3 Expenditure

Measures of poverty are generally expressed as estimates of income, for example people with incomes of less than US$ 1 or 2 per day. However, it is seldom possible to obtain accurate figures on income since most people are reluctant to divulge their true earnings. An alternative approach employed by household income & expenditure surveys is to estimate the total expenditure of a family and to use that as a measure of wealth. This approach relies on the reasonable assumption that total expenditure is a good reflection of total income since most families save little of what they earn.

Such estimates of wealth are usually given as averages or means, the latter being the more technical equivalent of an average. However, averages or means can only be used when the statistical distribution of the data is normal. In the case of expenditure (or income), data are heavily skewed because there are large numbers of poor people and relatively few rich people. Under these circumstances, the median is a much better measure because it is the value (expenditure, in this case) that separates the poorest half from the wealthiest half of all people in an area.

Figure 2. Estimates of median annual expenditure per person in Namibia.
Figure 2 for the whole country, and the six regional and urban maps that follow, show the median expenditures per person per year. The values were derived from the expenditure estimates in N$ from the 2004 Household Income & Expenditure survey but then adjusted upwards to account for inflation. For example, N$1,000 in 2004 was increased to N$1,438 (or by 43.8%) for 2010.

Expenditures measured during the 2004 Household Income & Expenditure Survey include sums spent in cash to buy goods and services as well as the value of items obtained in kind, such as harvested food and free rental. The values of goods and services in kind are estimated from local market values paid for the same items.

The estimates of median annual expenditure per person are for all ages, and thus disregard the fact that children consume and therefore spend less than adults. As a result, households with many children may be relatively better off than those with fewer children, but these differences would be slight.

This map confirms the broad trends and differences between the northern and more central and southern regions of the country. However, average expenditures are higher in eastern Caprivi than the other northern regions. Zones in southern and central Namibia with the lowest expenditure values are generally those in communal areas.
These maps confirm the significant difference in average expenditure between much of Caprivi and most rural areas in Kavango. Expenditures along the Okavango River and northern border of Kavango are generally higher than in the southern areas. The density of people along the river is very much higher than in the southern areas.

Median expenditures are considerably higher in the towns of Katima Mulilo and Rundu than elsewhere. People living in smaller towns such as Nkurenkuru, Ndiyona, Omega and Divundu also have higher expenditures, on average, than people in surrounding rural areas. These differences are not visible at this scale of analysis, however.
People of the freehold farms around Tsumeb, many of which are now owned by formally disadvantaged Namibians, have higher expenditures than those in other rural areas of these four northern regions. Within the rural communal areas to the north, there is a clear swathe of higher expenditure which runs between Omuthiya in the south-east and Ruacana in the north-west, as well as northwards to Oshikango. Many small towns and commercial centres fall in that swathe, and this is also the most densely populated area across the four regions.

All of the major towns – Tsumeb, Ondangwa, Eenhana, Ongwediva-Oshakati, Outapi and Okahao – have dense populations of people with expenditures that are considerably higher than elsewhere in the four regions.
Much of the north-western Erongo and Kunene consists of national parks where few people live. Elsewhere, population densities are low and most people are confined to towns and villages. In rural areas, expenditures per person are higher in the south than in the north.
The highest expenditures in the rural areas of these regions are in Khomas and in the southern areas of Otjozondjupa, while the lowest are in the former Bushmanland areas in north-eastern Otjozondjupa.

The largest numbers of people live in the large towns of Windhoek, Gobabis, Okahandja, Otjiwarongo, Otjimbingwe, Okakarara, Grootfontein, Otavi and Otjiwarongo. These urban residents also have among the highest annual expenditures in Namibia.
Almost no-one lives in the national parks which make up the western areas of these two regions. Elsewhere, populations in the rural areas are very sparse. The highest expenditures in rural areas are in freehold farming areas, while the lowest are in the communal area that was formerly Namaland.

As elsewhere, the highest densities of people with the highest expenditures are in towns, particularly Keetmanshoop, Oranjemund, Lüderitz, Mariental and Rehoboth.
The highest expenditures are in the formal suburban areas of these towns, especially those suburbs previously reserved for white residents. Expenditures in areas that were reserved for coloured people are lower, while the lowest expenditures are in townships that were established for black residents, particularly in newly established informal settlements.
4 Wealth groups

Detailed information on where the greatest numbers of poor homes are found is immensely useful when one wishes to target measures to reduce poverty and improve the welfare of the poorest segments of society. Such information is much better than figures that reflect the proportions of poor people in specific areas. For example, 90% of the 100 residents in a village may be poor, which means that there are 90 poor people there. In another village, 20% of the 1,000 residents may be poor, which means that this village has 200 people who could benefit from public service support.

For purposes of the maps that follow, all households in the country were ranked from the poorest to the wealthiest. Within that ranking, households could then be divided into three groups: the poorest third, the next third of homes with moderate levels of expenditure, and then the wealthiest third. Each group is called a tercile: the poorest tercile, the intermediate tercile and the wealthiest tercile.

People living in the poorest tercile had annual expenditures of less than N$2,121 per year in dollar values in the year 2010, while those in the wealthiest tercile had annual expenditures greater than N$7,165. People in the intermediate wealth tercile thus spent between N$2,121 and N$7,165 per year.5

The number of households in each of the three wealth groups can be compared in the five socio-economic landscapes described on page 7. This table compares the percentages of all households in each tercile and landscape, bearing in mind that 33% of all homes are in each tercile. Thus, for example, 24% of all homes in formal urban areas are in the third tercile, whereas 23% of households in agro-pastoral areas are in the lowest tercile.

Percentages of households in each tercile and socio-economic landscape.

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<th>Landscape</th>
<th>Tercile</th>
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<tbody>
<tr>
<td></td>
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</tr>
<tr>
<td>Rural formal</td>
<td>2</td>
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<tr>
<td>Urban formal</td>
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<tr>
<td>Urban informal</td>
<td>4</td>
</tr>
<tr>
<td>Agro-pastoral</td>
<td>23</td>
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</table>

Comparing now the proportions of households in each landscape that are in the lowest, intermediate or highest tercile, over half of all homes in the two rural communal areas (pastoral and agro-pastoral) are in the lowest tercile. By contrast, about 82% of homes in urban formal areas are in the third tercile. The percentages of homes in each tercile are spread more equally in rural formal and urban informal areas.

Percentages of people in each tercile in each socio-economic landscape.

<table>
<thead>
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<th>Tercile</th>
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<tr>
<td>Agro-pastoral</td>
<td>56</td>
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</table>
Figure 9. The number of households in the lowest wealth tertile in each cluster.

Households in the lowest wealth tertile tend to spend little on materials for housing, using locally available materials instead. Rural housing near Sesfontein (top) and Puros (bottom), both in Kunene Region.
Figure 10. The number of households in the 2nd or intermediate wealth tercile in each cluster.

Figure 11. The number of households in the highest wealth tercile in each cluster.
Most clusters contain fewer than 100 households in this tercile in Caprivi, whereas in Kavango most clusters have 100-300 such homes. In Kavango, there is also a greater number of poorer households in the southern parts of the region than in the densely populated swathe along the Okavango River.
Almost all of the larger clusters in the more sparsely populated areas have more than 400 households in this poorest tercile. There are thus substantial numbers of poor homes in these more remote areas but most of them are widely distributed in the large clusters.

The freehold and resettlement farming area in southern Oshikoto has comparatively few households in this tercile of poorer homes.
There are more than 300 households in the poorest tercile in all the sparsely populated clusters in the northern and western areas of this map. To the south, there are relatively few households in this lowest tercile.
There are more than 300 households in the poorest tercile in all the sparsely populated clusters in the north-eastern areas of this map. These are the sparsely populated areas of what was formerly called Bushmanland. There are relatively few households in this lowest tercile in the south and west.
Figure 16. The number of households in the lowest wealth tercile in each cluster in Hardap and Karas.

Compared with other regions in Namibia, there are relatively few households in this lowest tercile. However, there are significant numbers of poorer homes in the communal areas west of Karasburg and between Keetmanshoop and Mariental.
Relatively few homes in the lowest wealth tercile are in towns. Most of the poorer homes in towns are in informal settlements.
A major purpose of this book is to provide maps and data that show where poverty is concentrated. The previous maps which show the number of households in the lowest wealth tercile are useful in this respect.

This map presents a different measure of poverty, focusing on homes which are headed by women and in which there are no people of an age at which people are considered productive, as opposed to being dependants. Of course, not all female-headed households are necessarily poor, but a great number are especially if they are short of productive labour.

In total, there were some 26,000 such homes in Namibia in 2001. The map gives a perspective on