

# NAMIBIA

UNITARY COUNTRY

## BASIC SOCIO-ECONOMIC INDICATORS

INCOME GROUP: UPPER MIDDLE INCOME

LOCAL CURRENCY: NAMIBIAN DOLLAR/ RAND (NAD/ZAR)

### POPULATION AND GEOGRAPHY

**Area:** 824 290 km<sup>2</sup> (2017)**Population:** 2 534 million inhabitants (2017), an increase of 2.2% per year (2010-2015)**Density:** 3 inhabitants / km<sup>2</sup> (2017)**Urban population:** 48.6% of national population (2017)**Urban population growth:** 4.1% (2017 vs 2016)**Capital city:** Windhoek (16.0% of national population)

### ECONOMIC DATA

**GDP:** 26.5 billion (current PPP international dollars), i.e. 10 475 dollars per inhabitant (2017)**Real GDP growth:** -0.8% (2017 vs 2016)**Unemployment rate:** 23.3% (2017)**Foreign direct investment, net inflows (FDI):** 417 (BoP, current USD millions, 2017)**Gross Fixed Capital Formation (GFCF):** 22.3% of GDP (2017)**HDI:** 0.647 (Medium), rank 129 (2017)**Poverty rate:** 22.6 (2016)

## MAIN FEATURES OF THE MULTI-LEVEL GOVERNANCE FRAMEWORK

Namibia is a democratic republic with a multi-party system. It is a unitary country divided into three spheres of government comprising of central, regional and local governments. The President of Namibia is elected to a five-year term and is both the head of state and the head of government. Namibia has a bicameral Parliament with the National Assembly as lower house, and the National Council as the upper house, whose members are chosen by regional councils.

Namibia's decentralization process began with its independence in 1990, starting from deconcentration and then evolving into delegation and later on devolution. Chapter 12 of the 1990 Constitution creates provisions for regional and local government. Article 102 of the chapter divides Namibia into regional and local units and creates provisions for regional and local authorities, establishing that every local government organ be governed by a Council elected every six years. The main legislative tools governing local government include the 1992 Local Authorities Act (amended in 2000), the 1992 Regional Councils Act (amended in 2000); the 2000 Decentralization Enabling Act and the 2000 Trust Fund of Regional Development and Equity Provision Act .

The Regional Councils Act and the Local Authorities Act approved in 1992 are the two key guiding documents for the powers, functions and duties of local government. Following the Acts' approval, Namibia's official Decentralization Policy was launched in 1998. The policy provided guidance on how decentralization was to be undertaken by identifying the functions to be decentralized and outlining resource strategies to do so. The Decentralization Enabling Act was subsequently enacted in 2000 and functions as the presiding legislative tool on decentralization. The Trust Fund of Regional Development and Equity Provision provides for financial and technical assistance for the development of regional and local authorities and supports the implementation of decentralization programs in Namibia.

In 2010, the President of the Republic of Namibia was empowered to appoint Regional Governors to oversee the exercise of any executive function of Government in each region. Regional Governors serve as links to improve communication and coordination between the central government and the regional council, local authorities and traditional authorities. Central government ministries are also encouraged to establish a greater regional presence through decentralised service delivery outlets. As per a Statement given by the Namibian Prime Minister in 2016, Namibia currently has a deconcentrated administration as no central government functions have yet been devolved to regional councils.

## TERRITORIAL ORGANISATION

2017	MUNICIPAL LEVEL	INTERMEDIATE LEVEL	REGIONAL OR STATE LEVEL	TOTAL NUMBER OF SNGS
	57 local councils (3 "Part I" municipal (city) councils, 10 "Part II" municipal councils, 26 town and 18 village councils)	Regional councils		
	Average municipal size: 48 727 inhabitants			
	<b>57</b>	<b>14</b>		<b>71</b>

**OVERALL DESCRIPTION.** Namibia has 57 unitary local authorities and is administratively divided in 14 regions governed by 14 regional councils. Local government is subdivided into four categories: 3 'Part I' municipal councils (Windhoek, Walvis Bay and Swakopmund), 10 'Part II' municipal councils, 26 town and 18 village councils. This subdivision entails differences in local authorities' capacities to determine elected officials' remuneration – only Part I municipalities may do so without ministerial approval.

The Constitution provides for changes in the administrative division of Namibia provided that such changes are in accordance with the recommendations of the Delimitation Commission (Art. 103). The current administrative division in 14 regions is the result of the work of the Fourth Delimitation Commission, tabled in 2013. The 14 regional councils are further subdivided into 121 electoral constituencies.

**MUNICIPALITIES.** The Local Authorities Act also creates provisions for the establishment of councils as governing bodies of local authorities. Municipalities are governed by municipality councils of between 7 and 15 members depending on the subcategory of local government. Members of local authority

councils are elected from party lists during the general elections and hold office from the date of election to the day before the subsequent election, which entails 5-year terms according to Namibian electoral provisions. In the case of municipal and town councils, a mayor and deputy mayor are elected from the council. The mayor and deputy mayor serve as the chairperson and vice chairperson of the council respectively. The mayor together with the council formulates development policies, monitors the implementation of policies and accounts to members of the municipality. In the case of the village councils, a chairperson and vice-chairperson are also elected from the councils. Similar to regional councils, municipal and town councils comprise of management committees. Members of the committee hold office for a period of one year.

**INTERMEDIARY LEVEL.** The Constitution grants the regional councils the power to a) elect members to the national council; b) exercise executive powers within its respective region; c) raise revenue and; d) exercise powers to perform any other function and make by-laws. The Regional Councils Act further creates provisions for the creation of a council in each region. The members of the council serve the council for a period of six years. Each regional council comprises of a management committee vested with executive powers. The regional council elects from amongst its members the members of the committee.

The committee is led by a chairperson who is elected by members of the regional council at the time they elect the management committee. The chairperson serves as the political head of the region, a position referred to as the governor of the regional council. The chairperson and the members of the committee hold office for three years and both positions are eligible for re-election.

## SUBNATIONAL GOVERNMENT RESPONSIBILITIES

The 1992 Regional Councils Act states that regional councils may provide basic services while the 1992 Local Authorities Act outlines the functions decentralized to local authorities, which vary according to grading (part I or part II municipalities, towns or villages). The 1998 Government of Namibia's Decentralisation Policy identifies 28 functions to be decentralised to regional councils and local authorities. To date, the main functions that have been handed over to regional and local authorities include water and sanitation, waste management, environmental protection, electricity, economic promotion and tourism, although more functions are earmarked for decentralisation in line with the Decentralisation Policy.

### MAIN RESPONSIBILITY SECTORS AND SUB-SECTORS

	REGIONS AND CITIES	MUNICIPAL LEVEL
1. General public services		Public buildings and facilities (construction and maintenance); Vehicle testing and licensing
2. Public order and safety		Traffic Control Police
3. Economic affairs/transport	Road networks and facilities (regional); Energy (electricity, gas, etc.); Maintenance of regional infrastructure; Small miners' development	Urban roads networks and facilities (local); Support to local enterprises and entrepreneurship; Tourism; Commerce; Energy (electricity, gas, etc.)
4. Environmental protection	Forest development and management; Conservation	Environment conservation
5. Housing and community amenities	Resettlement, rehabilitation and housing; Urban and land use planning; Urbanism; Rural water supply; Management and control of communal lands; Land valuation and acquisition; Surveying and mapping of lands	Public Lighting; Housing (subsidies, construction and renovation and management); Urban and land use planning; Community development
6. Health	Primary healthcare	
7. Recreation, culture & religion	Libraries	Sports and recreation; Libraries; Museums; Cultural activities (theatres, exhibition halls, zoos, botanical gardens, etc.); Religious affairs
8. Education	Primary education; Secondary education; Special education (adult education)	Childhood development; Pre-primary and primary education
9. Social protection		

## SUBNATIONAL GOVERNMENT FINANCE

Scope of fiscal data: regional and local councils.	SNA 1993	Availability of fiscal data: <b>Low</b>	Quality/reliability of fiscal data : <b>Medium</b>
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**GENERAL INTRODUCTION.** According to the Commonwealth Local Government Forum, the Ministry of Urban and Rural Development undertook a review of local government in 2012 with the aim of improving local government efficiency. The reform focused on the various structures of local governance, financial management, establishing organized representation of local governance and intergovernmental relations. To date, this review process has not yet materialized into any legislative reforms that might have an impact on local government fiscal decentralization.

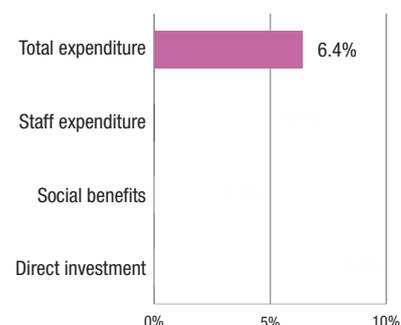
According to the latest reports of the Auditor General, effectiveness of the institutions is still significantly weakened due to the lack of adequate skilled staff and poor management of resources, fragile financial systems and delay in the delegation of functions.

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## SUBNATIONAL GOVERNMENT EXPENDITURE BY ECONOMIC CLASSIFICATION

2015	DOLLARS PPP / INH.	% GDP	% SNG EXPENDITURE	% GENERAL GOVERNMENT EXPENDITURE (SAME EXPENDITURE CATEGORY)
<b>Total expenditure</b>	<b>286</b>	<b>2.8%</b>	<b>100%</b>	
<b>Incl. current expenditure</b>				
Staff expenditure	77	0.8%	26.7%	
Intermediate consumption				
Social expenditure				
Subsidies and current transfers				
Financial charges				
Others				
<b>Incl. capital expenditure</b>				
Capital transfers				
Direct investment (or GFCF)				



**EXPENDITURE.** There are low levels of expenditure by local governments in Namibia, although there is a significant amount of devolved functions to local government, which began in 2000 due to the promulgation of the Decentralization Enabling Act. Almost 27% of local government total expenditure is devoted to the compensation of its employees. For the balance of total local expenditure, considered as “services”, the level of aggregation of available data does not allow to discern how much of this expenditure is spent on capital expenditure and how much on the provision of services and other current expenditure.

**DIRECT INVESTMENT.** Overall, infrastructure investments are low. They focus on water and sanitation services and the maintenance of existing infrastructure, mainly roads.

## SUBNATIONAL GOVERNMENT EXPENDITURE BY FUNCTIONAL CLASSIFICATION – COFOG

According to the fiscal data available, 13% of local government total expenditure is spent on water services and 6% on roads. In FY 2014-2015, total spending in these two sectors amounted to 54 dollars PPP per capita. The remainder of the breakdown of expenditure of local government by economic classification is unknown.



## SUBNATIONAL GOVERNMENT REVENUE BY CATEGORY

	DOLLARS PPP / INH.	% GDP	% GENERAL GOVERNMENT REVENUE (SAME REVENUE CATEGORY)	% SNG REVENUE
<b>Total revenue</b>	<b>287</b>	<b>2.8%</b>	<b>7.6%</b>	
Tax revenue	23	0.2%		8.2%
Grants and subsidies	59	0.6%		20.7%
Tariffs and fees	2	0%		0.6%
Property income	0	0%		0.0%
Other revenues	202	2.0%		70.5%

**OVERALL DESCRIPTION.** Tax revenue makes up around 8% of the country's subnational revenue, while grants and subsidies make up around 21% of the local government's total revenue. In general, Part I municipalities have better financial systems in place than the rest of local government subcategories and benefit from considerable autonomy with regard to the determination of property tax and the contraction of loans under the provisions of the Local Authorities Act. According to available data, 70 per cent of local revenues are recorded as "Other revenues", with no clear indication of which revenue sources are included in this category.

**TAX REVENUE.** Regions and local councils are able to levy taxes on their residents, although the extent to which this occurs and the revenue which is raised are unknown. The majority of locally raised revenues are from property tax and very little come from fees and levies. The tax rates vary between regional councils and local councils, and taxes are overseen by Ministry of Local Government. Property taxes are also levied by local governments. Each local authority must transfer five percent of its income to its regional council. However, local authorities in many cases are not paying the 5% levy on their property tax income to the regional councils and this affects the implementation of small capital projects in the regions.

**GRANTS AND SUBSIDIES.** Part II municipalities have weaker and often fragmented financial management and are subject to control exercised by the Ministry of Urban and Rural Development. Most of the town councils are not able to balance their budgets without substantial transfers from the central government or donors, and thus their financial autonomy, in general, is limited. The three Part I municipalities are significantly less reliant on transfers than Part II municipalities, since they have a stronger revenue base from which to extract their own-source revenue.

The transfers from central government are either for specific capital projects for infrastructure or for general operational expenditure. National government offers some grants for infrastructure upon application from councils. All capital support grants are project-specific, while operational grants are general. In parallel, national government provides subsidies to village councils, regional councils and newly established town councils that do not have sufficient revenue base. However, the Auditor-General has highlighted that there is currently no clear-cut formula in place to determine a subsidy, leading to the under-funding of some regions and the over-funding of others, therefore curtailing regions' capacities to fulfil the prescription of providing similar services in all settlement areas.

**OTHER REVENUES.** Local government is able to levy fees and tariffs for services provided, as for example fees for refuse removal or other services. However, payments for such services may not be collected effectively due to poor management of customer data.

#### ■ SUBNATIONAL GOVERNMENT FISCAL RULES AND DEBT

	DOLLARS PPP/INH.	% GDP	% GENERAL GOVERNMENT DEBT	% SNG DEBT
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#### Total outstanding debt

Financial debt\*

\* Currency and deposits, loans and bonds

**FISCAL RULES.** Subnational accounts are subject to audits carried out by the Auditor-General, who is appointed for periods of five years (renewable by the President) in accordance with the Constitution (Art. 127) and who derives his duties and power from the 1991 State Finance Act. Key Responsibilities of the Office of the Auditor-General include the audit of the financial statements of municipalities, regional councils, town councils and villages. The Auditor-General is required to report the results of all audits to the National Assembly. It makes recommendations aimed at improving financial management, controls and use of resources. All individual reports are accessible on line.

**DEBT.** The Local Authorities Act grants local councils the power to borrow through loans, issue of debentures, bills of exchange or other negotiable instruments. Article 33 of the Regional Councils Act also grants regional councils the same borrowing powers. Part I Municipalities can easily obtain loans under the provisions of the Local Authorities Act. However, the amount of outstanding loans is unknown.



Lead responsible: UCLG  
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[www.sng-wofi.org](http://www.sng-wofi.org)

**Socio-economic indicators:** World Bank // UNDP // UN Desa // ILO.

**Fiscal data:** Auditor General - Audit report on the service delivery of regional councils in the National Assembly // Namibia Ministry of Finance (2017) Budget Statement: 2017/18 // Namibia Statistics Agency, Annual National Accounts 2016.

**Other sources of information:** Commonwealth Local Government Forum. The Local Government System in Namibia. Country Profile 2017/18 // UCLGA and Cities Alliance (2018) Assessing the Institutional Environment of Local Governments in Africa.