The Effects of Rational policymaking for economic adjustments in Namibia during Covid-19 Pandemic

Martha N. Nambahu
2131543

University of Witwatersrand School of Governance

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Supervisor: Dr John Khumalo

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DECLARATION

I, Martha Nangula Nambahu declare that this write-up is my own, unaided work. I have not submitted this write-up before for any other purpose apart from this course, Research Proposal Development (PADM7027A) at the WITS School of Governance.

Signed: ________________ at Windhoek, Namibia

Date: February 2025

ABSTRACT

This study investigates the effects of rational policymaking on economic adjustments in Namibia during the COVID-19 pandemic, with a specific focus on the country's fiscal and monetary policy responses. The research explored how systematic, evidence-based decision-making influenced Namibia's capacity to stabilize its economy amidst global uncertainty and domestic constraints. Employing a qualitative research methodology, data were collected through semi-structured interviews with economists, policymakers, business analysts, and other key stakeholders in Namibia's economic landscape. Thematic analysis was used to interpret the findings, with results revealing that while rational policymaking contributed to short-term economic resilience such as stabilizing GDP decline, preserving jobs, and mitigating business closures its implementation was hindered by structural challenges, limited institutional capacity, and public compliance gaps. The research focused on a qualitative study that focuses on human perceptions. Interviews were used as the data collection methods. The population of the study targeted individuals, businesspeople, and government employees who are well vast with rational policy making and its impact during a crisis, such as the Covid-19 pandemic. A purposive sampling technique was used in selecting the appropriate sample for the study, which was made up of 35 respondents. Findings also show that policies grounded in rational models emphasizing data-informed decision-making and outcome optimization yielded measurable improvements in macroeconomic indicators. However, delays in execution, political pressures, and uneven communication limited the full potential of these interventions. The study situates its findings within established theories including traditional economic theory, public choice theory, bounded rationality, and group theory, offering a multi-dimensional interpretation of how decisions were made under crisis conditions. This research provides critical insights for future policy development in Namibia and other emerging economies by advocating for enhanced transparency, data-driven approaches, and strengthened institutional coordination in times of crisis.

Keywords

Rational policymaking, COVID-19 pandemic, economic adjustment, fiscal policy, monetary policy, Namibia, crisis management, policy implementation

DEDICATION

I Dedicate this research paper to the men and women who lost their jobs, to the men and women whose businesses closed and suffered financial constraints, due to and during the Covid-19 Pandemic. I further dedicate this research paper to the lives lost from Covid-19 – May your souls continue to rest in peace.

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Abbreviations and Acronyms

Abbreviation	Acronym
AUC	African Union Commission
GDP	Gross Domestic Product
IMF	International Monetary Fund
IT	Inflation Targeting
MSME	Micro Small and Medium sized Enterprises
NSA	Namibia Statistics Agency
OECD	Organization for Economic Co-operation and Development
SEIAC	Socio-economic Impact Assessment
SGP	Stability and Growth Pact
SME	Small and Medium Enterprises
WHO	World Health Organization

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CHAPTER ONE – INTRODUCTION

1.1 Introduction

The Covid-19 pandemic has had a significant impact on economies worldwide, and Namibia is no exception. The pandemic has disrupted economic activities, leading to job losses, reduced incomes, and increased poverty levels. To mitigate the economic impact of the pandemic, policymakers in Namibia have implemented various policies aimed at stabilizing the economy and supporting vulnerable populations. However, the effectiveness of these policies in promoting economic adjustments during the pandemic remains unclear.

This research aims to investigate the effects of rational policymaking for economic adjustments in Namibia during the Covid-19 pandemic. Specifically, the study will examine the impact of policies such as fiscal stimulus, monetary policy, and social protection measures on economic indicators such as GDP growth, inflation, and employment rates. The research will also explore the challenges and opportunities faced by policymakers in implementing these policies and the factors that influenced their decision-making.

By providing insights into the impact of rational policymaking on economic adjustments during the Covid-19 pandemic in Namibia, this research can inform future policymaking and contribute to the existing literature on crisis management. The findings of this study can also provide valuable lessons for policymakers in other countries facing similar challenges and inform global efforts to mitigate the economic impact of the Covid-19 pandemic.

1.2 Background

Rational policymaking refers to the systematic analysis of problems and the implementation of policies based on objective data, logical reasoning, and optimal decision-making criteria (Dunn, 2017). In this context, Namibia's decision-makers were required to identify socio-economic problems posed by the pandemic, set clear goals, evaluate policy alternatives, and implement those most likely to yield desired outcomes under constrained conditions. However, bounded rationality where decisions are made under pressure, with incomplete information, and competing stakeholder interests also shaped policy choices (Simon, 1991). The pandemic exposed the limitations of purely rational models in real-world governance, but Namibia's efforts to stabilize inflation, prevent mass unemployment, and protect key sectors like tourism, agriculture, and health reflect a deliberate attempt to balance competing objectives under pressure. According to Bardach and Patashnik (2019), rational policymaking involves defining objectives, evaluating costs and benefits, and selecting the most efficient means to achieve societal goals. This contrasts with incrementalism or political bargaining models, where policies evolve from negotiations and compromise.

The COVID-19 pandemic affected the health of the populace, disrupted small companies in the area, and compelled governments to divert scarce public funding from longstanding investments to answer to urgent needs in their societies and economies. Around 111 million confirmed cases of COVID-19 and 2.4 million deaths from COVID-19 were reported globally as of February 21, 2021 (WHO, 2021). The COVID-19 pandemic has had a significant negative influence on Namibia's social and economic sectors, including GDP growth, the production industries, government revenue, and business operations for micro, small, and medium-sized firms (MSMEs). Namibia is a geographically large country with a small population of about 2.5 million (2020) and a 1,500 km-long coastline on the South Atlantic. The driest nation in Sub-Saharan Africa is rich in mineral resources, including diamonds and uranium. Namibia has been able to achieve upper-middle income status by reducing poverty and implementing strong economic policies. The COVID-19 pandemic only made socioeconomic disparities worse, which are still a remnant of previous apartheid political systems. The generation of jobs has also been limited by structural growth restrictions.

Prior to 2015, Namibia's economy grew rapidly, with an average annual growth rate of about 5%, propelled by investment and made possible by wise economic management. Growth began to slow down in 2016 and has since seen three straight years of recession, with a significant decline in 2020 due to the COVID-19 problem. Prior to the pandemic, the severe drought, lower commodity prices, decreased public investment, slower growth in surrounding countries, and enduring structural rigidities were the main causes of the growth slowdown. Public investment has historically been a significant contributor to growth, but because of the budgetary space restrictions caused by high debt levels, it is crucial to promote increased private sector investment and participation. In the first half of 2022, Namibia's economic recovery persisted, but it was uneven, with some sectors underperforming. Stronger activity in the mining, manufacturing, and financial services sectors helped to boost real GDP growth to 5.3% Y-o-Y in Q1, but it has subsequently slowed. Mining momentum continued into the second quarter of 2022, with a 50% increase in diamond production during the first half of the year. The pandemic's impacts on economic activity have diminished, and all COVID-19-related restrictions will be lifted in July 2022. 2.8% GDP growth is anticipated for 2022.

Namibia's economic performance, as well as its fiscal and external positions, are significantly influenced by regional and global trends because the nation is heavily dependent on transfers from the Southern African Customs Union (SACU) and commodity exports. The pandemic and its knock-on effects from the war in Ukraine have slowed down socioeconomic development and increased the risks of food insecurity. The Namibian economy shrank by 11.1% in the second quarter, the most since 2013, according to the Namibia Statistics Agency (NSA). The pandemic's detrimental effects on the economy are manifested through a variety of channels of transmission, such as local and global supply chain disruptions, a large number of job losses, and the spreading of uncertainty throughout the economy, which reduces consumer spending, business investment, and tax revenue. The longer-than-anticipated easing of COVID-19 containment measures contributed to the larger-than-anticipated GDP contraction during the second quarter of 2020. The Socio-economic Impact Assessment of Covid-19 Namibia (SEIAC) and the Bank of Namibia's revised economic outlook estimates for 2020 GDP contraction were both more optimistic than the Namibia Statistics Agency's estimate of 11.1%, which was based on 5.5% of GDP (NSA). Around 9,232 workers were laid off in the first and second quarters of 2020, according to the Ministry of Labour, Industry Relations, and Employment Creation (MoL). By the end of 2020, Namibia's total exports are likely and predicted to have reduced by 2% to 3%, which will increase the country's trade unevenness.

Despite a 47% gain in the second quarter of 2021 as a result of strong rains following the drought of 2019, Namibia's agriculture sector is destined to suffer as a result of the pandemic's negative effects. Farmers' markets have closed, limiting access to markets for fresh produce, exports of livestock and sheep, and Swakara pelt exports, which have fallen by 52.8%, 80.7%, and 90%, respectively (NAU, 2022). The COVID-19 pandemic has had a negative impact on the services industry, with tourism taking the biggest hit. To stop the spread of COVID-19, a State of Emergency was declared from end March to August 2020. This resulted in border closures, which had a negative effect on 96.5% of the sector's operations. The conservancies and the wildlife economy, which account for a significant 20.3% of employment in the tourism sector, are particularly hard-hit subsectors (NSA, 2020). The total effect of COVID-19 will be far greater on the economies of top tourism destinations than on average African economies.

In 2019, the tourist sector made up more than 10% of the GDPs of Cabo Verde, Botswana, the Seychelles, Gambia, Mauritius, Tunisia, Lesotho, Senegal, Egypt, Tanzania, Madagascar, Namibia, Comoros, and Rwanda (in decreasing order of GDP percentage). In contrast, the impact will be significantly greater in countries like Seychelles, Cabo Verde, Mauritius, and Gambia, with a projected -7% decline at least in 2020. Economic growth is predicted to fall to a value of -3.3% in these nations (AUC, 2020). Having encountered such economic challenges because of the Covid-19 Pandemic. Namibia, among several African governments, engaged into rational policy making in an attempt to contain and adjust the economic policies so as to revive the economy. Namibia used a number of policies to contain the economic downfall. However, for this study, we will focus on the contributions of the monetary and fiscal policies as economic adjustment policies during the covid-19 era in Namibia.

A government policymaker in a high-ranking position has a serious challenge when making decisions amid a crisis like the COVID-19 epidemic. When a new infectious illness initially develops, the policymaker may try to stop the outbreak by acting quickly to stop further spread. If this stage is unsuccessful, decision-makers must choose the right timing, amount, and length of interventions to slow the development and progression of clinical infection. These measures could include placing a country into a state of emergency resulting in prohibited large gatherings, closing schools, and imposing stricter "lockdown" regulations. While it is anticipated that these actions will lessen the pandemic's health burden by reducing the peak incidence, they come at a cost to society. On a more intimate level, they could negatively affect things like mental health, increase domestic violence, and job loss. In addition, there are societal costs associated with the short-term weakening in economic activity, the risk of a long recession, and negative effects on social gradients and long-term health. Thus, a complicated and nuanced picture of direct and indirect, health and socioeconomic, proximal, and distal, trade-offs must be quickly handled by policymakers.

The trade-off between lowering mortality and morbidity and the socioeconomic effects that go along with it may appear to be very simple during the pandemic's acute phase. Decisions within a pandemic context must be made under tremendous time pressure, amid high scientific uncertainty, with minimal quality evidence, and potential disagreements among experts and models. The answer critically depends on the prioritization and balance of potentially conflicting objectives. The fundamental properties of the virus, such as its virulence, transmissibility, and natural history, were blurry and unclear during the COVID-19 outbreak.

The dynamics of the system are unpredictable given this state of knowledge, which makes the effects of different policy actions like closing schools or donning masks in public uncertain. Later in the pandemic, information overload starts to be a problem, making it harder for the decision-maker to find relevant, high-quality data. As a result, no single model can be truly predictive in the context of an outbreak management strategy due to the numerous uncertainties on which they are based. Models, however, can provide policymakers with guidance by aiding them in understanding the gaps in the information at hand, figuring out what might be happening, and ultimately choosing the best course of action. This is because their results can be used as insights to provide potential qualitative stories among alternative ones. A policymaker can better appreciate the scope of the issue by making the distinction between the three types of uncertainty: uncertainty inside models, uncertainty among models, and uncertainty regarding models.

The Stability and Growth Pact, which has been suspended since the start of the COVID-19 pandemic, has a number of serious flaws: it behaves procyclical, it primarily has a defensive nature to prevent negative spillovers from "profligate" countries, and its focus on individual countries makes it very challenging to formulate a policy position for the euro area as a whole. To achieve an optimal macroeconomic policy mix in accordance with the Central Banks, however, coordination of member states' policies is required. This condition would be satisfied by an expenditure regulation that took into consideration the importance of future investment. In contrast to how things are now, peer pressure, public opinion, and pressure from the financial markets would all be used to impose such a rule. The financial strain brought on by battling the COVID-19 pandemic would be subject to a different criterion (Woodford, 2012). Central banks and other officials are frequently treated as agents whose goal is to minimize some loss function subject to restrictions that contain progressive reasonable expectations. However, Kydland and Prescott

(2017) demonstrated that the best policies were time-inconsistent in the absence of a commitment mechanism. Contemporary policy literature assumes that the policymaker can make a commitment to refrain from reoptimizing or explicitly models the strategic interactions that take place amongst the various economic agents in the model to address this time-consistency issue. When the former strategy is used, the policymaker commits to carrying out a single optimization and putting the selected policy into effect in all ensuing periods. The economic policy-making process uses a variety of frequently at odds goals and tools. The Stability and Growth Pact (SGP) governs macroeconomic policy, or fiscal policy, which is within the jurisdiction of finance ministers and one of their legally mandated responsibilities. In practice, it restricts spending during recessions and does not do so during boom times, acting in a pro-cyclical manner.

In response to the Covid-19, Namibia's policy responses included fiscal stimulus packages, liquidity support measures from the Bank of Namibia, tax deferrals, and emergency health spending. These responses mirrored global practices but were uniquely constrained by Namibia's narrow fiscal space and high debt-to-GDP ratio (IMF, 2021). The Bank of Namibia (2020) notably reduced the repo rate by 275 basis points, while fiscal authorities adopted a N$8.1 billion stimulus package (GRN, 2020). However, unlike high-income countries with broader borrowing capacity, Namibia faced difficulties sustaining these interventions over time, thus requiring more precise, evidence-informed, and rational economic policymaking to prioritize limited resources and minimize adverse effects on long-term development. In the Namibian case, the convergence of political, fiscal, and humanitarian pressures complicated purely technocratic decision-making. The effectiveness of policy interventions can thus only be assessed by combining economic indicators with qualitative insights into how policymakers adapted theoretical models to real-time challenges.

1.3 Problem Statement

The COVID-19 pandemic placed extraordinary strain on Namibia's economy, prompting the implementation of urgent economic adjustment measures, particularly in the form of fiscal stimulus packages, monetary easing, and social protection programs. While these interventions aimed to stabilize macroeconomic indicators such as GDP growth, inflation, and employment, their effectiveness remains ambiguous. Compounding this uncertainty is the limited empirical analysis of how these policies were developed and implemented under conditions of crisis, and whether they adhered to principles of rational policymaking defined as a systematic, evidence-based approach involving goal setting, evaluation of alternatives, and optimal policy selection (Dunn, 2017). The gap in understanding lies not only in the impact of fiscal and monetary responses but also in the rationality behind the policy decisions and the challenges posed by bounded rationality in crisis contexts.

Despite the theoretical expectation that rational policy frameworks should guide economic recovery, Namibia's policy responses appear to have yielded mixed results. Persistent budget deficits, rising inflation, constrained employment recovery, and an overreliance on external funding mechanisms such as SACU receipts indicate potential shortcomings in policy coherence and execution. Existing literature offers conflicting evidence on the relative effectiveness of fiscal versus monetary policy during crises (Ali et al., 2018; Havi & Enu, 2014; Olaloye & Ikhide, 2015), and limited analysis exists on how these were applied or adapted rationally within Namibia during the pandemic. Furthermore, Namibia's structural vulnerabilities such as weak fiscal space, high public debt, and limited domestic production capacity raise concerns about the sustainability and alignment of policy actions with long-term economic recovery goals.

Given these tensions, this study critically examines the extent to which rational policymaking informed Namibia's fiscal and monetary policy responses during the COVID-19 pandemic, and how these policies influenced macroeconomic adjustment outcomes. It seeks to evaluate whether policies were developed and implemented using rational, evidence-informed processes, and to assess the relative effectiveness of fiscal and monetary interventions in restoring economic stability. By bridging this gap, the research aims to contribute to a more coherent understanding of crisis-era policymaking in resource-constrained developing economies like Namibia.

1.4 Research Purpose

The purpose of the study was to critically examine the effects of rational policymaking on Namibia's economic adjustment efforts during the COVID-19 pandemic. Specifically, the research investigates how fiscal and monetary policy responses were conceptualized, formulated, and implemented within a rational policy framework.

To achieve this purpose, the study:

- Analyzed the fiscal and monetary policies pursued by the Namibian government during the COVID-19 pandemic through the lens of rational policymaking.
- Evaluated the effectiveness of these policies in facilitating macroeconomic adjustment and post-pandemic recovery.
- Examined the institutional, economic, and political constraints that affected the formulation and execution of rational economic policies during the crisis.

1.5 Research Question

1.5.1 Main Research Question

To what extent does rational policymaking influence Namibia's fiscal and monetary policy responses in adjusting the economy during the COVID-19 pandemic?

1.5.2 Secondary Questions

- What are the fiscal and monetary policies pursued by the Namibian government during the COVID-19 pandemic through the lens of rational policymaking?
- How effective are the policies in facilitating macroeconomic adjustment and post-pandemic recovery?
- How does the institutional, economic, and political constraints that affect the formulation and execution of rational economic policies during the crisis?

1.6 Significance of the Study

The study on the effects of rational policymaking for economic adjustments in Namibia during the Covid-19 pandemic is significant for several reasons. Firstly, the Covid-19 pandemic has affected economies worldwide, and Namibia is no exception. Thus, understanding the effects of rational policymaking on economic adjustments during this period can provide valuable insights for policymakers and stakeholders in other countries facing similar challenges. Secondly, the study can help policymakers in Namibia to evaluate the effectiveness of their policy decisions during the pandemic. By examining the impact of these policies on economic adjustments, policymakers can identify areas that require improvement and make necessary adjustments to ensure the country's economic stability.

Thirdly, the study can contribute to the existing literature on policymaking during crises. The Covid-19 pandemic has highlighted the importance of effective policymaking in managing crises.

Therefore, the study can provide valuable insights into how policymakers can make rational decisions that benefit the economy and the population during such times. The study is significant in providing insights into policymaking during crises, evaluating the effectiveness of policies, and contributing to the existing literature on policymaking.

1.7 Limitations of the Study

Limitations – Currently the limitations are the lack of literature review or little of it that speaks precisely to the research question and that particularly deals with rational policy making and economic adjustments during the Covid-19 pandemic. It is even more so limited to my scope – location. So, this has been very difficult as I had to really struggle with the literature review. Another limitation I predict is accessing the data. The research mainly focuses on a sensitive topic and one which requires privileged information considering its tapping into policymakers' rational thinking and decision-making ability and the realization of failure if any. Thus, I foresee struggling to get participants to openly and honestly speak on the issue, especially as it relates to the power rational decision making on economic performance. Another challenge I expect is fear and lack of trust amongst the participants, fear of calling out the elites, although it will be well explained to the participants that the information is confidential, and they can choose to remain anonymous. Most people that will be interviewed are professionals so there will not be any language barriers, and no translators will be necessary hence no bearing of costs to employ.

Feasibility – The research is possible, and it can be done. Although it is quite delicate and one which penetrates privileged information, it is one that is crucial to the governance of these institutions and the country, and it has clearly been a topic addressed in newspaper articles, so people are willing to contribute to the research and answer to it. It will not be too costly, considering the scope is only in policy making in Namibia between 2020 to 2022 and only a few will be selected for interviews at no fee.

1.8 Delimitation of the Study

The study will focus on the impact of policies implemented by the Namibian government on economic adjustments during the pandemic. The research will not examine the impact of policies implemented by other stakeholders, such as the private sector or civil society organizations. Secondly, the study will focus on economic indicators such as GDP growth, inflation, and employment rates as measures of economic adjustments. The research will not examine other indicators of economic adjustments, such as poverty levels or income inequality.

The research will also focus on the period between March 2020 and June 2021, which corresponds to the first wave of the Covid-19 pandemic in Namibia. The research will not examine the impact of policies implemented during subsequent waves of the pandemic. Lastly it will rely on secondary data sources, such as government reports, academic articles, and media reports, for data collection. The research will not involve primary data collection, such as surveys or interviews with policymakers or other stakeholders.

1.9 Chapter Summary

The Covid-19 pandemic has had a significant impact on economies worldwide, including Namibia. Policymakers in Namibia have implemented various policies aimed at stabilizing the economy and supporting vulnerable populations, but the effectiveness of these policies remains unclear. This research aims to investigate the impact of policies such as fiscal stimulus, monetary policy, and social protection measures on economic indicators in Namibia during the pandemic. By providing insights into the impact of rational policymaking on economic adjustments during the Covid-19 pandemic in Namibia, this research can inform future policymaking and contribute to the existing literature on crisis management. The COVID-19 pandemic has had a significant negative influence on Namibia's social and economic sectors, including GDP growth, the production industries, government revenue, and business operations for micro, small, and medium-sized firms (MSMEs). Namibia is a geographically large country with a small population and a history of socioeconomic disparities. Prior to 2015, Namibia's economy grew rapidly, but the pandemic has limited job generation and exacerbated existing inequalities.

CHAPTER TWO – LITERATURE

2.1 Introduction

This literature review aims to provide an overview of existing research on the impact of Covid-19 on the Namibian economy and the effectiveness of policies implemented to address the crisis. By synthesizing and analyzing existing literature, this review seeks to identify gaps in the current knowledge and provide insights into the impact of rational policymaking on economic adjustments during the pandemic in Namibia. The review begins by examining the impact of Covid-19 on the Namibian economy, including its effects on GDP growth, production industries, government revenue, and micro, small, and medium-sized enterprises (MSMEs). It then explores the policies implemented by the Namibian government to address the crisis, including fiscal stimulus, monetary policy, and social protection measures. The review also considers the effectiveness of these policies in mitigating the impact of the pandemic on the economy and supporting vulnerable populations. This literature review aims to contribute to the existing literature on crisis management and inform future policymaking in Namibia and other countries facing similar challenges.

2.2 Theoretical Literature Review

This study was grounded in a multi-theoretical framework, drawing from Rational Policymaking Theory, Traditional Economic Theory, Public Choice Theory, Bounded Learning Theory, and Group Theory. These theories collectively provided a conceptual foundation for understanding the formulation, implementation, and impact of rational economic policies during the COVID-19 pandemic in Namibia. The study investigated how fiscal and monetary policies were shaped and the extent to which they adjusted economic activity.

2.2.1 Rational Policy Making

Rational policymaking involves making decisions based on a systematic analysis of the available information and the expected outcomes of different policy alternatives (Lindblom, 2019). The process of rational policymaking involves identifying the problem, setting goals, evaluating alternative solutions, and selecting the most effective policy option (Bardach, 2012). Rational policymaking is a widely used approach in policymaking, particularly in the economic sphere.

When it comes to impact assessment, a lot of the work is predicated on the idea or presumption that providing improved, scientifically reliable information or understanding about a choice issue would lead to a better conclusion (March 2014). Selecting the option that is expected to best achieve one's goals or objectives is what it means to say that a decision is deemed more reasonable if the process leading up to it is based on understanding and awareness into the repercussions of the alternatives.

This idea is accompanied by a model of the decision-making process as a series of sound steps, beginning with the definition of objectives or goals in a particular decision context, then moving on to the identification or design of alternatives, assessing the impacts of alternatives, and selecting the "best" alternative considering the objectives. First, it should be highlighted that this theory of rationality in decision-making necessitates a separation between the process' rationality and its outcome's rationality. Considering incomplete information, various objectives whose preferences are frequently not clearly stated, and the fact that humans do not always behave as predicted in rational models for decision-making, a rational approach will not necessarily result in a reasonable choice.

The relevance of this theory is tied to the study's main objective: evaluating the effectiveness of Namibia's policy decisions during the pandemic. By applying the rational policymaking framework, the study assesses whether policies were crafted using clear objectives and evidence-based forecasting or were constrained by emergency conditions and resource limitations. The theory thus provides a benchmark for comparing actual versus ideal policy behavior during crisis management.

Traditional Economic Theory

Traditional economic theory assumes that all people are perfectly rational, and that they make decisions in order to maximize profit. Making the best choice necessitates considering all the options and possible outcomes, which is predicated on the decision-maker having flawless and complete information. The notion of rational economic behavior is obviously not very applicable to individual experience. The decision-maker is unable to know every option, outcome, and preference. Searching for alternatives, researching the effects, and developing preferences are all necessary steps. According to limited rationality theories (Simon, 2017), attention is a limited resource. Like everyone else, decision-makers have a naturally constrained brain capacity and can only function within these constraints and with a certain amount of knowledge.

Traditional Economic Theory posits that economic agents, including policymakers, act rationally and with perfect information to maximize utility or profit (Simon, 2017). This theory underpins the expectation that policymakers will use fiscal and monetary tools to stabilize the economy when facing shocks such as COVID-19. Within this study, Traditional Economic Theory provides a foundational assumption for why rational responses like stimulus spending or interest rate adjustments should in theory lead to macroeconomic recovery. However, this theory is integrated with more realistic perspectives to reflect the limitations faced by decision-makers in real-world crisis scenarios. It supports the exploration of how policymakers chose between competing alternatives during Namibia's pandemic response and aligns with the objective of analyzing the rationale behind policy interventions.

The Rational Model of Decision-Making

The rational model of decision-making, which was originally created in the field of economic analysis, provides direction on how to warrant "optimal" policy decisions, suggesting that no other option is preferable in light of the decision-makers' likings (Shepsle and Bonchek, 2017). The concept of Bayesian learning, a specific type of learning, is closely connected to the rational model. This viewpoint holds that governments alter their perceptions of the effects of policies considering all available data concerning past and current policy outcomes, and they select the policy that is predicted to produce the best outcomes (Meseguer Yebra 2009). Making rational policy requires a lot of challenging presumptions. For instance, it has drawn harsh criticism that policymakers must have perfect information (Simon, 2015). Despite this fundamental objection, the rational model is nevertheless crucial for analytical reasons since it makes it possible to compare ideal and real policy actions. It also serves as the foundation for public choice approaches to policymaking by assuming that all political players act rationally, i.e., minimize costs, and maximize gains.

Rational model of decision making forms the core theoretical lens for this study. It emphasizes a systematic and logical process where policymakers make decisions based on defined goals, analysis of alternatives, and expected outcomes (Lindblom, 2019). This approach assumes that optimal policy outcomes are achievable through evidence-based decision-making. Within the context of Namibia's economic response to COVID-19, the theory helps assess whether fiscal and monetary policy choices were deliberate, informed, and purposeful, especially in terms of GDP growth, inflation control, and employment recovery.

The Public Choice Theory

Public choice theory looks at the reasoning behind the decisions made by people and organizations that are involved in the process of developing policies. The primary analysis topics here are vote patterns and party rivalry, coalition building and government formation, interest group participation in policymaking, and bureaucracy (Mueller, 2003). In a similar vein, the rational model is connected to game theory, which is useful for understanding choices made when two or more rational players interact and the result depends on their individual decisions (McCarthy and Meirowitz, 2007). Game theory offers an insightful tool to analyze the results of policymaking in areas that are impacted by externalities, like trade or environmental policy, because it allows for the systematic modeling of the interaction of policy actors (Lusztig et al. 2003; Bechtel and Tosun 2009). The rational model gave rise to incrementalism. It aims to provide a realistic description of how policymakers make decisions rather than ideal (Wildavsky 2014). This is connected to its basis in "bounded rationality," a concept different from rational choice that takes into consideration the limitations of decision-makers' knowledge and cognitive abilities. In general, incremental decisions only slightly alter current laws (Anderson, 2013).

Public Choice Theory extends rationality to the political and institutional context, suggesting that decision-makers politicians, bureaucrats, and interest groups act to maximize their own interests (Mueller, 2003). This theory is particularly relevant to understanding how institutional dynamics and stakeholder interests may have influenced the adoption of certain COVID-19 policies in Namibia, especially when those policies involved trade-offs between economic recovery and political feasibility. This theory supports the study’s objective of uncovering challenges in policy implementation by illuminating how competing interests and bureaucratic incentives may have diluted rational economic objectives.

The Bounded Learning Theory

Bounded learning is a concept that is related to rational learning. In that situation, governments likewise conduct information gathering efforts but do not examine every accessible case study. Instead, they process the data using both analytical and cognitive heuristics (Weyland 2006). The adoption of policies from nations that are thought to be exceptionally successful is an illustration of such heuristics (Braun and Gilardi 2006). The incremental model's fatal flaw is that it fails to explain how decision-makers arrive at these small alterations. Jones and Baumgartner (2005) suggest a model of choice that blends incrementalism and punctuated equilibrium theory in order to address this fundamental weakness. According to this perspective, political processes often exhibit stability and incrementalism but sporadically result in significant breaks with the past. Using information on legislative procedures in the US, Belgium, and Denmark, the authors Baumgartner et al. (2009) demonstrate the empirical actuality of incrementalism.

Bounded Learning Theory offers a realistic adjustment to Rational Policymaking by acknowledging that decision-makers operate under constraints such as limited information, time pressure, and cognitive capacity (Weyland, 2006). This is especially relevant in crisis settings like the COVID-19 pandemic, where Namibia's policymakers had to respond rapidly with limited epidemiological and economic data. Bounded Learning Theory aids in analyzing how learning from other countries, prior experiences, or simplified heuristics may have shaped Namibia's economic policies. It aligns with the study's focus on implementation challenges and helps explain variations in policy outcomes, especially where economic adjustments were not optimal despite best intentions.

The Group Theory

According to group theory, the relative power of each interest group influences the equilibrium that is reached during group conflict, which leads to the development of policies (Truman 2011; Latham 2015). Groups can be distinguished based on several factors, including money, membership mass, membership scope, organizational factors, sanctions, recruiting and leadership characteristics (Newton and van Deth 2010: 170). As a result, changes in the relative power of the various interest groups engaged may lead to changes in policy. More commonly, group theory adopts that decision-makers continuously respond and react to pressure from groups, which encourages politicians to establish majority alliances for which they have the authority to control and regulate which groups to include or exclude (Dye 2005: 21). Groups' potential influence on policymaking depends on the specific political institutions. For instance, economic interests are closely woven into the creation of policy in (neo-)corporatist systems (Schmitter and Lehmbruch 2019). In contrast, pluralist regimes function as a marketplace where people, political parties, and interest groups compete for sway over particular policy domains. This pattern assumes that everyone has equal access and understanding to the policy-making process, that policies are chosen through a competitive process, that the market is fragmented, and that government is fair (Thomas, 2013).

The idea that the favorites of the ruling elites determine policymaking is connected to group theory (Mills. 2016). The elite model is more obvious in that it contends that elites influence public opinion on policy issues and that the people entitled to vote are poorly educated about policies. By adopting policy alternatives that align more closely with the preferences of the elite than those of the broader public/public interest, the elite model principally draws attention to the potential cause of bias in policymaking. However, this viewpoint conflicts with the widely accepted median voter theory, which states that, when using the simple majority rule, the median voter's opinion will determine the policy to be or implemented (Downs, 2015).

Group Theory highlights the role of interest group competition and power dynamics in shaping public policy (Truman, 2011; Dye, 2005). In Namibia, various actors including the private sector, trade unions, donor agencies, and civil society had differing priorities during the pandemic. Group Theory supports the examination of how external pressures or lobbying may have influenced fiscal and monetary decisions. This theory is relevant to the objective of understanding institutional and stakeholder dynamics in policymaking. It also supports the idea that policies may have reflected the preferences of dominant elites, especially in resource allocation decisions, thus affecting the equitable distribution and effectiveness of COVID-19 economic relief.

2.2.2 Macroeconomic Policy

Unquestionably, macroeconomic policy plays a critical role in preserving a stable and satisfying economic environment to achieve faster, steady, and sustainable growth. Fiscal and monetary policy are measures used by both developed and developing nations to encourage economic growth and macroeconomic stability. Taxes and spending by the government are used in fiscal policy to encourage economic expansion. Adefeso and Mobolaji (2014) claim that fiscal policy reduces unemployment by fostering an atmosphere where all resources are fully exploited to boost production. Additionally, during times of economic downturn, fiscal establishments encourage growth by either raising taxes or cutting spending, and the results are typically discussed in terms of the budget balance. On the other hand, monetary policy uses the money supply and the cost of money to affect the anticipated level of economic activity. Any monetary policy may have as part of its primary goals, the maintenance of price stability, creation of employment, exchange rate stability, output growth and sustainable development (Quartey & Afful-Mensah, 2014; Quartey, 2010).

The Bank of Namibia was given operational freedom to use the relevant policy tools to stabilize inflation around the medium-term target to realize the goal of price stability. The Monetary Policy is the fundamental policy tool used by the Bank of Namibia to determine the monetary policy stance and anchor inflation expectations in the economy. This approach is known as inflation targeting (IT) (Bank of Namibia, 2020). Each monetary policy decision sends a message on whether to tighten (raise), loosen (reduce), or keep the stance of monetary policy unchanged. These two goals, however, are not incompatible with one another because attaining one has consequences for the other. According to monetarists, monetary policy is more effective in nurturing macroeconomic stabilization (Rahman, 2015 & Senbet, 2011). The Keynesian (fiscalism) perspective on establishing macroeconomic stability conflicts with this. A few studies on the impact of monetary and fiscal policies on the rate of economic growth were conducted because of this conflict, but the conclusions are still up for debate among economists.

2.3 Theoretical Framework

The elements of the decision problem under uncertainty can be characterized in Figure 2.1 below. How to make the best choice is still an open subject. To put it another way, how should a policymaker go about combining various scientific findings, model outputs, and expert opinions all of which are unclear due to model design and a lack of accurate data to eventually determine policy? At this point, contemporary decision theory insights are the most valuable. They offer normative "rules" and guidelines to assist decision-makers in determining the best, or most logical, course of action in unclear situations.

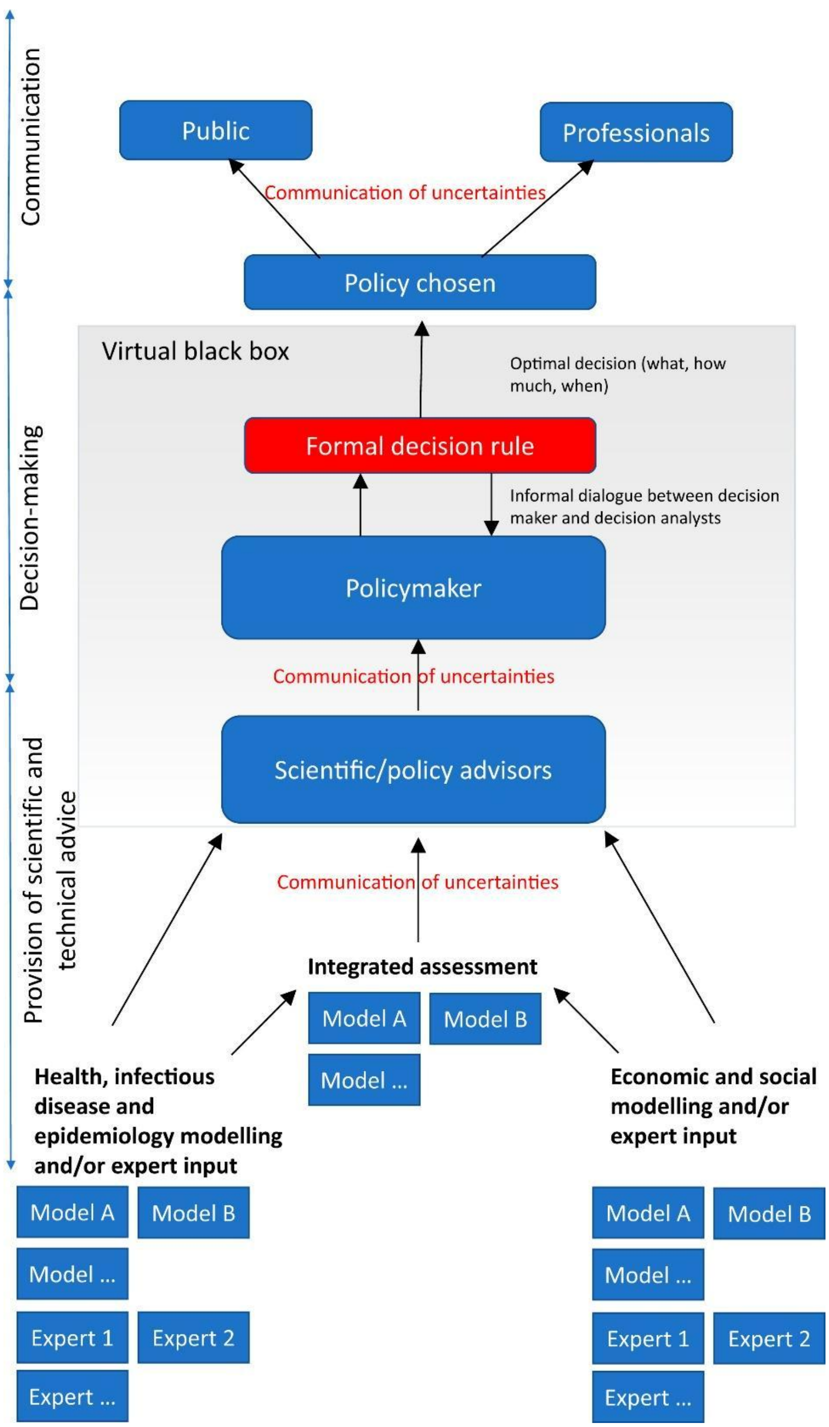

Figure 2.1:Theoretical Framework 1

The formal decision rules that decision theorists have presented are strong, mathematically based instruments that connect theoretical ideas and decision-making processes to ostensibly observable data. Making a choice based on these regulations is the same as unconsciously adhering to a set of general consistency requirements or guiding principles for behavior. By guaranteeing that the resultant decisions are logical and defendable during a crisis like the COVID-19 pandemic, utilizing decision theory as a formal guide will provide legitimacy to policymaking.

Considering the scenario of a policymaker attempting to decide what the best course of action is in light of the present pandemic to demonstrate how decision theory can act as a coherence test (Gilboa and Samuelson, 2020). The decision-makers can build their opinions based on any combination of intuition, professional counsel, imitation, and results from quantitative models that they have access to. They can then test their judgment by considering whether they can defend the choice using a formal decision rule. Conceptually, it can be thought of as a sort of discussion between decision theory and policymakers, in which an effort to defend a tentative judgment clarifies the issue and, possibly, results in a different conclusion (Gilboa, Rouziou, and Sibony, 2018). When used in this manner, formal decision rules may aid decision-makers in clarifying the issue at hand, testing their intuition, eliminating strictly dominated possibilities, and avoiding logical fallacies and hazards that have been noted in psychological studies (Cairney and Kwiatkowski, 2017). Finally, committees may look into how decisions were made during the crisis, such as how lockdown measures were put in place and lifted, so that decision-makers are held accountable for their actions. Ex-post justification and defense of one's decision can be produced using a formal decision model.It might be helpful for a policymaker, for instance, to explain the reasoning behind such decisions to residents who might feel they haven't been treated properly in order to pick which communities to keep on lockdown and which to let go.

The study will further acknowledge conveying the numerous uncertainties to improve the effectiveness of the decision-making process under uncertainty (Manski, 2019). Policymakers may gain a better understanding of the possible effects of their decisions by, for instance, illuminating, quantifying, and discussing the various sources of uncertainty. To achieve this, modelers are expected to offer all the data including details on model structures, underlying assumptions, and parameter values necessary to recreate the analysis. Additionally, it is important to appropriately describe how uncertainty surrounding these decisions impacts model findings. One approach to do this is by routinely reporting uncertainty boundaries around the offered estimates (WHO, 2019). To assist policymakers in turning this information into actionable information for decisions, scientific and policy advisors would need to synthesize it all (Gilboa, Rouziou, and Sibony, 2018).

They ensure that the full range of uncertainty (including within and across models) is clearly reported and understood in a proper manner (Spiegelhalter, Pearson, and Short, 2011).

2.4 Empirical Literature

Pandemics have a significant impact on the economy, affecting various sectors such as tourism, manufacturing, and healthcare. The Covid-19 pandemic has had a significant impact on the global economy, with many countries experiencing a decline in GDP and rising unemployment rates (IMF, 2020). The impact of pandemics on the economy is often unpredictable and can vary depending on the severity and duration of the pandemic.

To mitigate the impact of pandemics on the economy, policymakers have implemented various measures, including fiscal stimulus, monetary policy, and social protection measures. In response to the Covid-19 pandemic, many countries have implemented fiscal stimulus measures, such as tax relief, wage subsidies, and support for small and medium-sized enterprises (SMEs) (OECD, 2020). Central banks have also implemented monetary policy measures, such as reducing interest rates and quantitative easing, to support economic growth and maintain price stability (IMF, 2020).

The effectiveness of rational policymaking in a pandemic has been evaluated by various studies. A study by the International Monetary Fund (IMF) found that fiscal stimulus measures can help mitigate the impact of the pandemic on the economy, particularly in supporting SMEs and vulnerable populations (IMF, 2020). Another study by the Organisation for Economic Co-operation and Development (OECD) found that monetary policy measures can help support economic growth and maintain price stability during a pandemic (OECD, 2020).

In the huge influx of recent economics papers examining various elements of the Covid-19 outbreak, some papers seek out the best containment strategies that trade off the economic prosperity of still-living people against the loss of lives. In the presence of Covid-19, Alvarez, Argente, and Lippi (2020) solve an optimal control problem to identify the best containment strategy. Their study lacks a behavioral response, in contrast to our paradigm. Eichenbaum, Rebelo, and Trabandt (2020) used a model that incorporates agent optimization to computationally solve for the best confinement strategy. The discrete-time equilibrium and planning problem is theoretically described by Garobaldi, Moen, and Pissarides (2020) using a larger similar function, and it is demonstrated in an adjustment that the equilibrium achieves the lowest amount of herd immunity. The theoretical differential equations in incessant time are provided by Farboodi, Jarosch, and Shimer (2020) and McAdams (2020), and the former calibrates a prompt, mild, and long-lasting policy. In contrast to our study, many models so far have homogeneous agents, no age heterogeneity, and agents with perfect or no knowledge of their infection status. As a result, the control variable for the policy maker is reduced to only one, yet our study is qualitatively relevant cross-group externalities and testing improvements. The search for the best policy is made difficult by the enormous number of policy variables in our model, as well as the fact that some costs are not included in the model. The purpose of this edition of the study is to provide information regarding the consequences of stylized representations of the most prevalent intervention policies; the computation of the ideal time-variant mix is still open. Similar studies applied to other countries are relatively scarce, largely due to the limited readiness of quarterly public finance data, and, in addition, do not provide a unified or consistent interpretation and/or view. Perotti (2004) investigates the effects of fiscal policy in Australia, Canada, Germany, and the U.K., and finds a comparatively large positive effect on private consumption and no response of private investment. Biau and Girard (2005) note a cumulative multiplier of government spending larger than one, and positive responses of private consumption and private investment in France. De Castro and Hernández de Cos (2006) use data for Spain and show that, although there is a positive relationship between government spending and production in the short-term, in the medium and long-term expansionary spending shocks only lead to higher inflation and lower output. Heppke-Falk et al. (2006) use cash data for Germany and find that a positive shock in government spending increases output and private consumption, even though the effect is relatively small. Giordano et al. (2007) show that, in Italy, government expenditure has positive and tenacious effects on output and on private consumption.

2.5 Chapter Summary

Chapter has presented the literature review for the study, which aims to provide an overview of existing research on the impact of Covid-19 on the Namibian economy and the effectiveness of policies implemented to address the crisis. The review begins by examining the impact of Covid-19 on the Namibian economy, including its effects on GDP growth, production industries, government revenue, and MSMEs. It then explores the policies implemented by the Namibian government to address the crisis, including fiscal stimulus, monetary policy, and social protection measures. The review also considers the effectiveness of these policies in mitigating the impact of the pandemic on the economy and supporting vulnerable populations. The chapter also discusses the concept of rational policymaking, which involves making decisions based on a systematic analysis of the available information and the expected outcomes of different policy alternatives. The review aims to contribute to the existing literature on crisis management and inform future policymaking in Namibia and other countries facing similar challenges.

CHAPTER THREE – RESEARCH METHODLOGY

3.1 Introduction

This chapter provided a detailed description of the research methodology used to investigate the effects of Rational policymaking for economic adjustments in Namibia during Covid-19 Pandemic. The research aimed to contribute to the existing literature on crisis management by examining the effectiveness of policies such as fiscal stimulus, monetary policy, and social protection measures in mitigating the impact of the pandemic on the economy. The chapter began with a discussion of the research design, including research questions, hypotheses, and variables. It then provided an overview of the data collection methods, including the sources of data, data collection procedures, and data analysis techniques. The chapter also discussed the ethical considerations of the research methodology and the steps taken to address these ethics.

3.2 Research Design

Because the knowledge and literature on this study in Namibia and across borders was limited and its one this research developed on and create, this research was driven by the thinking of a qualitative method approach, which was usually related and has a connection to qualitative methods (Easterby-Smith et al., 2015).

This research study was aimed to investigate the effects of rational policymaking for economic adjustments in Namibia during covid-19 pandemic. This was quite complex and as a result, structured, detailed, and investigative processes are required for this study. Because the study intended to gain understanding, discover the depth and complexity inherent in decision making and the influence the virus had on sound policy making during the pandemic, this study will go for a qualitative approach as opposed to a quantitative approach. According to Mack, et al. (2015) the strength of qualitative research was its capability to offer multifaceted written images of how people experience a given research study or issue. They stated that qualitative research provides data and information about the "human" side of a study or research question that is, the often-inconsistent opinions, behaviors, emotions sentiments, and relationships of persons. In addition, a qualitative research approach was most suitable for this research paper, considering it warrants captivating an inductive strategy that sturdily connects the theory and research. Moreover, since there were not many studies, especially in Namibia which were conducted since covid started, particularly with regards to rational policy making, it was ideal to first obtain the human response before statistical data. To experience and hear firsthand from the people involved or that have an idea on the study and the policies implemented during covid and to have responses to whether the adjustments have/are working or not.

3.3 Research Population

The research targeted the individuals, businesspeople, and government employees who are well vast with rational policy making and its impact during a crisis, such as the Covid-19 pandemic. Hence, the research population that involved economists, business analysts, entrepreneurs, researchers, investors, policymakers, and other professionals who work in the field of economics and finance. The main targeted were the economists from the Bank of Namibia and Ministry of Finance, researchers from local Universities, and business analysts and investors within the Namibian economy. The study targeted 5 from each of the institutions, making a total research population of 35 populates. The selected study population were essential as they had direct involvement in or expert understanding of economic policymaking processes, particularly during crisis periods such as the COVID-19 pandemic. Their professional roles positioned them to provide informed insights into the formulation, implementation, and impact of rational economic policies in Namibia.

3.4 Sampling

A sampling was selecting a group that was used to collect and gather data from for the study. Mack et al. (2015) describes that even if it was likely and probable, it was not obligatory to collect data from all and sundry to get effective results and findings. In qualitative research, only an experimental set (that is, a subgroup) of a population was carefully chosen for any given research study. The purpose of research and its objectives and the features of the study population (such as size and variety) regulate and control which and how many people choose for the research. The sampling strategy for this research study was purposive sampling, which was widely used in qualitative research. Purposive sampling as defined by Mack et al. (2015); gathers participants according to a selected criteria applicable to a specific research issue and/or question. It was further explained that sample sizes, which could be preselected prior to data collection, rely on the resources, expertise, and time available, as well as the study's purpose. Hence, purposive sampling was most successful when data calculation and analysis are done in harmony with data collection. The reason for choosing a purposive sampling was because, the study needed to recruit or get participants who were able to provide the best information and detailed information on rational policy making and its effects to economic adjustments in Namibia during the Covid-19 pandemic.

Moreover, the data and information required for this research is only collected through a selected group of people, particularly people in a position to make decisions and those with some sort of knowledge and expertise in economics.

3.3 Research tools and their application

Data collection and/or gathering was commonly referred to as the accurate and systemic assembling and measuring of both theoretical and experimental collection of information pertinent to the research purpose, problem, the research question, and the significance of the research study (Burns & Grove, 2006). The data gathered and composed for this study was based on primary sources. According to (Mbele 2018); primary data can be defined as data that was documented for the first time from the original source of collection and could be both and/or either internal or external.

The primary data collection method for this study were semi-structured interviews. Semi-structured interviews allowed for flexibility in the questioning process while still ensuring that the research questions are addressed. Participants was selected based on their expertise in the field of economics, policymaking, and business leadership in Namibia. The interviews was conducted in person or via video conferencing, depending on the participant's location and preference. Each interview was audio-recorded and transcribed verbatim for analysis.

3.5 Data Analysis Plan

The study employed qualitative data analysis approaches. Given the qualitative nature of the research and the data obtained from interview questions, audio recordings, transcripts, and additional information gathered during the data collection phase, the analysis followed the general principles of thematic content analysis. This involved specific coding of key ideas and perceptions, grouping similar ideas and issues to generate collective views, and categorizing them into themes. Since qualitative data is broadly open to interpretation, this method was most suitable. The data analysis was conducted using thematic analysis, which involved identifying, analyzing, and reporting patterns or themes within the qualitative data. The process included coding the data and organizing the codes into overarching themes. These themes were continuously reviewed and refined until a final set was established. NVivo software was utilized to support the systematic coding and organization of the data.

Thematic analysis, as described by Ritchie and O’Connor (2003), is a comprehensive method for structuring and presenting data by developing major themes and sub-themes. The process also involved "clustering," which included reviewing, verifying, and confirming the authenticity and reliability of the collected data, as emphasized by Nambahu (2021). This step entailed a careful review of transcripts and recordings to ensure accuracy, including validation with the participants when necessary. Notes taken during interviews were critically analyzed to identify relevant findings. The results were then compiled and presented in a manner aligned with the research questions and objectives, using visual representations where appropriate to make the data accessible to readers.

3.6 Ethics

This study was conducted as primary research and involved participants such as economic policymakers, scholars, government officials, and independent economists. According to Saunders et al. (2009), research involving human participants must prioritize their safety, privacy, and confidentiality. Waruszynski (2012) further notes that the relationship between researcher and participant in qualitative studies introduces various ethical challenges, including the potential for harm, privacy violations, and issues of informed consent and truthfulness.

Given that some information shared by participants was sensitive or privileged, it was crucial to explain the concepts of informed consent, confidentiality, and anonymity. These principles were discussed with each participant to ensure full understanding and agreement. All participants signed consent and confidentiality agreements to safeguard their identities and contributions. No data or materials were published without prior approval from the respective participants.

It was equally important to ensure that both the researcher and the participants clearly understood and adhered to ethical research principles. This mutual understanding helped build trust and ensured that the researcher respected the rights and concerns of all participants throughout the study.

3.7 Validity, Reliability, and Credibility

An experimental pilot study was conducted to test the reliability and validity of the research instruments. This pilot involved field experts in economics and management who were not part of the main study population. These experts reviewed the interview guidelines, answered questions, and provided feedback on possible flaws or ambiguities. Their input was used to refine the data collection tools and ensure methodological accuracy.

3.8 Chapter Summary

This chapter outlined the methodology used for data collection and analysis. The study adopted a qualitative research approach aimed at capturing human perceptions on the impact of rational policymaking during economic crises. The research population included economists, business analysts, entrepreneurs, researchers, investors, policymakers, and other relevant professionals. Data were collected through interviews using a structured questionnaire, and thematic analysis was employed to analyze the findings.

CHAPTER FOUR – DATA PRESENTATION, ANALYSIS, AND INTERPRETATION

4.1 Introduction

This chapter aimed at data presentation, analysis, and interpretation of the research findings from the data collected. The research used a qualitative approach in collecting data, through the use of structured face-to-face interviews. The chapter commenced by presenting the demographic results, then providing the empirical findings. It will close off with a discussion of the research findings.

4.2 Demographic Data Presentation

The research asked a few demographic questions to understand the features of the respondents which determined whether the respondents were not biased to a specific or one department and line of industry. The demographic includes the response rate analysis of the respondents.

4.2.1 Response Rate Analysis

The research targeted to investigate through interviews to 35 respondents who were to come from 7 different organisations within the industry and commerce. However, the study has managed to conduct 27 interviews using Microsoft Teams, a virtual meeting platform. This represents 77% response rate, which is most respondents. This shows that the research has managed to collect data from a sample proportionately equal to the population which is favorable.

4.3 Empirical Results

The research focused on the obtaining a qualitative perspective on the impact of rational policy making as a tool for economic adjustments during and post Covid-19 pandemic in Namibia. The research aimed to gain insights into the macro and micro economic policies which were pursued during the Covid-19 Pandemic by the Namibian government, ascertain the effect of the policies on adjusting the economic activities in recovering from effects of the Covid-19, and determine the challenges that have been experienced in implementing such policies in the economy.

4.3.1 Challenges Experienced because of the Covid-19 pandemic to the economy.

The research first ought to gain an understanding of the economic environment during the Covid-19 pandemic to gain knowledge of the challenges which were being experienced. Several challenges were pointed out by the respondents as they provided various descriptions of how these factors impacted economic growth and development in the country. Below are the challenges which were provided by the respondents.

Decline in overall economic output and GDP growth.

The respondents viewed the Covid-19 pandemic caused a decline in overall economic output and GDP growth in Namibia in several ways which included disruption of supply chains as the pandemic disrupted global supply chains, leading to a shortage of raw materials and other inputs. This affected the manufacturing and production sectors, leading to a decline in output and GDP growth. The decline also resulted in a reduced international trade, as the pandemic led to a decrease in international trade, as countries implemented travel restrictions and closed their borders. This affected Namibia's export-oriented economy, particularly in the mining and tourism sectors.

The respondents also viewed the decline because of decreased consumer spending, financial strain on business, and the volatility in financial markets. The pandemic led to a decrease in consumer spending, as people were forced to stay at home and businesses were closed. This affected the retail and hospitality sectors, leading to a decline in output and GDP growth. The pandemic led to financial strain on businesses, particularly small and medium-sized enterprises, as they struggled to pay their employees and maintain their operations. This led to closures and job losses, further contributing to the decline in output and GDP growth. The pandemic led to volatility in financial markets, as investors reacted to the uncertainty and risk associated with the pandemic. This affected investment and capital flows, leading to a decline in output and GDP growth.

Increase unemployment rates and job losses.

The challenge of increased unemployment rates and job losses were viewed because of economic slowdown, disruptions in global supply chains, travel restrictions and lockdown measures, informal sector challenges, reduced investment and business confidence, and limited government resources.

> *"The pandemic has caused a significant economic slowdown, resulting in reduced business activities and closures across various sectors. Many businesses were forced to scale back or shut down operations, leading to layoffs and job losses. Industries such as tourism, hospitality, and retail were particularly affected due to travel restrictions, reduced consumer spending, and social distancing measures." Respondent 2*
>
> *"The disruptions in global supply chains caused by the pandemic have affected industries reliant on imports and exports. Namibia, as an open economy, relies on international trade for various sectors. The disruptions in supply chains have led to reduced production, lower demand for labour, and subsequent job losses." Respondent 5*

"Travel restrictions and lockdown measures implemented to contain the spread of the virus have severely impacted industries such as tourism, hospitality, and transportation. These sectors heavily rely on tourism and international travel, which were significantly curtailed during the pandemic. As a result, many businesses in these sectors had to lay off employees or reduce working hours, leading to increased unemployment. Respondent 1

"Namibia has a significant informal sector, which provides employment for a large portion of the population. However, the pandemic has posed challenges for informal workers, as restrictions on movement and business operations have limited their ability to earn a living. The informal sector has experienced job losses and reduced income opportunities, contributing to increased unemployment rates." Respondent 3

"The uncertainty caused by the pandemic has led to reduced investment and business confidence. Many businesses have delayed or cancelled investment plans, leading to a decrease in job creation. The cautious approach by businesses has resulted in a higher unemployment rate as job opportunities become limited." Respondent 1

"The Namibian government has faced resource constraints in providing direct support to businesses and individuals affected by the pandemic. While various measures were implemented to mitigate the impact, limited resources have made it challenging to provide comprehensive support to all those in need, resulting in job losses and increased unemployment rates." Respondent 7

Disruption of supply chains and reduced international trade.

Respondents also pointed out disruptions in the supply chains and reduced international trade as one of the challenges experienced in the economy because of the Covid-19 pandemic. This was viewed because of travel restrictions and border closures, reduced demand and consumer behavior changes, manufacturing, and production disruptions, decline in global trade and demand, and logistics and transportation challenges. Below are responses from the respondents.

"To limit the spread of the virus, Namibia implemented travel restrictions and temporarily closed its borders. This led to a significant reduction in the movement of goods and people, causing disruptions in supply chains. Importers and exporters faced challenges in transporting their products, resulting in delays and shortages." Respondent 10

“The pandemic led to changes in consumer behavior, with people prioritizing essential goods and reducing discretionary spending. This shift in demand patterns affected businesses that relied on non-essential goods and services. As a result, many businesses experienced reduced orders and had to adjust their production and supply chains accordingly. Respondent 23

“Lockdown measures and social distancing requirements impacted manufacturing and production activities. Factories and industries faced temporary closures or operated at reduced capacity, causing delays and bottlenecks in the supply chain. This disruption affected both domestic production and the importation of raw materials and components. Respondent 13

“The pandemic caused a global economic slowdown and reduced consumer demand worldwide. As a result, international trade volumes decreased, affecting Namibia's exports and imports. Namibia, being an export-oriented economy, faced reduced demand for its commodities like minerals and agricultural products, leading to a decline in international trade.” Respondent 15

“Restrictions on movement and reduced air and sea freight capacities posed logistical challenges. Limited transportation options and increased costs for shipping and logistics impacted the smooth flow of goods and materials. This further disrupted supply chains and international trade.” Respondent 19

Financial strain on businesses, particularly small and medium enterprises.

The COVID-19 pandemic was also viewed as imposing significant financial strain on businesses in Namibia, particularly small and medium enterprises (SMEs), due to various reasons, which were listed as decreased revenue, increased operating costs, limited access to financing, supply chain disruptions, and reduced consumer spending.

“The implementation of lockdown measures and restrictions on business operations led to a decline in customer demand and foot traffic. SMEs, which often operate on thin profit margins, experienced a sharp decrease in revenue or, in some cases, complete closure. This reduction in income made it challenging for businesses to cover their operating expenses and meet financial obligations. Respondent 27

"Businesses had to incur additional costs to comply with health and safety protocols, such as purchasing personal protective equipment, implementing sanitization measures, and reconfiguring workspaces to ensure physical distancing. These additional expenses strained the financial resources of SMEs, particularly those with limited cash flow or access to credit. Respondent 9

"SMEs often have limited access to formal financing options, such as bank loans or lines of credit. The pandemic further exacerbated this challenge, as financial institutions became more cautious in extending credit due to increased economic uncertainty. This limited access to financing made it difficult for SMEs to secure the necessary capital to sustain their operations and navigate the crisis." Respondent 10

"SMEs heavily rely on suppliers for raw materials, components, and inventory. The disruptions in global and domestic supply chains caused by the pandemic resulted in delays, shortages, and increased costs. SMEs faced challenges in sourcing necessary inputs, which further impacted their ability to operate efficiently and meet customer demands." Respondent 25

"The economic impact of the pandemic led to a decline in consumer spending, as individuals prioritized essential goods and services. This reduction in demand directly affected SMEs that rely on local customers. With fewer customers and lower sales, SMEs faced cash flow challenges and struggled to cover their expenses. Respondent 17

Volatility in financial markets and increased risk aversion.

The COVID-19 pandemic caused significant volatility in financial markets and increased risk aversion in Namibia. The volatility in financial markets and increased risk aversion was viewed because of global economic uncertainty, market selloffs, disruption of global, supply chains, decline in investor confidence, and impact on key sectors. Below are views from the respondents:

"The pandemic created a high level of uncertainty regarding the global economy and financial markets. Investors became concerned about the potential impact of the virus on economic growth, corporate earnings, and financial stability. This uncertainty led to increased volatility in financial markets, as investors reacted to changing news and data related to the pandemic." Respondent 15

“As the severity of the pandemic became apparent, global financial markets experienced sharp selloffs. Investors rushed to sell their assets, seeking to reduce their exposure to risk and preserve capital. This selling pressure led to significant declines in stock markets, bond markets, and other financial instruments, including those in Namibia.” Respondent 16

“The pandemic disrupted global supply chains, causing disruptions in production, trade, and business operations. This disruption affected various industries, including manufacturing, retail, and services, leading to reduced revenue and profitability. The uncertainty surrounding supply chain disruptions further contributed to market volatility and increased risk aversion. Respondent 22

“The economic impact of the pandemic, coupled with the uncertainty it brought, eroded investor confidence. Investors became more risk-averse and cautious in their investment decisions. They sought safer assets and reduced exposure to riskier investments, leading to a flight to quality and increased demand for safe-haven assets such as government bonds and gold. Respondent 26

“Certain sectors in Namibia, such as tourism, hospitality, and retail, were severely affected by the pandemic. These sectors experienced significant declines in revenue and faced challenges in maintaining operations. The negative impact on these key sectors contributed to increased risk aversion among investors, as they anticipated a longer recovery period and potential financial difficulties for businesses operating in these sectors.” Respondent 11

4.3.2 Policies employed in adjusting the economy during the Covid-19 Pandemic

The research asked a question on the policies which were employed in adjusting the economy during the Covid-19 Pandemic. The idea was to gain insights into the understanding of the respondents on such rational policies which were implemented. The respondents highlighted fiscal stimulus packages, monetary policy adjustments, support for affected industries, employment protection measures, enhanced social safety nets, and regulatory changes to facilitate remote work and digital transactions as the policies implemented. Belo are the views of the respondents on such policies.

Fiscal stimulus packages

The respondents noted that during the COVID-19 pandemic, the Namibian government implemented fiscal stimulus packages, including government spending and tax relief measures, as adjusting policies to mitigate the economic impact of the crisis. Below are the respondents' views on this policy:

> *"The government established economic support and relief funds to provide financial assistance to individuals, households, and businesses affected by the pandemic. These funds aimed to alleviate the immediate financial burden and help maintain economic stability. They provided support for sectors such as tourism, agriculture, and small and medium enterprises (SMEs)." Respondent 18*
>
> *"The government increased its spending to stimulate economic activity and support key sectors. This included investments in infrastructure projects, healthcare systems, and social welfare programs. The increased government spending aimed to create employment opportunities, boost demand, and support economic recovery. Respondent 20*
>
> *"The government implemented various tax relief measures to provide financial relief to individuals and businesses. These measures included temporary tax exemptions, reductions in corporate tax rates, and extensions of tax filing deadlines. The aim was to alleviate the financial burden on businesses and individuals, improve cash flow, and encourage economic activity. Respondent 21*
>
> *"The government introduced wage subsidies and employment support programs to help businesses retain their employees during the crisis. These programs provided financial assistance to businesses to cover a portion of their employees' wages, reducing the need for layoffs and supporting job preservation." Respondent 24*
>
> *"The government launched business support programs to assist affected businesses. These programs included grants, loans, and financial assistance schemes specifically designed to support SMEs and affected sectors. The aim was to provide businesses with the necessary capital and resources to sustain their operations and navigate the crisis." Respondent 14*

Monetary policy adjustments

The respondents noted that during the COVID-19 pandemic, the Namibian central bank implemented monetary policy adjustments, including interest rate cuts and quantitative easing, as adjusting policies to mitigate the economic impact of the crisis. The respondents were of the following views towards the monetary policies which were implemented.

> *“The central bank, in response to the economic challenges posed by the pandemic, reduced the benchmark interest rate. By lowering interest rates, the central bank aimed to stimulate borrowing and investment, encourage spending, and support economic activity. Lower interest rates make borrowing cheaper, which incentivize businesses and individuals to take loans for investment and consumption purposes.” Respondent 15*
>
> *“The central bank implemented measures to ensure sufficient liquidity in the financial system. This included providing additional liquidity to banks through open-market operations, repurchase agreements, and other liquidity management tools. By ensuring ample liquidity, the central bank aimed to support the smooth functioning of financial markets and facilitate lending to businesses and households.” Respondent 21*
>
> *“The central bank has adjusted reserve requirements for commercial banks during the pandemic. By reducing reserve requirements, banks have had more funds available for lending and investment, which stimulate economic activity and support businesses and individuals in need of credit.” Respondent 25*

Support for affected industries

During the COVID-19 pandemic, various countries, including Namibia, implemented support measures for affected industries through grants, loans, and subsidies as adjusting policies to mitigate the economic impact of the crisis. The respondents were of the following views towards the support policies which were implemented on various industries in the economy.

> *“The government provided grants to affected industries to offer financial assistance and support. These grants were typically targeted at specific sectors heavily impacted by the pandemic, such as tourism, hospitality, and small businesses. The grants aimed to help cover operational costs, retain employees, and sustain business operations during the crisis. Respondent 13*
>
> *“The government implemented subsidies to support affected industries. These subsidies could take various forms, such as wage subsidies, rent subsidies, or utility subsidies. The*

subsidies aimed to alleviate the financial burden on businesses, reduce their operating costs, and provide them with the necessary support to continue their operations during the crisis." Respondent 12

Employment protection measures

The respondents noted that the government implemented employment protection measures as an economic policy to provide adjustments to the effects which resulted due to the emergence of Covid-19. Below are the views of the respondents on how such policies were implemented.

> *"The government provided wage subsidies to employers to help them retain their employees during the crisis. These subsidies aimed to cover a portion of employees' wages, reducing the financial burden on businesses, and preventing layoffs. The subsidies were typically temporary and targeted at sectors significantly affected by the pandemic, such as tourism, hospitality, and retail." Respondent 5*
>
> *"The government set specific eligibility criteria for wage subsidies and furlough schemes. These criteria could include factors such as the size of the business, the level of revenue loss, and the ability to demonstrate the negative impact of the pandemic on operations. By targeting support to businesses most in need, governments aimed to ensure efficient allocation of resources and aid where it was most required." Respondent 1*

Enhanced social safety nets.

How the Enhanced social safety nets and welfare programs implemented as an adjusting Respondents highlighted enhanced social safety nets as policies which were implemented to adjust the economy to the shocks which were brought in by the Covid-19, Below are the responses from the respondents.

> *"The government expanded existing social safety net programs to provide additional support during the pandemic. This could involve increasing the coverage, duration, or amount of benefits provided by programs such as unemployment benefits, cash transfers, or food assistance programs. The expansion aimed to ensure that vulnerable individuals and households had access to essential resources and support during the crisis." Respondent 10*

"There was also introduction of new welfare programs specifically designed to address the challenges posed by the pandemic. These programs could include emergency income support, targeted subsidies for essential goods and services, or direct cash transfers to affected individuals and households. The new programs aimed to provide immediate relief and bridge the income gap caused by job losses or reduced economic activity." Respondent 13

"The government targeted enhanced social safety nets and welfare programs to reach vulnerable groups disproportionately affected by the pandemic. This could include low-income households, informal workers, the elderly, individuals with disabilities, or single-parent households. By focusing on these groups, governments aimed to address specific vulnerabilities and ensure that support reached those who needed it the most." Respondent 27

4.3.3 Impact of policies on economic activities in recovering from the effects of the Covid-19

The research explored the impact of the policies which were implemented to adjust the economy from the shocks which were being experienced because of the Covid-19 pandemic. Policies implemented aimed to stimulate economic growth and recovery during the COVID-19 pandemic has both direct and indirect effects on specific sectors in Namibia. The respondents view the policies impacting the economy from a different perspective as shown by their responses below.

The policies have included sector-specific support measures to address the unique challenges faced by different industries. Industries such as tourism and hospitality, which have been severely affected by travel restrictions, have received targeted support to help them stay afloat and retain employees. By providing tailored assistance, these policies have facilitated the resumption of economic activities and production in specific sectors. Respondent 23

The policies have also included regulatory flexibility measures to facilitate the resumption of economic activities. This includes easing certain regulations and bureaucratic processes to enable businesses to adapt and operate more efficiently during the pandemic. By reducing barriers and providing flexibility, these policies have facilitated the smooth resumption of economic activities and production. Respondent 12

Through the implementation of the policies, Namibia has received support from international financial institutions and development partners. This support has come in the *form of financial assistance, technical expertise, and policy advice. The collaboration with international partners has helped to strengthen the country's capacity to address the effects of the pandemic and support consumer spending and confidence in the economy. Respondent 15*

The fiscal stimulus package has managed to allow companies to reduce their costs and manage their cash flows as the government was able to guarantee a portion of the employees' salaries and wages. Salaries and wages form a part of a higher fixed cost for companies which is not avoidable and strain a business in t there are no adequate revenues. The government of Namibia impacted positively to businesses through this policy as it allowed businesses to re-invest its cashflows in growing operations while the government catered for a portion of its costs. Respondent 8

Monetary policy has been one of the major policies which have been amended on a quarterly and sometimes bi-monthly basis with much emphasis on rates. At the inception of Covid-19 when there was less economic activity the Government of Namibia implemented an expansionary monetary policy to reduce interest rates and promote spending, which resulted in an increase in economic activity as it was cheaper to borrow. However, this had a strain on the economy in the long run resulting in a surge in inflation . This resulted in the government increasing interest rates from the year 2021 until the second quarter of 2023 as they needed to reduce the money supply and control spending. This, however, resulted in increases in financial obligations such as for those with mortgages, posing a negative effect. Respondent 5

4.3.4 Influence of policies on the economic performance of the country

The study asked a question on how the police implemented influence the economic performance of the country. The study aimed to have an idea of how economic performance responds to policies polices. Several influences were listed such as improved economic indicators, Reduced severity of economic downturns and recessions, Enhanced investor confidence and attracted foreign investment, Supported the development of new industries and technologies, and Contribution to overall economic resilience and recovery. These policies have had a positive influence on the economic performance of Namibia through various means.

"The policies have contributed to improved economic indicators such as GDP growth and employment rates. By supporting businesses, preserving jobs, and stimulating economic activity, these policies have helped to boost overall economic performance and contribute to growth in GDP. Additionally, by retaining employees, the policies have helped to stabilize employment rates, reducing the impact of job losses during the pandemic." Respondent 6

"The policies have played a crucial role in reducing the severity of economic downturns and recessions. Through fiscal stimulus packages, support for businesses, and sector-specific measures, these policies have mitigated the impact of the pandemic on economic activities. By providing financial relief, support, and regulatory flexibility, the policies have helped to cushion the economy from severe contractions and facilitated a quicker recovery." Respondent 13

"The policies have enhanced investor confidence in Namibia. By implementing measures to support businesses, retain employees, and facilitate economic recovery, these policies have demonstrated the government's commitment to maintaining a stable and supportive business environment. This enhanced investor confidence has attracted foreign investment, which contributes to economic growth, job creation, and the development of industries." Respondent 10

"The policies have supported the development of new industries and technologies in Namibia. By providing targeted support and incentives, these policies have encouraged innovation, entrepreneurship, and the adoption of new technologies. This has diversified the economy, created new job opportunities, and contributed to the country's long-term economic resilience and growth. Respondent 23

"The policies have played a significant role in enhancing the overall economic resilience and recovery of Namibia. By supporting businesses, retaining employees, attracting investment, and fostering the development of new industries, these policies have helped to strengthen the economy's ability to withstand shocks and bounce back from crises. The continuous monitoring and adaptation of policies have ensured a sustained recovery trajectory. Respondent 25

4.3.5 Factors affecting the implementation of rational policies.

The research explored on a crucial area of implementing the rational policy making in any economy, with emphasis on the Namibian narrative during the Covid-19 pandemic. Political considerations and competing priorities, limited fiscal and monetary policy space, administrative capacity and resources, and public acceptance and compliance with policy measures well all highlighted by respondents as the factors that affect the implementation of rational economic policies in Namibia. Below are the views on respondents on how they affect.

> *"Political considerations and competing priorities affect the implementation of rational economic policies in Namibia. The government face pressure to prioritize certain policies or sectors over others, which impacts the allocation of resources and the implementation of policies. Political considerations also impact the timing and scope of policy implementation, which affect their effectiveness. Politicians in Namibia, aim at gaining majority support to guarantee their stay in power, which then have an effect as there have been several cases where some policies have been influenced to be implemented to make the electorate happy at the expense of the economic needs." Respondent 17*
>
> *"Limited fiscal and monetary policy space constrains the implementation of rational economic policies in Namibia. The government has limited resources to implement policies, which impact their scope and effectiveness. For instance, the fiscal stimulus package and grants were not provided for longer periods due to lack of fiscal resources to fund the implementation of such polices in Namibia. The central bank has limited room to maneuver with monetary policy, which impacts the effectiveness of policy measures. Covid-19 came as a shock to the world, when countries did not imagine that it would have a huge impact on the economy. Therefore, there was little time to plan the best ways manage through as the plans were implemented without though assessment." Respondent 3*
>
> *"Administrative capacity and resources impact the implementation of rational economic policies in Namibia. The government lack the necessary resources or expertise to implement policies effectively, which impact their success. Additionally, administrative bottlenecks or delays impact the timely implementation of policies. This is due to lack of independence of decision making, as they mainly rely on the central government to pass policies through the authority of the President." Respondent 23*

"The public is one of the important stakeholders in any policy implementation. Public acceptance and compliance with policy measures impacted the implementation of rational economic policies in Namibia. There was a lack of public understanding of some support policies, which resulted in less compliance with them, and their effectiveness. For instance, the government requested for people to request or register for government grants, but some did not which resulted in them failing to benefit from such policies and resulting in the aim of the policies being not achieved countrywide." Respondent 6

4.3.6 Positive reaction of the economy to adjustment policies

The research asked a question on how the economy has shown positive signs of recovery in certain sectors as a positive reaction of the economy to adjustment polices in Namibia. The respondents viewed these positive reactions through various sectors such as tourism, manufacturing, construction, and infrastructure, improved economic indicators, increased business activities, enhanced consumer confidence and strengthened financial markets. Below are the views from the respondents:

"The adjustment policies have included measures to support the tourism sector, such as promoting domestic tourism, implementing health and safety protocols, and providing financial assistance to tourism businesses. As a result, there have been an increase in tourist arrivals, hotel bookings, and tourism-related activities, indicating a positive recovery in this sector." Respondent 8

"Policies focused on promoting local manufacturing, providing incentives for investment in manufacturing facilities, and streamlining regulations have contributed to the recovery of the manufacturing sector. Increased production, improved supply chains, and rising exports in manufacturing goods indicate positive signs of recovery." Respondent 21

"Policies have also prioritized the infrastructure development, such as investments in transportation, energy, and housing, which are stimulating the construction sector, to mention the green hydrogen policy recently launched by the President. Increased construction activities, infrastructure projects, and job creation in the construction industry indicate positive signs of recovery in this sector, especially in road construction and rehabilitation programmes being rolled out by the Roads Authority with the aid of central government." Respondent 18

"The government has implemented fiscal and monetary policies aimed at stabilizing the economy, such as reducing interest rates when the pandemic first emerged, increasing government spending, and implementing tax incentives. These policies have stimulated economic growth, leading to increased GDP and employment rates. Later, the government had been increasing interest rates to control consumer spending and reduce money supply in the economy, which was aimed at stabilizing the price levels, and of recent we have seen the repo rate being unchanged indicating that stability was now experienced in the economy. Respondent 5

"The adjustment policies have included measures to support businesses, such as providing financial assistance, reducing bureaucratic hurdles, and streamlining regulations. These actions have helped businesses navigate the challenges posed by the pandemic and create an environment conducive to increased economic activity and job creation." Respondent 11

The strengthening of financial markets and investor sentiment has been seen as a positive reaction to the adjustment policies implemented in Namibia during the COVID-19 pandemic. These policies were viewed as being aimed at supporting the economy and promoting stability in the financial sector. Respondents highlighted that the government has implemented measures to stabilize the financial markets, such as providing liquid support to banks and financial institutions, implementing interest rate cuts, and introducing fiscal stimulus packages. The adjustment policies have focused on stimulating economic growth and recovery. The implementation of the measures has supported key sectors of the economy, such as tourism, manufacturing, and agriculture. The government has demonstrated its commitment to revitalizing the economy. This instils confidence in investors, leading to increased investment and positive sentiment in financial markets.

4.4 Discussions

These fiscal stimulus packages and adjusting policies aimed to provide immediate relief, support economic recovery, and mitigate the impact of the COVID-19 pandemic on individuals, households, and businesses in Namibia. The government's measures were designed to address both the short-term challenges and the long-term economic consequences of the crisis.

Challenges Experienced as a Result of Covid-19

Based on the findings you've provided regarding the challenges experienced because of the COVID-19 pandemic on Namibia's economy, you draw up discussions for further analysis and action. Challenges experienced because of the covid-19 pandemic included the decline in overall economic output and GDP growth, increased unemployment rates and job losses, disruption of supply chains and reduced international trade, financial strain on businesses, particularly SMEs, and volatility in financial markets and increased risk aversion.
The COVID-19 pandemic had a profound impact on Namibia's economy, leading to a decline in overall economic output and GDP growth. This decline was driven by several factors, including disruptions in global supply chains, reduced international trade, decreased consumer spending, financial strain on businesses, and volatility in financial markets. The economic slowdown caused by the pandemic resulted in increased unemployment rates and job losses in Namibia. This challenge was multifaceted, with factors such as disruptions in global supply chains, travel restrictions, and lockdown measures, informal sector challenges, reduced investment, and limited government resources all contributing to the job market's instability. These findings align with Banik and Padalkar (2021), who observed that pandemic-induced lockdowns globally led to widespread unemployment and supply chain breakdowns.

Disruptions in supply chains and reduced international trade were significant challenges faced by Namibia during the pandemic. These disruptions were primarily due to travel restrictions, border closures, changes in consumer behavior, manufacturing, and production disruptions, decline in global trade, and logistics and transportation challenges. These issues affected businesses across various sectors and hampered the flow of goods and materials. The financial strain on businesses, particularly small and medium enterprises (SMEs), was a critical challenge exacerbated by the COVID-19 pandemic. Decreased revenue increased operating costs, limited access to financing, supply chain disruptions, and reduced consumer spending were among the key factors contributing to this strain. The pandemic exposed vulnerabilities in the business ecosystem, particularly for SMEs with limited financial resources. Namibia experienced increased volatility in financial markets and heightened risk aversion during the pandemic. This volatility stemmed from global economic uncertainty, market selloffs, supply chain disruptions, declining investor confidence, and the impact on key sectors like tourism, hospitality, and retail. The uncertainty surrounding the duration and severity of the pandemic amplified risk aversion among investors.

This supports Senbet (2011), who warned that the effectiveness of fiscal and monetary policies is diminished when rational policy principles such as timely execution and inter-agency coherence are compromised. Unlike Ali et al. (2018), who found monetary policy more effective than fiscal policy in sub-Saharan economies, Namibian data suggest both policies played complementary roles, albeit with implementation challenges that muted their full potential.

Policies Employed to Adjust the Economy

The Namibian government implemented fiscal stimulus packages as a key policy response to mitigate the economic impact of the COVID-19 pandemic. Stimulating economic activity was achieved through Increased government spending on infrastructure projects, healthcare, and social welfare programs created employment opportunities, boosted demand, and supported economic recovery. These findings agree with the research by OECD (2020) which suggested Stimulus packages as a solution to aid companies by governments. Tax exemptions reduced corporate tax rates, and extensions of tax deadlines improved cash flow for businesses and encouraged economic activity. Grants, loans, and financial assistance schemes provided support to sectors heavily impacted by the pandemic, such as tourism, agriculture, and SMEs, helping them cover operational costs and retain employees.

The Namibian central bank adjusted monetary policies by reducing interest rates and ensuring sufficient liquidity in the financial system. Lower interest rates incentivized borrowing and investment, encouraging spending and supporting economic activity. Ensuring ample liquidity through open market operations and other tools supported the smooth functioning of financial markets and facilitated lending to businesses and households. Reducing the reserve requirements for commercial banks made more funds available for lending and investment, stimulating economic activity.

Namibia, like many other countries, provided support measures to industries affected by the pandemic. Grants and subsidies helped industries such as tourism, hospitality, and small businesses cover operational costs, retain employees, and sustain business operations. To prevent job losses, the government implemented employment protection measures, including wage subsidies. Wage subsidies and employment support programs helped businesses retain their employees, reducing the need for layoffs. The government expanded social safety net programs to provide additional support during the pandemic. Expanded programs ensured that vulnerable individuals and households had access to essential resources, including unemployment benefits and cash transfers.

These findings echo OECD (2020), which noted the positive short-term impact of such interventions in emerging economies. However, many respondents criticized the delayed rollout and limited scale of the fiscal measures, pointing to bureaucratic inefficiencies. This resonates with Lindblom's (2019) bounded rationality model, where decision-makers lack perfect information and face cognitive and institutional limitations in crisis response. Additionally, monetary policy adjustments such as interest rate cuts and liquidity injections were perceived as beneficial but insufficient to stimulate large-scale investment, especially in the informal sector. This is consistent with Quartey & Afful-Mensah (2014), who argue that structural rigidities often limit the impact of monetary policy in low-income economies.

Influence on Economic Performance

The adjustment policies implemented in Namibia have had a positive influence on the economic performance of the country. Improvement of economic indicators shows policies supporting businesses, preserving jobs, and stimulating economic activity have contributed to growth in GDP and stabilized employment rates. These results confirm the suggestions of IMF of stabilization of economic growth as a result of rational economic policies during the pandemic (IMF, 2020). These policies have mitigated the impact of the pandemic on economic activities, reducing the severity of economic downturns and promoting a quicker recovery. Investor confidence has increased due to the government's commitment to maintaining a stable and supportive business environment, attracting foreign investment. Policies supporting innovation and entrepreneurship have led to the development of new industries and technologies, diversifying the economy, and creating job opportunities. The policies have strengthened the overall economic resilience and recovery of Namibia by supporting businesses, attracting investment, and fostering the development of new industries.

The study confirms that Namibia's policy responses partially adhered to the rational policymaking model by following a structured process of problem identification, goal setting, and policy deployment (Bardach, 2012). However, implementation fell short due to inconsistent prioritization, data gaps, and political constraints. Respondents noted a lack of iterative feedback mechanisms, which is critical in rational decision-making under uncertainty (Meseguer Yebra, 2009). While government interventions helped stabilize inflation and maintain some level of consumer confidence, the absence of a fully evidence-based and participatory policy cycle limited their effectiveness. This supports Simon's (2017) theory of bounded rationality and Jones &

Baumgartner's (2012) observation that selective attention in policy formulation often leads to suboptimal outcomes. The findings challenge the assumptions of traditional economic theory that decision-makers act with full rationality. In practice, Namibia's experience reflected the constraints highlighted by public choice theory especially the influence of political interest groups and elite-driven agendas (Mueller, 2003; Mills, 2016) which diverted resources from high-impact areas such as education and informal sector support.

Factors Affecting Policy Implementation

The implementation of rational economic policies is influenced by several factors. Pressure to prioritize certain policies or sectors based on political considerations impact resource allocation and the effectiveness of policies. Constraints on government resources and central bank policy options limit the scope and effectiveness of policies. Insufficient resources or expertise hinder effective policy implementation, leading to delays and reduced success. Public understanding and compliance with policy measures.

The data reveal that Namibia's policy implementation was hindered by political considerations, limited institutional capacity, and public distrust in government processes. Respondents highlighted that short-term political gain occasionally outweighed evidence-based long-term planning, confirming Dye's (2005) observation about policy being shaped by dominant political coalitions rather than objective criteria. Furthermore, many participants noted that policy success was hampered by insufficient inter-agency collaboration and lack of real-time data, making adaptive policymaking difficult. This echoes Braun and Gilardi's (2006) critique of bounded learning, where governments often replicate seemingly successful foreign models without full contextual adaptation.

4.5 Summary

In conclusion, while Namibia pursued rational policymaking during the COVID-19 pandemic, the process was constrained by bounded rationality, political interests, and administrative limitations. The findings validate the mixed results from earlier studies (e.g., Senbet, 2011; Adesefo, 2010), showing that neither fiscal nor monetary policies alone suffice an integrated, adaptive, and inclusive approach is essential. This study underscores the need for enhanced data-driven decision-making, stakeholder engagement, and institutional reform to fully realize the potential of rational policymaking in future crises.

CHAPTER FIVE – SUMMARY AND CONCLUSIONS

5.1 Introduction

The previous chapter managed to introduce the research study, provide a thorough review of various literatures surrounding the subject matter, defined the methodologies to be used in the data collection and analysis, and as well as present the research findings and discussions. This chapter focused on closing the research through a provision of a research summary, conclusions, and recommendations of the study. A suggestion for further studies will be provided at the end of the chapter.

5.2 Summary

This research focused on the impact of rational policymaking on economic adjustments during the Covid-19 pandemic in Namibia. The Covid-19 pandemic has disrupted economic activities globally, including Namibia, leading to job losses, reduced incomes, and increased poverty levels. Namibia's economy was already facing challenges before the pandemic, including a slowdown in growth and structural constraints. In response to the pandemic, Namibia implemented various policies, including fiscal stimulus, monetary policy, and social protection measures. These policies aimed to stabilize the economy and support vulnerable populations. However, the effectiveness of these policies in promoting economic adjustments remains uncertain. The study investigated the impact of these policies on economic indicators such as GDP growth, inflation, and employment rates. It will also explore the challenges faced by policymakers in implementing these policies and the factors influencing their decision-making.

The findings of this research inform future policymaking in Namibia and contribute to the global understanding of crisis management during the Covid-19 pandemic. However, there are limitations to the study, including a lack of extensive literature on the topic and potential challenges in accessing privileged information from policymakers. Rational policymaking has been viewed by literature as involving systematically analyzing available information and expected outcomes of policy alternatives. It includes identifying problems, setting goals, evaluating solutions, and selecting the most effective policy. The Traditional economic theory assumes that individuals are perfectly rational and maximize profit. Decision makers need complete information to make the best choice, which is often unrealistic. Limited rationality theories suggest that decision-makers have cognitive limitations and only process a certain amount of information.

The rational model suggests that policymakers choose policies that best align with their preferences. The Public choice theory explores the reasoning behind decisions made by individuals and organizations in policymaking. The Bounded learning is related to rational learning but doesn't involve examining every case study.

Macroeconomic policy plays a vital role in maintaining economic stability and achieving sustainable growth. Literature views Policymakers as facing uncertainty when making decisions, and contemporary decision theory provides guidelines. Empirical literature views pandemics, like COVID-19, have a significant impact on the economy, affecting sectors such as tourism, manufacturing, and healthcare. Policymakers use fiscal and monetary measures to mitigate the economic impact of pandemics. Studies suggest that fiscal stimulus and monetary policies help support economic growth and stability during pandemics. Various economic models have been used to analyse the effects of different policy interventions in response to the pandemic.
The research adopted a qualitative method approach, as it aims to gain understanding and explore the depth and complexity of decision-making during the pandemic. Qualitative research was chosen for its capability to provide multifaceted insights into how people experience and perceive the research topic.

The study targeted individuals, including economists, business analysts, entrepreneurs, researchers, investors, and policymakers who have expertise in rational policy making during a crisis like the Covid-19 pandemic. The primary focus was on economists from the Bank of Namibia, Ministry of Finance, researchers from local universities, and business analysts and investors within the Namibian economy. This research used a purposive sampling, which involves selecting a specific group of participants who provide detailed and relevant information about the research topic. Primary data was collected through semi-structured interviews. These interviews were conducted with selected participants who have expertise in the field of economics and policymaking. Thematic analysis will be used to identify patterns and themes within the qualitative data. The findings from the study highlights the impact of the COVID-19 pandemic on Namibia's economy and the policy responses employed to address these challenges. The COVID-19 pandemic led to a decline in overall economic output and GDP growth in Namibia, Increased unemployment rates and job losses were a significant challenge, with multiple factors contributing to job market instability, disruptions in supply chains and reduced international trade were observed due to travel restrictions, border closures, and changes in consumer behavior, Financial strain on businesses, especially SMEs, was exacerbated by decreased revenue, increased operating costs, and limited access to financing, and increased volatility in financial markets and heightened risk aversion were outcomes of the pandemic's uncertainty and impact on key sectors like tourism and hospitality.

The Namibian government implemented fiscal stimulus packages, including increased spending on infrastructure, healthcare, and social welfare programs to stimulate economic activity and support recovery. Tax exemptions, reduced corporate tax rates, and extended tax filing deadlines improved cash flow for businesses and encouraged economic activity. Grants, loans, and financial assistance schemes supported sectors heavily impacted by the pandemic, such as tourism, agriculture, and SMEs. The central bank adjusted monetary policies by reducing interest rates, ensuring liquidity, and lowering reserve requirements for commercial banks to stimulate borrowing and investment. The adjustment policies had a positive influence on Namibia's economic performance, leading to improvements in GDP growth and stabilized employment rates. These policies mitigated the pandemic's impact, reducing the severity of economic downturns and promoting quicker recovery. Increased investor confidence resulted from the government's commitment to a stable business environment, attracting foreign investment. Policies supporting innovation and entrepreneurship diversified the economy and created job opportunities, strengthening economic resilience. The implementation of rational economic policies is influenced by political considerations, which may prioritize certain policies or sectors. Constraints on government resources and central bank policy options limit the scope and effectiveness of policies. Insufficient resources or expertise hinder effective policy implementation, leading to delays and reduced success. Public understanding and compliance with policy measures play a crucial role in successful policy implementation.

5.3 Conclusions

Namibia's response to the COVID-19 pandemic involved a well-structured set of policies that addressed immediate challenges while also laying the foundation for long-term economic recovery and resilience. These policies, which encompassed fiscal stimulus packages and monetary adjustments, have yielded positive results in terms of GDP growth, employment stability, and investor confidence. However, challenges in policy implementation and the need for resource management continue to be essential considerations for future policy development and implementation in Namibia. The following conclusion can be made regarding the findings of the research study:

5.3.1 Impact of COVID-19

The COVID-19 pandemic had a profound and multifaceted impact on Namibia's economy. It resulted in a significant decline in overall economic output and GDP growth. Key challenges included increased unemployment rates, job losses, disruptions in supply chains, reduced international trade, financial strain on businesses, and heightened volatility in financial markets. These challenges created a complex economic landscape that required strategic policy responses.

5.3.2 Policy Responses

The Namibian government implemented a range of fiscal stimulus packages and adjusting policies to address the challenges posed by the pandemic. These policies were designed to provide immediate relief, support economic recovery, and mitigate the crisis's impact on individuals, households, and businesses. They encompassed various aspects, including increased government spending on infrastructure, healthcare, and social welfare programs, tax exemptions, grants, loans, and financial assistance schemes, and adjustments in monetary policies by the central bank.

5.3.3 Positive Economic Influence

The implemented policies have had a positive influence on Namibia's economic performance. Economic indicators demonstrate that these policies have supported businesses, preserved jobs, and stimulated economic activity. This has contributed to positive GDP growth and stabilized employment rates. The policies played a crucial role in mitigating the severity of economic downturns caused by the pandemic and promoted a quicker recovery. Additionally, they bolstered investor confidence by maintaining a stable and supportive business environment, attracting foreign investment.

5.3.4 Diversification and Innovation

The policies have also encouraged diversification and innovation within the economy. Support for entrepreneurship and innovation has led to the development of new industries and technologies, which has diversified Namibia's economic landscape. This diversification has not only created job opportunities but also enhanced the overall economic resilience of the country.

5.3.5 Factors Affecting Policy Implementation

The successful implementation of rational economic policies is influenced by various factors. Political considerations may pressure policymakers to prioritize specific policies or sectors, impacting resource allocation and policy effectiveness. Constraints on government resources and central bank policy options limit the scope of policies, necessitating careful resource management. Insufficient resources or expertise can hinder effective policy implementation, leading to delays and reduced success. Lastly, public understanding and compliance with policy measures are crucial for their successful execution.

CHAPTER SIX- RECOMMENDATIONS

6.1 Introduction

The study was managed to bring out effects of Rational policymaking for economic adjustments in Namibia during Covid-19 Pandemic. Literature have been reviewed, and findings have also been discussed. The previous chapter provided conclusions to the study. This chapter focused on the recommendations on how rational policy making can be used in times of pandemics so as to ensure proper economic adjustments. The chapter will first commence with the recommendations to the study and later provide suggestions for further studies.

6.2 Recommendations

Based on the research conclusions obtained, the following recommendations can be suggested:

Enhance Policy Implementation

To ensure the effective implementation of economic policies, the Namibian government should focus on streamlining processes, allocating resources efficiently, and addressing bureaucratic hurdles. Establishing clear timelines and accountability mechanisms can help expedite policy execution.

Resource Management

Given the constraints on government resources, it's crucial to prioritize spending wisely. The government should conduct regular assessments of resource availability and allocate funds to sectors that have the most significant impact on economic recovery and long-term growth. There should also be a fund allocated specifically to cater for pandemics and disasters when they arise, to reduce the risk of lack of adequate resources.

Capacity Building

To overcome the challenge of insufficient resources or expertise, invest in capacity building for government officials responsible for policy implementation. Training programs and partnerships with academic institutions can help enhance the skills necessary for effective policy execution.

Public Awareness and Engagement

Promote public understanding and compliance with policy measures through transparent communication and community engagement initiatives. Public support and adherence to policies are essential for their success, particularly during crises like the COVID-19 pandemic.

Continued Innovation and Diversification

Encourage continued innovation and diversification of the economy by supporting entrepreneurship, research and development, and the growth of emerging industries. This will not only create new job opportunities but also enhance economic resilience.

Monitoring and Evaluation

Implement a robust system for monitoring and evaluating the impact of policies regularly. Assess the effectiveness of policies in achieving their intended goals and make necessary adjustments based on real-time data and feedback.

6.3 Suggestions for Future Studies

The study managed to explore on the impact of rational policy making on economic adjustments in Namibia because of the Covid-19 Pandemic. The study used a qualitative approach due to the limited availability of secondary data as the Covid emerged 3 years ago in 2020. The research has managed to provide a Namibian Narrative on rational policy making. However, further, and future studies can conduct a comparative analysis of the economic impact of the pandemic and policy responses across different countries or regions. This could provide valuable insights into the effectiveness of various policy approaches and their adaptability to different contexts. The studies can also investigate the long-term economic and social effects of the pandemic and policy responses. This could include studying the potential scarring effects on the labour market, changes in consumer behavior, and shifts in business models.

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APPENDICES

Appendix A: Interview Guide

Dear respondent

I am a final year student, studying a Master of Governance and Management at the University of Witwatersrand and conducting academic research on the effects of rational policymaking for economic adjustments in Namibia during Covid-19 Pandemic. Please may you kindly participate in this 60-minute exercise and be assured of your confidentiality.

Background Information

i. What department do you head?
ii. How many years have you been working for your Ministry or organization?
iii. Have you ever worked for any other organisation or company before?

Rational Policy Making and Economic Adjustments

i. What challenges have been experienced as a result of the Covid-19 pandemic to the economy?
ii. Which policies have been employed in adjusting the economy during the Covid-19 Pandemic?
iii. How have such policies impacted on the economic activities in recovering from the effects of the Covid-19?
iv. How have these policies influenced the economic performance of the country?
v. What are the factors which may be affecting the implementation of the rational policies?
vi. How has the economy reacted to the adjustment policies?
vii. Have the policies been useful or have greater impact on the economy?
viii. Has the economy reacted positively to these adjustment policies?
ix. How do you suggest rational policy making can be executed to achieve positive adjustments to the economy, in cases of pandemics?

Thank you for your Time

Appendix B: Informed Consent Form

Title of Study

The Effects of Rational policymaking for economic adjustments in Namibia during Covid-19 Pandemic

Researcher:

Name: Martha Nambahu

Course: Master of Management

University: University of Witwatersrand

Address: Windhoek Namibia

Email: arthan92@yahoo.com

PURPOSE OF STUDY

You are being asked to take part in a research study. Before you decide to participate in this study, it is important that you understand why the research is being done and what it will involve. Please read the following information carefully. Please ask the researcher if there is anything that is not clear or if you need more information.

The purpose of this study is to determine the effects of Rational policymaking for economic adjustments in Namibia during Covid-19 Pandemic. This will be achieved through gaining insights into the macroeconomic policies which were pursued during the Covid-19 Pandemic by the Namibian government, ascertaining the impact of these policies on adjusting the economic activities in recovering from the effects of the Covid-19 pandemic, and determining the challenges that have been experienced in implementing such policies in the economy.

Study Procedures:

In conducting the research, the following measures will be assumed and taken:

- The researcher will attain consent from the participants and the participants' office and/or organizations.
- The researcher will dispense letters with consent to the participants to read and then sign.
- The researcher will schedule dates for interviews with the targeted participants for face to face or virtual interviews, depending on the comfort or flexibility of the participants.
- All interviews will be taken on dates agreed between the researcher and participants.
- The researcher will record and then transcribe the recordings of the interviews conducted and thereafter commence data analysis.
- After the analysis is done, the researcher will describe and present the findings and draw deductions and commendations from the results and findings made.
- Next the researcher will finalize the findings and then the researcher will confirm and make sure that the interview recordings are properly and safely discarded.

In answering the research questions during the interview, the following procedures will be done and followed:

- The researcher will meet with the targeted sample of participants and inform them on the measures as well as guarantee them confidentiality and anonymity if they wish for their responses.
- Each interview is presumed to last for not more than 45 (forty-five) minutes.

RISKS

The researcher assures safety in your participation in the research. This guarantee involves confidentiality, privacy, and discretion of your personal details such as names and your opinions and views. If you do not understand a question or filling in details unsuitable to you is asked, you may ask for clarity or decline to answer any or all questions and you may terminate your involvement in the research at any point in time if you wish.

BENEFITS

The research is aimed at aiding policy makers in understand the impact of rational policy making in making economic adjustments, especially in times of pandemics such as the

Covid-19. This will assist them in determining if their rational policies are contributing positively to the economic recovery, as well as understand what they need to improve in their policy making so as to reach their desired goals.

The research will also add to the body of knowledge in the field of policy making and economics. It will aid through the provision of empirical evidence and analysis which will guide and aid the scholars and students in understanding how rational policy making affects the economic adjustments of a nation during pandemics. This will also open windows for further researchers to explore more in the field of study. The Study will also benefit the public who are interested in policy or decision making surrounding economic affairs of a nation, with knowledge of the policies which were made during the covid-19 pandemic and how these policies have contributed to economic recovery and adjustments. This will make the general public understand the changes in policies and economic performance which are being experienced and also how they can contribute to economic recovery, especially those in business.

CONFIDENTIALITY

Your responses to this study will be conducted with the utmost confidence and anonymity if you choose. Please be unequivocal whether you choose to be identified do not and if you do not, do not include any identifying information during the interview. Every effort will be completed by the researcher to reserve your confidentiality including the following:

- Protected storage of your answers and access to them will only be limited to the researcher alone. Discarding of the replies will be done as soon as the research is completed.
- Putting code names/numbers for participants that will be used on all research notes and documents
- Guaranteeing that participants' personal information is not revised during data collection or within the data analysis as well as the research.

- Keeping minutes, interview transcriptions, and any other identifying participant information will be safely kept and locked in a file cupboard in the personal possession of the researcher.

  Participant information will be kept confidential apart from cases where the researcher is legally obligated to report specific incidents. These incidents include, but may not be limited to, incidents of abuse and suicide risk. This, however, seems to be unlikely considering the research being done.

CONTACT INFORMATION

If you require any clarity or have questions at some point about this research, or you experience any contrary effects because of participating in this research, you may contact the researcher whose contact information is provided on the first page. Furthermore, if there are any questions concerning your rights as a research participant, or if certain difficulties come up which you do not feel you can discuss with the researcher, you may contact the University on their website.

VOLUNTARY PARTICIPATION

Your contribution and involvement in this study is voluntary. It is at your discretion to decide whether to take part in this research or not. If you decide to participate in this research, you will be asked to sign a consent form. After you sign the consent form, you may at any time withdraw without giving a reason. Retreating from this research will not disturb or affect the relationship you have, if any, with the researcher. If you withdraw from the research study before data collection is finished, your information will be returned to you or demolished.

CONSENT

I have read, and I appreciate the information provided and have had the chance to ask questions. I understand that my involvement is voluntary and that I may withdraw at any time, without giving a motive and without cost. I understand that I will be provided with a copy of this consent form. I voluntarily agree to take part in this study.

Participant's signature ______________________________ Date __________

Researcher's signature ______________________________ Date __________