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# Inequality and Social Justice

Artwork on the cover: “Pulling into Tomorrow” by Mitchell M. Gatsi



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FRIEDRICH EBERT STIFTUNG
Namibia Office

# Acronyms and Initialisms

| | |
|---|---|
| AMCU | Association of Mineworkers and Construction Union |
| BEPS | base-erosion profit shifting |
| BIEN | Basic Income Earth Network |
| BIG | basic income grant |
| CCN | Council of Churches in Namibia |
| CEDAW | UN Convention on the Elimination of All Forms of Discrimination Against Women |
| CSOs | civil society organisations |
| DSD | Differences of Sexual Development |
| ELCN | Evangelical Lutheran Church in Namibia |
| ELCRN | Evangelical Lutheran Church in the Republic of Namibia |
| ESOP | Employee Share Ownership Plan |
| FMS | Finnish Missionary Society |
| GBV | gender-based violence |
| GDP | gross domestic product |
| GEWE | gender equality and women's empowerment |
| GRB | gender-responsive budgeting |
| GRN | Government of the Republic of Namibia |
| HDI | Human Development Index |
| HTA | Hai‖om Traditional Authority |
| ICCPR | International Covenant on Civil and Political Rights |
| ICESCR | International Covenant on Economic, Social and Cultural Rights |
| ICT | information and communication technology |
| IFFs | illicit financial flows |
| ILO | International Labour Organisation |
| IMF | International Monitory Fund |
| IMR | International Mineral Resources |
| IOC | International Olympic Committee |

| | |
|---|---|
| LMS | London Missionary Society |
| MAWLR | Ministry of Agriculture, Water and Land Reform |
| MGEPESW | Ministry of Gender Equality, Poverty Eradication and Social Welfare |
| MGEPESW | Ministry of Gender Equality, Poverty Eradication and Social Welfare |
| MPI | Multidimensional Poverty Index |
| MPUCT | Madhya Pradesh Unconditional Cash Transfer |
| MTEF | Medium-Term Expenditure Framework |
| NLF | Namibia Labour Force |
| NNSCH | Namibian Senior Secondary Certificate Higher-level |
| NPC | National Planning Commission |
| NSA | Namibia Statistics Agency |
| NSSCH | Namibian Senior Secondary Certificate Higher |
| OECD | Organisation for Economic Cooperation and Development |
| PDS | Public Distribution System |
| PIT | personal income tax |
| RMS | Rhenish Missionary Society |
| SADC | Southern African Development Community |
| SEM | structural equation modelling |
| SEWA | Self-Employed Women's Association |
| TAA | Traditional Authorities Act (No. 25 of 2000) |
| TVUCT | Tribal Village Unconditional Cash Transfer |
| UCT | unconditional cash transfer |
| VAT | value added tax |
| WHO | World Health Organization |
| WMMS | Wesleyan Methodist Missionary Society |
| WSWB | willing-seller-willing-buyer |

# *COVID 19 and Inequalities* The Changing Landscape of Inequality and Poverty in Namibia and the Implications of the COVID19 Pandemic

*Blessing Chiripanhura*

## Abstract:

*This paper explains how poverty and inequality are related but separate phenomena that exist concurrently in Namibia. The paper mixes a number of approaches to illustrate the links between poverty and inequality, and uses the dependency theory to show how global value chains have entrenched inequality. It argues for the capabilities approach to analyse both poverty and inequality, and sets a political economy approach to understanding the origins of poverty and inequality in Namibia. The paper examines the changing landscapes of poverty between 1990 and 2016 using the existing four waves of the Namibia Household Income and Expenditure Survey. It asserts a conceptual link*

*Photo: Guillermo Delgado*

*between poverty and inequality, arguing that both concepts should be conceived and examined as multidimensional for fuller understanding of the concepts. The overall conclusions are that Namibia has done very well to reduce poverty, but reducing income inequality is much slower and more difficult. It suggests that by tackling different dimensions of inequality, greater equality will be achievable in the future. It concludes by examining how the coronavirus (COVID-19) pandemic probably increased both poverty and inequality.*

**Key terms: poverty; inequality; capability approach; multi-dimensional space; COVID-19**

## Introduction

The Namibian economy, like many in Africa, is a dual economy characterised by a developed, largely urban-based formal sector existing alongside a non-formal sector, consisting of subsistence farming and informal sector activities. There is comparatively uneven development between rural and urban areas, a phenomenon that has driven up rural-urban migration and a faster pace of urbanisation. There are more opportunities in urban than rural areas. The set-up of urban areas exhibits the colonial legacy of spacial apartheid. The legacy of colonialism, together with rather archaic urban planning laws, continues to shape the provision of urban housing and services. Poverty has resulted in passive growth of informal settlements in urban areas. Unequal access to resources continues to keep many black Namibians out of the mainstream economy. High unemployment (especially among women and the youth) perpetuates both poverty and inequality. All three problems have structural characteristics that perpetuate them. The injustices of the pre-independence economy have not been tackled effectively to bring greater equality to the country.

This paper briefly examines the poverty situation in the country. It argues for a multidimensional analysis of both poverty and inequality because this gives a better understanding of the nature and structure of the two phenomena. It presents a conceptual framework that links poverty and inequality in a multidimensional space, and discusses some dimensions of inequality and how they have changed over time.

## Methodology

The article is based on official statistics, primarily those generated by the Namibian Statistics Agency, other government departments and international organisations. The sources of data for this article came from the various editions of the *Namibia Household Income and Expenditure Report* between 1990 and 2016.

## Theoretical Approaches

### *The Political Economy of Poverty and Inequality in Namibia*

Poverty and inequality are related dual problems affecting many African countries that tend to reinforce each other. Often, economies experience the triple problems of poverty, inequality and unemployment. Poor people lack the basic and/or socially acceptable assets necessary for quality life. Inequality arises when there are differences in access to social and economic resources, which result in power relations that disadvantage those lacking certain resources.

Sen (1999) and Nussbaum (2000) defined poverty as the deprivation of capabilities. Political economy explanations of poverty (for example Marxist theory) assert that poverty and inequality are direct results of the class system under which capitalism causes the unequal distribution of wealth and income. Explanations grounded in political economy argue that poverty is structural and enhanced by the state through the welfare system which maintains inequality and does not help poor people to become rich, but rather causes them to remain perpetually trapped in poverty because they cannot get a fair share of the existing wealth (Jones & Novak, 1999).

Poverty and inequality can be traced back to colonialism and the international operation of the capitalist system of multinational corporations. According to Acemoglu & Robinson (2017), existing poverty and inequality in developing countries are outcomes of processes that were introduced and maintained over very long periods of time. The colonial system served multinational companies that, according to the dependency theory, extracted natural resources from the colonies for the development of the colonising countries. Timber, iron, gold and other resources were extracted from countries in Africa and Latin America to develop Europe while leaving swathes of poverty and under-development in the colonies.

The economic outcomes of poor countries are dependent on histories carved out by European worldwide colonialism, discrimination and/or apartheid. Extractive institutions set up in countries like South Africa, Namibia, Kenya and Zimbabwe created conditions for discrimination and domination by a minority. The institutions' control of rents and resources (e.g. land and minerals) impoverished those excluded from accessing economic opportunities. Globalisation enhanced the power imbalance and failed to give developing countries any chance to catch up. The new global value system entrenches poverty and inequality through asymmetric market power, and asymmetric social and political power (Phillips, 2017). Global corporations exploit resources in developing countries and ship out low-value raw materials for value-addition in developed countries. The added value enriches the latter, thus perpetuating global inequality.

In the post-colonial period, the developing economies have remained largely dualistic, with enclaves of prosperity and development (in the formal sector) juxtaposed against large underdeveloped sections (labelled the non-formal sector, consisting of subsistence farming and informal sector activities). Consequently, economic power remained in the hands of a minority that controls the means of production. The enclave theory resonates with situations in South Africa, Namibia and Zimbabwe where white capital (or rather, white South African capital) controls the levers of the economies.

Poverty and inequality in Namibia can be traced to the enduring effects of the colonial system which practised separate development between Africans and Europeans. The annexation of land to create farms for European occupation resulted in commercial land being predominantly occupied by white Namibians. There is racial inequality in the ownership of freehold land despite the existence of land redistribution policies since independence in 1990 (Melber, 2005). The 2018 Namibia Land Statistics report (Republic of Namibia, 2018) showed that domestic and foreign white citizens owned about 70% of the 40 million hectares of commercial or freehold agricultural farmland, even though whites constitute less than 10% of the population. Unequal access to land meant some communities could not reap the benefits of owning land, like producing food on it, or using it as collateral to access loans. It also caused crowding in communal areas, which reduced productivity. The colonial economy also entailed discrimination in access to other productive resources, like finance, education and training.

The structural disadvantages established by colonialism and apartheid were not fully dismantled after independence, and these have perpetuated poverty and inequality. Unequal market power between black and white Namibians in favour of the latter perpetuates inequality. The dominance of white South African capital in commerce tilts the stakes away from black Namibians. The lack of infrastructure and access to services (e.g. absence of electricity, potable water and roads) in some regions of the country means they lag behind in development. The mindset that richer people deserve better treatment than poorer people is apparent in urban areas like Windhoek, where services and infrastructure are more developed and well maintained in affluent suburbs than in poorer ones. Such approaches to service delivery entrench inequality.

Poverty and inequality are also caused by differential access to power. Individuals and communities that are more politically connected (or that are at the centre of political power) benefit from state resources, and sometimes from corruption, at the expense of those on the periphery of state power. Unequal access to education and training results in skewed human capital which in turn results in unequal access to job market opportunities. Inefficient labour markets restrict upward mobility of poor households, which causes inequality to remain elevated. Furthermore, innovation and entrepreneurship are also not equally distributed or supported in the economy. These are also linked to unequal access to finance by different groups in the economy. Poor households struggle to generate adequate income to finance consumption and investment. They allocate a larger share of their incomes to consumption, which leaves very little for investment and wealth generation. The World Bank (2022) reported that the top 10% of the Namibian population holds 65.5% of financial assets, and that net wealth inequality (as measured by the net wealth Gini) stands at 76%. Low investment resources reinforce inequality within and between groups of people or households. Poverty and inequality increase over time as those at the bottom fail to catch up with those at the top.

Another cause of poverty and inequality in Namibia is the geography of the country and climate change. The unforgiving climatic conditions, the localised presence of malaria and other diseases, and the increasing frequency of droughts and floods, all intensify existing poverty and inequality. The same factors also create new poverty and inequality.

### *The Links between Poverty and Inequality*

The relationship between poverty and inequality is not a clear one. Poverty can exist irrespective of the state of inequality, and this gets complicated by the relative nature of poverty. Wolff et al. (2015) questioned if relative poverty is not in fact inequality. Poverty and inequality may coexist and self-reinforce. Poverty exists in both high- and low-income countries (or in high- and low-income regions of a country), causing the quality of life (living standards) to differ. Further, poverty and inequality change at different paces, and sometimes in different directions. One needs to be clear about the conceptualisation of the two terms and the aspects to focus on. Beteille (2003) noted that "the relationship between poverty and inequality is neither clear nor direct. Poverty and inequality are analytically distinct concepts." Conconi and Viollaz (2017) stated that although poverty and inequality are different concepts describing (the absence of) well-being, they are intrinsically linked, and poverty is best examined from a multidimensional perspective.

Sen's (1979; 1989) 'Capability Approach' was the first to stress the complexity and multidimensionality of poverty. He argued that people have diverse characteristics and have unequal access to and ownership of resources (or capabilities) like income, education, health, credit, and opportunities. The deprivation of these capabilities is poverty. When a community with largely similar characteristics has differences in access to capabilities, there is inequality in the community, even at very low levels. This is indicated by the growth in the proportion of poorest of the poor households during a time when overall poverty is declining.

Both poverty and inequality can best be understood from a multidimensional perspective. For example, UNDP (2013) examined the multidimensionality of poverty in Namibia by developing an index of multiple deprivation based on 2001 zone-level census data. The index was developed to give a broader overview of poverty, beyond income-based poverty measures. The analysis provided evidence of the distribution and depth of multiple deprivations across the country in 2001. In addition, Chamboko, Re & Guvuriro (2017) examined the patterns of multiple deprivation in Namibia using the *Namibia Household Income and Expenditure Survey (NHIES) 2009/2010*. They concluded that the multidimensional approach to poverty analysis was necessary for assessing access to utilities and services, giving evidence beyond what one can get from assessing income or consumption patterns.

Inequality can also be explained from a multidimensional perspective. Seth & Santos (2018) explored multidimensional inequality and human development, premised on the capability approach. They highlighted some measures of multidimensional inequality, including the Gender-related Development Index (Anand & Sen, 1995), which was replaced by the Gender Inequality Index (Seth, 2009) in the 2010 Human Development Report; the inequality-adjusted Human Development Index (HDI) (Hicks, 1997; UNDP, 2010); and a family of distribution-sensitive HDIs (Foster et al., 2005). There is limited literature on multidimensional inequality analysis in Namibia beyond the studies by Alkire, Kanagaratnam and Suppa (2021), the NSA (Republic of Namibia, 2021a), Chamboko, Re and Guvuriro (2017) and UNDP (2013).

There are several constraints on human development including limited access to and ownership of resources, information and political power, and a lack of institutional capacity. If these apply differently to people with similar characteristics, inequality arises, and that inequality indicates the presence of poverty in that dimension, which is a deprivation of human development. Inequality arises when there are differences in status, rights, and opportunities of people with certain similar characteristics. Thus, conceptually, poverty and inequality must be considered and examined as multidimensional for a fuller understanding of their evolution in society. Foster et al. (2013) provides a detailed discussion on the practical application of the methods to measure poverty and inequality. Poverty and inequality coexist and are self- and cross-reinforcing (that is, there are feedback loops within and between them). For example, economic shocks tend to be long-lasting among poor households as they have fewer coping mechanisms.

## Changing Poverty Landscapes

Headcount poverty has been decreasing in Namibia, as illustrated in Table 1. Namibia did well between 1990 and 2020 to reduce poverty, which resulted in the country moving into upper-middle income status. Table 1 puts together poverty statistics from different sources to show the extent to which poverty fell and the indicative journey that lays ahead. The poverty head count measures the incidence of poverty. Severe poverty is a combination of depth of poverty and inequality within the poor (indicating the poorest of the poor).

**Table 1** *Summary indicators of poverty (%) in Namibia (2003/04 – 2015/16)*

| Indicator | 2003/04 | 2009/10 | 2015/16 | Percentage change, 2003/04 to 2015/16 |
|---|---|---|---|---|
| Poverty (headcount) | 27.6 | 19.5 | 17.4 | -37.0 |
| Proportion of poor male-headed households | 25.8 | 17.6 | 15.8 | -38.8 |
| Proportion of poor female-headed households | 30.4 | 22.4 | 19.2 | -36.8 |
| Proportion of poor households in rural areas | 38.2 | 27.2 | 25.1 | -34.3 |
| Proportion of poor households in urban areas | 12.0 | 9.6 | 8.6 | -28.3 |
| Severe poverty | 13.8 | 9.6 | 10.7 | -22.5 |
| -severe poverty in male-headed households | 12.9 | 8.5 | 9.9 | -23.3 |
| -severe poverty in female-headed households | 15.1 | 11.1 | 11.7 | -22.5 |
| -severe poverty in urban areas | 6.0 | 4.4 | 4.8 | -20.0 |
| -severe poverty in rural areas | 19.1 | 13.6 | 15.9 | -16.8 |

*Sources: Namibia Household Income and Expenditure Survey Reports for 2009/10 and 2015/16.*

Poverty fell the most between 2003/04 and 2009/10. There were larger declines in poverty in male-headed than female-headed households. Poverty also declined more in rural than in urban areas. Several reasons explain the declining poverty, including growth in social expenditures on education, health and social transfers, growth in human capital and formal employment, migration to urban areas where there are more economic opportunities than in rural areas, and promotion of local entrepreneurship and small and medium enterprises. The operation of foodbanks helped some poor households to access food, which improved their food security and ability to use their incomes for other requirements. The World Bank (2022) asserted that the country's social assistance programmes are pro-poor and reach 41% of the population.

Poverty levels differ between and within regions of the country (Republic of Namibia, 2012; Republic of Namibia 2021a; Alkire, Kanagaratnam & Suppa, 2021). Relative to other regions, poverty has remained high and more severe in Kavango and Zambezi regions (Republic of Namibia, 2012). In addition, the 2015/2016 *Namibia Household Income and Expenditure Survey* (NHIES) shows that poverty varies by the languages mainly spoken in households. These languages mainly differ on ethnic lines, so that it is largely accurate to say that people who mainly speak a certain language belong to that specific ethnic group, and sometimes geographical location. For instance, people who speak Hai||om (a language on the Khoekhoegowab continuum) largely belong to a specific San ethnic group, the Hai||om. On this basis, we observe that in 2015/16, poverty was highest among households that mainly spoke Khoekhoegowab languages, followed by those that mainly spoke Rugciriku or Rukwangali (people in the Kavango regions), but it was lowest among people who mainly spoke English or German. Language is very important for socialisation, and it influences social capital and network development, which in turn influences how people search for jobs. This means access to the labour market and jobs may be harder and more restricted for people with certain backgrounds and languages.

Poverty also differs between age groups. It tends to be higher amongst children and pensioners than among other age groups. It is higher among those with disabilities, female-headed households, subsistence farmers (in which category women dominate), and pensioners. There is a negative correlation between poverty and levels of education, with poverty highest among those with no education and lowest among those with tertiary education. These and other characteristics are explored in depth by the National Planning Commission (NPC), the Namibia Statistics Agency (Republic of Namibia, 2021a) and other analysts.

The association between poverty and rural/urban location, main language spoken in the household and region indicates its structural nature. Poverty arises from the society within which people live because of a lack of opportunities and jobs. For example, poor communities tend to lack adequately equipped schools and health institutions. The economic system provides low quality jobs which causes the young and the educated to migrate to urban areas where there are better opportunities and services. Structural poverty is also enhanced by the unequal distribution of economic resources like land and access to capital, thus confining some people to inter-generational poverty.

Policy interventions can help to reduce structural poverty by altering the opportunities available to communities, improving economic infrastructure, and creating conditions conducive for local investment and growth. The redistribution of economic resources like land, access to mineral and fisheries resources, and improved access to capital (e.g. through the provision of small and medium enterprise loans and the promotion of microfinance) can all contribute to poverty reduction. Such initiatives can also help to reduce the non-structural component of poverty that emanates from households' decisions on resource allocation and exploitation of economic opportunities. We know that education and training are fundamental pillars for building households' capacity to exit poverty. Skills training and employment are critical ladders for climbing out of poverty. If households fail to send their children to school (despite the presence of free primary education since 2013 and free secondary education since 2016), or if dropout rates remain high, households will continue to face restricted opportunities and may not be able to escape poverty. This reinforces the unequal distribution of market returns in the country (World Bank, 2022), which in turn reduces inter-generational mobility.

## The Macro/Micro Paradox of Poverty

Poverty analysis in Namibia exhibits a macro/micro paradox where what happens at the national level (declining extreme poverty) is largely not reflected by what is observed at the local level, where the intensity of localised poverty may be increasing. For example, the NSA (Republic of Namibia, 2016) showed that headcount poverty more than halved between 2003 and 2016. However, considering multidimensional poverty (Republic of Namibia, 2021a) regions like Khomas that had the lowest headcount poverty in 2016 apparently had the highest intensity of multidimensional poverty. This indicates that while on average Khomas Region is prospering and lifting people out of poverty (because it is the prime target of urbanisation), there are pockets of very intense and increasing poverty.

Such a paradox may be a result of several possible factors. The paradox could be a result of both measurement and data problems. Average measures tend to smooth over extreme values. The average measurements at national level fail to account for local outcomes hidden by the averages. Survey data available may be representative at national level, but certainly not at local level. It is difficult to effectively show what is happening to local poverty without detailed micro-level data that aggregate to the national level. The macro results are based on surveys (e.g. household consumption and expenditure surveys) which do not cover all individuals in the economy. There is a need to encourage the collection of micro datasets at consistent periods to fully understand local processes of economic change over time.

## Other Dimensions of Poverty

The multidimensional poverty index for 2021 (Republic of Namibia, 2021a) provides a comprehensive analysis of the dimensions of poverty in Namibia. The report, based on the 2015/16 *Namibia Household Income and Expenditure Survey*, concludes that 43.3% of the Namibian population was multidimensionally poor, with more female-headed households likely to be multidimensionally poor (46%) than male-headed households (41%). There was higher multidimensional poverty in rural areas (59.3%) than in urban areas (25.3%), and multidimensional poverty was highest in the Kavango East, Kavango West and Kunene regions.

Breaking down the multidimensional poverty index into its component units showed the lowest proportions of people that were multidimensionally poor and deprived per specific indicator were reported for information and communication technology (ICT) (that is, the proportion of people from households that did not own or have access to any of these assets: radio, TV, smartphone, or computer, and internet access at home or elsewhere) at 3.1%; and without access to clinics or hospitals, at 8.5%. The highest multidimensional deprivations were for access to and ownership of transport assets (41.2%) and sanitation (40.4%).

The low deprivation of access to ICT implies that only a small proportion of the Namibian population did not have access to sources of information and current affairs. Assuming that the proportion did not change much between 2016 and 2021, a large proportion of Namibians had access to information on COVID-19, and had access to platforms that allowed them access to education during the lockdown (state of emergency) period. However, other impacts of COVID-19 may have reduced access to ICT, such as job losses, a lack of income, and relocations. It is expected that poverty increased during the pandemic because of these impacts.

## Inequality and its Dimensions in Namibia

Namibia has the second highest level of inequality in the SACU region behind South Africa. The World Bank (2022) reported that SACU is the most unequal region in the world. Inequality is often measured using the Gini coefficient of income inequality.

### *Income Inequality*

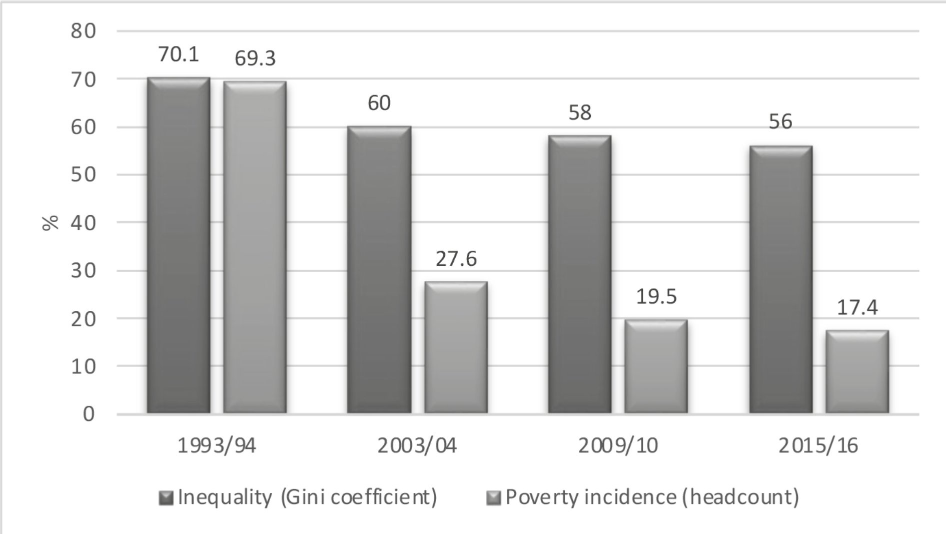
When inequality is measured using income, tools like the Lorenz curve, Gini coefficients, income shares, and percentile ratios/percentile income distributions can be applied. In some cases, regression analyses can be applied to establish the extent and impact of inequality after controlling for some variables. Some of these measures are discussed next. There are several sources of data on inequality in Namibia. These include the various editions of the *Namibia Household Income and Expenditure Survey*, *World Development Indicators*, and the *World Inequality Database*.

Van Rooy et al. (2006) analysed poverty and income inequality in Namibia using the 1993/94 *Namibia Household Income and Expenditure Survey* and concluded that the national household poverty rate was 52.8%. They found that the bottom 20% of the population accounted for only 2.5% of total expenditure, while the top 20% accounted for 71%. They estimated income inequality to be 0.7.

The NPC (2008) analysed the 2003/04 *Namibia Household Income and Expenditure Survey* and found the Gini coefficient to be 0.63, with variations by sex, age, income source and administrative region. Jauch (2013) examined poverty and inequality and highlighted the persistence of extreme inequality in Namibia. He explored different dimensions of poverty and inequality and linked these with the labour market.

Figure 1 shows poverty and inequality between 1993 and 2016, based on four iterations of the *Namibia Household Income and Expenditure Survey.*

**Figure 1** *Gini Coefficient and Poverty Headcount (%) (1993/94 – 2015/16)*




*Source: Author (2022)*

Figure 1 clearly shows that poverty has declined over time. Inequality has also declined, but at a more gradual pace. However, the World Bank's (2022) analysis of inequality showed that between 2000 and 2016, inequality increased in rural areas, but declined in urban areas.

Namibia has achieved more in reducing the level of poverty than it has in reducing inequality. The social transfer measures in place have played an important role in reducing poverty. This has not applied to inequality, because income inequality is caused by the lack of opportunities and capabilities, which cannot be addressed by merely transferring income between income groups.

## Dynamics of Quintile Income Distributions

Although the decrease in income inequality has been gradual, it has not been uniformly distributed between income groups. Splitting the Namibian population into five income groups, or quintiles, based on how much income each group commands shows falling proportions of income controlled by the bottom and top income quintiles. The second, third and fourth quintiles have growing income proportions. Table 2 summarises the income distribution by quintile.

**Table 2** *Quintile Income Shares (%) (2003 – 2016)*

| Income shares (%) | 2003 | 2009 | 2015 |
|---|---|---|---|
| Income share held by lowest 20% | 3.0 | 3.3 | 2.8 |
| Income share held by second 20% | 5.3 | 5.7 | 5.8 |
| Income share held by third 20% | 8.1 | 8.9 | 9.8 |
| Income share held by fourth 20% | 14.5 | 15.7 | 17.9 |
| Income share held by highest 20% | 69.0 | 66.4 | 63.7 |
| Income share held by highest 10% | 54.8 | 51.8 | 47.3 |
| Income share held by lowest 10% | 1.1 | 1.3 | 1.0 |

*Source: World Bank's World Development Indicators*

The income share of the bottom 20% increased between 2003 and 2009, but declined between 2009 and 2015. The income share of the top 20% declined continuously between 2003 and 2015, falling by 5.3 percentage points.

The income share of the fourth quintile increased the most between 2003 and 2015 (by 3.4 percentage points), followed by the third quintile (1.7 percentage points) and the second quintile (0.5 percentage points). The dynamics of income shares show that the redistribution agenda has failed to benefit those in the bottom quintile, whose income share, despite initially increasing, declined between 2003 and 2015.

Another way of analysing income shares is to compare the top and bottom 10% of the population. The income share of top 10% of the population decreased by 7.5 percentage points between 2003 and 2015, while that of the bottom 10% declined by 0.1 percentage points. These outcomes reinforce the quintile analysis. Overall, income appears to have been distributed from the top and bottom of the income distribution towards the middle, especially the upper middle. Even within the quintiles, there are varying levels of inequalities.

## Inequality Indicated by Deprivations

There are various indicators of deprivation that one can examine to gain insight into the depth and extent of inequality. By looking at the proportions of the population deprived of certain services and/or access to infrastructure, one can examine the changing circumstances of the deprived and the not-deprived.

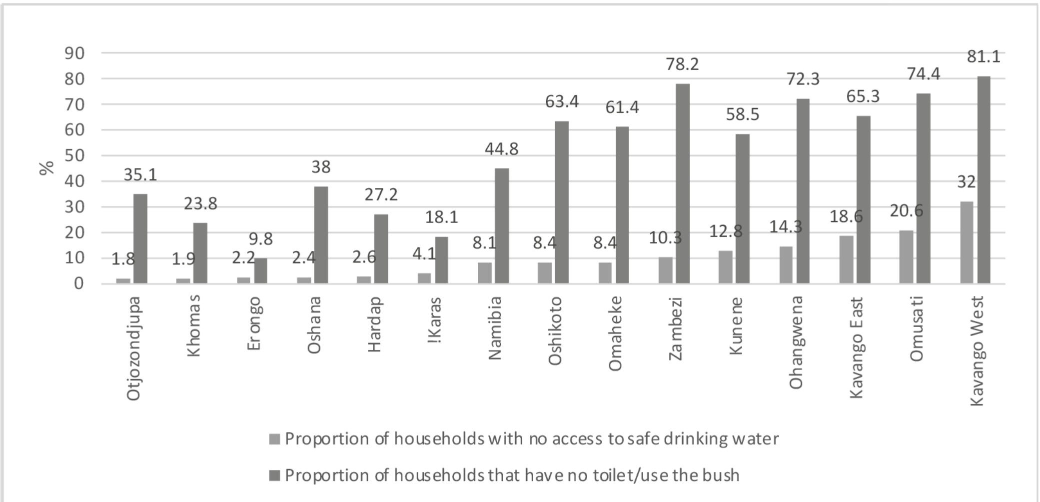
In 2015/2016, about 9% of the Namibian population experienced deprivation of safe drinking water, and nearly 54% were deprived of access to electricity. About 68% were deprived of access to sanitation, which potentially exposed those affected to diseases and environmental pollution. Educational attainment deprivation affected 11.3% of the adult population, while deprivation of educational enrolment affected 6.1% of the population. The latter two deprivations result in reduced access to quality future employment opportunities, and growing inequality when compared with the proportions that had access to enrolment and attainment in education. People with lower educational attainment tend to have limited labour market options, which may limit their ability to accumulate income and wealth over time. This may mean their children start at a lower level compared with their counterparts from high achieving households. This reflects how inequality becomes structural and more challenging to address, even with policies mandating free education in place.

Unequal access to services and/or infrastructure varies across regions. This is because of unequal distribution of resources, and therefore of levels of development. Figure 2 shows examples of regional distribution of lack of access to safe drinking water and toilets.

Otjozondjupa Region had the smallest proportion of households with no access to safe drinking water, while Kavango West Region had the largest proportion of households with no access to safe drinking water. Kavango West also had high headcount poverty.

Erongo Region had the smallest proportion of households with no toilets, and who had to practice open-air defecation; Kavango West region had the largest proportion of households with no toilets. The two deprivations shown in Figure 2 have a generally positive correlation. Poor sanitation can result in water pollution, which in turn adversely affects people's health.

**Figure 2** *Regional distribution of households with no access to safe drinking water and toilets, 2015/2016*




*Source: 2015/16 Namibia Household Income and Expenditure Survey*

## Inequality in Labour Market Outcomes

The main asset that poor people have is their labour power. Deploying this allows them to earn income for their sustenance and possibly to invest their way out of poverty. This important exit route from poverty is blocked because of a lack of jobs, which results in high unemployment. Although the published unemployment statistics do not classify people by poverty status, we can deduce that poor people are less likely to have educational qualifications that confer competitiveness on them in the labour market. They are more likely to be unemployed than non-poor people.

There is also inequality between women and men in the labour market, with women being more likely to be unemployed than men. Women and young people are also more likely to be in insecure employment (e.g. part-time and casual employment), which reduces their earning capability. Women tend to dominate employment in low wage sectors (e.g. jobs in supermarkets) and are more vulnerable to replacement by machines (like self-checkout stations). Disparities in wage income contribute the most to inequality in Namibia (62.2%), even though the gender wage gap has reduced over time (from 16.3% in 2003 to 3% in 2016). Furthermore, women face more barriers than men in the labour market due to discrimination, their reproductive responsibilities, and their unwillingness or inability to travel long distances for work purposes. Because of these factors, poverty remains higher among women and young people. This higher poverty feeds into existing inequality.

## Poverty and Inequality during the COVID-19 Pandemic

COVID-19 impacted the Namibian economy in many ways. It resulted in economic contraction (by 8.5%) in 2020, which in turn caused job losses and rising unemployment. Travel restrictions caused the tourism sector to collapse, with reduced bed occupancy and the loss of employment in the accommodation and food services industry. COVID-19 negatively affected household incomes, except for those with pensions and government salaries and grants as the main sources of income. Falling incomes affected household consumption patterns, reduced expenditures on health, education and training, and caused shifts in the housing market. Households that lost jobs and/or income faced greater uncertainly if they had mortgages to service, with some being forced to sell off their homes. The pandemic mostly affected already vulnerable people, which likely widened social gaps and increased already high inequality (NPC, 2021; OECD, 2020).

## Household Incomes, Cost of Living and Jobs

COVID-19 changed the way economies functioned. Economic lockdown caused lost incomes for workers. When companies closed because of the pandemic, they could not generate revenue with which to pay wages. Uncertainty caused fewer jobs to be created and/or filled. Some companies retrenched their workers, causing unemployment to increase. The state of emergency hurt low-income earners and informal sector workers the most, and this contributed to pressure to have the control measures relaxed in mid-2020. This is supported by the NPC's (2021) review of the Sustainable Development Goals.

The labour market outcomes of the pandemic show why countries need effective employment regulations and social safety nets to protect workers. For example, a time-limited unemployment benefit system could be developed to cushion workers from the adverse effects of shocks that result in unemployment. The government might incur costs through such a system, but it would yield positive benefits by maintaining workers' incomes and wellbeing, and smoothing household consumption.

With no unemployment benefit system in place, Namibian workers who lost jobs and incomes because of the pandemic had to rely on other sources of income (e.g. running down savings). Some suffered from food insecurity, while others changed the types and quality of food they ate. Others migrated to rural areas. The government swiftly put the Economic Stimulus Package in place (NPC, 2021) to alleviate the impact of the pandemic on businesses and households, demonstrating that government intervention can indeed help to reduce poverty. Marenga and Amupanda (2021) discussed some of the challenges and successes of the stimulus package and its components, including the lack of an integrated database of grant beneficiaries that is accessible to all ministries.

Given that the impact of COVID-19 on employment and incomes still persists, it is likely that the overall standard of living declined in 2020 and 2021. The NSA's COVID-19 households and job tracker survey report (Republic of Namibia, 2021b) found that the main shock experienced by most surveyed households (59.1%) in the year to March 2021 was the increasing prices of major food items consumed. The second largest shock experienced by households (29.4%) was loss of employment. In addition, 65.4% of the respondents experienced reductions in non-farm family business incomes (Republic of Namibia, 2021b).

## Skills Training and Unemployment during the Pandemic

The state of emergency declared in response to the COVID-19 pandemic caused the education and training system to close down almost completely, with some learning continuing online. The closure of all educational institutions hurt children from poor families more than those from rich families. Poor families tend to devote fewer resources to buying educational materials, including books and games, for their children. Children from poor families benefit more from being in school getting instructions from teachers and accessing books and libraries. In the UK, reading and numeracy skills declined during the pandemic (Department for Education, 2021). Although there are not yet any data on these in Namibia, it is also likely that in primary schools, reading and numeracy skills deteriorated, and without catch-up lessons, inequality between poor and rich households' children will get ingrained.

As teaching moved online, access to information and communication technology equipment together with internet data bundles became very important. There was low usage of mobile apps for learning because of connectivity poverty (that is, limited access to the internet, smartphones, tablets or computers). Although there is very high mobile phone usage in Namibia (2.6 million), the cost of data and calls remains high, and this limits usage by poorer households. In universities, some exams were moved online in response to the pandemic. This was both a blessing (greater flexibility in learning) and a curse (limited information technology skills and a high risk of cheating by some students, with limited capacity for online invigilation). The implications of these impacts will become more evident over time as students join the labour market. Despite the challenges, the pandemic provided an opportunity for the government to use ICT to provide e-books and e-learning materials cheaply to students across the country. Of course, this would require supporting internet and electricity infrastructure.

Although there are no current unemployment statistics, we know from the *Namibia Labour Force Survey 2018 Report* (Republic of Namibia, 2018) that in 2018, the unemployment rate was 33.4%. It was fractionally higher for women (34.3%) than for men (32.5%), and was similar in both rural areas (33.5%) and in urban areas (33.4%). However, youth unemployment was quite high (46.1%) and had been increasing since 2014. Similarly, the number of young people not in employment, education or training increased between 2014 and 2018. The impact of COVID-19 is expected to have worsened the unemployment situation because of a lack of employment opportunities and the loss of jobs.

## Other Areas Impacted by the Pandemic with Poverty and Inequality Implications

The pandemic gives us a chance to understand the social attitudes of the Namibian population and its views about getting vaccinated for COVID-19. The job tracker survey (Republic of Namibia, 2021b) shows that testing for COVID-19 was low in both rural and urban areas (13.4% and 22.9% respectively), in part because of the cost associated with the process. Some households had serious food security concerns and had to change consumption patterns during the pandemic. More rural households (68.7%) than urban households (53.7%) expressed interest in getting vaccinated, although vaccine hesitancy (defined as households that did not think the vaccines were safe, or that they had adverse effects, or who generally did not trust vaccines) was higher in rural areas (67.1%) than in urban areas (63.6%).

In October 2020, more men (54.6%) than women (45.4%) were infected by COVID-19, and there was a higher concentration of cases in urban than in rural areas (Republic of Namibia, 2021b). The higher concentration of COVID-19 cases in urban areas is a function of population dynamics characterised by rural-urban migration, and therefore higher population density, and relatively poor quality and often crowded accommodation, especially in poorer sections of urban areas. In 2018, it was estimated that about two in five urban dwellers lived in informal settlements (shacks) in urban areas, predominantly so in Windhoek. This was an increase from one in four in 2009 (Cities Alliance, 2009). This means the spread of COVID-19 in urban areas was higher among low-income households, which have poor accommodation and experience over-crowding, than among high-income households. Thus, the spread of the virus is directly linked to poverty and inequality, as was the outbreak of Hepatitis E in 2019. The true extent of the link between the pandemic and poverty will be revealed over time as statistics become available.

A learning point from the pandemic is the need for a revamp of the national housing policy to focus on providing adequate urban housing. The pandemic has shown how the acute shortage of housing and associated services (e.g. potable water, sanitation, street lighting), epitomised by the proliferation of informal settlements, evolves into a public health issue requiring immediate attention from policy makers and town administrators. While poverty can be restricted geographically to the poorer northern parts of Windhoek, the virus cannot be thus restricted. The wealthier parts of Windhoek will not be safe if a disease ravages the poorer parts of the town unchecked – as indeed, to some degree, was the case with COVID-19. The separation of poorer settlements from richer settlements is common in many towns. It is probably time for a rethink and change to the zoning of urban areas. Central to this should be upgrading of infrastructure, facilities and houses in the poorer parts of towns.

## Conclusion

Several conclusions can be drawn from the discussion in this paper. The paper has briefly summarised the theoretical developments in poverty and inequality analysis, arguing that although separate concepts, they are interlinked and are subject to self- and cross-reinforcement. The paper has developed a theoretical framework to illustrate that poverty and inequality are separate concepts with complex linkages. It has been highlighted that both concepts are also linked to unemployment. The latter places the labour market at the centre of the causes and possible solutions to the twin problems of poverty and inequality. It has been argued that we can learn more about poverty and inequality if we adopt a multidimensional approach to the analyses.

It has been argued that poverty and inequality in Namibia are largely structural, premised on unequal distribution and access to resources. That 70% of commercial land remains in the hands of about 10% of the population of a distinct ethnicity illustrates that the government has been less successful in bringing about equal access. For the recipients of the land reform, government support will be necessary for a long time until their activities become sustainable. There is a need to alter the structures of resource ownership and capabilities development to broaden the participation of disadvantaged and often poor groups in the mainstream economy. The government's drive towards value addition is an important initiative to hinge into the global value chain. However, this requires significant investment in education and training outcomes. The fact that Namibia spends a great deal on health and education, but that the outcomes are far less impressive, shows that the health and education systems have inherent inefficiencies that are inhibiting progress towards lower poverty and inequality. Improving the quality of education and training will help to improve employability and reduce unemployment.

It has been highlighted that both poverty and inequality decreased between 1993 and 2016. The fall in poverty has been remarkable, driven by the government's social protection measures. In particular, the universal social pension has played an important role in reducing poverty in recipient households. It is demonstrated that income inequality declined more slowly than poverty, and that inequality remains stubbornly high. This shows that the redistributive measures (income transfers) have successfully reduced poverty but failed to reduce inequality. This also indicates that the redistribution of productive resources like land and access to capital has been less successful. Policy makers must enhance the efficiency and effectiveness of the redistribution and usage of productive resources to reduce both poverty and inequality.

It has been highlighted that there is a macro-micro paradox where at national (or macro) level, poverty has been declining but at the local (or micro) level, the intensity has either not changed or has increased. In urban informal settlements, poverty has been shown to have increased, even though the urban poverty rate is lower than the rural poverty rate. This implies that in tackling poverty, the government may need targeted approaches that focus on areas with high intensities of poverty.

Interventions like upgrading informal settlements and providing services can make substantial contributions to poverty reduction.

The paper has argued that the COVID-19 pandemic is likely to have contributed to higher poverty and inequality in the country. However, owing to a lack of data, this could not be definitively shown. It is conceivable that the intensity of poverty and inequality also increased as lockdown measures prevented people from going about their daily routines. It has been illustrated that the severity of poverty increased between 2009 and 2016. The pandemic adversely impacted on household capabilities, and the full scale of the impacts on various economic indicators must still be empirically reviewed when the relevant data become available.

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