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Are public works programmes effective in reinforcing social protection systems? Evidence from Northern Namibia

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Evidence from Northern Namibia

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ARE PUBLIC WORKS PROGRAMMES EFFECTIVE IN REINFORCING SOCIAL PROTECTION SYSTEMS?

EVIDENCE FROM NORTHERN NAMIBIA

Ojijo Odhiambo, Johannes Ashipala and Fabian Mubiana*

This paper analyses the effectiveness of public works programmes (PWPs) in creating employment, reducing poverty and reinforcing the existing social protection system in Namibia. Using data and information from a survey conducted in northern Namibia, it is established that while public works programmes have no significant effect on the employment status of participants beyond the programme lifespan, they nonetheless have a significant positive effect on their socio-economic well-being. PWP wages, which are significantly lower than those prevailing in the market for unskilled labour, are comparable to most of the existing social cash transfers and have a positive impact on poverty reduction. It is established that PWP wages are used by individuals and households to invest in economic assets as well as in improving access to basic social services—education and health—all of which serve to reinforce the well-developed social protection system.

There is, however, a need to constantly review the wage level to be as near the prevailing market rates as possible; to ensure that the PWPs have an inbuilt mechanism for the transfer of the necessary skills; and to design complementary policies and programmes that promote long-term investments in rural areas so that PWPs can be more effective in reinforcing the existing social protection system.

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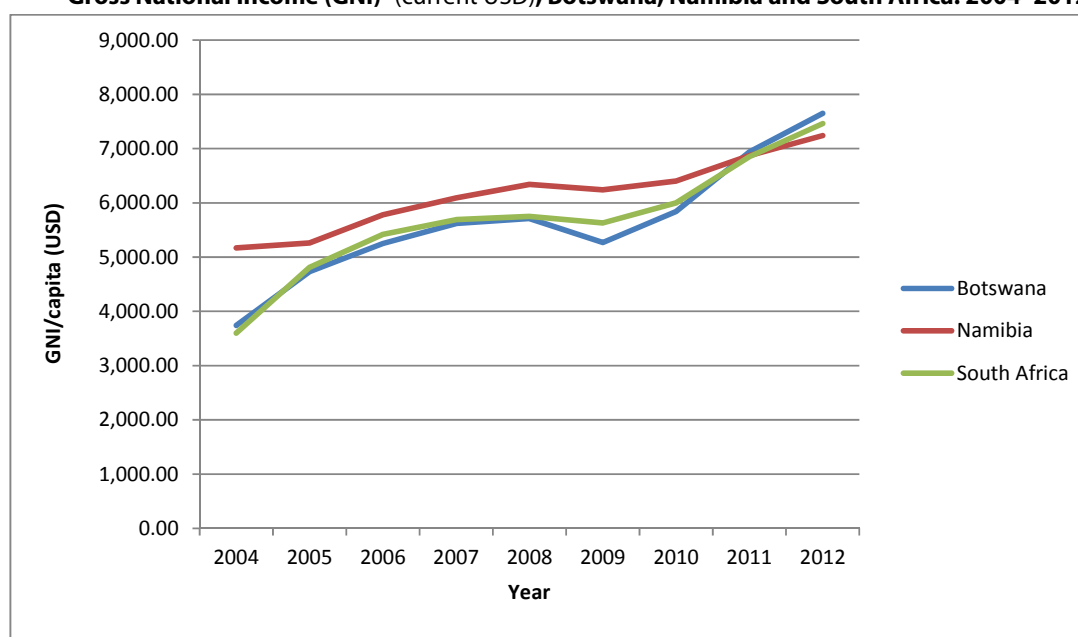
1 INTRODUCTION

1.1 RECENT AND PROJECTED PERFORMANCE OF THE NAMIBIAN ECONOMY

Namibia, like its upper-middle-income (MIC) neighbours, Botswana and South Africa, has registered a steady growth in per capita income over the past decade. Until 2010, Namibia had the highest per capita income among these neighbouring countries, but the situation has since changed, and currently Botswana has the highest per capita income, followed by South Africa, as shown in Figure 1.

FIGURE 1

Gross National Income (GNI)¹ (current USD), Botswana, Namibia and South Africa: 2004–2012



Source: World Bank Databank. Available at: <<http://databank.worldbank.org/data/views/reports/tableview.aspx>>.

As shown in Figure 1, the Namibian economy, like those of its upper-MIC neighbours, rebounded strongly from the 2009 global financial crisis. Whereas the Namibian economy contracted by 1.2 per cent in 2009, the economy rebounded strongly immediately thereafter and grew by 4.5 per cent in 2010. This was driven largely by a recovery in commodity prices and the expansionary fiscal policies instituted by the government in 2009 to stimulate the productive capacity of the economy.

TABLE 1

GDP (2010 constant prices) Growth 2008–2013

Year	2008	2009	2010	2011	2012	2013
Real GDP (annual percentage change)	1.1	-1.2	4.5	3.6	3.7	3.7

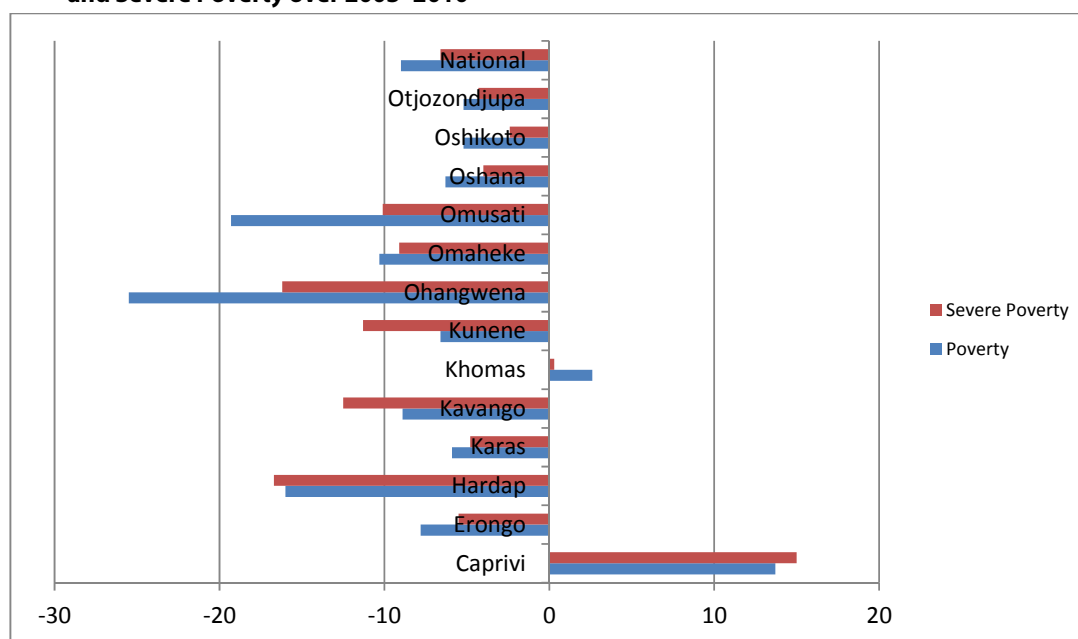
Source: Namibia Statistics Agency (2014) Annual National Accounts.

1.2 POVERTY AND UNEMPLOYMENT IN NAMIBIA

Since its independence in 1990, the country has made tremendous progress in terms of poverty reduction, with the proportion of the population classified as poor declining from 69.3 per cent in 1993/94 to 28.7 per cent in 2009/10, while the proportion of those classified as severely poor declined from 58.9 per cent to 15.3 per cent over the same period.² However, progress in poverty reduction has been uneven across the 13 regions of the country, with two regions—Caprivi (recently renamed Zambezi) and Khomas—registering increases in the incidences of poverty and severe poverty between 2003 and 2010.³

FIGURE 2

Namibia: Percentage-point Changes in the Incidences of Poverty and Severe Poverty over 2003–2010



Source: Namibia Statistics Agency (2012).

Poverty in Namibia exhibits strong spatial and gender dimensions. Poverty is more prevalent in rural areas, at 37 per cent, than in urban areas at 15 per cent, with the corresponding figures for the proportion of people classified as severely poor being 20.4 per cent and 7 per cent, respectively. Poverty also has a strong gender dimension, with 32.2 per cent of female-headed households being classified as poor, while the corresponding figure for male-headed households is 26.2 per cent. The main source of income is also an important determinant of poverty. An estimated 16 per cent of those with salary or wages as their main source of income are classified as poor, as are 39 per cent of those dependent on subsistence farming as their main source of income.

Despite the impressive economic growth in the recent past, averaging 5 per cent per annum between 2002 and 2012, the rate of unemployment has remained unacceptably high: it was estimated at 51.2 per cent in 2008 (NLFS, 2008), although recent (2013) estimates have put the figure at 29.6 per cent (NSA, 2014a).⁴ Unemployment, like poverty, also has distinct

spatial and gender dimensions and is higher among females (33.1 per cent) than males (25.8 per cent). Unemployment is, however, highest among young people aged 20–24 and 25–29, at 52.5 per cent and 35.6 per cent, respectively. There exists a strong positive correlation between the level of education (and skills) and employment. An estimated 36.6 per cent of those whose highest level of educational attainment is junior secondary school are unemployed, compared to 7.2 per cent of those with a university education. An estimated 18.7 per cent of unemployed people have been without a job for less than a year, while an estimated 63.4 per cent have been without a job for two years or more. Rural areas have a higher proportion of those who have been without jobs for two years or more (70 per cent) than urban areas (56.7 per cent). More women (60.4 per cent) than men (39.6 per cent) are unemployed for longer—i.e. two years or more.

1.3 PUBLIC WORKS PROGRAMMES, EMPLOYMENT CREATION AND POVERTY IN NAMIBIA

1.3.1 A History of Public Works Programmes in Namibia

Upon independence in 1990, after several decades of neglect during the apartheid era and liberation struggle, the Namibian government inherited a dilapidated infrastructure network, particularly in remote rural areas in the northern parts of the country. This rendered the delivery of critical public services and private-sector growth problematic. Public works programmes (PWP) or labour-based works were thus conceived as a necessary intervention, not only to improve the level of infrastructure development but also as a means of addressing the high incidence of poverty, which in 1993/94 was estimated at 69.3 per cent. Initially, labour-based works were funded mainly by donors, especially the Swedish government. The objectives of the Swedish government-supported project (the initial phase) were to:

- construct gravel district roads in northern Namibia;
- ensure (labour-based) maintenance of previously existing gravel roads;
- build the capacity of small-scale contractors; and
- establish an equipment pool to be rented by small contractors.

Under this phase of the project, an estimated 163km of gravel feeder roads were constructed, with about 15,500 worker months of employment being created. The road maintenance component, however, did not take off, as there were no gravel roads that needed maintenance. In terms of capacity-building of small-scale contractors, while there were a total of 41 trainees at the start of the project, there were only two established contractors with the requisite skills, mainly related to earthworks and drainage, by the end of the project. At the end of this phase of the project, the equipment pool, which was supposed to be accessible to small contractors, had equipment worth NAD2.3 million, but the intended rental of equipment to small contractors never materialised, partly because there were not many established contractors with the requisite skills. The equipment was ultimately transferred to the Roads Contractor Company (RCC) Ltd., a state-owned enterprise, upon its establishment in 2000.

The successes of, and lessons learnt from, this initial phase of PWPs in Namibia informed the development and subsequent launch in 1999 of a White Paper on Labour Based Works

(LBW) policy for Namibia and the establishment of a Labour Based Forum (LBF). When initially introduced during the immediate post-independence period, LBW were designed for the road sector and new construction only. The 1999 White Paper, however, expanded the scope of LBW to include large earthworks for dams, drainage, cable and pipe trenches as well as other community-based initiatives such as housing. The White Paper also outlined a comprehensive set of policies on a number of other aspects, including procurement procedures for LBW and the management and implementation of community labour-based initiatives. It also proposed the formation of a statutory body, the National Labour Based Forum (LBF), to serve as a platform for the promotion and coordination of employment creation under the LBW programme.

Despite these provisions of the White Paper, the current practice, however, is that LBWs are only being implemented in gravel road construction projects executed by small and medium-sized enterprises (SMEs) which are sub-contracted by large construction firms. The large construction firms are in turn contracted by the Roads Authority, with funding from the Road Fund and the German government. Thus, even though 'public works programmes' may imply that these are solely government-run programmes, in practice, the programmes—though publicly funded—are executed by non-state actors, mostly in the private sector, which play a critical role in promoting skills acquisition through public–private partnerships. PWPs provide important platforms for skills acquisition, as they are often designed to provide practical work experience and on-the-job training opportunities to improve labour market access beyond the programme lifespan and in other geographic locations where job opportunities may be available.

PWPs in Namibia are aimed at achieving a number of objectives. These include:

- creating employment opportunities, especially for unskilled and semi-skilled people;
- shielding individuals and households from sliding into poverty;
- stabilising household consumption;
- assisting households and individuals in accumulating capital and productive assets;
- enhancing the level of infrastructural development in local areas, opening up such areas to new business and investment opportunities; and
- promoting community development through community capacity-building, women's empowerment and development of the private sector.

1.3.2 Public Works Programmes as a Component of the Social Protection System

PWPs have long been used as counter-cyclical interventions during periods of depressed economic activity. PWPs are based on the fundamental concept that poor people's most abundant asset is their labour. PWPs provide short-term employment at low wages, mostly for unskilled and semi-skilled workers in labour-intensive projects such as road construction and maintenance; irrigation infrastructure; and reforestation and soil conservation. The government or an appointed agent develops and implements such programmes for the purposes of increasing the number of people engaged in wage employment and improving the public infrastructure and other related activities to stimulate economic activities.

At the local or household level, PWPs can be viewed as preventing individuals or households from 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 PWPs, in addition to enabling individuals and households to increase their consumption in the short run, 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. PWPs, including ‘food-for-work’ programmes, can, therefore, be viewed as an integral part of the social safety nets that a country offers the able-bodied but poor and unskilled or semi-skilled members of society.

The International Monetary Fund (IMF) has recently argued that, to be cost-effective, PWPs could be designed to encourage self-selection by poor people and that these programmes play an important role in addressing persistent or seasonal poverty as well as protecting households from income shocks (IMF, 2014). 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.

Despite having one of the most progressive and successful social protection systems in Africa, there are still a large number of people in Namibia—especially those who are able-bodied, with low levels of education and who possess limited-to-no skills needed for the job market—who are excluded from the existing social protection system. Although by their very nature, the labour-based programmes are often limited in spatial and temporal scope and coverage, they nonetheless provide useful employment opportunities and can serve as an important vehicle for skills acquisition and employment creation, ultimately helping to address poverty and vulnerability.

To date, there is, however, no documented evidence of the effectiveness of PWPs in addressing poverty and unemployment and/or reinforcing the existing social protection system in Namibia. Using data from a survey undertaken in the Omusati, Oshana, Oshikoto and Caprivi (now known as Zambezi) regions of Namibia, this paper analyses the effects of labour-based road construction on employment creation and poverty reduction and how these reinforce the country’s existing social protection system. The rest of the paper is structured as follows: Section 2 presents a review of the relevant literature, including literature on social protection system in Namibia, while the methodological approach is presented in Section 3. The results of the analysis are presented in Section 4. Section 5 contains the conclusions and policy recommendations.

2 LITERATURE REVIEW

Social protection has been defined in many ways. It is broadly understood as a set of public and private policies and programmes undertaken by societies in response to various contingencies, to offset the absence or substantial reduction of income from work, provide assistance to families with children and provide people with health care and housing (UN, 2000). Norton et al. (2001) define social protection as the public actions taken in response to levels of vulnerability, risk and deprivation which are deemed socially unacceptable within a given polity or society, while Genetilini and Omamo (2009) have argued that a social protection system consists of: social safety nets (non-contributory cash and food transfers—conditional or unconditional—transfers, public works and subsidies); social-sector policies

(education, health and nutrition); and labour policies and insurance (contributory pension schemes, unemployment benefits, health insurance and minimum wage).

In an attempt to reposition the traditional areas of social protection—i.e. labour market intervention, social insurance and social safety nets—Holzmann and Jorgensen (2001) developed an analytical framework of social protection that expands the range of actors to communities, non-governmental organisations, governments at various levels and inter-governmental organisations. They include, in their definition of social protection, three strategies to address risk and risk management.

For the purposes of this paper, we have adopted a simplified definition of a social protection system, which recognises the temporal aspects of poverty and vulnerability. We define a social protection system as the range of policies, programmes and measures taken, mostly by the public, but also by the private sector, to reduce and/or prevent a slide into poverty and economic vulnerability either at a given point in time or in the future. We posit that people find themselves in conditions of poverty and vulnerability for a variety of reasons including, but not limited to, lack of wage income; social exclusion; geographic location and climatic conditions; disability; gender discrimination; sickness; lack of education and access to information; lack of skills; and age. Such people, invariably, require social protection.

The Namibian social protection system has its roots in apartheid-era South Africa. The old-age pension, for instance, can be traced back to South Africa's Old Age Pensions Act of 1928, which was extended to South West Africa (later Namibia) in 1949, while the Child Grants are rooted in South Africa's Children's Act No. 33 of 1960, which was made applicable in Namibia (then South West Africa) via Act No. 74 of 1973 and came into effect on 1 January 1977. Compared to many African countries, Namibia has a very well-developed social protection system. It comprises a number of formal and wholly publicly funded programmes as well as contributory pension schemes for those in employment, such as the Government Institutions Pension Fund (GIPF) and the Social Security Commission (SSC).⁵ The wholly publicly funded social grants include:

- a universal and non-contributory old-age pension for those aged 60 and above;⁶
- a disability grant for persons above the age of 16 who are disabled, blind or living with HIV or AIDS;
- a child maintenance grant for single parents or spouse pensioners, or people serving prison terms who have children below the age of 18 years attending school;
- a special maintenance grant for people who are disabled, blind or living with HIV or AIDs and have children below the age of 16;
- a foster care grant for those in custody who have children below the age of 18 attending school;
- a place of safety allowance for people below the age of 21 in places of safety;⁷ and
- a war veterans' subvention for ex-combatants who are unemployed.

In addition, there is also the informal social protection system characterised by sharing between individuals and households and other forms of community support offered to the needy.

TABLE 2
Publicly Funded Social Grants and their Defining Characteristics⁸

Grant type	Amount (NAD/month)	Eligibility	Means test	Legal framework
Old-age pension	600	60+ years	No	Old Age Pensions Act of 1928; National Pension Act 1992
Disability grant	200	Disabled, blind or living with HIV or AIDS of 16+ years	No	
War veterans' subvention	2200	Involvement in the independence struggle (combatants or otherwise)	Income less than NAD 50,000 per annum	War Veterans Subventions Act of 1999; Veterans Act of 2008
Child maintenance grant	200 per child (up to a maximum of 6 children)	Single parents or spouse pensioners or people serving prison terms of > 6 months who have children below the age of 18 years in school	Income less than NAD 12,000 per annum	Children Act of 1960
Special maintenance grant	200	Disabled, blind or living with HIV or AIDS and having children below the age of 16 years	No	
Foster care grant	200 per child	In custody and with children below the age of 18 years in school	No	
Place of safety allowance	10 per day per child	In places of safety and below 21 years	-	

Source: Adapted (with relevant updates) from Levine, van der Berg and Yu (2009).

The effectiveness of PWP in creating jobs, reducing poverty and generally reinforcing the social protection system has been assessed in many countries, including neighbouring Botswana and South Africa. A 2002 socio-economic impact study of a labour-based road maintenance demonstration project in Botswana by Education Consultants (Pty) Ltd. has reported that the introduction of PWP in Botswana was intended to contribute to the national development objectives of employment creation, poverty reduction and economic growth.

The project was implemented through an institutional cooperation agreement between the Roads Department (Ministry of Works, Transport and Communication) and the Norwegian Public Roads Administration. Through this agreement, access roads between Pilikwe and Mhalapitsa as well as between Goo-Sekgweng and Gootau were constructed under the Tswapong Access Road Construction Project. The project had a positive impact on employment and poverty reduction in the two communities. As a result of their participation in the project, most beneficiaries managed to build houses, acquire agricultural assets and buy school uniforms for their children. The project led to other spill-over benefits to the communities such as easy access to nearby clinics and market centres, thus promoting economic activities in the local areas.

In South Africa, McCord (2002) has reported that the PWP was conceptualised as part of a broader strategy of systematic re-orientation of the public-sector approach to infrastructure development. It was also conceptualised as an instrument for employment creation and asset accumulation and was buttressed by the Construction Industry Development Programme, which was charged with the development and dissemination of best practices and guidelines for labour-based construction.

PWPs have been piloted in many areas, including the Zibambebe project in Kwazulu Natal province which was administered by the Department of Transport. Due to the high rate of unemployment and lack of skills prevalent in the area, the Kwazulu Natal project was designed with the specific objectives of job creation and poverty reduction. The project focused on the construction and maintenance of rural roads and alleviating rural poverty through income transfers. It managed to engage more than 10,000 contractors in the Zibambebe area to maintain approximately one third of the Kwazulu Natal rural road network. The programme has been cited as a simple and direct poverty alleviation mechanism, delivering low-level cash transfers averaging ZAR334 to households for eight days of work per month, as well as serving to maintain the rural road infrastructure. Specifically, the Zibambebe project was able to successfully:

- maintain the provincial road network;
- provide destitute rural households with regular income;
- improve the life chances of the contractors and their children (nutrition, education, dignity and economic activities); and
- enable the contractors to organise themselves into credit unions and invest their savings into other economic activities.

In a related strand of literature, Levine et al. (2009), analysing the impact of social cash transfers on poverty and inequality in Namibia, found that social cash transfers have a large effect on poverty reduction and that the effects are particularly positive for the poorest of the poor. Specifically, they found that social grants reduce the number of 'poor' individuals by 10 per cent and the number of 'very poor' individuals by 22 per cent—the latter holding true even after controlling for other factors such as household structure and education level of the head of the household. They also established that transfers tend to reduce inequality, albeit to a much lesser degree when compared to the poverty reduction effects.

3 METHODOLOGY

This study employed a mixed research approach, using both quantitative and qualitative data collection and analysis techniques. According to Ivankova et al. (2008: 260), a mixed research method can be defined as a procedure for collecting and analysing both qualitative and quantitative data during the research process so as to understand the research problem in a comprehensive manner. Leedy and Ormond (2005: 134) have noted that a research undertaking should adopt the qualitative approach if it is aimed at revealing the nature of certain situations, settings, processes, relationships or people. Similarly, a research process should adopt a quantitative approach if it is empirical in nature and the results are said to be outcome-oriented or in numbers (Blaxter et al., 2002: 65). Ivankova et al. (2008: 260) further note that the use of mixed research allows the researchers to collect both numeric and textual data concurrently or in sequence.

3.1 DATA COLLECTION

This study was aimed at providing insight into, and understanding of, the effects of PWP implemented in the Oshana/Omusati, Oshikoto and Caprivi (now known as Zambezi) regions on employment creation and poverty reduction, and how these reinforce the existing social protection system. To gain a comprehensive insight into the effects of PWPs in Namibia, data and information were collected from the following categories of respondents: community members, headmen and sub-contractors who participated in the labour-based roads construction in the following rural roads networks: DR 3645 Onyaanya to Onanke in Oshikoto region, DR 3507 Muyako to Ngoma in the Caprivi (now known as Zambezi) region, and DR 3643 Ekamba to Onkani in the Oshana/Omusati region. Data and information collection proceeded in two stages.

3.1.1 Questionnaire and Sampling Techniques

3.1.1.1 Administered Questionnaire

Questionnaires with closed-ended questions were administered to the community members who participated in the PWPs, to collect data on important demographic and socio-economic characteristics such as age, sex, level of education, skills transfer, employment status, wage earnings and acquisition of assets prior to and after participating in the PWP.

3.1.1.2 Sampling

The target population for the survey was the private households in areas where the PWPs have been undertaken. The PWP workers were the sampling units. The PWP worker population numbered around 968, and the survey sample was based on a one-stage random selection from lists of participants obtained from the sub-contractors. In collaboration with the Roads Authority and the Ministry of Works and Transport, three roads were selected for the survey, namely DR 3645 Onyaanya to Onanke in the Oshikoto region, DR 3507 Muyako to Ngoma in the Caprivi (now known as Zambezi) region, and DR 3643 Ekamba to Onkani in the Oshana/Omusati region. The Roads Authority provided a list of small- and medium-scale contractors who worked on these roads. The interviewees were selected from the contractors' updated lists of employees, with probability proportional to size sampling, where the size

measure of a contractor is the number of employees at the time of the road construction, coupled with a systematic sampling procedure. The employees were selected systematically from a list of employees of the contractor prepared before the interview process.

Sample size is calculated using the following formula, assuming a simple random sampling procedure:

$$n = (k^2 pq)/E^2$$

Where:

n = the required sample size

p = order of the proportions in the study. Since this is unknown, p is taken as 0.5

q = 1-p

E = the reliability required in the estimates, which is taken as 5 per cent.

k = 1.96 for the 95 per cent confidence level, taken as 2.

The response rate was assumed to be 90 per cent, while the sampling interval was calculated to be approximately 2. Based on these assumptions, the initial sample size was calculated at 400 employees. This sample size was adjusted for non-response using a non-response rate of 10 per cent, which raised the sample size to 444 employees. Primary data were then collected through an extensive field survey carried out around these three road networks, covering 11 contractors and involving 460 employees.

3.2 PERSONAL INTERVIEWS AND FOCUS GROUP DISCUSSIONS

Additional data and qualitative information were collected through personal interviews and focus group discussions, to gain a better understanding of the communities' perceptions with regards to the impact of PWPs. The use of personal interviews provided an opportunity for the study team to intricately interact with both the sub-contractors and the community members who participated in the programme, as well as those benefiting directly and indirectly from the programme. To gauge the perceptions of the communities with regard to the acceptability and impact of PWPs, data and information were collected, for each project site, using focus groups discussions both with the community members who participated in the labour-based road construction projects and those who are benefiting from the use of the road infrastructure that was created. Nieuwenhuis (2008: 90) has noted that the focus group interview strategy is based on the assumption that group interaction broadens the range of responses by the participants, thereby enriching the data and information already collected during personal interviews.

4 RESULTS

In this section, the results of analysis of the data and information gathered during the field survey are presented. To understand the results, it is instructive to note that although from a policy standpoint the PWPs can be viewed as aiming to address the high unemployment among able-bodied young people, in practice any unemployed Namibian of any age who is willing to work is eligible to take part. The only criterion that is applied is possession of a national identity card and willingness to work at the wage offered, which was set at a negotiated rate of NAD26.50 per task.⁹ Initially, the supply of labour by far exceeded demand, but this declined gradually as the programme progressed, with workers complaining that the negotiated rate was too low and not commensurate with the tasks performed.

4.1 DEMOGRAPHIC CHARACTERISTICS

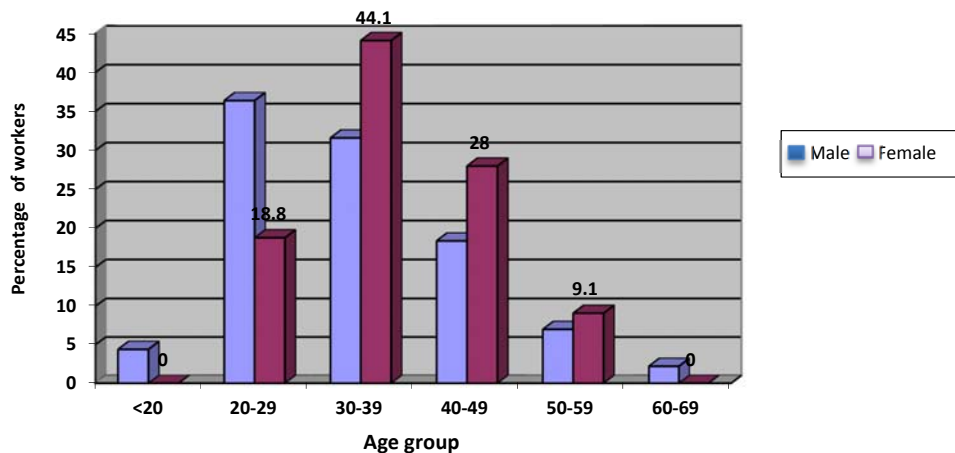
This section outlines the key demographic characteristics of the PWP workers.

4.1.1 Age and Sex of Workers

Figure 3 presents the age distribution of the workers participating in the PWPs, disaggregated by sex. Workers were mainly spread across four age groups within the range 20 to 59 years old, with the majority of participants being under 50 years of age. There is a discernible gender dimension to the age of the participants, with a larger number of young men (those aged between 20 and 29 years) and older women (those aged between 30 and 39 years) participating in the PWPs. About 36 per cent of men and 19 per cent of women participants fall within the age group 20–29 years. Only 4 per cent of men who participated were below 20, and only 2 per cent were above 60 years of age. More men (59 per cent of the total) than women (41 per cent of the total) participated in the PWPs.

FIGURE 3

Percentage of PWP Workers by Age Group and Sex



Source: Authors' calculations.

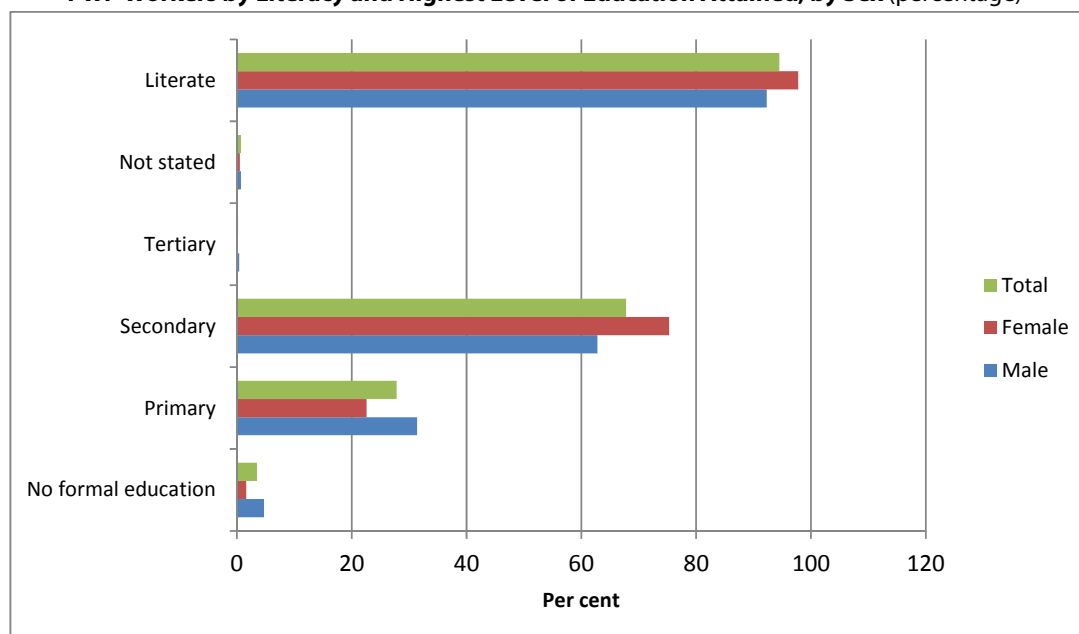
There are differences in the length of time males and females spent working on the programme. Relatively more women (41 per cent) than men (31 per cent) left within the first six months, while over one third of the male workers and about a quarter of female workers stayed with the programme for about 18 months, which is the average duration of the three PWPs included in this study.

4.1.2 Education Levels of the PWP Participants

Educational attainment is a key determinant of participation in the PWP. An outcome-based measure of educational attainment is literacy. Figure 4 shows the highest level of education attained by PWP workers, disaggregated by sex.

FIGURE 4

PWP Workers by Literacy and Highest Level of Education Attained, by Sex (percentage)

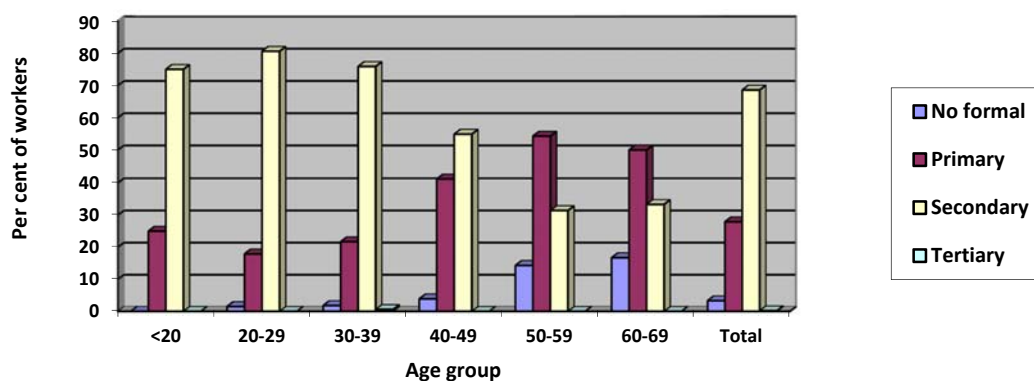


Source: Authors' calculations.

Almost all (95 per cent) workers were literate (92 per cent of males and 98 per cent of females), a figure that is significantly higher than the average literacy rate for rural Namibia (81 per cent). Only 4 per cent of the workers had no formal education. A majority of the workers, 63 per cent of men and 75 per cent of women, had attained secondary school education, while 31 per cent of the men and 23 per cent of the women had completed primary education.¹⁰ That a majority of those who participated in PWPs had completed secondary education could indicate that they lacked the requisite skills to enable them to be absorbed into the formal labour market or that there is simply a lack of formal jobs for people with this level of education, especially in rural areas. Hardly any people with tertiary education participated in the PWPs, which reinforces the well-documented phenomenon that in Namibia a vast majority of those who have completed tertiary education are employed.¹¹

Figure 5 presents an overview of the workers' educational attainment by age group. Young participants had mainly attained secondary education, while older participants had mostly attained primary education. Workers with no formal education were predominantly those aged 40 years and above.

FIGURE 5

PWP Workers by Highest Level of Educational Attainment and Age Group (percentage)

Source: Authors' calculations.

4.2 TRAINING AND SKILLS ACQUISITION PRIOR TO AND DURING THE PWP

The participants were asked to indicate whether they had received any relevant training prior to and during their participation in the PWP. Table 3 presents a breakdown of the participants who had received training prior to and during their participation in the PWP as well as the participants who acquired specific skills during their participation in the PWP. A small number of participants (only 5 per cent) indicated that they had received some form of relevant training prior to participating in the PWP, while 29 per cent indicated that they received relevant training during the programme. In-service/on-the-job training was cited by 95 per cent of those who received training during the PWP as the method of training, with only 2 per cent indicating that they had attended specialised training lessons/classes. Notwithstanding the small proportion of workers who received training during the PWP (just less than 30 per cent), 87 per cent of the workers indicated that they had acquired some skills during the PWP.

TABLE 3

Workers by Training Received and Vocational Education (percentage)

	Male	Female	Total
Training prior to PWP	5.2	3.8	4.6
Training during PWP	31.3	26.2	29.3
Vocational education	17.5	16.1	17.0
Skills acquired during the project	89.1	85.0	87.4

Source: Authors' calculations.

The ability of a PWP to enhance the participants' opportunities of obtaining jobs beyond the programme lifespan is dependent on the effectiveness of skills transfer to the participants. The limited training opportunities provided during the PWP, therefore, may have hindered the ability of workers to find jobs beyond the programme lifespan. Furthermore, although 87 per cent of workers indicated that they had gained skills during the PWP, it was not apparent whether the skills they acquired are those demanded by the labour market, especially in rural areas.

4.3 EMPLOYMENT AND WAGES

One of the key policy objectives of PWP is employment creation. This section assesses the benefits of participating in the PWP with regard to employment creation and wages earned. Apart from direct benefits in terms of wages, a related objective of the research undertaking was to establish whether the PWP had created indirect income earning opportunities.

4.3.1 Employment before and after the PWP

To explore the effects of PWP on employment creation, participants were asked to state their employment status prior to and after participating in the PWP. The ability of the PWP to create employment was further explored during focus group discussions. Table 4 presents the employment status and characteristics of those who were unemployed among PWP workers after the completion of the project.

TABLE 4

Labour Characteristics of the PWP Workers (percentage of workers)

	Male	Female	Total
Work experience prior to PWP	21.0	9.8	30.8
Employment substitution	11.5	7.7	19.2
Employment after PWP	28.8	37.6	32.4
New labour market entrants	38.2	31.0	69.2
Unemployment duration among PWP workers (≤ 2 years)	21.7	11.5	33.3
Unemployment duration among PWP workers (5+ years)	18.0	12.6	30.7
Unemployed who are available and ready to work	58.5	38.1	96.6
Unemployed actively looking for work	51.5	31.7	83.2
Travelled away to look for work	39.1	19.4	58.5

Source: Authors' calculations.

An estimated 31 per cent of the participants had some form of work experience prior to participating in the PWP, while an estimated 20 per cent substituted the PWP for other forms of employment. Only an estimated 32 per cent of the participants were engaged in wage employment after the end of the PWP (compared to 31 per cent who had some form of work experience before the start of the PWP). This would suggest, *ceteris paribus*, that the skills and experience gained during the PWP did not enhance the future employment prospects of participants or there are simply no alternative wage employment opportunities in the localities where the programme was implemented. The rate of unemployment among the PWP

participants after the programme was estimated at about 68 per cent, compared to 63 per cent prior to the introduction of the PWP, implying that the PWP did not lead to any significant increase in employment beyond its lifespan.

There are two possible explanations for this: a general lack of employment opportunities in the area and/or a lack of demand for labour with the type of skills gained during the PWP. About one third of the PWP workers had been unemployed for less than two years, while about 31 per cent had been unemployed for more than five years. Overall, about 69 per cent of respondents had no previous wage employment experience, so their inclusion in the programme contributed to its main objective, which was to provide employment opportunities, albeit temporarily.

Critical questions have been raised regarding the employability of those participating in the PWP, as well as the possible mismatch between the skills acquired and the specific demands of the labour markets, which could hinder the chances of PWP participants securing employment after the programme. While about 97 per cent of the unemployed PWP participants are available and ready to work, only 83 per cent are actively looking for work. Given that labour mobility is one of the constraining factors to employment, all PWP workers were asked if they had ever travelled away from their residences in search of employment after the end of the PWP. Only 59 per cent had travelled away from their area of residence in search of employment, with significantly more men (39 per cent) than women (19 per cent) doing so. About 17 per cent of the PWP participants were not actively looking for work. Almost half (45 per cent) of this group felt discouraged, as they believed that there were no jobs available in their areas, while about 15 per cent had lost hope of finding any kind of work. An estimated 19 per cent of those who were not looking for work cited family considerations as the main reason, while only about 8 per cent cited lack of money for transportation.

TABLE 5

Reasons for not Looking for Work (percentage of workers)

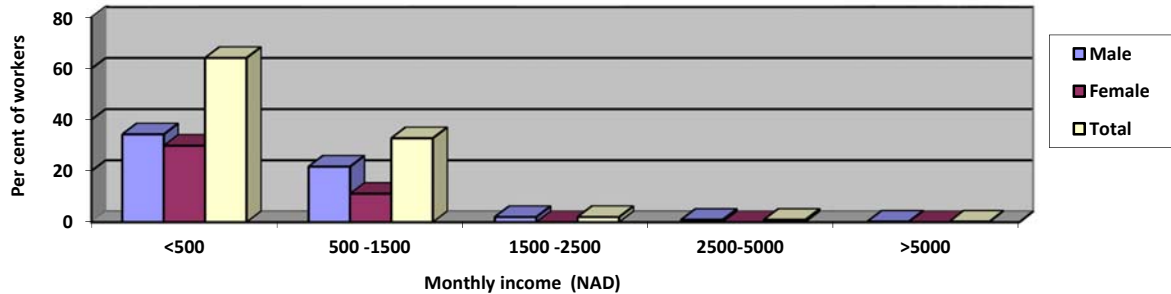
	Male	Female	Total
No jobs available	24.4	20.5	44.9
No money for transportation to look for work	2.6	5.1	7.7
Lost hope of finding any kind of work	6.4	9.0	15.4
Family considerations or child care	5.1	14.1	19.2
Other	7.7	5.1	12.8
Total	46.2	53.8	100.0

Source: Authors' calculations.

4.3.2 Wages Earned

The level of remuneration is a key determinant of participation in the programme and its distributional effects. Theory posits that to target and benefit unemployed people, the PWP wage rate ought to be lower than the existing market wage rate for a similar type of work and level of skills. As previously noted, PWPs should be designed to encourage self-selection by poor people, to be cost-effective and avoid crowding out private-sector jobs (IMF, 2014). Figure 6 presents estimates by the workers of their total monthly earnings, clustered into appropriate income bands, from the programme.

FIGURE 6

Percentage of Workers Falling within Defined Monthly Income Brackets, by Sex

Source: Authors' calculations.

Total monthly earnings varied from less than NAD500 to more than NAD5000. About 64 per cent of the workers estimated that they had wage income of less than NAD500 a month, while one third earned between NAD500 and NAD1500. Only 3 per cent of the workers earned more than NAD1500 per month. In total about 97 per cent of the PWP workers earned less than NAD1500 per month. The income band of less than NAD500 per month, where a majority of the workers fall, is comparable to the amount received by individuals/households as disability grant, child maintenance grant, special maintenance grant and place of safety grant but is lower than the amount received as old-age pension (NAD600) and war veterans' subvention (NAD2200).

As noted earlier, to ensure self-targeting, the PWP wages should be set below those prevailing in the market (for unskilled labour), to attract only those without other employment opportunities and avoid crowding out the private sector. Table 6 presents a comparison between the PWP wages (clustered into bands), social cash transfers, gazetted minimum monthly wages and actual prevailing minimum monthly wages for unskilled labourers in Namibia.

The PWP wage was set on a piece-rate or task basis at NAD26.50 per task. Almost all participants reported that they were paid less than they had expected. In particular, participants reported that preparatory work was not considered part of the task. Almost all (86 per cent) of the workers indicated that they had no other source of income during the PWP. Those who did have other sources cited social transfers as the main source of income. An estimated 50 per cent of the workers were from households with at least one person receiving a social grant.

TABLE 6

Comparison between PWP Wages, Social Grants, Gazetted Minimum Construction-industry Wages and General Labour-market Minimum Wages for Unskilled Workers

PWP monthly wage bands	Comparable social grants (monthly transfers)	Comparable gazetted minimum monthly wages for unskilled workers in the construction industry ¹²	Comparable actual prevailing private-sector monthly wages for unskilled workers performing manual labour and repetitive tasks (average) ¹³
<500	Disability grant, child maintenance grant, special maintenance grant, foster care grant and place of safety allowance	-	-
500–1500		-	-
1500–2500	War veterans' subvention	Effective 15 September 2013 until 31 May 2014: NAD2131.36 Effective 1 June 2014: NAD2333.76	NAD1690 for lowest-paid worker Average payments for unskilled employee for the A1 band: NAD2116
2500–5000	-	-	Average payments for unskilled employee: NAD3629 for A2 band (max. of NAD4317) and NAD4793 for A3 band max. NAD5556)
>5000	-	-	Lowest average salary for partially skilled worker is NAD6704 (max. of NAD7459)

Source: Authors' calculations; Jobs Unlimited (2013) and Republic of Namibia (2013).

4.4 FORGONE INCOME

To accurately assess the effects of the PWP, it was necessary to understand the extent of labour substitution and the amount of forgone income. These two factors represent the opportunity cost of the programme, which is crucial when one considers its effects on the labour market and income as well as its effectiveness in reinforcing the existing social protection system.

About 19 per cent of the PWP workers indicated that they had given up some form of wage employment to participate in the PWP. Of these, 63 per cent were from the Oshana region, about one third from Caprivi (now known as Zambezi) and 3 per cent from Omusati. None of the participants in the Oshikoto region gave up wage employment or alternative income. The low number of workers (only 19 per cent) who reported giving up some form of wage employment could, however, be due to the misconception, within rural areas of Namibia, of what constitutes 'work'. Many local people do not always consider subsistence farming, piecemeal work or any casual work as 'work'. An estimated 84 per cent of the participants had given up employment with monthly income estimated at less than NAD500, while about 12 per cent gave up employment or income with monthly income of between NAD500 and NAD1500.

Table 7 summarises the nature of work given up to participate in the PWP. Of those who had given up some form of employment, 38 per cent gave up subsistence labour or work in the farming sector, while 27 per cent gave up domestic activities to participate in the PWP. Casual wage employment was cited by 7 per cent of the participants, while only 8 per cent gave up regular employment. The low number of participants who gave up casual wage and

regular employment, in contrast to subsistence labour or domestic work, may indicate the limited number of formal wage employment opportunities in rural parts of Namibia.

TABLE 7

Type of Work Given up by PWP Workers, by Sex (percentage of workers)

	Male	Female
Regular wage employment	3.49	4.65
Casual wage employment	6.98	0.00
Subsistence labour/farming	17.44	20.93
Non-farm activity	1.16	1.16
Domestic activity	18.60	8.14
Other	11.63	5.81
Total	59.30	40.69

Source: Authors' calculations.

Of those who had given up some form of work to take part in the PWP, 59 per cent were male, while 41 per cent were female. For males the kind of work most frequently given up was domestic activities (19 per cent of those who gave up work), followed by subsistence labour/farming (17 per cent). Most females also cited these as the most frequent type of work forgone, but with more females (21 per cent) citing subsistence labour/farming as the type of work forgone, and 8 per cent citing domestic activity.

In addition to gender variations, there are marked spatial (regional) variations in the type of work forgone. In the Oshana region, one third of the participants gave up subsistence farming, compared to 1 per cent in Caprivi (now known as Zambezi) and 4 per cent in Omusati. Domestic activities were given up more frequently in the Caprivi (now known as Zambezi) region than in Oshana and not at all in Omusati. It was only in Caprivi (5 per cent) and Oshana (4 per cent) where participants gave up regular work.

TABLE 8

Type of Work Given up in each Region (percentage)

Work type	Caprivi	Omusati	Oshana	Total
Regular wage employment	4.7	0.0	3.5	8.2
Casual wage employment	1.2	0.0	5.8	7.0
Subsistence labour/farming	1.2	3.5	33.7	38.4
Non-farm activity	1.2	0.0	1.2	2.4
Domestic activity	20.9	0.0	5.8	26.7
Other	5.8	0.0	11.6	17.4

Source: Authors' calculations.

4.5 PERCENTAGE CHANGES IN ASSET AND BUSINESS OWNERSHIP

The PWP participants were also asked to enumerate the types of assets and businesses they owned prior to and after their participation in the PWP, irrespective of whether the assets or

businesses were acquired as a result of their participation in the PWP. Table 9 outlines the changes, *ceteris paribus*, in the proportion of participants owning specified assets and businesses prior to and after participating in the PWP.

TABLE 9
Asset Ownership among PWP Workers (percentage)

	Before			After			Difference		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Agricultural land	53.7	37.3	91.0	53.8	37.4	91.2	0.0	0.1	0.1
Cattle	43.5	23.3	66.8	42.2	23.6	65.8	-1.4	0.3	-1.0
Goats	36.7	23.5	60.2	36.0	23.4	59.4	-0.7	-0.1	-0.8
Business	12.5	7.5	20.0	13.0	10.2	23.2	0.5	2.7	3.2
Television	6.2	1.1	7.3	6.4	1.5	7.9	0.2	0.4	0.6
Plough	40.5	25.1	65.6	40.0	24.9	64.9	-0.6	-0.2	-0.7
Telephone	35.9	22.5	58.4	38.9	28.0	66.9	2.9	5.6	8.5
Other	47.1	38.2	85.3	53.1	31.3	84.4	6.1	-7.0	-0.9

Source: Authors' calculations.

There was no notable difference in ownership of agricultural land, a key factor of production in rural areas, since access to and ownership of land in rural Namibia is determined principally by the Traditional Authorities (TAs), which allocate agricultural land to community members. It is also inconceivable that individual workers would dispose of their land on account of short-term employment in their localities. Indeed, the participants did not consider their participation in the PWP, which is short-term in nature, as sufficient justification for a permanent switch from engagement in subsistence agriculture, and thus relinquishing land ownership, to other forms of economic activities. There were also insignificant changes in the proportion of participants owning cattle, goats and ploughs.

However, there was a significant increase in the proportion of participants owning telephones, with an increase of 8.5 percentage points from 58.4 per cent to 66.9 per cent after participation in the PWP. There was also a 3.2 percentage-point change in the proportion of participants owning businesses after the conclusion of the PWP. Overall, male participants, proportionately, owned considerably more of every type of asset and businesses both before and after the PWP than their female counterparts.

4.6 IMPROVEMENTS IN ECONOMIC WELL-BEING AND INVESTMENTS FOR THE FUTURE

4.6.1 Overall Improvements in Economic Well-being

It is expected that wages received would improve the economic well-being of the participants through, *inter alia*, increasing household consumption and/or presenting opportunities to undertake small-scale business activities. The PWP can affect the local economy in at least two ways. First, there is the immediate and direct effect resulting from increased disposable income among the community members which enables them to purchase more of the basic commodities and access critical social services. The second effect of growth of businesses

depends crucially on the length of the PWP and the sustained demand for goods and services beyond the project lifespan.

Participants were asked to indicate whether the PWP had improved their economic well-being. About 78 per cent of them indicated an improvement in their economic well-being as a result of their participation in the PWP. Additionally, the workers were asked to indicate whether they had used PWP income to set up or expand small business enterprises. Of those who reported an improvement in their livelihood, 9 per cent cited starting their own businesses as the main cause of improvement in their socio-economic well-being.

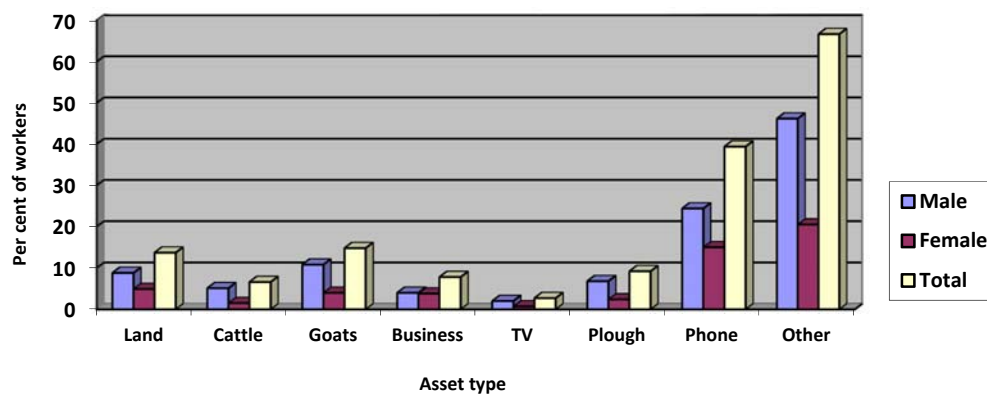
4.6.2 Investments in Economic Assets

Another objective of the study was to establish whether the project had any effects in terms of ownership of economic resources which could contribute to improving the long-term welfare of the participants and thus give an indication of the effectiveness of the PWP in reinforcing the existing social protection system. The idea here was to establish whether the participants used their earnings to create future income-earning opportunities and also invested in their future and those of their dependants, in terms of improved access to education and health, and other investments such as constructing/renovating a house/dwelling unit.

The respondents were asked to report on the use of income from the PWP to procure assets from a list of the eight most common economic assets with potential to generate future income streams in rural Namibia. Figure 7 presents the responses to this question. A number of participants indicated that they had used their income to invest in assets that have medium- to long-term socio-economic benefits, with communication equipment (mobile phone), crop farming and livestock rearing being the leading assets/economic activities. Mobile phones, a critical input in today's business undertakings, were the most frequently procured item, followed by livestock (goats and cattle) and agricultural land. Ploughs were procured by about 9 per cent of the participants, while cattle were procured by about 7 per cent, with 8 per cent reporting that they had started a household business using income from the PWP. In all cases, a higher percentage of men than women reported procuring economic assets using the PWP wages.

FIGURE 7

Types and Proportion of Participants Procuring Economic Assets Using PWP Wages



Source: Authors' calculations.

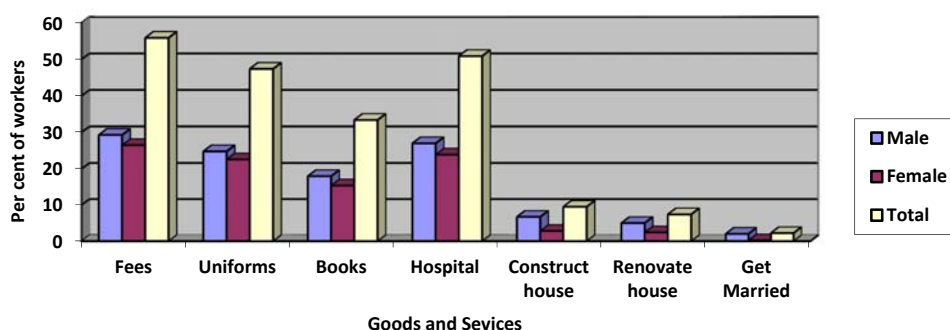
4.6.3 Improved Access to Social Services

In addition to the economic assets indicated above, the PWP workers were also asked to report on the use of wages earned to buy or pay for services from a list of seven items/services. Figure 8 provides an overview of the participants' responses. Social services—education and health—are the main areas of expenditure by the workers. Investment in education, particularly school fees, uniforms and textbooks, was reported as the main type of expenditure by the workers.

Learning resources such as teaching materials and a school's physical facilities explain about 40 per cent of the variation in average school performance. Furthermore, school items such as uniforms, textbooks, pens and pencils are often cited as factors affecting both the attendance and the performance of learners in school. This could explain why education (school fees, school uniforms and school books) was the main expenditure item for the PWP workers. Payment of school fees was the main activity/service reported by the participants, followed by hospital fees, school uniforms and books. These were followed by welfare-related investments, such as improving housing and getting married. There are no major gender differences in the use of PWP income, as shown in Figure 8.

FIGURE 8

Goods and Services Purchased with PWP Wages (percentage of workers)



Source: Authors' calculations.

4.7 OTHER EFFECTS ON THE COMMUNITIES

Focus group discussions with the Community Development Committees (CDCs) and community members revealed that the PWP had a broader impact at both household and community levels. Apart from the direct benefits to individuals and households discussed above, there were indirect benefits that the programme created: a number of businesses were set up, building materials became more readily available, and more clinics and secondary schools were built in the local communities as a result of the earth roads constructed under the programme. Tourism activities in the surrounding areas also increased. The programme has facilitated enhanced transport within the communities and between different villages and the nearest towns/urban centres. Improved road infrastructure has led to reduced transport costs. The road infrastructure has also facilitated the delivery of essential materials and supplies to local schools and health facilities.

5 CONCLUSIONS AND RECOMMENDATIONS

This study sought to analyse the effectiveness of PWPs in creating wage employment, addressing poverty and reinforcing the existing social protection system in Namibia.

Using data and information from a survey conducted among participants in three rural road networks in northern Namibia, it is established that PWPs, while having no effect on the employment status of the participants beyond the programme lifespan, did have a positive effect on the socio-economic situation of the participants and their communities.

Specifically, the PWPs had two immediate benefits: increased spending power as a result of the wages received, and the acquisition of skills. The acquisition of skills by a vast majority notwithstanding, the employment situation of the PWP participants after the completion of the project was similar to their situation prior to the project. This would suggest that either the skills or experience gained from the PWPs did not enhance the future employment prospects of participants, probably because these are at variance with what the market demands, or that there are simply no alternative wage employment opportunities in the localities where the PWPs were implemented.

In terms of wages earned, the PWPs led to increased wage-earning opportunities, with a majority of the participants, about 97 per cent, earning less than NAD1500 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. This is important for self-targeting by poor people and, consequently, poverty reduction. The majority of the participants, 64 per cent, had wage earnings of less than NAD500 per month, an income band which is far below the minimum wage but is 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.

Wages from the PWP were 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 potential to improve the future socio-economic well-being of the PWP participants. The wages earned were also used to improve access to basic social services—education and health—with the bulk of expenditures directed towards the payment of school fees, purchasing uniforms and books as well as user fees in hospitals.

More broadly, the wage earnings and investment of such wages in economic assets and increased expenditure on social services all serve to reinforce the well-developed social protection system in Namibia. The PWPs also provided the much-needed road infrastructure in hitherto remote and inaccessible rural areas. Furthermore, there are indications of second-round employment benefits, evident from a number of economic activities along the road networks and improved access to critical social services for the local communities. PWPs can, therefore, be viewed as an integral part of Namibia's social protection system.

Nevertheless, for PWPs to be more effective in meeting the stated objectives and—importantly—reinforcing the existing social protection system, it will be necessary for the government to consider the following policy recommendations:

- There is a need to constantly review, in consultation with private-sector actors/implementers, the level of remuneration, and whether the per task or daily or monthly rates should be as near the prevailing market rates as possible, as opposed to the current rates which are way below the prevailing market rates. This will achieve the twin objectives of self-targeting and increasing household disposable income for poor and vulnerable households.
- There is also a need to ensure, from both policy and practice standpoints, that the PWPs have an inbuilt mechanism for the transfer of the skills that are demanded by the labour market in Namibia, to enable the workers to find secure employment beyond the PWPs' lifespan. Documented and demonstrable transfer and acquisition of relevant skills could be a benchmark against which the success of PWPs could be assessed in the future.
- 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 participation in the PWPs.

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NOTES

1. As opposed to Gross Domestic Product (GDP), the GNI takes into account the net income from abroad and is the sum of value added by all resident producers plus product taxes (less subsidies) not included in the valuation of output plus net receipts of primary income (compensation of employees and property income) from abroad.
2. Poverty is a multidimensional concept relating to a lack of resources with which to acquire a set of basic goods and services and can be defined in both absolute and relative terms. The poverty lines used in this paper were derived using the absolute poverty measure based on the estimates of the cost of basic needs in Namibia and correspond to the international poverty line of USD1.25 (2005 PPP). The lower-bound, or severe poverty, line (monthly expenditure consumption below NAD277.54) was determined based on the cost of basic food needs—i.e. the cost of a nutritional basket of food considered the minimum requirement for a healthy survival of a typical household, while the upper-bound, or poverty, line (monthly expenditure consumption below NAD377.96) was determined by adding to basic food needs the value of a bundle of non-food items consistent with the general spending patterns of poor households in Namibia.
3. One of the desired outcomes of Namibia's current fourth National Development Plan (NDP4) is "By 2017, the proportion of severely poor individuals has dropped from 15.8 per cent in 2009/2010 to below 10 per cent."
4. Namibia's unemployment rate is higher than the rate in the comparable neighbouring countries of Botswana and South Africa.
5. There are also a number of private-sector-managed contributory pension schemes which are open to all, irrespective of their employment status.
6. In sub-Saharan Africa, only Namibia, Botswana, Lesotho, Mauritius and South Africa provide state pensions for elderly people.
7. Among sub-Saharan African countries, only Namibia and South Africa have comprehensive national systems for cash transfers for households with vulnerable children.
8. All the grants are applicable equally to citizens and permanent residents.
9. It is important to distinguish between a per-task wage rate and a daily wage rate. In principle, it is possible for a PWP worker to complete many tasks in one day or over two or more days. Indeed, many workers complained that it was not always possible to complete one task in one day, a factor which limited their earning potential.
10. It is instructive to note that although the majority of the workers were literate and had secondary education, this was not a consideration during the recruitment stage.
11. The 2013 Labour Force Survey revealed that the unemployment rate among those who had completed university education was 7.2 per cent.
12. These figures reflect the results of the new collective agreement for the construction industry contained in the Government Notice No. 5372 of 24 December 2013.
13. It is instructive to note that a 2013 salary survey conducted in Namibia (see Jobs Unlimited, 2013) indicated that the average salary for the different salary bands for all sectors of the Namibian economy range from NAD2116 to NAD70,662, with the minimum salary being NAD1690 and the maximum being NAD96,094.



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