

The Effectiveness of Public Works Programmes in Reinforcing the Social Protection System in Namibia

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Compared to many African countries, Namibia has a very well-developed social protection system, comprised of seven formal and wholly publicly funded programmes, as well as contributory pension schemes. There are, however, still a large number of Namibians—especially those who are able-bodied albeit with low levels of education and limited-to-no skills—who are excluded from the existing social protection system. Despite impressive economic growth, averaging 5 per cent per annum between 2002 and 2012, and a 40 per cent increase in per capita income between 2004 and 2012, an estimated 29 per cent of the population are still classified as poor, while 30 per cent of the labour force are unemployed. Women and young people are affected most, with unemployment rates of 33 per cent and 53 per cent (for those aged 20–24), respectively.

For these and other groups of people, Public Works Programmes (PWP) can provide useful employment opportunities, serve as an important vehicle for skills acquisition and help to address poverty and vulnerability. PWP, which are based on the fundamental principle that poor people's most abundant asset is their labour, have long been used as counter-cyclical interventions during periods of depressed economic activities. At the household level, PWP can be viewed as a mitigating factor against individuals or households sliding into poverty or as a means of escaping from poverty through increased access to wage employment and/or food consumption. The wages earned from PWP, in addition to enabling individuals and households to increase their consumption in the short term, can also be used to accumulate productive assets at the household level and/or invest in other economic activities which would act as a cushion against future economic shocks. PWP play an important role in addressing persistent or seasonal poverty, as well as protecting households from income shocks.

PWP can, therefore, be viewed as an integral part of the social safety nets that a country can offer the able-bodied albeit poor and unskilled or semi-skilled members of society. From a broader perspective, however, the programmes can be viewed as a macroeconomic policy intervention aimed at restoring or increasing aggregate demand for goods and services. To be cost-effective, PWP should be designed to encourage self-selection by poor people and avoid crowding out private-sector jobs.

Using data and information from a survey conducted among participants in three rural road networks in northern Namibia, it has been established that PWP have a positive effect on the socio-economic situation of the participants and their communities through increased spending power. A large majority of the participants, about 97 per cent, received earnings of less than NAD1500¹ per month, which is lower than the prevailing gazetted minimum monthly wage of NAD2131.36 for the construction industry

and average monthly wage of NAD2116 for unskilled workers performing similar tasks in the general labour market. An estimated 64 per cent of the participants, however, had wage earnings of less than NAD500 per month, an income band which is far below the minimum wage, but is nonetheless comparable to the value of most of the social grants which have been documented to reduce the number of poor individuals by 10 per cent and the number of very poor individuals by 22 per cent. That the wages earned are lower than those prevailing in the market is important for self-selection by poor people, and consequently poverty reduction.

In Namibia, wages from the PWP are mostly invested in improving communication (acquisition of mobile telephones), starting businesses and, to a limited extent, the purchase of livestock and agricultural land—important economic assets with the potential to improve the PWP participants' future socio-economic well-being. The wages are also used to improve access to basic social services—education and health. The wage earnings and investments of such wages in economic assets and increased expenditure on social services all serve to reinforce the country's well-developed social protection system. PWP, however, have not been effective in improving the employment status of the participants beyond the programme lifespan, despite a vast majority acquiring some skills during the programme, implying that either the skills and experience gained are at variance with what the market demands or that there are simply no alternative wage employment opportunities in the localities where the programmes were implemented.

For the PWP to be more effective in meeting the stated objectives of employment creation, poverty reduction and, importantly, reinforcing the existing social protection system, it will be necessary for the government to constantly review the level of remuneration to be as near the prevailing market rates as possible. This will achieve the twin objectives of self-selection by poor people and increasing their incomes. There is also a need to ensure that the PWP have an inbuilt mechanism for the transfer of the skills that are demanded by the labour market in Namibia, enabling the workers to secure employment beyond the PWP's lifespan. It is also necessary for the government to design complementary policies and programmes that promote long-term investments, especially by the private sector, in rural areas to tap into and utilise the reservoir of skills acquired as a result of the PWP.

Reference:
Namibia Statistics Agency (2012). *Poverty Dynamics in Namibia: A Comparative Study Using the 1993/94, 2003/04 and the 2009/10 NHIES Surveys*. Windhoek, Namibia, Namibia Statistics Agency.

Note:
1. 1NAD = 0.086USD (As of 12/01/2015)