Economic Cooperation and Development
PDNA	Post-Disaster Needs Assessment
PPP	Public-Private Partnership
RAS	Reimbursable Advisory Services
SACMEC	Southern and Eastern Africa Consortium for Monitoring Education Quality
SACU	Southern Africa Customs Union

SADC	Southern Africa Development Community	UNICEF	United Nations Children Fund
SAIS	Southern Africa Innovation Support Programme	USAID	United States Agency for International Development
SME	Small or Medium Enterprise	WBI	World Bank Institute
SOE	State-Owned Enterprise	WDI	World Development Indicators
SWAPO	South West Africa People's Organization	WEF	World Economic Forum
TA	Technical Assistance	WHO	World Health Organization
UN	United Nations	yoy	year-on-year
UNDP	United Nations Development Program		

	IBRD	**IFC**	**MIGA**
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EXECUTIVE SUMMARY

Namibia is one of the youngest countries in Africa, having gained its independence from South Africa in 1990. Over the past 23 years, Namibia has established an enviable track record of political stability, prudent macroeconomic policies, moderate growth, and natural resource conservation. It is a poverty reduction success story: the share of people living on US$1.25/day has declined by almost 60 percent—to 21 percent in 2009 from 49 percent in 1993. Per capita income has grown sufficiently to place the country in the World Bank's upper-middle income classification. The country has achieved these gains while facing constraints imposed by geography and legacies of apartheid and colonialism.

Daunting challenges remain. Namibia suffers from chronic high unemployment, HIV/AIDS, and a distribution of income that is among the world's most unequal—only a minority of the population lives in conditions one expects of a middle-income country. Economic growth has not generated jobs as the structure of economic production and trade has remained essentially unchanged, tied closely to metals, minerals, and other natural resources. In addition, the country faces new risks stemming from global climate change, a growing number of unemployed and poorly educated youth, increased debt exposure and diminished fiscal space. The government has exercised leadership in developing and financing policies to address development challenges, but implementation has often lagged, and outcomes from delivery of public services remain disappointing in many cases.

Recognizing that past approaches have not succeeded in overcoming these development challenges, the Government of the Republic of Namibia's (GRN) latest five-year strategy—the Fourth National Development Plan (NDP4), launched in July 2012—features greater selectivity and more proactive measures than employed in past plans. Where NDP3 encompassed the entire public policy agenda (including, for example, international peace and security), NDP4 has three goals—faster growth, more employment, and greater income equality. NDP4 provides a strategy for realizing Namibia's vision of becoming "a prosperous and industrialized nation, developed by her human resources, and enjoying peace, harmony, and political stability."

NDP4 is built on the premise that Namibia has been losing its relative economic position as other countries move up. Moving off the current trajectory of jobless growth will require the government to pursue more nimble policies and improve its delivery of public services, supported by enhanced state capacity. It will also require a stronger government partnership with the private sector, with greater emphasis on the mobilization of private resources, especially in infrastructure development.

The launch of the new NDP also provides a foundation to recalibrate and expand the Bank Group's engagement with Namibia, which has been very limited. Since Independence, there has been one development policy loan (DPL) series, two operations financed by the Global Environmental Facility (GEF), and three IFC investments. A number of analytical and technical assistance activities addressing a range of issues and supported in large part through donor trust funds have accompanied these operations. An Interim Strategy Note (ISN) was prepared in 2007 in response to growing government interest in Bank support for the development agenda. A limited program delivered under the ISN supported positive outcomes in sustainable natural resource management and access to education, and it has stimulated new requests for technical assistance and policy analysis. Despite its small size, this program has been somewhat unfocused, with limited Bank resources spread thinly over many small activities. The education loan was not followed by further borrower interest. Mutual unfamiliarity with each other's systems also kept the program from realizing its full potential.

This Country Partnership Strategy (CPS)—the first to be prepared for Namibia—aims to move the engagement a step forward. During the past three years, the Bank has invested in strengthening its relationship with Namibia, placing a staff person in Namibia and stepping up its analysis of the challenges facing the country. The program envisioned by the CPS will remain relatively limited—no lending is planned, for example, reflecting the government's preferences. The CPS nevertheless aims to move the engagement to a new level. The Bank is exploring the use of new funding modalities, for example reimbursable arrangements¸ that can support delivery of an expanded range of knowledge services to Namibia. The IFC will pursue opportunities to make investments that increase the private sector's capacity to generate jobs and growth. MIGA will also seek opportunities to support cross-border investment both into and from Namibia.

The CPS supports NDP4 in selected areas where demand is strong, where the Bank Group has a comparative advantage and on strategic issues where there is the potential for large spillovers. The proposed program constructed around two pillars: enhancing state capacity and developing the private sector. It continues the engagement in areas of past success, such as economic management and environmental protection.

Through more selective focus, greater strategic alignment, and use of new instruments, this CPS aims to help Namibia achieve greater benefits from its membership in the World Bank Group.

I. INTRODUCTION

1. This document presents the World Bank Group's first Country Partnership Strategy (CPS) with Namibia, covering fiscal years 2014 through 2017. The goals of this CPS are to support implementation of Namibia's National Development Plan (NDP) and to deepen the Bank Group's engagement with Namibia. This CPS aims to respond to the special needs of a country whose per capita income places it in the middle-income country (MIC) category and that enjoys good access to international capital markets, but that in many ways is a MIC in name only. The high average income obscures a highly skewed distribution of income, wealth, and human resource capacity. Education, health, and poverty indicators resemble those of low-income countries (LICs). In many ways Namibia is better described as a poor country with pockets of prosperity.

2. The CPS begins with an analysis of socio-economic conditions in Namibia and challenges facing the country (Section II), followed by a discussion of the government's program for addressing these challenges (Section IVIII). It then reviews Bank Group activities to date, with particularly attention to lessons learned from the Bank's FY2008–09 Interim Strategy Note (ISN).

3. Section IV presents priorities for Bank Group activities arranged around the pillars of building state capacity and developing the private sector. The CPS was developed through extensive consultations with government, civil society and private sector stakeholders, as well as with development partners.[1] The programs presented in the CPS are calibrated to Namibia's needs, ongoing development partner activities, and Bank Group comparative advantage.

4. This CPS presents a joint strategy of all Bank Group institutions. IBRD activities are centered on knowledge and technical cooperation, and many of these will be delivered by joint IBRD-IFC global practices. IFC will build on past investments in the private sector and will continue to pursue requests to assist with public-private partnerships (PPPs). MIGA will explore opportunities to catalyze investment into Namibia and by Namibian firms into the region. The CPS concludes with a risk assessment, results-monitoring framework, and statistical annexes.

II. COUNTRY CONTEXT AND DEVELOPMENT AGENDA

A. Political context

5. Namibia is a multi-party democracy with party-list proportional representation. The South West Africa People's Organization (SWAPO) enjoys a commanding electoral majority, winning 75 percent of the vote in the 2009 general election, earning it 54 out of 72 elected seats in the National Assembly.[2] In the 2010 elections for Namibia's 50 local authorities, SWAPO won 226 out of 327 total seats. The next general election will be held in November 2014 and will elect the successor to President Hifikepunye Pohamba, who concludes the second of his constitutionally allowable two terms in March 2015.

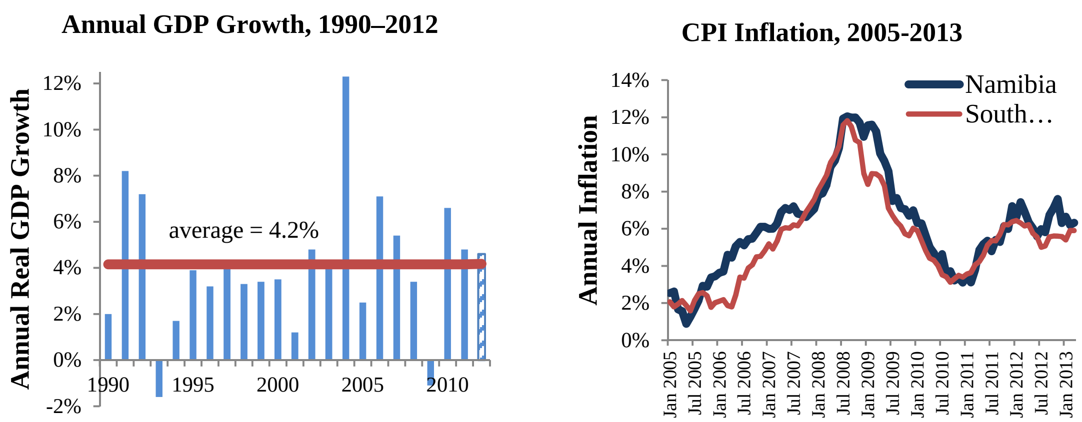
[1] A brief summary of consultations can be found on page 50.
[2] Six members are appointed by the president, bringing SWAPO's share to 60 out of 78 total seats.

6. Namibia scores well in cross-country political comparisons. The World Governance Indicators ranks Namibia in the 76th percentile on the Political Stability/Absence of Violence indicator, the second best position in Africa. The 2012 Ibrahim Index of African Governance ranks Namibia sixth on rule of law with a score of 84, out of 52 countries, well above the Southern African (63) countries average and the continental average (48).

B. Macroeconomic Stability

7. In addition to political stability, Namibia has achieved a stable macroeconomic environment. As shown in Figure 1 below, Namibia has generally enjoyed moderate economic growth of 4.2 percent per year since Independence. Consumer price inflation closely tracks that of South Africa, reflecting the peg to the rand and close economic integration with South Africa.

Figure 1. GDP Growth and Inflation



Sources: Namibia Statistics Agency, Bank of Namibia, Statistics South Africa
Note: 2012 GDP is a preliminary estimate

8. The economy rebounded quickly in 2010 from the global economic crisis. Nevertheless, the outlook for the next few years remains uncertain, as spillovers from OECD countries' debt and fiscal problems are dampening demand for Namibia's exports.[3] In its latest economic outlook, the Bank of Namibia's (BON) projects 4.4 percent real growth in 2013.[4] Consumer price inflation has been fluctuating between 6.0 and 7.0 percent since the end of 2011. The inflation rate is currently 6.3 percent (as of March 2013). Analysts expect inflation to fall to around 5.7–6.0 percent by the end of 2013.

9. Gross national savings have historically exceeded investment in Namibia, enabling the country to be a net lender. The savings rate declined after the onset of the global crisis when the fiscal position moved into deficit in 2009 and central bank interest rate cuts stimulated greater private sector borrowing. Namibia typically runs a trade deficit, but transfers from the Southern Africa Customs Union (SACU) common revenue pool are generally sufficient to push the current account into surplus.[5] In October 2011 Namibia issued its first foreign-currency denominat-

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[3] Major exports include metals, minerals, fish, beef, grapes, and tourism.
[4] Bank of Namibia, "Economic Outlook," (December 2012).
[5] Customs and excise revenue collected by SACU members is redistributed using a formula that allocates funds disproportionately to the smaller members. Transfers to Namibia have been 25–40 percent of total government

ed bond, a 10-year, US$500 million Eurobond. It followed this in November 2012 with a ZAR850 million issue on the Johannesburg Stock Exchange.[6]

Table 1. Selected Economic Indicators, 2007–2013

	2007	2008	2009	2010	2011	2012	2013
Income and Economic Growth							
GDP growth (annual %)	5.4	3.4	-1.1	6.0	4.9	5.0	4.8
GDP per capita growth (annual %)	3.5	1.5	-2.9	4.0	3.2	3.4	3.1
GDP per capita (US$)	4,079	4,017	3,983	4,876	5,293	5,425	5,593
GDP per capita, PPP (current US$)	6,010	6,231	6,153	6,515	6,826	..	..
Gross national savings (% of GDP)	31.3	32.4	24.7	18.9	24.6	30.5	..
Gross fixed investment (% of GDP)	22.3	21.2	19.8	21.1	21.1	20.6	20.1
Public	5.5	7.4	8.6	7.7	7.1	6.4	5.8
Private	16.9	13.9	11.2	13.4	14.0	14.2	14.3
Money and Prices							
Inflation, consumer prices (annual %, end of year)	7.1	10.9	7.0	3.1	7.2	6.3	5.7
Inflation, consumer prices (annual %, period average)	6.7	10.4	8.7	4.5	5.1	6.5	6.0
Treasury bill rate (%)	8.0	9.6	8.5	6.6	5.5	5.9	..
Nominal exchange rate (end of period)	6.8	9.9	7.5	6.8	8.2	8.6	..
Real exchange rate index (2004=100)	100.4	96.5	108.2	125.7	127.0	122.0	..
Fiscal							
Revenues (% of GDP)	31.9	29.5	31.4	28.0	32.0	35.5	34.5
o/w transfers from SACU	12.5	11.9	11.2	7.2	7.6	13.2	12.6
Expenditures (% of GDP)	34.6	30.1	32.5	32.6	39.3	38.3	40.9
Current (% of GDP)	31.8	23.7	25.4	26.5	29.6	30.5	33.2
Capital (% of GDP)	2.8	6.4	7.8	7.2	10.7	7.9	7.6
Overall balance (% of GDP)	-2.7	-0.7	-1.1	-4.6	-7.2	-2.8	-6.4
Total Public Debt (% of GDP)	18.4	18.1	15.9	16.6	26.4	26.3	27.8
External Accounts							
Export real growth (%, yoy)	9.9	8.7	-1.7	28.8	8.9	1.5	8.5
Import real growth (%, yoy)	20.7	24.8	12.6	12.9	14.4	3.7	7.0
Current account balance before SACU (% of GDP)	-5.1	-10.1	-11.1	-6.9	-9.3	-13.8	-15.1
Current account balance after SACU (% of GDP)	9.1	2.8	-0.4	0.3	-1.7	-0.6	-2.5
Foreign direct investment (current US$ millions)	729.2	716.1	521.3	851.4	987.6	1,028.2	1,130.4
External debt, total (% of GDP)	25.7	22.7	28.3	31.4	33.5	35.5	34.4
Debt service ratio (% of goods and nfs)	..	13.1	12.1	5.5	11.6	9.8	..
Other							
Doing Business rank (year of publication)	42	48	51	69	78	87	
Human Development Index rank	125	125	128	105	120	128	128
Global Competitiveness Index rank	89	80	74	74	83	92	

Sources: IMF, Ministry of Finance, Bank of Namibia, Namibia Statistics Agency, UNDP, World Bank
Notes: 2013 data are projections

revenue in recent years. Members are negotiating changes to the formula that are likely to result in smaller budget transfers.

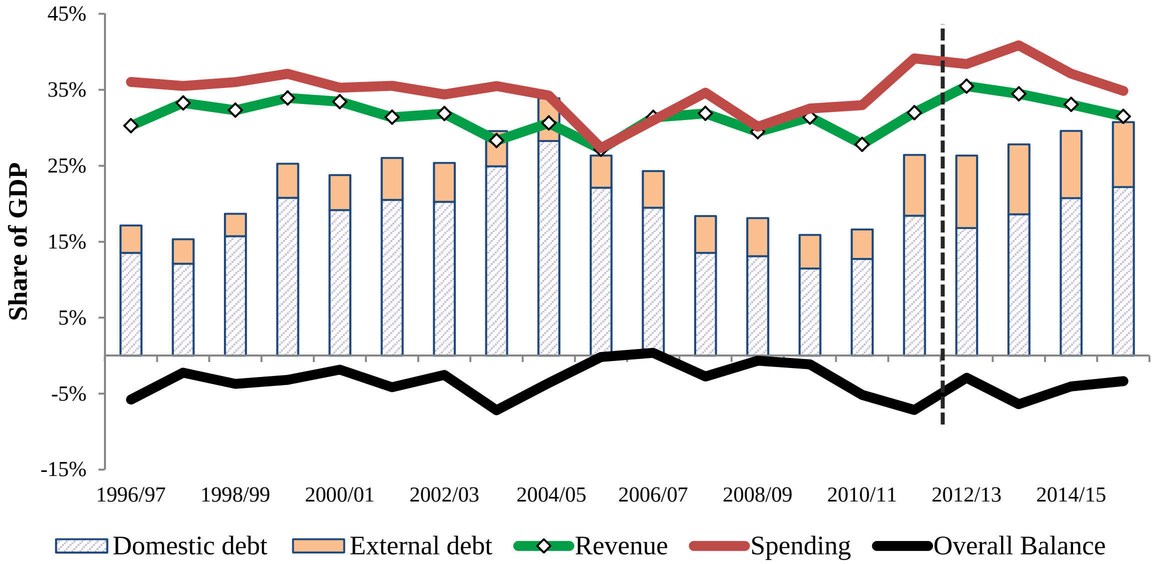
[6] This is the first of several issues planned in the coming years. The total issuance is expected to be ZAR3 billion.

Fiscal Policies

10. Namibia has followed prudent fiscal policies since Independence. Until the recent global economic crisis, fiscal deficits rarely rose above 4 percent of GDP, and in a number of years the budget achieved overall surplus. Total central government debt has been low. Namibia relies primarily on the domestic bond market to finance deficits. International ratings agencies have given Namibian government debt investment-grade ratings since 2005.[7]

11. Namibia launched an ambitious spending program in 2011 aimed at stimulating growth and employment. This significantly increased the size of fiscal deficits and public debt, as shown in Figure 2. The medium-term expenditure framework released in 2013 envisions a gradual reduction of the spending program that aims to bring the budget close to balance by 2017.

Figure 2. Revenue, Spending, and Debt, FY1996/97–2015/16



Source: Ministry of Finance
Notes: FY2012/13 and onwards are forecasts based on the February 2013 budget.

12. The government allocates relatively large shares of the budget to education, health, and other social sectors in an effort to address the severe inequities and poverty inherited from the apartheid regime. During the current MTEF, pro-poor spending programs account for 44 percent of total central government spending.[8]

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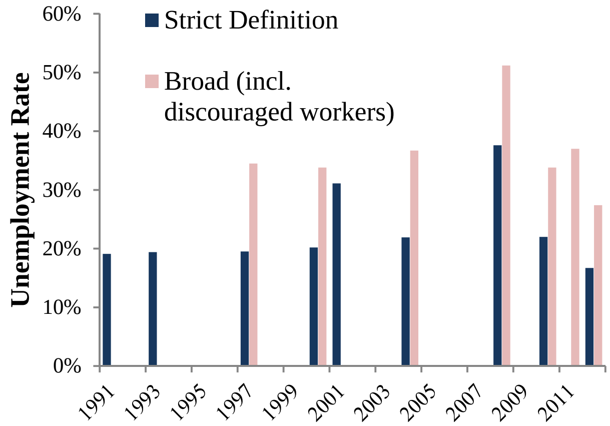
[7] Fitch gave ratings of BBB- for foreign-currency debt and BBB for domestic debt in 2005, which it has reaffirmed annually since 2010. Moody's assigned local- and foreign-currency debt ratings of Baa3 in 2011, which it reaffirmed in January 2013.

[8] See Table 3 on page 9. The government's pro-poor spending priorities are discussed in more detail below in section II.F.

C. Unemployment

13. Chronic high unemployment is the dark spot on this otherwise bright macroeconomic record. Although surveys that gather employment data are conducted rather infrequently, there is a striking continuity across these surveys, as shown below in Figure 3.

Figure 3. Unemployment in Namibia, 1991–2012



Sources: Namibia Labor Force Surveys, Household Income and Expenditure Surveys, and Census of Population

14. Namibia's labor force participation rate of 60 percent falls below averages for Sub-Saharan Africa, low-income countries, and middle-income countries (71, 77 and 68 percent, respectively).[9] There are large groups of discouraged workers in younger cohorts (ages 20–29 years) of the population, particularly among women, which poses a risk for the country's long-term growth prospects.

15. Women accounted for 48 percent of total non-agricultural workers in 2012, approaching the MDG 3 target of gender parity in wage employment. Nevertheless, women face higher unemployment and lower labor force participation rates than men (see Table 2), and migration of men from rural communities in the North to urban areas in search of employment has altered family structures. A recent UN analysis argues that gender equality in labor market force is challenged by negative gender stereotypes and norms, lack of control over family resources, adolescent pregnancy and school drop-out, and lack of access to public services.[10]

Table 2. Labor Force Participation and Unemployment, 2012

	Female			Male			Total		
	Rural	Urban	Total	Rural	Urban	Total	Rural	Urban	Total
Labor force participation rate (strict)	49%	61%	56%	55%	71%	64%	52%	66%	60%
Unemployment rate (strict)	12%	24%	19%	10%	17%	15%	11%	20%	17%
Unemployment rate (broad)	30%	34%	32%	22%	23%	23%	26%	28%	27%

Source: Namibia Labor Force Survey 2012.

D. Composition of Production and Trade

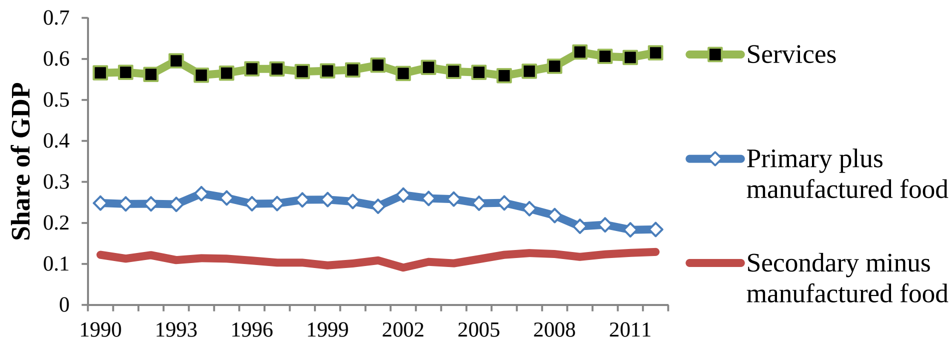
16. A striking feature of the economy is the absence of economic transformation—the structure of production and trade has changed very little since 1990. Figure 4 shows that services dominate the economy with around 60 percent of GDP. Minerals and metals dominate exports. When meat and processed fish are included with the primary sector, the residual secondary sector (i.e., non-food manufacturing plus construction and electricity) accounted for 12 percent of

[9] Namibia Labor Force Survey 2012; World Development Indicators comparator country data from 2011.
[10] United Nations Country Team Namibia, "A Country Analysis," August 2011.

GDP in 1990 and 13 percent in 2011. Labor-intensive manufacturing—which in many countries has absorbed unskilled labor exiting traditional agriculture—has not developed in Namibia.

17. Little data is collected at the firm level making it difficult to analyze productivity, factor-intensity, effects of firm size, value-added, industry concentration, etc., systematically across industries or over time. The available information reveals an economy with a small number of medium- to large-sized, technologically sophisticated firms, and a large number of informal micro-enterprises.[11] Competition in many markets is constrained by firms with market power.[12]

Figure 4. Structure of GDP, 1990–2012



Source: Namibia Statistics Agency; World Bank staff calculations
Notes: 2012 GDP is a preliminary estimate

18. The Namibian economy is generally open to international trade. Mining, metals, fish, grapes, and commercial livestock industries are heavily—if not exclusively—oriented towards export markets. Namibia imports financial services and certain professional (e.g., accounting) and technical services via sizeable commercial presence of foreign firms. Except for metals processing and beer, manufacturing firms generally restrict their scope to the domestic market.[13]

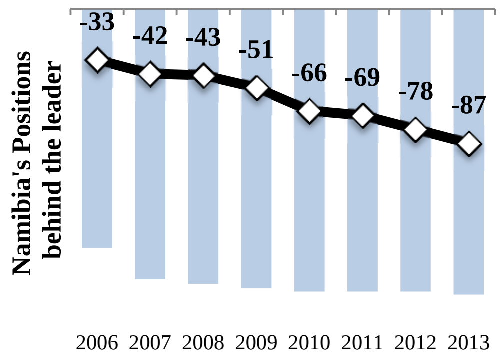
19. Namibia's trade flows are highly concentrated: 76 percent of goods were imported from South Africa in 2011 (down slightly from 86 percent in 2000–2010), and exports are concentrated in and tied to the primary sector, exposing the economy to volatile commodity prices.[14] Namibia's export basket has ecological implications as well, since major export industries—e.g., mining, tourism, livestock and meat, and fishing—rely on or impinge on Namibia's fragile ecosystem and are vulnerable to climate change.

[11] The 2009 National Enterprise/Establishment Census recorded 56,185 firms, of which 43,553 were unregistered.
[12] Brewing, cement, dairy, meat processing, milling (including animal feeds), and poultry production markets are each dominated by single firms. Large state-owned commercial firms operate in road construction and lodging markets.
[13] One-third of firms surveyed in the 2007 ICA report that they export, and of these, exports account for 14 percent of sales on average. By comparison, 60 percent or more of firms in South Africa, Malaysia, Mauritius and Lesotho sell to foreign markets, and exports account for more than 40 percent of these firms' sales in Malaysia, Mauritius, and Lesotho. World Bank, "An Assessment of the Investment Climate in Namibia." Washington, September 2007.
[14] UN Comtrade database.

E. Business Climate and Regulations

20. The government is committed to a regulatory environment that facilitates competitiveness and private investment. Its record, as measured by global competitiveness surveys, is somewhat mixed, however. In the World Bank Group's ease of doing business survey, Namibia ranks most favorably in areas of getting credit (40th) and enforcing contracts (41st). Namibia ranks very unfavorably in areas of registering property (169th) and starting a business (133rd).

Figure 5. Moving Downward in Doing Business Rankings, 2006–2013



Source: Doing Business
Notes: Length of columns represents the number of economies included in the year's survey.

21. Namibia has been moving steadily downwards in global rankings, falling by 18 positions in the Global Competitiveness Index between 2010 and 2012 (see Table 1) and slipping to 87th place in the 2013 Doing Business ranking from 33rd place in 2006 (see Figure 5). This decline is explained largely by the absence of improvements rather than worsening policies. Other countries have been making their regulations and policies more conducive to investment, while there has been little change in Namibia's investment climate.

F. Social and Poverty Context

Poverty profile

22. Poverty has declined substantially since Independence. The share of the population living below the national poverty line fell by more than half between 1993/94 and 2009/10, as shown in Figure 6 on page 8, and the share in extreme poverty fell by 75 percent. Namibia has experienced similar declines in the poverty gap and the severity of poverty. MDG 1's target for poverty reduction has been attained. Female-headed households have enjoyed slightly greater gains in poverty reduction than households headed by men, although they remain more likely to be situated below the poverty line.[15] Access to housing, water and other basic needs correlates with income. Almost half of households in the bottom income decile must travel one or more kilometers to obtain drinking water, compared to 8.6 and 2.1 percent of households in the top quintile. Twenty-seven percent of households with incomes in the bottom eight deciles live in improvised housing, compared to 15.4 and 3.4 percent in the top quintile.

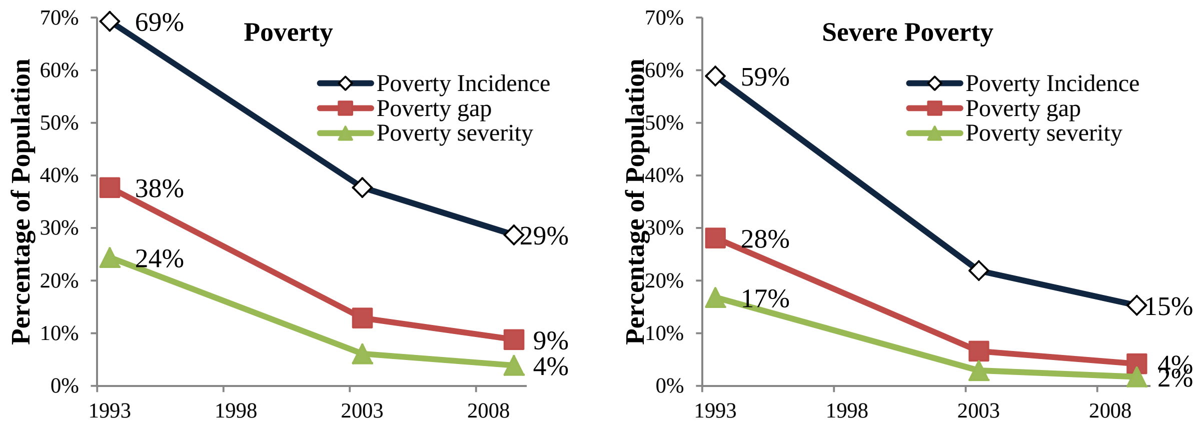
23. Inequality in Namibia is among the highest in the world, even though there has been some progress since Independence. According to the latest calculations, income inequality as measured by the Gini coefficient has declined to 59.71 in 2009/10 from 60.03 in 2003/04 and 64.55 in 1993/94.[16] Vision 2030 calls for reducing this measure to 30 by 2030. One puzzle that

[15] Per capita income in female-headed households is 56 percent of per capita income in male-headed households in urban areas and 62 percent of that in rural areas (NHIES 2009/10).

[16] Namibia Statistics Agency, "Poverty Dynamics in Namibia: A comparative study using the 1993/94, 2003/04 and the 2009/10 NHIES surveys," November 2012. Many earlier government publications have reported the estimate for 2003/04 as 63 and the estimate for 1993/94 as 70.

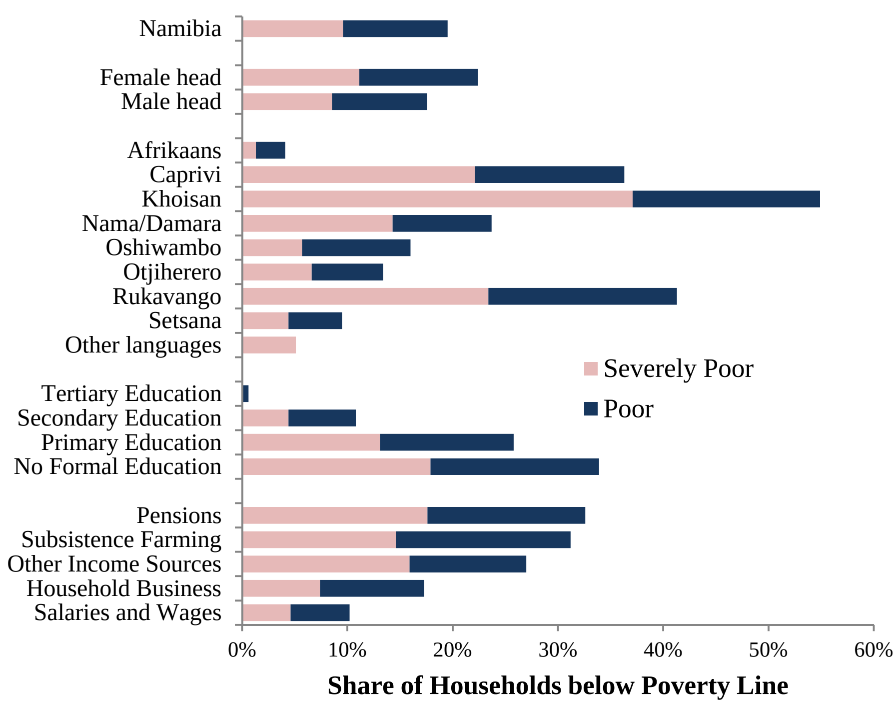
requires further investigation is how poverty fell so sharply despite high inequality, only modest GDP growth, and chronically high unemployment.[17]

Figure 6. Gains in Poverty Reduction, 1993/94 to 2009/10



Source: Namibia Statistics Agency, 2012, based on the 1993/94,. 2003/04 and 2009/10 household income and expenditure surveys.
Notes: Poverty incidence is the share of the population below the national poverty line. Poverty gap measures the consumption shortfall relative to the poverty line across the whole population. Poverty severity looks both at how far the poor are from the poverty line and at inequality of the poor

Figure 7. Poverty Incidence by Characteristics of Head of Household



Source: Namibia Household Income and Expenditure Survey, 2009/10

[17] Namibia's system of non-contributory social grants discussed below may offer one explanation.

24. Education and salary- or wage-paying jobs may prove to be paths out of poverty. The incidence of poverty falls sharply with educational attainment of the head of household—to 1 percent where the head of household has a tertiary education from 26 percent where she/he has only a primary education. Households whose main source of income is a wage or salary have a poverty incidence that is half of the national average and one-third that of households relying on pensions or subsistence agriculture as Figure 7 illustrates.

25. The GRN devotes around 44 percent of the central government budget to anti-poverty programs, broadly defined (see Table 3). This figure includes programs designed to increase human capital, basic health, and food security. Also included are several social safety net programs, such as the disability pension, universal old-age grant, grants to support 155,000 orphans and 95,000 vulnerable children, and school feeding programs.[18]

Table 3. Poverty-oriented Spending in Namibia, FY2010/11–FY2013/14

Ministry/Sector	2010/11	2011/12	2012/13	2013/14	Share of Cumulative Spending
Education	6,476	8,305	8,657	9,241	23%
Health and Social Services	2,593	3,333	3,537	3,231	9%
Labour and Social Welfare	1,140	1,196	1,265	1,412	4%
Gender Equality and Child Welfare	522	550	541	733	2%
Agriculture Water and Forestry	1,519	2,269	1,971	2,722	6%
Total Poverty-oriented Expenditure	12,250	15,653	15,971	17,339	44%
Total Government Expenditure	27,575	35,869	35,013	41,657	
Poverty-oriented spending as share of total budget	44%	44%	46%	42%	

Source: Ministry of Finance, "Macroeconomic Framework for the 2012/13–2014/15 Medium-term Expenditure Framework," February 2012
Notes: Values are in millions of current Namibian dollars

26. Gender equity has been mainstreamed into many policies and programs (notably agricultural and other policies aimed at rural communities, where traditional social attitudes often marginalize women), and the GRN has emphasized women's and reproductive health in its programs.[19] Namibia has updated and aligned national policies and action plans to align them with SADC Gender Protocol.[20]

Education and skills

27. Expanding access to education is one of the government's highest priorities, and education has generally received around one-quarter of the central government budget. The net primary enrollment rate is 85 percent, falling somewhat short of realizing MDG 2 of universal primary education.[21] Access continues to be a problem at secondary and tertiary levels, although enrollment rates have increased considerably since Independence. The net secondary enrollment rate has risen to 56 percent in 2010 from 32 percent in 1995 (approaching the middle-income country

[18] World Bank, "Safety Nets and HIV/AIDS in Botswana, Namibia, and Swaziland," September 2012. Namibia is one of the few countries in sub-Saharan Africa that provides non-contributory social grants to all elderly citizens.
[19] Ministry of Gender Equality and Child Welfare, "National Gender Policy: 2010–2012, March 2010.
[20] USAID, "Namibia Gender Assessment," May 2012. This assessment argues that Namibia "…in many ways is setting in the pace for gender integration for countries…" in SADC (page 14).
[21] All statistics from World Development Indicators.

average of 64 percent). Gross tertiary education enrollment rates have tripled—to 9.0 percent in 2008 from 2.9 percent in 1991—which puts Namibia slightly above the average for all sub-Saharan African countries (6.3 percent), but well below the average for middle-income countries (24 percent). Namibia has made good progress in achieving the MDG 3 gender equality target for participation of girls and women in education. Female school enrollment rates match or exceed those of males.

28. Outcomes are disappointing despite the high priority accorded education in the national budget. For example, Namibian learners scored below the regional average as measured by the Southern and Eastern Africa Consortium for Monitoring Education Quality (SACMEC) in 2007, and also below those in countries at lower levels of income (e.g. Kenya, Swaziland, Tanzania, and Uganda)—most of which devote smaller shares of public resources to education than does Namibia. Internal efficiency is a problem at the secondary level, with high repetition and school-leaving rates.[22]

29. One important result of the low efficiency of the education system is that youth leave school poorly prepared for the labor market.[23] Employers routinely cite low availability of adequately trained workers as a constraint.

Health

30. Namibia has enjoyed progress in improving health in a number of areas, but serious challenges remain. The good news is that Namibia appears to be on track to eliminate malaria. It exceeded targets set through the 2000 Abuja Declaration to cut malaria deaths in half by 2010.[24] Infant and child mortality are low by regional standards and have declined: infant mortality by 41 percent between 1990 and 2010 to 29 per 100,000 births; child mortality by 45 percent to 40 per 100,000. The decline in mortality may not be sufficient to reach the two-thirds reduction called for under Millennium Development Goal 4, however.

31. Namibia has made less progress in improving maternal health and is not on track to achieve MDGs 4 and 5 on reducing maternal and child mortality.[25] The maternal mortality rate in 2010 stood at 200 maternal deaths per 100,000 live births—the same as in 1990, although this is an improvement over the 2005 rate of 310. Child under-nutrition, which is intimately related to both maternal health and infant and child mortality, is surprising prevalent in Namibia. Stunting is high at 29 percent of children under five, and the incidence is higher in poor households.[26] Poor nutrition in children hinders their cognitive development and educational achievement, with harmful consequences for future job market performance.

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[22] School leaving rates rise throughout secondary levels: 4.1 percent at grade 5; 5.3 percent at grade 7; 8.3 percent at grade 8; and 32.6 percent at grade 10. Repetition rates are 12.1 percent for grade 5, 26.4 percent for grade 8, 20.6 percent for grade 9, and 10.3 percent for grade 10. Ministry of Education data from 2010 as reported in Yves Tencalla, "Mid Term Technical Review of ETSIP First Phase 2006–2011," October 2011.

[23] See Mmantsetsa Toka Marope, "Namibia Human Capital and Knowledge Development for Economic Growth with Equity," Africa Region Human Development, Working Paper Series No. 84, World Bank, 2005.

[24] Reported malaria cases fell to 16,000 in 2011 from 80,000 in 2005. Malaria deaths fell to 36 in 2011 from 1,700 in 2001.

[25] United Nations Country Team Namibia, "A Country Analysis," August 2011.

[26] Namibia data from the Namibia Demographic Health Survey 2006/07. Stunting is prevalent at all income levels in Namibia: 13 percent of children in the richest quintile are stunted, which is more than double the national average of 6 percent in Costa Rica or Jamaica. Data for Jamaica and Costa Rica reported by UNICEF.

32. Namibia has one of the highest HIV/AIDS prevalence in the world, estimated by UNAIDS to be 13.1 percent of its adult population, and tuberculosis has spread alongside HIV and AIDS. Women and girls are particularly vulnerable to HIV due to gender inequality and gender-based violence. Intensive provision of anti-retrovirals has brought down prevalence.

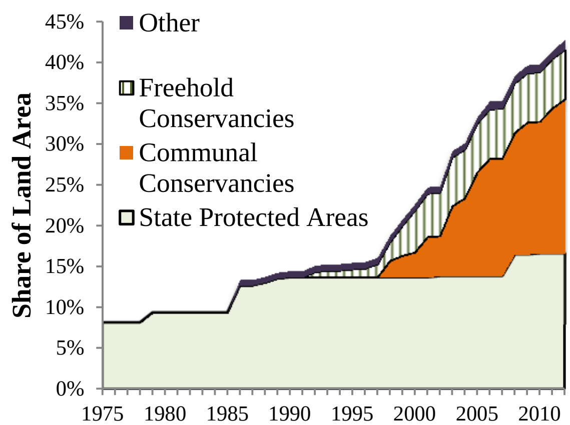
33. Non-communicable diseases are rising as leading causes of ill health in the country. For example, hypertension and diabetes are already the leading causes of morbidity among adults. Substance abuse and mental, neurological and psychosocial disorders, as well as increasing overweight and obesity rates are of concern.[27]

34. Poor health outcomes do not reflect lack of political commitment to allocate financial resources. The GRN is allocating 9 percent of the budget to the Ministry of Health in the current MTEF (see Table 3 on page 9). Namibia spends 4.0 percent of GDP on public health services.[28] Organizational structures undermine performance—directorates of the Ministry of Health and Social Services have overlapping functions, and vertical programs for service delivery are weakly coordinated.[29] These are compounded by difficulties in recruiting, training, and retaining professional staff, as well as by the country's low population density. Obtaining better health outcomes will require reform of financing and delivery of health care services, anchored on a well-performing primary healthcare system. Improving cross-sectoral coordination is especially important for improving nutrition, which Namibia aims to achieve through school feeding initiatives and by integrating nutrition education into agriculture extension and maternal health programs.

G. Ecosystem Management and Climate Change

35. Most sources of employment and economic growth depend on Namibia's fragile ecosystem and are vulnerable to global climate change. Reflecting this, Namibia has long been a leader in natural resource conservation. Forty-three percent of the area of Namibia is under protection by either the state, communal conservancies, or private conservancies Figure 8 shows the extent and locations of protected areas in Namibia). Namibia's successes with communal conservancies (see Box 1 below on page 12) provides a powerful example of community-based natural resource management (CBNRM) for other countries.

Figure 8. Area under Conservation has tripled since Independence



Source: Ministry of Environment and Tourism

[27] According to the 2006/07 Namibia Demographic Health Survey, among women aged 15–49 years that gave birth in the previous five years, close to 30 percent were overweight or obese (with a body mass index (BMI) index of >25) and 12 percent were obese (BMI >30).

[28] This is 35 percent higher than the average for all sub-Saharan African countries (2.9 percent of GDP) and above the average for low- and middle-income countries (2.1 and 3.0 percent of GDP, respectively). World Development Indicators data for 2010.

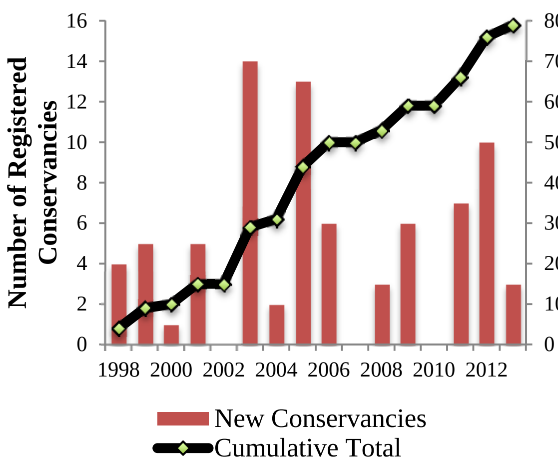
[29] World Bank, "Health Sector Note," May 2010.

36. Global climate change is expected to lead to increased rainfall, higher average temperatures, and increased water evaporation.[30] These will undermine both commercial livestock production and traditional subsistence agriculture, with serious implications for employment, food security, and export revenue. Furthermore, Namibia's tourism and agricultural exports are vulnerable to other countries' climate change mitigation policies, if these take the form of taxing international transportation.

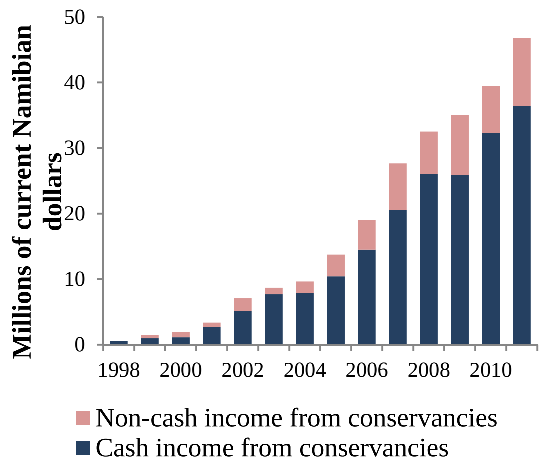
Box 1. Namibia's Experience with Communal Conservancies

Namibia's innovative contribution to global practice on conservation has been the rise of communal conservancies. The Nature Conservation Amendment Act of 1996 provided for the devolution of rights over wildlife to people living in communal areas. To register as a communal conservancy, a community must first establish a legally constituted governance arrangement, prepare systems for natural resource management, and develop a plan for equitable distribution of benefits. The community in return receives property rights over consumptive and non-consumptive use of wildlife in the conservancy. These arrangements provide the legal and organizational foundation for conservancies to operate tourism, trophy-hunting and other commercial activities or to enter into joint ventures with companies to conduct these activities.

Number of Registered Conservancies



Income Received by Conservancies



The first four conservancies were gazetted in 1998. By mid-2013, the number had grown to 79, covering over 160,000 square kilometers. Total income (cash and in-kind) received by conservancies from concession fees, salaries, sales of game and crafts, meat distributions, etc. was N$46.7 million. Tourism and trophy hunting generate the lion's share of this income: 24 tourism joint ventures contributed N$18.9 million and 33 trophy hunting concessions produced N$14.1 in fees and salaries and N$5.0 million in meat distribution. Hunting by conservancy members of game for their own consumption has also been important.

Source: NACSO, "Namibia's Communal Conservancies: A Review of Progress and Challenges in 2011," (Windhoek, 2013).

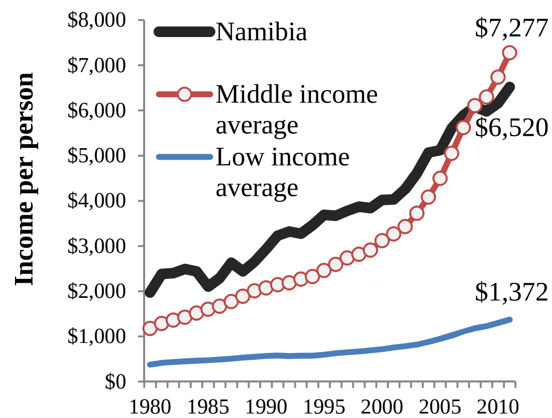
[30] Ministry of Environment and Tourism, "Climate Change Vulnerability and Adaptation Assessment Namibia," March 2008.

III. SUMMING UP: KEY CHALLENGES AND THE GOVERNMENT'S DEVELOPMENT PLAN

A. Challenges facing Namibia

37. The analysis above suggests two major challenges facing Namibia: transforming the economy to put it on a trajectory of faster and more inclusive growth, and improving policy implementation and public service delivery. Namibia's growth rates over the past decade have lagged behind those of other developing countries. In 1990 income per person in Namibia was almost US$900 higher than the average across all middle-income countries. By 2009, however, middle-income countries as a group had surpassed Namibia (see Figure 9). The National Planning Commission estimates that annual growth rates will need to average 6 percent through 2017 to achieve the objectives of NDP4. Per capita income will need to grow by 9.7 percent annually during NDPs5–7 to realize Vision 2030's ambition of Namibia becoming a high-income country by 2030.

Figure 9. Growing, but Lagging behind other Countries



Source: World Development Indicators
Notes: Gross national income in current PPP-adjusted U.S. dollars

38. Growth and job creation will require transforming the structure of production. More investment is needed in production (for example in tourism or light manufacturing) that can absorb Namibia's growing pool of unskilled labor. Namibia's slide in Doing Business, the WEF Global Competitiveness Index, and similar rankings reflect a business regulatory environment that is becoming relatively less attractive than other countries to investors and less competitive in producing for global markets.

39. As a small country, Namibia should in principle boast more nimble public policies than larger countries, and be able to respond rapidly to new challenges and opportunities. A theme voiced repeatedly during CPS stakeholder consultations is weak public sector capacity to implement policies.

40. The quantitative evidence base needed to inform and monitor public policies is thin. For example, although unemployment has always been at the top of the policy agenda, the GRN has conducted labor force surveys only every four years, making it difficult to design or evaluate jobs policies. The 1994/95 agricultural census released was the last one completed. No industrial census has been released. Establishing a comprehensive baseline measurement of jobs generated through tourism also remains to be done.

41. During CPS consultations, many private sector and civil society stakeholders pointed to deficiencies in public-private dialogue as a source of problems in developing and implementing policies in Namibia. Consultative processes for new laws, policies, and regulations tend to be ad hoc. Public dissemination of government information is inconsistent across ministries. Mistrust sometimes plagues discussions between the government and business leaders.

42. Extensive access to quality roads, power, water, and ICT infrastructure have historically distinguished Namibia from many other African countries. NDP4 identifies a number of shortcomings, however, and highlights the need to increase investment in maintenance, upgrading, and expansion of the country's infrastructure. Electricity tariffs are expected to double in the coming years, challenging the achievement of Vision 2030's goal of becoming an industrialized economy unless there are significant gains in productivity and energy efficiency. Improvements in all transport modes are needed to realize NDP4's ambition of Namibia becoming a regional logistics hub.

43. Public service delivery tends to be weak. Namibia spends more on social programs than many of its neighbors, but often enjoys poorer results. Even though Namibia devotes a higher share of the budget to education than most countries in eastern and southern Africa, reading scores are lower than most of its neighbors—including least developed countries.

B. The Government's Strategy: The Fourth National Development Plan

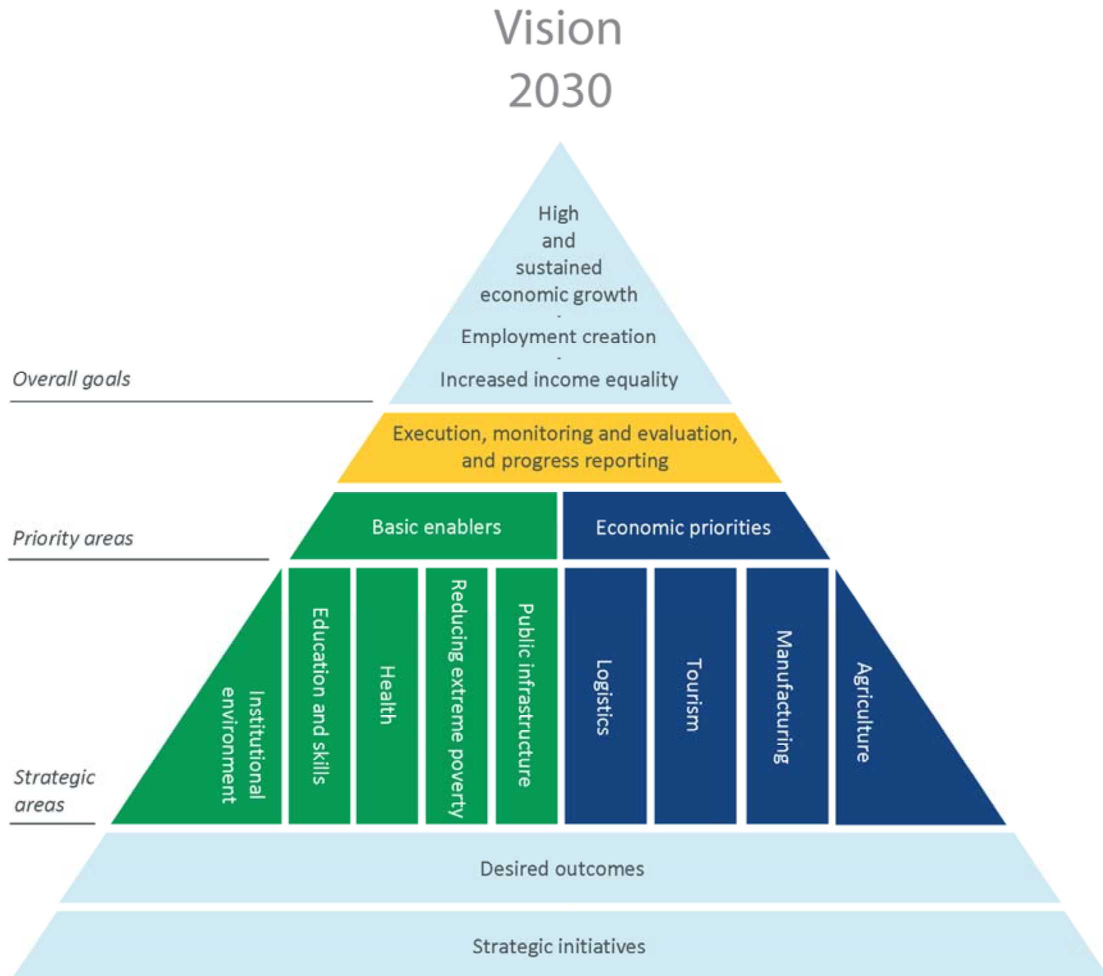
44. The GRN launched the Fourth National Development Plan in July 2012. NDP4 represents a significant departure from previous NDPs that the National Planning Commission (NPC) has prepared, in terms of substance, style, preparation and implementation. NDP4 emphasizes just three high-level goals: faster growth, more jobs, and less income inequality. In contrast, previous plans encompassed the full spectrum of public policies, including human rights, peace and security, regional integration, and participatory democracy, as well as the economic growth agenda. Recognizing that Namibia is losing ground as other countries improve their competitiveness, NDP4 calls for proactive policies to stimulate growth and job creation in targeted economic sectors, in addition to improving what it terms "basic enablers" of the regulatory environment, health, education, and public infrastructure.

Boost growth in targeted industries, driven by respect for the sustainability of the environment: NDP4 calls for policy reforms and increased spending in manufacturing, internationally traded services, and agribusinesses, supported by public-private investments in backbone infrastructure (e.g., energy, transport, water, ICT). Interventions will be guided by the industrial policy and the green economy strategy at a high level, and by sectoral strategies at the industry level.

Strengthen the business enabling environment: Ensuring continued macroeconomic stability is the first priority. NDP4 calls for policy reforms to increase firms' access to land, labor, and capital, as well as for streamlining a range of regulations that affect firms' competitiveness. In addition, NDP4 proposes reforming the SOE sector and increasing research and development.

Enhance the skills and health of the Namibian people: NDP4 emphasizes the contributions of health and education to human capital, labor markets, and worker productivity, while at the same time acknowledging their intrinsic value. Besides measures to improve the quality and operation of core health and education programs, NDP4 highlights the need to improve vocational training centers and increase funding allocated to health.

Figure 10. National Development Plan IV Priorities



Source: National Planning Commission

> ***Reduce extreme poverty:*** NDP4 proposes strengthening operation of Namibia's social grants and expanding their scope to serve more beneficiaries. NDP4 also recognizes the contribution of improving productivity of subsistence agriculture towards reducing malnutrition in Namibia.
>
> ***Improve development plan execution:*** Finally, NDP4 includes initiatives to improve execution of development plans. Strategic initiatives include strengthening the national statistics system to enhance statistical quality, tightening linkages between budgets and NDPs, and improving systems for reporting, monitoring, and evaluation of NDP4 performance. NDP4 presents ten "desired outcomes" spanning the priority areas, each with a quantitative and easily measured performance indicator.

45. NDP4 sets a target of reducing the incidence of extreme poverty to below 10 percent of the population by 2017 from 15.8 percent in 2009/10. Although NDP4 does not set a target for inequality, it notes that reaching Vision 2030's ambitious target reducing the Gini coefficient to 30 will require average annual reductions of 3 percent. This implies bringing the Gini coefficient down to 45.53 by the end of NDP4 from its level of 59.71 in 2000/10. The program presented in

NDP4 aims to reduce poverty and income inequality primarily by expanding economic opportunities for the poor. These will be achieved through diversification of the economy into export-oriented industries that are more labor-intensive than mining and other traditional exports, as well as through improved human capital and an investment climate that is more conducive to starting new businesses. In addition, NDP4 aims to strengthen safety nets for the most vulnerable

IV. THE WORLD BANK GROUP PARTNERSHIP

46. Namibia joined the IBRD, IFC and MIGA in 1990. The Minister of Finance is Namibia's governor of the World Bank Group; the Bank of Namibia Governor is Namibia's alternate governor.[31] Support to Namibia since Independence has primarily taken the form of research, policy analysis, technical assistance and capacity building, rather than loans or other financial services. The engagement has developed gradually over time.

A. Evolution of World Bank Group Activities in Namibia

47. During the 1990s and early 2000s the Bank delivered a public expenditure review (PER) and other analytical or technical assistance activities on topics including HIV/AIDS, pension reform, the water sector, and the inheritance tax. MIGA had an in-country presence during the 1990s and provided support for investment promotion activities. The IFC provided a R80 million loan in the late-1990s to finance the Cresta Lodge (now Protea Hotel) in Ondangwa, filling an important gap in the hospitality and tourism sector in northern Namibia. It made a series of three loans, totaling US$19 million, to a fishing company between 1994 and 2003.

48. The overall relationship had difficulties getting established however. Ten Institutional Development Fund (IDF) grants were approved in the 1990s; five were cancelled with no disbursements by grant recipients. The Bank's 2007 Interim Strategy Note (ISN) for Namibia argued that the program of analytical work did not always lead to tangible outcomes (e.g., new policy initiatives) in part because it addressed an agenda not driven by the government's priorities and, in part, because there was insufficient follow up on the side of the Bank. Attempts were made to prepare IBRD investment loans in to support family health, industrial and urban development, and water management projects, but none was finalized for Board submission. The scope for IFC investments is limited in part by Namibia's economic integration with South Africa: South African banks aggressively cover the Namibian market, and South African firms raise funds from their house banks.

49. The engagement took a significant step forward in the mid-2000s. In 2004 the Board of Executive Directors approved a US$7.1 million GEF grant for the Integrated Community-based Ecosystem Management (ICEMA) Project, followed in 2005 by a US$4.9 million from the GEF to support the Namibian Coast Conservation and Management (NACOMA) Project.[32] Analysis

[31] NPC also plays an important institutional role in the World Bank Group's engagement with Namibia because NPC is the lead agency for development partner coordination and is responsible for signing grant agreements with the World Bank and other external partners.

[32] The ICEMA project was completed in March 2011. It exceeded its targets for land under CBRNM regime (38,595 km^2 versus the target of 25,000 km^2), the number of committees in operation (100 versus target of 80), and the populations of six of the seven key species targeted. The ICR rated the project's outcomes as satisfactory. In December 2012 the Board approved US$1.9 million in additional GEF financing for NACOMA.

published in 2005 of human capital and education informed the development of the GRN's 15-year education program—the Education and Training Sector Improvement Program (ETSIP), which the Bank subsequently supported through a DPL series.[33]

The 2007 Interim Strategy Note and Current Activities

50. In line with the expanding engagement, in April 2007 the Board of Executive Directors discussed the first-ever strategy paper for Namibia, an ISN covering FY2008–2009. The ISN proposed a three-level framework for developing activities in Namibia. First, the Bank committed to continue working in the established areas of education and environmental management, where there was clear government interest and the Bank enjoyed a good track record. Second, the Bank would undertake standard diagnostics and work with counterparts to incorporate findings into follow-up activities. Finally, the Bank would respond to requests for assistance in other areas through regular business planning meetings. Three priorities have guided the IFC's recent efforts to build its engagement in Namibia: reaching the underserved in banking, education, health, and housing; investing in infrastructure, particularly water and power; and supporting Namibian companies expanding into the rest of Africa.

51. The first of two Education DPLs, each for US$7.5 million, was signed in 2007. The second was approved by the Board in 2008, but not signed until 2010.[34] The Bank launched several diagnostics during the ISN period: an Investment Climate Assessment (ICA), a Financial Sector Assessment Program (FSAP) review (joint with the IMF), a Country Economic Report, and a comprehensive policy note on the health sector. The Bank also initiated a multi-year series of training courses on economic modeling and provided technical support to the BON to implement regulations to prevent money laundering and terrorism financing.

52. World Bank activities since 2009 have continued in the spirit of the ISN by seeking entry points and building on these wherever feasible to advance the dialogue. Building on the GEF operations, the Bank delivered a country environmental analysis and public expenditure review of the Ministry of Environment and Tourism. Additional financing for NACOMA was approved in 2012. A joint Bank-IFC-WWF analysis of commercial joint ventures with communal conservancies will be delivered in October 2013. Discussions to include Namibia in a global initiative on natural capital accounting are underway.

53. In 2010 the IFC extended a US$10 million loan to Trustco, a financial services firm, to expand Trustco's line of education loans. During the past year, Trustco has approached the IFC to support its expansion with an equity investment and a guarantee for its bond issue to finance its expansion program. IFC has been engaging with Bank Windhoek, is exploring support for renewable energy and water desalination projects, and is discussing a possible investment in an agricultural services company.

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[33] Mmantsetsa Toka Marope, "Namibia Human Capital and Knowledge Development for Economic Growth with Equity," Africa Region Human Development Working Paper Series, No 84, 2005.

[34] The two DPLs have been fully disbursed and repaid. DPL1 closed December 2008; DPL2 closed June 2011. The program achieved or exceeded targets for the share of new grade 11 places in the poorest areas and increased grade 11 intake, increased pre-entry enrollment in math and science, increased grade 10 graduates who secured VET places, and increased VET intake. It did not meet targets for the budget allocation for books, the percentage entering primary school with adequate preparation, and the increase in OVCs completing grade 12. The ICR rated the loan series' outcomes as moderately satisfactory.

54. Among the standard diagnostics identified in the ISN, the FSAP has arguably generated the greatest momentum for follow-up. The Bank has been supporting BON with TA to strengthen the financial sector's regulatory framework, including on crisis management and regulations for micro-lenders. New activities are being launched to assess insolvency and creditor/debtor regime and to establish a central securities depository. The BON has requested that the Bank and IMF conduct a new FSAP in 2014.

55. Requests for new assistance on a range of issues have emerged through the business planning meetings and other consultations. Thirteen analytical and technical assistance activities are underway in FY2013, including two recipient-executed grants.[35] In responding to requests, the country team has emphasized activities with potential for long-term impact or broad spillovers. These include support for developing major national strategies, such as NDP4, the Namibia Integrated Resource Plan (a 20-year energy investment plan), the Tourism Growth and Development Strategy, and the piloting of Cities Development Strategies in five municipalities. The IFC and Bank are jointly conducting advisory work on tourism, business regulatory reform, and energy. Many of these activities are delivered by joint FPD-IFC global practice units. The current knowledge portfolio also includes assistance to build critical capacities in strategic areas, namely data and statistics, performance monitoring and evaluation, public debt management, and disaster risk management.

56. Although MIGA currently does not have an active portfolio in Namibia, there have been some expressions of interest in MIGA's services from GRN officials and both prospective investors and lenders. MIGA's credit-enhancement products could help SOEs extend the tenors and diversify funding sources for loans for projects investments (such as infrastructure and health sectors) indicated in NDP4. MIGA's political risk insurance, in particular through its Small Investment Program, could be attractive to Namibian firms investing in neighboring countries (e.g., Angola).

57. Namibia also benefits from regional activities conducted by the World Bank. Two regional trade facilitation activities include Namibia (a SACU trade facilitation assessment and a project to pilot logistics observatories on African transit corridors), and as does a GEF-financed regional tourism project. The Namibian government has hosted or participated in a number of recent knowledge-sharing activities on challenges including climate change, diamond processing, illicit tobacco trade, and an infoDEV innovation roadshow on mobile ICT innovation. GRN officials and staff of Parliament are active in SADC-wide fora on PPPs and parliamentary committees that the World Bank Institute (WBI) supports. Parliamentary staff benefit from WBI's executive parliamentary staff training program and are active participants in e-Institute courses. IFC has over the years made proposals to provide advisory services for PPP transactions (e.g., on student housing, a container terminal at Walvis Bay, a water project, a national trauma center), but until recently these have not been met with interest.

58. To deliver this program, the country team has been seeking to use its modest budget allocation to attract external resources. The knowledge program for Namibia has been supported by mobilizing grants from external trust funds. These add up to over US$2.6 million at present.[36] In

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[35] World Bank Group knowledge services activities underway in FY2013 are listed in Annex 5 on page 42.
[36] A list of trust fund grants active or under preparation in FY2013 appears in Annex 10 on page 49.

December 2012 IFC received MOF's approval for a Namibian dollar-denominated bond issuance as part of IFC's Pan-Africa Medium-Term Note Program.[37]

Lessons from the ISN and recent activities[38]

59. A fundamental lesson from the Bank Group's engagement in Namibia is the need for the client to be in the driver's seat. Activities tailored to the specific needs of government counterparts have enjoyed success (e.g., the statistical capacity building TA, which the Statistician General has been directing to tackle the NSA's most pressing challenges). In contrast, the education DPL program fell short of initial expectations for enhancing the Bank's engagement in Namibia. Although there was demonstrated country ownership in the reform program supported by the DPL series—a program that has succeeded in improving learning outcomes as measured by SACMEQ—the Bank's dialogue with the government was insufficient, and the lending operation went forward without full support of all relevant government stakeholders. This was compounded by the lack of a Bank presence in the country and the government's unfamiliarity with IBRD procedures, leading to delays in Bank supervision and stalling the momentum of dialogue between the Bank and the government on education reforms.

Table 4. FY2008–2009 Interim Strategy Note: Expected Outcomes and Results

ISN Expected Outcomes	**Results**
Expanded access to post-basic education and training Improved quality of education (ETSIP goals)	The education loan supported the following: • Introduction of competency-based education and training in the Vocational Training Centers • 16% increase in math and science enrollment in 2011 (exceeding target of 7%) • 56% increase in vocational and education intake in 2011 (exceeding target of 14%)
Improved national and local natural resource management	GEF grants to ICEMA and NACOMA supported the following: • Increase in area of country under communal conservancies to 19% in 2012 from 5% in 2002 • National Coastal Management Policy and multi-stakeholder institutional structure developed; • Dorob National Park gazetted
Deepened policy dialogue for building a long-term knowledge partnership	• New policy analysis on growth and employment • Technical advisory work on reserve asset management, debt management, financial sector policies • Energy-sector TA to support Namibia Integrated Resource Plan

Sources: Namibia ISN for FY2008–2009; ICRs for ICEMA and Education DPL

[37] MOF approved IFC's request to issue up to US$500 million over the next 5 years or US$1 billion over the next 10 years. The request was a preparatory move to enable IFC to provide local currency solutions to investment clients should demand reach a sufficient level. If the IFC moves forward with this program, funds raised would finance new IFC investments in Namibia.

[38] A CAS Completion Report was not required for the Namibia ISN. The analysis in this section draws on government input into and IEG feedback on ICRs and on consultations held with the GRN, private sector, civil society and international partners. A Client Feedback Survey was fielded in April 2013.

60. A second lesson is the need to focus assistance. The work program has arguably become too diffuse, with staff and financial resources spread too thinly for any activity to have a transformational impact. Selectivity is needed to ensure that the Bank Group concentrates its efforts on the country's most important priorities.

61. Third, limited administrative budget resources have constrained the Bank Group's capacity to respond quickly and effectively to high-priority requests. In the coming years staff will seek to scale up knowledge transfers through the use of new modalities that mobilize more financial resources for tackling development challenges and delivering assistance quickly, and also ensure that activities are closely aligned with client needs.

62. Finally, there is a need to exploit synergies between the Bank, IFC and MIGA. All have considerable expertise in areas highlighted by NDP4 (e.g., infrastructure, financial sector, PPPs, investment climate, natural resource management) that can be brought to bear to provide complementary solutions to development problems.

B. Framework for Future Engagement

63. This section presents a partnership between the Bank Group and Namibia that is rooted in NDP4's goals of growth, job creation, and income equality. The 2013–17 CPS provides a framework for collaboration to find solutions for Namibia's development challenges. It also aims to build a solid foundation for possible future expansion of the Bank Group's engagement.

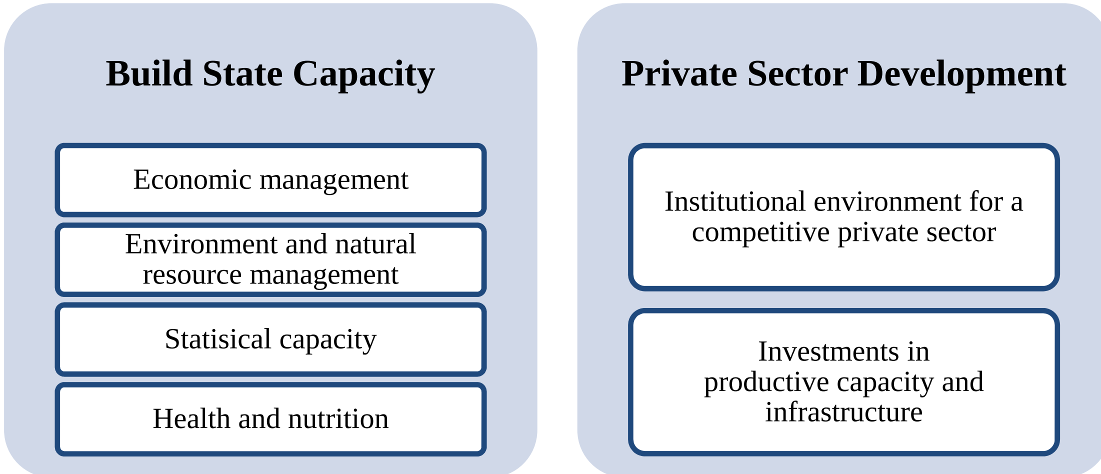
64. The preceding analysis suggests that the World Bank Group can best help Namibia meet its development challenges by concentrating on the following objectives:

- *Improve the state's capacity to design, implement, and monitor policies on strategic issues.* Policy outcomes often fall below expectations due to shortcomings in analysis, data, staff skills, or organizational structures and processes. NDP4 places new demands on existing capacity.
- *Increase the private sector's ability to generate jobs and incomes.* Namibia cannot move onto a trajectory of faster and more inclusive growth without transformative investments in new productive capacities and infrastructure.

65. Nested within each pillar of the CPS are several programs of proposed activities. These reflect the priorities identified in NDP4 and other national strategies, and stakeholder consultations, the strength of demands expressed by the government, the comparative advantage of the Bank Group given existing resource constraints, the potential for activities to have large spillover effects, and the scope for follow-up activities.

66. This collaboration will take place primarily through the transfer and exchange of knowledge. The Bank Group will work to bring the best of global experience to Namibia to find solutions to the country's problems and to facilitate peer learning through South-South knowledge exchanges, including those that are part of WBI's global and regional programs. In addition, the Bank's convening power can provide a global platform for Namibia to export its accomplishments to the rest of the world, for example about its experiences with natural resource conservation.

Figure 11. Proposed Namibia CPS Pillars



67. Although Namibia has access to IBRD financing, the government does not anticipate borrowing in the current economic environment. Should the need arise, the government would be able to access up to US$200 million of IBRD resources to support the financing of investment projects during the CPS period. Possibilities using various mix of instruments could be evaluated when needs arise. The size of IBRD flows would be subject to considerations regarding how government performance evolves during the CPS period, IBRD lending capacity, and demand from other borrowers.

68. This CPS will be adaptive to changing circumstances—this is particularly important given the nature of the Bank Group's engagement in Namibia. The country team will take stock of progress during the CPS period. Programs will be recalibrated as needed or phased out if they no longer show promise. The country team is continually seeking new entry points to strengthen our engagement. Where these lead to sufficient counterpart demand and resources are available, new programs may be added.

69. It is hoped that the 2014–17 CPS period will serve as a transition to more ambitious programs in future CPSs. This CPS aims to build mutual trust through intensive collaboration in a few areas and gain experience with new funding modalities. Both will help to establish a solid foundation on which to construct a more far-reaching engagement in future CPSs, if the government so desires.

Pillar 1: Build State Capacity

70. The first pillar emphasizes strengthening government institutions' ability to more effectively design, execute, and monitor public policies needed to realize NDP4. As discussed in sections 2–3 above, policy outcomes have not matched the level of government spending historically, and in the wake of the global crisis the government faces an even greater need to raise its game. Four planks are envisioned for this pillar.

Economic management

71. Urgent spending priorities, NDP4, and the continued volatility in global markets are placing greater demands on the economic management capacity of government institutions. The treasury, central bank, and municipalities will need to strengthen their core economic manage-

ment systems to meet these challenges. To help meet these needs, the Bank is developing a program of technical advisory and knowledge sharing services to respond to requests for support. Four activities are under discussion or have already been initiated under the program on economic management.

- *Ministry of Finance TA:* The Bank launched technical assistance in 2012 to help MOF improve debt management. A proposed reimbursable advisory services (RAS) agreement would enable the program to be scaled up beyond what would be possible using the Bank's administrative budget and available trust funds to include tools for public expenditure reviews, assistance with implementing the new PPP policy, and technical advice on a policy on financing of subnational entities.
- *Reserve Asset Advisory:* BON has asked the World Bank Treasury for additional assistance from the Reserves Advisory and Management Program to help the central bank mitigate risks of current account shocks.
- *Knowledge-Sharing with Parliamentarians:* Through a partnership with the SADC Secretariat, WBI has been working through Knowledge Exchanges to strengthen capacity of parliamentary committees, including in Namibia, to exercise better oversight over budgets and other economic policies. Development partners have asked WBI to build on this activity through enhanced delivery of courses on fiscal policy, growth, and monitoring of development plans provided by WBI's e-Institute's Structured Learning, as well as South-South knowledge sharing activities.
- *Municipal Public Finance:* The Bank Group's Public-Private Infrastructure Advisory Facility (PPIAF) recently approved a grant to help the City of Windhoek to improve its accounting systems. The country team is exploring the potential for broader reform of Namibia's public accounting and auditing framework, which could lead to improvements in how cities and local authorities manage their finances.

72. **Desired outcome:** These activities aim to build the public sector's capacity through improved organizational structures (e.g., in the debt management office) and through the adoption and routine application of standard tools, practices, guidelines, etc. that enable better management of the economy.

Environment and Natural Resource Management:

73. NDP4 rightly emphasizes that growth and job creation must respect Namibia's fragile ecosystem and vulnerability to climate change. The Bank Group will support Namibia's sustainable use of its environment and natural resources, as well as efforts to manage risks of climate change. For several years the Bank has been providing grant financing for Ministry of Environment and Tourism programs supporting communal conservancies and integrated environmental management in coastal areas. The Bank aims to extend this work during the CPS period with a program of activities on environmental and natural resource management.

- *NACOMA:* The Board of Executive directors approved additional GEF funding for the NACOMA Project in December 2012. This will support implementation of the new Namibia Coastal Management Policy during the CPS period.
- *Climate change:* MET has expressed its interest in obtaining GEF funding for climate change mitigation.
- *Trans-boundary cooperation:* The Bank is working at the regional level to support park infrastructure and tourism development, biodiversity conservation, and local

community development, and also to mitigate human-wildlife conflicts and enforce laws on poaching. The country team proposes to promote greater trans-boundary co-operation in addressing conservation threats, sustainable management of forests and other ecosystems, promoting nature-based tourism, and supporting community-based natural resources management.

74. Namibia's successes with communal conservancies (see Box 1 on page 12) and with integrated natural resource management systems in the coastal zone provide powerful examples for other countries. With the gazetting of Dorob National Park in 2010, the area along Namibia's entire 1,570 km coastline came under protection—the first African country to do so. Namibia's coastal protected areas cover 97,600 square kilometers and include three wetlands designated as Ramsar sites plus part of the Succulent Karoo, one of the world's top biodiversity hotspots. Unique climatic conditions have resulted in specializations of plant and animal species that are seen nowhere else in the world. Managing these resources will require innovative approaches. During the CPS period the Bank will work to help Namibia to maintain its global leadership and share its experiences with the world.

75. **Desired outcome:** These activities are expected to result in implementation of the new coastal management and other environmental policies, expanded adoption of environmentally sensitive tourism practices, and in increased jobs and incomes from sustainable use of Namibia's environment.

Statistical Capacity

76. A third program in the state capacity building pillar aims to improve the collection and use of statistics for evidence-based policy making. A theme that emerged from stakeholder consultations is that the effectiveness of government policies is often hampered by data shortcomings. Important statistics are produced infrequently or not at all; quality is sometimes questioned; until recently dissemination fell short of expectations.[39]

77. During the CPS period, the Bank will work with the GRN to overcome inadequacies in data, statistics, modeling, and monitoring systems that have constrained the government's ability to design and implement public policies. Several activities are underway:

- *Monitoring and Evaluation TA:* NPC has received an IDF grant to support improvements in NPC's systems for performance monitoring and evaluation of NDP4.
- *NSA Capacity Building TA:* A grant from the Trust Fund for Statistical Capacity Building is financing institutional capacity building at the recently created Namibia Statistics Agency. NSA has approached the Bank for additional assistance in producing statistical information needed for monitoring NDP4 implementation—including data related to tourism, regional trade logistics, and competitiveness—as well as technical support with routine statistical outputs (e.g., international trade reports, input-output tables, labor force statistics).

[39] Namibia ranked 106th out of 146 countries in 2012 on the World Bank's statistical capacity index, which measures countries' adherence to internationally recommended standards and methods, the public availability of key statistics, and the frequency of data collection. Improved reporting of existing data, increased frequency of micro-data collection, rebasing the CPI, and preparation of price indices for export, import, and producer prices could add 20 points to Namibia's score, which would place Namibia in the top 40 countries.

- *Natural capital accounting:* The Bank is exploring ways to include Namibia in the Wealth Accounting and Valuation of Environmental Services (WAVES) global initiative. This aims to expand the use of natural capital accounting, which can help direct policies on competing uses of Namibia's biodiversity and natural resource endowment.
- *Road traffic safety surveillance:* In FY2014 the Bank will be supporting a multi-agency effort to improve collection, recording, and reporting of data on injuries in traffic accidents.

78. The Bank also stands ready to collaborate with the GRN in undertaking analysis to inform policies and programs, if such requests are made. Research into the root causes of extreme poverty, distributional effects of the tax regime, and outcomes from social grants are issues of concern to policy makers and areas where the Bank has considerable global expertise.

79. **Desired outcome**: These activities are aimed at increasing the frequency, quality, and dissemination of official statistics and policy analysis. The expanded use of data and statistics to develop, implement, monitor, and evaluate public policies directly supports NDP4's objective of improving NDP execution rates.

Health and Nutrition

80. Achieving NDP4 will require the public sector to improve how it delivers governmental services to people. Namibia faces daunting challenges in improving public health, enhancing peoples' skills, providing access to safe water, and reducing poverty. As discussed above, Namibia directs a greater share of its budget to public services than do many other countries in the region, yet outcomes from these programs often lag behind peers. Furthermore, the sizable external grant funding that has been supporting Namibia's programs on HIV/AIDS is beginning to decline, which will increase pressure on the MOHSS budget.[40]

81. The country team is developing relationships with the GRN and international partners that shows promise to develop a new program in the important area of health, where in recent years the Bank has not enjoyed an extensive engagement. The Bank's assistance on health will be delivered in close collaboration with resident UN agencies and other development partners, whose support to Namibia on health is quite extensive (see Box 2 on page 28), as well as through global and regional knowledge exchanges. Specialized technical assistance will be geared towards integrating communicable and non-communicable disease programs.

82. The Bank is providing technical support to the Namibian Alliance for Improved Nutrition's work to implement the National Nutrition Strategic Plan 2011–2015. It is working with the Pink Ribbon/Red Ribbon global partnership to support the Office of the First Lady's initiatives to integrate women's cervical cancer control into existing health service delivery platforms for HIV/AIDS. Discussions on possible assistance for tobacco control programs are underway. The IFC has had preliminary discussions with the Ministry of Health and Motor Vehicle Accident Fund on structuring a proposed investment in a trauma center as a public-private partnership.

83. Although there is currently no engagement on social protection or education, the World Bank Group stands ready to provide technical support during this CPS period, and will consider

[40] Namibia currently finances only around half of its AIDS response from domestic sources, well below the international target of 70 percent. Ministry of Health and Social Services, "Global AIDS Response Program Report 2012."

potential activities as they are requested by the government. NDP4 calls for strengthening and expanding social protection systems through consolidation of transfer programs, changes in program coverage, rationalization of procedures, etc. Efforts are underway to establish a national pension scheme that would cover all Namibians and a national medical benefit fund. NDP4 also calls for improving the quality of education. Assisting MOE with decentralization is one promising area of engagement.

84. In all these areas, the Bank can help with analysis, technical assistance, and connecting Namibia with other countries to exchange experiences with other practitioners on service delivery systems. The IFC will continue to seek opportunities to make investments in health or provide services to help the GRN structure projects as PPPs. Success in transforming these into a program of activities during the CPS period requires mobilizing new financial resources.

85. **Desired outcome:** Given the limited level of engagement currently, success would be measured first by being able to transform the various expressions of interest into a coherent program of technical cooperation with the government and development partners and also to mobilize funding to sustain such a program. If successfully established, the expected outcome of the program would be reforms that enable the GRN to deliver health, education or social protection services more effectively.

Pillar 2: Private Sector Development

86. NDP4's goals cannot be achieved without increased investment in both physical infrastructure and the private sector's productive capacity. If new investment in labor-intensive production is not forthcoming, Namibia will remain on the path of jobless growth. As mentioned earlier, transport, energy, water, and other physical infrastructure requires significant improvements to support industrial development. NDP4 emphasizes the importance of encouraging private investment in infrastructure, citing risks to macroeconomic stability if the government alone tries to shoulder the burden alone. Investment climate diagnostics point to complex business regulations and challenges in accessing credit, skilled labor, and the use of land at acceptable costs as major constraints to investment.[41] Increased private investment, enhanced firm capacity, effective public-private dialogue, and regulations to ensure well-functioning markets are prerequisites to meeting the growth, job creation, and income equality objectives of NDP4.

87. The World Bank Group will support meeting of these objectives through two programs: one aimed at improving the overall regulatory framework for investment and the other providing assistance with investment transactions.

88. Additional programs under this pillar could be contemplated during the CPS period, should client demand materialize and if resources are mobilized to respond to demand. There are urgent needs to improve workers' skills, foster entrepreneurship, and stimulate innovation, for example.

[41] See for example surveys by the Namibia Chamber of Commerce and Industry, Institute for Public Policy Analysis, and Namibia Manufacturers Association, "Namibian Business and Investment Climate Survey," 2009–2012; World Bank, "Promoting Entrepreneurship in Namibia: Constraints to Microenterprise Development," 2011; and World Bank, "An Assessment of the Investment Climate in Namibia," 2007.

Regulatory Framework to Support a Competitive and Resilient Private Sector

89. A country's regulatory framework plays a vital role in facilitating private investment by ensuring that markets work efficiently and are resilient to shocks. Namibia is taking steps to strengthen this framework, for example by creating a competition authority, launching a 10-year Financial Sector Strategy in 2012, updating the investment act, and preparing new legislation to govern financial institutions and markets. The Bank has been providing support through analysis of constraints facing microenterprises and through technical assistance to BON on micro-credit regulations, financial sector crisis management, and piloting new methods for analyzing risks of money laundering.

90. During the CPS period the Bank will deliver a series of activities in the financial sector building on the strong relationship with BON.

- *Central securities depository TA:* The Bank is launching TA to help BON and NAMFISA develop a central securities depository, which would reduce transaction costs of bond trading and promote development of the domestic capital market.
- *Insolvency and creditors rights review:* A sound insolvency and creditor/debtor regime is both a defensive tool against crises, in that it provides a safety valve for widespread financial distress, as well as an inducement to investment as it contributes to flexibility and certainty in investment.
- *FSAP:* BON has requested the Bank and IMF to conduct a new FSAP in 2014.

91. Two other TA activities are underway that show promise for future development. First, the Namibia Competition Commission (NaCC) has requested assistance from the Bank Group's Competition Policy Practice Group to develop measures to prevent anti-competitive practices from undermining growth and job creation. A review of the competition framework is being launched in FY2013. Second, work on a Doing Business Reform Memorandum was initiated in early 2013. An action plan for streamlining business regulations is expected by mid-year.

92. **Desired outcome:** The expected outcome of this program is that the government introduces reforms that reduce transaction costs and increase the resilience of markets, especially financial services and capital markets, and that reduce the costs that firms face in complying with business regulations.

Support for private investments in production and infrastructure

93. A second program in this pillar provides more direct support for investments through IFC debt and equity investments in Namibian firms, MIGA credit enhancement and risk insurance products, PPP transaction support, and technical advice on structuring investments. There have been some successes to date in these areas: IFC has made loans to firms in tourism, fisheries, and financial services industries; a Bank-IFC team is providing advice to MOF on structuring the Kudu gas-to-electricity project; PPIAF financed a financial analysis of a railway connecting the Walvis Bay seaport to Botswana's coalfields. Moreover, there have been expressions of interest from government officials and from firms in IFC and MIGA offerings that will provide additional opportunities to support private investments into Namibia, including credit enhancement and risk insurance solutions for the Kudu project.

94. The IFC aims to support the NDP4's goals of faster growth, more employment and greater income equality through both its investment and advisory services. Several appear to be prom-

ising. Currently IFC is appraising an expansion of its investment in Trustco through a US$11 million equity investment and a guarantee of Trustco's US$40 million maiden bond issuance. An agricultural business recently approached the IFC to invest in the firm's expansion plan. The Bank, IFC and WWF are collaborating to raise awareness about the financial viability of tourism joint ventures with communal conservancies.

95. The infrastructure investments called for under NDP4 provide potential entry points for the Bank Group to provide support. Some of these investments will be made by SOEs. The Board of Directors recently approved the expansion of the Non-Honoring of Financial Obligations guarantee available through MIGA to include financial obligations of creditworthy SOEs. This guarantee could provide a diversification of long-term funding sources for SOEs in Namibia and would enable the SOEs to borrow on the strength of their own balance sheet without any additional sovereign support. MIGA's expanded Breach of Contract product could facilitate SOE financing at appropriate tenors. Other investments are expected to be PPPs, MIGA products, IFC advisory services, and PPIAF grants that can help facilitate increased private investment through PPPs.

96. There is also potential demand from IFC and MIGA products by Namibian firms seeking to invest in neighboring countries. MIGA's Small Investment Program offers political risk insurance that would be appealing to medium-sized firms interested in expanding their operations to countries such as Angola. Supporting outward investments by Namibian firms a priority for the IFC as well.

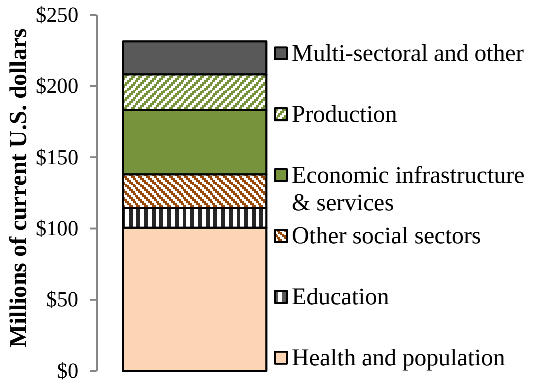
97. **Desired outcome**: There remains limited awareness in Namibia of opportunities to use Bank Group services to increase private investment. One important measure of success of this program, therefore, is to increase the number of investments made by the IFC or with Bank Group support.

V. PARTNERSHIPS

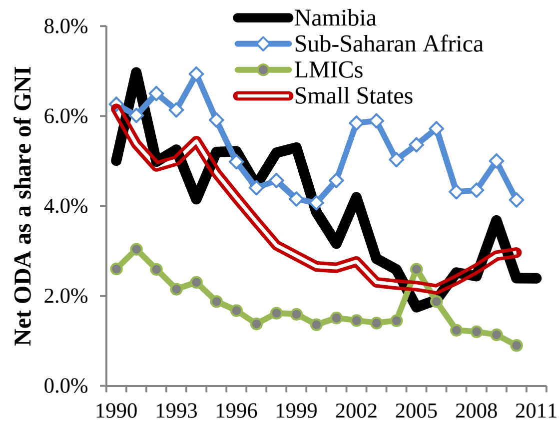
98. Partnerships are an important aspect of the Bank Group's engagement in Namibia and will be critical for the success of the CPS. The Bank played an integral role in initiating multi-donor support for education, both through the DPL series and the analytical work that accompanied it. The GEF-financed ICEMA Project was implemented through close collaboration with the CBNRM community. A number of ongoing activities are being delivered jointly with partners: debt management TA with MEFMI, regional training on innovation with the Embassy of Finland and the Southern Africa Innovation Support Program, analysis of tourism with WWF, the FSAP with the IMF, and the regional trade facilitation assessment with the SACU Secretariat, to cite a few examples. Proposed future work on statistical capacity building and poverty analysis would be coordinated with the UN and other partners active in Namibia.

Box 2. Official Development Assistance to Namibia

ODA to Namibia by Sector, 2011



ODA Flows, 1990–2011



Receipts	**2009**	**2010**	**2011**
Net ODA (USD million)	$325.5	$256.4	$284.6
Bilateral share (gross ODA)	76%	82%	83%
Net ODA / GNI	3.7%	2.4%	2.4%

Top Donors	**2010–11 avg**
United States	US$115.1
Germany	$51.4
Japan	$35.9
EU Institutions	$21.2
Global Fund	$18.8

Source: OECD DAC, World Development Indicators

99. Nowhere are partnerships more important in the CPS than in the dialogue to establish a program on health. Namibia has been receiving, on average, around US$290 million in official development assistance (ODA) in recent years (see Box 2).[42] Around 60 percent of ODA flows to health, education and other social sectors, and grant funding on health provided by USAID, the Global Fund, makes up the lion's share of this ODA. WHO, UNICEF, UNAIDS and other members of the UN family enjoy a deep and longstanding relationship with Namibia. The Bank has been working with these partners to develop its engagement in the health sector. The Bank is contributing technical expertise to the international community's support for work in Namibia on malnutrition, stunting, and cervical cancer, and is also connecting the GRN to a regional community of practice on tobacco control.

VI. RISK ASSESSMENT

A. Country Risks

100. Both NDP4 and the CPS assume macroeconomic stability, growth, and continued government commitment to poverty reduction programs. All three conditions face risks from the external economic environment in the form of market shocks (e.g., trade shocks or exchange rate volatility), reductions in external grants for HIV/AIDS, or declining SACU revenue transfers.

[42] It should be noted that less than one-tenth of total ODA flows through the treasury into the GRN budget. The latest MOF budget data show external grants received by the treasury were 0.19 percent of GDP, versus total ODA to Namibia of 2.4 percent of GNI.

They face risks from the natural environment. Namibia is prone to both drought and floods, which can cause significant loss of life and economic disruptions that could derail the government's growth strategy.[43] They face risks stemming from domestic policy weaknesses. MOF reports that Namibia is close to exhausting its fiscal space.[44] Spending obligations seem destined to rise in the near future as NDP4 calls for ambitious spending on infrastructure and targeted productive sectors.[45] The GRN is also committed to introduce a national pension scheme and a health insurance benefit. Resources for development programs are being claimed by the rapidly growing public sector wage bill. If NDP4 fails to stimulate growth and employment—and thereby fails to generate increased tax revenue—fiscal deficits could risk becoming unsustainable.

B. Financing Risks

101. The CPS assumes that the country team will succeed in mobilizing new financial resources: e.g., external trust funds, RAS agreements for the knowledge program, fee-based arrangements to support IFC's PPP transaction support. The inability to catalyze these new resources would necessitate scaling down the overall level of engagement or changing program priorities proposed in the CPS.

C. Program Implementation, Alignment and Coordination Risks

102. Weaknesses in state capacity identified above pose risks to effective implementation of the CPS program. Requests for Bank Group support often emerge from ministries or other agencies without central coordination. Similarly, programming within the Bank Group has historically been somewhat fragmented across sectors and Bank Group institutions. Opportunistic activities have weakened program coherence. There is a risk that the Bank Group's work program may become uncoordinated over time and lose alignment with both the CPS and NPD4. To ensure selectivity based upon government demand, the country team proposes establishing a mechanism of regular reviews with MOF and NPC to review CPS implementation.

[43] Government of the Republic of Namibia, "Post-Disaster Needs Assessment: Floods 2009," notes that Namibia suffered from either floods or droughts every year between 2004 and 2009. The PDNA estimated damage from the 2009 floods to be around 1 percent of 2009 GDP. More widespread flooding occurred in 2011, and the 2013 drought is the most severe in 14 years.
[44] Republic of Namibia, "Fiscal Policy Framework 2013/14 to 2015/16," (February 2013), page 22.
[45] NDP4 estimates that needed investments in infrastructure will require N$187 billion, which is roughly twice the size of 2012 GDP.

VII. CPS ANNEXES

Annex 1. CPS Results Matrix

<table>
<tr><th>Government Outcomes Supported by the CPS (with sources)</th><th>Obstacles and Issues</th><th>CPS Milestones, Outputs, Outcomes</th><th>Activities, Instruments and Partners</th></tr>
<tr><td>Pillar 1. Build State Capacity</td><td colspan="3">Economic Management Program</td></tr>
<tr><td rowspan="2">NDP4 investments are made without jeopardizing macroeconomic stability through greater use of PPPs. (NDP4)

Government must improve internal efficiency (2013 budget speech)

Fundamental pillar of FY13/14-15/16 MTEF is to rebuild fiscal buffers, including stabilizing growth in public debt</td><td rowspan="2">The 2005 Sovereign Debt Management Strategy has expired. Debt and macroeconomic policies not fully informed by debt analytics.

MOF lacks capacity to systematically analyze expenditure efficiency.

Cabinet has approved a PPP policy, but no institutional capacity yet exists to implement it.

Public auditing and accounting systems do not fully comply with international standards; SOEs' and municipalities' lack of audited financial statements hinders their ability to obtain financing for infrastructure investments and municipal services</td><td>Outcomes:
Debt management and analysis capacity increased
2014: debt strategy informed by risk-cost analysis
2015: MOF fiscal framework includes results of DSA
2015: BON economic outlook includes results of DSA

Improved expenditure analysis capacity
2016: PERs underway for 3 ministries

Capacity to manage PPP created
2015: pipeline of PPPs developed
2016: evaluation guidelines adopted</td><td rowspan="2">AAA Activities
• MOF Economic Management TA
• TA to City of Windhoek on financial management
• Accounting and Auditing ROSC (if requested)

Partners:
Authorities: MOF, BON, NPC City of Windhoek

International: EU, IMF, MEFMI

Trust funds: Gates Foundation, PPIAF</td></tr>
<tr><td>Outputs:
Training provided in use of IMF-WB debt analytical tools (FY14)

BOOST tool delivered (FY14)

Technical support provided for MOF's sectoral PERs (FY14–16)

Technical advice on PPPs delivered to MOF (FY15–16)</td></tr>
</table>

Government Outcomes Supported by the CPS (with sources)	Obstacles and Issues	CPS Milestones, Outputs, Outcomes	Activities, Instruments and Partners
Pillar 1. Build State Capacity	***Environmental Management Program***		
Promote sustainable economic, social and cultural opportunities while maintaining biodiversity and ecological integrity (NDP4) Conserve, use sustainably and mainstream the biodiversity of the Namibian coast (National Policy on Coastal Management)	Most sources of economic growth depend on Namibia's fragile ecosystems and are vulnerable to climate change. There is especially intense competition along the coast. The National Policy on Coastal Management has been approved by the cabinet but still needs to be implemented.	*Outcomes:* National Policy on Coastal Management is implemented and the integrated coastal zone management approach is mainstreamed • The number of plans and strategies in the coastal area that incorporate biodiversity issues increases to 53 by 2015 from 47 in 2012 Expanded economic opportunities in sustainable use activities • Employment in sustainable use activities increases to 21,975 by 2015 from 18,795 in 2012 *Outputs:* Strategic studies and consultations delivered (FY14–16) Educational materials and communications and training programs provided for policy makers (FY14–16) Matching grants to finance investments in coastal protected areas (FY14–16)	Activities: • NACOMA 2 GEF project (US$ 1.92 million) • GEF investments in climate change and trans-boundary conservation, if requested) Partners: Authorities: GRN: MET, Integrated Coast Zone Management Committee Trust Funds: GEF

Pillar 1. Build State Capacity	***Statistical Capacity Program***		
Improve NDP execution through improved performance monitoring and evaluation mechanisms, including improving the national statistics system to enhance the quality of data. (NDP4 Desired Outcome 10) Increase research on the root causes of extreme poverty (part of NDP4 Desired Outcome 4)	The quality and frequency of producing many official statistics are low by international standards. Some have never been produced. Release of statistics to the public has been slow and incomplete. Policies often are not developed through public debate based on policy analysis. Systems for using data to monitor policy implementation and inform revisions or evaluation are weak.	*Outcomes:* Increased capacity of NSA to gather and release statistics in accordance with international standards. Progress indicated by increases in score on WB Index of Statistical Capacity 2012: 56 2015: 67 2018: 78 NPC's capacity to monitor NDP4 increased 2014: sectoral baseline indicators compiled 2015: national M&E framework adopted *Outputs:* Training in data dissemination and analysis tools (ADP, ADePT, etc.) (FY14) Delivery of technical advice on multi-topic household surveys and economic statistics. (FY14–16).	Activities: • IDF grant to NPC for performance monitoring • TFSCB grant to NSA for institutional development • Regional statistical capacity training (if approved) • ESW/TA on poverty and inequality analysis (if requested) Partners Authorities: NSA, NPC, MOF International: OECD/Paris 21, resident UN agencies Trust Funds: TFSCB, IDF,

Pillar 1. Build State Capacity	***Health and Nutrition Program***		
By 2017, Namibians have access to a quality health system (NDP desired outcome 3)	Health service delivery systems are fragmented (by type of disease). MOHSS is faced with challenge of financing programs currently funded by external grants. Child malnutrition and stunting rates are very high.	*Outcomes:* Increased integration of systems for addressing communicable and non-communicable diseas-es 2014: national nutrition plan launched 2015: tobacco control framework strength-ened 2015: cervical cancer control measures in-corporated into HIV/AIDS programs South-South knowledge sharing through *Outputs:* Advisory work to fully cost the nutrition strategy delivered (FY14) Technical support on cervical cancer systems provided in conjunction with Pink Ribbon/Red Ribbon global partnership (FY14) Namibia included in regional tobacco trade community of practice. (FY14)	Activities: • Health Sector Policy Dialogue TA • Follow-up TA if requested Partners: Authorities: MOHSS, OPM International: WHO, UNICEF, UNAIDS and other UN agencies; USAID; IMF Trust Funds: Gates Foundation, Bloomberg Foundation

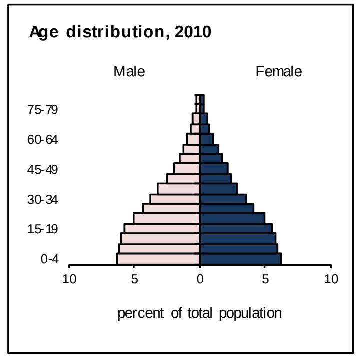
Pillar 2. Private Sector Development	***Institutional Environment for a Competitive Private Sector Program***		
By 2017, Namibia is the most competitive economy in SADC, as measured by the WEF CGI (NDP4 desired outcome 1) By 2021, Namibia has an effective, efficient, stable, competitive, resilient and inclusive financial system. (Financial Sector Strategy goals)	Namibia is falling behind other countries in Doing Business, Global Competitiveness Index and other competiveness rankings. High transaction costs, unclear insolvency regime, vulnerability to shocks, and weak price discovery discourage financial sector deepening. Firms and SOEs with market power dampen competition.	*Outcome:* Financial sector more resilient and supportive of investment 2014: financial sector crisis management plan adopted 2017: central securities depository established Competition policy framework strengthened 2015: NaCC incorporates market analysis into decisions GRN proposes regulatory reforms that reduce documents needed to start a business and days needed to import a container 2012: 10 documents to start a business; 25 days to import a container (DB2013) 2017: 5 documents to start a business; 16 days to import a container (RSA levels in DB2013) *Outputs:* Analysis of price competition in key markets delivered (FY14) Insolvency and Creditor/Debtor Regime ROSC delivered (FY14) Technical advice provided on central securities depository (FY14–15) Policy note on anti-trust legal framework delivered (FY15) FSAP delivered (FY16)	Activities: • TA to NaCC (FY14) • ICR ROSC (FY14) • Central Securities Depository TA (FY14) • FSAP (FY15–16) • TA to implement Doing Business Reform Memorandum recommendations (if requested, FY14) Partners: Authorities: BON, NAMFISA, MOF, MOJ/Law Reform and Development Commission, NaCC, MTI International: IMF, GIZ, Trust Funds: FIRST

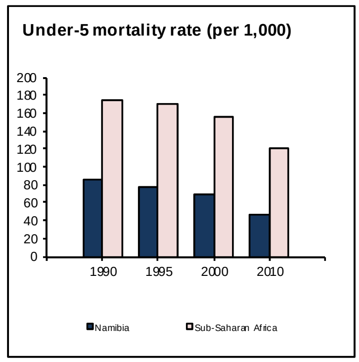
Pillar 2. Private Sector Development	***Investments in Production and Infrastructure Program***		
NDP4 Desired Outcomes relevant to possible WBG activities: • Namibia shall have a well-functioning, high quality transport infrastructure connected to major local and regional markets as well as linked to Walvis Bay (DO 5.1) • Namibia will have in place adequate base load energy to support industry development, with generation capacity increased to 750 megawatts (DO 5.2) • Increased access to water for human consumption to 100% of the population (from 85%) as well as sufficient water reserves for industrialization (DO 5.3) • The Port of Walvis Bay has become the preferred African West coast port and logistics corridor for southern and central African logistics operations. (DO 6) • Namibia is the most competitive tourist destination in Africa by 2017, as measured by the WEF. (DO 7) • The contribution of general manufacturing in constant Namibian dollar terms has increased by 50 percent over 2010. (DO 8) • Agriculture experiences average real growth of 4 percent per annum over the NDP4 period (DO 9)	The scale of investment needed in public infrastructure exceeds GRN and SOE's capacity. Private sector financing must be mobilized, but: • Many potential investments require complex government-parastatal-private sector arrangements that can be difficult to organize. • Lenders are reluctant to lend to SOEs even with sovereign guarantees. Potential investors in tourism joint ventures with communal conservancies lack information about the sector. New livestock producers lack expertise, information about auctions and marketing arrangements.	*Outputs:* Case study on communal conservancy tourism joint ventures presented at Adventure Travel World Summit (FY14). GRN concludes agreement with IFC to organize at least one PPP investment. (by FY17) MIGA services used by at least one investor. (by FY17) IFC makes at least one new investment. (FY14)	Activities • FPD-IFC study on joint ventures with communal conservancies • IFC investment in Trustco (proposed) Partners Authorities: MET, MTI, MOF, MME, MWT NGOs: WWF, Walvis Bay Corridor Group, NACSO Trust funds: Umbrella Trade Facility

Annex 2. Namibia at a Glance

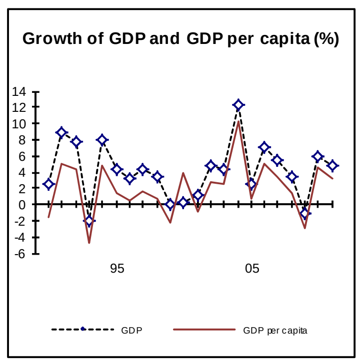
5/20/13

Key Development Indicators	Namibia	Sub-Saharan Africa	Upper middle income
(2011)			
Population, mid-year (millions)	2.3	875	2,490
Surface area (thousand sq. km)	824	24,243	59,328
Population growth (%)	1.7	2.5	0.7
Urban population (% of total population)	42	37	57
GNI (Atlas method, US$ billions)	11.4	1,004	14,429
GNI per capita (Atlas method, US$)	4,890	1,176	5,884
GNI per capita (PPP, international $)	6,801	2,363	10,957
GDP growth (%)	4.9	4.8	7.8
GDP per capita growth (%)	3.2	2.3	7.1
(most recent estimate, 2005–2011)			
Poverty headcount ratio at $1.25 a day (PPP, %)	32	48	..
Poverty headcount ratio at $2.00 a day (PPP, %)	51	69	..
Life expectancy at birth (years)	65	54	73
Infant mortality (per 1,000 live births)	46	76	17
Child malnutrition (% of children under 5)	..	22	3
Adult literacy, male (% of ages 15 and older)	89	71	96
Adult literacy, female (% of ages 15 and older)	88	54	91
Gross primary enrollment, male (% of age group)	99	104	111
Gross primary enrollment, female (% of age group)	100	95	111
Access to an improved water source (% of population)	84	61	93
Access to improved sanitation facilities (% of population)	40	31	73





Net Aid Flows	**1980**	**1990**	**2000**	**2011** [a]
(US$ millions)				
Net ODA and official aid	–	120	152	259
Top 3 donors (in 2010):	–			
United States	–	0	10	117
Japan	–	0	5	41
Germany	–	10	24	24
Aid (% of GNI)	–	5.0	3.9	2.4
Aid per capita (US$)	–	84	80	113
Long-Term Economic Trends				
Consumer prices (annual % change)	–	12.0	9.0	5.1
GDP implicit deflator (annual % change)	–	4.2	10.7	6.8
Exchange rate (annual average, local per US$)	–	2.6	6.9	7.3
Terms of trade index (2000 = 100)	–	91	100	115



	1980	1990	2000	2011	**1980–90**	**1990–2000**	**2000–11**
					(average annual growth %)		
Population, mid-year (millions)	1.0	1.4	1.9	2.3	3.6	2.9	1.8
GDP (US$ millions)	–	2,348	3,909	12,511	–	5.2	11.2
		(% of GDP)					
Agriculture	–	7.5	6.7	4.8	–	0.7	1.6
Industry	–	15.5	28.0	19.7	–	5.5	5.3
Manufacturing	–	11.2	12.8	12.9	–	5.8	5.2
Services	–	58.7	60.2	64.5	–	5.1	5.0
Household final consumption expenditure	–	50.6	60.8	63.1	–	5.6	5.6
General gov't final consumption expenditure	–	27.7	23.5	24.7	–	4.0	4.4
Gross capital formation	–	33.7	17.1	19.8	–	9.4	7.2
Exports of goods and services	–	46.9	40.9	44.7	–	7.2	5.4
Imports of goods and services	–	55.5	44.5	52.4	–	8.0	7.9
Gross savings	–	34.8	27.7	24.6		..	..

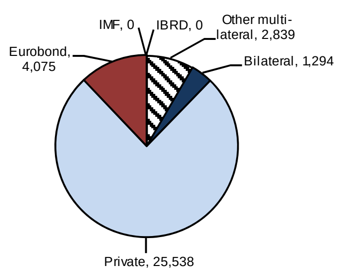
Note: Figures in italics are for years other than those specified. 2011 data are preliminary. .. indicates data are not available.
a. Aid data are for 2010.

Balance of Payments and Trade	2000	2011
(US$ millions)		
Total merchandise exports (fob)	1,328	4,655
Total merchandise imports (cif)	1,414	5,837
Net trade in goods and services	-143	-1,196
Current account balance	323	-416
as a % of GDP	8.3	-3.3
Workers' remittances and compensation of employees (receipts)	9	*15*
Reserves, including gold	268	1,811

Central Government Finance		
(% of GDP)		
Current revenue (including grants)	33.4	32.9
Tax revenue	30.0	29.4
Current expenditure	33.1	30.5
Overall surplus/deficit	-3.5	-7.2
Highest marginal tax rate (%)		
Individual	36	*37*
Corporate	35	*35*

External Debt and Resource Flows		
(US$ millions)		
Total debt outstanding and disbursed	85	4,248
Total debt service	5	511
Debt relief (HIPC, MDRI)	–	–
Total debt (% of GDP)	2.2	34.0
Total debt service (% of exports)	0.2	9.6
Foreign direct investment (net inflows)	184	1,052
Portfolio equity (net inflows)	-139	-321

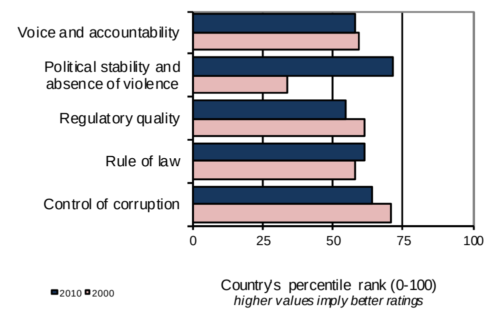
Composition of total external debt, 2011



N$ millions

Private Sector Development	2000	2011
Time required to start a business (days)	–	66
Cost to start a business (% of GNI per capita)	–	18.5
Time required to register property (days)	–	39
Ranked as a major constraint to business	**2000**	**2010**
(% of managers surveyed who agreed)		
Crime	..	*20.6*
Tax rates	..	*17.2*
Stock market capitalization (% of GDP)	8.0	10.6
Bank capital to asset ratio (%)	*8.7*	8.4

Governance indicators, 2000 and 2010



Source: Worldwide Governance Indicators (www.govindicators.org)

Technology and Infrastructure	2000	2010
Paved roads (% of total)	*13.6*	*14.7*
Fixed line and mobile phone subscribers (per 100 people)	10	74
High technology exports (% of manufactured exports)	18	*0.9*

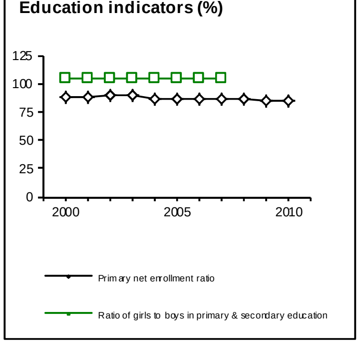
Environment		
Agricultural land (% of land area)	47	*47*
Forest area (% of land area)	9.8	*9.3*
Terrestrial protected areas (% of land area)	14.5	14.9
Freshwater resources per capita (cu. meters)	*3,122*	*2,747*
Freshwater withdrawal (billion cubic meters)	..	..
CO2 emissions per capita (mt)	0.93	*1.8*
GDP per unit of energy use (2005 PPP $ per kg of oil equivalent)	8.4	*7.4*
Energy use per capita (kg of oil equivalent)	537	*764*

World Bank Group portfolio	2000	2010
(US$ millions)		
IBRD		
Total debt outstanding and disbursed	0	0
Disbursements	0	0
Principal repayments	0	0
Interest payments	0	0
IDA		
Total debt outstanding and disbursed	–	–
Disbursements	–	–
Total debt service	–	–
IFC *(fiscal year)*		
Total disbursed and outstanding portfolio	9	0
of which IFC own account	9	0
Disbursements for IFC own account	1	0
Portfolio sales, prepayments and repayments for IFC own account	1	1
MIGA		
Gross exposure	–	–
New guarantees	–	–

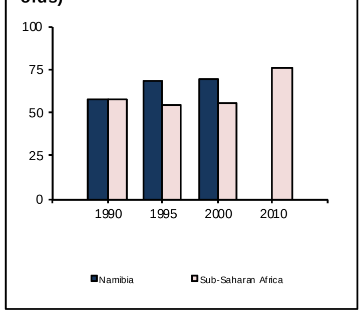
With selected targets to achieve between 1990 and 2015
(estimate closest to date shown, +/- 2 years)

	Namibia			
Goal 1: halve the rates for extreme poverty and malnutrition	**1990**	**1995**	**2000**	**2010**
Poverty headcount ratio at $1.25 a day (PPP, % of population)	..	*49.1*	*319*	20.6
Poverty headcount ratio at national poverty line (% of population)	..	*69.3*	*37.7*	28.7
Share of income or consumption to the poorest quintile (%)	..	14	*3.5*	3.5
Prevalence of malnutrition (% of children under 5)	*26.2*	..	24.0	..
Goal 2: ensure that children are able to complete primary schooling				
Primary school enrollment (net, %)	79	86	88	85
Primary completion rate (% of relevant age group)	*74*	69	91	81
Secondary school enrollment (gross, %)	38	56	60	*64*
Youth literacy rate (% of people ages 15-24)	87	90	92	93
Goal 3: eliminate gender disparity in education and empower women				
Ratio of girls to boys in primary and secondary education (%)	*108*	..	105	*101*
Women employed in the nonagricultural sector (% of nonagricultural employment)	..	..	49	*48*
Proportion of seats held by women in national parliament (%)	7	*18*	22	*27*
Goal 4: reduce under-5 mortality by two-thirds				
Under-5 mortality rate (per 1,000)	86	77	69	*62*
Infant mortality rate (per 1,000 live births)	60	55	50	*46*
Measles immunization (proportion of one-year olds immunized, %)	57	68	69	*73*
Goal 5: reduce maternal mortality by three-fourths				
Maternal mortality ratio (modeled estimate, per 100,000 live births)	200	200	280	200
Births attended by skilled health staff (% of total)	*68*	..	76	*81*
Contraceptive prevalence (% of women ages 15-49)	*29*	..	44	*55*
Goal 6: halt and begin to reverse the spread of HIV/AIDS and other major diseases				
Prevalence of HIV (% of population ages 15-49)	16	7.1	15.3	*13.1*
Incidence of tuberculosis (per 100,000 people)	260	456	623	*697*
Tuberculosis case detection rate (%, all forms)	27	11	53	82
Goal 7: halve the proportion of people without sustainable access to basic needs				
Access to an improved water source (% of population)	57	69	80	84
Access to improved sanitation facilities (% of population)	24	25	24	40
Forest area (% of land area)	10.6	..	9.8	*9.3*
Terrestrial protected areas (% of land area)	14.4	14.4	14.5	14.9
CO2 emissions (metric tons per capita)	0.0	11	0.9	*18*
GDP per unit of energy use (constant 2005 PPP $ per kg of oil equivalent)	*9.4*	7.9	8.4	*7.4*
Goal 8: develop a global partnership for development				
Telephone mainlines (per 100 people)	3.7	4.8	5.8	6.7
Mobile phone subscribers (per 100 people)	0.0	0.2	4.3	67.2
Internet users (per 100 people)	0.0	0.0	16	6.5
Computer users (per 100 people)	..	..	..	..

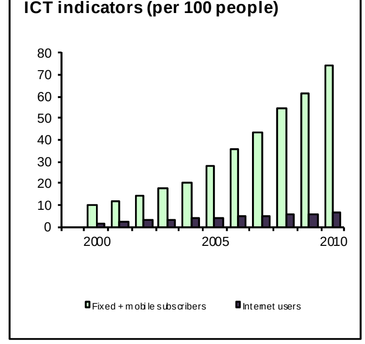
Education indicators (%)



Measles immunization (% of 1-year olds)



ICT indicators (per 100 people)



Note: Figures in italics are for years other than those specified. .. indicates data are not available. 5/16/13

Annex 3. Bank Portfolio Performance

CAS Annex B2 - Namibia
Selected Indicators* of Bank Portfolio Performance and Management
As Of Date 3/1/2013

Indicator	2010	2011	2012	2013
Portfolio Assessment				
Number of Projects Under Implementation [a]	2	1	1	0
Average Implementation Period (years) [b]	5.5	5.8	6.8	0.0
Percent of Problem Projects by Number [a, c]	50.0	0.0	0.0	0.0
Percent of Problem Projects by Amount [a, c]	59.2	0.0	0.0	0.0
Percent of Projects at Risk by Number [a, d]	50.0	0.0	0.0	0.0
Percent of Projects at Risk by Amount [a, d]	59.2	0.0	0.0	0.0
Disbursement Ratio (%) [e]	39.0	79.0	73.1	68.7
Portfolio Management				
CPPR during the year (yes/no)				
Supervision Resources (total US$)	80	40	45	22.5
Average Supervision (US$/project)	40	40	45	22.5

Memorandum Item	Since FY 80	Last Five FYs
Proj Eval by IEG by Number	1	1
Proj Eval by IEG by Amt (US$ millions)	0.0	0.0
% of IEG Projects Rated U or HU by Number	0.0	0.0
% of IEG Projects Rated U or HU by Amt	0.0	0.0

a. As shown in the Annual Report on Portfolio Performance (except for current FY).
b. Average age of projects in the Bank's country portfolio.
c. Percent of projects rated U or HU on development objectives (DO)or implementation progress (IP).
d. As defined under the Portfolio Improvement Program.
e. Ratio of disbursements during the year to the undisbursed balance of the Bank's portfolio at the beginning of the year: Investment projects only.
* All indicators are for projects active in the Portfolio, with the exception of Disbursement Ratio, which includes all active projects as well as projects which exited during the fiscal year.

Annex 4. IFC Investment Operations Program

Annex B3

Namibia: IFC Investment Operations Program

	2010	2011	2012	2013*
Original Commitments (US$m)				
IFC and Participants		10.80		
IFC's Own Accounts only		10.80		
Original Commitments by Sector (%)- IFC Accounts only				
EDUCATION SERVICES		100		
Total	0	100	0	0
Original Commitments by Investment Instrument (%) - IFC Accounts only				
Loan		100		
Total	0	100	0	0

* Data as of March 01,2013

Annex 5. Knowledge Activities Recently Completed or Underway

CAS Annex B4 - Summary of Nonlending Services - Namibia

As Of Date 3/1/2013

Product	*Completion FY*	*Cost (US$000)*	*Audience* [a]	*Objective* [b]
Recent completions				
Health Sector Note (P110113)	2010	190	Gov	KG
Post-Disaster Needs Assessment (P116815)	2010	450	Gov, Don,	KG, PD
Post-ICA follow up: Informality Survey(P118008)	2011	95	Gov, Pub	KG, PS
Macro Modelling (P119790)	2010	60	Gov	PS
Risk and Vulnerability Assessment Project (P122652)	2011	50	Gov	PS
Policy Notes on Growth and Employment (P122957)	2012	325	Gov, Pub	KG, PD
Macro Modelling (P124153)	2012	25	Gov	PS
Legal and Regulatory Framework for Microfinance (P124587)	2012	165	Gov	PS
Financial Crisis Simulation Program (P124616)	2012	245	Gov	PS
Underway				
Climate Risks Policy Dialogue (P118089)	*2013*	425	Gov	PS
Money Launding Risk Assessment (P130777)	*2013*	60	Gov	KG, PS
Crisis Management Plan (P132068)	*2013*	264	Gov	PS
Development of the Integrated Resource Plan (P122209)	*2014*	1,000	Gov, Pub	KG, PS, PD
Statistical strategy development and capacity building (P128888)	*2014*	390	Gov	PS
Policy dialogue on NCDs and injuries (P132790)	*2014*	75	Gov, Don	PS
Case Studiy of Nature Conservancies Joint Ventures (P144878)	*2014*	40	Pub, Gov	KG
Insolvency and Creditor Regime ROSC (P144909)	*2014*	140	Gov	KG
Financial Reporting for the City of Windhoek (P145015)	*2014*	75	Gov	PS
City Development Strategies Pilot (P121462)	*2015*	250	Gov	PS
Performance management and M&E (P124968)	*2015*	490	Gov	PS
TA to Ministry of Finance on Economic Management (P133682)	*2015*	175	Gov	PS
Strengthening Competition Policy (P143427)	*2015*	160	Gov	PS

a. Government, donor, Bank, public dissemination.

b. Knowledge generation, public debate, problem-solving.

Annex 6. Social Indicators

	Latest single year			Same region/income group	
	1980-85	1990-95	2005-11	Sub-Saharan Africa	Upper-middle-income
POPULATION					
Total population, mid-year *(millions)*	1.1	1.7	2.3	853.4	2,452.1
Growth rate *(% annual average for period)*	2.6	3.1	1.8	2.5	0.7
Urban population *(% of population)*	26.4	29.8	37.9	37.4	57.4
Total fertility rate *(births per woman)*	6.2	5.2	3.7	4.9	1.8
POVERTY					
(% of population)					
National headcount index	..	69.3	28.7		
Urban headcount index	..	39.0	14.6		
Rural headcount index	..	81.6	37.4		
INCOME					
GNI per capita *(US$)*	1,120	2,210	5,110	1,258	6,563
Consumer price index *(2005=100)*	21	68	123	147	127
INCOME/CONSUMPTION DISTRIBUTION					
Gini index	..	64.6	59.7		
Lowest quintile *(% of income or consumption)*	..	1.4	5.7		
Highest quintile *(% of income or consumption)*	..	78.7	56.5		
SOCIAL INDICATORS					
Public expenditure					
Health *(% of GDP)*	..	..	5.3	3.0	3.0
Education *(% of GNI)*	..	..	8.9	5.0	4.8
Net primary school enrollment rate					
(% of age group)					
Total	..	..	72	75	94
Male	..	..	69	77	93
Female	..	..	74	73	95
Access to an improved water source					
(% of population)					
Total	..	69	84	61	93
Urban	..	98	..	83	98
Rural	..	57	..	49	86
Immunization rate					
(% of children ages 12-23 months)					
Measles	..	68	73	75	96
DPT	..	74	86	77	96
Child malnutrition *(% under 5 years)*	..	26	18	22	3
Life expectancy at birth					
(years)					
Total	60	60	65	54	73
Male	59	58	64	53	71
Female	62	62	66	55	75
Mortality					
Infant *(per 1,000 live births)*	65	55	46	76	17
Under 5 *(per 1,000 live births)*	97	77	42	121	20
Adult (15-59)					
Male *(per 1,000 population)*	427	373	288	379	161
Female *(per 1,000 population)*	366	318	228	346	100
Maternal *(per 100,000 live births)*	..	200	200	650	60
Births attended by skilled health staff *(%)*	..	68	81	46	98

CAS Annex B5. 05/23/13

Note: 0 or 0.0 means zero or less than half the unit shown. Net enrollment rate: break in series between 1997 and 1998 due to change from ISCED76 to ISCED97. Immunization: refers to children ages 12-23 months who received vaccinations before one year of age or at any time before the survey.

Annex 7. Key Economic Indicators

Indicator	Actual					Estimtate	Projected		
	2007	2008	2009	2010	2011	2012	2013	2014	2015
National accounts (as % of GDP)									
Gross domestic product[a]									
Agriculture	5	4	4	5	5	4	..	..	..
Industry	24	21	21	20	20	19	..	..	..
Services	56	55	61	64	65	62	..	..	..
Total Consumption	78	78	87	89	87	84	..	..	..
Gross domestic fixed investment	22.3	21.2	19.8	21.1	21.1	20.6	20.1	21	20
Government investment	5.5	7.4	8.6	7.7	7.1	6.4	5.8	6	6
Private investment	16.9	13.9	11.2	13.4	14.0	14.2	14.3	14	14
Exports (GNFS)[b]	51	53	47	48	45	43	45	44	47
Imports (GNFS)	52	55	56	55	52	49	55	52	51
Gross domestic savings	22	22	13	11	13	16	..	..	..
Gross national savings[c]	31	32	25	19	25	30	..	..	..
Memorandum items									
Gross domestic product (US$ million at current prices)	8812	8830	8859	11082	12511	12287	13049	14101	14769
GNI per capita (US$, Atlas method)	3970	4210	4110	4380	5110	5410	5755	6123	6514
Real annual growth rates (%, 2004 prices)									
Gross domestic product at market prices	5.4	3.4	-1.1	6.0	4.9	5.0	4.8	4.4	4.4
Gross Domestic Income	10.5	5.6	-2.7	2.4	4.9	0.8	3.6	5.5	7.7
Real annual per capita growth rates (%, 2004 prices)									
Gross domestic product at market prices	3.5	1.5	-2.9	4.0	3.2	3.4	2.6	2.7	2.7
Total consumption	5.7	6.2	6.8	3.4	2.3	5.7	1.6	1.5	2.7
Private consumption	4.1	6.9	7.6	3.7	0.7	5.7	0.4	0.3	3.6
Balance of Payments (US$)									
Exports (GNFS)[b]	3518	3744	3760	4902	5309	5245	5907	6256	7015
Merchandise FOB	2920	3190	3101	4011	4399	4431	4807	5064	5676
Imports (GNFS)[b]	3604	4443	4914	5598	6326	6661	7186	7264	7591
Merchandise FOB	3091	3848	4321	4900	5624	5810	6218	6219	6414
Trade balance	-85	-700	-1154	-695	-1017	-1416	-1278	-1008	-576
Net current transfers	1000	1125	1258	1232	1323	1795	1696	1634	1615
Current account balance	807	273	-31	22	-416	-68	-322	-225	8
Net private foreign direct investment	730	715	559	703	1048	1237	1357	1467	1587
Long-term loans (net)	..	..	..	..	..	..	..	..	..
Official	..	..	..	..	..	..	..	..	..
Private	..	..	..	..	..	..	..	..	..
Other capital (net, incl. errors & ommissions)	231	-1325	-951	-1398	-233	-1224	-1360	-1485	-1618
Change in reserves[d]	-444	-484	-526	536	-239	-67	88	-41	-147
Memorandum items									
Trade balance (% of GDP)	-7.7	-7.9	-13.8	-8.0	-9.8	-11.2	-11.0	-8.5	-5.2
Real annual growth rates (2004 prices)									
Merchandise exports (FOB)	8.3	8.1	-12.3	16.0	0.3	..	..	..	..
Primary	-1.6	-2.5	-33.3	25.3	-13.8	..	..	..	..
Manufactures	19.8	17.6	9.6	9.0	9.4	..	..	..	..
Merchandise imports (CIF)	29.0	-8.3	3.6	17.8	4.4	..	..	..	..

(Continued)

Namibia - Key Economic Indicators (Continued)

Indicator	Actual					Estimate	Projected		
	2007	2008	2009	2010	2011	2012	2013	2014	2015
Public finance (as % of GDP at market prices)[e]									
Current revenues	33.3	32.1	32.0	28.7	32.0	35.5	34.5	33.1	31.5
Current expenditures	23.1	23.1	25.9	27.3	29.3	30.5	33.0	30.2	28.8
Current fiscal balance surplus (+) or deficit	10.2	9.0	6.1	1.4	2.7	5.0	1.5	2.8	2.7
Capital expenditure	3.0	6.6	8.0	7.4	9.9	7.9	7.9	6.9	6.1
Foreign financing	1.0	0.4	0.8	2.9	4.7	1.6	0.6	1.0	0.8
Monetary indicators									
M2/GDP	40.0	40.1	65.6	66.5	66.3	60.6	62.5	62.5	62.5
Growth of M2 (%)	10.1	17.9	68.5	9.1	11.8	6.1	9.2	9.5	9.4
Private sector credit growth	12.9	7.3	10.0	11.2	9.3	11.0	10.3	9.5	9.4
total credit growth (%)									
Price Indices (2004=100)									
Merchandise export price index	152.3	178.4	178.9	166.1	174.8	..	..	..	..
Merchandise import price index	116.3	130.9	132.9	137.1	146.1	..	..	..	..
Merchandise terms of trade index	131.0	136.3	134.6	121.2	119.6	..	..	..	..
Real exchange rate (US$/LCU)[f]	100.4	96.5	108.2	125.7	122.4	..	..	..	..
Real interest rates									
Consumer price index (% change)	6.7	10.4	8.7	4.5	5.1	6.5	6.0	5.2	4.5
GDP deflator (% change)	9.0	13.7	4.0	1.4	6.9	10.5	5.8	4.9	4.8

a. GDP at factor cost
b. "GNFS" denotes "goods and nonfactor services."
c. Includes net unrequited transfers excluding official capital grants.
d. Includes use of IMF resources.
e. Consolidated central government.
f. "LCU" denotes "local currency units." An increase in US$/LCU denotes appreciation.

Annex 8. Key Exposure Indicators

Indicator	Actual			Estimated			Projected		
	2007	2008	2009	2010	2011	2012	2013	2014	2015
Total debt outstanding and disbursed (TDO) (US$m)[a]	2261	2002	2506	3473	4248	4364	4424	4488	4499
Net disbursements (US$m)[a]	..	..	..	..	..	..	..	..	..
Total debt service (TDS) (US$m)[a]	342	388	397	222	511	..	..	..	..
Debt and debt service indicators (%)									
TDO/XGS[b]	58.6	49.3	62.6	68.0	78.8	80.4	74.9	71.7	64.1
TDO/GDP	25.7	22.7	28.3	31.3	34.0	35.5	33.9	31.8	30.5
TDS/XGS	9.7	10.4	10.6	4.5	9.6	..	..	..	..
Concessional/TDO	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
IBRD exposure indicators (%)									
IBRD DS/public DS	0.0	0.0	8.7	0.0	26.8	0.0	0.0	0.0	0.0
Preferred creditor DS/public DS (%)[c]	0.0	0.0	8.7	0.0	26.8	0.0	0.0	0.0	0.0
IBRD DS/XGS	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
IBRD TDO (US$m)[d]	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Of which present value of guarantees (US$m)									
Share of IBRD portfolio (%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
IDA TDO (US$m)[d]	--	--	--	--	--	--	--	--	--
IFC (US$m)									
Loans									
Equity and quasi-equity /c									
MIGA									
MIGA guarantees (US$m)									

a. Includes public and publicly guaranteed debt, private nonguaranteed, use of IMF credits and net short-term capital.

b. "XGS" denotes exports of goods and services, including workers' remittances.

c. Preferred creditors are defined as IBRD, IDA, the regional multilateral development banks, the IMF, and the Bank for International Settlements.

d. Includes present value of guarantees.

e. Includes equity and quasi-equity types of both loan and equity instruments.

Annex 9. Statement of IFC and IDA/IBRD Investment Portfolio

B8 (IFC) for Namibia

Namibia
Committed and Disbursed Outstanding Investment Portfolio
As of 1/31/2013
(In USD Millions)

		Committed					Disbursed Outstanding				
FY Approval	Company	Loan	Equity	**Quasi Equity	*GT/RM	Partici pant	Loan	Equity	**Quasi Equity	*GT/RM	Partici pant
2011	Trustco	8.03	0	0	0	0	8.03	0	0	0	0
Total Portfolio:		**8.03**	**0**	**0**	**0**	**0**	**8.03**	**0**	**0**	**0**	**0**

* Denotes Guarantee and Risk Management Products.
** Quasi Equity includes both loan and equity types.

CAS Annex B8 - Namibia

Operations Portfolio (IBRD/IDA and Grants)

As Of Date 3/1/2013

Closed Projects **4**

IBRD/IDA *	
Total Disbursed (Active)	
of which has been repaid	0.00
Total Disbursed (Closed)	15.07
of which has been repaid	15.36
Total Disbursed (Active + Closed)	15.07
of which has been repaid	15.36
No Applicable Data Found.	0.00
0.00	0.00
0.00	0.00

Active Projects

Project ID	Project Name	Last PSR Supervision Rating: Development Objectives	Last PSR Supervision Rating: Implementation Progress	Fiscal Year	Original Amount in US$ Millions: IBRD	IDA	GRANT	Cancel.	Undisb.	Difference Between Expected and Actual Disbursements [a/]: Orig.	Frm Rev'd
P128511	Namibian Coast Conservati	#	#	2013			1.925		621.514		

Annex 10. Trust Fund Mobilzation

Table 5. Active Trust Fund Grants

Grant Name	Grant Amount	Available Balance	Closing Date	Program Source
Northern Namibia Flood Risk Mapping (TF010645)	$295	$66	2013	GFDRR
Namibia statistics strategy update and capacity building (TF010708)	$392	$171	2013	TFSCB
Financial Sector Crisis Management Plan (TF012660)	$264	$110	2013	FIRST
GEF - NACOMA Additional Financing (TF013706)	$1,925	$1,925	2015	GEFIA
Development of the Integrated Resource Plan (IRP) in Namibia (TF097165)	$700	$39	2013	SAFETE
Namibian City Development Strategies (CDS) Pilot (TF097546)	$250	$175	2013	CITIES
Performance management and Monitoring &Evaluation (TF099836)	$489	$489	2015	IDF
Financial analysis of tourism joint ventures with communal conservancies (in preparation)	$60			TRTA
Road traffic injury surveillance systems (in preparation)	$50			GRSF
City of Windhoek accounting (in preparation)	$78			PPIAF
Central Securities Depository (requested)				FIRST
Total	**$4,502**	**$2,975**		

Source: eTrustFund, March 8, 2013

Annex 11. Stakeholder Consultations

The Bank organized a series of formal consultations in November 2012 to solicit feedback on the proposed direction of the CPS from representatives from civil society, firms and private sector organizations, international partners, and local economists. Bank staff delivered a brief presentation on the proposed CPS and invited stakeholders to offer input on development challenges facing Namibia, the pillars of the CPS, and the World Bank Group's comparative advantage. There was broad support among stakeholders for

Government Capacity

The government in general moves too slowly. Many laws and policies have not changed since the apartheid era. New laws are prepared and implemented very slowly. This is aggravated by weak inter-ministerial processes. Ministries operate independently with little consultation. This is especially problematic when one ministry's output is needed as an input by another ministry.

The GRN has good access to financial resources but has difficulties using them effectively. High personnel costs crowd out program spending. Budgeting systems weakly connect spending to strategic priorities. Over-centralization in some areas hampers effective delivery of public services. Civil society representatives highlighted lack of accountability and transparency.

Policies are not developed with adequate analysis, empirical evidence, or input from outside of government. The quality of data and statistics has been poor for many years. Technical issues are politicized. Analytical skills are missing. Studies commissioned by the GRN frequently are not discussed publicly. Civil society input into draft legislation and policies is not used.

The GRN suffers from weak middle management. Older staff in middle management positions frequently lack technical credentials. Younger staff or potential recruits are bid away by the private sector, especially those with critical technical skills (e.g., chartered accountants). Civil service procedures create rigidities in staff deployment.

Private Sector Capacity and Organization

Concerns about weaknesses in the private sector also emerged from the consultations. Critical capacities are also missing in the private sector, due to deficiencies in the education system, but also to difficulties in obtaining work permits for foreigners with skills not available locally.

Local economists and some private sector representatives cited the dearth of risk-seeking money as a special challenge. Pension funds send their money to South Africa for higher and easier returns. Regulatory challenges and insecure property rights (e.g., to use of land in communal areas) raise the transaction costs and risks of investing in Namibia. Credit enhancement products could help attract investment into the private sector and for public infrastructure.

The small size of Namibia's domestic market also creates challenges. It is difficult for Namibian firms to compete with South Africa for buyers and investors due to better scope for scale economies in South Africa. Furthermore, it is harder to avoid collusion and market dominance in such a small market.

Role of the World Bank Group

Many stakeholders argued that knowledge services were a major comparative advantage of the World Bank Group, whether in the form of global research and data, the ability to deliver high-quality analysis, or facilitation of cross-country knowledge exchanges.

There were several expressions of interest in the World Bank Group engaging directly with civil society and the private sector without the dialogue being mediated by the government.

IBRD 33453R

NAMIBIA

SELECTED CITIES AND TOWNS	TRUNK ROADS
REGION CAPITALS	MAIN ROADS
NATIONAL CAPITAL	DISTRICT ROADS
RIVERS	RAILROADS
	REGION BOUNDARIES
	INTERNATIONAL BOUNDARIES

MARCH 2007